



# WESTSHORE ALLIANCE 2022 LODGING PRESENTATION





# WHAT HAS CHANGED SINCE LAST YEAR?

- The focus has shifted from COVID-related travel restrictions to rising interest rates.

CONCERN	THEN	NOW
Demand	“Is it safe to travel?”	“Gas is \$5.00 a gallon.”
Employment	“Is it safe to work?”	“We can’t find labor and costs are going up.”
Debt Markets	“Term SOFR is 0.05%, but nobody’s lending.”	“SOFR is at 2.3% today and hitting 3.5% by Dec.”
Equity Markets	“Tons of equity, but a lack of quality deals.”	“Fear of buying at peak pricing ahead of a recession.”

- How do rising interest rates affect the hotel industry?
  - **Strength:** Best inflation hedge since short-term leases (nightly).
  - **Weakness:** Most expensive and hardest asset class to finance.
  - **Opportunity:** Still tons of slack in corporate, group and int’l demand.
  - **Threat:** Induced recession would immediately impact profits since rates change by the day.

## KEY THEMES – 2022 & BEYOND

- #1 TAMPA BAY REVPAR IS AT ALL-TIME HIGHS
- #2 RECOVERY OF BUSINESS, GROUP & INTERNATIONAL TRAVEL
- #3 RISING INTEREST RATE ENVIRONMENT
- #4 NEW SUPPLY IN WESTSHORE DEMONSTRATES STRENGTH OF MARKET
- #5 INSTITUTIONAL DEVELOPERS CONTINUE TO MAKE SPLASHY INVESTMENTS IN TAMPA
- #6 WESTSHORE HOTELS ARE TRADING AT STRONG TRANSACTION VALUES
- #7 TAMPA IS A PREMIER TOURIST DESTINATION AND ESTABLISHED HOST CITY FOR EVENTS

## #1 – TAMPA BAY REVPAR AT ALL-TIME HIGHS

- Tampa is STILL the #1 occupancy market in the nation! (#1 for 2021 and 2020)
- Market RevPAR as of June 2022 TTM is 19% higher than the prior peak in 2019 (\$114 vs. \$96)
- This performance is driven by higher ADR (room rates), while occupancy recovered to the prior cycle's stabilized average of 71-72%
- Softness in leisure travel is starting to show in FL markets; however, this is countered by strong tailwinds from corporate, group and international rebound

Top Markets for Occupancy YTD June 2022

Rank	Market	Occ (%)
1	Tampa, FL	75.6%
2	Miami, FL	75.4%
3	Orlando, FL	73.6%
4	Oahu Island, HI	73.4%
5	San Diego, CA	72.1%
6	Phoenix, AZ	71.7%
7	Los Angeles, CA	70.4%
8	Orange County, CA	68.7%
9	New York, NY	68.4%
10	Nashville, TN	67.5%

