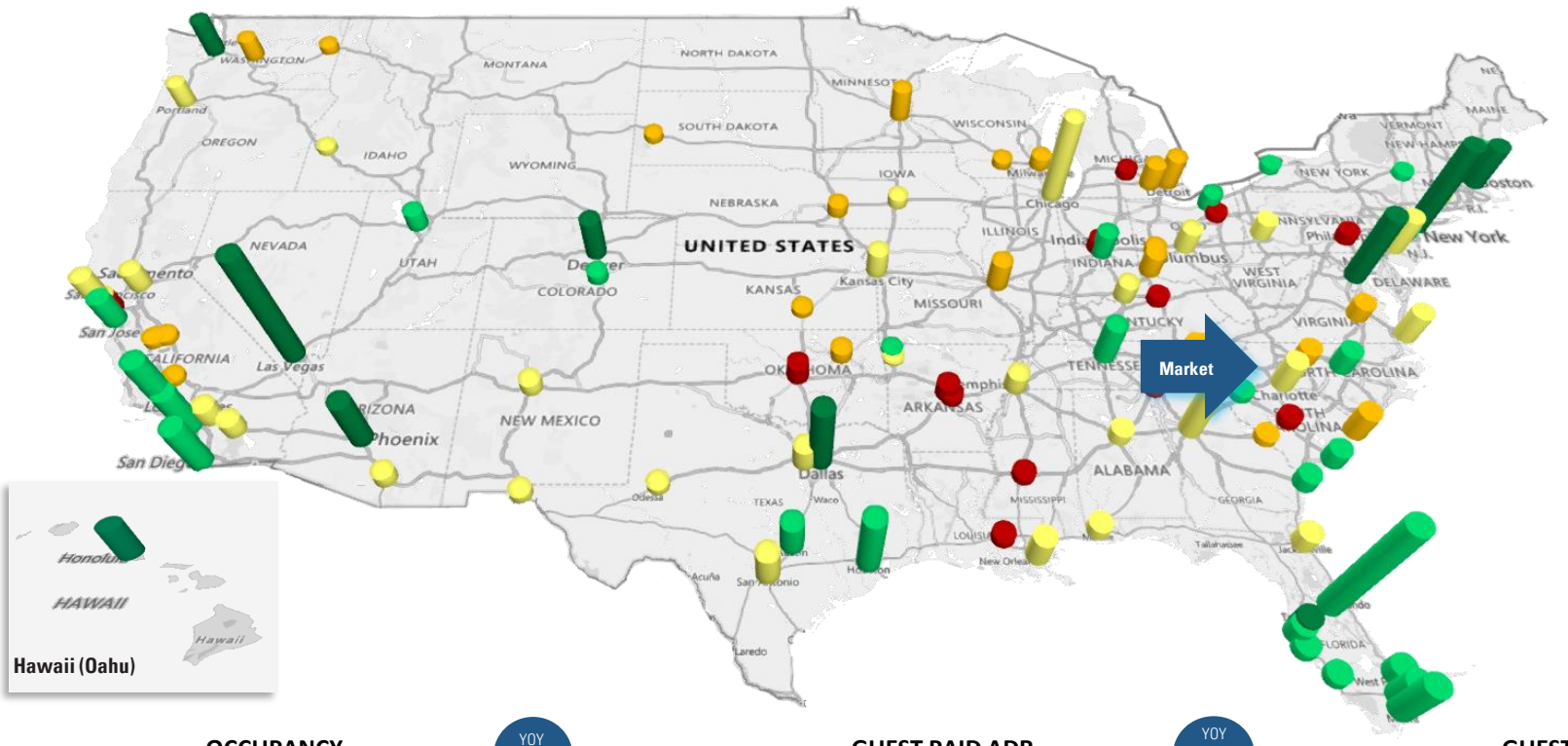
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

