



2019

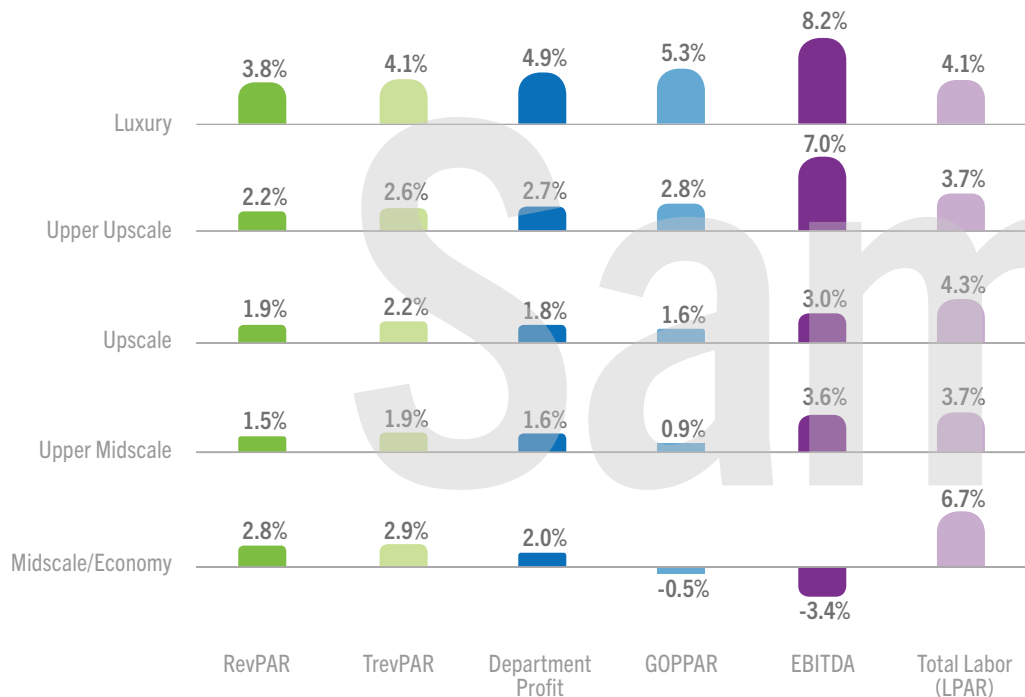
HOST Almanac

For the year 2018

Sample



2018 U.S. Hotel Profit Growth



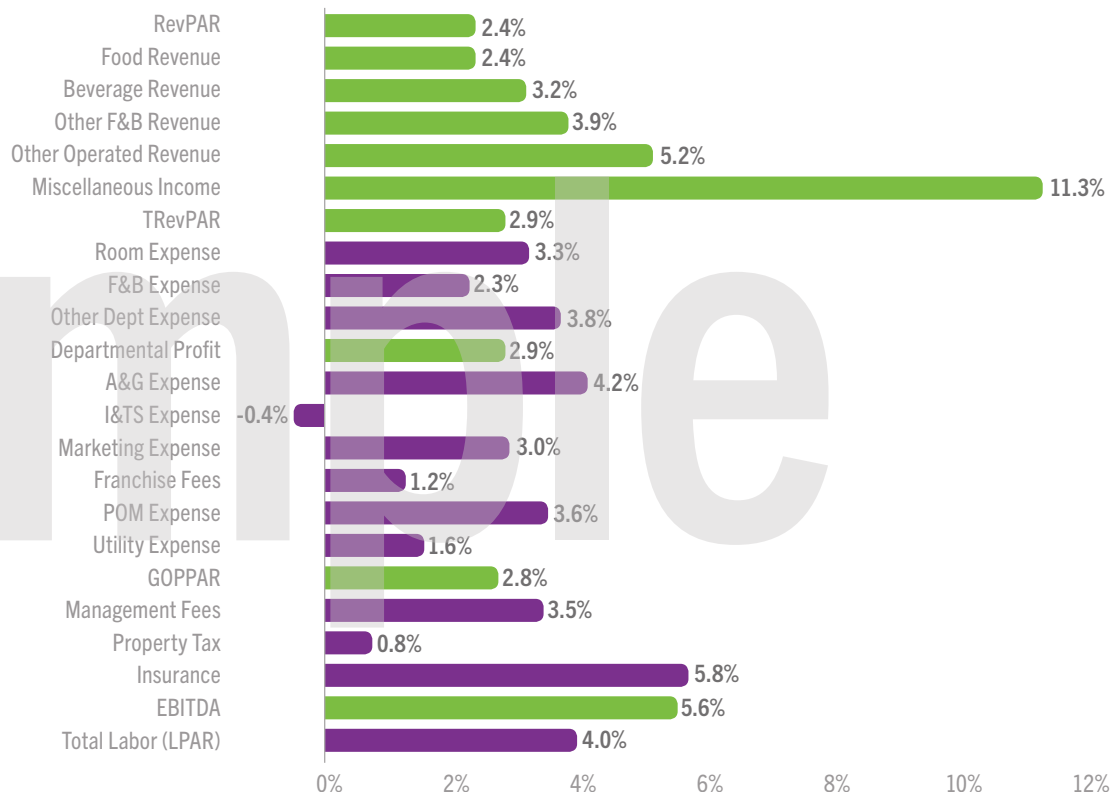
Source: 2019 HOST Almanac, STR

Same-Store Analysis

STR analyzed same-store growth rates for over 4,700 U.S. hotels that participated in the HOST program in 2018 and 2017. In this analysis, **gross operating profits per-available-room (GOPPAR) increased 2.8% on 2.9% growth in total revenue per-available-room (TrevPAR)**. Full-service hotels grew GOPPAR 3.2%, and limited-service hotels realized growth of 1.1% from 2017 levels. Luxury hotels continued to show the greatest profit increases (+5.3%) by a wide margin, while the Midscale/Economy segment saw a profit decline of 0.5%. After reporting profit declines in 2017, both the Upscale and Upper Midscale Class segments saw slight increases—1.6% and 0.9%, respectively. Labor costs continued to grow across all class segments with the highest growth in the Midscale/Economy segment (+6.7%).

