

The Outlook for New York City Hospitality

June 2021

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Outlook for the New York City Lodging Market

June 2021

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LODGING
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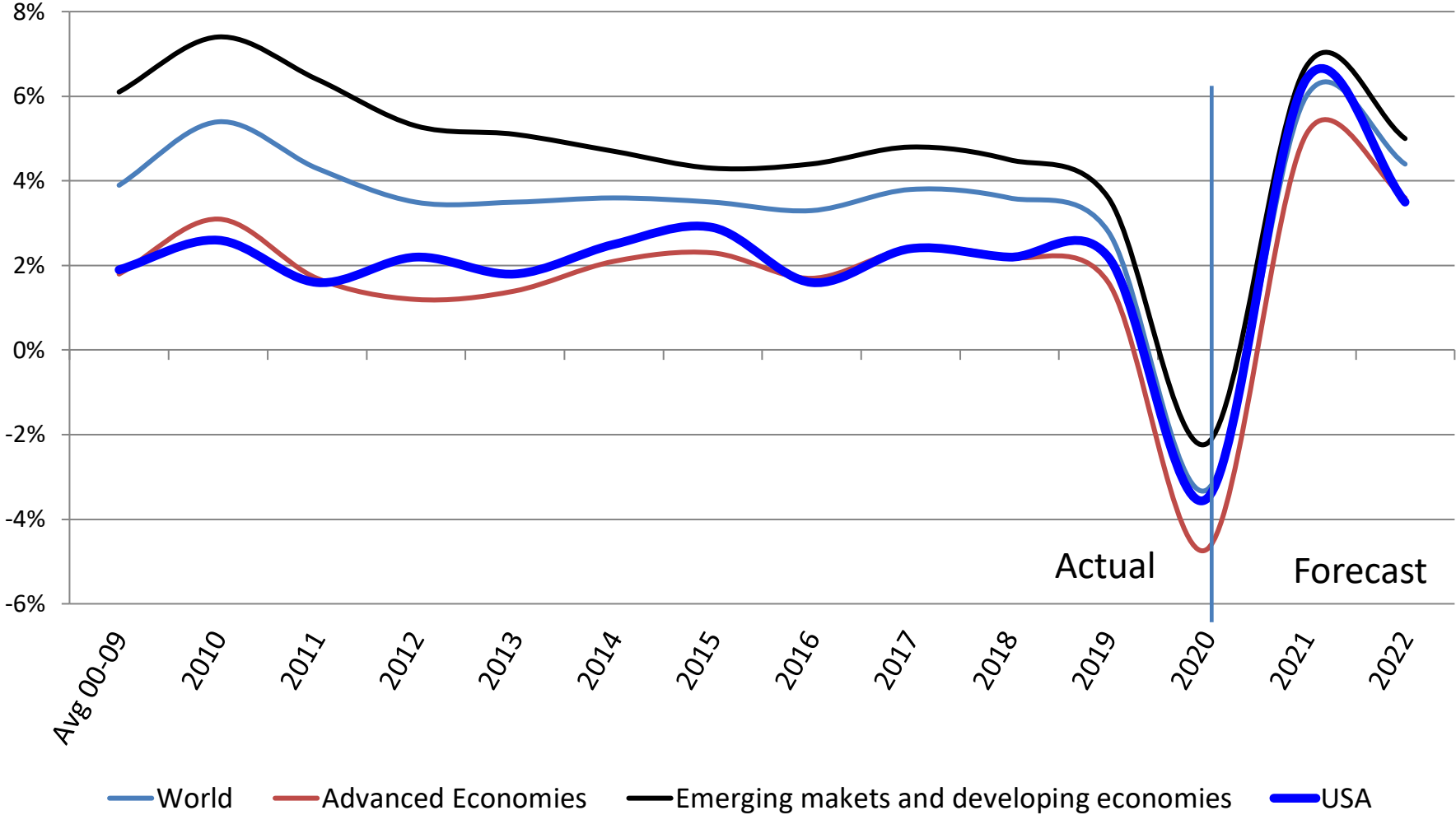
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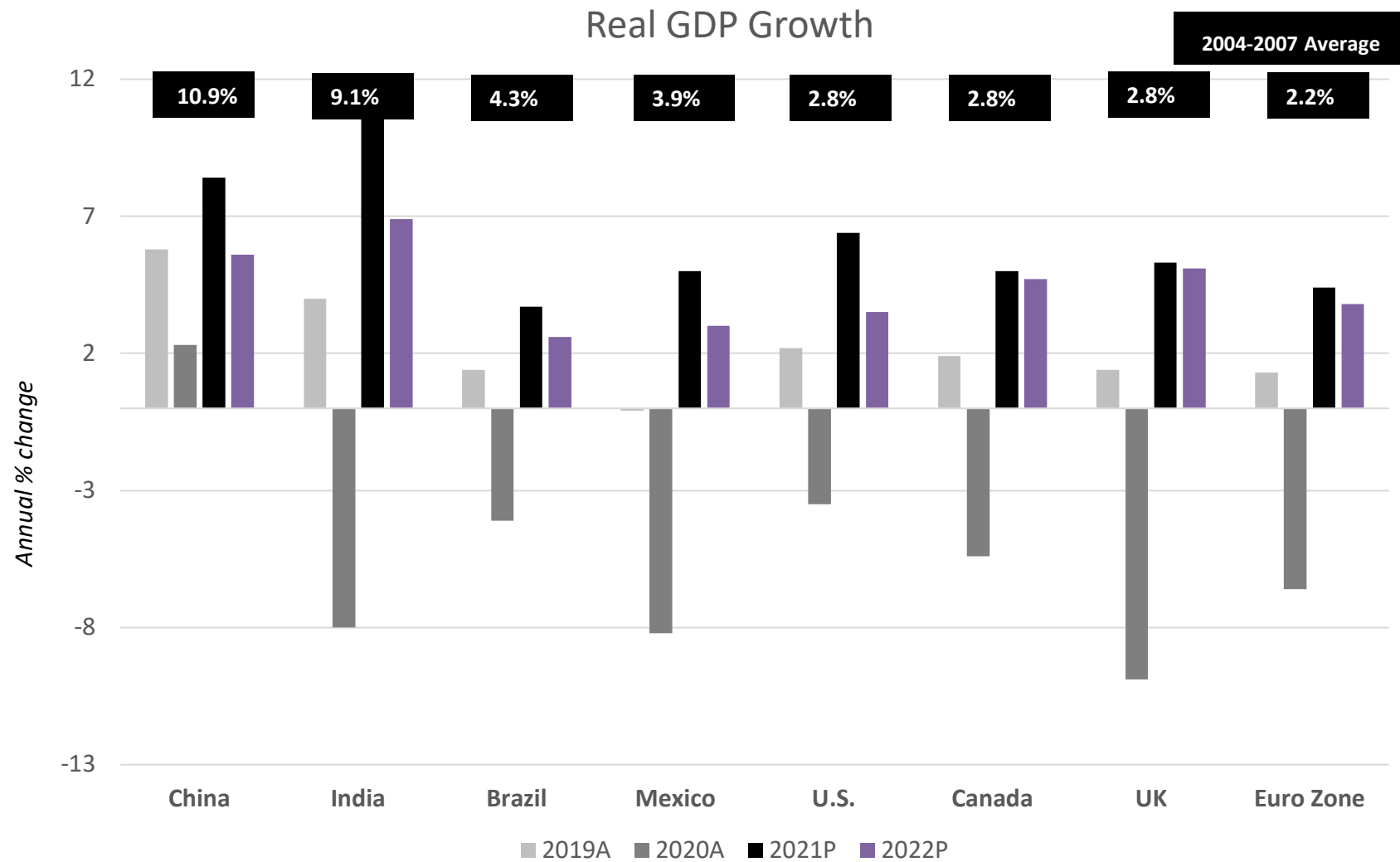
INTERNATIONAL ECONOMIC NEWS

GLOBAL GDP GROWTH IS EXPECTED TO REBOUND IN 2021...



