



A Time of Transition

EXPLORING UNDERNEATH THE SURFACE

CONFIDENTIAL

PREPARED BY TERESA MARZIANO – AMERICAS CAPITAL ADVISORS

Tensions building underneath the economy and society

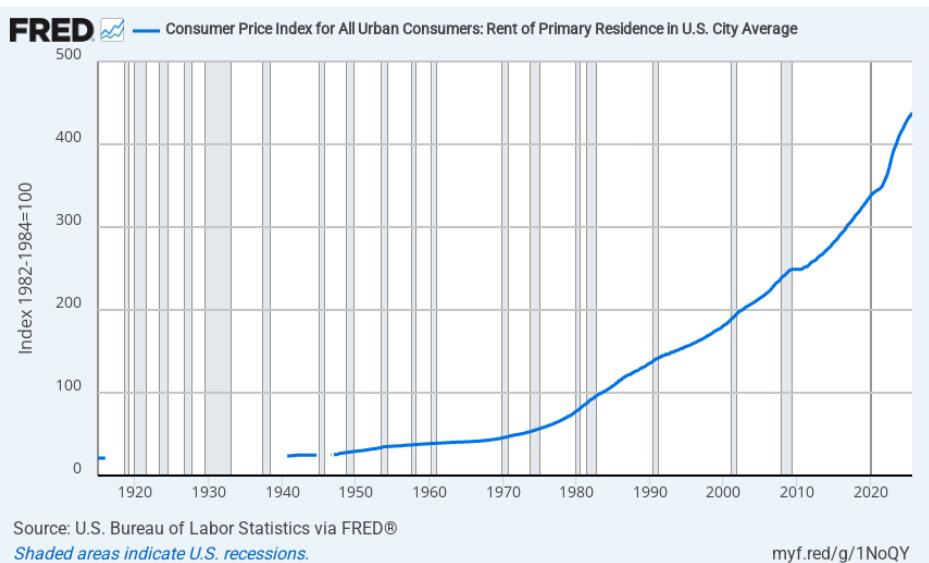
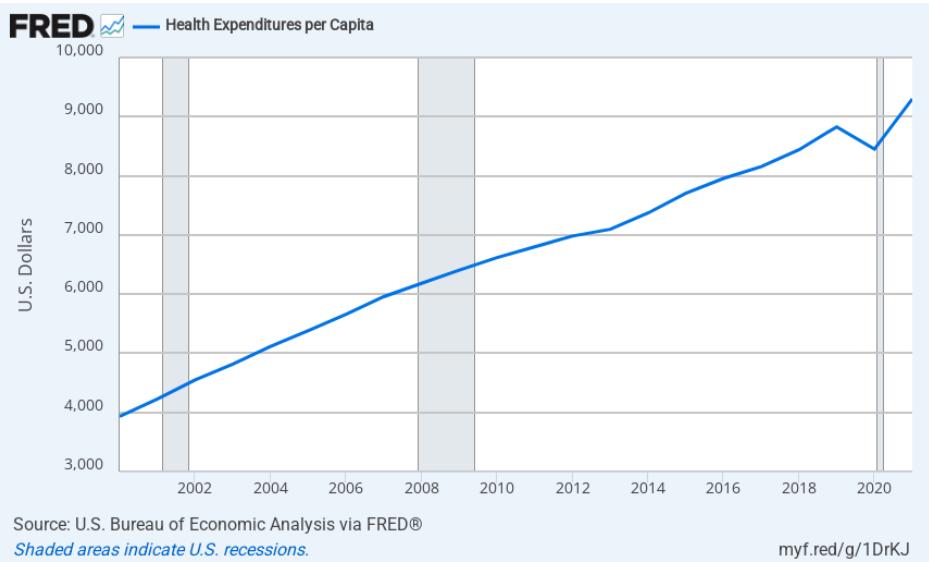
Signs of diverging trends are surfacing

2

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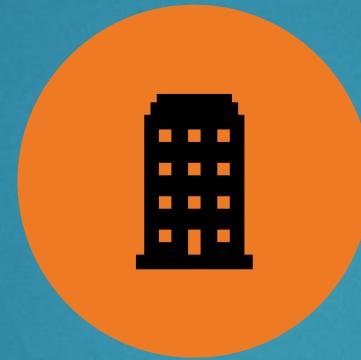
Consumers under stress



