

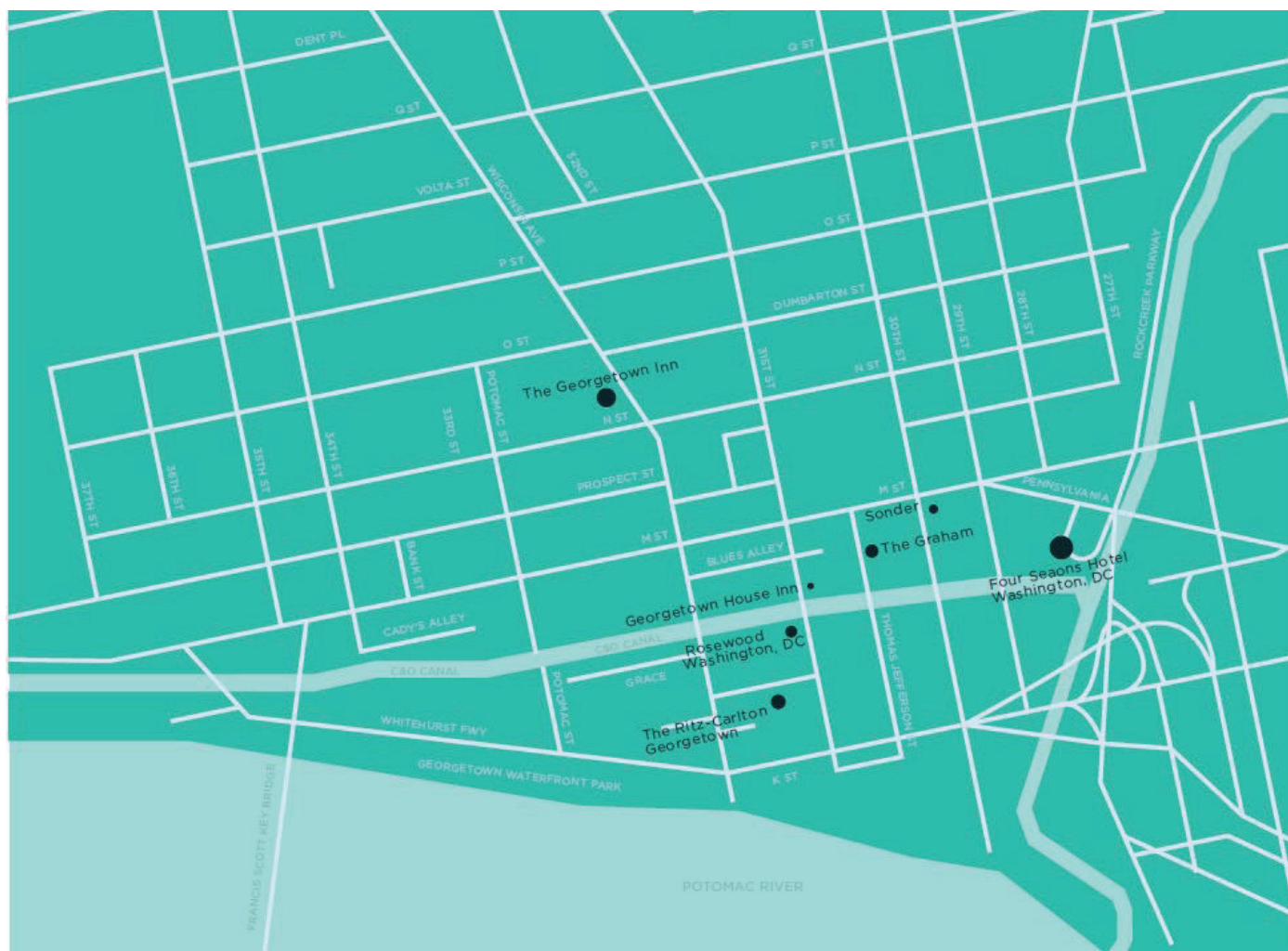
GEORGETOWN ★ DC

BUSINESS IMPROVEMENT DISTRICT

2021 Georgetown Hotel Market Report



The Washington DC hotel and hospitality markets have been hit particularly hard by the Covid 19 pandemic. While the last three quarters of 2020 were as bad as any period since just after 9/11, 2021 showed travel demand returning. This report looks at the condition of Georgetown's Hotel submarket by comparing key performance indicators and visitor trends pre-pandemic, mid-pandemic and in the recovery period – stretching from 2019 (where we were able to observe the last normal set of hotel operations) through Q1 2022. We compare Georgetown, the District of Columbia, and national data from competitor cities to get a picture of how Georgetown hotels are doing within the industry and forecast, as best we can, what the future may hold.



