

San Francisco Travel Association

Selling in a Seller's Market

DMO Perspective

May 21, 2014

Agenda

Discussion Themes

1. Meetings Are Important
2. Market Meetings Pace
3. Occupancy & Rate
4. Booking Windows & Demand Drivers

Meetings Are Important



Meetings Are Important

Economic Significance of Meetings to the U.S. Economy

Source: PricewaterhouseCoopers LLP
"The Economic Significance of Meetings to the US Economy" – Interim Update for 2012 –
Convention Industry Council

- 1.8 million meetings
- 225 million participants
- \$280 billion in total direct spending; \$770 billion total economic contributions
- \$150 billion on meeting planning & production
- \$130 billion on Travel & Tourism commodities
- 50% Corporate/Business
- 27% Conventions/Conferences
- 23% Trade Shows & other
- Positive Impacts: Contributions to GDP, employment, labor income and taxes

Meetings Are Important

Economic Significance of Meetings to the San Francisco Economy

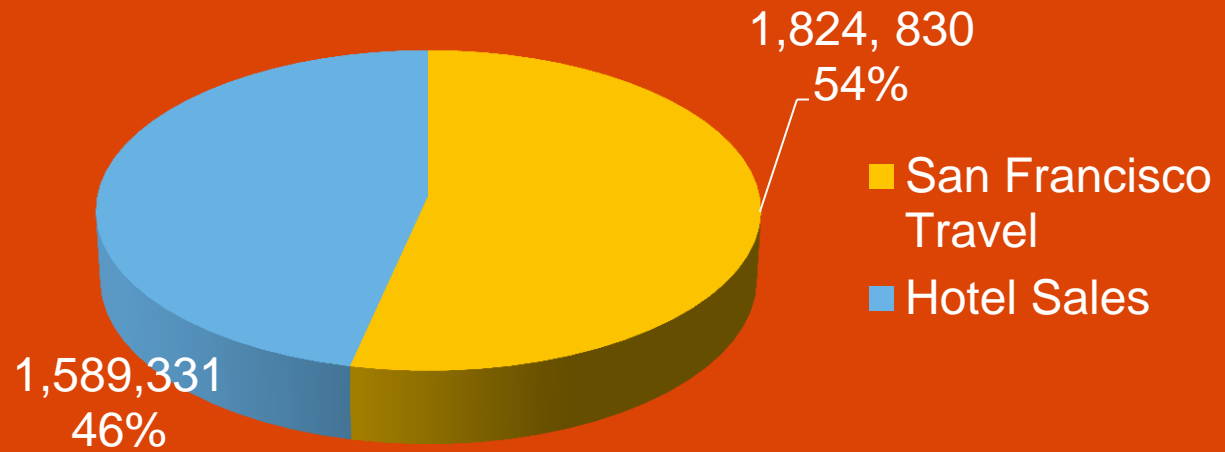
Source: San Francisco Travel Association

- 2,415 meetings (that we know of)
- 2.9 million participants
- \$1.2 billion in total direct spend
- 52% Association
- 46% Corporate
- 2% Trade Shows & other
- 15% Health & Medical
- 23% High Tech, Computer, Electric
- 12% Trade Shows, Expositions
- Positive Impacts: Contributions to GDP, employment, labor income and taxes

SF Travel Association's Market Share

RNs generated by San Francisco Travel Association and by in-house hotel sales

- 2013: 3.4 M combined group/airline RNs in San Francisco
- San Francisco Travel Association contributed up to 54%

