

WASHINGTON, D.C. METRO
**LODGING
TRENDS
REPORT**

Q4 2019

November 2019



THE PLASENCIA GROUP
Passion. Access. Certainty.

WASHINGTON, D.C. METRO LODGING TRENDS REPORT

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D.C. METRO TREND HIGHLIGHTS

Operational performance is flattening across the region with modest ADR growth reported in the last twelve months.

Operators are typically hesitant to project aggressive growth in election years. Government business slows while politicians and their staffs are on the campaign trail. However, the additional demand generated by special interest groups hoping to bring their issues to the attention of campaigning officials may offset the decrease in government demand.

Citywide convention bookings are expected to increase, with 89,000 additional room nights forecasted for 2020.

Transaction volume is down significantly from this time last year. We're finding that like in many other regions of the country, investor demand is exceeding the supply of assets available for purchase, making it an opportune time to consider a sale.

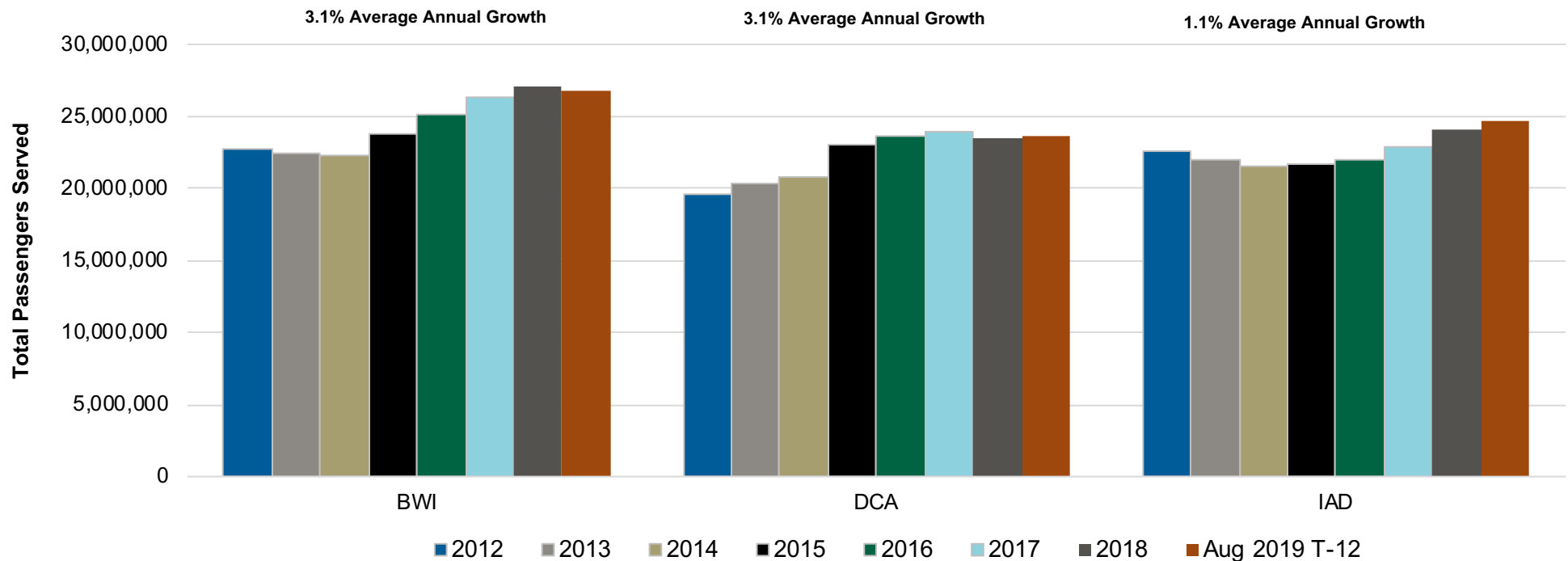


Despite flattening performance and modest growth projections, investor appetite for D.C. metropolitan area acquisitions and developments remains healthy.



STEADY GROWTH AT MAJOR D.C. AREA AIRPORTS

Passenger growth seems to be flattening, but is still healthy across the major airports.



Airport	Code
Ronald Reagan Washington National Airport	DCA
Washington Dulles International Airport	IAD
Baltimore/Washington International Thurgood Marshall Airport	BWI

Source: Aviation Authorities

Note: Average annual growth rates shown are from 2012 through 2018.



HISTORICAL REVPAR PERFORMANCE

Washington's 2019 performance has matched 2018's through Q3, an impressive feat given the partial government shutdown at the beginning of the year.

