



Montgomery, MD

VISIT MONTGOMERY

LODGING MONITOR

Year End 2021

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HOTEL OCCUPANCY SUMMARY



The COVID-19 Pandemic and most recent COVID-19 Omicron variant implications on the hotel industry continues. Hotel occupancy dropped 33.5% from 2019 to 2020. In 2021 there was gradual improvement with a year-end countywide hotel occupancy rate of 46.4%. Countywide hotel occupancy at year-end 2019 was 67.9%. During the height of the pandemic in 2020 countywide hotel occupancy plummeted to 21.0%. The Bethesda area had the lowest occupancy in April 2020 at 9.8% occupancy.

Sources: Smith Travel Research (STR) and AIRDNA

HOTEL OCCUPANCY TRAVELER TRENDS



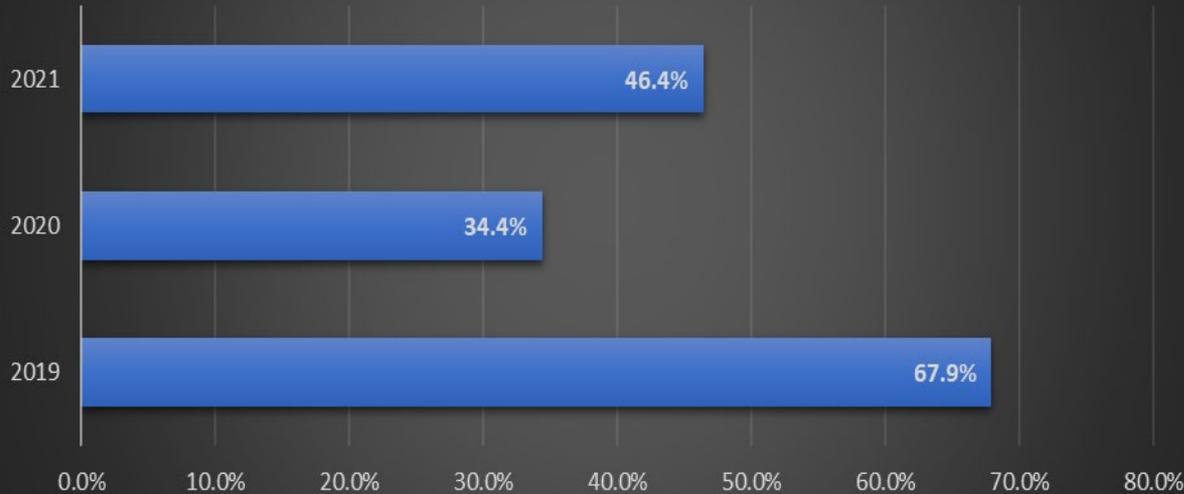
The **business transient and meetings markets** are showing the least improvement of all sectors. These segments continue to be struggling with recovery in most major markets in the United States, including Montgomery County and the national capital region. Pre-pandemic, hotels in Montgomery County relied heavily on business transient and group business meetings mid-week. The reduction in business travel and group meeting business is directly linked to large corporation and government agency remote work policies. When the Omicron variant was discovered, a high percentage of corporations extended remote work policies into Q2 of 2022. When the 18 federal government agencies headquartered in Montgomery County and a large number of corporations, specifically in the growing BIO and pharma sectors based in Montgomery County return to their offices, this will help accelerate a recovery once the pandemic has subsided.

Weekend leisure travel remains strong and has nearly returned to pre-pandemic levels. Weekend (Friday and Saturday) hotel occupancy in 2019 was 65.6% and at year-end 2021 weekend hotel occupancy was 55.5%. Montgomery County's extensive network of outdoor activities, agricultural experiences, performance venues and diverse communities makes the county an appealing weekend getaway destination. The booking window for weekend leisure travel has shifted since the start of the Pandemic. According to data from Expedia, travelers planning weekend getaways to Montgomery County are multi-adult groups who stay for 1-2 days and book their overnight accommodations within a 0-6 day booking window.

