

Kansas City Lodging Market Analysis

The Impacts of Inventory Additions
within the Kansas City Marketplace



Objectives & Agenda



Section 1 –
IMPACT OF SUPPLY
GROWTH

Section 2 –
COMPARABLE &
COMPETITIVE MARKETS

Section 3 –
MARKET ASSUMPTIONS
& MODELING

Determine Impact of
Inventory Additions

Compare &
Contrast the
Marketplace

Project Sales &
Funding
Implications

Research and Outreach

- Analyzed STR reports
- Tracked added inventory
- Surveyed Market Mix

Analysis and Projections

- Reviewed sales reports & impacts
- Prepared outlook & projections
- Developed future sales goals
- Established associated budget scenarios based on collections from Convention and Tourism Tax District

Comparison and Assessments

- Compared results to other like destinations and national trends
- Reviewed health of Kansas City economy
- Present findings and opportunities

Section 1:

*Historic Impact of Kansas City
Supply Growth*

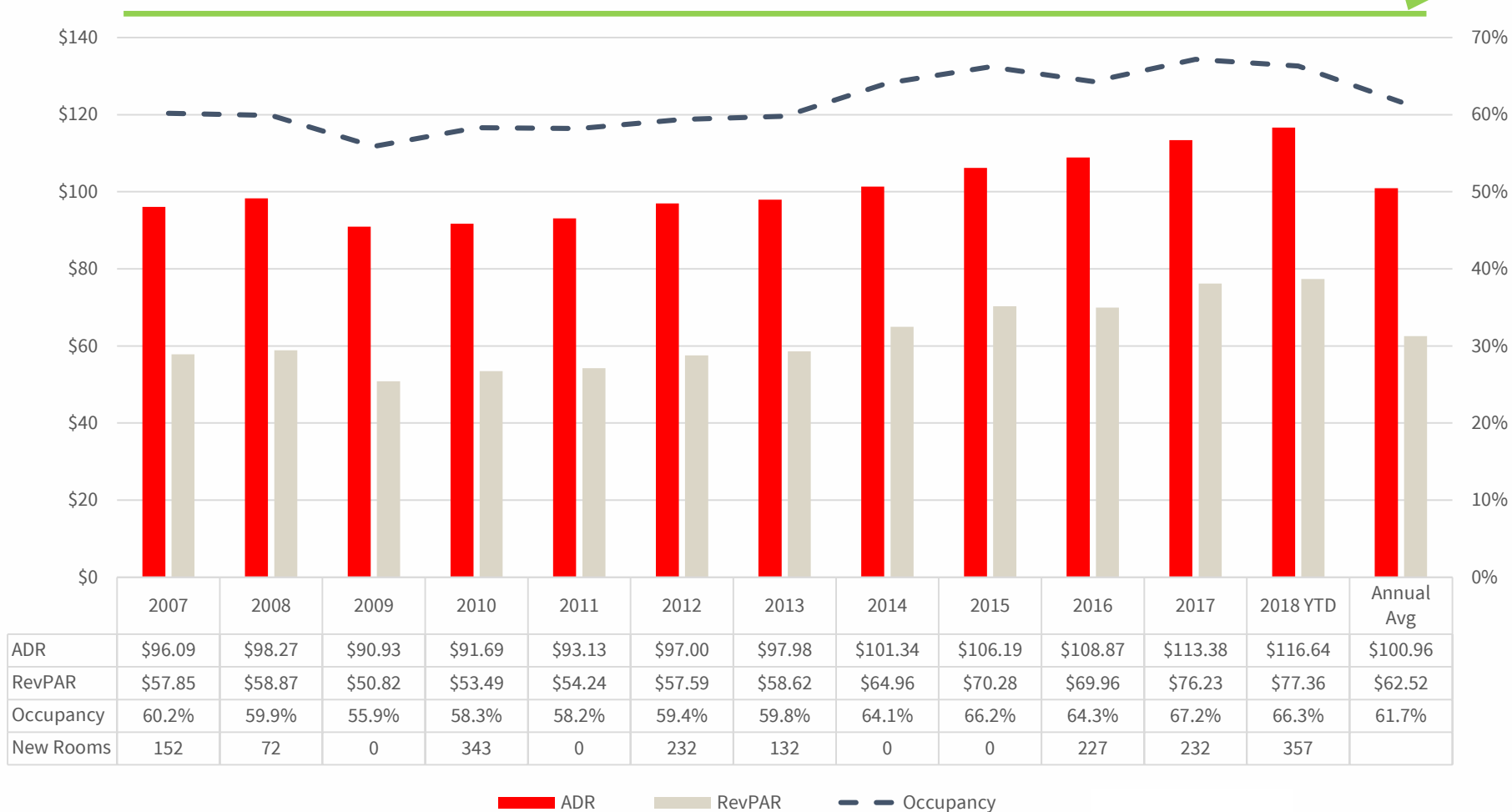


Lodging Supply & Performance



Kansas City Convention & Tourism District Lodging Performance

72% Occupancy
for "healthy"
lodging market



Source: Smith Travel Research, JLL





Future Room Inventory



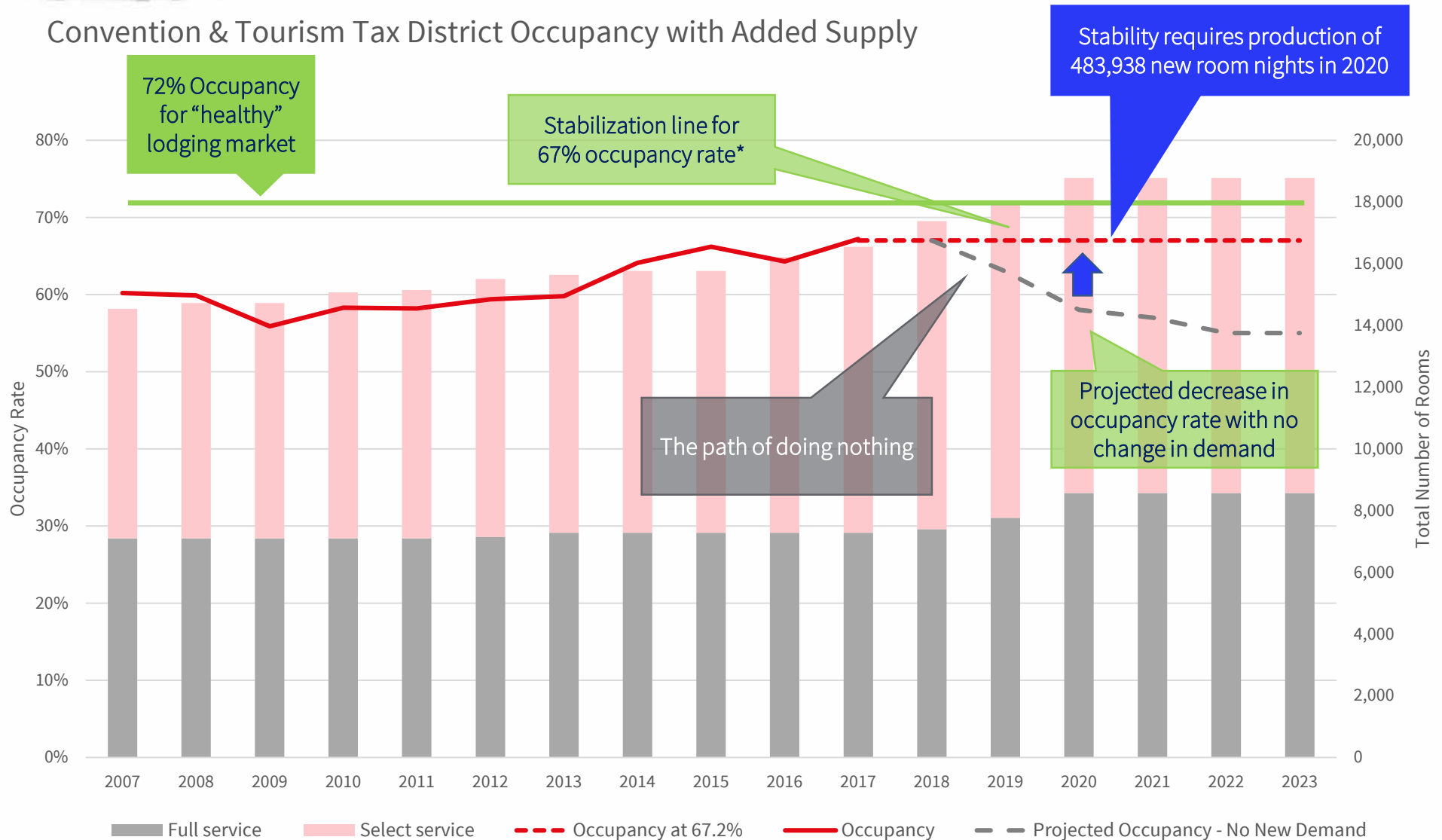
Convention & Tourism Tax District

Year	Number of Hotels	Cumulative Potential & Added Inventory	Added Rooms (construction)	Announced Potential Rooms
2017	83	13,121	N/A	-
2018	91	13,946	825	-
2019	96	14,895	514	435 (4 properties)
2020	98	16,169	1,121	153 (1 property)
2021	98+	16,411	-	242 (1 property)
2022	98+	16,931	-	520 (3 properties)

