Hotel InduSTRy Overview

Visit Santa Barbara
2016 Travel Outlook

Valerie Woods
Director of Business Development, Hotels
vwoods@str.com

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Hotel News Now

Daily Update: Special Report

THE IMPACT OF THE SHARING ECONOMY ON HOTELS

AN ANALYSIS OF AIRBNB AND ALTERNATIVE ACCOMMODATIONS

Data Digital Ownership Operations Regions

THE IMPACT OF THE SHARING ECONOMY ON HOTELS

AN ANALYSIS OF AIRBNB AND ALTERNATIVE ACCOMMODATIONS

The impact of the sharing economy on hotels

HNN Special Report

5 things to know: Alternative accommodations

By The HNN editorial staff

Here are the five most important things you need to know from HNN's special report, "The impact of the sharing economy on hotels."

Alt-accommodation impact felt in San Francisco

By Rick Swig, HNN columnist

San Francisco is one of the most dynamic hotel markets in the country, but metrics indicate the performance is threatened by the growing alternative-accommodations segment.

An inside view of Airbnb in New York City

By Sean Hennessey, HNN contributor

Airbnb is succeeding in attracting customers, but it is not yet taking much revenue from New York City hoteliers.

Airbnb is an old idea with a new tech twist

By Chip Conley, Head of Hospitality & Strategy, Airbnb

Shoreham Hotel in Washington

HotelNewsNow

Vital information for hotel decision makers

Data Digital

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Netting dollars from youth sports teams

July 2 2014

As the traveling youth sports market continues to grow, hoteliers near sporting venues opportunity to score further revenues.

Highlights

- Sources dispute the stigma of taking in youth sports teams as guests.
- Sporting events usually fall on weekends and holidays when business travel is slow.
- Confining the team

By Paris Wolfe

HNN contributor

REPORT FROM THE U.S.—According to Statistic Brain, 35 mil aged 5 to 18 play organized sports each year. And many of t on travel leagues. That means they buy hotel nights on their victory. As the market continues to grow, hoteliers near spor have an opportunity to score revenue from these families.

"There's a stigma in the industry that it's not a good group t Patel, president of Hawkeye Hotels. Hawkeye owns and oper

STR provides monthly, weekly and daily reports to more than

52,000

worldwide hotels, which represents

7 million rooms.

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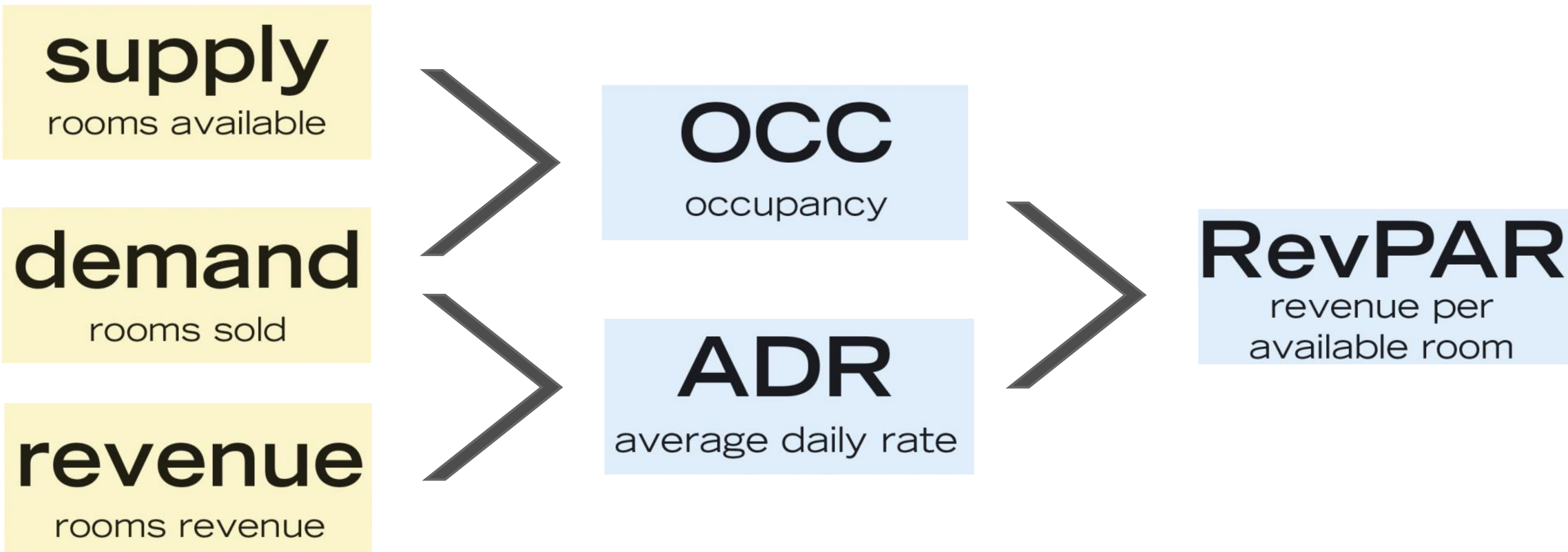
Hotel Performance Data Terms



- Percent Change
- By Geography and Comp Set

Things to think about today

- Long term look at overall industry performance
- Comparison of select coastal sub-markets
- Santa Barbara County performance
- Pipeline: How will current projects affect supply?
- Forecast: 2015 & 2016

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October 2015

- RevPAR +6.5%
- Occupancy +1.6%
- All YTD KPIs Are Still At All-time Highs

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YTD October 2015: Healthy Room Rate Growth

		% Change
• Room Supply		1.1%
• Room Demand		3.0%
• Occupancy	67.4%	1.9%
• ADR.	$121	4.7%
• RevPAR	$81	6.7%
• Room Revenue		7.8%

October 2015 YTD, Total US Results

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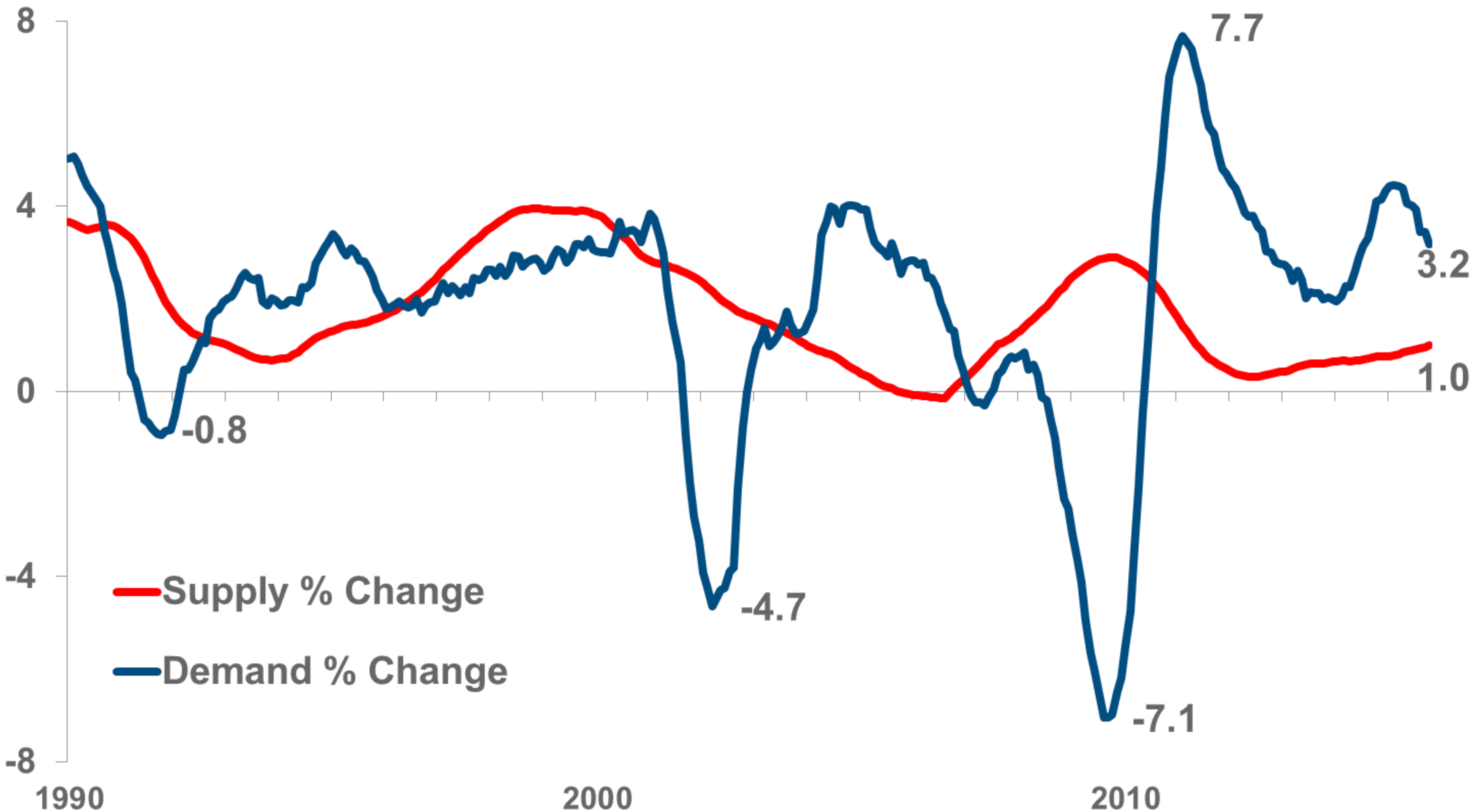
12 Months Ending October 2015: Easing into Sub-7% Growth

		% Change
• Room Supply*		1.0%
• Room Demand*		3.2%
• Occupancy*	65.5%	2.1%
• ADR.*	$120	4.6%
• RevPAR*	$78	6.9%
• Room Revenue*		8.0%

October 2015 12 MMA, Total US Results, * Record Absolute Values

US Supply/Demand – Great Fundamentals



Total U.S., Supply & Demand % Change, 12 MMA Jan 1990 – Oct 2015

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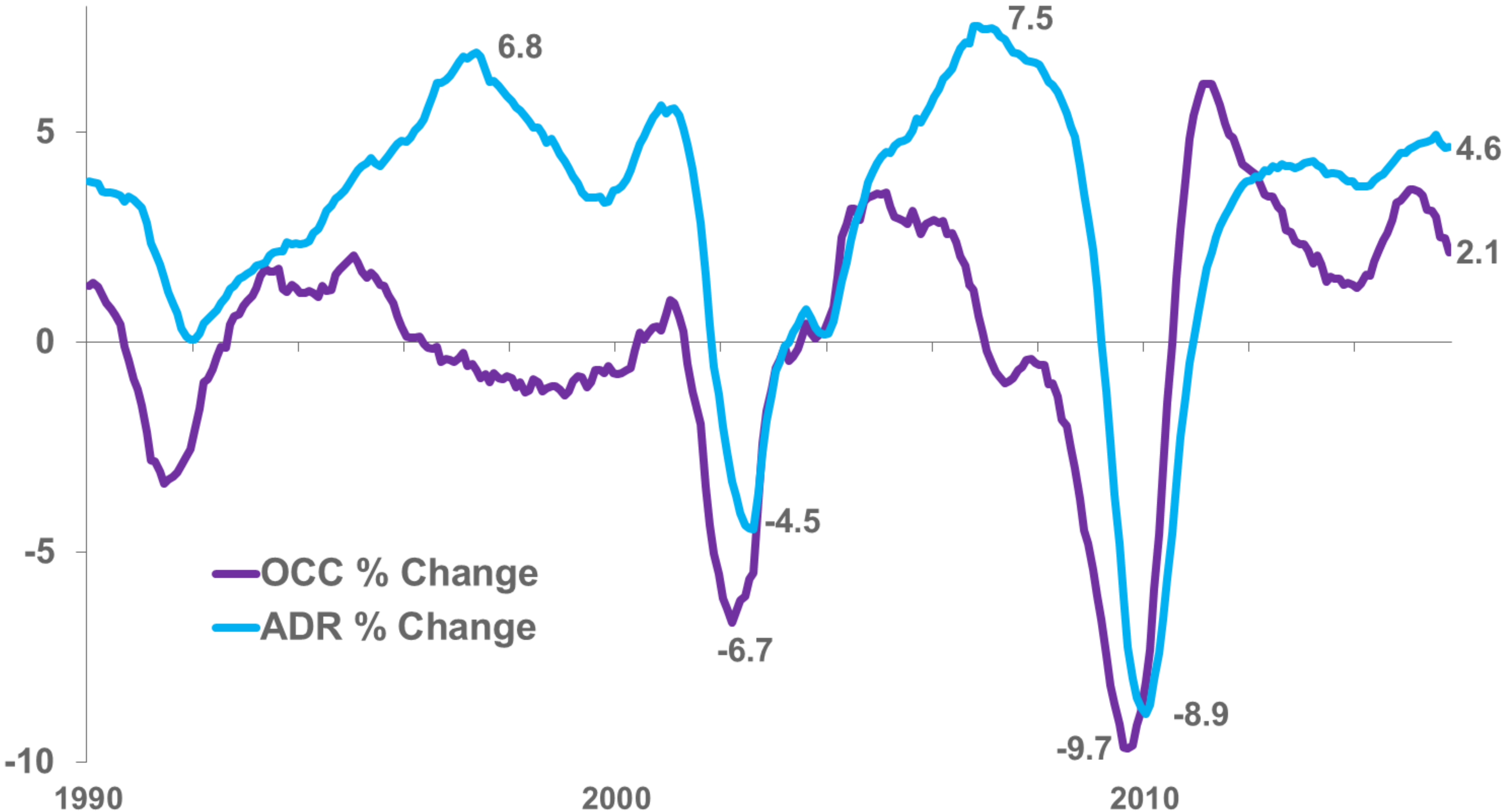
ADR Growth Healthy. OCC Growth Will Now Start To Slow