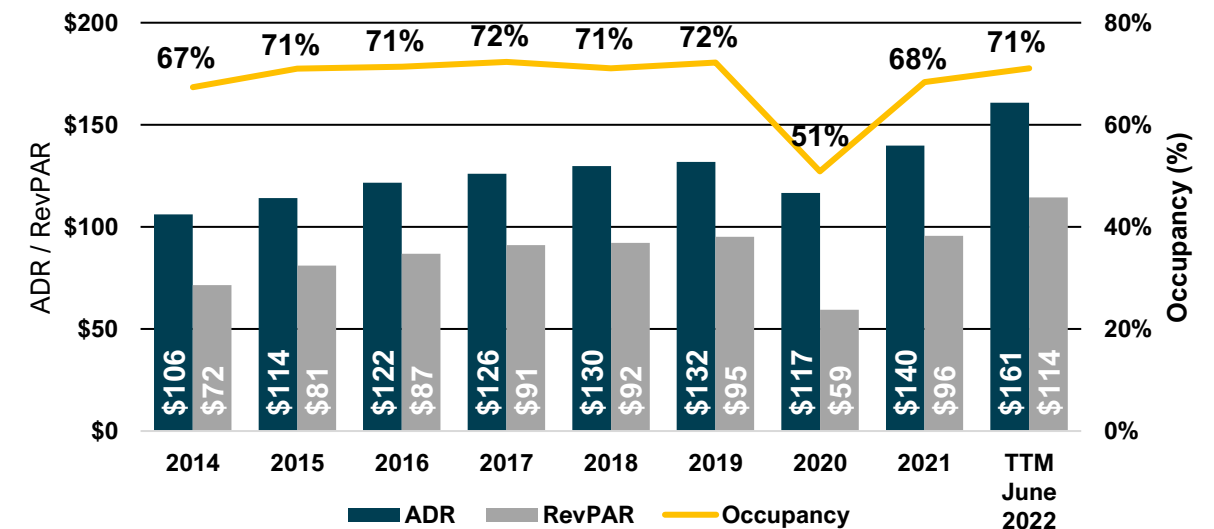
Top Markets for RevPAR YTD June 2022

Rank	Market	RevPAR (\$)
1	Miami, FL	\$215.73
2	Oahu Island, HI	\$185.03
3	New York, NY	\$172.28
4	Los Angeles, CA	\$139.49
5	San Diego, CA	\$137.60
6	Tampa, FL	\$136.37
7	Orange County, CA	\$132.94
8	Phoenix, AZ	\$127.95
9	San Francisco, CA	\$122.55
10	Boston, MA	\$121.69

Source: STR

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Tampa Bay Lodging Performance

