2015 Maine Hospitality Forecast

January 22, 2015

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Agenda

Statistics
- Expert forecasts
- Data

Transactions
- Sold properties
- Openings

Pipeline
- 2015 Construction

Forecasts
- 2015
- 2035

Hotel Expert Forecasts

"...the 2015 industry wide occupancy levels are expected to reach 64.9%, the highest since 1984, providing hotel operators with leverage to drive more aggressive pricing."

-pwc

Hotel Expert Forecasts

"...Availability of debt will continue, with lender competition putting pressure on interest rates and loan-to-value ratios."
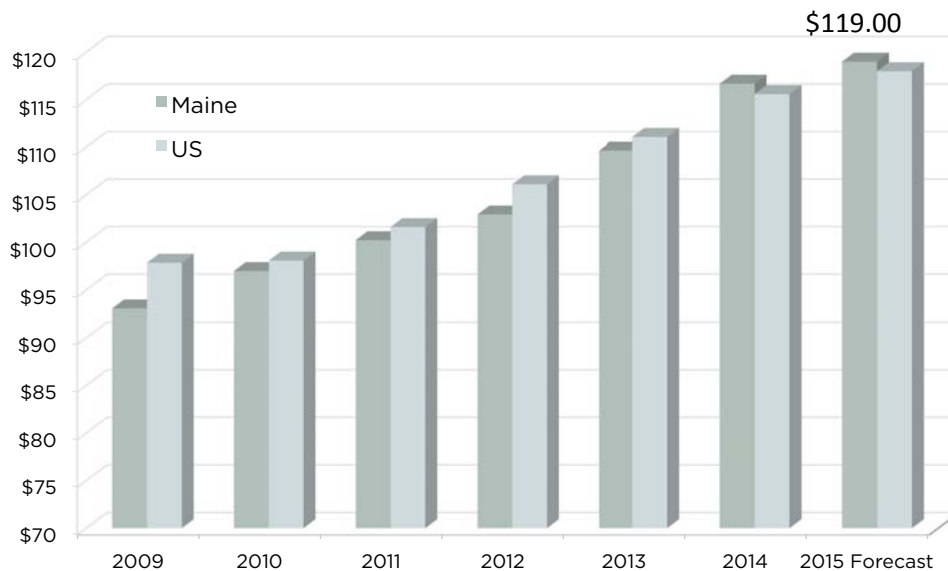
-HVS

Hotel Expert Forecasts

"...demand for US lodging will have increased 25.8% since the depths of the recession in 2009, while the supply of hotel rooms will have grown by just 5.6%."
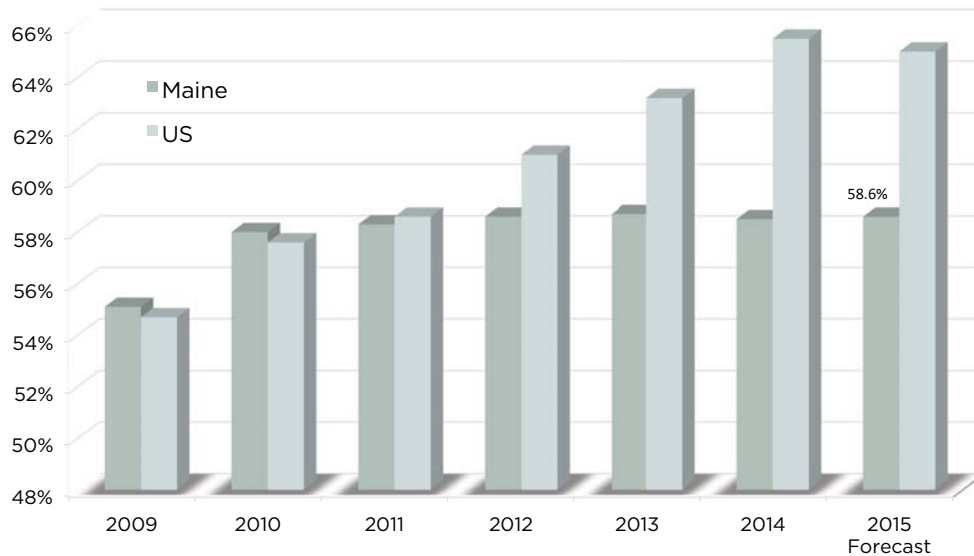
-PKF Hospitality Research
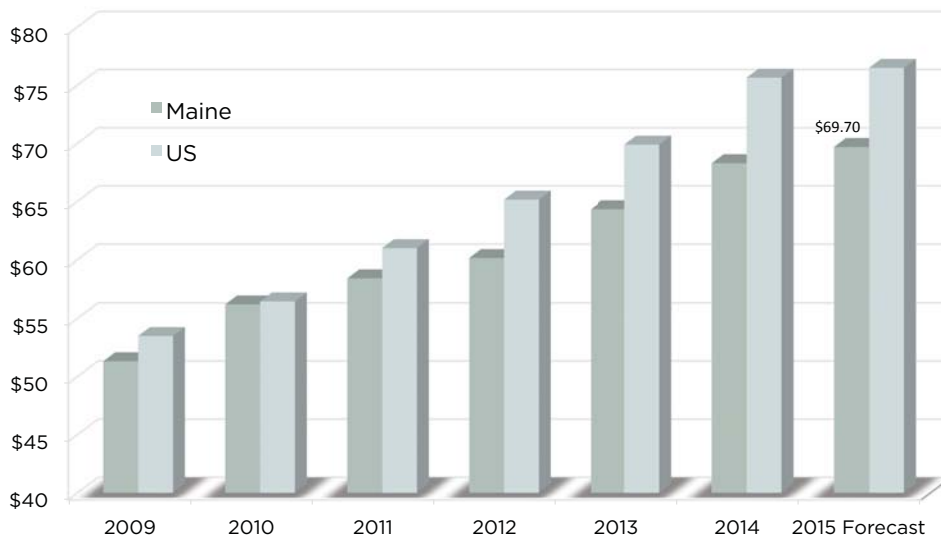
Average Daily Rate (ADR)
2009 - 2015

