

# Development spotlight: Where to build?

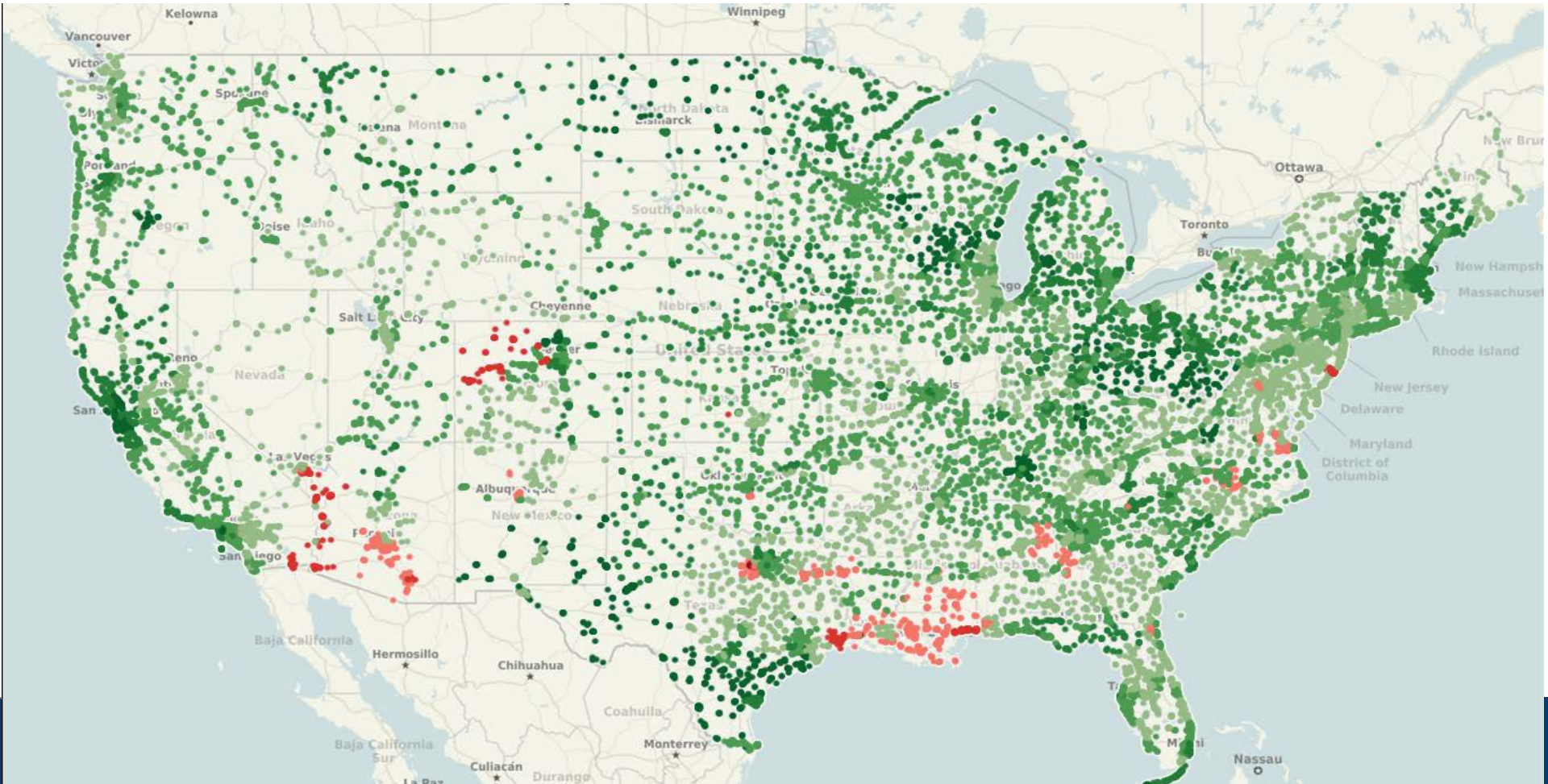


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#hoteldataconf • wifi password: **Nsight15**

 **HOTELDATA  
CONFERENCE**™  
Hosted by **STR** and **Hotel News Now**  
Presented by **RateGain**

# Green is Good...Most Markets at all-time high



# Evaluated metrics for 630 U.S. submarkets



# Development Conditions

- Strong Supply/Demand Dynamics
  - Rate growth
  - New Supply Absorption
  - High Occupancies
  - Sell-out nights
  - Future supply risk