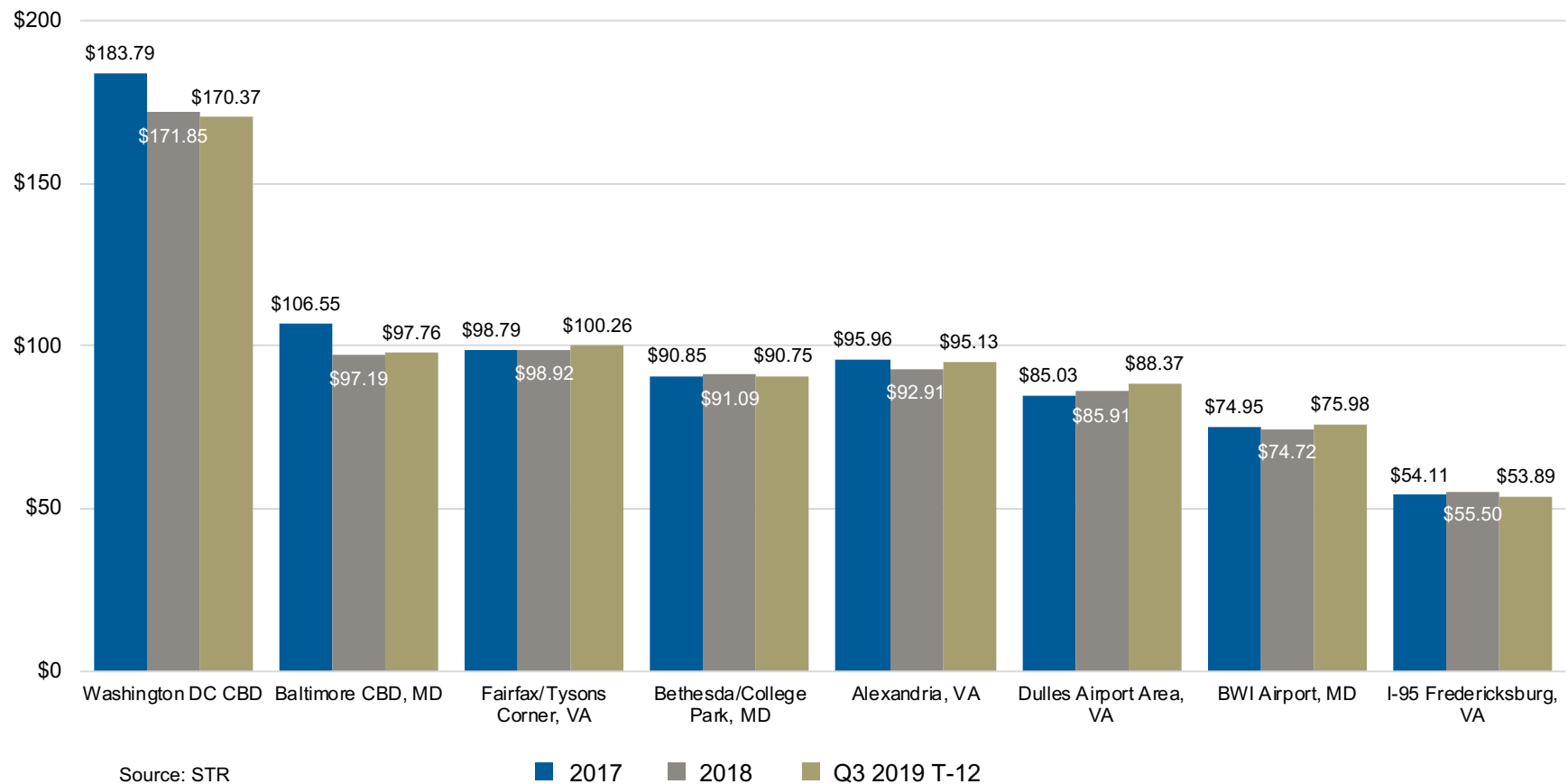
2015		2016		2017		2018		Q3 2019 YTD RevPAR % Δ	
Market	RevPAR	Market	RevPAR	Market	RevPAR	Market	RevPAR	Market	% Change
New York	\$219.39	New York	\$222.54	New York	\$221.60	New York	\$228.96	Atlanta	4.7%
San Francisco	\$188.05	San Francisco	\$194.55	Oahu Island	\$194.08	Oahu Island	\$199.70	Phoenix	4.7%
Oahu Island	\$187.32	Oahu Island	\$191.59	San Francisco	\$189.73	San Francisco	\$197.72	Denver	3.9%
Miami	\$152.83	Miami	\$143.95	Boston	\$145.41	Miami	\$152.81	Nashville	3.4%
Boston	\$143.81	Boston	\$142.88	Miami	\$144.78	Boston	\$150.72	San Francisco	3.4%
Los Angeles	\$126.19	Los Angeles	\$139.65	Los Angeles	\$140.85	Los Angeles	\$143.49	Norfolk	3.3%
San Diego	\$115.11	San Diego	\$119.39	San Diego	\$123.74	San Diego	\$130.93	Tampa	3.0%
Anaheim	\$113.31	Anaheim	\$118.11	Seattle	\$122.72	Anaheim	\$125.65	Anaheim	2.1%
Seattle	\$113.14	Seattle	\$116.53	Anaheim	\$121.88	Seattle	\$123.94	Boston	1.0%
Washington	\$105.75	Washington	\$110.77	Washington	\$115.06	Washington	\$111.51	St. Louis	1.0%
New Orleans	\$103.30	New Orleans	\$102.12	Nashville	\$105.87	Nashville	\$107.87	Oahu Island	0.9%
Chicago	\$99.88	Nashville	\$100.50	New Orleans	\$101.61	New Orleans	\$105.21	New Orleans	0.6%
Nashville	\$93.11	Chicago	\$99.79	Chicago	\$98.09	Chicago	\$103.17	Los Angeles	0.0%
Denver	\$91.41	Denver	\$93.83	Orlando	\$96.40	Orlando	\$98.68	Washington	0.0%
Philadelphia	\$87.24	Philadelphia	\$91.60	Denver	\$96.34	Denver	\$96.26	Dallas	(0.2%)
Orlando	\$86.19	Orlando	\$87.62	Tampa	\$92.28	Philadelphia	\$94.60	Philadelphia	(0.3%)
Tampa	\$82.28	Tampa	\$87.10	Philadelphia	\$89.11	Tampa	\$92.73	San Diego	(0.3%)
Phoenix	\$79.77	Phoenix	\$82.69	Phoenix	\$85.89	Phoenix	\$90.42	Chicago	(1.9%)
Minneapolis	\$76.72	Minneapolis	\$80.59	Minneapolis	\$77.59	Minneapolis	\$82.96	Detroit	(2.2%)
Houston	\$74.42	Dallas	\$73.89	Atlanta	\$75.08	Atlanta	\$76.94	Minneapolis	(2.2%)
Dallas	\$69.81	Atlanta	\$72.41	Dallas	\$73.60	Dallas	\$74.16	Miami	(3.0%)
Atlanta	\$68.40	St. Louis	\$66.61	Houston	\$71.97	Detroit	\$70.46	Orlando	(3.1%)
St. Louis	\$64.73	Houston	\$65.15	St. Louis	\$68.30	St. Louis	\$68.13	New York	(3.2%)
Detroit	\$61.91	Detroit	\$64.04	Detroit	\$67.96	Houston	\$66.57	Houston	(4.5%)
Norfolk	\$53.87	Norfolk	\$59.46	Norfolk	\$62.64	Norfolk	\$65.03	Seattle	(5.0%)