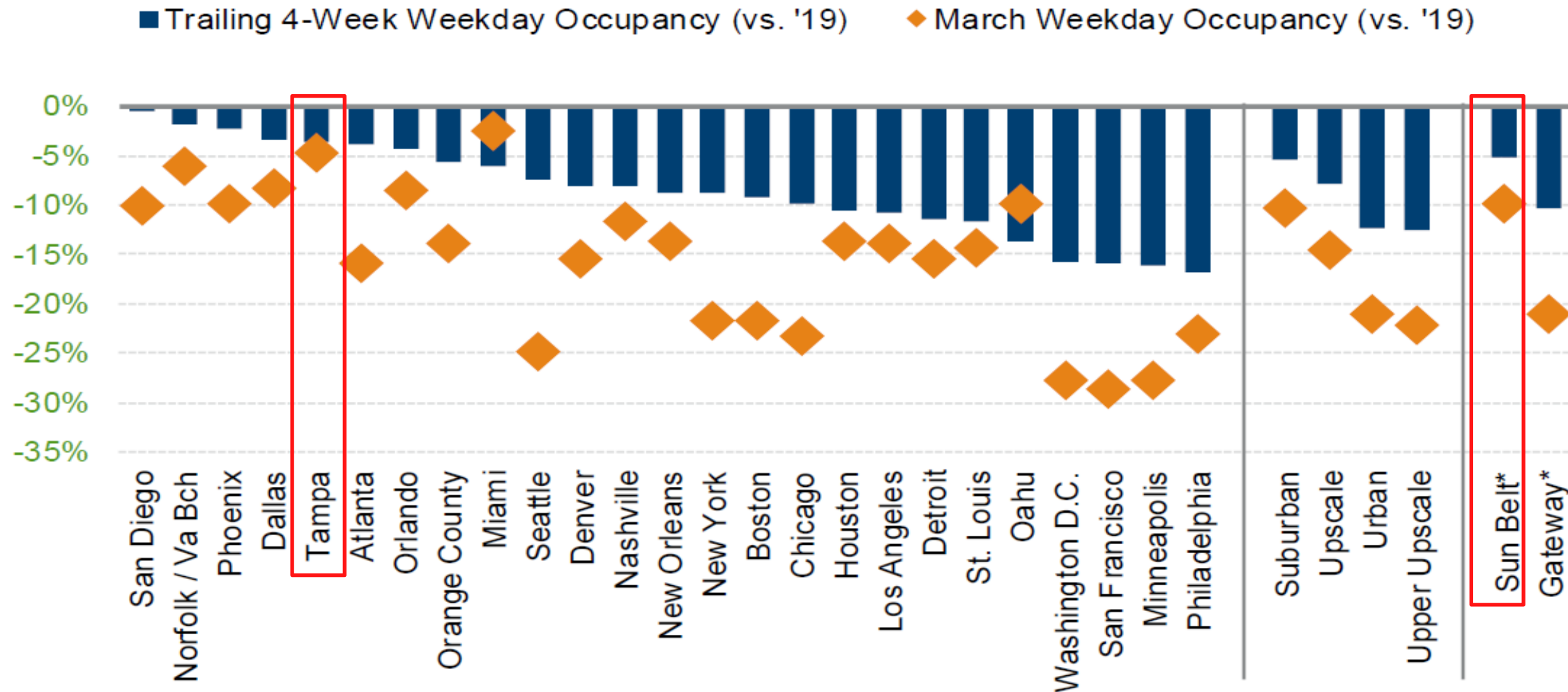


## #1 – TAMPA BAY REVPAR AT ALL-TIME HIGHS

U.S. Lodging Market									June 2021 YTD	June 2022 YTD
	2014	2015	2016	2017	2018	2019	2020	2021		
Occupancy	64.4%	65.6%	67.3%	65.9%	66.2%	66.1%	44.0%	57.7%	53.6%	61.6%
ADR	\$114.92	\$120.01	\$121.07	\$126.77	\$129.83	\$131.21	\$103.30	\$124.68	\$111.59	\$145.15
RevPAR	\$74.01	\$78.73	\$81.48	\$83.54	\$85.95	\$86.73	\$45.45	\$71.88	\$59.84	\$89.37
Growth	-	6.4%	3.5%	2.5%	2.9%	0.9%	-47.6%	58.1%		49.3%
Florida Lodging Market									June 2021 YTD	June 2022 YTD
	2014	2015	2016	2017	2018	2019	2020	2021		
Occupancy	69.8%	72.0%	71.6%	73.7%	72.9%	72.3%	50.9%	68.0%	65.2%	73.1%
ADR	\$124.15	\$131.45	\$134.35	\$138.00	\$144.06	\$145.21	\$116.79	\$139.87	\$158.39	\$198.23
RevPAR	\$86.66	\$94.64	\$96.19	\$101.71	\$105.02	\$104.99	\$59.50	\$95.74	\$103.22	\$144.97
Growth	-	9.2%	1.6%	5.7%	3.3%	0.0%	-43.3%	60.9%		40.4%
Tampa/St. Petersburg Lodging Market									June 2021 YTD	June 2022 YTD
	2014	2015	2016	2017	2018	2019	2020	2021		
Occupancy	67.5%	71.1%	71.4%	72.4%	71.2%	72.4%	50.8%	68.3%	70.2%	75.6%
ADR	\$104.97	\$113.35	\$120.33	\$125.77	\$128.33	\$130.36	\$110.81	\$138.59	\$142.00	\$180.31
RevPAR	\$71.63	\$81.57	\$86.94	\$91.82	\$92.45	\$95.70	\$59.39	\$95.59	\$99.64	\$136.37
Growth	-	13.9%	6.6%	5.6%	0.7%	3.5%	-37.9%	61.0%		36.9%

## #2 – RECOVERY OF BUSINESS, GROUP & INTERNATIONAL TRAVEL

### Weekday Occupancy Trends Among Major Markets



\* **Gateway** : Boston, Los Angeles, New York, San Diego, San Francisco, Seattle, Washington, D.C. **Sun Belt** : Atlanta, Dallas, Houston, Miami, Nashville, Orlando, Phoenix, Tampa

