



THE PLASENCIA GROUP
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Tampa Bay Area Lodging Investment Update

**23rd Annual HCHMA
Trends & Forecasting Forum**

Presented by Lou Plasencia

JULY 2022

Disclaimer

We are presenting information today regarding the economy and the lodging sector, as well as our firm's perceptions on the economy and the industry's performance.

We are not in any way recommending or urging you to take any action whatsoever as a result of our presentation. Any actions you may decide to take resulting from any comments today would be at your own discretion.

We make no representation that any statements or projections we may present today are correct or will actually come to fruition. We recommend you independently validate this information.

No need to take notes...

... a copy of this presentation will be
available tomorrow morning at:

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STR Top 25 Markets ADR Trend (ranked by ADR)

2017		2018		2019		2020		2021		June 2022 T-12	
Market	ADR	Market	ADR	Market	ADR	Market	ADR	Market	ADR	Market	ADR
New York	\$255.43	New York	\$260.07	New York	\$254.08	Oahu Island	\$215.43	Oahu Island	\$224.93	Miami	\$255.83
Oahu Island	\$230.70	San Francisco	\$239.01	San Francisco	\$249.20	Miami	\$185.26	Miami	\$222.60	New York	\$248.21
San Francisco	\$226.99	Oahu Island	\$235.94	Oahu Island	\$240.40	San Francisco	\$176.33	New York	\$210.66	Oahu Island	\$248.09
Boston	\$195.70	Boston	\$199.12	Boston	\$199.40	New York	\$152.09	Orange County	\$167.89	Orange County	\$190.77
Miami	\$186.82	Miami	\$197.95	Miami	\$194.80	Los Angeles	\$137.71	San Diego	\$164.63	Los Angeles	\$190.13
Los Angeles	\$173.53	Los Angeles	\$177.48	Los Angeles	\$178.07	Orange County	\$135.83	Los Angeles	\$162.86	Boston	\$187.77
Washington	\$160.56	San Diego	\$165.99	San Diego	\$166.44	San Diego	\$130.61	Boston	\$156.73	San Diego	\$187.77
San Diego	\$159.71	Seattle	\$164.58	Orange County	\$165.43	Boston	\$122.17	San Francisco	\$153.85	San Francisco	\$186.60
Seattle	\$159.57	Orange County	\$161.67	Washington	\$160.54	New Orleans	\$117.70	Tampa	\$139.83	New Orleans	\$168.40
Orange County	\$156.30	Washington	\$157.22	Seattle	\$160.46	Tampa	\$116.69	Nashville	\$136.64	Nashville	\$160.42
New Orleans	\$148.41	New Orleans	\$151.11	Nashville	\$149.46	Phoenix	\$115.41	New Orleans	\$130.95	Tampa	\$160.19
Chicago	\$143.62	Chicago	\$148.36	New Orleans	\$149.22	Washington	\$113.48	Phoenix	\$128.20	Phoenix	\$155.66
Nashville	\$141.38	Nashville	\$145.94	Chicago	\$145.18	Orlando	\$110.25	Seattle	\$123.10	Washington	\$146.74
Philadelphia	\$130.36	Philadelphia	\$132.69	Philadelphia	\$135.85	Seattle	\$106.81	Orlando	\$121.54	Seattle	\$145.37
Denver	\$129.87	Denver	\$130.44	Denver	\$133.89	Nashville	\$104.30				\$144.30
Tampa	\$126.57	Tampa	\$129.75	Phoenix	\$131.90	Philadelphia	\$99.00				\$140.55
Phoenix	\$125.80	Phoenix	\$128.38	Tampa	\$131.90	Denver	\$99.00				\$136.21
Orlando	\$119.83	Orlando	\$125.77	Orlando	\$126.72	Chicago	\$99.00				\$133.05
Minneapolis	\$115.30	Minneapolis	\$122.08	Minneapolis	\$120.80	Norfolk	\$88.00				\$124.92
Houston	\$107.87	Atlanta	\$109.25	Atlanta	\$114.16	Atlanta	\$88.00				\$113.65
Atlanta	\$106.48	Dallas	\$108.75	Dallas	\$109.20	Minneapolis	\$88.00				\$113.31
Dallas	\$105.98	Detroit	\$104.88	Norfolk	\$106.32	Dallas	\$88.00				\$111.56
Saint Louis	\$103.96	Houston	\$104.86	Saint Louis	\$106.04	Detroit	\$88.00				\$108.98
Detroit	\$102.07	Saint Louis	\$104.70	Detroit	\$105.42	Saint Louis	\$84.02	Dallas	\$95.81	Detroit	\$106.65
Norfolk	\$102.01	Norfolk	\$104.23	Houston	\$101.77	Houston	\$81.20	Houston	\$91.36	Houston	\$100.89

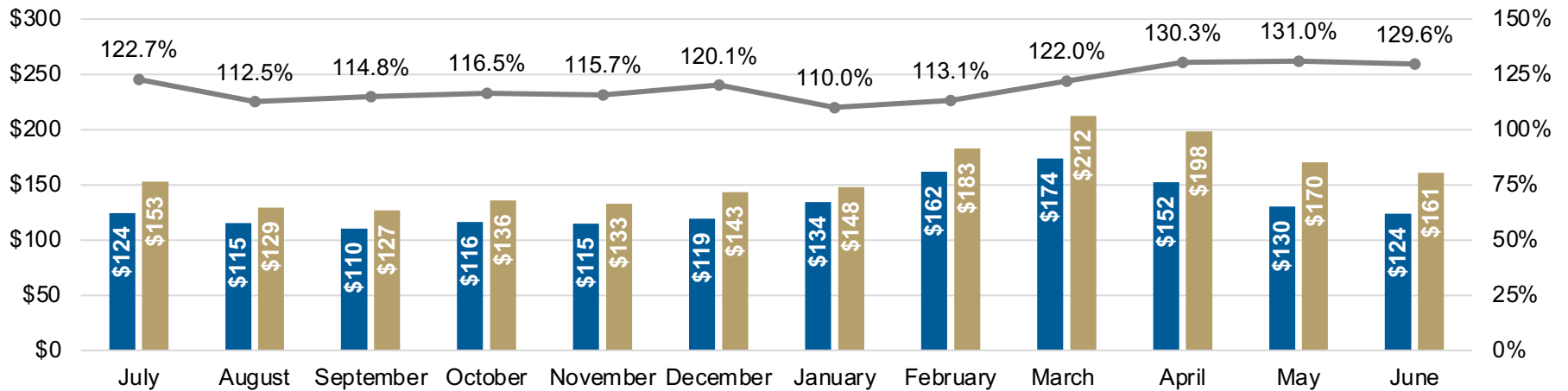
**June 2022 T-12 ADR
Premium Over YE19**

21%
(ranks #2 out of 25)