HOTEL OCCUPANCY



Hotel Occupancy - Montgomery County



According to Smith Travel Research (STR) and Tourism Economics, U.S. hotel demand and average daily rate (ADR) they anticipate to being near a full recovery in 2022.

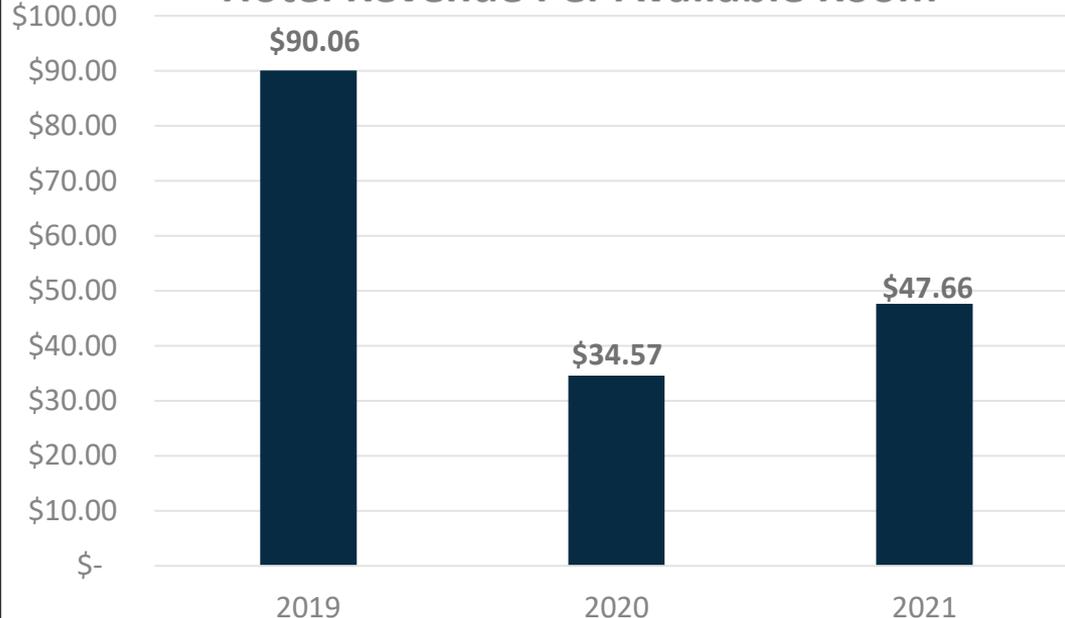
The inventory of hotel rooms in Montgomery County started in 2019 at 9,671, year-end 2020 the inventory of available rooms was 8,912 and year-end 2021 the available rooms were 8,920.

Source: Smith Travel Research

REVENUE PER AVAILABLE ROOM (RevPAR)



Montgomery County Hotel Revenue Per Available Room



Revenue per available room (RevPAR) is used in the hotel industry as a metric that measures financial performance. RevPAR is the most important metric for hotel ownership and management because it considers daily rate and occupancy. The RevPAR from 2019 to 2020 decreased 62%. From 2020 to 2021 RevPar increased 37% but remains well below (\$47.66) the RevPar in 2019 (\$90.06). According to Smith Travel Research and Tourism Economics when adjusted for inflation, RevPAR is off pace and will remain below 2019 levels until 2025.

