

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

CLEVELAND, OH



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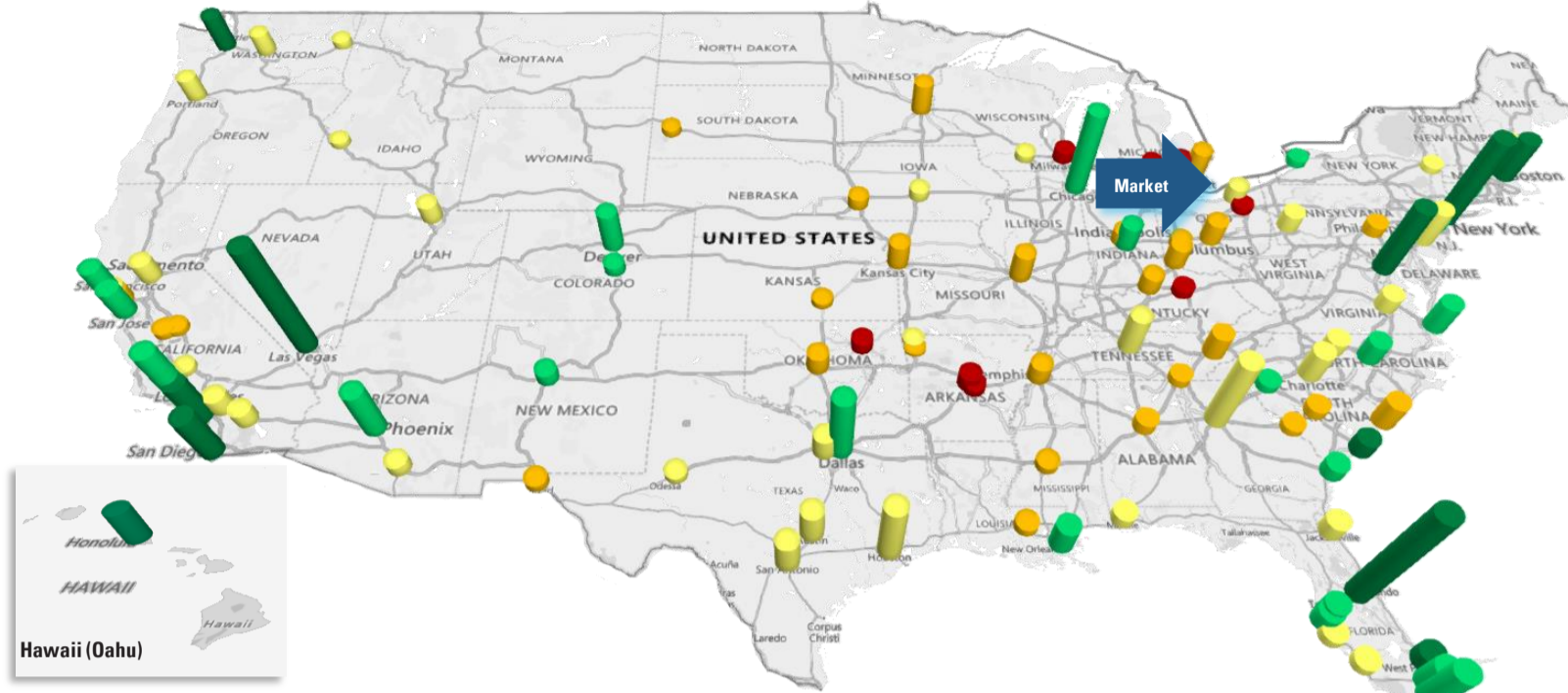
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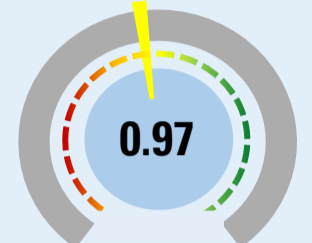


