



Maine Hospitality Market Review & 2017 Forecast



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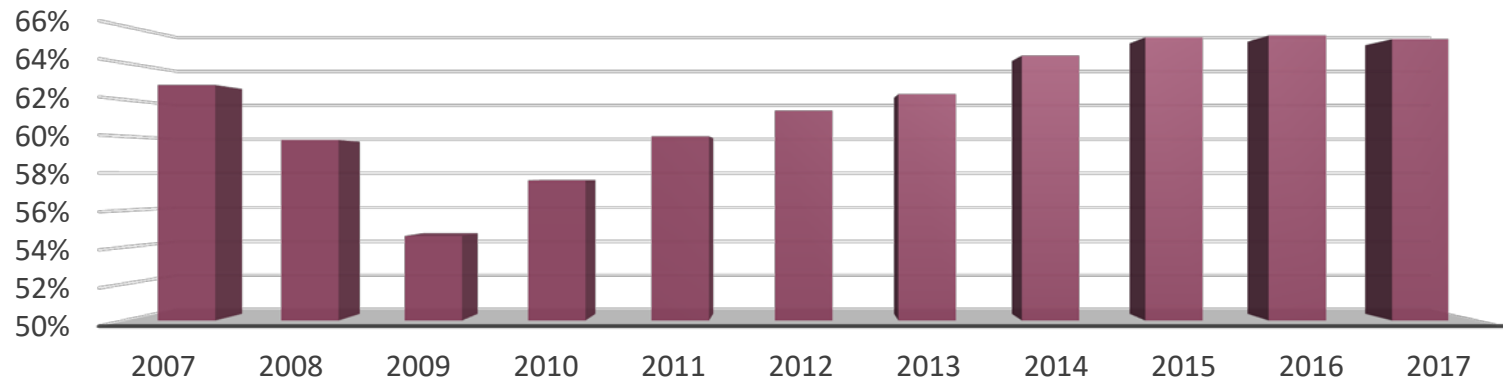


Welcome & Today's Agenda

- Current Trends
 - National & Regional Statistics
- 2016 Review
 - Market snapshots
 - Significant Transactions
- 2017 Forecast



