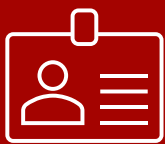


MIDYEAR STATE OF THE HOTEL INDUSTRY TOP FINDINGS

Midway through 2021, leisure travel is starting to return, but the hotel industry's road to recovery is long and uneven, with urban markets disproportionately impacted. Projections have improved since January with the uptick in leisure travel, but the industry remains well below pre-pandemic levels.

Key Findings



1 in 5
hotel jobs won't
return by end of
2021



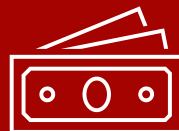
Nearly
500,000
est. hotel jobs lost
by end of 2021



10%
point drop in avg.
hotel occupancy
since 2019



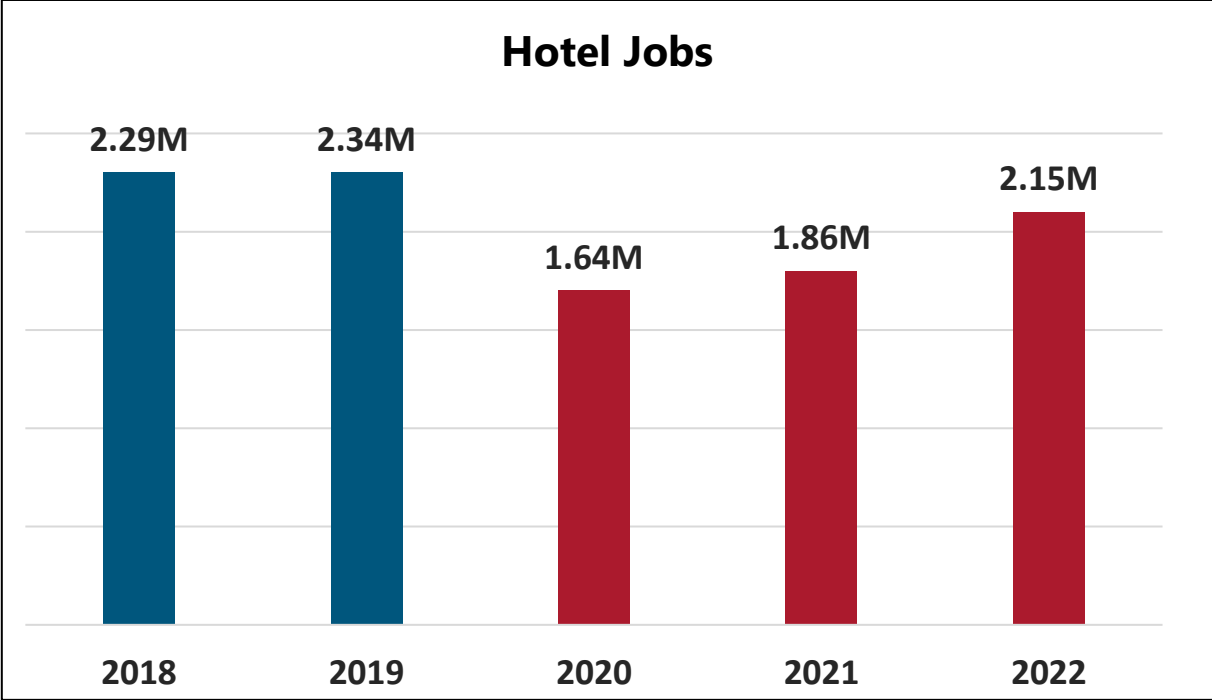
\$44 billion
decline in room
revenue
compared to 2019



\$20 billion
lost in unrealized
state and local tax
revenue since
2019

More than one in five direct hotel operations jobs lost during the pandemic—nearly 500,000 in total—will not have returned by the end of the year.

In 2019, U.S. hotels directly employed more than 2.3 million people.ⁱ They are expected to end 2021 with 1.86 million employees, down nearly 500,000 or 20% from 2019 levels.ⁱⁱ The industry is not expected to reach 2019 employment levels until at least 2023.ⁱⁱⁱ