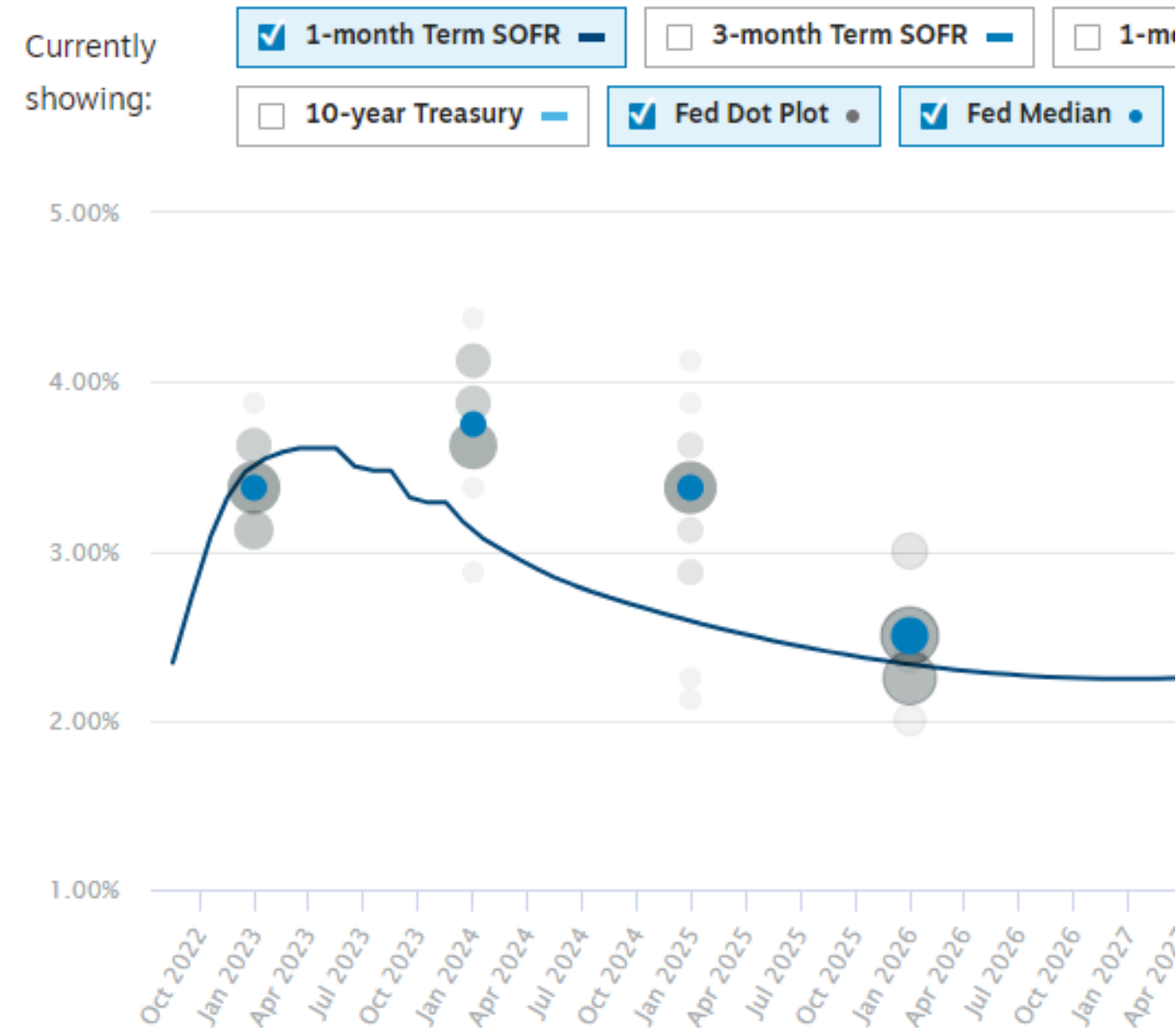
## #2 – RECOVERY OF BUSINESS, GROUP & INTERNATIONAL TRAVEL