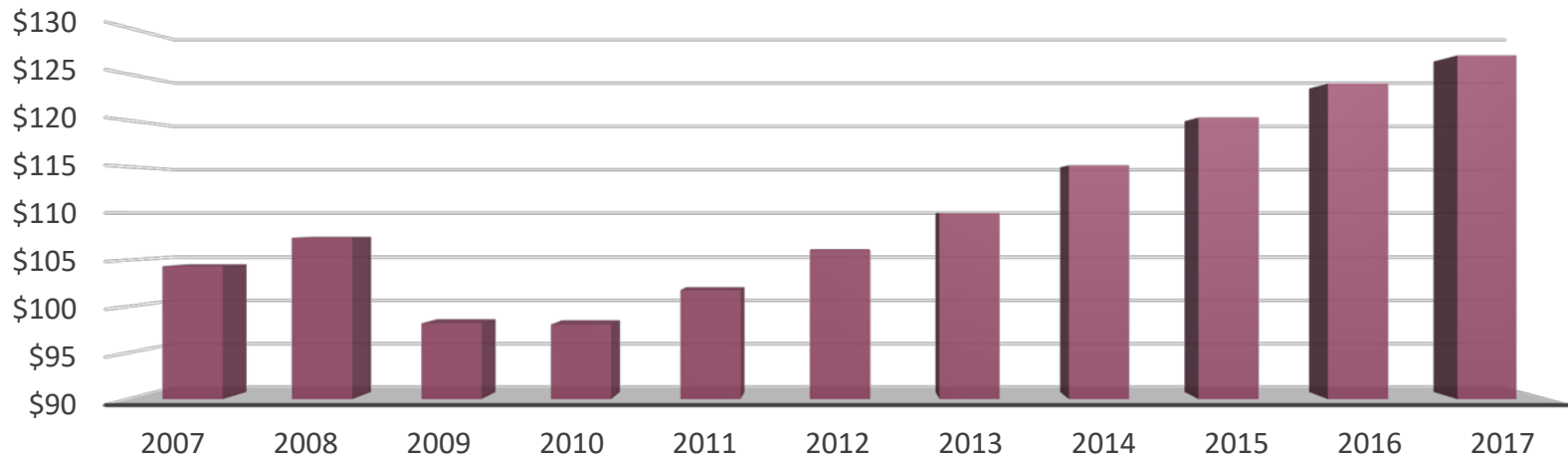
U.S. Occupancy 2007-2016



Source: Smith Travel Research; Pricewaterhouse Coopers.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ U.S	62.8%	59.8%	54.6%	57.6%	60.0%	61.4%	62.3%	64.4%	65.4%	65.5%	65.3%

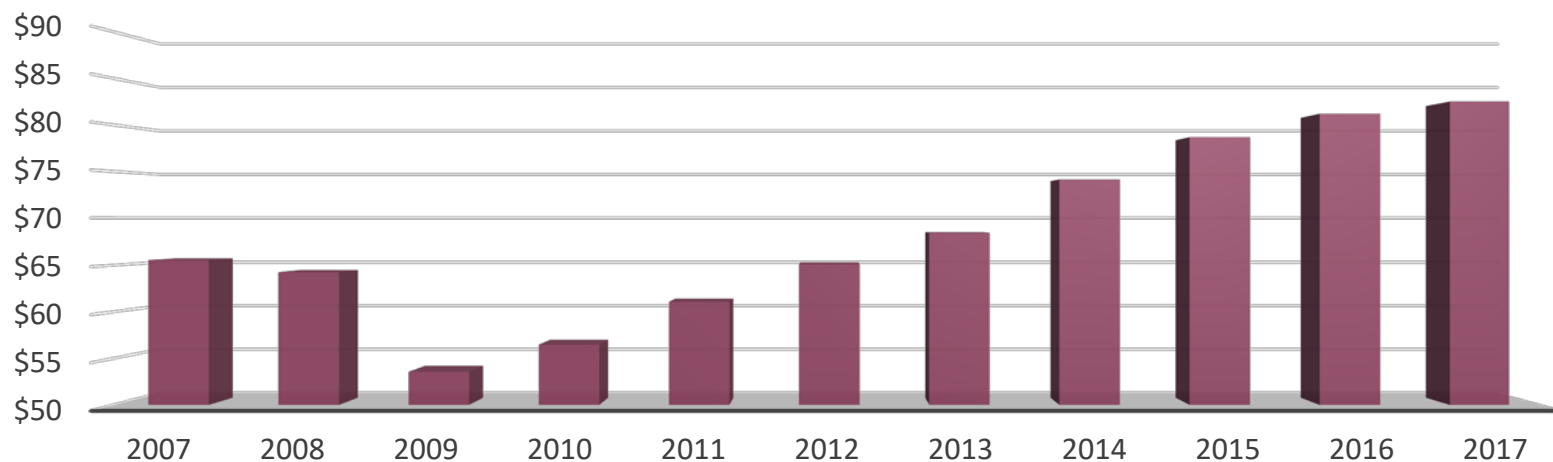
U.S. Average Daily Rate (ADR) 2007-2016



Source: Smith Travel Research; Pricewaterhouse Coopers.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ U.S	\$104.33	\$107.40	\$98.17	\$98.04	\$101.75	\$106.03	\$110.00	\$115.14	\$120.30	\$123.97	\$127.00

