

HOSPITALITY ADVISORS' LODGING COMMENTARY

Hospitality Advisors in conjunction with the Michigan Hotel, Motel and Resort Association

Spring/Summer 2019

Vol 28 ; Number 2

Skelton's Comments

Interesting things are happening and typically after a long slow climb in occupancy and rate, things are either pausing or equalizing. Demand is still growing, but so is supply, which is good in the long run. As demand remains strong and supply increases markets stay healthy. It's when demand slows and supply continues to grow that we get into trouble. Right now we are healthy, but that could change. I believe that economic growth will stay strong and we will have a temporary pause next year. This year still looks solid to the end.

As the franchise companies develop new brands in order to build more hotels, the rush to capture millennials is interesting to watch. The truth is we really do not know what they favor but we continue to attempt to satisfy them. Millions are being spent on research and the results are all over the place. As the baby boomers age out of the market, it appears we are trying to create unique products that may or may not appeal to this new customer. B&B's or Airbnb, more amenities or fewer amenities, smaller rooms or larger rooms, showers or bathtubs...who would like to take a guess?

Rest assured that well-trained employees that are friendly and helpful will never go out of style and in fact make up for a lot of short comings! Good luck out there.

Michigan Overview

Through June, the State of Michigan overall showed slight increases in most markets as the state continues to grow economically. Commercially-oriented markets benefited from continued improvement in corporate business while leisure/tourism benefitted from warmer weather in May and June. Most markets saw improvements in full and select-service demand driven mostly by commercial demand with continuing strength in meetings and conference demand. Many markets showed changes in supply as more new properties continue to be developed and older properties rebrand themselves. Occupancy in Southeast Michigan declined slightly by approximately 0.6% overall while Average Rates grew by 0.3%, while net room supply grew approximately 3%.

For the first half of the year, most outstate Michigan markets we surveyed were flat to slightly up with continued increases in supply as well as demand. Most of the outstate markets showed stronger percentage growth led by Flint/Tri-Cities/Port Huron area and Grand Rapids/Holland area. Detroit stayed atop the strongest occupancies in the state at about 67% followed closely by Ann Arbor/Washtenaw County at 64%. Ann Arbor has

continued to hold up well with the new supply added within the last year and with a couple new properties set to come on-line within the next couple years. Detroit's growth is continuing at a strong pace and we have begun seeing some supply increases along with redevelopments downtown as well as the new Little Caesars Arena. Additionally, Grand Rapids is continuing its strong pace in leading West Michigan's economic rebound and its hotel markets are showing it. All things considered, demand growth seems to have outpaced supply growth in most of Michigan, and ADR growth seems to be holding its own as well. The second half of 2018 should be interesting.

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We want to thank the ever-expanding base of properties that contribute to both our mid-year and our end of the year publication. Your participation is greatly appreciated and we hope this resulting publication is worthwhile to you. Included in our numbers are estimates and they should be used as guides only. Hospitality Advisors has taken care in the preparation, but we do not guarantee the accuracy of the contents. The numbers are not to be depended upon in calculations of value and may not be used without written permission of Hospitality Advisors. **Feel free to call with questions or comments at any time.**

Markets

State of Michigan						
2018 YE			2017 YE			
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	59.9%	\$111.84	\$67.03	59.4%	\$109.08	\$64.77
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
Total Market Mix	48.5%	9.8%	41.6%	48.5%	10.1%	41.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	59.9%	\$126.53	\$75.85	60.1%	\$124.05	\$74.53
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
FS Market Mix	41.0%	19.9%	39.0%	41.0%	20.3%	38.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	59.9%	\$99.27	\$59.49	58.8%	\$95.91	\$56.36
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
LS Market Mix	54.8%	1.2%	43.8%	55.1%	1.2%	43.7%

Southeast Michigan						
2018 YE			2017 YE			
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	59.0%	\$119.52	\$70.49	59.3%	\$118.28	\$70.16
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
Total Market Mix	46.6%	11.5%	42.4%	46.7%	11.7%	41.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	59.9%	\$135.60	\$81.17	60.0%	\$135.15	\$81.13
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
FS Market Mix	40.3%	21.0%	39.5%	40.5%	21.2%	38.2%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	58.1%	\$102.53	\$59.55	58.6%	\$100.62	\$58.94
	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>	<u>Corporate</u>	<u>Group</u>	<u>Leisure</u>
LS Market Mix	53.3%	1.5%	45.6%	53.1%	1.6%	45.3%

