

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

BIRMINGHAM, AL



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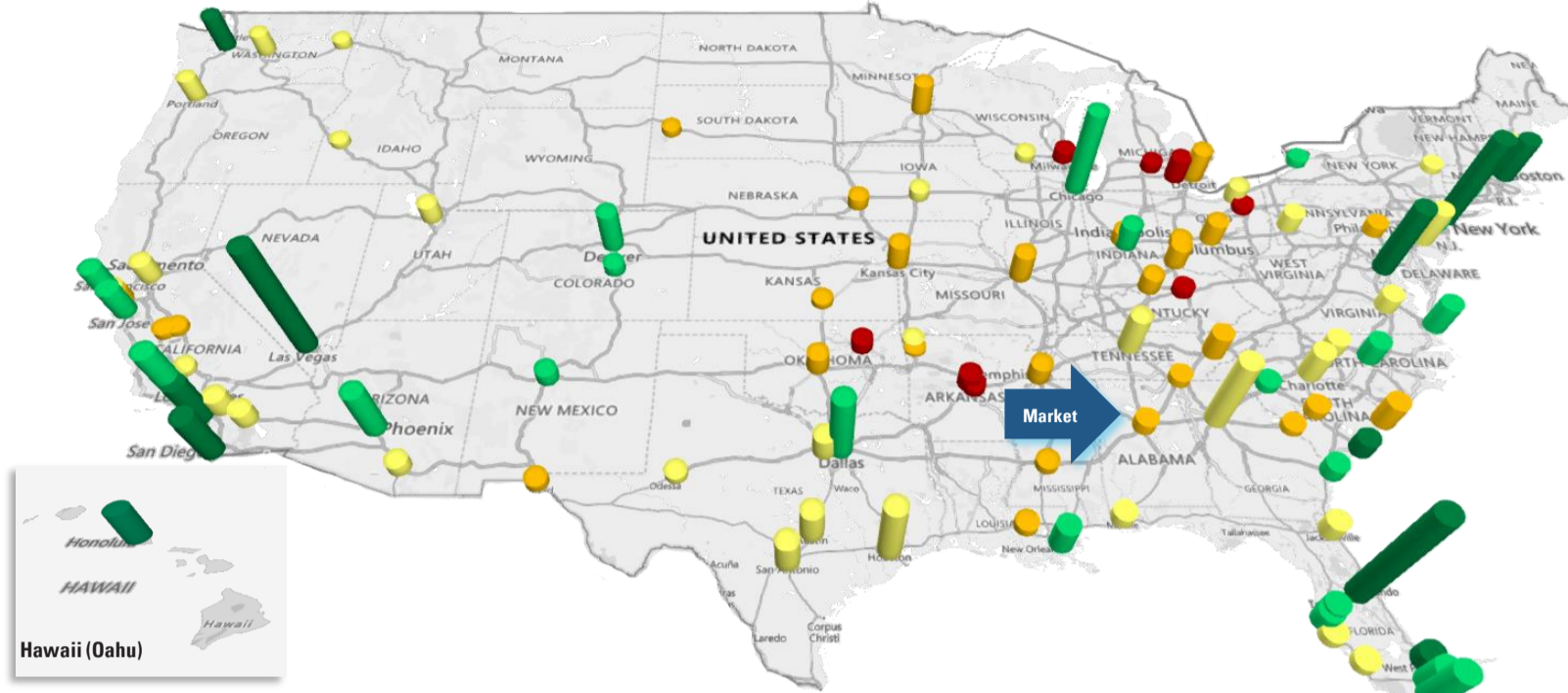
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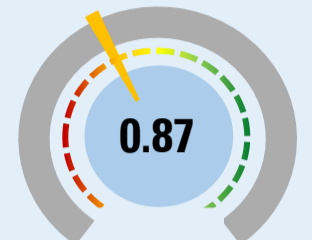


