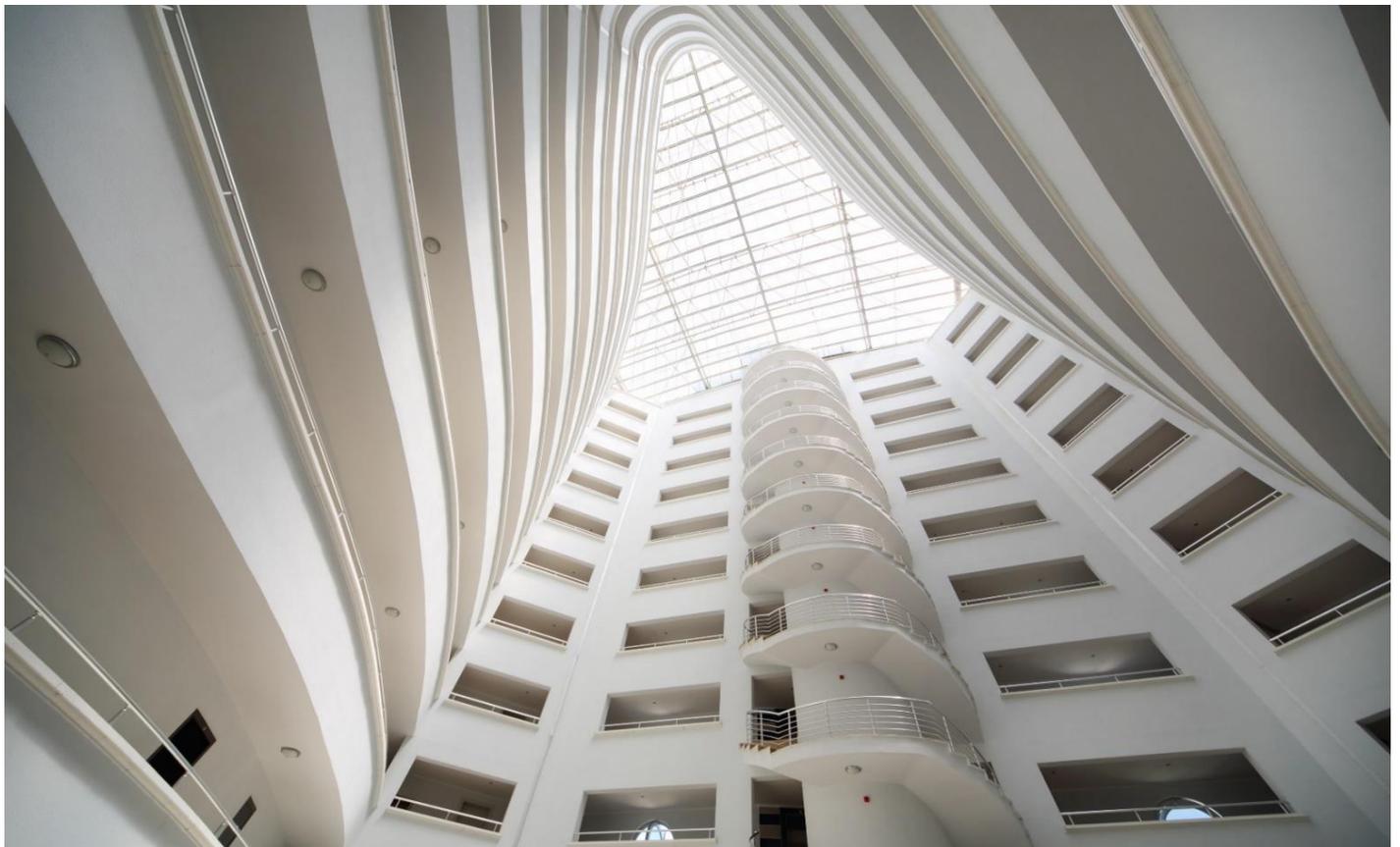# Hotel Horizons®

Florida Keys

Custom Forecast

Economic Summary

During the pandemic the Florida Keys saw a significant increase in spring break travelers, mainly from within the U.S., taking advantage of the area's lasting popularity. As pandemic restrictions eased, leisure demand surged, with families and students flocking to the Keys for their vacations.

Improved economic conditions in the U.S. boosted consumer confidence and discretionary spending, leading to more leisure travel to the Florida Keys. As the economy stabilized, households felt more secure in spending on vacations, enhancing the market's performance.

