

Massachusetts and The Boston & Cambridge Lodging Market

Q2 2022 Update

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Pinnacle Advisory Group

Massachusetts, YTD April

	2019	2020	2021	2022
Occupancy	58.9%	37.5%	33.1%	51.5%
ADR	\$159	\$134	\$104	\$158
RevPAR	\$94	\$50	\$35	\$82
RevPAR Index		53%	37%	87%

87%
Indexed
to '19

99%
Indexed
to '19

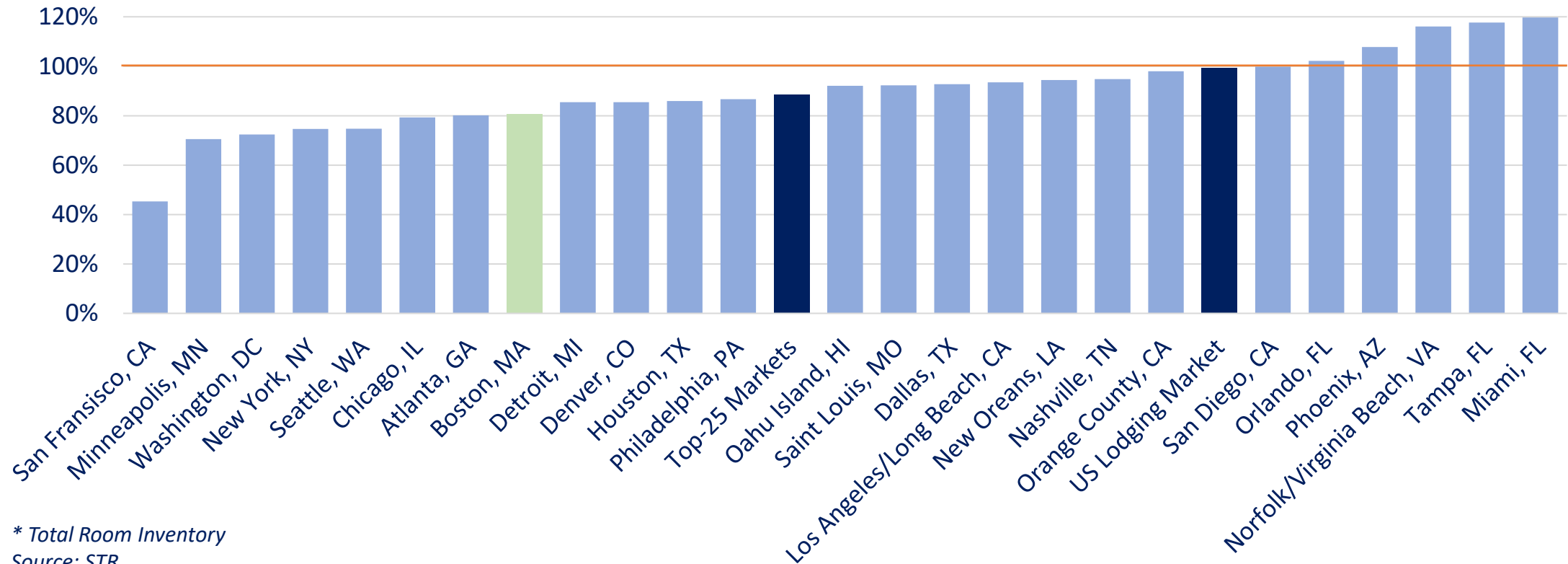
* Total Room Inventory

Source: Pinnacle Perspective, Pinnacle Advisory Group



