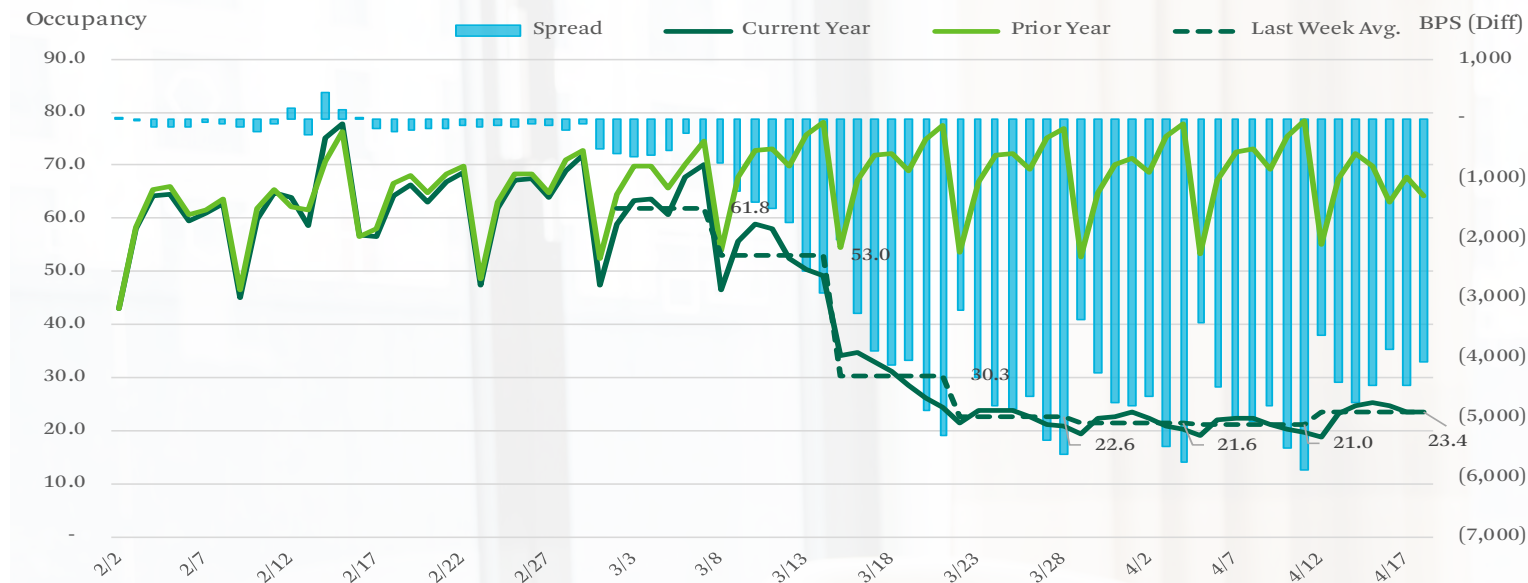
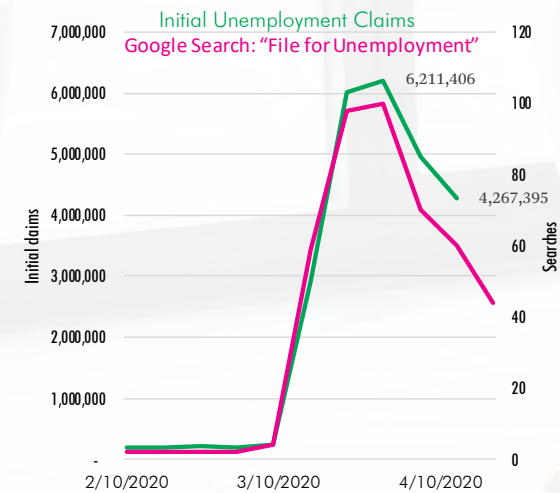


