



# WESTSHORE ALLIANCE 2024 LODGING PRESENTATION





## WHAT HAS CHANGED SINCE LAST YEAR?

- Elevated interest rate environment combined with retreating RevPAR from record highs seen in 2023 have slowed transaction activity in Tampa Bay
  - Bid ask gap: owners want to sell, but don't need to sell given still strong performance supports existing loans. Growth outlook has slowed, which makes it harder to justify high pricing levels.
  - Transaction catalysts: upcoming loan maturities leading to elevated debt burden, and/or PIP/capex requirements
- How have high interest rates affected the hotel industry?
  - **Strength:** Best inflation hedge since short-term leases (nightly).
  - **Weakness:** Most expensive and hardest asset class to finance.
  - **Opportunity:** Corporate, group and international travel continue to recover and may counteract the pullback in leisure business
  - **Threat:** Induced recession would immediately impact profits since rates change by the day.
- Massive insurance premium increases and labor/supplies inflation have placed downward pressure on operating margins.

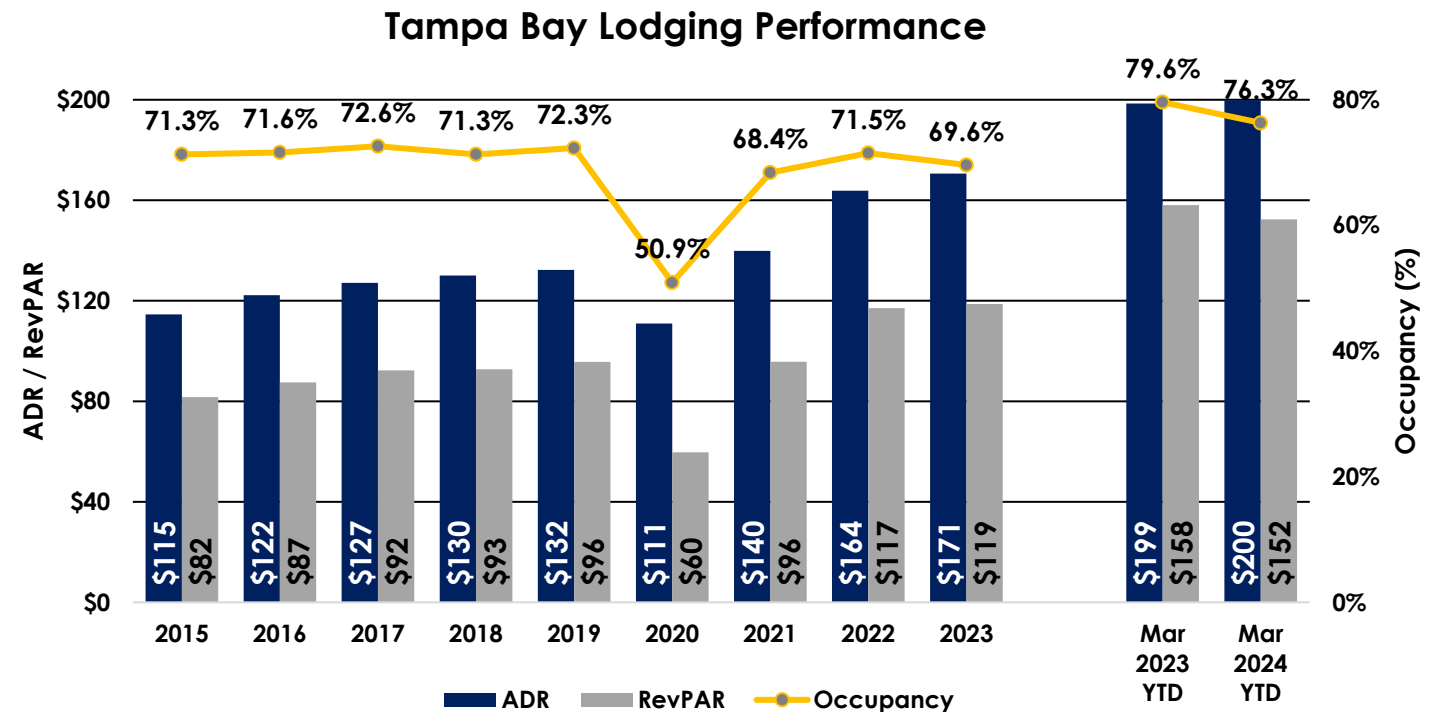
## KEY THEMES – 2024 & BEYOND

- #1 TAMPA BAY REVPAR STILL STRONG, BUT SOFTENING COMPARED TO RECORD 2023
- #2 LEISURE PULLBACK COUNTERACTED BY CORPORATE & GROUP RECOVERY
- #3 ELEVATED INTEREST RATES STILL CAUSING DIFFICULT TRANSACTION ENVIRONMENT
- #4 IS THE GREAT INSURANCE RATE RESET OVER?
- #5 MUTED NEW HOTEL SUPPLY HELPS PERFORMANCE OUTLOOK FOR EXISTING INVENTORY
- #6 TAMPA REMAINS ONE OF THE MOST DESIRABLE INVESTMENT MARKETS IN THE NATION
- #7 TAMPA IS A PREMIER TOURIST DESTINATION AND ESTABLISHED HOST CITY FOR EVENTS

# #1 – TAMPA BAY REVPAR STRONG, BUT SOFTENING COMPARED TO RECORD 2023

- Market RevPAR as of March 2024 TTM is 26% higher than 2019 (\$117 vs. \$93), but has declined by 3.6% since the peak of \$122 observed in Sep 2023 TTM
- 2024 pullback driven by occupancy (-4.5% Mar 2024 TTM YoY), while ADR still marginally positive
- Top national hotel markets have normalized after COVID-19. As a result, Tampa Bay ranked #15 in terms of RevPAR in 2023, compared to #16 in 2019

Tampa Bay RevPAR Growth Rankings			