- Florida and other Sunbelt markets are outperforming Gateway markets in weekday business compared to 2019.
- As Tampa Bay's largest office market, Westshore greatly benefits from the return of group and corporate travel.
- As of June 2022 TTM, international travel at Tampa International Airport reached 44% of the prior peak achieved in 2019.
- International ridership continues to improve, with June 2022 YTD international travel at 61% of the same period in 2019.
- Tampa is also benefitting from “**bleisure**” travel; employees taking advantage of remote work to extend their length of stay.

TPA Ridership		
Year	Total Passengers	International Passengers
2012	16,863,525	511,965
2013	16,920,093	531,759
2014	17,552,707	621,608
2015	18,815,425	719,261
2016	18,931,922	851,659
2017	19,600,000	890,905
2018	21,289,390	1,019,227
2019	22,497,953	1,193,300
2020	13,356,851	564,355
2021	18,115,213	178,474
TTM June '22	21,099,104	526,723
June 2021 YTD	8,213,004	34,636
June 2022 YTD	11,196,895	382,885

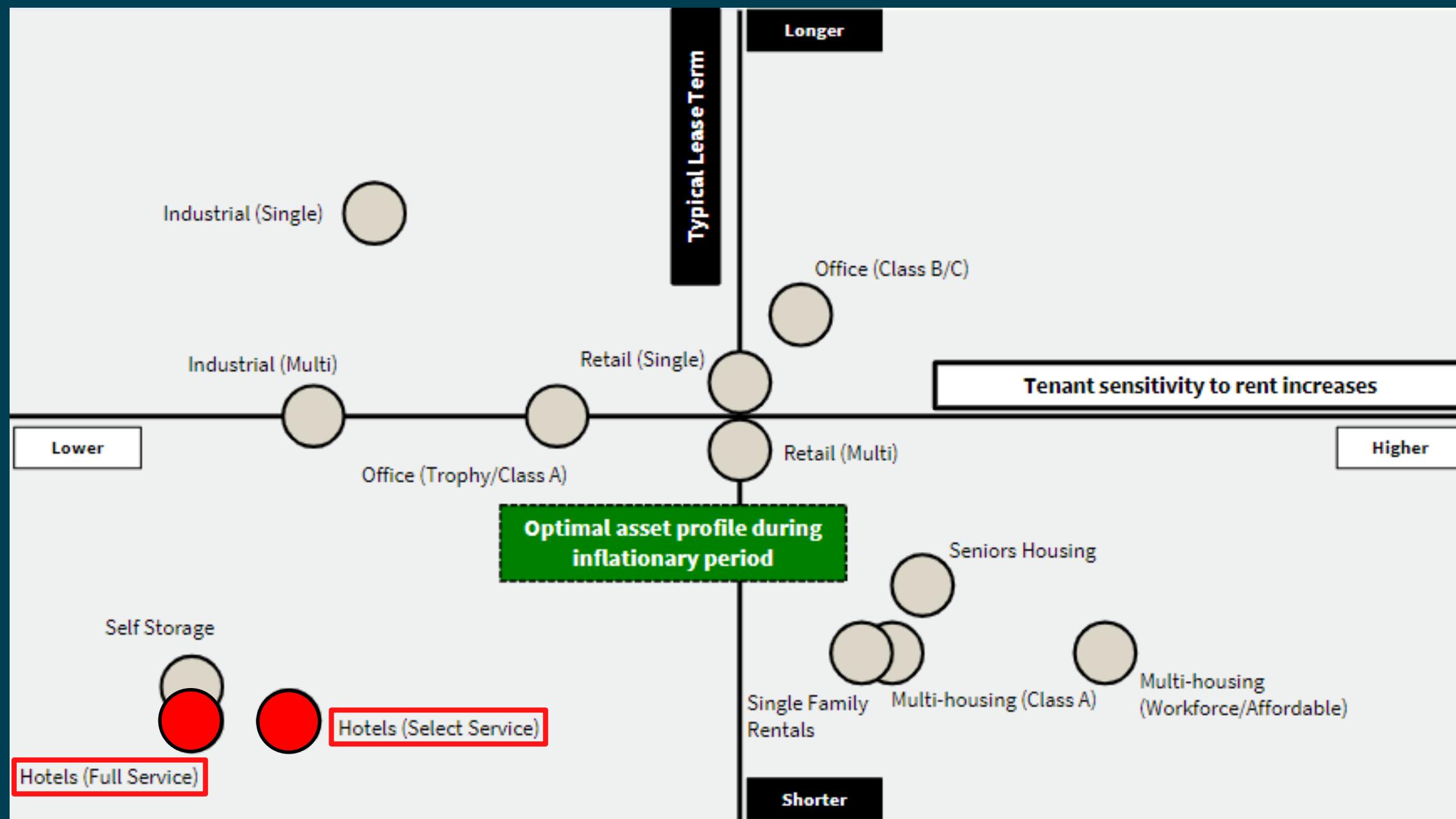
### #3 – RISING INTEREST RATE ENVIRONMENT

