U.S. Hotel Industry…What Lies Ahead

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Total U.S. Review

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March 2016

- RevPAR +2.7%
- Occupancy -0.4%
- Group Occ -9.6%
- Transient Occ +4.6%

Total U.S. March 2016 RevPAR: NYC and Houston Dragged

Total U.S. YTD:		**+2.7%**
	NYC:	-1.2%
	Houston:	-9.5%
Total U.S. excluding NYC & Houston:		**+3.5%**

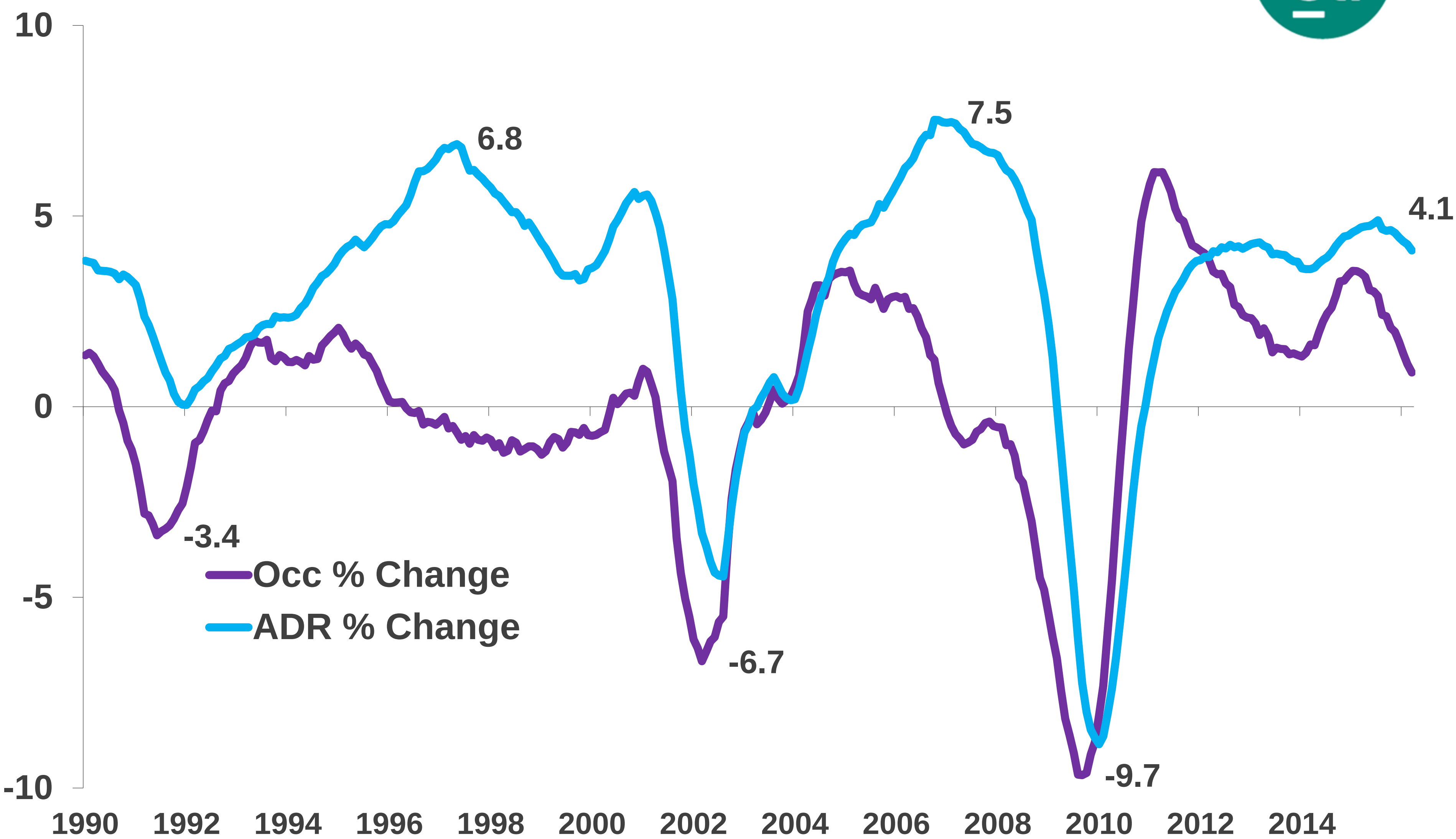
*RevPAR % Change March 2016 YTD

12MMA: Decelerating Occ / ADR Growth Rates

		% Change
• Room Supply		1.3%
• Room Demand		2.2%
• Occupancy	65.4%	0.9%
• A.D.R.	$121	4.1%
• RevPAR	$79	5.0%
• Room Revenue		6.3%

