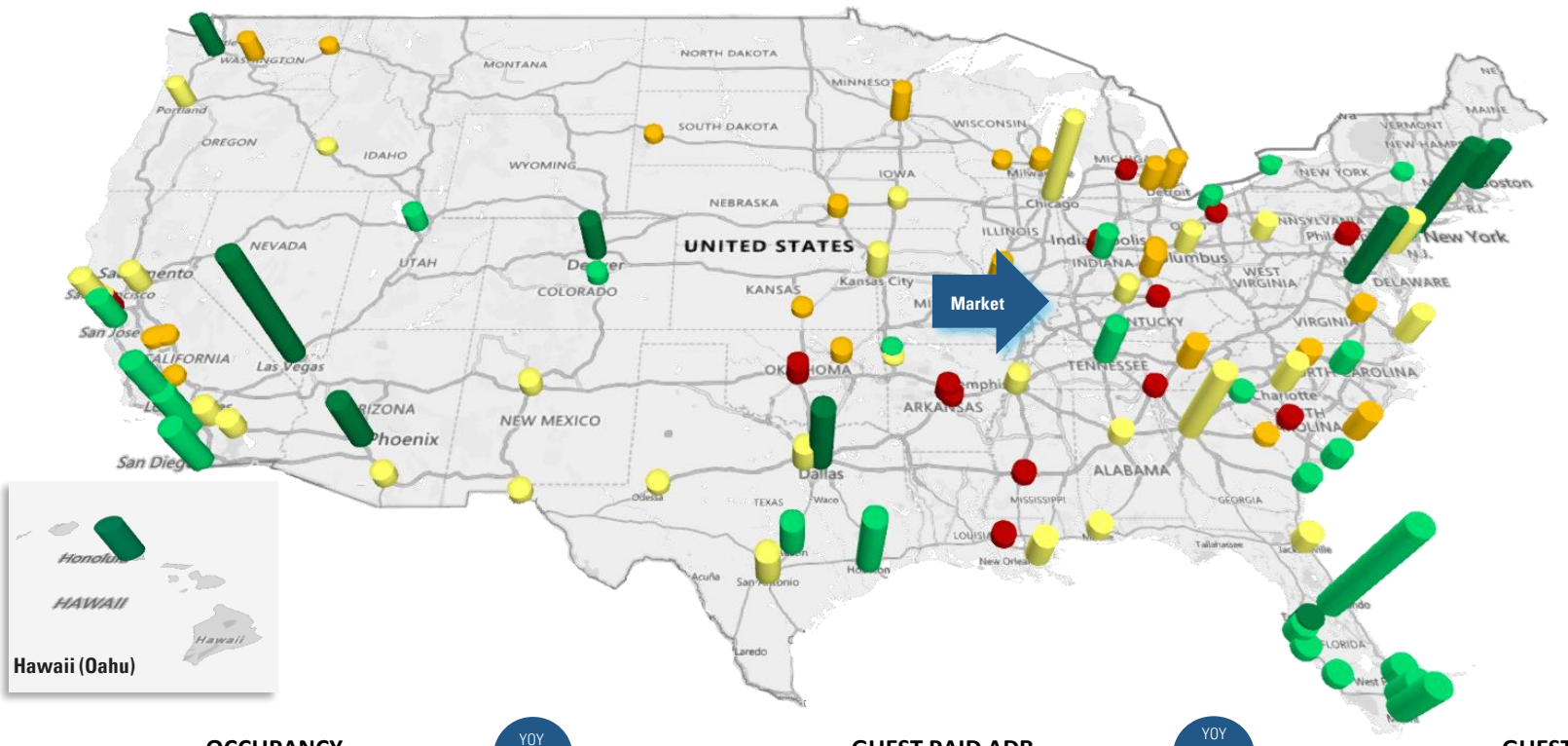
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