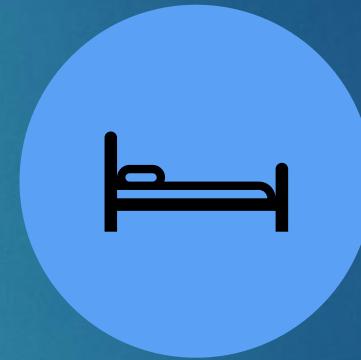
Further Evidence of a K shaped Economy



HOTEL REITS REPORTED THEIR EARNINGS OVER THE PAST COUPLE OF WEEKS AND MOST SAW REVENUE PER AVAILABLE ROOM, OR REVPAR, DECLINE FROM A YEAR AGO.



THE STORY THEIR FINANCIAL RESULTS TELL IS THAT ALL HOTELS AREN'T PERFORMING THE SAME. RESORT HOTELS APPEAR TO BE DOING JUST FINE, WHICH IS WHY DIAMONDRock HOSPITALITY CO., BRAEMAR HOTELS & RESORTS, AND SUNSTONE HOTEL INVESTORS EACH REPORTED INCREASES IN THEIR SAME-PROPERTY REVPARS



OUR CONCLUSION: LUXURY AND UPSCALE HOTELS ARE HOLDING THEIR OWN, GENERALLY POSTING REVPAR GAINS, BUT ECONOMY AND MID-SCALE BRANDED PROPERTIES ARE BEING SQUEEZED.

The economy supported by the three A'S

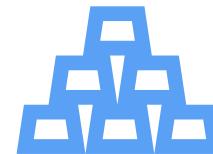
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Affluent Consumer:

Top 20% drive most discretionary consumption



AI Trade:

Stock market bifurcated – The AI has driven momentum and market liquidity

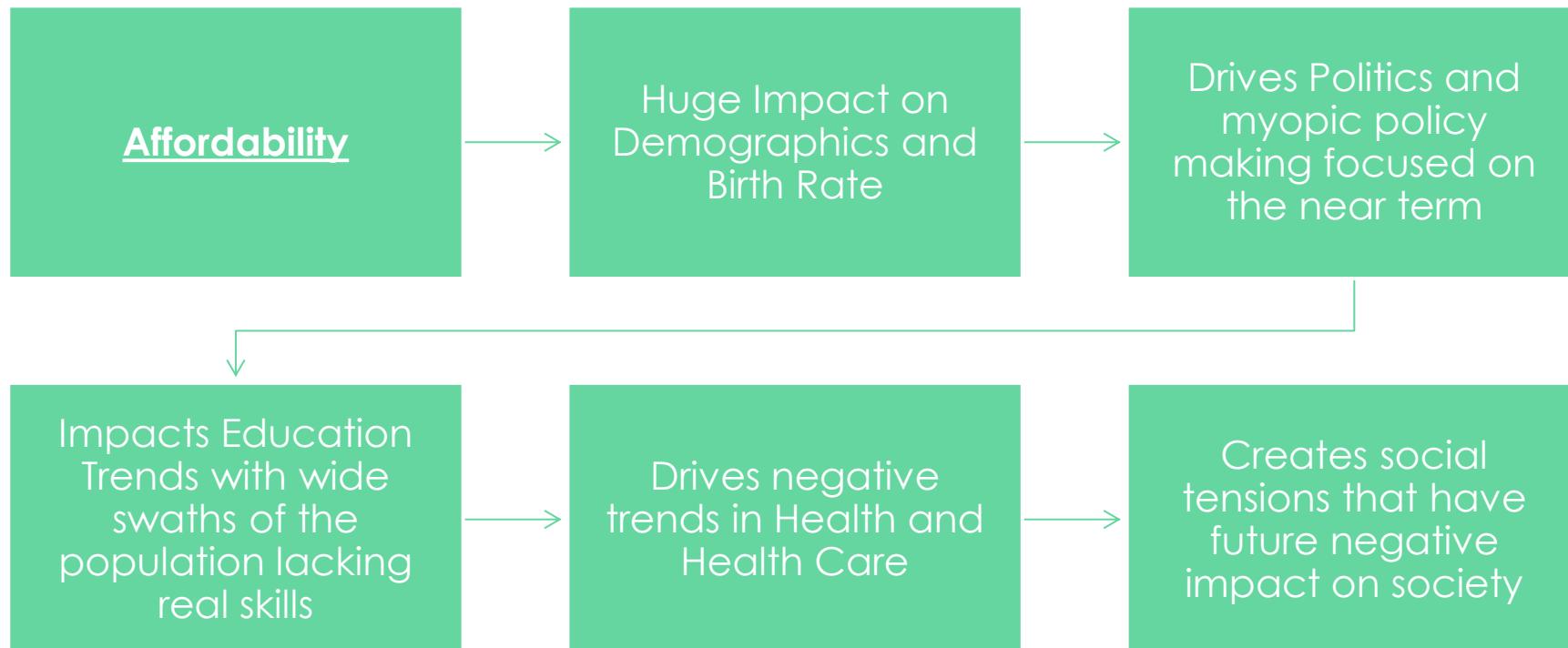


Asset Appreciation:

Equity Market
Housing Market

Source: Bloomberg Discussions and Panels

Achille's Heel for the Economy and Society



The nature of Private Employment is changing

- ▶ Private employers added 42,000 jobs in October
- ▶ Last month delivered a rebound from two months of weak hiring, but the bounce wasn't broad-based. Education and health care, and trade, transportation, and utilities led the growth. For the third straight month, employers shed jobs in professional business services, information, and leisure and hospitality.

Source: BLS, Bloomberg, Bloomberg Panelists, ADP



Q4/2025

Employment has been created mainly by larger companies
Entrepreneurs crushed by the cost of technology and scaling