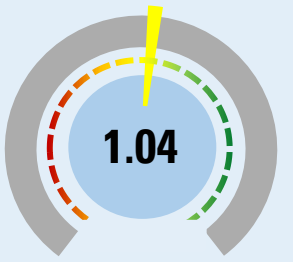
3Q 2024
CHARLOTTE, NC

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

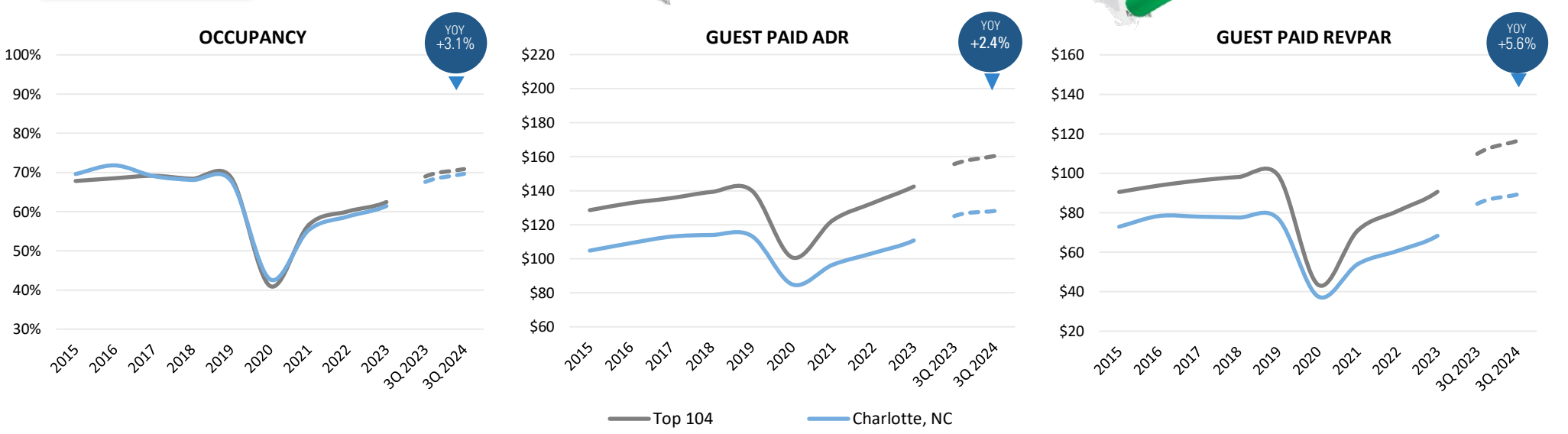
Charlotte, NC



50th of 104
Average

Ranking of overall '3Q 2024 LPI' performance (1.04) against all 104 surveyed markets.

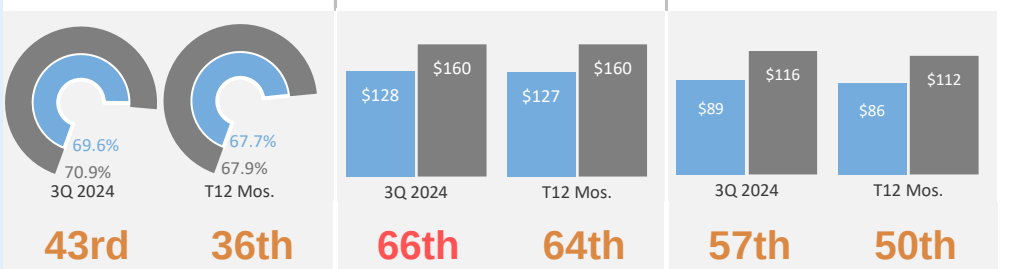
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

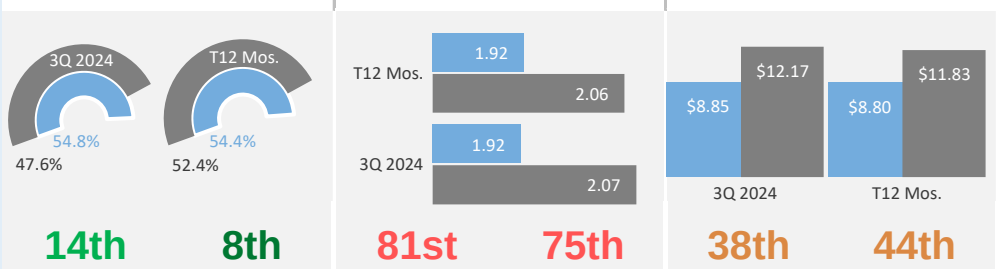
Subject Market | Top 104



Occupancy		Guest Paid ADR		Guest Paid RevPAR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
43rd	36th	66th	64th	57th	50th

