



Georgia Hotel 23Q2

Key Takeaways

- Leisure destination travel is tapering off as corporate and group travel climb in 2023
- As debt matures and interest rates are double what they were just a few years ago, owners face a tough decision to refinance, sell, or give back to the lender
- Georgia's hotels have had consistent financial performance due to its diverse demand drivers and mix of leisure and corporate travelers



More Headwinds as Loans Mature, Georgia Hotel RevPAR Steady

A strong mix of corporate and leisure demand are contributing to Georgia's steady hotel performance. Georgia hotel RevPAR increased 1.7% year-over-year and occupancy decreased 1.3% over the same period. Corporate demand continues to grow, as Atlanta attracts both regional and international audiences, and leisure demand has outperformed destination markets that have experienced a slowdown. Economic headwinds have slowed new supply considerably. There was 50% less new supply added in Q2 when compared to the same period a year ago. Projects already underway are faced with the burden of high costs and interest rates, factors that will continue to impact the rate of new hotel development in the latter half of the year.

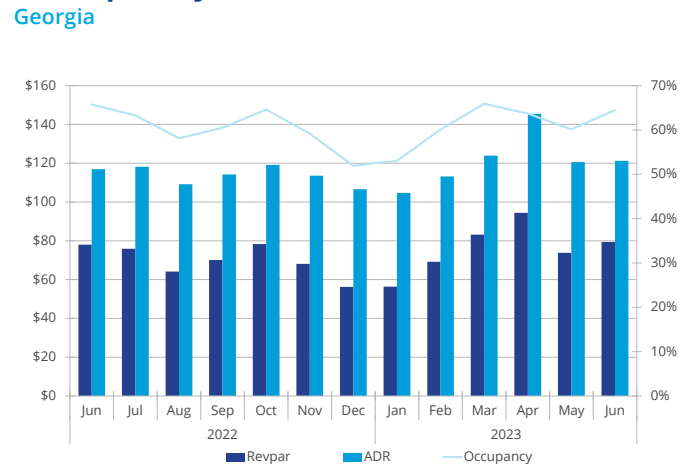
Georgia Market Indicators



Historic Comparison

	22Q2	23Q1	23Q2
Total Inventory (in Number of Rooms)	202.9K	204.5K	205.0K
New Supply (in Number of Rooms)	680	644	321
Under Construction (in Number of Rooms)	6,220	6,570	6,782
Overall Occupancy	65.8%	65.9%	64.5%
Average Daily Rate	\$116.94	\$123.91	\$121.26
Revenue per Available Room	\$78.03	\$83.22	\$79.38

Occupancy vs. ADR vs. RevPar Georgia



Source: CoStar/Smith Travel Report

Recent Sales



The Grant Building
Downtown Atlanta
10 Stories | 125,395 SF
Redevelopment Project



Hilton Garden Inn
Savannah Midtown
\$17.5M | \$132.6K/rm
120 Rooms



Hampton Inn & Suites
Savannah Midtown
\$20.0M | \$166.7K/rm
132 Rooms



Barnsley Resort
Northwest Atlanta
\$26.0M | \$185.7K/rm
140 Rooms



Courtyard - Kennesaw
Northwest Atlanta
\$19.0M | \$189.5K/rm
100 Rooms

Atlanta

The Atlanta hotel market is seeing stabilization with no change in RevPAR year-over-year. ADR (average daily rate) increased 3.3%, while occupancy decreased 3.2% year-over-year. The Sheraton Downtown along with the dual-branded Crowne Plaza and StayBridge Suites are the first of what might be many foreclosures in Atlanta. The 237-room W Hotel Downtown Atlanta, along with 18 other hotels nationwide, may be given back to the lender by its ownership group as the costs of renovations and extensions on their debt would outweigh the debt balances in today's market. This may be a preview of what we can expect as loans mature and costs to renew are higher than a few years ago. Meanwhile, one of Atlanta's largest hotels is set to open in 2024, the Signia by Hilton Hotel Downtown Atlanta, with 976 rooms and more than 100,000 square feet of meeting and event space.