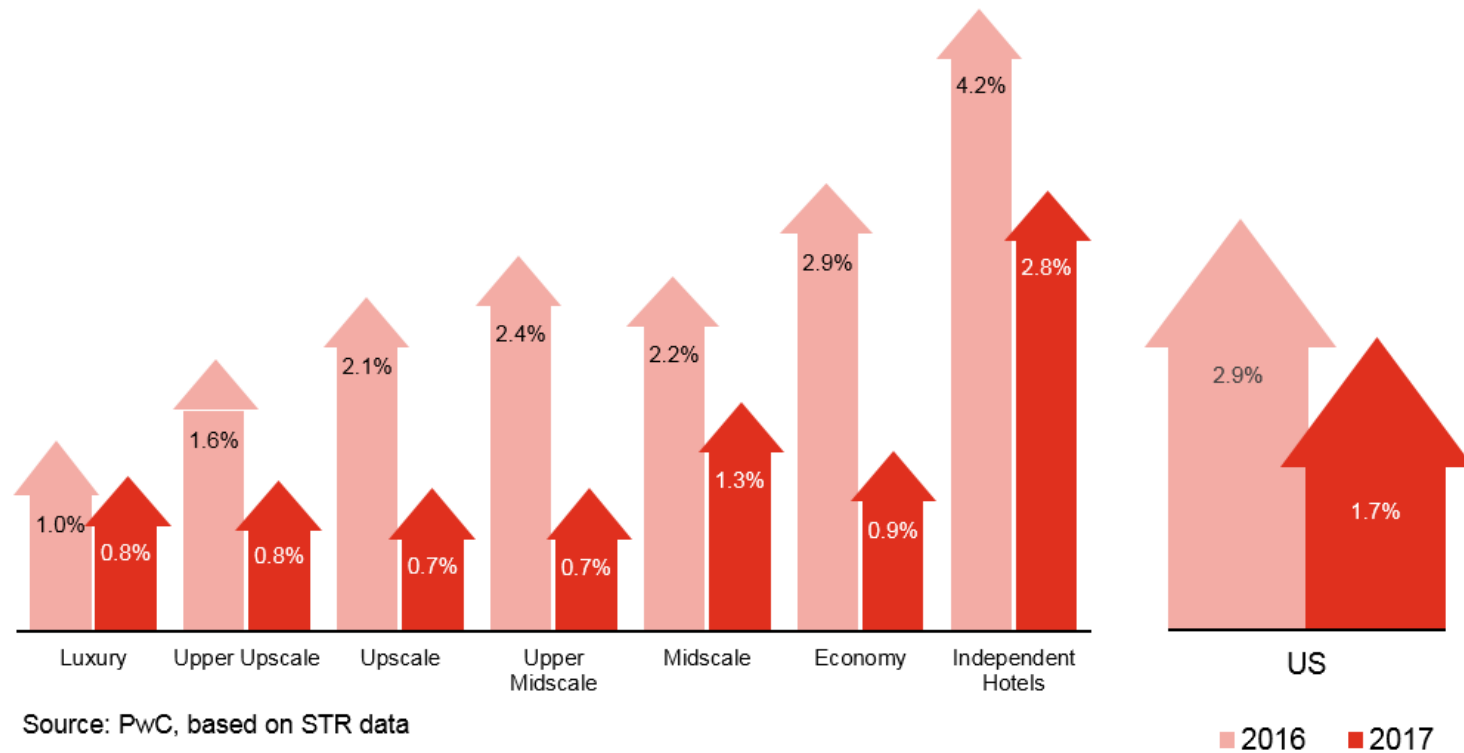
U.S. Revenue Per Available Room (RevPAR) 2007-2016



Source: Smith Travel Research; Pricewaterhouse Coopers.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ U.S	\$65.55	\$64.25	\$53.55	\$56.46	\$61.05	\$65.11	\$68.48	\$74.13	\$78.68	\$81.19	\$82.50