Change by Establishment Size

Small



Mid-sized



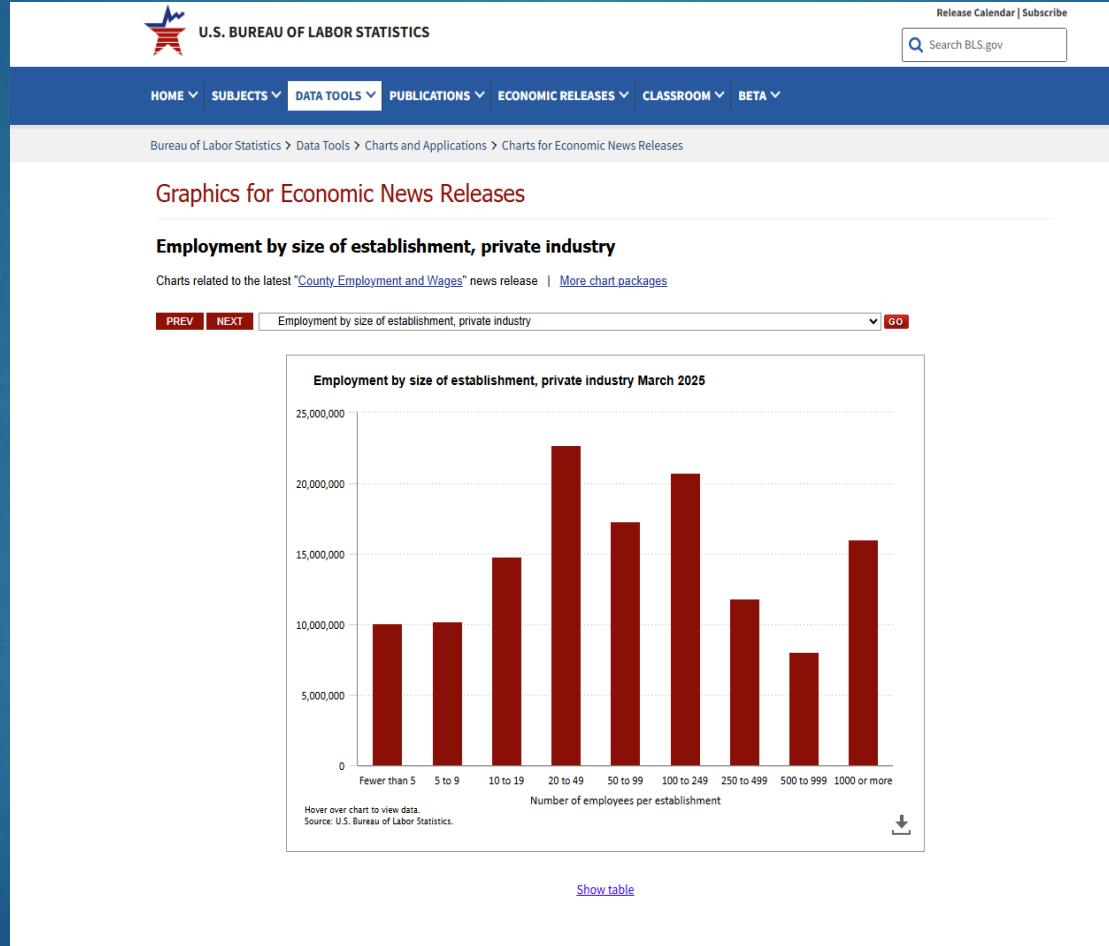
Large



Sources: ADP, BLS (Bureau of Labor Statistics, SBA (Small Business Administration)

Small companies with less than 15 employees, critical for the economy

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Hiring Slows in the last half of October

10

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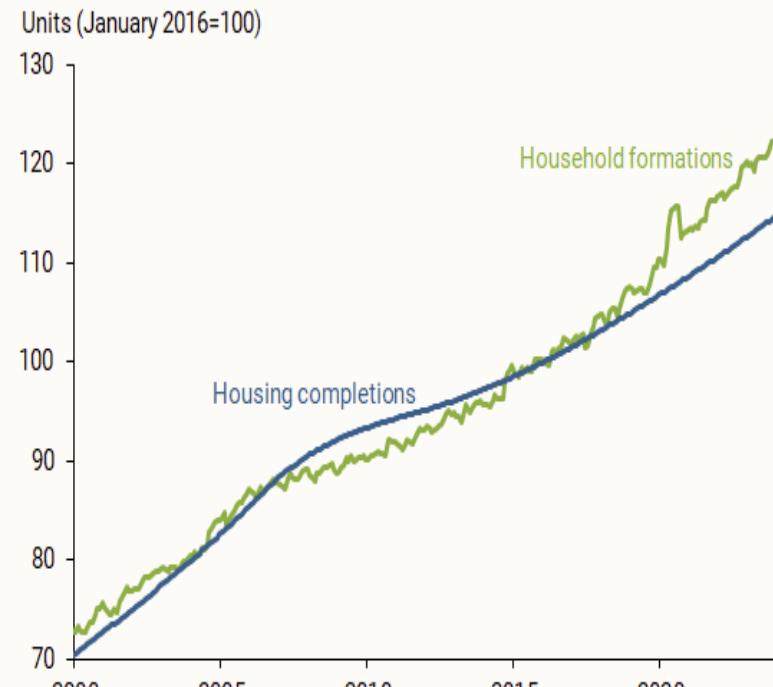
Bloomberg) -- US companies shed 11,250 jobs per week on average in the four weeks ended Oct. 25, according to data released Tuesday by ADP Research.

The figures suggest the labor market slowed in the second half of October, compared with earlier in the month. ADP's most recent monthly report, released last week, showed private-sector payrolls increased 42,000 in October after declining in the prior two months.

Source: Bloomberg

What is behind shelter inflation?

