



Tampa Bay Area Lodging Investment Update

Hill Ward Henderson Real Estate and Construction Spotlight

Presented by Lou Plasencia
March 5, 2019

PRESENTED BY



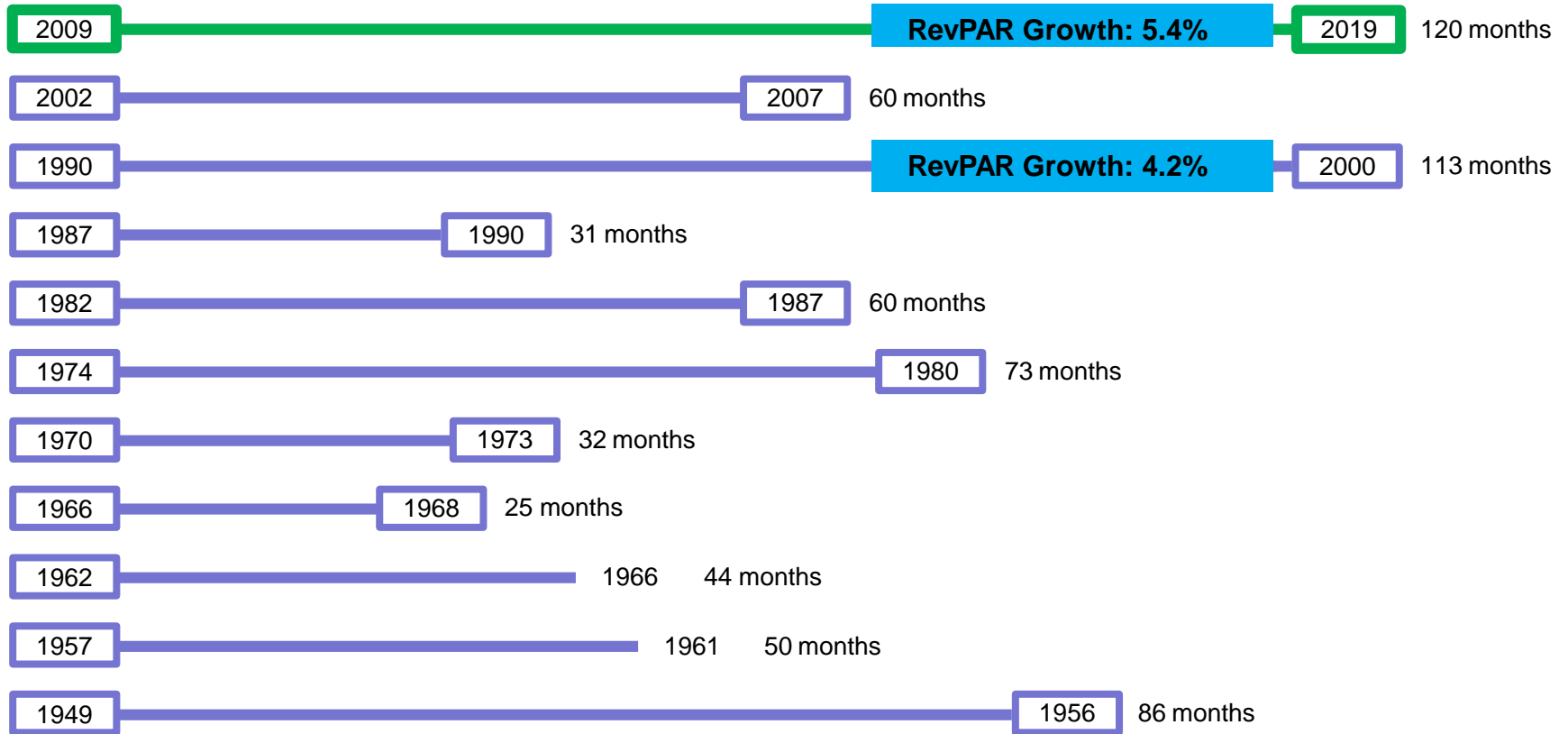
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The Plasencia Group

- The Plasencia Group advises on hotel and resort investments, raises equity and debt, develops and renovates lodging establishments, oversees property operators and acquires hospitality properties throughout the United States, Canada, Mexico, and the Caribbean.
- Our clients and partners include life insurance companies, banks, private equity firms, pension funds, real estate investment trusts, and high-net-worth investors.
- Our firm is headquartered in Tampa, with offices around the country staffed by experienced and seasoned professionals.
- In the past decade, we have completed approximately \$17 billion in sales, financings, and developments for hundreds of hotel, resort, and mixed use projects across North America.
- The firm completed over \$1B in lodging acquisitions, dispositions and financings in the past twelve months alone with an average investment or transaction size of just over \$72M.
- We currently have over \$250M in hotel renovation and construction projects under way.