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

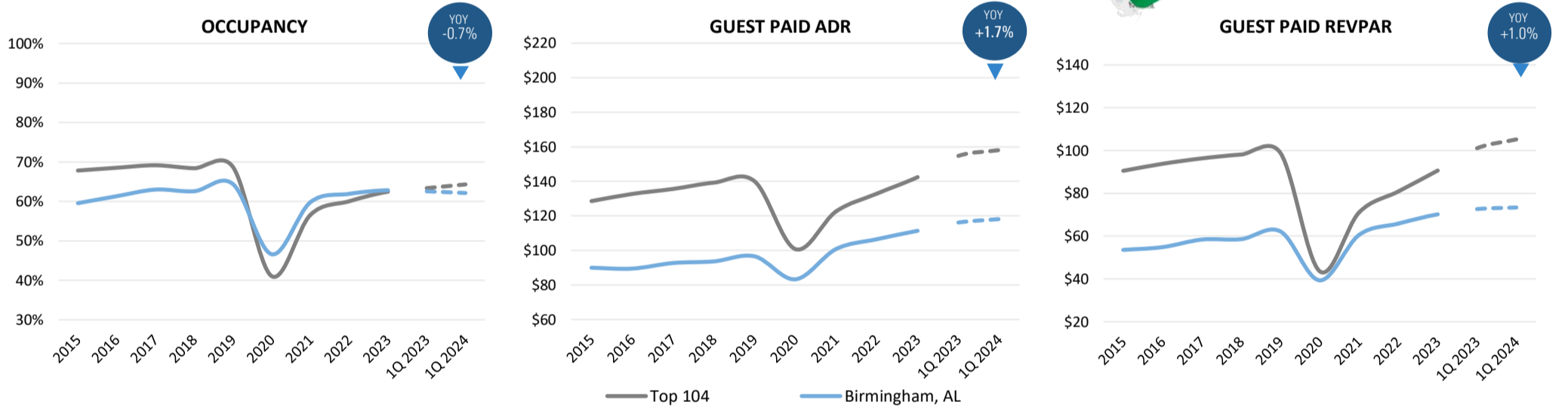
Birmingham, AL



69th of 104  
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.87) against all 104 surveyed markets.