$119.00

Legend:
- Maine
- US

Year	Values (approximate)
2009	$94 (Maine), $98 (US)
2010	$97 (Maine), $98 (US)
2011	$101 (Maine), $102 (US)
2012	$103 (Maine), $106 (US)
2013	$110 (Maine), $111 (US)
2014	$117 (Maine), $116 (US)
2015 Forecast	$119 (Maine), $118 (US)

Source: Smith Travel Research

Occupancy (OCC)
2009 - 2015

Source: Smith Travel Research

Revenue Per Avail. Room (RevPAR)
2009 - 2015

Source: Smith Travel Research

Significant 2015 Hotel Transactions and Openings (cont'd)

Photo	Approx Price/Cost	Rooms	Property	City	Owner/Developer
	$50,000,000	289	Westin Eastland	Portland	Rockbridge, New Castle Hotels
	$30,200,000	166	Cliff House Resort	York	Rockbridge, Anastos/Dugas
	$18,000,000	82	TownePlace Suites	Bangor	OPI, LTD
	$17,500,000	132	Marriott Courtyard	Portland	J B Brown & Sons
	$14,000,000	130	Hyatt Place	Portland	East Brown Cow

Significant 2015 Hotel Transactions and Openings (cont'd)

Photo	Approx Price/Cost	Rooms	Property	City	Owner/Developer
	$12,000,000	93	Hampton Inn	Lewiston	Parallax Partners
	$7,000,000	77	Admiral's Inn	Ogunquit	Private
	$4,300,000	30	Marginal Way House	Ogunquit	Private
	$3,400,000	40	Whitehall Inn	Camden	Lark Hotels
	$3,300,000	32	Monhegan Island Inn	Monhegan Island	Private

Significant 2015 Hotel Transactions and Openings (cont'd)

Photo	Approx Price/Cost	Rooms	Property	City	Owner/ Developer
	$2,700,000	73	Super 8	Freeport	Private
	$2,400,000	10	The Danforth	Portland	R. Brunyanszki
	$2,000,000	20	Topside Inn	Boothbay	Private
TOTALS:	$166,000,000	1,174	14 Transactions / Openings		

2015 Hotel Development Pipeline

Status	Rooms	Property	Location, City	Owner/Developer
Construction	120	Homewood Suites	Western Avenue, Augusta	Schott/OPI, LTD
Construction	74	MicroTel Inn	Route 302, Windham	Heyland Development
Construction	110	Press Hotel	Exchange Street, Portland	J. Brady
Construction	87	TBD franchise hotel	Route 1, Bath	Schott/OPI, LTD
Construction	124	Marriott Residence	Main Street, Bangor	OPI, LTD
Planning	65	TBD independent inn	Commercial Street, Rockland	S. Smith
Planning	93	Hampton Inn	Route 26, Oxford	GIRI Hotels
Planning	81	Lincoln Hotel	Downtown Biddeford	T. Harrington
Planning	125	TBD franchise hotel	Thompson's Point, Portland	Parallax Partners