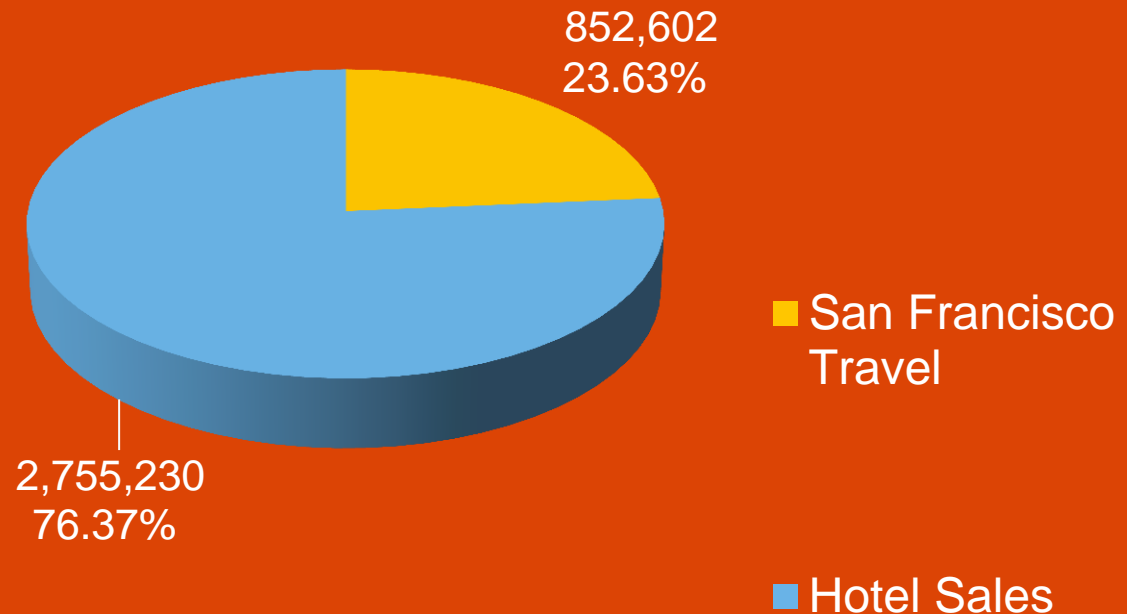


San Francisco Citywide Group Market Share

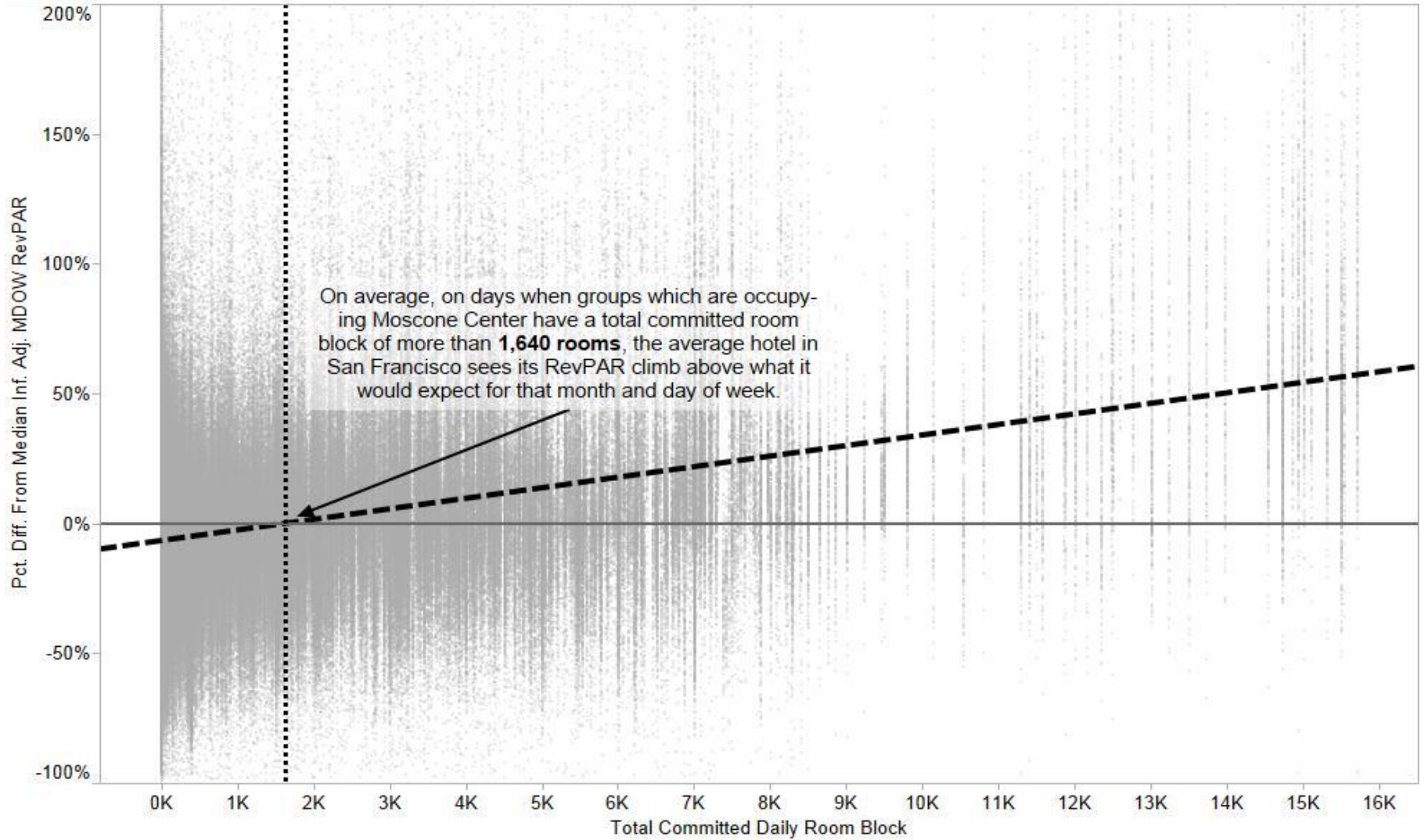
RNs generated by Moscone Center and by in-house hotel sales