BENCHMARK INDEXES

Key Benchmark Indexes

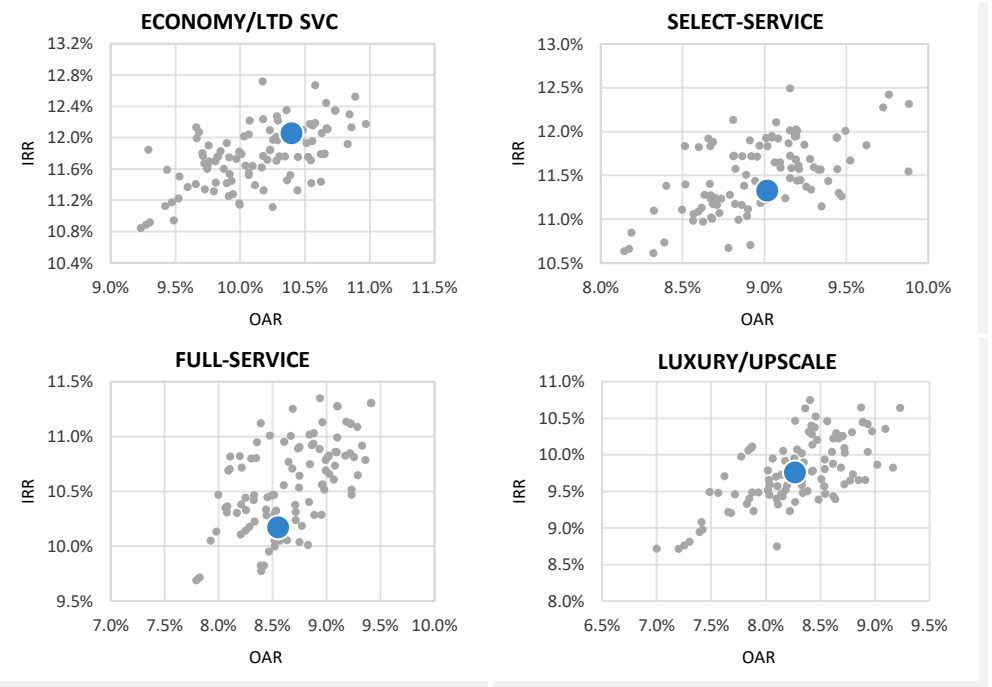


Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
14th	8th	81st	75th	38th	44th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

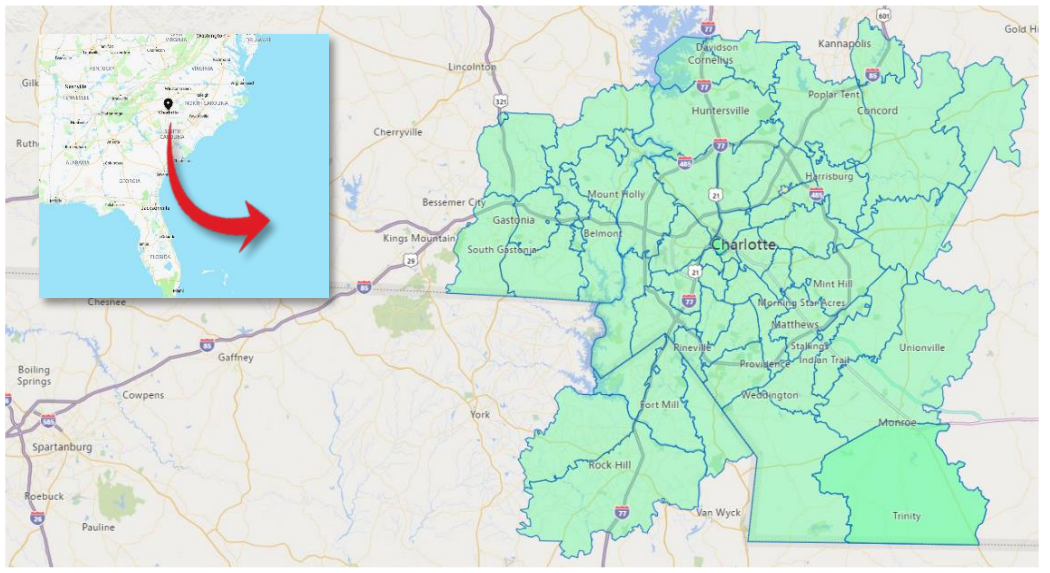
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
59th	**10th**	**49th**
Average	**Above Average**	**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
71st	**77th**	**77th**
Below Average	**Below Average**	**Below 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

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Charlotte
County:	Mecklenburg County
State:	North Carolina
Geo Coordinates (market center):	35.22709, -80.84313

