



United Kingdom
Blue Fin Building
110 Southwalk Street
London SE1 0TA
Phone: +44 (0)20 7922 1930

United States
735 East Main Street
Hendersonville, TN 37075
Phone: +1 (615) 824 8664
Fax: +1 (615) 824 3848
www.str.com

US Hotel Forecast Review - Sample



Created Month Year

	Tab
Table of Contents	1
Outlook: Level of Metrics	2
Outlook: Growth of Metrics	3
RevPAR Growth Rank: Current Year	4
RevPAR Growth Rank: Next Year	5
Economic Outlook	6 to 7
Glossary	8
Methods	9

DISCLAIMER; REPUBLICATION

While STR takes reasonable steps to provide accurate data, the information contained in the Market Forecast is simply a forecast; it is not a guarantee of future results and is subject to change by STR. The information in the forecast does not constitute legal, tax, consulting or other similar advice or services. STR Market Forecast is a publication of STR and is intended solely for use by paid subscribers. Reproduction or distribution of the Market Forecast, in whole or part, without express permission of STR is prohibited and subject to legal



Outlook: Level of Metrics - Sample

STR - US Hotel Forecast Review
Month Year

	Occupancy (%)			ADR (USD)			RevPAR (USD)		
	2019	2020F	2021F	2019	2020F	2021F	2019	2020F	2021F
Total United States	66.1%	65.9%	65.8%	131.21	131.63	132.47	86.76	86.73	87.18
Chain Scales									
Luxury	73.9%	73.7%	73.3%	343.44	112.69	141.70	253.67	102.15	101.43
Upper Upscale	73.9%	73.6%	73.3%	189.74	112.69	141.70	140.21	102.15	101.43
Upscale	72.6%	71.9%	73.3%	142.58	112.69	141.70	103.46	102.15	101.43
Upper Midscale	67.6%	67.4%	73.3%	113.03	112.69	141.70	76.35	102.15	101.43
Midscale	58.2%	58.1%	73.3%	86.56	112.69	141.70	50.37	102.15	101.43
Economy	58.8%	58.6%	73.3%	63.68	112.69	141.70	37.45	102.15	101.43
Independents	63.6%	63.3%	73.3%	132.24	112.69	141.70	84.12	102.15	101.43
Top 25 Markets									
Market 1	78.1%	66.3%	74.3%	165.89	121.93	100.78	129.51	111.72	113.35
Market 2	69.5%	66.3%	74.3%	114.54	121.93	100.78	79.56	111.72	113.35
Market 3	73.9%	66.3%	74.3%	199.35	121.93	100.78	147.41	111.72	113.35
Market 4	69.6%	66.3%	74.3%	145.93	121.93	100.78	101.63	111.72	113.35
Market 5	67.6%	66.3%	74.3%	109.14	121.93	100.78	73.79	111.72	113.35
Market 6	73.9%	66.3%	74.3%	135.67	121.93	100.78	100.27	111.72	113.35
Market 7	65.6%	66.3%	65.0%	105.26	121.93	100.78	69.02	111.72	113.35
Market 8	63.0%	66.3%	62.7%	101.89	121.93	100.78	64.16	111.72	113.35
Market 9	79.7%	66.3%	77.8%	180.39	121.93	122.94	143.74	111.72	113.35
Market 10	75.9%	66.3%	76.0%	196.52	121.93	122.94	149.19	111.72	113.35
Market 11	66.6%	66.3%	76.0%	121.46	121.93	122.94	80.93	111.72	113.35
Market 12	73.5%	75.7%	76.0%	150.40	152.40	154.82	110.54	111.72	113.35
Market 13	69.4%	75.7%	70.1%	149.67	152.40	154.82	103.91	104.98	106.17
Market 14	86.2%	75.7%	72.0%	255.16	152.40	154.82	220.06	117.92	133.29
Market 15	63.6%	75.7%	72.0%	105.72	152.40	154.82	67.20	117.92	133.29
Market 16	84.2%	75.7%	72.0%	240.76	152.40	154.82	202.62	117.92	133.29
Market 17	76.1%	75.7%	72.0%	126.95	152.40	154.82	96.60	117.92	133.29
Market 18	69.9%	71.5%	72.0%	136.43	152.40	154.82	95.38	117.92	133.29
Market 19	70.7%	71.5%	72.0%	133.36	152.40	154.82	94.23	117.92	133.29
Market 20	70.7%	71.5%	72.0%	166.78	152.40	154.82	127.95	117.92	133.29
Market 21	82.0%	71.5%	72.0%	251.24	152.40	154.82	205.99	117.92	133.29
Market 22	73.9%	71.5%	72.0%	160.74	152.40	154.82	118.86	117.92	133.29
Market 23	64.8%	71.5%	72.0%	107.31	152.40	154.82	69.50	70.32	133.29
Market 24	72.3%	71.5%	72.0%	132.27	152.40	154.82	95.65	95.10	133.29
Market 25	70.6%	70.6%	70.6%	159.80	152.40	154.82	112.81	113.38	113.64
Top 25 Markets	73.1%	72.8%	72.7%	158.31	158.26	159.27	115.76	115.14	115.78

