Lee County Hotel Overview

Tourist Development Council

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Agenda

- Total US Review
- Florida Performance
- Lee County Performance
- Comparable Markets
- Pipeline
- Forecast

Total U.S. Review

December 2017

- RevPAR +4.6%
- Occupancy +2.3%
- Highest December Room Demand: 86 Million
- Transient RevPAR +3.9%
- “In Construction” rooms declined again from last year (-3.7%)

December 2017, Total US Results

Full Year 2017: A Record Year!

		% Change
Room Supply		1.8%
Room Demand		2.7%
Occupancy (*Record*)	65.9%	0.9%
A.D.R. (*Record*)	$127	2.1%
RevPAR (*Record*)	$85	3.0%
Room Revenue		4.9%

YTD December 2017, Total US Results

US December RevPAR:
2 States Continue to Help Weaker US Results

Total US:		**+4.6%**
Florida:	+14.7%	
Texas:	+13.6%	
Total US excluding Florida and Texas:		**+2.4%**

*RevPAR % Change, December 2017

Demand Continues to Grow. Supply Growth Not an Issue

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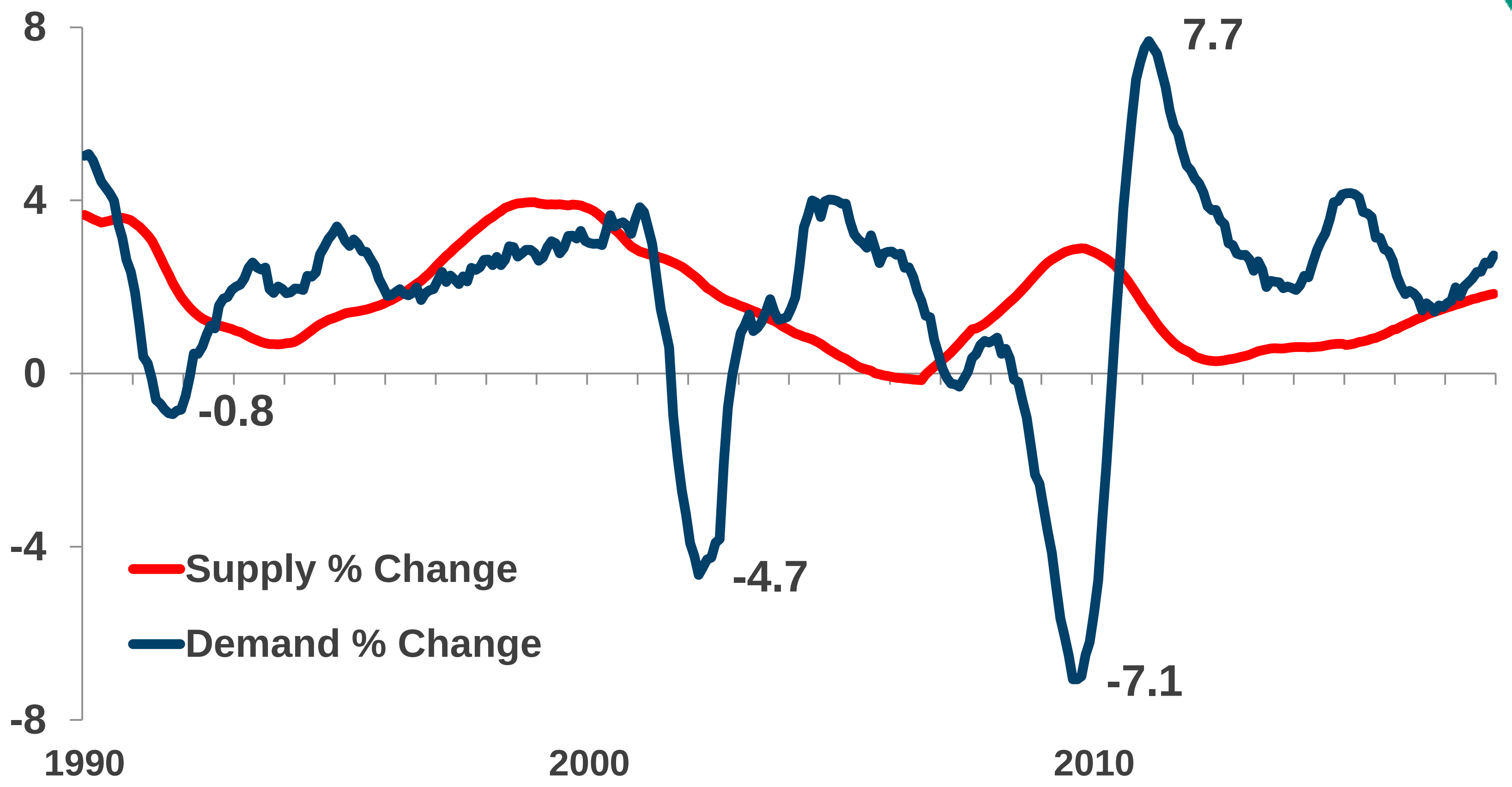
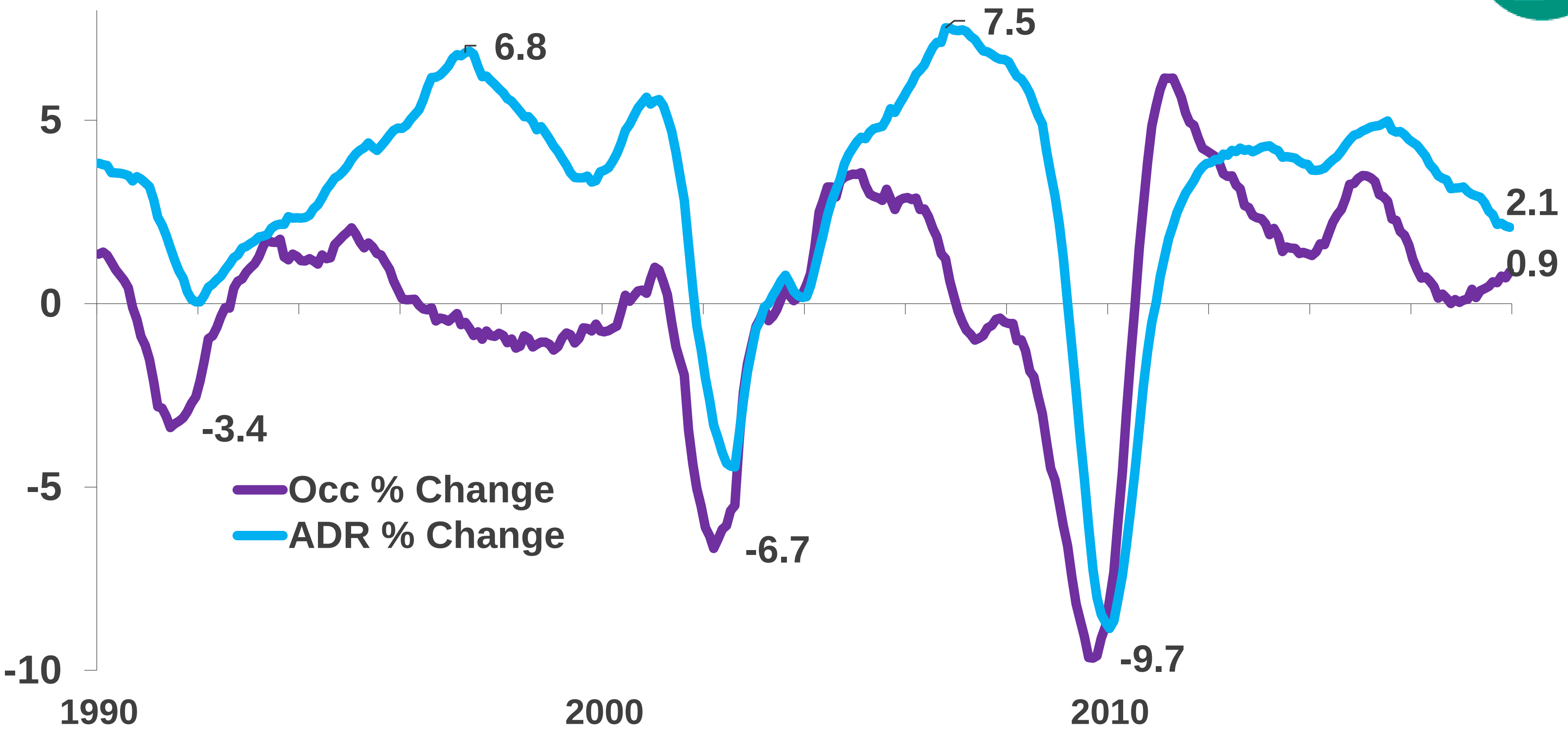


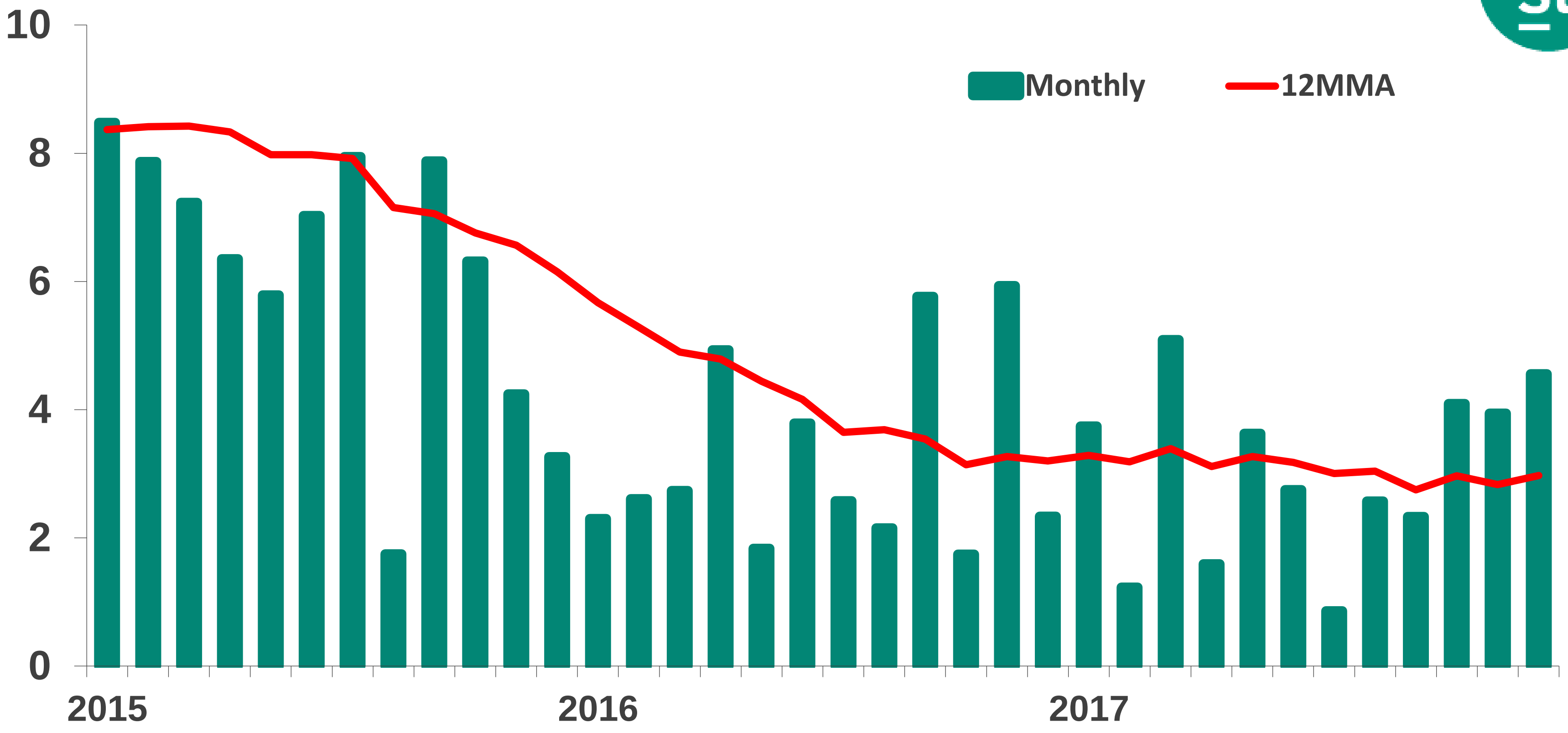
Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 12/2017