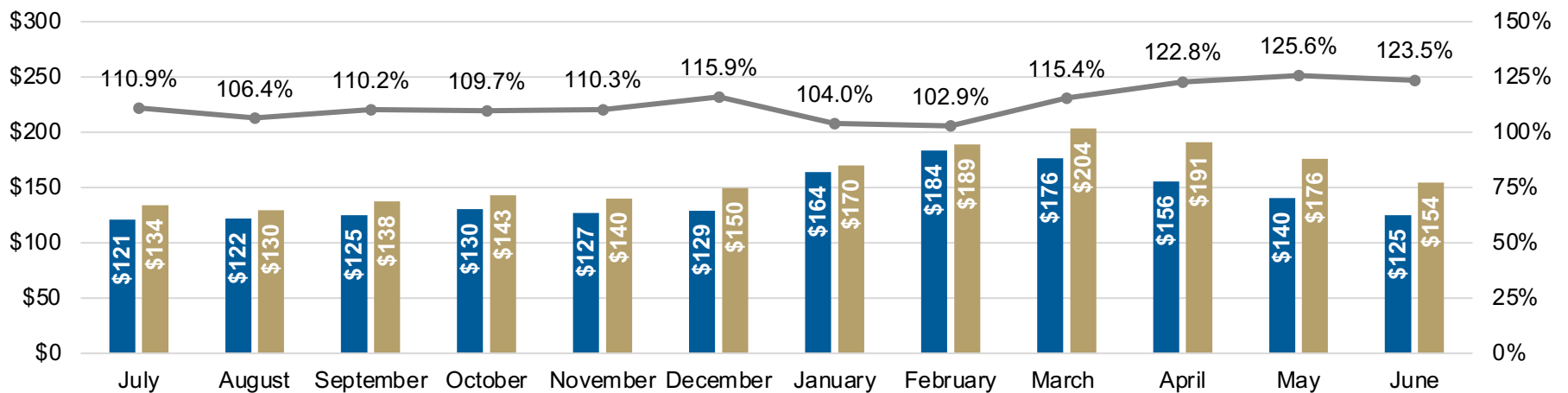
Source: CoStar, STR

Monthly ADR Comparison – June T-12 vs. YE19

Tampa



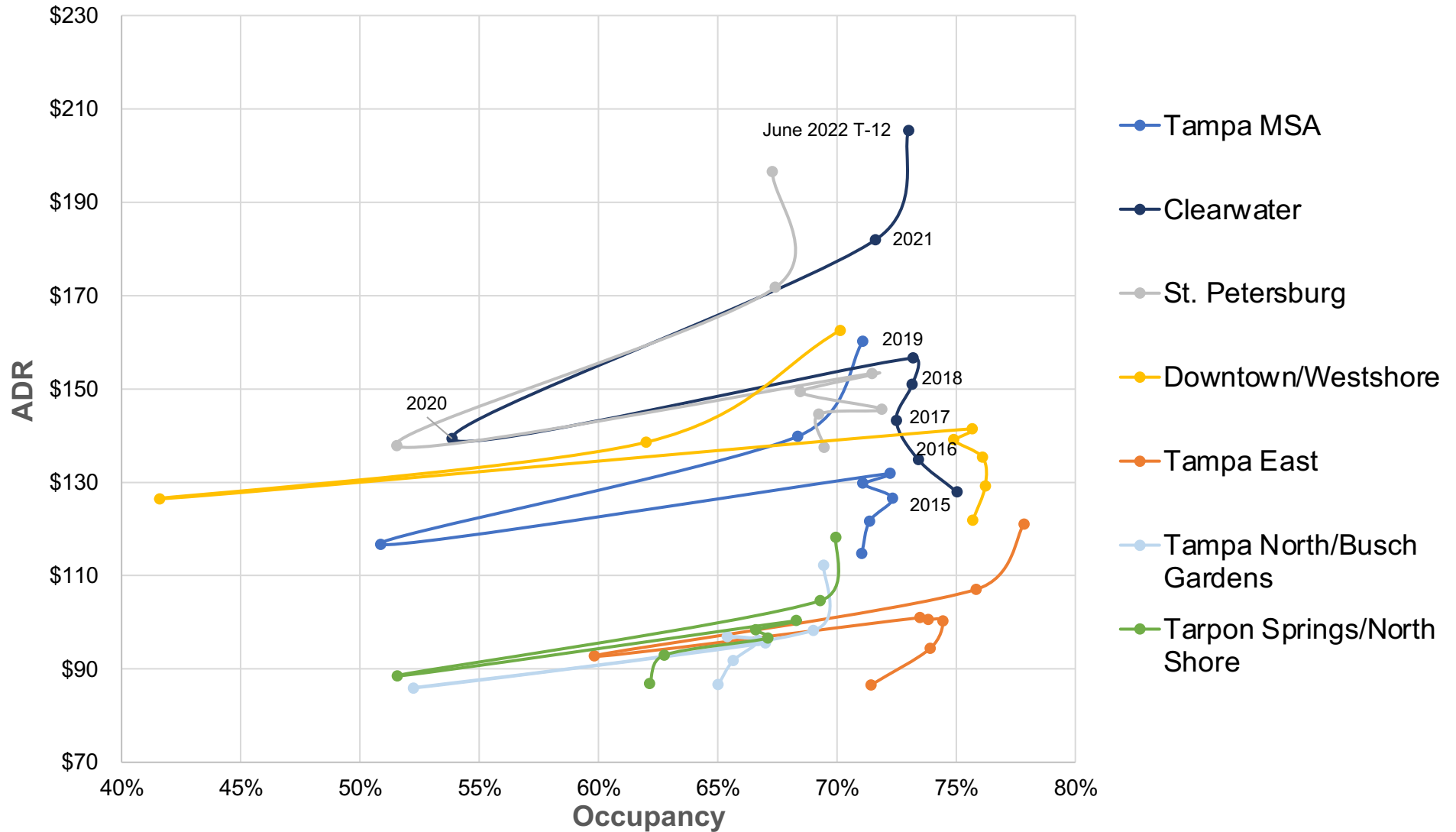
Downtown/Westshore



■ YE 19 ■ 2022 — % of YE 19 Levels

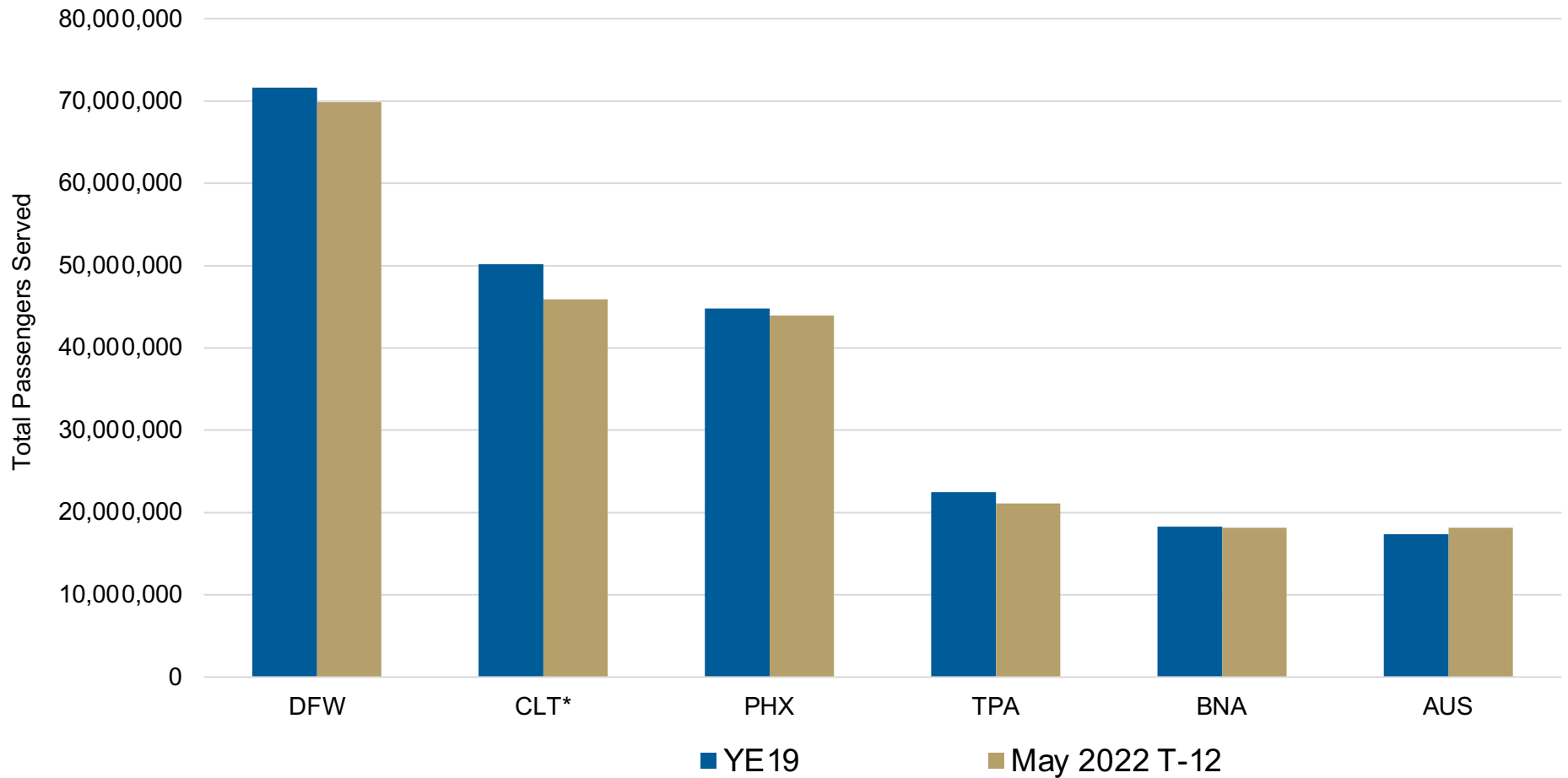
Source: CoStar, STR

Tampa Submarket Performance History (2015 – YTD June 2022)