Savannah

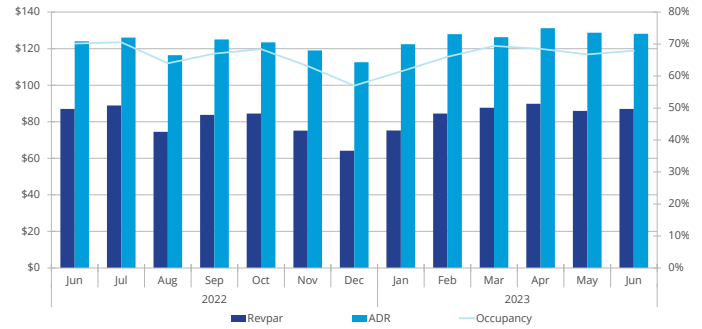
Savannah continues to perform well through Q2 of 2023. Although there was a slight occupancy and ADR dip in May, June occupancy increased causing an approximate \$9 increase in RevPAR. The market is continuing to recover in the group segment with supply growth projected to match the increase in demand. There are 920 rooms under construction in Savannah consisting of 5% of the total existing supply. About 35% of the rooms under construction are scheduled to open in 2023. Sales activity in the market has slowed this year following the two busiest transaction years in history. The seven trades from January through June of 2023 consisted of limited-service and select-service assets.

Augusta

Strong summer demand and the largest turnout in Masters Tournament history signal a return to normalcy in Augusta, contributing to a 2.9% annual increase in RevPAR. However, rising concerns of local ordinances and increased homelessness in the city has also led to a dramatic decrease in occupancy with many returning patrons fearing for their safety. There are currently 3 under construction projects in the market consisting of 240 rooms. Although trailing 12-month occupancy is down for the market, a 7.6% increase in ADR contributed to RevPAR growth. There have been 14 hotel transactions in the past twelve months with the majority being economy or midscale assets.

