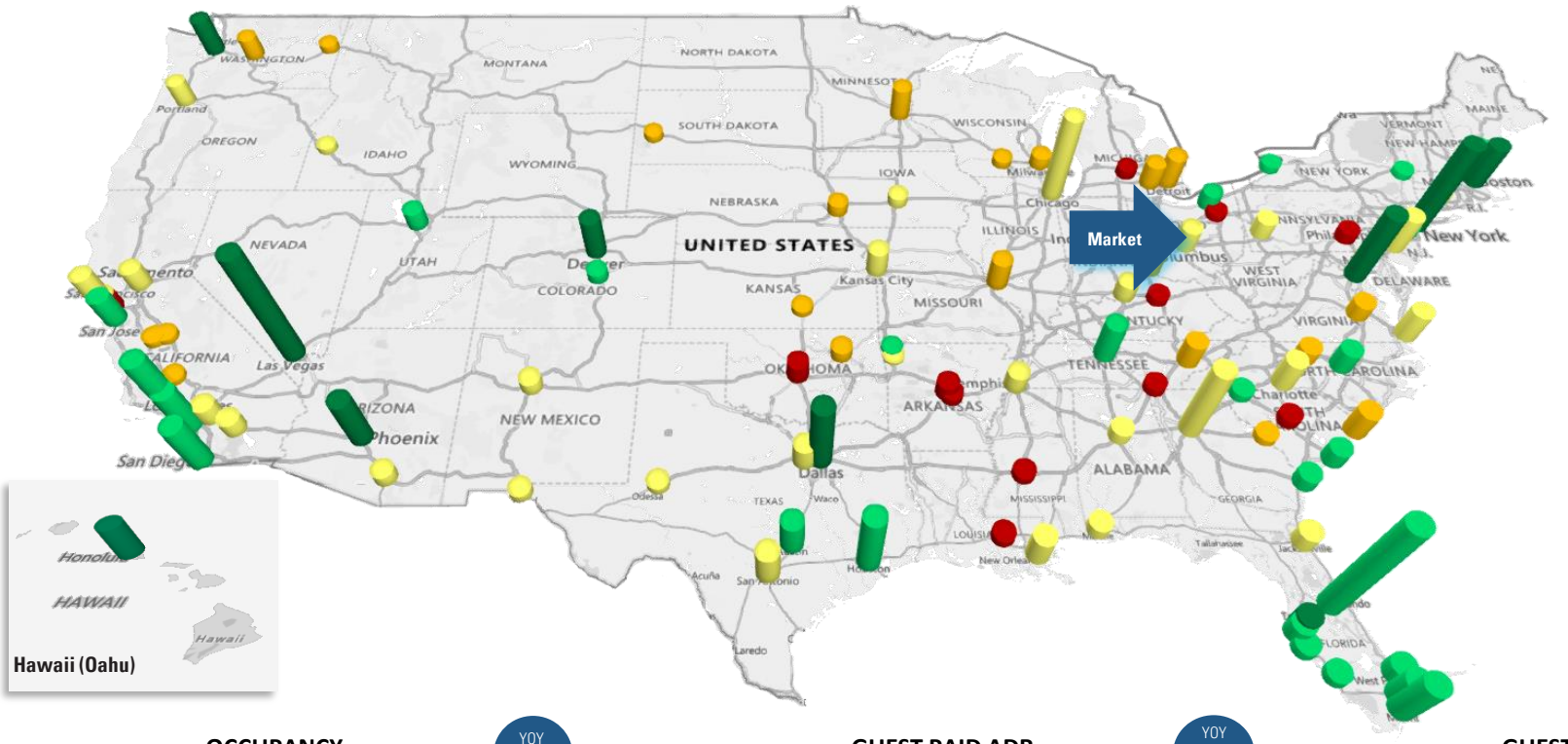
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

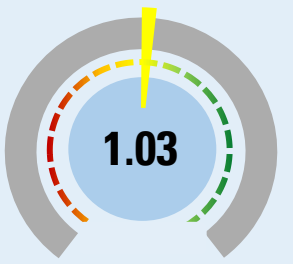
3Q 2024
PITTSBURGH, PA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Pittsburgh, PA

