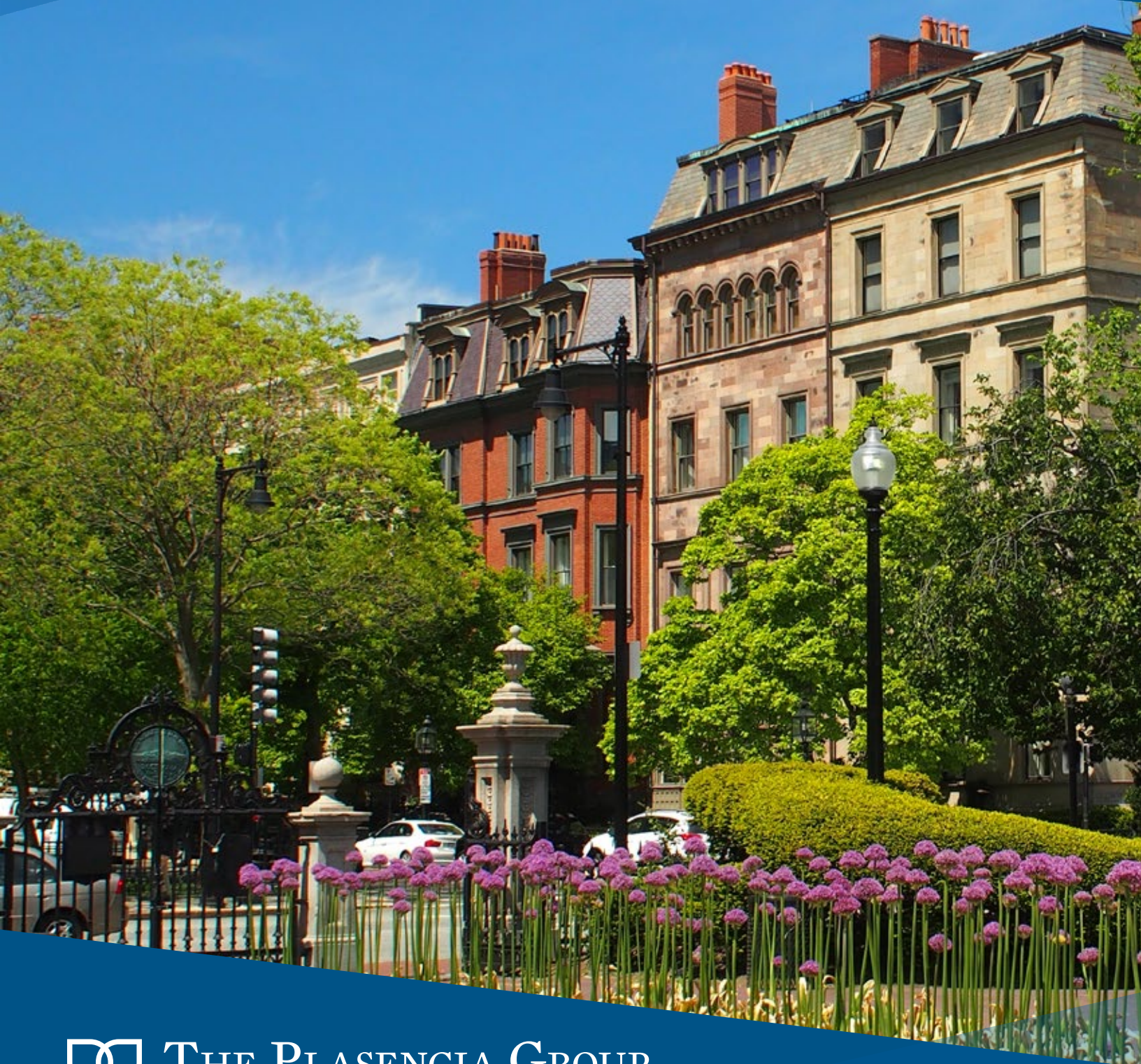


MARKET SNAPSHOT: **BOSTON**

JUNE 2022



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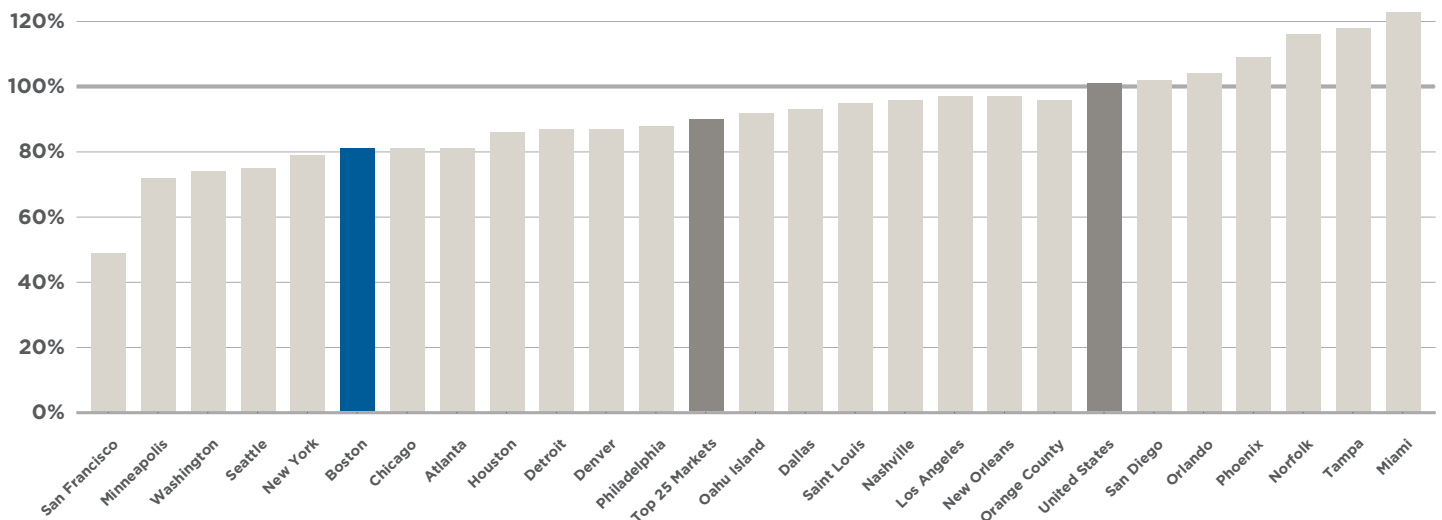
OVERVIEW

Although certainly not out of the woods yet, the Boston lodging market is demonstrating some encouraging signs of improvement.

Boston's traditionally vibrant market for travel and tourism was hit early and hard by the COVID pandemic. Occupancy plummeted to almost zero, and many hotels in the city closed for more than a year. At one point, Boston was the worst-performing of the top 25 lodging markets tracked by STR. Until only a few months ago, Boston was still battling other beleaguered markets, such as New York, Washington, D.C., and Chicago, for last place status.

Although certainly not out of the woods yet, the Boston lodging market is demonstrating some encouraging signs of improvement through the first 4 months of 2022. Boston is currently the 6th weakest market of the top 25 when compared to the same period of the pre-pandemic year of 2019. While moving ahead of San Francisco, New York, and Washington, D.C., Boston remains well behind leading Sun Belt markets like Miami, Tampa, and Phoenix.

STR Top 25 Markets - April YTD RevPAR Index (2022 vs. 2019)



Source: STR, CoStar



MARKET RECOVERY

Pinnacle Advisory Group recently reported that occupancy for the primary Boston & Cambridge submarket more than doubled for the first four months of 2022, increasing to 55% compared to the dismal performance of just 23% for the same period last year.

