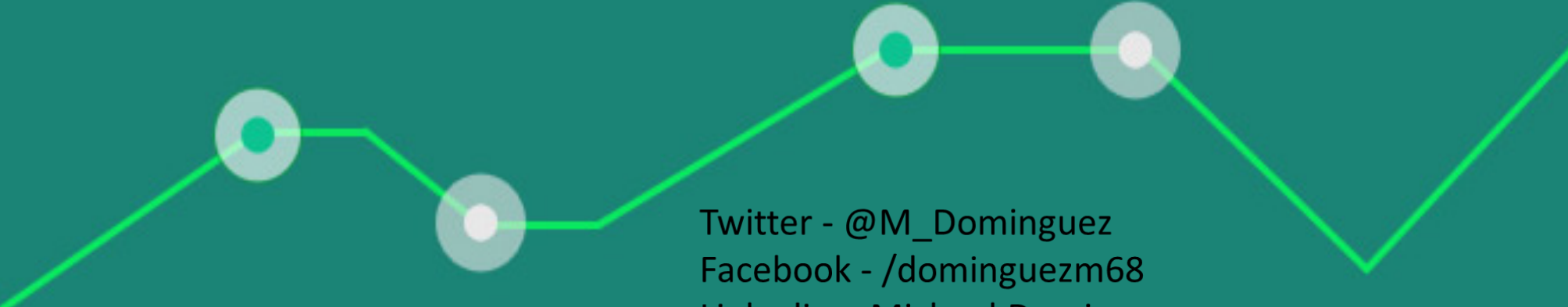


# what's TRENDING?



Twitter - @M\_Dominguez  
Facebook - /dominguezm68  
Linkedin – Michael Dominguez  
Instagram – dominguezm68  
[mdominguez@mgmresorts.com](mailto:mdominguez@mgmresorts.com)





# U.S. Industry Performance

# U.S. Hotels 2016

Metric	No.	Status	Remarks
OCC	65.5%	▲0.1%	RECORD
ADR	\$124	▲3.1%	RECORD
REVPAR	\$81	▲3.2%	RECORD
AVAIL ROOMS	1.8B	▲1.6%	RECORD
OCC ROOMS	1.2B	▲1.7%	RECORD
ROOM REV	\$149B	▲4.8%	RECORD



# Total United States Performance



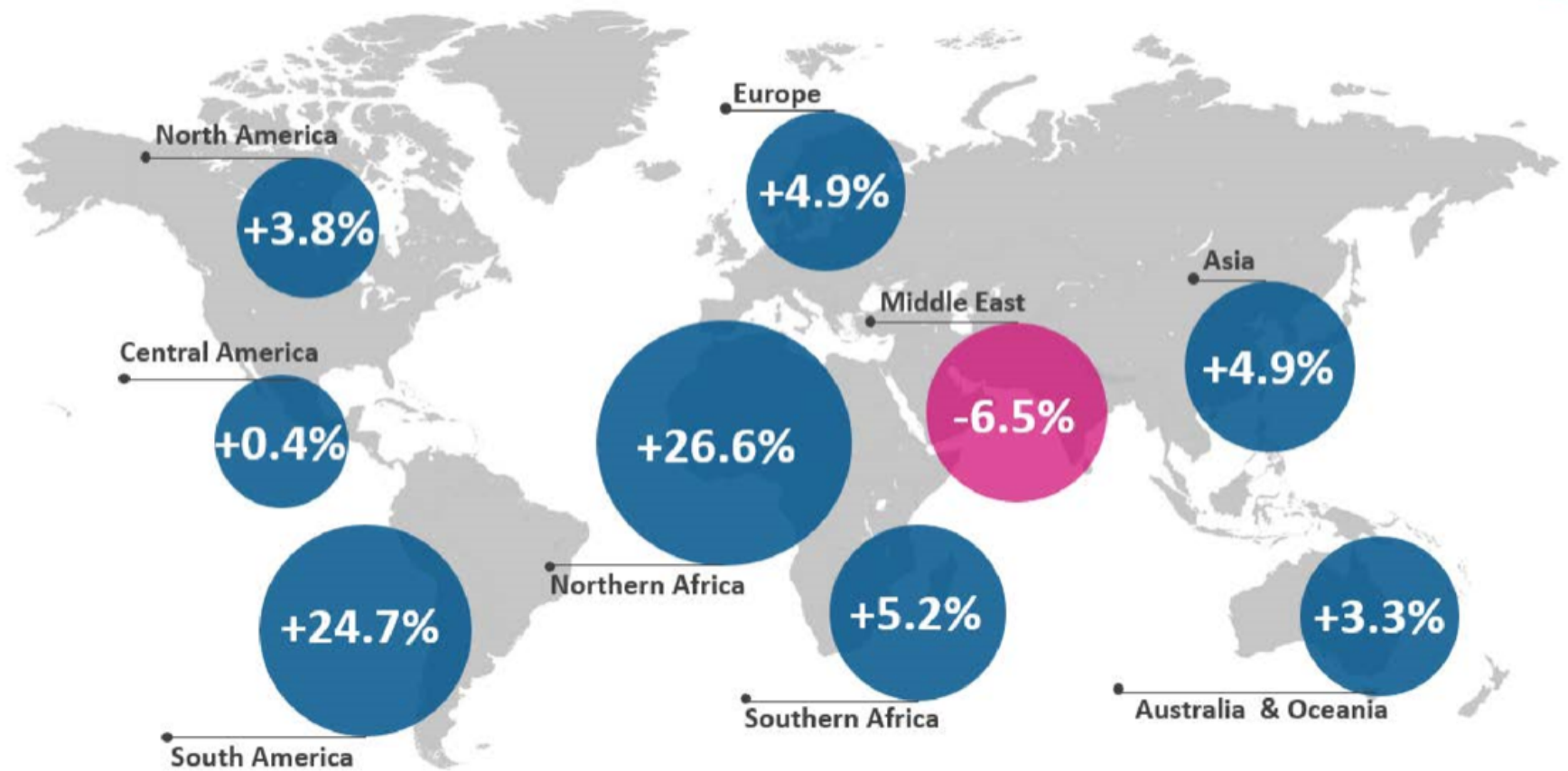
May 2019 YTD	Actual	(% chg)	Comment
Supply	794M	↑ 2.0%	Record
Demand	512M	↑ 2.5%	Record
Occupancy	64.4%	↑ 0.4%	Record
ADR	\$130	↑ 1.2%	Record
RevPAR	\$84	↑ 1.6%	Record



The Growth Is Global

## Global RevPAR % Change

USD, Europe in EUR, Constant Currency, June 2018 YTD



**CAUTION**

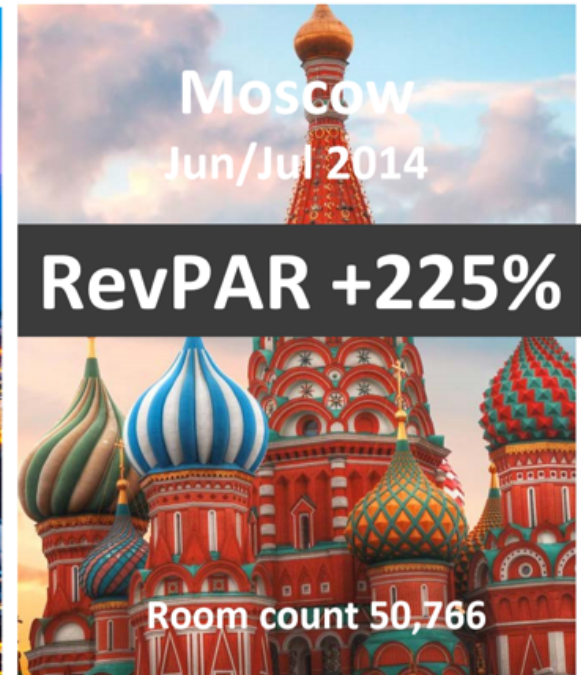
**HIGH NOISE  
AREA**

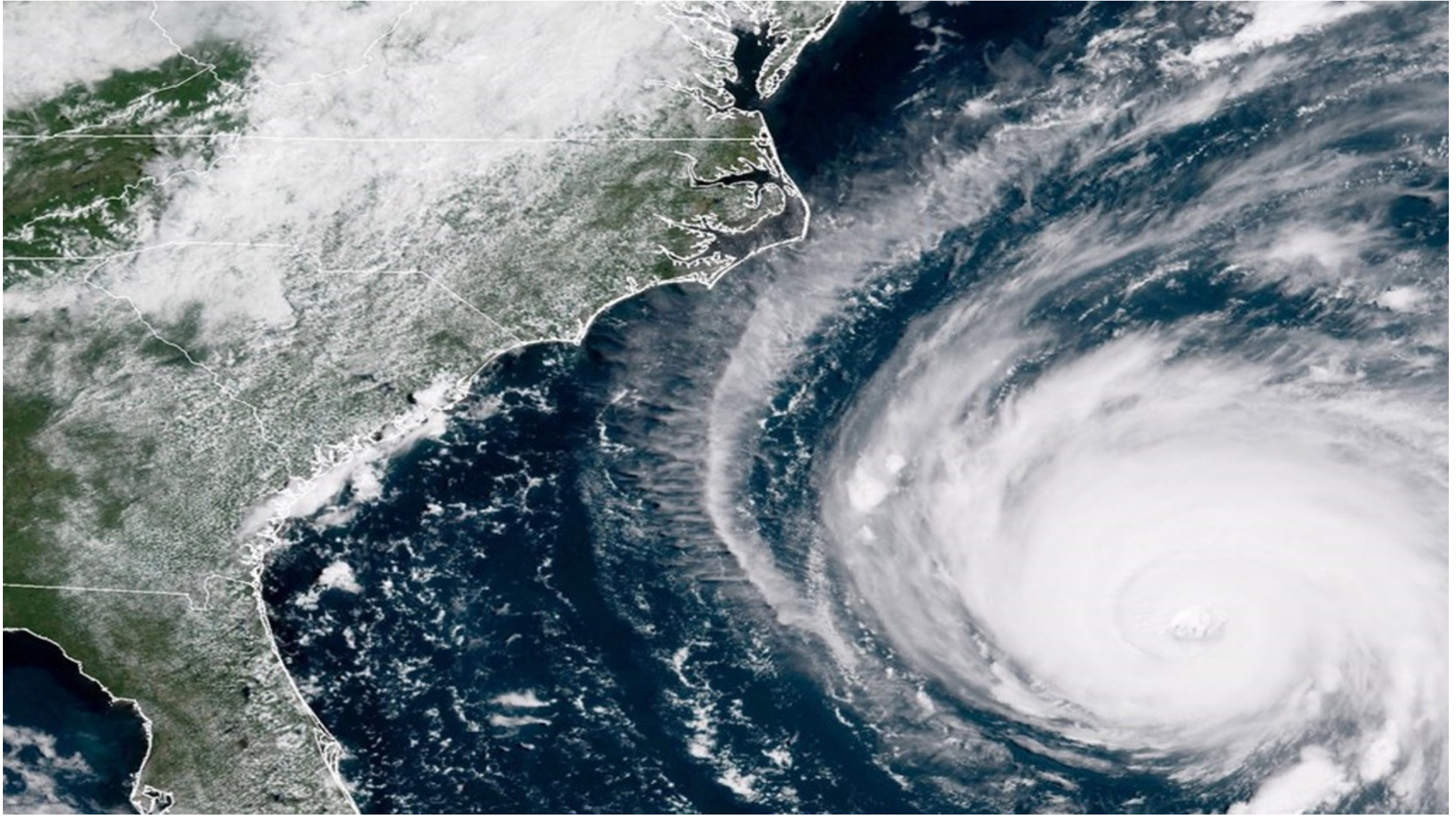




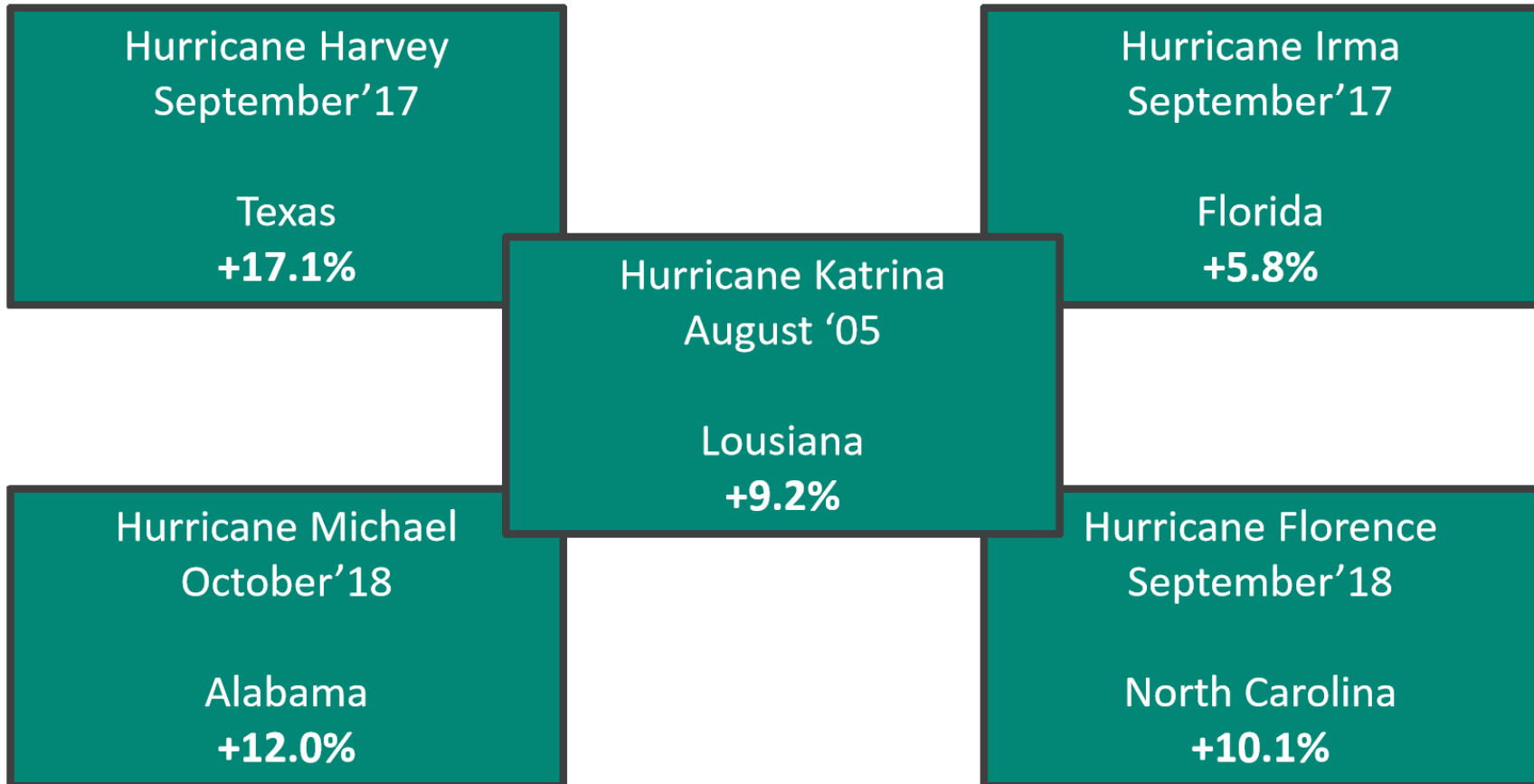
## Russia outperforming everyone (including our) expectations

