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State of the Florida Lodging Industry **May 2024**

Key performance and investment trends of Florida's top lodging markets

JLL Hotels & Hospitality

Content Summary

01

Introduction, purpose, and methodology

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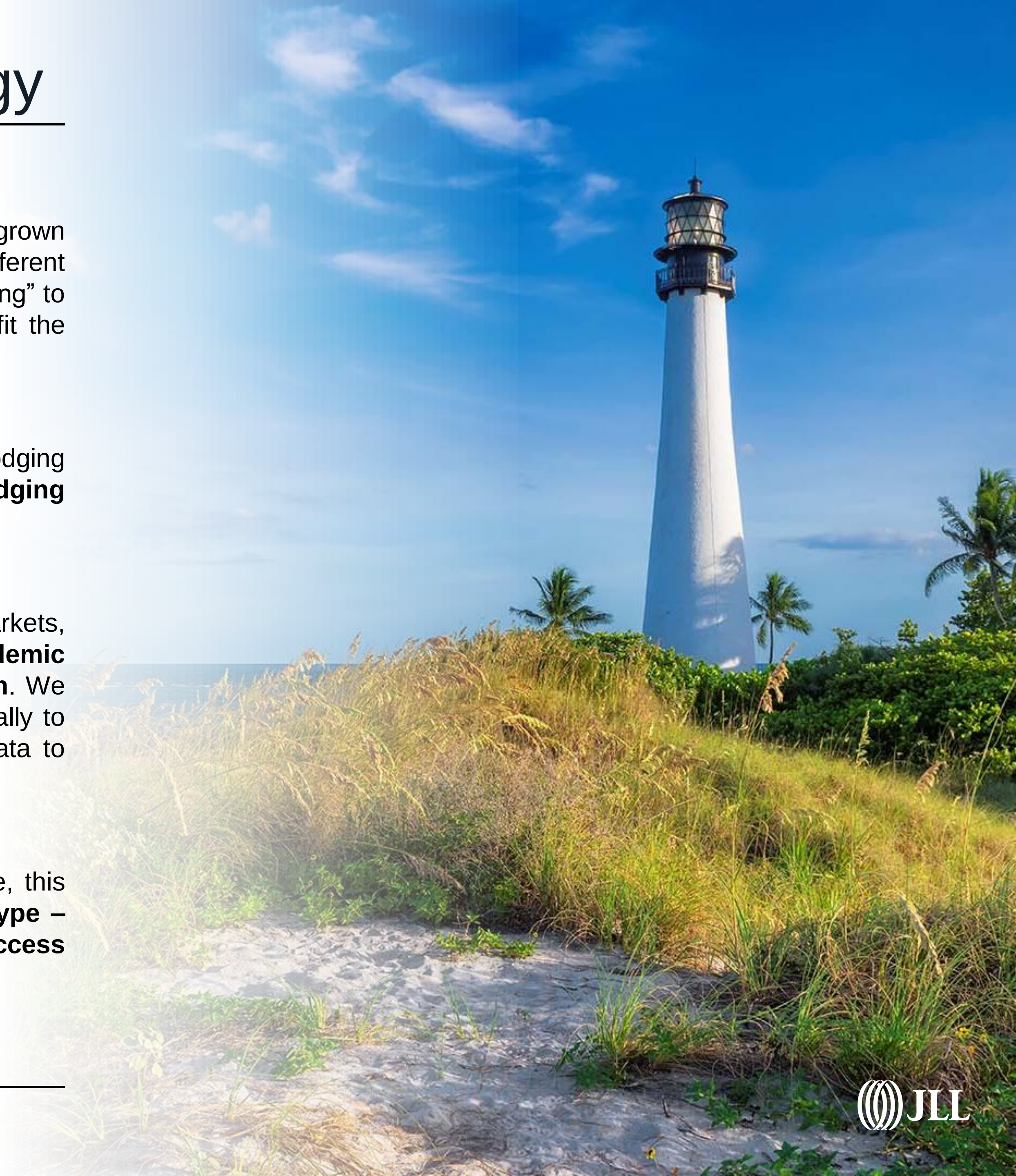
Professionals active in the Florida lodging and investment industry have grown accustomed in the years following the global COVID pandemic to hearing many different soundbites and slogans about hotel and investment performance. From “Florida is booming” to “Florida is recalibrating,” soundbites are just that - broad generalizations that do not fit the reality of each of Florida’s unique markets and submarkets.

The JLL Hotels & Hospitality team in Miami constantly monitors the various Florida lodging markets, and now, **sensing stabilization, we choose to do a deep dive into the lodging and investment data in aggregate for the years following the pandemic.**

In this research report, we take Florida’s 2023 top 10 lodging markets and top 15 submarkets, and present a comprehensive array of data, focusing **on post-pandemic recovery, pandemic and crisis resilience, long-term stability, and market positioning for future growth**. We also compare these markets and submarkets to the United States’ performance nationally to contextualize **Florida’s unique story**. In parallel, we analyze hospitality investment data to identify **emerging trends and investor profiles**.

Comparing and contrasting the highest-performing Florida lodging markets side by side, this report re-confirms that **there are lodging markets in Florida where every investor type – across strategies, risk profiles, and return requirements – can find comfort and success with the right approach**.



Key takeaways and roadmap

The Florida lodging industry has taken a unique trajectory as compared to the broader U.S. lodging market over the past decade, particularly in the years following the COVID pandemic. Accelerated RevPAR growth (despite substantial supply deliveries) and continued investor conviction in long-run performance and quality of Florida hotel investment (despite elevated interest rates and uncertainty) help the state's lodging industry to stand out, among other key trends:

01 **Florida hotels not only track with inflation, they beat inflation –** Exposure to Florida lodging business provides a superior hedge for investment cash flow as compared to the broader U.S. hospitality market and other real estate asset classes.

02 **Florida hotels find a way to preserve revenue growth** despite substantial supply deliveries over the past decade and into the post-COVID era.

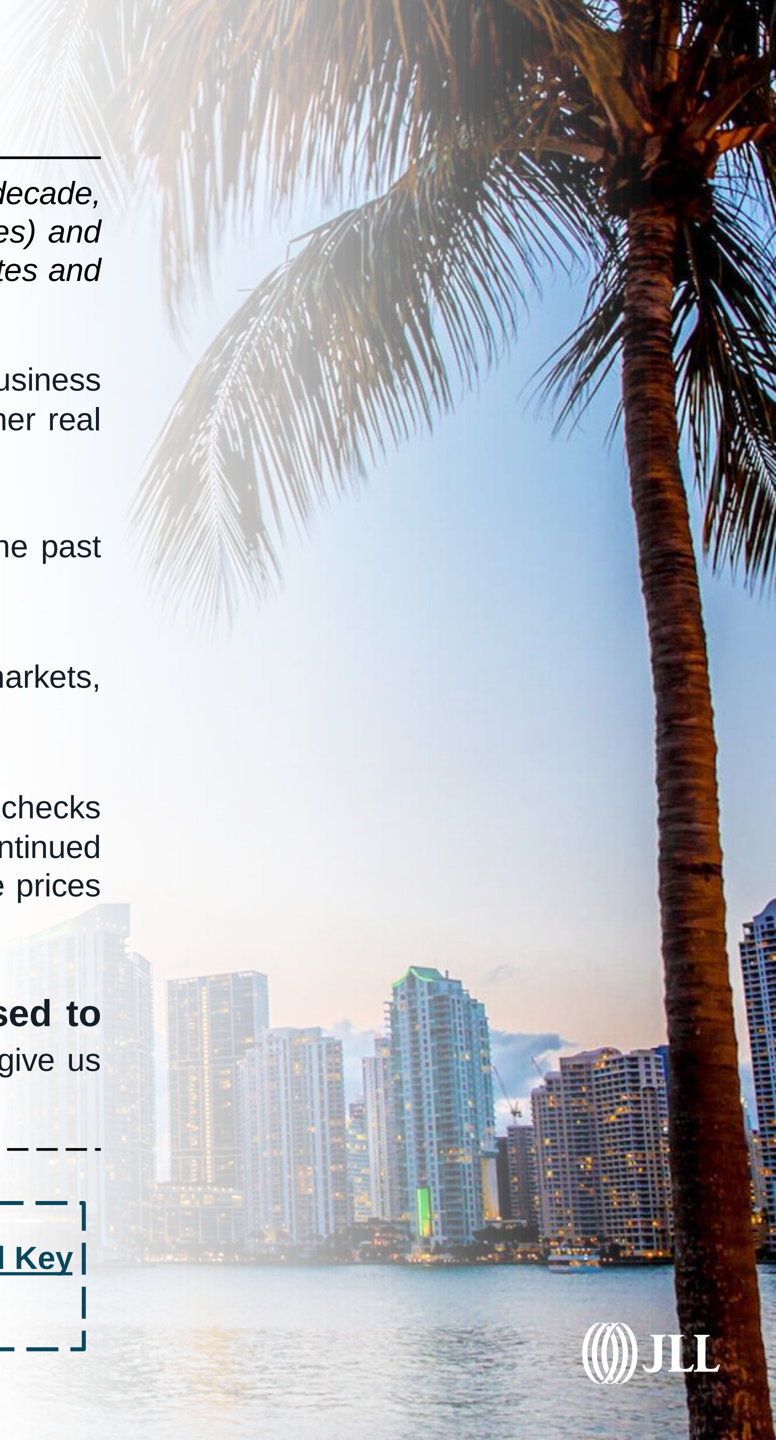
03 **Full-service hotels dominate the recent deliveries and forward pipeline** in Florida's top markets, anticipating a continued shift towards higher-rated demand from visitors and businesses in the State.

04 **Smaller deals prevail, but higher sale prices per-key accepted as the tradeoff –** smaller equity checks have been preferred in the high interest rate and post-COVID environment in avoidance of overexposure, but continued conviction in long-term performance and quality of Florida lodging assets is demonstrated by higher per-key sale prices realized in recent transaction data.

05 **Capital markets disruption chills liquidity, but harmony (and transaction volume) are poised to return –** early 2024 hotel performance, expectations for no more rate hikes, and conversations with investors give us optimism that capital is again ready to move.

