

SAN FRANCISCO

REGIONAL ECONOMIC SUMMARY

"Economic activity in the Twelfth District continued to expand at a moderate pace during the reporting period of mid-May through June. Overall price inflation was flat, while upward wage pressures strengthened. Sales of retail goods were modest, and growth in the consumer and business services sectors remained strong. Conditions in the manufacturing sector improved, and activity in the agriculture sector picked up to a modest pace. Contacts reported robust activity in residential real estate markets, and activity in the commercial sector picked up. Conditions in the financial services sector remained solid.

Tourism demand remained strong, although contacts noted that continued uncertainty surrounding immigration policy slowed international bookings at hotels in Southern California. Restaurant sales remained sluggish, and contacts expect the sluggishness to continue through the end of the year.

Real estate market activity picked up to a robust pace. Commercial construction activity was solid. Contacts reported an uptick in commercial investment aimed at remodeling and repurposing large retail spaces for health-care and entertainment services. Financing conditions for commercial projects tightened slightly."

Federal Reserve Bank Beige Book, July 2017

San Francisco: Next 4 Quarters

The arrows show the forecast direction of change over the next 4 quarters vs. the previous 4 quarters. Green indicates the change will be above the long run average, yellow indicates it will be the same, and orange indicates it will be below.

Occupancy

Occupancy will decrease to 80.9%, a decline over the past 4 quarters' rate of 83.5%, but above the long run average of 73.8%



Average Daily Rate

ADR change expectations are weakening, negative 3.8% vs. the past 4 quarters' rate of negative 2.0%, and are below the long run average of positive 4.0%



Revenue Per Available Room

RevPAR change projections are falling to negative 6.7% as compared to the past 4 quarters' rate of negative 3.5%, and are lower than the long run average of positive 4.8%



Supply (orange indicates above long-term average)

Supply growth is climbing, 2.6% vs. the past 4 quarters' rate of 0.2%, and greater than the long run average of 0.8%



Demand

Forecast demand change is improving, negative 0.5% vs. the past 4 quarters' rate of negative 1.3%, but is below the long run average of positive 1.3%



Source: CBRE Hotels' Americas Research, Q2 2017

HOTEL MARKET SUMMARY

By year-end 2017, San Francisco hotels are forecast to see a RevPAR decrease of 6.1%. This is the result of an estimated decline in occupancy of 1.7% and a 4.5% loss in average daily room rates (ADR). The 6.1% decline in San Francisco RevPAR is less than the national projection of a 2.8% increase.

Both the upper and lower-priced segments of San Francisco are expected to show negative RevPAR change by year end. Lower-priced hotels are forecast to suffer a 4.3% loss in ADR and a 0.6% decrease in occupancy, resulting in a 4.8% RevPAR decline. Upper-priced hotels are projected to experience an ADR decline of 4.5%, along with a 2.1% loss in occupancy, resulting in a 6.5% RevPAR decline.

Looking towards 2018, San Francisco RevPAR is expected to decline 0.9%. This is better than the decline in 2017. Prospects for RevPAR growth in the lower-priced segment (positive 2.3%) are better than in the upper-priced segment (negative 2.0%). San Francisco market occupancy levels are expected to range from 81.2% to 82.8% during the 5-year forecast period.

San Francisco Forecast Summary

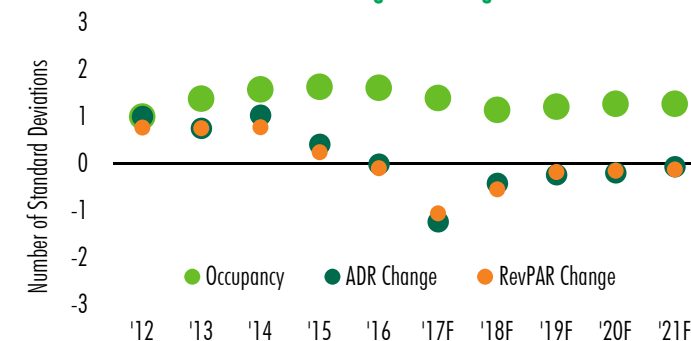
YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	80.3%	1.6%	\$171.64	10.9%	\$137.77	12.7%
2013	82.8%	3.1%	\$187.33	9.1%	\$155.02	12.5%
2014	84.0%	1.5%	\$208.08	11.1%	\$174.83	12.8%
2015	84.4%	0.5%	\$222.19	6.8%	\$187.56	7.3%
2016	84.3%	-0.2%	\$230.88	3.9%	\$194.52	3.7%
2017F	82.8%	-1.7%	\$220.42	-4.5%	\$182.59	-6.1%
2018F	81.2%	-2.0%	\$222.82	1.1%	\$180.94	-0.9%
2019F	81.6%	0.5%	\$228.05	2.3%	\$186.13	2.9%
2020F	82.1%	0.5%	\$234.03	2.6%	\$192.03	3.2%
2021F	82.0%	0.0%	\$242.26	3.5%	\$198.71	3.5%

Source: CBRE Hotels' Americas Research, STR, Q2 2017

Long Run Averages 1988 to 2016

Occupancy: 73.8%, ADR Change: 4.0%, RevPAR Change: 4.8%

EXHIBIT 1**: Performance Grade vs. Long Run Average



Source: CBRE Hotels' Americas Research, STR, Q2 2017

**See Appendix for exhibit descriptions

San Francisco Economic Summary

Below are a select number of variables that drive the CBRE Hotels | Americas Research econometric forecasts contained in this report. Income and employment are important barometers of economic health and are used in every *Hotel Horizons*® forecast model. The lodging market is part of the larger economy, and the forces that affect us nationally also affect lodging, but in different magnitudes and time periods (see Exhibits 4 and 5 below). Exhibits 2 - 6 provide an overview of current economic history and forecast, and provide explanation of what to expect in the future, and how that affects the lodging industry.

Exhibit 2*: Income Change

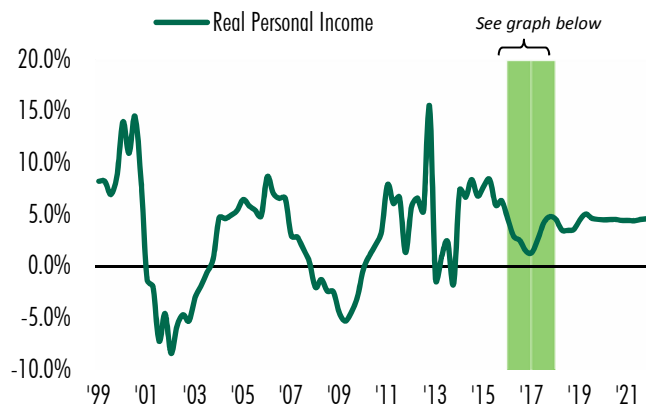


Exhibit 3*: Employment Change

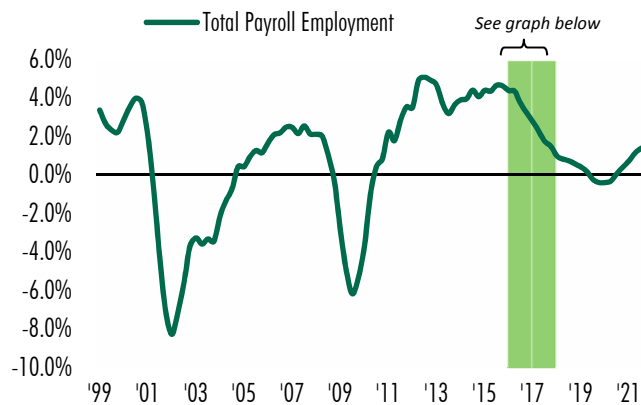


Exhibit 4*: Quarterly Income vs. RevPAR Change

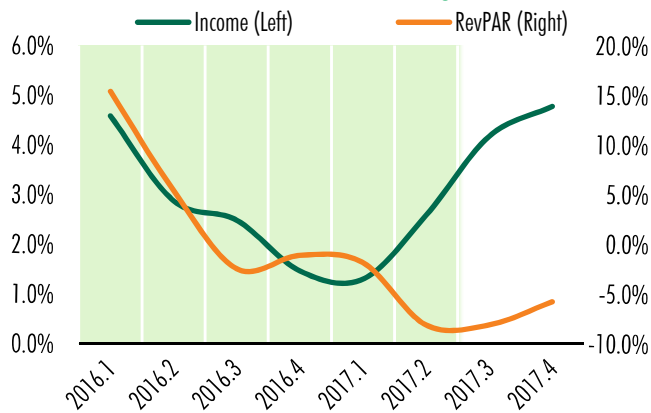


Exhibit 5*: Quarterly Employment vs. Demand Change

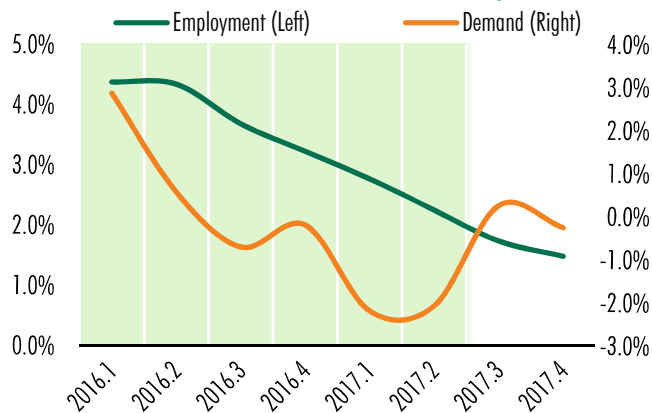
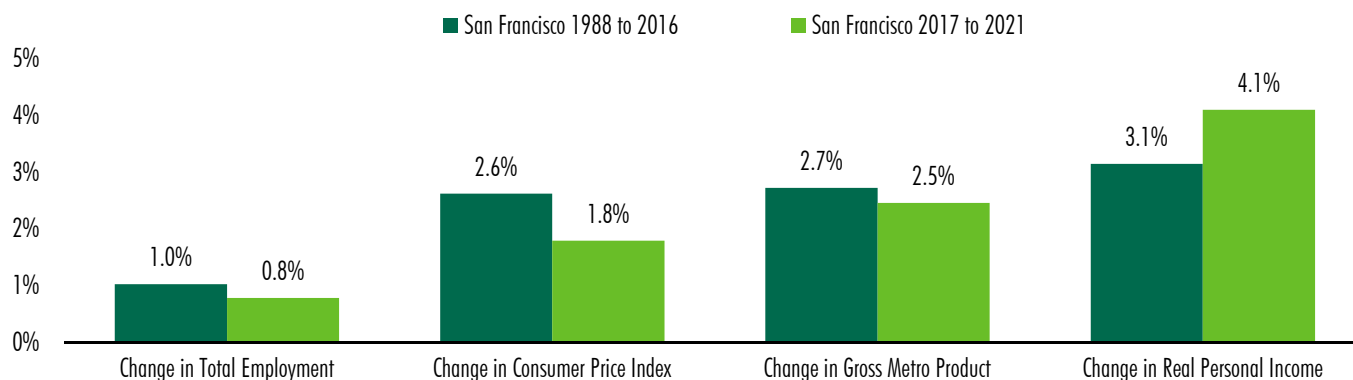