Major Hotel Demand Generators

Atrium Health | Wells Fargo | Wal-Mart Stores Inc. | Bank of America Corp. | American Airlines | Food Lion | Presbyterian Regional Healthcare | Novant Health Inc. | Lowe's Cos. Inc. | Duke Energy | Ruddick/Harris Teeter Inc. | The Timken Co. | Compass Group | HSM Solutions | CaroMont Health | Adecco USA Inc. | Carolinas Medical Center - Northeast | Alex Lee Inc. | AT&T | Spectrum

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,656,482	35th of 104 (Average)
Income per Capita	$58,202	21st of 104 (Above Average)
Feeder Group Size	60.3 Persons PSR	34th of 104 (Above Average)
Feeder Group Earnings	$3,506,760 PSR	51st of 104 (Average)
Total Market Hotel Revenues	$1.3 billion	26th of 104 (Above 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 Rooms	Performance Index (LPI)
2015	69.6%	$104.78	$72.91	$96.62	$67.24	$8.16	92.2%	47.0%	1.91	31,600	1.14
2016	71.8%	$109.14	$78.36	$100.48	$72.14	$8.66	92.1%	49.6%	1.90	31,830	1.18
2017	69.1%	$112.96	$78.02	$103.63	$71.58	$9.33	91.7%	53.0%	1.86	33,140	1.01
2018	68.1%	$113.96	$77.58	$104.79	$71.34	$9.17	92.0%	54.6%	1.86	33,570	1.08
2019	67.9%	$113.35	$76.93	$104.11	$70.66	$9.24	91.8%	57.6%	1.83	37,730	1.04
2020	42.7%	$84.94	$37.59	$79.29	$33.89	$5.64	93.4%	42.7%	2.16	38,830	0.84
2021	55.3%	$96.50	$54.02	$89.67	$49.58	$6.83	92.9%	45.4%	2.05	40,980	0.67
2022	58.7%	$103.38	$60.72	$96.13	$56.46	$7.25	93.0%	46.1%	2.04	41,420	0.92
2023	61.4%	$110.75	$68.35	$103.12	$63.35	$7.63	93.1%	46.8%	2.04	41,680	0.99
CAGR: 2015 thru 2023	-1.5%	0.7%	-0.8%	0.8%	-0.7%	-0.8%	0.1%	-0.1%	0.8%	3.5%	-1.8%
3Q 2023	67.6%	$125.05	$84.50	$116.46	$78.69	$8.59	93.1%	51.9%	1.95	41,910	1.01
3Q 2024	69.6%	$128.10	$89.21	$119.25	$83.04	$8.85	93.1%	54.8%	1.92	41,800	1.04

Notable Metrics

HIGHEST

T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	IRR: Full-Service
8th	**14th**	**18th**
Strong	**Above Average**	**Favorable**
Charlotte, NC exhibited strong T12-month loyalty contribution (54.4%)	The market exhibited strong latest-quarter loyalty contribution (54.8%)	The market also enjoyed favorable IRR metrics in the full-service segment (10.2%)

LOWEST

Latest-Quarter Average Length of Stay	IRR: Economy/Ltd Svc	T12-Month Average Length of Stay
81st	**76th**	**75th**
Below Average	**Unfavorable**	**Below Average**
This market has been impeded by weak latest-quarter average length of stay (1.92 Nights)	The market posted unfavorable IRR metrics in the economy/ltd svc segment (12.1%)	Charlotte, NC also exhibited weak T12-month average length of stay (1.92 Nights)

