



## VALUATION & ADVISORY

### 1Q 2021 HOTEL MARKET INSIGHTS REPORT



## Hospitality, Gaming & Leisure Practice

Minneapolis, MN

### Fundamentals Dashboard

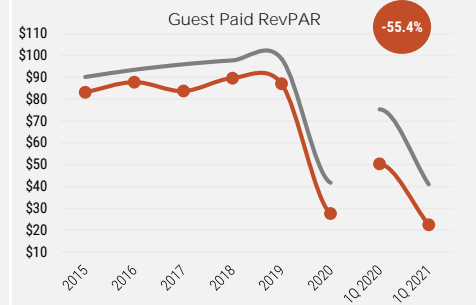
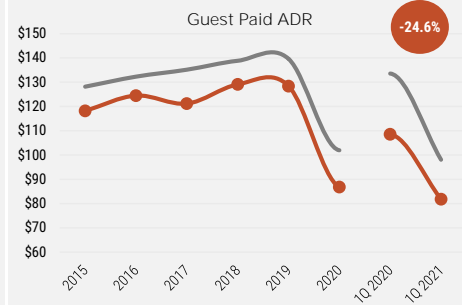
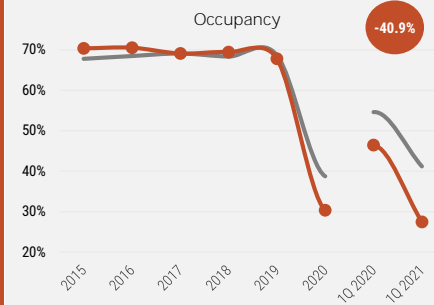
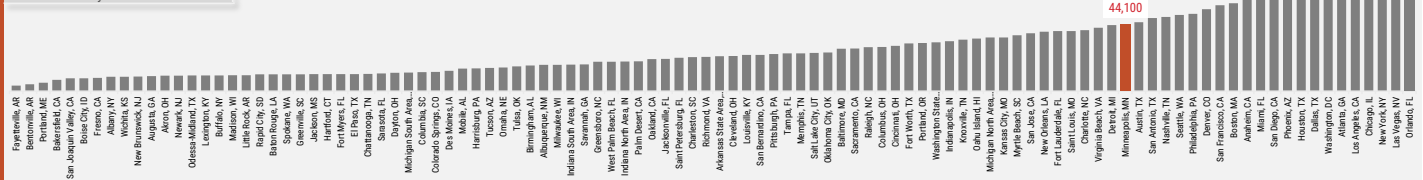
#### Lodging Performance Index

**104th of 104**

**Soft**

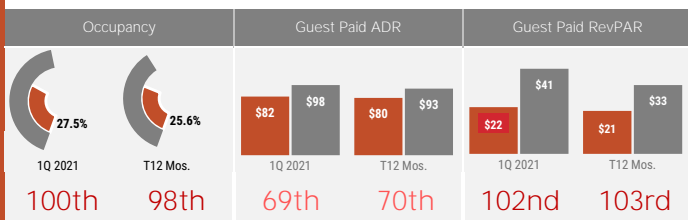
Ranking of overall '1Q 2021 LPI' performance (0.45) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



