

Spokane-Kootenai

Real
Estate
Research
Committee

Market Forum 2022

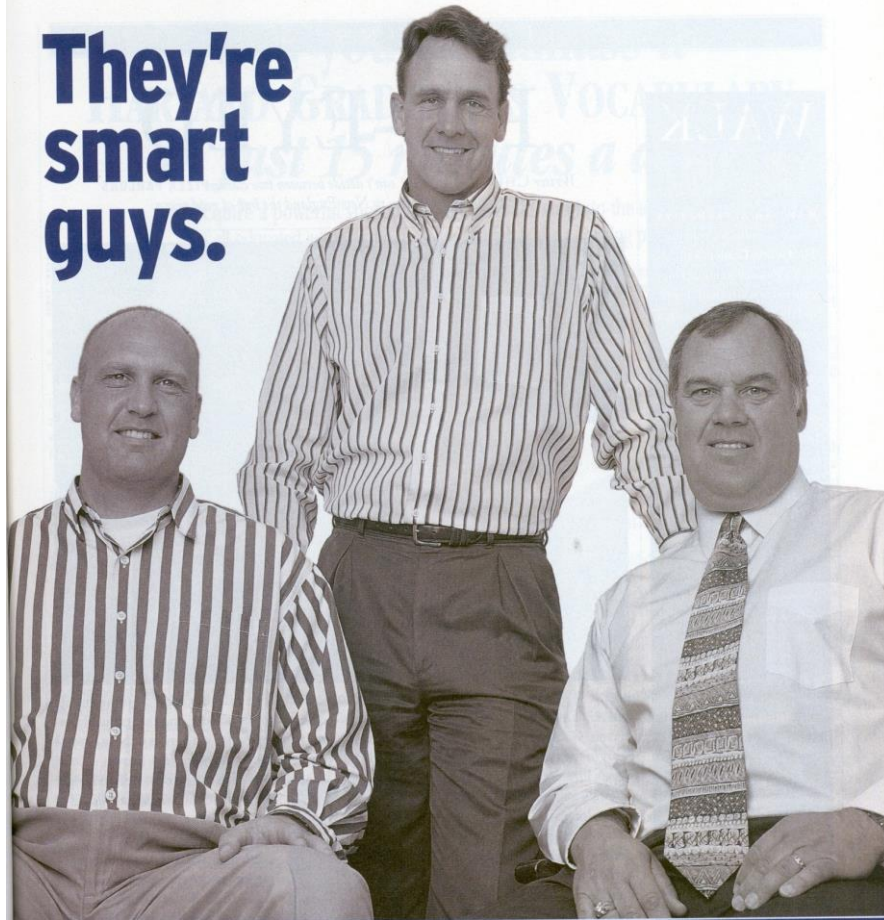
The Lodging Tale of Two Counties



Kent Clausen

- Does this guy know what he is talking about?, No but he did stay at a Holiday Inn Express Last Night!
- 30 years in the Lodging Business
- Developed, own, and operate 15 properties in 5 western states.
- Marriotts, Hiltons, Holiday Inns.

