

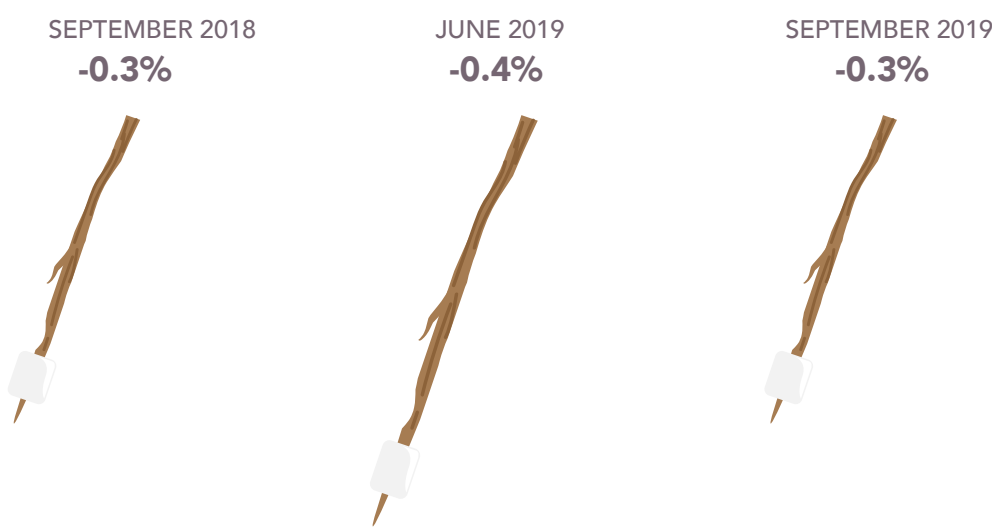
J A N F R E I T A G ' S

5 THINGS TO KNOW U.S. SEPTEMBER PERFORMANCE DATA

The U.S. hotel industry lost RevPAR for the second time in 2019 as the lower-tier class segments and markets outside the top 25 struggled.

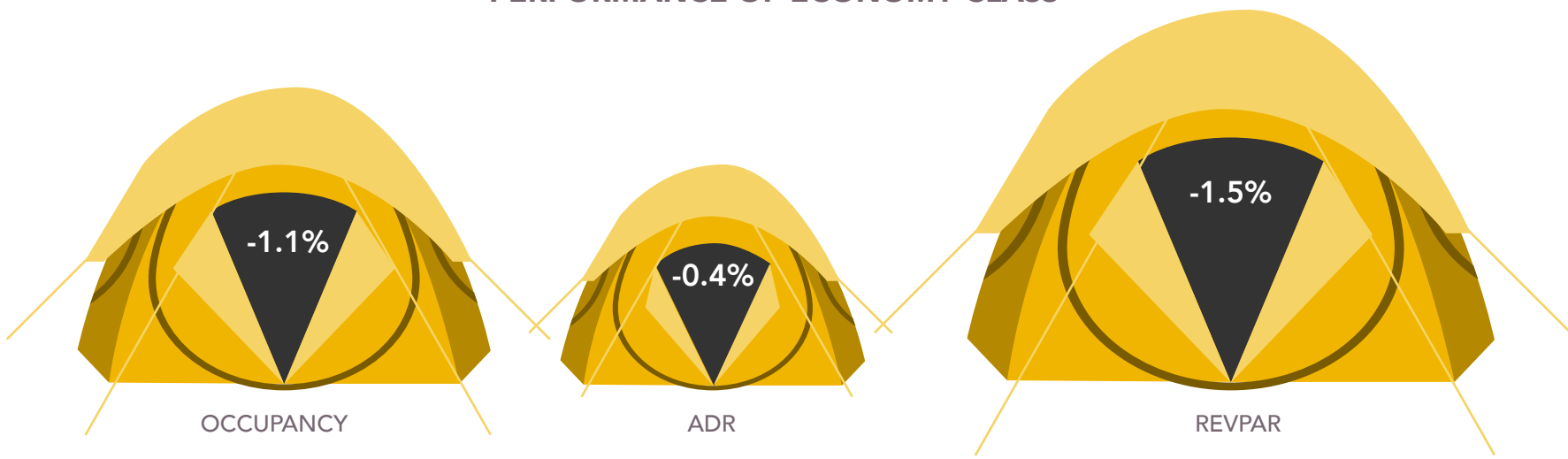
1. **The end of the RevPAR upcycle?** – Despite some positive forecasting, the Rosh Hashanah calendar shift didn't provide as much of a boon to U.S. hotels in September. RevPAR fell 0.3%, the second time in 2019 with a RevPAR decline after June (-0.4%).