- In 2013: 2.7M group RNs in San Francisco

Citywide Group Contributions



San Francisco Market Area Hotels
Percentage Difference From Monthly Day-of-Week Median RevPAR
By Total Daily Committed Room Block Associated with Groups Booked at Moscone



Compression Study – Bottom Line

Impact on hotels regardless of whether or not they contracted a block.

Conventions help ALL the hotels in the San Francisco Market

- Hotels in all zones feel compression when a group using Moscone has between 1,380 committed rooms and 2,350 committed rooms
- Groups using more than 6,000 rooms drive significantly large RevPAR gains for hotels in all regions of the city – from 10% gains to nearly 150% gains over what would be expected for that day and month
- Groups which can be classified as “Scientific, Engineering, Technical, Computer,” or “Trade Shows & Expositions / Show Producers” generally show the most rapid increases in RevPAR as their size increases.
- On average, an additional 500 in these room blocks moves RevPAR 4.4% from median MDOW RevPAR for hotels in TID Zone 1

North America Meetings Market



Current Trends

- Booking cycle is drastically more short-term than before 2008
- BUT: Total numbers of rooms contracted for future years is 7% higher than 2007
- Short-term group commitments very strong
- North American market pace is at 90% for 2015 and close to 90% for 2016
- 2017 and 2018 are now back over 80% after dipping below 80% for most of 2018
- Up cycle means DRMs, DOSMs and chains are aggressive on room allotments and pricing
- Mid-West is pacing ahead of East AND West Coast
- During the downturn the West Coast was definitely the pace leader

North America Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections,
December 2013

Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	27.5 M	23.1 M	16.6M	12.9M	9.7 M	7.4 M
Pace Target	26.7 M	22.9 M	18.3 M	14.9 M	11.7 M	9.1 M
Pace %	104%	101%	91%	87%	83%	81%
Benchmark	26.8 M	26.8 M	26.8 M	26.8 M	26.8 M	26.8 M
Demand	101 M	90.3 M	74 M	54 M	37.1 M	32.2M
Lost	73.4 M	67.1 M	57.4 M	41 M	27.3 M	24.7 M
Conversion	27%	26%	22%	24%	26%	23%

Mid-West Region Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections,
December 2013

Central Region:

- Arlington
- Austin
- Chicago
- Dallas
- Des Moines
- Fort Worth
- Houston
- Kansas City
- Little Rock
- Madison
- Memphis
- Milwaukee
- Minneapolis
- Nashville
- New Orleans
- Oklahoma City
- Omaha
- Overland Park
- San Antonio
- St. Louis



Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	8.6 M	7.4 M	4.9 M	3.8 M	2.9 M	2.4 M
Pace Target	8.0 M	7.0 M	5.5 M	4.5 M	3.5 M	2.6 M
Pace %	107%	105%	89%	84%	85%	94%
Benchmark	8 M	8 M	8 M	8 M	8 M	8 M
Demand	29.7 M	26.4 M	21 M	14.8 M	9.8 M	7.3 M
Lost	21 M	18.9 M	15.9 M	11 M	6.8 M	4.8 M
Conversion	29%	28%	24%	26%	30%	34%

Eastern Region Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections, December 2013

- Atlanta
- Baltimore
- Birmingham
- Charlotte
- Chattanooga
- Cincinnati
- Cleveland
- Detroit
- Fort Lauderdale
- Grand Rapids
- Indianapolis
- Jacksonville
- Lexington
- Louisville
- Northern Kentucky
- Orlando
- Ottawa
- Philadelphia
- Pittsburgh
- Quebec C ity
- Providence
- Puerto Rico
- Richmond
- Tampa
- Toronto
- Virginia Beach
- Washington DC



Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	11.9 M	10.1 M	7.4 M	5.6.M	4.2 M	3.1 M
Pace Target	11.9 M	10.1 M	7.9 M	6.3 M	4.8 M	3.6 M
Pace %	100%	101%	94%	88%	87%	84%
Benchmark	11.9 M	11.9 M	11.9 M	11.9 M	11.9 M	11.9 M
Demand	44.6 M	41 M	34 M	25.2 M	17.4 M	16.4 M
Lost	32.6 M	30.1 M	26.5 M	19.6 M	13.1 M	13.4 M
Conversion	27%	25%	22%	22%	24%	19%

West Region Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections, December 2013

Western Zone

- Albuquerque
- Anaheim
- Calgary
- Denver
- Hawaii
- Los Angeles
- Palm Springs
- Phoenix
- Portland
- Sacramento
- San Diego
- San Francisco
- San Jose
- Seattle
- Spokane
- Vancouver

Central Zone

Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	6.8 M	5.6 M	4.3 M	3.5 M	2.5 M	1.8 M
Pace Target	6.7 M	5.8 M	4.8 M	4.1 M	3.4 M	2.8 M
Pace %	102%	96%	88%	87%	74%	65%
Benchmark	6.7 M	6.7 M	6.7 M	6.7 M	6.7 M	6.7 M
Demand	26.6 M	23 M	19.1 M	13.9 M	9.9 M	8.5 M
Lost	19.7 M	17.3 M	14.8 M	10.4 M	7.4 M	6.6 M
Conversion	26%	25%	22%	25%	26%	22%

San Francisco Room Night Pace



San Francisco Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections, April 2014

Moscone RN's

Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	934 k	1 M	839 K	888 K	779 K	777 K
Pace Target	887 K	888 K	854 K	812 K	758 K	699 K
Pace %	105%	114%	98%	109%	103%	111%
Benchmark	893 K	893 K	893 K	893 K	893 K	893 K
Demand	3.3 M	3.4 M	3.1 M	2.5 M	2.1M	1.8 M
Lost	2.4 M	2.5 M	2.2 M	1.7 M	1.3 M	1.1 M
Conversion	28%	25%	29%	31%	37%	40%

San Francisco Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections, April 2014

Self-Contained

Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	976 K	612 K	267 K	155 K	92 K	53 K
Pace Target	806 K	595 K	285 K	197 K	142 K	104 K
Pace %	121%	103%	94%	79%	65%	51%
Benchmark	806 K	818 K	818 K	818 K	818 K	818 K
Demand	2 M	1.7 M	967 K	504 K	325 K	193 K
Lost	1.05 M	1.1 M	700 K	348 K	232 K	140 K
Conversion	48%	36%	28%	31%	298%	27%

San Francisco Meetings Market

DMO Perspective

Source: Trends, Analysis & Projections, April 2014

Combined Total RNs
(Moscone & Self-Contained)

Room Nights	2013	2014	2015	2016	2017	2018
Def. RNs	1.9 M	1.6 M	1.1 M	1.05 M	872 K	830 K
Pace Target	1.6 M	1.5 M	1.3 M	1.2 M	1.1 M	969 K
Pace %	113%	106%	86%	89%	81%	86%
Benchmark	1.6 M	1.7 M	1.7 M	1.7 M	1.7 M	1.7 M
Demand	5.4 M	5.2 M	4.4 M	3.6 M	2.8 M	2.3M
Lost	3.4 M	3.6 M	3.3 M	2.5 M	1.9 M	1.4 M
Conversion	36%	31%	25%	29%	31%	36%

Top 25 US Markets: Occupancy, ADR & RevPAR



2013 Performance in Top 25 Markets

U.S. Hotel Industry

62.3% Occupancy
\$110 ADR
\$69 RevPAR

Source: STR Monthly Hotel Review; December 2013



Market	Occupancy %	ADR \$	RevPAR \$
New York	84.6	259	219
Oahu Island	83.7	209	175
San Francisco/San Mateo	83.0	188	156
Miami	78.0	177	138
Los Angeles	76.8	137	105
Anaheim	74.9	127	95
Boston	73.2	164	120
Seattle	72.9	126	120
San Diego	71.6	136	97
Orlando	71.0	102	72

