Hospitality, Gaming & Leisure Practice

Detroit, MI

Fundamentals Dashboard

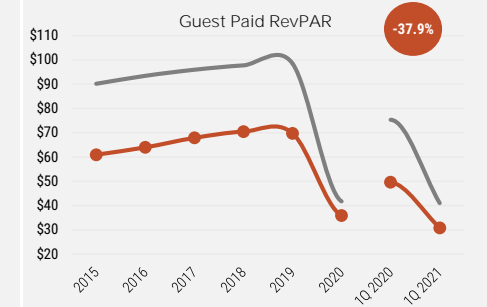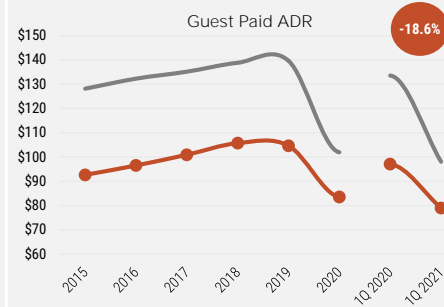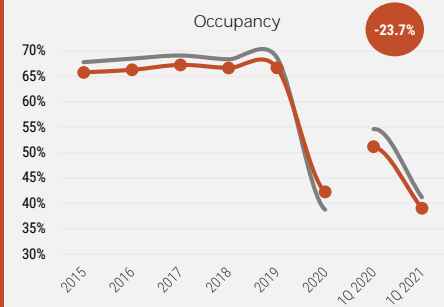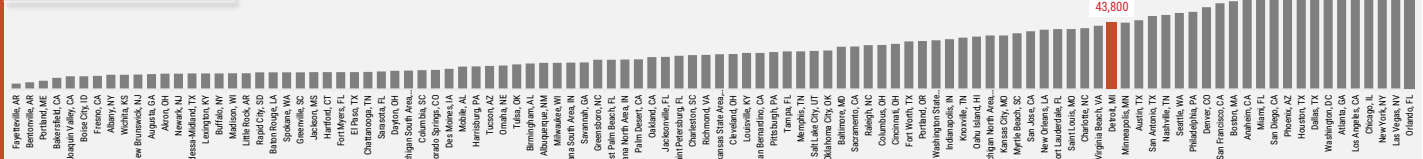### Lodging Performance Index

49th of 104

Average

Ranking of overall '1Q 2021 LPI' performance (1.02) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

Supply Ranking vs. Major US Markets

43,800

Occupancy
-23.7%

Guest Paid ADR
-18.6%

Guest Paid RevPAR
-37.9%

Top 104 — Detroit, MI

Key Performance Indexes

● Subject Market ● Top 104

PERFORMANCE INDEXES

	Occupancy		Guest Paid ADR		Guest Paid RevPAR	
	1Q 2021	T12 Mos.	1Q 2021	T12 Mos.	1Q 2021	T12 Mos.
Subject	39.0%	39.2%	$79	$79	$31	$31
Top 104			$98	$93	$41	$33
Rank	67th	51st	84th	78th	81st	56th
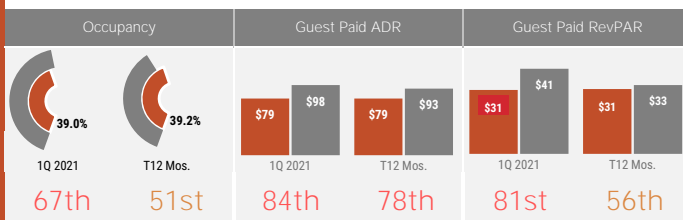
Key Benchmark Indexes

Data provided by: **kalibri** LABS

BENCHMARK INDEXES

	Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
	1Q 2021	T12 Mos.	T12 Mos.	1Q 2021	1Q 2021	T12 Mos.
Subject	46.3%	44.2%	2.38 / 2.23		$5.46	$5.08
Top 104			2.28 / 2.19		$7.19	$6.50
Rank	68th	74th	31st	21st	29th	24th

Discount and Capitalization Rates

Source: Newmark

INVESTMENT PARAMETERS

- Economy/Ltd Svc
- Select-Service
- Full-Service
- Luxury/Upscale

Trends and Risks

Source: Kalibri Labs, Newmark

FUNDAMENTALS

Revenue Stability	Supplier Power Trend	Investment Yields
66th	**70th**	**50th**
Below Average	**Below Average**	**Average**
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
55th	**1st**	**1st**
Average Risk	**High Risk**	**High Risk**
Assessment of market supply growth over past 12 months relative to Top 104 markets	Measure of current employment health over past two years relative to Top 104 markets	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