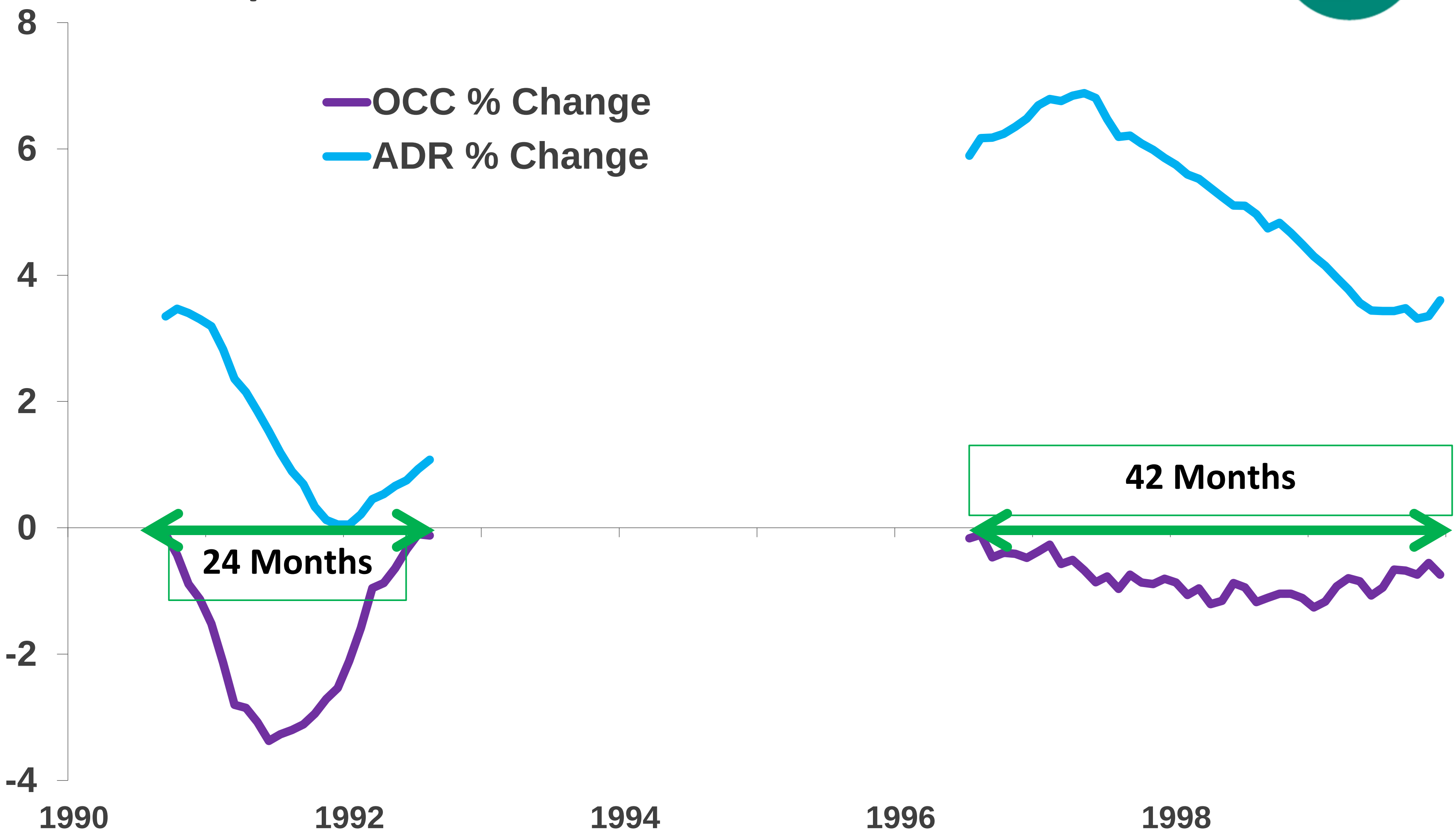
March 2016 12 Month Moving Average, Total U.S. Results

ADR Growth Softer. Occ Growth Decelerating Rapidly.



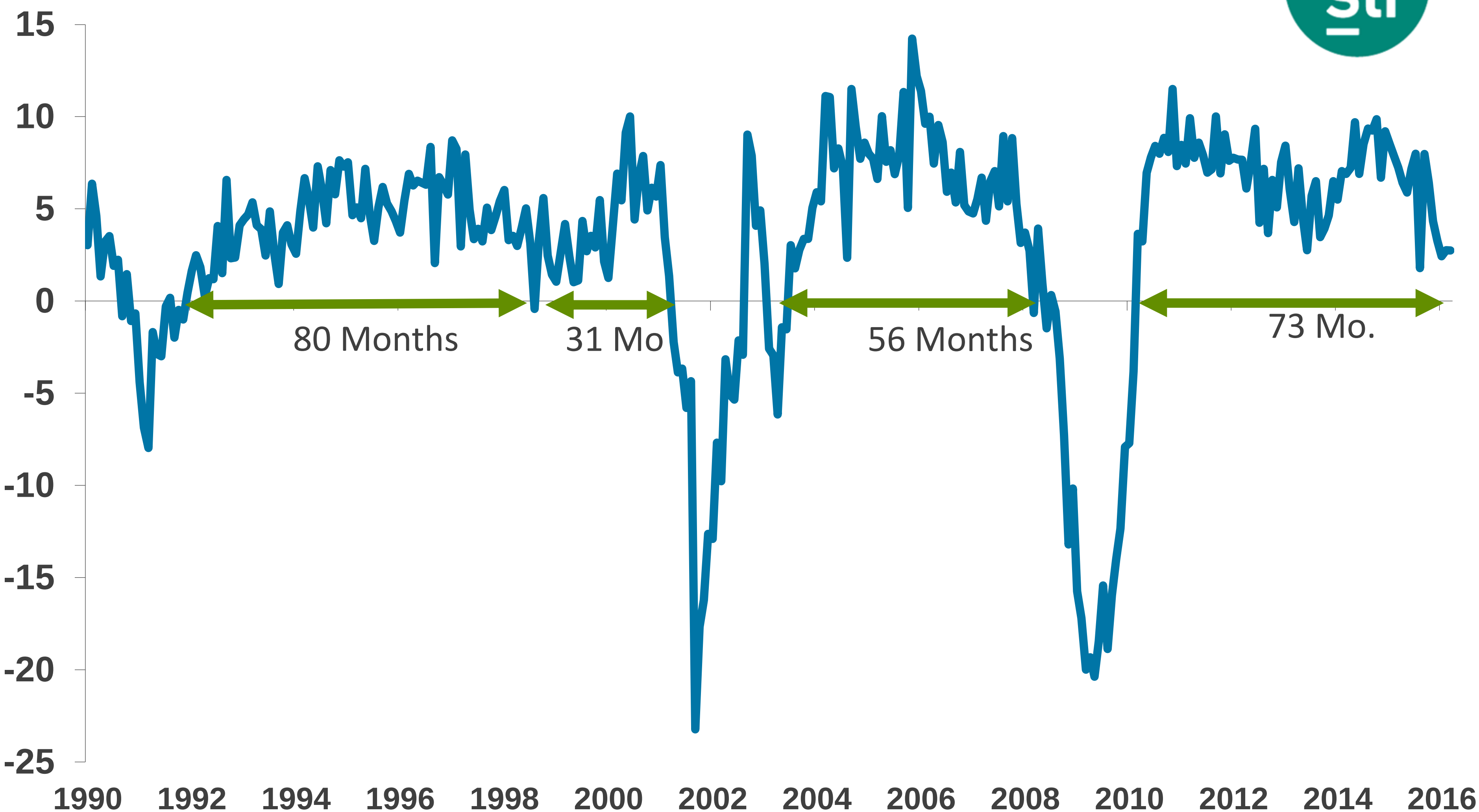
Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 03/2016

