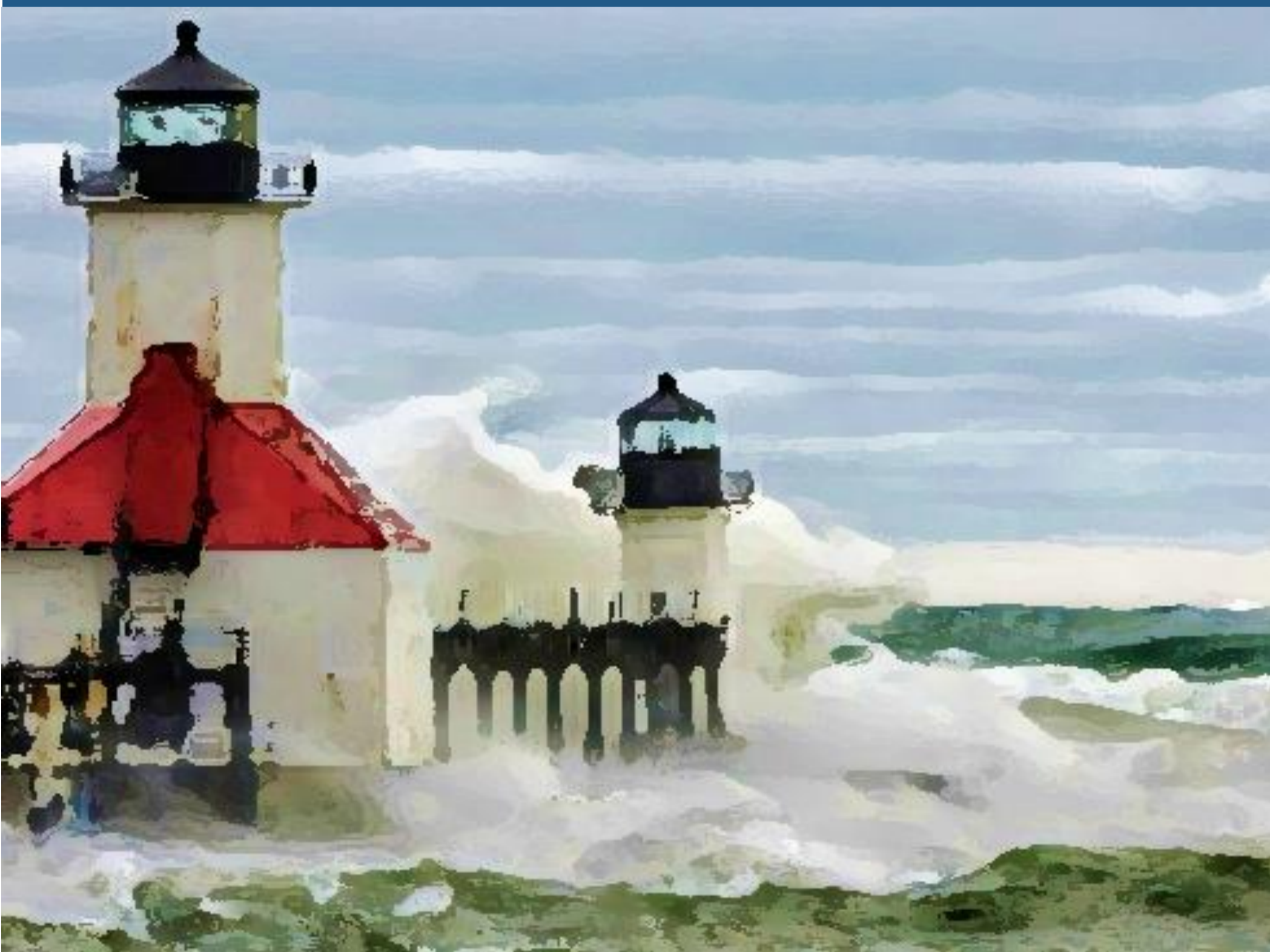


# NEWMARK

1Q 2024

## Hotel Market Nsights Report

MICHIGAN SOUTH AREA, MI



### 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

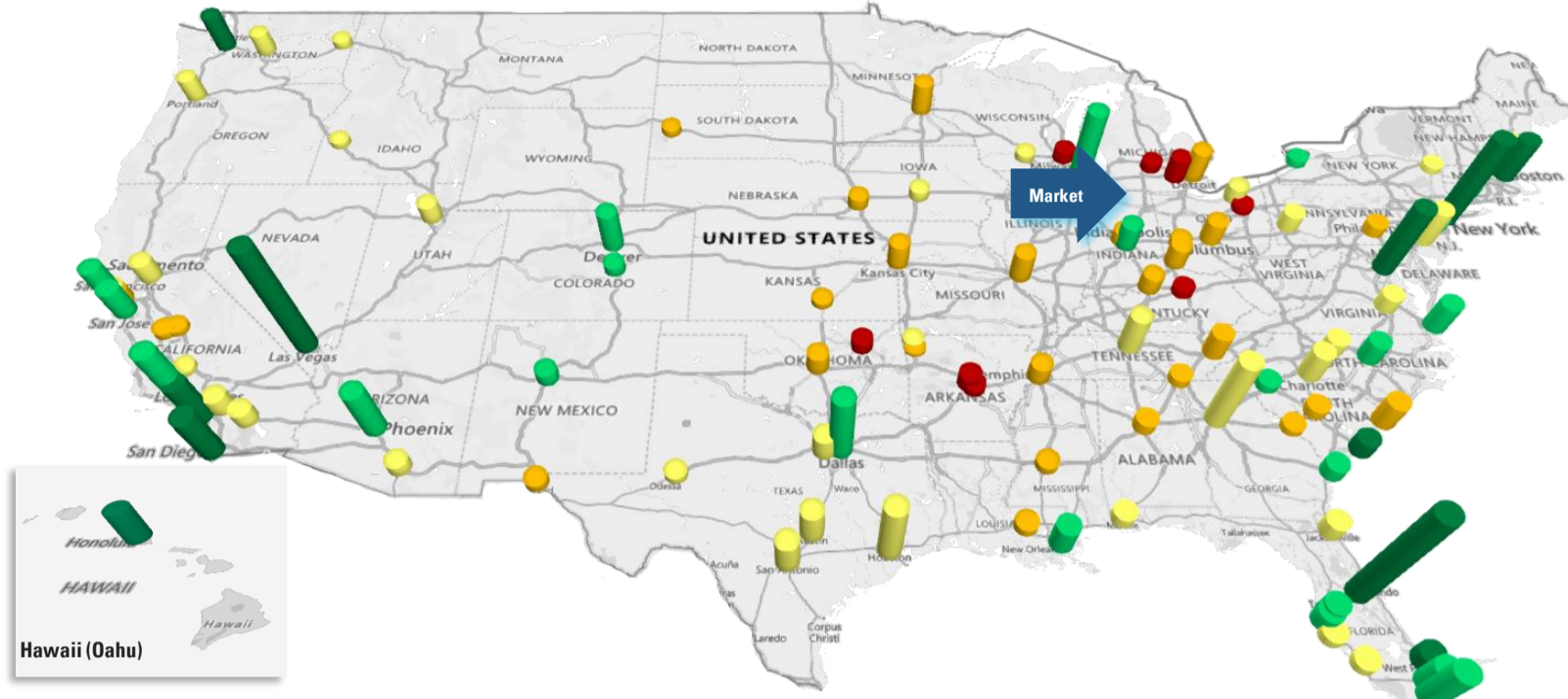
**Allie Chapekis, CHIA**  
Senior Appraiser  
Hospitality, Gaming & Leisure  
NEWMARK VALUATION & ADVISORY  
Great Lakes Markets  
t 216-453-3035

