

Visit Phoenix Market Update

January 2019

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Analysis

- Visitation totals 2012-2017 & Spending trends
- Hotel Market Overview YTD - November
 - Chain scales, Submarkets, Segmentation
- 2019 STR Phoenix-Market Forecast
- Hotel market trends
- Convention Center booking pace
- Airport updates

**Greater Phoenix 2017 Visitation segments –
domestic and international**

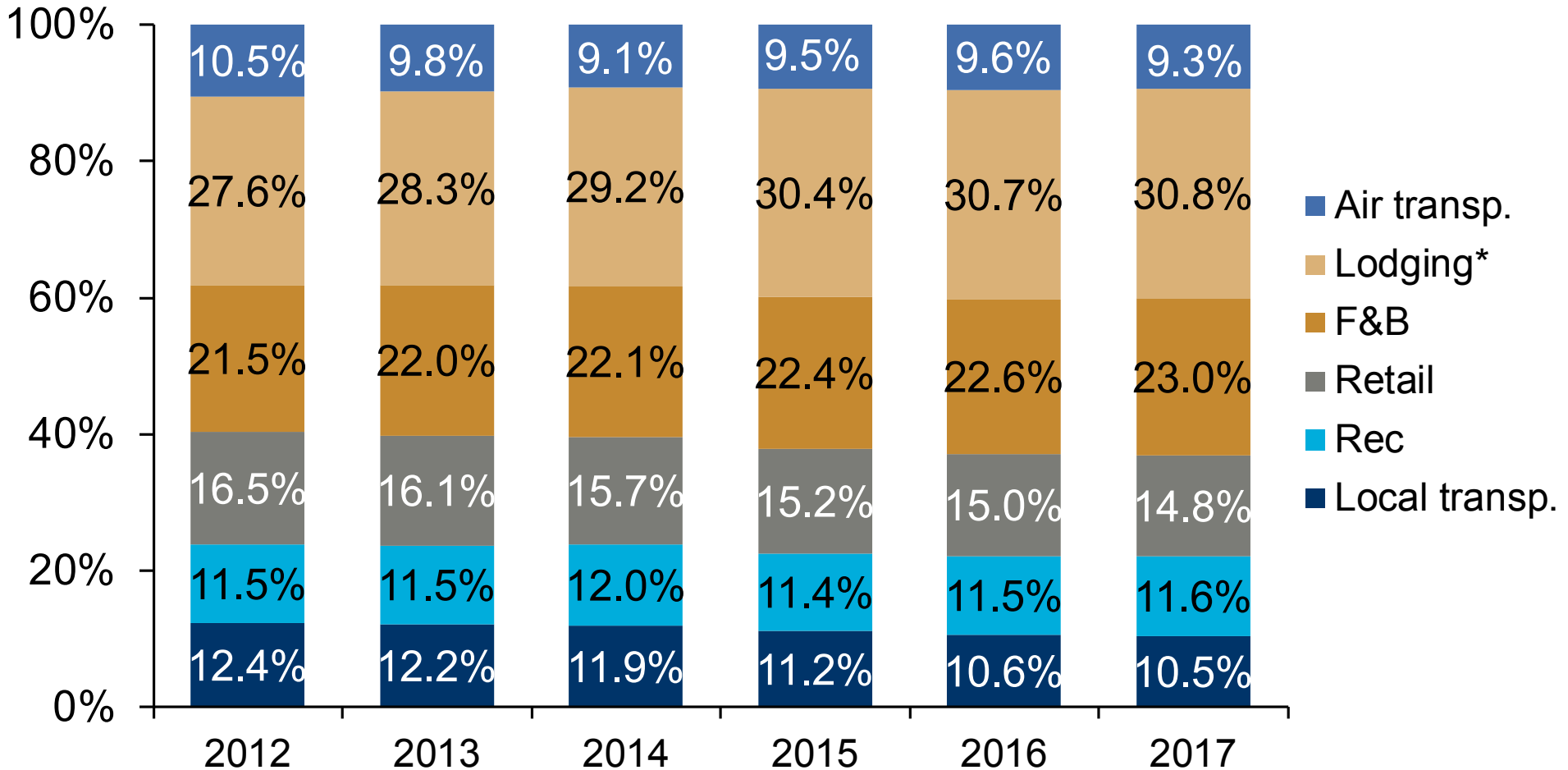
Trips and Spend

Nominal dollars, millions

	2012	2013	2014	2015	2016	2017
Visits	36.0	37.0	39.2	41.2	42.5	44.0
Domestic	34.5	35.3	37.3	39.3	40.7	42.2
International	1.6	1.7	1.9	1.8	1.8	1.8
Spending	\$6,060	\$6,269	\$6,672	\$7,145	\$7,420	\$7,799
