



Memphis Lodging Market 2023

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Pinkowski & Company

Data Provided By



AHLA 2024 State of the Hotel Industry Report

➤ 2023 Highlights

- RevPAR reached new heights
- Occupancy inched closer to recovery
- Market forces impacted product pricing and recovery
- Guests continued to prioritize cleanliness
- Meetings and events came back strong
- Technological advancements propelled the industry forward

➤ 2024 Outlook

- Inflationary pressures in key areas will continue to affect the industry
- Cleanliness and friendliness remain essential to positive guest experiences
- Groups will demand more memorable events that foster human connections
- Transaction activity is expected to accelerate in 2024
- Hotels will leverage cloud technology and AI to increase efficiency and experiences
- Parking will play a role in enhancing guest experience and new sources of revenue

Quick Facts

- 72% of U.S. travelers say they will either maintain or increase their number of hotel stays in 2024
- RevPAR will hit a nominal high – 2024 will exceed 2023 by 4.1%
- Guest spending will break a record in 2024 – up \$35.2 billion or 4.9%
- Taxes
 - Generate \$29 billion in federal taxes
 - Generate \$26.36 billion in lodging taxes
- Workforce
 - National Average hotel wage in 2023 was \$23/hour
 - Employed 2.1 million with total wages of \$123.4 billion for 2024
 - 2024 total wages expected to increase \$5.4 billion or 4.6%
 - Lost 600,000 jobs in 2021
 - Added back 400,000 over three years

Quick Facts

Hospitality Group & Business Performance Index

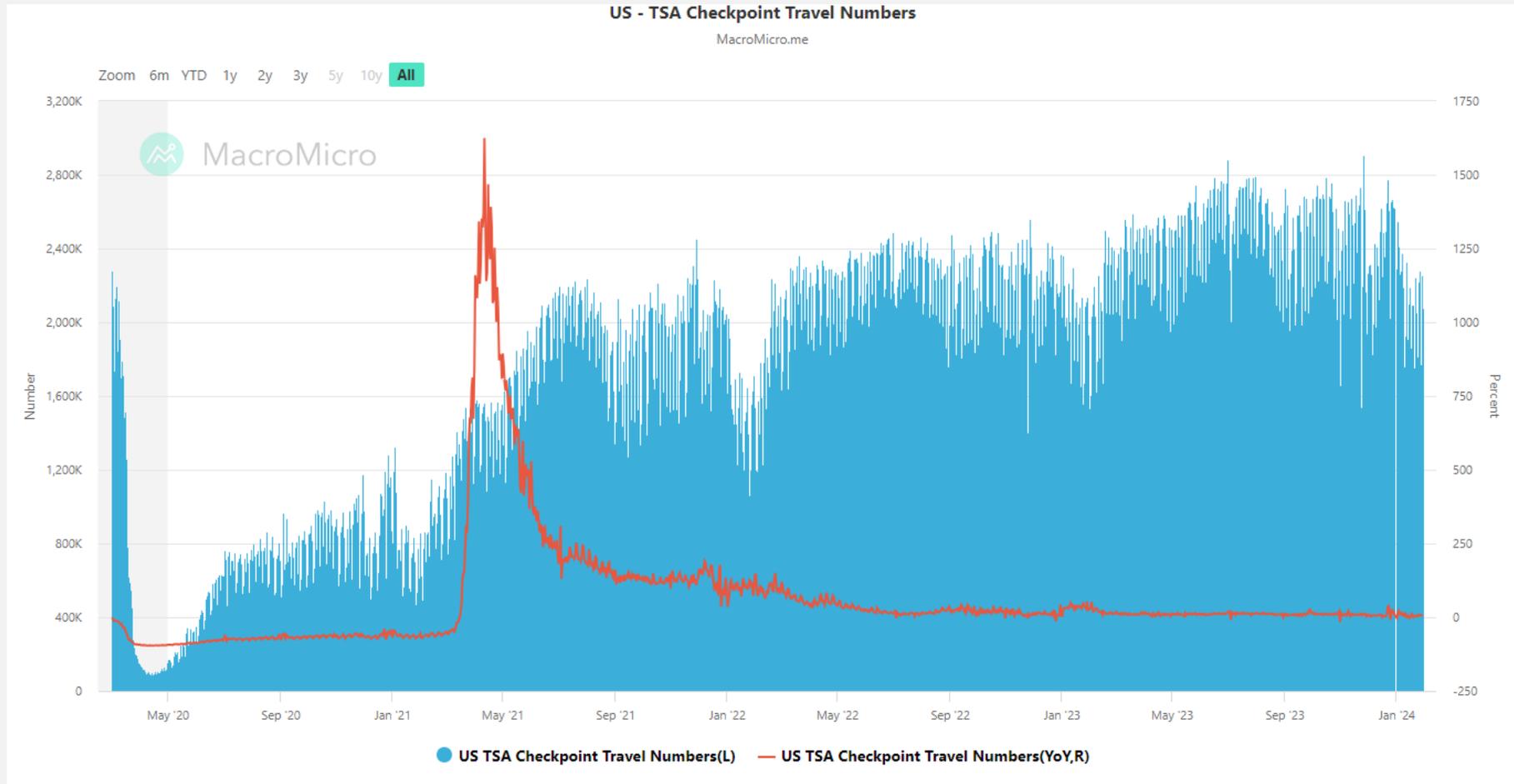
Compared to 2019

	<u>Q4 2023</u>	<u>YTD 12/2023</u>
Group	109.6%	103.2%
Negotiated	90.2%	87.0%
GDS	86.4%	83.3%
Events	91.9%	91.2%
Overall Health	94.5%	91.2%

U.S. Pipeline

- 4th QTR 2023 up 9% with 5,964 projects/694,000 rooms in the pipeline
- 2023 YE pipeline hit record project counts
- Q4 under construction - 1,118 projects (up 11%) w/142,000 rooms
- Projects scheduled to start – 2,259 (+9%) w/260,000 rooms
- Early planning – 2,587 projects (+9%) w/290,000 rooms
- U.S. hotel supply expected to increase 1.4% in 2024
 - **677 hotels w/ 79,500 rooms**
- 2023 added 474 properties (+1.1%) w/ 60,400 rooms
- Brand conversions and renovations – 3,028 properties w/303,330 rooms in 2023

Airline Passenger Activity



859 million
TSA
screening
in 2023



Quick Facts – Total Industry Impact

	TN-9	Tennessee
Wages/Salaries	\$942.3 Million	\$9.6 Billion
Employment	17,710	187,501
Total Taxes	\$409.4 Million	\$4.3 Billion
State/Local Taxes	\$208.8 Million	\$2.2 Billion
Taxes on Lodging	\$66.5 Million	\$735.7 Million
Federal Taxes	\$200.6 Million	\$2.1 Billion

Source: AHLA



Quick Facts – Industry Snapshot

	TN-9	Tennessee
Hotel Guest Spending	\$1.4 Billion	\$15.8 Billion
Hotel Properties	165	1,657
Rooms	15,739	147,265
Share of Total Jobs Supported by Hotel Industry	3.7%	4.4%

Source: AHLA



TN Hotels Sales

Property	Location	# Rooms	Sale Price	Per Room
Moxy	Chattanooga	108	\$14,500,000	\$134,259
Bode	Chattanooga	53	\$17,500,000	\$330,189
Doubletree	Chattanooga	186	\$33,600,000	\$180,645
Hampton Inn	Collierville	92	\$10,700,000	\$116,304
Candlewood Suites	Cookeville	91	\$13,000,000	\$142,857
Courtyard	Knoxville	124	\$23,230,000	\$187,339
America's Best Value Inn	Nashville	75	\$10,000,000	\$133,333
Dream	Nashville	168	\$82,563,000	\$491,446
Homewood Suites	Nashville	192	\$88,000,000	\$458,333
Quality Inn Opryland	Nashville	120	\$12,501,000	\$104,175
Red Lion	Nashville	53	\$12,050,000	\$227,358

Memphis Lodging Market



Quick Facts - Memphis

- Citywide performance recovery – Indexed to pre-pandemic level (2019)
 - **Occupancy – 98.8 %**
 - **ADR – 117.6%**
 - **RevPAR – 116.1%**
 - **Room Night Demand – 103.5%**
 - **Room Supply – 104.8%**
- Strong Weekends
 - **ADR exceeds pre-pandemic level – +23.5%**
 - **OCC near pre-pandemic level - -2.9%**
 - **Leisure continues to dominate**
- Weekday Recovery
 - **ADR exceeds pre-pandemic level – +14.9%**
 - **OCC near pre-pandemic level - -0.3%**
- Recovery not even across all markets/all days of the week
 - **Downtown & Poplar/East Lag**

2023 - Continued Strength

	2017	2018	2019	2020	2021	2022	2023
Occ	64.0%	64.4%	65.5%	48.8%	62.2%	63.8%	64.7%
ADR	\$94.85	\$94.72	\$95.77	\$77.06	\$93.86	\$107.45	\$112.61
Room Night Demand	5,465,700	5,578,830	5,849,519	4,395,219	5,825,298	6,008,953	6,052,245
% Increase in Demand		2.1%	4.9%	-24.9%	32.5%	3.2%	0.7%
Room Supply	8,534,231	8,662,462	8,925,308	9,000,990	9,364,975	9,417,185	9,356,778

Pinkowski & Company:

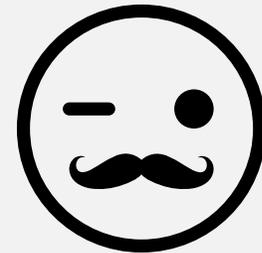
2020 Officially was the Worst Year on Record for Memphis Hotels

2023 Most room nights sold at highest rate ever

P&C Forecast vs Actual – 2023

Definitely Not An Exact Science – Given All The Variables Not Bad!

	<u>Projected</u>	<u>Actual</u>
• Occ	64.2%	64.7%
• ADR	\$115.00	\$112.61
• RevPAR	\$73.83	\$72.84
• Rms Sold	6.3m	6.05m



Memphis Lodging Market

Key Statistics 2022 vs 2023

	YE 2022	YE 2023	% Change
Room Supply (Daily)	25,801	25,635	-0.6%
Room Demand (Daily)	16,463	16,582	0.7%
Room Revenue (Daily)	\$1,768,936	\$1,867,249	5.6%
Occupancy	63.8%	64.7%	1.4%
ADR	\$107.45	\$112.61	4.8%
RevPAR	\$68.56	\$72.84	6.2%

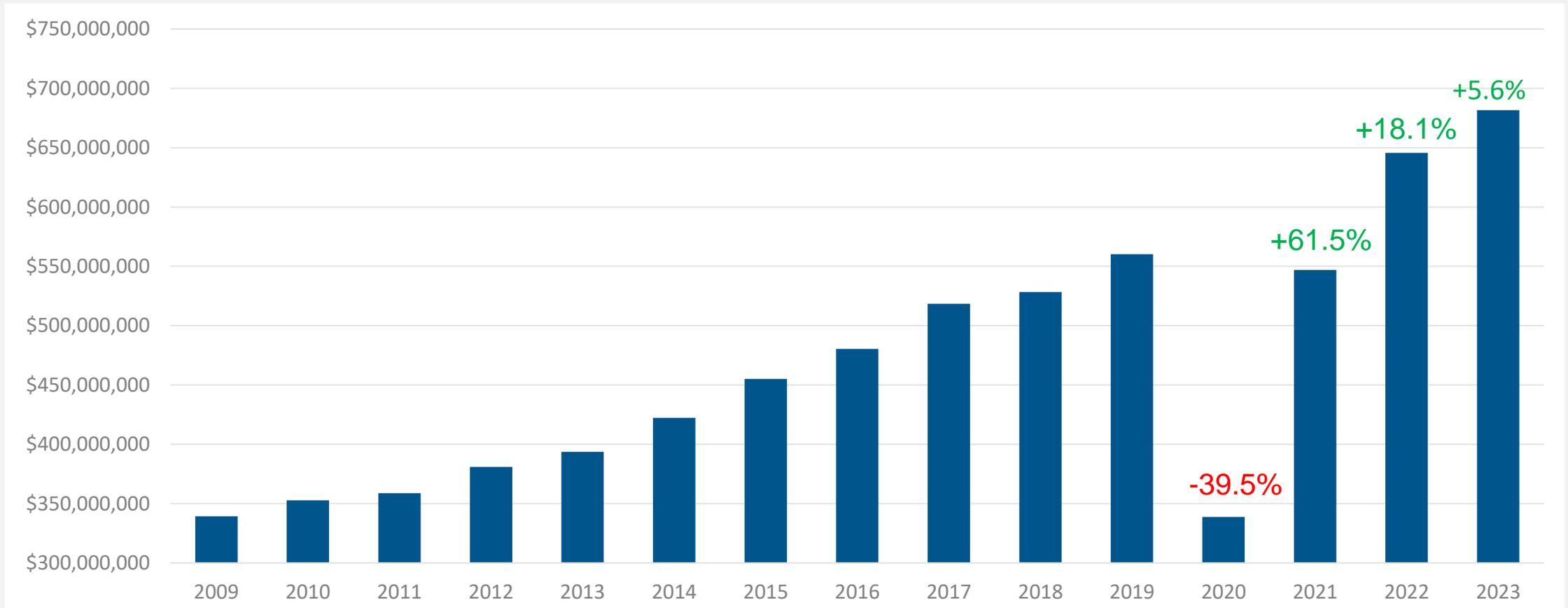
Memphis Lodging Market

Key Statistics 2019 vs 2023

	YE 2019	YE 2023	% Change
Room Supply (Daily)	24,453	25,635	4.8%
Room Demand (Daily)	16,026	16,582	3.5%
Room Revenue (Daily)	\$1,534,743	\$1,867,249	21.7%
Occupancy	65.5%	64.7%	-1.2%
ADR	\$95.77	\$112.61	17.6%
RevPAR	\$62.76	\$72.84	16.1%

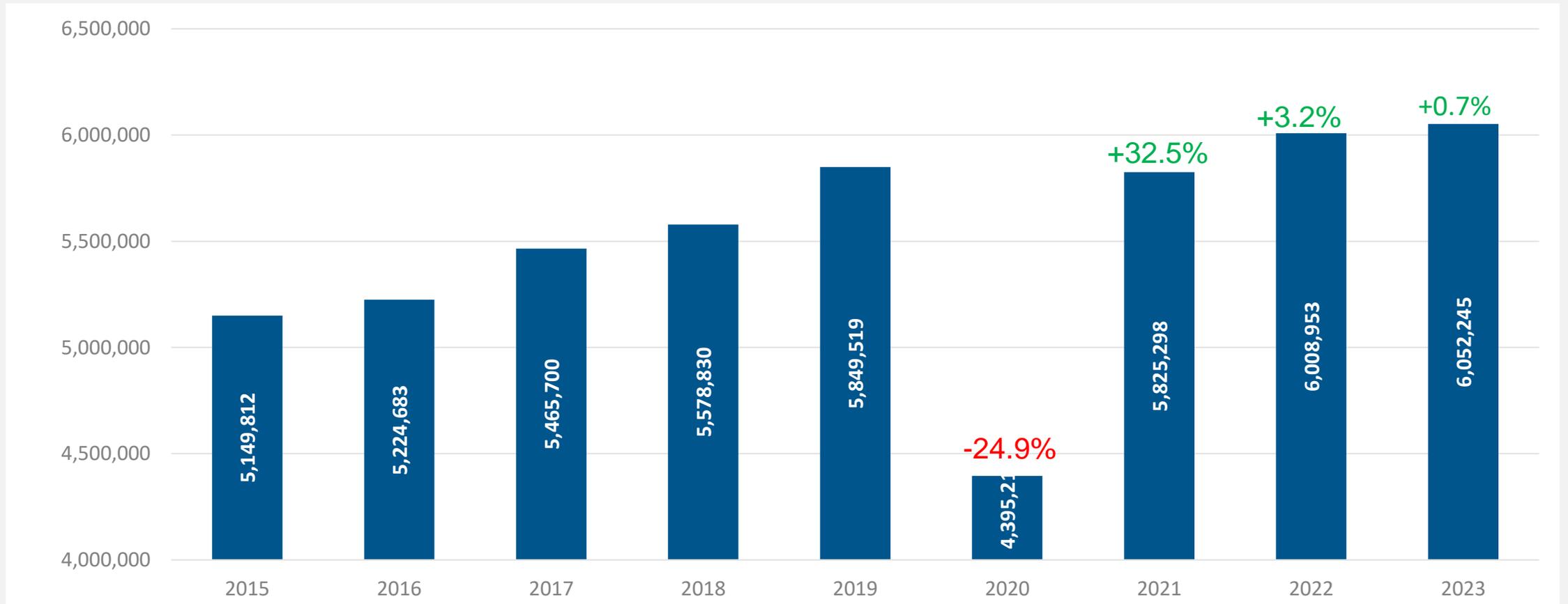
Memphis Lodging Market

Total Revenue



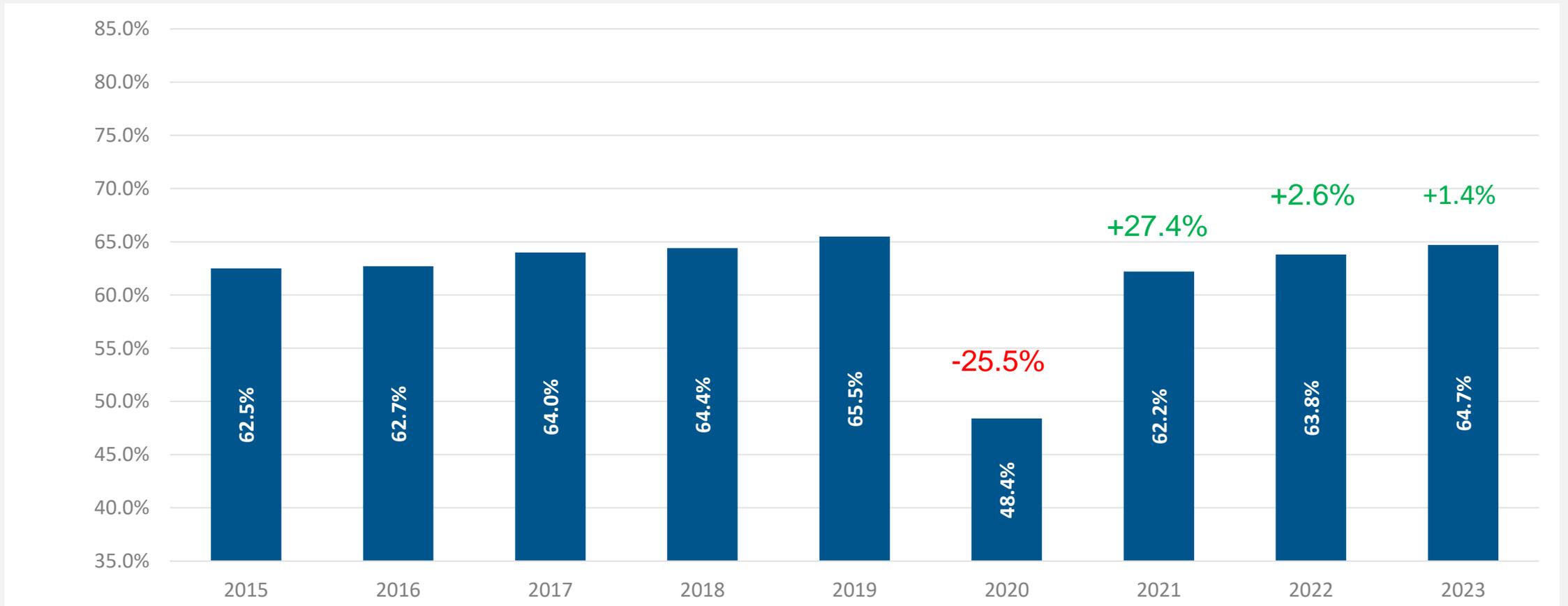
Memphis Lodging Market

Rooms Sold



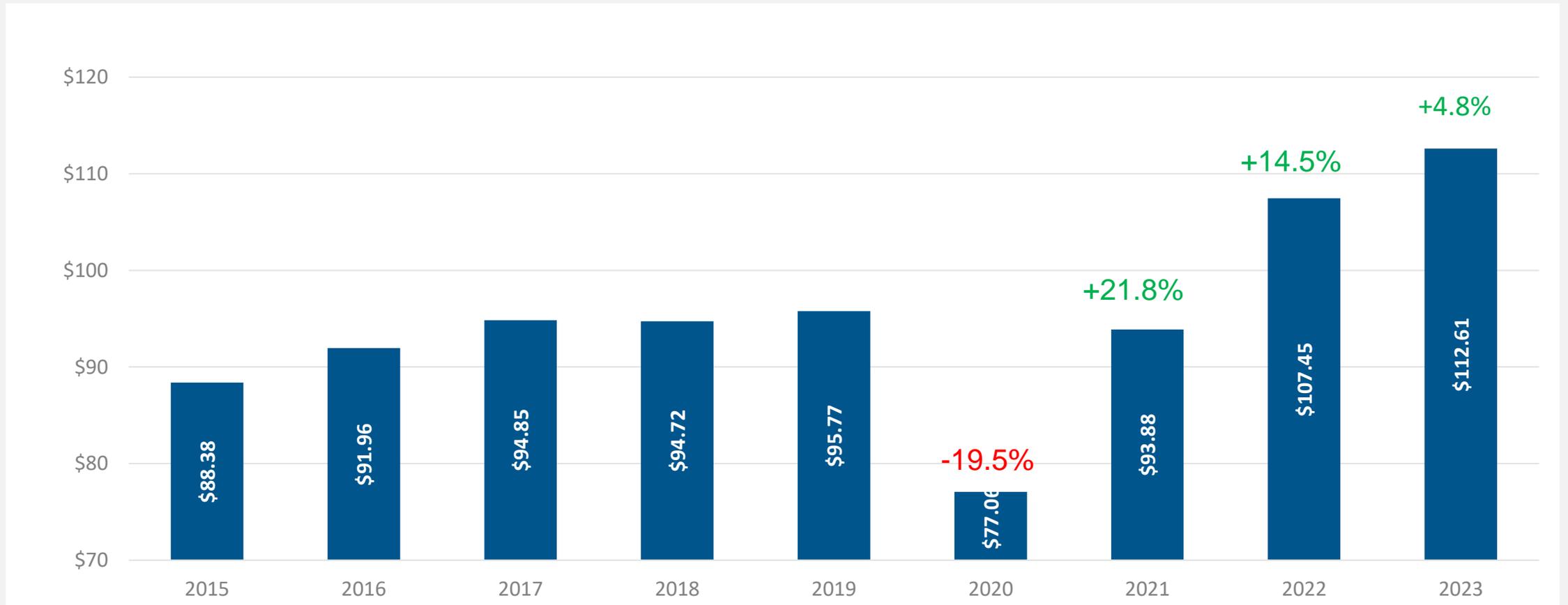
Memphis Lodging Market

Occ



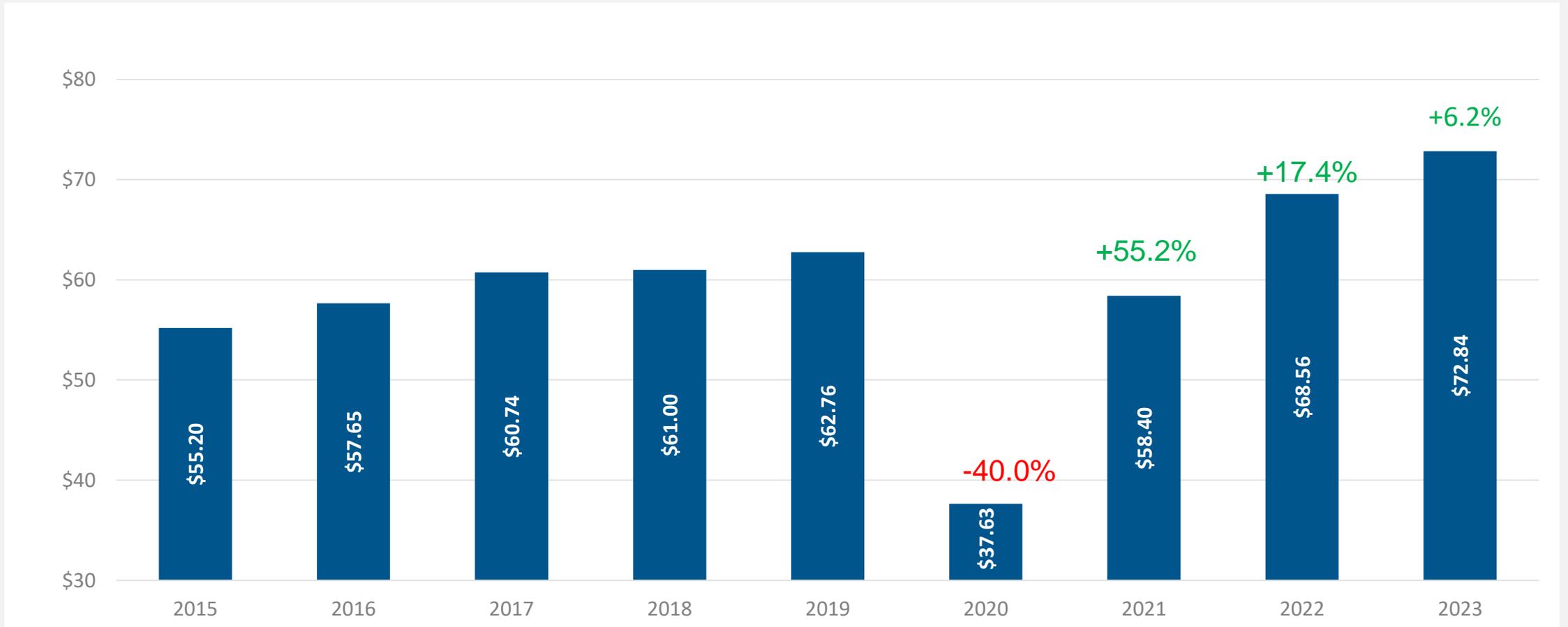
Memphis Lodging Market

ADR



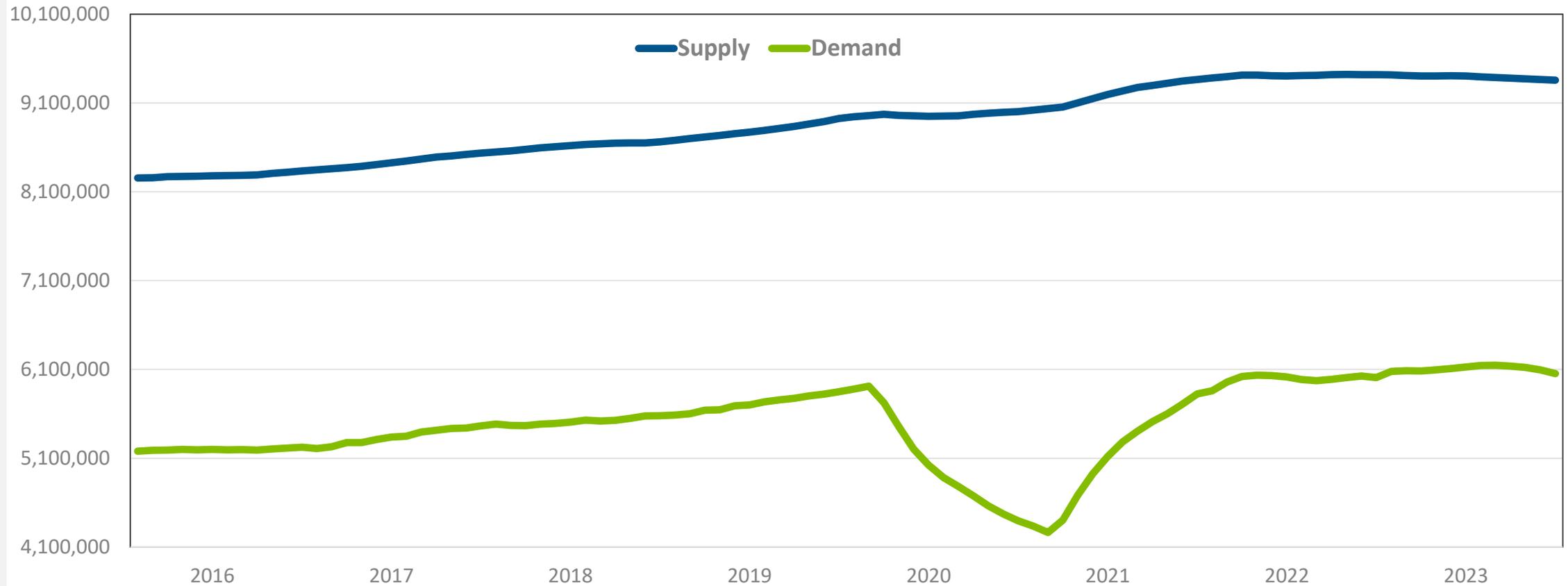
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RevPAR



