

TOURISM TRENDS - LODGING

HAWAII TOURISM AUTHORITY
FALL TOURISM UPDATE

NOVEMBER 18, 2019

AMELIA LIM
MANAGING DIRECTOR
CBRE HOTELS ADVISORY

CBRE HOTELS

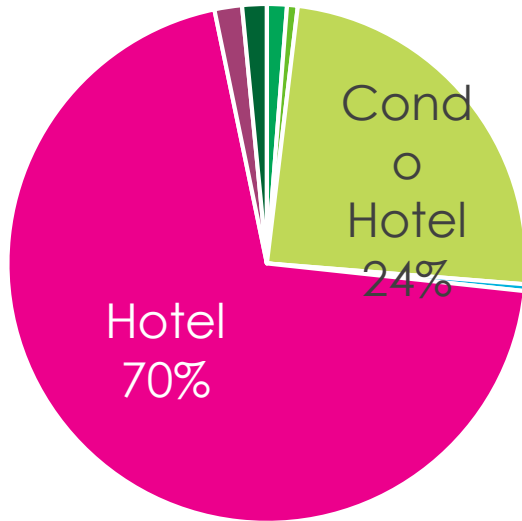
The World's Leading Hotel Experts.



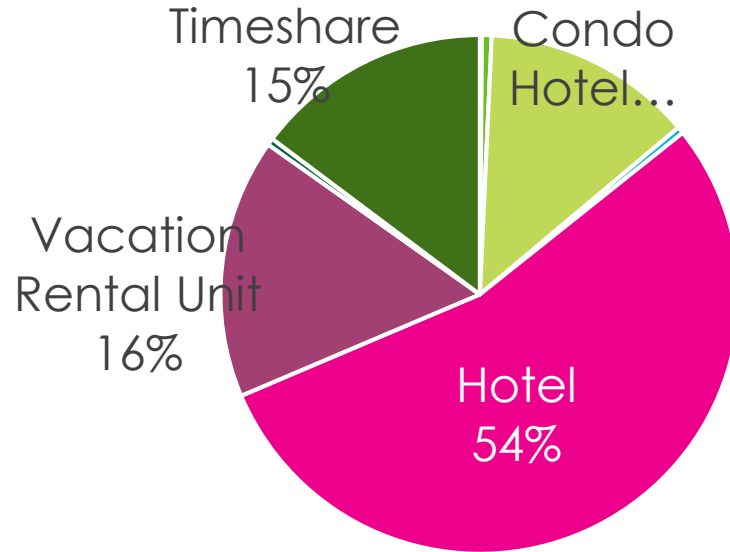
SUPPLY AND DEMAND

SUPPLY

LT GROWTH RATE BELOW NATIONAL AVERAGE



1998 ≈71,500 units

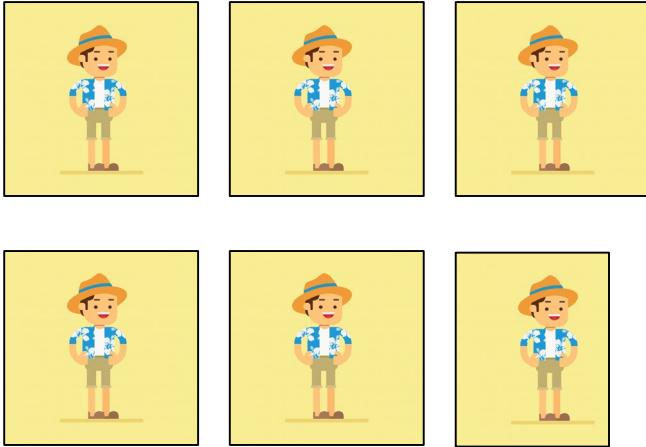


2018 ≈80,800 units

Source: Hawaii Tourism Authority

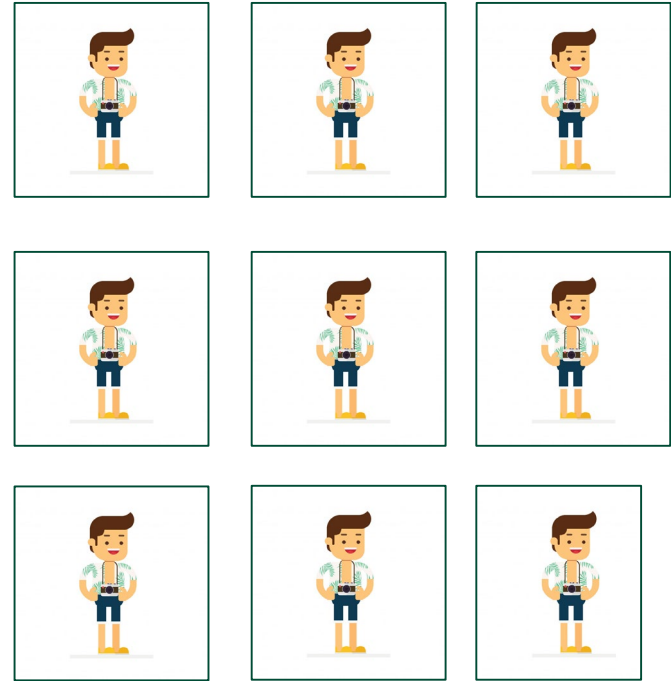
