

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

DETROIT, MI



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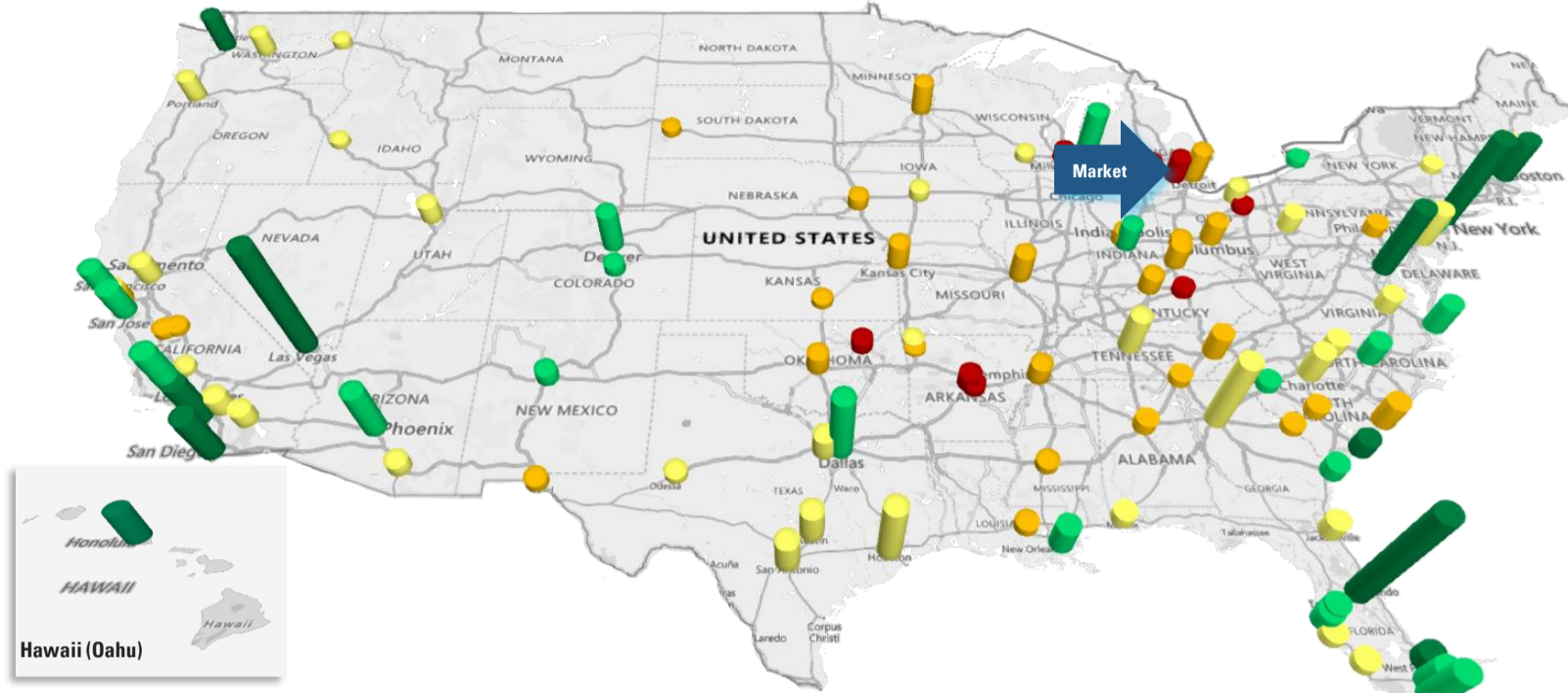
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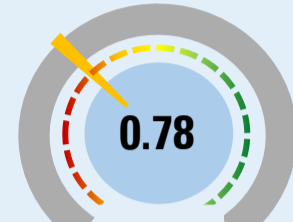
Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

