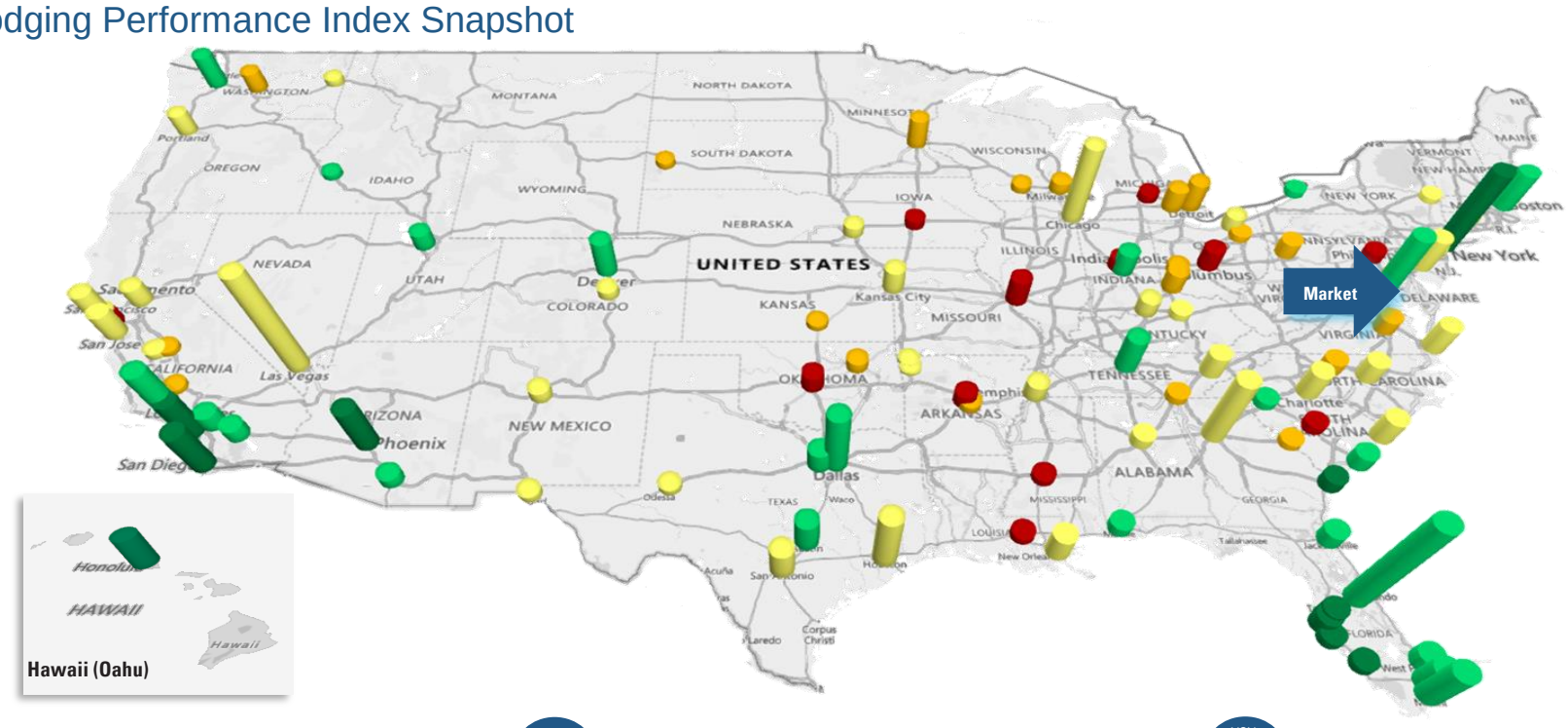
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