Year	RevPAR	RevPAR Growth	Growth Ranking
2023	\$118.74	1.4%	#23
2022	\$117.05	22.3%	#21
2021	\$95.74	60.4%	#1
2020	\$59.68	-37.6%	#1
2019	\$95.65	3.1%	#5
2018	\$92.73	0.5%	#20
2017	\$92.28	5.5%	#4
2016	\$87.49	7.1%	#4
2015	\$81.68	12.9%	#1
2014	\$72.33	12.0%	#6



Source: CoStar/STR

# #1 – TAMPA BAY REVPAR STRONG, BUT SOFTENING COMPARED TO RECORD 2023

USA Lodging Market											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mar 2023 YTD	Mar 2024 YTD
Occupancy	65.6%	67.3%	65.9%	66.2%	66.1%	44.0%	57.7%	62.6%	63.0%	59.4%	58.2%
ADR	\$120.01	\$121.07	\$126.77	\$129.83	\$131.21	\$103.25	\$124.68	\$149.24	\$155.62	\$151.89	\$155.21
RevPAR	\$78.67	\$81.45	\$83.53	\$85.96	\$86.76	\$45.48	\$71.88	\$93.39	\$97.97	\$90.15	\$90.30
Growth	6.3%	3.5%	2.6%	2.9%	0.9%	-47.6%	58.0%	29.9%	4.9%	-	0.2%
Florida Lodging Market											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mar 2023 YTD	Mar 2024 YTD
Occupancy	72.0%	71.6%	73.7%	72.9%	72.3%	47.9%	64.5%	70.6%	69.1%	76.6%	74.7%
ADR	\$131.45	\$134.35	\$138.00	\$144.06	\$145.21	\$132.57	\$158.38	\$188.14	\$188.74	\$220.99	\$222.32
RevPAR	\$94.64	\$96.21	\$101.69	\$104.97	\$104.92	\$63.58	\$102.20	\$132.92	\$130.41	\$169.28	\$166.05
Growth	9.3%	1.7%	5.7%	3.2%	0.0%	-39.4%	60.7%	30.1%	-1.9%	-	-1.9%
Tampa-St. Petersburg Lodging Market											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mar 2023 YTD	Mar 2024 YTD
Occupancy	71.3%	71.6%	72.6%	71.3%	72.3%	50.9%	68.4%	71.5%	69.6%	79.6%	76.3%
ADR	\$114.56	\$122.19	\$127.13	\$130.07	\$132.27	\$110.93	\$139.87	\$163.75	\$170.59	\$198.50	\$199.80
RevPAR	\$81.68	\$87.49	\$92.28	\$92.73	\$95.65	\$59.68	\$95.74	\$117.05	\$118.74	\$158.08	\$152.38
Growth	12.9%	7.1%	5.5%	0.5%	3.1%	-37.6%	60.4%	22.3%	1.4%	-	-3.6%
Tampa CBD/Westshore Submarket											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mar 2023 YTD	Mar 2024 YTD
Occupancy	76.5%	76.8%	77.1%	76.0%	75.7%	41.6%	61.9%	71.4%	72.1%	81.1%	79.3%
ADR	\$112.20	\$120.95	\$126.48	\$129.43	\$141.20	\$112.14	\$138.21	\$171.19	\$188.22	\$222.55	\$223.44
RevPAR	\$85.83	\$92.91	\$97.53	\$98.34	\$106.93	\$52.76	\$85.59	\$122.23	\$135.71	\$180.36	\$177.11
Growth	11.3%	8.2%	5.0%	0.8%	8.7%	-50.7%	62.2%	42.8%	11.0%	-	-1.8%

