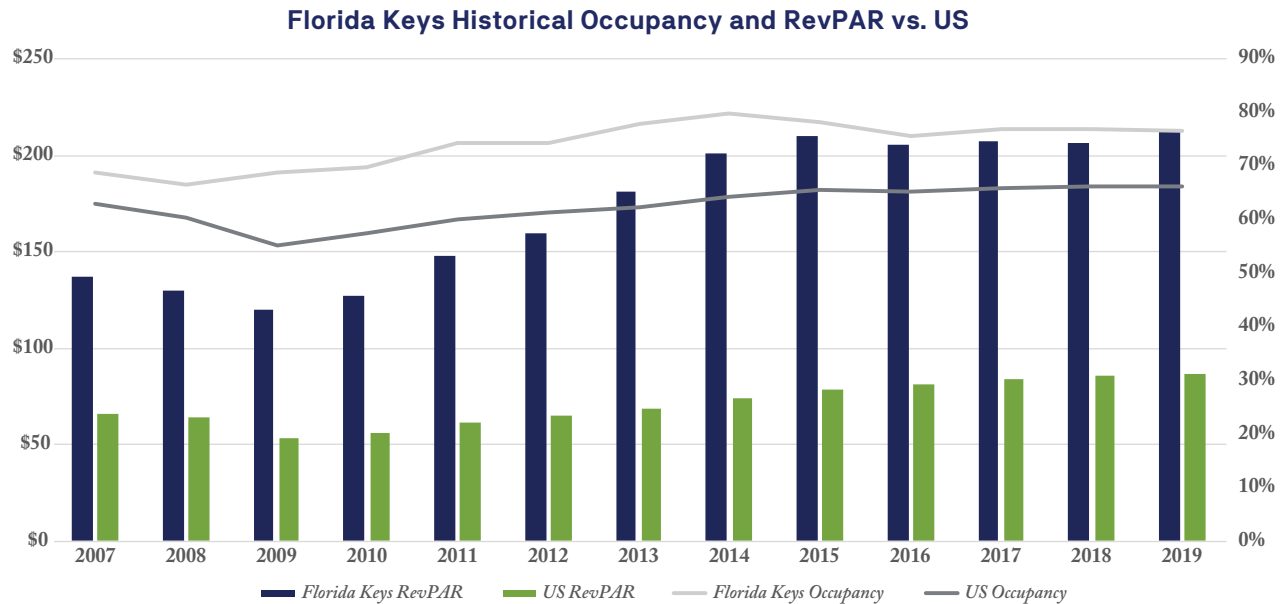


# 10 Charts That Prove the Florida Keys are Still the Best Lodging Market in the World

August 4, 2020

## 1. Recession - Resistant Market

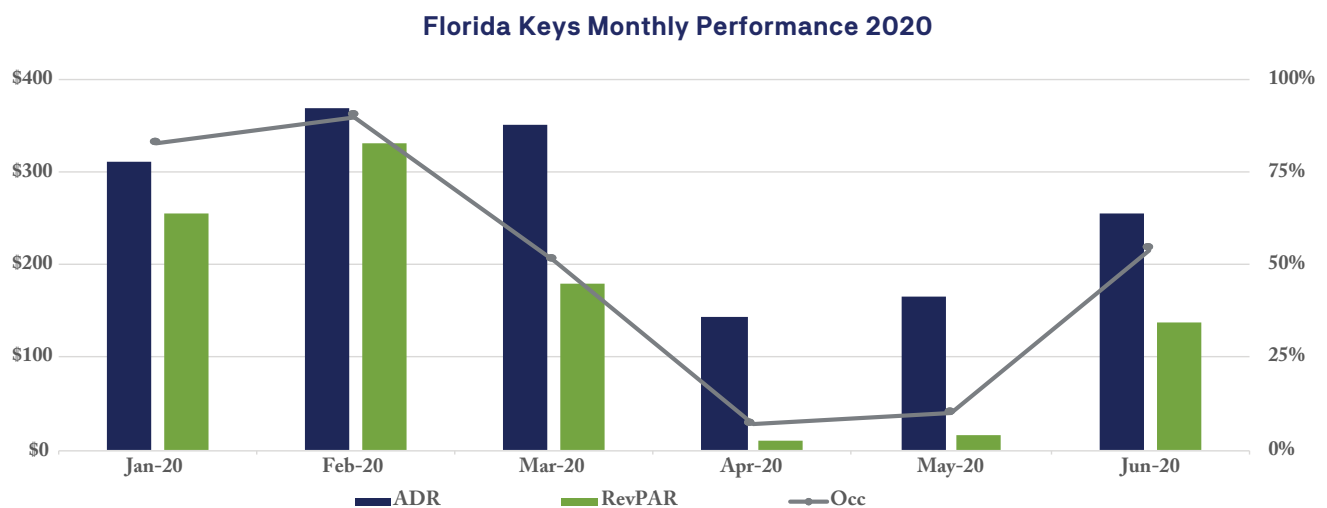
During the 2009 financial crisis, occupancy in the Keys increased by 3% while the rest of the U.S. declined 10%. RevPAR recovered approximately twice as quickly as the broader U.S. The Keys are positioned as a safer, lower-cost, easier-to-access substitute for the Caribbean, Bahamas, Central America, and crowded cruise ships, translating to a 6% RevPAR CAGR over the past 10 years and a 4% RevPAR CAGR over the past 30 years.



