CBRE

Q3 2019
U.S. HOTEL
FIGURES

Q3 2019 U.S. HOTEL FIGURES – EXECUTIVE SUMMARY
OCCUPANCY SLIPS FOR SECOND CONSECUTIVE QUARTER

Demand
1.8%

Supply
2.0%

Occupancy
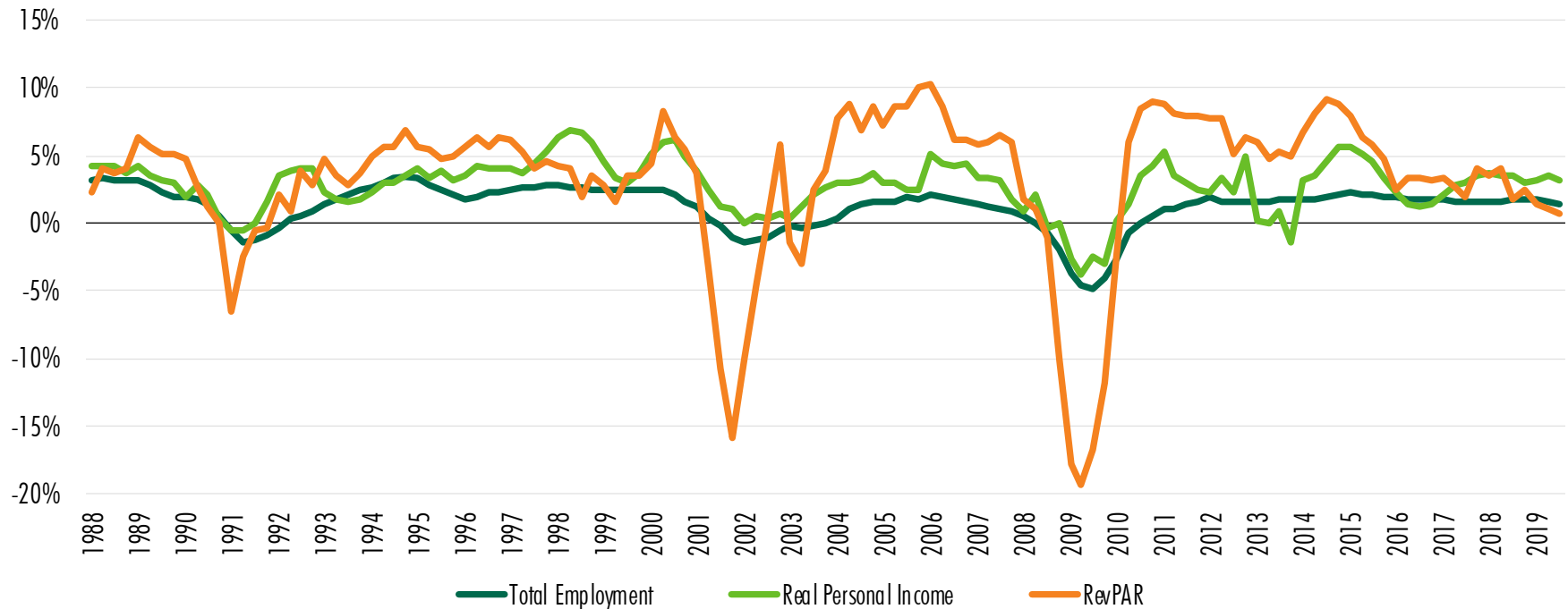**-0.1%**

ADR
0.8%

RevPAR
0.7%

Percentages are year-over-year growth rates.
Arrows indicate change in year-over-year growth rates from those of the same quarter in the previous year.

- Overall hotel demand grew by 1.8% year-over-year in Q3 2019, about 0.1% slower than in Q2 but 0.3% better than the rate of a year ago. Supply growth remained at 2.0%.

- Austin had the largest year-over-year demand increase (9.1%). Large gains also occurred in Houston (8.8%) and Denver (8.2%).

- National occupancy decreased 0.1% year-over-year to just over 70%—an improvement from the 0.5% rate of decline in Q3 2018.

- ADR grew by 0.8% year-over-year in Q3, less than the 2.2% rate of a year ago. RevPAR grew by 0.7%, a slower pace than the 1.7% of a year ago and the lowest rate since the current hotel cycle began in Q1 2010.