U.S. REVPAR DECLINES IN CURRENT CYCLE



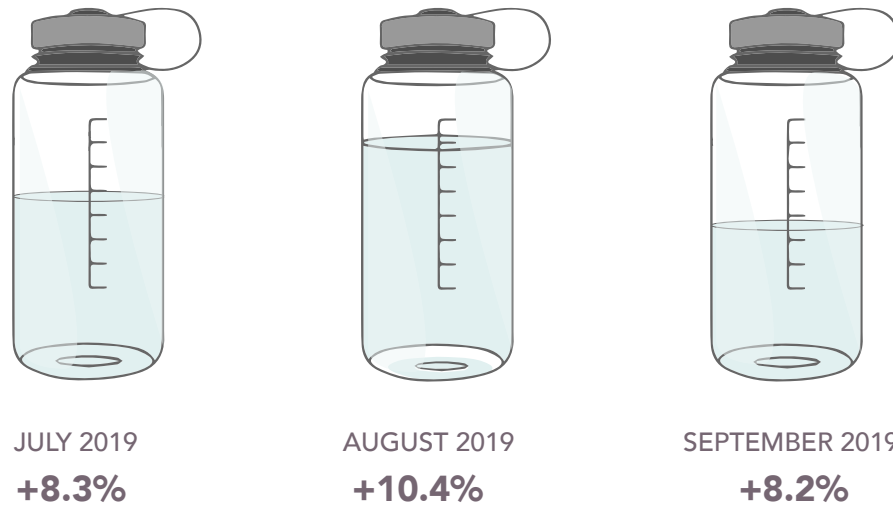
2. **Higher classes lead the way** – Luxury-class hotels posted the highest RevPAR growth in September (+1.2%), followed by upper upscale (+0.7%). Demand in the economy segment fell 1.3% despite a supply dip, and the lowest class notched a 1.5% RevPAR decrease.

PERFORMANCE OF ECONOMY CLASS



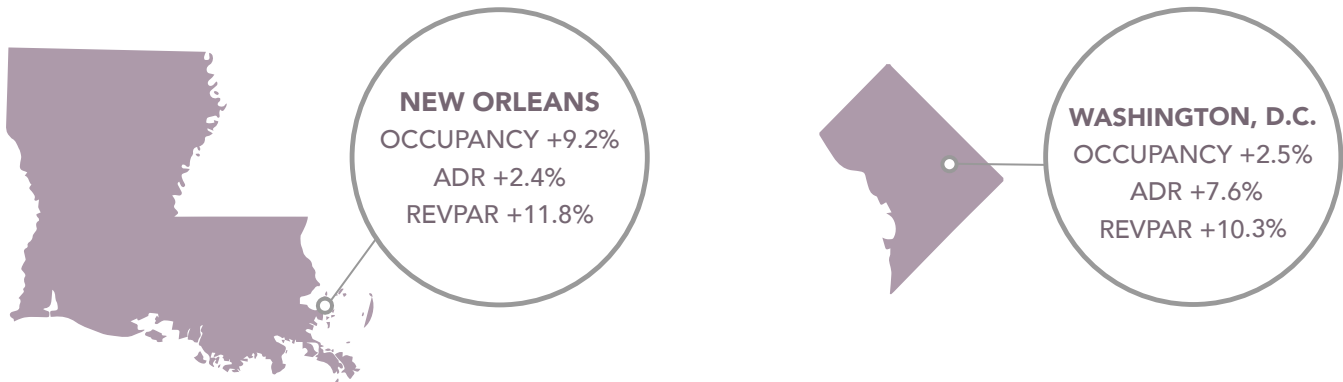
3. **A manageable number of rooms in construction** – From August to September, the number of U.S. hotel rooms in construction declined slightly to about 204,000, which year over year is up 8.2%. Year-over-over rooms in construction should hover around 10% for the near future.

THE U.S. SUMMER PIPELINE (*PERCENTAGES IN YEAR-OVER-YEAR GROWTH)



4. **Top 25 markets outperform total U.S.** – The larger markets lost less occupancy (-0.4%) than the total U.S. while operators raised rates (+0.4%) to keep RevPAR change flat. New Orleans (RevPAR +11.8%) was a top performer in September.

TOP U.S. MARKETS IN SEPTEMBER



5. **A weak third quarter** – September ended a disappointing Q3 for U.S. hotels. During the quarter, occupancy was mostly flat (-0.1%), and ADR was up just 0.8% with RevPAR up 0.7%.

2019 U.S. REVPAR BY QUARTER