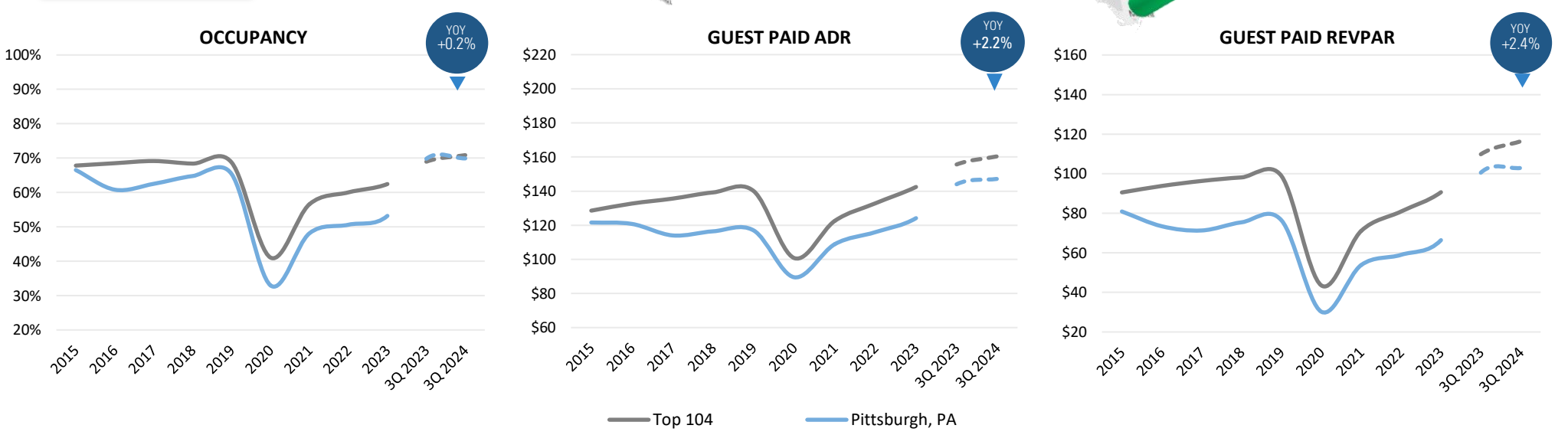


55th of 104

Average

Ranking of overall '3Q 2024 LPI' performance (1.03) against all 104 surveyed markets.

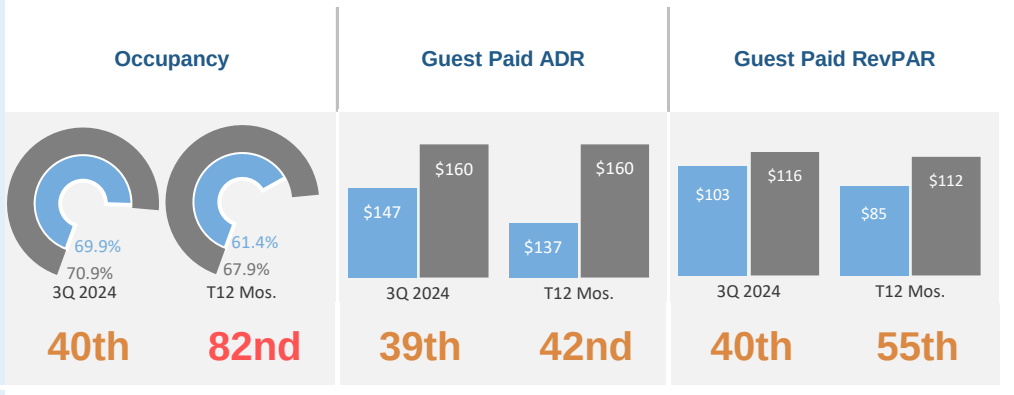
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

