

Snapshot into the Future:

Hotel and Travel Projections 2021-2024

SAN MATEO COUNTY

SILICON VALLEY
CONVENTION AND VISITORS BUREAU

- **HOTEL PERFORMANCE – CBRE Hotel Research**
- **AIR TRAVEL – San Francisco Int'l Airport**
- **BUSINESS TRAVEL – TripAction**
- **CONVENTION & GROUP DEMAND – CBRE Hotel Research**

IMPACT OF COVID-19 PANDEMIC ON THE DEMAND FOR TRAVEL

1933 (Great Depression) -

- **44.5%** - Lowest annual U.S. occupancy ever recorded by CBRE

2001 (9/11) -

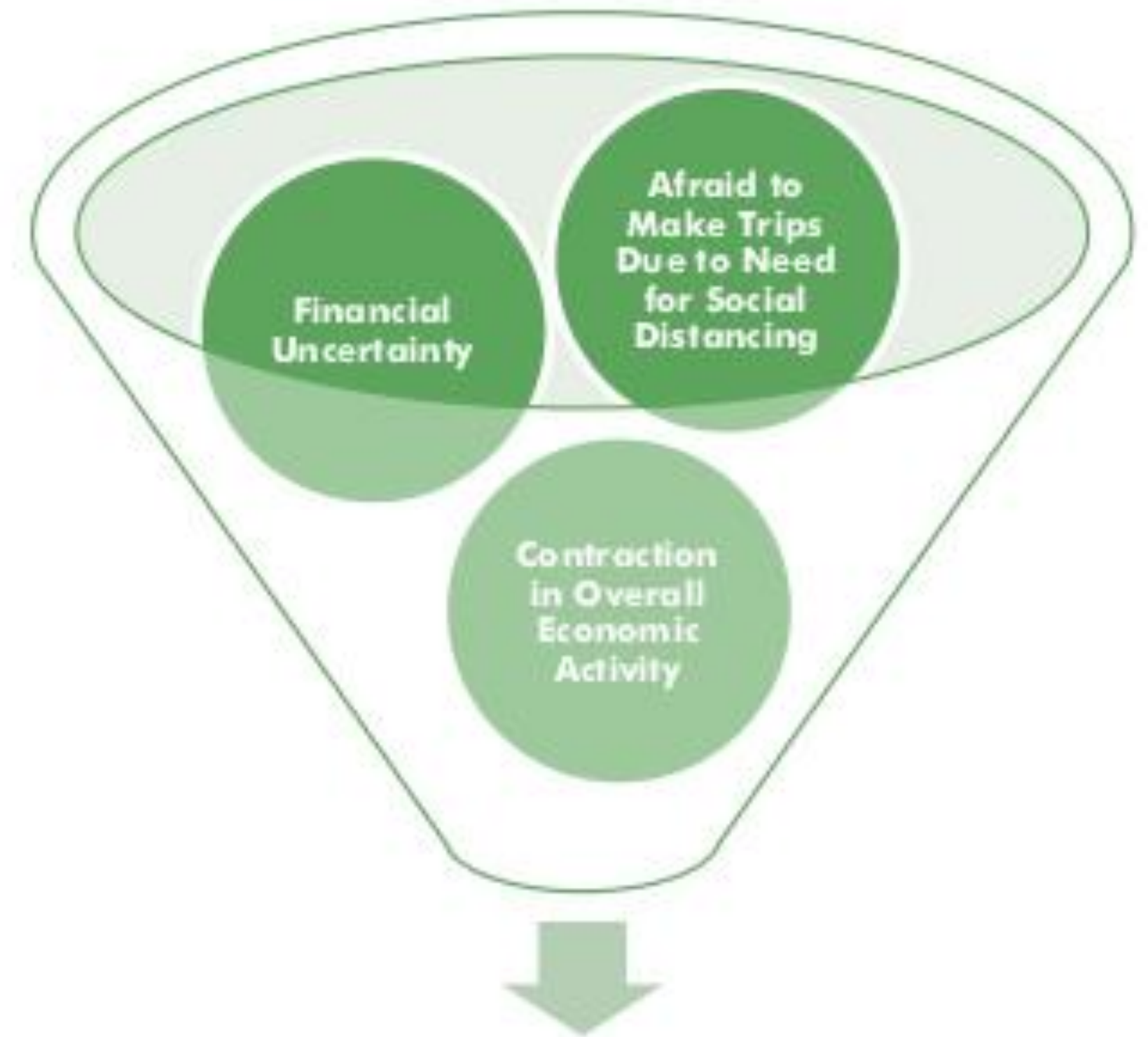
• **65.3%** - Annual U.S. occupancy

2009 (Great Recession) -

• **63.9%** - Annual U.S. occupancy

2020 Forecast -

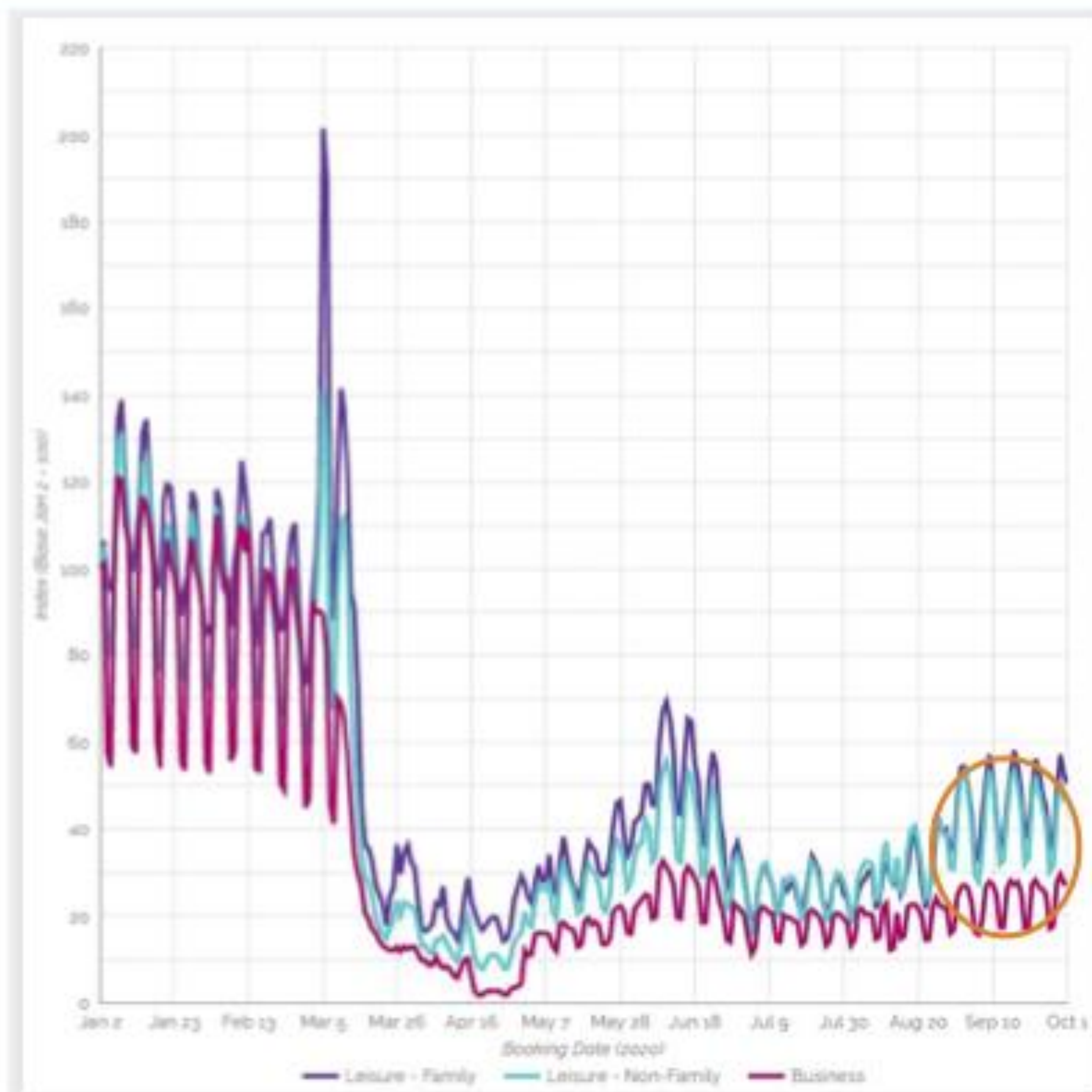
- **39.8%** - Annual U.S. occupancy



Avoidance of Travel

BOOKINGS STABILIZING - AGAIN

