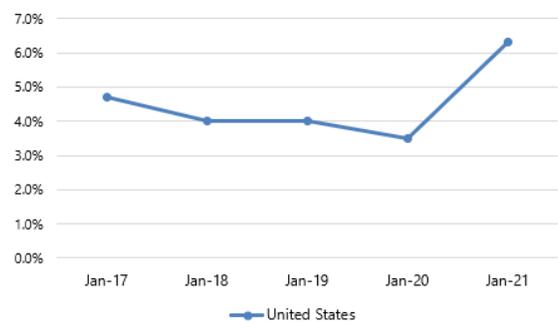


US Hotel Sales Volume and Buying Trends - June 2021

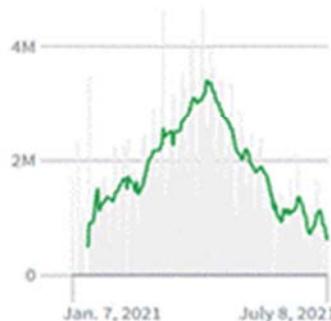
COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in investment sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The United States Daily New Case table below highlights the progression of daily case counts. As of Q2 2021, societal conditions surrounding the COVID-19 Pandemic have undoubtedly improved. Vaccines are now available to all individuals aged 16 or older across the United States and hospitalizations and number of new cases continue to decrease. In addition, many states have ended their preventative mandates for businesses and individuals, while other states have opted to only loosen their regulations. Whereas social conditions continue to improve, markets are still being affected by COVID-19. As the calendar turns toward Q3 2021 and restrictions continue to be lifted, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

With COVID on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for Hotel sales throughout the U.S.