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# 1Q 2024 MICHIGAN SOUTH AREA, MI

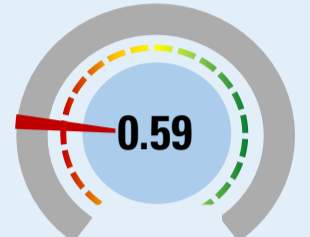


## Lodging Performance Index Snapshot



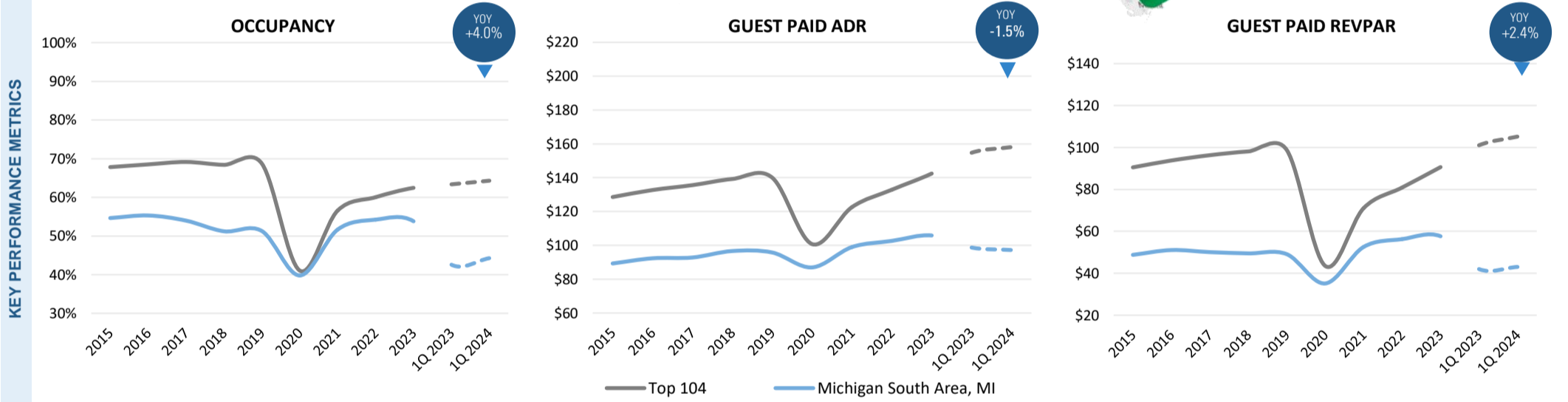
### LODGING PERFORMANCE INDEX

Michigan South Area, MI



**98th of 104**  
**Soft**

Ranking of overall '1Q 2024 LPI' performance (0.59) against all 104 surveyed markets.

