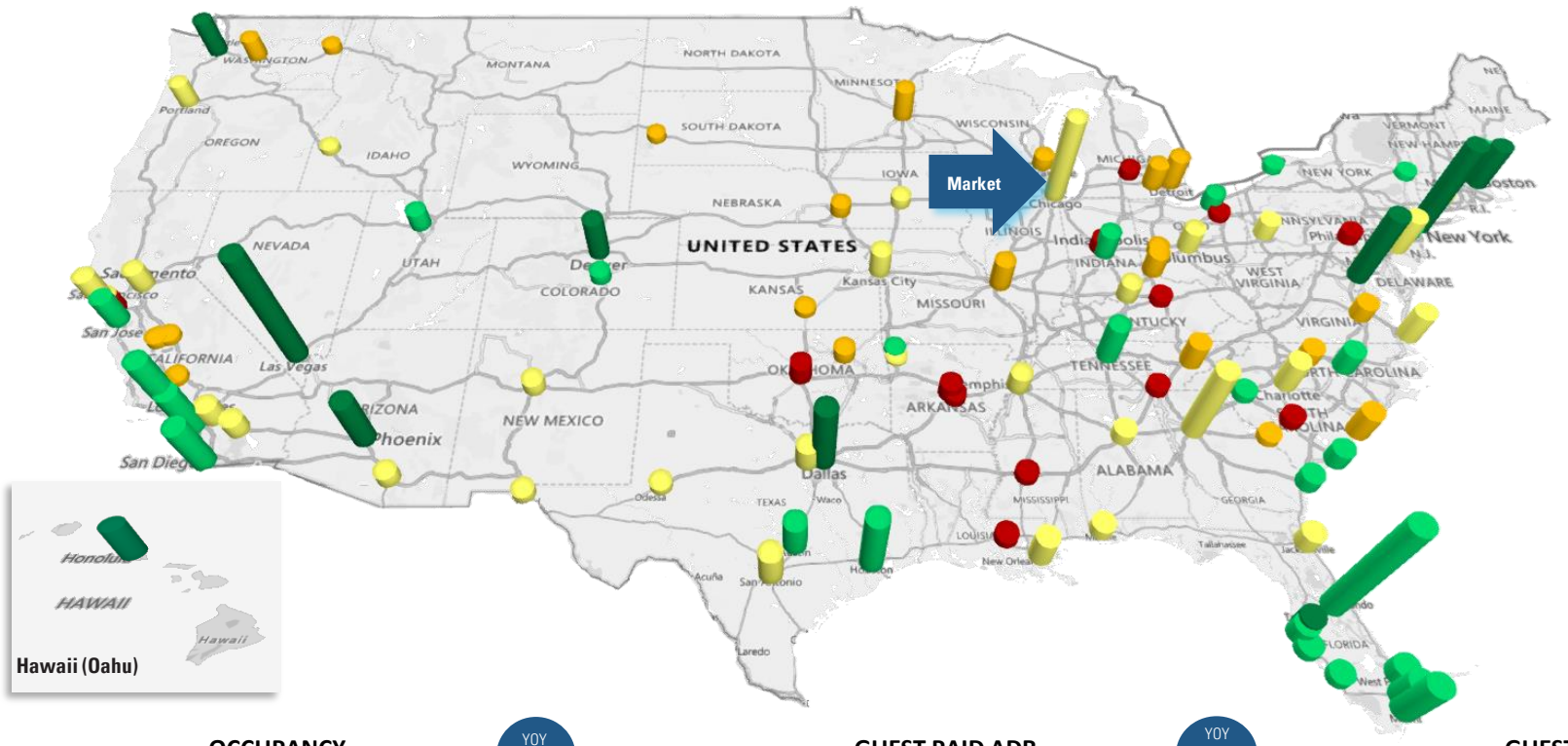
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