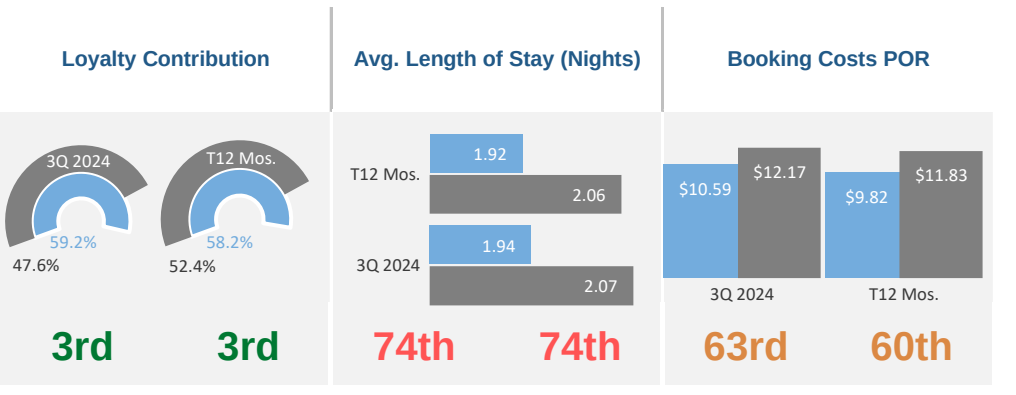
Subject Market | Top 104



Occupancy		Guest Paid ADR		Guest Paid RevPAR	
40th	82nd	39th	42nd	40th	55th

BENCHMARK INDEXES

Key Benchmark Indexes

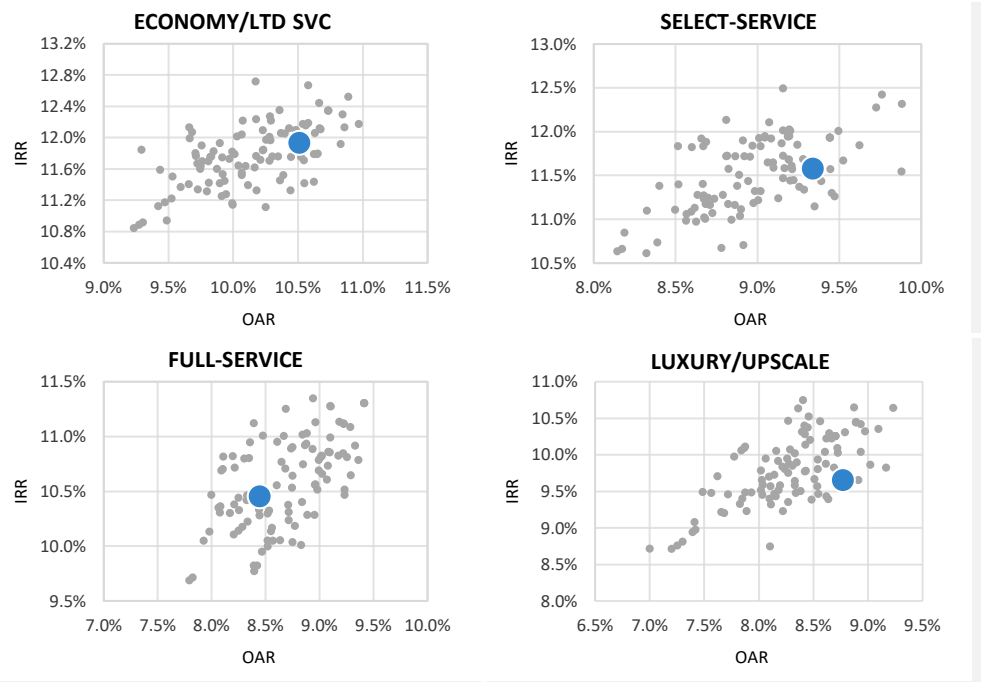


Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3rd	3rd	74th	74th	63rd	60th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

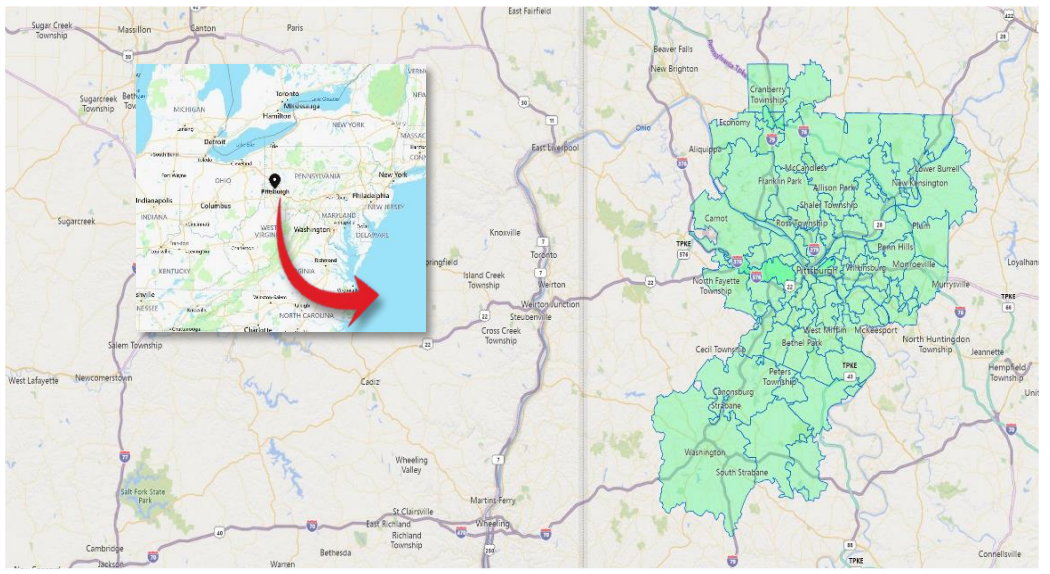
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
75th	**3rd**	**69th**
Below Average	**Very Strong**	**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
93rd	**14th**	**41st**
Low 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:	Pittsburgh
County:	Allegheny County
State:	Pennsylvania
Geo Coordinates (market center):	40.44062, -79.99589

