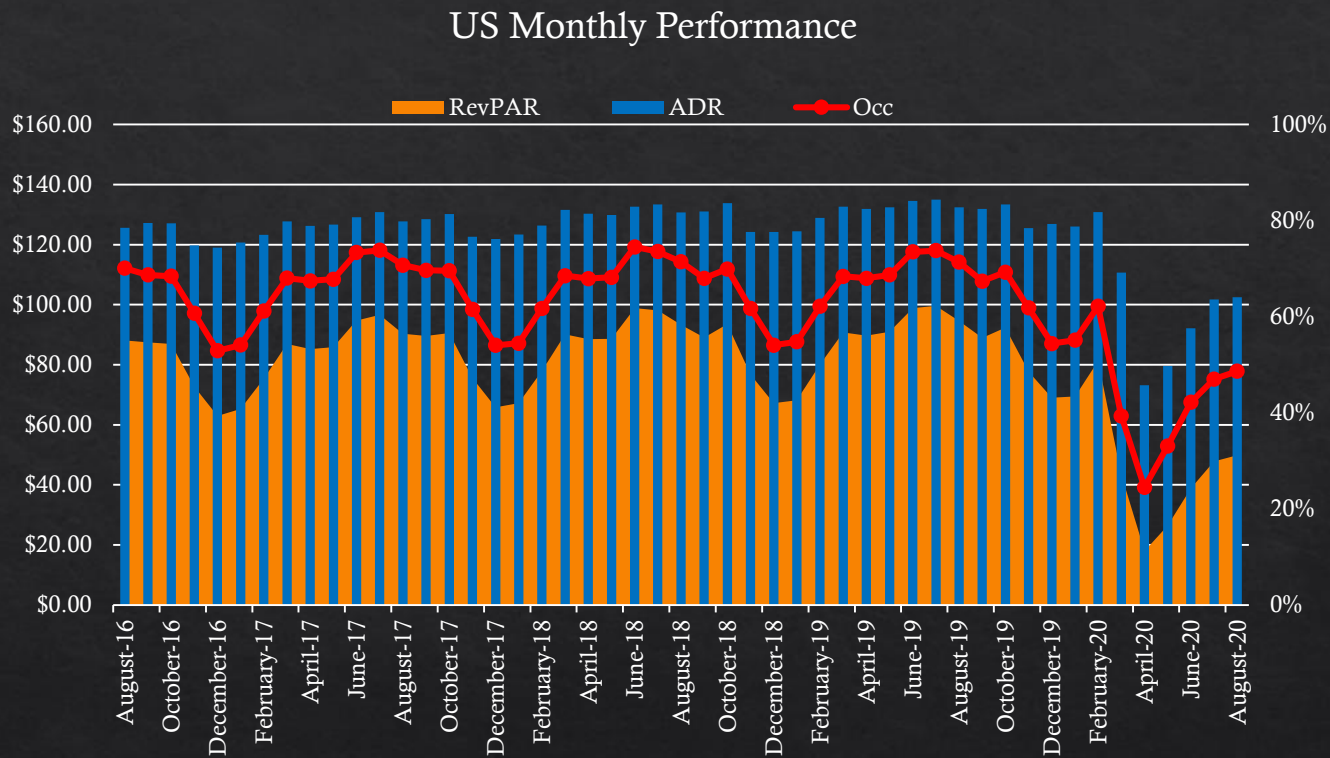


Market Forecast
for DuPage County
October 2020

You already know this year is historically bad,
but it has improved SLIGHTLY since April



In April year over year:
Occupancies dropped 45 points
Rates AND RevPAR both dropped \$60

By August:
Occupancies were down 22 points
Rates were down \$30
RevPAR was down \$45

How this recession is different:

Scale, Size, and Location are crucial

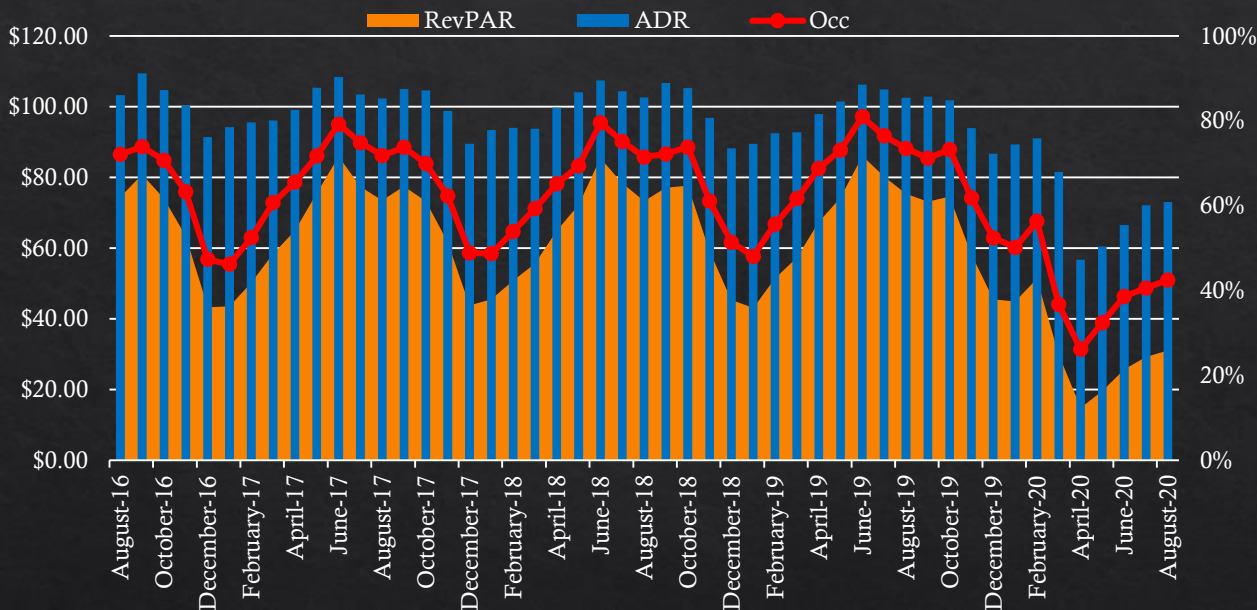
Most Impacted	Least Impacted
<ul style="list-style-type: none">• Metro CBD• Luxury• 300+ rooms	<ul style="list-style-type: none">• Rural• Highway• Budget• Extended Stay

Two Main Reasons:
Perception of Safety + Inelastic Demand

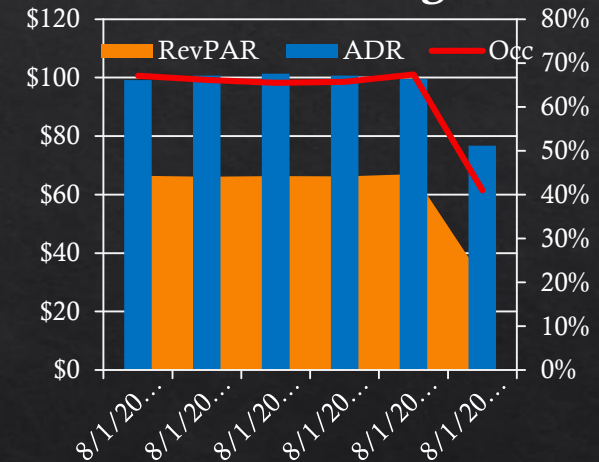
Fortunately...?