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

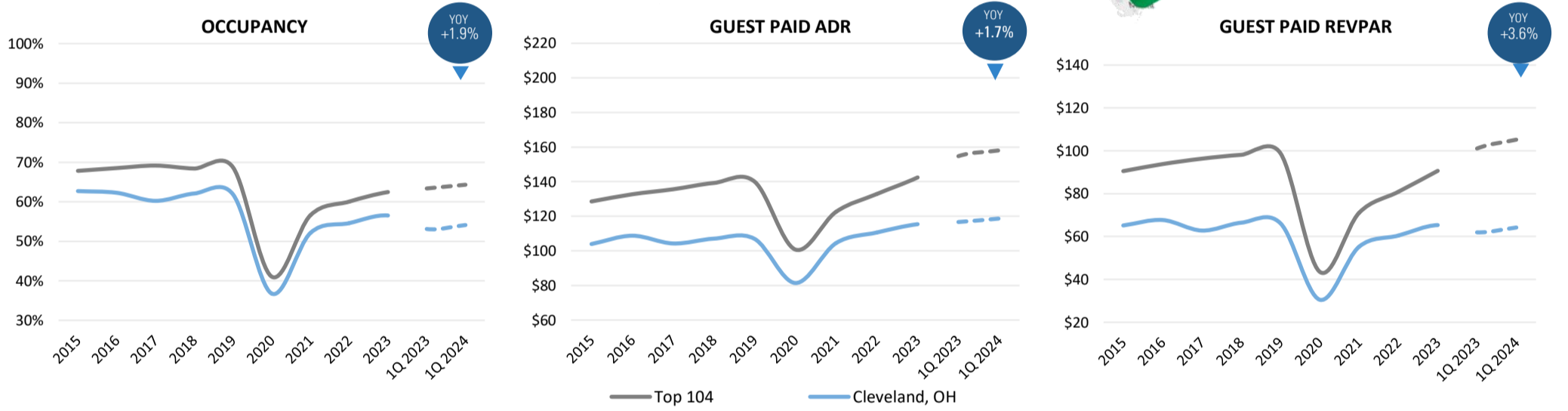
Cleveland, OH



58th of 104  
Average

Ranking of overall '1Q 2024 LPI' performance (0.97) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes



BENCHMARK INDEXES

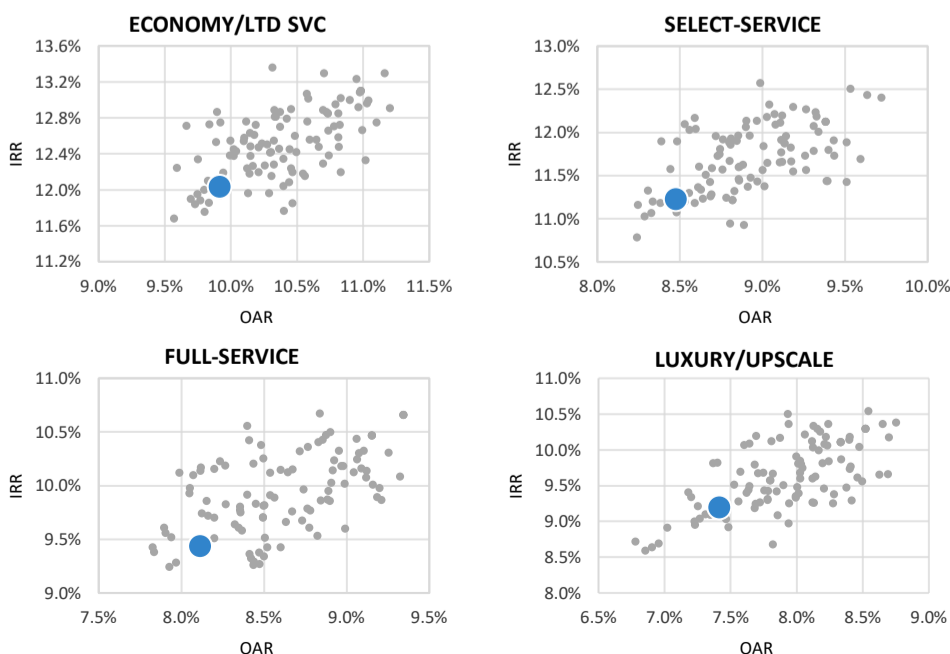
Key Benchmark Indexes



INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



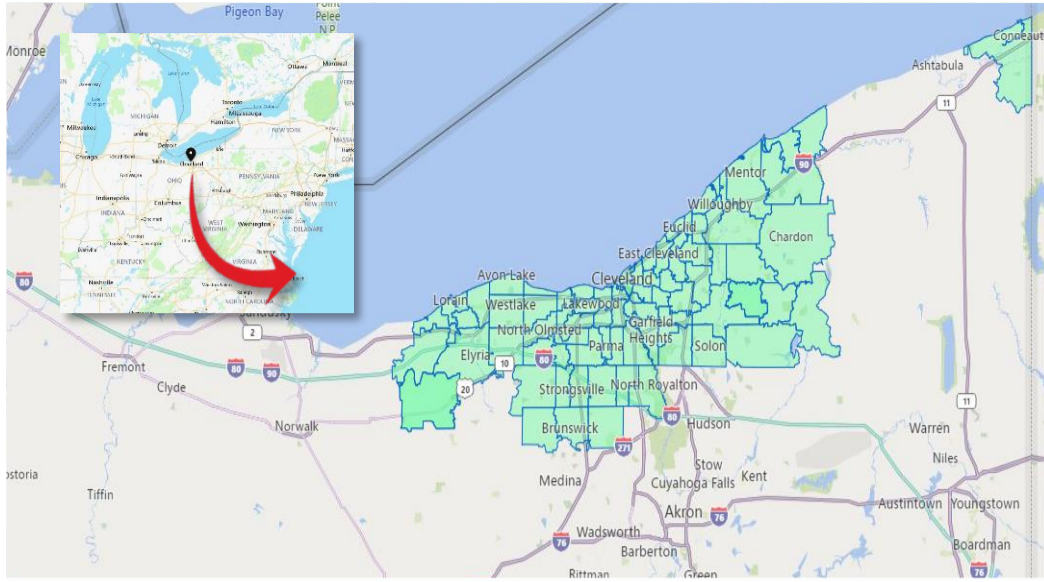
FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Cleveland	
County:	Cuyahoga County	
State:	Ohio	
Geo Coordinates (market center):	41.4995, -81.69541	
Major Hotel Demand Generators		
Cleveland Clinic Foundation   University Hospitals   U.S. Office of Personnel Management   Minute Men Cos.   Group Management Services Inc.   Progressive Corp.   The MetroHealth System   KeyCorp   Case Western Reserve University   Sherwin-Williams Co.   Swagelok Co.   Giant Eagle Inc.   Lincoln Electric Holdings Inc.   Nestle USA   Lubrizol Corp.   Lake Health   Hyland   Greater Cleveland Regional Transit Authority   Medical Mutual of Ohio   ArcelorMittal		
Metrics and Ranking		Measurements
Population (hotel market area)	1,645,614	<b>37th of 104 (Average)</b>
Income per Capita	\$27,854	<b>102nd of 104 (Soft)</b>
Feeder Group Size	123.1 Persons PSR	<b>92nd of 104 (Soft)</b>
Feeder Group Earnings	\$3,428,913 PSR	<b>49th of 104 (Average)</b>
Total Market Hotel Revenues	\$618.9 million	<b>57th of 104 (Average)</b>

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	62.7%	\$103.95	\$65.16	\$96.05	\$60.21	\$7.90	92.4%	47.5%	2.06	21,290	0.98
2016	62.3%	\$108.75	\$67.71	\$100.27	\$62.43	\$8.48	92.2%	50.3%	2.03	22,120	0.93
2017	60.2%	\$104.27	\$62.79	\$95.64	\$57.59	\$8.63	91.7%	52.4%	1.94	22,800	0.68
2018	62.1%	\$107.05	\$66.45	\$98.28	\$61.01	\$8.76	91.8%	53.3%	1.95	23,000	0.88
2019	61.9%	\$106.92	\$66.17	\$98.29	\$60.83	\$8.63	91.9%	56.9%	1.93	24,140	0.88
2020	36.8%	\$81.41	\$30.51	\$75.82	\$27.88	\$5.59	93.1%	39.0%	2.20	23,650	0.50
2021	52.1%	\$104.49	\$55.26	\$97.35	\$50.72	\$7.14	93.2%	42.8%	2.11	22,980	0.81
2022	54.6%	\$110.61	\$60.46	\$103.02	\$56.24	\$7.59	93.1%	44.1%	2.08	22,780	0.85
2023	56.5%	\$115.42	\$65.35	\$107.58	\$60.80	\$7.84	93.2%	45.1%	2.09	22,580	1.16
<b>CAGR: 2015 thru 2023</b>	<b>-1.3%</b>	<b>1.3%</b>	<b>0.0%</b>	<b>1.4%</b>	<b>0.1%</b>	<b>-0.1%</b>	<b>0.1%</b>	<b>-0.7%</b>	<b>0.2%</b>	<b>0.7%</b>	<b>2.1%</b>
<b>1Q 2023</b>	53.1%	\$116.67	\$61.95	\$108.64	\$57.69	\$8.02	93.1%	50.8%	2.07	21,580	0.78
<b>1Q 2024</b>	54.1%	\$118.68	\$64.21	\$110.35	\$59.70	\$8.32	93.0%	51.8%	2.07	21,170	0.97

