

HOTEL

Per diem rates rise for FY16. Earlier this week, the U.S. General Service Administration (GSA) released its FY16 travel per diem rates for federal employees, which take effect on October 1. The new standard rate of \$140 (\$89 for lodging and \$51 for meals and incidentals) represents an 8.5% increase from FY15 rate of \$129 (\$83 for lodging and \$46 for meals and incidentals) and applies to 2,600 counties in the continental U.S. Another ~400 non-standard counties qualify for higher reimbursement rates with Colorado ski towns (during peak season), New York City, and Key West leading the way with rates over \$350. Positively, the 7.2% increase in the lodging rate is higher than our forecasted industry-wide ADR growth rate of 5.4% for 2016, which we believe suggests that lower-rated segments (like government) are being increasingly priced out of certain markets (as operators continue to shift their mix to higher-rated segments) and these lower-rated segments have to raise their price thresholds to remain competitive. (U.S. General Services Administration)