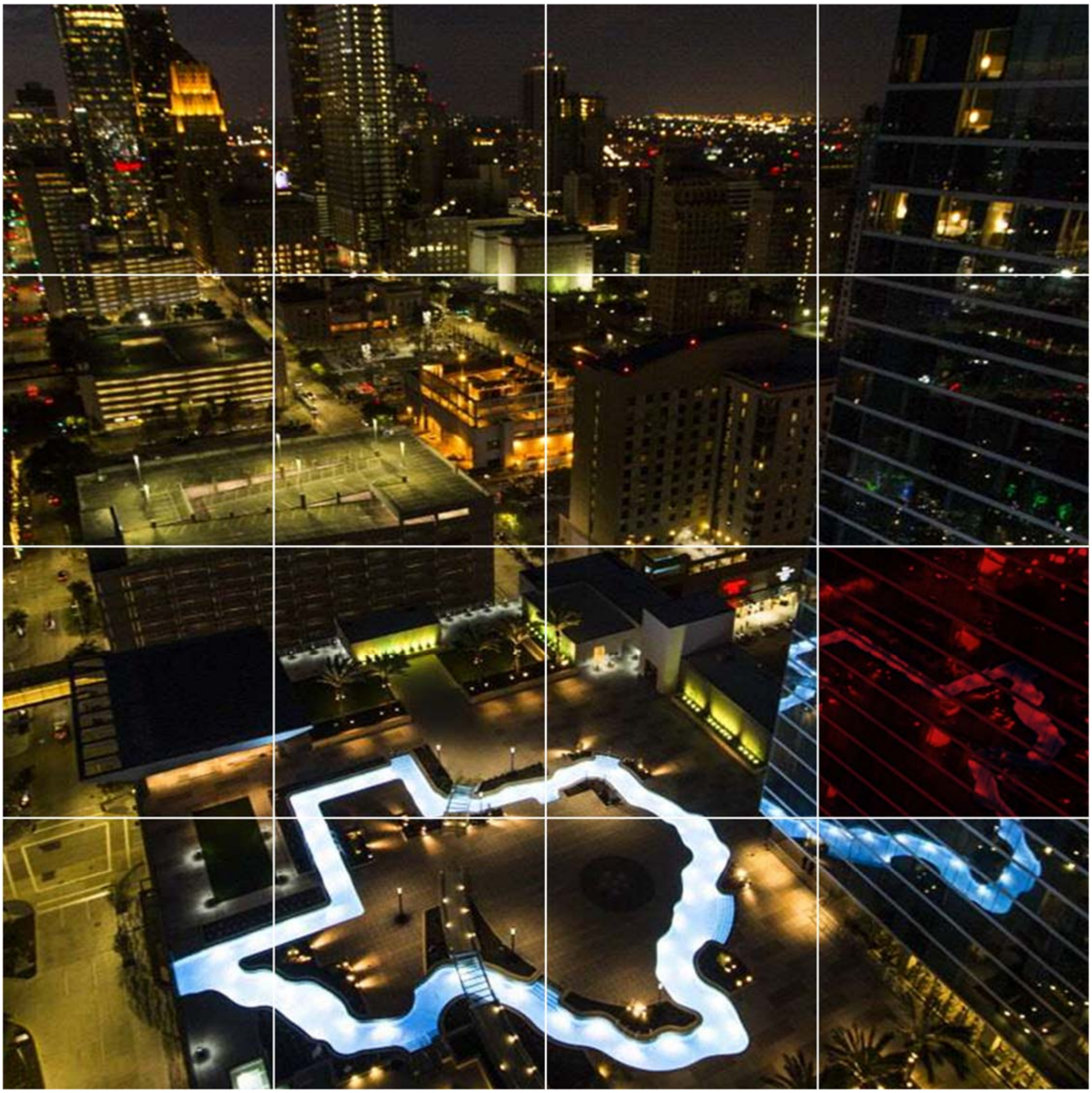
Texas Hotel Performance Research

Prepared for Texas Tourism
Office of the Governor
Economic Development and Tourism

March 2017



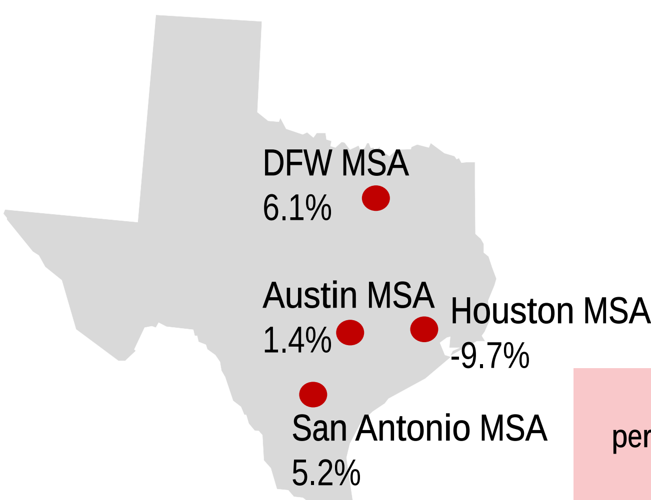
Pictured above: outdoor pool deck at the Marriott Marquis Houston

Texas Lodging Sector

Lodging performance as a whole in Texas faced headwinds in 2016, though several markets stand out with strong performance

Texas lodging performance summary – 2016

4,636	Number of hotels	2.8%	Annual % change
448,486	Number of rooms	2.7%	Annual % change
164.1	Estimated room nights available (mil)	2.9%	Annual % change
103.7	Estimated room nights sold (mil)	-0.8%	Annual % change
$9.9 billion	Room revenue	1.1%	Annual % change
63.2%	Estimated occupancy rate	-3.7%	Annual % change
$96	Estimated average daily rate (ADR)	1.9%	Annual % change
$60	Revenue per Available Room (RevPAR)	-1.8%	Annual % change



2016 RevPAR performance – largest Texas markets

Source: JLL, texas.gov

Texas Hotel Market – 2016 Performance Summary

- The U.S. lodging sector posted its seventh consecutive year of revenue per available room (RevPAR) growth in 2016, marking an extended recovery cycle, underpinned by healthy transient corporate and leisure lodging demand, along with a continuously growing group segment.
- The Texas lodging sector endured a more challenging environment in 2016. Due to weakened performance in a number of markets which face considerable exposure to the energy sector—prominently, Houston—and because of the impact of new supply additions, hotel performance marked a slowdown statewide.
- While average hotel rates across the state rose by 1.9% in 2016, occupancy rates decreased by an estimated 3.7%, resulting in a RevPAR decline of 1.8%.
- Texas posted room supply growth of 2.7% in 2016. This was approximately one percentage point greater than overall U.S. supply growth, driven by the notable number of projects conceptualized in Texas during the years of strong growth in hotel rates and occupancy.
- Driven by the new hotel openings across the state, and hotel operators' continued ability to boost room rates, statewide hotel room revenue marked a 1.1% increase in 2016, posting a new high of $9.9 billion, according to data compiled from the Texas State Comptroller's Office.
- Growth in hotel performance varied notably by hotel positioning: Luxury and full service hotels, which make up 18% of Texas' hotel room inventory, were the two segments to post growth in room revenue, highlighting the relative health of demand among the higher-rated segments, including international, corporate, leisure and group.
- Select service hotels, and in particular properties of an economy positioning, were generally more exposed to the slowdown in business activity surrounding the oil and gas sectors, and posted occupancy declines and in some cases a softening in average rates.
- The standouts with regard to growth in lodging performance were El Paso and Waco. Of the large cities, Dallas and San Antonino were strong performers in terms of RevPAR growth in 2016.
- Looking ahead, economic and hotel industry fundamentals for 2017 remain relatively healthy at the national level, and JLL projects the nation's 2017 RevPAR growth to be approximately on par with the 2016 increase of 3%.
- Lodging markets across the state of Texas are expected to continue to face pressure throughout the year, due to business activity in energy-related sectors still being depressed, and driven by the impact of new room additions. But the expectation is that statewide total room revenue will rise and reach a new high in 2017.

United States, Texas and Texas Metropolitan Statistical Area Lodging performance

United States lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	53,432		4,978,031		1780.4		1166.2		$175,500		64.3%		$115.17		$74.01	
2015	53,898	0.9%	5,037,767	1.2%	1,800.0	1.1%	1,200.0	2.9%	$189,500	8.0%	65.4%	1.7%	$120.24	4.4%	$78.67	6.3%
2016	54,580	1.3%	5,113,334	1.5%	1,828.8	1.6%	1,220.4	1.7%	$198,596	4.8%	65.5%	0.1%	$123.97	3.1%	$81.19	3.2%

Source: JLL, publicly available data from STR

Texas lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	4,422		427,485		156.0		103.9		$9,419		66.6%		$90.63		$60.37	6.3%
2015	4,510	2.0%	436,868	2.2%	159.5	2.2%	104.6	0.6%	$9,824	4.3%	65.6%	-1.5%	$93.93	3.6%	$61.61	2.1%
2016	4,636	2.8%	448,486	2.7%	164.1	2.9%	103.7	-0.8%	$9,929	1.1%	63.2%	-3.7%	$95.72	1.9%	$60.49	-1.8%

Abilene, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	43		3,450		1.3		0.7		$51		57.6%		$69.78		$40.19	11.0%
2015	42	-1.4%	3,391	-1.7%	1.2	-1.7%	0.7	-0.7%	$51	1.2%	58.2%	1.0%	$71.10	1.9%	$41.38	3.0%
2016	44	4.7%	3,521	3.8%	1.3	4.1%	0.7	0.2%	$50	-3.0%	56.0%	-3.8%	$68.83	-3.2%	$38.54	-6.9%

Amarillo, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	64		6,142		2.2		1.4		$94		63.2%		$66.00		$41.71	1.0%
2015	61	-4.7%	5,624	-8.4%	2.1	-8.4%	1.4	-3.2%	$103	10.6%	66.8%	5.7%	$75.39	14.2%	$50.36	20.7%
2016	61	-0.7%	5,561	-1.1%	2.0	-0.8%	1.3	-3.5%	$104	0.7%	65.0%	-2.7%	$78.70	4.4%	$51.15	1.6%

Austin-Round Rock, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	269		31,617		11.5		8.5		$996		73.8%		$116.97		$86.32	4.7%
2015	274	1.7%	32,854	3.9%	12.0	3.9%	8.8	3.8%	$1,162	16.6%	73.7%	-0.1%	$131.42	12.4%	$96.86	12.2%
2016	287	4.6%	34,710	5.6%	12.7	5.9%	9.2	3.8%	$1,247	7.4%	72.2%	-2.0%	$135.99	3.5%	$98.19	1.4%

Beaumont-Port Arthur, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	78		6,270		2.3		1.4		$82		59.9%		$60.15		$36.03	19.8%
2015	78	-0.9%	6,271	0.0%	2.3	0.0%	1.4	3.7%	$91	9.8%	62.1%	3.7%	$63.70	5.9%	$39.56	9.8%
2016	76	-2.4%	6,173	-1.6%	2.3	-1.3%	1.4	-4.6%	$88	-2.6%	60.0%	-3.4%	$65.08	2.2%	$39.05	-1.3%