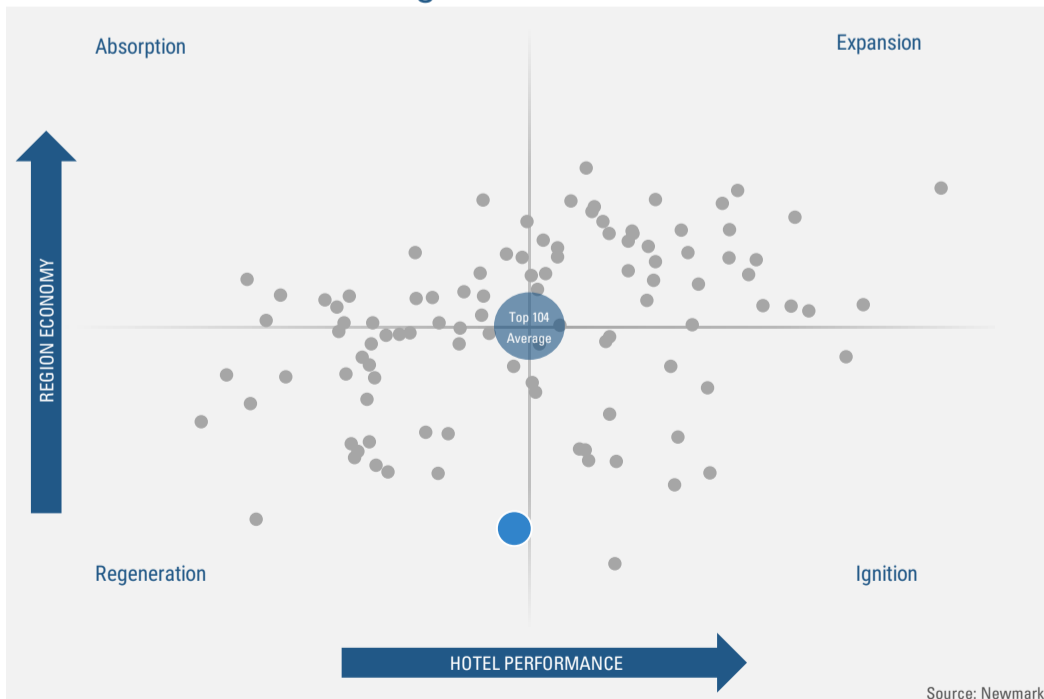
Notable Metrics

	OAR: Select-Service	Feeder Population Per Room	Feeder Population Per Room
<b>HIGHEST</b>	<b>11th Favorable</b> Cleveland, OH enjoyed favorable OAR metrics in the select-service segment (8.5%)	<b>12th Above Average</b> The market posted a high ratio of feeder population per room (54.18)	<b>12th Above Average</b> The market also posted a high ratio of feeder population per room (54.18)
<b>LOWEST</b>	<b>102nd Soft</b> This market was stymied by weak Economy Median Income (\$27,854)	<b>92nd Soft</b> The market required a large feeder group size (123.10 Persons)	<b>80th Below Average</b> Cleveland, OH also exhibited weak latest-quarter occupancy (54.1%)

Notable Trends

	T12-Month Rooms Supply Growth	Long-Term Historical Supply Growth	Short-Term Historical Average Length of Stay Growth
<b>STRONGEST</b>	<b>18th Above Average</b> Cleveland, OH exhibited low rooms supply growth over the last 12 months (-1.9%)	<b>21st Above Average</b> The market has benefited from low long-term historical supply growth (0.7%)	<b>22nd Above Average</b> The market also has benefited from strong short-term historical average length of stay growth (2.1%)
<b>WEAKEST</b>	<b>103rd Soft</b> The market posted weak general economic reverence (per-capita unemployment, GDP and other indicators)	<b>102nd Soft</b> We note this area has been burdened by high short-term historical supply growth (-1.2%)	<b>97th Soft</b> Cleveland, OH also has been hindered by weak long-term historical loyalty contribution growth (2.7%)

Market Performance Stage



Cleveland, OH: Regeneration Stage

The Cleveland, OH 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.

