



Voice of Rhode Island's Lodging, Restaurant, and Tourism Industry.

## Economic Outlook Breakfast

September 9, 2021

The State of the Hospitality Industry in Rhode Island

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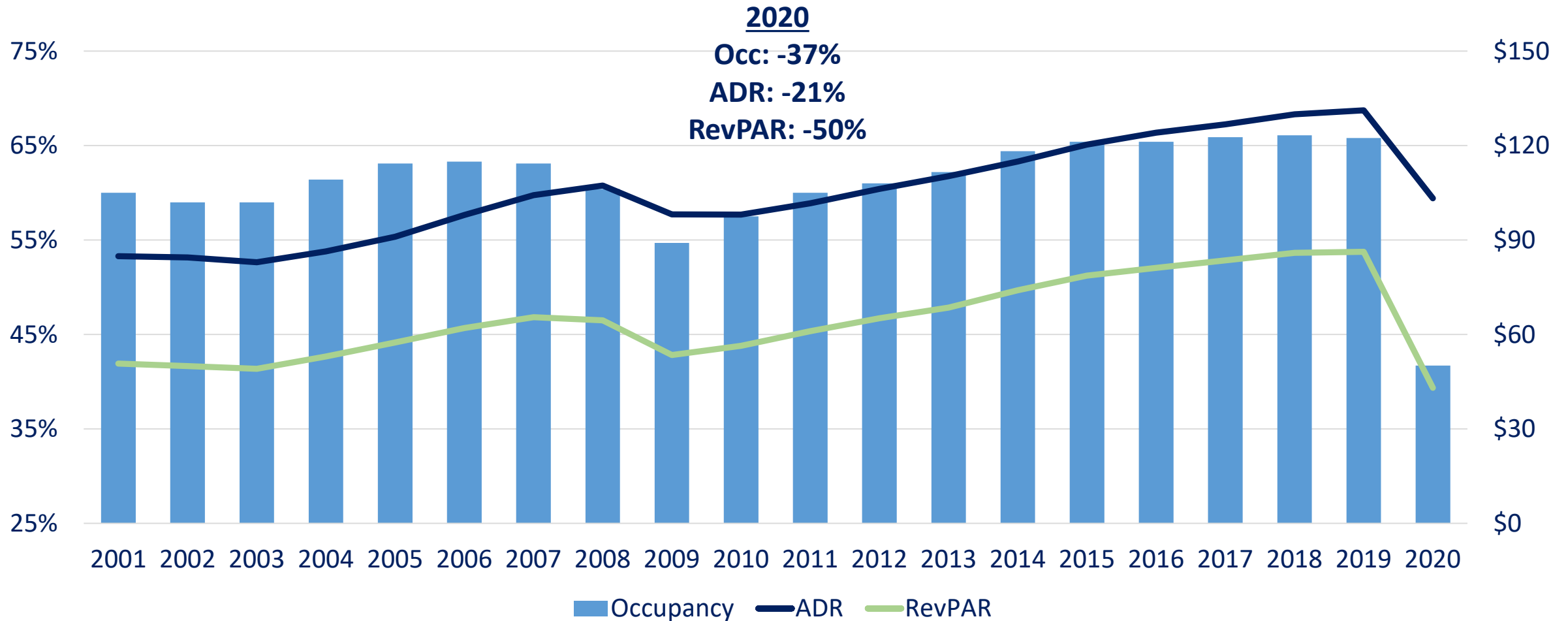
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# **NATIONAL LODGING MARKET**