- 33 of the 60 markets tracked by CBRE Hotels' Americas Research had supply gains of more than 2% year-over-year in Q3, four more than in Q2.

- 30 markets had declines in occupancy, the same number as in Q2.

- Louisville had the highest RevPAR gain (10.0%), driven by a nearly even split of occupancy and ADR growth. Tucson (9.4%) and Albuquerque (9.2%) also had high RevPAR gains.

- Of the top 10 markets for RevPAR growth, seven had increases driven primarily by ADR growth; however, all the top 10 RevPAR growth markets had increases in occupancy as well.

FIGURE 1
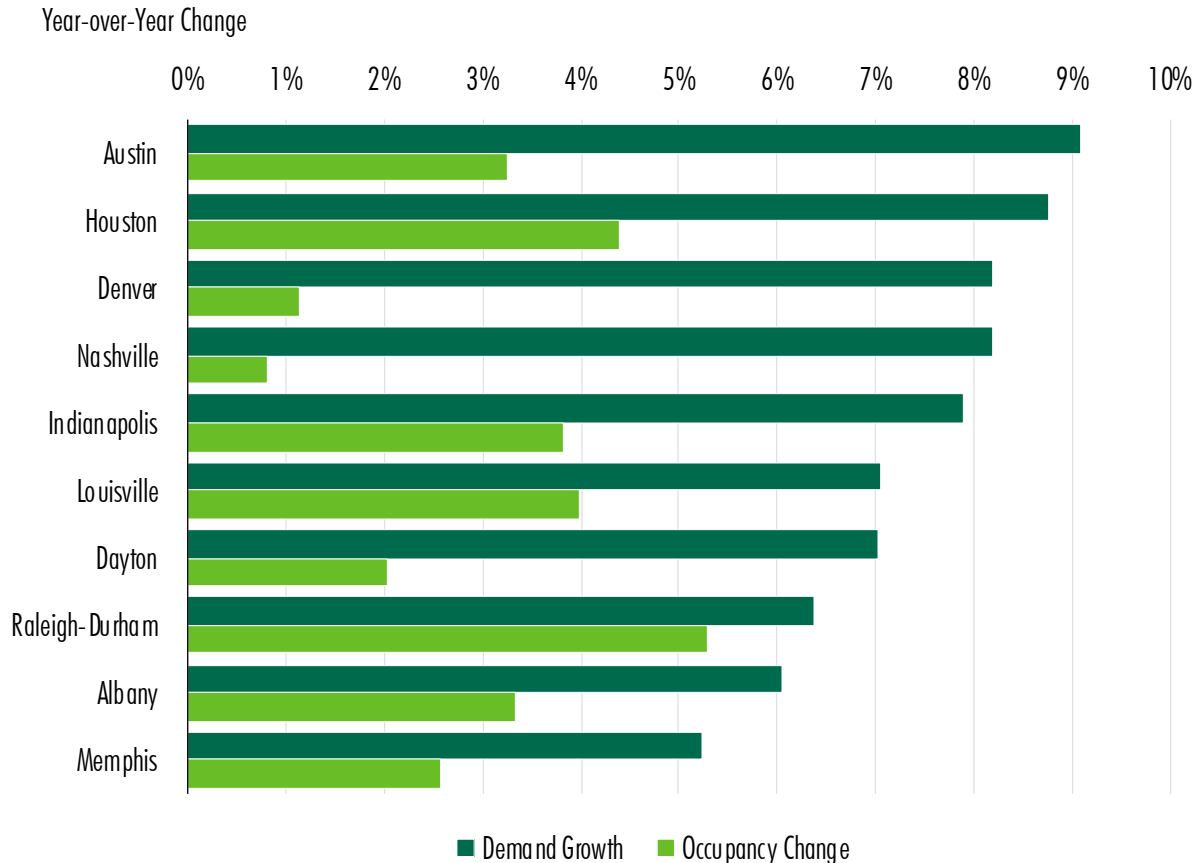**CHANGES IN EMPLOYMENT, REAL PERSONAL INCOME & REVPAR**

Source: CBRE Econometric Advisors, STR, Q3 2019.