U.S. Macroeconomic View

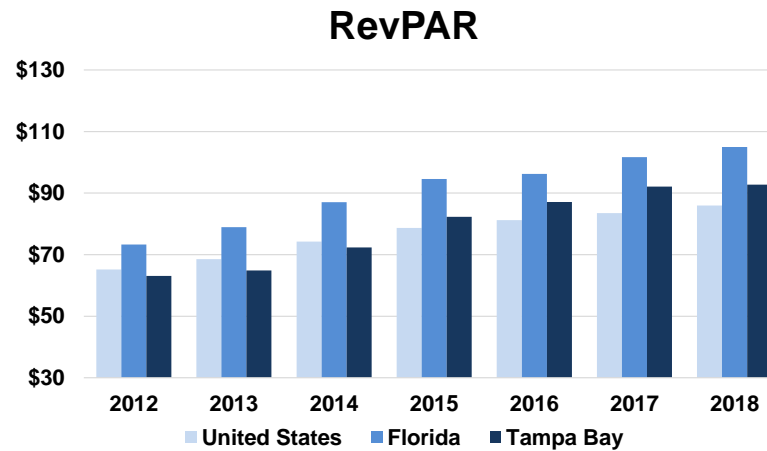
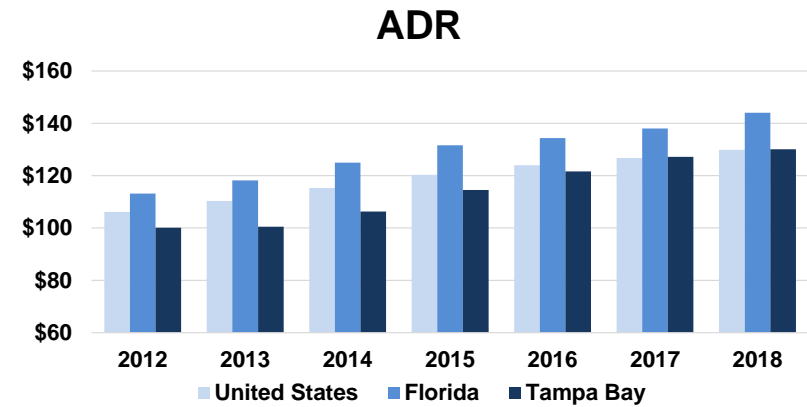
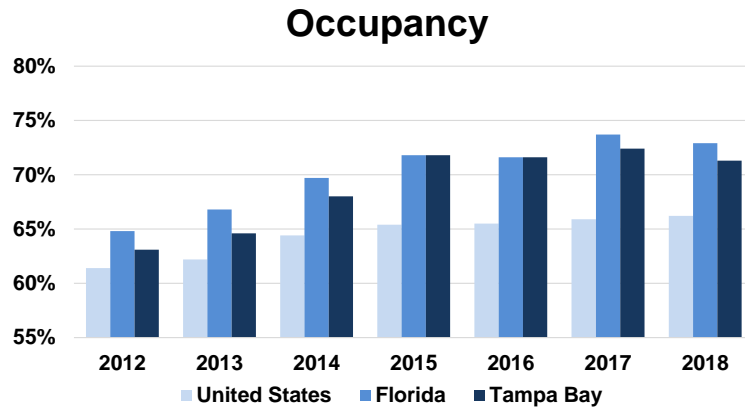
Length of Bull Markets Since World War II