Exhibit 6*: Average Annual Growth Rates



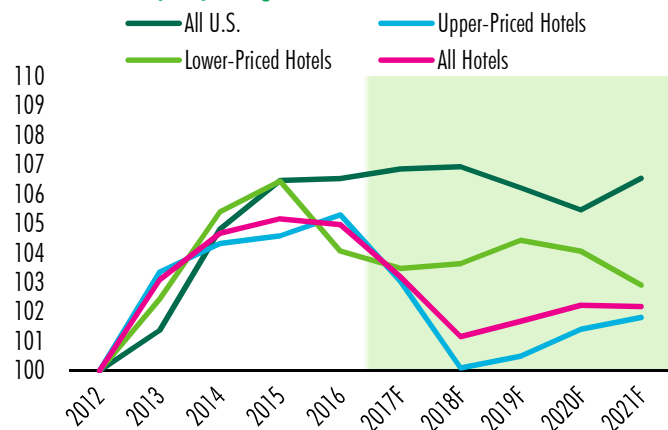
Source: CBRE EA, Moody's Analytics, Q2 2017

*See Appendix for exhibit descriptions

San Francisco Hotel Summary

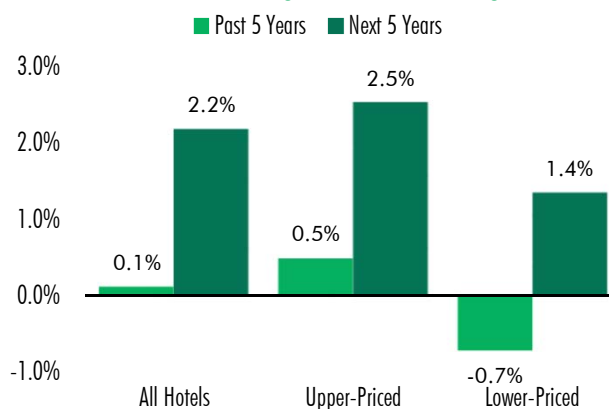
The graphs on the left illustrate the magnitude of change in performance during the historical and forecasted period 2012 to 2021. Used as a relative benchmark, each market segment is plotted against a common index value of 2012 = 100. This method provides clear insight of how each market segment performed and is expected to perform in relation to others in the specified period. The charts on the right compare near-term historical compound annual growth rates (CAGR) to the CAGRs for the forecast period.

Exhibit 7*: Occupancy Change



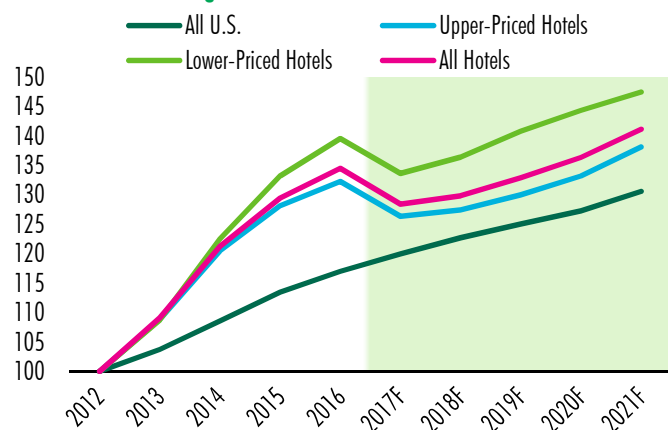
Source: CBRE Hotels, STR, Q2 2017

Exhibit 10*: Compound Average Annual Supply Change



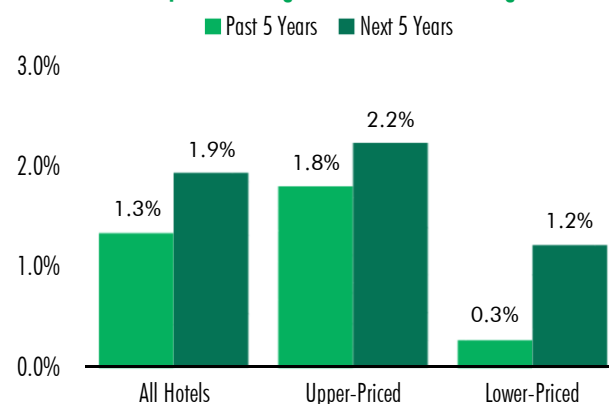
Source: CBRE Hotels, STR, Q2 2017

Exhibit 8*: ADR Change



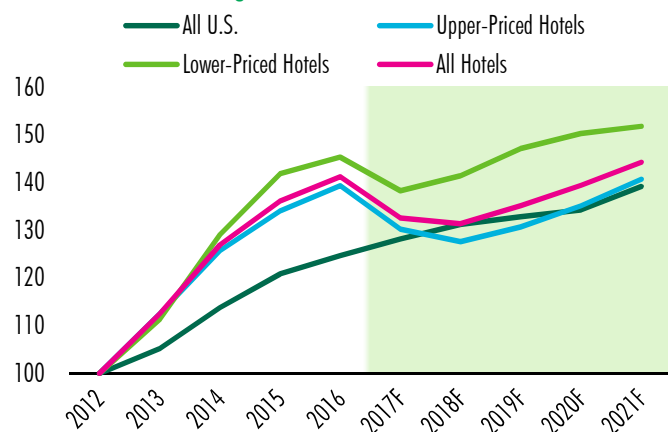
Source: CBRE Hotels, STR, Q2 2017

Exhibit 11*: Compound Average Annual Demand Change



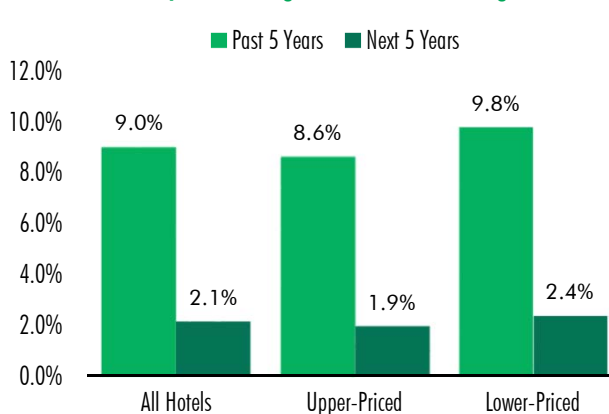
Source: CBRE Hotels, STR, Q2 2017

Exhibit 9*: RevPAR Change



Source: CBRE Hotels, STR, Q2 2017

Exhibit 12*: Compound Average Annual RevPAR Change



Source: CBRE Hotels, STR, Q2 2017

*See Appendix for exhibit descriptions

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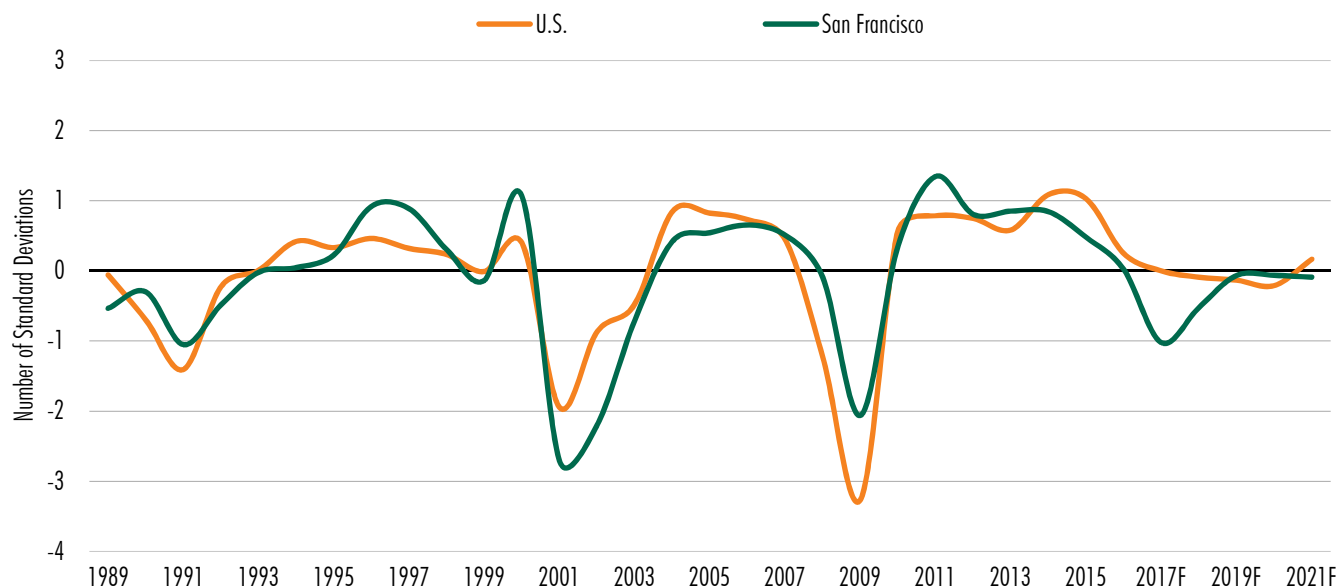
San Francisco Forecast - All Hotels