| HOTEL | ADDRESS | # OF ROOMS |
|--|----------------------------------|------------|
| Four Seasons Hotel, Washington DC | 2800 Pennsylvania Avenue, NW | 222 |
| Georgetown Inn | 1310 Wisconsin Avenue, NW | 96 |
| Rosewood Washington, DC | 1050 31st Street, NW | 55 |
| The Graham Georgetown | 1075 Thomas Jefferson Street, NW | 57 |
| The Ritz-Carlton Georgetown, Washington DC | 3100 South Street, NW | 86 |
| The Georgetown House Inn | 1061 31st Street, NW | 11 |
| Sonder | 1111 30th Street, NW | 11 |

2021 Market Highlights

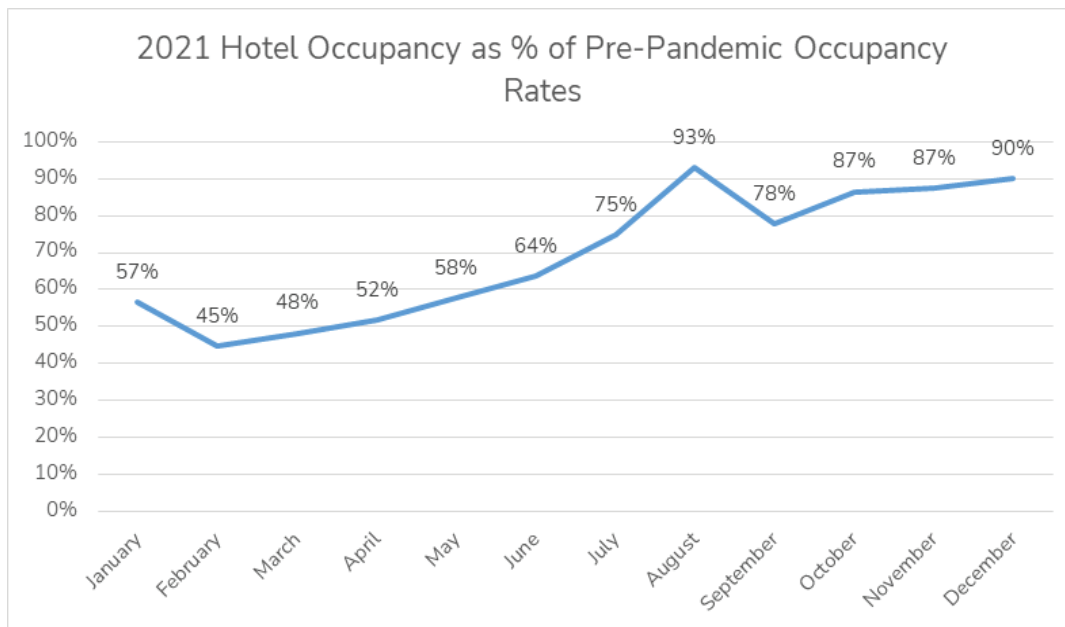
- Georgetown's hotel occupancy rate for 2021 was 49%ⁱ compared to 71% in 2019.
 - + The second half of 2021 saw stronger occupancy numbers, than the first half, down just 10% as compared to 2019
- As compared to 2019, Average Daily Rate (ADR) increased while Revenue per Available Room (RevPAR) and Total Revenue decreased in 2021. ADR was up 4%, RevPAR was down 28%, and total revenue down 23%
 - + Looking at the second half of 2021, RevPAR was down just 9% and total revenue was down just 7% as compared to the same time period in 2019
- Georgetown hotels demanded higher average daily rates than hotels citywide, but saw similar trends in overall occupancy

Georgetown Hotel Market Fundamentals (2021)

| Hotels | Hotel Rooms | Occupancy | Average Daily Rate (ADR) | Revenue Per Available Room (RevPAR) | Total Revenue |
|--------|-------------|-----------|--------------------------|-------------------------------------|---------------|
| 7 | 538 | 49.4% | \$505.20 | \$249.47 | \$46,985,862 |