# Analysis Limitation

- Highest & Best Use
- Long-term Economic
- Feasibility

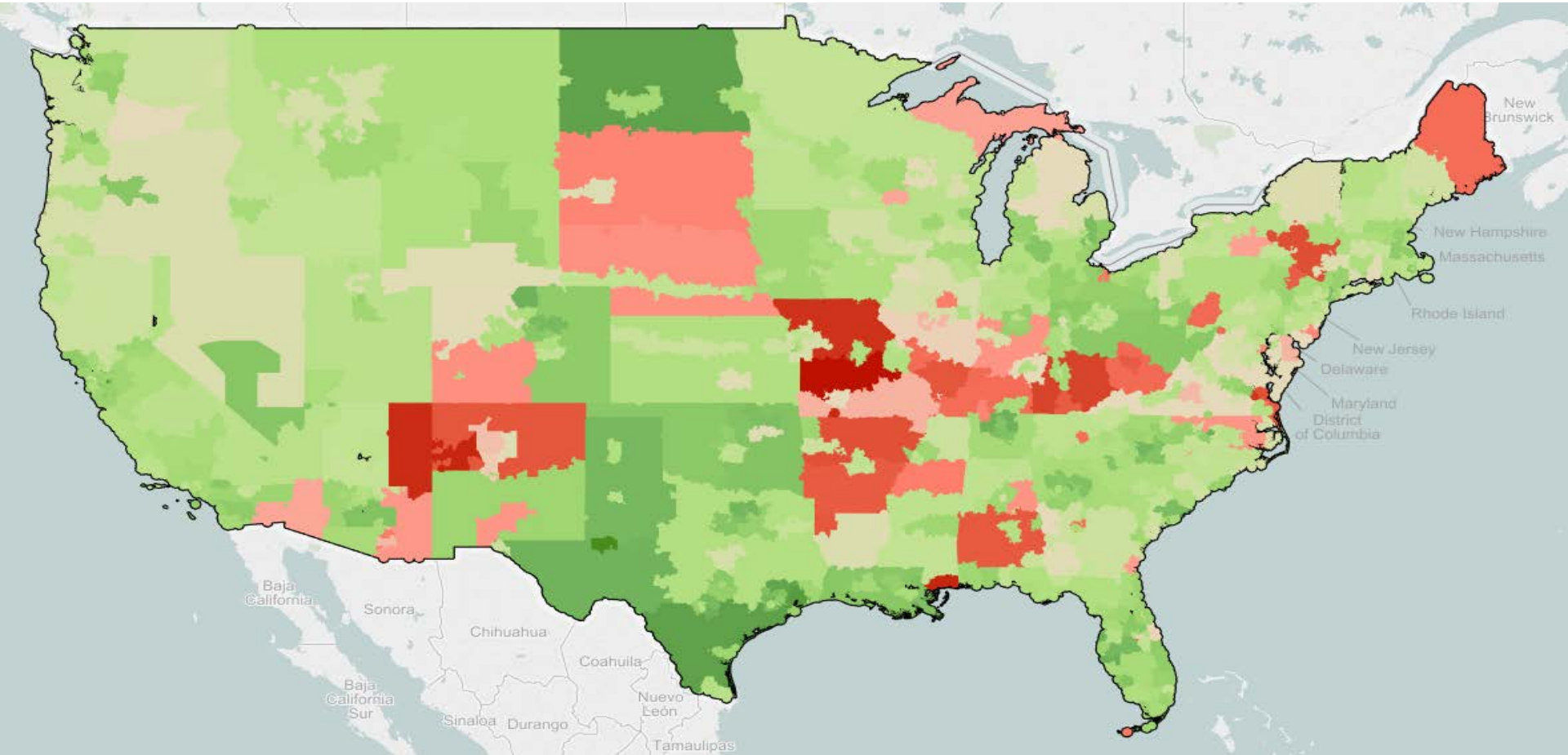


# Demand

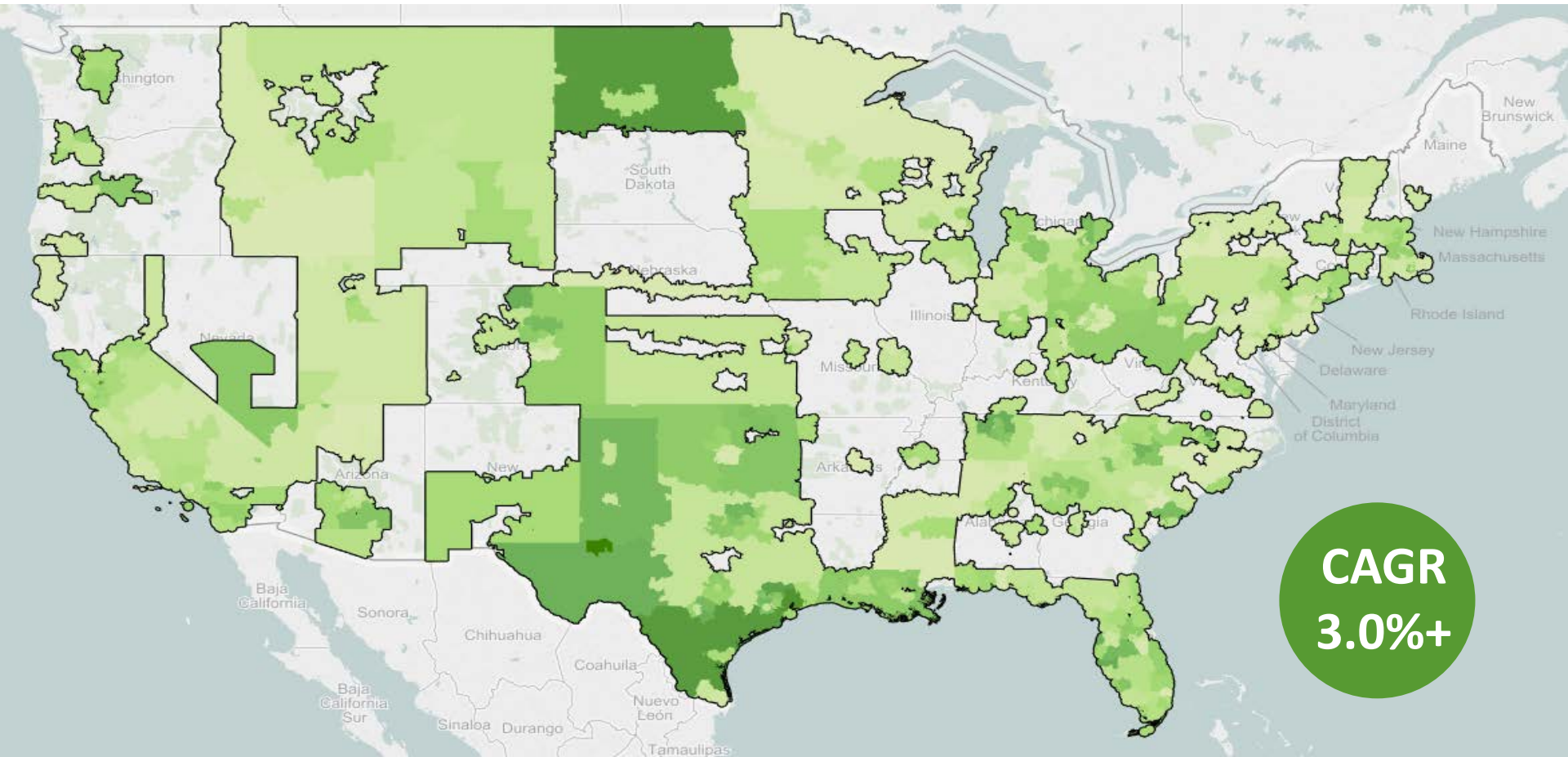




# Demand Growth 2009 – June 2015



# Demand Growth 2009 – June 2015





# Highest Demand Growth

Avg. Annual Compounded Growth 2009 – June 2015

0.0%

5.0%

10.0%

15.0%

Midland/Odessa, TX

12.8%

Houston East/Baytown, TX

10.6%

Texas South Area

10.5%

Houston North/Woodlands, TX

10.1%

North Dakota Area

9.7%

Nashville Other Areas, TN

9.6%