Fee-based income continues to grow in popularity amongst hoteliers as Miscellaneous Income produced the largest revenue increase for the fifth year in a row. The 11.3% growth in Miscellaneous Income is the largest we have seen and includes income from resort and cancellation fees. The largest expense increase was insurance (+5.8%), which suggests insurance agencies are reevaluating premiums and passing higher costs onto hotels. Property taxes had grown at a healthy rate over the last few years, but in 2018, that growth slowed to 0.8%. Both the F&B and Other Operated departments saw revenue growth outpace expense growth, leading to departmental profit growth on a per-available-room basis of 4.3% and 9.8%, respectively. **Total labor costs grew 4.0% in 2018**, which continues the trend of labor costs growing at a higher rate than revenues. That rise in labor costs shows within undistributed operating expenses as Administrative & General (A&G), Marketing and Property Operation & Maintenance (POM) departments all reported increases over 3.0%.

2018 U.S. HOST P&L Departmental Growth



Source: 2018 Modeled P&L data, STR



Mapping Profitability

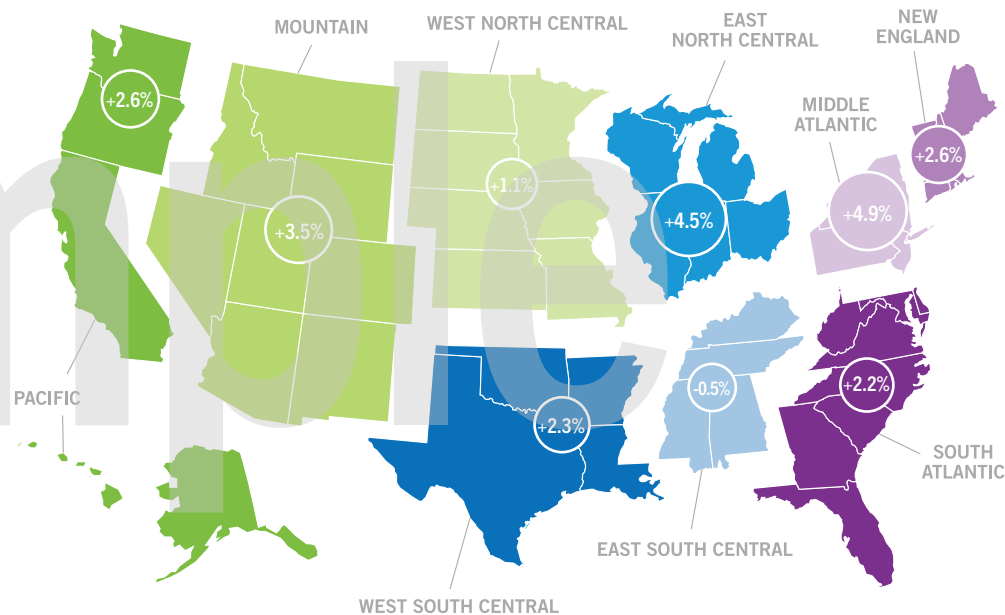
by Audrey Kallman, Associate Operations Analyst