Average Daily Rate has remarkably almost recovered to its 2019 level. Despite achieving these improvements, YTD occupancy remains almost 11 points lower when compared to 2019, and RevPAR is 28% below the level reached in 2019.

A sustained recovery and return to pre-pandemic performance levels will require continued strengthening of Boston’s diverse foundation of lodging demand generators, including tourism, meetings, conventions, education, medical, lifescience, and business travel. Crucial to supporting growth in these segments is the healthy revival of air travel capacity and passenger volume at Logan International Airport. International traffic is especially important to Boston’s tourism, convention, and business sectors.

Boston & Cambridge, April YTD

	2019	2020	2021	2022
Occupancy	75.8%	42.9%	22.8%	54.9%
ADR	\$219	\$178	\$138	\$218
RevPAR	\$166	\$76	\$31	\$120
RevPAR Indexed to 2019		46%	19%	72%

Source: Pinnacle Perspective, Pinnacle Advisory Group

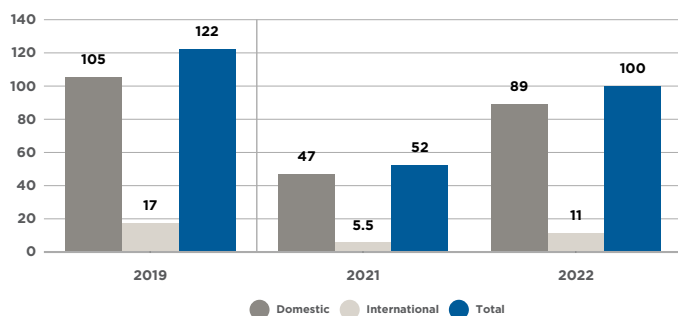
Logan Airport Passenger Traffic is Vital to a Full Recovery

According to data published by the Massachusetts Port Authority, the number of domestic flights at Logan was down 55% YTD 2021 compared to 2019. This year, domestic flight capacity has improved dramatically but remains 15% below 2019 levels. Domestic passenger volume was down 66% YTD last year, improving to a 20% decrease this year compared to 2019.

