

# New England Lodging Trends

*November 2, 2023*

New England  
**Inns & Resorts**



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# Agenda

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- **NEIRA Survey Results**
- **STR Data - Historic Trends**
  - National
  - New England
- **Lodging Demand Trends**

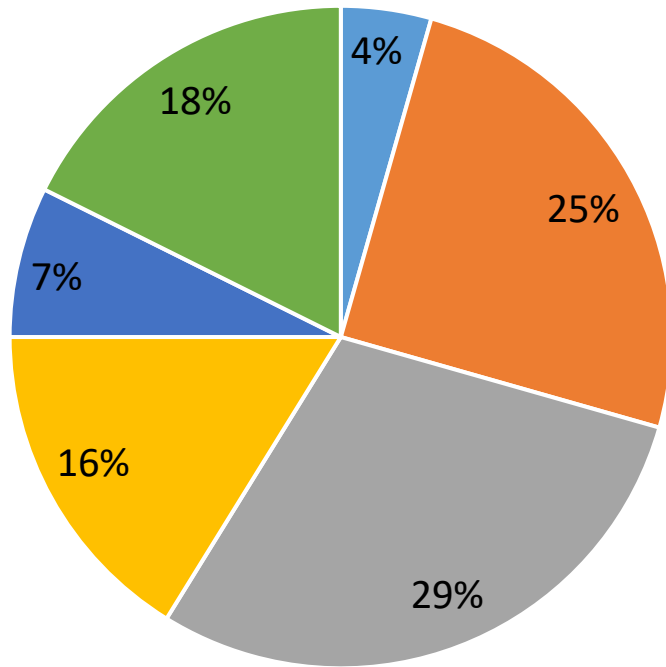




# **NEIRA Survey Results**

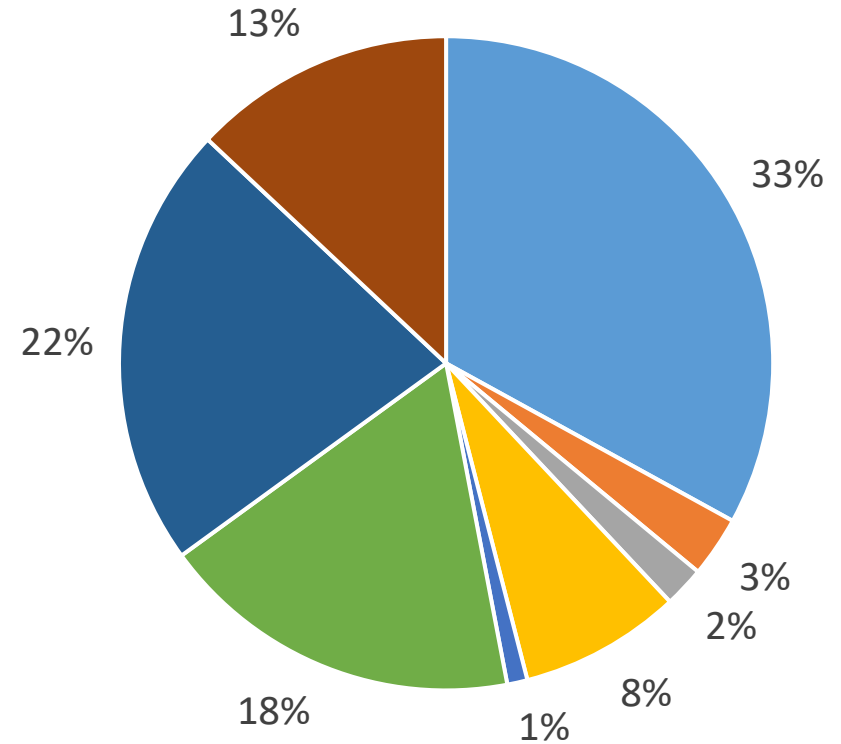
# Respondent Profiles

Responses by State



■ Connecticut   ■ Maine   ■ Massachusetts  
■ New Hampshire   ■ Rhode Island   ■ Vermont

Property Type

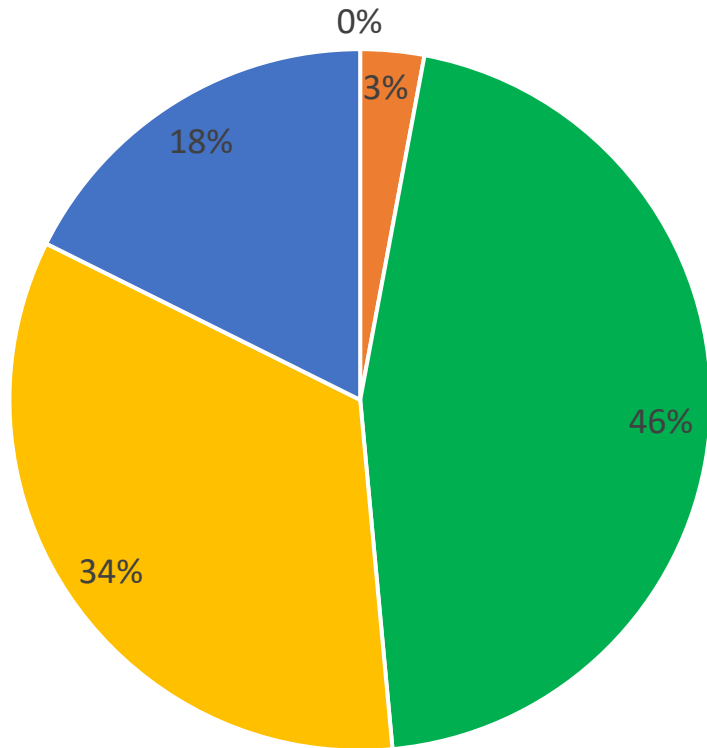


■ Full Service   ■ Select Service   ■ Limited Service   ■ B&B  
■ Motel   ■ Hotel   ■ Inn   ■ Resort



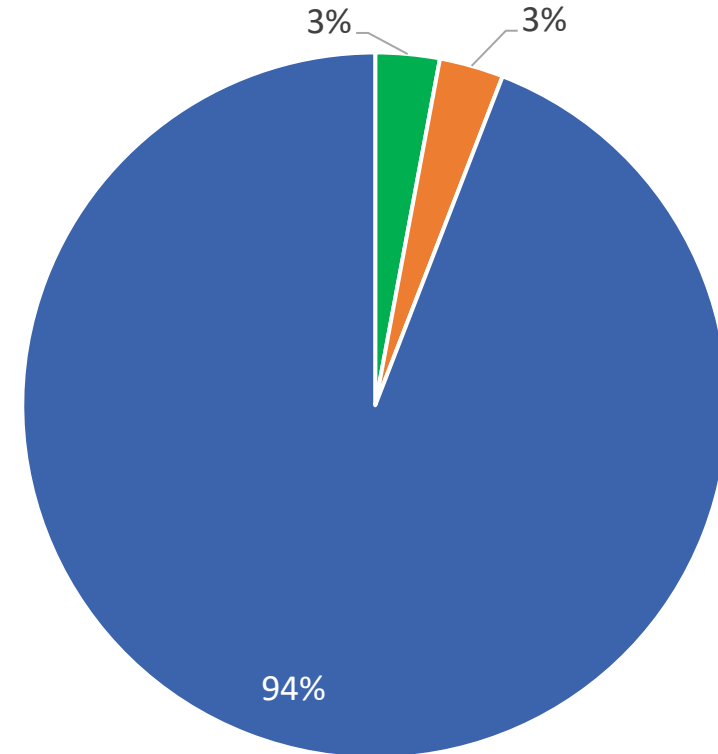
# Respondent Profiles

Rate Scale



- 1 Star/Economy
- 2 Star/Lower Midscale
- 3 Star/Upper Midscale/Midscale/Upscale
- 4 Star/Upper Upscale
- 5 Star/Luxury