Source: S&P Dow Jones Indices

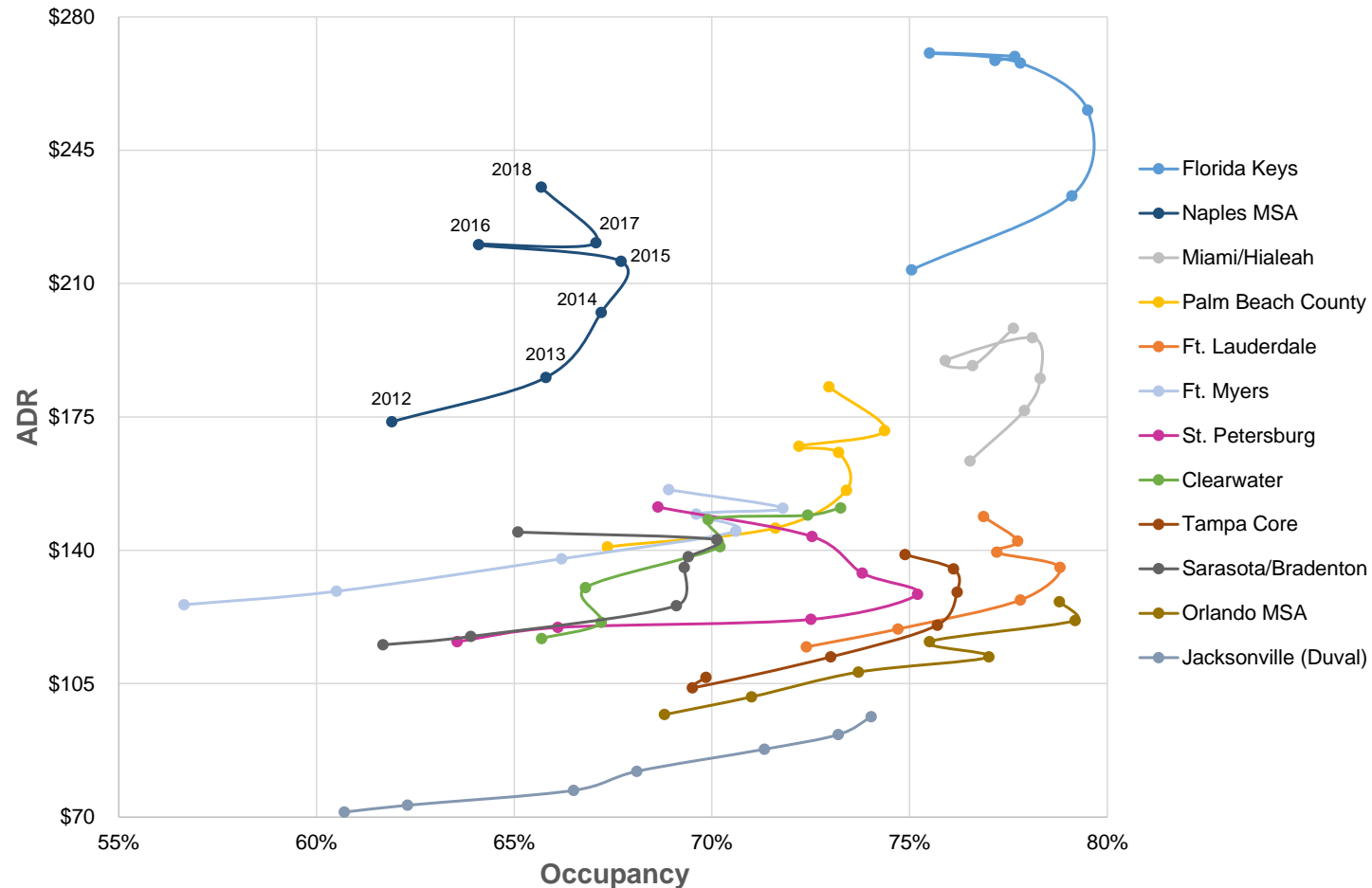
We have now set a record for the longest period of economic expansion since World War II and there is little on the horizon to indicate that this expansion will not continue for at least another year.

Tampa Bay Area – Comparative Market Performance



Source: Smith Travel Research

Florida Markets Historical Occupancy and ADR Trends



Source: Smith Travel Research

RevPAR continues to increase in most Florida markets, driven primarily by Average Daily Rate growth in the face of flattening Occupancy levels.