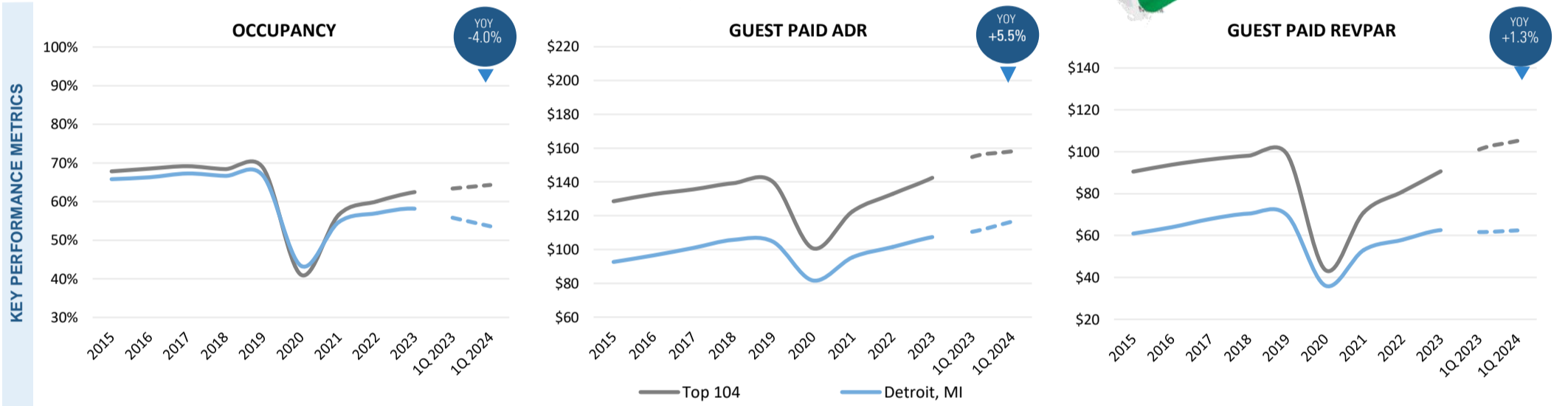
Index

Detroit, MI



79th of 104  
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.78) against all 104 surveyed markets.

