



Voice of Rhode Island's Lodging, Restaurant, and Tourism Industry.

Economic Outlook Breakfast

September 13, 2023

The State of the Hospitality Industry in Rhode Island

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Today's Agenda

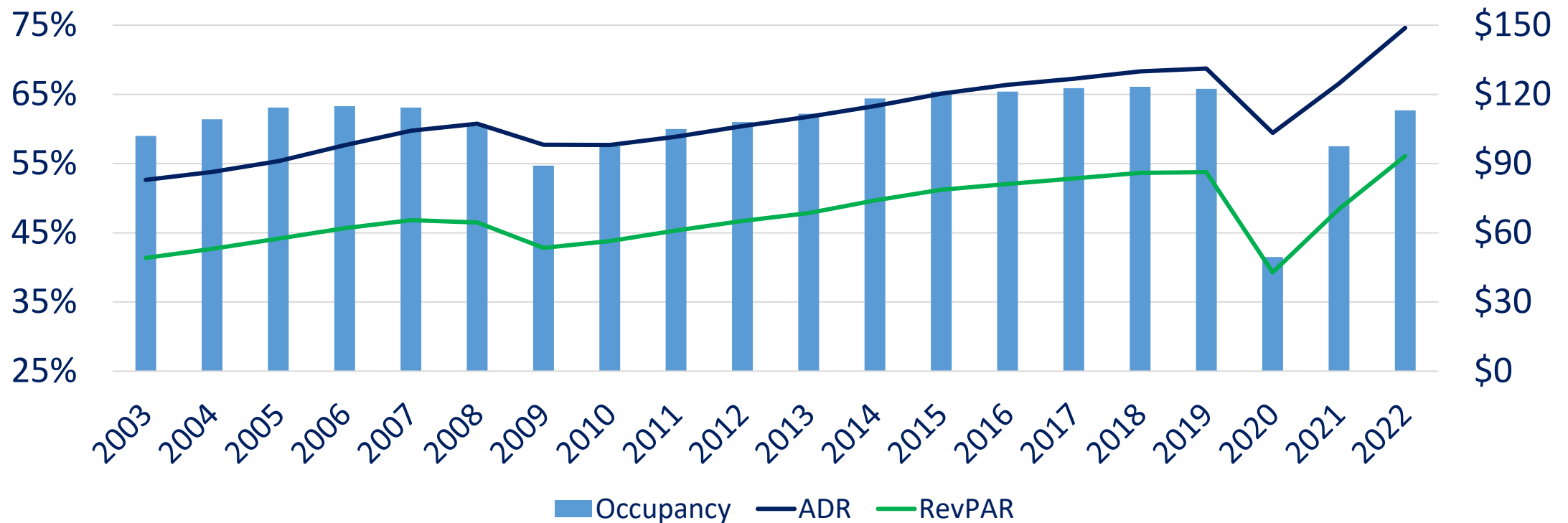
1. National Lodging Market
2. Rhode Island Lodging Market
3. Providence Lodging Market
4. Warwick Lodging Market
5. Newport Lodging Market
6. Middletown Lodging Market