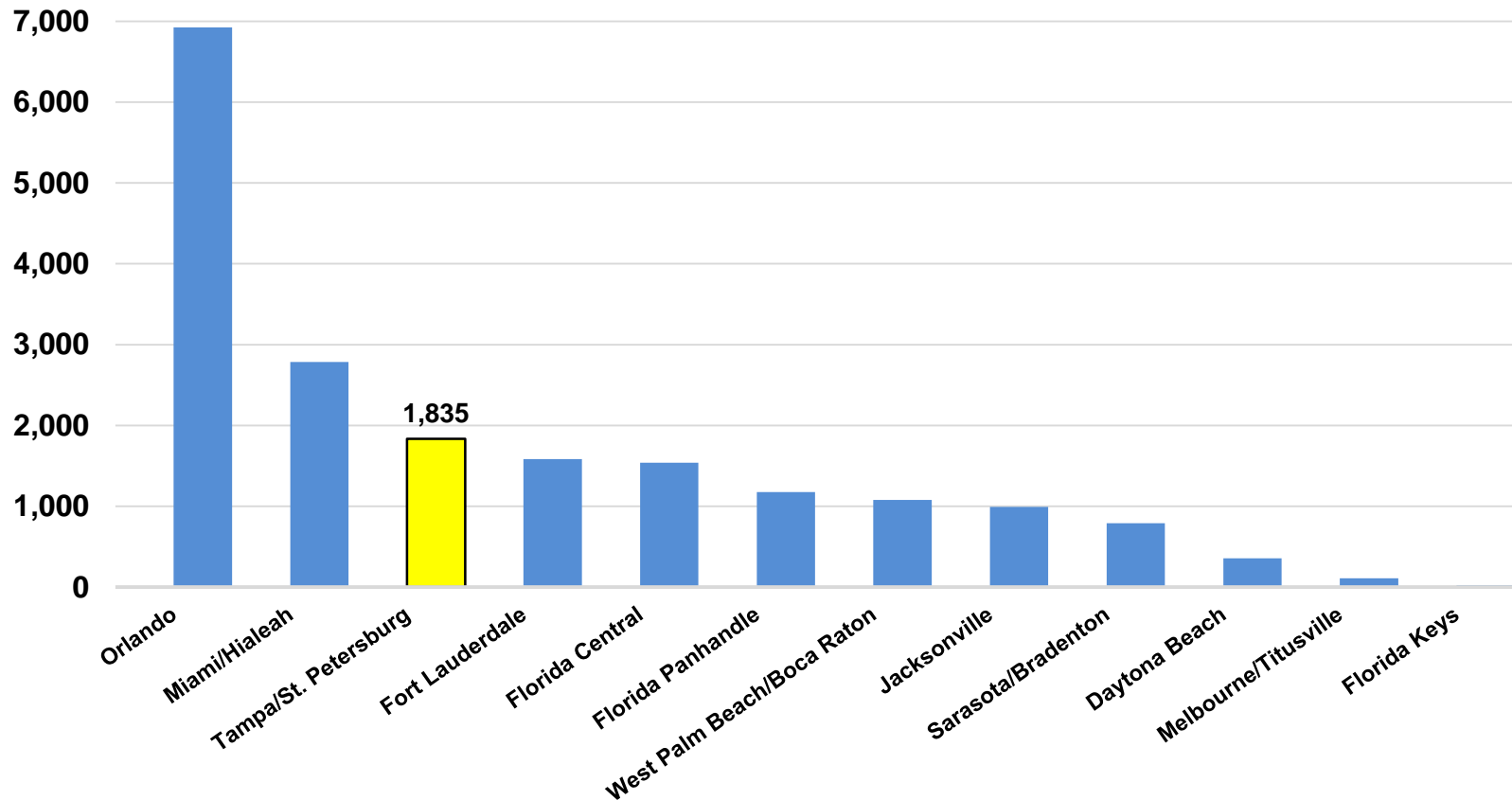
Florida Markets Historical RevPAR Performance

	RevPAR				RevPAR Change				RevPAR Rank			
	2015	2016	2017	2018	2016	2017	2018		2015	2016	2017	2018
Florida Keys	\$208.39	\$204.27	\$209.37	\$207.17	↓ -2.6%	↑ 1.8%	↑ 2.2%		1	1	1	1
Naples MSA	\$146.09	\$141.11	\$148.00	\$154.54	↓ -3.2%	↑ 5.3%	↑ 11.0%		3	3	2	2
Miami/Hialeah	\$152.83	\$143.95	\$144.35	\$153.89	↓ -5.5%	↑ 0.7%	↑ 11.0%		2	2	3	3
Palm Beach County	\$121.26	\$120.68	\$127.45	\$133.42	↓ -0.8%	↑ 5.9%	↑ 10.0%		4	4	4	4
Ft. Lauderdale	\$106.75	\$107.66	\$110.70	\$114.39	↑ 0.9%	↑ 2.8%	↑ 7.9%		5	5	5	5
Clearwater	\$96.55	\$98.85	\$104.17	\$110.69	↑ 2.4%	↑ 4.7%	↑ 7.1%		8	8	8	6
Ft. Myers	\$102.42	\$104.08	\$108.43	\$107.43	↑ 2.0%	↑ 4.0%	↑ 7.9%		6	6	6	7
Tampa Core	\$91.17	\$98.28	\$102.80	\$104.00	↑ 6.8%	↑ 4.6%	↑ 2.7%		10	9	9	8
St. Petersburg	\$98.91	\$103.44	\$108.05	\$103.87	↑ 4.5%	↑ 4.6%	↑ 0.8%		7	7	7	9
Orlando MSA	\$86.19	\$87.62	\$96.27	\$99.63	↑ 1.9%	↑ 10.0%	↑ 6.8%		11	11	11	10
Sarasota/Bradenton	\$93.98	\$96.02	\$100.14	\$94.24	↑ 2.2%	↑ 4.5%	↓ -2.5%		9	10	10	11
Jacksonville (Duval)	\$55.82	\$62.61	\$67.09	\$71.29	↑ 12.3%	↑ 7.2%	↑ 9.8%		12	12	12	12

Source: Smith Travel Research

Florida markets continue to experience RevPAR gains, with the markets shown above enjoying RevPAR increases of more than 6% on average during 2018. The South Florida markets of Naples, Miami, and Palm Beach County have headlined with double-digit RevPAR growth.

Florida Markets New Supply – Rooms Now Under Construction



Source: Smith Travel Research

While the Tampa Bay region has historically been towards the right on this graph, the number of new rooms currently under construction now moves the area to third in the state, behind Orlando and Miami.

