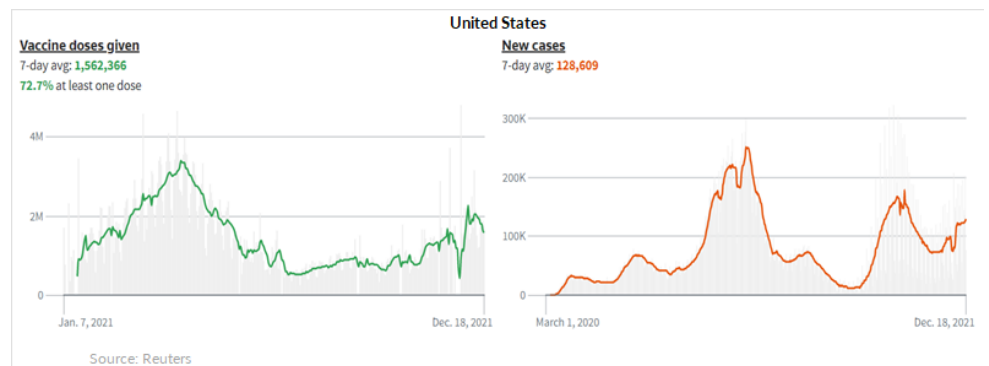
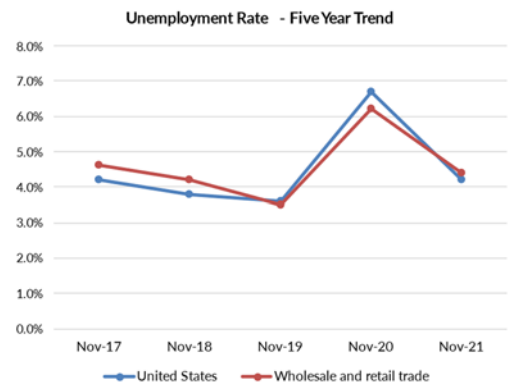


US Hotel Sales Volume & Buying Trends - November 2021

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. As a lead barometer, national unemployment increased significantly in 2020, from 3.5% in February to a peak of 14.8% in April 2020. Since April 2020, businesses began re-opening, and unemployment has been declining. However, new variants of the virus continue emerging, slowing down this progress.