# Historic Market Performance – National



\* 2020 reflects Total Room Inventory  
Source: STR

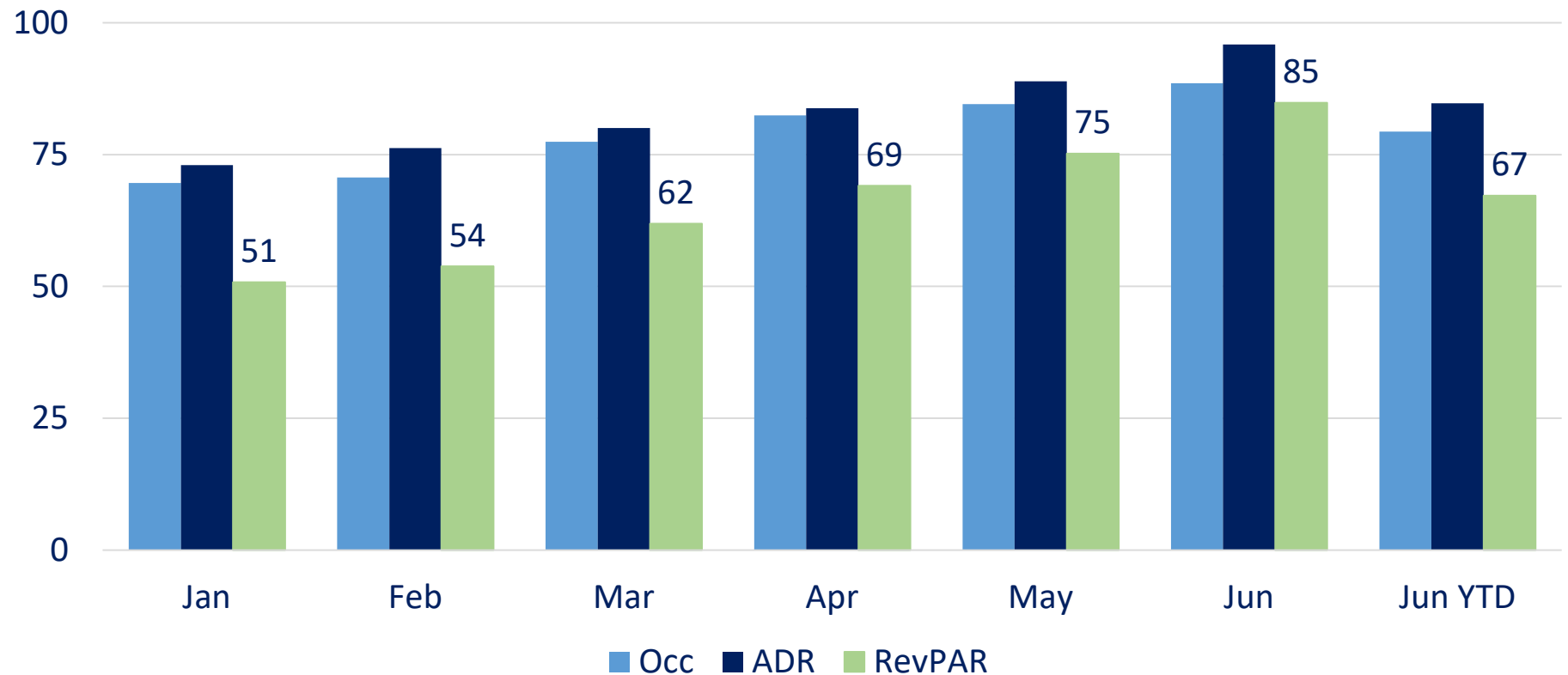
# YTD June 2021 – National

**52.2%**  
Occupancy

**\$111**  
ADR

**\$58**  
RevPAR

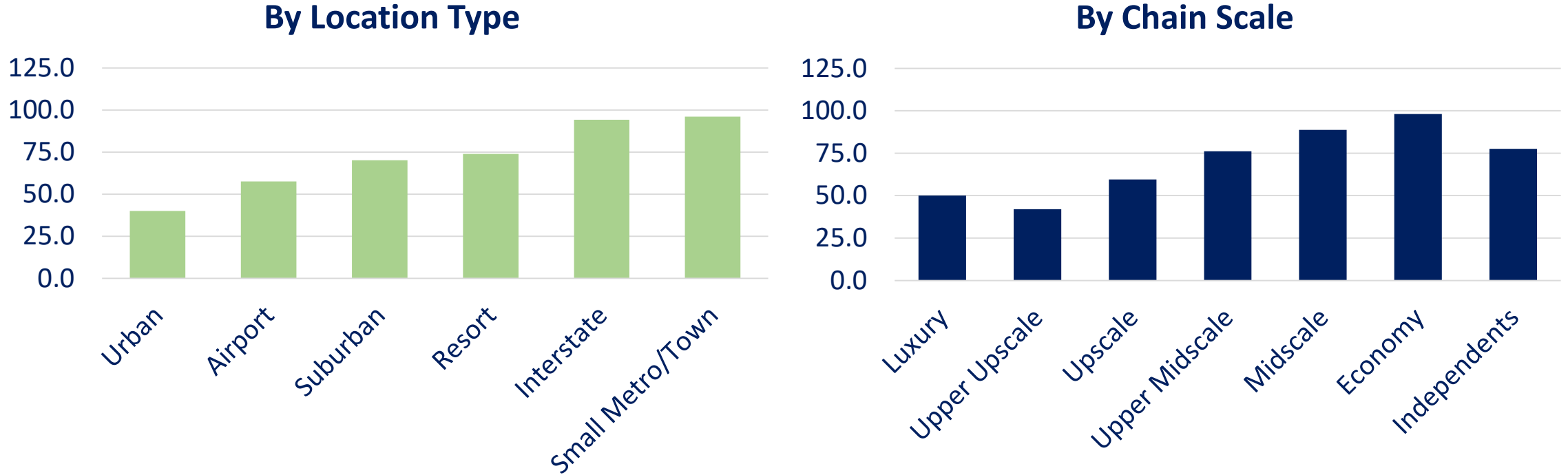
2021 Monthly Performance, Indexed to 2019



