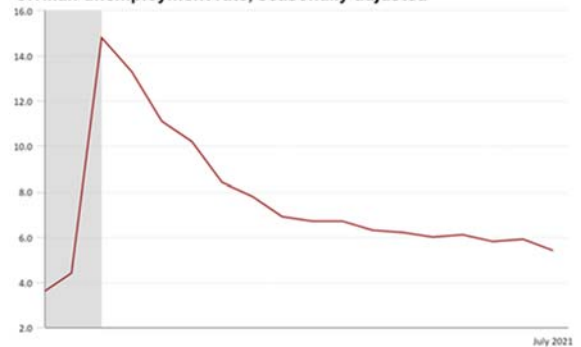


US Hotel Sales Volume & Buying Trends - August 2021

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 US Daily New Case table below highlights the progression of daily case counts relative to legislation imposed by state and local governments. As of Summer 2021, societal conditions surrounding the COVID-19 Pandemic have undoubtedly improved. Vaccines are now available to all individuals aged 12 or older in most states. Although hospitalizations and new cases were on the decline, the Delta Variant is causing new case counts to rise again. As a result, some states are tightening restrictions. Also, the FDA has approved the Pfizer vaccine for people aged 16 and older. Whereas social conditions continue to improve, markets are still being affected by COVID-19. As the calendar turns toward Fall, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

With COVID-19 still 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.

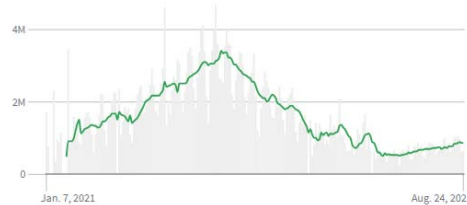
Civilian unemployment rate, seasonally adjusted



