

4Q 2021 SAN FRANCISCO, CA



Fundamentals Dashboard

Lodging Performance Index

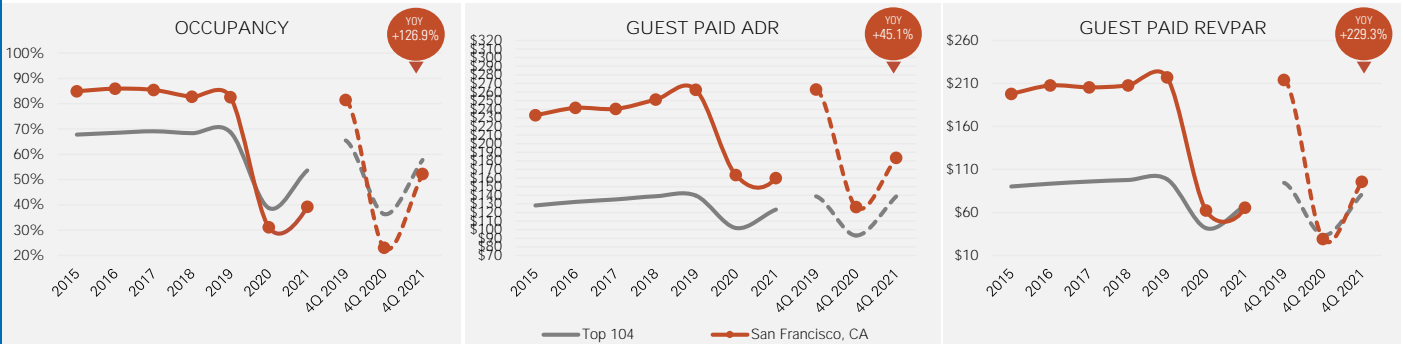
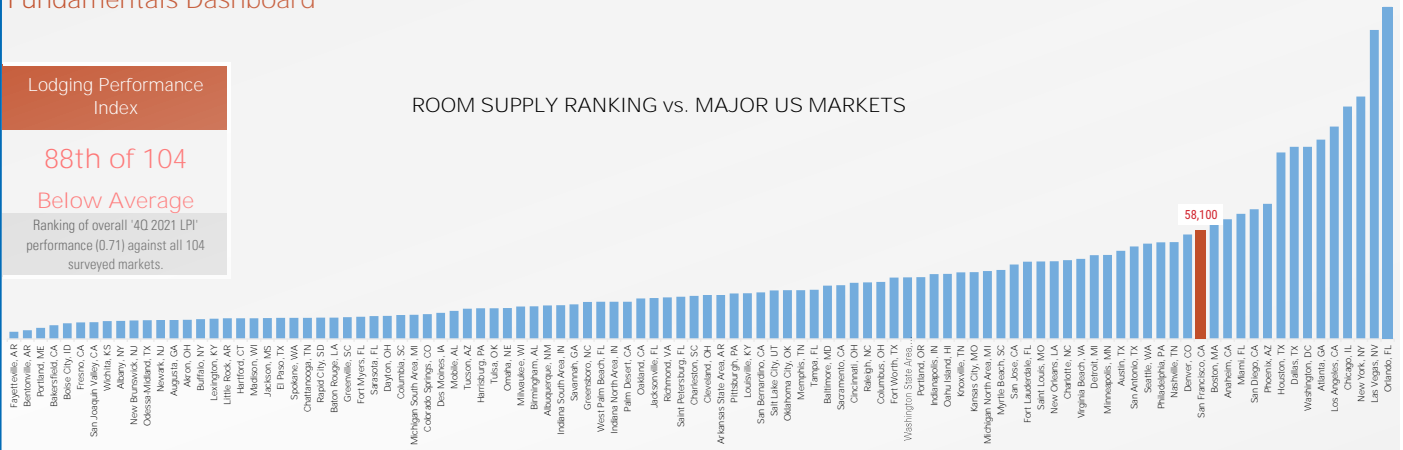
88th of 104

Below Average

Ranking of overall '4Q 2021 LPI' performance (0.71) against all 104 surveyed markets.

