



WESTSHORE ALLIANCE 2023 LODGING PRESENTATION



WHAT HAS CHANGED SINCE LAST YEAR?

- With COVID-19 firmly in the rearview mirror, industry attention has shifted to the impact elevated interest rates are having on both the transaction environment and sustaining already record high lodging performance.
- How have rising interest rates affected the hotel industry?
 - **Strength:** Best inflation hedge since short-term leases (nightly).
 - **Weakness:** Challenging to finance versus other asset classes.
 - **Opportunity:** Corporate, group and international travel continues to recover, but is still well below pre-COVID averages.
 - **Threat:** Induced recession would immediately impact profits since rates change by the day.
- Insurance premium increases are putting downward pressure on operating margins.

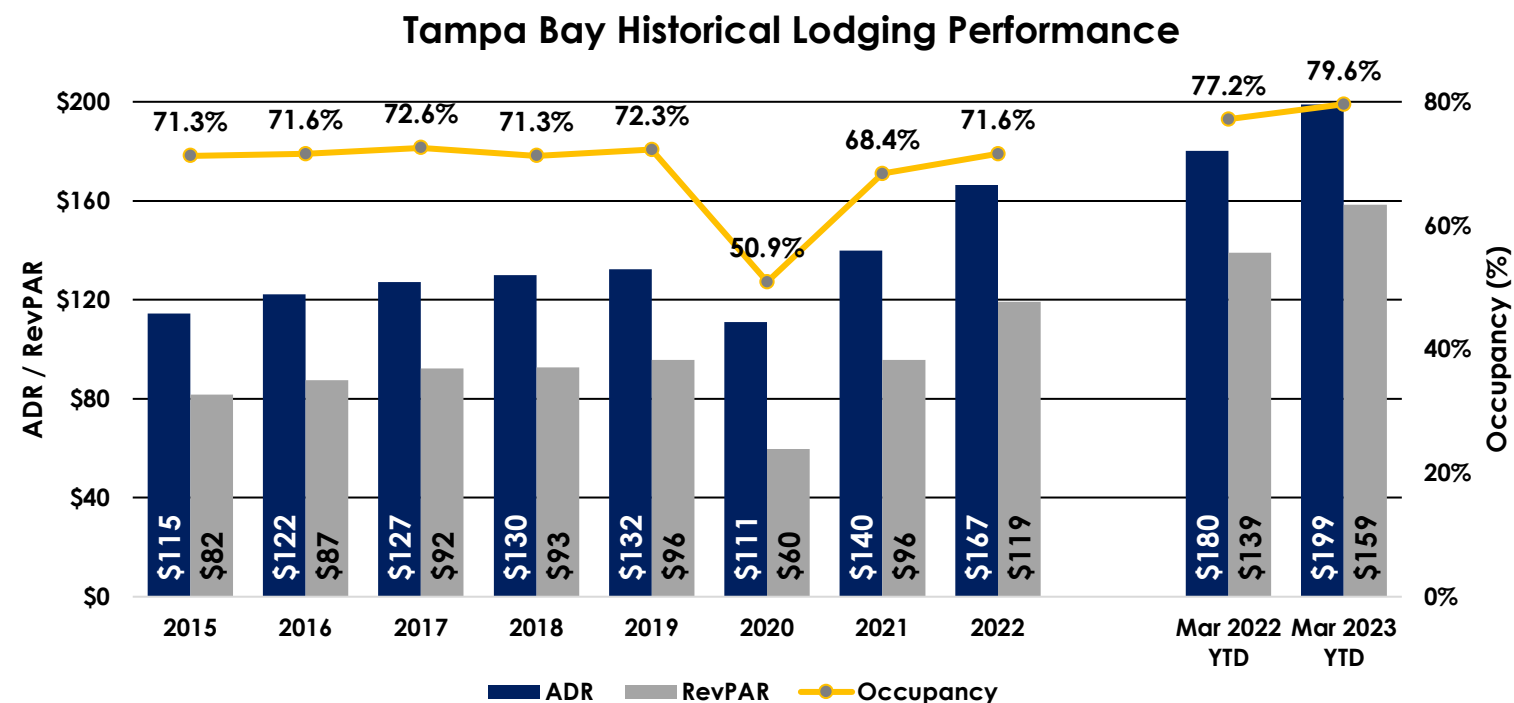
KEY THEMES – 2023 & BEYOND

- #1 TAMPA BAY REVPAR IS STILL AT ALL-TIME HIGHS
- #2 WILL SOFTNESS IN DEMAND START TO SHOW?
- #3 ELEVATED INTEREST RATES CAUSING DIFFICULT TRANSACTION ENVIRONMENT
- #4 INSURANCE RATES ARE SKYROCKETING
- #5 PACE OF NEW HOTEL SUPPLY SLOWING; STRONG SALE PRICES CONTINUE
- #6 TAMPA REMAINS ONE OF THE MOST DESIRABLE INVESTMENT MARKETS IN THE NATION
- #7 TAMPA IS A PREMIER TOURIST DESTINATION AND ESTABLISHED HOST CITY FOR EVENTS

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

- Market RevPAR as of March 2023 TTM is 30% higher than the prior peak in 2019 (\$122 vs. \$96)
- This performance is driven by higher ADR (room rates), while occupancy recovered to the prior cycle's stabilized average of 71-72%
- Tampa Bay catapulted into the nation's #9 highest RevPAR market in 2022 versus #16 in 2019. For March 2023 YTD Tampa ranked #5 in RevPAR behind Miami, Oahu, Phoenix and Orlando.

Tampa Bay RevPAR Growth Rankings			
Year	RevPAR	RevPAR Growth	Growth Ranking
2022	\$119.27	24.6%	#21
2021	\$95.56	60.4%	#1