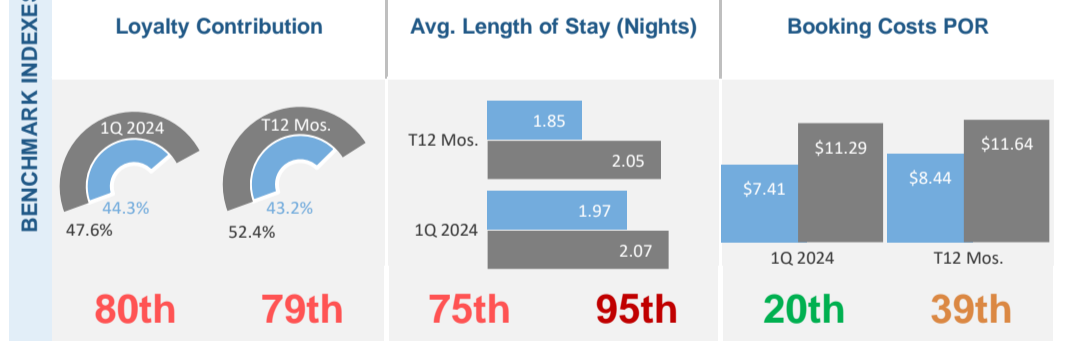


### Key Performance Indexes

● Subject Market ● Top 104

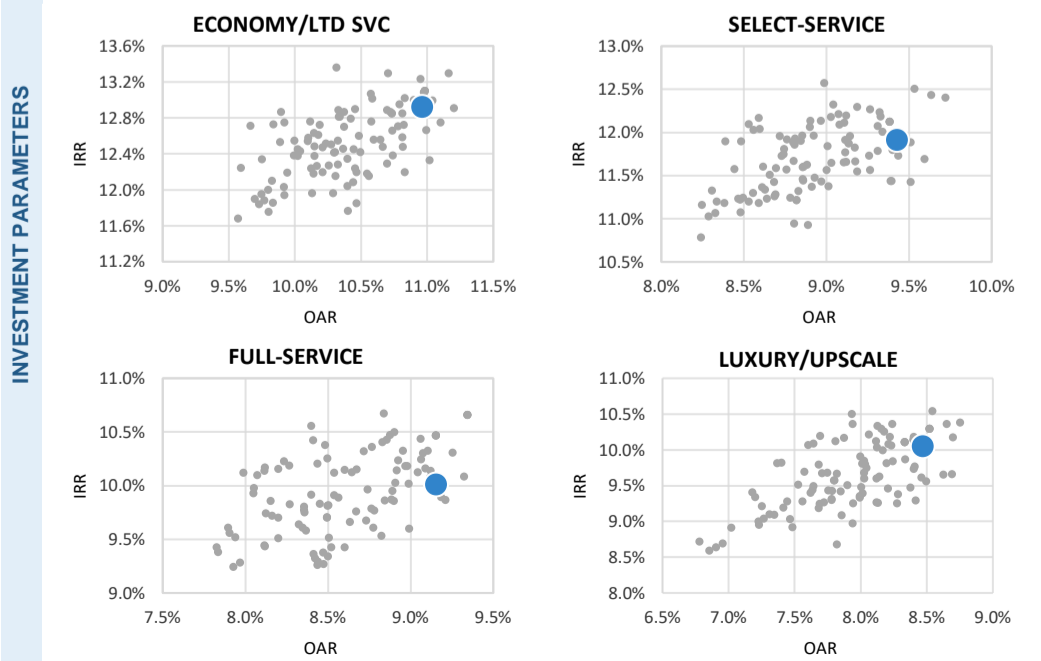


### Key Benchmark Indexes



### Discount and Capitalization Rates

Source: Newmark

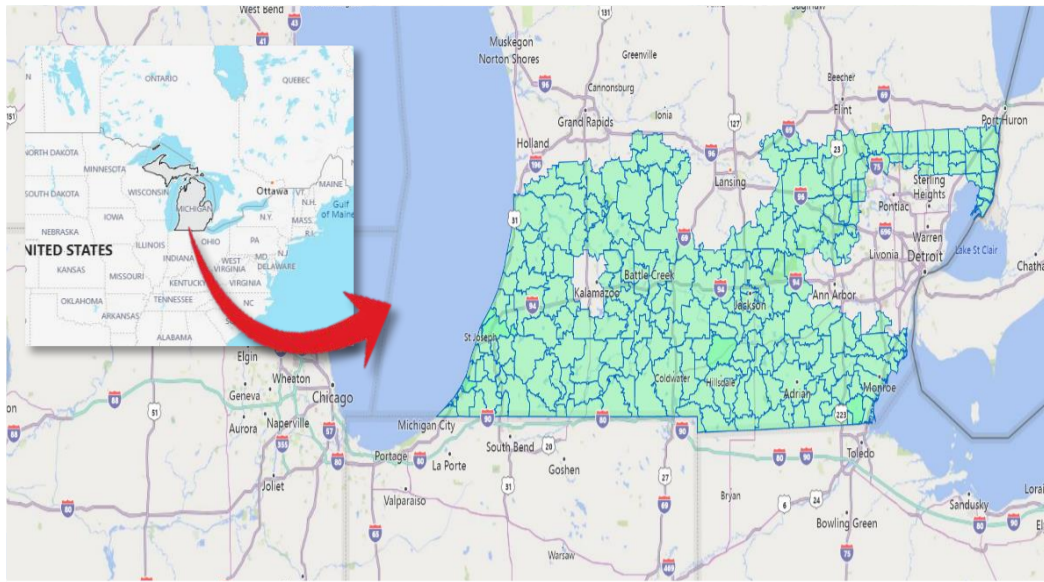


### Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Multiple  
 County: Multiple  
 State: Michigan  
 Geo Coordinates (market center): 42.69641, -84.53906

**Major Hotel Demand Generators**

Amway Corp. | Ascension | Axios Inc. | Blue Cross Blue Shield of Michigan | CHE Trinity Health | Chrysler Group LLC | Comerica Bank | DTE Energy Co. | Ford Motor Co. | General Motors Corp. | Johnson Controls Inc. | Liberty National Life Insurance | McLaren Health Care Corp. | Michigan State University | Pfizer | Quicken Loans | Stryker Corp. | University of Michigan | Wayne State University | Western Michigan University

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,701,183	32nd of 104 (Above Average)
Income per Capita	\$56,820	25th of 104 (Above Average)
Feeder Group Size	269.4 Persons PSR	Last of 104 (Soft)
Feeder Group Earnings	\$15,307,905 PSR	Last of 104 (Soft)