Wake Forest/Route 1, NC

9.4%

Tarpon Springs/North Shore, FL

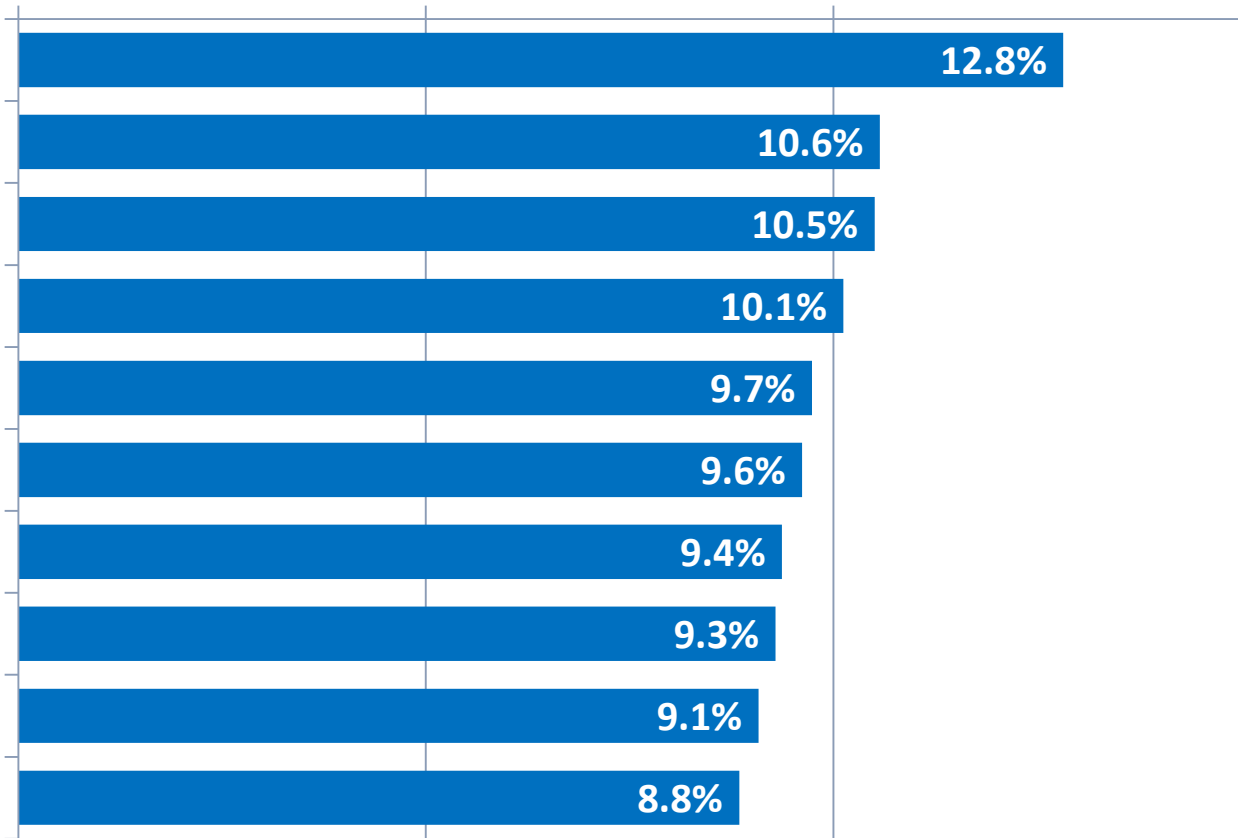
9.3%

Bradenton/Airport, FL

9.1%

San Antonio South, TX

8.8%

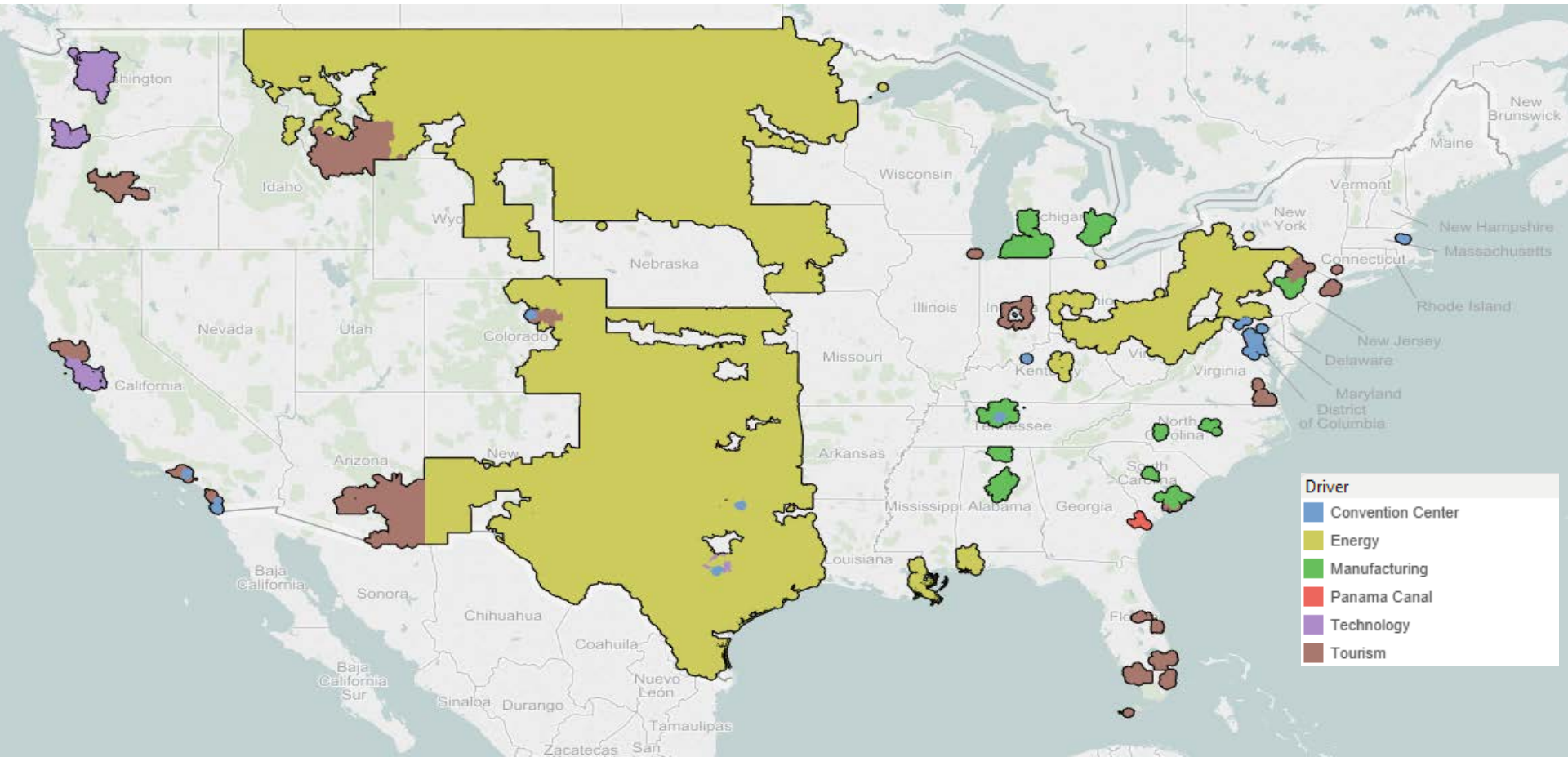


# Supply/Demand

2009 – June 2015

- Demand Growth Outpaced Supply Growth in 610 of 630 Submarkets
- 4.0%+ Demand CAGR in 316 Submarkets

# Demand Drivers



# Factors Driving Future Demand

- Energy Economy
- Tech Industry
- Manufacturing (Auto, Airline & Aerospace)
- Convention/Groups
- International Visitation/Exchange Rate

