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IN FOCUS:

HYATT BRANDS PERFORMANCE UPDATE

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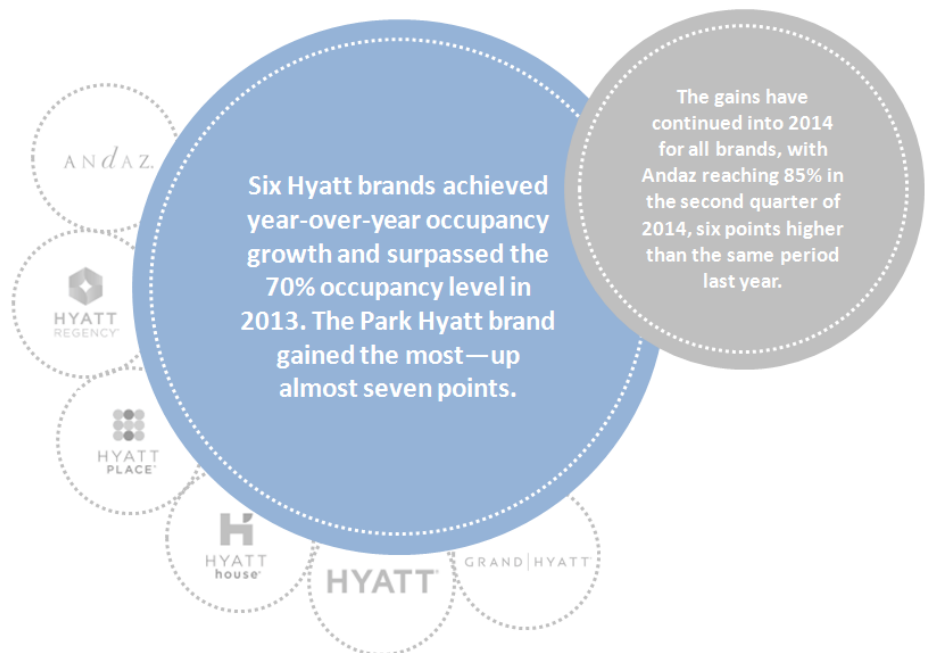
Hyatt Hotels Corporation, one of the world's premier hotel companies, has expanded in scope and performance across its stable of brands over the past year. Which fared the best in terms of occupancy, average rate, and overall growth?

Just this month, the Park Hyatt Washington, D.C. sold for \$100 million, or \$462,963 per key,¹ and the Hyatt Regency hotel in Buffalo unveiled a 1,500-square-foot penthouse suite featuring plush living, sleeping, and dining areas and panoramic views.² These are just the latest outstanding pieces of news in a year that has brought substantial growth among all Hyatt Hotels Corporation brands. The following article tracks their progress from 2012 through the second quarter of 2014.