Domestic	\$4,658	\$4,761	\$5,155	\$5,623	\$5,884	\$6,227
International	\$1,403	\$1,508	\$1,517	\$1,522	\$1,536	\$1,572

Greater Phoenix visitor spending

Percent of total



Source: Longwoods International; Tourism Economics

Hotel Performance 2018 YTD Jan. – Nov. Phoenix-Metro Area

	Actual	% Change	Top 25 % Rank
Occupancy	70.6%	3.1%	2 nd
ADR	\$131.35	2.3%	16 th
RevPAR	\$92.70	5.4%	4 th

- 12 markets posting occupancy declines
 - 2 markets posting ADR declines
- **2 markets posting RevPAR declines**

January – November 2018 Phoenix-Metro Hotel Performance Demand Overview

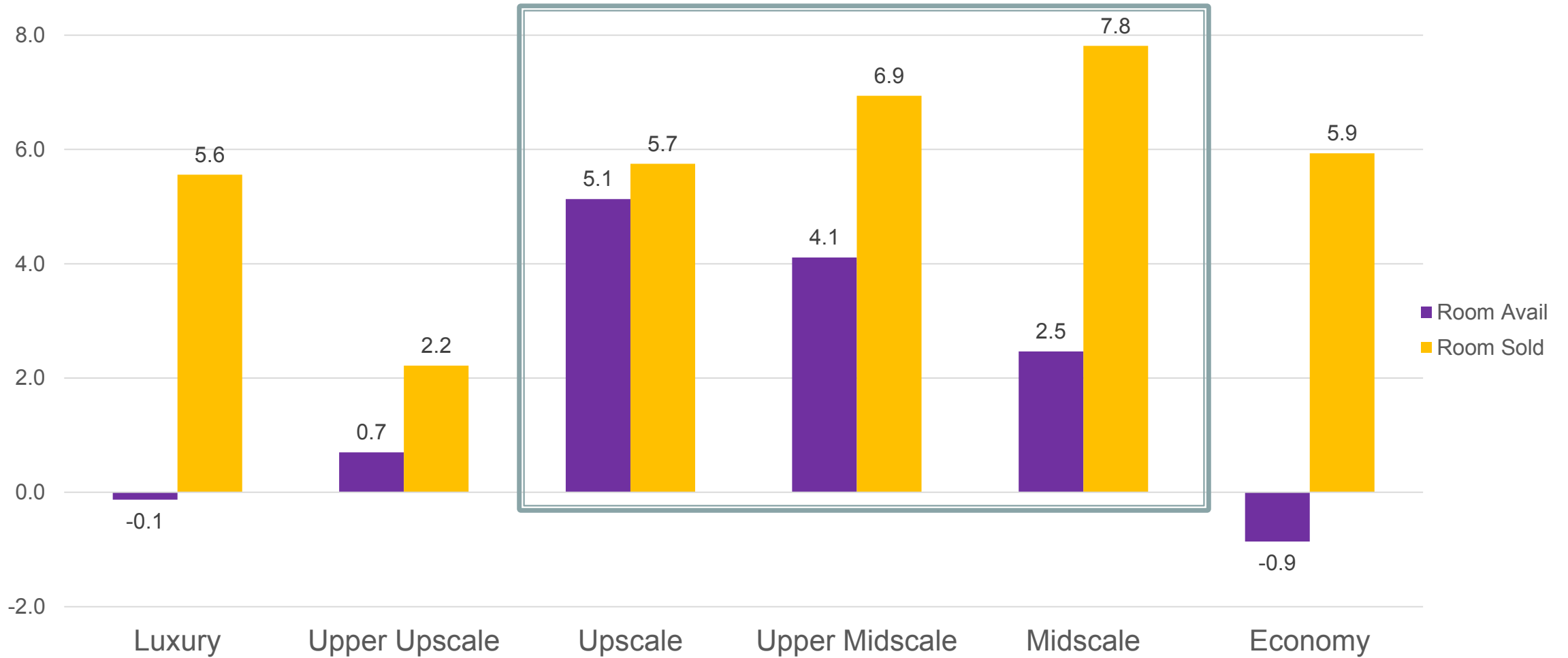
	Demand YOY Change (%)
United States	2.5
STR Top 25 Markets	2.6
Phoenix-Metro	5.7

