



California Hotel Development *sets* RECORD IN — 2017!

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2017 WAS A RECORD YEAR for the number of new hotel rooms opened in California. The 10,793 rooms that came online edged out the previous high of 10,286 rooms in 2008.

Several factors helped make 2017 a record-breaking year for California hotel development: the availability of construction and long-term financing at very attractive rates, continued Rev PAR and hotel profitability growth and strong interest from overseas investors, especially from China through the EB-5 Immigrant Investor Program.

California hotel development highlights through the end of 2017 include:

- ▶ The Golden State opened 66 hotels with a combined 10,793 rooms.
- ▶ California had 145 hotels with 20,693 rooms under construction, a 17% room count increase from 2016.
- ▶ There are 859 California hotels with 125,749 reported rooms in various stages of planning, a 23% room count increase over 2016.
- ▶ The 889-room InterContinental Los Angeles Downtown was the largest California hotel to open.
- ▶ Los Angeles County had the highest number of rooms open, with 4,309. Riverside County followed with 1,236.
- ▶ Los Angeles County has 5,327 rooms under construction. San Diego County is next, with 2,823.

Although 2017 was a record-breaking year for California hotel development, 2018 is on track to be even stronger. There are 145 hotels with 20,693 rooms under construction.

Despite the increase in new supply, we see sustained growth for the foreseeable future. This is due to the strong levels of occupancy and profit margins, combined with an extremely positive economic outlook—stock market and home value growth.

In addition, California will continue to attract overseas investment and more international tourism from emerging markets due to the relative value of the U.S. dollar. ★

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Sonoma County

Two Sonoma County hotels with 263 rooms opened in 2017, a 17% room count increase from the two hotels with 224 rooms in 2016. The 163-room Oxford Suites Sonoma County—Rohnert Park was the largest to open.

Sonoma County has seven hotels with 691 rooms under construction. The largest is a 135-room Cambria Inn & Suites in Rohnert Park. The county has 27 hotels with 2,274 rooms in planning, a 3% room count increase over 2016.

San Francisco County

Two San Francisco County hotels with 290 total rooms opened in 2017, the larger being the 159-room Hotel VIA in San Francisco. No new hotels opened in 2016.

Four hotels totaling 670 rooms were under construction at the end of 2017. The largest continues to be a 230-room Hyatt Place in San Francisco. The county has 38 hotels with 5,930 rooms in planning, a 46% room count increase over 2016.

Santa Clara County

Santa Clara County had four hotels totaling 579 rooms open in 2017. The largest was the 210-room AC Hotel by Marriott San Jose Downtown. This was an 356% room count increase from the two hotels with 127 rooms in 2016.

Santa Clara County has 10 hotels with 1,443 rooms under construction, the largest being a 200-room Aloft in Mountain View. The county has 56 hotels with 9,453 rooms in planning, a 23% room count increase over 2016.

Orange County

Six Orange County hotels with 960 rooms opened in 2017, a 47% room count drop from the seven hotels with 1,808 rooms in 2016. The 271-room Marriott Irvine Spectrum was the largest to open.

Orange County has eight hotels with 1,657 rooms under construction. The largest is the 613-room Westin Anaheim Resort. The county has 57 hotels with 11,184 rooms in planning, a 27% room count increase over 2016.

San Diego County

San Diego County added four hotels with 826 rooms in 2017, a 19% room count decrease from the six hotels with 1,017 rooms in 2016. The largest to open was the 317-room Pendry San Diego.

There are 16 hotels with 2,823 rooms under construction in San Diego County. The largest continues to be a 400-room InterContinental in downtown San Diego. The county has 83 hotels with 16,324 rooms in planning, a 9% room count increase over 2016.

Napa County had two hotels with 251 rooms open in 2017, including the still-in-progress 183-room Archer Hotel Napa. This was an 118% room count increase from the 115-room Hampton Inn & Suites that opened in Napa in 2016.

Napa County has four hotels with 338 rooms under construction, the largest is the 145-room Meritage Commons in Napa. The county has 21 hotels with 2,679 rooms in planning, a 65% room count increase over 2016.

