



United States-Market **Update- Q3 2022**

America Midwest/East -Market Update – Q3 2022

CORPORATE UPDATES

- **Accenture updates:**
 - Currently at 50% of 2019 volume in room nights and revenue, while trending to reach 75% by 2024.
 - In the past two years they've grown by 250K employees, primarily through business needs and acquisitions
 - Currently travel is approved on a "business critical" bases, which is primarily necessitated by business development initiatives or client development related needs.
 - With the company growth and evolving business needs, they are largely focused on understanding where travel will occur in 2023 outside of their customary large markets. They anticipate new pockets of volume in previously low volume markets, making value add amenities, rate, and location paramount in establishing new properties in growth markets.

- **FedRooms updates:**
 - Upon release of new Per Diems, FedRooms has ramped up their evaluations of needs markets and their outlook for 2023. They anticipate 8,100 participating properties across more than 2,600 markets this upcoming year.
 - For 2022, they reported a 36% increase in room nights vs. 2019 thus far with a projected 566,329 by the end of the year.
 - While historically heavy in domestic markets, namely Honolulu, San Diego, New Orleans, Washington and San Antonio, their top international countries have seen a recent rise in production with room nights up 231% in 2022. Mexico and the UK are the top markets, with Canada, Germany and Colombia rounding out the top 5.
 - FedRooms average length of stay has climbed to 2.65 days, while new user accounts on fedrooms.com has reached over 2,000 per month, up from 1,000 per month during the pandemic.
 - In 2023 the primary factors in properties finding success with FedRooms is a combination of LRA status, breakfast, rates at or below per diem, parking, and location to the local federal or military institution.

- 5 new markets are being added in 2023, which will make a large impact in overall production: Sierra Vista, AZ / Chula Vista, CA / Laredo, TX / McAllen, TX / and Vancouver, WA

Contact for this market is Casey Burks based in Dallas, TX
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- **Citi updates:**

- 2022 annualized hotel program room nights = 195k and \$40.1mm in spend; about 50% of 2019 level (412k room nights and \$82mm spend).
- Recent employee survey of Global Hotel Program finds that 90% are satisfied with the hotel program. The followings are either extremely important or very important for travelers:
 - Location
 - Negotiated rate
 - Hotel loyalty & rewards programs
 - Complimentary breakfast
 - The hotel's sustainability initiative influences their choice of accommodations
 - 24-hour room service

- **EY updates:**

- EY expects that the partners will vote for the company to separate (the votes will take place between November 2022 and early 2023); once the votes go through for the split (very likely), EY will move to execute the separation into the followings:
 - AssureCo – Auditing (AssureCo will retain the old “EY” name and the old member firm structure that EY currently has; AssureCo is valued at \$20B)
 - NewCo – Consulting (New name will be determined and it will go public with a valuation of \$25B)
- They expect that the new companies will be set up by the end of 2023. Until then, business as usual and all contracts remain the same.
- The Travel and Events Team will be set up into 2 teams; it will likely not be the same teams as now unfortunately.
- No RFP will be launched until the new companies are live.
- All current MSAs will be duplicated for the 2 new companies when they're live.
- Current meetings and events spend: 10-15% with AssureCo (auditing); the rest with NewCo (consulting).
- For 2023, they will continue with the dynamic pricing model for hotels and will likely be implemented for both companies for 1st year (2024). **2023 EY Dynamic RFP will be launched by Preferred Hotels & Resorts by mid-November.**

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AMERICA EAST MARKET UPDATE – Q3 2022

Miami/SOUTHEAST

Federal Express:

- Reducing cost to serve is a huge target / FedEx Ground is gaining revenue share in their highest margin segment with online shopping being a key driving factor.
- Training Hotel Designation / Extended Stay – 4 or more room nights and the rate must be lower than the transient rate.
- Top 10 Markets: Memphis, Indianapolis, Atlanta, Orlando, Dallas, Chicago, Nashville, Anchorage, Pittsburgh, Las Vegas.
- International Markets: Amsterdam, London, Paris, Guangzhou, Calgary, Dubai, Brazil, San Juan, Hong Kong.

WORLD BANK

- The Bank expects to be at 80% 2019 volume.
- Proximity to the office is a huge factor as well as past room night production.
- Clearance by WBG Corporate Security Specialist, in Select Markets.
- Africa received the largest number of room nights, East Asia and Pacific was second.

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New York

New York is seeing many brands, suppliers back into the market with events and sales calls. Between this and Travel Advisors traveling and working from everywhere we are finding that it is still valuable to do a combination of breakfast, lunch and dinner events and office sales calls in and around NYC to capture as many people as possible.

We will be hiring a Senior Sales Manager in market in New York City to work with the travel companies there and build relationships with the new advisors.

Boston

FCM/Corporate Travel

- Working with Nicholas Kropelin, Director, Corporate Land Supply – Americas for Flight Centre Travel Group to see where we have opportunities to move market share to Preferred Hotels. Currently we are only seeing 1% of the market share.

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Overall Leisure Travel Advisor message:

There has been an enormous amount of movement during Covid. Advisors have moved to different agencies, agencies have acquired others agencies, advisors have moved to different locations, but stayed with their same agency. So what a hotel might be seeing on a report, is not necessarily a true statement. For example, an advisor associated with Protravel Beverly Hills, does not necessarily live in BH. In fact, I have multiple advisors that are associated with Protravel BH, but live in SF and are not associated with the Protravel SF office. Why this is important is because the hotels keep wanting to visit the major cities (LA and NY mainly) because they see this production coming from that agency. But the reality is, those advisors are located all over the country....sometimes world. So it's not always relevant to visit that city to see that office/advisors. They need to be tracking where the advisor is BASED, not the office they are associated with.

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