Source: Visit KC, STR, JLL



Impact of New Inventory on Occupancy



* "Stabilization occupancy" derived from taking the average occupancy for 2016, 2017, and 2018, with 2018 occupancy projected to be 66.5%.

Source: STR, JLL

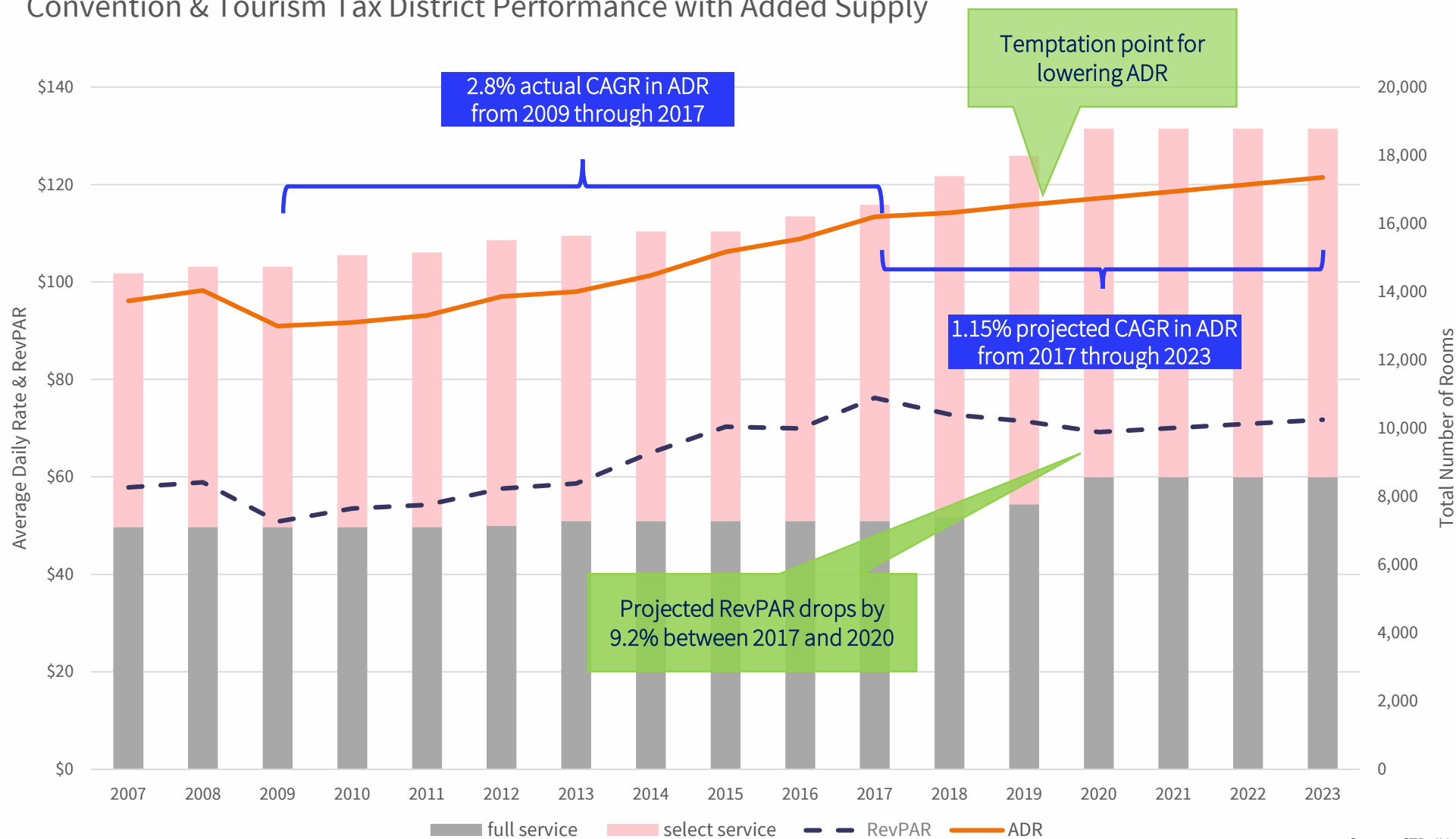




Impact on ADR & RevPAR



Convention & Tourism Tax District Performance with Added Supply



Source: STR, JLL

Section 2:

Comparable & Competitive Markets



Comparative/Competitive Set



Baltimore

Cincinnati

Cleveland

Columbus

Denver

Indianapolis

Kansas City

Louisville

Memphis

Milwaukee

Minneapolis

Nashville

Pittsburgh

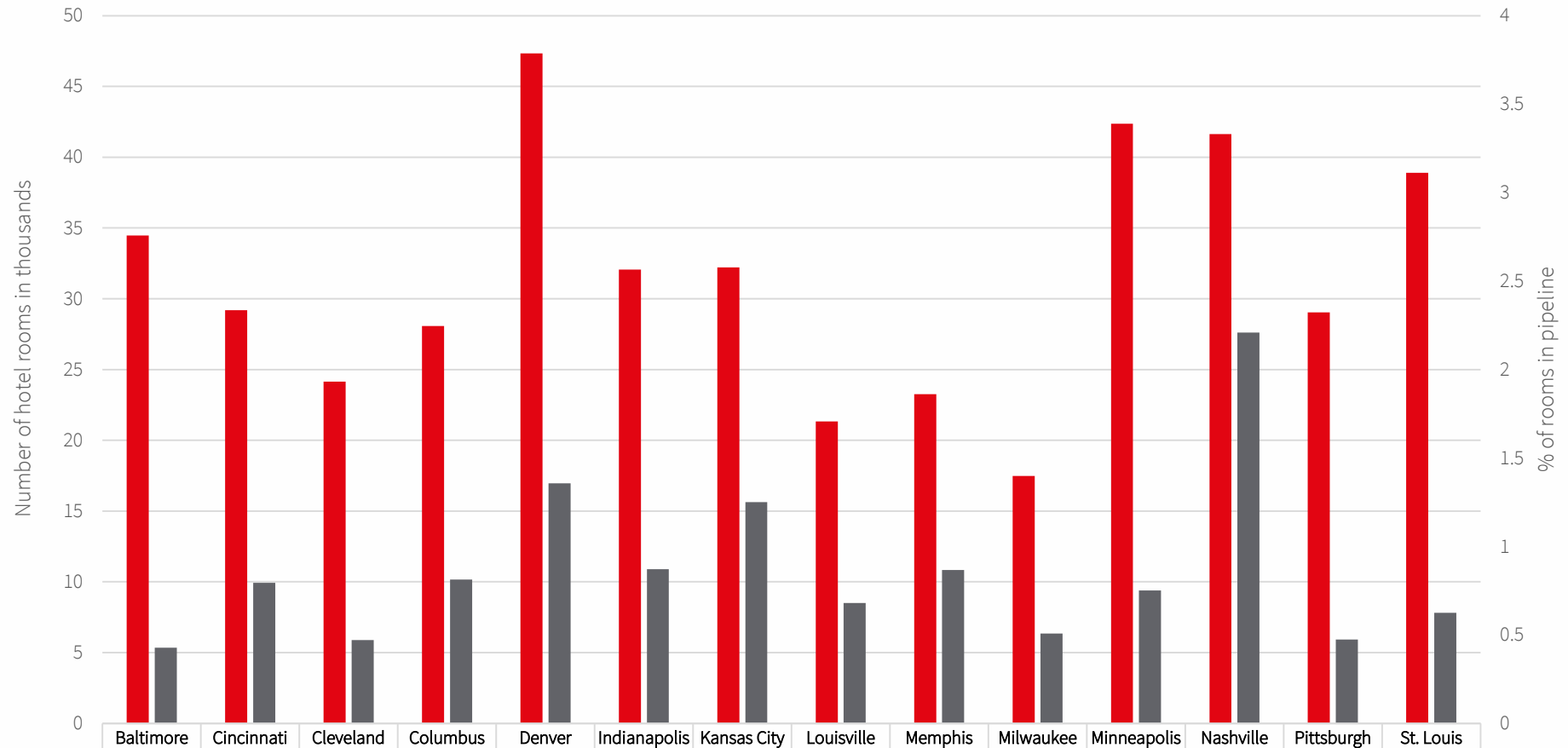
St Louis



Hotel Inventory Comparison (Metro)