Did We Miss The "2016 Downturn"? Looks Like Smooth Sailing Ahead



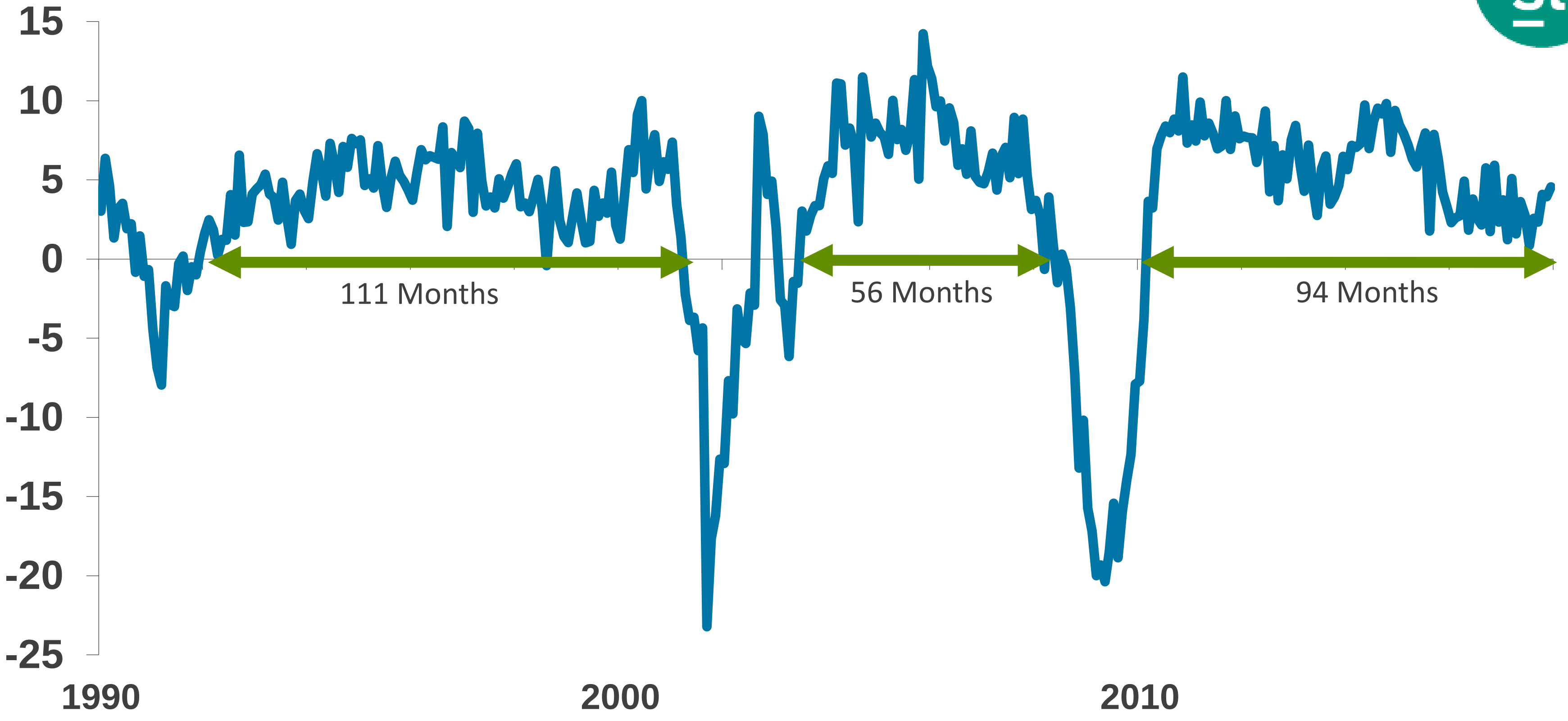
Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 12/2017

RevPAR Growth: Erratic Monthly Numbers, But Overall Trend Is Still Steady



*Total U.S., RevPAR % Change by month and 12 MMA, 1/2015 – 12/2017

RevPAR Growth: Almost 8 Consecutive Years



Total U.S., RevPAR % Change, 1/1990 – 12/2017

Class Review YTD

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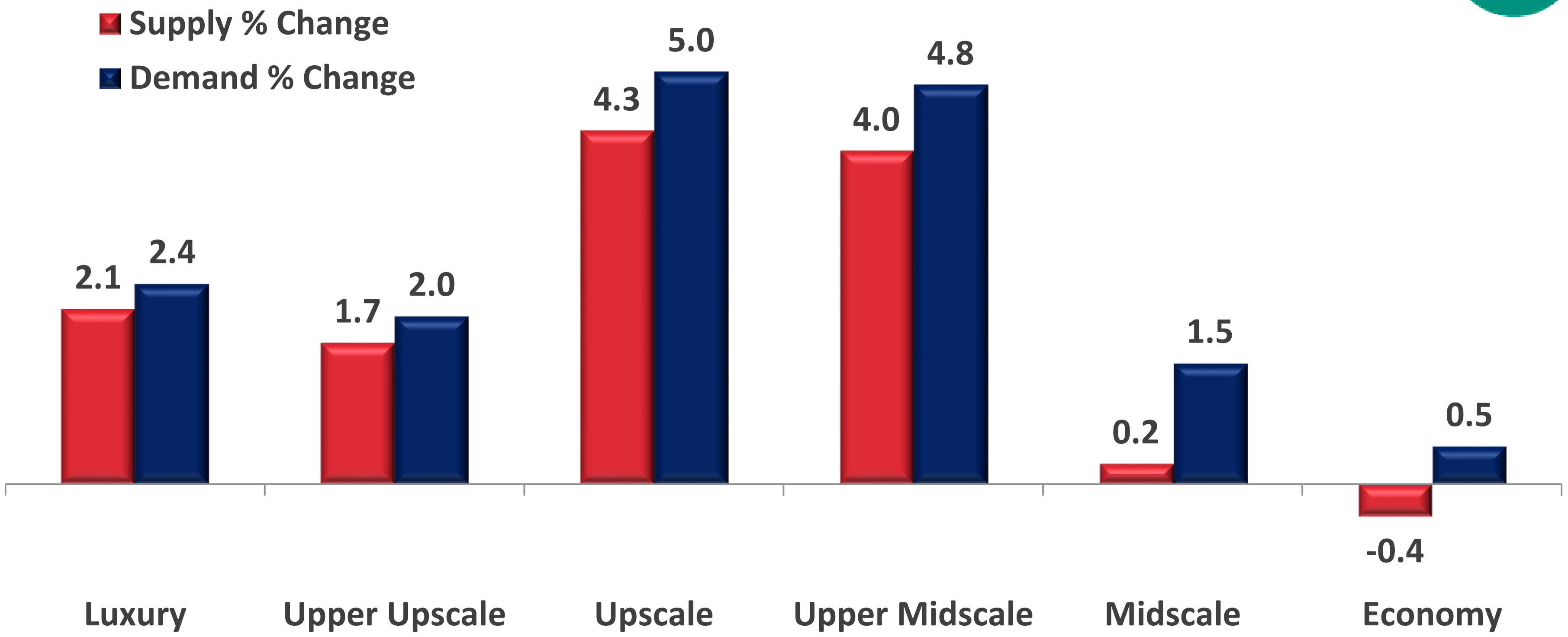
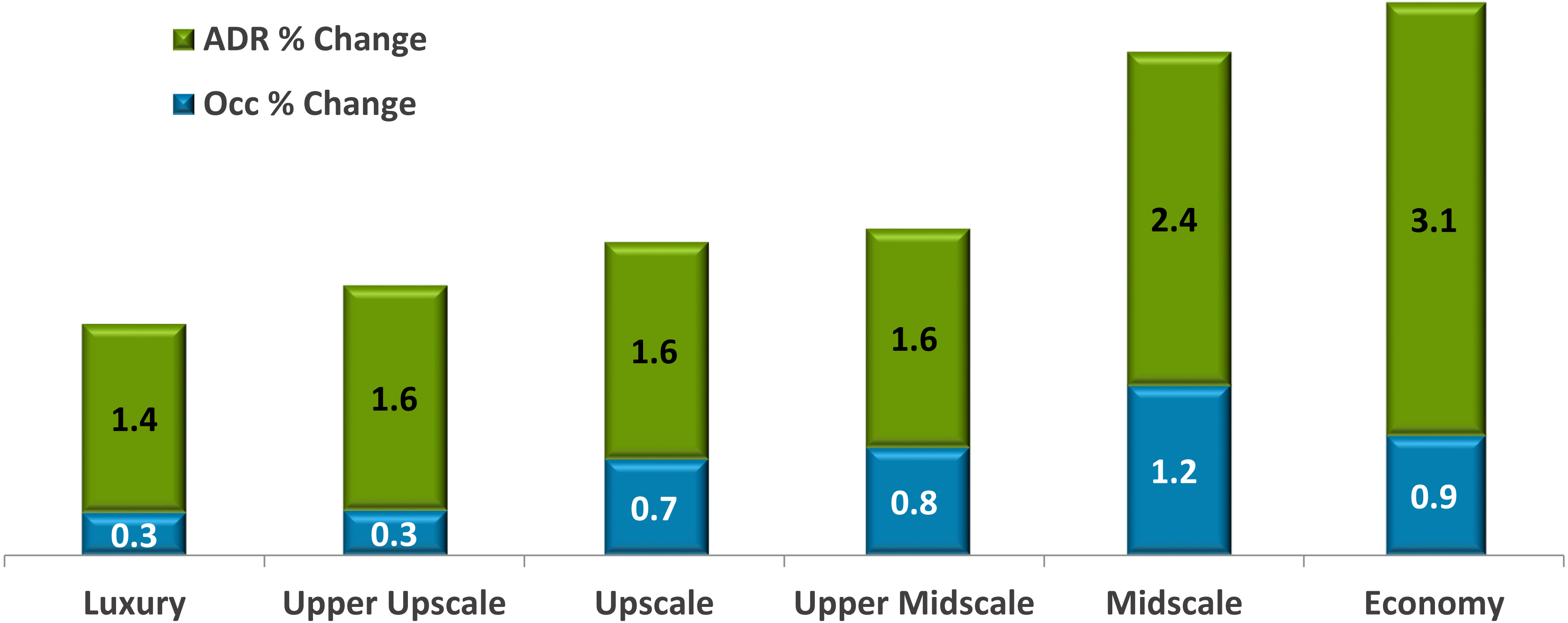
Class: GDP Growth Spurs Very Healthy Demand Growth Across All Classes