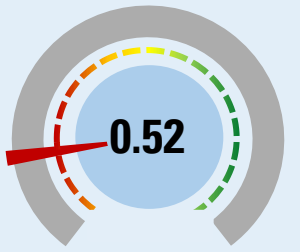
3Q 2024
MICHIGAN NORTH AREA, MI

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

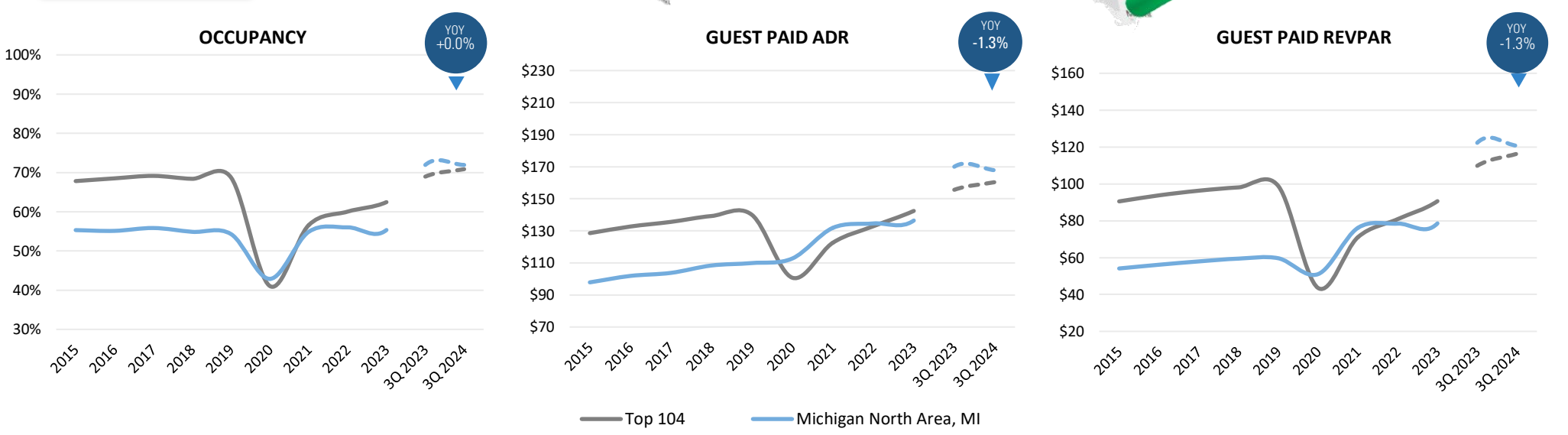
Michigan North Area, MI



101st of 104
Soft

Ranking of overall '3Q 2024 LPI' performance (0.52) against all 104 surveyed markets.

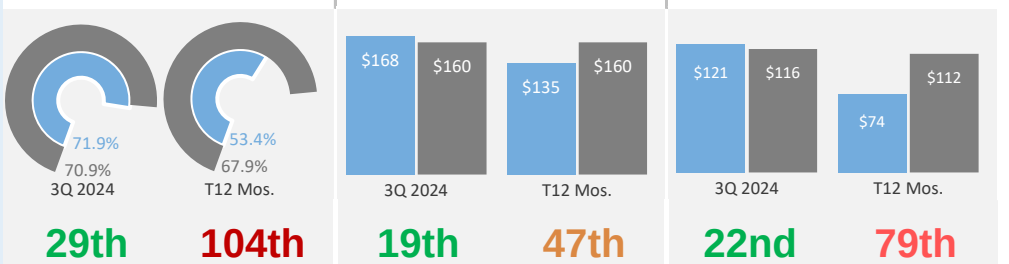
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

