

New England Lodging Trends

November 2, 2023

New England
Inns & Resorts
SINCE 1907



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Agenda

- **NEIRA Survey Results**
- **STR Data - Historic Trends**
 - National
 - New England
- **Lodging Demand Trends**

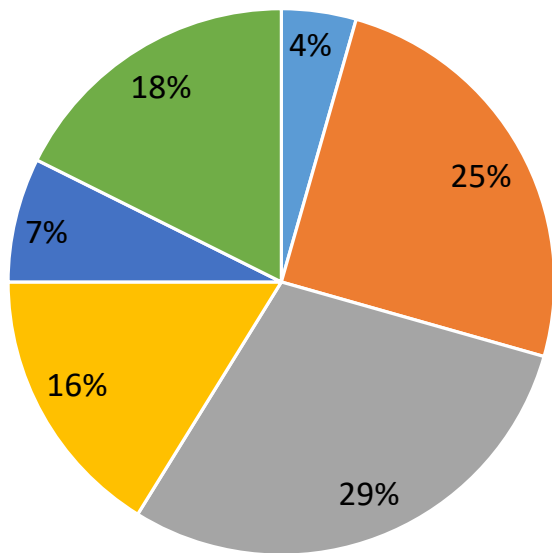




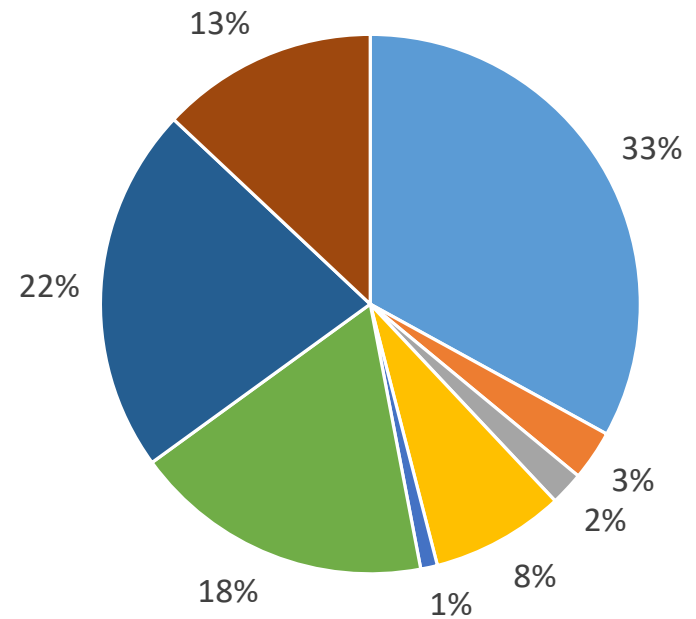
NEIRA Survey Results

Respondent Profiles

Responses by State



Property Type

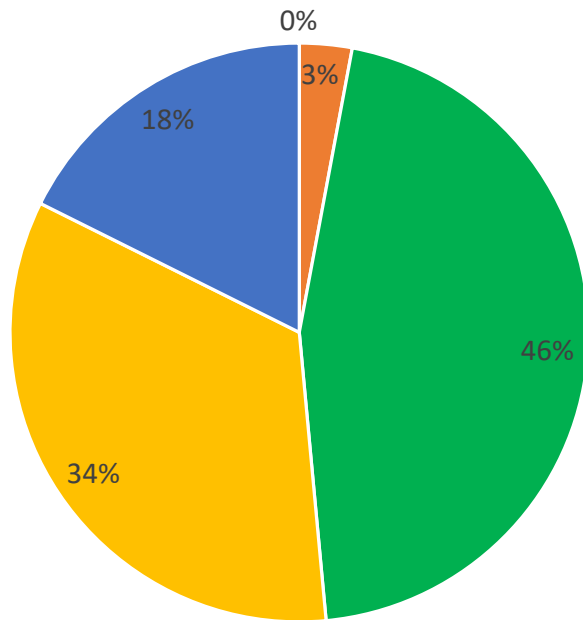


- Connecticut
 Maine
 Massachusetts
 Full Service
 Select Service
 Limited Service
 B&B
- New Hampshire
 Rhode Island
 Vermont
 Motel
 Hotel
 Inn
 Resort



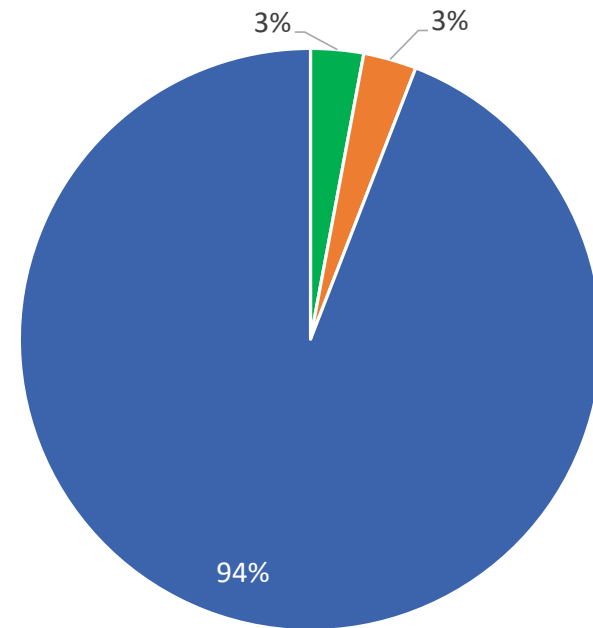
Respondent Profiles

Rate Scale



- 1 Star/Economy
- 2 Star/Lower Midscale
- 3 Star/Upper Midscale/Midscale/Upscale
- 4 Star/Upper Upscale
- 5 Star/Luxury