While still below pre-pandemic levels, both international and domestic visits to the Florida Keys showed modest improvements in Q1 2024. The outlook for the Florida Keys hotel market remains cautiously optimistic. However, recovery may vary across different submarkets and hotel segments. Continuous monitoring of key performance indicators and demand drivers will be essential for hoteliers and industry stakeholders to adapt their strategies effectively in the evolving hospitality landscape.

Lodging Market Summary

In 2023, hotels in the market of Florida Keys finished the year with a RevPAR loss of 10.1%. This was the result of a minor decline in occupancy of 0.2% and a 10.0% fall off in average daily room rates (ADR). The 10.1% decline in market RevPAR was less than the national growth rate of 4.8%.

By year-end 2024, hotels in the Florida Keys lodging market are forecast to see a RevPAR decrease of 1.0%. This is the result of an estimated decline in occupancy of 1.9% and a 0.9% gain in ADR. The 1.0% decline in market RevPAR is less than the national projection of a 2.0% increase.

Looking towards 2025, market RevPAR is expected to grow 3.1%, reversing the downward trend of 2024. The Florida Keys market occupancy levels are expected to range from 73.6% to 74.2% during the 5-year forecast period.

The forecast is based on hotel data through June 2024 and economic data as of July 2024.

Market Snapshot: Current Year

The arrows indicate the forecast direction of change over the current year vs. the previous year.

Occupancy

Occupancy will decrease to 73.7%, a decline over the past year's rate of 75.2%.

Average Daily Rate

ADR growth expectations are increasing, positive 0.9% vs. the past year's rate of negative 10.0%

Revenue Per Available Room

RevPAR change projections for this year are improving, -1.0% as compared to the past year's rate of -10.1%

Supply

Supply change projections for this year are declining -0.2%, which is an improvement over last year's rate of -1.0%

Demand

Demand change projections for this year are falling to negative 2.1% as compared to the past year's rate of negative 1.1%

Source: CBRE Hotels Research, CoStar, Q2 2024

Forecast Summary

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2019	74.5%	-1.6%	$261.70	4.5%	$194.93	2.8%
2020	57.7%	-22.5%	$267.16	2.1%	$154.15	-20.9%
2021	78.0%	35.2%	$364.59	36.5%	$284.43	84.5%
2022	75.3%	-3.5%	$398.65	9.3%	$300.14	5.5%
2023	75.2%	-0.2%	$358.95	-10.0%	$269.77	-10.1%
2024F	73.7%	-1.9%	$362.28	0.9%	$267.12	-1.0%
2025F	74.2%	0.6%	$371.16	2.5%	$275.39	3.1%
2026F	74.0%	-0.3%	$378.69	2.0%	$280.13	1.7%
2027F	73.8%	-0.3%	$386.45	2.0%	$285.05	1.8%
2028F	73.6%	-0.2%	$394.98	2.2%	$290.88	2.0%

Source: CBRE Hotels Research, CoStar, Q2 2024

Long Run Averages - 2001 to 2023

Occupancy: 71.9%   Δ ADR: 4.5%   Δ RevPAR: 5.9%

Exhibit 1*: Performance Grade vs. Long Run Average

● Occupancy   ● ADR Change   ● RevPAR Change
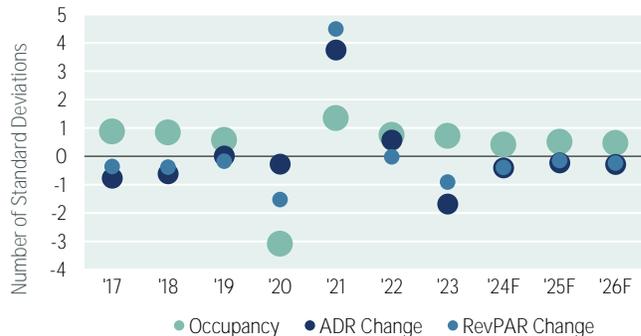
Source: CBRE Hotels Research, CoStar, Q2 2024