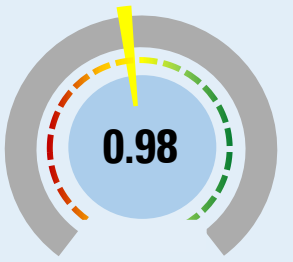
3Q 2024
LOUISVILLE, KY

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Louisville, KY

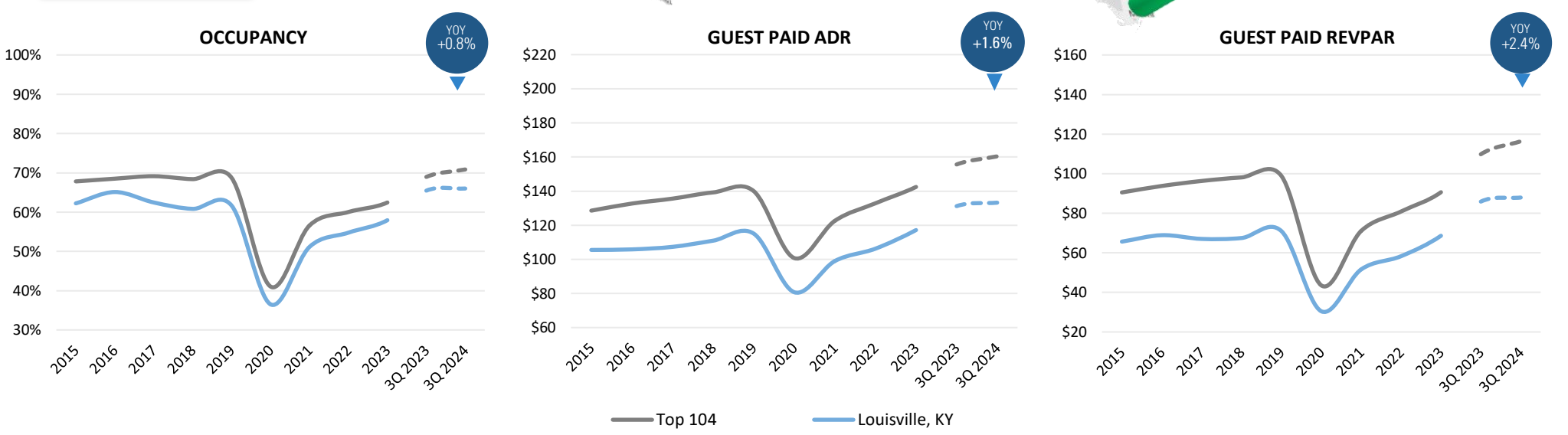


61st of 104

Average

Ranking of overall '3Q 2024 LPI' performance (0.98) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
77th	83rd	55th	51st	60th	60th

BENCHMARK INDEXES

Key Benchmark Indexes

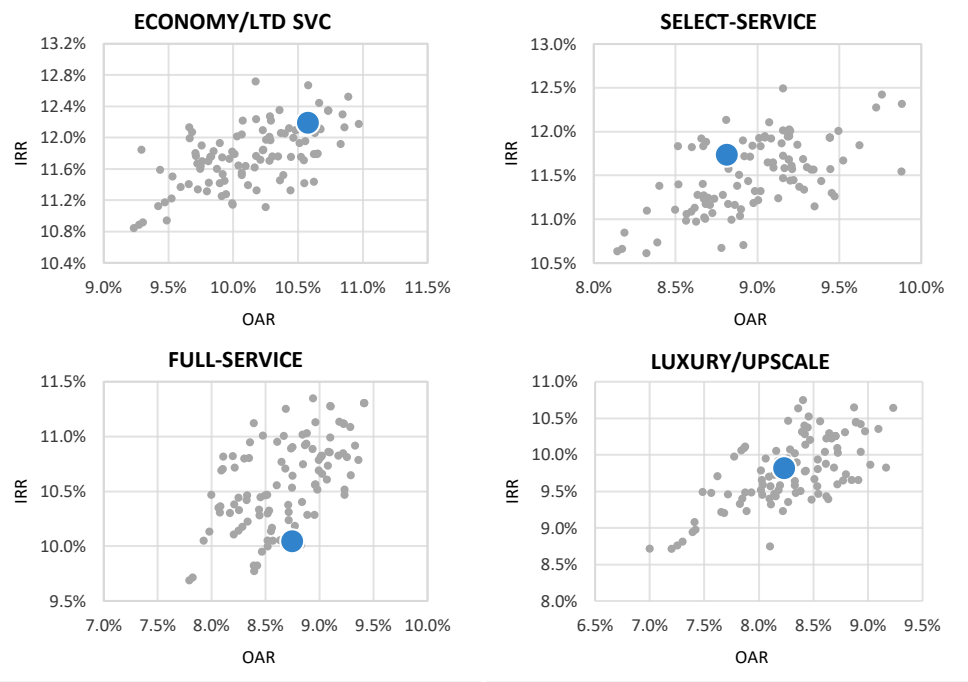
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
30th	33rd	12th	16th	43rd	41st