Boston MSA, YTD April 2022

Top-25 Markets YTD April RevPAR
Indexed to 2019



* Total Room Inventory
Source: STR

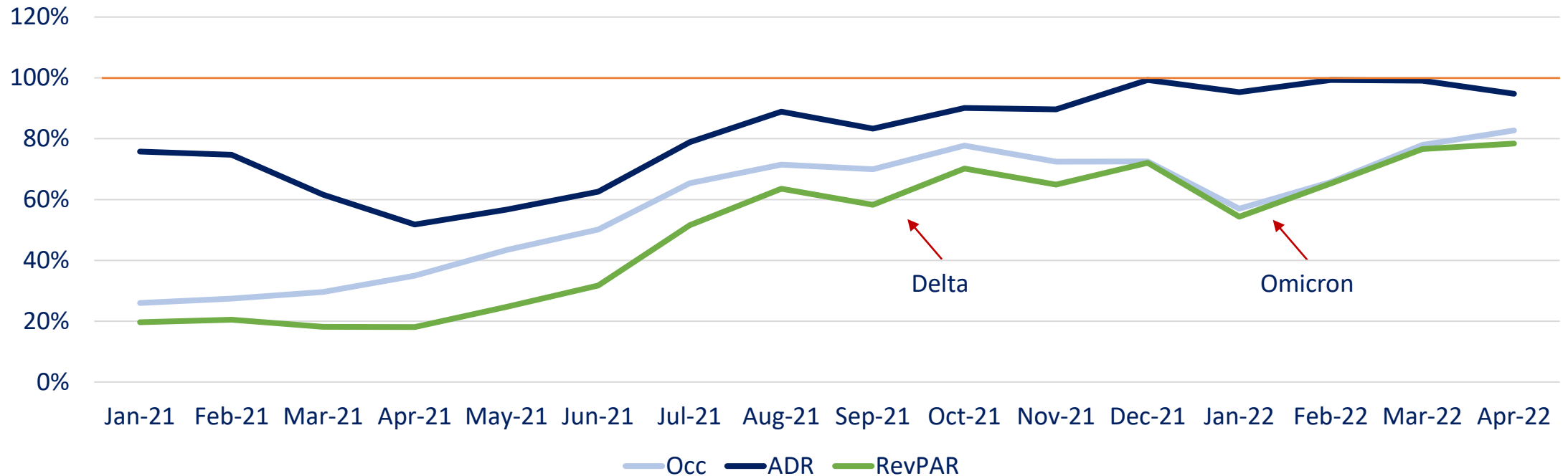


The background features a perspective view of a city street with tall buildings on either side. The ground is marked with a grid pattern, and the buildings have a grid-like facade. The overall color scheme is light gray and white, with a dark blue border around the text.