*See exhibit descriptions on Page 4

Monroe County, FL Economic Summary

Below are a select number of variables that drive the CBRE Hotels econometric forecasts contained in this report. Income and employment are important barometers of economic health and are used in every *Hotel Horizons* ® forecast model. The lodging market is part of the larger economy, and the forces that affect us nationally also affect lodging, but in different magnitudes and time periods (see Exhibits 4 and 5 below). Exhibits 2 - 6 provide an overview of current economic history and forecast, and provide explanation of what to expect in the future, and how that affects the lodging industry.
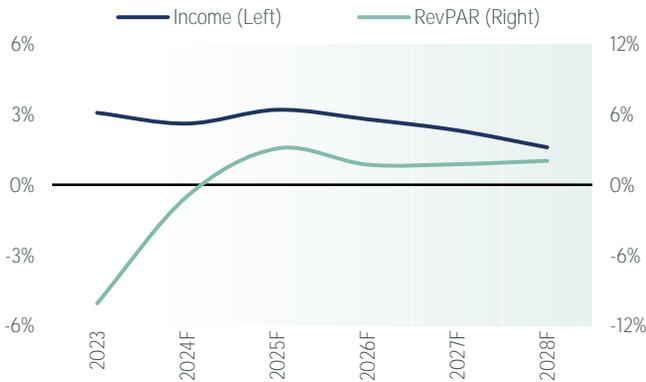
Exhibit 2*: Annual Income Change
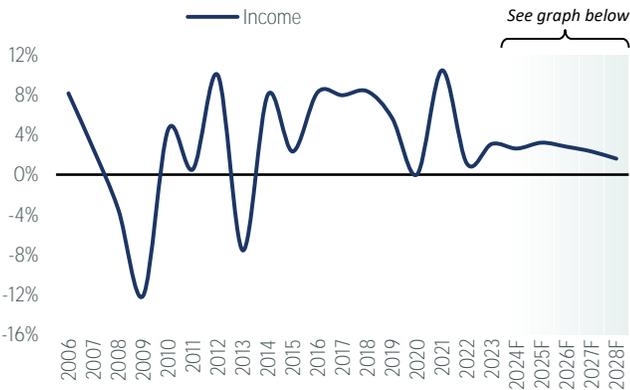
Source: Oxford Economics, Q2 2024
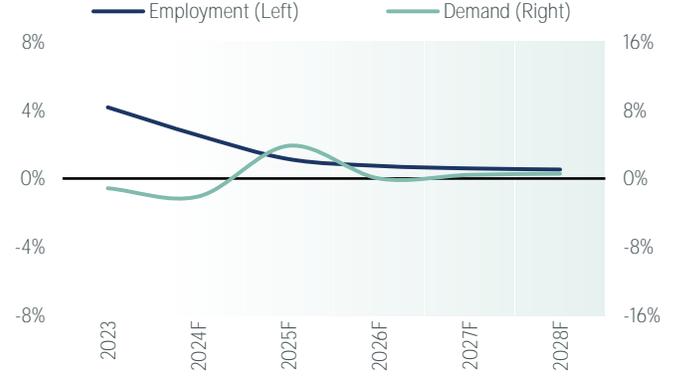
Exhibit 3*: Annual Employment Change

Source: Oxford Economics, Q2 2024

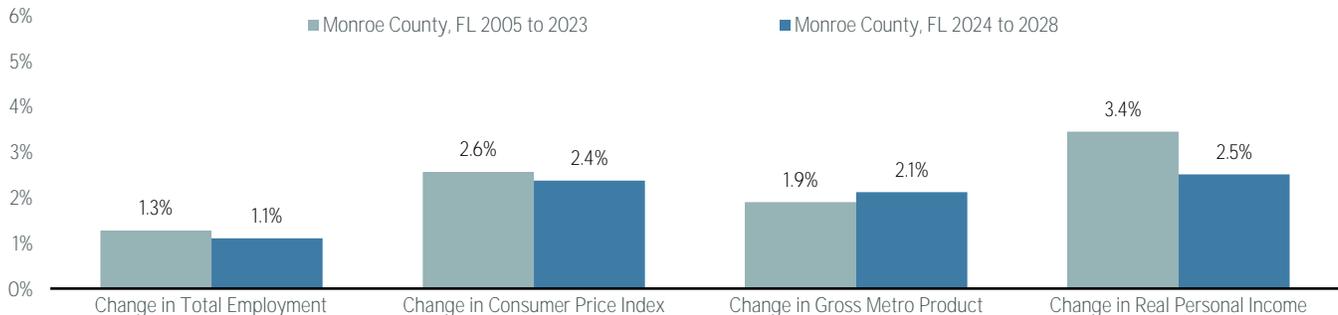### Exhibit 4*: Annual Income vs. RevPAR Change

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

Exhibit 5*: Annual Employment vs. Demand Change

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

Exhibit 6*: Average Annual Growth Rates

Source: Oxford Economics, Q2 2024

*See exhibit descriptions on Page 4

Florida Keys Market Summary

The graphs on the left illustrate the annual magnitude of change in performance during the historical and forecasted period 2019 to 2028. Used as a relative benchmark, each market segment is plotted against a common index value of 2019 = 100. This method provides clear insight of how the subject market is expected to perform relative to the U.S. lodging market in the specified period. The charts on the right compare near-term historical compound annual growth rates (CAGR) to the CAGRs for the forecast period.