Notable Trends

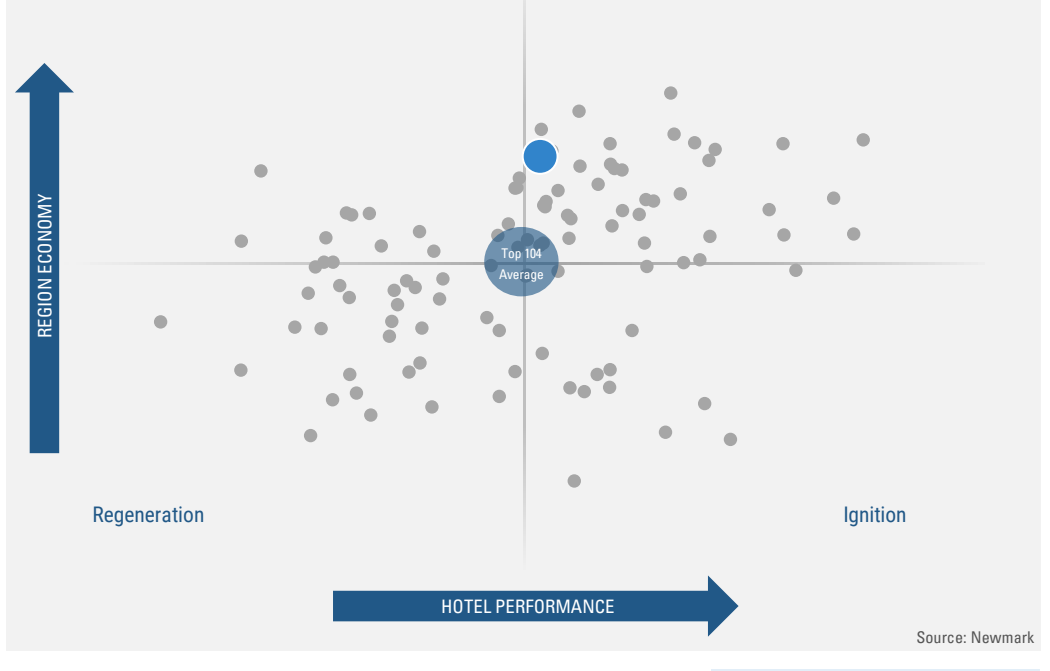
STRONGEST

Short-Term Historical Supply Growth	General Economy Reverence	Long-Term Historical Booking Costs POR Growth
8th	**11th**	**22nd**
Strong	**Above Average**	**Above Average**
Charlotte, NC has benefited from low short-term historical supply growth (2.8%)	The market enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	The market also has benefited from low long-term historical booking costs POR growth (2.0%)

WEAKEST

Long-Term Historical Supply Growth	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Average Length of Stay Growth
99th	**89th**	**82nd**
Soft	**Below Average**	**Below Average**
The market has been burdened by high long-term historical supply growth (2.8%)	We note this area has been hindered by weak long-term historical loyalty contribution growth (3.3%)	Charlotte, NC also exhibited weak short-term historical average length of stay growth (-0.1%)

Market Performance Stage



Source: Newmark

Charlotte, NC: Expansion Stage

Expansion

The Charlotte, NC market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that has fully exited from the 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.

Other Stages:

Regeneration

In the 'Regeneration' 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.

Ignition

In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Miami, FL; and New Orleans, LA.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed any 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 Minneapolis, MN; ; and .

Industry Observations

MOODYS ANALYTICS

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.5%
Risk Exposure (402 US markets):	23rd Percentile: Below Average
Key Industry Notes:	Increasing tech presence
	Single-family housing is overvalued
	Low living costs
	Low business costs
	New building activity plateau