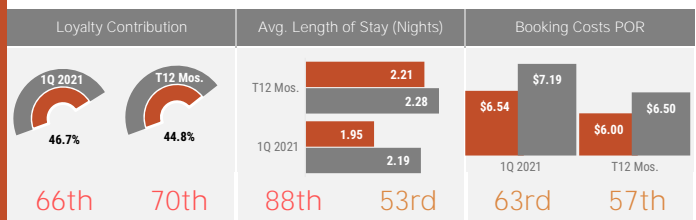
### Key Performance Indexes

● Subject Market ● Top 104



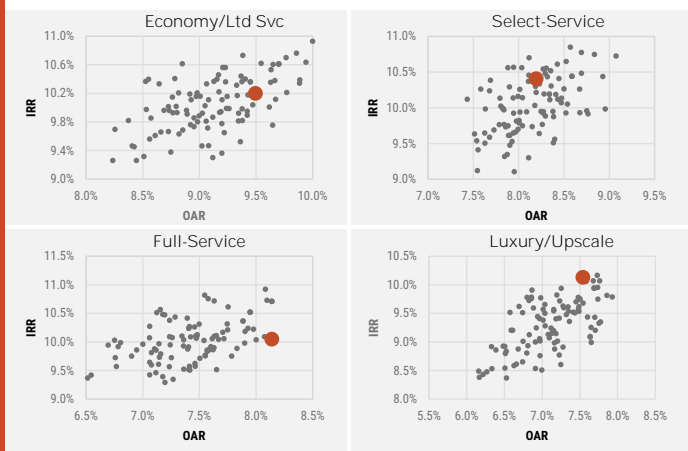
### Key Benchmark Indexes

Data provided by: **kalibri LABS**



### Discount and Capitalization Rates

Source: Newmark

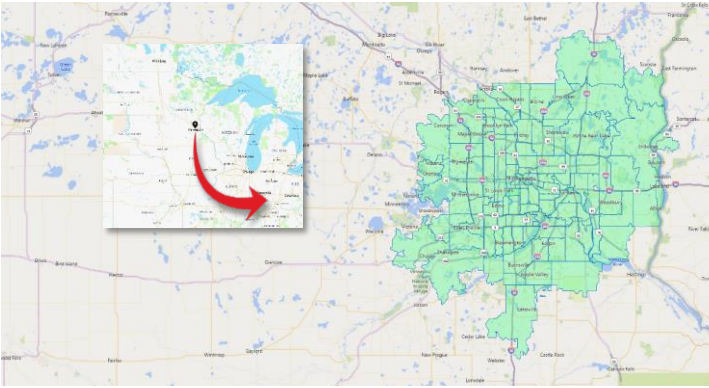


### Trends and Risks

Source: Kalibri Labs, Newmark



## Location



## Quick Facts

## Jurisdictional Information

Municipal Name:	Minneapolis
County:	Hennepin County
State:	Minnesota
Geo Coordinates (market center):	44.97997, -93.26384

Source: US Census Bureau,  
Dept. of Labor Statistics

## Major Hotel Demand Generators

Fairview Health System | Allina Health System | Target Corp. | University of Minnesota | HealthPartners | Wells Fargo & Co. | UnitedHealth Group | 3M Co. | U.S. Bancorp | Medtronic Inc. | SUPERVALU Inc. | Delta Air Lines | Best Buy Co. Inc. | Hennepin County Medical Center | Thomson Reuters North American Legal | Boston Scientific | Lifetime Products Inc. | North Memorial Health Care | Presbyterian Homes & Services | Xcel Energy

## Metrics and Ranking

Population (hotel market area)	2,474,274
Income per Capita	\$55,720
Feeder Group Size	217.7 Persons PSR
Feeder Group Earnings	\$12,131,842 PSR
Total Market COPE	\$332.3 million

## Measurement

## Rankings

17th of 104 (Large)  
27th of 104 (Above Average)  
95th of 104 (Soft)  
92nd of 104 (Soft)  
45th of 104 (Average)

## Key Performance Metrics

Data provided by: **kalibri** LABS

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE* ADR	RevPAR	Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	70.4%	\$118.17	\$83.15	\$108.01	\$76.00	\$10.16	91.4%	49.0%	1.94	36,200	1.20
2016	70.5%	\$124.50	\$87.82	\$113.75	\$80.24	\$10.75	91.4%	51.3%	1.92	37,300	1.16
2017	69.1%	\$121.18	\$83.72	\$110.43	\$76.29	\$10.75	91.1%	52.6%	1.90	38,300	1.03
2018	69.4%	\$129.08	\$89.63	\$117.92	\$81.88	\$11.16	91.4%	53.6%	1.90	39,900	1.24
2019	67.8%	\$128.43	\$87.08	\$117.18	\$79.45	\$11.26	91.2%	57.5%	1.86	43,300	0.89
2020	30.3%	\$86.79	\$27.63	\$80.03	\$24.27	\$6.76	92.2%	47.6%	2.17	44,400	0.47
CAGR: 2015 thru 2020	-15.5%	-6.0%	-19.8%	-5.8%	-20.4%	-7.8%	0.2%	-0.6%	2.3%	4.2%	-16.9%
1Q 2020	46.4%	\$108.51	\$50.40	\$98.95	\$45.96	\$9.56	91.2%	57.6%	1.81	43,700	1.04
1Q 2021	27.5%	\$81.78	\$22.46	\$75.24	\$20.66	\$6.54	92.0%	46.7%	1.95	44,100	0.45
% Change	-40.9%	-24.6%	-55.4%	-24.0%	-55.0%	-31.5%	0.9%	-18.9%	8.0%	0.9%	-57.4%

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

## Notable Metrics

HIGHEST	Population Density per Room	Total Rooms Supply	Economy Median Income
21st Above Average	Minneapolis, MN boasted strong population density per room (43.03)	22nd Above Average	The market benefits from a large and diverse hotel market (44,142)
27th Above Average	The market also exhibited strong Economy Median Income (\$55,720)		
LOWEST	IRR: Luxury/Upscale	T12-Month COPE RevPAR	T12-Month Guest Paid RevPAR
103rd Highly Unfavorable	This market posted unfavorable IRR metrics in the luxury/upscale segment (10.1%)	103rd Soft	The market posted weak T12-month COPE RevPAR (\$18.95)
103rd Soft	Minneapolis, MN also has been hindered by weak T12-month Guest Paid RevPAR (\$20.64)		