Total U.S., ADR & OCC % Change, 12 MMA Jan 1990 – Oct 2015

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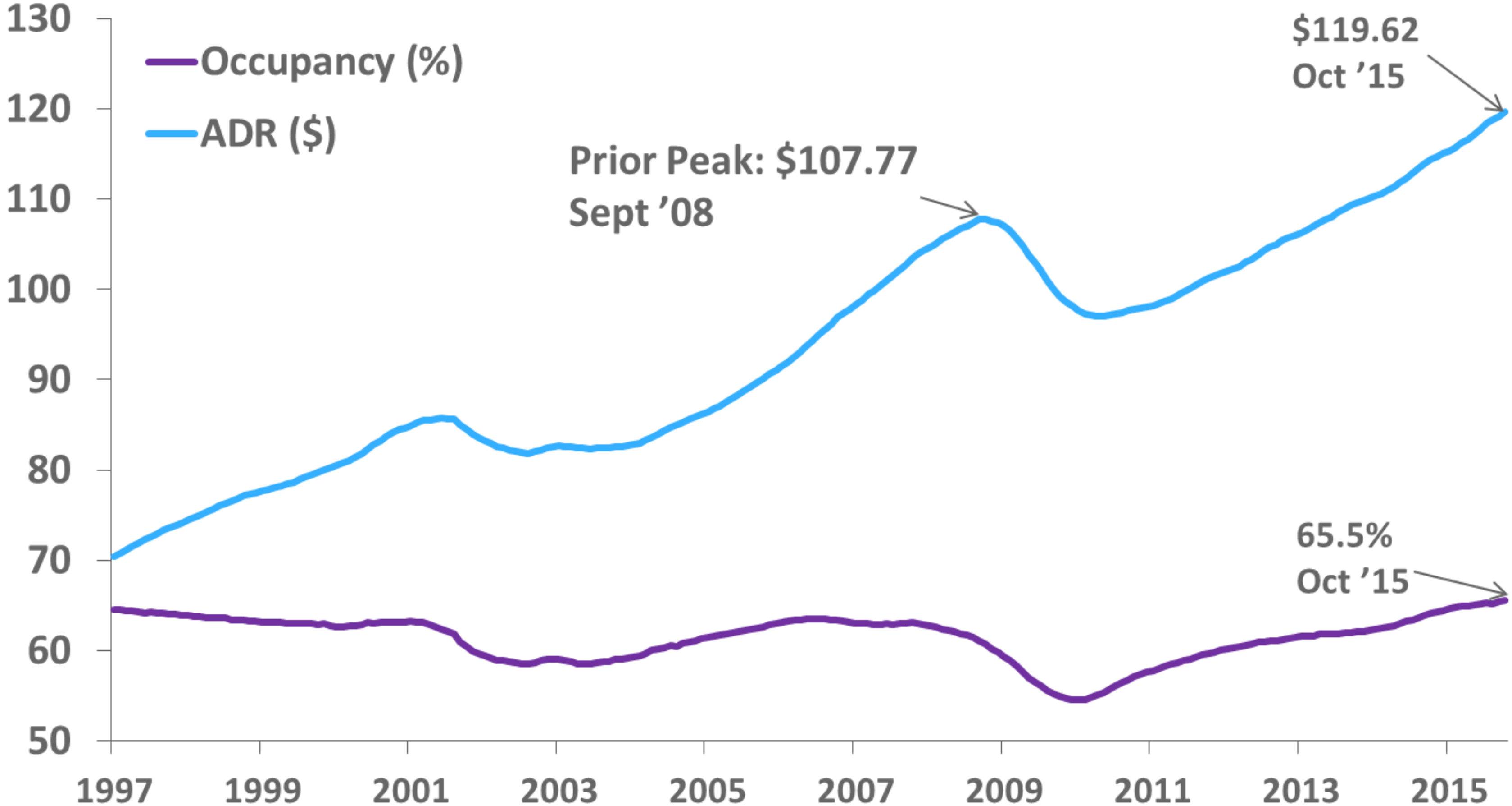
Occupancies Close to Peak



Total U.S., Occupancy and ADR, 12 MMA Jan 1997 – Oct 2015

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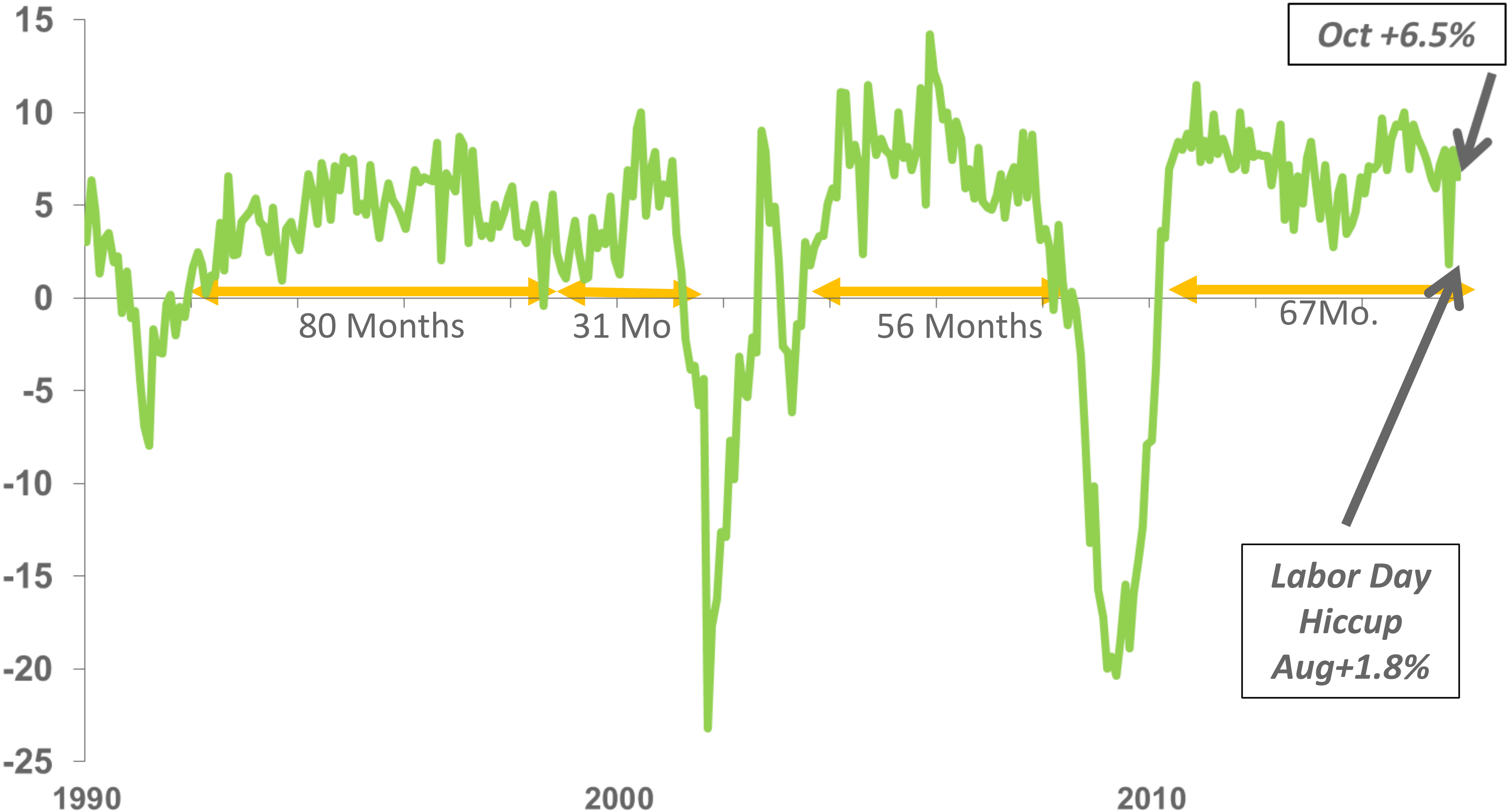
RevPAR Growth: Smooth Sailing For The Next 2 Years



Total U.S., RevPAR % Change, Jan 1990 – Oct 2015

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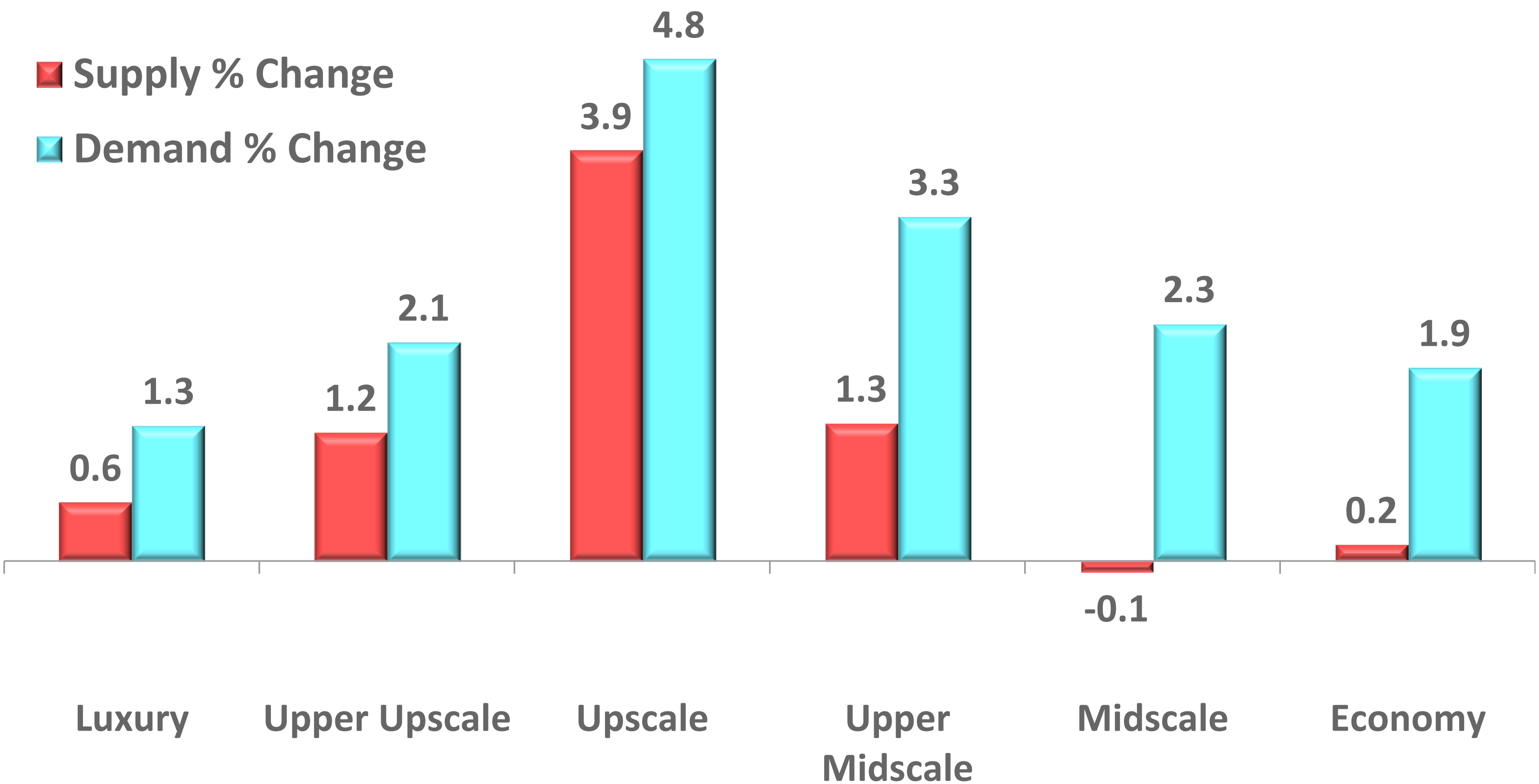
2015 STR Chain Scales