Brownsville-Harlingen, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	96		7,258		2.6		1.5		$118		55.2%		$80.62		$44.50	6.4%
2015	91	-5.1%	6,950	-4.2%	2.5	-4.2%	1.4	-6.8%	$116	-1.5%	53.7%	-2.7%	$85.28	5.8%	$45.79	2.9%
2016	92	0.7%	6,843	-1.5%	2.5	-1.3%	1.3	-2.6%	$114	-1.9%	53.0%	-1.3%	$85.85	0.7%	$45.50	-0.6%

College Station-Bryan, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	50		4,363		1.6		1.2		$105		74.3%		$89.13		$66.22	21.5%
2015	55	11.6%	4,826	10.6%	1.8	10.6%	1.1	-3.1%	$105	-0.9%	65.1%	-12.4%	$91.14	2.3%	$59.33	-10.4%
2016	58	4.4%	4,999	3.6%	1.8	3.9%	1.1	-1.1%	$104	0.0%	62.0%	-4.8%	$92.10	1.0%	$57.10	-3.8%

Corpus Christi, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	138		11,205		4.1		2.3		$211		56.2%		$91.78		$51.58	2.1%
2015	142	2.8%	11,726	4.6%	4.3	4.6%	2.7	15.4%	$228	8.0%	62.0%	10.3%	$85.84	-6.5%	$53.22	3.2%
2016	142	-0.1%	11,465	-2.2%	4.2	-2.0%	2.5	-5.1%	$217	-4.8%	60.0%	-3.2%	$86.09	0.3%	$51.66	-2.9%

Dallas-Fort Worth-Arlington, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	915		113,854		41.6		28.2		$2,458		67.8%		$87.24		$59.15	5.6%
2015	919	0.5%	114,775	0.8%	41.9	0.8%	29.5	4.8%	$2,739	11.4%	70.5%	4.0%	$92.75	6.3%	$65.39	10.6%
2016	941	2.3%	117,295	2.2%	42.9	2.5%	30.6	3.6%	$2,979	8.8%	71.3%	1.1%	$97.33	4.9%	$69.40	6.1%

United States, Texas and Texas Metropolitan Statistical Area Lodging performance (continued)

El Paso, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	78		9,194		3.4		2.2		$164		65.7%		$74.45		$48.91	8.4%
2015	80	2.9%	9,508	3.4%	3.5	3.4%	2.3	5.1%	$170	3.3%	66.8%	1.7%	$73.13	-1.8%	$48.85	-0.1%
2016	78	-3.2%	9,320	-2.0%	3.4	-1.7%	2.4	1.5%	$181	6.6%	69.0%	3.3%	$76.81	5.0%	$53.00	8.5%

Houston-The Woodlands-Sugar Land, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	845		85,935		31.4		22.6		$2,235		72.0%		$98.97		$71.26	7.2%
2015	856	1.3%	86,429	0.6%	31.5	0.6%	21.6	-4.5%	$2,243	0.4%	68.4%	-5.0%	$103.96	5.0%	$71.11	-0.2%
2016	898	4.9%	90,489	4.7%	33.1	5.0%	20.7	-4.2%	$2,126	-5.2%	62.4%	-8.8%	$102.87	-1.0%	$64.19	-9.7%

Killeen-Temple, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	77		5,492		2.0		1.2		$69		58.3%		$59.17		$34.50	5.1%
2015	78	2.2%	5,565	1.3%	2.0	1.3%	1.2	-1.3%	$66	-4.1%	56.8%	-2.6%	$57.50	-2.8%	$32.66	-5.3%
2016	77	-1.7%	5,456	-2.0%	2.0	-1.7%	1.2	0.4%	$68	2.8%	58.0%	2.1%	$58.87	2.4%	$34.14	4.5%

Laredo, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	40		4,097		1.5		1.0		$67		66.9%		$67.41		$45.10	0.8%
2015	39	-2.1%	4,049	-1.2%	1.5	-1.2%	1.0	-4.3%	$61	-10.1%	64.8%	-3.1%	$63.30	-6.1%	$41.02	-9.0%
2016	39	0.9%	4,104	1.4%	1.5	1.6%	0.9	-1.2%	$59	-3.5%	63.0%	-2.8%	$61.83	-2.3%	$38.95	-5.0%

Longview, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	53		3,383		1.2		0.7		$41		59.9%		$55.75		$33.39	19.1%
2015	53	-1.3%	3,251	-3.9%	1.2	-3.9%	0.7	-7.6%	$41	0.2%	57.6%	-3.8%	$60.48	8.5%	$34.84	4.3%
2016	53	-0.2%	3,358	3.3%	1.2	3.6%	0.6	-6.5%	$36	-13.8%	52.0%	-9.7%	$55.74	-7.8%	$28.98	-16.8%

Lubbock, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	55		5,036		1.8		1.2		$99		67.2%		$80.27		$53.94	4.4%
2015	56	3.1%	5,142	2.1%	1.9	2.1%	1.2	0.0%	$102	2.4%	65.8%	-2.1%	$82.19	2.4%	$54.08	0.3%
2016	58	3.0%	5,320	3.5%	1.9	3.7%	1.3	2.5%	$105	3.0%	65.0%	-1.2%	$82.58	0.5%	$53.68	-0.7%

McAllen-Edinburg-Mission, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	88		6,617		2.4		1.5		$121		62.2%		$80.23		$49.91	20.2%
2015	91	3.1%	6,756	2.1%	2.5	2.1%	1.5	-0.7%	$117	-2.8%	60.5%	-2.7%	$78.51	-2.1%	$47.50	-4.8%
2016	92	0.8%	6,901	2.1%	2.5	2.4%	1.4	-3.5%	$111	-5.2%	57.0%	-5.8%	$77.10	-1.8%	$43.95	-7.5%

Midland, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	41		3,877		1.4		1.2		$142		85.3%		$117.65		$100.36	16.7%
2015	49	17.7%	4,570	17.9%	1.7	17.9%	1.1	-9.9%	$115	-19.1%	65.2%	-23.6%	$105.66	-10.2%	$68.89	-31.4%
2016	52	7.5%	4,889	7.0%	1.8	7.3%	0.9	-16.1%	$85	-26.0%	51.0%	-21.8%	$93.19	-11.8%	$47.53	-31.0%

Odessa, TX lodging performance																
Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	38		3,785		1.4		1.1		$121		78.1%		$112.17		$87.61	9.8%
2015	42	9.4%	4,095	8.2%	1.5	8.2%	0.9	-16.7%	$99	-18.1%	60.1%	-23.0%	$110.30	-1.7%	$66.29	-24.3%
2016	45	7.4%	4,329	5.7%	1.6	6.0%	0.7	-20.6%	$69	-30.0%	45.0%	-25.1%	$97.31	-11.8%	$43.79	-33.9%

United States, Texas and Texas Metropolitan Statistical Area Lodging performance (continued)

San Angelo, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	27		2,216		0.8		0.6		$54		76.1%		$87.64		$66.70	-13.1%
2015	32	18.1%	2,613	17.9%	1.0	17.9%	0.5	-17.7%	$36	-32.5%	53.1%	-30.2%	$71.85	-18.0%	$38.15	-42.8%
2016	33	5.3%	2,808	7.5%	1.0	7.8%	0.5	-10.7%	$30	-16.6%	44.0%	-17.1%	$67.14	-6.6%	$29.54	-22.6%

San Antonio-New Braunfels, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	404		46,260		16.9		10.9		$1,126		64.5%		$103.37		$66.67	2.6%
2015	404	-0.1%	47,156	1.9%	17.2	1.9%	11.1	1.6%	$1,146	1.8%	64.3%	-0.3%	$103.59	0.2%	$66.61	-0.1%
2016	407	0.7%	46,597	-1.2%	17.1	-0.9%	10.9	-1.4%	$1,195	4.2%	64.0%	-0.5%	$109.49	5.7%	$70.07	5.2%

Sherman-Denison, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	20		1,648		0.6		0.4		$20		58.5%		$57.43		$33.60	4.5%
2015	21	2.9%	1,821	10.5%	0.7	10.5%	0.4	4.3%	$20	-1.9%	55.2%	-5.6%	$54.05	-5.9%	$29.84	-11.2%
2016	20	-3.2%	1,874	2.9%	0.7	3.2%	0.4	0.9%	$20	1.4%	54.0%	-2.2%	$54.32	0.5%	$29.33	-1.7%

Texarkana, TX-AR lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	19		1,646		0.6		0.3		$19		49.0%		$64.99		$31.84	-13.8%
2015	20	3.9%	1,739	5.7%	0.6	5.7%	0.3	15.1%	$21	11.8%	53.4%	9.0%	$63.12	-2.9%	$33.71	5.8%
2016	20	1.3%	1,778	2.2%	0.7	2.5%	0.4	7.5%	$23	9.6%	56.0%	4.9%	$64.37	2.0%	$36.05	6.9%

Tyler, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	42		3,316		1.2		0.8		$48		62.0%		$63.44		$39.33	2.3%
2015	44	3.7%	3,459	4.3%	1.3	4.3%	0.7	-1.2%	$57	20.4%	58.7%	-5.3%	$77.32	21.9%	$45.39	15.4%
2016	46	4.0%	3,656	5.7%	1.3	6.0%	0.7	-6.1%	$48	-15.7%	52.0%	-11.4%	$69.40	-10.2%	$36.09	-20.5%

Victoria, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	26		1,908		0.7		0.5		$37		68.1%		$77.21		$52.58	4.4%
2015	27	2.2%	1,954	2.4%	0.7	2.4%	0.4	-18.0%	$27	-25.7%	54.5%	-20.0%	$69.96	-9.4%	$38.13	-27.5%
2016	26	-5.0%	1,887	-3.4%	0.7	-3.2%	0.4	-9.4%	$24	-11.4%	51.0%	-6.4%	$68.43	-2.2%	$34.90	-8.5%

Waco, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	48		3,904		1.4		0.9		$61		66.4%		$64.10		$42.56	11.9%
2015	47	-3.1%	3,648	-6.6%	1.3	-6.6%	0.9	-3.9%	$64	5.4%	68.3%	2.9%	$70.28	9.6%	$48.00	12.8%
2016	50	7.7%	4,004	9.8%	1.5	10.1%	1.0	12.8%	$76	19.3%	70.0%	2.5%	$74.36	5.8%	$52.05	8.4%

Wichita Falls, TX lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	28		2,200		0.8		0.5		$27		59.1%		$57.15		$33.78	12.7%
2015	28	0.9%	2,200	0.0%	0.8	0.0%	0.5	5.1%	$29	5.7%	62.1%	5.1%	$57.49	0.6%	$35.70	5.7%
2016	28	0.3%	2,300	4.5%	0.8	4.8%	0.5	6.4%	$31	8.4%	63.0%	1.4%	$58.59	1.9%	$36.91	3.4%

Non-MSA lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	838		52,789		19.3		11.3		$853		58.4%		$75.82		$44.28	8.1%
2015	882	5.3%	56,447	6.9%	20.6	6.9%	11.3	0.5%	$815	-4.5%	54.9%	-6.0%	$72.04	-5.0%	$39.55	-10.7%
2016	915	3.7%	58,842	4.2%	21.5	4.5%	10.8	-4.8%	$737	-9.5%	50.0%	-8.9%	$68.49	-4.9%	$34.24	-13.4%