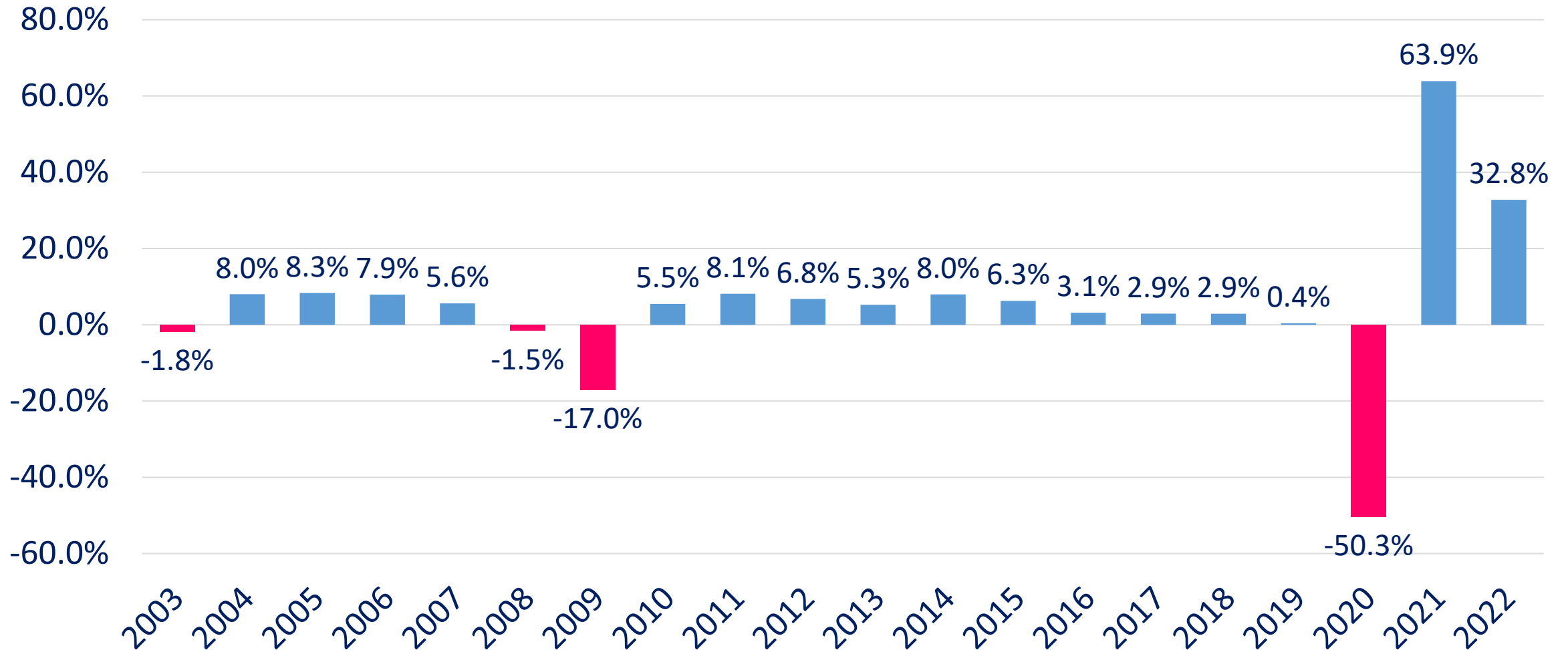
NATIONAL LODGING MARKET

National - Historic Market Performance

20-Year Historic Lodging Performance
United States



RevPAR % Change – US 2003-2022



National - YTD July 2023

	July 2022	July 2023	% Change
Occupancy	62.6%	63.8%	1.9%
ADR	\$147.53	\$155.41	5.3%
RevPAR	\$92.38	\$99.13	7.3%



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.

National – Industry Trends

- Leisure Demand – DOWN; Corporate And Group – UP
- Occupancy slowly building.
- ADR will continue to lead the recovery.
- Room revenues will improve 3%-4% in 2023 and 2024.

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

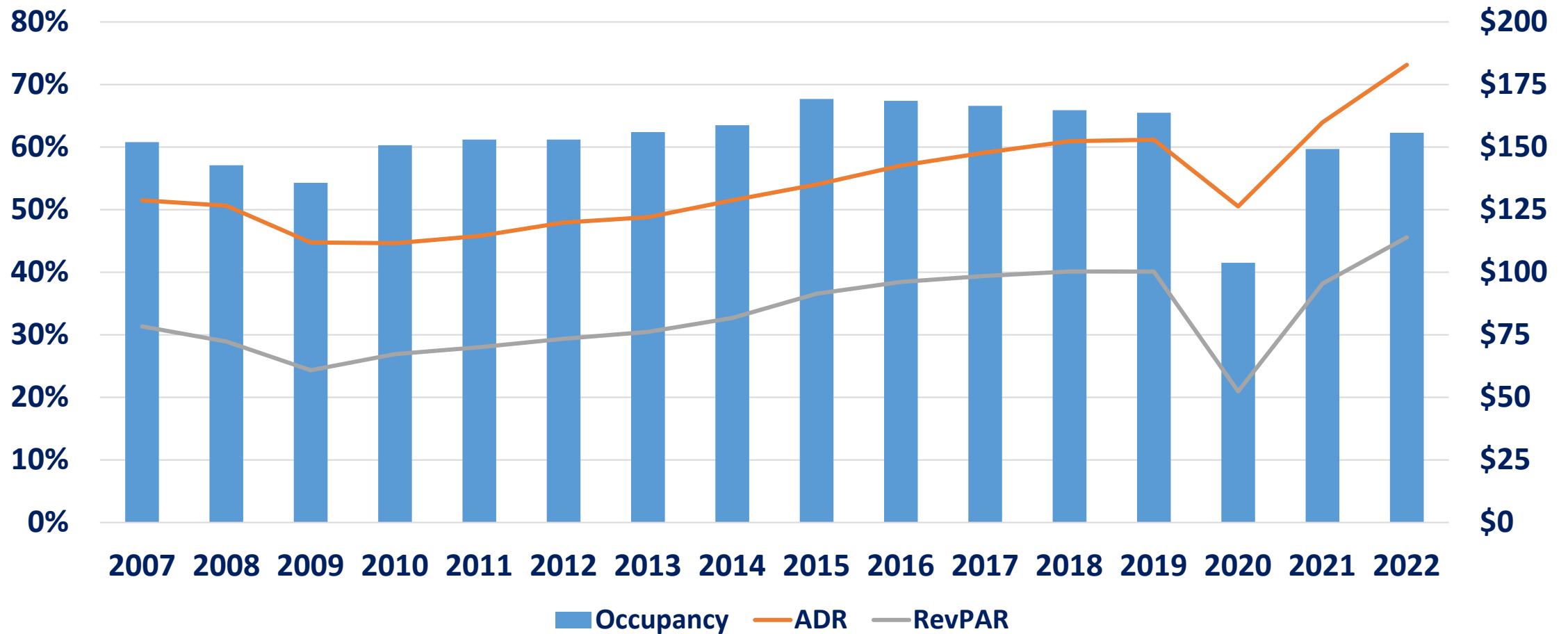
	STR	PWC	CBRE
Occupancy	1.0%	0.2%	1.3%
ADR	3.0%	3.4%	2.8%
RevPAR	4.1%	3.5%	4.1%
RevPAR Indexed '19	117%	118%	118%



A faded, light blue background image of a cityscape, likely Providence, Rhode Island. It features several tall buildings, including a prominent skyscraper on the left and a modern glass-fronted building on the right. In the distance, a river and rolling hills are visible under a hazy sky. The entire image is framed by a thin dark blue border.