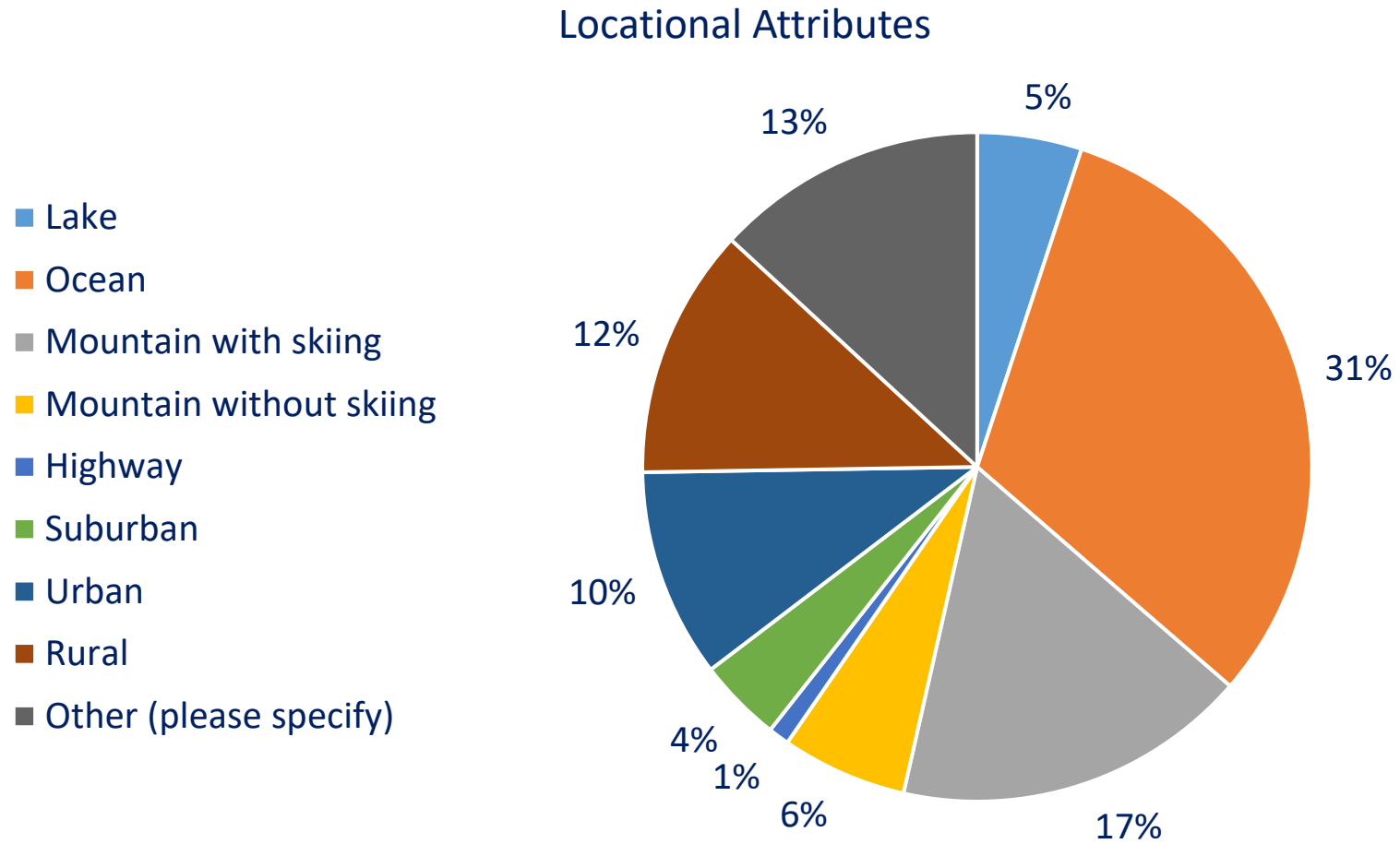
Branded vs. Independent



- National Hotel Company - Hard Brand
- National Hotel Company - Soft Brand
- Independent