832,000+ additional hotel rooms sold in market

Phoenix-Metro Ranking Top 25

#3 in Demand (Rooms Sold) percent change

Phoenix-Metro Hotel Market January - November 2018, Chain Scale KPI Comparison showing year over year percent change



Hotel Performance 2018 YTD Jan. – Nov. Phoenix-Metro Submarkets

	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
PHX West, AZ	5.1	2.1	7.4	12.3	4.6	10.0
Scottsdale, AZ	2.1	3.3	5.5	6.7	1.2	3.3
Tempe, AZ	0.9	4.3	5.2	11.4	5.9	6.9
Airport, AZ	2.3	1.1	3.4	1.5	-1.8	0.4
SE/Chandler	1.9	2.4	4.3	8.6	4.1	6.0
Mesa, AZ	5.0	3.0	8.1	8.2	0.1	5.1
PHX Central	2.2	1.8	4.0	10.7	6.5	8.8
Black Canyon	6.4	-0.6	5.7	4.0	-1.6	4.7

Segmentation January – November 2018 YTD

Phoenix-Metro Hotel Performance

(Luxury & Upper Upscale Properties only)

Group Segment

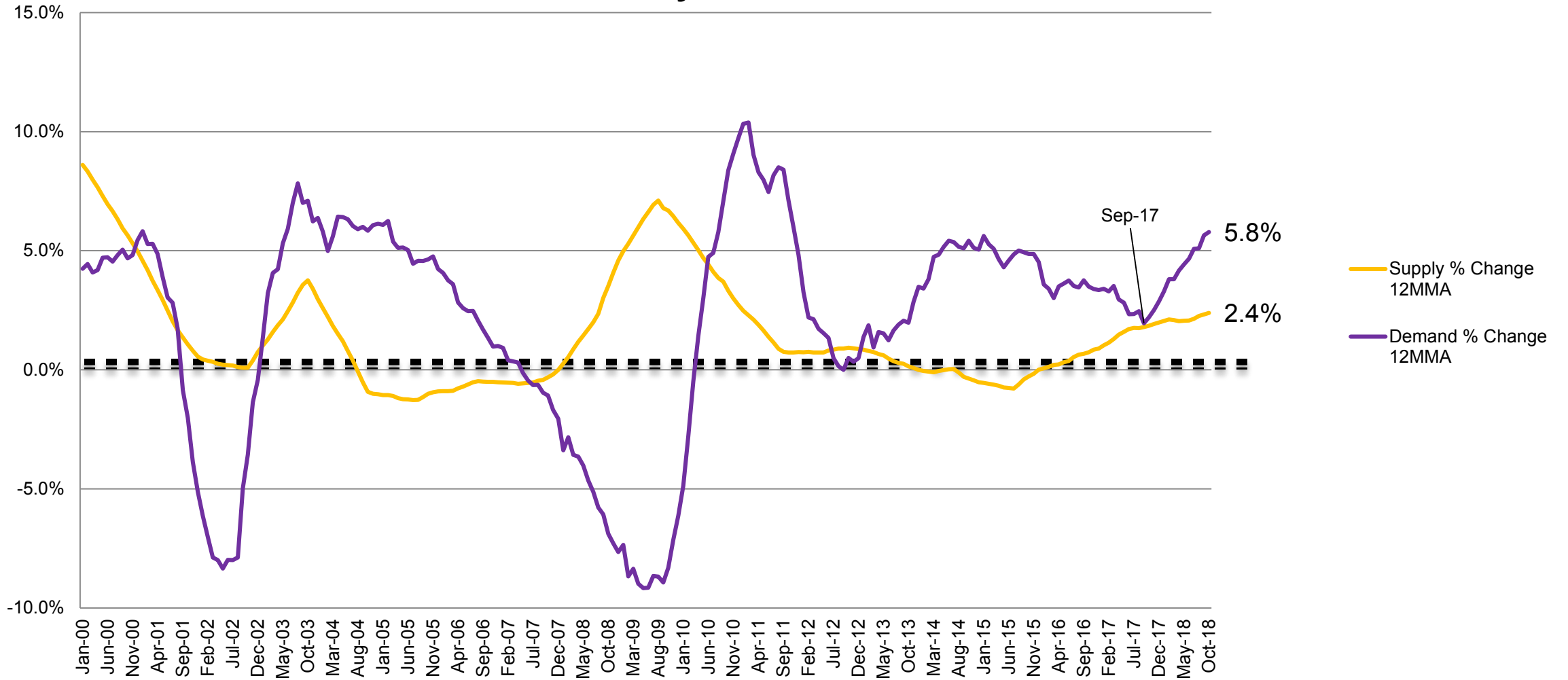
	Phoenix % Change	Top 25 Rank % Change
Occupancy	1.2%	10 th
ADR	1.9%	17 th
RevPar	3.2%	12 th

Transient Segment

	Phoenix % Change	Top 25 Rank % Change
Occupancy	3.9%	2 nd
ADR	3.3%	14 th
RevPar	7.3%	2 nd

45.8 % of occupancy at top tier hotels is from group business
2nd highest group share of occupancy in STR Top 25

Phoenix Hotel Market Supply & Demand 12MMA January 2000 - October 2018



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Phoenix-Metro Hotel Development

- 2017 Supply growth: 1.9%; 18th out of Top 25
- 2018 YTD through Nov. supply growth: 2.6%; 12th out of Top 25
- STR Pipeline Report (November Forecasts 2018)
 - Under Construction: 15 properties; 2,010 rooms
 - Final Planning: 29 properties; 3,250 rooms
