



Hospitality Advisory
— ASSOCIATES —

Passionate Hoteliers News | November Debrief

For Hoteliers Eyes Only

"I was in the Virgin Islands once. I met a girl. We ate lobster, drank piña coladas. At sunset we made love like sea otters. That was a pretty good day. Why couldn't I get that day over and over and over?"

~

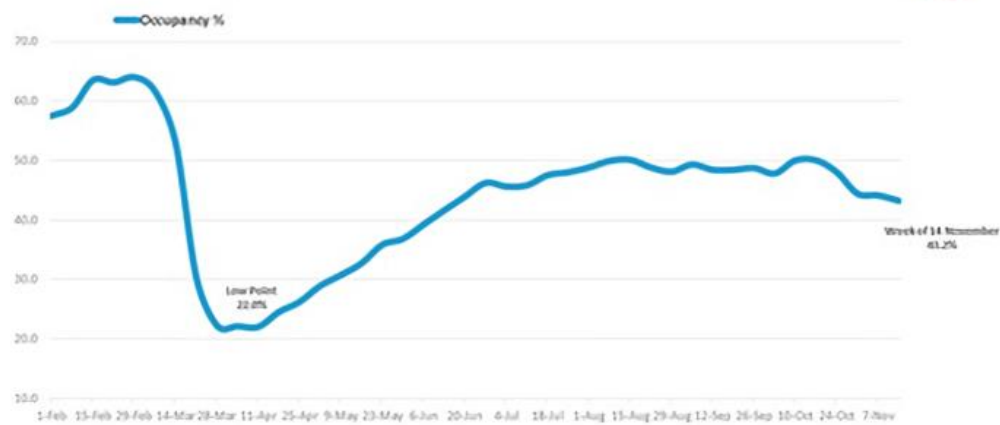
Actor Bill Murray as Phil Connors in the 1993 movie Groundhog Day

Déjà vu

What a difference a month makes. While [occupancy levels](#) across the United States hovered around the 50% mark from July through October, the much-predicted Fall slowdown finally arrived in November with STR reporting nationwide occupancy levels in the low-to-mid 40% range for the month.

Not surprisingly, the slowdown in lodging demand has coincided with spikes in new daily cases of [Covid-19](#), prompting a spectrum of new state shutdowns and travel restrictions.

U.S. Hotel Occupancy
Weeks ending with specified dates



During the [“Statistically Speaking”](#) session of the 42nd Annual NYU International Hospitality Industry Investment Conference webinar series, leaders from STR, HVS and CBRE shared their revised forecasts for 2020 and 2021.

“In its revised forecast for 2020, [STR](#) expects occupancy of 42.2% (down 36.1% from 2019), revenue per available room of \$43.76 (-49.5%) and average daily rate of \$103.65 (-21%).

The chart below shows HVS and CBRE gave slightly lower projections for occupancy and average daily rate while HVS is projecting a slightly higher RevPAR number at \$44.”



Comparative Forecasts - 2020

Measure	STR (November)	HVS (November)	CBRE (September)
Occupancy	42.2%	41.8%	39.8%
Change from Prior Year	-36.1%	-36.8%	-40.3%
ADR	\$103.65	\$105	\$104.10
Change from Prior Year	-21.0%	-20.3%	-20.4%
RevPAR	\$43.76	\$44	\$41.46
Change from Prior Year	-49.5%	-40.6%	-52.5%

(Source: STR, HVS and CBRE)

Panelist optimism for 2021 centered around the anticipation of more rapid testing and a potential vaccine, boosting the public’s confidence in travel.

However, they were careful to warn that 2021 will continue to be a challenging year for the industry as it begins a prolonged recovery.

“I’m reasonably confident that the next six or seven months, it could be really tough for hotels, there’s no sugarcoating that. They just need to hold on tightly. But after that things

will get significantly better and recover quite aggressively. Travel (will recover) quite quickly”, said Stephen Rushmore of HVS.



Comparative Forecasts - 2021

Measure	STR (November)	HVS (November)	CBRE (September)
Occupancy	52.2%	54.8%	52.3%
Change from Prior Year	23.7%	31.1%	31.3%
ADR	\$109.21	\$112	\$111.89
Change from Prior Year	5.4%	7.5%	7.5%
RevPAR	\$57.03	\$62	\$58.51
Change from Prior Year	30.3%	40.9%	41.1%