## Notable Trends

FATEST	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth	Long-Term Historical Booking Costs POR Growth
14th Above Average	Minneapolis, MN enjoyed low short-term historical growth in booking costs (-16.1%)	23rd Above Average	The market has benefited from low short-term historical supply growth (3.2%)
26th Above Average	The market also has benefited from low long-term historical booking costs POR growth (-5.4%)		
SLOWEST	Overall Health of Hotel Market	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
103rd Soft	The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	101st Soft	We note this area has been hampered by weak short-term historical LPI growth (-26.2%)
101st Soft	Minneapolis, MN also posted weak long-term historical LPI growth (-17.2%)		

## Market Performance Stage



Source: Newmark

## Minneapolis, MN: Absorption Stage

The Minneapolis, MN 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 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.

## Other Stages:

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.

In the 'Ignition' 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 Detroit, MI; Knoxville, TN; and Miami, FL.

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

**Business Cycle:**  
Employment Growth (2 yr): **-2.6%**  
Risk Exposure (402 US markets): **50th Percentile: Average Risk**  
Key Industry Notes:  
College town, high tech  
Innovative businesses  
Educated & expanding labor  
Positive net migration  
High business tax burden

## Moody's Rating

**Aaa**  
Investment Grade

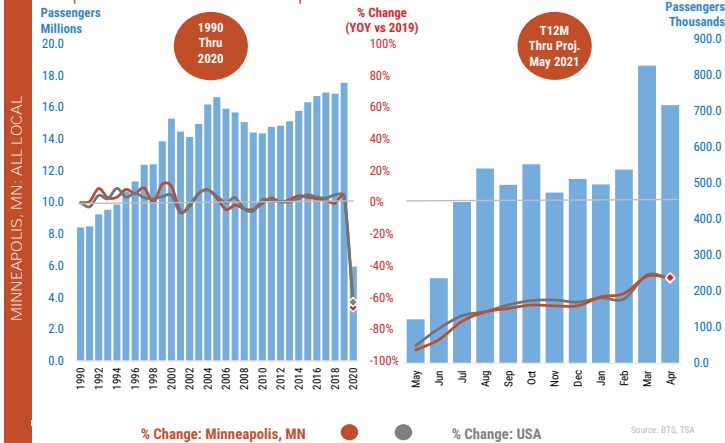
Long-term investment grade,  
Prime-1 short-term outlook