Full list available at www.str.com/resources/documents

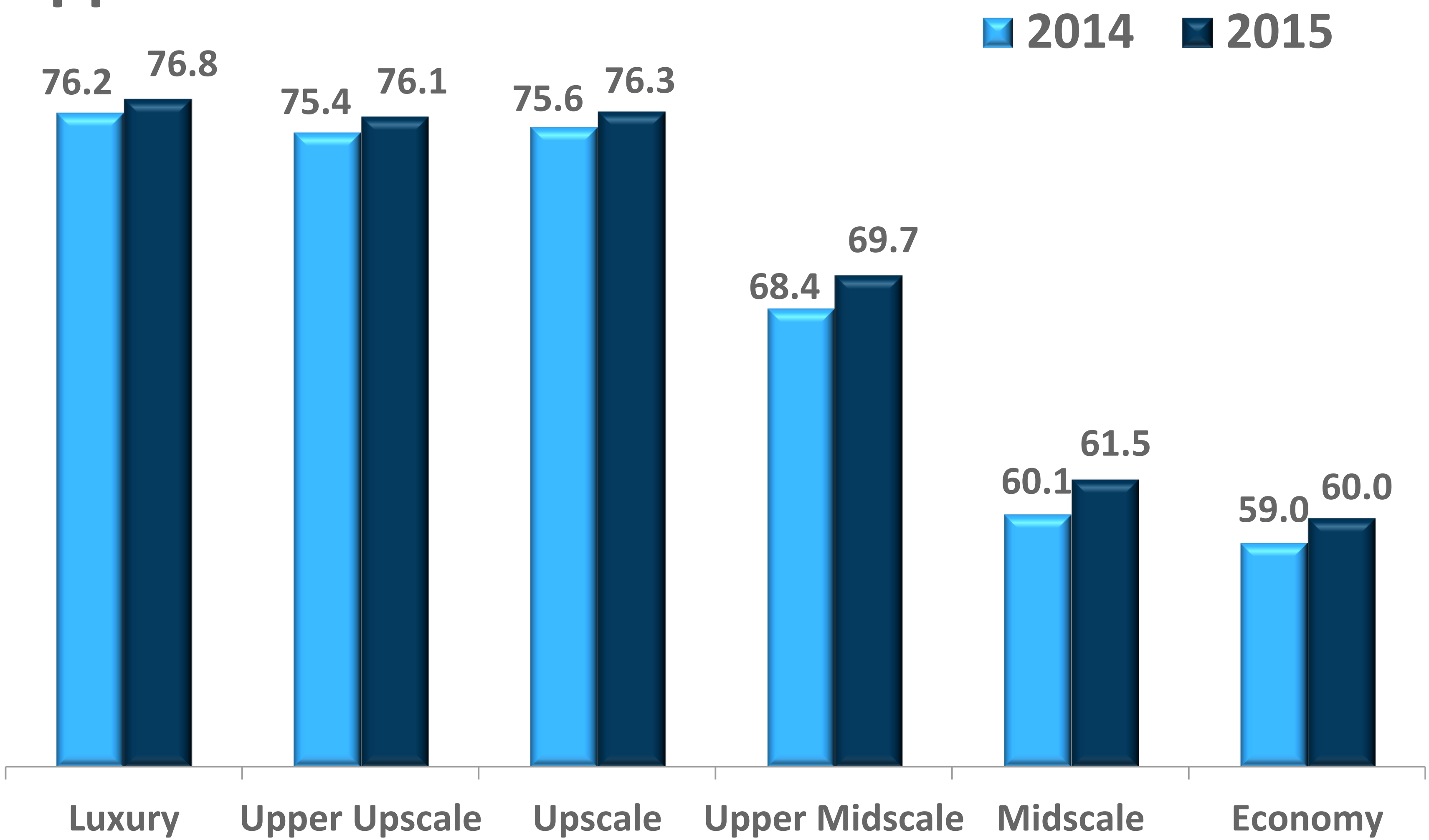
- **Luxury** – Fairmont, Four Seasons, Ritz Carlton, JW Marriott
- **Upper Upscale** – Hilton, Hyatt, Marriott, Kimpton Hotels
- **Upscale** – Radisson, Hilton Garden Inn, Residence Inn, Springhill Suites, Homewood Suites, Courtyard, Best Western Premier
- **Upper Midscale** – Fairfield Inn/Suites, Holiday Inn, Clarion, Hampton Inn/Suites, Best Western PLUS
- **Midscale** – Best Western, Candlewood Suites, Quality Inn/Suites, Ramada
- **Economy** – Extended Stay America, Red Roof, Days Inn, Microtel

Scales: Strong Demand Growth. Upscale Supply Increases



*Supply / Demand % Change, by Scale, Oct 2015 YTD

Scales: Absolute OCC Very Healthy On The Upper End



*OCC %, by Scale, Oct YTD 2015 & 2014

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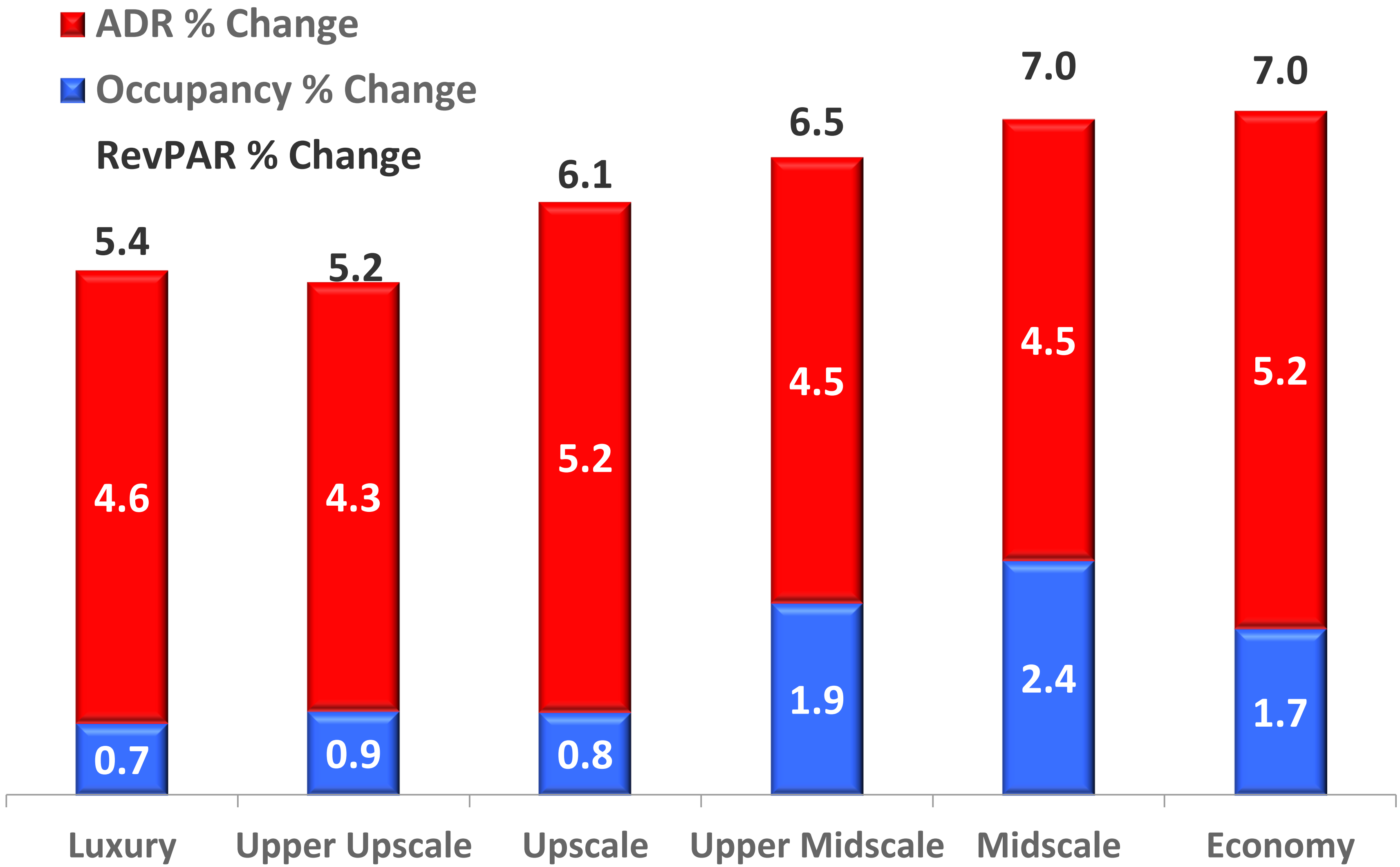
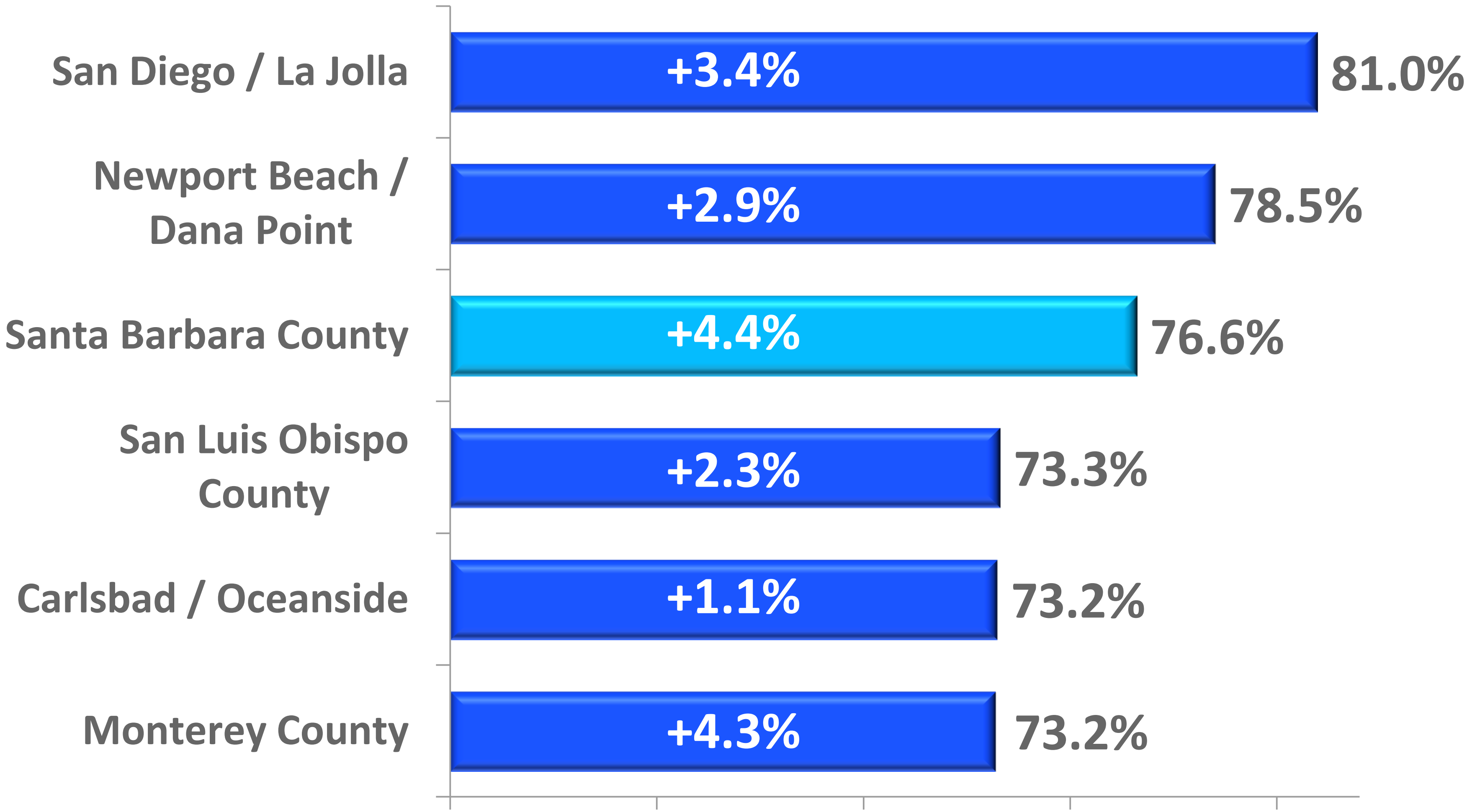
Scales RevPAR Composition: ADR Driven