RevPAR increases for previous World Cup



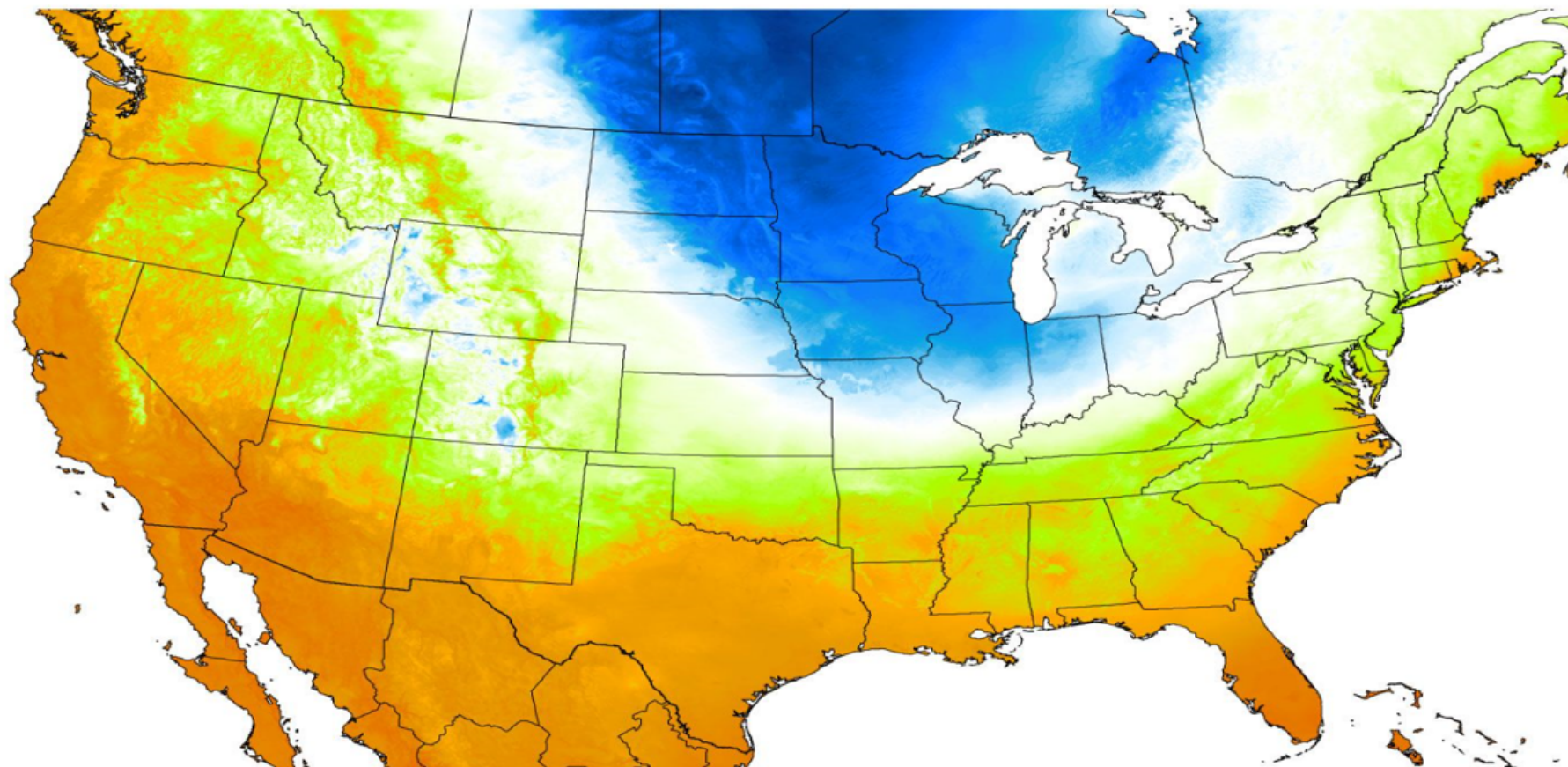
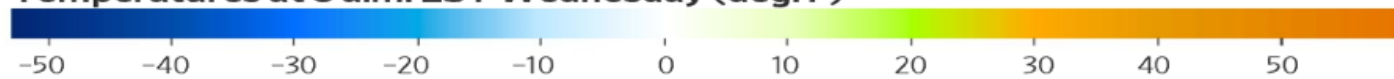


## Room Demand % Increases Tell A Story Of Massive Impact





**Temperatures at 8 a.m. EST Wednesday (deg. F)**



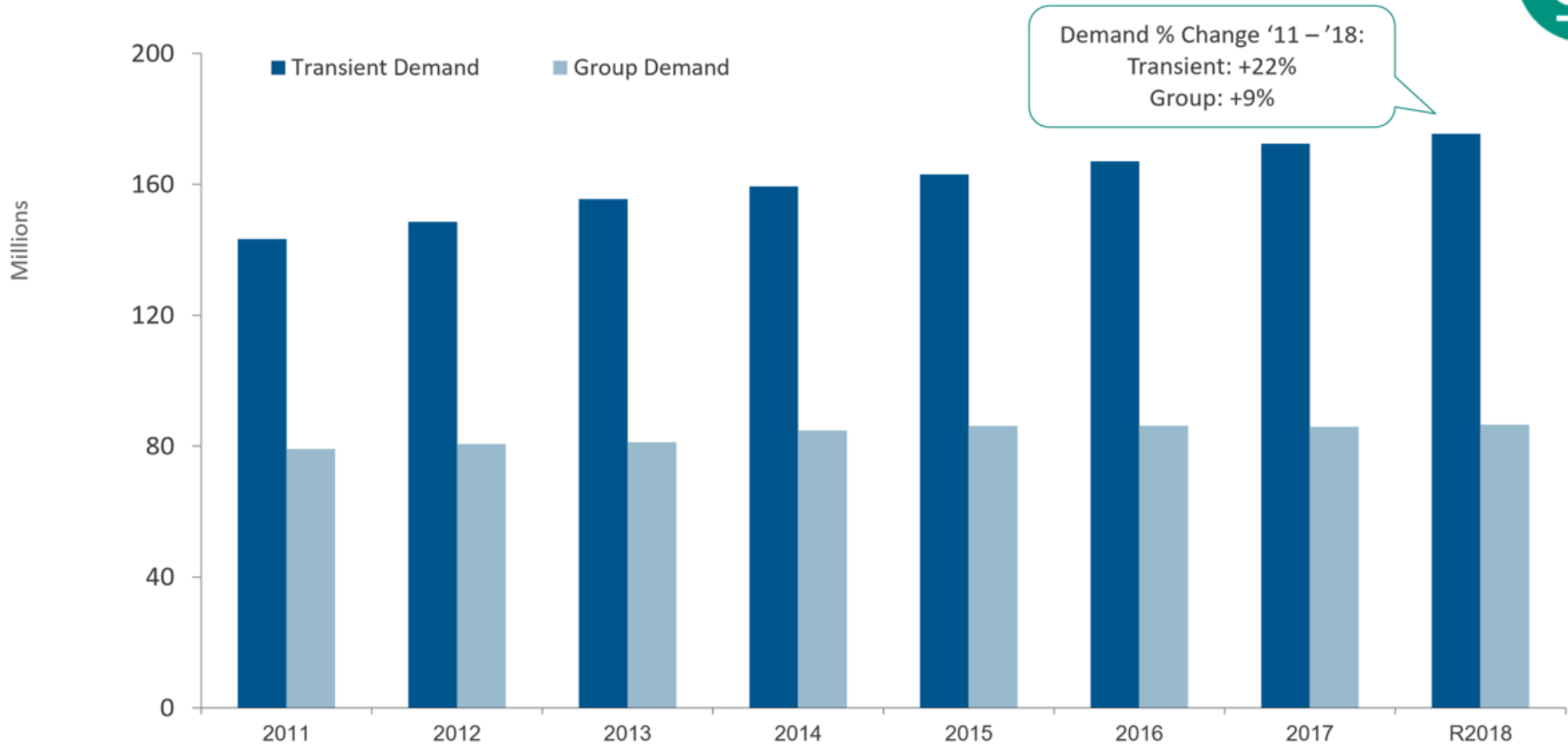
Source: NOAA

Rates  
Continue To  
Grow





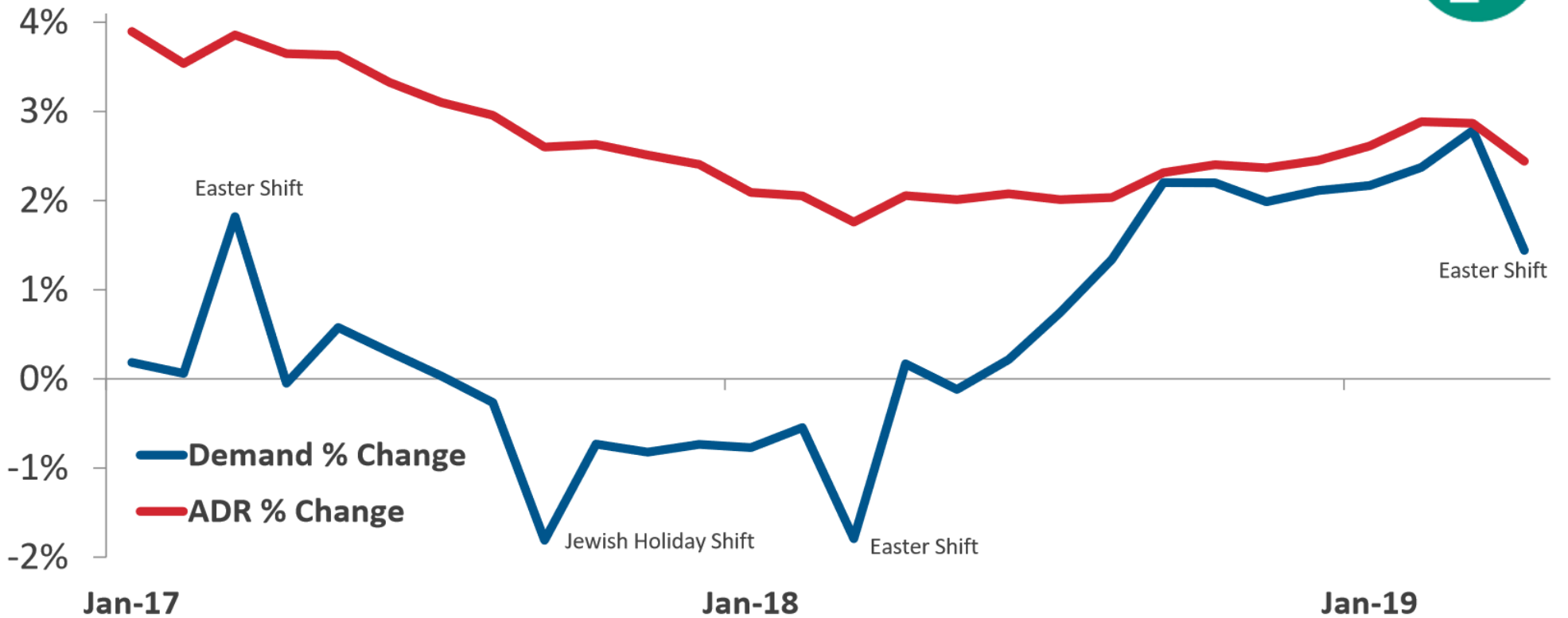
# U.S. Demand Growth is Transient Driven



Total Number of Rooms Sold, Group and Transient - by year 2011 - 2017, and August 2018 12MMA

\*Luxury and Upper Upscale Classes, Total U.S.