Source: CoStar/STR

## #2 – LEISURE PULLBACK COUNTERACTED BY CORPORATE & GROUP RECOVERY

- Tampa International Airport ridership continues to set records and is 9.1% above the prior peak achieved in 2019. International ridership is growing even more quickly, as TPA added four destinations in 2022 and recently announced new service to Mexico City and Amsterdam starting later this year.
- Leisure demand softened along the coast, with St. Pete Beach RevPAR down over 20% as of Mar 2024 YTD. Recovering business travel and a strong convention calendar have helped downtown Tampa and downtown St. Pete combat these headwinds.
- As domestic and international destinations opened to travel following a post-pandemic recovery that favored Florida, tough year-over-year performance comps are being felt across the state. Notably, Tampa CBD/Westshore is the only submarket in FL that saw Mar 2024 TTM RevPAR growth, however this is slowing down in the latest data.

Florida Submarkets RevPAR % Change by Month						
	Tampa CBD	St. Pete	Clearwater	Sarasota	Jax CBD	Orlando CBD
<b>Inventory</b>	<b>13,905</b>	<b>11,545</b>	<b>9,145</b>	<b>7,203</b>	<b>7,457</b>	<b>10,406</b>
Mar 2024 TTM	3.7%	-4.9%	-6.0%	-8.8%	-5.3%	-4.1%
Mar 2024	-6.3%	1.0%	7.4%	2.0%	-13.9%	-0.3%
Feb 2024	4.3%	-8.9%	-7.0%	-7.9%	-0.3%	0.6%
Jan 2024	-2.6%	-6.8%	-6.3%	-11.9%	0.0%	-2.4%
Dec 2023	-0.8%	-7.5%	-10.6%	-7.6%	-4.5%	-9.8%
	Miami CBD	Miami Beach	Ft. Lauderdale	W Palm Beach	Key West	Panama City
<b>Inventory</b>	<b>11,418</b>	<b>23,099</b>	<b>10,858</b>	<b>11,380</b>	<b>5,410</b>	<b>11,340</b>
Mar 2024 TTM	-3.8%	-8.9%	-4.2%	-5.7%	-5.4%	-7.3%
Mar 2024	1.9%	0.1%	-5.5%	-1.7%	2.8%	-10.0%
Feb 2024	14.2%	0.8%	-3.6%	-2.6%	1.1%	-9.4%
Jan 2024	15.4%	-0.3%	-1.3%	-6.3%	3.0%	-9.2%
Dec 2023	13.7%	6.7%	5.1%	-2.3%	1.3%	-6.2%

