

INN Earnings Call Transcript

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Operator: Good day, and thank you for standing by. Welcome to the Summit Hotel Properties Third Quarter 2025 Earnings Conference Call. [Operator Instructions] Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Kevin Milota, Senior Vice President, Finance. Please go ahead.

Kevin Milota: Thank you, operator, and good morning. I'm joined today by Summit Hotel Properties' President and Chief Executive Officer, Jon Stanner, and Executive Vice President and Chief Financial Officer, Trey Conkling. Please note that many of our comments today are considered forward-looking statements as defined by federal securities laws. These statements are subject to risks and uncertainties, both known and unknown, as described in our SEC filings. Forward-looking statements that we make today are effective only as of today, November 5, 2025, and we undertake no duty to update them later. You can find copies of our SEC filings and earnings release, which contain reconciliations to non-GAAP financial measures referenced on this call on our website, www.shpreit.com. Please welcome Summit Hotel Properties President and Chief Executive Officer, Jon Stanner.

Jonathan Stanner: Thank you, Kevin, and good morning, everyone. We were pleased with our overall execution in the third quarter despite the challenging operating environment, highlighted by our ability to grow market share, prudently manage expenses and strategically invest capital across the portfolio to drive future operating performance. In addition, subsequent to quarter end, we completed the sale of 2 hotels at attractive valuations to further reduce debt, fund the accretive share repurchase activity we executed in the second quarter and enhance corporate liquidity. On today's call, we will provide details on our third quarter results, update our outlook for the remainder of the year, which incorporates sequential improvement in operating trends and highlight our recent balance sheet activities. Our third quarter operating results were largely in line with the overall demand and RevPAR trends we experienced in the second quarter as the lodging environment remains generally stable. However, performance is mixed across segments. We continue to experience meaningful year-over-year reductions in both government and international inbound travel, which has required some remixing of business to lower-rated demand segments. For the quarter, same-store RevPAR declined 3.7%, which was in line with our second quarter results and driven predominantly by a 3.4% decline in average daily rate as occupancy remained essentially flat year-over-year. The pricing sensitivity we first started experiencing in March persisted through the summer, though the majority of the rate decline across our portfolio is being driven by the unfavorable shift in room night mix to lower-rated business. In certain markets, this remixing of demand has been intentional as we strategically targeted discount-oriented segments, including advanced purchase offers to build a stronger base of business and reduce exposure to cancellations and rebookings that tend to occur when pricing softens. While individually, government and international inbound demand represent smaller segments of our overall demand mix, collectively, they account for approximately 15% of occupied room nights in our portfolio. Consistent with the second quarter, demand in these segments was down approximately 20% year-over-year in the third quarter, which combined drove nearly 50% of our year-over-year RevPAR decline. While these segments have been a drag on performance for the past couple of quarters, demand trends have largely stabilized prior to the recent government shutdown, which has driven some incremental pullback