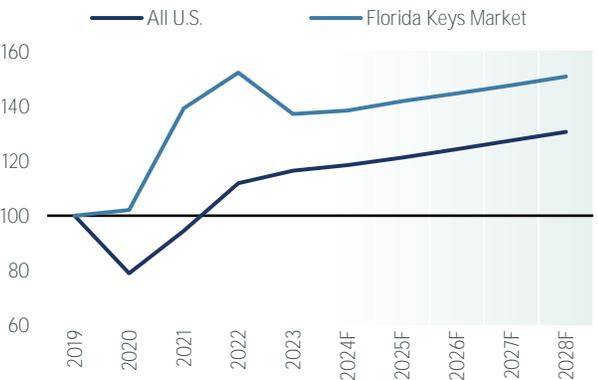### Exhibit 7*: Occupancy Change
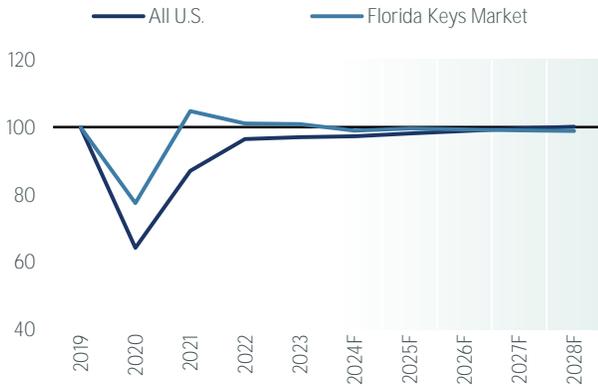
Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

*See exhibit descriptions on Page 4

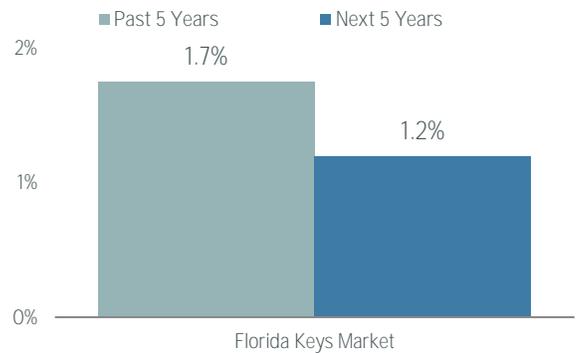### Exhibit 10*: Compound Average Annual Supply Change
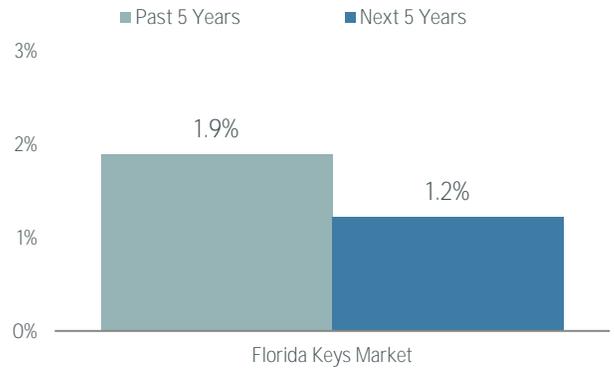
1.9% 1.2%

Florida Keys Market

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

*See exhibit descriptions on Page 4

Exhibit 8*: ADR Change

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

*See exhibit descriptions on Page 4

Exhibit 11*: Compound Average Annual Demand Change

1.7% 1.2%

Florida Keys Market

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

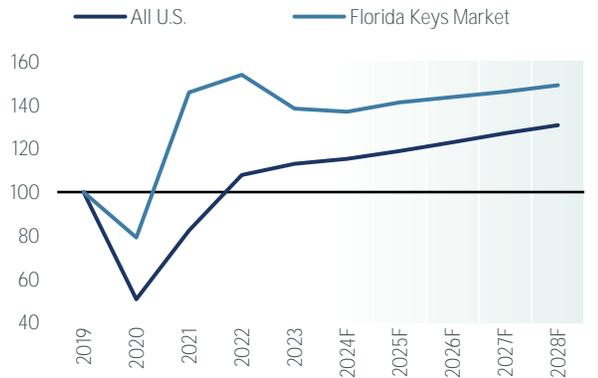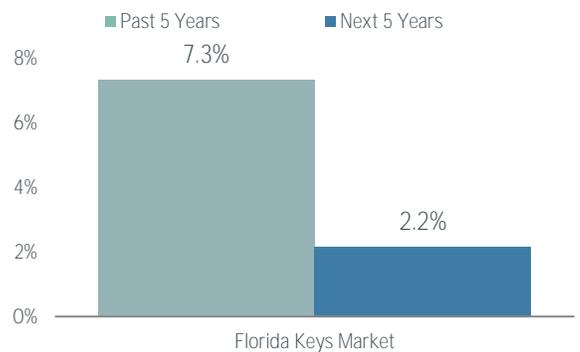*See exhibit descriptions on Page 4

