

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

BATON ROUGE, LA



### FOR MORE INFORMATION:

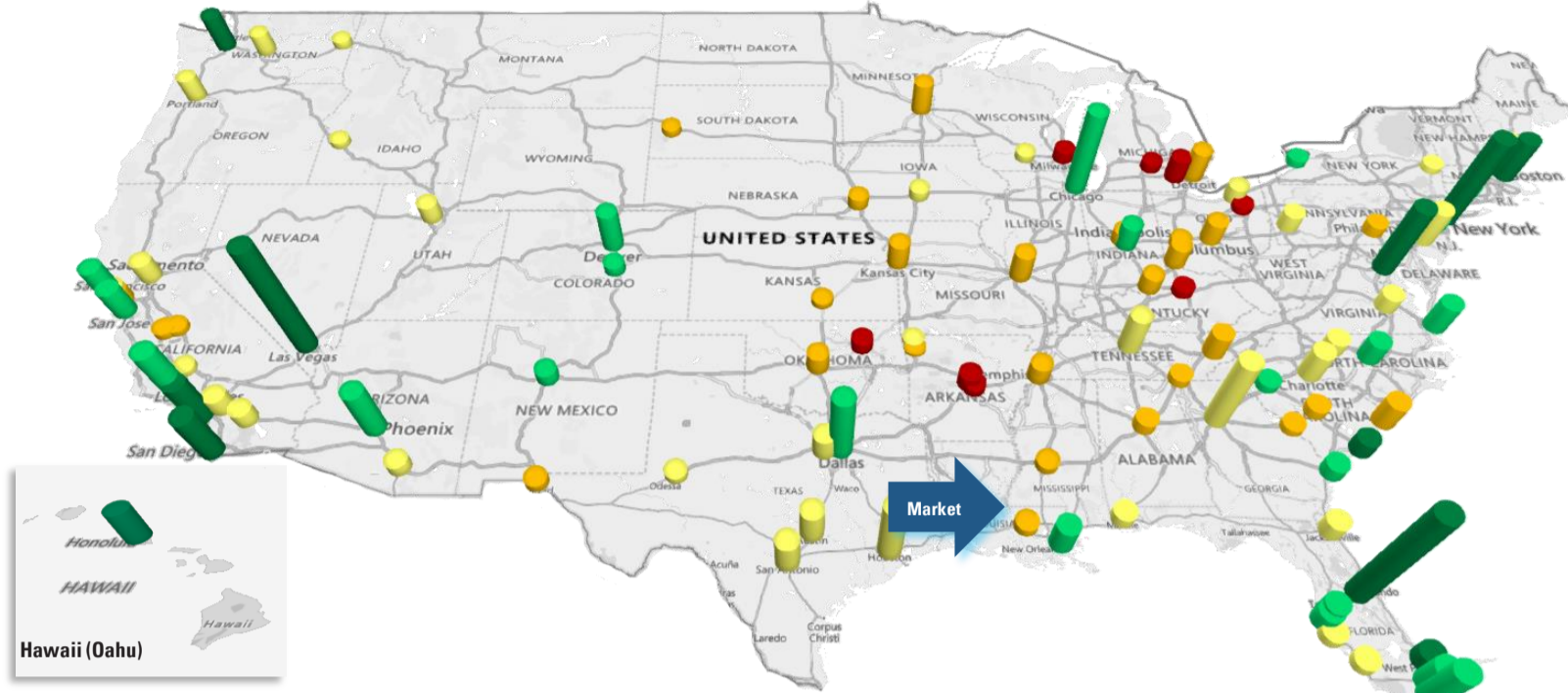
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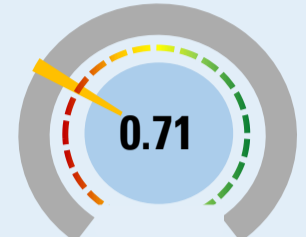