Note: Annual data for 2019 is historical, and 2020 and 2021 are forecast samples.



Outlook: Growth of Metrics - Sample

	Occupancy (growth)			ADR (growth)			RevPAR (growth)		
	2019	2020F	2021F	2019	2020F	2021F	2019	2020F	2021F
Total Country	0.0%	-0.3%	-0.1%	1.0%	0.3%	0.6%	0.9%	0.0%	0.5%
Chain Scales									
Luxury	-0.9%	-0.3%	-0.5%	2.2%	1.2%	1.3%	1.3%	0.9%	0.8%
Upper Upscale	-0.5%	-0.5%	-0.3%	1.4%	0.8%	1.0%	0.9%	0.4%	0.7%
Upscale	-0.8%	-0.9%	-0.5%	0.3%	-0.4%	-0.2%	-0.5%	-1.3%	-0.7%
Upper Midscale	-0.5%	-0.2%	-0.1%	0.3%	-0.3%	0.3%	-0.2%	-0.5%	0.2%
Midscale	-0.7%	-0.2%	-0.1%	-0.4%	-0.4%	-0.1%	-1.1%	-0.5%	-0.2%
Economy	0.5%	-0.4%	-0.3%	-0.3%	-0.4%	0.1%	0.2%	-0.8%	-0.2%
Independents	0.7%	-0.5%	0.0%	1.6%	0.7%	0.9%	2.2%	0.2%	1.0%
Top 25 Markets									
Market 1	0.6%	-0.6%	-0.4%	2.4%	1.1%	1.2%	3.0%	0.5%	0.8%
Market 2	-0.8%	-0.6%	-0.3%	4.2%	0.3%	1.5%	3.4%	-0.3%	1.1%
Market 3	-2.3%	-0.6%	-0.2%	0.0%	0.5%	0.2%	-2.3%	-0.1%	0.1%
Market 4	0.6%	-0.1%	-0.3%	-2.1%	0.2%	-0.1%	-1.6%	0.1%	-0.4%
Market 5	-0.7%	-0.5%	-0.6%	0.5%	-0.4%	0.4%	-0.3%	-0.9%	-0.2%
Market 6	1.3%	0.7%	-0.1%	3.0%	2.1%	2.4%	4.3%	2.8%	2.2%
Market 7	-2.3%	-0.5%	-0.3%	0.4%	-0.5%	0.4%	-1.9%	-1.0%	0.1%
Market 8	-0.2%	-0.4%	0.0%	-3.2%	-1.0%	-0.1%	-3.4%	-1.4%	-0.2%
Market 9	0.2%	-2.1%	-0.3%	0.0%	-2.2%	1.6%	0.2%	-4.2%	1.3%
Market 10	-0.9%	0.5%	-0.3%	-1.2%	4.9%	-1.8%	-2.1%	5.4%	-2.1%
Market 11	-1.3%	-0.5%	0.2%	-1.0%	0.4%	0.8%	-2.4%	-0.1%	1.1%
Market 12	0.5%	-0.3%	-0.1%	2.2%	1.3%	1.6%	2.7%	1.1%	1.5%
Market 13	-0.3%	0.2%	0.7%	-1.0%	0.8%	0.4%	-1.4%	1.0%	1.1%
Market 14	-1.1%	-1.0%	-0.5%	-2.4%	-2.4%	-0.4%	-3.5%	-3.4%	-0.8%
Market 15	0.9%	0.2%	0.1%	2.0%	0.8%	1.1%	2.9%	0.9%	1.2%
Market 16	0.5%	-0.7%	0.8%	2.0%	0.5%	1.5%	2.5%	-0.2%	2.3%
Market 17	-2.1%	-0.5%	-0.1%	1.1%	0.4%	0.7%	-1.1%	0.0%	0.6%
Market 18	-1.7%	-1.4%	0.2%	2.5%	-0.3%	-0.4%	0.7%	-1.7%	-0.3%
Market 19	1.6%	-0.4%	-0.3%	2.8%	1.2%	1.2%	4.5%	0.7%	0.9%
Market 20	-2.3%	0.1%	0.3%	0.2%	1.6%	2.2%	-2.1%	1.6%	2.5%
Market 21	0.1%	-1.1%	1.1%	4.1%	-1.2%	2.1%	4.2%	-2.3%	3.2%
Market 22	-1.5%	-0.3%	-0.3%	-2.6%	-0.5%	0.1%	-4.0%	-0.8%	-0.3%
Market 23	0.2%	0.5%	0.0%	2.0%	0.7%	1.0%	2.2%	1.2%	1.0%
Market 24	1.3%	-1.1%	0.7%	1.7%	0.6%	1.7%	3.0%	-0.6%	2.4%
Market 25	-0.9%	-0.1%	0.0%	2.2%	0.6%	0.2%	1.2%	0.5%	0.2%
Top 25 Markets	-0.5%	-0.5%	-0.1%	0.4%	0.0%	0.6%	-0.2%	-0.5%	0.6%