*RevPAR % Change by Contribution of OCC / ADR % Change, by Scale, Oct 2015 YTD

Select California Coastal Sub-Markets

Select Coastal Markets: Occupancies Near Peak; Santa Barbara Leads in YTD Growth



Select Coastal tracts, Occ & Occ % Change, YTD Oct 2015

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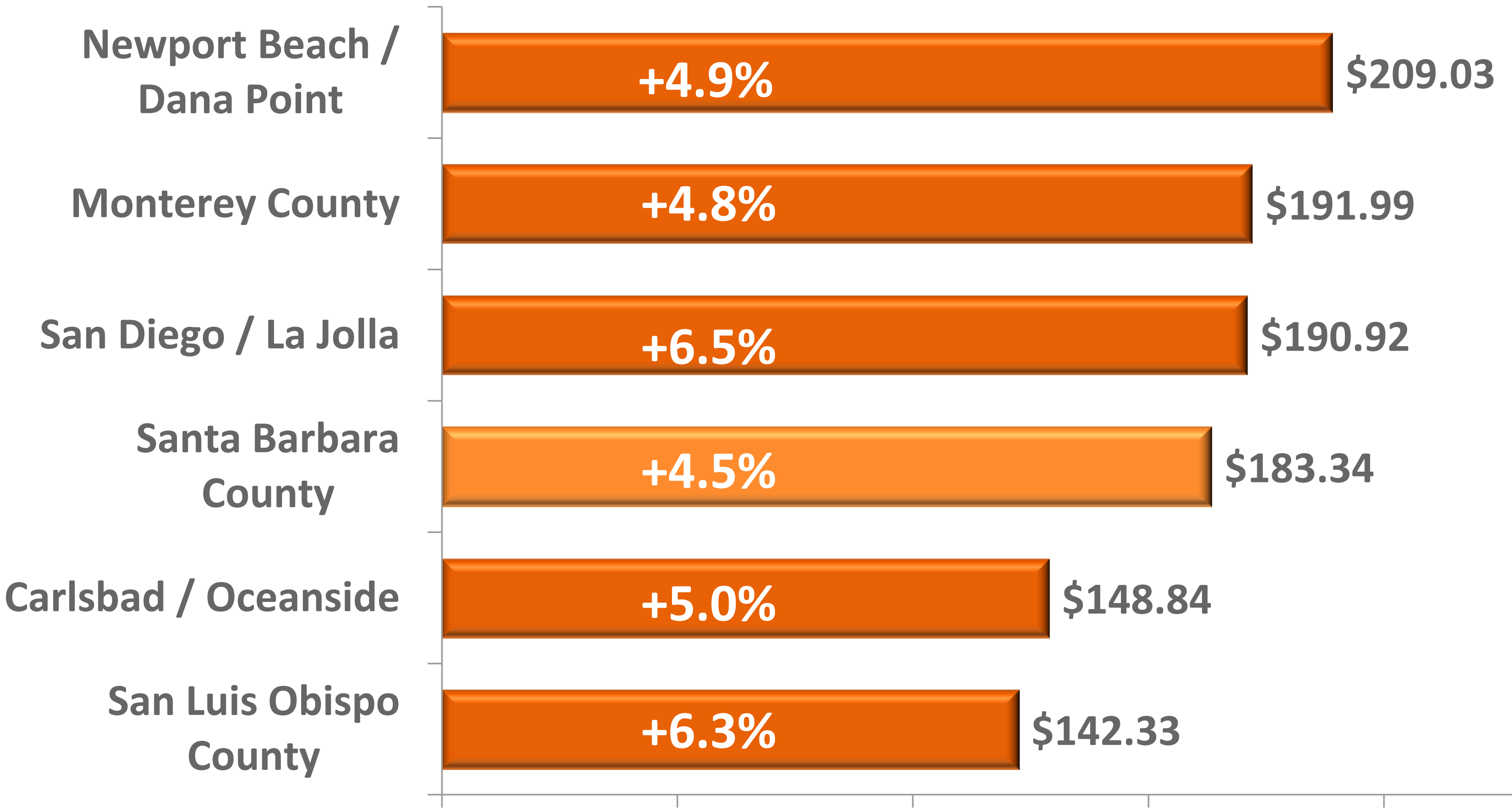
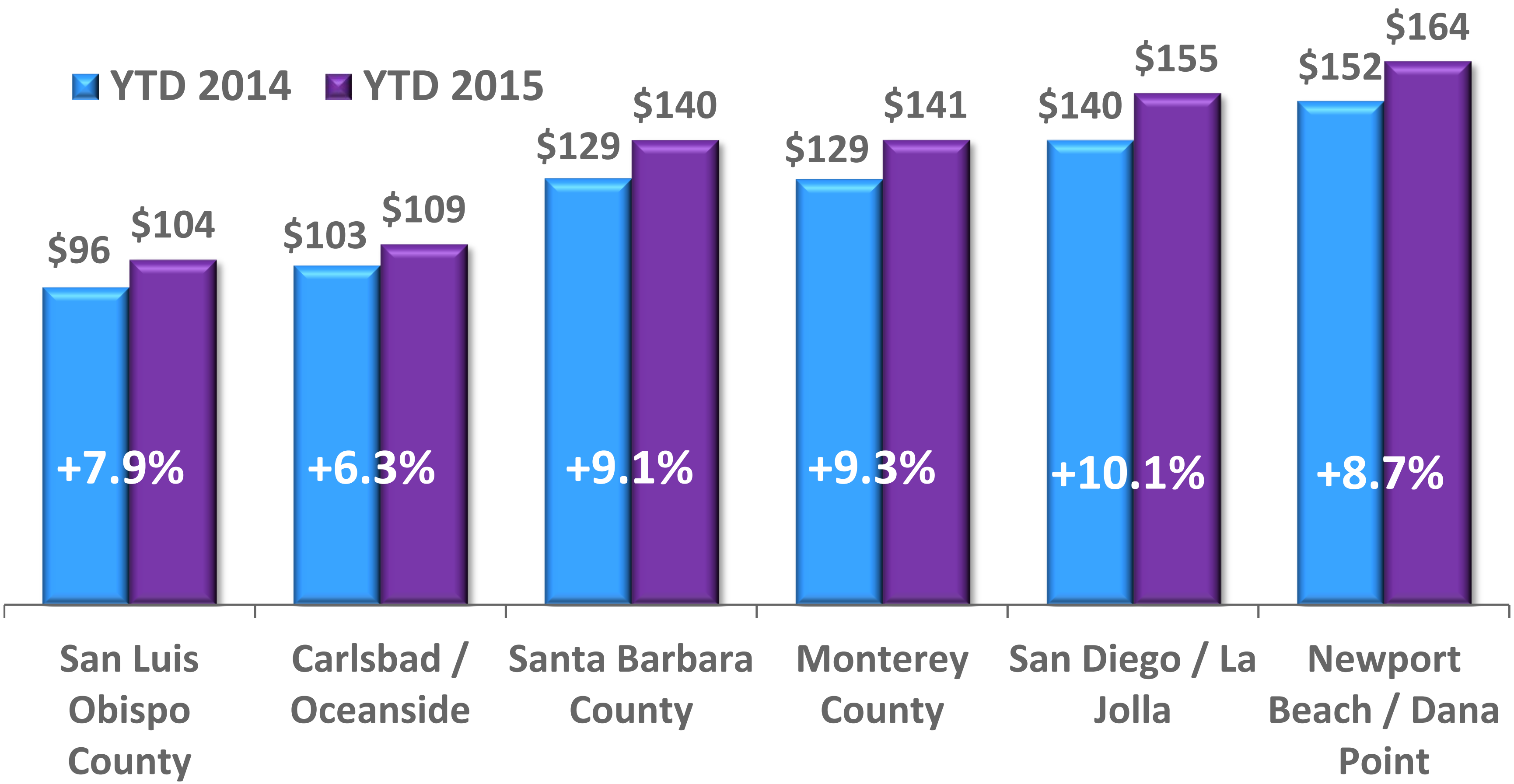
Select Coastal Sub-Markets: All Achieved Growth in ADR



Select Coastal tracts, ADR ($) & ADR % Change, YTD Oct 2015

Select Coastal Sub-Markets: La Jolla leads in RevPAR growth



Select Coastal tracts, RevPAR $ and RevPAR % Change YTD Oct 2014 & 2015


SANTA BARBARA ST
1200
County Performance

Santa Barbara County: At-A-Glance

128 Properties

9,114 Rooms

Santa Barbara County Key Statistics; Oct 2015

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12 Months Ending October 2015: Record-breaking ADR, RevPAR & Revenues

		% Change
• Room Supply		-0.7%
• Room Demand		3.6%
• Occupancy	74.1%	4.3%
• ADR*	$179	4.4%
• RevPAR*	$132.95	9.0%
• Room Revenue*		8.2%

October 2015 12 MMA, Santa Barbara County Results, * Record Absolute Values

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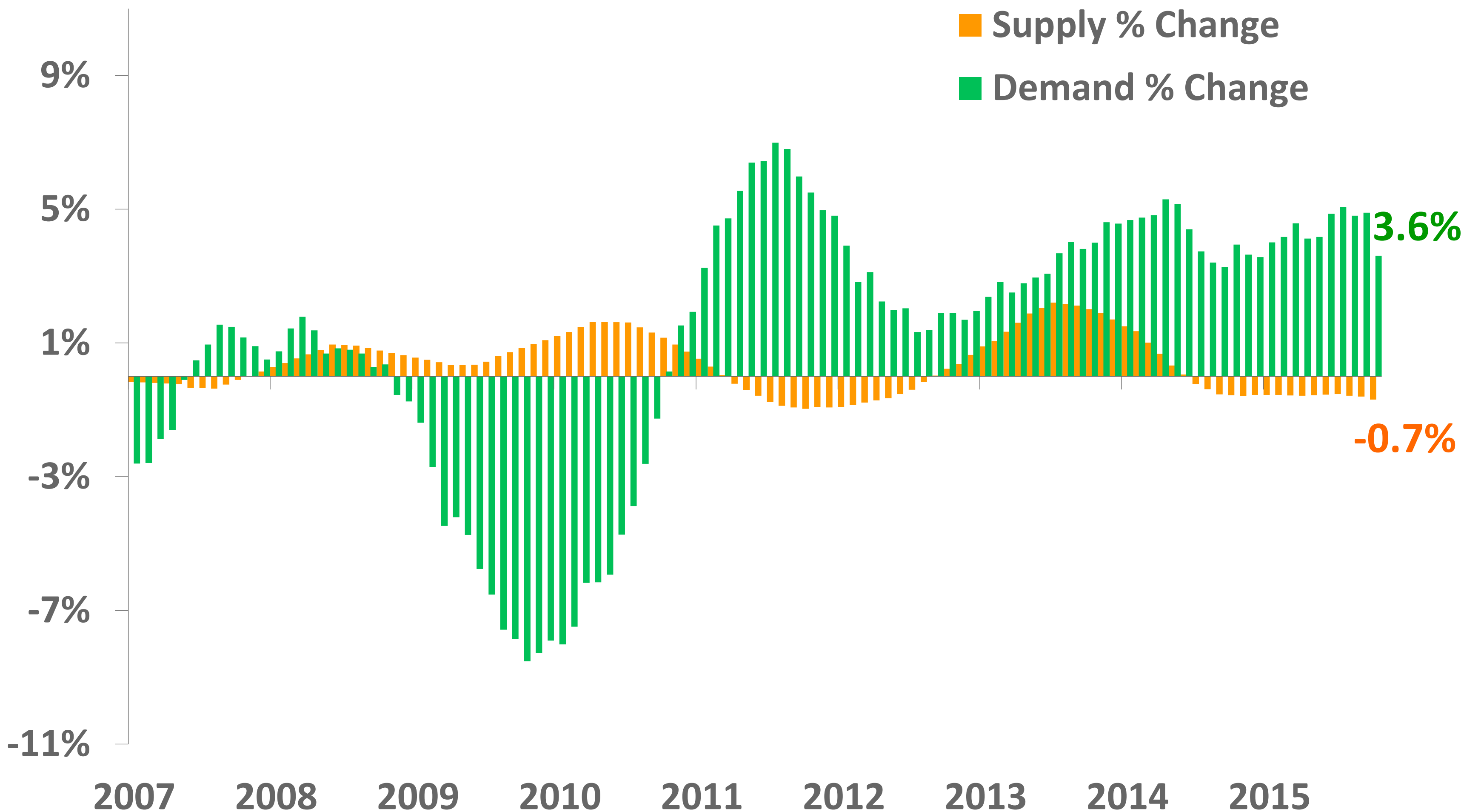
Santa Barbara County: Positive Supply/Demand Relationship