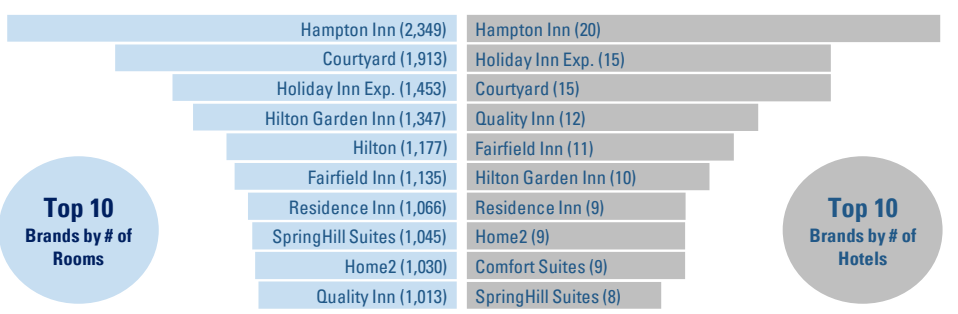
Moody's Rating

Aaa

Investment Grade

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

TOP 10 BRANDS

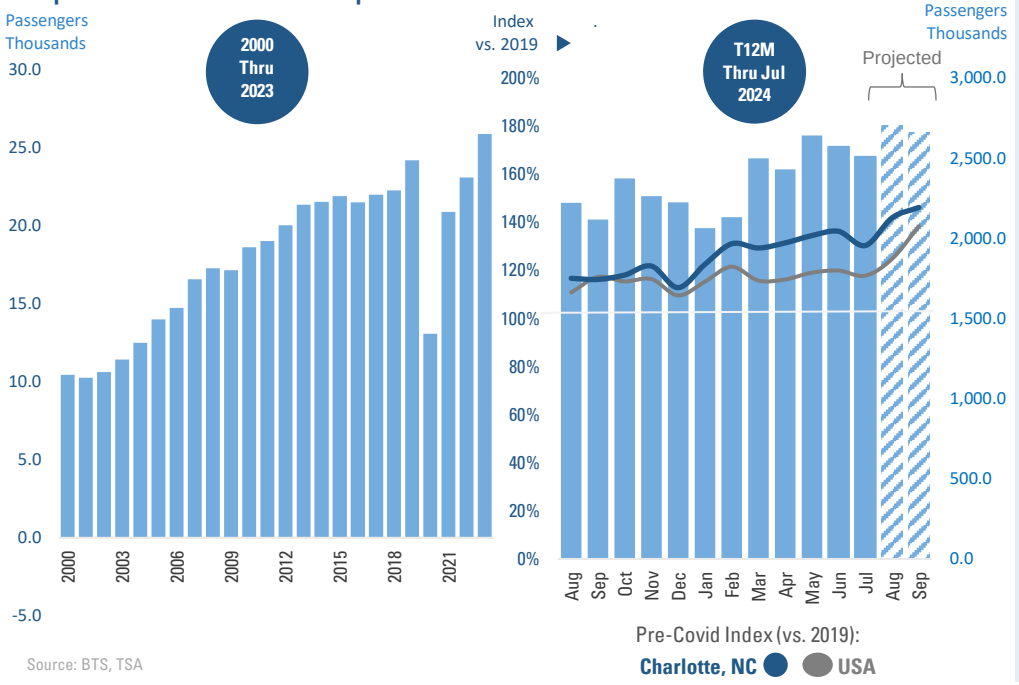


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

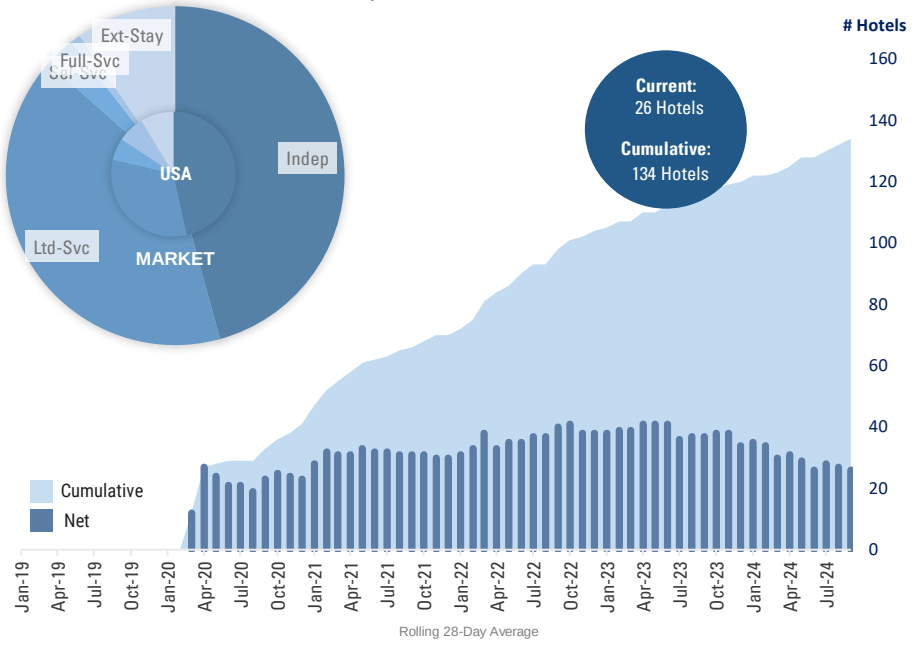
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Charlotte, NC