**They're
smart
guys.**

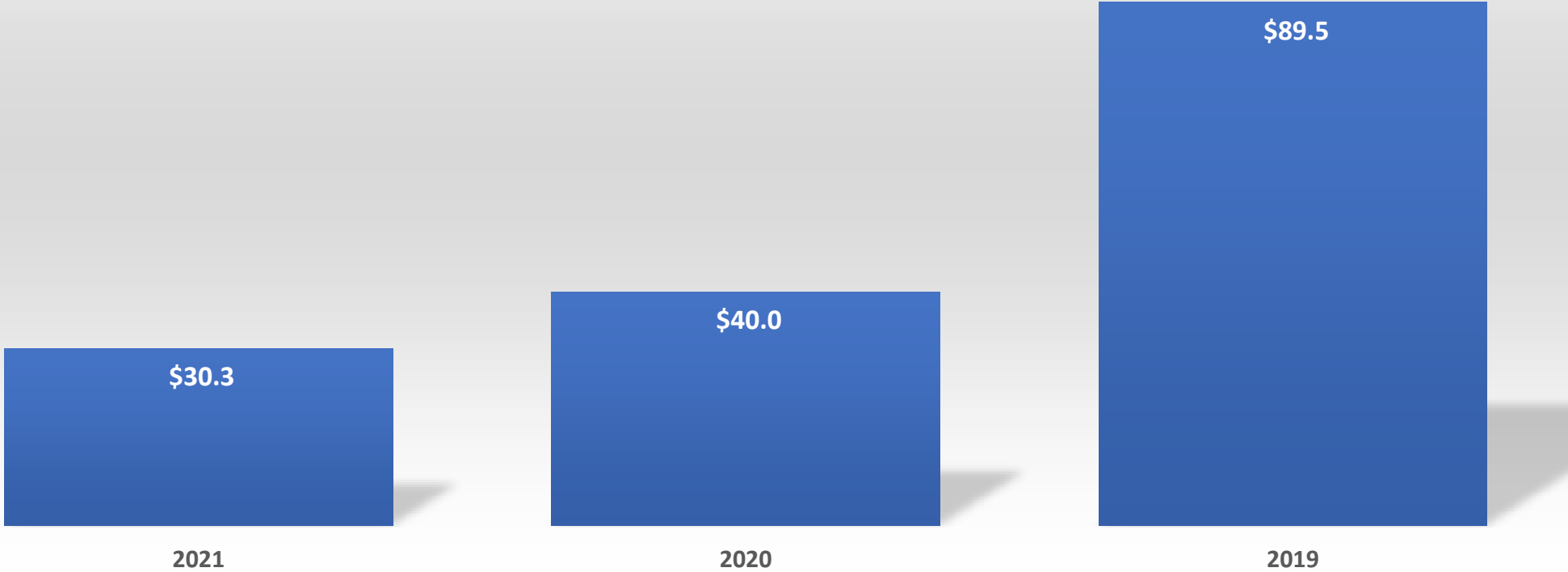


When Vern Clausen started in the hospitality industry in 1977, he believed that a hands-on approach was the best way to guarantee customer satisfaction. Today, Clay, Kent and Cal Clausen (from left), owners of five Holiday Inn Express hotels, among others, emulate their father's style through kVc Development and Sterling Hospitality Management of Spokane, Washington. Given Vern's legacy, it's hardly surprising that his sons' corporate vision statement includes words like ethics, values and customer service. Most importantly, their mission statement simply reads, "Impress Guests." After all, father knows best. **Now that's smart.**


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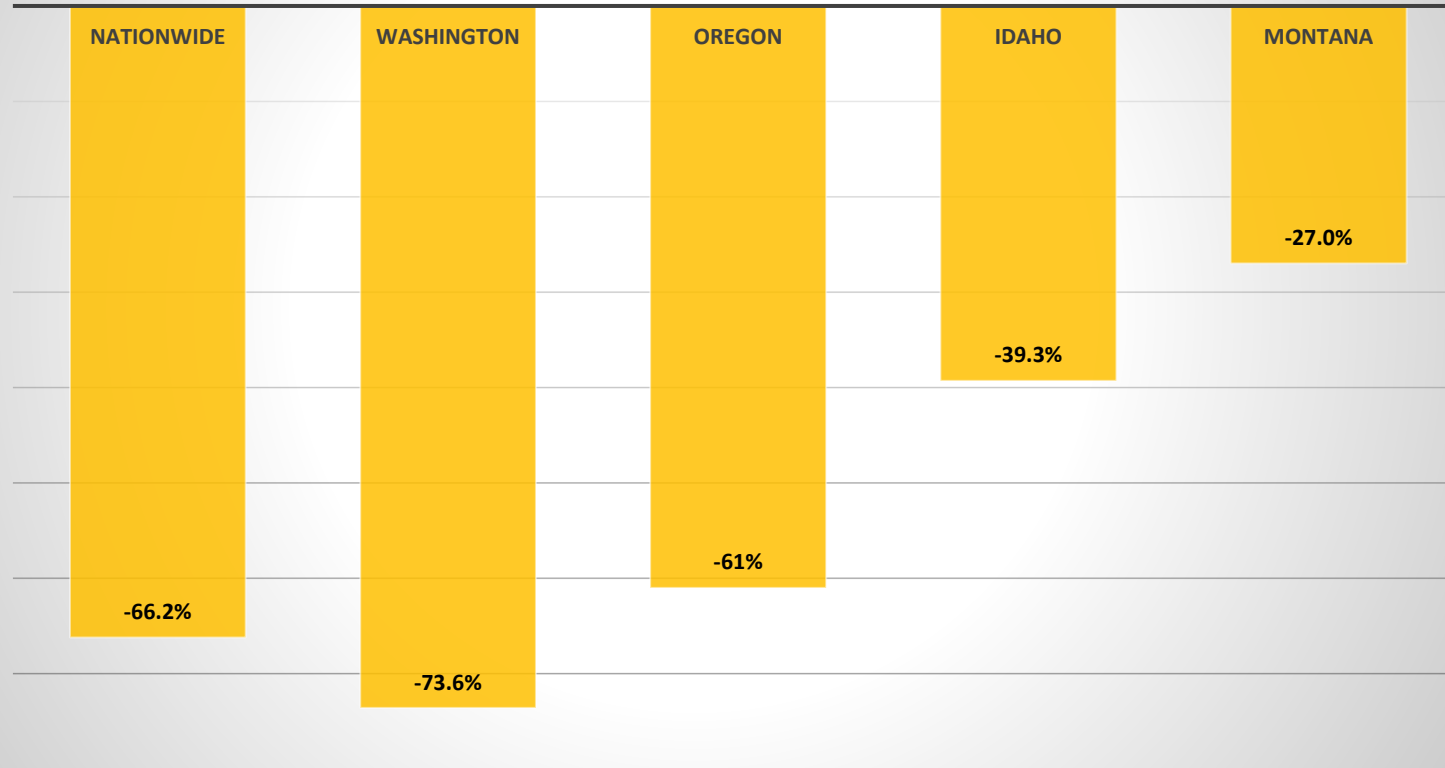
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US Lodging Revenue (In Billions of Dollars)