Branded vs. Independent

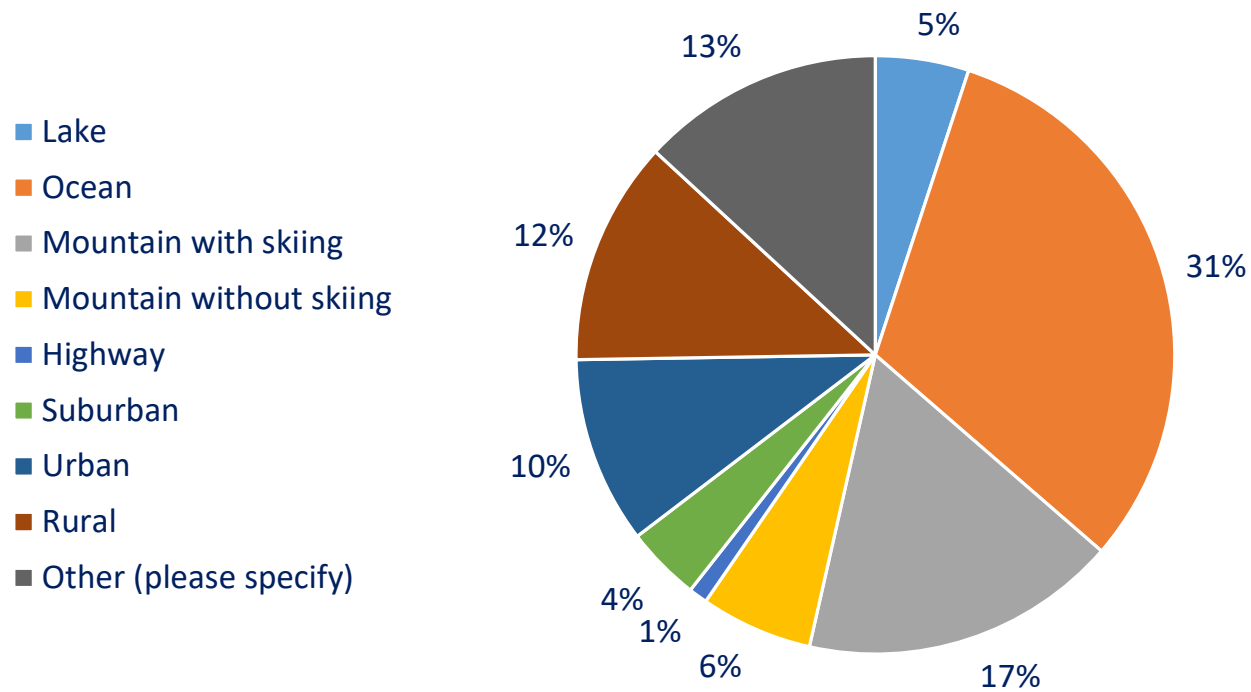


- National Hotel Company - Hard Brand
- National Hotel Company - Soft Brand
- Independent



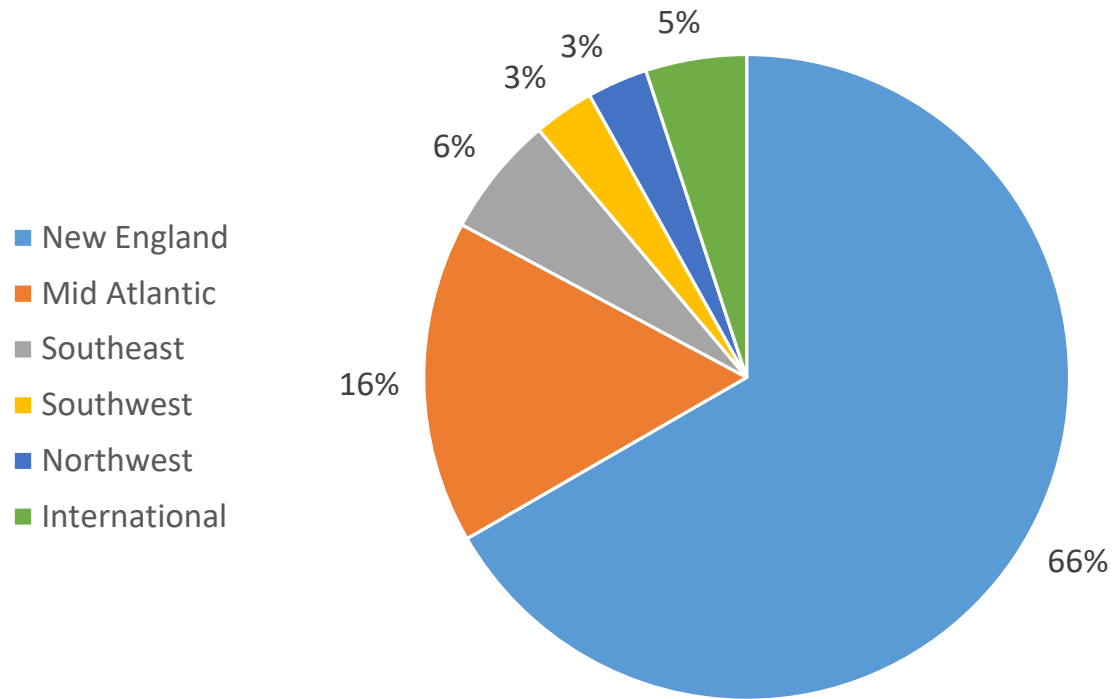
Respondent Profiles

Locational Attributes

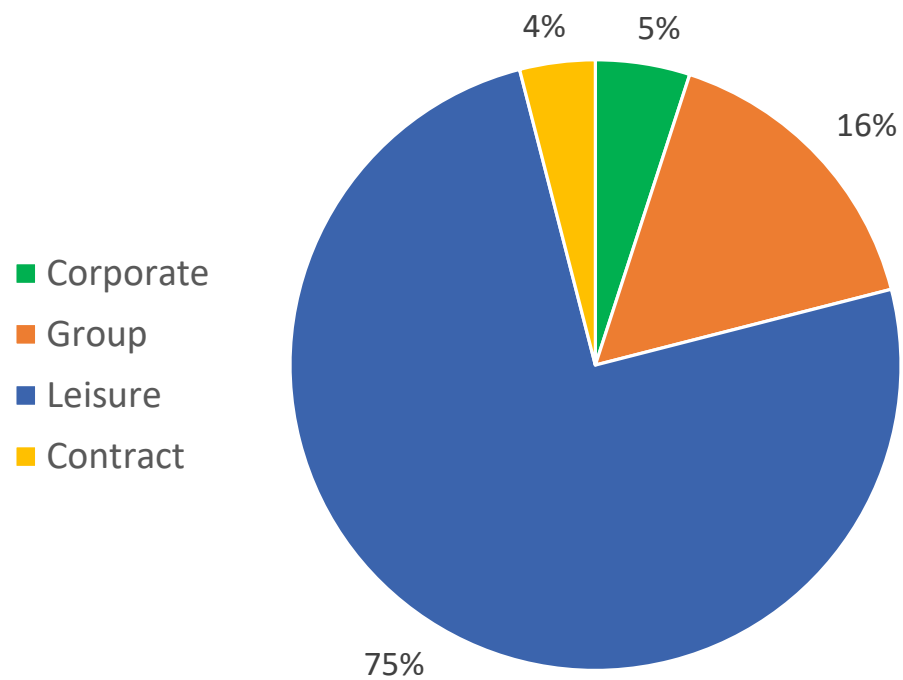


Where Do Your Guests Come From?