Development Cost Per Key

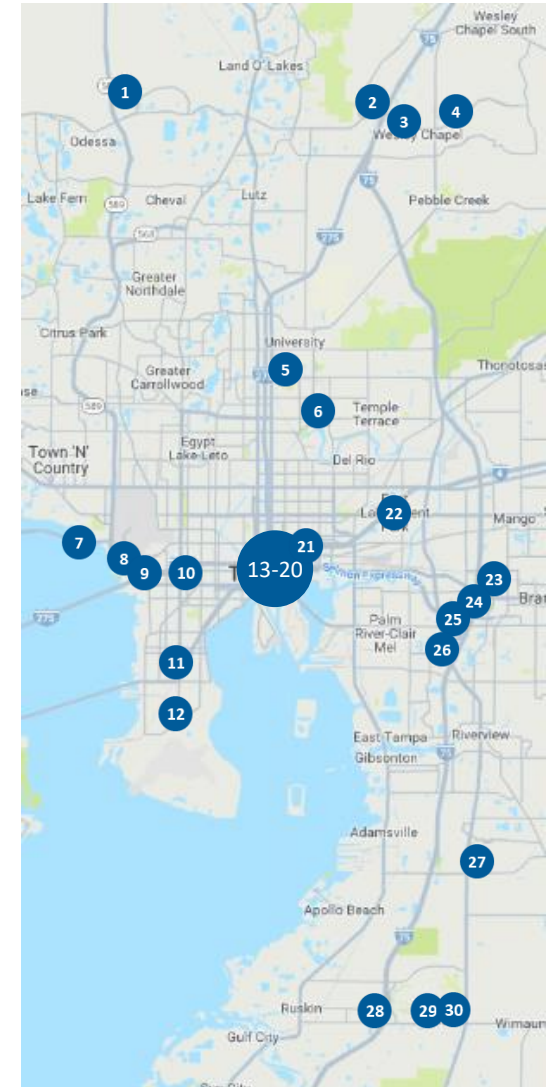
	Land	Building/Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Total
Select-Service	\$34,033	\$137,635	\$29,799	\$20,803	\$6,337	\$221,006
Full-Service	\$30,559	\$221,480	\$41,753	\$28,880	\$10,121	\$318,195
Luxury	\$74,307	\$353,106	\$102,282	\$60,799	\$13,705	\$604,199

Source: HVS

The cost to build new hotels is at all-time highs resulting from increases in materials and labor. Costs increased by 30%, almost overnight, after Hurricanes Irma and Maria. They haven't come down since.