Source: IMF; Apr 2021

...BUT WORLD ECONOMIC GROWTH REMAINS UNEVEN

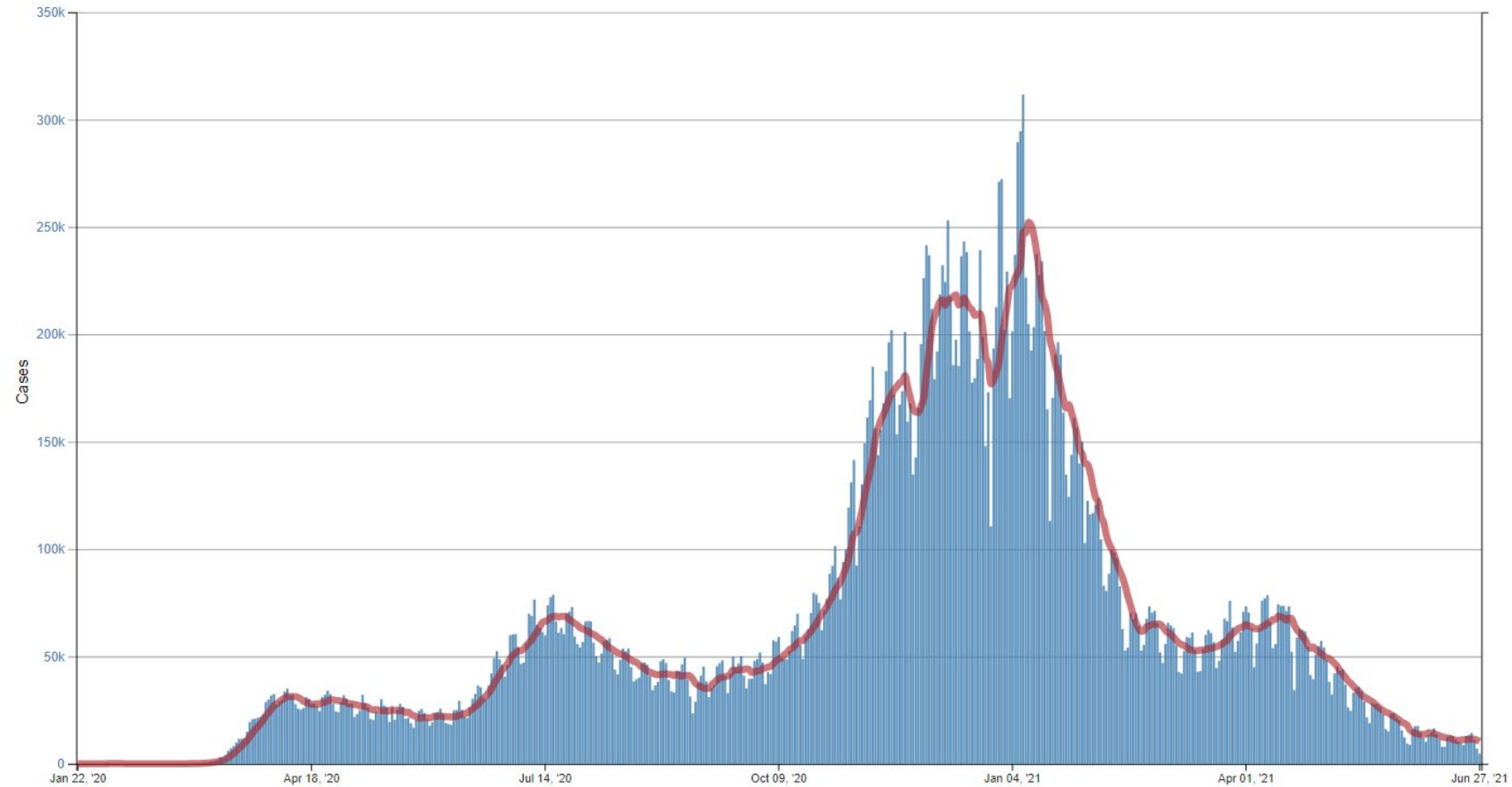


Source: IMF, Apr 2021

U.S. AND NYC OUTLOOK

NEW U.S. COVID CASES ARE ALMOST HISTORY...

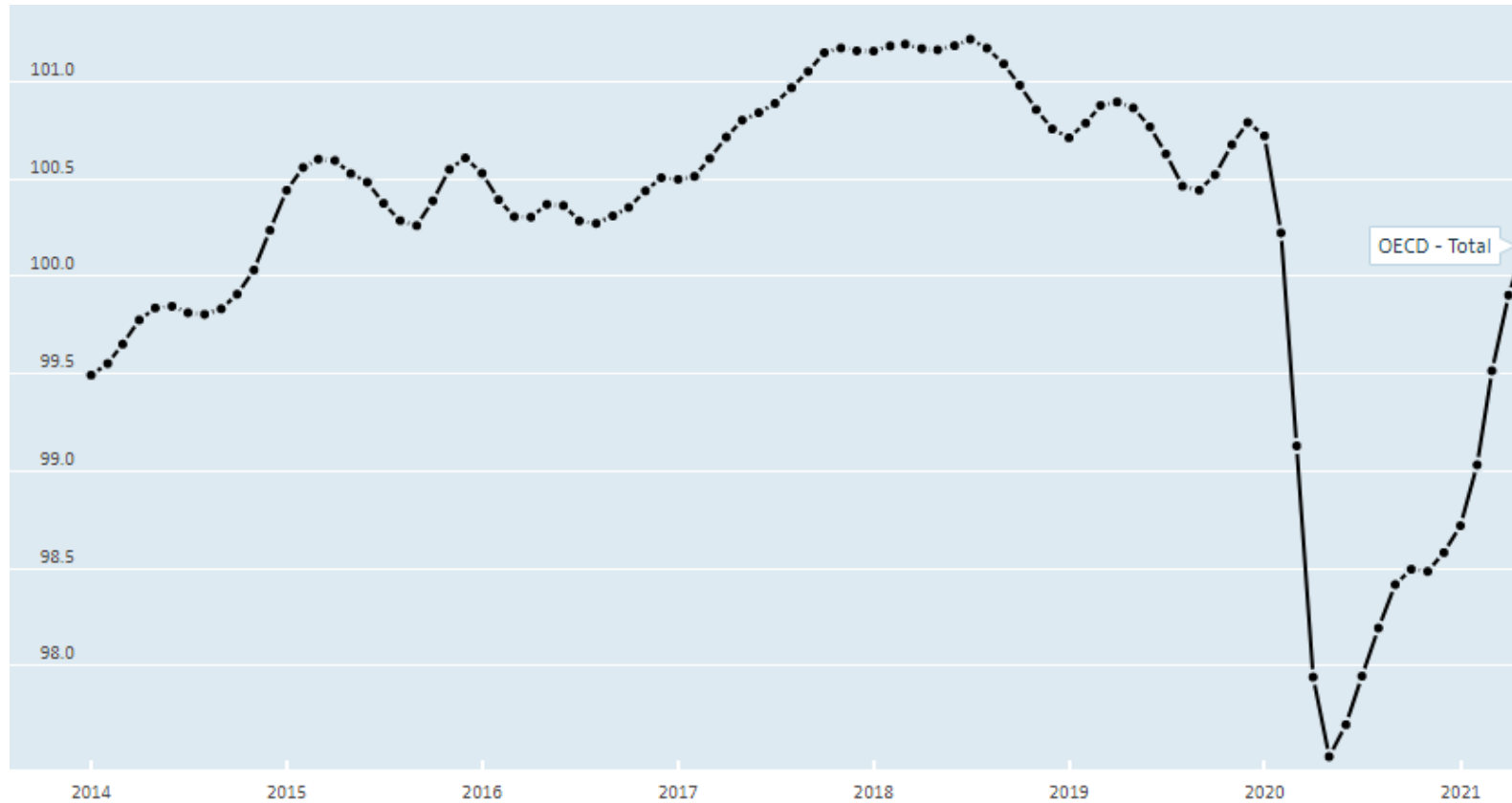
Daily Trends in Number of COVID-19 Cases in the United States Reported to CDC



Source: CDC, As of Jun 27, 2021

...AND AS A RESULT, CONSUMER CONFIDENCE IS IMPROVING...