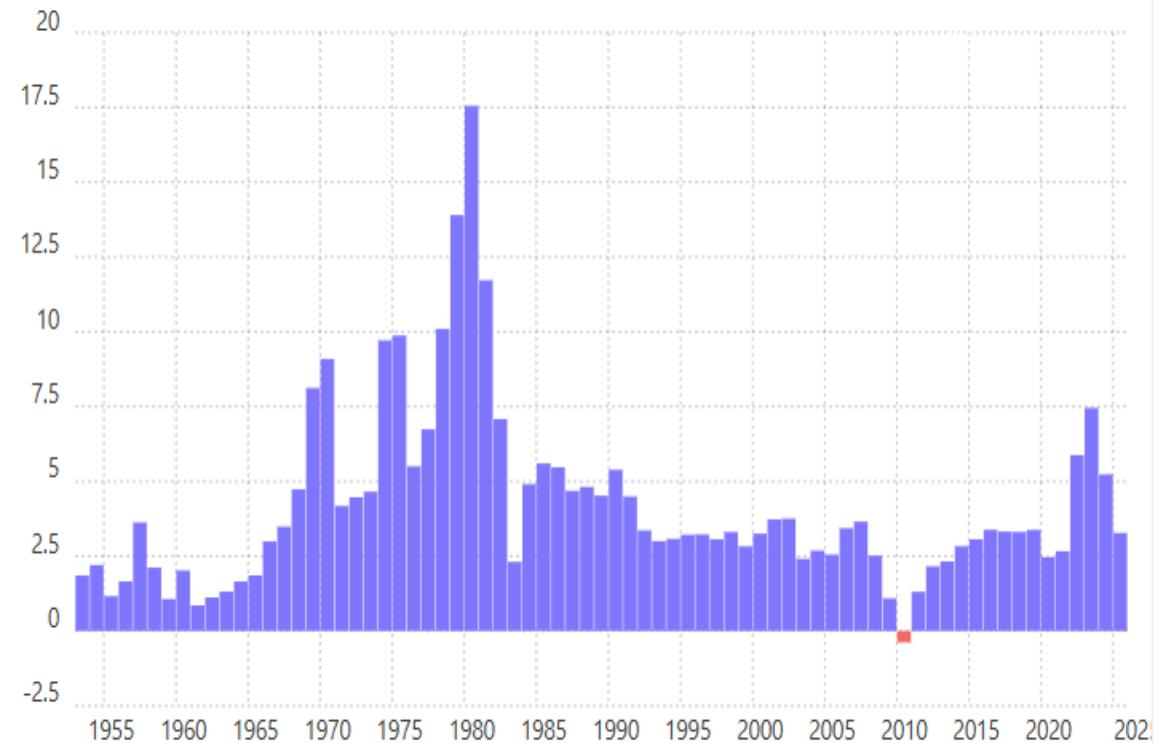
Figure 1
Housing completions relative to household formations



Source: Census Bureau

Price Inflation for Shelter since 1952

Consumer Price Index, U.S. Bureau of Labor Statistics



Years with the largest changes in pricing: 1980 (17.55%), 1979 (13.90%), and 1981 (11.72%).

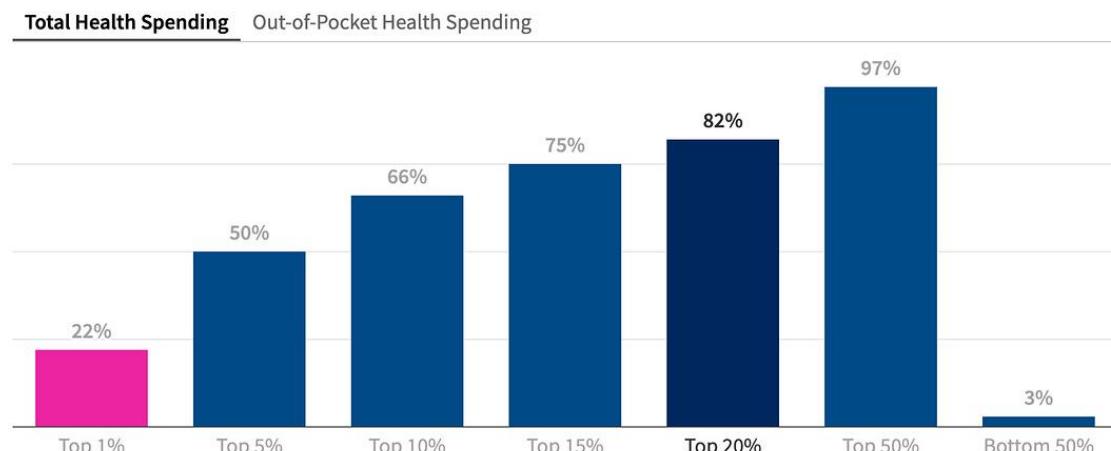
Technology and Insurance Intermediaries influence Health Care Affordability and Access Distribution

