

HOTEL TO MULTIFAMILY CONVERSIONS AT A GLANCE*

Hotel Conversions Are On The Rise

| 2018 | 2019 | 2020 | 2021 | 2022 |
|------|-------|-------|-------|-------|
| 801 | 1,518 | 1,696 | 2,060 | 2,954 |



In 2022 Hotels accounted for



- 2,954 units created
- 29.3% of all conversions
- Second most conversions behind office
- **43% increase from 2021**
- Steep increase is a delayed result of record vacancies during the pandemic



12 Factors Driving Hotel Conversions

1. Impact of the pandemic
2. Hotels make easy, straightforward conversions
3. Decline in tourism in some markets
4. Increased competition from short-term rentals
5. Potential for Federal funding
6. Affordable housing shortage
7. Rising rents
8. Rising home prices
9. High mortgage rates
10. Often less expensive than new construction
11. Often faster than new construction
12. More environmentally friendly than new construction



EXTENDED STAY HOTELS BEST FOR CONVERSIONS

Units already have

- Multiple rooms
- Kitchenettes
- Abundant windows



- **Mechanicals need less reconfiguring**
- **Ample space to add amenities**
- **Cheaper to acquire than full-service hotels**

*Sources:
RentCafe; Record Apartment Conversions Make 2021 Most Successful Year in Adaptive Reuse; October 6, 2021
RentCafe; Apartments From Adaptive Reuse Projects to Exceed 120,000 in Upcoming Years, Despite Recent Slowdown in Office Conversions; July 24, 2023

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