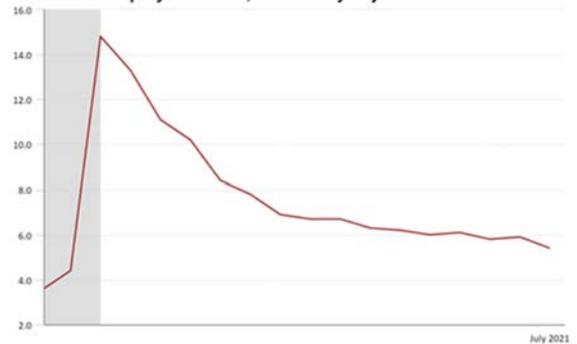


US Hotel Sales Volume & Buying Trends - July 2021

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 New York Daily New Case table below highlights the progression of daily case counts relative to legislation imposed by state and local governments. As of Q2 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.

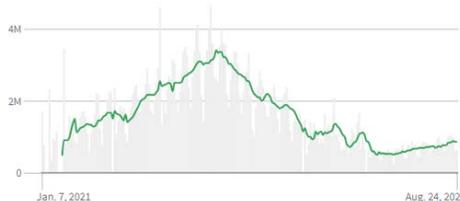
Civilian unemployment rate, seasonally adjusted



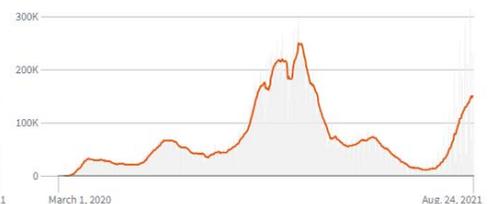
Source: US Bureau of Labor Statistics

United States

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

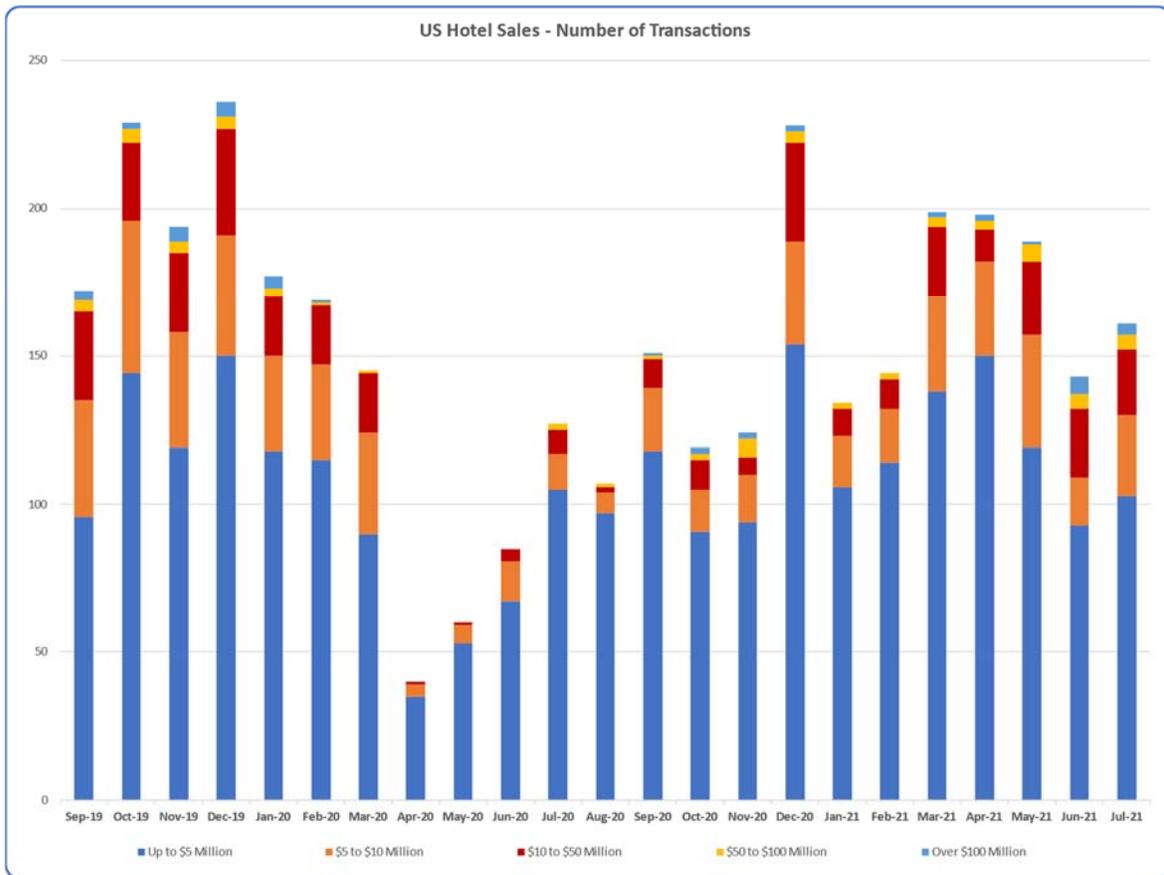


New cases
7-day avg: 150,883



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
- The market remains in a steady upward trend in terms of the number of transactions and is potential close to returning to normalcy.