## US OCCUPANCY LEVELS ARE STABILIZING



SOURCE: CBRE Hotels, STR, April 22, 2020

## NEW UNEMPLOYMENT CLAIMS ARE FALLING

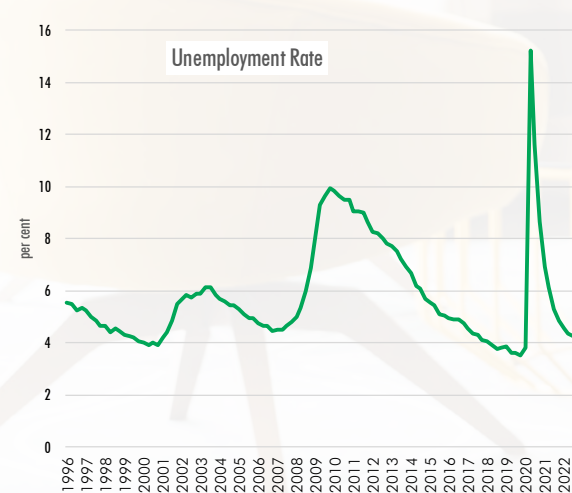


SOURCE: BLS, GOOGLE TRENDS, APRIL 23, 2020

## TSA CHECKPOINT TRAFFIC



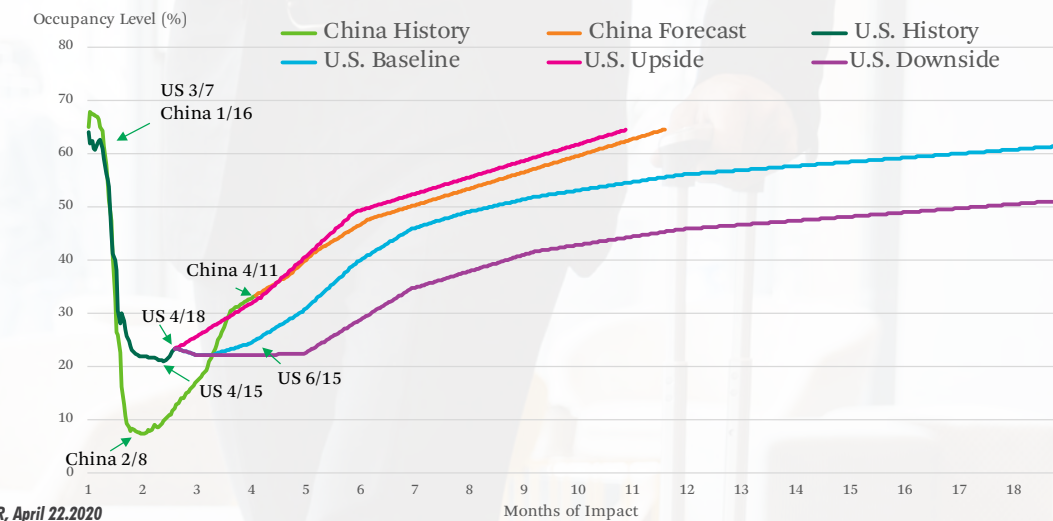
SOURCE: CBRE Hotels, TSA, April 22, 2020



SOURCE: BLS, CBRE-EA, APRIL 23, 2020

CBRE Hotels projects a "Baseline" impact forecast for year end 2020 RevPAR at -46.0%. There is also an "Upside" and "Downside" scenario bracketing the Baseline. These scenarios project an impact ranging from a -32.6% to a -57.2% impact on RevPAR. The 6 charts below depict 1) the national occupancy levels appear to be stabilizing at a "trough level" in the low 20% range, a slight uptick in last weeks occupancy is likely a blip due to Easter rather than recovery. 2) weekly unemployment claims dropped for the 3rd week to 4.267M, a total of over 25M have filed in the last 4 weeks. 3) Air travel remains at flatline levels reflecting about a 96% decline from 2019. Air travel did not experience the positive "Easter blip", 4) The disruption curve showing the three scenarios best/base/worst case remain unchanged from previous week., 5) the updated downside (baseline) forecast is unchanged from April 6. and 6) the Baseline, upside and downside scenarios remain unchanged since April 6. Bear in mind that the impact of the coronavirus will cause a **temporary displacement** of hotel demand. The USA is a social and a mobile society that relies and thrives on travel, **the industry will rebound dramatically** once we collectively conquer the virus.

## DISRUPTION CURVE - HOTEL OCCUPANCY



SOURCE: CBRE Hotels, STR, April 22, 2020

## UPDATED DOWNSIDE FORECAST – PRELIMINARY

Year	Occ	Occ^	ADR	ADR^	RevPAR	RevPAR^	Supply	Supply^	Demand	Demand^
2016	65.4%	0.1%	\$124.06	3.0%	\$81.14	3.1%	5,021,012	1.4%	3,283,828	1.5%
2017	65.9%	0.7%	\$126.81	2.2%	\$83.52	2.9%	5,106,199	1.7%	3,363,052	2.4%
2018	66.1%	0.4%	\$129.96	2.5%	\$85.94	2.9%	5,206,614	2.0%	3,442,727	2.4%
2019	66.1%	0.0%	\$131.20	1.0%	\$86.73	0.9%	5,311,653	2.0%	3,511,367	2.0%
2020	42.6%	-35.6%	\$109.98	-16.2%	\$46.85	-46.0%	5,345,979	0.6%	2,277,036	-35.2%
2021	59.9%	40.5%	\$123.64	12.4%	\$74.02	58.0%	5,376,941	0.6%	3,218,893	41.4%
2022	63.8%	6.5%	\$131.68	6.5%	\$83.95	13.4%	5,442,008	1.2%	3,469,446	7.8%
2023	64.8%	1.7%	\$134.45	2.1%	\$87.17	3.8%	5,538,607	1.8%	3,590,764	3.5%