Unemployment Rate - Five Year Trend

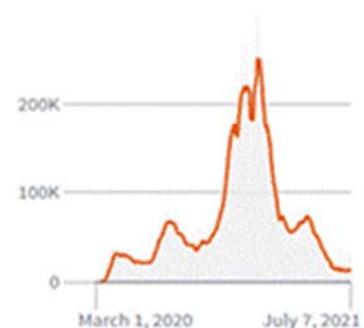


Vaccine doses given
7-day avg: 599,070
55.2% at least one dose



United States

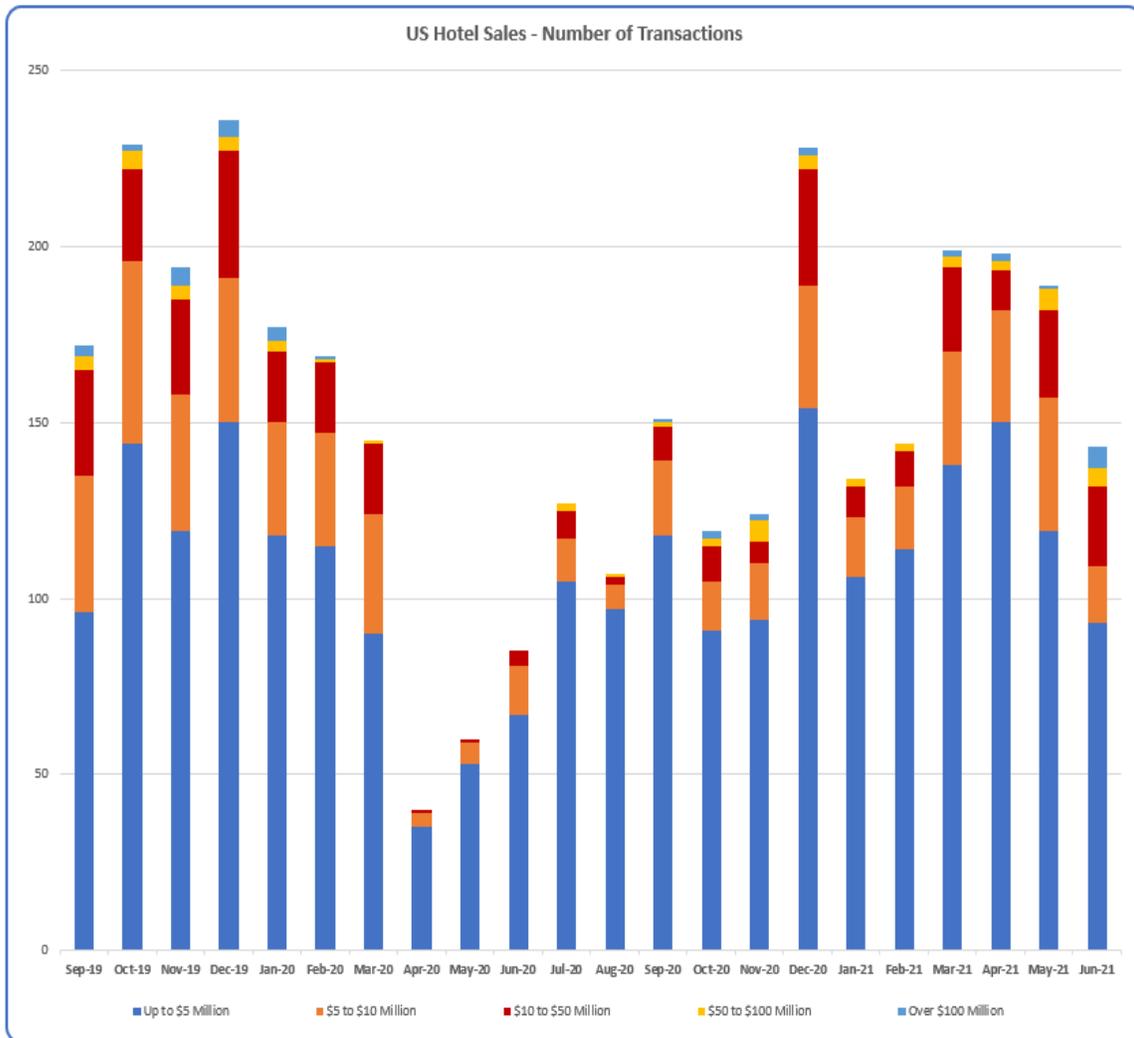
New cases
7-day avg: 15,591



Source: Reuters

Number of Sales Transactions

- Parameters: All hotel investment sales in the United States, segmented by price tranche.
- Consistent transaction volume from September 2019 to March 2020.
- April 2020- initial COVID shockwaves grip market, number of transactions plummets.
- Uptick in transaction volume from May 2020 to July 2020 coincides with lower case counts.
- December 2020- reflected 228 total transactions, reflecting an 84% increase from the prior month.
- January 2021- 134 total transactions, reflecting a 41% decrease from the previous month.
- March 2021-May 2021 – remained a consistent trend with the number of transactions occurring.
- March 2021 – May 2021 – experienced normal transactions levels over these recent three months..
- June 2021 – 143 total transactions, a 24% decrease in number of transactions from the prior month.
- Since April 2020, the market has been trending upward, showing that the recovery is taking hold.