\* 2021 reflects Total Room Inventory  
Source: STR

# An Uneven Recovery - National

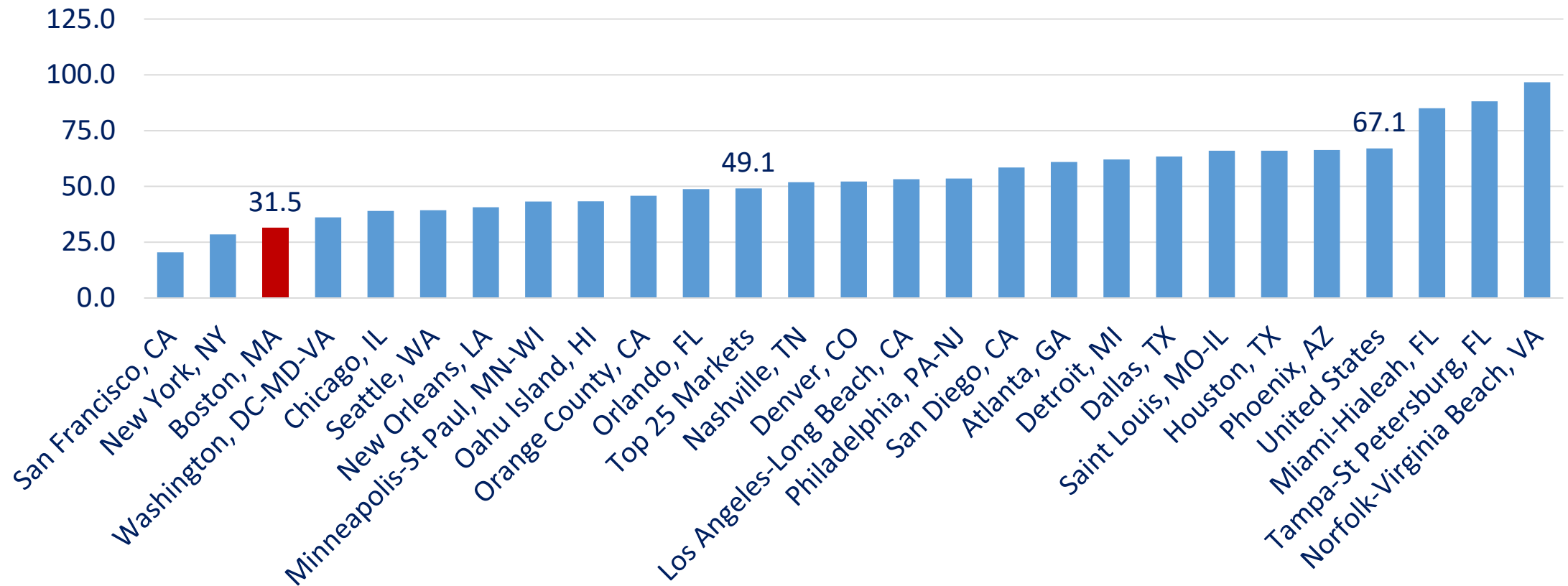
## YTD June 2021 RevPAR, Indexed to 2019



\* 2021 reflects Total Room Inventory  
Source: STR

# Top-25 Markets

YTD June 2021 RevPAR, Indexed to 2019



\* 2021 reflects Total Room Inventory

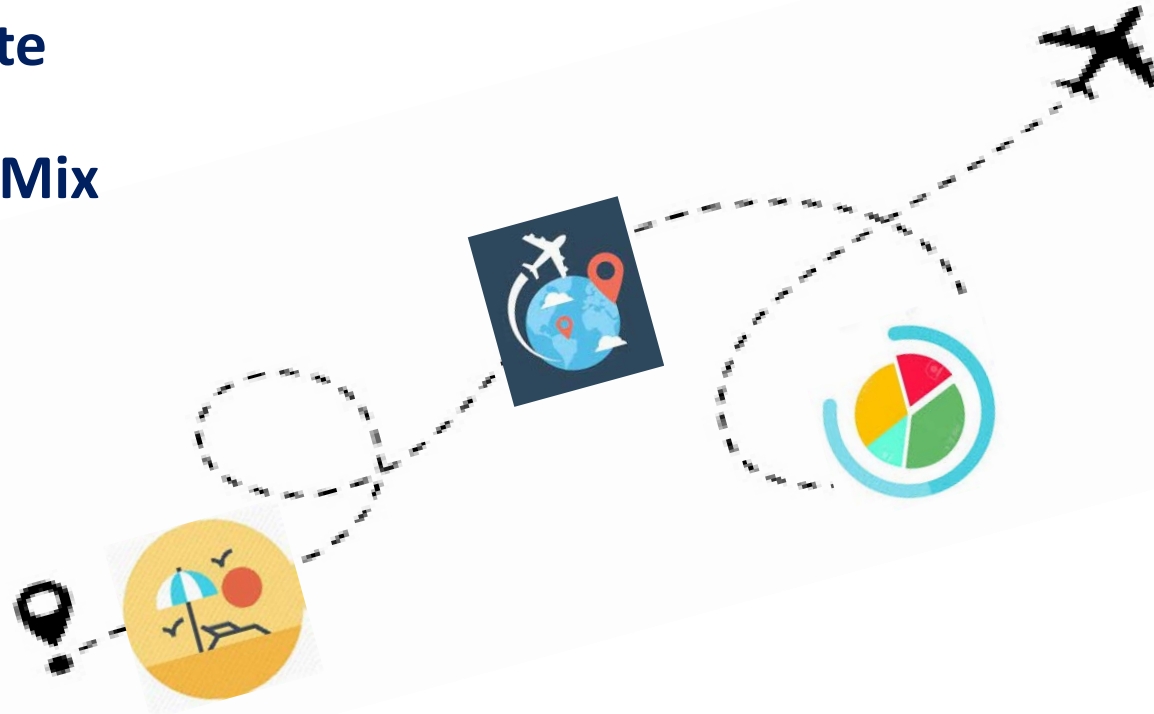
Source: STR



# Current Trends – National

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- Leisure Travel Boom!
- The Return of Corporate
- Group Demand's New Mix
- Leisure Driven ADR
- Corporate Room Rates
- Supply Growth



# Current Trends – National

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## Other Hot Topics:

- Delta Variant
- A Fall Stall?
- Reopening for International
- Operating Lessons and Brand Driven Standards
- Other Issues





# Industry Projections – National, YOY % Change

## 2021

	STR	PWC	CBRE
Occupancy	31.5%	29.8%	21.2%
ADR	12.0%	8.0%	4.3%
RevPAR	47.3%	40.1%	26.4%

