



**TGC GROUP**

**CCIM FALL FORECAST**

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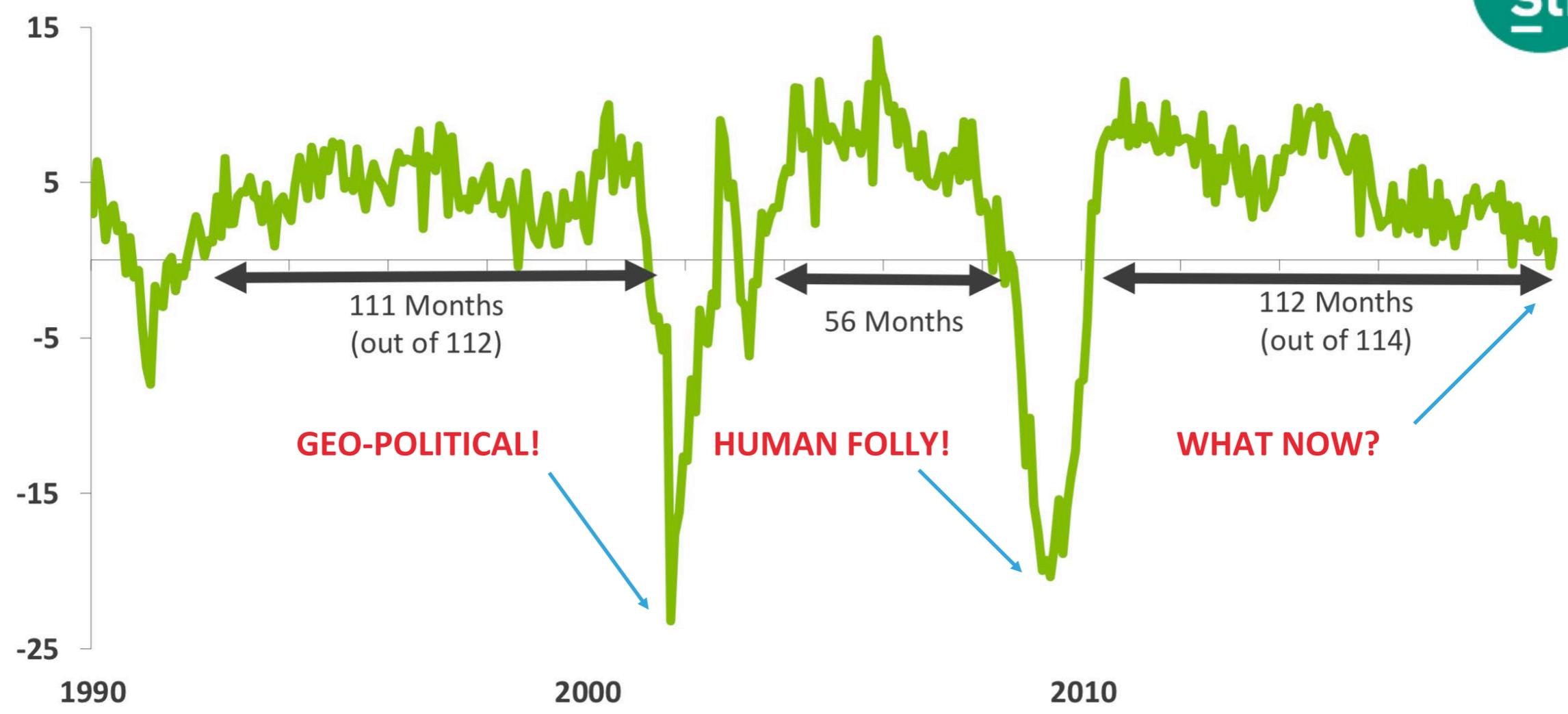
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# HOSPITALITY SECTOR HAS BEEN REALLY GOOD FOR A REALLY LONG TIME!