Declining Occupancies and Rising ADRs Are Not Unprecedented



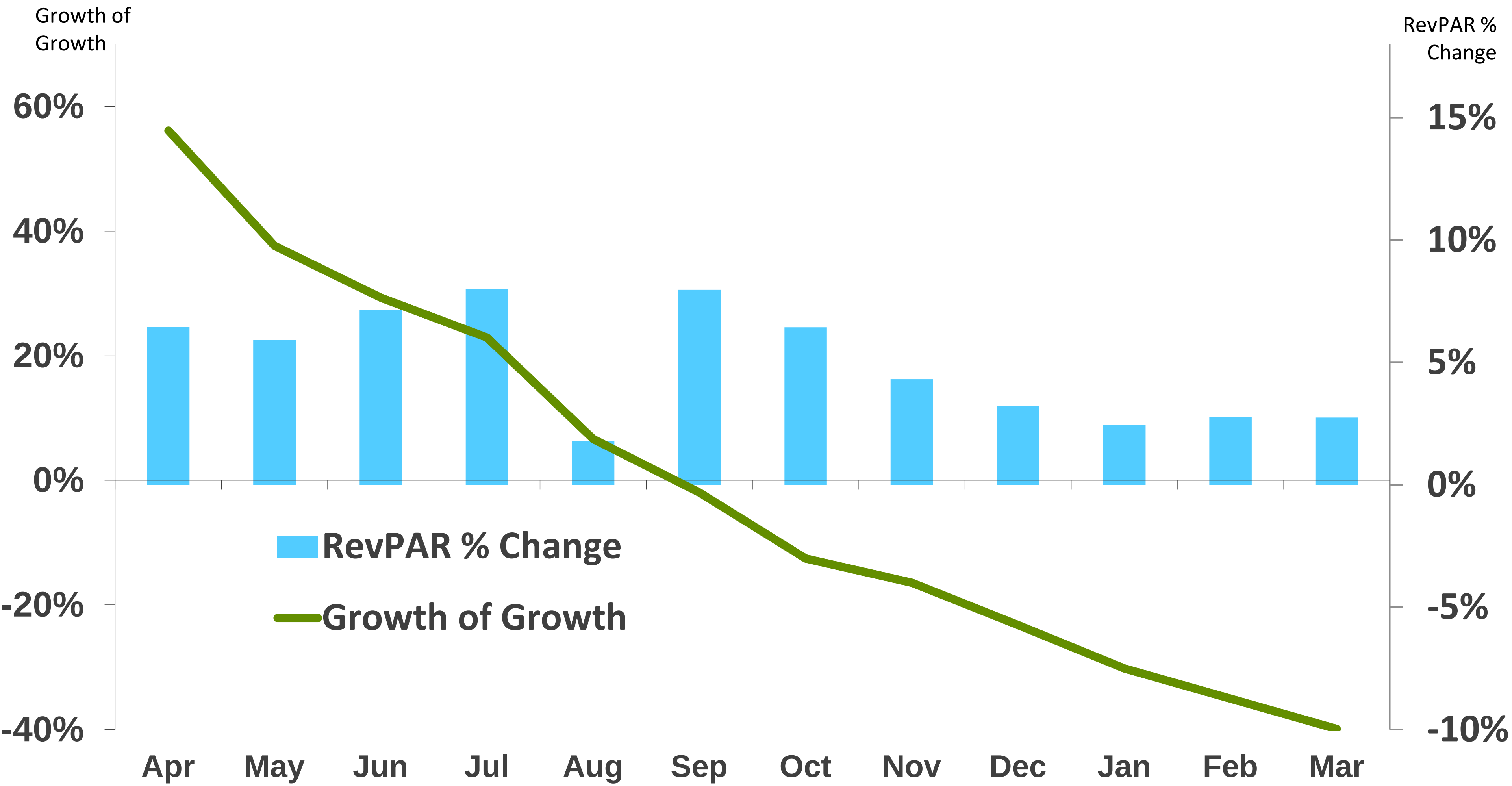
Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 12/1999

RevPAR Growth: Slowing Down After 6 Yrs. Of Growth



Total U.S., RevPAR % Change, 1/1990 – 03/2016

Why Wall Street Is So Blue: Growth of RevPAR Growth Is Slowing



Total U.S., RevPAR % Change and 12MMA "Change of Change", 3/2015 – 03/2016

March 2016 : SFO Very Strong. New Supply Hits NYC, Miami, Houston.

Market	OCC %	ADR % Change
San Francisco/San Mateo, CA	80.5	13.0
Los Angeles/Long Beach, CA	81.6	11.3
Tampa/St Petersburg, FL	80.2	7.4
Atlanta, GA	69.6	7.2
Orlando, FL	81.0	6.4
Phoenix, AZ	80.3	-1.1
Houston, TX	65.8	-1.5
Miami/Hialeah, FL	83.2	-1.7
Chicago, IL	55.4	-1.9
New York, NY	77.4	-3.1