in government demand in the fourth quarter. Thankfully, strong midweek demand trends in October have been able to offset much of this softness. And with the successful resolution to the shutdown, we expect a more stable foundation for next year when we will benefit from easier year-over-year comparisons. Hurricane activity in the third quarter of 2024 also created comparison headwinds this year, particularly in our Houston hotels that benefited from Hurricane Barrel-driven demand in July of last year. RevPAR in our Houston hotels declined 17% in the quarter, which reduced our overall third quarter RevPAR growth by approximately 50 basis points. Our portfolio once again delivered strong market share performance during the third quarter as our RevPAR index increased 140 basis points year-over-year to 116%, reflecting solid gains in both occupancy and average daily rate. Our focus on driving out-of-room spend through food and beverage sales, resort and amenity fees and parking charges continues to be successful as non-rooms revenue increased 5.6% in the third quarter and has grown 4.3% year-to-date. Driven by some of our recent capital investments, most notably the transformational renovation of our Oceanside Fort Lauderdale Beach Hotel, we expect non-rooms revenue growth to continue to outperform. Our operating teams also continue to do a terrific job managing expenses in a challenged top line growth environment, particularly related to labor costs. Trey will provide additional details on expense trends and margin performance later in the call, but we were pleased with our ability to manage operating expenses again in the third quarter, which increased only 1.8% year-over-year or approximately 2% on a per occupied room basis. Year-to-date, operating expenses have increased a modest 1.6% on relatively flat occupancy, which has mitigated EBITDA losses. On the capital allocation front, we closed on the sale of 2 noncore hotels subsequent to the end of the third quarter, the 107-room Courtyard Amarillo Downtown Hotel, which was owned in our joint venture with GIC and the 123-room Courtyard Kansas City Country Club Plaza Hotel. These divestitures generated combined gross proceeds of \$39 million, which reflects a blended yield of 4.3% based on trailing 12-month net operating income and after consideration of approximately \$10 million of foregone near-term capital expenditures. The asset sales represent a continuation of our successful capital recycling strategy that has enhanced the overall quality and growth potential of our portfolio, reduced balance sheet leverage, eliminated significant capital expenditure needs and funded our recent accretive share repurchase activity. Since May of 2023, we've sold 12 noncore hotels, generating over \$185 million in gross proceeds and eliminated nearly \$60 million of capital expenditure requirements. On a blended basis, the assets were sold at a 4.5% net operating income capitalization rate and had a combined RevPAR of \$85, which represents a 30% discount to the remaining portfolio. Over that same time period, we've acquired 4 hotels for approximately \$140 million with a trailing 12-month NOI yield of 8.5%, including required near-term capital needs. The blended RevPAR of our acquisition portfolio was \$143 at the time of purchase, which represents nearly a 20% premium to the current pro forma portfolio. In addition, these assets were all acquired within our joint venture with GIC, which produces asset management fees that further enhance our return profile. As I alluded to in the opening, our outlook for the fourth quarter incorporates sequential improvement in operating trends compared to the second and third quarters of this year. As we shift out of the leisure-heavy summer travel months, we are benefiting from relatively stronger business transient trends, which have helped drive -- helped to drive midweek RevPAR growth, particularly in key urban markets. Fourth quarter pace for our pro forma portfolio is tracking approximately 2.5% behind last year, which notably incorporates several difficult special event comparisons that benefited the fourth quarter of 2024 and incremental headwinds driven by the government shutdown. For context, pace for the third quarter was approximately 10% behind last year at this time 90 days ago. October RevPAR on a preliminary basis declined between 2% and 2.5% year-over-year, which represents our best monthly performance since February of this year. It's worth noting that historically, October represents approximately 40% of our fourth quarter revenue and 50% of hotel EBITDA. We currently expect fourth quarter RevPAR growth to actualize down between 2% and 2.5% year-over-year, which would result in a full year RevPAR decline of between 2.25% and 2.5%. These expectations should be caveated by the uncertainty created by the U.S. government shutdown. While we have experienced limited negative effects across our portfolio quarter-to-date, the longer-term implications of the shutdown create additional risk for lodging demand broadly, including disruption to air travel. Looking ahead to 2026, we believe the setup is more favorable than it has been in the past several years. Industry expectations remain low and

year-over-year comparisons for government travel eased significantly after March 1. In addition, the 2026 World Cup is expected to create robust demand in several of our key Sunbelt and Gateway markets, providing a unique tailwind in June and July next year as we have exposure to 6 post markets, which will feature nearly 60% of the matches to be held in the U.S. Finally, we continue to emphasize the benefits that the cumulative effect of the lack of new hotel supply growth will have on industry fundamentals. With construction and financing costs still elevated, we expect this constrained supply environment to persist, supporting healthy future supply-demand dynamics across our markets. In summary, we remain optimistic on the outlook for our industry generally and Summit more specifically. The progress we have made on several of our key strategic initiatives over the past several quarters has enhanced our portfolio, strengthened our balance sheet and created meaningful embedded future earnings growth as demand trends normalize. With that, I'll turn the call over to Trey to discuss our financial and operating results, recent capital markets activities and guidance in more detail.