Source: Hotel Compete

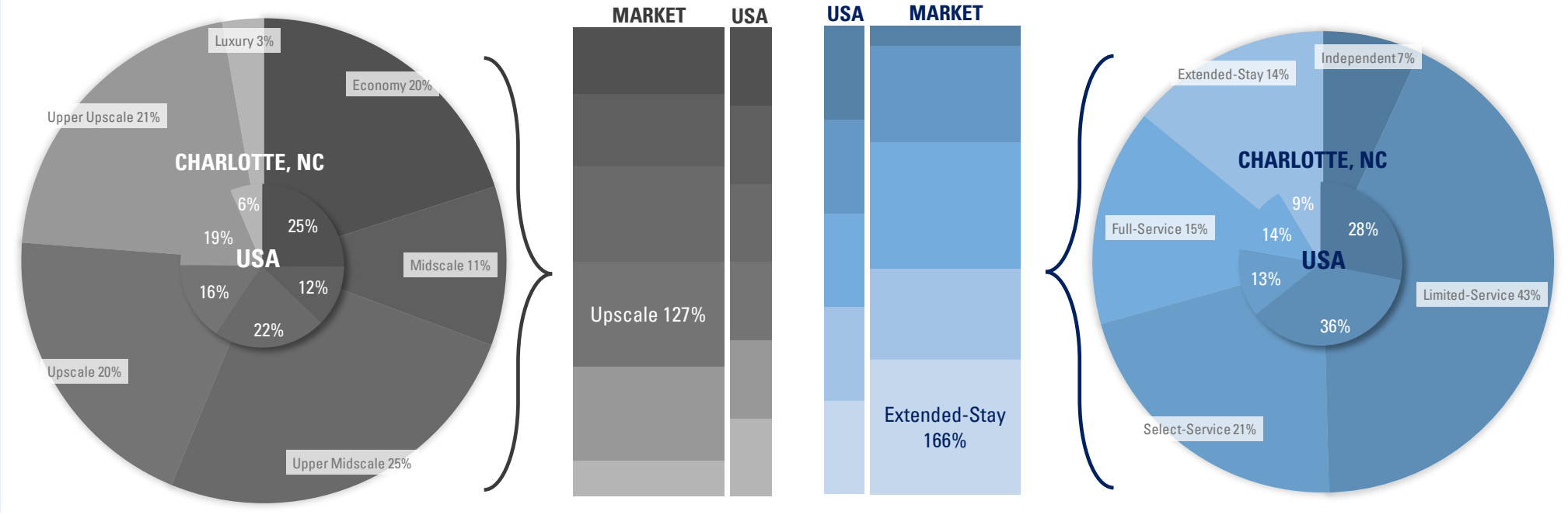
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Charlotte, NC

Distribution Based on CHAIN SCALE

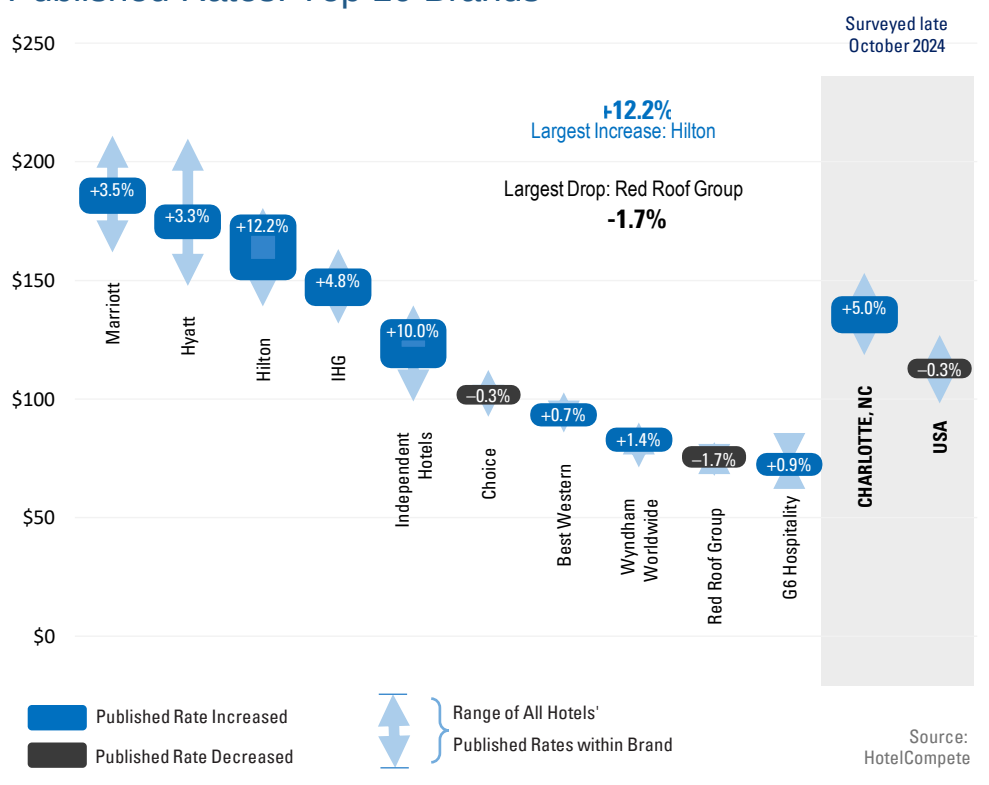
CATEGORY PENETRATION RELATIVE TO USA SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