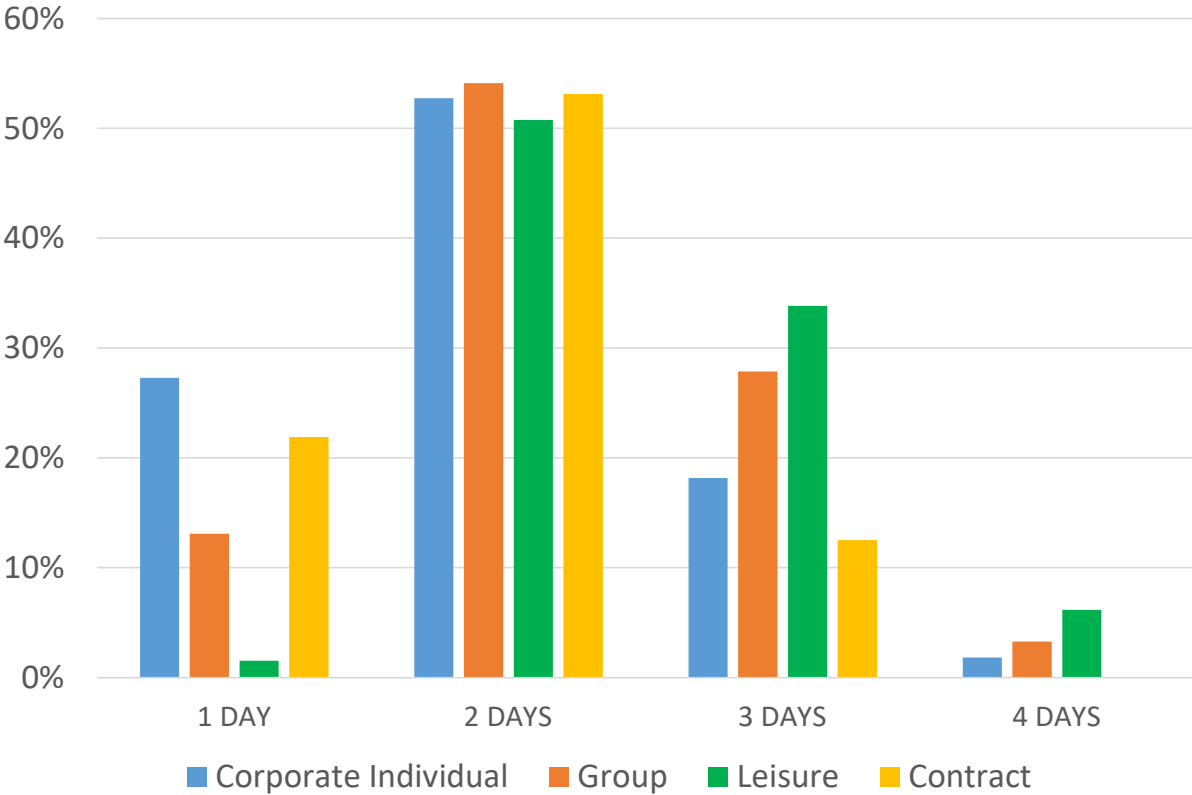
Where do your guests come from?



Market Mix 2022



Average Length of Stay by Segment



Annual Occupancy – Actual and Forecast

| Year | Occupancy |
|----------|-----------|
| 2016* | 55% |
| 2017* | 57% |
| 2018* | 58% |
| 2019 | 58% |
| 2022 | 59% |
| 2023 (f) | 60% |
| 2024 (f) | 62% |

*data from our 2019 survey



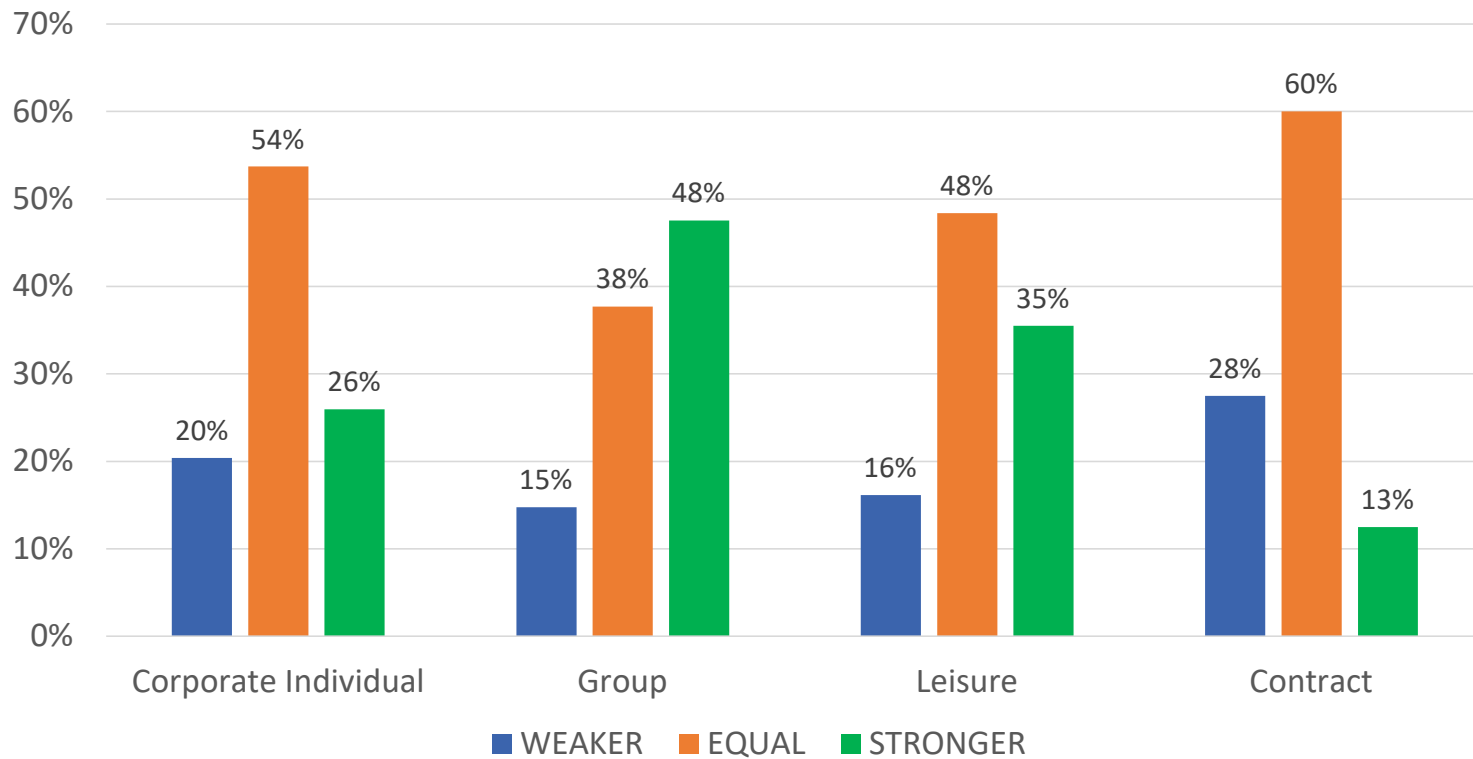
Ave Daily Room Rate – NEIRA vs US

| | ADR - NEIRA | ADR - US |
|-----------------|-------------|------------------|
| 2017 over 2016* | 5% | (US - 2.1%) |
| 2018 over 2017* | 3% | (US - 2.5%) |
| 2023 over 2022 | 2.4% | (US est. – 3.6%) |
| 2024 over 2023 | 2.8% | (US est. – 4.1%) |

