

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

HARRISBURG, PA



### FOR MORE INFORMATION:

**Bryan Younge, MAI, ASA, FRICS**

Senior Managing Director  
Practice Leader - Hospitality, Gaming & Leisure  
NEWMARK VALUATION & ADVISORY  
Americas  
m 773-263-4544

**Laurel Keller, MAI**

Executive Vice President  
Hospitality, Gaming & Leisure  
NEWMARK VALUATION & ADVISORY  
Great Lakes Markets  
t 216-453-3023

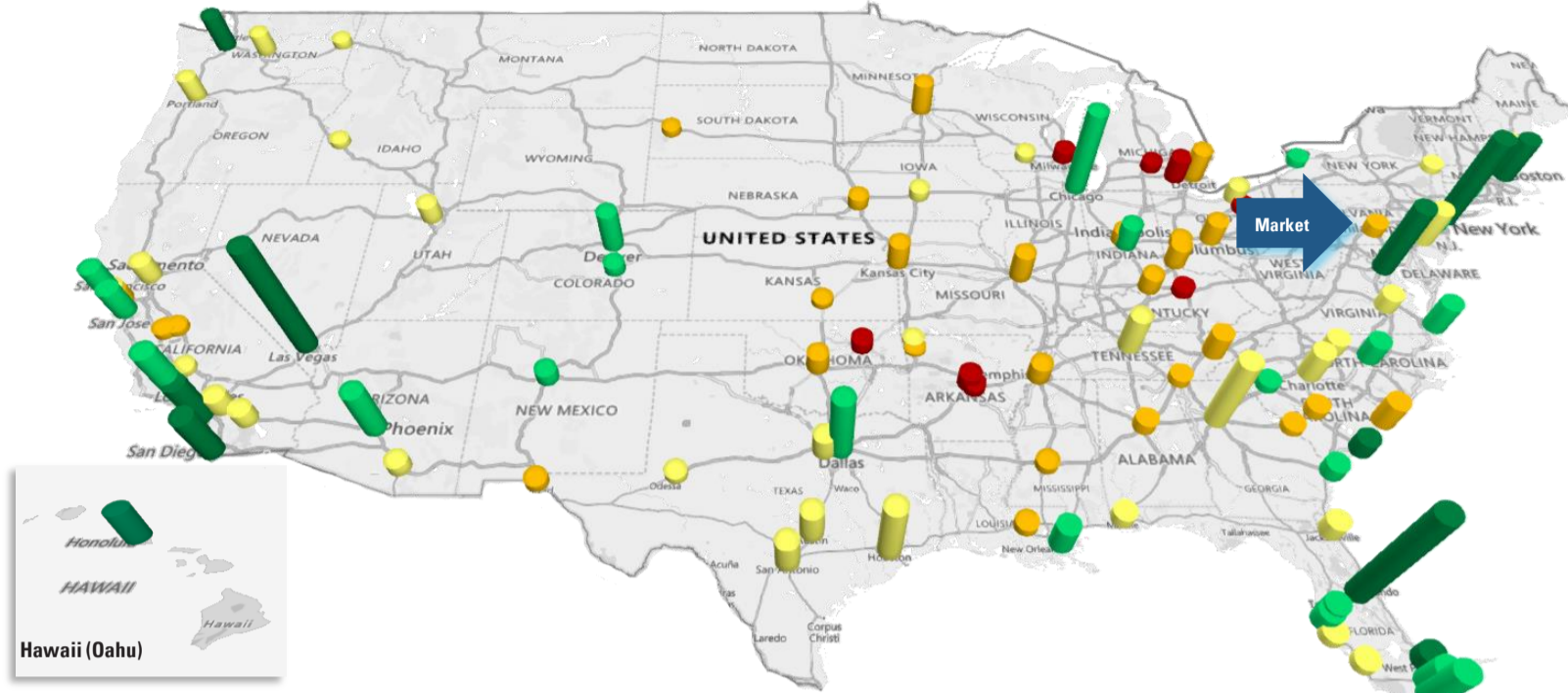
**Allie Chapekis, CHIA**

Senior Appraiser  
Hospitality, Gaming & Leisure  
NEWMARK VALUATION & ADVISORY  
Great Lakes Markets  
t 216-453-3035

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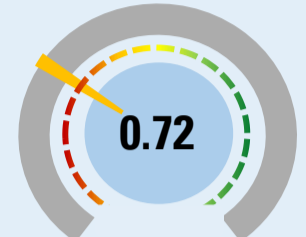


