

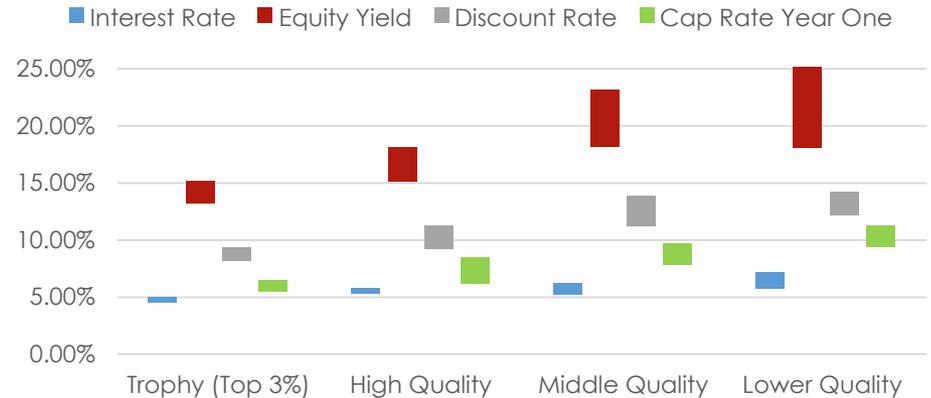


Overview

In a nutshell

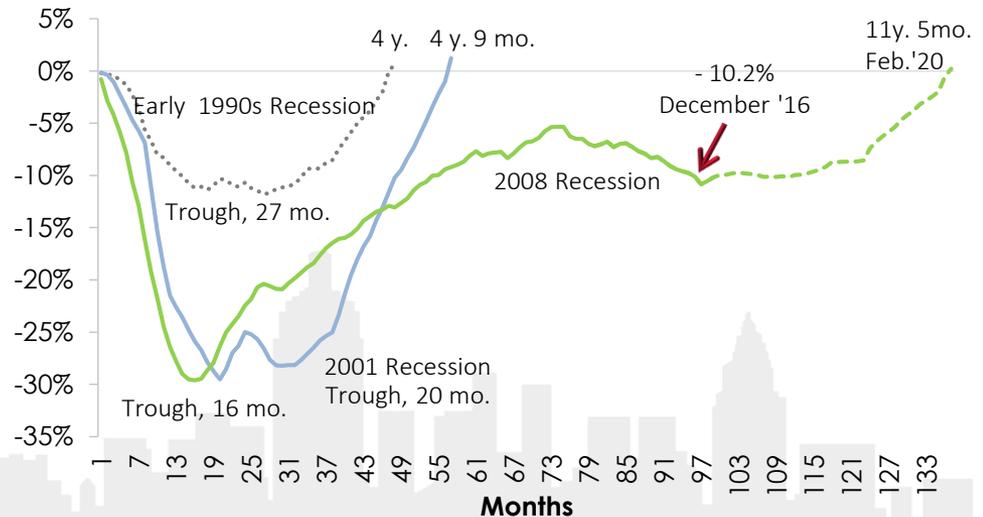
- We expect values in most markets in the United States to remain generally stable for the next three years.
- If you are looking to the market to deliver value appreciation, be prepared to wait eight to ten years. For the next several years, ROIs will be driven by property related strategies, not by overall market appreciation.
- New supply is not a significant risk in most markets because supply is being absorbed; construction financing is becoming more challenging; and entrepreneurial incentives have been declining for the past couple of years.
- It is still unclear how the current administration's policies will affect labor availability, interest rates, and corporate taxes, among other variables. These will all influence hotel values.
- Cap rates have increased slightly.
- Seattle, Portland, and Denver have more limited potential for value appreciation due to significant new supply.
- Cleveland, Wilmington, DE and other tertiary markets have the potential for the most near-term value appreciation because of a small development pipeline. Houston is also recovering from its valuation decline caused by low oil prices.
- New York is still one of the top performing markets in the country, showing resilience in demand and occupancy; however rates and profitability are anticipated to be challenged until 2020. RevPAR is expected to be recovered by then. Large supply increases are getting absorbed and are expected to continue, but it is having a negative impact on rate. Tourist arrivals remain at an all-time high. Values are expected to remain stable. Cap rates remain between 5-6% and in the low single digits for luxury properties.
- Major gateway cities are still very attractive for international buyers.