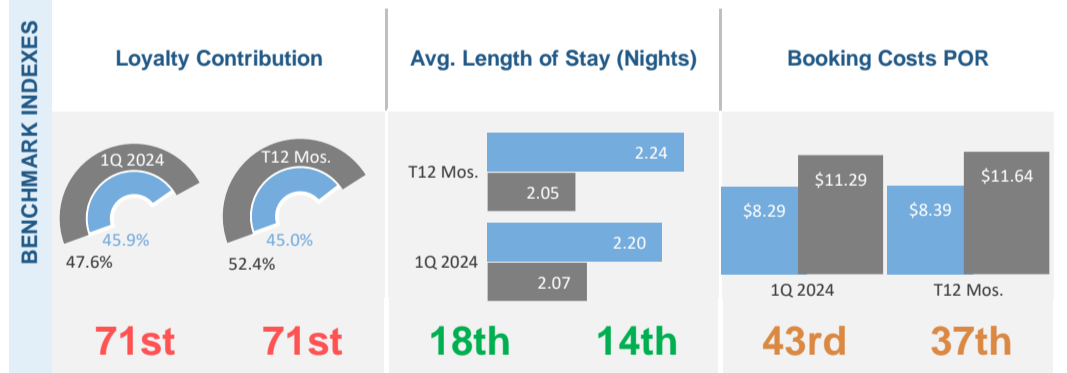


Key Performance Indexes

● Subject Market ● Top 104

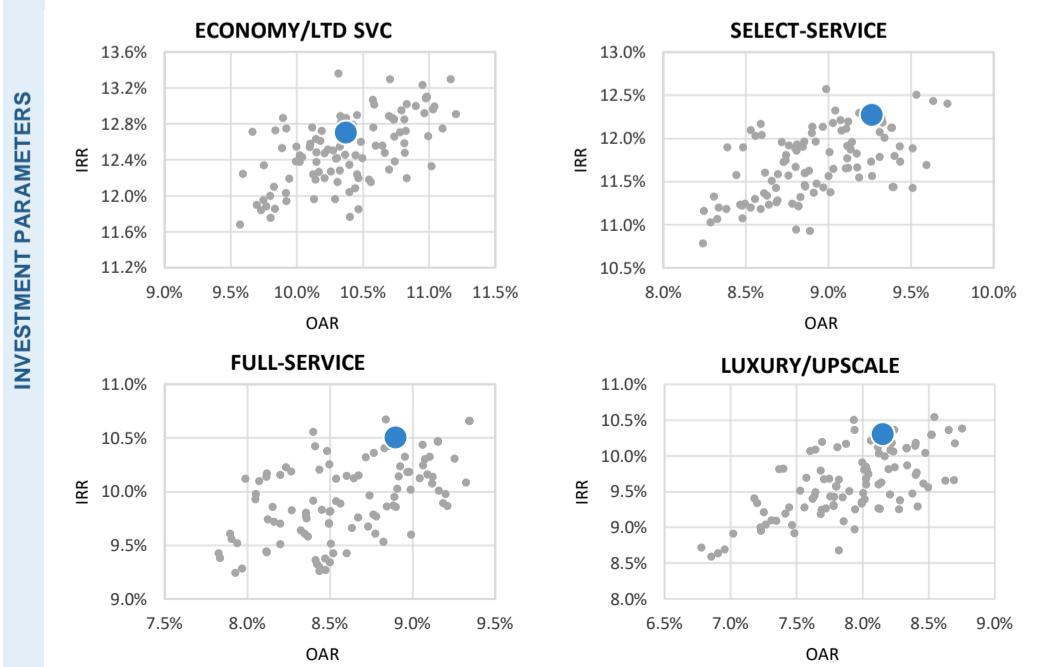


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

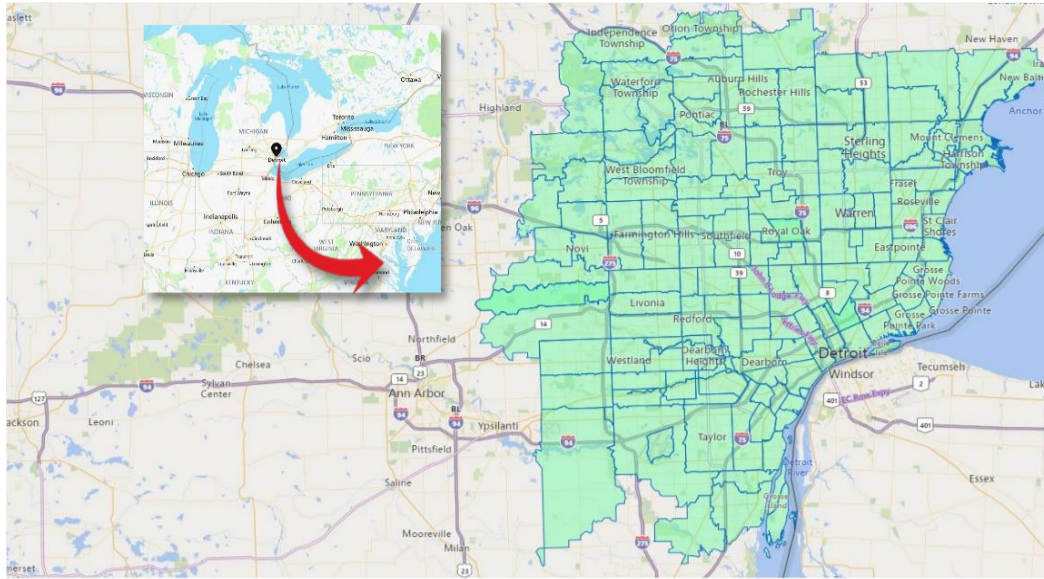


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

<b>Jurisdictional Information</b>		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Detroit	
County:	Wayne County	
State:	Michigan	
Geo Coordinates (market center):	42.33143, -83.04575	
<b>Major Hotel Demand Generators</b>		
Ford Motor Co.   General Motors Corp.   University of Michigan   Chrysler Group LLC   Beaumont Health System   Henry Ford Health System   CHE Trinity Health   Detroit Medical Center   Rock Ventures   St. John Providence Health System   Quicken Loans   Blue Cross Blue Shield of Michigan   DTE Energy Co.   Oakwood Healthcare Inc.   Wayne State University   Ascension   Comerica Bank   U.S. Postal Services   Johnson Controls Inc.   McLaren Health Care		
<b>Metrics and Ranking</b>		<b>Measurement</b>
Population (hotel market area)	3,198,033	<b>Rankings</b>
Income per Capita	\$27,838	11th of 104 (Large)
Feeder Group Size	121.3 Persons PSR	103rd of 104 (Soft)
Feeder Group Earnings	\$3,377,939 PSR	91st of 104 (Soft)