*Supply / Demand % Change, by Class, December 2017 YTD

ADR Growth Drives RevPAR Growth, But Occupancy Growth Still Contributes As Well



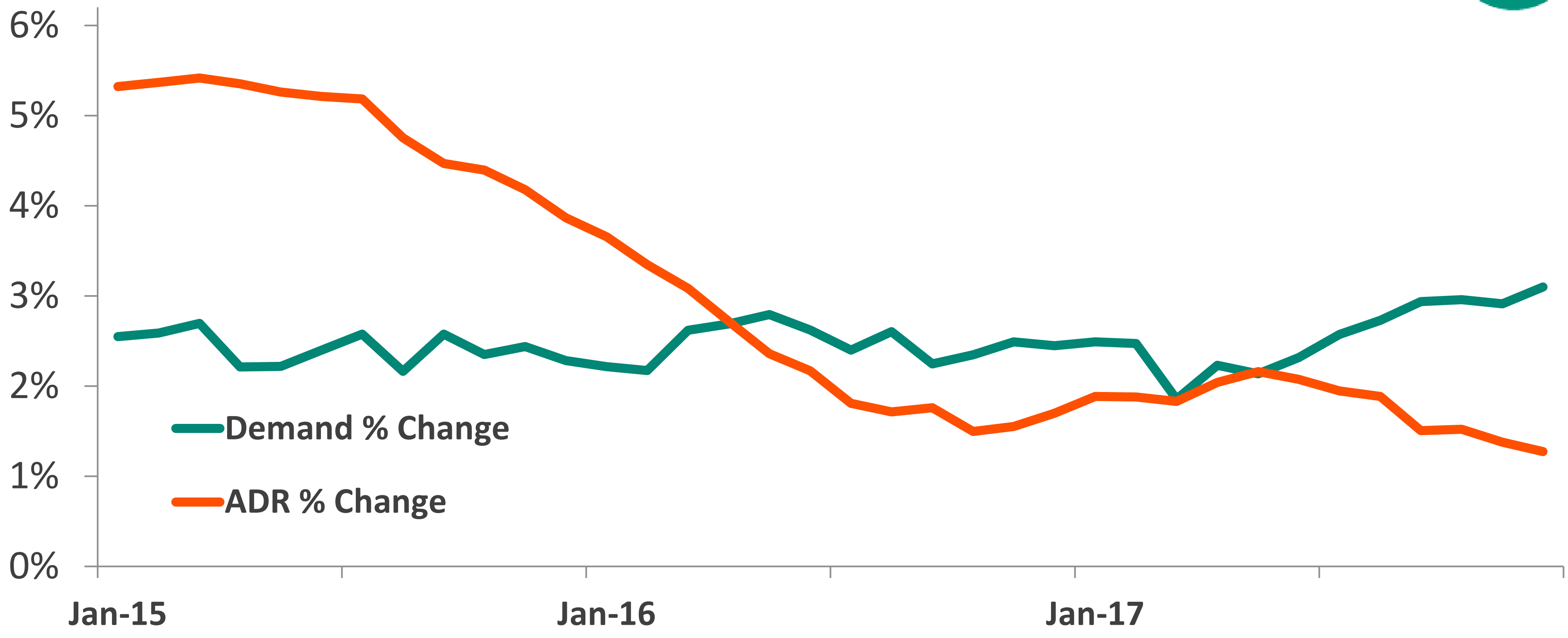
*RevPAR % Change by Contribution of OCC / ADR % Change, by Class, December 2017 YTD

Segmentation

Transient Segment – Rooms reserved at rack rate, corporate negotiated, package, government rate or rooms booked via third party websites.

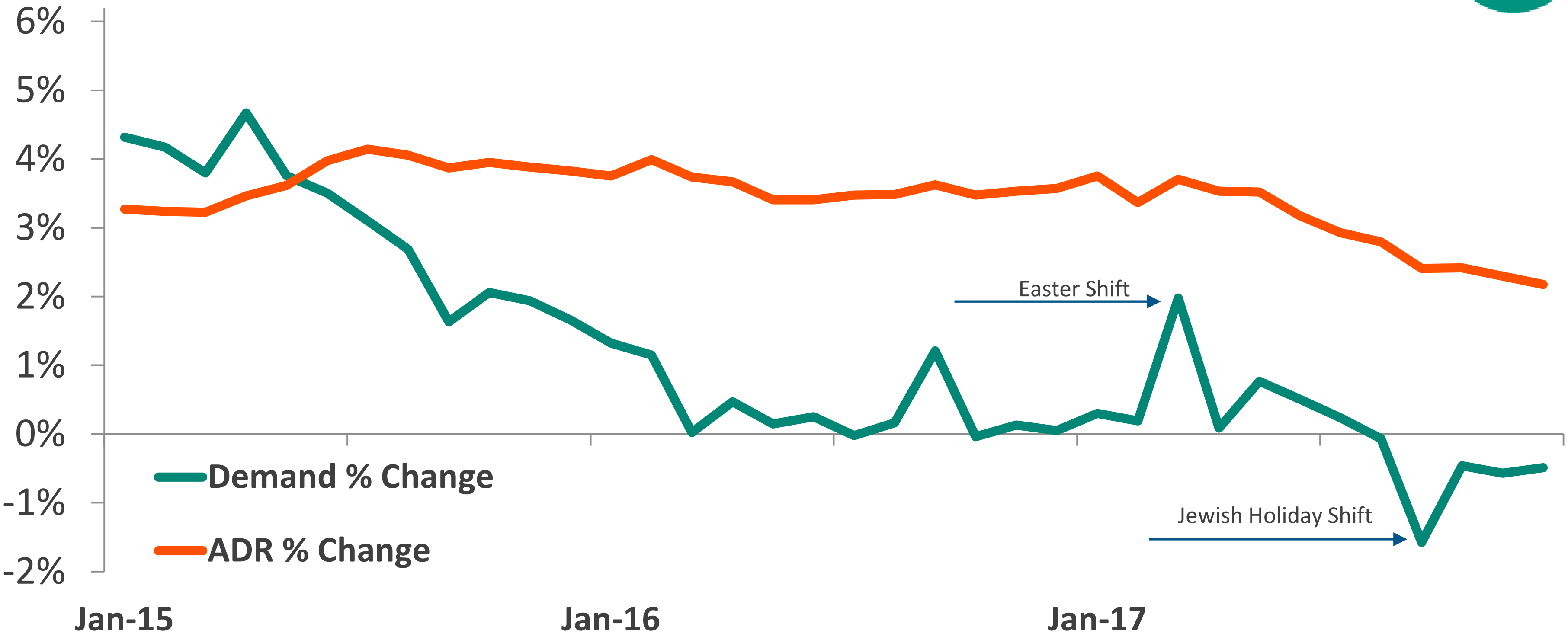
Group Segment – Rooms sold simultaneously in blocks of 10 or more.

Transient Performance: Healthy Demand Increases in Q4. ADR Growth Still Anemic



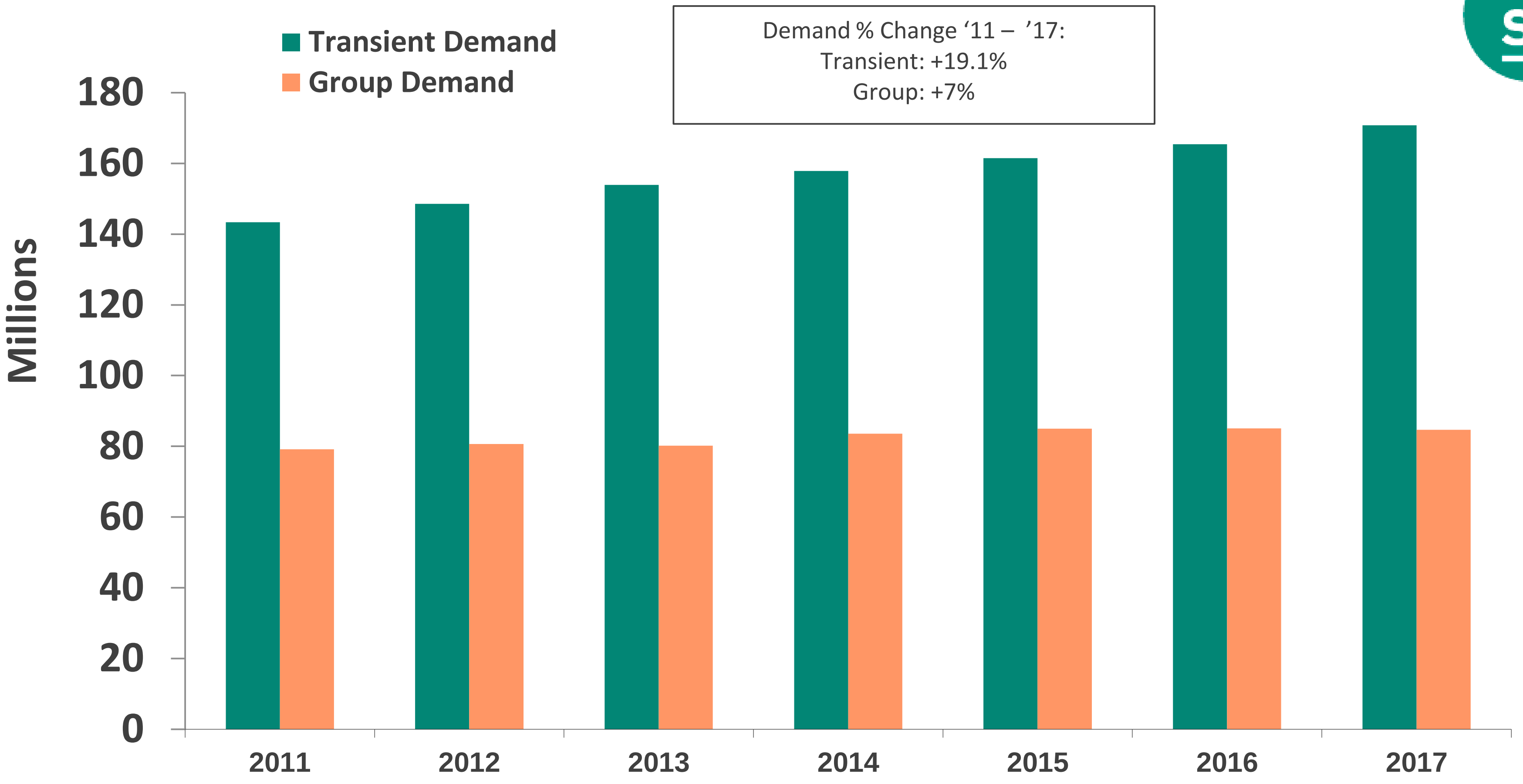
*Transient Demand and ADR % Change, 12 MMA, 1/2015 – 12/2017

Group Performance: Demand Continues to Decline. ADR Growth Slowing Month By Month