DuPage has done about average

DuPage Monthly Performance



YTD DuPage



Down 26.5 points and \$23 by August.
This actually beats the national average loss
BUT: DuPage was and remains below the average

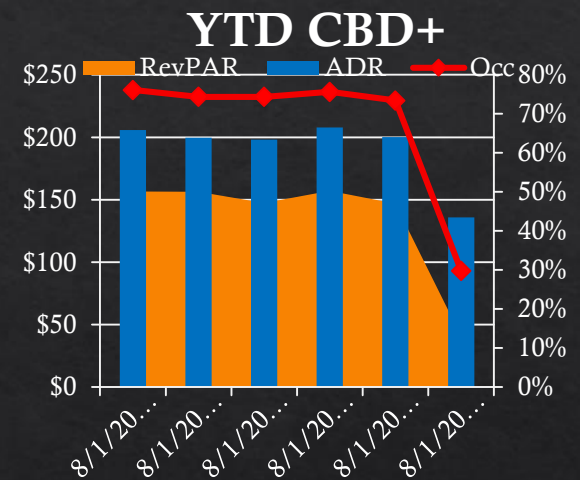
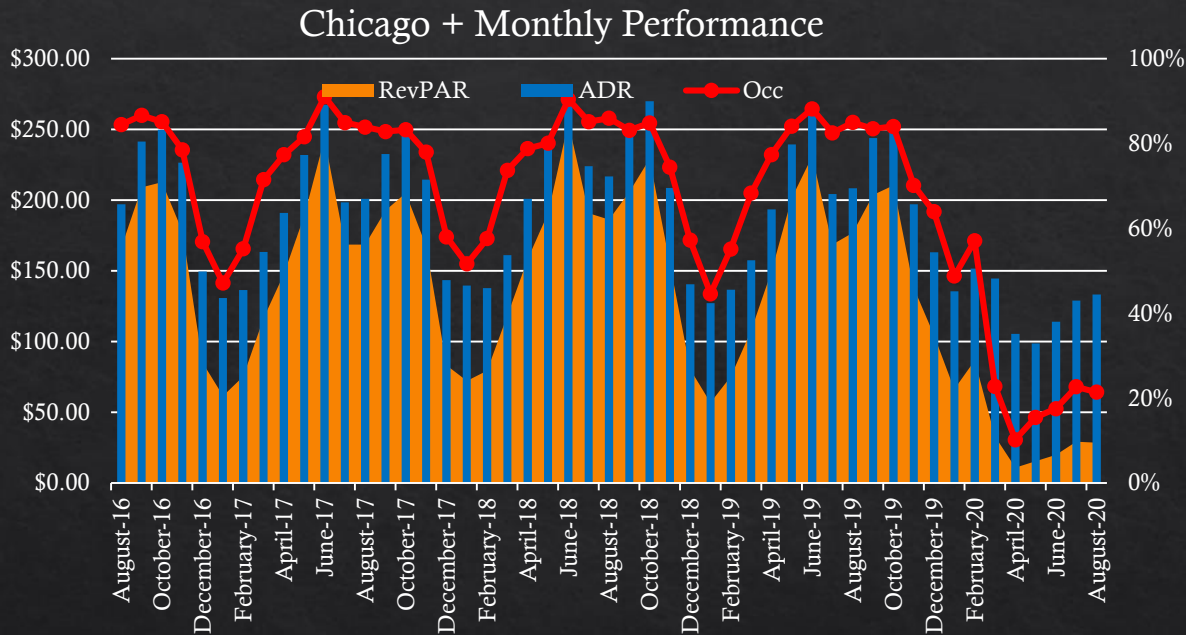
US

Aug-19	67.64%	\$131.95	\$89.24
Aug-20	44.36%	\$107.17	\$47.54

DuPage

Aug-19	67.37%	\$99.48	\$67.01
Aug-20	40.98%	\$76.74	\$31.45

Compared to Chicago, it's great.