RevPar Growth, US and Chain Scales

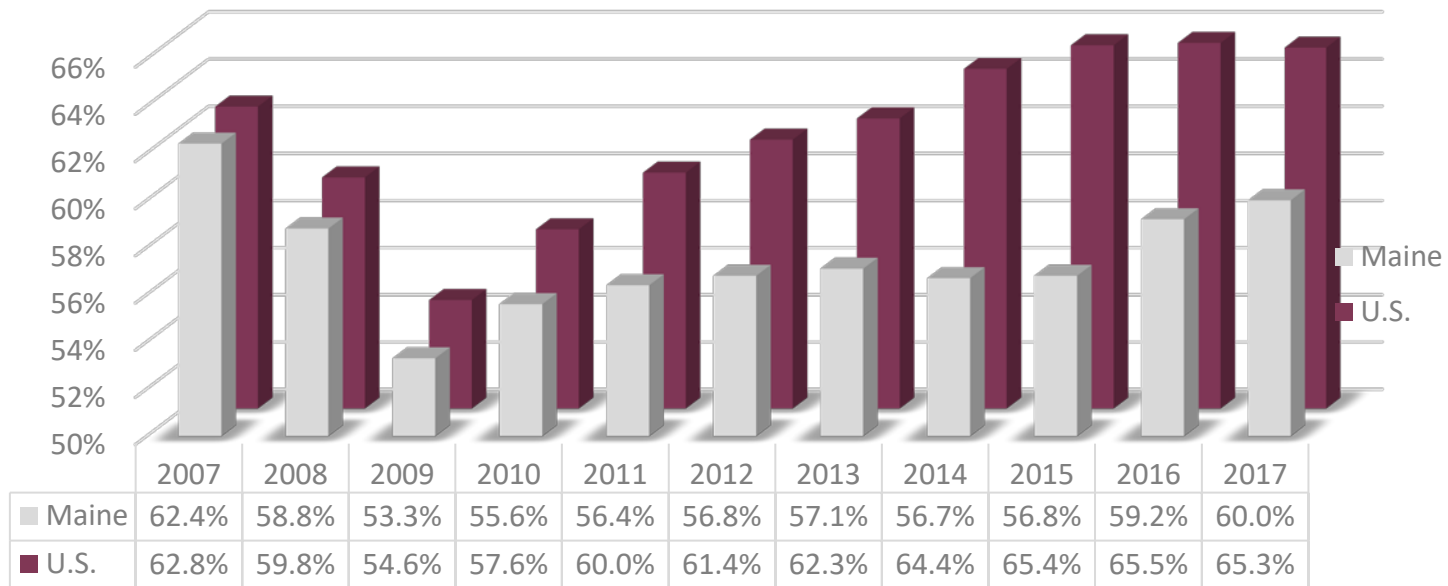


U.S. Chain Scale Percent Change

Chain Scale	2016					2017				
	Demand	Supply	Occupancy	ADR	RevPAR	Demand	Supply	Occupancy	ADR	RevPAR
Luxury	1.6	2.0	(0.4)	1.4	1.0	1.0	2.6	(1.6)	2.4	0.8
Upper upscale	1.2	1.6	(0.4)	2.0	1.6	0.0	1.4	(1.4)	2.1	0.8
Upscale	4.9	5.5	(0.6)	2.7	2.1	4.2	5.5	(1.3)	2.0	0.7
Upper Midscale	1.8	1.9	(0.1)	2.5	2.4	3.3	4.4	(1.1)	1.8	0.7
Midscale	1.0	1.3	(0.3)	2.5	2.2	0.4	1.1	(0.7)	2.0	1.3
Economy	(0.2)	0.3	(0.4)	3.3	2.9	(1.5)	(0.2)	(1.3)	2.3	0.9
Independent	0.9	0.3	0.6	3.6	4.2	(0.3)	0.2	(0.5)	3.4	2.8
US total	1.6	1.6	0.0	2.9	2.9	1.0	1.9	(0.9)	2.6	1.7