Los Angeles County

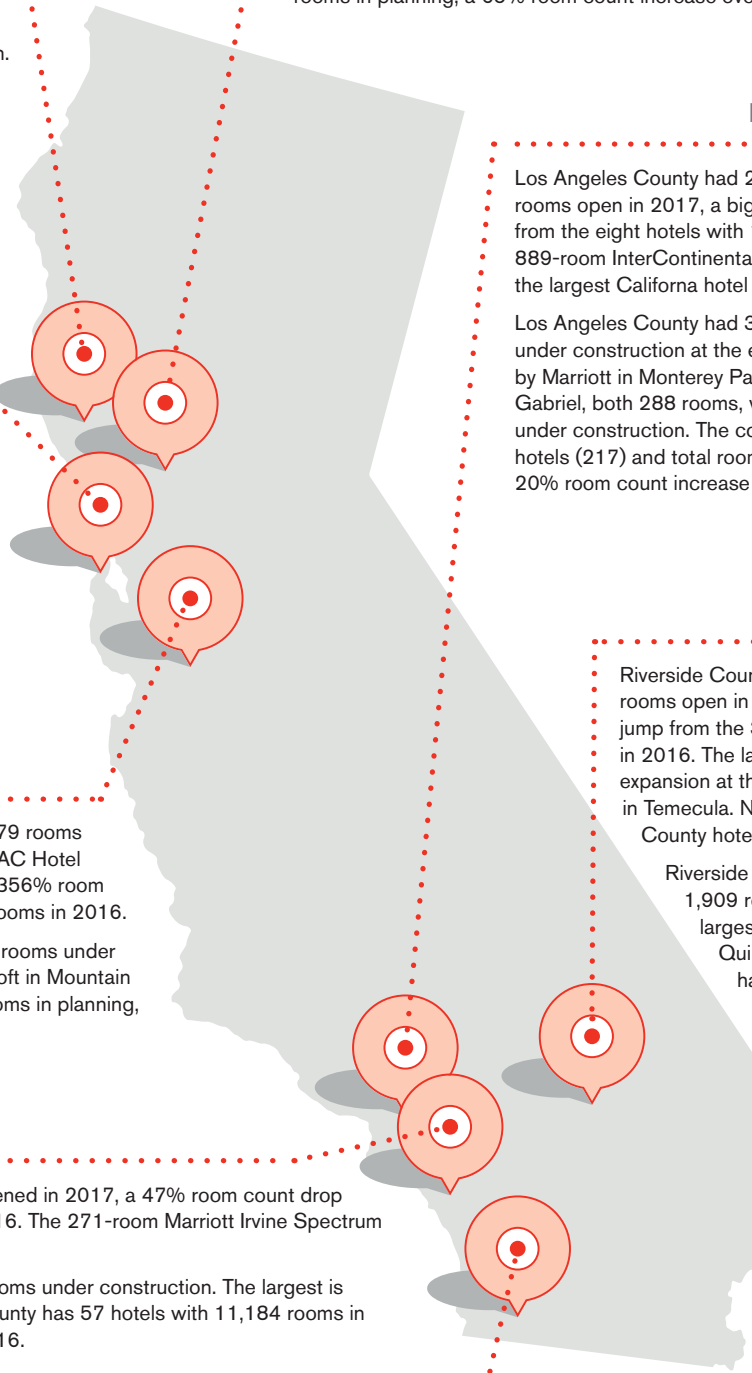
Los Angeles County had 23 new hotels with 4,309 total rooms open in 2017, a big 292% room count increase from the eight hotels with 1,098 rooms in 2016. The 889-room InterContinental Los Angeles Downtown was the largest California hotel to open in 2017.

Los Angeles County had 32 hotels with 5,327 rooms under construction at the end of 2017. A Courtyard by Marriott in Monterey Park and a Sheraton in San Gabriel, both 288 rooms, were the largest properties under construction. The county leads California in hotels (217) and total rooms (33,514) in planning, a 20% room count increase over 2016.

Inland Empire

Riverside County had six hotels with 1,236 rooms open in 2017, an 3,763% room count jump from the 32-room property that opened in 2016. The largest was a 568-room expansion at the Pechanga Resort & Casino in Temecula. No new San Bernardino County hotels opened in 2016 or 2017.

Riverside County has 13 hotels with 1,909 rooms under construction. The largest is the 340-room Pendry La Quinta. San Bernardino County has six hotels with 611 rooms under construction. The largest is a 126-room Residence Inn in Rancho Cucamonga. Riverside County has 53 hotels with 9,422 rooms in planning (up 1% over 2016), while San Bernardino County has 32 hotels and 2,803 rooms in planning (a 117% room count increase from 2016).



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