VISITOR DAYS

LT DEMAND GROWTH EXCEEDS SUPPLY



1998 \approx 57.5M visitor days

Source: Hawaii Tourism Authority



2018 \approx 87.7M visitor days

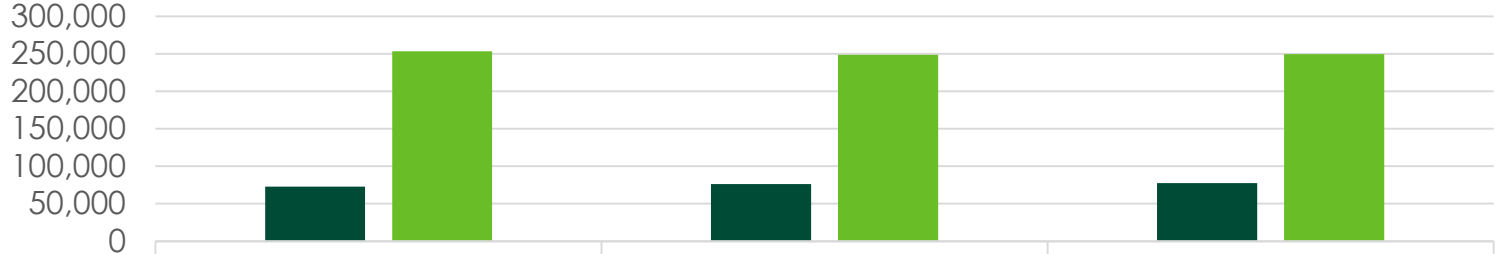
WHERE ARE VISITORS OVERNIGHTING?

- 60% HOTEL
- 17% CONDO
- 8% TIMESHARE



CAPTURE RATE

Estimated Rate of Visitors Staying at Hotels, Condo-Hotels, Vacation Rental Units and Timeshares



■ Avg. Daily Demand	72,683	76,372	77,379
■ Avg. Daily Visitors	253,534	249,050	249,589