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

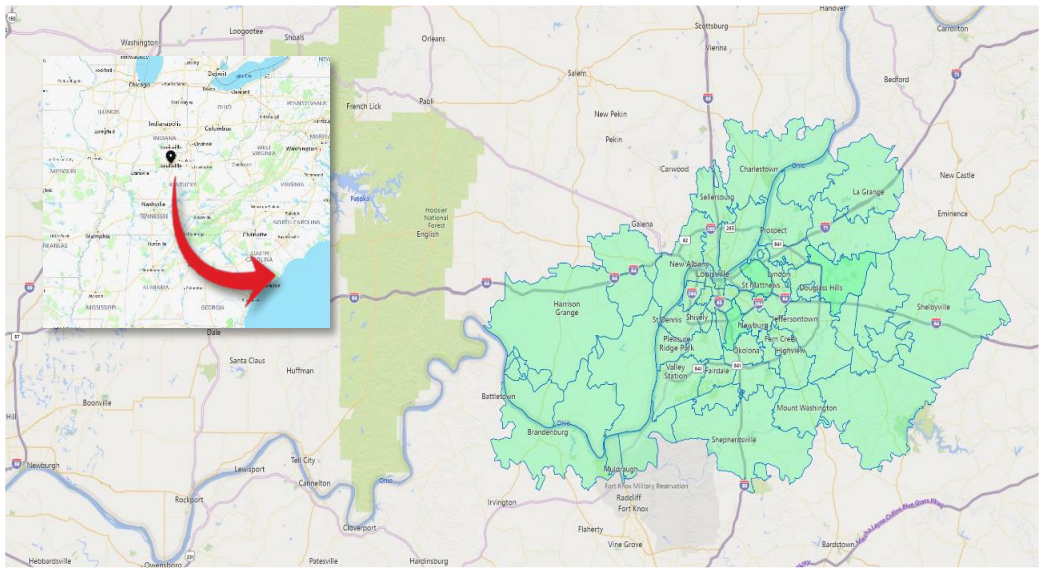
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
31st Above Average	**31st** Above Average	**57th** 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
29th Above Average	**13th** Above Average	**12th** 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

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Louisville
County:	Jefferson County
State:	Kentucky
Geo Coordinates (market center):	38.25424, -85.75941

Major Hotel Demand Generators

Fort Knox | Ford Motor Co. | Humana Inc. | Norton Healthcare | Baptist Healthcare Systems Inc. | Amazon.com | GE Appliances | KentuckyOne Health Inc. | University of Louisville | Kroger Co. | Manna Inc. | Catholic Archdiocese of Louisville | Charter Communications | Kindred Healthcare Inc. | LG&E and KU Energy | Papa John's International Inc. | Floyd Memorial Hospital | Baptist Health Floyd | ResCare Inc. | Signature Healthcare