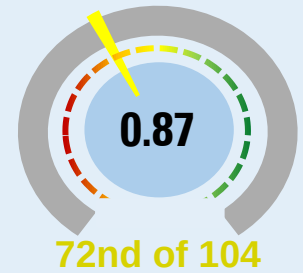
4Q 2023
BALTIMORE, MD

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

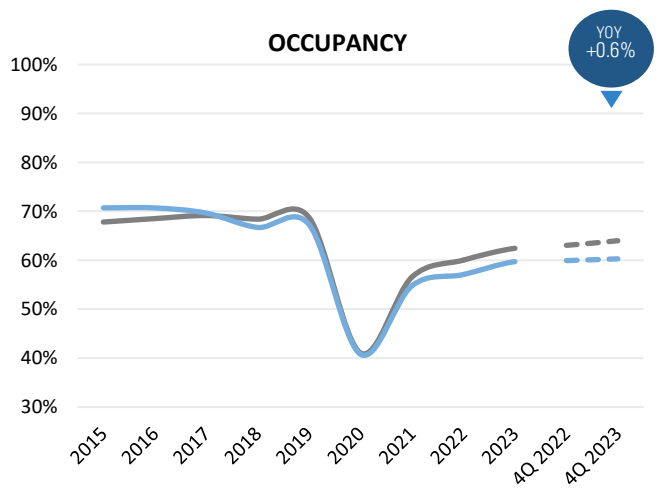
Baltimore, MD

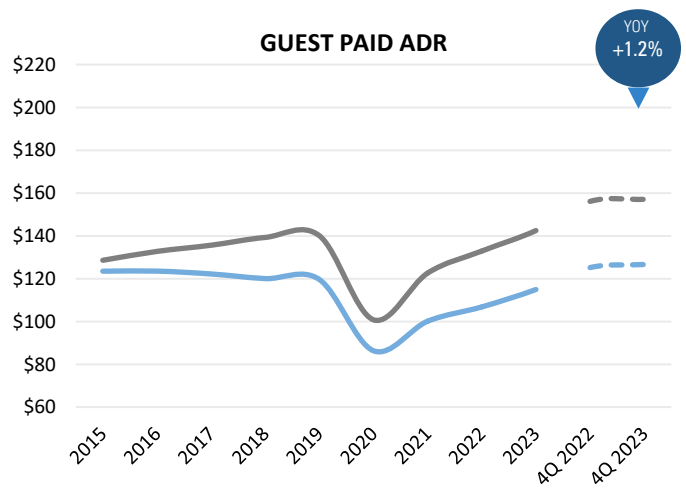


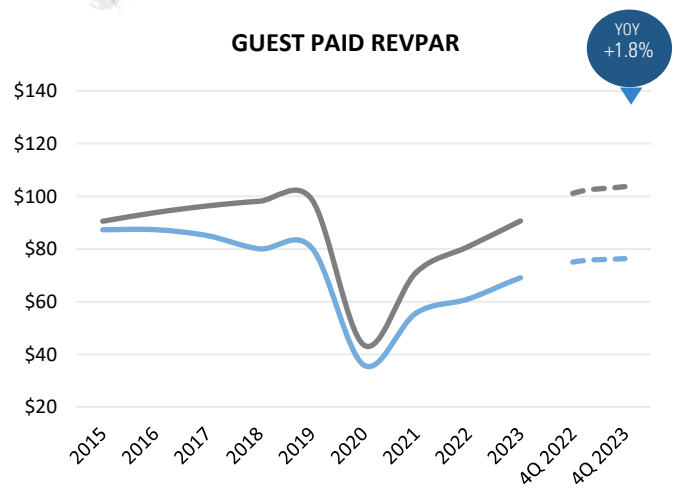
72nd of 104
Average

Ranking of overall '4Q 2023 LPI' performance (0.87) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Baltimore, MD

KEY PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
60.3% / 64.0%	63.0% / 66.4%	$127 / $157	$127 / $157	$76 / $104	$81 / $107
59th	64th	52nd	58th	55th	60th

BENCHMARK INDEXES

Key Benchmark Indexes

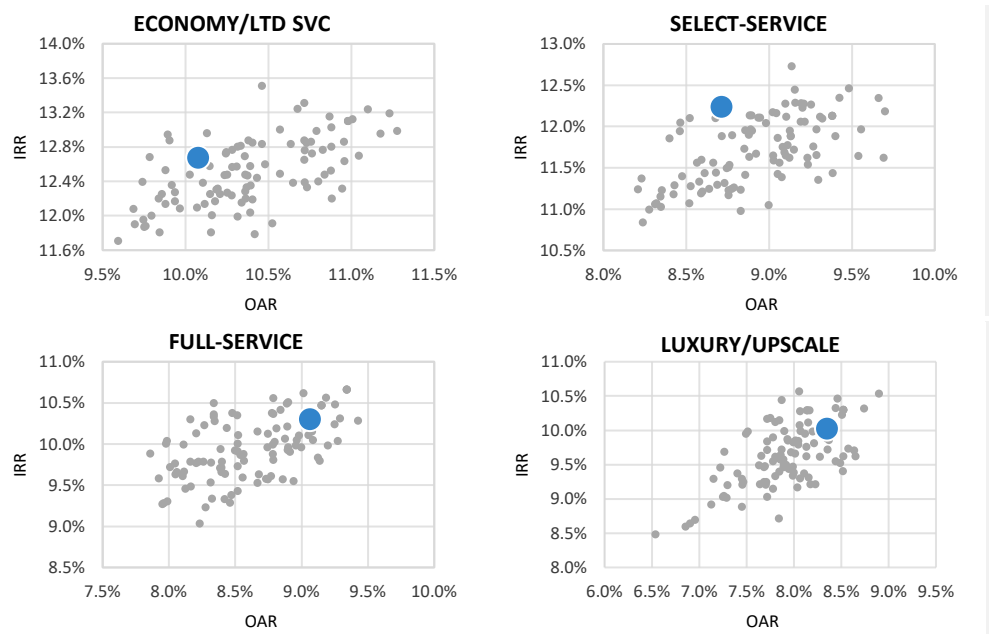
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	T12 Mos.	4Q 2023	4Q 2023	T12 Mos.
50.0% / 48.6%	49.9% / 46.7%	1.92 / 2.06	1.90 / 2.03	$8.95 / $11.64	$9.00 / $11.52
33rd	23rd	82nd	78th	58th	53rd