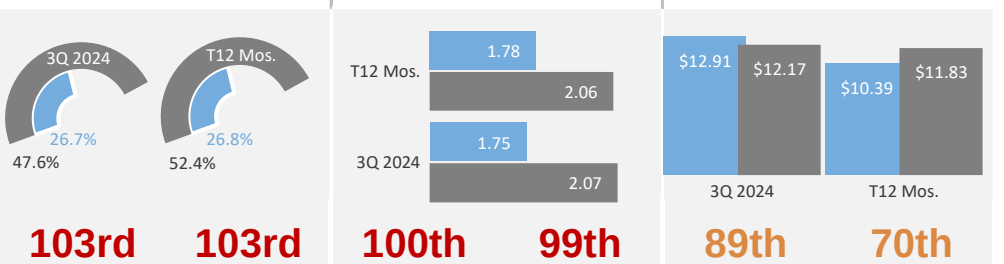
Subject Market | Top 104



Occupancy		Guest Paid ADR		Guest Paid RevPAR	
29th	104th	19th	47th	22nd	79th

BENCHMARK INDEXES

Key Benchmark Indexes

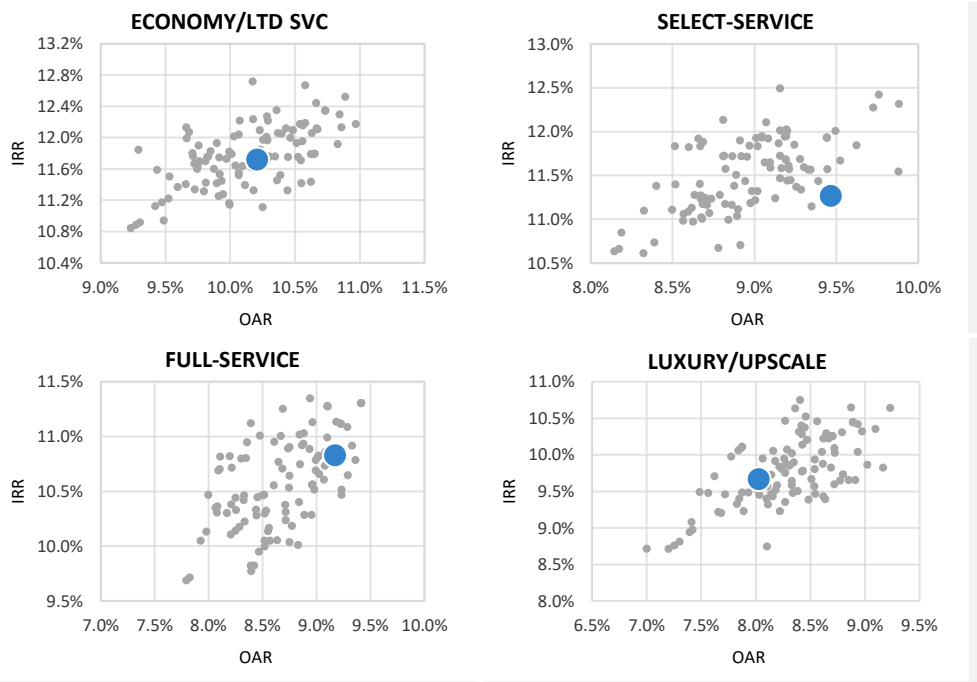


Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
103rd	103rd	100th	99th	89th	70th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

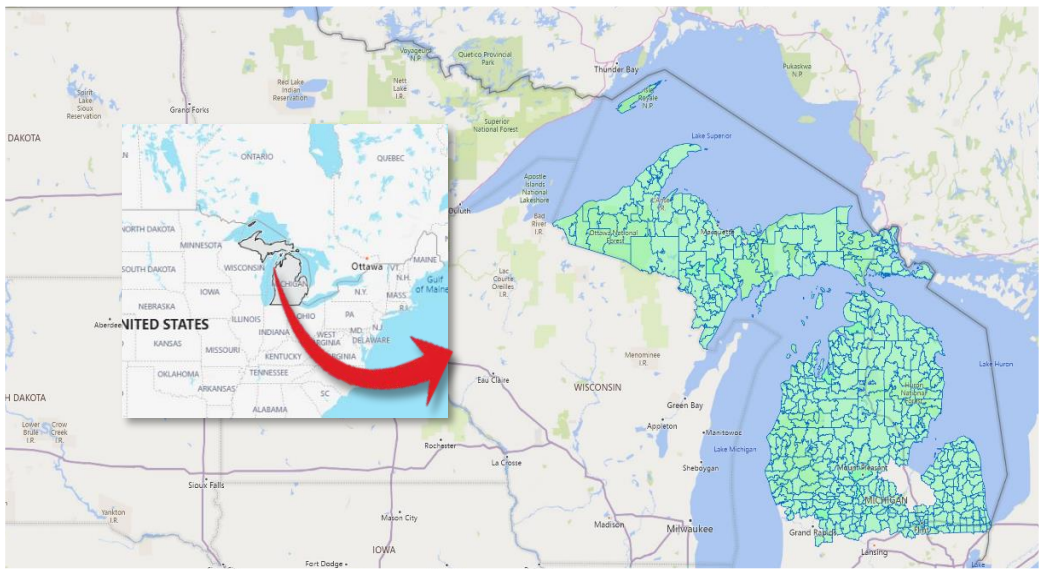
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
62nd	**103rd**	**60th**
Average	Soft	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
40th	**30th**	**54th**
Average Risk	Above Average	Average Risk
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:	Multiple
County:	Multiple
State:	Michigan
Geo Coordinates (market center):	44.96227, -85.50516