Source: STR

## 2. Expect Quick Recovery

The Florida Keys were shut down to non-residents until June 1, 2020. Upon reopening in June, the market was constrained to 50% supply for two weeks. Despite this, the Keys ran 54% occupancy at \$254 ADR for the month, a 7.6% increase over June 2019 ADR.

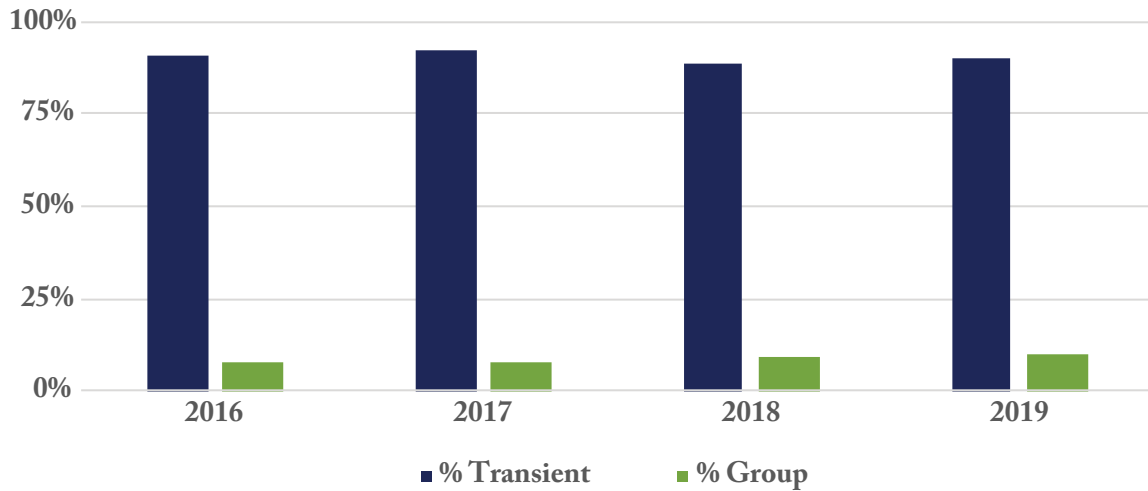


Source: STR

### 3. Transient-Leisure Dominated Market

Demand in the Florida Keys is dominated by transient leisure travelers. In the last four years, group demand has never exceeded 10%, positioning the Florida Keys to be unaffected by the slow recovery of the group segment.