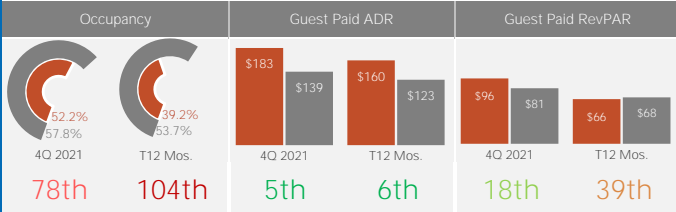
ROOM SUPPLY RANKING vs. MAJOR US MARKETS

KEY PERFORMANCE METRICS



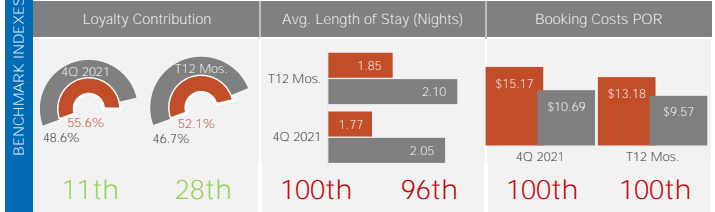
Key Performance Indexes

● Subject Market ● Top 104



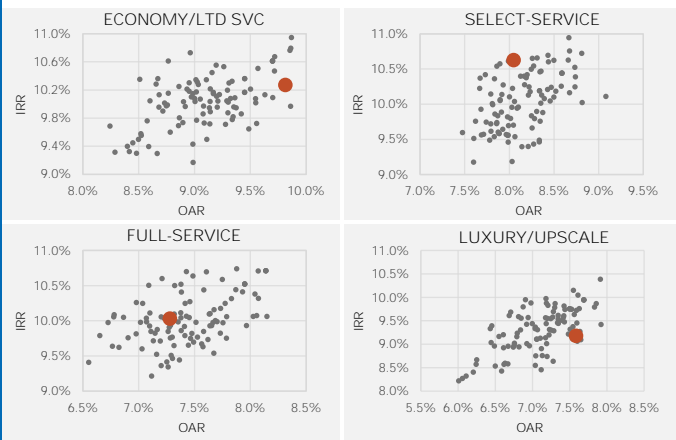
Key Benchmark Indexes

Data provided by: **kalibri LABS**



Discount and Capitalization Rates

Source: Newmark

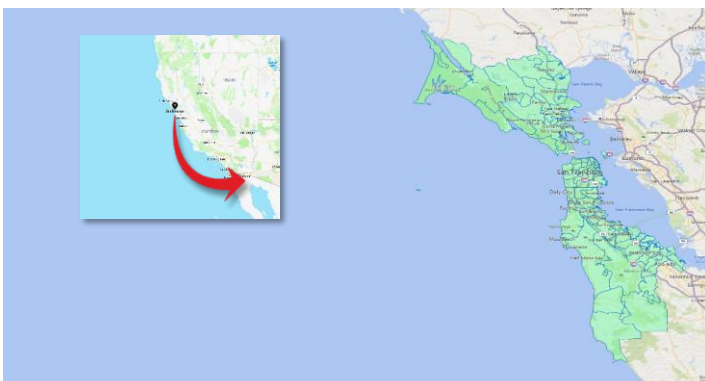


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	San Francisco	
County:	San Francisco County	
State:	California	
Geo Coordinates (market center):	37.775, -122.41944	
Major Hotel Demand Generators		
University of California, San Francisco Genentech Inc. Wells Fargo Oracle Corp. Salesforce.com Inc. Sutter Health California Pacific Medical Center Dignity Health Uber Technologies Inc. Kaiser Permanente PG&E Corp. Gap Inc. Williams-Sonoma Inc. Visa USA VMware Inc. Va Palo Alto Health Care System San Francisco State University Lucile Packard Health Care System Space Systems Charles Schwab Corp.		
Metrics and Ranking		Rankings
Population (hotel market area)	1,720,224	31st of 104 (Above Average)
Income per Capita	\$96,265	2nd of 104 (Strong)
Feeder Group Size	75.9 Persons PSR	42nd of 104 (Average)
Feeder Group Earnings	\$7,309,259 PSR	91st of 104 (Soft)
Total Market COPE	\$1.3 billion	19th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid		COPE	
		ADR	RevPAR	ADR	RevPAR
2015	84.9%	\$233.04	\$197.92	\$212.12	\$180.16
2016	85.9%	\$241.61	\$207.63	\$219.83	\$188.91
2017	85.5%	\$240.45	\$205.46	\$218.19	\$186.44
2018	82.7%	\$251.20	\$207.81	\$228.94	\$189.39
2019	82.6%	\$262.75	\$217.01	\$240.30	\$198.47
2020	31.1%	\$163.44	\$62.22	\$151.63	\$47.15
2021	39.2%	\$159.71	\$65.53	\$146.53	\$57.37
CAGR: 2015 thru 2021	-12.1%	-6.1%	-16.8%	-6.0%	-17.4%
4Q 2019	81.4%	\$262.84	\$213.95	\$241.25	\$196.38
4Q 2020	23.0%	\$126.29	\$29.04	\$116.98	\$26.90
4Q 2021	52.2%	\$183.30	\$95.61	\$168.13	\$87.70
% Change	126.9%	45.1%	229.3%	43.7%	226.1%

Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
\$20.92	91.0%	39.9%	1.98	52,900	1.61
\$21.78	91.0%	42.8%	1.91	52,900	1.46
\$22.26	90.7%	44.1%	1.86	53,700	1.27
\$22.26	91.1%	45.4%	1.82	54,900	1.26
\$22.45	91.5%	50.9%	1.77	58,300	1.53
\$11.81	92.8%	45.3%	2.11	58,300	0.90
\$13.18	91.7%	52.1%	1.85	57,900	0.71
-7.4%	0.1%	4.5%	-1.1%	1.5%	-12.8%
\$21.59	91.8%	54.3%	1.81	58,300	1.53
\$9.31	92.6%	45.5%	2.06	58,600	0.90
\$15.17	91.7%	55.8%	1.77	58,100	0.71
63.0%	-1.0%	22.1%	-14.0%	-0.9%	-20.8%

Data provided by: kalibri LABS

Notable Metrics

	Economy Median Income	Latest-Quarter Guest Paid ADR	Latest-Quarter COPE ADR
HIGHEST	2nd Strong San Francisco, CA exhibited strong Economy Median Income (\$96,265)	5th Strong The market exhibited strong latest-quarter Guest Paid ADR (\$183.30)	5th Strong The market also exhibited strong latest-quarter COPE ADR (\$168.13)
LOWEST	104th Soft This market has been hindered by weak T12-month occupancy (39.2%)	100th Soft The market was burdened by high T12-month booking costs POR (\$13.18)	100th Soft San Francisco, CA also has been impeded by weak latest-quarter average length of stay (1.77 Nights)

Notable Trends

	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Loyalty Contribution Growth
FASTEST	3rd Strong San Francisco, CA enjoyed low short-term historical growth in booking costs (-9.8%)	4th Strong The market has benefited from low long-term historical booking costs POR growth (-4.0%)	4th Strong The market also enjoyed strong short-term historical loyalty contribution growth (3.7%)
SLOWEST	103rd Soft The market has been impeded by weak short-term historical COPE RevPAR growth (-18.4%)	103rd Soft We note this area has been hindered by weak long-term historical occupancy growth (-6.0%)	102nd Soft San Francisco, CA also posted weak short-term historical COPE ADR growth (-8.5%)

Market Performance Stage



San Francisco, CA: Absorption Stage

The San Francisco, CA market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Anaheim, CA; Atlanta, GA; and Boston, MA.

Other Stages:

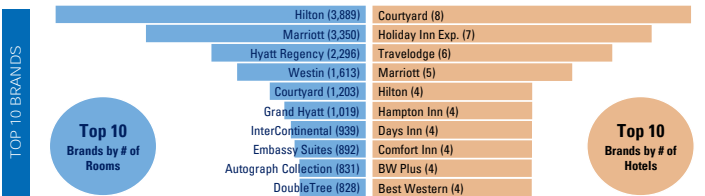
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Cincinnati, OH; Detroit, MI; and New Orleans, LA.
- Ignition:** In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Knoxville, TN; Miami, FL; and Michigan North Area, MI.
- Expansion:** In the 'Expansion' stage, hotels generally perform adequately and in an economy with resilience and higher confidence the economy will recover from the COVID-19 crisis. Barriers to entry are low, displacement demand is high, and the market typically experiences an expansion of both hotel supply and general economic conditions. Example markets in this stage include Austin, TX; Fort Lauderdale, FL; and Fort Worth, TX.