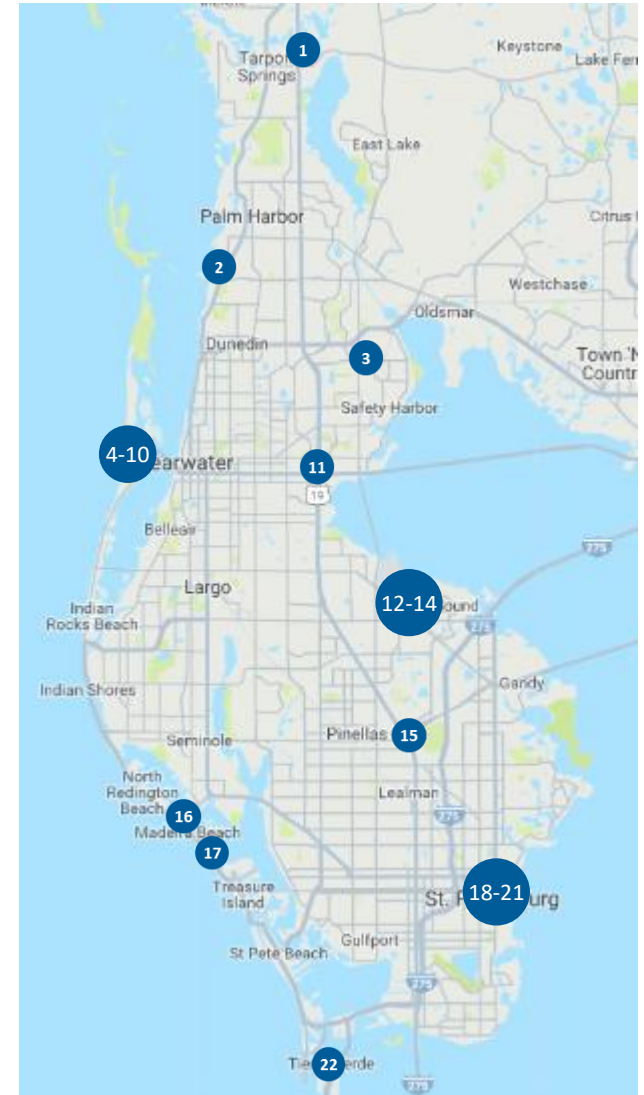
Hillsborough County Pipeline

	Property	Keys	Status
1	Springhill Suites Tampa North Land O` Lakes	107	In Construction
2	Hyatt Place Wesley Chapel	132	In Construction
3	Hilton Garden Inn Tampa Wesley Chapel	124	In Construction
4	Fairfield Inn & Suites Tampa Wesley Chapel	92	In Construction
5	Candlewood Suites Tampa	83	Planning
6	Fairfield Inn Tampa North Temple Terrace	83	Final Planning
7	The CURRENT Hotel, Autograph Collection	180	In Construction
8	Home2 Suites Tampa Westshore Airport	106	Final Planning
9	Cambia Hotel & Suites Tampa	135	Final Planning
10	Aloft Element Midtown Tampa	226	Final Planning
11	TownePlace Suites Tampa Westshore South	84	In Construction
12	Sleep Inn & Suites Tampa	77	In Construction
13	Hotel ZaZa	149	Planning
14	Springhill Suites Tampa Downtown	150	Final Planning
15	Hampton Inn Tampa Downtown Channel District	116	In Construction
16	Home2 Suites Tampa Downtown Channel District	97	In Construction
17	Hyatt House Tampa Downtown	115	In Construction
18	Hyatt Place Tampa Downtown	230	In Construction
19	EDITION Tampa Downtown	172	Final Planning
20	JW Marriott Tampa Downtown	519	In Construction
21	Aparium Hotel Ybor City	176	In Construction
22	TownePlace Suites Tampa East I-4	90	Final Planning
23	TownePlace Suites Tampa Brandon	85	Planning
24	Tru by Hilton Brandon Tampa East	80	Final Planning
25	Hampton Inn & Suites Tampa Riverview Brandon	124	Final Planning
26	Uptown Suites Tampa Riverview	127	In Construction
27	Fairfield Inn Tampa Riverview	108	Final Planning
28	Holiday Inn Express & Suites Ruskin	92	Planning
29	Mainstay Suites Sun City Center	40	Planning
30	Sleep Inn	40	Planning