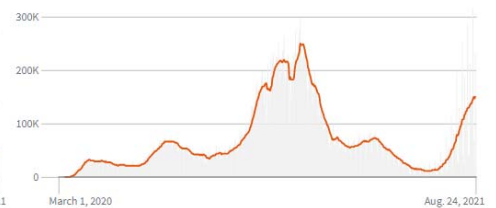
Source: US Bureau of Labor Statistics

United States

Vaccine doses given
7-day avg: 860,114
60.9% at least one dose



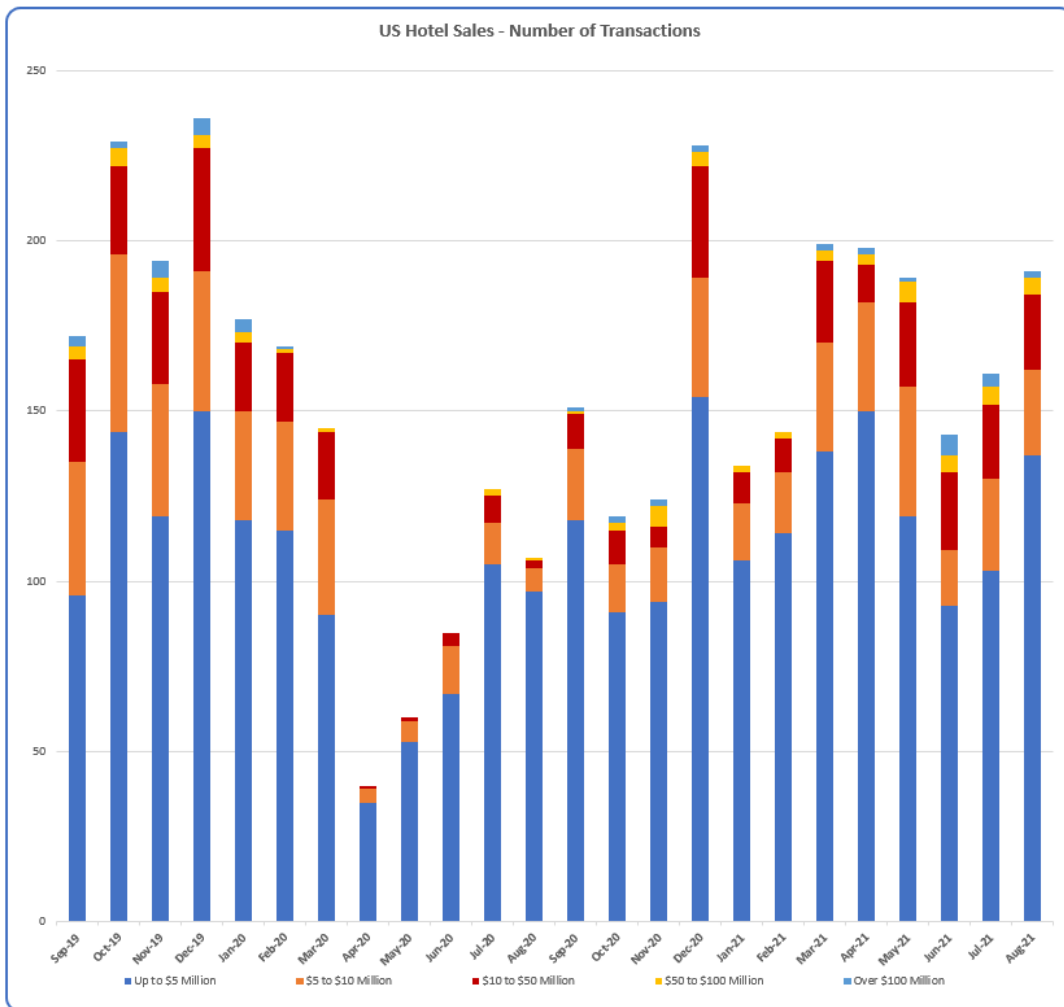
New cases
7-day avg: 150,883



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 August 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% decline 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.
- July 2021 - The recovery in the US Hotel Sales market continues with the number of transactions remaining above 150
- August 2021 - 191 total transactions, an 18.6% increase in number of transactions from the prior month.
- The market remains in an upward trend in terms of the number of transactions and is perhaps returning to normal.



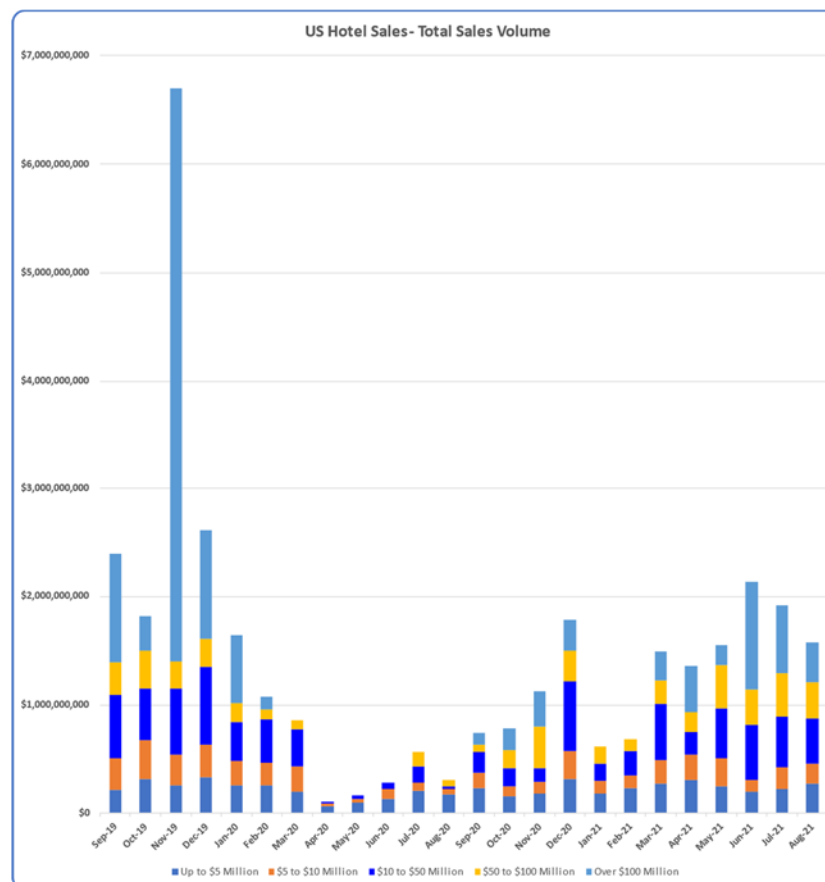
The US Hotel sales market has been significantly affected during the post-COVID era. Transaction volume has continued to make a push to return to normal levels. Average sales per month are showing promising signs of returning to pre-COVID levels, as evidenced by the chart above.

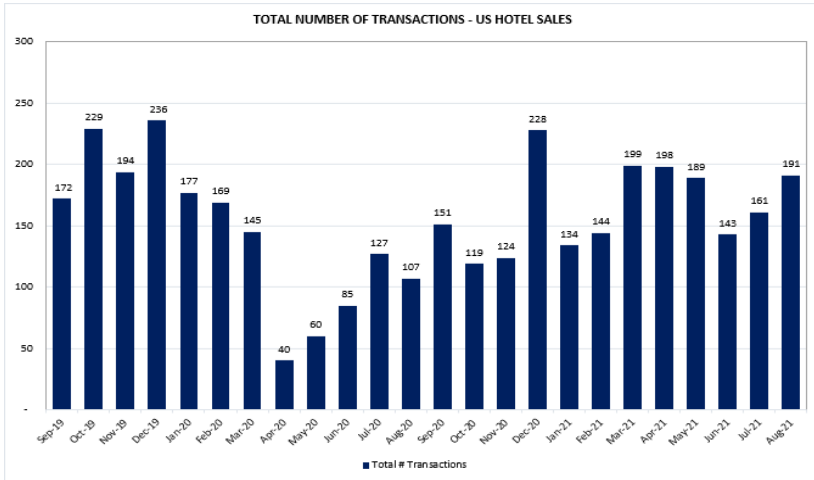
Dollar Volume of Sales Transactions

In 2020, the average monthly sales volume was approximately \$788 million. Comparatively, the average monthly sales volume so far in 2021 is roughly \$1.4 billion, currently reflecting an increase of approximately 80%. We tracked the dollar volume of monthly sales by tranche as seen below.

