



## U.S. Conference and Meetings Industry

### Economic Summary

The economy slowed somewhat in Q4 2016, according to the U.S. Bureau of Economic Analysis. The real gross domestic product grew at an annual rate of 1.9%, less than the exuberant 3.5% seen in Q3. Of the four broad categories of expenditure, three—consumption, investment, and government expenditure—contributed GDP growth in the fourth quarter. Consumption contributed 1.7%, less than Q3's 2%. Investment showed a marked increase, contributing 1.7% in Q4 compared to 0.5% in Q3. Government expenditures increased GDP growth slightly at 0.21%. Net exports steeply declined, detracting 1.7% from GDP and essentially offsetting all contributions from consumption. The real dollar strengthened 3.4% against a broad index of foreign currencies in Q4 compared to the previous quarter, contributing to the trade deficit.

The national unemployment rate dipped to 4.7%, according to the Bureau of Labor Statistics, the lowest unemployment rate since the Great Recession. The number of total non-farm employees increased by 510,000 in Q4 2016. Consumer prices increased year-over-year at an average of 1.8% in Q4, just shy of the target of 2%. Real weekly earnings showed some signs of movement, increasing 0.5% year-over-year, according to the BLS. CBRE Econometric Advisors' outlook is that inflation is forecast to increase well above recent levels, to around 2%.

### Market Snapshot: Current Year

The arrows indicate the forecast direction of change over the current year vs. the previous year.

#### Occupancy

Occupancy will decrease to 63.3% from the past year's rate of 64.2%.

#### Average Daily Rate

ADR growth projections are increasing, up 2.4% from the past year's rate of 1.9%.

#### Revenue Per Available Room

RevPAR growth projections are climbing to 2.4% as compared to the past year's rate of 1.4%.

#### Supply

Supply growth projections for this year are climbing to 1.7% as compared to the past year's rate of 1.4%.

#### Demand

Demand growth projections for this year are climbing to 1.1% as compared to the past year's rate of 0.5%.

Source: CBRE Hotels' Americas Research, Q4 2016

### Lodging Market Summary

IACC, in conjunction with CBRE Hotels' Americas Research (CBRE), is pleased to present this edition of Hotel Horizons® for the Conference and Meetings Industry. Each quarter, IACC and CBRE present updated econometric forecasts of performance for conference centers located in the United States.

As a bonus addendum once a year CBRE will extract data from its Trends® in the Hotel Industry database and provide revenue, expense and profit metrics for conference venues to assist owners and operators in benchmarking financial performance of their properties.

To subscribe to the quarterly edition of Hotel Horizons® for the Conference and Meetings Industry, please visit the CBRE website at [pip.cbrehotels.com](http://pip.cbrehotels.com) (Other Publications) or [IACOnline.org/store](http://IACOnline.org/store).

This report is based on hotel data through December 2016 and economic data as of February 2017.

### Forecast Summary

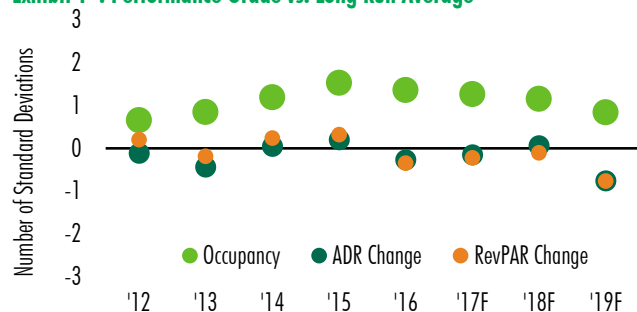
Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2012	61.1%	2.5%	\$132.20	3.1%	\$81.47	5.7%
2013	62.3%	1.1%	\$134.23	1.5%	\$83.64	2.7%
2014	63.6%	2.0%	\$139.48	3.9%	\$88.67	6.0%
2015	64.8%	1.9%	\$145.99	4.7%	\$94.55	6.6%
2016	64.2%	-0.9%	\$149.43	2.4%	\$95.90	1.4%
2017F	63.8%	-0.6%	\$153.84	3.0%	\$98.18	2.4%
2018F	63.4%	-0.6%	\$159.95	4.0%	\$101.44	3.3%
2019F	62.3%	-1.8%	\$159.88	0.0%	\$99.60	-1.8%