Location

Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Detroit
County:	Wayne County
State:	Michigan
Geo Coordinates (market center):	42.33143, -83.04575

Major Hotel Demand Generators

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

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	3,198,033	11th of 104 (Large)
Income per Capita	$27,838	103rd of 104 (Soft)
Feeder Group Size	184.9 Persons PSR	82nd of 104 (Below Average)
Feeder Group Earnings	$5,147,230 PSR	43rd of 104 (Average)
Total Market COPE	$498.5 million	26th of 104 (Above Average)

Key Performance Metrics

Data provided by: Kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE* ADR	COPE* RevPAR	Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	65.8%	$92.65	$60.75	$85.76	$56.41	$6.89	92.6%	49.3%	2.21	39,200	0.98
2016	66.3%	$96.52	$63.97	$89.08	$59.04	$7.44	92.3%	51.0%	2.15	39,800	0.94
2017	67.3%	$100.94	$67.88	$92.79	$62.41	$8.14	91.9%	52.3%	2.11	40,400	1.06
2018	66.6%	$105.72	$70.45	$97.18	$64.76	$8.54	91.9%	53.7%	2.09	41,400	0.89
2019	66.7%	$104.65	$69.78	$96.10	$64.08	$8.55	91.8%	56.6%	2.03	43,700	0.90
2020	42.2%	$83.49	$35.88	$77.84	$32.86	$5.65	93.2%	46.8%	2.32	44,500	0.97
CAGR: 2015 thru 2020	-8.5%	-2.1%	-10.1%	-1.9%	-10.2%	-3.9%	0.1%	-1.1%	0.9%	2.6%	-0.2%
1Q 2020	51.1%	$97.07	$49.62	$89.31	$45.66	$7.76	92.0%	56.7%	1.96	43,700	0.81
1Q 2021	39.0%	$78.97	$30.81	$73.51	$28.68	$5.46	93.1%	46.3%	2.23	43,800	1.02
% Change	-23.7%	-18.6%	-37.9%	-17.7%	-37.2%	-29.7%	1.2%	-18.3%	13.7%	0.2%	24.9%

*COPE: Contribution to Operating Profit and Expenses. Metrics do not account for Sales and Marketing Spend.

Notable Metrics

HIGHEST

Population Density per Room	Feeder Population Per Room	T12-Month COPE ADR Percentage
14th	**14th**	**19th**
Above Average	**Above Average**	**Above Average**
Detroit, MI boasted strong population density per room (49.92)	The market posted a high ratio of feeder population per room (53.97)	The market also benefited from strong T12-month COPE ADR percentage (93.6%)

LOWEST

Economy Median Income	Latest-Quarter COPE ADR	Latest-Quarter Guest Paid ADR
103rd	**84th**	**84th**
Soft	**Below Average**	**Below Average**
This market was stymied by weak Economy Median Income ($27,838)	The market exhibited weak latest-quarter COPE ADR ($73.51)	Detroit, MI also has been hampered by weak latest-quarter Guest Paid ADR ($78.97)

Notable Trends

FASTEST

Short-Term Historical Booking Costs POR Growth	Short-Term Historical Average Length of Stay Growth	Long-Term Historical Booking Costs POR Growth
27th	**30th**	**39th**
Above Average	**Above Average**	**Average**
Detroit, MI enjoyed low short-term historical growth in booking costs (-14.5%)	The market has benefited from strong short-term historical average length of stay growth (4.7%)	The market also has benefited from low long-term historical booking costs POR growth (-4.7%)

SLOWEST

General Economy Reverence	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Loyalty Contribution Growth
99th	**87th**	**86th**
Soft	**Below Average**	**Below Average**
The market posted weak general economic reverence (per-capita unemployment, GDP and other indicators)	We note this area has been hindered by weak long-term historical loyalty contribution growth (-1.1%)	Detroit, MI also has been hindered by weak short-term historical loyalty contribution growth (-4.5%)

Market Performance Stage

Source: Newmark

Detroit, MI: Ignition Stage

Ignition

The Detroit, MI market is currently in the 'Ignition' stage of the performance cycle. In this stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Knoxville, TN; Miami, FL; and Michigan North Area, MI.

Other Stages:

Regeneration

In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 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 Chicago, IL; New Orleans, LA; and Orlando, FL.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Anaheim, CA; Austin, TX; and Boston, MA.