Major Hotel Demand Generators

McLaren Bay Region Hospital | Dow Corning Corp. | Michigan Sugar Co. | Delta College | Covenant HealthCare | Meijer Inc. | SC Johnson & Son Inc. | General Motors Powertrain | Consumers Energy | Fabiano Brothers | Bay medical Care Facility | Bay View Foods | Go-To Transport Inc | Dow Bay Area Family YMCA | Bay Arenac Behavioral Health | SK Siltron CSS | Carriage House Nursing & Rehab | Mersen USA | Do-All Inc. | Symphony Tri-Cities

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	2,013,568	23rd of 104 (Above Average)
Income per Capita	$44,926	65th of 104 (Average)
Feeder Group Size	113.1 Persons PSR	89th of 104 (Below Average)
Feeder Group Earnings	$5,079,846 PSR	81st of 104 (Below Average)
Total Market Hotel Revenues	$874.7 million	44th 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 Rooms	Performance Index (LPI)
2015	55.3%	$97.86	$54.13	$91.69	$50.71	$6.18	93.7%	40.0%	1.64	34,150	0.49
2016	55.1%	$101.89	$56.16	$95.15	$52.44	$6.74	93.4%	42.9%	1.64	34,130	0.76
2017	55.9%	$103.77	$57.96	$96.31	$53.79	$7.47	92.8%	46.2%	1.65	34,700	0.63
2018	54.9%	$108.38	$59.47	$100.39	$55.09	$7.99	92.6%	50.0%	1.68	34,640	0.74
2019	54.3%	$109.91	$59.67	$101.45	$55.08	$8.45	92.3%	54.1%	1.65	32,510	0.52
2020	42.9%	$112.75	$51.07	$104.20	$44.67	$8.55	92.4%	23.4%	1.80	32,570	1.24
2021	54.9%	$131.85	$76.14	$121.70	$66.79	$10.15	92.3%	23.2%	1.80	32,940	1.17
2022	56.0%	$134.62	$78.45	$124.28	$69.62	$10.34	92.3%	23.2%	1.82	33,050	0.87
2023	55.3%	$136.46	$78.59	$125.97	$69.71	$10.49	92.3%	23.2%	1.81	33,130	0.55
CAGR: 2015 thru 2023	0.0%	4.2%	4.8%	4.1%	4.1%	6.8%	-0.2%	-6.6%	1.2%	-0.4%	1.5%
3Q 2023	71.9%	$170.01	$122.29	$157.23	$113.10	$12.78	92.5%	25.1%	1.74	33,490	0.73
3Q 2024	71.9%	$167.82	$120.73	$154.91	$111.44	$12.91	92.3%	26.7%	1.75	33,710	0.52

Notable Metrics

HIGHEST

Latest-Quarter Guest Paid ADR	Latest-Quarter COPE ADR	Latest-Quarter Guest Paid RevPAR
19th	**19th**	**22nd**
Above Average	**Above Average**	**Above Average**
Michigan North Area, MI exhibited strong latest–quarter Guest Paid ADR ($167.82)	The market exhibited strong latest–quarter COPE ADR ($154.91)	The market also benefited from strong latest–quarter Guest Paid RevPAR ($120.73)

LOWEST

T12-Month Occupancy	T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution
Last	**103rd**	**103rd**
Soft	**Soft**	**Soft**
This market has been hindered by weak T12–month occupancy (53.4%)	The market has been hindered by weak T12–month loyalty contribution (26.8%)	Michigan North Area, MI also has been hindered by weak latest–quarter loyalty contribution (26.7%)