Source: CBRE Hotels' Americas Research, STR Q4 2016

### Long Run Averages - 1988 to 2016

Occupancy: 59.3%      Δ ADR: 3.7%      Δ RevPAR: 4.1%

### Exhibit 1\*: Performance Grade vs. Long Run Average



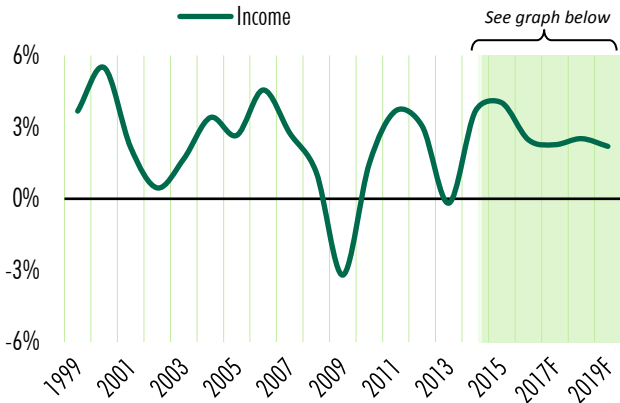
Source: CBRE Hotels' Americas Research, STR Q4 2016

\*See exhibit descriptions on Page 4

## U.S. Conference and Meetings Industry Economic Summary

Below are a select number of variables that drive the CBRE Hotels econometric forecasts contained in this report. Income and employment are important barometers of economic health and are used in every *Hotel Horizons*® forecast model. The lodging market is part of the larger economy, and the forces that affect us nationally also affect lodging, but in different magnitudes and time periods (see Exhibits 4 and 5 below). Exhibits 2 - 6 provide an overview of current economic history and forecast, and provide explanation of what to expect in the future, and how that affects the lodging industry.

**Exhibit 2\*: Annual Income Change**



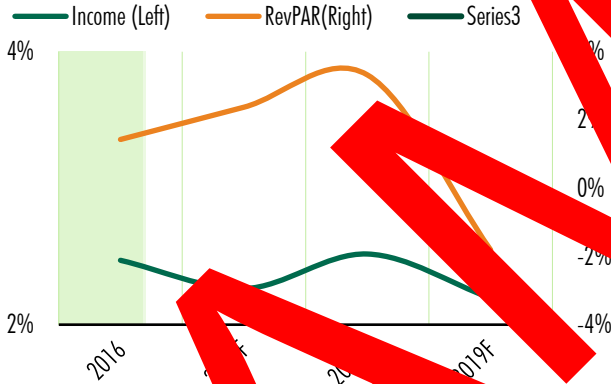
Source: CBRE EA, Q4 2016

**Exhibit 3\*: Annual Employment Change**



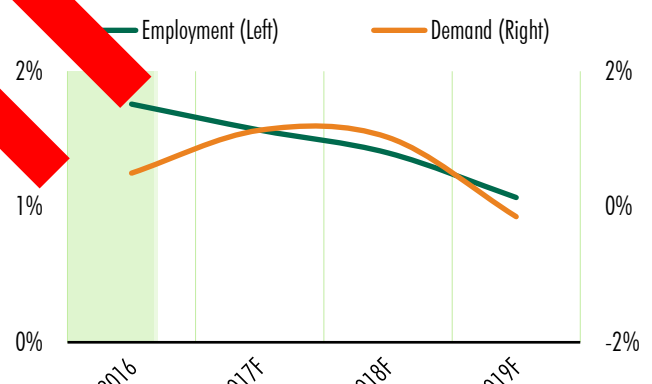
Source: CBRE EA, Q4 2016

**Exhibit 4\*: Annual Income vs. RevPAR Change**



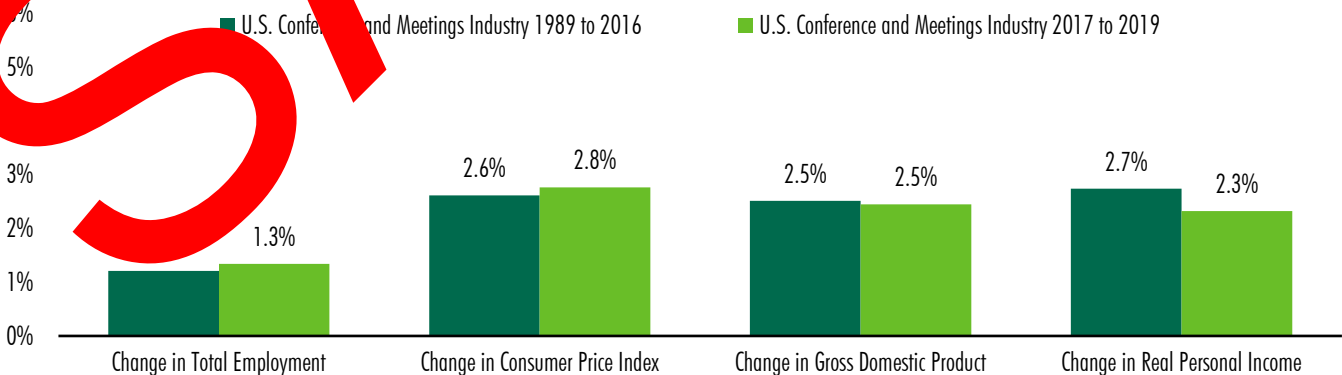
Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016

