

EXTRAORDINARY

Alexandria

Lodging Outlook and Trends

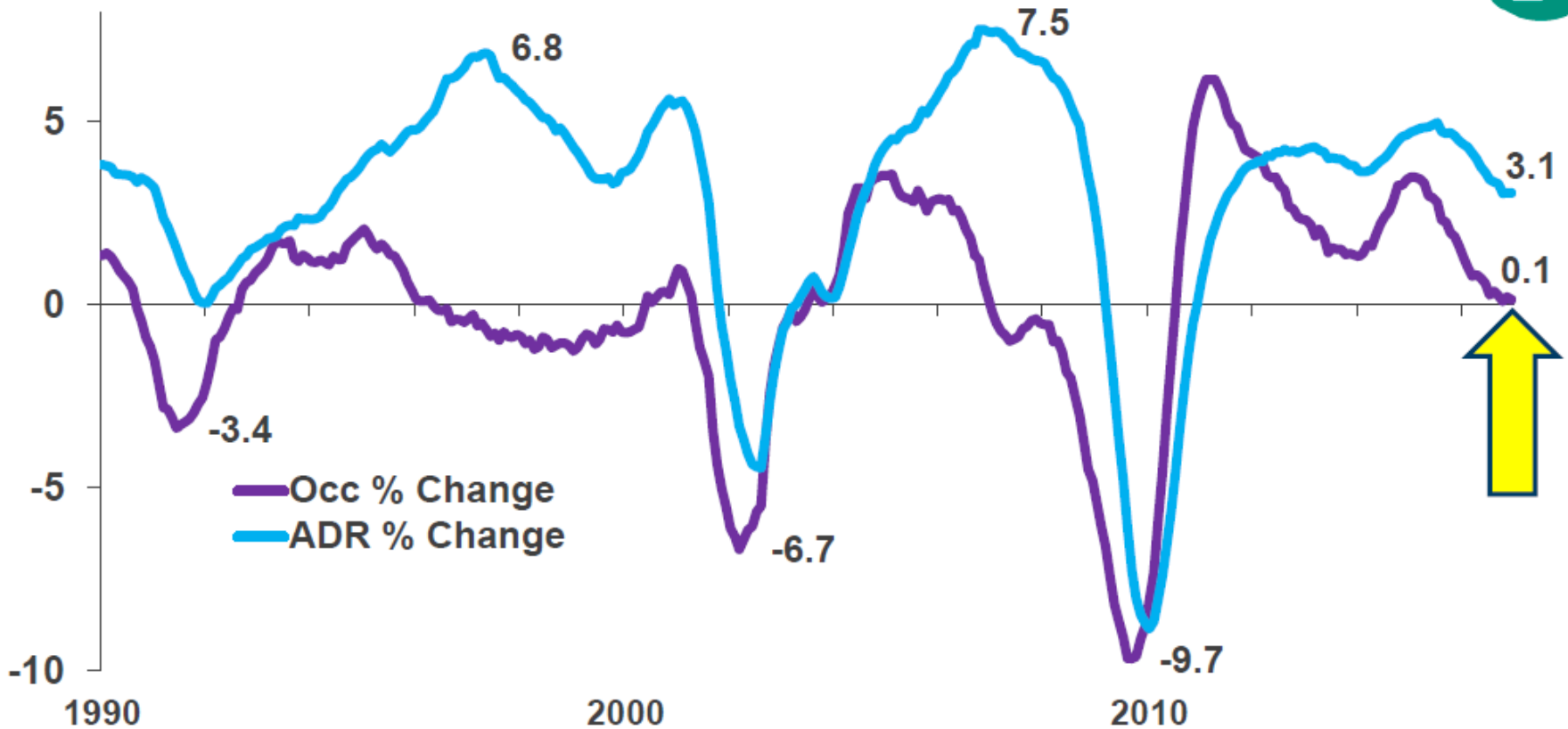
February 28, 2017

Tom Kaiden

COO, Visit Alexandria

US Occupancy and ADR

Occupancy Growth Rapidly Approaching 0%



Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 12/2016