Total Market Hotel Revenues	\$1.1 billion	48th of 104 (Average)
		29th of 104 (Above Average)

Key Performance Metrics

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	65.8%	\$92.65	\$60.95	\$85.76	\$56.41	\$6.89	92.6%	49.3%	2.21	39,220	0.95
2016	66.3%	\$96.52	\$63.97	\$89.08	\$59.04	\$7.44	92.3%	51.0%	2.15	39,820	0.94
2017	67.3%	\$100.94	\$67.88	\$92.79	\$62.41	\$8.14	91.9%	52.3%	2.11	40,450	1.04
2018	66.6%	\$105.72	\$70.45	\$97.18	\$64.76	\$8.54	91.9%	53.7%	2.09	41,450	1.03
2019	66.7%	\$104.65	\$69.78	\$96.10	\$64.08	\$8.55	91.8%	56.6%	2.03	42,130	0.89
2020	43.4%	\$81.70	\$36.07	\$76.34	\$33.10	\$5.36	93.4%	34.8%	2.48	42,230	0.87
2021	54.7%	\$95.42	\$53.10	\$88.85	\$48.60	\$6.58	93.1%	36.8%	2.41	42,940	0.78
2022	57.0%	\$101.48	\$57.94	\$94.51	\$53.84	\$6.97	93.1%	37.8%	2.42	43,100	0.69
2023	58.1%	\$107.37	\$62.59	\$100.00	\$58.14	\$7.37	93.1%	38.9%	2.40	43,340	0.85
<b>CAGR: 2015 thru 2023</b>	<b>-1.5%</b>	<b>1.9%</b>	<b>0.3%</b>	<b>1.9%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.1%</b>	<b>-2.9%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>-1.4%</b>
<b>1Q 2023</b>	55.8%	\$110.48	\$61.66	\$102.80	\$57.37	\$7.67	93.1%	42.3%	2.21	42,940	0.76
<b>1Q 2024</b>	53.6%	\$116.52	\$62.44	\$108.24	\$58.00	\$8.29	92.9%	45.9%	2.20	43,810	0.78