Major Hotel Demand Generators

UPMC Health System | Highmark Inc. | University of Pittsburgh | The PNC Financial Services Group Inc. | Wal-Mart Stores Inc. | Giant Eagle Inc. | BNY Mellon Corp. | Excela Health | Carnegie Mellon University | United States Steel Corp. | Eat 'n Park Hospitality Group Inc. | FedEx Corp. | Sears Holdings | Consol Energy Inc. | Westinghouse Electric Co. | Verizon Communications | Allegheny Technologies Inc. | Bechtel Group | Target Corp. | Home Depot

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,219,073	49th of 104 (Average)
Income per Capita	$44,092	70th of 104 (Below Average)
Feeder Group Size	86.5 Persons PSR	68th of 104 (Below Average)
Feeder Group Earnings	$3,814,941 PSR	56th of 104 (Average)
Total Market Hotel Revenues	$695.6 million	54th 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	66.5%	$121.60	$80.89	$112.18	$74.62	$9.43	92.2%	49.4%	1.97	20,240	1.19
2016	60.8%	$120.78	$73.43	$110.84	$67.39	$9.94	91.8%	52.9%	1.87	21,630	0.70
2017	62.5%	$114.04	$71.29	$104.37	$65.24	$9.67	91.5%	54.5%	1.88	22,600	0.85
2018	64.8%	$116.44	$75.42	$106.78	$69.17	$9.65	91.7%	56.4%	1.88	23,330	1.21
2019	65.4%	$116.95	$76.44	$107.17	$70.04	$9.78	91.6%	60.7%	1.85	24,230	1.00
2020	33.0%	$89.50	$30.24	$83.48	$27.51	$6.03	93.3%	47.4%	2.24	23,610	0.53
2021	48.1%	$108.92	$53.82	$101.29	$48.75	$7.63	93.0%	48.1%	2.09	23,750	0.68
2022	50.6%	$115.97	$58.99	$107.69	$54.50	$8.28	92.9%	50.2%	2.00	23,750	0.65
2023	53.2%	$124.16	$66.41	$115.36	$61.36	$8.81	92.9%	51.9%	1.95	23,570	1.06
CAGR: 2015 thru 2023	-2.8%	0.3%	-2.4%	0.3%	-2.4%	-0.8%	0.1%	0.6%	-0.1%	1.9%	-1.5%
3Q 2023	69.8%	$144.01	$100.51	$133.77	$93.37	$10.24	92.9%	55.8%	1.92	23,670	0.76
3Q 2024	69.9%	$147.18	$102.89	$136.59	$95.49	$10.59	92.8%	59.2%	1.94	23,250	1.03

Notable Metrics

HIGHEST

Latest-Quarter Loyalty Contribution	T12-Month Loyalty Contribution	OAR: Full-Service
3rd	**3rd**	**33rd**
Very Strong	**Very Strong**	**Favorable**
Pittsburgh, PA exhibited strong latest−quarter loyalty contribution (59.2%)	The market exhibited strong T12−month loyalty contribution (58.2%)	The market also posted favorable OAR metrics in the full−service segment (8.4%)

LOWEST

OAR: Luxury/Upscale	OAR: Select-Service	T12-Month Occupancy
89th	**89th**	**82nd**
Unfavorable	**Unfavorable**	**Below Average**
This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.8%)	The market exhibited unfavorable OAR metrics in the select−service segment (9.3%)	Pittsburgh, PA also has been hindered by weak T12−month occupancy (61.4%)