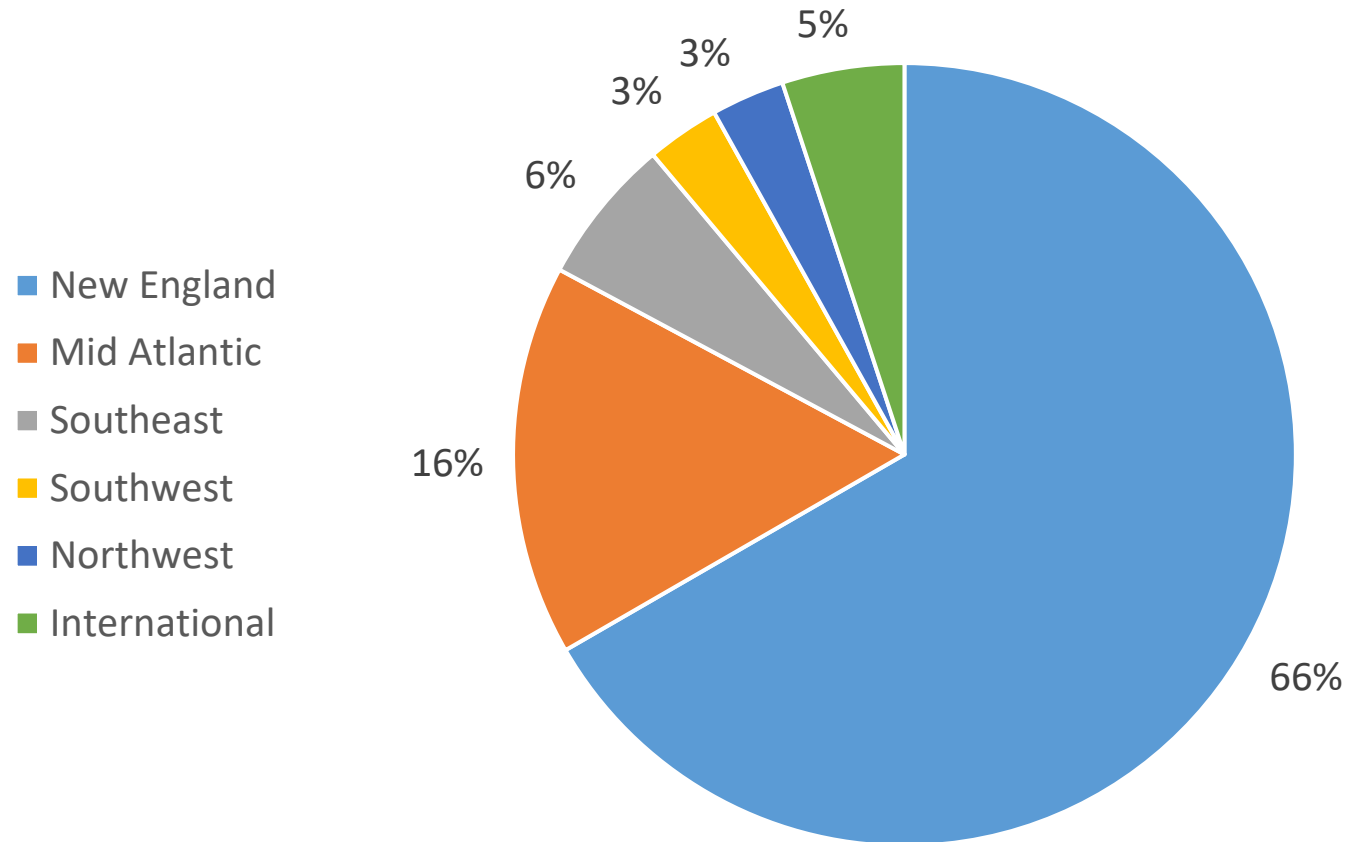
# Respondent Profiles



# Where Do Your Guests Come From?

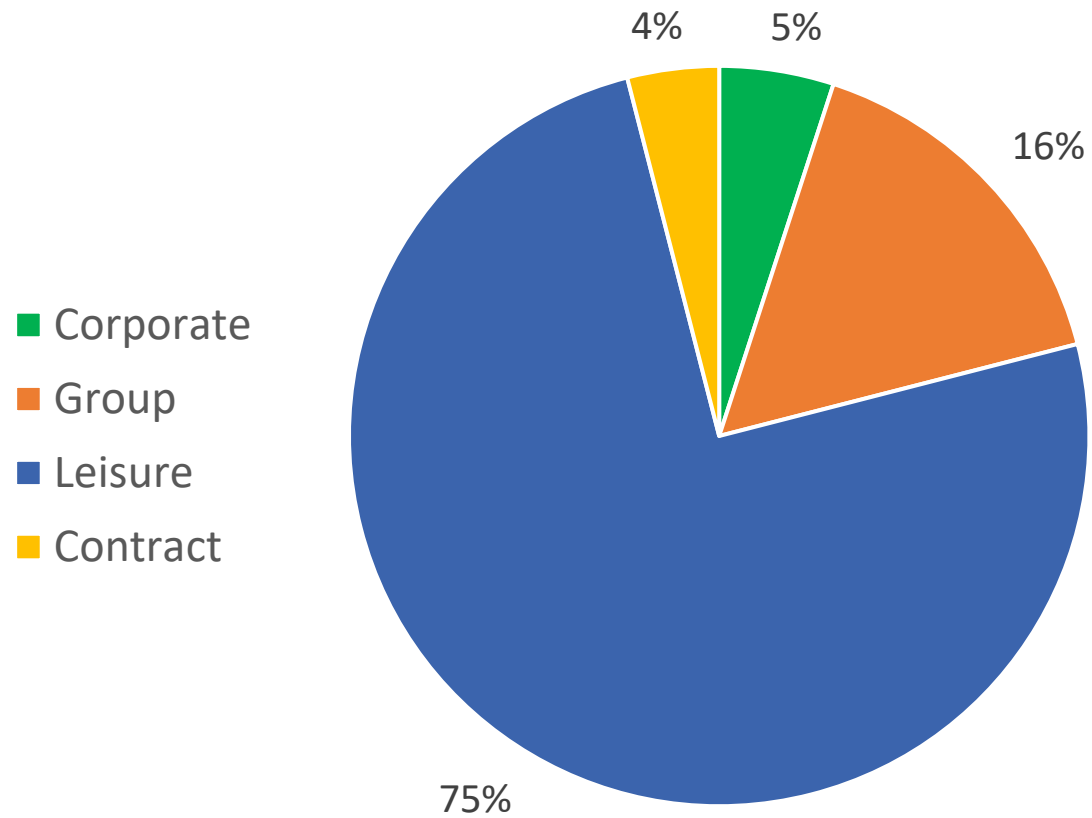
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Where do your guests come from?



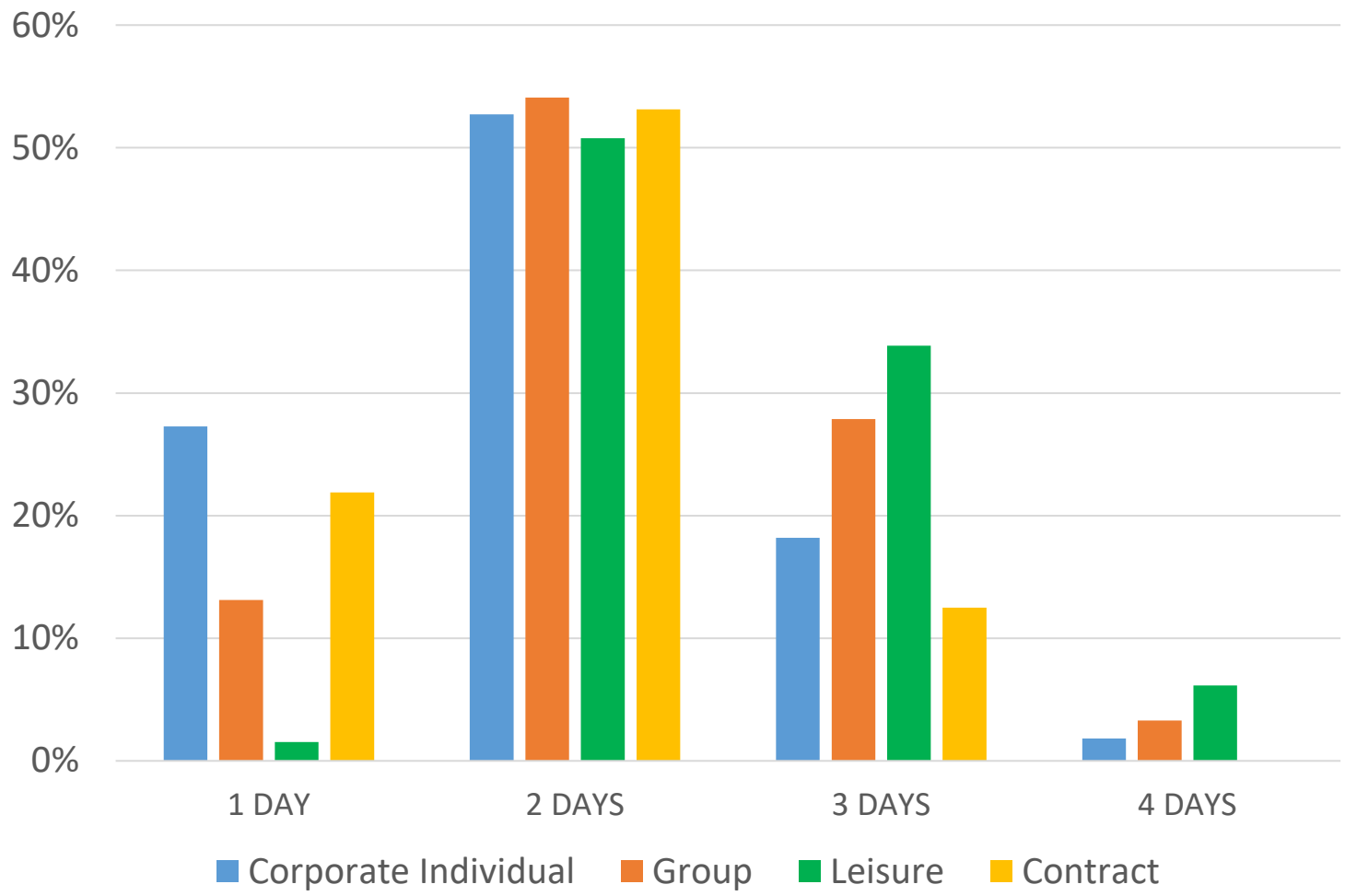
# Market Mix 2022

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# Average Length of Stay by Segment