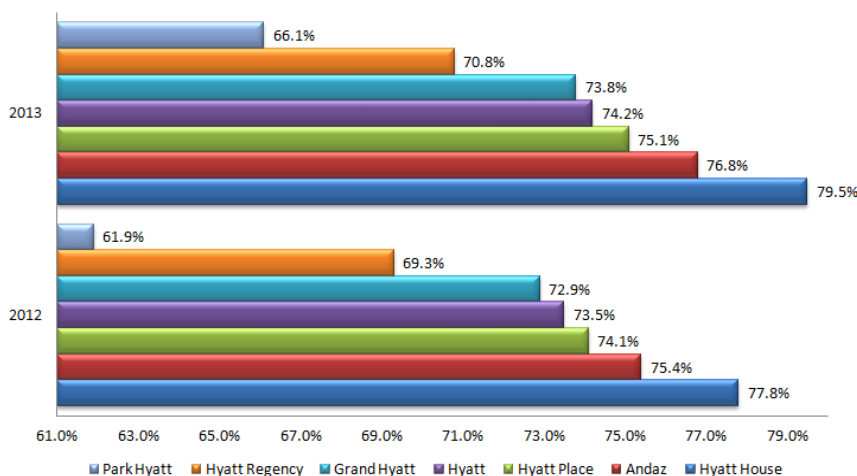
Hotel Occupancy

Top Performance for Hyatt House

Hyatt rebranded its Summerfield Suites hotels into the Hyatt House brand in 2011, and the transformation has really taken off. Hyatt House's all-suite, extended-stay hotels are designed like modern condominiums and feature "all the comforts of home." Travelers staying five or more nights are the target guests for the brand, which led all Hyatt Hotels Corporation brands in occupancy in 2013. The brand's stable of hotels has almost doubled over the past three years, from 28 properties in 2011 to 59 as of August of this year. Hyatt House occupancy performance through the second quarter of 2014 reached 84.7%, reflecting a 1.7% increase over the same period last year.



Hyatt Occupancy Levels Make Gains from 2012 to 2013



The Andaz brand's occupancy in 2013 increased almost two points over where it stood in 2012, and grew by 6% in the second quarter of 2014 (compared with the same period last year). Having achieved the second-highest occupancy level while accounting for just 2% of all Hyatt hotels, the company has focused on opening several new Andaz properties, both in the U.S. and internationally.

While the luxury Park Hyatt brand's occupancy stands below that of the other brands, Park Hyatt hotels achieved the most significant year-over-year growth from 2012 to 2013. Park Hyatt hotels, located in some of the world's premier travel destinations, depend on a demand segment willing to spend the extra dollars for high-class rooms and amenities; hence, the

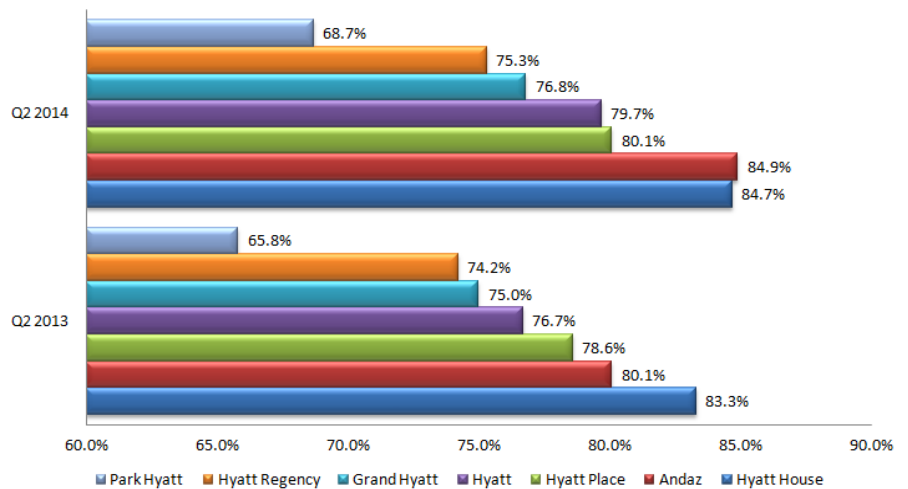
strengthening U.S. and world economies should continue to help bring demand back to the Park Hyatt brand.

¹ Cooper, Rebecca. "Park Hyatt Washington Sold for \$100 Million." *Washington Business Journal*. October 6, 2014.

² Epstein, Jonathan D. "Hyatt Unveils New Penthouse Suite." *The Buffalo News*. October 6, 2014.

Hyatt and Grand Hyatt hotels maintained more subdued occupancy growth from 2012 to 2013, though the performance gains for these brands ramped up in the second quarter of 2014 compared with the second quarter of last year. The Hyatt Regency brand also moved above the 70% occupancy mark, a formidable feat given the number of hotels and rooms that this brand holds within the Hyatt inventory. Higher levels of group demand contributed to the occupancy gains across the larger, full-service hotels.