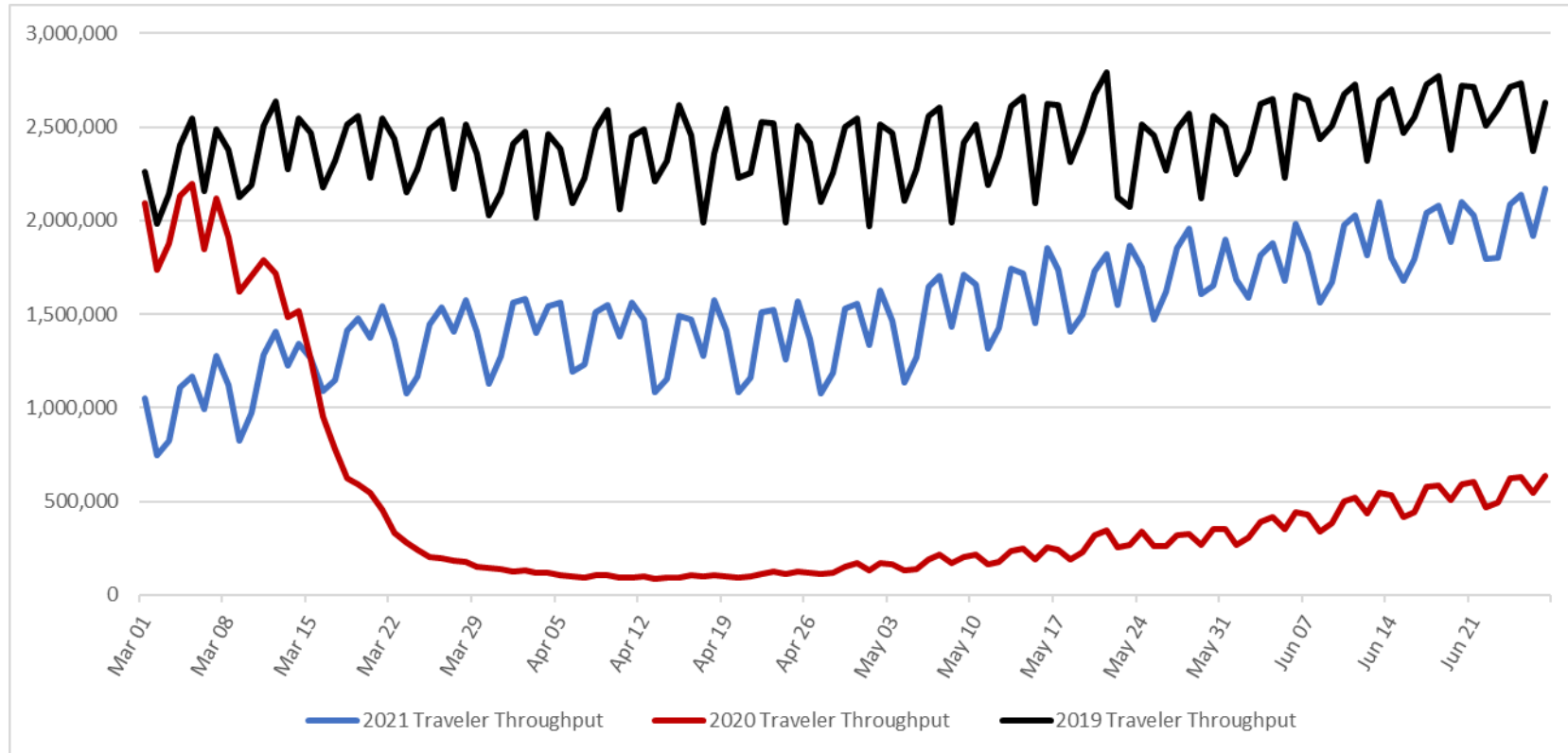
Jan 2014 to May 2021



Source: OECD, May 2021

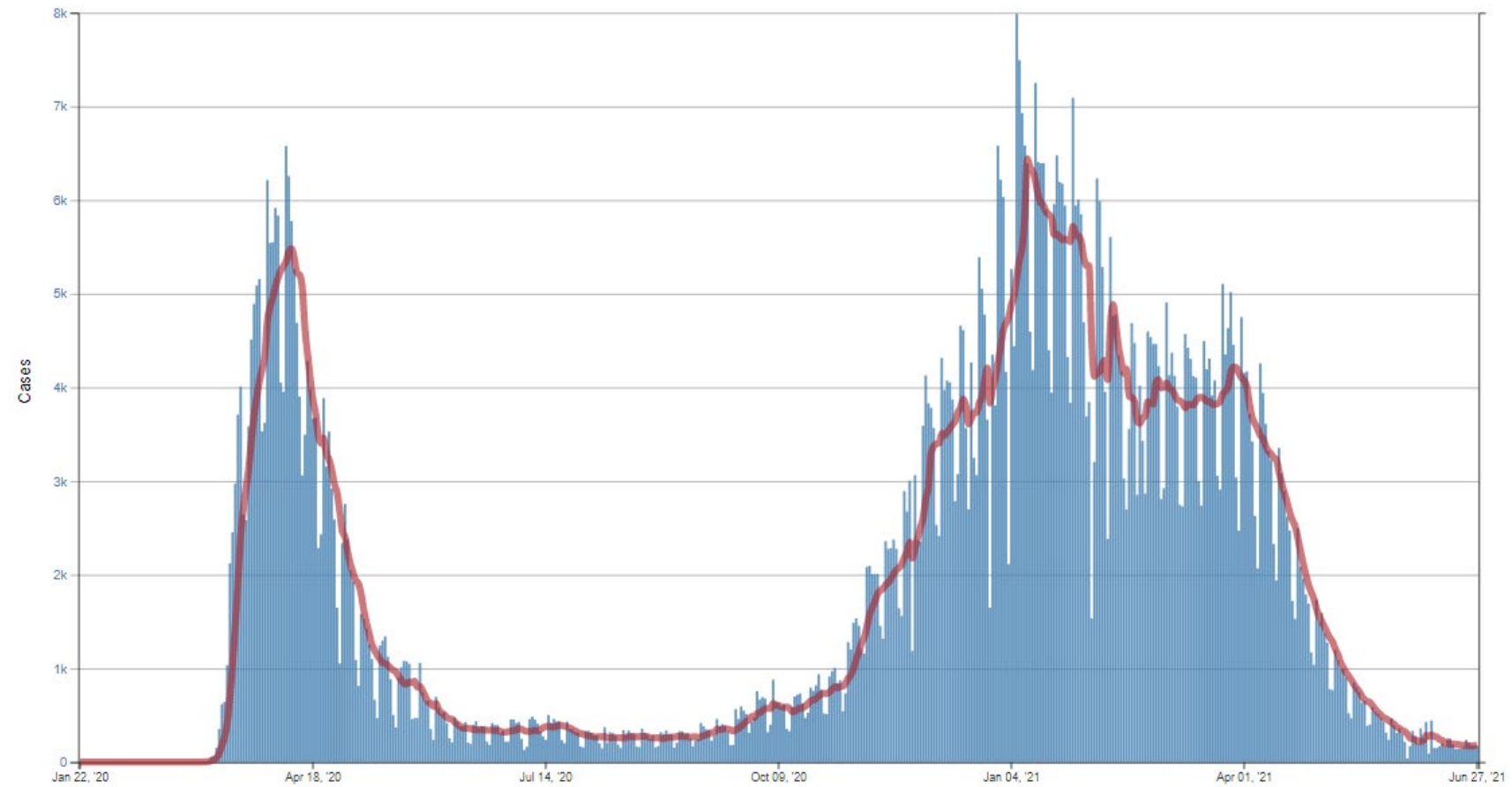
...AND U.S. AIR PASSENGERS RECOVERING NICELY