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,033,095	53rd of 104 (Average)
Income per Capita	$0	Last of 104
Feeder Group Size	70.0 Persons PSR	49th of 104 (Average)
Feeder Group Earnings	$ PSR	1st of 104 (Very Strong)
Total Market Hotel Revenues	$709.2 million	53rd of 104 (Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Guest Paid 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	62.2%	$105.51	$65.65	$98.31	$61.17	$7.21	93.2%	42.6%	2.10	19,750	1.05
2016	65.1%	$105.84	$68.91	$98.42	$64.08	$7.42	93.0%	43.6%	2.16	20,260	1.07
2017	62.5%	$107.33	$67.03	$99.42	$62.09	$7.91	92.6%	45.1%	2.09	20,870	0.86
2018	60.8%	$110.94	$67.48	$102.87	$62.57	$8.07	92.7%	48.6%	2.14	22,060	1.01
2019	61.7%	$115.12	$70.97	$106.71	$65.79	$8.40	92.7%	53.4%	2.08	23,700	1.06
2020	36.5%	$80.74	$30.46	$75.78	$27.68	$4.96	93.9%	39.6%	2.52	23,580	0.64
2021	51.1%	$99.00	$51.61	$92.52	$47.32	$6.48	93.5%	43.6%	2.23	23,740	0.70
2022	54.8%	$106.27	$58.29	$99.30	$54.39	$6.97	93.4%	44.2%	2.21	23,870	0.86
2023	57.9%	$117.17	$68.63	$109.69	$63.55	$7.49	93.6%	44.6%	2.23	23,980	1.03
CAGR: 2015 thru 2023	-0.9%	1.3%	0.6%	1.4%	0.5%	0.5%	0.1%	0.6%	0.8%	2.5%	-0.2%
3Q 2023	65.5%	$131.19	$85.88	$122.60	$80.26	$8.59	93.5%	49.2%	2.23	24,310	0.96
3Q 2024	66.0%	$133.24	$87.95	$124.12	$81.92	$9.12	93.2%	51.6%	2.25	24,620	0.98

Notable Metrics

HIGHEST

Feeder Group Earnings per sold room	T12-Month COPE ADR Percentage	IRR: Full-Service
1st	**8th**	**9th**
Very Strong	**Strong**	**Highly Favorable**
Louisville, KY posted strong feeder group earnings per sold room ($0)	The market benefited from strong T12–month COPE ADR percentage (93.5%)	The market also enjoyed favorable IRR metrics in the full–service segment (10.0%)

LOWEST

Marketwide Income per Room	Economy Median Income	IRR: Economy/Ltd Svc
Last	**Last**	**91st**
Soft	**Soft**	**Unfavorable**
This market exhibited a low ratio of marketwide per–capita income per room ($0)	The market was stymied by weak Economy Median Income ($0)	Louisville, KY also posted unfavorable IRR metrics in the economy/ltd svc segment (12.2%)