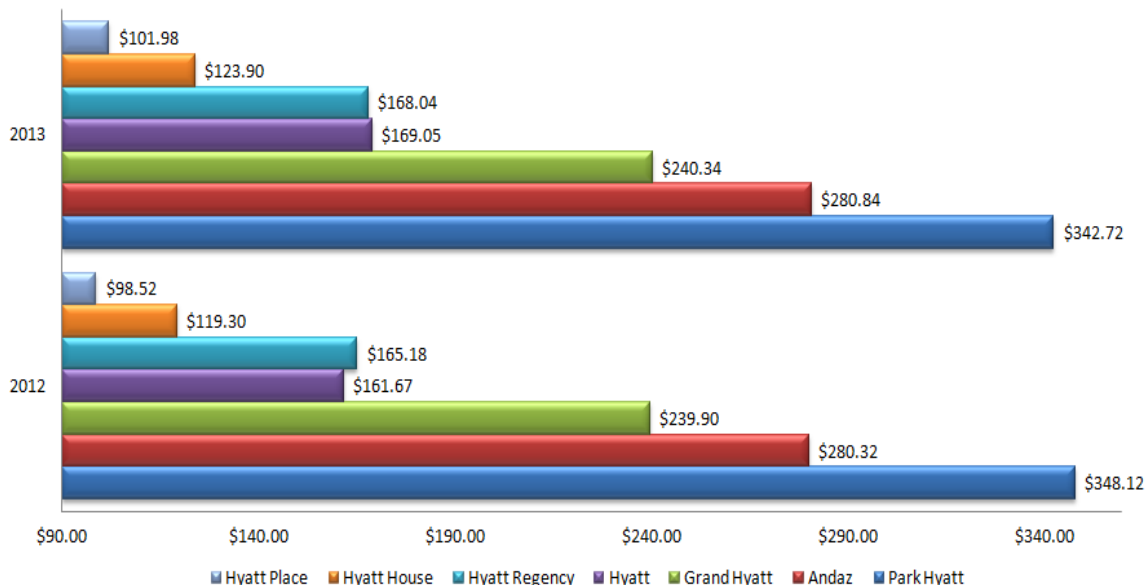
Occupancy Levels Still Up in Q2 2014



Average Rate & RevPAR

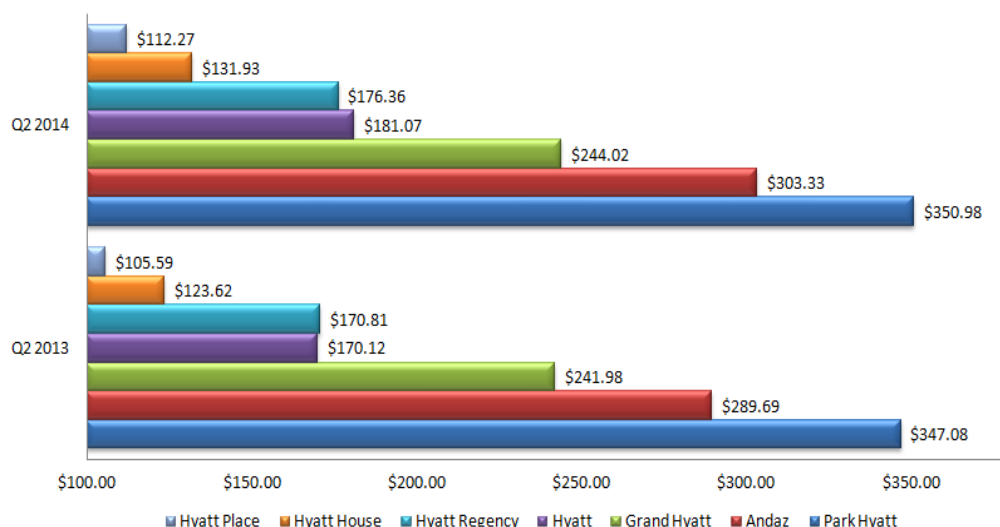
Park Hyatt, unsurprisingly, achieved the highest average rate among Hyatt brands; the luxury hotel chain was also the only one to have a drop, albeit slight, in average rate from 2012 to 2013, an indication that the command of rates among the higher tiers of hotel classes has yet to catch up to that of the mid- and economy-scale hotels. Both Andaz and Grand Hyatt realized very modest year-over-year gains, while those of the Hyatt, Hyatt House, and Hyatt Place brands were the most substantial. Average rate and occupancy trends stand almost at extremes among the brands, with Park Hyatt at the top and Hyatt Place at the bottom in terms of rate, and close to the inverse true in terms of occupancy.