YEAR	PERIOD	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR	Δ SUPPLY	Δ DEMAND
2012	Annual	80.3%	1.6%	\$171.64	10.9%	\$137.77	12.7%	-0.1%	1.5%
2013	Annual	82.8%	3.1%	\$187.33	9.1%	\$155.02	12.5%	-0.3%	2.8%
2014	1	76.8%	4.8%	\$186.59	12.5%	\$143.38	17.9%	-1.0%	3.8%
2014	2	86.8%	0.1%	\$203.08	11.1%	\$176.35	11.2%	-0.6%	-0.5%
2014	3	91.2%	0.8%	\$227.33	11.2%	\$207.22	12.1%	0.1%	0.8%
2014	4	81.2%	0.9%	\$212.06	10.0%	\$172.24	11.0%	0.2%	1.1%
2014	Annual	84.0%	1.5%	\$208.08	11.1%	\$174.83	12.8%	-0.3%	1.2%
2015	1	78.8%	2.5%	\$207.85	11.4%	\$163.71	14.2%	0.3%	2.9%
2015	2	87.5%	0.7%	\$218.28	7.5%	\$190.97	8.3%	0.3%	1.0%
2015	3	90.4%	-0.9%	\$241.21	6.1%	\$217.94	5.2%	0.4%	-0.4%
2015	4	81.0%	-0.2%	\$219.04	3.3%	\$177.48	3.0%	0.2%	0.0%
2015	Annual	84.4%	0.5%	\$222.19	6.8%	\$187.56	7.3%	0.3%	0.8%
2016	1	80.4%	2.0%	\$235.03	13.1%	\$188.85	15.4%	0.8%	2.9%
2016	2	87.2%	-0.4%	\$230.93	5.8%	\$201.26	5.4%	0.9%	0.6%
2016	3	89.2%	-1.3%	\$238.22	-1.2%	\$212.52	-2.5%	0.6%	-0.7%
2016	4	80.3%	-0.9%	\$218.54	-0.2%	\$175.44	-1.1%	0.7%	-0.2%
2016	Annual	84.3%	-0.2%	\$230.88	3.9%	\$194.52	3.7%	0.8%	0.6%
2017	1	79.0%	-1.7%	\$234.62	-0.2%	\$185.32	-1.9%	-0.5%	-2.2%
2017	2	85.4%	-2.0%	\$216.49	-6.3%	\$184.86	-8.2%	-0.1%	-2.1%
2017F	3	88.6%	-0.7%	\$220.33	-7.5%	\$195.22	-8.1%	0.9%	0.2%
2017F	4	78.4%	-2.4%	\$210.82	-3.5%	\$165.24	-5.8%	2.1%	-0.3%
2017F	Annual	82.8%	-1.7%	\$220.42	-4.5%	\$182.59	-6.1%	0.6%	-1.1%
2018F	Annual	81.2%	-2.0%	\$222.82	1.1%	\$180.94	-0.9%	3.1%	1.1%
2019F	Annual	81.6%	0.5%	\$228.05	2.3%	\$186.13	2.9%	2.1%	2.7%
2020F	Annual	82.1%	0.5%	\$234.03	2.6%	\$192.03	3.2%	1.8%	2.4%
2021F	Annual	82.0%	0.0%	\$242.26	3.5%	\$198.71	3.5%	1.6%	1.6%

2016 2Q	Year to Date	83.8%	0.8%	\$232.90	9.2%	\$195.07	10.0%	0.9%	1.6%
2017 2Q	Year to Date	82.2%	-1.9%	\$225.17	-3.3%	\$185.09	-5.1%	-0.3%	-2.1%
2017 2Q	Trailing 4 Qtrs	83.5%	-1.5%	\$227.07	-2.0%	\$189.54	-3.5%	0.2%	-1.3%

Source: CBRE Hotels' Americas Research, STR, Q2 2017

Exhibit 13*: San Francisco Standardized Changes in Real RevPAR Movements Over Time



Source: CBRE Hotels' Americas Research, STR, Q2 2017

*See Appendix for exhibit description

San Francisco Forecast - Upper-Priced Hotels

YEAR	PERIOD	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR	Δ SUPPLY	Δ DEMAND
2012	Annual	80.9%	0.7%	\$196.00	10.4%	\$158.65	11.2%	0.4%	1.1%
2013	Annual	83.7%	3.4%	\$213.36	8.9%	\$178.50	12.5%	0.4%	3.7%
2014	1	77.8%	3.9%	\$215.61	12.1%	\$167.76	16.5%	-0.2%	3.7%
2014	2	86.8%	-1.3%	\$230.47	10.9%	\$200.02	9.5%	0.2%	-1.0%
2014	3	91.0%	0.8%	\$254.67	10.6%	\$231.84	11.6%	0.5%	1.4%
2014	4	82.1%	0.7%	\$240.87	9.5%	\$197.81	10.2%	0.5%	1.2%
2014	Annual	84.5%	0.9%	\$236.14	10.7%	\$199.42	11.7%	0.3%	1.2%
2015	1	78.6%	1.0%	\$240.24	11.4%	\$188.87	12.6%	0.5%	1.6%
2015	2	87.4%	0.8%	\$246.77	7.1%	\$215.79	7.9%	0.3%	1.0%
2015	3	90.4%	-0.7%	\$268.47	5.4%	\$242.71	4.7%	0.2%	-0.5%
2015	4	82.1%	0.0%	\$247.37	2.7%	\$203.16	2.7%	0.0%	0.0%
2015	Annual	84.7%	0.2%	\$251.21	6.4%	\$212.67	6.6%	0.3%	0.5%
2016	1	81.5%	3.7%	\$269.06	12.0%	\$219.30	16.1%	1.0%	4.8%
2016	2	87.8%	0.5%	\$259.24	5.1%	\$227.72	5.5%	1.2%	1.6%
2016	3	89.9%	-0.5%	\$263.20	-2.0%	\$236.74	-2.5%	1.0%	0.4%
2016	4	81.6%	-0.6%	\$245.30	-0.8%	\$200.27	-1.4%	1.1%	0.5%
2016	Annual	85.2%	0.7%	\$259.28	3.2%	\$221.01	3.9%	1.1%	1.8%
2017	1	79.8%	-2.0%	\$268.85	-0.1%	\$214.66	-2.1%	-0.7%	-2.8%
2017	2	86.0%	-2.1%	\$242.61	-6.4%	\$208.63	-8.4%	-0.1%	-2.2%
2017F	3	89.4%	-0.7%	\$244.02	-7.3%	\$218.04	-7.9%	1.0%	0.3%
2017F	4	78.5%	-3.9%	\$236.56	-3.6%	\$185.65	-7.3%	2.7%	-1.2%
2017F	Annual	83.4%	-2.1%	\$247.71	-4.5%	\$206.60	-6.5%	0.7%	-1.4%
2018F	Annual	81.0%	-2.9%	\$249.84	0.9%	\$202.42	-2.0%	4.0%	1.0%
2019F	Annual	81.3%	0.4%	\$254.84	2.0%	\$207.31	2.4%	2.5%	3.0%
2020F	Annual	82.1%	0.9%	\$261.12	2.5%	\$214.34	3.4%	2.0%	2.9%
2021F	Annual	82.4%	0.4%	\$270.80	3.7%	\$223.17	4.1%	1.7%	2.1%
2016 2Q	Year to Date	84.7%	2.0%	\$263.96	8.3%	\$223.52	10.5%	1.1%	3.1%
2017 2Q	Year to Date	82.9%	-2.1%	\$255.18	-3.3%	\$211.63	-5.3%	-0.4%	-2.5%
2017 2Q	Trailing 4 Qtrs	84.4%	-1.3%	\$254.92	-2.4%	\$215.08	-3.7%	0.3%	-1.0%

Source: CBRE Hotels' Americas Research, STR, Q2 2017

San Francisco Financial Benchmarks* - Full-Service Hotels

FULL-SERVICE HOTELS - PERCENT OF TOTAL REVENUE - 2016			
Financial Line Item	Mountain / Pacific Region	ADR Over \$250†	150 to 300 Rooms‡
Rooms Revenue	70.5%	66.2%	72.8%
Food and Beverage Revenue	24.3%	27.7%	22.6%
Total Departmental Expenses	38.8%	44.8%	37.1%
Total Departmental Profit	61.2%	55.2%	62.9%
Total Undistributed Expenses	23.1%	22.9%	26.1%
Gross Operating Profit**	38.1%	32.3%	36.8%

*Data from 2017 *Trends® in the Hotel Industry* report

† San Francisco Upper-Price Average ADR: \$259.28

**Before deductions for management fees and non-operating income and expenses.

‡ San Francisco Upper-Price Average Size: 218 Rooms

Source: CBRE Hotels' Americas Research, 2016

For a more comparable and detailed financial comparison, we recommend a **BenchmarkersSM** report.
Please contact Viet Vo at +1 404 812 5112 for more information.

San Francisco Forecast - Lower-Priced Hotels

YEAR	PERIOD	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR	Δ SUPPLY	Δ DEMAND
2012	Annual	78.8%	3.7%	\$116.52	13.7%	\$91.78	17.9%	-1.2%	2.5%
2013	Annual	80.7%	2.4%	\$126.70	8.7%	\$102.25	11.4%	-1.7%	0.7%
2014	1	74.6%	7.0%	\$117.85	14.2%	\$87.96	22.1%	-2.8%	4.0%
2014	2	87.0%	3.2%	\$140.36	13.1%	\$122.05	16.7%	-2.3%	0.8%
2014	3	91.4%	0.6%	\$164.69	12.5%	\$150.56	13.1%	-0.9%	-0.4%
2014	4	79.2%	1.4%	\$143.45	12.0%	\$113.54	13.6%	-0.4%	1.0%
2014	Annual	83.0%	2.9%	\$142.71	12.6%	\$118.50	15.9%	-1.6%	1.2%
2015	1	79.1%	6.0%	\$134.23	13.9%	\$106.17	20.7%	-0.1%	5.9%
2015	2	87.6%	0.7%	\$153.02	9.0%	\$134.01	9.8%	0.2%	0.9%
2015	3	90.2%	-1.3%	\$178.85	8.6%	\$161.39	7.2%	1.0%	-0.3%
2015	4	78.5%	-0.8%	\$151.38	5.5%	\$118.83	4.7%	0.5%	-0.3%
2015	Annual	83.9%	1.0%	\$155.20	8.7%	\$130.14	9.8%	0.4%	1.4%
2016	1	77.7%	-1.8%	\$152.82	13.8%	\$118.74	11.8%	0.3%	-1.5%
2016	2	85.6%	-2.3%	\$163.72	7.0%	\$140.07	4.5%	0.4%	-1.9%
2016	3	87.5%	-3.0%	\$178.85	0.0%	\$156.51	-3.0%	-0.4%	-3.4%
2016	4	77.1%	-1.8%	\$153.03	1.1%	\$118.02	-0.7%	-0.2%	-1.9%
2016	Annual	82.0%	-2.2%	\$162.66	4.8%	\$133.33	2.5%	0.0%	-2.2%
2017	1	77.0%	-0.9%	\$153.54	0.5%	\$118.27	-0.4%	0.0%	-0.9%
2017	2	84.0%	-1.8%	\$154.70	-5.5%	\$129.93	-7.2%	0.0%	-1.8%
2017F	3	86.9%	-0.7%	\$163.85	-8.4%	\$142.34	-9.1%	0.8%	0.1%
2017F	4	78.1%	1.3%	\$149.86	-2.1%	\$117.11	-0.8%	0.8%	2.1%
2017F	Annual	81.5%	-0.6%	\$155.71	-4.3%	\$126.92	-4.8%	0.4%	-0.2%
2018F	Annual	81.6%	0.2%	\$158.98	2.1%	\$129.79	2.3%	1.2%	1.3%
2019F	Annual	82.3%	0.8%	\$164.13	3.2%	\$135.02	4.0%	1.2%	2.0%
2020F	Annual	82.0%	-0.4%	\$168.23	2.5%	\$137.91	2.1%	1.4%	1.1%
2021F	Annual	81.1%	-1.1%	\$171.83	2.1%	\$139.30	1.0%	1.6%	0.5%
2016 2Q	Year to Date	81.6%	-2.0%	\$158.53	10.0%	\$129.40	7.8%	0.4%	-1.7%
2017 2Q	Year to Date	80.5%	-1.4%	\$154.15	-2.8%	\$124.10	-4.1%	0.0%	-1.4%
2017 2Q	Trailing 4 Qtrs	81.4%	-1.9%	\$160.52	-1.1%	\$130.68	-3.0%	-0.1%	-2.0%

Source: CBRE Hotels' Americas Research, STR, Q2 2017

San Francisco Financial Benchmarks* - Limited-Service Hotels

LIMITED-SERVICE HOTELS - PERCENT OF TOTAL REVENUE - 2016			
Financial Line Item	Mountain / Pacific Region	ADR Over \$115†	Under 100 Rooms‡
Rooms Revenue	97.5%	97.1%	98.4%
Food and Beverage Revenue	0.0%	0.0%	0.0%
Total Departmental Expenses	25.5%	23.2%	26.6%
Total Departmental Profit	74.5%	76.8%	73.4%
Total Undistributed Expenses	26.9%	27.9%	31.0%
Gross Operating Profit**	47.5%	48.9%	42.4%

*Data from 2017 *Trends*® in the Hotel Industry report

† San Francisco Lower-Price Average ADR: \$162.66

**Before deductions for management fees and non-operating income and expenses.

‡ San Francisco Lower-Price Average Size: 68 Rooms

Source: CBRE Hotels' Americas Research, 2016

For a more comparable and detailed financial comparison, we recommend a **BenchmarkerSM** report.
Please contact Viet Vo at +1 404 812 5112 for more information.