Notable Trends

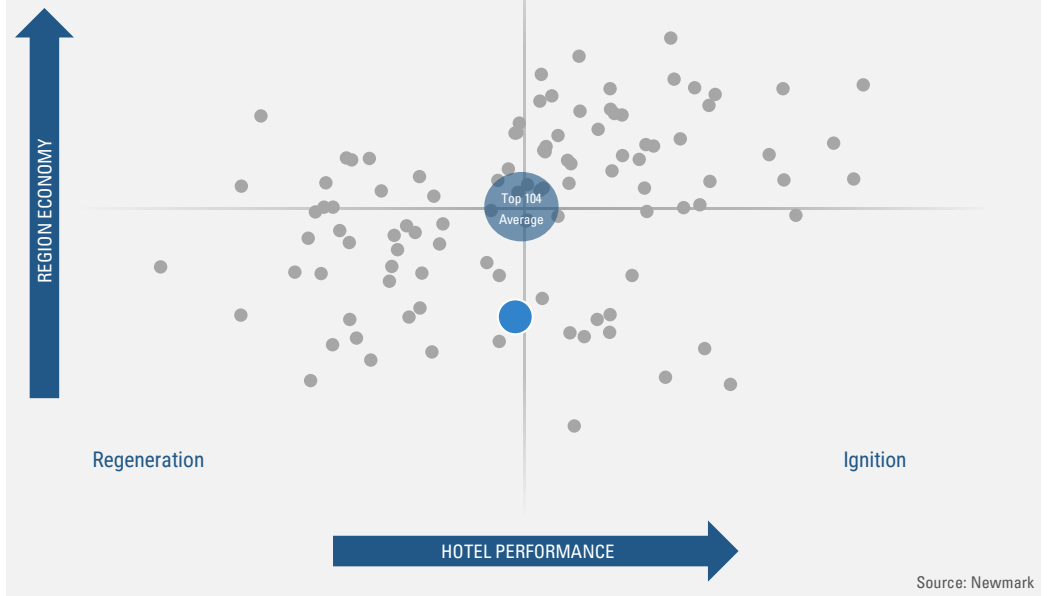
STRONGEST

Short-Term Historical Loyalty Contribution Growth	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Guest Paid RevPAR Growth
13th	**14th**	**31st**
Above Average	**Above Average**	**Above Average**
Louisville, KY enjoyed strong short–term historical loyalty contribution growth (5.7%)	The market exhibited strong long–term historical loyalty contribution growth (5.1%)	The market also has benefited from strong short–term historical Guest Paid RevPAR growth (3.9%)

WEAKEST

General Economy Reverence	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Supply Growth
88th	**83rd**	**80th**
Below Average	**Below Average**	**Below Average**
The market posted weak general economic reverence (per–capita unemployment, GDP and other indicators)	We note this area has been impeded by high short–term historical growth in booking costs (4.5%)	Louisville, KY also has been burdened by high long–term historical supply growth (1.8%)

Market Performance Stage



Source: Newmark

Louisville, KY: Regeneration Stage

Regeneration

The Louisville, KY 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 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 .

Expansion

In the 'Expansion' 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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	0.9%
Risk Exposure (402 US markets):	82nd Percentile: Above Average
Key Industry Notes:	Below-average energy and tax costs
	Home to UPS's Worldport air hub
	Skilled manufacturing workers
	Sluggish population growth
	Lack of dynamic, high-paying industries

Moody's Rating

Aa1

Investment Grade

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

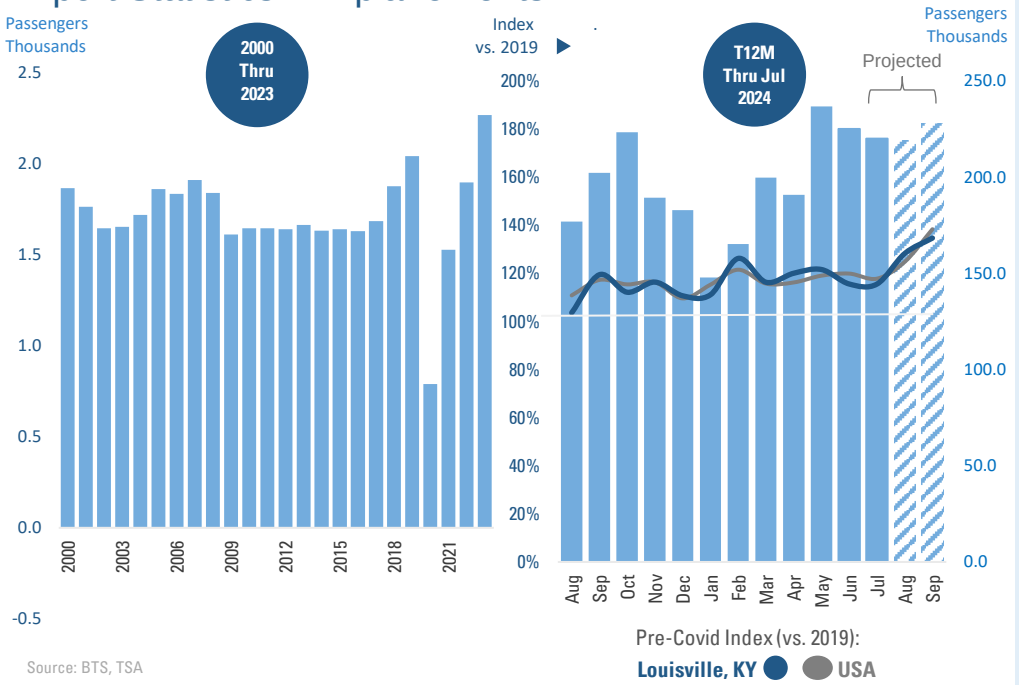
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