Total Market Hotel Revenues	\$257.3 million	92nd of 104 (Soft)

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	54.6%	\$89.29	\$48.78	\$84.15	\$45.97	\$5.14	94.2%	41.5%	1.93	10,650	0.45
2016	55.3%	\$92.36	\$51.08	\$86.69	\$47.94	\$5.67	93.9%	44.3%	1.87	10,590	0.69
2017	54.0%	\$92.81	\$50.09	\$86.58	\$46.73	\$6.24	93.3%	46.9%	1.85	10,670	0.47
2018	51.2%	\$96.65	\$49.50	\$89.89	\$46.04	\$6.75	93.0%	51.5%	1.81	11,000	0.61
2019	51.3%	\$95.78	\$49.12	\$88.82	\$45.55	\$6.96	92.7%	56.2%	1.81	11,850	0.50
2020	39.8%	\$86.98	\$35.15	\$81.34	\$32.37	\$5.64	93.5%	38.2%	2.16	11,840	0.96
2021	51.7%	\$98.99	\$52.57	\$92.30	\$47.68	\$6.69	93.2%	40.3%	2.01	12,150	0.82
2022	54.2%	\$102.63	\$56.29	\$95.63	\$51.85	\$7.00	93.2%	39.7%	2.09	12,240	0.68
2023	53.8%	\$105.86	\$57.67	\$98.48	\$52.99	\$7.38	93.0%	39.1%	2.06	12,300	0.32
<b>CAGR: 2015 thru 2023</b>	<b>-0.2%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>4.6%</b>	<b>-0.2%</b>	<b>-0.7%</b>	<b>0.8%</b>	<b>1.8%</b>	<b>-4.2%</b>
<b>1Q 2023</b>	42.6%	\$98.70	\$42.02	\$91.40	\$38.91	\$7.30	92.6%	40.0%	1.85	12,470	0.45
<b>1Q 2024</b>	44.3%	\$97.25	\$43.05	\$89.84	\$39.77	\$7.41	92.4%	44.3%	1.97	12,160	0.59