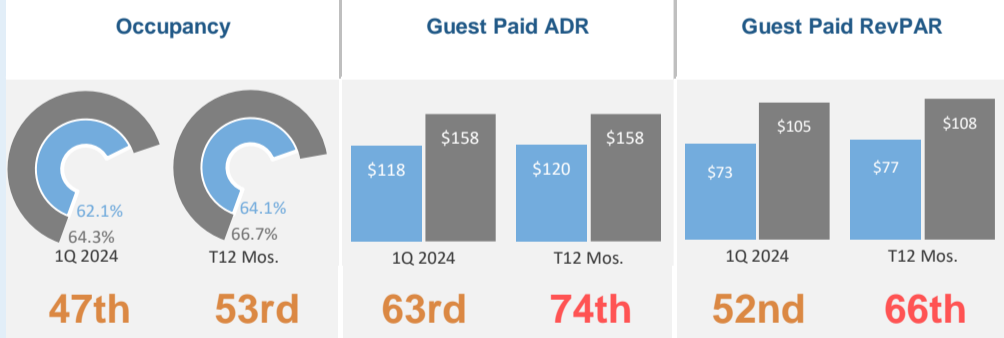
KEY PERFORMANCE METRICS



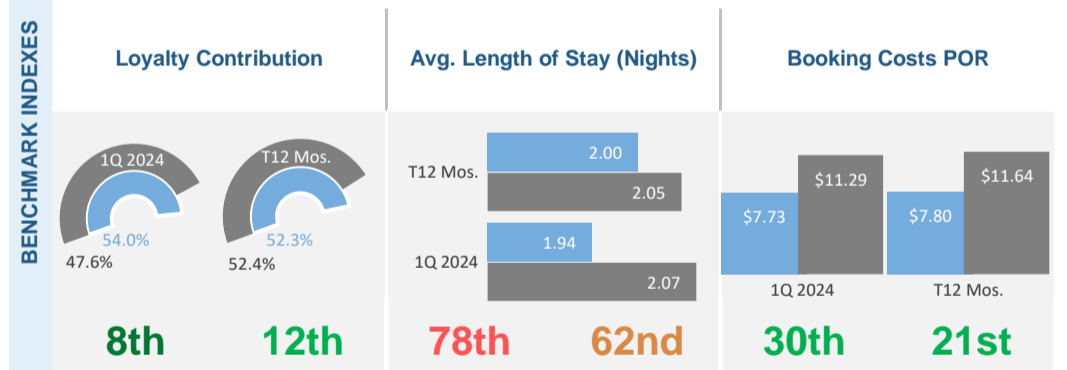
PERFORMANCE INDEXES

Key Performance Indexes

● Subject Market ● Top 104

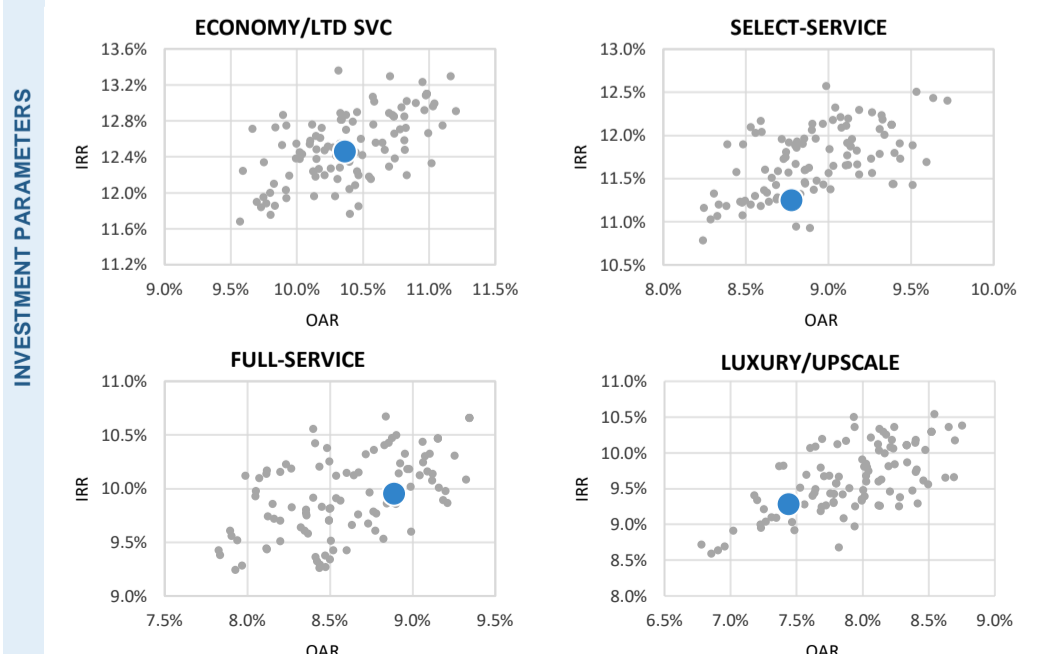


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

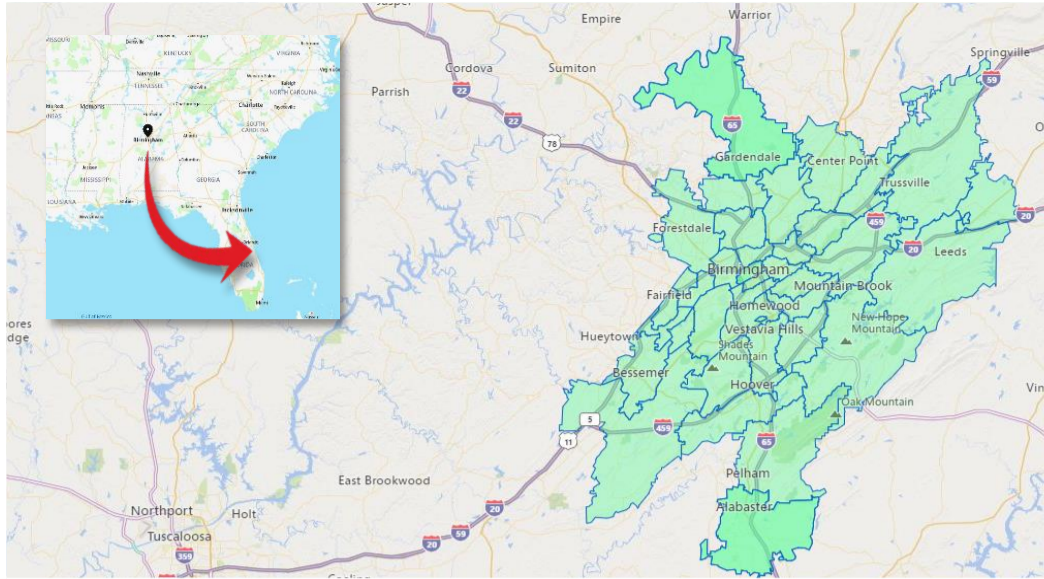


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Birmingham  
 County: Jefferson County, Shelby County  
 State: Alabama  
 Geo Coordinates (market center): 33.52744, -86.79905

**Major Hotel Demand Generators**

University of Alabama Birmingham | Regions Financial Corp. | Children's of Alabama | AT&T | Honda Manufacturing | St. Vincent's Health System | Brookwood Baptist Health | Mercedes-Benz U.S. International Inc. | Alabama Health Co. | Blue Cross and Blue Shield | Alabama Power Co. | United States Postal Service | Brookwood Medical Center | Birmingham VA Medical Center | BBVA Compass | Buffalo Rock Co. | Grandview Medical Center | Wells Fargo | U.S. Steel Corp. | Southern Co. Services