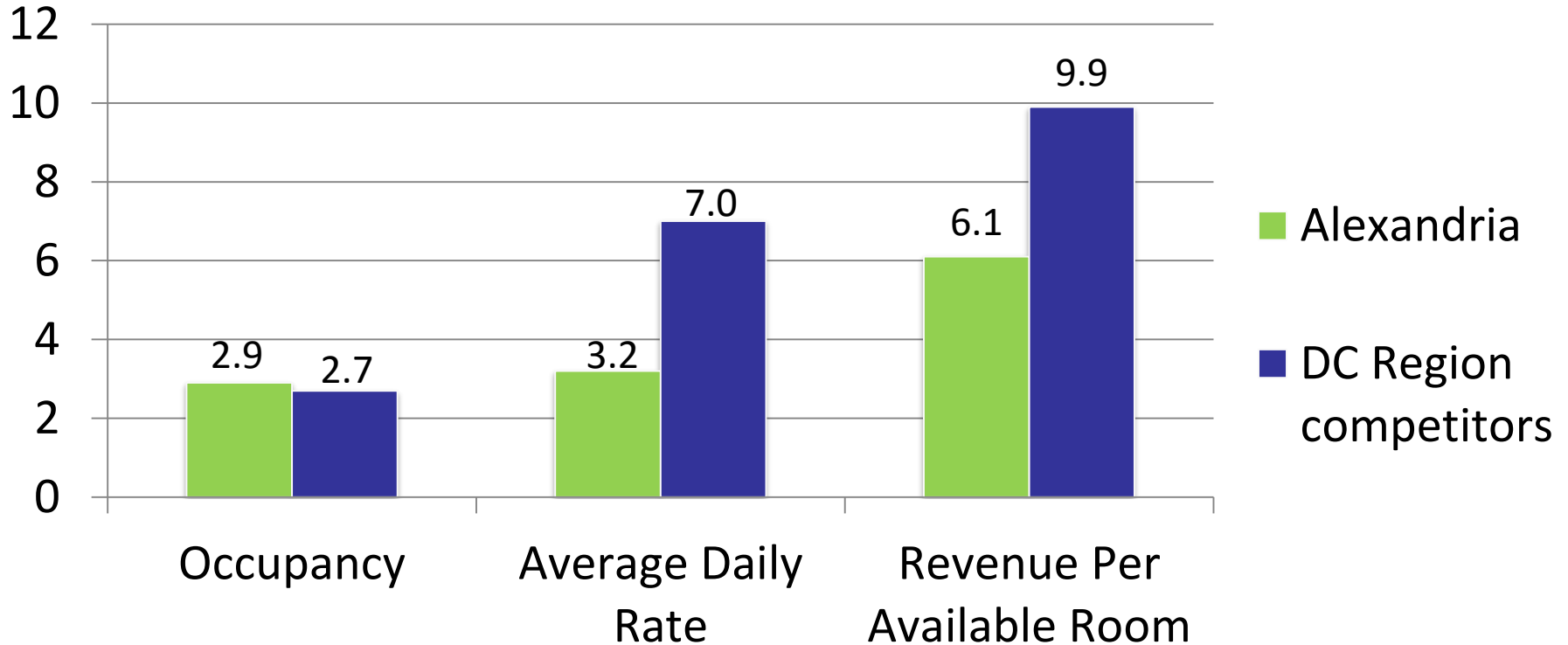
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Lodging Performance

(% change year over year)



Source: *Smith Travel Research July 2016-January 2017 vs. previous year;*
DC Region competitors include Arlington Co., Fairfax Co., DC, and Prince George's Co.