Notable Trends

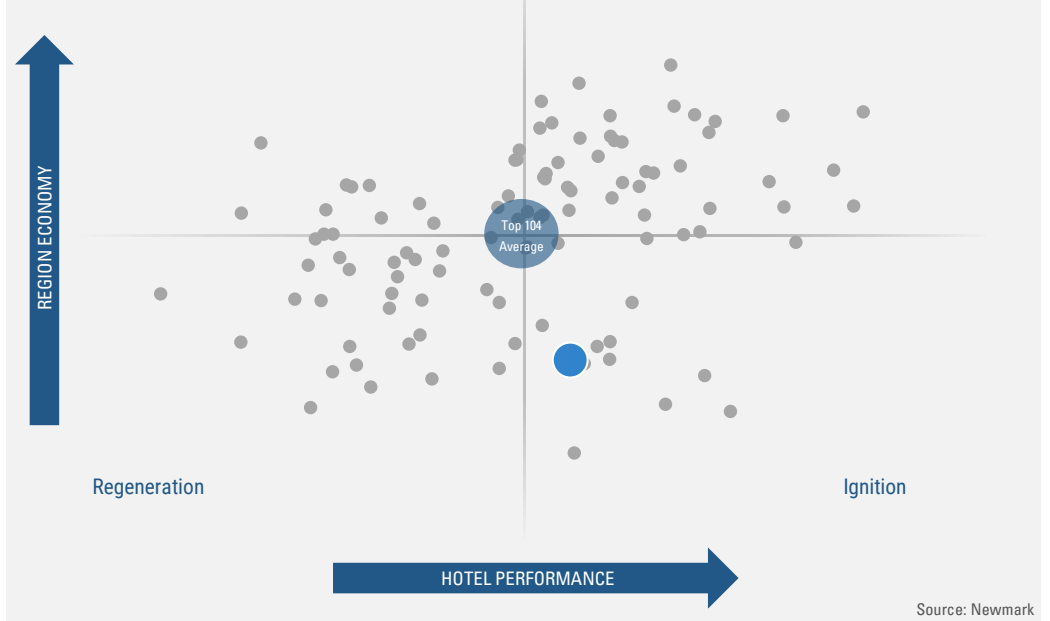
STRONGEST

T12-Month Rooms Supply Growth	Short-Term Historical Occupancy Growth	Long-Term Historical Booking Costs POR Growth
12th	**19th**	**21st**
Above Average	**Above Average**	**Above Average**
Pittsburgh, PA exhibited low rooms supply growth over the last 12 months (−1.8%)	The market has benefited from strong short−term historical occupancy growth (4.2%)	The market also has benefited from low long−term historical booking costs POR growth (2.0%)

WEAKEST

Short-Term Historical Supply Growth	General Economy Reverence	Long-Term Historical Loyalty Contribution Growth
96th	**93rd**	**92nd**
Soft	**Soft**	**Soft**
The market has been burdened by high short−term historical supply growth (−0.5%)	We note this area posted weak general economic reverence (per−capita unemployment, GDP and other indicators)	Pittsburgh, PA also has been hindered by weak long−term historical loyalty contribution growth (3.3%)

Market Performance Stage



Source: Newmark

Pittsburgh, PA: Ignition Stage

Ignition

The Pittsburgh, PA market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.

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:	**Recovery**
Employment Growth (2 yr):	1.0%
Risk Exposure (402 US markets):	91st Percentile: Above Average
Key Industry Notes:	Low employment volatility
	Top education & research institutions
	Negative net migration
	Aging infrastructure
	Subpar population trends