Jump to:

1. Top-10 lodging markets | 2. Investment trends | 3. Top-15 lodging submarkets | 4. Florida lodging growth submarkets to watch | 5. Conclusion and Key Takeaways

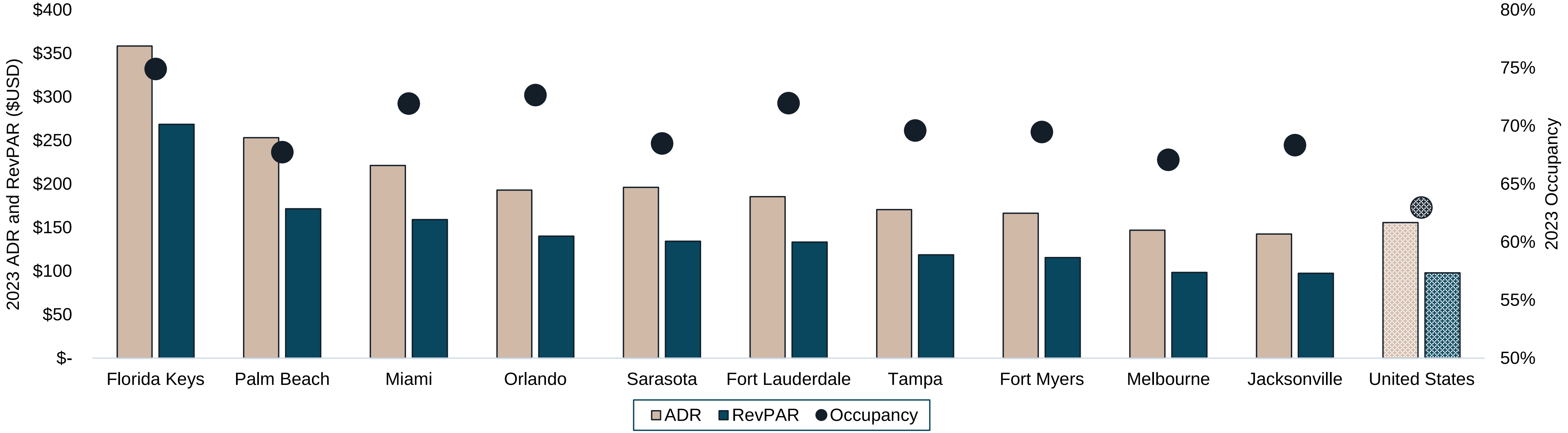


02 Top-10 Florida lodging markets

Top-10 Florida lodging markets outperform the rest of the U.S. in 2023

- RevPAR in each of the Top-10 Florida Lodging Markets beat the U.S. average in 2023.
- The top Florida markets across the board recorded occupancies between 68% and 73%, with the Florida Keys being the clear outlier in performance from both an occupancy and ADR perspective.
- Important to note throughout this report is that the Fort Myers market was substantially impacted by Hurricane Ian in September 2022 and is still in recovery. Similarly, Orlando was uniquely challenged by the COVID pandemic relative to other Florida markets due to its reliance on close-quarters amusement parks and group business, whereas in downturns driven by economic challenges, Orlando has historically outperformed due its relatively lower cost of travel, accommodations, and entertainment.

Top-10 Florida lodging markets by RevPAR 2023

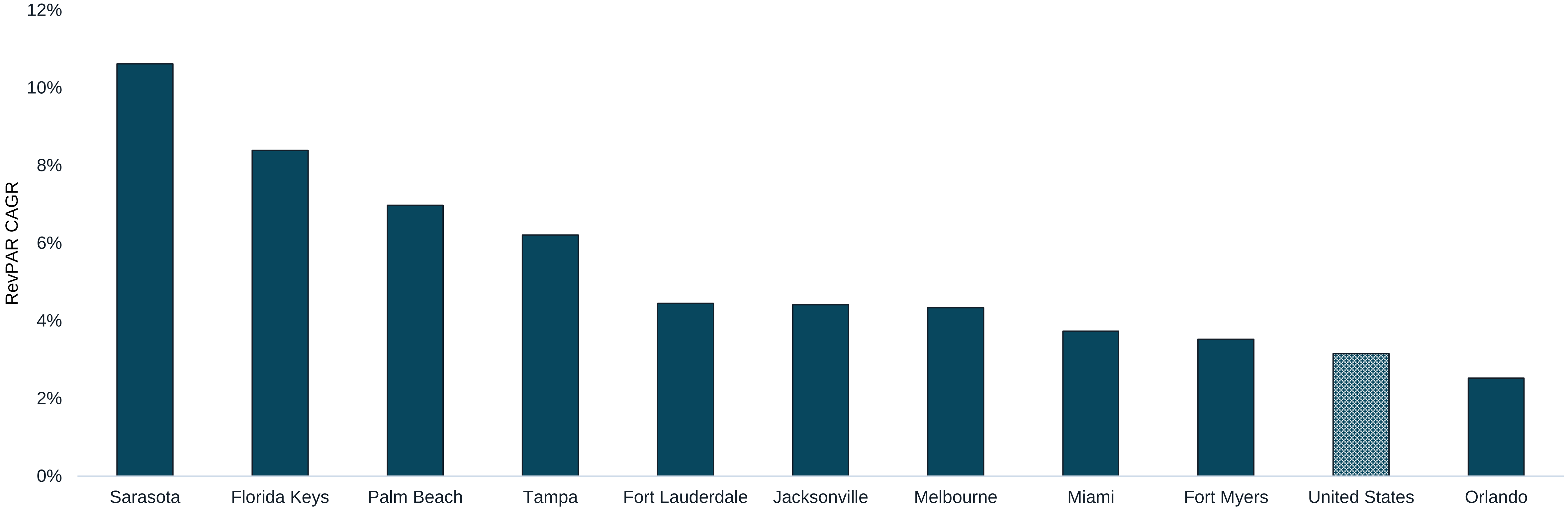


Source: CoStar/STR
Notes: The "Top-10 Florida Lodging Markets" are determined by 2023 full year RevPAR across all hotel classes and remain the same ten included in each analysis herein.
While the "Florida Central" lodging market did rank within the top ten by RevPAR, its geography is too nebulous to meaningfully compare against the rest; as such, it is excluded from our report.
In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.

Top-10 Florida lodging markets outgrow the rest of the U.S. from 2019

- Nine of the Top-10 Florida Lodging Markets have outpaced the broader U.S. in RevPAR growth from 2019. Sarasota, The Florida Keys, Palm Beach, and Tampa have been the largest growth markets for RevPAR post-Pandemic.
- As the next slide will illustrate in more detail, much of the outsized RevPAR growth has been derived from rate growth in historically high-ADR resort markets, which especially benefitted from post-COVID lodging market dynamics.

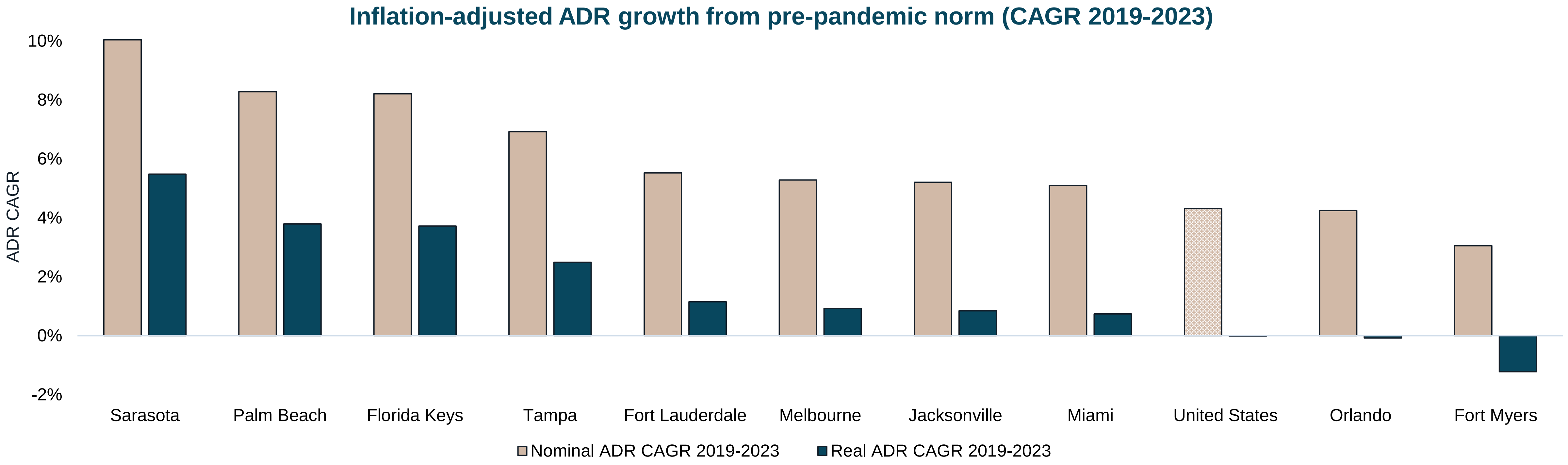
RevPAR growth from pre-pandemic norm (CAGR 2019-2023)



Source: CoStar/STR
Notes: ***In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.***

Florida lodging industry proves a superior hedge against inflation

- Eight of the Top-10 Florida Lodging Markets experienced ADR growth above and beyond U.S. inflation from 2019 to 2023, reinforcing that exposure to Florida hospitality business remains a superior hedge against inflation for investment cash flow as compared to the broader U.S. hospitality market and other real estate asset classes.
- Interestingly, the U.S. national lodging market grew ADR *exactly dollar-for-dollar in line with U.S. inflation*, a perfect empirical illustration of the common understanding that **hotels are a true inflationary hedge**.
- Again, note that Fort Myers was substantially impacted by Hurricane Ian in September 2022.



Source: CoStar/STR, U.S. Bureau of Labor Statistics (CPI)
Notes: We indexed ADR for each of the Top-10 Florida Lodging Markets against the U.S. CPI and calculated the annualized "real" growth rates of ADR from YE 2019 to 2023. This chart presents both nominal annualized ADR growth and inflation-adjusted "real" annualized ADR growth.
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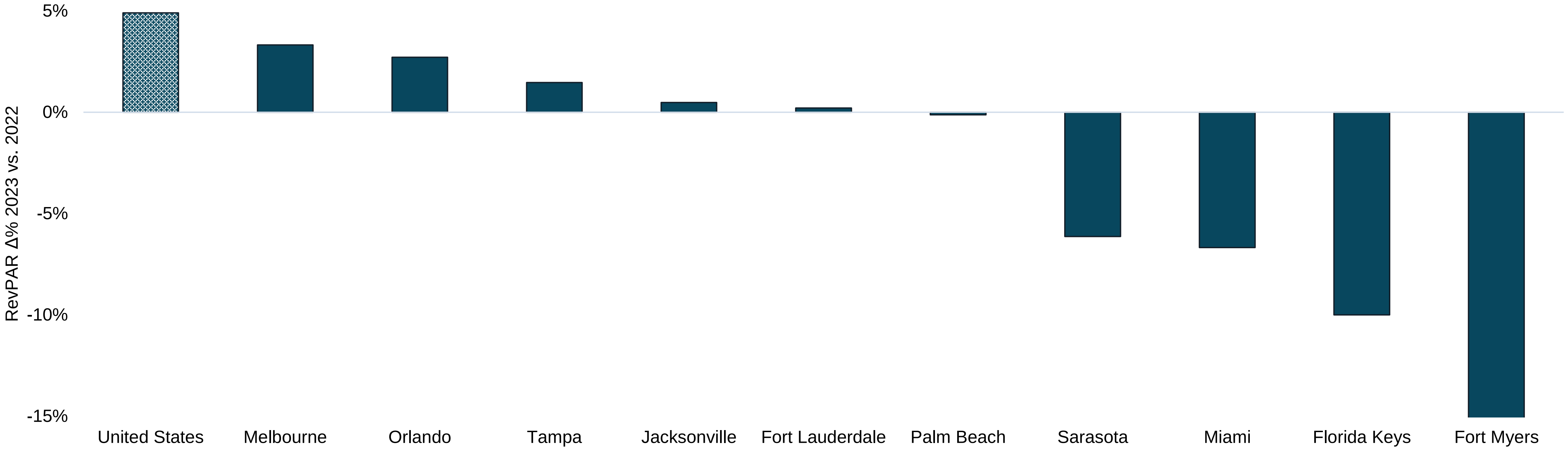
2023 was a recalibration from the post-pandemic peak in Florida

- Florida was one of the greatest beneficiaries of the return of tourism demand following the initial COVID shutdowns. 2022 was a record RevPAR year in each of the Top-10 Florida Lodging Markets, and as demand afterwards returned to other domestic and international destinations, 2023 was a correction for most of Florida.
- Only half of the Top-10 Florida Lodging Markets experienced continued RevPAR growth from 2022, and not one outpaced the U.S. average. As demonstrated in earlier slides, however, each market (with the exception of Orlando) still grew at a far greater rate than the national average since 2019, so this data primarily reflects the rest of the country "catching up" or returning to stabilization post-pandemic.
- Again, caveat Fort Myers' overstated decline in RevPAR due to the major storm impact in late September 2022.