## TOP 10 BRANDS

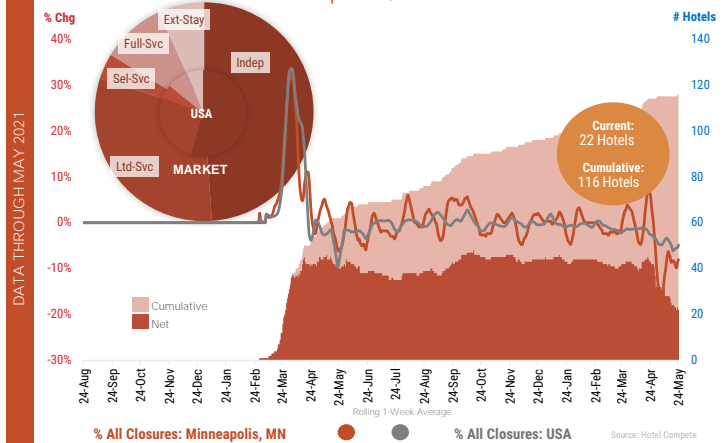


Source: Newmark

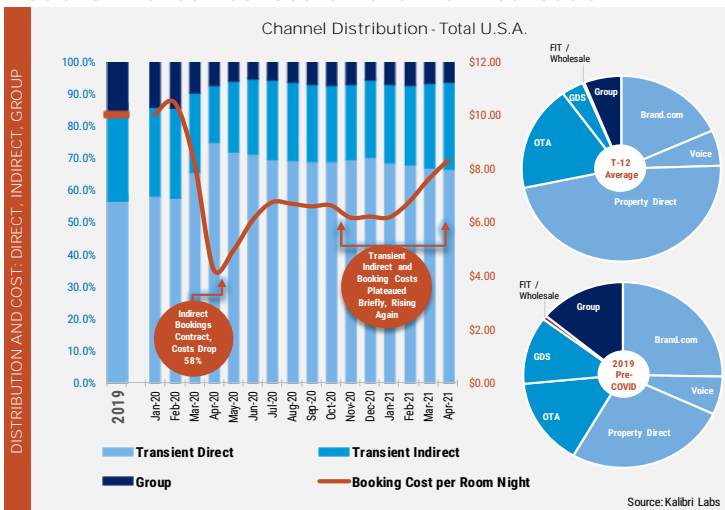
## Airport Statistics - Enplanements



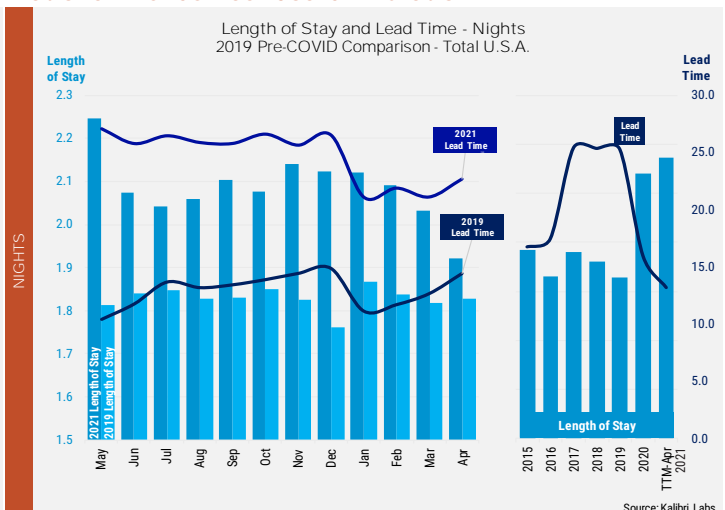
## Hotel Closures - Minneapolis, MN vs. USA



## National Trends Dashboard - Channel Distribution



## National Trends Dashboard - Duration



## Newmark Hotel Market Insights Report Coverage



Akron, OH  
Albany, NY  
Albuquerque, NM  
Anaheim, CA  
Arkansas State Area, AR  
Atlanta, GA  
Augusta, GA  
Austin, TX  
Bakersfield, CA  
Baltimore, MD  
Baton Rouge, LA  
Bentonville, AR  
Birmingham, AL  
Boise City, ID  
Boston, MA  
Buffalo, NY  
Charlotte, NC  
Chattanooga, TN  
Chicago, IL  
Cincinnati, OH  
Cleveland, OH  
Colorado Springs, CO  
Columbia, SC  
Columbus, OH  
Dallas, TX

Dayton, OH  
Denver, CO  
Des Moines, IA  
Detroit, MI  
El Paso, TX  
Fayetteville, AR  
Fort Lauderdale, FL  
Fort Myers, FL  
Fort Worth, TX  
Fresno, CA  
Greensboro, NC  
Greenville, SC  
Harrisburg, PA  
Hartford, CT  
Houston, TX  
Indiana North Area, IN  
Indiana South Area, IN  
Indianapolis, IN  
Jackson, MS  
Jacksonville, FL  
Kansas City, MO  
Knoxville, TN  
Las Vegas, NV (Non-Strip)  
Lexington, KY  
Little Rock, AR  
Los Angeles, CA

Louisville, KY  
Madison, WI  
Memphis, TN  
Miami, FL  
Michigan North Area, MI  
Michigan South Area, MI  
Milwaukee, WI  
Minneapolis, MN  
Mobile, AL  
Myrtle Beach, SC  
Nashville, TN  
New Brunswick, NJ  
New Orleans, LA  
New York, NY  
Newark, NJ  
Oahu Island, HI (Branded)  
Oakland, CA  
Odessa-Midland, TX  
Oklahoma City, OK  
Omaha, NE  
Orlando, FL (Non-Disney)  
Palm Desert, CA  
Philadelphia, PA  
Phoenix, AZ  
Pittsburgh, PA  
Portland, ME

Portland, OR  
Raleigh, NC  
Rapid City, SD  
Richmond, VA  
Sacramento, CA  
Salt Lake City, UT  
Saint Louis, MO  
Saint Petersburg, FL  
San Antonio, TX  
San Bernardino, CA  
San Diego, CA  
San Francisco, CA  
San Joaquin Valley, CA  
San Jose, CA  
Sarasota, FL  
Savannah, GA  
Seattle, WA  
Spokane, WA  
Tampa, FL  
Tucson, AZ  
Tulsa, OK  
Virginia Beach, VA  
Washington State Area, WA  
Washington, DC  
West Palm Beach, FL  
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.

## MIDWEST MARKETS

For more information:

**Bryan Younge, MAI, ASA, FRICS**  
Senior Managing Director  
Practice Leader - Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
Americas  
M 773.263.4544  
bryan.younge@nmrk.com

**John Burke**  
Vice President  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
Midwest Markets  
Dir 312.224.3170  
john.burke@nmrk.com