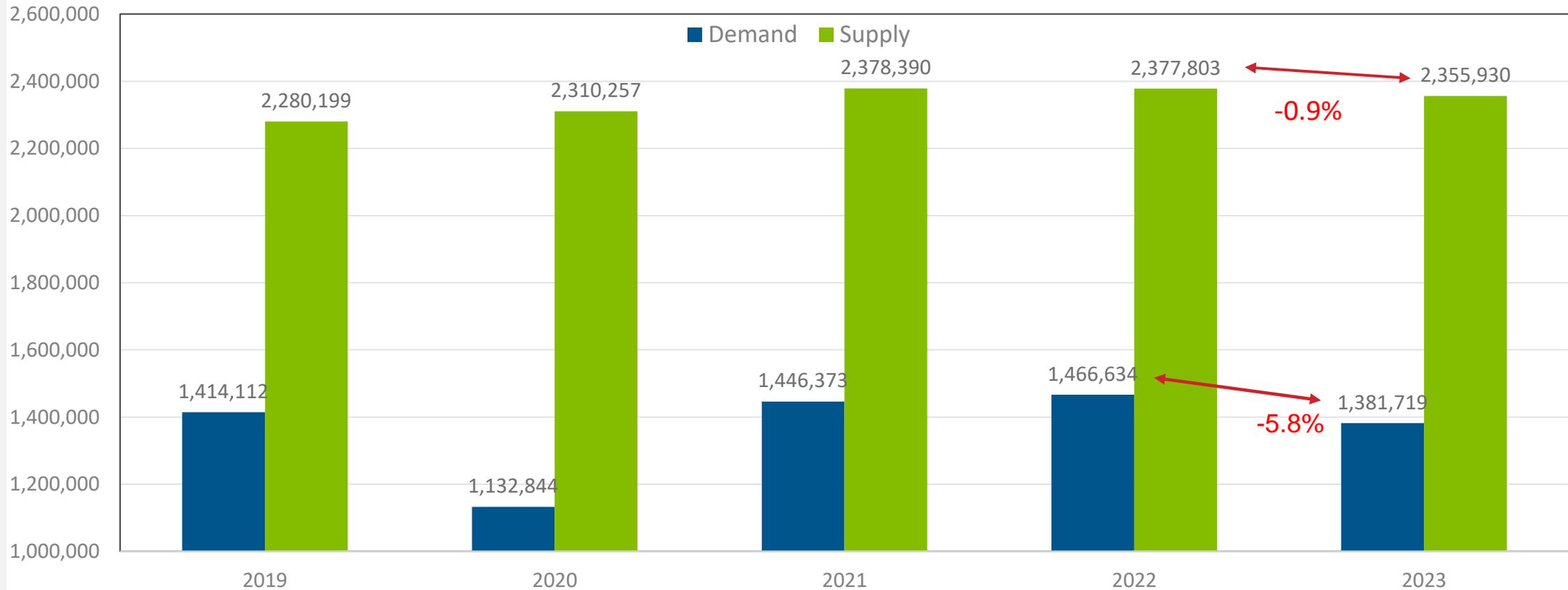
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12 Month Moving Average



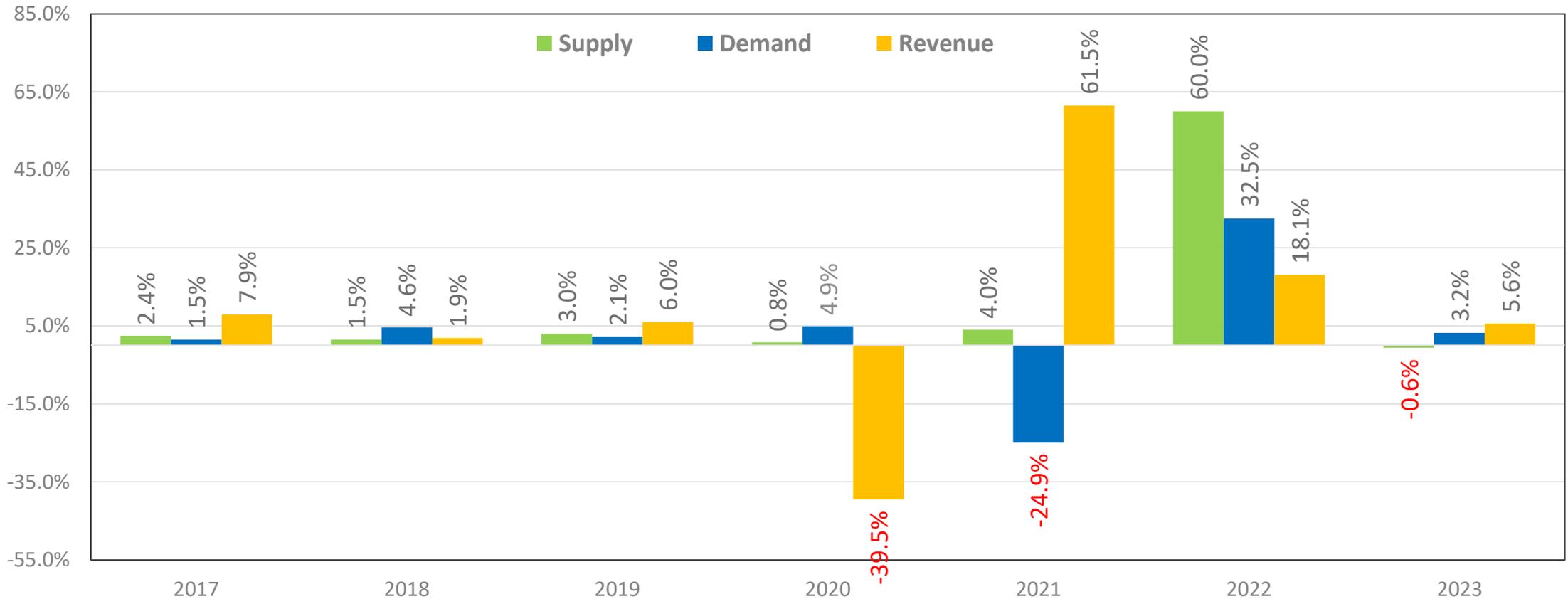
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2019-2023 4th QTR Room Supply/Demand



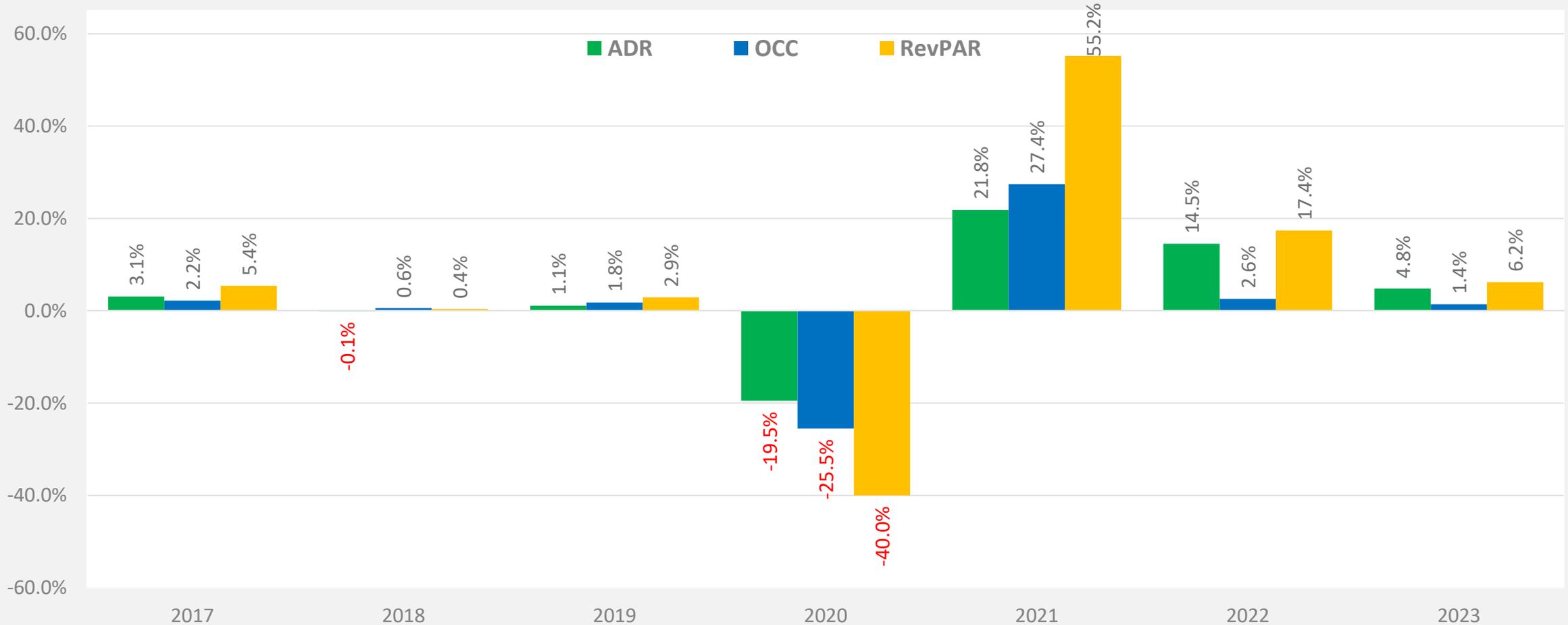
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% Change Key Indicators



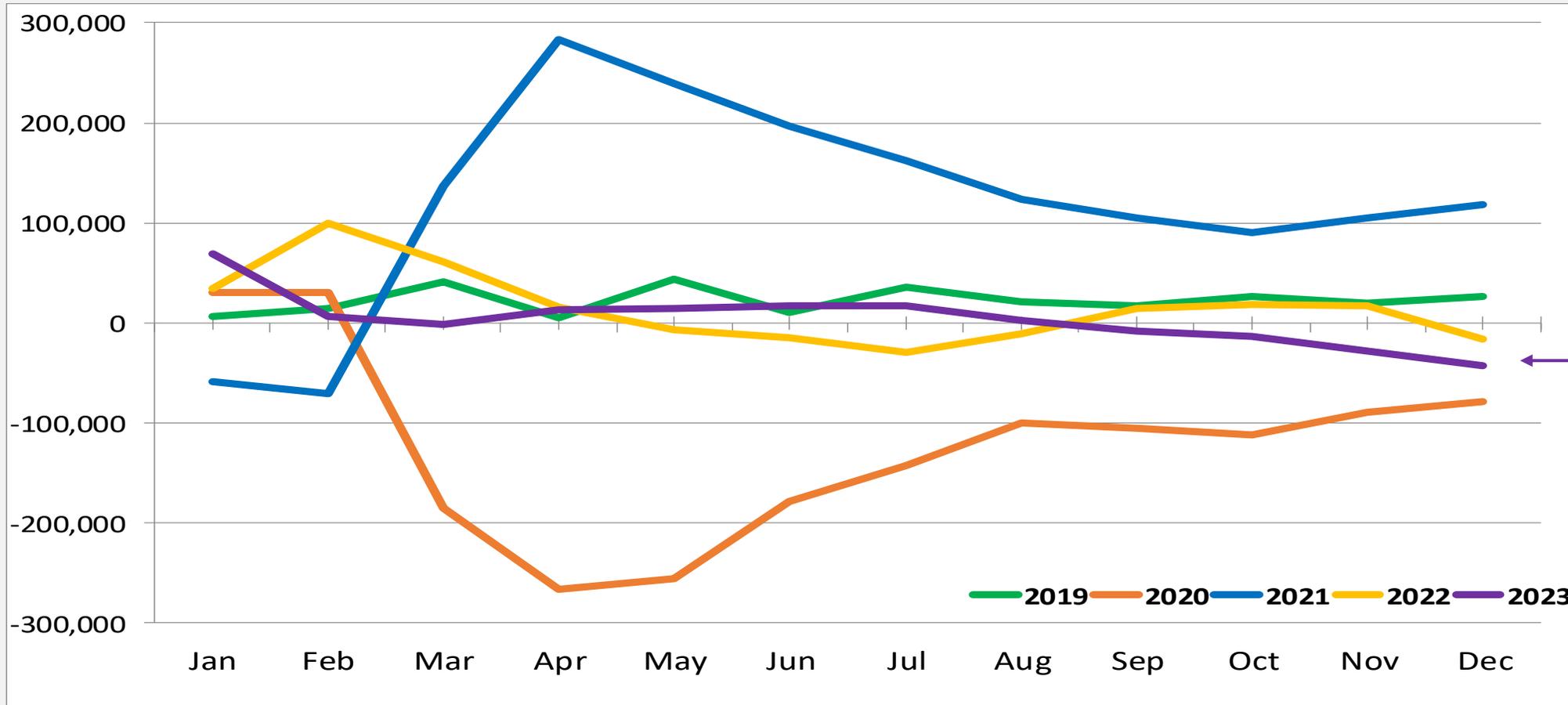
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% Change Key Indicators



Memphis Lodging Market

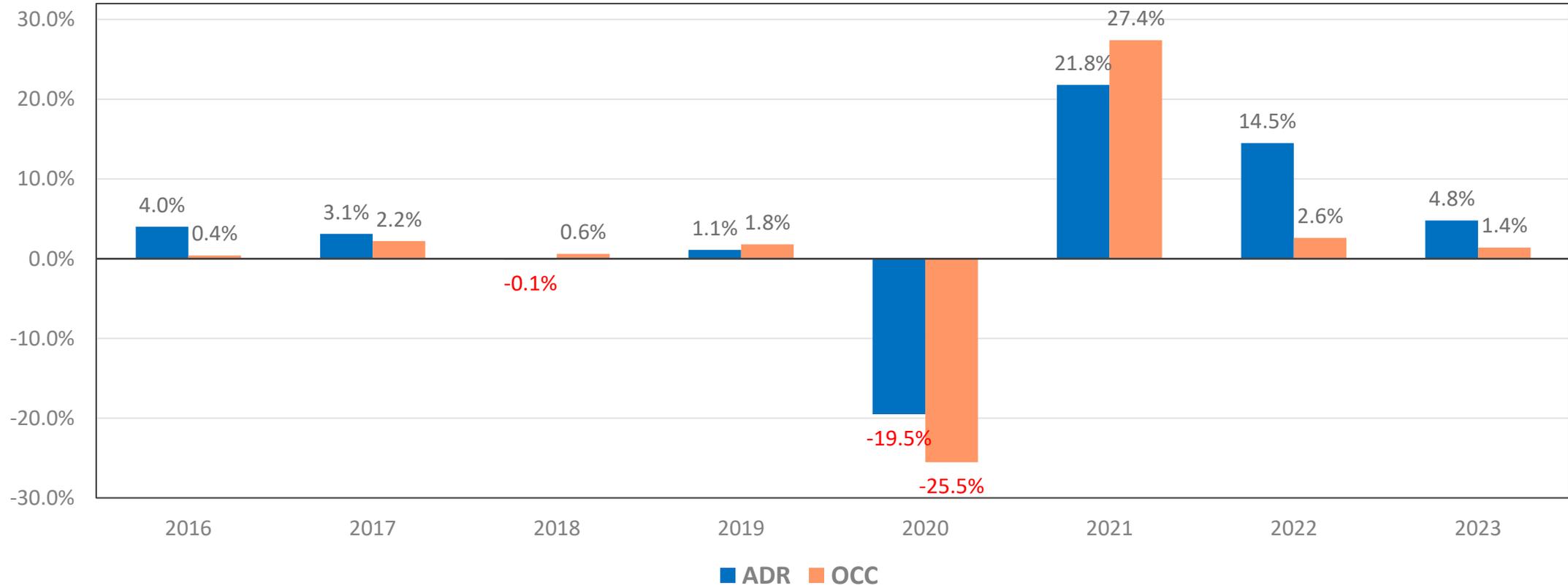
Change in Room Night Demand by Month Over Prior Year



Monthly demand in 2023 dropped from August through the end of the year

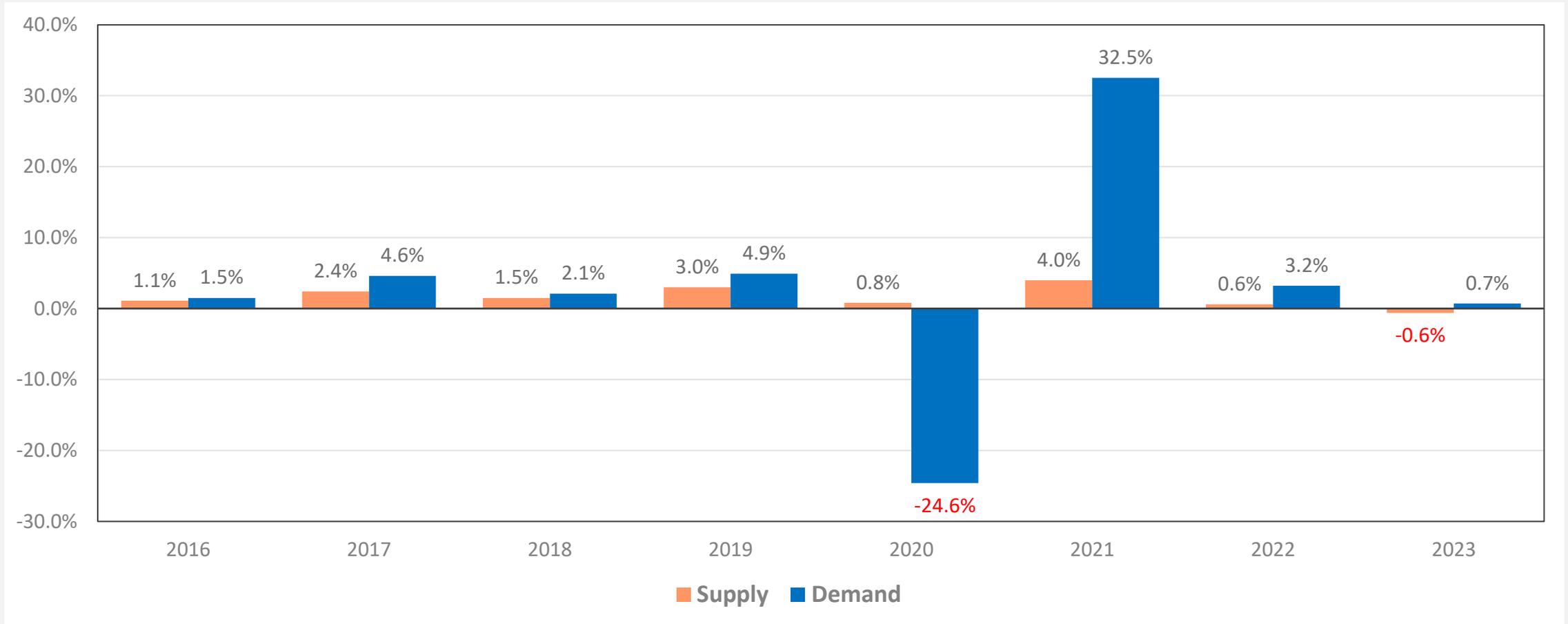
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ADR Change vs OCC



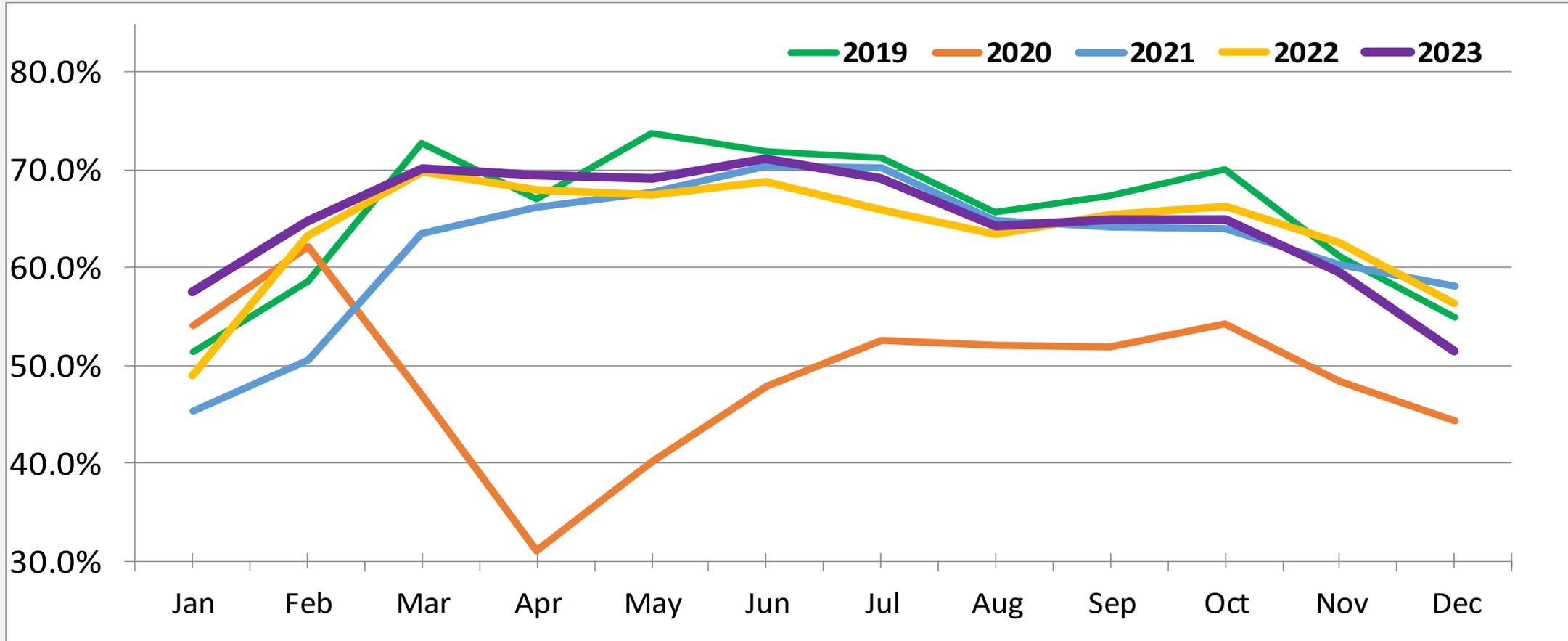
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Supply Change vs Demand