March 2016 YTD ADR % Change in Top 25: 5 Best / 5 Worst Performing ADR % Markets

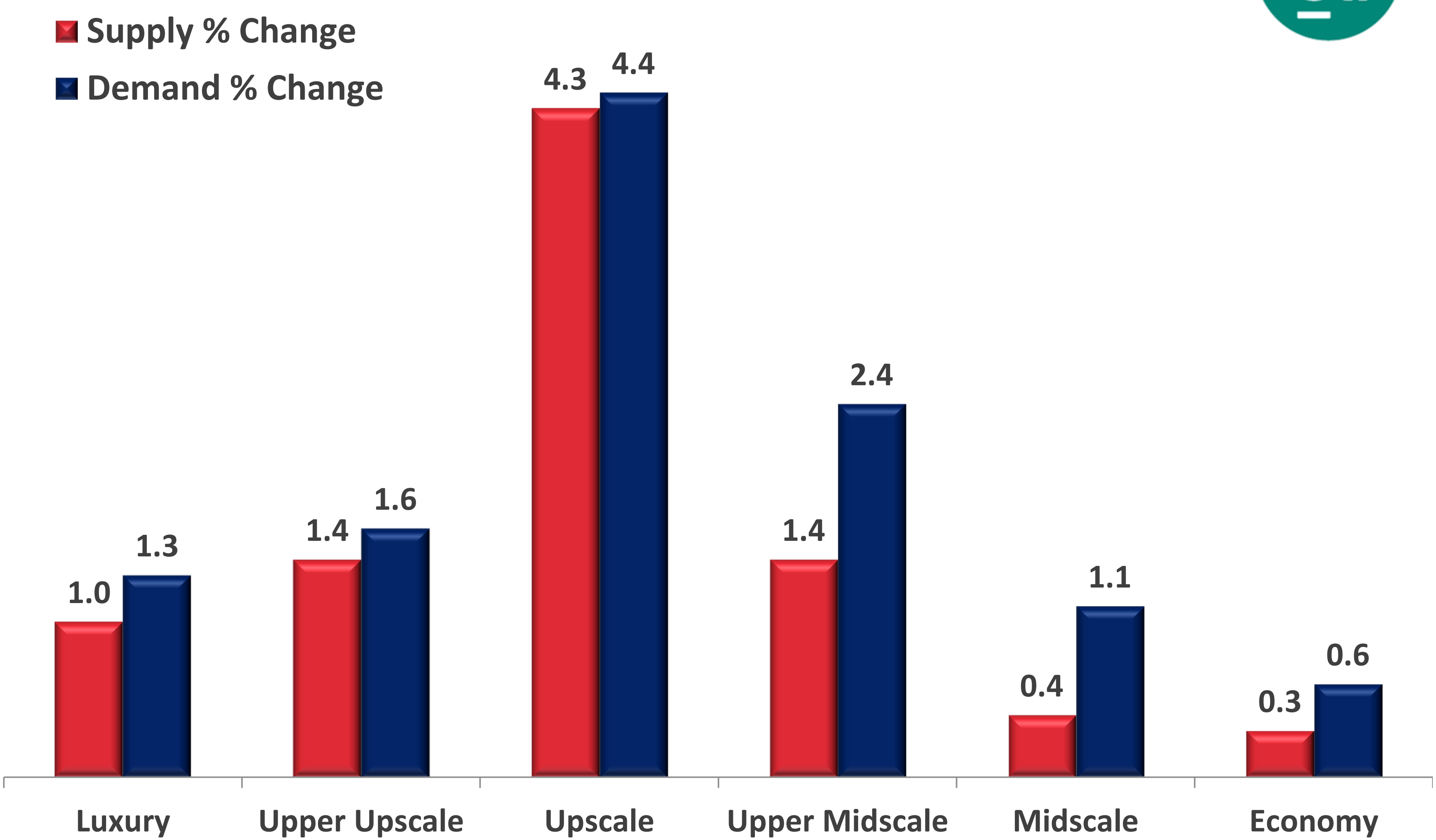
RevPAR March YTD 2016: Winner: California. Loser: Oil Markets.

Market	RevPAR % Change	Market	RevPAR % Change
California North Central	21.9	Syracuse, NY	(9.7)
Los Angeles/Long Beach, CA	16.6	Oklahoma Area	(12.5)
Myrtle Beach, SC	15.9	Vermont	(12.7)
San Francisco/San Mateo, CA	15.7	Wyoming	13.5)
Greenville/Spartanburg, SC	14.7	New Mexico South	(14.9)
Colorado Springs, CO	13.9	Pittsburgh, PA	(16.1)
Knoxville, TN	13.4	Texas South	(18.1)
Sacramento, CA	13.1	West Virginia	(24.6)
Oakland, CA	12.9	Texas West	(29.2)
South Carolina Area	12.5	North Dakota	(34.0)

March 2016 YTD RevPAR: Best / Worst Performing Markets

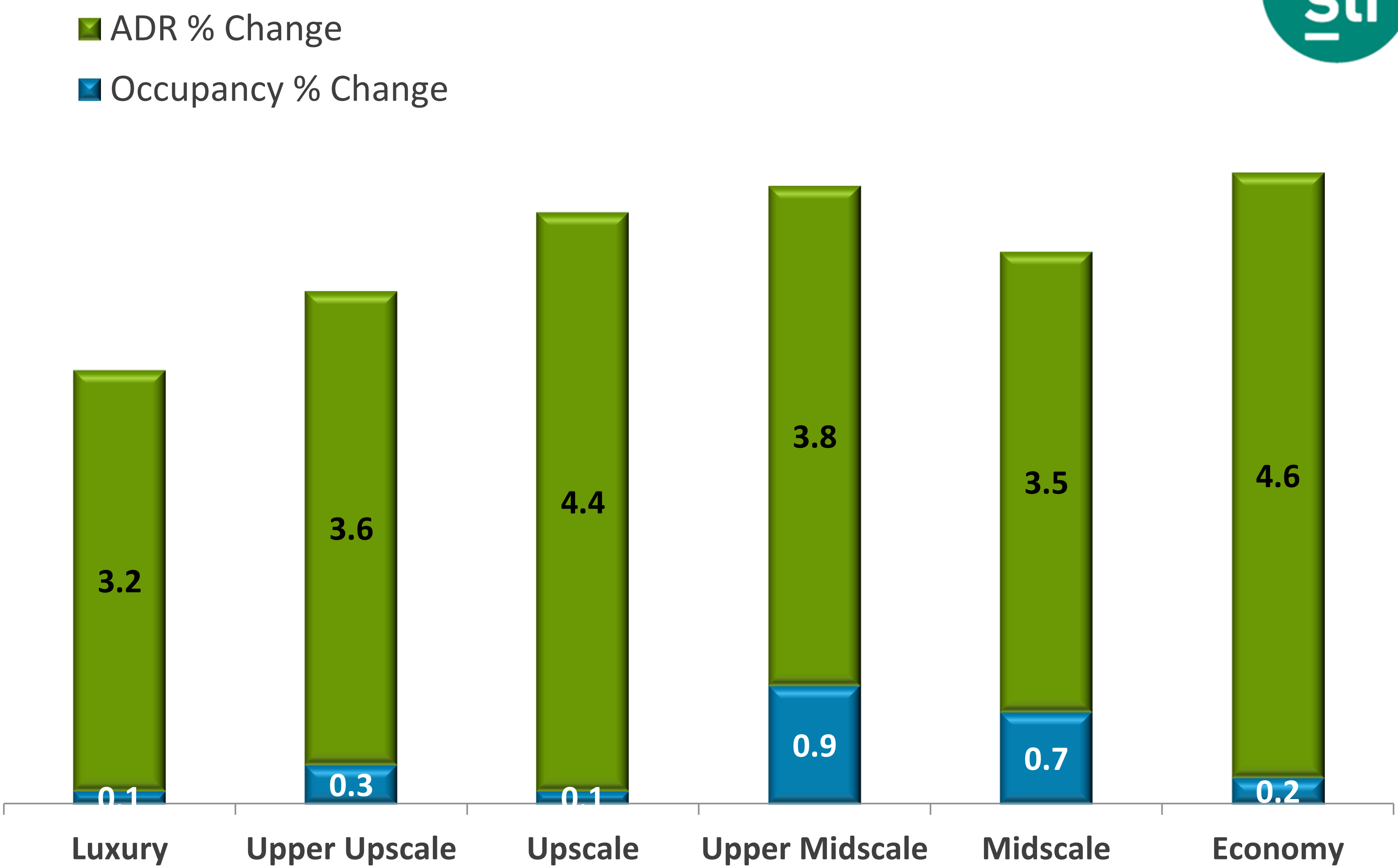
Chain Scale & Customer Segmentation Review