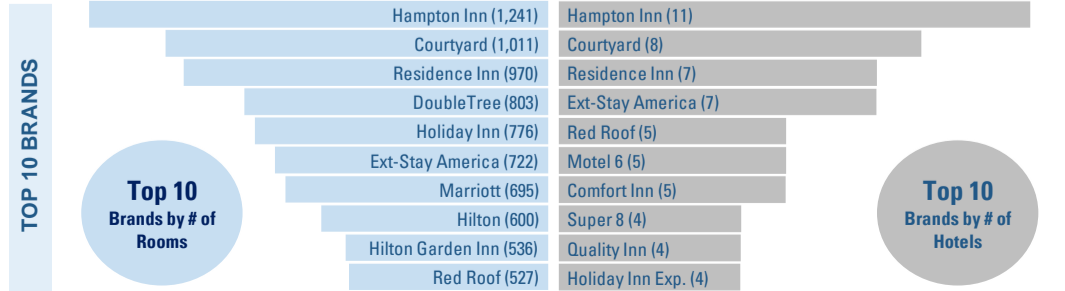
Other Stages:

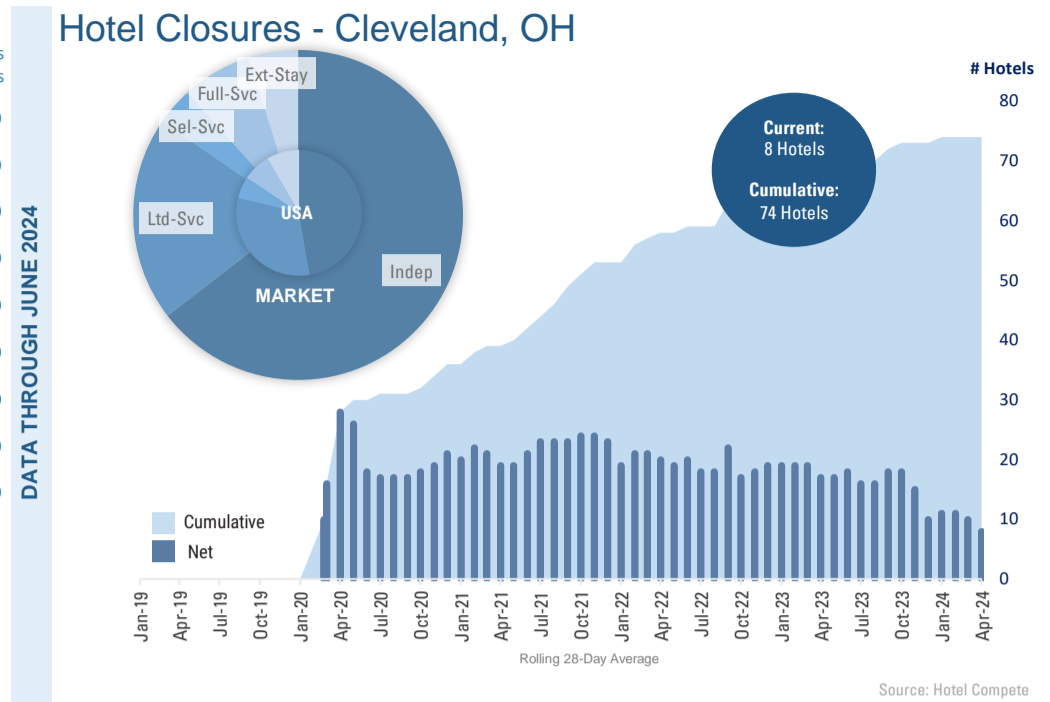
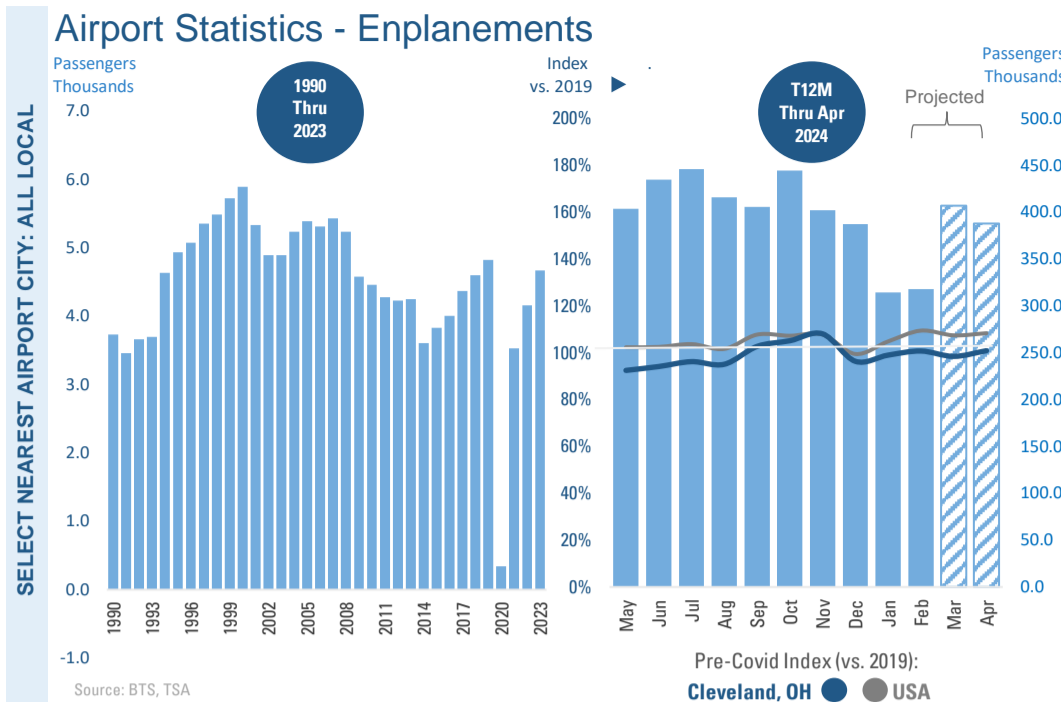
- Ignition:** In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain 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