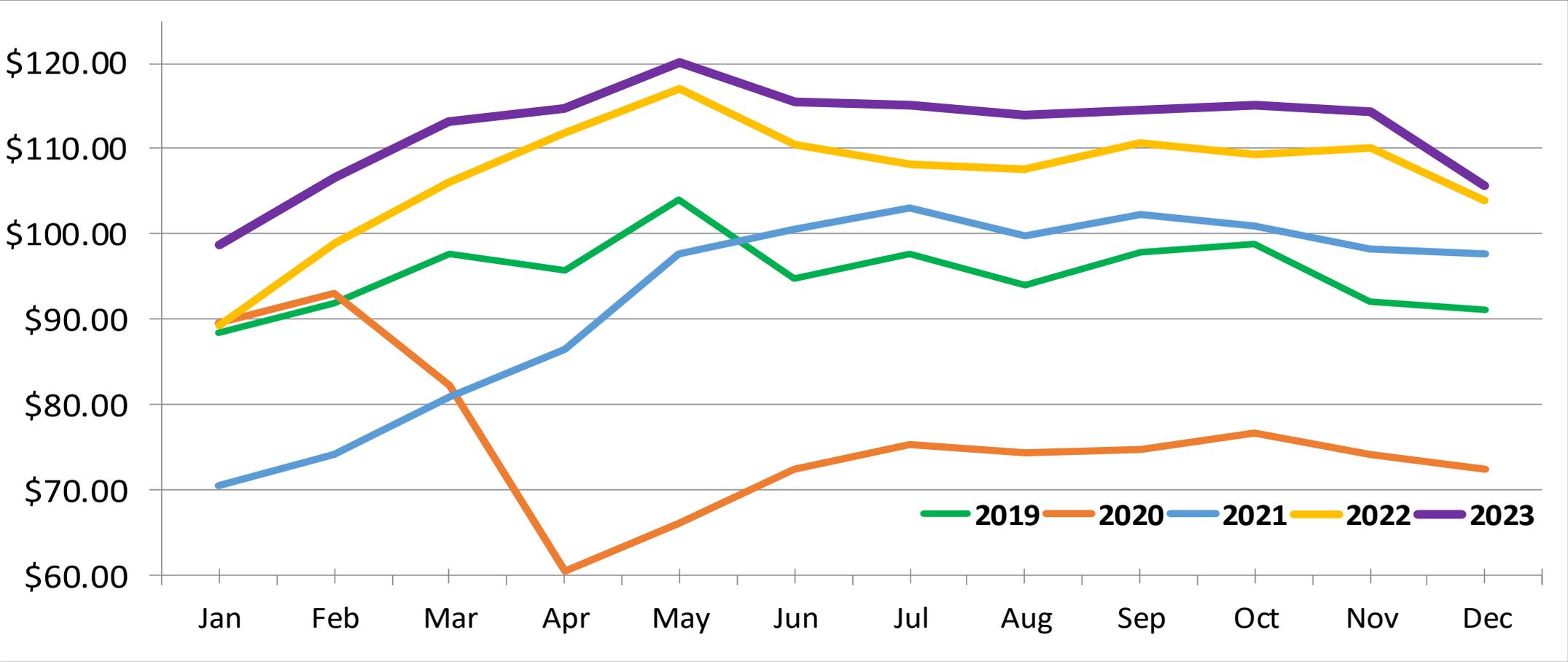
Memphis Lodging Market

Monthly Occupancy Comparison 2019-2023



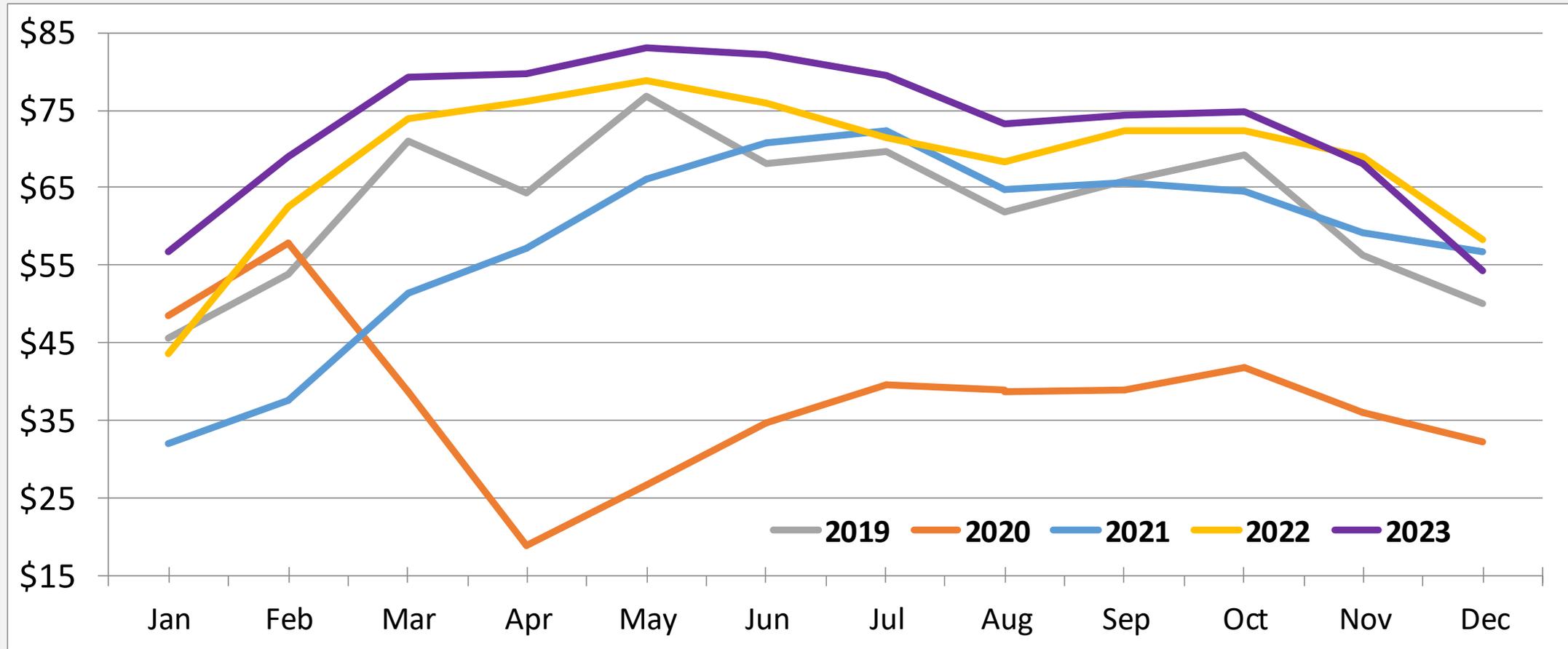
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Monthly ADR Comparison 2019-2023



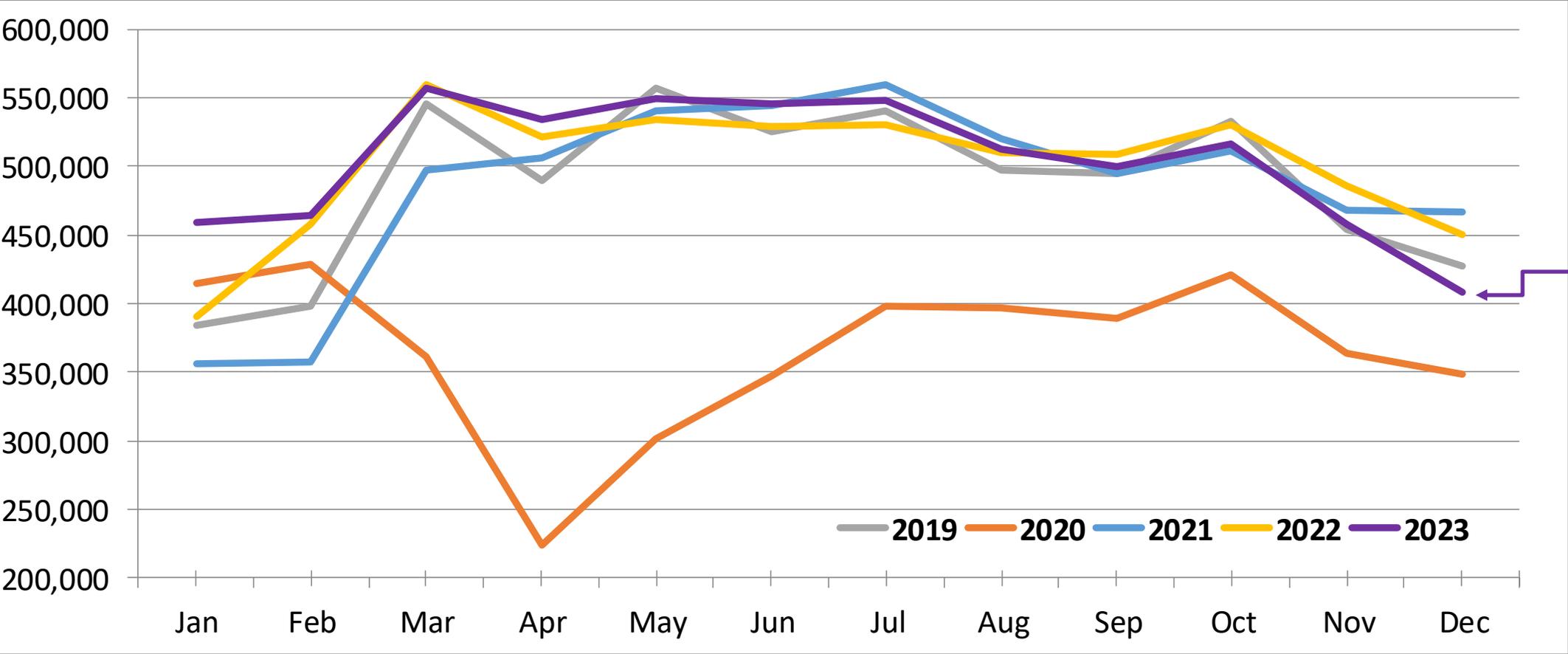
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Monthly RevPAR Comparison 2019-2023



Memphis Lodging Market

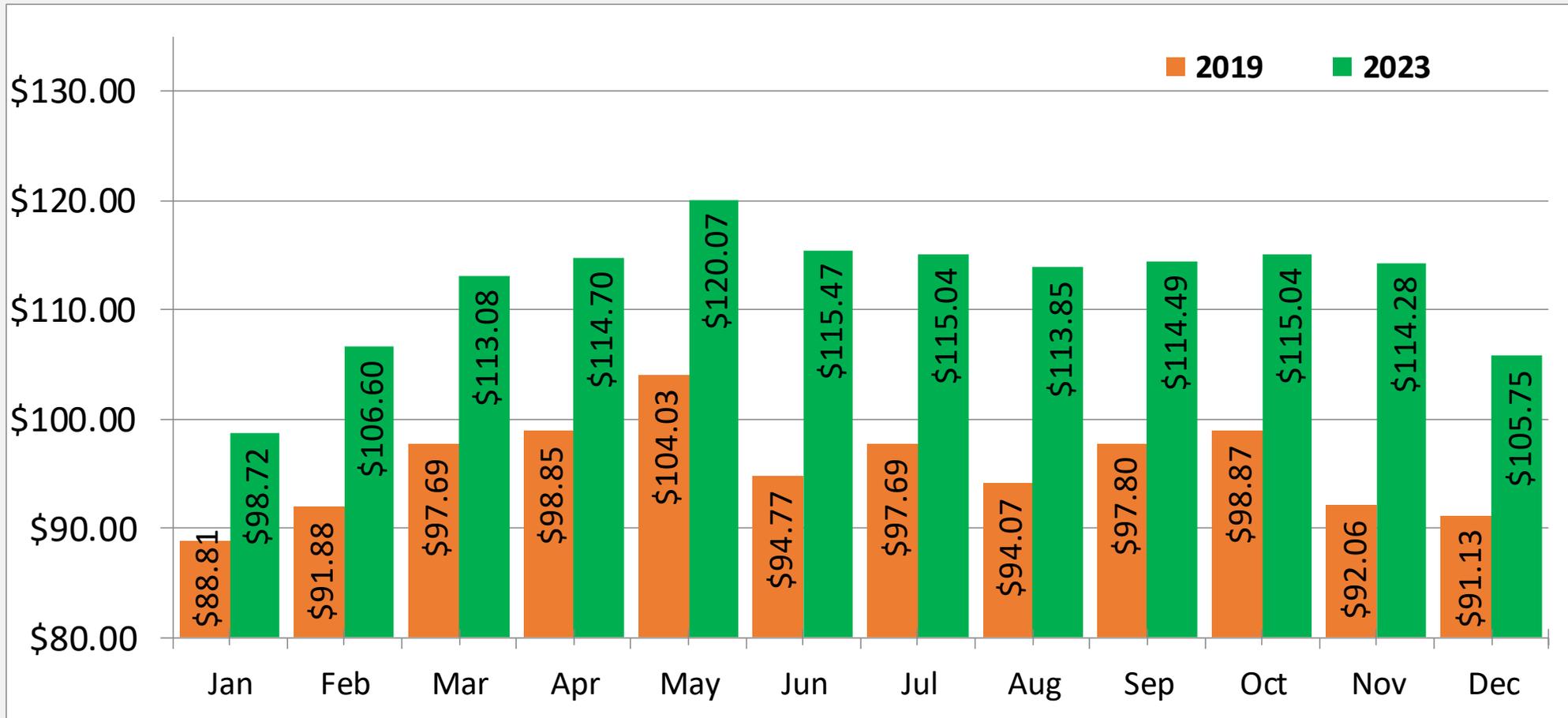
Monthly Room Demand Comparison 2019-2023



Monthly room night demand starts to lag prior years

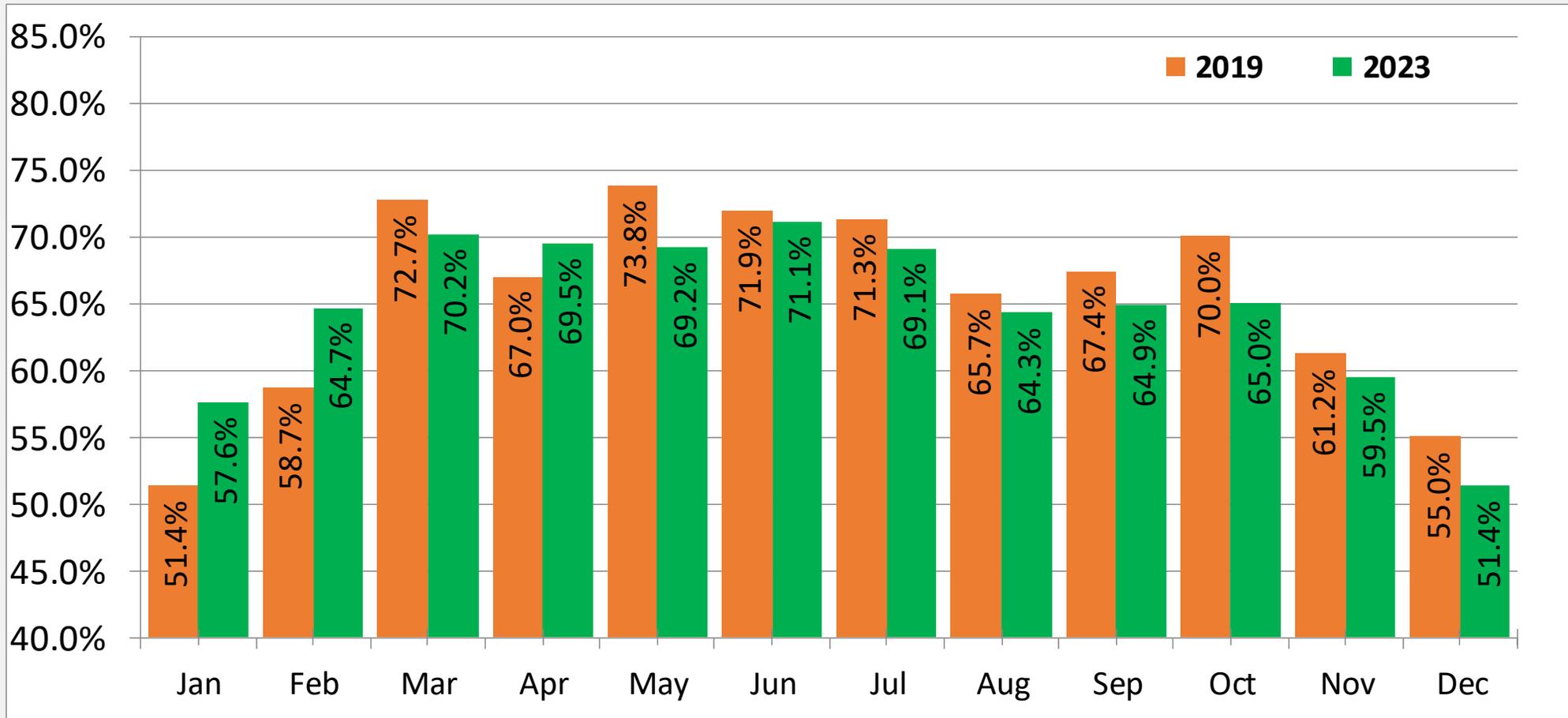
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Monthly ADR Comparison 2019 vs 2023



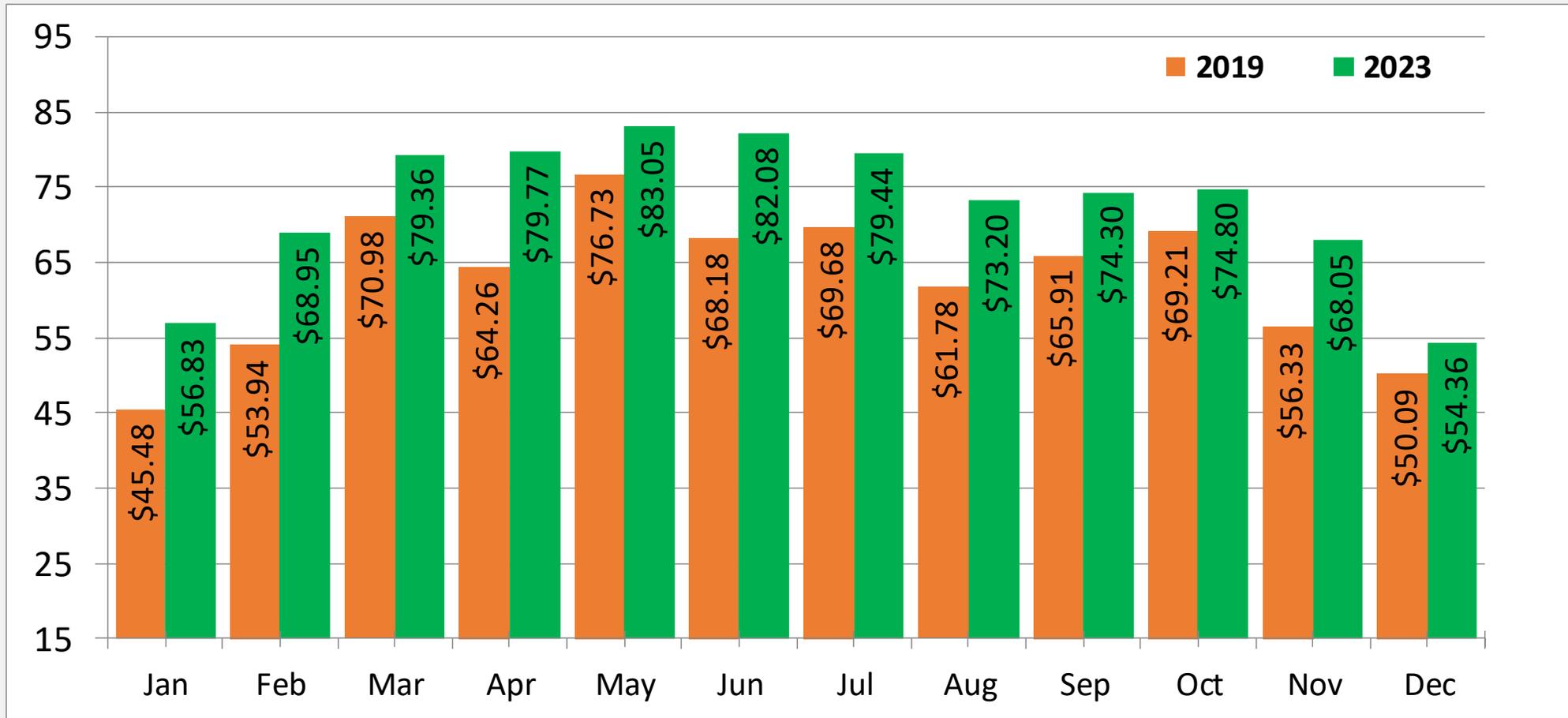
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Monthly Occ Comparison 2019 vs 2023



Memphis Lodging Market

Monthly RevPAR Comparison 2019 vs 2023



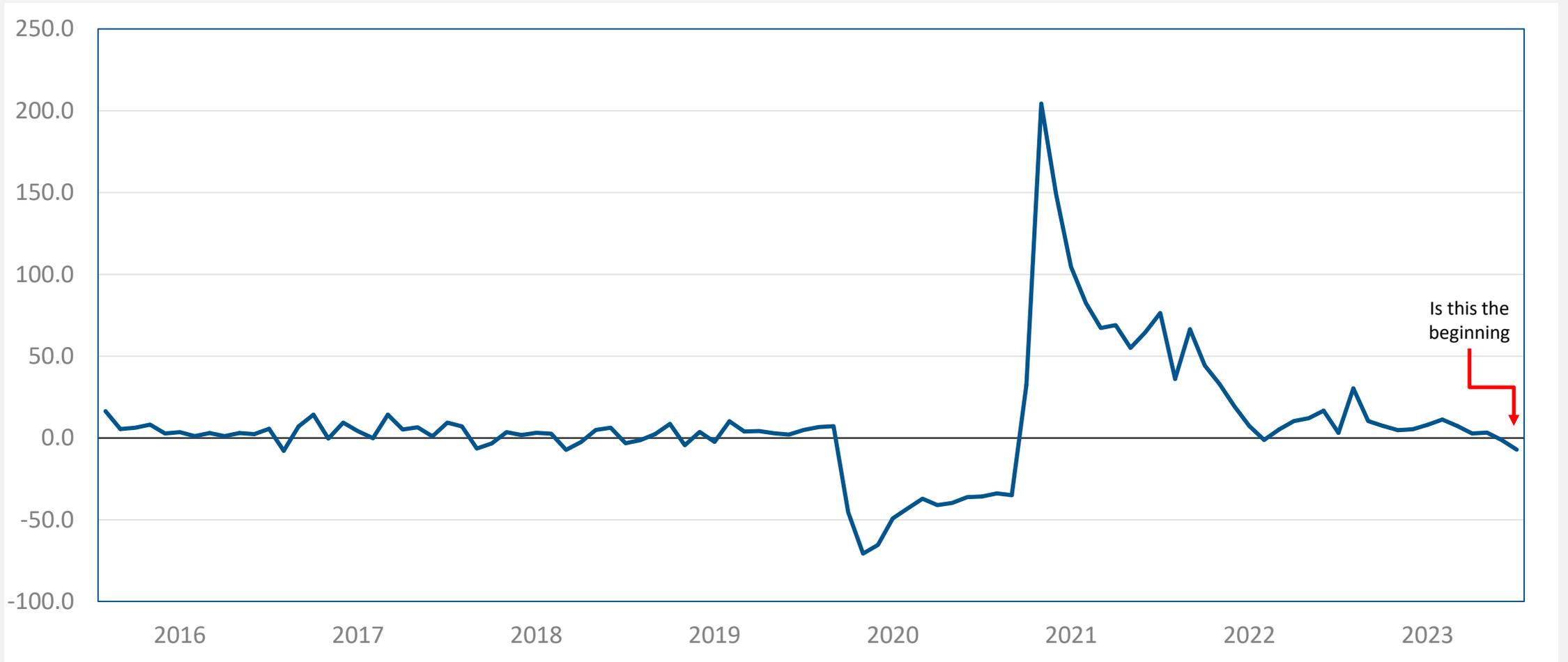
Memphis Lodging Market vs Total U.S.