Exhibit 9*: RevPAR Change

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

*See exhibit descriptions on Page 4

Exhibit 12*: Compound Average Annual RevPAR Change

7.3% 2.2%

Florida Keys Market

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q 2024

*See exhibit descriptions on Page 4

Annual Forecast

Florida Keys Market Summary

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2019	Annual	74.5%	-1.6%	$261.70	4.5%	$194.93	2.8%	9.6%	7.9%
2020	Annual	57.7%	-22.5%	$267.16	2.1%	$154.15	-20.9%	-10.5%	-30.7%
2021	Annual	78.0%	35.2%	$364.59	36.5%	$284.43	84.5%	12.9%	52.7%
2022	Annual	75.3%	-3.5%	$398.65	9.3%	$300.14	5.5%	0.0%	-3.5%
2023	Annual	75.2%	-0.2%	$358.95	-10.0%	$269.77	-10.1%	-1.0%	-1.1%
2024F	Annual	73.7%	-1.9%	$362.28	0.9%	$267.12	-1.0%	-0.2%	-2.1%
2025F	Annual	74.2%	0.6%	$371.16	2.5%	$275.39	3.1%	3.2%	3.8%
2026F	Annual	74.0%	-0.3%	$378.69	2.0%	$280.13	1.7%	0.3%	0.0%
2027F	Annual	73.8%	-0.3%	$386.45	2.0%	$285.05	1.8%	0.7%	0.4%
2028F	Annual	73.6%	-0.2%	$394.98	2.2%	$290.88	2.0%	0.7%	0.6%

Source: CBRE Hotels Research, Oxford Economics, CoStar, Q2 2024

Monroe County, FL Economic Forecast

Year	Period	Total Employment (1,000s)	% Change	Consumer Price Index ('84=100)	% Change	Gross Metro Product ($ millions) (year=2000)	% Change	Real Personal Income ($ millions) (year=2005)	% Change
2019	Annual	42.5	4.0%	255.7	1.8%	1,302.0	5.4%	1,866	5.7%
2020	Annual	38.6	-9.2%	258.8	1.2%	1,241.8	-4.6%	1,867	0.0%
2021	Annual	41.1	6.6%	271.0	4.7%	1,392.6	12.1%	2,062	10.5%
2022	Annual	44.4	7.9%	292.6	8.0%	1,478.5	6.2%	2,085	1.1%
2023	Annual	46.2	4.2%	304.7	4.1%	1,530.2	3.5%	2,149	3.1%
2024F	Annual	47.4	2.5%	314.5	3.2%	1,573.7	2.8%	2,205	2.6%
2025F	Annual	47.9	1.1%	322.0	2.4%	1,606.2	2.1%	2,275	3.2%
2026F	Annual	48.3	0.7%	328.8	2.1%	1,639.1	2.0%	2,339	2.8%
2027F	Annual	48.6	0.6%	335.6	2.1%	1,670.8	1.9%	2,393	2.3%
2028F	Annual	48.8	0.5%	342.6	2.1%	1,699.4	1.7%	2,431	1.6%

Source: Oxford Economics Q2 2024

Note on Market and MSA Names: CoStar and Oxford Economics occasionally differ in their monikers for corresponding geographic areas. In this case, CoStar refers to the subject area as Florida Keys, while Oxford refers to it as Monroe County, FL. Economic forecast data in this report carries the Monroe County, FL title, while lodging forecasts using CoStar data are labeled Florida Keys.

Exhibit Descriptions

Exhibit 1	Occupancy levels, ADR change and RevPAR change are plotted on a fixed "grade" scale. Measured as current value minus the mean, divided by the series' standard deviation. Grades: A: Very strong, greater than one standard deviation above long run average. B: Strong, within one standard deviation above long run average C: Somewhat weak, within one standard deviation below long run average. D: Weak, below one standard deviation of the long run average.
Exhibits 2 - 5	Year over year change in Income, Employment, RevPAR and Demand.
Exhibit 6	Average annual Employment, Comsumer Price Index, Gross Domestic Product, and Real Personal Income change for the MSA.
Exhibits 7-9	Index based change charts with base year 2019 = 100. These exhibits illustrate the magnitude of change.
Exhibits 10-12	Compound average annual RevPAR, Demand and Supply change.

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