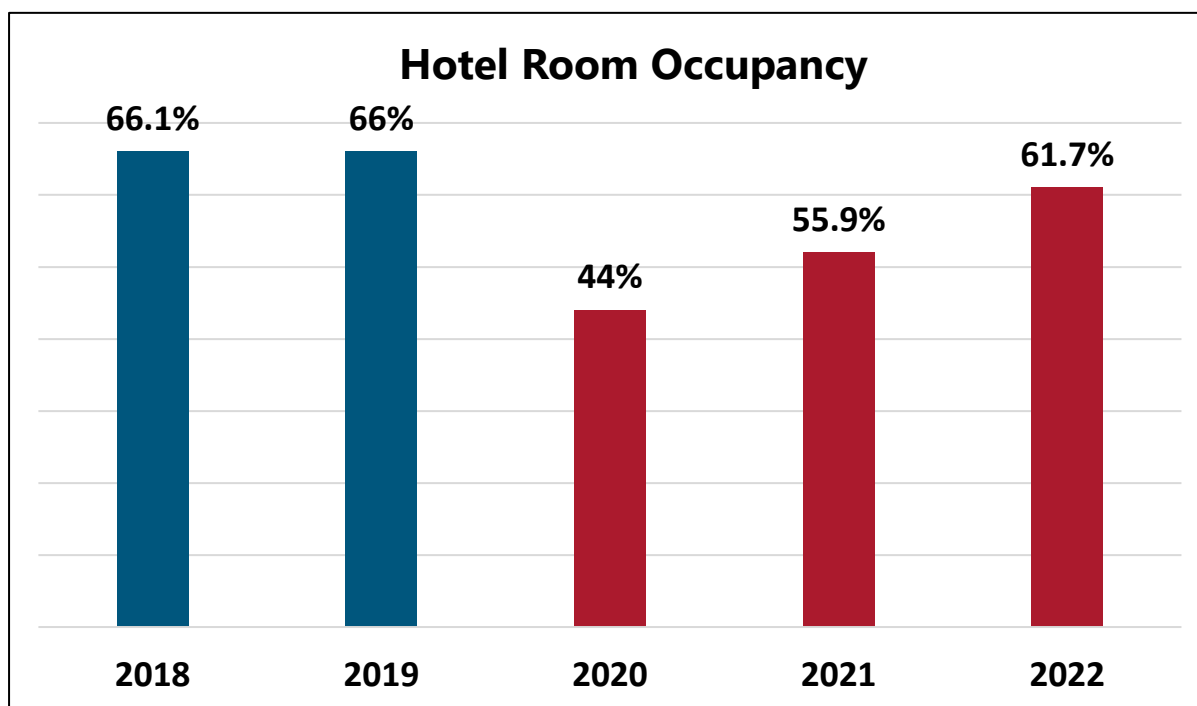
Source: Oxford Economics

Hotel occupancy is projected to drop ten percentage points from 2019 levels.

In 2019, the nation's nearly 56,000 hotels experienced an average annual hotel occupancy of 66%,^{iv} selling 1.3 billion rooms.^v The onset of the COVID-19 pandemic brought hotel occupancy to a historic low of 24.5% in April 2020.^{vi} Annual occupancy in the United States fell to roughly 44% in 2020.^{vii}

Hotel occupancy for 2021 is expected to average 55.9%,^{viii} up slightly from earlier projections of 52.5% but still a 10-percentage point drop from 2019 levels.^{ix} **While some full-service hotels begin breaking even at 50% occupancy,^x this does not account for mortgage debt service costs, leaving most hotels still well below their break-even point.**

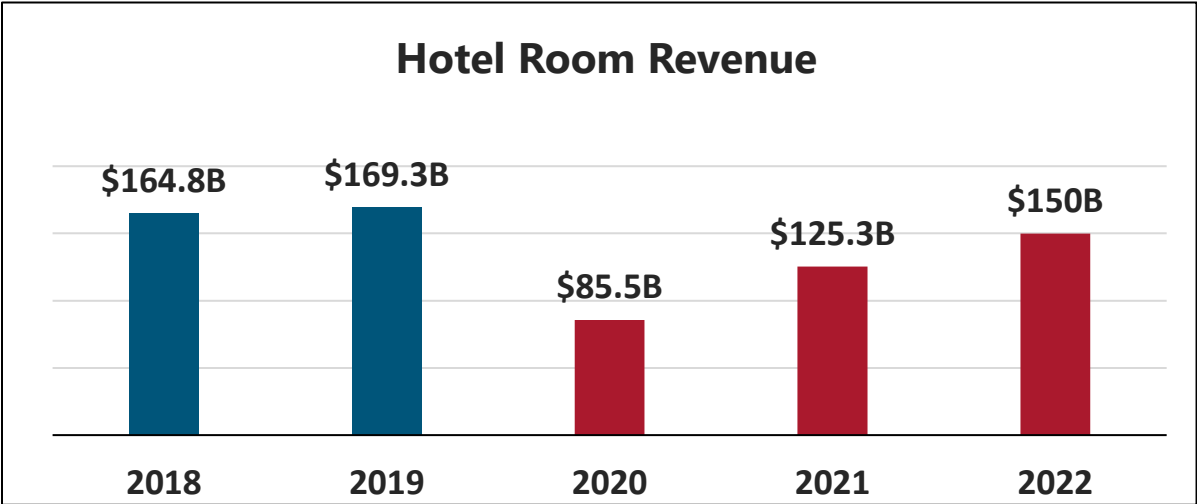
More encouragingly, occupancy rates are projected to rebound more significantly in 2022, reaching 61.7%.^{xi}



Source: Oxford Economics + STR, 2021 © CoStar Realty Information, Inc.