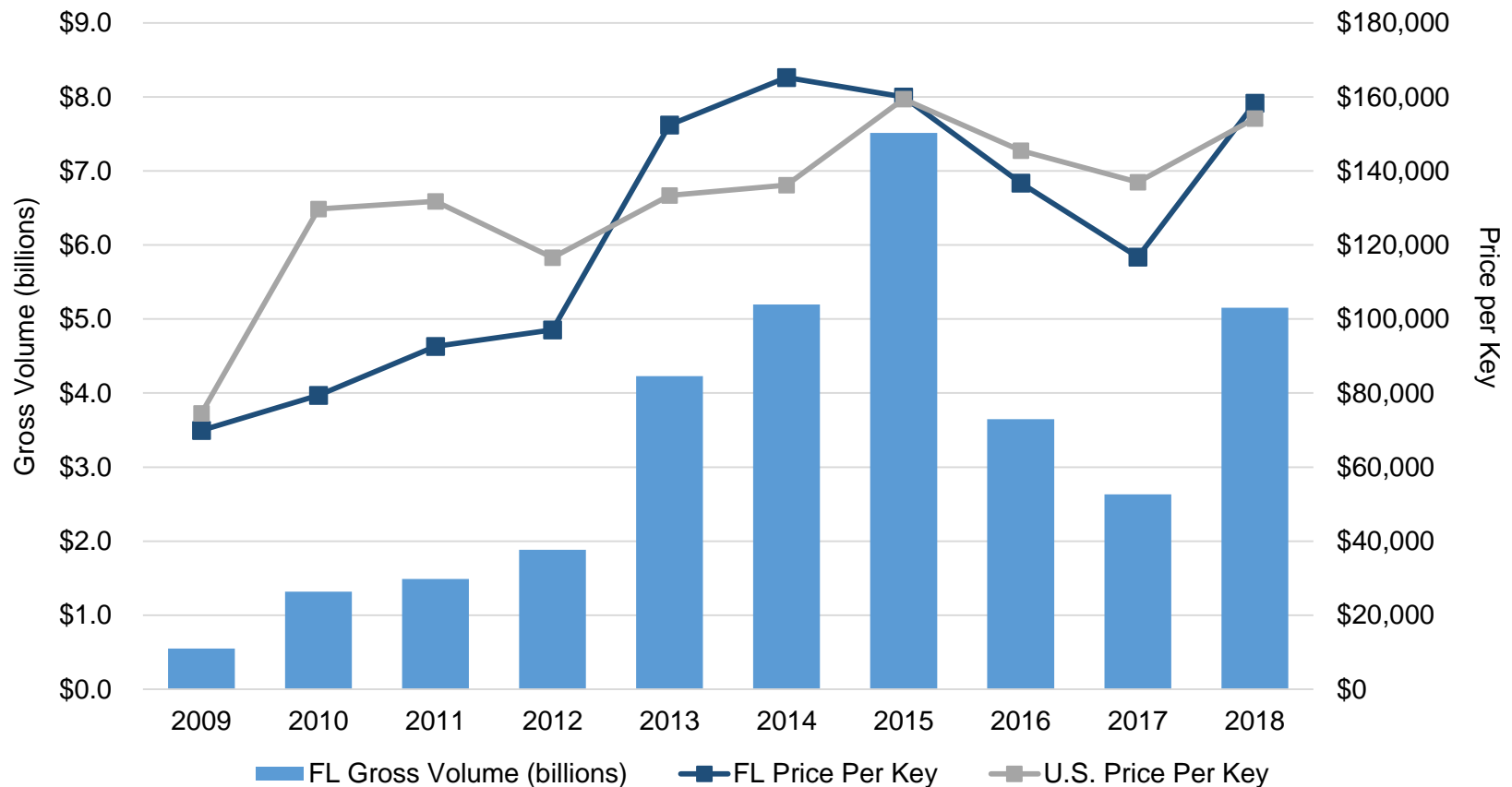


Pinellas County Pipeline

	Property	Keys	Status
1	Country Inn & Suites Tarpon Springs	57	Final Planning
2	Hampton Inn Dunedin	88	In Construction
3	Candlewood Suites Safety Harbor	72	Final Planning
4	Courtyard Clearwater	139	Planning
5	Sea Captain Hotel Redevelopment	98	Planning
6	Parcel B Hotel Clearwater Beach	144	Final Planning
7	AC Hotel Tampa Clearwater Beach	159	Planning
8	Cambria Hotel & Suites Clearwater	144	Planning
9	JW Marriott Tampa Clearwater Beach	166	Final Planning
10	New Charter House Hotel	60	Early Planning
11	Home2 Suites Clearwater Central	110	Planning
12	Home2 Suites St. Petersburg Clearwater Airport	117	Final Planning
13	Hilton Garden Inn Clearwater Airport Area	144	Planning
14	The Karol	124	In Construction
15	Hampton Inn Pinellas Park St. Petersburg	96	Final Planning
16	Cambria Hotel & Suites St. Petersburg	146	Final Planning
17	Johns Pass Resort	78	Early Planning
18	Tru St. Petersburg	131	Planning
19	Edge District Hotel	135	Planning
20	Autograph Collection, St. Petersburg	200	Planning
21	The Galaxy Hotel	92	In Construction
22	Residence Inn St. Petersburg Tierra Verde	90	Final Planning



Hotel Investment Transaction Trends – Florida vs. United States



Note: Includes all transactions with sales prices greater than \$2.5 million.

Source: Real Capital Analytics

Florida transaction volume and price per key have increased last year to the highest levels since the peak of this cycle in 2015.

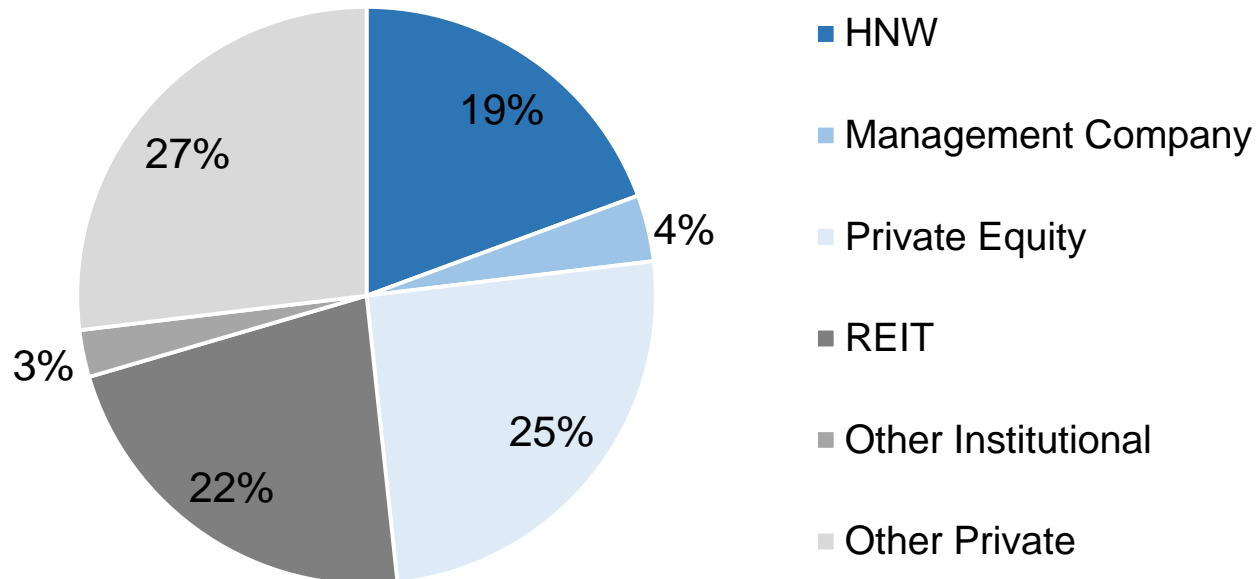
Select Florida Gulf Coast Hotel Sales (past 24 months)