Average Rates Up for Most Hyatt Brands in 2013



Average rate gains so far in 2014 have been, on the whole, more pronounced for Hyatt Hotels Corporation's brands. Hyatt House hotels achieved the highest rate increase by percentage at 6.7% (approximately \$8), while the Hyatt brand's average rate in second-quarter 2014 stands almost \$11 higher than it did during the same period last year. All but two of Hyatt's brands achieved more than 3% growth in average rate in the first half of 2014, with the Hyatt, Hyatt House, and Hyatt Place brands leading the pack.

All Brands—including Park Hyatt—Make Average Rate Gains in Q2 2014



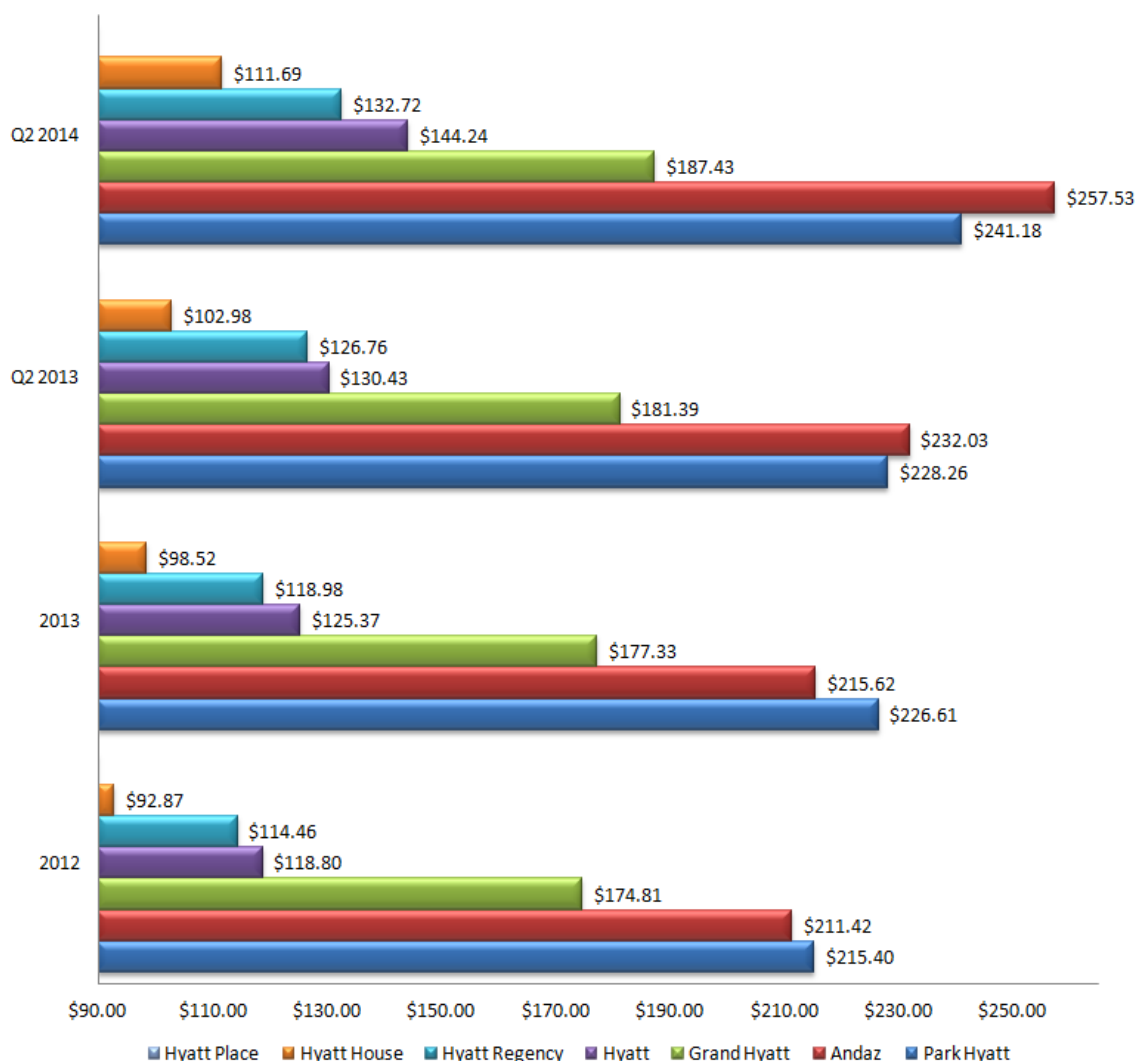
Growth in both average rate and occupancy over the last two years combined to make Hyatt House the RevPAR leader among Hyatt brands. Park Hyatt realized an impressive gain in RevPAR from 2012 to 2013, and also had the highest RevPAR year-over-year dollar increase, at roughly \$11. The upscale Andaz and Grand Hyatt brands experienced the least RevPAR growth; Andaz's RevPAR increased by roughly 2%, or just over \$4, and Grand Hyatt's grew by less than \$3. While Hyatt Place has the lowest RevPAR of the brands, just surpassing \$75, Hyatt Place hotels made modest gains in terms of growth, realizing a nearly 5% increase from 2012 to 2013.