Santa Barbara County, Supply & Demand % Change, 12 MMA Jan 2007 – October 2015

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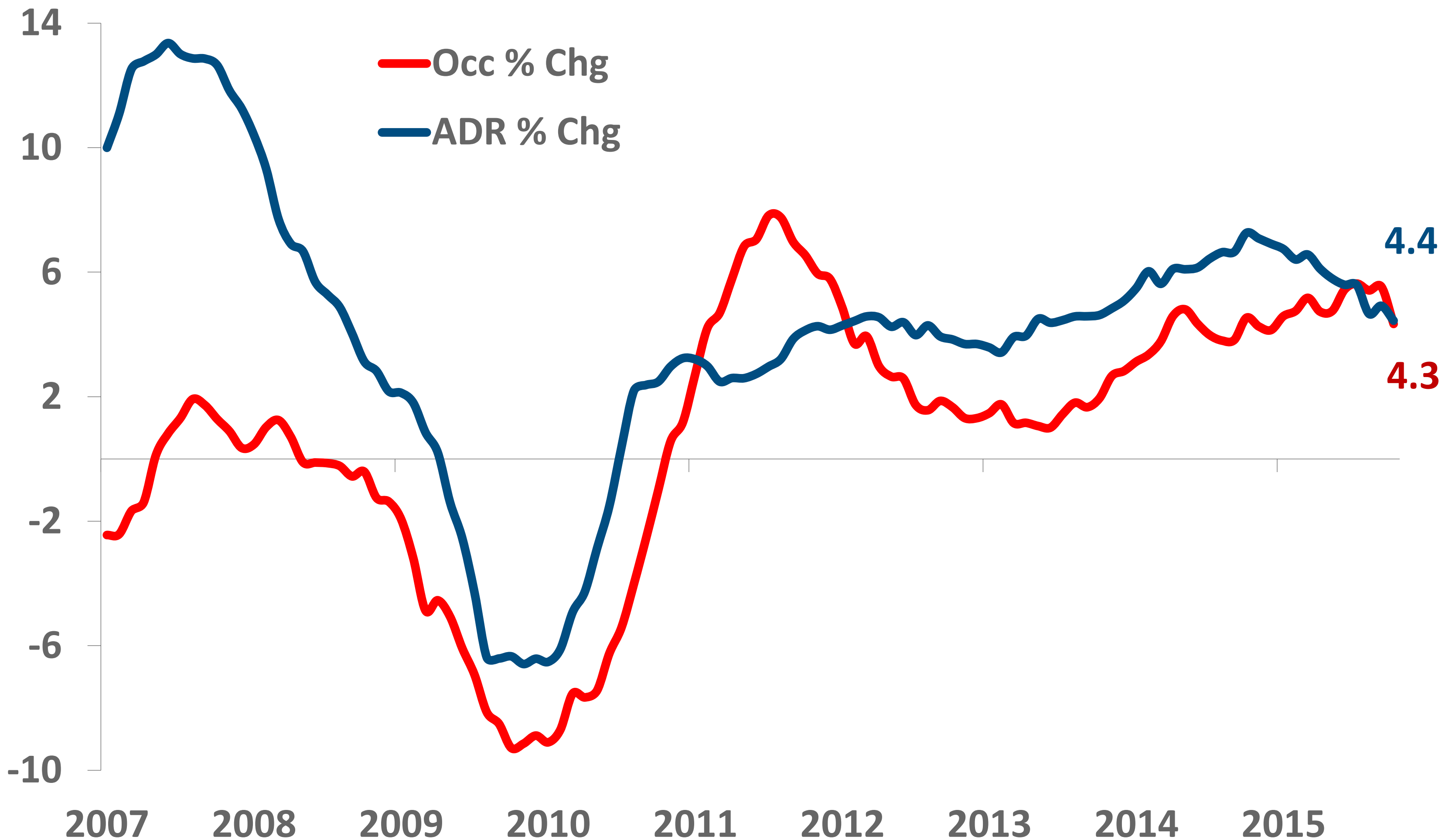
Santa Barbara County: ADR barely outpacing occupancy over last 12 months



Santa Barbara County, Occ & ADR % Change, 12 MMA Jan 2007 – Oct 2015

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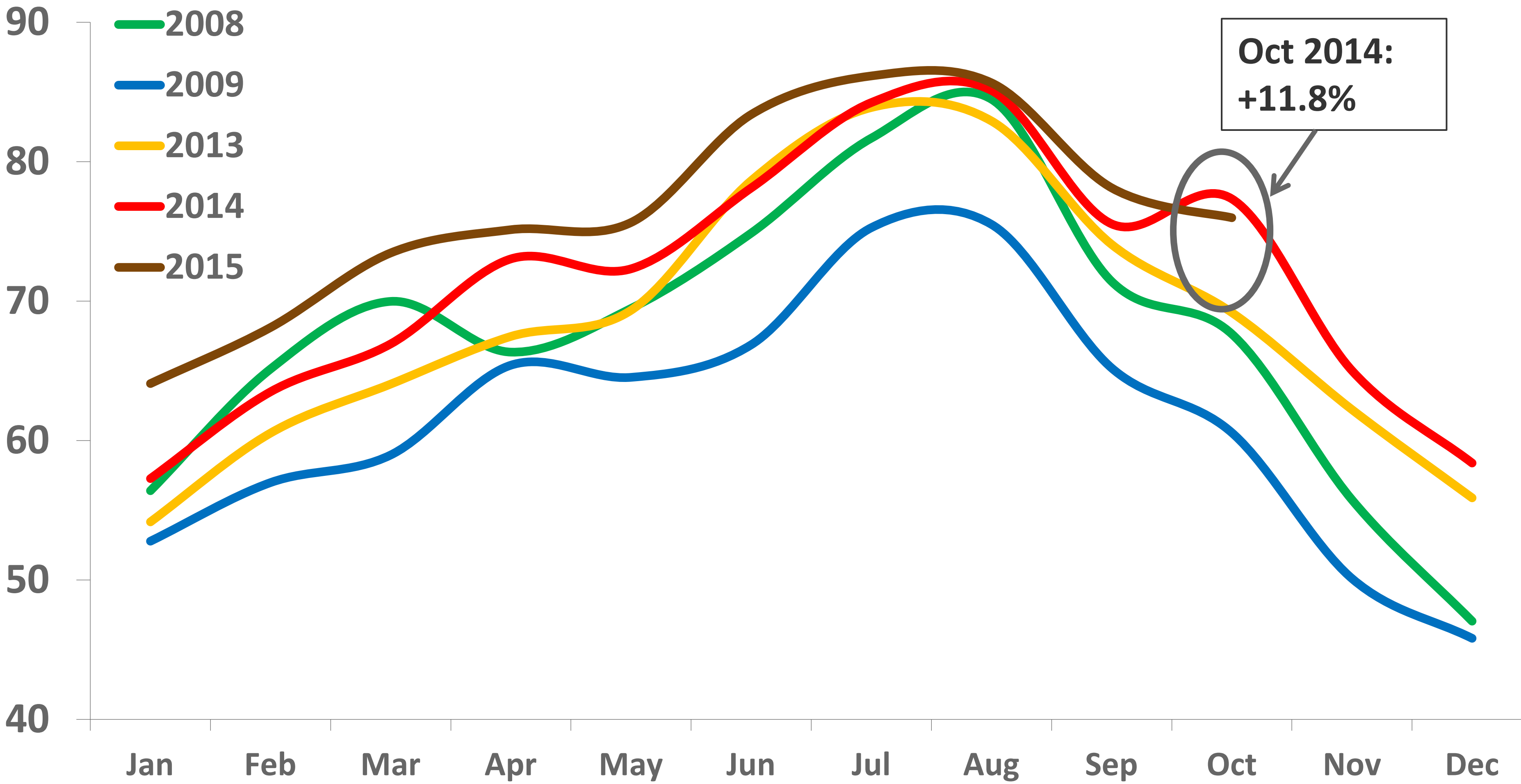
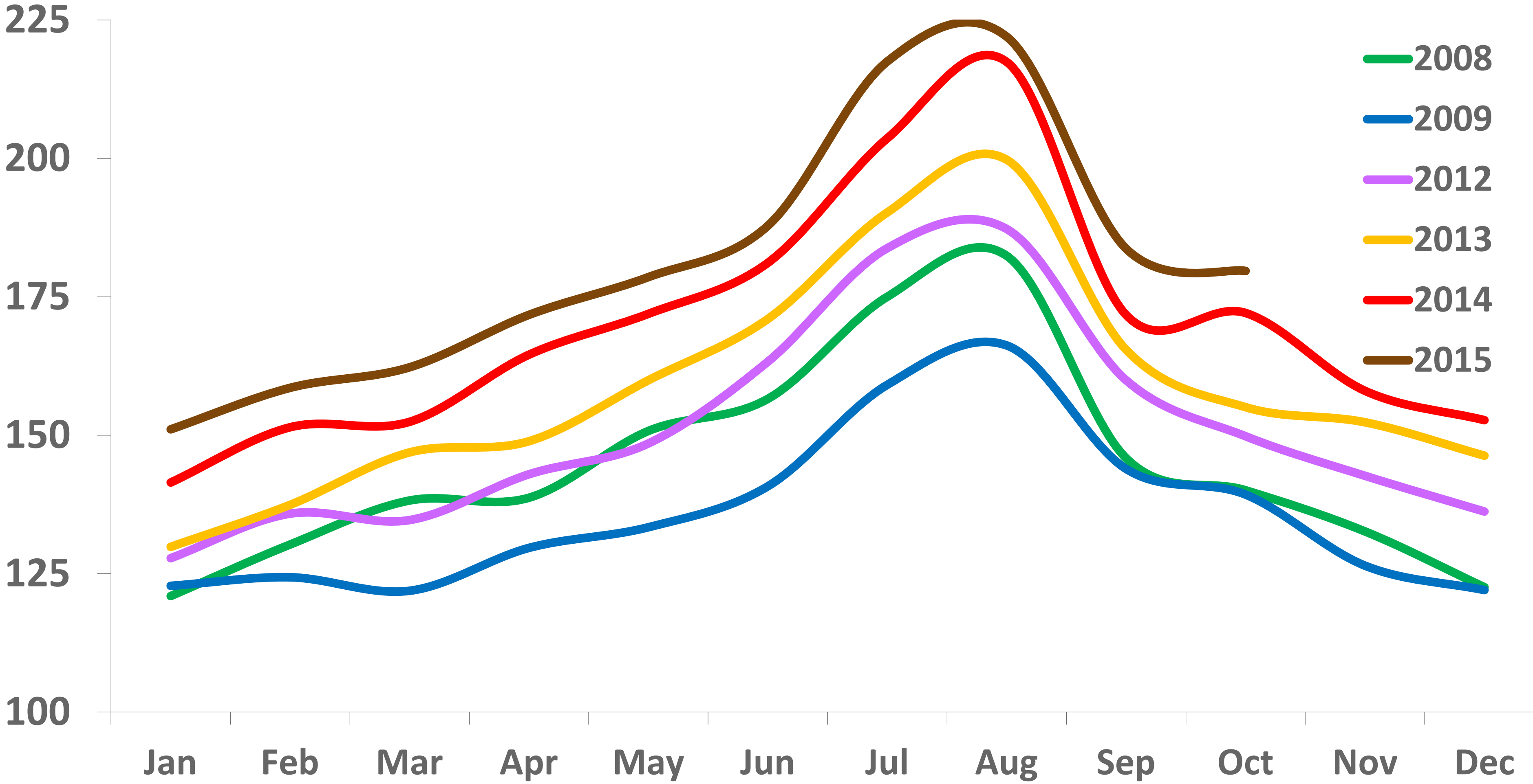
Occupancy: Setting Records All Year (almost)



Santa Barbara County: Occupancy, By Month, 2008 , 2009, 2013, 2014 & 2015

ADR Increasing Since 2012



Santa Barbara County: ADR, By Month, 2008-2015

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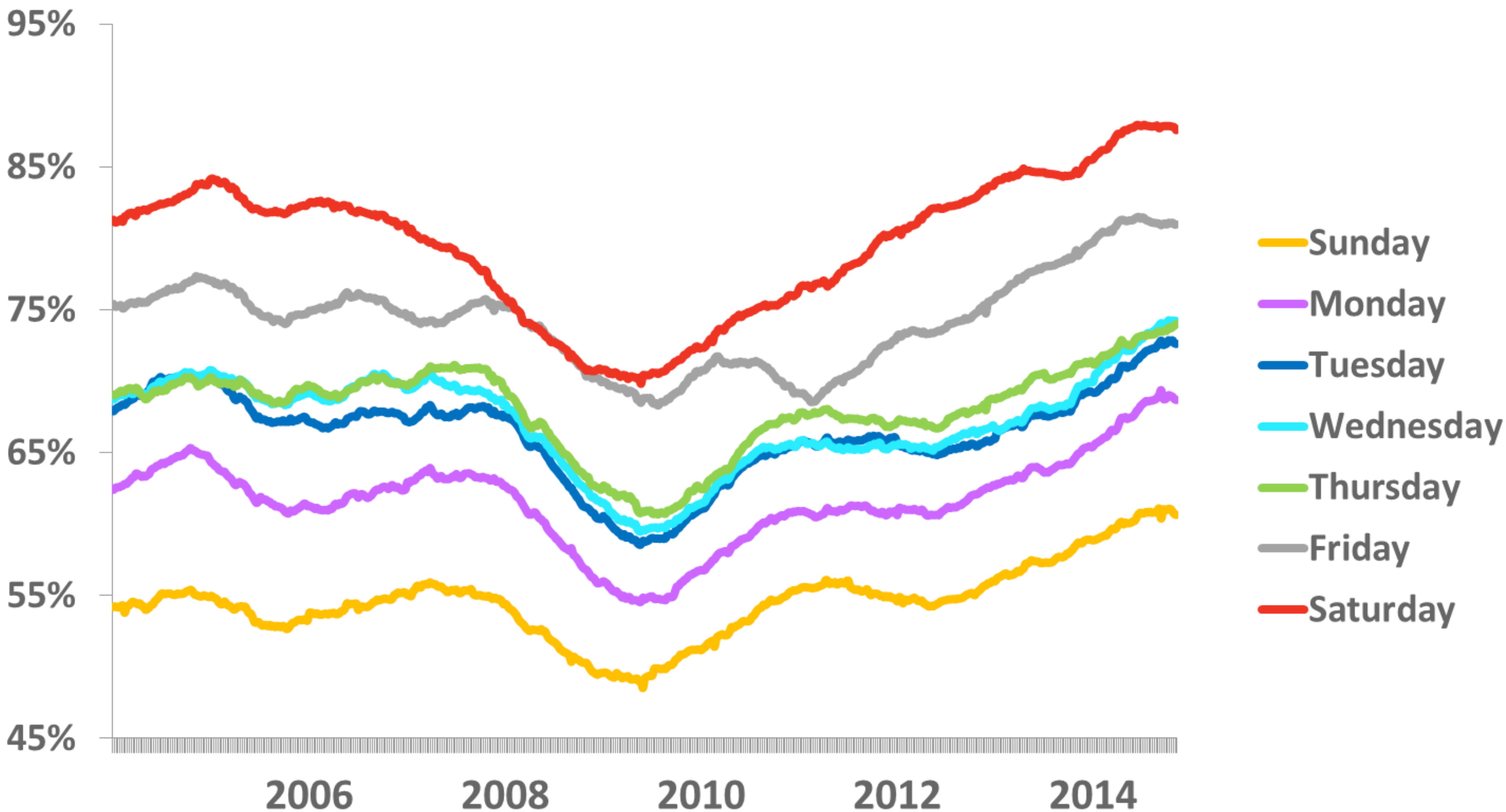
Day of Week Patterns: Occupancy



