

Intelligent Investment

Trends[®] in the Hotel Industry

REPORT

CBRE HOTELS RESEARCH
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\$360



CBRE

Table of Contents

02. Credits	
06. Publisher's Message	
10. Glossary of Terms	
14. Major Markets Still Attracting Developers	
22. Trends in Fixed vs. Variable Cost Analysis	
30. A Note to Readers	
42. Geographic Regions Map	
ALL HOTELS	
44. Consumer Price Index vs. Average Daily Room Rate	
45. Figure 1: How Hotels Performed – 2021 vs. 2020	
46. Figure 2: Statistical Highlights – 2021	
47. Figure 3: Source and Disposition of the Industry Dollar	
48. Figure 4: Summary Operating Statement – Dollars Per Available and Occupied Room	
49. Figure 5: Summary Operating Statement – Percent of Revenue	
50. Figure 6: Departmental Expenses	
51. Figure 7: Labor Costs	
52. Figure 8: Management Fees – Franchise Fees – 2021	
53. Figure 9: Selected Revenue and Expense Items – 20 Year Trend	
FULL-SERVICE HOTELS	
54. Performance in 2021	
55. Figure 10: Summary Operating Statement – Dollars Per Available and Occupied Room	
56. Figure 10A: Summary Operating Statement – By Rate Groups	
58. Figure 10B: Summary Operating Statement – By Geographic Regions	
61. Figure 10C: Summary Operating Statement – By Property Size Classifications	
63. Figure 11: Departmental Expenses	
64. Figure 12: Labor Costs	
LIMITED-SERVICE HOTELS	
65. Performance in 2021	
66. Figure 13: Summary Operating Statement – Dollars Per Available and Occupied Room	
67. Figure 13A: Summary Operating Statement – By Rate Groups	
69. Figure 13B: Summary Operating Statement – By Geographic Regions	
72. Figure 13C: Summary Operating Statement – By Property Size Classifications	
74. Figure 14: Departmental Expenses	
75. Figure 15: Labor Costs	
SUITE HOTELS WITH FOOD AND BEVERAGE	
76. Performance in 2021	
77. Figure 16: Summary Operating Statement – Dollars Per Available and Occupied Room	
78. Figure 16A: Summary Operating Statement – By Rate Groups	
80. Figure 16B: Summary Operating Statement – By Geographic Regions	
83. Figure 16C: Summary Operating Statement – By Property Size Classifications	
85. Figure 17: Departmental Expenses	
86. Figure 18: Labor Costs	

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

- 87. Performance in 2021
- 88. Figure 19: Summary Operating Statement – Dollars Per Available and Occupied Room
- 89. Figure 19A: Summary Operating Statement – By Rate Groups
- 91. Figure 19B: Summary Operating Statement – By Geographic Regions
- 94. Figure 19C: Summary Operating Statement – By Property Size Classifications
- 96. Figure 20: Departmental Expenses
- 97. Figure 21: Labor Costs

CONVENTION HOTELS

- 98. Performance in 2021
- 99. Figure 22: Summary Operating Statement – Dollars Per Available and Occupied Room
- 100. Figure 22A: Summary Operating Statement – By Rate Groups
- 102. Figure 22B: Summary Operating Statement – By Geographic Regions
- 105. Figure 22C: Summary Operating Statement – By Property Size Classifications
- 107. Figure 23: Departmental Expenses
- 108. Figure 24: Labor Costs

RESORT HOTELS

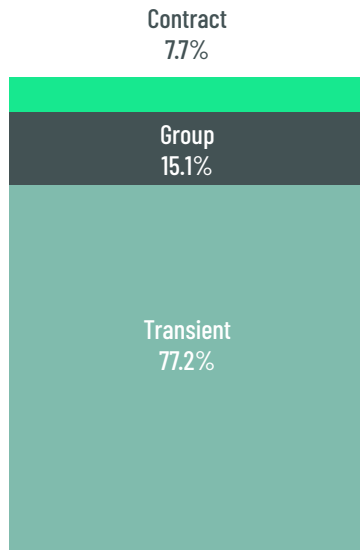
- 109. Performance in 2021
- 110. Figure 25: Summary Operating Statement – Dollars Per Available and Occupied Room
- 111. Figure 25A: Summary Operating Statement – By Rate Groups
- 113. Figure 25B: Summary Operating Statement – By Geographic Regions
- 116. Figure 25C: Summary Operating Statement – By Property Size Classifications
- 118. Figure 26: Summary Operating Statement – Dollars Per Guest Day
- 119. Figure 27: Departmental Expenses
- 120. Figure 28: Labor Costs
- 122. CBRE Hotels Contact Information
- 126. CBRE Hotels Advisory Leadership
- 128. CBRE Hotels Research and Data Products

