

## Lodging

### REVPAR +4.6% For Week Ended June 22; Better, but Still Below Trend Growth

- **REVPAR +4.6%** — Smith Travel Research reported US lodging statistics for the week ended June 22. REVPAR +4.6% with ADR +4.1% and occupancy +0.5%. The calendar was clean and comparison was moderate (+5.1%). The second quarter is shaping up a little softer than anticipated due mainly to weaker group demand. Comparisons during the last week of June are difficult at ~12.5%, making a late quarter rebound unlikely. We expect the next data point to be weak. Our sense is public companies may be out-performing the STR averages, given what has been better growth in the Upper-Upscale segment (+5.9% QTD vs. +4.7% industry-wide), where there is disproportionate exposure. Comparisons ease by ~200bp in the 2H'13 due to July 4 timing and Hurricane Sandy, which may drive an acceleration of REVPAR growth in 3Q/4Q.
- **2Q REVPAR Trending at +4.7%; Upper-Upscale +5.9%** — Our expectation for most companies is around ~6%, before any renovation impact.
- **Group Remains Soft** — Group REVPAR declined 0.5% last week and 3.6% over the last 4 weeks. Transient REVPAR increased 7.7% last week and 5.8% over the last 4 weeks. This continues to be consistent with commentary at NYU and NAREIT that group has underperformed and transient has outperformed vs. expectations.
- **Growth Improved Steadily Through the Week** — REVPAR +3.9% during the mid-week period and +6.5% over the weekend. Growth improved as the week progressed. REVPAR by Day: Sun (+3.1%), Mon (+3.4%), Tue (+3.6%), Wed (+3.8%), Thu (+4.9%), Fri (+6.6%), Sat (+6.3%).
- **Luxury and Upper-Upscale Outperform** — Luxury (+6.0%) and Upper-Upscale (+4.8%) REVPAR outperformed. The public companies have disproportionate exposure to these segments. Other segments: Upscale (+4.0%); Upper Midscale (+3.5%); Midscale (+2.1%); Economy (+4.2%); Independents (+5.5%).
- **Mixed Urban Market Performance** — Chicago was robust last week with +26.6% REVPAR, followed by San Francisco (+12.6%). New York (+4.5%), Washington DC (-8.7%) and Boston (-10.9%) underperformed the industry average with Boston facing a very difficult year-over-year comparison of +23.7%.

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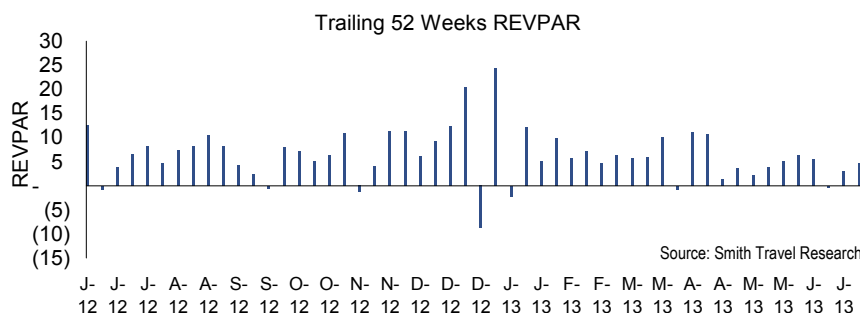
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## Top Markets

Figure 1 presents hotel operating statistics for the top five markets. Operating Statistics for the top 25 markets for the week and for QTD appear on the next page.

Figure 1. Top Five Lodging Markets (year-over-year % change)

	Occupancy	ADR	REVPAR
Boston	(6.5)	(4.7)	(10.9)
Chicago	4.6	21.1	26.6
New York	(0.4)	4.8	4.5
San Francisco	3.1	9.2	12.6
Washington, DC	(5.3)	(3.6)	(8.7)
<b>Total Industry</b>	<b>0.5</b>	<b>4.1</b>	<b>4.6</b>