Segmentation - Florida Keys, Upper Upscale

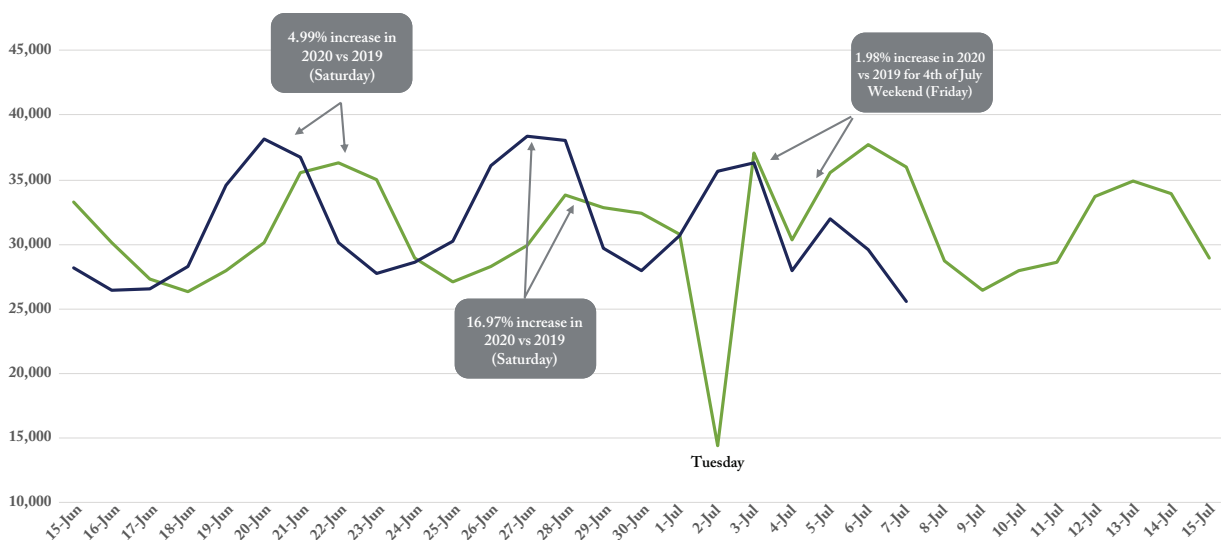


Source: STR

### 4. Drive-To Market

In 2019, 74% of visitors to the Florida Keys arrived by car. Since the Keys reopened on June 1, 2020, overall traffic counts, in and out of the Florida Keys, have shown year-over-year growth when compared to same-day of the week in 2019. The last Saturday in June saw a 17% increase over 2019.