Boston & Cambridge Lodging Market

Recovery Through April 2022

Boston & Cambridge Monthly Performance Indexed to 2019



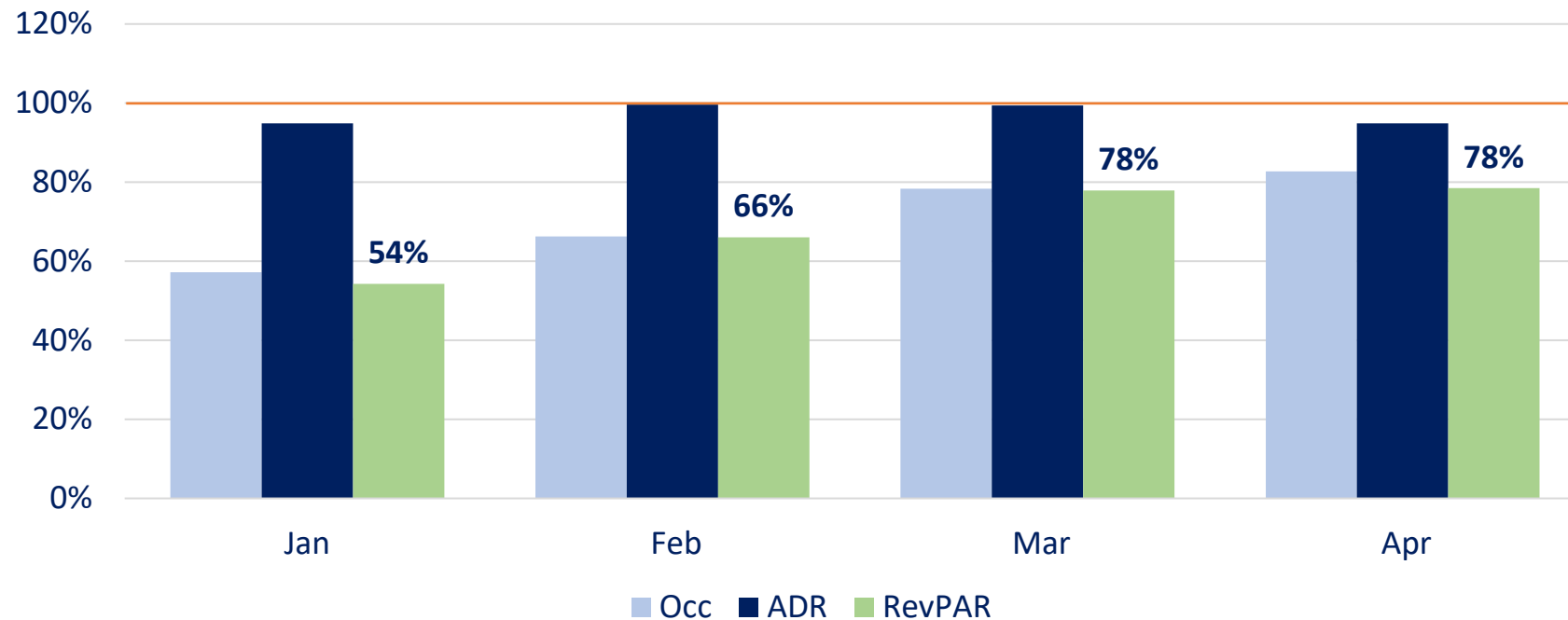
* Total Room Inventory

Source: Pinnacle Perspective, Pinnacle Advisory Group



2022 Monthly Performance

Boston & Cambridge Monthly Performance Indexed to 2019



* Total Room Inventory

Source: Pinnacle Perspective, Pinnacle Advisory Group



Boston & Cambridge, YTD April

	2019	2020	2021	2022
Occupancy	75.8%	42.9%	22.8%	54.9%
ADR	\$219	\$178	\$138	\$218
RevPAR	\$166	\$76	\$31	\$120
RevPAR Index		46%	19%	72%