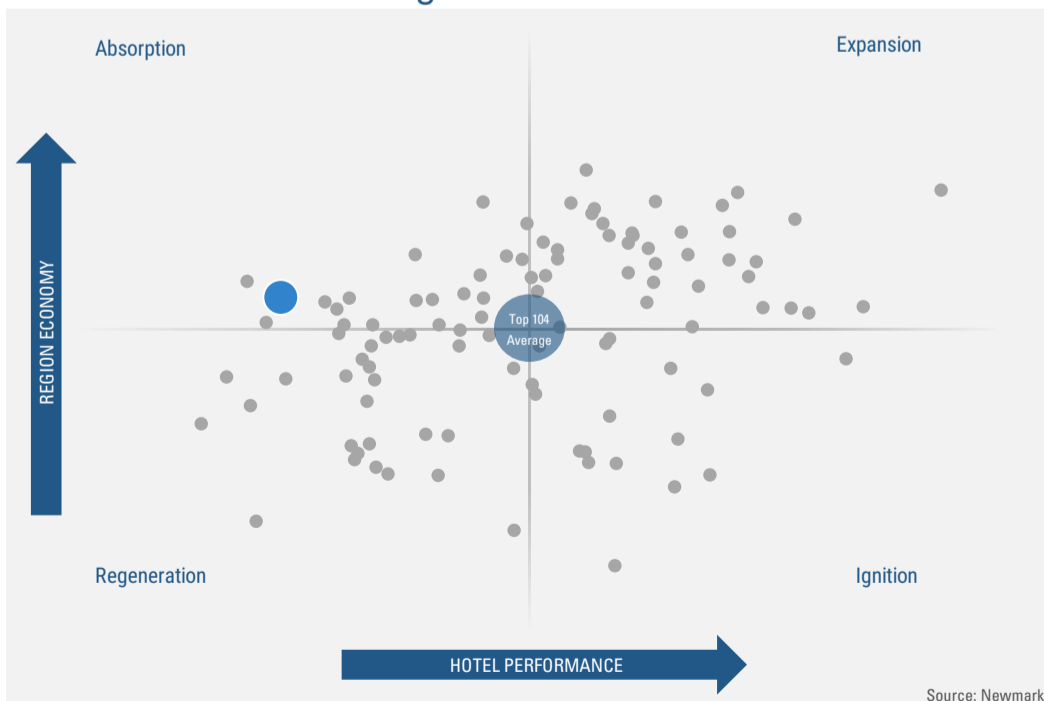
Notable Metrics

	Population Density per Room	Feeder Population Per Room	Marketwide Income per Room
<b>HIGHEST</b>	<b>1st Very Strong</b> Michigan South Area, MI boasted strong population density per room (138.18)	<b>1st Very Strong</b> The market posted a high ratio of feeder population per room (97.58)	<b>1st Very Strong</b> The market also enjoyed a high ratio of marketwide income per room (\$5,544,474)
<b>LOWEST</b>	<b>Last Soft</b> This market has low feeder group earnings per sold room (\$15,307,905)	<b>Last Soft</b> The market required a large feeder group size (269.41 Persons)	<b>Last Soft</b> Michigan South Area, MI also has been hindered by weak T12-month occupancy (51.5%)

Notable Trends

	T12-Month Rooms Supply Growth	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Occupancy Growth
<b>STRONGEST</b>	<b>14th Above Average</b> Michigan South Area, MI exhibited low rooms supply growth over the last 12 months (-2.5%)	<b>21st Above Average</b> The market exhibited strong long-term historical loyalty contribution growth (4.7%)	<b>21st Above Average</b> The market also has benefited from strong short-term historical occupancy growth (0.5%)
<b>WEAKEST</b>	<b>98th Soft</b> The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	<b>91st Soft</b> We note this area posted weak long-term historical COPE ADR growth (1.2%)	<b>85th Below Average</b> Michigan South Area, MI also has been impeded by weak long-term historical Guest Paid ADR growth (1.4%)

Market Performance Stage



Michigan South Area, MI: Absorption Stage

The Michigan South Area, MI market is currently in the 'Absorption' stage of the performance cycle. In this 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.

- Other Stages:**
- Regeneration:** In the 'Regeneration' 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.
  - 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.
  - 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**