RHODE ISLAND LODGING MARKET

Rhode Island - Historic Performance

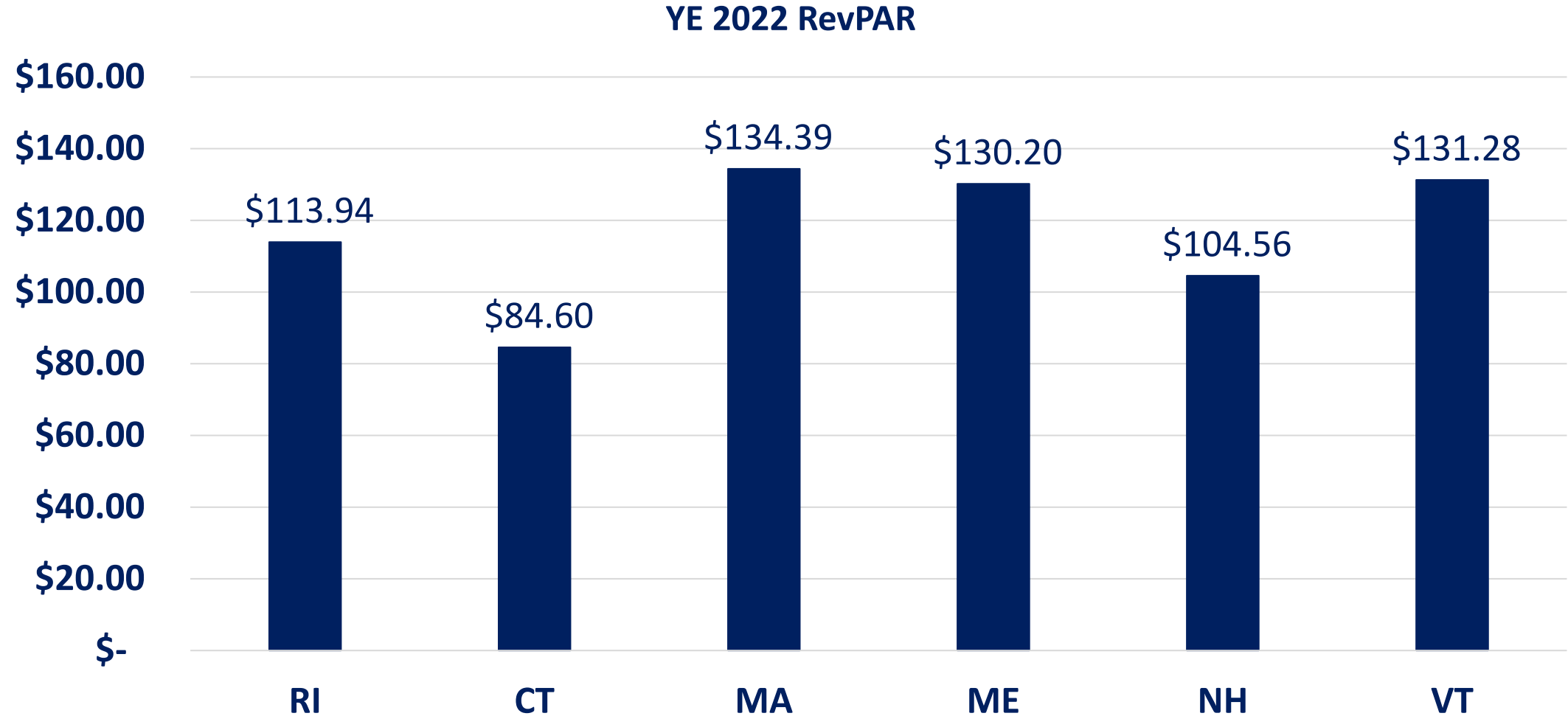


Rhode Island YTD July Performance

	YTD July 2022	YTD July 2023	% Change
Occupancy	60.0%	59.6%	-0.7%
ADR	\$172.29	\$179.23	4.0%
RevPAR	\$103.37	\$106.79	3.3%