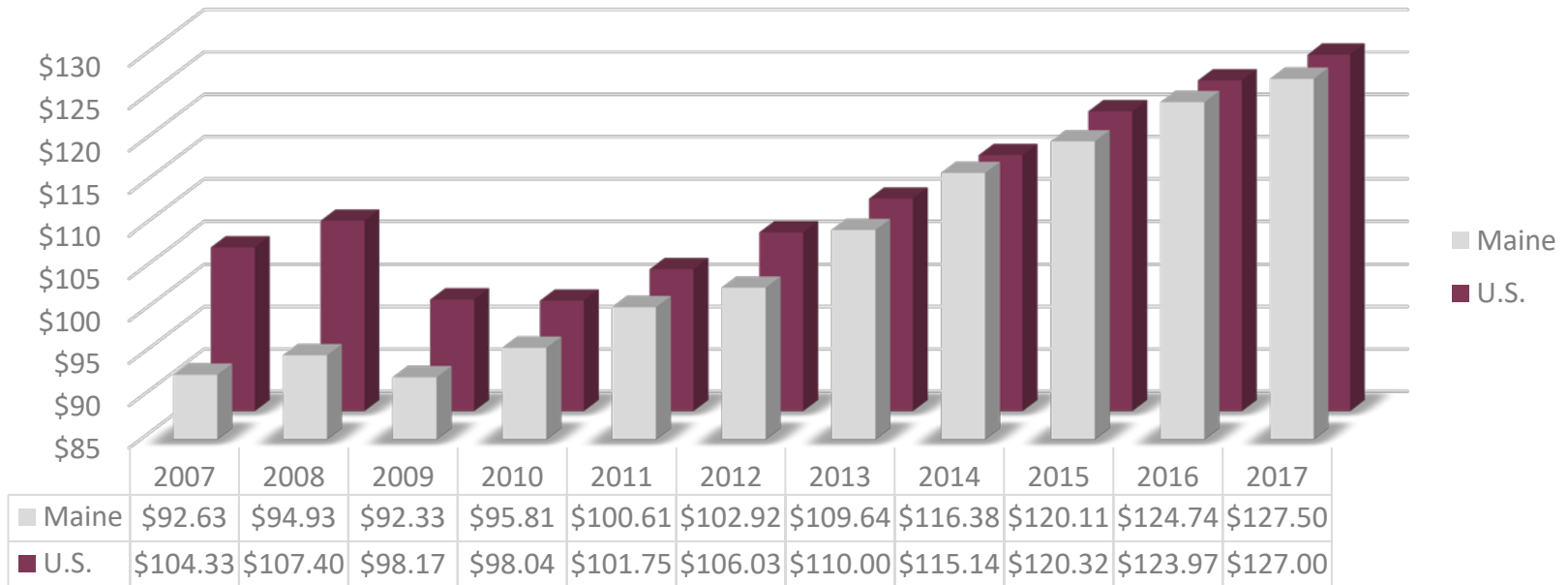
Source: PwC

Maine Occupancy 2007-2016



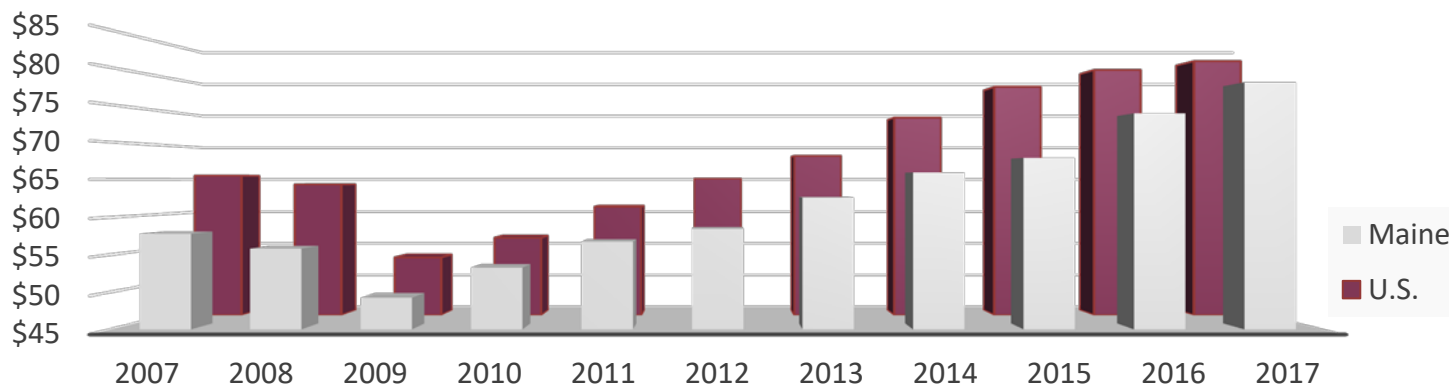
Sources: Smith Travel Research; PwC

Maine ADR 2007-2016



Sources: Smith Travel Research; PwC

Maine RevPAR 2007-2016



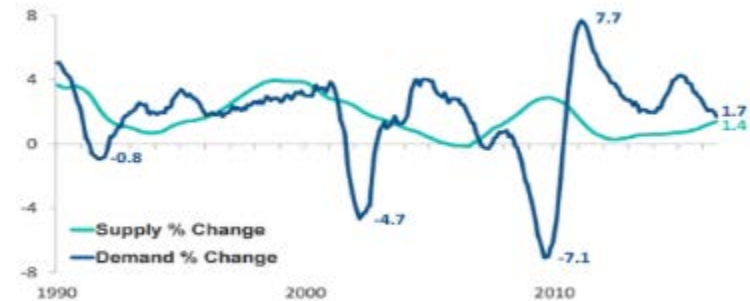
Sources: Smith Travel Research; PwC

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Maine	\$57.80	\$55.82	\$49.24	\$53.27	\$56.74	\$58.46	\$62.64	\$65.93	\$67.88	\$73.84	\$78.00
■ U.S.	\$65.55	\$64.25	\$53.55	\$56.46	\$61.05	\$65.11	\$68.48	\$74.13	\$78.68	\$81.19	\$82.50

Current Trends

- **Supply catching up with demand, result was a relatively flat occupancy rate in 2016.**

- Construction costs increased, and more conservative underwriting may slow down the supply trend.



Total U.S., Supply & Demand % Change, 12 MMA, 1/1990 - 07/2016

- **New supply and competition continues through shared lodging hosts such as Airbnb. Airbnb continues to adapt and pay attention to guests' experiences (i.e. "Trips," "Places," and "Homes").**
- **Cap rates increased about 20-30 basis points compared to 2015.**
- **RevPAR increasing at lower rate than expenses**
- **Rising wages and labor shortages**



2017 Trends

- Technology continuing to upgrade
 - Mobile apps increasingly prevalent