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

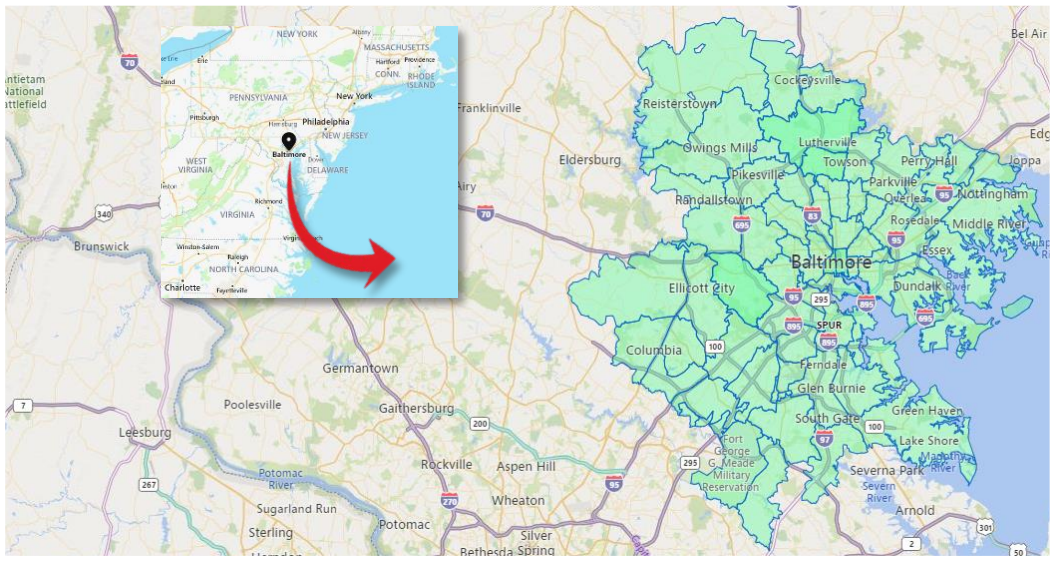
Revenue Stability	Supplier Power Trend	Investment Yields
73rd	27th	73rd
Below Average	Above Average	Below Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
72nd	1st	22nd
Below Average	High Risk	Above Average
Assessment of market supply growth over past 12 months relative to Top 104 markets	Measure of current employment health over past two years relative to Top 104 markets	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Baltimore
County:	Baltimore City
State:	Maryland
Geo Coordinates (market center):	39.29038, -76.61219

Major Hotel Demand Generators

Fort George G. Meade | Johns Hopkins University | Aberdeen Proving Ground | University of Maryland Medical System | Johns Hopkins Health System | U.S. Social Security Agency | MedStar Health | Northrop Grumman Corp. | LifeBridge Health | Wal-Mart Stores Inc. | Exelon | Constellation Energy Group | Giant Food Stores LLC | Mercy Health Partners | T. Rowe Price Associates Inc. | Abacus | Anne Arundel Health System | GBMC Healthcare Inc. | Under Armour | Home Depot Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,649,927	36th of 104 (Average)
Income per Capita	$46,641	59th of 104 (Average)
Feeder Group Size	95.8 Persons PSR	77th of 104 (Below Average)
Feeder Group Earnings	$4,467,154 PSR	76th of 104 (Below Average)
Total Market COPE	$799.8 million	50th of 104 (Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	70.7%	$123.46	$87.30	$113.93	$80.56	$9.53	92.3%	51.2%	2.03	27,260	1.26
2016	70.7%	$123.50	$87.32	$113.62	$80.33	$9.88	92.0%	52.1%	1.98	26,950	0.95
2017	69.6%	$122.17	$85.08	$112.23	$78.15	$9.95	91.9%	53.2%	1.94	26,980	1.06
2018	66.7%	$120.00	$80.06	$110.33	$73.61	$9.67	91.9%	55.7%	1.91	27,760	0.87
2019	67.3%	$119.59	$80.45	$109.92	$73.94	$9.67	91.9%	57.4%	1.89	28,170	1.11
2020	40.8%	$86.29	$35.92	$80.41	$32.80	$5.88	93.2%	40.1%	2.22	27,820	0.80
2021	54.8%	$100.10	$55.67	$92.74	$50.82	$7.35	92.7%	42.9%	2.05	27,440	0.73
2022	57.1%	$106.77	$61.01	$99.06	$56.55	$7.71	92.8%	44.5%	2.04	27,460	0.85
2023	59.7%	$114.90	$69.05	$106.78	$63.77	$8.12	92.9%	45.6%	2.03	27,430	0.87
CAGR: 2015 thru 2022	-2.1%	-0.9%	-2.9%	-0.8%	-2.9%	-2.0%	0.1%	-1.4%	0.0%	0.1%	-4.5%
4Q 2022	59.9%	$125.15	$75.00	$116.53	$69.84	$8.62	93.1%	49.1%	1.94	27,700	0.85
4Q 2023	60.3%	$126.59	$76.33	$117.64	$70.93	$8.95	92.9%	50.0%	1.90	27,260	0.87

