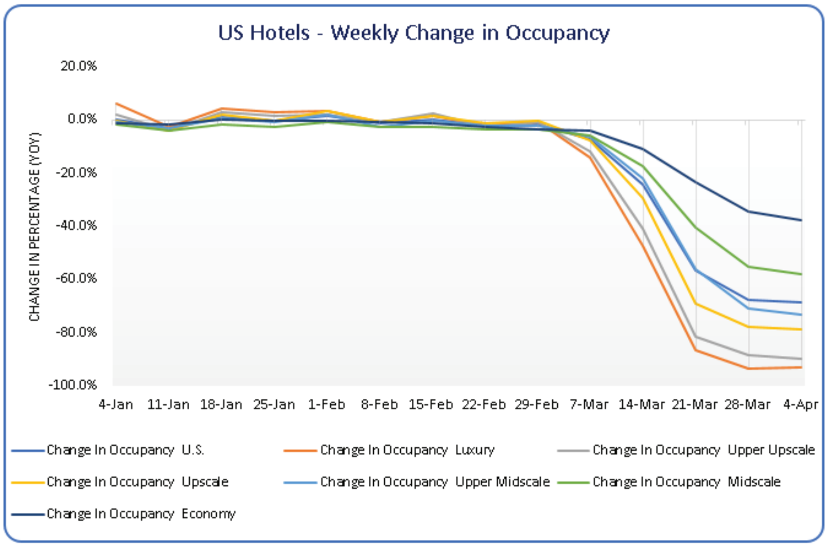

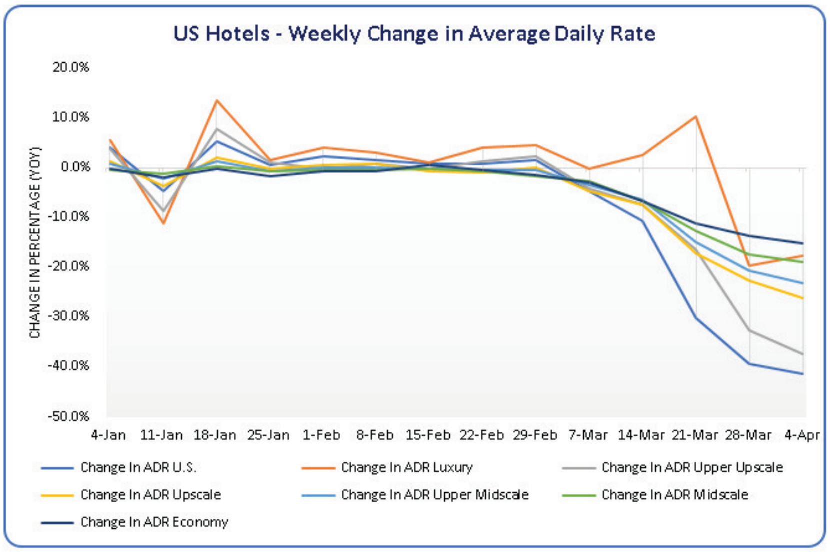

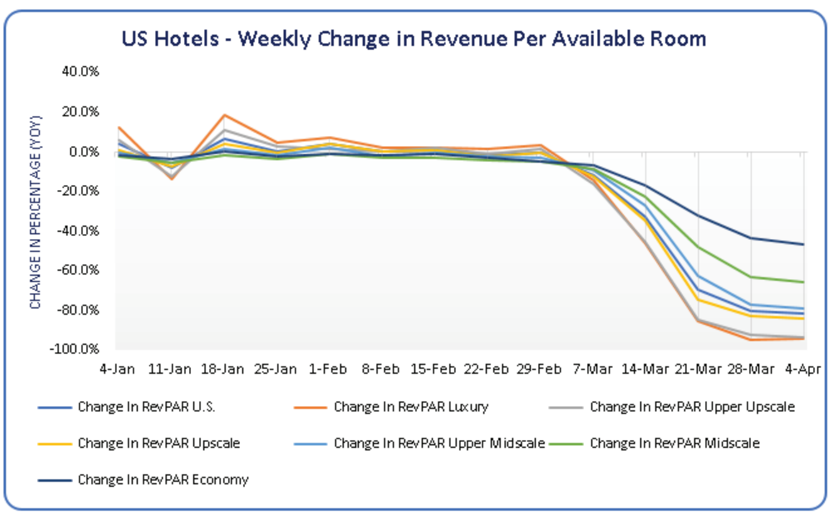

marshall stevens

MARKET FUNDAMENTALS:

Occupancy

COVID-19 has had a tremendous impact on the US hotel market with a substantial decline in occupancy. According the graph on the left, the U.S. Hotel market dropped a total of 68.5% across all chain scale segments. Luxury and upper upscale hotels had the most significant decrease in occupancy dropping approximately 90% by the end of Q1. The two least affected hotel chain segments were midscale and economy, falling 57.8%and 37.5% respectively.

Average Daily Rate (ADR)

By Mid-March, the Average Daily Rate (ADR) in the U.S. Hotel market experienced an immediate downward trend, decreasing 41.5% by the end of Q1. The graph shown to the left portrays less of a decrease in midscale and economy hotels, indicating that high-end chain scale segments are rapidly falling in demand compared to the low-end chain scale segments. ADR for luxury hotels fluctuated throughout Q1 and was not as severely affected as other high-end hotels, only dropping 17.7% at the end of the quarter. Overall, compared to occupancy and RevPAR, ADR has shown to be the least affected by the Global Pandemic but shows no signs of recovery as travel continues to wane.

Revenue Per Available Room (RevPAR)

While travel throughout the U.S. is limited during this pandemic, RevPAR has experienced large declines across all chain scale segments. The two hardest hit were luxury and upper upscale, both dropping more than 92%. RevPAR shows similarity to occupancy in terms of producing rapid downward trends beginning in the month of March. According to the graph on the left, RevPAR has been declining substantially week by week since the beginning of March and is expected to continue this trend through Q3.