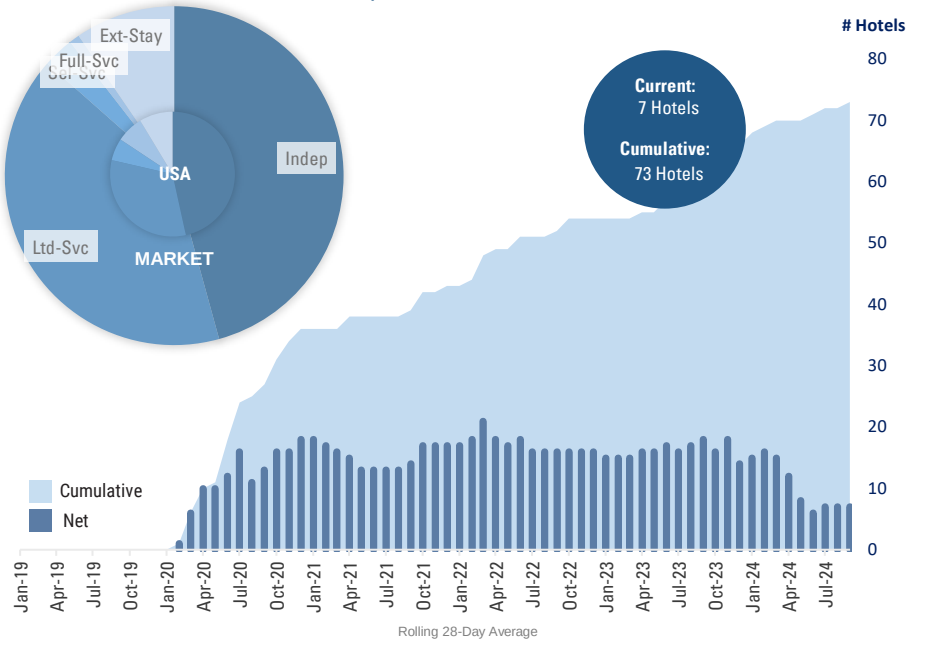
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Louisville, KY



Source: Hotel Compete

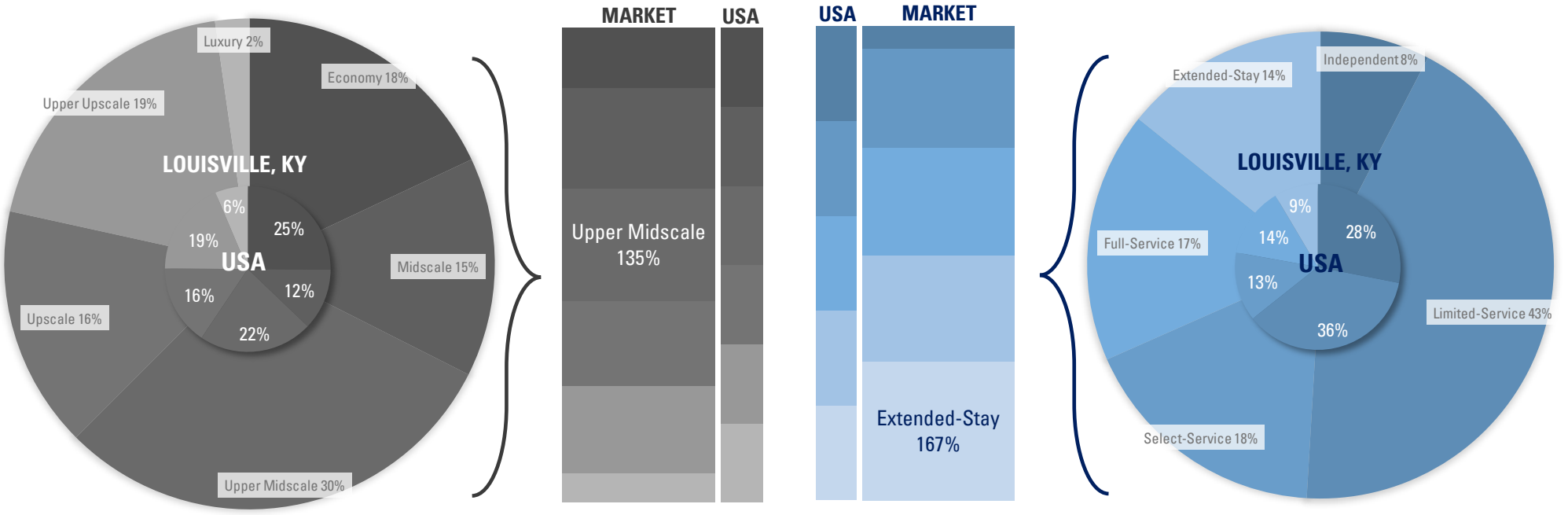
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Louisville, KY