## Group Performance: The Usual Easter Hiccup in Demand Growth

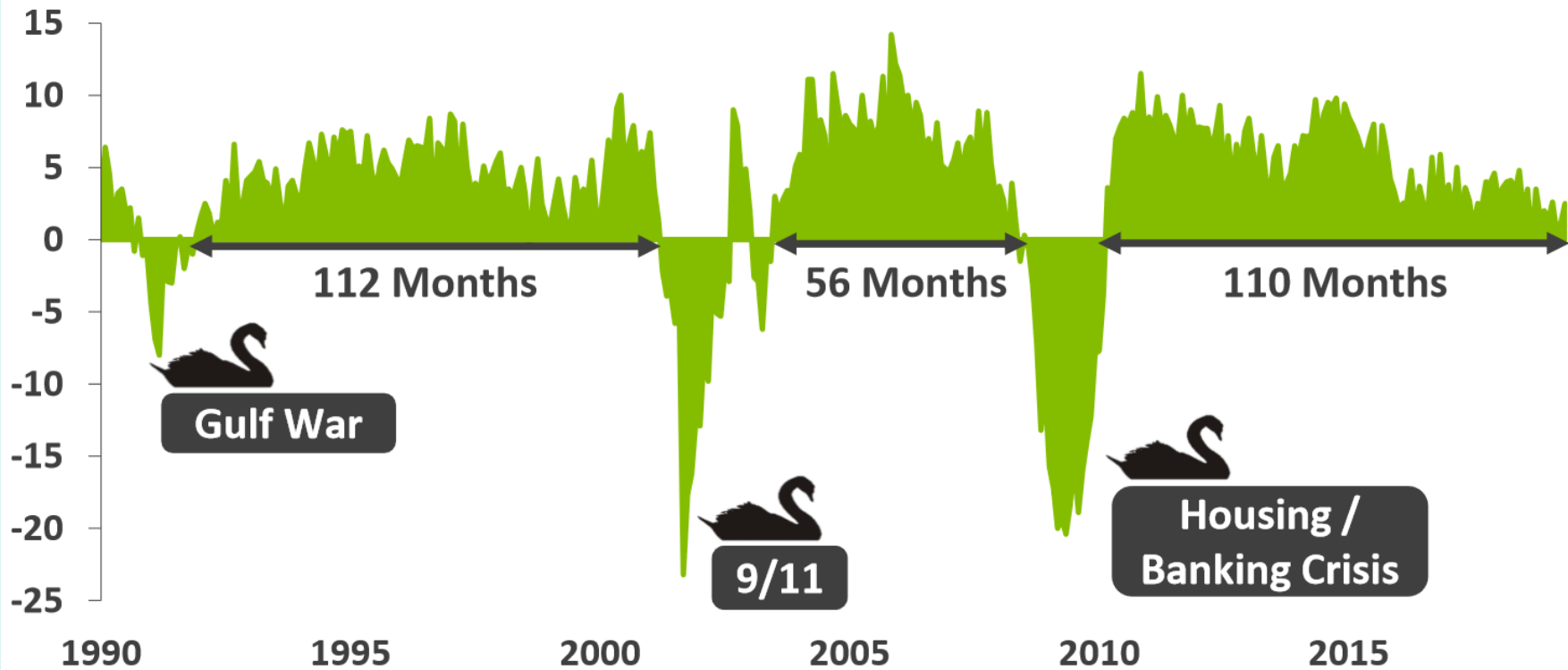


\*Group Demand and ADR % Change, 12 MMA, 1/2017 – 04/2019





# RevPAR Growth Positive 110 out of the Last 111 Months

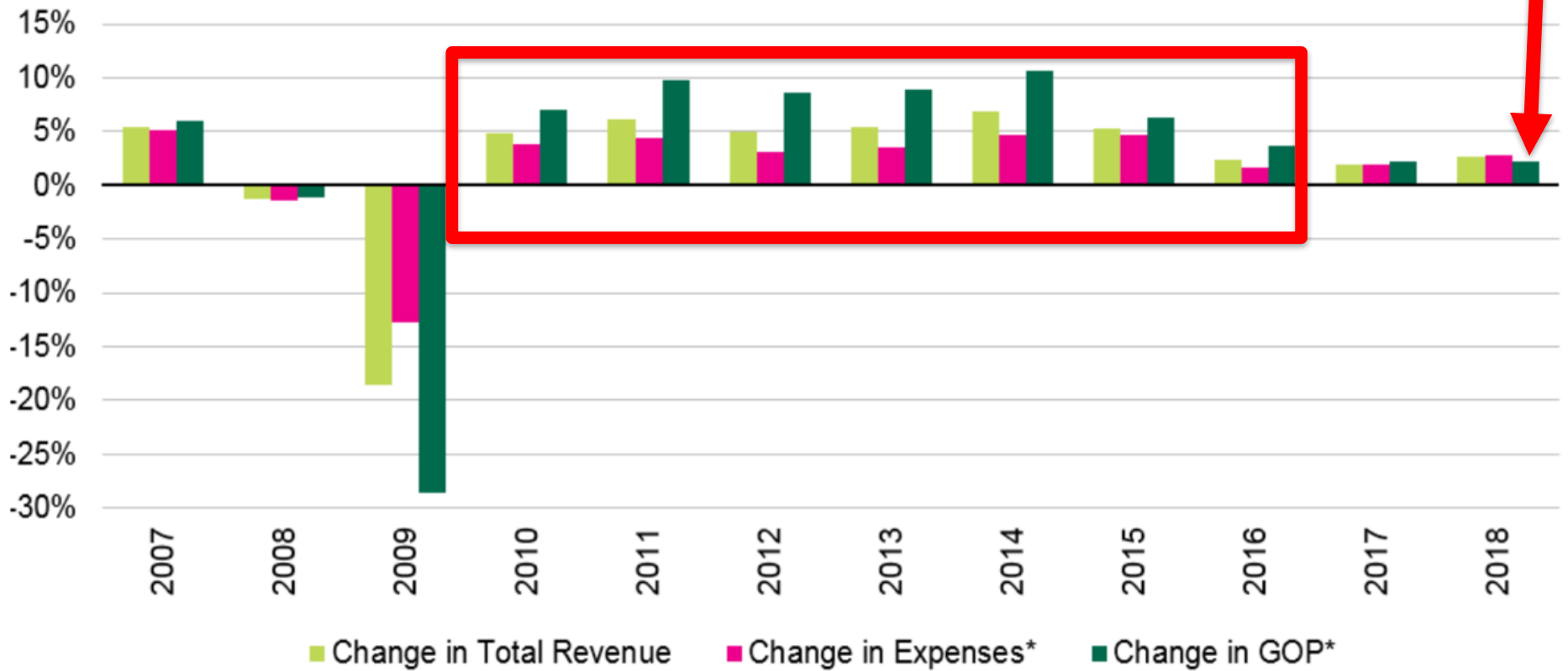


Total U.S., RevPAR % Change, 1/1990 – 4/2019

© 2019 STR. All Rights Reserved.

# 2019 TRENDS® IN THE HOTEL INDUSTRY

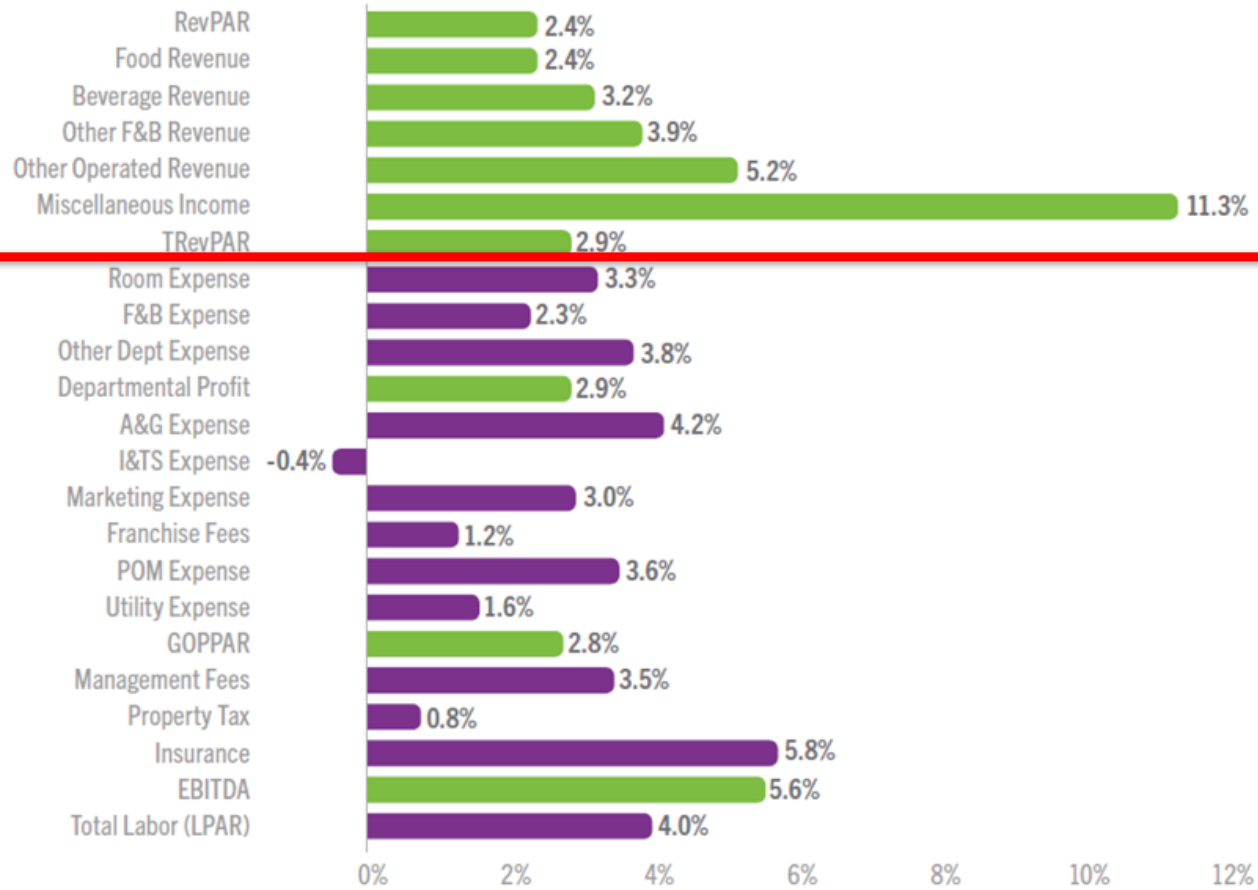
Annual Change in Revenues, Expenses, and Profits\* - \$PAR



Note: \* Before Management Fees and Non-Operating Income and Expenses  
Source: CBRE, Trends® in the Hotel Industry



# Expense growth continues to outpace revenue gains

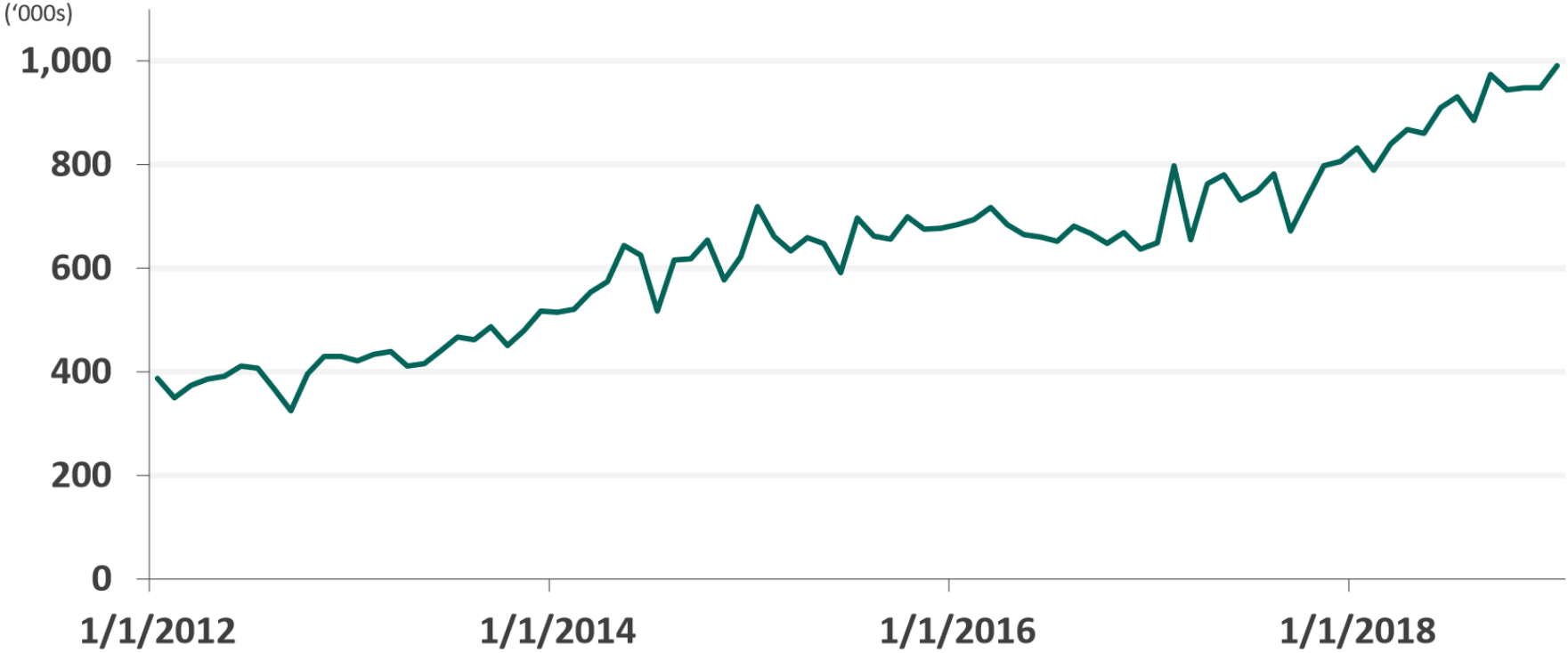


Source: 2019 HOST Almanac



# What Should Worry us?

## ~1 Million Open Positions in Accommodations /Food Service...



Total U.S., Accommodation and food services, Job openings, seasonally adjusted, <https://www.bls.gov/data/#employment>

