Lee County Hotel Overview

Tourist Development Council

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Benchmarking your world

Agenda – February 9

- Total U.S. Review
- Lee County Performance
- Forecasts

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Total U.S. Review

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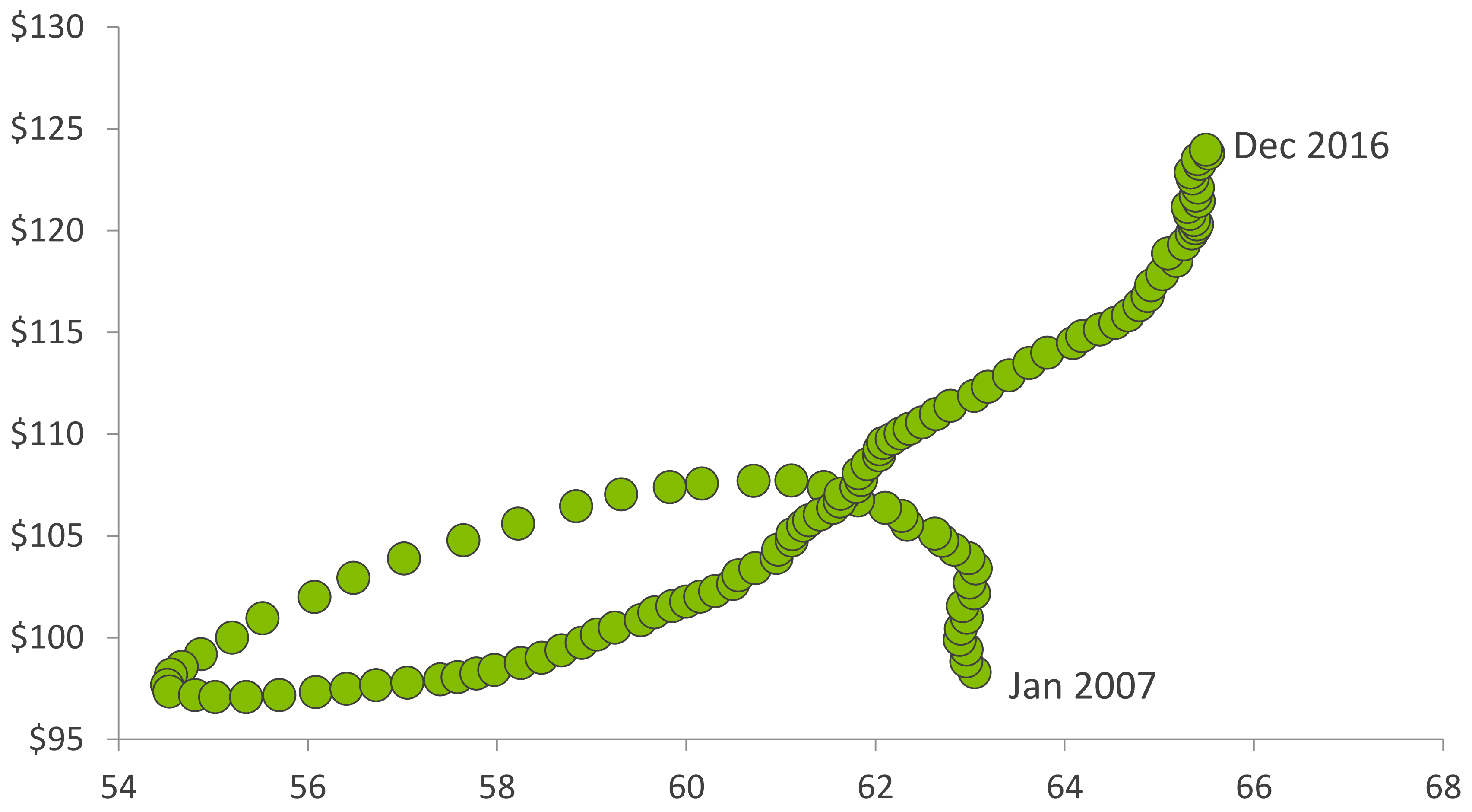
U.S. Market Cycle

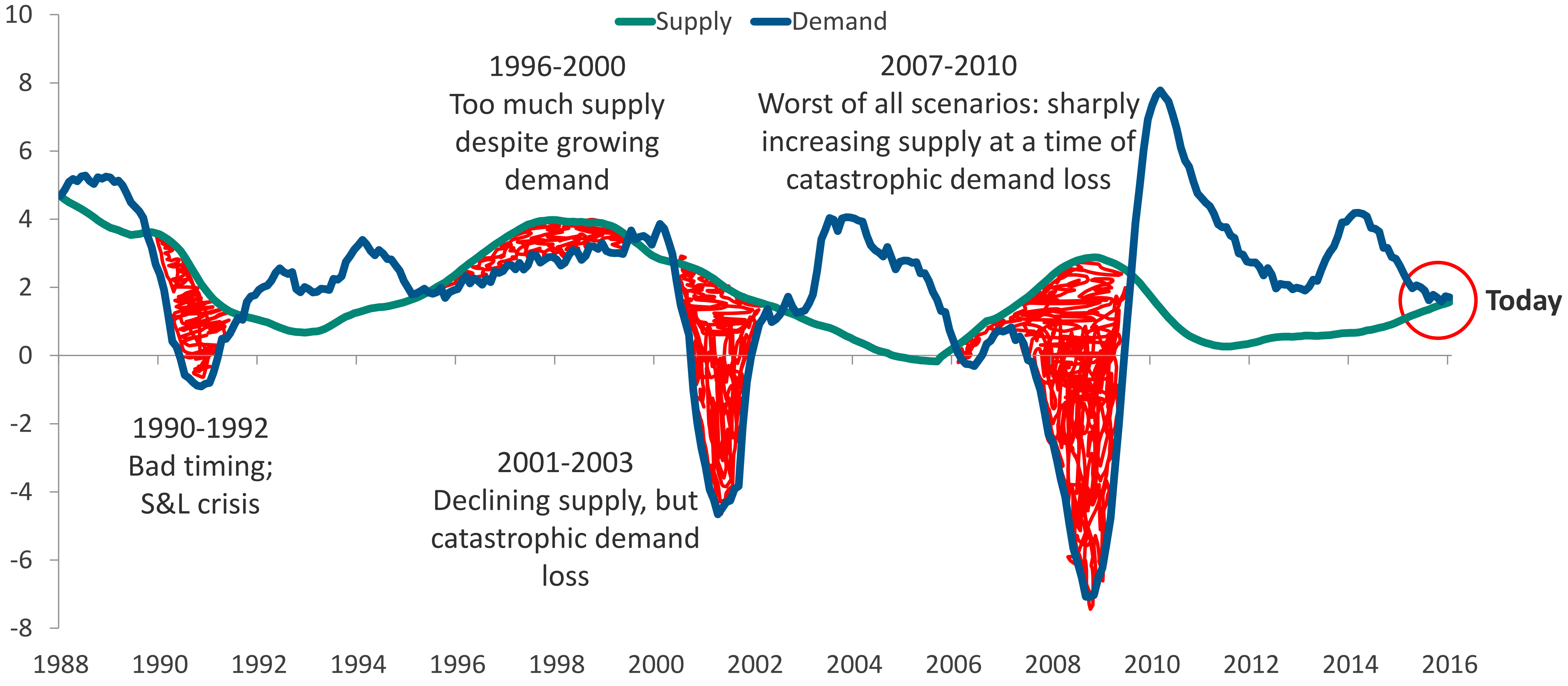


Slow and Steady Growth in 2016

	Actual	% Change	
Room Supply		**1.6%**	▲
Room Demand		1.7%	▲
Occupancy	65.5%	0.1%	▲
ADR	$124	3.1%	▲
RevPAR	$81	**3.2%**	▲

