

An aerial photograph of a tropical resort. In the center, there is a long, narrow swimming pool with a wooden deck. To the left of the pool, there are several lounge chairs with white umbrellas. To the right, there is a large, thatched-roof building. The resort is surrounded by palm trees and a white sandy beach. The ocean is visible on the left side of the image. The overall scene is bright and sunny, suggesting a warm climate.

LIPG

LEISURE INVESTMENT
PROPERTIES GROUP

**BOUTIQUE
HOSPITALITY
INVESTMENT
REPORT**

2025



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VISION

To be the preeminent leader in business-driven leisure investment real estate and advisory services.

MISSION

To help our clients create and preserve wealth. We deliver exceptional transactional expertise, superior market knowledge, and the industry's most powerful marketing platform at a personal level, treating each client's best interests as our own.

GUARANTEE

Our clients will have the clarity, knowledge, and power to make sound business decisions that will maximize their investment strategies and achieve their vision for the future.

A TRUSTED VISION FOR THE FUTURE OF GOLF

Leisure Investment Properties Group (LIPG) was founded in 2009. Formerly known as the National Golf & Resort Properties Group, LIPG has become the recognized industry leader in brokerage and advisory services exclusively to the Leisure Investment Industry which includes golf courses, marinas, master-planned communities, RV Communities, resorts, and other leisure properties. Since its

inception, LIPG has sold more than 200 properties by utilizing its extensive database of prospective buyers, powerful platform, and proactive marketing techniques. The management team has more than 270 years of combined experience brokering golf courses, marinas, master-planned communities, and other commercial real estate assets.

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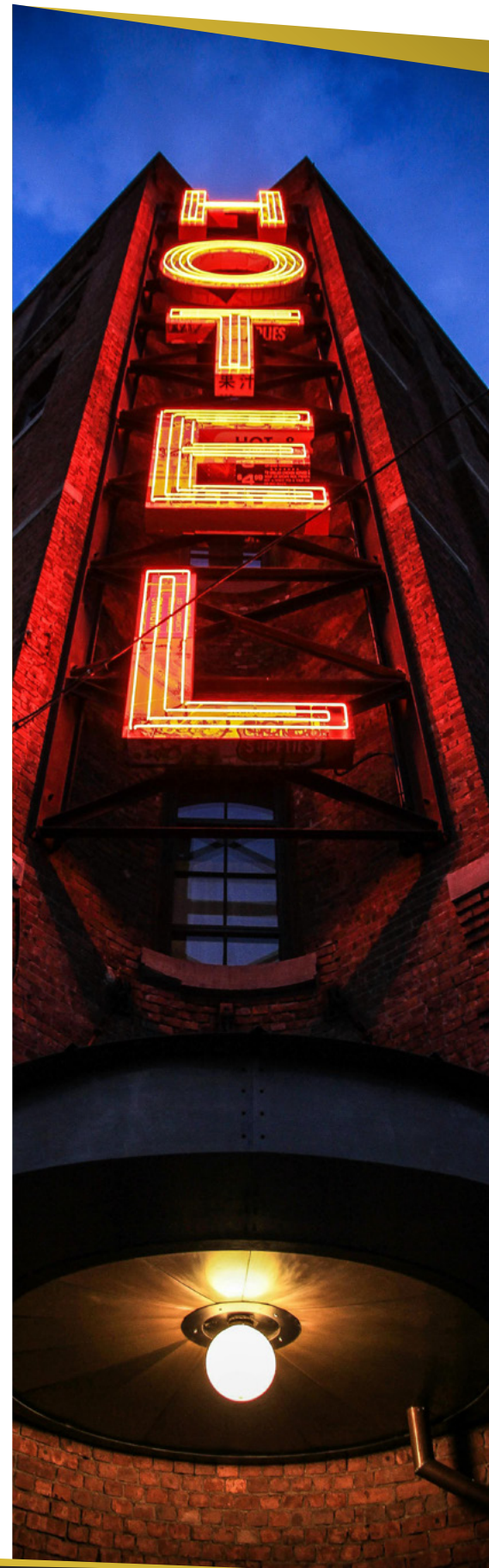
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EXECUTIVE SUMMARY

The boutique hotel sector is experiencing significant growth, outperforming traditional hotels in key performance metrics such as Revenue Per Available Room (RevPAR) and Average Daily Rate (ADR). Recent reports indicate that boutique hotels, particularly in the upper and luxury segments, generate higher revenues and profit margins than their conventional counterparts. This strong financial performance is attributed to the rising demand for unique, locally inspired accommodations that cater to millennial and Gen Z travelers. As a result, investors are increasingly drawn to the boutique hotel market, recognizing its potential for long-term profitability.