- Real personal income grew by a moderate 3.1% year-over-year in Q3, contributing modestly to RevPAR gains.
- Employment grew by 1.4% in Q3, slower than in Q2 (1.6%). The U.S. economy added an average of 154,000 jobs per month in Q3.

FIGURE 2
TOP 10 DEMAND GROWTH MARKETS WITH OCCUPANCY CHANGE
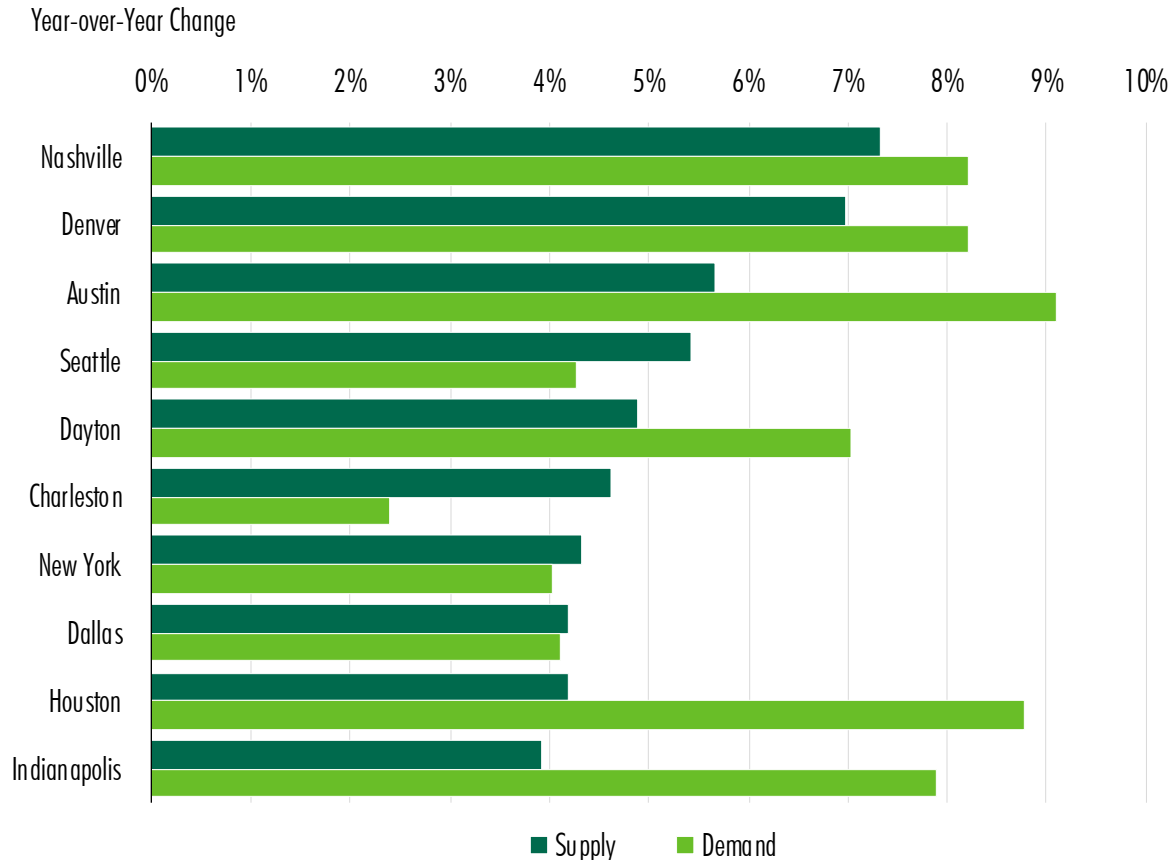

Year-over-Year Change

- For the third consecutive quarter, the top demand markets mostly were secondary and tertiary non-coastal markets.
- Demand growth outpaced supply growth and occupancy increased in all the top 10 markets.

Source: CBRE Hotels' Americas Research, STR, Q3 2019.