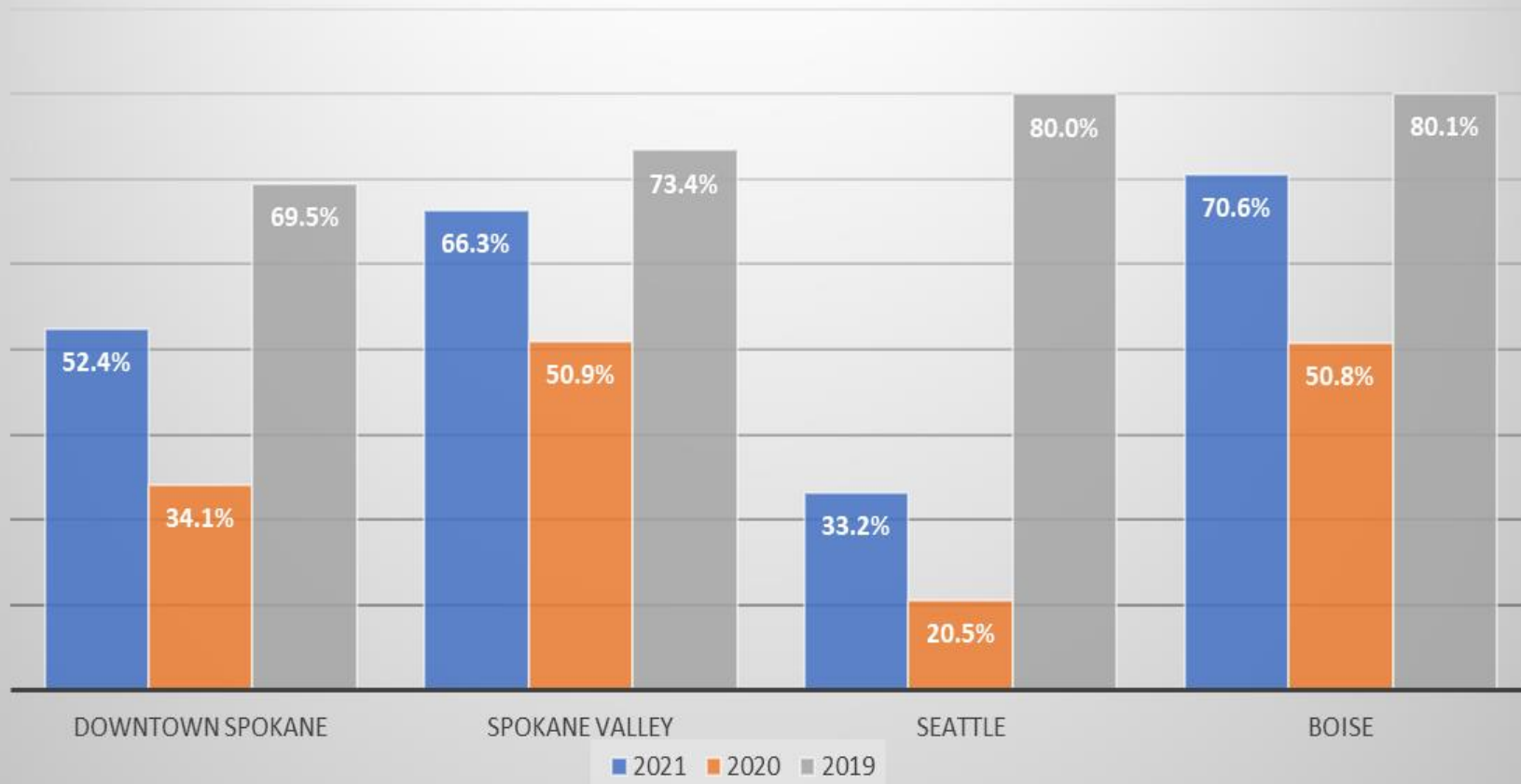
Source: AHLA

US Lodging Projected Revenue Loss 2021 vs 2019



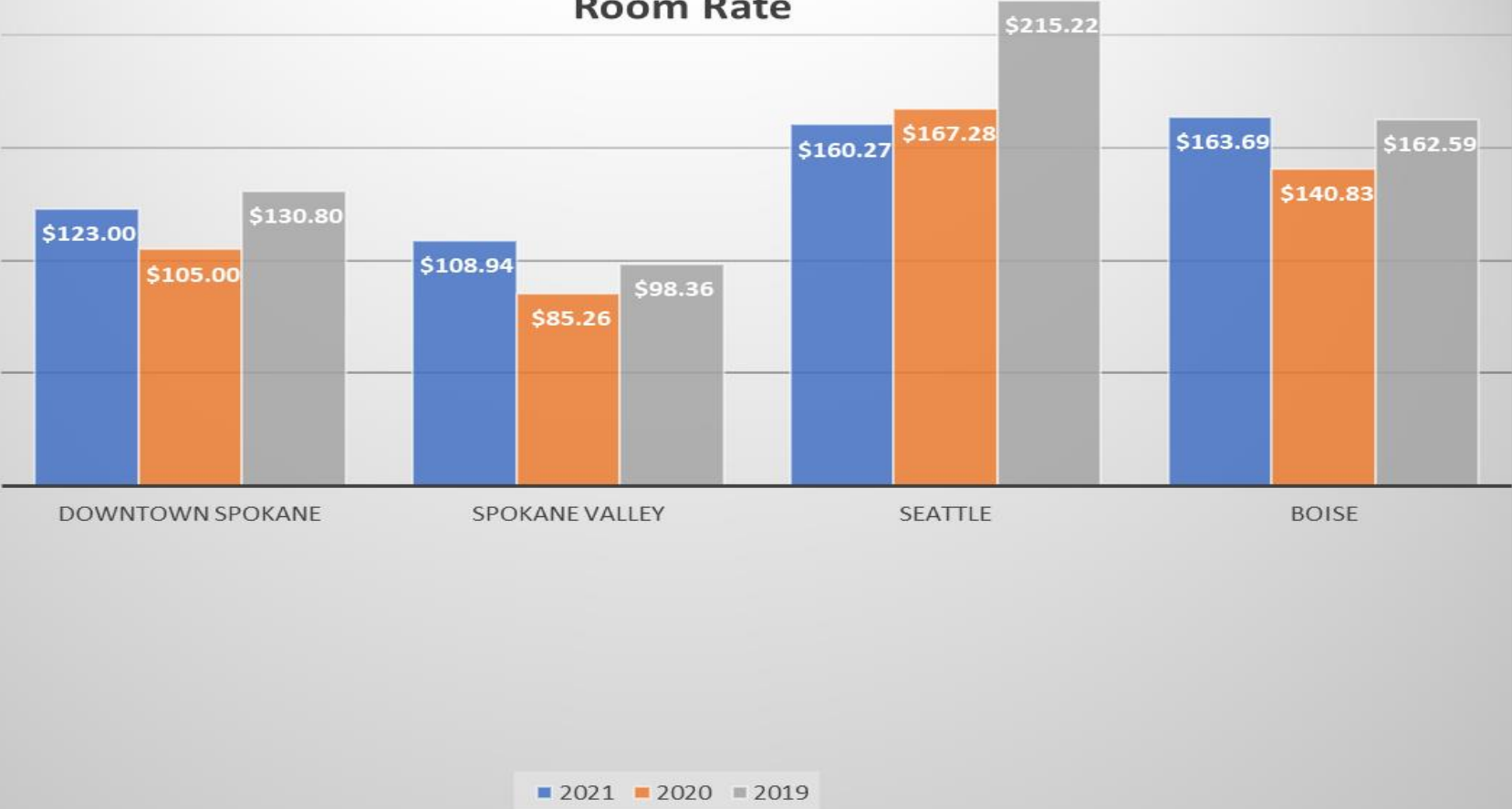
Source: AHLA

Tale of 4 Cities Occupancy



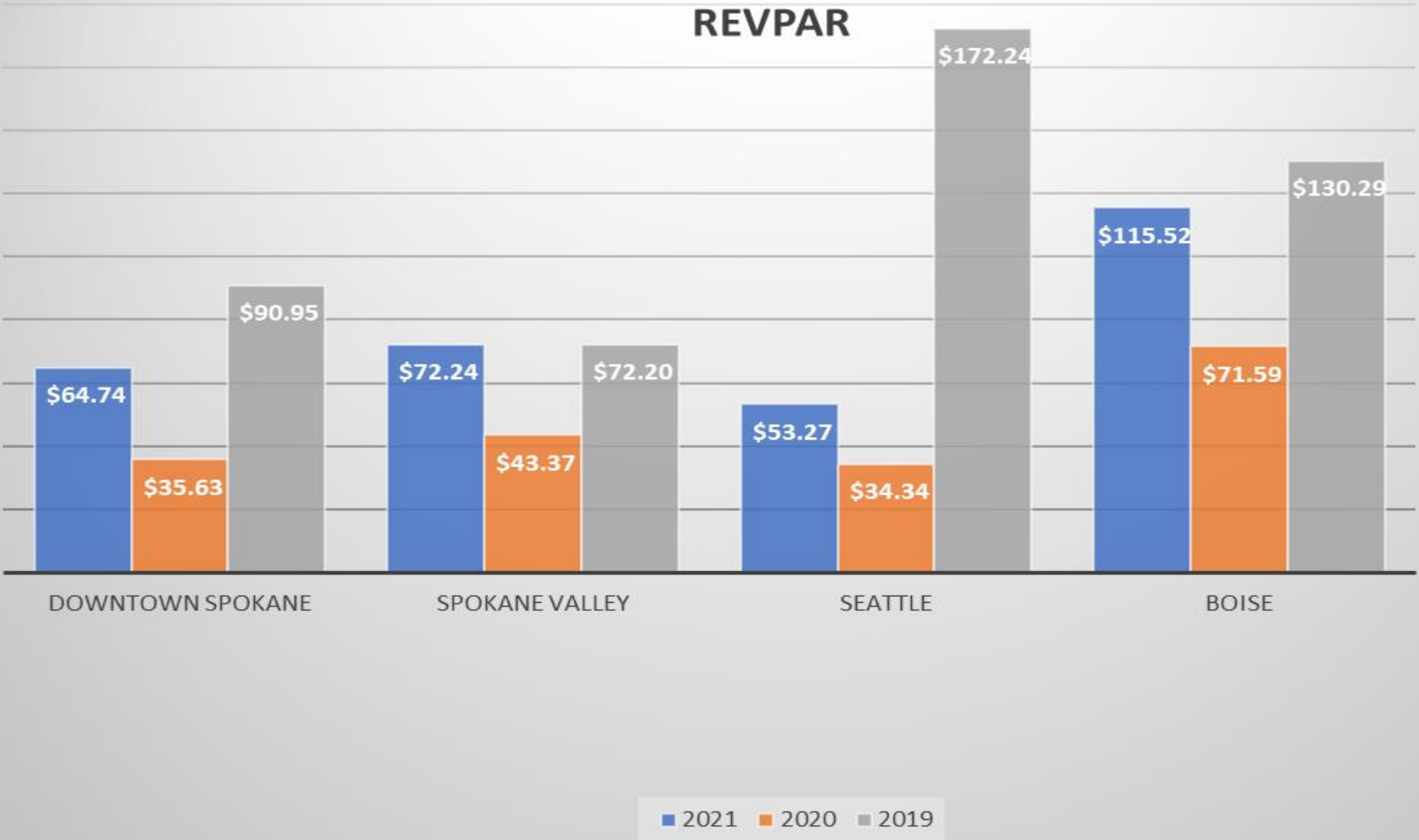
Source: Smith Travel Research

Tale of 4 Cities Room Rate



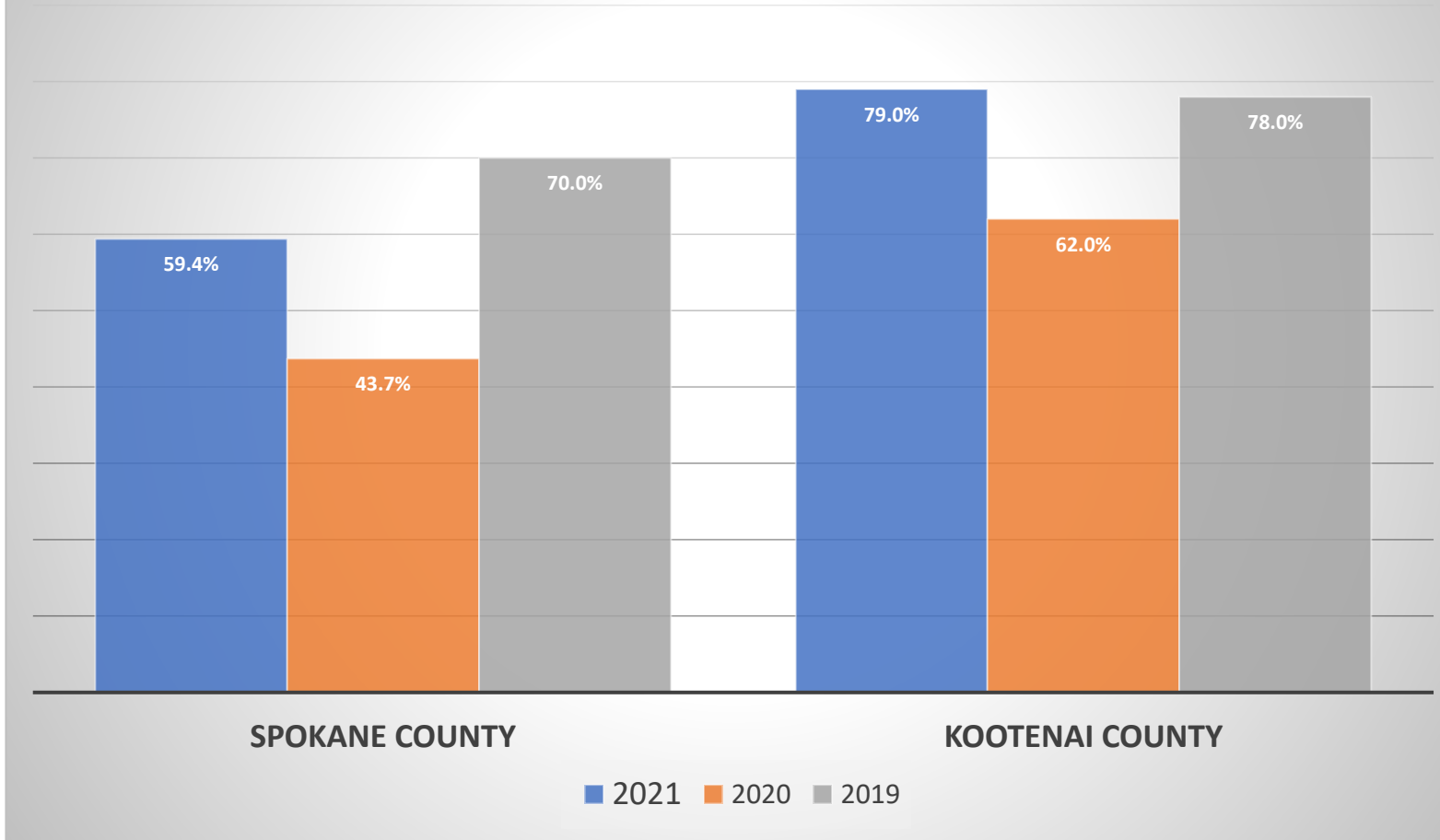
Source: Smith Travel Research