In any given year, most people face low or modest health care costs, but a small number of people face huge bills. Here's the distribution of health spending in 2022:

A Small Share of the Population Incurs Most of Health Spending

Figure 9

Share of Total and Out-of-Pocket Health Spending, by Percentile, 2022

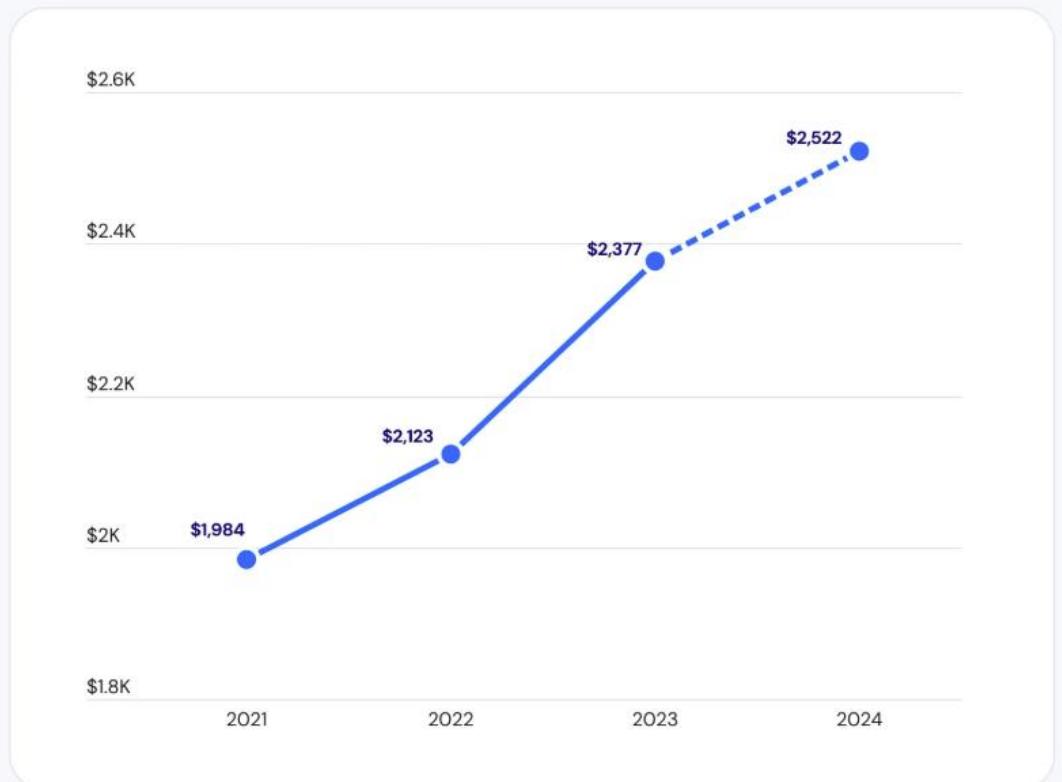


Source: KFF analysis of 2022 Medical Expenditure Panel Survey data • [Get the data](#) • [Download PNG](#)

Peterson-KFF
Health System Tracker

Other costs of
shelter also
impacting
consumers

Average Annual Cost of Home Insurance (2024)