Despite revenues and house profit reaching all-time highs in 2018, profit margins continued to steadily decline across the 165 U.S. hotel markets. Overall, 41% of markets experienced house profit declines in 2018, compared to only 13% of markets just five years ago in 2014.

To produce these results, we aggregated all 2017 and 2018 P&L statements from hotels that reported in both years, specifically looking at the percent change in house profit (gross operating profit) for each market.

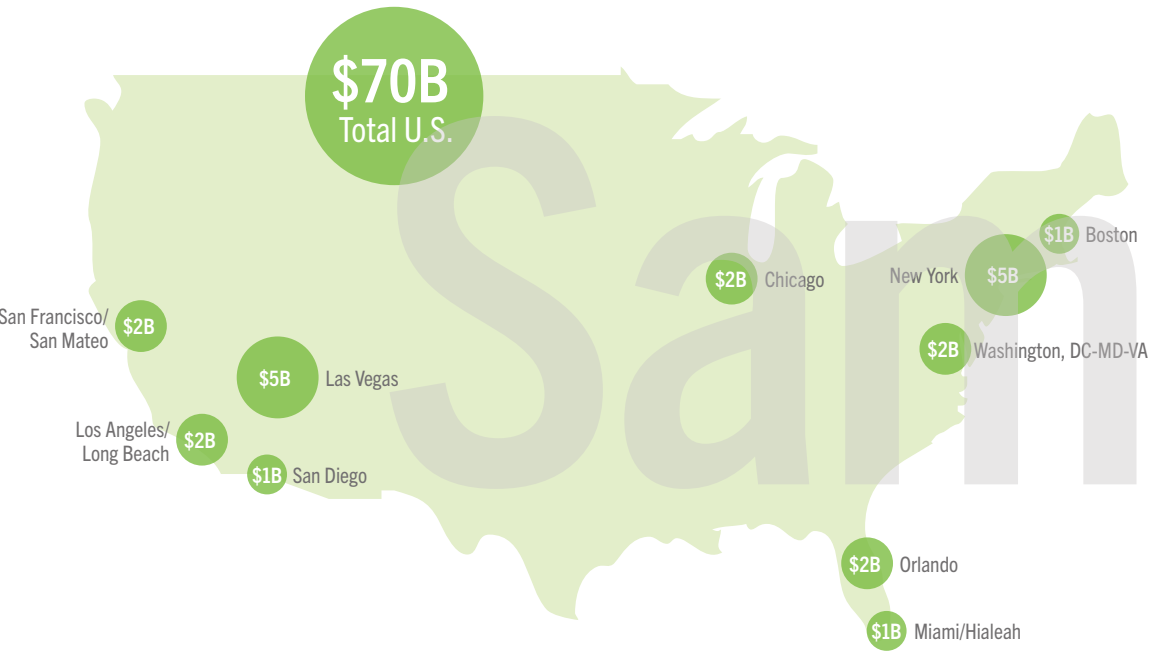
Of the STR defined regions, eight out of nine showed GOP growth, with the East South Central region reporting the only GOP decline at -0.5%. The Middle Atlantic Region registered the highest overall GOP growth at +4.9%, followed by the East North Central region with a growth of +4.5%. The West South Central region, which contains many oil and gas markets, saw many of its markets post some of the highest house profit growths overall. While the Mountain and Pacific regions saw only modest GOP growth, the majority of the markets in those regions saw GOP increases, which is a continued pattern from previous years.