72%
Indexed to '19

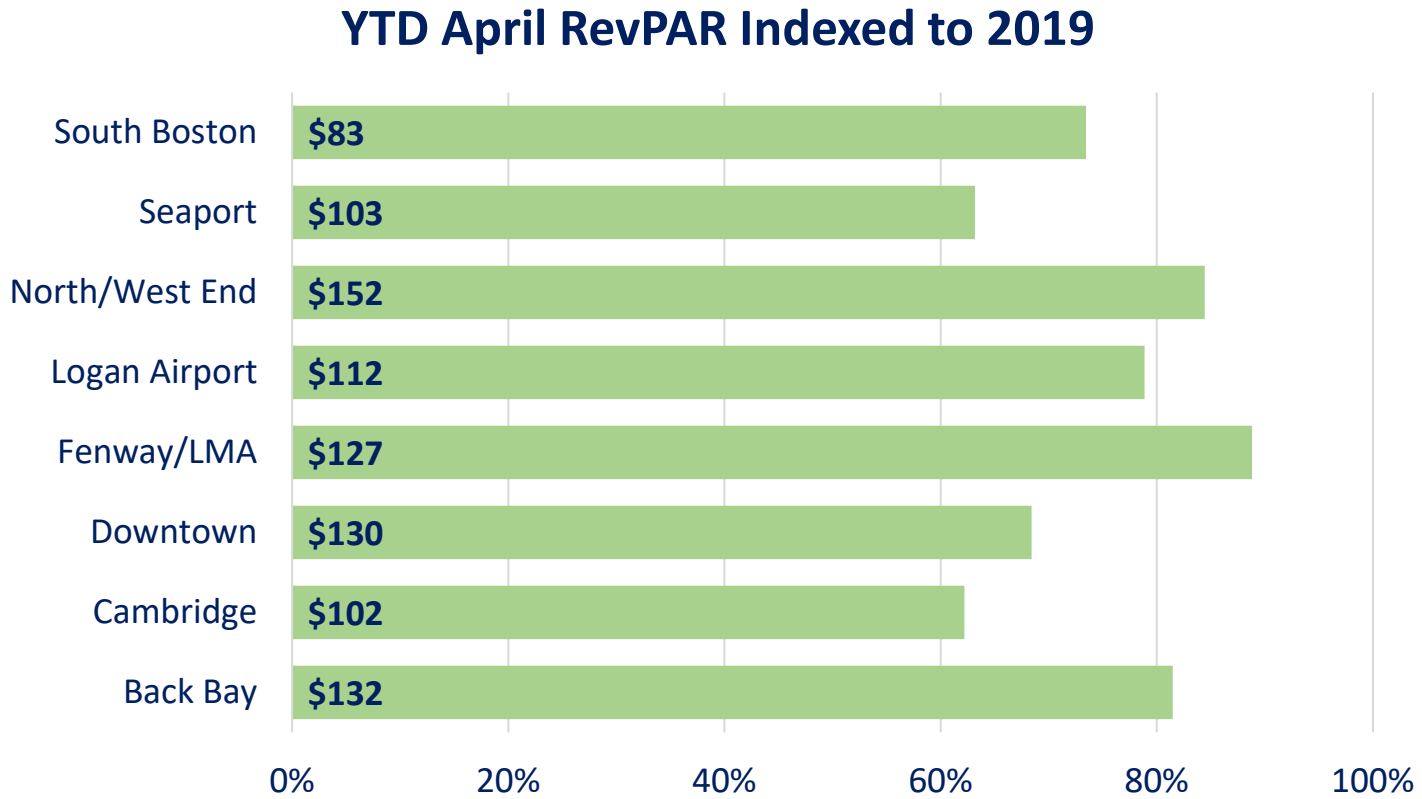
99%
Indexed to '19

* Total Room Inventory

Source: Pinnacle Perspective, Pinnacle Advisory Group



YTD April 2022 Performance by Submarket



* Total Room Inventory
Source: Pinnacle Perspective, Pinnacle Advisory Group

Economic Trends

- **Headwinds while entering late stages of economic cycle**
 - COVID-19 Variants and Case Count Surges
 - Global Concerns: Russia/Ukraine, China economy
 - Inflationary Growth and Supply Chain
 - Rising Labor Costs, Limited Workforce
 - Financial Market Volatility
- **Positive economic trends**
 - Eleven straight months with over 400,000 U.S. jobs gained. Unemployment at 3.6%
 - Wealth accumulation; shift from saving to spending (on services).
 - Consumer sentiment may be down (inflation, gas prices, etc) but not reflected in sales
- **Resiliency, people want to travel, “live with Covid” mentality grows.**



Hotel Demand, ADR, & Operational Trends

- **Demand**

- Leisure expected to remain robust, may soften but still well above 2019 levels
- Corporate transient and group growth expected to accelerate in Q2 through yearend
- International will be slow to return, largely depends on region and economic position

- **ADR**

- Limited price sensitivity
- Inflation continues to help drive top-line revenue
- Limited supply growth will help maintain rate