Distribution Based on CHAIN SCALE

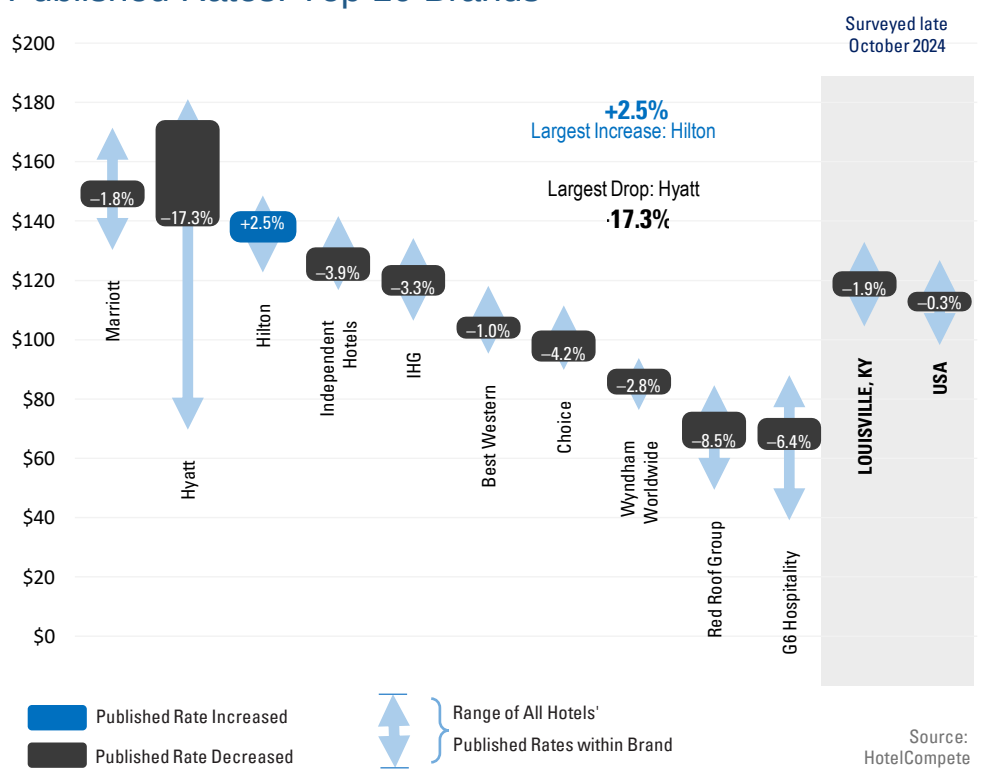
CATEGORY PENETRATION RELATIVE TO USA
SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