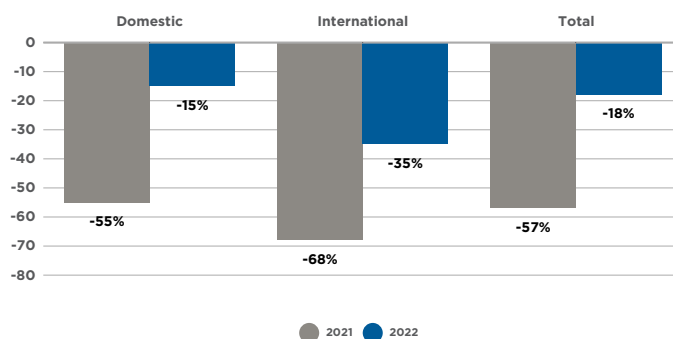
The return of international travel has been slower to rebound as pandemic-related policies, restrictions, and traveler hesitancy have constrained capacity and demand. Last year through April, international passenger traffic was off 81% compared to 2019 and remains 40% below for YTD 2022.

BOS Flights

April YTD (in 000's)

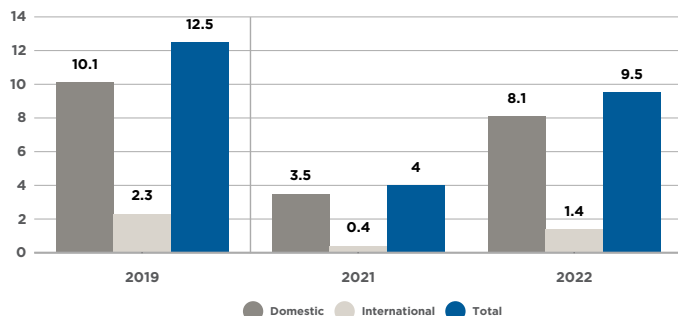


April YTD vs. 2019

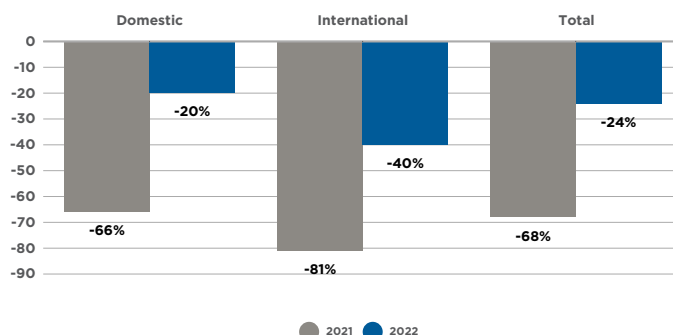


BOS Passenger Traffic

April YTD (in millions)



April YTD vs. 2019



Source: Massachusetts Port Authority



OUTLOOK

The Massachusetts Port Authority is increasingly optimistic about the recovery of passenger activity at Logan and is forecasting a return to near pre-pandemic levels by next summer along with full recovery by mid-2024. Massport is also on schedule to deliver four new gates at Terminal E by mid-2023 in expectation of a large influx of international flights and travelers.

In the face of abundant optimism and almost universal agreement regarding high levels of pent-up demand for travel, some headwinds remain. Labor and pilot shortages threaten to constrain the ability of airlines to add capacity, with several already cutting back on this summer's flight schedules. The timing of a robust return to previous levels of business travel is also uncertain.

But let's remain optimistic about the resurgence of activity at Logan Airport as it is a vital component of the full recovery of the Boston Lodging Market.

YOUR NORTHEAST TEAM

Get in touch with one of our Northeast lodging investment professionals to discuss your holdings anywhere in North America.

tpghotels.com



LOU PLASENCIA
Chief Executive Officer

Tampa, Florida
lpasencia@tpghotels.com
(813) 932-1234



DEXTER WOOD
Senior Managing Director

Boston, Massachusetts
dwood@tpghotels.com
(310) 435-3154



C.A. ANDERSON
Senior Managing Director

McLean, Virginia
ca.anderson@tpghotels.com
(860) 573-7744



NICK PLASENCIA
Managing Director

Tampa, Florida
nplasencia@tpghotels.com
(813) 445-8276



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