- More than 9,000 rooms at more than 70 properties proposed
 - 35+ properties have no timeline for opening

2019 Projected Hotel Openings

17 properties
2,240 hotel rooms



2019 Projected Hotel Openings

Property Name	Location	City	Est. Open Date	Rooms
Holiday Inn Express Gilbert East Mesa	Higley & Baseline	Gilbert	Jan-19	100
Residence Inn Phoenix Mesa East	Power & US 60 (Crismon and Hampton)	Mesa	Jan-19	127
Hilton Garden Inn Surprise	Bell & Bullard	Surprise	Feb-19	124
Aloft Glendale	93rd Ave & Glendale	Glendale	Mar-19	100
Tru Hotel Gilbert	Ivanhoe St & S. Santan Village PKWY	Gilbert	Mar-19	98
Staybridge Suites Scottsdale Talking Stick	Scottsdale & Indian Bend	Scottsdale	Jun-19	112
Home2Suites Phoenix Airport South	48th St & Broadway (SW Corner)	Phoenix	Jun-19	110
Marriott Chandler Price Corridor	Price Road & Willis	Chandler	Jun-19	264
Residence Inn Scottsdale Salt River	Pima & Jackrabbit	Scottsdale	Aug-19	112
Great Wolf Lodge Talking Stick	Pima & Hummingbird Lane	Scottsdale	Sep-19	350
Home2 Suites by Hilton - PHX Airport North	44th Street & McKinley (202)	Phoenix	Sep-19	119
Element Hotel Scottsdale Sky Song	McDowell & Scottsdale Rd	Scottsdale	Oct-19	157
Fairfield Inn & Suites Tolleson	91st Ave & McDowell	Tolleson	Aug-19	120
Residence Inn Avondale	Avondale & I-10	Avondale	Nov-19	102
Arrive Hotel Phoenix	Central & Camelback	Phoenix	Dec-19	79
Tru by Hilton Scottsdale North	Loop 101 & Via de Venture	Scottsdale	Dec-19	81
Home 2 Suites Scottsdale North	Loop 101 & Via de Venture	Scottsdale	Dec-19	85