Full-Service Hotels

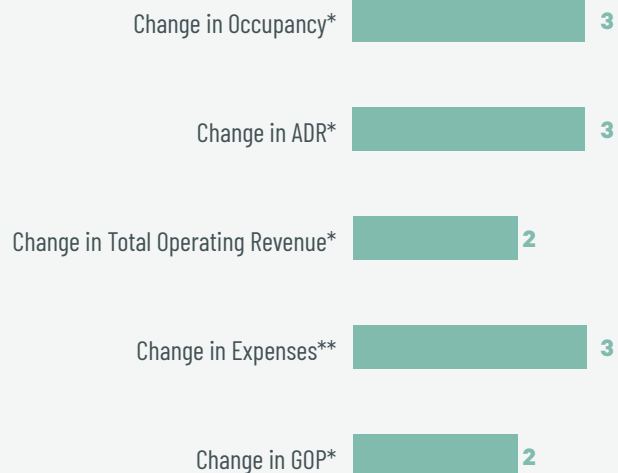
PERFORMANCE IN 2021

- Total full-service hotel operating revenue increased by 73.0 percent from 2020 to 2021. The 60.6 percent rise in occupancy was the primary driver of the increase in revenue.
- As occupancy and revenue rose, operated and undistributed department expenses increased by 29.2 percent during 2021.
- With revenues growing greater than expenses, the gross operating profit (GOP) margin increased from 7.0 percent in 2020 to 30.5 percent in 2021.
- All categories of full-service hotels enjoyed GOP growth of more than 100 percent in 2021.
- 2021 full-service revenues were at 57.6 percent of 2019 levels, while GOP had returned to 47.6 percent of 2019 levels.
- Labor costs at full-service hotels increased by 20.2 percent in 2021. The combined costs of salaries, wages, bonuses and benefits represented 49.5 percent of operating expenses for the year.

FULL-SERVICE HOTELS: MARKET MIX



RANKING: RANK AMONG SIX PROPERTY TYPE CATEGORIES CHANGE FROM 2020 TO 2021



Note: * 1 = greatest increase, 6 = least increase
 ** 1 = least increase, 6 = greatest increase

Full-Service Hotels

FIGURE 10
SUMMARY OPERATING STATEMENT – DOLLARS PER AVAILABLE AND OCCUPIED ROOM

	2021 Dollars Per Available Room	Change from Prior Year	2021 Percent of Revenue	2021 Dollars Per Occupied Room
Revenues				
Rooms	\$ 30,567	78.1 %	74.6 %	\$ 163.60
Food and Beverage	7,355	59.1	17.9	39.37
Other Operated Departments	1,877	71.8	4.6	10.05
Miscellaneous Income	1,191	44.7	2.9	6.37
Total Operating Revenue	\$ 40,990	73.0 %	100.0 %	\$ 219.39
Departmental Expenses*				
Rooms	\$ 8,454	40.9 %	27.7 %	\$ 45.24
Food and Beverage	5,734	27.3	78.0	30.69
Other Operated Departments	785	55.2	41.8	4.20
Total Departmental Expenses	\$ 14,972	36.0 %	36.5 %	\$ 80.13
Total Departmental Profit	\$ 26,018	N/C	63.5 %	\$ 139.26
Undistributed Operating Expenses				
Administrative and General	\$ 4,324	21.6 %	10.5 %	\$ 23.14
Information and Telecommunications Systems	823	6.9	2.0	4.41
Sales and Marketing	4,074	30.7	9.9	21.80
Property Operations and Maintenance	2,424	19.6	5.9	12.97
Utilities	1,868	19.6	4.6	10.00
Total Undistributed Expenses	\$ 13,513	22.5 %	33.0 %	\$ 72.32
Gross Operating Profit	\$ 12,505	N/C	30.5 %	\$ 66.93
Management Fees	\$ 1,295	74.6 %	3.2 %	\$ 6.93
Income Before Non-Operating Income and Expenses	\$ 11,210	N/C	27.3 %	\$ 60.00
Non-Operating Income and Expenses				
Income	\$ 601	N/C	1.5 %	\$ 3.22
Rent	935	(4.7) %	2.3	5.00
Property and Other Taxes	2,677	(8.2)	6.5	14.33
Insurance	739	14.6	1.8	3.95
Other	470	(41.6)	1.1	2.52
Total Non-Operating Income and Expenses	\$ 4,219	(20.0) %	10.3 %	\$ 22.58
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	\$ 6,991	N/C	17.1 %	\$ 37.42
Percent of Occupancy	51.2 %	60.6 %		
Average Daily Rate	\$ 163.60	11.2 %		
RevPAR	\$ 83.74	78.6 %		
Average Size (Rooms)	235	—		