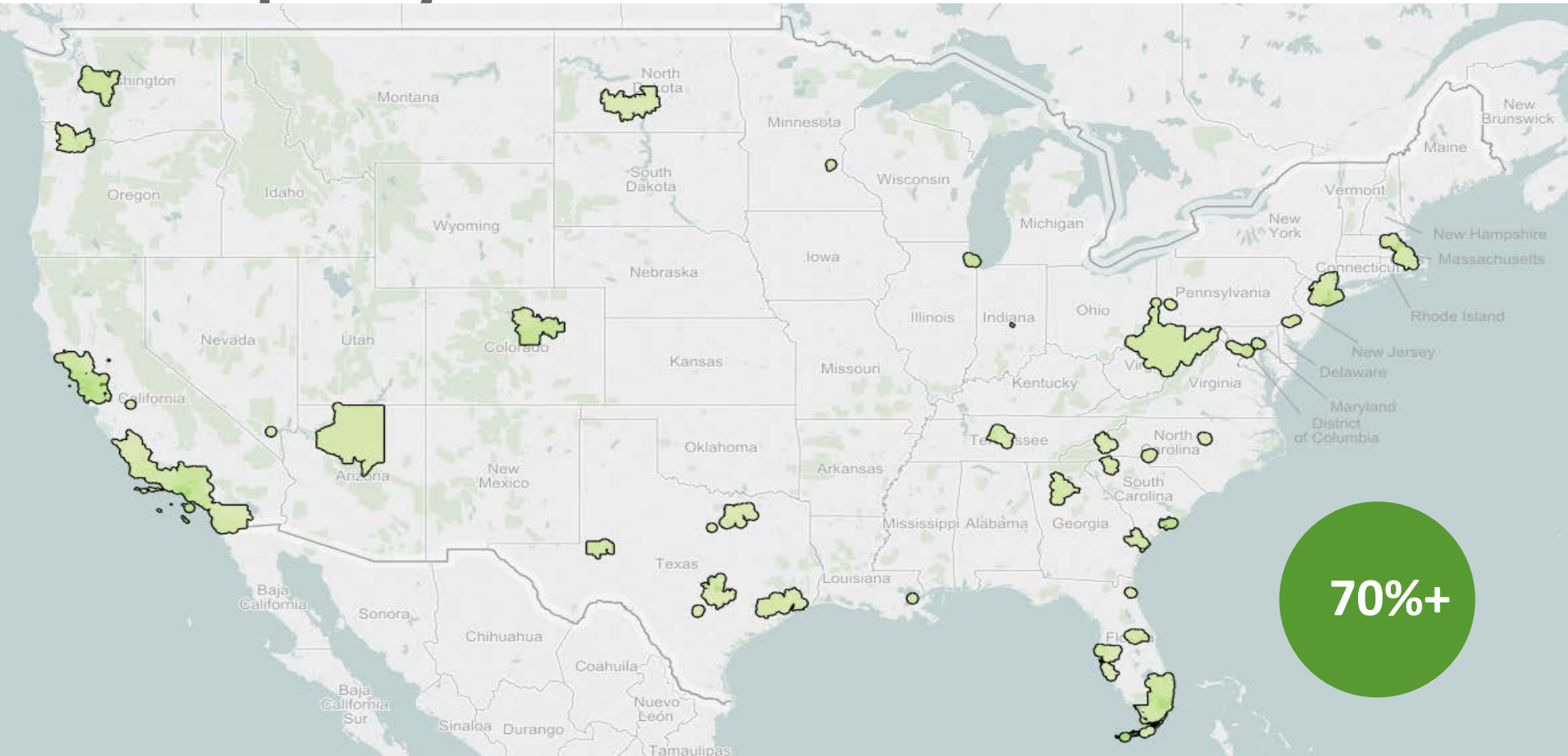
# Occupancy





# Occupancy Levels

# TTM June 2015



70%+

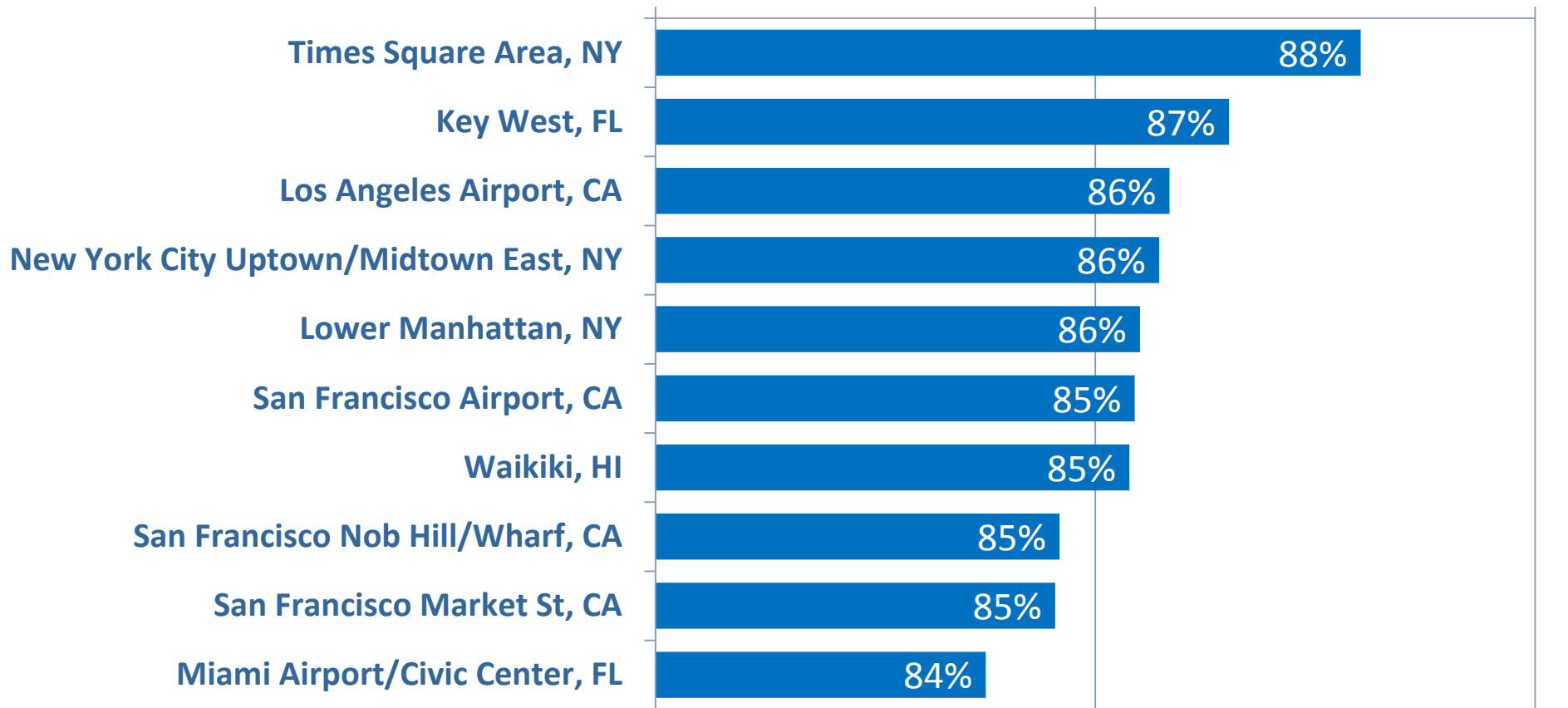
# Highest Occupancy Levels

TTM June 2015

80%

85%

90%



# Sellout Nights

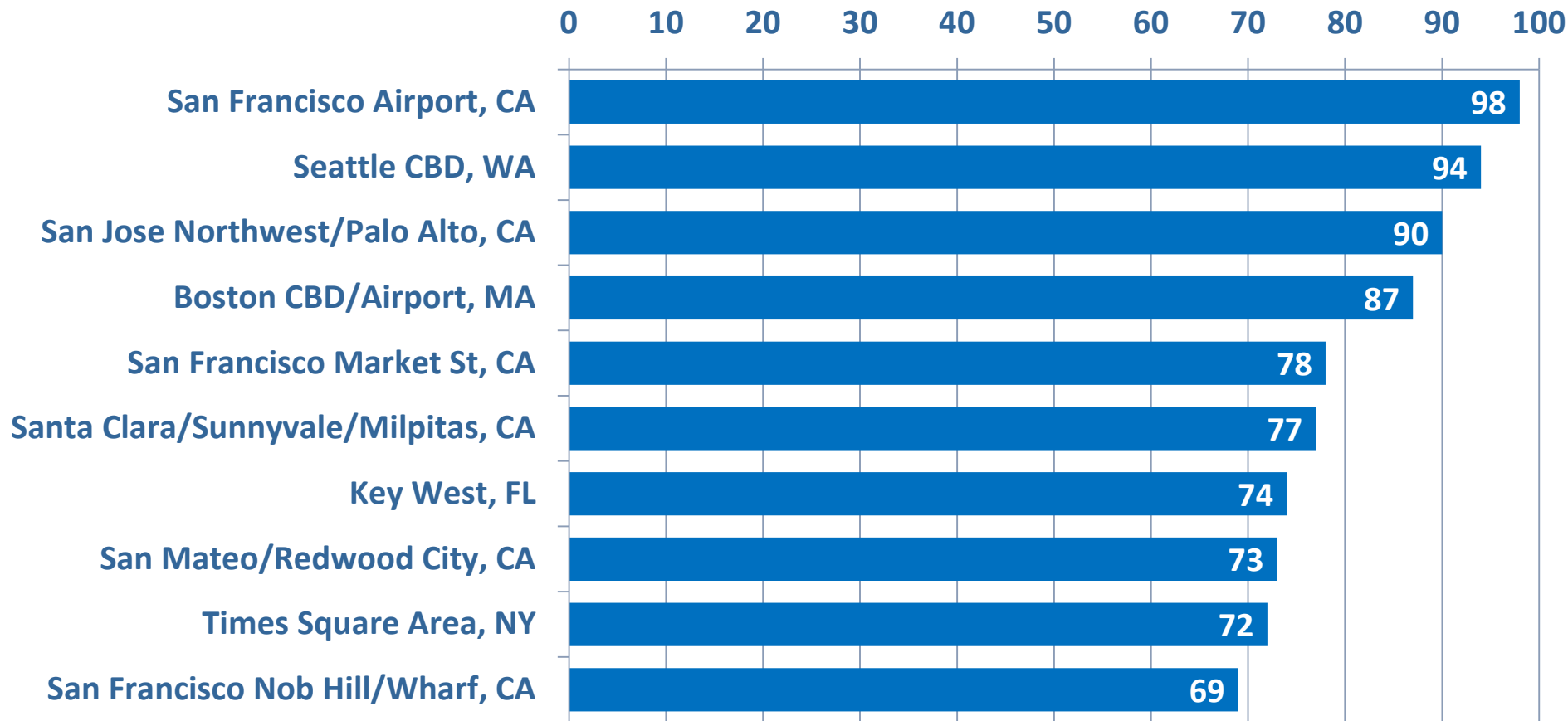


## Sellout Nights (Occupancy>95%)

# TTM June 2015

# Sellout Nights (Occupancy>95%)

TTM June 2015