Lodging Performance Index Snapshot



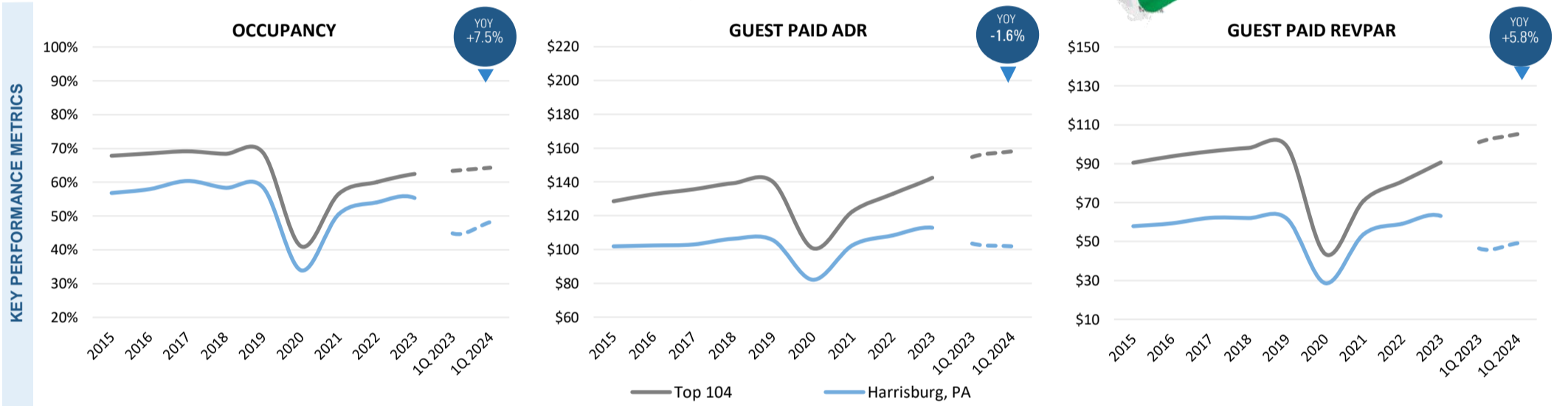
LODGING PERFORMANCE INDEX

Harrisburg, PA

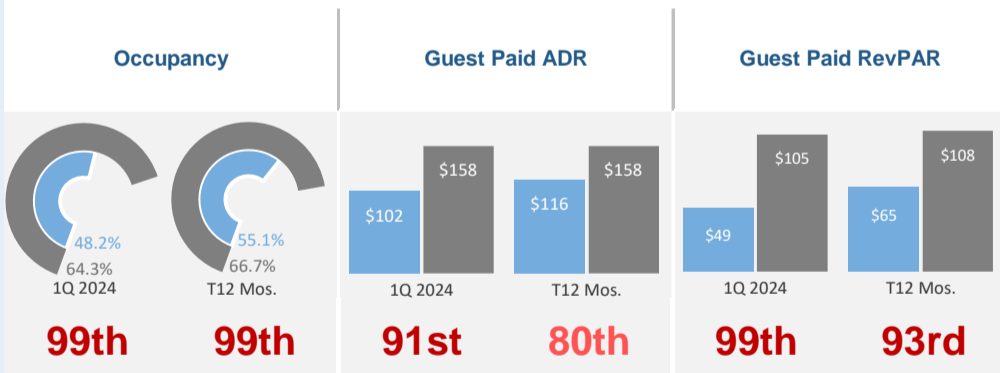


90th of 104  
Below Average

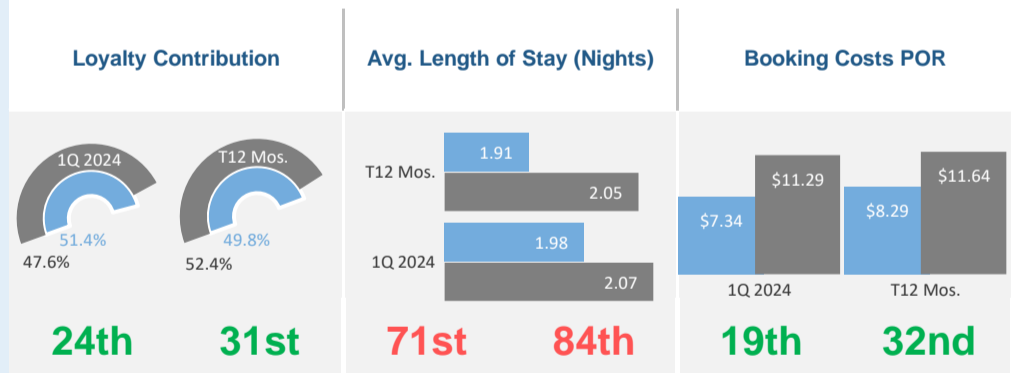
Ranking of overall 1Q 2024 LPI performance (0.72) against all 104 surveyed markets.