Recalibration from post-pandemic peak (2023 RevPAR vs. 2022)

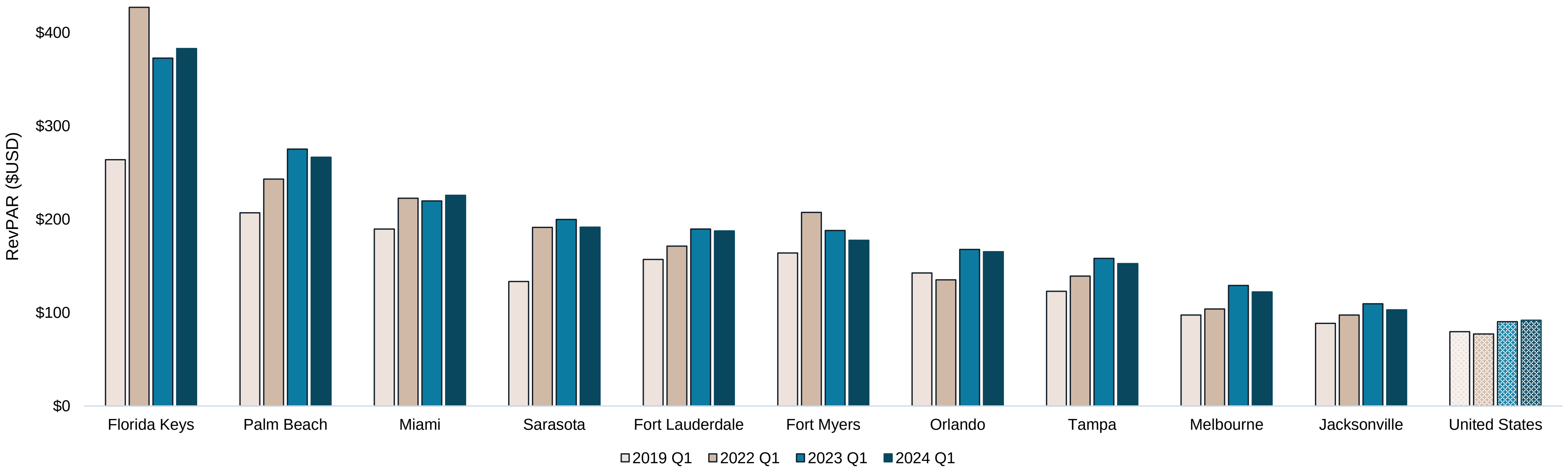


Source: CoStar/STR
Notes: This chart shows the percent change year-over-year of full-year RevPAR from 2022 to 2023 for the Top-10 Florida Lodging Markets.
In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.

Q1 2024 lodging performance suggests a return to normal growth patterns

- Encouraging performance across the Top-10 Florida Lodging Markets in the first quarter of 2024 has provided hoteliers with optimism that the recalibration of lodging performance in Florida has reached its bottom, and that hotel performance is poised to return to a normal growth pattern in 2024.
- While Q1 2024 RevPAR performance is flat or slightly down year-over-year in many of the Top-10 markets, it is important to note that Q1 of 2023 remained very strong in the Top-10 Florida Lodging Markets, as the dynamics supporting the 2022 peak remained in effect. You will notice in the data presented below that Q1 of 2023 was in fact stronger than Q1 of 2022 in seven of the Top-10 Florida Lodging Markets. Thus, to see two of the top-10 markets post better RevPAR in Q1 2024 versus Q1 2023, the remainder largely flat to 2023, and all but two comfortably up from 2022 is a welcome sign that sustainable RevPAR growth is poised to return in Florida.

Q1 RevPAR by year, Top-10 Florida Lodging Markets



Source: CoStar/STR

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Florida lodging markets sustain long-term RevPAR growth despite influx of supply

- Just three of the Top-10 Florida Lodging Markets (Jacksonville, Tampa, and Melbourne) experienced positive net absorption of supply deliveries in the period 2014 to 2023, where demand growth outpaced supply growth. As one might expect from that dynamic, those markets all posted RevPAR growth at the top of the pack for that period.
- Despite the substantial influx of supply in the state, each market (including those in which supply deliveries outpaced demand growth) posted overall annualized growth in RevPAR over the period.

Market	Supply growth 2014-2023 *(thousands of room nights)*	Demand growth 2014-2023 *(thousands of room nights)*	2014-2023 net absorption *(Demand minus Supply)*	2014-2023 RevPAR CAGR
Jacksonville	*840*	*1,150*	**310**	**6.0%**
Tampa	*2,690*	*2,820*	**130**	**6.3%**
Melbourne	*540*	*620*	**80**	**7.2%**
Orlando	*5,220*	*5,110*	**(110)**	**4.5%**
Sarasota	*940*	*830*	**(110)**	**6.4%**
Florida Keys	*390*	*260*	**(130)**	**4.5%**
Fort Myers	*220*	*-150*	**(370)**	**4.6%**
Palm Beach	*1,080*	*530*	**(550)**	**5.3%**
Fort Lauderdale	*1,880*	*1,060*	**(820)**	**4.0%**
Miami	*5,160*	*2,840*	**(2,320)**	**2.1%**

Source: CoStar/STR (Global Census and Pipeline Database)

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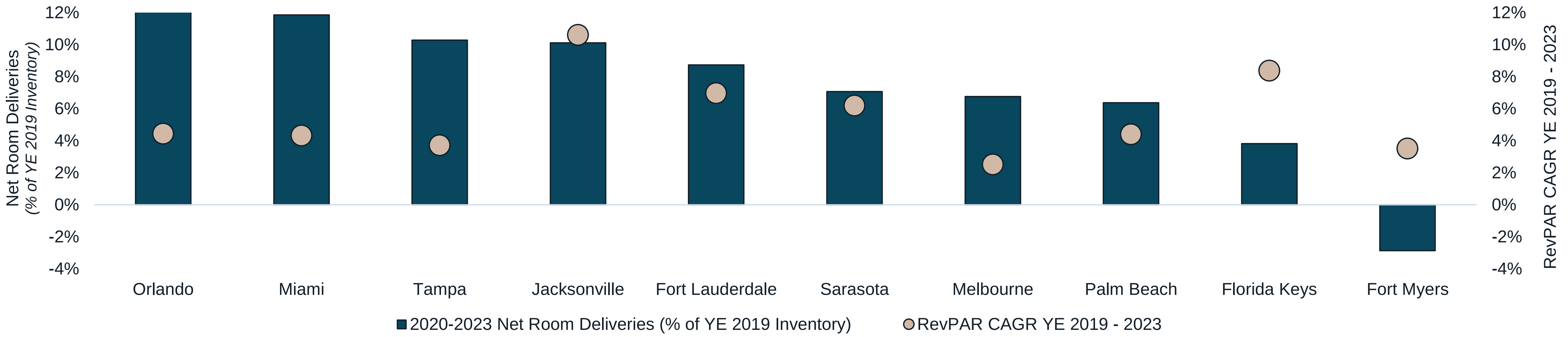
Post-COVID supply shift towards full-service product helps RevPAR growth defy substantial deliveries

- All but two of the Top-10 Florida Lodging Markets experienced significant supply growth from 2020-2023, yet all still posted annualized RevPAR growth despite that dynamic.
- A significant element helping to preserve RevPAR growth despite the substantial deliveries is that approximately 35% of supply deliveries from 2020 to 2023 in the Top-10 Florida Lodging Markets were full-service hotels. This shifted the full-service share of room product across the ten markets from 30.2% of inventory in 2019 to 34.3% of inventory by the end of 2023. This significant swing reflects developers and investors anticipating the continued shift towards higher-rated demand and clientele booking hotel stays in these markets.
- The two outliers with respect to supply growth are the Florida Keys, with extremely high barriers to entry, and Fort Myers, which was impacted by Hurricane Ian in September 2022.

Net room deliveries and RevPAR CAGR, YE 2019 - 2023

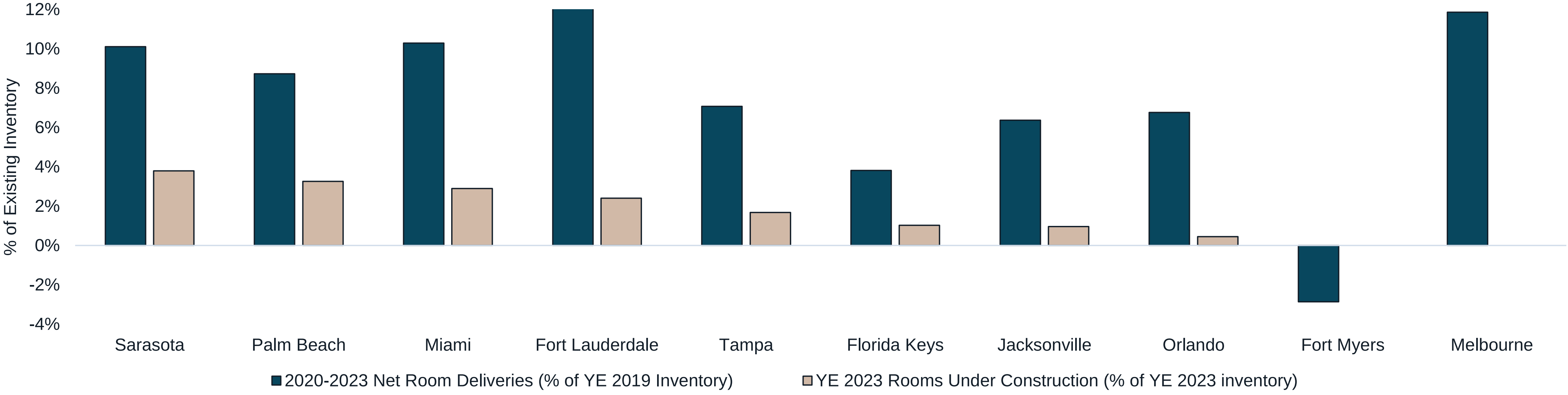


Source: CoStar/STR (Global Census and Pipeline Database)
Note: This chart shows net room inventory deliveries from 2020 to 2023 in each of the Top-10 Florida Lodging Markets. This figure accounts for new-build hotels, additions to existing hotels, and closures or conversions of existing hotels. This raw data is then contextualized by reflecting it as a percentage of total year-end 2019 room inventory to provide a sense of scale relative to each respective market's size. JLL follows STR's classifications for full-service and select-service hotels. Classifications for independent hotels have been determined based on JLL's own research.

Supply pipeline eases, remains focused on full-service products

- Construction of new hotels remains active in most Florida lodging markets, however, in each market the current construction pipeline implies fewer anticipated deliveries as compared to the net deliveries experienced from 2020-2023 (previous slide and included in the chart below for comparison). This stands to reason, as construction costs have risen dramatically since 2020.
- Sarasota, Miami, and Fort Lauderdale were in the top-four for supply deliveries from 2020 to 2023 and remain in the top-four for the current supply pipeline as presented below. Still, the pipeline as a percentage of total existing inventory is much less substantial, affording hotel owners and operators a greater degree of optimism when forecasting competitive pressures on future hotel performance.
- Notably, 58% of hotel rooms under construction in the Top-10 Florida Lodging Markets are full-service products, speaking to investor expectations for a continued shift towards higher-rated demand and clientele in these markets going forward.