* Expressed as a percent of departmental revenue.
N/C Data not comparable.

Suite Hotels Without Food and Beverage

FIGURE 20
DEPARTMENTAL EXPENSES

	2021 Dollars Per Available Room	Change from Prior Year	2021 Percent of Revenue	2021 Dollars Per Occupied Room
Rooms Department*				
Total Labor Costs and Related Expenses	\$ 4,287	25.4 %	14.6 %	\$ 16.73
Other Expenses	2,653	44.2	9.0	10.36
Total Department Expenses	\$ 6,941	32.0 %	23.6 %	\$ 27.09
Other Operated Departments*				
Total Labor Costs and Related Expenses	\$ 66	14.2 %	9.4 %	\$ 0.26
Other Expenses***	268	37.6	38.2	1.05
Total Department Expenses	\$ 334	32.2 %	47.6 %	\$ 1.30
Administrative and General Department**				
Total Labor Costs and Related Expenses	\$ 1,454	17.0 %	4.7 %	\$ 5.68
Other Expenses	1,492	25.1	4.9	5.82
Total Department Expenses	\$ 2,946	21.0 %	9.6 %	\$ 11.50
Information and Telecommunications Systems Department**				
Total Labor Costs and Related Expenses	\$ 2	(10.8) %	—	\$ 0.01
Other Expenses	522	17.8	1.7 %	2.04
Total Departmental Expenses	\$ 524	17.7 %	1.7 %	\$ 2.04
Marketing Department**				
Total Labor Costs and Related Expenses	\$ 543	7.9 %	1.8 %	\$ 2.12
Other Expenses	2,687	31.6	8.8	10.49
Total Department Expenses	\$ 3,230	26.9 %	10.5 %	\$ 12.61
Maintenance Department**				
Total Labor Costs and Related Expenses	\$ 709	15.2 %	2.3 %	\$ 2.77
Other Expenses	962	30.2	3.1	3.75
Total Department Expenses	\$ 1,670	23.4 %	5.5 %	\$ 6.52
Utilities Department**				
Other Expenses	\$ 1,446	16.1 %	4.7 %	\$ 5.65
Total Operating Expenses**				
Total Labor Costs and Related Expenses	\$ 7,061	20.9 %	23.0 %	\$ 27.56
Other Expenses***	10,030	30.3	32.7	39.15
Total Department Expenses****	\$ 17,091	26.3 %	55.8 %	\$ 66.71

* Expressed as a percent of department revenue. ** Expressed as a percent of total revenue.