Texas Travel Region Lodging performance

Big Bend lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	238		22,420		8.2		6.0		$543		73.0%		$90.84		$66.31	13.0%
2015	254	6.6%	23,944	6.8%	8.7	6.8%	5.7	-5.1%	$501	-7.7%	64.9%	-11.1%	$88.33	-2.8%	$57.32	-13.6%
2016	264	3.8%	24,663	3.0%	9.0	3.3%	5.3	-6.6%	$447	-10.7%	58.6%	-9.6%	$84.45	-4.4%	$49.53	-13.6%

Gulf Coast lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	1,157		108,980		39.8		27.3		$2,535		68.6%		$92.87		$63.72	7.0%
2015	1,169	1.1%	109,661	0.6%	40.0	0.6%	26.6	-2.5%	$2,553	0.7%	66.5%	-3.1%	$95.98	3.3%	$63.78	0.1%
2016	1,210	3.5%	112,855	2.9%	41.3	3.2%	25.4	-4.5%	$2,431	-4.8%	61.5%	-7.5%	$95.72	-0.3%	$58.84	-7.7%

Hill Country lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	416		41,254		15.1		11.1		$1,178		73.8%		$106.00		$78.22	5.9%
2015	425	2.1%	43,303	5.0%	15.8	5.0%	11.6	4.8%	$1,341	13.9%	73.7%	-0.1%	$115.15	8.6%	$84.87	8.5%
2016	443	4.1%	45,506	5.1%	16.7	5.4%	12.0	3.2%	$1,435	7.0%	72.2%	-2.0%	$119.33	3.6%	$86.16	1.5%

Prairies & Lakes lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	1,338		143,814		52.5		35.4		$2,950		67.5%		$83.32		$56.20	6.4%
2015	1,354	1.2%	145,391	1.1%	53.1	1.1%	36.9	4.1%	$3,215	9.0%	69.4%	2.9%	$87.23	4.7%	$60.57	7.8%
2016	1,385	2.3%	148,890	2.4%	54.5	2.7%	38.2	3.7%	$3,466	7.8%	70.1%	1.0%	$90.71	4.0%	$63.61	5.0%

Panhandle Plains lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	382		28,073		10.2		6.1		$480		60.0%		$78.11		$46.83	4.9%
2015	388	1.7%	28,242	0.6%	10.3	0.6%	5.9	-4.6%	$456	-4.9%	56.8%	-5.2%	$77.88	-0.3%	$44.26	-5.5%
2016	403	3.8%	29,287	3.7%	10.7	4.0%	5.6	-3.9%	$438	-4.0%	52.5%	-7.6%	$77.79	-0.1%	$40.86	-7.7%

Piney Woods lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	298		21,879		8.0		4.7		$370		58.6%		$79.12		$46.35	11.1%
2015	298	0.0%	21,848	-0.1%	8.0	-0.1%	4.6	-2.5%	$390	5.3%	57.2%	-2.4%	$85.47	8.0%	$48.88	5.5%
2016	304	2.2%	22,947	5.0%	8.4	5.3%	4.4	-2.7%	$363	-7.0%	52.8%	-7.7%	$81.74	-4.4%	$43.17	-11.7%

South Texas Plains lodging performance

Year	Hotels	Hotels % chg	Rooms	Rooms % chg	Est room nights available (mil)	Est room nights available % chg	Est room nights sold (mil)	Est room nights sold % chg	Total room revenue (mil)	Total room revenue % chg	Occupancy	Occupancy % chg	ADR	ADR % chg	RevPAR	RevPAR % change
2014	593		61,066		22.3		14.4		$1,364		64.5%		$94.83		$61.19	1.8%
2015	622	4.8%	64,480	5.6%	23.5	5.6%	15.0	4.1%	$1,368	0.3%	63.6%	-1.5%	$91.44	-3.6%	$58.14	-5.0%
2016	627	0.8%	64,339	-0.2%	23.5	0.1%	14.8	-1.3%	$1,350	-1.4%	62.7%	-1.4%	$91.40	0.0%	$57.31	-1.4%

Source: JLL, texas.gov

The seven Texas Travel Regions are defined by the Economic Development and Tourism branch within the Office of the Governor and cover the entire geography of the state. The below table shows each of the state's MSAs with the corresponding Texas Travel Region in which it is situated.

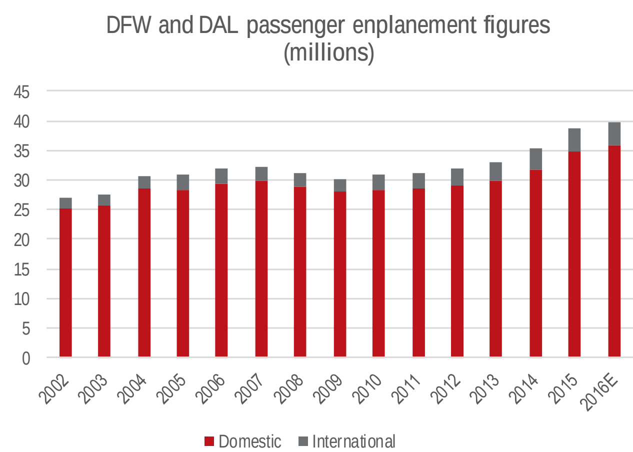
Texas Travel Regions by MSA

MSA	Travel Region	MSA	Travel Region	MSA	Travel Region	MSA	Travel Region	MSA	Travel Region
Abilene, TX	Panhandle Plains	College Station-Bryan, TX	Prairies & Lakes	Killeen-Temple, TX	Prairies & Lakes	Midland, TX	Big Bend	Texarkana, TX-AR	Piney Woods
Amarillo, TX	Panhandle Plains	Corpus Christi, TX	Gulf Coast	Laredo, TX	South Texas Plains	Odessa, TX	Big Bend	Tyler, TX	Piney Woods
Austin-Round Rock, TX	Hill Country	Dallas-Fort Worth-Arlington, TX	Prairies & Lakes	Longview, TX	Piney Woods	San Angelo, TX	Panhandle Plains	Victoria, TX	Gulf Coast
Beaumont-Port Arthur, TX	Gulf Coast	El Paso, TX	Big Bend	Lubbock, TX	Panhandle Plains	San Antonio-New Braunfels, TX	South Texas Plains	Waco, TX	Prairies & Lakes
Brownsville-Harlingen, TX	Gulf Coast	Houston-The Woodlands-Sugar Land, TX	Gulf Coast	McAllen-Edinburg-Mission, TX	South Texas Plains	Sherman-Denison, TX	Prairies & Lakes	Wichita Falls, TX	Panhandle Plains

Source: Texas Tourism

Dallas-Fort Worth-Arlington snapshot

- The Dallas-Fort Worth-Arlington metropolitan statistical area (MSA) has grown into the fourth largest MSA in the country. Given its diversified economy and lesser exposure to oil and gas, the Dallas MSA's lodging sector has not been materially impacted by a decline in oil prices as has been the case in other areas of Texas.
- Driven by occupancy growth of 1.1% and ADR increases of 4.9%, RevPAR growth of 6.1% in 2016 ranks among the top 5 performing markets in the state – during a year when the Texas as a whole sustained a decline in RevPAR. Such RevPAR growth highlights the strength of the Dallas lodging sector, especially as it is the largest market in the state.
- Room inventory in the MSA increased 2.2%, below the state-wide average. Meanwhile, occupancy growth highlights robust lodging demand.
- Looking ahead, economic conditions in the area support a positive outlook. GDP in the Dallas MSA is projected to increase 2.4% annually from 2017 to 2021, according to Oxford Economics, which is 50 basis points higher than the national average over that period.



Source: Bureau of Transportation Statistics T-100 Market data, dfwairport.com, JLL
Note: DFW pertains to Dallas/Fort Worth International Airport; DAL pertains to Dallas Love Field Airport

Dallas-Fort Worth-Arlington lodging performance summary

941 Number of hotels	2.3% Annual % change
117,296 Number of rooms	2.2% Annual % change
42.9 Estimated room nights available (mil)	2.5% Annual % change
30.6 Estimated room nights sold (mil)	3.6% Annual % change
$3.0 billion Room revenue	8.8% Annual % change
71.3% Estimated occupancy rate	1.1% Annual % change
$97 Estimated average daily rate (ADR)	4.9% Annual % change
$69 Revenue per Available Room (RevPAR)	6.1% Annual % change

Dallas-Fort Worth-Arlington, TX MSA hotel room inventory by level of positioning

Positioning	Hotels	Hotels % of total	Rooms	Rooms % of total
Luxury	12	1%	3,076	3%
Full Service	71	8%	26,908	23%
Upscale Select Service	153	16%	22,319	19%
Midscale Select Service	305	32%	29,477	25%
Economy Select Service	350	37%	31,468	27%
Unidentified	51	5%	4,048	3%
Total	941	100%	117,296	100%

Source: JLL, texas.gov

Dallas-Fort Worth-Arlington Economic Indicators	2010	2011	2012	2013	2014	2015	2016E	2017F	2018F	2019F	2020F	2021F
GDP, real - Total (mil)	366,066	380,972	400,563	415,417	436,038	456,610	467,806	481,210	496,153	507,362	517,975	528,547
% change	*2.9%*	*4.1%*	*5.1%*	*3.7%*	*5.0%*	*4.7%*	*2.5%*	*2.9%*	*3.1%*	*2.3%*	*2.1%*	*2.0%*
TX % change	*3.0%*	*3.8%*	*6.0%*	*5.1%*	*5.0%*	*4.9%*	*0.2%*	*2.2%*	*2.8%*	*2.0%*	*1.9%*	*1.8%*
U.S. % change	*2.5%*	*1.6%*	*2.2%*	*1.7%*	*2.4%*	*2.6%*	*1.6%*	*2.3%*	*2.5%*	*1.7%*	*1.6%*	*1.6%*
Unemployment rate (%)	8.1	7.6	6.6	6.1	5.0	4.1	3.8	3.7	3.7	3.7	3.8	3.9
TX unemployment rate	8.2	7.7	6.7	6.2	5.1	4.5	4.5	4.4	4.4	4.4	4.5	4.6
U.S. unemployment rate	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.7	4.6	4.6	4.7	4.8
Personal income, real (mil)	257,793	280,119	292,603	295,745	314,668	331,359	343,998	355,007	366,405	376,545	385,842	394,992
% change	*2.6%*	*8.7%*	*4.5%*	*1.1%*	*6.4%*	*5.3%*	*3.8%*	*3.2%*	*3.2%*	*2.8%*	*2.5%*	*2.4%*
TX % change	*3.4%*	*6.9%*	*5.4%*	*0.7%*	*5.9%*	*4.0%*	*1.9%*	*2.8%*	*3.2%*	*2.8%*	*2.5%*	*2.4%*
U.S. % change	*1.5%*	*3.7%*	*3.0%*	*-0.2%*	*3.7%*	*4.0%*	*2.5%*	*2.3%*	*2.2%*	*2.0%*	*1.9%*	*1.8%*
Total population (ths)	6,445	6,560	6,691	6,810	6,942	7,084	7,221	7,357	7,488	7,617	7,743	7,870
% change	*1.5%*	*1.8%*	*2.0%*	*1.8%*	*1.9%*	*2.0%*	*1.9%*	*1.9%*	*1.8%*	*1.7%*	*1.7%*	*1.6%*
TX % change	*1.6%*	*1.6%*	*1.7%*	*1.6%*	*1.8%*	*1.8%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*
U.S. % change	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*

Source: Oxford Economics

- The Dallas area's three largest hotels under construction as of year-end 2016 include the 318-room Embassy Suites Denton UNT, the 304-room Renaissance Dallas Plano and the 300-room Omni Frisco.
- The majority of new developments in Dallas proper are comprised of premiums select service properties such as the 151-room element.
- The one full service property nearing completion in the downtown area is the 159-room Curio Collection The Statler Dallas. This $225 million project represents a full renovation of the former Statler Hilton and will offer a reported 219 luxury apartments.