Source: Hawaii Tourism Authority

AIRBNB & HOTEL SUPPLY IN THE US

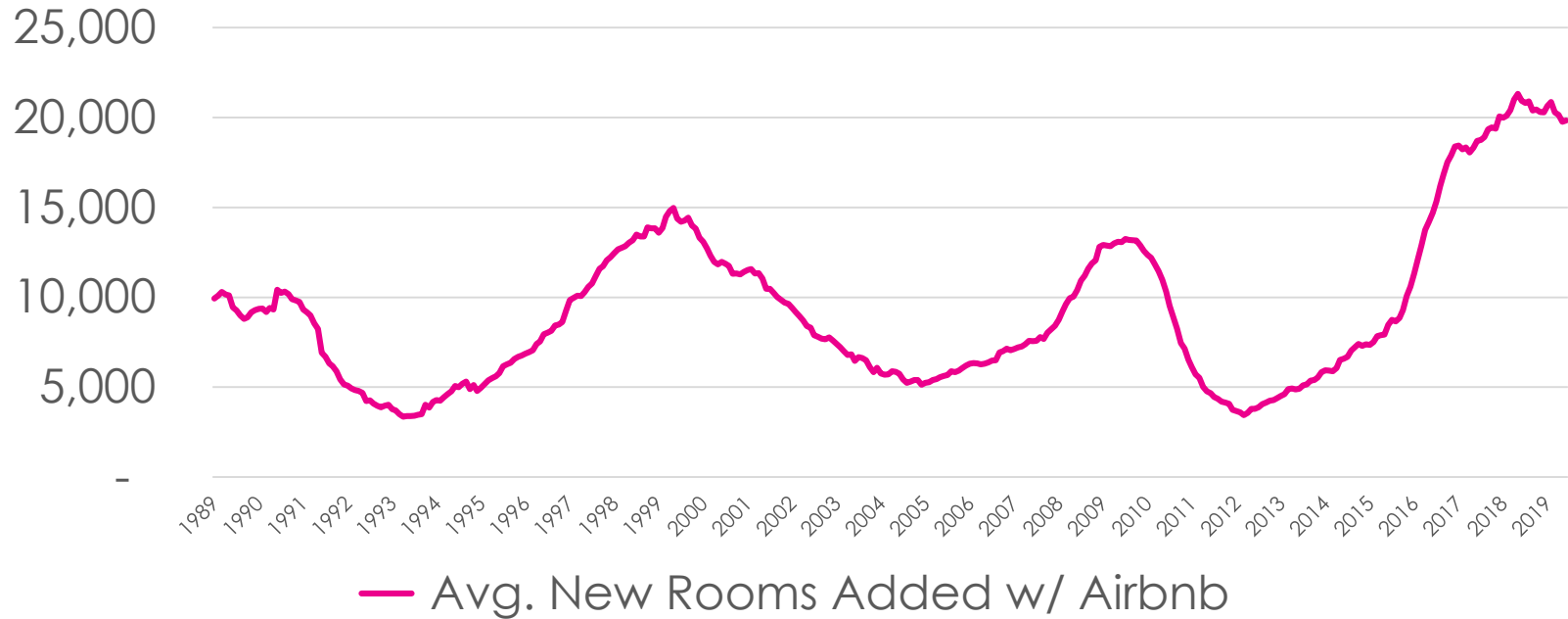
Average Daily Active Airbnb & Hotel Supply in U.S.

Year	Hotel Rooms	Hotel^	Airbnb Units	Airbnb^	Airbnb+Hotels	Airbnb+Hotels^
2012	4,848,884	0.3%	13,000	150%	4,848,885	0.5%
2013	4,873,095	0.5%	28,000	115%	4,873,095	0.8%
2014	4,902,655	0.6%	58,000	107%	4,902,655	1.2%
2015	4,947,954	0.9%	115,235	99%	5,063,189	2.1%
2016	5,017,721	1.4%	223,710	98%	5,241,431	3.5%
2017	5,103,984	1.7%	342,865	53%	5,446,848	3.9%
2018	5,209,886	2.0%	466,337	27%	5,676,223	4.0%
2019 Q2	5,313,636	2.0%	589,631	26%	5,903,267	4.0%

Source

NEW ROOMS ADDED

12 MMA of New Hotel Rooms & Airbnb Units Added in the U.S.



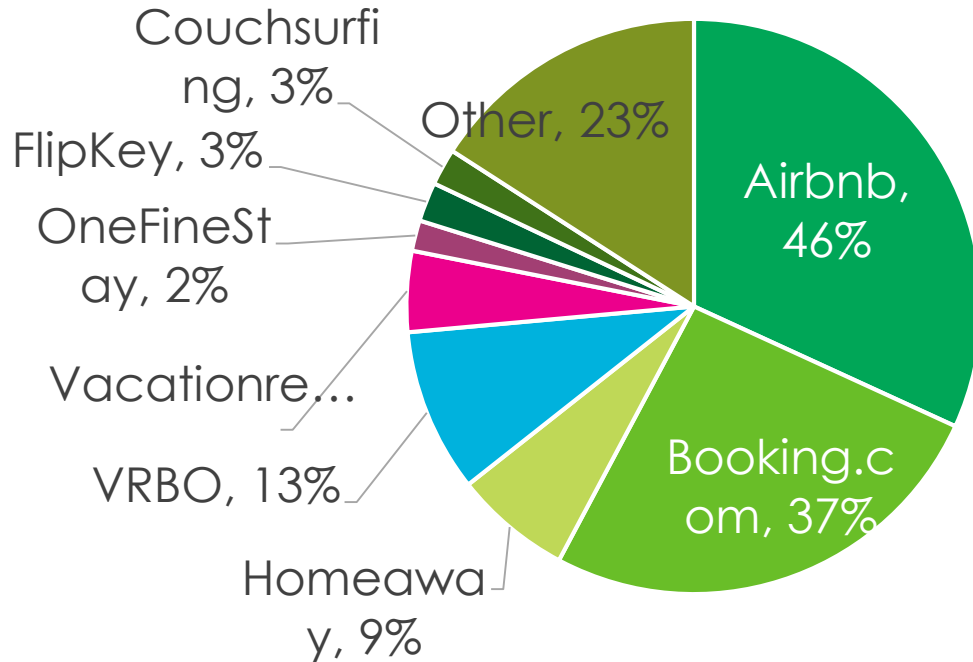
Source: STR, CBRE Hotels' Americas Research, Airdna, Sept. 2019.

