

Hospitality Real Estate

3rd Quarter 2021



Hospitality Group

AVISON
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Current Hotel Market

- Since WWII there has never been a year like **2020** and probably **2021**
- 3rd inning – 9th inning will be around **2023-2024**
- What is hot and what is not, may change in **90** days
- Corporate traveler **40%** Hotel / Airline / Restaurant
- Extend and Pretend – coming to an end

Today's Hotel Market

- Projection – **2021** against **2019** RevPAR
Top four advisors **62%** **67%** **68%** = **66%** Average
- Tale of **3** markets – Leisure, economy, & everything else
- Inflation is here – food, housing, hotel, cars, or ski boats
- Payroll cost – some estimate **20-30%** increase
- Cash burn is still a thing
- WFH, buying on-line and corporate travel

Today's Hotel Market - *continued*

- EBITDA multiple – REITs and C-Corps

REITS : 2019 = **11x** 2021 = **45x**

C-Corps: 2019 = **16x** 2021 = **28x**

- CMBS – deferrals and forbearance coming to an end

1. Many are personal recourse
2. FF&E use – personal recourse
3. Repayment same months as deferral

What to watch for

- Payroll increases
- Property tax increase
- Liability insurance
- Union labor – Large MSA's

Summary

- We are here if you need us
- BOV's are free
- Great time to buy & sell
- Seller's market & buyer's market
- We hope you have a great 2021

Thank You

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