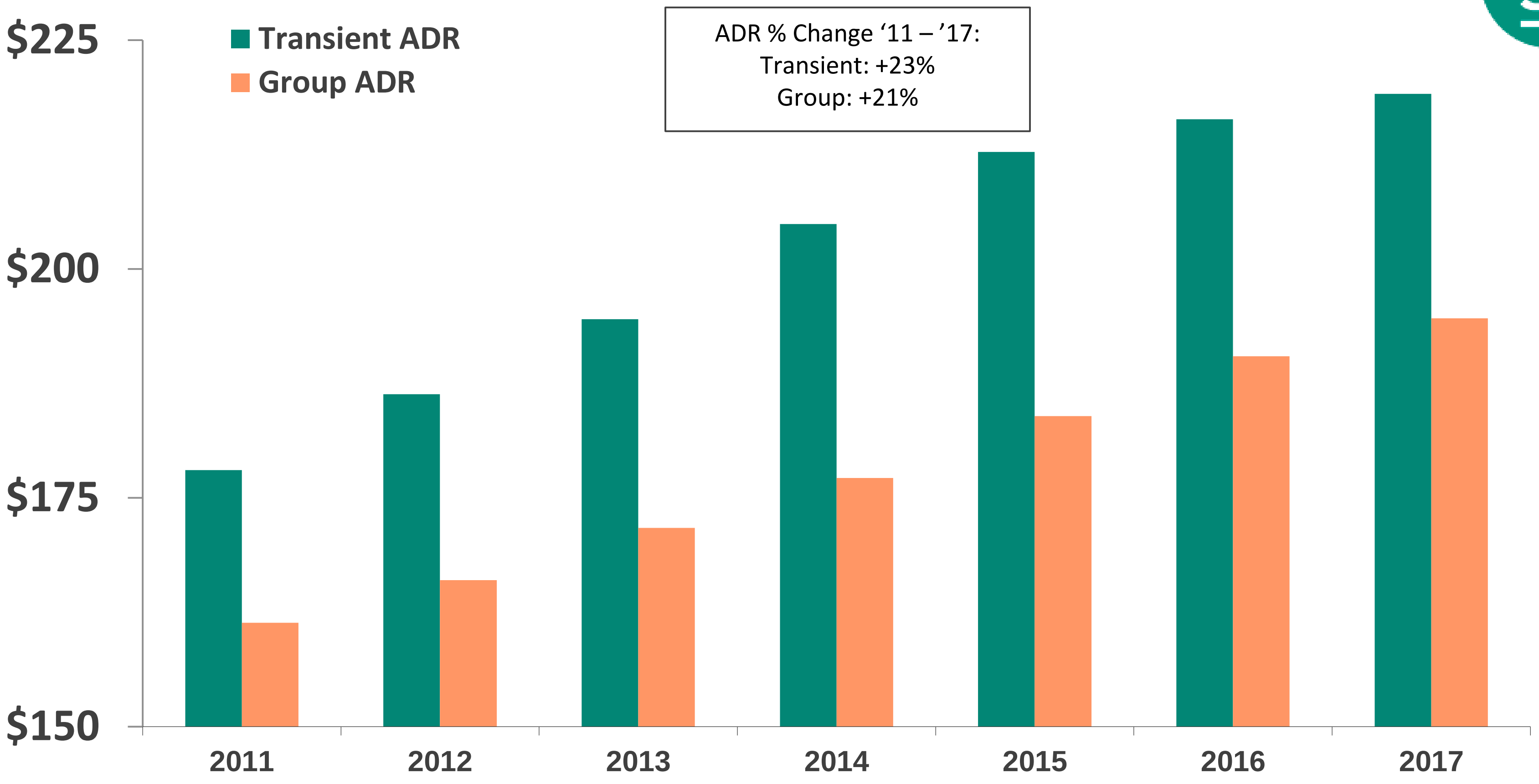
*Group Demand and ADR % Change, 12 MMA, 1/2015 – 12/2017

Demand Growth is Transient Driven



*Total Number of Rooms Sold, Group and Transient, by year 2011 – R12 2017

ADR: Lately Transient ADR Is Hardly Moving

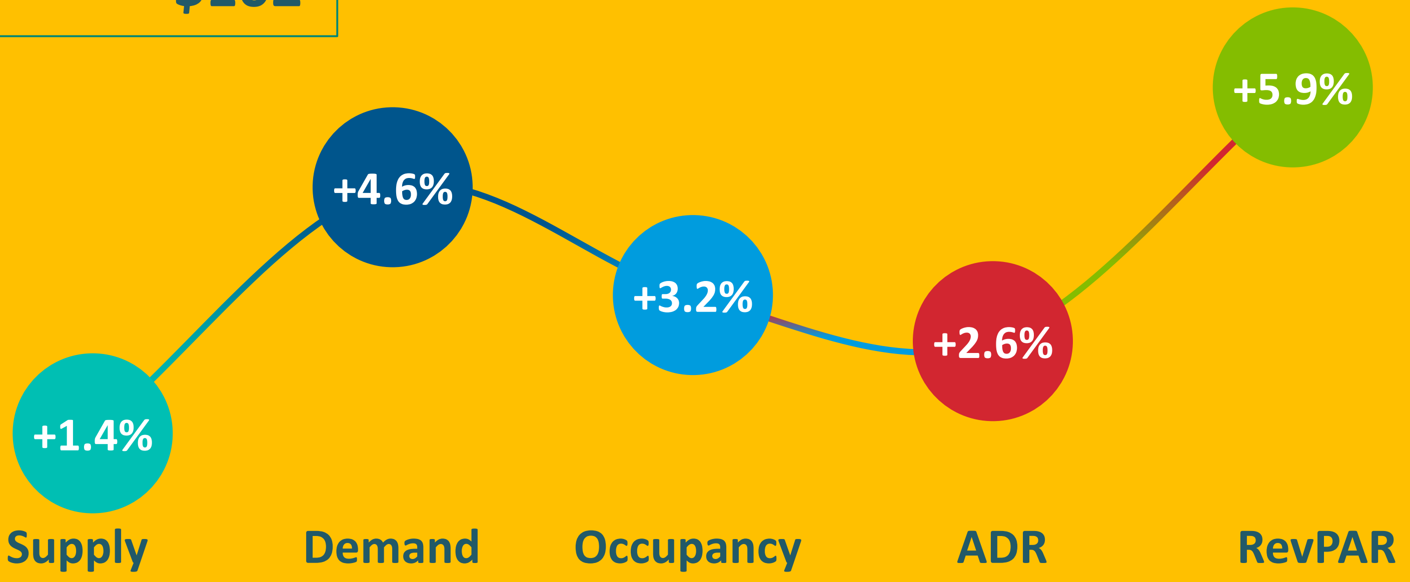


*Total Number of Rooms Sold, Group and Transient, by year 2011 – R12 2017


Welcome to Florida!

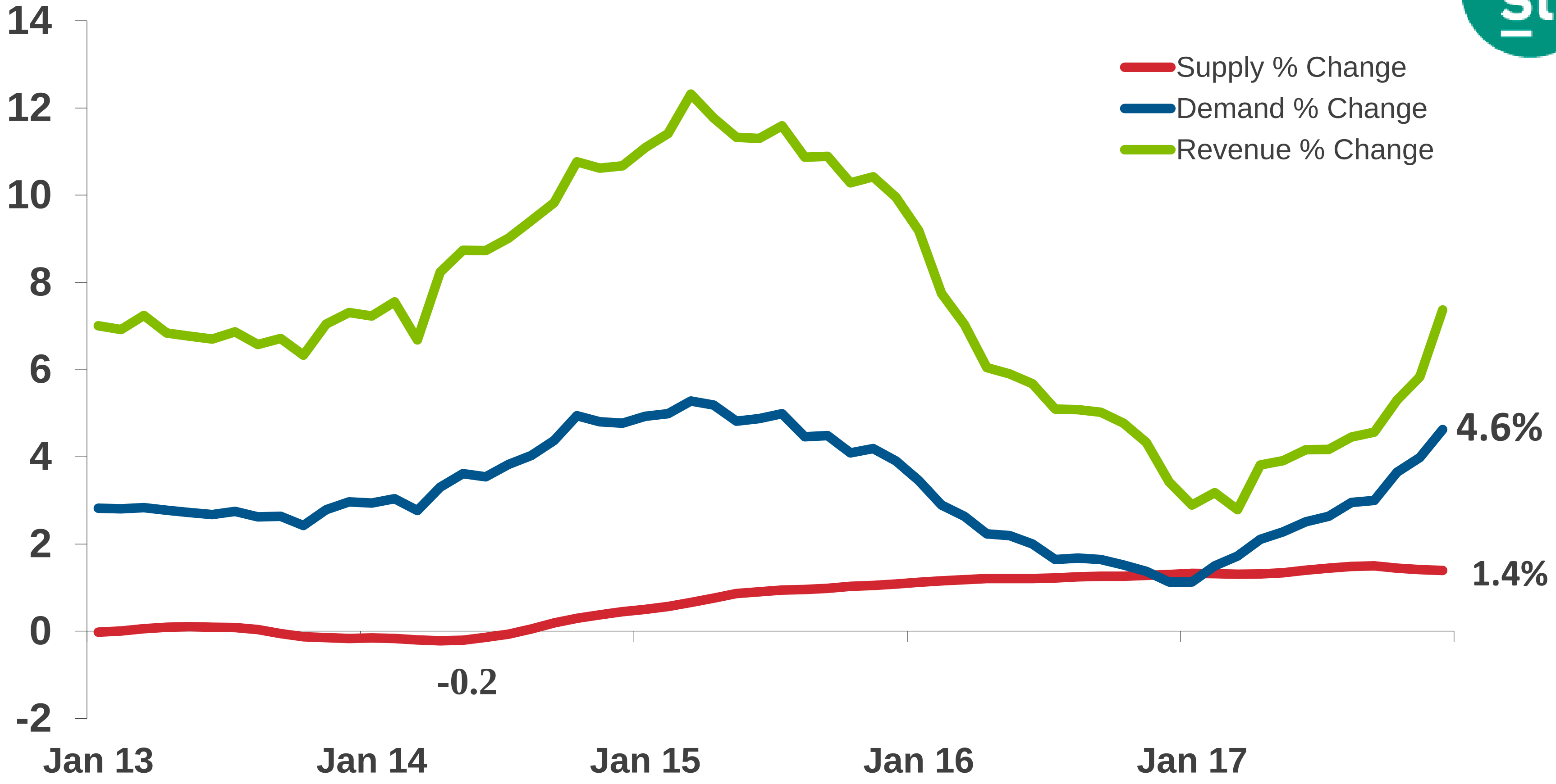
Florida Performance: Record Setting!!!

