



Hospitality Group  
First Quarter 2021

# Hospitality Real Estate

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# 2021

AVISON  
YOUNG

# We Do Three Things

1. Sell Hotels
2. Auction Hotels
3. Sell Hotel Loans/Notes



# Two Main Questions

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1 How long will this last?

2 How deep will it go?

My personal opinion

2023

# How long will this last?

- Occupancy for 2021 (*nationally*) will be **52%**
- 2021 RevPAR will still be **66%** of 2019 level
- **11 million** people are still unemployed
- **350k** have passed away due to COVID
- Political unrest
- Stock price for most public hotel companies are still well below 2019 valuations

# How deep will it go?

- 27% of CMBS hotel debt is past due or in special servicing
- Airbnb - Tesla
- Could have another shutdown
- 2021 is expected to level some by 4<sup>th</sup> Quarter
- “Feels” like January 2008
- Biggest concern – long term effect to corporate travel
- One of two things is going to happen
  1. After the 1919 pandemic – roaring 20’s until 1929 stock crash
  2. One of the worlds worst value bubble on record

# Hotel Values - Bellwethers

Public companies = Private companies

- Office, multifamily, industrial, retail, hotels etc.
- Don't listen to me – look for yourself

*Hotel public companies*

*Hotel REITs*

*Hotel brand companies*

- Look at public debt - CMBS

# What to expect for 2021

- Economy segment will lead the way for hotels
- Debt will have lower LTV's, 200+bps higher, tighter underwriting & guarantee
- Endless news cycle of who is up & who is down
- Hospitality as a whole will struggle
- Group business mat start to return 4<sup>th</sup> quarter
- Cash will be king

# We Are Avison Young

- Are available to help advise, consult
- We sell hotels
- We auction hotels
- We sell hotel loan/notes



# Thank You

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[avisonyoung.com](http://avisonyoung.com)