Dallas MSA hotels under construction

Project Name	City	Rooms	Projected opening	Positioning
Embassy Suites in the Denton UNT Area	Denton	318	Q1 - 2018	Full service
Renaissance Hotel Dallas at Plano Legacy West	Plano	304	Q2 - 2017	Full service
Omni Hotel Frisco	Frisco	300	Q2 - 2017	Full service
Hampton Inn & Suites Downtown Fort Worth	Fort Worth	245	Q1 - 2018	Midscale select service
Drury Inn & Suites Frisco	Frisco	185	Q4 - 2017	Midscale select service
The Statler Dallas Curio Collection	Dallas	159	Q2 - 2017	Full service
element Hotel Dallas East	Dallas	151	Q3 - 2018	Premium select service
Canopy Dallas Uptown	Dallas	150	Q1 - 2018	Full service

Source: publicly available information, JLL

Note: projects subject to change; pertains to hotels with 150 rooms or more

- The most notable 2016 hotel transaction in Dallas was the sale of the former 220-room Rosewood Crescent Court. While the property is no longer affiliated with the Rosewood brand, it continues to operate as a luxury hotel.
- Since 2015 a wide array of hotel property types have transacted in the Dallas market, from select service to luxury, highlighting investors' execution of a diverse array of investment strategies within the Dallas lodging space.
- Located in a prime area, the Le Meridien Dallas The Stoneleigh was the most valuable hotel sale in recent history, transacting for over $400,000 per room in 2015.

Dallas area hotel transactions since 2015

Contract Date	Transaction	City	Price	Rooms	Price per Room
Jun-16	Rosewood Hotel Crescent Court Dallas 2016	Dallas	$ 76,500,000	220	$ 348,000
Nov-15	Le Meridien Dallas The Stoneleigh 2015	Dallas	$ 70,000,000	170	$ 412,000
Jun-15	Le Meridien Dallas By The Galleria 2015	Dallas	$ 52,000,000	258	$ 202,000
Feb-15	Westin Dallas Park Central 2015	Dallas	$ 41,600,000	536	$ 78,000
Mar-15	Embassy Suites Dallas Market Center 2015	Dallas	$ 31,000,000	248	$ 125,000
Sep-15	Sheraton Hotel Suites Market Center Dallas Dallas 2015	Dallas	$ 17,500,000	251	$ 70,000
Jul-16	Hyatt Place Dallas Las Colinas 2016	Irving	$ 14,000,000	122	$ 115,000
May-16	Holiday Inn Express & Suites Irving 2016	Irving	$ 10,500,000	128	$ 82,000
Oct-15	Courtyard Dallas LBJ at Josey 2015	Dallas	$ 10,000,000	146	$ 68,000
Nov-16	Radisson Hotel Dallas North Addison 2016	Addison	$ 9,000,000	101	$ 89,000
Nov-15	Holiday Inn Express & Suites Duncanville 2015	Duncanville	$ 7,000,000	76	$ 92,000
Dec-15	Quality Inn McKinney 2015	McKinney	$ 6,500,000	100	$ 65,000
Mar-16	Holiday Inn Express & Suites Ennis Ennis 2016	Ennis	$ 5,750,000	68	$ 85,000

Source: JLL

Note: pertains to single-asset deals over $5 million

Houston-The Woodlands-Sugar Land snapshot

- In 2016, the energy sector weighed on the Houston economy. While its economy has become increasingly diversified, for example with medical research, the energy sector touches many different industries such as mining and manufacturing.
- In 2016, among the major U.S. lodging markets in the U.S., Houston endured the largest RevPAR decline by a wide margin. Furthermore, Houston's room inventory increased by 4.7%, or nearly two percentage points ahead of the national average.
- Looking ahead, important economic indicators, such as continued population growth, are anticipated to benefit the Houston economy. Moreover, airport enplanements continue to rise. Although Houston tends to be a drive-in market, airport activity and hotel performance have a less strong relationship in Houston.
- JLL anticipates that 2017 will be another difficult year for the area's lodging sector as the global surplus of oil slows price increases. Major events like the Super Bowl will benefit Houston, though more material market improvement is not expected until 2018.

IAH and HOU passenger enplanement figures (millions)

Source: Source: Bureau of Transportation Statistics T-100 Market data, fly2houston.com
Note: IAH pertains to George Bush Intercontinental Airport and HOU pertains to William P. Hobby Airport

Houston-The Woodlands-Sugar Land lodging performance summary

Number of hotels	898	4.9% Annual % change
Number of rooms	90,489	4.7% Annual % change
Estimated room nights available (mil)	33.1	5.0% Annual % change
Estimated room nights sold (mil)	20.7	-4.2% Annual % change
Room revenue	$2.1 billion	-5.2% Annual % change
Estimated occupancy rate	62.4%	-8.8% Annual % change
Estimated average daily rate (ADR)	$103	-1.0% Annual % change
Revenue per Available Room (RevPAR)	$64	-9.7% Annual % change

Houston-The Woodlands-Sugar Land, TX MSA hotel room inventory by level of positioning

Positioning	Hotels	Hotels % of total	Rooms	Rooms % of total
Luxury	13	1%	3,630	4%
Full Service	54	6%	16,202	18%
Upscale Select Service	127	14%	17,573	19%
Midscale Select Service	291	32%	25,805	29%
Economy Select Service	334	37%	22,523	25%
Unidentified	80	9%	4,756	5%
Total	898	100%	90,489	100%

Source: JLL, texas.gov

Houston-The Woodlands-Sugar Land Economic Indicators	2010	2011	2012	2013	2014	2015	2016E	2017F	2018F	2019F	2020F	2021F
GDP, real - Total (mil)	375,490	389,450	414,595	441,654	459,103	483,392	478,710	486,311	499,634	509,948	519,542	528,932
% change	*0.9%*	*3.7%*	*6.5%*	*6.5%*	*4.0%*	*5.3%*	*-1.0%*	*1.6%*	*2.7%*	*2.1%*	*1.9%*	*1.8%*
TX % change	*3.0%*	*3.8%*	*6.0%*	*5.1%*	*5.0%*	*4.9%*	*0.2%*	*2.2%*	*2.8%*	*2.0%*	*1.9%*	*1.8%*
U.S. % change	*2.5%*	*1.6%*	*2.2%*	*1.7%*	*2.4%*	*2.6%*	*1.6%*	*2.3%*	*2.5%*	*1.7%*	*1.6%*	*1.6%*
Unemployment rate (%)	8.3	7.8	6.6	6.0	4.9	4.6	5.2	5.2	4.9	4.8	4.8	4.9
TX unemployment rate	8.2	7.7	6.7	6.2	5.1	4.5	4.5	4.4	4.4	4.4	4.5	4.6
U.S. unemployment rate	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.7	4.6	4.6	4.7	4.8
Personal income, real (mil)	260,378	276,347	300,960	299,816	319,439	330,300	331,836	340,872	352,937	363,953	374,115	384,136
% change	*2.7%*	*6.1%*	*8.9%*	*-0.4%*	*6.5%*	*3.4%*	*0.5%*	*2.7%*	*3.5%*	*3.1%*	*2.8%*	*2.7%*
TX % change	*3.4%*	*6.9%*	*5.4%*	*0.7%*	*5.9%*	*4.0%*	*1.9%*	*2.8%*	*3.2%*	*2.8%*	*2.5%*	*2.4%*
U.S. % change	*1.5%*	*3.7%*	*3.0%*	*-0.2%*	*3.7%*	*4.0%*	*2.5%*	*2.3%*	*2.2%*	*2.0%*	*1.9%*	*1.8%*
Total population (ths)	5,941	6,047	6,171	6,316	6,477	6,633	6,732	6,823	6,923	7,029	7,140	7,254
% change	*1.6%*	*1.8%*	*2.1%*	*2.3%*	*2.6%*	*2.4%*	*1.5%*	*1.3%*	*1.5%*	*1.5%*	*1.6%*	*1.6%*
TX % change	*1.6%*	*1.6%*	*1.7%*	*1.6%*	*1.8%*	*1.8%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*
U.S. % change	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*

Source: Oxford Economics

- The most notable recent opening in Houston is the 1,000-room Marriott Marquis Houston, which delivered in December 2016. The property has a direct connection with the George R. Brown Convention Center and housed visitors in town for the Super Bowl in February 2017.
- The Houston area's three largest hotels in construction include the 353-room InterContinental Houston, the 255-room Le Meridien Houston Downtown and the 222-room Valencia Group Hotel Alessandra.
- The majority of new developments in downtown Houston are comprised of full service and luxury hotels. Deliveries in the short term would be faced with a challenging operating environment. However, such properties are, in large part, anticipated to deliver towards the end of 2017 and beyond.
- The Hotel Zaza Memorial City will be the second of the boutique brand's properties in Houston. The operational Hotel Zaza property in Houston is located in the Museum District.

Houston MSA hotels under construction

Project Name	City	Rooms	Projected opening	Positioning
InterContinental Hotel Houston	Houston	353	Q1 - 2019	Luxury
Le Meridien Hotel Houston Downtown	Houston	255	Q4 - 2017	Full service
Hotel Alessandra by the Valencia Group	Houston	222	Q2 - 2017	Luxury
Embassy Suites Hotel Houston West Katy	Houston	208	Q1 - 2018	Full service
Hotel ZaZa at Memorial City	Houston	159	Q4 - 2017	Luxury
Hilton Garden Inn Hotel Houston Hobby Airport	Houston	135	Q1 - 2018	Premium select service
element Hotel Katy	Katy	135	Q1 - 2018	Premium select service
Courtyard Houston Sugar Land Fluor Central Hotel	Sugar Land	134	Q3 - 2017	Premium select service
Courtyard Houston Intercontinental Airport Hotel	Houston	127	Q4 - 2017	Premium select service
Hilton Garden Inn Hotel Baytown	Baytown	125	Q2 - 2017	Premium select service

Source: publicly available information, JLL

Note: projects subject to change; pertains to hotels with over 125 rooms

- Houston saw a number of hotel sales in 2016. The largest was the sale of the 419-room Sheraton North at George Bush Intercontinental airport, which sold for $162,000 per room. Over the past two years there have been a number of other hotel sales in the airport submarket, such as the DoubleTree, the Hyatt Place, and the Best Western Plus, detailed in the table below.
- The most valuable recent hotel sale is the 135-room Autograph Collection Hotel Icon, which sold in 2015 for $230,000 per room.