# Annual Occupancy – Actual and Forecast

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Year	Occupancy
2016*	55%
2017*	57%
2018*	58%
2019	58%
2022	59%
2023 (f)	60%
2024 (f)	62%

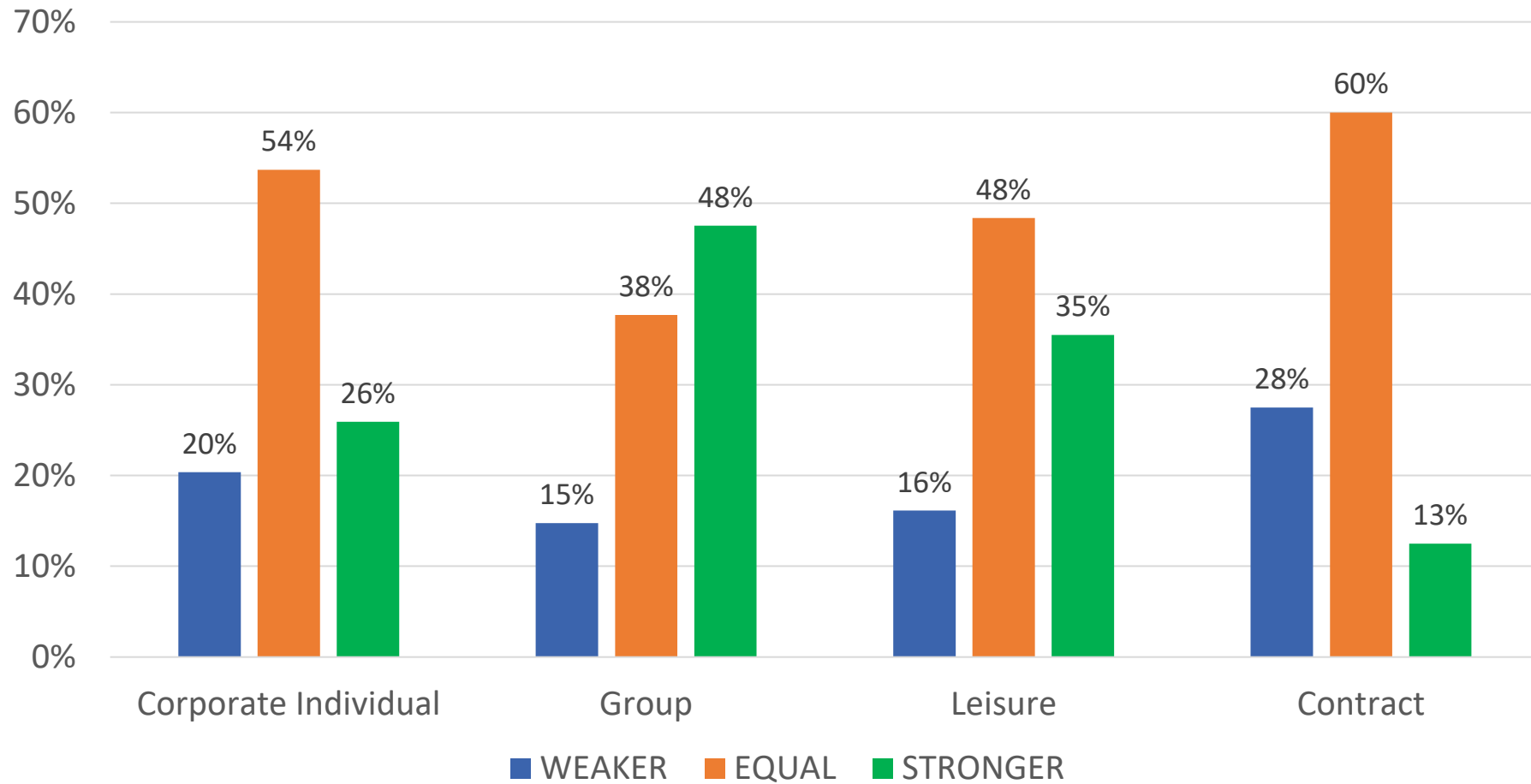
\*data from our 2019 survey

# Ave Daily Room Rate – NEIRA vs US

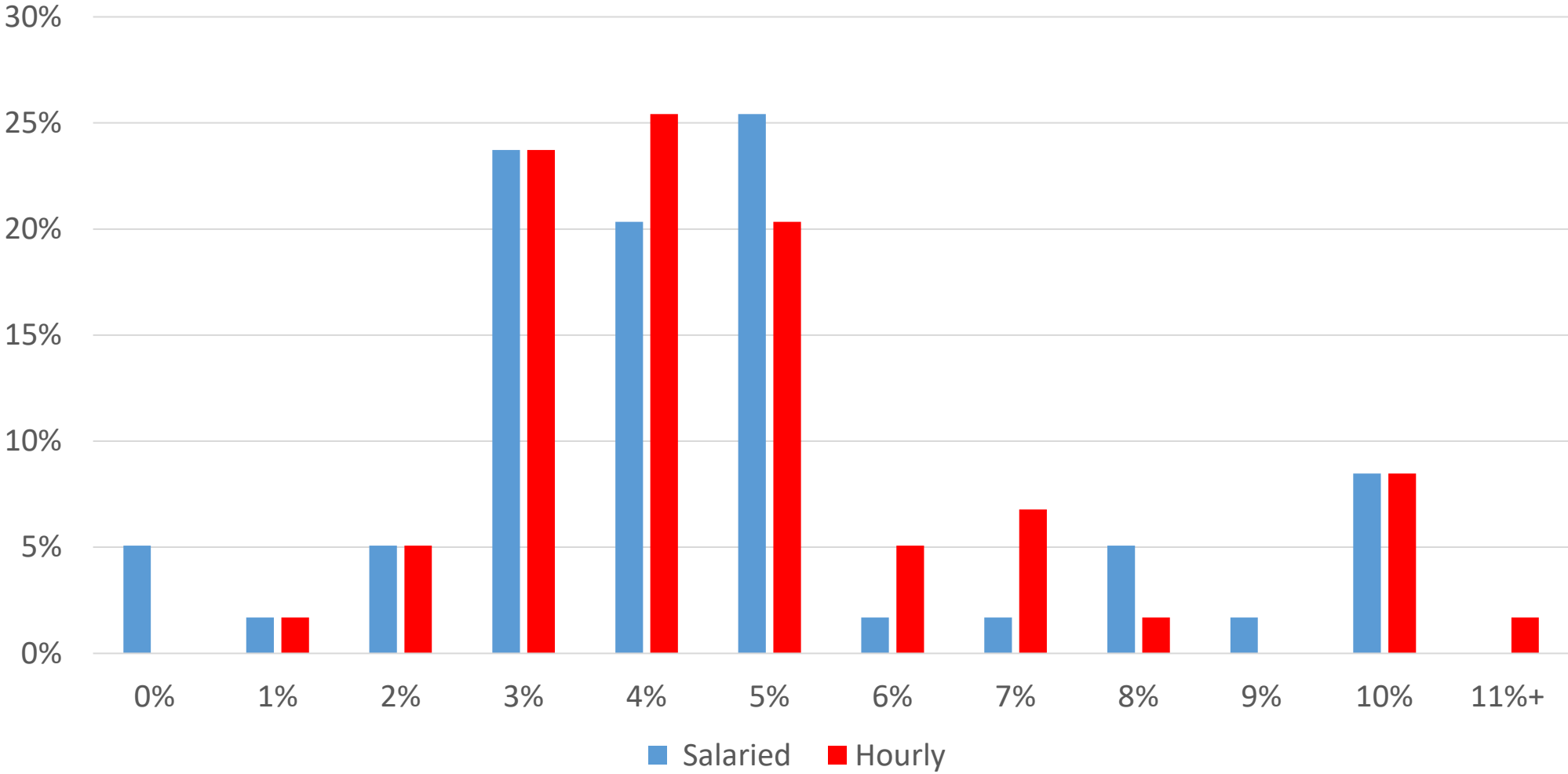
	ADR - NEIRA	ADR - US
2017 over 2016*	5%	(US - 2.1%)
2018 over 2017*	3%	(US - 2.5%)
2023 over 2022	2.4%	(US est. – 3.6%)
2024 over 2023	2.8%	(US est. – 4.1%)