Source: Analysis of Insurify data

 insurify.com

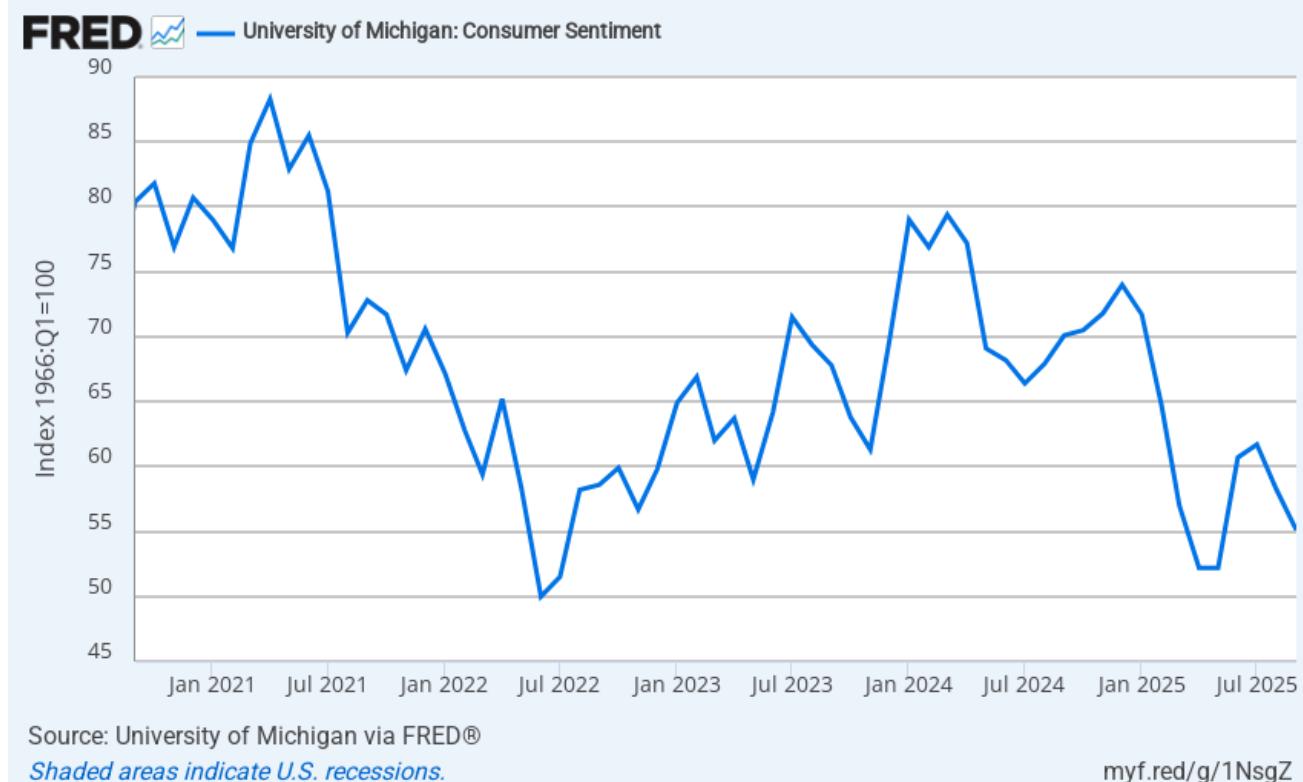
INSURIFY

The AI Push may break the Consumer

Energy Costs may become unaffordable as electricity production and distribution prioritizes Data Centers and other Technology applications

State and Federal Governments may face deep consumer discontent that leads to populist leaders

Affordability Crisis Impacting Consumer Sentiment



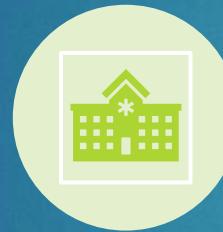
The straw (s) that break the camel's back

16

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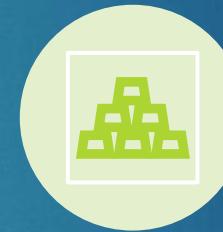
AFTERSHOCKS FROM
GOVERNMENT SHUT-
DOWN (NO PERMANENT
SOLUTION REACHED)



ACUTE AFFORDABILITY
CONCERNs AND NEAR-
TERM EXPERIENCE
(HIGHER HEALTH CARE
PREMIUMS)



POOR CONSUMER
SENTIMENT



MARKET LIQUIDITY
SHORTAGES (IMPACTING
TECH AND CRYPTO TRADE
AND EVIDENCED BY
VOLATILITY IN REPO-
RATES)



DEEPENING POLITICAL
TURMOIL (RELATED TO
GOVERNMENT SHUT-
DOWN AND EPSTEIN
FILES?)



Toxic Mix Ahead