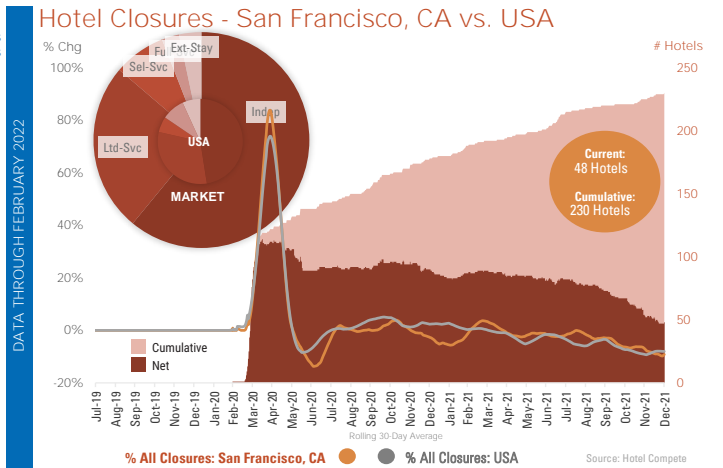
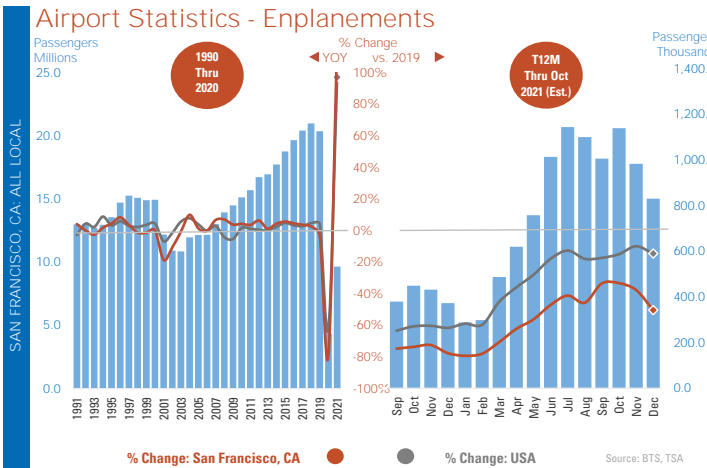
Industry Observations

Business Cycle:
Employment Growth (2 yr):
Risk Exposure (402 US markets):
Key Industry Notes:

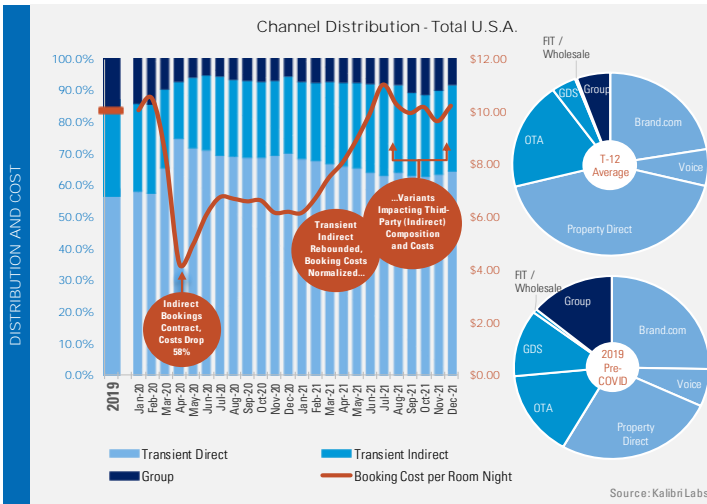
In Expansion
 1.9%
6th Percentile: Low Risk
 Financial, medical, high tech
 Educated/skilled workforce
 High incomes
 Strong office market growth
 Construction limitations

Moody's Rating
Aaa
 Investment Grade
 Long-term investment grade, Prime-1 short-term outlook