879	TOTAL 2015 New Room Supply
36,100	Approximate Current Maine Room Inventory
2.4	% 2015 Room Supply Increase

Maine Hospitality Forecast: 2015

Hospitality Real Estate Market Cycle

Oversupply

Expansion

Recovery

Recession

2004   2007   2008   2009   2011   2014   2016
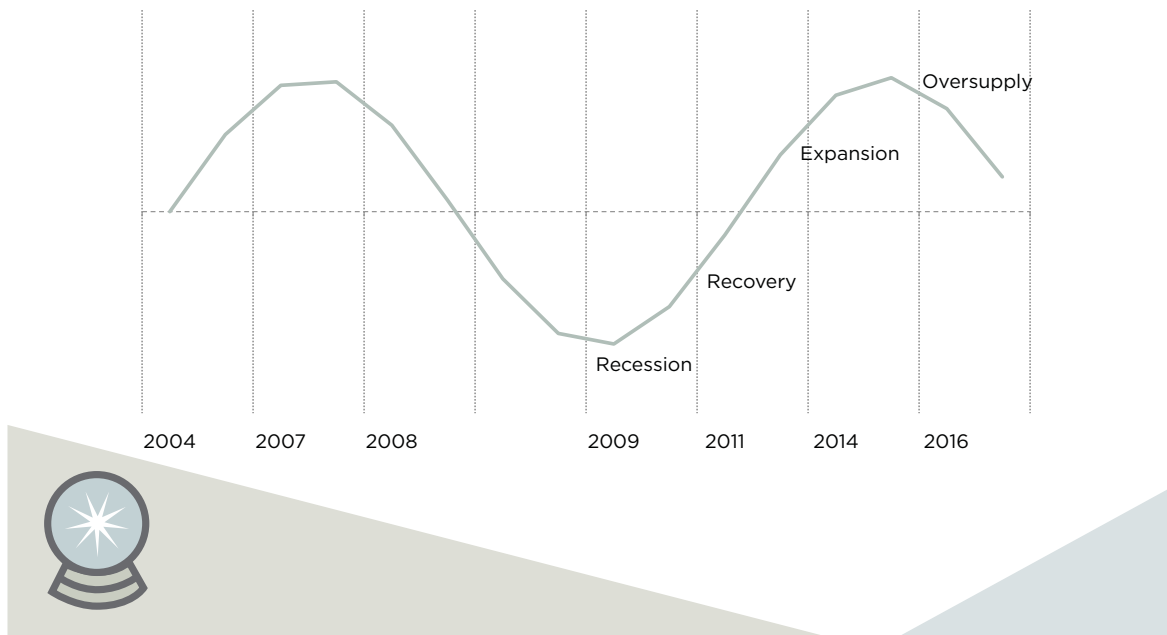
Maine Hospitality Forecast: 2015

- Occupancy to remain flat

- Room Rates to increase 2.5%

- New construction pipeline subsides for 2016

- Continued consolidation of ownership from individuals to multi-property operators

- Sale transactions are increasingly quiet, off-market

- Continued dividends from Maine's Quality of Place

Hospitality Industry Forecast: 2035

- "Member Subscriptions" will be available for all major hotel brands, including 24/7 access to the brand's lifestyle concierge services, transportation network and hotel facilities

- Major hotel renovation projects (PIPs) will be required every 3-4 years, versus 7-10 years today

Hospitality Industry Forecast: 2035
(CON'T)

- The majority of commercial hotel assets will be owned and operated by a handful of very large scale franchisees

- A significantly overhauled banking industry will only offer 50-60% LTVs for hotels, edging out smaller owner-operators

- Minimum wages for service level staff will be double today's rate (inflation adjusted), paving the way for more skilled, talented and motivated guest service personnel

Hospitality Industry Forecast: 2035
(CON'T)

- Urban apartment high rises and extended stay hotels will become one in the same

- Water and energy availability and cost will become significantly more important criteria in hotel site location

- The hotel industry will flourish in a world where people are moving around *more* and *faster* than ever

Thank you

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