

Maine Hospitality Market Review & 2018 Forecast



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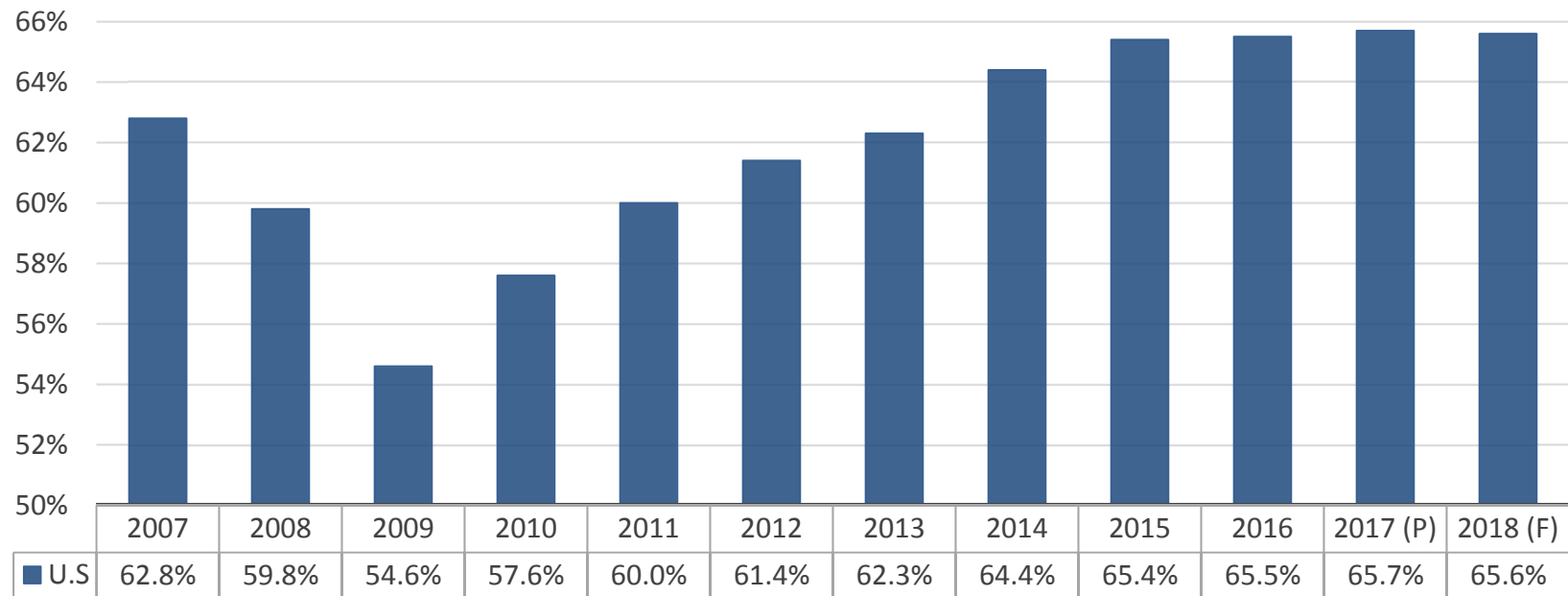
Welcome & Today's Agenda

- **2017 Review**
 - National & Regional Lodging Statistics
 - Maine Lodging at a glance
- **Trends**
 - Current Trends & Hot Topics
 - 2018 Trends
 - Market snapshots
 - Significant Transactions
 - Development Pipeline
- **2018 Forecast**