William H. Conkling: Thanks, Jon, and good morning, everyone. Third quarter same-store RevPAR declined 3.7% year-over-year, driven primarily by average daily rate declining 3.4% as reductions in inbound international travel and government demand resulted in a shift in our room night mix to lower-rated segments. Third quarter adjusted EBITDA was \$39.3 million, and adjusted FFO was \$21.3 million or \$0.17 per share as the company continues to benefit from lower interest expense and a lower share count resulting from our accretive share repurchases consummated in the second quarter. From a market perspective, Summit has significant exposure to 3 of the 5 top 25 U.S. markets that generated positive RevPAR growth in the third quarter, Chicago, San Francisco and Orlando, where we own 7 hotels in total. Chicago generated strong growth despite the difficult comparison to last year's Democratic national convention as a solid convention calendar and multiple special events resulted in 8% ADR growth for the quarter. We expect that Chicago will continue to outperform as it has done all year. Orlando remains a standout performer, supported by robust leisure demand and the continued strength of the theme park ecosystem. The recent opening of Universal's highly anticipated Epic Universe Park is driving increased visitation among both new and repeat visitors, a trend we expect to continue for the foreseeable future. Combined with a robust convention calendar and recent renovations at 2 of our Orlando hotels, we anticipate 2026 to be a strong year for our Orlando portfolio, supported by a healthy balance of leisure and group demand. In San Francisco, hotel performance continues to benefit from ongoing public and private efforts to enhance the city's overall environment and improve traveler perception. While inbound international and tech-related demand remains below pre-pandemic levels, we are encouraged by improving convention trends, a gradual return of business travel and event-driven leisure demand. We expect these trends to continue into the fourth quarter, which will see outsized RevPAR growth given the calendar shift of the Dreamforce citywide event. Our newly renovated Hilton Garden Milpitas also continues to perform well, reflecting ongoing momentum in corporate transient demand, particularly from technology sector accounts concentrated in the Silicon Valley submarket. Finally, our Nashville hotels delivered a very strong third quarter, with RevPAR increasing by over 6% on the strength of an 11% increase in ADR. This significantly outperformed the overall market for which RevPAR declined nearly 4% year-over-year and reflects the positive momentum created from renewed revenue strategies at our 2 hotels in the market. Food and beverage and other non-rooms revenue outperformed in the third quarter with same-store revenue growth of 5.9% and 5.5%, respectively. Food and beverage revenue continues to benefit from the re-concepted bar and restaurant offering at the Oceanside Fort Lauderdale Beach, our recently introduced pay-for breakfast program at certain hotels and other ongoing initiatives to drive better breakfast and beverage sales. Other non-rooms revenue was driven by strong growth in resort and amenity fees as well as parking income. We are pleased with the growth of these ancillary revenue streams and are working with our asset managers to identify additional opportunities to continue these successes. As John previously mentioned, we remain intensely focused on expense management with third quarter pro forma operating expenses increasing 1.8% year-over-year or approximately 2% on a per-occupied room basis as the company continues to identify operational efficiencies. Our asset management team and hotel managers have successfully focused on managing wages, reducing reliance on contract labor and improving employee retention. Hourly wages, excluding contract labor, increased 2% compared to the third quarter of 2024. The company also continues to benefit from reductions in