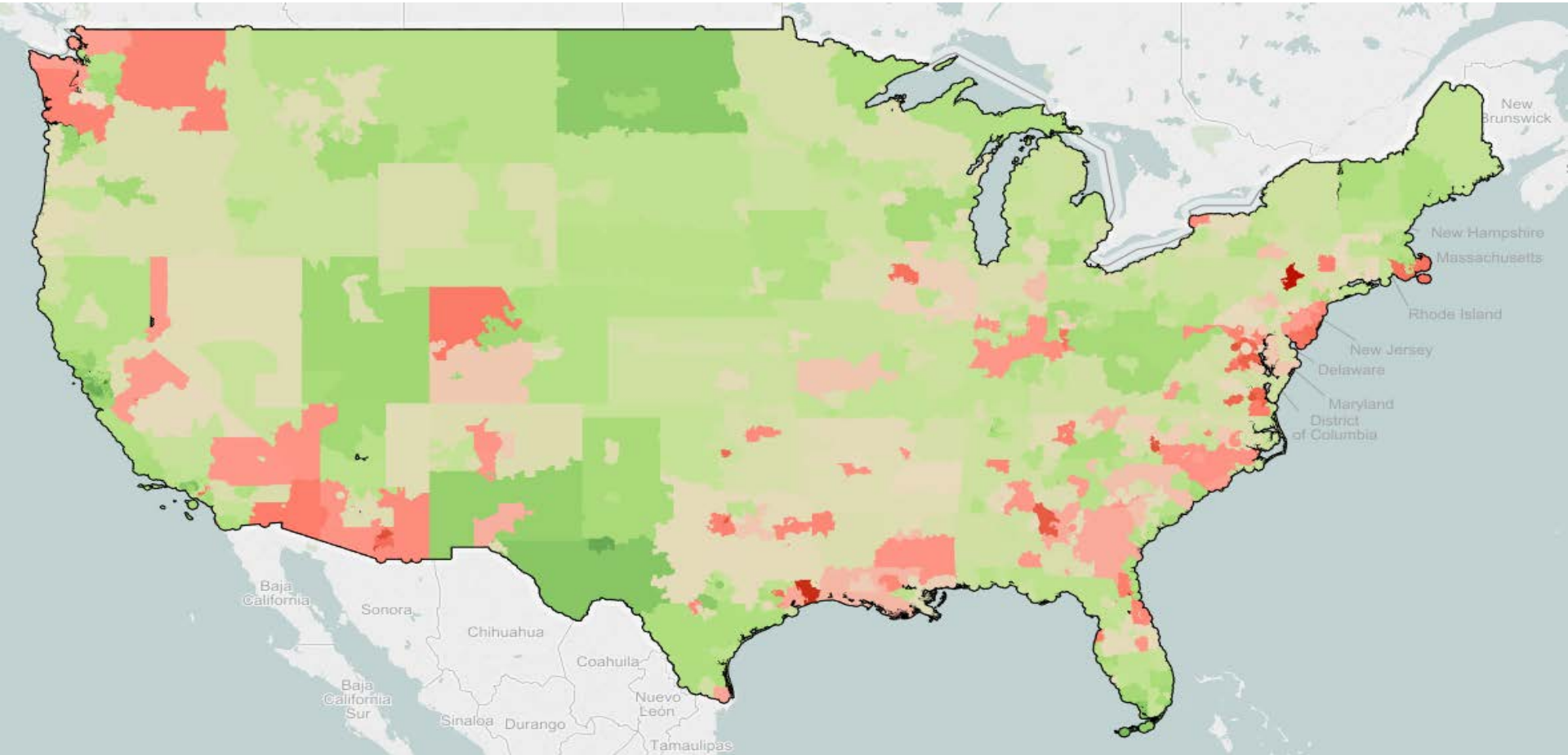




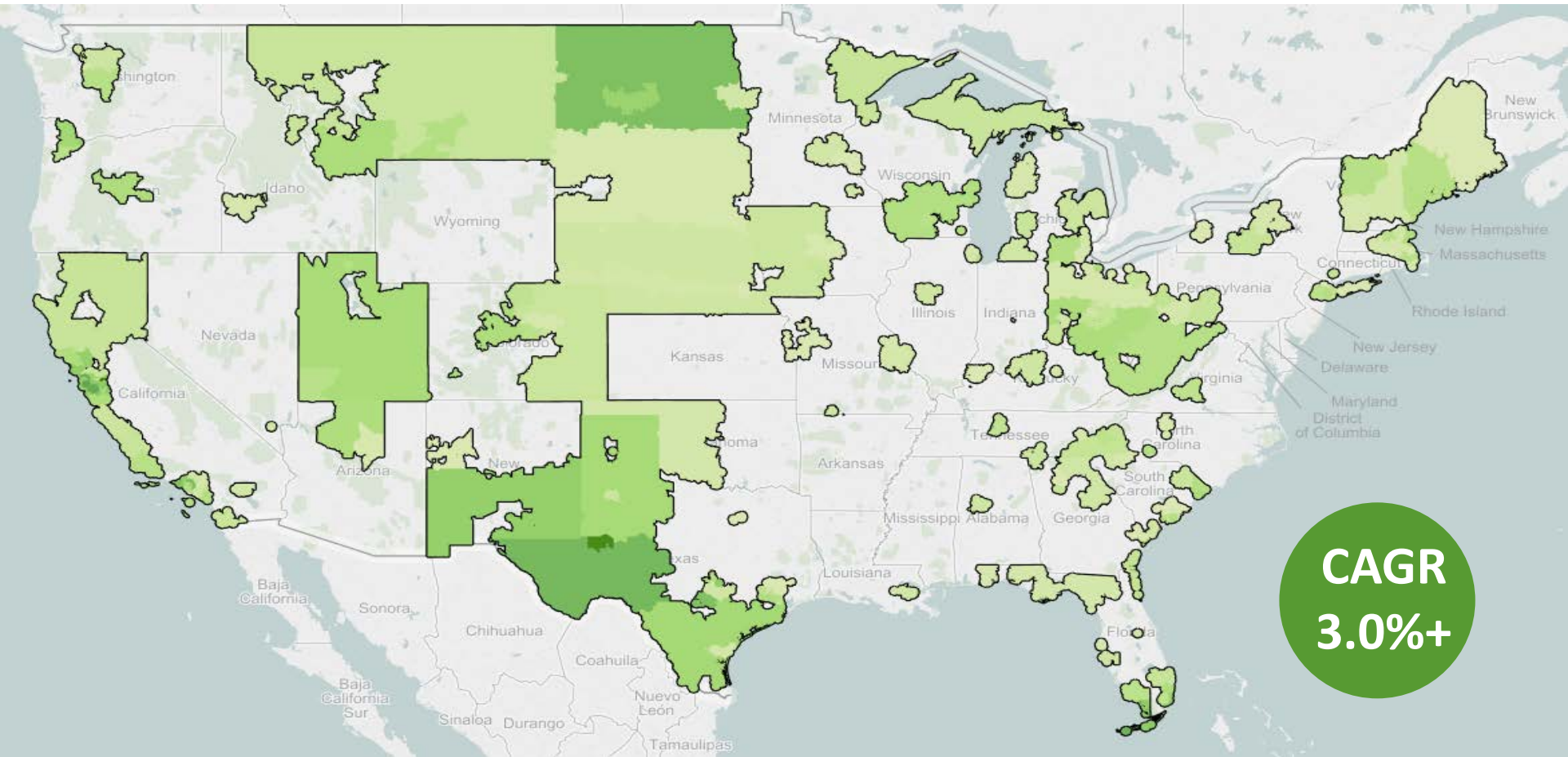
# ADR Growth



# ADR Growth 2009 – June 2015



# ADR Growth 2009 – 2015 June



# Highest ADR Growth

Avg. Annual Compounded Growth 2009 – June 2015

3.0%

5.0%

7.0%

9.0%

11.0%

Midland/Odessa, TX

10.7%

Fremont/Newark, CA

10.7%