Source: STR



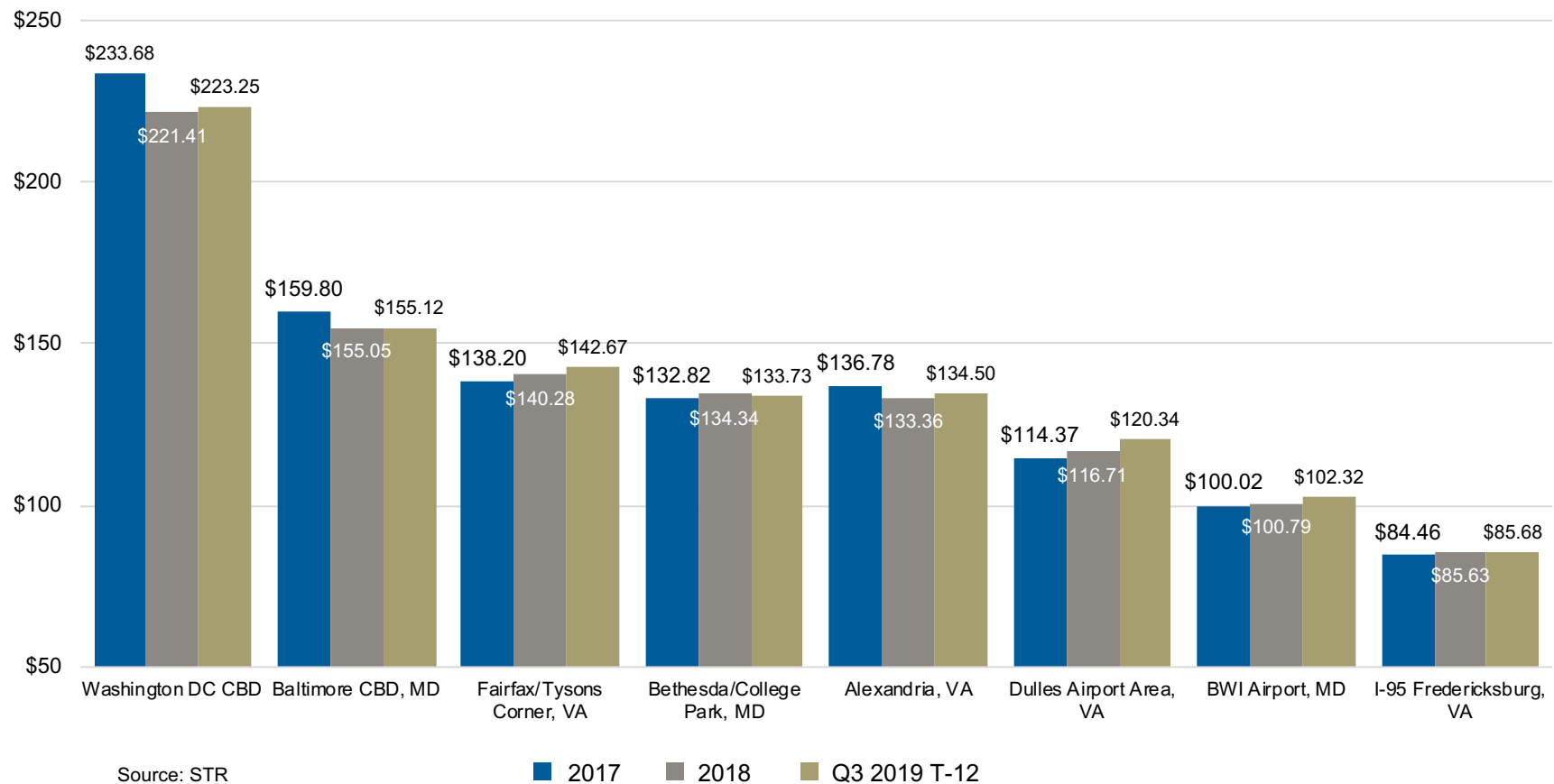
D.C. METRO AREA SUBMARKET REVPAR

RevPAR has been flat across the D.C. metropolitan