Expansion

In the 'Expansion' stage, hotels generally perform adequately and in an economy with resilience and higher confidence the economy will recover from the COVID-19 crisis. Barriers to entry are low, displacement demand is high, and the market typically experiences an expansion of both hotel supply and general economic conditions. Example markets in this stage include Atlanta, GA; Fort Lauderdale, FL; and Fort Worth, TX.
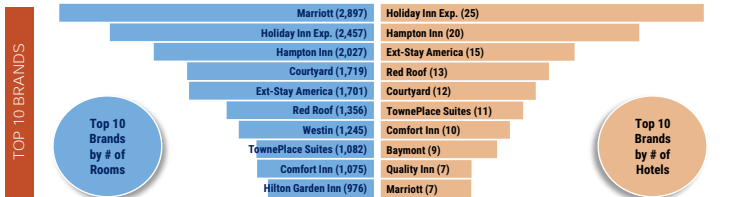
Industry Observations

MOODY'S ANALYTICS

Business Cycle:	In Recovery
Employment Growth (2 yr):	-3.5%
Risk Exposure (402 US markets):	99th Percentile: High Risk
Key Industry Notes:	Manufacturing, medical
	Auto HQ, R&D
	Housing affordability
	Persistent out-migration
	Challenging fiscal situation

Moody's Rating

Baa1

Investment Grade

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

TOP 10 BRANDS

Top 10 Brands by # of Rooms

Brand	Rooms
Marriott	2,897
Holiday Inn Exp.	2,457
Hampton Inn	2,027
Courtyard	1,719
Ext-Stay America	1,701
Red Roof	1,356
Westin	1,245
TownePlace Suites	1,082
Comfort Inn	1,075
Hilton Garden Inn	976

Top 10 Brands by # of Hotels

Brand	Hotels
Holiday Inn Exp.	25
Hampton Inn	20
Ext-Stay America	15
Red Roof	13
Courtyard	12
TownePlace Suites	11
Comfort Inn	10
Baymont	9
Quality Inn	7
Marriott	7

Source: Newmark

Airport Statistics - Enplanements

Passengers Millions

% Change (YOY vs 2019)

1990 Thru 2020

T12M Thru Proj. May 2021

Passengers Thousands

DETROIT, MI ALL LOCAL

DATA THROUGH MAY 2021

% Change: Detroit, MI   % Change: USA

Source: BTS, TSA
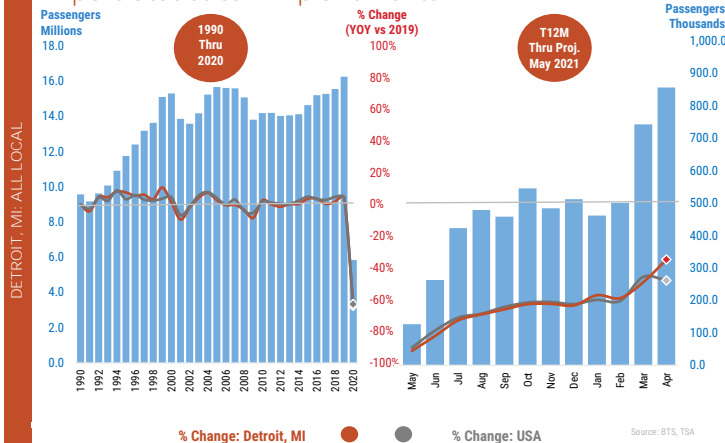
Hotel Closures - Detroit, MI vs. USA

% Chg   # Hotels

Ext-Stay
Full-Svc
Sel-Svc   Indep
USA
Ltd-Svc
MARKET

Current: 12 Hotels
Cumulative: 94 Hotels

Cumulative   Net

Rolling 1-Week Average

% All Closures: Detroit, MI   % All Closures: USA

Source: Hotel Compete
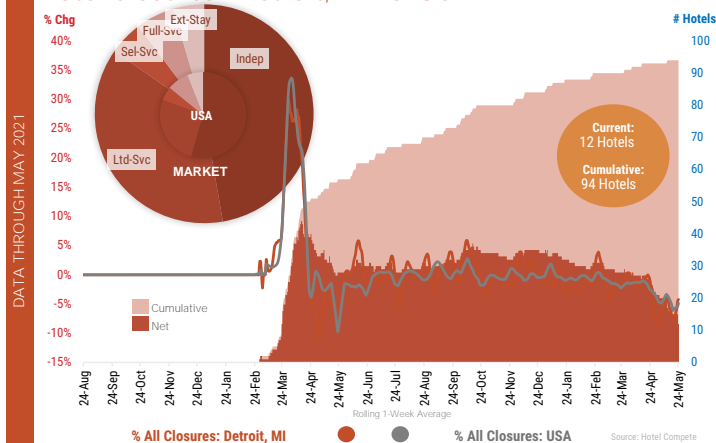
National Trends Dashboard - Channel Distribution

Channel Distribution - Total U.S.A.