\*data from our 2019 survey

# Demand Segment Expectations for 2024 vs. 2023

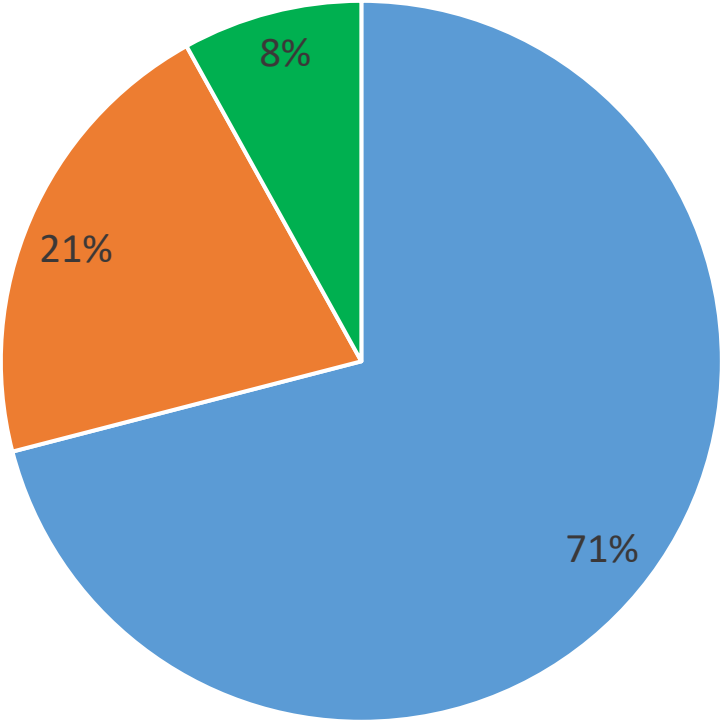


# Overall % Increase in Salaries and Wages: 2024 vs. 2023



# Will Expense Increases Outpace Revenue Increases for 2024 vs. 2023

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■ Yes   ■ No   ■ Same (expenses and revenue are equal)