Occupancy: 73.9%
ADR: $138
RevPAR: $102



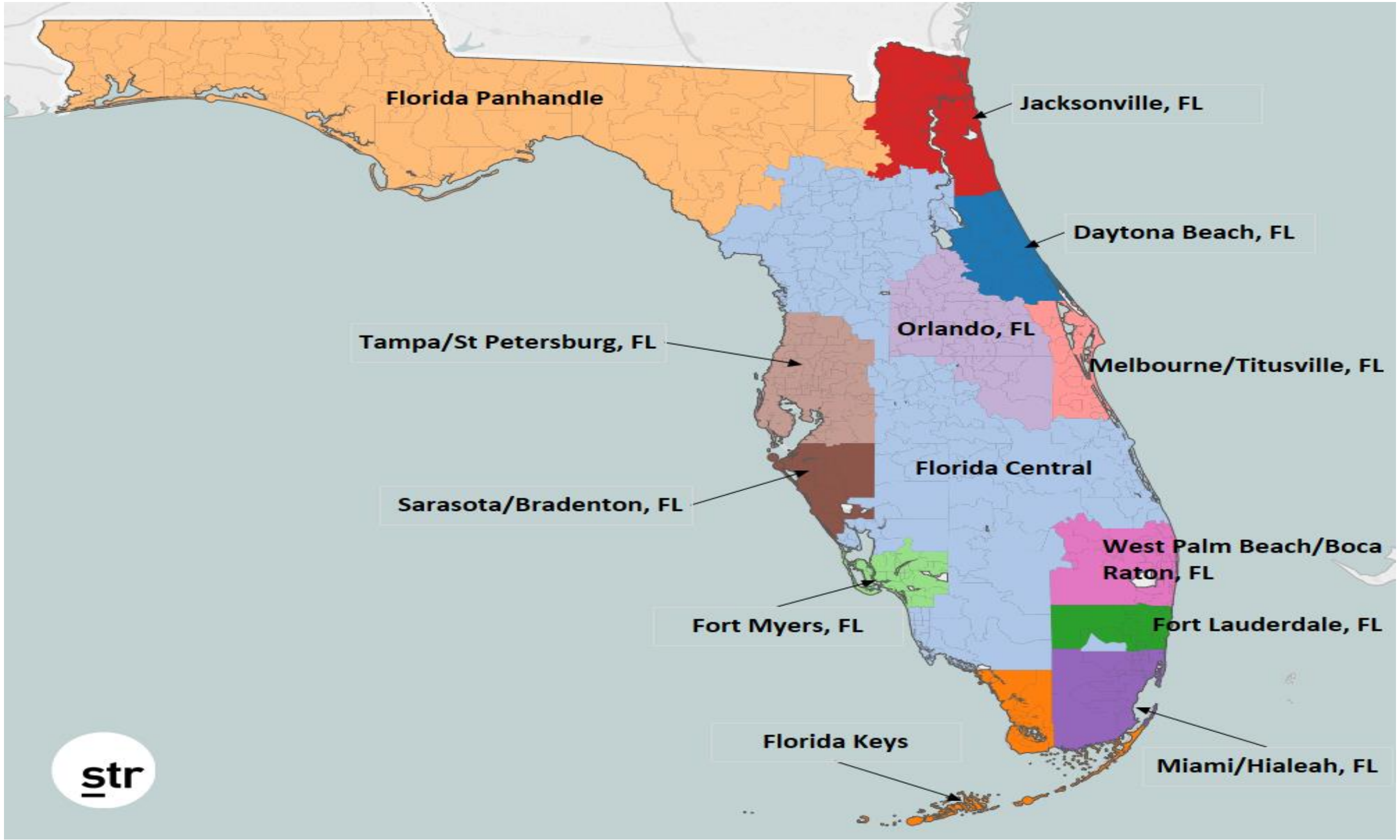
2017 YE, Total Florida Results

Demand Growth Holds Out Over Supply Growth



Florida. Revenue, Supply & Demand % Change, 12 MMA 1/2013 – 12/2017

13 STR Florida Markets (164 Total US Markets)

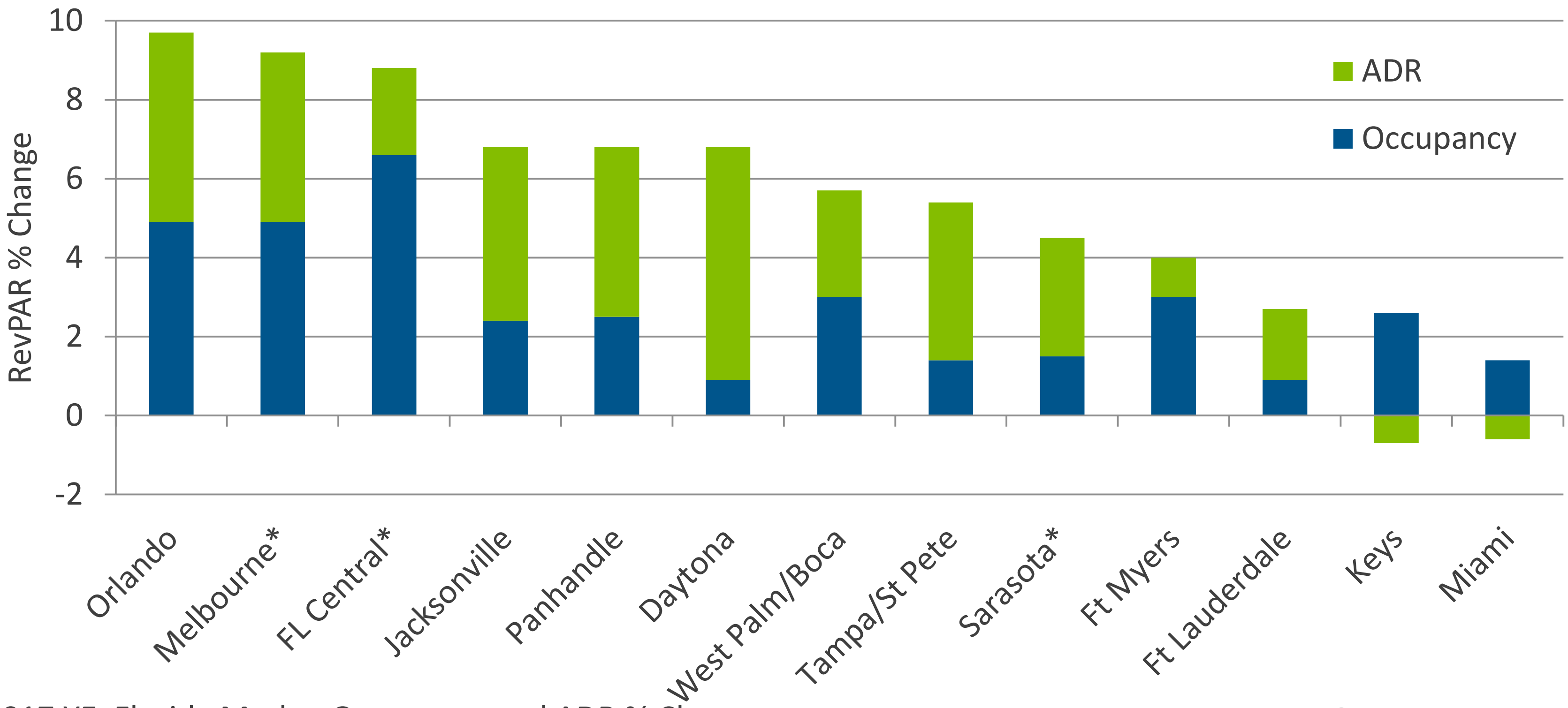


2017: A Good Year For Most (But Not All)

Market	OCC %	ADR % Change	Influenced By
Nashville, TN	74.1	6.2	Bachelorette Parties
Orlando, FL	79.3	4.8	
Detroit, MI	66.6	4.7	
Tampa/St Petersburg, FL	72.6	4.0	Hurricane Irma Hangover
Washington, DC-MD-VA	72.1	4.0	Inauguration / Women's March
Miami/Hialeah, FL	76.7	-0.6	New Supply
San Francisco/San Mateo, CA	82.8	-0.7	Superbowl L 2016 / Moscone Center Closed April – December
New York, NY	86.7	-1.4	New Supply
Philadelphia, PA-NJ	68.6	-1.7	DNC 2016
Minneapolis/St Paul, MN-WI	67.0	-2.1	Prepping for SuperBowl LII. Supply +3.5%

* December 2017 YTD ADR % Change and absolute OCC in Top 25: 5 Best / 5 Worst Performing ADR % Markets

Florida Markets RevPAR Change – Mainly ADR Driven



2017 YE, Florida Market Occupancy and ADR % Change

Lee County Performance

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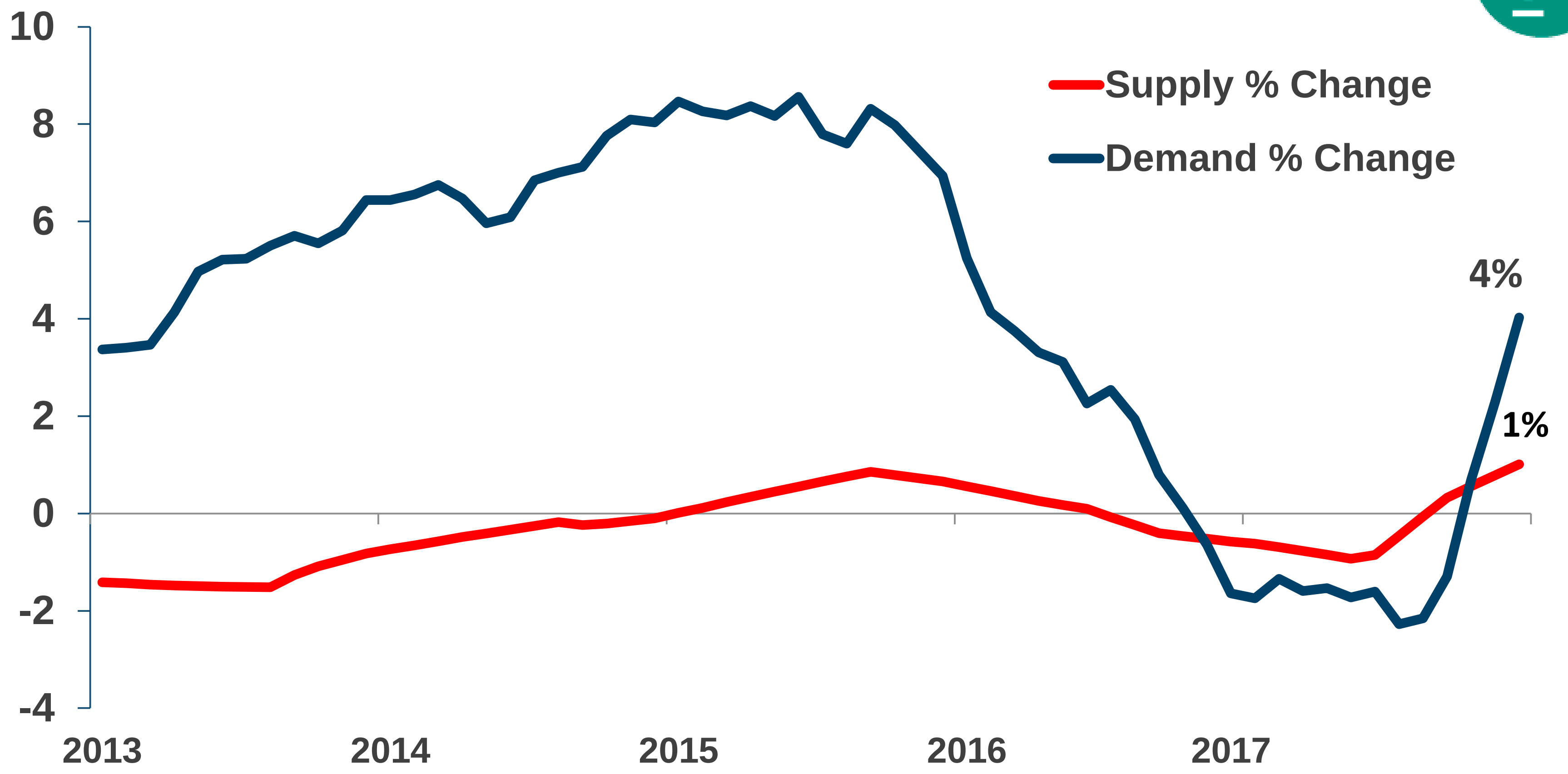
Lee County Hotel Performance 2017

