

Investors Eye Hotels in Northeast Region Amid Stable Performance

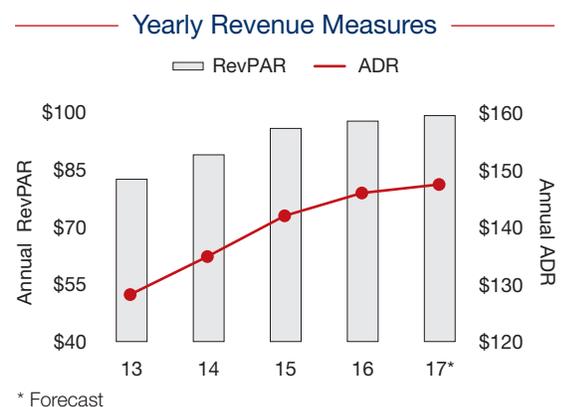
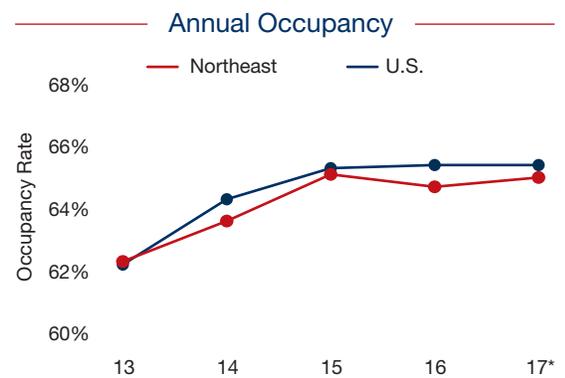
Occupancy rises. Healthy room demand in the Northeast region, which comprises Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, has raised occupancy and fostered advances in revenue metrics during the last 12 months. In particular, increased tourism marketing in Connecticut bolstered occupancy improvement and generated RevPAR gains. In Massachusetts, occupancy rose statewide year

over year in June despite softening in the Boston metro as supply additions weighed on room demand. During the last 12 months, 13 hotels were placed into service and an additional 21 are under construction. The large pipeline may further hamper occupancy improvement moving into 2018.

Healthy performance drives buyer demand. Demand for regional hotel properties

heightened during the previous four quarters ending in June as more limited-service hotels changed hands. Roughly half of all transactions were of assets with less than 100 rooms and in the \$1 million to \$10 million price tranche. Demand for independent properties held steady, with hotels changing hands in many of the region's smaller markets.

- Occupancy climbs in the Northeast region.** Room nights of 2.4 percent during the last 12 months outpaced rooms available of 1.8 percent, lifting regional occupancy 40 basis points since last June to 74.6 percent. Connecticut led the region with occupancy climbing 180 basis points to 70.8 percent. Room nights in the state jumped 4.2 percent year over year. Occupancy in New Hampshire also registered a healthy increase. The rate rose 110 basis points during the last four quarters to 70.2 percent as rooms sold rose 2.3 percent. Maine and Rhode Island each registered declining occupancy rates in June. In Maine, occupancy plummeted 260 basis points to 64.9 percent, the lowest rate among the six states. Rhode Island posted a 180-basis-point decline to 79 percent. Despite the drop, Rhode Island maintained the highest occupancy regionally.
- Revenue metrics moderate.** Improving regional occupancy drove increases in revenue metrics during the last four quarters, though at a slower pace than last year. ADR rose 1.6 percent to \$164.44, building on last year's 3.7 percent increase. Rising occupancy coupled with an uptick in ADR edged RevPAR up 2.1 percent during this time to \$124.19. Healthy occupancy growth in New Hampshire garnered a 3.6 percent increase in the average daily rate to \$139.59. RevPAR in the state climbed 5.3 percent, the largest increase regionally. ADR in Maine moved up 4.2 percent during the last 12-month period to \$129.67. Declining occupancy in the state, however, limited RevPAR improvement. Vermont also registered strengthening revenue metrics. ADR and RevPAR rose 4.1 percent and 4.9 percent, respectively.
- Bidding heats up for region's hotels.** Transaction velocity in the Northeast region jumped 24 percent during the year ending in the second quarter. Combined sales in the states of Massachusetts and Maine comprised more than half of all trades. Hotel properties in Massachusetts priced around \$157,000 per room on average with assets in Boston fetching around \$206,000 per key.



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