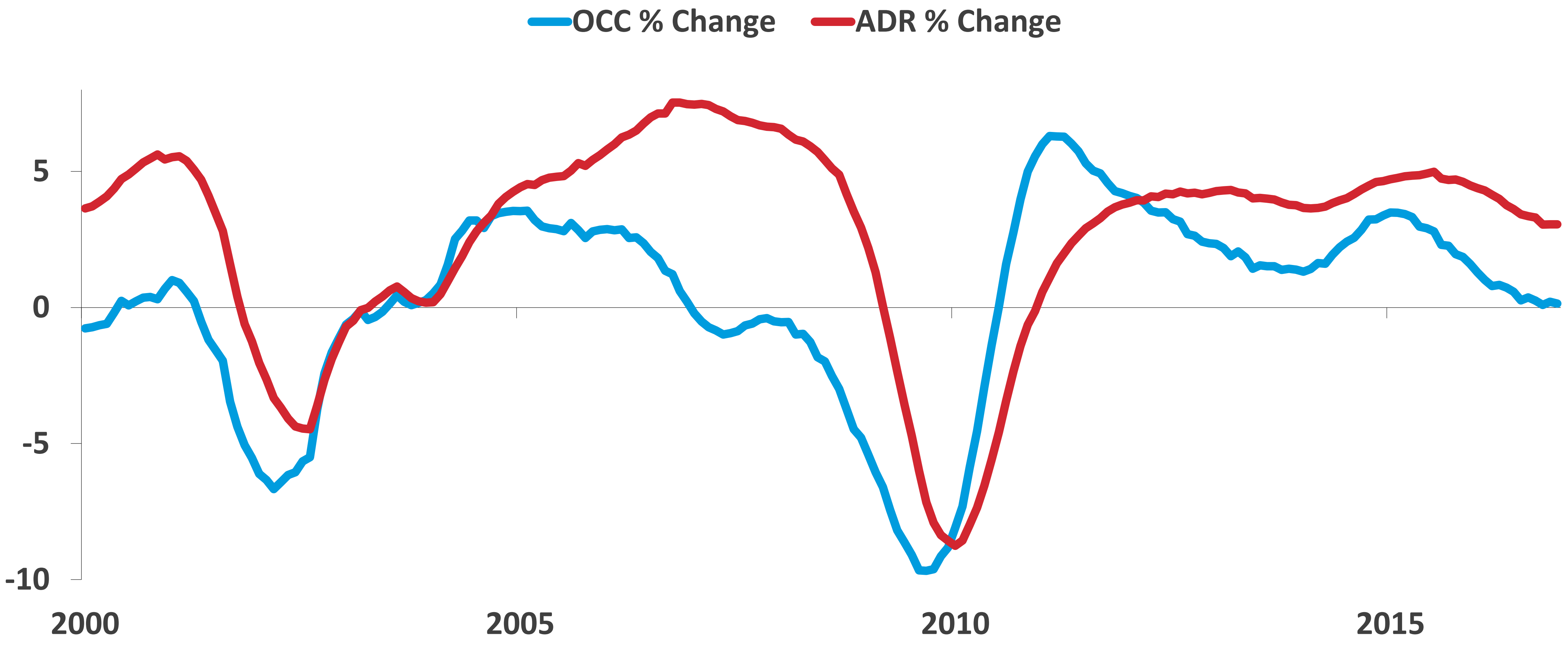
2016, Total US Results

New Supply Isn’t Devastating



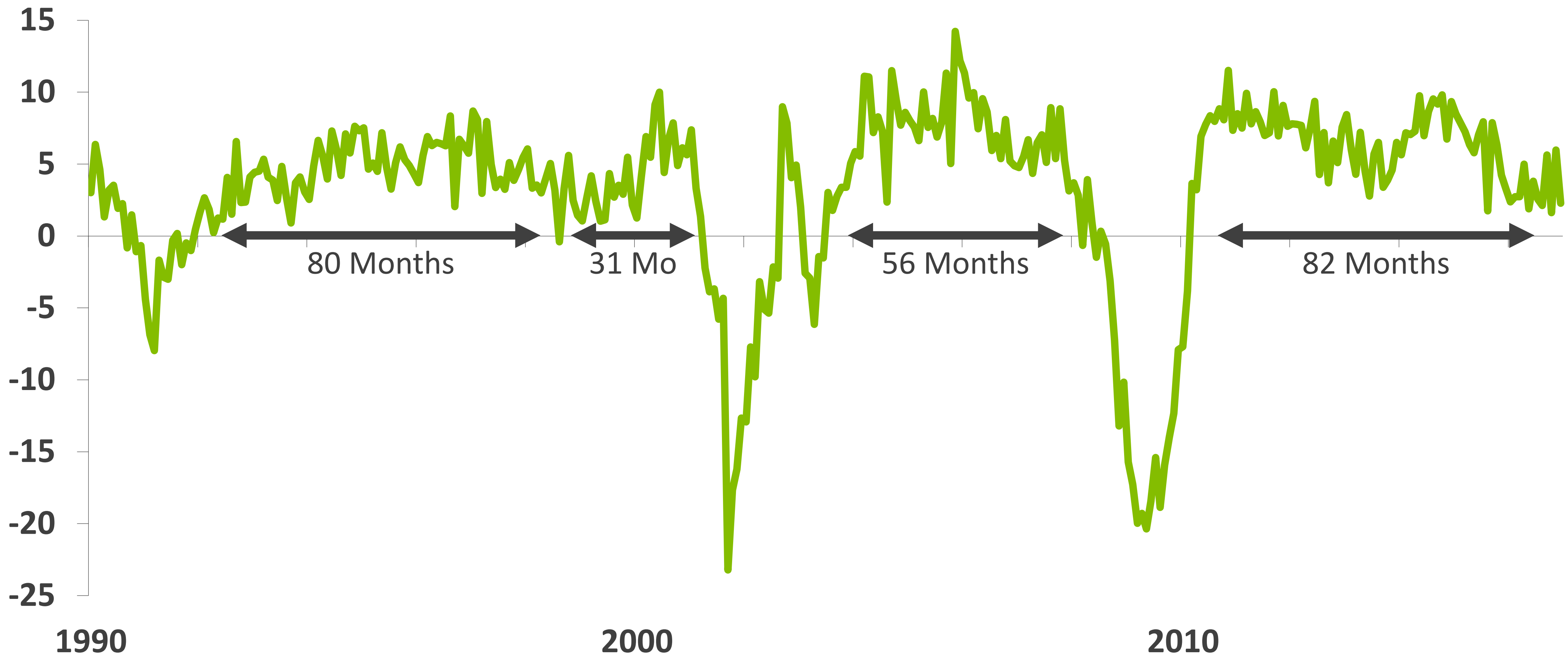
Total U.S., Supply & Demand % Change, 12 MMA 12/1988 – 12/2016

ADR Growth Steady, Occ Growth Decelerating Rapidly



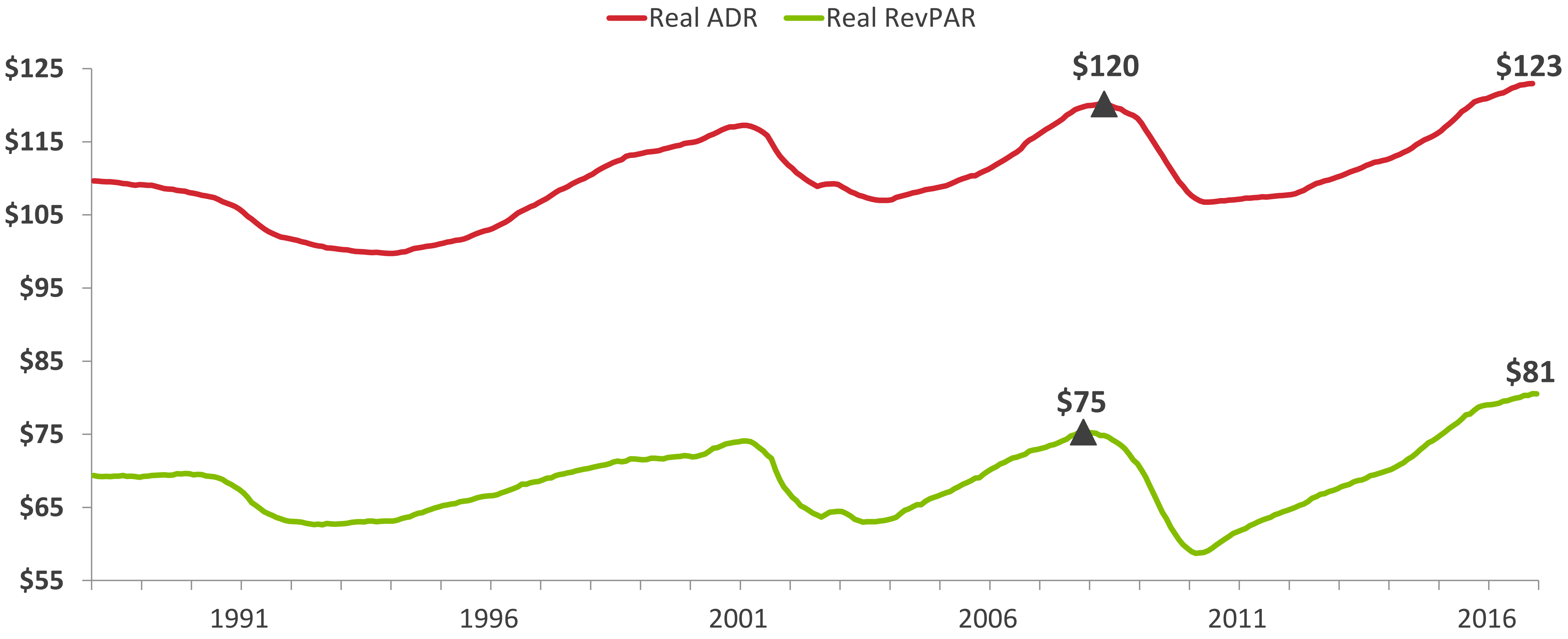
Total U.S., ADR & OCC % Change, 12 MMA 1/2000 – 12/2016

RevPAR Growth Slowing Down After 6 Years of Growth



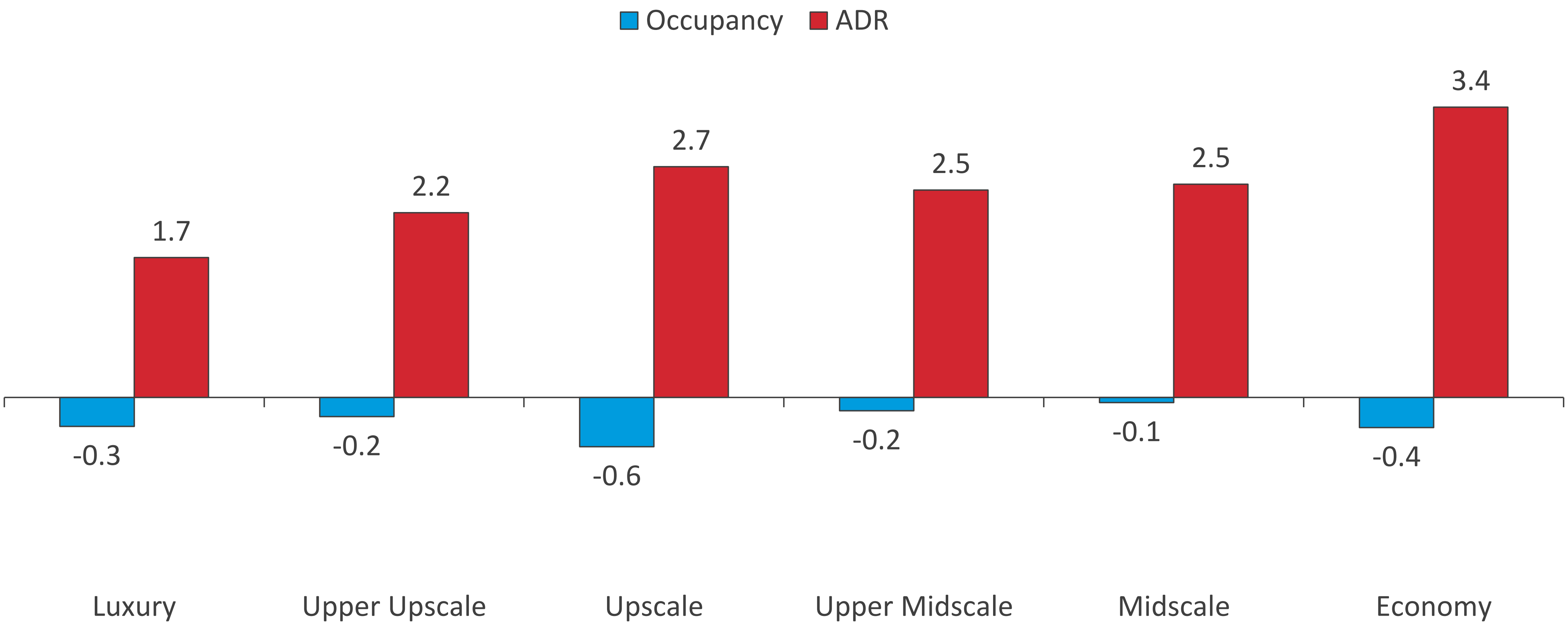
Total U.S., RevPAR % Change, 1/1990 – 12/2016