Santa Clara/Sunnyvale/Milpitas, CA

10.5%

San Jose Northwest/Palo Alto, CA

10.4%

San Francisco Nob Hill/Wharf, CA

10.2%

San Francisco Airport, CA

10.1%

San Mateo/Redwood City, CA

9.2%

San Francisco Market St, CA

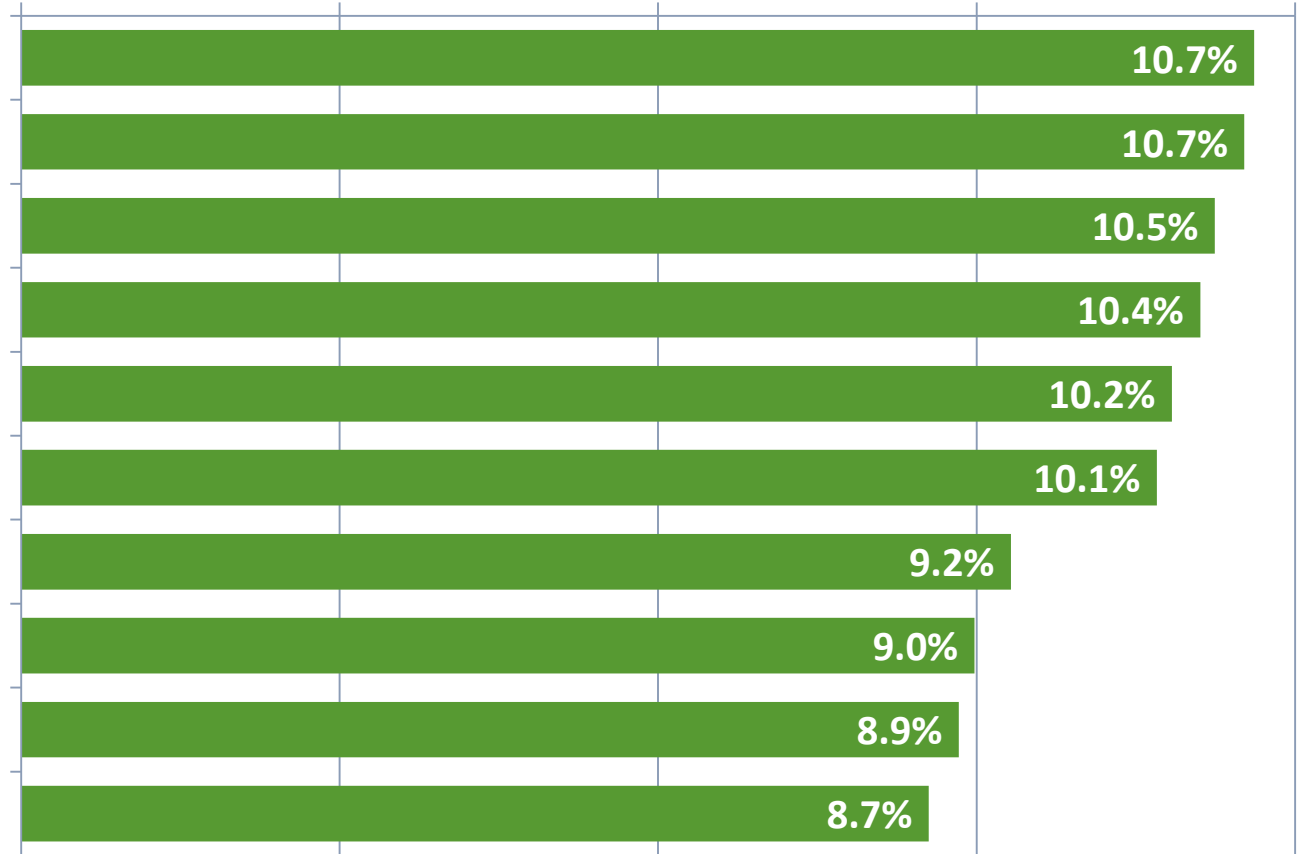
9.0%

Nashville CBD, TN

8.9%

Key West, FL

8.7%



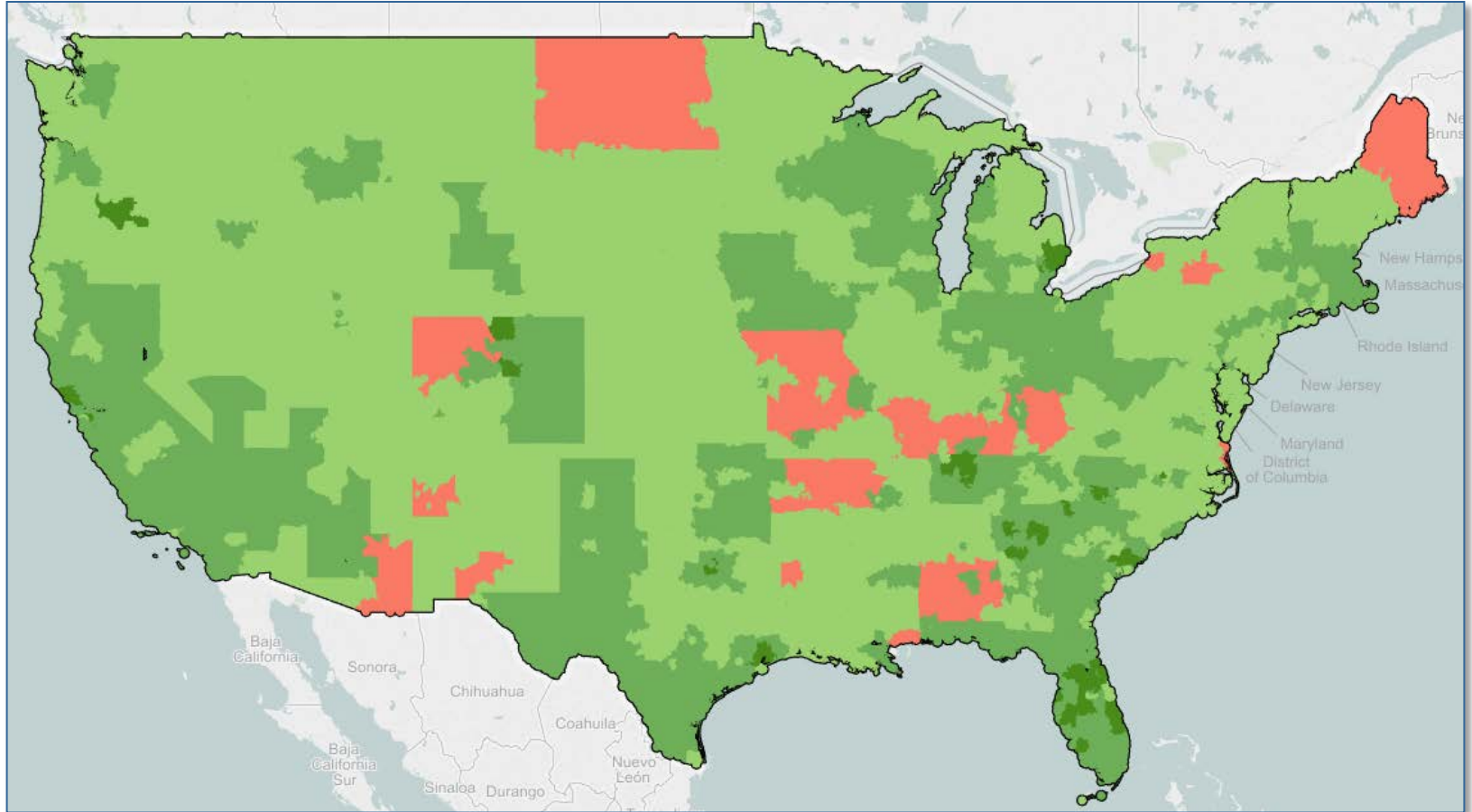