Notable Metrics

HIGHEST

T12-Month Loyalty Contribution	OAR: Economy/Ltd Svc	Feeder Population Per Room
23rd	**23rd**	**30th**
Above Average	**Favorable**	**Above Average**
Baltimore, MD exhibited strong T12–month loyalty contribution (49.9%)	The market exhibited favorable OAR metrics in the economy/ltd svc segment (10.1%)	The market also posted a high ratio of feeder population per room (42.77)

LOWEST

IRR: Select-Service	OAR: Luxury/Upscale	Feeder Group Size
94th	**87th**	**77th**
Unfavorable	**Unfavorable**	**Below Average**
This market posted unfavorable IRR metrics in the select–service segment (12.2%)	The market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.4%)	Baltimore, MD also required a large feeder group size (95.78 Persons)

Notable Trends

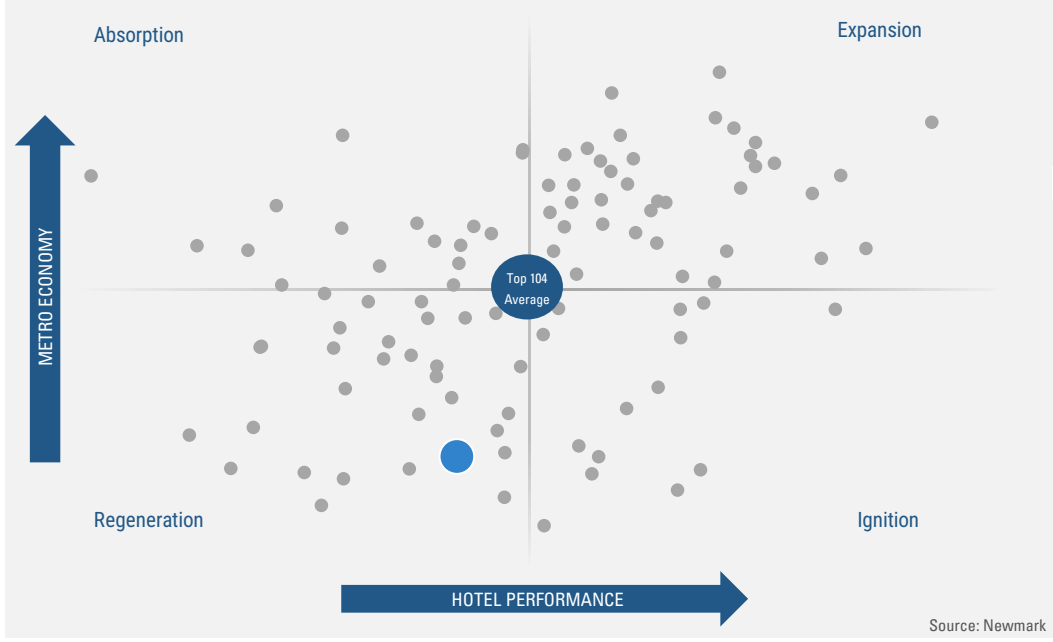
FASTEST

Long-Term Historical Supply Growth	Long-Term Historical Booking Costs POR Growth	T12-Month Rooms Supply Growth
8th	**16th**	**33rd**
Strong	**Above Average**	**Above Average**
Baltimore, MD has benefited from low long–term historical supply growth (0.2%)	The market has benefited from low long–term historical booking costs POR growth (1.2%)	The market also exhibited low rooms supply growth over the last 12 months (–1.6%)

SLOWEST

Short-Term Historical LPI Growth	Long-Term Historical LPI Growth	Long-Term Historical Loyalty Contribution Growth
102nd	**102nd**	**100th**
Soft	**Soft**	**Soft**
The market has been hampered by weak short–term historical LPI growth (–6.0%)	We note this area posted weak long–term historical LPI growth (–4.5%)	Baltimore, MD also has been hindered by weak long–term historical loyalty contribution growth (2.5%)

Market Performance Stage



Source: Newmark

Baltimore, MD: Regeneration Stage

Regeneration

The Baltimore, MD market is currently in the 'Regeneration' stage of the performance cycle. In this stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Cincinnati, OH; Detroit, MI; and Knoxville, TN.

Other Stages:

Ignition

In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will enter a sustained post-pandemic status. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Chicago, IL; Miami, FL; and Myrtle Beach, SC.Chicago, IL; Miami, FL; and New York, NY.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Columbus, OH; Houston, TX; and Minneapolis, MN.

Expansion

In the 'Expansion' stage, hotels perform adequately, contributing to a resilient economy that is approaching a 'post' pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Atlanta, GA; and Austin, TX.