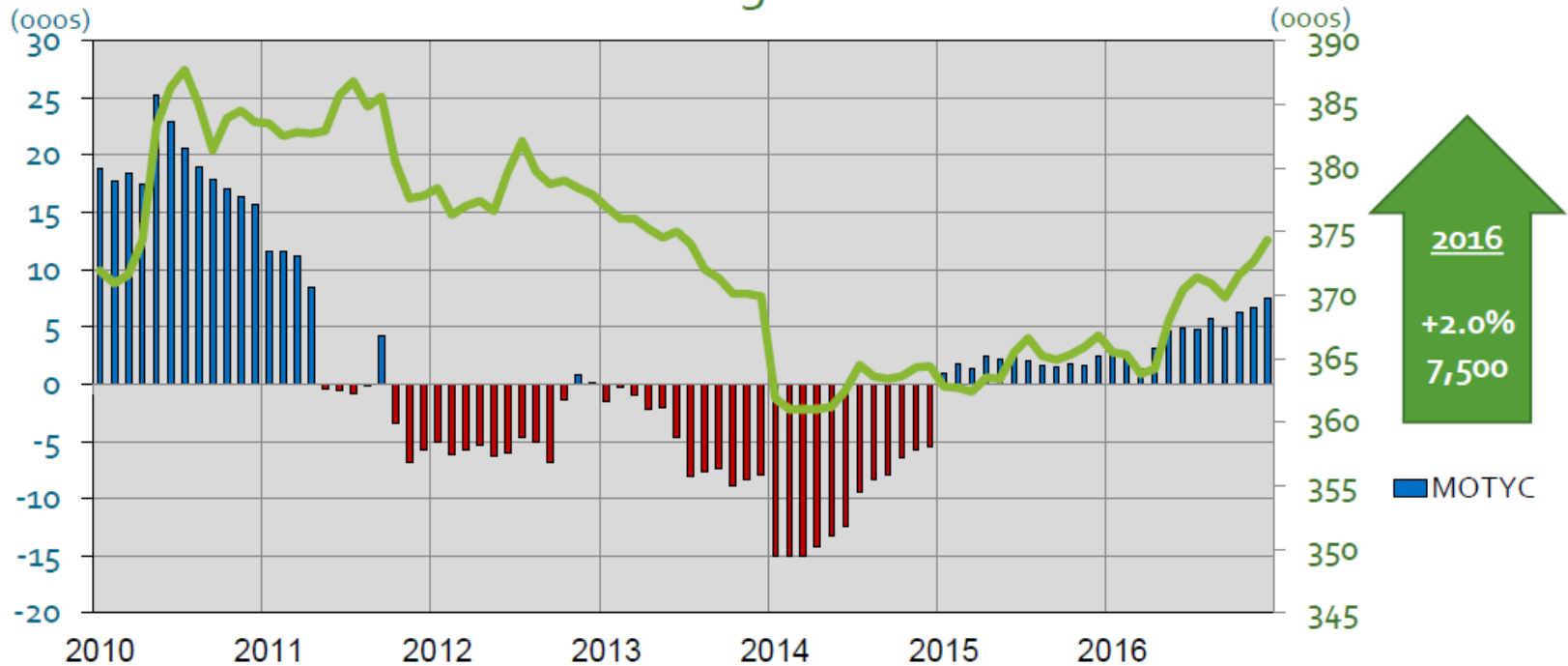
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Federal Government Jobs Below 2010 Peak