ADARA: US Airline Booking Volume



SOURCE: ADARA, 9/30/2020

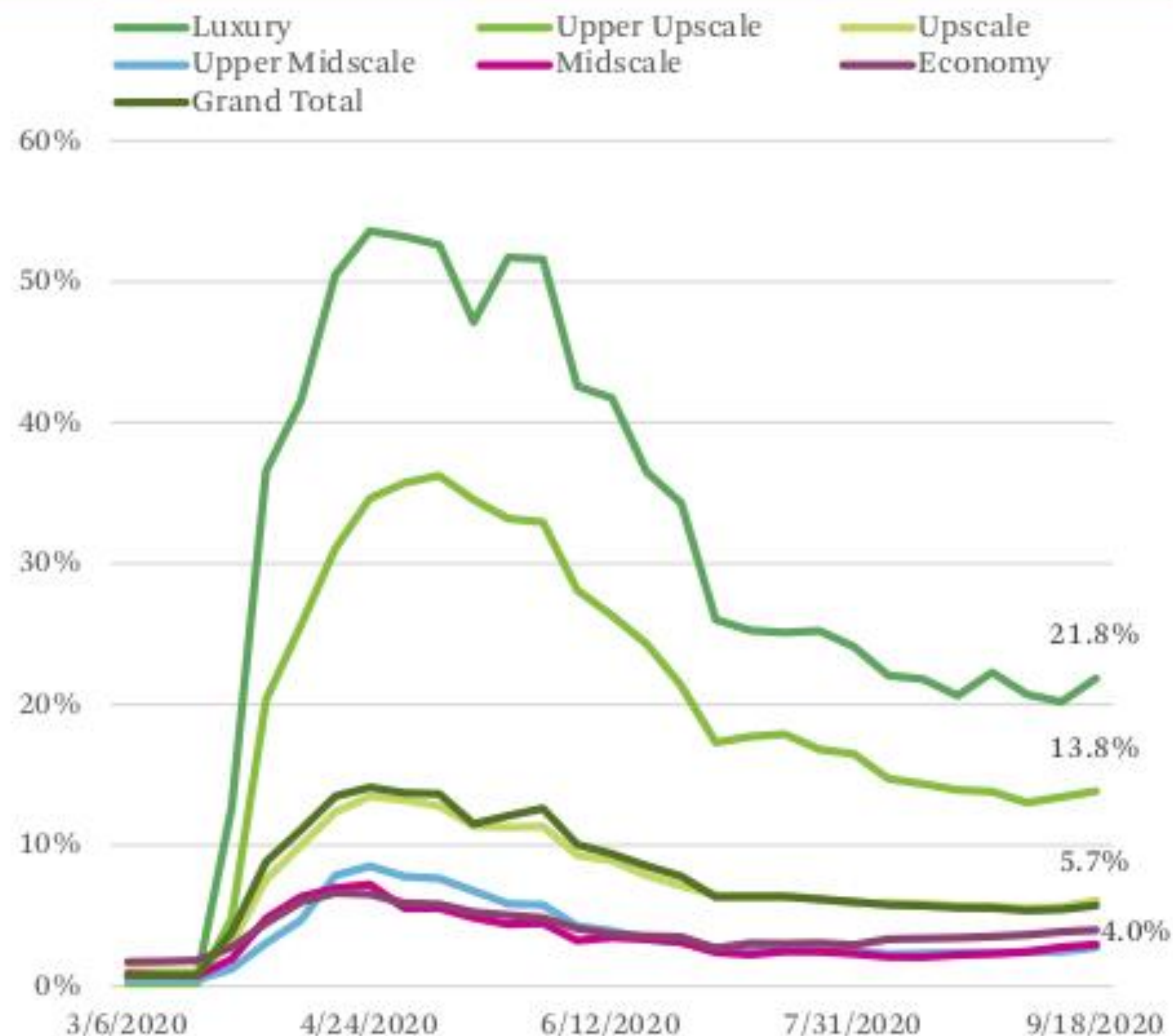
CBRE

RATE OF OPENING STALLING – ESPECIALLY AT THE UPPER END

Percent of Rooms Closed



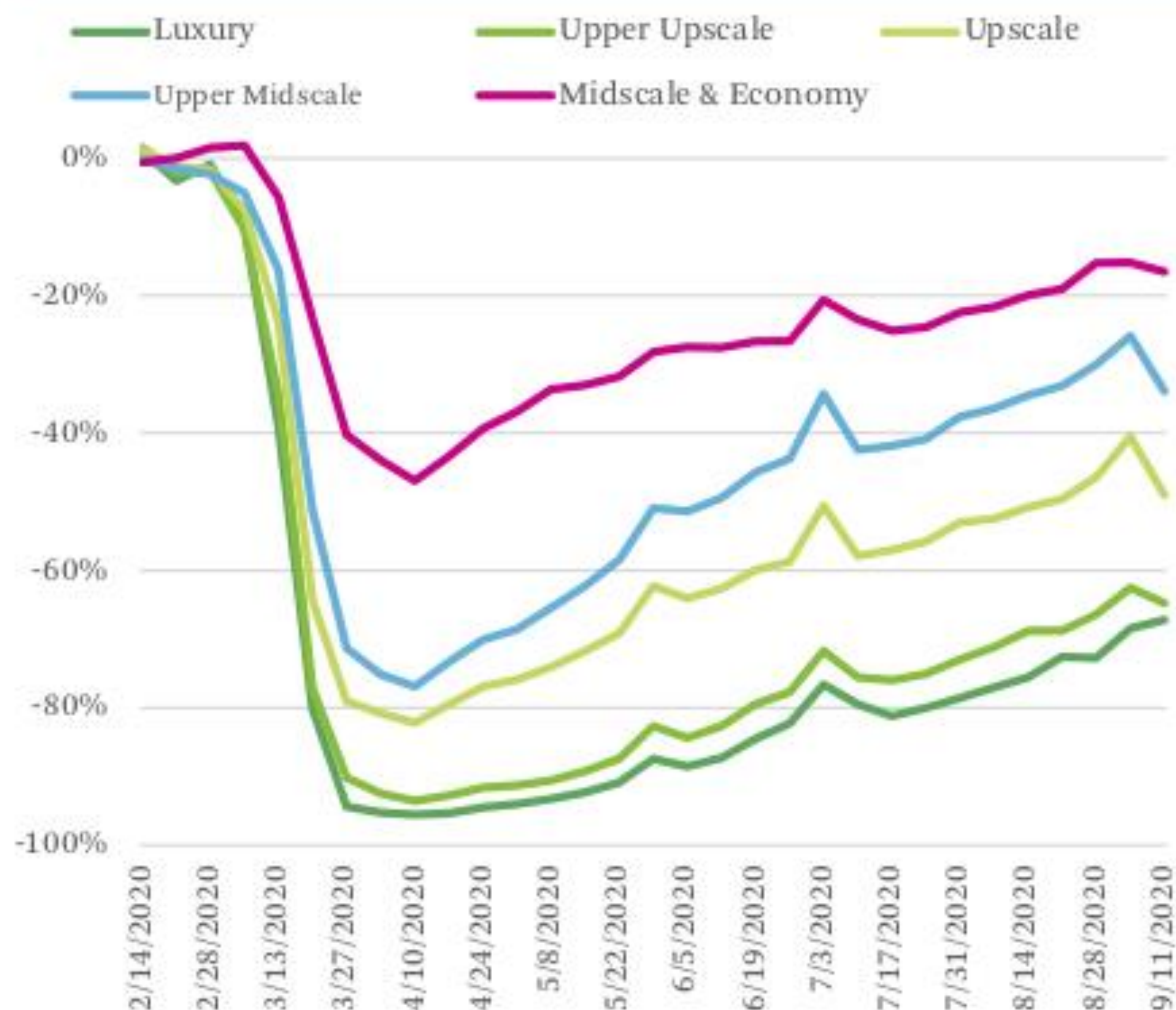
Percent of Rooms Closed by Chain Scale



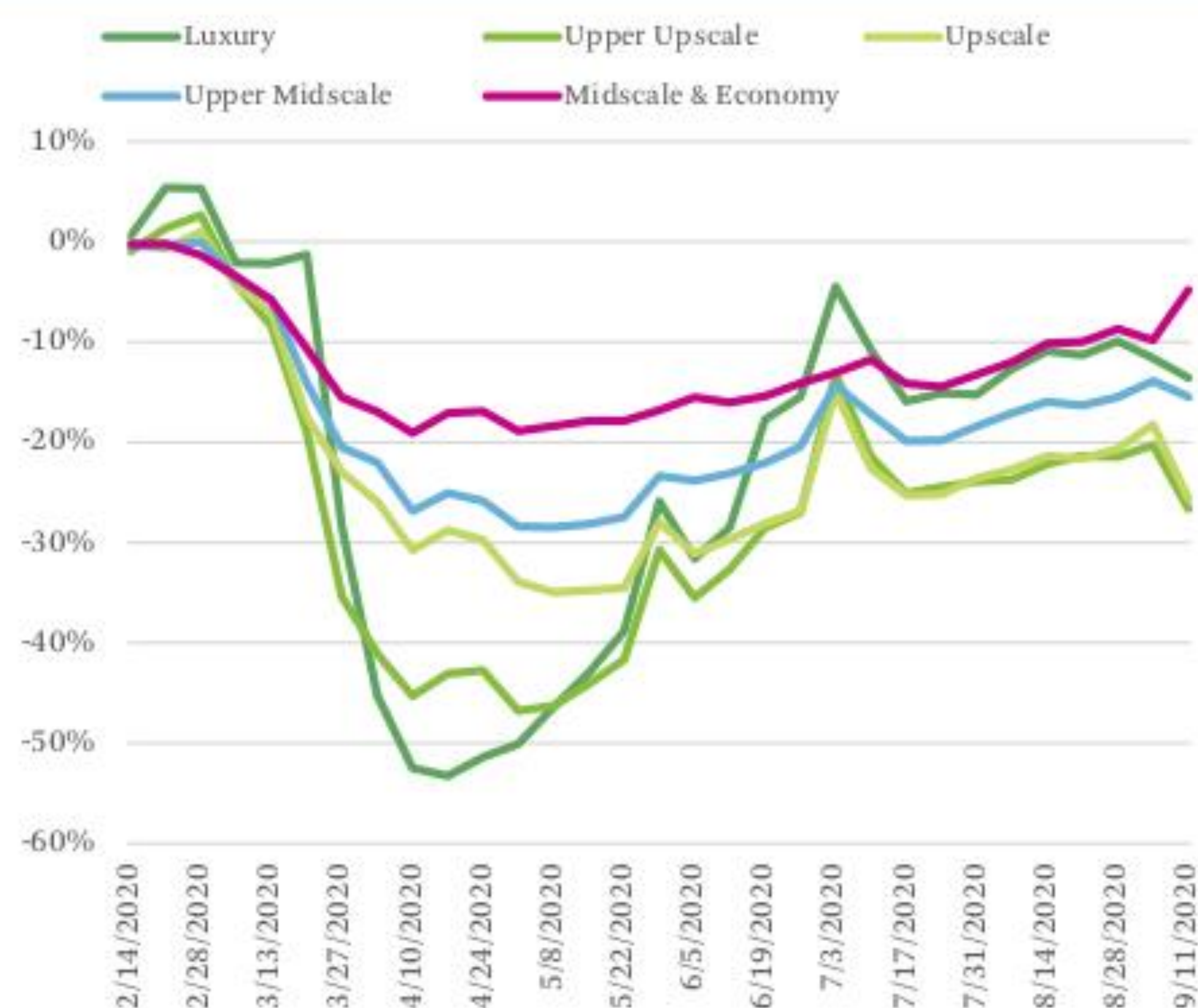
Source: CBRE Hotels Research, Kalibri Labs, Hotel Compete, Sept 30th, 2020.

