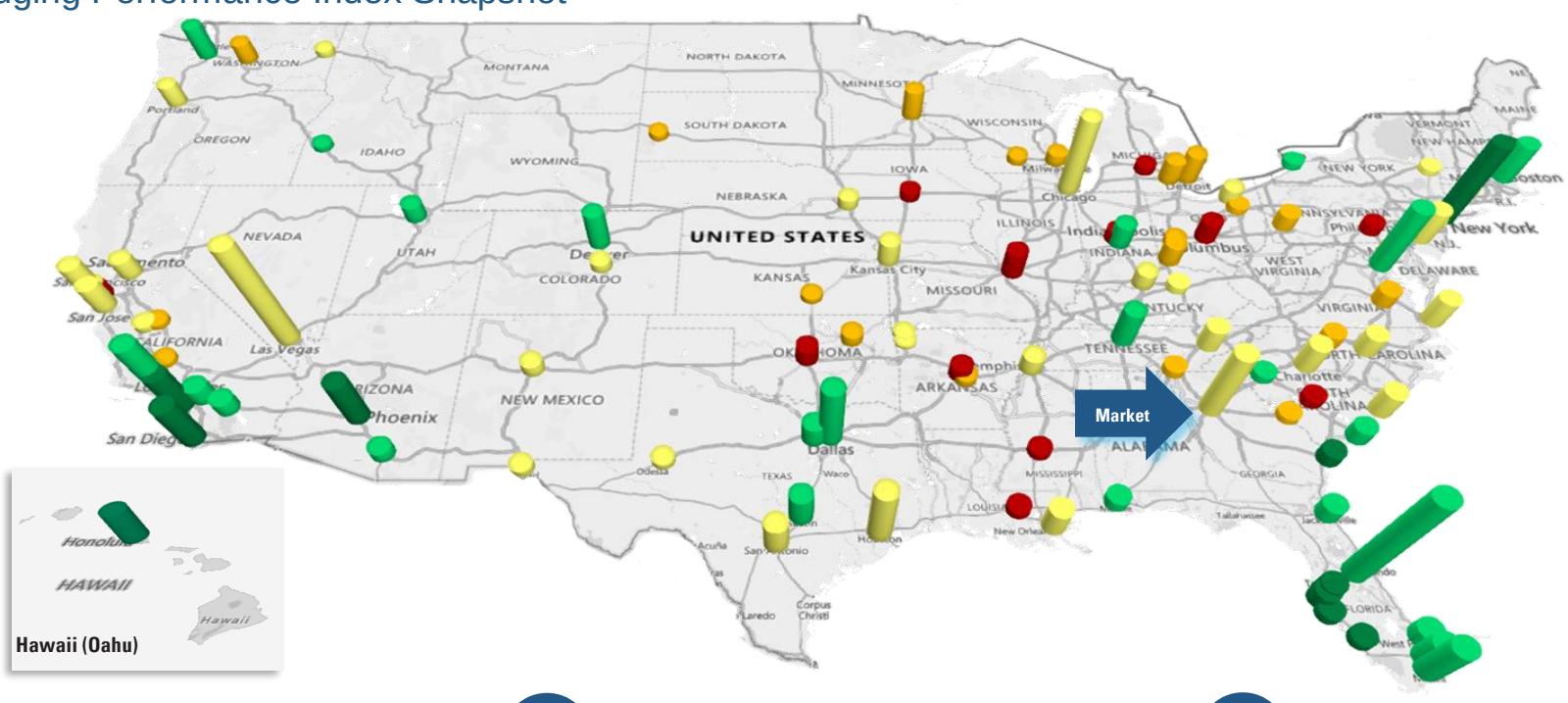
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

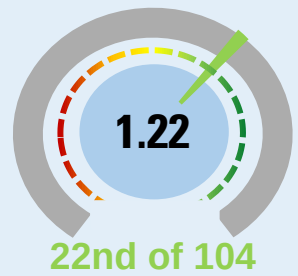
4Q 2023
ATLANTA, GA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Atlanta, GA

