

HVS Market Pulse: Baltimore Ascending

December 20, 2018 / By Rod Clough, MAI, CRE, MRICS



Baltimore has come a long way over the last 20 years, developing a tourism infrastructure and experience for leisure and convention visitors that is impressive. Baltimore's economy is bustling, with unemployment low and the city balanced by a multitude of employment segments. Johns Hopkins remains an important cornerstone, while the Mercy Medical Center and University of Maryland Medical Center are important anchors downtown. The financial sector is also strong, particularly downtown, with major installations of accounting firms, investment firms, and commercial lending institutions all present.

Baltimore's Key Performance Indicators

| | Occupancy | ADR | Size of Market | New Rooms Planned |
|-----------------|---|------------|------------------|-------------------|
| Downtown BWI | High 60s | Mid \$140s | 9,500+ rooms | 1,000 |
| | High 70s | Near \$105 | 6,600+ rooms | 300 |
| | Occupancy may dip just below 70% by year-end in downtown, but is holding strong at BWI. ADR downtown is finding its new normal closer to \$150, with supply additions. ADR holding steady at BWI. | | | |
| Top Employers | Johns Hopkins | | 49,400 Employees | |
| | University of Maryland Medical | | 22,600 | |
| | Northrop Grumman | | 10,400 | |
| Unemployment | Declining, now at 5.6% | | | |
| Conventions | 141 in FY 2017/18, 470,000+ Attendees Renovated in 2012; Investigating Expansion | | | |
| Airport | Passenger activity up 4% in 2018; activity will approach 27 million | | | |

Source: HVS

Summary

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While the hustle and bustle of the city's popular Waterfront has long since a popular spot for hotel development, newer hotels have opened farther north into the heart of the Central Business District. The Hotel Revival, the Kimpton Hotel Monaco, and The Ivy are all hotel bright spots well north of the waterfront. And the trend of redevelopment of older office buildings into hotels continues, including a new Candlewood Suites that is slated to open in early 2019.

A definite highlight of recent redevelopment projects is the glitzy Sagamore Pendry in Fells Point, a historic district on the east side of downtown. The 128-room Pendry, part of the Montage brand of hotels, opened in March 2017 and reportedly cost more than \$60 million to develop. Set within a 103-year-old historic Pier, the property is a great new anchor to this neighborhood, a district replete with quaint restaurants and eclectic shops among historic, cobblestone streets. The Pendry's developer, Kevin Plank of Under Armour, set his sights on the project from his Under Armour's worldwide headquarters that sits on the opposite side of the bay from the hotel.



Sagamore Pendry



Guestroom at The Ivy and Entry Hall at the Hotel Monaco

Cranes continue to fly over Harbor East, which sits between the Waterfront District and Fells Point, as this "new downtown" continues to rise from the grounds of a decaying warehouse district. Apartment and condominium complexes, office towers, hotels, and retail span this new district that has brought a new energy and fervor to the eastern Central Business District. Legg Mason moved its

headquarters to Harbor East and is a notable anchor for the district.

The NFL Ravens and MLB Orioles stadiums greet visitors as they enter downtown from the south, just north of which lies the Baltimore Convention Center. The Center encompasses over 1.2 million square feet of net rentable space and continues to be a popular destination for meetings and conventions. The City continues to study the potential expansion of the Center and the addition of an additional headquarters hotel. The National Aquarium, the USS Constellation, and the MECU Pavilion are also popular spots, among countless other restaurants, shops, and museums.



Rooftop Garden Room at the Hotel Revival

HVS continues to regularly consult in this city, with nearby offices in both Washington, D.C., led by **Chelsey Leffert**, and Wilmington, DE/Philadelphia, PA, led by **Jerod Byrd**, MAI. Both Chelsey and Jerod are ready to assist you on any consulting need you may have. **Eric Guerrero** with HVS Brokerage can also discuss any Baltimore asset you may be considering selling in 2019.

About **Rod Clough**, MAI, CRE, MRICS



Rod Clough, MAI, President – Americas, is in his 30th year with HVS and leads the Americas region from its headquarters office in Colorado. As President, Rod has developed the vision and strategy for the Americas and oversees its execution throughout the Americas' 40 locations. He has cultivated a firm that thrives with an extraordinary culture and remains the thought leader in the hospitality consulting space. He is proud to lead a group of 175 exceptional team members that execute thousands of engagements annually. Rod also has a passion for speaking, regularly sharing the insights and thought leadership of HVS at the nation's leading hospitality conferences. Rod is a graduate of Cornell's School of Hotel Administration, a Designated Member of the Appraisal Institute (MAI), a state-certified general appraiser, and a licensed hotel broker. Contact Rod at (214) 629-1136 or [\[email protected\]](#).