% Change 2022 vs 2023

	Memphis	U.S.
Room Supply	-0.6%	0.5%
Room Demand	0.7%	1.1%
Room Revenue	5.6%	5.4%
Occupancy	1.4%	0.6%
ADR	4.8%	4.3%
RevPAR	6.2%	4.9%

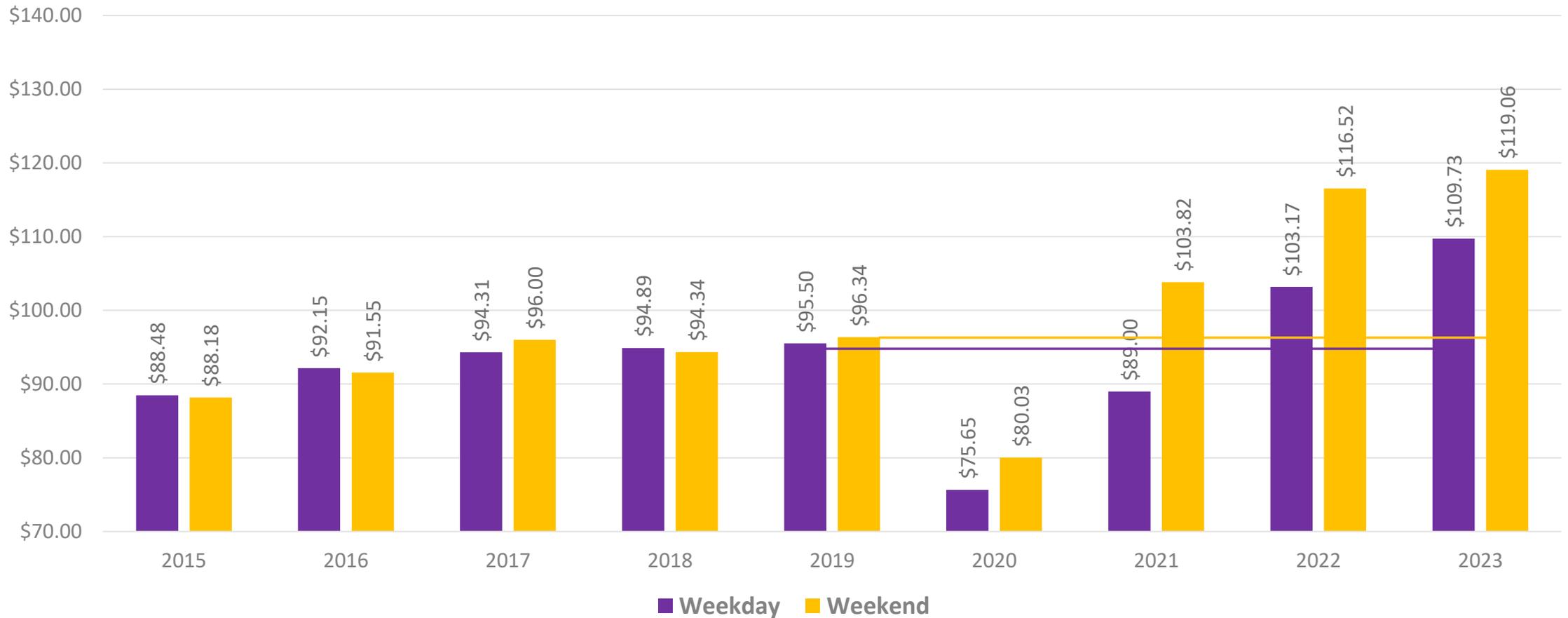
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% RevPAR Growth



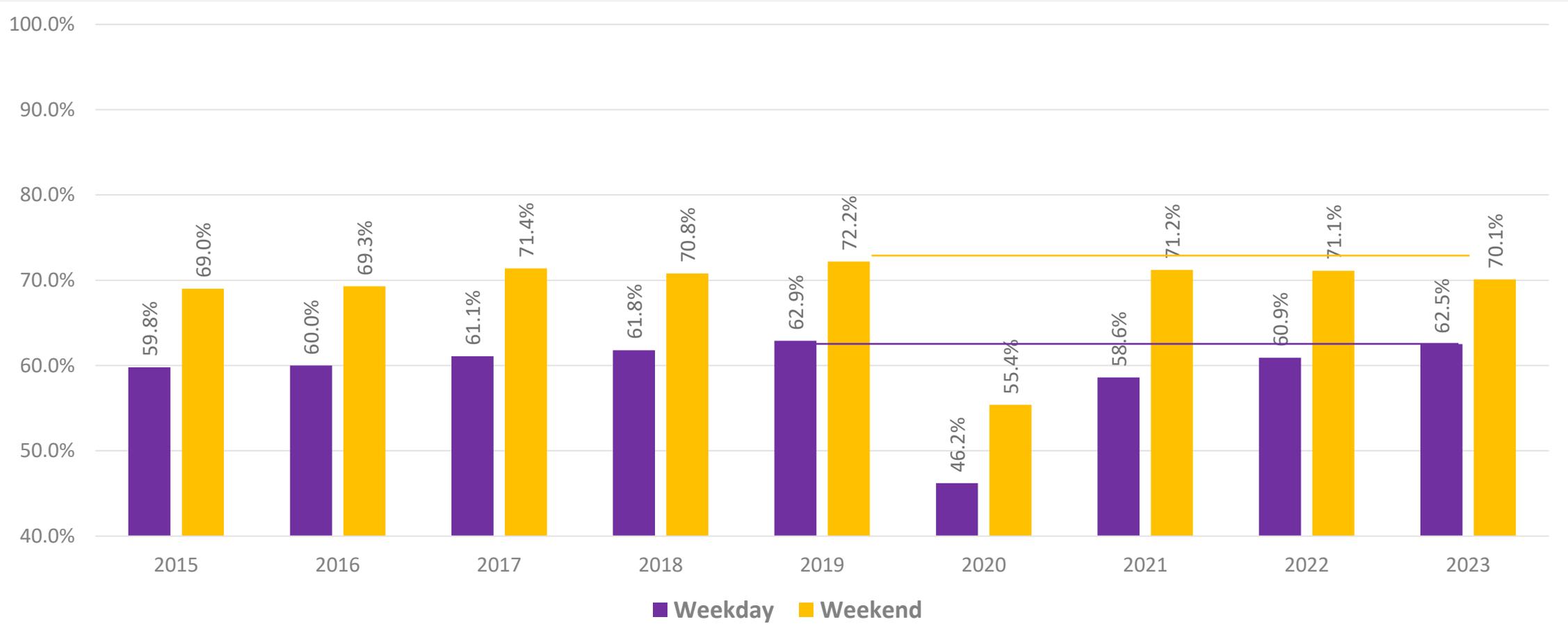
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Weekday/Weekend ADR



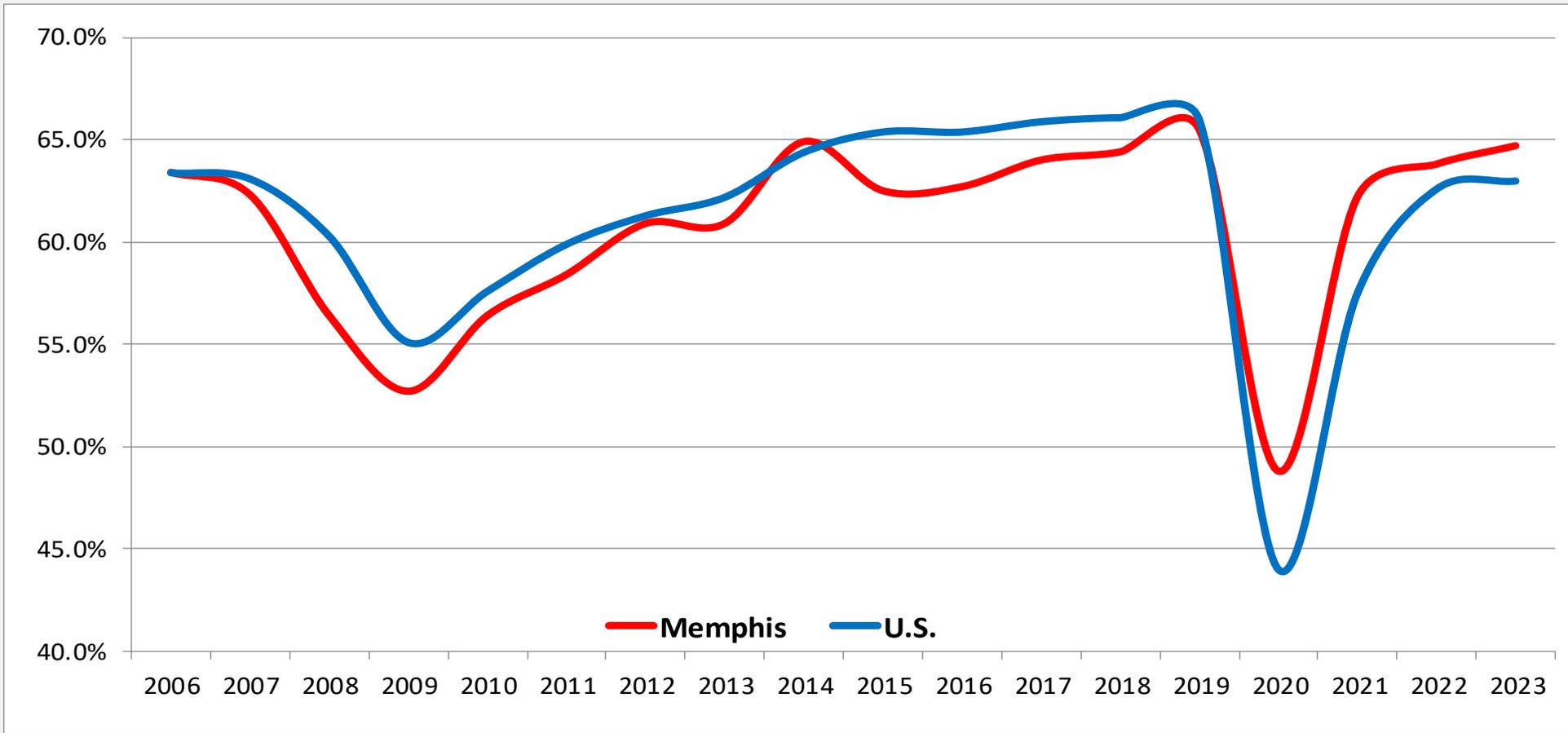
Memphis Lodging Market

Weekday/Weekend Occ



Occupancy Trend Comparison

Memphis/U.S.



Memphis Lodging Market

Properties by Size

# Rooms	# Properties
600	1
400 – 599	3
300 - 399	1
200 - 299	9
100 - 199	95
99 or less	190

Includes U/C properties
99 closed

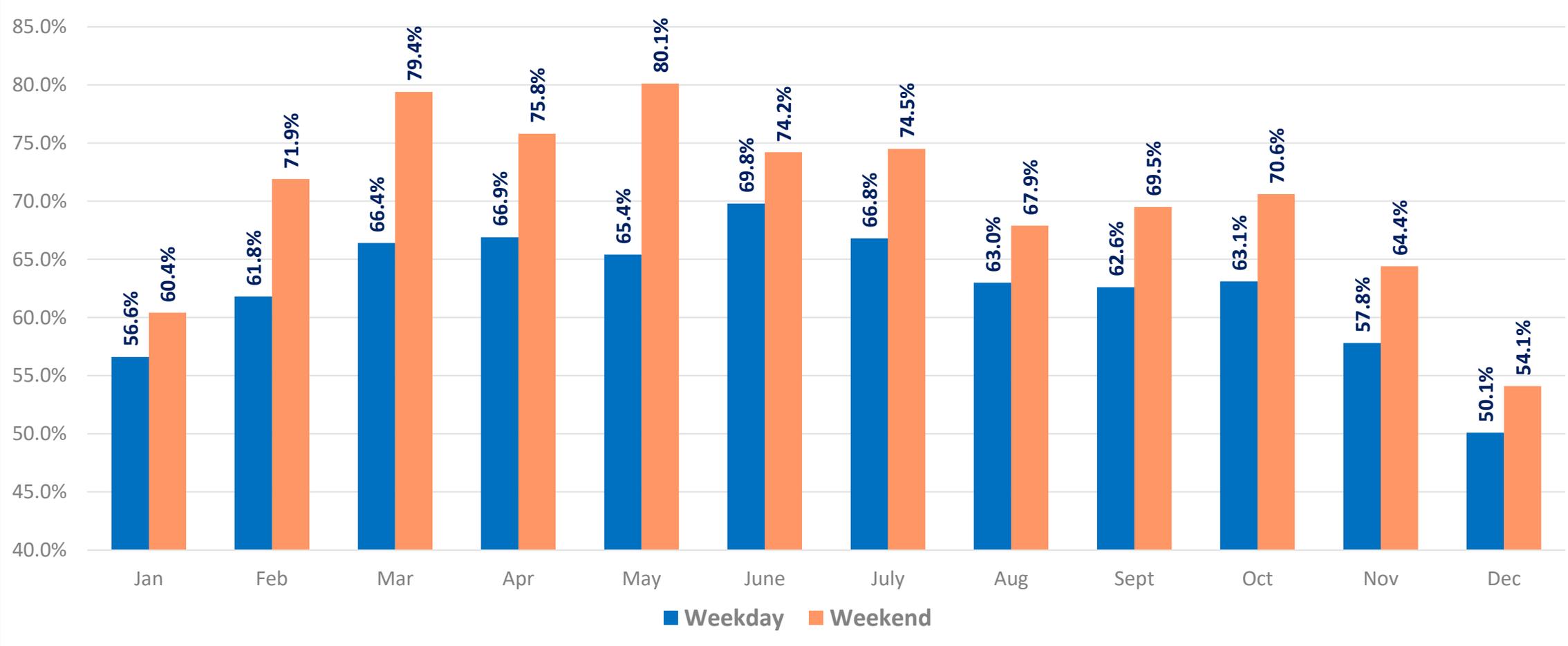
Memphis Lodging Market

Properties by Opening Date

Year	# Properties	# Rooms
2024 U/C	15	1,433
2023	0	0
2022	3	477
2021	6	768
2020	10	879
2019	10	1,034
2018	5	387
2017	6	563
2016	4	604
2015	5	475
2014	0	0
2013	1	105
2012	0	0
2011	0	0
2010	3	265
2009	9	737
2008	13	1,176

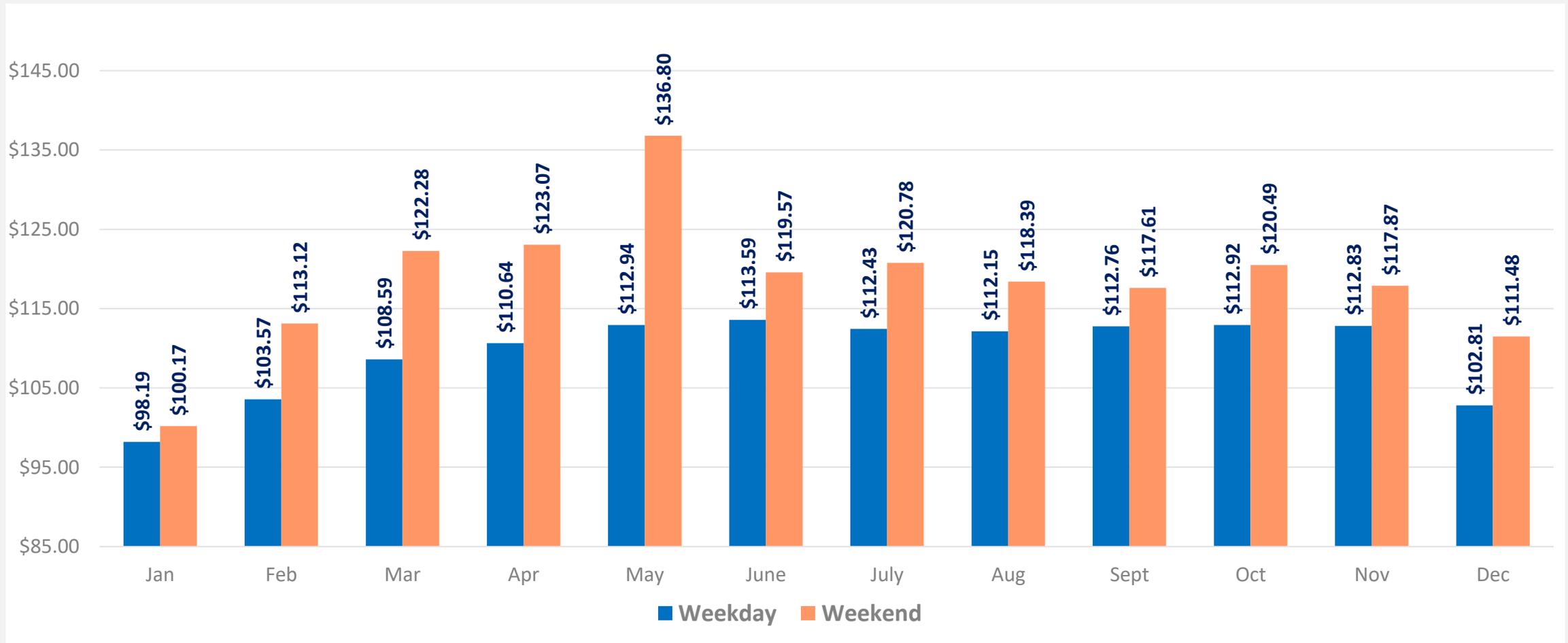
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Weekday/Weekend OCC 2023 by Month



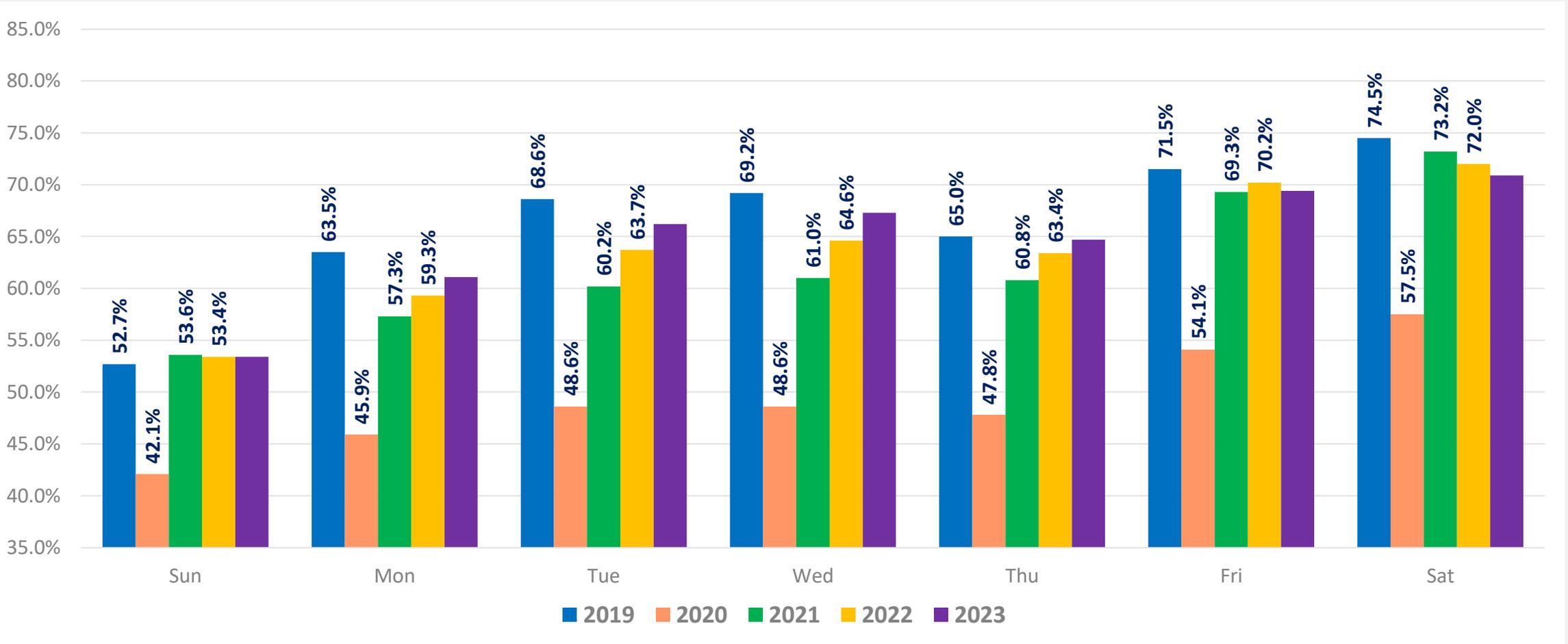
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Weekday/Weekend ADR 2023 by Month



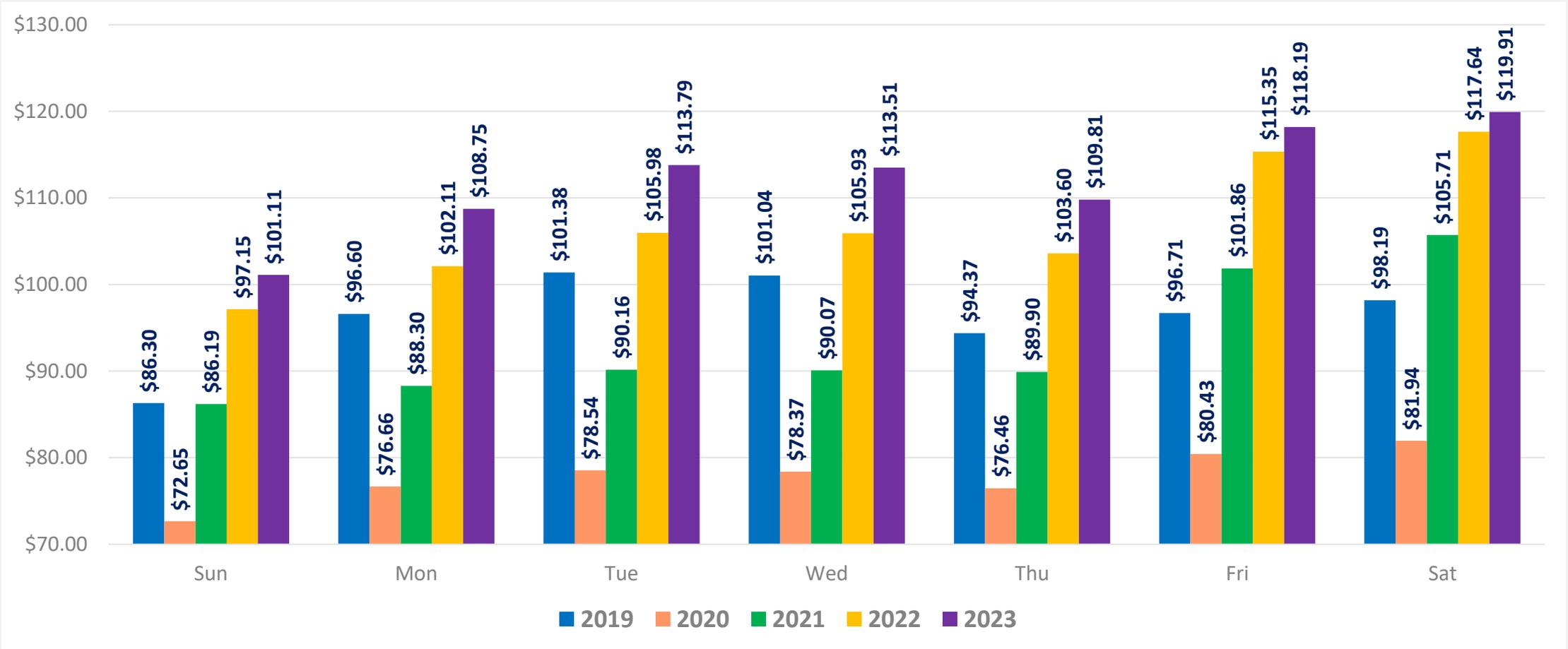
Memphis Lodging Market

Day of Week OCC by Month



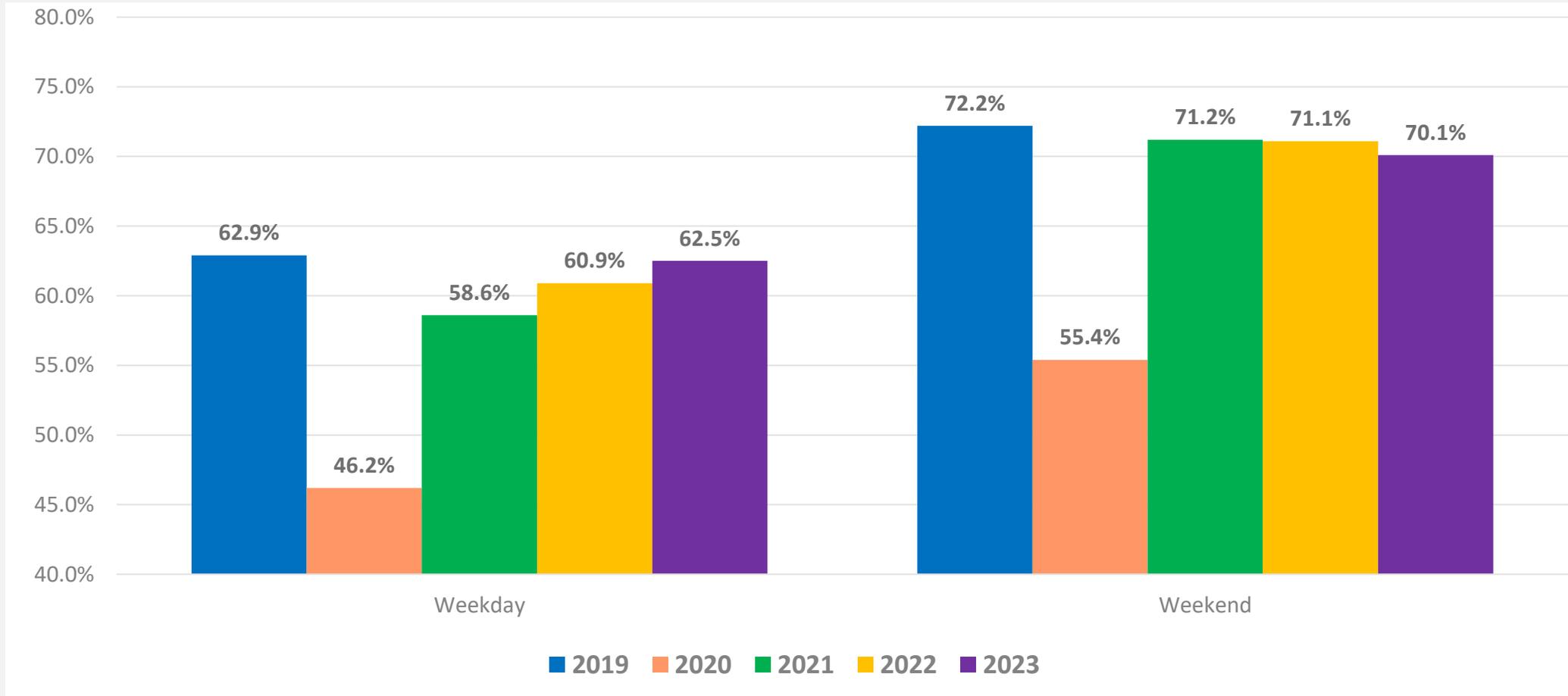
Memphis Lodging Market

Day of Week ADR



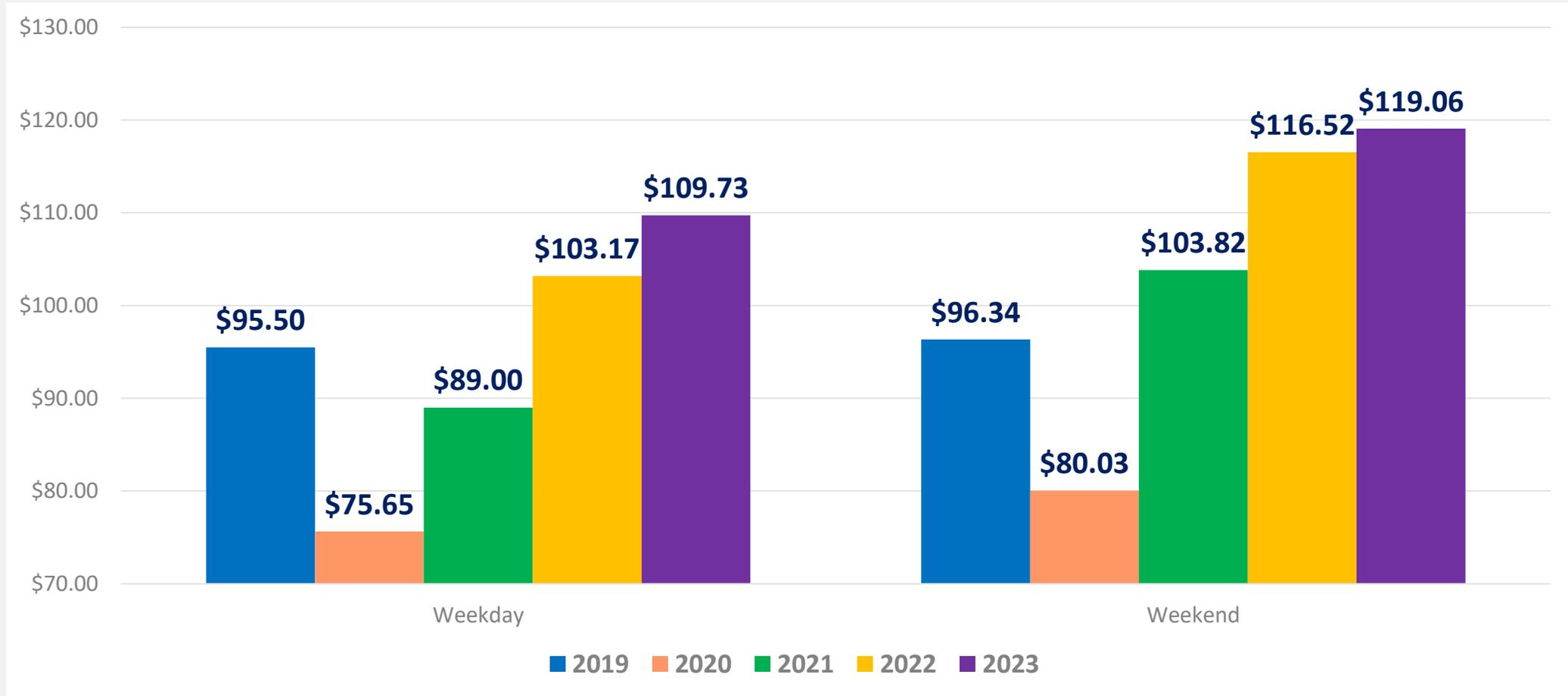
Memphis Lodging Market

Weekday/Weekend OCC



Memphis Lodging Market

Weekday/Weekend ADR



Memphis Lodging Market

Current Pipeline - Some Will/Some Won't

Location	# Properties	# Rooms
West Memphis	3	322
Marion	2	189
Collierville	6	580
Arlington	3	370
Downtown	15	2,435
Midtown	3	422
East Memphis	11	1,071
Lakeland	3	370
Germantown	2	230
Southaven	11	1,193
Olive Branch	10	987
Horn Lake	<u>3</u>	<u>260</u>
Total	<u>72</u>	<u>8,429</u>