Market trends further reinforce the appeal of boutique hotels as an investment. According to industry projections, the boutique hotel sector is expected to grow by \$11.36 billion between 2024 and 2029, with a compound annual growth rate (CAGR) of 7.1%. These hotels achieve higher occupancy rates and pricing power, benefiting from their ability to offer distinctive guest experiences. Reports highlight that independent and soft-brand boutique hotels maintain strong operating margins, making them attractive assets for investors looking for stable income streams with value-add opportunities.

Beyond strong financial returns, boutique hotels present an adaptable and inflation-resistant investment class. Wealthy investors and family offices are increasingly entering the hospitality space, recognizing hotels as resilient assets in a recovering travel market. With travelers seeking personalized, experiential stays, boutique hotels continue to outperform traditional lodging options, offering investors a compelling opportunity to capitalize on this growing segment.



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A Look Back At 2024 And A Peek Into 2025

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OUTLOOK

The U.S. hospitality industry continues to evolve in response to shifting traveler preferences, economic conditions, and technological advancements. While overall travel rates are stabilizing, economic pressures—including rising operating costs—remain a challenge. However, rapid innovation and a growing demand for unique, experience-driven travel are fueling new opportunities.

Today's travelers are prioritizing authenticity, personalization, and immersive stays over traditional accommodations. This has led to a surge in boutique hotel investments, where smaller, design-focused properties offer distinctive experiences tailored to niche markets. Additionally, major upcoming events such as the 2026 FIFA World Cup and the 2028 Olympic Games are expected to boost tourism, driving demand for both traditional hotels and boutique accommodations.



2026
FIFA WORLD CUP
UNITED STATES | CANADA | MÉXICO

At the same time, macroeconomic conditions, including interest rate adjustments and regulatory developments, will shape investment strategies. While larger hospitality assets may face headwinds, more specialized and adaptable properties—such as boutique hotels—are well-positioned for growth.



TRANSACTION VOLUME

Analyzing long-term transaction trends provides valuable insights into market momentum. From 2016 to 2019, U.S. hotel transaction volumes ranged between \$24.5 billion and \$34.2 billion, only to plummet to \$8.1 billion in 2020 due to the COVID-19 pandemic (Source: CoStar). The market rebounded strongly in 2021, reaching \$39.6 billion, and peaked at \$42.5 billion in 2022, nearing the previous high of \$45.7 billion in 2015 (Source: CoStar).

However, 2023 saw a decline to \$23.6 billion, largely due to elevated interest rates (Source: CoStar). Hotel transaction volume in Q3 2024 remained relatively flat, though projections indicate a slight increase by year-end compared to 2023.

2025 PROJECTIONS

Looking ahead, lower interest rates are expected to stimulate hotel acquisitions, as borrowing becomes more affordable. The Secured Overnight Financing Rate (SOFR) is forecasted to fall to 3% between 2025 and 2027, creating favorable conditions for investment (Source: Federal Reserve). With expectations of additional rate cuts,

investor confidence is likely to grow, leading to an acceleration in transaction volume. Boutique hotels, in particular, are poised to benefit from this shift, given their ability to attract premium pricing and maintain strong occupancy levels.

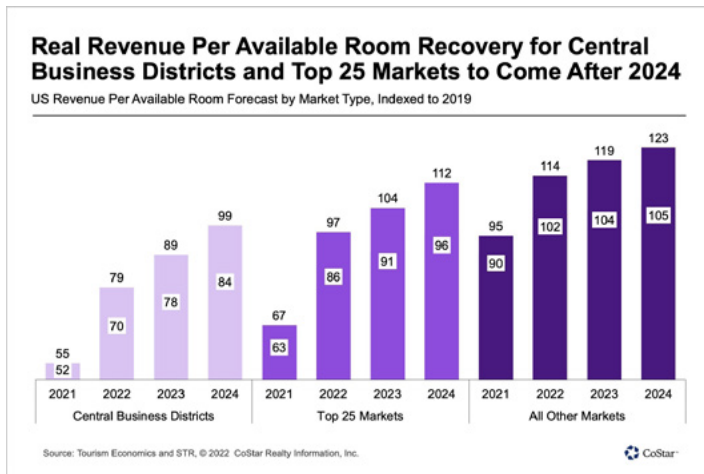
PERFORMANCE METRICS

“It’s important to consider the industry’s past and projected performance from a host of vantage points: Occupancy, ADR, and RevPAR.”