## 2022

	STR	PWC	CBRE
Occupancy	13.0%	8.1%	11.4%
ADR	6.0%	6.6%	11.4%
RevPAR	19.7%	15.2%	24.1%

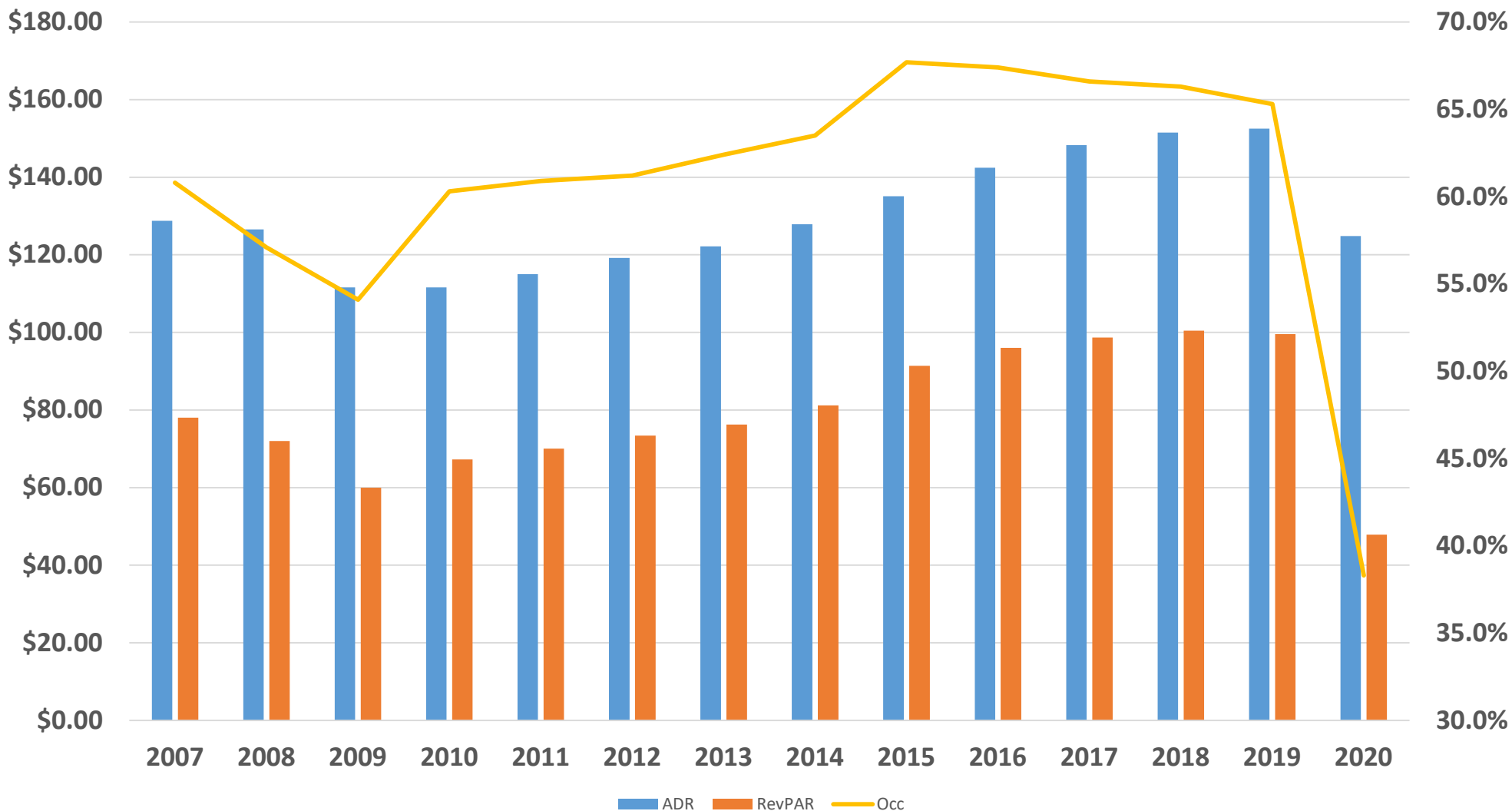
Source: STR (July), PWC (May), CBRE (Q1 2021)



A low-angle, upward-looking photograph of several tall skyscrapers with glass facades, creating a sense of height and urban density. The image is in grayscale with a blue tint and is framed by a thin blue border.

# **RHODE ISLAND LODGING MARKET**

# Rhode Island Historical Market Performance 2007-2020



*Note: Year End 2020 reflects Total Rooms Inventory method*

*Source: STR*

# Rhode Island Year-to-Date July 2021

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	JULY 2019	JULY 2020	JULY 2021
Occupancy	64.1%	36.7%	54.1%
ADR	\$148.85	\$120.50	\$144.50
RevPAR	\$95.41	\$44.22	\$78.19