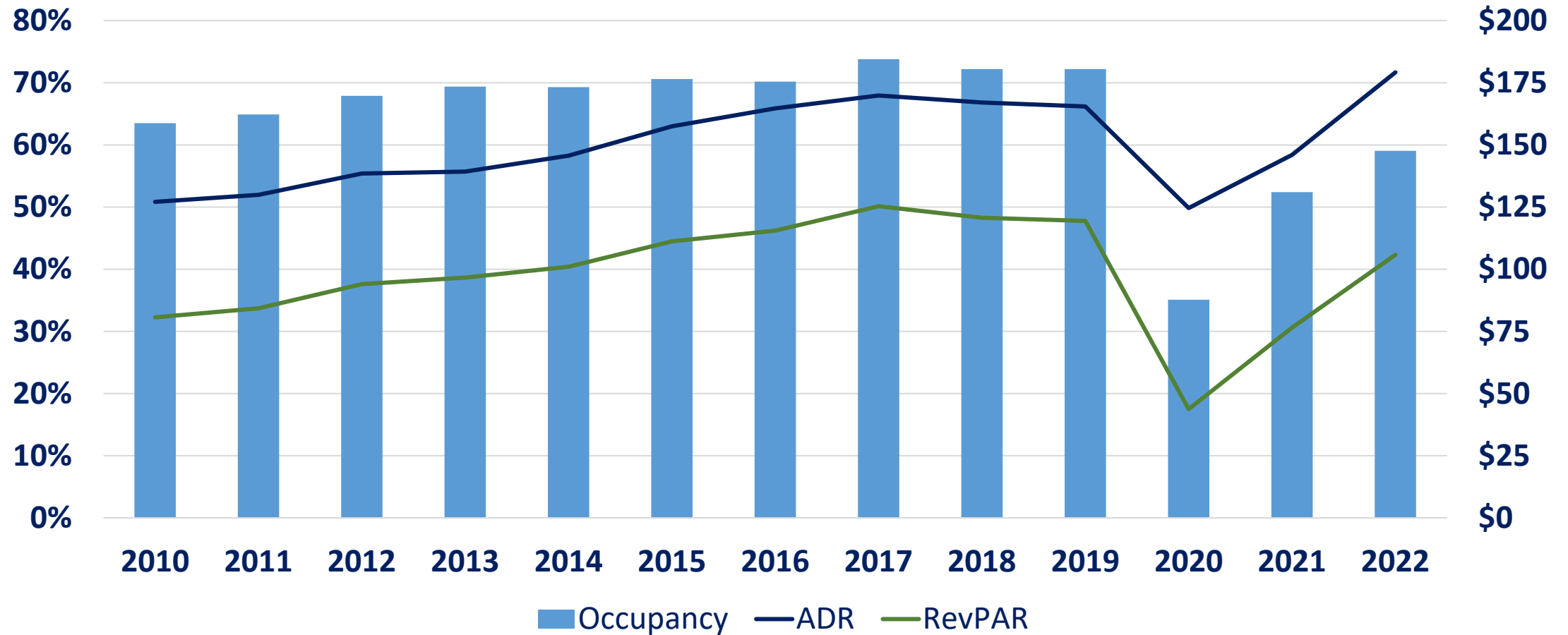
Rhode Island vs. New England Performance



A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely Providence, Rhode Island. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and urban density. The image is framed by a thin blue border.

CITY OF PROVIDENCE LODGING MARKET

Providence - Historic Performance



Providence YTD July Performance

	YTD July 2022	YTD July 2023	% Change
Supply	642,572	642,572	0.0%
Demand	365,059	385,190	5.5%
Occupancy	56.8%	59.9%	5.5%
ADR	\$175.18	\$188.77	7.8%
RevPAR	\$99.52	\$113.16	13.7%



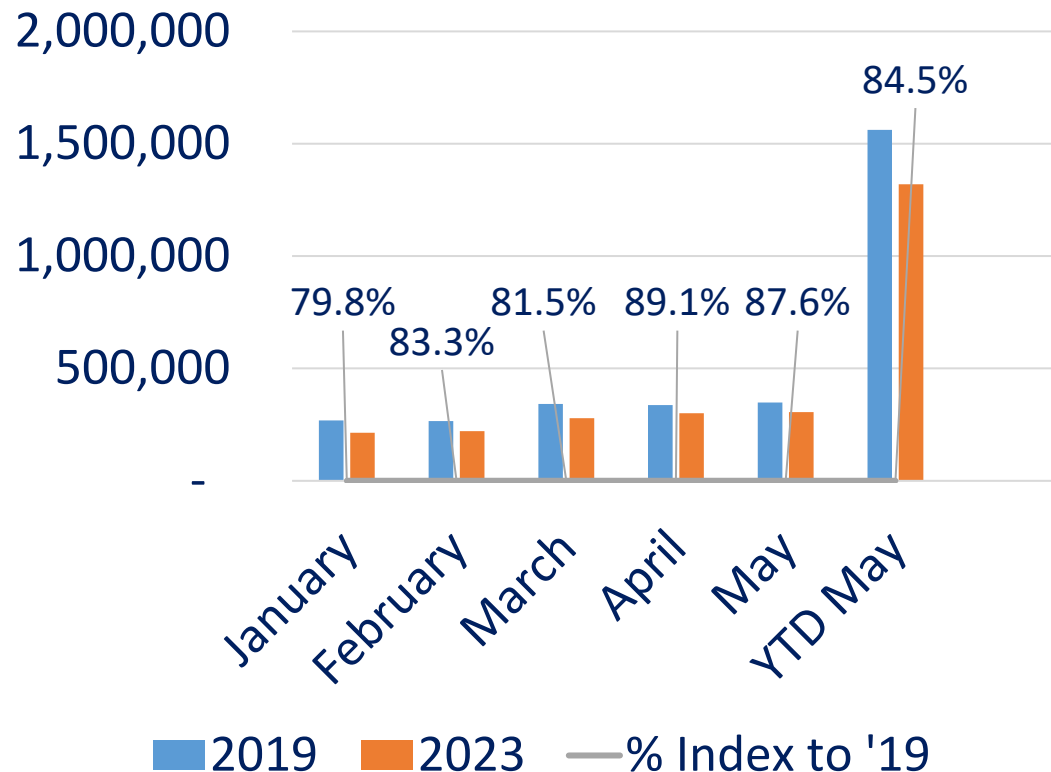
Providence/Warwick - Office Markets, Q2 2022