Industry Observations

MOODYS ANALYTICS

Business Cycle:	In Recovery
Employment Growth (2 yr):	3.3%
Risk Exposure (402 US markets):	99th Percentile: High Risk
Key Industry Notes:	Medical, logistics Cybersecurity hub Medical research centers Strong industries Low population growth

Moody's Rating

Aaa

Investment Grade

Long-term investment grade, Prime-1 short-term outlook

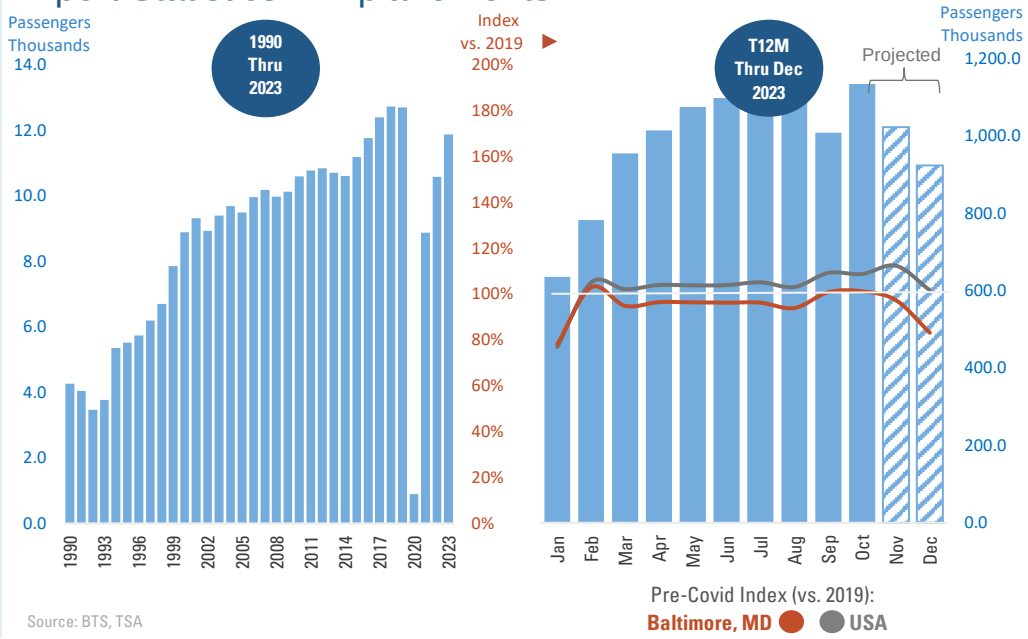
TOP 10 BRANDS

Source: Newmark

NEWMARK

BALTIMORE, MD: ALL LOCAL

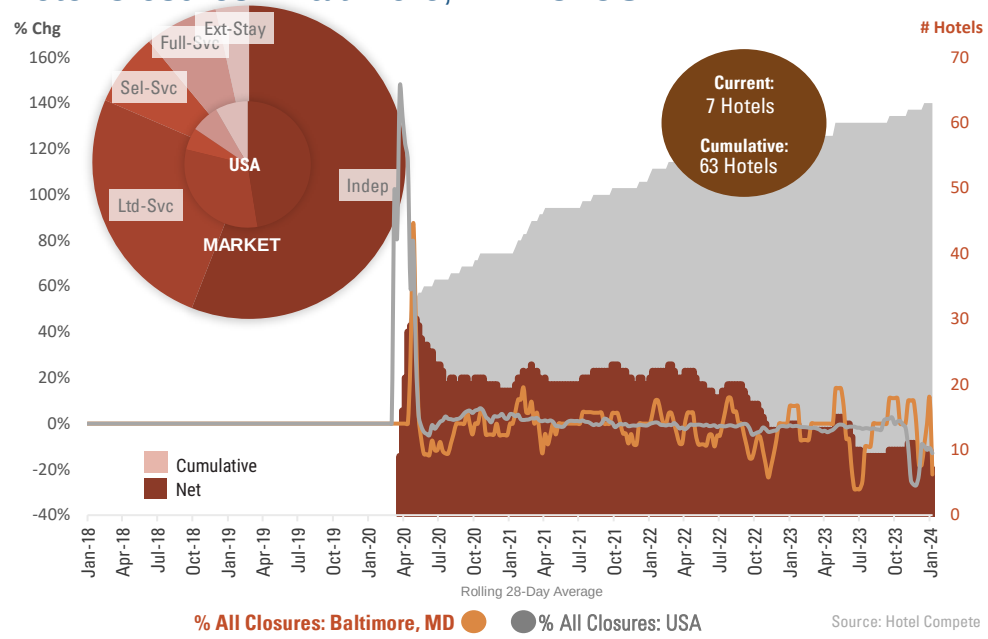
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