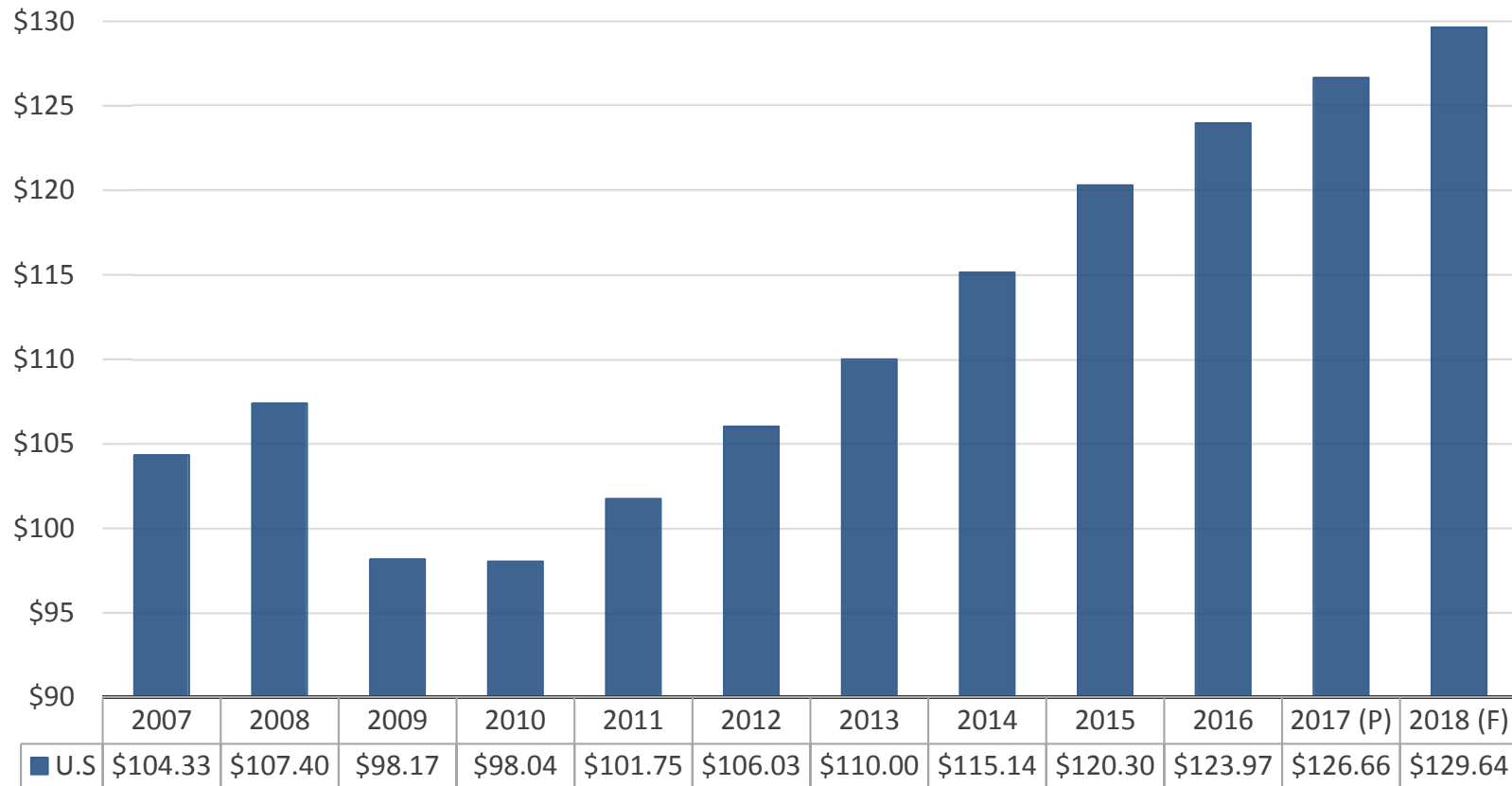
National Lodging Statistics

U.S. Occupancy 2007-2018



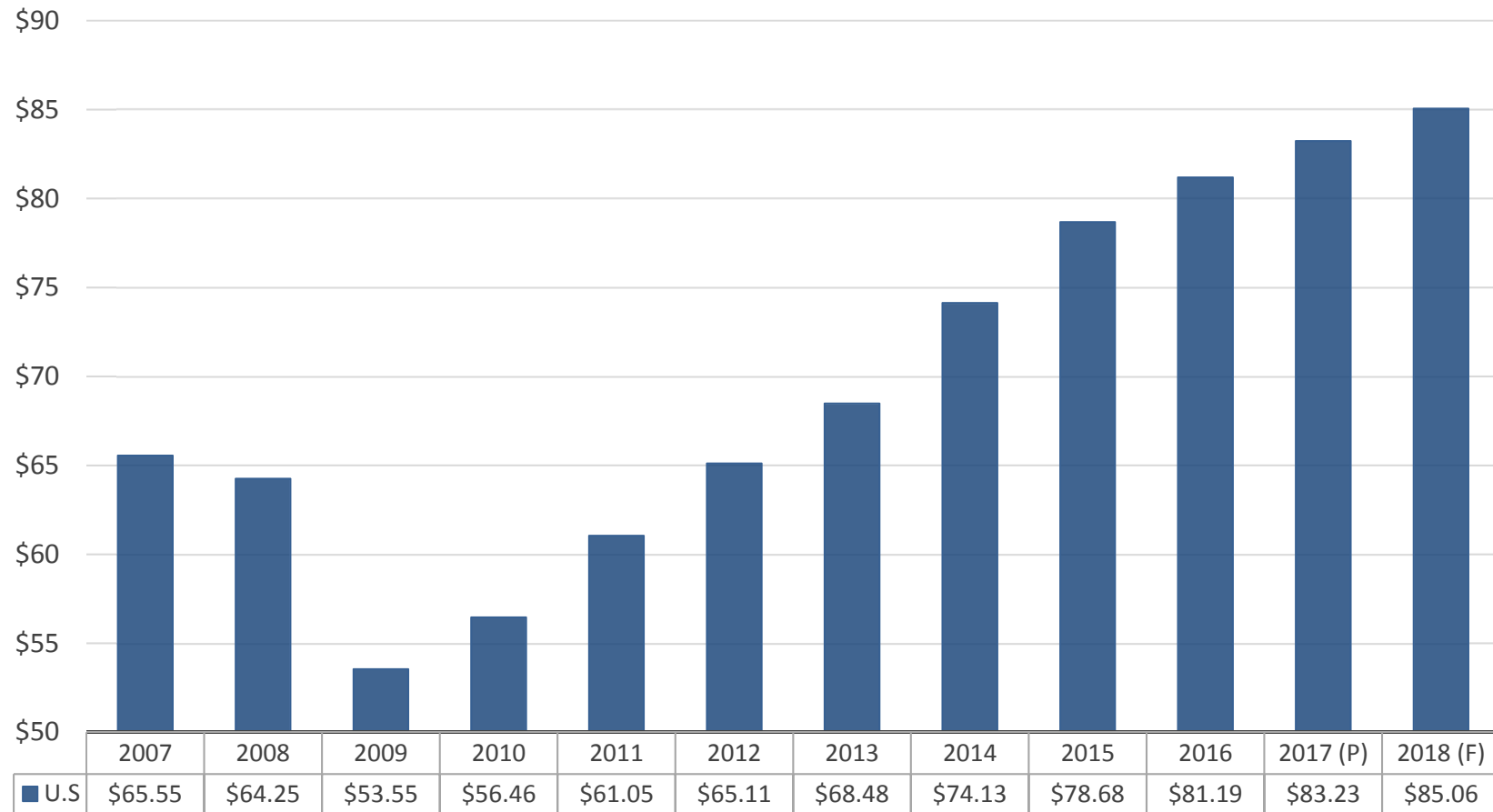
Source: Smith Travel Research; Pricewaterhouse Coopers.