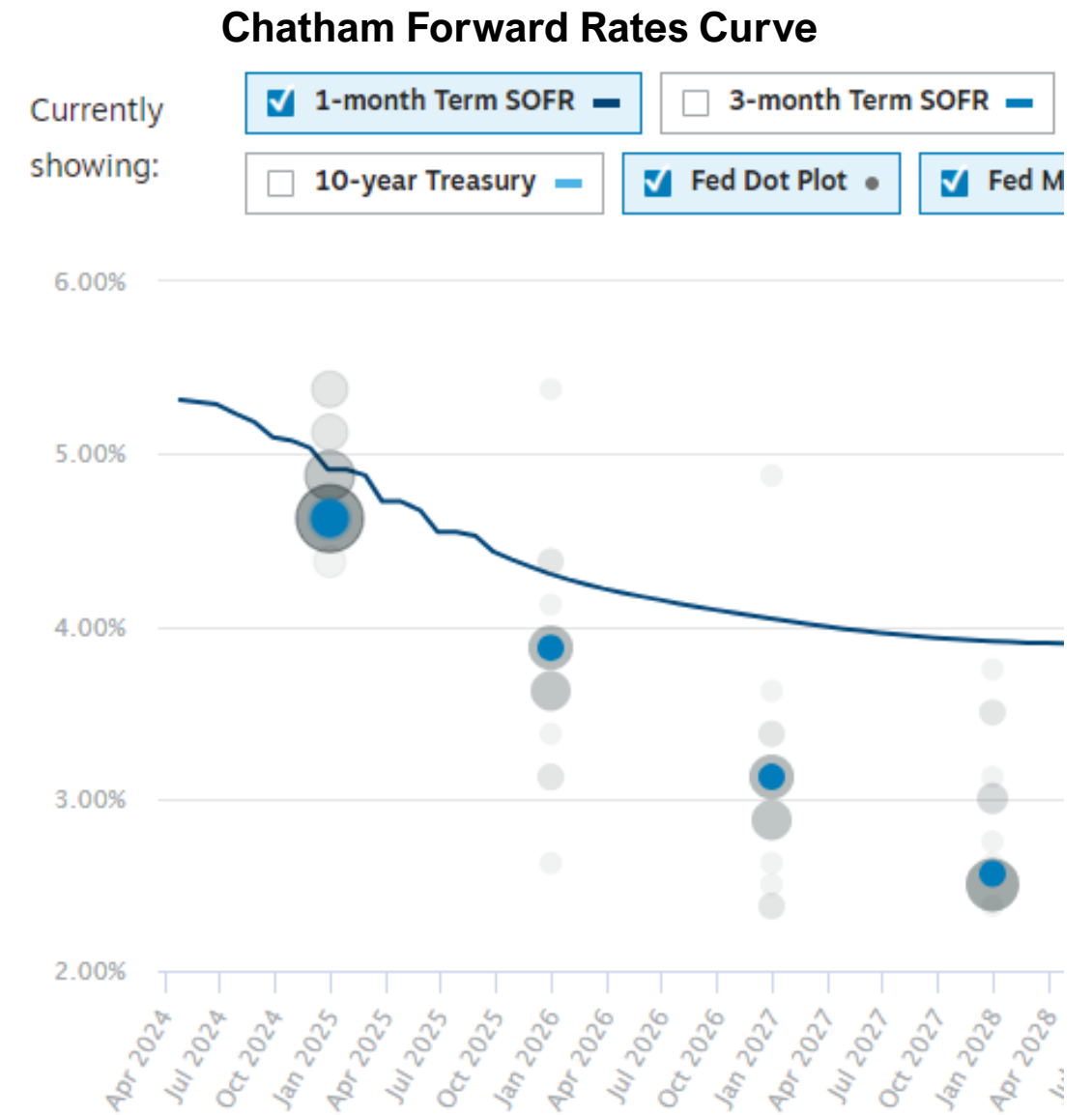
Tampa International Airport Ridership		
Year	Total Passengers	Int'l Passengers
2014	17,552,707	621,608
2015	18,815,425	719,261
2016	18,931,922	851,490
2017	19,624,284	913,308
2018	21,289,390	1,019,227
2019	22,497,953	1,193,300
2020	10,238,151	296,487
2021	18,115,213	178,474
2022	20,658,161	869,702
2023	23,948,889	1,245,203
Mar 2024 TTM	24,549,767	1,313,012

TPA New International Route Announcements		
Destination	Airline	Date in Service
Amsterdam, NL	Delta	Oct 2024
Mexico City, MX	Aeromexico	Jul 2024
London Heathrow, UK	Virgin Atlantic	Nov 2022
Punta Cana, DR	Frontier	Jul 2022
Santo Domingo, DR	Frontier	Jun 2022
Montego Bay, JAM	Frontier	Jun 2022