The background of the slide features a teal color palette with a pattern of curved, overlapping architectural lines that create a sense of depth and movement. A solid teal horizontal band is positioned across the middle of the slide, serving as a backdrop for the main text.

CURRENT ISSUES

ALTERNATIVE LODGING

53% OF HOTEL GUESTS USE ALTERNATIVES

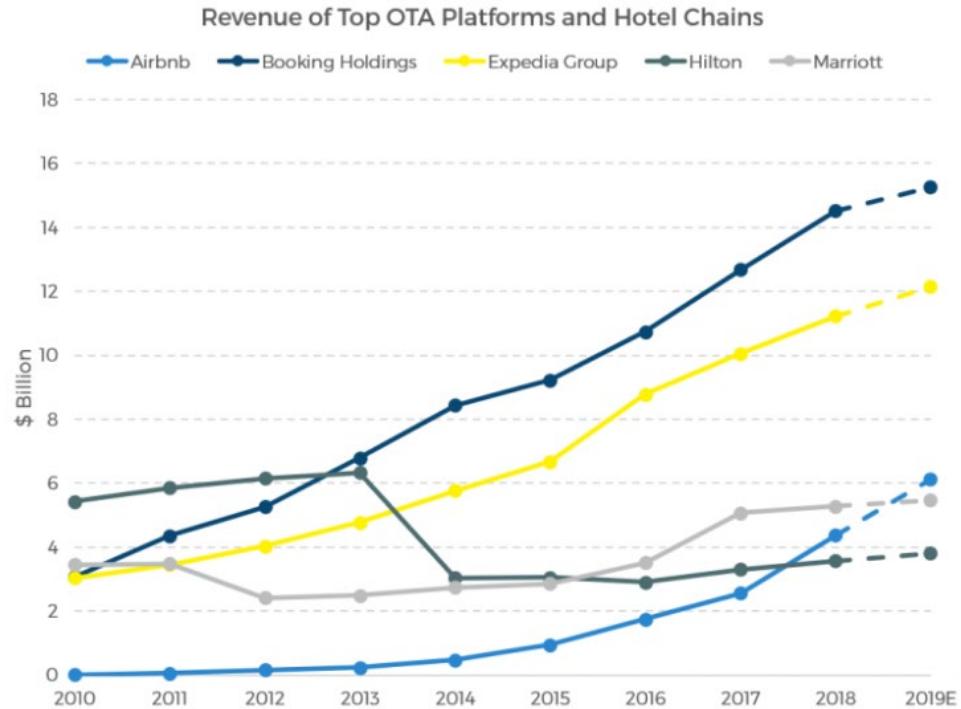


Source: J.D. Power Hotel Guest Satisfaction Study 2019

J.D. POWER 2019 SURVEY INSIGHTS

- Alternative lodging more likely when:
 - Traveling with family
 - Space needs
 - Urban location
- Hotel more likely when:
 - Traveling solo
 - Traveling for “Bleisure”