Federal Government Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

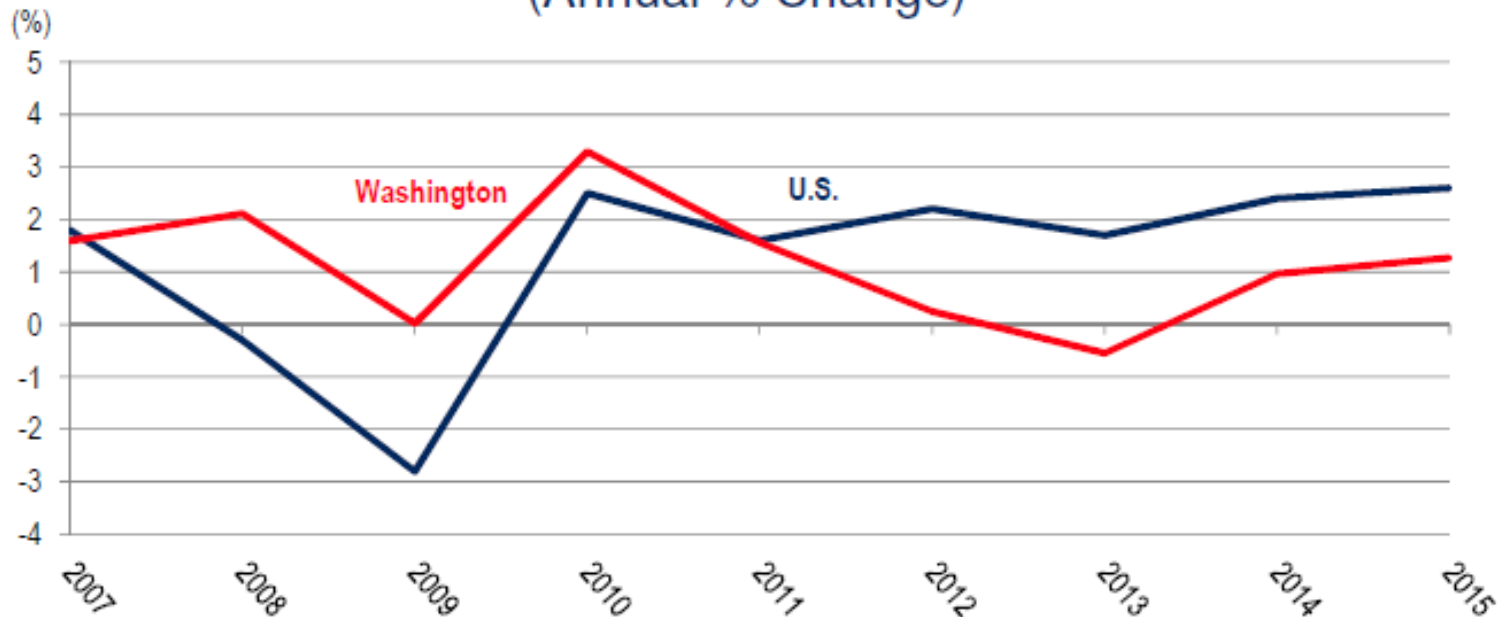
Dec-16 Total: 374.3

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DC Region Economic Growth Lags Rest of US