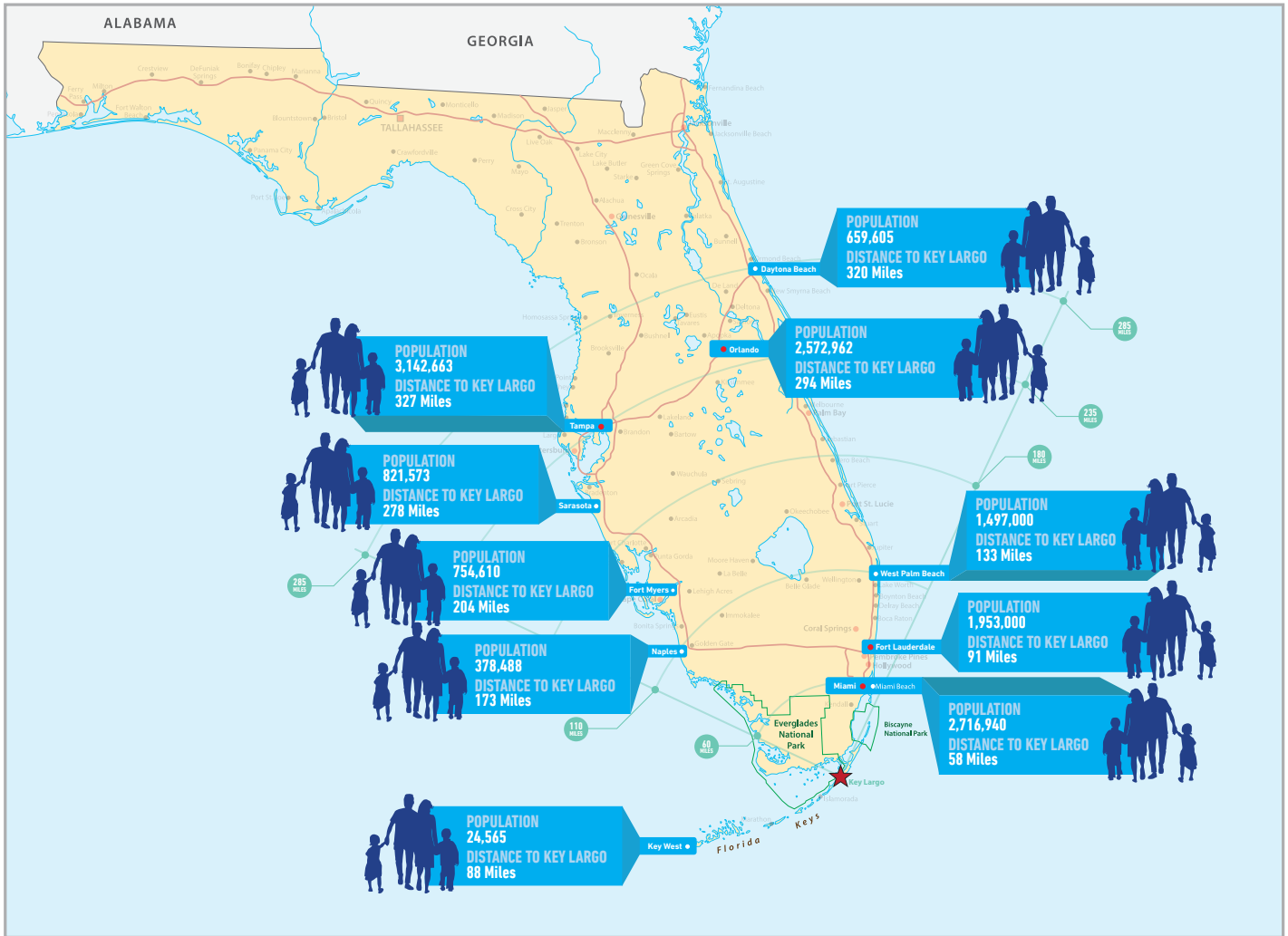
Traffic Counts - 2019 vs 2020



Source: FDOT

## 5. Over 22 Million People Within A 5 Hour Drive

As more families and individuals opt for drive-to vacations in the coming months, the Florida Keys is positioned as an easily accessible, Caribbean-alternative destination within a 5-hour drive of over 22 million people. Major metropolitan populations and their driving distance are outlined below.