2017 Room Supply and Pipeline



	Baltimore	Cincinnati	Cleveland	Columbus	Denver	Indianapolis	Kansas City	Louisville	Memphis	Milwaukee	Minneapolis	Nashville	Pittsburgh	St. Louis
Total 2017 Metro Room Inventory	34.477	29.200	24.141	28.084	47.327	32.062	32.224	21.332	23.256	17.486	42.358	41.629	29.031	38.894
% Under construction or planned	5.34	9.94	5.88	10.17	16.96	10.90	15.63	8.50	10.84	6.35	9.39	27.61	5.92	7.82
CAGR 2007-2017	2.1	2.1	2.1	2.4	2.9	2.5	1.7	1.5	1.9	2.8	2.2	2.7	3.6	1.6
Occupancy 2017	67.1%	64.3%	59.6%	65.7%	73.3%	65.1%	65.8%	63.1%	65.2%	62.0%	66.9%	74.0%	60.3%	65.2%

■ Total 2017 Metro Room Inventory ■ % Under construction or planned

Source: Smith Travel Research, JLL

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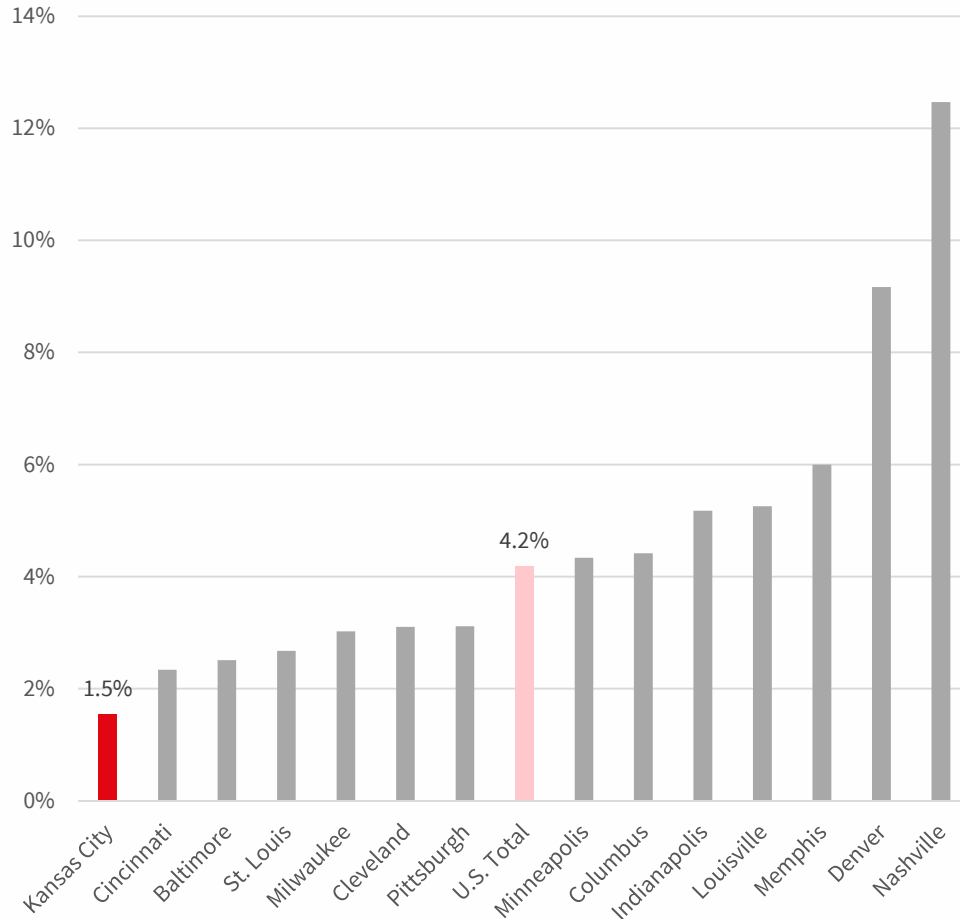