FIGURE 3
TOP 10 SUPPLY GROWTH MARKETS WITH DEMAND CHANGE
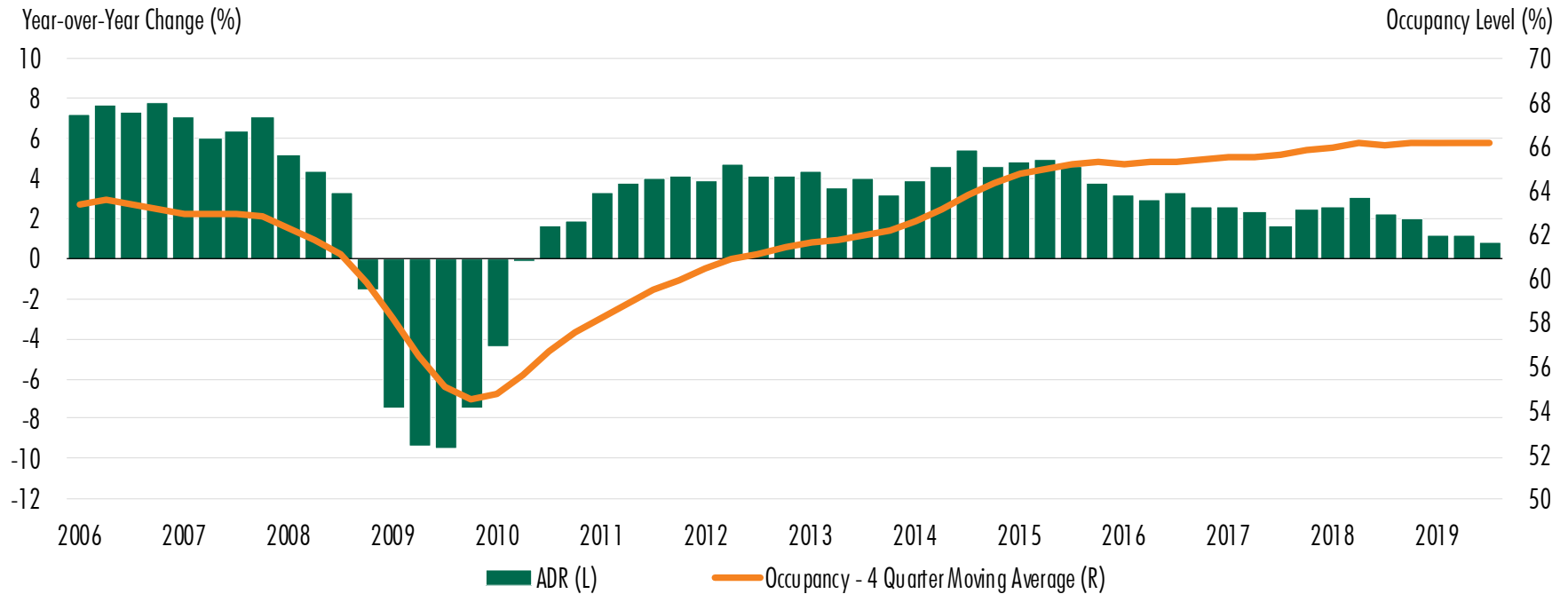
Year-over-Year Change

- Four of the top 10 supply growth markets had demand growth that failed to keep pace, and thus had declining occupancies.

- Houston, Austin and Indianapolis had occupancy gains of more than 3%.

- Although demand grew slower than supply in four markets, no top supply-growth market had declining demand.

Source: CBRE Hotels' Americas Research, STR, Q3 2019.