2020	\$59.83	-37.6%	#1
2019	\$95.87	3.1%	#5
2018	\$92.73	0.5%	#20
2017	\$92.12	5.5%	#4
2016	\$87.10	7.1%	#4
2015	\$82.16	12.9%	#1
2014	\$72.33	12.0%	#6



Source: CoStar/STR

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

USA Lodging Market										
	2015	2016	2017	2018	2019	2020	2021	2022	Mar 2022 YTD	Mar 2023 YTD
Occupancy	65.6%	67.3%	65.9%	66.2%	66.1%	44.0%	57.7%	62.7%	56.0%	59.3%
ADR	\$120.01	\$121.07	\$126.77	\$129.83	\$131.21	\$103.25	\$124.68	\$148.83	\$137.17	\$151.16
RevPAR	\$78.67	\$81.45	\$83.53	\$85.96	\$86.76	\$45.48	\$71.88	\$93.27	\$76.82	\$89.69
Growth	6.3%	3.5%	2.6%	2.9%	0.9%	-47.6%	58.0%	29.8%	-	16.8%
Florida Lodging Market										
	2015	2016	2017	2018	2019	2020	2021	2022	Mar 2022 YTD	Mar 2023 YTD
Occupancy	72.0%	71.6%	73.7%	72.9%	72.3%	47.9%	64.5%	70.5%	73.6%	76.6%
ADR	\$131.45	\$134.35	\$138.00	\$144.06	\$145.21	\$132.57	\$158.38	\$181.88	\$211.98	\$222.11
RevPAR	\$94.64	\$96.21	\$101.69	\$104.97	\$104.92	\$63.58	\$102.20	\$128.23	\$156.05	\$170.05
Growth	9.3%	1.7%	5.7%	3.2%	0.0%	-39.4%	60.7%	25.5%	-	9.0%
Tampa-St. Petersburg Lodging Market										
	2015	2016	2017	2018	2019	2020	2021	2022	Mar 2022 YTD	Mar 2023 YTD
Occupancy	71.3%	71.6%	72.6%	71.3%	72.3%	50.9%	68.4%	71.6%	77.2%	79.6%
ADR	\$114.56	\$122.19	\$127.13	\$130.07	\$132.27	\$110.93	\$139.87	\$166.51	\$180.13	\$199.10
RevPAR	\$81.68	\$87.49	\$92.28	\$92.73	\$95.65	\$59.68	\$95.74	\$119.27	\$139.11	\$158.53
Growth	12.9%	7.1%	5.5%	0.5%	3.1%	-37.6%	60.4%	24.6%	-	14.0%
Tampa CBD/Westshore Submarket										
	2015	2016	2017	2018	2019	2020	2021	2022	Mar 2022 YTD	Mar 2023 YTD
Occupancy	76.5%	76.8%	77.1%	76.0%	75.7%	41.6%	61.9%	71.4%	78.1%	81.1%
ADR	\$112.20	\$120.95	\$126.48	\$129.43	\$141.20	\$112.14	\$138.21	\$171.19	\$187.11	\$222.23
RevPAR	\$85.83	\$92.91	\$97.53	\$98.34	\$106.93	\$52.76	\$85.59	\$122.23	\$147.17	\$180.66
Growth	11.3%	8.2%	5.0%	0.8%	8.7%	-50.7%	62.2%	42.8%	-	22.8%