Real Rate and RevPAR at All-Time High



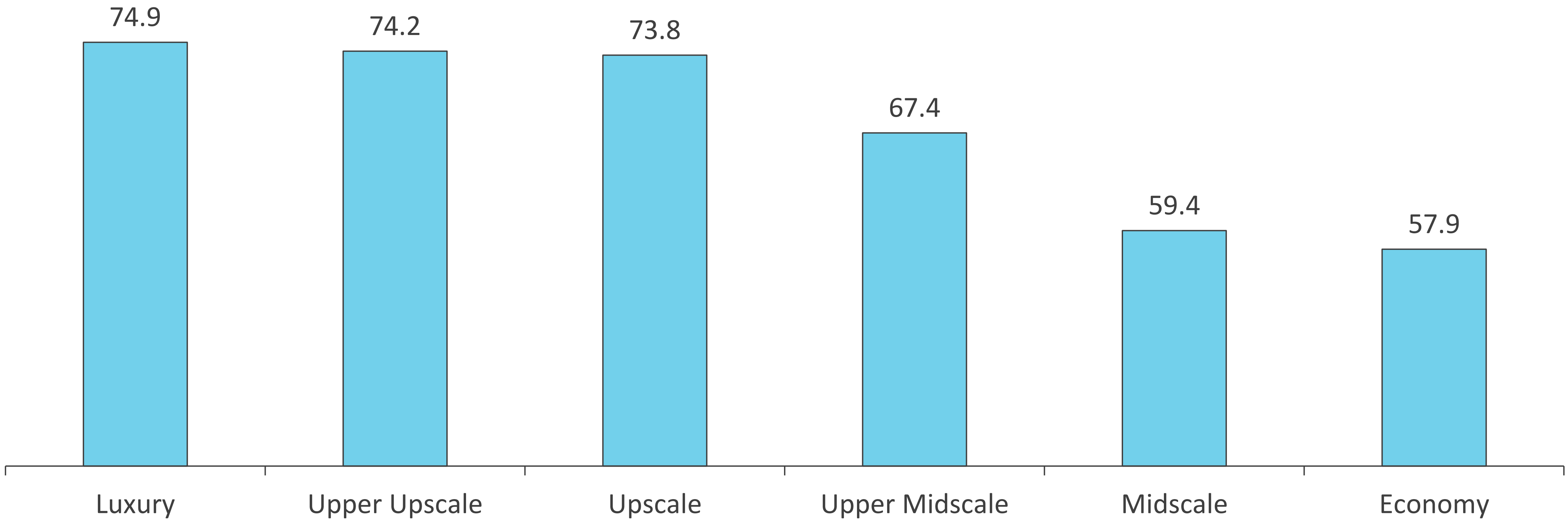
Source: STR, BLS; Inflation-adjusted ADR and RevPAR, ending Dec 2016; Inflation rate (All Urban Consumers (CPI-U), U.S. City Average, All Items)

RevPAR Growth is Driven by ADR



Chain Scales, Occ and ADR % Change, 2016

Upper End Hotels Still Very Busy

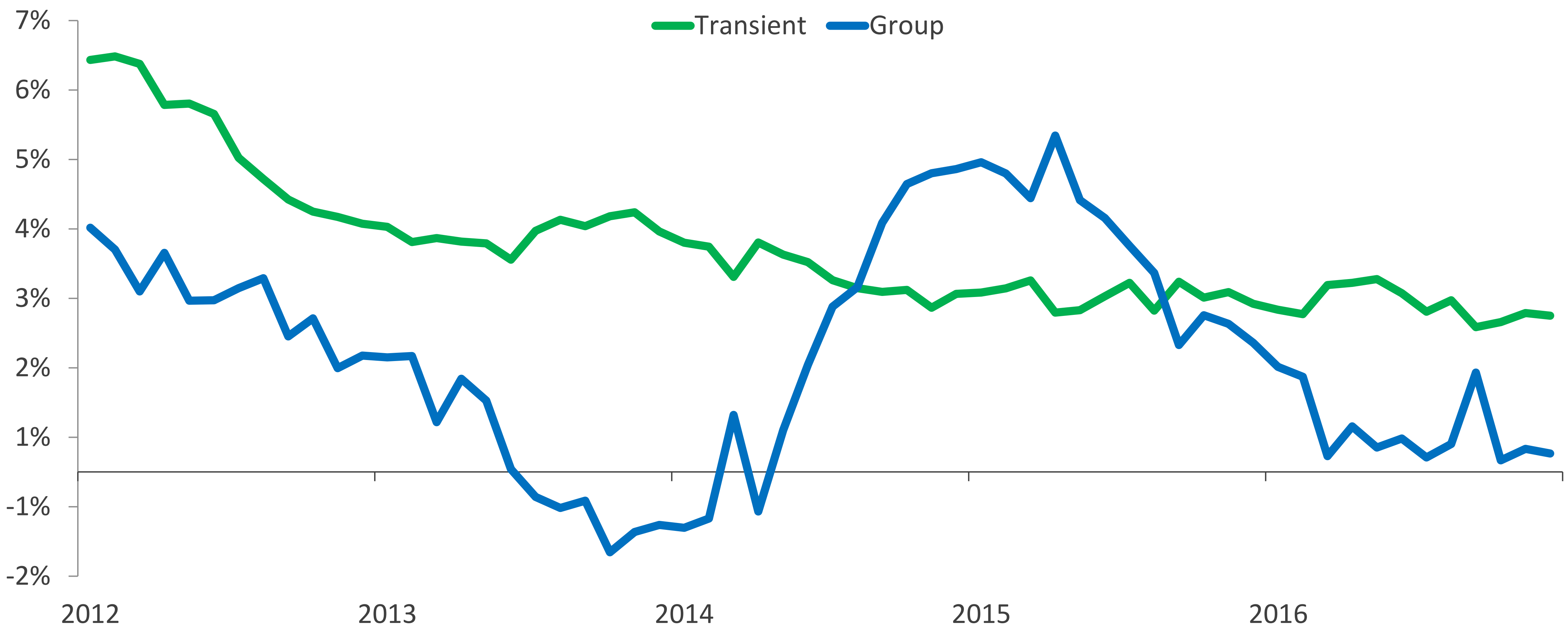


Chain Scales, Occ, 2016

Transient Segment – Rooms reserved at rack rate, corporate negotiated, package, government rate or rooms booked via third party websites.

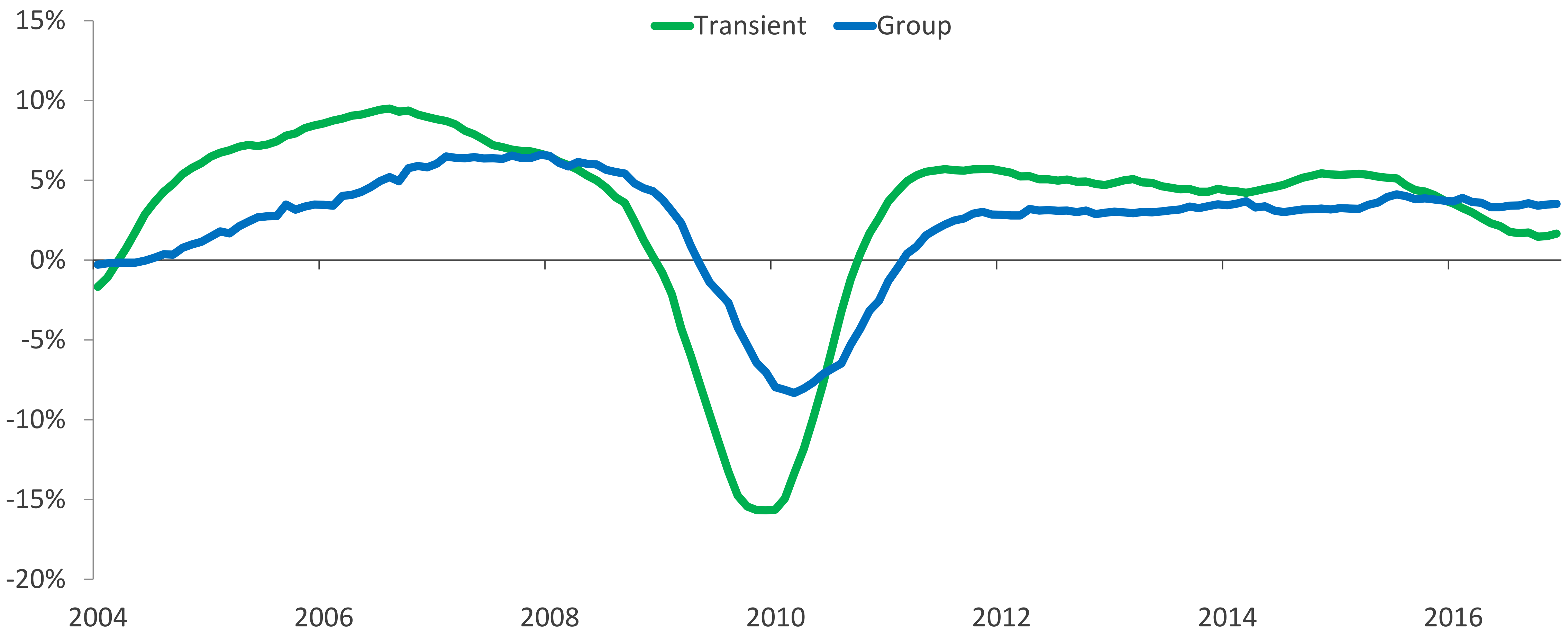
Group Segment – Rooms sold simultaneously in blocks of 10 or more.

Limited Group Demand Growth



Group & Transient Demand % Change, 12 MMA, 1/2012 – 12/2016

Transient ADR Growth Slowing Despite High Occupancy



Transient & Group ADR % Change, 12 MMA, 1/2004 – 12/2016

New Supply Hits NYC, Houston, and Miami

Market	Occ	ADR % Chg
Los Angeles/Long Beach, CA	81.3%	8.5%
Nashville, TN	74.8%	6.0%
Atlanta, GA	69.9%	5.8%
Tampa/St Petersburg, FL	71.6%	5.6%
Denver, CO	73.7%	5.5%
Chicago, IL	69.1%	1.4%
New Orleans, LA	68.8%	0.0%
New York, NY	85.9%	-2.5%
Miami/Hialeah, FL	75.9%	-2.9%
Houston, TX	62.3%	-3.6%

Top 25 Markets, Occ and ADR % Change, 2016

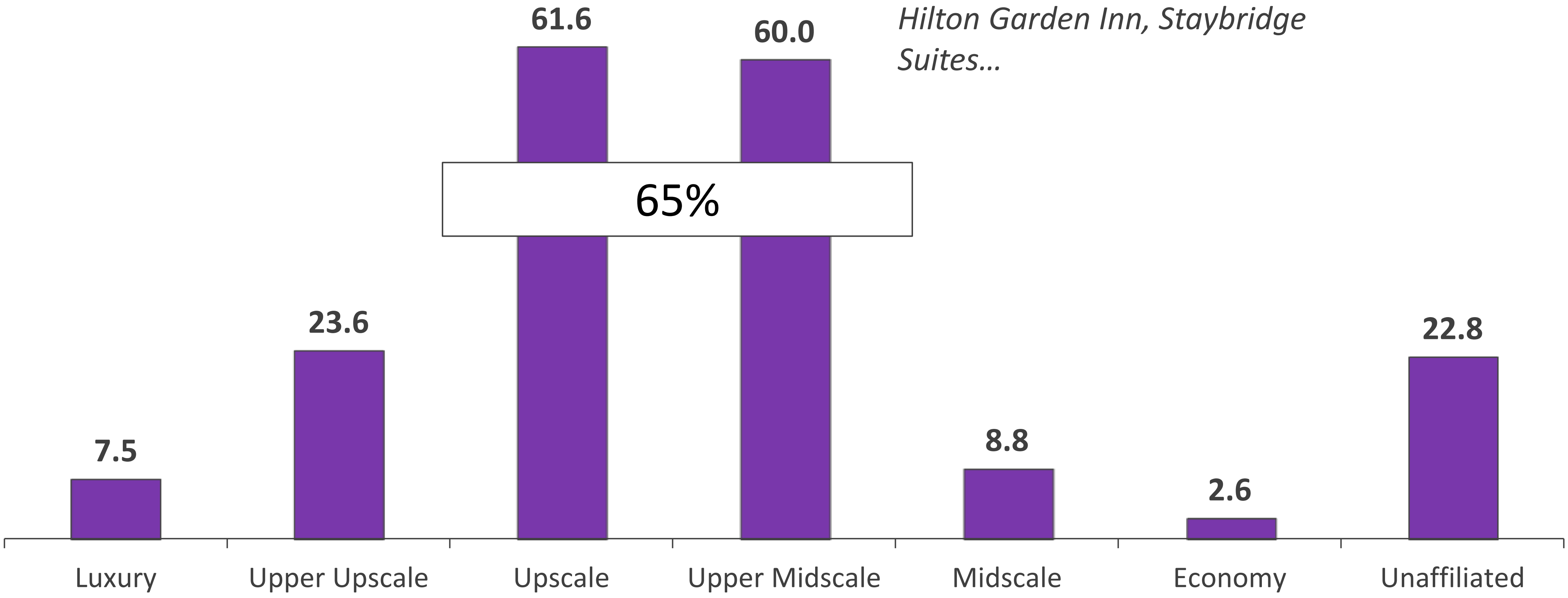
New Construction Continues into 2017

Phase	2016	2015	% Change
In Construction	187	141	33%
Final Planning	199	180	10%
Planning	174	148	18%
Under Contract	**560**	**469**	**19%**