Source: CoStar, STR

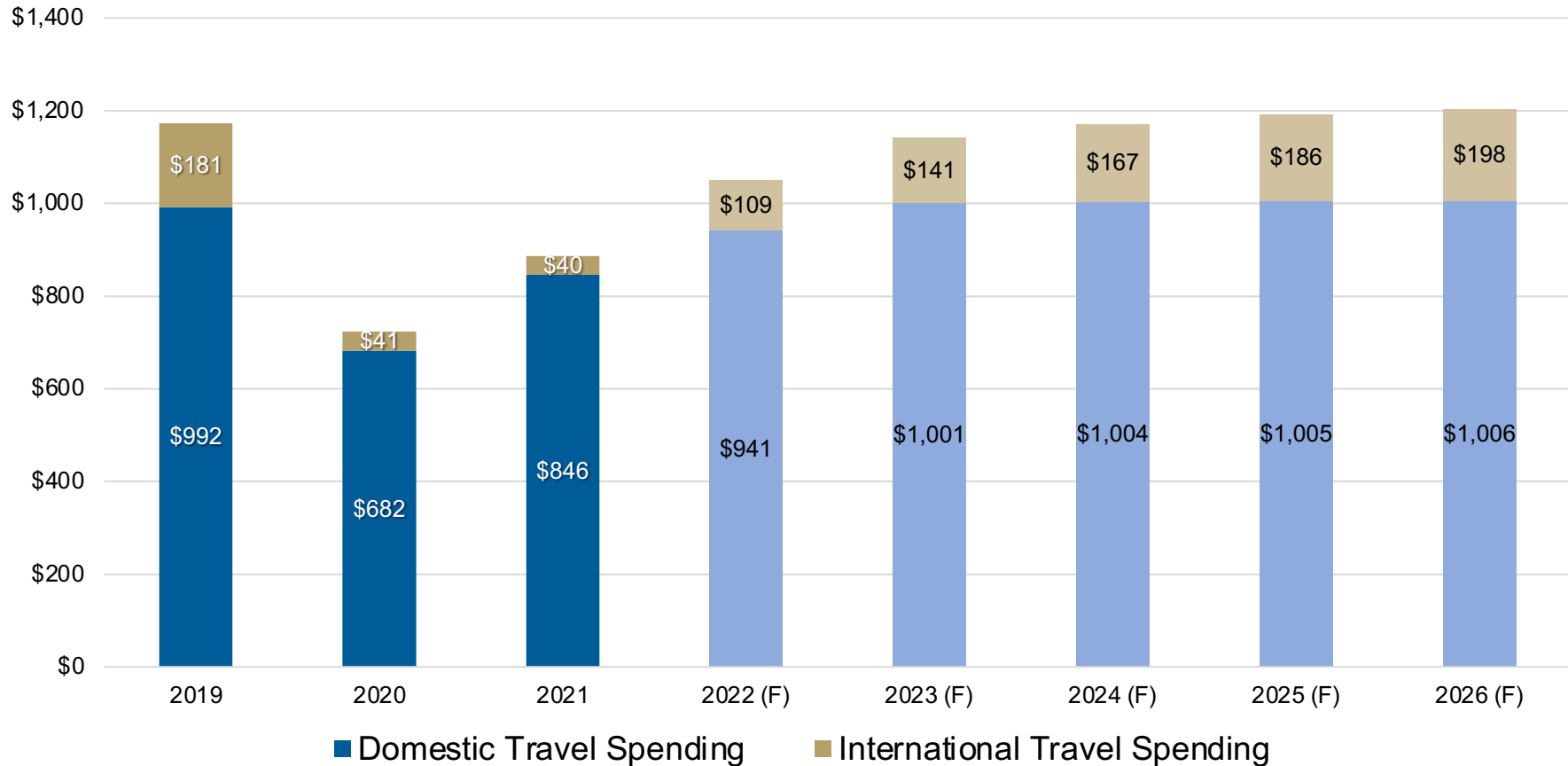
Air Travel Yet to Recover Across Comp Markets



Note: CLT data reflects April T-12 passenger count.

United States Travel Spending

Visitor spending in the U.S. is not expected to return to pre-pandemic levels until 2025 at the earliest.

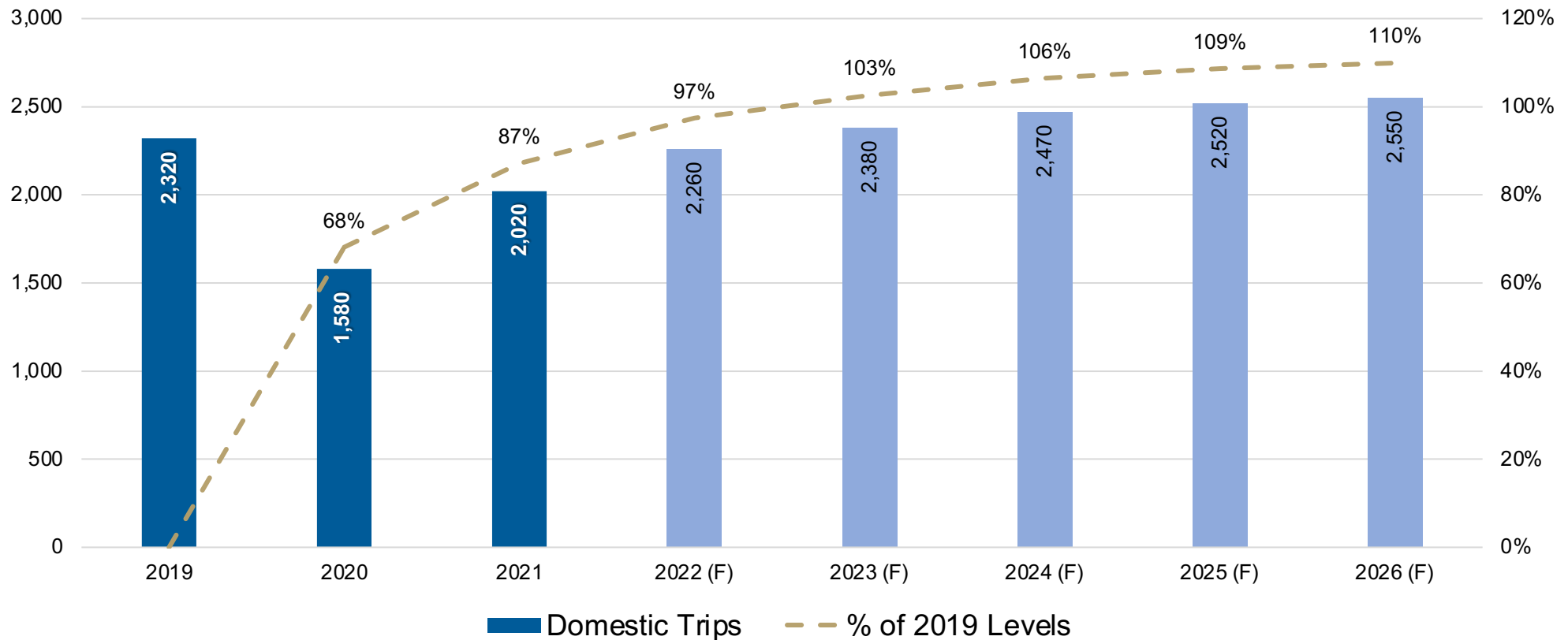


Note: Data in billions.