Notable Trends

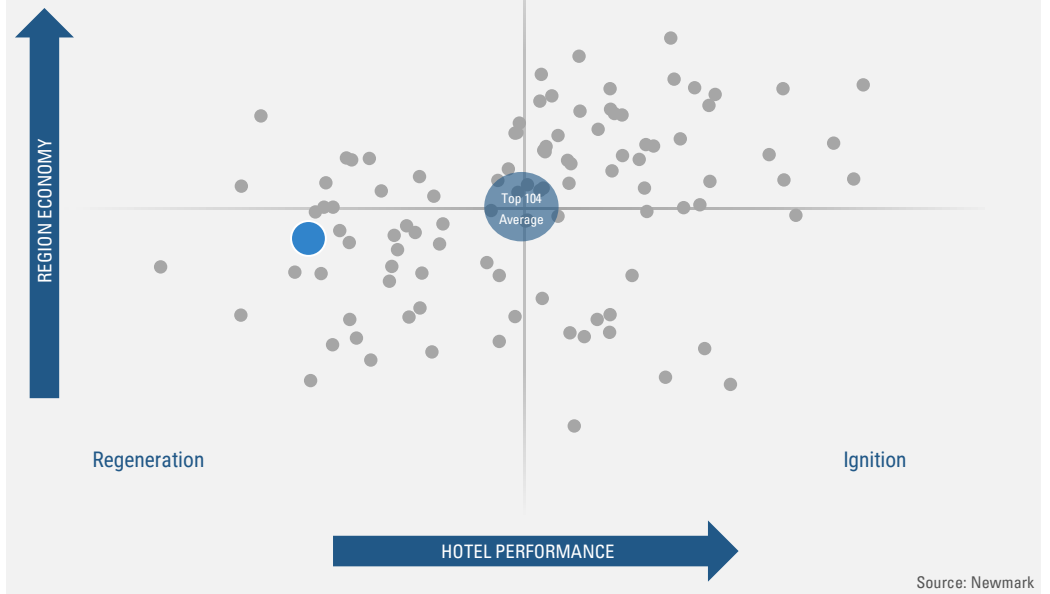
STRONGEST

Short-Term Historical Occupancy Growth	Long-Term Historical Loyalty Contribution Growth	Long-Term Historical Average Length of Stay Growth
2nd	**6th**	**14th**
Very Strong	**Strong**	**Above Average**
Michigan North Area, MI has benefited from strong short–term historical occupancy growth (9.9%)	The market exhibited strong long–term historical loyalty contribution growth (5.7%)	The market also enjoyed strong long–term historical average length of stay growth (0.8%)

WEAKEST

Overall Health of Hotel Market	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
99th	**93rd**	**78th**
Soft	**Soft**	**Below Average**
The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	We note this area exhibited high long–term historical booking costs POR growth (4.5%)	Michigan North Area, MI also has been burdened by high short–term historical supply growth (0.4%)

Market Performance Stage



Source: Newmark

Michigan North Area, MI: Regeneration Stage

Reg The Michigan North Area, MI 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:	At Risk
Employment Growth (2 yr):	0.7%
Risk Exposure (402 US markets):	62nd Percentile: Average Risk
Key Industry Notes:	Growth in semiconductors
	Large healthcare industry
	Lack of jobs outside manufacturing
	Labor shortages
	Low-skilled workforce

Moody's Rating

NR

This market is not rated by Moody's

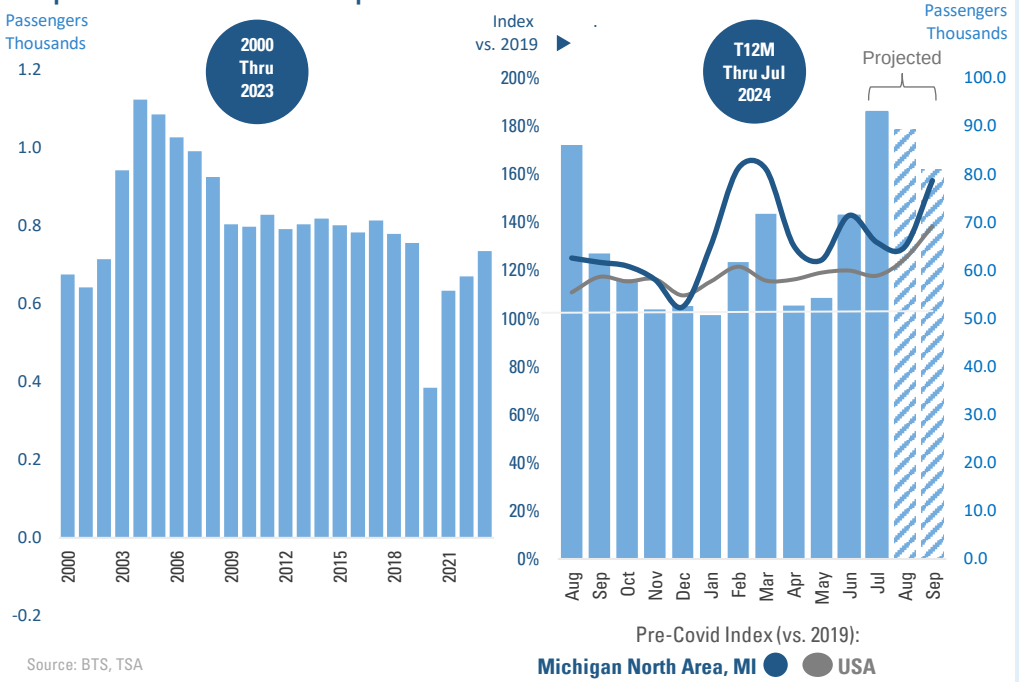
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

