

Capital Trends

US Hotel

July 2021

3.8% YOY price change

\$2.4b Transaction volume

252% YOY volume change

The theme for 2021 was supposed to be “Hot Vax Summer” as people got out on vacations and embarked on an exuberant return to normality. The delta variant of Covid-19 had other plans, but despite the challenges, deal volume for the hotel sector has returned to normal.

The growth rates for hotel deal volume are something to look past. Triple and quadruple-digit growth rates in deal activity are not normal and are not a sign of a booming market. Instead, these extraordinary rates of growth are a story of just how bad conditions were a year ago. Even a modest rebound in deal activity would drive such extraordinary rates. The recovery for the hotel market so far is reflective of a return to normality.

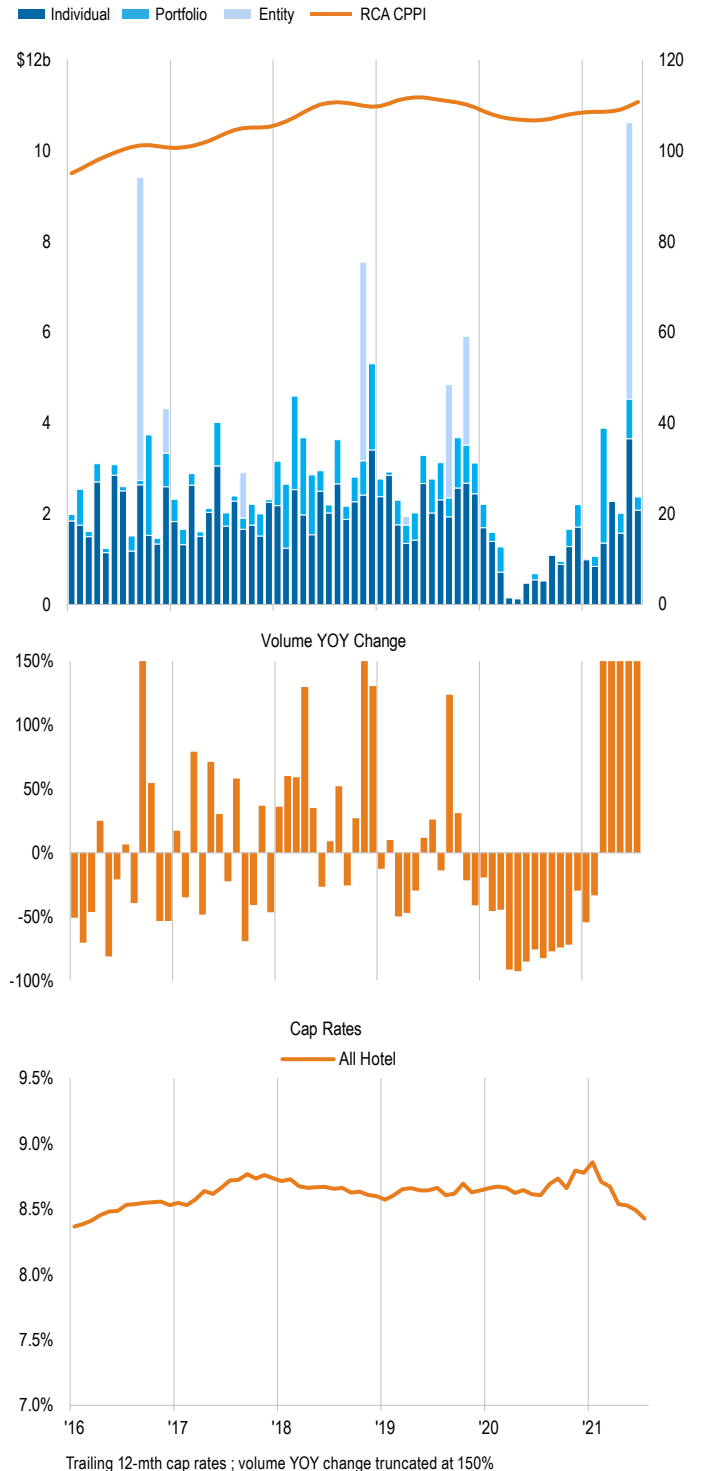
On average since 2005, deal volume in July totaled \$2.2b. The \$2.4b in deal volume that closed in July of this year then is in line with that long-run trend. Not all hotel segments are back to this long-term average, however.

The limited-service segments saw \$1.0b in deal activity for July, a figure that is 58% higher than the average pace of activity in July since 2005. These limited-service hotels are more oriented to car travel and do better in this environment where those willing to travel may still hesitate to board a plane.

Deal volume in the full-service segments by contrast remains below average. The \$1.3b in sales were up sharply from last year, but still 13% below the average pace of July deal activity since 2005. Much of this segment is tied up in convention-oriented hotels, and with uncertainty still clouding that market investors are still cautious.