Hotel Occupancy

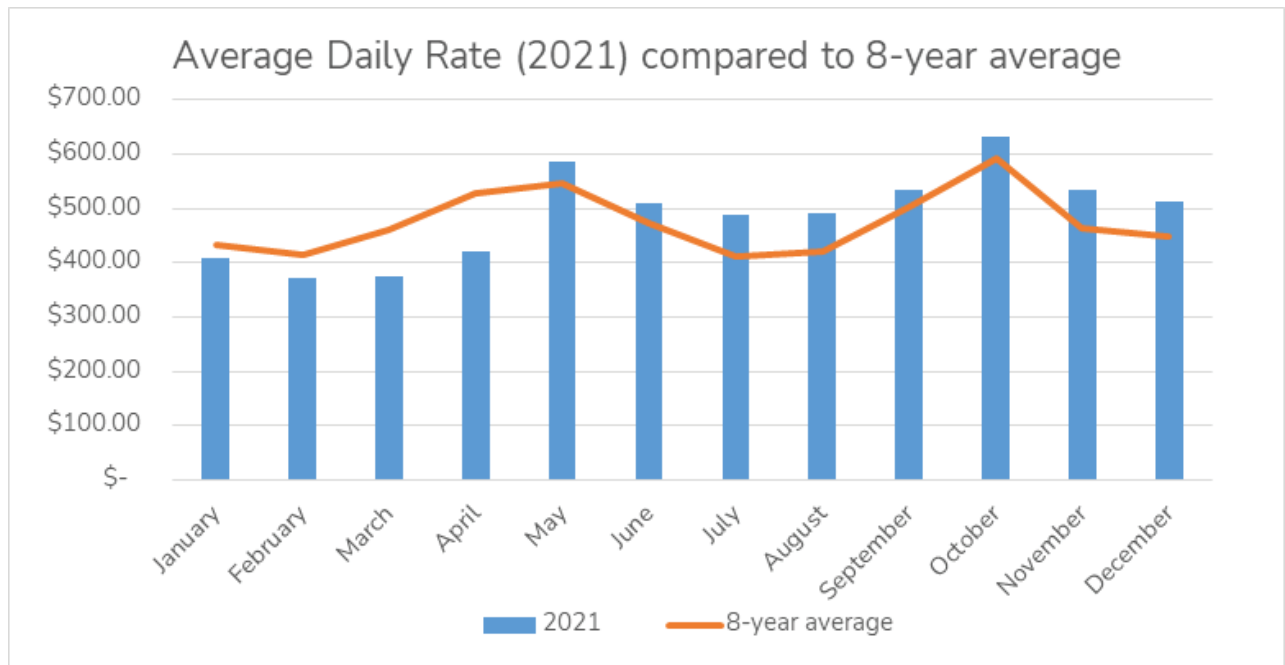
October and November saw the highest occupancy rates since the beginning of the pandemic. Prior to the Omicron variant, Friday and Saturday occupancy averaged over 80% in October and November signaling leisure travel will drive hotel recovery.



| Demand is concentrated on the weekend | | | | | | | |
|---------------------------------------|------|------|------|------|------|------|------|
| | Sun | Mon | Tue | Wed | Thu | Fri | Sat |
| Jul - 21 | 54.7 | 51.8 | 53.9 | 57.6 | 51.9 | 57.5 | 64.0 |
| Aug - 21 | 51.3 | 47.6 | 48.9 | 53.9 | 61.5 | 67.9 | 70.7 |
| Sep - 21 | 48.1 | 49.4 | 53.7 | 51.1 | 56.6 | 71.8 | 80.6 |
| Oct - 21 | 52.1 | 57.8 | 54.6 | 64.3 | 75.2 | 86.3 | 85.2 |
| Nov - 21 | 56.0 | 48.4 | 63.5 | 63.3 | 69.5 | 75.9 | 78.3 |
| Dec - 21 | 43.5 | 45.9 | 43.3 | 52.9 | 50.1 | 56.7 | 62.8 |