Hotel Closures - Baltimore, MD vs. USA

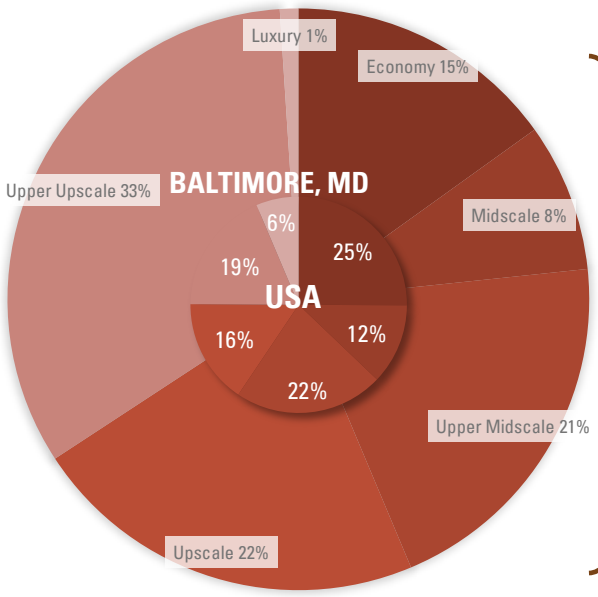


Source: Hotel Compete

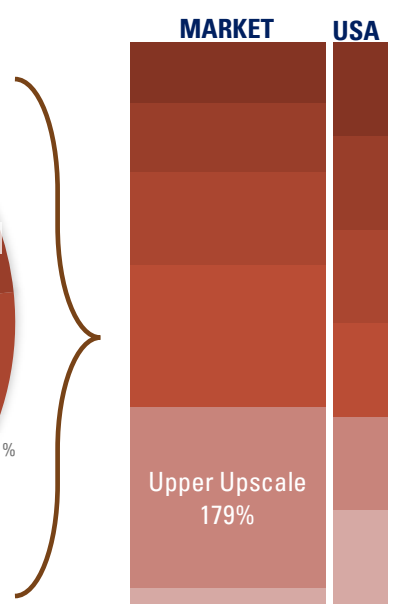
SCALE AND SERVICE ORIENTATION

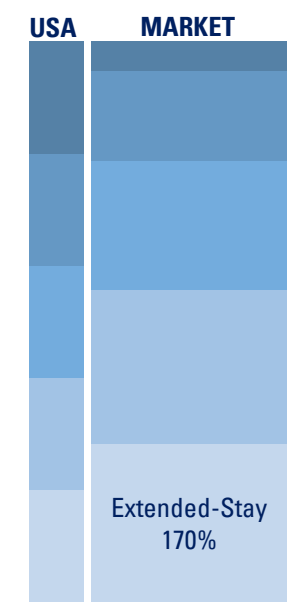
Scale and Service Distribution: Baltimore, MD