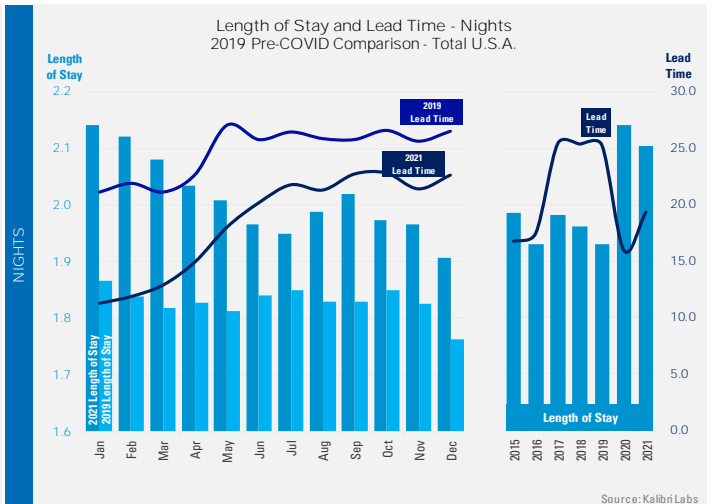




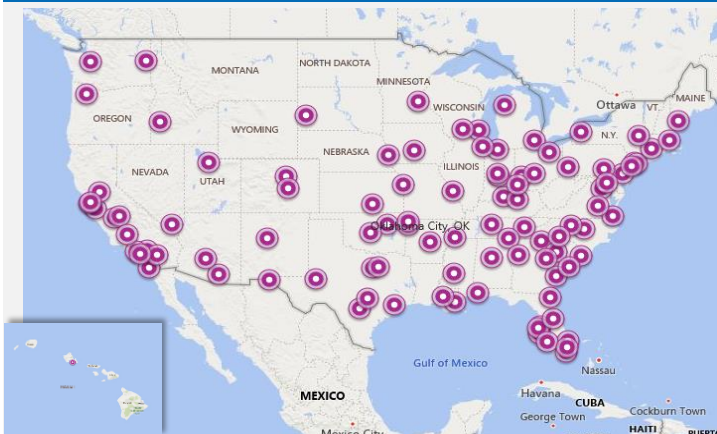
National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Insights Report Coverage



- Akron, OH
- Albany, NY
- Albuquerque, NM
- Anaheim, CA
- Arkansas State Area, AR
- Atlanta, GA
- Augusta, GA
- Austin, TX
- Bakersfield, CA
- Baltimore, MD
- Baton Rouge, LA
- Bentonville, AR
- Birmingham, AL
- Boise City, ID
- Boston, MA
- Buffalo, NY
- Charleston, SC
- Charlotte, NC
- Chattanooga, TN
- Chicago, IL
- Cincinnati, OH
- Cleveland, OH
- Colorado Springs, CO
- Columbia, SC
- Columbus, OH
- Dallas, TX
- Dayton, OH
- Denver, CO
- Des Moines, IA
- Detroit, MI
- El Paso, TX
- Fayetteville, AR
- Fort Lauderdale, FL
- Fort Myers, FL
- Fort Worth, TX
- Fresno, CA
- Greensboro, NC
- Greenville, SC
- Harrisburg, PA
- Hartford, CT
- Houston, TX
- Indiana North Area, IN
- Indiana South Area, IN
- Indianapolis, IN
- Jackson, MS
- Jacksonville, FL
- Kansas City, MO
- Knoxville, TN
- Las Vegas, NV (Non-Strip)
- Lexington, KY
- Little Rock, AR
- Los Angeles, CA
- Louisville, KY
- Madison, WI
- Memphis, TN
- Miami, FL
- Michigan North Area, MI
- Michigan South Area, MI
- Milwaukee, WI
- Minneapolis, MN
- Mobile, AL
- Myrtle Beach, SC
- Nashville, TN
- New Brunswick, NJ
- New Orleans, LA
- New York, NY
- Newark, NJ
- Oahu Island, HI (Branded)
- Oakland, CA
- Odessa-Midland, TX
- Oklahoma City, OK
- Omaha, NE
- Orlando, FL (Non-Disney)
- Palm Desert, CA
- Philadelphia, PA
- Phoenix, AZ
- Pittsburgh, PA
- Portland, ME
- Portland, OR
- Raleigh, NC
- Rapid City, SD
- Richmond, VA
- Sacramento, CA
- Saint Louis, MO
- Saint Petersburg, FL
- Salt Lake City, UT
- San Antonio, TX
- San Bernardino, CA
- San Diego, CA
- San Francisco, CA
- San Joaquin Valley, CA
- San Jose, CA
- Sarasota, FL
- Savannah, GA
- Seattle, WA
- Spokane, WA
- Tampa, FL
- Tucson, AZ
- Tulsa, OK
- Virginia Beach, VA
- Washington State Area, WA
- Washington, DC
- West Palm Beach, FL
- Wichita, KS

CONTACT: NORTHERN CALIFORNIA MARKETS

FOR MORE INFORMATION

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MARKET DISCLAIMERS

PLEASE NOTE

Las Vegas, NV; Oahu, HI; Orlando, FL: market data based on actual reporting properties only. Excludes vast majority of casino properties and assets located within the "strip" district of Las Vegas, as well as the vast majority of Disney-associated assets, which comprises most of the Orlando market.

Total Supply The total supply figures are aggregated estimates from multiple third-party sources.

Air Passenger Statistics The latest two months are estimates based on daily national trends reported by TSA. These data are subject to revision.