Daily totals, Mar 1 to Jun 27, for 2019, 2020, and 2021



NYC COVID CASES HAD A SECOND SURGE BUT ARE NOW UNDER CONTROL...

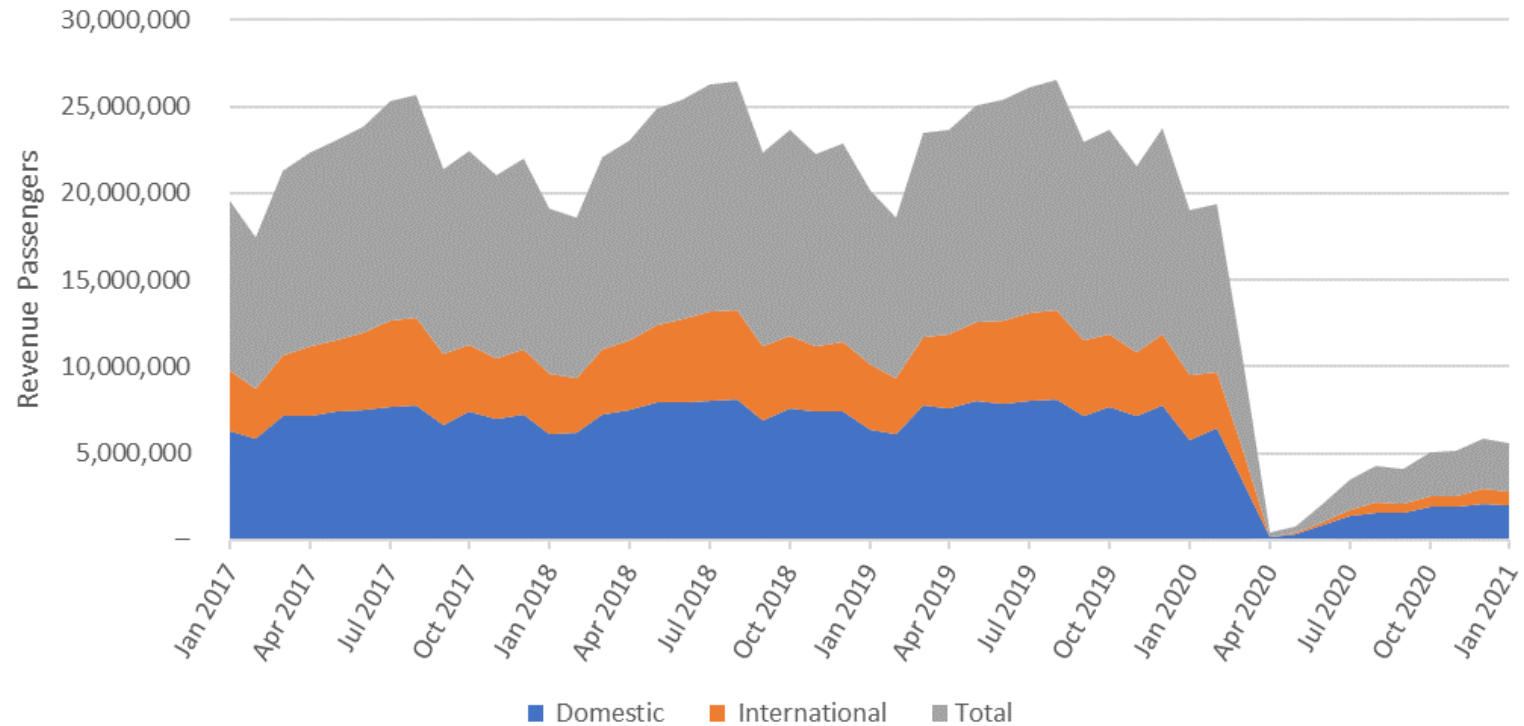
Daily Trends in Number of COVID-19 Cases in New York City Reported to CDC



Source: CDC, As of Jun 27, 2021

...BUT TRAVEL RECOVERY LAGS NATIONAL TRENDS...