*Note:* YTD data reflects Total Rooms Inventory method  
*Source:* STR

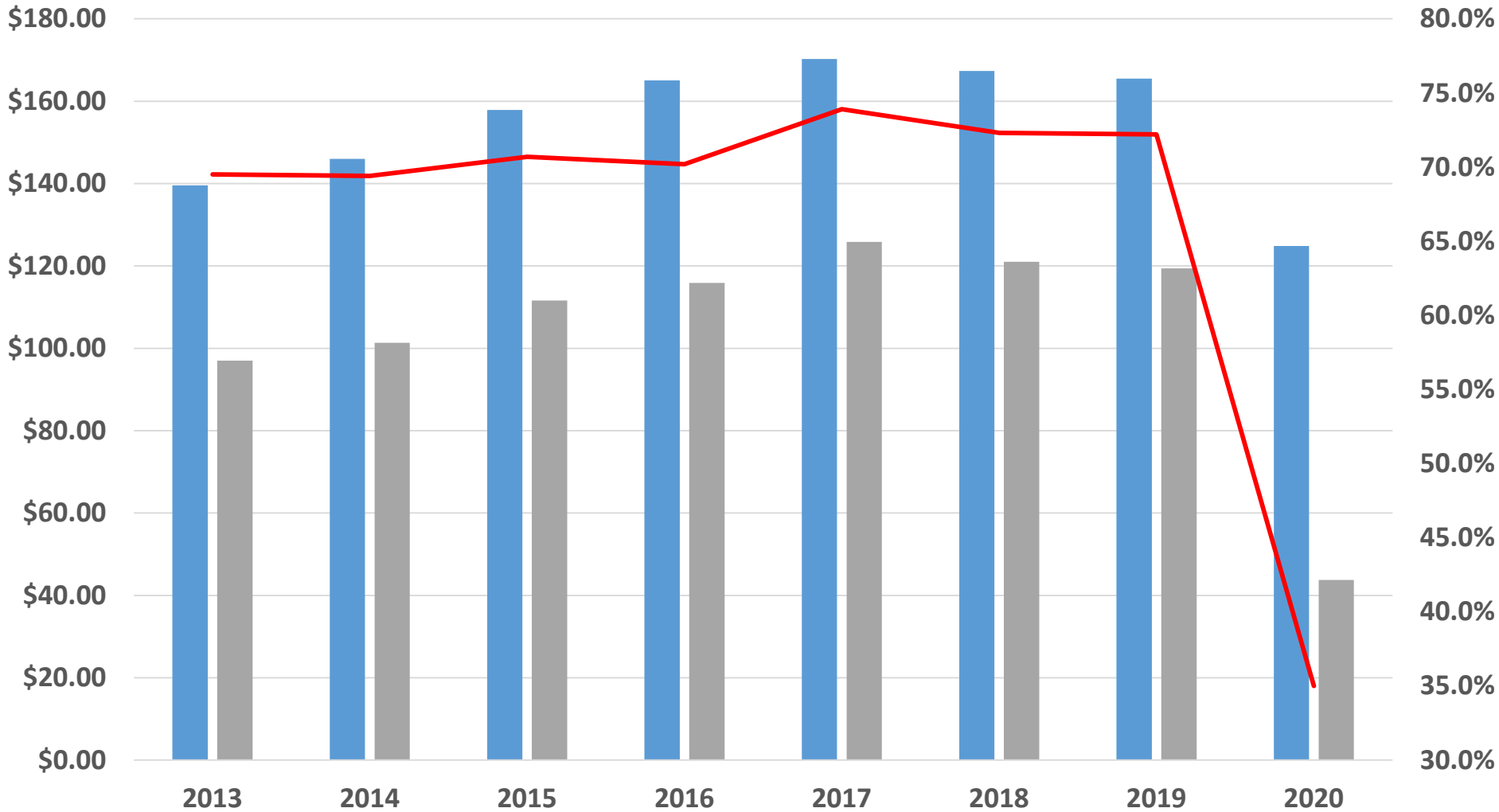
**REVPAR RECOVERY  
VARIES:**  
Index YTD JULY 2021 To  
YTD JULY 2019  
RI RevPar -82%  
MA RevPar-50%  
NY RevPar 45%  
CT RevPar – 75%  
USA – 72%



A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely Providence. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and urban density. The image is in grayscale, with a blue border around the central text area.

# **CITY OF PROVIDENCE LODGING MARKET**

# Providence Historical Market Performance 2013-2020



Source: STR

ADR RevPAR Occ

# Providence YTD July 2021

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	2019	2020	2021
Occupancy	71.5%	34.2%	47.2%
ADR	\$166.31	\$134.66	\$129.86
RevPAR	\$118.19	\$46.10	\$61.28

**REVPAR RECOVERY  
VARIES:**  
Index YTD JULY 2021 To  
YTD JULY 2019  
Providence RevPar -  
52%  
Boston RevPar-36%  
NYC RevPar 33%  
Phili RevPar – 58%  
Top 25 Markets – 54%

# Providence - Future

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- Convention
- Office Market
- Other Demand Factors
- New Supply
- Projections



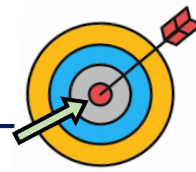


# Providence Warwick CVB – August Pace Report



- 2021 - Currently on track to reach year-end goal of 42,000 room nights.
- 2021 – September and December look very strong relative to their pace targets.
- 2022 - The year end goal is approximately 88,000 room nights. About ½ of those room nights are on the books, the remainder is slightly behind pace.
- 2022 - March and July look very strong relative to their pace targets while January, June and October are well behind their goals.
- 2023 - Goal is 100,000 room nights. Currently there are approximately 12,000 room nights on the books, about half of the pace target.

## CVB – Other Comments



- Good news – lead volume is strong.
- Room night goal for 2022 is about 85% of historical 3-year actual.
- International business wasn't a large part of the demand.
- New customers are making inquiries.
- While the convention business isn't back to pre-covid levels, there is more optimism.