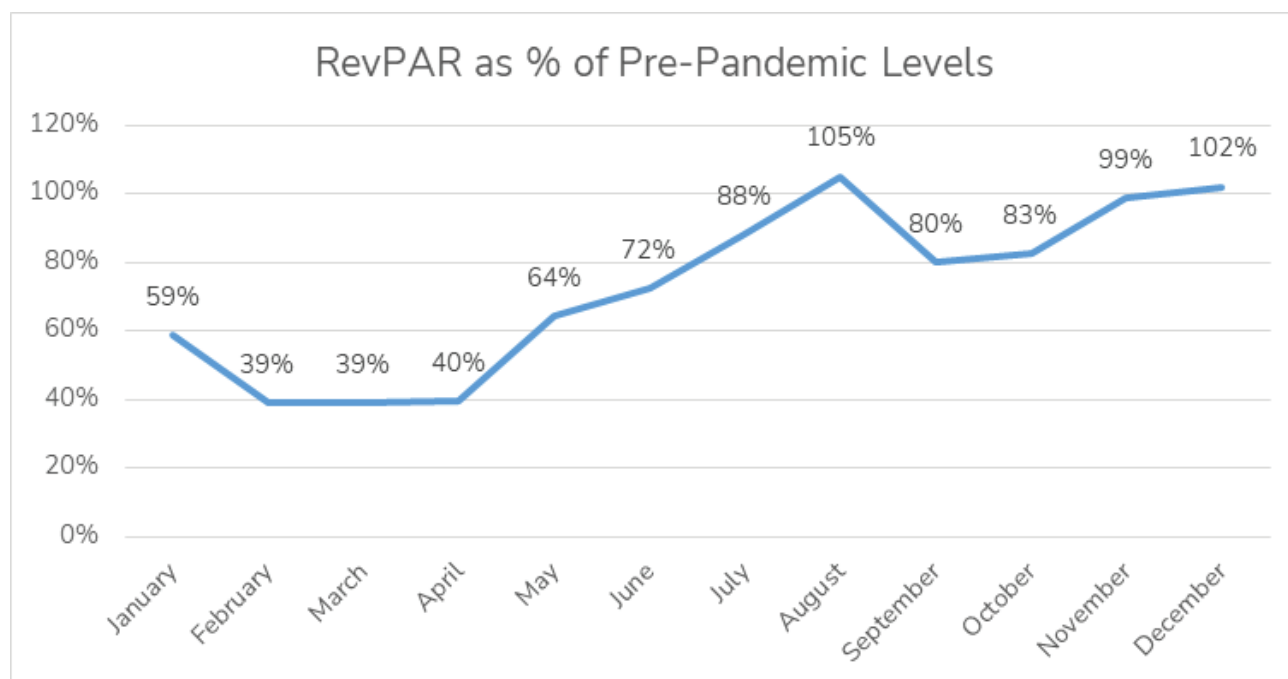
Average Daily Rate (ADR)

ADR in 2021 as compared to 2019 was up 4%. From September to year-end, the Average Daily Rate held constant over \$500.



Revenue per Available Room (RevPAR)

RevPAR is slowly showing signs of returning to seasonal patterns. Disruptions in recovery was the result of shifting public health guidance and spikes in COVID-19 cases. Georgetown hotels ended the year at or above 2019 RevPAR, with signs of continued recovery into early 2022. As compared to RevPAR across the region and nationally, luxury hotels in Georgetown continue to demand high rates by offering guests high-quality amenities.