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Ann Arbor Area						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	64.6%	\$115.62	\$74.69	66.0%	\$117.19	\$77.30
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.9%	10.7%	38.3%	51.1%	10.9%	38.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	67.5%	\$128.91	\$87.04	69.6%	\$136.50	\$94.96
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	45.1%	23.2%	31.7%	45.1%	23.4%	31.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	63.0%	\$108.05	\$68.12	64.0%	\$106.05	\$67.92
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.3%	3.6%	42.1%	54.6%	3.6%	41.8%

Auburn Hills						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	56.2%	\$110.35	\$62.03	59.3%	\$110.30	\$65.36
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	57.9%	6.5%	38.6%	55.7%	6.7%	37.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	63.7%	\$128.12	\$81.64	65.2%	\$127.61	\$83.18
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	53.8%	13.2%	33.1%	53.1%	14.1%	32.8%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	52.6%	\$99.99	\$52.59	56.5%	\$100.89	\$56.96
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	60.3%	2.6%	41.8%	57.2%	2.7%	40.1%

Dearborn						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	53.3%	\$119.52	\$63.76	52.5%	\$117.92	\$61.94
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	47.9%	11.9%	40.0%	46.6%	13.4%	40.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	47.8%	\$134.55	\$64.32	48.3%	\$134.70	\$65.05
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.3%	22.2%	33.4%	43.6%	23.1%	33.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	61.0%	\$103.24	\$62.99	59.4%	\$95.90	\$56.92
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	51.8%	0.6%	47.2%	50.6%	0.7%	48.7%

Detroit						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	62.8%	\$154.08	\$96.84	67.0%	\$147.93	\$99.05
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	39.4%	22.9%	40.1%	40.0%	23.7%	36.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	62.8%	\$154.08	\$96.84	67.0%	\$147.93	\$99.05
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	39.4%	22.9%	40.1%	40.0%	23.7%	36.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	N/A	N/A	N/A	N/A	N/A	N/A
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	N/A	N/A	N/A	N/A	N/A	N/A

Downriver Area						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	56.5%	\$89.83	\$50.74	53.4%	\$88.65	\$47.36
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	42.9%	2.7%	54.3%	43.9%	3.1%	53.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	50.8%	\$97.26	\$49.45	55.1%	\$95.59	\$52.70
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	42.2%	13.9%	43.9%	42.5%	13.8%	43.8%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	58.1%	\$88.00	\$51.10	52.9%	\$86.63	\$45.87
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	43.1%	0.0%	56.9%	44.3%	0.0%	55.7%

East Area						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	56.7%	\$101.44	\$57.52	56.0%	\$99.36	\$55.63
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	53.2%	2.4%	44.4%	52.8%	2.7%	44.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	48.2%	\$101.40	\$48.86	46.8%	\$100.94	\$47.22
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	49.4%	10.5%	40.1%	48.4%	11.2%	40.4%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	58.9%	\$101.45	\$59.76	58.7%	\$98.99	\$58.12
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.0%	0.7%	45.3%	53.8%	0.7%	45.5%

I-275 Area						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	59.9%	\$112.66	\$67.48	60.0%	\$102.00	\$61.20
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.7%	10.3%	44.9%	50.0%	0.0%	50.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	60.4%	\$121.89	\$73.65	53.6%	\$125.87	\$67.48
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	36.8%	22.5%	40.6%	37.7%	22.0%	40.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	59.5%	\$105.91	\$63.02	63.0%	\$100.00	\$63.00
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.5%	1.4%	48.1%	70.0%	0.0%	30.0%

Airport/I-94 Corridor Area						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	59.3%	\$114.03	\$67.61	59.3%	\$114.30	\$67.79
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	37.9%	12.6%	49.5%	37.9%	12.5%	49.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	59.1%	\$125.15	\$74.02	61.1%	\$127.27	\$77.71
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	35.0%	21.1%	44.0%	34.9%	21.2%	44.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	59.5%	\$97.92	\$58.28	57.0%	\$96.09	\$54.77
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	42.1%	0.4%	57.4%	42.0%	0.4%	57.5%