Total US Pipeline, by Phase, '000s Rooms, Dec 2015 and 2016

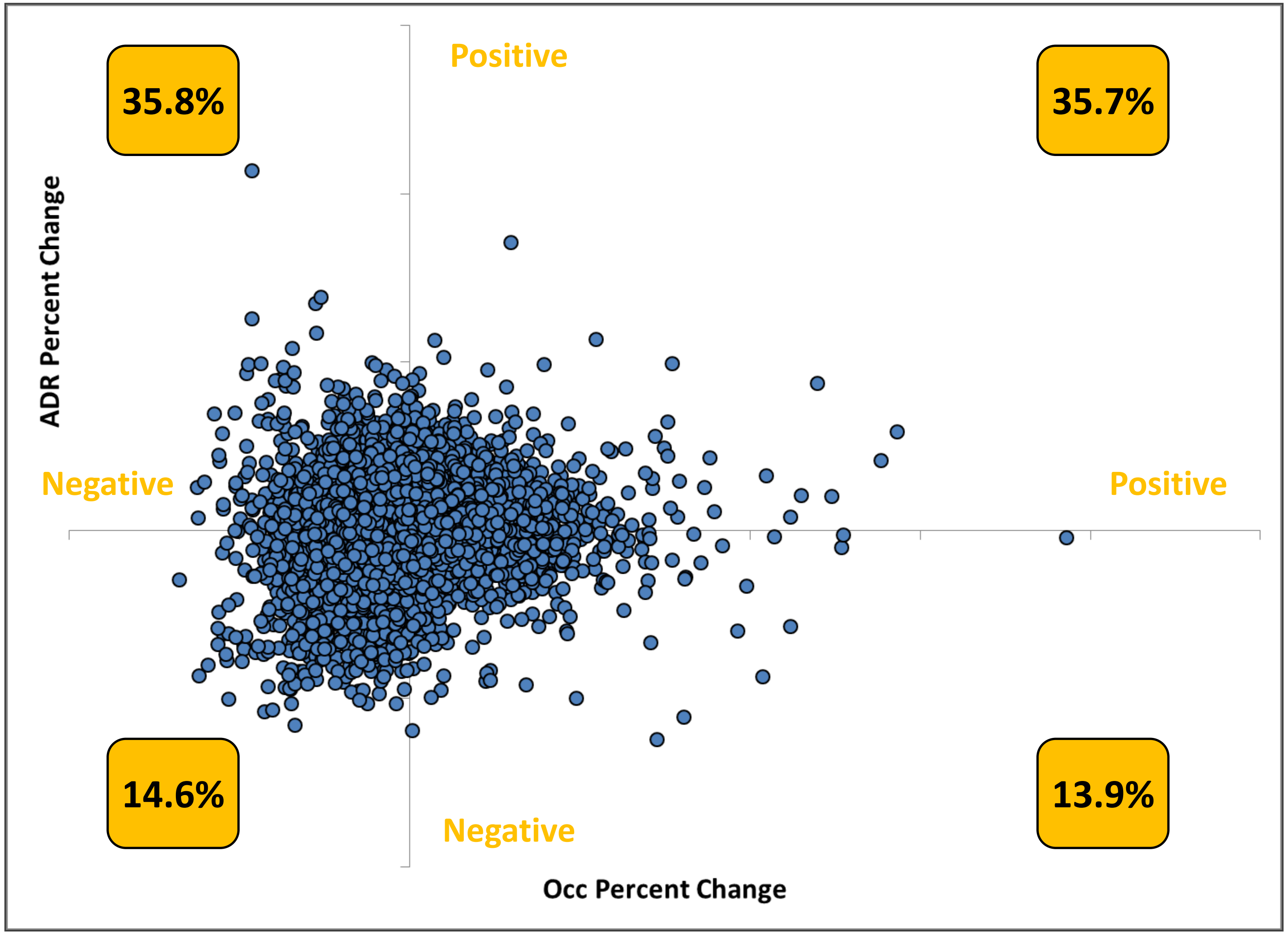
Limited Service Construction is the Name of the Game

Hampton Inn, Holiday Inn, Courtyard, Hilton Garden Inn, Staybridge Suites…

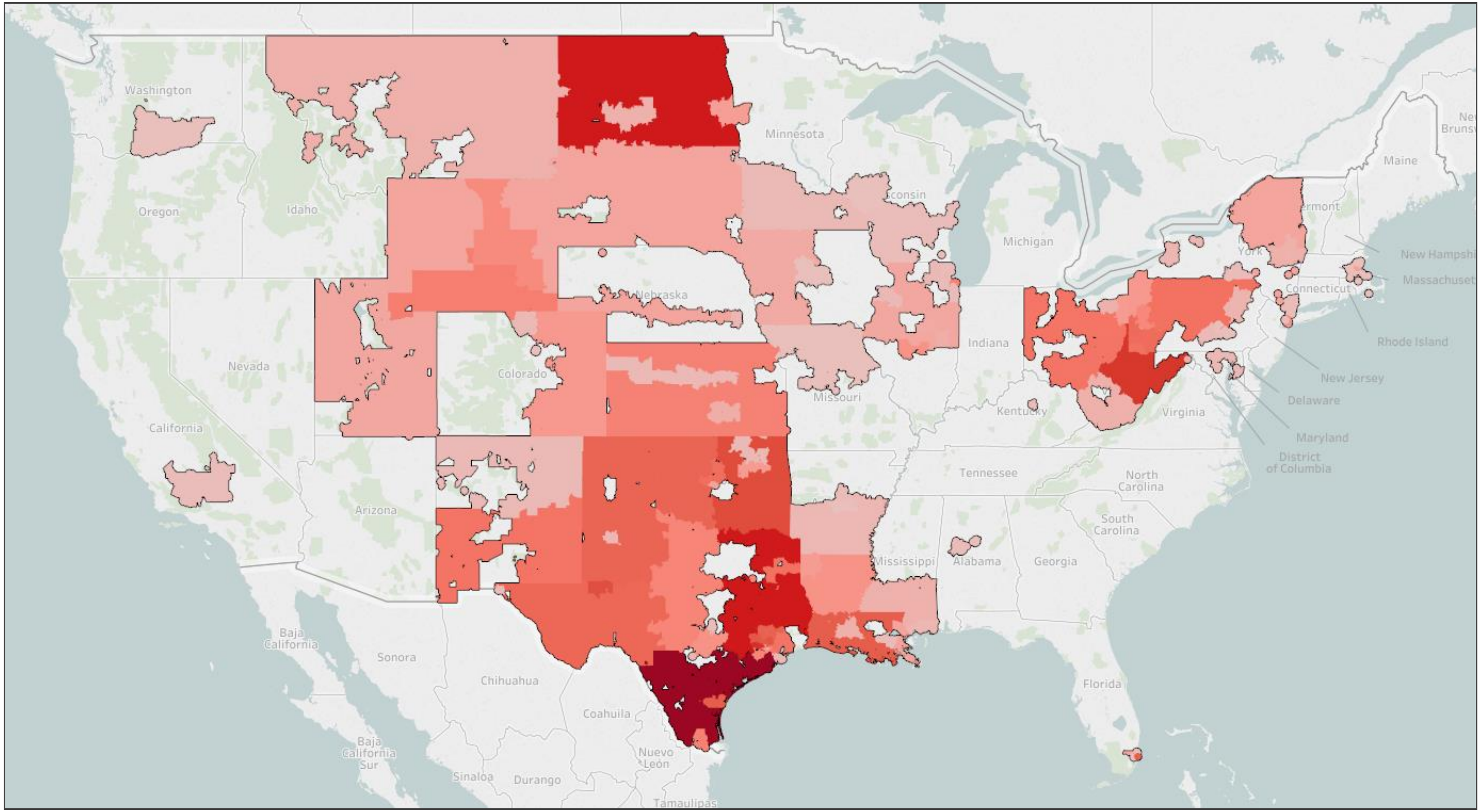


US Pipeline, Rooms Under Construction , '000s Rooms, by Scale, Dec 2016

Growing Number of Hotels with Declining Occ and ADR



Based on 2016 data, hotels reporting for 24 months


Washington
Oregon
Idaho
Nevada
California
Arizona
Colorado
Nebraska
Minnesota
Wisconsin
Michigan
Indiana
Missouri
Kentucky
Tennessee
Mississippi
Alabama
Georgia
Florida
North Carolina
South Carolina
Virginia
Maryland
District of Columbia
Delaware
New Jersey
Rhode Island
Connecticut
Massachusetts
New Hampshire
Vermont
New York
Maine
Baja California
Baja California Sur
Sonora
Chihuahua
Coahuila
Nuevo León
Sinaloa
Durango
Tamaulipas