Data provided by: kalibri LABS

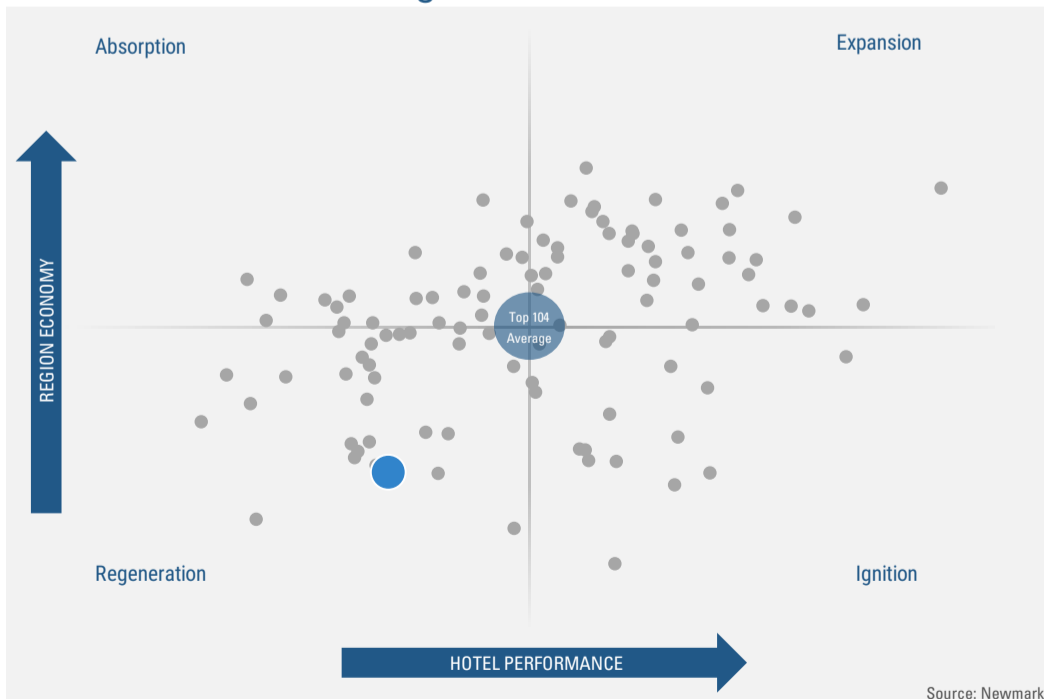
Notable Metrics

HIGHEST	T12-Month Average Length of Stay	Feeder Population Per Room	Population Density per Room
	<b>14th</b> Above Average	<b>15th</b> Above Average	<b>16th</b> Above Average
	Detroit, MI benefited from strong T12-month average length of stay (2.24 Nights)	The market posted a high ratio of feeder population per room (51.93)	The market also boasted strong population density per room (72.02)
LOWEST	Economy Median Income	IRR: Full-Service	IRR: Select-Service
	<b>103rd</b> Soft	<b>99th</b> Highly Unfavorable	<b>98th</b> Highly Unfavorable
	This market was stymied by weak Economy Median Income (\$27,838)	The market posted unfavorable IRR metrics in the full-service segment (10.5%)	Detroit, MI also posted unfavorable IRR metrics in the select-service segment (12.3%)

Notable Trends

STRONGEST	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Average Length of Stay Growth	Long-Term Historical Average Length of Stay Growth
	<b>26th</b> Above Average	<b>35th</b> Average	<b>38th</b> Average
	Detroit, MI enjoyed low short-term historical growth in booking costs (1.9%)	The market has benefited from strong short-term historical average length of stay growth (1.6%)	The market also enjoyed strong long-term historical average length of stay growth (0.7%)
WEAKEST	General Economy Reversion	Short-Term Historical COPE RevPAR Growth	Short-Term Historical Guest Paid RevPAR Growth
	<b>98th</b> Soft	<b>95th</b> Soft	<b>95th</b> Soft
	The market posted weak general economic reversion (per-capita unemployment, GDP and other indicators)	We note this area has been impeded by weak short-term historical COPE RevPAR growth (-0.7%)	Detroit, MI also has been hampered by weak short-term historical Guest Paid RevPAR growth (-0.7%)

Market Performance Stage



Detroit, MI: Regeneration Stage

The Detroit, 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; Knoxville, TN; and Myrtle Beach, SC.