Houston area hotel transactions since 2015

Contract Date	Transaction	City	Price	Rooms	Price per Room
Feb-16	Sheraton Hotel North Houston at George Bush 2016	Houston	$ 68,000,000	419	$ 162,000
Feb-15	Hilton Houston Westchase Houston 2015	Houston	$ 65,100,000	297	$ 219,000
Jan-16	DoubleTree Hotel Houston Intercontinental Airport 2016	Houston	$ 58,500,000	313	$ 187,000
Jul-15	Autograph Collection Hotel Icon 2015	Houston	$ 31,000,000	135	$ 230,000
May-15	Crowne Plaza Northwest Brookhollow 2015	Houston	$ 25,000,000	294	$ 85,000
Apr-16	Value Place Houston La Porte 2016	La Porte	$ 12,429,280	121	$ 103,000
Nov-15	Hyatt Place Bush Intercontinental Airport 2015	Houston	$ 12,000,000	126	$ 95,000
Apr-15	Holiday Inn Houston Northwest Willowbrook 2015	Houston	$ 12,000,000	151	$ 79,000
Oct-15	Holiday Inn Express & Suites Houston South Pearland 2015	Pearland	$ 8,500,000	86	$ 99,000
Mar-16	Best Western Plus Intercontinental Airport Inn Humble 2016	Humble	$ 5,930,000	80	$ 74,000

Source: JLL

Note: pertains to single-asset deals over $5 million

San Antonio-New Braunfels snapshot

- The San Antonio-New Braunfels MSA boasts a diverse economy, which is attracting people to the market and driving continued economic growth. Unemployment has been below 4% for the past two years, and population growth is anticipated to remain above the national average in the years ahead.
- Given favorable economic conditions, and rising enplanement, albeit to a lesser extent, lodging sector demand has been on the rise. The area's hotel sector achieved above-average growth in 2016, with RevPAR rising 5.2% year-over-year.
- Meanwhile, room inventory declined by 1.2% as under-performing properties went offline. This bodes well for continued RevPAR increases in the short term.
- In terms of hotel inventory, San Antonio's upper-tier lodging supply makes of 22% of inventory, which is in line with that of the other major Texas markets such as Houston. Specifically, the area's room supply is comprised of approximately 8% luxury and 14% full service, with the remaining inventory made up of select service product.

SAT passenger enplanement figures (millions)

Source: Source: Bureau of Transportation Statistics T-100 Market data, sanantonio.gov, JLL
Note: SAT pertains to San Antonio International Airport

San Antonio-New Braunfels lodging performance summary

		Annual % change
Number of hotels	407	0.7%
Number of rooms	46,597	-1.2%
Estimated room nights available (mil)	17.1	-0.9%
Estimated room nights sold (mil)	10.9	-1.4%
Room revenue	$1.2 billion	4.2%
Estimated occupancy rate	64.0%	-0.5%
Estimated average daily rate (ADR)	$109	5.7%
Revenue per Available Room (RevPAR)	$70	5.2%

San Antonio-New Braunfels, TX MSA hotel room inventory by level of positioning

Positioning	Hotels	Hotels % of total	Rooms	Rooms % of total
Luxury	8	2%	3,689	8%
Full Service	24	6%	6,718	14%
Upscale Select Service	58	14%	6,831	15%
Midscale Select Service	138	34%	14,520	31%
Economy Select Service	135	33%	10,624	23%
Unidentified	45	11%	4,216	9%
Total	407	100%	46,598	100%

Source: JLL, texas.gov

San Antonio-New Braunfel Economic Indicators	2010	2011	2012	2013	2014	2015	2016E	2017F	2018F	2019F	2020F	2021F
GDP, real - Total (mil)	79,886	83,641	87,457	90,711	95,561	102,152	103,610	106,214	109,332	111,666	113,874	116,082
% change	*3.8%*	*4.7%*	*4.6%*	*3.7%*	*5.3%*	*6.9%*	*1.4%*	*2.5%*	*2.9%*	*2.1%*	*2.0%*	*1.9%*
TX % change	*3.0%*	*3.8%*	*6.0%*	*5.1%*	*5.0%*	*4.9%*	*0.2%*	*2.2%*	*2.8%*	*2.0%*	*1.9%*	*1.8%*
U.S. % change	*2.5%*	*1.6%*	*2.2%*	*1.7%*	*2.4%*	*2.6%*	*1.6%*	*2.3%*	*2.5%*	*1.7%*	*1.6%*	*1.6%*
Unemployment rate (%)	7.2	7.1	6.3	5.7	4.6	3.8	3.7	3.6	3.4	3.4	3.5	3.6
TX unemployment rate	8.2	7.7	6.7	6.2	5.1	4.5	4.5	4.4	4.4	4.4	4.5	4.6
U.S. unemployment rate	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.7	4.6	4.6	4.7	4.8
Personal income, real (mil)	75,536	80,506	82,572	84,760	89,820	94,757	97,741	100,247	103,310	106,168	108,903	111,576
% change	*3.7%*	*6.6%*	*2.6%*	*2.6%*	*6.0%*	*5.5%*	*3.1%*	*2.6%*	*3.1%*	*2.8%*	*2.6%*	*2.5%*
TX % change	*3.4%*	*6.9%*	*5.4%*	*0.7%*	*5.9%*	*4.0%*	*1.9%*	*2.8%*	*3.2%*	*2.8%*	*2.5%*	*2.4%*
U.S. % change	*1.5%*	*3.7%*	*3.0%*	*-0.2%*	*3.7%*	*4.0%*	*2.5%*	*2.3%*	*2.2%*	*2.0%*	*1.9%*	*1.8%*
Total population (ths)	2,149	2,190	2,233	2,278	2,327	2,378	2,427	2,473	2,518	2,563	2,609	2,655
% change	*1.8%*	*1.9%*	*2.0%*	*2.0%*	*2.1%*	*2.2%*	*2.1%*	*1.9%*	*1.8%*	*1.8%*	*1.8%*	*1.8%*
TX % change	*1.6%*	*1.6%*	*1.7%*	*1.6%*	*1.8%*	*1.8%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*
U.S. % change	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*

Source: Oxford Economics

- The San Antonio area's three largest hotels in construction include the 156-room Embassy Suites San Antonio Brooks City Base, the 126-room Hilton Garden Inn San Antonio Downtown and the 105-room Hampton Inn San Antonio Loop 410.
- Given the relatively small sizes of the properties planed to deliver in the first half of 2017, such projects are expected to have a relatively negligible impact on lodging performance. Furthermore, each of these projects represents a different level of positioning, ranging from full service to midscale select service.

San Antonio MSA hotels under construction

Project Name	City	Rooms	Projected opening	Positioning
Embassy Suites Hotel San Antonio Brooks City Base	San Antonio	156	Q1 - 2017	Full service
Hilton Garden Inn Hotel San Antonio Downtown	San Antonio	126	Q2 - 2017	Premium select service
Hampton Inn & Suites Hotel San Antonio	San Antonio	105	Q2 - 2017	Midscale select service

Source: publicly available information, JLL

Note: projects subject to change; pertains to hotels with over 100 rooms

- San Antonio has had a number of hotel transactions over the past two years. The largest transaction was the sale of the Embassy Suites San Antonio International Airport for $29.5 million.
- Pricing on a per-room basis among recent trades has been relatively low in comparison to other major markets in Texas. This presents an opportunity for investors to buy in at a lower basis and create value through improved operations.

San Antonio area hotel transactions since 2015

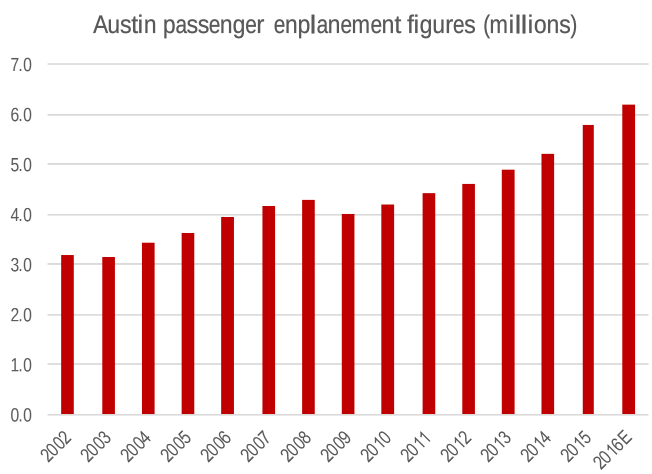
Contract Date	Transaction	City	Price	Rooms	Price per Room
Mar-15	Embassy Suites San Antonio International Airport 2015	San Antonio	$ 29,500,000	261	$ 113,000
Oct-16	Hilton San Antonio Hill Country Hotel & Spa 2016	San Antonio	$ 23,300,000	226	$ 103,000
Apr-15	Hotel Valencia Riverwalk San Antonio 2015	San Antonio	$ 19,269,915	213	$ 90,000
Jul-15	Crowne Plaza San Antonio Airport 2015	San Antonio	$ 16,500,000	224	$ 74,000
Mar-16	Riverwalk Plaza Hotel & Suites San Antonio 2016	San Antonio	$ 14,000,000	129	$ 109,000
Dec-15	Holiday Inn Express & Suites San Antonio San Antonio 2015	San Antonio	$ 12,200,000	122	$ 100,000
Nov-15	Holiday Inn Hotel & Suites San Antonio Northwest 2015	San Antonio	$ 11,000,000	122	$ 90,000
Jun-15	Embassy Suites San Antonio Northwest I 10 2015	San Antonio	$ 7,200,000	216	$ 33,000
Jan-16	Hampton Inn Suites Schertz Schertz 2016	Schertz	$ 7,065,000	98	$ 72,000
Dec-15	Crowne Plaza San Antonio Airport 2015	San Antonio	$ 7,000,000	224	$ 31,000
Feb-16	Hampton Inn Suites New Braunfels New Braunfels 2016	New Braunfels	$ 6,000,000	87	$ 69,000
Mar-16	Quality Inn & Suites Near Fort Sam Houston San Antonio 2016	San Antonio	$ 5,900,000	175	$ 34,000
Mar-16	Best Western Plus Intercontinental Airport Inn Humble 2016	Humble	$ 5,930,000	80	$ 74,000

Source: JLL

Note: pertains to single-asset deals over $5 million

Austin-Round Rock snapshot

- The Austin market has achieved GDP growth averaging 5% annually over the past 10 years, a top U.S. performer behind only Silicon Valley, according to Oxford Economics. This technology hub boasts a highly skilled workforce and one of the largest research universities in the country, two major drivers of lodging demand.
- Moreover, Austin-Bergstrom International Airport continues to sustain increases in passenger traffic, with enplanement rising approximately 6% annually from 2009 to 2016.
- The MSA's hotel inventory increased 5.6% in 2016. Nevertheless, with demand for lodging services continuing to increase, hotel performance as a whole grew. Estimated room nights sold rose by 3.8% in 2016.
- Overall, while the market did not achieve a double-digit level of RevPAR growth as was the case in 2015 due to supply increases, RevPAR increased an estimated 1.4% in 2016 driven by gains in average daily rates.