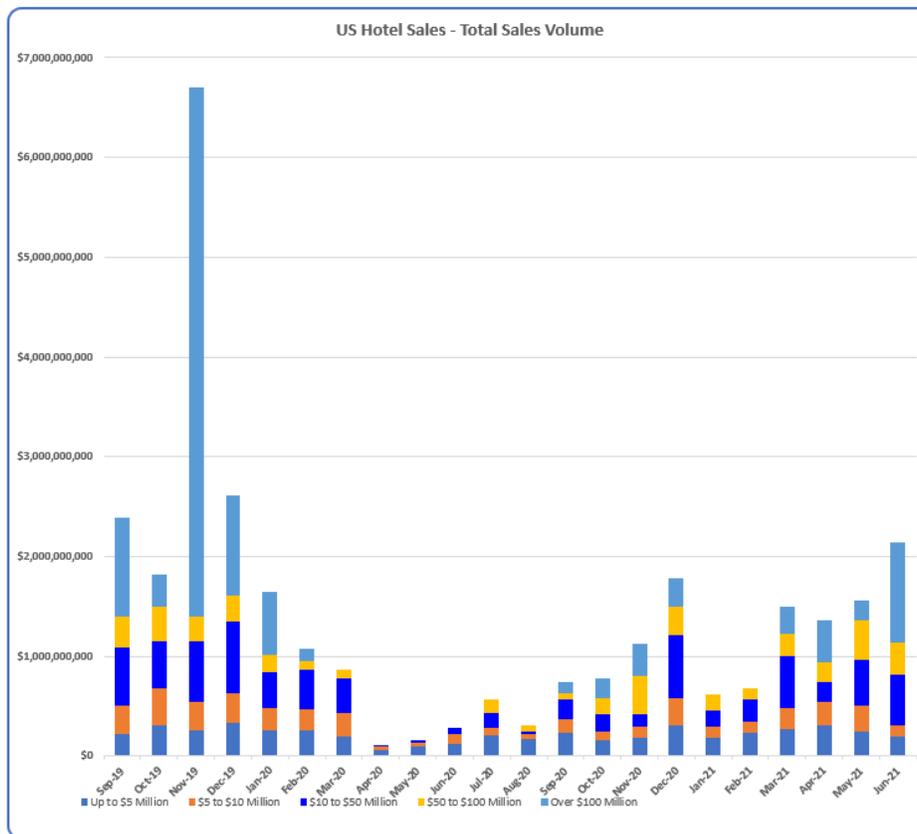
The investment sales market for hotels has been significantly affected during the COVID-19 era. Transaction volume has continued to return to its normal level of activity. Average sales per month are showing promising signs thus far in 2021, as evidenced by the chart above.

Dollar Volume of Sales Transactions

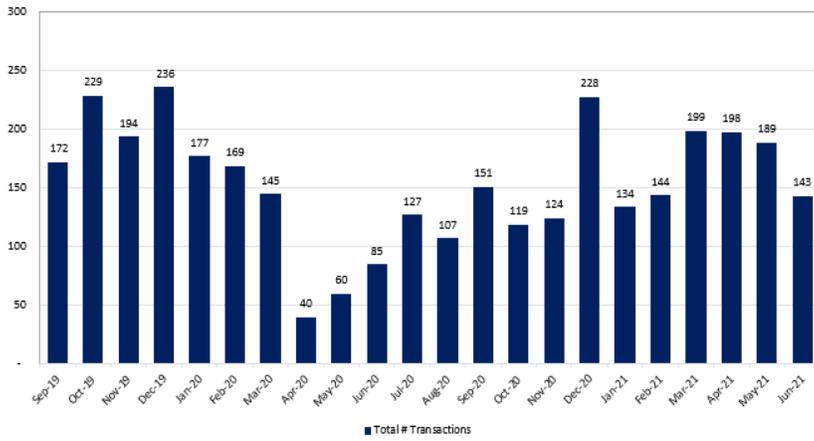
In 2020, the average monthly sales volume was approximately \$790 million. Comparatively, the average monthly sales volume so far in 2021 is roughly \$1.3 billion, reflecting an increase of approximately 66%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Hotel Sales		
YEAR	2020	2021 (June)
Min	\$165,600,000	\$1,554,000,000
Max	\$1,075,400,000	\$2,139,000,000
Average	\$787,658,333	\$1,307,500,000
% Difference	-	66.0%