San Francisco Airbnb Summary

Below is an overview of Airbnb's presence in this market. The estimates of Airbnb performance come from Airdna, a firm that provides data and analytics on Airbnb rental performance for 4 million+ Airbnb listings worldwide. Figure 1 shows the total number of units available, sold and revenue generated during from July 2016 – June 2017 along with the calculated Occupancy, Average Daily Rate (ADR), RevPAR, and year-over-year growth rates. Figure 2 shows the percent of units and revenue by unit type. Figure 3 shows the average daily number of active Airbnb units by month. Figure 4 lists the ADRs broken down by unit types and number of bedrooms over the past 12 months. More detailed reports on Airbnb performance in this market can be found at <https://pip.cbrehotels.com/airbnbinsights>.

Figure 1: July 2016 – June 2017 Airbnb Performance

METRIC	2017	Y-o-Y CHANGE
Occupancy	62.5%	3.3%
ADR	\$192.38	0.4%
RevPAR	\$120.28	3.7%
Available Supply	2,277,702	23.7%
Units Sold	1,424,000	27.6%
Total Revenue	\$274,044,769	28.2%

Source: Airdna, CBRE Hotels' Americas Research, Q2 2017

Figure 2: Percent of Active Units and Revenue by Listing Type

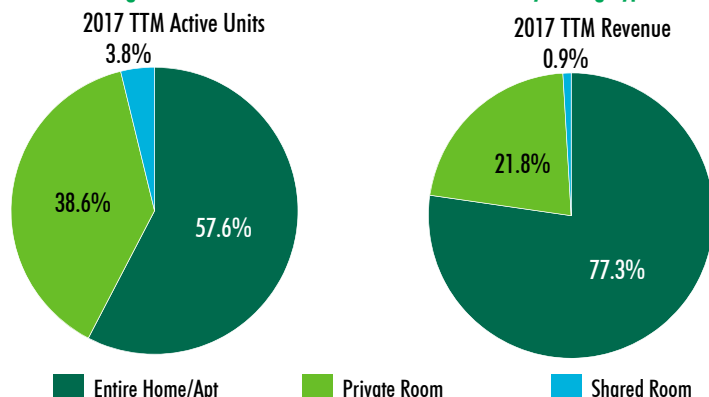


Figure 3: July 2016 – June 2017 Active Units by Month

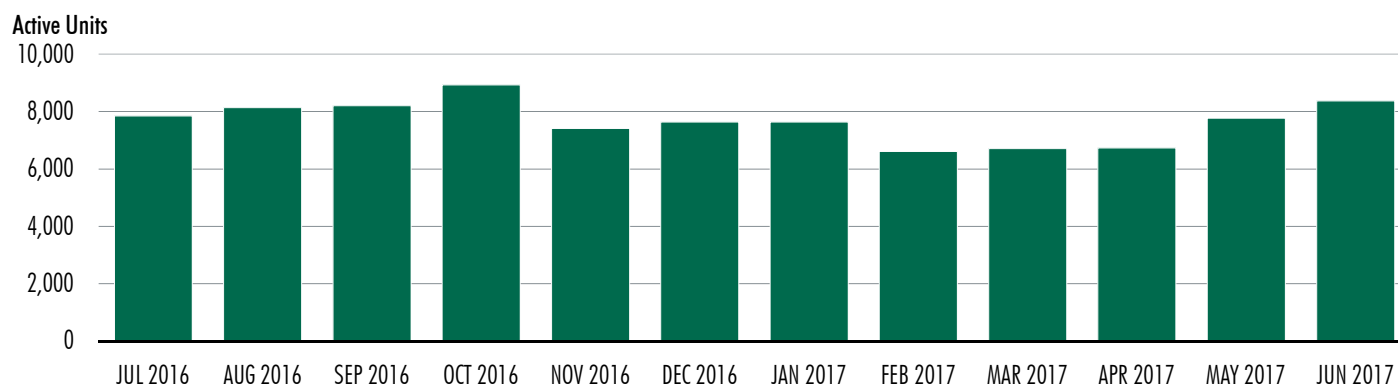
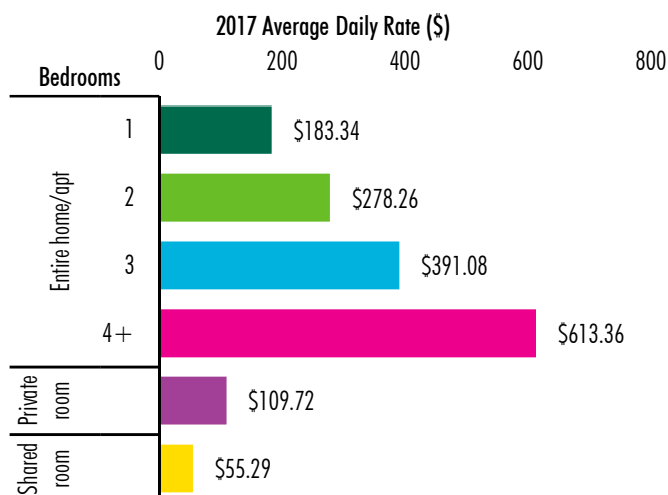


Figure 4: July 2016 – June 2017 ADRs by Unit Type and Bedroom Count



Glossary

Active Units - a unit is considered active if it had at least one night sold during the month

Average Daily Rate (ADR) - The revenue collected divided by the units sold.

Bedrooms - The number of rooms that are available within each unit.

Unit Types:

Entire Home - The guest has complete and sole access to the entire Unit during the stay.

Private Room - The guest has their own sleeping area, but shares access to the Unit common areas with others.

Shared Room - The guest rents a common area, like an airbed in a living room.

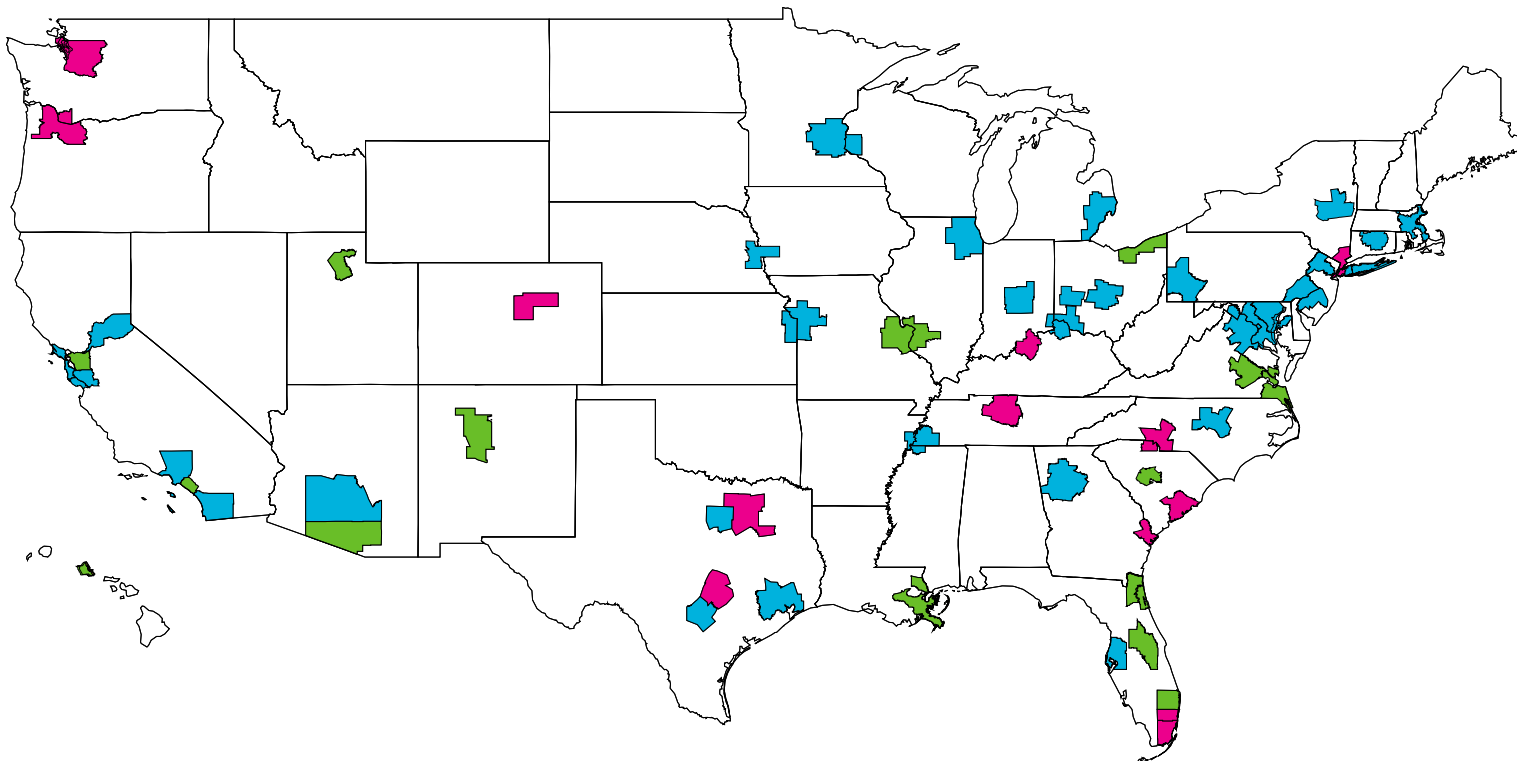
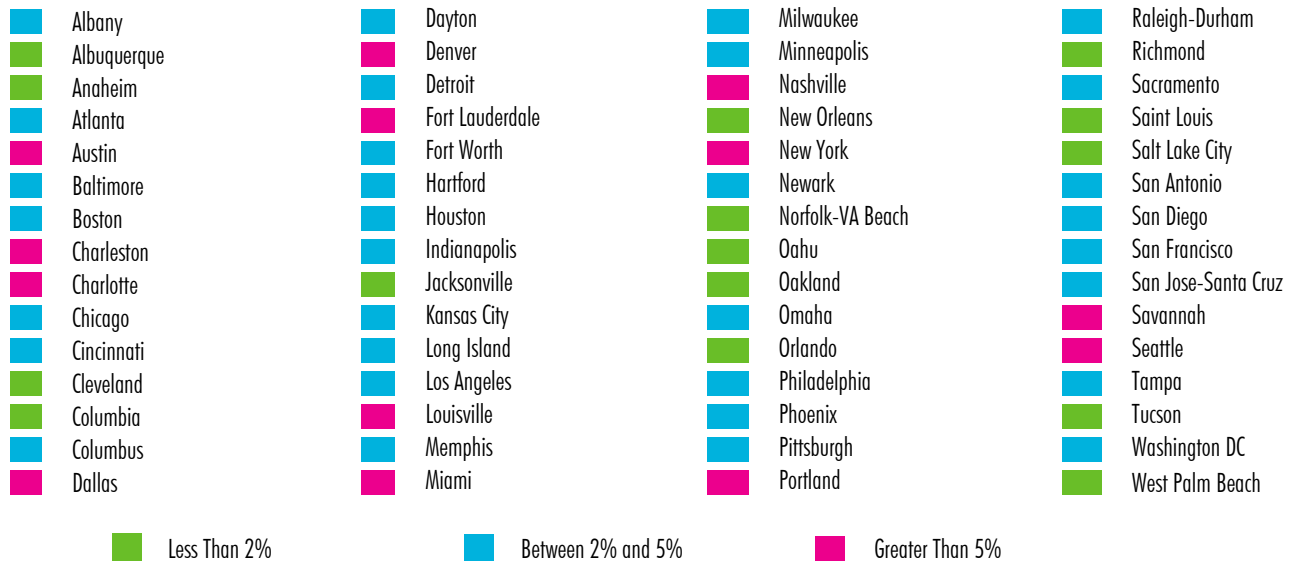
Detailed Report on Airbnb data for any U.S. Market Can be found at: <https://pip.cbrehotels.com/airbnbinsights>