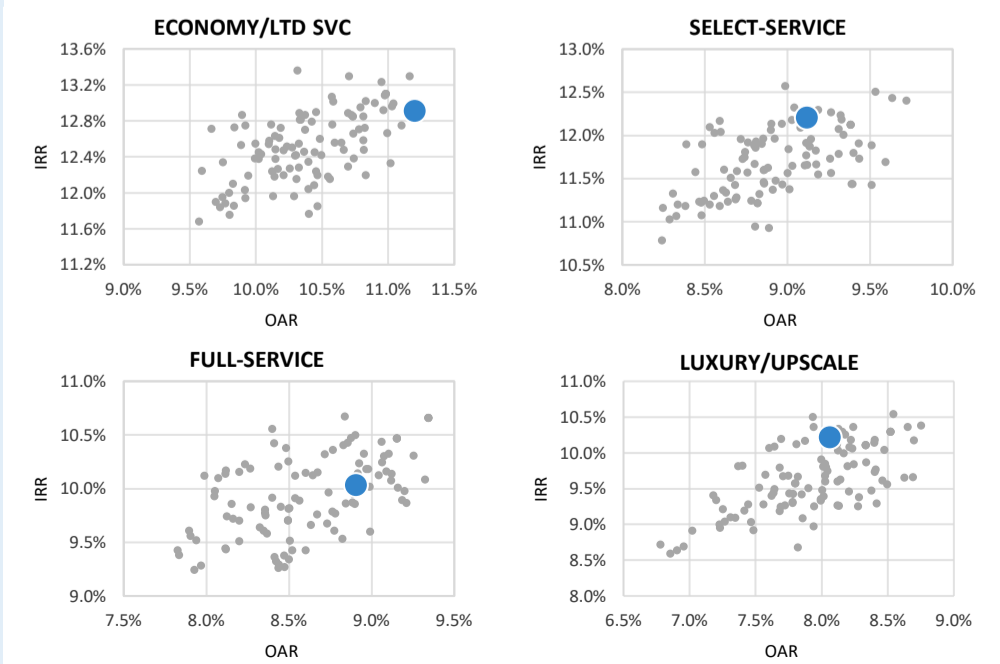
Key Performance Indexes



Key Benchmark Indexes



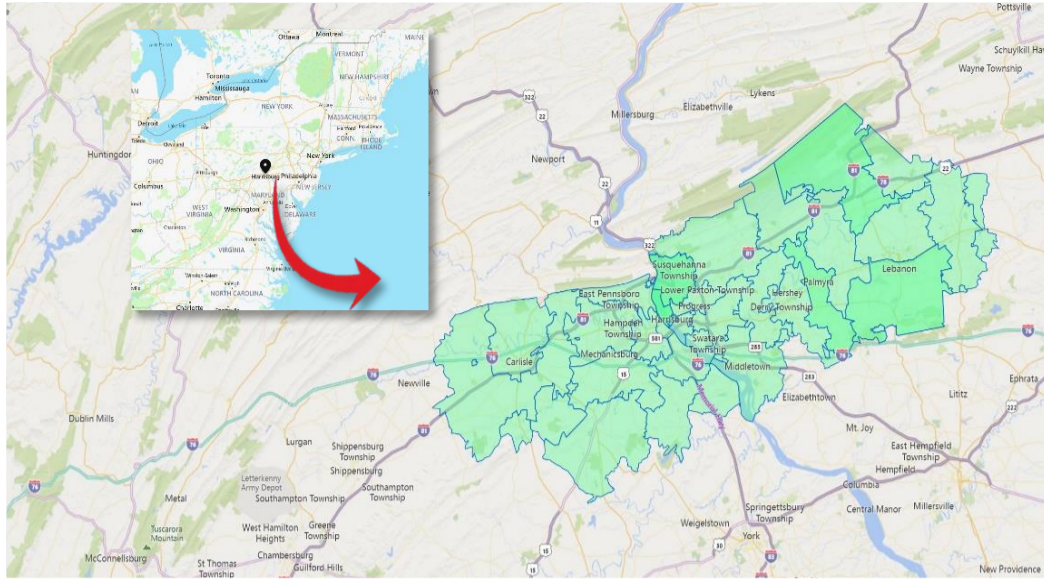
Discount and Capitalization Rates



Trends and Risks



Location



Quick Facts

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

Municipal Name: Harrisburg  
 County: Dauphin County  
 State: Pennsylvania  
 Geo Coordinates (market center): 40.2737, -76.88442

**Major Hotel Demand Generators**

Penn State Hershey Medical Center | Giant Food Stores | Hershey Entertainment & Resorts | The Hershey Co. | Wal-Mart Stores Inc. | PinnacleHealth System | JFC Staffing Associates | Naval Support Activity | TE Connectivity Ltd. | Aerotek Inc. | Highmark Blue Shield | Holy Spirit Health System | Select Medical Corp. | Daikon Child Family & Community | Capital Blue Cross | Harrisburg Area Community College | Comcast | Keystone Human Services | Flagger Force | Penn State College of Medicine