U.S. Average Daily Rate (ADR) 2007-2018

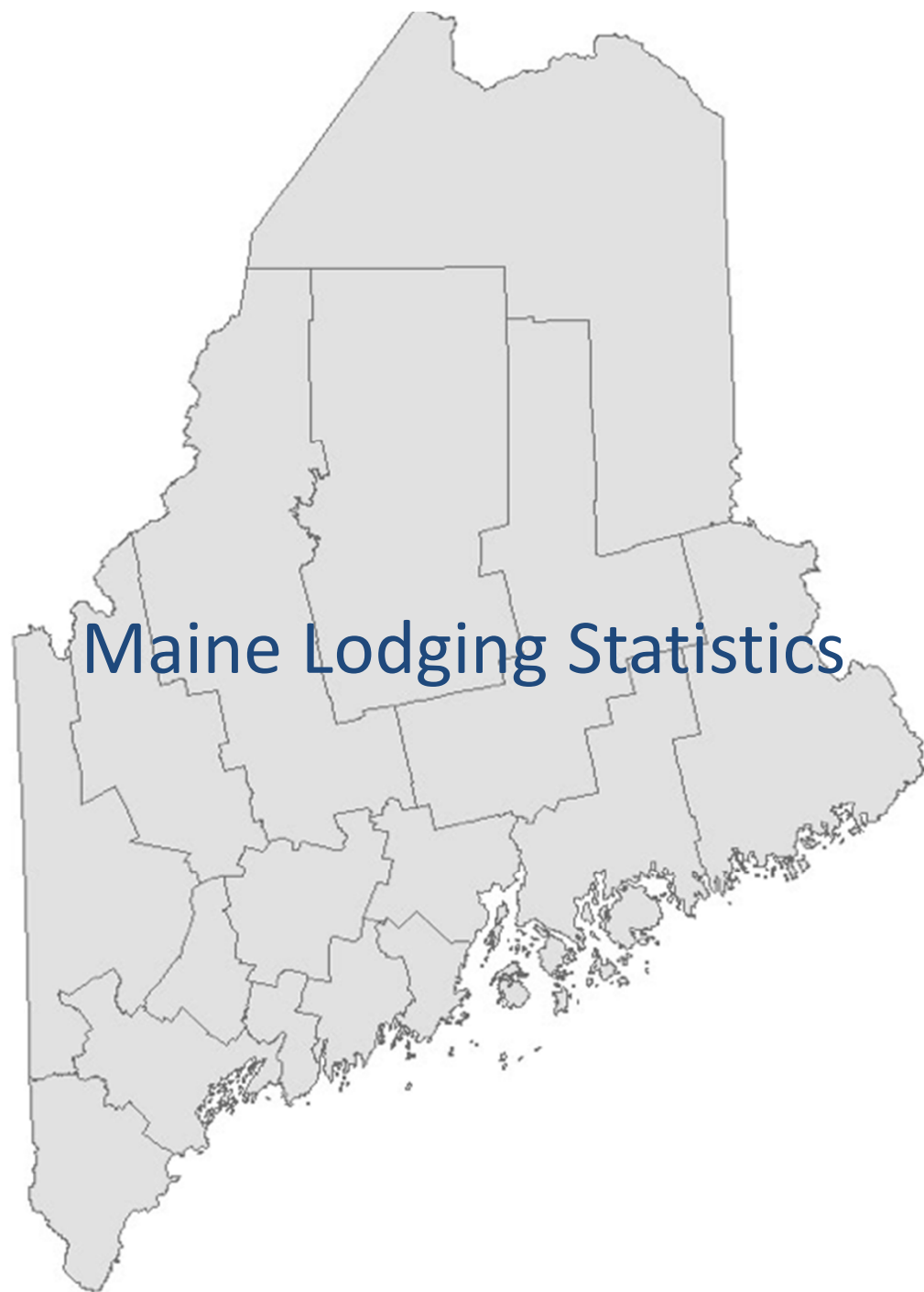


Source: Smith Travel Research; Pricewaterhouse Coopers.

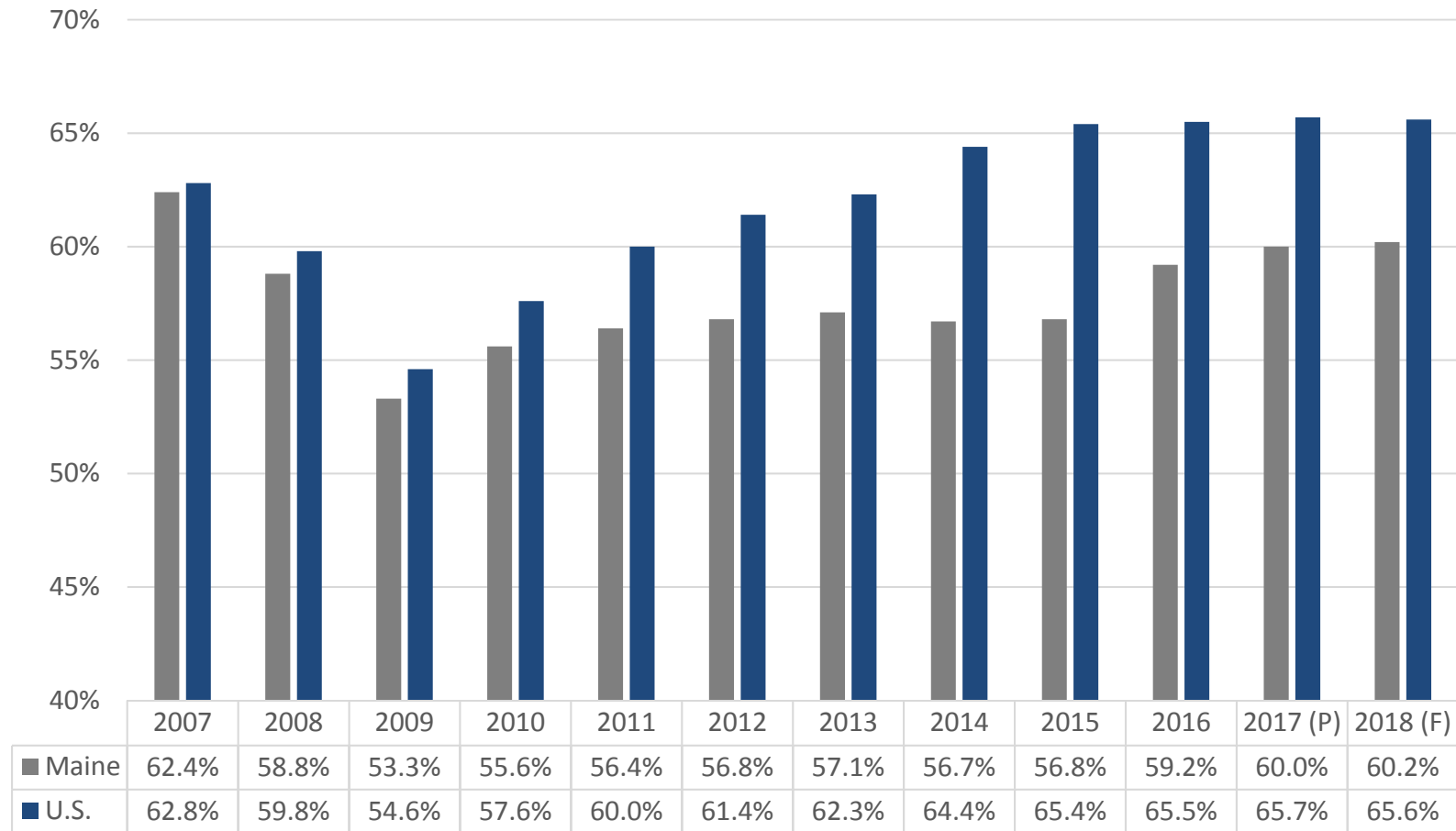
U.S. Revenue Per Available Room (RevPAR) 2007-2018



Source: Smith Travel Research; Pricewaterhouse Coopers.

