

# HOSPITALITY ADVISORS' LODGING COMMENTARY

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

Winter/Spring/Summer 2017

Vol 27 ; Number 1

## Skelton's Comments

This has been an interesting year so far. New supply is popping up and/or being proposed on nearly every corner. That being said, growth on the demand side around the State is still outpacing supply growth. With growth in demand coming at 3.5-5% and supply coming in around 2.5-3% the market is still healthy. Demand is picking up in corporate segments, which is the area that has lagged.

The supply growth is what is interesting. The major brands, so as not to appear to compete with their longtime niche brands, are trying to develop products that further subdivide those markets. This customizing of product, designed to appeal to more and more specific submarkets, may be appealing but does not create more demand. I guess it allows them to tuck them into existing markets next to their established brands while denying that they will compete with those existing products. Not sure.

The rebirth of downtown Detroit as well as the vibrancy of Grand Rapids is fun to watch. It is refreshing to see visionaries move into these urban areas once thought dead and deliver positive concepts and execute well conceived plans of revitalization. Entrepreneurs and risk-taking, ain't they great!!! This is exciting!

## Michigan Overview

Through June, the State of Michigan showed increases in most markets as the state continues to strengthen economically. Commercially-oriented markets benefited from continued improvement in corporate business while leisure/tourism benefitted from pleasant weather which was similar to 2016. Most markets saw improvements in full and select-service demand driven mostly by commercial demand with continued strength in meetings and conference demand. Many markets showed changes in supply as more new properties continue to be developed and older properties continue to be improved to modern standards or leave the market. Occupancy in Southeast Michigan grew by approximately 0.9% overall while Average Rates grew by 3.0%, while net room supply grew approximately 2%. Additionally, statewide, demand grew by a higher percentage

For the first half of the year, most SE Michigan markets we surveyed continued to be ahead of the same period in 2016 with continued increases in supply having a dampening effect on overall percentage growth, while most of the outstate markets showed stronger percentage growth led by Lansing/Jackson area and Southwest Michigan. Detroit weighed in as the strongest occupancy in the state at about 67% followed closely by Ann Arbor/Washtenaw County at

65%. Ann Arbor has continued to hold up well with some new supply added recently and with a few new properties set to come on line within the next few months. Detroit's growth is continuing at a breakneck 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 2017 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						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	58.7%	\$110.19	\$64.69	56.9%	\$106.16	\$60.36
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	47.9%	10.6%	41.5%	47.0%	11.4%	41.5%
<b>Full Service</b>	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
	59.5%	\$126.07	\$74.95	57.3%	\$121.77	\$69.73
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.8%	20.6%	38.6%	40.3%	21.2%	38.5%
<b>Limited Service</b>	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
	58.0%	\$95.42	\$55.37	56.4%	56.4%	56.4%
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.5%	1.3%	44.2%	53.9%	1.5%	44.6%

Southeast Michigan						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	58.8%	\$116.82	\$68.65	58.2%	\$113.47	\$66.09
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	46.5%	11.8%	41.7%	46.2%	12.0%	41.8%
<b>Full Service</b>	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
	59.6%	\$133.75	\$79.77	59.6%	\$130.56	\$77.81
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.4%	21.2%	38.3%	40.1%	21.5%	38.4%
<b>Limited Service</b>	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
	57.8%	\$98.26	\$56.84	56.8%	\$94.82	\$53.88
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	53.1%	1.5%	45.4%	52.9%	1.6%	45.5%

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Ann Arbor Area						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	64.7%	\$117.10	\$75.81	65.5%	\$114.38	\$74.97
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.7%	10.7%	38.6%	51.2%	10.7%	38.1%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	66.8%	\$135.94	\$90.78	67.6%	\$134.41	\$90.84
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	45.2%	23.3%	31.4%	45.4%	23.6%	30.9%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	63.6%	\$105.58	\$67.10	64.4%	\$102.70	\$66.14
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.0%	3.0%	43.0%	54.5%	3.2%	42.3%

Auburn Hills						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	58.9%	\$108.26	\$63.75	54.9%	\$94.55	\$51.89
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	55.7%	6.7%	37.6%	57.0%	2.7%	40.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	64.8%	\$126.18	\$81.71	63.9%	\$124.90	\$79.83
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	53.0%	14.2%	32.8%	53.1%	14.3%	32.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	56.1%	\$98.52	\$55.29	54.9%	\$94.55	\$51.89
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	57.2%	2.7%	40.2%	60.0%	10.0%	30.0%