Source: CoStar/STR

#2 – WILL SOFTNESS IN DEMAND START TO SHOW?

- Tampa International Airport ridership continues to recover and is currently at 93% of the pre-COVID peak, while international traffic is at 85% of the prior record achieved in 2019. The introduction of Virgin Atlantic's Tampa to London Heathrow route in Nov 2022 supports additional international travel growth.
- Several Florida markets like Miami and the Keys have seen softness this year versus last year. Tampa Bay remains strong, but April performance was buoyed by Taylor Swift's "Eras" tour which had a Super Bowl-level impact on the market.
- Last summer's strong performance in Tampa Bay was largely driven by leisure demand, which presents a challenging year-over-year comp for continued growth as national leisure demand has already seen a modest pull-back.

ADR % Change by Month						
	Miami Beach	Miami	FLL Beach	Palm Beach	Key West	Upper Keys
Dec-22	-12.5%	-7.9%	2.7%	5.3%	-13.3%	-9.8%
Jan-23	-4.6%	0.2%	12.6%	7.6%	-9.9%	-8.6%
Feb-23	-5.3%	-1.4%	9.2%	5.9%	-12.8%	-12.6%
Mar-23	-8.4%	-5.3%	0.4%	2.9%	-12.9%	-11.4%
	St. Pete	Clearwater	Tampa	Orlando	Naples	Jax
Dec-22	2.9%	1.4%	10.5%	13.4%	-12.5%	9.2%
Jan-23	9.3%	10.1%	16.0%	18.7%	-3.3%	11.8%
Feb-23	6.5%	5.5%	11.9%	15.4%	-8.9%	9.8%
Mar-23	2.4%	1.3%	7.2%	11.4%	-15.1%	7.6%