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

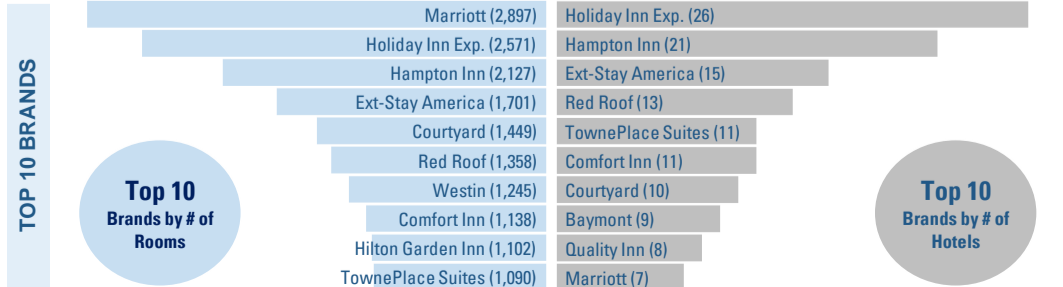
**MOODY'S ANALYTICS**  
 Business Cycle:  
 Employment Growth (2 yr):  
 Risk Exposure (402 US markets):  
 Key Industry Notes:

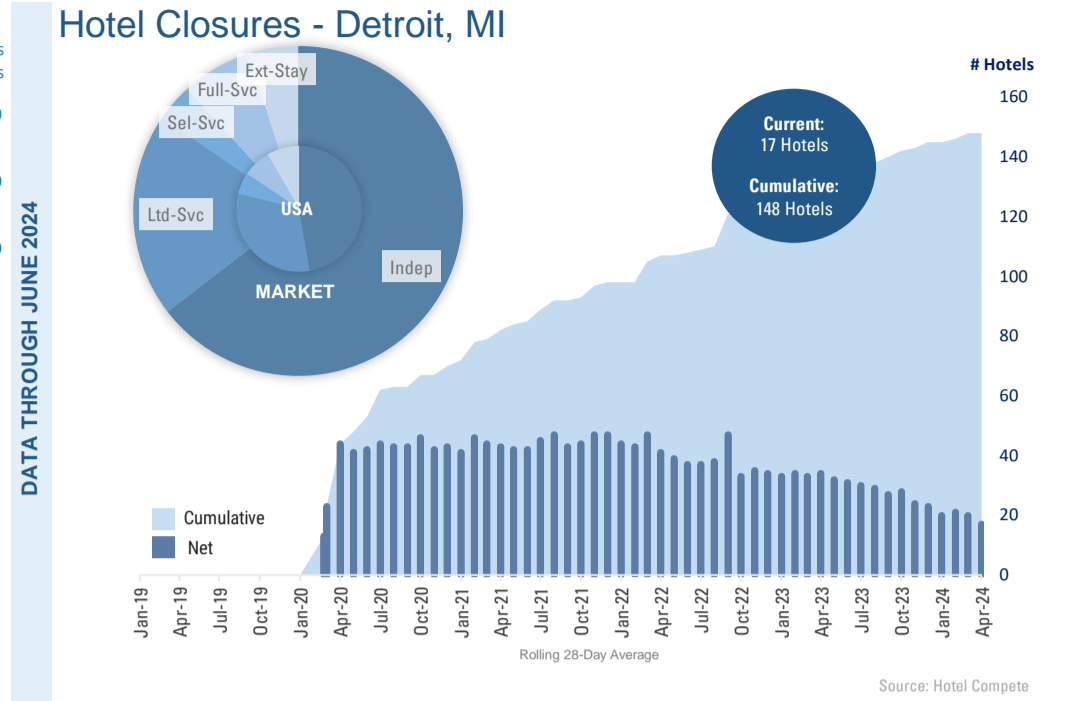
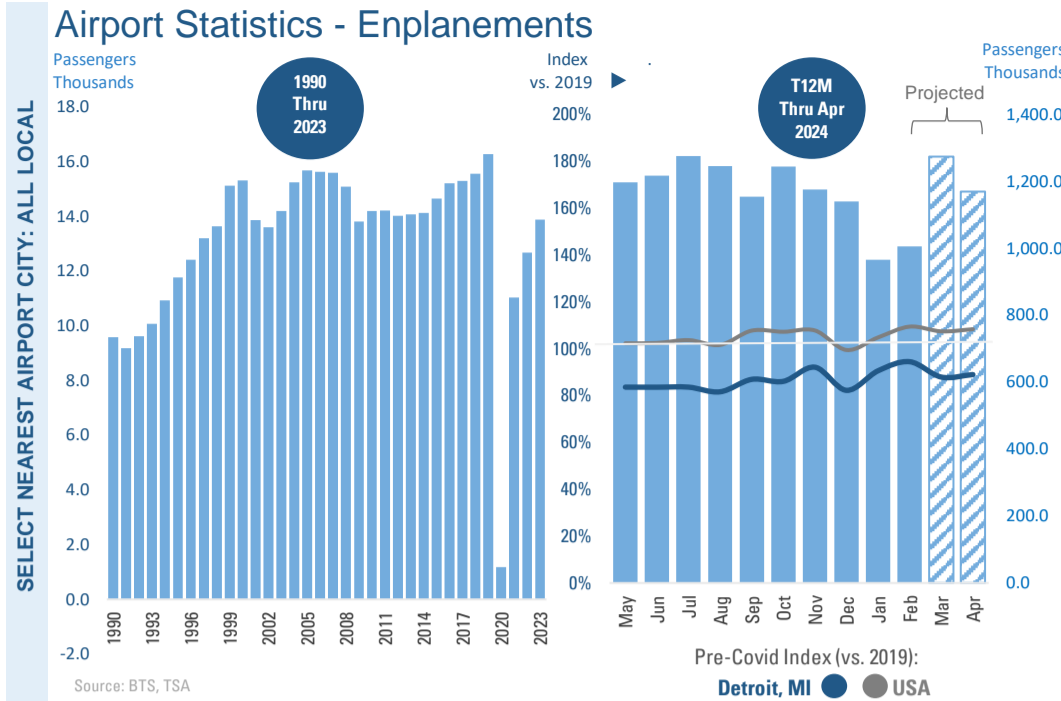
**At Risk**  
**-0.2%**  
**89th Percentile: Above Average**  
 Low living and business costs  
 Auto HQ, R&D  
 Housing affordability  
 Below-average quality of life  
 Rapidly shrinking population