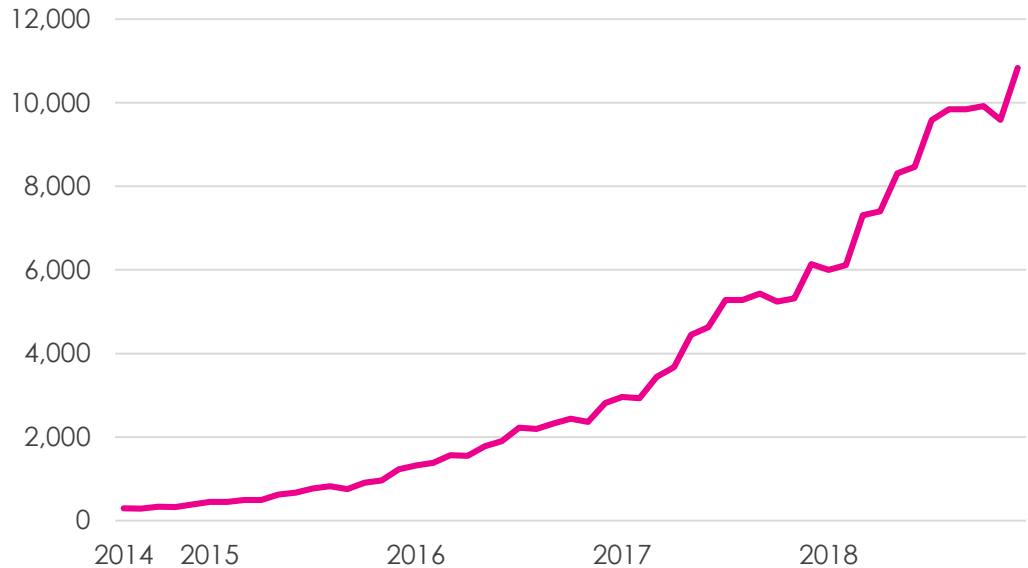
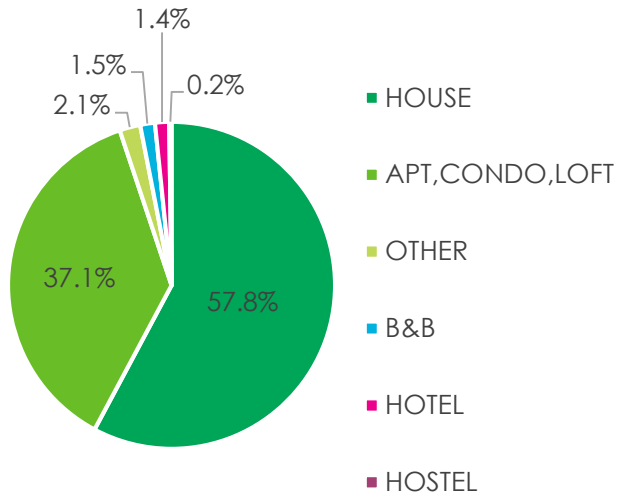
OTA REVENUE TRENDS



Source: Skift Research from company reports and market estimates

FASTEST GROWING SEGMENT ON AIRBNB

Airbnb Begins Transition to an OTA



Source: CBRE Hotels' Americas Research, Airdna, Q1 2019.

Note: Based on self-classification by host on Airbnb.com

* Hotel statistics can be misleading because each unit reported on Airbnb.com can represent multiple hotel rooms

APARTMENT/HOMESHARE BRANDS

S O N D E R

The logo for dōmio consists of a solid purple square with the word "dōmio" written in white lowercase letters. The letter "o" has a macron over it.

dōmio

The logo for STAY ALFRED features the text "STAY ALFRED" in a black, sans-serif font. "STAY" is in a smaller size and positioned to the left of "ALFRED". The entire text is enclosed within a thin black rectangular border.

STAY ALFRED

The logo for wanderjaunt features the word "wanderjaunt" in a lowercase, orange, sans-serif font. The "j" is stylized with a curved tail.

wanderjaunt



ORDINANCE 19-18

- Platform liability
- Platform transparency
- Neighborhood empowerment
- Advertising regulations
- Geographic distribution