Santa Barbara County: Occupancy 52 week moving average by DOW, 2005-Oct 2015

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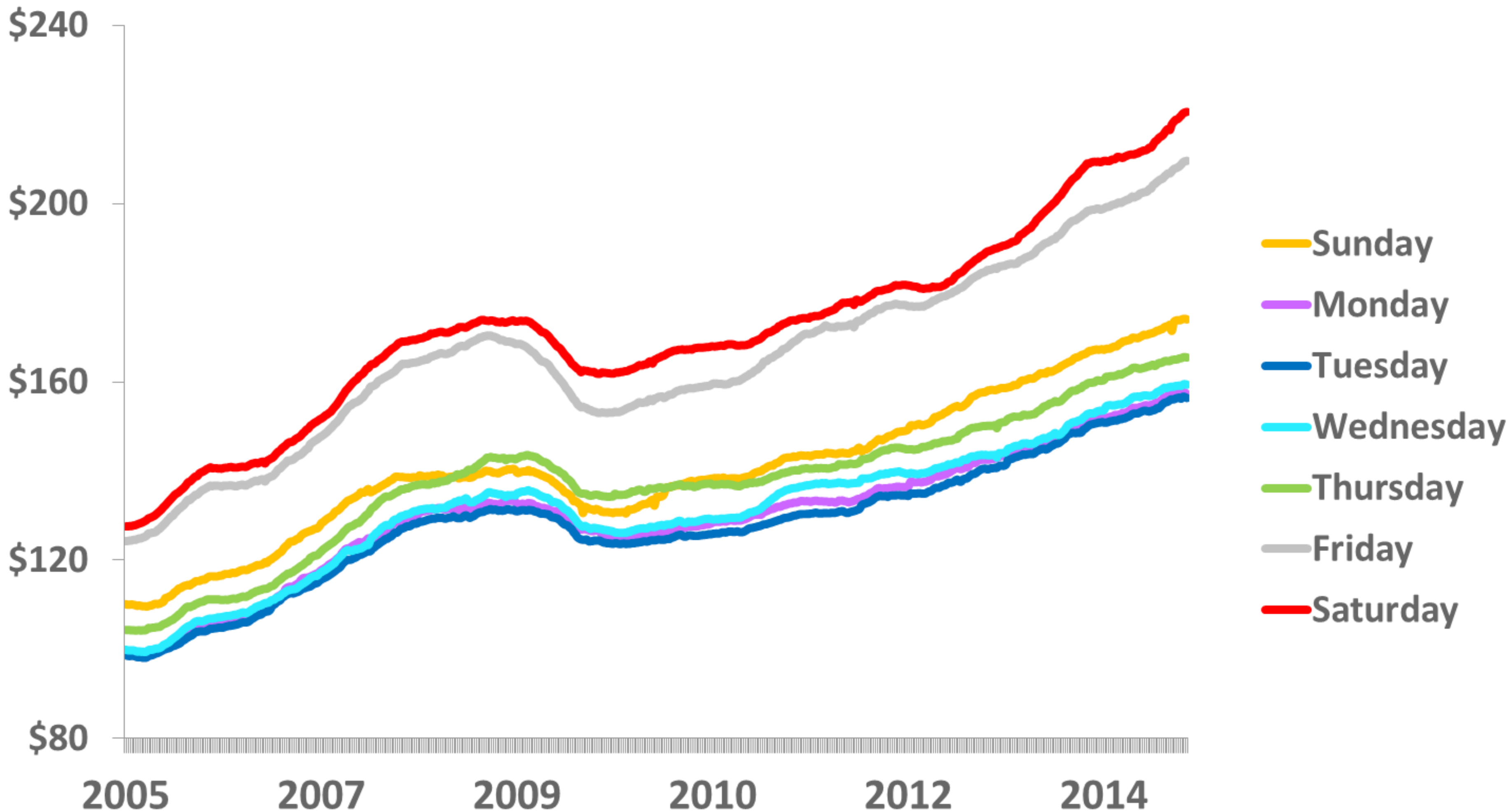
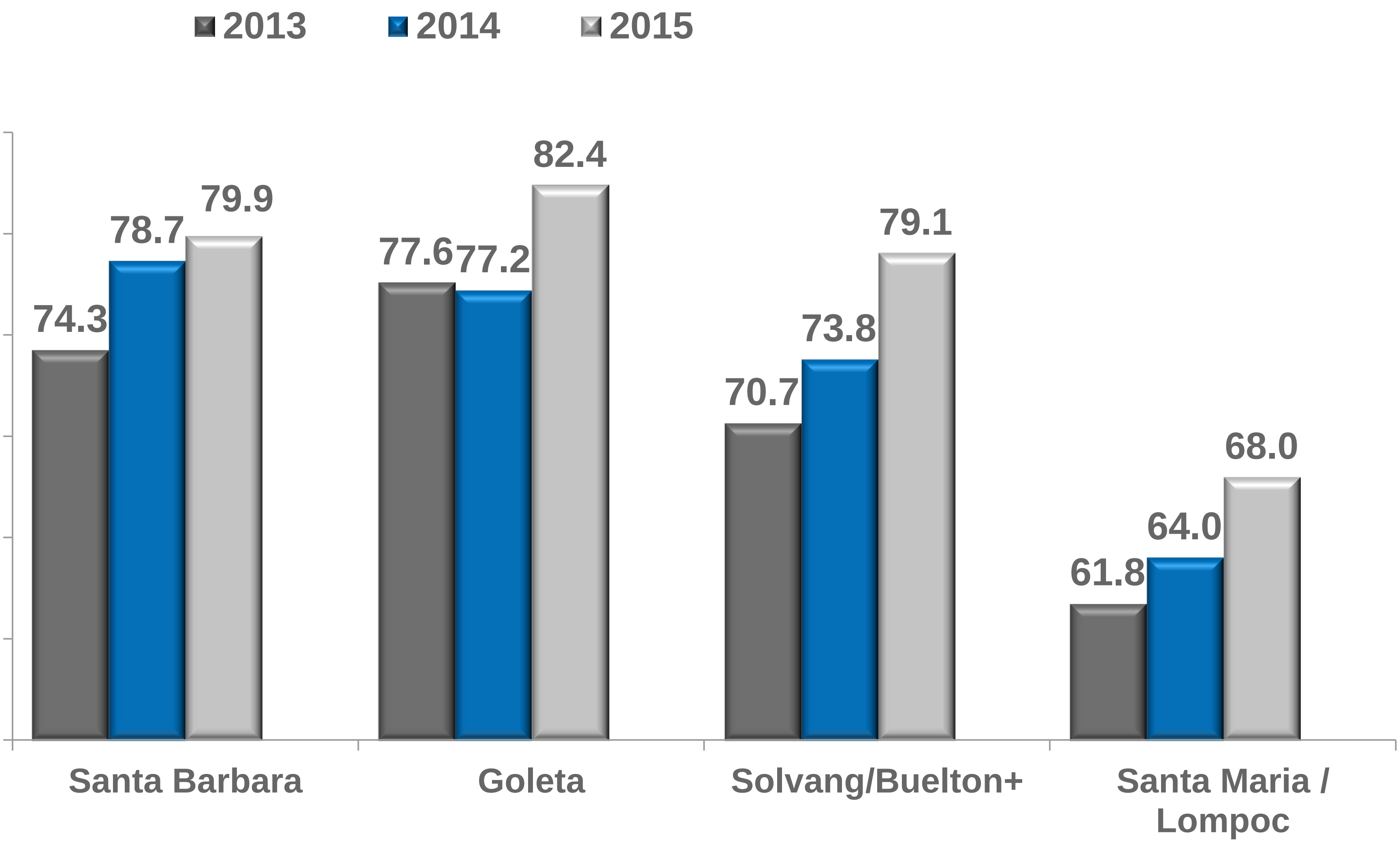
Day of Week Patterns: ADR