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	598,042	74th of 104 (Below Average)
Income per Capita	\$33,770	100th of 104 (Soft)
Feeder Group Size	57.8 Persons PSR	30th of 104 (Above Average)
Feeder Group Earnings	\$1,952,285 PSR	13th of 104 (Above Average)
Total Market Hotel Revenues	\$451.0 million	65th of 104 (Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Guest Paid			COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	59.5%	\$89.95	\$53.56	\$83.74	\$49.86	\$6.21	93.1%	45.2%	1.86	16,060	0.56
2016	61.3%	\$89.46	\$54.85	\$83.18	\$51.00	\$6.28	93.0%	46.2%	1.88	16,080	0.61
2017	63.0%	\$92.69	\$58.38	\$85.92	\$54.12	\$6.76	92.7%	49.1%	1.90	16,080	0.78
2018	62.6%	\$93.62	\$58.57	\$86.84	\$54.33	\$6.78	92.8%	50.6%	1.92	16,320	0.88
2019	64.4%	\$96.57	\$62.17	\$89.47	\$57.60	\$7.10	92.6%	55.1%	1.90	16,620	0.96
2020	46.6%	\$83.25	\$39.33	\$78.02	\$36.36	\$5.23	93.7%	45.4%	2.07	16,470	1.06
2021	59.8%	\$100.80	\$60.58	\$94.12	\$56.28	\$6.68	93.4%	47.2%	2.00	16,570	0.98
2022	61.9%	\$106.49	\$65.86	\$99.51	\$61.60	\$6.98	93.4%	47.5%	2.03	16,590	0.97
2023	62.8%	\$111.37	\$70.18	\$104.24	\$65.49	\$7.13	93.6%	47.6%	2.07	16,610	1.11
<b>CAGR: 2015 thru 2023</b>	<b>0.7%</b>	<b>2.7%</b>	<b>3.4%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>1.7%</b>	<b>0.1%</b>	<b>0.6%</b>	<b>1.4%</b>	<b>0.4%</b>	<b>8.9%</b>
<b>1Q 2023</b>	62.5%	\$116.14	\$72.63	\$108.90	\$68.10	\$7.24	93.8%	49.5%	2.09	16,640	0.98
<b>1Q 2024</b>	62.1%	\$118.13	\$73.38	\$110.40	\$68.58	\$7.73	93.5%	54.0%	1.94	15,880	0.87

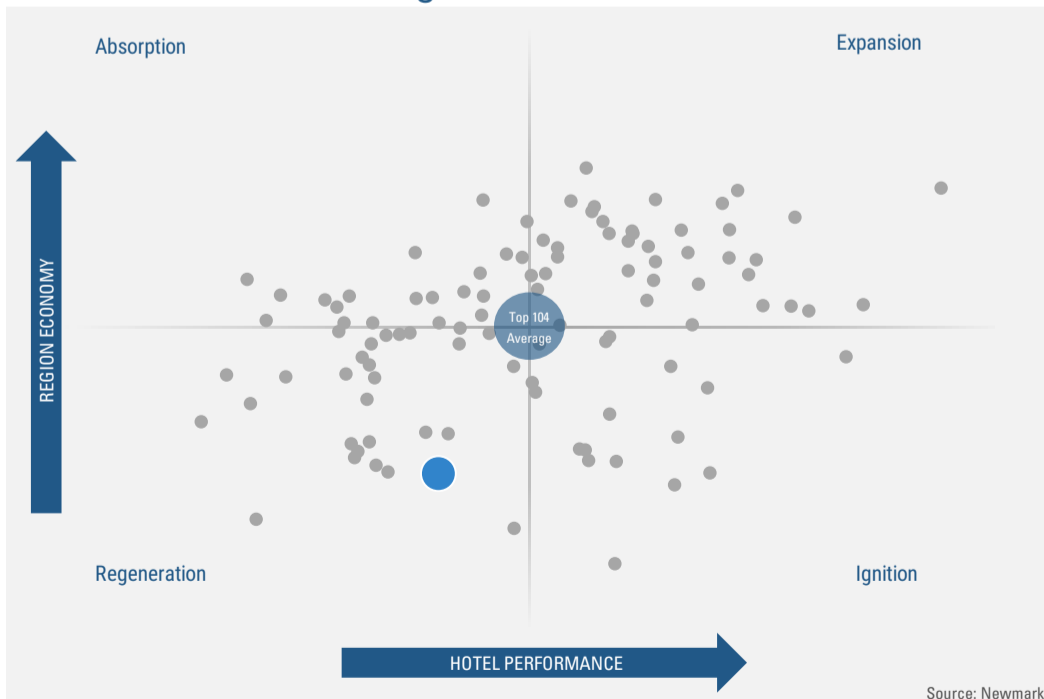
Notable Metrics

	Latest-Quarter Loyalty Contribution	T12-Month COPE ADR Percentage	T12-Month Loyalty Contribution
<b>HIGHEST</b>	<b>8th Strong</b> Birmingham, AL exhibited strong latest-quarter loyalty contribution (54.0%)	<b>9th Strong</b> The market benefited from strong T12-month COPE ADR percentage (93.5%)	<b>12th Above Average</b> The market also exhibited strong T12-month loyalty contribution (52.3%)
<b>LOWEST</b>	<b>100th Soft</b> This market was stymied by weak Economy Median Income (\$33,770)	<b>91st Soft</b> The market exhibited a low ratio of marketwide per-capita income per room (\$888,077)	<b>78th Below Average</b> Birmingham, AL also has been impeded by weak latest-quarter average length of stay (1.94 Nights)