		% Change
Room Supply		1.0%
Room Demand		4.0%
Occupancy	71.8%	3.0%
A.D.R.	$151	1.0%
RevPAR	$108	4.0%
Room Revenue		5.1%

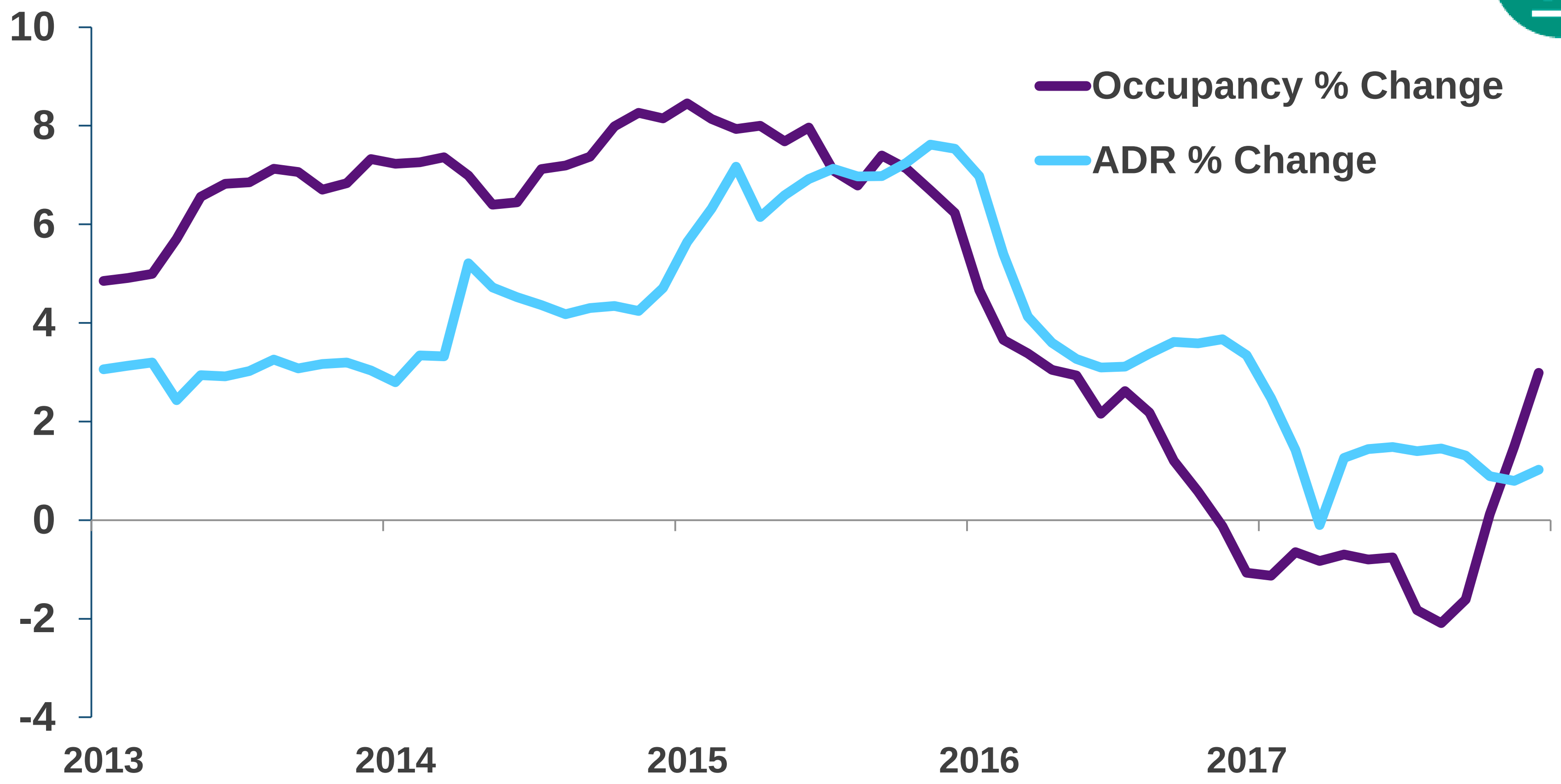
YE 2017, Lee County, FL

Demand Growth Rebounds, Supply Growth on the Rise



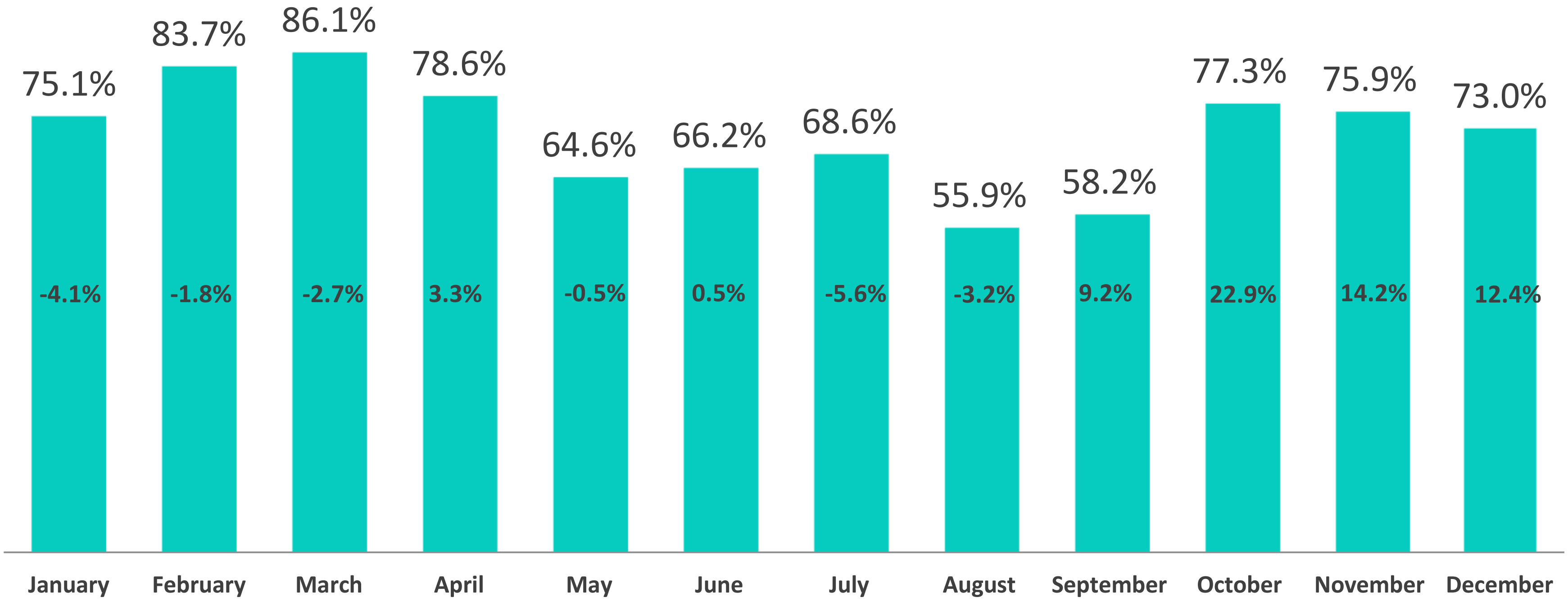
Lee County., Supply & Demand % Change, 12 MMA 1/2013 – 12/2017

ADR Growth Slowing but Steady



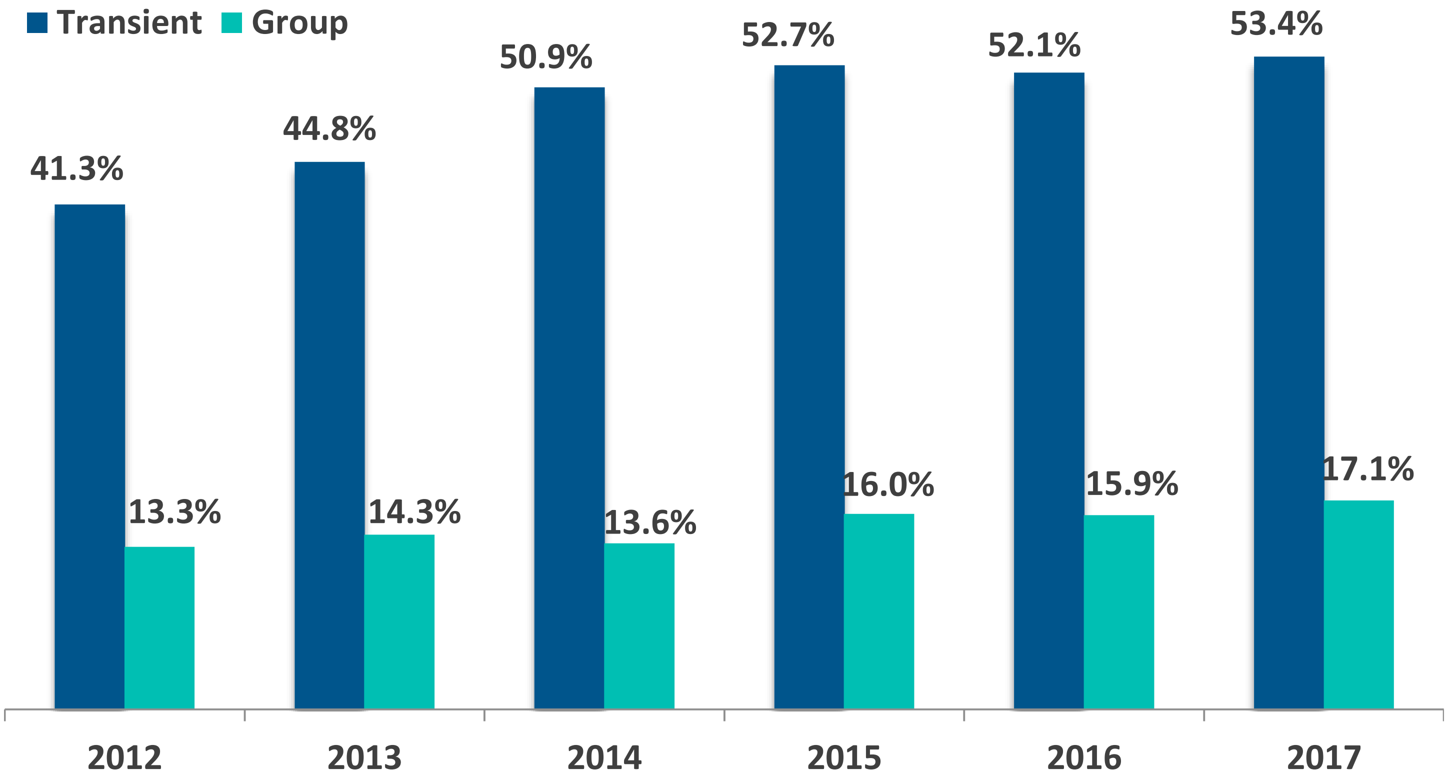
Lee County, Occ & ADR % Change, 12 MMA 1/2013 – 12/2017