REBOUNDING OCCUPANCY & ADR

Y-o-Y Change in Occupancy



Y-o-Y Change in ADR



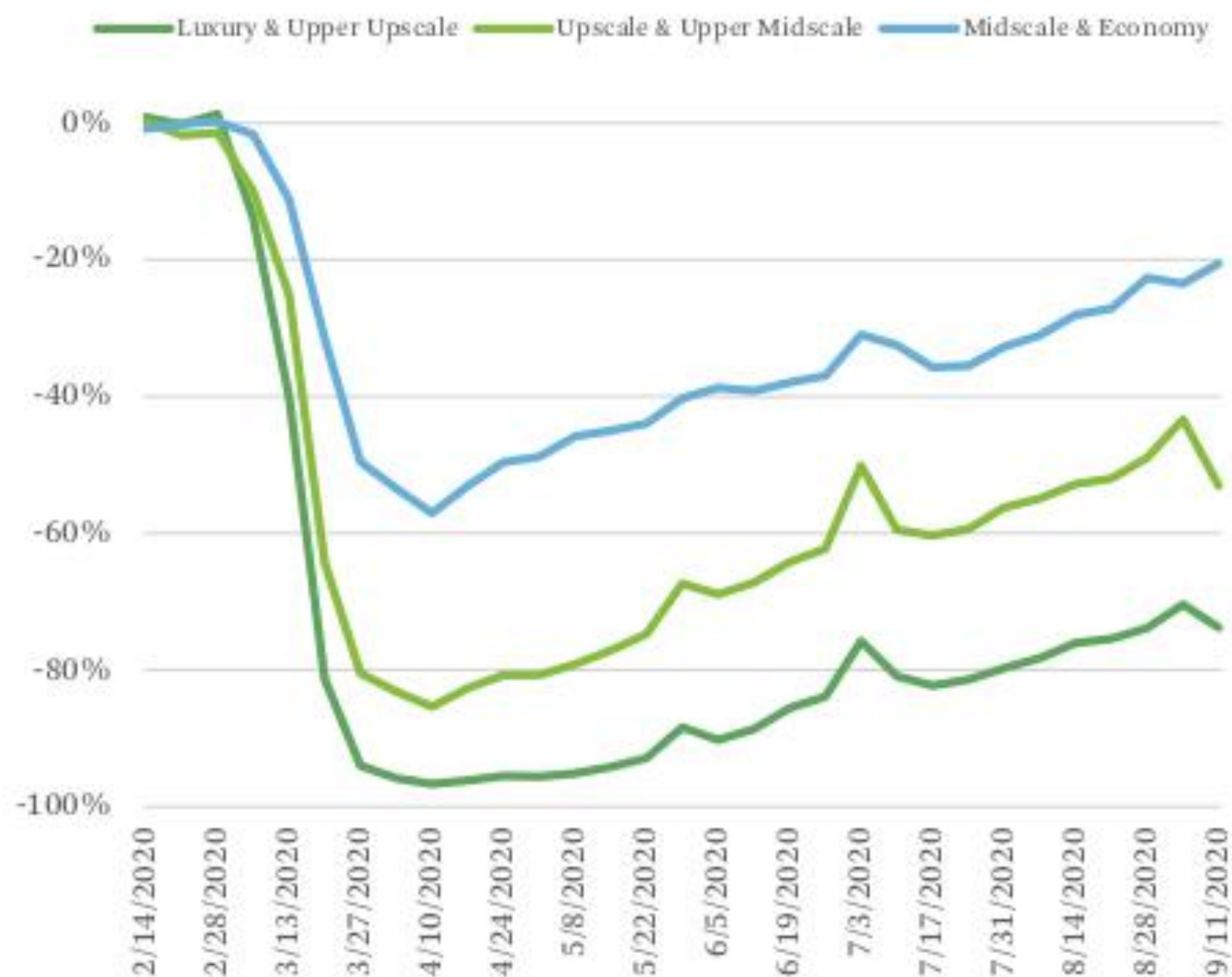
Source: CBRE Hotels Research, Kalibri Labs, Sept 30th, 2020.

Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation

SIGNIFICANT GAINS IN ALL METRICS SINCE APRIL

Y-o-Y Change in RevPAR

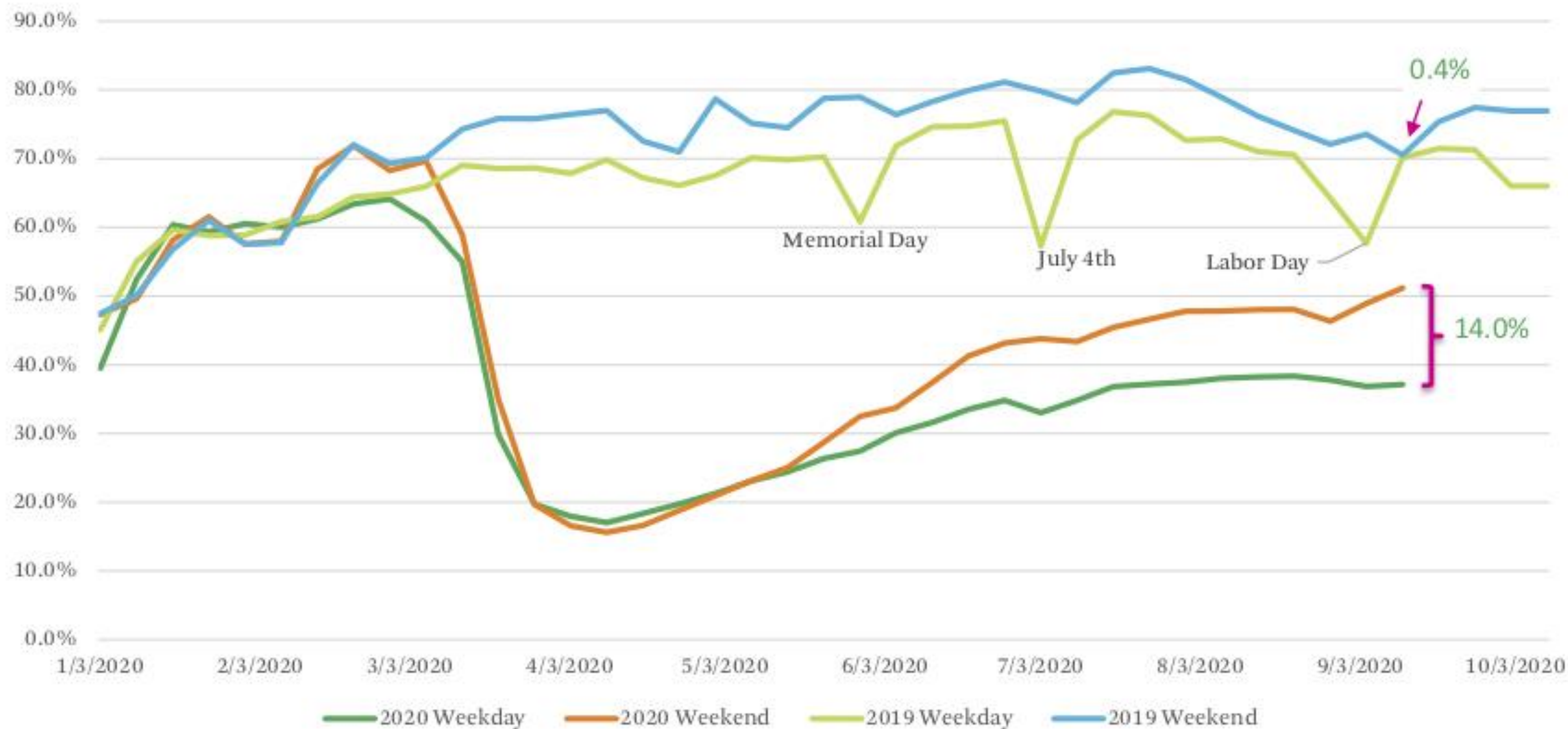
Y-o-Y Change



Source: CBRE Hotels Research, Kalibri Labs, Sept 30th, 2020.

Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation

GAP BETWEEN WEEKDAY AND WEEKEND OCCUPANCY WIDENING



Source: CBRE Hotels Research, Kalibri Labs, Sept 30th, 2020.

Note: Covers Kalibri Weekly Sample, not scaled to full U.S. Hotel Industry Representation

FORECAST SCENARIO – CBRE HOTELS RESEARCH

Baseline Scenario

- Assumes vaccine for COVID-19 is ready for distribution by late 2021.
- Assumes substantial fiscal and monetary stimulus, including support for important industries, help stabilize the economy.
- Assumes broad compliance with mask-wearing and testing slows the spread of the virus nationwide.
- Returns to nominal pre-COVID RevPAR by 2024.