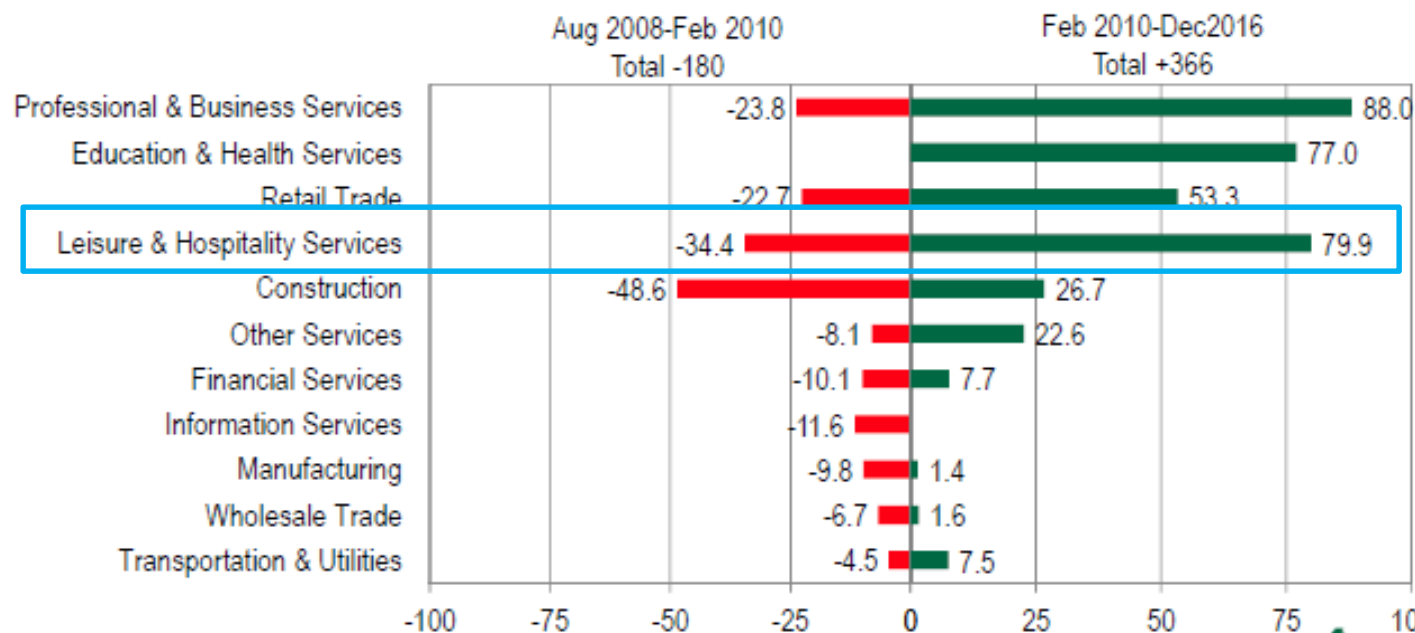
U.S. GDP and Washington Region GRP
2007 – 2015
(Annual % Change)



Source: U.S. Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU

Leisure/Hospitality Leads Recovery

Washington Region Job Change: Private Sector The Great Recession and Recovery



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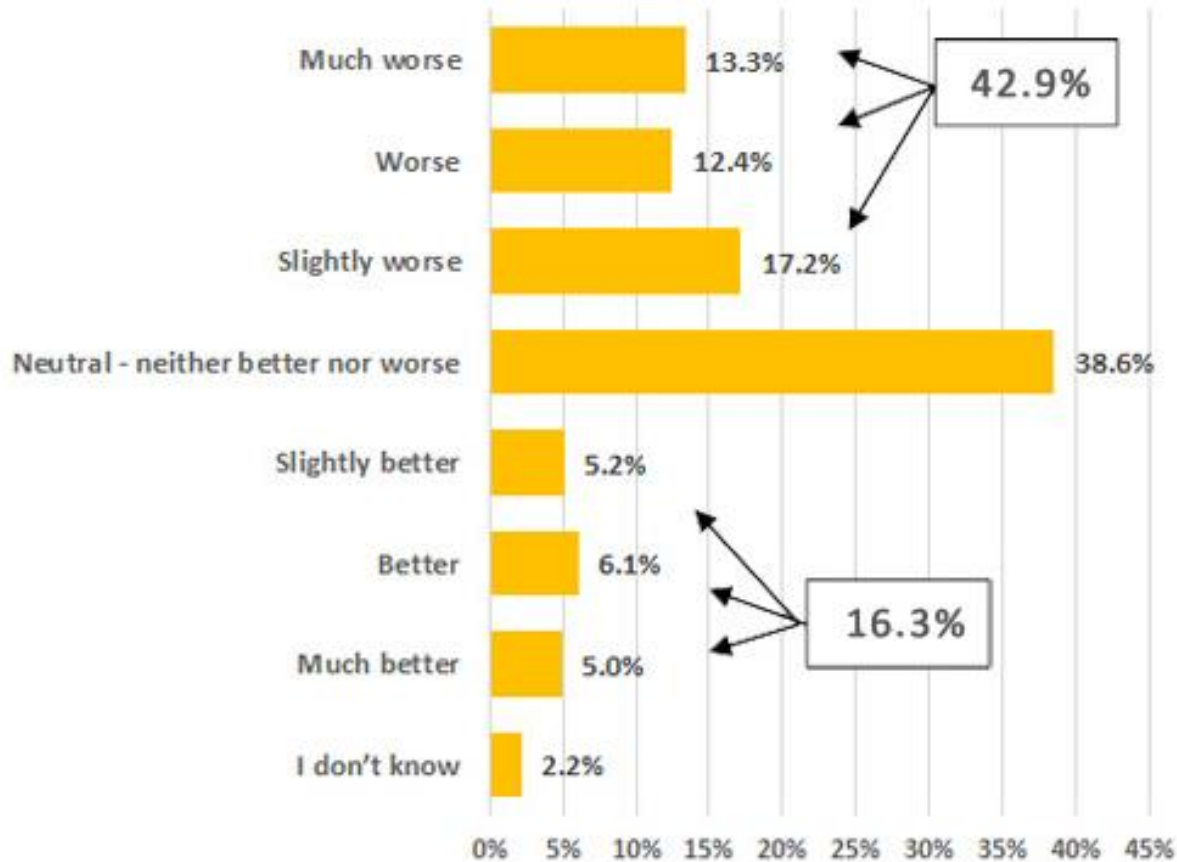
New Administration