Pricing is improving for hotel assets and the RCA CPPI for hotel properties rose 3.8% YOY in July. This pace of growth lags commercial property overall, with the RCA CPPI US National All-Property Index up 11.8% YOY. Still, compared to the 4.3% YOY decline seen a year ago, conditions are much improved.







Monthly Transaction Volume & Pricing



Transaction Volume Summary

	July '21		YTD '21	
	Vol (\$b)	YOY	Vol (\$b)	YOY
Hotel Total	2.4	252%	23.2	255%
Full-Service	1.3	251%	9.7	216%
Limited-Service	1.0	252%	13.5	289%
Single Asset	2.1	282%	12.7	151%
Portfolio	0.3	124%	10.5	613%





Market Table *Hotel*

Hotel Transactions Reported Closed		Full-Service				Limited-Service				All Hotel			
		Volume		Price		Volume		Price		Volume		Price	
YTD through July '21		\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate
Mid-Atlantic 	Baltimore	25.0	2	63,005		153.7	14	63,850		178.6	16	63,300	
	DC	51.0	1			219.1	4	318,956		270.1	5	321,958	
	DC MD burbs	59.2	3			123.6	12	55,494		182.8	15	55,494	
	DC VA burbs	139.3	5	73,526		260.2	21			399.5	26	75,170	
	Philadelphia	14.1	1			137.7	18	39,305		151.8	19	39,305	
	Pittsburgh	16.5	2			61.0	7	88,694		77.5	9	67,477	
	Richmond/Norfolk	15.6	2			186.8	24	87,363		202.4	26	80,153	
	Tertiary Mid-Atlantic	64.4	5	64,720		199.6	38	68,186	10.4%	264.0	43	67,051	10.4%
	Total	385.1	21	79,935		1,341.7	138	109,948	10.4%	1,726.9	159	99,565	10.4%
Midwest 	Chicago	84.2	5	30,030		289.6	35	69,581		373.8	40	46,556	
	Cincinnati	15.9	1			35.2	8	43,247		51.1	9	43,247	
	Cleveland	3.8	1			10.5	2			14.3	3	29,203	
	Columbus	10.5	1			50.6	10			61.1	11		
	Detroit	37.1	4			116.1	18			153.2	22		
	Indianapolis					53.3	12			53.3	12		
	Kansas City	5.2	1			62.5	8			67.7	9	50,741	
	Minneapolis	41.5	2	114,325		95.6	9			137.1	11	119,362	
	St Louis	12.0	1			36.1	8			48.1	9		
	Tertiary Midwest	73.2	9	33,416		424.2	80	56,629	10.1%	497.5	89	48,529	10.1%
Total	283.4	25	44,244		1,173.9	190	61,085	9.4%	1,457.3	215	53,997	9.4%	
Northeast 	Boston	59.1	2			372.9	19	112,372		432.0	21	129,700	
	Hartford	24.9	2			30.0	4			54.9	6		
	Long Island	35.7	3	181,168		48.4	3			84.1	6	181,168	
	Manhattan	447.2	8	192,075		49.9	1			497.0	9	195,600	
	No NJ	83.4	3			225.4	16			308.8	19	112,500	
	NYC Boroughs	142.1	2	261,607		38.0	3	235,307		180.1	5	259,069	
	Stamford	11.1	1			35.5	4			46.6	5		
	Westchester	18.0	2			27.4	3			45.4	5		
	Tertiary Northeast	92.7	7	88,808		404.2	55	102,751		496.9	62	99,269	
	Total	914.1	30	170,349		1,231.8	108	117,320		2,145.9	138	152,096	7.8%
Southeast 	Atlanta	256.3	4	268,564		331.7	33	107,179		588.0	37	179,891	
	Broward	32.6	1			222.8	18	101,892		255.3	19	101,892	
	Charlotte	34.1	3	58,991		129.7	15	91,280	6.4%	163.8	18	81,155	6.4%
	Jacksonville	38.1	2	103,601		103.8	15	57,851		141.9	17	69,963	
	Memphis	25.9	2			67.2	11	43,416		93.1	13	45,018	
	Miami	414.7	10	349,767		223.5	13	182,496		638.1	23	295,592	
	Nashville	269.0	3	292,910		99.3	12	75,844		368.2	15	210,731	
	Orlando	795.0	6	314,195		288.3	31	51,801	7.9%	1,083.3	37	186,104	6.8%
	Palm Beach	13.3	1			99.8	3			113.1	4		
	Raleigh/Durham	32.9	1			140.6	22	47,711		173.6	23	47,711	
	Tampa	99.8	5	179,699		275.5	23	135,359		375.3	28	147,454	
	Tertiary Southeast	1,177.5	32	296,760	6.0%	1,451.7	192	76,551	8.2%	2,629.1	224	133,723	7.9%
	Total	3,189.2	70	270,926	5.6%	3,433.7	388	79,631	8.2%	6,622.9	458	146,537	7.8%
Southwest 	Austin	600.8	5	377,011		208.4	22	125,394		809.1	27	333,973	
	Dallas	167.4	5			425.9	51	74,148		593.3	56	74,148	
	Denver	186.5	6	88,403		245.1	19	111,914		431.6	25	98,910	
	Houston	200.4	12	126,863		315.1	45	60,906		515.5	57	95,188	
	Phoenix	217.3	9	142,119		201.1	26	58,333		418.4	35	101,188	
	San Antonio	449.4	4	572,076		101.2	17	51,834		550.5	21	270,069	
	Tertiary Southwest	258.4	11	170,673		594.9	103	70,055	7.9%	853.3	114	91,401	7.9%
	Total	2,080.1	52	238,064	9.8%	2,091.8	283	71,705	7.8%	4,171.8	335	135,009	8.3%
West 	East Bay	112.6	3			317.5	18	54,054		430.1	21	54,054	
	Inland Empire	21.2	1			136.4	15	74,563		157.7	16	74,563	
	Las Vegas	16.1	1			91.0	9	91,954		107.0	10	91,954	
	Los Angeles	327.3	7	236,938		533.8	33	198,914		861.0	40	221,559	
	Orange Co	206.1	6	136,076		376.3	27	113,598		582.4	33	124,038	
	Portland	38.8	3	138,150		201.4	16	135,086		240.2	19	135,964	
	Sacramento	82.6	4	136,440		146.2	16			228.8	20	132,884	
	Salt Lake City	4.4	1			104.5	12	82,565	7.4%	108.9	13	82,214	7.4%
	San Diego	252.3	5	235,971		353.7	18	155,519		606.0	23	187,682	
	San Francisco	693.6	7	423,777	6.6%	194.4	5			888.1	12	411,953	6.6%
	San Jose	116.8	2			408.6	18	235,542		525.3	20	264,754	
	Seattle	295.6	3	554,644		567.8	39	152,706		863.5	42	264,987	
Tertiary West	719.0	14	605,116		789.6	105	83,768		1,508.6	119	185,512		
Total	2,886.4	57	331,235	7.3%	4,221.2	331	120,229	7.3%	7,107.6	388	198,717	7.3%	
Total	Total US	9,738.3	255	229,389	7.1%	13,494.2	1,438	90,725	8.4%	23,232.4	1,693	144,991	8.1%

