MEREDA

Maine's Vacation/Hospitality Forecast

Matthew R Arrants, ISHC, CHAM

National Trends

National Trends

Nominal RevPAR and ADR should fully recover this year, Occupancy will recover in 2025
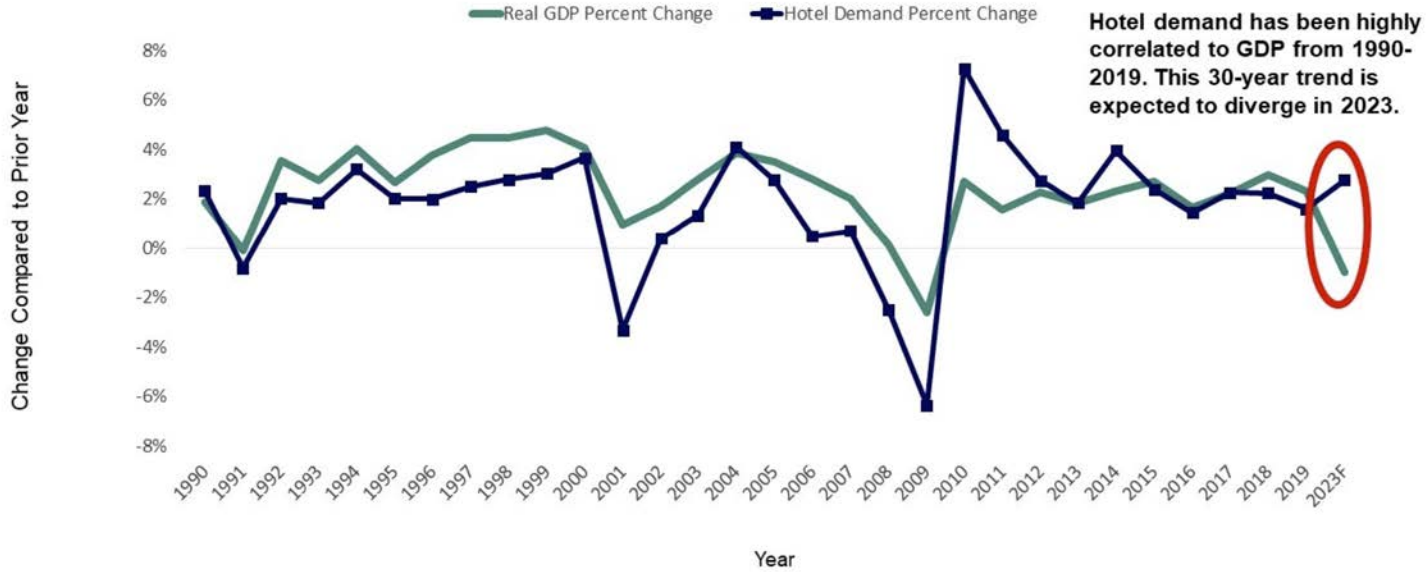
Hotel Performance Indicators as a percent of 2019

CBRE

Explore Hotel Horizons®
Reports prepared on a quarterly basis that analyze historical and expected lodging performance.

Legend: Occupancy, ADR, RevPAR, Forecast

Year	Occupancy	ADR	RevPAR
2020	64%	78%	50%
2021	86%	94%	81%
2022F	94%	110%	104%
2023F	96%	114%	110%

CBRE Hotels Research, CBRE EA, Kalibri Labs

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National Trends

Hotel Demand Forecast To Grow in 2023 Despite an Expected Recession

Hotel demand has been highly correlated to GDP from 1990-2019. This 30-year trend is expected to diverge in 2023.

Source: Tourism Economics, STR; December 2022

CoStar

National Trends

US Lodging Industry Forecast: 2023

Change in Key Performance Indicators Year Over Year

	2021	2022	2023
Supply	5.0%	2.0%	1.1%
Demand	37.5%	11.2%	2.8%
Occupancy	31.0%	9.0%	1.7%
Average Daily Rate	20.8%	19.0%	1.7%
Revenue per Available Room	58.2%	29.8%	3.4%

Year

Source: STR, December 2022

Note: 2022 and 2023 are forecast figures.

CoStar

National Trends:

- Return of the Business Traveler

- Rise of "Bliesure"

- End of Revenge Travel

- Return of Group Travel

- Increased International Travel

National Trends

Maine Trends

These are the Good Old Days

Maine Trends

- **Maine was one of the first markets to recover**
  - Leisure Destination
  - Drive-to Market
  - Outdoor / Experiential
- **Strong demand has led to strong rate growth**
  - $1,000 a night…OK
  - Operators have been pushing with success

Select Maine Lodging Market Performance - T12 November

Market	Occupancy	% Change	ADR[1]	% Change	RevPAR[2]	% Change
Maine	65.0%	10.2%	$194.62	11.1%	$126.47	22.4%
Portland	72.9%	11.6%	$190.29	16.6%	$138.73	30.2%
MidCoast	65.6%	-2.7%	$218.38	17.1%	$143.21	14.0%
Maine North and Bangor	65.7%	14.4%	$169.71	14.9%	$111.58	31.4%

Notes:
1. Average Daily Rate
2. Revenue Per Available Room
Source: STR/Costar

Maine Trends

Every Silver Lining's Got a Touch of Grey

LABOR, LABOR, LABOR

Maine
Trends

Supply/New Development

- Construction Costs

- Interest Rates

Maine Trends

Maine Outlook

The Bad

- Already Recovered
- Return of International Travel
- End of Revenge Travel
- Recession = Less Disposable Income

The Good

- Maine has been discovered
- Return of Business Travel
- Still a backlog of social group (e.g. weddings)

Maine Outlook

What the Operators are Saying

- Occupancy
  - Q1 2022 Covid Impact will create a bounce in 2022
  - Group and corporate demand

- Average Daily Rate
  - Inflation will allow for more growth, albeit moderate
  - Continued strong demand will allow for yielding
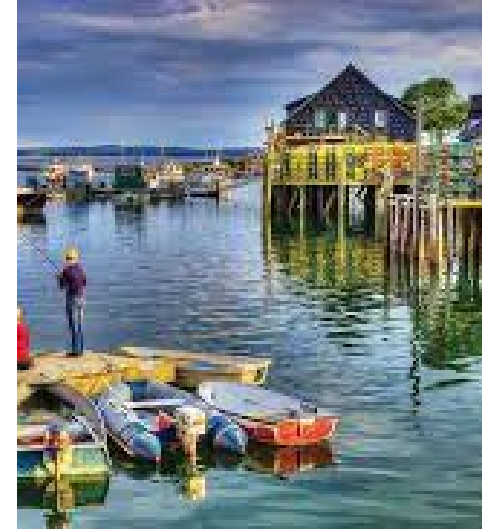
- RevPAR
  - 2% to 5% Growth

What the Prognosticators are Saying

- Occupancy
  - Impact of Q1 bounce will be off set by general softening related to macro factors

- Average Daily Rate
  - Revenge travel is over
  - Recessionary outlook

- RevPAR
  - -2% to 2% Growth

Summary

While hard, the last couple years have been good for hotel owners.

…And they are likely to continue

Thank you

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