Source: Google Maps



## 6. A Market Designed For Socially Distant Activities

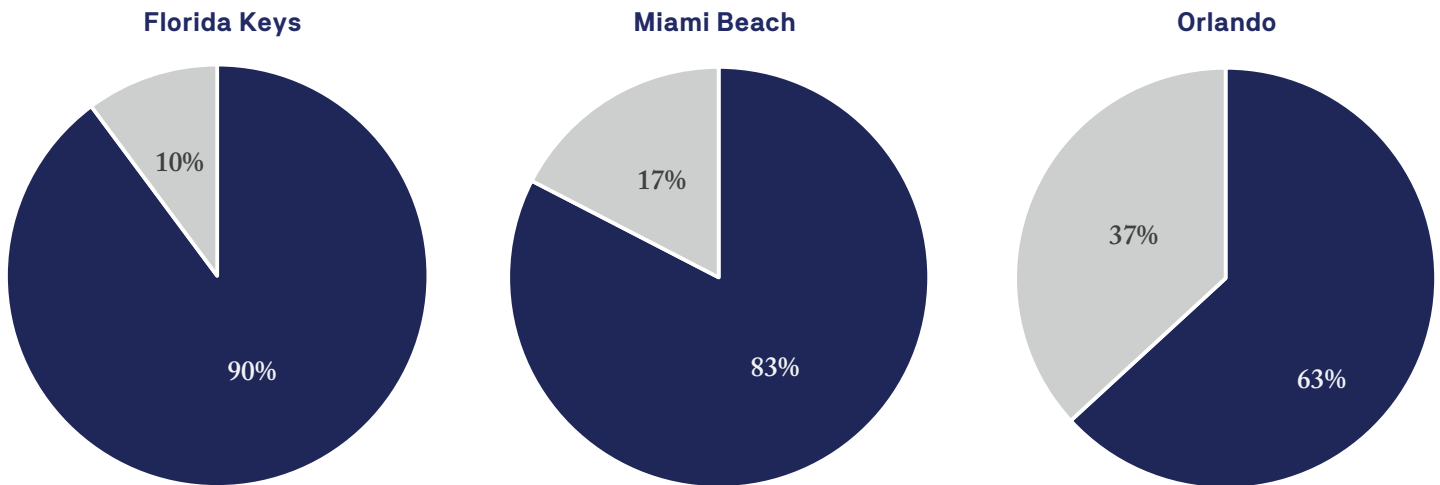
The main drivers for tourism in the Florida Keys are the plethora of activities that can be enjoyed while maintaining social distancing. “Best in the world” fishing, diving, snorkeling, watersports, boating, swimming, animal/ecological encounters, outdoor dining, and hardcore relaxing have put the Keys on the map. In 2020 and beyond, these types of activities have never been more attractive and sought out by leisure travelers.



## 7. Low-Density Lodging Market

The Florida Keys have a significantly lower density compared to other high-leisure drive-to markets in Florida. With 90% of Florida Key’s hotels having fewer than 150 rooms, the Keys represent a socially distant and far safer option for travelers looking to get away. Other popular tourist markets in Florida such as Miami Beach and Orlando are denser with generally larger hotels making up nearly 20% and 40%, respectively. As the chart below of largest hotels in the Keys indicates, there are no “big box” hotels in the Keys. Further, land use density for hotels in the Keys is very limited, typically capped at 9-12 units per acre with a three-story height restriction and complex landscaping requirements, which has resulted in lower density hotels spread out on relatively larger land parcels than other resort markets. Due to these design constraints, we have found over the years that many guests in the Keys will naturally take the stairs rather than an elevator.

■ Smaller Hotels   ■ 150+ Room Hotels



### Top 10 Largest Hotels In The Keys

NAME OF ESTABLISHMENT	CITY	ROOMS
Waldorf Astoria Casa Marina Resort	Key West	311
Southernmost Beach Resort	Key West	261
Hawks Cay Resort	Duck Key	243
Ocean Pointe Resort	Tavernier	240
Marriott Key West Beachside Hotel	Key West	216
DoubleTree Resort Hotel Grand Key Key West	Key West	216
Cheeca Lodge & Spa	Islamorada	214
Hilton Key Largo Resort	Key Largo	200
Knights Key Resort	Marathon	199
Sheraton Hotel Suites Key West	Key West	184

Source: STR and RCA

## 8. Nationally-Competitive Market

If ranked amongst the top 25 U.S. markets tracked by STR, the Florida Keys would be #1 in terms of ADR (2019: \$277 versus NYC at \$255) and #2 in RevPAR. It is entirely possible that the Florida Keys will surpass New York in the months and years to come.