Source: Smith Travel Research

Market Segment Strengths



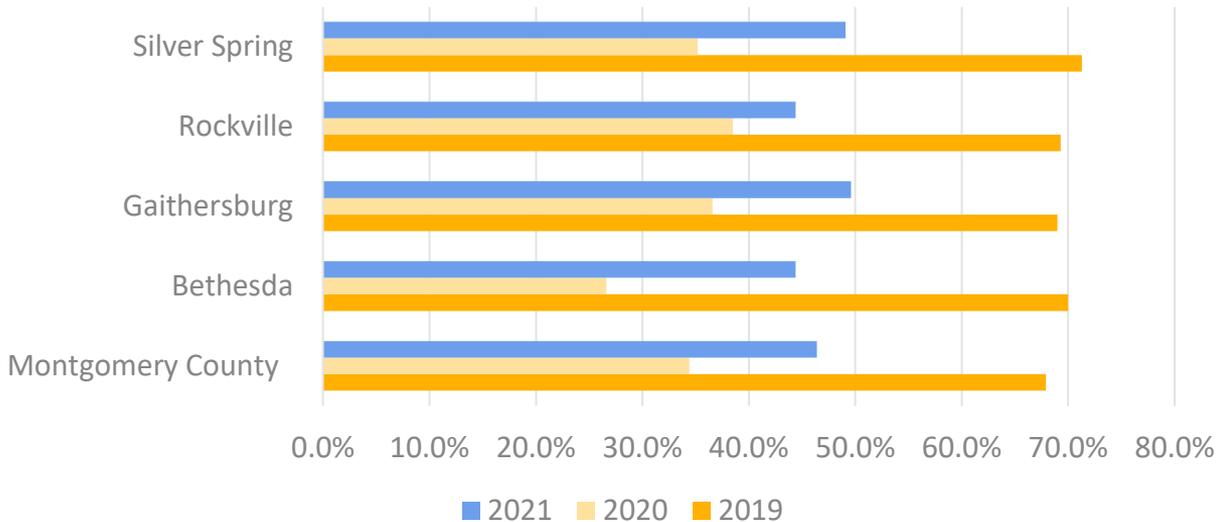
Two market segments that have experienced significant improvement in revenues and activity are the **sports market** and the **student tour and travel market** segments. The tour and travel market segment has almost returned to pre-pandemic levels in Montgomery County.

The **youth sports market** has rebounded with expected attendance in 2022 to return and potentially exceed the 2019 levels. The county welcomed several new tournaments in 2021 that will return in 2022. This includes the Intercollegiate Women's Lacrosse tournament, Lacrosse World Series and Pinnacle Lacrosse. Montgomery County will also be host to the Wells Fargo Golf Championship May 4-8, 2022, at the TPC at Avenel Farm and the KPMG LPGA Golf Tournament June 23-26, 2022, at Congressional Country Club and the