Source: U.S. Travel Association

Domestic Trips

Domestic visitation to Florida continues to grow and is already approaching pre-pandemic levels.

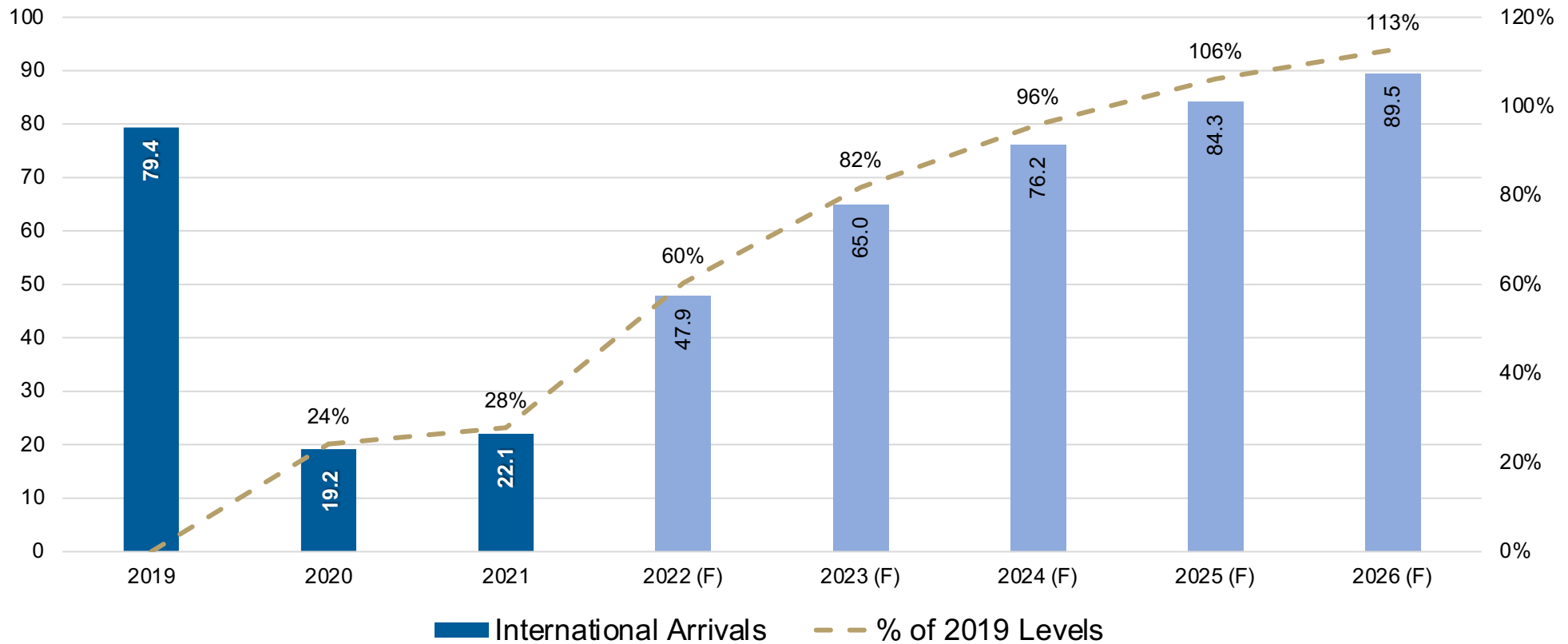


Note: Data in millions.

Source: U.S. Travel Association

International Arrivals

U.S. Travel Association expects foreign visitation to return to 2019 levels by late 2024 or early 2025.

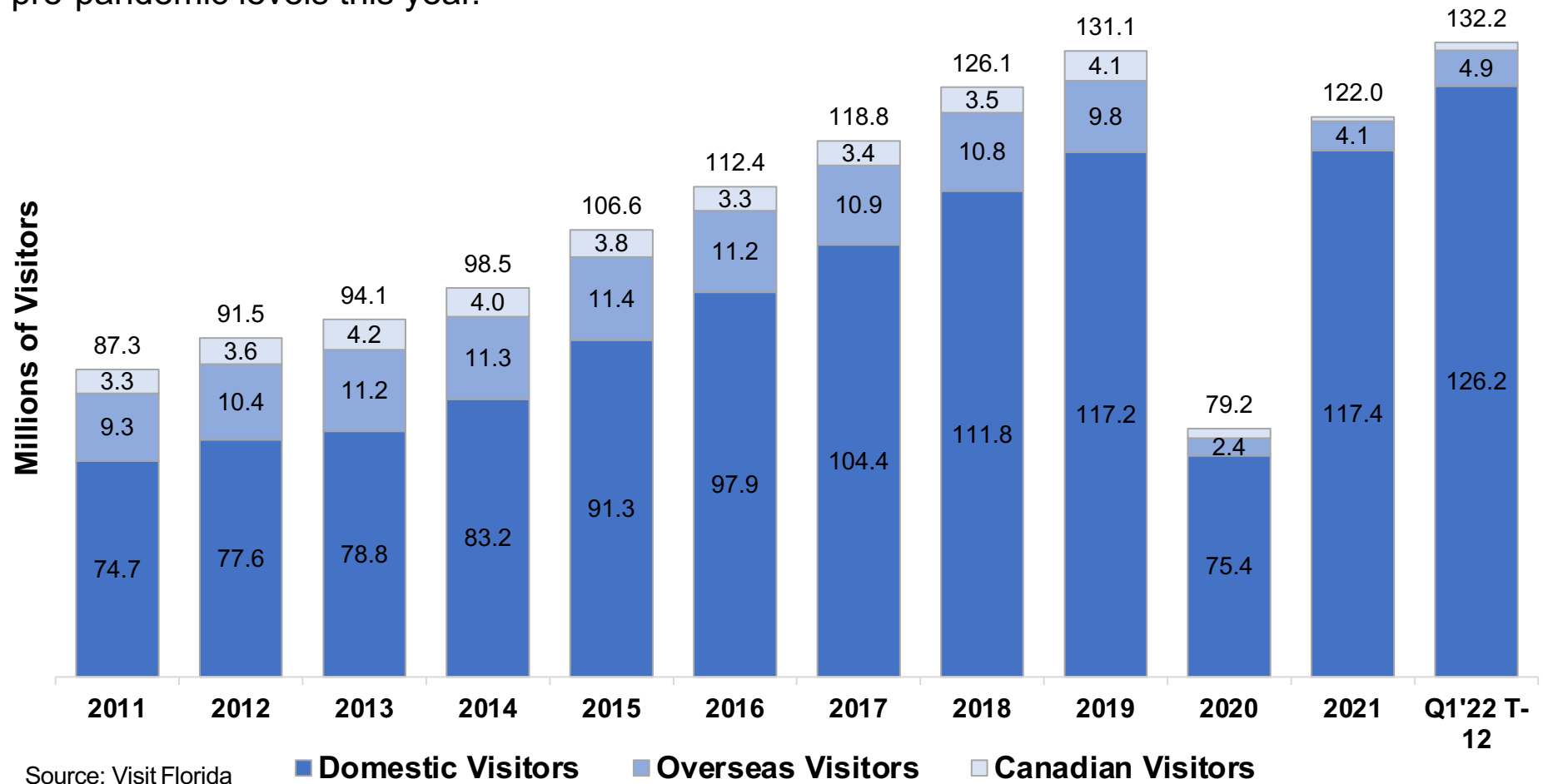


Note: Data in millions.