- **Margins**

- Inflationary pressure negatively impacting costs
- Limited labor, higher wages



Boston & Cambridge 2022 Projection

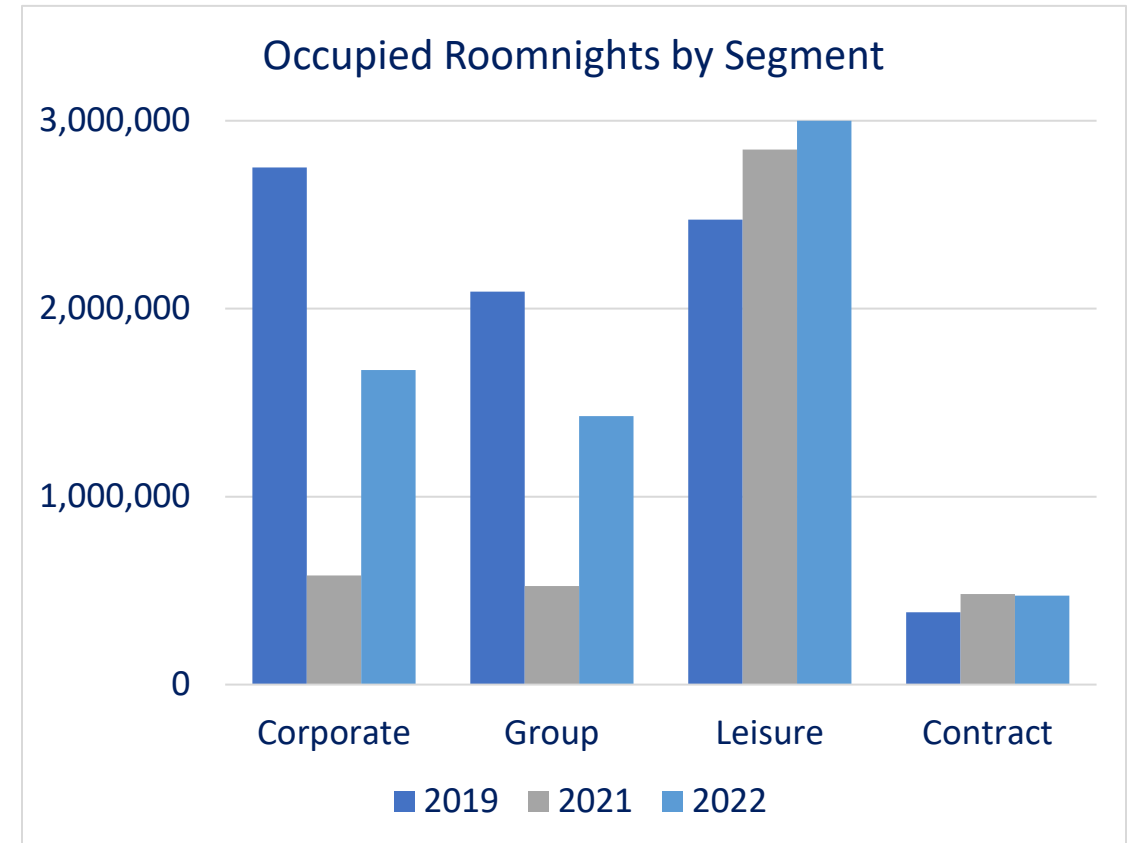
• **Corporate**: 55-65% of its 2019 levels

• **Group**: 60-70% of its 2019 levels

• **Leisure**: 125-135% of 2019 levels

• **Contract**: 115-125% of 2019 levels

• **Total Demand**: 90% of its 2019 levels



Source: Pinnacle Advisory Group



Boston & Cambridge 2022 Projection

	2021	2022	% Change	Index to '19
Occupancy	45.4%	68%	+ 49%	82%
ADR	\$212	\$259	+ 22%	99%
RevPAR	\$95	\$175	+ 84%	82%

+56%

Projected Demand Increase

+4.9%

Projected Supply Increase

* Total Room Inventory

Assumes the US lodging market is not negatively impacted by a major economic event such as a recession, a surge in COVID cases, etc.

Source: Pinnacle Perspective, Pinnacle Advisory Group



Pinnacle Advisory Group

Boston

New York City

Newport Beach

Tampa

Washington DC



*Hospitality Consulting
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