	Square Feet	Vacancy %	12 Month Absorption
Providence	16,946,100	9.7%	(151,000)
North Providence	395,228	4.1%	(466)
East Providence	2,496,036	5.0%	44,000
Warwick	4,895,116	8.4%	30,400
West Warwick	445,431	12.2%	(34,000)



TF Green International Airport

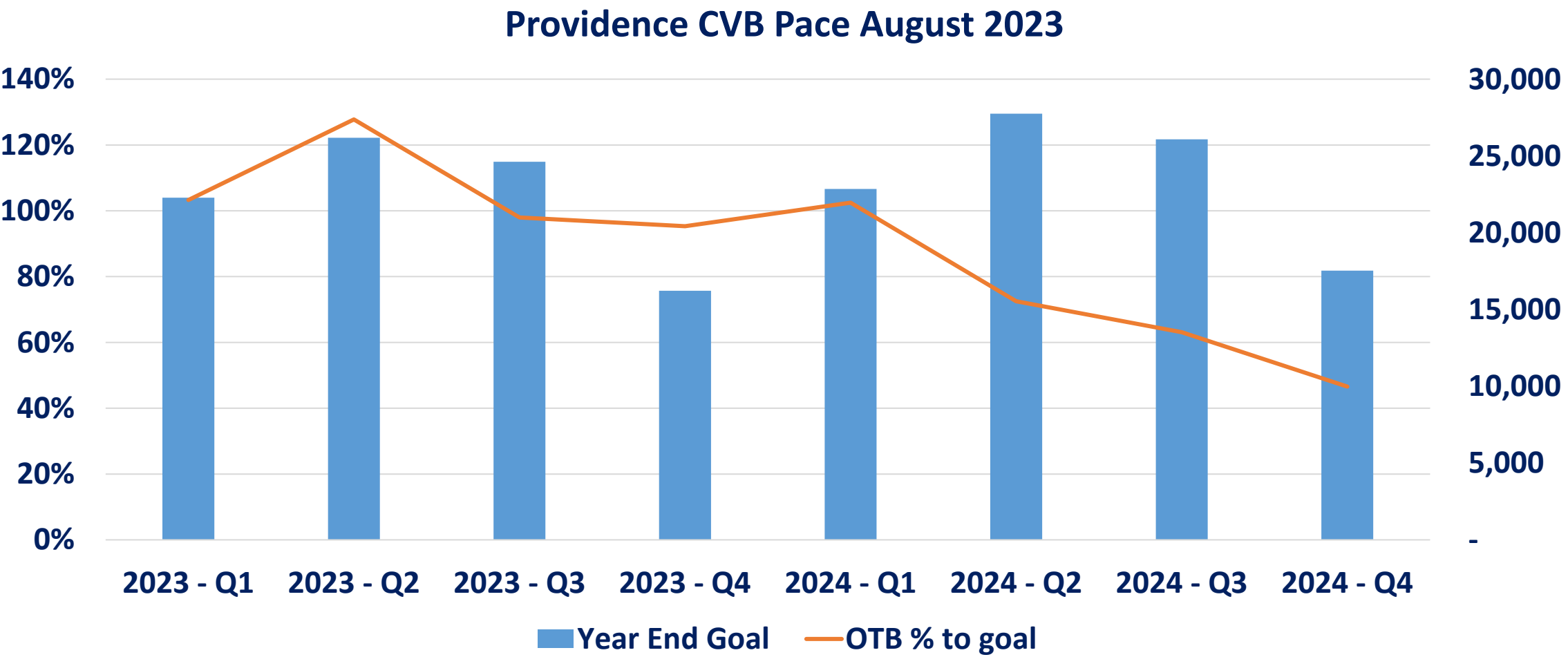
Total Passenger Traffic By Month
& YTD
Indexed To 2019



- In 2018 and 2019, approximately 2 million passengers enplaned at TF Green; with approximately 4 million total passengers.
- Year-end 2021, there were approximately 1.2 million enplanements and approximately 2.3 million passengers.
- Year-end 2022, there were approximately 1.6 million enplanements and approximately 3.1 million passengers
- YTD May 2023, passenger counts continued to increase; an 85% index in comparison to 2019.



Providence Warwick CVB – August Pace Report



Source: Providence/Warwick CVB

Providence - Other Factors And Trends

- No New Supply in 2023 or 2024
- Corporate Travel: Office fundamentals improving but sluggish.
- Leisure Travel: Summer (pre-covid) averaged 80%; today its in the high 70's.
- Educational Demand: Fully recovered.
- Group Demand: Very positive for Providence - convention, inhouse and smerf.
- Overall Economic Outlook: local economic growth remain slow.
- Overall, we expect to see more growth in demand in the lodging sector, and while room rates will be trending upward, it will be at a more moderate pace 2024.

Providence - Projections 2023

	2022	2023	% Change
Occupancy	59.1%	64%	8.5%
ADR	\$179.21	\$189.75	5.9%
RevPAR	\$105.82	\$121.68	15%

Source: Pinnacle Advisory Group (Projections)

Note: Projections assume that there is no recession, new pandemic outbreaks, or other major events that could cause a significant disruption to the economy and the lodging industry.