Note: Annual data for 2019 is historical, and 2020 and 2021 are forecast samples.



RevPAR Growth Rank: Current Year - Sample

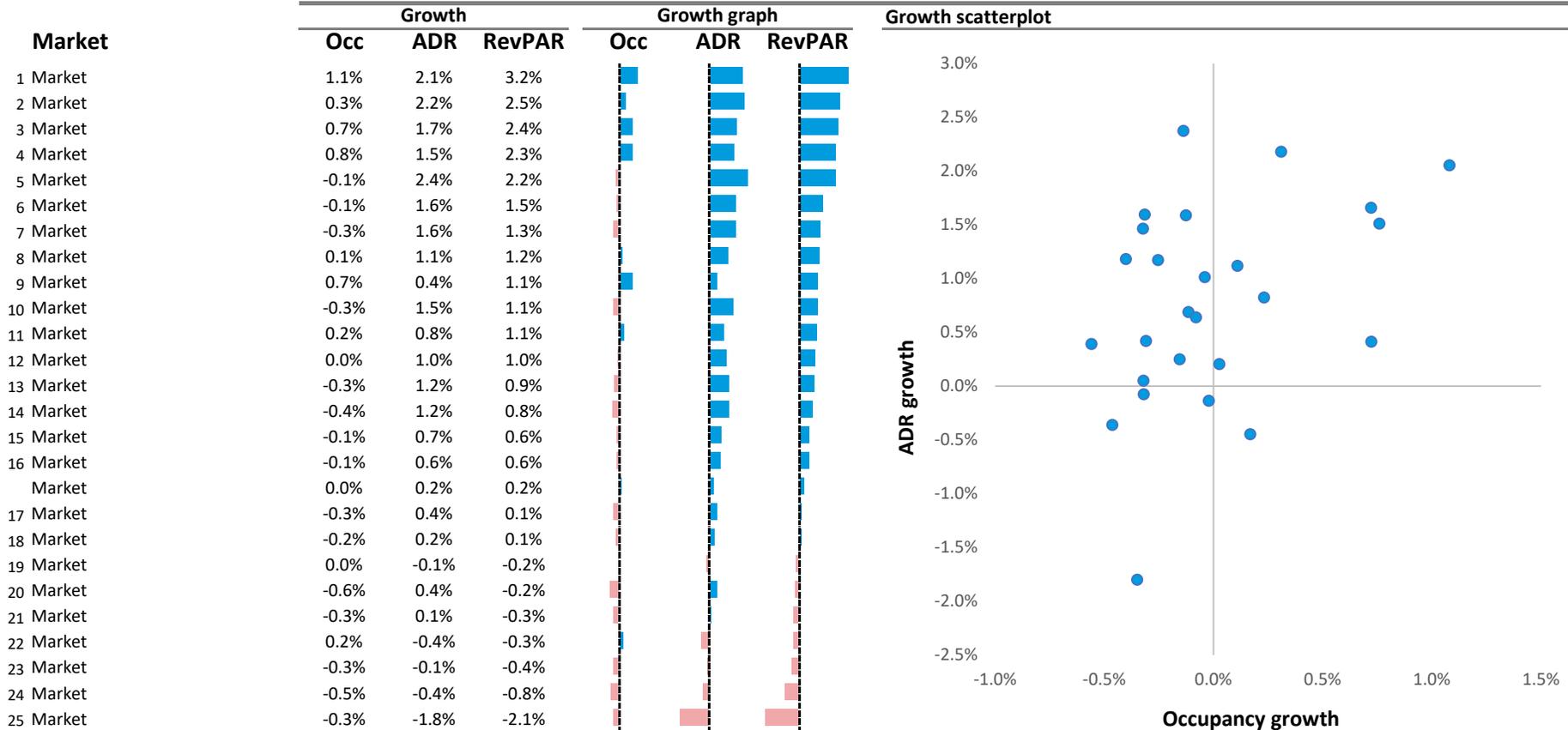
Forecast: 20XX

Market	Growth			Growth graph			Growth scatterplot
	Occ	ADR	RevPAR	Occ	ADR	RevPAR	
1 Market	0.5%	4.9%	5.4%				
2 Market	0.7%	2.1%	2.8%				
3 Market	0.1%	1.6%	1.6%				
4 Market	0.5%	0.7%	1.2%				
5 Market	-0.3%	1.3%	1.1%				
6 Market	0.2%	0.8%	1.0%				
7 Market	0.2%	0.8%	0.9%				
8 Market	-0.4%	1.2%	0.7%				
9 Market	-0.1%	0.6%	0.5%				
10 Market	-0.6%	1.1%	0.5%				
11 Market	-0.1%	0.2%	0.1%				
12 Market	-0.5%	0.4%	0.0%				
13 Market	-0.6%	0.5%	-0.1%				
Market	-0.5%	0.4%	-0.1%				
14 Market	-0.7%	0.5%	-0.2%				
15 Market	-0.6%	0.3%	-0.3%				
16 Market	-0.5%	0.0%	-0.5%				
17 Market	-1.1%	0.6%	-0.6%				
18 Market	-0.3%	-0.5%	-0.8%				
19 Market	-0.5%	-0.4%	-0.9%				
20 Market	-0.5%	-0.5%	-1.0%				
21 Market	-0.4%	-1.0%	-1.4%				
22 Market	-1.4%	-0.3%	-1.7%				
23 Market	-1.1%	-1.2%	-2.3%				
24 Market	-1.0%	-2.4%	-3.4%				
25 Market	-2.1%	-2.2%	-4.2%				



RevPAR Growth Rank: Next Year - Sample

Forecast: 20XX





Country

Reduced economic policy risks, but rising geopolitical tensions

Despite rising geopolitical tensions, recent economic data continue to point toward steady momentum entering 20XX as trade, fiscal, and monetary policy risks have been reduced. We foresee real GDP growth cooling from 2.3% in 20XX to 1.7% in 20XX. Consumer spending will be the main engine of growth while business investment and trade will remain constrained. Downside risks to our baseline forecast persist, but the skew is less pronounced. Accordingly, we have lowered our recession odds for 20XX to 25%.