Lee County Performance

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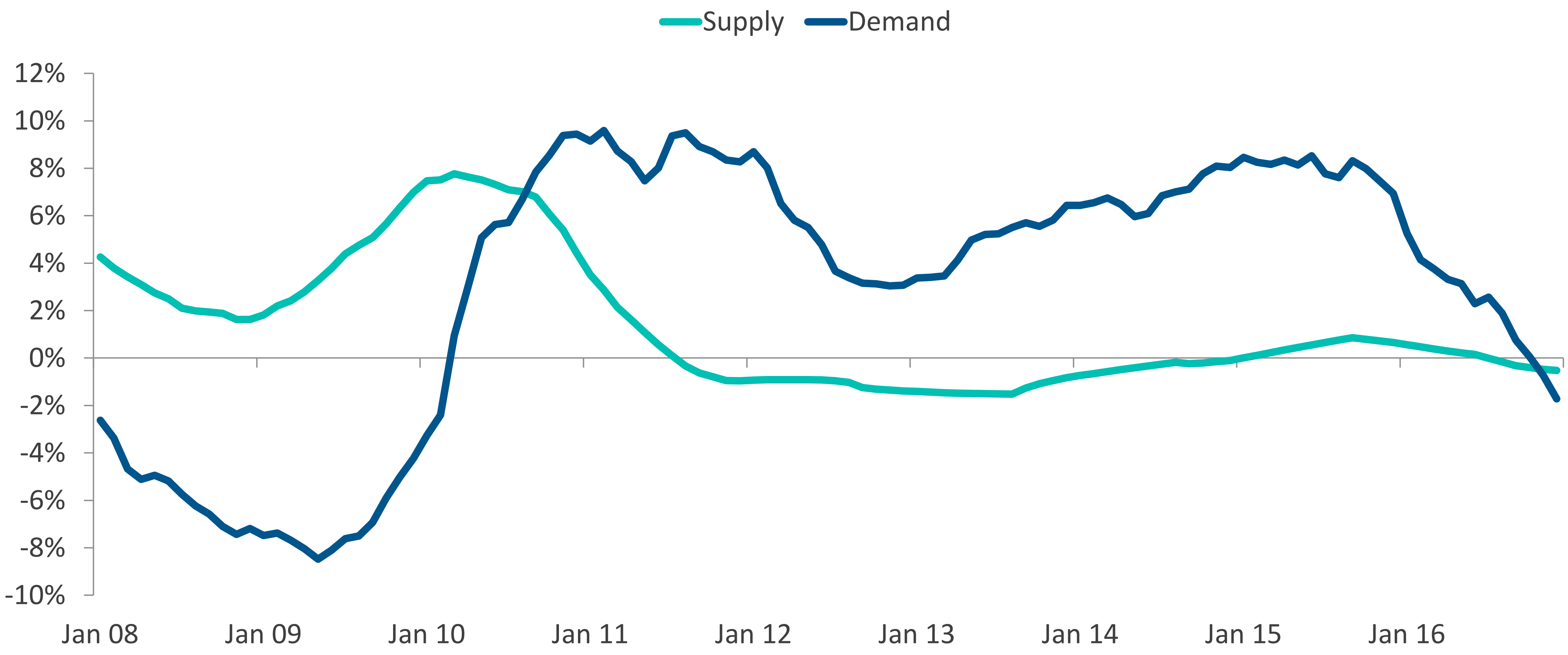
Lee County At A Glance

	Actual	% Change	
Room Supply		-0.5%	▼
Room Demand		-1.7%	▼
Occupancy	69.6%	-1.2%	▼
ADR	$149	3.3%	▲
RevPAR	$104	2.0%	▲

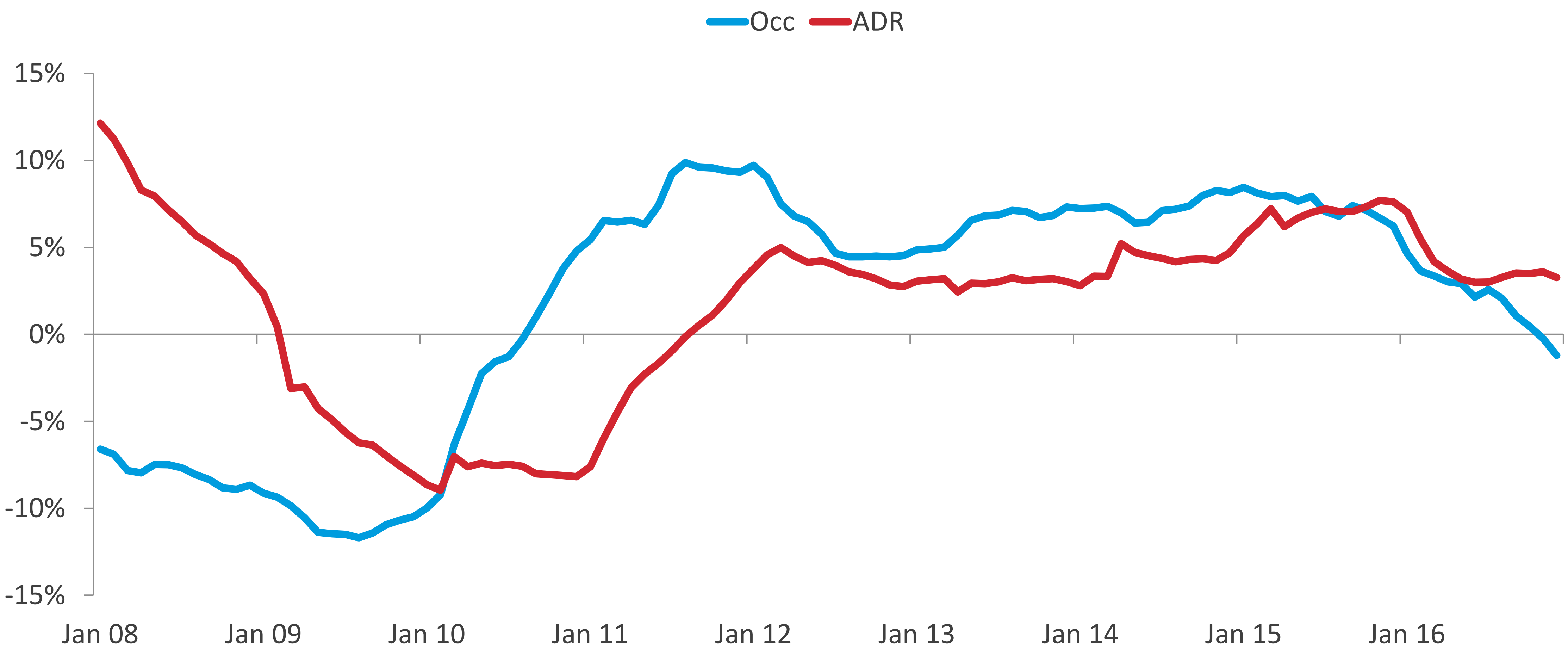
Lee County, FL, 2016

Impressive Demand Growth for 5 Years



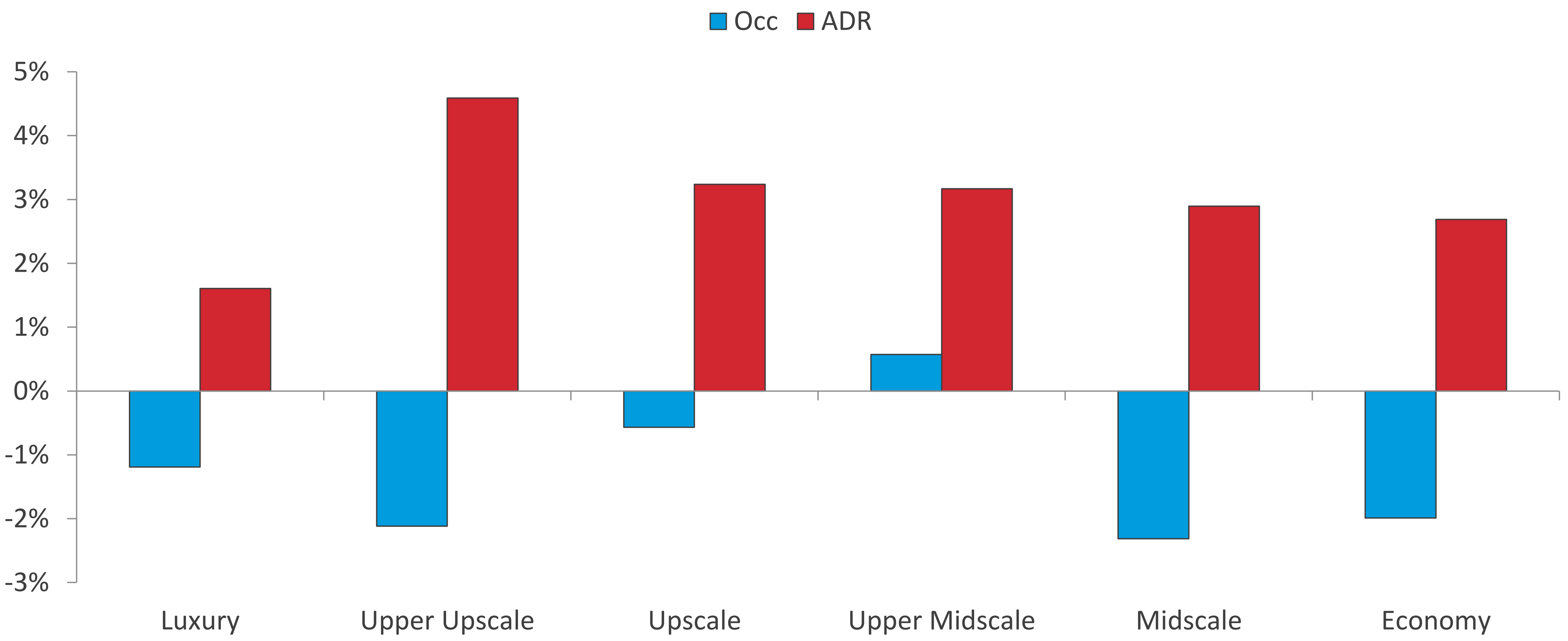
Lee County, FL, TTM Supply and Demand Percent Change, 2008 – 2016

Rates Still Growing at a Steady Pace



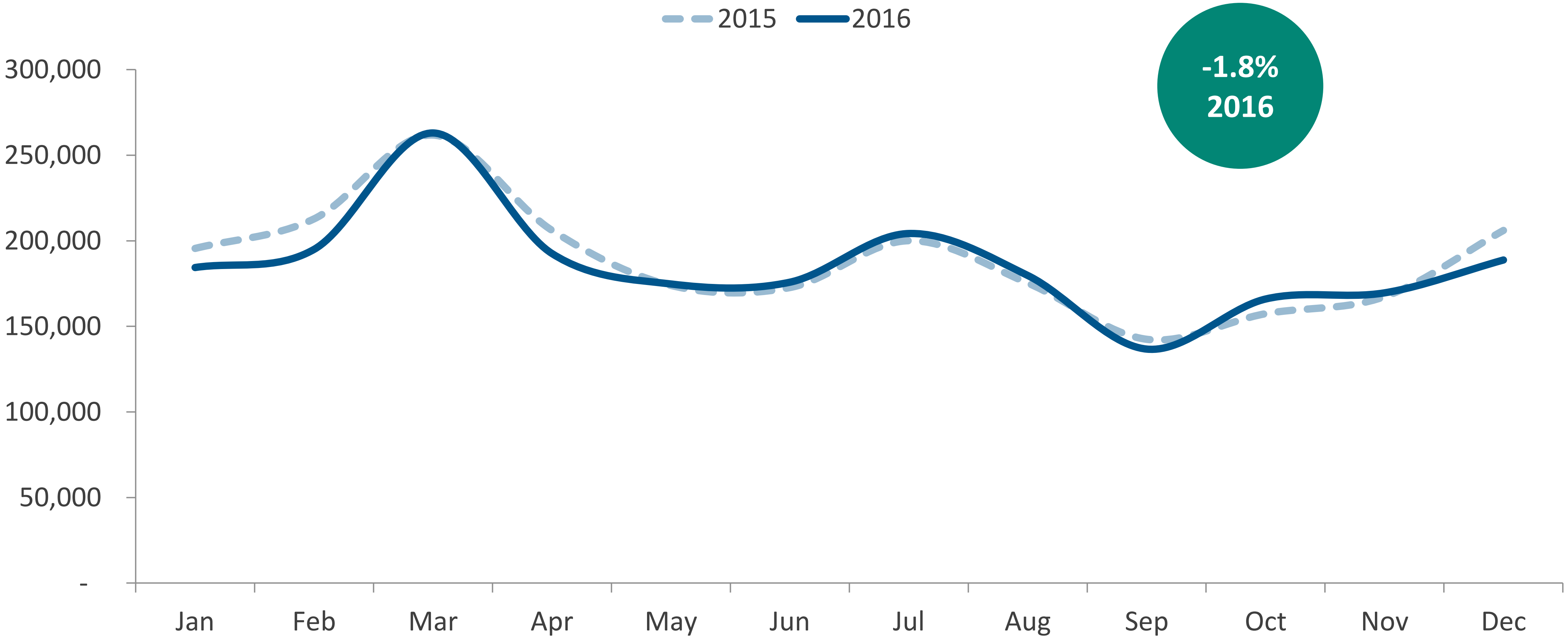
Lee County, FL, TTM Occ and ADR Percent Change, 2008 – 2016