Scales: Demand Growth Healthy. Upscale Supply Increases



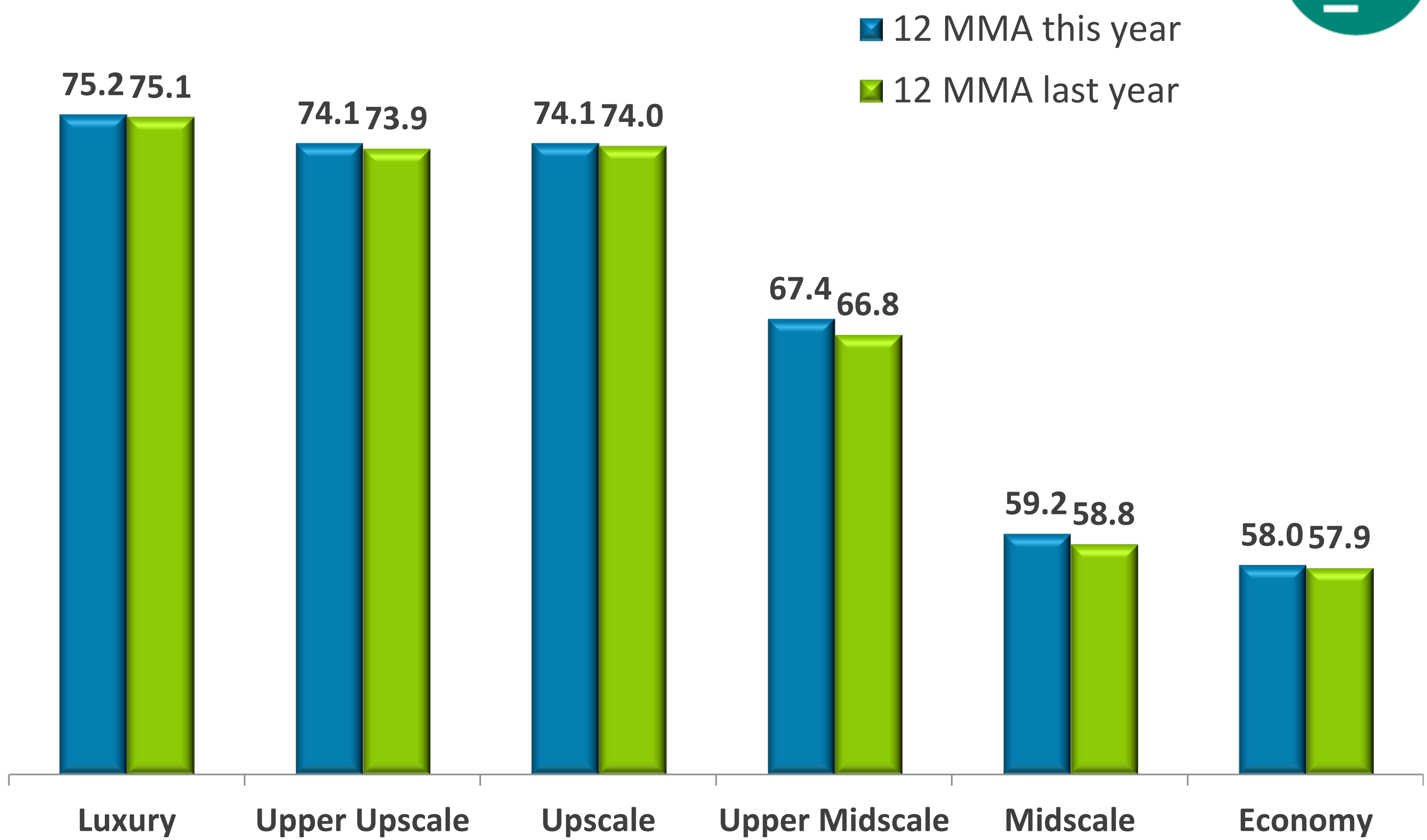
Supply / Demand % Change, by Scale, 12 MMA March 2016