CBRE HOTELS - BASELINE FORECAST

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2018	66.4%	-0.4%	\$130.20	2.1%	\$86.51	1.7%	
2019	66.7%	0.4%	\$130.76	0.4%	\$87.22	0.8%	100.0%
2020	39.8%	-40.3%	\$104.10	-20.4%	\$41.46	-52.5%	47.5%
2021	52.3%	31.3%	\$111.89	7.5%	\$58.51	41.1%	67.1%
2022	60.2%	15.0%	\$120.52	7.7%	\$72.50	23.9%	83.1%
2023	65.5%	8.8%	\$128.90	6.9%	\$84.37	16.4%	96.7%
2024	66.6%	1.7%	\$134.12	4.1%	\$89.27	5.8%	102.3%
2025	67.3%	1.1%	\$138.44	3.2%	\$93.15	4.4%	106.8%

Source: CBRE Hotels Research, Kalibri Labs, 9/17/2020 – <https://pip.cbrehotels.com>



**SAN FRANCISCO
METROPOLITAN STATISTICAL AREA**

SAN FRANCISCO METROPOLITAN STATISTICAL AREA ("MSA")



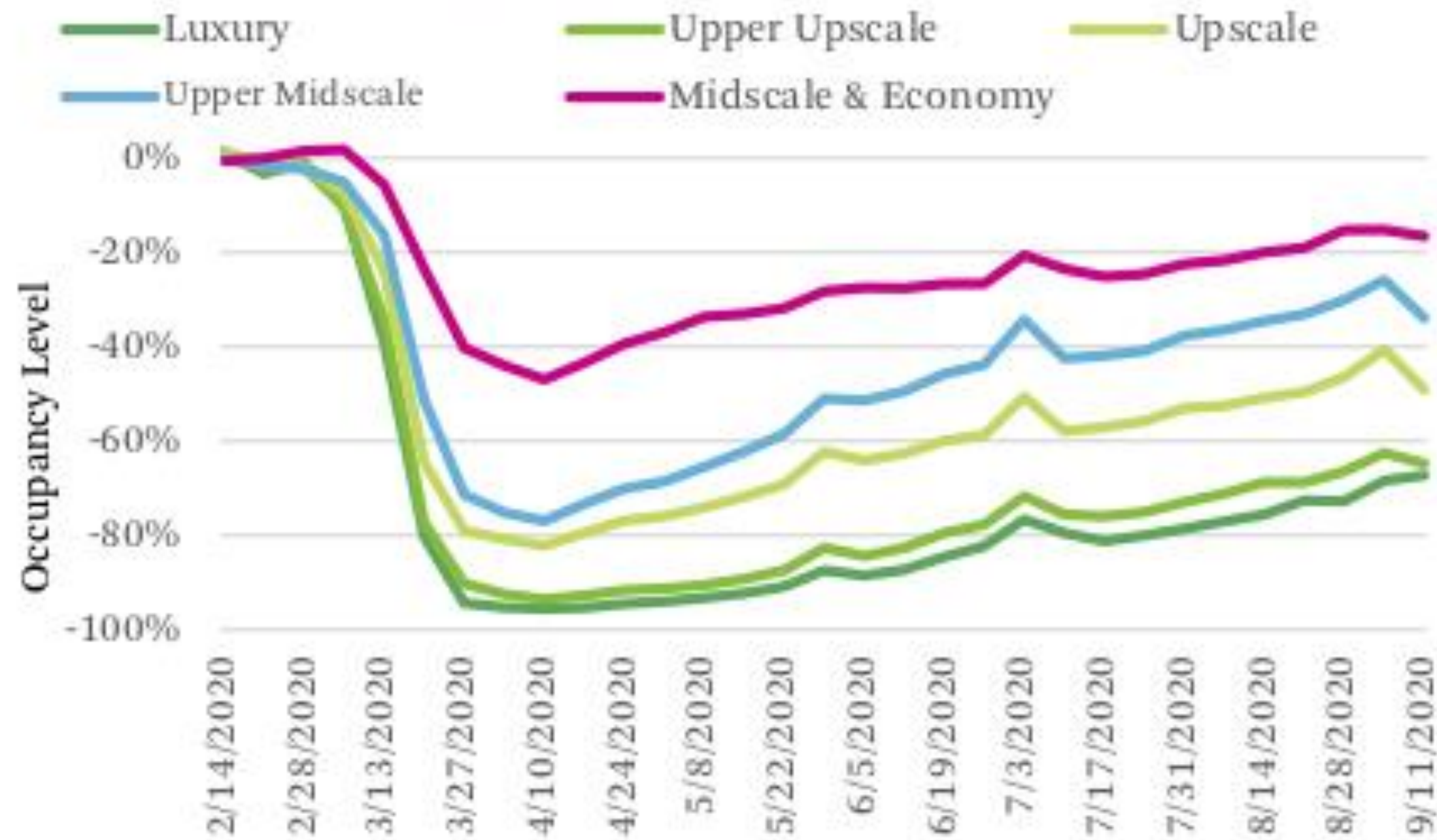
- Submarkets**
- Downtown San Francisco/Golden Gate
 - Fisherman's Wharf
 - Mill Valley/San Rafael
 - San Francisco South/SFO Airport
 - San Mateo/San Carlos
 - SoMa/Financial District

SUBMARKET	Properties	Rooms	% Market
San Francisco South/SFO Airport	57	9,351	17.6%
San Mateo/San Carlos	59	6,753	12.7%
Fisherman's Wharf	76	7,680	14.4%
Downtown/Golden Gate	84	15,376	28.9%
SoMa/Financial District	47	11,766	22.1%
Mill Valley/San Rafael	30	2,259	4.2%
Total	353	53,185	100.0%