Sources: CoStar/STR, TPA Statistics, HWE Research

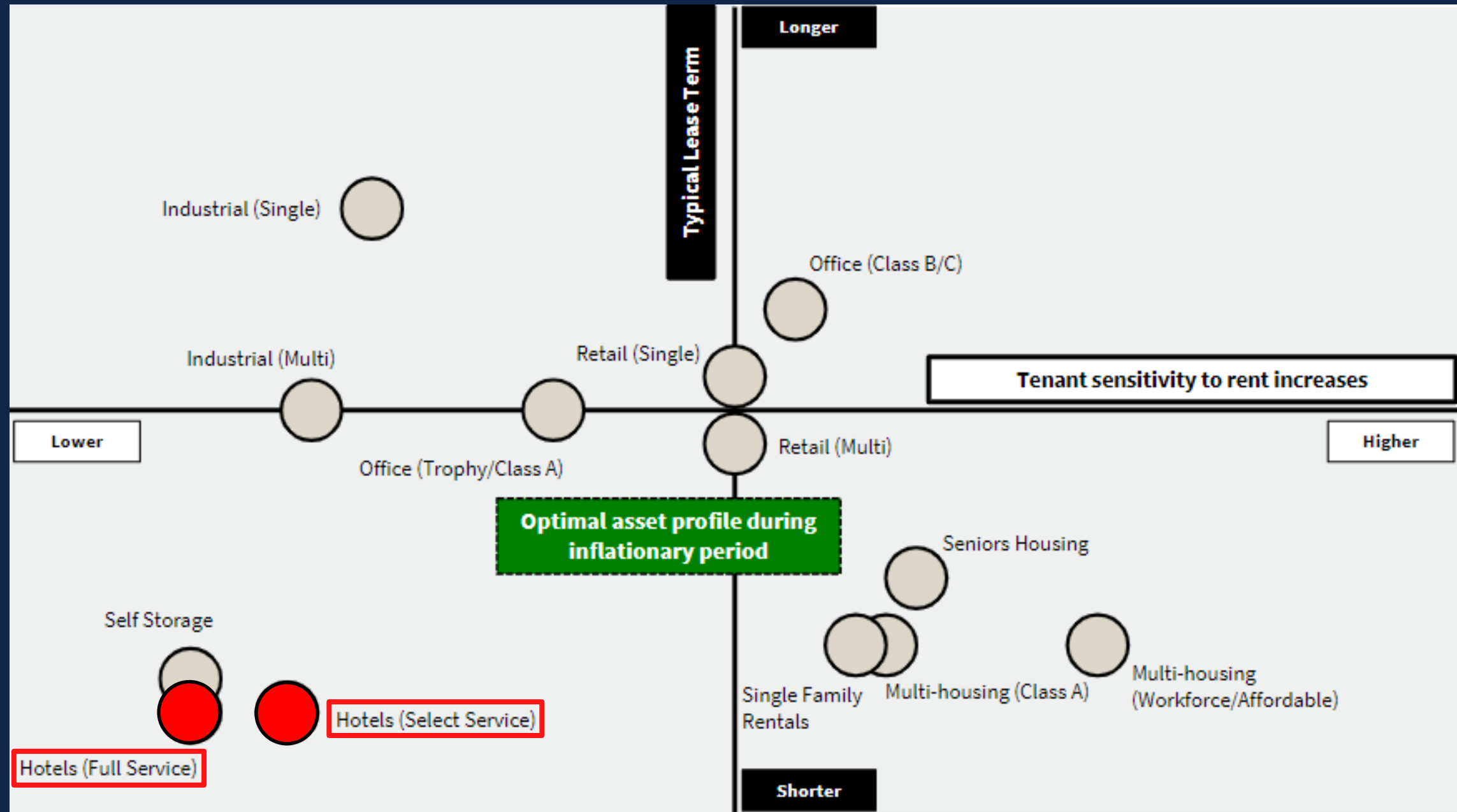
## #3 – ELEVATED INTEREST RATES CAUSING DIFFICULT TRANSACTION ENVIRONMENT

- High debt costs combined with tight lending standards have resulted in U.S. lodging transactions declining by 20% from 83 single asset trades above \$10M worth \$3.5B in 1Q 2023 to 66 sales worth nearly \$2.5B in 1Q 2023. Only eight hotel transactions nationally were above \$50M.
- Eight trades or roughly 12% of the national 1Q 2024 transaction total occurred in the State of Florida, which is down from 18 trades (22% of national total) in 1Q 2023.
- Robust revenues, limited new supply and significant capital inflows continue to support strong performance, however cracks are emerging as Mar 2024 national RevPAR declined on a year-over-year basis for the first time since Feb 2021.
- High quality assets with strong in-place cash flow are still seeing strong demand from investors and efficient cost of capital lenders, while transitional hotels reliant on corporate recovery or in need of a PIP are out of favor.



Sources: LWHA Sales Survey 1Q 2024, Chatham Financial, HWE Research

# #3 – HOTEL INVESTMENTS AS A HEDGE AGAINST INFLATION





## #4 – IS THE GREAT INSURANCE RATE RESET OVER?

- Similar to what we saw in residential and other commercial real estate sectors, the rising cost and reduced availability of insurance are putting upward pressure on premiums especially in flood zones near the waterfront.
- A survey of Florida-based hotel owners recently told us that inland properties recently saw insurance expenses increase 20-40% in 2023, while beachfront and flood-prone assets experienced increases anywhere from 60% to 4x over the prior year. Some of this is due to marking replacement costs up to market levels, while coverage cost increases account for the remainder.
- Legislative action passed on the state level to combat excessive litigation in 2023 and 2024 is beginning to work its way through the system, resulting in better availability of coverage and lowering premium hikes. As of Mar 2024, Citizens Property Insurance Corp held 1.16 million policies with plans to transfer 338,000 policies to private insurers over the course of 2024.
- The 2024 hurricane season could be one of the most active on record, with Colorado State University forecasting 23 named storms, 11 hurricanes and 5 major hurricanes.