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

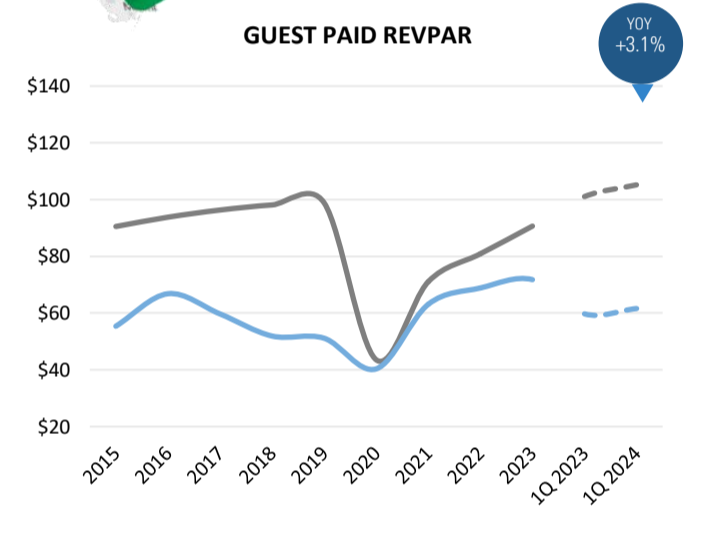
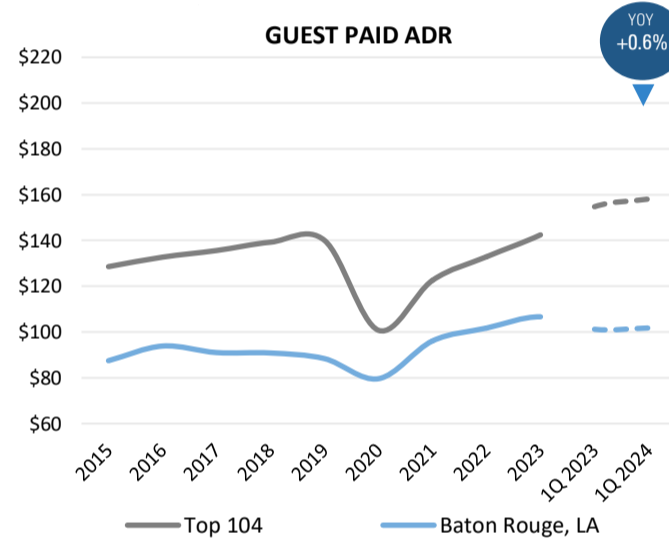
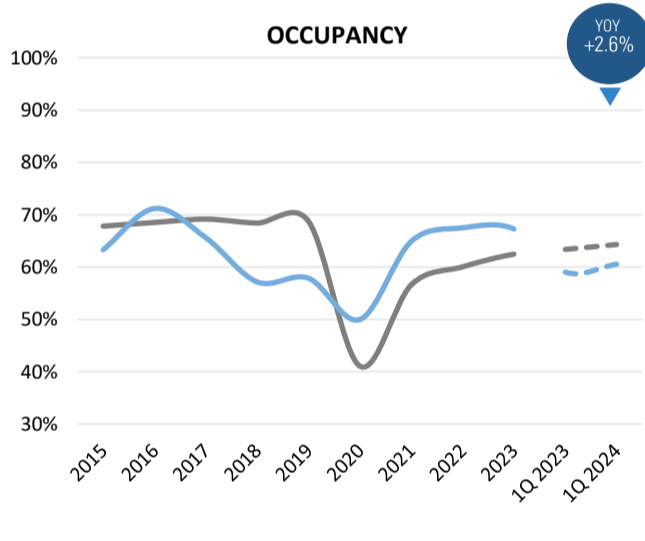
Baton Rouge, LA



92nd of 104  
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.71) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