Rates Rising Across Classes – Upper Upscale Highest



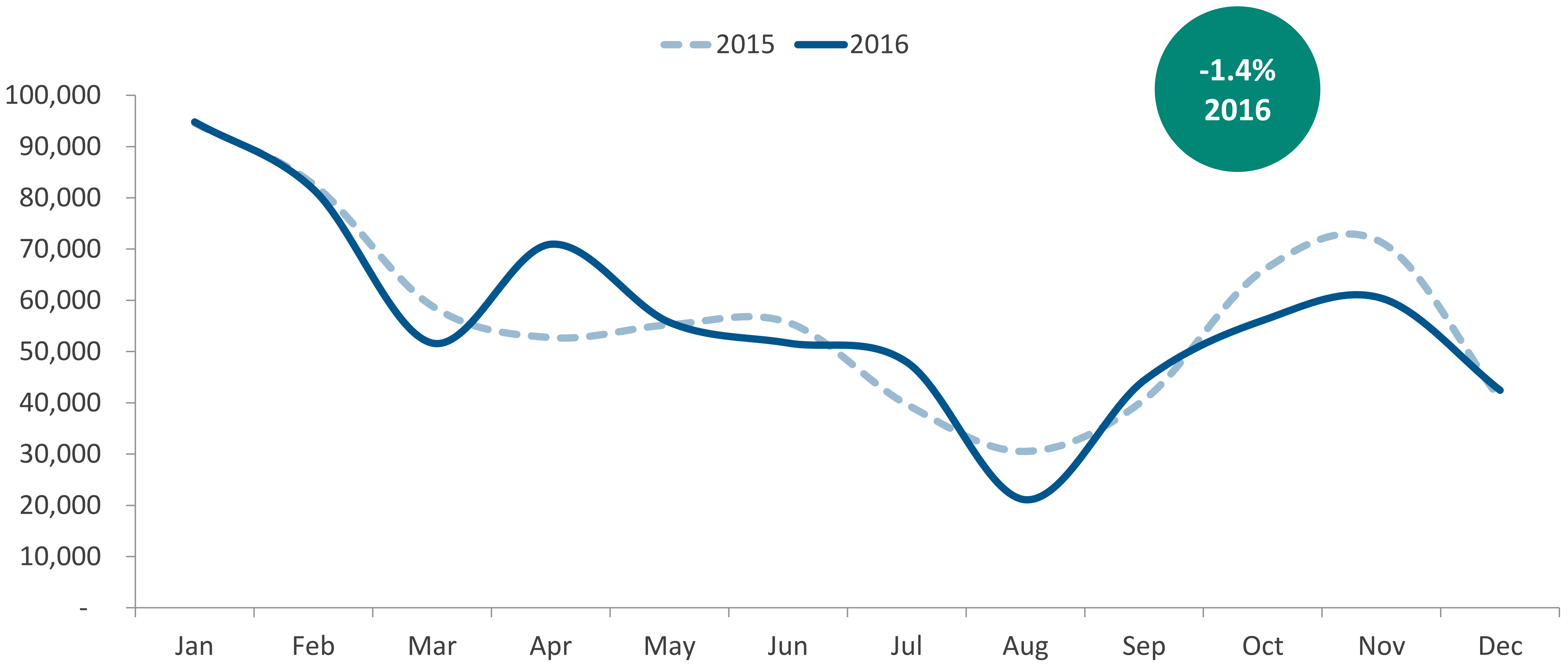
Lee County, FL Classes, Occ and ADR Percent Change, 2016

Transient Demand Lower in Q1



Lee County, FL, Transient Demand, 2015 & 2016

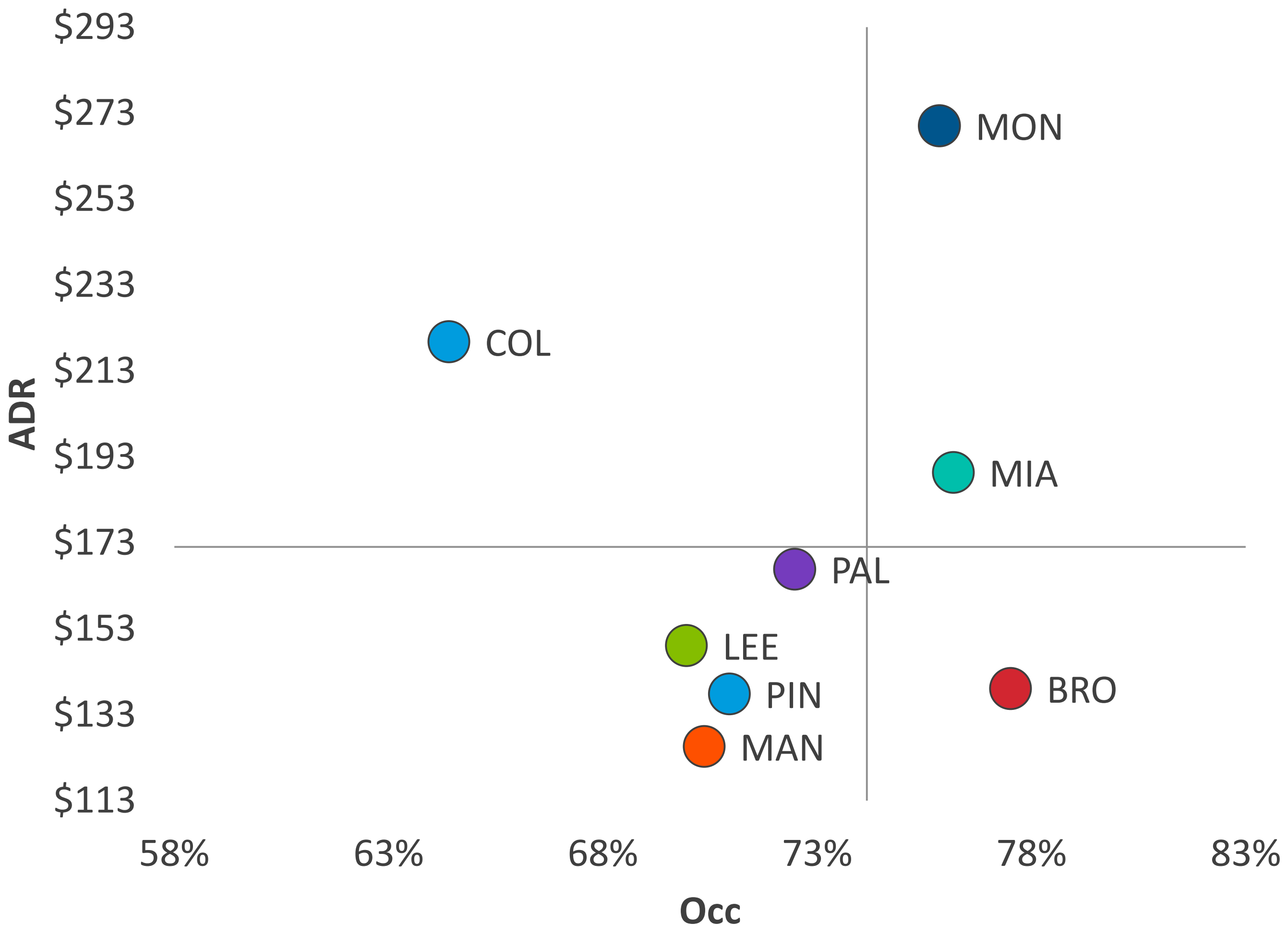
Group Demand More Volatile, Largest Declines in Q4



Lee County, FL, Group Demand, 2015 & 2016

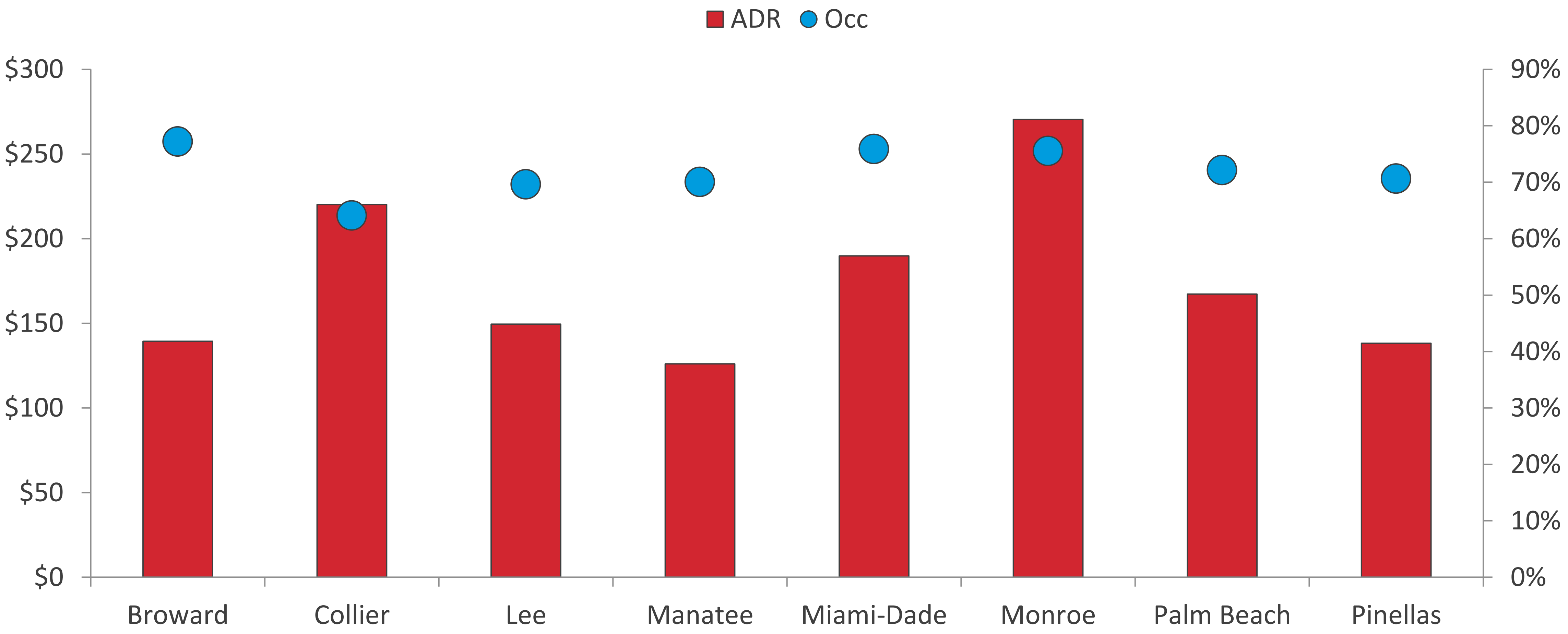
Selected Florida Counties' Performance

BRO	Broward
COL	Collier
LEE	Lee
MAN	Manatee
MIA	Miami-Dade
MON	Monroe
PAL	Palm Beach
PIN	Pinellas