Source: Source: Bureau of Transportation Statistics T-100 Market data, austintexas.gov, JLL
Note: AUS pertains to Austin–Bergstrom International Airport

Austin-Round Rock lodging performance summary

		Annual % change
287	Number of hotels	4.6%
34,710	Number of rooms	5.6%
12.7	Estimated room nights available (mil)	5.9%
9.2	Estimated room nights sold (mil)	3.8%
$1.2 billion	Room revenue	7.4%
72.2%	Estimated occupancy rate	-2.0%
$136	Estimated average daily rate (ADR)	3.5%
$98	Revenue per Available Room (RevPAR)	1.4%

Austin-Round Rock, TX MSA hotel room inventory by level of positioning

Positioning	Hotels	Hotels % of total	Rooms	Rooms % of total
Luxury	10	3%	2,266	7%
Full Service	32	11%	8,059	23%
Upscale Select Service	38	13%	5,478	16%
Midscale Select Service	112	39%	10,460	30%
Economy Select Service	83	29%	6,941	20%
Unidentified	12	4%	1,506	4%
Total	287	100%	34,710	100%

Source: JLL, texas.gov

Austin-Round Rock Economic Indicators	2010	2011	2012	2013	2014	2015	2016E	2017F	2018F	2019F	2020F	2021F
GDP, real - Total (mil)	85,912	90,105	95,495	99,532	105,773	112,266	115,391	118,928	123,085	126,326	129,459	132,630
% change	*5.6%*	*4.9%*	*6.0%*	*4.2%*	*6.3%*	*6.1%*	*2.8%*	*3.1%*	*3.5%*	*2.6%*	*2.5%*	*2.5%*
TX % change	*3.0%*	*3.8%*	*6.0%*	*5.1%*	*5.0%*	*4.9%*	*0.2%*	*2.2%*	*2.8%*	*2.0%*	*1.9%*	*1.8%*
U.S. % change	*2.5%*	*1.6%*	*2.2%*	*1.7%*	*2.4%*	*2.6%*	*1.6%*	*2.3%*	*2.5%*	*1.7%*	*1.6%*	*1.6%*
Unemployment rate (%)	7.0	6.6	5.7	5.1	4.2	3.4	3.1	3.1	3.1	3.1	3.2	3.2
TX unemployment rate	8.2	7.7	6.7	6.2	5.1	4.5	4.5	4.4	4.4	4.4	4.5	4.6
U.S. unemployment rate	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.7	4.6	4.6	4.7	4.8
Personal income, real (mil)	68,111	73,455	79,450	81,033	87,246	93,187	97,281	100,623	104,310	107,668	110,806	113,897
% change	*3.8%*	*7.8%*	*8.2%*	*2.0%*	*7.7%*	*6.8%*	*4.4%*	*3.4%*	*3.7%*	*3.2%*	*2.9%*	*2.8%*
TX % change	*3.4%*	*6.9%*	*5.4%*	*0.7%*	*5.9%*	*4.0%*	*1.9%*	*2.8%*	*3.2%*	*2.8%*	*2.5%*	*2.4%*
U.S. % change	*1.5%*	*3.7%*	*3.0%*	*-0.2%*	*3.7%*	*4.0%*	*2.5%*	*2.3%*	*2.2%*	*2.0%*	*1.9%*	*1.8%*
Total population (ths)	1,726	1,775	1,828	1,879	1,936	1,993	2,048	2,100	2,151	2,202	2,253	2,304
% change	*1.9%*	*2.8%*	*3.0%*	*2.8%*	*3.0%*	*3.0%*	*2.7%*	*2.6%*	*2.4%*	*2.4%*	*2.3%*	*2.3%*
TX % change	*1.6%*	*1.6%*	*1.7%*	*1.6%*	*1.8%*	*1.8%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*
U.S. % change	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*

Source: Oxford Economics

- Austin has a number of properties under construction. The largest property currently in development is the 1,048-room Fairmont Austin, which is located adjacent to the convention center. In 2015 the 1,012-room JW Marriott Austin delivered, so when the Fairmont is completed the market will offer two new 1,000+ room properties by the convention center. This is anticipated to increase the market's capacity for major conventions.
- Another notable project is the Hotel ZaZa Austin, which will also be of a luxury positioning. The success of this Texas boutique hotel brand at its two current locations in Houston and Dallas is leading to expansion into Austin, among other areas of the state.
- The majority of the remaining projects under construction are comprised of premium select service hotels due to lower development costs in a market with high barriers to entry at present.

Austin MSA hotels under construction				
Project Name	City	Rooms	Projected opening	Positioning
Fairmont Hotel Austin	Austin	1,048	Q2 - 2017	Luxury
aloft Hotel Austin Downtown	Austin	278	Q3 - 2017	Premium select service
Hyatt House Hotel Austin Downtown	Austin	192	Q2 - 2017	Premium select service
Hotel ZaZa Austin	Austin	160	Q2 - 2018	Luxury
Homewood Suites Hotel Austin Downtown	Austin	150	Q3 - 2017	Premium select service
Hilton Garden Inn Hotel Austin Airport	Austin	146	Q3 - 2017	Premium select service
element Hotel Austin Downtown	Austin	144	Q3 - 2017	Premium select service
Courtyard Austin Pflugerville Hotel	Pflugerville	142	Q2 - 2017	Premium select service
Hyatt Place Austin Airport Hotel	Austin	139	Q1 - 2017	Premium select service
Hyatt Place Austin Round Rock Hotel	Round Rock	138	Q2 - 2017	Premium select service
aloft Hotel Austin Northwest	Austin	131	Q1 - 2017	Premium select service
UpTown Suites Hotel Austin	Austin	130	Q1 - 2018	Midscale select service

Source: publicly available information, JLL

Note: projects subject to change; pertains to hotels with over 125 rooms

- Austin has become a highly sought-after market from a hotel investment perspective and boast the most valuable hotel sale in the state. The Austin Four Seasons, which sold for $677,000 per room in 2015, highlights a healthy valuation for trophy assets.
- More recently, the Radisson, an upscale select service brand, in a prime location, sold for $315,000 per room with the intention to convert the property to the Line brand as part of a $75 million repositioning effort.
- A notable upscale select service sale was the Residence Inn by UT Austin, which sold for $228,000 per room in 2015.

Austin area hotel transactions since 2015					
Contract Date	Transaction	City	Price	Rooms	Price per Room
May-15	Austin Four Seasons 2015	Austin	$ 197,000,000	291	$ 677,000
May-16	Radisson Hotel & Suites Austin Downtown 2016	Austin	$ 130,000,000	413	$ 315,000
Jun-15	Embassy Suites Austin Central 2015	Austin	$ 52,800,000	260	$ 203,000
Feb-15	Doubletree Austin 2015	Austin	$ 36,500,000	350	$ 104,000
Feb-15	Lakeway Resort & Spa 2015	Austin	$ 33,500,000	174	$ 193,000
Oct-15	Residence Inn Austin University Area 2015	Austin	$ 25,500,000	112	$ 228,000
Sep-15	Holiday Inn Austin Midtown 2015	Austin	$ 17,500,000	189	$ 93,000
Aug-15	Homewood Suites Austin Airport Area South 2015	Austin	$ 14,250,000	96	$ 148,000
Sep-16	Fairfield Inn & Suites Northwest 2016	Austin	$ 12,000,000	84	$ 143,000
Mar-16	TownePlace Suites Austin Northwest 2016	Austin	$ 10,000,000	127	$ 79,000
Jul-15	Hampton Inn & Suites Georgetown/Austin 2016	Georgetown	$ 8,600,000	78	$ 110,000
Nov-15	Hampton Inn & Suites Hutto 2015	Hutto	$ 7,500,000	72	$ 104,000
Feb-16	Holiday Inn Express & Suites Austin NW Hwy 620 & 183 2016	Austin	$ 6,000,000	65	$ 92,000
Jan-16	Comfort Inn Austin Austin 2016	Austin	$ 5,250,000	73	$ 72,000

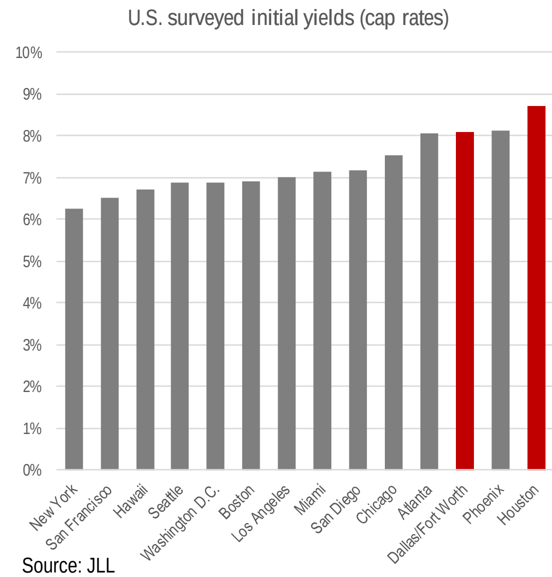
Source: JLL

Note: pertains to single-asset deals over $5 million

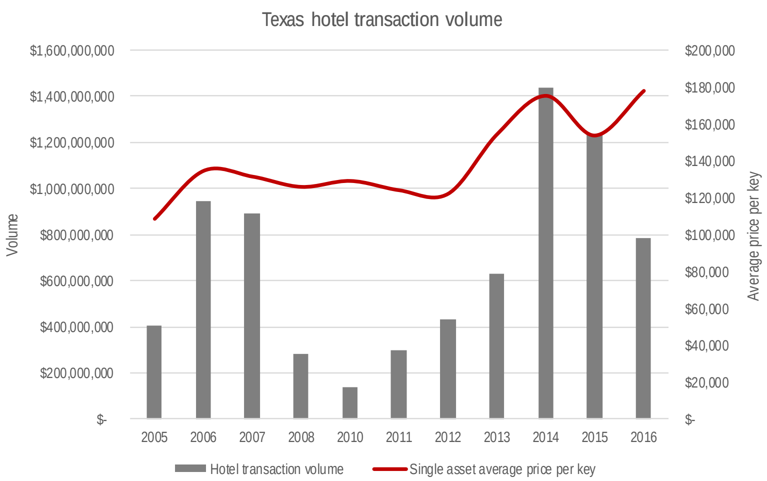
Texas Hotel transaction landscape

- A decline in oil prices has affected Texas in terms of hotel investor perception and investment volume. However, in 2016, the average price per key among hotels sold achieved an increase of approximately 15% compared to the 2015 average.
- The 2016 buyer audience remained generally in line with the year prior. The main exception pertains to real estate investment trust (REIT) transaction activity which was muted in 2016 due to stock market volatility in the first half of the year. Going forward, REITs are expected to become more active.

- JLL conducts an annual hotel investor survey as a gauge of industry sentiment among hotel investors worldwide. Cap rates pertain to the rate of return an entity seeks when acquiring real estate. Moreover, lower cap rates drive higher pricing. Respondents with opinions pertaining to Dallas and Houston, the two Texas markets in the survey, rank average cap rates toward the higher end of the markets surveyed. While the Dallas rank is due more to the fact that it is a smaller market in a survey with core gateway markets, Houston cap rates are the highest in the survey due to the market's weakened hotel landscape.
- Furthermore, per investors' operating performance expectations, the majority of investors expect RevPAR in Houston to decrease in the short- and medium-term timeframes, while the opposite is true of the Dallas market.