- The Fed's rapid pace of tightening has not only increased the benchmark SOFR rate on which many loans are structured, but also kept spreads wide since lenders must price in a great deal of economic uncertainty.
- The result is fewer hotel transactions getting done over the summer along with a 10-15% correction in asset values due to the higher cost of debt service.
- Strong ADR gains are outpacing inflation nationwide, however cost increases including wages are a headwind to overall profitability.
- Persistent labor shortages in the hotel industry will likely lead to further wage pressures (barring a recession).





## #3 – HOTEL INVESTMENTS AS A HEDGE AGAINST INFLATION



## #4 – NEW SUPPLY IN WESTSHORE DEMONSTRATES STRENGTH OF MARKET

**580 keys have been added to the Westshore lodging market in the past three years with 100 more under construction**

Westshore Hotel New Supply					
Property Name	Address	# Keys	Year Built	Owner	Status
The Current, Autograph Collection	2545 N Rocky Point Dr	181	2019	Lifsey Family JV Pinnacle	Delivered
Hyatt House Tampa Airport / Westshore	5308 Avion Park Dr	145	2020	McKibbon Hotel Group	Delivered
Home2 Suites Tampa Westshore Airport	5222 W Laurel St	106	2020	Baywood Hotels	Delivered
Midtown Tampa Aloft / Element	3650 Midtown Dr	226	2021	Whitman Peterson JV Concord	Delivered
Holiday Inn Express & Suites	2055 N Dale Mabry Hwy	100	2022	Jayesh Patel	Under Construction

**Elevated construction costs combined with rising interest rates are slowing the pace of new development. This muted pipeline will help the performance of existing hotel inventory in growing areas like Westshore as additional lodging demand is distributed among a stable inventory.**

## #5 – INSTITUTIONAL DEVELOPERS CONTINUE TO MAKE SPLASHY INVESTMENTS

- Midtown Tampa and Water Street are maturing and generating new corporate and transient lodging demand while influencing surrounding developments.
- High-profile new entrants such as Silverstein Properties are injecting massive capital to new projects, while existing players like Related and Kolter are doubling down on Tampa.
- GEM is currently investing over \$30MM in renovations to the Grand Hyatt Tampa Bay.