Scales RevPAR Composition: ADR Driven



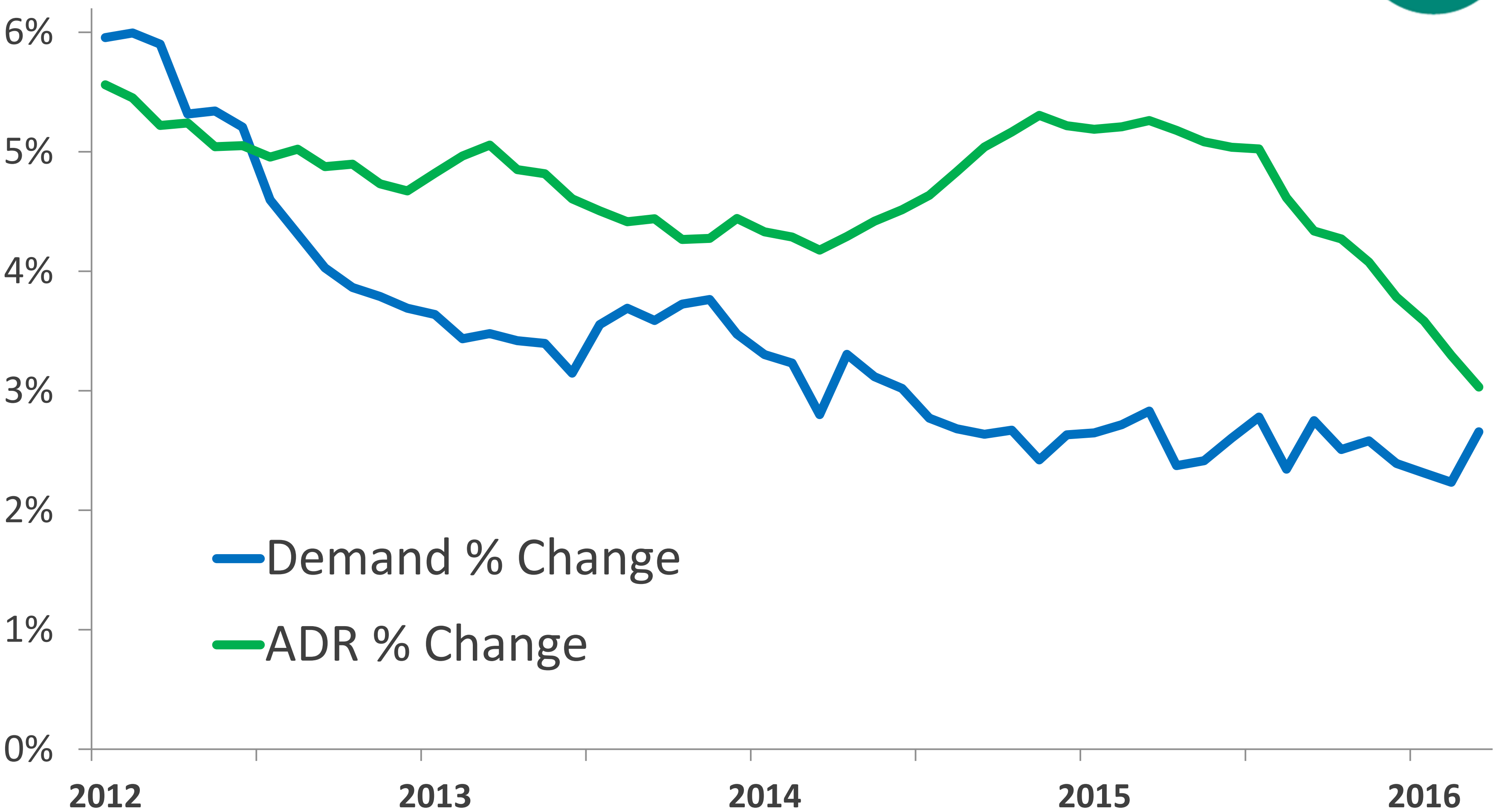
RevPAR % Change by Contribution of OCC / ADR % Change, by Scale, 12 MMA March 2016