 - Guests expecting an increase of services on those mobile apps
- Reliance on OTAs
 - Millennials using OTAs at a high rate
 - We anticipate an increase of around 5% in bookings made through OTAs in 2017.
- Co-Living
 - Millennials looking more and more for a sense of community when traveling
 - Increase in common kitchens and living areas.
 - More emphasis on common areas during construction/rehab than guestrooms
 - The answer to Airbnb?
 - Hotels offer a greater sense of security

Portland Market

T-12 November 2016		Change from 2015
Occupancy	63.4%	4.6%
ADR	\$133.24	4.7%
RevPAR	\$84.54	9.5%

Source: STR



- Micro-brewing and foodie craze
- Demand remains high
- New supply in the pipeline
- 2,685 Lodging rooms in Portland

- Quality of life
- Lodging sales of \$86.4 million through September
- 5,500 Lodging rooms in Greater Portland

Augusta/Maine South



T-12 November 2016		Change from 2015
Occupancy	55.3%	4.6%
ADR	\$124.74	1.7%
RevPAR	\$69.02	6.4%

Source: STR

- Shorter stays and use of OTAs increasing revenue even with the weakened Canadian Dollar
- New supply – Homewood Suites in Augusta

Bangor/Maine North



T-12 November 2016 Change from 2015

Occupancy	59.9%	4.7%
ADR	\$113.34	5.5%
RevPAR	\$67.85	10.4%

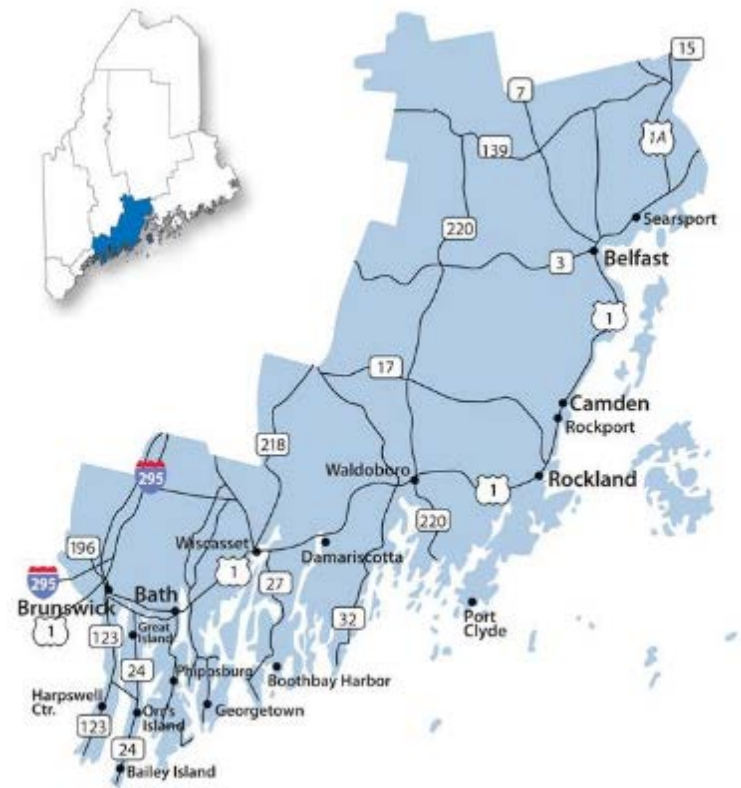
- Downtown revitalization
- 2,658 Lodging Rooms
- Hollywood Casino