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	586,445	79th of 104 (Below Average)
Income per Capita	\$35,300	95th of 104 (Soft)
Feeder Group Size	71.8 Persons PSR	54th of 104 (Average)
Feeder Group Earnings	\$2,533,029 PSR	21st of 104 (Above Average)
Total Market Hotel Revenues	\$348.2 million	75th of 104 (Below 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	56.8%	\$101.88	\$57.87	\$94.33	\$53.58	\$7.55	92.6%	44.5%	1.75	14,510	0.53
2016	57.9%	\$102.40	\$59.34	\$94.50	\$54.76	\$7.90	92.3%	47.0%	1.73	14,230	0.65
2017	60.4%	\$102.97	\$62.17	\$94.69	\$57.17	\$8.28	92.0%	48.2%	1.75	14,220	0.73
2018	58.3%	\$106.36	\$62.06	\$97.74	\$57.03	\$8.62	91.9%	50.9%	1.73	14,420	0.68
2019	58.5%	\$105.55	\$61.69	\$96.98	\$56.69	\$8.57	91.9%	53.0%	1.75	14,850	0.59
2020	33.9%	\$82.10	\$28.57	\$76.50	\$25.97	\$5.60	93.2%	41.7%	2.07	14,710	0.61
2021	50.6%	\$102.56	\$53.83	\$95.28	\$48.19	\$7.29	92.9%	44.2%	2.09	14,870	0.84
2022	54.0%	\$108.31	\$59.13	\$100.63	\$54.38	\$7.68	92.9%	44.3%	2.08	14,930	0.72
2023	55.3%	\$112.92	\$63.15	\$104.98	\$58.08	\$7.93	93.0%	44.3%	2.07	15,020	0.64
<b>CAGR: 2015 thru 2023</b>	<b>-0.3%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>1.0%</b>	<b>0.6%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>2.1%</b>	<b>0.4%</b>	<b>2.5%</b>
<b>1Q 2023</b>	44.9%	\$103.51	\$46.45	\$96.21	\$43.17	\$7.30	92.9%	48.6%	1.98	15,230	0.55
<b>1Q 2024</b>	48.2%	\$101.90	\$49.14	\$94.56	\$45.60	\$7.34	92.8%	51.4%	1.98	14,850	0.72

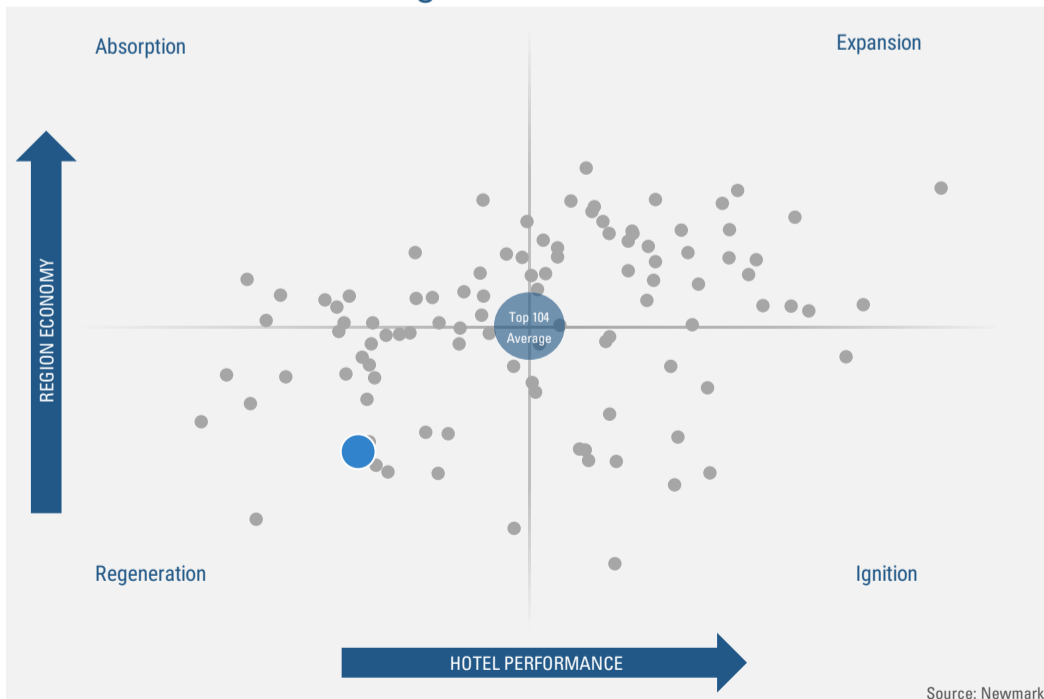
Notable Metrics

HIGHEST	Latest-Quarter Booking Costs POR	Feeder Group Earnings per sold room	Latest-Quarter Loyalty Contribution
	<b>19th Above Average</b>	<b>21st Above Average</b>	<b>24th Above Average</b>
	Harrisburg, PA enjoyed low latest-quarter booking costs POR (\$7.34)	The market posted strong feeder group earnings per sold room (\$2,533,029)	The market also exhibited strong latest-quarter loyalty contribution (51.4%)
LOWEST	OAR: Economy/Ltd Svc	T12-Month Occupancy	Latest-Quarter COPE RevPAR
	<b>Last Highly Unfavorable</b>	<b>99th Soft</b>	<b>99th Soft</b>
	This market exhibited unfavorable OAR metrics in the economy/ltd svc segment (11.2%)	The market has been hindered by weak T12-month occupancy (55.1%)	Harrisburg, PA also has been hampered by weak latest-quarter COPE RevPAR (\$45.60)