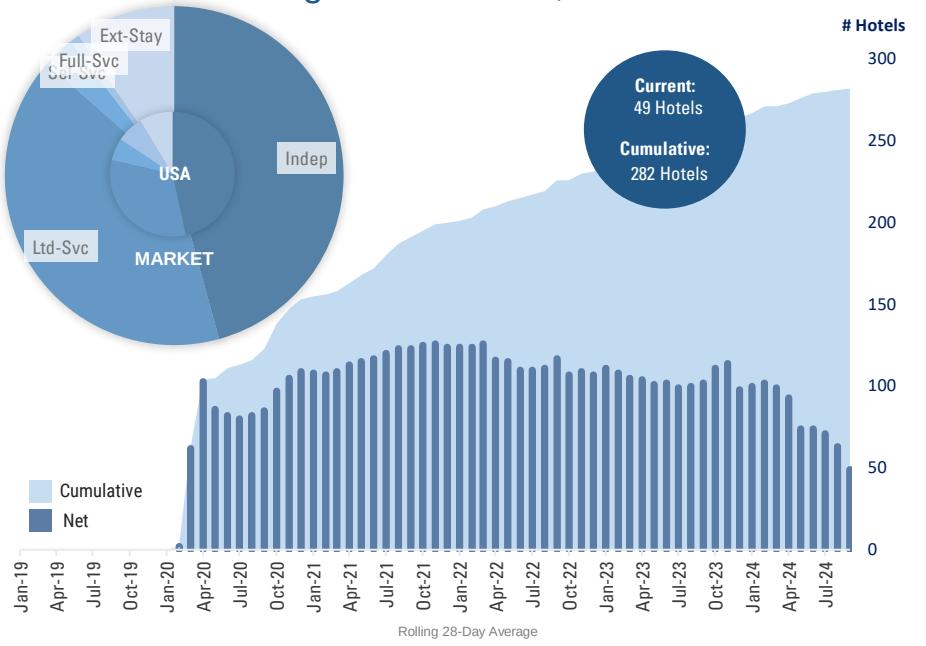
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Michigan North Area, MI