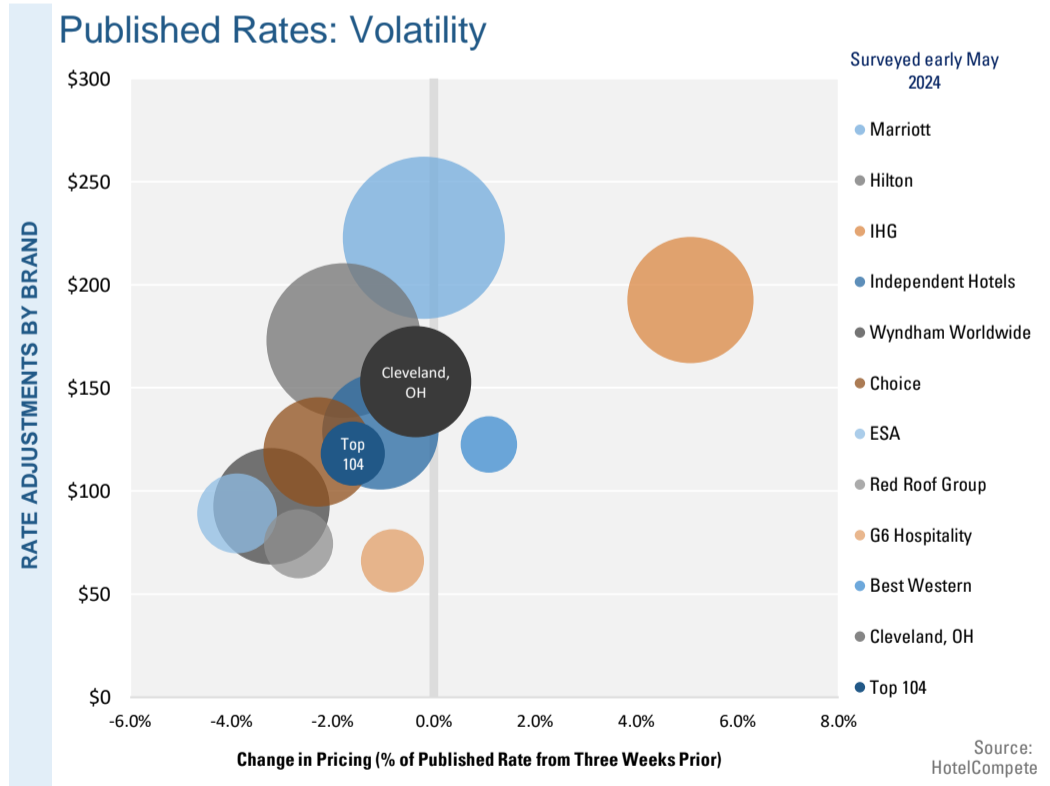
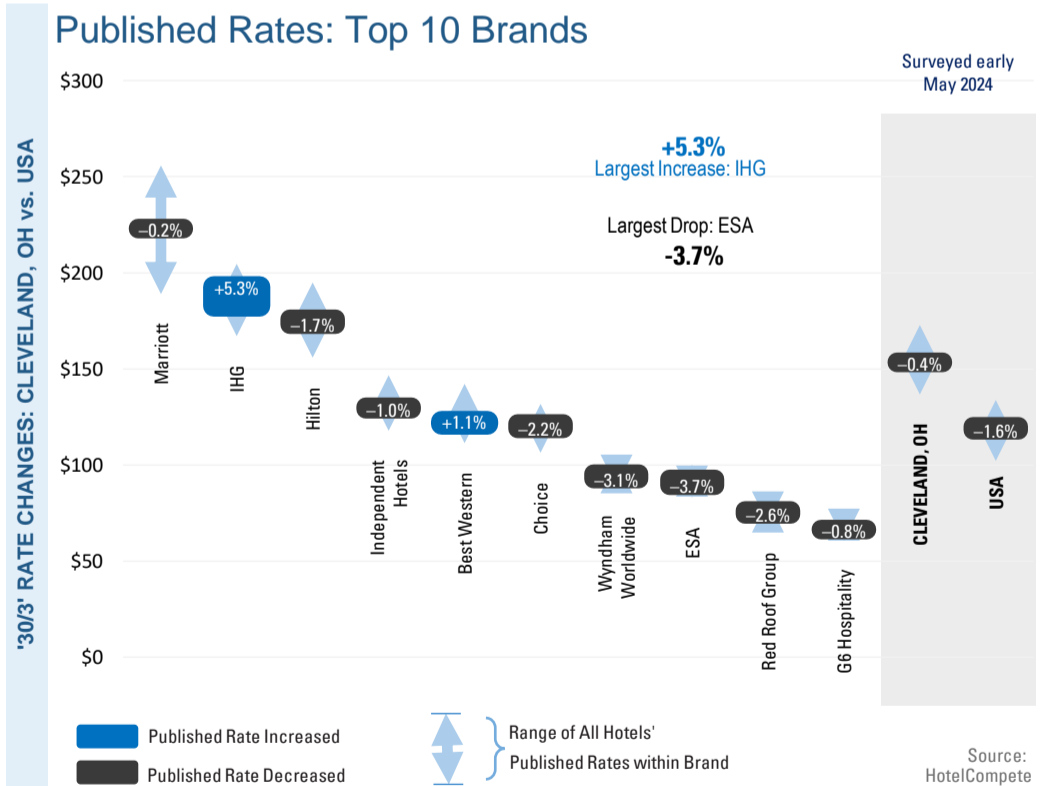
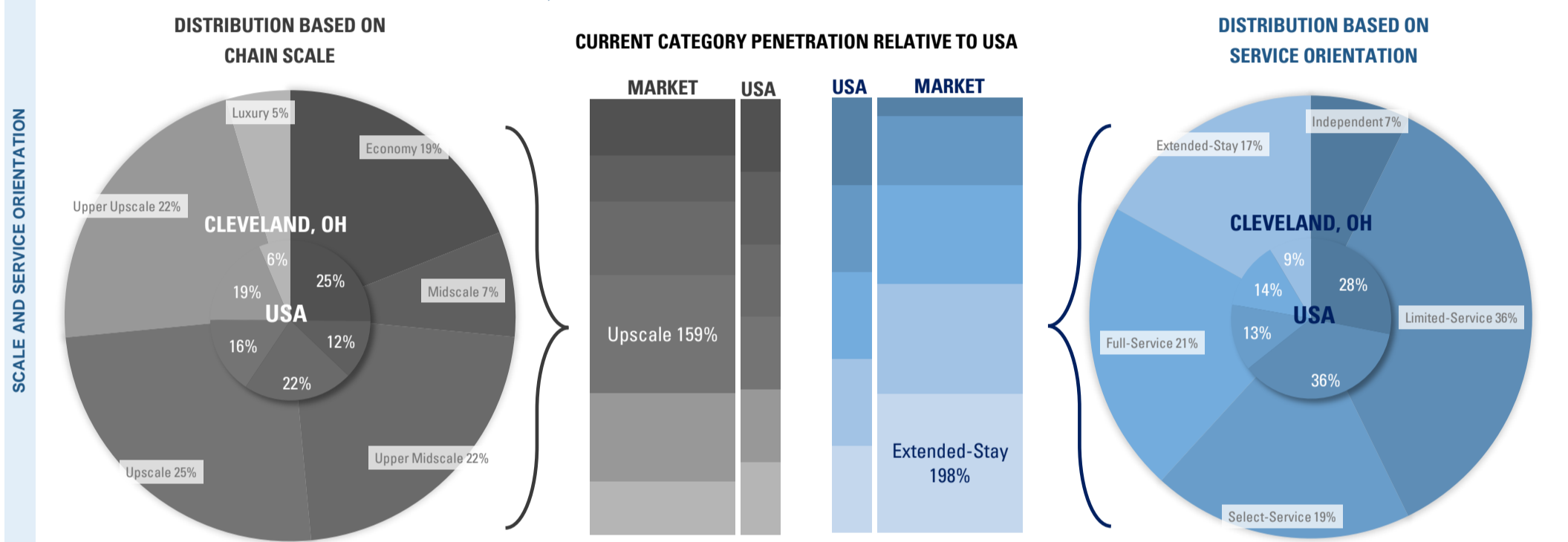
**MOODY'S ANALYTICS**  
 Business Cycle: **At Risk**  
 Employment Growth (2 yr): **0.6%**  
 Risk Exposure (402 US markets): **84th Percentile: Above Average**  
 Key Industry Notes:  
 Specialized factory labor  
 Manufacturing infrastructure  
 Healthcare concentration  
 Persistent out-migration  
 High prime-age workers