'30/3' RATE CHANGES: LOUISVILLE, KY vs. USA

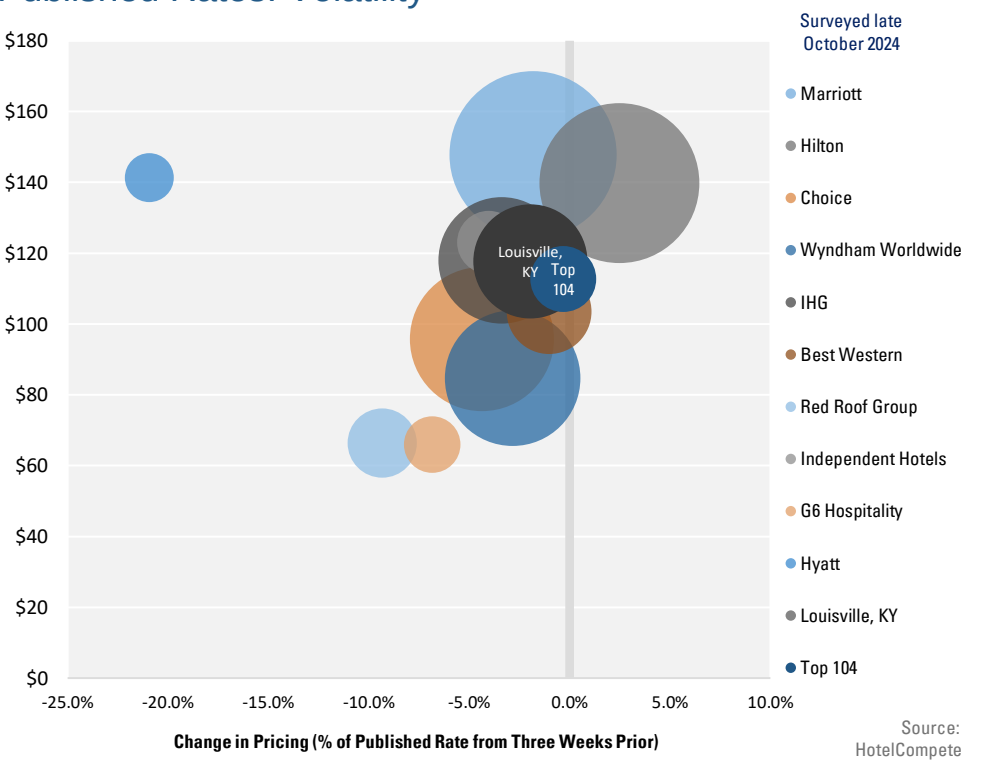
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

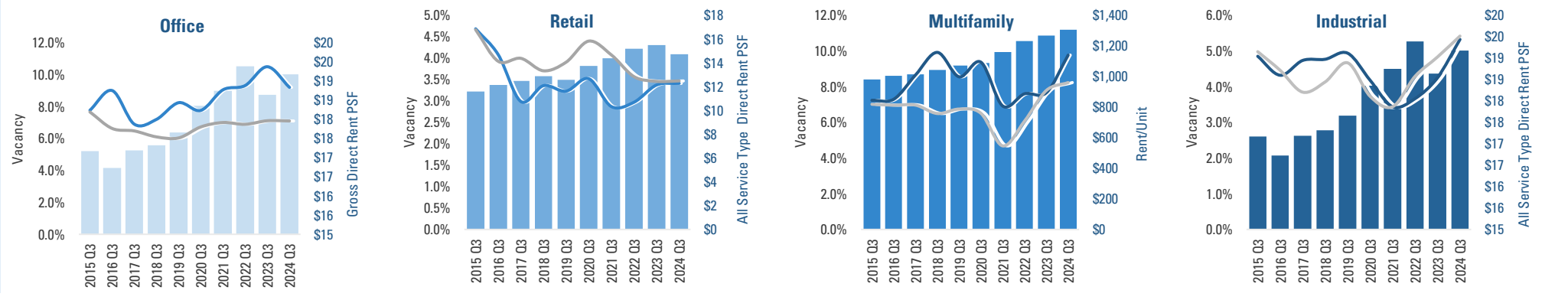
Published Rates: Volatility



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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- Gaming Facilities
- Stadiums, Sports & Entertainment Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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