DISTRIBUTION BASED ON CHAIN SCALE

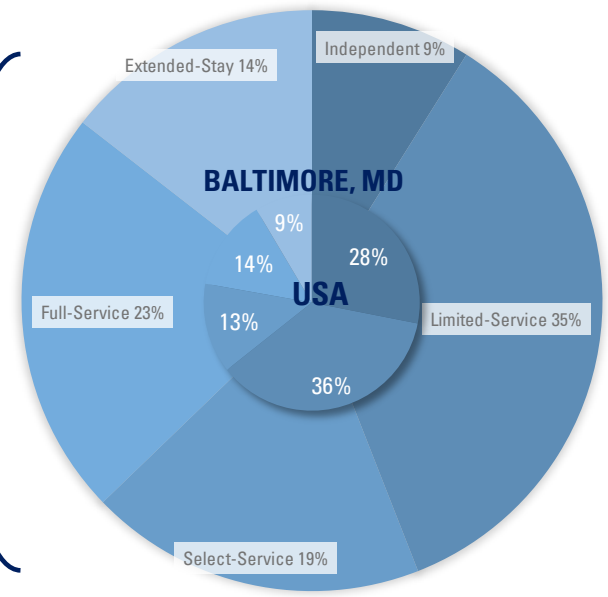


CURRENT CATEGORY PENETRATION RELATIVE TO USA





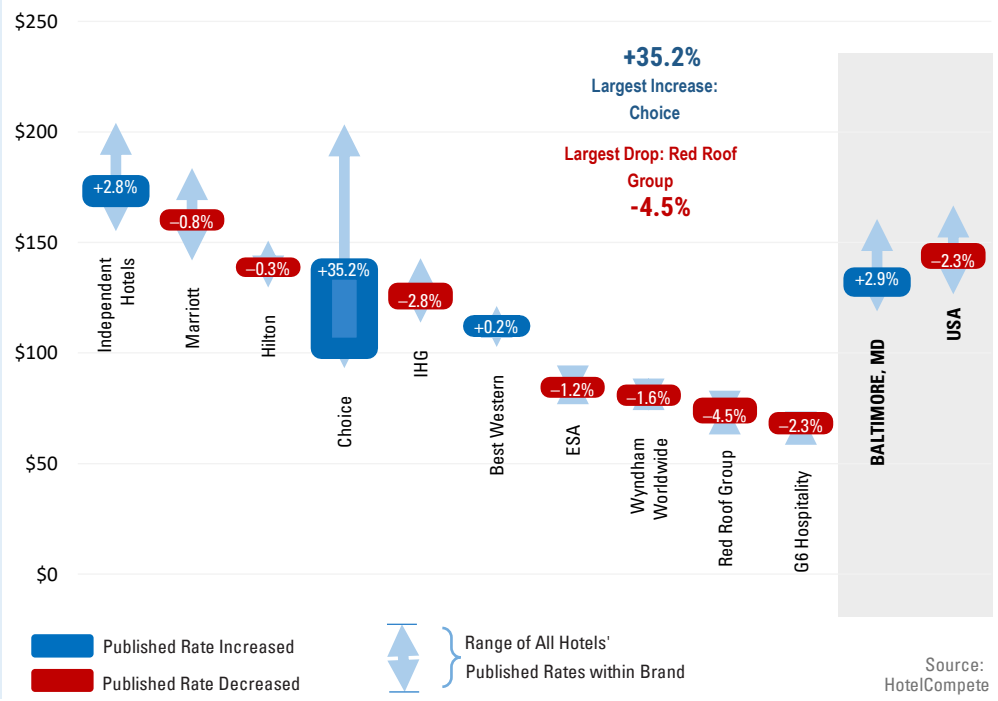
DISTRIBUTION BASED ON SERVICE ORIENTATION



'30/3' RATE CHANGES

Published Rates: Top 10 Brands

Surveyed late January 2024

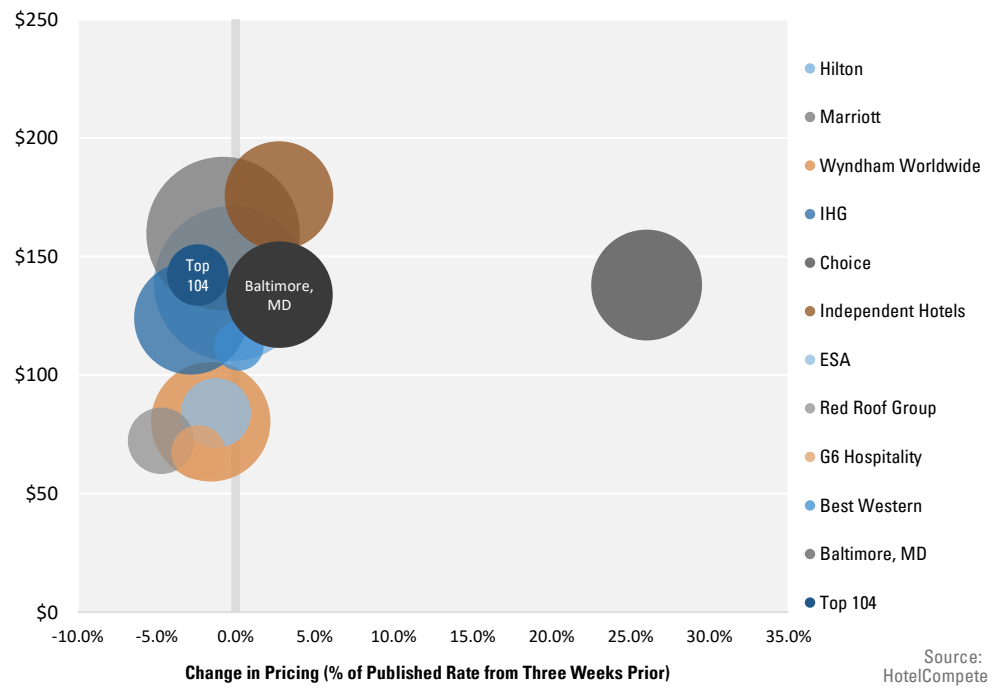


Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

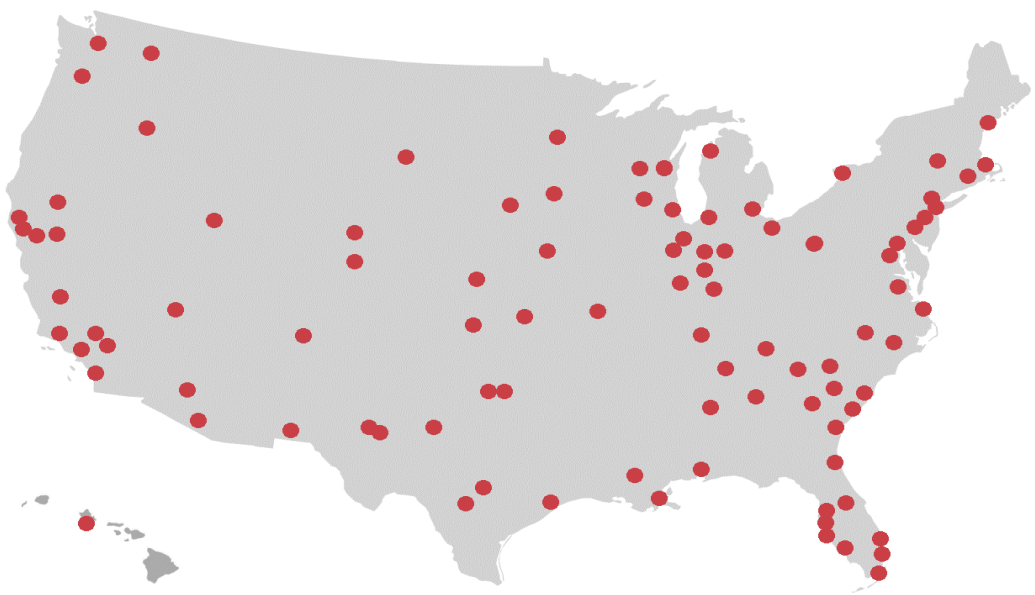
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
44th	**1st**	**49th**
Average	**Very Strong**	**Average**
The 30-day advanced published rate for the market was a moderate $133.89, ranking 44th out of 104 markets. (Guest-Paid ADR ranked a moderate 52nd at $126.59 in 4Q 2023.)	Published rates have recently been moving upward, increasing by a noticeable 2.9% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	Published rates reported in late January 2024 were 5.8% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
58th	**61st**	**69th**
Average	**Average**	**Elevated**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Baltimore, MD has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Baltimore, MD's top 10 brands are exhibiting elevated volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