Memphis Lodging Market

Pipeline Comparison

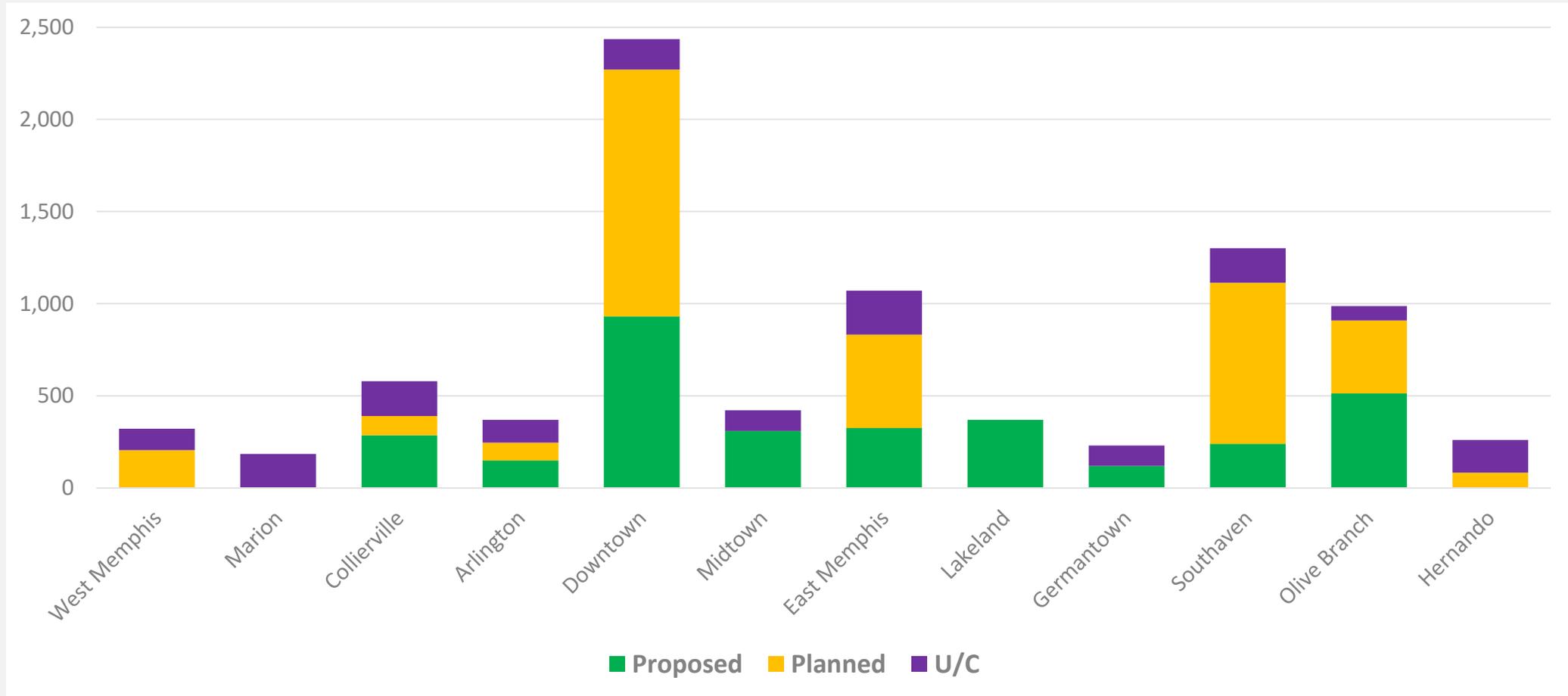
	11/2019	2/2024
<u>Number of Projects</u>		
Total	49	72
Under Construction	12	18
<u>Number of Rooms</u>		
Total	5,376	8,429
Under Construction	1,460	1,687

From the 2019 to the 2024 Pipeline

- 23 properties (40%) are open or under construction
- 2,761 rooms (49%) are open or under construction
- Almost ½ of the rooms are downtown and Crittenden County

Memphis Lodging Market

Current Pipeline





Memphis Lodging Market

Geographic Regions



Memphis Lodging Market

Area	# Properties	# Rooms
Citywide	351	27,029
Poplar/East	54	5,816
Mississippi	61	4,500
Airport/South	66	4,042
West Memphis	38	2,390
Downtown	29	4,348

Property and room count includes open, closed and u/c

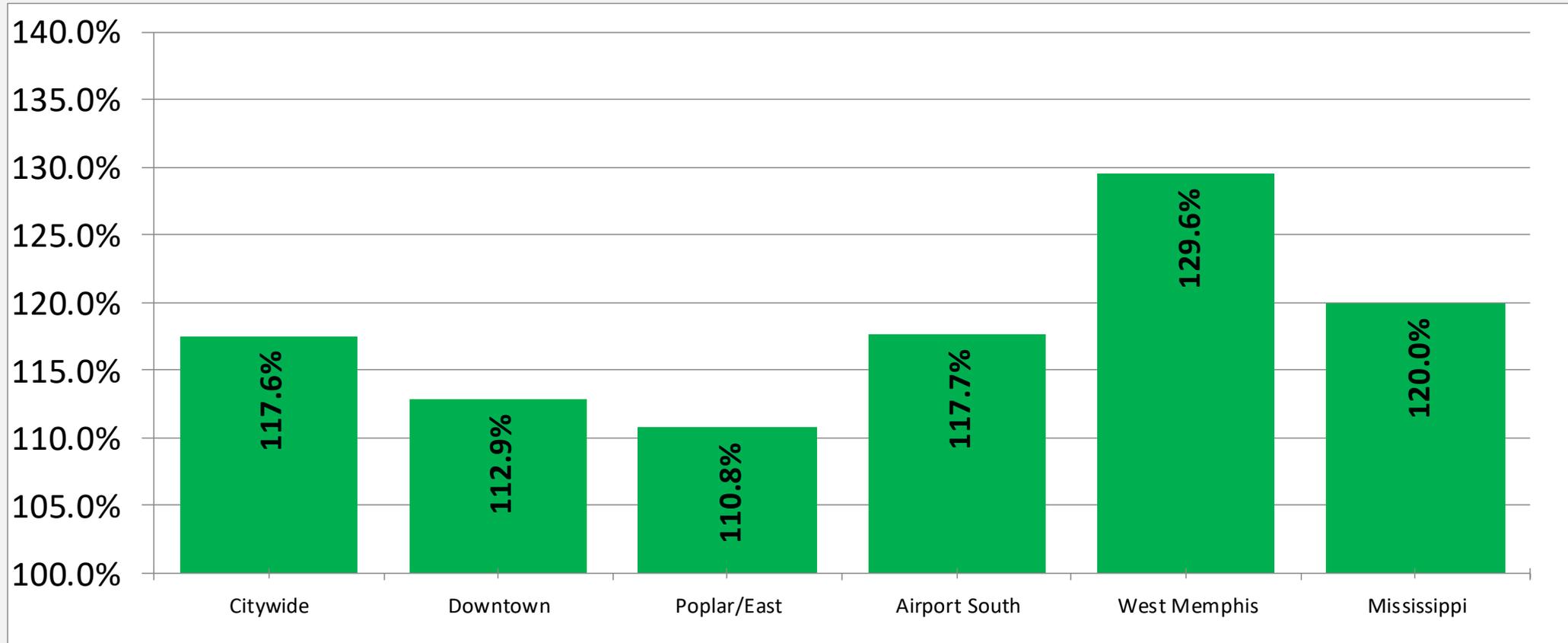
Memphis Lodging Market

Year End 2023 by Select Geographic Region

	ADR	Occ	RevPAR	# Rooms	# Properties
West Memphis/Marion	\$88.60	70.7%	\$62.63	2,240	32
Poplar/East	\$112.50	68.4%	\$76.97	5,617	46
Airport/South	\$87.41	55.6%	\$48.58	4,042	50
Downtown	\$183.19	60.2%	\$110.20	4,080	25
Mississippi	\$111.41	75.1%	\$83.71	3,901	51
Citywide	\$112.61	64.7%	\$72.84	25,596	299