SOURCE: CBRE Hotels, STR, April 6, 2020

## UPDATED DOWNSIDE FORECAST – PRELIMINARY

Year	Baseline		Upside		Downside	
	RevPAR	RevPAR^	RevPAR	RevPAR^	RevPAR	RevPAR^
2016	\$81.14	3.1%	\$81.14	3.1%	\$81.14	3.1%
2017	\$83.52	2.9%	\$83.52	2.9%	\$83.52	2.9%
2018	\$85.94	2.9%	\$85.94	2.9%	\$85.94	2.9%
2019	\$86.73	0.9%	\$86.73	0.9%	\$86.73	0.9%
2020	\$46.85	-46.0%	\$58.44	-32.6%	\$37.10	-57.2%
2021	\$74.02	58.0%	\$89.19	52.6%	\$64.08	72.7%
2022	\$83.95	13.4%	\$93.37	4.7%	\$72.89	13.7%
2023	\$87.17	3.8%	\$93.44	0.10%	\$76.19	4.5%

SOURCE: CBRE Hotels, STR, April 6, 2020

## CASE STUDY: SAMPLE LIMITED SERVICE HOTEL PERFORMANCE

- Sample limited service hotel that was performing well before any impact at 75% occupancy and \$115 ADR
- Assumed debt underwritten at a 75% LTV and a healthy 171% DCR with 25-year fixed debt at 5%

	Unimpacted	Impact Ratio		
Scenario		-35%	-45%	-55%
Rooms	120	120	120	120
Occupancy	75.0%			
ADR	\$115.00			
RevPAR	\$86.25	\$55.06	\$47.44	\$38.81
<b>Income Performance</b>				
Room Revenue	\$3,777,750	\$2,455,538	\$2,007,763	\$1,699,988
Total Revenue	\$3,834,416	\$2,492,371	\$2,108,929	\$1,725,487
Net Income ratio	35.0%	27.5%	25.00%	20.00%
Indicated operating expense	\$2,492,371	\$1,806,969	\$1,518,697	\$1,380,390
Net Income	\$1,342,046	\$685,402	\$527,232	\$345,097
<b>Debt Service</b>				
Loan Terms (prior to impact)				
LTV	75.00%			
Evaluation (at 9% Cap Rate)	\$14,911,619			
Initial Debt	\$11,183,714			
Interest Rate	5.0%			
Amortization	25			
Payment	\$784,547	\$784,547	\$784,547	\$784,547
<b>Debt Coverage</b>	<b>\$171.0%</b>	<b>87%</b>	<b>67%</b>	<b>44%</b>

## CONCLUSIONS:

- The expenses while declining in each scenario on an absolute dollar basis, experienced a significant increase in the ratio to top line revenue. This is due to the significant amount of fixed expense and lower flow through at lower levels of performance.
- The change in debt coverage is enormous, dropping from a healthy 171% to a point where the NOI represents less than 70% of the debt payment at the expected baseline impact in 2020.
- **Debt coverage appears to drop below 1.0 at about a 26% decline in year end 2020 top line revenue.**
- Please keep in mind that we believe that there is a finite duration to the impact. The economy was extremely healthy before the virus, and while much of America is out of circulation, temporarily, the rebound should spike subsequent to the short-term crunch.

## CORONAVIRUS RESOURCES

- Click the links below for more information on the impacts of the Coronavirus from a Federal, Sate and Local (Columbus) level. Other additional resources are listed below as well.

### FEDERAL

[U.S. Small Business Administration's Disaster Loan Assistance](#)  
[SBA Paycheck Protection Program](#)  
[U.S. Chamber of Commerce Combating the Coronavirus](#)  
[Interim Guidance for Businesses and Employers from the CDC](#)  
**STATE & LOCAL**  
[Ohio Unemployment Benefits](#)  
[Families First Coronavirus Response Act](#)  
[SharedWork Ohio](#)  
[Ohio Bankers League](#)  
[Economic & Community Development Institute Loan Program](#)

### ADDITIONAL RESOURCES

[Hotel ViewPoint | An Updated 2020 Outlook](#)  
[CBRE | The Weekly Take](#)  
[CBRE Insights](#)  
[One Columbus](#)  
[Columbus Business First | Small Business Resources](#)  
[OHLA](#)  
[AHLA](#)

### PUBLIC HEALTH UPDATES

[Centers for Disease Control and Prevention](#)  
[World Health Organization](#)  
[Ohio Department of Health](#)  
**NEWS**  
[US Hotel RevPar forecasted to drop 50.6% for 2020](#)  
[As hotels plead for 'second' stimulus, Columbus stares down \\$379M in possible loan defaults](#)  
[How Hotel Brands are responding to COVID-19](#)  
[Big-Name Hotels Go Empty as Smaller Owners are Hurt](#)  
[\\$2 Trillion Coronavirus Economic Rescue Package](#)  
[Coronavirus and the Travel Industry](#)  
[Proposed Payroll Tax Cut](#)  
[Donald Trump Plans to Send Stimulus Checks to Workers, Bailout Airlines, Hotels](#)

ADDITIONAL INFORMATION CAN BE FOUND [HERE](#)

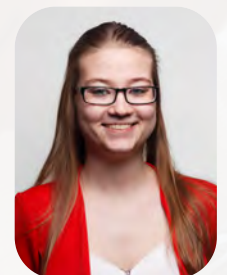
## WE'RE HERE FOR YOU. CONTACT US:



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