The Downtown, Convention Hotel, and Luxury markets have dropped by over 45 points and \$60

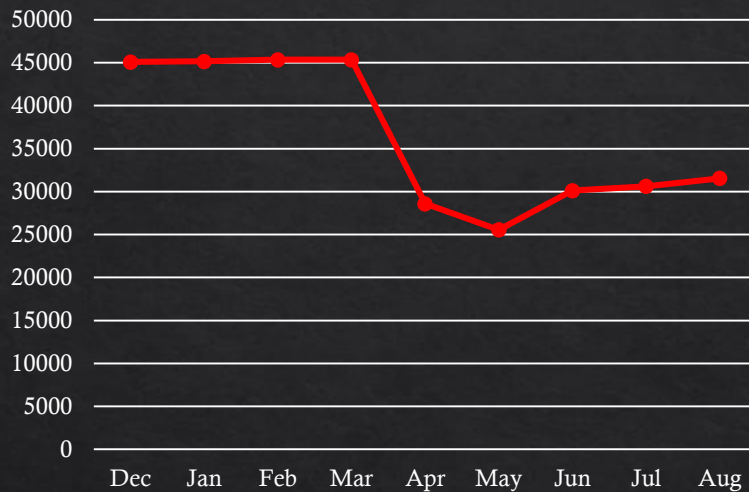
Chicago CBD+			
Aug-19	73.40%	\$200.14	\$146.90
Aug-20	29.78%	\$135.79	\$40.44

500+ Rooms			
Aug-19	70.89%	\$189.69	\$134.47
Aug-20	24.45%	\$133.37	\$32.61

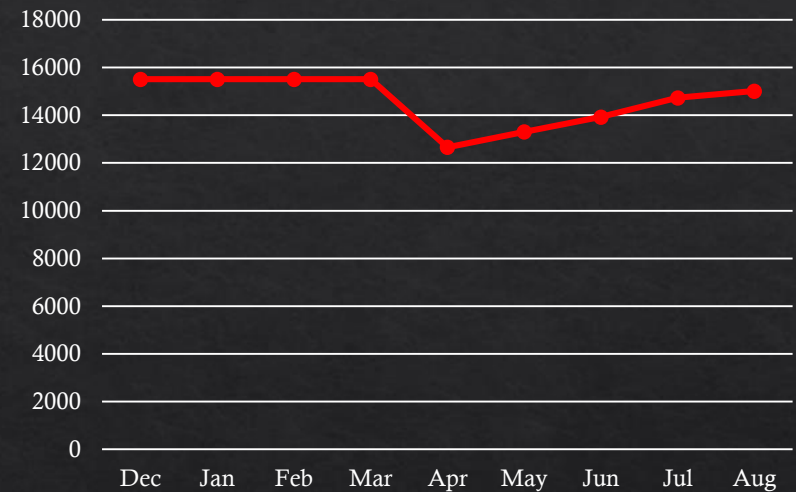
Luxury			
Aug-19	73.87%	\$210.80	\$155.71
Aug-20	29.27%	\$153.52	\$44.93