area. Moderate Occupancy declines are offset by ADR growth.



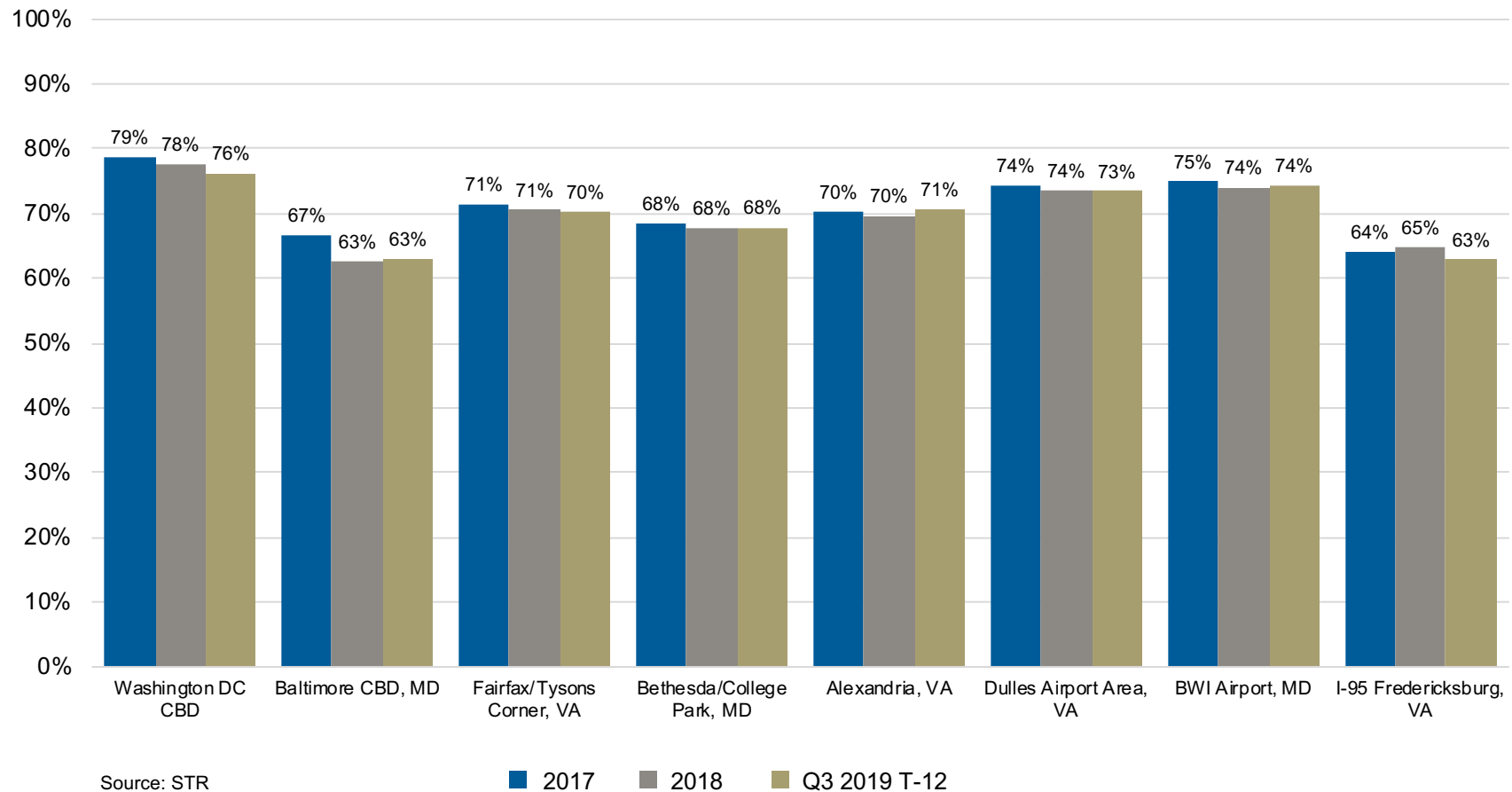
D.C. METRO AREA SUBMARKET AVERAGE DAILY RATE