Source: Hotel Compete

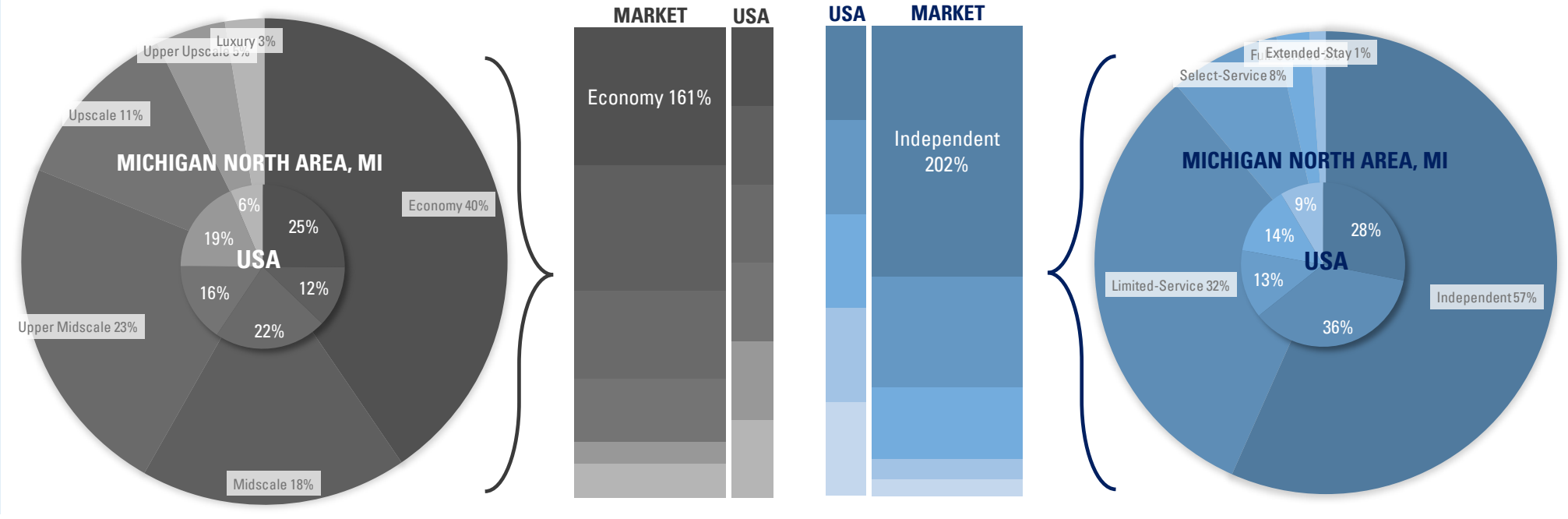
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Michigan North Area, MI

Distribution Based on CHAIN SCALE

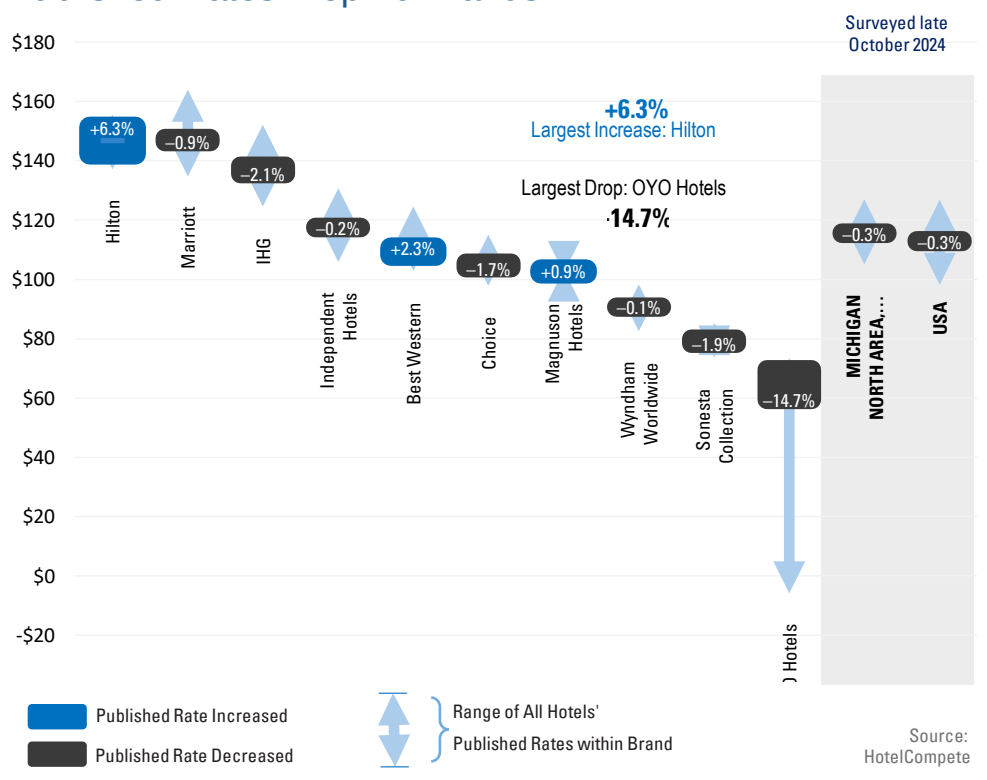
CATEGORY PENETRATION RELATIVE TO USA
SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