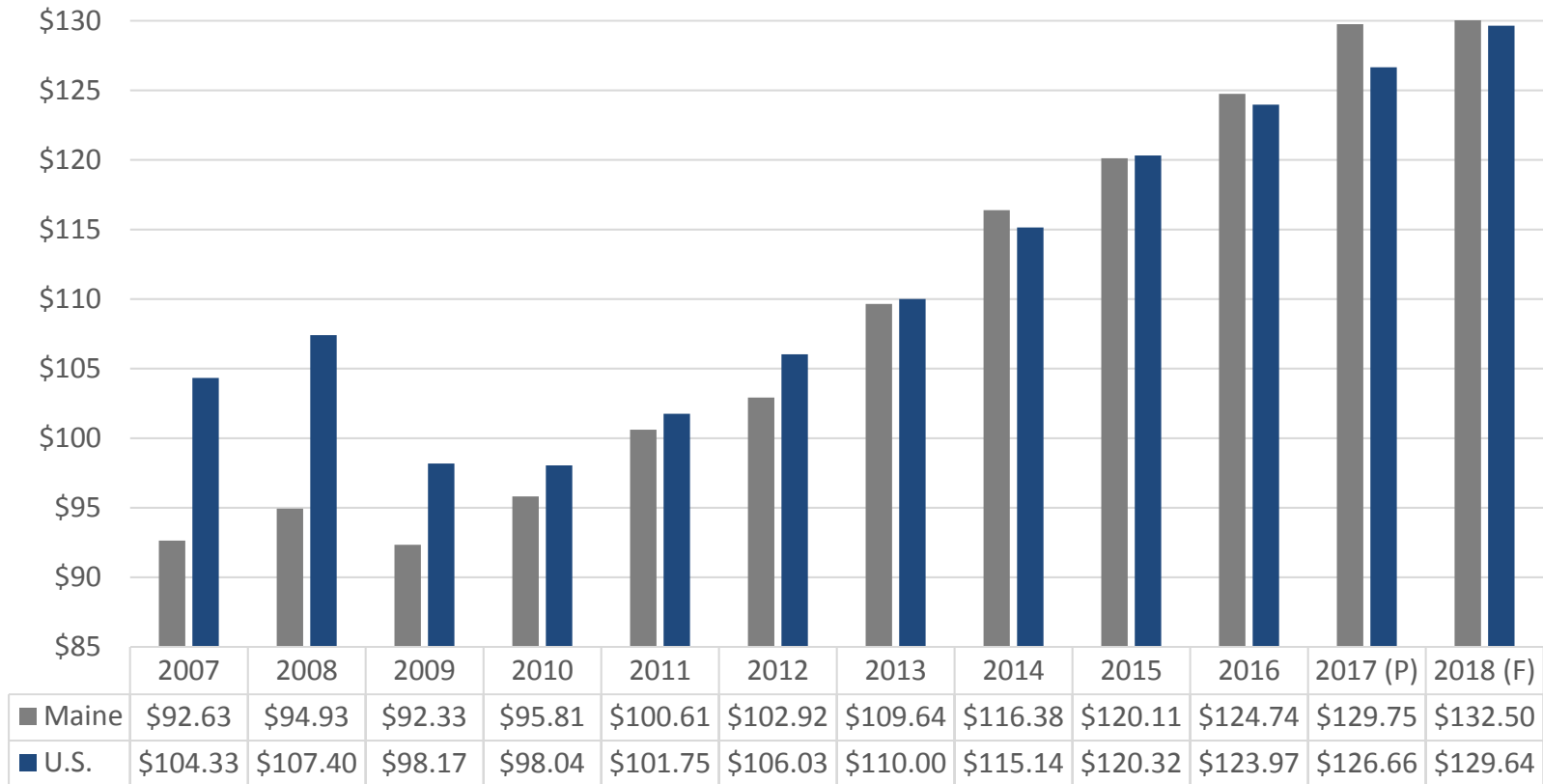


Maine Occupancy 2007-2018



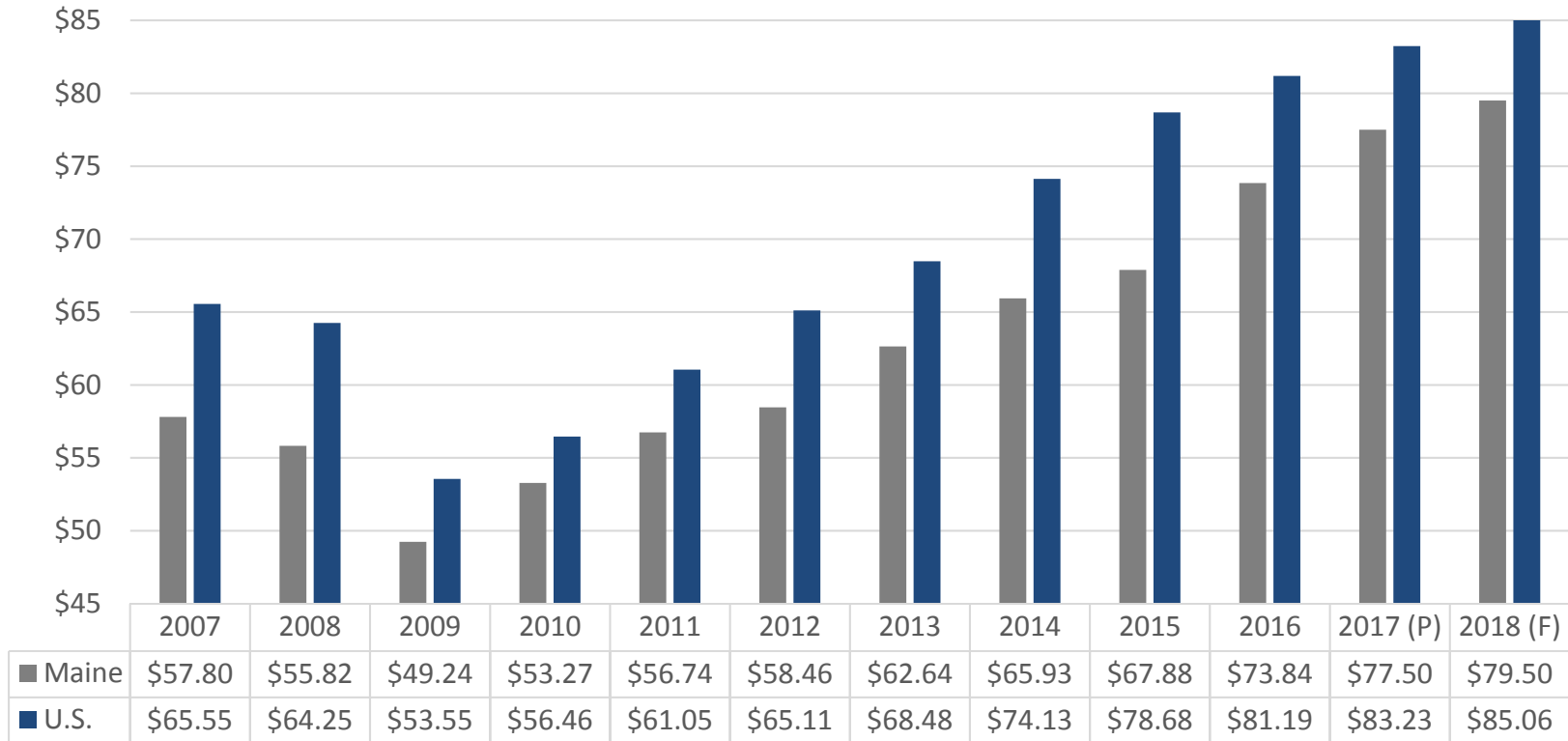
Sources: Smith Travel Research; PwC

Maine ADR 2007-2018



Sources: Smith Travel Research; PwC

Maine RevPAR 2007-2018



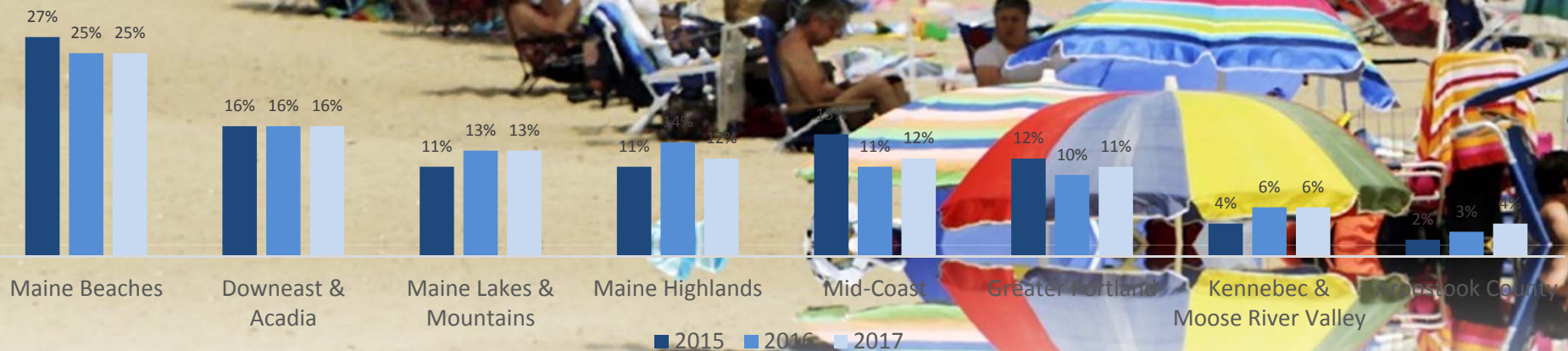
Sources: Smith Travel Research; PwC

Maine Summer 2017

(May – August)

Summer Visitors	2016	2017	% Change
Total Estimated Visitors	25,067,053	26,187,928	+ 4.5%