Providence - Projections 2024

	2023	2024	% Change
Occupancy	64%	65%	1.4%
ADR	\$189.75	\$195	2.7%
RevPAR	\$121.68	\$126.75	4.2%

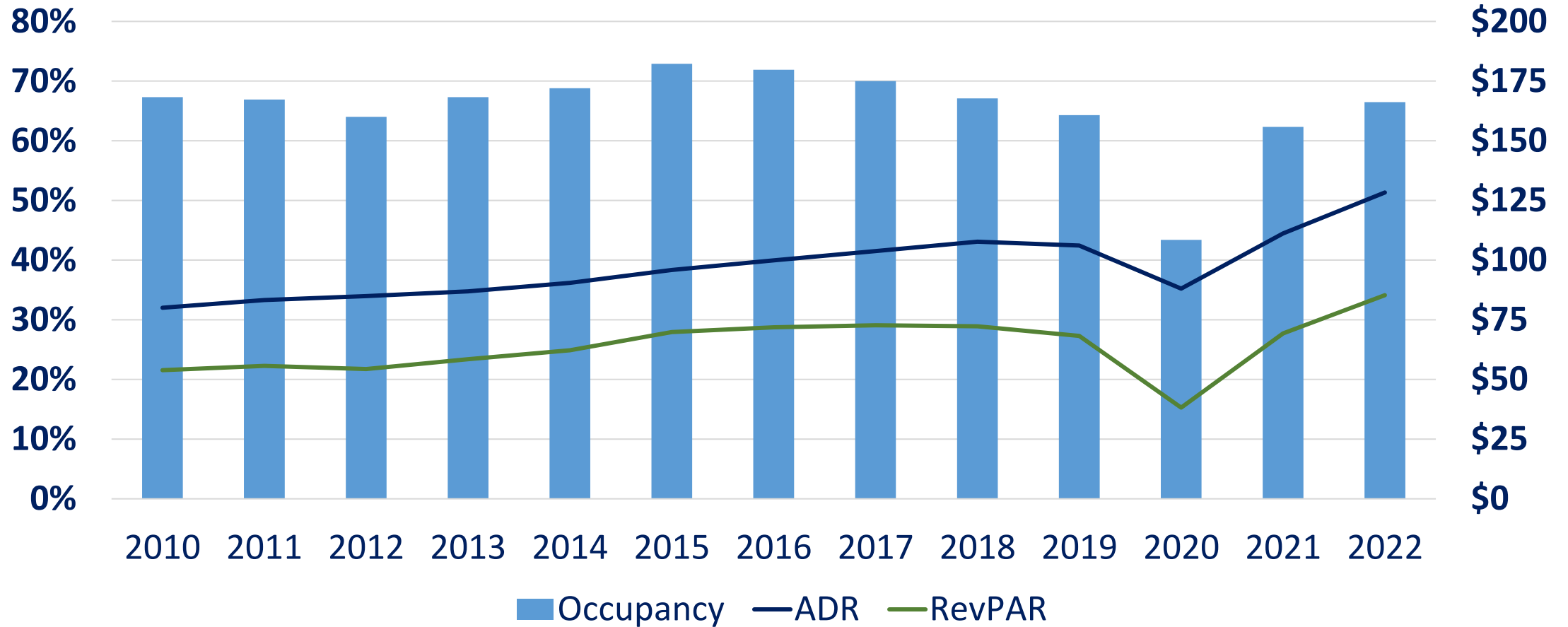
Source: Pinnacle Advisory Group (Projections)

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A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely New York City. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and scale. The image is in grayscale, with a blue border around the central text area.

WARWICK LODGING MARKET

Warwick - Historic Performance



Warwick YTD July Performance

	YTD July 2022	YTD July 2023	% Change
Supply	501,592	501,592	0.0%
Demand	332,867	318,129	-4.4%
Occupancy	66.4%	63.4%	-4.4%
ADR	\$118.19	\$126.30	6.9%
RevPAR	\$78.43	\$80.10	2.1%



Warwick – Future

- No New Supply in 2023 or 2024
- Radisson is converting to Doubletree in January 2024; no change in room count.
- Airport Factors: YTD May 2023 10% YOY increase in Passengers; 85% index to YTD May 2019
- Office Market: Hybrid from home/office; higher vacancy rate than historical average with very slow recovery.
- Other Factors: Much less compression from South County
- Overall Economic Outlook: local economic growth remain slow.

Warwick - Projections 2023

	2022	2023	% Change
Occupancy	66.5%	64.5%	-2.9%
ADR	\$128.31	\$132.70	3.4%
RevPAR	\$85.28	\$85.63	0.4%

Source: Pinnacle Advisory Group (Projections)

Note: Projections assume that there is no recession, new pandemic outbreaks, or other major events that could cause a significant disruption to the economy and the lodging industry.