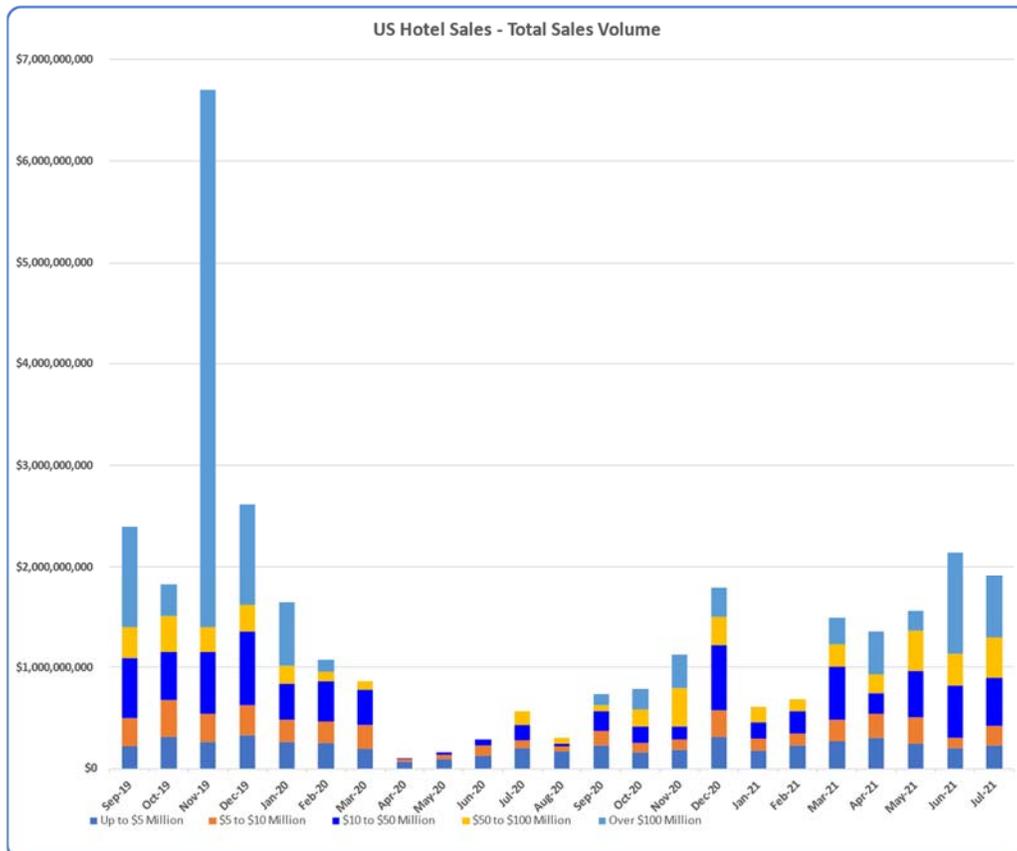
The US Hotel sales market has been significantly affected during the post-COVID era. Transaction volume has continued to make a push to return to normal levels. Average sales per month are showing promising signs of returning to pre-COVID levels, as evidenced by the chart above.

Dollar Volume of Sales Transactions

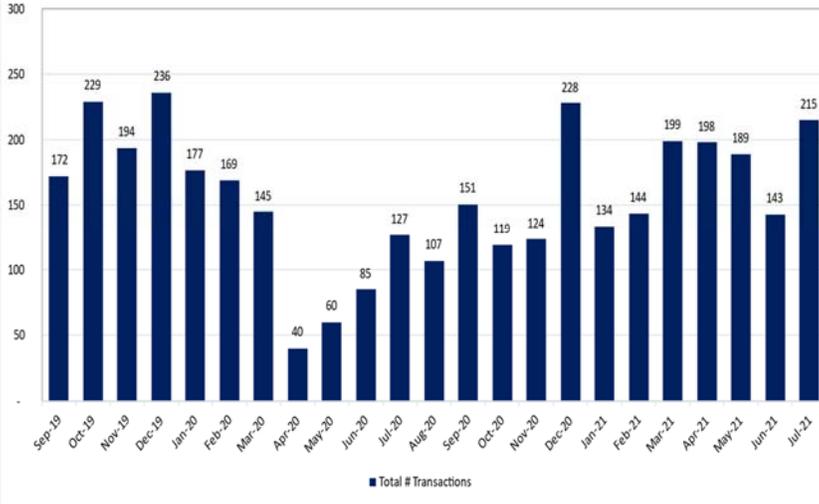
In 2020, the average monthly sales volume was approximately \$788 million. Comparatively, the average monthly sales volume so far in 2021 is roughly \$1.4 billion, currently reflecting an increase of approximately 77%. We tracked the dollar volume of monthly sales by tranche as seen below.