**Moody's Rating**  
**Aa2**  
**Investment Grade**  
 Long-term investment grade, Prime-1 short-term outlook

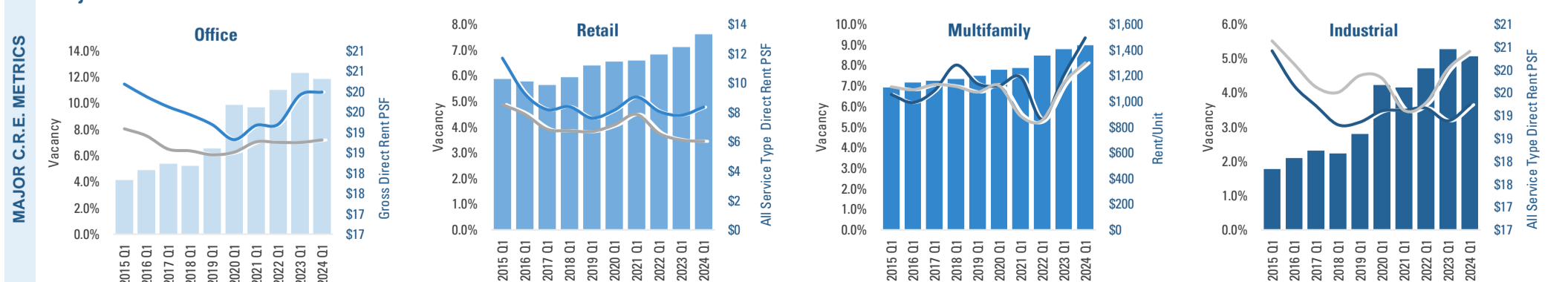




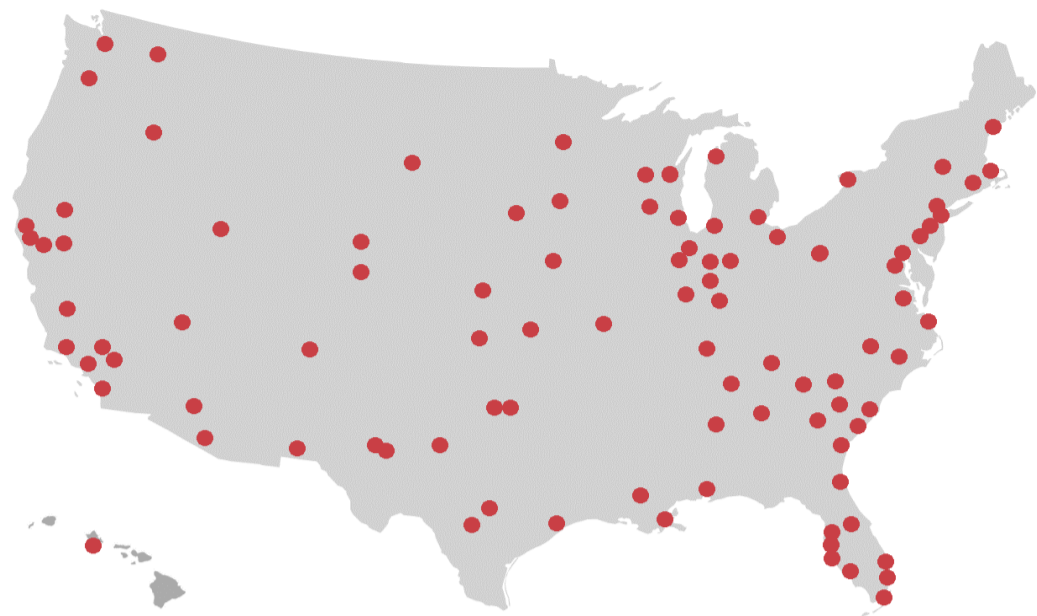
## Scale and Service Distribution: Cleveland, OH



## 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.

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**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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