Warwick - Projections 2024

	2023	2024	% Change
Occupancy	64.5%	65.5%	1.5%
ADR	\$132.70	\$135	1.7%
RevPAR	\$85.63	\$88.43	3.3%

Source: Pinnacle Advisory Group (Projections)

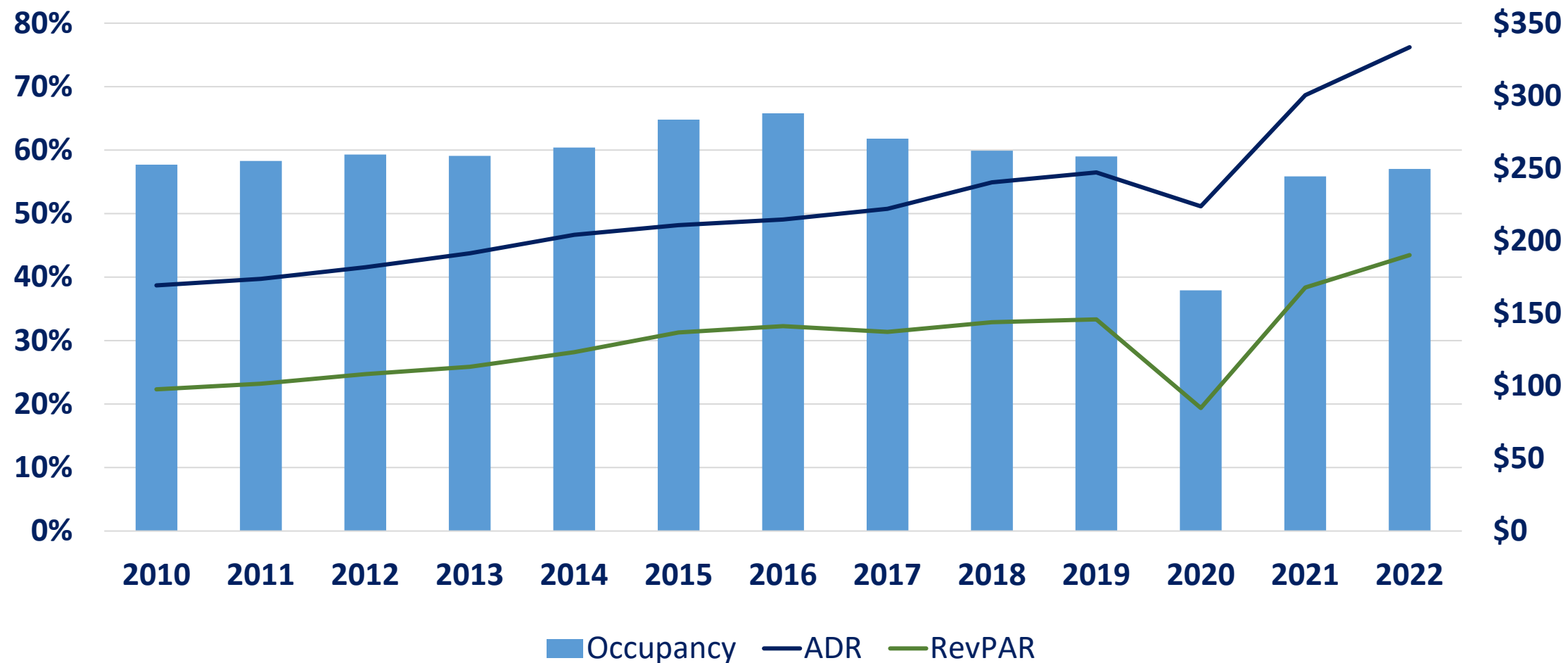
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NEWPORT LODGING MARKET

Newport - Historic Performance



Newport YTD July Performance

	YTD July 2022	YTD July 2023	% Change
Supply	372,669	343,532	-7.8%
Demand	196,975	185,562	-5.8%
Occupancy	52.9%	54.0%	2.2%
ADR	\$309.97	\$310.65	0.2%
RevPAR	\$163.84	\$167.280	2.4%



Newport – New Supply

Changes to Supply:

- Wayfinder Hotel Newport - 200 rooms closed in May 2022 (fire). Re-opening in 2 phases - 40-rooms hopefully in the fall and approx. 80 rooms in 2024.
- Newport Harbor Island Resort is closing mid November 2023 through mid April 2024 for renovations
- The Newport Beach Hotel, recently purchased, is expected to close 1 wing for renovations Fall 2023 and re-open in the Spring 2024.
- New Property: the 21-room luxury Gardiner House on Thames Street to open Sept 2023; ala carte Restaurant will open Spring 2024.

Newport – Future

Demand

- Leisure Demand – largest market segment – expect to see a slowdown
- Group/Meetings/Events: second largest market segment – 100% recovery in 2024.
- Business Travel – small segment, will see moderate growth in 2024.

Room Rates

- Given high room rates, a slowing economy, and other travel destination options, rooms rates will see a correction in 2023/2024.

Newport - Projections 2023

	2022	2023	% Change
Occupancy	57%	58%	1.7%
ADR	\$333.43	\$331.00	(0.7%)
RevPAR	\$190.16	\$191.98	1.0%

Source: Pinnacle Advisory Group (Projections)

Note: Projections assume that there is no recession, new pandemic outbreaks, or other major events that could cause a significant disruption to the economy and the lodging industry.