While Park Hyatt hotels showed a slight decrease in average rate in 2013, all other Hyatt Hotels Corporation brands made gains. The Hyatt brand's average rate grew by 4.6% to \$165.

Hyatt House and Hyatt Place hotels also realized marked growth in rate and RevPAR. Average rate growth has held strong through the second quarter of 2014.

Through the second quarter of 2014, Hyatt Place has stepped up the pace with an 8% increase in RevPAR, but Andaz has taken the top spot in RevPAR growth at 11%, the result of improvements in both occupancy and average rate. The Hyatt brand follows closely with a 10.6% increase in RevPAR over the second quarter of last year. The Grand Hyatt has noted the least growth in 2014, with its gain of 3.3% attributable primarily to an increase in occupancy. System wide, RevPAR among Hyatt hotels increased 5.5% in this year's second quarter compared with the second quarter of 2013.

RevPAR Levels for Hyatt-Branded Hotels: 2012 | 2013 | Q2 2013 | Q2 2014



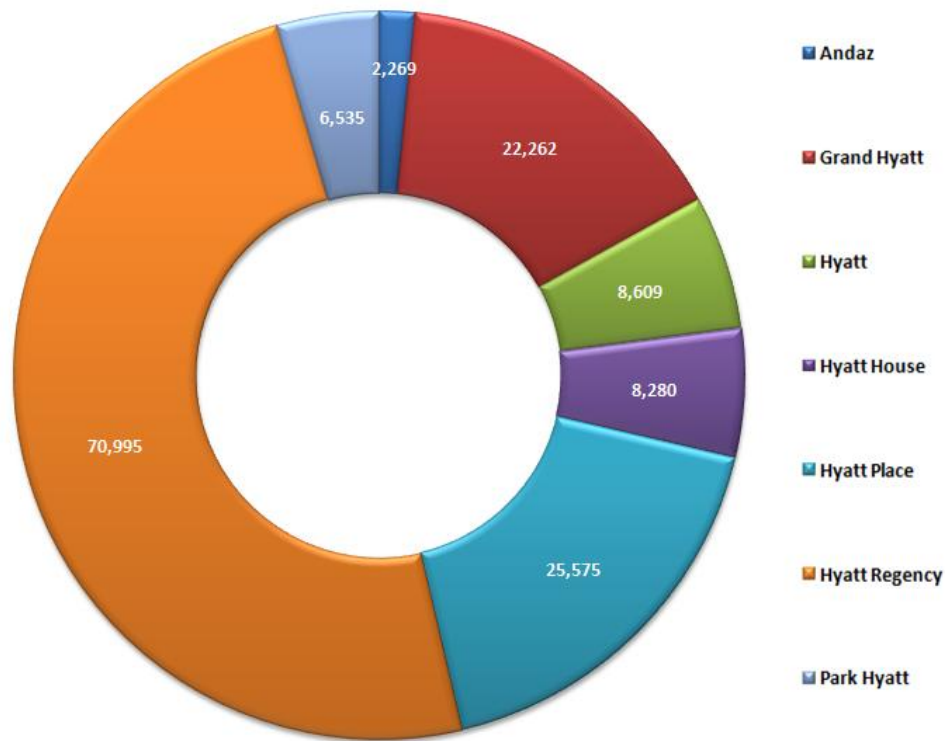
Distribution

As of the close of 2013, the Hyatt Regency brand accounts for the vast majority of properties and rooms in the Hyatt Hotels Corporation worldwide inventory, representing 49% of the company's rooms and 37% of its hotels in North America. Hyatt Place was the next most prominent, with an 18% share.

Hyatt continues a shift toward greater representation in the select-service segment, with more than 35 Hyatt Place properties under development; the Hyatt Place brand is also expanding to China, India, and Central and South America. Just this August, Hyatt celebrated having more than 200 Hyatt Place hotels worldwide and announced that more than 100 executed contracts for Hyatt Place properties are moving forward, representing over 50% growth in the brand.³

³ Hyatt Hotels Corporation. "Hyatt Place Celebrates 200 Locations and Momentum Continues with Development Worldwide." August 18, 2014. (Retrieved October 13, 2014.)

Percentage Distribution by Brand



The number of Hyatt and Grand Hyatt hotels is almost equal, though the Grand Hyatt brand (appropriate to its name) represents more than double the number of rooms in the Hyatt brand's inventory.

Brand Distribution by Room Count and Percentage of Total

Brand	Hotels	% of Total	Rooms	% of Total
Hyatt Regency	149	29%	70,995	49%
Hyatt Place	192	37%	25,575	18%
Grand Hyatt	40	8%	22,262	15%
Hyatt	38	7%	8,609	6%