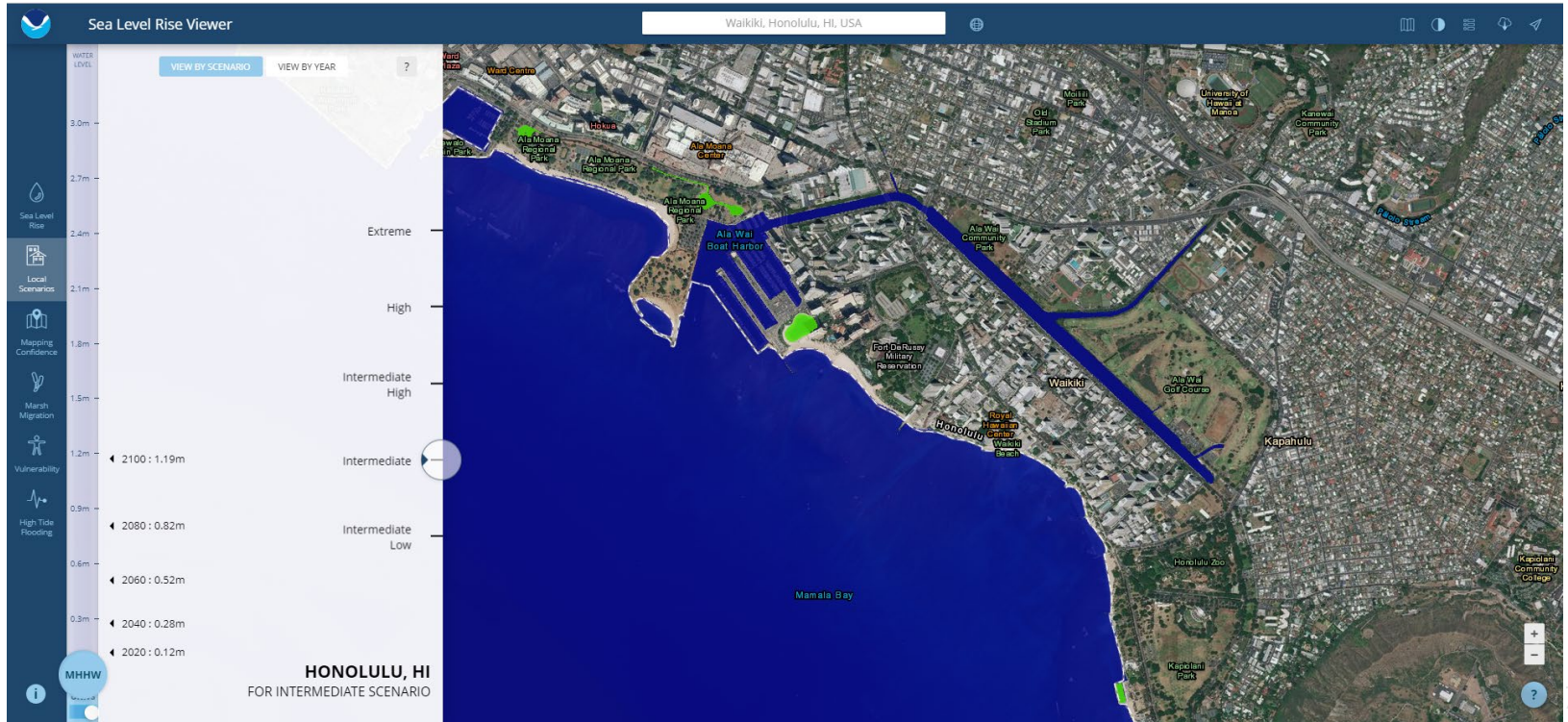
THE SOUTHWEST EFFECT

- 15% fare decrease
- 28% to 30% traffic increase

Source: Beckenstein, Alan R. and Campbell, Brian, Public Benefits and Private Success: The Southwest Effect Revisited (August 10, 2017). Darden Business School Working Paper No. 206. Available at SSRN: <https://ssrn.com/abstract=3016047> or <http://dx.doi.org/10.2139/ssrn.3016047>