Nsights Hotel Market Reports Coverage



Akron, OH	Dayton, OH	Louisville, KY	Portland, OR
Albany, NY	Denver, CO	Madison, WI	Raleigh, NC
Albuquerque, NM	Des Moines, IA	Memphis, TN	Rapid City, SD
Anaheim, CA	Detroit, MI	Miami, FL	Richmond, VA
Arkansas State Area, AR	El Paso, TX	Michigan North Area, MI	Sacramento, CA
Atlanta, GA	Fayetteville, AR	Michigan South Area, MI	Saint Louis, MO
Augusta, GA	Fort Lauderdale, FL	Milwaukee, WI	Saint Petersburg, FL
Austin, TX	Fort Myers, FL	Minneapolis, MN	Salt Lake City, UT
Bakersfield, CA	Fort Worth, TX	Mobile, AL	San Antonio, TX
Baltimore, MD	Fresno, CA	Myrtle Beach, SC	San Bernardino, CA
Baton Rouge, LA	Greensboro, NC	Nashville, TN	San Diego, CA
Bentonville, AR	Greenville, SC	New Brunswick, NJ	San Francisco, CA
Birmingham, AL	Harrisburg, PA	New Orleans, LA	San Joaquin Valley, CA
Boise City, ID	Hartford, CT	New York, NY	San Jose, CA
Boston, MA	Houston, TX	Newark, NJ	Sarasota, FL
Buffalo, NY	Indiana North Area, IN	Oahu Island, HI (Branded)	Savannah, GA
Charleston, SC	Indiana South Area, IN	Oakland, CA	Seattle, WA
Charlotte, NC	Indianapolis, IN	Odessa-Midland, TX	Spokane, WA
Chattanooga, TN	Jackson, MS	Oklahoma City, OK	Tampa, FL
Chicago, IL	Jacksonville, FL	Omaha, NE	Tucson, AZ
Cincinnati, OH	Kansas City, MO	Orlando, FL (Non-Disney)	Tulsa, OK
Cleveland, OH	Knoxville, TN	Palm Desert, CA	Virginia Beach, VA
Colorado Springs, CO	Las Vegas, NV (Non-Strip)	Philadelphia, PA	Washington State Area, WA
Columbia, SC	Lexington, KY	Phoenix, AZ	Washington, DC
Columbus, OH	Little Rock, AR	Pittsburgh, PA	West Palm Beach, FL
Dallas, TX	Los Angeles, CA	Portland, ME	Wichita, KS

*Customized market reports available upon request

Hospitality, Gaming & Leisure

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:

- Hotels and Resorts
- Gaming Facilities
- Arenas, Stadiums and Sports Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
- Water Parks, Amusement Parks and Attractions

Our core disciplines and expert subject areas include:

Economic Impact
We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

Feasibility
We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

Financial Reporting
Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

Litigation
Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics
We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

Property Tax
We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

ABOUT NEWMARK

We transform untapped potential into limitless opportunity.

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

FOR INFORMATION CONTACT:
Bryan Younge MAI, ASA, FRICS
Executive Vice President, Valuation & Advisory, Specialty Practice Leader – Hospitality, Gaming & Leisure
m 773-263-4544
bryan.younge@nmrk.com

CONTACT: MID-ATLANTIC MARKETS

CONTACT

FOR MORE INFORMATION

Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
m 773-263-4544
bryan.younge@nmrk.com

Brian Johnson
Executive Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Mid-Atlantic Markets
m 434-996-2323
brian.johnson@nmrk.com

MARKET DISCLAIMERS

LEGAL

COPYRIGHT INFORMATION

© 2024 by Newmark. All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication and should consult with professionals of the recipient's choice regarding all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.

NEWMARK