# Rank Concerns for 2024

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#1: Lack of Employees



#2: Higher Wages



#3: Higher Operating Costs



#3: Fewer Customers/Less Demand



#4: Inability to Charge Higher Room Rates



#5: Inflation



#6: Most Competition



#7: Other



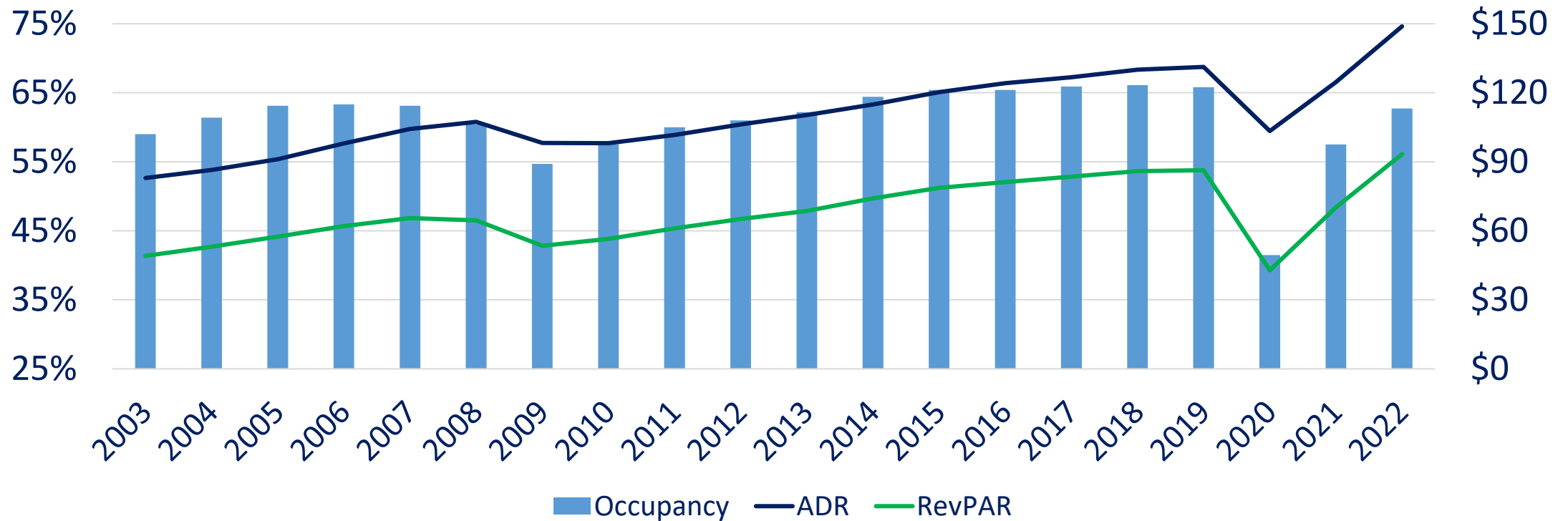


# **STR Data Historic National**

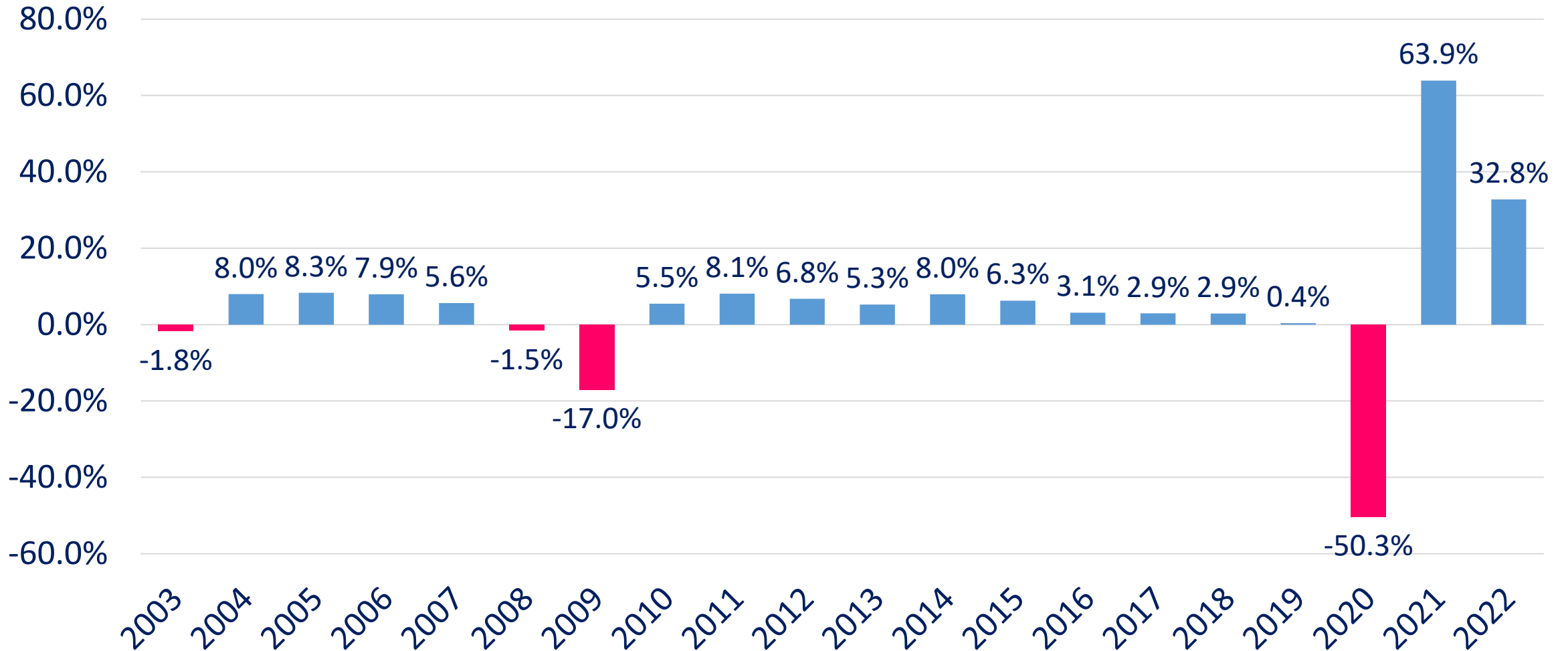


# National - Historic Market Performance

20-Year Historic Lodging Performance  
United States



# RevPAR % Change – US 2003-2022



# National - YTD Sept 2023

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	Sept 2022	Sept 2023	% Change
Occupancy	63.5%	64.3%	1.3%
ADR	\$148.77	\$155.77	4.7%
RevPAR	\$94.42	\$100.17	6.1%

# National - Industry Projections, YOY % Change

## 2023

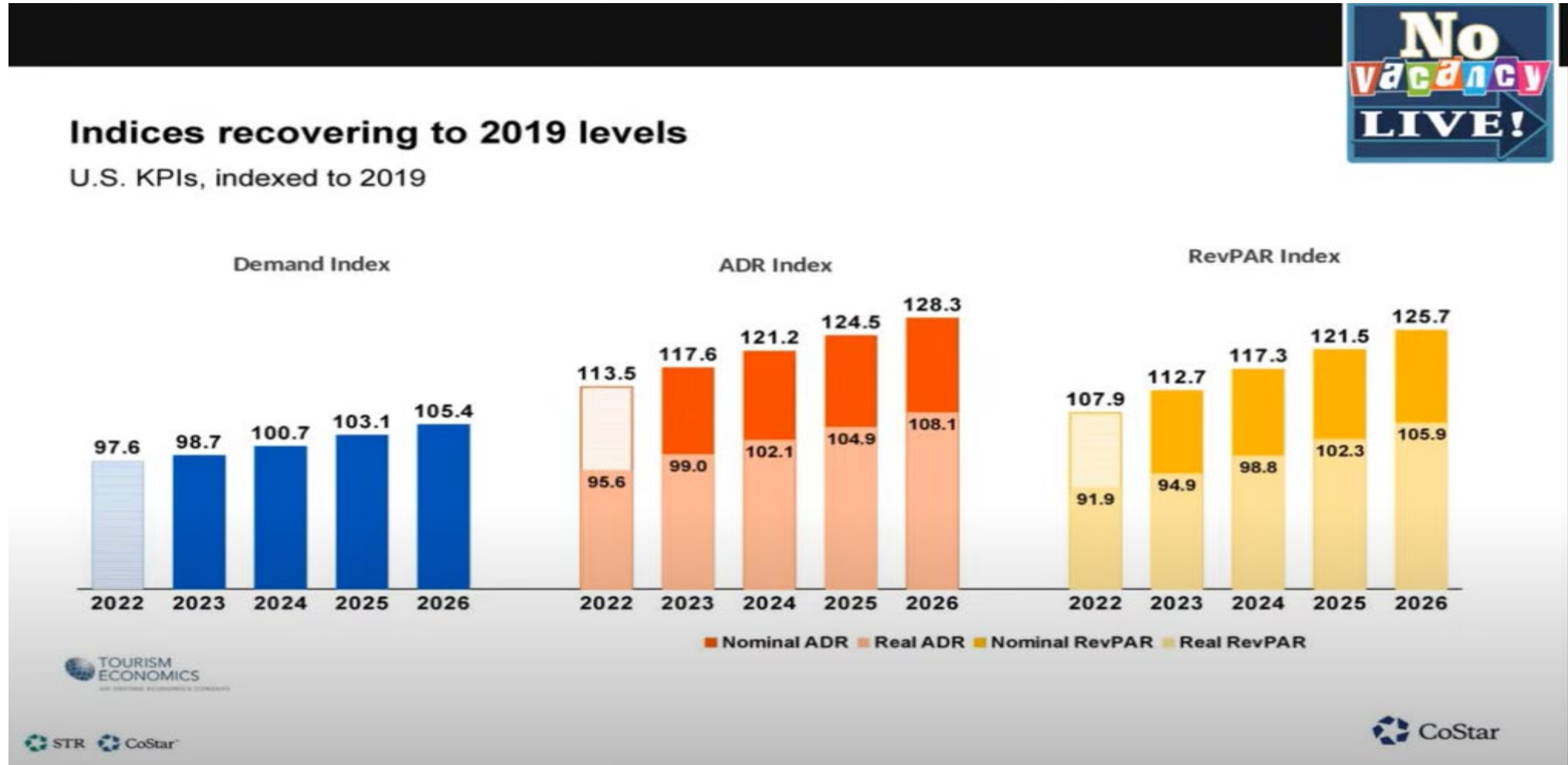
	STR	PWC	CBRE
Occupancy	0.8%	2.1%	2.2%
ADR	3.6%	4.3%	3.6%
RevPAR	4.5%	6.5%	4.6%
RevPAR Indexed '19	112%	114%	112%

## 2024

	STR	PWC	CBRE
Occupancy	1.0%	0.2%	1.3%
ADR	3.0%	3.4%	2.8%
RevPAR	4.1%	3.5%	4.1%
RevPAR Indexed '19	117%	118%	118%