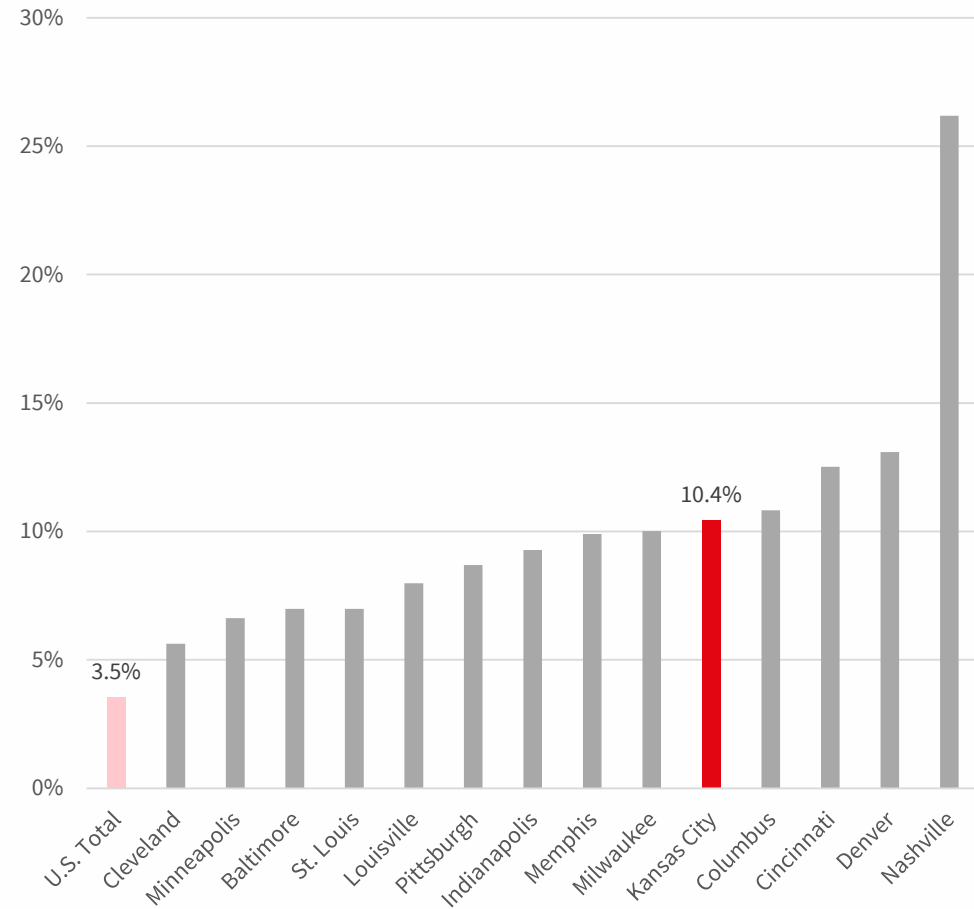
Room Inventory Additions (C/T Tax District)



