

HVS Market Pulse: Baltimore Ascending

December 20, 2018 / By Rod Clough, MAI



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	High 60s	Mid \$140s	9,500+ rooms	1,000
BWI	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

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



Sagamore Pendry

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.

Summary

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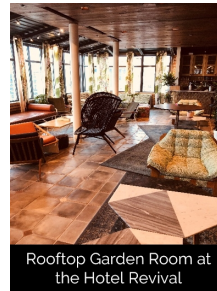


Guestroom at The Ivy and Entry Hall at the Hotel Monaco

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**



Rod Clough is the President of HVS Americas. He is responsible for the overall direction, management, and ongoing success of 40+ offices across North and Latin America. Under his leadership, HVS Americas conducts over 3,500 valuation and consulting engagements annually. During his 30-year tenure, Rod has been instrumental in leading the growth of the firm; this includes significantly expanding the number of offices across the United States, as well as launching multiple divisions, including U.S. Hotel Appraisals, HVS Latin America, HVS Brokerage & Advisory, and HVS Asset Management & Advisory.

A frequent speaker at the nation’s largest hotel conferences, Rod is a designated member of the Appraisal Institute (MAI) and a state-certified appraiser. He earned his BS from Cornell University’s School of Hotel Administration and also holds a Colorado real estate broker’s license. Furthermore, Rod is proudly Latino and gay, and his firm is welcoming of all races and colors, sexual orientations, ages, genders, and gender identities. Once associates join HVS, they tend to stay due to the extraordinary culture Rod has inspired—a culture defined by the ideals of balance, connectivity, efficiency, collaboration, honesty, integrity, kindness, and excellence, among others. Rod resides in Northern Colorado where he and his husband Jeff are raising their daughter, Rory. Contact Rod at (214) 629-1136 or [\[email protected\]](#).