National Horizon Profile

2018 Average Annual Supply Change

This page showcases the CBRE Hotels' Americas Research *Hotel Horizons*® forecasting universe. The map below displays average supply change for 2018. Quarterly *Hotel Horizons*® reports are available for the nation and all the markets shown below.

<https://pip.cbrehotels.com>



Source: CBRE Hotels' Americas Research, STR, Q2 2017

San Francisco Market Profile

Total Room Supply: 51,745

San Francisco Top Brands

UPPER-PRICED BRANDS	PROPERTIES	ROOMS	% MARKET	LOWER-PRICED BRANDS	PROPERTIES	ROOMS	% MARKET
Hilton	4	3,886	7.5%	Holiday Inn	5	1,865	3.6%
Marriott	5	3,348	6.5%	Best Western Plus	7	839	1.6%
Westin	3	2,273	4.4%	Travelodge	7	494	1.0%
Courtyard	9	1,649	3.2%	Extended Stay America	4	473	0.9%
Hyatt Regency	2	1,593	3.1%	Comfort Inn	5	440	0.9%

Source: STR, Q2 2017

San Francisco Supply Pipeline

PHASE	Upper-Priced			Lower-Priced			Unclassified / Independent		
	PROPERTIES	ROOMS	% MARKET	PROPERTIES	ROOMS	% MARKET	PROPERTIES	ROOMS	% MARKET
Unconfirmed	0	0	0.0%	2	418	0.8%	0	0	0.0%
Planning	18	3,173	6.1%	5	558	1.1%	1	75	0.1%
Final Planning	10	1,585	3.1%	3	403	0.8%	0	0	0.0%
In Construction	10	1,977	3.8%	3	291	0.6%	0	0	0.0%
Total	38	6,735	13.0%	13	1,670	3.2%	1	75	0.1%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

Pipeline Status Definitions

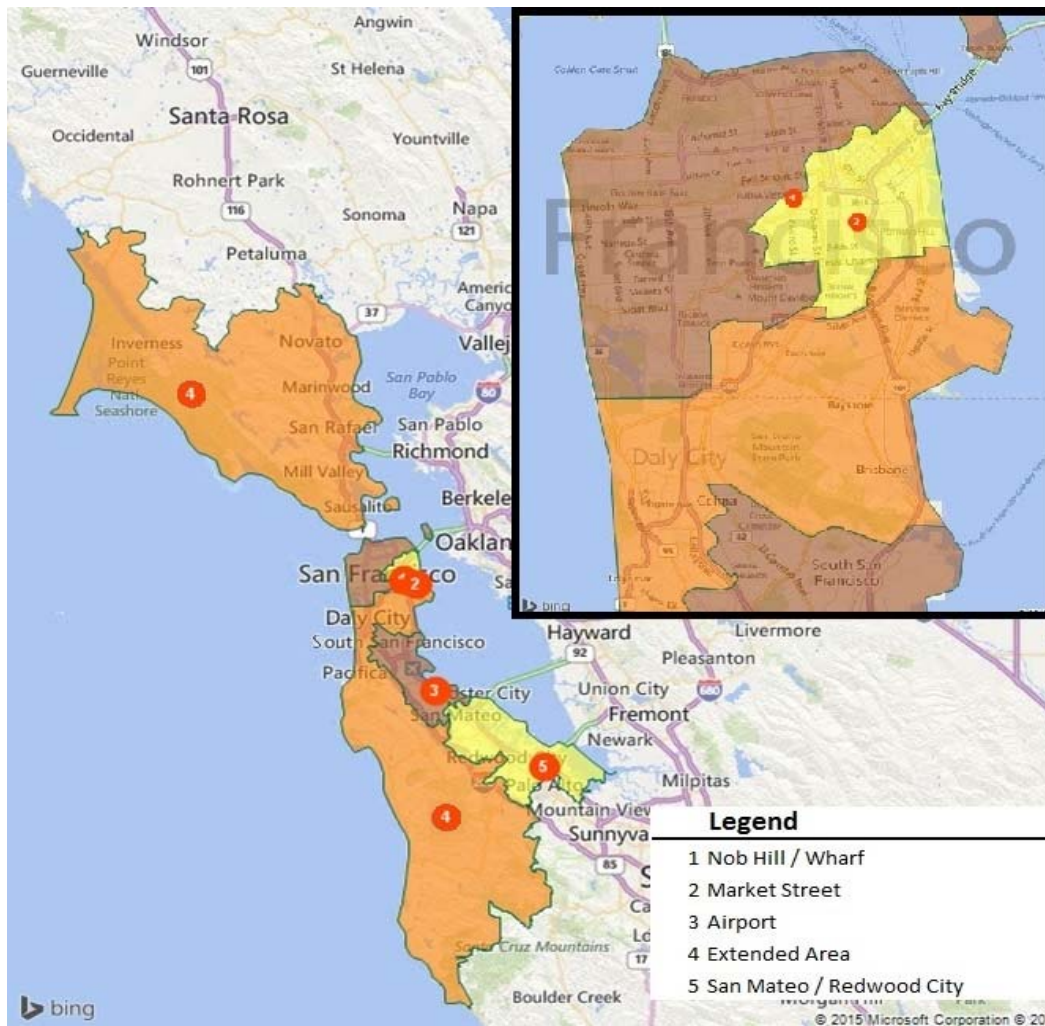
PHASE	DEFINITION
Unconfirmed*	Potential projects that remain unconfirmed at this time. STR is unable to verify the existence of these projects through a corporate chain feed or other verifiable source.
Planning	Confirmed, under contract projects where construction will begin in more than 12 months.
Final Planning	Confirmed, under contract projects where construction will begin within the next 12 months.
In Construction	Vertical construction on the physical building has begun. This does not include construction on any sub-grade structures including, but not limited to, parking garages, underground supports/footers or any other type of sub-grade construction.

Source: STR, Q2 2017

*Formerly Pre-Planning

San Francisco Submarket Map

Total Room Supply: 51,745



Source: CBRE EA, Q2 2017

San Francisco Submarket Summary

SUBMARKET	UPPER-PRICED			LOWER-PRICED			TOTALS		
	Properties	Rooms	% Market	Properties	Rooms	% Market	Properties	Rooms	% Market
Airport	21	5,220	10.1%	40	3,550	6.9%	61	8,770	16.9%
Market Street	51	15,326	29.6%	39	3,176	6.1%	90	18,502	35.8%
Nob Hill / Wharf	54	10,485	20.3%	74	4,763	9.2%	128	15,248	29.5%
San Mateo / Redwood City	16	2,870	5.5%	33	2,134	4.1%	49	5,004	9.7%
Extended Area	24	2,284	4.4%	44	1,937	3.7%	68	4,221	8.2%
Total	166	36,185	69.9%	230	15,560	30.1%	396	51,745	100.0%

Source: STR, Q2 2017

Submarket Profile - Airport

The San Francisco Airport submarket consists of the hotels located near the San Francisco International Airport in San Mateo County. The hotels in this lodging submarket are located in such cities as Burlingame, Milbrae, and South San Francisco.