OCCUPANCY

Occupancy rates have shown resilience, approaching pre-pandemic levels. The projected 63.38% occupancy rate for 2025 is just 2.42 percentage points below the 2019 peak (65.80%) and reflects a solid recovery from the historic 2020 low of 43.89% (Source: STR).

Although 2025’s forecasted occupancy represents only a slight increase from 2023 (62.97%) and 2024 (63.01%), the overall trend remains positive. As travel demand continues to stabilize, sustained occupancy growth will be driven by leisure tourism, business travel, and high-profile events (Source: STR).



LUXURY BOUTIQUE EXPERIENCE

Boutique hotels have emerged as a dominant force in hospitality, offering a compelling alternative to standard hotel brands. These properties provide a unique, high-end experience, often distinguished by:

- Personalized service and curated guest experiences.
- Exclusive locations that attract travelers seeking immersive stays.
- Distinctive design and architecture that reflect local culture.
- Freedom from franchise constraints, allowing for flexible pricing and operational models.

Boutique hotels consistently outperform traditional hotel assets in terms of occupancy, ADR, and RevPAR, particularly in leisure destinations (Source: CoStar). Because they have fewer rooms, they maintain higher occupancy levels while benefiting from premium pricing and strong guest loyalty.

ADR (AVERAGE DAILY RATE)

ADR has been on an upward trajectory since its pandemic-era low of \$103.28 in 2020 (Source: STR). By 2022, ADR surged past pre-pandemic levels, hitting \$149.50 (compared to \$131.56 in 2019) (Source: STR).

In 2024, ADR settled at \$159.00, slightly below the forecasted \$160.16 (Source: STR). Looking ahead, 2025's ADR is projected to reach \$162.16, a 1.99% year-over-year increase. This rise is fueled by continued demand for premium, experience-focused stays, particularly in boutique and luxury segments (Source: STR).

REVPAR (REVENUE PER AVAILABLE ROOM)

RevPAR has shown remarkable growth, surpassing pre-pandemic levels in 2022 and continuing to improve in subsequent years. In 2024, RevPAR hit \$100.19, reflecting a 2.04% increase but falling slightly short of the \$101.82 forecast (Source: STR).

For 2025, RevPAR is expected to grow by 2.58%, reaching \$102.78, marking another record high (Source: STR). The sustained rise in RevPAR highlights the industry's ability to drive revenue despite economic fluctuations, particularly in high-demand, experience-driven hospitality sectors.

THE FUTURE OF BOUTIQUE HOSPITALITY

As the hospitality landscape continues to shift, boutique hotels are increasingly seen as an attractive investment opportunity (Source: CoStar). Their ability to deliver unique, high-value experiences places them at the forefront of one of the hottest segments in the industry today.

With this foundation in mind, the next article will explore the key drivers of the boutique hotel market and why investors are prioritizing these assets over traditional full-service and limited-service hotels.



How a Luxury Boutique Hotel is Different from a Typical Hotel

Robert Marro, CCIM — Vice President of Investments, Hospitality Division

When it comes to choosing a place to stay while traveling, the range of hotel options can be overwhelming. From grand luxury resorts to budget motels, the choices vary widely in terms of size, amenities, and atmosphere. One of the most distinctive options you might encounter is the boutique hotel. But what exactly sets a boutique hotel apart from a more typical, chain hotel? The differences extend beyond just the size or style; they shape the overall experience of your stay.

SIZE AND INTIMACY

One of the most significant differences between a boutique hotel and a typical hotel is size. Boutique hotels are usually much smaller, often featuring fewer than 100 rooms (Source: STR). This small size contributes to a more intimate atmosphere, with personalized services that cater to guests' specific needs. Unlike the often large and impersonal nature

of typical hotels, boutique hotels focus on creating a unique and cozy environment where guests feel more like individuals than just part of a crowd.