Source: STR

Mid-coast & Bar Harbor Market

Lodging Rooms in Camden – 478 ±
Lodging Rooms in Rockland – 317 ±
Lodging Rooms in Lincolnville – 177 ±
Lodging Rooms in Rockport – 399 ±
Lodging Rooms in Bar Harbor – 2,689 ±

250 Main – Rockland – 26 room boutique hotel
Rockland Harbor Hotel – Rockland
Lodging sales in Bar Harbor up 14.3% in 2016



Notable Transactions of 2016



Marriot, South Portland
226 ROOMS

Undisclosed Price



Holiday Inn Express, So. Portland
130 ROOMS

Notable Transactions



Hampton Inn, Waterville
81 ROOMS

\$16,900,000



Hampton Inn, Freeport
77 ROOMS



Ramada, Saco
Over \$5,000,000 · 88 ROOMS



Econo Lodge, So. Portland
\$2,500,000+ · 54 ROOMS



Colonial Village Resort, Ogunquit
Just over \$5,000,000 · 71 ROOMS



Linekin Bay, Boothbay Harbor
Just under \$4,000,000 · 62 ROOMS



Casco Bay Inn, Freeport
Just under \$3,000,000 · 47 ROOMS



Ledges by the Bay, Rockport
\$2,100,000 · 38 ROOMS



Vacationland Inn, Brewer
\$2,500,000 · 111 ROOMS



Lucerne Inn, Dedham
\$2,300,000 · 31 ROOMS

2016 Transactions Review

Trends:

- Sales volume increase nationwide is projected at 6.5%
- Sales volume in Maine of about \$856M in 2015, and was up 9.2% through September
- Depleted inventory of economy/limited service available properties
- More and more multi-property and REIT buyers across the nation

Development Pipeline

Property Name	Location	Rooms	Type	Date
Hampton Inn	Main Street, Oxford	93	Midscale	December
Homewood Suites	Western Ave, Augusta	120	Upscale	August
250 Main	Rockland Harbor	26	Boutique	June
New Supply in 2016:			239	

Property Name	Location	Rooms	Type	Status
Hampton Inn	I-95 Exit, Kennebunk	73	Midscale	Under Construction
Tru by Hilton	Maine Mall Rd, South Portland	98	Midscale	Under Construction
AC Hotel Portland	Fore Street, Portland	150	Upscale	Under Construction
Home2 Suites	Maine Mall Rd, South Portland	110	Upper Midscale	Under Construction
TBD	Oxford Casino	100 +/-	Upscale	Under Construction
Best Western	Route 2, Rumford	60	Midscale	Planning
The Francis	East End, Portland	15	Boutique	Planning
TBD	Downtown, Waterville	42	Boutique	Planning
Total New Supply in 2017:			648	
Total Existing Rooms:			38,000 +/-	

Outlook 2017

- More mergers similar to Marriott's acquisition of Starwood. Will Hilton make the next move?
- ADR will see increase of 3% - 5%
- RevPAR growth of 2-3%
- Occupancy flat
- Multi-property ownership and REIT groups will become the dominant buyers
- Expect growth in Economy and Limited-Service



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Thank you!