# Providence Other Factors

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Corporate Travel: Office fundamentals are expected to remain soft. 85% corporate travel to return in 2022.



Economic Outlook: beyond pickup from covid downturn, slow growth forecasted the next 5 years.

Universities: All offering in person learning for fall 2021.

Tourist Attractions: Re-opened with reduced visitation



New Lodging Supply:

Aloft Providence – 175 rooms – Oct. 2021

Beatrice Hotel – 48 rooms – Sept.2021

# Providence – Projections

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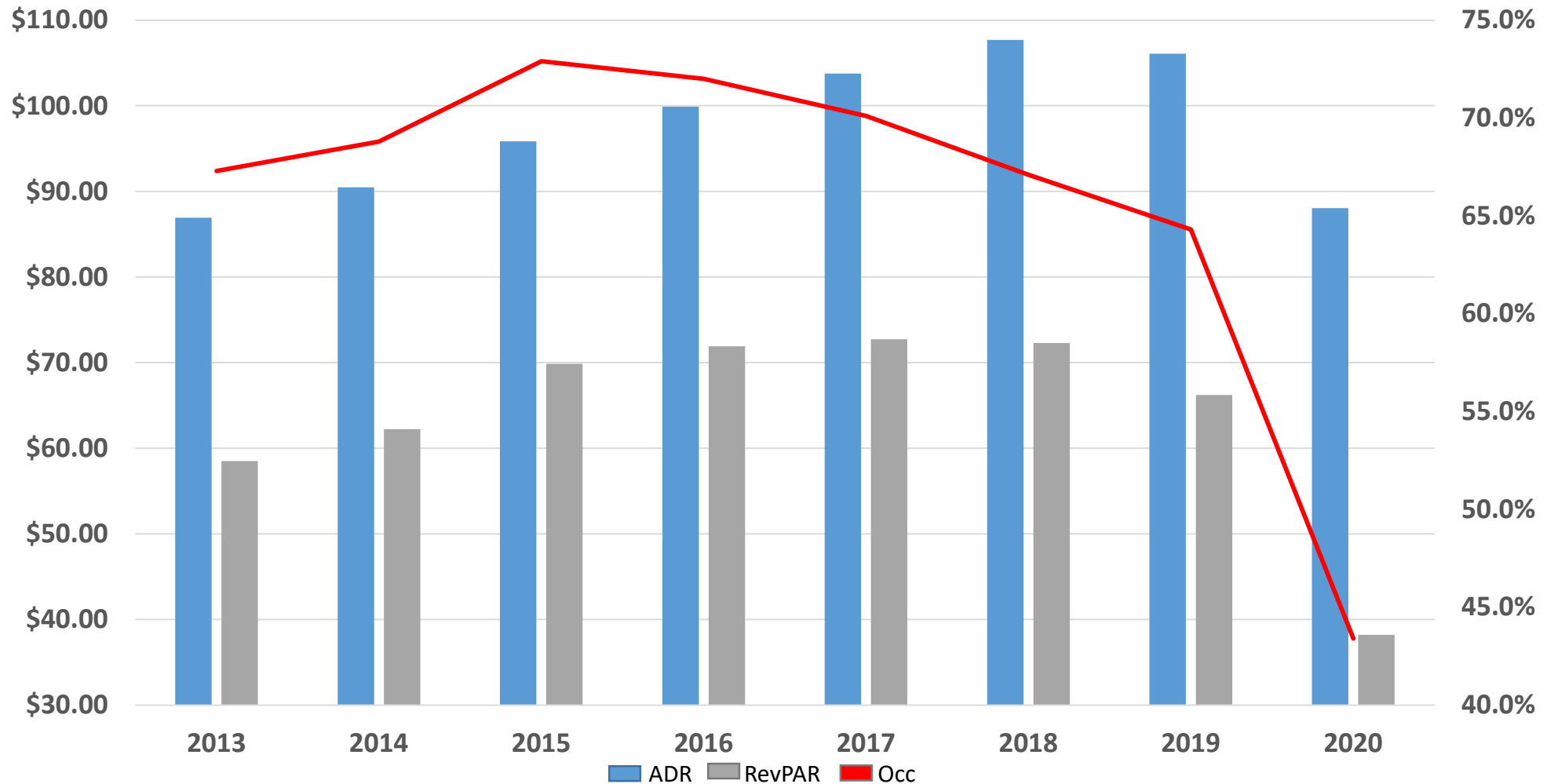
PROJECTIONS	2021 (actual)	2022 (projected)
Occupancy	52%	63%
ADR	\$140	\$150
RevPAR	\$72.80	\$94.50

A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely New York City. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and scale. The image is in grayscale, with a blue border around the central text area.