**Prudential investment arm signs office lease at Midtown Tampa**

**With \$236 million sale, NOVEL Midtown breaks a record in Tampa**

**Exclusive: Miami developer buys prime waterfront site in downtown Tampa for \$55.5 million**

**One Tampa - Kolter's proposed 633-foot, 311-unit residential tower would be the tallest skyscraper on Florida's Gulf Coast.**





## #6 – WESTSHORE HOTELS ARE TRADING AT STRONG TRANSACTION VALUES

### The Current Hotel, Autograph Collection

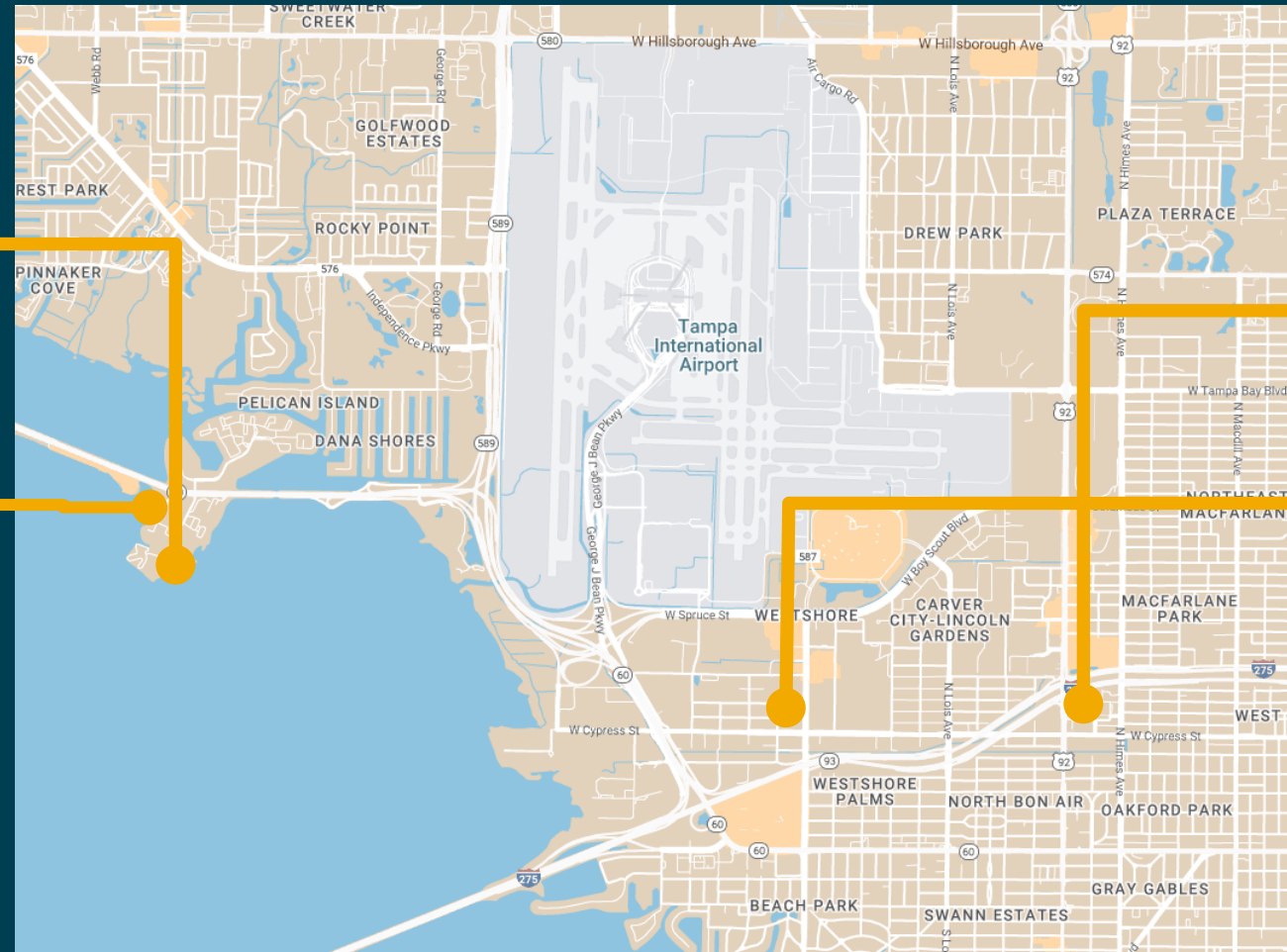


**\$85.0MM – Closed Dec 2021**  
**180 units (\$472k/unit)**  
*Buyer: Caspers Companies*  
*Seller: Pinnacle Hospitality*  
*Berkadia Represented Seller*