# National - Nominal ADR Has Not Yet Returned to 2019 level

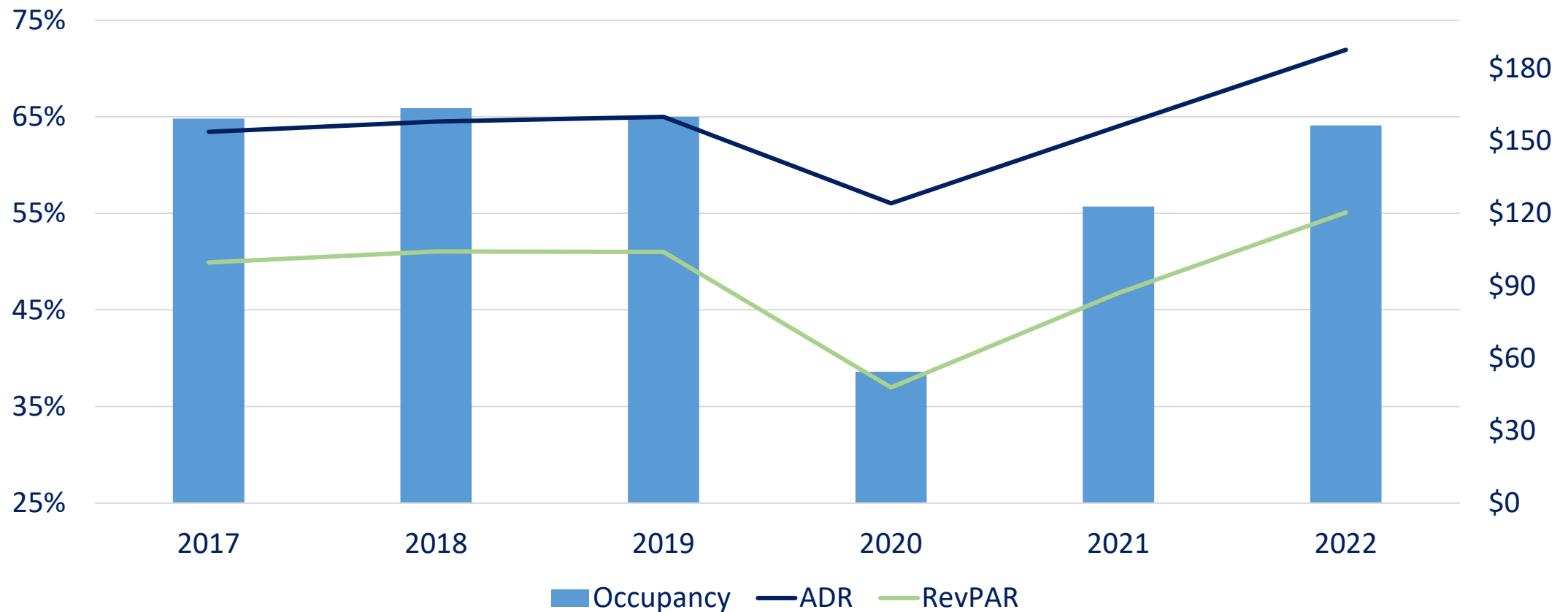




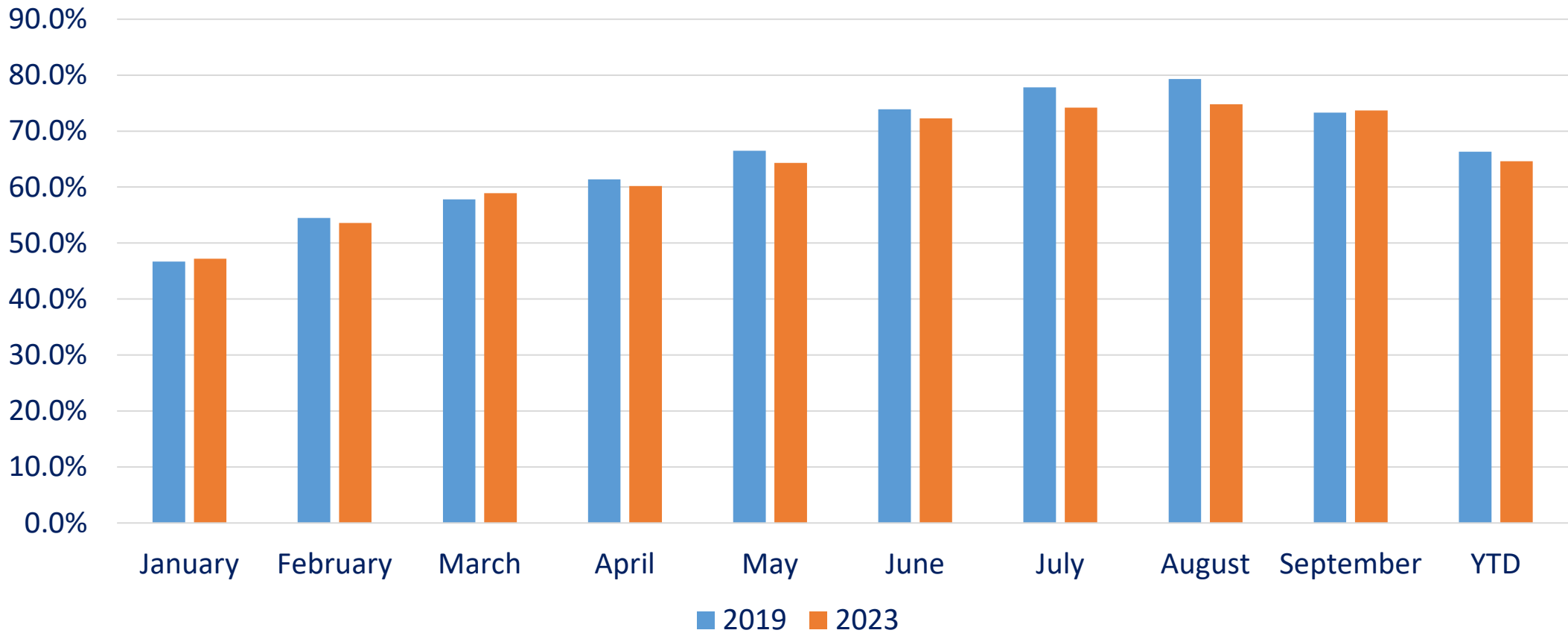
# **STR Data Historic New England**

# New England - Historic Market Performance

Historic Lodging Performance  
New England States



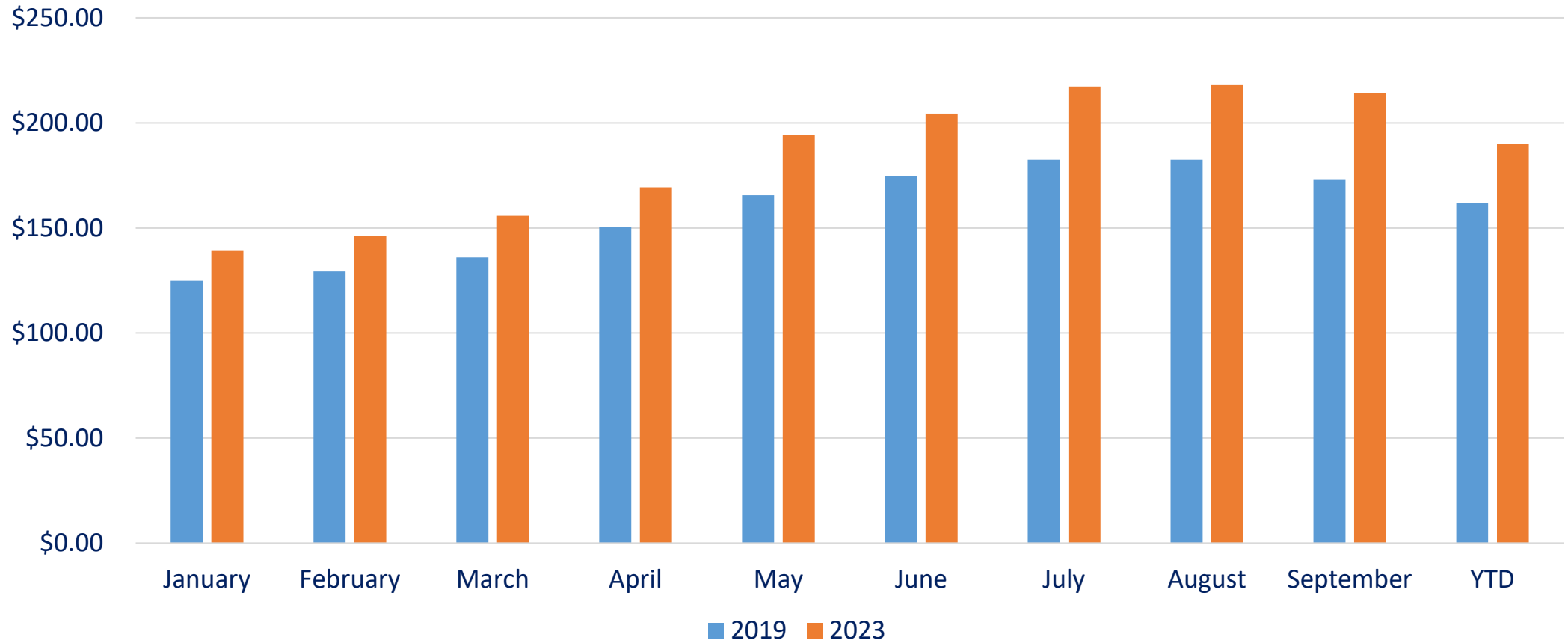
# New England Monthly Occupancy 2023 vs 2019