Scales: Upper End Hotels Are Very Busy



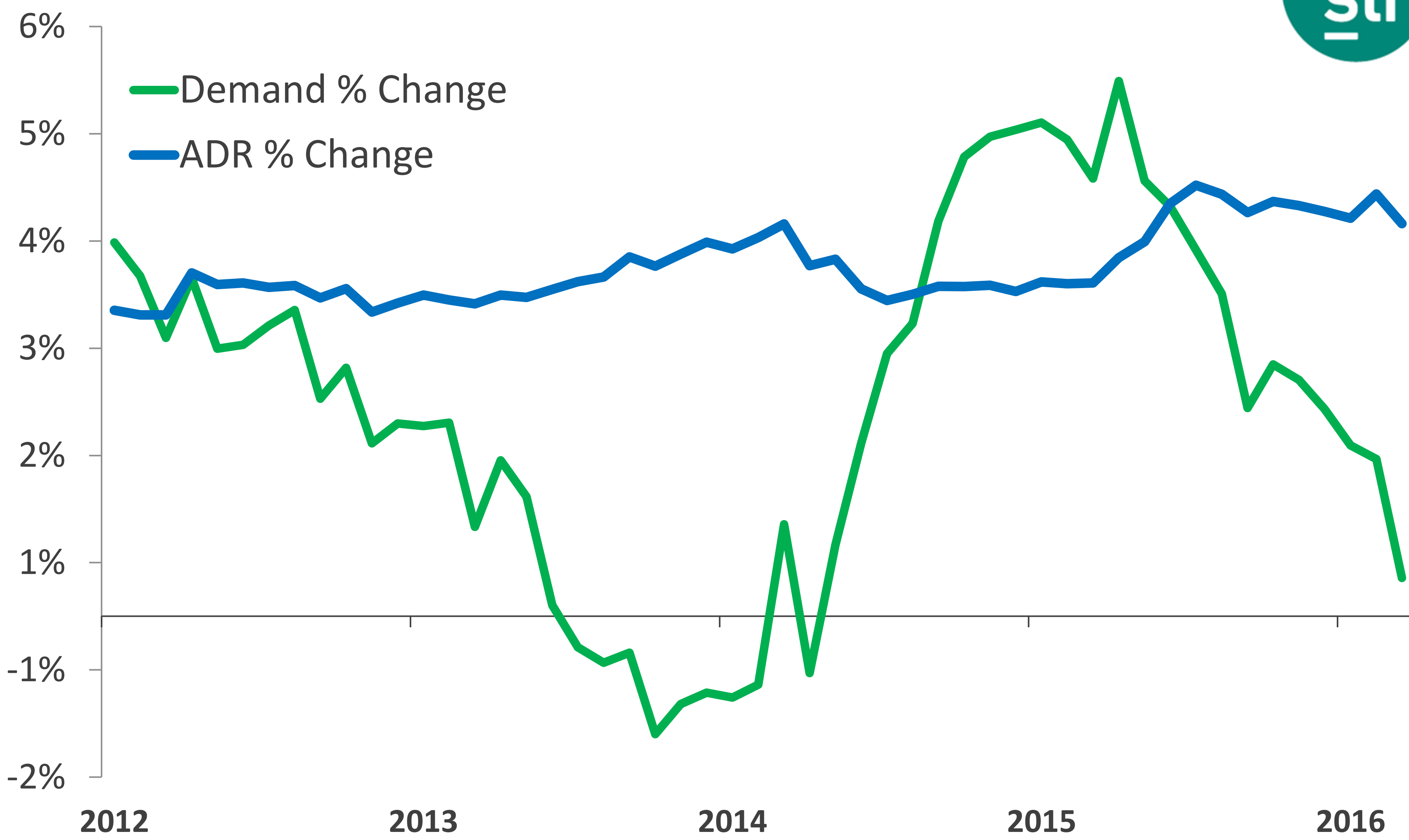
OCC %, by Scale, 12 MMA March 2016

Weaker Transient ADR Growth -> Depressed 2016 ADR



Transient Demand and ADR % Change, 12 MMA, 1/2012 – 03/2016

Group Demand Growth Slows Rapidly



Group Demand and ADR % Change, 12 MMA, 1/2012 – 03/2016

Pipeline

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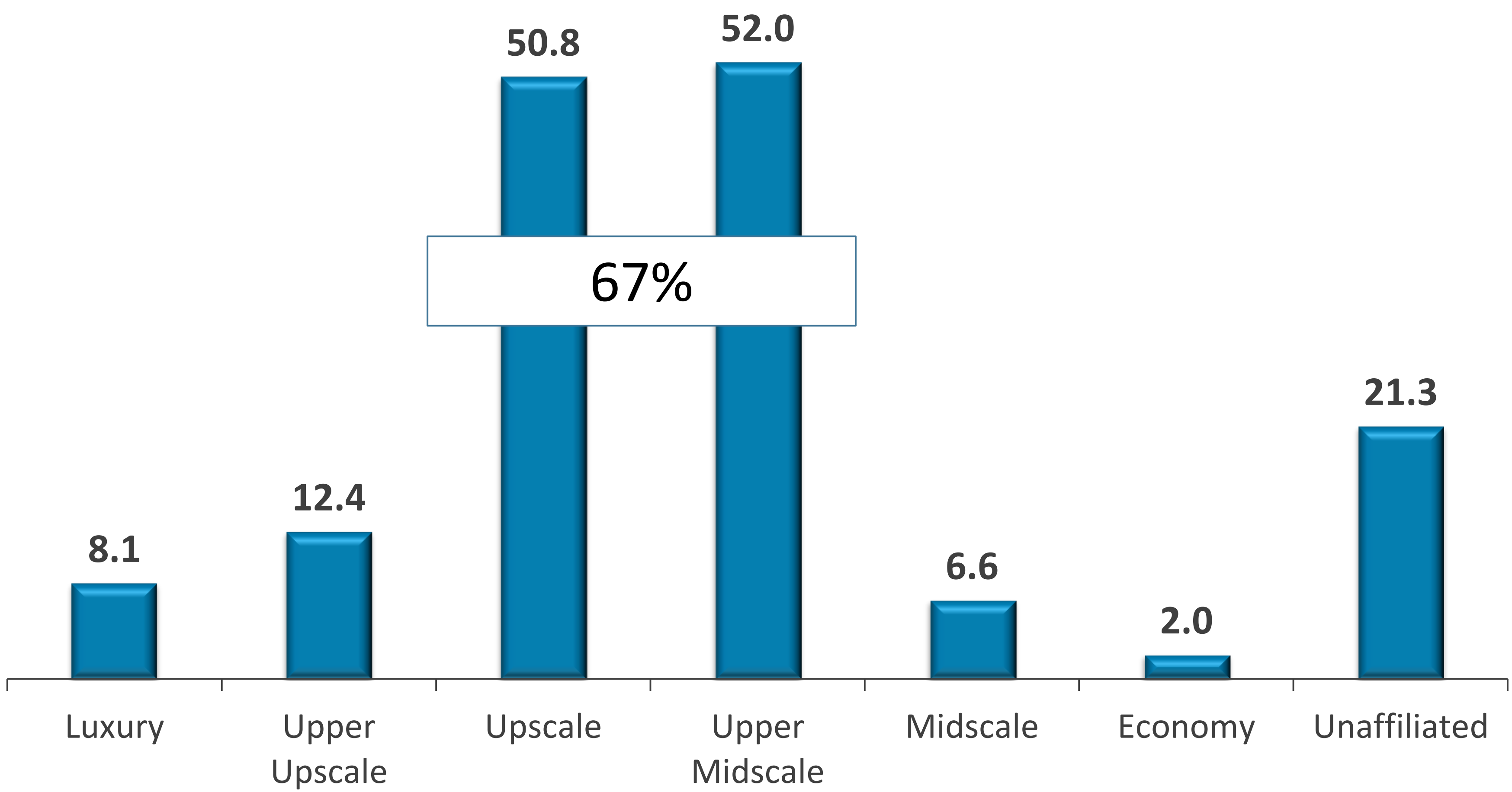
U.S. Pipeline: Construction Today Will Impact 2016 / 2017

Phase	2016	2015	% Change
In Construction	153	128	22%
Final Planning	177	156	9%
Planning	169	150	17%
Under Contract	**500**	**435**	**15%**