Supply deliveries 2020-2023 versus YE 2023 supply under construction



Source: CoStar/STR (Global Census and Pipeline Database)
Note: This chart presents hotel rooms under construction in each of the Top-10 Florida Lodging Markets, reflected as a percentage of existing room inventory. We also include the net inventory change from 2020-2023 in each market for comparison, which effectively illustrates how supply pipelines have cooled down in the face of rising construction costs and supply chain disruption. JLL follows STR's classifications for full-service and select-service hotels. Classifications for independent hotels have been determined based on JLL's own research.

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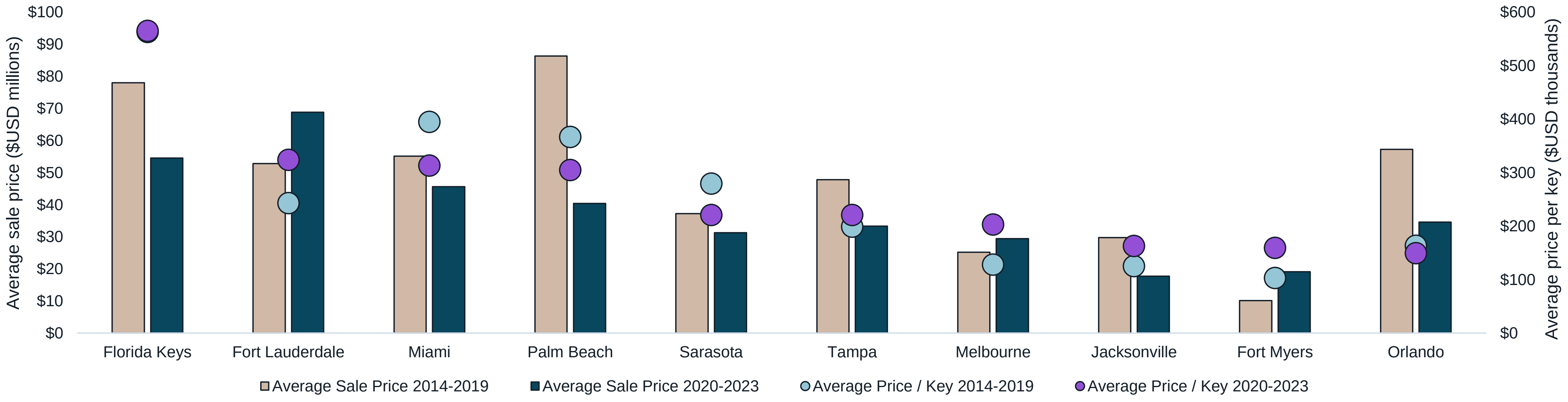
03

Florida hotel investment trends

Smaller deal sizes rule the post-pandemic transaction environment, but higher sales prices per key indicate investor conviction in quality and long-term performance

- The COVID pandemic and broad capital markets disruption that defined the transaction environment from 2020 to 2023 did not impact all of the Top-10 Florida Lodging Markets equally. Unique dynamics and outlier trades (for example, the $835m Diplomat Beach Resort trade in Fort Lauderdale in 2023 and the $182m Ritz-Carlton Sarasota trade in 2018) have oversized impacts on the markets they represent, however, in comparing transaction data for these ten markets, an interesting trend revealed itself:
  - While most markets experienced a decrease in average deal size post-pandemic, most also posted a notable increase in average price per key of transactions. This appears to indicate that while investors have avoided larger deals to avoid overexposure and minimize concentrating too much equity in any one asset/market, there has been an investor willingness to take the tradeoff posed by smaller deals: buying on a higher price per key basis. To us, this reflects a focus on diversification and flight to quality.

Average sale price and average price per key, 2014-2019 vs. 2020-2023

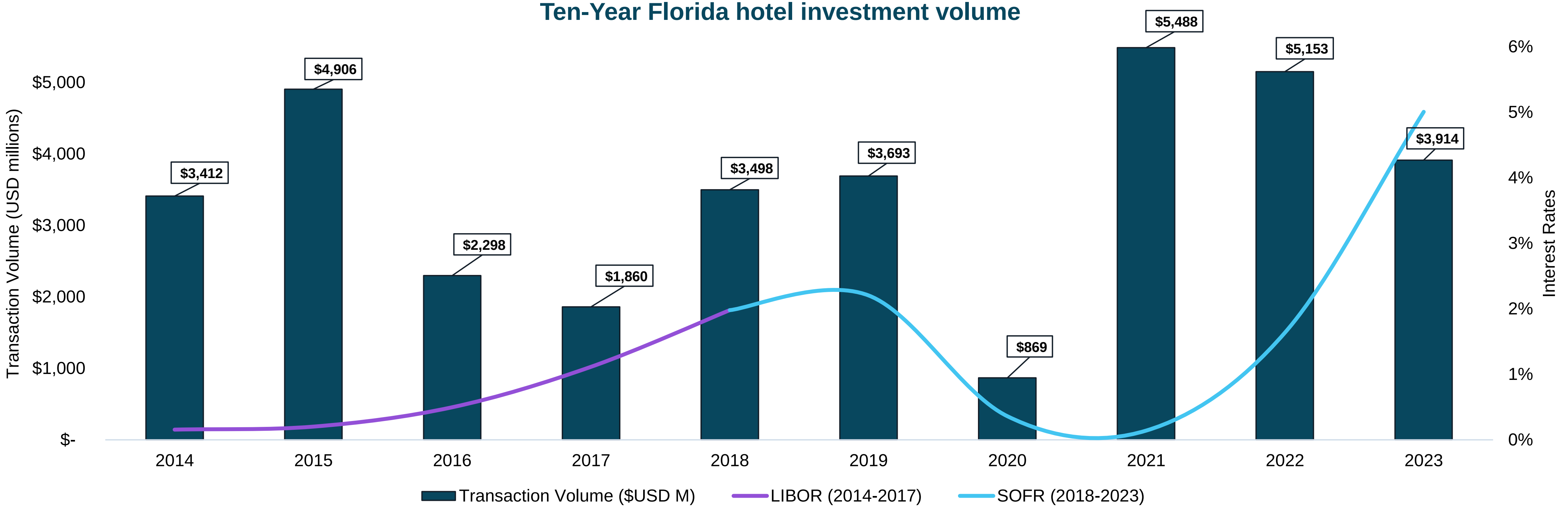


Source: JLL Research. Includes all single-asset and FL portfolio hotel transactions of $5M+ excluding casinos; excludes multi-state portfolio transactions.

Ten-year statewide hotel investment volume reflects the impact of capital markets disruption on the transaction environment in Florida

- While there is less apparent correlation between interest rates and transaction activity in the years 2014 through 2020, a marked negative correlation between the two becomes clear in the years 2021 through 2023, as interest rates rose at record-breaking speed to combat inflation.
- In 2023, a year in which interest rates rose to their highest levels since before the Great Financial Crisis, transaction volume is markedly lower year over year, a trend made even more apparent when noting that this figure includes the $835 million trade of the Diplomat Beach Resort, a deal that was set to close in 2022 but ultimately closed in Q1 2023. Adjusting for this single-asset trade, 2023 FL transaction volume would reflect just over half of 2022 volume.

Ten-Year Florida hotel investment volume



Source: JLL Research (transaction volume); Chatham Financial (interest rates)
Note: Includes all single-asset and FL portfolio hotel transactions of $5M+ excluding casinos; excludes multi-state portfolio transactions.

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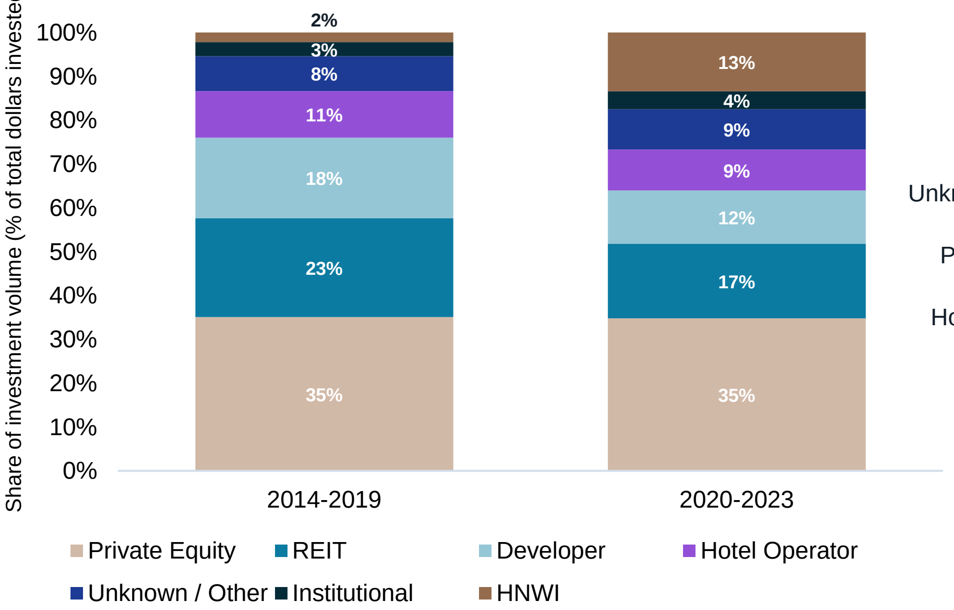
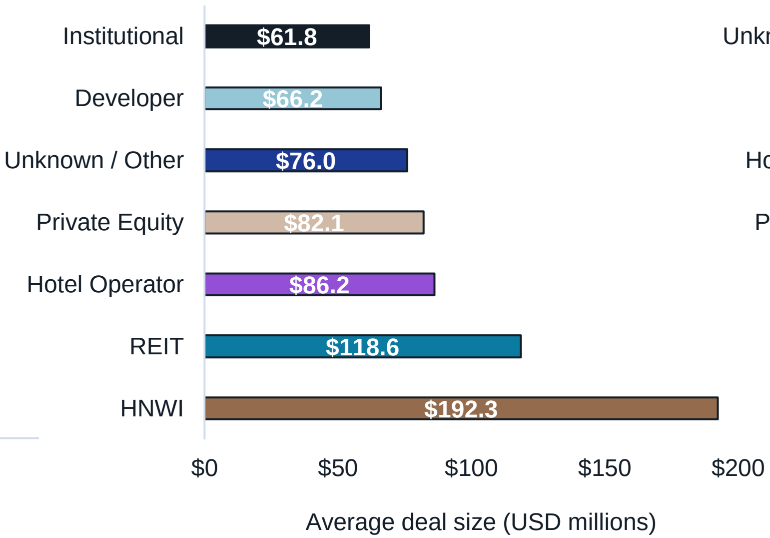
Private equity and REITs have been the most active buyer types for $25M+ Florida hotels over the past decade, but deal size preferences vary

- Private equity and REITs have been the most active buyer types entering or expanding holdings of significant Florida hotels (minimum deal size $25m) over the past decade. While deal characteristics have changed over time, Private equity has been consistently acquisitive in Florida, constituting 35% of total investment volume both pre- and post-2020. REITs, Developers, and Hotel Operators have each comprised a smaller share of investment volume post-2020, while HNWI buyers have become considerably more active, winning more (smaller) deals in part due to their ability to execute transactions with lower leverage and strong banking relationships.
- Unsurprisingly, REITs have consistently shown an appetite for larger deals over the decade; however, this is one of only two buyer types to post a larger average deal size post-2020 as compared to pre-2020. Institutional capital, while remaining a small portion of total investment volume in the state, has demonstrated a greater appetite for larger deals post-2020, though note this figure is inflated by the $835m acquisition of the Diplomat Beach Resort in early 2023.