Outside of manufacturing, the economic data over the past month have generally been tilted to the upside. The November payroll report was stellar all around, with job growth accelerating, wage growth firming, and the unemployment rate ticking down to a 50-year low. The December ISM nonmanufacturing index showed purchasing managers adopting a cautious but positive view on 20XX. And, while retail sales offered little holiday cheer in November, consumer spending remains on a firm footing, supported by steady income growth and elevated savings. Consumer confidence readings confirm that households are generally upbeat. Trade tensions between the Country 1 and Country 2 will continue to jeopardize global growth in 20XX. Nonetheless, the truce brought by the phase-one deal should prevent a further escalation of the dispute that would have had serious consequences – not only for the two main protagonists but also for the rest of the world.

The Fed is in a ‘wait-and-see’ stance after reducing the policy rate by a cumulative 75 basis points last year. Policy makers are cautiously confident that monetary policy and the economy are in a good place, also recognizing that downside risks persist, and that inflation and inflation expectations remain muted. We expect one additional rate cut in mid-20xx to accommodate for slower-than-anticipated growth and inflation.

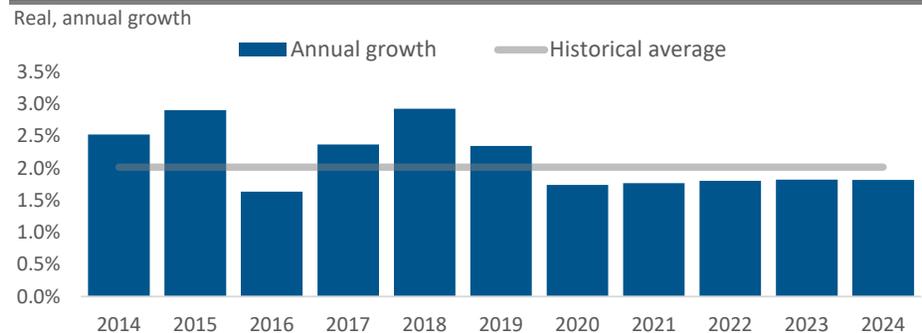
Sub-2% growth in 20xx

Looking into 20xx, the quarterly pace of GDP growth should ease to around 1.6%. Gently cooling income growth should lead to more cautious household spending, while global headwinds and protracted uncertainty will continue to constrain business activity. Yet, still-solid private sector confidence, a healthy labor market, and one

Oxford Economics Forecast Table: Country

	2018	2019	2020	2021	2022	2023	2024
Economic growth (%)							
GDP	2.9	2.3	1.7	1.8	1.8	1.8	1.8
Consumer spending	3.0	2.6	2.3	2.0	2.0	2.0	2.0
Fixed investment, private, nonres.	6.4	2.3	0.6	2.2	2.8	2.9	2.9
Inflation and interest rates							
Inflation (PCE deflator, growth, %)	2.1	1.4	1.9	1.8	1.9	2.0	2.0
Short-term interest rate (level, %)	2.3	2.3	1.8	1.6	1.9	2.0	2.3
Long-term interest rate (level, %)	2.9	2.1	2.0	2.1	2.2	2.3	2.6
Exchange rate							
Exchange rate, effective real index							
Index level (2010=100)	113.7	117.3	118.2	117.4	115.4	113.4	111.5
Index growth (%)	-1.0	3.2	0.8	-0.7	-1.7	-1.7	-1.7
Exchange rate (US\$ per Euro)	1.18	1.12	1.09	1.11	1.15	1.18	1.22

GDP



Note: Write-up and forecast tables reflect Oxford Economic's January 20XX forecast.



Economic Outlook (continued) - Sample

Country

As momentum eases, the economy must navigate key risks:

A cooling labor market: we expect job growth to return to an easing trend due to a gradually softening economy and lingering global headwinds. We see a maturing labor market adding around 125,000 jobs per month in 20XX.

Steady consumer spending: rising incomes, elevated household wealth, firm confidence, and high savings point to a gentle moderation in consumption. Spending is set to have grown an average 2.6% in 20XX, which we expect to ease only slightly to 2.3% in 20XX.