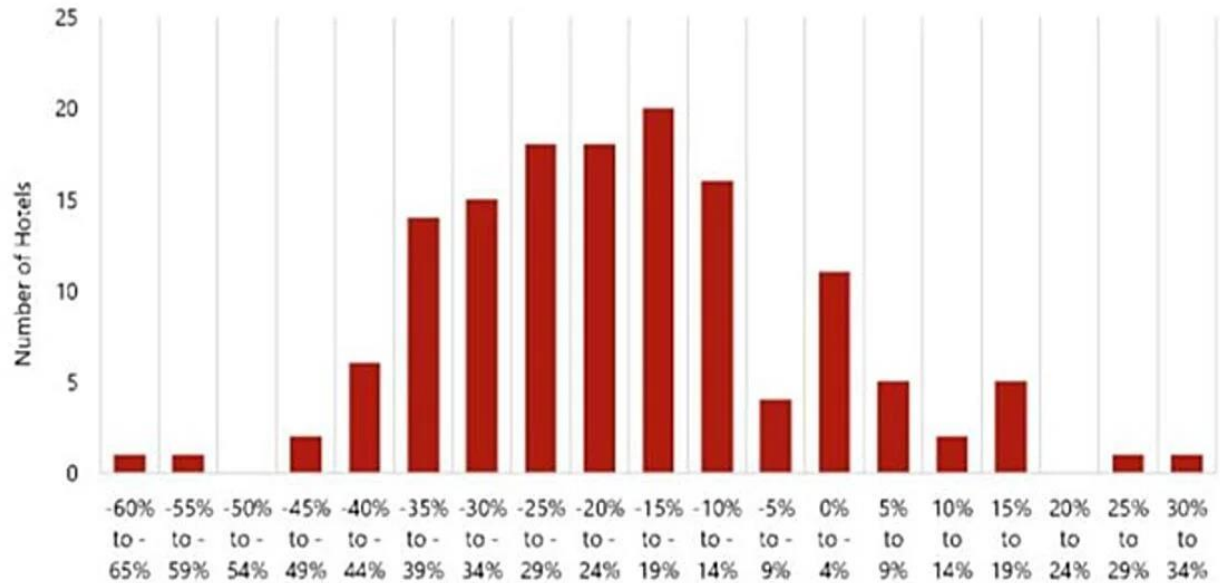
(Source: STR, HVS and CBRE)

Assessing the Damage

With 2020 coming to an end, many industry stakeholders are working hard to assess the virus’ impact on overall hotel values.

A recent [HVS](#) study of 140 hotels found that values have predominantly declined between 15% and 30% in 2020, with a 24% decline in the samples overall valuation. The data reinforced some familiar notions, including the resilience of lower-tiered hotel segments and drive-to recreational markets.

According to HVS, 14 sample hotels showed improvement in value due to a variety of factors including, benefits from recent renovations, location in markets that experienced RevPAR growth stronger than anticipated in the months leading up to the pandemic, or markets and hotels that have fared well in the pandemic environment.



Dear Mr. President...elect

As he did in 2016, [Marriott International's](#) respected President and CEO, Arne Sorenson penned an open letter to now President-elect Joe Biden.

His letter comes at a poignant time when the hotel industry continues to fight to have its voice heard in Washington. From building unity, to tackling the pandemic, and building a fair economy, the letter draws important parallels between America's struggles and the hotel industries ongoing battles.

In many ways, the diversity and complexity of the hotel industry is a microcosm for the nation, and Arne Sorenson, like many others in our industry, are working hard to communicate that message to leaders in Washington.

No "I" in "Team"

Speaking during the ["Policy Matters"](#) session of the 42nd Annual NYU International Hospitality Industry Investment Conference webinar series, leaders of the largest lobbying groups for the travel industry are hopeful for a new era of bipartisanship and possibly direct help for hoteliers.

Cecil Staton, President and CEO of the Asian American Hotel Owner Association recognized that any stimulus will more likely than not have to be bipartisan and a big part of that effort will be educating new members of Congress.

Chip Rogers, President and CEO of the American Hotel & Lodging Association, is asking for less talk and more action from Congress, as the election is no longer an excuse for not moving forward. He felt the current administration could pass a fresh round of PPP stimulus before years-end, while the incoming administration would need to address larger issues at hand, including lending.

While immediate actions from Congress will help to keep the industry afloat, panelists did not understate the necessity of more widespread testing to bolster traveler confidence, infrastructure spending, and ultimately a widely distributed COVID-19 vaccine.

HAA's Take:

Unlike the spring, occupancy levels have not fallen off a cliff during this most-recent “wave” of the pandemic. If this trend is to hold up, we can all give thanks to the holiday travel season, where a pandemic-era air travel record was set over the Thanksgiving weekend.

However, air travel was still down roughly 60% over the holiday weekend compared to 2019. More importantly, [CNN](#) shared poll data from Axios-Ipsos that indicated roughly 60% of responders decided to change their travel plans due to state shutdowns and concerns over the virus.

Like most things in 2020, the progress in overall travel felt like one step forward and two steps back. The humbling reality behind the “busier” pandemic-era holiday travel season further demonstrates how far the industry has fallen this year.

Before the industry can start to meaningfully dig itself out, it will need broader support from Washington, and ultimately successful developments in rapid testing and therapeutics to turn the tide.

In another example of one step forward, two steps back, hotel owners have reason to be optimistic for a new round stimulus from Washington. However, the lack of clarity around the new administration’s stance on tax and wage increases could add additional headwinds to an already luffing industry.

However, when the going has been tough this year, the hotel industry has kept going, and the industry needs to keep holding on... ready or not... you live for the fight when it's all that you've got... woah, we're (*hopefully more-than*) half way there... woah, livin' on a prayer!

Yes, we worked Bon Jovi lyrics into a Monthly Debrief and you know you love it. Until next year, enjoy the upcoming holidays, stay safe, and be prepared for better business days in 2021.



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