Tale of 4 Cities REVPAR



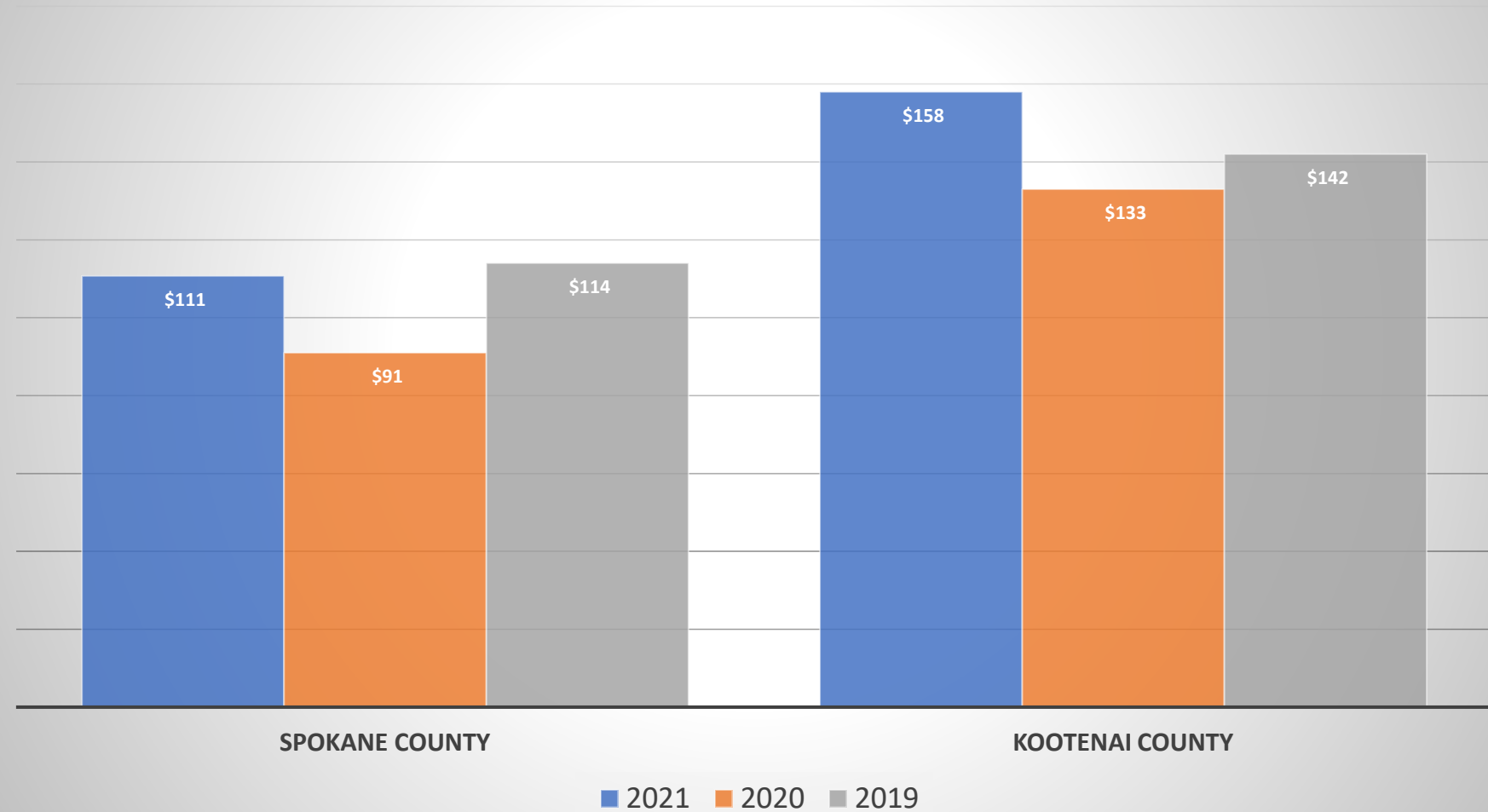
Source: Smith Travel Research

Spokane vs. Kootenai Co. Occupancy



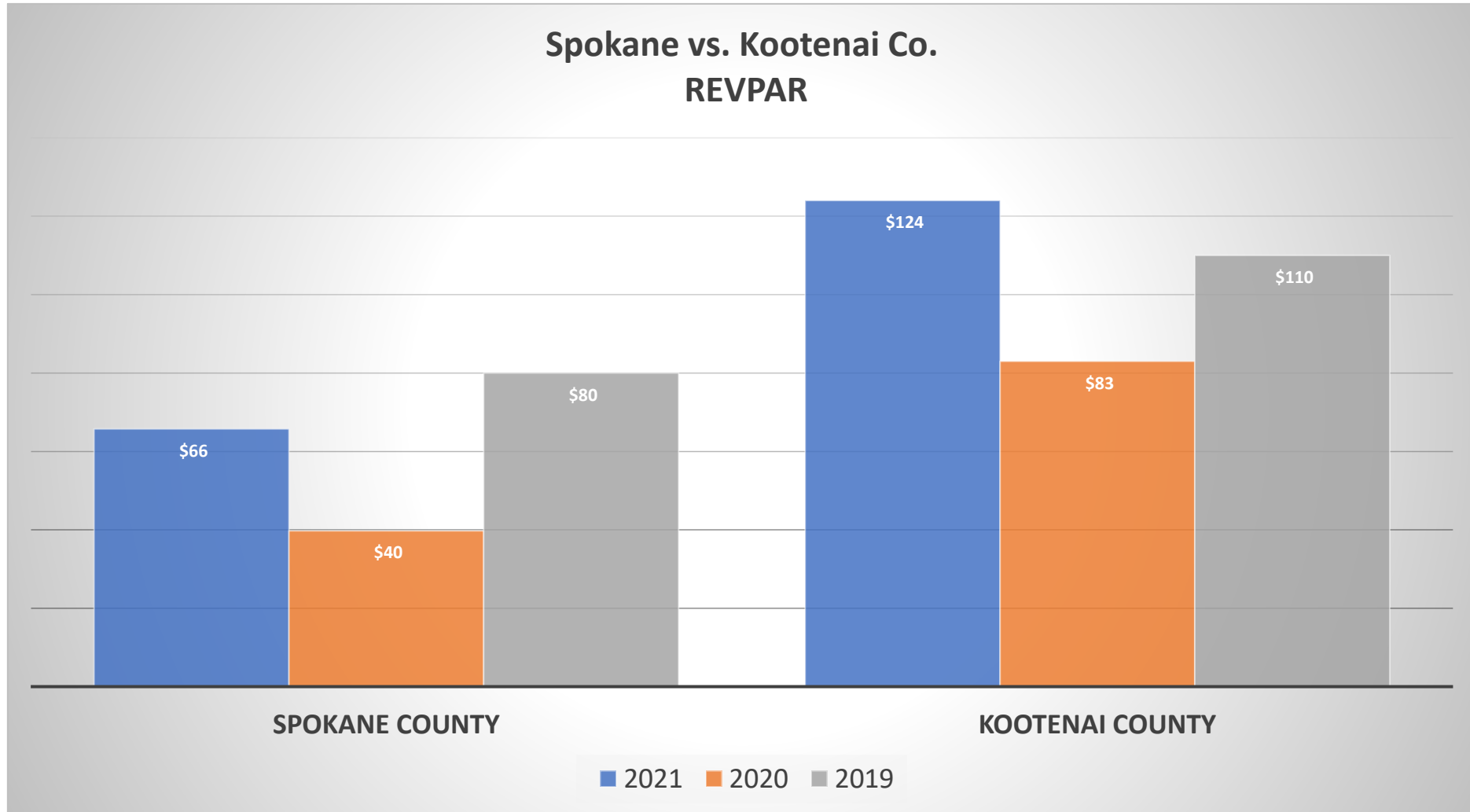
Source: Smith Travel Research

Spokane vs. Kootenai Co. Room Rate



Source: Smith Travel Research

Spokane vs. Kootenai Co. REVPAR



- Source: Smith Travel Research