Hotel room revenue will be down \$44 billion this year compared to 2019.

Prior to the pandemic, the hotel industry's 5.3 million guest rooms^{xii} generated more than \$169 billion in annual room revenue, not including the additional tens of billions generated by renting meeting rooms and other ancillary revenue sources.^{xiii} **In 2020, hotel room revenue fell by nearly 50%^{xiv} across the U.S. to just \$85.5 billion.^{xv}** Room revenue is projected to rebound to \$125.3 billion this year, still a decline of nearly \$44 billion from pre-pandemic levels.^{xvi}

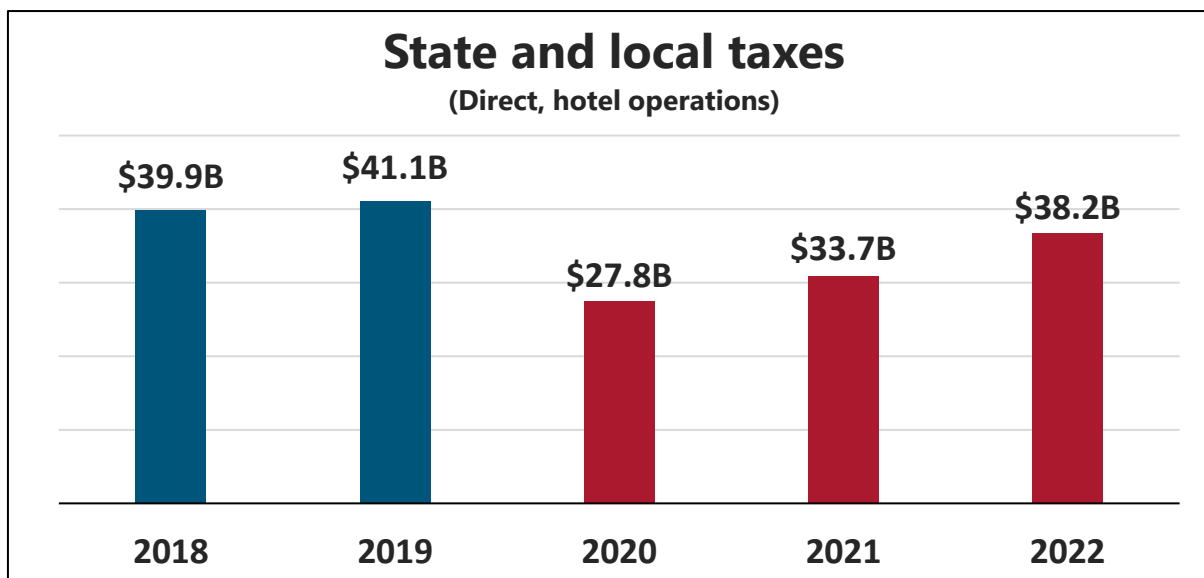


Source: Oxford Economics + STR, 2021 © CoStar Realty Information, Inc.

States and localities will have lost more than \$20 billion in unrealized tax revenues from hotels over the past two years.

Hotels are integral contributors to communities, cities and states across the country and support tens of billions of dollars in tax revenue at the state and local levels. In 2019, direct state and local tax revenue, including hotel-specific occupancy taxes, sales taxes, property taxes and others, from hotels in the United States exceeded \$41 billion.^{xvii}

COVID-19 and the resulting decline in travel has led to significant losses in state and local tax revenue for 2020 and beyond. **As a result of the decline, states and localities will have lost more than \$20 billion in unrealized tax revenues from hotels over the past two years.**^{xviii}



Source: Oxford Economics + STR, 2021 © CoStar Realty Information, Inc.

AHLA's Midyear State of the Hotel Industry findings were produced using exclusive analysis from Oxford Economics and data from STR, 2021 © CoStar Realty Information, Inc.

ⁱ Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
ⁱⁱ Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
ⁱⁱⁱ Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{iv} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^v "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{vi} "STR: U.S. Hotel Performance for April 2020," STR, 4/21/20.
^{vii} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{viii} Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{ix} "Economic Impact of the US Hotel Industry," Oxford Economics, 1/21.
^x "U.S. Hotel Profitability Picks Up Further in June," STR, 7/24/20.
^{xi} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{xii} "Economic Impact of the US Hotel Industry," Oxford Economics, 8/19.
^{xiii} "Economic Impact of the US Hotel Industry," Oxford Economics, 1/21.
^{xiv} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{xv} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{xvi} "Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.
^{xvii} "Economic Impact of the US Hotel Industry," Oxford Economics, 1/21.
^{xviii} Economic Impact of the US Hotel Industry," Oxford Economics, 7/21.