



# NYU and EY 2023 Hospitality Executive Financial Survey

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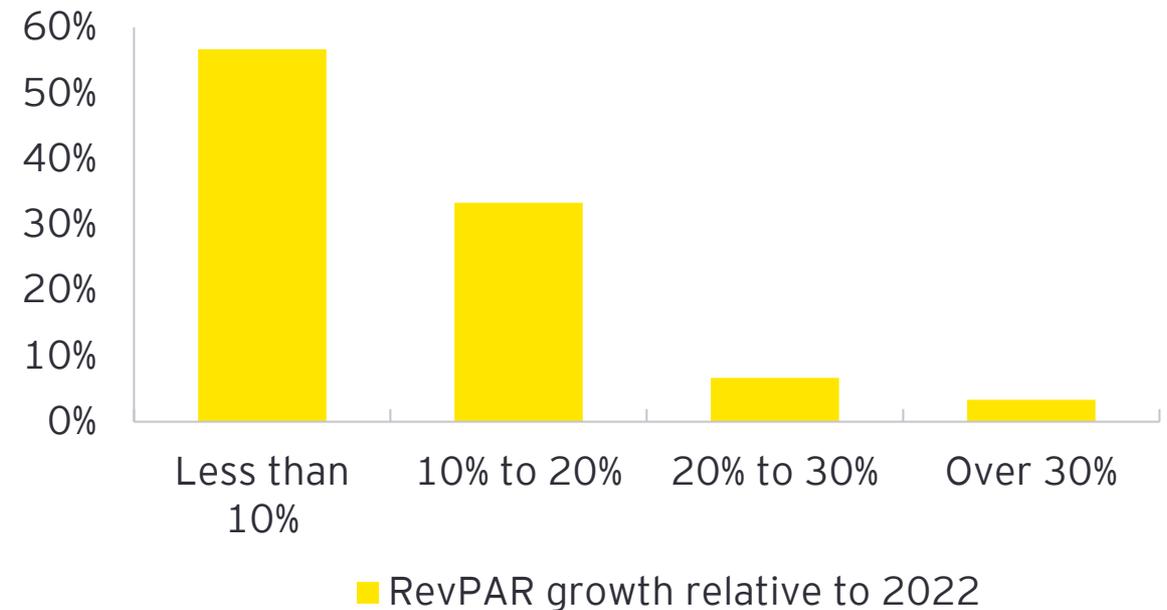
# NYU and EY 2023 Hospitality Executive Financial Survey

The NYU and Ernst & Young LLP (EY) 2023 Hospitality Executive Financial Survey gleaned responses from CFOs at 30 leading travel and hospitality companies. The hotel industry has been nimble in reacting to outside pressures to get its financial performance back on track. But more challenges lie ahead, and the industry will need even more creativity to continue its recovery.

What are the top three concerns in terms of economic and geopolitical environment?

- 1 Interest rates
- 2 Recession
- 3 Labor market

What is your company's RevPAR forecast growth relative to 2022 performance?

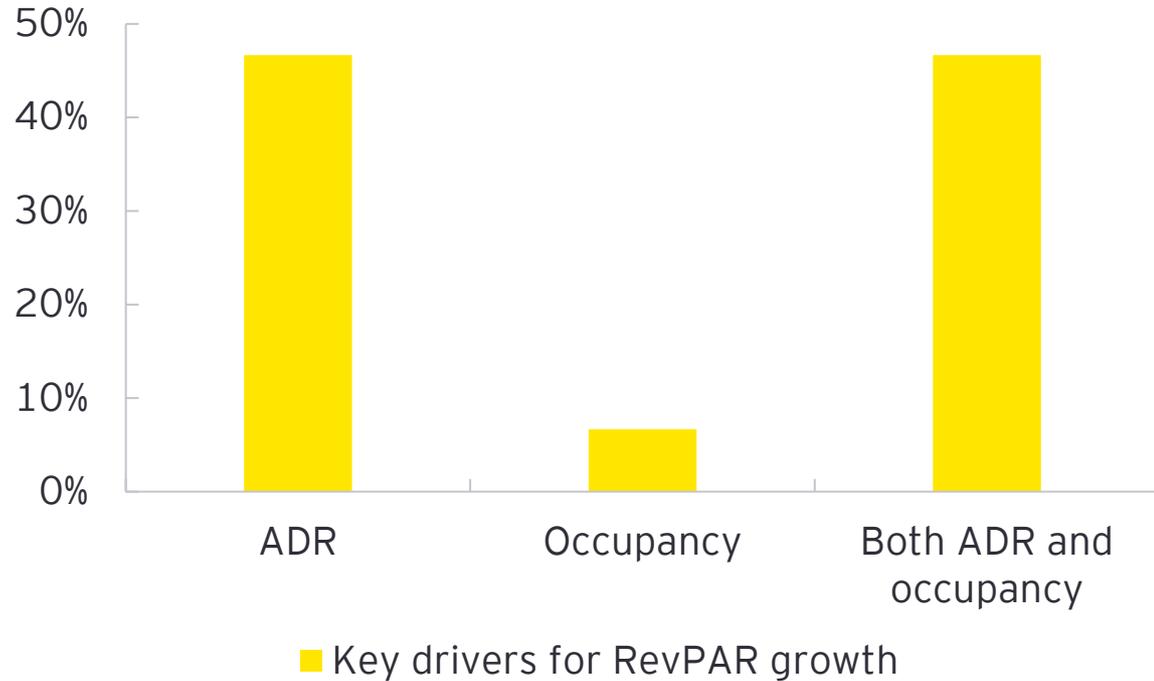


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## Top-line performance

While consumers confront higher average daily rates (ADRs) and even fewer amenities, which now come at a price, there still seems to be a steadily growing, pent-up demand for travel.