DESIGN AND AESTHETIC

Boutique hotels are renowned for their distinct and stylish design. Where typical hotels, especially chain hotels, often adhere to a standardized, corporate look and feel, boutique hotels embrace originality. The design is often inspired by the local culture, history, or an artistic theme. From carefully chosen color palettes to bespoke furniture and locally inspired artwork, every corner of a boutique hotel is thoughtfully curated to provide an aesthetically pleasing and memorable experience. This personalized approach to design is a key feature that helps boutique hotels stand out (Source: CoStar).



LOCATION

Boutique hotels are often located in prime, trendy, or distinctive areas of a city or region. Unlike chain hotels, which might be situated in commercial areas or near highways for ease of access, boutique hotels prioritize character and atmosphere, often setting up shop in historic districts, urban hotspots, or quiet corners of the city (Source: CoStar). These locations make it easier for guests to explore the local culture, as boutique hotels are typically designed with an emphasis on connecting travelers to the uniqueness of their surroundings.

PERSONALIZED SERVICE

Boutique hotels are known for offering highly personalized and attentive service. The staff-to-guest ratio is often much higher in a boutique hotel, allowing for more tailored experiences (Source: STR). Whether it's remembering your preferred room temperature, providing insider tips about the local area, or creating a customized experience for a special occasion, boutique hotel staff pride themselves on going above and beyond to make you feel special. In contrast, typical hotels, especially larger chain hotels, tend to focus on efficiency and consistency, often lacking that personal touch.

AMENITIES AND EXPERIENCE

While typical hotels might provide basic amenities such as a pool, gym, and on-site restaurants, boutique hotels tend to focus on unique, curated experiences. You might find exclusive services such as bespoke tours, wine tasting events, or locally sourced cuisine in a boutique hotel, all designed to offer something beyond the ordinary (Source: STR). The amenities are often carefully selected to complement the hotel's theme, and the experiences are more tailored to the guest's interests rather than being broadly marketed to a wide range of people.



ATMOSPHERE AND VIBE

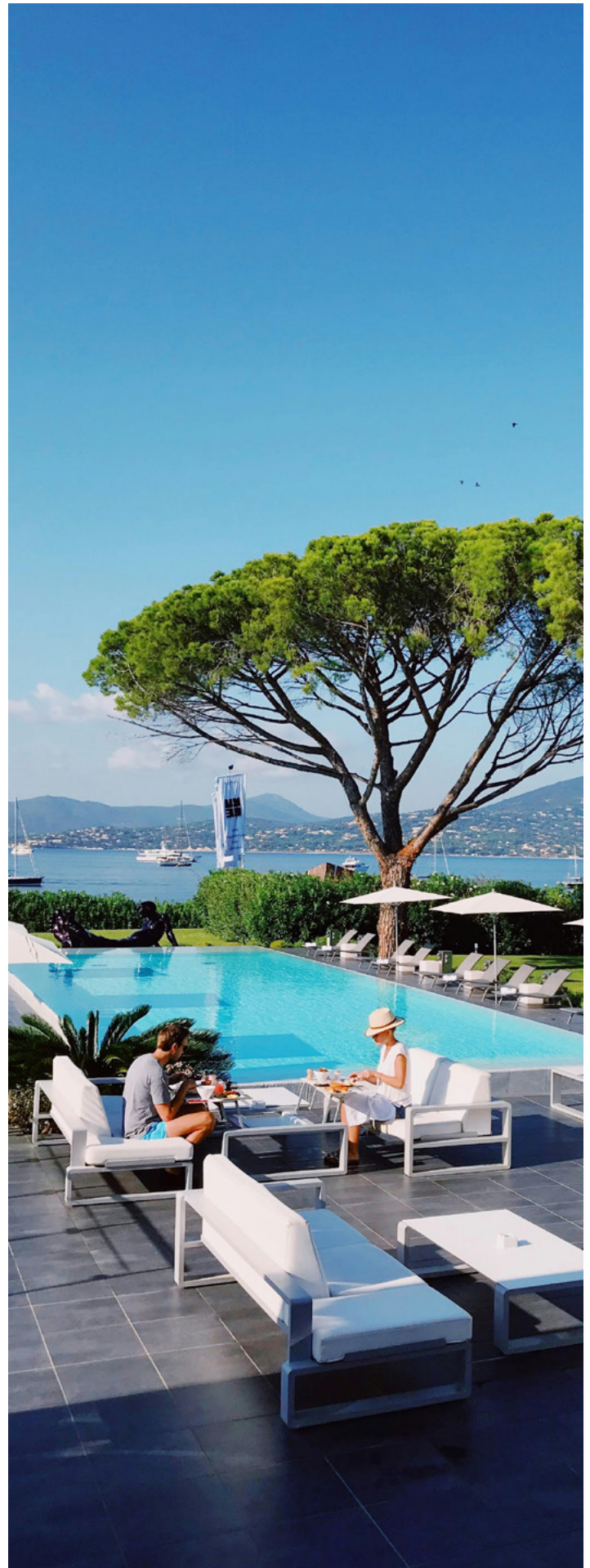
At a boutique hotel, the atmosphere is often more relaxed and inviting compared to the typical hotel. Instead of a sterile, corporate environment, boutique hotels focus on creating a welcoming and warm vibe. The mood is often set with thoughtful touches such as a cozy lounge area, creative décor, or curated playlists. The overall tone might be chic, bohemian, artistic, or modern, depending on the hotel's theme (Source: CoStar). Boutique hotels often exude a sense of individuality and authenticity, which might be hard to find in larger hotel chains.