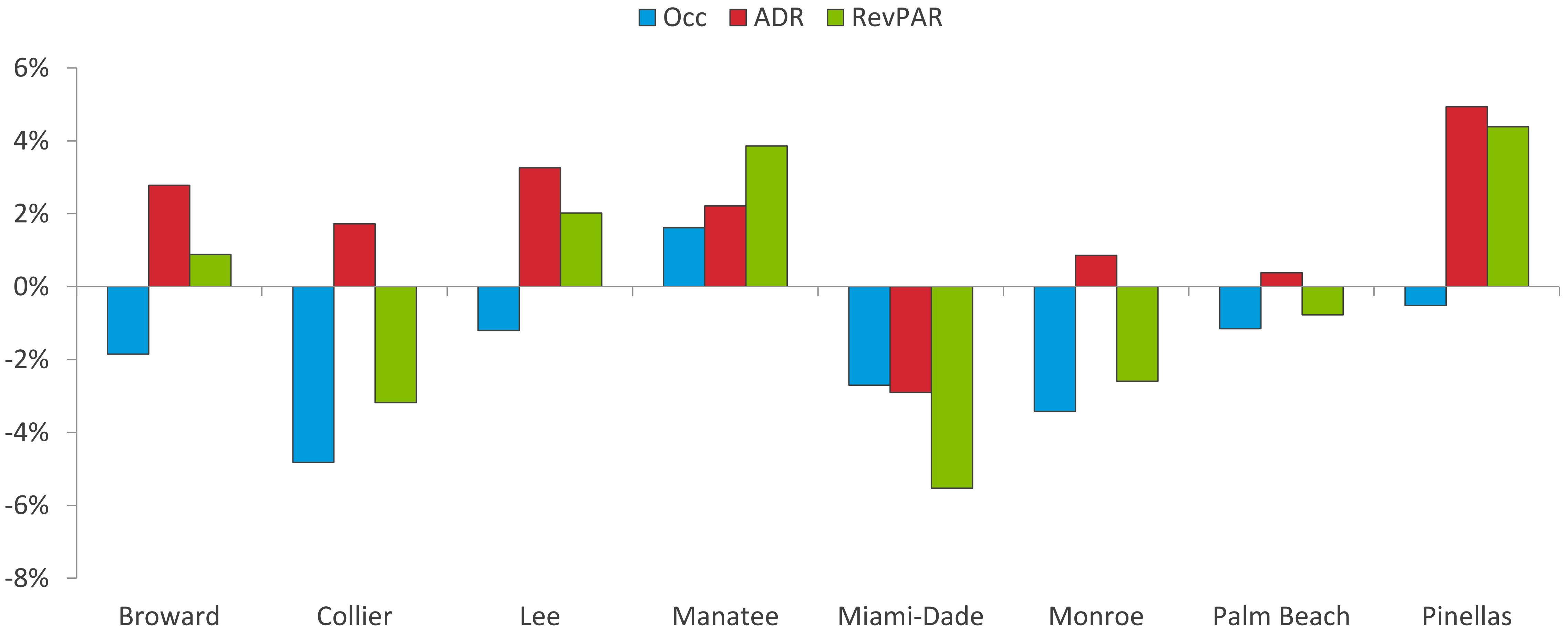
Selected FL Counties, Occ and ADR, 2016

Monroe County is the RevPAR Leader



Selected FL Counties, Occ & ADR, 2016

Only Half of the Counties Reporting RevPAR Increases



Selected FL Counties, Occ /ADR/RevPAR Percent Change, 2016

New Supply

In Construction (294 rooms)

- TownePlace Suites Cape Coral Estero
- Drury Inn & Suites Fort Myers

Final Planning (114 rooms)

- Fairfield Inn & Suites Bonita Springs

Planning (290+ rooms)

- Old Corkscrew Plantation Golf Club Cottages
- Unnamed Hotel @ Harborside Event Center
- Staybridge Suites Fort Myers

Forecasts

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Notable Calendar Shifts Impacting Lodging Performance Data in 2017:

Holidays

Changing Months

- Easter – March to April
- Jewish Holidays – October to September

Market Events

Rotating Cities or Large 2016 Events

- Super Bowl – San Francisco to Houston
- San Francisco – Super Bowl Shift and Moscone Center Renovation
- Los Angeles – Porter Ranch Gas Leak
- Washington D.C. – Inauguration (Jan 2016)
- East Tennessee – Wild Fires (Nov 2016)
- East Coast – Hurricane Matthew (Oct 2016)

Supply Growth Will Outpace Demand in 2017

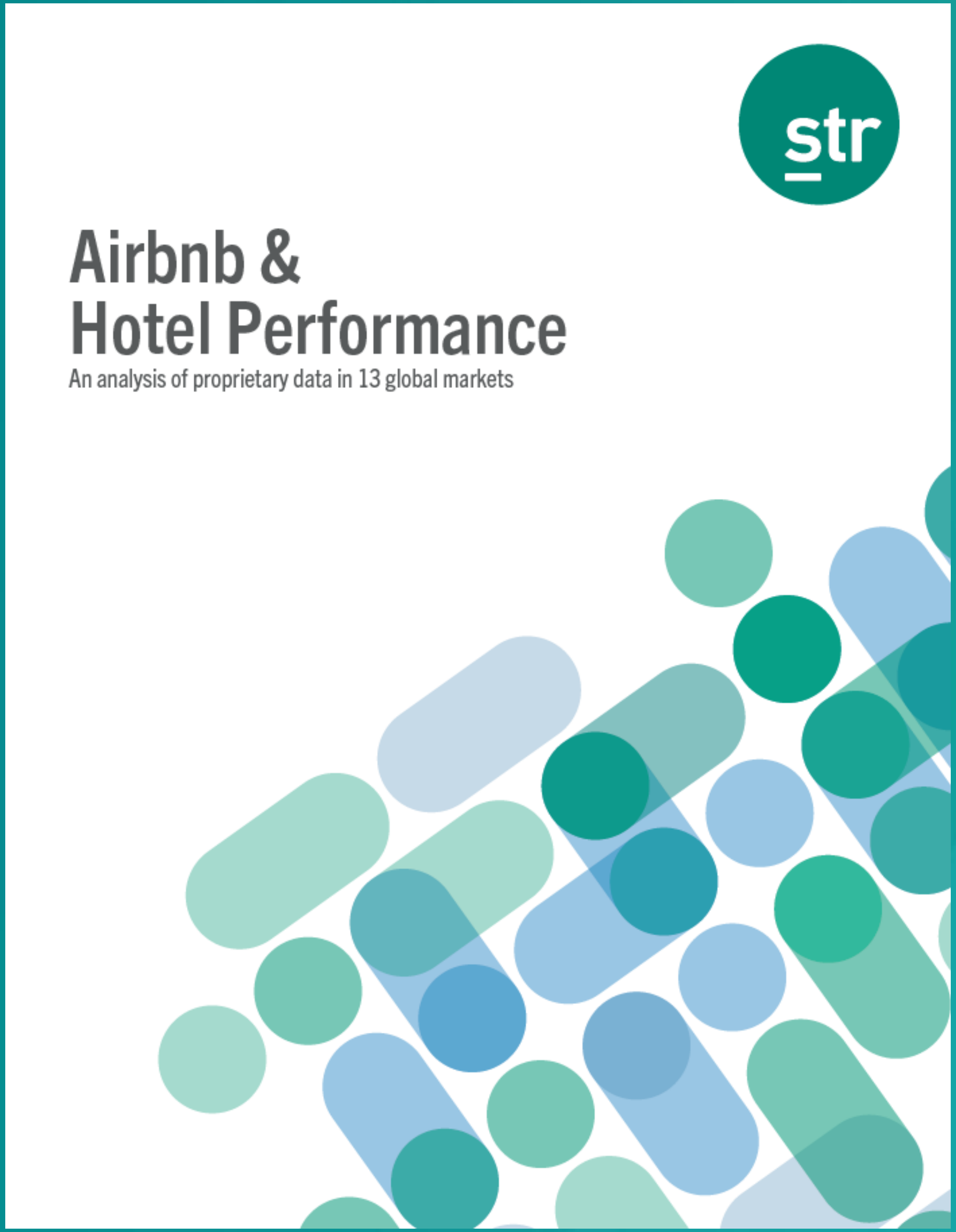
Tourism Economics/STR U.S. Forecast		
	2017 Forecast	2018 Forecast
Supply	2.0%	2.2%
Demand	1.7%	2.0%
Occupancy	-0.3%	-0.2%
ADR	2.8%	2.8%
RevPAR	2.5%	2.6%

Source: STR, Tourism Economics Total U.S.

RevPAR Growth Driven by ADR

STR Lee County Forecast		
	2017 Forecast	% Change
Occupancy	69.3%	-0.5%
ADR	$153.68	2.8%
RevPAR	$106.46	2.3%