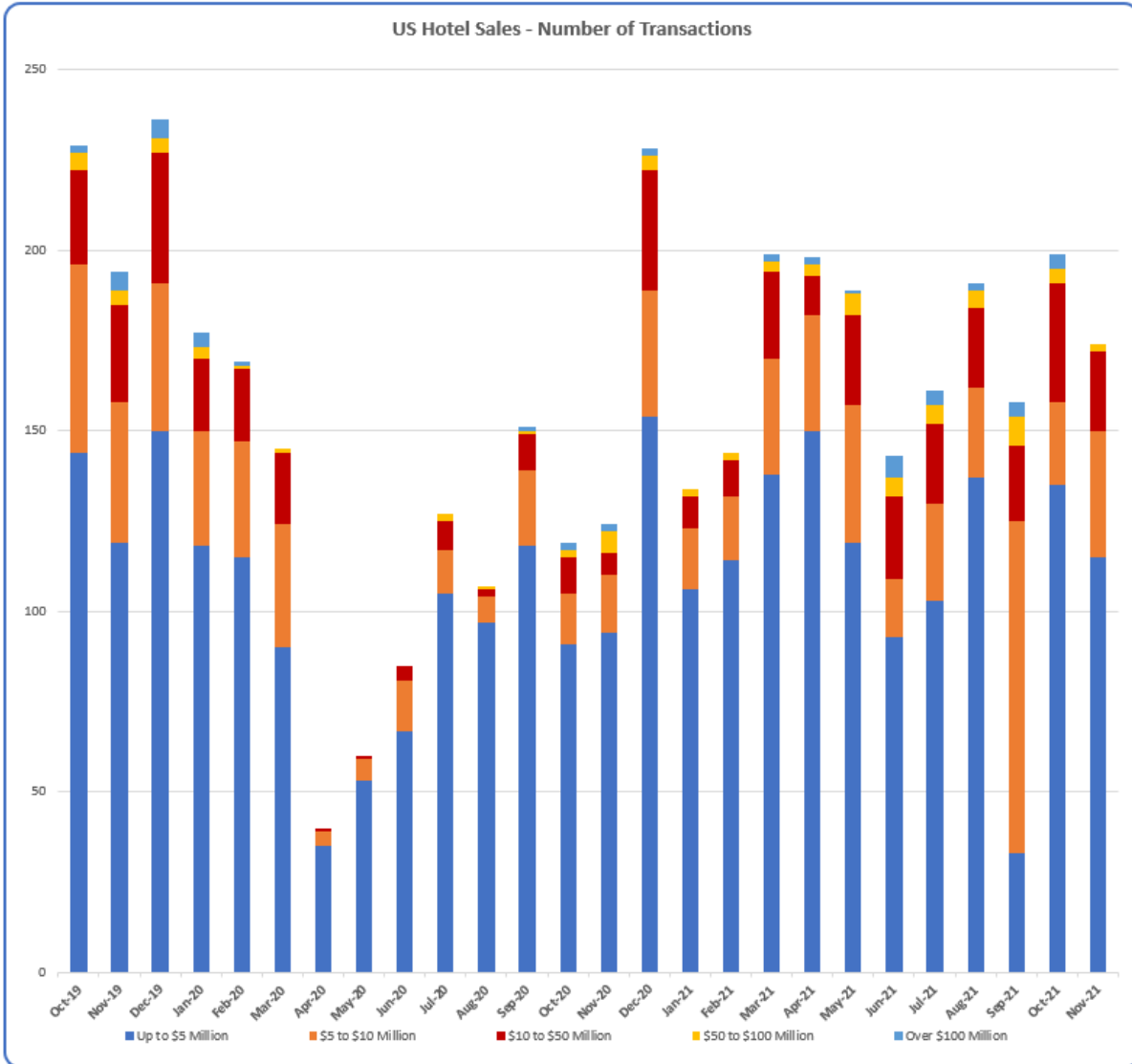
The second graphic below illustrates how the new case counts have spiked as new variants of the virus have appeared. Counteracting those spikes in new cases are the vaccines that became available in late 2020. As more of the population becomes vaccinated, the hope is that new cases will continue to drop, and the population will not be overcome by new strains. These figures will be watched carefully as we continue through 2021 and into 2022.

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 properties across the United States national market.



Number of Sales Transactions

- Parameters: All hotel investment sales in the United States, segmented by price tranche.
- Fairly healthy transaction volume from October 2019 to March 2020.
- April 2020- initial COVID shockwaves grip market, number of transactions plummets.
- In May 2020, the recovery began in earnest, with the number of sales generally rising to their peak in December 2020.
- In 2021, the year started out slowly in January and February, but activity appeared to stabilize in March 2021.
- In terms of the number of transactions, it would appear that the Hotel Market is steadily recovering.