Notable Trends

STRONGEST	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Average Length of Stay Growth	T12-Month Rooms Supply Growth
	<b>7th Strong</b>	<b>11th Above Average</b>	<b>13th Above Average</b>
	Harrisburg, PA enjoyed strong long-term historical average length of stay growth (1.4%)	The market has benefited from strong short-term historical average length of stay growth (2.4%)	The market also exhibited low rooms supply growth over the last 12 months (-2.5%)
WEAKEST	General Economy Reversion	Overall Health of Hotel Market	Short-Term Historical COPE ADR Growth
	<b>93rd Soft</b>	<b>88th Below Average</b>	<b>84th Below Average</b>
	The market posted weak general economic reversion (per-capita unemployment, GDP and other indicators)	We note this area has been hampered by weak general hotel market performance (levels and trends of fundamentals)	Harrisburg, PA also posted weak short-term historical COPE ADR growth (1.8%)

Market Performance Stage



Harrisburg, PA: Regeneration Stage

The Harrisburg, PA 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

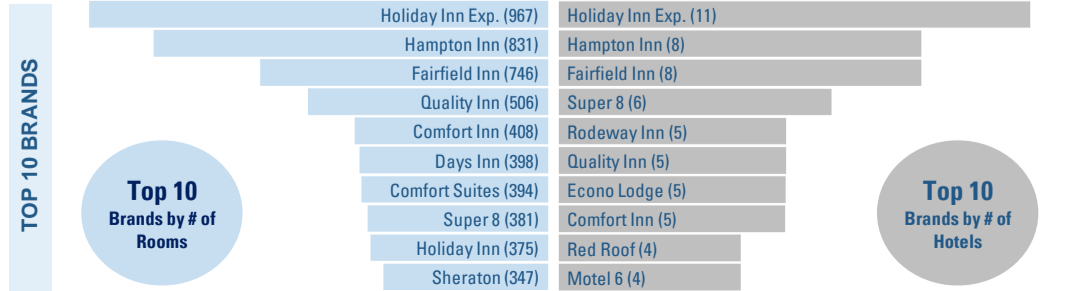
**MOODY'S ANALYTICS**

Business Cycle: **Expansion**  
 Employment Growth (2 yr): **1.0%**  
 Risk Exposure (402 US markets): **91st Percentile: Above Average**  
 Key Industry Notes:  
 Central location in the state  
 Favorable population trends  
 Below-average worker productivity  
 Overreliance on logistics  
 High employment volatility