Santa Barbara County: ADR 52 week moving average by DOW, 2005-Oct 2015

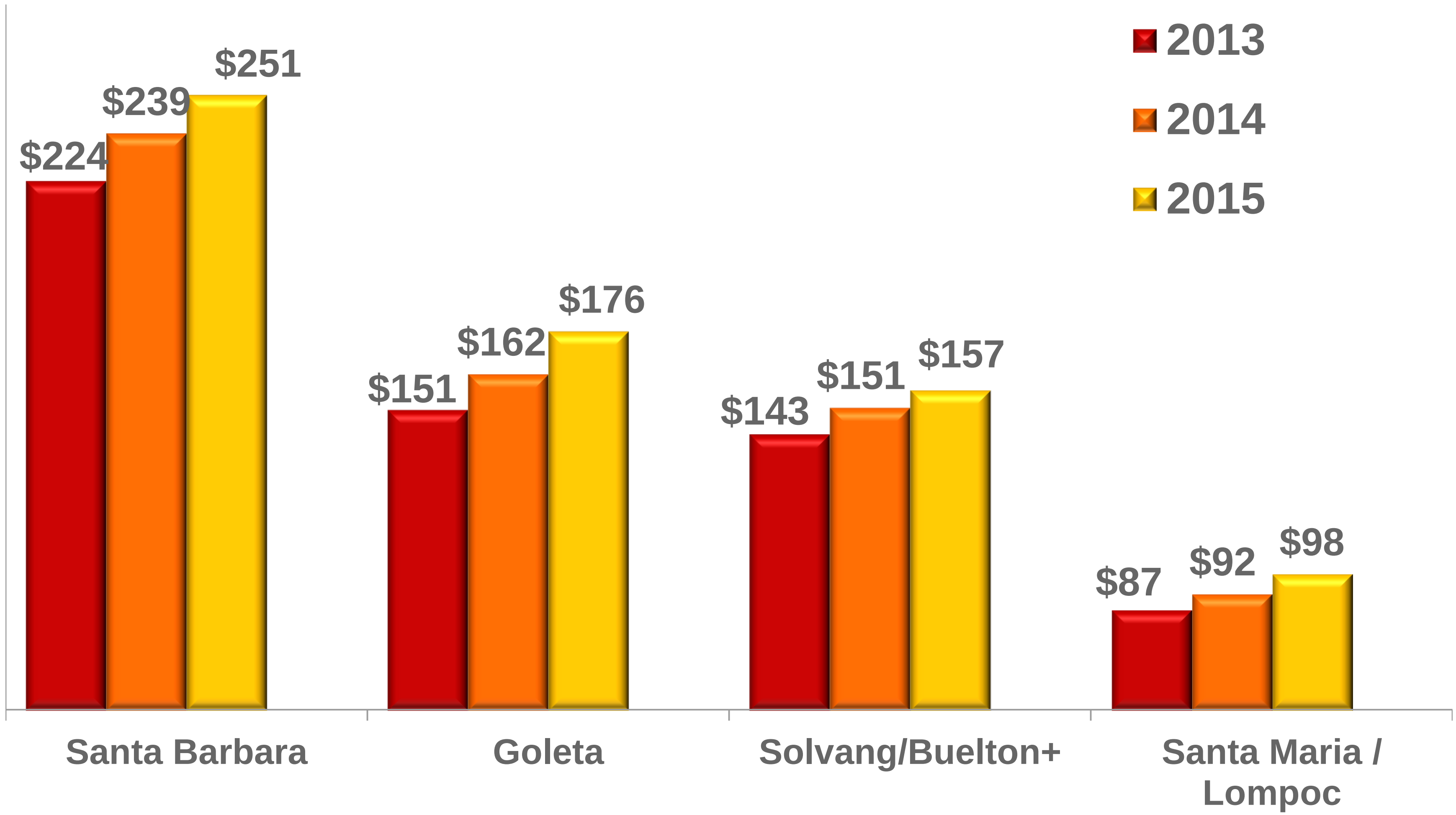
Santa Barbara County Comparison

Occupancy YTD: 2013-2015



Santa Barbara Occupancy comparison, Oct YTD, 2013-2015

Goleta with greatest ADR growth +8.4%



Santa Barbara ADR comparison, Oct YTD, 2013-2015

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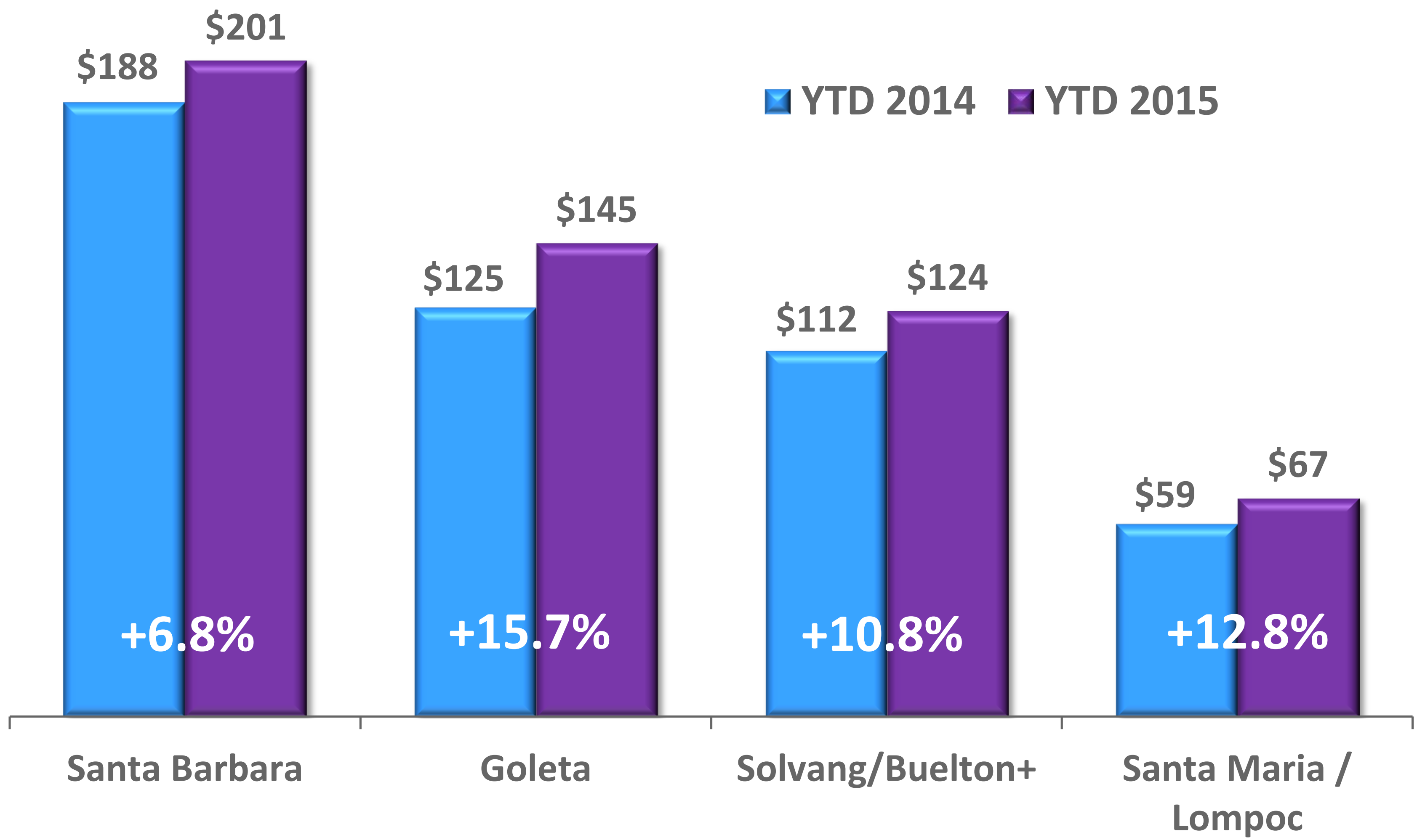
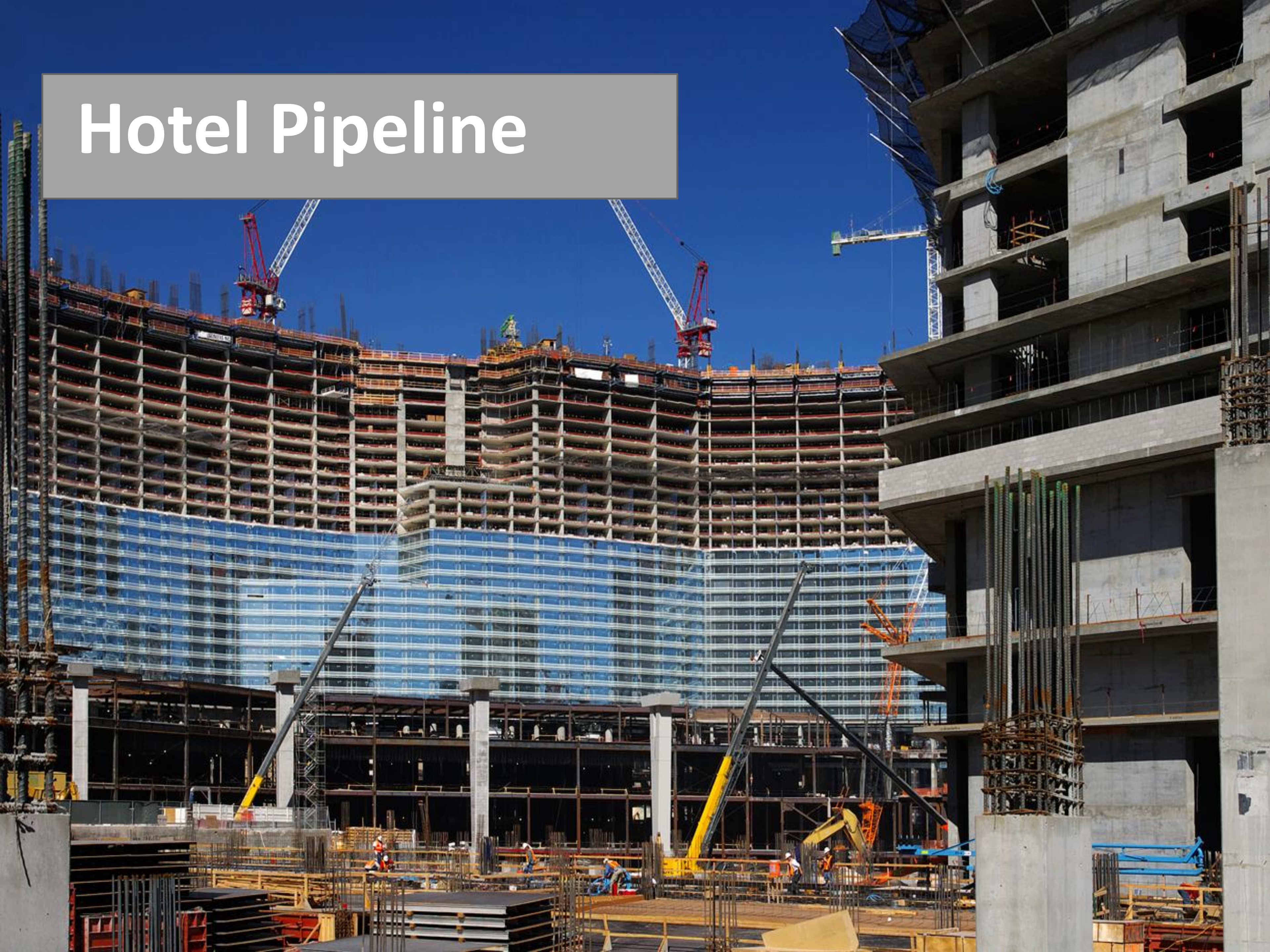
All areas with strong RevPAR gains



Santa Barbara comparison, RevPAR $ and RevPAR % Change YTD Oct 2014 & 2015

Hotel Pipeline



STR Pipeline Phases

Under Contract

In Construction – Vertical construction on the physical building has begun. (This does not include construction on any sub-grade structures.)

Final Planning – construction will begin within the next 12 months.

Planning – construction will begin in more than 13 months.

Unconfirmed - Potential projects that remain unconfirmed at this time.

US Pipeline: Construction Today Will Impact 2016 / 2017

Phase	2015	2014	% Change
In Construction	138	113	22%
Final Planning	175	119	48%
Planning	141	171	-18%
Under Contract	**454**	**403**	**13%**

*Total US Pipeline, by Phase, '000s Rooms, October 2015 and 2014

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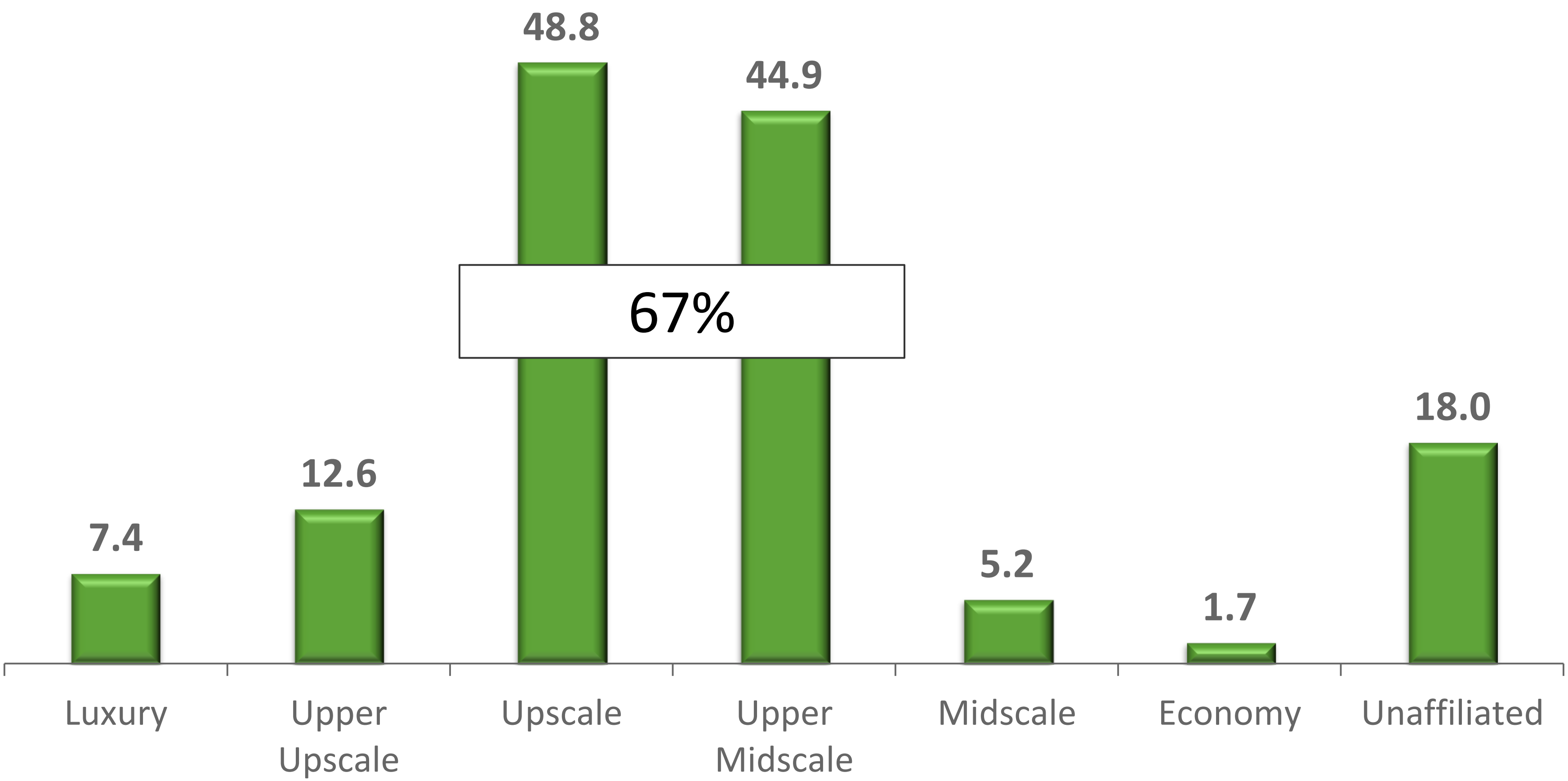
Limited Service Construction Has Been Strong For 2 Years