Date	Property Name	Keys	Price (\$)	Price Per Key
Apr-18	Ritz-Carlton Sarasota	266	\$176,500,000	\$663,534
Aug-18	Renaissance Vinoy St. Petersburg Resort	362	\$185,000,000	\$511,050
Mar-18	Hyatt Regency Coconut Point Resort	454	\$198,000,000	\$436,123
Dec-18	Grand Plaza Beachfront Hotel	151	\$59,683,794	\$395,257
Dec-18	Beachcomber Beach Resort	102	\$40,316,206	\$395,257
Apr-17	Best Western Premier The Tides	86	\$25,300,000	\$294,186
Oct-18	Residence Inn Clearwater Beach	140	\$38,980,385	\$278,431
Oct-18	SpringHill Suites Clearwater Beach	115	\$32,019,602	\$278,431
Mar-18	Holiday Inn Sarasota Lido Beach	135	\$37,500,000	\$277,778
Jan-19	Fairfield Inn & Suites Tampa Westshore	160	\$42,650,000	\$266,563
Jan-18	Hampton Inn & Suites Destin	130	\$31,500,000	\$242,308
Oct-17	Postcard Inn	196	\$47,400,000	\$241,837
Jun-18	Renaissance Tampa	293	\$68,000,000	\$232,082
Feb-19	Westshore Grand	322	\$73,000,000	\$226,708
May-18	Residence Inn Tampa Downtown	109	\$24,000,000	\$220,183
Nov-18	SpringHill Suites Navarre Beach	161	\$35,400,000	\$219,876
Sep-18	Marriott St. Petersburg Clearwater	197	\$38,750,000	\$196,701
Aug-18	Fairfield Inn & Suites Tampa Fairgrounds Casino	98	\$19,216,000	\$196,082
Aug-18	Courtyard Tampa Downtown	141	\$27,300,000	\$193,617
Sep-18	AC Hotel Tampa Airport	175	\$33,200,000	\$189,714
Jan-19	Towneplace Suites Tampa Westshore Airport	122	\$23,025,000	\$188,730
Aug-18	Embassy Suites Tampa Airport	243	\$45,024,040	\$185,284
Dec-18	Home2 Suites Tampa USF Near Busch Gardens	106	\$19,300,000	\$182,075
Jun-17	Staybridge Suites St. Petersburg	119	\$20,500,000	\$172,269
Jan-18	Doubletree Suites Tampa Bay	203	\$34,750,000	\$171,182
Jun-18	Hampton Inn Bonita Springs Naples North	92	\$15,333,333	\$166,667
Jun-18	Homewood Suites Bonita Springs Naples North	106	\$17,666,667	\$166,667
Jan-19	Home2 Suites Pensacola	106	\$17,500,000	\$165,094
Mar-17	Home2 Suites Tallahassee State Capital	132	\$21,500,000	\$162,879
Aug-18	Springhill Suites Pensacola	106	\$17,075,000	\$161,085
Jul-17	Hampton Inn & Suites Fort Myers Beach	120	\$19,000,000	\$158,333

Source: Real Capital Analytics

Unlike other U.S. metro markets, transaction activity has been brisk on Florida's west coast, with record prices being paid. Ownership make-up is 50/50 private investor versus institutional.

Florida Hotel Investor Profile (past 24 months, price greater than \$10 million)



Note: Percentage shown is each grouping's portion of total deal volume.
Source: Real Capital Analytics

The number of high-net-worth investors and family offices investing in hotels continues to grow. Nearly half of all hotel acquisitions in the past 2 years has been private (rather than institutional) capital sources.

Lodging Capitalization Rates & Investor Returns

Cap Rates (Stabilized Properties)

- 5.0% to 6.5% for luxury hotels (declining)
- 6.0% to 7.5% for full service hotels (declining)
- 7.5% to 10.0% for select service hotels (declining)

IRRs (Five-year Horizon)

- Unlevered: 7.0% to 9.0% (declining)
- Levered: 16.5% to 19.0% (declining)

Debt Markets

- Debt remains plentiful but underwriting standards have tightened while construction financing is very hard to come by
- LTVs at 65% to 70% for acquisition financing
- Rates at 4.50% to 5.00% (rising)

**We thank you for your time this afternoon.
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