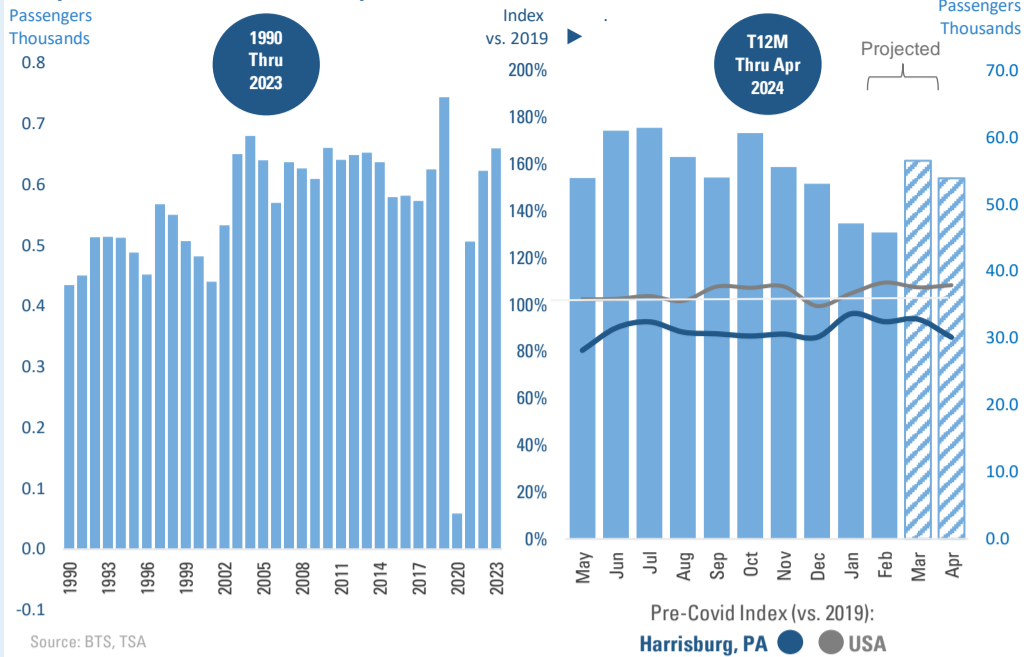
**Moody's Rating**

**A3**  
**Investment Grade**

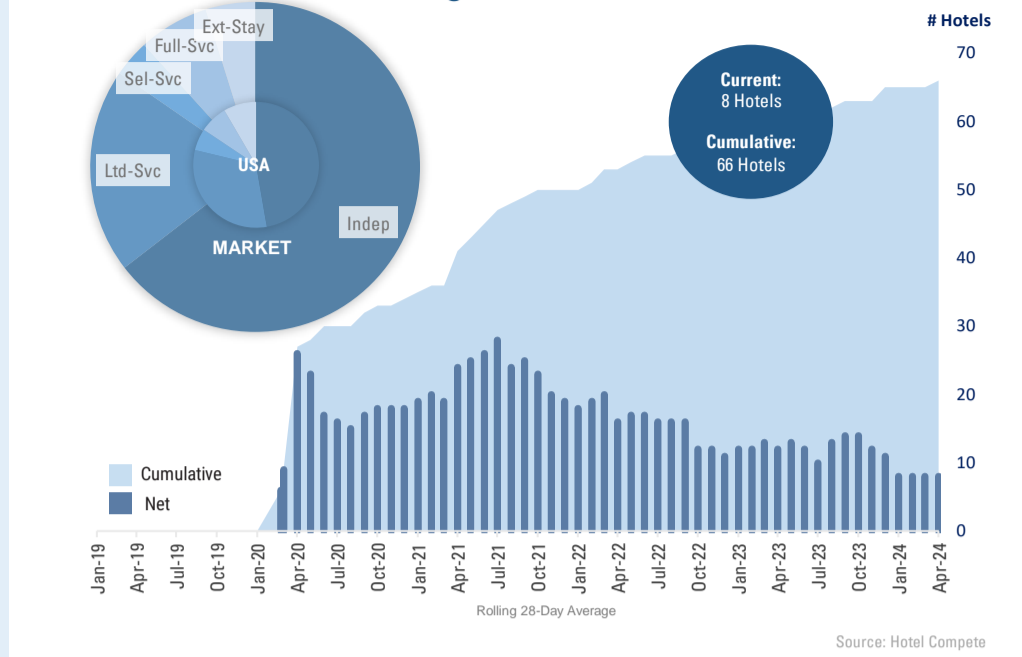
Long-term investment grade, Prime-2 short-term outlook