Worse still, some of the recovery may be caused by hotel rooms closing

Total rooms CBD Chicago



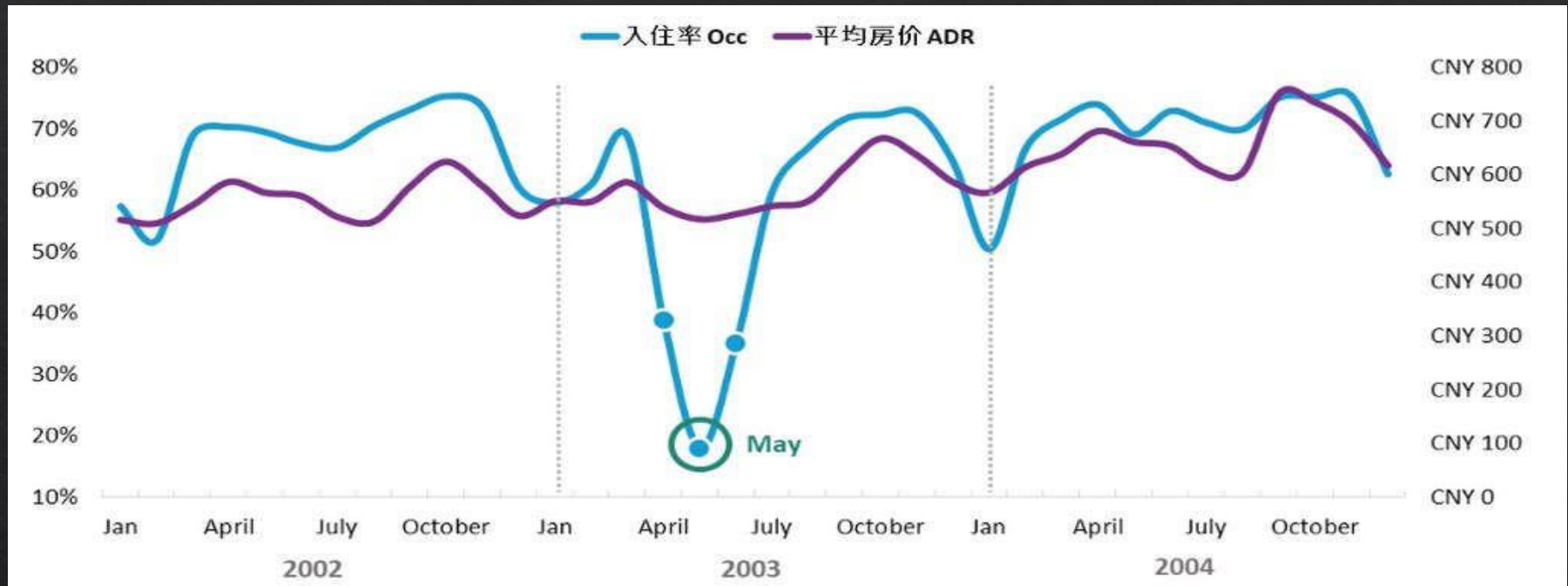
Total Rooms DuPage



At its worst, 20% (25,000) of all rooms closed
As of August, 14,000 are likely gone for good.

Rooms	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Chicago Metro	119581	119659	119836	119539	93840	91939	98964	103209	105060
CBD Chicago	45088	45167	45345	45345	28591	25557	30115	30618	31544
DuPage	15508	15508	15508	15508	12659	13304	13925	14728	15011