Source: Smith Travel Research

Figure 2. Top-25 Lodging Markets

	This Week			QTD		
	Occupancy	ADR	REVPAR	Occupancy	ADR	REVPAR
Anaheim	(1.7)	1.2	(0.5)	2.7	7.4	10.5
Atlanta	2.8	0.9	3.7	5.9	4.3	11.4
Boston	(6.5)	(4.7)	(10.9)	(1.4)	2.2	0.9
Chicago	4.6	21.1	26.6	3.1	5.8	9.5
Dallas	0.4	1.4	1.8	3.5	4.5	8.3
Denver	7.8	12.6	21.4	5.0	4.5	9.9
Detroit	1.3	6.4	7.8	3.9	5.4	9.6
Houston	1.5	4.8	6.4	5.3	8.2	15.1
Los Angeles	(1.2)	3.1	1.8	1.3	6.0	7.4
Miami-Hialeah	0.2	4.1	4.3	0.3	5.4	5.7
Minneapolis-St Paul	1.4	1.1	2.6	6.6	3.2	10.0
Nashville	5.3	5.8	11.4	3.8	4.6	8.6
New Orleans	(6.5)	1.2	(5.4)	1.6	3.6	6.2
New York	(0.4)	4.8	4.5	0.7	3.6	4.4
Norfolk-Virginia Beach	(7.6)	(0.4)	(8.0)	(7.1)	0.9	(6.2)
Oahu Island	4.0	16.6	21.3	0.6	13.7	14.4
Orlando	(4.2)	2.9	(1.5)	0.9	3.2	4.3
Philadelphia	4.0	8.5	12.9	0.0	3.8	4.3
Phoenix	(4.9)	1.0	(3.9)	3.6	2.0	5.9
San Diego	(1.3)	0.2	(1.1)	0.2	2.4	2.8
San Francisco	3.1	9.2	12.6	4.2	10.9	15.7
Seattle	2.5	4.5	7.2	2.6	5.3	8.1
St Louis	8.2	12.9	22.2	1.1	7.7	9.6
Tampa-St Petersburg	8.2	0.7	8.9	1.5	0.5	2.1
Washington, DC	(5.3)	(3.6)	(8.7)	(2.7)	1.2	(1.4)
<b>Top-25 Markets</b>	<b>0.6</b>	<b>4.6</b>	<b>5.5</b>	<b>1.9</b>	<b>4.8</b>	<b>7.1</b>

Source: Citi Research and Smith Travel Research

## Leisure Markets

Figure 3 presents hotel statistics for the key leisure markets.

Figure 3. Key Leisure Markets (year-over-year % change)

	Occupancy	ADR	REVPAR
Oahu Island	4.0	16.6	21.3
Miami-Hialeah	0.2	4.1	4.3
New Orleans	(6.5)	1.2	(5.4)
Orlando	(4.2)	2.9	(1.5)
Tampa	8.2	0.7	8.9
Phoenix	(4.9)	1.0	(3.9)
San Diego	(1.3)	0.2	(1.1)
<b>Total Industry</b>	<b>0.5</b>	<b>4.1</b>	<b>4.6</b>

Source: Smith Travel Research

## Performance by Day

Figure 4 presents daily hotel operating statistics this week and Figure 5 presents QTD daily statistics.

Figure 4. Lodging Results by Day (year-over-year % change) – This Week

Day	Date	Occupancy	ADR	REVPAR
Sunday	6/16	0.1	3.0	3.1
Monday	6/17	(0.1)	3.5	3.4
Tuesday	6/18	(0.0)	3.6	3.6
Wednesday	6/19	0.1	3.7	3.8
Thursday	6/20	1.0	3.9	4.9
Friday	6/21	1.3	5.3	6.6
Saturday	6/22	1.2	5.0	6.3
<b>Total:</b>		<b>0.5</b>	<b>4.1</b>	<b>4.6</b>
Midweek (M-Th)		0.2	3.7	3.9
Weekend (F-S)		1.2	5.2	6.5

Source: Smith Travel Research

Figure 5. Lodging Results by Day (year-over-year % change) – QTD

Day	Occupancy	ADR	REVPAR
Sunday	0.3	3.2	3.8
Monday	0.1	3.5	3.7
Tuesday	0.1	3.6	3.7
Wednesday	0.8	3.8	4.7
Thursday	1.4	3.9	5.4
Friday	1.8	3.8	5.7
Saturday	3.2	3.9	7.3
<b>Total:</b>	<b>1.0</b>	<b>3.7</b>	<b>4.7</b>
Midweek (M-Th)	0.6	3.7	4.4
Weekend (F-S)	2.5	3.8	6.5

Source: Smith Travel Research

## Chain Scale Results

Figure 6 presents hotel operating statistics by chain scale for this week with QTD statistics in Figure 7.