DISTRIBUTION AND COST: DIRECT, INDIRECT, GROUP

FIT / Wholesale
GDS Group
OTA
Brand.com
T-12 Average
Voice
Property Direct

Indirect Bookings Contract, Costs Drop 58%

Transient Indirect and Booking Costs Plateaued Briefly, Rising Again

FIT / Wholesale
GDS Group
OTA
Brand.com
2019 Pre-COVID
Voice
Property Direct

Transient Direct   Transient Indirect
Group   Booking Cost per Room Night

Source: Kalibri Labs

National Trends Dashboard - Duration

Length of Stay and Lead Time - Nights
2019 Pre-COVID Comparison - Total U.S.A.

Length of Stay   Lead Time

NIGHTS

2021 Lead Time
2019 Lead Time
2021 Length of Stay
2019 Length of Stay
Lead Time
Length of Stay

Source: Kalibri Labs
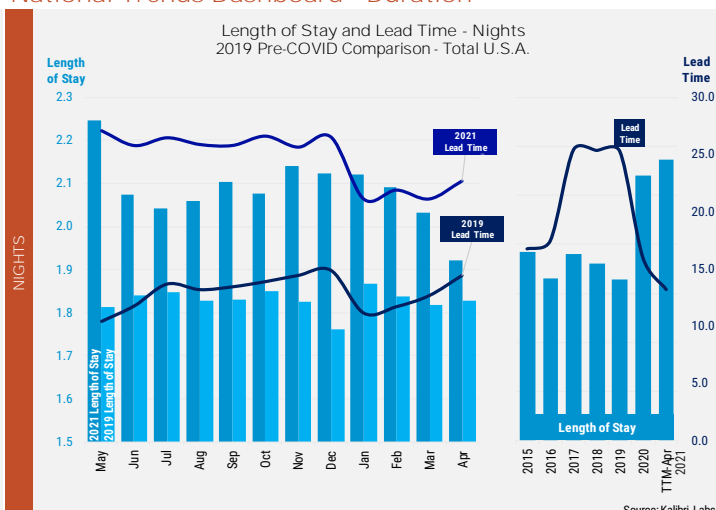
Newmark Hotel Market Nsights Report Coverage

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	Fayetteville, AR	Michigan North Area, MI	Sacramento, CA
Atlanta, GA	Fort Lauderdale, FL	Michigan South Area, MI	Saint Louis, MO
Augusta, GA	Fort Myers, FL	Milwaukee, WI	Saint Petersburg, FL
Austin, TX	Fort Worth, TX	Minneapolis, MN	Salt Lake City, UT
Bakersfield, CA	Fresno, CA	Mobile, AL	San Antonio, TX
Baltimore, MD	Greensboro, NC	Myrtle Beach, SC	San Bernardino, CA
Baton Rouge, LA	Greenville, SC	Nashville, TN	San Diego, CA
Bentonville, AR	Harrisburg, PA	New Brunswick, NJ	San Francisco, CA
Birmingham, AL	Hartford, CT	New Orleans, LA	San Joaquin Valley, CA
Boise City, ID	Houston, TX	New York, NY	San Jose, CA
Boston, MA	Indiana North Area, IN	Newark, NJ	Sarasota, FL
Buffalo, NY	Indiana South Area, IN	Oahu Island, HI (Branded)	Savannah, GA
Charleston, SC	Indianapolis, IN	Oakland, CA	Seattle, WA
Charlotte, NC	Jackson, MS	Odessa-Midland, TX	Spokane, WA
Chattanooga, TN	Jacksonville, FL	Oklahoma City, OK	Tampa, FL
Chicago, IL	Kansas City, MO	Omaha, NE	Tucson, AZ
Cincinnati, OH	Knoxville, TN	Orlando, FL (Non-Disney)	Tulsa, OK
Cleveland, OH	Las Vegas, NV (Non-Strip)	Palm Desert, CA	Virginia Beach, VA
Colorado Springs, CO	Lexington, KY	Philadelphia, PA	Washington State Area, WA
Columbia, SC	Little Rock, AR	Phoenix, AZ	Washington, DC
Columbus, OH	Los Angeles, CA	Pittsburgh, PA	West Palm Beach, FL
Dallas, TX		Portland, ME	Wichita, KS

MARKET DISCLAIMERS

Las Vegas, NV; Oahu, HI; Orlando, FL: market data based on actual reporting properties only. Excludes vast majority of casino properties and assets located within the "strip" district of Las Vegas, as well as the vast majority of Disney-associated assets, which comprises most of the Orlando market.

Total Supply The total supply figures are aggregated estimates from multiple third-party sources.

Air Passenger Statistics The latest two months are estimates based on daily national trends reported by TSA. These data are subject to revision.

GREAT LAKES MARKETS

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