Overnight Visitors	9,598,991	10,403,013	+ 8.4%
Day Visitors	15,468,062	15,784,915	+ 2.0%

Destination of overnight visitors



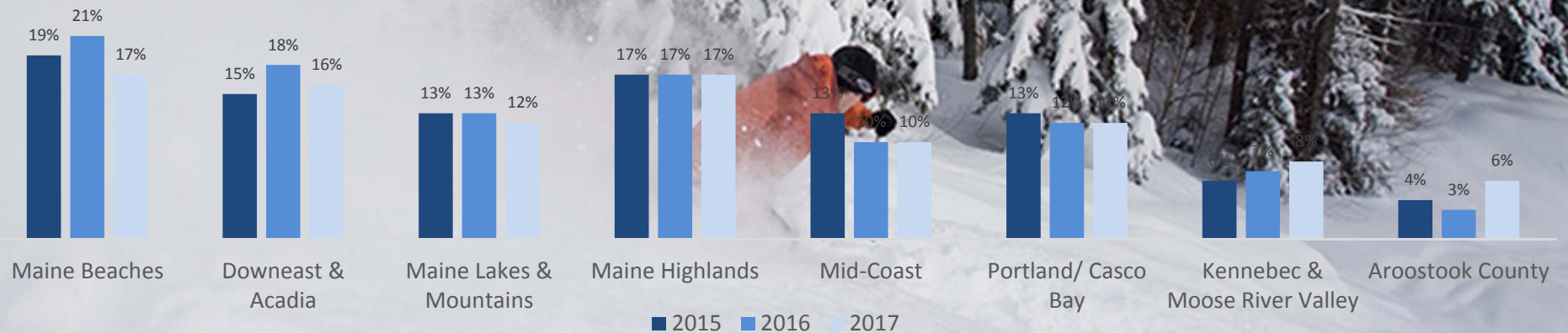
Source: Digital Research Group

Maine Winter 2017

(Dec 2016 – Apr 2017)

Winter Visitors	2016	2017	% Change
Total Estimated Visitors	5,789,702	6,413,713	+ 10.8%
Overnight Visitors	3,179,745	3,464,671	+ 8.9%
Day Visitors	2,609,957	2,949,642	+ 13.0%

Destination of overnight visitors



Source: DPA, Inc.