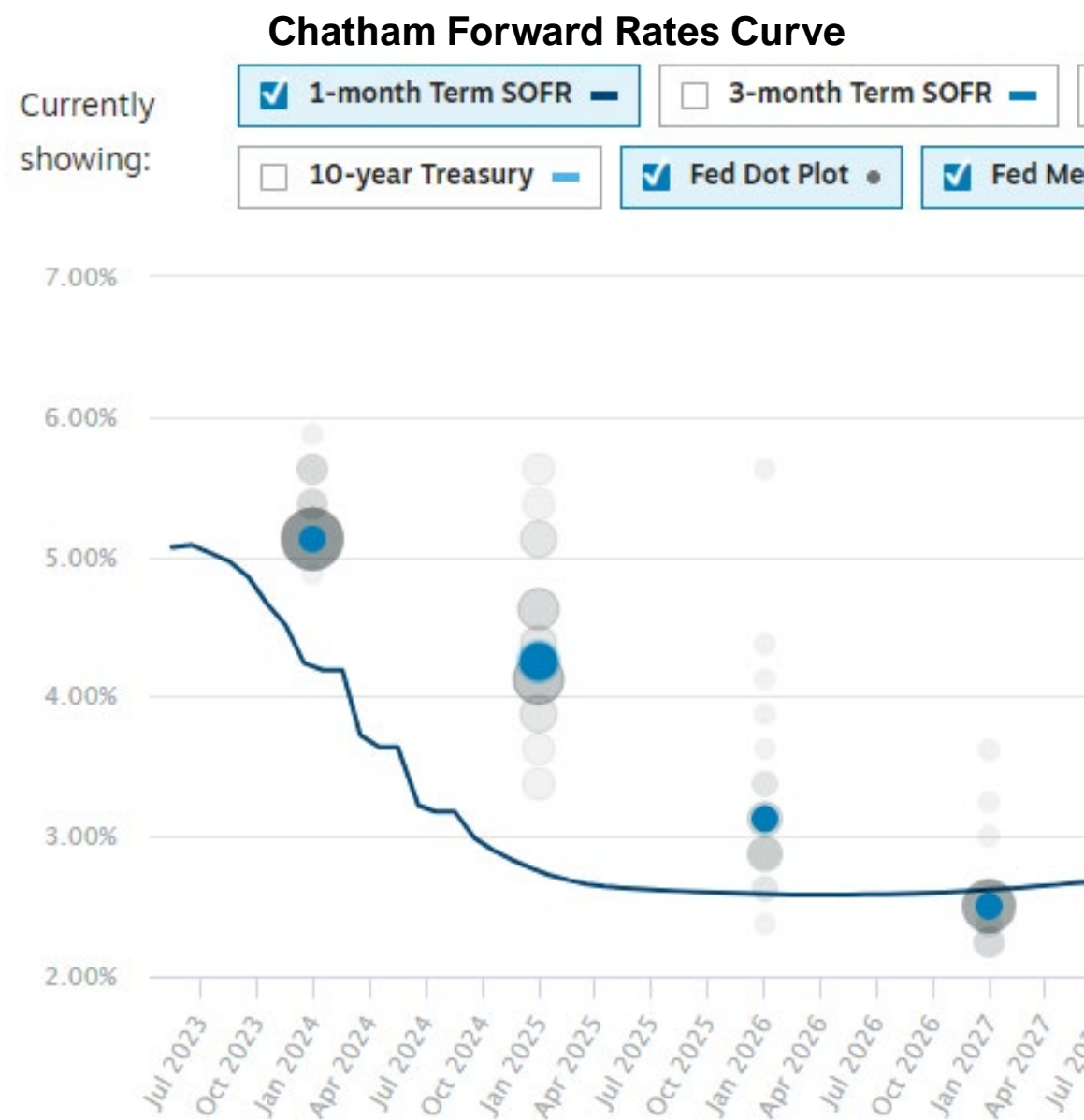
Note: Naples softness likely due in part to the Ritz-Carlton's closure for renovations.

Tampa International Airport Ridership		
Year	Total Passengers	Int'l Passengers
2013	16,920,093	531,759
2014	17,552,707	621,608
2015	18,815,425	719,261
2016	18,931,922	851,490
2017	19,624,284	913,308
2018	21,289,390	1,019,227
2019	22,497,953	1,193,300
2020	10,238,151	296,487
2021	18,115,213	178,474
2022	20,658,161	869,702
Mar 2023 TTM	21,022,159	1,012,028