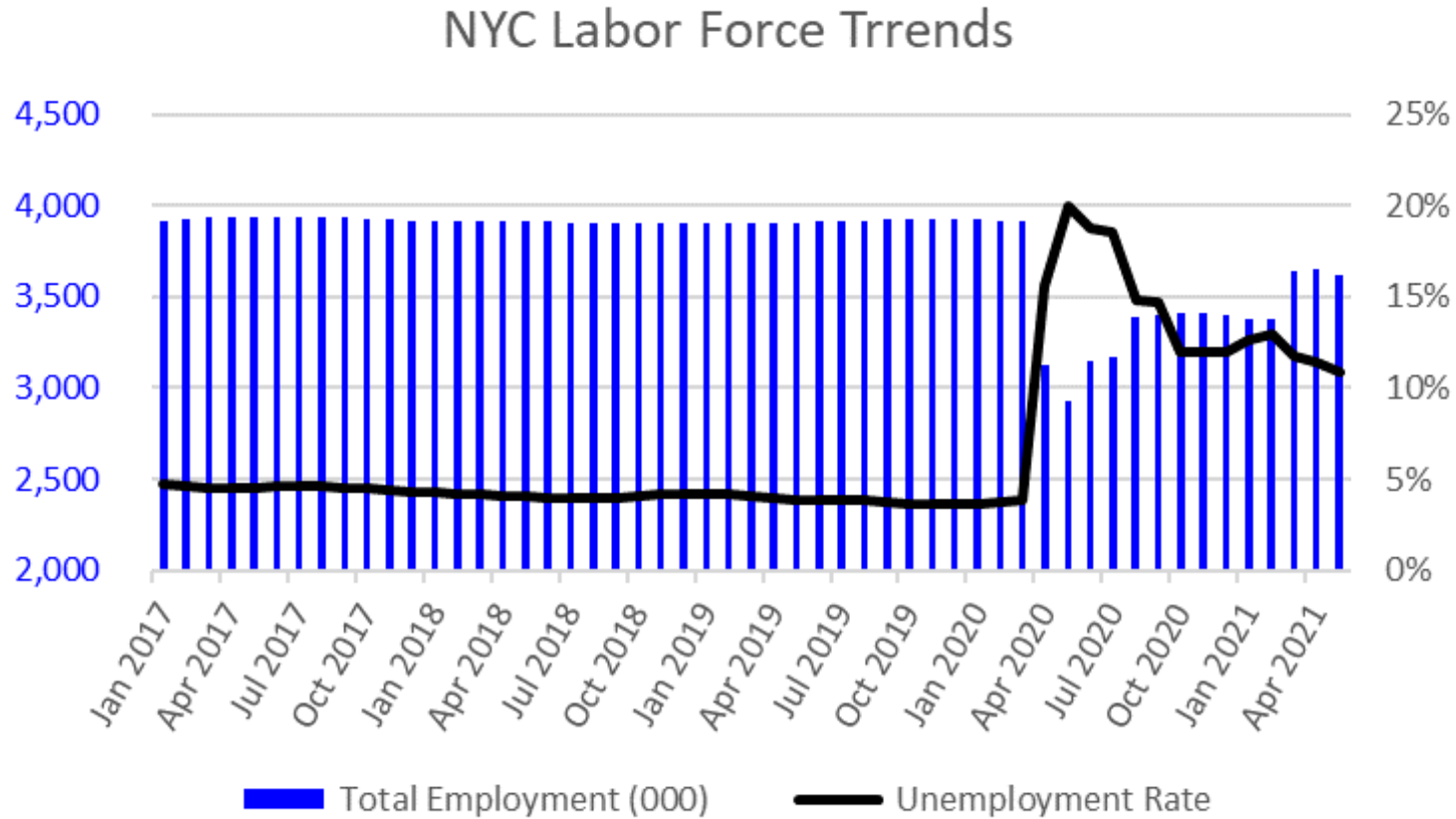
Monthly totals, Jan 2017 to Jan, 2021



New York's mandatory quarantine for all travelers was lifted as of April 1st, so statistics do not yet show post-covid trends.

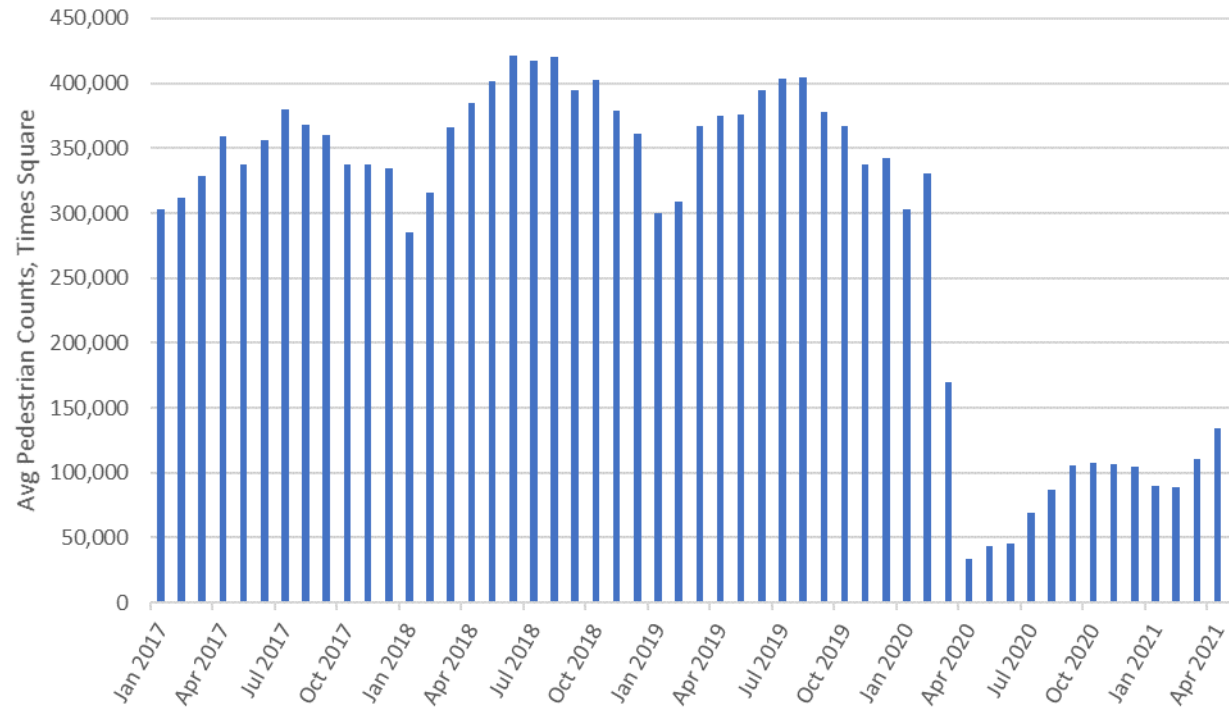
...AND NYC UNEMPLOYMENT REMAINS ABOVE 10%

Jan 2017 to May 2021



NYC SUMMER TOURISM IS SHOWING SIGNS OF LIFE

Jan 2017 to May 2021



Source: Times Square Alliance

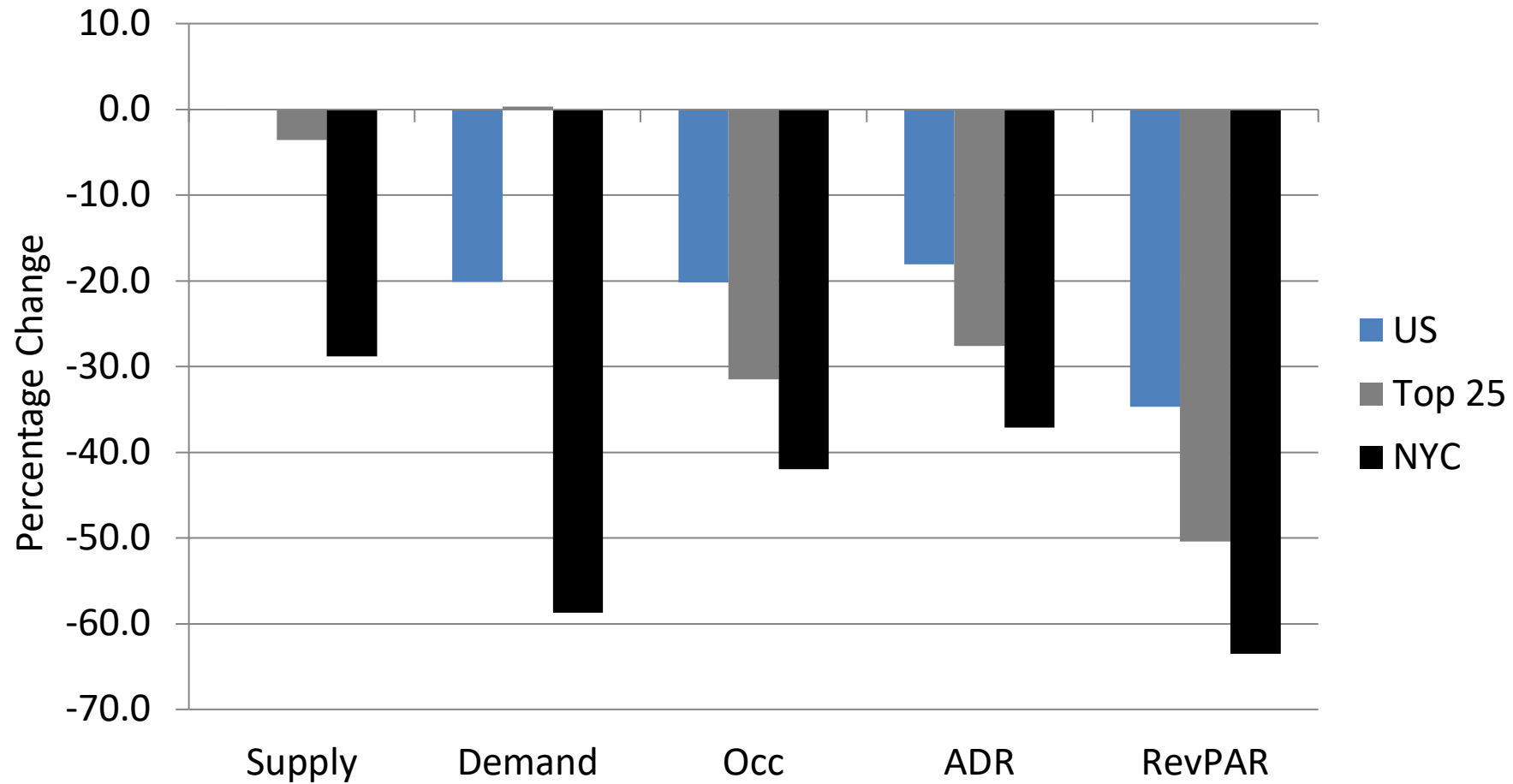
May 2023 foot traffic is 43% of the 2017-2019 monthly average.