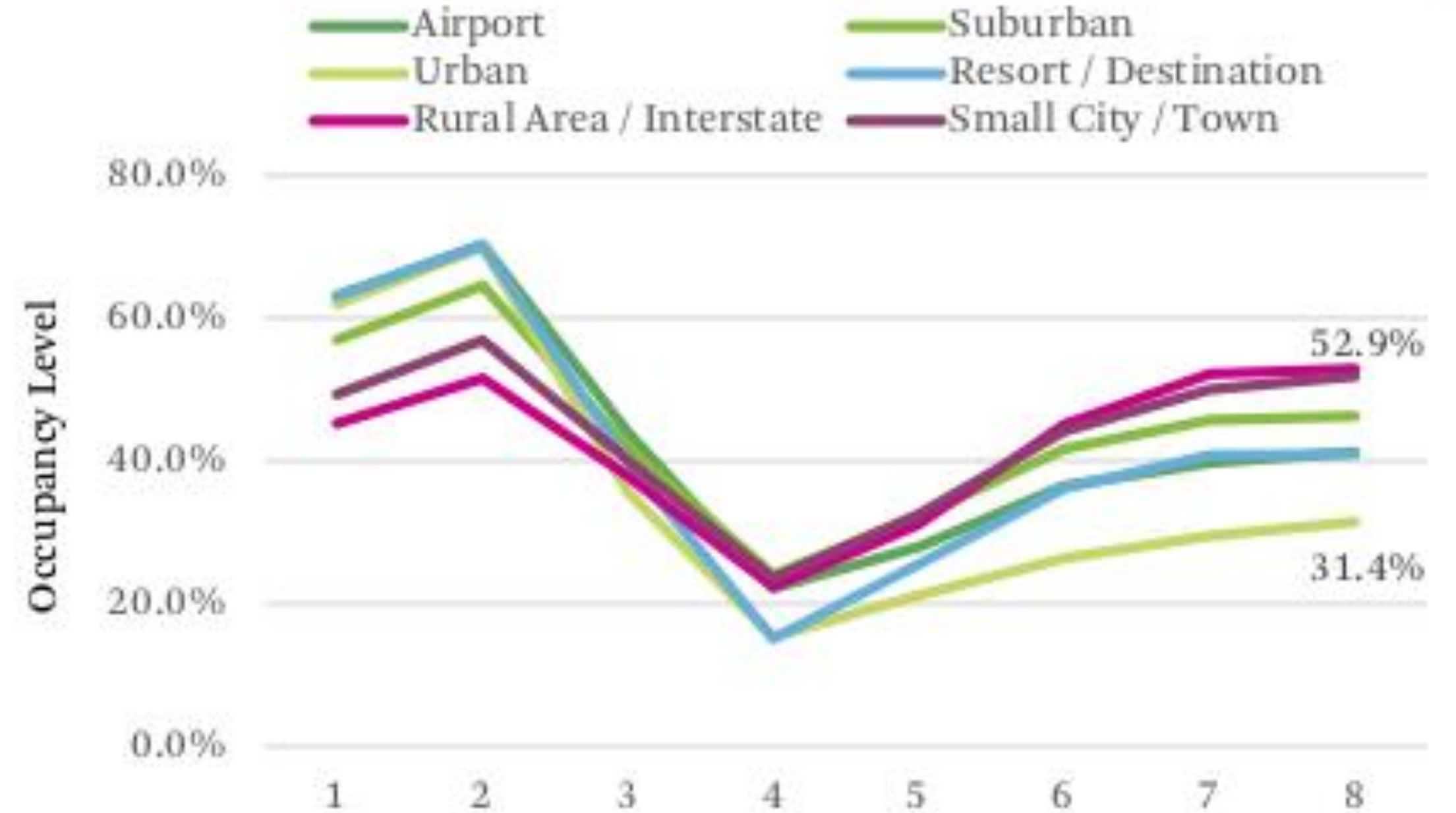
Source: Kalibri Labs, Q2 2020

FACTORS IMPACTING RECOVERY – SAN FRANCISCO MSA

Y-o-Y Change in Occupancy (National)



Source: CBRE Hotels Research, Kalibri Labs, September 2020.



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FORECAST SCENARIO – CBRE HOTELS RESEARCH

Baseline Scenario

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- Assumes broad compliance with mask-wearing and testing slows the spread of the virus nationwide.
- Returns to nominal pre-COVID RevPAR by 2024/5.

CBRE HOTELS - BASELINE FORECAST – SAN FRANCISCO MSA

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2018	82.3%	-2.4%	\$248.69	4.4%	\$204.73	1.9%	
2019	81.2%	-1.4%	\$259.15	4.2%	\$210.38	2.8%	100.0%
2020	30.6%	-62.3%	\$199.54	-23.0%	\$61.13	-70.9%	29.1%
2021	44.7%	45.7%	\$192.46	-3.5%	\$85.94	40.6%	40.8%
2022	60.1%	34.7%	\$222.40	15.6%	\$133.75	55.6%	63.6%
2023	73.1%	21.6%	\$240.14	8.0%	\$175.66	31.3%	83.5%
2024	81.0%	10.7%	\$258.76	7.8%	\$209.53	19.3%	99.6%
2025	83.0%	2.5%	\$274.20	6.0%	\$227.50	8.6%	108.1%

Source: CBRE Hotels Research, Kalibri Labs, 9/17/2020 – <https://pip.cbrehotels.com>

NATIONAL BASELINE FORECAST VS SAN FRANCISCO MSA BASELINE FORECAST

National Forecast Summary – Q2 2020

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR
2018	66.4%	-0.4%	\$130.20	2.1%	\$86.51	1.7%
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San Francisco Forecast Summary – Q2 2020