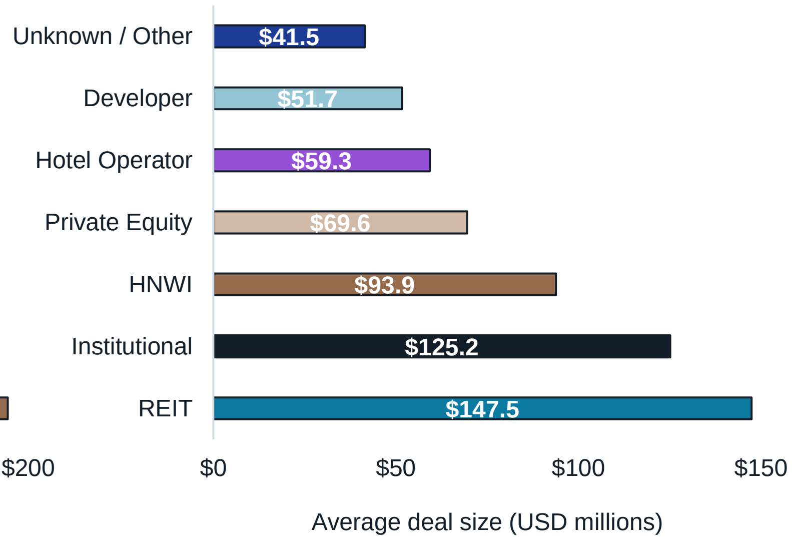
Share of investment volume by buyer type, 2014-2019 and 2020-2023



Average deal size by buyer type, 2014-2019



Average deal size by buyer type, 2020-2023



Source: JLL Research
Note: Includes all single-asset and FL portfolio hotel ***transactions of $25M+*** *excluding casinos; excludes multi-state portfolio transactions. Categories have been assigned to the buyer party which is the majority equity holder (not the sponsor) of each transaction, for those transactions where the buyer's ownership structure is clear. In other cases, JLL has categorized based on the buyer of record.*
The REIT category includes both public and private REITs, and the Institutional category consists of banks, pension funds, etc.

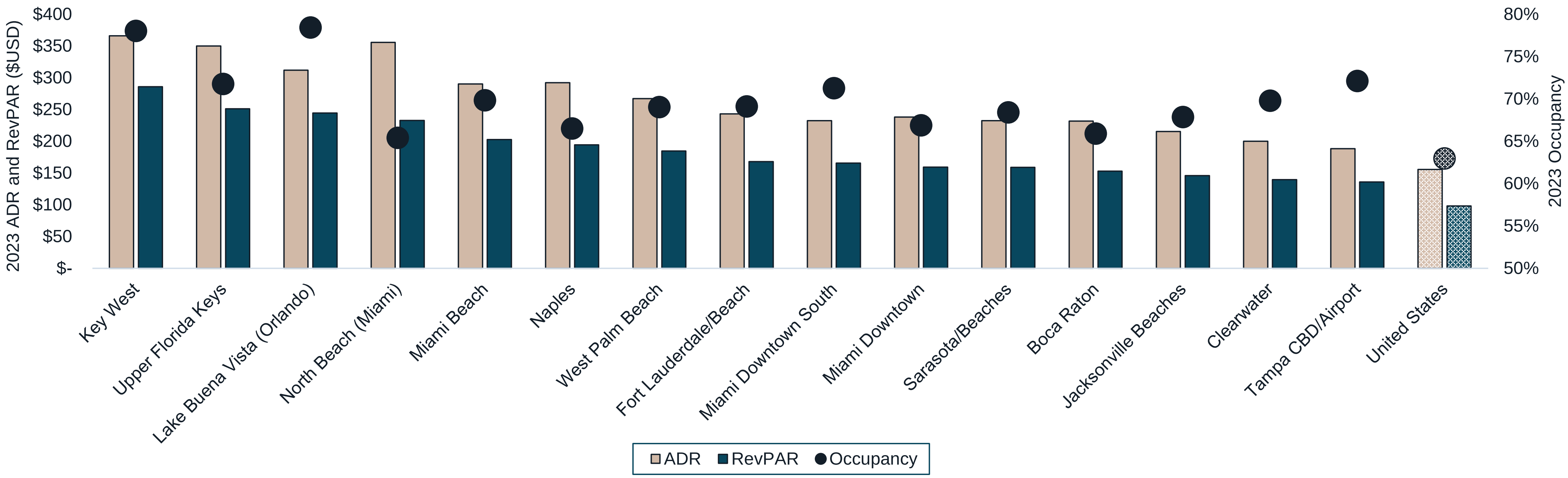
04

Top-15 Florida lodging submarkets

Top-15 Florida lodging submarkets outperform the rest of the United States

- ADR, Occupancy, and RevPAR in each of the Top-15 Florida Lodging Submarkets beat the U.S. averages in 2023.
- Perhaps unsurprisingly, each submarket in this report falls within one of the Top-10 Florida Lodging Markets (except for Naples, which is included under the broad "Florida Central" lodging market[1]).
- Note the Lake Buena Vista Submarket's leadership in occupancy among the Top-15 Florida Lodging Submarkets, and North Beach (Miami) emerging as a rate leader supported by the high density of luxury hotel products in the submarket.

Top-15 Florida lodging submarkets by RevPAR 2023



Source: CoStar/STR
Notes: The "Top-15 Florida Lodging Submarkets" are determined by 2023 full year RevPAR across all hotel classes and remain the same ten included in each analysis herein.
[1]Subsequent to the date of this analysis, CoStar/STR designated Naples as its own CoStar/STR Lodging Market. JLL's analysis is not reflective of that 2024 change.
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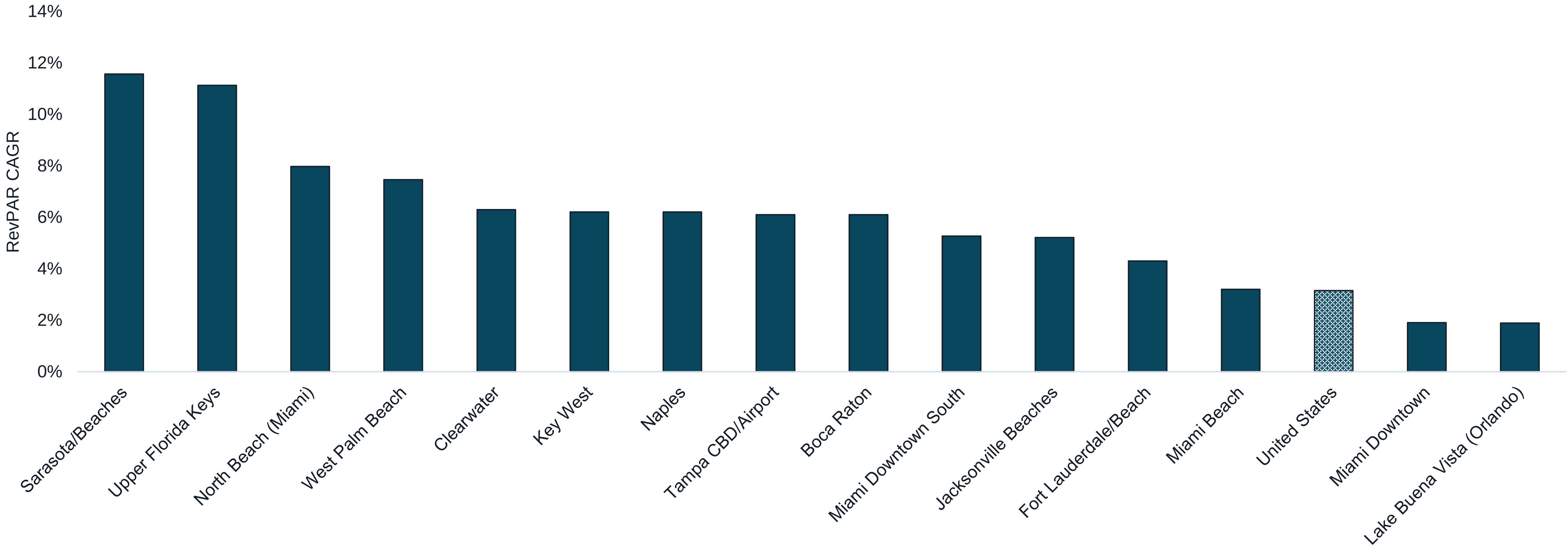
Top-15 Florida lodging submarkets outgrow the rest of the United States from 2019

- The Sarasota Beaches and Upper Florida Keys lodging submarkets (high-ADR resort destinations) have benefitted the most from post-pandemic lodging market dynamics, each posting over 11% annualized growth in RevPAR from 2019 to 2023. North Beach (Miami) has also seen major growth on account of the proliferation of luxury hotels & resorts in the submarket. Overall, 13 of the Top-15 Florida Lodging Submarkets experienced faster growth than the national average.

RevPAR growth from pre-pandemic norm (CAGR 2019-2023)



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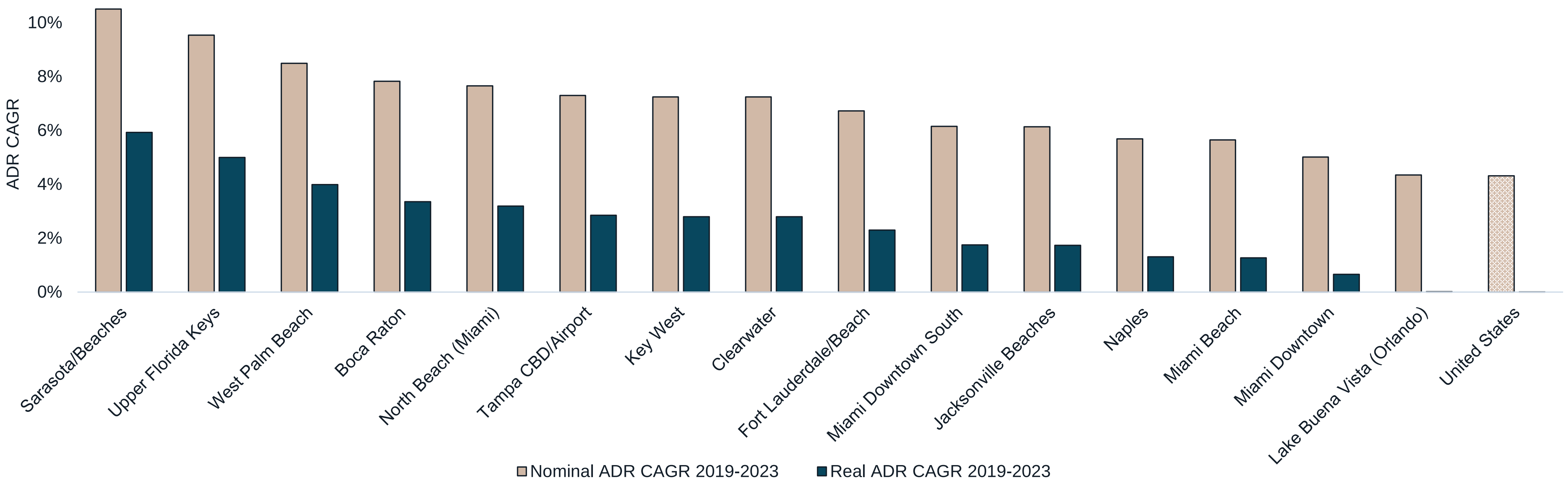
Florida lodging industry proves a superior hedge against inflation

- All of the Top-15 Florida Lodging Submarkets experienced ADR growth above and beyond U.S. inflation from 2019 to 2023, reinforcing that Florida hospitality investments remain a superior hedge against inflation as compared to other domestic submarkets and real estate asset classes.
- Interestingly, the U.S. national lodging market grew ADR *exactly dollar-for-dollar in line with U.S. inflation*, a perfect empirical illustration of the common understanding that hotels are a true inflationary hedge.