Monthly Occupancy Rates with YOY Percent Change



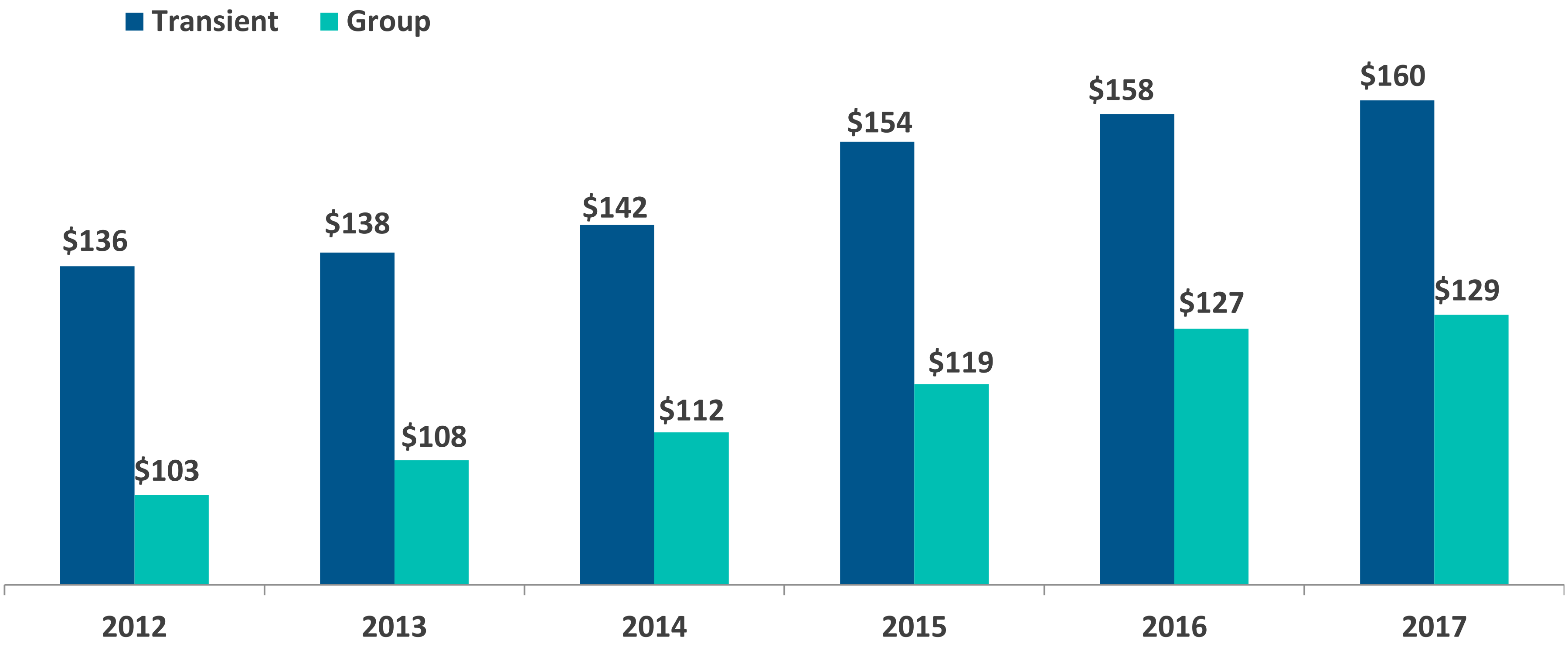
Lee County Occ Rates by Month 2017

Transient vs. Group Occupancy Trends



Lee County, FL – Customer Segmentation Occ (Luxury and Upper Upscale) Full Year 2012 – 2017

Transient vs. Group ADR Trends



Lee County, FL – Customer Segmentation ADR (Luxury and Upper Upscale)

Comparative Markets

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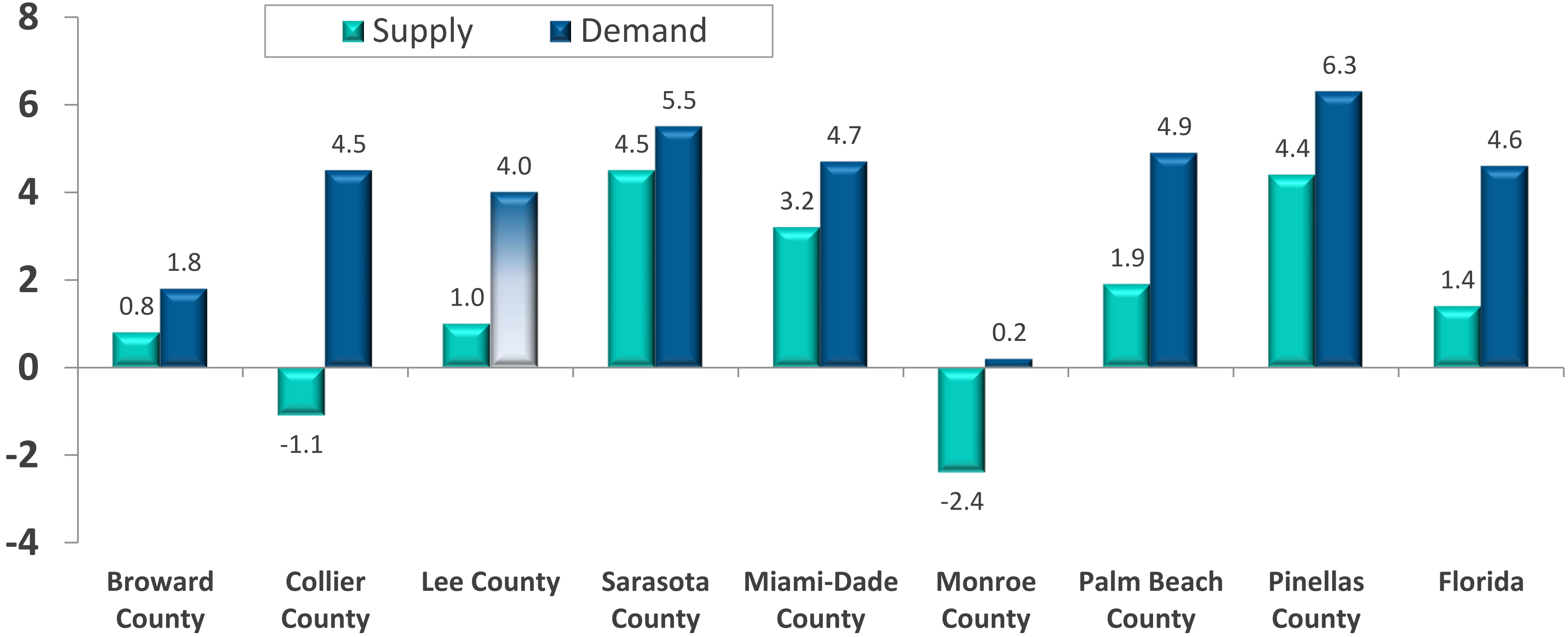
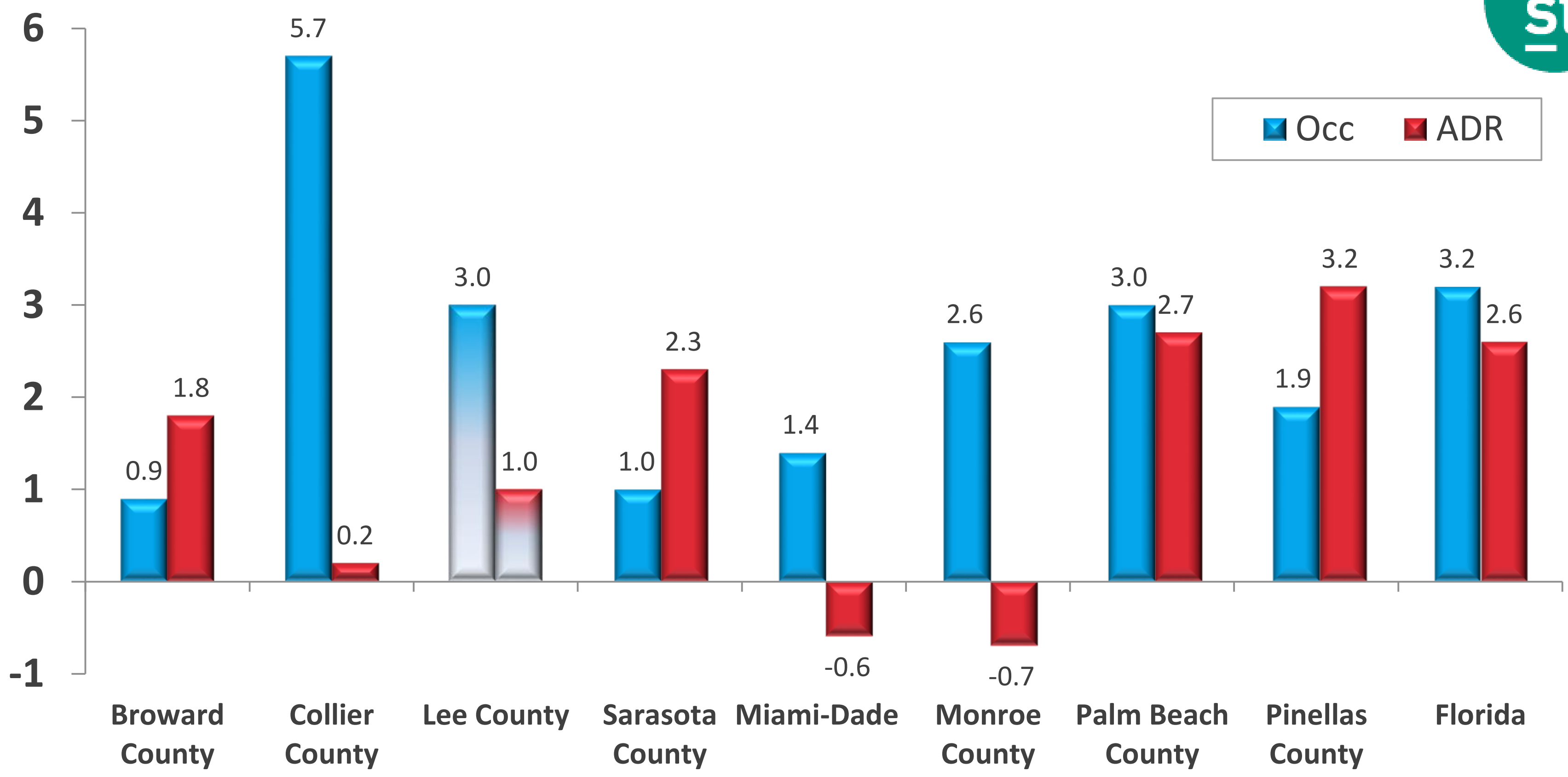
Demand Growth Outpacing Supply Growth Across All Counties