Source: U.S. Travel Association

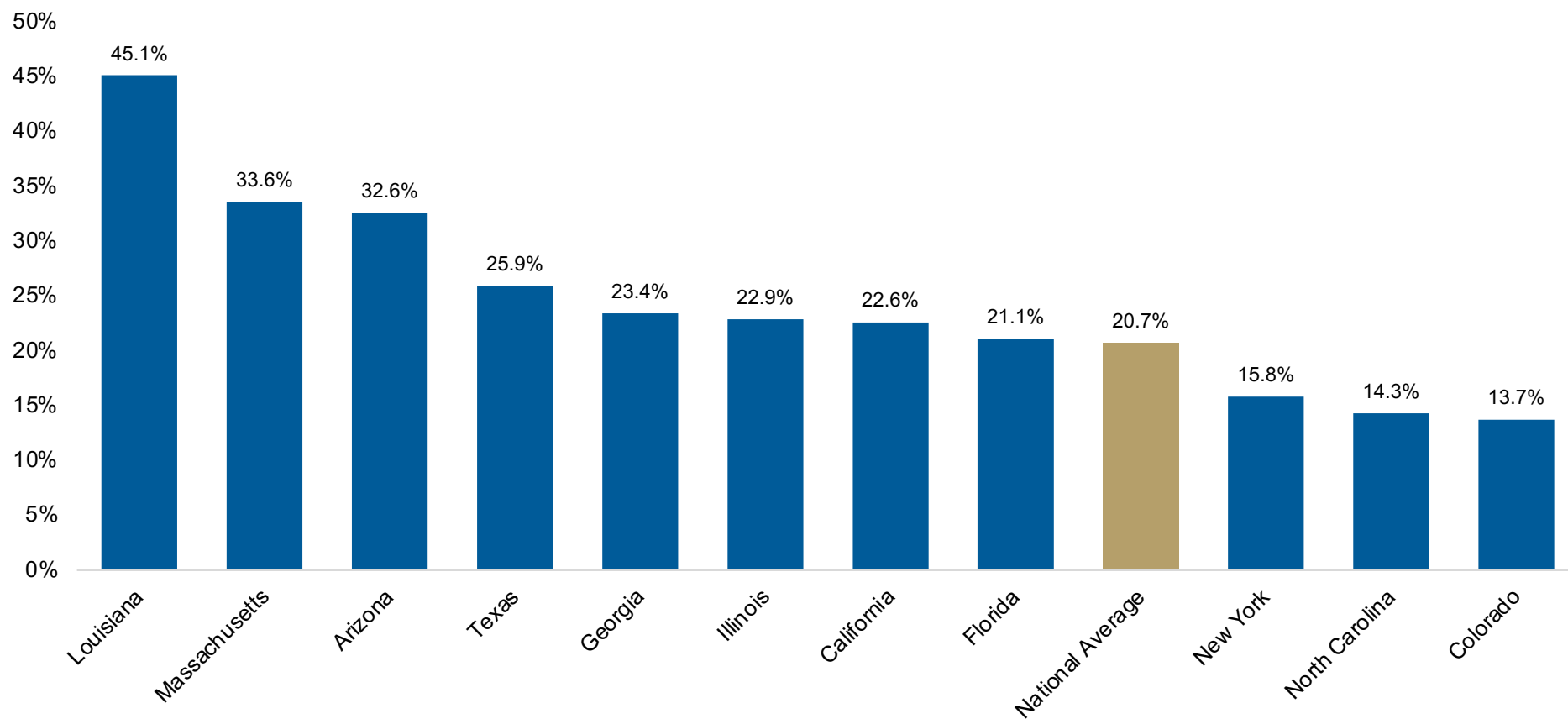
Total Florida Visitation (Domestic & International)

Given global economic conditions, international travel to Florida will take longer to fully recover, but domestic visitation to Florida continues to grow. Florida's total visitor numbers are expected to return to pre-pandemic levels this year.



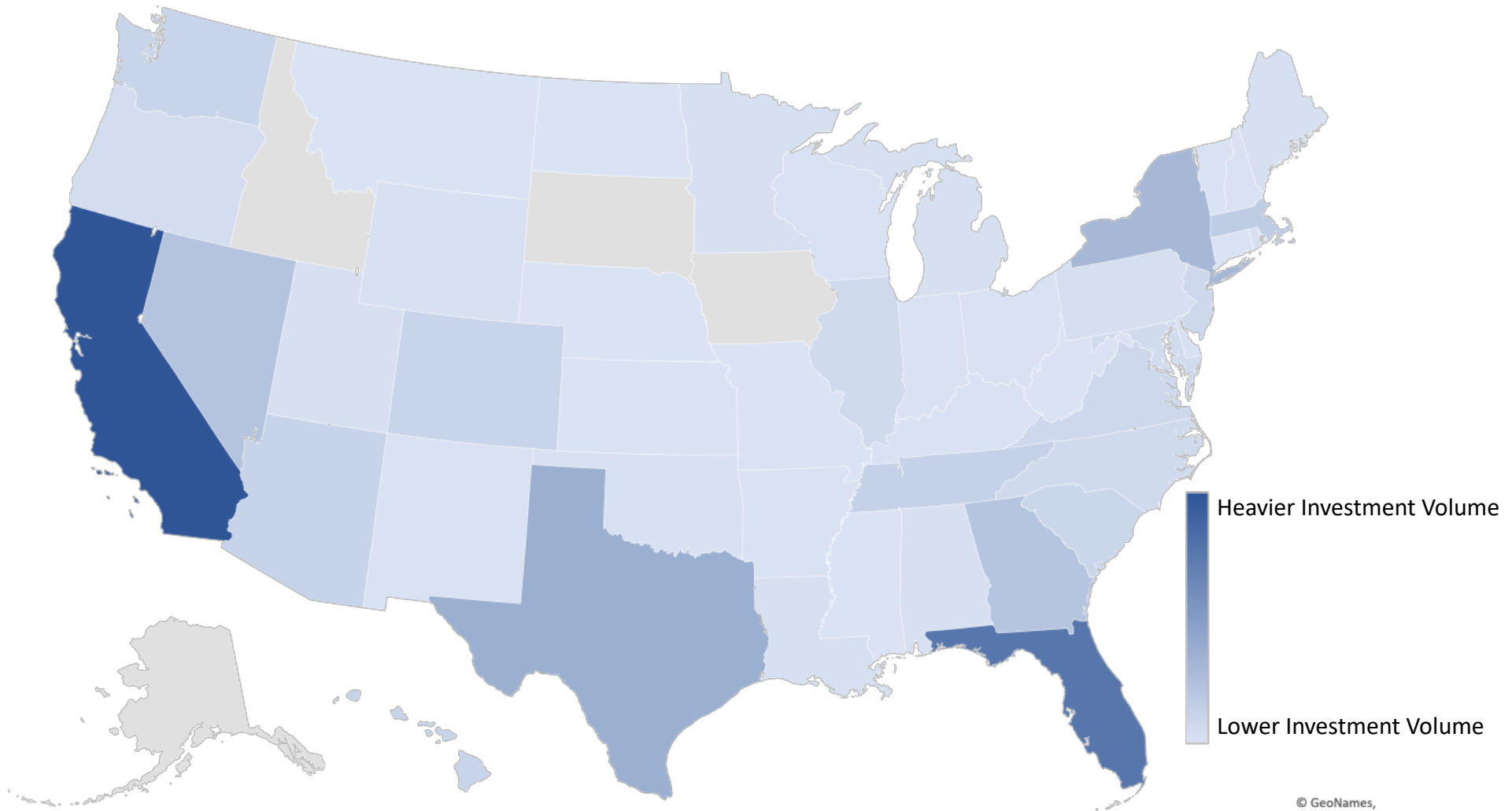
U.S. Labor Market Tightness Causing Increased Workloads – Change in Demand Nights per Employee (Q4 2021 versus Q4 2019)

In Florida, fewer employees are dealing with 21% more guest demand on a per-occupied room basis than in pre-pandemic times.