SEA LEVEL RISE

WAIKIKI 2020

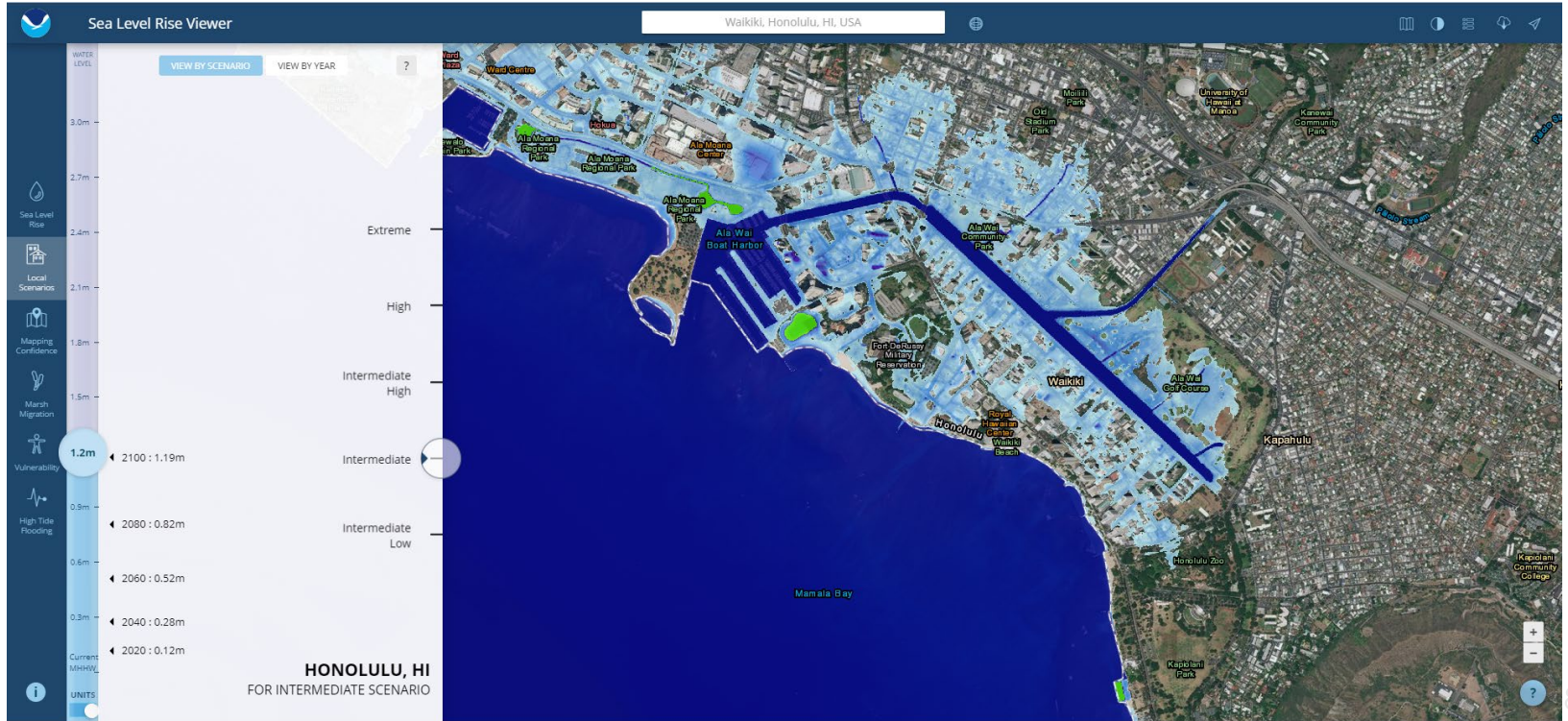


Source: NOAA Office for Coastal Management

HTA FALL TOURISM UPDATE

SEA LEVEL RISE

WAIKIKI 2100 – INTERMEDIATE SCENARIO



Source: NOAA Office for Coastal Management

The background of the slide features a teal color palette with a pattern of curved, overlapping architectural lines that create a sense of depth and movement. A solid dark teal horizontal band is positioned across the middle of the image, serving as a backdrop for the title text.

CBRE HOTELS' FORECAST

U.S. NATIONAL FORECAST – ALL HOTELS

SUPPLY DEMAND DISCONNECT IN 2020; REVPAR TROUGH STILL POSITIVE

	Long Run Average	2017	2018	2019F	2020F	2021F	2022F
Supply	1.8%	1.7%	2.0%	2.0%	1.9%	1.7%	1.6%
Demand	2.0%	2.4%	2.4%	2.0%	1.3%	1.7%	2.4%
Occupancy	62.5%	65.9%	66.2%	66.1%	65.7%	65.7%	66.1%
ADR	3.0%	2.2%	2.5%	1.2%	1.4%	1.0%	1.3%
RevPAR	3.2%	2.9%	2.9%	1.1%	0.7%	0.9%	2.1%