**Moody's Rating**

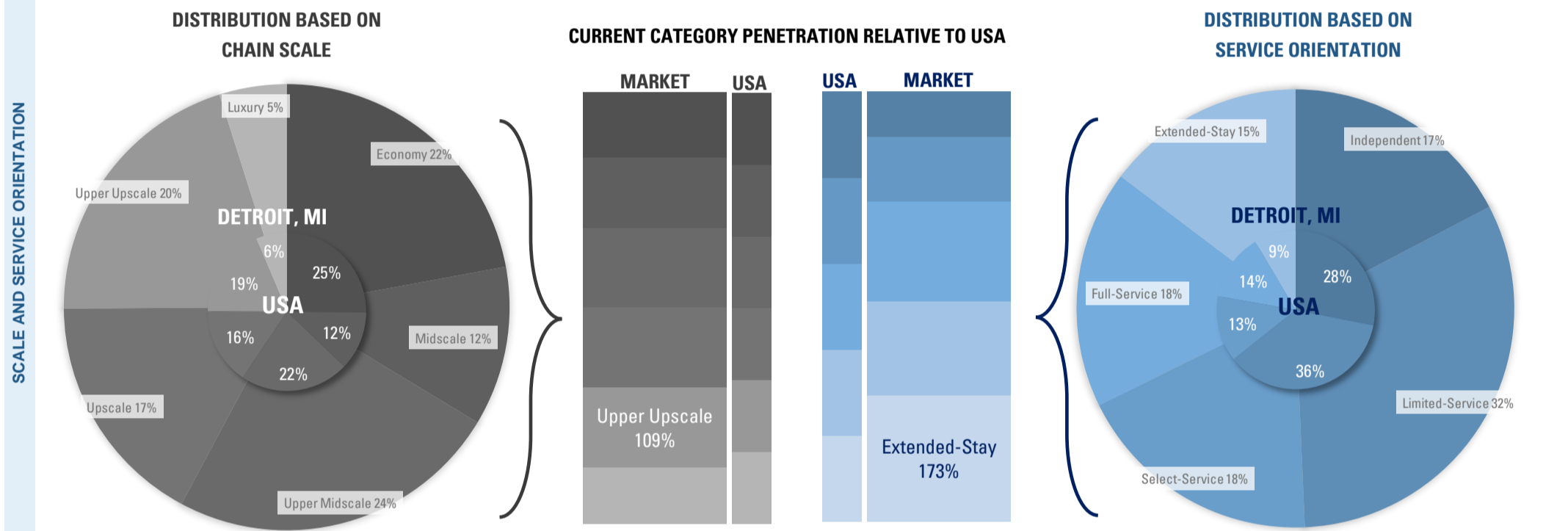
**A1**  
Investment Grade

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

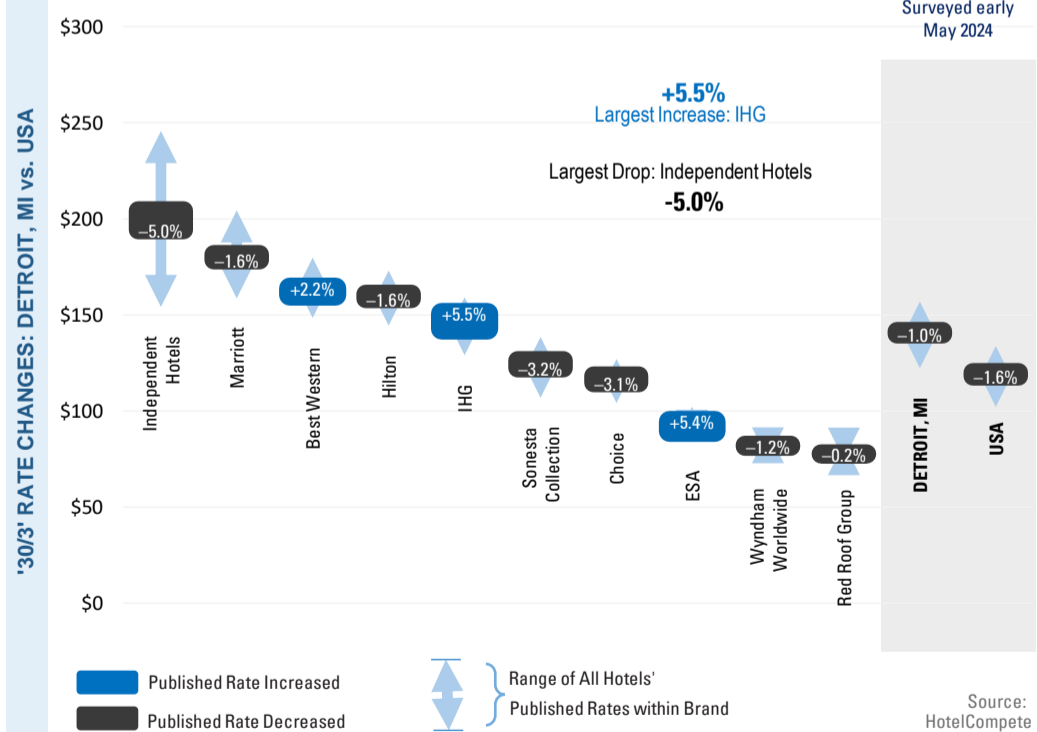




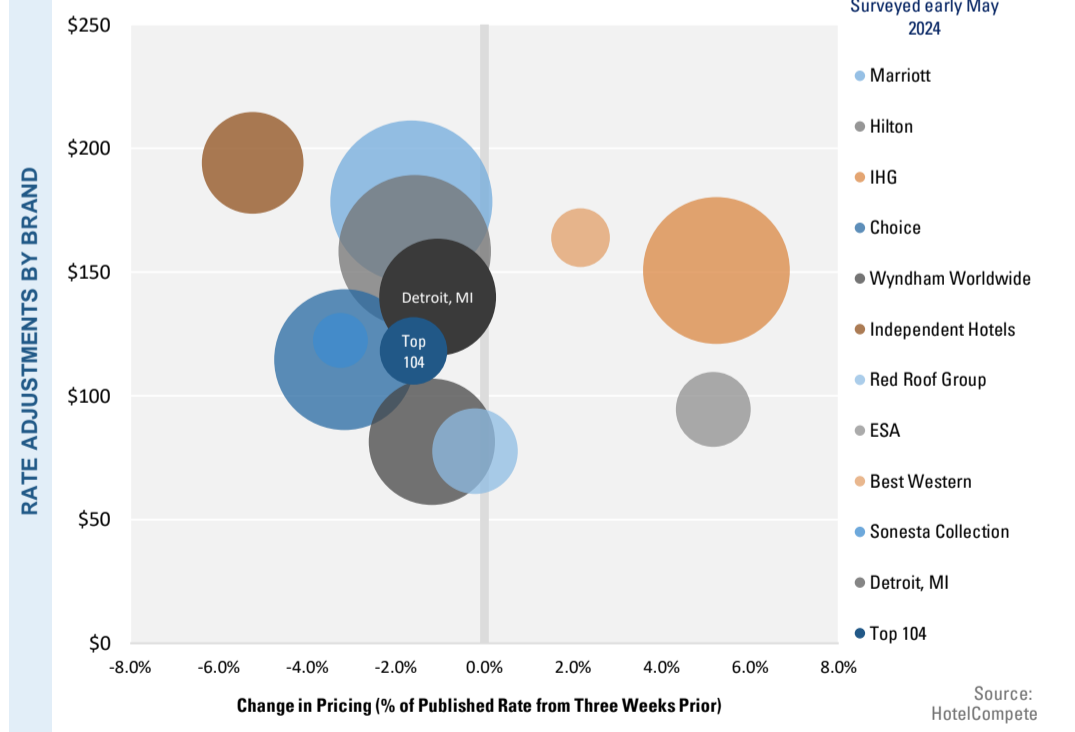
## Scale and Service Distribution: Detroit, MI