Typical Financial Terms



Source: HVS

HVS Forecasts NYC Market-wide RevPAR Recovery by Q4 2020



Source: STR (Historical), HVS (Forecast)



Hotel Valuation Index | Market Value Change

Greater than +10%

Between +3% and +10%

Between -3% and +3%

Between -3% and -10%

Less than -10%

2016

2017f

2018f

2019f

Nation

Stable Values

Stable Values

Stable Values

Stable Values

REGION: NORTHEAST

Boston, MA

Significant Value Increase

Stable Values

Stable Values

Stable Values

New York, NY

Stable Values

Stable Values

Stable Values

Stable Values

Philadelphia, PA-NJ

Moderate Value Increase

Moderate Value Increase

Moderate Value Increase

Stable Values

REGION: SOUTH

Atlanta, GA

Moderate Value Increase

Moderate Value Increase

Stable Values

Stable Values

Austin, TX

Significant Value Increase

Significant Value Increase

Moderate Value Increase

Stable Values

Charleston, SC

Moderate Value Increase

Moderate Value Increase

Stable Values

Stable Values

Charlotte, NC

Moderate Value Increase

Stable Values

Stable Values

Moderate Value Increase

Dallas, TX

Moderate Value Increase

Stable Values

Stable Values

Stable Values

Houston, TX

Significant Value Decline

Stable Values

Moderate Value Increase

Moderate Value Increase

Memphis, TN

Moderate Value Increase

Stable Values

Stable Values

Stable Values

Miami/Hialeah, FL

Stable Values

Stable Values

Stable Values

Moderate Value Increase

Nashville, TN

Moderate Value Increase

Stable Values

Moderate Value Decline

Stable Values

New Orleans, LA

Stable Values

Stable Values

Moderate Value Increase

Stable Values

Norfolk/Virginia Beach, VA

Moderate Value Increase

Moderate Value Increase

Moderate Value Increase

Stable Values

Orlando, FL

Moderate Value Increase

Moderate Value Increase

Stable Values

Moderate Value Increase

San Antonio, TX

Moderate Value Increase

Stable Values

Stable Values

Moderate Value Increase

Tampa - St. Petersburg, FL

Moderate Value Increase

Stable Values

Stable Values

Moderate Value Increase

Washington, DC-MD-VA

Moderate Value Increase

Moderate Value Increase

Stable Values

Stable Values

Wilmington, DE

Stable Values

Stable Values

Moderate Value Increase

Moderate Value Increase



Hotel Valuation Index | Market Value Change

2016

2017f

2018f

2019f

REGION: WEST

Anaheim/Santa Ana, CA	Stable Values	Stable Values	Stable Values	Stable Values
Denver, CO	Stable Values	Stable Values	Moderate Value Decline	Stable Values
Las Vegas, NV	Moderate Value Increase	Moderate Value Increase	Moderate Value Increase	Stable Values
Los Angeles/Long Beach, CA	Stable Values	Stable Values	Moderate Value Decline	Stable Values
Oahu Island, HI	Moderate Value Increase	Moderate Value Increase	Moderate Value Increase	Stable Values
Phoenix, AZ	Moderate Value Increase	Stable Values	Stable Values	Stable Values
Portland, OR	Stable Values	Stable Values	Moderate Value Decline	Stable Values
San Diego, CA	Moderate Value Increase	Stable Values	Stable Values	Stable Values
San Francisco/San Mateo, CA	Stable Values	Stable Values	Stable Values	Significant Value Increase
Seattle, WA	Stable Values	Stable Values	Moderate Value Decline	Stable Values

REGION: MIDWEST

Chicago, IL	Stable Values	Stable Values	Stable Values	Stable Values
Cincinnati, OH	Moderate Value Increase	Moderate Value Increase	Stable Values	Stable Values
Cleveland, OH	Stable Values	Stable Values	Moderate Value Increase	Moderate Value Increase
Columbus, OH	Moderate Value Increase	Stable Values	Moderate Value Decline	Stable Values
Detroit, MI	Stable Values	Moderate Value Increase	Stable Values	Stable Values
Kansas City, MO	Moderate Value Increase	Moderate Value Increase	Moderate Value Increase	Stable Values
Minneapolis/St. Paul, MN-WI	Stable Values	Stable Values	Stable Values	Stable Values
Omaha, NE	Stable Values	Stable Values	Moderate Value Increase	Stable Values
St. Louis, MO	Stable Values	Moderate Value Increase	Moderate Value Increase	Stable Values

Source: HVS, STR.

For more insight on value trends, visit <http://hvi.hvs.com/>