Notable Trends

	T12-Month Rooms Supply Growth	Long-Term Historical Supply Growth	Long-Term Historical LPI Growth
<b>STRONGEST</b>	<b>4th Strong</b> Birmingham, AL exhibited low rooms supply growth over the last 12 months (-4.6%)	<b>6th Strong</b> The market has benefited from low long-term historical supply growth (0.3%)	<b>14th Above Average</b> The market also enjoyed strong long-term historical LPI growth (5.4%)
<b>WEAKEST</b>	<b>100th Soft</b> The market posted weak general economic reverence (per-capita unemployment, GDP and other indicators)	<b>97th Soft</b> We note this area has been burdened by high short-term historical supply growth (0.0%)	<b>83rd Below Average</b> Birmingham, AL also has been impeded by high short-term historical growth in booking costs (4.3%)

Market Performance Stage



Birmingham, AL: Regeneration Stage

The Birmingham, AL 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

**MOODY'S ANALYTICS**

Business Cycle: **Expansion**  
 Employment Growth (2 yr): **1.0%**  
 Risk Exposure (402 US markets): **85th Percentile: Above Average**  
 Key Industry Notes:  
 Strong Infrastructure linkages  
 Slow population growth  
 UAB research and healthcare  
 Low educational attainment  
 Below-average per capita income

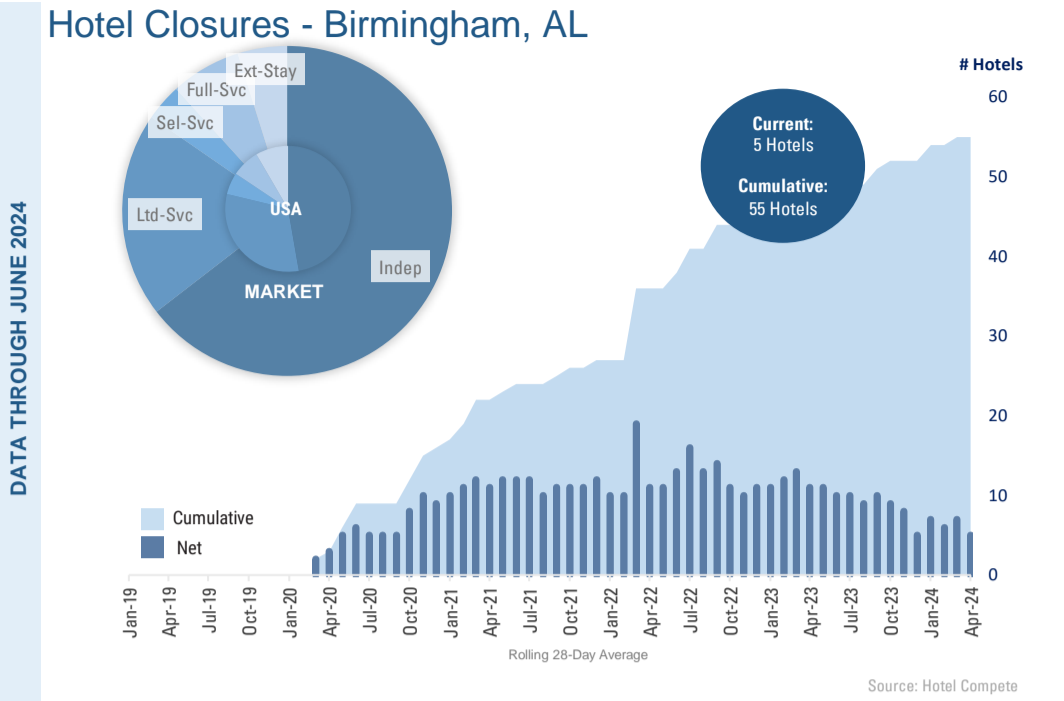
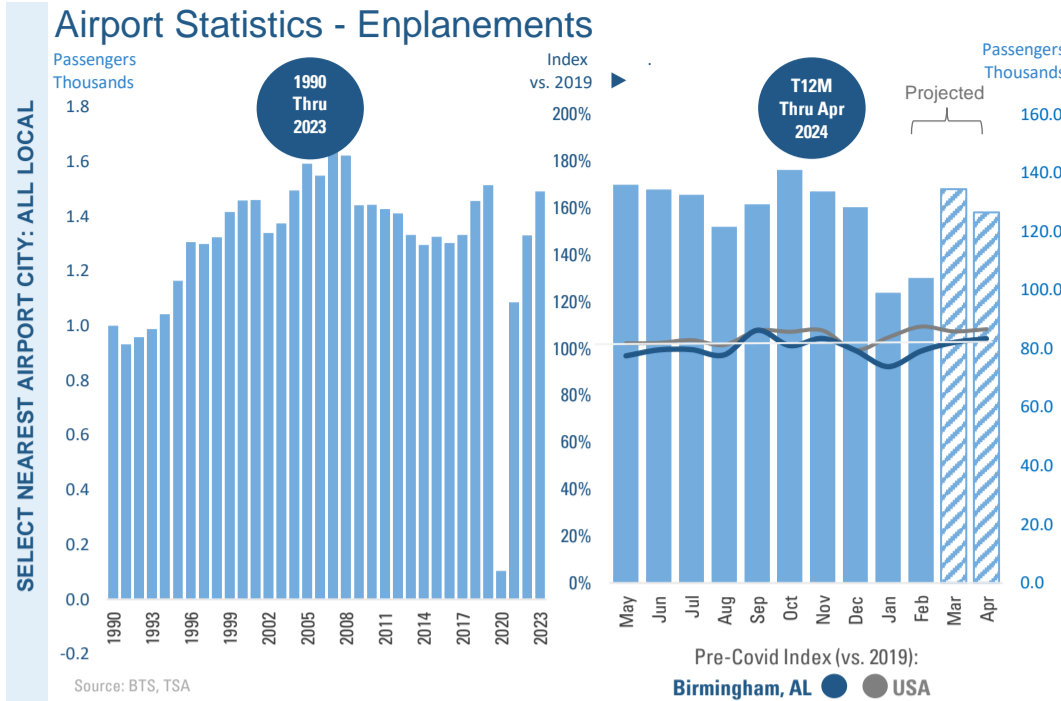
**Moody's Rating**