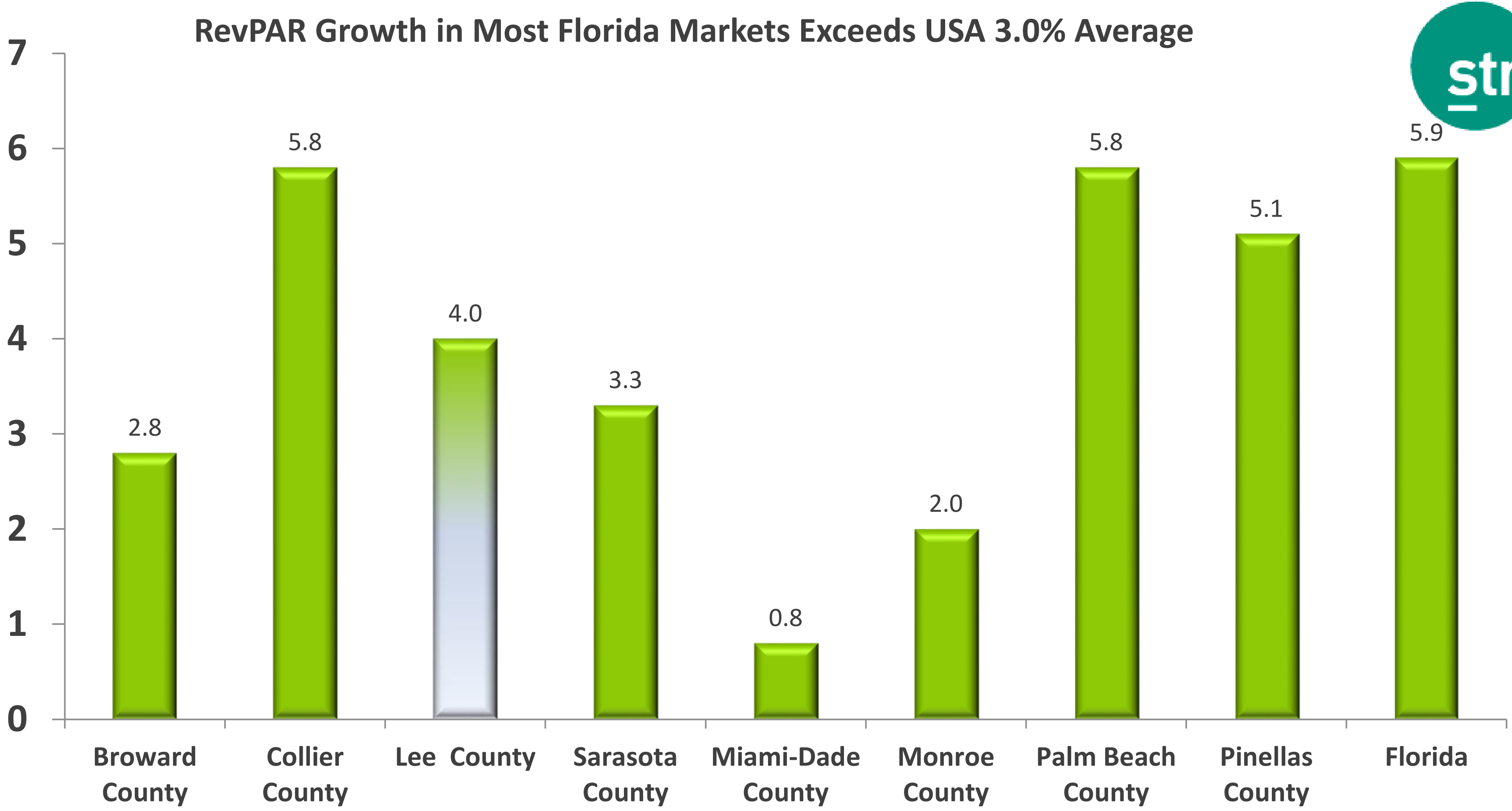


Supply / Demand Percent Change; YE 2017

Healthy Occupancy Growth

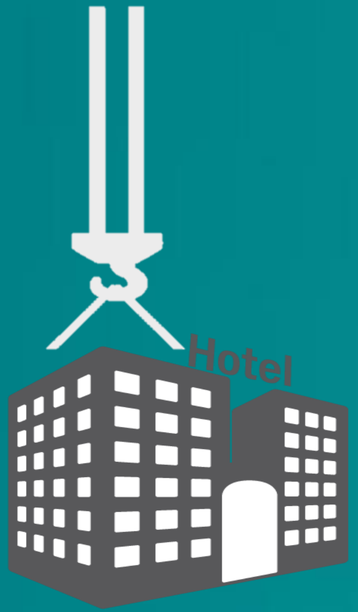


Occupancy / ADR Percent Change, YE 2017



RevPAR Percent Change, YE 2017

Pipeline



In Construction:

Vertical construction on the physical building has begun.

+

Final Planning:

Construction will begin within the next 12 months.

+

Planning:

Construction will begin in more than 13 months.

→ **Under Contract**

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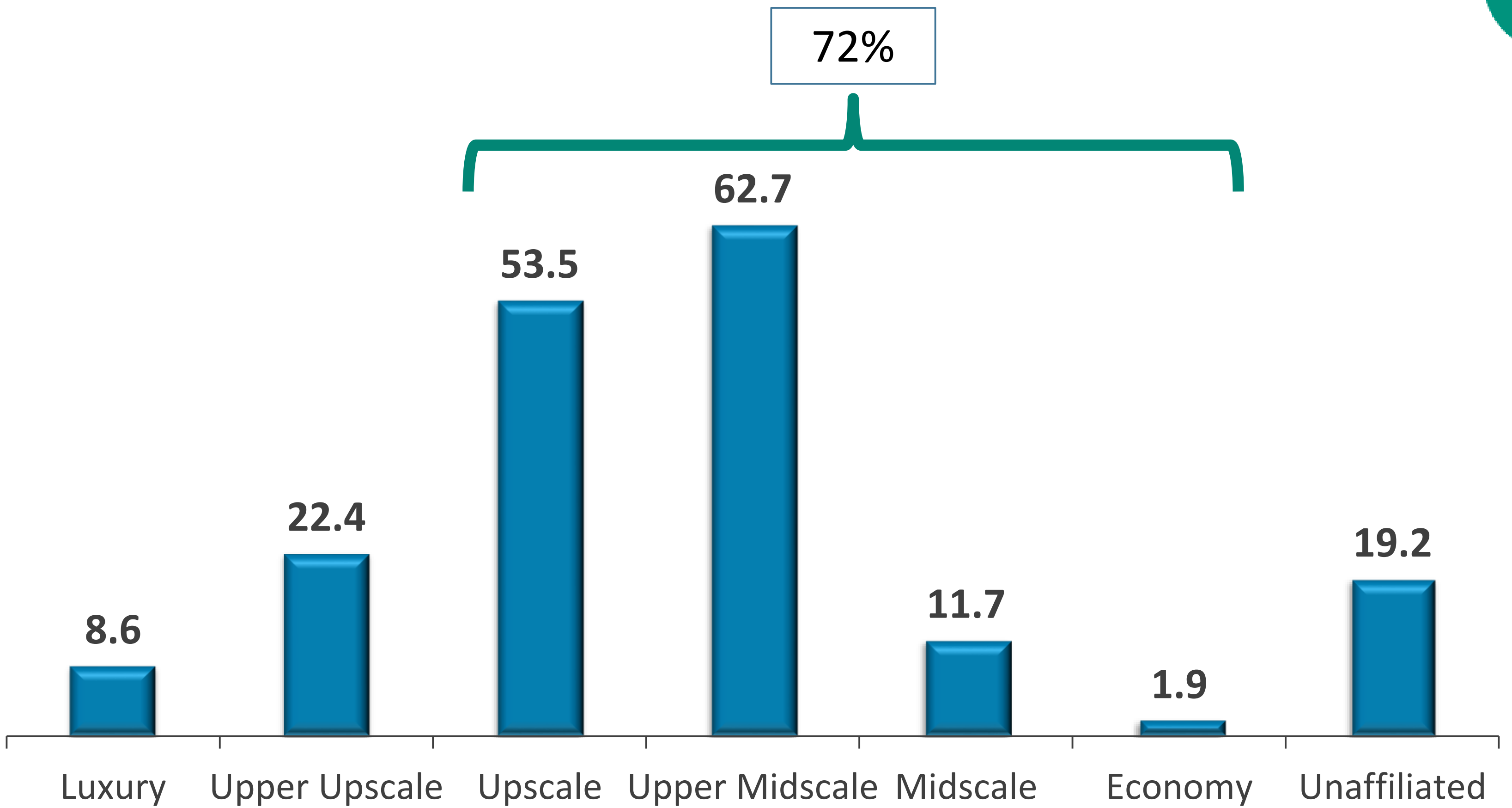
US Pipeline: First Decline in I/C since the Recovery (Now for 3 Months Running)

Phase	2017	2016	% Change
In Construction	180	187	-3.7%
Final Planning	205	198	3.5%
Planning	202	174	16%
Under Contract	**588**	**560**	**5%**

*Total US Pipeline, by Phase, '000s Rooms, December 2017 and 2016

Limited Service Construction Is The Name Of The Game



*US Pipeline, Rooms In Construction , ‘000s Rooms, by Scale, December 2017

Total Florida Pipeline

Phase	Projects	Rooms
In Construction	109	14,525
Final Planning	153	21,250
Planning	154	26,853
Total Under Contract Pipeline	416	62,628

Total Florida Pipeline, by Project Phase
January 2018

Lee County - Increases in Supply to Come

Phase	Projects	Rooms
In Construction	0	0
Final Planning	4	600
Planning	4	380
Total Under Contract Pipeline	8	980

Lee County Pipeline, by Project Phase
January 2018

Incoming Properties – Final Planning

Autograph Collection Fort Myers Downtown 248 Rooms Open Date: Dec 2019	Holiday Inn Fort Myers 148 Rooms Open Date: March 2019
Fairfield Inn & Suites Bonita Springs 114 Rooms Open Date: Sept 2019	Staybridge Suites Fort Myers 90 Rooms Open Date: May 2019

Forecast

Notable Calendar Shifts Impacting Lodging Performance Data in 2018:

Easter:	Shift from April to March (also affects Q1/Q2)
Election Day 11/6:	Likely low room demand the night before
Halloween:	Shift from TUE to WED, likely impacting full week

Notable Market Level Events / Comps:

Super Bowl:	From Houston To Minneapolis
San Francisco:	Moscone Center Reopened, easy comps Q2/Q3
Washington, D.C.:	Inauguration & Women's March (January 2017)
Houston:	Hurricane Harvey – October and all of Q4 2017
Florida:	Hurricane Irma – October and all of Q4 2017
California:	Wildfires in Q4 2017

Key Factors Going into 2018

- As the economy goes, so goes the hotel industry
- Eyes on interest-rate lifts, weakening dollar
- Moderating new construction levels
- Demand growth should compensate for tough 3rd & 4th quarter comps
- Rate growth will continue, but it won’t be impressive
- Can’t forecast a black-swan event

Total United States
Key Performance Indicator Outlook (% Change vs. Prior Year)
2017A – 2019F

Outlook			
	2017 Actual	2018 Forecast	2019 Forecast
Supply	1.8%	2.0%	1.9%
Demand	2.7%	2.3%	2.0%
Occupancy	0.9%	0.3%	0.1%
ADR	2.1%	2.4%	2.3%
RevPAR	3.0%	2.7%	2.4%

Source: STR

ADR Growth Balances out Negative Occ Growth

STR Lee County Forecast		
	2018 Forecast	% Change
Occupancy	69.9%	-2.5%
ADR	$155	2.6%
RevPAR	$108	0.0%

Questions?

Presentation is available for download.

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