EXCLUSIVITY AND PRIVACY

Since boutique hotels tend to have fewer rooms and fewer guests, they often offer a greater sense of exclusivity and privacy. You are less likely to feel like just another face in the crowd. The personalized attention and unique settings make guests feel as though they are staying in a more private and intimate retreat. Many boutique hotels also feature exclusive services, such as private lounges or in-room spa treatments, allowing guests to enjoy a quieter and more luxurious stay (Source: STR).

PRICE POINT

While boutique hotels often provide a higher level of service and design, they don't always come with an extravagant price tag. In fact, many boutique hotels are positioned to offer competitive rates when compared to luxury hotels, making them a great option for those looking for a more upscale experience without the steep costs. However, prices can vary greatly depending on the location, design, and exclusivity of the boutique hotel. Still, it's important to recognize that the price is often reflective of the experience—whether it's a prime location, unique design, or superior customer service (Source: CoStar).





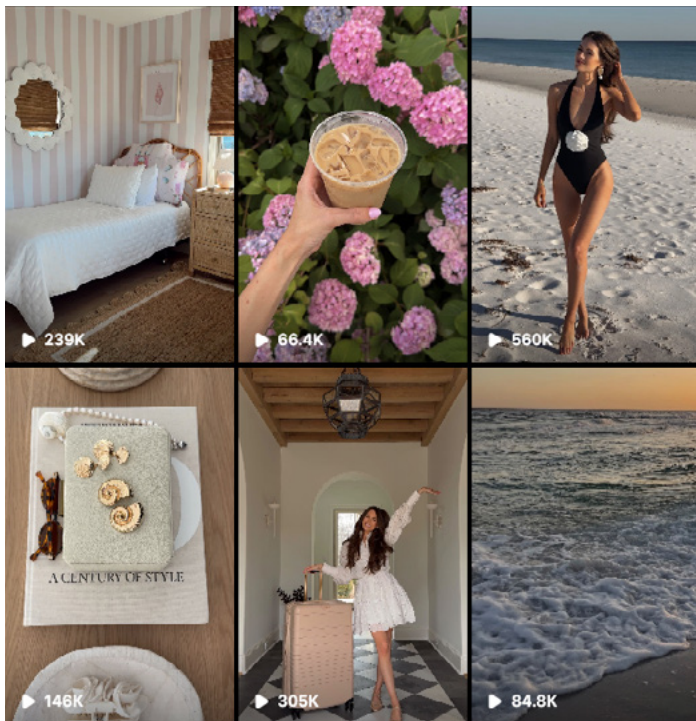
Boutique Hotels Outperforming Traditional Counterparts in Key Performance Metrics

Robert Marro, CCIM — Vice President of Investments, Hospitality Division

Recent studies indicate that boutique hotels in the United States are surpassing traditional hotels in key performance indicators such as Revenue Per Available Room (RevPAR) and Average Daily Rate (ADR). According to The Highland Group’s Boutique Hotel Report 2024, certain segments—specifically upper and upper-upscale boutique hotels—have achieved significantly higher RevPAR and ADR compared to their traditional hotel counterparts (Source: The Highland Group).