## #5 – MUTED NEW HOTEL SUPPLY SUPPORTS EXISTING ASSET PERFORMANCE

- 757 keys or 10% of existing inventory have been added to the Westshore lodging market since 2019, while no new hotels are currently under construction.
- Persistently elevated construction costs and a challenging interest rate environment have made new projects more difficult to pencil for developers.
- This muted pipeline will help the performance of existing hotel inventory in growing areas like Westshore as additional lodging demand is distributed among a stable inventory.

Westshore Hotel New Supply						
Property Name	Address	# Keys	Year Built	Developer	Status	
Holiday Inn Express & Suites Stadium Area	2055 N Dale Mabry Hwy	100	2Q 2023	Jayesh Patel	Delivered	
Home2 Suites Tampa Westshore Airport	5222 W Laurel St	106	2Q 2021	Baywood Hotels	Delivered	
Midtown Tampa Aloft / Element	3650 Midtown Dr	226	1Q 2021	Whitman Peterson JV Concord	Delivered	
Hyatt House Tampa Airport / Westshore	5308 Avion Park Dr	145	1Q 2021	McKibbon Hotel Group	Delivered	
The Current, Autograph Collection	2545 N Rocky Point Dr	180	3Q 2019	Lifsey Family JV Pinnacle	Delivered	

Sources: Real Capital Analytics, HWE Research

# #5 – TAMPA HOTELS CONTINUE TRADING AT STRONG TRANSACTION VALUES

Recent Westshore Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built	Sale Price	Price per Key	Buyer	Seller
Grand Hyatt Tampa Bay	In Market	444	1986	Confidential	-	-	Walton Street Capital
Residence Inn Tampa Westshore	Dec-23	160	2001	Confidential	-	Dauntless Capital	SREIT
TownePlace Suites Tampa Westshore	Dec-23	122	2008	Confidential	-	Chirag Desai	SREIT
Westin Tampa Bay <sup>1</sup>	May-23	252	2008	\$59,850,000	\$237,500	Pyramid (w/ Arizona Teachers)	Castlerock Asset Management
DoubleTree Suites Tampa Bay Waterfront	Jan-23	291	1986	\$75,950,000	\$260,997	Black Pearl Capital JV Oliver Cos	Square Mile JV Westmont
Aloft/Element Midtown Tampa <sup>2</sup>	Apr-22	226	2021	\$74,580,000	\$330,000	Riller Capital	Concord JV Whitman Peterson
The Current, Autograph Collection, Tampa*	Dec-21	180	2019	\$85,000,000	\$472,222	Caspers Company	Pinnacle Hospitality, AAOF, Lifsey
Ramada Tampa Airport Westshore <sup>3*</sup>	Dec-21	237	1981	\$18,900,000	\$79,747	Cardinal Point Management	Equity Management Partners
The Godfrey Hotel & Cabanas	Aug-21	276	1974	\$35,000,000	\$126,812	MCR Investors	Oxford Capital Group