Source: JLL
Note: respective geographies are generally representative of MSAs



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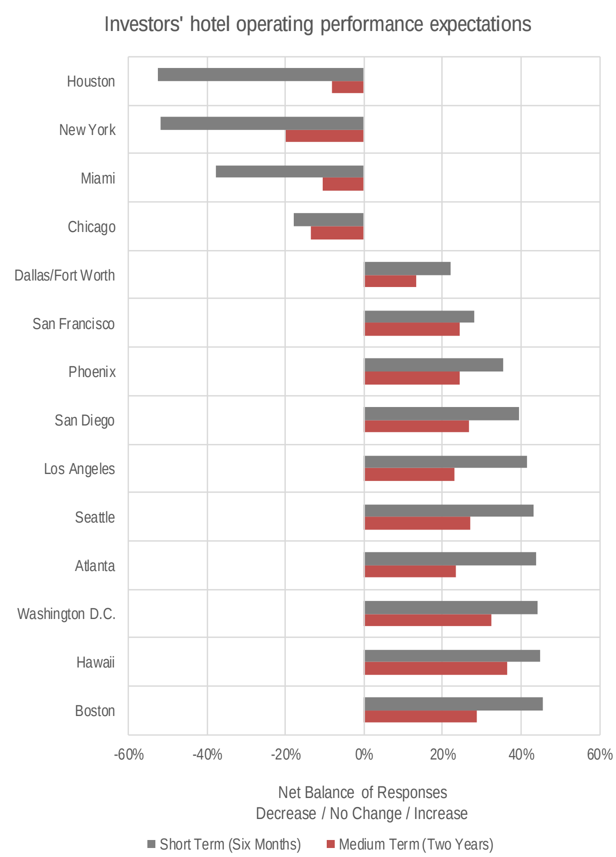
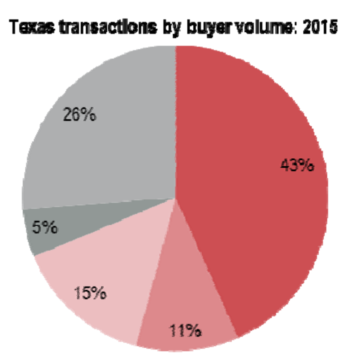
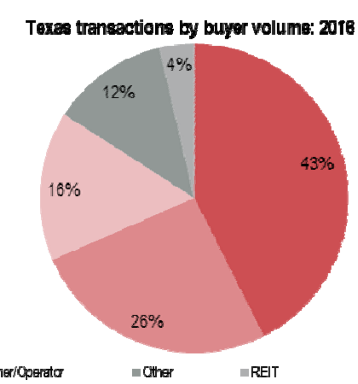






Source: JLL
Note: respective geographies are generally representative of MSAs

Source: JLL

Texas and Texas Metropolitan Statistical Area Lodging performance

Texas hotel lodging performance by MSA - YTD Dec 2016

MSA	Hotels YTD Dec 2015	Hotels YTD Dec 2016	Hotels % chg	Rooms YTD Dec 2015	Rooms YTD Dec 2016	Rooms % chg	Est room nights available (mil) YTD Dec 2015	Est room nights available (mil) YTD Dec 2016	Est room nights available % chg	Est room nights sold (mil) YTD Dec 2015	Est room nights sold (mil) YTD Dec 2016	Est room nights sold % chg	Total room revenue (mil) YTD Dec 2015	Total room revenue (mil) YTD Dec 2016	Total room revenue % chg	Occupancy YTD Dec 2015	Occupancy YTD Dec 2016	Occupancy % chg	ADR YTD Dec 2015	ADR YTD Dec 2016	ADR % chg	RevPAR YTD Dec 2015	RevPAR YTD Dec 2016	RevPAR % change
Abilene, TX	42	44	4.7%	3,391	3,521	3.8%	1,238	1,289	4.1%	720	722	0.2%	$51	$50	-3.0%	58.2%	56.0%	-3.8%	$71.11	$68.84	-3.2%	$41.38	$38.55	-6.8%
Amarillo, TX	61	61	-0.7%	5,624	5,561	-1.1%	2,053	2,035	-0.9%	1,371	1,323	-3.5%	$103	$104	0.7%	66.8%	65.0%	-2.7%	$75.38	$78.70	4.4%	$50.35	$51.15	1.6%
Austin-Round Rock, TX	274	287	4.6%	32,854	34,710	5.6%	11,992	12,704	5.9%	8,838	9,172	3.8%	$1,162	$1,247	7.4%	73.7%	72.2%	-2.0%	$131.42	$135.99	3.5%	$96.86	$98.19	1.4%
Beaumont-Port Arthur, TX	78	76	-2.4%	6,271	6,173	-1.6%	2,289	2,259	-1.3%	1,421	1,356	-4.6%	$91	$88	-2.6%	62.1%	60.0%	-3.4%	$63.70	$65.08	2.2%	$39.56	$39.05	-1.3%
Brownsville-Harlingen, TX	91	92	0.7%	6,950	6,843	-1.5%	2,537	2,505	-1.3%	1,362	1,327	-2.6%	$116	$114	-1.9%	53.7%	53.0%	-1.3%	$85.27	$85.85	0.7%	$45.79	$45.50	-0.6%
College Station-Bryan, TX	55	58	4.4%	4,826	4,999	3.6%	1,761	1,830	3.9%	1,147	1,134	-1.1%	$105	$104	0.0%	65.1%	62.0%	-4.8%	$91.14	$92.09	1.0%	$59.34	$57.10	-3.8%
Corpus Christi, TX	142	142	-0.1%	11,726	11,465	-2.2%	4,280	4,196	-2.0%	2,654	2,518	-5.1%	$228	$217	-4.8%	62.0%	60.0%	-3.2%	$85.84	$86.09	0.3%	$53.22	$51.66	-2.9%
Dallas-Fort Worth-Arlington, TX	919	941	2.3%	114,775	117,295	2.2%	41,893	42,930	2.5%	29,534	30,609	3.6%	$2,739	$2,979	8.8%	70.5%	71.3%	1.1%	$92.75	$97.33	4.9%	$65.39	$69.40	6.1%
El Paso, TX	80	78	-3.2%	9,508	9,320	-2.0%	3,470	3,411	-1.7%	2,318	2,354	1.5%	$170	$181	6.6%	66.8%	69.0%	3.3%	$73.13	$76.81	5.0%	$48.85	$53.00	8.5%
Houston-The Woodlands-Sugar Land, TX	856	898	4.9%	86,429	90,489	4.7%	31,547	33,119	5.0%	21,578	20,666	-4.2%	$2,243	$2,126	-5.2%	68.4%	62.4%	-8.8%	$103.96	$102.87	-1.0%	$71.11	$64.19	-9.7%
Killeen-Temple, TX	78	77	-1.7%	5,565	5,456	-2.0%	2,031	1,997	-1.7%	1,154	1,158	0.4%	$66	$68	2.8%	56.8%	58.0%	2.1%	$57.50	$58.87	2.4%	$32.66	$34.14	4.5%
Laredo, TX	39	39	0.9%	4,049	4,104	1.4%	1,478	1,502	1.6%	958	946	-1.2%	$61	$59	-3.5%	64.8%	63.0%	-2.8%	$63.30	$61.83	-2.3%	$41.02	$38.95	-5.0%
Longview, TX	53	53	-0.2%	3,251	3,358	3.3%	1,187	1,229	3.6%	683	639	-6.5%	$41	$36	-13.8%	57.6%	52.0%	-9.7%	$60.48	$55.74	-7.8%	$34.84	$28.98	-16.8%
Lubbock, TX	56	58	3.0%	5,142	5,320	3.5%	1,877	1,947	3.7%	1,235	1,266	2.5%	$102	$105	3.0%	65.8%	65.0%	-1.2%	$82.19	$82.59	0.5%	$54.08	$53.68	-0.7%
McAllen-Edinburg-Mission, TX	91	92	0.8%	6,756	6,901	2.1%	2,466	2,526	2.4%	1,492	1,440	-3.5%	$117	$111	-5.2%	60.5%	57.0%	-5.8%	$78.51	$77.10	-1.8%	$47.50	$43.94	-7.5%
Midland, TX	49	52	7.5%	4,570	4,889	7.0%	1,668	1,789	7.3%	1,088	913	-16.1%	$115	$85	-26.0%	65.2%	51.0%	-21.8%	$105.66	$93.19	-11.8%	$68.89	$47.52	-31.0%
Odessa, TX	42	45	7.4%	4,095	4,329	5.7%	1,495	1,584	6.0%	898	713	-20.6%	$99	$69	-30.0%	60.1%	45.0%	-25.1%	$110.30	$97.31	-11.8%	$66.29	$43.79	-33.9%
San Angelo, TX	32	33	5.3%	2,613	2,808	7.5%	954	1,028	7.8%	506	452	-10.7%	$36	$30	-16.6%	53.1%	44.0%	-17.1%	$71.86	$67.15	-6.6%	$38.16	$29.55	-22.6%
San Antonio-New Braunfels, TX	404	407	0.7%	47,156	46,597	-1.2%	17,212	17,054	-0.9%	11,067	10,915	-1.4%	$1,146	$1,195	4.2%	64.3%	64.0%	-0.5%	$103.58	$109.49	5.7%	$66.60	$70.07	5.2%
Sherman-Denison, TX	21	20	-3.2%	1,821	1,874	2.9%	665	686	3.2%	367	370	0.9%	$20	$20	1.4%	55.2%	54.0%	-2.2%	$54.06	$54.33	0.5%	$29.84	$29.34	-1.7%
Texarkana, TX-AR	20	20	1.3%	1,739	1,778	2.2%	635	651	2.5%	339	364	7.5%	$21	$23	9.6%	53.4%	56.0%	4.9%	$63.11	$64.38	2.0%	$33.70	$36.05	7.0%
Tyler, TX	44	46	4.0%	3,459	3,656	5.7%	1,263	1,338	6.0%	741	696	-6.1%	$57	$48	-15.7%	58.7%	52.0%	-11.4%	$77.31	$69.40	-10.2%	$45.38	$36.09	-20.5%
Victoria, TX	27	26	-5.0%	1,954	1,887	-3.4%	713	691	-3.2%	389	352	-9.4%	$27	$24	-11.4%	54.5%	51.0%	-6.4%	$69.95	$68.42	-2.2%	$38.13	$34.89	-8.5%
Waco, TX	47	50	7.7%	3,648	4,004	9.7%	1,331	1,465	10.1%	909	1,026	12.8%	$64	$76	19.3%	68.3%	70.0%	2.5%	$70.28	$74.37	5.8%	$48.00	$52.06	8.4%
Wichita Falls, TX	28	28	0.3%	2,248	2,308	2.7%	820	845	2.9%	509	532	4.4%	$29	$31	8.4%	62.1%	63.0%	1.4%	$56.27	$58.40	3.8%	$34.95	$36.79	5.3%
Non-MSA	882	915	3.7%	56,447	58,842	4.2%	20,603	21,536	4.5%	11,311	10,768	-4.8%	$815	$737	-9.5%	54.9%	50.0%	-8.9%	$72.04	$68.49	-4.9%	$39.55	$34.24	-13.4%
State total / average	4,510	4,636	2.8%	436,868	448,486	2.7%	159,457	164,146	2.9%	104,591	103,731	-0.8%	$9,824	$9,929	1.1%	65.6%	63.2%	-3.7%	$93.93	$95.72	1.9%	$61.61	$60.49	-1.8%