Source: CoStar, US Bureau of Labor Statistics, The Plasencia Group

Hotel Investment: Pandemic-Era Sales Volume Heat Map

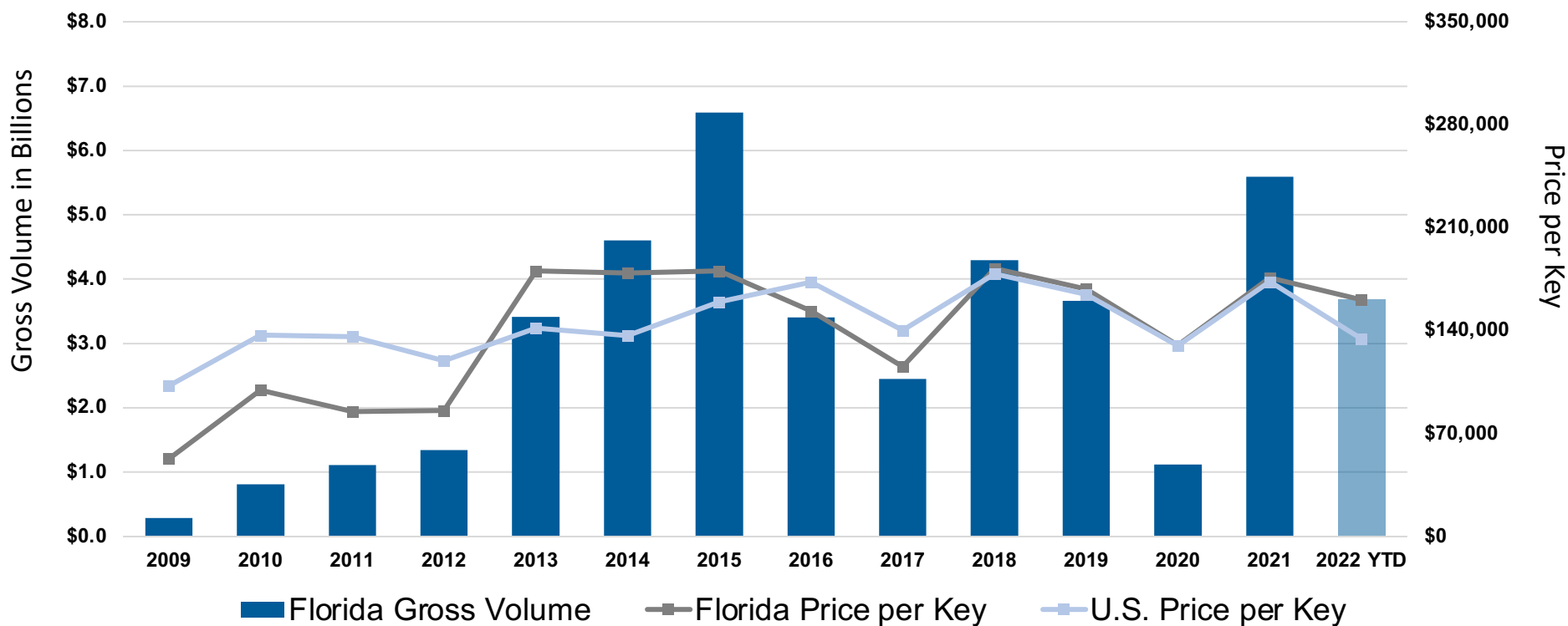


Source: CoStar, The Plasencia Group

Note: Analysis above references transactions consummated from June 2020 to July 2022 with a minimum value of \$10 million and \$100,000 per key.

Transaction Trends – Florida and U.S.

Lodging transaction activity throughout Florida has been stronger than most other states. On a price-per-key basis, hotels are trading at a level slightly higher than the rest of the nation, and that trend should continue for the next 24 to 36 months.



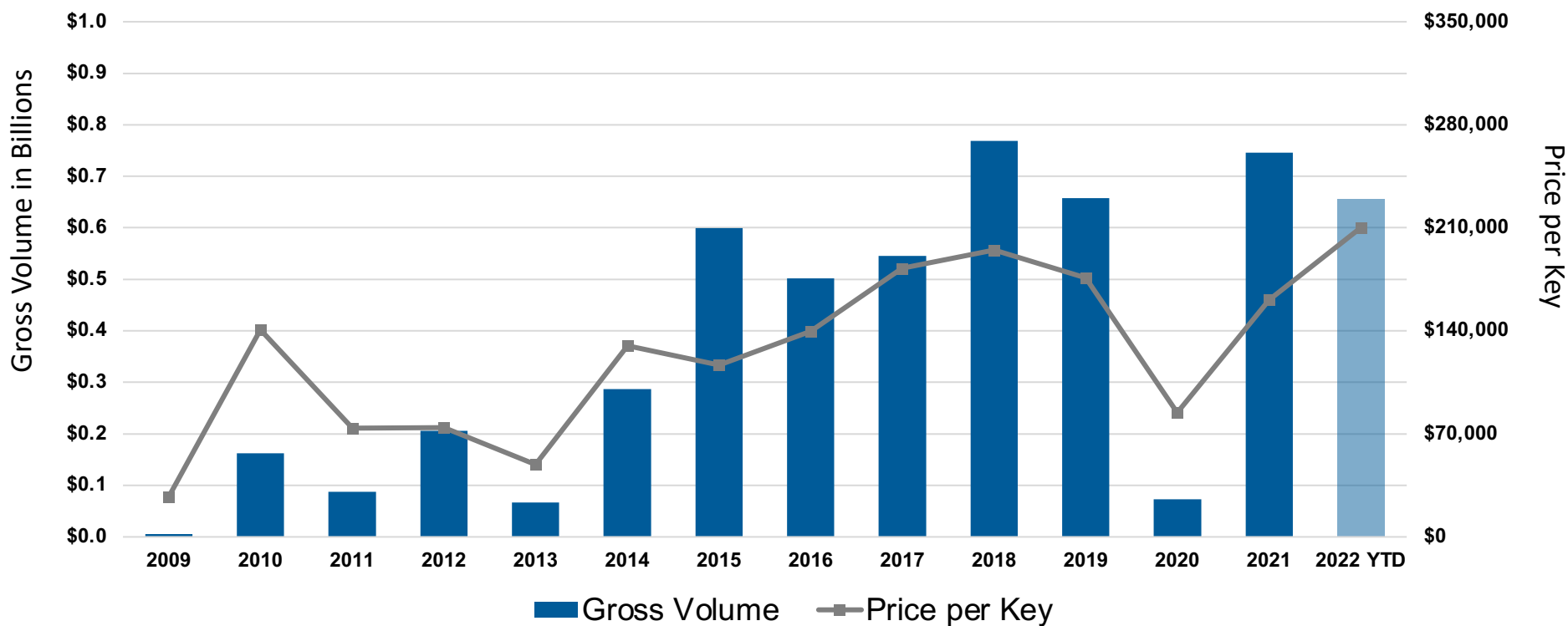
Note: Includes all transactions with sales prices greater than \$2.5 million.

Transaction volume in billions.

Source: CoStar

Transaction Trends – Hillsborough/Pinellas Counties

The weighted average price per key indicates that the Tampa Bay Area is experiencing the healthiest hotel transaction climate in more than a decade. By the end of the year, 2022 should prove to be the busiest year ever for transactions in the region.



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

Transaction volume in billions.

Source: CoStar

Hillsborough/Pinellas Select Transactions – Full-Service

Full-service hotel and resort transactions in the Tampa Bay Area are rapidly increasing in value. Assets across the market are attracting interest at significantly higher figures than pre-pandemic. As an example, the Postcard Inn, appreciated in value by 75% between Fall 2017 and Spring 2022.