- **Flight search demand international inbound for immediately after travel ban announced (Jan 26 – Feb 1) down 17% (Hopper)**
- **Demand still down double digits as of mid February (Hopper: -10%, Cheapflights.com: -16%)**
- **Will decline in demand persist after revised/clarified travel ban?**



Figure 1: Effect of Election on Opinion of America
(Average, All Countries Surveyed)

Question – Did the results of the recent U.S. Presidential election change your overall opinion of the United States of America? If so, how? (Please select the answer that best fills in the blank below) As a result of the election, my overall opinion of the United States is _____.

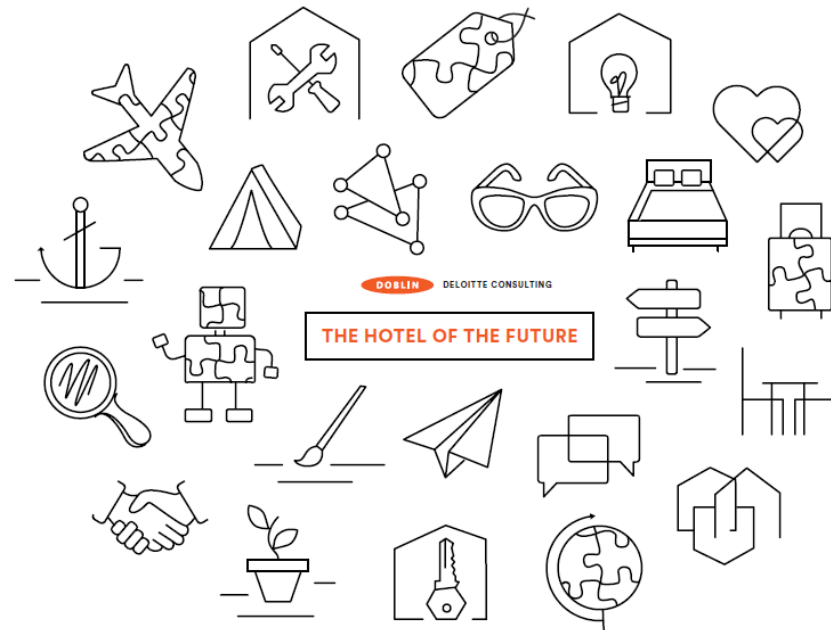


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Deloitte Study: “The Hotel of The Future” (Doblin, 2016)

- **Roles:**
 - **Curator**
 - **Matchmaker**
 - **Neighbor**
 - **Architect**
 - **Choreographer**



OPPORTUNITY AREAS

The hotel of the future will be an integrator with a job to play.



