

Investors Confident in Mid Atlantic Region Amid Occupancy Improvement

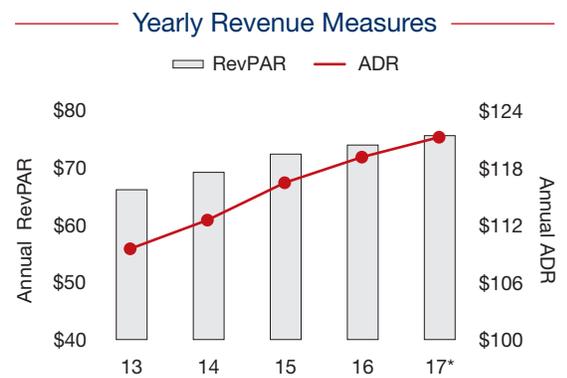
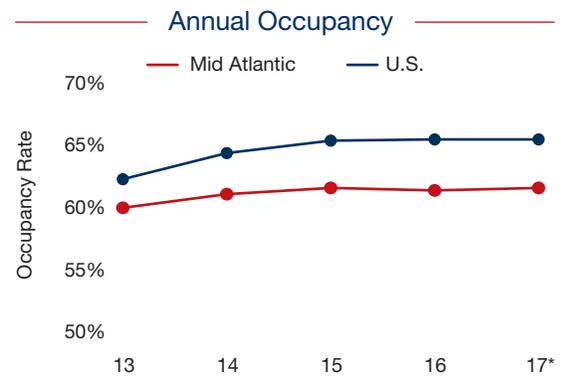
Strong regional occupancy performance. Healthy room demand in the Mid Atlantic region, which comprises of Delaware, New Jersey and Pennsylvania, drove occupancy improvement and healthy RevPAR growth during the year ending in June. One of the major markets in the region, Philadelphia, registered lower occupancy year over as other larger East Coast markets lured travelers. Despite the de-

cline, Pennsylvania's occupancy registered a respectable increase signaling a demand shift to hotels outside the major market. Hotels in New Jersey and Delaware benefit from their coastal locations, attracting vacationers from nearby major metros. Both states posted increases in occupancy and revenue metrics.

Deal flow rises. Improving performance

metrics in the Mid Atlantic region have driven sales velocity and increased the average price per room as bidding intensifies. Demand for select-service properties heightened during the previous 12 month period and more independent hotels changed hands during time, showcasing investors widening their buying parameters. This includes several independent coastal hotels that traded in New Jersey.

- All states drive occupancy increase.** Following a 140 basis point decline the previous annual period, occupancy in the Mid Atlantic region jumped 100 basis points during the last 12 months ending in the second quarter to 71.7 percent. Rooms available in the region rose 2.2 percent during this time as room nights outpaced supply with a 3.7 percent increase. Each state posted occupancy improvements during the last four quarters with Delaware leading the way. In Delaware, occupancy surged 2.1 percent to 71.2 percent as room nights climbed 3.9 percent. New Jersey registered the highest occupancy in June of 2017 at 73.1 percent, a 90 basis point increase year over year. In Pennsylvania, occupancy rose 100 basis points to 70.9 percent despite a 140 basis point decrease in the rate in Philadelphia.
- South Carolina outperforms.** The average daily rate in the region rose marginally during the last 12 month period to \$127.51. Rising occupancy coupled with a minimal increase in ADR pushed RevPAR up 3.2 percent to \$91.49 after a decrease of 1.4 percent was recorded the prior year. Delaware's revenue metrics outperformed the region with ADR and RevPAR rising 5.9 percent and 9.1 percent respectively. Pennsylvania posted the only losses in the region. ADR in the state fell 1.8 percent to \$124.44 while RevPAR declined 0.8 percent year over year to \$88.19. Revenue metrics in New Jersey continued to improve, albeit at a slower pace than last year. ADR in the state rose 1.6 percent and RevPAR climbed 2.8 percent since last June.
- Hotel demand flourishes.** Transaction velocity in the Mid Atlantic region jumped 13 percent during the last four quarters ending in June with the bulk of all transactions occurring in Philadelphia. Sales in New Jersey held relatively steady year over year with limited listings fueling competition for available assets and lifting the average price up 26 percent to roughly \$100,000 per key. Regionally, the average price per room averaged \$85,500, up 12 percent year over year.



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