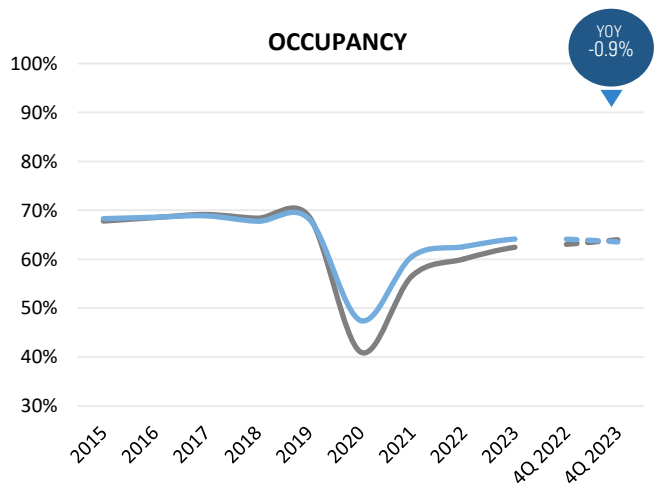


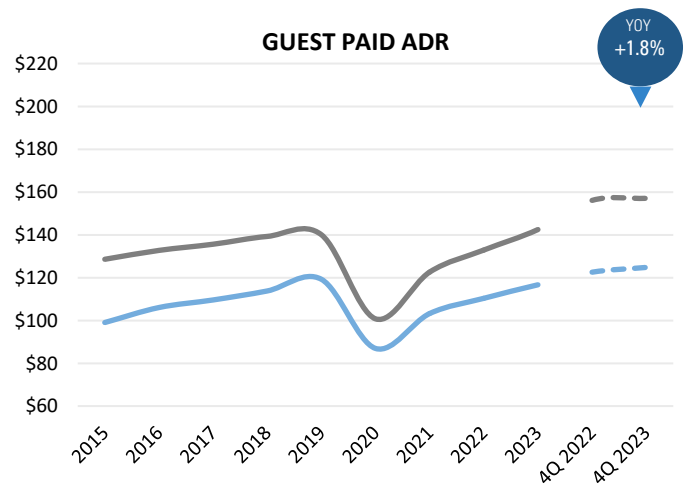
22nd of 104

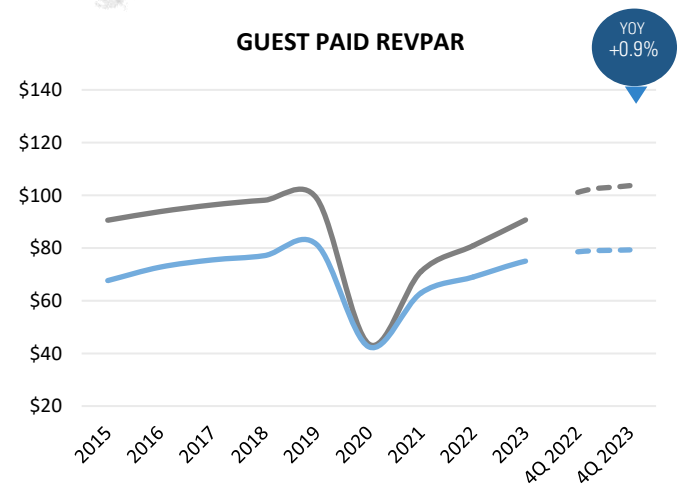
Above Average

Ranking of overall '4Q 2023 LPI' performance (1.22) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Atlanta, GA

PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
63.5% / 64.0%	66.9% / 66.4%	$125 / $157	$129 / $157	$79 / $104	$86 / $107
37th	36th	56th	52nd	48th	44th