RANK	CITY	2019	2018	% CHANGE
1	New York	\$220.06	\$227.94	-3.5%
-	Florida Keys	\$212.53	\$206.18	3.1%
2	Oahu	\$202.62	\$197.65	2.5%
3	San Francisco	\$205.99	\$197.62	4.2%
4	Miami	\$149.19	\$152.22	-2.0%
5	Boston	\$147.41	\$150.83	-2.3%
6	Los Angeles	\$143.74	\$143.41	0.2%
7	San Diego	\$127.95	\$130.73	-2.1%
8	Anaheim	\$129.51	\$125.76	3.0%
9	Seattle	\$118.86	\$123.87	-4.0%
10	Washington D.C.	\$112.81	\$111.46	1.2%

## 9. Impossible Barriers To Entry

Since 2009, the Florida Keys annual supply growth CAGR is 1.4%. As a protected ecological area, the Florida Keys remain an extremely difficult market to enter due to land use restrictions protecting the sensitive ecological areas from destruction and oversaturation by limiting future development and expansion. Hence, in accordance with Monroe County's Rate of Growth Ordinance ("ROGO"), the Florida Keys expect significant organic growth in the near future but no large projects in the development pipeline. The opportunity to own a property in such a market is a rare occurrence under today's circumstances. The uptick in supply in 2019 is mainly due to assets coming back online that were damaged and closed following Hurricane Irma in 2017.

	SUPPLY % CHANGE	SUPPLY (ROOMS)
2009	-1.8%	3,148,768
2010	1.3%	3,188,183
2011	1.6%	3,237,645
2012	0.2%	3,243,598
2013	-2.8%	3,153,593
2014	-2.3%	3,080,349
2015	5.3%	3,244,098
2016	4.9%	3,403,649
2017	-2.4%	3,323,551
2018	-2.5%	3,239,314
2019	11.5%	3,611,835

Source: STR

## 10. Sales Comps

During this last cycle, the Florida Keys matured from a “mom and pop” investment market with mainly local and family owners to a true global investment target market. Today, household names in the hospitality investment world have invested across the Florida Keys at record-breaking prices. Furthermore, several of these properties were bought with substantial, costly renovations planned. Please contact us if you have any questions about any transaction noted below.

DATE	PROPERTY NAME	CITY	UNITS	PRICE (\$)	\$/UNITS
Dec-18	Holiday Inn Express & Suites	Marathon	159	38,000,000	238,994
Aug-18	Kimpton Inns Portfolio	Key West	218	109,000,000	500,000
Jul-17	Oceans Edge Hotel & Marina	Stock Island	175	175,000,000	1,000,000
Apr-16	Hilton Garden Inn	Key West	147	51,600,000	351,020
Feb-16	Hilton Beach Resort Key Largo	Key Largo	200	82,000,000	410,000
Nov-15	Hampton Inn Key West	Key West	145	55,500,000	382,759
Jun-15	Sheraton Suites	Key West	180	94,000,000	522,222
May-15	Fairfield Inn Key West	Key West	133	50,600,000	380,451
Mar-15	Gates Hotel Key West	Key West	100	39,300,000	393,000
Mar-15	The Marker Resort Key West	Key West	96	96,183,333	1,001,910
Feb-15	Casa Marina and Beach Resorts	Key West	461	475,000,000	1,030,369
Sep-14	Postcard Inn at Holiday Isle	Islamorada	143	52,750,000	368,881
Sep-14	DoubleTree Grand Key Resort	Key West	215	77,000,000	358,140
Aug-14	Inn at Key West	Key West	105	47,500,000	452,381
May-14	Parrot Key Resort	Key West	148	100,000,000	675,676
Nov-13	Hyatt Key West Resort & Spa	Key West	118	76,000,000	644,068
Oct-13	Hawks Cay Resort	Marathon	177	133,800,000	755,932
Aug-13	Southernmost Hotel Portfolio	Key West	261	184,500,000	706,897
May-13	Pier House Resort & Caribbean Spa	Key West	157	90,000,000	573,248
Jul-11	Cheeca Lodge & Spa	Islamorada	117	101,250,000	865,385

Source: RCA and HWE