<sup>1</sup> Price excludes roughly \$20M of PIP/capex.

<sup>2</sup> Hotel transacted as part of a 3-property portfolio.

<sup>3</sup> Hotel is now under contract with a multifamily developer at a confidential premium to previous sale price.

\*Represents HWE Team transaction.

Recent Downtown Tampa Hotel Transactions							
Property Name	Sale Date	# Keys	Year Built	Sale Price	Price per Key	Buyer	Seller
Aloft Tampa Downtown <sup>1</sup>	Aug-23	130	2014	\$36,700,000	\$282,308	Newbond Holdings	Pharos Hospitality
Hotel Tampa Riverfront (fmr Sheraton)	Oct-22	277	1969	\$63,000,000	\$227,437	Newbond Holdings JV Apollo	Insite Group
Le Meridien Tampa Downtown <sup>2</sup>	Oct-21	130	1905	\$37,500,000	\$288,462	Certares	Development Services Group
Floridan Palace Tampa, Tapestry Collection <sup>3</sup>	Oct-21	205	1927	\$47,000,000	\$229,268	1754 Properties JV Triangle Group	Antonios Markopoulos
Westin Tampa Waterside <sup>4</sup>	Sep-21	299	1985	\$90,000,000	\$301,003	Newbond Holdings JV Apollo	Walton Street Capital
Hampton Inn & Home2 Suites Channel District	Jul-21	213	2019	\$57,510,000	\$270,000	Noble Investment Group	Liberty Group of Companies

<sup>1</sup> Price excludes roughly \$4.6M of PIP/capex.

<sup>2</sup> Hotel is on a ground lease with National Park Service.

<sup>3</sup> Price excludes roughly \$25M of PIP/capex to rebrand as a Tapestry Collection by Hilton.

<sup>4</sup> Hotel was refinanced in Jan 2024 with \$100M of proceeds. A sale process in Spring 2023 yielded top offers around \$135M or \$440k/key.

Sources: Real Capital Analytics, HWE Research



# #6 – TAMPA REMAINS ONE OF THE MOST DESIRABLE U.S. INVESTMENT MARKETS

**Institutional hotel investors continue targeting Tampa Bay for acquisitions given years of strong population in-migration and recurring accolades as a top place to live, work, play and stay.**

## Tampa named by TIME Magazine as one of the 'World's Greatest Places'

**Forbes names Tampa best Florida city to live**  
 by: [Sam Sachs](#)  
 Posted: Jan 2, 2023 / 11:30 AM EST  
 Updated: Jan 3, 2023 / 04:50 AM EST

## Millennials Can't Get Enough of This Stretch of Florida Coast

*Why people of a certain age are flocking to Tampa and St. Petersburg.*

Sources: TIME Magazine, Forbes, USA Today, LinkedIn, SmartAsset, Niche, WalletHub, Redfin, J.D. Power, Smartest Dollar, League of American Bicyclists

# #7 – TAMPA IS AN ESTABLISHED HOST CITY FOR LARGE EVENTS

## MAJOR SPORTS EVENTS:

Tampa's 99 youth and amateur sporting events across 28 sports in 2022-23 generated more than 250,000 hotel room-nights



SUPER BOWL LV 2021



U.S. GYMNASTICS CHAMPIONSHIPS 2022



NCAA MEN'S FROZEN FOUR 2023



LACROSSE NATIONAL CUP CHAMPIONSHIP 2024



NCAA WOMEN'S BASKETBALL FINAL FOUR 2025



NCAA MEN'S BASKETBALL TOURNAMENT FIRST & SECOND ROUNDS 2026

Sources: Hillsborough County EDC, HWE Research

# THANK YOU

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