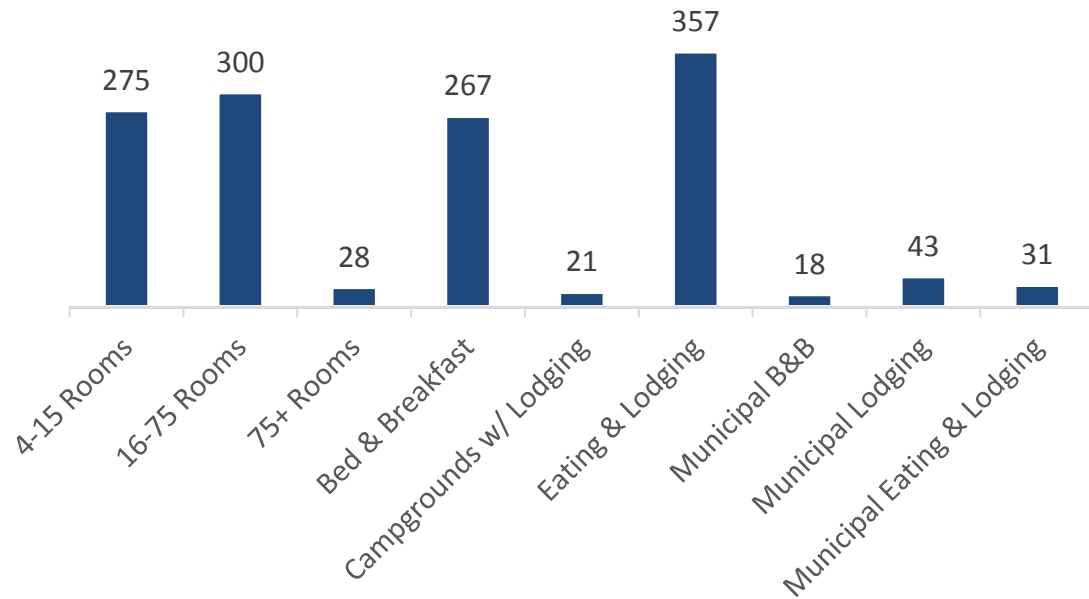
MAINE

HOSPITALITY AT A GLANCE



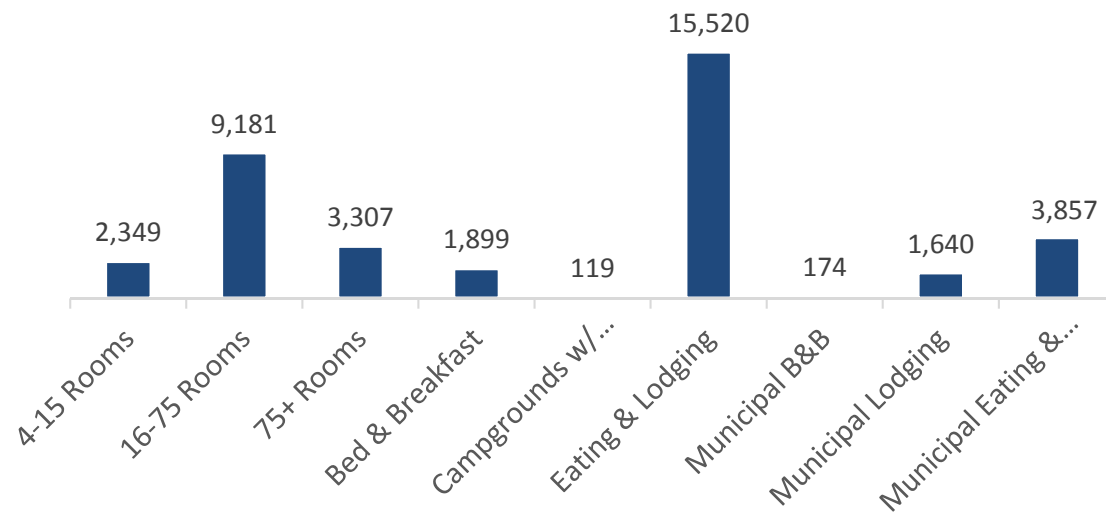
1340
lodging properties

Properties by License Type



38,000 ±
guest rooms

Number of Guest Rooms by Property Type



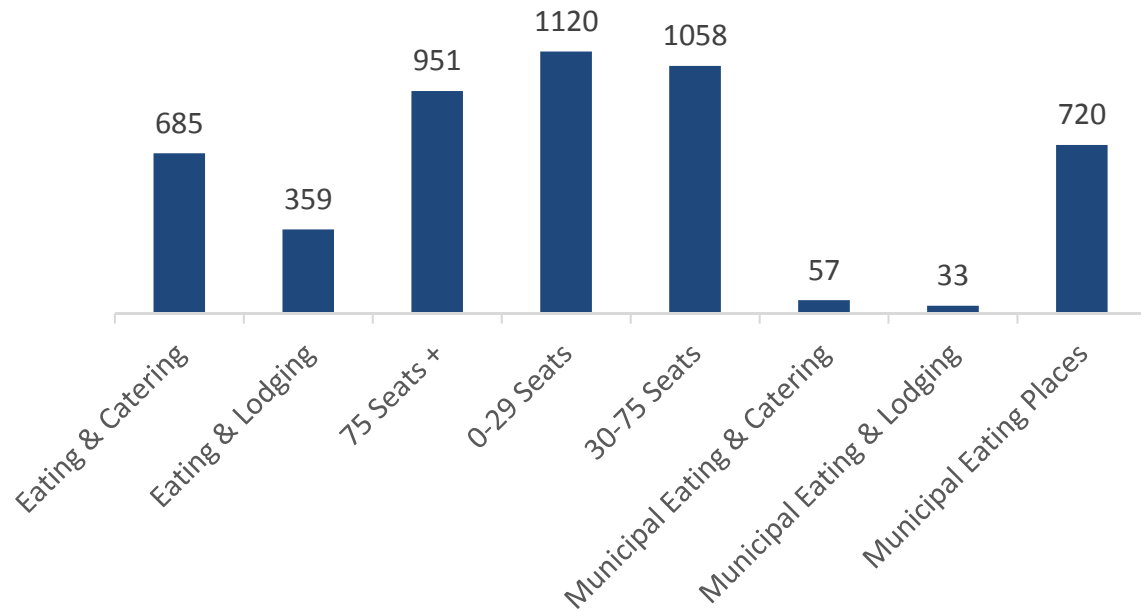


4,983
Eating Establishments

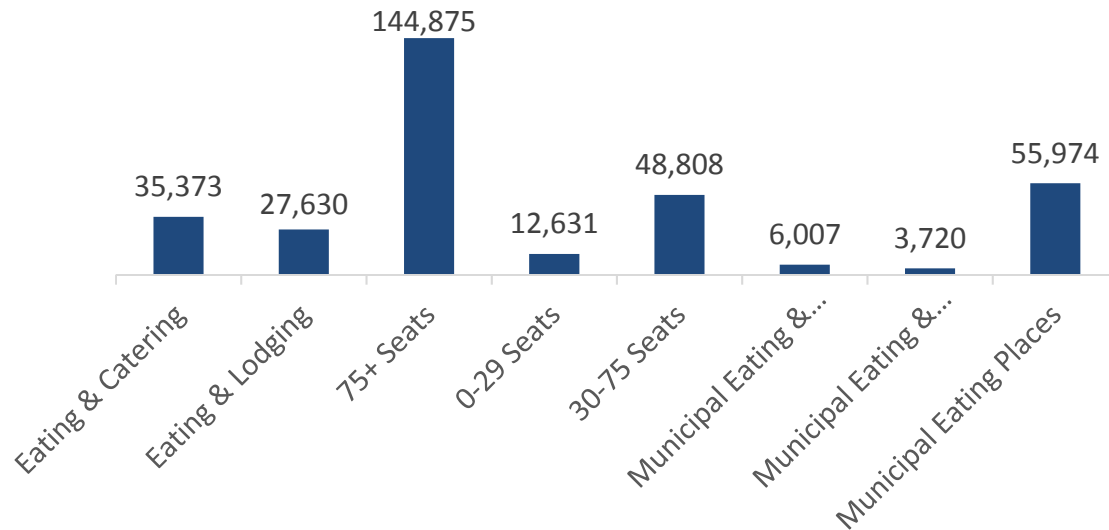


335,000 ±
Seats

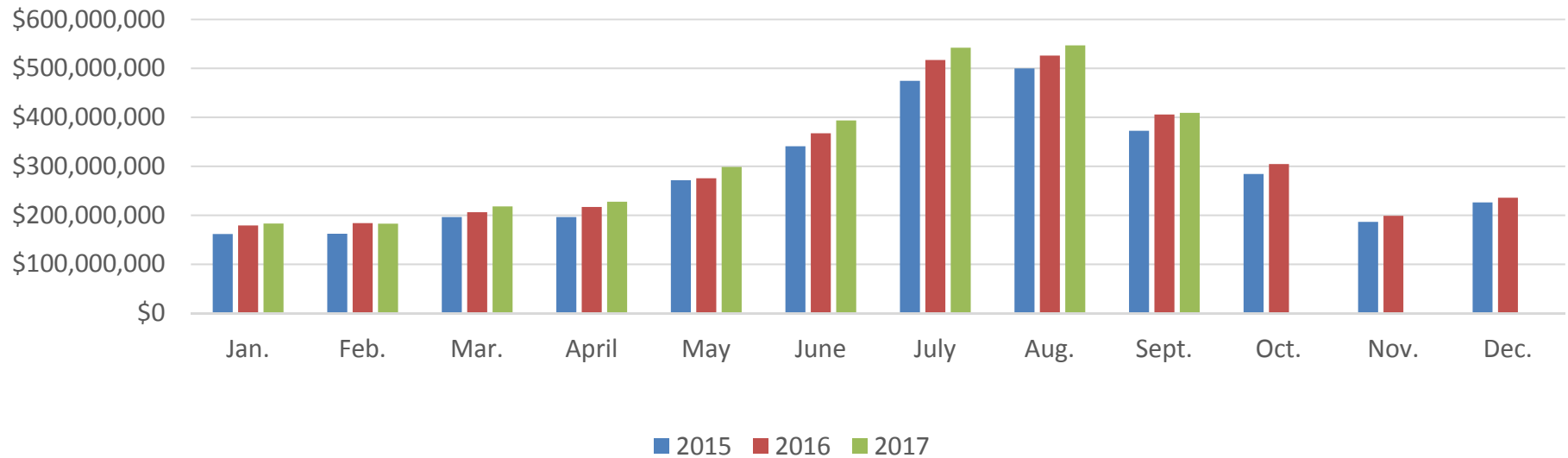
Restaurants by License Type



Number of Seats by Restaurant Type



Maine Taxable Sales – Restaurant & Lodging



2017:

- September restaurant revenue +1.2%
- September lodging revenue -.03%
- Restaurant revenue through September +3.3%
- Lodging revenue through September +6.9%

Current Trends

- **Increased number of lodging properties targeting millennials**
 - Millennials are anticipated to represent half of all travelers by 2025.



- **New technology continuing to emerge**
 - Most guests are tech-savvy today and there is a significant increase in the use of apps and mobile websites
- **A trend towards showcasing local products and artists**
 - Hotels marketing efforts are aimed to providing guests with a regional or local experience that is unique. More artists and craftsmen are being utilized for this purpose.



Labor Shortages

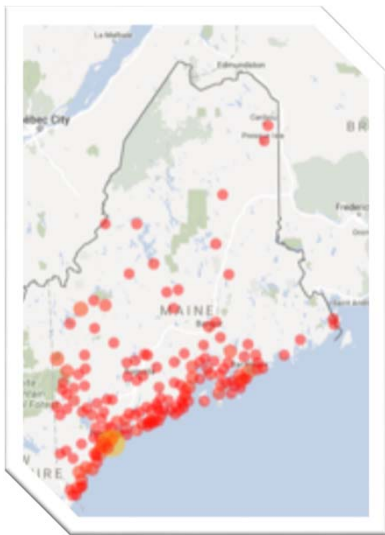
Maine has seen a palpable labor shortage that continues to worsen

- Cuts in H-2B and J1 foreign workers
- New workforce development programs in high schools and community college systems
- Worker housing issues
- Minimum wage/tip credit





Another hot(el) topic in Maine



- Collection of 9% lodging tax
- Non-owner occupied short-term rentals (STRs)
- Proposed legislation
 - Legislative Document No. 1721, H.P 1201