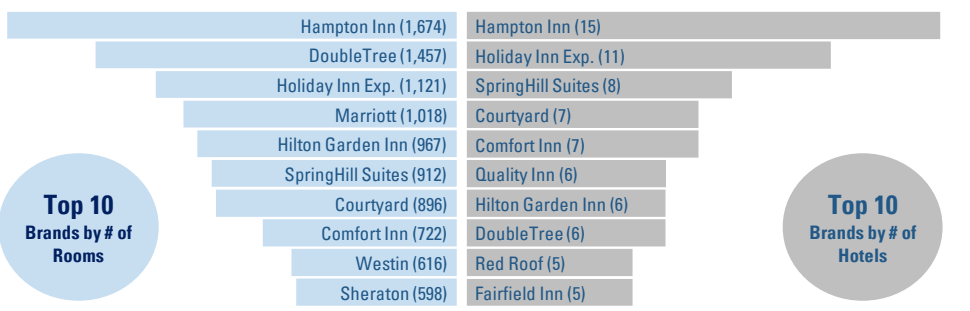
Moody's Rating

Aa3

Investment Grade

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

TOP 10 BRANDS

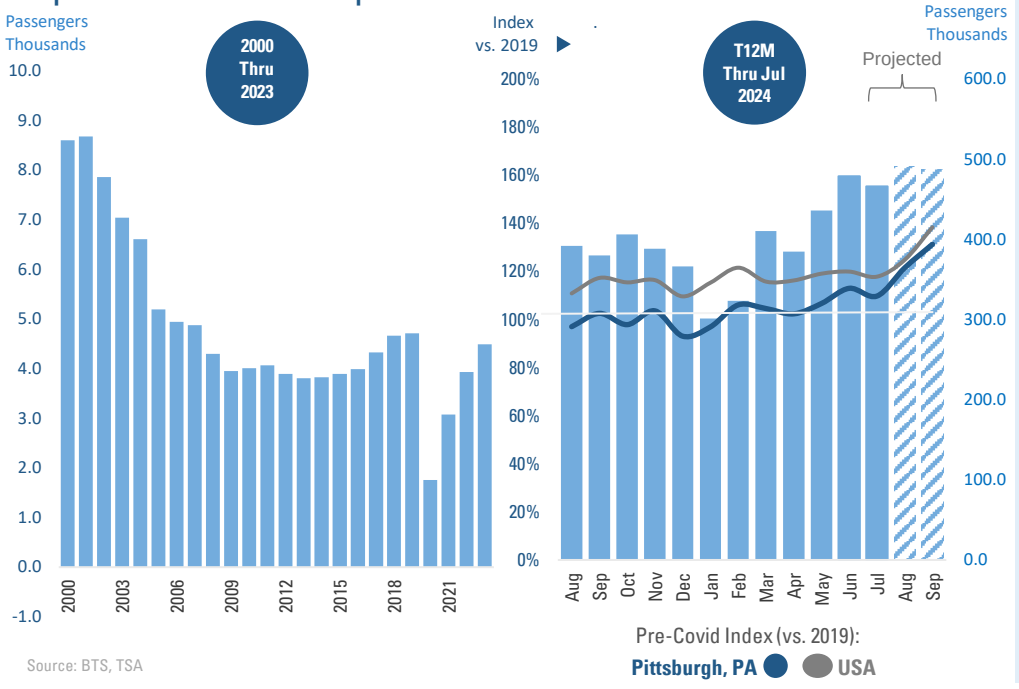


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

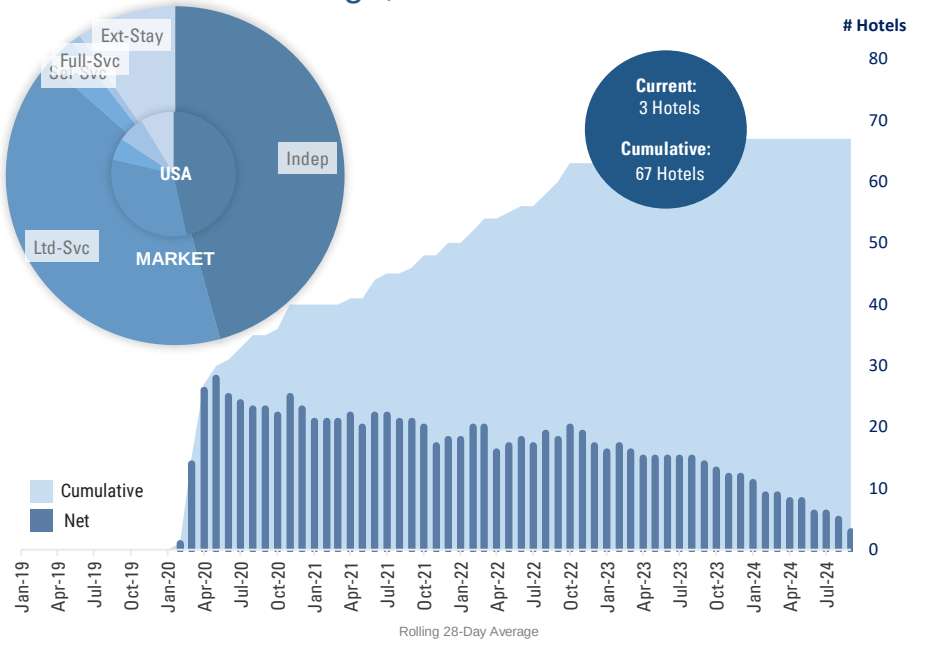
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Pittsburgh, PA