Sources: CoStar/STR, TPA Statistics, HWE Research

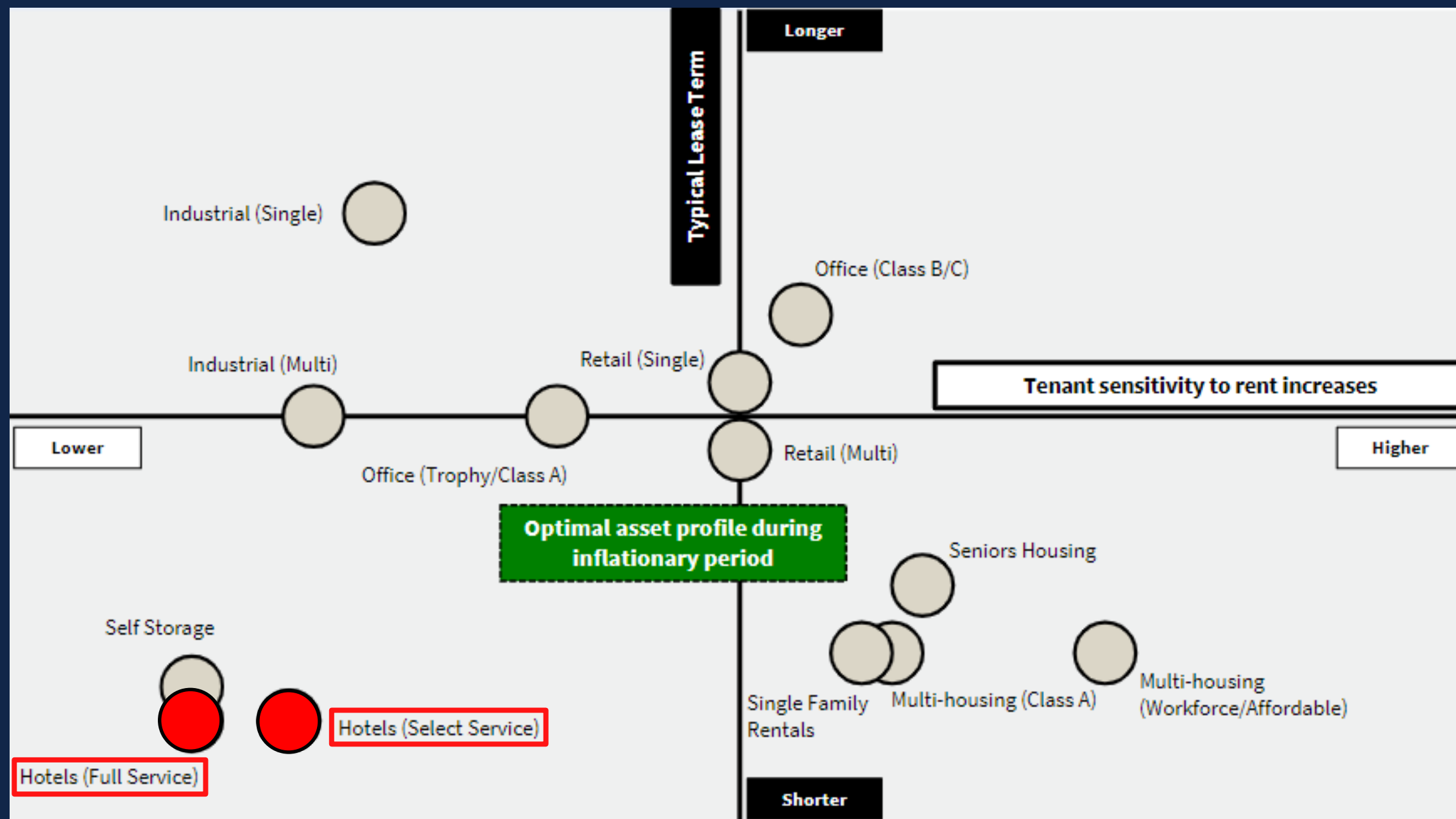
#3 – ELEVATED INTEREST RATES CAUSING DIFFICULT TRANSACTION ENVIRONMENT

- High debt costs combined with tightening lending standards have resulted in U.S. lodging transactions declining by 21% from 105 single asset sales worth \$4.0B in 4Q 2022 to 83 trades worth \$3.5B in 1Q 2023.
- Florida remains a top destination for capital as 18 trades or roughly 22% of the national 1Q 2023 transaction total occurred in the State of Florida.
- Strong ADR gains have outpaced inflation nationwide, but this growth is decelerating. Additionally, cost increases from guestroom supplies to wages and insurance represent headwinds to overall profitability.
- Both equity and debt markets are in a “barbell” environment as high quality assets with strong in-place cash flow are still seeing strong demand, while transitional properties that are ramping from COVID-19 due to a reliance on the corporate travel recovery are out of favor.