FIGURE 4
U.S. OCCUPANCY & ADR CHANGE

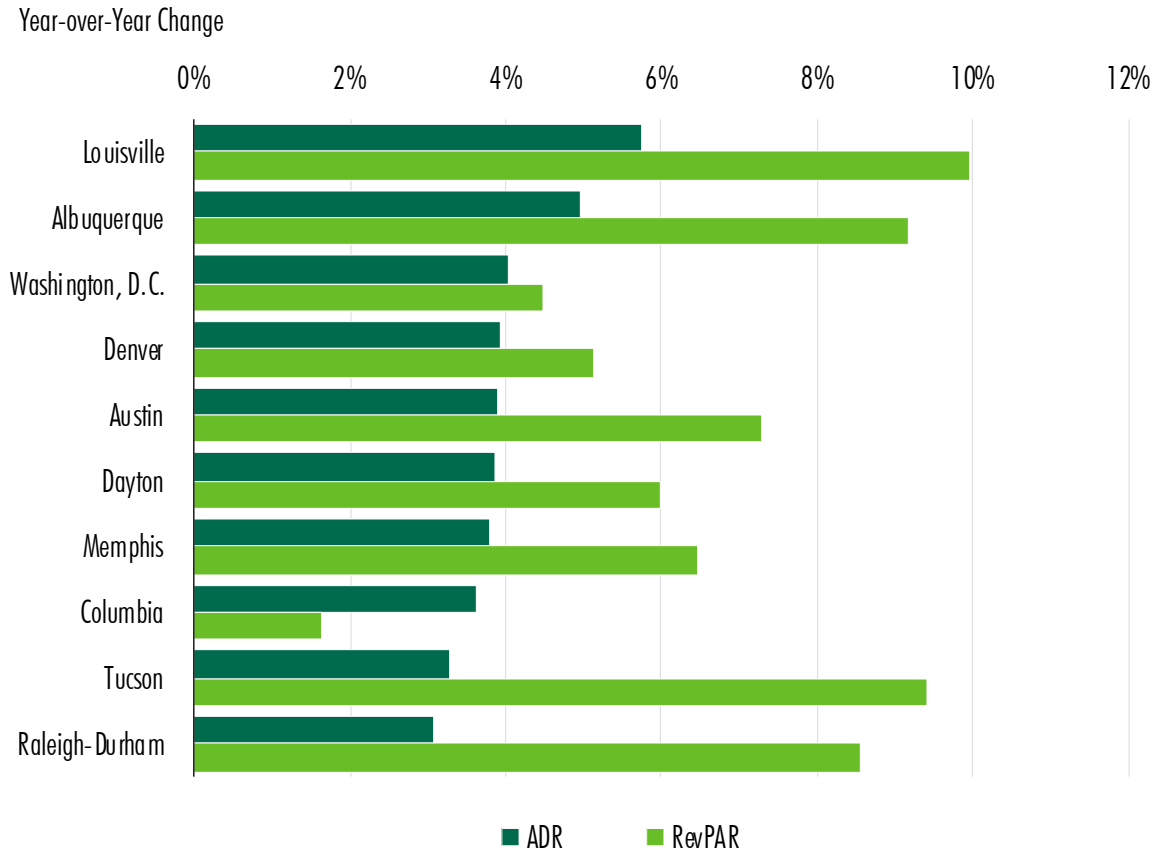Year-over-Year Change (%)

Occupancy Level (%)

Source: CBRE Hotels' Americas Research, STR, Q3 2019.

- Year-over-year occupancy fell slightly in Q3 while ADR growth decreased, continuing a general trend.
- ADR growth and occupancy began diverging in 2015. This trend briefly paused in late 2017, widening again in 2018 and stabilizing in 2019.

