



# MARKET POSITION:

## PORT of SAN DIEGO

### Hotel Development

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April 23, 2019

# *Developer Responses - Occ, ADR, RevPAR*

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- Below are the occupancy, average daily rate (ADR), and revenue per available room (RevPAR) projections for each of the three proposals
- JLL has shown the ADR values in current dollars, which are used in the following analysis; JLL's assumed inflation rate is 2.0% per year

STAY OPEN San Diego										
Period	1	2	3	4	5	6	7	8	9	10
Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Room Revenue (ths)	2,219	2,297	2,373	2,437	2,510	2,586	2,671	2,743	N/A	N/A
Total Beds Available	226	226	226	226	226	226	226	226	N/A	N/A
Occ	80%	80%	80%	80%	80%	80%	80%	80%	N/A	N/A
Beds Sold/Night	180.8	180.8	180.8	180.8	180.8	180.8	180.8	180.8	N/A	N/A
Days/Year	365	365	366	365	365	365	366	365	N/A	N/A
Total Rooms Sold	65,992	65,992	66,173	65,992	65,992	65,992	66,173	65,992	N/A	N/A
ADR	33.63	34.81	35.86	36.93	38.04	39.18	40.36	41.57	N/A	N/A
RevPAR	26.90	27.85	28.69	29.55	30.43	31.35	32.29	33.25	N/A	N/A
ADR 2019\$	31.69	32.16	32.48	32.80	33.12	33.44	33.77	34.10	N/A	N/A

Source: Developer responses, JLL

Note: above ADR reflects average of POD and Ensuite room types; ADR is shown on a per-bed basis



# Developer Responses – Occ, ADR, RevPAR

Sleepbox San Diego										
Period	1	2	3	4	5	6	7	8	9	10
Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Occ	65%	80%	80%	80%	80%	80%	80%	80%	80%	80%
ADR	75.28	76.41	77.55	78.72	79.90	81.10	82.31	83.55	84.80	86.07
RevPAR	48.68	61.13	62.04	62.97	63.92	64.88	65.85	66.84	67.84	68.86
ADR 2019\$	70.94	70.59	70.24	69.90	69.56	69.22	68.88	68.54	68.20	67.87
ADR 2018\$	69.55	69.21	68.87	68.53	68.19	67.86	67.53	67.19	66.87	66.54

AVID San Diego										
Period	1	2	3	4	5	6	7	8	9	10
Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Occ	65%	68%	70%	73%	77%	78%	80%	77%	78%	76%
ADR	90.00	92.70	95.48	98.35	100.31	102.32	105.29	110.55	112.76	113.89
RevPAR	58.50	63.04	66.84	71.80	77.24	79.81	84.23	85.12	87.95	86.56
ADR 2019\$	84.81	85.64	86.48	87.33	87.33	87.33	88.10	90.69	90.69	89.80
ADR 2018\$	83.15	83.96	84.78	85.62	85.61	85.62	86.37	88.91	88.91	88.04

Source: Developer responses, JLL

Note: Sleepbox and AVID analyses utilize ADR figures in 2018\$ for consistency with comparable hotels and market-wide values

# *Top Line Analysis: Pod / Micro Hotel Concepts*

# ADR: STAY OPEN San Diego

- Pod room set-up combined with European-style hostel – majority of rooms shared
- 33 rooms with 226 beds → 6.8 beds/room
- Proposal has fewer beds than typical European hostel but more beds/room
- ADR per bed of \$30+/- in line with quality European hostels

ADR Benchmarks				
Market	Beds	Rooms	Beds/Room	ADR/Bed (2019\$)
London	872	213	4.1	40.53
Copenhagen	662	175	3.8	45.74
Dublin	539	106	5.1	27.83
Hamburg	684	161	4.2	35.72
Barcelona	728	154	4.7	32.40
Berlin	552	147	3.8	32.00
<b>Average</b>	<b>673</b>	<b>159</b>	<b>4.2</b>	<b>36.24</b>
<b>STAY OPEN San Diego</b>	<b>226</b>	<b>33</b>	<b>6.8</b>	<b>32.48</b>
<b>Variance</b>			<b>-2.6</b>	<b>3.8</b>

Source: JLL

Note: ADR inflated at 2% per year; STAY OPEN San Diego ADR pertains to Year 3 weighted average of POD and Ensuite beds in 2019\$



# ADR: Sleepbox San Diego

- Micro hotel proposal – small rooms, all single or double occupancy
- 48 rooms with 48 beds → up to 70 guests
- Among similarly sized, urban micro hotels, Proposed Hotel in San Diego projected ADR index is lower than average of set analyzed, but within the range of benchmarks