San Francisco Market: Occupancy & ADR



Occupancy and Average Rate

PKF Consulting

<u>Year</u>	<u>Occ</u>	<u>% Chg</u>	<u>ADR</u>	<u>% Chg</u>	<u>RevPar</u>	<u>% Chg</u>
2011	79.0%	+5.1%	\$154.82	+13.8%	\$122.25	+19.6%
2012	80.3%	+1.7%	\$171.62	+10.9%	\$137.84	+12.8%
2013	82.9%	+3.3%	\$187.67	+9.3%	\$155.66	+12.9%
2014 F	83.7%	+0.9%	\$207.13	+10.4%	\$173.42	+11.4%
2015 F	84.0%	+0.4%	\$225.63	+8.9%	\$189.61	+9.3%
2016 F	83.5%	-0.6%	\$242.18	+7.3%	\$202.31	+6.7%
2017 F	83.5%	-0.6%	\$242.18	+7.3%	\$202.31	+6.7%

Source: PKF Hospitality Research
Hotel Horizons March-May 2014

Occupancy and Average Rate

Smith Travel
Research

<u>Year</u>	<u>Occ</u>	<u>% Chg</u>	<u>ADR</u>	<u>% Chg</u>	<u>RevPar</u>	<u>% Chg</u>
2011	79.0%	+5.1%	\$154.89	+13.8%	\$122.37	+19.6%
2012	80.4%	+1.7%	\$171.69	+10.8%	\$137.96	+12.7%
2013	83.00%	+3.3%	\$187.78	+9.4%	\$155.83	+12.9%
2014 F	85.5%	+3.1%	\$199.15	+6.1%	\$170.36	+9.3%
2015 F	86.2%	+0.8%	\$212.31	+6.6%	\$183.07	+7.5%
2016 F	84.6%	-1.9%	\$225.03	+6.0%	\$190.35	+4.0%
2017 F	84.6%	0.0%	\$230.91	+2.6%	\$195.31	+2.6%



Source: Smith Travel Research; February 2014

Downtown San Francisco Occupancy



SF Market Versus SF Downtown

Occupancy
Performance – YTD
December 2013

Source: STR & SFTA

Area	Transient	Group	Total
SF Only	58.1	22.4	84.1
Market Street	54.2	25.6	83.7
Convention Center	51.8	29.8	85.8
Union Square	57.0	23.4	84.7
SOMA	51.4	28.8	82.7
Financial District	61.9	21.9	87.2
Nob Hill	54.3	24.2	82.6
Fisherman's Wharf	73.3	12.3	86.7
Civic Center	59.0	15.6	81.7
San Mateo	52.4	19.9	79.7
SFO	53.9	16.2	84.0
Oakland/Hayward	56.5	15.3	75.7
Marin	56.8	18.8	75.8

SF Market Versus SF Downtown

Occupancy
Performance – YTD
March 2014

Source: STR & SFTA

Area	Transient	Group	Total
SF Only	52.6	21.4	77.5
Market Street	48.4	25.3	77.7
Convention Center	46.0	30.4	76.7
Union Square	50.9	22.8	76.7
SOMA	45.7	29.4	77.4
Financial District	56.6	19.0	79.6
Nob Hill	48.7	22.3	75.6
Fisherman's Wharf	67.7	11.1	79.6
Civic Center	55.5	9.3	77.1
San Mateo	44.2	20.0	75.7
SFO	53.1	15.2	79.8
Oakland/Hayward	51.1	14.2	69.6
Marin	51.2	17.2	66.2

**Downtown
San Francisco
ADR**



SF Market Versus SF Downtown

ADR Performance
YTD December 2013

Source: STR & SFTA

Area	Transient	Group	Total
SF Only	212.56	212.53	209.26
Market Street	216.05	217.14	212.75
Convention Center	247.54	242.51	241.42
Union Square	202.90	215.18	203.61
SOMA	242.41	225.13	232.61
Financial District	265.31	237.10	253.50
Nob Hill	295.63	266.90	280.09
Fisherman's Wharf	205.66	196.63	203.62
Civic Center	157.49	129.32	147.64
San Mateo	170.10	141.59	153.78
SFO	143.11	136.73	134.24
Oakland/Hayward	115.06	106.86	111.09
Marin	151.69	188.11	160.45