BOUTIQUE HOTEL MARKET GROWTH AND TRENDS

The boutique hotel market has experienced robust growth in recent years. Technavio forecasts that the market size will increase by \$11.36 billion between 2024 and 2029, at a compound annual growth rate (CAGR) of 7.1% (Source: Technavio). This growth is driven by a rising demand for unique and personalized travel experiences, an increasing



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preference for authentic and locally inspired accommodations, and the growing popularity of boutique hotels among millennial and Gen Z travelers.

The rise of travel influencers and social media platforms has further accelerated the growth of boutique hotels. Influencers showcase distinctive stays, local experiences, and hidden gems, driving awareness and bookings. Platforms like Instagram and TikTok serve as powerful marketing tools, allowing boutique hotels to highlight their unique aesthetics and attract experience-driven travelers who seek immersive and visually appealing destinations.

FINANCIAL PERFORMANCE OF BOUTIQUE HOTELS

Financial metrics further highlight the strong performance of boutique hotels. The Highland Group’s report reveals that independent boutique hotels achieved a gross operating profit of 38.8%, with an occupancy rate of 63.2%, an ADR of \$194.17,

and a RevPAR of \$122.63 (Source: The Highland Group). Lifestyle boutique hotels reported an even higher occupancy rate of 68%, an ADR of \$249.51, and a RevPAR of \$169.56. Soft brand boutique hotels had an occupancy rate of 63.3%, an ADR of \$269.89, and a RevPAR of \$170.71.

INVESTMENT OPPORTUNITIES IN BOUTIQUE HOTELS

For investors, boutique hotels present lucrative opportunities. The Indigo Road Hospitality Group notes that independent luxury and upper-upscale hotels enjoy average rates of \$274, average occupancy of 78.2%, and additional revenues of \$117 per available room, leading to a total revenue per available room of \$332 (Source: The Indigo Road Hospitality Group). Additionally, SharpSheets reports that the average turnover for a boutique hotel in the U.S. is approximately \$5.5 million, with net profit margins reaching up to 14% (Source: SharpSheets).

Beyond financial metrics, boutique hotels offer investors dynamic assets capable of adjusting prices in response to inflation and providing significant value-add opportunities. The Financial Times highlights a trend where wealthy investors and family offices are increasingly turning their attention to hotels, driven by the post-pandemic recovery in the travel sector and the potential for steady income (Source: Financial Times).

CONCLUSION

The boutique hotel sector’s strong financial performance, coupled with favorable market trends, underscores its potential as a profitable investment avenue. Investors seeking assets that offer both steady income and the flexibility to adapt to market conditions may find boutique hotels to be a compelling addition to their portfolios.



Room Revenue Varies Among Florida's Four Major Hotel Markets, But All Projected To Grow In 2025

Robert Marro, CCIM — Vice President of Investments, Hospitality Division

2024 HOTEL PERFORMANCE RECAP AND 2025 OUTLOOK FOR ORLANDO, MIAMI, TAMPA, AND FORT LAUDERDALE

POST-PANDEMIC GROWTH AND CHALLENGES

The Florida hotel market experienced significant growth following the pandemic as domestic travelers turned to road trips, favoring nearby beaches and parks. However, in 2024, revenue per available room (RevPAR) underperformed in major Florida markets due to increased competition from international destinations and cruises, along with elevated inflation that impacted lower-income households' ability to travel. RevPAR trends in Orlando, Miami, Tampa, and Fort Lauderdale varied throughout the year. This key hospitality industry metric is expected to grow at different rates in 2025, influenced by new demand drivers, weather-related events, and an expanding hotel supply.