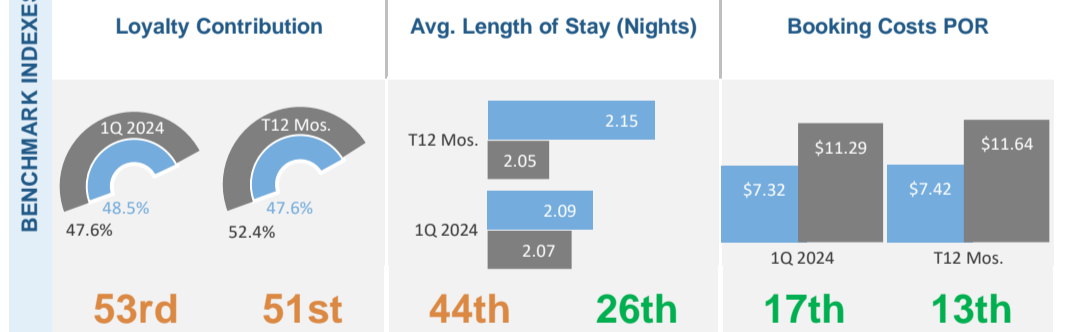


Key Performance Indexes

● Subject Market ● Top 104

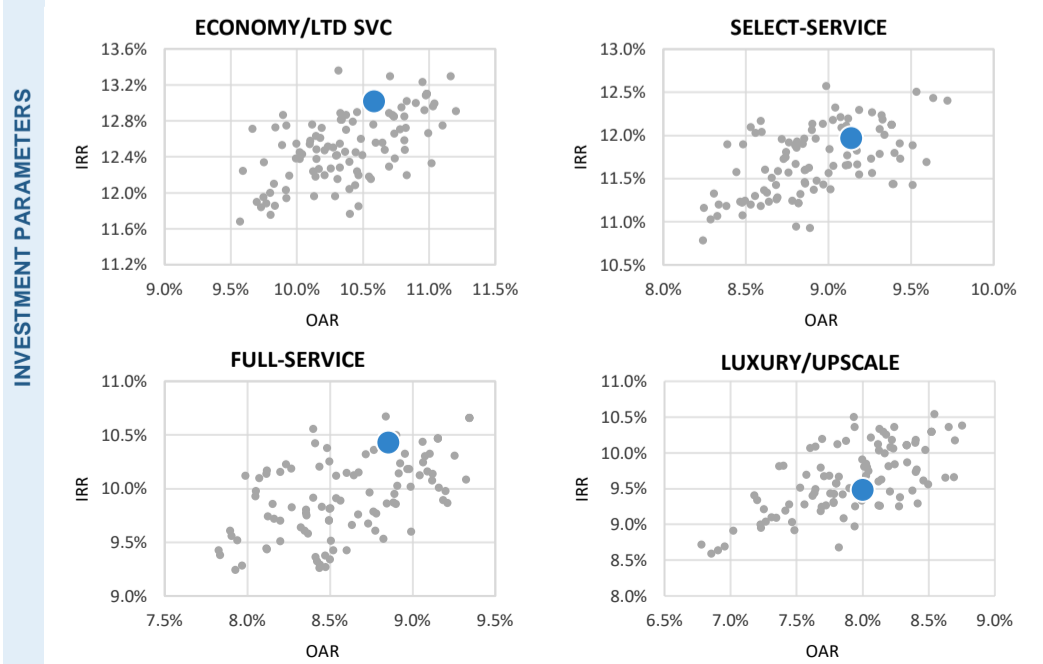


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

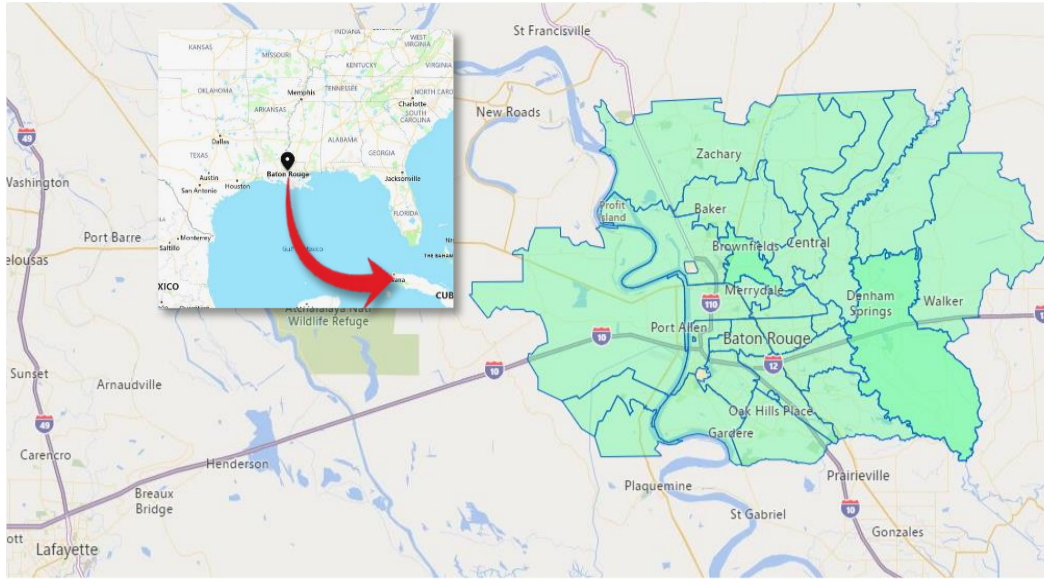


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

**Jurisdictional Information** Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name: Baton Rouge  
 County: East Baton Rouge Parish  
 State: Louisiana  
 Geo Coordinates (market center): 30.45075, -91.15455

**Major Hotel Demand Generators**

Turner Industries Group LLC | LSU System | Performance Contractors | Our Lady of the Lake Regional Medical Center | The Shaw Group Inc. | ExxonMobil | Baton Rouge General Medical | Parish Water Co. | AT&T | Dow Chemical | Ochsner Health System | Southern University | Cajun Constructors Inc. | Blue Cross and Blue Shield of LA | Woman's Hospital | James Construction Group | H&E Equipment Services | East Louisiana State Hospital | Excel Group | Industrial Specialty Contractors

| Metrics and Ranking            | Measurement      | Rankings                    |
|--------------------------------|------------------|-----------------------------|
| Population (hotel market area) | 474,279          | 87th of 104 (Below Average) |
| Income per Capita              | \$40,948         | 79th of 104 (Below Average) |
| Feeder Group Size              | 73.9 Persons PSR | 57th of 104 (Average)       |
| Feeder Group Earnings          | \$3,025,984 PSR  | 37th of 104 (Average)       |
| Total Market Hotel Revenues    | \$243.2 million  | 94th of 104 (Soft)          |