Slated to Open by YE 2018



Active Planning or Under Construction for Future Opening

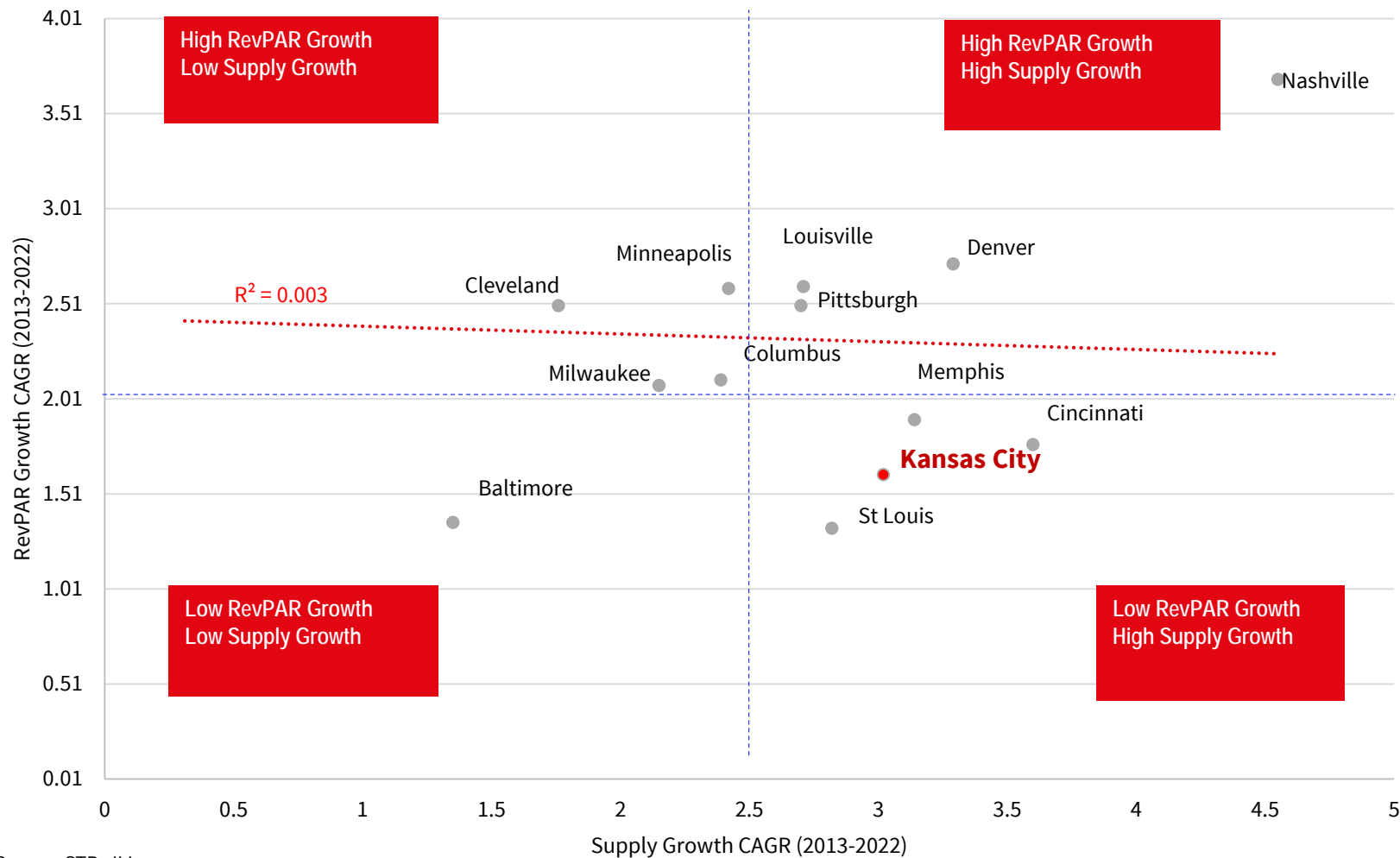




Supply Growth vs. Performance (Metro)



RevPAR Growth vs. Supply Growth in Comp Markets



Source: STR, JLL



Section 3:

Kansas City Market Assumptions & Modeling



Projected Changes to Market Mix Room Nights



Purpose of Overnight Trip to Kansas City C/T Tax District	Current Market Mix (From hotel survey)	Projected Opportunity	Future Market Mix
Convention & Sports Bids (Visit KC)	13%	↑	15%
Hotel Group (In-house)	27%	—	27%
Marketable Leisure	21%	↑	23%
Business Transient	26%	↓	22%
Other (Misc. Overnight Leisure & VFR)	13%	—	13%
TOTAL	100%		100%



Market Mix Changes to Maintain Occupancy Stabilized Room Night Progression



Purpose of Overnight Trip to Kansas City C/T Tax District	2017 Market Mix (Hotel survey)	2017 Room Nights Booked (67% occ.)	2019 Room Night Booking Goal	Future Projected Market Mix	Future Projected Room Night Bookings (67% occ.)	% Change from 2017 to Future Projected
Convention & Sports Bids (Visit KC)	13%	418,381	451,687	15%	621,071	48%
Hotel Group (In-house)	27%	868,946		27%	1,117,929	29%
Marketable Leisure	21%	675,847		23%	952,309	41%
Business Transient	26%	836,763		22%	910,905	9%
Other (Misc. Overnight & VFR)	13%	418,381		13%	538,262	29%
TOTAL	100%	3,218,318		100%	4,140,476	29%



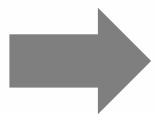
Market Mix Changes to Grow Occupancy Healthy Room Night Progression



Purpose of Overnight Trip to Kansas City C/T Tax District	Future Projected Market Mix	Future Projected Room Nights (67% occ.)	Future Projected Room Nights (72% occ.)	% Change from 2017 to <u>Healthy</u> Future Projected
Convention & Sports Bids (Visit KC)	15%	621,071	667,420	60%
Hotel Group (In-house)	27%	1,117,929	1,201,356	38%
Marketable Leisure	23%	952,309	1,023,377	51%
Business Transient	22%	910,905	978,883	17%
Other (Misc. Overnight & VFR)	13%	538,262	578,431	38%
TOTAL	100%	4,140,476	4,449,467	38%

Increased inventory will have a *destabilizing effect* on the Kansas City destination market...

Increased investments will need to be made to maintain a stable hotel/destination economy given expected new inventory.