2024 HOTEL MARKET PERFORMANCE RECAP

At the beginning of 2024, three of the four major Florida hotel markets saw declines in 12-month RevPAR. Miami faced the steepest drop, with a 7.2% decrease in January, struggling to absorb a surge in new hotel rooms that entered the market between 2021 and 2022. Over 4,000 new rooms led to price reductions as operators attempted to sustain occupancy levels. Tampa and Fort Lauderdale also started experiencing RevPAR declines in January, which persisted throughout most of the year due to reduced leisure demand.

Orlando, initially stable in January, began experiencing consecutive declines in RevPAR from

February onward, driven by lower theme park attendance and families postponing trips in anticipation of Universal’s Epic Universe opening in 2025.

Despite a weak start to the year, RevPAR eventually improved in two markets. Miami was the first to recover, reporting a 0.5% 12-month RevPAR increase in August, ultimately finishing the year with a nearly 3% growth. This recovery was fueled by business travelers returning to downtown Miami and a resurgence of group travel in Miami Beach, allowing the market to surpass the national RevPAR average. Tampa recorded the highest RevPAR gain among the four markets in 2024, achieving a 5.2% increase. The city benefited from hurricane-induced displaced demand, as residents sought temporary accommodations. Reports indicated that over 8,000 households were still residing in hotels and motels due to the aftermath of hurricanes Helene and Milton (Source: Fox 4 Now).

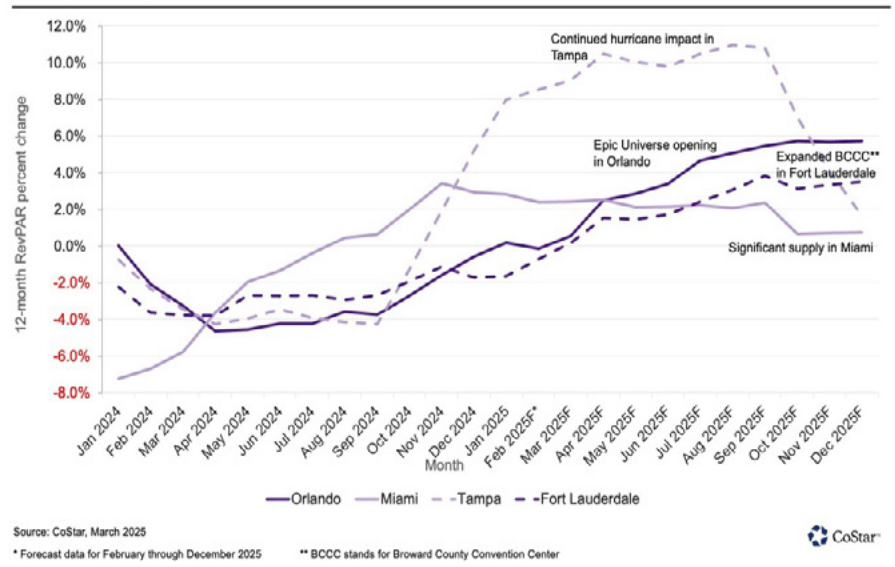
Conversely, Orlando and Fort Lauderdale ended the year with RevPAR declines of 0.6% and 1.7%, respectively. Fort Lauderdale, which traditionally caters to budget-conscious domestic travelers, struggled further as demand in this segment dwindled.

2025 OUTLOOK: ANTICIPATED REVPAR GROWTH

Projections indicate that all four markets will experience RevPAR growth in 2025, albeit at different rates. Orlando is expected to see the most substantial increase due to the highly anticipated May 2025 opening of Epic Universe. The new theme park, alongside three Universal hotels, is set to boost market demand and hotel rates.

Similarly, Fort Lauderdale is poised for a RevPAR rebound, likely surpassing the national forecast.

RevPAR projections differ due to distinct supply and demand patterns



The market will benefit from the expanded Broward County Convention Center (BCCC) and the new Omni Fort Lauderdale, which will serve as the convention center’s headquarters hotel.

As hurricane-related demand stabilizes, Tampa is projected to align with the national RevPAR growth rate, with significant performance improvements expected during the first three quarters of the year. Meanwhile, Miami is forecast to experience modest growth of less than 1%. The limited increase is attributed to the ongoing expansion of luxury and upper-upscale hotel developments, which will continue at a high pace over the next several years.

Overall, while challenges persist, the Florida hotel market is set for a positive trajectory in 2025, with varied growth across its key markets.





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