Key Performance Metrics

Data provided by: **kalibri LABS**

| YEAR ENDING                 | Occ %       | Guest Paid ADR | RevPAR      | COPE ADR    | RevPAR      | Booking Cost POR | ADR COPE %  | Loyalty %    | Avg Length of Stay Nights | Supply Rooms | Performance Index (LPI) |
|-----------------------------|-------------|----------------|-------------|-------------|-------------|------------------|-------------|--------------|---------------------------|--------------|-------------------------|
| 2015                        | 63.3%       | \$87.47        | \$55.37     | \$81.36     | \$51.49     | \$6.12           | 93.0%       | 46.4%        | 2.16                      | 9,840        | 0.63                    |
| 2016                        | 71.2%       | \$93.87        | \$66.82     | \$87.85     | \$62.53     | \$6.02           | 93.6%       | 47.9%        | 2.57                      | 9,960        | 1.09                    |
| 2017                        | 65.6%       | \$91.03        | \$59.70     | \$84.50     | \$55.42     | \$6.53           | 92.8%       | 51.6%        | 2.29                      | 10,380       | 0.81                    |
| 2018                        | 57.1%       | \$90.84        | \$51.91     | \$83.73     | \$47.84     | \$7.11           | 92.2%       | 53.6%        | 1.98                      | 10,340       | 0.42                    |
| 2019                        | 57.9%       | \$88.38        | \$51.13     | \$81.65     | \$47.24     | \$6.73           | 92.4%       | 54.2%        | 1.99                      | 10,980       | 0.61                    |
| 2020                        | 50.0%       | \$79.60        | \$40.34     | \$74.71     | \$37.33     | \$4.89           | 93.9%       | 38.4%        | 2.47                      | 10,860       | 1.39                    |
| 2021                        | 64.9%       | \$96.11        | \$63.10     | \$89.93     | \$58.36     | \$6.19           | 93.6%       | 39.6%        | 2.49                      | 10,890       | 1.36                    |
| 2022                        | 67.5%       | \$101.72       | \$68.85     | \$95.17     | \$64.23     | \$6.56           | 93.6%       | 40.9%        | 2.50                      | 10,990       | 0.88                    |
| 2023                        | 67.3%       | \$106.66       | \$71.78     | \$99.80     | \$67.14     | \$6.85           | 93.6%       | 42.4%        | 2.51                      | 11,100       | 0.80                    |
| <b>CAGR: 2015 thru 2023</b> | <b>0.8%</b> | <b>2.5%</b>    | <b>3.3%</b> | <b>2.6%</b> | <b>3.4%</b> | <b>1.4%</b>      | <b>0.1%</b> | <b>-1.1%</b> | <b>1.9%</b>               | <b>1.5%</b>  | <b>3.0%</b>             |
| <b>1Q 2023</b>              | 59.0%       | \$101.19       | \$59.72     | \$94.02     | \$55.50     | \$7.17           | 92.9%       | 46.4%        | 2.15                      | 11,110       | 0.69                    |
| <b>1Q 2024</b>              | 60.5%       | \$101.76       | \$61.60     | \$94.44     | \$57.17     | \$7.32           | 92.8%       | 48.5%        | 2.09                      | 10,830       | 0.71                    |