NYC LODGING MARKET

KPIs SHOW NYC'S HOTEL CHALLENGES

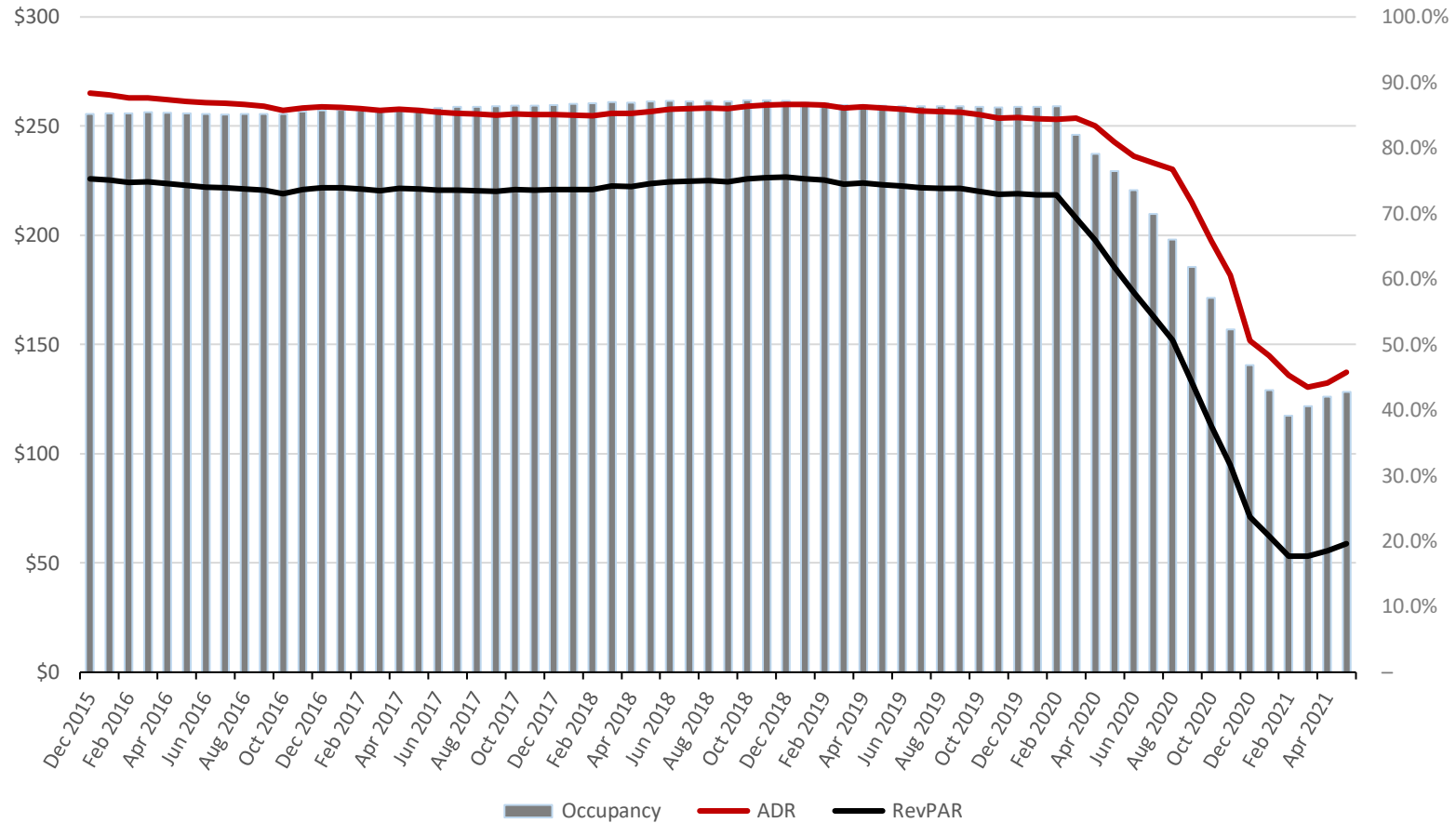
United States, Top 25 Markets, and New York City