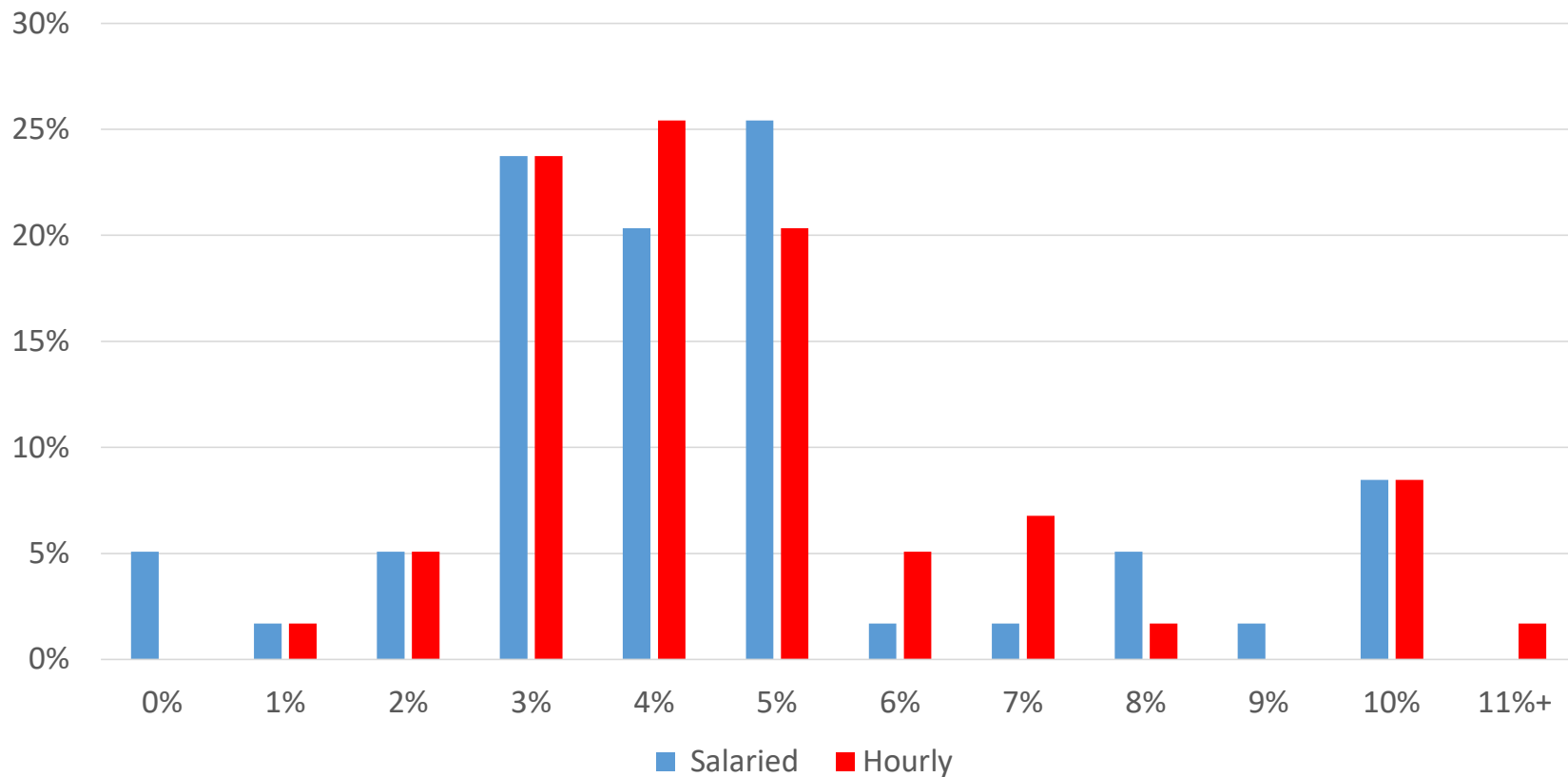
*data from our 2019 survey



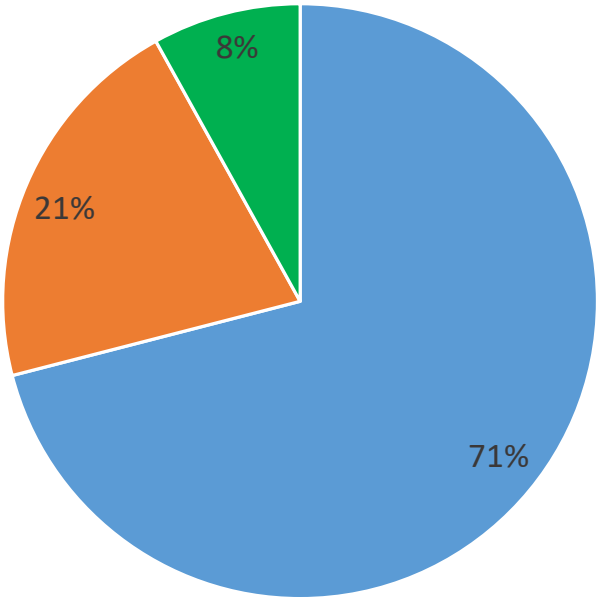
Demand Segment Expectations for 2024 vs. 2023



Overall % Increase in Salaries and Wages: 2024 vs. 2023



Will Expense Increases Outpace Revenue Increases for 2024 vs. 2023



■ Yes ■ No ■ Same (expenses and revenue are equal)