STR Region Map

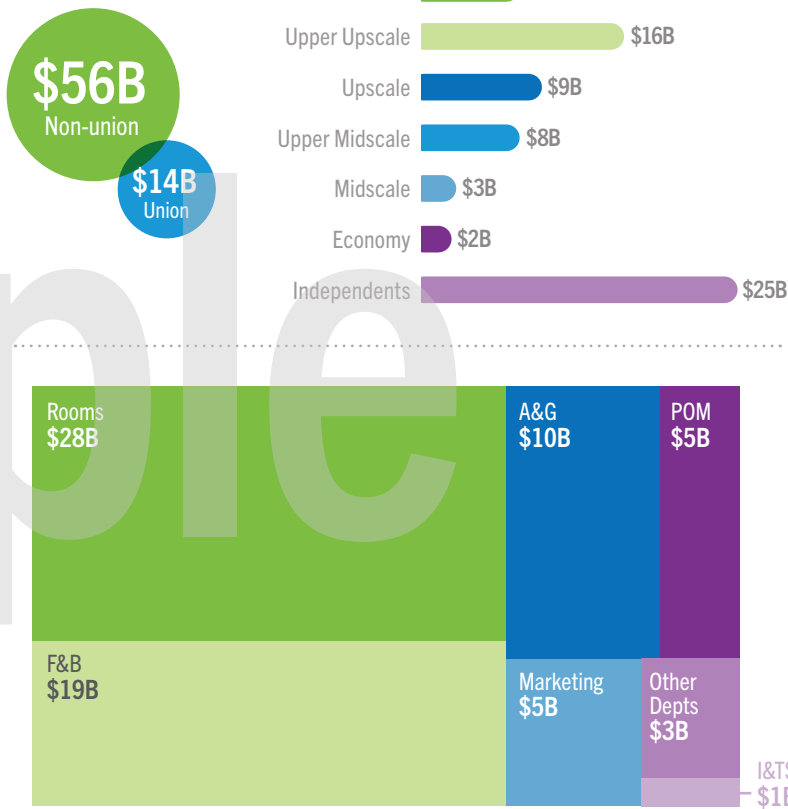


Same-store GOP % change, by region

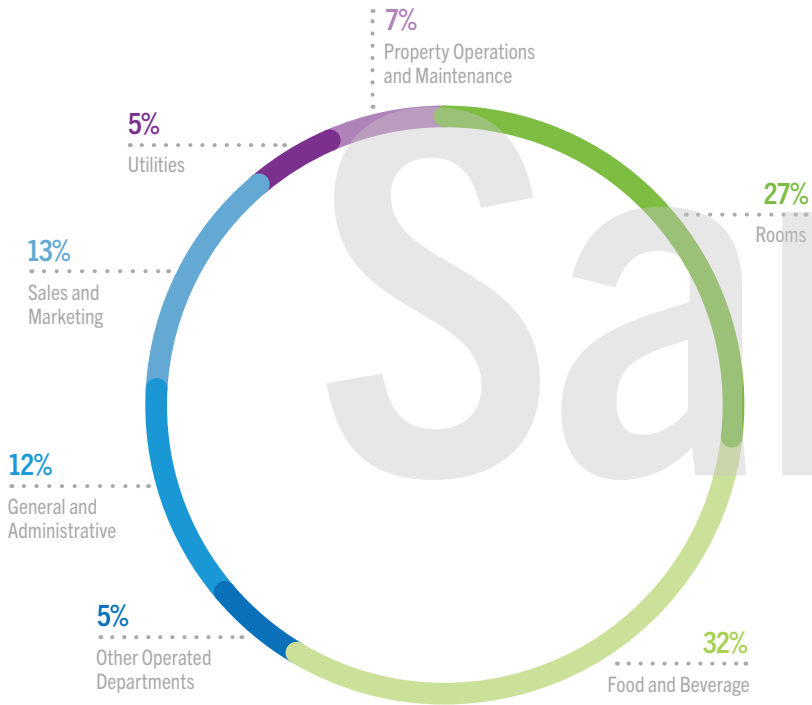
U.S. Lodging Industry Labor Costs at a Glance



Source: 2018 Modeled P&L data, STR



Full-Service Department Expense Distribution Per-Occupied-Room Night



Limited-Service Department Expense Distribution Per-Occupied-Room Night