HOTEL OCCUPANCY BY COMMUNITY



Montgomery County Hotel Occupancy By Community

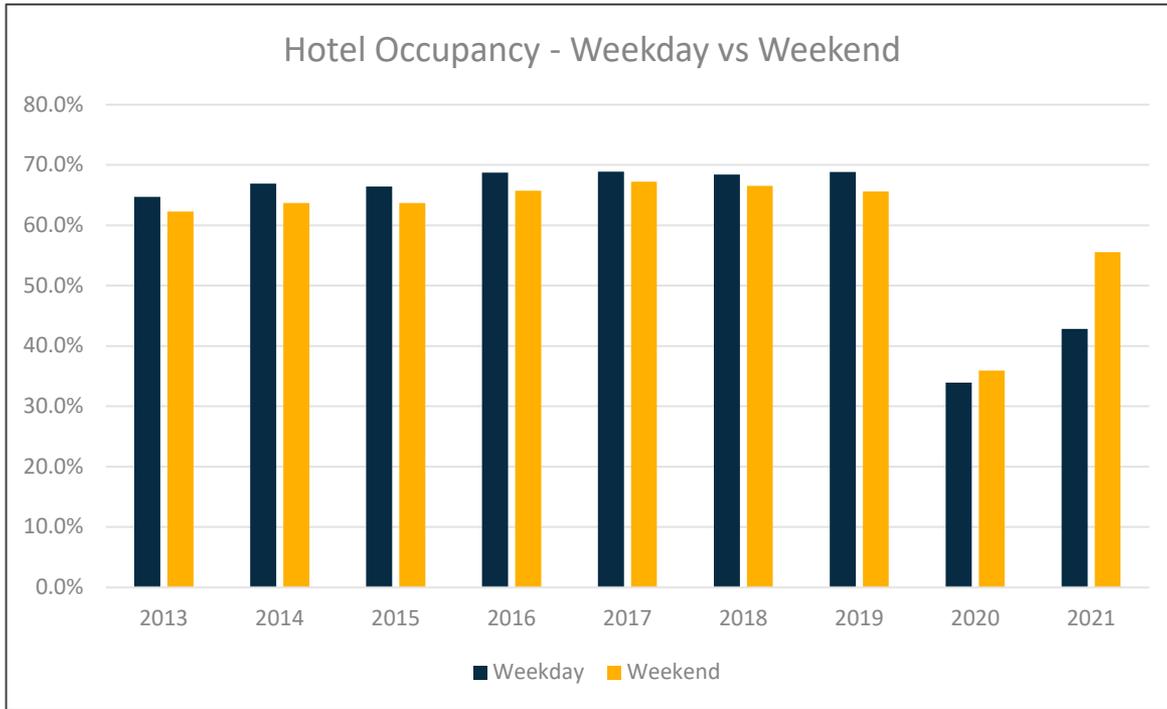


2021 Hotel Occupancy by Community:

- Silver Spring: 49.1%
- Rockville: 44.4%
- Gaithersburg: 49.6%
- Bethesda: 44.4%
- Montgomery County (All): 46.4%

Source: Smith Travel Research

HOTEL OCCUPANCY BY COMMUNITY



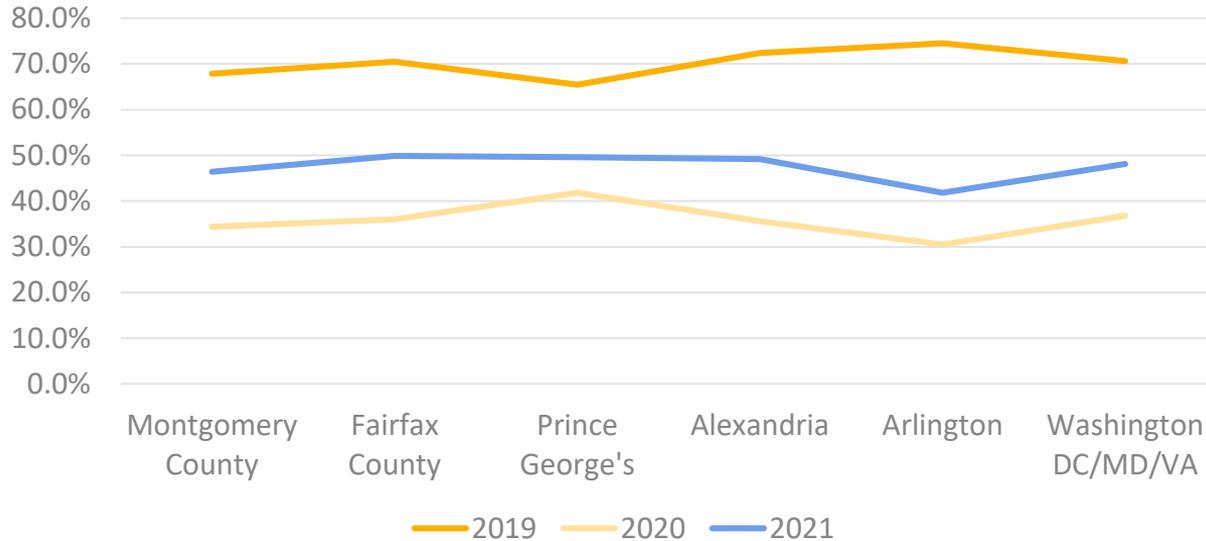
The weekend hotel occupancy has seen the highest level of rebound since the start of the COVID-19 Pandemic. In 2021, weekend occupancy was 55.5% compared to 35.9% in 2020. Visit Montgomery implemented a weekend focused advertising and marketing strategy in 2020 and 2021 called “Your Weekend, Your Way” to promote weekend getaways to Montgomery County.