Selected Recent Transactions

Property Name Address Location	Units Year Built Notes	Price \$/Unit Qualifier	Owner/Buyer Seller Broker
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Mid-Atlantic

Courtyard Capitol Hill 140 L St SE Washington, DC	204 2006 Limited-Service	\$77,993,103 \$382,319 approximate	 Blackstone from  Park Hotels & Resorts by  Hodges Ward Elliott
La Quinta Inn & Suites 192 Newtown Rd Virginia Beach, VA	130 1984 Limited-Service	\$5,516,000 \$42,431 approximate	 Baywood Hotels from  CorePoint Lodging



Northeast

Lexington New York City 511 Lexington Ave New York, NY	725 1929 Full-Service	\$185,240,000 \$255,503 confirmed	 Island Capital JV MCR Hotels JV Three Wall Capital from  DiamondRock Hospitality Co by  CBRE, JLL
Residences at Executive Park Drive 1 Vanderbilt Dr Merrimack, NH	280 2020 Limited-Service	\$86,500,436 \$308,930 confirmed	 DSF Group by  CBRE from  SMC Management by  CBRE

Southeast

Baker's Cay Resort Key Largo 97000 Overseas Hwy Key Largo, FL	200 1985 Full-Service	\$200,000,000 \$1,000,000 confirmed	 Host Hotels & Resorts from  KHP Cap Partners
W Atlanta-Midtown 188 14th St NE Atlanta, GA	467 1974 Full-Service	\$160,000,000 \$342,612 approximate	 Schulte Hospitality from  GEM Realty

Southwest

Hotel Alessandra 1070 Dallas St Houston, TX	225 2017 Full-Service	\$65,000,000 \$288,889 confirmed	 Host Hotels & Resorts from  Midway Companies by  JLL
Doubletree Tulsa Downtown 616 W 7th St Tulsa, OK	417 1981 Full-Service	\$20,986,500 \$50,327 approximate	 Mark Beffort from  Stratford Hospitality

West

Marriott AC Hotel 210 106th Pl NE Bellevue, WA	234 2017 Full-Service	\$87,000,000 \$371,795 confirmed	 Lodging Dynamics from  Aju Group by  Eastdil Secured
Hotel Adagio 550 Geary St San Francisco, CA	171 1929 Full-Service	\$82,000,000 \$479,532 approximate	 Magna Hospitality Grp from  Park Hotels & Resorts

No notable deals for the Midwest region.

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About Capital Trends

Capital Trends reports analyze and interpret trends in the global real estate market using RCA's comprehensive data. US Capital Trends is a monthly edition comprising an overview of the U.S. market and separate reports on the five main property types. Asia Pacific, Europe and Global Capital Trends are published quarterly. Australia Capital Trends was launched in February 2021.

Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.