ADR throughout the metropolitan area continues to grow, albeit modestly.



D.C. METRO AREA SUBMARKET OCCUPANCY

Occupancy in many area submarkets has remained constant or declined slightly.



D.C. METRO HOTEL SALES, SORTED BY PRICE PER KEY

The city proper continues to command a significant price premium compared to suburban assets, demonstrated by impressive per-key values across chain scales and brand families.

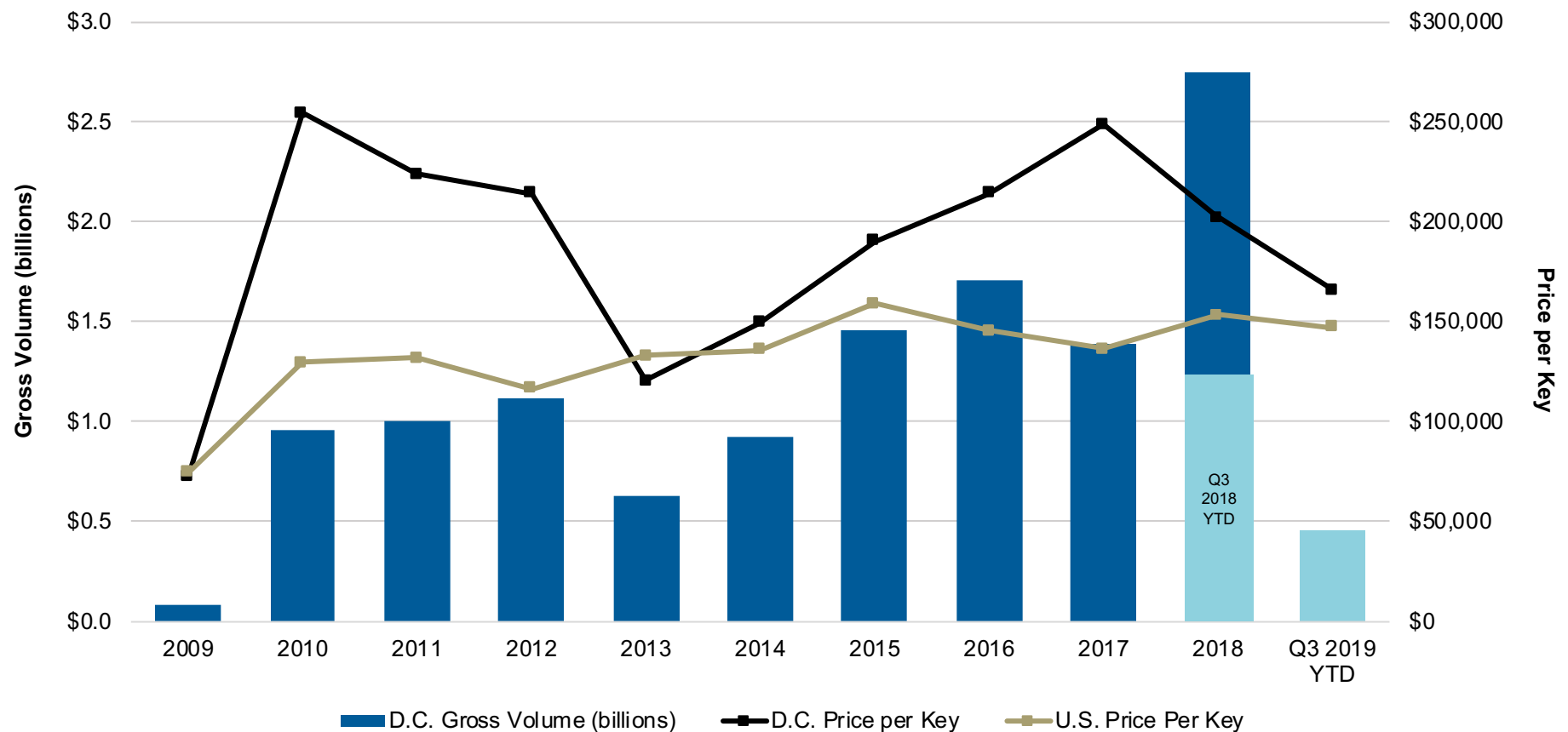
Date	Property	City	State	Keys	Opened	Price	Per Key	Qualifier
Nov-18	Hilton Garden Inn Washington DC Downtown	Washington	DC	300	2000	\$128,000,000	\$426,667	confm'd
Feb-19	Kimpton Palomar Washington DC	Washington	DC	335	1962	\$141,483,333	\$422,338	confm'd
Dec-18	Kimpton Carlyle Dupont Circle	Washington	DC	198	1940	\$82,250,000	\$415,404	confm'd
Dec-18	The Darcy	Washington	DC	226	1960	\$81,762,000	\$361,779	confm'd
Oct-18	Courtyard Washington DC Dupont Circle	Washington	DC	147	1969	\$53,066,667	\$360,998	confm'd
Aug-19	Hyatt Place Georgetown West End	Washington	DC	168	2016	\$58,800,000	\$350,000	confm'd
Oct-19	Kimpton Topaz	Washington	DC	99	1963	\$33,000,000	\$333,333	pending
Feb-19	YotelPad Capitol Hill	Washington	DC	343	1968	\$111,000,000	\$323,615	confm'd
Sep-19	Kimpton Rouge	Washington	DC	137	1963	\$42,000,000	\$306,569	confm'd
Sep-19	Kimpton Madera	Washington	DC	82	1963	\$23,300,000	\$284,146	confm'd
Dec-18	Courtyard Fredericksburg	Fredericksburg	VA	98	2009	\$18,800,000	\$191,837	confm'd
Oct-18	TownePlace Suites Clinton at Joint Base Andrews	Clinton	MD	115	2008	\$20,775,000	\$180,652	confm'd