Total Room Supply: **8,770**

Submarket Rank*

3

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

77%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Airport Submarket Inventory

UPPER-PRICED	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED	PROPERTIES	ROOMS	%SUBMKT
Inventory	21	5,220	59.5%	Inventory	40	3,550	40.5%
UPPER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT
Hyatt Regency	1	789	9.0%	Best Western Plus	2	425	4.8%
Marriott	1	688	7.8%	Holiday Inn	2	396	4.5%
Embassy Suites	2	652	7.4%	La Quinta Inns & Suites	2	274	3.1%

Source: STR, Q2 2017

Airport Construction Pipeline

PHASE	UPPER-PRICED			LOWER-PRICED			UNCLASSIFIED/INDEPENDENT		
	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT
Unconfirmed	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	0	0	0.0%	1	86	1.0%	0	0	0.0%
Final Planning	3	678	7.7%	1	155	1.8%	0	0	0.0%
In Construction	2	538	6.1%	1	110	1.3%	0	0	0.0%
TOTAL	5	1,216	13.9%	3	351	4.0%	0	0	0.0%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

Airport Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	82.0%	-	\$121.80	-	\$99.91	-
2013	83.7%	2.1%	\$132.71	9.0%	\$111.10	11.2%
2014	84.8%	1.3%	\$150.71	13.6%	\$127.76	15.0%
2015	85.8%	1.2%	\$167.05	10.8%	\$143.29	12.2%
2016	84.1%	-1.9%	\$174.48	4.5%	\$146.80	2.5%
2Q16 YTD	83.6%	-1.9%	\$172.78	8.4%	\$144.40	6.3%
2Q17 YTD	83.6%	0.0%	\$171.15	-0.9%	\$143.10	-0.9%

Airport Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	81.6%	-	\$139.25	-	\$113.57	-
2013	83.8%	2.7%	\$152.39	9.4%	\$127.69	12.4%
2014	84.5%	0.8%	\$173.09	13.6%	\$146.24	14.5%
2015	86.2%	2.0%	\$191.77	10.8%	\$165.34	13.1%
2016	85.4%	-0.9%	\$199.35	4.0%	\$170.26	3.0%
2Q16 YTD	83.9%	-1.2%	\$199.77	7.6%	\$167.54	6.3%
2Q17 YTD	85.4%	1.8%	\$197.63	-1.1%	\$168.72	0.7%

Airport Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	82.7%	-	\$97.70	-	\$80.77	-
2013	83.6%	1.1%	\$104.16	6.6%	\$87.09	7.8%
2014	85.2%	1.9%	\$118.06	13.3%	\$100.56	15.5%
2015	85.1%	0.0%	\$130.72	10.7%	\$111.30	10.7%
2016	82.3%	-3.4%	\$136.52	4.4%	\$112.32	0.9%
2Q16 YTD	83.1%	-3.0%	\$132.75	9.2%	\$110.38	5.8%
2Q17 YTD	81.0%	-2.6%	\$130.12	-2.0%	\$105.42	-4.5%

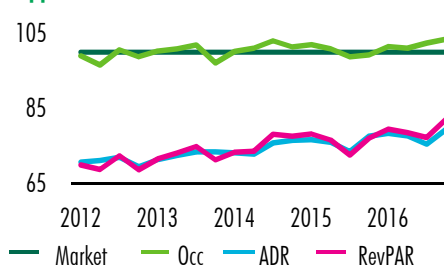
Source: STR, Q2 2017

All Hotels Penetration vs. Market Total

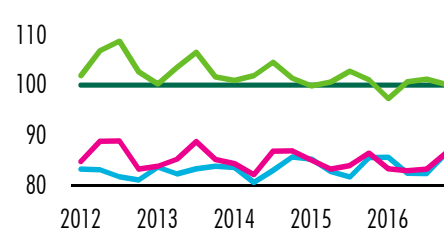
YEAR	OCC	ADR	REVPAR
2012	102.2%	71.0%	72.5%
2013	101.2%	70.8%	71.7%
2014	100.9%	72.4%	73.1%
2015	101.6%	75.2%	76.4%
2016	99.9%	75.6%	75.5%
2Q16 YTD	99.8%	74.2%	74.0%
2Q17 YTD	101.7%	76.0%	77.3%

Source: STR, Q2 2017

Upper-Priced Penetration vs. Market Total



Lower-Priced Penetration vs. Market Total



Source: STR, Q2 2017

Submarket Profile - Market Street

The San Francisco Market Street lodging submarket consists of the hotels located near the Moscone Convention Center, in the Financial District, and around Union Square.

Total Room Supply: **18,502**

Submarket Rank*

5

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

112%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Market Street Submarket Inventory

UPPER-PRICED	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED	PROPERTIES	ROOMS	%SUBMKT
Inventory	51	15,326	82.8%	Inventory	39	3,176	17.2%
UPPER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT
Hilton	2	2,943	15.9%	Holiday Inn	1	388	2.1%
Westin	2	1,876	10.1%	Best Western Plus	1	143	0.8%
Marriott	1	1,500	8.1%	Travelodge	1	84	0.5%

Source: STR, Q2 2017

Market Street Construction Pipeline

PHASE	UPPER-PRICED			LOWER-PRICED			UNCLASSIFIED/INDEPENDENT		
	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT
Unconfirmed	0	0	0.0%	1	300	1.6%	0	0	0.0%
Planning	10	2,139	11.6%	1	181	1.0%	1	75	0.4%
Final Planning	2	327	1.8%	0	0	0.0%	0	0	0.0%
In Construction	3	562	3.0%	0	0	0.0%	0	0	0.0%
TOTAL	15	3,028	16.4%	2	481	2.6%	1	75	0.4%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

Market Street Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	80.4%	-	\$194.67	-	\$156.44	-
2013	83.6%	4.0%	\$213.08	9.5%	\$178.10	13.8%
2014	84.5%	1.1%	\$238.07	11.7%	\$201.16	12.9%
2015	84.9%	0.5%	\$251.13	5.5%	\$213.23	6.0%
2016	85.7%	0.9%	\$256.99	2.3%	\$220.12	3.2%
2Q16 YTD	85.2%	2.3%	\$264.58	8.2%	\$225.35	10.7%
2Q17 YTD	83.6%	-1.9%	\$252.03	-4.7%	\$210.60	-6.5%

Market Street Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	80.9%	-	\$209.07	-	\$169.06	-
2013	84.3%	4.3%	\$227.28	8.7%	\$191.67	13.4%
2014	85.0%	0.8%	\$252.32	11.0%	\$214.42	11.9%
2015	85.3%	0.4%	\$266.04	5.4%	\$226.99	5.9%
2016	86.0%	0.8%	\$271.50	2.1%	\$233.57	2.9%
2Q16 YTD	85.7%	2.6%	\$280.65	7.7%	\$240.56	10.6%
2Q17 YTD	83.7%	-2.4%	\$268.25	-4.4%	\$224.50	-6.7%

Market Street Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	78.1%	-	\$127.35	-	\$99.45	-
2013	80.1%	2.5%	\$142.95	12.3%	\$114.47	15.1%
2014	82.1%	2.5%	\$165.16	15.5%	\$135.57	18.4%
2015	82.9%	1.0%	\$177.12	7.2%	\$146.83	8.3%
2016	83.9%	1.2%	\$185.34	4.6%	\$155.42	5.8%
2Q16 YTD	82.6%	0.7%	\$184.53	12.4%	\$152.35	13.2%
2Q17 YTD	83.0%	0.5%	\$174.80	-5.3%	\$145.03	-4.8%

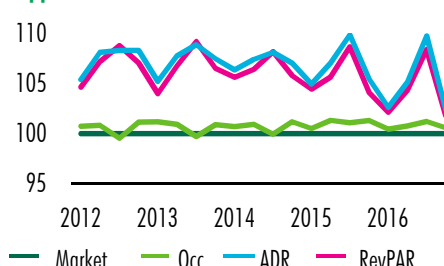
Source: STR, Q2 2017

All Hotels Penetration vs. Market Total

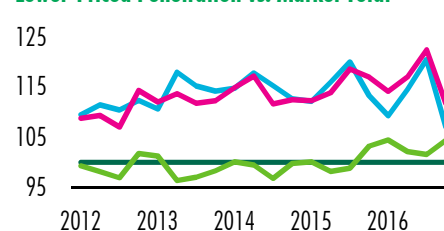
YEAR	OCC	ADR	REVPAR
2012	100.1%	113.4%	113.6%
2013	101.0%	113.7%	114.9%
2014	100.6%	114.4%	115.1%
2015	100.6%	113.0%	113.7%
2016	101.7%	111.3%	113.2%
2Q16 YTD	101.7%	113.6%	115.5%
2Q17 YTD	101.7%	111.9%	113.8%

Source: STR, Q2 2017

Upper-Priced Penetration vs. Market Total



Lower-Priced Penetration vs. Market Total



Source: STR, Q2 2017

Submarket Profile - Nob Hill / Wharf

The San Francisco Nob Hill / Wharf submarket consists of the hotels located along Fisherman's Wharf, atop Nob Hill, in the Marina district, and into the western sectors to the Pacific Ocean.

Total Room Supply: 15,248

Submarket Rank*

4

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

108%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Nob Hill / Wharf Submarket Inventory

UPPER-PRICED	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED	PROPERTIES	ROOMS	%SUBMKT
Inventory	54	10,485	68.8%	Inventory	74	4,763	31.2%
UPPER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT
Hyatt Regency	1	804	5.3%	Holiday Inn	2	1,081	7.1%
Marriott	2	685	4.5%	Comfort Inn	1	138	0.9%
Joie De Vivre	5	662	4.3%	Travelodge	3	122	0.8%

Nob Hill / Wharf Construction Pipeline

Source: STR, Q2 2017

PHASE	UPPER-PRICED			LOWER-PRICED			UNCLASSIFIED/INDEPENDENT		
	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT
Unconfirmed	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	4	650	4.3%	1	15	0.1%	0	0	0.0%
Final Planning	2	121	0.8%	0	0	0.0%	0	0	0.0%
In Construction	2	255	1.7%	0	0	0.0%	0	0	0.0%
TOTAL	8	1,026	6.7%	1	15	0.1%	0	0	0.0%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

Nob Hill / Wharf Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	82.3%	-	\$186.38	-	\$153.36	-
2013	84.2%	2.4%	\$205.02	10.0%	\$172.67	12.6%
2014	85.5%	1.5%	\$225.75	10.1%	\$193.04	11.8%
2015	84.9%	-0.7%	\$239.29	6.0%	\$203.17	5.2%
2016	85.1%	0.2%	\$248.64	3.9%	\$211.57	4.1%
2Q16 YTD	84.7%	1.7%	\$248.90	9.6%	\$210.94	11.4%
2Q17 YTD	81.9%	-3.4%	\$239.37	-3.8%	\$195.95	-7.1%

Nob Hill / Wharf Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	83.3%	-	\$210.28	-	\$175.16	-
2013	85.7%	2.9%	\$230.35	9.5%	\$197.37	12.7%
2014	86.1%	0.5%	\$253.14	9.9%	\$218.02	10.5%
2015	85.0%	-1.3%	\$265.92	5.0%	\$225.98	3.7%
2016	86.8%	2.2%	\$274.35	3.2%	\$238.19	5.4%
2Q16 YTD	86.4%	3.8%	\$277.57	8.6%	\$239.95	12.8%
2Q17 YTD	82.9%	-4.1%	\$268.32	-3.3%	\$222.41	-7.3%

Nob Hill / Wharf Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	80.2%	-	\$135.43	-	\$108.61	-
2013	81.1%	1.2%	\$148.50	9.7%	\$120.47	10.9%
2014	84.2%	3.8%	\$165.92	11.7%	\$139.70	16.0%
2015	84.7%	0.7%	\$181.23	9.2%	\$153.58	9.9%
2016	81.3%	-4.1%	\$188.26	3.9%	\$153.03	-0.4%
2Q16 YTD	81.0%	-3.0%	\$181.64	9.4%	\$147.15	6.2%
2Q17 YTD	79.6%	-1.8%	\$173.26	-4.6%	\$137.90	-6.3%

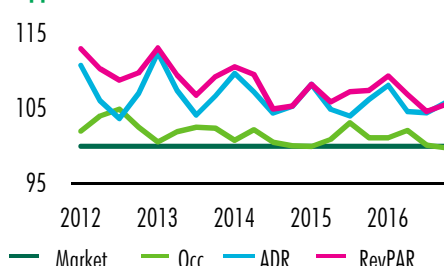
Source: STR, Q2 2017

All Hotels Penetration vs. Market Total

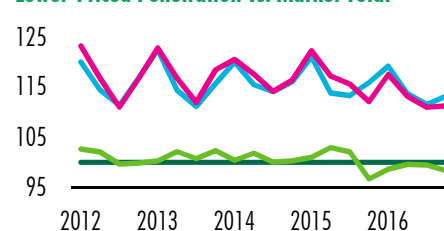
YEAR	OCC	ADR	REVPAR
2012	102.5%	108.6%	111.3%
2013	101.8%	109.4%	111.4%
2014	101.8%	108.5%	110.4%
2015	100.6%	107.7%	108.3%
2016	101.0%	107.7%	108.8%
2Q16 YTD	101.2%	106.9%	108.1%
2Q17 YTD	99.6%	106.3%	105.9%

Source: STR, Q2 2017

Upper-Priced Penetration vs. Market Total



Lower-Priced Penetration vs. Market Total



Source: STR, Q2 2017

Submarket Profile - San Mateo / Redwood City

Total Room Supply: 5,004

The San Mateo / Redwood City submarket is located south of the San Francisco International airport area along the San Francisco Bay. It extends from San Mateo in the north to Palo Alto in the south. Hotels in this area border the northern edge of Silicon Valley.