BENCHMARK INDEXES

Key Benchmark Indexes

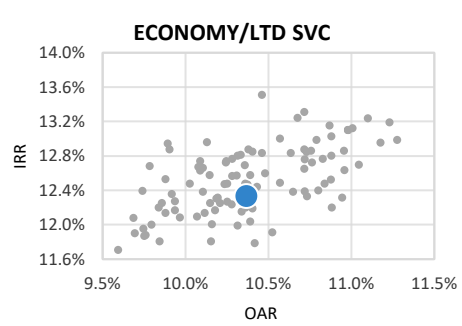
kalibri LABS

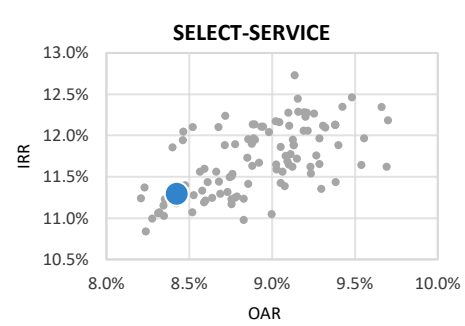
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
49.2% / 48.6%	47.8% / 46.7%	2.11 / 2.03	2.13 / 2.06	$8.59 / $11.64	$8.69 / $11.52
40th	39th	30th	32nd	48th	45th

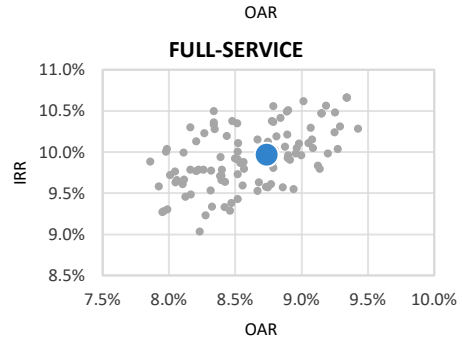
INVESTMENT PARAMETERS

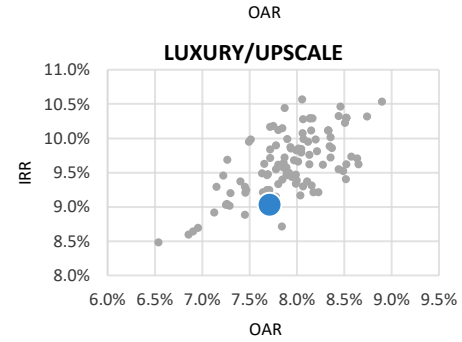
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

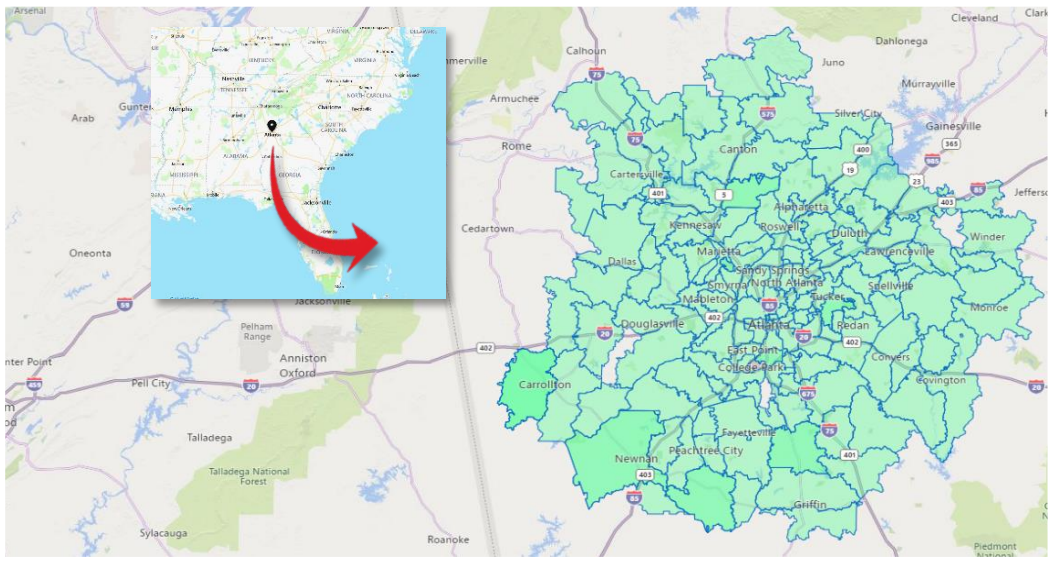
Revenue Stability	Supplier Power Trend	Investment Yields
76th	39th	30th
Below Average	Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
22nd	78th	82nd
Above Average	Below Average	Below Average
Assessment of market supply growth over past 12 months relative to Top 104 markets	Measure of current employment health over past two years relative to Top 104 markets	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Atlanta
County:	DeKalb County, Fulton County
State:	Georgia
Geo Coordinates (market center):	33.76291, -84.42267