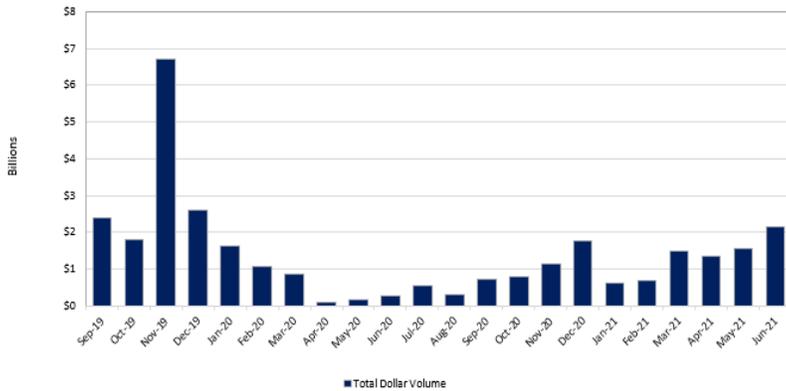
- The largest increase in dollar volume over the given study period was 268.3% from October 2019 to November 2019.
- The largest decrease in dollar volume over the given study period was 88% from March 2020 to April 2020.
- Sales over “\$100 million” tranche is the largest contributor to US hotel investment sales total dollar volume.
- December 2020 dollar volume significantly increased from the prior month, reflecting a 58.4% increase in total dollar volume.
- January 2021 reflected a decline of 65.7% in total dollar volume, as shown in the figure below.
- March 2021 had the largest present uptick in total dollar volume since 2019, reflecting a 117% increase.
- April 2021 continued with a slight decline but stayed fairly consistent with the prior month.
- May 2021 reflected a 14.4% increase in total dollar volume.
- June 2021 followed up with another 37.6% increase from the prior month.
- The market is trending upward trend in terms of the total dollar volume as shown in the figure below.



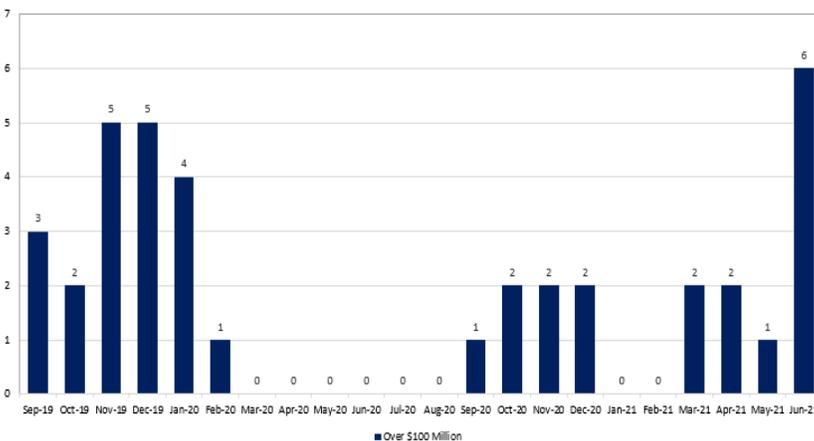
TOTAL NUMBER OF TRANSACTIONS - US HOTEL SALES



TOTAL SALES VOLUME - US HOTEL SALES



TRANSACTIONS OVER \$100 MILLION - US HOTEL SALES



SALES (2019-2020): Volume

Pre-COVID-19, sales volume fluctuated at a relatively high level, ranging from 145 to 236 sales per month from January 2019 through March 2020. April 2020 marked a significant drop in the number of transactions. Transaction volume fluctuated for the rest of the 2020 at a significantly low level, with an uptick occurring towards the end of the year. The number of transactions in January 2021 fell to 134 after experiencing 228 transactions in the prior month. However, since then, the number of transactions has experienced an upward trend, indicating a potential return to normalcy in the foreseeable future.

Dollar Volume of Sales

Whereas number of transactions decreased sharply in April 2020, the decrease in dollar volume followed suit. Totalling 40 transactions, dollar volume experienced its lowest level in total dollar volume in April 2020, reflecting sales volume of approximately \$103 million. However, over recent months, total dollar volume has experienced a steady upward trend.

Transactions over \$1.0 Billion

There were significant declines in sales exceeding \$100 million beginning in March 2020, indicating that high transaction volume decreased due to market uncertainty. These transactions are a major contributor accounting for approximately 36% of the market’s dollar volume over the study period. As exhibited in the graphic on the left, there were no sales in the over \$100 million category from March 2020 to August 2020, and again in January and February 2021. However, with 6 transactions over \$100 million in June 2021, there are positive signs of recovery in the market segment.

SOURCE: CoStar and Marshall & Stevens



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