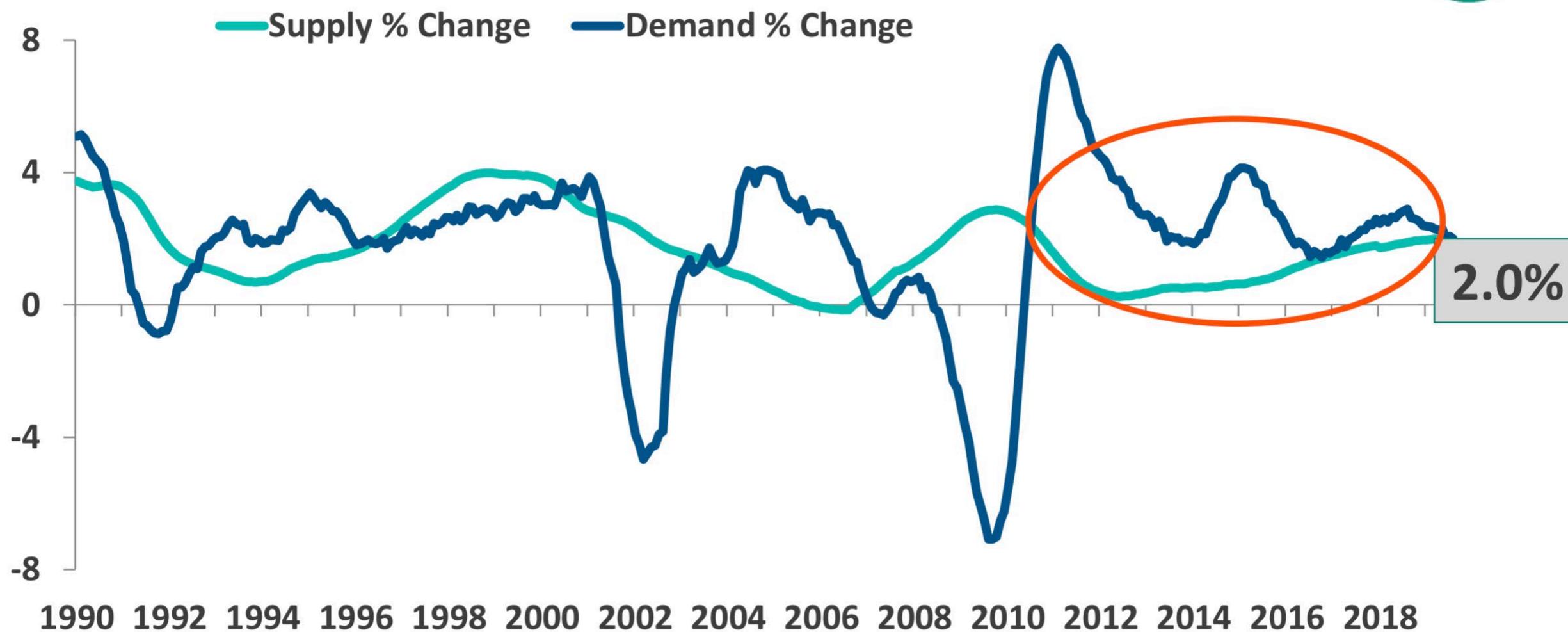
## Longest RevPAR Upcycle (with two small interruptions)