## ... And The Fight For Talent Drives Up Hourly Wages

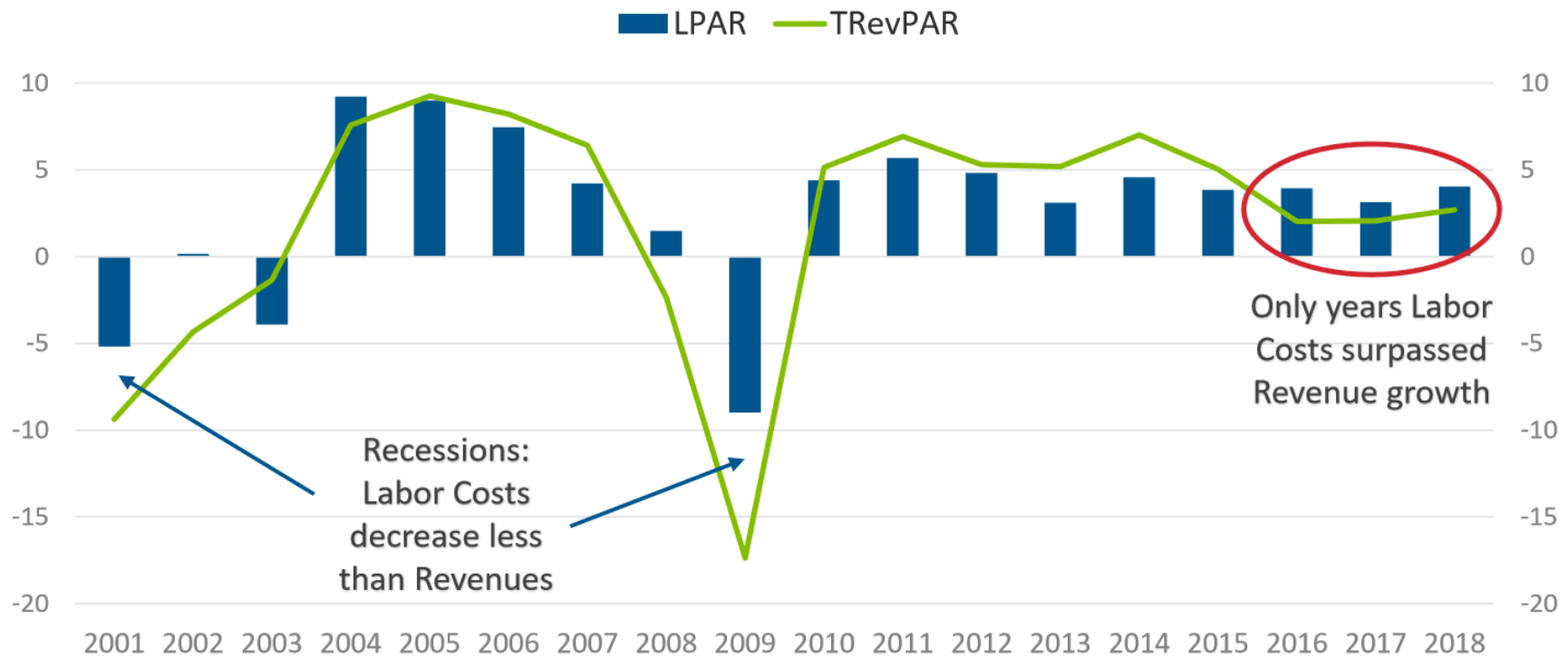


Total U.S., Leisure and Hospitality, Accommodation, Average hourly earnings of production and nonsupervisory employees, not seasonally adjusted  
<https://www.bls.gov/data>, Series ID:CEU7072100008



# Past 3 years Labor costs have outpaced Revenue growth

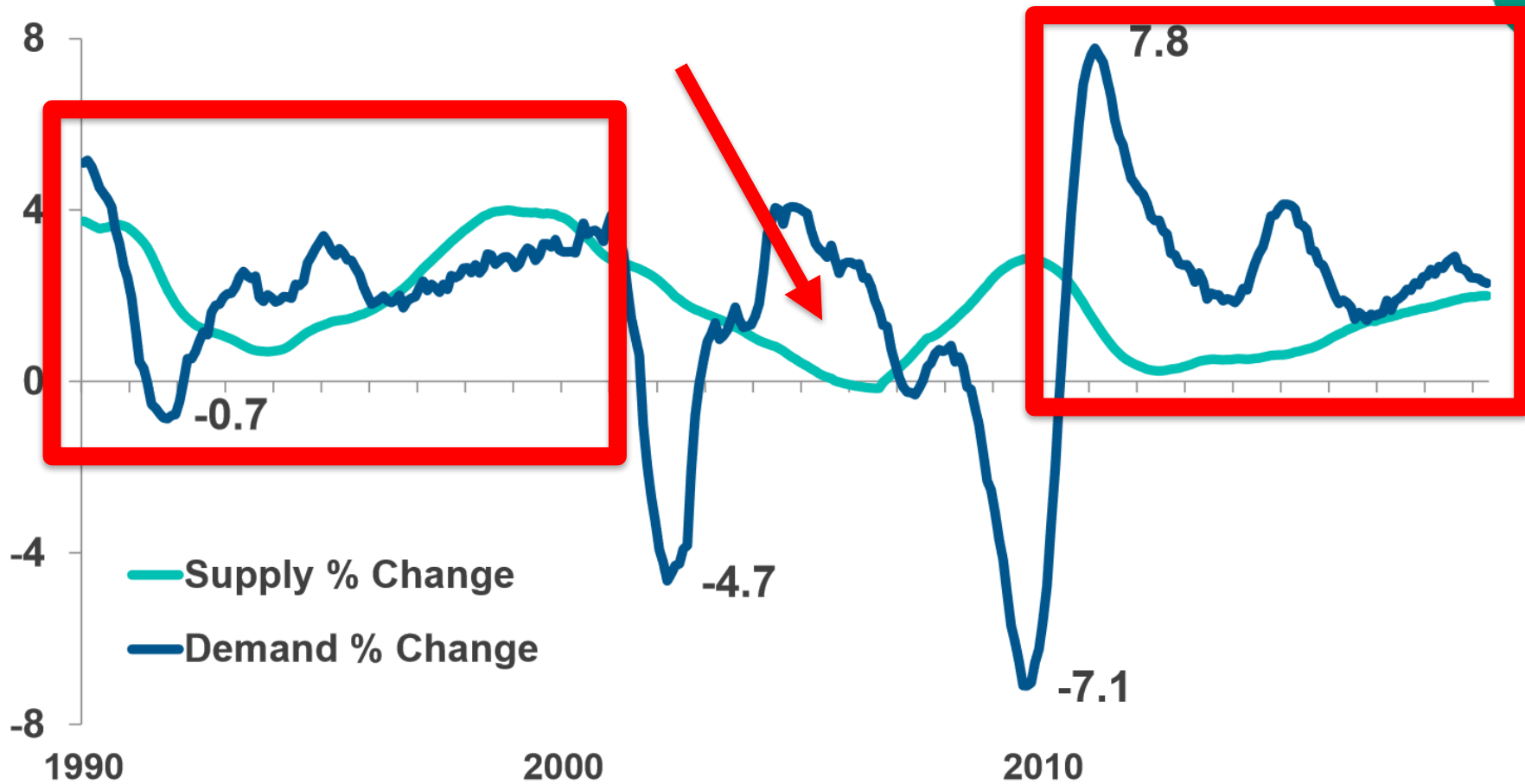
Labor and Revenues – Year-over-year percentage growth



The  
Relationship



# Demand Growth Trajectory Slows. Supply Growth Still At 2%

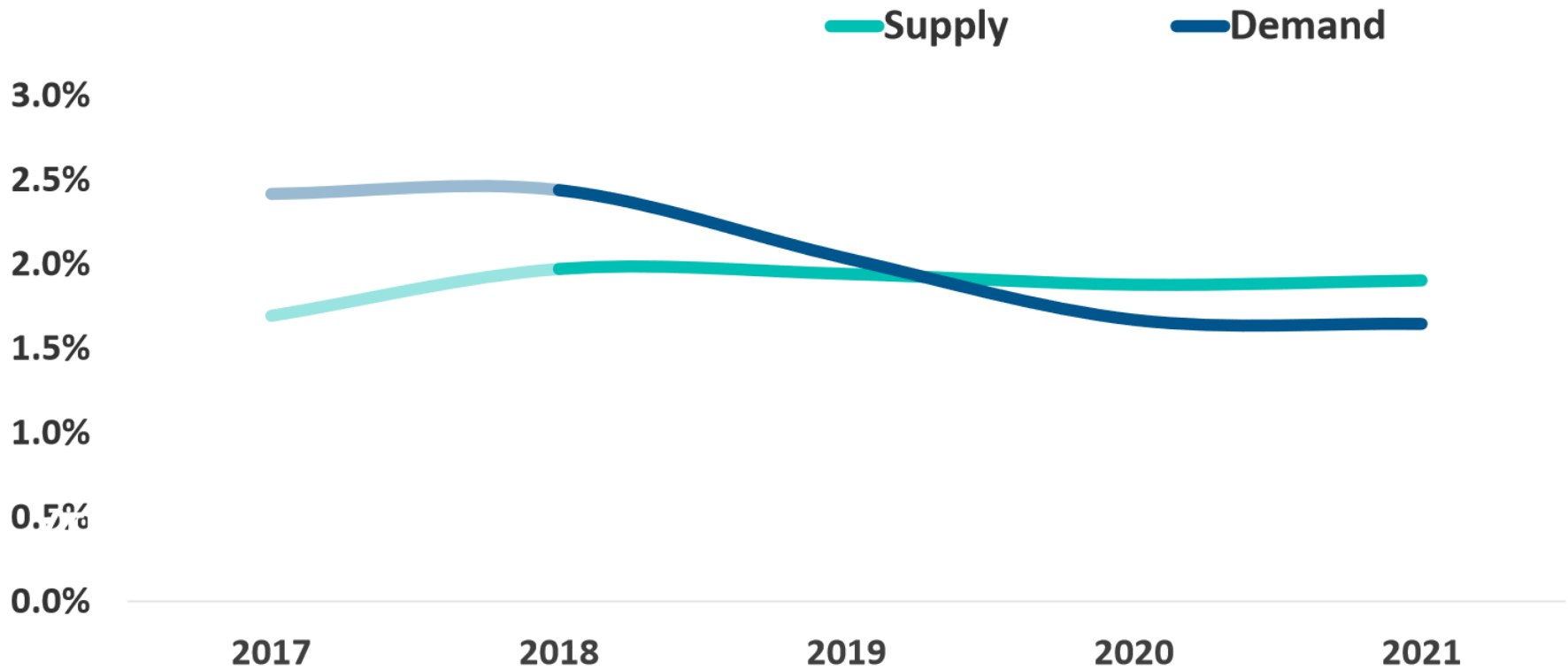


Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 04/2019





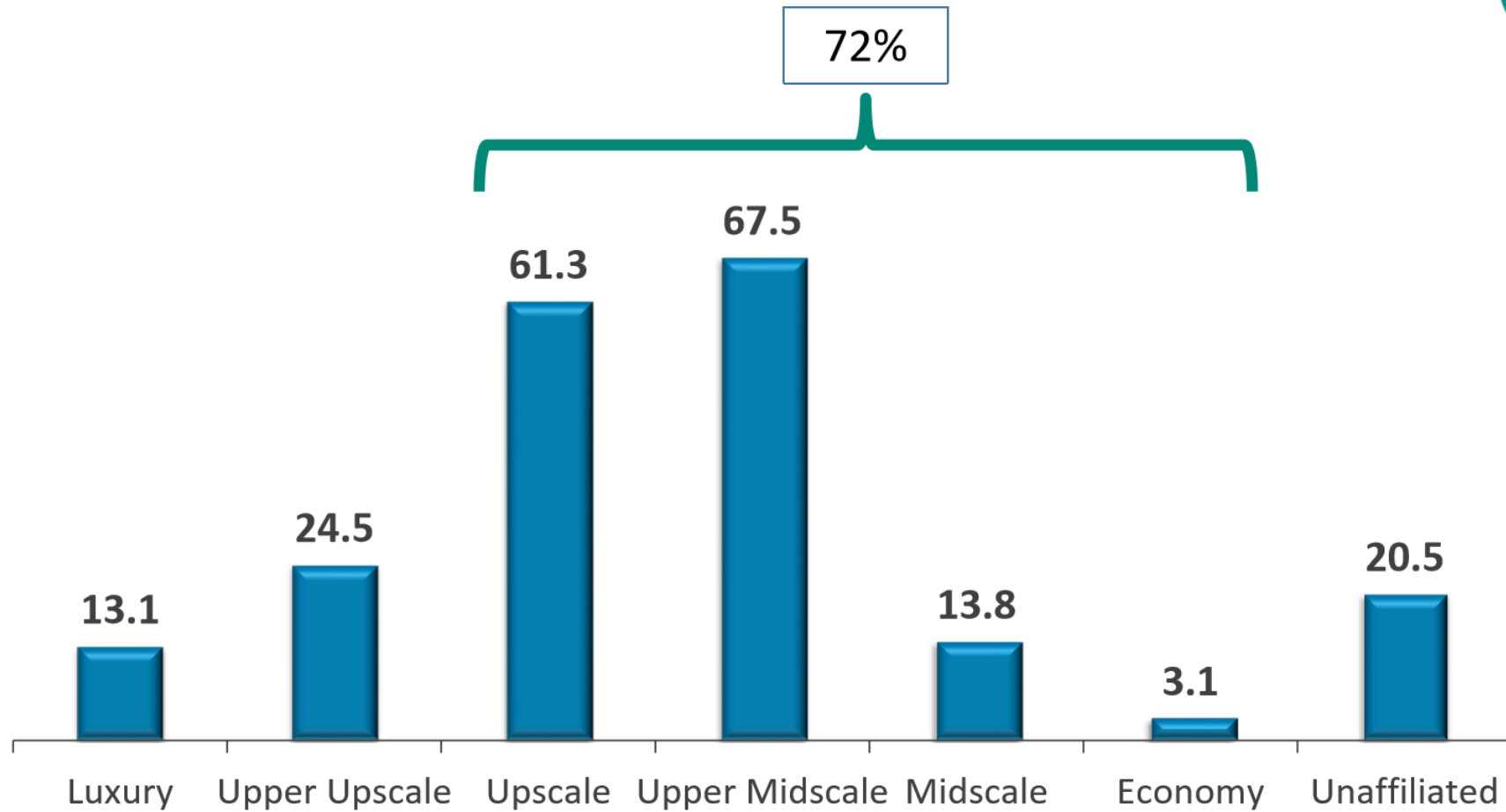
# Supply & Demand Growth



Total U.S. Supply & Demand Percent Growth, Annual Data, 17&18 Actual, 19-21 Forecasted