How China Recovered Against SARS: STR, 2020

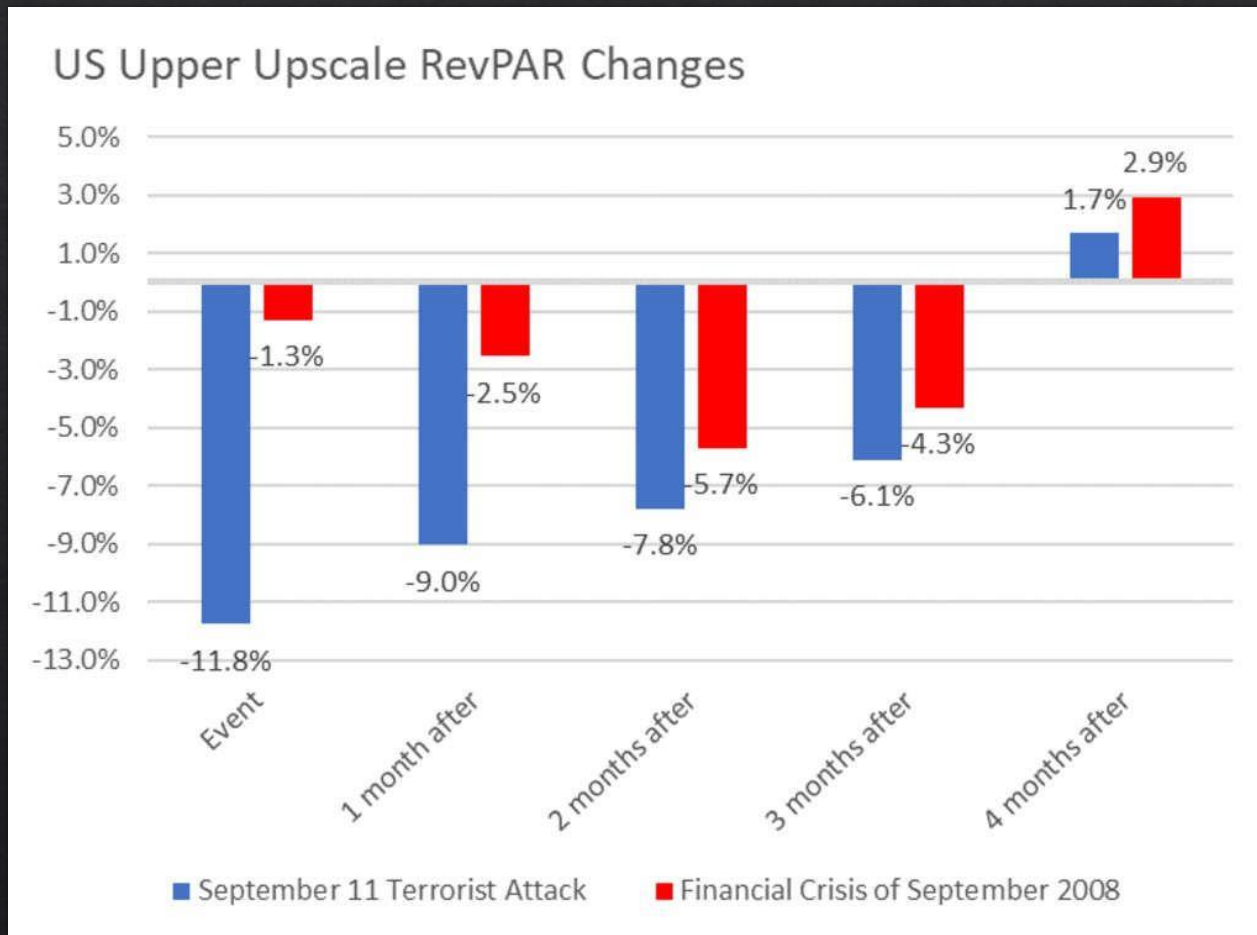


China was the first to be hit and likely first to recover: “In Beijing, daily occupancy sat around 10 percent for most of the first week of March but climbed to 21.6 percent on March 28. Shanghai was as low as 11 percent on March 1 but reached 28.6 percent on March 28.”

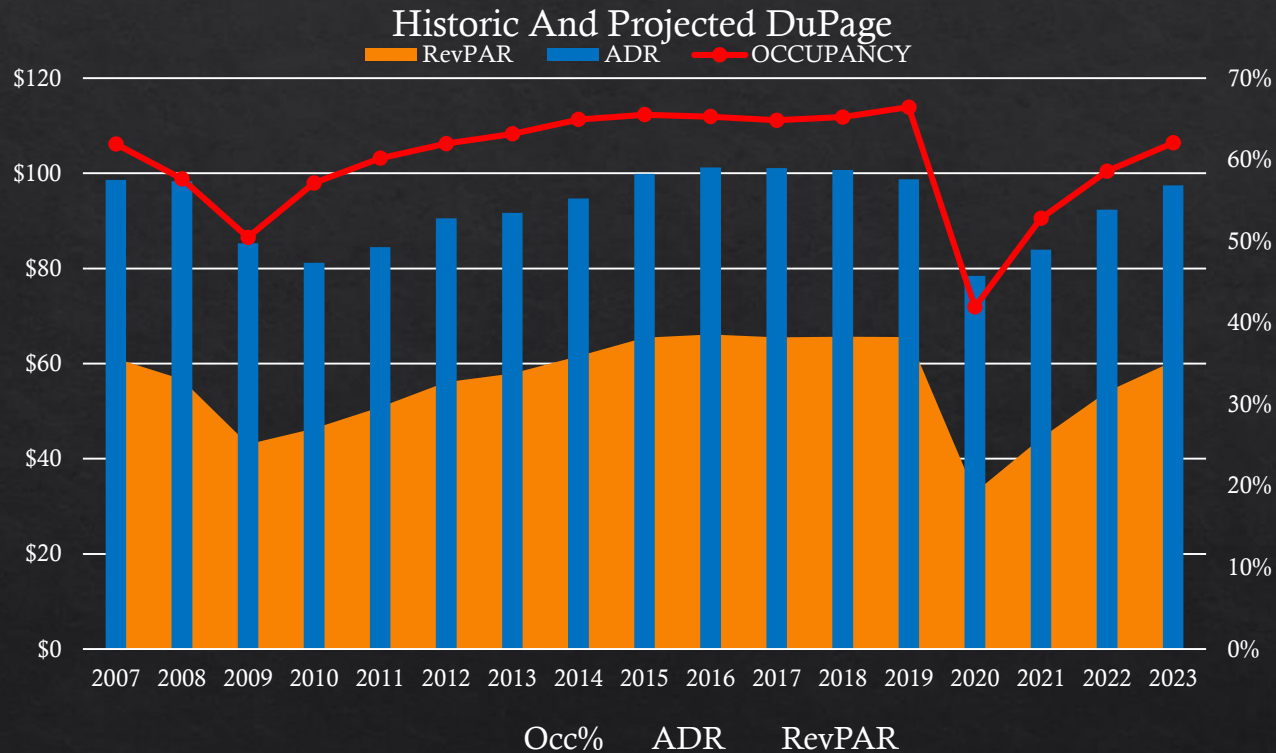
But Some of this is due to medical demand. “Wuhan saw an influx of hotel demand as medical workers entered the market, but some of that demand has tailed off as the situation becomes more stable,”