'30/3' RATE CHANGES: CHARLOTTE, NC vs. USA

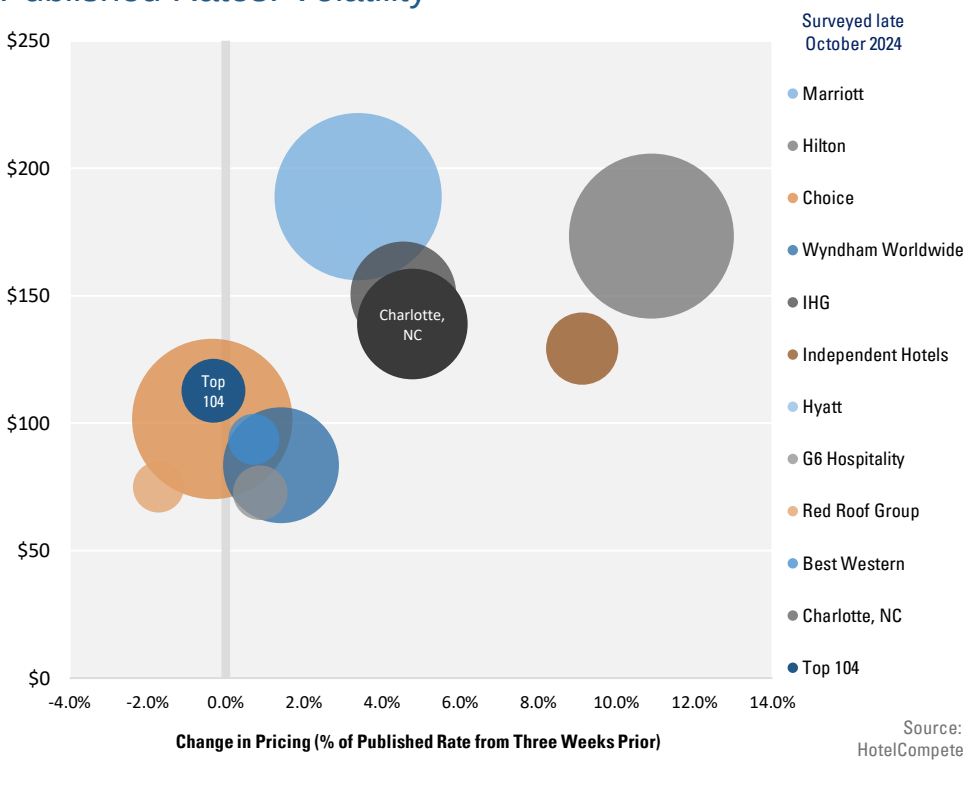
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

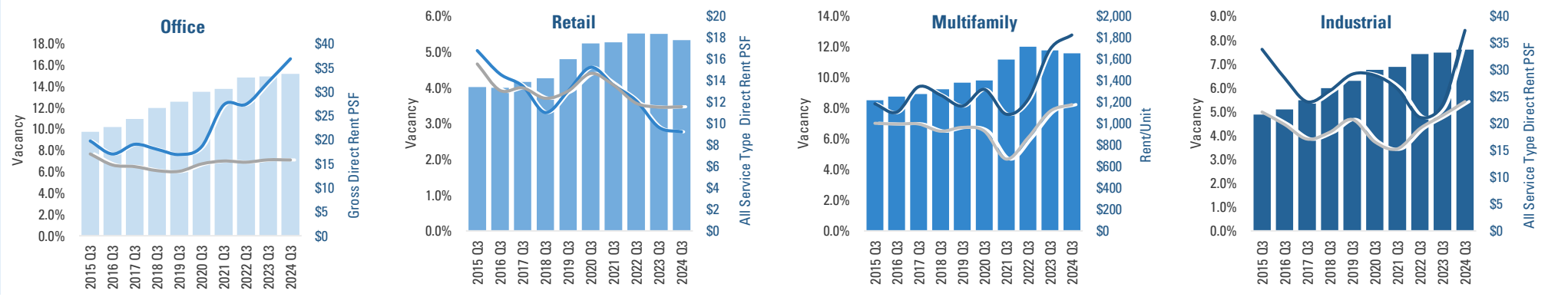
Published Rates: Volatility



Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance



Source: CoSTAR

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

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Stadiums, Sports & Entertainment Facilities

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Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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