FIGURE 5
TOP 10 ADR GROWTH MARKETS WITH REVPAR CHANGE
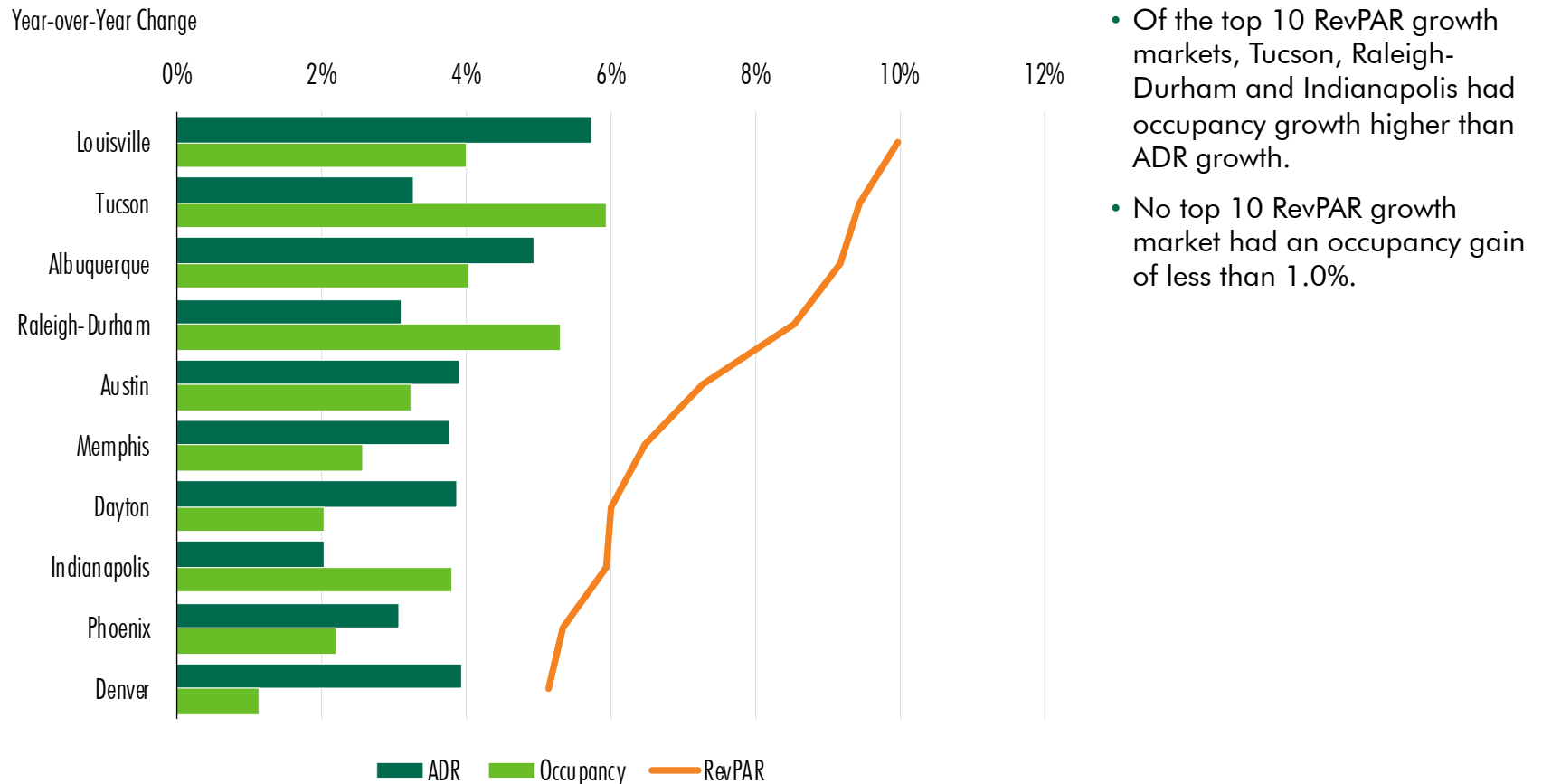

Year-over-Year Change

Legend: ADR, RevPAR

- Of the top 10 ADR growth markets, only one had a negative occupancy change and thus a larger ADR gain than RevPAR gain.

- Louisville had the highest year-over-year ADR growth (5.7%) and strong occupancy growth (4.0%). It also had RevPAR growth of 10.0%—the highest of any market.