Source: Hotel Compete

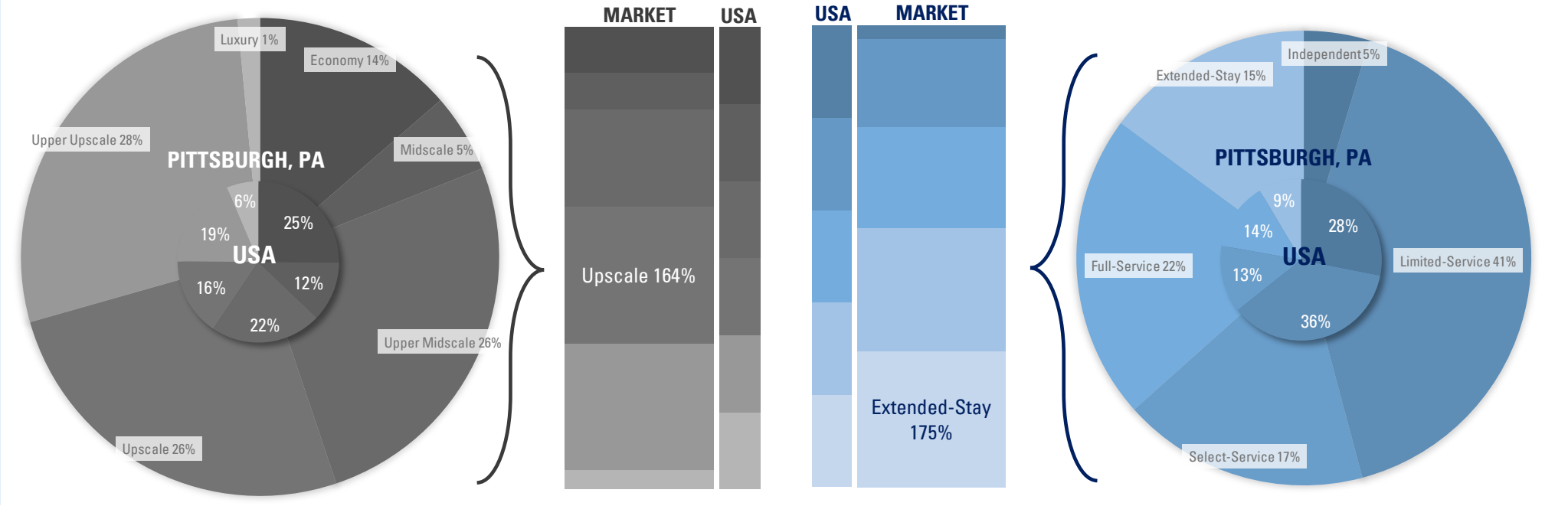
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Pittsburgh, PA

Distribution Based on CHAIN SCALE

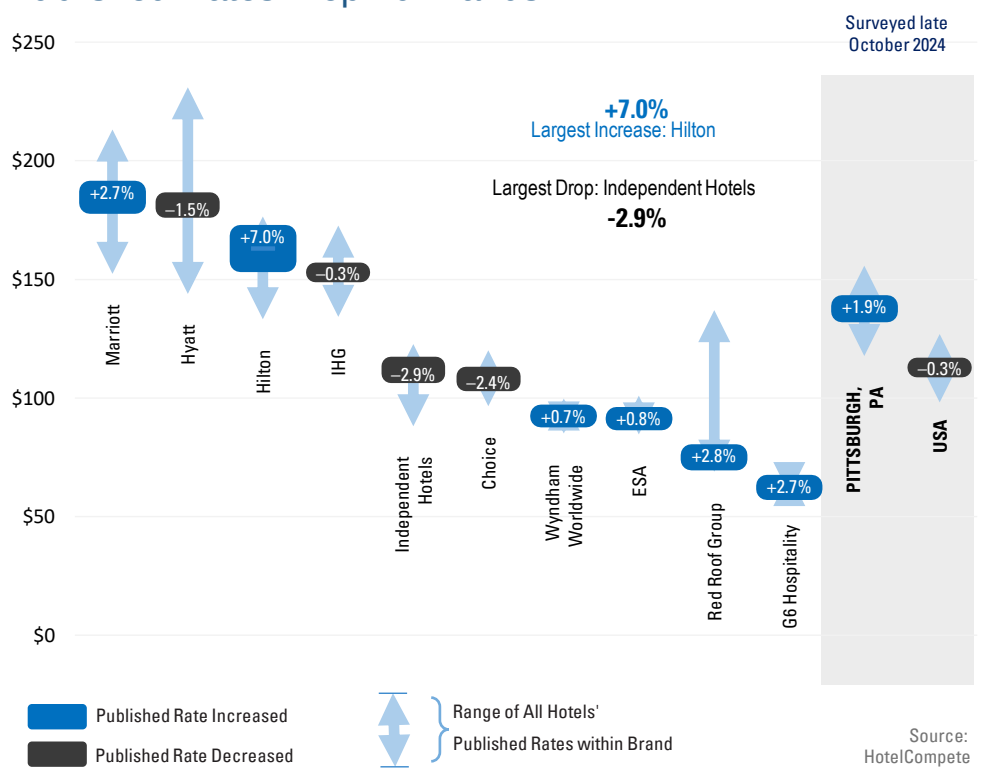
CATEGORY PENETRATION RELATIVE TO USA SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