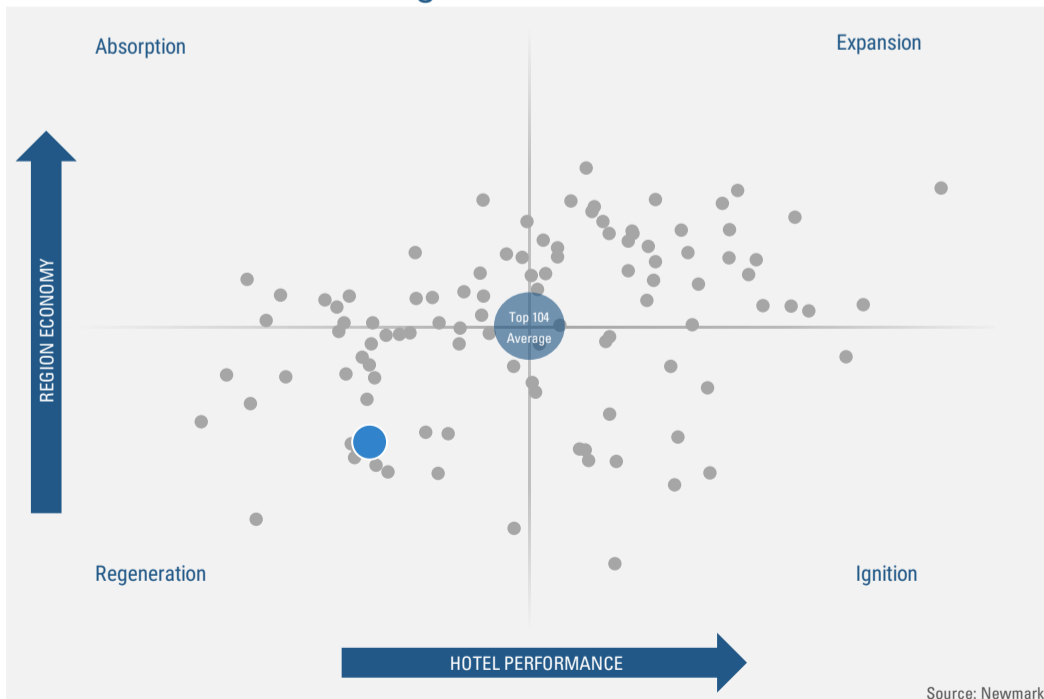
Notable Metrics

|         |   |   |   |
|---------|---|---|---|
| HIGHEST | T12-Month Booking Costs POR   | Latest-Quarter Booking Costs POR  | T12-Month Average Length of Stay  |
|         | <b>13th Above Average</b><br>Baton Rouge, LA enjoyed low T12-month booking costs POR (\$7.42)   | <b>17th Above Average</b><br>The market enjoyed low latest-quarter booking costs POR (\$7.32) | <b>26th Above Average</b><br>The market also benefited from strong T12-month average length of stay (2.15 Nights) |
|         | T12-Month Guest Paid RevPAR   | T12-Month COPE RevPAR   | T12-Month Occupancy   |
| LOWEST  | <b>98th Soft</b><br>This market has been hindered by weak T12-month Guest Paid RevPAR (\$60.58) | <b>97th Soft</b><br>The market posted weak T12-month COPE RevPAR (\$56.31)                    | <b>95th Soft</b><br>Baton Rouge, LA also has been hindered by weak T12-month occupancy (58.3%)                    |

Notable Trends

|           |  |   |   |
|-----------|--|---|---|
| STRONGEST | Short-Term Historical Occupancy Growth   | T12-Month Rooms Supply Growth   | Short-Term Historical Average Length of Stay Growth   |
|           | <b>10th Above Average</b><br>Baton Rouge, LA has benefited from strong short-term historical occupancy growth (1.3%) | <b>12th Above Average</b><br>The market exhibited low rooms supply growth over the last 12 months (-2.5%)                                 | <b>29th Above Average</b><br>The market also has benefited from strong short-term historical average length of stay growth (1.7%) |
|           | Short-Term Historical Loyalty Contribution Growth  | General Economy Relevance   | Short-Term Historical Supply Growth   |
| WEAKEST   | <b>97th Soft</b><br>The market has been hindered by weak short-term historical loyalty contribution growth (2.1%)    | <b>89th Below Average</b><br>We note this area posted weak general economic relevance (per-capita unemployment, GDP and other indicators) | <b>88th Below Average</b><br>Baton Rouge, LA also has been burdened by high short-term historical supply growth (0.4%)            |

Market Performance Stage



Baton Rouge, LA: Regeneration Stage

The Baton Rouge, LA 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; Chicago, IL; and Miami, FL.
- 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 Atlanta, GA; Charlotte, NC; and Columbus, OH.
- 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; Austin, TX; and Boston, MA.