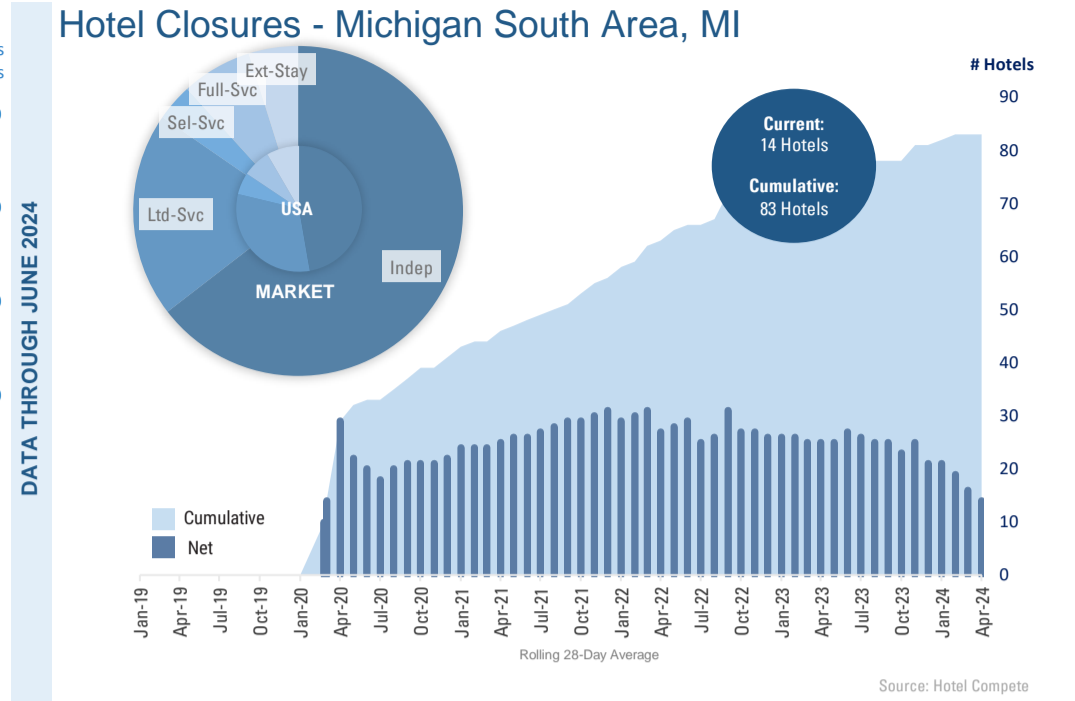
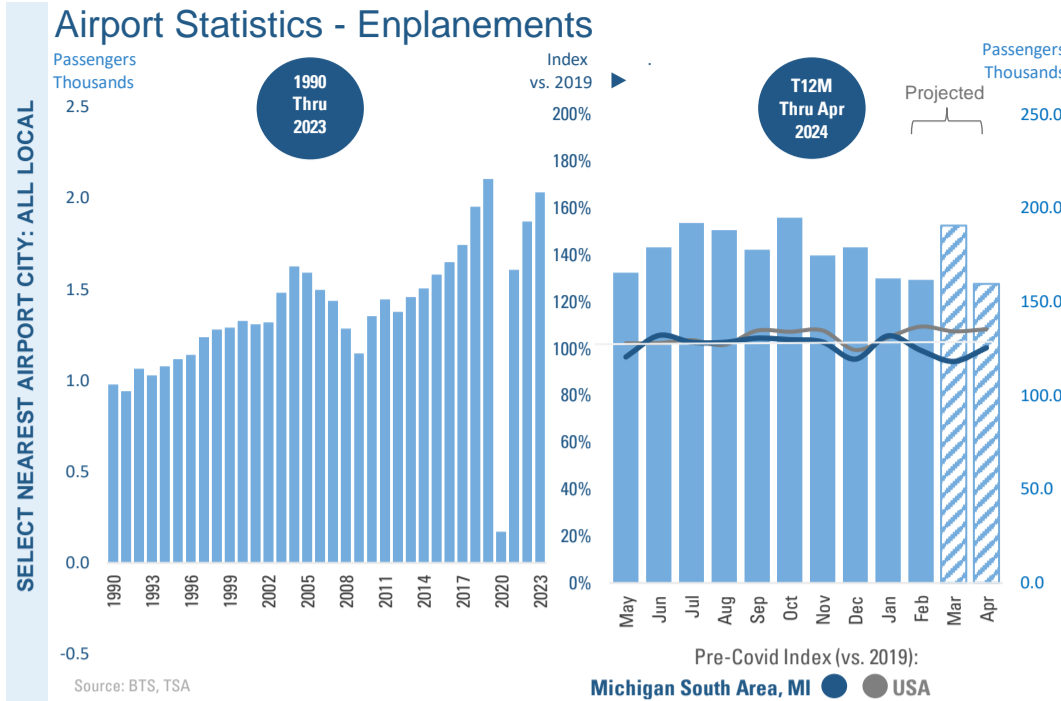
Business Cycle: **Expansion**  
 Employment Growth (2 yr): **0.9%**  
 Risk Exposure (402 US markets): **76th Percentile: Above Average**  
 Key Industry Notes:  
 High-wage jobs  
 Good prospects for life sciences and IT  
 Lower living and business costs  
 Overvalued housing  
 Shrinking working-age population