**A3**  
Investment Grade

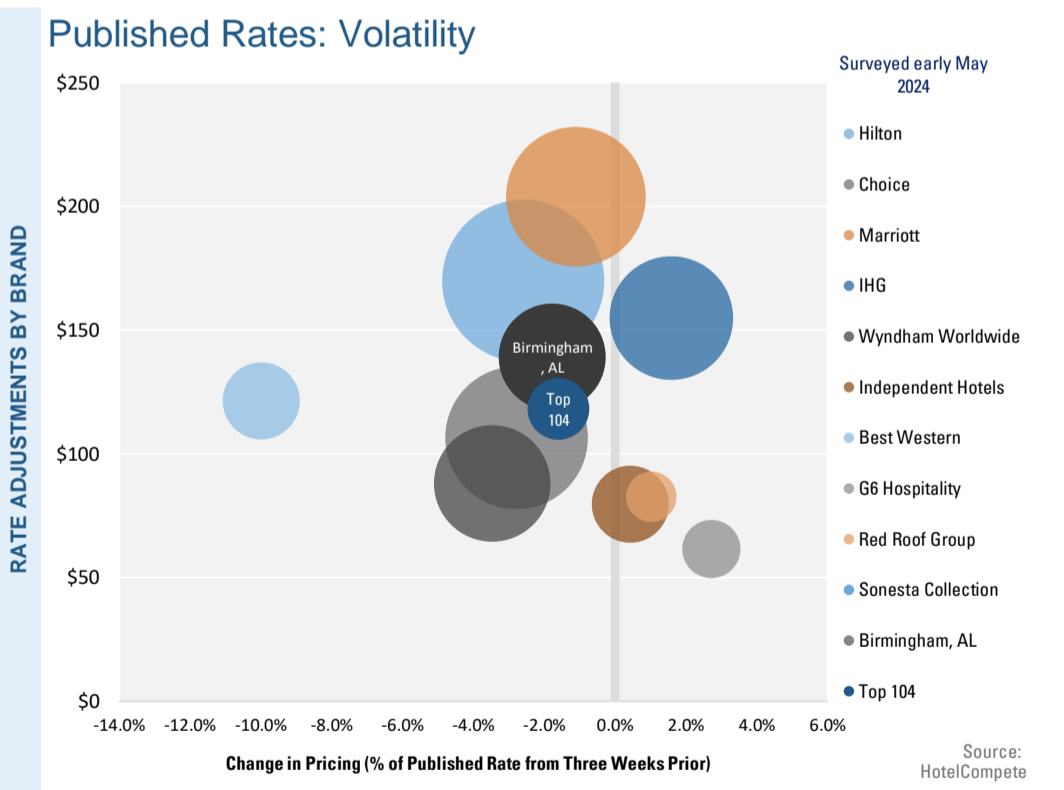
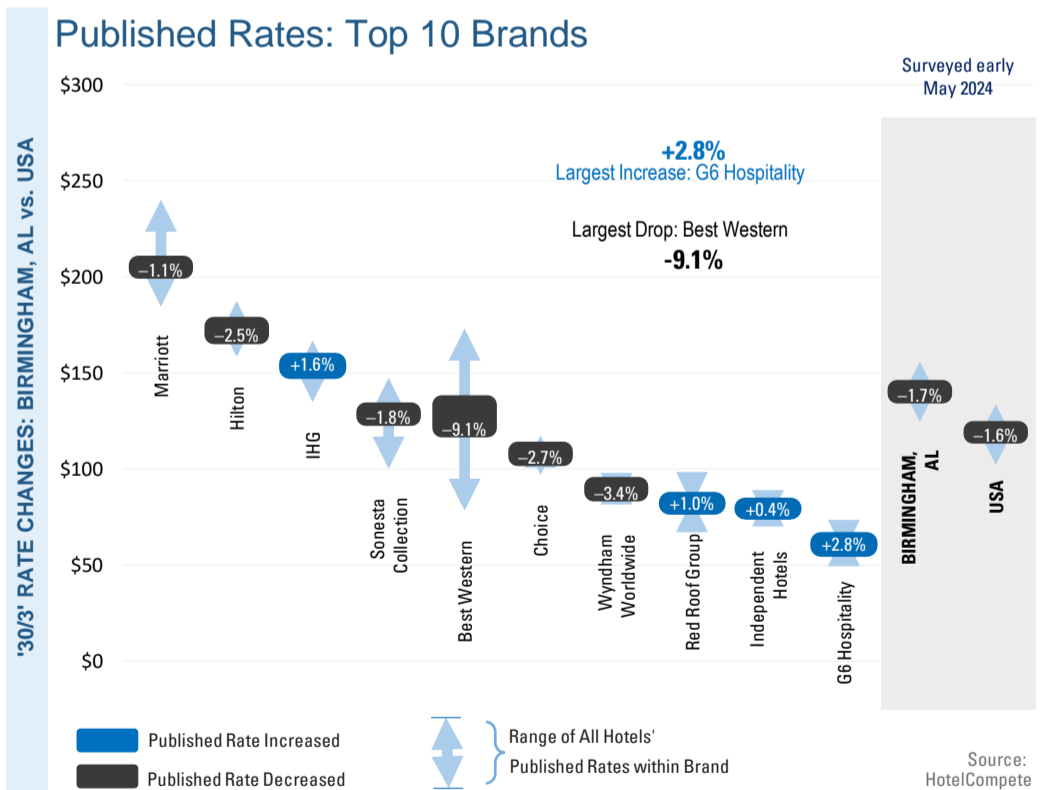