**Exhibit 5\*: Annual Employment vs. Demand Change**



Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016

**Exhibit 6\*: Average Annual Growth Rates**



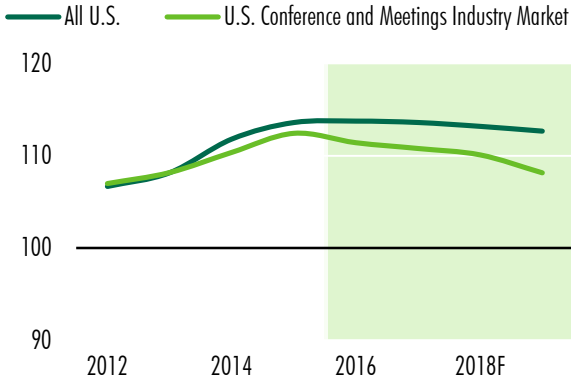
Source: CBRE EA, CBRE Hotels | Americas Research, STR Inc

\*See exhibit descriptions on Page 4

## U.S. Conference and Meetings Industry Market Summary

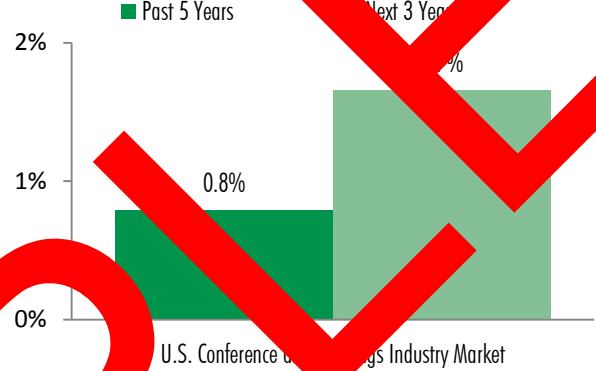
The graphs on the left illustrate the annual magnitude of change in performance during the historical and forecasted period 2012 to 2019. Used as a relative benchmark, each market segment is plotted against a common index value of 2012 = 100. This method provides clear insight of how the subject market is expected to perform relative to the U.S. lodging market in the specified period. The charts on the right compare near-term historical compound annual growth rates (CAGR) to the CAGRs for the forecast period.

**Exhibit 7\*: Occupancy Change**



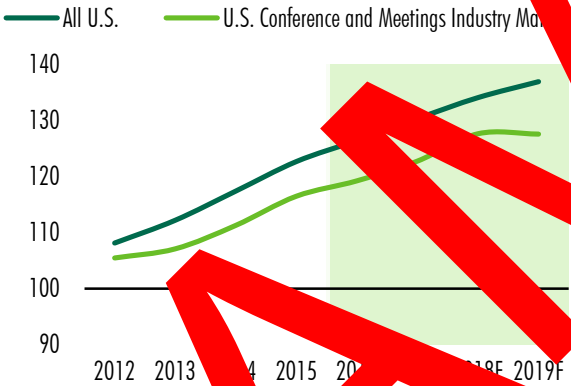
Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

**Exhibit 10\*: Compound Average Annual Supply Change**



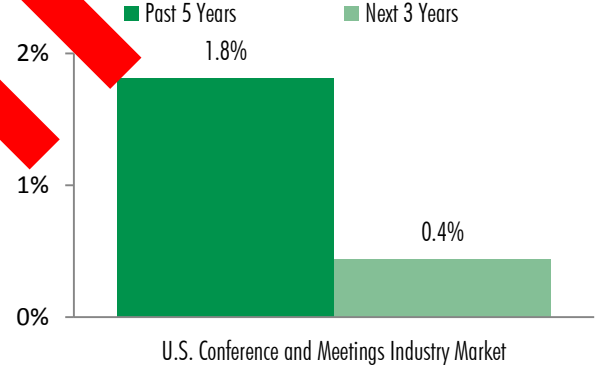
Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

**Exhibit 8\*: ADR Change**



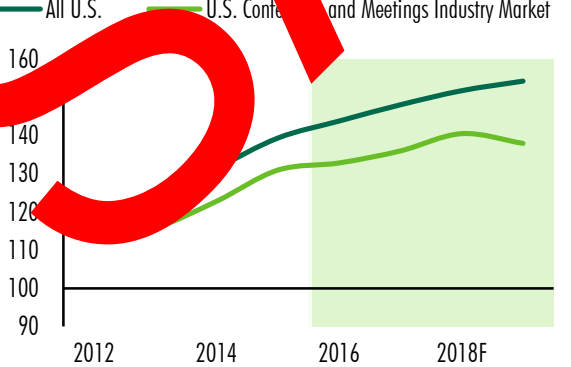
Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