ADR Benchmarks					
Market	Rooms	Year	ADR (\$)	Market ADR	ADR Index
Stockholm	66	2012	73	162	45%
Amsterdam	35	2012	55	165	33%
London	32	2018	122	193	63%
Amsterdam	50	2018	140	177	79%
<b>Average</b>	<b>46</b>		<b>96</b>		<b>55%</b>
<b>Sleepbox San Diego</b>	<b>48</b>		<b>69</b>	<b>166</b>	<b>41%</b>
<b>Variance</b>					<b>14%</b>

Source: JLL

Note: Subject Year 3 ADR deflated to 2018\$ (for comparison with market ADR) at 2% per year

# Occupancy Rates

- Both proposals project stabilized occupancy rates of 80%
- In 2018, San Diego market-wide average occupancy rate was 79%
- JLL analyzed set of select service hotels in the San Diego market. Average occupancy rate over past three years is in the high 70% range

T-12 September Occupancy Rates		
2016	2017	2018
77.9%	78.6%	79.7%

Source: STR

Note: above figure pertain to lodging performance within the San Diego market, as defined by STR

- Given below-market room rates, coupled with the strong location, the Proposed Hotel is anticipated to garner market or above-market occupancy rates



# Occupancy Rates

- Although the STAY OPEN concept has many more beds than the Sleepbox concept, the European style hostels analyzed generally boast occupancy rates in line with the market average

Occupancy Index				
Market	Beds	Occ	Market Occ	Occ Index
London	872	87.9%	81.3%	108%
Copenhagen	662	75.1%	68.9%	109%
Dublin	539	86.7%	75.4%	115%
Hamburg	684	N/A	N/A	94%
Barcelona	728	48.4%	70.2%	69%
Berlin	552	66.3%	71.3%	93%
<b>Average</b>	<b>673</b>			<b>98%</b>

Source: JLL, STR

Note: hotel occupancy data and the corresponding market data pertain to the period from Jan-2013 to May-2014

# *Top Line Analysis: Avid Concept*

# Occupancy and ADR

- Among similarly positioned midscale hotels across the U.S., the Proposed Hotel is projected to garner a lower ADR but a higher average occupancy than the set of hotels analyzed

Selection of Nationally Branded Midscale Hotel Occupancy and ADR Performance Figures							
Hotel	Rooms	Occ	ADR	Market Occ	Market ADR	Market Occ Index	Market ADR Index
Hotel 1*	80-90	62.5%	91	63.5%	84	98%	109%
Hotel 2	90-100	71.7%	99	70.1%	110	102%	90%
Hotel 3	90-100	73.2%	83	68.2%	109	107%	76%
Hotel 4	70-80	68.1%	111	73.3%	147	93%	75%
Hotel 5	160-170	77.8%	93	88.3%	129	88%	72%
Hotel 6†	90-100	67.6%	100	69.0%	107	98%	93%
<b>Average</b>	<b>100</b>	<b>70.2%</b>	<b>96</b>	<b>72.1%</b>	<b>114</b>	<b>98%</b>	<b>86%</b>
<b>Proposed Hotel</b>	<b>200</b>	<b>73.0%</b>	<b>86</b>	<b>78.7%</b>	<b>166</b>	<b>93%</b>	<b>51%</b>

Source: JLL, STR, publicly available information

Note: range of rooms shown for confidentiality purposes; data pertains to year end 2018 unless indicated; given relatively new concept among large parent companies, hotels in set shown may still be ramping up; Proposed Hotel ADR from stabilized Year 4 shown in 2018\$ for consistency

\*market-wide data pertains to 2017 year-end figures inflated by 2% annually

†market-wide data pertains to 2016 year-end figures inflated by 2% annually

# Occupancy and ADR

- Given high occupancy rates in the market coupled with the Proposed Hotel's projected ADR, the projected occupancy rate with a room count of 200 rooms appears reasonable
- While the average daily rate of the Proposed Hotel is within the range of the ADRs analyzed, it is toward the low end of the range
- Nationally, the Proposed Hotel occupancy index is in line with those of the midscale and economy chain scale averages. The ADR index for the Proposed Hotel is in line with the ADR index of economy hotels nationally. That said, the Avid brand is positioned as a midscale brand

National Averages by Positioning						
Chain Scale	Chain Scale Occ	Chain Scale ADR	U.S. Occ	U.S. ADR	Occ Index	ADR Index
Midscale	60.1%	88.58	66.2%	129.83	91%	68%
Economy	58.6%	63.79	66.2%	129.83	89%	49%

Source: JLL, STR

# Thank you



Tony Peterman  
**Executive Vice President**  
Hotels & Hospitality Group  
tony.peterman@am.jll.com  
(404) 307-9279



Roberta Oncken  
**Vice President**  
Hotels & Hospitality Group  
roberta.oncken@am.jll.com  
(404) 995-2089



Eric Gorenstein  
**Vice President**  
Hotels & Hospitality Group  
eric.gorenstein@am.jll.com  
(312) 228-3518