

SPECIAL PRESENTATIONS

UIC Top Ten

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THE BIG RESET



2023



MEET THE MONEY®
National Hotel Finance &
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THE BIG RESET



LIC Top Ten

Mike Cahill

Lodging Industry
Investment Council

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Overall Impact of Inflation?

An interesting juxtaposition:

- **50%** believe inflation is negatively affecting the value of their lodging investments
- **21%** believe inflation is positively affecting their investments

“The annual inflation rate for the United States was 5.0% for the 12 months ended March, following a rise of 6.0% in the previous period” according to U.S. Labor Department data published April 12, 2023.

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Post Pandemic Hotel Investment Performance

- **Good news!**
- **80%** of Investors said that their investments are currently performing better than anticipated from 2020

The Remainder of the Year:

- Q1 '23 RevPAR grew 16.7% from last year
- CoStar and Oxford Economics project a mild recession
- U.S. RevPAR forecast shows positive growth through that recession

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Where NOT to Buy a Hotel:

1. Chicago, IL (52%)
2. San Francisco/San Mateo, CA (50%)
3. Detroit, MI (27%)
3. Minneapolis/St. Paul, MN (27%)
3. St. Louis, MO/IL (27%)

Bonus! Where did our resident AI friend say to avoid? Detroit, MI

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Where to Buy a Hotel:

1. Tampa/St. Petersburg, FL (45%)
2. Phoenix, AZ (31%)
3. Denver, CO (27%)
4. Boston, MA (25%)
5. Miami/Hialeah, FL (24%)

Bonus! Where did our resident AI friend say to invest? Austin, TX

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Are Hotel Buyers Frustrated?

Quantity

53% believe the quantity available for purchase is **worse than 2022**

25% believe the quantity available for purchase is **similar to 2022**

Quality (Desirability to Purchase)

53% believe the quality of product available is **worse than 2022**

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New Hotel Development: How Many Staying Steadfast?

- **13%** believe the time to build is now
- **56%** believe now is a good time for identification and predevelopment

What will Dominate the Development Pipeline?

- **Extended Stay** (especially economy/budget)
- Followed closely by **Select Service**

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The Future of Debt?

42% of investors are hopeful debt will become **slightly better** over the coming year

- Who Will Lead the Lending Charge?
- **Increase in Mezzanine Lending** to top off the acquisition capital stack and to replace capital calls
- Assumable Debt Deals are expected to **increase** over the next six months

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Hotel Transactions for Calendar 2023:

Dollar Volume

56% believe that hotel transaction dollar volume will **decrease** from 2022 levels, while **35%** believe volume will **increase**

Number of Sales

An Overall Downward Opinion:

- **53%** predict downwards, **19%** flat, **25%** up from 2022

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Top Four Threats to Your Hotel Investment:

- 1. Interest Rate Uncertainty for Acquisition Debt**
- 2. Mortgage Refinancing Challenges**
- 3. Property Level Employee Recruiting & Retention along with Low Unemployment**
- 4. Black Swan Event**

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What to Purchase: Upper Upscale & Upscale Lead the Way

Are investors looking to buy in the coming 12 months?

- **35%** believe in **Upper Upscale** while **23%** believe it to be **Upscale** properties
- **68%** believe hotel going-in capitalization rates **will rise**, yet **37%** envision only a **slight increase**





Hotel Property Investment: Debt Uncertainty & Positive Post Pandemic Bounce Back

- 2023's survey results indicate a soft, slow transaction market
- Prevailing concerns on debt markets



LIIC Bonus Questions

Twitter?

Elon Musk is trying his best!

- 32% believe in Elon Musk and that his purchase was positive for both Twitter and Free Speech
- 54% did not care!

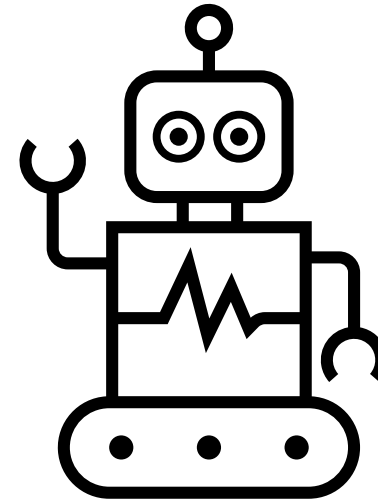




LIIC Bonus Questions Continued

How Used is AI Regarding Hotel Investments?

- 79% - Do Not Use AI
- 11% - Staff Uses on Day to Day Basis
- 9% - Market Research
- 5% - Marketing Efforts
- 4% - Consumer Research



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LIIC Bonus Questions Continued

2024 Election?

A Toss Up! Predictions virtually 50/50 between a Democratic and Republican Winner



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For more information on LIIC,
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