Dec-18	Marriott Bethesda	Bethesda	MD	407	1980	\$69,500,415	\$170,763	approx
Nov-18	Residence Inn Tysons Corner	Vienna	VA	96	1984	\$15,700,000	\$163,542	confm'd
Dec-18	Hilton Embassy Row	Washington	DC	231	1970	\$36,000,000	\$155,844	approx
Sep-19	SpringHill Suites Ashburn Dulles North	Ashburn	VA	132	2009	\$20,500,000	\$155,303	confm'd
Dec-18	Marriott Tysons Corner	Vienna	VA	390	1981	\$60,239,600	\$154,461	approx
Oct-19	Homewood Suites Dulles International Airport	Herndon	VA	109	1998	\$16,500,000	\$151,376	confm'd
Mar-19	Crowne Plaza Alexandria	Alexandria	VA	253	1972	\$34,752,943	\$137,363	approx
Oct-19	Aloft Dulles Airport North	Ashburn	VA	136	2008	\$16,500,000	\$121,324	approx
May-19	Courtyard Springfield	Springfield	VA	191	2001	\$20,233,590	\$105,935	approx
Jan-19	Hampton Inn Frederick	Frederick	MD	161	1984	\$16,200,000	\$100,621	approx
Aug-19	Four Seasons Washington DC	Washington	DC	222	1979	N/A	N/A	pending

Single asset (non-portfolio) sales between July 1, 2018 and September 30, 2019; price >\$15 million; price per key >\$100,000
Source: Real Capital Analytics



D.C. METRO TRANSACTION ENVIRONMENT

Transaction volume is down considerably from last year. Like in many other regions of the country, investor demand is exceeding the supply of assets available for purchase.



Source: Real Capital Analytics

Note: 2018 transaction activity includes Pebblebrook Hotel Trust's acquisition of LaSalle Hotel Properties.



D.C. METRO CONSTRUCTION PIPELINE

More than 1,400 rooms are scheduled to come online in the metro area by the end of 2020.
The vast majority of new supply in the pipeline is concentrated in Upscale hotels.