CY 2019 STR Hotel Market Forecast

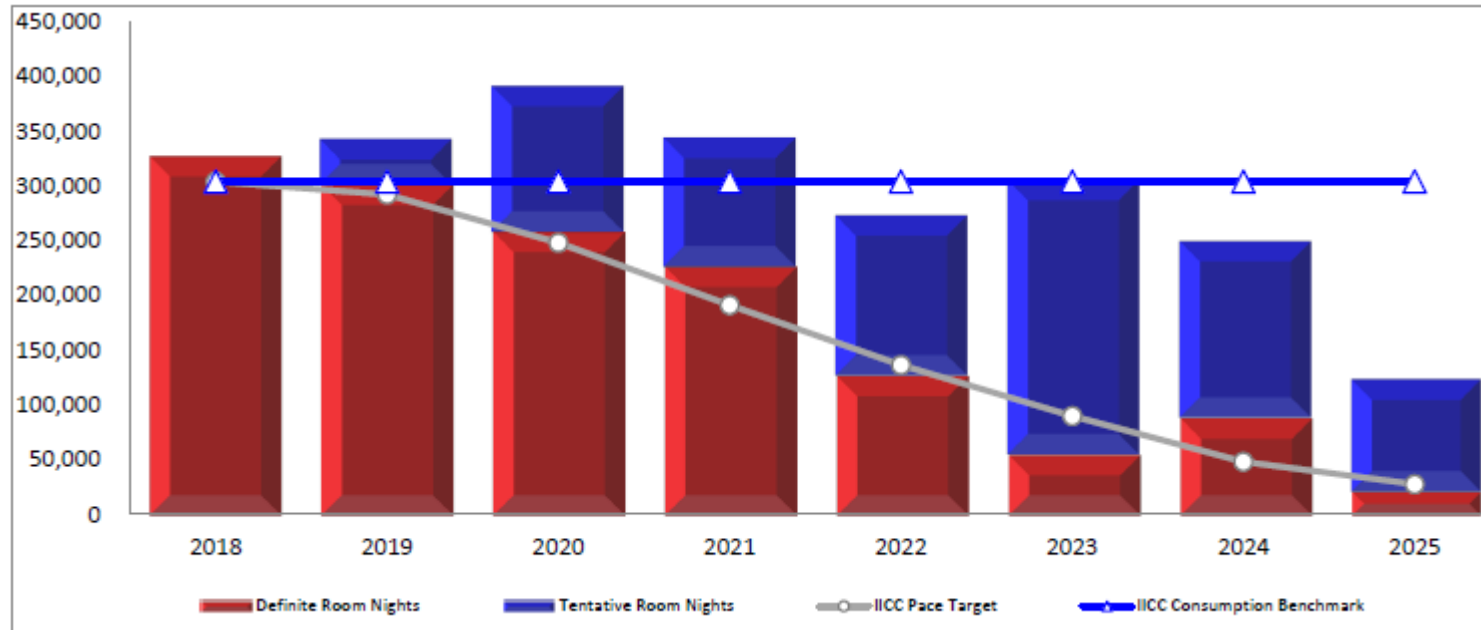
	U.S.*	Phoenix-Metro**
Occupancy	0.1%	0.1%
ADR	2.3%	2.5%
RevPAR	2.4%	2.5%
Supply	1.9%	1.9%
Demand	2.0%	2.0%