**Exhibit 11\*: Compound Average Annual Demand Change**



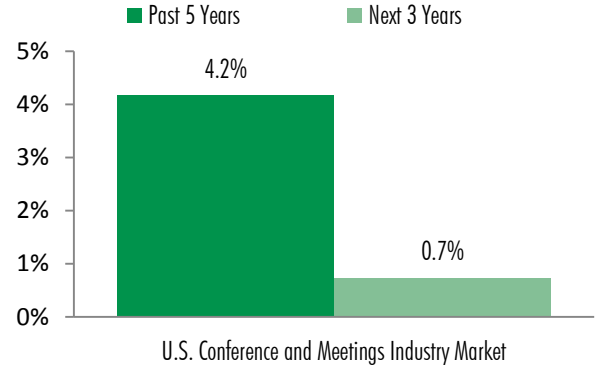
Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

**Exhibit 9\*: RevPAR Change**



Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

**Exhibit 12\*: Compound Average Annual RevPAR Change**



Source: CBRE EA, CBRE Hotels' Americas Research, STR Q4 2016 \*See exhibit descriptions on Page 4

## Annual Forecast

### U.S. Conference and Meetings Industry Market Forecast

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Supply	Δ Demand
2012	Annual	61.6%	2.5%	\$132.20	3.1%	\$81.47	5.7%	0.2%	2.3%
2013	Annual	62.3%	1.1%	\$134.23	1.5%	\$83.64	2.7%	0.4%	2.0%
2014	Annual	63.6%	2.0%	\$139.48	3.9%	\$88.67	6.0%	0.4%	2.4%
2015	Annual	64.8%	1.9%	\$145.99	4.7%	\$94.55	6.6%	0.9%	2.8%
2016	Annual	64.2%	-0.9%	\$149.43	2.4%	\$95.90	1.4%	1.0%	0.5%
2017F	Annual	63.8%	-0.6%	\$153.84	3.0%	\$98.18	2.4%	1.0%	1.1%
2018F	Annual	63.4%	-0.6%	\$159.95	4.0%	\$101.44	3.3%	1.7%	1.0%
2019F	Annual	62.3%	-1.8%	\$159.88	0.0%	\$98.00	-1.8%	1.6%	1.1%

Source: CBRE Hotels' Americas Research, Q4 2016

### U.S. Conference and Meetings Industry Economic Forecasts

Year	Period	Total Employment (1,000s)	% Change	Consumer Price Index ('82 = 100)	% Change	Gross Domestic Product (billions) (year=2000)	% Change	Real Personal Income (\$ millions) (year=2005)	% Change
2012	Annual	134.2	1.7%	229.7	2.1%	15,354.6	2.2%	13,112	3.0%
2013	Annual	136.4	1.6%	229.9	1.5%	15,612.2	1.7%	13,088	-0.2%
2014	Annual	138.9	1.9%	230.7	3.6%	15,882.3	2.4%	13,568	3.7%
2015	Annual	141.8	2.1%	231.7	4.3%	16,097.2	2.6%	14,113	4.0%
2016	Annual	144.3	1.8%	240.0	3.5%	16,659.8	3.5%	14,462	2.5%
2017F	Annual	146.6	1.6%	246.8	2.8%	17,065.2	2.4%	14,789	2.3%
2018F	Annual	148.6	1.4%	253.0	2.5%	17,566.7	2.9%	15,161	2.5%
2019F	Annual	150.2	1.1%	253.0	3.0%	17,915.6	2.0%	15,494	2.2%

Source: Moody's Analytics

#### Exhibit Definitions

Exhibit 1 Occupancy, ADR change and RevPAR change are plotted on a fixed "grade" scale. Measured as percent change from the prior year, the grade is calculated as the current value minus the long run average, divided by the series' standard deviation. Grades: A: Very strong, greater than one standard deviation above long run average. B: Strong, within one standard deviation above long run average. C: Somewhat weak, within one standard deviation below long run average. D: Weak, below one standard deviation of the long run average.

Exhibits 2 - 5 Year-over-year change in Income, Employment, RevPAR and Demand.

Exhibit 6 Average Annual Employment, Consumer Price Index, Gross Domestic Product, and Real Personal Income change in the U.S.

Exhibits 7-9 Index based change charts with base year 2012 = 100. These exhibits illustrate the magnitude of change.

Exhibits 10-12 Compound average annual RevPAR, Demand and Supply change.

For more information about this market please contact:  
Mark Woodworth at [mark.woodworth@cbre.com](mailto:mark.woodworth@cbre.com)

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