Submarket Rank*
1

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*
85%


*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

San Mateo / Redwood City Submarket Inventory

UPPER-PRICED	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED	PROPERTIES	ROOMS	%SUBMKT
Inventory	16	2,870	57.4%	Inventory	33	2,134	42.6%
UPPER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT
Marriott	1	475	9.5%	Extended Stay America	3	361	7.2%
Pullman	1	421	8.4%	Motel 6	1	263	5.3%
Crowne Plaza	1	353	7.1%	Good Nite Inn	1	124	2.5%

San Mateo / Redwood City Construction Pipeline

Source: STR, Q2 2017

PHASE	UPPER-PRICED			LOWER-PRICED			UNCLASSIFIED/INDEPENDENT		
	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT
Unconfirmed	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	1	70	1.4%	2	276	5.5%	0	0	0.0%
Final Planning	3	459	9.2%	2	248	5.0%	0	0	0.0%
In Construction	3	622	12.4%	2	181	3.6%	0	0	0.0%
TOTAL	7	1,151	23.0%	6	705	14.1%	0	0	0.0%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

San Mateo / Redwood City Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	77.5%	-	\$143.18	-	\$111.03	-
2013	79.7%	2.8%	\$153.68	7.3%	\$122.45	10.3%
2014	81.2%	1.9%	\$166.97	8.6%	\$135.51	10.7%
2015	82.0%	1.1%	\$188.30	12.8%	\$154.49	14.0%
2016	79.9%	-2.6%	\$200.41	6.4%	\$160.20	3.7%
2Q16 YTD	79.8%	-3.2%	\$201.83	9.9%	\$161.15	6.4%
2Q17 YTD	79.0%	-1.1%	\$206.22	2.2%	\$162.87	1.1%

San Mateo / Redwood City Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	78.8%	-	\$183.32	-	\$144.49	-
2013	79.0%	0.2%	\$199.56	8.9%	\$157.59	9.1%
2014	80.2%	1.5%	\$214.41	7.4%	\$171.93	9.1%
2015	81.4%	1.5%	\$239.90	11.9%	\$195.17	13.5%
2016	79.1%	-2.8%	\$254.65	6.1%	\$201.43	3.2%
2Q16 YTD	78.9%	-3.2%	\$259.04	9.8%	\$204.40	6.3%
2Q17 YTD	79.1%	0.2%	\$259.72	0.3%	\$205.32	0.4%

San Mateo / Redwood City Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	76.0%	-	\$93.44	-	\$71.04	-
2013	80.5%	5.9%	\$100.00	7.0%	\$80.52	13.4%
2014	82.3%	2.2%	\$111.82	11.8%	\$92.04	14.3%
2015	82.9%	0.7%	\$125.60	12.3%	\$104.13	13.1%
2016	81.0%	-2.3%	\$133.59	6.4%	\$108.20	3.9%
2Q16 YTD	81.0%	-3.0%	\$131.54	8.1%	\$106.58	4.8%
2Q17 YTD	78.9%	-2.6%	\$135.54	3.0%	\$106.91	0.3%

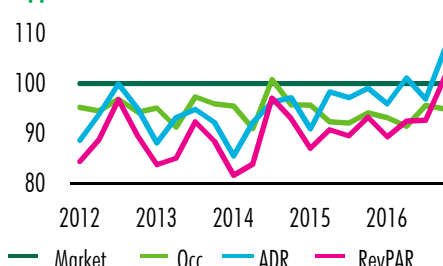
Source: STR, Q2 2017

All Hotels Penetration vs. Market Total

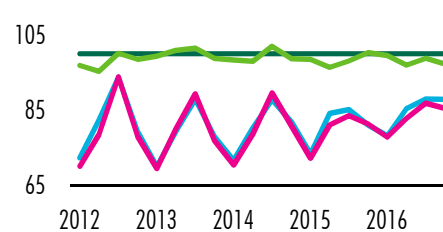
YEAR	OCC	ADR	REVPAR
2012	96.6%	83.4%	80.6%
2013	96.3%	82.0%	79.0%
2014	96.6%	80.2%	77.5%
2015	97.2%	84.7%	82.4%
2016	94.9%	86.8%	82.4%
2Q16 YTD	95.3%	86.7%	82.6%
2Q17 YTD	96.1%	91.6%	88.0%

Source: STR, Q2 2017

Upper-Priced Penetration vs. Market Total



Lower-Priced Penetration vs. Market Total



Source: STR, Q2 2017

Submarket Profile - Extended Area

The San Francisco Extended submarket covers a wide variety of suburban areas. It includes Marin County to the north and the Pacific Coastal cities of Pacifica and Half Moon Bay to the south.

Total Room Supply: **4,221**

Submarket Rank*

2

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

84%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Extended Area Submarket Inventory

UPPER-PRICED	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED	PROPERTIES	ROOMS	%SUBMKT
Inventory	24	2,284	54.1%	Inventory	44	1,937	45.9%
UPPER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT	LOWER-PRICED BRANDS BY SHARE	PROPERTIES	ROOMS	%SUBMKT
Courtyard	2	282	6.7%	Best Western Plus	2	205	4.9%
Ritz-Carlton	1	261	6.2%	Americas Best Value Inn	5	152	3.6%
Embassy Suites	1	236	5.6%	Best Western	2	141	3.3%

Extended Area Construction Pipeline

Source: STR, Q2 2017

PHASE	UPPER-PRICED			LOWER-PRICED			UNCLASSIFIED/INDEPENDENT		
	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT	PROPERTIES	ROOMS	%SUBMKT
Unconfirmed	0	0	0.0%	1	118	2.8%	0	0	0.0%
Planning	3	314	7.4%	0	0	0.0%	0	0	0.0%
Final Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
In Construction	0	0	0.0%	0	0	0.0%	0	0	0.0%
TOTAL	3	314	7.4%	1	118	2.8%	0	0	0.0%

Source: STR, CBRE Hotels' Americas Research, Q2 2017

Extended Area Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	72.4%	-	\$149.43	-	\$108.13	-
2013	75.7%	4.7%	\$160.58	7.5%	\$121.61	12.5%
2014	78.7%	3.9%	\$177.20	10.3%	\$139.37	14.6%
2015	80.6%	2.5%	\$188.95	6.6%	\$152.31	9.3%
2016	80.4%	-0.2%	\$198.42	5.0%	\$159.55	4.8%
2Q16 YTD	78.9%	0.9%	\$189.81	8.0%	\$149.68	9.0%
2Q17 YTD	78.4%	-0.6%	\$190.58	0.4%	\$149.39	-0.2%

Extended Area Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	72.4%	-	\$183.13	-	\$132.54	-
2013	75.6%	4.5%	\$196.66	7.4%	\$148.75	12.2%
2014	78.5%	3.8%	\$217.74	10.7%	\$170.99	15.0%
2015	79.5%	1.2%	\$236.72	8.7%	\$188.08	10.0%
2016	79.7%	0.3%	\$247.08	4.4%	\$197.00	4.7%
2Q16 YTD	78.3%	2.7%	\$236.09	7.1%	\$184.90	10.0%
2Q17 YTD	77.4%	-1.2%	\$237.34	0.5%	\$183.66	-0.7%

Extended Area Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2012	72.3%	-	\$109.57	-	\$79.27	-
2013	75.8%	4.8%	\$118.06	7.7%	\$89.54	13.0%
2014	78.8%	3.9%	\$129.61	9.8%	\$102.12	14.1%
2015	82.0%	4.0%	\$134.36	3.7%	\$110.14	7.8%
2016	81.2%	-0.9%	\$142.11	5.8%	\$115.41	4.8%
2Q16 YTD	79.5%	-1.1%	\$136.07	8.2%	\$108.16	7.0%
2Q17 YTD	79.6%	0.1%	\$136.97	0.7%	\$108.99	0.8%

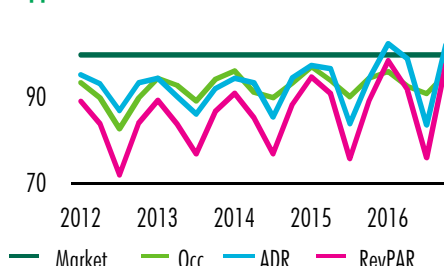
Source: STR, Q2 2017

All Hotels Penetration vs. Market Total

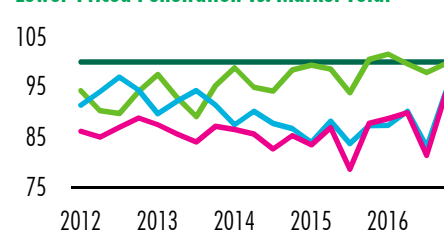
YEAR	OCC	ADR	REVPAR
2012	90.2%	87.1%	78.5%
2013	91.5%	85.7%	78.5%
2014	93.6%	85.2%	79.7%
2015	95.5%	85.0%	81.2%
2016	95.4%	85.9%	82.0%
2Q16 YTD	94.1%	81.5%	76.7%
2Q17 YTD	95.4%	84.6%	80.7%

Source: STR, Q2 2017

Upper-Priced Penetration vs. Market Total



Lower-Priced Penetration vs. Market Total



Source: STR, Q2 2017

MARKET SEGMENTS - REPRESENTATIVE BRANDS

Upper-Priced			Lower-Priced		
Fairmont	Embassy Suites	Courtyard by Marriott	Best Western Plus	Best Western	Days Inn
Four Seasons	Hilton	Crowne Plaza	Comfort Inn	Red Lion	Econo Lodge
Loews	Hyatt	Hyatt Place	Hampton Inn	La Quinta	Extended Stay America
Ritz Carlton	Marriott	Radisson	Holiday Inn	Mainstay Suites	Red Roof
W Hotels	Westin	Residence Inn	TownePlace Suites	Quality Inn	Value Place

EXHIBIT DEFINITIONS

Exhibit 1	Occupancy levels, ADR change and RevPAR change are plotted on a fixed "grade" scale. Measured as current value minus the mean, divided by the series' standard deviation. Grades: A: Very strong, greater than one standard deviation above long run average. B: Strong, within one standard deviation above long run average C: Somewhat weak, within one standard deviation below long run average. D: Weak, below one standard deviation of the long run average.
Exhibits 2 - 5	Year over year change in Income, Employment, RevPAR and Demand, displayed as annual (Exhibits 2 and 3) and quarterly (Exhibits 4 and 5).
Exhibit 6	Average annual Employment, Consumer Price Index, Gross Domestic Product, and Real Personal Income change for the MSA.
Exhibits 7 - 9	Index based change charts with base year 2012 = 100, illustrating the magnitude of change.
Exhibits 10 - 12	Compound average annual RevPAR, Demand and Supply change for Upper Priced, Lower Priced, and combined (All) hotels within the MSA.
Exhibit 13	Real RevPAR change (inflation adjusted, CPI) of the current period minus the historical mean of Real RevPAR change, divided by the historical standard deviation of Real RevPAR change.