*US Pipeline, Rooms Under Construction , '000s Rooms, by Scale, October 2015

Construction In Top 26 Markets: 21 With 2%+ Of Supply

Market	Rooms U/C	% Of Existing
Oahu Island, HI	0	0.0%
St Louis, MO-IL	332	0.9%
Norfolk/Virginia Beach, VA	404	1.1%
San Francisco/San Mateo, CA	564	1.1%
Atlanta, GA	1,461	1.5%
New Orleans, LA	792	2.1%
Orlando, FL	2,715	2.2%
Detroit, MI	953	2.3%
Tampa/St Petersburg, FL	1,010	2.3%
Las Vegas, NV	3,905	2.3%
San Diego, CA	1,513	2.5%
Phoenix, AZ	1,585	2.5%
Chicago, IL	2,930	2.6%
Washington, DC-MD-VA	3,949	3.7%
Seattle, WA	1,601	3.8%
Minneapolis/St Paul, MN-WI	1,531	4.0%
Philadelphia, PA-NJ	1,962	4.3%
Anaheim/Santa Ana, CA	2,417	4.4%
Los Angeles/Long Beach, CA	4,339	4.4%
Boston, MA	2,339	4.5%
Nashville, TN	1,844	4.8%
Dallas, TX	4,166	5.2%
Denver, CO	2,748	6.4%
Miami/Hialeah, FL	3,438	6.7%
Houston, TX	6,245	7.9%
New York, NY	13,539	11.6%

*US Pipeline, Top 26 Markets, U/C Rooms as % of Existing Supply, October 2015

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WELLS FARGO SECURITIES

DECELERATING GROWTH. Sequential growth in Airbnb's active listings in the Top 20 U.S. hotel markets has decelerated steadily over summer into early fall prompting us to wonder if (a) it's seasonal, (b) Airbnb supply tracks leisure demand for hotel rooms, or (c) it is the result of increased regulatory scrutiny.

Lodging: Airbnb - Trends & Observations
Is Regulation Having An Impact? Listings Trends Would Say "Yes"
Trends: Back-to-School, Oil Patch Markets And Top Hotel Markets

Lodging

Airbnb: Deep dive with data from AirDNA

Bank of America Merrill Lynch

Industry Overview

Airbnb is a small but material impact to the hotel industry

AirDNA's data suggests Airbnb is about **2-4%** of total U.S. hotel room supply and about **1-2%** of total U.S.

October 1, 2015

Goldman Sachs

Americas: Lodging

Our findings: Airbnb adds new capacity to an overbuilt sector

We estimate that Airbnb currently makes up 3.6% of total US room supply, which could potentially expand to 14.1% of room supply in 2020. As

List of hotel woes lengthens: New Airbnb analysis adds to our supply concerns

Morgan Stanley

September 22, 2015

Lodging

Is Airbnb's Impact on Hotels Being Overstated?

It does not appear that alternative accommodations are having a material impact on the US hotel industry yet.

Targeting Business Travelers with Listings and…

What's a Business Travel Ready listing?

Reviews

Listings have 5 stars for at least 60% of primary reviews, cleanliness reviews, and accuracy reviews.

Responsiveness

Hosts respond to 90% of booking requests within 24 hours.

Commitment

Hosts don't cancel confirmed reservations within 7 days of the check-in date.

Ease of check-in

Allow for guests to have 24-hour check-in to the listing.

Entire home

Room type is Entire Home/Apt, and the space is an eligible property type with no smoking and no pets.

Business amenities

WiFi, laptop-friendly workspace, smoke & CO detector, essentials, iron, hangers, hairdryer, shampoo.

https://www.airbnb.com/business-travel-ready

… a de facto Frequent Stay Program

◦ Eligible Card Members will now be able to use Membership Rewards® points for all or part of your next Airbnb booking, and you can do so directly on our site.

Santa Barbara County Pipeline: +11% of current supply

Phase	Projects	Rooms
In Construction	2	261
Final Planning	3	322
Planning	3	414
Unconfirmed	0	0
Total	**8**	**977**

STR Construction Pipeline; October 2015

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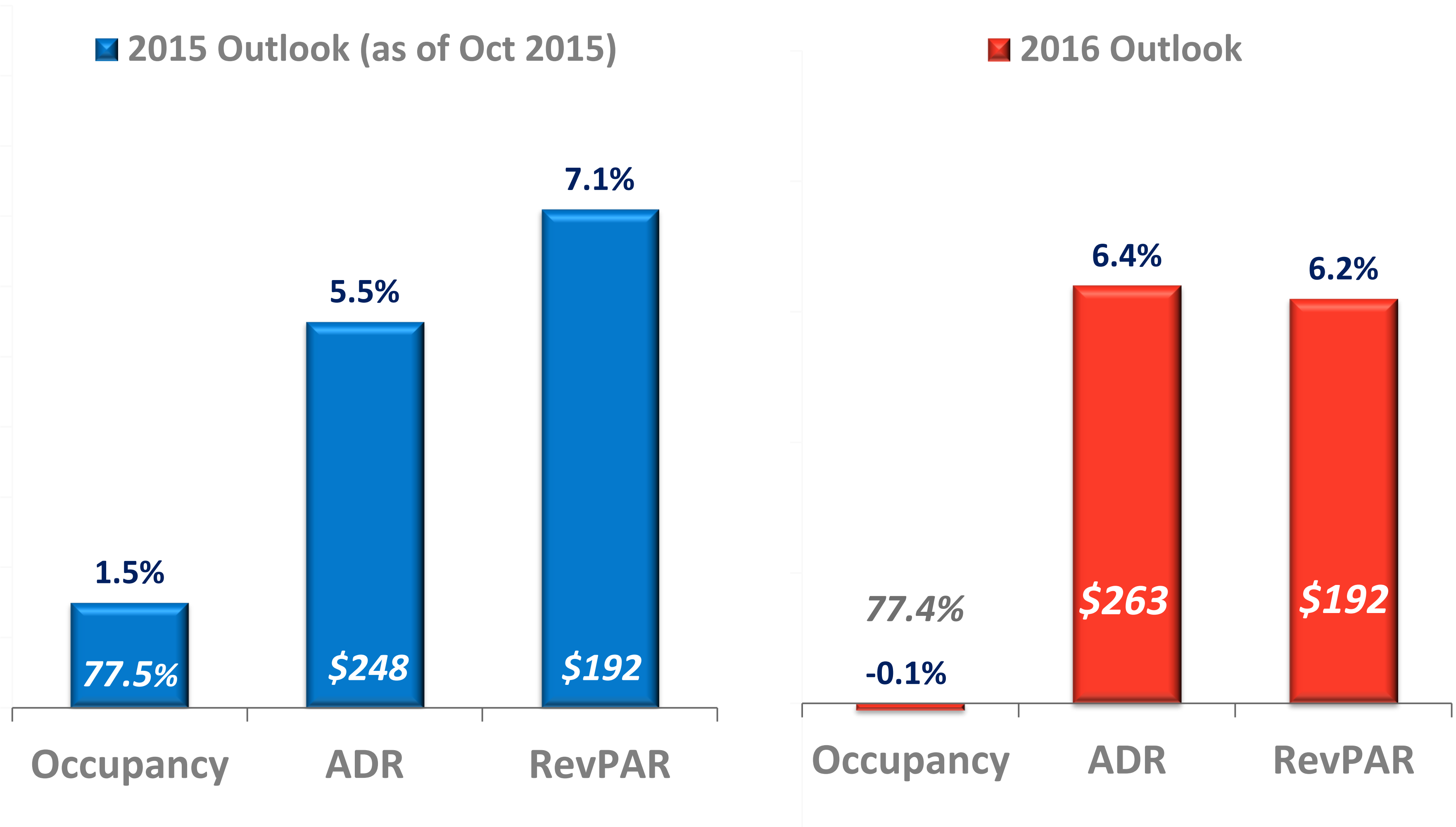
Forecast: Where Are We Headed?

US Forecast Summary

2015	STR	PKF Hospitality Research LLC	pwc
Supply	1.1%	1.1%	1.1%
Demand	2.8%	3.4%	2.9%
Occupancy	1.7%	2.3%	1.8%
ADR	4.8%	5.0%	4.7%
RevPAR	6.5%	7.3%	6.5%

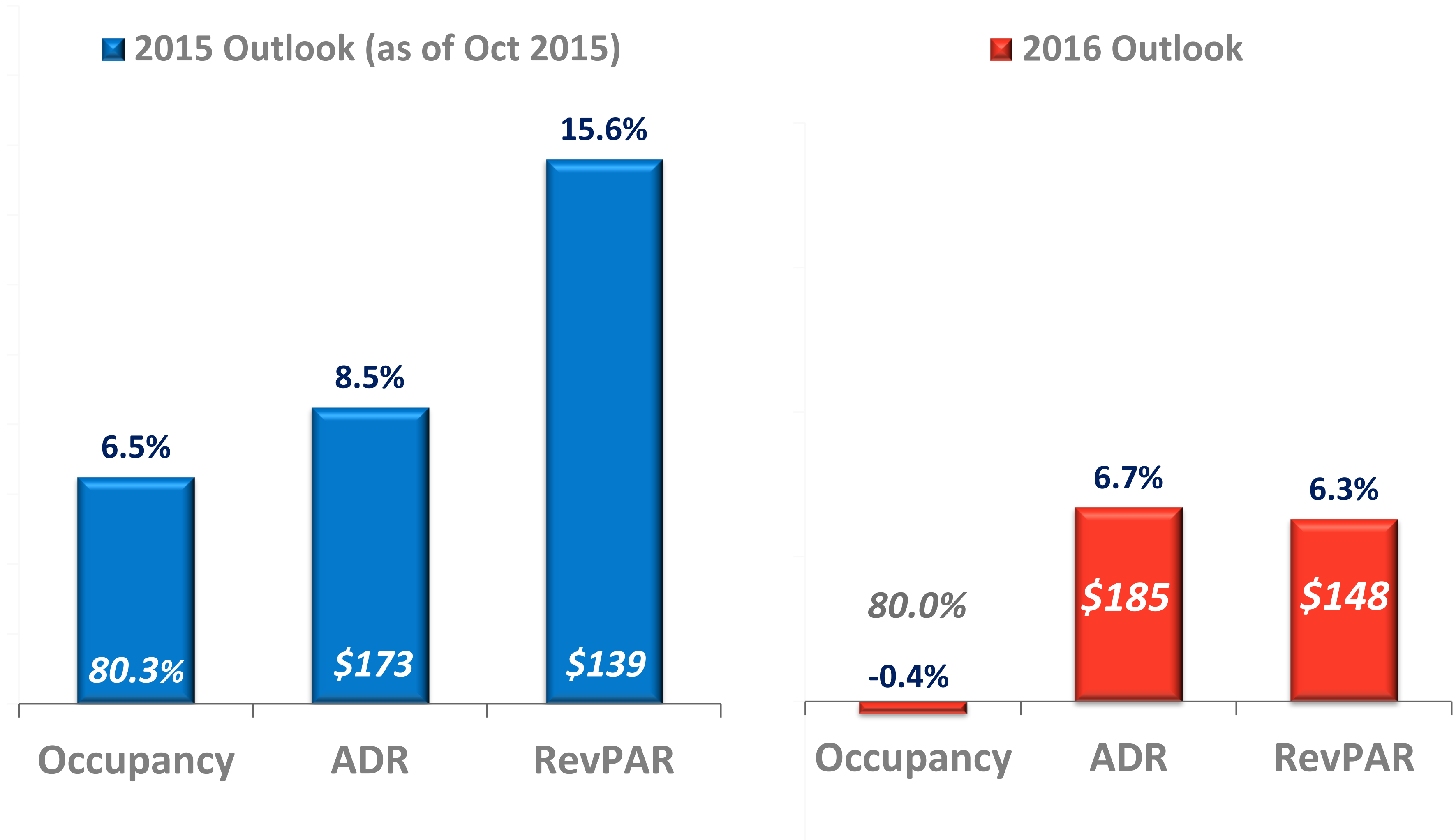
2016	STR	PKF Hospitality Research LLC	pwc
Supply	1.5%	1.8%	1.9%
Demand	2.3%	2.2%	1.9%
Occupancy	0.8%	0.4%	0%
ADR	4.8%	5.9%	5.7%
RevPAR	5.7%	6.3%	5.7%
Last Updated	*Nov 15*	*Aug 15*	*Nov 15*

City of Santa Barbara 2015 & 2016 Outlook



City of Santa Barbara: Annual Percentage Change from Prior Year & Estimated KPIs as of October 2015

Goleta 2015 & 2016 Outlook



Goleta: Annual Percentage Change from Prior Year & Estimated KPIs as of October 2015

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Connect with me:

Valerie Woods

vwoods@str.com

615-824-8664 x3328

Valerie_STR

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