# **WARWICK LODGING MARKET**



# Warwick Historical Market Performance 2013-2020



Source: STR

# Warwick YTD July 2021

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	<u>2019</u>	<u>2020</u>	<u>2021</u>
OCCUPANCY	63.6%	44.4%	59.3%
ADR	\$105.60	\$89.08	\$101.08
RevPAR	\$67.16	\$39.33	\$59.93

**REVPAR RECOVERY  
VARIES:  
Index YTD JULY 2021 To  
YTD JULY 2019  
Occupancy-93%  
ADR-96%  
RevPar – 89%**

## Warwick – Future

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- Warwick Unemployment: 6.0% in May 2021
- Airport Factors: June 2021 Passengers – 62% index to June 2019
- Office Market: Hybrid from home/office; travel restrictions
- New Lodging Supply - None
- Other Factors: Compression from South County
- Economy: In a recovery



# Warwick – Projections

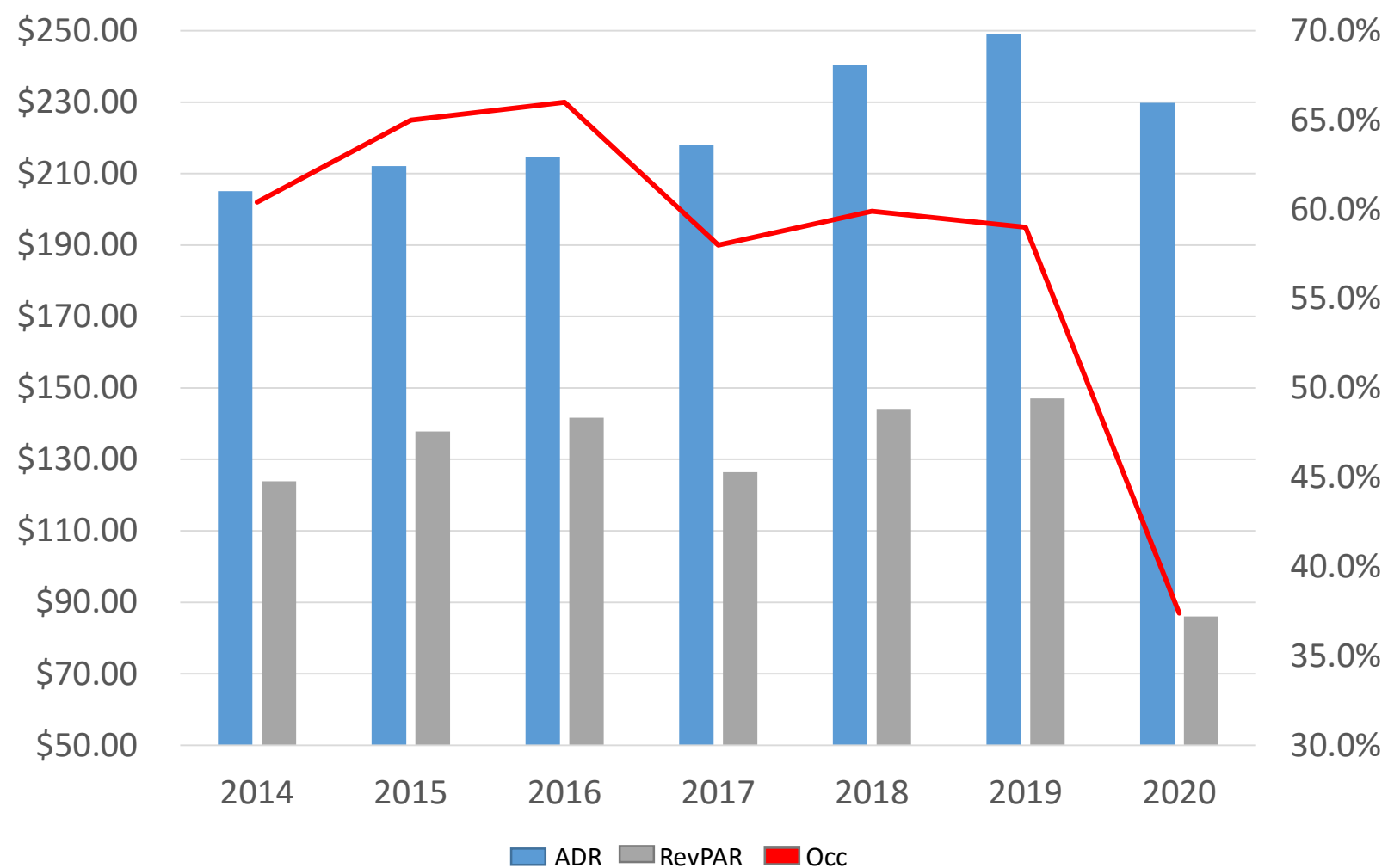
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PROJECTIONS	2021 (actual)	2022 (projected)
Occupancy	59%	62%
ADR	\$102	\$104
RevPAR	\$60.18	\$64.48

A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely New York City. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and scale. The image is in grayscale, with a blue border around the central text area.

# **NEWPORT LODGING MARKET**

# Newport Historical Market Performance 2014-2020



Source: STR

# Newport YTD July 2021

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	<u>2019</u>	<u>2020</u>	<u>2021</u>
Occupancy	56.2%	33.5%	51.7%
ADR	\$231.95	\$201.01	\$278.61
RevPAR	\$130.46	\$67.32	\$144.14

**REVPAR RECOVERY  
VARIES:  
Index YTD JULY 2021 To  
YTD JULY 2019  
Occupancy-92%  
ADR-121%  
RevPar – 110%**

*Source: STR*

# Newport – Future

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- International Visitor: Gone for 2021
- Group/Meetings/Events: Partial return in 2021 – mostly social, possible 80% return in 2022 but covid concerns linger
- Drive to Market: Transient visitors – a huge success in 2021; anticipate “normal” visitation patterns in 2022.
- Rate integrity: 2021 - operators will hold rates to 2019 levels in off/shoulder season; substantial increases in peak season. 2022 - expect to see lower ADR as more travel destinations open.
- New Supply: Lees’s Wharf and Waites Wharf - prel/planning