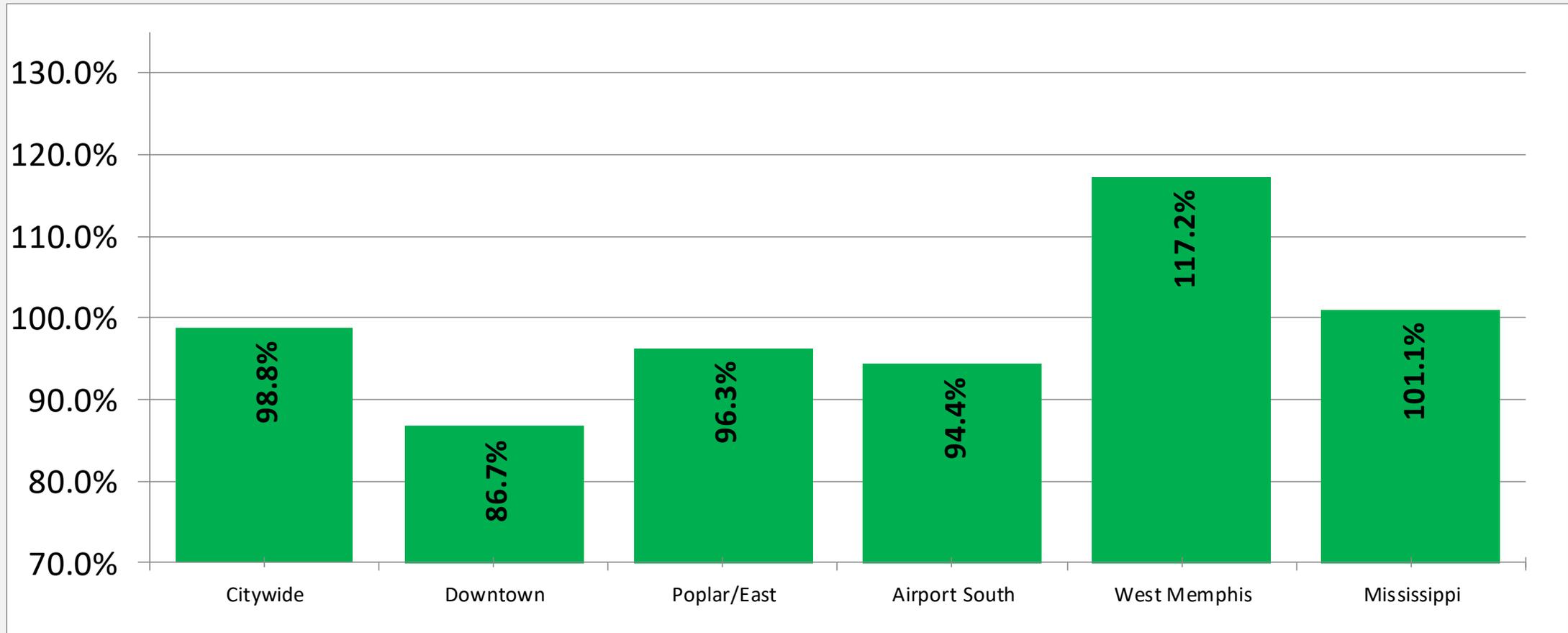
Memphis Geographic Regions

ADR Index 2019 vs 2023



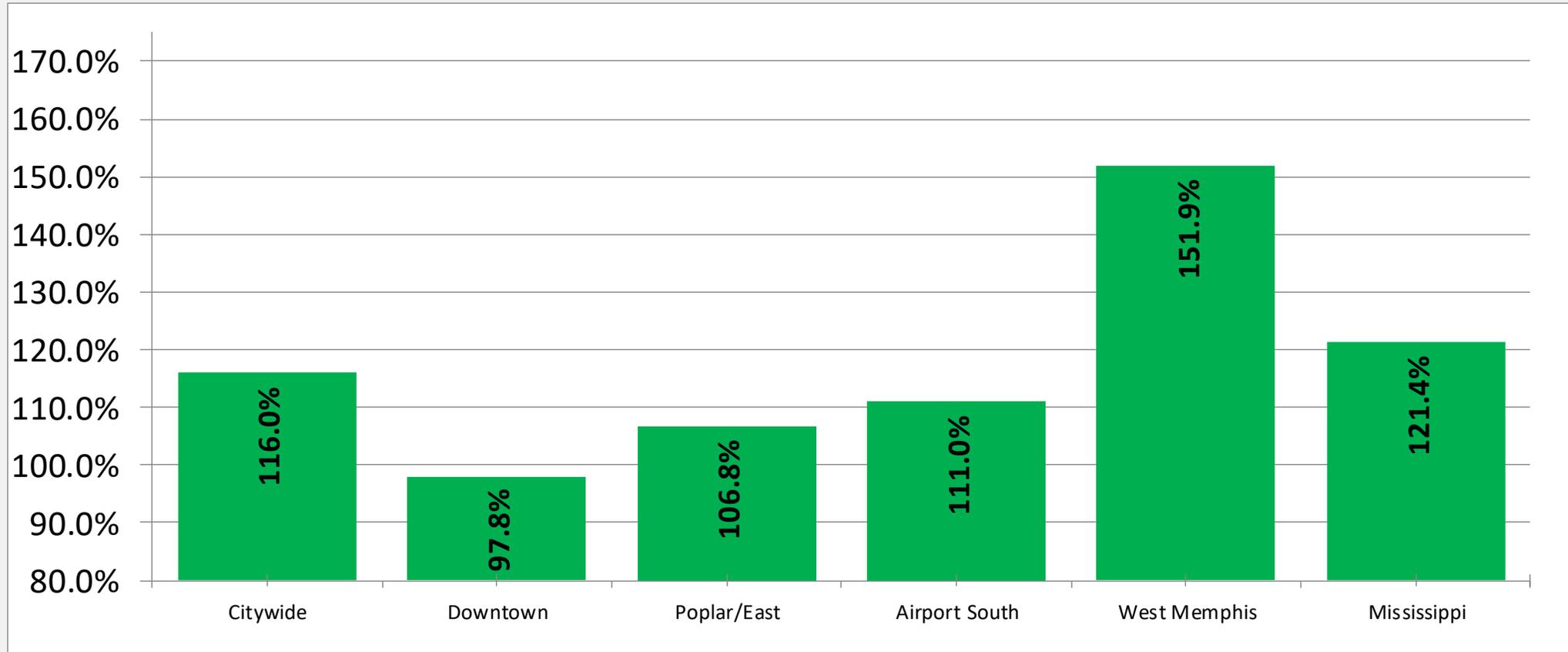
Memphis Geographic Regions

OCC Index 2019 vs 2023



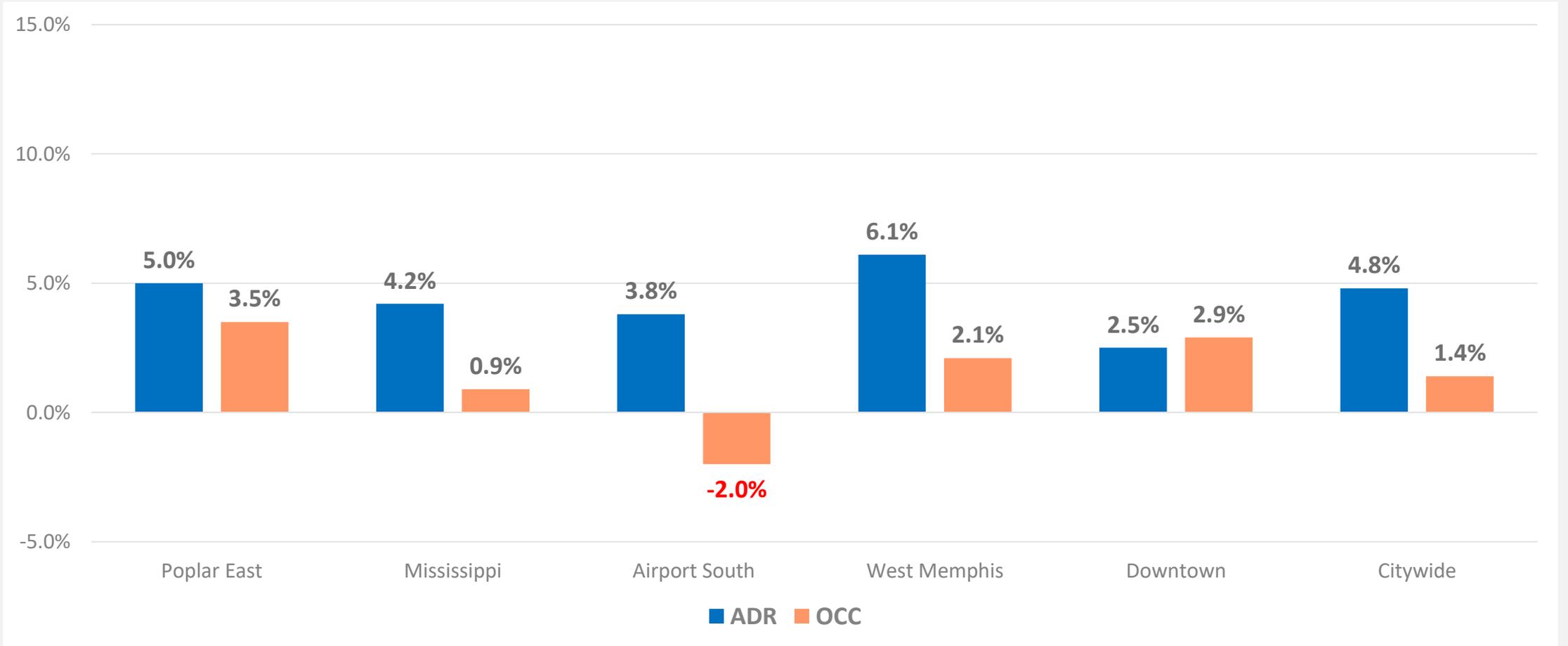
Memphis Geographic Regions

RevPAR Index 2019 vs 2023



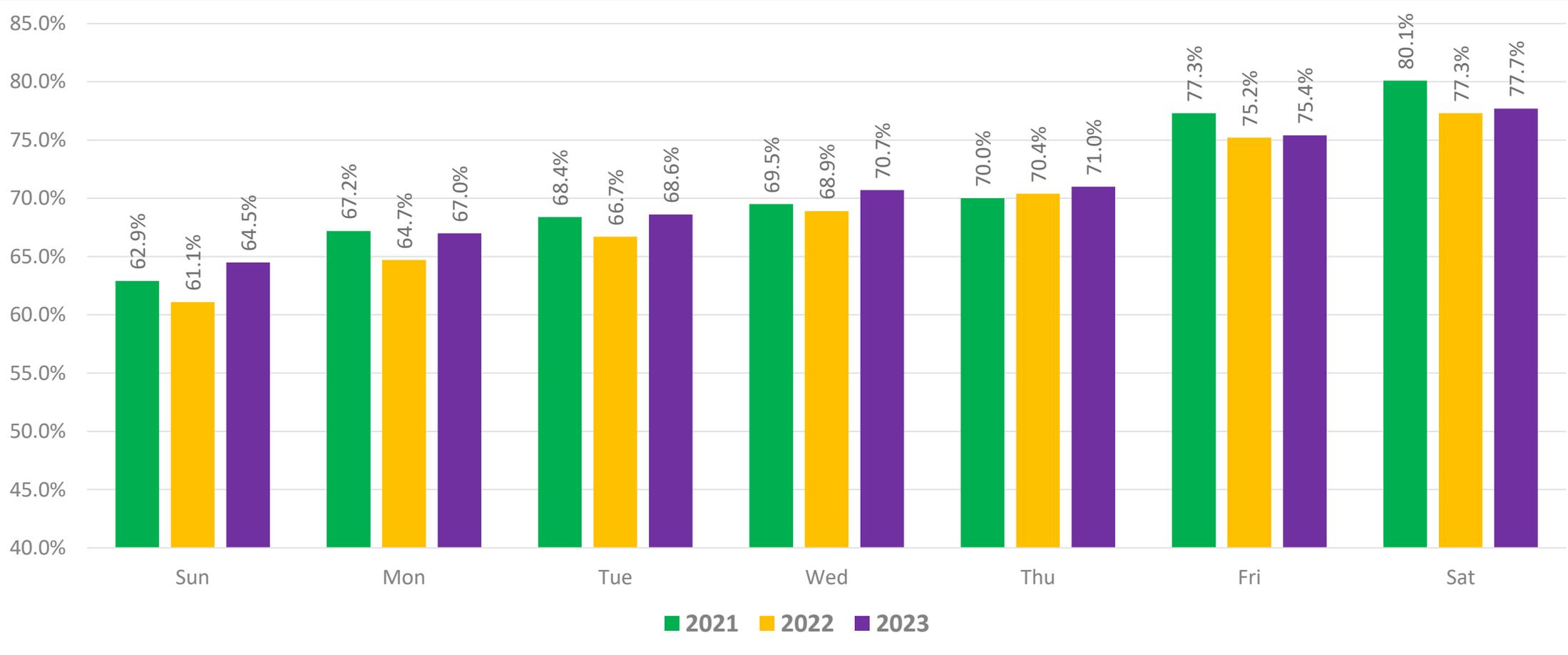
Memphis Geographic Regions

ADR/OCC % Change 2022/2023



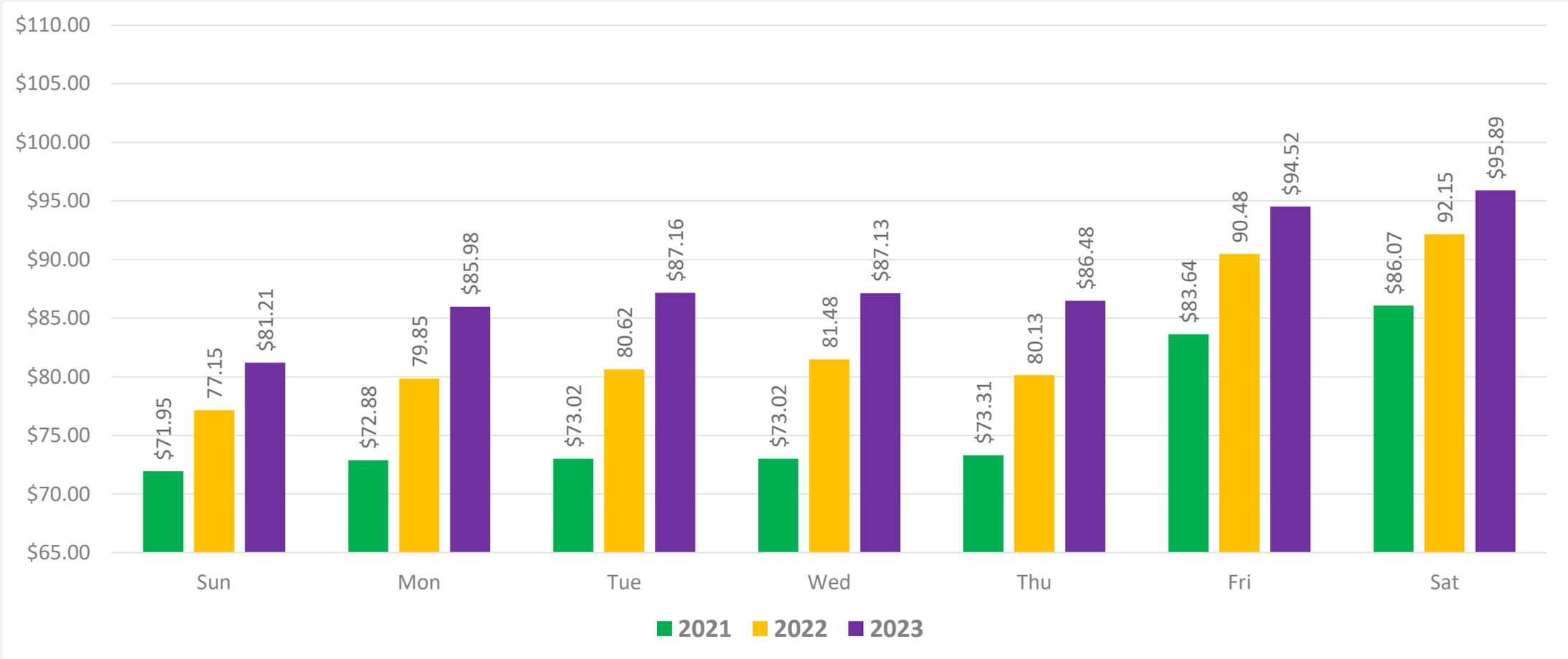
West Memphis Lodging Market

Day of Week OCC



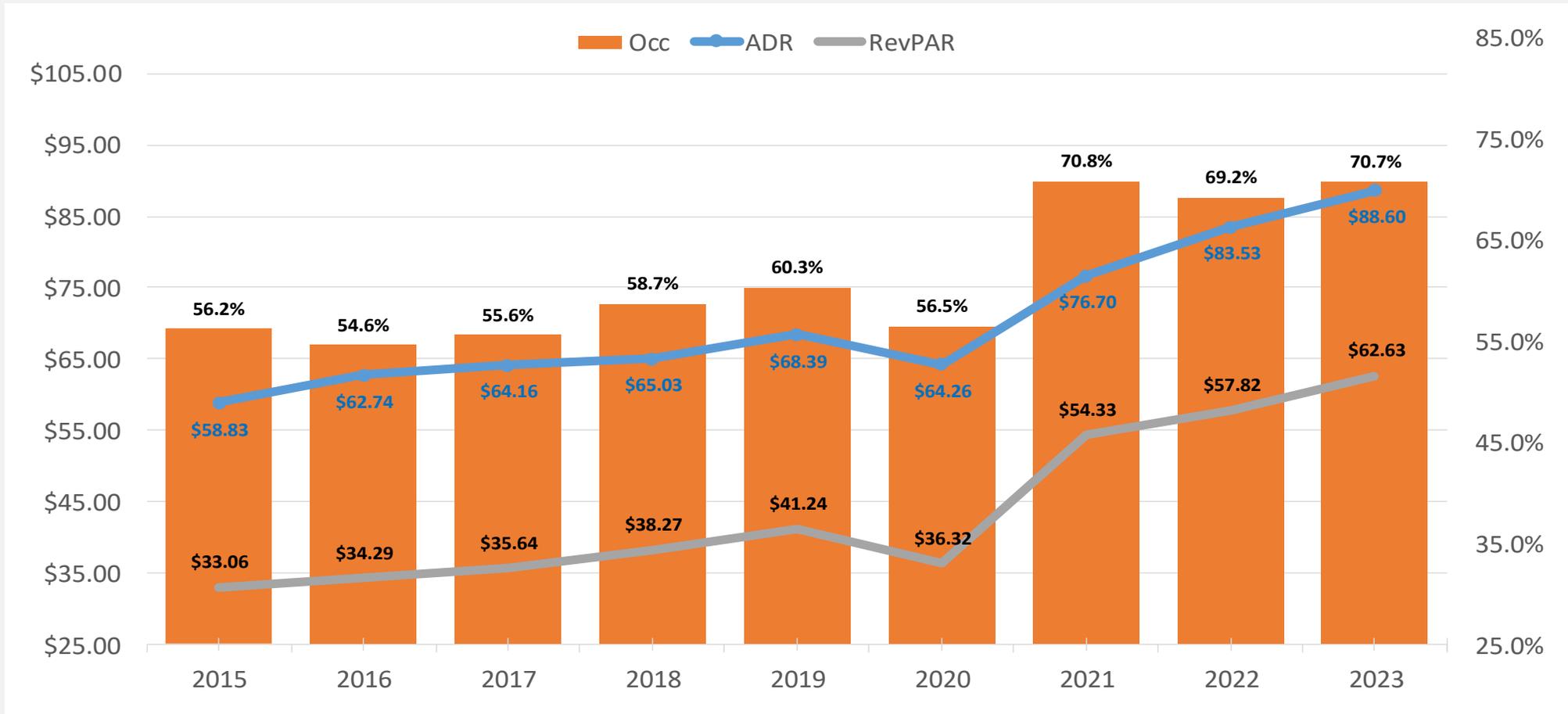
West Memphis Lodging Market

Day of Week ADR



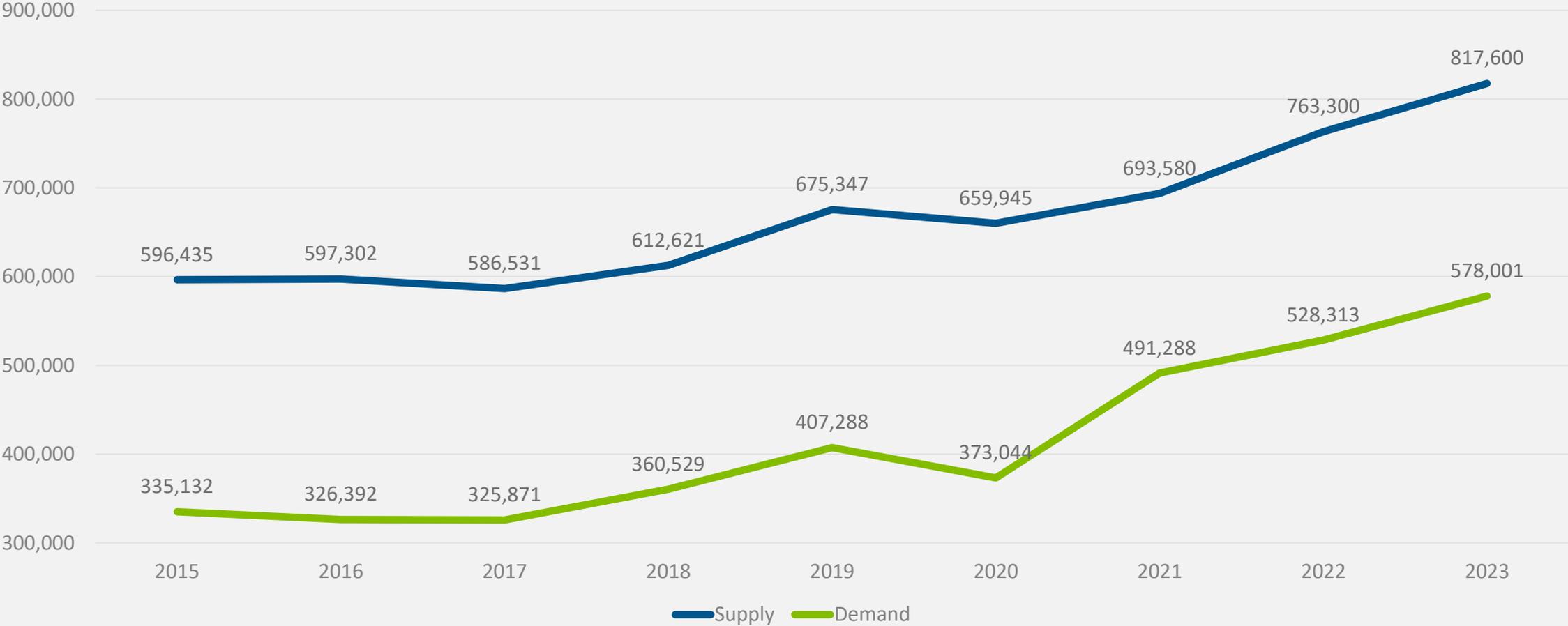
West Memphis Memphis

2015- 2023



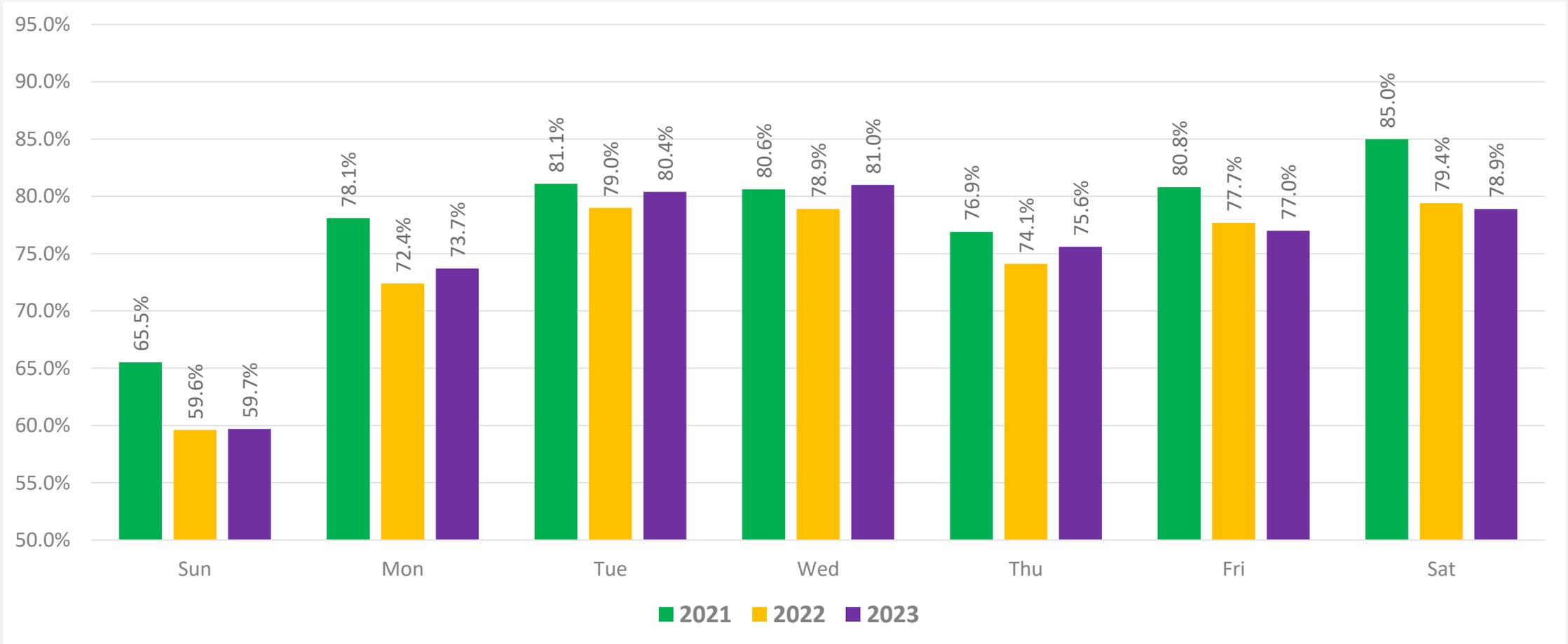
West Memphis Lodging Market

Supply/Demand



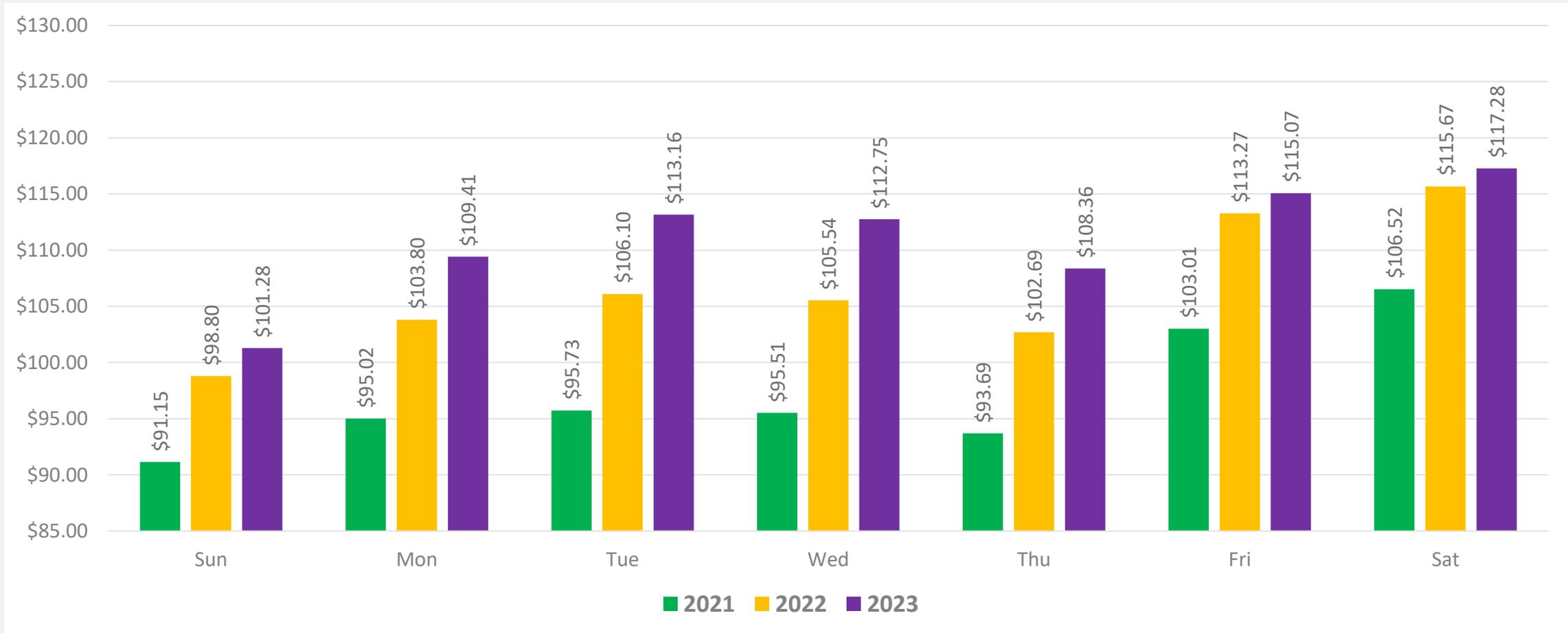
Mississippi Lodging Market

Day of Week OCC



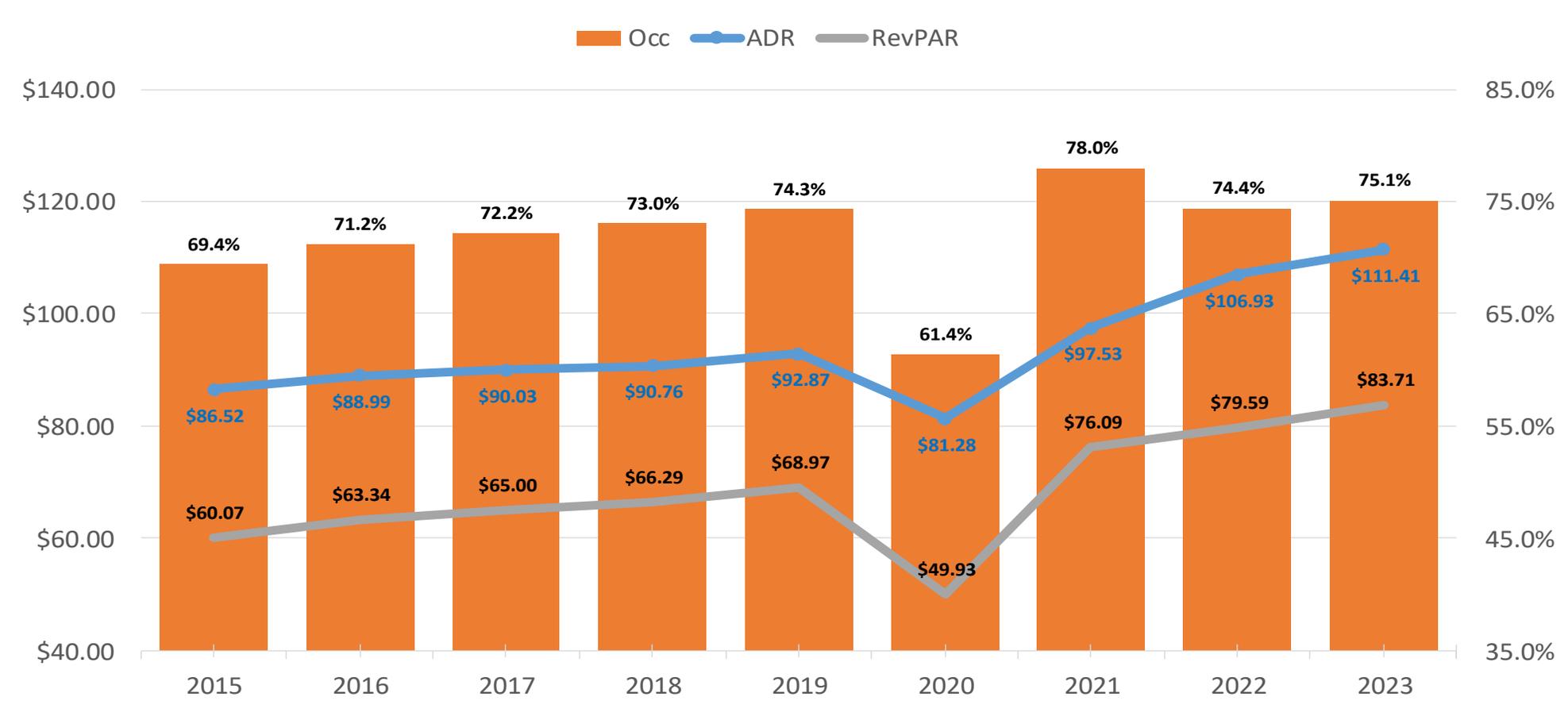
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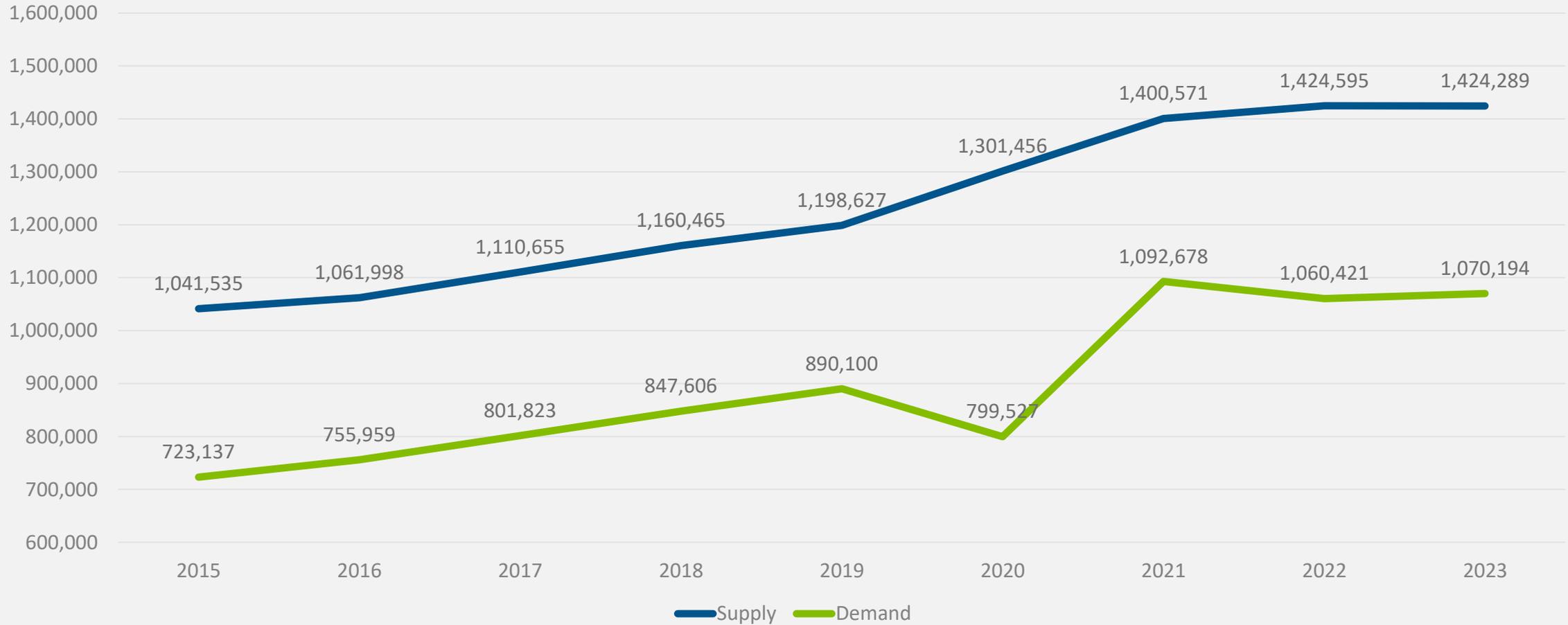
Mississippi