Inflation-adjusted ADR growth from pre-pandemic norm (CAGR 2019-2023)



Source: CoStar/STR, U.S. Bureau of Labor Statistics (CPI)
Notes: We indexed ADR for each of the Top-15 Florida Lodging Submarkets against the U.S. CPI and calculated the annualized "real" growth rates of ADR from 2019 to 2023. This chart presents both nominal annualized ADR growth and inflation-adjusted "real" annualized ADR growth.
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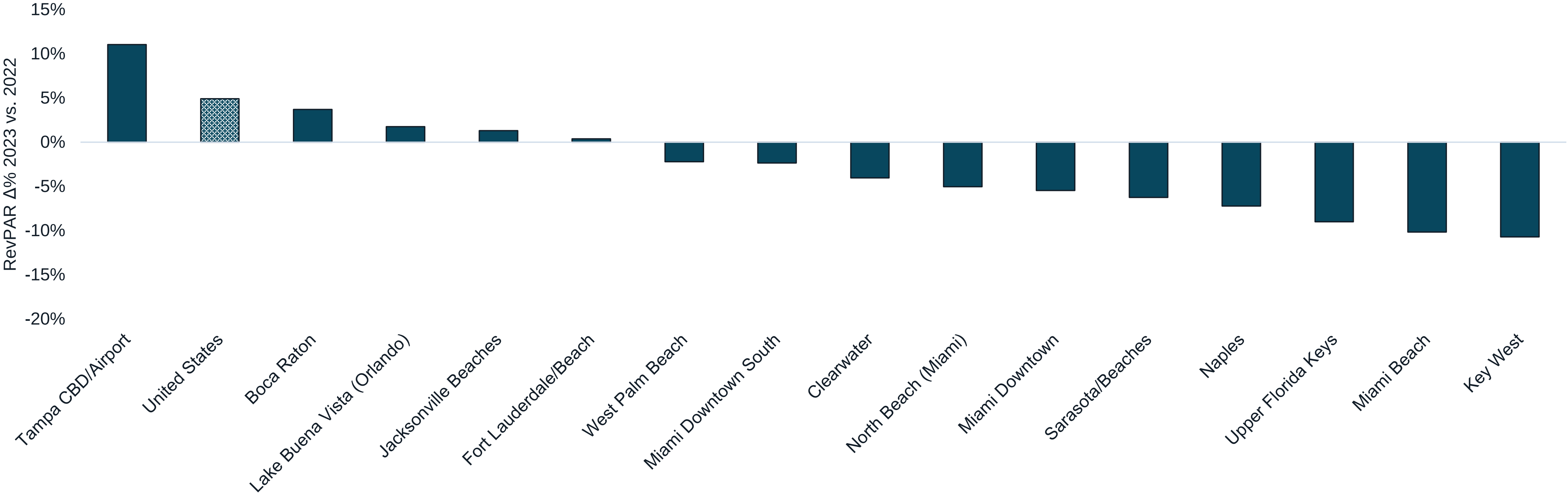
2023 was a recalibration from the post-pandemic peak in Florida

- Florida was one of the strongest beneficiaries of the return of tourism demand following the initial COVID shutdowns. 2022 was a record year in most of the Top-15 Florida Lodging Submarkets, and as demand afterwards returned to other domestic and international destinations, 2023 was a correction for most of these submarkets.
- Only five of the Top-15 Florida Lodging Submarkets experienced continued RevPAR growth from 2022, and just one outpaced the U.S. average. As demonstrated in earlier slides, however, 13 of the 15 submarkets still grew at a far greater rate than the national average since 2019, so this data primarily reflects the rest of the country "catching up" or returning to stabilization post-pandemic.

Recalibration from post-pandemic peak (2023 RevPAR vs. 2022)



Source: CoStar/STR
Notes: This chart shows the percent change year-over-year of full-year RevPAR from 2022 to 2023 for the Top-15 Florida Lodging Submarkets.
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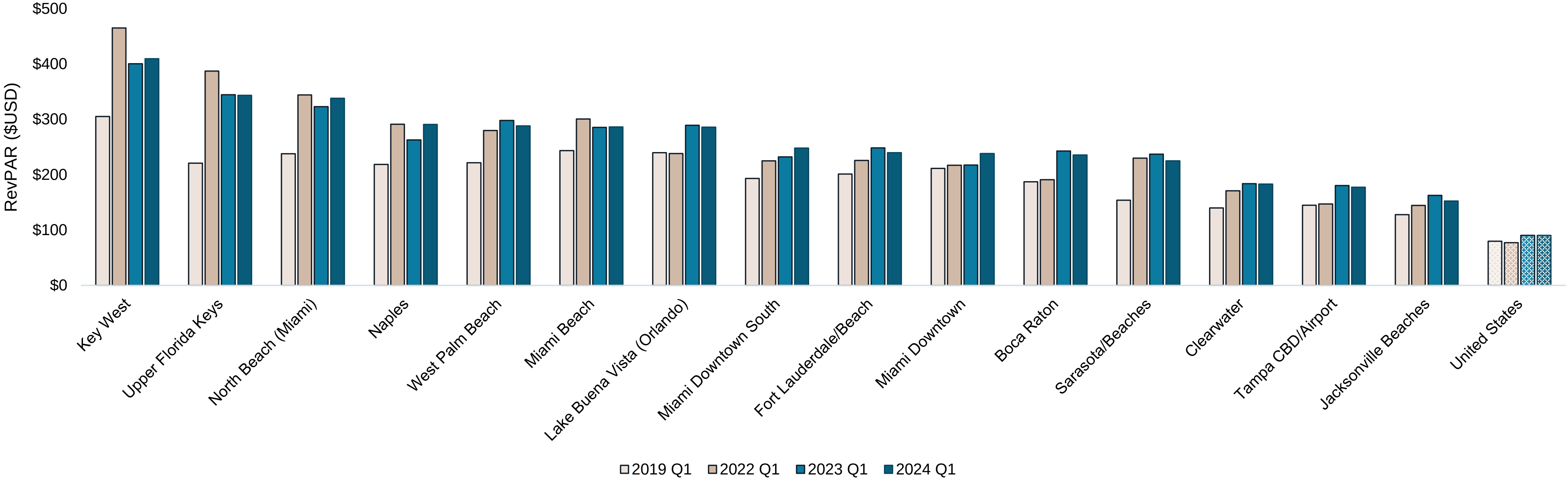
Q1 2024 lodging performance suggests a return to normal growth patterns

- Encouraging performance across the Top-15 Florida Lodging Submarkets in the first quarter of 2024 has provided hoteliers with optimism that the recalibration of lodging performance in Florida has reached its bottom, and that hotel performance is poised to return to a normal growth pattern in 2024.
- While Q1 2024 RevPAR performance is flat or slightly down year-over-year in many of the Top-15 submarkets, it is important to note that Q1 of 2023 remained very strong in the Top-15 Florida Lodging Submarkets, as the dynamics supporting the 2022 peak remained in effect. You will notice in the data presented below that Q1 of 2023 was in fact stronger than Q1 of 2022 in ten of the Top-15 Florida Lodging Submarkets. Thus, to see six of the top-15 markets post better RevPAR in Q1 2024 versus Q1 2023, and the remainder largely flat to 2023, is a welcome sign that sustainable RevPAR growth is poised to return in Florida.

Q1 RevPAR by year, Top-15 Florida Lodging Submarkets



Source: CoStar/STR

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Florida lodging submarkets sustain long-term RevPAR growth despite influx of supply

- Just one of the Top-15 Florida Lodging Submarkets (Clearwater) experienced positive net absorption of supply deliveries in the period 2014 to 2023, where demand growth outpaced supply growth. As one might expect from that dynamic, this submarket posted the best annualized RevPAR growth of all 15 submarkets for that period. The Tampa CBD, despite facing a reported negative net absorption dynamic in the lowest half of all submarkets, managed to post the second-best RevPAR growth on account of the shift towards better, higher-rated visitor demand and new luxury supply in the submarket (Edition & JW Marriott Tampa Water Street).
- Worth noting is that all 15 submarkets (including those in which supply deliveries outpaced demand growth) posted overall annualized growth in RevPAR over the period.

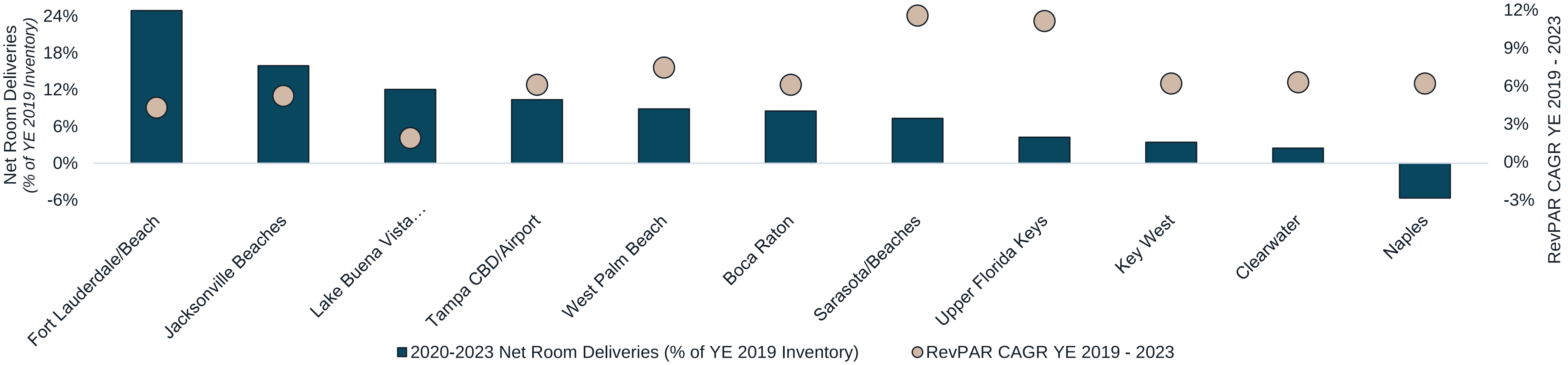
Market	Supply growth 2014-2023 *(thousands of room nights)*	Demand growth 2014-2023 *(thousands of room nights)*	2014-2023 net absorption *(Demand minus Supply)*	2014-2023 RevPAR CAGR
Clearwater	*460*	*510*	**50**	**6.5%**
Upper Florida Keys	*180*	*160*	**(20)**	**5.7%**
Lake Buena Vista (Orlando)	*720*	*680*	**(40)**	**4.5%**
Jacksonville Beaches	*620*	*530*	**(90)**	**5.5%**
Key West	*210*	*100*	**(110)**	**3.6%**
Naples	*110*	*-20*	**(130)**	**5.1%**
Sarasota/Beaches	*590*	*440*	**(150)**	**5.6%**
Boca Raton	*360*	*190*	**(170)**	**4.7%**
Miami Downtown South	*430*	*250*	**(180)**	**1.8%**
Tampa CBD/Airport	*960*	*740*	**(220)**	**6.4%**
North Beach (Miami)	*550*	*310*	**(240)**	**3.5%**
West Palm Beach	*720*	*350*	**(370)**	**5.6%**
Fort Lauderdale/Beach	*660*	*180*	**(480)**	**3.8%**
Miami Downtown	*1,470*	*690*	**(780)**	**1.7%**
Miami Beach	*980*	*150*	**(830)**	**1.9%**

Source: CoStar/STR (Global Census and Pipeline Database)

Post-COVID supply shift towards full-service product helps RevPAR growth defy substantial deliveries

- Fort Lauderdale/Beach, Jacksonville Beaches, Lake Buena Vista, and the Tampa CBD each experienced double-digit net room inventory growth since the onset of the COVID Pandemic, and all but one of the Top-15 Florida Lodging Submarkets experienced some level of growth in supply. Despite this, all 15 submarkets still posted annualized RevPAR growth over the period.
- A significant element helping to preserve RevPAR growth despite the substantial deliveries is that approximately 50% of supply deliveries from 2020 to 2023 in the Top-15 Florida Lodging Submarkets were full-service hotels. This shifted the full-service share of room product across the top submarkets from 39.1% of inventory in 2019 to 43.6% of inventory by the end of 2023. This significant swing reflects developers and investors anticipating the continued shift towards higher-rated demand and clientele booking hotel stays in these submarkets.