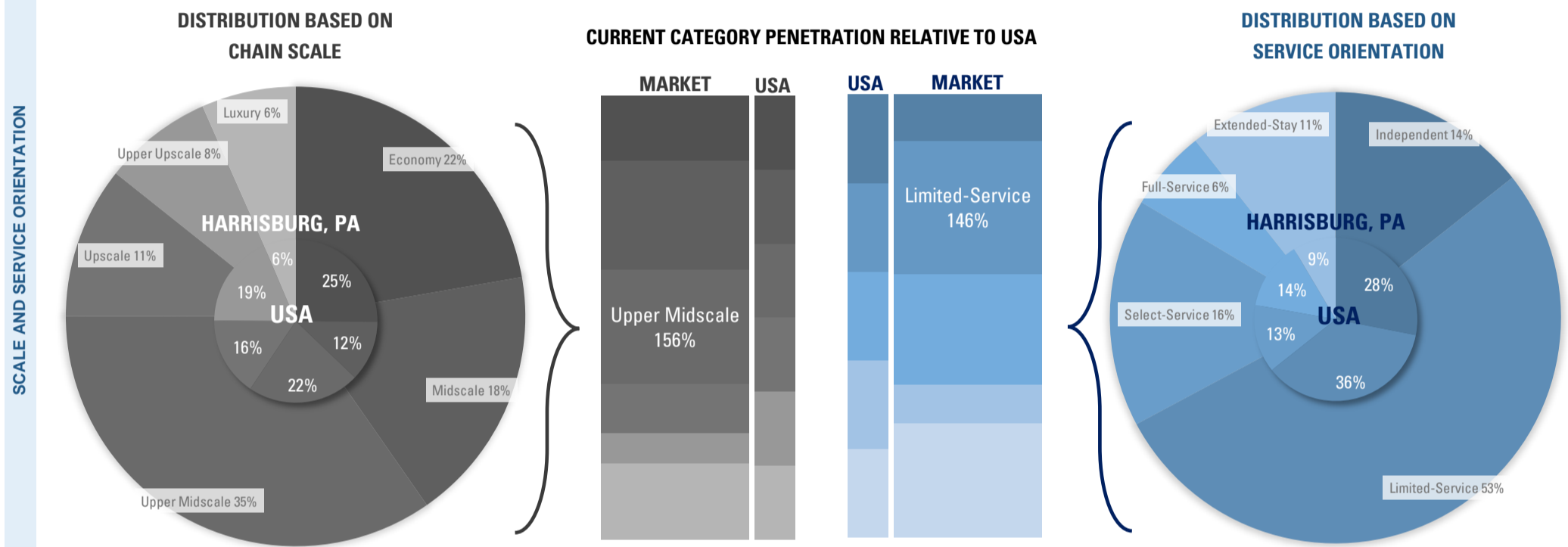
Airport Statistics - Enplanements



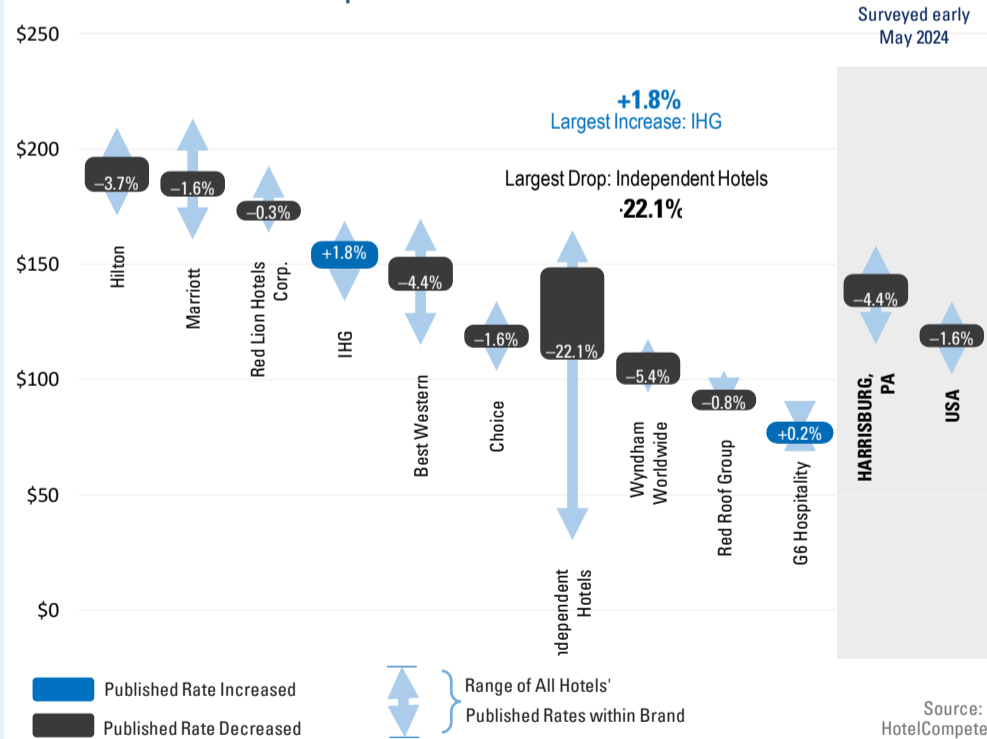
Hotel Closures - Harrisburg, PA



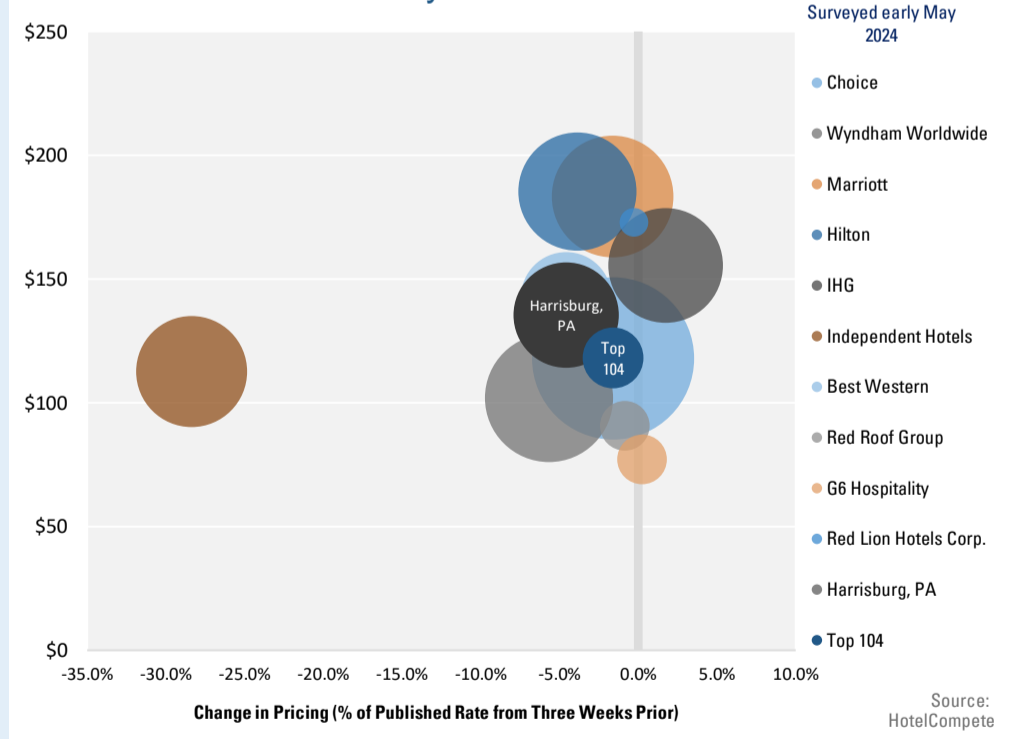
Scale and Service Distribution: Harrisburg, PA