Dearborn						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	52.7%	\$113.70	\$59.87	51.5%	\$109.73	\$56.48
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	46.3%	13.8%	39.9%	45.7%	15.4%	38.8%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	49.1%	\$130.23	\$63.91	50.3%	\$126.52	\$63.64
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	43.2%	23.5%	33.3%	42.4%	24.4%	33.2%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	58.4%	\$91.31	\$53.35	53.5%	\$82.15	\$43.95
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.4%	0.6%	48.9%	51.2%	0.7%	48.1%

Detroit						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	67.4%	\$146.61	\$98.87	62.9%	\$144.41	\$90.77
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.2%	23.7%	36.1%	40.3%	24.0%	35.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	67.4%	\$146.61	\$98.87	62.9%	\$144.41	\$90.77
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	40.2%	23.7%	36.1%	40.3%	24.0%	35.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	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						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	53.0%	\$86.10	\$45.66	58.5%	\$87.75	\$51.33
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	43.8%	3.2%	53.0%	43.6%	3.5%	52.9%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	55.9%	\$95.54	\$53.36	58.4%	\$97.85	\$57.16
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	42.7%	13.6%	43.6%	42.8%	13.6%	43.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	52.2%	\$83.27	\$43.50	58.5%	\$84.28	\$49.33
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.2%	0.0%	55.8%	43.9%	0.0%	56.1%

East Area						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	55.9%	\$97.10	\$54.24	54.3%	\$94.69	\$51.42
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	53.0%	2.7%	44.3%	52.6%	2.8%	44.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	46.2%	\$101.86	\$47.09	45.1%	\$98.34	\$44.35
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	48.7%	11.0%	40.4%	49.1%	10.8%	40.2%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	58.8%	\$95.96	\$56.43	57.2%	\$93.78	\$53.65
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	54.0%	0.7%	45.3%	53.4%	0.8%	45.8%

I-275 Area						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	57.5%	\$110.70	\$63.66	57.5%	\$105.42	\$60.60
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	45.0%	10.5%	44.4%	43.9%	11.4%	44.7%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	54.6%	\$123.48	\$67.38	57.5%	\$116.72	\$67.13
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	37.7%	21.9%	40.3%	35.9%	22.8%	41.3%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	60.0%	\$100.82	\$60.50	57.5%	\$105.42	\$60.60
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.7%	1.7%	47.6%	43.9%	11.4%	44.7%

Airport/I-94 Corridor Area						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	57.9%	\$114.21	\$66.10	58.4%	\$111.68	\$65.19
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	37.6%	12.7%	49.8%	37.7%	11.7%	50.5%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	60.1%	\$127.21	\$76.47	61.6%	\$127.29	\$78.40
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	34.7%	21.2%	44.2%	33.8%	21.2%	45.0%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	54.9%	\$95.55	\$52.50	54.9%	\$93.03	\$51.11
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	41.8%	0.4%	57.8%	42.4%	0.4%	57.2%

Southfield						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	51.8%	\$104.82	\$54.32	54.3%	\$103.51	\$56.19
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.6%	8.8%	46.6%	44.5%	9.0%	46.6%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	53.7%	\$120.90	\$64.90	61.7%	\$118.36	\$73.01
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	32.1%	15.8%	52.1%	32.2%	15.7%	52.1%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	49.8%	\$85.53	\$42.56	47.2%	\$84.88	\$40.05
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	59.6%	0.5%	39.9%	59.9%	0.5%	39.6%

Troy						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	58.0%	\$128.69	\$74.70	56.5%	\$123.71	\$69.92
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	.	11.5%	36.0%	51.2%	11.4%	37.4%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Full Service</b>	59.4%	\$149.61	\$88.86	57.6%	\$144.70	\$83.38
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	41.3%	21.1%	37.6%	41.1%	21.0%	37.9%
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Limited Service</b>	56.7%	\$107.34	\$60.90	55.4%	\$101.29	\$56.09
LS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	64.0%	1.7%	34.3%	61.9%	1.2%	36.9%