Sources: LWHA Sales Survey 1Q 2023, Chatham Financial, HWE Research

#3 – HOTEL INVESTMENTS AS A HEDGE AGAINST INFLATION



#4 – INSURANCE RATES ARE SKYROCKETING

- When asking investors what their biggest concerns are for pricing Florida hotels today, almost all are pointing to insurance expenses.
- Similar to what we are seeing in residential and other commercial real estate sectors, the rising cost and reduced availability of insurance are putting upward pressure on premiums especially in flood zones near the waterfront.
- An active hotel owner and developer in Florida recently told us that their insurance premiums have increased by approximately 60% year-over-year for coastal properties and 30% for inland assets. For standalone policies, some have seen more than 100% increases in annual costs.
- As Florida's insurance environment rapidly evolves due to legislative action on the state level, hotel owners and brokers are closely watching how these changes impact asset underwriting.

#5 – PACE OF NEW HOTEL SUPPLY IS SLOWING

- 757 keys or 10% of existing inventory have been added to the Westshore lodging market since 2019, while no new hotels are currently under construction.
- Persistently elevated construction costs and a challenging interest rate environment have made new projects more difficult to pencil for developers.
- 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.

Westshore Hotel New Supply						
Property Name	Address	# Keys	Year Built	Developer	Status	
Holiday Inn Express & Suites Stadium Area	2055 N Dale Mabry Hwy	100	1Q 2023	Jayesh Patel	Delivered	
Home2 Suites Tampa Westshore Airport	5222 W Laurel St	106	2Q 2021	Baywood Hotels	Delivered	
Midtown Tampa Aloft / Element	3650 Midtown Dr	226	1Q 2021	Whitman Peterson JV Concord	Delivered	
Hyatt House Tampa Airport / Westshore	5308 Avion Park Dr	145	1Q 2021	McKibbon Hotel Group	Delivered	
The Current, Autograph Collection	2545 N Rocky Point Dr	180	3Q 2019	Lifsey Family JV Pinnacle	Delivered	

Sources: Real Capital Analytics, HWE Research

#5 – TAMPA HOTELS ARE TRADING AT STRONG TRANSACTION VALUES

Recent Westshore Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built	Sale Price	Price per Key	Buyer	Seller
SpringHill Suites Tampa Westshore	<i>In Market</i>	149	2001	<i>Confidential</i>	-	-	Ocean Properties
Westin Tampa Bay ¹	<i>In Closing</i>	252	2008	<i>Confidential</i>	-	<i>Confidential</i>	Castlerock Asset Management
DoubleTree Suites Tampa Bay Waterfront	Jan-23	291	1986	\$75,950,000	\$260,997	Black Pearl Capital JV Oliver Cos	Square Mile JV Westmont
Aloft/Element Midtown Tampa ²	Apr-22	226	2021	\$71,642,000	\$317,000	Riller Capital	Concord JV Whitman Peterson
The Current, Autograph Collection, Tampa*	Dec-21	180	2019	\$85,000,000	\$472,222	Caspers Company	Pinnacle Hospitality, AAOF, Lifsey
Ramada Tampa Airport Westshore ^{3*}	Dec-21	237	1981	\$18,900,000	\$79,747	Cardinal Point Management	Equity Management Partners
The Godfrey Hotel & Cabanas	Aug-21	276	1974	\$35,000,000	\$126,812	MCR Investors	Oxford Capital Group

¹ Price excludes roughly \$20M of PIP/capex.

² Hotel transacted as part of a 3-property portfolio.

³ Hotel is now under contract with a multifamily developer at a confidential premium to previous sale price.

*Represents HWE Team transaction.

Recent Downtown Tampa Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built	Sale Price	Price per Key	Buyer	Seller
Hotel Tampa Riverfront (fmr Sheraton)	Oct-22	277	1969	\$63,000,000	\$227,437	Newbond Holdings JV Apollo	Insite Group
Le Meridien Tampa Downtown ¹	Oct-21	130	1905	\$43,000,000	\$330,769	Certares	Development Services Group
Floridan Palace Tampa, BW Premier Collection ²	Oct-21	205	1927	\$47,000,000	\$229,268	1754 Properties JV Triangle Group	Antonios Markopoulos
Westin Tampa Waterside ³	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

¹ Hotel is on a ground lease with National Park Service and is encumbered by CMBS loan. 8% cap on 2019 NOI.