Source: Smith Travel Research

HOTEL OCCUPANCY – CAPITAL REGION



Capital Region Hotel Occupancy



2021 Hotel Occupancy – Capital Region

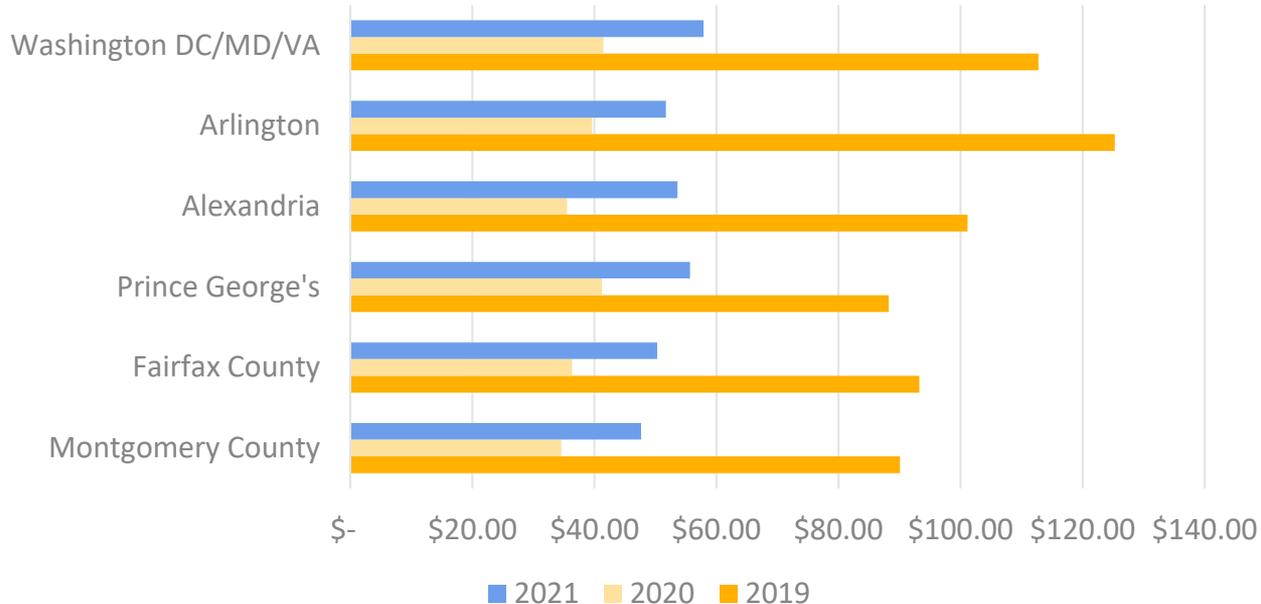
- Montgomery County (All): 46.4%
- Fairfax County, VA: 49.9%
- Prince George's County: 49.2%
- Alexandria, VA: 49.2%
- Arlington County, VA: 41.8%
- Washington DC: 48.1%

Source: Smith Travel Research

REVENUE PER AVAILABLE ROOM (RevPAR) – CAPITAL REGION



RevPAR - Capital Region Hotel Industry



2021 RevPAR– Capital Region

- Montgomery County (All): \$47.66
- Fairfax County: \$50.28
- Prince George's: \$55.65
- Alexandria: \$53.59
- Arlington: \$51.69
- Washington DC: \$57.86