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Flint/Tri-Cities/Port Huron						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	<b>54.5%</b>	<b>\$93.94</b>	<b>\$51.21</b>	<b>55.3%</b>	<b>\$94.34</b>	<b>\$52.20</b>
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.0%	10.3%	39.8%	52.1%	9.6%	38.3%
<b>Full Service</b>	<b>57.0%</b>	<b>\$106.91</b>	<b>\$47.31</b>	<b>53.3%</b>	<b>\$108.02</b>	<b>\$57.55</b>
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	55.9%	0.4%	43.7%	42.1%	23.4%	34.5%
<b>Limited Service</b>	<b>55.5%</b>	<b>\$84.93</b>	<b>\$47.14</b>	<b>56.8%</b>	<b>\$85.30</b>	<b>\$48.43</b>
	Corporate	Group	Leisure	Corporate	Group	Leisure
LS Market Mix	55.9%	0.4%	43.7%	58.7%	0.5%	40.9%

Grand Rapids/Holland						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	<b>60.9%</b>	<b>\$109.66</b>	<b>\$66.82</b>	<b>64.4%</b>	<b>\$108.89</b>	<b>\$70.11</b>
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	50.5%	8.5%	40.9%	50.6%	9.3%	40.1%
<b>Full Service</b>	<b>62.4%</b>	<b>\$124.01</b>	<b>\$77.42</b>	<b>64.2%</b>	<b>\$123.30</b>	<b>\$79.20</b>
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	39.7%	16.7%	43.5%	39.3%	17.8%	42.9%
<b>Limited Service</b>	<b>59.6%</b>	<b>\$96.63</b>	<b>\$57.63</b>	<b>64.5%</b>	<b>\$95.20</b>	<b>\$61.43</b>
	Corporate	Group	Leisure	Corporate	Group	Leisure
LS Market Mix	50.5%	8.5%	40.9%	61.3%	1.2%	37.5%

Lansing/Jackson						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	<b>63.6%</b>	<b>\$102.18</b>	<b>\$64.99</b>	<b>62.7%</b>	<b>\$100.62</b>	<b>\$63.06</b>
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	51.3%	7.2%	41.6%	51.2%	7.1%	41.7%
<b>Full Service</b>	<b>64.4%</b>	<b>\$111.85</b>	<b>\$72.02</b>	<b>60.5%</b>	<b>\$109.94</b>	<b>\$66.48</b>
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	44.1%	18.4%	37.5%	43.9%	18.6%	37.6%
<b>Limited Service</b>	<b>63.2%</b>	<b>\$97.57</b>	<b>\$61.70</b>	<b>63.9%</b>	<b>\$95.70</b>	<b>\$61.15</b>
	Corporate	Group	Leisure	Corporate	Group	Leisure
LS Market Mix	54.7%	1.8%	43.5%	55.0%	1.1%	43.9%

Northern Michigan						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	<b>58.5%</b>	<b>\$110.13</b>	<b>\$64.37</b>	<b>57.1%</b>	<b>\$109.54</b>	<b>\$62.50</b>
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	41.3%	13.3%	45.4%	41.3%	12.6%	46.1%
<b>Full Service</b>	<b>62.0%</b>	<b>\$180.00</b>	<b>\$111.60</b>	<b>57.0%</b>	<b>\$124.05</b>	<b>\$70.75</b>
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	45.0%	25.0%	30.0%	40.7%	22.3%	37.1%
<b>Limited Service</b>	<b>53.3%</b>	<b>\$96.39</b>	<b>\$51.38</b>	<b>57.1%</b>	<b>\$94.23</b>	<b>\$53.79</b>
	Corporate	Group	Leisure	Corporate	Group	Leisure
LS Market Mix	42.8%	1.7%	55.5%	42.0%	2.3%	55.7%

Southwest Michigan						
	2017 YTD			2016 YTD		
	Occ. %	ADR	RevPAR	Occ. %	ADR	RevPAR
<b>Total Market</b>	<b>56.4%</b>	<b>\$92.18</b>	<b>\$52.01</b>	<b>56.0%</b>	<b>\$88.54</b>	<b>\$49.58</b>
Total Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	55.2%	6.0%	38.8%	55.7%	7.1%	37.2%
<b>Full Service</b>	<b>53.0%</b>	<b>\$100.10</b>	<b>\$53.03</b>	<b>53.4%</b>	<b>\$97.41</b>	<b>\$52.04</b>
FS Market Mix	Corporate	Group	Leisure	Corporate	Group	Leisure
	43.0%	15.8%	41.2%	43.7%	16.3%	40.0%
<b>Limited Service</b>	<b>58.6%</b>	<b>\$87.62</b>	<b>\$51.37</b>	<b>58.0%</b>	<b>\$82.24</b>	<b>\$47.68</b>
	Corporate	Group	Leisure	Corporate	Group	Leisure
LS Market Mix	62.2%	0.4%	37.4%	64.2%	0.6%	35.3%

\*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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