YTD May 2021, percentage change from prior year



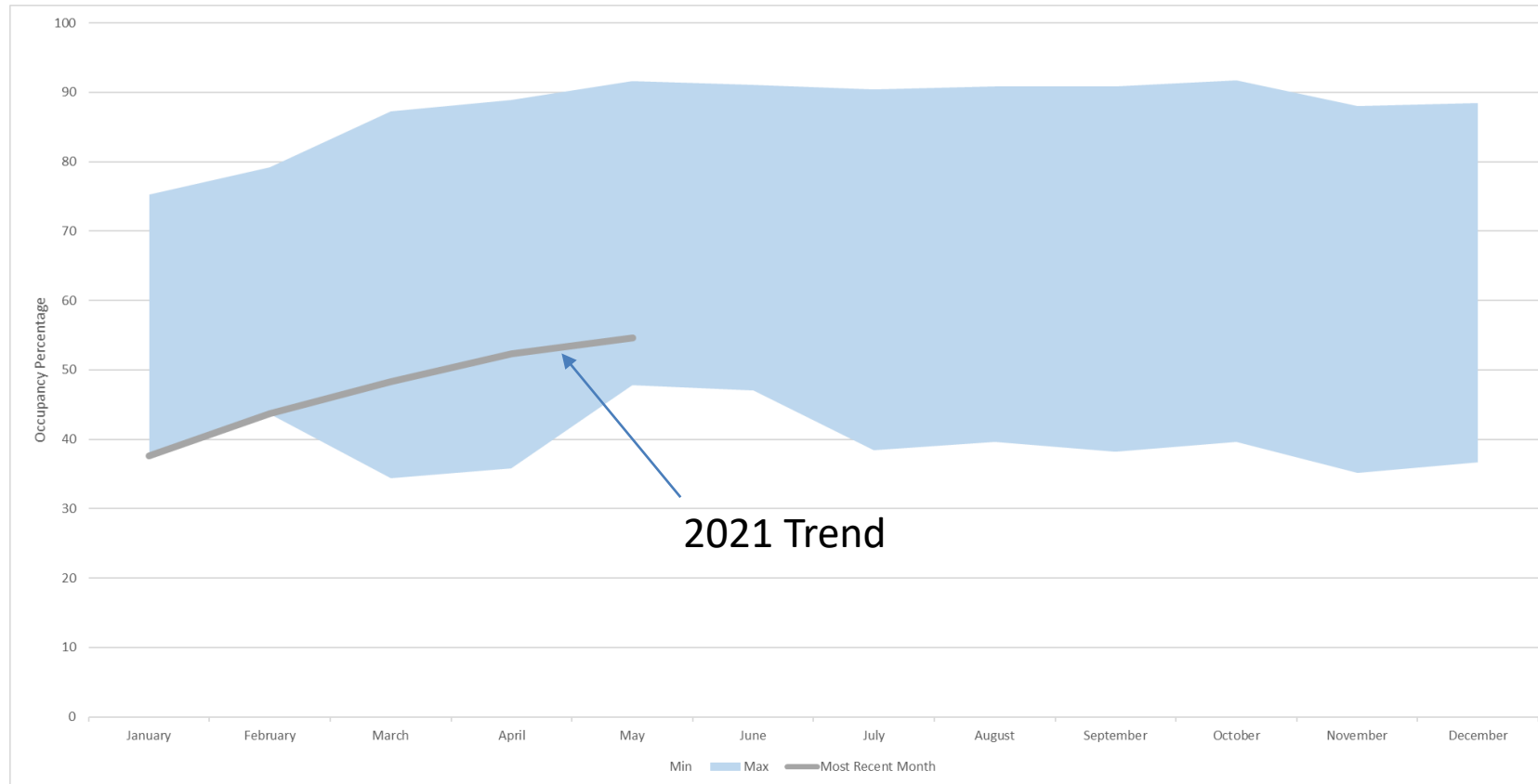
NYC OCCUPANCY, ADR AND REVPAR ALL REMAIN STUBBORNLY BELOW HISTORICAL LEVELS

Trailing 12 Month Moving Average, Jan 2015 to May 2021



HOTELIERS GENERALLY BOOST ROOM RATES ONCE OCCUPANCY APPROACHES PEAK LEVELS

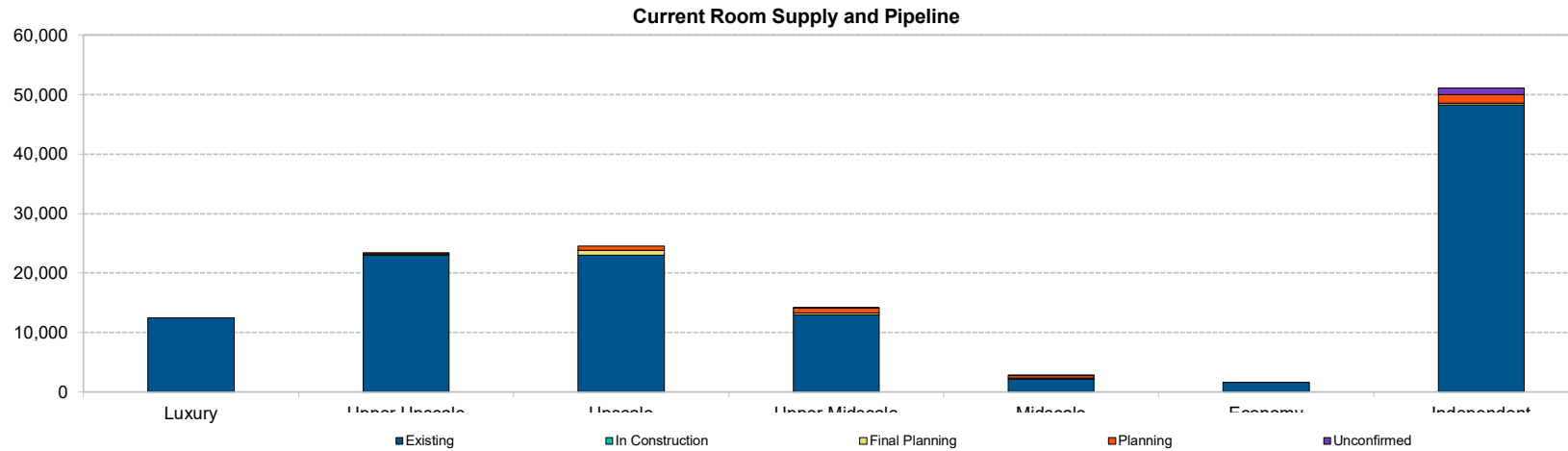
Normal range shown in blue, using 1987-2020 data



THE PACE OF NEW PLANNED HOTELS BEING ADDED TO THE PIPELINE IS FALLING, AS NEW DEALS ARE HARDER TO PENCIL OUT...

<i>As of July</i>	NYC Hotel Pipeline			
	Hotels	% Δ	Rooms	% Δ
2015	215		35,460	
2016	197	(8.4%)	32,122	(9.4%)
2017	187	(5.1%)	29,592	(7.9%)
2018	152	(18.7%)	25,021	(15.4%)
2019	161	5.9%	25,426	1.6%
2020	155	(3.7%)	24,445	(3.9%)

...BUT THE CITY STILL HAS ~170 HOTELS AND ~28,000 ROOMS, MOST OF WHICH ARE UNDER CONSTRUCTION.



Hotels

	Historic Supply					
	May-16	May-17	May-18	May-19	May-20	May-21
Luxury	36	39	39	38	38	38
Upper Upscale	53	53	52	57	53	58
Upscale	73	84	88	92	96	96
Upper Midscale	83	78	81	84	88	87
Midscale	25	21	22	24	26	26
Economy	28	25	27	28	28	24
Independent	285	314	336	356	370	379
Total	583	614	645	679	699	708

Pipeline Projects

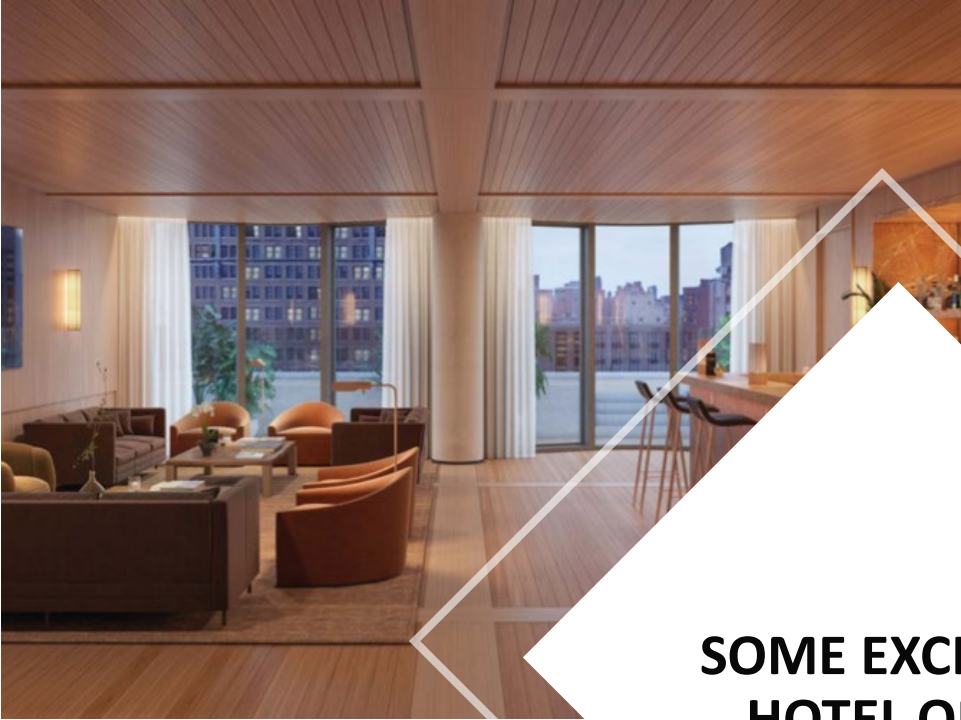
	In Constr.	Final Planning	Planning	Unconfirmed
Luxury	4			
Upper Upscale	17	1	1	
Upscale	34	5	3	
Upper Midscale	27	2	7	1
Midscale	13	2	5	1
Economy	8			
Independent	26	3	8	3
Total	129	13	24	5