Hyatt House	59	11%	8,280	6%
Park Hyatt	33	6%	6,535	5%
Andaz	11	2%	2,269	2%
Totals	522		144,525	

Source: Hyatt Corporation

Although the Andaz brand accounts for Hyatt Hotels Corporation's least number of hotels, the company has plans for new Andaz properties. Additions this year include the Andaz Tokyo, the Andaz Peninsula Papagayo Resort, and the Andaz Maui at Wailea, with future locations planned for Bali and Germany.

Strategic Growth and a Look toward the Future

Some 50 years ago, in the course of just its first decade, Hyatt Hotels Corporation became the fastest-growing hotel chain in the U.S. Hyatt executives noted in an annual shareholder news release that 2013, during which the company opened 51 new hotels, was one of the “largest and most meaningful expansion years in [Hyatt Hotels Corporation’s] history.”⁴ As of the second quarter of this year, Hyatt Hotels Corporation had broadened its scope to 563 properties and 149,640 rooms worldwide, with 40 more hotels expected to open by the close of 2014.⁵ The company also sold ten hotels, which Hyatt will manage, for \$313 million in March of 2014, and is marketing eight full-service and more than 40 select-service hotels for sale.⁶ These properties, after sale, are expected to continue to fly the Hyatt flag, and the capital gained by the company should bode well for future investment and growth in new markets around the world.



⁴ Hyatt Hotels Corporation. “Hyatt Reports Fourth Quarter 2013 Results.” February 14, 2014. (Retrieved October 13, 2014.)

⁵ Hyatt Hotels Corporation. “Hyatt Reports First Quarter 2014 Results.” April 30, 2014. (Retrieved October 13, 2014.)

⁶ Ibid.



About HVS

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HVS Denver has been serving hoteliers, lenders, and developers in the Rocky Mountain region since 1993. Services include appraisals, market studies, feasibility studies, and general consulting for hospitality-related projects ranging from stand-alone hotels to destination resorts. HVS Denver also collaborates with other HVS offices to conduct portfolio assignments nationwide.

Experts with HVS Denver and HVS's other offices in the U.S. have extensive experience with **all Hyatt brands** and regularly conduct valuations, feasibility studies, and market studies for owners, investors, and developers of Hyatt hotels nationwide.

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