contract labor, which declined by 8% on a nominal basis versus the third quarter of 2024. Contract labor represents 10% of total labor costs, and we believe there is opportunity for incremental improvement given the softening of the labor market. Finally, we continue to see improvement in employee retention, which results in improved productivity, reduced training costs and greater guest satisfaction. Turnover rates in the third quarter have declined 40% from peak COVID era levels, which highlights the ongoing stabilization of the labor market. As it relates to our nonoperating expenses, we benefited from lower interest expenses in the quarter, which was offset by higher property taxes. We expect that trend to continue through year-end, given the difficult comparisons to 2024 when we benefited from a number of successful property tax refunds. Overall, we are encouraged by our ability to control operating expenses and expect to manage operating expense growth to low-single-digit increases, which we believe further highlights the strength of our efficient operating model. From a capital expenditure standpoint, through the first 3 quarters of the year, we invested \$56 million in our portfolio on a consolidated basis and \$49 million on a pro rata basis. Recently completed and ongoing renovations include the Scottsdale Oldtown Hyatt Place, Residence Inn Atlanta Midtown, Hampton Inn Dallas, Homewood Suites Midland and the Residence Inn Mede. It is worth noting that over the past 3 years, we have invested over \$260 million in capital expenditures on a consolidated basis as we are committed to maintaining a best-in-class portfolio. Furthermore, this capital investment affords us the flexibility to preserve optionality on certain renovations without risking meaningful downward pressure on overall operating results. Turning to the balance sheet. We continue to be proactive in extending maturities, reducing borrowing costs and enhancing corporate liquidity. During the third quarter, we refinanced our \$396 million GIC joint venture term loan that funded the acquisition of the Newcrest image portfolio in January 2022. The new \$400 million term loan has a fully extended maturity of July 2030 at an interest rate of SOFR plus 235 basis points, which represents a 50-basis point reduction in spread versus the prior loan. After closing the loan, we entered into a forward-dated \$300 million swap that fixes SOFR at 3.26%, which will accretively replace the \$300 million of existing swaps priced at 3.49% and set to expire in mid-January 2026. In February, we intend to fully draw our \$275 million delayed draw term loan to retire the \$288 million of convertible notes maturing in the first quarter of 2026. Pro forma for this refinancing, we have no debt maturities until 2028. Due to our interest rate management efforts, our interest rate exposure continues to be effectively hedged with a swap portfolio that has an average fixed SOFR rate of approximately 3% and 75% of our pro rata share of debt is fixed after consideration of interest rate swaps. When accounting for the company's Series E, F and Z preferred equity within our capital structure, we were 80% fixed at quarter end. With ample liquidity, an average interest rate of 4.5% and an average length to maturity of nearly 4 years when adjusting for our recent refinancings, we believe the company is well-positioned to navigate near-term volatility in operating fundamentals as well as to take advantage of potential value creation opportunities. On October 31, 2025, our Board of Directors declared a quarterly common dividend of \$0.08 per share, which represents a dividend yield of approximately 6% based on the annualized dividend of \$0.32 per share. The current dividend rate continues to represent a modest payout ratio of 38% based on the company's trailing 12-month AFFO. The company continues to prioritize striking an appropriate balance between returning capital to shareholders, investing in our portfolio, reducing corporate leverage and maintaining liquidity for future growth opportunities. While we remain confident in the long-term fundamentals in our portfolio, near-term results are being negatively affected by increased price sensitivity and continued macroeconomic volatility. We currently expect fourth quarter 2025 RevPAR to range from minus 2% to minus 2.5% as operating trends demonstrate sequential improvement from the second and third quarters of this year. Operating expense growth is expected to range from 1.5% to 2% for the full year. It is worth noting that the recent sales of the Courtyard Amarillo and Courtyard Kansas City will result in approximately \$400,000 of foregone pro rata hotel EBITDA in the fourth quarter, representing the date of sale through year-end. From a nonoperational perspective, we expect full year pro rata interest expense, excluding the amortization of deferred financing costs to be \$50 million to \$55 million, Series E and Series F preferred dividends to be \$16 million and Series D preferred distributions to be \$2.6 million. From a capital expenditure perspective, we are targeting a full year 2025 spend of \$60 million to \$65 million on a pro rata basis. The previously referenced nonoperational estimates do not include any additional acquisition, disposition or capital markets refinancing activity

beyond what we have discussed today. Finally, the GIC joint venture results in net fee income payable to Summit covering approximately 15% of annual pro rata cash corporate G&A; expense, excluding any promote distributions Summit may earn during the year. And with that, we will open the call to your questions.

Operator: [Operator Instructions] Our first question comes from Austin Wurschmidt with KeyBanc Capital Markets.

Joshua Friedland: It's Josh Friedland on for Austin. I wanted to ask about leisure demand trends across your portfolio. Do you expect further normalization or softening? Or has it reached a point of stabilization in your view?

Jonathan Stanner: Josh, this is Jon. Look, I think we definitely felt some softness on the leisure side over the course of the summer. It does feel to me like it has stabilized. And I think one of the things that we called out in our prepared remarks is that part of what's driving better results in October, and I think a more constructive outlook for the fourth quarter is better midweek performance, particularly in urban markets. And some of that is the transition outside away from leisure towards a more BT-oriented customer. I do think that leisure demand trends are largely stable, and I wouldn't expect any further deterioration of those trends in the fourth quarter.

Joshua Friedland: That's helpful. And as you look into next year, I know you called out a couple of markets in the opening remarks, but which markets are you most optimistic about? And kind of what factors are driving that confidence?

Jonathan Stanner: Yes. I mean I think as we look into 2026, I mean, clearly, I think we believe the World Cup is going to be a large driver of demand. And as we alluded to, we've got 6 markets that will benefit from the World Cup, Atlanta, Boston, Dallas, Houston, Miami and San Francisco. San Francisco is also going to host the Super Bowl next year. We think that Boston will benefit from kind of the America's 250 celebration. We'll host the Final 4 in Indianapolis next year. So, we do have a portfolio that has a fair amount of exposure to some of the special event-driven demand that we think will be tailwinds to our performance as we look into '26.

Operator: Our next question comes from Chris Woronka with Deutsche Bank.