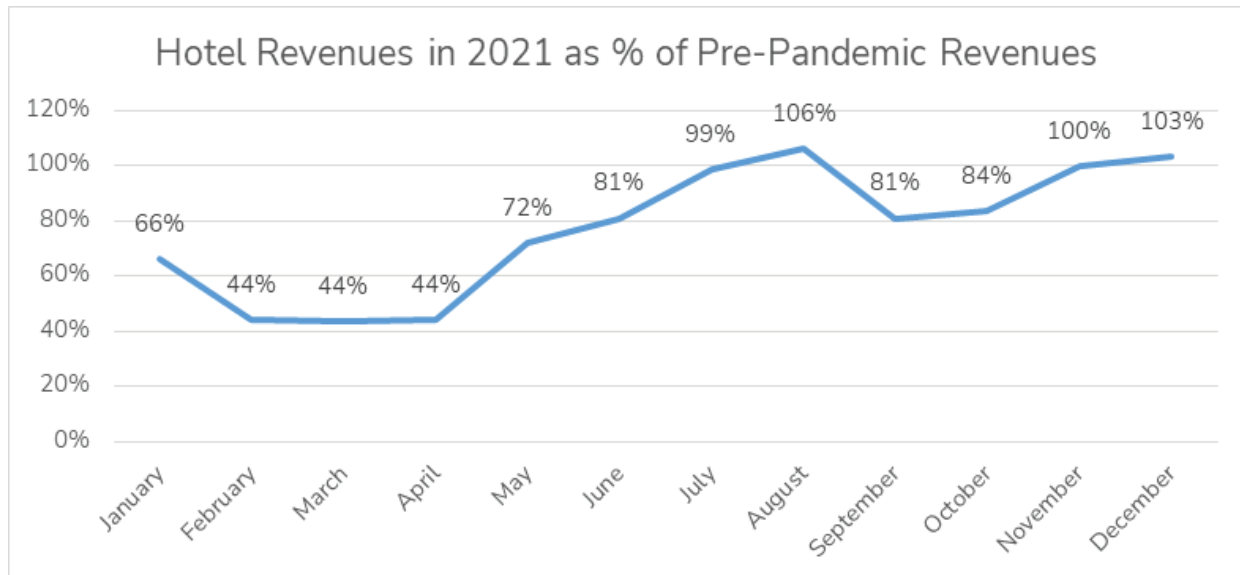


Regional and National RevPar Comparisonsⁱⁱ

| | Georgetown DC | Downtown DC | Rest of DC | Bethesda/ Rockville | Alexandra / Arlington | New York City | Boston / San Francisco | Chicago / Denver / Houston / Los Angeles / Seattle |
|------------|------------------|----------------|---------------|------------------------|--------------------------|------------------|------------------------------|---|
| 2015 | \$ 332 | \$ 184 | \$ 158 | \$ 91 | \$ 113 | \$ 248 | \$ 212 | \$ 153 |
| 2016 | \$ 351 | \$ 196 | \$ 164 | \$ 96 | \$ 116 | \$ 242 | \$ 216 | \$ 154 |
| 2017 | \$ 360 | \$ 207 | \$ 171 | \$ 101 | \$ 118 | \$ 241 | \$ 213 | \$ 156 |
| 2018 | \$ 345 | \$ 192 | \$ 160 | \$ 100 | \$ 114 | \$ 247 | \$ 220 | \$ 161 |
| 2019 | \$ 348 | \$ 194 | \$ 161 | \$ 101 | \$ 117 | \$ 238 | \$ 228 | \$ 156 |
| 2020 | \$ 143 | \$ 42 | \$ 39 | \$ 33 | \$ 35 | \$ 46 | \$ 51 | \$ 35 |
| 2021 | \$ 249 | \$ 70 | \$ 71 | \$ 46 | \$ 52 | \$ 103 | \$ 76 | \$ 65 |
| March 2022 | \$ 234 | \$ 148 | \$ 135 | \$ 72 | \$ 94 | \$ 162 | \$ 135 | \$ 105 |

Hotel Revenue

Hotel revenue lagged January through April 2021. However, as weather and vaccination rates improved, hotel revenue hit 2019 rates. During the first two months of 2022, revenue has remained at 89% of 2019 level.



Outlook for Georgetown

There are signs of recovery despite the challenging two years hotels have faced. While lower case rates and access to vaccines helped hotels recover, travel behavior was still volatile given ever-changing COVID-19 mandates and variants. Georgetown hotels finished the year on a positive trend across all four measures: occupancy rates, ADR, RevPAR, and monthly revenue. Early data from 2022 shows this trend is continuing, with occupancy at 73% of pre-pandemic levels, ADR at 96% pre-pandemic levels, RevPAR at 86% pre-pandemic levels, and revenue at 96% pre-pandemic levels. Georgetown's ADR and RevPAR far outpace that of regional submarkets including Bethesda/College Park, Arlington, Alexandria, and Fairfax/Tysons Corner, while lagging slightly behind in overall occupancy. During the beginning of 2022, Georgetown's occupancy rates were just shy of 50%, a trend mirrored in NYC. However, occupancy rates in the spring picked up dramatically with hotels seeing over 90% occupancy rates on the weekends helped by the magnitude of graduation events.

This strong spring and summer, helped Georgetown hotels bounce back from a slow start to the year due to Omicron. Based on hotel performance year-to-date, Georgetown hotels are on track to outperform internal revenue and occupancy forecasts. On average, guests are staying for slightly longer durations than in 2019 (2.5 nights) while paying significantly higher daily rates.

The majority of guests are domestic with most travelers coming from an average of 200 miles away. Leisure and events are leading recovery with corporate group travel helping to boost overall occupancy. While individual business travel is still lagging, there has been an uptick in corporate group sales dedicated towards client meetings and group events.