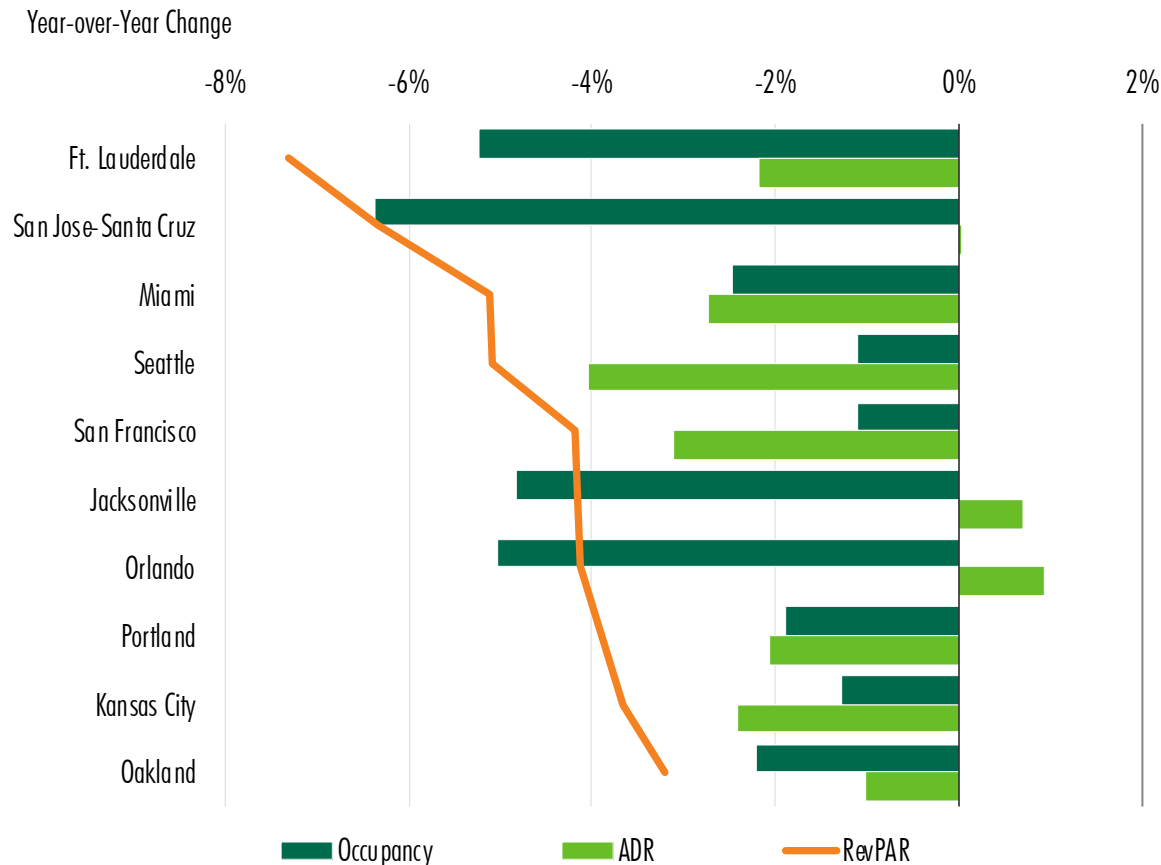Source: CBRE Hotels' Americas Research, STR, Q3 2019.

FIGURE 6
TOP 10 REVPAR GROWTH MARKETS: ADR & OCCUPANCY CHANGE

Year-over-Year Change

- Of the top 10 RevPAR growth markets, Tucson, Raleigh-Durham and Indianapolis had occupancy growth higher than ADR growth.

- No top 10 RevPAR growth market had an occupancy gain of less than 1.0%.

Source: CBRE Hotels' Americas Research, STR, Q3 2019.

FIGURE 7

BOTTOM 10 REVPAR GROWTH MARKETS: ADR & OCCUPANCY CHANGE

Year-over-Year Change

Legend: Occupancy, ADR, RevPAR

- Ft. Lauderdale had the largest year-over-year drop in RevPAR (-7.3%).

- 25 of the 60 markets tracked by CBRE Hotels' Americas Research had declining RevPAR, one fewer than in Q2 2019.

- San Jose-Santa Cruz, Jacksonville and Orlando had drops in RevPAR despite growing or stable ADR growth. None of the bottom 10 RevPAR growth markets had increased occupancy.

Source: CBRE Hotels' Americas Research, STR, Q3 2019.

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FOR MORE INFORMATION, PLEASE CONTACT:

Richard Barkham, Ph.D., MRICS
Global Chief Economist & Head of Americas Research
+1 617 912 5215
richard.barkham@cbre.com
Follow Richard on Twitter: @RichardJBarkham

Spencer G. Levy
Chairman of Americas Research; Senior Economic Advisor
+1 617 912 5236
spencer.levy@cbre.com
Follow Spencer on Twitter: @SpencerGLevy

Kevin E. Mallory
Senior Managing Director and Global Head of Hotels
+1 312 935 1434
kevin.mallory@cbre.com

R. Mark Woodworth
Senior Managing Director
CBRE Hotels' Americas Research
+1 404 812 5085
mark.woodworth@cbre.com

Robert Mandelbaum
Director of Research Information Services
CBRE Hotels' Americas Research
+1 404 812 5187
robert.mandelbaum@cbre.com

Jamie Lane
Senior Managing Economist
CBRE Hotels' Americas Research
+1 404 812 5045
jamie.lane@cbre.com
Follow Jamie on Twitter: @Jamie_Lane

Bram Gallagher
Economist
CBRE Hotels' Americas Research
+1 404 812 5189
bram.gallagher@cbre.com