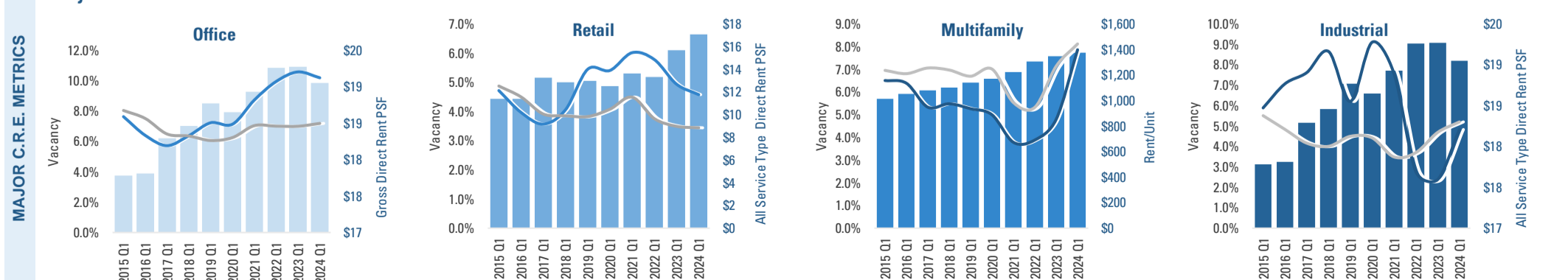
Published Rates: Top 10 Brands



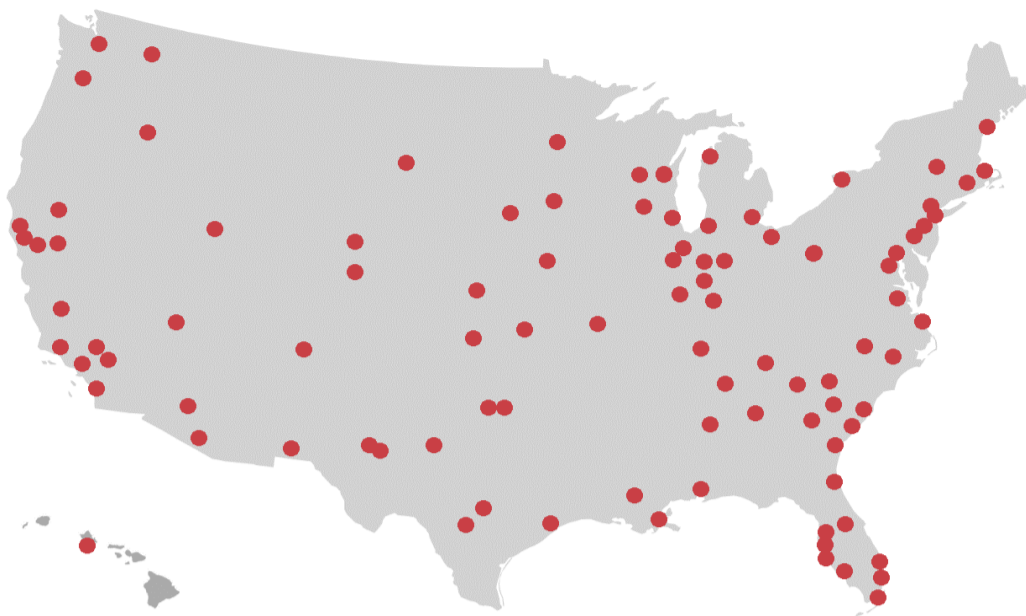
Published Rates: Volatility



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.

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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.

FOR INFORMATION CONTACT:

**Bryan Younge MAI, ASA, FRICS**

Executive Vice President, Valuation & Advisory,  
Specialty Practice Leader – Hospitality, Gaming & Leisure  
m 773-263-4544  
bryan.younge@nmrk.com

### CONTACT: GREAT LAKES MARKETS

#### FOR MORE INFORMATION

**Laurel Keller, MAI**  
Executive Vice President  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
Great Lakes Markets  
t 216-453-3023  
laurel.keller@nmrk.com

**Allie Chapekis, CHIA**  
Senior Appraiser  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
Great Lakes Markets  
t 216-453-3035  
alexandra.Chapekis@nmrk.com

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