*U.S. Forecast data from recent STR presentations on HotelNewsNow.com December 2018

** Phoenix forecast data from Q3 2018 Forecast report, received November 2018

PCC Room Night TAP

<i>Phoenix R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	326,726	301,068	258,118	226,535	127,462	55,401	89,194	21,681	1,406,185
IICC Pace Target	304,000	292,263	248,252	191,297	136,571	89,823	48,252	27,695	1,338,153
Variance	22,726	8,805	9,866	35,238	(9,109)	(34,422)	40,942	(6,014)	68,032
IICC Consumption Benchmark	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	2,432,000
IICC Pace Percentage	107%	103%	104%	118%	93%	62%	185%	78%	105%
Total Demand Room Nights	1,544,080	1,648,450	1,279,272	1,061,091	700,820	353,396	281,279	61,993	6,930,381
Lost Room Nights	1,217,354	1,347,382	1,021,154	834,556	573,358	297,995	192,085	40,312	5,524,196
Conversion Percentage	21%	18%	20%	21%	18%	16%	32%	35%	20%
Tentative Room Nights	0	41,529	132,881	117,274	145,731	250,174	160,779	102,709	951,077



2019 Large PCC Conventions

2,300+ Rooms on Peak

- **5/11/2019: Society for Science & the Public**
 - 2,871 rooms on peak; 17,000+ total contracted rooms; 9,000 estimated attendees
- **6/26/2019: Volleyball Festival**
 - 2,525 rooms on peak; 10,600+ total contracted rooms; 10,500 estimated attendees
- **7/7/2019: Church of the Nazarene**
 - 2,300 rooms on peak; 13,500+ total contracted rooms; 7,500 estimated attendees
- **8/5/2019: Jehovah's Witnesses**
 - 4,000 rooms on peak; 18,000+ contracted rooms; 30,000 estimated attendees
- **10/27/2019: Association of Corporate Counsel**
 - 2,450 rooms on peak; 8,180+ total contracted rooms; 4,000 estimated attendees
- **11/8/2019: Association of American Medical Colleges**
 - 2,325 rooms on peak; 9,300+ total contacted rooms; 3,800 estimated attendees
- **12/30/2019: Fellowship of Catholic University Students**
 - 2,800 rooms on peak; 12,400+ total contracted rooms; 7,500 estimated attendees

Sky Harbor Passenger Stats

YTD: January – November 2018

- Total passenger traffic increased 2.2% (903k)
 - International passenger traffic increased +3.6% (66k)
 - American passengers increased +2.0% (371k)
 - Southwest passengers +3.5% (482k)
 - Frontier passengers -25% (204k)
 - Spirit passengers -11% (22k)
- New international services (Frankfurt & Montreal)
- American adding direct to London in 2019

American & Southwest =
80% total passenger traffic

Source: Sky Harbor Int. Airport October 2018 Reports

Airport Update– Flight Announcements

- New direct flight to **Frankfurt, Germany**, started May 2018 with Condor Airlines
 - Condor already announced seasonal service will be expanded in 2019
- Southwest started direct to LaGuardia NYC (seasonal)
- Air Canada direct to Montreal from Sky Harbor
- American adding non-stop to London in 2019
- Frontier announced 5 new destinations
 - Fort Myers, Florida; Grand Rapids, Michigan; Madison, Wisconsin; Norfolk, Virginia and RDU Durham, North Carolina

Mesa Gateway - Estimated to reach 1.5 million passengers 2018

- West-Jet continues with flights to Calgary.
- Swoop Airlines will offer direct flights to Edmonton Oct - April
- Allegiant Expanding at Mesa-Gateway

What we are watching

- Government shutdown impact on travel and conventions
- 2021 & 2023 Convention Center booking PACE
- New convention products coming to competing cities
- U.S. international visitation total revision
 - Per AOT, 2017 International visitation to AZ **-1.9%**; Phoenix = flat since 2015
- Airport passenger numbers & Airlift Development
- Phoenix-metro destination developments

Questions?

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