CURATOR AN INTEGRATOR OF EXPERIENCES

The Curator integrates external partnerships to keep hospitality fresh and the experiences it provides guests relevant. As the Curator, hotels can deliver a variety of environments that support the mindset guests want to be in, providing delight through choice, and the ability to explore new experiences.



MATCHMAKER AN INTEGRATOR OF PEOPLE

The Matchmaker reimagines guests as having an equal role in the process of building personal connections with the brand and between guests. It extends and deepens the relationship with guests by creating a culture around the brand and allowing the brand to be defined by this network of guests. The Matchmaker draws on the current strengths of hotels like space and hospitality to build a compelling network of guests that can be used to attract more business.



NEIGHBOR AN INTEGRATOR OF CULTURES

The Neighbor expands the hotel into the community and engages locals. It's a destination place for guests and locals, but it's more than a portal to the local culture—it's an active participant in the community—a good neighbor that fits into its surrounding context. The Neighbor integrates by merging the global brands with the local cultures. That means having qualities that can adapt to context, while maintaining an overall branded experience and service.



ARCHITECT AN INTEGRATOR OF SPACES

The Architect utilizes and repurposes space and assets. Rather than thinking of a single building in a single location, for a single purpose, the Architect maximizes space and resources to think outside that box, quite literally. The Architect integrates multi-purpose spaces within and outside the single hotel to offer a whole new level of flexibility to guests, while serving new customers, too. It's reimagining hotels beyond heads and beds.



CHOREOGRAPHER AN INTEGRATOR OF PROCESSES

The Choreographer focuses on everything but physical space and real estate assets. It's the virtual concierge and the logistics guru. It integrates services and businesses to play as the nexus of the travel industry—and delivers a seamless and convenient experience for the business traveler.

PERSONALITY TRAITS

Experiential, experimental, fresh, variable, exploratory, and delightful

Connected, personal, interactive, social, intimate, and networked

Local, active, contextual, cultural, adaptable, participatory, and responsive

Diverse, resourceful, flexible, distributed, and spatial

Convenient, seamless, efficient, automated and virtual

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About Airbnb

- **72% of rentals are entire property**
- **60 million users globally**
- **Market capitalization: \$30 Billion**
(equal to Marriott, 50% bigger than Hilton)
- **Short-term rental market share nationally**
(including AirBnb, VRBO, others):
7% in 2015 → 12% in 2016