Rank Concerns for 2024



#1: Lack of Employees



#2: Higher Wages



#3: Higher Operating Costs



#3: Fewer Customers/Less Demand



#4: Inability to Charge Higher Room Rates



#5: Inflation



#6: Most Competition



#7: Other

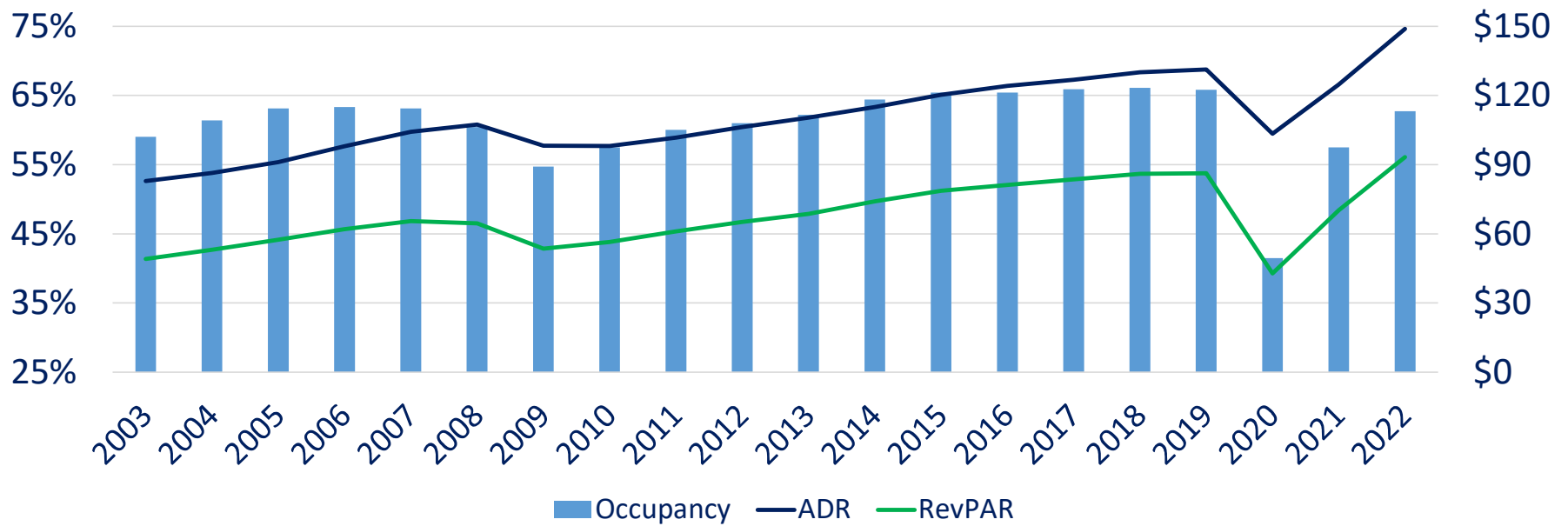




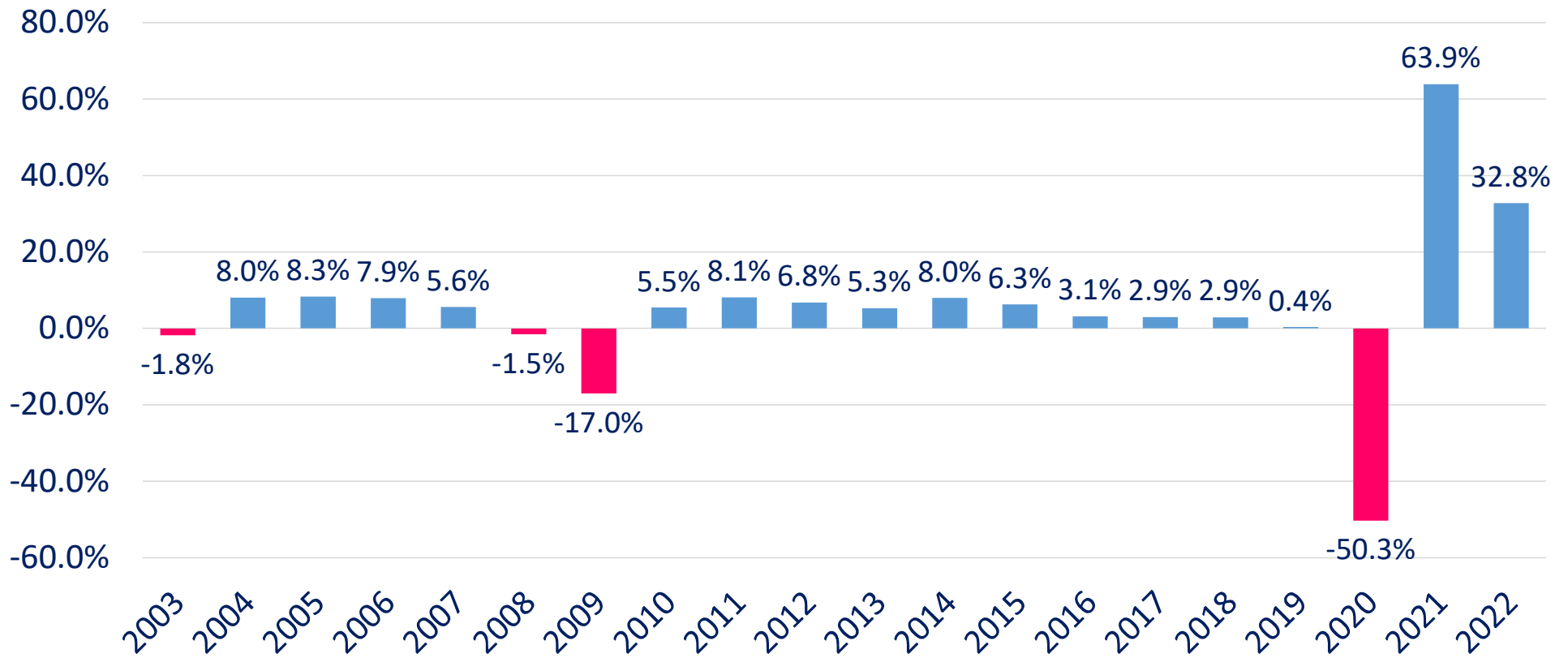
STR Data Historic National

National - Historic Market Performance

20-Year Historic Lodging Performance
United States



RevPAR % Change – US 2003-2022



Source: STR

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National - YTD Sept 2023

| | Sept 2022 | Sept 2023 | % Change |
|-----------|-----------|-----------|----------|
| Occupancy | 63.5% | 64.3% | 1.3% |
| ADR | \$148.77 | \$155.77 | 4.7% |
| RevPAR | \$94.42 | \$100.17 | 6.1% |

Source: STR

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National - Industry Projections, YOY % Change

2023

| | STR | PWC | CBRE |
|--------------------|------|------|------|
| Occupancy | 0.8% | 2.1% | 2.2% |
| ADR | 3.6% | 4.3% | 3.6% |
| RevPAR | 4.5% | 6.5% | 4.6% |
| RevPAR Indexed '19 | 112% | 114% | 112% |