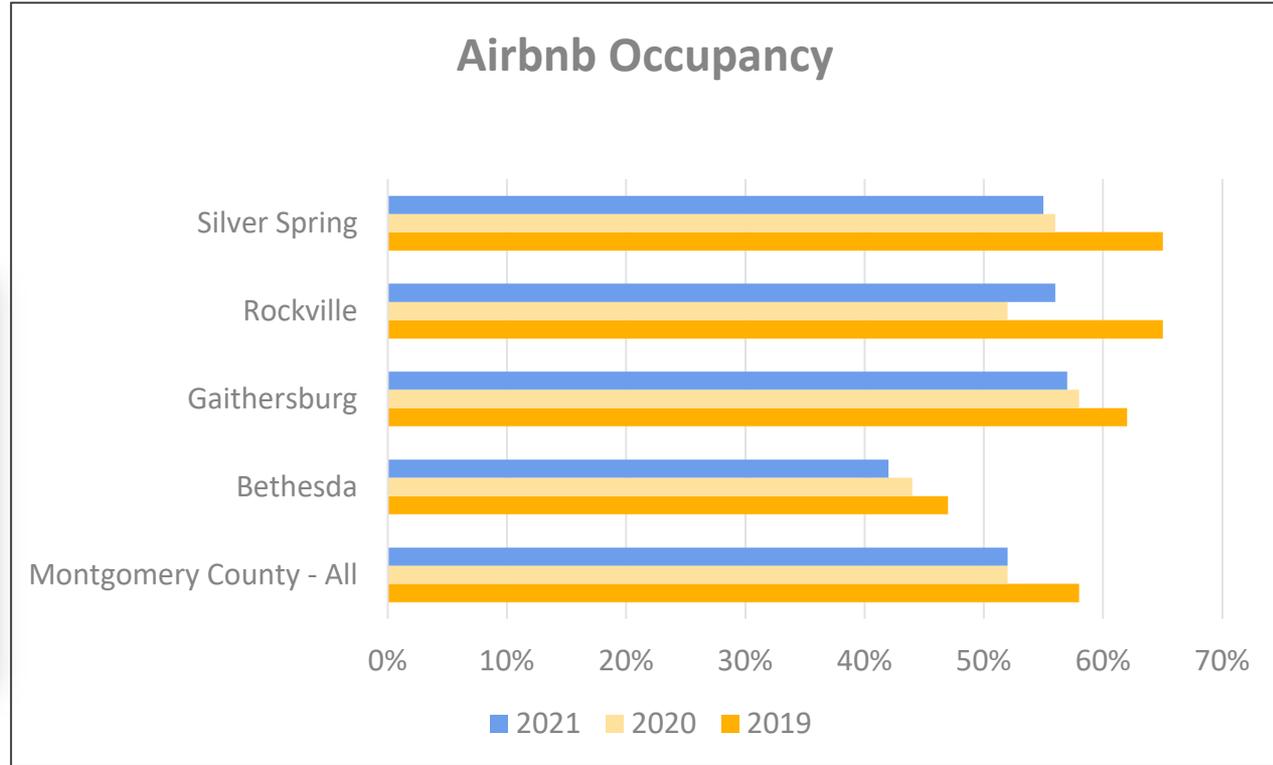
Source: Smith Travel Research

Summary

Countywide occupancy from Airbnb rentals began to see increases year-over-year in April 2021.

2021 Airbnb Occupancy by Community:

- Silver Spring: 55%
- Rockville: 56%
- Gaithersburg: 57%
- Bethesda: 42%
- Montgomery County (All): 52%



AIRBNB LISTINGS & TRENDS



Available Listings	2019	2020	2021
Montgomery County - All	1,640	1,277	1292
Bethesda	265	217	210
Gaithersburg	60	46	53
Rockville	85	60	75
Silver Spring	189	185	211

In Montgomery County, the short-term rental market saw a modest decline in occupancy compared to the county's hotel lodging options.

This trend aligns with an industry report by AirDNA that states:

- Occupancy is set to continue its strong trend in 2021, with an average rate of 59.8% in 2022.
- Average daily rates will decrease by 4% due to changing seasonality patterns and increased supply.
- Revenue per available listing will settle down due to the influx of new operators and decreased nightly rates.