Strategies for combatting the destabilization include:

- Increased resources for Visit KC
- Re-focused Visit KC sales and marketing strategy
- Re-focused overall destination development strategy

Competitive options for applied resource investment

CONVENTION & SPORTS BIDS

- Additional sales staffing
- Planner awareness programming
- Business development fund
- Additional venue development & enhancements

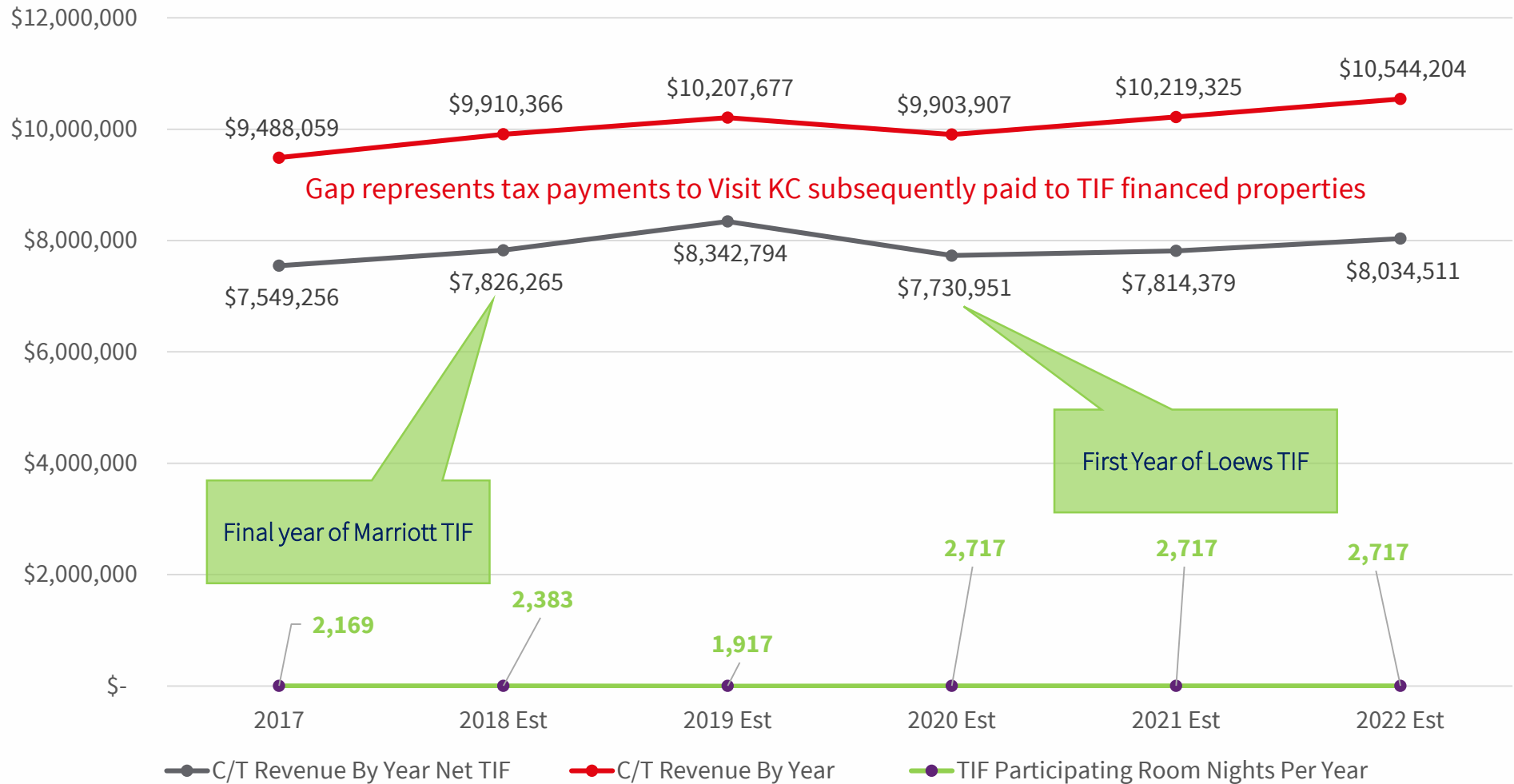
MARKETABLE LEISURE

- New market development
- Airport marketing
- Experiential development
- New event development
- New demand driver development

Funding Comparatives



Impact of TIF Funded Properties on Visit KC Budget



Source: Visit KC, JLL

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Destination Development



Demand Driver Additions



KC Metro Demand Drivers