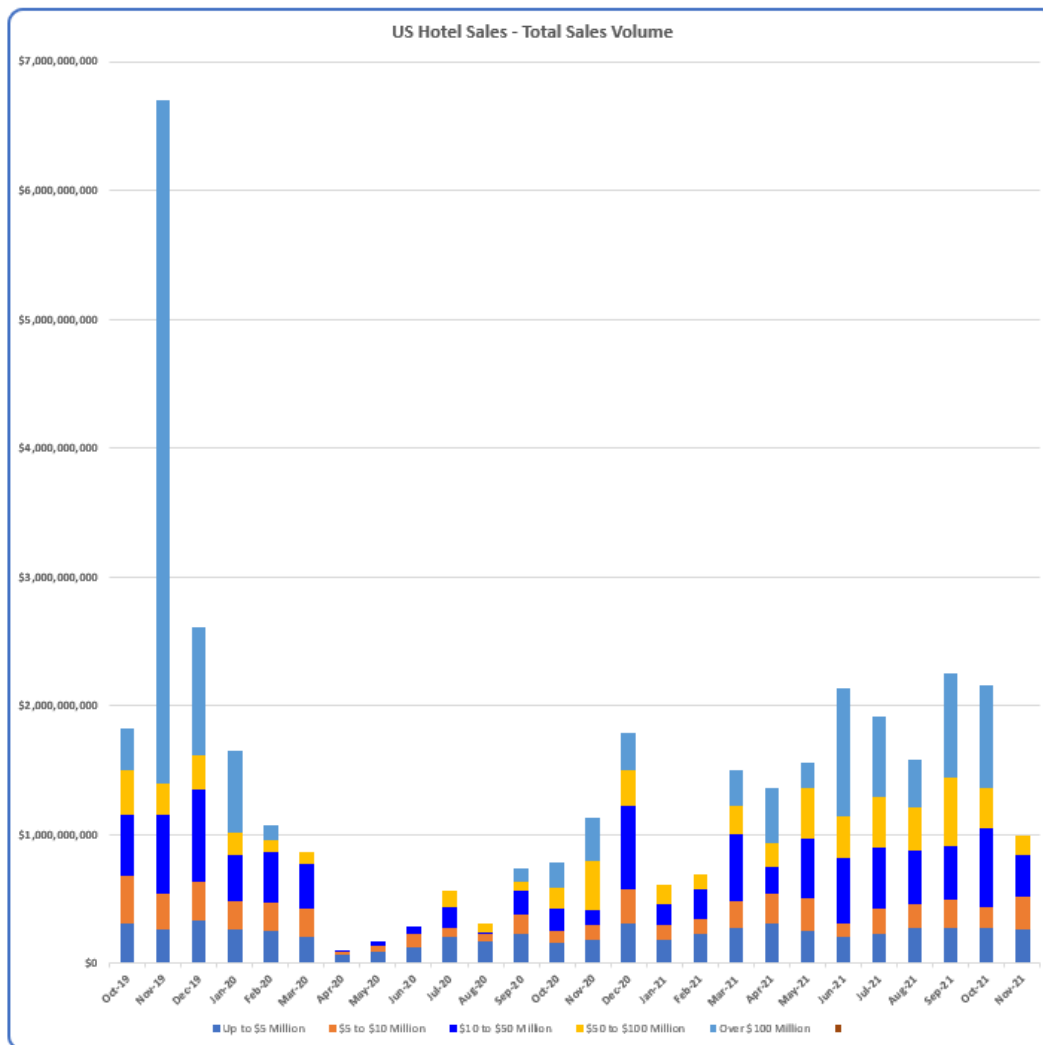
The US Hotel sales market has been significantly affected during the post-COVID era. Transaction volume has continued to return to normal levels. Average sales per month are showing promising signs of returning to pre-COVID levels, as evidenced by the chart above.

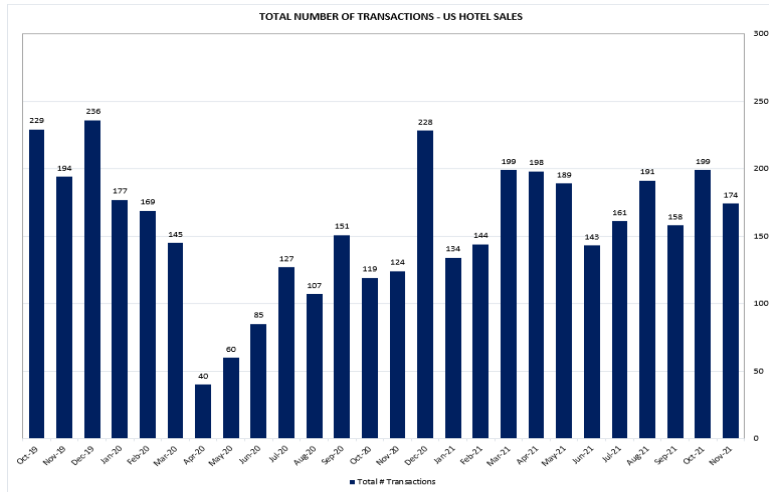
Dollar Volume of Sales Transactions

In 2020, the average monthly sales volume was approximately \$701 million. Comparatively, the average monthly sales volume so far in 2021 is roughly \$1.69 billion, currently reflecting an increase of approximately 141.0%. We tracked the dollar volume of monthly sales by tranche as seen below.