# Absorption





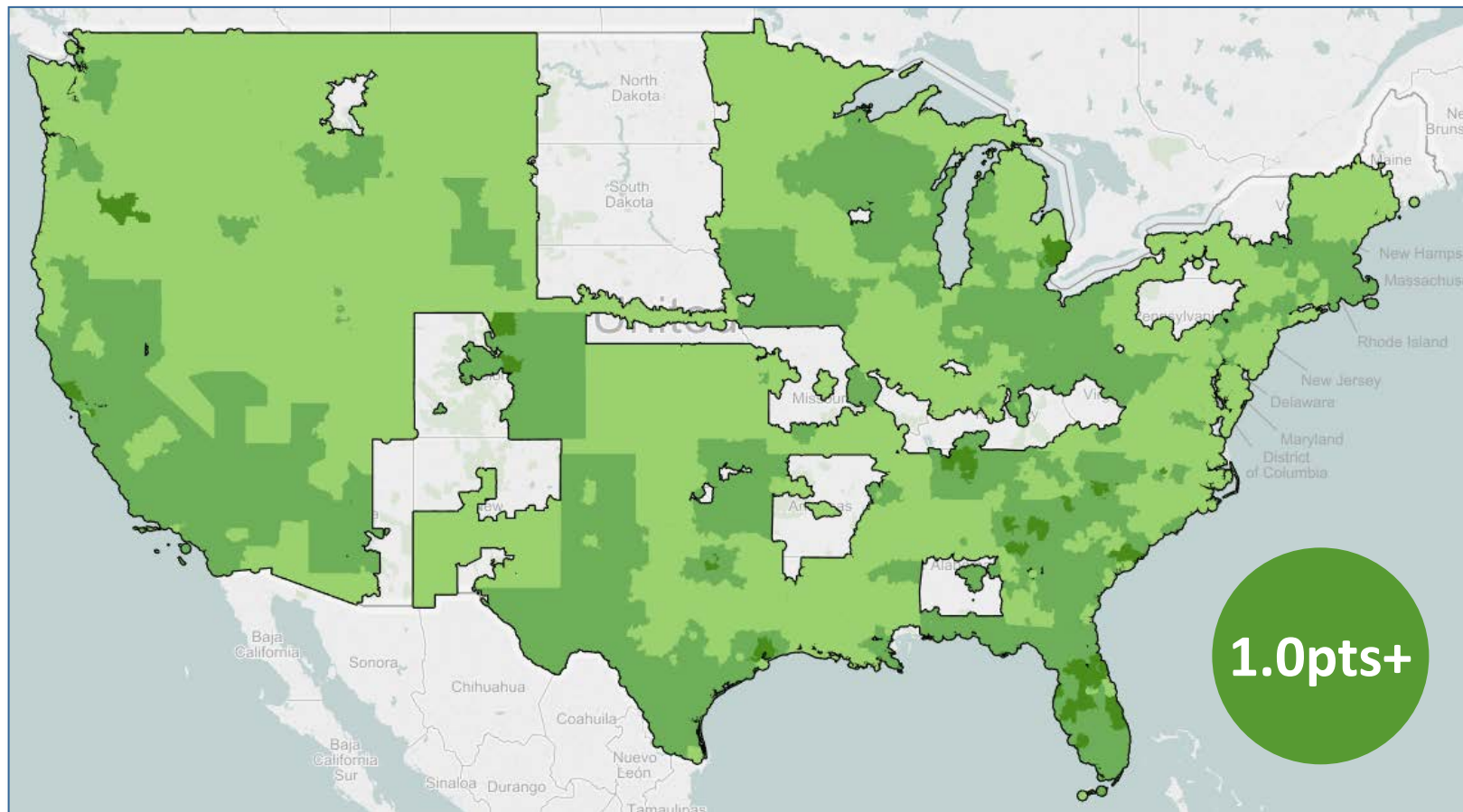
# Demand Growth vs Supply Growth

2009 – June 2015



# Demand Growth vs Supply Growth

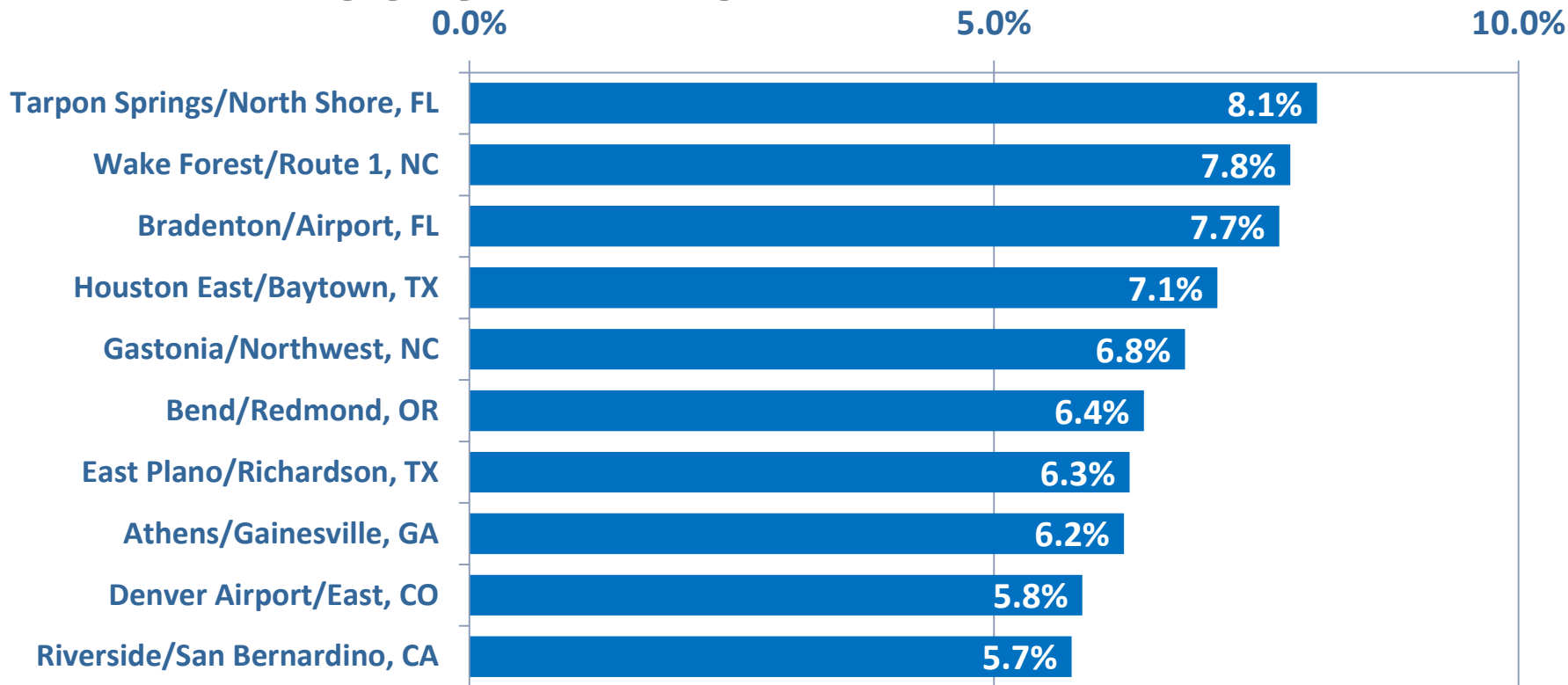
2009 – June 2015



# Best Supply Absorption

2009 – June 2015

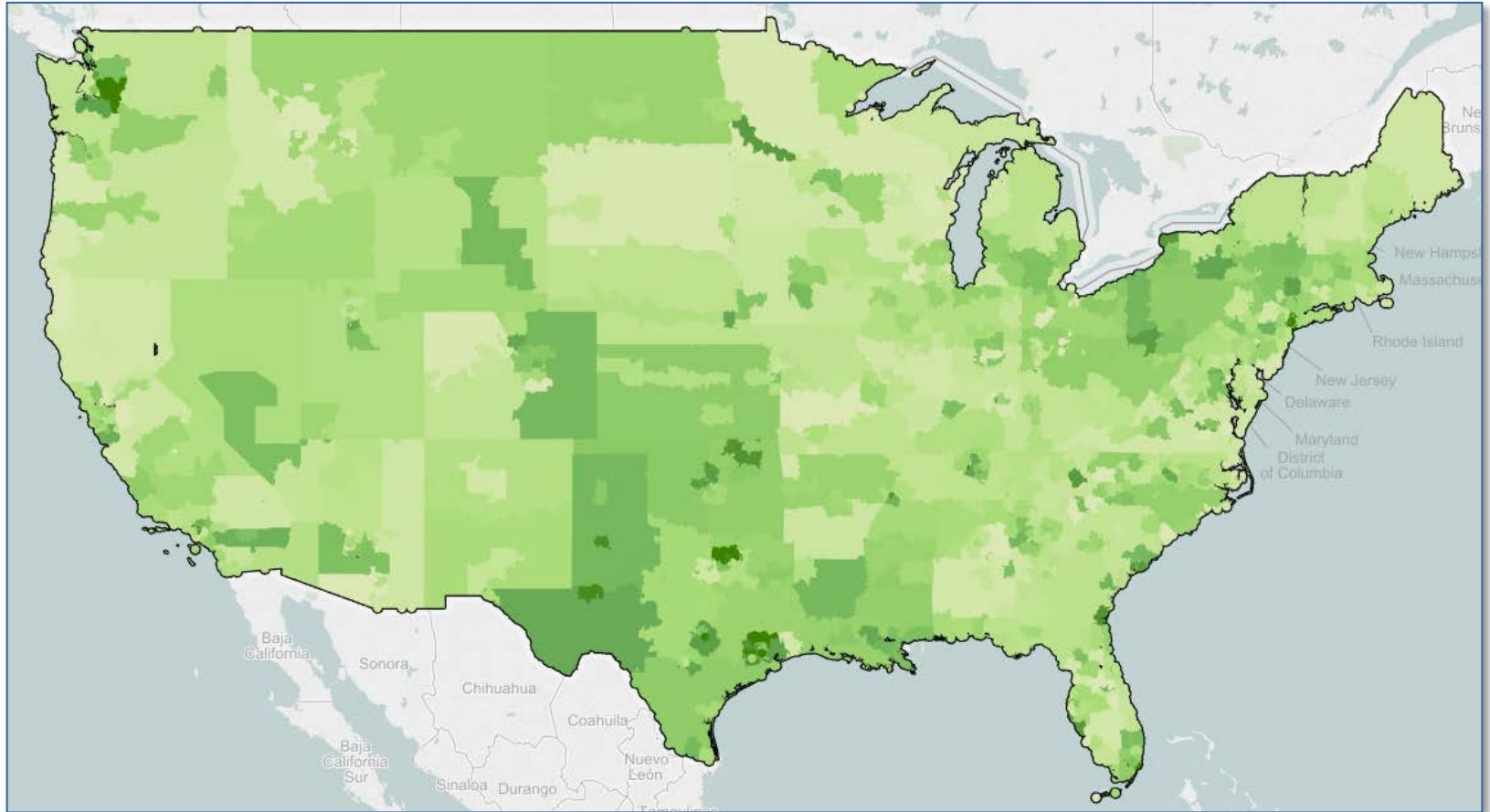
(Minimum 1% annual supply increase)