² Price excludes \$13M estimated capex.

³ Hotel is currently in the market at a confidential premium to previous sale price.

Sources: Real Capital Analytics, HWE Research

#6 – TAMPA REMAINS ONE OF THE MOST DESIRABLE U.S. INVESTMENT MARKETS

Institutional hotel investors continue targeting Tampa Bay for acquisitions given years of strong population in-migration and recurring accolades as a top place to live, work, play and stay.

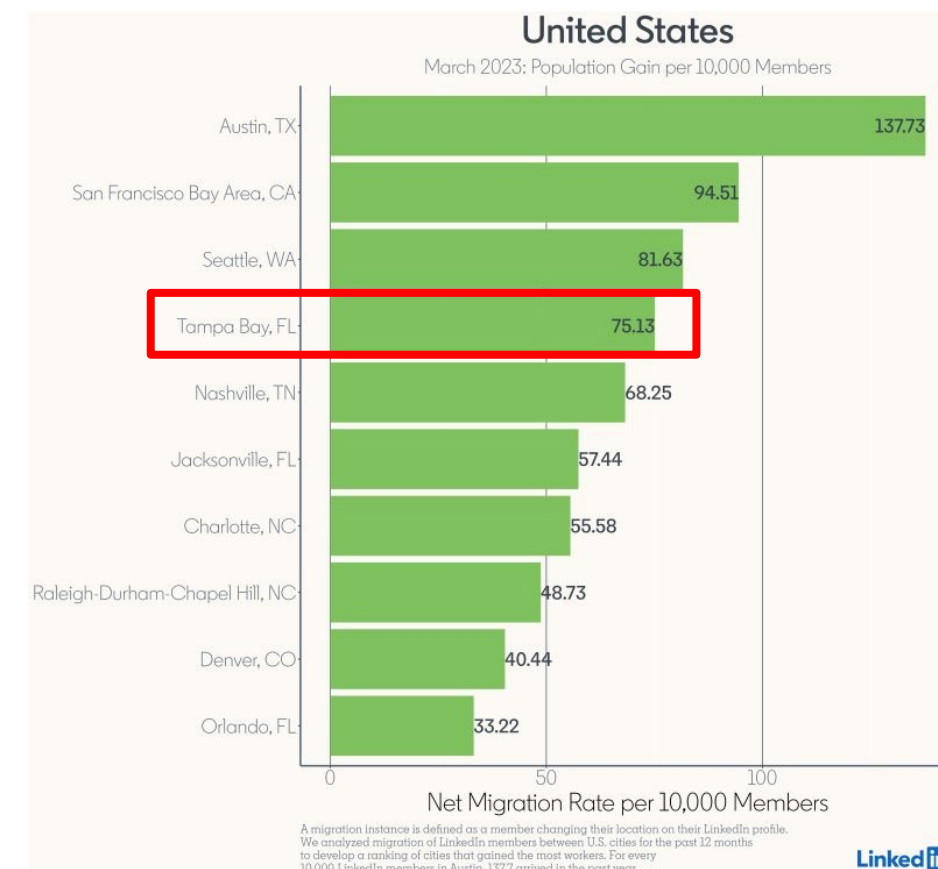
Tampa named by TIME Magazine as one of the 'World's Greatest Places'

Forbes names Tampa best Florida city to live

by: [Sam Sachs](#)
Posted: Jan 2, 2023 / 11:30 AM EST
Updated: Jan 3, 2023 / 04:50 AM EST

Millennials Can't Get Enough of This Stretch of Florida Coast

Why people of a certain age are flocking to Tampa and St. Petersburg.



Tampa Riverwalk claims 2nd place among USA Today's 'America's Top 10 Riverwalks'

Sources: TIME Magazine, Forbes, USA Today, LinkedIn, SmartAsset

#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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