Source: JLL, texas.gov

Texas hotel lodging performance by level of positioning - YTD Dec 2016

Positioning	Hotels YTD Dec 2015	Hotels YTD Dec 2016	Hotels % chg	Rooms YTD Dec 2015	Rooms YTD Dec 2016	Rooms % chg	Est room nights available (mil) YTD Dec 2015	Est room nights available (mil) YTD Dec 2016	Est room nights available % chg	Est room nights sold (mil) YTD Dec 2015	Est room nights sold (mil) YTD Dec 2016	Est room nights sold % chg	Total room revenue (mil) YTD Dec 2015	Total room revenue (mil) YTD Dec 2016	Total room revenue % chg	Occupancy YTD Dec 2015	Occupancy YTD Dec 2016	Occupancy % chg	ADR YTD Dec 2015	ADR YTD Dec 2016	ADR % chg	RevPAR YTD Dec 2015	RevPAR YTD Dec 2016	RevPAR % change
Luxury	52	54	3.5%	13,266	13,676	3.1%	4,842	5,006	3.4%	3,268	3,364	2.9%	$774	$835	7.9%	67.5%	67.2%	-0.4%	$236.80	$248.19	4.8%	$159.84	$166.78	4.3%
Full Service	228	225	-1.4%	67,044	65,511	-2.3%	24,471	23,977	-2.0%	17,130	17,024	-0.6%	$2,554	$2,629	2.9%	70.0%	71.0%	1.4%	$149.09	$154.44	3.6%	$104.37	$109.65	5.1%
Upscale Select Service	505	539	6.9%	63,272	67,565	6.8%	23,094	24,729	7.1%	16,397	17,063	4.1%	$1,886	$1,938	2.7%	71.0%	69.0%	-2.8%	$115.05	$113.56	-1.3%	$81.68	$78.35	-4.1%
Midscale Select Service	1,515	1,580	4.2%	133,424	139,773	4.8%	48,700	51,157	5.0%	31,168	31,717	1.8%	$2,796	$2,794	-0.1%	64.0%	62.0%	-3.1%	$89.70	$88.09	-1.8%	$57.41	$54.62	-4.9%
Economy Select Service	1,756	1,774	1.0%	126,431	127,421	0.8%	46,147	46,636	1.1%	27,688	27,049	-2.3%	$1,332	$1,285	-3.5%	60.0%	58.0%	-3.3%	$48.09	$47.51	-1.2%	$28.86	$27.56	-4.5%
Unidentified	454	464	2.3%	33,431	34,540	3.3%	12,202	12,642	3.6%	8,940	7,515	-15.9%	$483	$448	-7.1%	73.3%	59.4%	-18.9%	$53.98	$59.66	10.5%	$39.55	$35.47	-10.3%
State Average	4,510	4,636	2.8%	436,868	448,486	2.7%	159,457	164,146	2.9%	104,591	103,731	-0.8%	$9,824	$9,929	1.1%	65.6%	63.2%	-3.7%	$93.93	$95.72	1.9%	$61.61	$60.49	-1.8%

Source: JLL, texas.gov

Texas room inventory by MSA

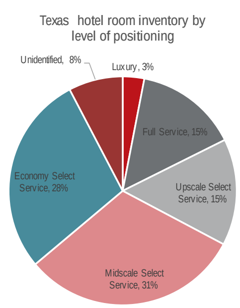
MSA	Hotels	Hotels % of total	Rooms	Rooms % of total
Dallas-Fort Worth-Arlington, TX	941	20.3%	117,295	26.2%
Houston-The Woodlands-Sugar Land, TX	898	19.4%	90,489	20.2%
San Antonio-New Braunfels, TX	407	8.8%	46,597	10.4%
Austin-Round Rock, TX	287	6.2%	34,710	7.7%
Corpus Christi, TX	142	3.1%	11,465	2.6%
El Paso, TX	78	1.7%	9,320	2.1%
Brownsville-Harlingen, TX	92	2.0%	6,843	1.5%
McAllen-Edinburg-Mission, TX	92	2.0%	6,901	1.5%
Beaumont-Port Arthur, TX	76	1.6%	6,173	1.4%
Amarillo, TX	61	1.3%	5,561	1.2%
Killeen-Temple, TX	77	1.7%	5,456	1.2%
Lubbock, TX	58	1.2%	5,320	1.2%
College Station-Bryan, TX	58	1.2%	4,999	1.1%
Midland, TX	52	1.1%	4,889	1.1%
Odessa, TX	45	1.0%	4,329	1.0%
Laredo, TX	39	0.8%	4,104	0.9%
Waco, TX	50	1.1%	4,004	0.9%
Tyler, TX	46	1.0%	3,656	0.8%
Abilene, TX	44	1.0%	3,521	0.8%
Longview, TX	53	1.1%	3,358	0.7%
San Angelo, TX	33	0.7%	2,808	0.6%
Wichita Falls, TX	28	0.6%	2,308	0.5%
Victoria, TX	26	0.6%	1,887	0.4%
Sherman-Denison, TX	20	0.4%	1,874	0.4%
Texarkana, TX-AR	20	0.4%	1,778	0.4%
Non-MSA	915	19.7%	58,842	13.1%
State total / average	4,636	100.0%	448,487	100.0%

Source: JLL, texas.gov

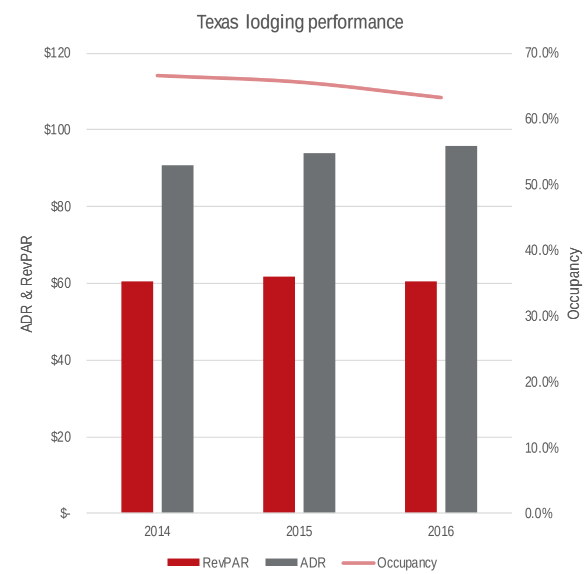
Texas hotel room inventory by level of positioning

Positioning	Hotels	Hotels % of total	Rooms	Rooms % of total
Luxury	54	1%	13,676	3%
Full Service	225	5%	65,511	15%
Upscale Select Service	539	12%	67,565	15%
Midscale Select Service	1,580	34%	139,773	31%
Economy Select Service	1,774	38%	127,421	28%
Unidentified	464	10%	34,540	8%
Total	4,636	100%	448,486	100%

Source: JLL, texas.gov



Source: JLL, texas.gov



Source: JLL, texas.gov

Appendix

Definitions

The following terms are used throughout this report. These common hospitality industry terms are defined below:

- Room nights available = the number of hotel rooms available X the number of nights during the time period analyzed.
- Room nights sold = the number of room nights rented.
- Occupancy = room nights sold / room nights available
- Total rooms revenue = the amount of money hotels earn by renting out their dwellings. This pertains to rooms revenue only as defined by the *Uniform System of Accounts for the Lodging Industry Eleventh Revised Edition* and therefore excludes other revenues earned by a hotel such as food and beverage revenue. Total rooms revenue figures are reported by the Texas Comptroller on a monthly basis.
- Revenue Per Available Room (RevPAR) = rooms revenue / room nights available
- Average Daily Rate (ADR) = Revenue Per Available Room / Occupancy
- MSA = Metropolitan Statistical Area

Data Sources and Methodology

- The research approach used to analyze information utilized in this report was created by JLL.
- Throughout the analysis, JLL leveraged the Texas Comptroller's data to quantify RevPAR figures. This data is publicly available.
- The cities, counties and Texas travel regions making up the MSAs were provided by the Texas Tourism Office of the Governor Economic Development and Tourism and the publicly available Texas Comptroller database. The Texas Metropolitan Statistical Areas utilized in JLL's report are defined by the U.S. Census Bureau.
- JLL modified select outliers in the Texas Comptroller data, particularly with respect to hotel room counts that were deemed inaccurate.
- Supply and supply growth figures, pertaining to both hotels and rooms, are based on the number of hotels and rooms in the comptroller database.
- RevPAR figures are calculations based on room count and room revenue figures reported by the Texas Comptroller data, and an assumed annual operating period of 365 days per year—366 days in leap years. Given that some hotels, or rooms within hotels, may be closed for one or more days in a given year, for instance if undergoing a renovation, JLL notes that room nights available are estimates.
- JLL estimated occupancy rates and average daily rates by using the calculated RevPAR figures. The estimated occupancy rate was used to project room nights sold. These estimates are based on JLL's experience in the market, current and/or recent hotel advisory projects and assignments where JLL has performance figures on individual hotels and/or submarkets, discussions with hotel operators, owners and investors, JLL's ongoing collaboration with a number of convention and visitors bureaus in the state of Texas, and overall knowledge of trends with regards to the various market areas, geographies and hotel types.
- JLL takes reasonable efforts to validate but makes no warranties about the accuracy of the data provided by the Texas Comptroller's and disclaims any liability in connection with the use of the data or any reliance on the data for any purpose. The results of this analysis are to be relied upon at the discretion of the user.
- Economic and enplanement figures shown in the market write-up sections were gathered by JLL and sourced accordingly. However, JLL understands that these data are available from a number of different sources, and therefore does not have the intention of serving as the primary source for this information.
- Given the increasing prevalence of shared accommodations in which residents make available their dwellings for short term rentals, room revenues for shared accommodations, which are subject to hotel occupancy taxes, are reported by the Texas Comptroller. While such properties are a valid source of accommodations in the market, they do not reflect broader performance of the hotel sector given that, unlike traditional hotels, the supply of shared accommodations can fluctuate based on when the host decides to rent his or her respective space(s). In order to hone in on the performance of traditional hotels in Texas, throughout the analysis, JLL aggregates the performance among hotels with 30 or more rooms. Doing so accounts for approximately 95% of both units and revenues, reported in the texas.gov data. This room count minimum also generally excludes campsites and recreational vehicle parks from the analysis, which are likewise deemed by JLL to not be representative of traditional hotels' performance.
- Below are examples of hotel brands represented in the positioning of hotels utilized by JLL:
  - Luxury: Four Seasons, Ritz-Carlton, JW Marriott, unbranded hotels of comparable positioning
  - Full Service: Hyatt, Marriott, Hilton, unbranded hotels of comparable positioning
  - Upscale Select Service: Courtyard by Marriott, aloft, Hilton Garden Inn, unbranded hotels of comparable positioning
  - Midscale Select Service: Comfort Inn, Holiday Inn Express, Fairfield Inn, unbranded hotels of comparable positioning
  - Economy Select Service: Extended Stay America, Motel 6, America's Best Value Inn, unbranded hotels of comparable positioning
- If there are any questions about the methodology or data, or if there is additional information available that was not considered in this report, please direct inquiries to the JLL contacts listed on the final page of this report.

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