## Limited Service Construction Is The Name Of The Game



\*US Pipeline, Rooms In Construction , '000s Rooms, by Scale, April 2019



# Pipeline ('000s rooms): Top 26 Markets Have 45% Of I/C Rooms

■ In Construction ■ Final Planning ■ Planning





# Top 25 U.S. Markets

Market:	Occ %	RevPAR % Δ
Los Angeles/Long Beach, CA	78.6	-0.1
Detroit, MI	61.4	-0.6
Chicago, IL	63.8	-0.7
Oahu Island, HI	82.4	-0.8
Dallas, TX	68.7	-0.9
Orlando, FL	80.0	-1.4
Washington, DC-MD-VA	69.1	-1.8
Miami/Hialeah, FL	81.2	-2.5
Philadelphia, PA-NJ	65.8	-3.3
New York, NY	81.9	-4.1
Seattle, WA	69.9	-4.2
Houston, TX	64.7	-7.6
Minneapolis/St Paul, MN-WI	62.0	-8.0

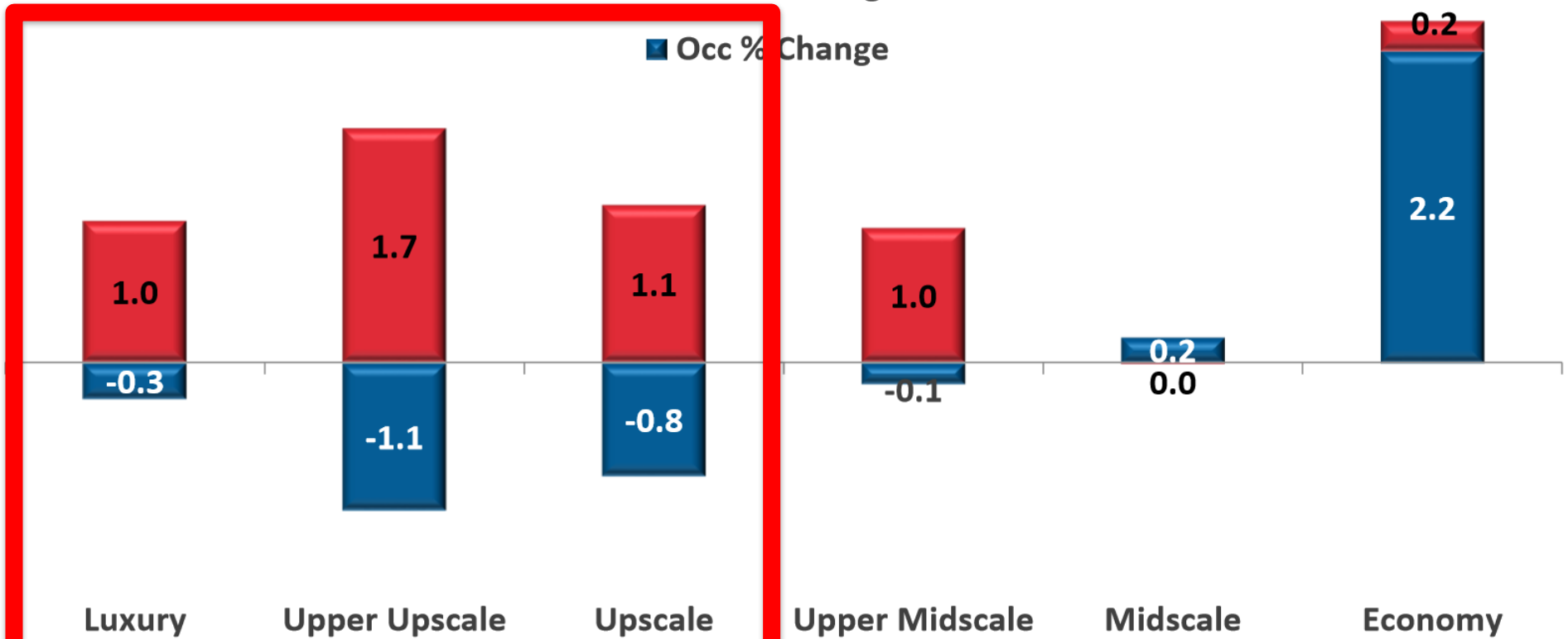
Market:	Occ %	RevPAR % Δ
San Francisco/San Mateo, CA	80.0	9.0
Atlanta, GA	71.0	8.9
Tampa/St Petersburg, FL	78.7	4.8
Nashville, TN	72.6	4.7
Norfolk/Virginia Beach, VA	58.9	4.2
Phoenix, AZ	77.7	4.1
Denver, CO	69.7	3.9
Anaheim/Santa Ana, CA	76.1	2.2
St Louis, MO-IL	61.5	1.9
Boston, MA	68.9	1.4
San Diego, CA	75.8	0.5
New Orleans, LA	74.5	0.3

Totals:	RevPAR % Δ
Top 25 Markets	-0.1
All Other Markets	2.9
Total United States	1.2

## Class RevPAR Results: Totally Mixed Bag; Supply Growth Takes Its Toll

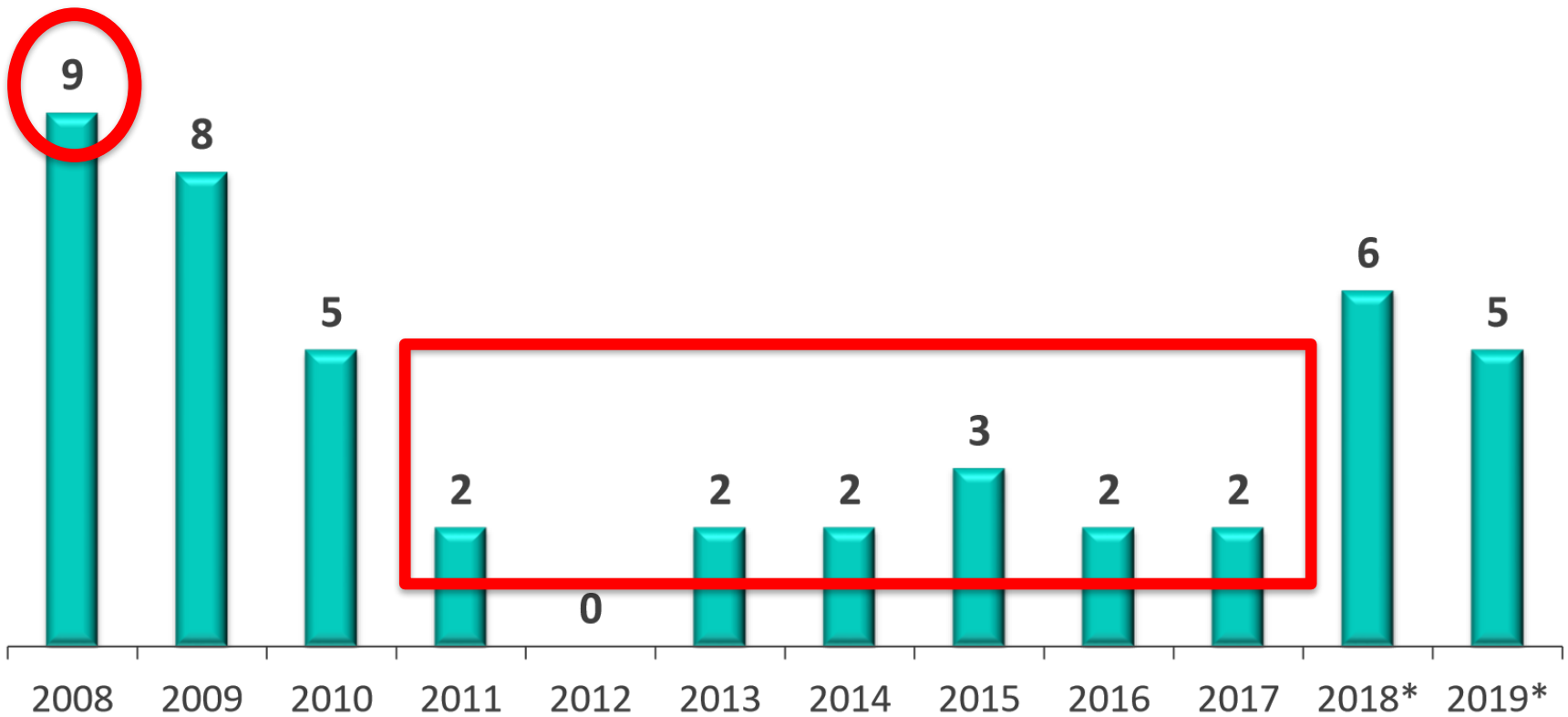


■ ADR % Change  
 ■ Occ % Change



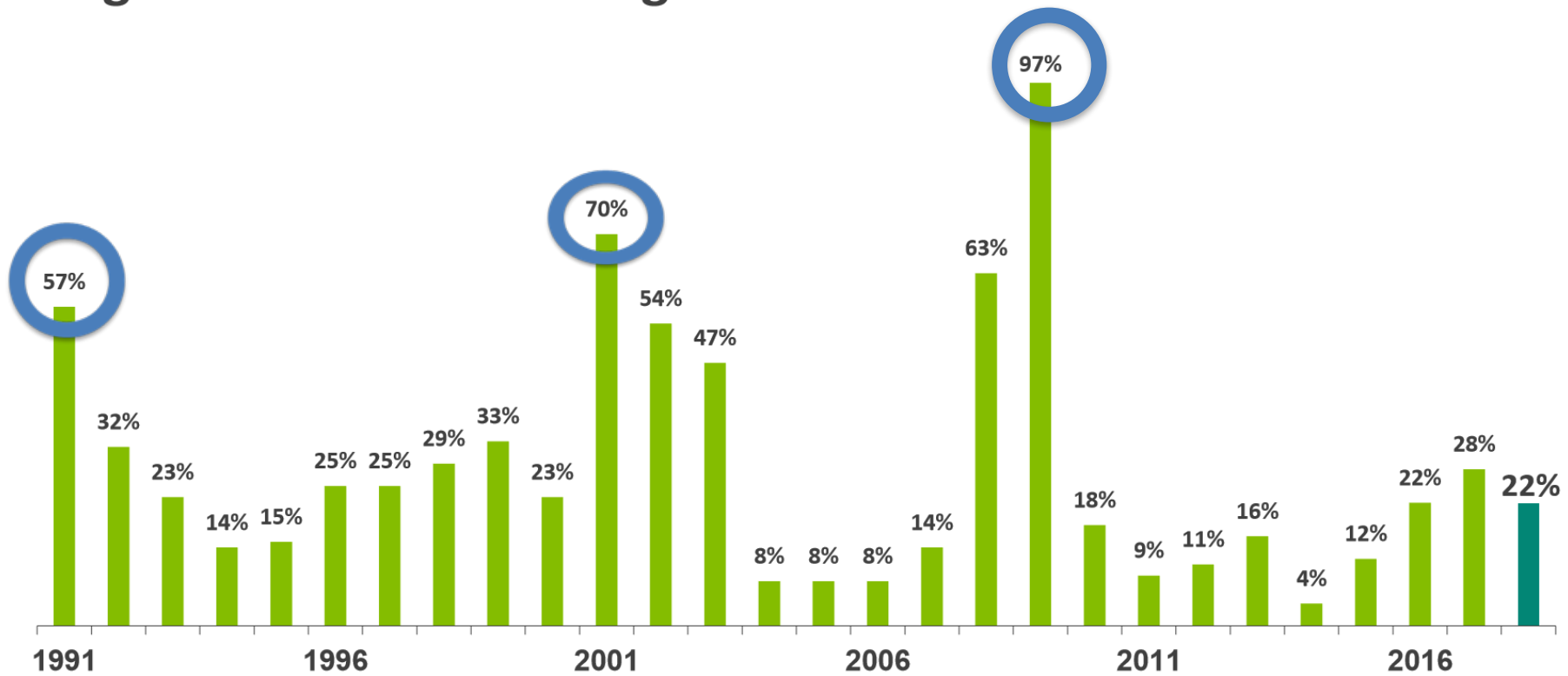
\*RevPAR % Change by Contribution of OCC / ADR % Change, by Class, YTD April 2019