Elevated protectionism: trade data have become very sluggish in recent months and are set to stay that way, given ongoing protectionism and slowing global demand. Existing tariffs will still constrain GDP growth by about 0.1ppt in 20XX.

Moderating business investment: slower global growth, still-high trade tensions, weaker energy activity and a strong dollar will limit business investment growth to 2.3% in 20XX and 0.6% in 20XX, from 6.4% in 20XX.

Slower housing activity: construction continued its strong run of data in November. Structural constraints persist, however, so after a projected 1.8% fall in 20XX, residential investment is set to recover just 1.3% in 20XX.

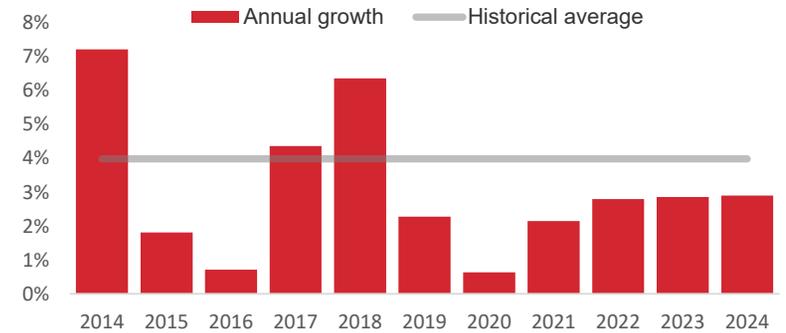
Tame inflation: the year-on-year core PCE inflation rate continued to hover notably below the Fed's 2% target in Q4 20XX and may edge only slightly higher in 20XX.

What to watch out for

Protectionism: implemented and threatened tariffs, along with retaliation from Country 1 and other trading partners, will harm growth and employment, especially if tensions escalate again towards a full-blown trade war.

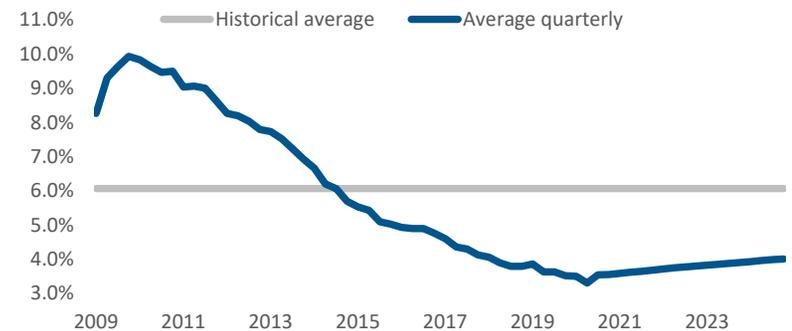
Fixed Investment

Private, nonresidential, real, growth



Unemployment Rate

Average quarterly level





About Us

STR

STR provides premium data benchmarking, analytics and marketplace insights for global hospitality sectors. Founded in 1985, STR maintains a presence in 15 countries with a corporate North American headquarters in Hendersonville, Tennessee, an international headquarters in London, and an Asia Pacific headquarters in Singapore. STR was acquired in October 2019 by CoStar Group, Inc. (NASDAQ: CSGP), the leading provider of commercial real estate information, analytics and online marketplaces. For more information, please visit str.com and costargroup.com.

Contacts

North American Clients: Emmy Hise (ehise@str.com)

Non-North American Clients: Michele Pasqui (forecast@str.com)

Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.

Contacts

North American Clients: Adam Sacks (adam@tourismeconomics.com) or Aran Ryan (aran.ryan@tourismeconomics.com)

Non-North American Clients: David Goodger (dgoodger@oxfordeconomics.com) or Helen McDermott (hmcdermott@oxfordeconomics.com)

Glossary

The data used to compile this report has been formatted to comply with the accounting policies set out in the tenth Uniform System of Accounts

Supply The number of guest room nights available for sale in the period.

Average daily supply Total guest room nights available for sale in the period, divided by the number of days in the period.

Demand The number of guest room nights sold (excludes complimentary rooms) during the period.

Room Revenue Total room revenue generated from the sale of guest rooms excluding any taxes and service charges.