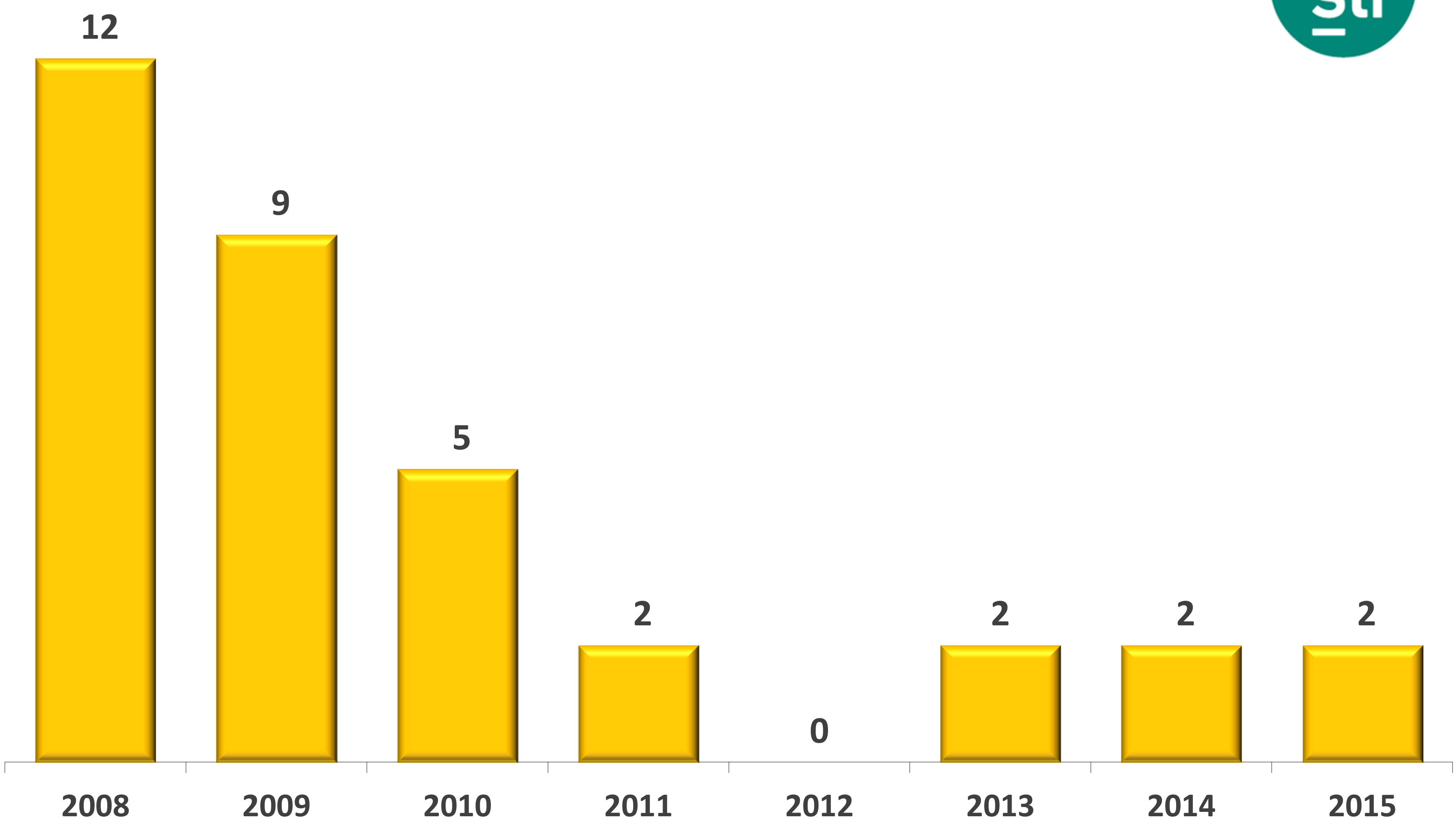
*Total U.S. Pipeline, by Phase, '000s Rooms, March 2015 and 2016

Where Are Not Building Ballrooms Anymore!



*US Pipeline, Rooms Under Construction , '000s Rooms, by Scale, March 2016

New Hotels w/ 50,000+ Sqft Meeting Space



Total U.S. Count of New Hotels with 50k+ Sqft of meeting space
By year, 2008 – 2015

Construction In Top 26 Markets: 24 With 2%+ Of Supply

Market	Rooms U/C	% Of Existing
Norfolk/Virginia Beach, VA	300	1%
St Louis, MO-IL	482	1%
Atlanta, GA	1,449	2%
Oahu Island, HI	482	2%
Orlando, FL	2,134	2%
San Francisco/San Mateo, CA	951	2%
New Orleans, LA	718	2%
Las Vegas, NV	3,905	2%
San Diego, CA	1,499	2%
Tampa/St Petersburg, FL	1,135	3%
Phoenix, AZ	1,711	3%
Chicago, IL	3,186	3%
Washington, DC-MD-VA	3,146	3%
Detroit, MI	1,260	3%
Anaheim/Santa Ana, CA	1,864	3%
Boston, MA	2,074	4%
Nashville, TN	1,814	5%
Philadelphia, PA-NJ	2,323	5%
Los Angeles/Long Beach, CA	4,931	5%
Dallas, TX	4,428	6%
Minneapolis/St Paul, MN-WI	2,294	6%
Seattle, WA	2,647	6%
Houston, TX	5,296	7%
Denver, CO	2,876	7%
Miami/Hialeah, FL	4,297	8%
New York, NY	15,145	14%

*U.S. Pipeline, Top 26 Markets, U/C Rooms as % of Existing Supply, March 2016

2016 / 2017 Forecast

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Notable Calendar Shifts Impacting Lodging Performance Data in 2016:

Super Bowl:	From Phoenix to San Francisco
Easter:	From April to March
Jewish Holidays:	From September to October

April and December will have two more Weekend days (Net +)
May will have two fewer Weekend days (Net -)

Leap Day March 29th (No Impact To Results)
See: http://www.str.com/Media/Default/Documents/STR_leap_year_methodology.pdf

Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)
2016 - 2017

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Outlook			
	2015 ACTUAL	2016 Forecast	2017 Forecast
Supply	1.1%	1.7%	1.9%
Demand	2.2%	2.3%	2.1%
Occupancy	1.7%	0.6%	0.2%
ADR	4.4%	4.4%	4.3%
RevPAR	6.2%	5.0%	4.5%

Total United States

Chain Scale Key Performance Indicator Outlook
2016F by Chain Scale

2016 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (% chg)
Luxury	0.4%	4.5%	4.9%
Upper Upscale	0.5%	4.6%	5.2%
Upscale	-0.2%	4.5%	4.3%
Upper Midscale	0.4%	4.1%	4.5%
Midscale	0.5%	3.5%	4.0%
Economy	0.9%	3.7%	4.6%
Independent	0.6%	4.4%	5.1%
Total United States	**0.6%**	**4.4%**	**5.0%**

Total United States

Chain Scale Key Performance Indicator Outlook
2017F by Chain Scale

2017 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (% chg)
Luxury	0.1%	4.7%	4.8%
Upper Upscale	0.1%	4.6%	4.7%
Upscale	-0.6%	3.8%	3.2%
Upper Midscale	-0.1%	3.7%	3.6%
Midscale	0.6%	4.1%	4.7%
Economy	0.4%	3.4%	3.9%
Independent	0.3%	4.4%	4.7%
Total United States	**0.2%**	**4.3%**	**4.5%**

To Wrap It Up…..

- ✓ RevPAR growth – Slowing down
- ✓ Occupancy – North of 70% for Full Service
- ✓ Customer Mix – Group ADR steady
- ✓ Supply Growth – Picking up…some markets will struggle

Thank you!

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