Rooms

	Historic Supply					
	May-16	May-17	May-18	May-19	May-20	May-21
Luxury	11,056	11,631	11,724	11,887	12,524	12,519
Upper Upscale	22,752	22,291	21,631	22,495	21,295	23,039
Upscale	18,776	20,942	21,750	22,561	23,985	22,985
Upper Midscale	11,071	10,332	11,550	12,364	12,988	13,003
Midscale	1,848	1,563	1,638	1,752	1,916	2,190
Economy	1,742	1,636	1,743	1,843	2,010	1,595
Independent	35,174	39,581	43,259	45,585	47,502	48,304
Total	102,419	107,976	113,295	118,487	122,220	123,635

Pipeline Projects

	In Constr.	Final Planning	Planning	Unconfirmed
Luxury	539			
Upper Upscale	4,504	220	175	
Upscale	6,967	882	724	
Upper Midscale	4,378	311	777	80
Midscale	1,000	126	399	72
Economy	544			
Independent	3,048	245	1,432	1,130
Total	20,980	1,784	3,507	1,282



**SOME EXCITING NEW
HOTEL OPENINGS
ARE COMING!**



DESPITE SOME NEW LUXE HOTELS, LIMITED-SERVICE HOTELS DOMINATE NEW SUPPLY

As of 2020

	NYC Hotels by Age							
	10 Years or Less		11 to 20 Years		21 to 50 Years		More than 50 Years	
Union	23	8%	21	14%	34	35%	85	64%
Non-Union	279	92%	131	86%	63	65%	47	36%
Total	302	100%	152	100%	97	100%	132	100%

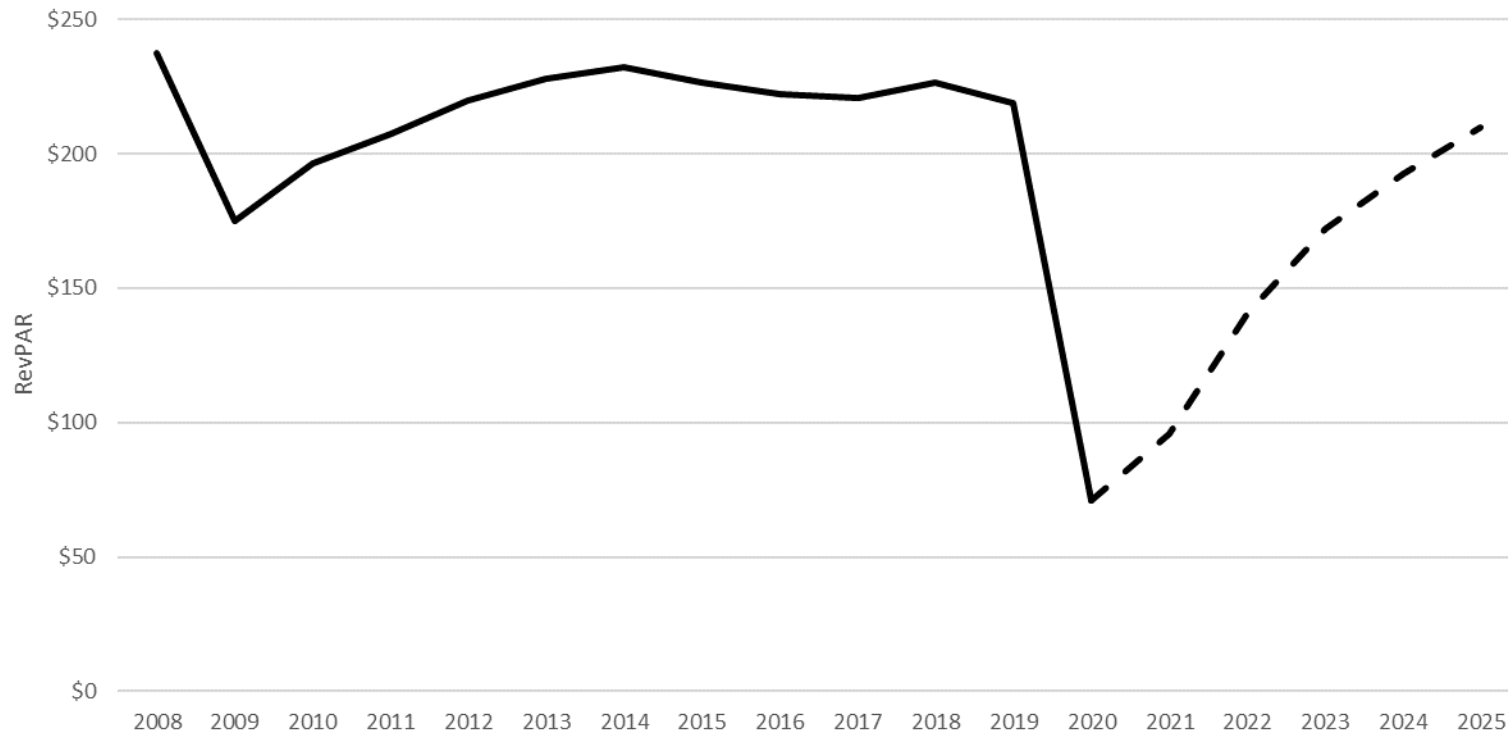
Source: STR, fairhotel.org

Notes:
 Excludes some hotels (approximately 12) for which age could not be determined)
 Excludes some currently closed hotels such as Courtyard LaGuardia and Jolly Madison Towers
 Includes some hotels announced as closing: Grand Hyatt and Omni Berkshire

Almost all union hotel are full service, while almost all non-union hotels are limited service.

NYC LODGING MARKET FORECAST

NYC HOTEL REVPAR IS HAS TURNED THE CORNER RECENTLY...



NYC hotels should approach recovery in the 2025-2026 time frame, slower than most markets.

...BUT NYC HOTELS WILL TAKE SEVERAL YEARS TO RECOVER

	Occupancy	ADR	RevPAR
2015	87.2%	\$265.68	\$226.48
2016	86.3	259.24	222.17
2017	85.5	255.32	220.86
2018	87.2	259.99	226.67
2019	86.3	253.91	219.01
2020	46.9	151.59	71.08
2021	60.0	160.00	96.00
2022	74.0	190.00	140.60
2023	80.0	215.00	172.00
2024	82.0	235.00	192.70
2025	85.0	250.00	210.00

KEY TAKEAWAYS

1. Wall Street sees promise in the hotel sector, as pent-up demand and return to a post-Covid world are promising for travel.
2. NYC hotels are not well positioned to lead the national recovery:
 - Inbound international travel is expected to lag domestic travel
 - Luxury properties are expected to lag low- and moderate-priced properties.
 - Corporate travel is expected to lag leisure travel.
 - Group travel is expected to lag individual transient travel.
 - NYC is absorbing the most new hotels of major U.S. markets.
 - The City and State, despite taking aggressive Covid measures, suffered great impact, so the needed recovery is greater.
 - Recent NYC crime trends may undercut promotional efforts.
3. NYC is likely to be a bargain travel destination for the next two years.
4. Enjoy NYC's new luxe hotels – but get used to “select service hotels” for the long term. Expect hotel meeting space to become scarcer.



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NYCBTA Update

Updates

- GBTA Elections
- GBTA Honorary Membership
- Upcoming Meetings



GBTA Elections



GET OUT AND VOTE!!! If you are

GBTA Honorary Membership

- GBTA is committed to helping the business travel industry community stay connected during this challenging time.
- GBTA will provide business travel professionals that have been displaced due to the impact of coronavirus and global pandemic a GBTA Honorary Membership.
- The Honorary Membership will be valid until August 1, 2021 or until finding full time employment
- If you have any questions about your eligibility, please contact membercare@gbta.org
- Honorary Membership Application Link: <https://form.jotform.com/201064057431040>

Next Meetings



Tackling 2021 Head On
July 29th 12:00 PM
Webinar

Welcome Back (a networking
event)
August 18th 6:00 PM
Upstairs at The Kimberly Hotel





Wrap-up