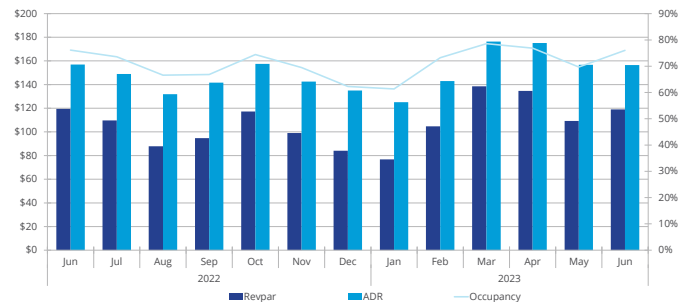
Occupancy vs. ADR vs. RevPar

Atlanta



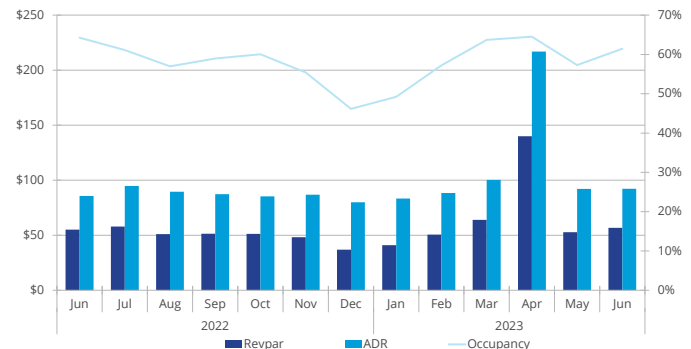
Occupancy vs. ADR vs. RevPar

Savannah



Occupancy vs. ADR vs. RevPar

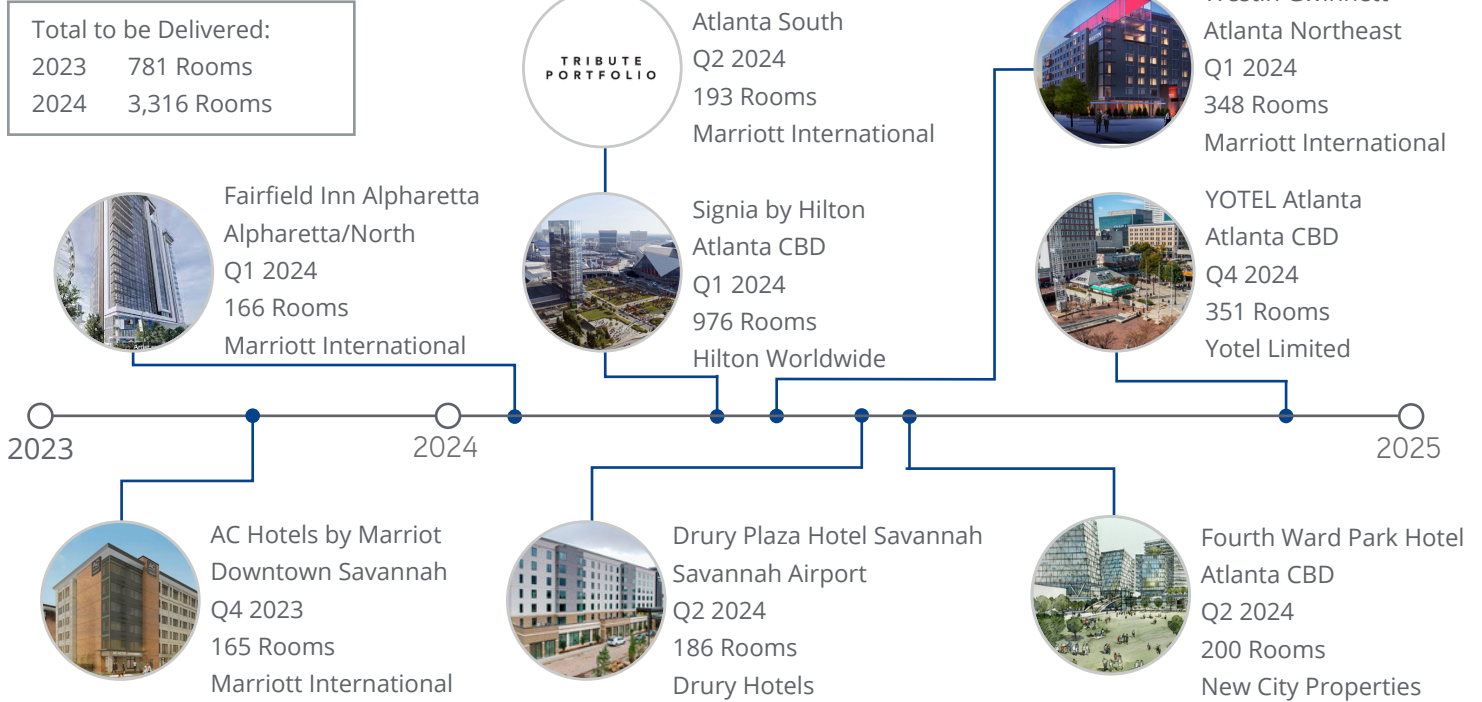
Augusta



Source: CoStar/Smith Travel Report

Development Pipeline

Georgia Hotel Construction



Notable Team Transactions



The Grant Building - Atlanta

The Grant Building, a historic 10-story structure, renowned as the second oldest steel-frame building in Atlanta, sold with our Colliers Hotels team. The property, constructed in 1898, spans an expansive 125,000 square feet and boasts a mixed-use configuration. Located in the heart of Downtown Atlanta and surrounded by Georgia State University's campus, the Grant Building is slated for redevelopment into a mix of microunit Multifamily, Office, and Retail.

501 offices in 66 countries on 6 continents



\$4.5B
in revenue



2B
square feet under management



18,000 +
professionals and staff

About Zaver Hotels Team

The Zaver Hotels Team of Colliers International spans several offices in the southeast and covers the region east of the Mississippi River. Our team has sold a large range of hotel assets including full and select service, limited, and extended-stay products. We have over 45 years of combined experience to help with our clients' goals for the future. The Team is experienced in Franchise Negotiations, Financing, Re-Branding, and Marketing from start-up properties as well as turn-around investments. Our clients include large private and public REITS, Management Companies, Lenders and Servicers as well as Owner/Operators of hotel properties throughout the United States.

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 66 countries, our 18,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 28 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of approximately 20% for shareholders. With annual revenues of \$4.5 billion and \$98 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people. Learn more at corporate.colliers.com, Twitter @Colliers or LinkedIn.

Market Contacts:

Helen Zaver, CHA, CHO
Senior Vice President
Colliers Hospitality
Zaver Hotels Team | Atlanta
+1 404 877 9207
helen.zaver@colliers.com

Vik Zaver
Assistant Vice President
Colliers Hospitality
Zaver Hotels Team | Atlanta
+1 404 877 9208
vik.zaver@colliers.com

Dylan Patel
Senior Associate
Colliers Hospitality
Zaver Hotels Team | Atlanta
+1 404 877 9211
dylan.patel@colliers.com

Research:

Jonathan Koes
Research Manager
Atlanta
+1 404 574 1068
jonathan.koes@colliers.com



1230 Peachtree Stree NE, Suite 800
Atlanta, GA 30309-3574
+1 404 888 9000
colliers.com/atlanta