 - An Act To Require Room Remarketers and Operators of Transient Rental Platforms To Be Registered for the Collection and Reporting of Sales Taxes
- Increase in city ordinances:
 - Portland
 - Hosts required to register short-term rentals with the city
 - Fees per unit
 - Fines for failure to register
 - Cap of 300 non-owner occupied units
 - South Portland, Rockland, Camden, Bar Harbor

2016 Stats

3,700
Active
Hosts



174,000
Visitors



\$26
Million in
Revenue

7,700

Current Active Listings

Slide 18

DP1

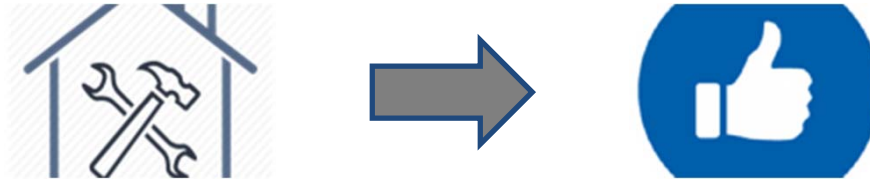
<https://www.airdna.co/region/us/maine> An 'active listing' is any listing which received at least one booking in the previous month.

Daigle Properties, 12/12/2017

2018 Trends

- Renovations, Renovations

- The hotel industry will see an influx of renovations to improve the properties' appeal as reviews and social media are more prevalent than ever.



- Co-Work and life space

- Millennials still looking for a sense of community when traveling
- Business travelers will utilize co-working spaces within hotels
- Continuing trend to shift away from guest rooms to public common spaces
- Bigger emphasis on the lobby and surrounding areas to improve first impressions



Portland Market

	T-12 November 2017	Change from 2016
Occupancy	64.4%	1.6%
ADR	\$137.67	3.3%
RevPAR	\$88.63	4.9%

Source: STR

- Portland has been recognized in national publications as an emerging foodie destination.
 - 5-star restaurants and craft breweries
- Cultural attractions (history, arts, entertainment) strong demand generators
- Growth in business travel
- Multi property owners seeking opportunities to gain entry to this thriving market.