What do you expect the key driver to be for RevPAR growth in 2023?



Top 3 factors driving RevPAR performance in 2023

- 1 Leisure travel
- 2 Group travel
- 3 Business travel

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## Operational

While revenue per available room (RevPAR) recovery is exceeding expectations, labor shortages are still creating challenges for hotels. The hospitality industry is adapting to meet challenges by adjusting amenities, outsourcing more and increasing reliance on technology.

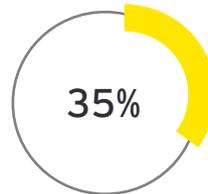
### Industry trends causing the most strain on hotel NOI

1 Labor shortage

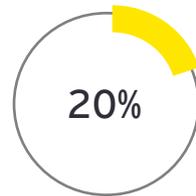
2 Interest rates/  
financing

3 Inflation

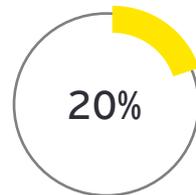
### Tactics that companies are implementing to minimize the impact of challenges



of respondents say that they are raising pay to attract talent.

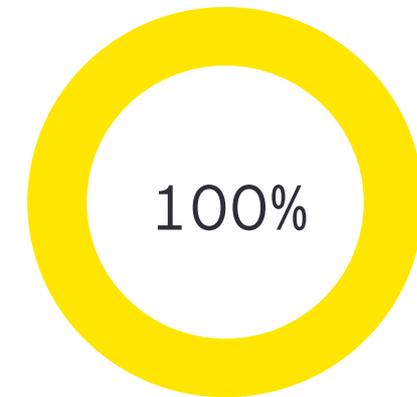


of respondents say that they are going to have a greater reliance on technology.



of respondents say that they are going to adjust amenities offered to customers.

### Brand standards



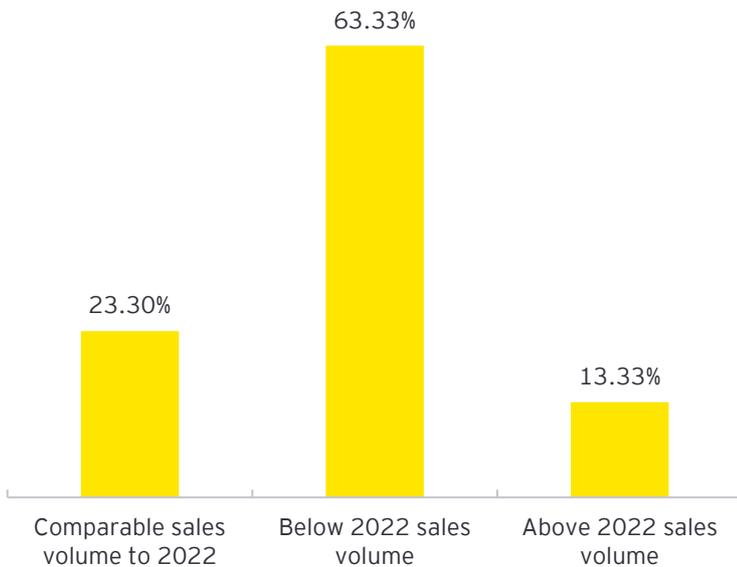
of respondents say that hotel companies will re-institute all brand standards, including requirements to complete deferred capex, by 2025.

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## Transactions and capital markets

Hotel transaction activity is forecasted to slow in 2023 because of inflationary impacts and the rising cost of debt due to interest rate increases. In addition to making deals more expensive, rising interest rates could boost pricing expectations for sellers, potentially putting deals out of reach for prospective buyers. Sixty percent of respondents noted that they expect minimal hotel asset transactions in 2023.

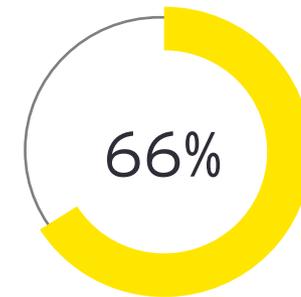
What are your expectations for the hotel transaction volume (number of transactions) this year relative to last year?



Top factors impacting transactions in 2023

- 1 Interest rates
- 2 Valuations/pricing expectations
- 3 Ability to secure financing

Expectation for hospitality platforms or entity transactions



of respondents said that, because of interest rates and other economic factors, they expect limited transaction activity in 2023.

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