Occupancy The ratio of occupied rooms to total available rooms expressed as a percentage.

Average Daily Rate (ADR) Room revenue (excluding services and taxes) divided by the number of occupied rooms.

Revenue Per Available Room (RevPAR) Room revenue divided by available rooms. It can also be calculated by multiplying the average room rate by the room occupancy.

Percentage Change Amount of growth or decline from the same period last year (month, year-to-date, twelve months). Calculated as $((\text{This year} - \text{Last year}) / \text{Last Year}) * 100$.

Smooth Trend Statistical method to even out small shifts in data and distribute any performance peaks over time.

Twelve Month Moving Average The average value of the previous 12 months ending in the current month.

Compound Annual Growth Rate The smoothed annualized growth rate over a given time period. Calculated as $(\text{Ending Value} / \text{Beginning of Years}) - 1$.



Overview

Tourism Economics has worked with STR to develop a suite of models to accurately track and forecast hotel performance across a number of markets worldwide. Robust equations have been econometrically estimated that closely follow past movements in hotel performance as measured by STR. These equations are used to forecast hotel performance using economic forecasts from Oxford Economics' global macroeconomic database as well as Oxford Economics' global city and region forecasts.

Economic forecasts are augmented with specific intelligence to determine the additional effect on hotel demand and ADR of any events hosted within that market.

Detailed calculation is undertaken using estimated relationships for Supply, Demand and ADR. Occupancy, Revenue and RevPAR are calculated as identities: Occupancy = Demand / Supply; Revenue = Demand * ADR; RevPAR = Revenue / Supply

Supply

Expected room supply is calculated in the near term according to the STR and STR Global pipeline database, adjusted for each property's stage in the development process. Projects under construction are more likely to be completed, and completed on time, than those still in the planning process. Different probabilities of completion have also been calculated according to the size and complexity of each project. Property conversions and closures are also accounted for, with estimates of other commercial property demand.

In the medium to long-run the pipeline database is augmented with estimates of past supply trends and the relationship with occupancy. Typically supply growth follows periods of demand and occupancy growth. Notably, periods of sustained above average occupancy rates are followed by supply growth necessary to restore average occupancy. The historic volatility of supply is taken into consideration as well as the lag between occupancy and supply growth and the time taken for occupancy to return to the long-run average.

Demand

Room demand is estimated and forecast according to a set of key economic drivers relating to both the destination and key origin markets. The relative importance of each economic driver is estimated according to multi-variate regression analysis and the relative volatility of drivers and demand. Long-run trends are also included within the modelling as well as short-run dynamics.

The key drivers are listed below along with the average elasticity across all markets (economic drivers relate to data for the country where not stated). Actual coefficients applied vary to reflect estimated historic relationships specific to each market.

Note: elasticities refer to the percent change in demand according to the percent change in each driver - a combination of the volatility of each driver as well as its correlation with demand. This does not necessarily mean that GDP is a better predictor of demand than wealth, but shows that wealth is more volatile so one percent change in wealth has less impact on demand than one percent change in GDP. All indicators are statistically valid.

Market GDP	0.24
Country GDP	0.39
Origin country GDP	0.45
Net Wealth	0.10
Company Profits	0.10
Unemployment	-0.02
Exchange Rate	-0.17
ADR (lagged)	-0.15

ADR

ADR is estimated and forecast according to recent changes in occupancy as well as price inflation within the country. Over time ADR tends to move in line with prices and wages in the wider economy. As with room demand, long-run trends are also included as well as short-run dynamics. Specifically long-run dynamics ensure that real inflation adjusted ADR returns to long-run trends over the medium to long-run outlook.

In the short-run the relationship between ADR and occupancy is crucial. The lag between changes in occupancy and ADR has been estimated for each market, with different lag timing identified for periods of rising and falling occupancy. With falling occupancy the effect on ADR is almost immediate while there is typically a lag of 6-12 months at other times. The level of occupancy relative to that market's long-run average is also an important factor in determining ADR. For example, falling occupancy but at a historically high level will not have a significant impact on ADR. Similarly rising occupancy will not have as large an effect on ADR if occupancy is at a historically low level.