Source: Smith Travel Research p

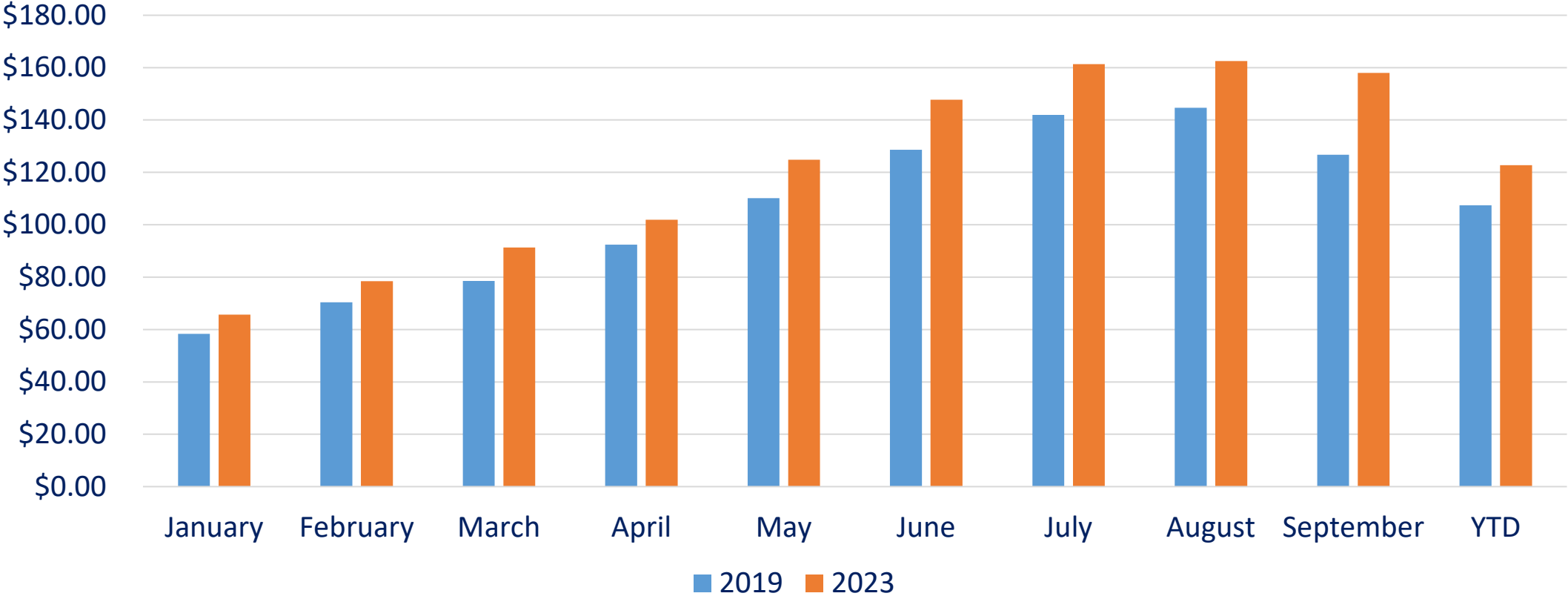


# New England Monthly ADR - 2023 vs 2019



Source: Smith Travel Research

# New England Monthly RevPAR 2023 vs 2019



# New England - YTD Sept 2023

	Sept 2022	Sept 2023	% Change
Occupancy	64.3%	64.6%	0.5%
ADR	\$180.51	\$189.87	5.2%
RevPAR	\$116.03	\$122.71	5.8%





# **New England Trends 2024**

# Macro Economic Trends

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- Recession Of Soft Landing (Probability Of Recession 54%)
- Inflation
- Interest Rates
- Employment & Wage Growth
- Shift In How We Work
- Global Issues, Politics, Technology, Etc.



# Leisure Trends - 2024

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- Domestic leisure travel ‘normalized’ in 2023; status quo for 2024.
- International leisure will not recover until 2025 or 2026.
- Seeking Value and Personalization
- Leisure travelers will be more price sensitive
- New Supply – more competition from alternative lodging options



# Leisure Trends - 2024

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- Family and Multigenerational Travel
- Adventure Travel /Alternative Accommodations
- Sustainable Travel
- Electric Road Trips



# Leisure Trends 2024– Travel by Generation

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Who is the next wave of leisure travels and what should hoteliers pay attention to:

- Baby Boomers (ages 57-74)
  - Restaurants & Culinary Experiences
  - Human factor of travel makes the experience
- Gen X (age 43-56)
  - Want to experience something new and feel taken care of
  - Restaurant & Culinary Experiences
- Millennials (ages 27-42)
  - Willing to spend more for comfort and convenience
  - Rest and Recharge, Explore, Family-Friendly Options
- Gen Z (ages 16-26)
  - Adventure & Experiences – travel as a path to self discovery and growth
  - May have budget and time limitations
  - Technology very high priority





# Group Trends - 2024

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## Overall Group Travel – Fully recovered in 2025

- **Social Group** - normalized – pent up demand has run its course
- **Corporate Group** - will continue to grow and fully recover in 2025
- **Association/Convention Group** - very close to pre-pandemic levels in 2024



# Group Trends - 2024

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Survey results - travel planners and event organizers:

- Venue Priorities Shift to Customizable Spaces and Swift Communication
- Desire Group Event Experiences
- Group Travel Preferences Shift from Turnkey to Flexibility
- Wellness Surges Beyond the Spa
- Sustainable Travel Remains a Priority



# Corporate Trends - 2024

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- Corp travel - 80% for 2023 and 90% for 2024 (vs 2019).
- Weekday business travel patterns - “normalizing”.
- Corporate Travel managers increasing travel budgets.
- Blended Leisure & Business travel remain will lessen over time.
- Business travelers still want their reward/points!



# Price Point Trends

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- Luxury and economy travel - still below pre-pandemic levels; anticipate the same for 2024.
- ADR increases for 2024 – upper upscale/upscale will have the strongest growth and economy will have the weakest growth.
- RevPAR increases for 2024 – luxury will have the strongest growth and upper midscale will have the weakest growth.



# Q&A

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# Pinnacle Advisory Group

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