<https://www.hospitalitynet.org/opinion/4098030.html>

Beginning Recovery from a recession historically takes 4-6 months



Most industry professionals agree: full recovery will take at least 2 years



2018	65.2%	\$100.71	\$65.68
2019	66.4%	\$98.74	\$65.61
2020	41.94%	\$78.46	\$32.91
2021	52.82%	\$83.95	\$44.34
2022	58.59%	\$92.35	\$54.11
2023	62.06%	\$97.49	\$60.51

Because of the effect on events and international travel recovery will likely occur in 2 stages

- ◆ Stage 1: recovery when cases drop: 1 year??
 - ◆ Local and domestic travel:
 - ◆ Postponed vacations
 - ◆ Necessary business demand
- ◆ Stage 2: recovery in 2 years +
 - ◆ International Travel
 - ◆ Negotiated Corporate Business
 - ◆ Conventions (likely to be reduced in scope)
- ◆ Note: our March projections assumed 6 months and 1+ years.
 - ◆ This is the timeframe for well-executed responses such as China and NZ.
 - ◆ The second wave (or uneven response in general) has prevented recovery

What can we do in the meantime?

1. Focus on advertising and outreach:

Try to retain valuable customers (even if they won't be staying with you for a while)

2. Evaluate budget and revenue management:

Build working models for recovery, worst case scenarios, and act accordingly (so you can cut costs or staff up effectively)

3. Treat the recession like a renovation or grand opening. Returning travelers will more quickly go to the hotels and restaurants that are able to show they are open, clean, and safe.

What doesn't help?

- ◆ Dropping prices to attract customers.
 - ◆ There IS NO elastic demand. Nobody is going to go on a vacation if there's a great deal now.
- ◆ Wasting time.
 - ◆ Make sure key employees are WORKING.
 - ◆ Re-evaluate budgets, menu items, marketing, etc.

Truisms!

- ◆ You can't control occupancy
- ◆ Hotels must control ADR
- ◆ There is no demand to pick up, so moving ADR is meaningless.
- ◆ As soon as demand comes back, reducing price to gain occupancy is a long-term loser.
- ◆ When you drop the price coming out of a recession, it takes two to four years longer to recover rate.

Action Plans

- ◆ Take the time to get organized.
- ◆ Identify your strengths and market to your strengths.
- ◆ Forecast Best Possible and Worst Possible Cases to be prepared for shifts or set-backs