Summary of the Past Two Years

- Leisure Markets fared MUCH better than Corporate Markets, with 2021 exceeding 2019 results.
- Rural Markets fared better than Urban Markets
- Greatest impact on Urban Markets with heavy Covid restrictions, and increase in Homelessness and Crime
- **Chaos with Labor: Layoffs, unemployment, rehiring.**
- Chaos with Guests: Trying to keep both a staunch masker and an anti-vaxxer happy in the same environment.
- Chaos from ever changing mandates from Franchisor and the Gov't.

Headwinds for Lodging in Kootenai and Spokane Co.

- Overbuilding in CDA.
- Lack of Labor, & inability for labor to afford housing.
- Pay rates eroding profitability.
- Vacation Rentals.
- Construction Costs.
- Interest Rates.
- Homelessness in Spokane.
- Business climate and taxation in WA.
- The next Pandemic (or the government's reaction to it).

Future for Kootenai and Spokane County:

- Growth in leisure travel will plateau: Pent up demand dissipated, gas prices, weakening economy.
- Existing Kootenai properties will feel significant pressure of new supply in 2023 and beyond.
- Downtown Spokane will improve at a greater rate, lots of conventions in 2022, 2023. Homelessness will affect the future.
- Labor will continue to be an issue as will increases in labor rates.
- **Housing for Labor far greater issue than what is being discussed.**
- New Supply with high cost & interest rates will underpin Room Rates.