FINANCIAL BENCHMARKS

The financial benchmarks come from the 2017 edition (2016 data) of *Trends® in the Hotel Industry*, CBRE Hotels' Americas Research's annual analysis of hotel financial statements from thousands of properties located across the nation. To benchmark the performance of hotels in the local market, we relied on national operating data from hotels of a similar profile to the average hotel in the subject market. The average room count, occupancy, and ADR of upper-priced hotels were used to analyze the performance of full-service hotels. The average room count, occupancy, and ADR of lower-priced hotels were used to analyze the performance of limited-service hotels. For a more in-depth report with a custom comparable set designed for your individual property or the subject market, see our CBRE Hotels' *BenchmarkerSM* service. (pip.cbrehotels.com)

HOW WE FORECAST

CBRE Hotels' Americas Research prepares hotel market forecasts based on accepted econometric procedures and sound judgment. The two-stage process for producing the forecasts firstly involves econometric estimation of future hotel market activity and financial performance based on historical relationships between economic and hotel market variables, and secondly, a judgmental review of modeled outputs by experienced hotel market analysts. CBRE Hotels and others believe that errors in forecasting are minimized by relying on both data analytics and judgment.

ECONOMETRIC MODELS

Econometric forecasting represents one of the most sophisticated approaches to gaining insight into future economic activity. Unlike some forecasting methods used in business practice, the models that underlie econometric forecasts contain variables based in economic theory. The forecasts come from historical relationships, similar to statistical correlations, among hotel market measures and economic variables. The measures for the variables come from actual market transactions involving individuals and firms interacting in the economy.

Positive Features of Econometric Models:

- The variables included in the models follow from economic theory.
- The relationships between variables are estimated with advanced statistical methods.
- The forecasts developed with econometric models are objectively determined, unlike forecasts based only on judgmental approaches.

Gaining insight into the futures of complicated economic environments requires the introduction of multi-level forecasting models. Several equations often need to be identified and estimated to model complex economic conditions such as the national economy. Multi-equation models have considerable appeal for economic forecasting because they explicitly recognize the interdependence of relationships commonly encountered in markets. Perhaps the best example of this type of model is one that involves both the demand side and the supply side of markets, in which prices of goods are set by the interaction of buyers and sellers. Thus, price appears as a variable in both the demand and supply equations.

THE EQUATIONS

The *Hotel Horizons*® econometric forecasting models fall into the category of multi-equation, demand and supply models. These models have the structure defined below, but vary in their construction for particular market applications (e.g., different cities and hotel market segments). The three estimated equations are:

1. Demand for hotel rooms is primarily driven by the general level of economic activity in the nation or city, as measured by income and employment. The equation recognizes the fundamental relationship between room purchasing behavior and either growth or decline in the relevant economy. Both economic theory and historical data relationships strongly support the inclusion of ADR in the demand equation because lower ADRs motivate increases in travel and leisure spending, while higher ADRs motivate decreases.
2. Supply change - In historical lodging data, a strong relationship exists between growth in the supply of new hotel rooms and prior-period lodging market conditions. In the equation, new hotel room growth is modeled as a function of past levels of new room growth, past ADR, and past occupancy levels.
3. ADR movements are correlated with room scarcity in the market.

The equation which estimates ADR defines ADR as a function of past room rates and contemporaneous occupancy levels. The parameters (*i.e.*, coefficients on each variable) then are used to forecast demand, supply change, and RADR by multiplying the parameters by CBRE Econometric Advisors and Moody's Analytics forecasts of the economic variables and relevant previously estimated values (lagged variables). Three additional calculations are made with these results, as follows:

1. Supply change is added to the previous-period number of available rooms to produce an available rooms level in future periods.
2. Number of rooms sold is divided by number of available rooms to obtain occupancy percent in each future period.
3. Expected inflation is added to real ADR to convert to nominal ADR.

JUDGMENTAL INTERVENTION

A committee of hotel experts from CBRE Hotels' Americas Research performs a thorough review of each model prediction. These assessments are made by locally-based hotel experts working in the various offices around the U.S. The quarterly forecasts for the current and forecast period years are subject to review. The committee modifies the model's market prediction when there is compelling evidence that factors have come into play that the model could not possibly foresee. A Super Bowl-type event, as an extreme example, would cause the committee's forecast to differ noticeably from the model's prediction—not only in the city in which the event will occur, but also competing cities within the region. In most instances, however, the committee either defers to the model prediction or makes modest adjustments.

What Has Changed Since The Last Report?

Forecasts are valuable tools for developing expectations of key variables. Changes to forecasts occur for two primary reasons. The first is adjustments to historical series made by the data provider, causing future periods to vary due to changes in their base. The second is that economic expectations tend to shift as more information becomes available, thus moving the hotel variables according to their underlying relationships. We are constantly re-evaluating the performance of our forecasts, and presented below is a view on how the world has changed since the June - August 2017 issue, presented in same period, prior year change format. All data under "This Report" are actual through 2nd Quarter 2017. Data marked as "Last Report" are actual through 1st Quarter 2017, with 2nd Quarter 2017 being the first forecast period for that report. As noted on earlier pages, all of the hotel variables below are modeled using data from Moody's Analytics. It is important to note that all historical data are subject to revision.

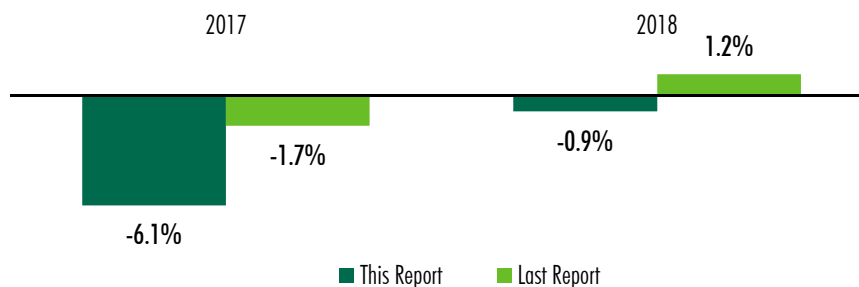
At the beginning of each year, STR, our source for historical lodging data, repositions the chain-scale classifications for branded properties, and chain-class categories for independent hotels. The reclassifications are based on the ADR achieved the prior year. Because of these reclassifications, the historical data presented in this report may differ from the historical data presented in prior *Hotel Horizons*® reports. Further, the reclassifications may have influenced our forecasts of future performance.

	2017				2017	2018	2019
	1st Qtr	2nd Qtr	3rd Qtr F	4th Qtr F	Year End	Year End	Year End
CHANGE IN REAL PERSONAL INCOME*							
This Report	1.3%	2.6%	4.2%	4.8%	3.2%	3.7%	4.6%
Last Report	3.6%	3.9%	5.0%	5.5%	4.5%	4.3%	4.6%
CHANGE IN TOTAL PAYROLL EMPLOYMENT*							
This Report	2.8%	2.2%	1.7%	1.5%	2.0%	0.8%	0.0%
Last Report	2.5%	2.1%	1.8%	1.6%	2.0%	1.1%	-0.1%
CHANGE IN SUPPLY**							
This Report	-0.5%	-0.1%	0.9%	2.1%	0.6%	3.1%	2.1%
Last Report	-0.5%	-0.2%	0.8%	1.2%	0.3%	2.2%	1.8%
CHANGE IN DEMAND**							
This Report	-2.2%	-2.1%	0.2%	-0.3%	-1.1%	1.1%	2.7%
Last Report	-2.1%	-2.1%	0.5%	0.8%	-0.7%	2.0%	3.2%
CHANGE IN OCCUPANCY**							
This Report	-1.7%	-2.0%	-0.7%	-2.4%	-1.7%	-2.0%	0.5%
Last Report	-1.6%	-2.0%	-0.3%	-0.5%	-1.1%	-0.2%	1.4%
CHANGE IN ADR**							
This Report	-0.2%	-6.3%	-7.5%	-3.5%	-4.5%	1.1%	2.3%
Last Report	-0.2%	-0.7%	-0.8%	-0.8%	-0.6%	1.4%	2.3%
CHANGE IN REVPAR**							
This Report	-1.9%	-8.2%	-8.1%	-5.8%	-6.1%	-0.9%	2.9%
Last Report	-1.8%	-2.7%	-1.0%	-1.3%	-1.7%	1.2%	3.7%

* Economic data (history and forecast) are from CBRE EA, Q2 2017

** Hotel performance data: History supplied by STR; Forecast developed by CBRE Hotels' Americas Research, Q2 2017

2017 and 2018 Year End Forecast Change in RevPAR



Source: CBRE Hotels' Americas Research, Q2 2017

GLOSSARY OF TERMS

ADR	Average Daily Rate - rooms revenue divided by paid rooms occupied.
Occupancy	Paid rooms occupied divided by available rooms.
RevPAR	Revenue per Available Room - rooms revenue divided by available rooms.
Supply	Average daily room nights available per quarter, represented as a change over previous year, same quarter except where noted annually.
Demand	(Accommodated Demand) Average daily room nights occupied per quarter, represented as a change over previous year, same quarter except where noted annually.
LRA	Long Run Average - Annual average from 1988 to last complete year end.
Penetration	Market area (or sub-market area) measurement as a percent of national (or market area) measurement.
Standard Deviation	The plotting of a normal data series and how far each individual data point lies from the mean: 68.2% of the series will fall within 1 standard deviation, 95.4% of all data points will fall within 2 standard deviations, and 99.7% falling within 3 standard deviations of the mean.

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