Monthly Dollar Volume - US Hotel Sales		
YEAR	2020	2021 (July)
Min	\$103,000,000	\$614,000,000
Max	\$1,788,000,000	\$2,139,000,000
Average	\$787,658,333	\$1,392,142,857
% Difference	-	76.7%

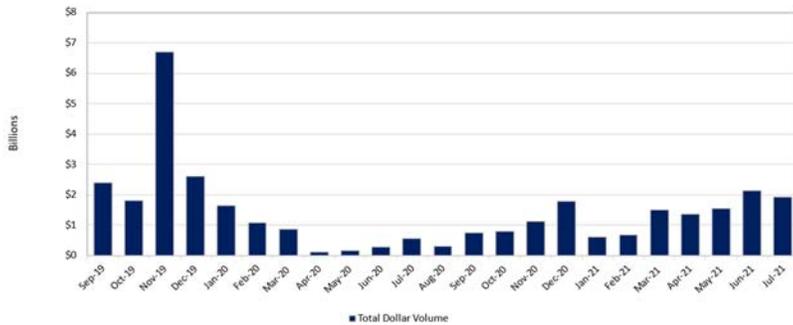
- The largest increase in dollar volume over the given study period was 268.3% from October 2019 to November 2019.
- The largest decrease in dollar volume over the given study period was 88% from March 2020 to April 2020.
- December 2020 dollar volume significantly increased from the prior month, reflecting 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 present 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.
- June 2021 followed up with another 37.6% increase from the prior month.
- Sales volume in July 2021 fell just shy of the \$2 billion mark after breaking through last month for the first time since December 2019.
- The market remains in a steady upward trend in terms of the total dollar volume as shown in the figure below.



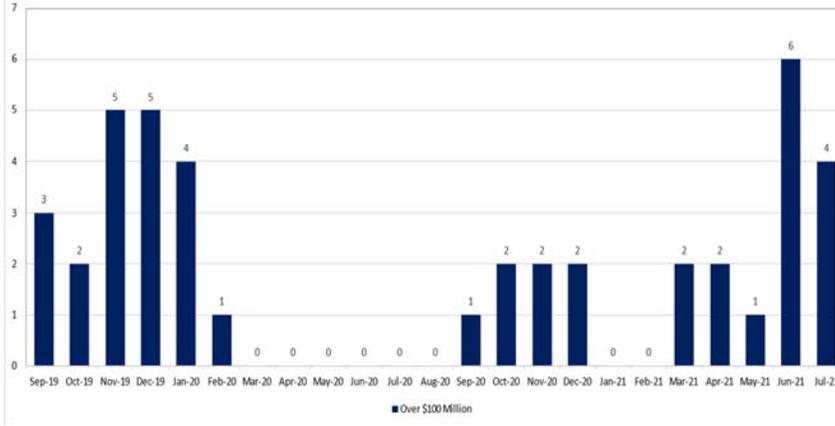
TOTAL NUMBER OF TRANSACTIONS - US HOTEL SALES



TOTAL SALES VOLUME - US HOTEL SALES



TRANSACTIONS OVER \$100 MILLION - US HOTEL SALES



SOURCE: CoStar and Marshall & Stevens

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 the 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

Whereas number of transactions decreased sharply in April 2020, the decrease in dollar volume followed suit. Total sales volume reached a low point in April 2020 but has shown a steady upward trend since. This trend continues as of July 2021 with sales volume reaching its second highest point in over a year.

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. On the tail end of that new high was the second highest number of sales transactions in this tranche since the onset of the pandemic, reinforcing the market’s recovery.



Patrick T. Craig, MAI, MRICS
 Executive Managing Director
 Real Estate Valuation Practice
 212.897.9481
 ptcraig@marshall-stevens.com



Catherine Gu
 Senior Director
 Real Estate Valuation Practice
 646.438.7602
 cgu@marshall-stevens.com



Mike Gies
 Analyst
 Real Estate Valuation Practice
 609.613.2468
 mgies@marshall-stevens.com