Newport - Projections 2024

	2023	2024	% Change
Occupancy	58%	59%	1.7%
ADR	\$331	\$330	(-0.3%)
RevPAR	\$191.98	\$194.70	1.4%

Source: Pinnacle Advisory Group (Projections)

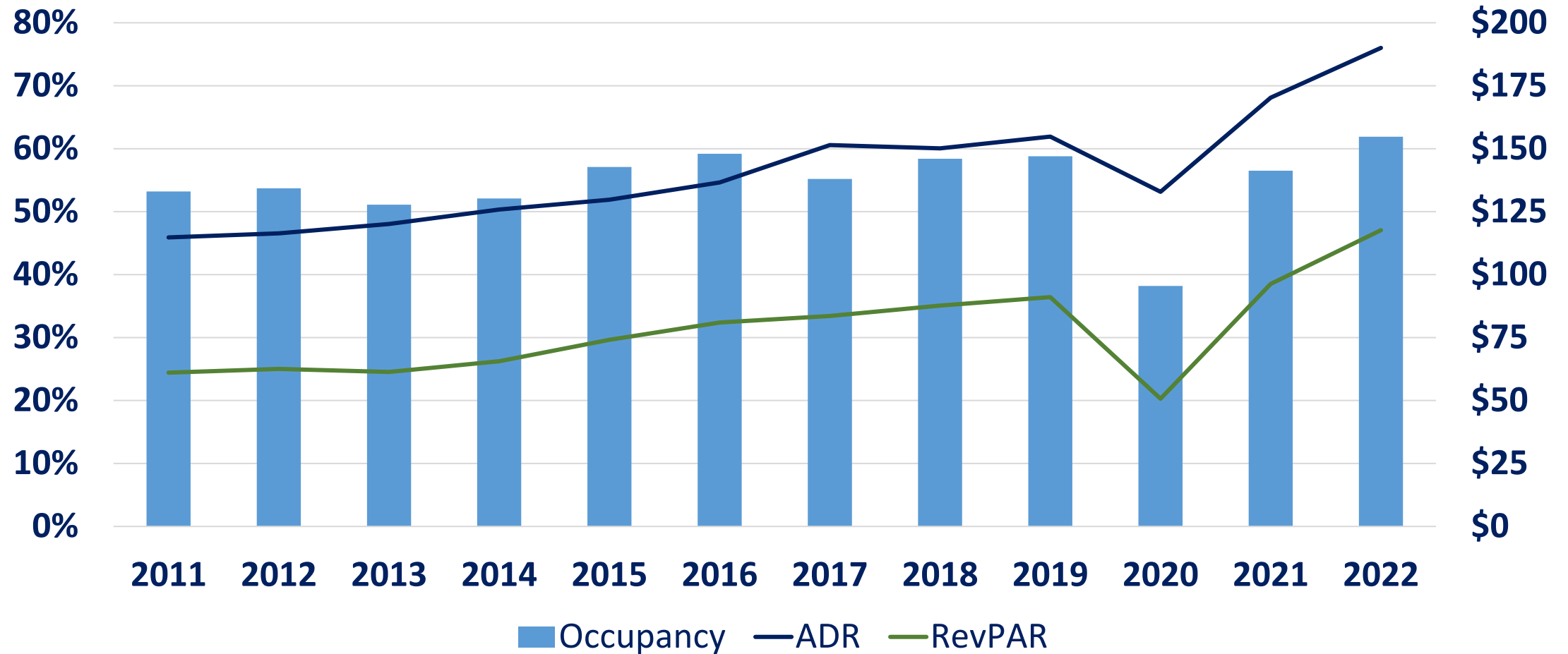
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A low-angle, upward-looking photograph of several tall skyscrapers in a dense urban environment, likely Midtown Manhattan. The buildings are covered in glass and steel, reflecting the sky and each other. The perspective creates a sense of height and scale. The image is in grayscale, with a blue border around the central text area.

MIDDLETOWN LODGING MARKET

Middletown - Historic Performance



Middletown YTD July Performance

	YTD July 2022	YTD July 2023	% Change
Supply	337,952	341,762	1.1%
Demand	201,966	203,116	0.6%
Occupancy	59.8%	59.4%	-0.6%
ADR	\$176.31	\$179.74	1.9%
RevPAR	\$105.37	\$106.82	1.4%



Middletown – Future

- New Supply – Pell hotel, a 127 room JdV Hyatt (formally a Ramada)- reopened after an 18-month total renovation
- ADR - Remains a price alternative for Newport – \$100 - \$130 lower ADR as compared to Newport.
- Leisure – similar to Newport, leisure demand peaked but will moderate next year.
- Corporate/Gov't – Navy Base expanding – stronger growth expected.
- Gov't per diem rate increases - strong increase in 2024.

Middletown - Projections 2023

	2022	2023	% Change
Occupancy	61.9%	61%	(1.5%)
ADR	\$190.02	\$193	1.6%
RevPAR	\$117.63	\$117.73	0.1%

Source: Pinnacle Advisory Group (Projections)

Note: Projections assume that there is no recession, new pandemic outbreaks, or other major events that could cause a significant disruption to the economy and the lodging industry.



Middletown - Projections 2024

	2023	2024	% Change
Occupancy	61%	61%	0%
ADR	\$193	\$198	2.6%
RevPAR	\$117.73	\$120.78	2.6%

Source: Pinnacle Advisory Group (Projections)

Note: Projections assume that there is no recession, new pandemic outbreaks, or other major events that could cause a significant disruption to the economy and the lodging industry.



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