SF Market Versus SF Downtown

ADR Performance
YTD March 2014

Source: STR & SFTA

Area	Transient	Group	Total
SF Only	208.72	215.60	207.72
Market Street	220.25	222.68	218.66
Convention Center	260.44	249.07	253.21
Union Square	200.99	218.35	205.19
SOMA	258.33	236.16	246.01
Financial District	271.94	237.60	257.90
Nob Hill	300.86	262.00	280.74
Fisherman's Wharf	181.33	175.33	180.29
Civic Center	137.12	128.73	132.06
San Mateo	168.97	148.72	159.16
SFO	142.44	136.88	135.10
Oakland/Hayward	115.55	107.68	110.64
Marin	143.01	178.42	151.84

Day of Week Occupancy



SF Market Versus SF Downtown

Day-of-Week
Perspective – YTD
2013

Source: STR & SFTA

DOW	Sun	Mon	Tue	Wed	Thu	Fri	Sat
SF Only	77.2	82.1	85.4	86.3	84.1	84.3	89.0
Market Street	77.0	81.9	85.3	86.1	83.7	83.7	88.4
Convention Center	77.9	85.1	88.6	89.3	86.1	84.7	89.2
Union Square	78.0	83.0	86.5	87.2	84.6	84.5	89.1
SOMA	75.3	81.1	84.5	85.6	82.8	82.2	87.1
Financial District	76.6	86.5	90.2	91.1	88.9	86.6	90.4
Nob Hill	72.7	81.2	85.8	86.3	83.5	82.4	86.5
Fisherman's Wharf	81.8	84.0	87.1	87.9	86.2	87.3	92.7
Civic Center	77.2	78.1	80.6	81.7	81.4	84.0	88.8
SFO	74.6	83.9	88.8	90.1	86.6	81.0	82.8
Oakland/ Hayward	64.6	73.1	80.4	80.3	76.0	76.0	79.7
Marin	64.2	72.4	78.2	79.1	75.9	77.0	83.6

SF Market Versus SF Downtown

Day-of-Week
Perspective – YTD
March 2014

Source: STR & SFTA

DOW	Sun	Mon	Tue	Wed	Thu	Fri	Sat
SF Only	66.1	78.7	85.5	83.0	76.4	73.1	78.0
Market Street	67.4	79.0	85.8	82.6	75.2	71.3	76.4
Convention Center	68.5	83.4	89.9	86.9	79.3	73.0	76.6
Union Square	67.8	78.9	85.8	82.7	75.2	71.1	76.3
SOMA	66.7	80.5	87.7	84.3	76.4	71.2	75.7
Financial District	67.5	81.9	88.5	86.2	81.3	74.4	78.1
Nob Hill	64.0	76.5	84.8	82.2	74.8	71.1	76.3
Fisherman's Wharf	70.8	78.3	85.5	84.8	78.8	77.9	82.9
Civic Center	70.5	75.0	80.6	79.6	75.2	76.6	82.3
SFO	67.7	83.5	91.0	88.2	83.2	73.7	72.4
Oakland/ Hayward	56.7	70.4	79.4	76.2	69.6	66.8	68.5
Marin	55.1	66.5	75.8	74.9	66.8	66.8	72.4

Booking window for Self- Contained



Booking Windows

Self-Contained

- 62% or 620,000 room nights of all self-contained group business books 0-12 month out (in the year for the year)
- In a strong economy the self-contained booking window is even shorter, meaning meeting planners book closer to the actual event date
- Once self-contained groups are on-the-books, hotels will manage patterns and rates = Typically means more aggressive rates
- If possible contract blocks more than 12 months out in order to ensure best availability and best rates
- Avoid competing with short-term self-contained business and transient by contracting multiple years out if the client has an annual event
- Work with your local CVB to learn about the destination's need periods

Non- Convention Demand Drivers



2014 Demand Drivers

Expected Occupancies
in Downtown SF
(Nicole's Crystal Ball):

May: 86.0%

June: 90.00%

July: 90.0%

Aug: 94.0%

Sep: 90.0%

Oct: 90.0%

Nov: 80.00%

Dec: 74.0%

- **May 17: Bay-to-Breakers race (60,000)**
- **June 27-29: Gay Pride (750,000)**
- **July 20: AIDS Walk SF (20,000)**
- **July 26: SF Marathon (25,000)**
- **Aug 9-11: Outside Lands Festival (120,000)**
- **Sep 29: Folsom Street Fair (400,000)**
- **Oct 4-6: Strictly Hardly Bluegrass (750,000)**
- **Oct 8-12: Fleet Week (1.2 M)**
- **Oct 19: Nike Marathon (25,000)**

Thank you

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