# Pipeline

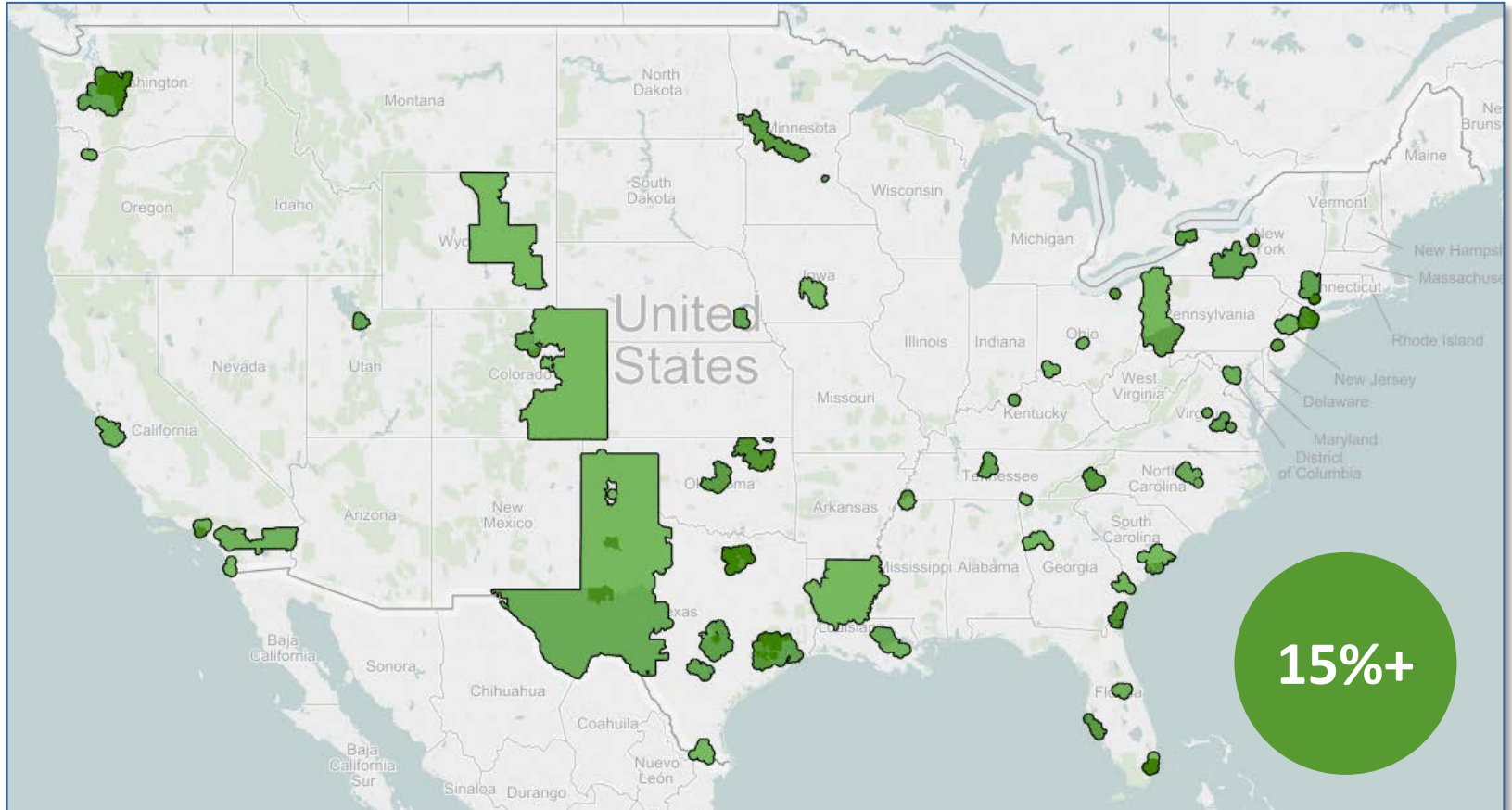


# Current Supply Pipeline

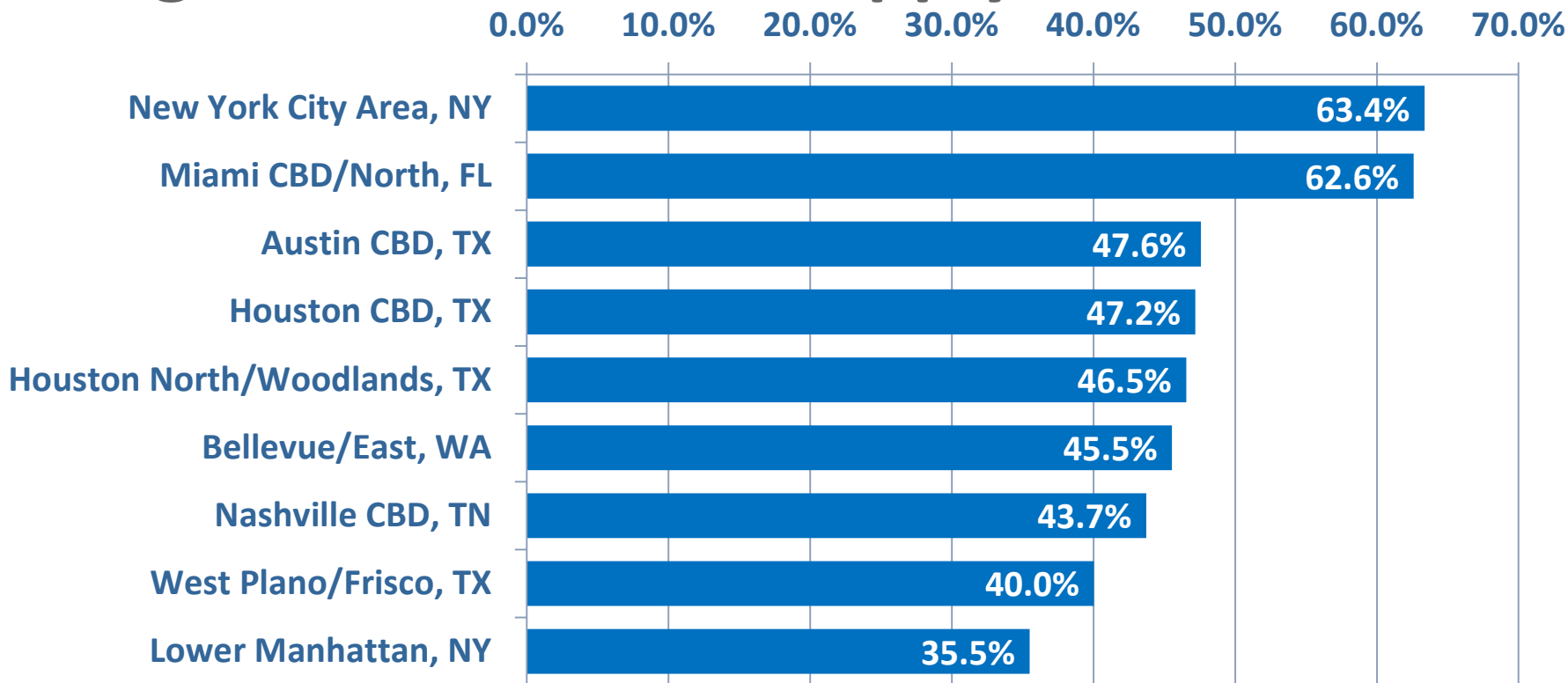




# Current Supply Pipeline



# Highest Short-Term Supply Risk



# And the winners are...



# Winning Submarkets

**TTM Occupancy > 75%**

**Demand Growth CAGR (2009-2015) > 3%**

**ADR Growth CAGR (2009-2015) > 3%**

**TTM Sellout Nights > 30**

**Active Pipeline < 10%**

**Absorption CAGR (2009-2015) > 2%**



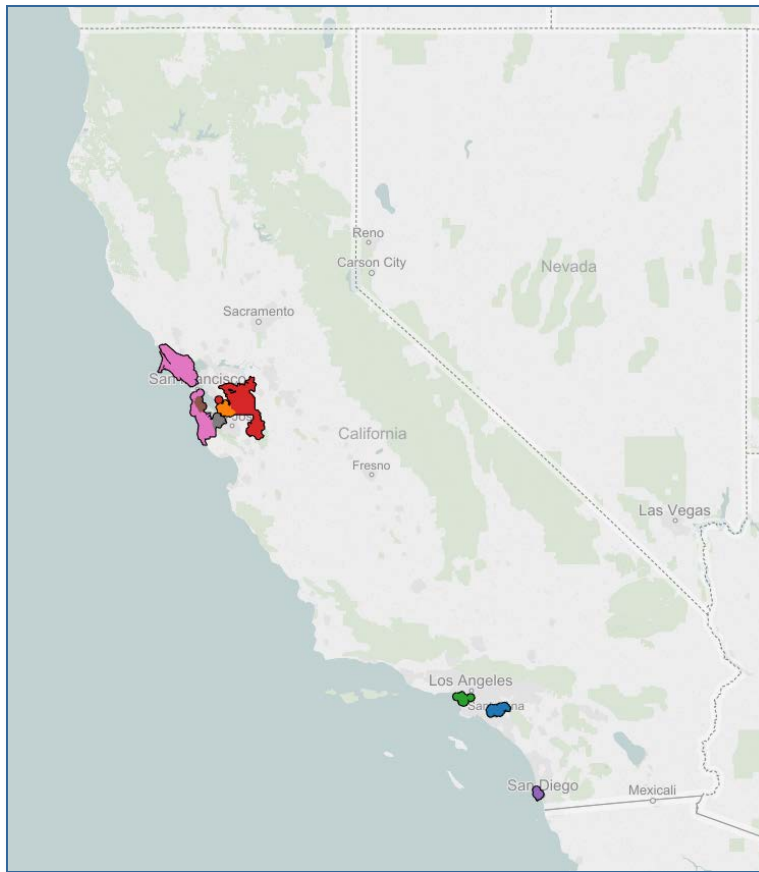
# 8 Submarkets Meet All 6 Criteria



# All in California

## Tract Name

- Anaheim, CA
- Fremont/Newark, CA
- Los Angeles Airport, CA
- Pleasanton/Livermore, CA
- San Diego Sea World/Old Town..
- San Francisco Airport, CA
- San Francisco Area, CA
- San Jose Northwest/Palo Alto, C..





# 35 Submarkets Meet 5 of 6 Criteria

## SF Bay Area

- San Jose/Campbell, CBDs
- Santa Clara/Sunnyvale Nashville CBD, TN rkate
- San Mateo/Redwood City Denver CB Airport
- Oakland/Berkeley/Hayward Seattle CBI Miami Airport/Civic Center, FL
- South Bay, CA Chicago CE Seattle Airport, WA
- Santa Ana/Costa Mesa Austin CBE Boston CBD/Airport, MA
- San Francisco Market Port Portland C Hollywood/Airport, FL
- San Francisco Nob Hill Savannah Historic District, GA Rey, CA
- Oakland Northeast/Alameda City Lakeside, Beach, FL



# Development Risk



# Dashboard Power



# Questions?

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