Figure 6. Chain Scale Results (year-over-year % change) – This Week

	Occupancy	ADR	REVPAR
Luxury	(1.2)	7.2	6.0
Upper-Upscale	0.2	4.6	4.8
Upscale	(0.2)	4.2	4.0
Upper Midscale	0.5	3.0	3.5
Midscale	0.3	1.9	2.1
Economy	0.1	4.1	4.2
Independents	1.3	4.2	5.5
<b>Total</b>	<b>0.5</b>	<b>4.1</b>	<b>4.6</b>

Source: Smith Travel Research

Figure 7. Chain Scale Results (year-over-year % change) – QTD

	Occupancy	ADR	REVPAR
Luxury	1.3	4.8	6.2
Upper-Upscale	1.2	4.6	5.9
Upscale	1.4	4.1	5.6
Upper Midscale	1.1	2.9	4.0
Midscale	1.1	2.0	3.1
Economy	0.7	3.6	4.3
Independents	0.6	3.0	3.7
<b>Total</b>	<b>1.0</b>	<b>3.7</b>	<b>4.7</b>

Source: Smith Travel Research

## Lodging Statistics by Location

Figures 8 and 9 present week and QTD hotel operating statistics by location.

Figure 8. Lodging Results by Location – This Week

	Occupancy	ADR	REVPAR
Urban	0.7	5.5	6.2
Airport	2.1	2.9	5.1
Resort	0.4	4.7	5.1
Suburban	1.1	3.8	5.0
Interstate	(0.5)	2.9	2.4
Small Town / Metro	(0.7)	2.4	1.8
<b>Total</b>	<b>0.5</b>	<b>4.1</b>	<b>4.6</b>

Source: Smith Travel Research

Figure 9. Lodging Results by Location – QTD

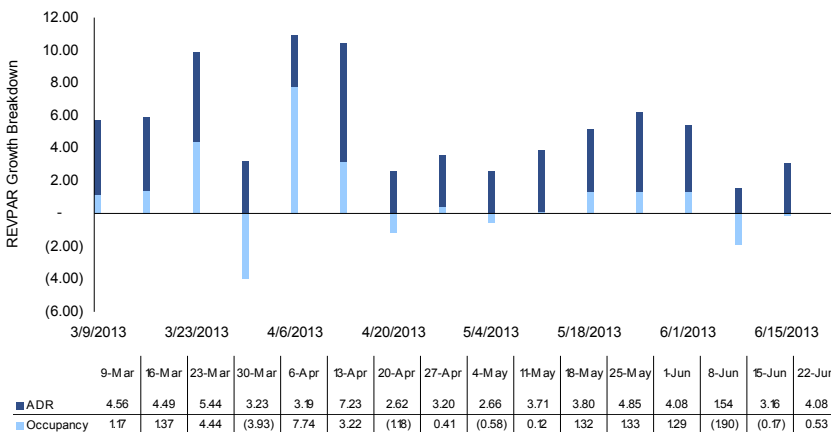
	Occupancy	ADR	REVPAR
Urban	1.3	4.8	6.2
Airport	2.5	3.3	5.9
Resort	(0.2)	4.0	3.8
Suburban	2.0	3.7	5.8
Interstate	(0.3)	2.9	2.5
Small Town / Metro	(0.1)	2.0	1.9
<b>Total</b>	<b>1.0</b>	<b>3.7</b>	<b>4.7</b>

Source: Smith Travel Research

## REVPAR Gains a Mix of Rate and Occupancy

REVPAR gains have been a mix of both pricing and occupancy, although pricing has become a larger factor in overall REVPAR growth. The tables below provide a detailed analysis of the REVPAR composition for the last 16 reported weeks.

Figure 10. REVPAR Growth Breakdown - Weekly - Occupancy vs. ADR

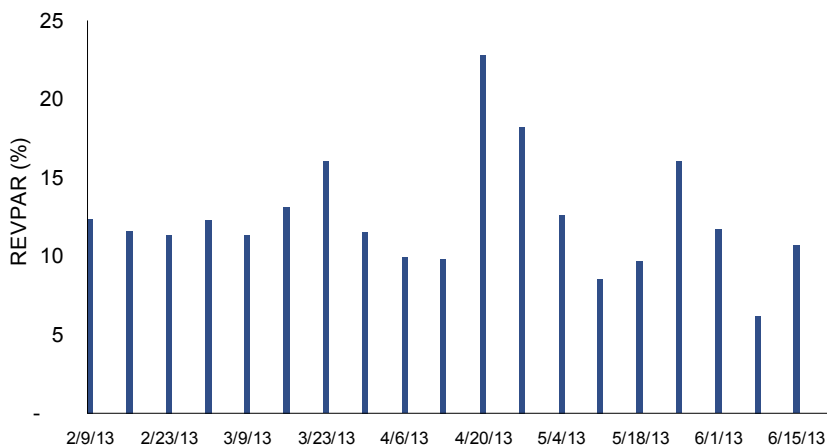


Source: Smith Travel Research

## REVPAR Trend on a 2-Year Basis

On a 2-year basis, or as compared to 2011, REVPAR increased (+10.46%).

Figure 11. REVPAR (%) Trend on a 2-Year Basis



Source: Smith Travel Research

## Appendix A-1

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