Monthly Dollar Volume - US Hotel Sales		
YEAR	2020	2021 (Nov)
Min	\$103,000,000	\$686,000,000
Max	\$1,788,000,000	\$2,249,000,000
Average	\$701,741,667	\$1,691,000,000
% Difference	-	141.0%

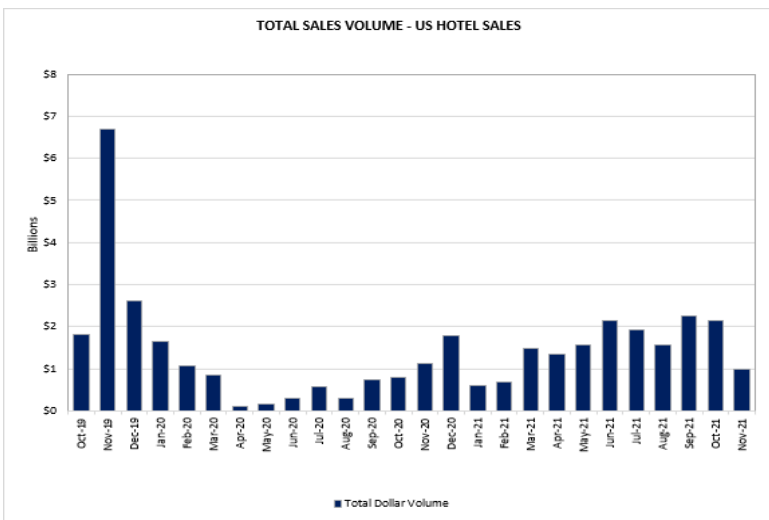
- As illustrated on the above table, the US Hotel market is performing much better in 2021 versus 2020.
- In the graphic below, we show figures dating back to October 2019. Notably, in November 2019 sales volume was nearly \$6.7 Billion.
- Pre-COVID, in the 5 months from October 2019 to February 2020, the average monthly sales volume was \$2.8 Billion.
- During the COVID-19 Pandemic, from March 2020 through October 2020, the average monthly sales volume was \$476 Million.
- November and December 2020, monthly volume began to improve, reaching \$1.8 Billion in December 2020.
- Despite slow months in January and February, the monthly sales volume was \$1.7 Billion from March 2021 to November 2021.
- The US Hotel market is showing signs of improvement, which will hopefully be sustained into 2022.





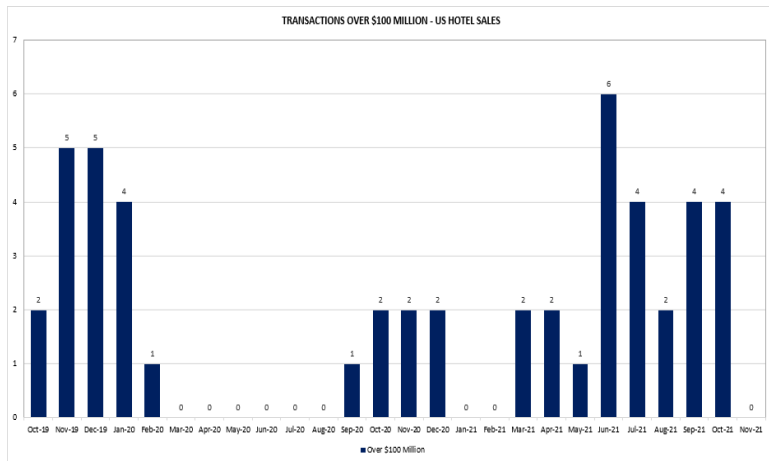
SALES (2019-2020): Volume

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, the decrease in dollar volume followed suit. Total sales volume reached a low point in April 2020 but has increased since. The upward trend continued as of August 2021 with sales volume increasing again in September 2021, before declining for the next two months.



Transactions over \$1.0 Million

There were significant declines in sales exceeding \$100 million beginning in March 2020, indicating that investors were reluctant to purchase high-priced hotel assets. These transactions are a major contributor accounting for approximately 34.6% of the market's dollar volume over the study period. Sales activity within this tranche resumed in September 2020, and in June 2021 the market saw the highest number of sales over the study period. November 2021 reflected zero transactions.

SOURCE: CoStar and Marshall & Stevens



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