2015- 2023



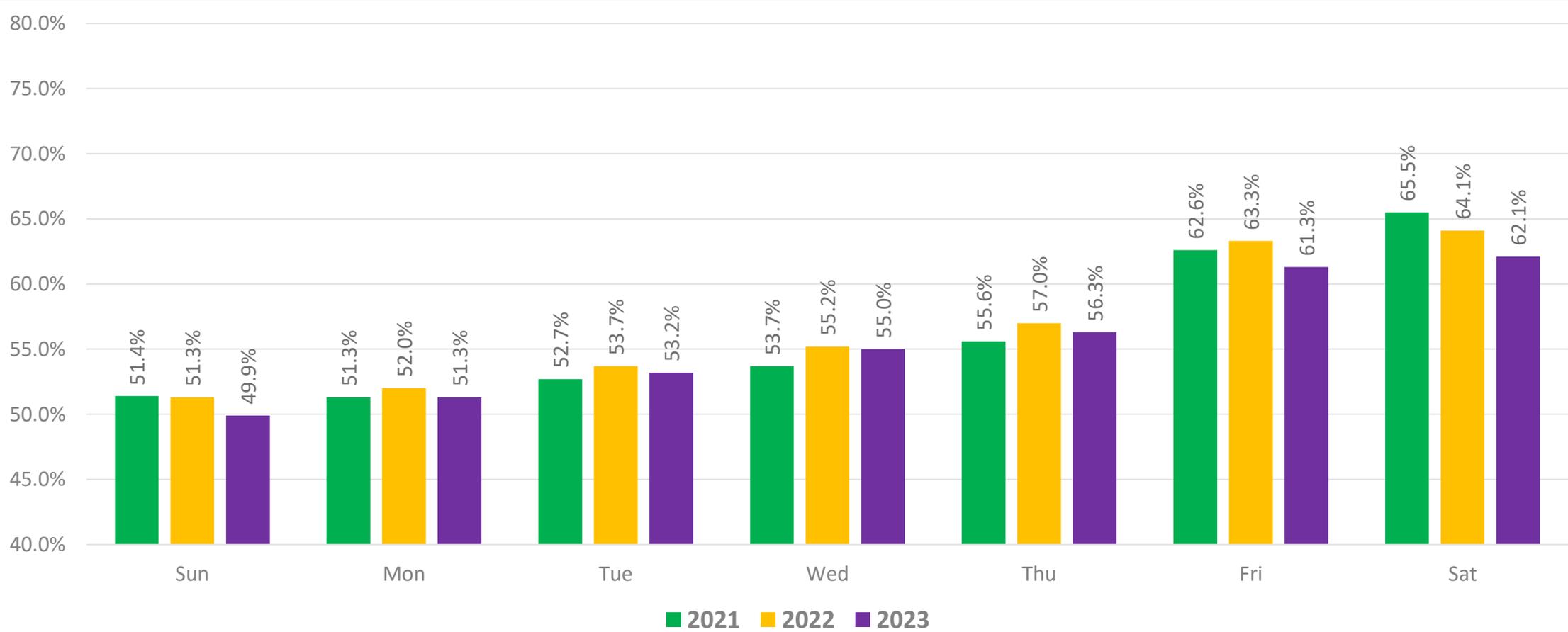
Mississippi Lodging Market

Supply/Demand



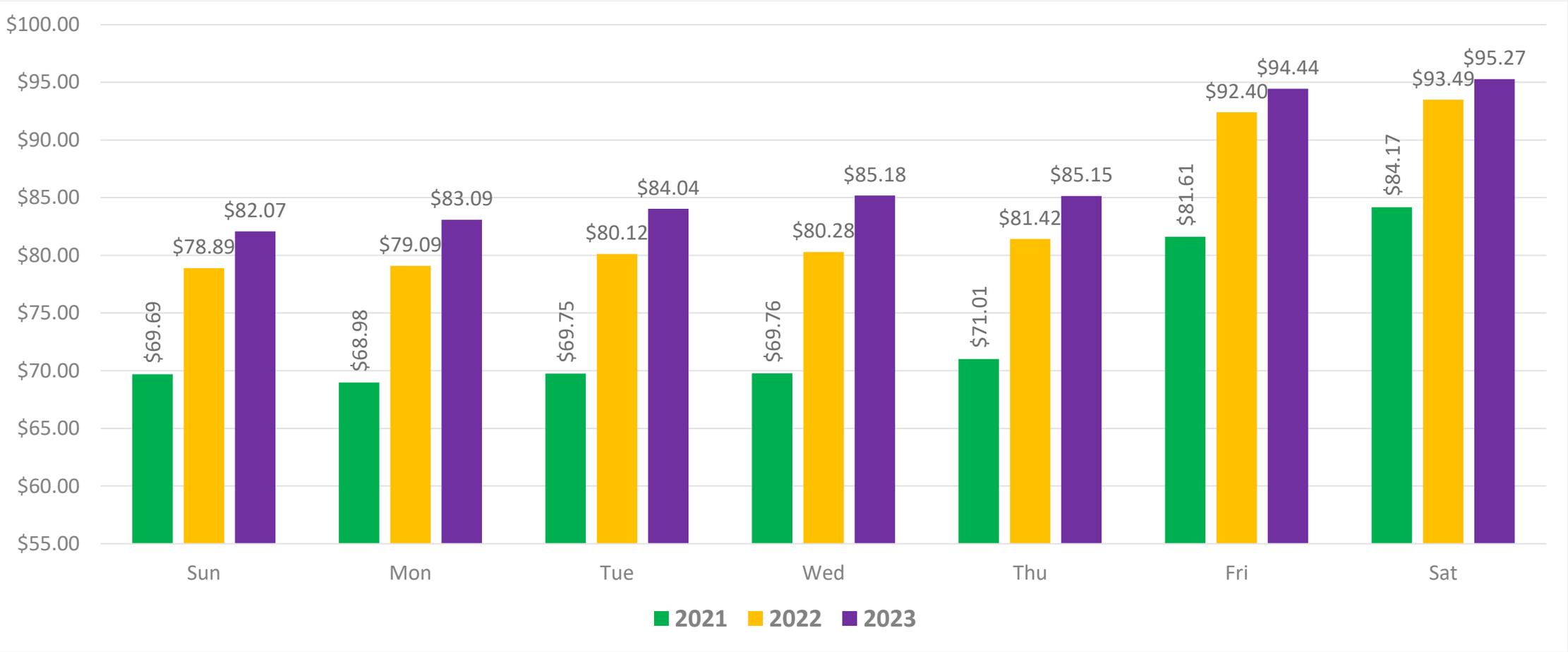
Airport/South Lodging Market

Day of Week OCC



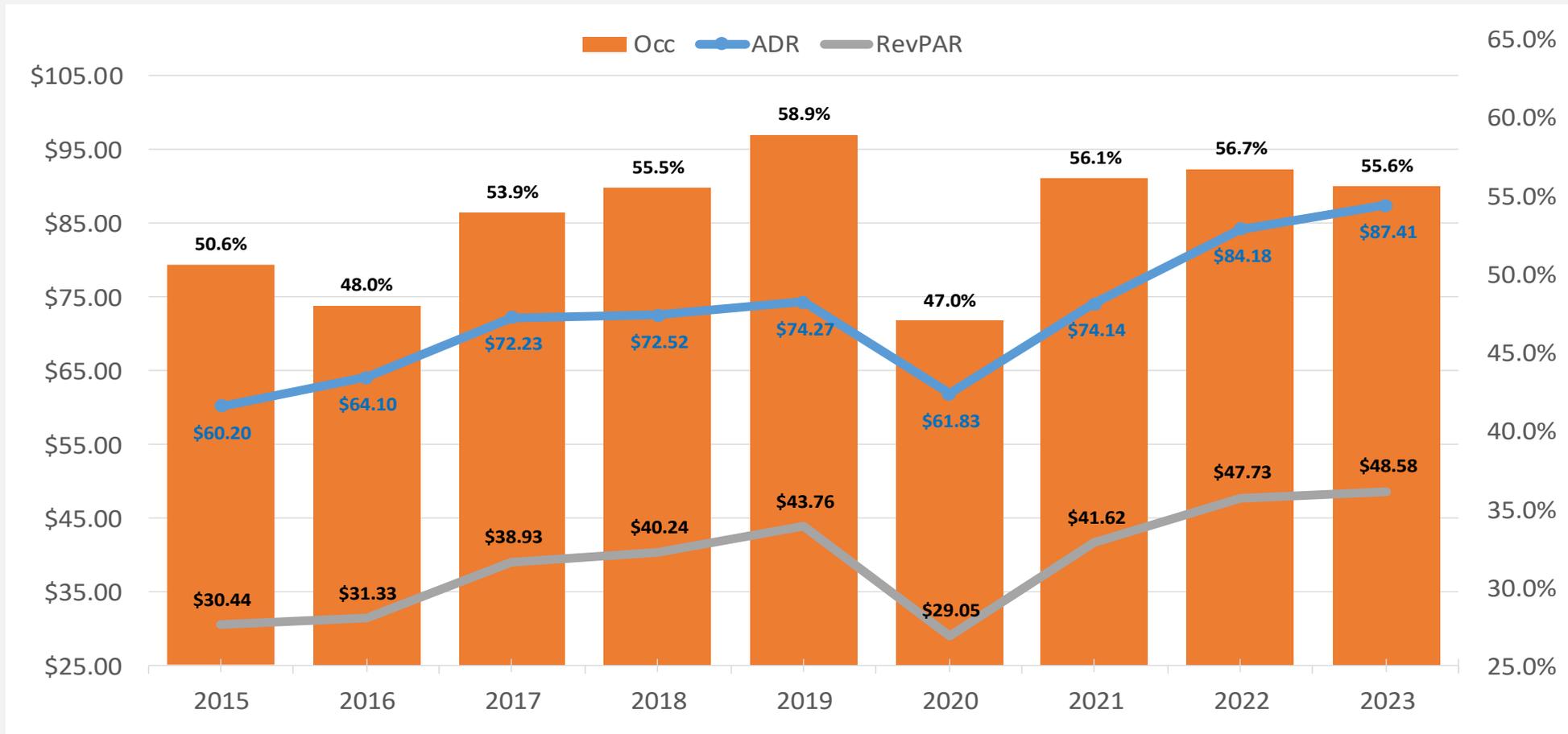
Airport/South Lodging Market

Day of Week ADR



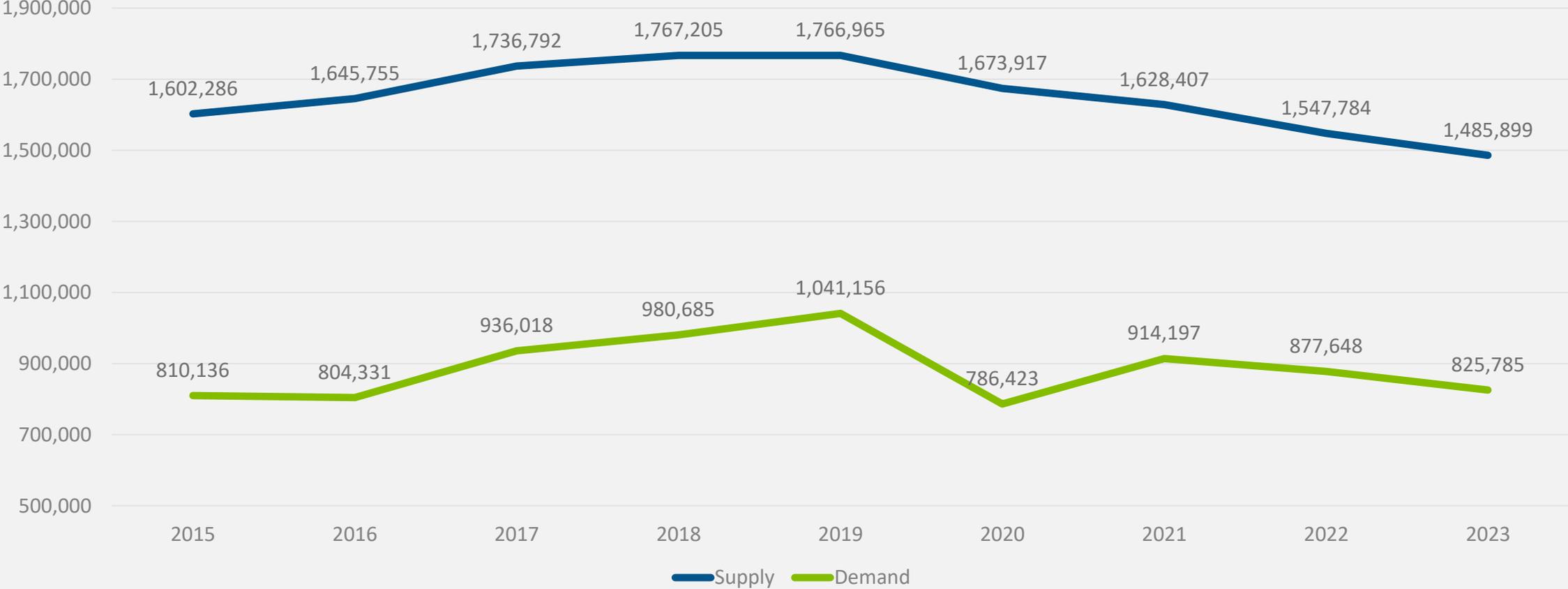
Airport/South Memphis

2015- 2023



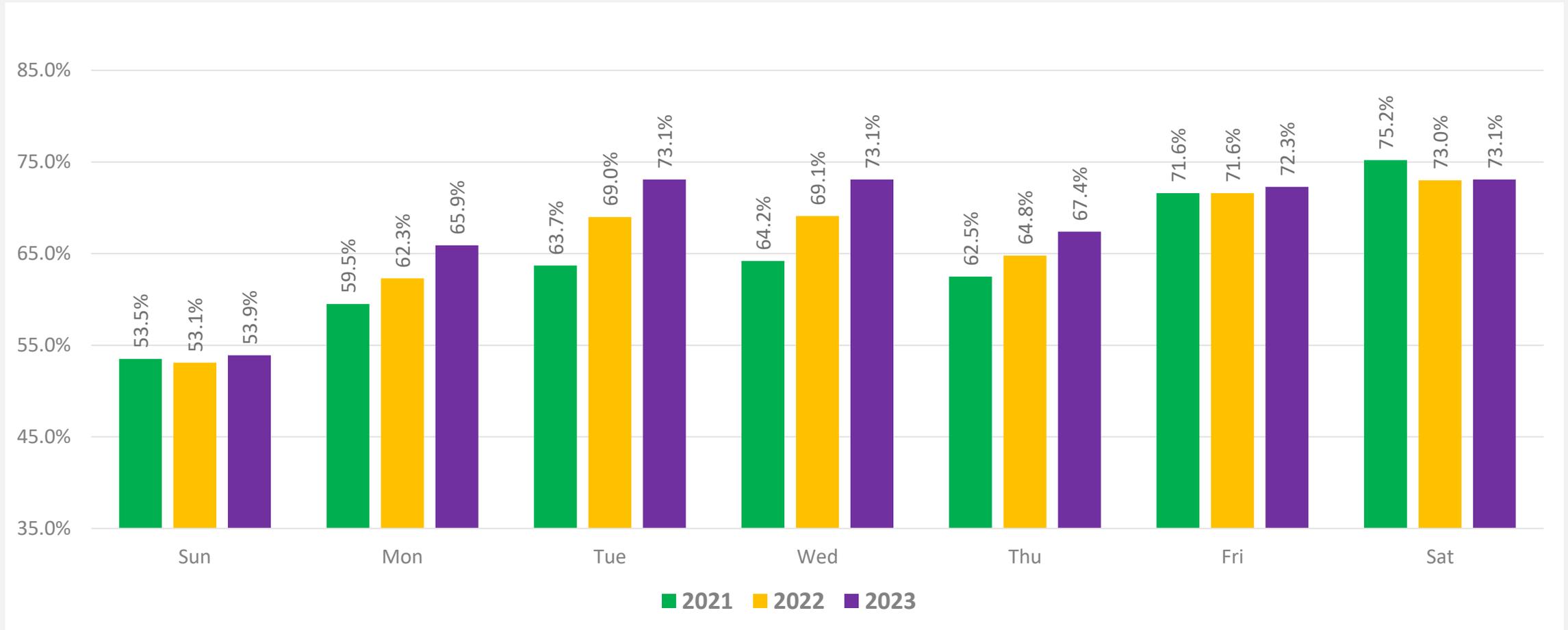
Airport/South Lodging Market

Supply/Demand



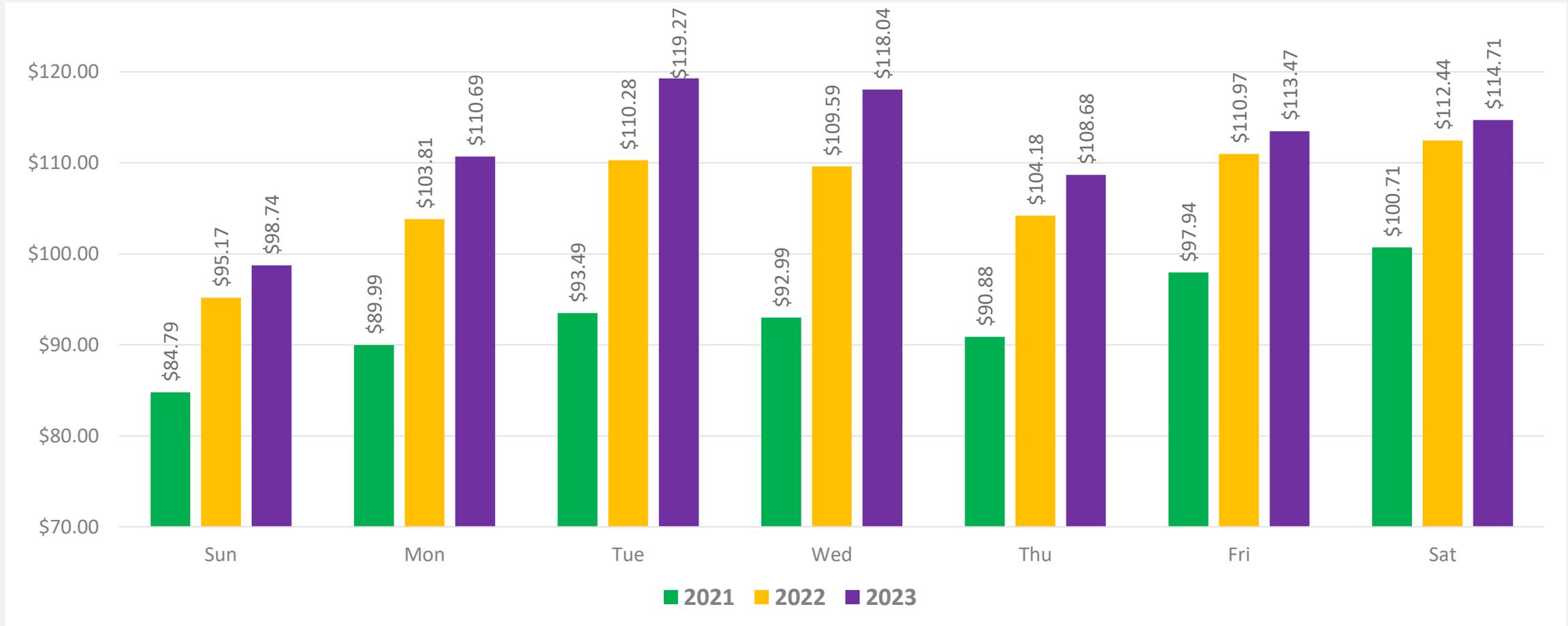
Poplar/East Lodging Market

Day of Week OCC



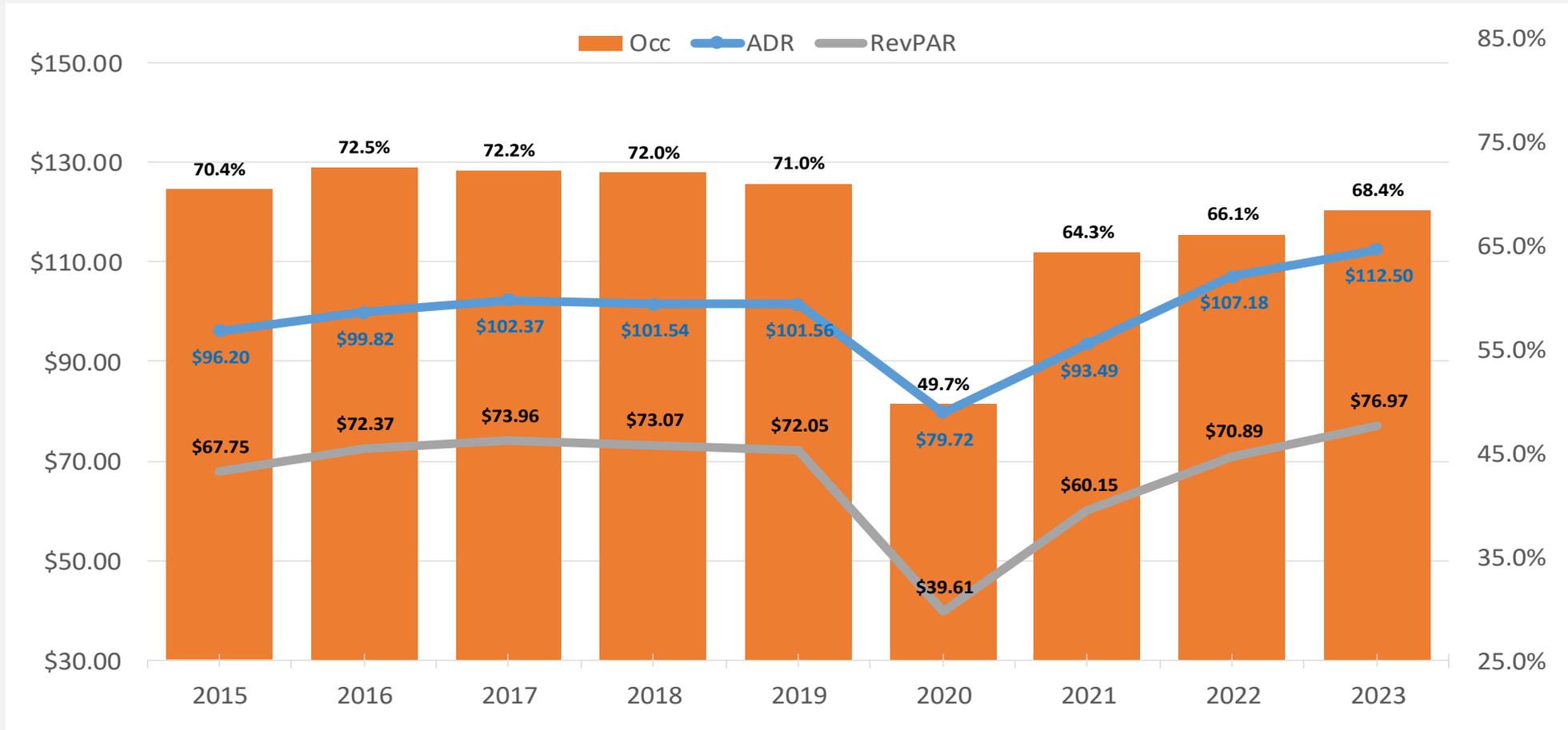
Poplar/East Lodging Market

Day of Week ADR



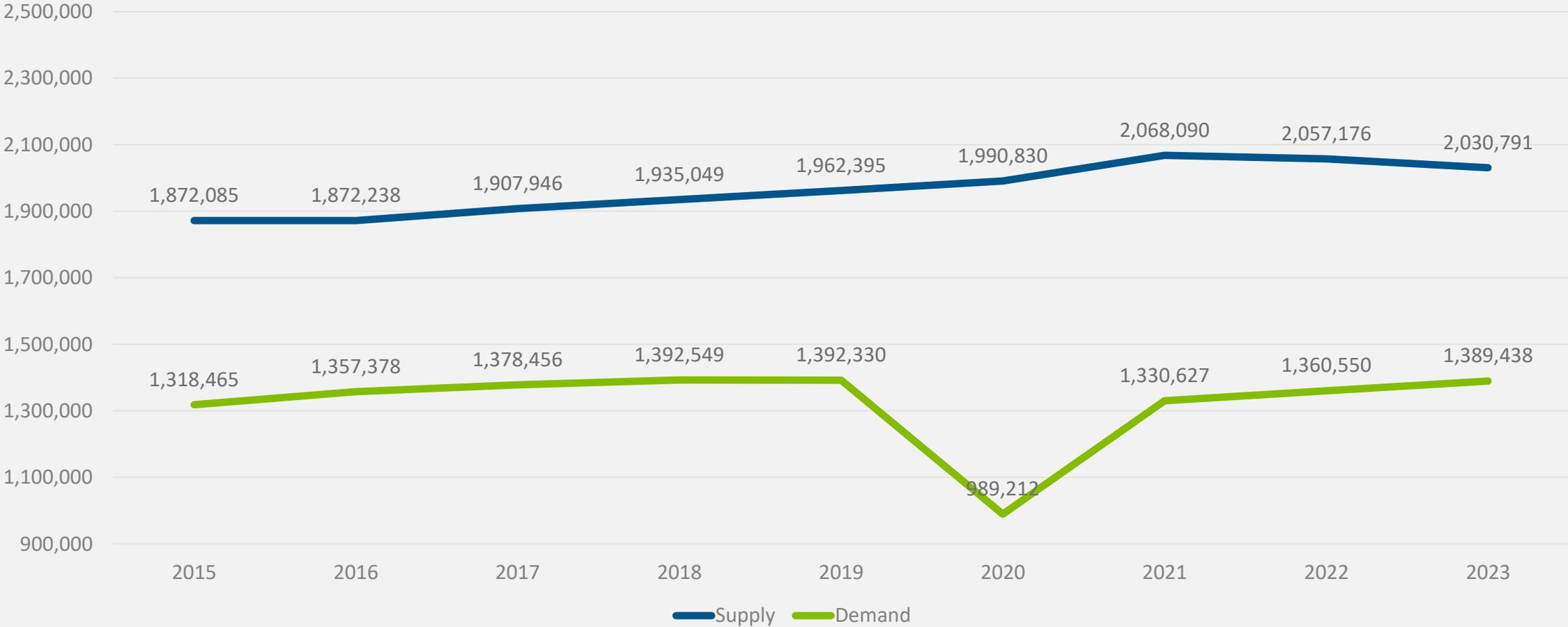
Poplar/East Memphis

2015- 2023



Poplar/East Lodging Market

Supply/Demand



Downtown Memphis

A nighttime photograph of the Memphis skyline. The image shows several prominent buildings, including a large, modern skyscraper with a dark facade and a distinctive top section on the left, and a tall, white, classical-style building with many lit windows in the center. The sky is a deep blue, and the city lights create a warm, glowing atmosphere. In the foreground, there are silhouettes of trees and streetlights.