Industry Observations

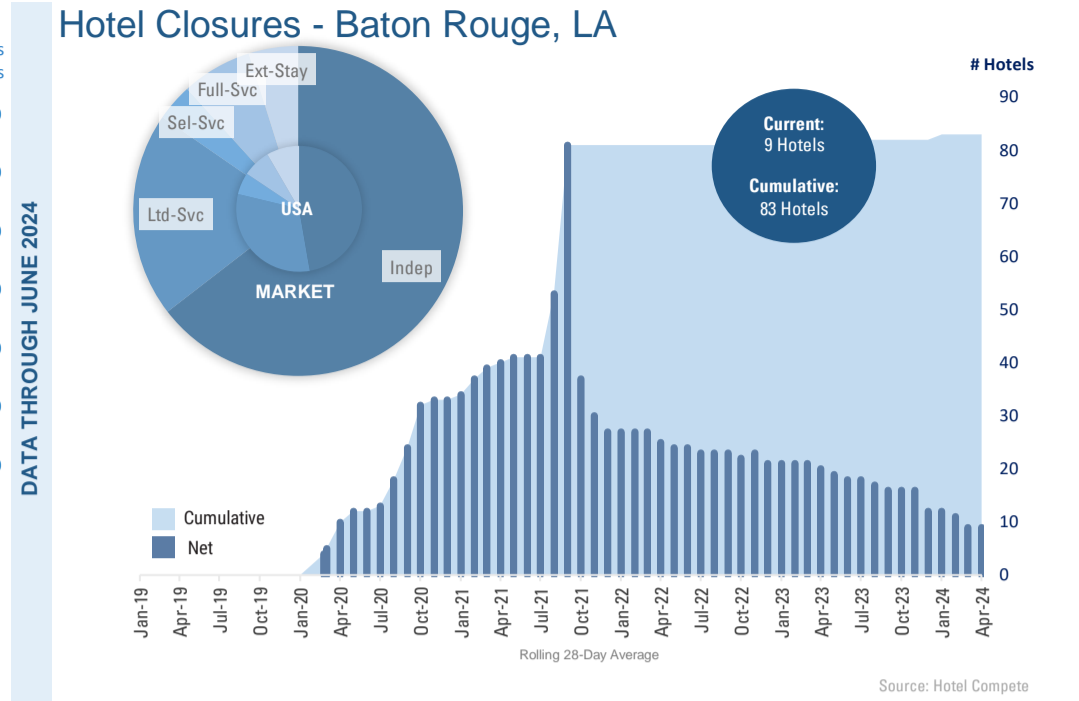
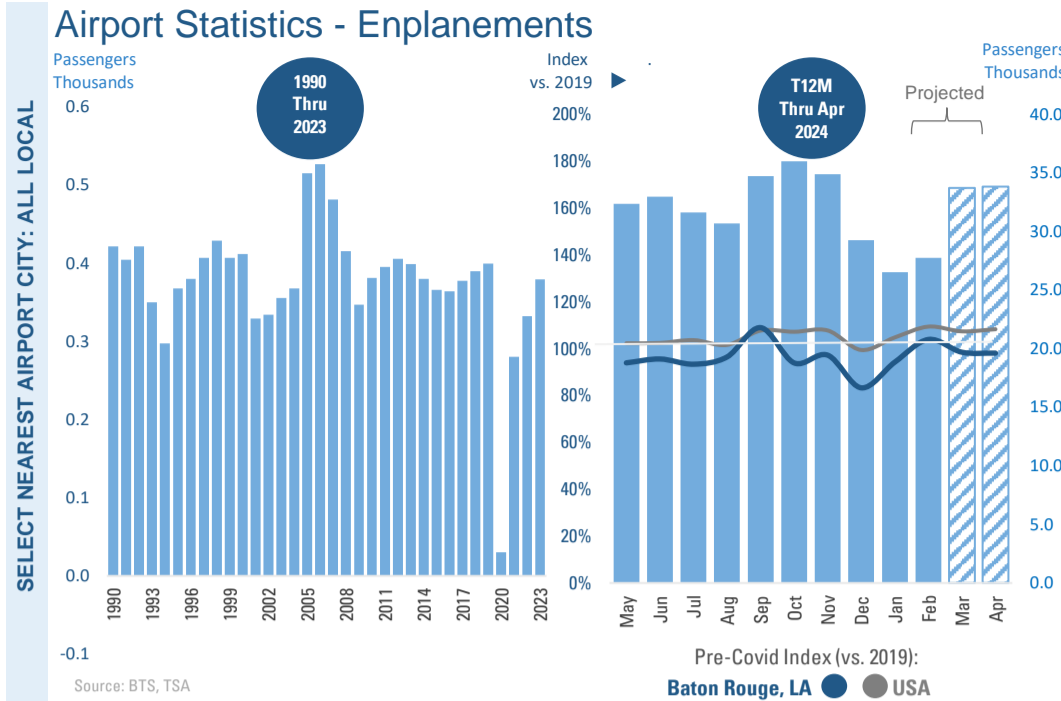
**Business Cycle:** Expansion  
**Employment Growth (2 yr):** 1.2%  
**Risk Exposure (402 US markets):** 66th Percentile: Average Risk  
**Key Industry Notes:** Low business costs, especially energy; Low quality of life for residents; Large research university; High housing affordability; Dearth of high-tech jobs