'30/3' RATE CHANGES: MICHIGAN NORTH AREA, MI vs. USA

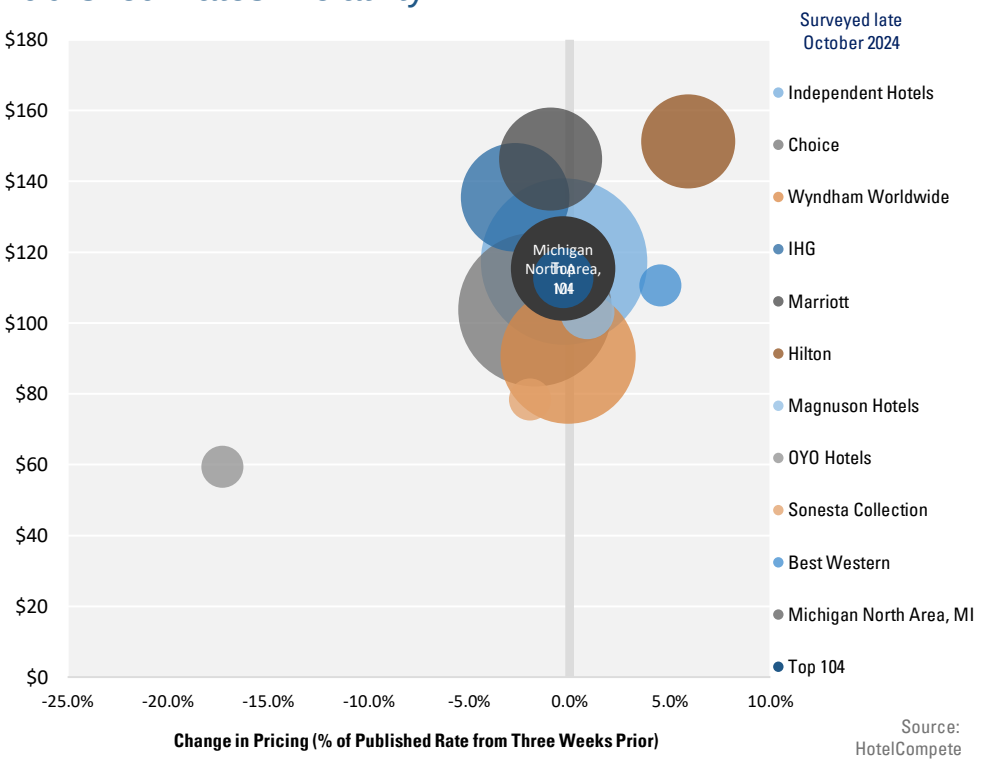
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



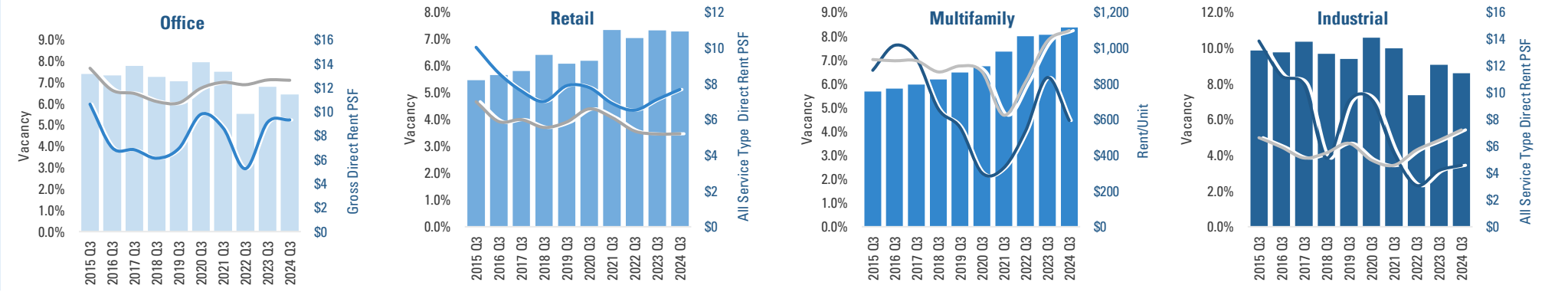
Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance

Michigan North Area, MI — USA - Vacancy

Source: CoSTAR



NEWMARK

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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- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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