Chris Woronka: I guess my first question was kind of related to government and I guess you say government adjacent or government contract. Can you give us a sense, how does that -- what are the booking windows on that? What does the pricing look like versus kind of your, I guess, you want to call it blended portfolio or corporate, whatever you use the best comp for? Just trying to square up what -- how that's going to -- when things open up again is how immediate and how significantly you might feel the impact on the upside?

Jonathan Stanner: Yes. Look, government -- the answer on rate is really a market-specific question. And so, there are certain markets where per diem rates are really attractive and we take as much business -- as much of that business as we can take. There are other markets where it ends up getting yielded out when you've got stronger demand. I'd say, overall, our government rates are attractive. And I don't think that the booking window from a transient perspective is any different than the other transient -- the rest of our portfolio's transient window. And I would say the same thing on the group side. I think what's important to point out is it's really the pullback in demand more than it is the pricing dynamics that are forcing this remix. And so, when you look at channel mix or you look at segmentation mix, what you're seeing in the second and third quarter is a heavier emphasis and more business being driven through discounted channels. And some of that is being driven by, again, the lack of demand we've seen from government and international inbound demand. Those 2 -- we said this in the prepared remarks, but those 2 segments have accounted for about half of our RevPAR reduction year-over-year. And so, not only did we lose the demand, but again, it's forcing this remixing of business towards more discounted channels. And again, that's putting some pressure on rates year-over-year.

Chris Woronka: And then as you think about World Cup next year, I mean, we understand that a lot of the negotiations are already done, hotels are booked or soft booked in these markets pretty full. You guys have 6 markets, I think 20-some hotels. Is there any way -- how are you guys thinking internally about the, I guess, RevPAR uplift from that. But also, I think on the other side, we've also heard that FIFA requires pretty loose cancellation policies and then there's kind of the debate about what happens

in the market before and after the matches come through. So just how are you kind of constructing that internally in terms of potential upside and how much you might underwrite when you give us your initial guidance in, I guess, February or March?

Jonathan Stanner: Yes. Look, I think the first thing I would say is we do expect a really nice lift in many of these markets from the demand that's created. Obviously, there's uncertainty on who's going to be playing in which markets. And so that will feed into some of our revenue management strategies around the event. And similar to how we've handled Super Bowls in the past, what we often will do is we'll create a base layer of group demand. I'll give you an example in Dallas, it's going to be the media headquarters for the event, and we've got 4 hotels really proximate to the convention center in downtown Dallas. We'll be able to layer in a base layer of group demand around that event that will insulate us a little bit around who's playing and what games there are. I think without question, you're going to see pretty significant lift in all of these markets in and around the games and in and around kind of all of the pre-game festivities. There certainly could be some demand patterns that change depending on who's playing. And so, we're going to want to revenue manage around those dynamics. And part of that strategy is going to be based on creating a base layer of demand that's in-house prior to getting closer to the actual matches. I want to be careful around trying to quantify what we think that lift is. We're obviously going through our budget process now other than to say, again, we think the setup in those 6 markets where we do have meaningful exposure is going to be meaningful for us next year.

Operator: [Operator Instructions] Our next question comes from Michael Bellisario with Baird.

Michael Bellisario: Jon, do you want to dig into business transient in October, maybe just more specifically, any commentary or color about Tuesday, Wednesday nights, the rate or occupancy pickup? And then any -- excuse me, also commentary on November and November base, what you're seeing so far looking out 30 days, that would be helpful.

Jonathan Stanner: Yes, sure. Look, as we said before, despite the fact that there's been some incremental demand challenges on the government side related to the shutdown, our October results are going to finish between 2% and 2.5% down year-over-year, which is a sequential improvement from what we saw really all through the third quarter. A lot of that, as you alluded to, Mike, is driven by the strength of midweek demand. And if I look -- if I isolate Tuesdays and Wednesday nights and just look at occupancies and RevPARs year-over-year, we've actually inflected positively in October, and we were running down 200 or 300 basis points in both the second and third quarter. So, there are some really positive demand trends. A lot of that is really driven by our urban markets. And again, I think speaks to at least the relative strength of business transient travel. As it relates to November, and I'll talk about fourth quarter pace more generally, our pace for the quarter is tracking about 2.5% behind last year. It's fairly evenly balanced between November and December. I'd highlight a couple of things, some of which we highlighted in our prepared remarks, October represents about half of our EBITDA for the quarter. So, a lot of our quarter has been baked with what has been, again, a relatively more positive October. But we are seeing kind of stability of demand patterns and better pacing trends than we have seen over the last several quarters. When I think about what 2.5% means with 60 days left in the quarter, if I go back and look at where we sat 90 days ago for the third quarter, we were down about 10% in pace and actualized, obviously, plus or minus 4% for the quarter. So, we are much less reliant on in the quarter for the quarter pickup and in the month for the month pickup in the fourth quarter than we were, again, 90 days ago.

