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New England closes Q2 2023 with 114 projects and 12,673 rooms in its hotel construction pipeline - by JP Ford

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As seen in the Q2 2023 U.S. Hotel Construction Pipeline Trend Report from Lodging Econometrics (LE), the total New England hotel construction pipeline at the end of the second quarter stands at 114 projects/12,673 rooms. New construction project counts in the region are up 2% by projects and down less than 1% by rooms year-over-year (YOY), compared to 2022's second quarter totals of 112 projects/12,741 rooms. Massachusetts leads the region with the most hotel projects in the pipeline at Q2, with 47 projects/5,560 rooms, accounting for 41% of new construction projects in New England's total pipeline. Connecticut follows Massachusetts, with 25 projects/2,895 rooms, then Maine with 17 projects/1,429 rooms, New Hampshire with 12 projects/1,397 rooms, Vermont with nine projects/926 rooms, and, finally, Rhode Island with four projects/4,472 rooms. (Chart 1)

At the end of Q2 2023, New England had 25 projects/2,511 rooms under construction, 34 projects/3,849 rooms scheduled to start construction in the next 12 months, and another 55 projects/6,313 rooms in early planning. Not surprisingly, Massachusetts leads in two of the three stages of the pipeline and accounts for 24% of the projects under construction, 32% of the projects scheduled to start in the next 12 months, and 55% of the projects in early planning for the region.

Throughout New England there were a total of five hotels, accounting for 508 rooms, that opened in the first two quarters of 2023. Three of these new openings were in New Hampshire; one new hotel opened in Connecticut; and one new hotel opened in Vermont. LE analysts forecast 15 projects, accounting for 1,263 rooms, to open across the New England region in 2023, and another 12 projects, accounting for 993 rooms, are expected to open in 2024. LE's newest forecast for 2025 indicates that New England will open another 14 projects/1,701 rooms in 2025.

Hotel renovation and conversion activity YOY is up in New England at the end of Q2 2023, with 78 hotels/8,905 rooms reported to be in the renovation or conversion pipeline. Massachusetts has 25 hotels/3,309 rooms, Connecticut follows with 21 hotels/2,615 rooms, then New Hampshire with 12 hotels/1,212 rooms under renovation or conversion. Maine has 10 hotels/574 rooms under renovation or conversion at the Q2 close, Rhode Island follows with five hotels/862 rooms, then Vermont with five hotels/333 rooms. (Chart 2)

Franchise companies, in the New England states, with the largest project counts in the construction pipeline, at Q2 2023, are Marriott International, Hilton, and IHG Hotels & Resorts. These three companies account for 51% of the total projects in the region's construction pipeline at the end of 2023's second quarter.

The leading brands in New England for each of these franchise companies are Marriott's AC Hotel brand, IHG's Holiday Inn Express brand, and Home2 Suites by Hilton.

In 2023, there have been a reported 15 hotels/1,645 rooms sold in New England with an average selling price per room (ASPR) of \$163,632. Massachusetts had the highest number of hotels sales,

with seven hotels selling for an ASPR of \$162,945.

The Nine Zero Hotel, affiliated with Kimpton Hotel, topped the charts for the highest ASPR of any hotel sold in New England as of Q2 2023, selling for an ASPR of \$434,737. In April, Newport Beach Hotel & Suites in Middleton, R.I. sold for the second highest ASPR in New England at \$255,612. Following Newport Beach Hotel & Suites is the Victoria Inn in Hampton, N.H. which sold in April for an ASPR of \$250,000.

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Lodging Econometrics is the leading provider of global hotel development intelligence, decision-maker contacts, and unparalleled customer service. Combining 40+ years of lodging industry experience, a real-time pulse on market trends, and extensive knowledge of key decision-makers, LE delivers actionable business development programs for hotel franchise companies looking to accelerate their brand growth, hotel ownership and management companies seeking to expand their portfolios, and lodging vendors/suppliers looking to increase their sales.

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JP leads all the strategic sales initiatives globally for Lodging Econometrics. He is an industry-leading trusted advisor to franchise companies looking to identify branding opportunities; ownership and management groups looking to add real estate assets and management contracts to their portfolios; lodging industry vendors seeking to increase product distribution and Wall Street analysts interested in evaluating hotel development, hotel sales transaction trends, and assessing investment potential in hotel companies and markets. He is also knowledgeable about tourism trends and the impact of macroeconomic trends on the lodging industry.

JP chairs the committee responsible for gathering nominations and selecting the finalists for the Americas Lodging Investment Summit (ALIS) "Development of the Year" awards, which recognizes the most outstanding achievement in hotel construction and design in the country. JP is also a committee member of the Caribbean Hotel and Resort Investment Summit (CHRIS), which selects the "Development of the Year Award" in the Caribbean. JP is also a speaker at various hotel industry events and conferences and regularly contributes to several lodging real estate publications.

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