

Choice Hotels' Extended Stay Portfolio Shows Continued Resilience

WoodSpring Suites experiences industry-leading 70% occupancy rate in May

ROCKVILLE, Md., June 18, 2020 /PRNewswire/ -- [Choice Hotels International, Inc.'s](#) (NYSE: CHH) strategic focus on the resilient extended stay segment continues to position the company for long-term success. Its brands, which include WoodSpring Suites and Suburban Extended Stay in the economy segment, and MainStay Suites and [recently launched](#) Everhome Suites in midscale, have achieved notable, industry-leading performance amid the current worldwide decline in travel demand.

Choice Hotels' extended stay portfolio – led by WoodSpring Suites, the company's largest brand in the segment — outperformed the overall industry in several ways over the past three months, including:

- For the month of March, Choice Hotels' extended stay brands achieved an average occupancy level of over 68%, compared to the U.S. hotel industry average of approximately 40%. In April, the company's extended stay portfolio attained a 60% occupancy level, which more than doubled the industry average of 25%.¹ Choice's extended stay brands continued their impressive performance in May with an average occupancy of 67%.
- Specifically, the WoodSpring Suites brand achieved an average occupancy rate of over 70% in the month of May, making it one of the best-performing brands in the hotel industry in recent months. This both demonstrates the brand's ability to maintain high occupancy in difficult economic environments and further reinforces its consistently high operating margin potential for developers, building on its 2019 performance wherein its hotels achieved gross operating profits of over 54% on average.²
- As a result of their occupancy outperformance versus the broader chain scales, Choice's extended stay brands also outperformed on RevPAR from March and April. Despite an industry-wide RevPAR decline of nearly 52% in March and 80% in April¹, RevPAR for the company's extended stay brands declined less than 14% and 29%, respectively.
- Virtually all of Choice's extended stay portfolio remained open during the month of April, through some of the worst weeks of the COVID-19 pandemic.

"Our extended stay brands continue to show that our proprietary operating model helps drive occupancy rates and deliver a higher return on investment for developers in practically any economic environment," said Ron Burgett, senior vice president, franchise development, extended stay, Choice Hotels. "This growing market presents tremendous potential and opportunity for developers and lenders, as the extended stay segment currently accounts for 20% of demand in the industry, but existing supply only makes up 9% of the domestic hotel landscape.³ Whether they're seeking a new construction or conversion brand, in economy or midscale, via single- or multi-unit agreements, we have several options for developers looking to capitalize on the incredible growth we're seeing in extended stay."

Choice reached a new milestone in the first quarter of 2020 with 410 domestic extended stay hotels open, representing a nearly 10% year-over-year increase, and currently has another 300 hotels in the pipeline. The company has opened 17 extended stay hotels so far in 2020, demonstrating sustained growth during a challenging time for the industry. Everhome Suites, the first brand to enter the midscale extended stay space in nearly a decade, also continues to attract strong interest among savvy developers. Choice expects to open its first Everhome property in the Los Angeles area in 2021. Choice's year-to-date extended stay openings include:

- Eleven new WoodSpring hotels, including the WoodSpring Suites Indianapolis Castleton – Choice Hotels' 400th extended stay property. The brand is the fastest-growing in the overall economy hotel segment, accounting for more than one-quarter of all openings in the past year.²
- Six new hotels across the MainStay Suites and Suburban Extended Stay brands.

"Our extended stay brands have shown their appeal time and time again for guests in search of a welcoming environment, convenient accommodations and affordable long-term rates – a demand that remains regardless of the broader travel environment," said Anna Scozzafava, vice president, brand strategy and operations, extended stay, Choice Hotels. "Essential workers, for example, have long utilized extended stay hotels as a home base while traveling for work, and our brands were able to support that growing need during the COVID-19 pandemic. As consumer travel begins to recover, we are confident our extended stay brands will continue to attract and retain guests looking for versatile lodging options, with smartly designed suites and amenities they need, including fully equipped kitchens – whether they want to stay for a week, a month or even longer."

For more information about Choice's extended stay development opportunities, visit <https://choicehotelsdevelopment.com/>.

About Choice Hotels

Choice Hotels International, Inc. (NYSE: CHH) is one of the largest lodging franchisors in the world. With more than 7,100 hotels, representing over 590,000 rooms, in over 40 countries and territories as of March 31, 2020, the Choice® family of hotel brands provide business and leisure travelers with a range of high-quality lodging options from limited service to full-service hotels in the upscale, midscale, extended stay and economy segments. The award-winning Choice Privileges® loyalty program offers members benefits ranging from everyday rewards to exceptional experiences. For more information, visit www.choicehotels.com.

Forward-Looking Statement

This communication includes "forward-looking statements" about future events, including anticipated occupancy rates, development and hotel openings. Such statements are subject to numerous risks and uncertainties, including construction delays, availability and cost of financing and the other "Risk Factors" described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, any of which could cause actual results to be materially different from our expectations.

Addendum

This is not an offering. No offer or sale of a franchise will be made except by a Franchise Disclosure Document first filed and registered with applicable state authorities. A copy of the Franchise Disclosure Document can be obtained through contacting Choice Hotels International at 1 Choice Hotels Circle, Suite 400, Rockville, MD 20850, development@choicehotels.com.


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¹ Industry data from Smith Travel Research (STR), STR Weekly Hotel Review.

² WoodSpring Franchise Disclosure document, Item 19, dated April 15, 2020. For the 202 hotels that were included in the sample, 82 hotels or 40.6% met or exceeded the Gross Operating Profit Percentage presented. INDIVIDUAL RESULTS MAY VARY.

³ Data from The Highland Group and Kalibri Labs.

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Additional assets available online:  [Photos \(1\)](#)

<https://stage.medi-aroom.com/choice-hotels/2020-06-18-Choice-Hotels-Extended-Stay-Portfolio-Shows-Continued-Resilience>