2024

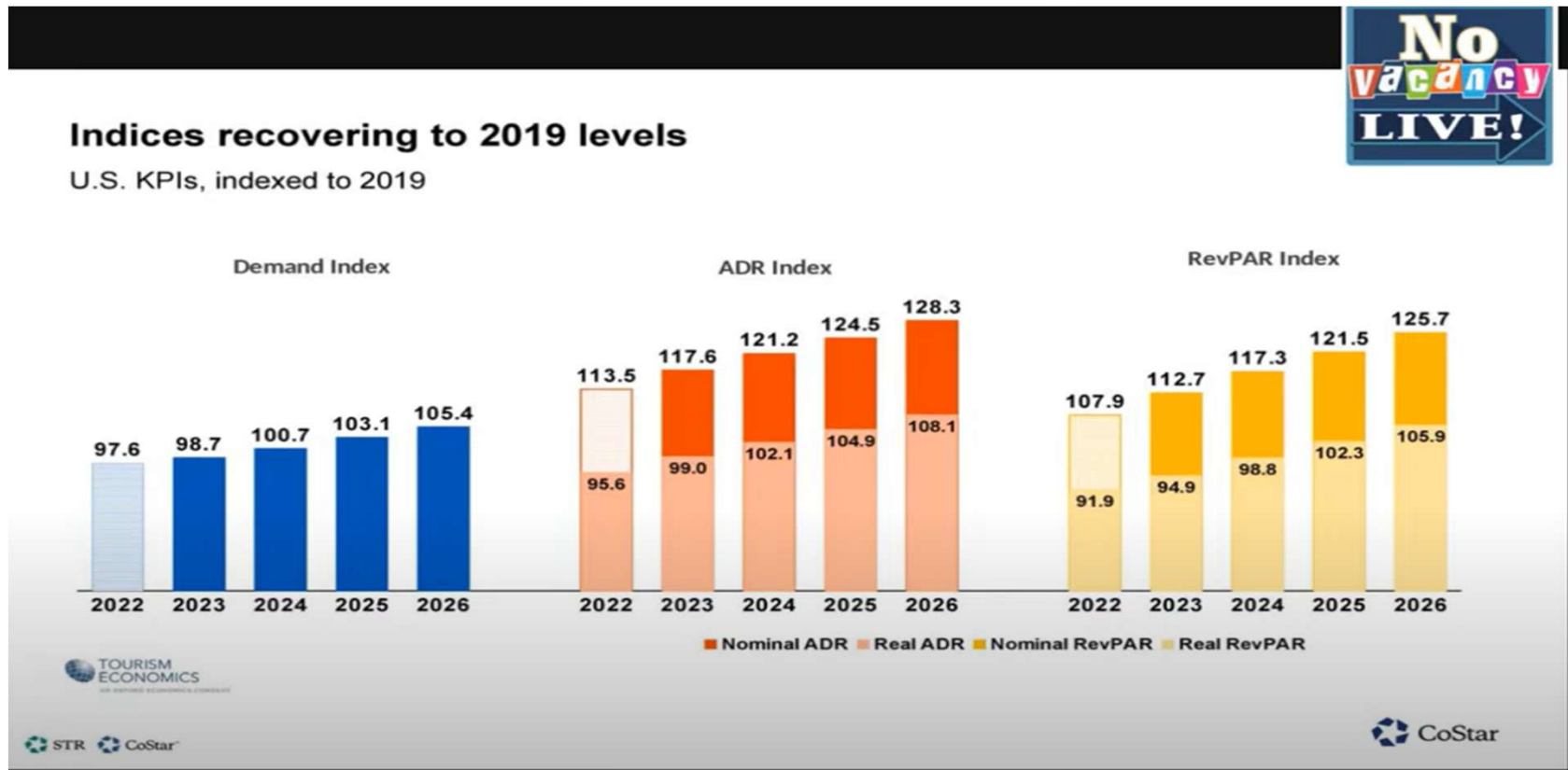
| | STR | PWC | CBRE |
|--------------------|------|------|------|
| Occupancy | 1.0% | 0.2% | 1.3% |
| ADR | 3.0% | 3.4% | 2.8% |
| RevPAR | 4.1% | 3.5% | 4.1% |
| RevPAR Indexed '19 | 117% | 118% | 118% |

Source: STR (Aug), PWC (May), CBRE (May)

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National - Nominal ADR Has Not Yet Returned to 2019 level



Source: STR

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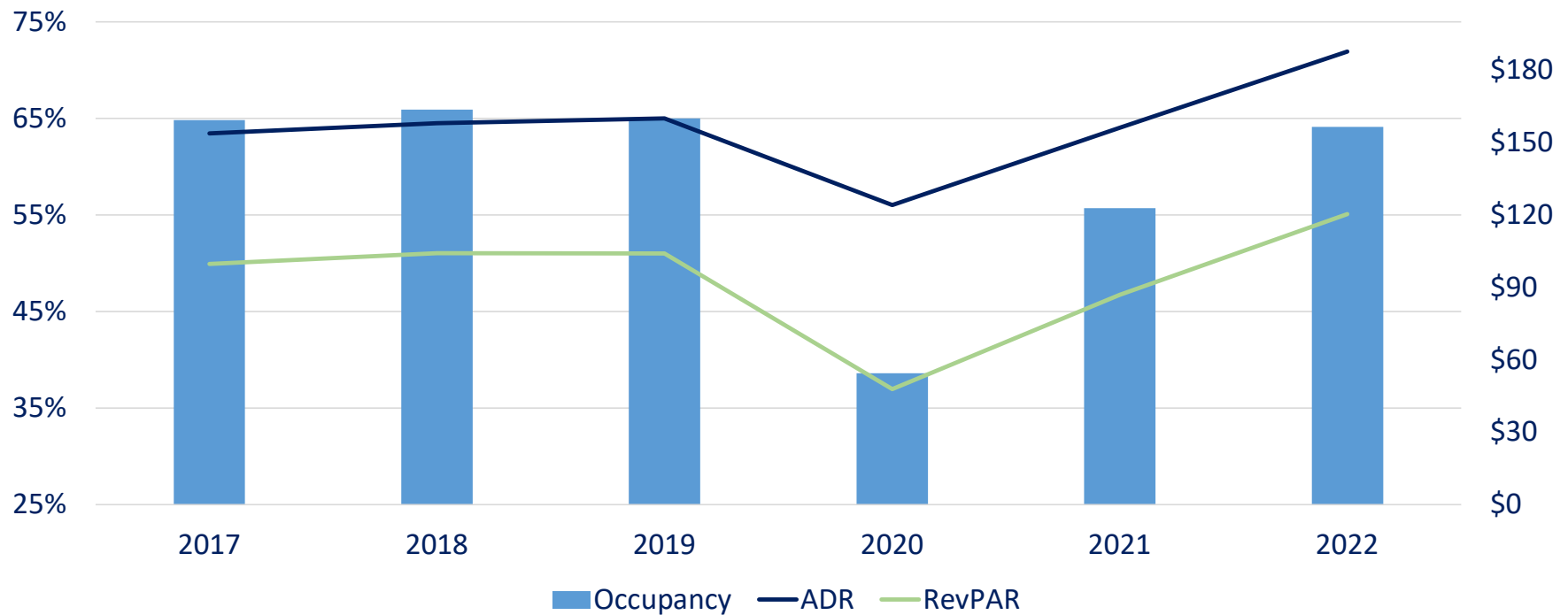