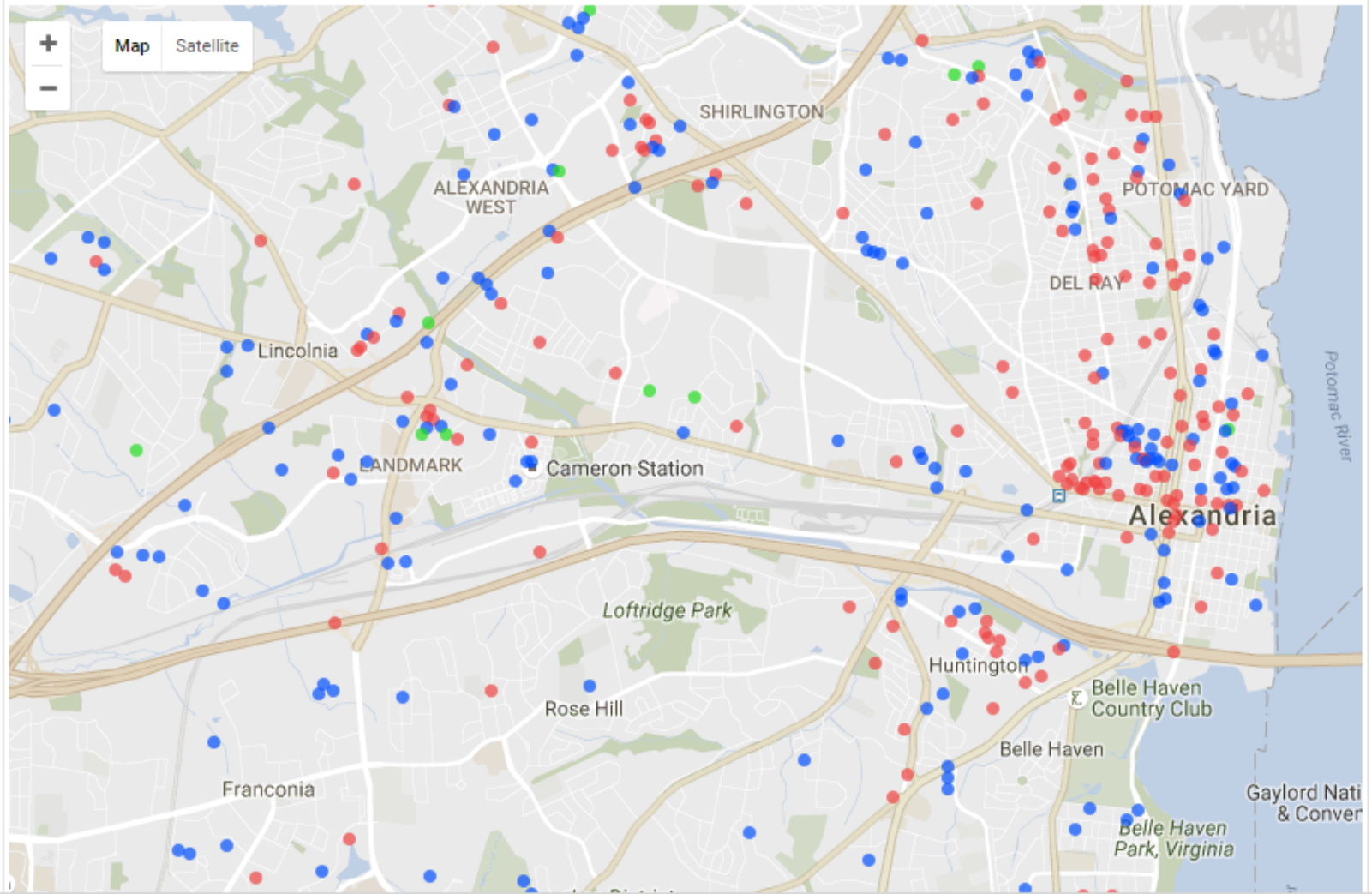


Alexandria, Virginia

Airbnb Data and Analytics - November 2016

Active Airbnb rentals in Alexandria, Virginia

Entire place Private room Shared room





How Big is Airbnb in Alexandria?

- **No official data—so all (informed) estimates**
- **375 active properties....↑**
- **\$4.8 million in annual room revenues (approx. 2.7% market share) ***
- **\$400 thousand in local room taxes not collected**
- **Secondary effects: rental market, DC AirBnB reduces Alexandria hotel compression**

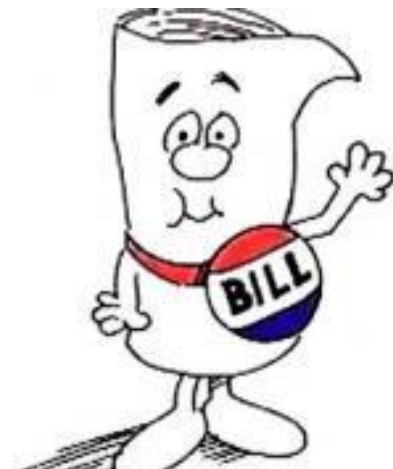


* Visit Alexandria estimate based on raw data from industry monitor AirDNA, combined with

City of Alexandria data on tax rate, and actual collections from FY 2016

Airbnb Legislative Update

- **“Norment” bill signed into law February 2017**
 - **Municipalities permitted to establish a registry for short term rentals and a penalty of up to \$500 for not registering**
 - **Local residential and zoning laws still apply and municipalities can still ban Airbnb altogether if they want**
 - **Not done with the cooperation of Airbnb so enforcement and tax collection is handled by locality**



Thank you!

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