Full Report Available for Download at: http://str.com/research1



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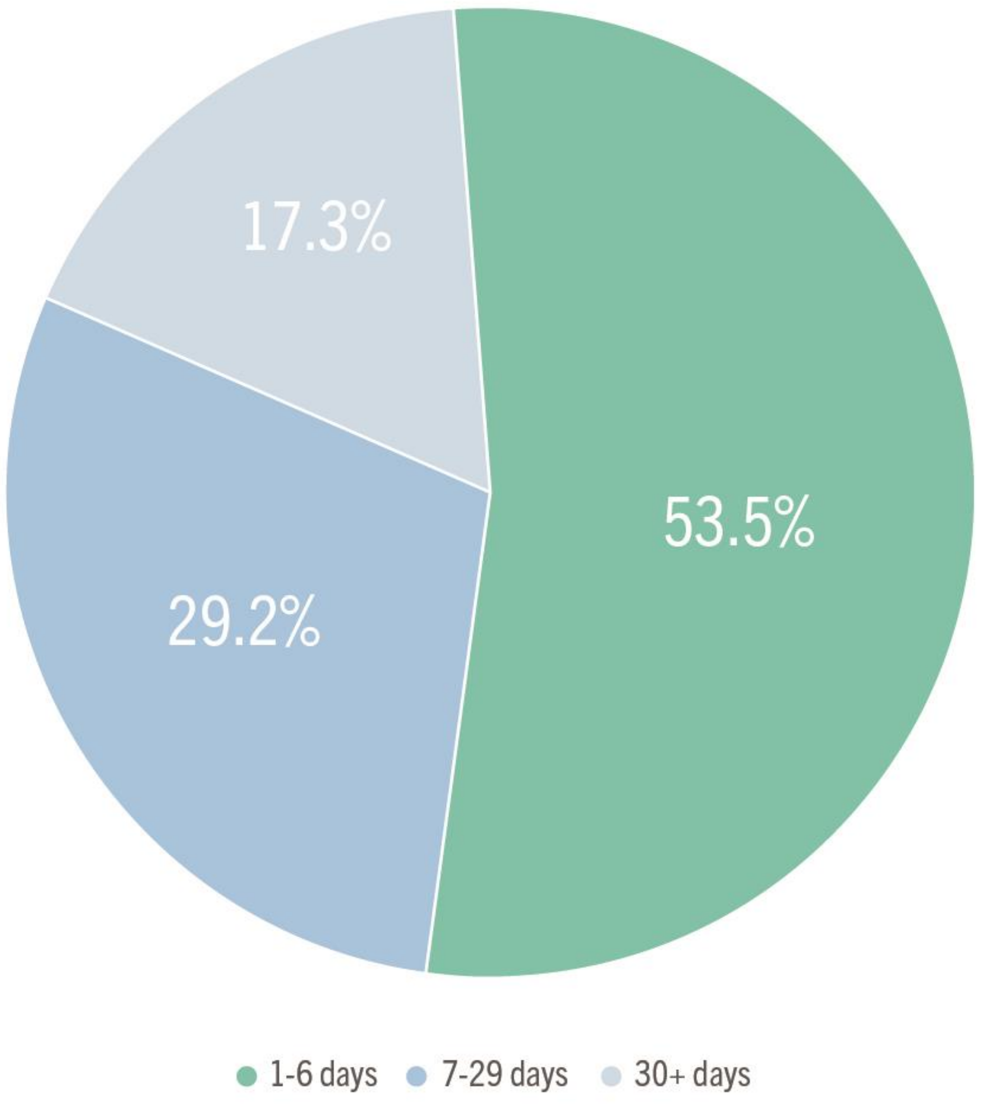
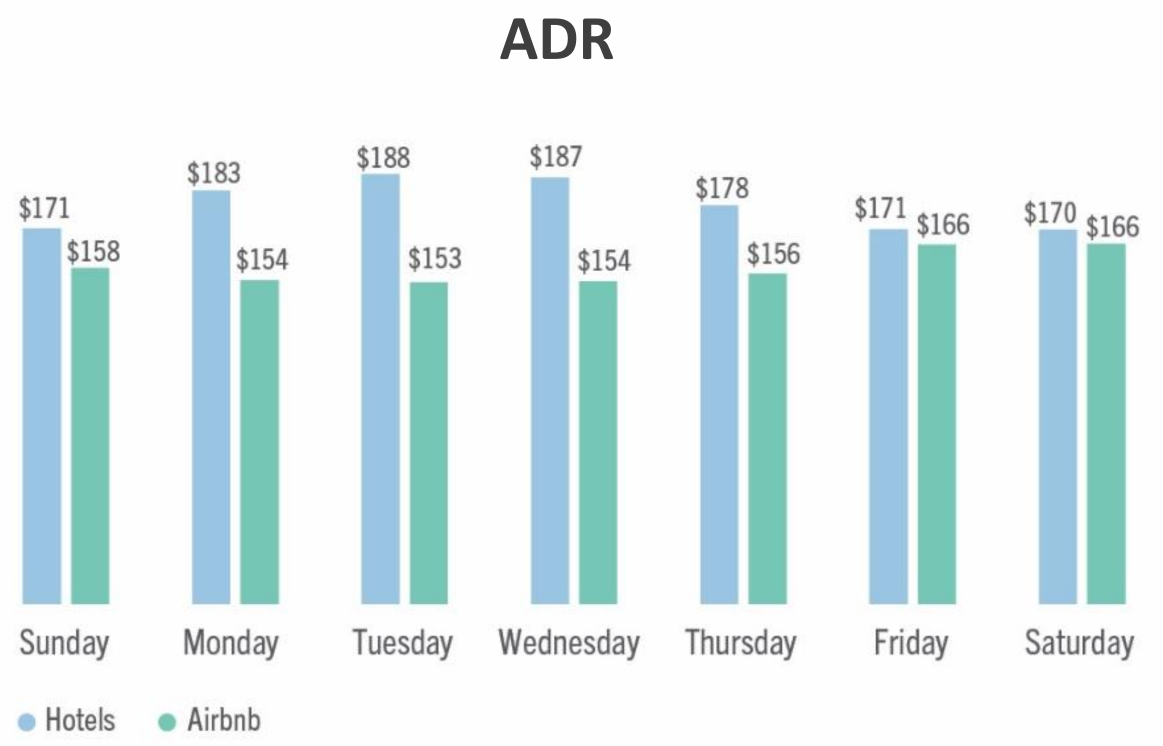
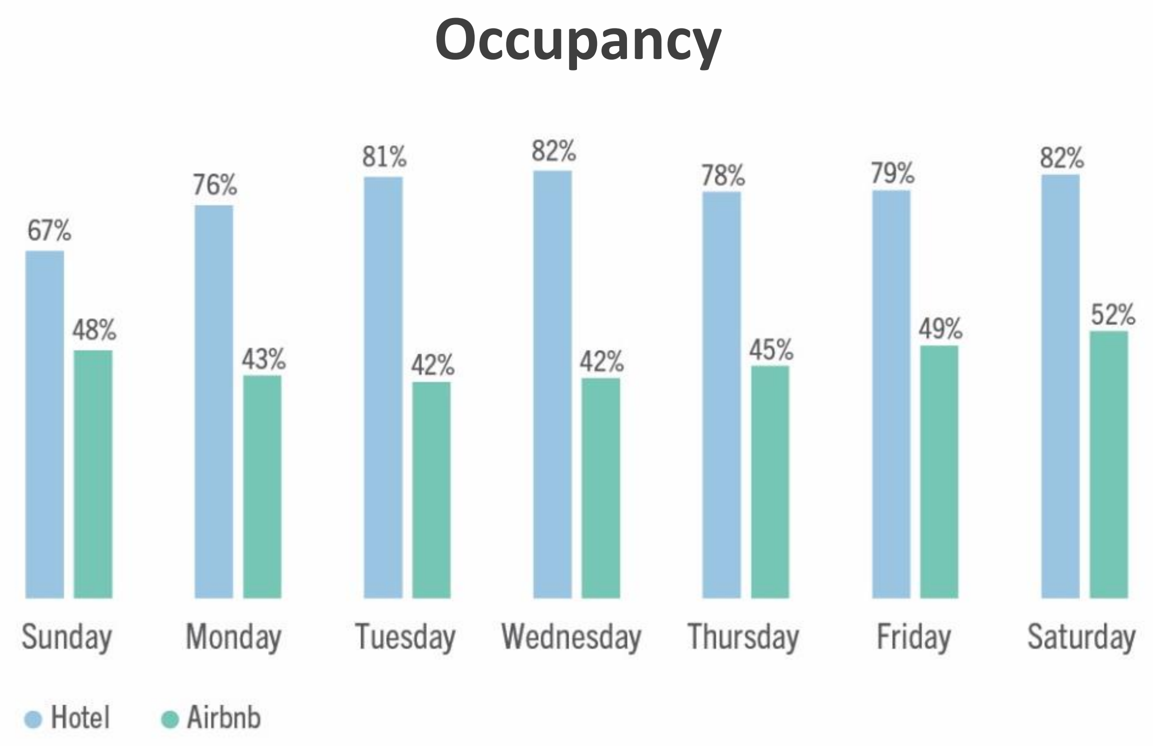
Airbnb Trip Length Distribution for 7 US Markets



July 2016, 12-Month Moving Average

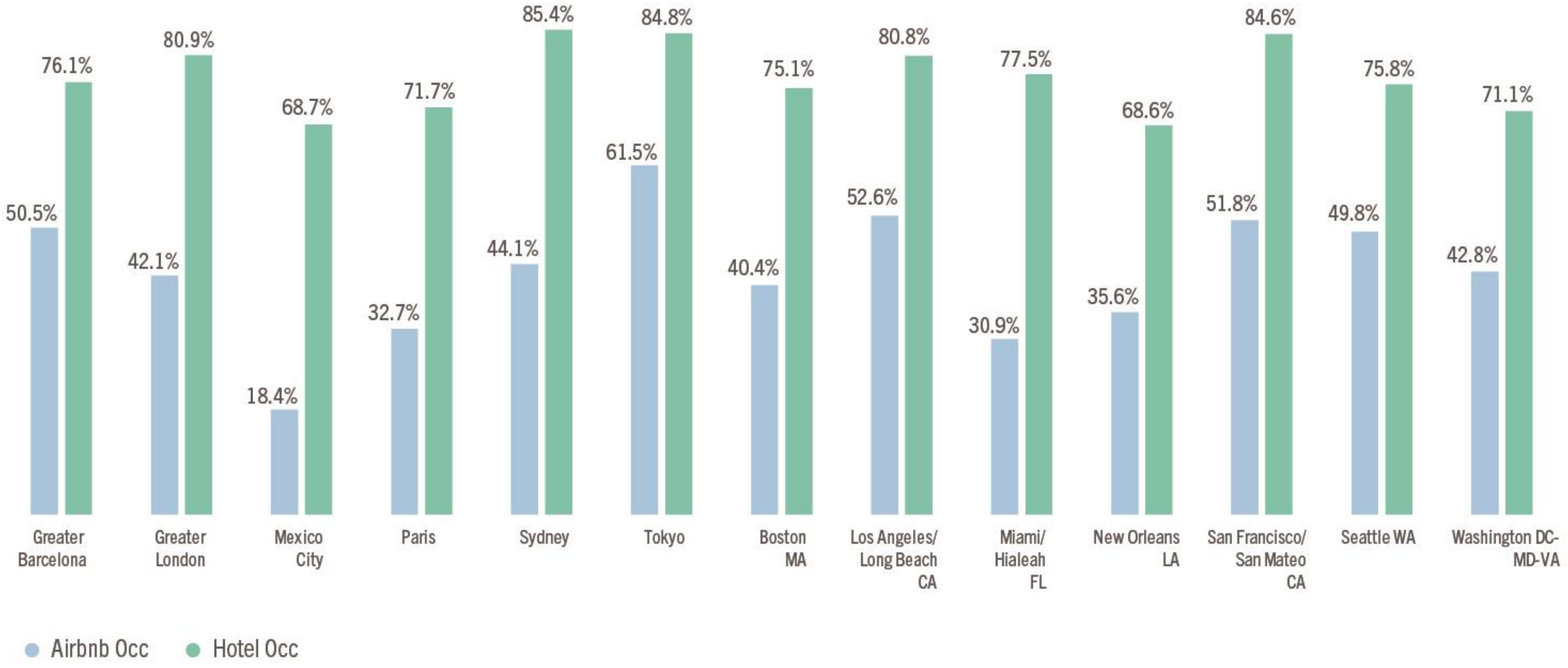
Hotel & Airbnb Occ/ADR for 7 US Markets





July 2016, 12-Month Moving Average

Hotel & Airbnb Occupancy by Market



July 2016, 12-Month Moving Average

Hotels & Airbnb ADR by Market

July 2016, 12-Month Moving Average

Summary

- Industry still at record-setting levels, but growth is slowing
- RevPAR growth will come from ADR
- New supply continues in many areas, not much activity in Lee County
- A controlled landing for the industry is more likely than a crash

Questions?

Presentation is available for download.

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