Total U.S., RevPAR % Change by month, 1/1990 – 08/2019

# SUPPLY AND DEMAND ON TOP OF EACH OTHER

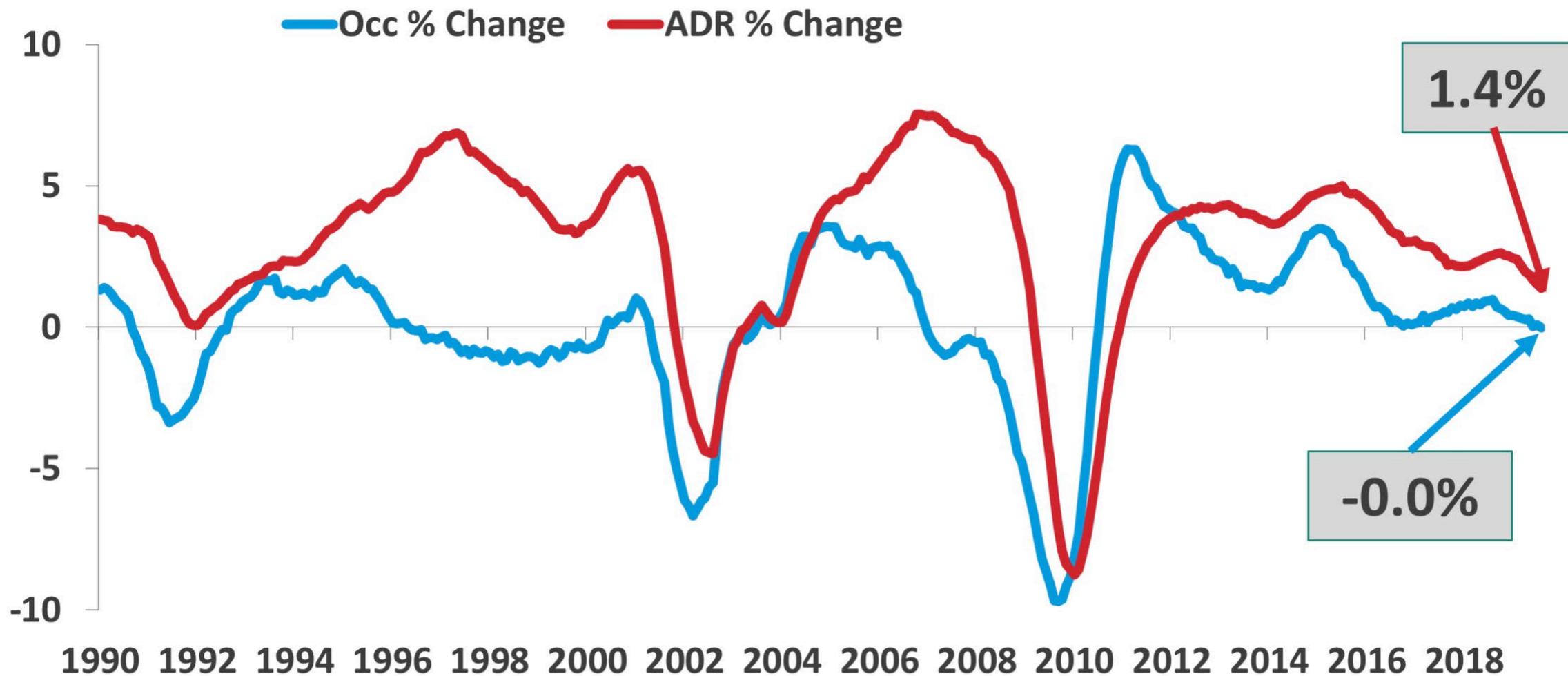
## Demand and Supply growth in sync



Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 8/2019

# AVERAGE DAILY RATE TRENDS

## ADR growth positive however slowing



Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 8/2019

# NATIONAL PERFORMANCE / FORECAST

- LITTLE EXPECTED TO CONTINUE.....

Table 1

<b>OUTLOOK</b>			
<b><u>METRIC</u></b>		<b><u>2019</u></b>	<b><u>2020 FORECAST</u></b>
<b>SUPPLY</b>		<b>1.9%</b>	<b>1.9%</b>
<b>DEMAND</b>		<b>2.1%</b>	<b>1.6%</b>
<b>OCCUPANCY</b>		<b>0.2%</b>	<b>-0.3%</b>
<b>AVERAGE DAILY RATE</b>		<b>1.4%</b>	<b>1.4%</b>
<b>REVPAR</b>		<b>1.6%</b>	<b>1.1%</b>

## CONSTRUCTION PIPELINE

**Under Construction Rooms Increase. Only 4K off from 2007/2008 Peak**

<u>Phase</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
In Construction	207	188	10.4%
Final Planning	238	215	10.6%
Planning	216	203	5.9%
<b>Under Contract</b>	<b>661</b>	<b>607</b>	<b>9.0%</b>

Total U.S. Pipeline, by Phase, '000s Rooms, August 2019 and 2018

# LOCAL VS. NATIONAL STATS

Table 1

	<u>UNITED STATES</u>	<u>% CHANGE</u>	<u>WICHITA, KS</u>	<u>% CHANGE</u>
<b>Occupancy</b>	<b>67.6%</b>	<b>0.1%</b>	<b>58.7%</b>	<b>2.2%</b>
<b>Average Daily Rate</b>	<b>\$132.00</b>	<b>1.1%</b>	<b>\$83.54</b>	<b>-1.1%</b>
<b>RevPar</b>	<b>\$90.00</b>	<b>1.2%</b>	<b>\$49.06</b>	<b>1.1%</b>

# LOCAL VS. NATIONAL STATS

Table 1

	<u>% CHANGE</u> <u>U.S. MARKET</u>	<u>% CHANGE</u> <u>WICHITA MARKET</u>
<b>SUPPLY</b>	<b>1.9%</b>	<b>2.0%</b>
<b>DEMAND</b>	<b>2.1%</b>	<b>4.3%</b>

\*\* WICHITA FIGURES ARE BASED UPON YEAR END 2018

## SUMMARY

- ON THE NATIONAL SCALE, THE HOTEL SECTOR REMAINS VIABLE WITH CAUTIONARY WINDS ( MACRO VS. MICRO APPROACH HAS TO BE APPLIED ).
- OCCUPANCY WILL CONTINUE TO SLOWLY DECLINE AT THE HANDS OF SUPPLY PRESSURES BOTH NATIONALLY AND LOCALLY
- AVERAGE DAILY RATE WILL CONTINUE POSITIVE GROWTH, ALBEIT AT SLOWING PACE AS OPERATORS COMPETE FOR OCCUPANCY
- REVPAR WILL CONTINUE POSITIVE GROWTH, ALBEIT AT A SLOWING PACE DUE TO OCCUPANCY DIPS AND ADR SLOWING GROWTH
- SUPPLY IS EXPECTED TO EXCEED DEMAND OVER THE NEXT 24 MONTHS BOTH NATIONALLY AND LOCALLY
- MARGINS WILL CONTINUE TO BE CHALLENGED BY RISING PAYROLL PRESSURES DUE TO UNEMPLOYMENT RATE. THE LAZY OPERATORS WILL SUFFER, THE STRONG WILL ALWAYS FIND A WAY
- INTEREST RATES, GEO-POLITICAL PRESSURES AND HUMAN FOLLY ARE MAIN FOCUS POINTS FOR MOST OPERATORS