Preliminary

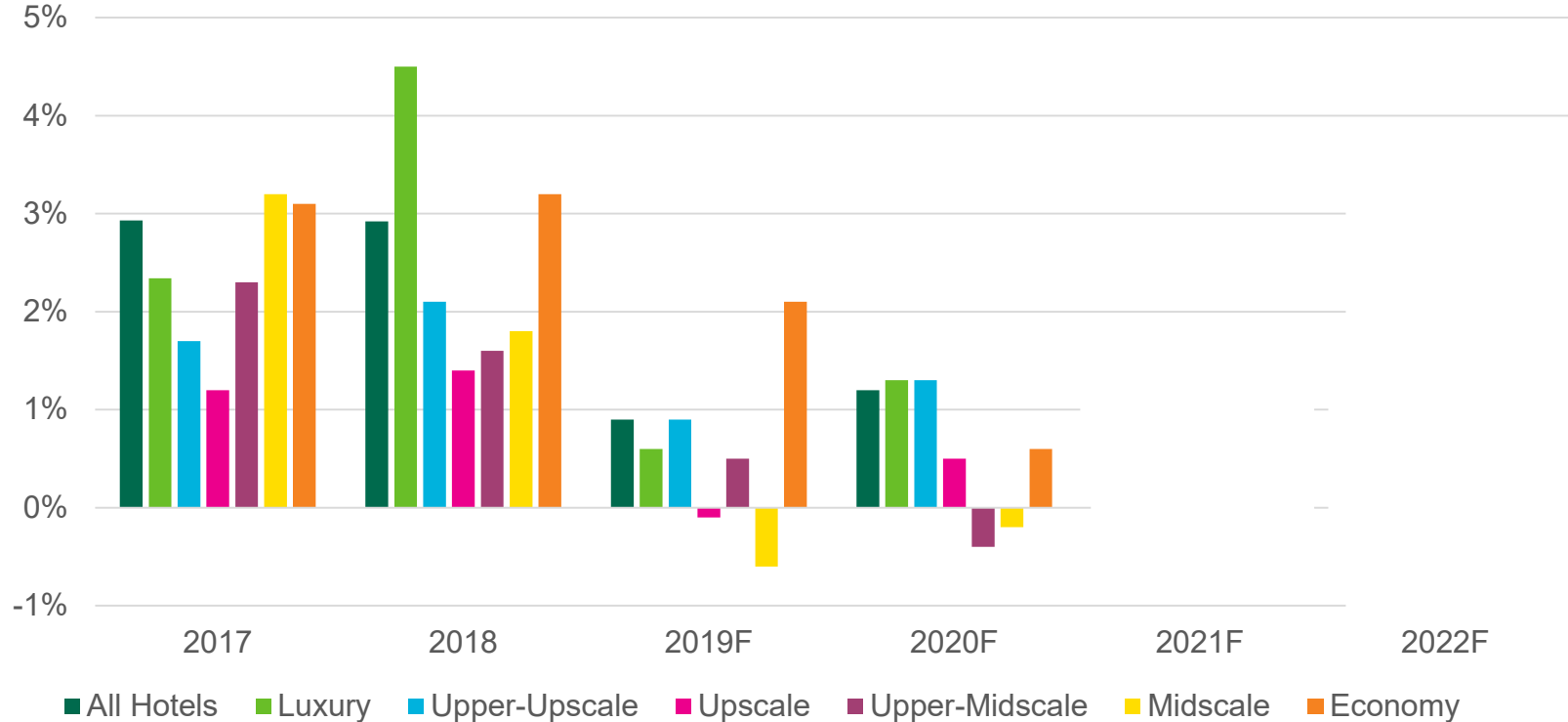
Source: STR, CBRE Hotels' Americas Research, Hotel Horizons® December 2019 – February 2020 (P)

MARKET OUTLOOK

- Occupancy Levels will Decline in 30 of our 60 Top U.S. Markets for 2019
 - 48 Markets in 2020
- Average Daily Rate Growth will Exceed 2.0% in 40 Markets this Year
 - 31 Markets in 2020

CBRE HOTELS' LODGING INSIGHTS

U.S. LODGING INDUSTRY: CHAIN-SCALE FORECAST – REVPAR CHANGE



Source: STR, CBRE Hotels Research, Hotel Horizons® September - November 2019

SUMMARY

1. Industry growth peaked in 2018
2. Markets will soften in 2020 and 2021
3. High occupancy levels provide a cushion
4. Increasing labor costs
5. Relative appeal of lodging will weaken



CBRE

MAHALO

**HAWAII TOURISM AUTHORITY
FALL TOURISM UPDATE
NOVEMBER 18, 2019**