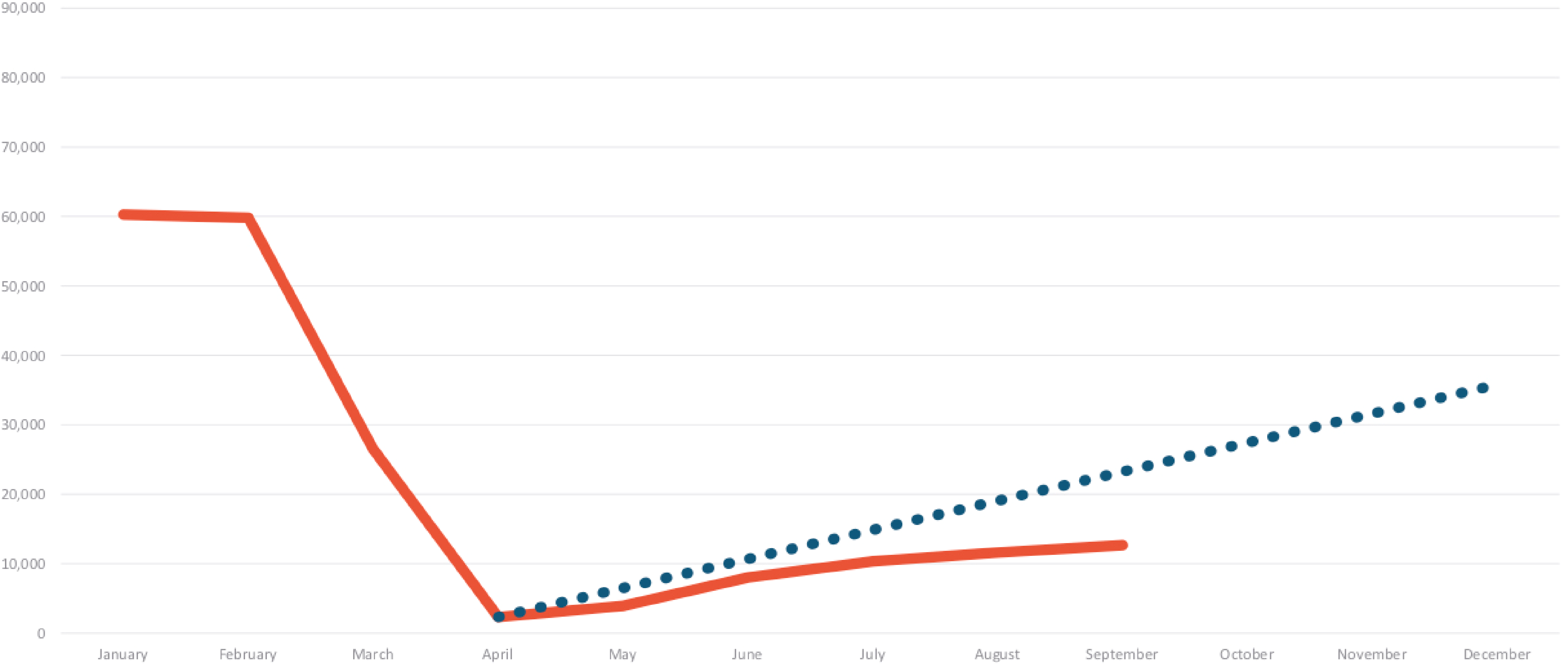
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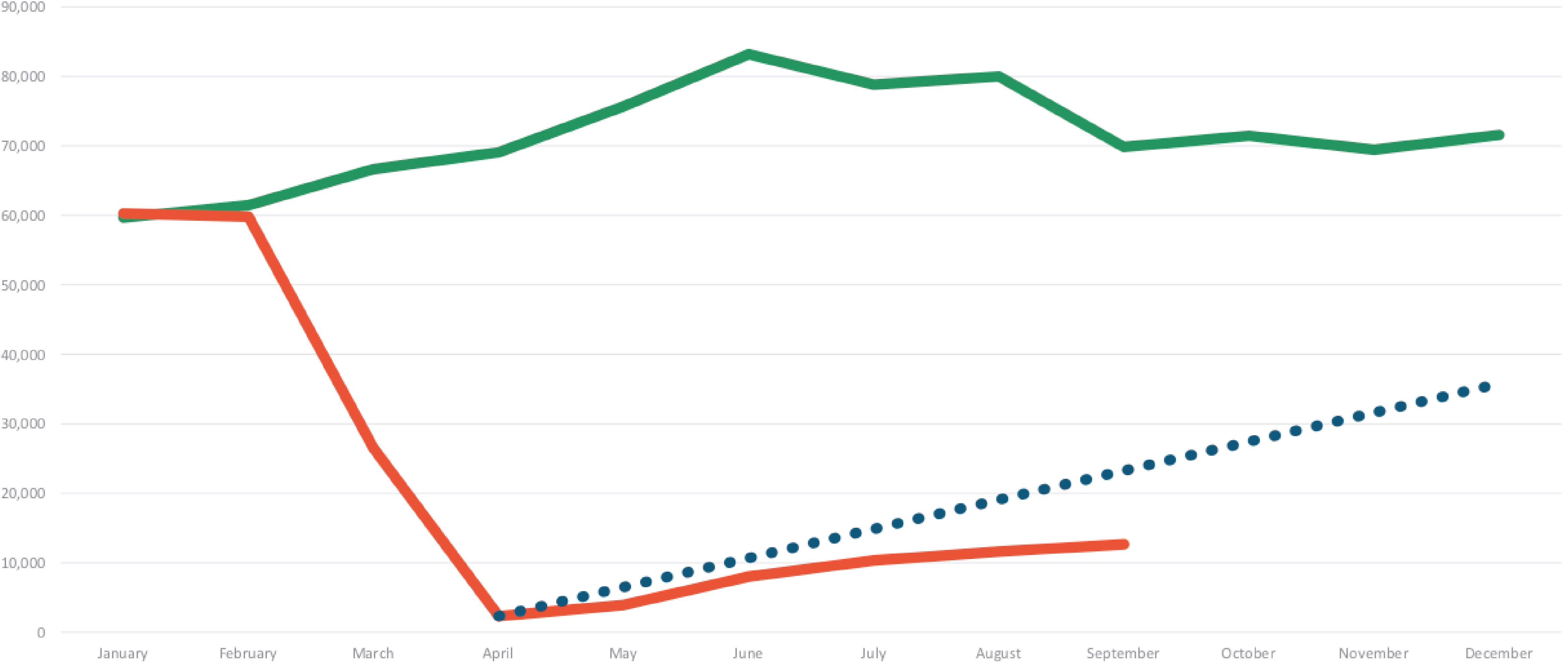
Average Daily Passengers Through SFO Security Checkpoints



Average Daily Passengers Through SFO Security Checkpoints



Average Daily Passengers Through SFO Security Checkpoints

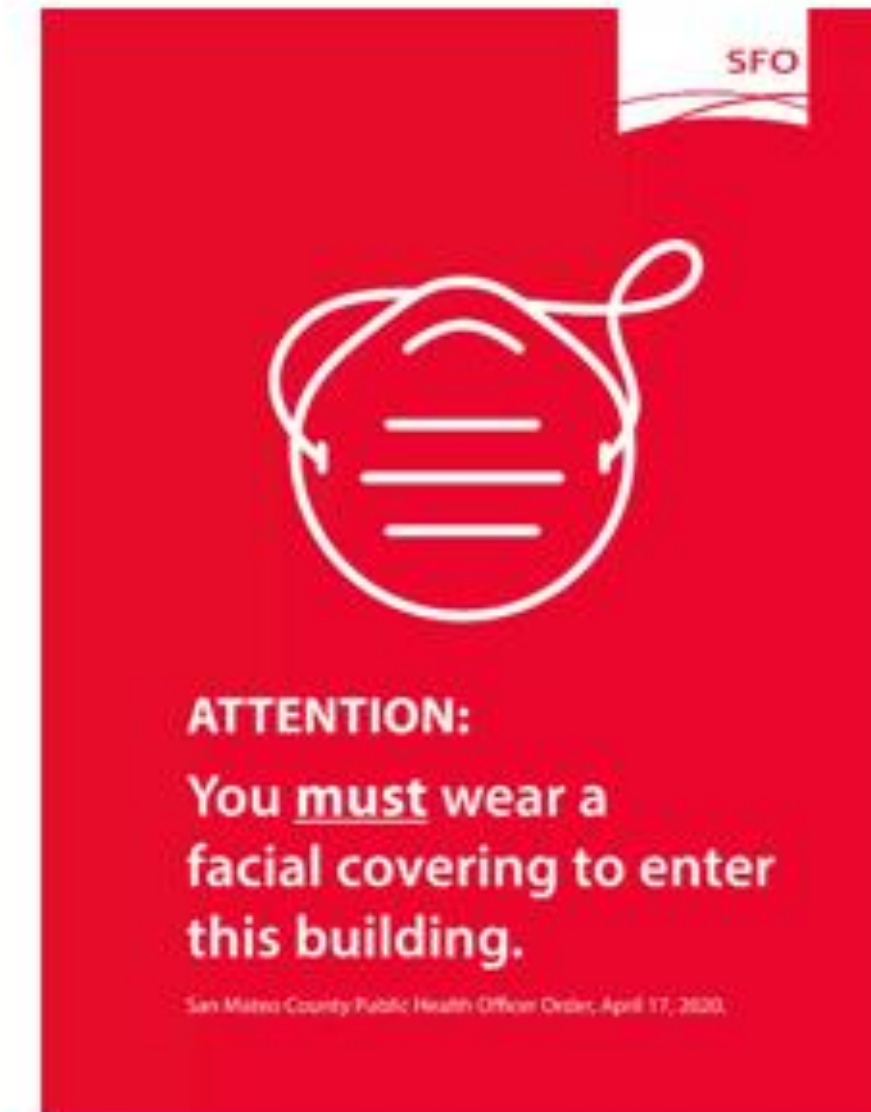


Barriers to air travel

- Restrictions by country
- Health orders, quarantine requirements
- Reopening / reclosing pendulum
- Financial
- Lack of coordinated federal policy
- Uncertainty

Current status

- Facial coverings are the norm
- Physical distancing provisions in effect
- Hand hygiene measures in place
- Clear protective barriers being installed
- Enhanced cleaning measures underway



What's next

- Expanded technology
 - Air travel going touchless
 - Expanded use of biometrics
 - Cleaning and disinfection
- Establishment of “air bridges”
- Health registration / evaluation process

United to offer Hawaii-bound passengers coronavirus tests, a possible blueprint for flights abroad

PUBLISHED THU, SEP 24 2020 8:00 AM EDT | UPDATED THU, SEP 24 2020 11:29 AM EDT

Transportation

Hawaiian Airlines to offer coronavirus tests for passengers

The airline, which joins United in offering the service, will offer testing at drive-through labs in Los Angeles and San Francisco

Oakland airport will offer free COVID-19 tests for Hawaii-bound travelers

New program for Hawaii-bound travelers begins Oct. 15

By [Chris McGinnis](#), SFGATE Updated 12:02 pm PDT, Tuesday, September 29, 2020

Tampa airport introduces coronavirus screening for all passengers

Tampa International Airport is the first hub to offer voluntary COVID-19 tests for all departing and incoming passengers.