Monthly Dollar Volume - US Hotel Sales		
YEAR	2020	2021 (August)
Min	\$103,000,000	\$614,000,000
Max	\$1,788,000,000	\$2,139,000,000
Average	\$787,658,333	\$1,415,125,000
% Difference	-	79.7%

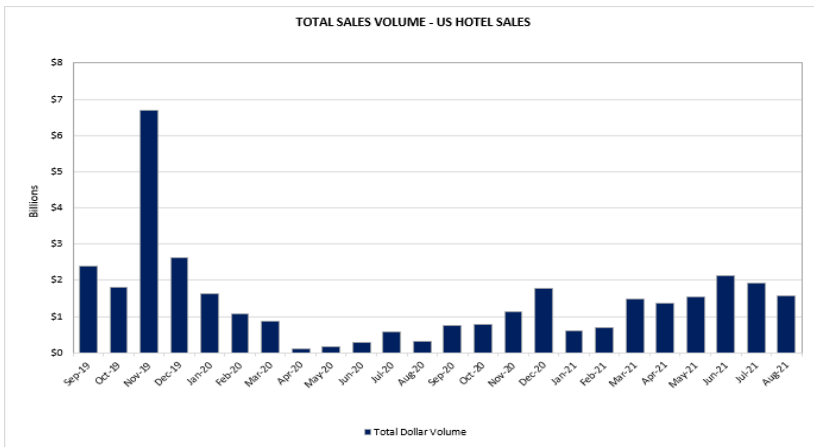
- The largest increase in dollar volume over the given study period was 268.3% from October 2019 to November 2019.
- The largest decrease in dollar volume over the given study period was 88% from March 2020 to April 2020.
- December 2020 dollar volume significantly increased from the prior month, reflecting 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 percent uptick in total dollar volume since 2019, reflecting a 117% increase.
- April 2021 continued with a slight decline increase but stayed consistent with the prior month.
- May 2021 reflected a 14.4% increase in total dollar volume.
- Sales volume in July 2021 fell just shy of the \$2 billion mark after breaking through in June for the first time since December 2019.
- August 2021 reflected a 17.7% decrease, bringing total dollar volume back to May 2021 levels.
- Since June 2021, sales volume has declined in both July and August.





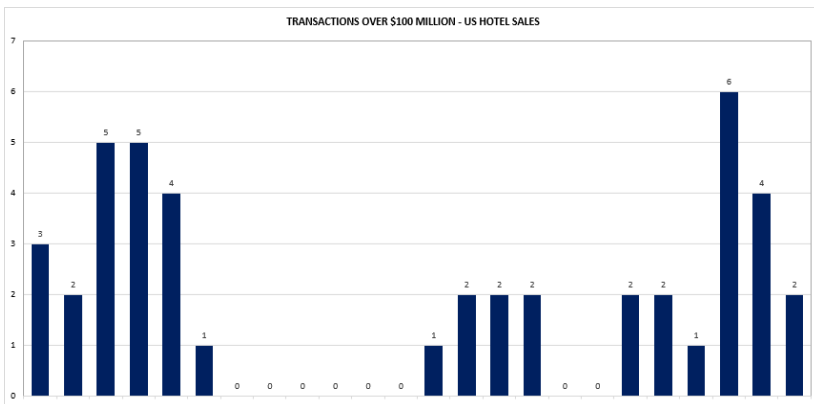
SALES (2019-2020): Volume

Pre-COVID-19, sales volume fluctuated, 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 2020, with an uptick occurring towards the end of the year. The number of transactions in January 2021 fell to 134 from 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

As the number of transactions decreased sharply in April 2020, there was also a decrease in dollar volume. Total sales volume reached a low point in April 2020 but has shown a steady upward trend since. Following low volume in January and February 2021, sales volume has shown improvement. We do note that volume peaked in June 2021 and has fallen in both July and August 2021.



Transactions over \$1.0 Million

There were significant declines in sales exceeding \$100 million beginning in March 2020, indicating that high priced hotel assets were not in favor with investors. These transactions are a major contributor accounting for approximately 36% of the market’s dollar volume over the study period. Sales activity of this caliber resumed in September 2020, and in June 2021 the market saw the highest number of sales over the study period. In this category, there were four sales in July, and two sales in August.

SOURCE: CoStar and Marshall & Stevens



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