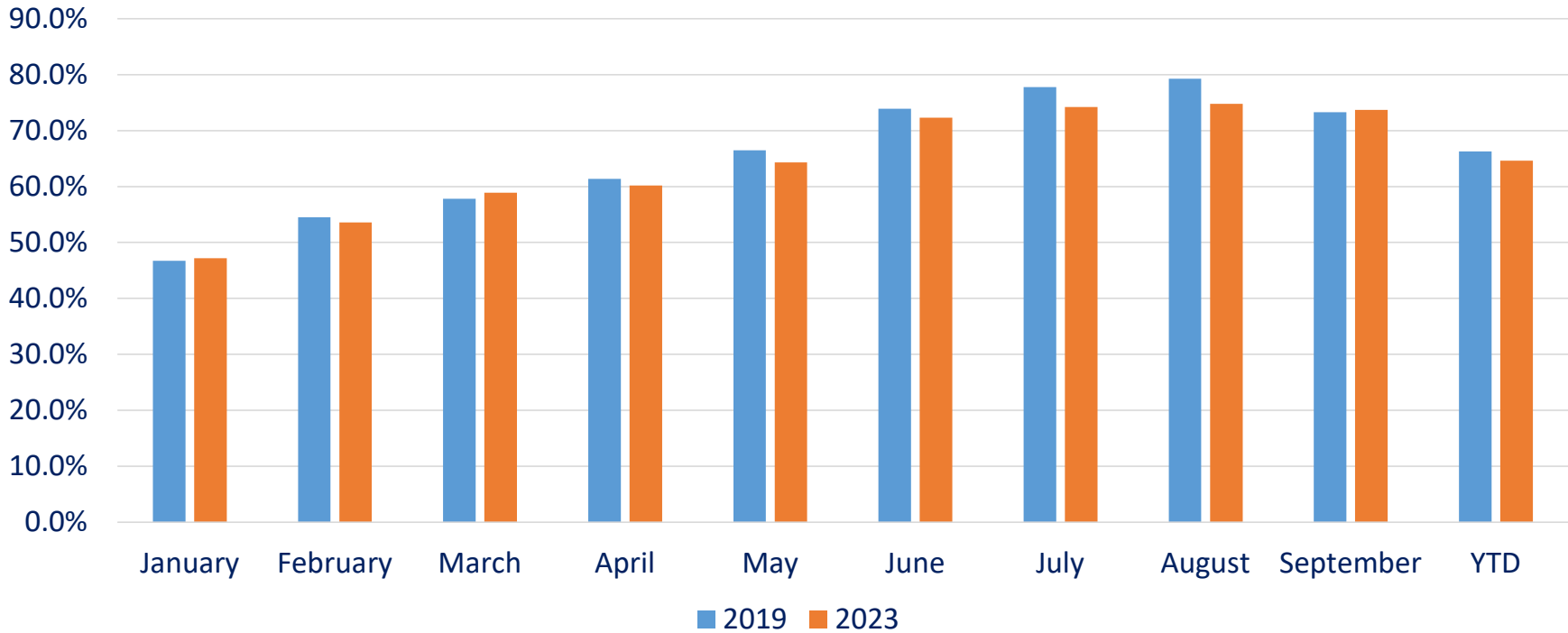
STR Data Historic New England

New England - Historic Market Performance

Historic Lodging Performance
New England States

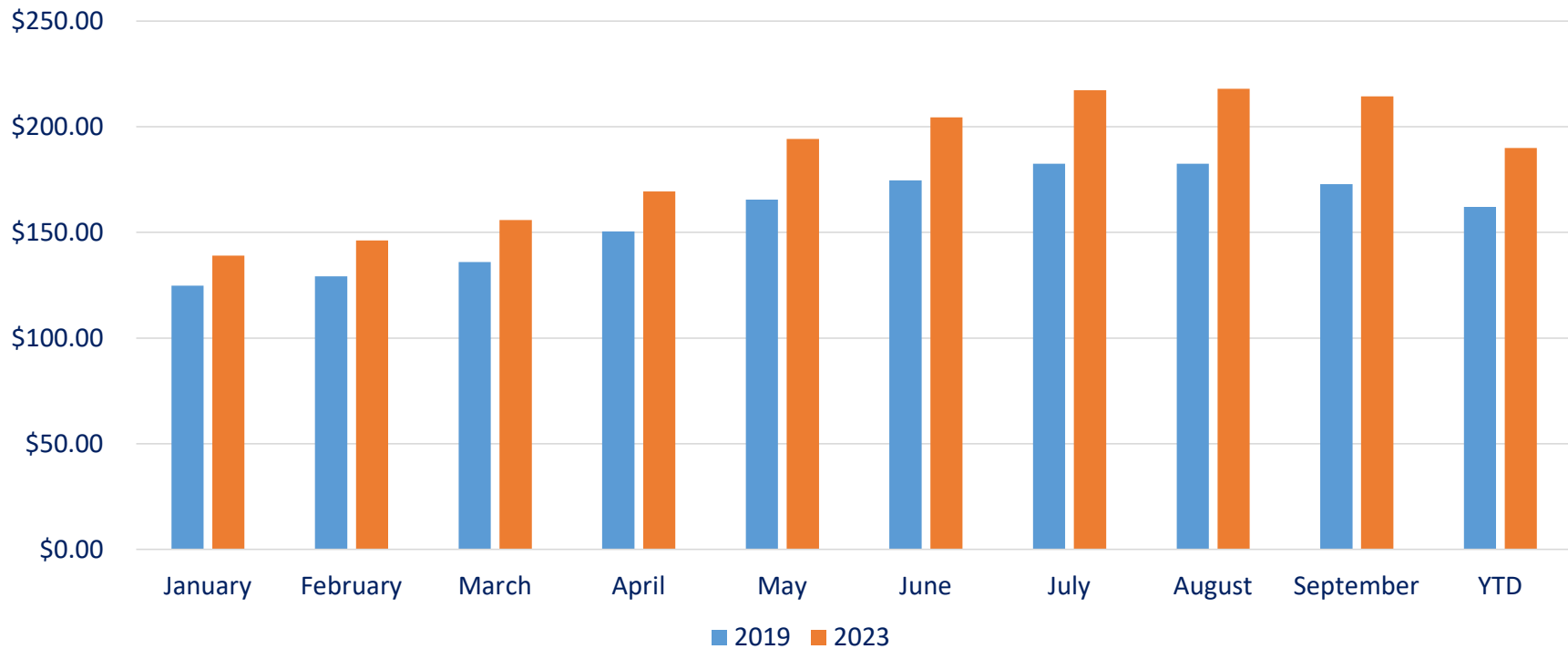


New England Monthly Occupancy 2023 vs 2019



Source: Smith Travel Research p

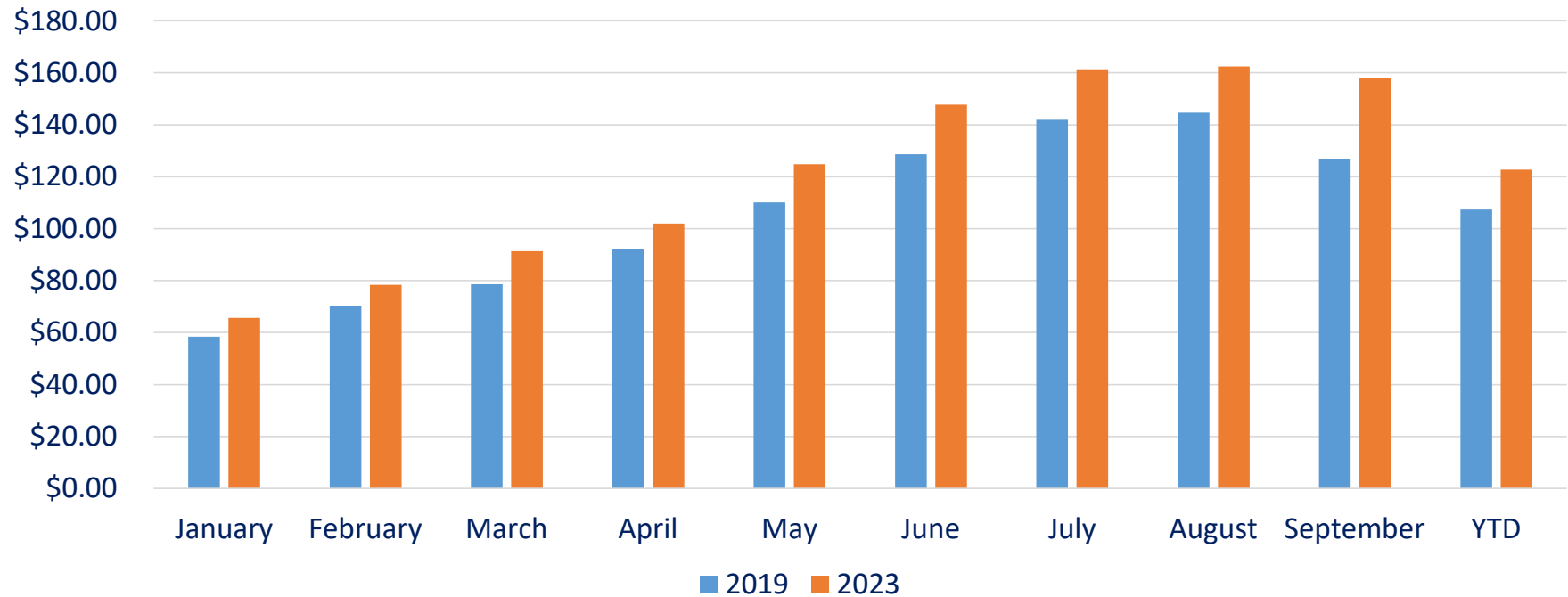
New England Monthly ADR - 2023 vs 2019



Source: Smith Travel Research



New England Monthly RevPAR 2023 vs 2019



New England - YTD Sept 2023

| | Sept 2022 | Sept 2023 | % Change |
|-----------|-----------|-----------|----------|
| Occupancy | 64.3% | 64.6% | 0.5% |
| ADR | \$180.51 | \$189.87 | 5.2% |
| RevPAR | \$116.03 | \$122.71 | 5.8% |

Source: STR

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New England Trends 2024

Macro Economic Trends

- Recession Of Soft Landing (Probability Of Recession 54%)
- Inflation
- Interest Rates
- Employment & Wage Growth
- Shift In How We Work
- Global Issues, Politics, Technology, Etc.



Leisure Trends - 2024

- Domestic leisure travel 'normalized' in 2023; status quo for 2024.
- International leisure will not recover until 2025 or 2026.
- Seeking Value and Personalization
- Leisure travelers will be more price sensitive
- New Supply – more competition from alternative lodging options



Leisure Trends - 2024

- Family and Multigenerational Travel
- Adventure Travel /Alternative Accommodations
- Sustainable Travel
- Electric Road Trips



Leisure Trends 2024– Travel by Generation

Who is the next wave of leisure travels and what should hoteliers pay attention to:

- Baby Boomers (ages 57-74)
 - Restaurants & Culinary Experiences
 - Human factor of travel makes the experience
- Gen X (age 43-56)