## New Hotels w/50,000+ SF of Meeting Space



Total U.S. Count of New Hotels with 50,000+ square feet of meeting space by year, 2008- April 2018 and projected for the remainder of 2018 and 2019

# We are monitoring the Number of Submarkets with Negative RevPAR % Change



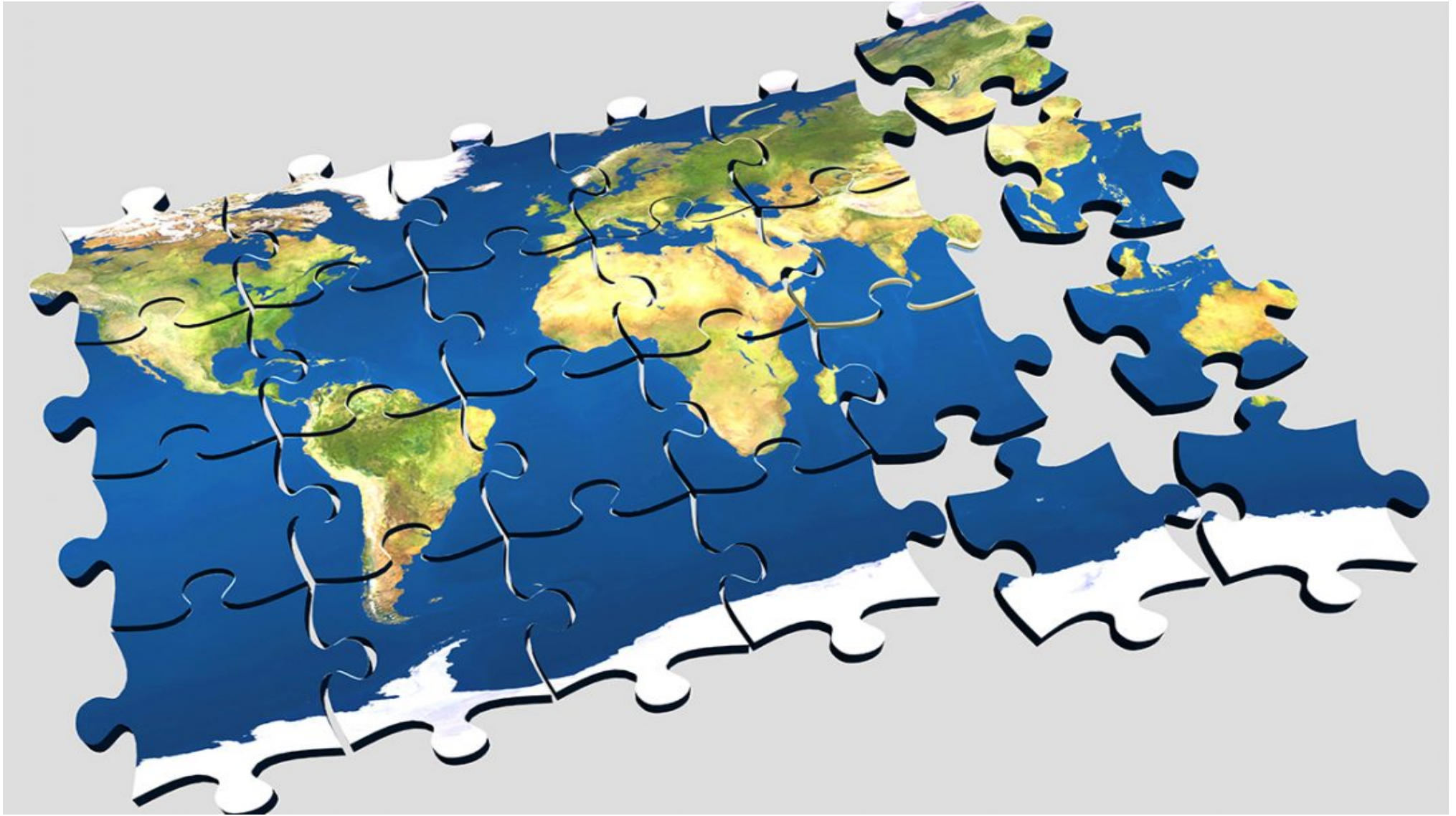
Submarkets with Negative RevPAR % Change out of all 639 Submarkets, by year 1990 – 2018

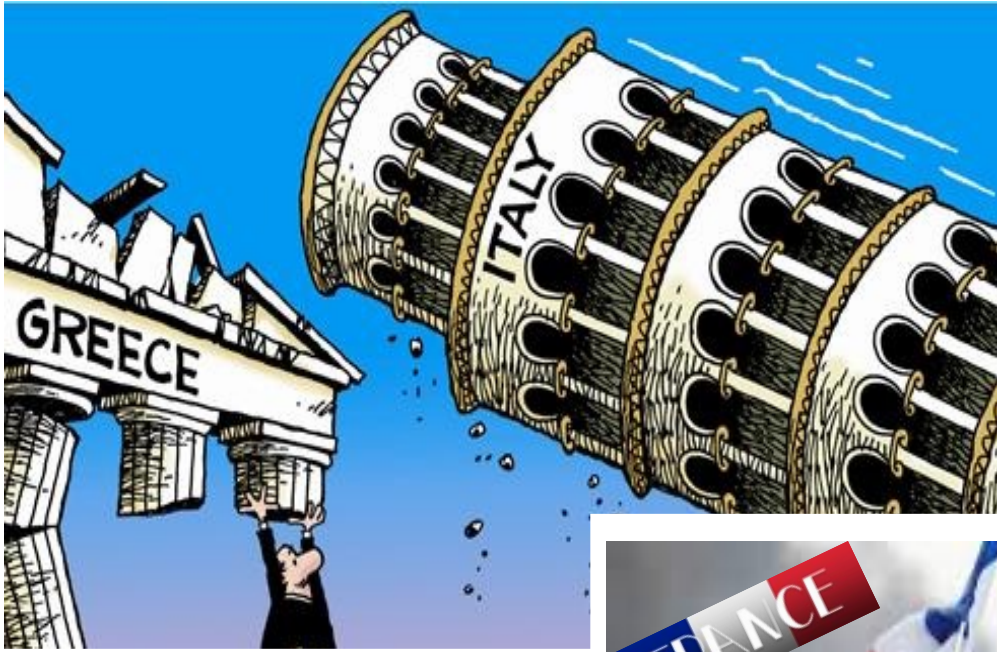




# United States – Final Thoughts

- The U.S. Lodging Market is still performing at record setting levels.
- ADR Growth will be the key driver to RevPAR growth moving forward.
- New development pipeline is largely focused on limited service.
- Rising labor costs is affecting profitability.







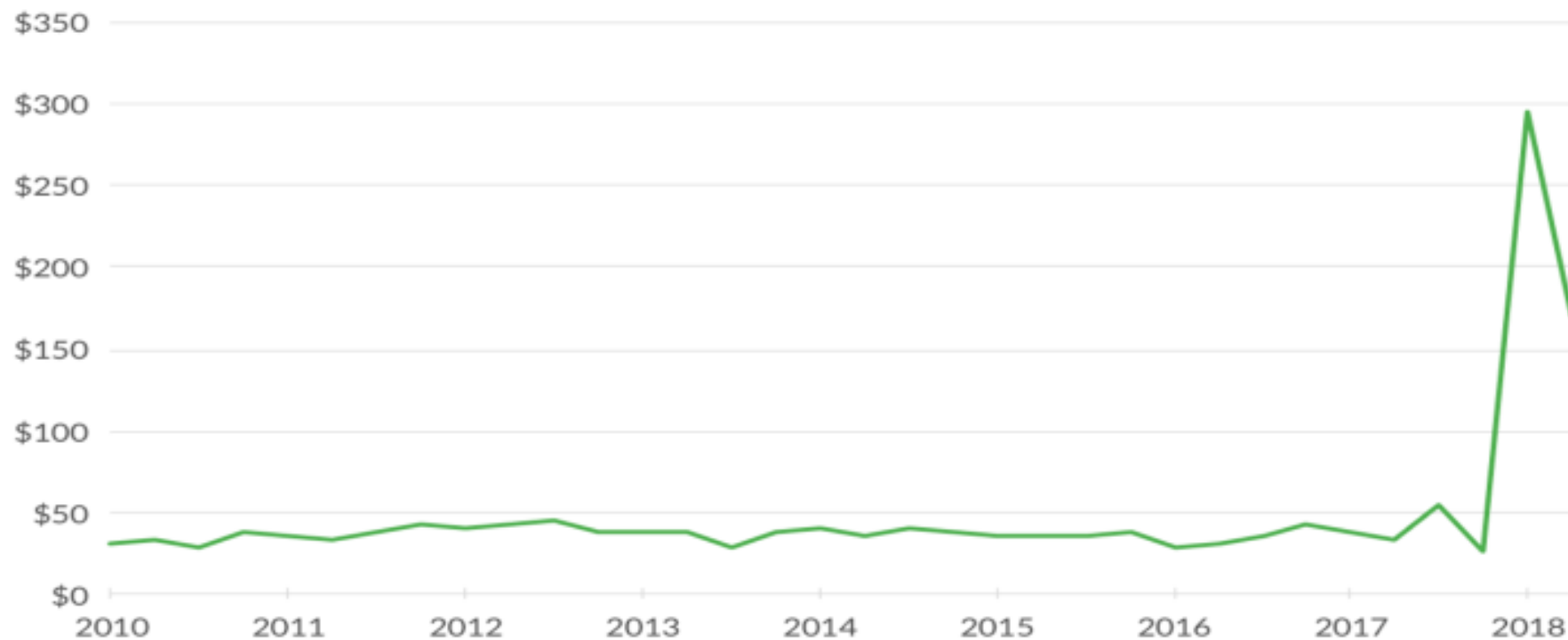
**SLOW  
ECONOMY  
AHEAD**





## Companies Are Bringing Back More Cash Since Enactment of the TCJA

*Dividends and Withdrawals, Dollars in Billions*

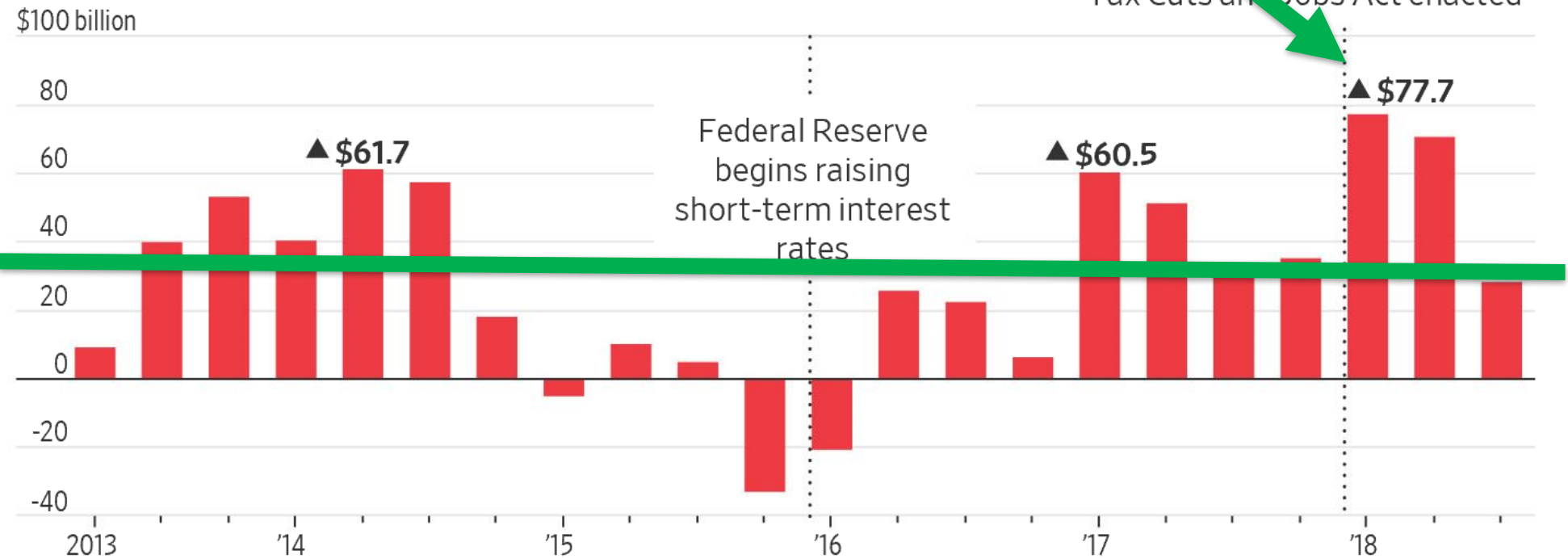


Source: U.S. Bureau of Economic Analysis, "Table 4.2. U.S. International Transactions in Primary Income on Direct Investment"

## Growth and Taxes

Growth in business investment, a key element of economic expansion, rose after last year's tax overhaul, before slowing again.