Hotel	City	Chain Scale	Rooms	Open Date
AC Washington Downtown	Washington	Upscale	219	Q4 2019
Hyatt Centric Alexandria Old Town	Alexandria	Upper Upscale	124	Q1 2020
Residence Inn Ritchie Station Marketplace	Capitol Heights	Upscale	112	Q1 2020
Staybridge Suites Largo	Upper Marlboro	Upscale	104	Q1 2020
citizenM Washington DC Southwest	Washington	Upscale	252	Q2 2020
Marriott Bethesda at Marriott HQ	Bethesda	Upper Upscale	246	Q2 2020
Thompson DC at The Yards	Washington	Luxury	225	Q2 2020
Homewood Suites Reston	Reston	Upscale	138	Q3 2020
Holiday Inn Express Washington Northwest	Washington	Upper Midscale	247	Q4 2020
Hyatt Place Washington DC National Harbor	Oxon Hill	Upscale	156	Q4 2020
Cambria Capitol Riverfront	Washington	Upscale	154	Q1 2021
Hilton Garden Inn Manassas	Manassas	Upscale	108	Q2 2021
AC Washington Convention Center	Washington	Upscale	236	Q3 2021
Archer Hotel Tysons	Tysons	Upper Upscale	178	Q3 2021
AC Bethesda	Bethesda	Upscale	225	Q4 2021

Source: Lodging Development Corporation



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The Plasencia Group
Overview



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THE SERVICES WE OFFER TO OUR CLIENTS



Hotel & Resort Investments

Asset valuations

Acquisition underwriting and representation

Dispositions



Debt & Equity Placement

New debt placement

Refinancing services

Restructuring existing debt

Equity sourcing



Advice & Consulting

Asset management

Development, repositioning, expansions and renovations

Brand and management negotiation

Strategic alternatives analysis

We are a lodging investment advisory firm, offering a range of services to meet the needs of hotel and resort owners, investors, and developers across North America.

The Plasencia Group was founded in 1993 with the objective of providing hotel and resort owners access to a comprehensive suite of advisory services at a personal level. Twenty-six years and over 500 engagements later, we still have the privilege of delivering certainty to many of the same clients.



WHO WE ARE AND WHAT SETS US APART



Candor builds and maintains our clients' trust.

We work hard to create a relationship and experience that will make you feel as though you're one of one, rather than one of many. Our mutual success is built on personal trust and candid advice.



Our clients and their projects are our primary focus.

When our clients are successful, we're successful, so each engagement receives the attention it deserves from our firm's principals and support staff. We create a customized plan for each engagement, with a focus tailored to that client's objectives.



Our tenacity leads more deals to completion.

We work on a select number of engagements at a time, and are more likely to see your project to completion successfully. In fact, The Plasencia Group has delivered a 100% engagement completion rate since January 2018.

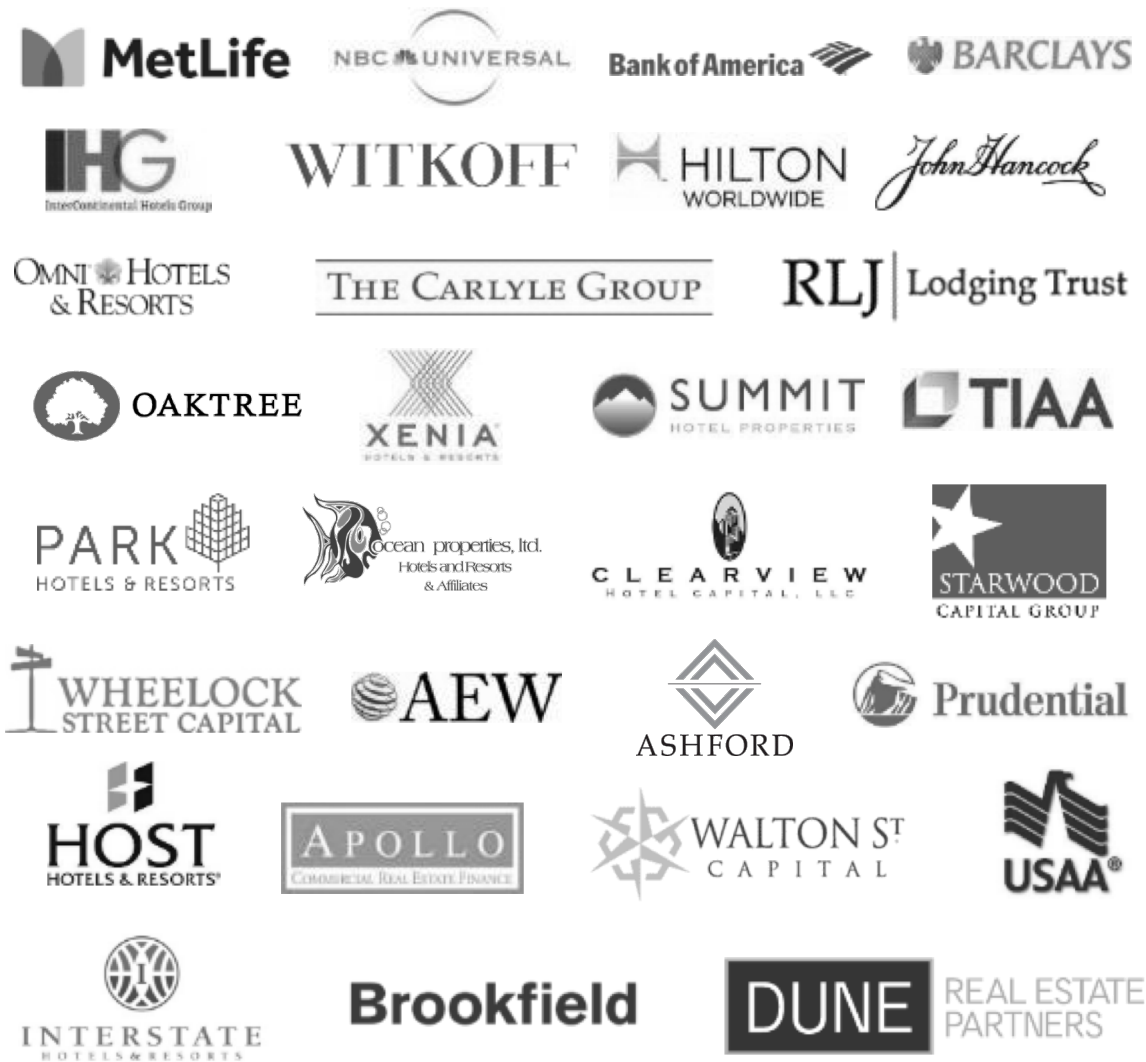
Passion. Access. Certainty.