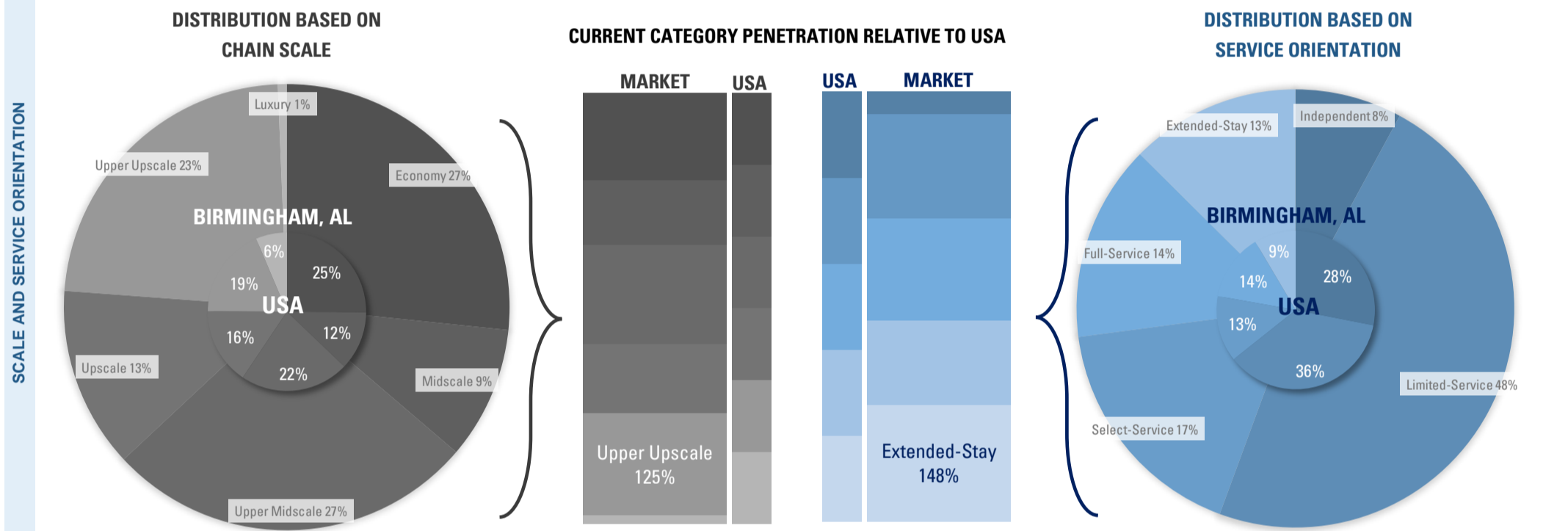
Long-term investment grade, Prime-2 short-term outlook