**Moody's Rating**

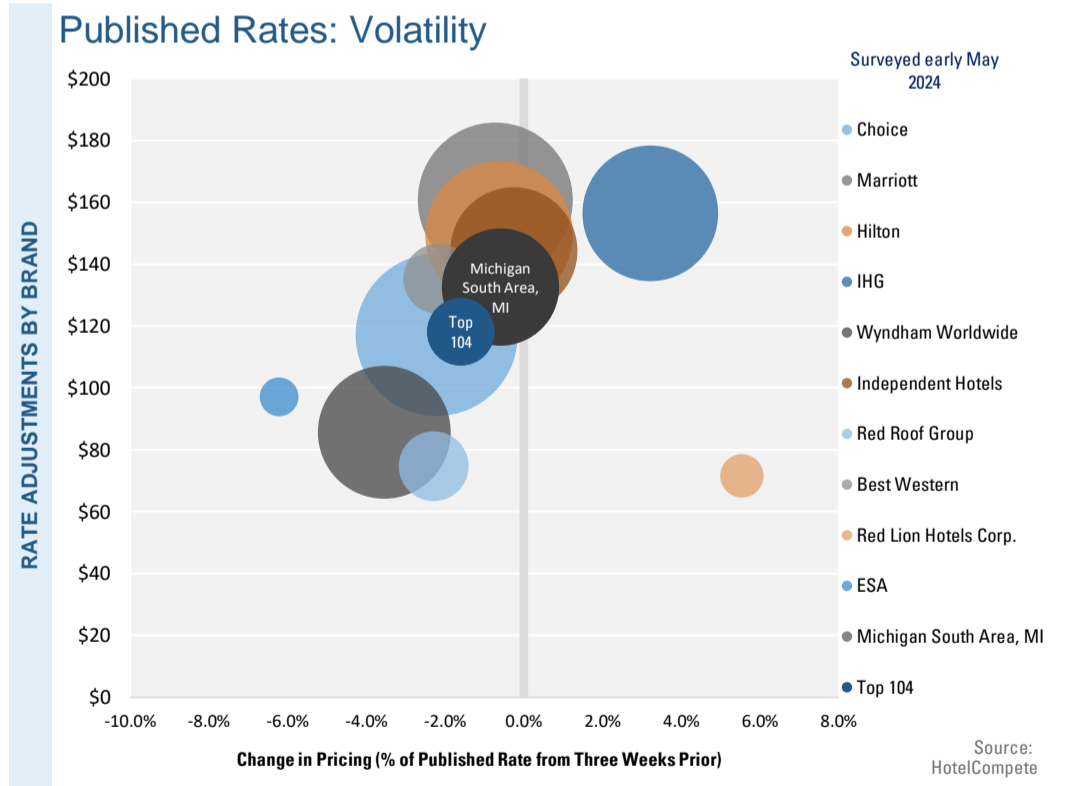
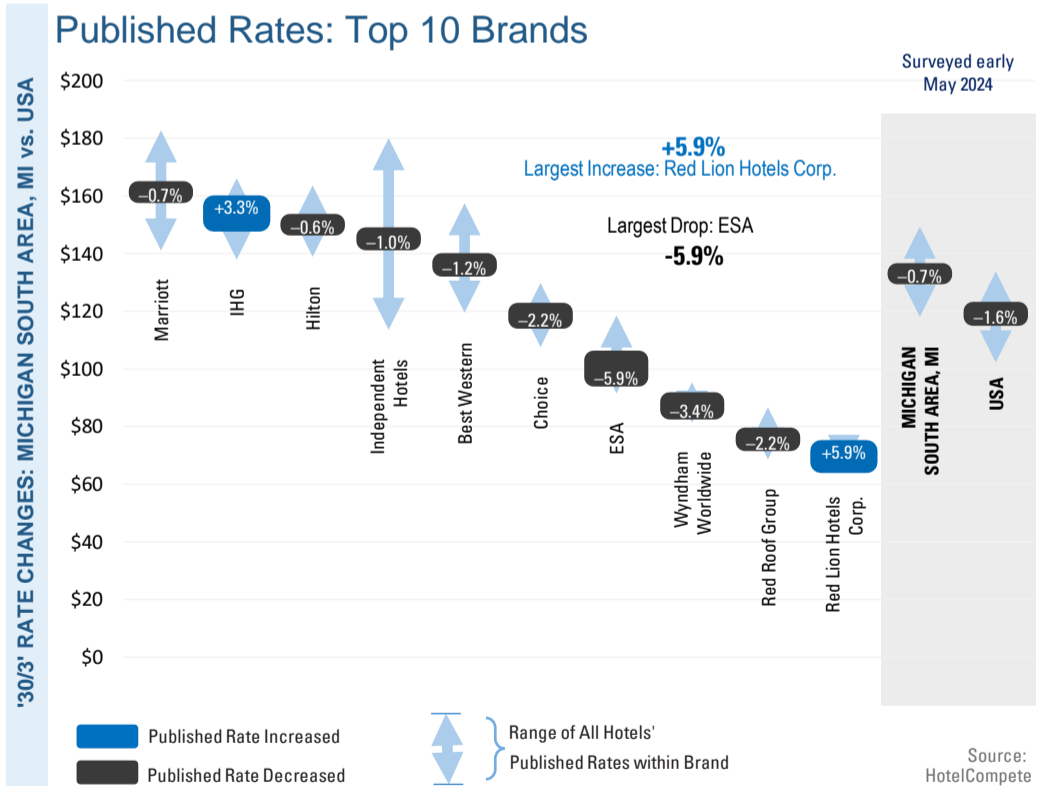
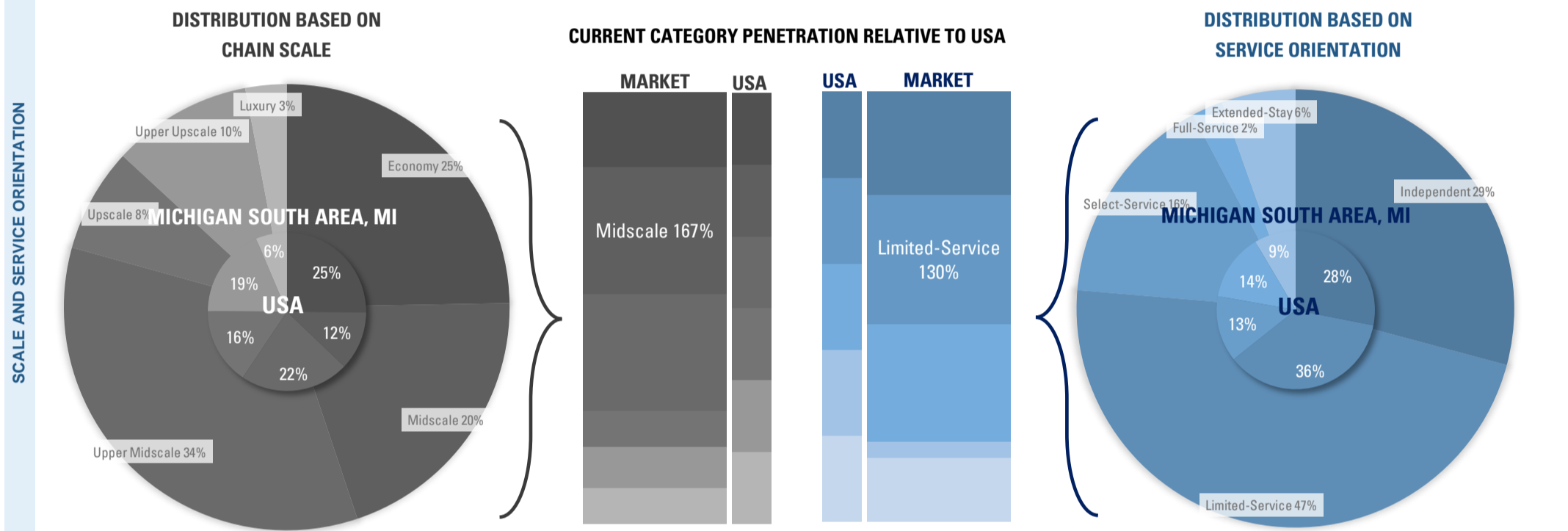
**Aaa**  
**Investment Grade**