**Moody's Rating**

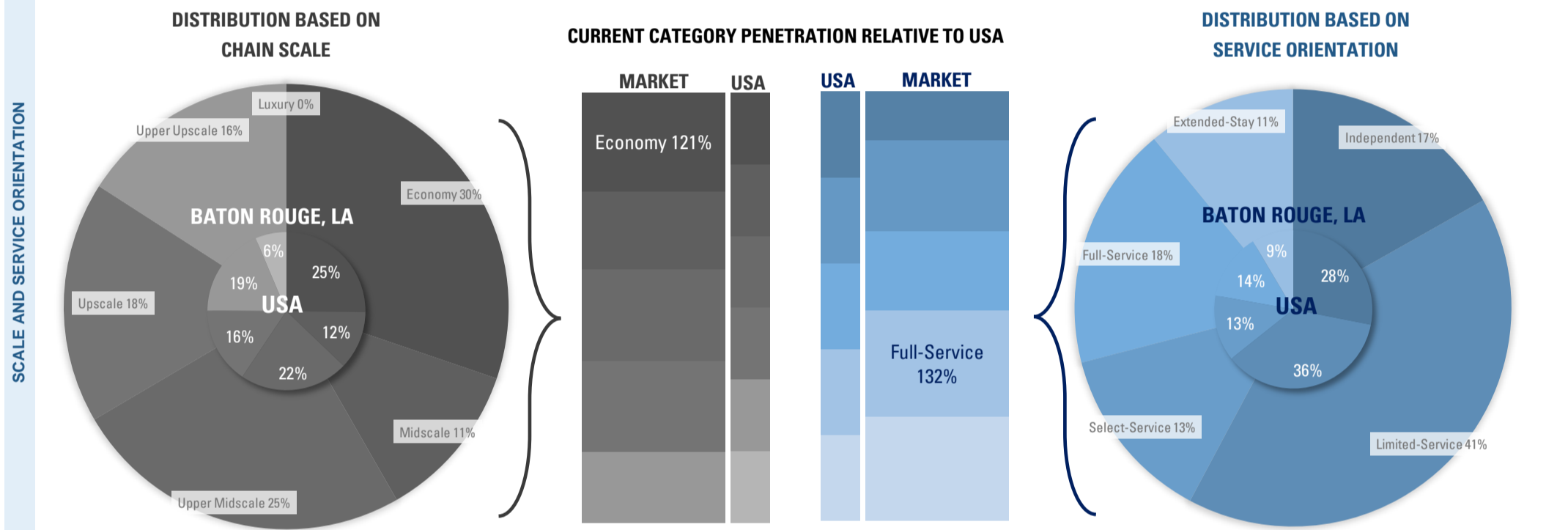
**NR**

This market is not rated by Moody's

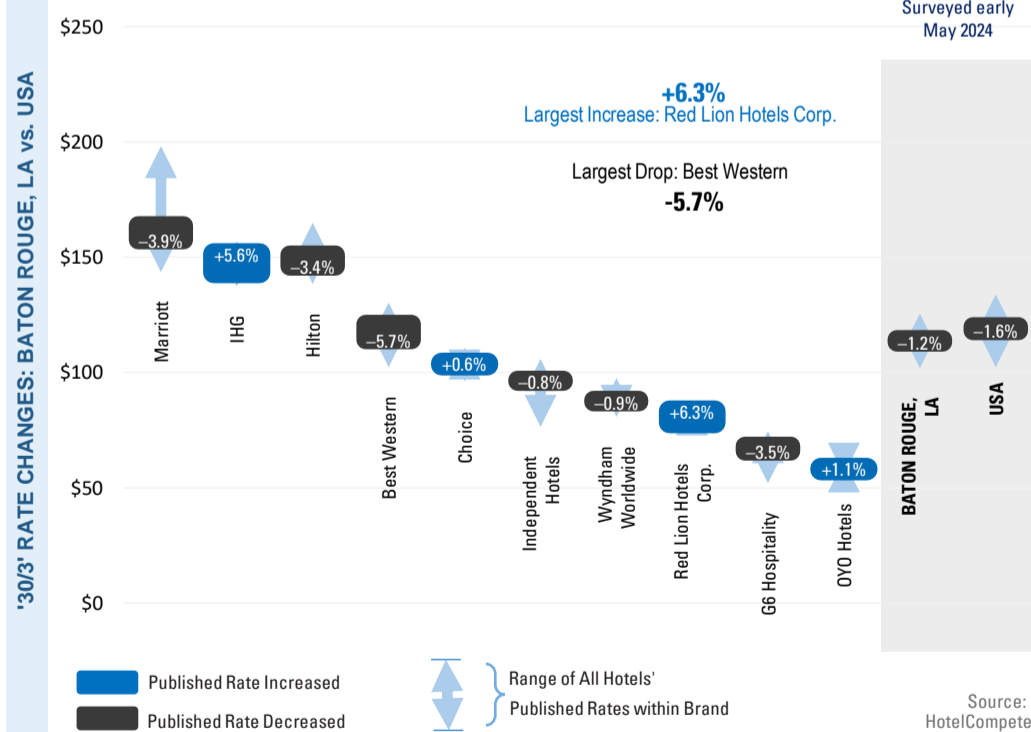
| TOP 10 BRANDS          | Brands by # of Rooms | Brands by # of Hotels |
|------------------------|----------------------|-----------------------|
| OYO (606)              | OYO (6)              |                       |
| Hampton Inn (544)      | Hampton Inn (5)      |                       |
| Courtyard (405)        | La Quinta (4)        |                       |
| La Quinta (301)        | Holiday Inn Exp. (3) |                       |
| Marriott (299)         | Days Inn (3)         |                       |
| Crowne Plaza (294)     | Courtyard (3)        |                       |
| Hilton (291)           | Comfort Suites (3)   |                       |
| Holiday Inn Exp. (265) | Comfort Inn (3)      |                       |
| Renaissance (256)      | WoodSpring (2)       |                       |
| Comfort Suites (254)   | Tru (2)              |                       |