'30/3' RATE CHANGES: PITTSBURGH, PA vs. USA

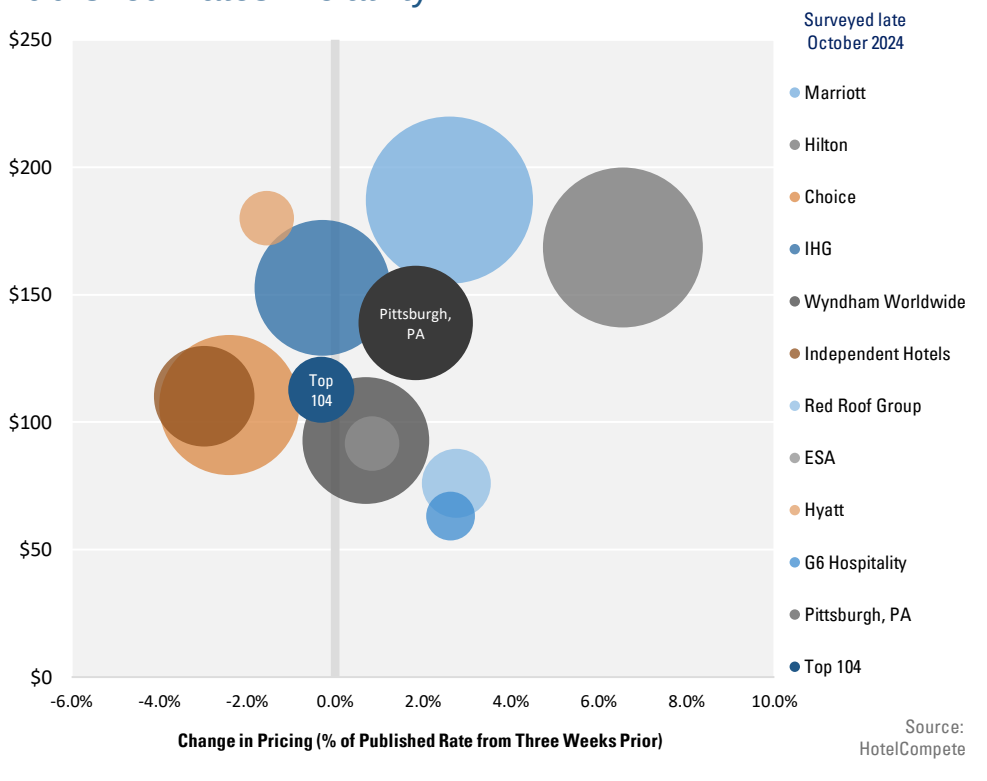
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



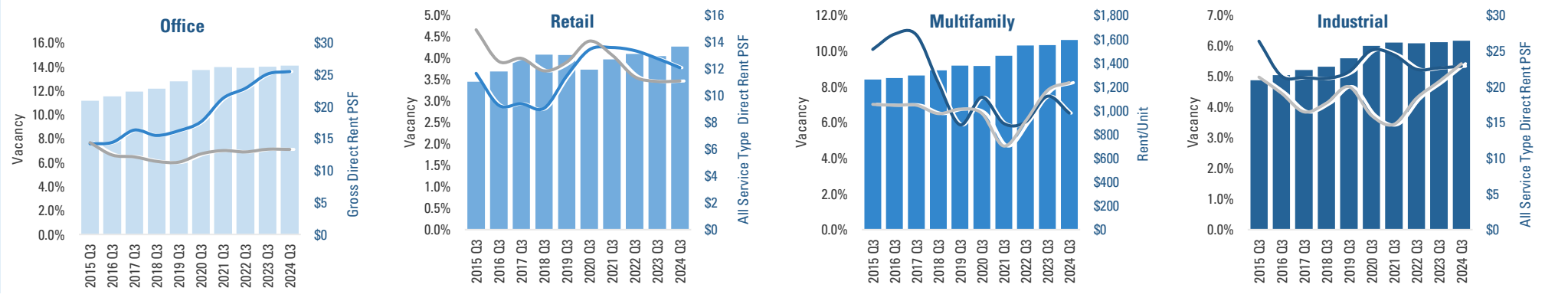
Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance

Pittsburgh, PA ● USA - Vacancy

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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