*** Includes cost of sales. **** Before management fees and non-operating income and expenses.

Convention Hotels

FIGURE 24
LABOR COSTS

	2021 Dollars Per Available Room	Change from Prior Year	2021 Percent of Revenue	2021 Dollars Per Occupied Room
Rooms Department*				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 3,142	54.3 %	13.3 %	\$ 22.18
Payroll-Related Expenses	1,616	(10.7)	6.8	11.41
Total Labor Costs and Related Expenses	\$ 4,758	23.7 %	20.1 %	\$ 33.59
Food and Beverage Department*				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 2,930	26.3 %	29.6 %	\$ 20.68
Payroll-Related Expenses	1,820	(26.2)	18.4	12.85
Total Labor Costs and Related Expenses	\$ 4,750	(0.8) %	48.0 %	\$ 33.53
Other Operated Departments*				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 299	34.1 %	9.1 %	\$ 2.11
Payroll-Related Expenses	104	(27.2)	3.2	0.73
Total Labor Costs and Related Expenses	\$ 403	10.1 %	12.2 %	\$ 2.84
Administrative and General Department**				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 1,612	23.5 %	4.2 %	\$ 11.38
Payroll-Related Expenses	457	(28.8)	1.2	3.22
Total Labor Costs and Related Expenses	\$ 2,069	6.2 %	5.4 %	\$ 14.61
Information and Telecommunication Systems**				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 145	2.0 %	0.4 %	\$ 1.02
Payroll-Related Expenses	85	(24.1)	0.2	0.60
Total Labor Costs and Related Expenses	\$ 230	(9.5) %	0.6 %	\$ 1.62
Marketing Department**				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 1,013	35.8 %	2.7 %	\$ 7.15
Payroll-Related Expenses	329	(13.5)	0.9	2.32
Total Labor Costs and Related Expenses	\$ 1,341	19.2 %	3.5 %	\$ 9.47
Maintenance Department**				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 868	16.5 %	2.3 %	\$ 6.13
Payroll-Related Expenses	438	(13.2)	1.1	3.09
Total Labor Costs and Related Expenses	\$ 1,306	4.5 %	3.4 %	\$ 9.22
All Departments**				
Salaries, Wages, Service Charges, Contracted Labor, and Bonuses	\$ 10,008	33.1 %	26.2 %	\$ 70.65
Payroll-Related Expenses	4,848	(20.0)	12.7	34.23
Total Labor Costs and Related Expenses	\$ 14,856	9.4 %	38.9 %	\$ 104.88

* Expressed as a percent of department revenue. ** Expressed as a percent of total revenue.

Resort Hotels

FIGURE 26
SUMMARY OPERATING STATEMENT – DOLLARS PER GUEST DAY

	2021 Dollars Per Guest Day	2020 Dollars Per Guest Day	Change from Prior Year
Revenues			
Rooms	\$ 188.77	\$ 165.76	13.9 %
Food and Beverage	85.48	88.81	(3.8)
Other Operated Departments	44.22	47.32	(6.5)
Miscellaneous Income	12.76	14.30	(10.8)
Total Operating Revenue	\$ 331.23	\$ 316.20	4.8 %
Departmental Expenses*			
Rooms	\$ 41.71	\$ 46.11	(9.5) %
Food and Beverage	64.41	74.15	(13.1)
Other Operated Departments	22.02	24.51	(10.2)
Total Departmental Expenses	\$ 128.14	\$ 144.78	(11.5) %
Total Departmental Profit	\$ 203.09	\$ 171.42	18.5 %
Undistributed Operating Expenses			
Administrative and General	\$ 23.78	\$ 30.88	(23.0) %
Information and Telecommunications Systems	4.28	6.76	(36.7)
Sales and Marketing	19.47	24.08	(19.1)
Property Operations and Maintenance	14.74	21.75	(32.2)
Utilities	10.29	14.85	(30.7)
Total Undistributed Expenses	\$ 72.55	\$ 98.32	(26.2) %
Gross Operating Profit	\$ 130.54	\$ 73.11	78.6 %
Management Fees	\$ 13.27	\$ 10.19	30.1 %
Income Before Non-Operating Income and Expenses	\$ 117.28	\$ 62.92	86.4 %
Non-Operating Income and Expenses			
Income	\$ 1.14	\$ 0.47	N/C
Rent	2.43	3.54	(31.4)
Property and Other Taxes	10.32	20.28	(49.1)
Insurance	5.79	8.67	(33.1)
Other	7.37	9.63	(23.4)
Total Non-Operating Income and Expenses	\$ 24.78	\$ 41.64	(40.5) %
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	\$ 92.50	\$ 21.28	N/C
Percent of Occupancy	53.1 %	29.6 %	79.8 %
Average Daily Rate	\$ 367.36	\$ 315.37	16.5 %
RevPAR	\$ 195.18	\$ 93.22	N/C
Average Size (Rooms)	413	413	—

* Expressed as a percent of departmental revenue.
N/C Data not comparable.