Net room deliveries and RevPAR CAGR, YE 2019 - 2023



Source: CoStar/STR (Global Census and Pipeline Database)
Note: This chart shows net room inventory deliveries from 2020 to 2023 in each of the Top-15 Florida Lodging Submarkets. This figure accounts for new-build hotels, additions to existing hotels, and closures or conversions of existing hotels. This raw data is then contextualized by reflecting it as a percentage of total year-end 2019 room inventory to provide a sense of scale relative to each respective submarket's size. JLL follows STR's classifications for full-service and select-service hotels. Classifications for independent hotels have been determined based on JLL's own research.*
**Miami CoStar/STR submarket delineations have changed dramatically between 2019 and 2023, and therefore have been excluded from this analysis.*

Supply pipeline eases, remains focused on full-service products

- Construction of new hotels remains active in most Florida lodging submarkets, however, in most submarkets the current construction pipeline implies fewer anticipated deliveries as compared to the net deliveries experienced from 2020-2023 (previous slide and included in the table below for comparison). This stands to reason, as construction costs have risen dramatically since 2020.
- With that said, the Naples, Miami Downtown, Fort Lauderdale Beaches, Sarasota Beaches, and Clearwater submarkets each have substantial rooms deliveries anticipated in the next one to two years. While these deliveries do reflect potential incoming competition for existing hotels in these submarkets, the very fact that new hotel development continues to be pursued reflects strong investor and developer conviction around submarket performance outweighing high costs of development.
- Notably, more than 80% of hotel rooms under construction in the Top-15 Florida Lodging Submarkets are full-service products, speaking to investor expectations for a continued shift towards higher-rated demand and clientele in these markets going forward.

Market	Rooms under construction *(% of Existing Inventory as of December 31, 2023)*	2020-2023 net room deliveries *(% of Existing Inventory as of December 31, 2019)*
Naples	**15.8%**	-5.7%
Miami Downtown	**12.2%**	(no data available)
Fort Lauderdale/Beach	**9.7%**	24.9%
Sarasota/Beaches	**7.9%**	7.3%
Clearwater	**5.6%**	2.5%
Boca Raton	**3.8%**	8.5%
Jacksonville Beaches	**3.3%**	15.9%
West Palm Beach	**3.3%**	8.9%
Tampa CBD/Airport	**3.2%**	10.4%
Miami Beach	**3.1%**	(no data available)
Upper Florida Keys	**2.6%**	4.2%
Lake Buena Vista (Orlando)	**1.7%**	12.1%
North Beach (Miami)	**0.0%**	(no data available)
Key West	**0.0%**	3.4%
Miami Downtown South	**0.0%**	(no data available)

Source: CoStar/STR (Global Census and Pipeline Database)
Note: This table presents hotel rooms under construction in each of the Top-15 Florida Lodging Submarkets, reflected as a percentage of existing room inventory. We also include the net inventory change from 2020-2023 in each submarket for comparison, which effectively illustrates how supply pipelines have cooled down in the face of rising construction costs and supply chain disruption. JLL follows STR's classifications for full-service and select-service hotels. Classifications for independent hotels have been determined based on JLL's own research.*
**Miami CoStar/STR submarket delineations have changed dramatically between 2019 and 2023, and therefore do not have representative data for net room deliveries 2020-2023.*

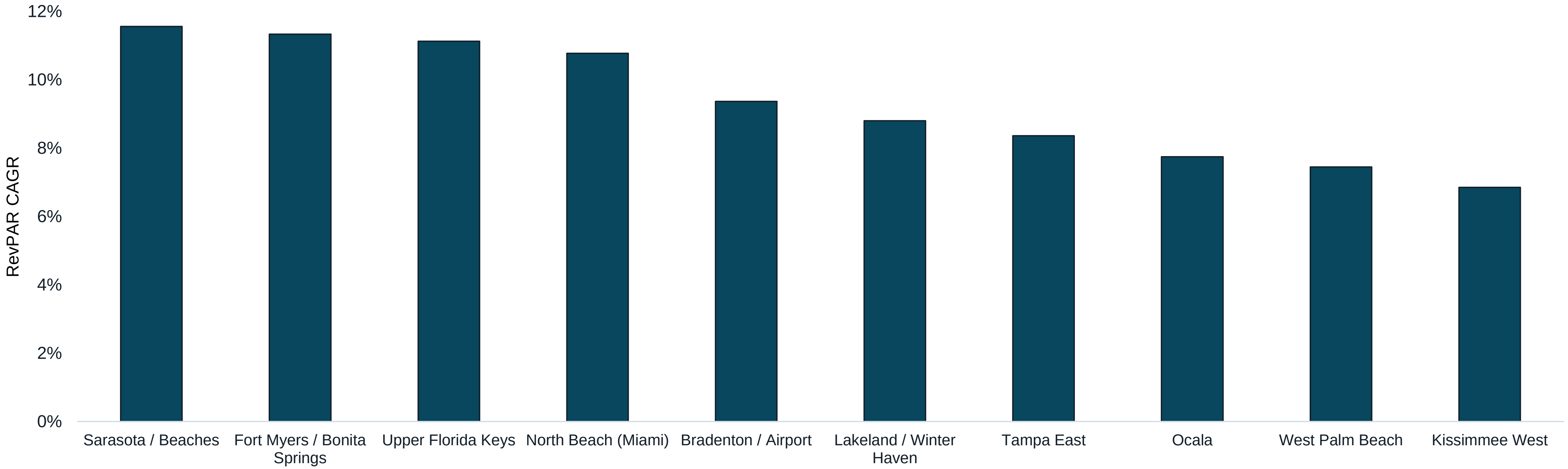
Florida lodging growth submarkets to watch

05

Post-COVID RevPAR growth strongest in resort and beach submarkets

- The Florida lodging submarkets which benefitted the most from post-COVID lodging market dynamics include some of the better-known submarkets in the state. Among these growth submarkets are some of the highest-rated resort destinations in Florida, including the Sarasota Beaches, Upper Florida Keys, North Beach Miami, and West Palm Beach.
- The ten submarkets presented below experienced the greatest degree of RevPAR growth from year-end 2019 to 2023 (among the 54 total Florida lodging submarkets), and you will note that most of these have a coastal geography and a higher concentration of high-rated beachfront and resort product in their inventory.

RevPAR growth from pre-pandemic norm (CAGR 2019-2023)



Source: CoStar/STR

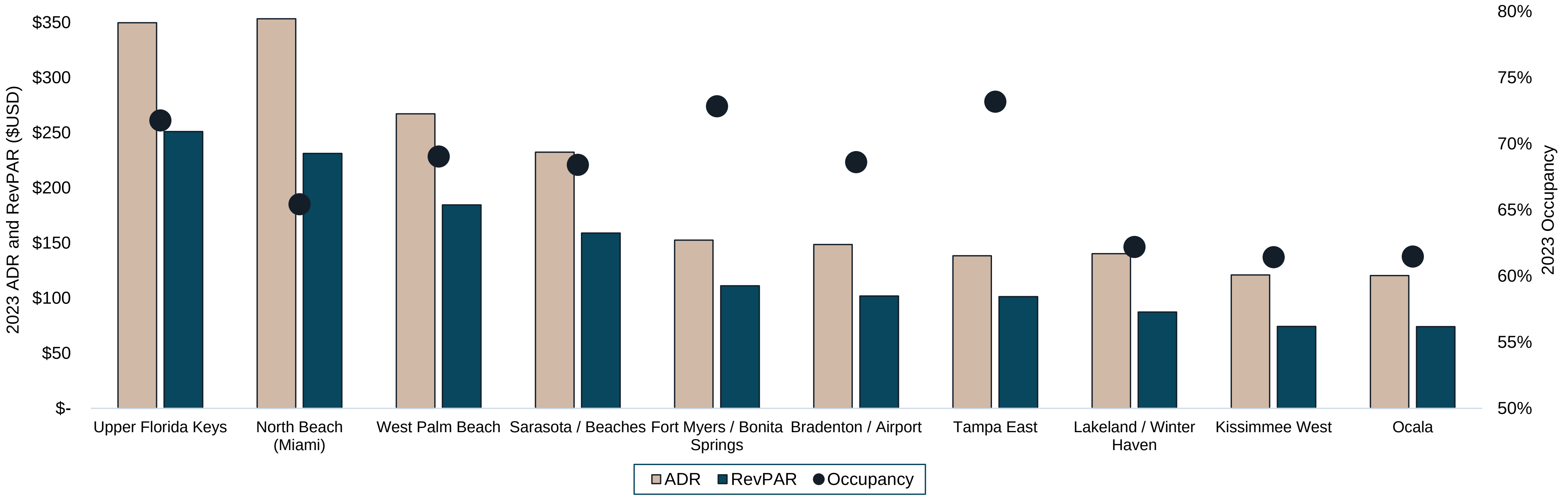
Notes: RevPAR growth is determined based on full year RevPAR across all hotel classes, and these top-ten growth submarkets of the years 2019-2023 remain the same ten included in the two slides immediately following.

In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.

Most post-COVID growth submarkets propelled by ADR growth

- The four highest-RevPAR submarkets among these top growers are all beachfront and resort-oriented destinations, owing their growth in the Post-COVID landscape in large part to substantial growth in ADR over the period, supported by a major contribution from pent-up high-rated demand.
- With that said, there remains a significant degree of variation in RevPAR makeup between these ten submarkets: in 2023, occupancy ranged from the low 60s to the mid 70s, and ADR ranged from the low $100s to over $350. Despite that variation, an interesting trend from the wider ten-year analysis persists in the post-COVID years: recent RevPAR growth in Florida has generally been the greatest outside of dense urban cores.