Michael Bellisario: That's helpful. And then just switching gears in terms of transactions and the balance sheet. Just remind us of your near-term capital allocation priorities, maybe how many assets are left to be sold? What are the parameters for buybacks? And then maybe when you think about being even more aggressive on the asset sale front? And that's all for me.

Jonathan Stanner: Sure. Yes. Well, look, we're pleased with how we've been able to recycle capital. And I think the 2 assets that we sold in October further demonstrate our ability to be really strategic, but also tactical in how we've gone about asset dispositions. Over the last couple of years, we've sold 12 assets. We're doing it mostly onesie-twosies where we're finding the right often local owner operator that has been a little bit less yield sensitive. And so, we've been able to transact at yields that are sub-5% yields. We've obviously eliminated a lot of capital that was going to need to go into those

assets. That has been kind of a common thread that's been consistent across all of those dispositions. There will always be more. There will always be assets in our portfolio that we believe it will be time to recycle that capital into something that's a higher and better use. We've done that really historically through -- since the company has gone public as we've been a very active recycler of assets. And I think you should expect that to continue as we get into 2026. As you alluded to from a share repurchase perspective, obviously, we're very pleased with the execution of where we bought the shares back in the second quarter. The stock is up 20-plus percent since we bought those shares back. We were clearly very focused on getting the asset sales closed in October, but it is nice to have that tool available to us for periods where there's more meaningful dislocations in the equity.

Operator: Our next question comes from RJ Milligan with Raymond James.

R.J. Milligan: Jon, I wanted to follow up on your comments just now about continued portfolio recycling. Just curious, how much is left to sell or to recycle through? And can you maybe provide a little bit more color on the asset sales in the quarter and what the buyer pool looks like and the buyer pool expectations for 2026?

Jonathan Stanner: Sure. Look, I think, RJ, we always have viewed that there's kind of a bottom 10% of the portfolio. And I think when we think philosophically about capital allocation, what we want to make sure we do is we always have a portfolio, a real estate portfolio that is -- that's consistent with where guest expectations and what guests -- where they want to stay. And so, we feel like we constantly have to evolve the portfolio. That's what we've done historically. That's what you can expect from us going forward. And again, I think without quantifying it or identifying specific assets, you should always expect us to be an active recycler of capital. One of the things that we have prioritized is identifying slower growth assets that have significant capital needs. And again, if you look at the dozen assets we've sold over the last couple of years, you'll see lower cap rate deals and assets that needed pretty significant capital expenditures over the next several years. And so again, we've been very pleased with that execution. It is still a very soft transaction market generally. As everyone is well aware, there have not been a lot of deals that have gotten done. A lot of that, I think, has been driven by some of the uncertainty on the fundamental side of the business and the lack of RevPAR growth that we've seen over the course of the second and third quarters. We do expect that to improve as we get into the later parts of this year and into next year. But again, our efforts have really been very focused on finding the right buyer in the right market, and I think we've been successful doing that.

R.J. Milligan: And then a follow-up on -- I may have missed this, but clearly, government and government-related demand was low post Liberation Day. But I'm curious if you could quantify what the impact was in October with the incremental government shutdown and how much that contributed?

Jonathan Stanner: Yes. Government has been running down about 20% year-over-year really since Liberation Day. Our October numbers are down more than that. They're probably down 30% year-over-year, plus or minus in October. It's off of a smaller base, obviously. And so, we haven't felt -- what we haven't seen is a lot of significant cancellations or lack of check-ins on the government side. We are pacing down. But as we've alluded to a couple of times, thankfully, a lot of that softness has been offset by better midweek trends, particularly related to business transient demand.

Operator: I'm showing no further questions at this time. I would now like to turn it back to Jon Stanner for closing remarks.

Jonathan Stanner: Well, thank you all for joining us this morning. We look forward to seeing many of you at the various industry conferences we have scheduled for later this year. I hope you have a nice day. Thank you.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.