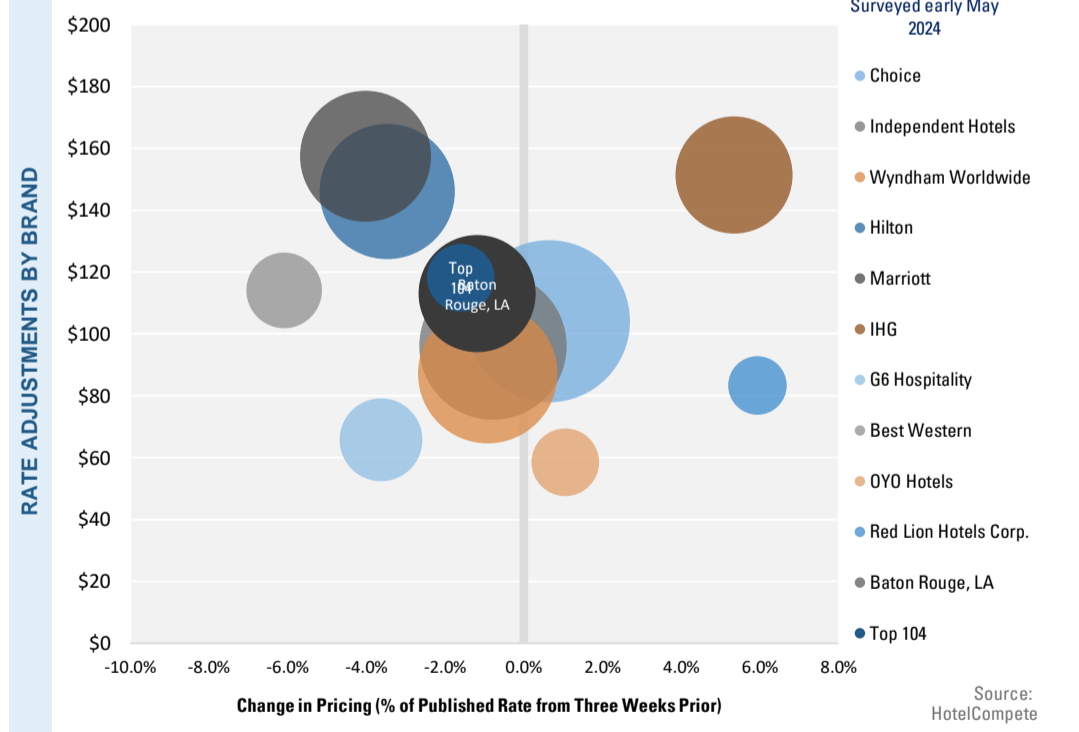
## Scale and Service Distribution: Baton Rouge, LA



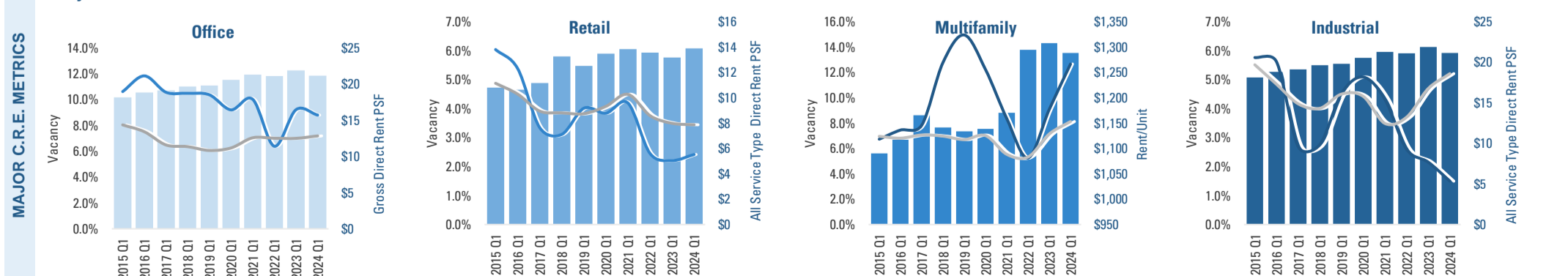
## Published Rates: Top 10 Brands



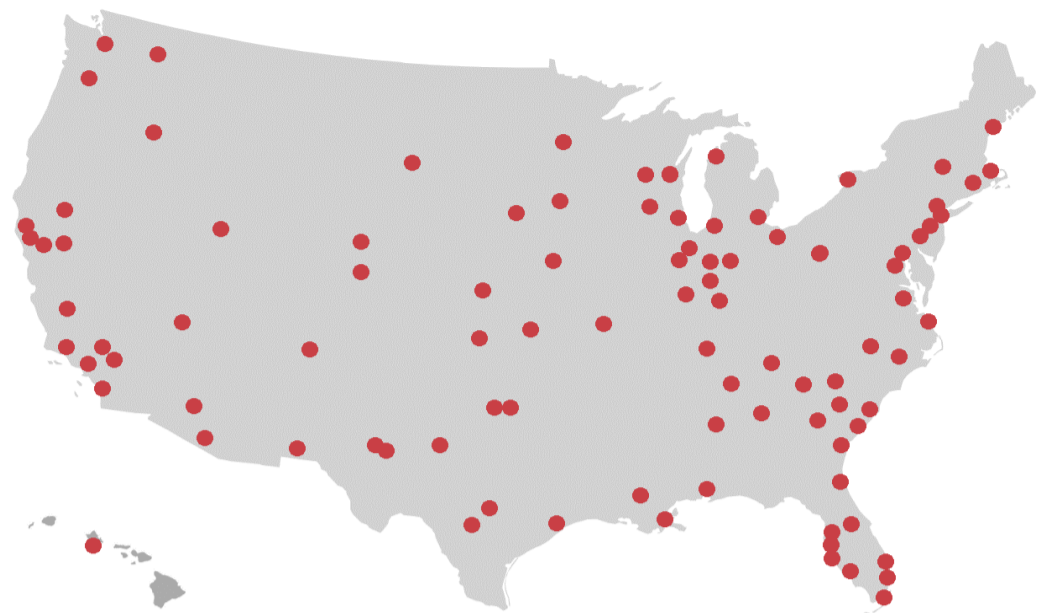
## Published Rates: Volatility



## Major CRE Market Performance



# 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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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.

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