Top-10 Florida lodging post-COVID growth submarkets by RevPAR 2023



Source: CoStar/STR
Notes: ***In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.***

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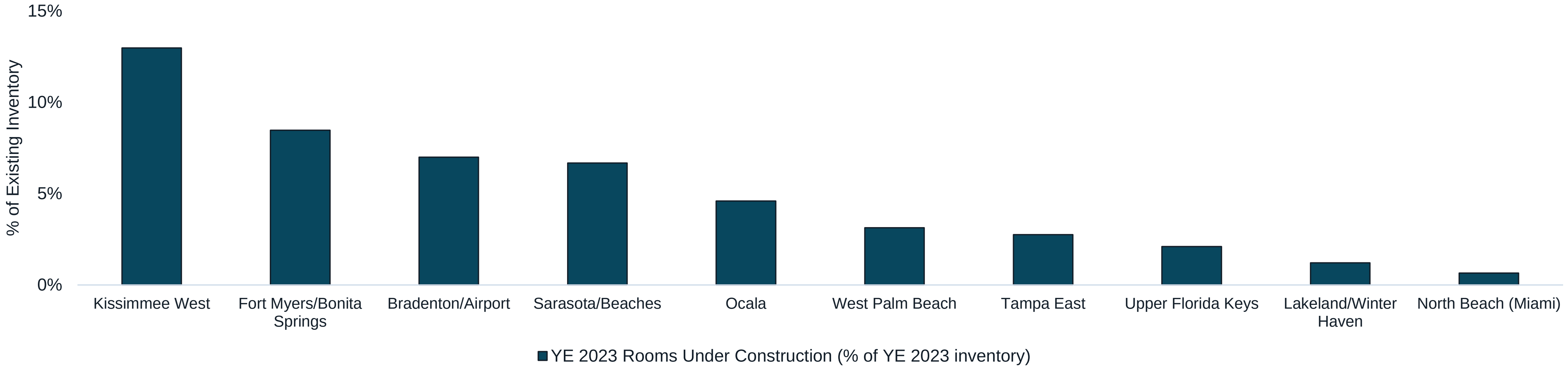
Hotel development quickly following strong performance in most post-COVID growth submarkets

- The significant growth in performance in these Florida lodging submarkets has not gone unnoticed, as hotel development is underway at a far greater rate in many of these submarkets than the broader state of Florida and the U.S.
- While construction costs have risen dramatically in the United States and globally since the COVID pandemic, developers and investors maintain enough conviction in the continued growth of these submarkets to continue pursuing hotel development. While each submarket merits a closer look at its own unique dynamics to better understand it, the few submarkets shown below to have limited active construction underway may be better protected to continue with strong growth in performance.
- Note, the substantial development figure for the Fort Myers / Bonita Springs submarket is influenced by the loss of a large portion of room inventory from Hurricane Ian in late 2022.

YE 2023 supply under construction in the top-10 Florida lodging ten-year growth submarkets



Source: CoStar/STR
Notes: ***In order to maintain confidentiality per JLL's engagement with CoStar/STR, exact performance figures may not be explicitly disclosed in this report, and as such, data labels are excluded from all charts.***

06

Conclusion and Key Takeaways

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Conclusion and key takeaways

Having taken the dive into the Florida lodging and investment trends of the past decade, we emerge with a fresh, balanced, and data-driven perspective on where we've been and where we're headed. Most importantly, we emerge ***excited for the future of the Florida lodging and investment industry.***

01 **Florida hotels not only track with inflation, they beat inflation – exposure to Florida hospitality remains a superior hedge:**

- Eight of the Top-10 Florida Lodging Markets (and all of the Top-15 Submarkets) experienced ADR growth above and beyond U.S. inflation from 2019 to 2023, reinforcing that exposure to Florida hospitality remains a superior hedge against inflation for investment cash flow as compared to that from other markets and real estate asset classes, even in times of elevated rates of inflation.

02 **Florida hotels find a way to preserve revenue growth despite substantial supply deliveries:**

- Every single top market and submarket, nearly all of which watched supply growth outpace demand growth from 2014-2023, were able to post overall annualized growth in RevPAR over the period. This demonstrates the top Florida lodging markets' unique abilities to preserve RevPAR through ADR growth when occupancy growth is more challenging, providing some comfort and security when assessing forward-looking supply pipelines.

03 **Full-service hotels dominate the recent deliveries and forward pipeline in Florida's top markets, anticipating higher-rated demand:**

- 35% of 2020-2023 supply deliveries in the Top-10 FL Lodging Markets (50% in the Top-15 Submarkets), and 60% of all hotel rooms currently under construction in the Top-10 Markets (80% in the Top-15 Submarkets) are within full-service hotels. This speaks to investor expectations for a continued shift towards higher-rated demand and clientele in these markets going forward.

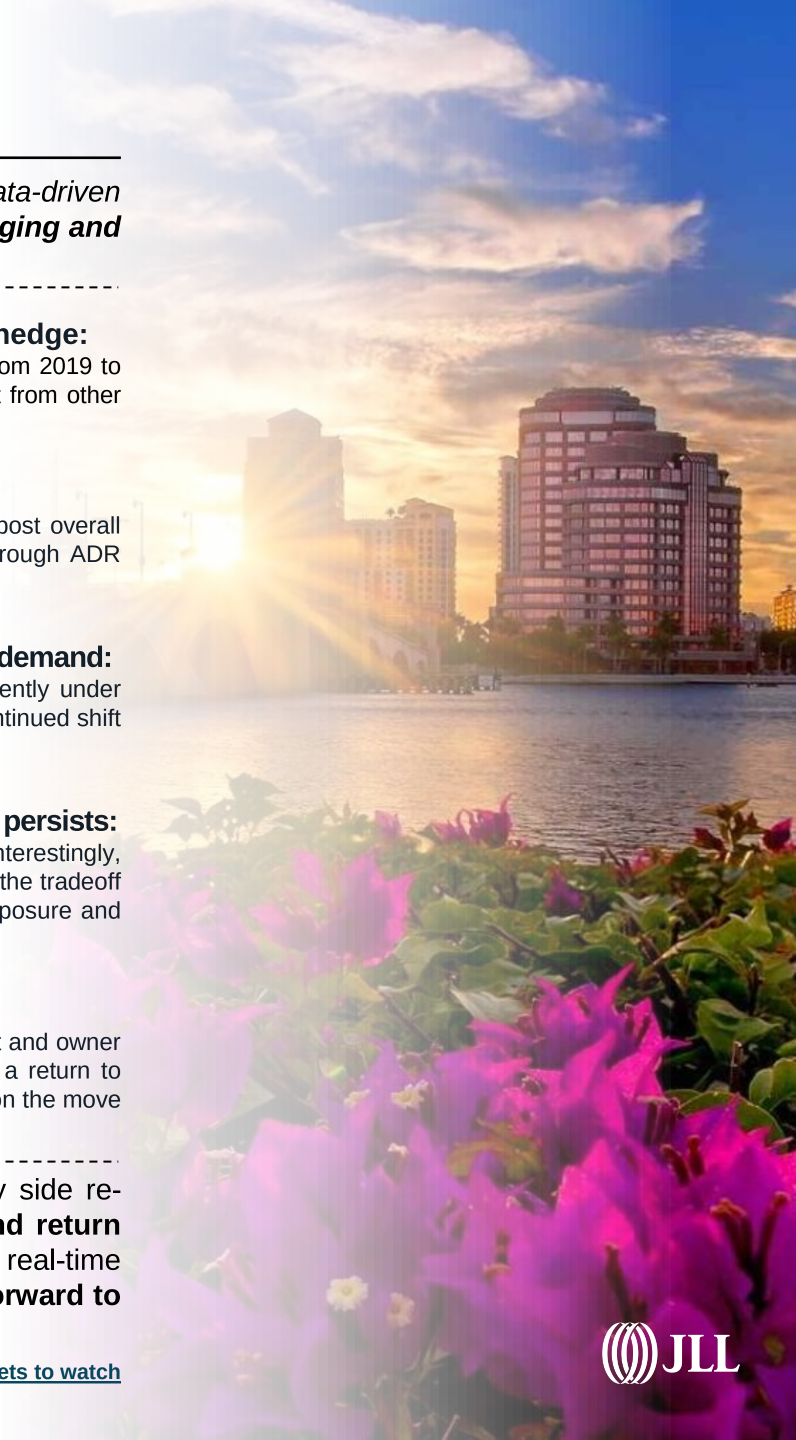
04 **Smaller deals, but higher sale prices per-key – smaller equity checks preferred but conviction in performance and quality persists:**

- Florida experienced a substantial decrease in average hotel transaction size (number of keys and total transaction value) from 2020 to 2023. Interestingly, the state conversely posted a higher average price per key in the post-COVID years. This appears to illustrate an investor willingness to accept the tradeoff posed by smaller hotel deals: buying on a higher price per key basis. That willingness underscores that, while investors are avoiding overexposure and large equity checks at present, strong conviction remains in the quality and long-term value of individual Florida lodging assets.

05 **Capital markets disruption chills liquidity, but harmony (and transaction volume) are poised to return:**

- A marked decrease in liquidity from 2020 to 2023, particularly for larger assets, indicates a greater-than-normal disparity between buyer interest and owner willingness and desire to exit. To the positive: recent conversations with investors, expectations for no more rate hikes, and indications of a return to stabilized RevPAR growth in 2024 give us optimism that harmony will return to the investment market and significant amounts of capital will be on the move in the near-term.

Now, for our greatest takeaway (and relief): Comparing and contrasting the highest-performing Florida lodging markets side by side re-confirmed to us that **there are lodging markets in Florida where every investor type – across strategies, risk profiles, and return requirements – can find comfort and success with the right approach.** If interested in learning more about our research, our real-time capital markets intelligence, or our experienced team of hotel investment professionals, our contact information follows. **We look forward to hearing from you!**



Navigate: Introduction | Top-10 markets | Investment trends | Top-15 submarkets | Growth submarkets to watch

About the Author

Jesse Pohl – Analyst, Investment Sales – Hotels & Hospitality Group

Tel: +1 914 648 0768
Email: jesse.pohl@jll.com

Current Responsibilities

Jesse Pohl is an Investment Sales Analyst within JLL's Hotels & Hospitality Group based in Miami. His responsibilities include underwriting Brokers' Opinions of Value, preparing offering materials, investor outreach, financial modeling, financial due diligence, market research and ad-hoc analyses.

Experience

Before transitioning to the Hotel Investment Sales team at JLL, Jesse was a member of the firm's strategic advisory team in a third-party asset management role. His primary responsibilities included overseeing financials, forecasts, revenue strategies, capital investments, and renovations for eight US hotels to maximize value for ownership. Prior to joining JLL, Jesse was the Real Estate Portfolio Manager for Ranger Power, a utility scale solar development firm based in Chicago and backed by D.E. Shaw Renewable Investments, where he was responsible for administering and optimizing the company's portfolio of site control agreements governing 80,000+ acres of prime agricultural greenfield land across the United States.

Education and Affiliations

Jesse Pohl graduated Magna Cum Laude from the Cornell University School of Hotel Administration, where he received a Bachelor of Science degree in Hotel and Restaurant Administration and a minor degree in Real Estate. Jesse was the Director of Alumni Affairs for the Collegiate Chapter of the Cornell Hotel Society and currently serves as President of the Cornell Hotel Society's South Florida Chapter. Jesse is also a proud Eagle Scout, hailing from Hastings-on-Hudson, New York.

Contact us

Kevin Davis
Americas CEO
+1 212.812.5727
k.davis@jll.com

Christopher Exler
Senior Director - Miami
+1 305.922.4874
christopher.exler@jll.com

Andrew Dickey
Managing Director - Miami
+1 305.905.3022
andrew.dickey@jll.com

Maciej Polek
Senior Director - Miami
+1 347.556.6415
maciej.polek@jll.com

Derek Hayden
Vice President - Tampa
+1 407.687.4959
derek.hayden@jll.com

Jesse Pohl
Analyst - Miami
+1 914.648.0768
jesse.pohl@jll.com

Zach Demuth
Global Head of Hotels Research
+1 786.493.6688
zachariah.demuth@jll.com

Ophelia Makis
Sr. Hotels Research Analyst
+1 312.228.3471
ophelia.makis@jll.com

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