The Plasencia Group takes pride in successfully serving our clients with ardent **passion**, providing direct **access** to high-level decision-makers, and providing the **certainty** of a thorough and professionally-orchestrated process.

Every member of the firm is dedicated to delivering for our clients with a personalized level of commitment that is unsurpassed in our industry. Our goal is to make this singular approach the appreciable difference that earns our clients' trust time and again.



TWENTY-SIX YEARS OF SERVICE TO THE LODGING MARKET



We have been privileged to deliver results for some of the most sophisticated investors in the industry, serving as advisor to many of them on several engagements across the nearly three decades The Plasencia Group has been in business.



EXPERIENCE THAT
MEETS YOUR NEEDS

YOUR WASHINGTON, D.C. METRO TEAM

Each of our principals comes to the table with relevant experience from outside the traditional commercial real estate realm. We draw on backgrounds in lodging operations, investments, banking, design, and construction to offer objective perspectives to our clients. Additional team members, including Managing Directors and Financial Analysts are available to support each of our endeavors.



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Select
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Engagements

REPRESENTATIVE REGIONAL EXPERIENCE

Our team's experience with lodging investments in the Washington, D.C. metropolitan area is long-standing and meaningful. From transactions to asset management to development, we understand the nuances of investing in this unique region.



Fairmont Georgetown
Washington, D.C.
MetLife Real Estate Investors
Acquisition, Underwriting and
Meeting Room Renovation



Marriott Wardman Park
Washington, D.C.
John Hancock Insurance
Disposition



Westin Annapolis
Annapolis, Maryland
The Carlyle Group
Disposition



DoubleTree Richmond Downtown
Richmond, Virginia
E2M Partners
Disposition



Annapolis Marriott Waterfront
Annapolis, Maryland
Thayer, Lodging
Debt Placement



**Embassy Suites Richmond Comm.
Ctr.** Richmond, Virginia
Thayer Lodging
Disposition



Virginia Crossings Hotel & Conf. Ctr.
Glen Allen, Virginia
MassMutual Life Insurance Co.
Redevelopment Management



Renaissance Washington, D.C.
Washington, D.C.
Sunstone Hotel Investors
Complete Renovation

To review additional historical projects, please visit: tpghotels.com/representative-engagements



REPRESENTATIVE NATIONAL ENGAGEMENTS

The combination of local knowledge and national presence make our team the go-to advisors for investors ranging from institutional fund managers to individuals, whether they own nationwide portfolios or a single hotel or resort.



La Torretta Lake Resort & Spa
Montgomery, Texas
Private Client
Disposition



Marriott at the Convention Center
New Orleans, Louisiana
MCC Real Estate
Disposition



Loews Hollywood
Los Angeles, California
MetLife Real Estate Investors
Asset Management



DoubleTree Denver Westminster
Denver, Colorado
Hotel Capital Partners
Disposition



Amelia Island Development
Amelia Island, Florida
Private Family Office
**Strategic Consulting,
Development Consulting**



Embassy Suites Valley Forge
Philadelphia, Pennsylvania
Valley Forge Investment Corp.
Disposition



Doubletree Tulsa Downtown
Tulsa, Oklahoma
USAA Real Estate
Disposition



Strategic Growth Consulting
Nationwide
The Little Nell Hotel Group
Strategic Consulting

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**Local Knowledge.
National Presence.
Exclusively Hospitality.**



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