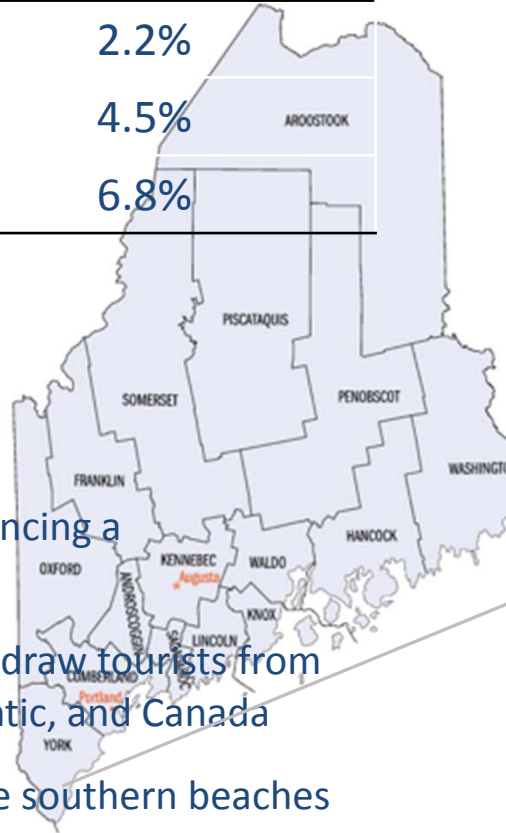


Augusta/Maine South

T-12 November 2017		Change from 2016
Occupancy	56.4%	2.2%
ADR	\$131.81	4.5%
RevPAR	\$74.32	6.8%

Source: STR

- Downtown Augusta experiencing a revitalization
- Maine beaches continue to draw tourists from New England, the mid-Atlantic, and Canada
- Expanding seasonality in the southern beaches areas



Bangor/Maine North

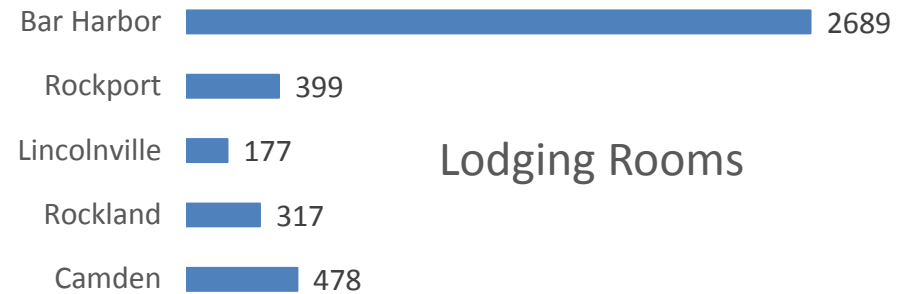
	T-12 November 2017	Change from 2016
Occupancy	59%	-1.5%
ADR	\$114.92	1.4%
RevPAR	\$67.74	-.01%

Source: STR



- Darling's Waterfront Pavilion concerts recently signed and extended their contract for 10 more years.
- Revitalization of downtown Bangor
- Emergence of the Cross Insurance Center
- University of Maine growth
- Increased efforts to boost the outdoor recreation industry

Mid-coast & Bar Harbor Market



- Jackson Lab expansion Bar Harbor/Ellsworth
- Revitalization of downtown Rockland along with Camden/Rockport continues to attract new visitors to the area
- Foodie scene becoming more prevalent
- Cruise ship growth in Rockland and Bar Harbor



Notable Transactions of 2017



Residence Inn, Portland
\$55,750,000 – 179 rooms
\$311,453/key
Holliday Fenoglio Fowler (HFF)



Holiday Inn, Bangor
\$8,000,000 – 208 rooms



Boothbay Harbor Oceanside Golf Resort, Boothbay Harbor
 \$3,750,000 - 91 rooms (now 75)
 Estimated \$10m in renovations
 Bruce Tindal – Tindal & Callahan



Ramada Hotel & Conference Center, Lewiston
 \$4,300,000 · 117 rooms
 Mitchell Muroff - Daigle Commercial Group



Yachtsman Hotel & Marina Club, Kennebunkport
 Undisclosed Price · 30 rooms – 50 Slip Marina
 Roger Daigle - Daigle Commercial Group



Ocean Gate Resort, Southport Island
 \$5,000,000 - 65 rooms
 Nicholas Farrell - Daigle Commercial Group



USA Inn, Wells
 \$4,100,000 - 50 rooms
 John Gendron – Gendron Commercial



Beau Rivage Motel, Old Orchard Beach
 \$3,720,000 – 60 rooms
 Roger Daigle - Daigle Commercial Group



The ViewPoint Hotel, York
 \$3,000,000 - 9 rooms



Inn on the Blues, York Beach
 \$2,600,000 – 5 rooms
 Anne Erwin Sotheby's International Realty



Oakland Seashore Motel & Cabins, Rockland
\$2,500,000 – 21 rooms
Scott Harty – Camden Real Estate Company



Ullikana Bed & Breakfast, Bar Harbor
\$2,150,000 – 11 rooms
The Swan Agency Sotheby's International



Chalet Moosehead Lakefront Motel, Greenville
\$1,900,000 – 26 rooms
The B&B Team



28 Mile Rd, Wells
\$940,000 and the purchaser plans to develop
a 60-unit hotel and restaurant
Mike Anderson – Malone Commercial Brokers



Coachman Inn, Kittery
 \$3,000,000+ · 43 rooms
 Nicholas Farrell- Daigle Commercial Group



Bradley Inn, New Harbor
 \$2,125,000 – 16 rooms
 Rick Wolf - The B&B Team



Lakewood Sporting Camps, Rangeley
 Undisclosed Price
 Dennis Wheelock & Scott Balfour
 Magnusson Balfour



Glenmoor by the Sea, Lincolnville
 \$1,975,000 · 33 rooms
 Dana Moos - The B&B Team

New Product

Property Name	Location	Rooms	Type	Opening Date
Hampton Inn	I-95 Exit, Kennebunk	73	Midscale	October
Tru by Hilton	Maine Mall Rd, South Portland	98	Midscale	December
Oxford Casino Hotel	152 Main Street, Oxford	107	Upscale	November
The Francis	East End, Portland	15	Boutique	September

Development Pipeline

Property	Location	Rooms	Type	Status
AC Hotel Portland	Fore Street, Portland	150	Upscale	Under Construction
Home2 Suites	Maine Mall Rd, South Portland	110	Upper Midscale	Under Construction
TBD	Downtown, Waterville	42	Boutique	Planning
TBD – West Elm	Eastern Waterfront, Portland	150	Boutique	Planning
TBD	203 Fore Street, Portland	128	Upscale	Proposed
TBD	Commercial Street, Portland	139	Unknown	Planning
Best Western Plus	Route 2, Rumford	60	Midscale	Planning
TBD	28 Mile Rd, Wells	60	Full-service	Proposed
TBD	Thompson’s Point, Portland	148	Upscale	Planning
TBD	Eastport	26	Unknown	Planning
TBD	Saco Island	60-70	Boutique	Proposed

Outlook 2018

- ADR will see increase of 2%-3%
- RevPAR growth of 2-3%
- New Supply will keep occupancy flat
- Continued increase of tourists visiting Maine in the winter
- Continuing challenges in hospitality worker hiring
- Growth of short-term rentals



Thank you!