Date	Property	City	Keys	Price	Per Key	Qualifier
Jul-22	DoubleTree Resort North Redington Beach	North Redington Beach	125	Undisclosed		
Aug-18	The Vinoy St. Petersburg Resort & Golf Club	St. Petersburg	362	\$185,000,000	\$511,050	Confirmed
May-22	Dolphin Beach Resort	St. Pete Beach	173	\$85,000,000	\$491,329	Confirmed
Dec-21	The CURRENT Hotel, Autograph Collection	Tampa	180	\$85,000,000	\$472,222	Full Value
Mar-22	Postcard Inn	St. Pete Beach	196	\$83,000,000	\$423,469	Confirmed
Dec-18	Bellwether and Beachcomber Beach Resort Portfolio	St. Pete Beach	258	\$100,000,000	\$387,597	Confirmed
Aug-19	Grand Hyatt Tampa Bay	Tampa	444	\$145,750,000	\$328,266	Allocated
Jun-21	Thunderbird Beach Resort	Treasure Island	106	\$32,500,000	\$306,604	Full Value
Sep-21	Westin Tampa Waterside	Tampa	309	\$90,000,000	\$291,262	Confirmed
Jul-19	Westin Tampa Bay	Tampa	244	\$68,000,000	\$278,689	Full Value
Oct-17	Postcard Inn	St. Pete Beach	196	\$47,400,000	\$241,837	Confirmed
May-19	Hilton Tampa Downtown	Tampa	520	\$123,000,000	\$236,538	Confirmed
Feb-19	The Westshore Grand, Tribute Portfolio ⁽¹⁾	Tampa	325	\$71,500,000	\$220,000	Full Value

(1) Value implied by partial interest transaction.

Source: CoStar

The Plasencia Group ("TPG") has compiled the above information from sources deemed reliable, and the information is presumed to be accurate. However, TPG does not warrant that the information is accurate, up-to-date, or complete. Use of this information without verification from independent sources is at your own risk.

Hillsborough/Pinellas Select Transactions – Select-Service

Select-service hotel values further demonstrate the desirability of Hillsborough and Pinellas County properties. In the last year, premium-branded assets in the area have commanded prices well above many pre-pandemic, full-service comps.

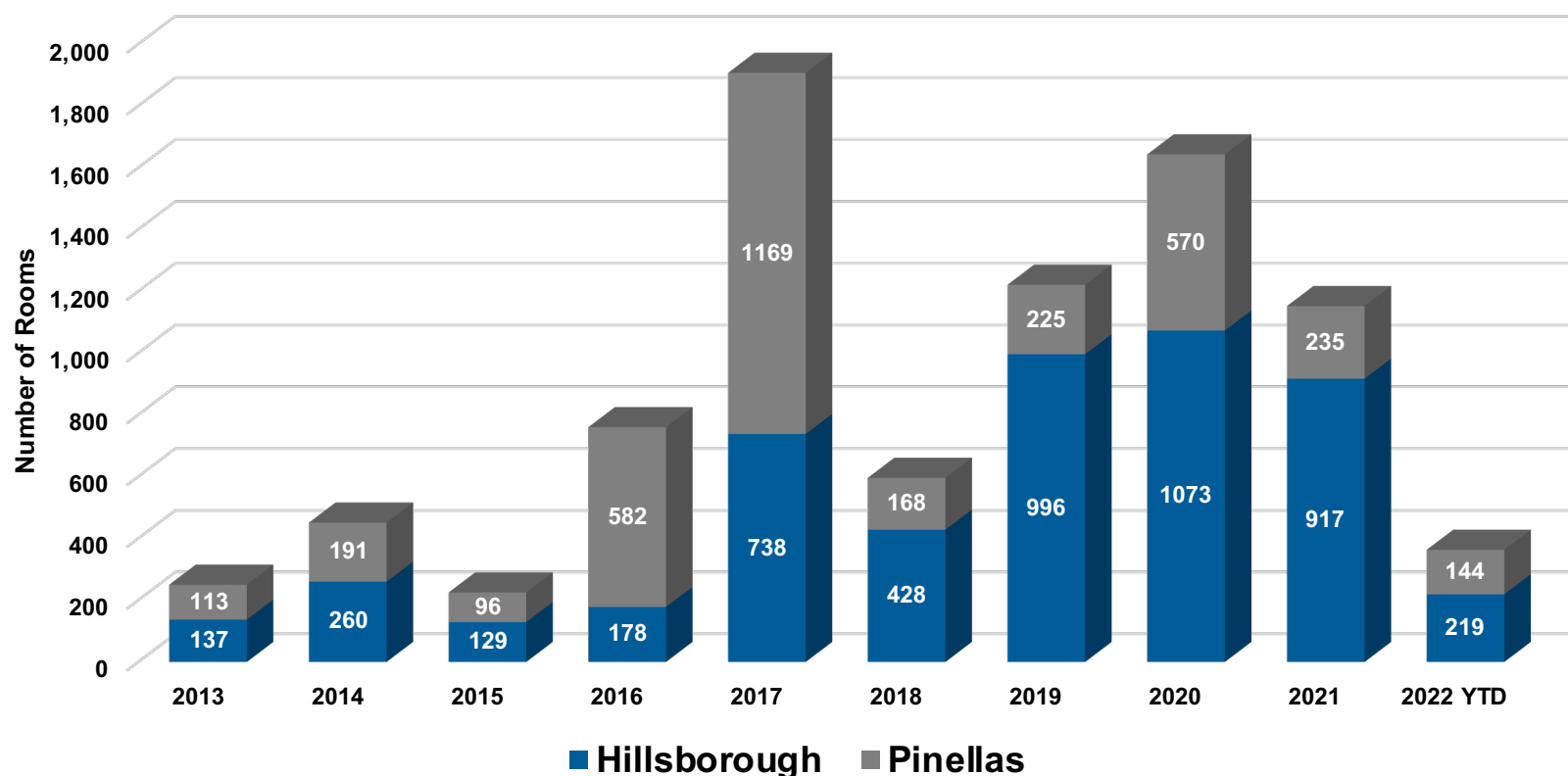
Date	Property	City	Keys	Price	Per Key	Qualifier
Oct-21	Residence Inn SpringHill Suites Clearwater Beach	Clearwater Beach	255	\$115,000,000	\$450,980	Confirmed
Apr-22	Aloft Element Tampa Midtown	Tampa	226	Undisclosed		
Oct-21	Residence Inn SpringHill Suites Clearwater Beach	Clearwater Beach	255	\$71,000,000	\$278,431	Confirmed
Jul-21	Hampton Inn Home2 Suites Channel District	Tampa	213	\$57,500,000	\$269,953	Confirmed
May-18	Residence Inn Tampa Downtown	Tampa	109	\$24,000,000	\$220,183	Confirmed
Aug-18	Courtyard Tampa Downtown	Tampa	141	\$27,300,000	\$193,617	Allocated
Nov-19	Courtyard Tampa Northwest Veterans Expressway	Tampa	128	\$23,500,000	\$183,594	Full Value
Dec-18	Home2 Suites Tampa USF Near Busch Gardens	Tampa	106	\$19,300,000	\$182,075	Confirmed
Feb-22	Hampton Inn & Suites Tampa Busch Gardens Area	Tampa	84	\$14,400,000	\$171,429	Confirmed
Sep-21	Hilton Garden Inn Tampa Ybor Historic District	Tampa	96	\$15,335,000	\$159,740	Full Value
Jan-20	Hampton Inn & Suites Tampa Busch Gardens Area	Tampa	84	\$13,000,000	\$154,762	Confirmed
Apr-18	Hilton Garden Inn Tampa Suncoast Parkway	Lutz	110	\$16,209,500	\$147,359	Full Value
Nov-18	Hyatt Place Tampa Busch Gardens	Tampa	126	\$18,436,238	\$146,319	Allocated

Source: CoStar

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New Supply Entering the Hillsborough/Pinellas Market