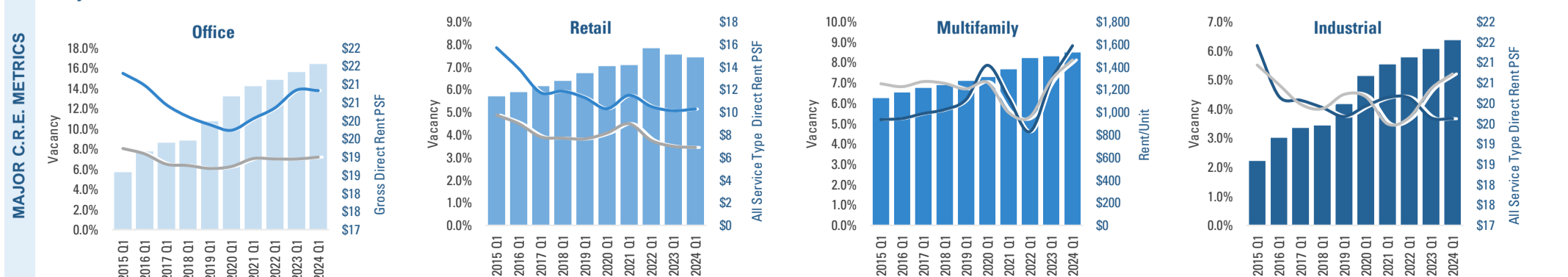
## Published Rates: Top 10 Brands



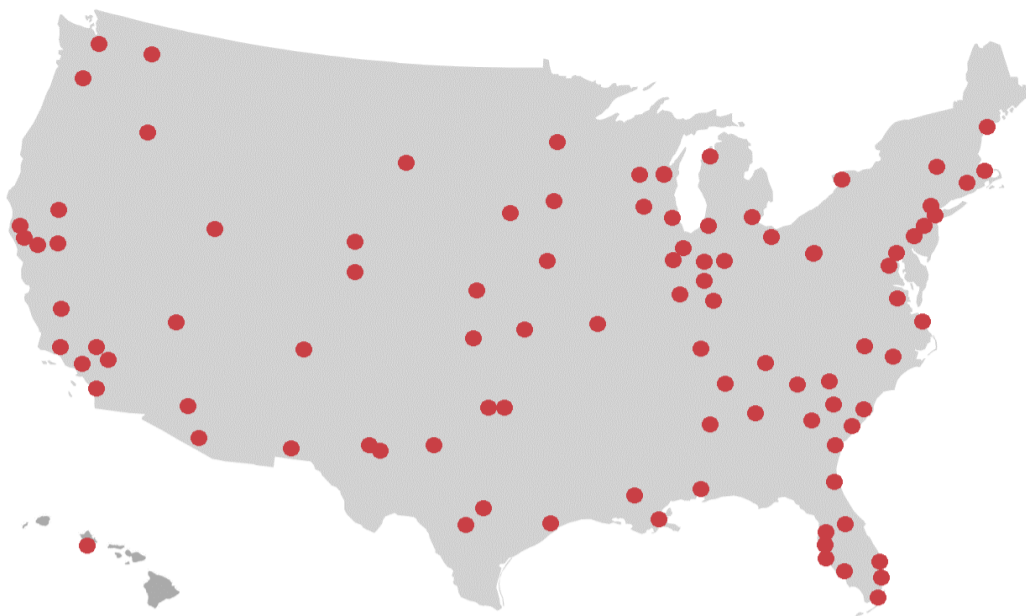
## Published Rates: Volatility



## 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

## 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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