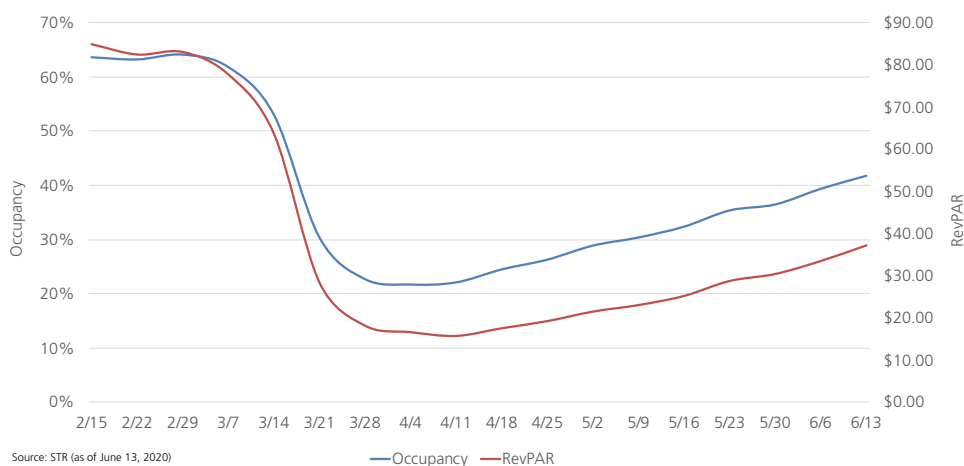


# U.S. LODGING INDUSTRY OUTLOOK

The current health and economic environment are causing profound changes in the lodging industry, posing unprecedented challenges for hoteliers, lenders, and other industry stakeholders. After weeks of empty rooms and temporary closures, hotels are slowly starting to reopen with new safety standards and the industry is beginning to rebound. As of June 13, U.S. hotel room occupancy reached 41.7%, up from a low of 21.6% at the height of the pandemic in April, and demand growth will build as the economy continues to open back up. Revenue per available room (RevPAR) is recovering as well, reaching \$37.15 for the week ended June 13, up 138% from a low of \$15.61 in April.

**U.S. Weekly Occupancy Levels vs Revenue per Available Room (RevPAR)**



We expect as early as Q3 2020, activity will begin to stabilize and anticipate recovery to be underway by the end of the year. Once the travel restrictions ease, demand will accelerate as people want to get back to normal life. There will be pent up demand to take vacations or other trips that were postponed during the pandemic. Initially, the majority of the demand will be driven by construction workers, healthcare workers, and people self-quarantining away from family in need of short- and long-term housing.

## U.S. Hospitality Forecasts

Year	Occupancy					RevPAR					Average Daily Rate				
	STR	HVS	LARC	hotelAVE	PwC	STR	HVS	LARC	hotelAVE	PwC	STR	HVS	LARC	hotelAVE	PwC
2020	-45.8%	-34.7%	-20.6%	-46.9%	-41.4%	-57.5%	-44.5%	-32.2%	-56.2%	-53.1%	-21.6%	-14.9%	-14.7%	-17.5%	-22.5%
2021	45.5%	38.5%	16.5%	-	49.9%	48.0%	21.9%	21.9%	-	65.9%	1.7%	5.2%	4.7%	-	8.9%

As with other downturns in history, recoveries encompass opportunities for those investors who are well-capitalized. If there's one bright spot coming out of this economic shock for existing hotel operators, it's that the supply of both existing hotel rooms and those under development is expected to decrease in the near term. The length and severity of this pandemic remains uncertain and several challenges still lie ahead, including the possible resurgence of the virus later this year or 2021, the speed at which the economy recovers, and political uncertainty.

Lenders are continuing to re-establish themselves in the market. Interest rates for stabilized properties range from the high-3.75% to the mid-4.50% range. If you're looking for non-recourse bridge financing for an acquisition or if you have a loan on hospitality or other commercial real estate featuring an interest rate higher than 4.50% or maturing in the next 18 months, contact a Greysteel finance professional to discuss your options.

Greysteel is a leading transactional commercial property advisor for private, middle-market and institutional investors. Our platform optimizes options for our clients by providing end-to-end investment services, from sales and financing to research and investment planning. Strategically located across the United States, Greysteel has established broad market coverage from coast to coast. All information is obtained from sources recognized as reliable but Greysteel makes no guarantees as to the accuracy thereof.

Sources: Greysteel Research; Hotel News Now; Northstar Travel Media; STR

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