 - Want to experience something new and feel taken care of
 - Restaurant & Culinary Experiences
- Millennials (ages 27-42)
 - Willing to spend more for comfort and convenience
 - Rest and Recharge, Explore, Family-Friendly Options
- Gen Z (ages 16-26)
 - Adventure & Experiences – travel as a path to self discovery and growth
 - May have budget and time limitations
 - Technology very high priority



Group Trends - 2024

Overall Group Travel – Fully recovered in 2025

- **Social Group** - normalized – pent up demand has run its course
- **Corporate Group** - will continue to grow and fully recover in 2025
- **Association/Convention Group** - very close to pre-pandemic levels in 2024



Group Trends - 2024

Survey results - travel planners and event organizers:

- Venue Priorities Shift to Customizable Spaces and Swift Communication
- Desire Group Event Experiences
- Group Travel Preferences Shift from Turnkey to Flexibility
- Wellness Surges Beyond the Spa
- Sustainable Travel Remains a Priority



Corporate Trends - 2024

- Corp travel - 80% for 2023 and 90% for 2024 (vs 2019).
- Weekday business travel patterns - “normalizing”.
- Corporate Travel managers increasing travel budgets.
- Blended Leisure & Business travel remain will lessen over time.
- Business travelers still want their reward/points!



Price Point Trends

- Luxury and economy travel - still below pre-pandemic levels; anticipate the same for 2024.
- ADR increases for 2024 – upper upscale/upscale will have the strongest growth and economy will have the weakest growth.
- RevPAR increases for 2024 – luxury will have the strongest growth and upper midscale will have the weakest growth.



Q&A



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