### Nonresidential fixed investment, quarterly change



Source: Bureau of Economic Analysis

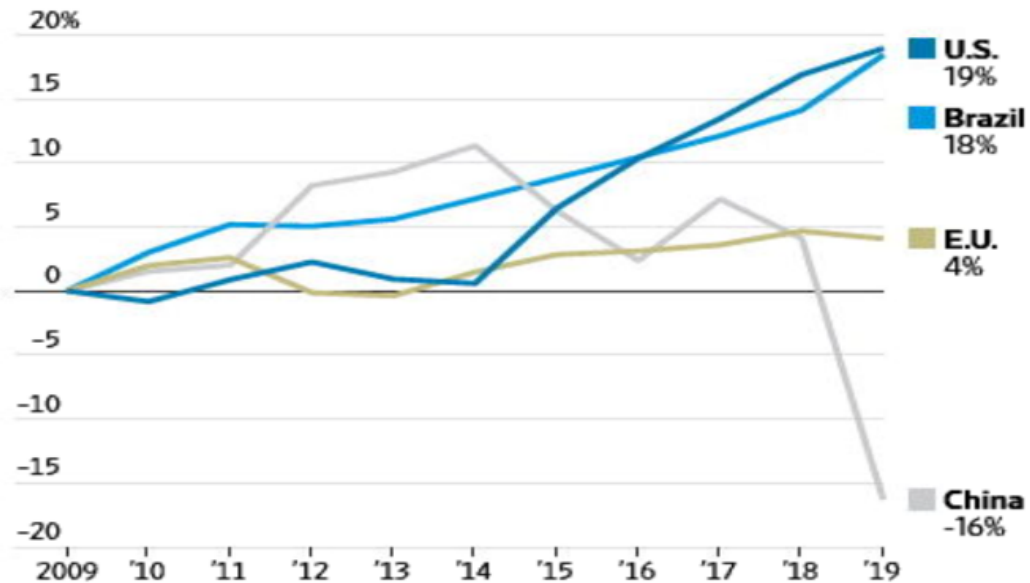


H&B

## China Swine Flu to Hit Meat Prices

Swine fever has depleted Chinese hog farms, and the impact is affecting markets globally. U.S. companies expect meat prices to climb this year as China seeks to fill its shortfall. B1

Change in hog production, by country and region



Note: 2019 figures are projections

Source: USDA

### Change in prices this year



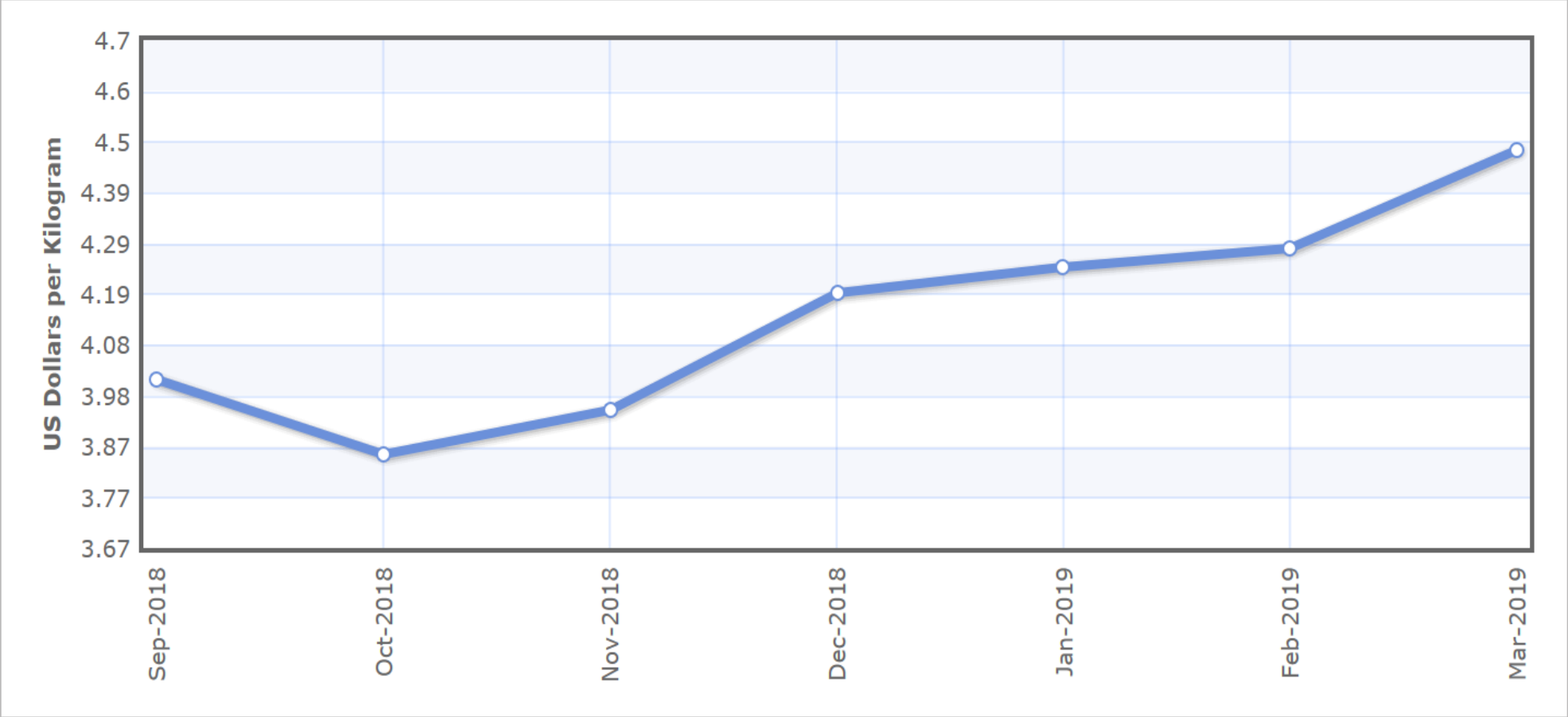
Source: USDA (carcass prices); Refinitiv (futures prices)



# Beef Monthly Price - US Dollars per Kilogram

Range

Sep 2018 - Mar 2019: 0.470 (11.72 %)



100%

ORGANIC

## Outbreaks per Year\*



\*0, if not available

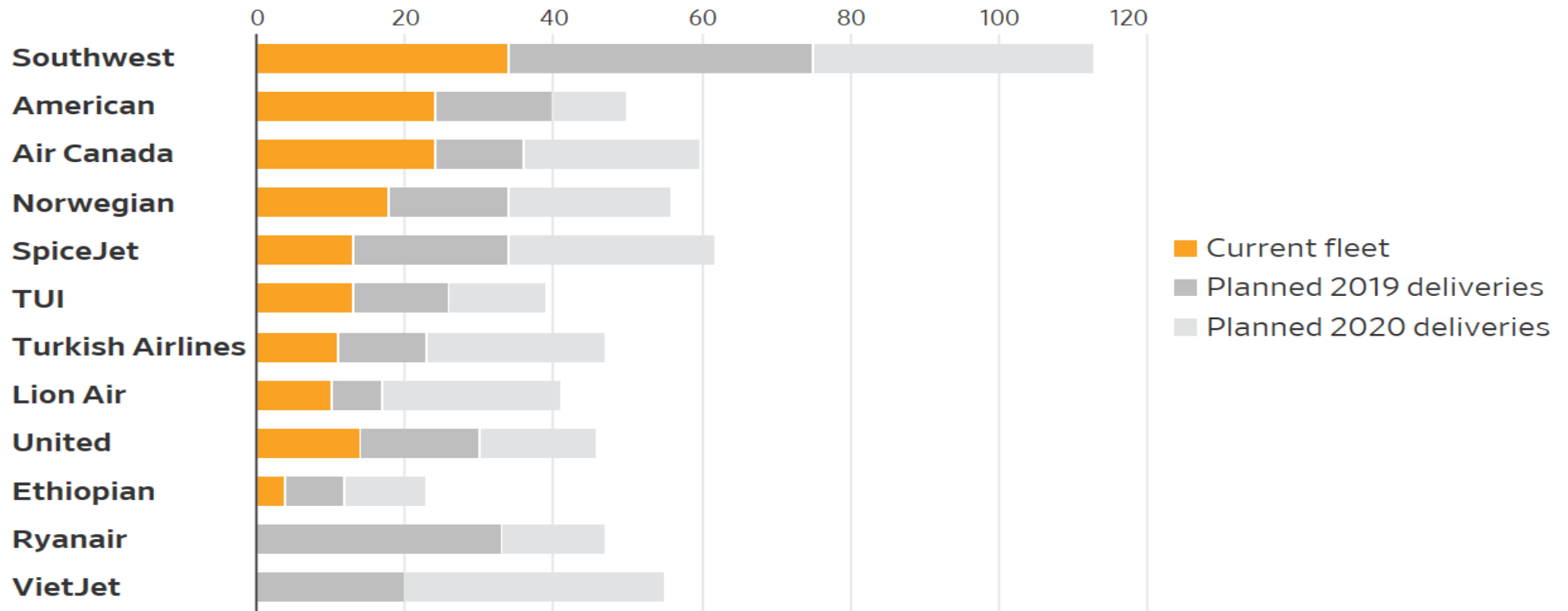




## Filling the Gap

The 737 MAX grounding and delivery freeze came just as dozens of carriers were planning to introduce or expand the plane in their fleet.

### Current and ordered Boeing MAX planes



Source: Cowen & Co.



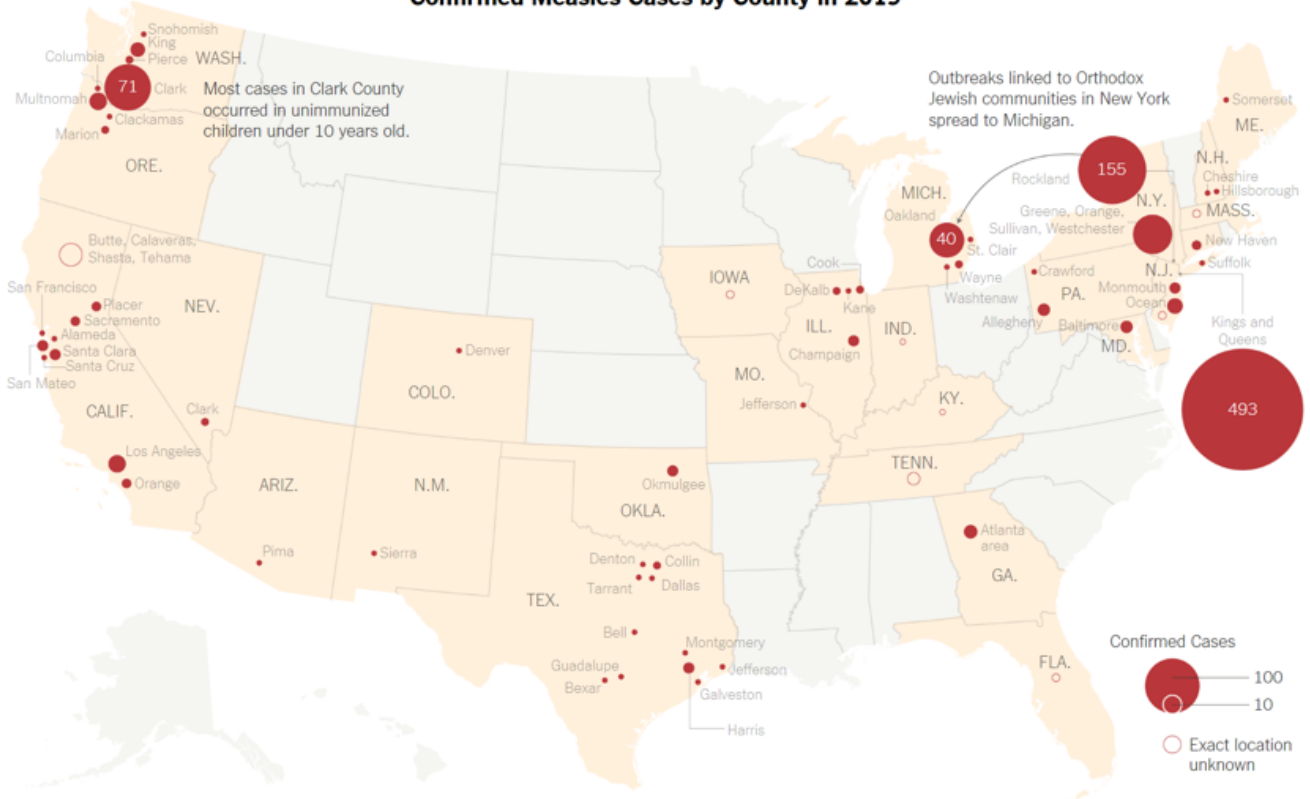
**THREATS**

# Largest U.S. Measles Outbreak in 25 Years Surpasses 980 Cases

By WEIYI CAL, DENISE LU and SCOTT REINHARD UPDATED JUNE 3, 2019

The Centers for Disease Control and Prevention on Monday reported a new total of 981 individual cases of measles across 26 states so far this year. It marks the highest number of cases since 1992, when 2,126 cases were reported for the year.

### Confirmed Measles Cases by County in 2019



Source: Latest data available from state health departments, as of June 3. Note: The number of cases in Clark County, Wash., decreased because two individuals moved out of the state during the outbreak, according to county officials.



**CAUTION!**

↑ Unintended ↑  
Consequences  
Ahead

***\$2.35 Trillion Globally***  
Number of Deals Over \$10 Billion





TECH



Pharmace  
Industry



“In the coming months, our focus will be to unlock WorldHotels’ potential by improving revenue delivery to its hotels while protecting its independent identity.”