### The Godfrey Hotel & Cabanas



**\$35.0MM – Closed Aug 2021**  
**276 units (\$127k/unit)**  
*Buyer: MCR Hotels*  
*Seller: Marathon Asset Mgmt*



### Aloft/Element Tampa Midtown



**\$71.2MM – Closed Apr 2022**  
**226 units (\$317k/unit)**  
*Buyer: Riller Capital*  
*Seller: Concord Hospitality*

### Ramada Tampa Airport



**\$18.9MM – Closed Dec 2021**  
**237 units (\$80k/unit)**  
*Buyer: Cardinal Point*  
*Seller: Equity Mgmt Partners*  
*Berkadia Represented Seller*

# #6 – WESTSHORE HOTELS ARE TRADING AT STRONG TRANSACTION VALUES

Recent Westshore Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built/Reno	Sale Price	Price per Key	Buyer	Seller
Aloft/Element Tampa Midtown <sup>1</sup>	Apr-22	226	2021	\$71,642,000	\$317,000	Riller Capital	Concord Hospitality
The Current, Autograph Collection, Tampa*	Dec-21	180	2019	\$85,000,000	\$472,222	Caspers Company	Rocky Point Holdings
Ramada Tampa Airport Westshore*	Dec-21	237	1981	\$18,900,000	\$79,747	Cardinal Point Mgmt	Equity Management Partners
The Godfrey Hotel & Cabanas <sup>2</sup>	Aug-21	276	1974	\$35,000,000	\$126,812	MCR Development	Marathon Asset Management

<sup>1</sup> Traded as part of a 3-property portfolio.

<sup>2</sup> Lender-controlled transaction.

\*Represents Berkadia transaction.

Recent Downtown Tampa Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built/Reno	Sale Price	Price per Key	Buyer	Seller
Le Meridien Tampa Downtown <sup>1</sup>	Oct-21	130	1905	\$43,000,000	\$330,769	Certares	Development Services Group
Floridan Palace <sup>2</sup>	Oct-21	212	1927	\$47,000,000	\$221,698	1754 Properties JV Triangle Group	Antonios Markopoulos
Westin Tampa Waterside	Sep-21	299	1985	\$90,000,000	\$301,003	Newbond Holdings JV Apollo	Walton Street Capital
Hampton Inn & Home2 Suites Channel District	Jul-21	213	2019	\$57,510,000	\$270,000	Noble Investment Group	Liberty Group of Companies

<sup>1</sup> Hotel is on a ground lease with the National Park Service.

<sup>2</sup> Transaction included 0.78-acre development parcel that was sold to Silverstein for roughly \$26M in May 2022; Price excludes \$25 million in planned capex to renovate and rebrand as a Tapestry Collection by Hilton.

## #7 – TAMPA IS AN ESTABLISHED HOST CITY FOR LARGE EVENTS

### MAJOR SPORTS EVENTS:



SUPER BOWL LV 2021



NCAA MEN'S FROZEN FOUR 2023



NCAA WOMEN'S BASKETBALL  
FINALS 2025



U.S. GYMNASTICS CHAMPIONSHIPS 2022



NCAA WOMEN'S D-1 VOLLEYBALL  
CHAMPIONSHIP 2023



NCAA MEN'S BASKETBALL TOURNAMENT  
FIRST & SECOND ROUNDS 2026



# THANK YOU

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