Conclusion

- Air travel is recovering ... slowly
- New normal is coming into focus
- Consistent federal policy is needed
- Industry is committed to bringing travelers back
- Air travel will be a better experience

A woman with long dark hair is looking out of the open rear door of a dark-colored car at night. The background is blurred, showing city lights and trees.

Clients thoughts on when they'll resume:

Confidence of knowing

- Destination information - what are the virus levels?
- Hotels, airlines, restaurants clean?
- Real time analytics: Visibility on where employees are - can I help them get home quickly?
- Ease of changing plans - can I change without fees?

PR and Social Media:

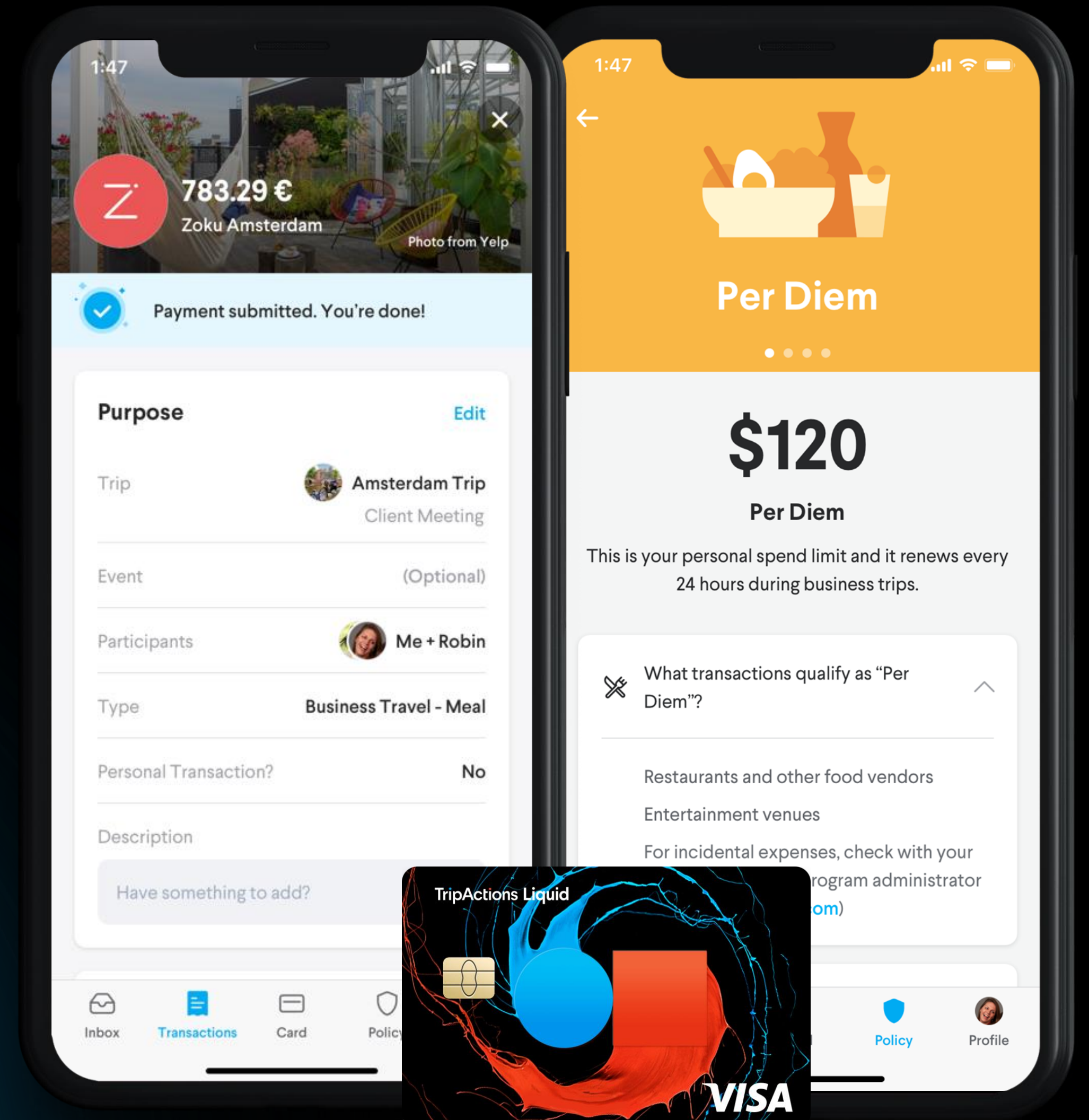
Positive feedback from travelers on safety, hygiene, ease of travel, and value of in person meetings

Client Chatter

- More attention on costs and ROI of trip
- Anxious and ready to be on the road
- Groups will be small - large conferences toward end of 2021
- Non-urban is more desirable
- Hotel spend 40-60% of 2019; Air <40%
- Hiring continues so training will follow
- Shorter booking window
- Creativity is key to winning back business

TripActions

TripActions Proprietary and Confidential



Recent booking trends:

Rental Cars are fastest growth as travelers opt to drive vs fly to reduce risk

Hotels are booked in non-urban locations and in economy-mid tier brands

Flights are shorter and slowest to return

Shorter booking window, lower ADRs, skewed to brands

As cities reopen, travel reopens: ex. NYC removed CA as restricted state, immediate bookings into NYC

When Will Convention and Group Demand Come Back?

Key Takeaways

- The return of group and business travel is a major factor in hotels' recovery.
- The elimination of business travel reduces profits.
- A key driver of recovery will be the return of corporate demand, which made up almost 50% of demand for upper tier properties in 2019.
- Expect a relatively quick, and strong, bounce back for the lodging industry.
- Safety concerns and corporate travel bans are primarily preventing the industry's recovery.

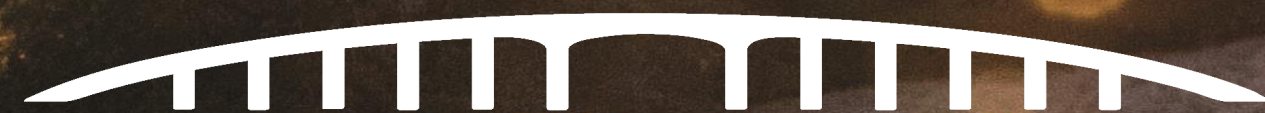
In Summary

- Drive-to market for leisure transient
- Local / Regional market for small group segment & meetings
- News on a fairly effective vaccine



THANK YOU!

SAN MATEO COUNTY



SILICON VALLEY

CONVENTION AND VISITORS BUREAU

visitsmcsv.com