—David Kong  
Best Western Hotels & Resorts



HYATT

TWO ROADS  
HOSPITALITY



*Worldwide Entertainment and  
Convention Venue Management*



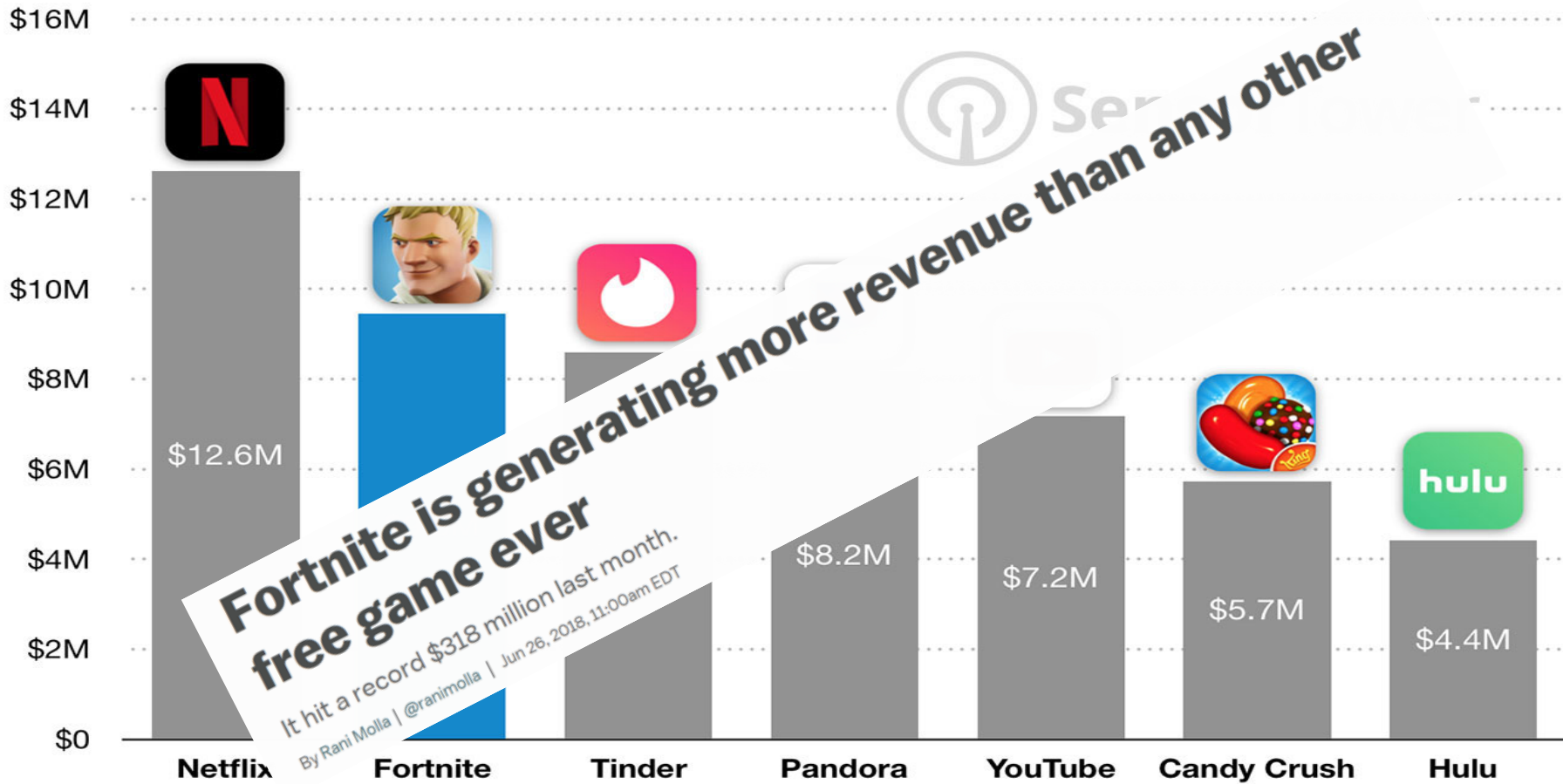
A nighttime photograph of a city skyline with several illuminated skyscrapers. The buildings are lit up with warm yellow and orange lights, and some have blue accents. The sky is dark blue. The text "TIME TO CHANGE THE BUSINESS MODEL" is overlaid in white, bold, sans-serif font across the middle of the image.

# TIME TO CHANGE THE BUSINESS MODEL

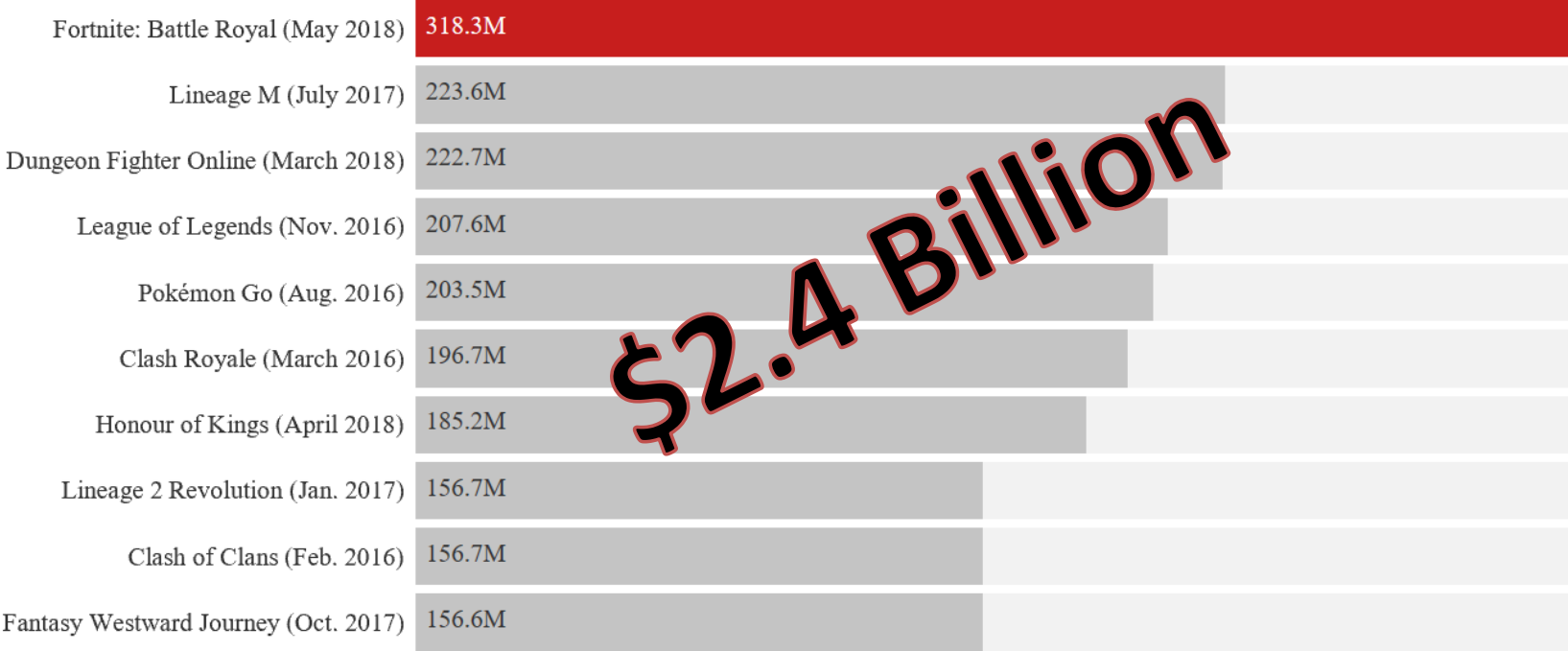


© 2019 MARVEL

## Fortnite: iPhone Spending, April 1-15 (United States)




# Top free-to-play games by highest one-month revenue



Source: SuperData



A group of people are having a picnic on a grassy area. In the background, a city skyline is visible across a body of water. The scene is captured in a warm, golden light, suggesting late afternoon or early morning. The text "WHO ARE MILLENIALS?" is overlaid in the center of the image, flanked by two horizontal white lines.

# WHO ARE MILLENIALS?

## SORRY AIRBNB, BUT U.S. MILLENNIAL TRAVELERS PREFER HOTELS



January 11, 2018

Share:    

The demo that will spend \$200 billion in 2018 alone overwhelmingly prefers full-service hotels. It's just one of the surprises in our new ['Future of U.S. Millennial Travel' Report](#).



# TRAVEL AGENT USER VS. NON TRAVEL AGENT USER DEMOGRAPHICS\*

## TRAVEL AGENT USER

Age: 39  
Household Income: \$145,875  
Married: 84%  
Children in Household: 74%  
Number of Vacations: 6.2  
Amount Spent on Vacations: \$8,405

## NON- TRAVEL AGENT USER

Age: 49  
Household Income: \$112,125  
Married: 71%  
Children in Household: 34%  
Number of Vacations: 2.9  
Amount Spent on Vacations: \$4,111

Source: \*2017 Portrait of the American Traveler MMCY

# FUTURE USE OF TRADITIONAL TRAVEL AGENTS BY GENERATION

Source: 2018 Portrait of American Travelers – MMGY Global

	MILLENNIALS	XERS	BOOMERS	MATURES
Vacation/Package Tour	85%	78%	77%	IRC
Accommodations	74%	78%	77%	IRC
Airline	76%	58%	62%	IRC
Cruise Line	75%	47%	40%	IRC
To Choose a Destination	70%	47%	40%	IRC
Rental Car	68%	43%	34%	IRC

LIKELY TO USE A TRADITIONAL TRAVEL AGENT TO BOOK THE FOLLOWING SERVICES\*

\*Among travelers who used a traditional travel agent to plan at least one vacation during the next two years



## Demographics

Age / Gender

Race

Location

Employment Status

## Psychographics

Personality

Values

Attitudes

Interests

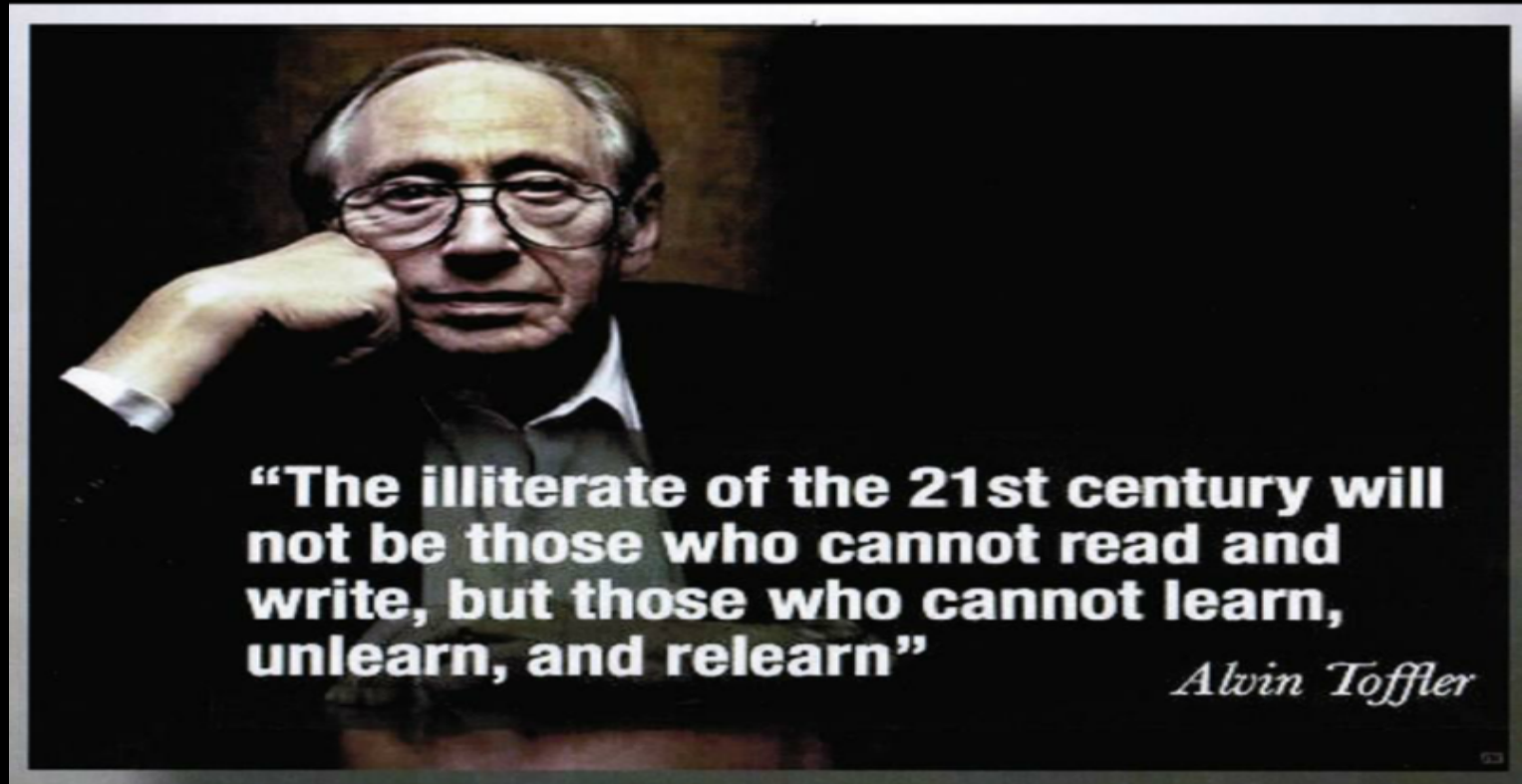
Lifestyles



Our children will never know the link  
between the two



## Trend – Disrupt or be Disrupted



**“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”**

*Alvin Toffler*

# THANK YOU!

[MDOMINGUEZ@MGMRESORTS.COM](mailto:MDOMINGUEZ@MGMRESORTS.COM)

Twitter – M\_Dominguez

Facebook - /dominguezm68