This trend is playing out nationally, with leisure travel driving recovery and limited individual business and group business travel reemerging during the spring and early summer. Consistent with Georgetown's daily rate trends, room rates nationally have been climbing with RevPAR reaching new levels and outperforming 2019. Forecasts anticipate average daily rates to reach 16.9% and RevPAR to top 28% in 2022.ⁱⁱⁱ

Georgetown's hotel performance mirrors travelers sentiments nation-wide. In March 2022, excitement to travel hit a pandemic high, with 82% of Americans eager to travel.^{iv} Similarly, business travel sentiment has improved with nearly 90% of companies planning upcoming business travel. An uptick in conventions and improved traveler comfort will benefit Georgetown's recovery. Recovery will rely on visitor's willingness to travel, relaxed travel restrictions, in-person learning at Georgetown University and George Washington University, and increased business travel. Importantly, Georgetown hotels will ben-

efit from increased international travel, which is not only impacted by the pandemic, but rising travel costs and the conflict in Ukraine.

As domestic travel continues to pick up, travelers are prioritizing flexible options and unique experiences. Georgetown's proximity to Northern Virginia including Reagan National Airport and Amazon HQ2 uniquely positions Georgetown hotels to attract returning corporate travelers – especially those looking to extend their stays given Georgetown's proximity to corporate events and vibrant neighborhood amenities.

Leisure travelers continue to be attracted to Georgetown for the history; neighborhood character; proximity to retail, recreation, theater, arts, and universities. Equally, Georgetown continues to provide a vibrant, urban feel for travelers due to the prevalence of eateries, rebounding and unique retail experiences, and waterfront park access. The mix of amenities and recovering retail environment further attracts guests to Georgetown. Travelers are not only familiar with Georgetown's offerings, but brand recognition for the Rosewood, Four Seasons, and Ritz-Carlton further attract guests to the neighborhood. These hotels remain popular destinations for celebrities, diplomats, and politicians visiting DC. Welcomed additions to the Georgetown hospitality market include a newly planned citizenM hotel on Water Street, a 90+ room hotel at 3000 M Street, and a hotel conversion planned for 1023 31st Street.



Development Updates

- **3401 Water Street:** The Dutch hotel brand, citizenM gained the approval of the Old Georgetown Board to design a 230-room hotel.
- **3000 M Street:** Thor Equities filed a Planned Unit Development application in April 2022 to move forward the development of a mixed-use hotel complete with 90+ rooms. Anticipated delivery by summer 2025.
- **1111 30th Street:** Sonder, an apartment-hotel hospitality company, has acquired 11 rooms from the former Georgetown Suites.
- **1023 31st Street:** In April 2022, Douglas Development applied for a historic preservation concept review to convert an existing five-story office building into a 90+ room hotel.



New Tourism Attractions

This year marks a resurgence of events including the return of conventions and limited group travel. Attractions bringing tourists to Georgetown include:

- The launch of the Canal Boat on the C&O Canal in Spring 2022 will welcome visitors, residents and school children to tour the Canal for the first time in more than a decade
- Year-long programming celebrating the 50th anniversary of the Kennedy Center
- A newly refurbished Korean War Veterans Memorial
- New Smithsonian exhibits including America by Air at the National Air and Space Museum
- Neighborhood events including the Capital Fringe Festival returning to Georgetown for the 2022 season

For more information

Faith Broderick
Director of Economic Development
Georgetown Business Improvement District
fbroderick@georgetowndc.com
(202) 298-9222 x 208

While all data in this report was produced by the BID or gathered from outside sources, the BID does not guarantee the accuracy of the data presented in this publication. The staff welcomes opportunities and partnerships to refine existing data.

The Georgetown BID area comprises the commercial corridors along Wisconsin Avenue between M Street and R Street; M Street between 27th Street and 37th Street; the commercial areas of Prospect Street; and the commercial areas south of M Street to the Potomac River.

The BID publishes market reports on the Georgetown economy. This report, as well as all prior reports and research are available on the BID website at georgetowndc.com.

Endnotes:

ⁱ STR, 2021

ⁱⁱ Source: DowntownDC, State of Downtown 2021, Smith Travel Research

ⁱⁱⁱ PWC, US Hospitality Directions, May 2022

^{iv} U.S. Travel Association, Monthly Travel Data Report, March 2022