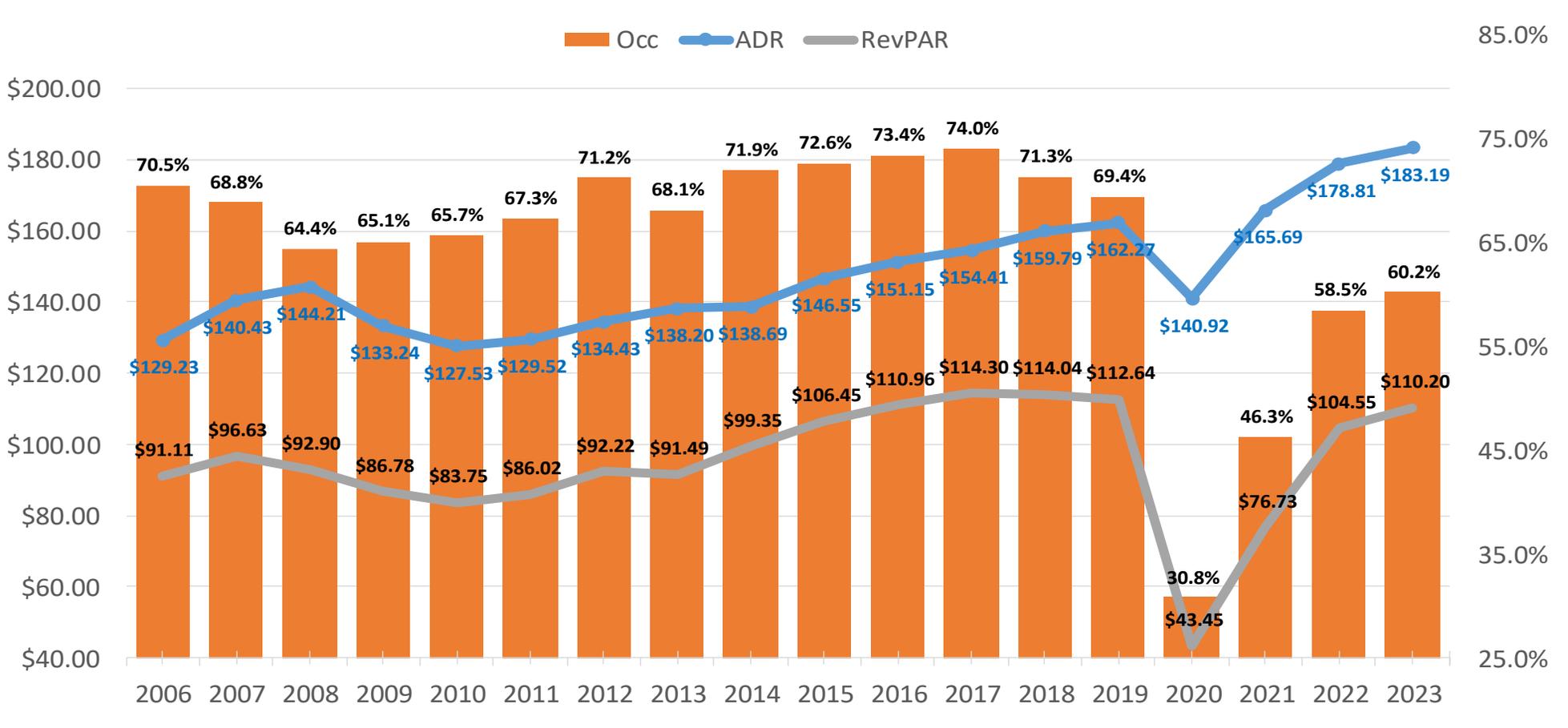
Downtown Memphis Hotels

as of 12/31/23

- Hu Hotel
- SpringHill Suites
- Hampton Inn & Suites
- River Inn
- Westin Beale St
- Residence Inn
- Courtyard
- Peabody Hotel
- La Quinta Inn & Suites
- Arrive
- Canopy
- Aloft (u/c)
- Kasa
- Sheraton Hotel
- MOXY
- Comfort Inn
- Doubletree Hotel
- Holiday Inn
- Crowne Plaza
- Big Cypress Lodge
- Ascend Napoleon Hotel
- Hotel Indigo
- Central Station Hotel-Curio Collection
- Hilton Garden Inn
- Hyatt Centric
- Caption
- Home2 Suites (u/c)

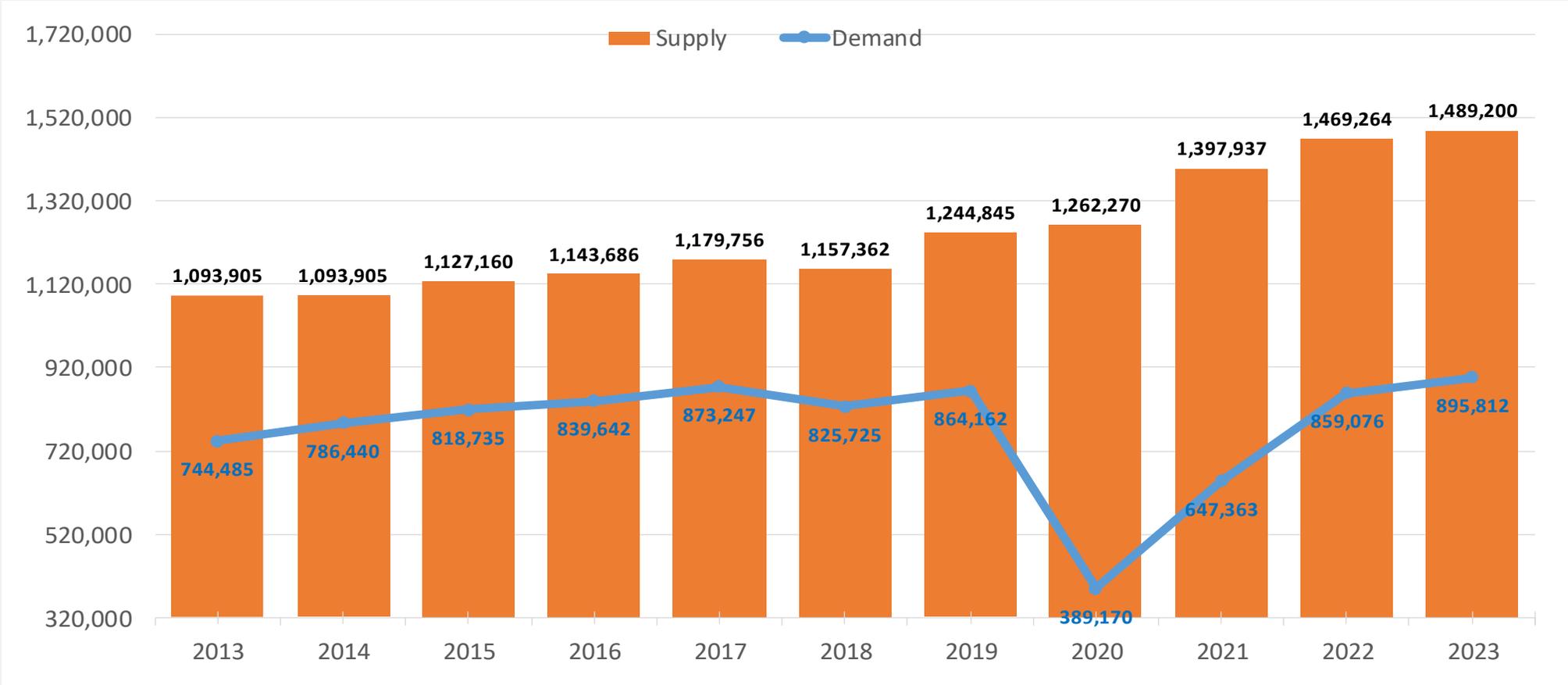
Downtown Memphis

2006 - 2023



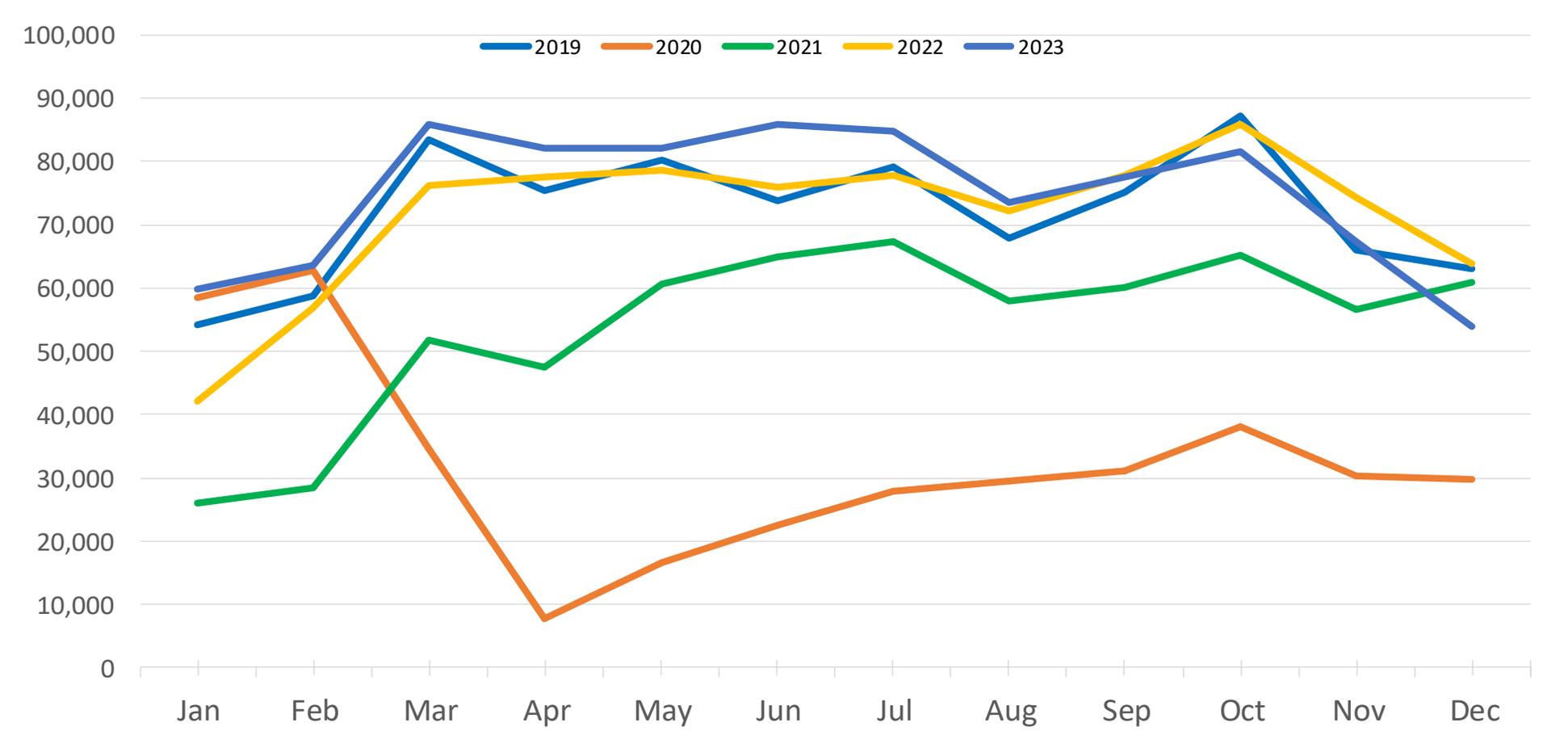
Downtown Memphis

Room Demand 2013- 2023



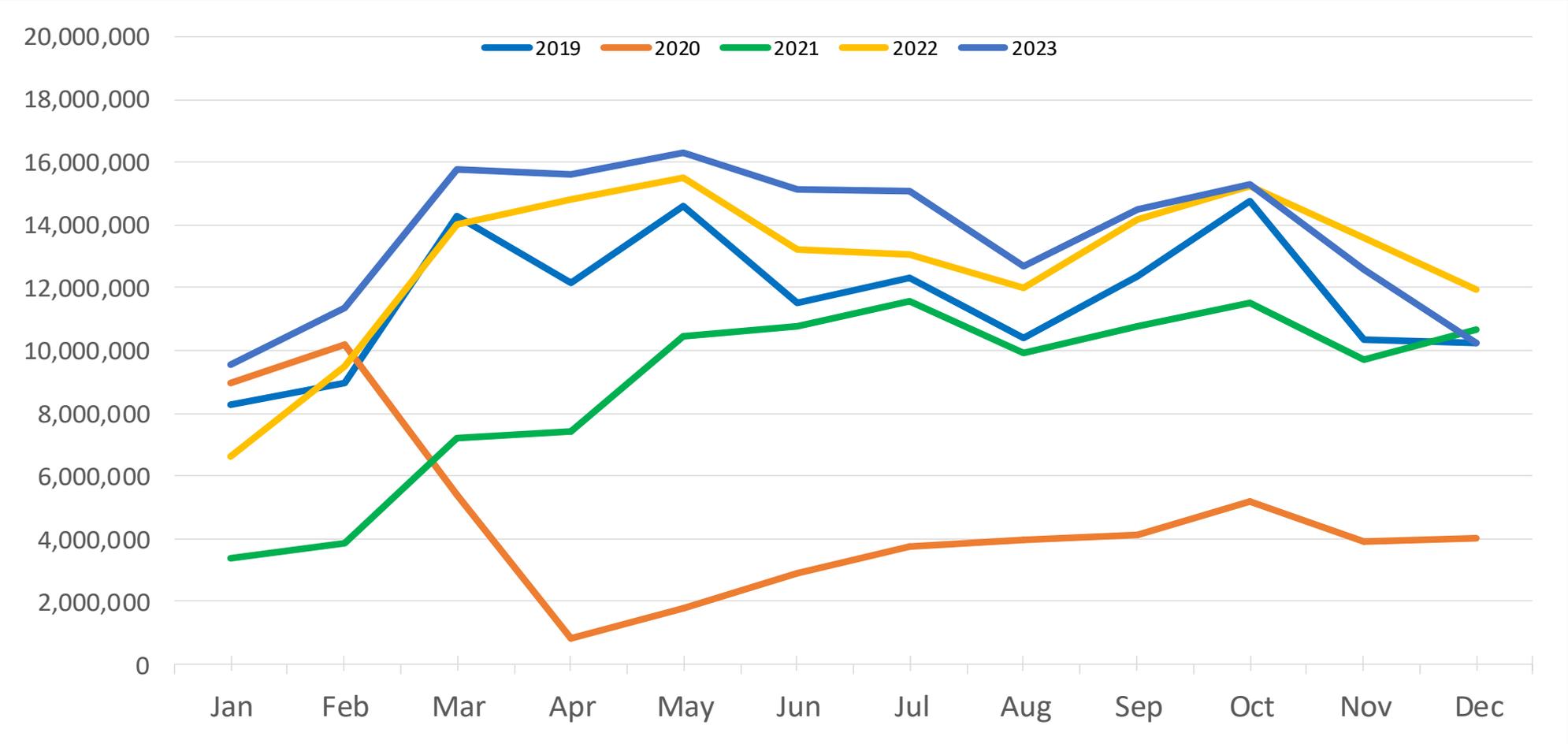
Downtown Memphis

Monthly Room Demand 2019 - 2023



Downtown Memphis

Monthly Revenue 2019 - 2023



Downtown Memphis

Key Statistics 2022 vs 2023

	YE 2022	YE 2023	% Change
Room Supply (Daily)	4,025	4,080	1.4%
Room Demand (Daily)	2,354	2,454	4.3%
Room Revenue (Daily)	\$420,844	\$449,610	6.8%
Occupancy	58.5%	60.2%	2.9%
ADR	\$178.81	\$183.19	2.5%
RevPAR	\$104.55	\$110.20	5.4%

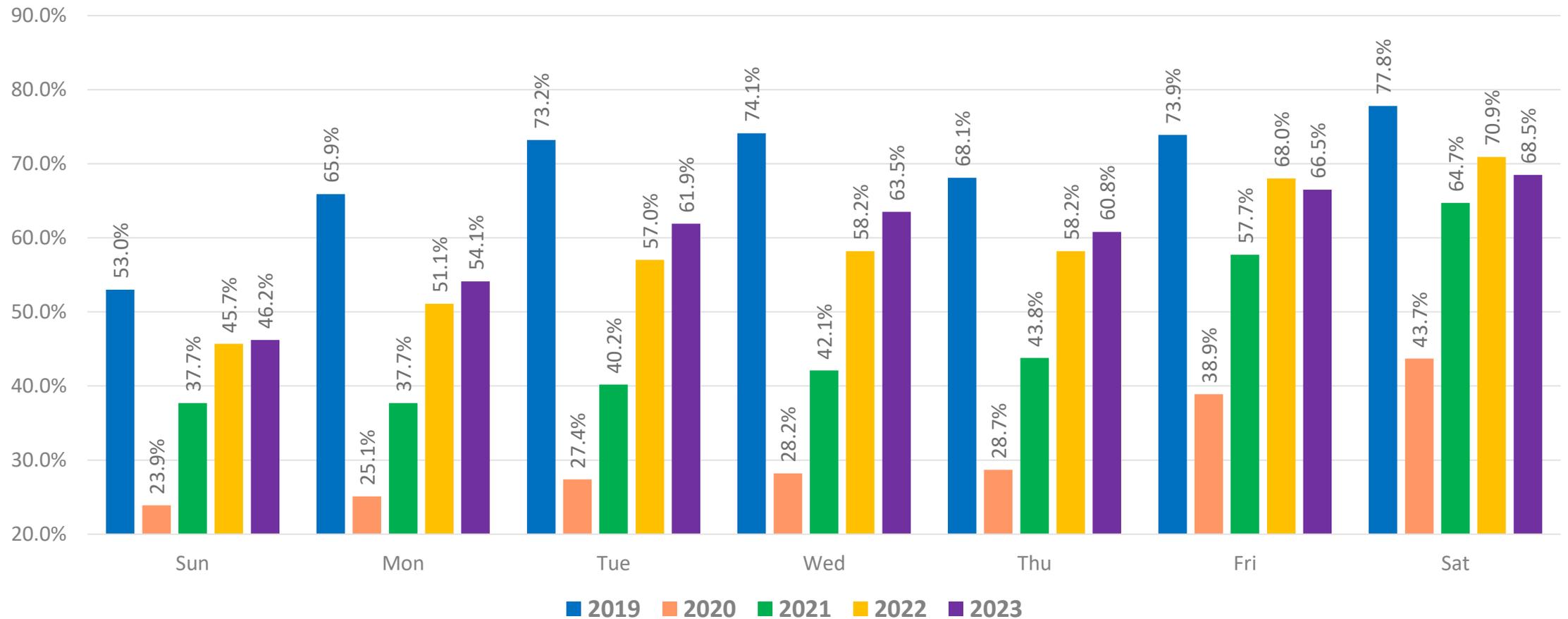
Downtown Memphis

Key Statistics 2019 vs 2023

	YE 2019	YE 2023	% Change
Room Supply (Daily)	3,411	4,080	19.6%
Room Demand (Daily)	2,368	2,454	3.6%
Room Revenue (Daily)	\$384,276	\$449,610	17.0%
Occupancy	69.4%	60.2%	-13.3%
ADR	\$162.27	\$183.19	12.9%
RevPAR	\$112.64	\$110.20	-2.2%

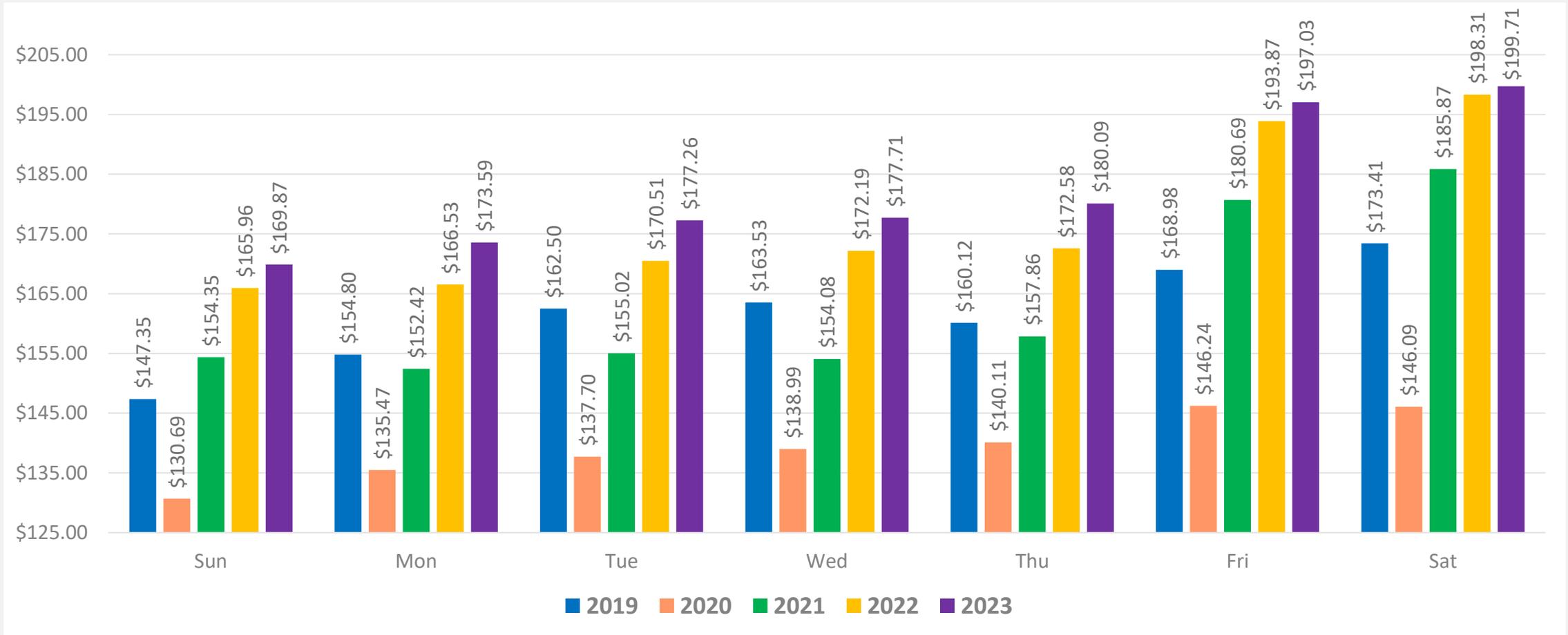
Downtown Memphis

Day of Week OCC



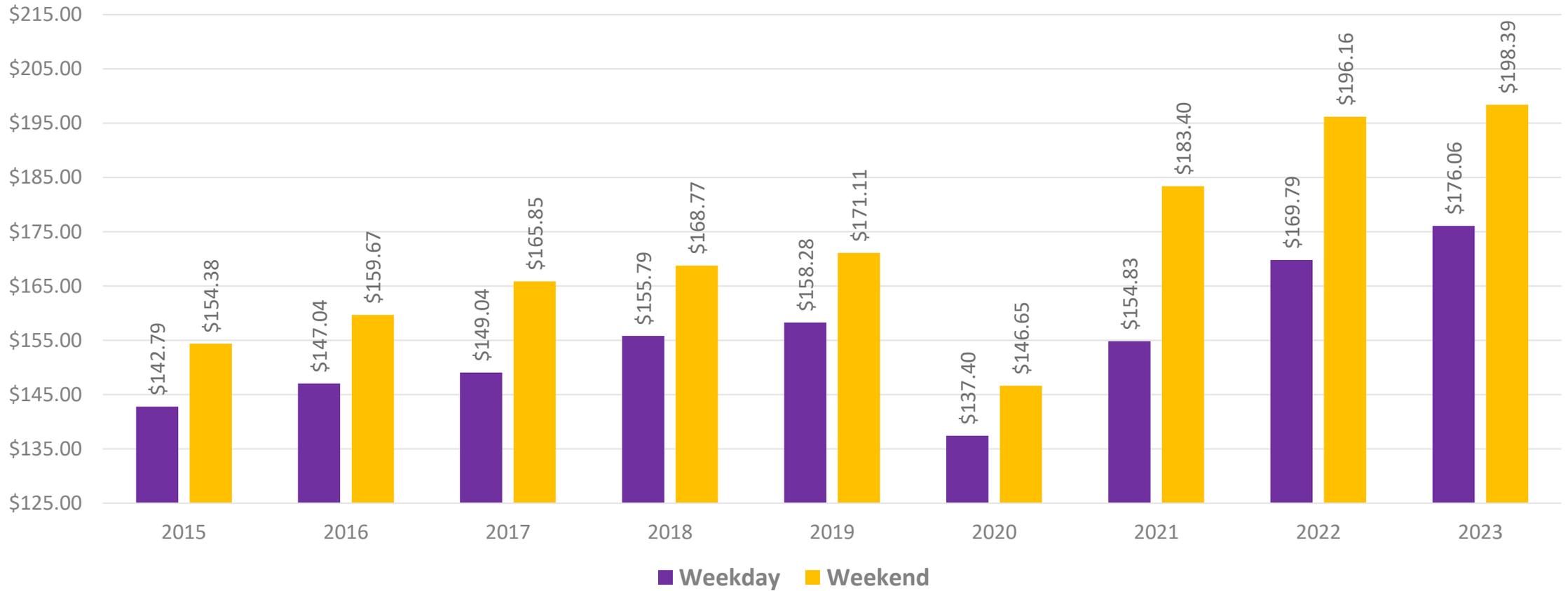
Downtown Memphis

Day of Week ADR



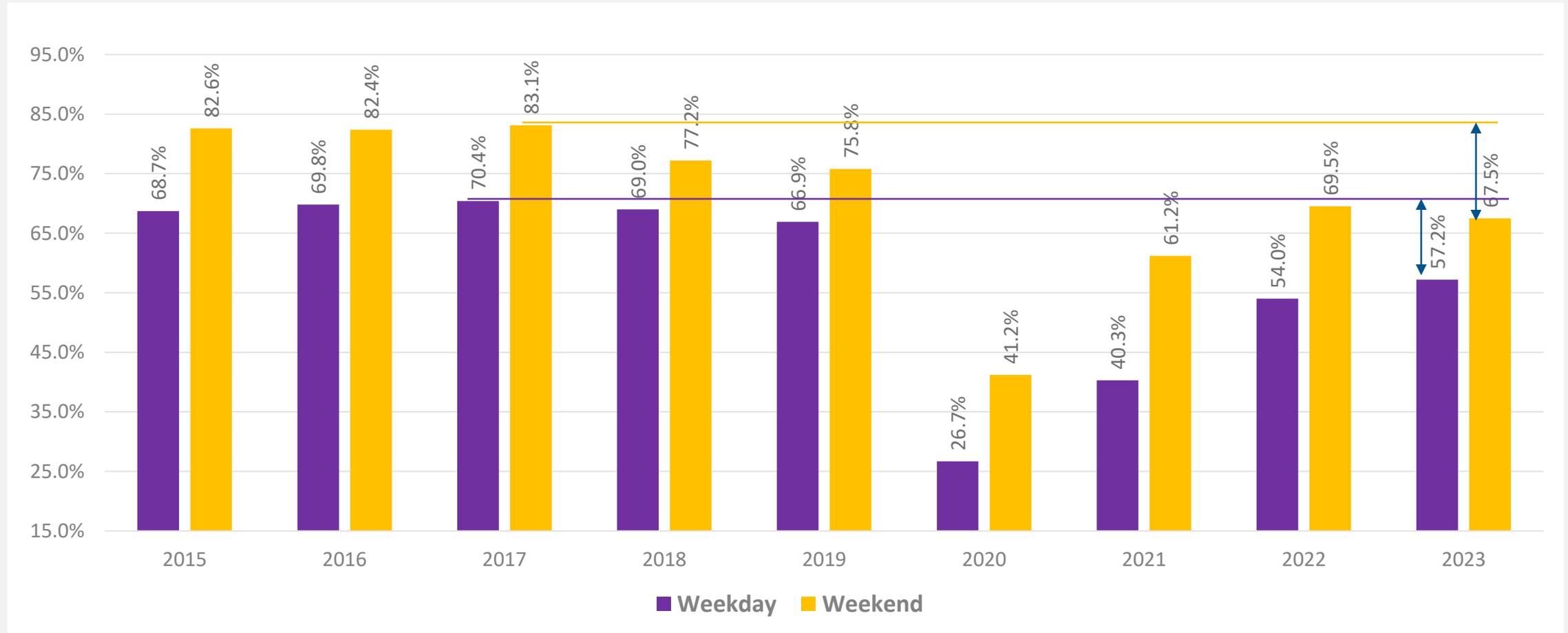
Downtown Memphis

Weekday/Weekend ADR



Downtown Memphis

Weekday/Weekend Occ



What Does The Future Hold

Recession
Soft/Hard Landing?

Muted New Construction?

Interest Rates?

Higher Revenues on Lower Occupancy?

Gas Prices?

Supply Growth?

Strong/Weak Economy?

CAPEX Increases?

Elections?

Inflation/Deflation?

International vs Domestic Travel?

Memphis Lodging Market

What Does the Future Hold

prog-nos-ti-cate -foretell or prophesy (an event in the future)

Who is a prognosticator?

Definitions of prognosticator - someone who makes predictions of the future (usually on the basis of special knowledge) synonyms: forecaster, predictor, soothsayer.



Memphis Lodging Market 2024 YE Projection

**Pinkowski & Company:
Slow & Steady**

- 👉 **Occupancy – 65.0% (0.5%)**
- 👉 **ADR - \$116.50 (3.5%)**
- 👉 **RevPAR - \$75.73 (4.0%)**
- 👉 **Room Night Demand – 6.150M (1.7%)**