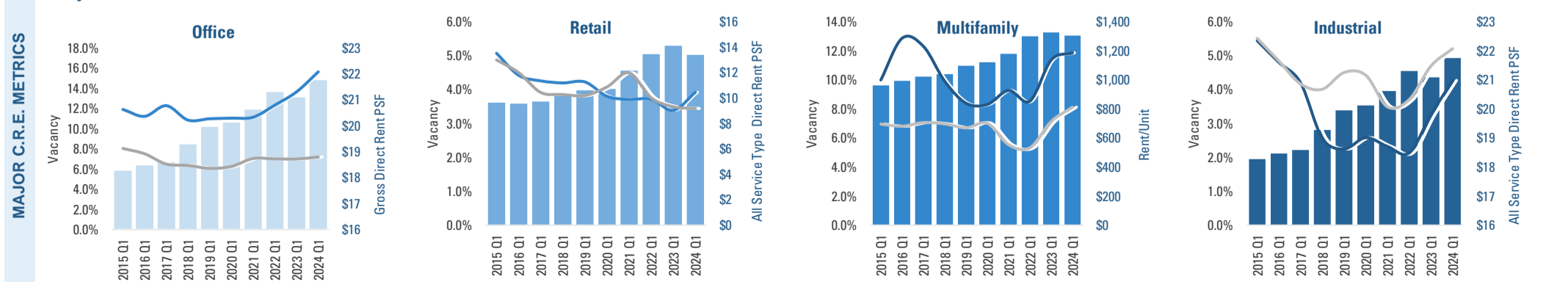




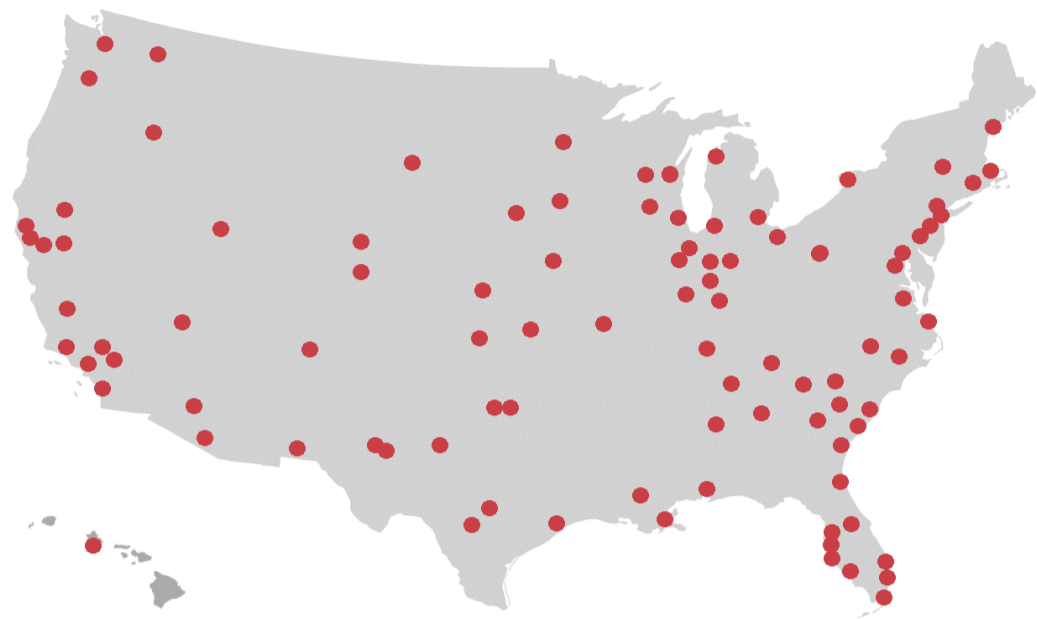
## Scale and Service Distribution: Birmingham, AL



## 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

## Hospitality, Gaming & Leisure

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.

### ABOUT NEWMARK

**We transform untapped potential into limitless opportunity.**

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

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