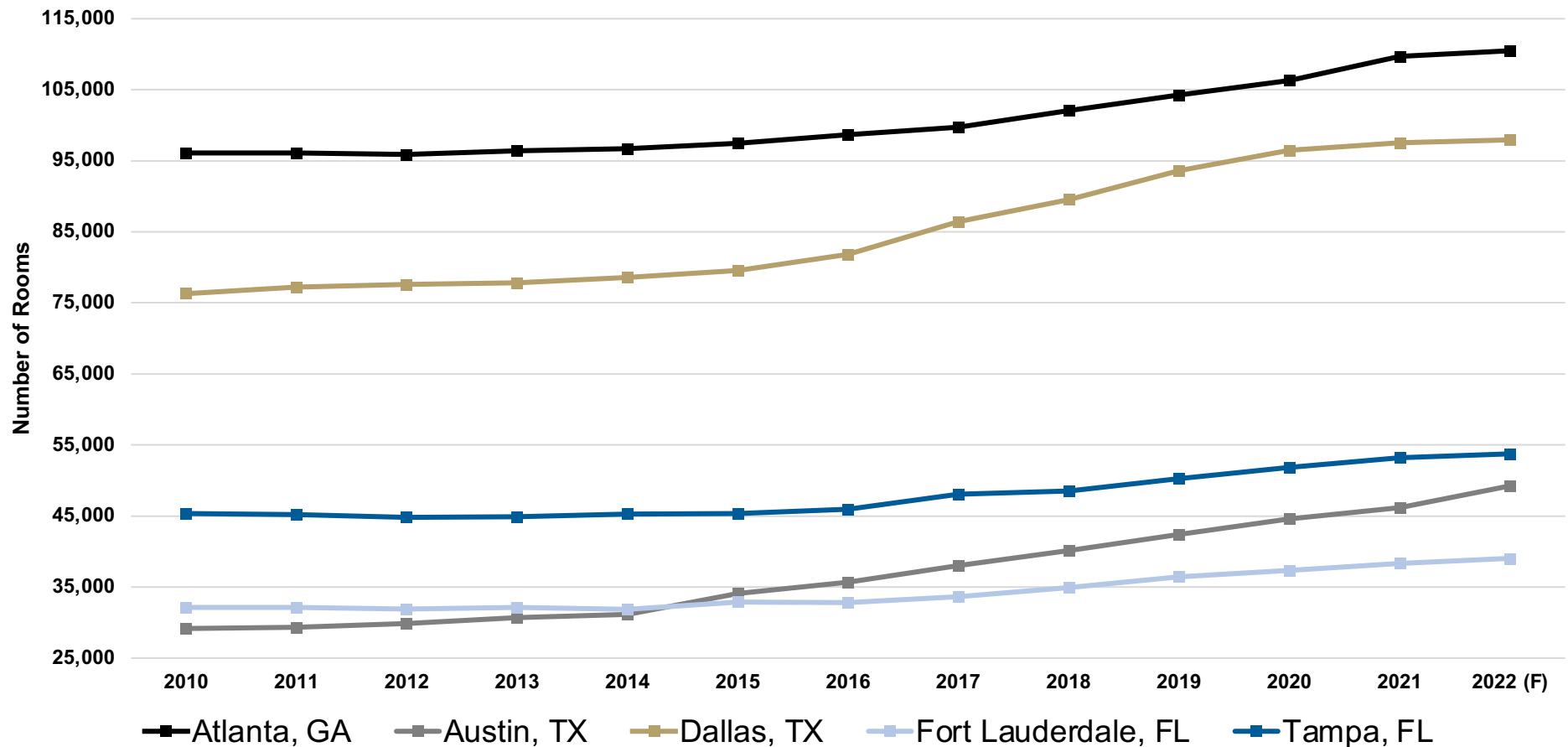
It will be quite some time before either county experiences any meaningful addition of new rooms. Unless a hotel is already under construction, we do not expect to see any major supply increases for at least 18 to 24 months, at the earliest, in Hillsborough or Pinellas Counties. Periods of low supply additions have traditionally correlated with periods of higher ADRs.



Source: CoStar

Supply Growth in Tampa Compared to Other Major Markets

The Tampa Bay Area has experienced steady supply growth in recent history, though without the same rapid influx of inventory as other southern growth markets such as Dallas and Austin.









Source: STR

Our Cracked Crystal Ball – As We See It



As We See It: The National Scene

- Our annual “Cracked Crystal Ball” indicators show mixed results, indicating the volatility and uncertainty we face in today’s economic and political environment:
 - Commercial Rail (Forward Contracts) 
 - Luggage Sales 
 - Jet A Fuel Contracts 
 - Airline Load Factors 
 - Dry Cleaning & Laundry Institute 
 - Sleep in America Poll 
- Economists suggest that GDP has contracted at an annual rate of -1.6% thus far in 2022, compared to +2.8% GDP growth for all of 2019. Two straight quarters of economic contraction is considered a recession. Given that the unemployment rate is so low, if we are in a recession, it will hopefully be mild and short.
- We expect continued ADR growth but maintaining strong levels of flow-through will be very difficult as the cost of goods, labor, energy and insurance is increasing at a faster pace. Owners are also contending with higher interest rates. All of these combine to greatly impact owners’ profitability.
- The balance of 2022 and first half of 2023 will be operationally challenging with dark clouds on the horizon. The silver lining is our ability to push and hold average daily rate.

As We See It

- **Observation:** Risks of a U.S. recession have increased, particularly in 2023, as economic headwinds strengthen.
Take-away: Continued supply chain challenges for big expenditures such as cars and furniture means consumers will focus away from goods and towards services. Travel surveys point to these as positive factors for the ongoing travel recovery for our industry.
- **Observation:** Unlike declining national consumer sentiment numbers, consumer sentiment data shows that Floridians are more optimistic. Expectations of Floridians' personal finances a year from now has shown the greatest increase in several months. The increase in consumer confidence is fueled by Floridians' expectations about their improving personal financial situation one year from now.
Take-away: Market heavily to in-state guests! Moreover, drive-in business should be a focus given the current challenges of air travel.
- **Observation:** While the U.S. economy has contracted, the travel industry showed resilience, and performance actually improved!
Take-away: Declining virus fears, fewer COVID restrictions, increased business travel, and the continued pent-up desire to travel, means Florida should continue to prosper, especially as compared to denser urban destinations in the Northeast.
- **Observation:** There will be very few major sales of hotels in the region, as compared to last year, given the lack of commercial real estate financing.
Take-away: There will be very little change in personnel moving from one hotel to another, few new brands entering the market, and few renovations taking place as many properties have already traded hands and only a few will be transacting in the near term.

As We See It: A Look At Luxury

- A great number of brands and sub-brands are not yet represented in the Tampa Bay area. Now that local hoteliers have been able to push average daily rates into the “respectable” level, a partial list of which brands we might expect to see in the Tampa Bay area soon includes:
 - Andaz by Hyatt
 - Conrad
 - Fairmont
 - Four Seasons
 - InterContinental
 - Luxury Collection
 - Mandarin
 - Montage
 - Park Hyatt
 - Ritz-Carlton
 - Rosewood
 - St. Regis
 - Thompson by Hyatt
 - W
 - Waldorf-Astoria
- Given the recent prominence of the Tampa Bay region in national performance comparisons and in investment activity, we expect several luxury-level brands will be attracted to the market within in the next 12 to 36 months. Their entry will result in:
 - Higher ADRs that will make it easier to raise and hold rates for all full-service hotels in the market.
 - A better mix of group business, especially in the corporate segment, allowing us to book more pharmaceutical, medical, financial, manufacturing, and other higher-rated conferences and meetings.
 - An increase in international travel seeking higher end experiences on Florida’s west coast.

As We See It: Anticipated RevPAR Growth

Tampa Bay Area Metrics – Forecast for 2023

(TPG projected rate of growth for Full-Service hotels only in Hillsborough & Pinellas Counties)

Occupancy Growth: +3.1%

ADR Growth: +0.5%

RevPAR Growth : +3.6%

How Do We Stay on Top?

- Continue to improve the quality of our infrastructure and the product we offer.
- Continue to aggressively expand and market our destination's diverse offerings.
- **Hold firm on ADR!**
- Use bed tax to keep Tom Brady here for a very long time!



**We thank you for your time this morning.
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