Southfield						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	51.7%	\$108.51	\$56.12	53.6%	\$105.00	\$56.31
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	46.2%	9.5%	44.3%	45.4%	9.5%	45.1%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	56.8%	\$124.38	\$70.65	57.2%	\$120.00	\$68.65
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	34.5%	16.7%	48.9%	34.2%	16.6%	49.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	46.5%	\$88.78	\$41.31	49.6%	\$85.80	\$42.60
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	60.8%	0.5%	38.7%	59.7%	0.5%	39.8%

Troy						
	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	60.3%	\$130.19	\$78.51	58.8%	\$131.76	\$77.50
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	52.0%	11.9%	36.1%	52.4%	11.6%	36.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	63.6%	\$148.60	\$94.44	60.5%	\$153.10	\$92.55
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.9%	21.5%	37.6%	41.2%	21.2%	37.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	57.2%	\$110.64	\$63.30	57.2%	\$109.79	\$62.83
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	63.8%	1.7%	34.5%	63.8%	1.7%	34.5%

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Flint/Tri-Cities/Port Huron

	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	61.9%	\$100.34	\$62.09	57.1%	\$96.32	\$54.99
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	49.7%	10.6%	39.8%	49.9%	10.6%	39.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	58.0%	\$111.12	\$48.14	56.8%	\$108.56	\$61.65
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	55.8%	0.5%	43.8%	41.1%	24.7%	34.1%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	61.8%	\$92.54	\$57.20	57.3%	\$87.52	\$50.16
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	55.8%	0.5%	43.8%	56.2%	0.4%	43.4%

Grand Rapids/Holland

	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	63.0%	\$127.14	\$80.09	62.4%	\$101.47	\$63.28
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.3%	7.9%	41.3%	60.5%	1.0%	38.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	61.7%	\$144.01	\$88.91	64.3%	\$129.78	\$83.45
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.4%	15.8%	43.8%	41.0%	16.5%	42.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	64.1%	\$112.31	\$72.03	62.4%	\$101.47	\$63.28
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.3%	7.9%	41.3%	60.5%	1.0%	38.5%

Lansing/Jackson

	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	64.1%	\$104.75	\$67.12	64.4%	\$102.59	\$66.12
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	51.3%	6.5%	42.2%	51.4%	7.1%	41.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	62.8%	\$111.73	\$70.19	64.4%	\$111.85	\$72.02
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.0%	18.3%	37.7%	44.1%	18.4%	37.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	64.6%	\$101.97	\$65.86	64.5%	\$98.26	\$63.35
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.2%	1.7%	44.0%	54.8%	1.8%	43.4%

Northern Michigan

	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	58.0%	\$109.83	\$63.74	58.3%	\$110.57	\$64.42
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	41.2%	13.0%	45.7%	41.2%	13.4%	45.4%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	58.0%	\$180.00	\$104.40	63.1%	\$121.75	\$76.86
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	45.0%	25.0%	30.0%	40.0%	22.3%	37.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	53.3%	\$96.30	\$51.34	52.9%	\$95.94	\$50.78
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	42.7%	1.6%	55.6%	42.8%	1.7%	55.5%

Southwest Michigan

	2018 YE			2017 YE		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Total Market	55.1%	\$94.66	\$52.18	55.6%	\$93.96	\$52.29
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.9%	5.7%	39.4%	54.9%	6.0%	39.1%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Full Service	51.2%	\$101.49	\$51.94	52.5%	\$101.14	\$53.06
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	43.6%	14.3%	42.1%	43.0%	15.7%	41.4%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
Limited Service	57.9%	\$90.40	\$52.35	57.7%	\$51.79	\$89.75
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	61.9%	0.4%	37.7%	61.8%	0.4%	37.8%

*Some figures may not match previous publications due to differences in sample size and late arriving statistics.

If you wish to be included in our sample, your occupancy, average rate, and business mix information should be faxed to Hospitality Advisors - Consulting Group, (734) 741-7499. **Your responses, as always, will be held in confidence.**

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