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

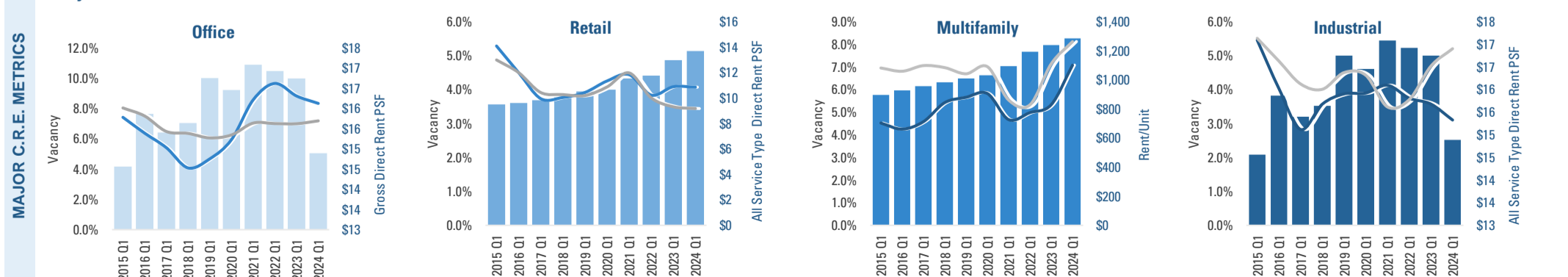




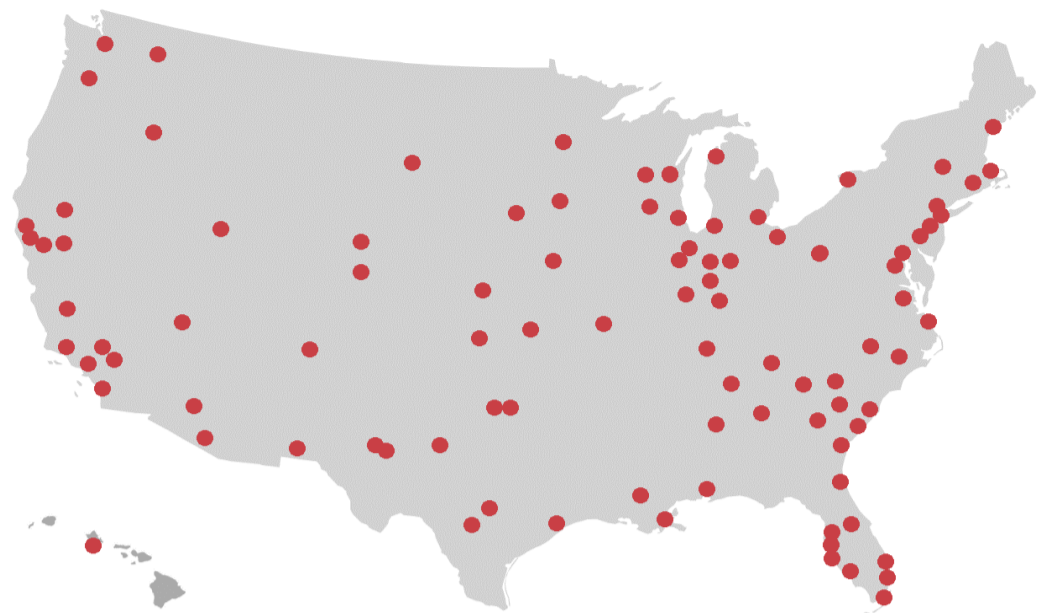
## Scale and Service Distribution: Michigan South Area, MI



## 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 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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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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