# Newport – Projections

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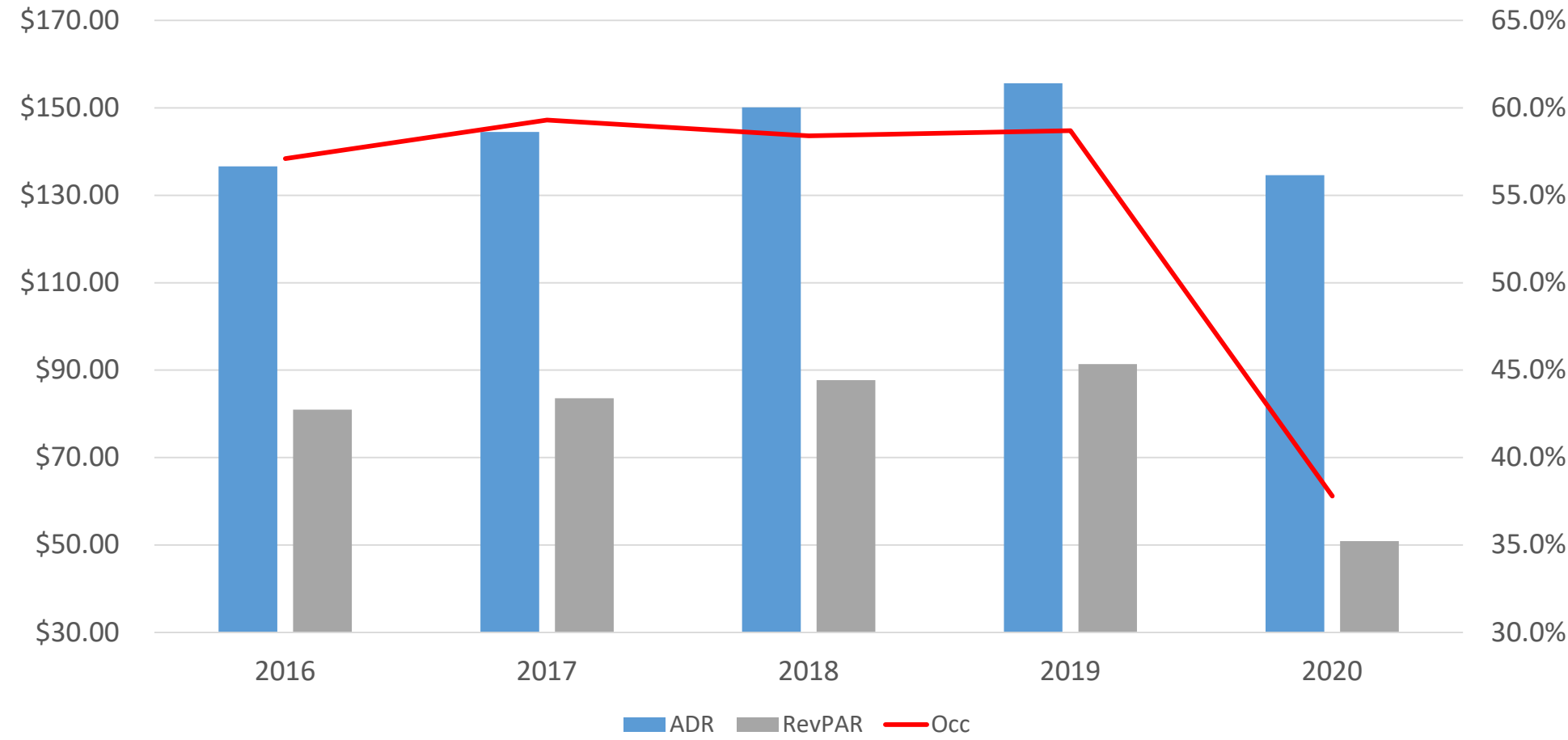
PROJECTIONS	2021 (actual)	2022 (projected)
Occupancy	53%	57%
ADR	\$288	\$260
RevPAR	\$152.64	\$148.20



A low-angle, upward-looking photograph of several tall skyscrapers in a dense urban environment, likely Midtown Manhattan. The buildings are covered in glass and steel, reflecting the sky and each other. The perspective creates a sense of height and scale. The image is framed by a thin blue border.

# **MIDDLETOWN LODGING MARKET**

# Middletown Historical Market Performance 2016-2020



Source: STR



# Middletown YTD July 2021

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	<u>2019</u>	<u>2020</u>	<u>2021</u>
Occupancy	56.4%	36.1%	52.8%
ADR	\$147.53	\$122.71	\$157.96
RevPAR	\$83.21	\$43.31	\$83.39

**REVPAR RECOVERY  
VARIES:  
Index YTD JULY 2021 To  
YTD JULY 2019  
Occupancy-94%  
ADR-107%  
RevPar – 100%**

# Middletown – Future

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- Remains a Price Alternative for Newport – benefitting in 2021 with atypically high rates in Newport coupled with lodging capacity.
- Corporate transient: Remains below pre-pandemic levels: 2021 - 60% of 2019 demand; 2021 – 85% of 2019 demand
- Group: Social group is back; corporate group slow in 2021; 2020 – Limited group demand; significant reduction in motor coach should pick up in 2022

# Middletown – Projections

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PROJECTIONS	2021 (actual)	2022 (projected)
Occupancy	54%	56%
ADR	\$170	\$160
RevPAR	\$91.80	\$89.60

# Pinnacle Advisory Group

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