Major Hotel Demand Generators

Delta Air Lines Inc. | Walmart Inc. | The Home Depot Inc. | Emory University | WellStar Health System Inc. | AT&T Inc. | Northside Hospital | Piedmont Healthcare | Emory Healthcare | Marriott International | Publix Supermarkets | Georgia State University | Centers for Disease Control and Prevention | Cox Enterprises Inc. | The Coca-Cola Co. | Southern Co. | Coreslab Structures | Children's Healthcare of Atlanta | SunTrust Banks Inc. | State Farm, Southeastern Market Area

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	4,978,495	5th of 104 (Very Large)
Income per Capita	$51,701	39th of 104 (Average)
Feeder Group Size	70.3 Persons PSR	51st of 104 (Average)
Feeder Group Earnings	$3,633,509 PSR	52nd of 104 (Average)
Total Market COPE	$3.3 billion	10th of 104 (Above Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	68.3%	$99.02	$67.62	$91.44	$62.45	$7.58	92.3%	41.5%	2.14	95,320	1.20
2016	68.6%	$106.02	$72.72	$97.58	$66.93	$8.44	92.0%	44.0%	2.06	95,470	1.21
2017	68.9%	$109.57	$75.46	$100.59	$69.28	$8.98	91.8%	46.2%	1.99	94,870	1.20
2018	67.8%	$113.76	$77.09	$104.58	$70.87	$9.18	91.9%	49.8%	1.97	95,160	1.12
2019	68.2%	$119.23	$81.33	$109.71	$74.84	$9.51	92.0%	54.8%	1.93	100,900	1.29
2020	47.5%	$86.92	$42.48	$81.08	$38.50	$5.85	93.3%	37.7%	2.28	101,750	1.00
2021	60.6%	$103.22	$62.93	$95.74	$57.98	$7.48	92.8%	39.7%	2.20	103,410	0.94
2022	62.6%	$110.33	$68.99	$102.52	$64.13	$7.81	92.9%	41.0%	2.20	104,150	0.96
2023	64.1%	$116.65	$75.01	$108.63	$69.67	$8.02	93.1%	42.2%	2.20	104,770	1.22
CAGR: 2015 thru 2022	**-0.8%**	**2.1%**	**1.3%**	**2.2%**	**1.4%**	**0.7%**	**0.1%**	**0.2%**	**0.4%**	**1.2%**	**0.3%**
4Q 2022	64.1%	$122.52	$78.54	$114.11	$73.14	$8.42	93.1%	46.2%	2.10	106,300	0.96
4Q 2023	63.5%	$124.76	$79.27	$116.16	$73.81	$8.59	93.1%	49.2%	2.11	107,040	1.22

Notable Metrics

HIGHEST

Total Rooms Supply	Total Rooms Sold	IRR: Luxury/Upscale
5th	**6th**	**9th**
Strong	**Strong**	**Highly Favorable**
Atlanta, GA benefits from a large and diverse hotel market (107,038)	The market boasted strong total rooms sold (25,856,135)	The market also posted favorable IRR metrics in the luxury/upscale segment (9.0%)

LOWEST

OAR: Full-Service	Latest-Quarter COPE ADR	Latest-Quarter Guest Paid ADR
59th	**56th**	**56th**
Moderate	**Average**	**Average**
This market posted unfavorable OAR metrics in the full-service segment (8.7%)	The market exhibited weak latest-quarter COPE ADR ($116.16)	Atlanta, GA also has been hampered by weak latest-quarter Guest Paid ADR ($124.76)

Notable Trends

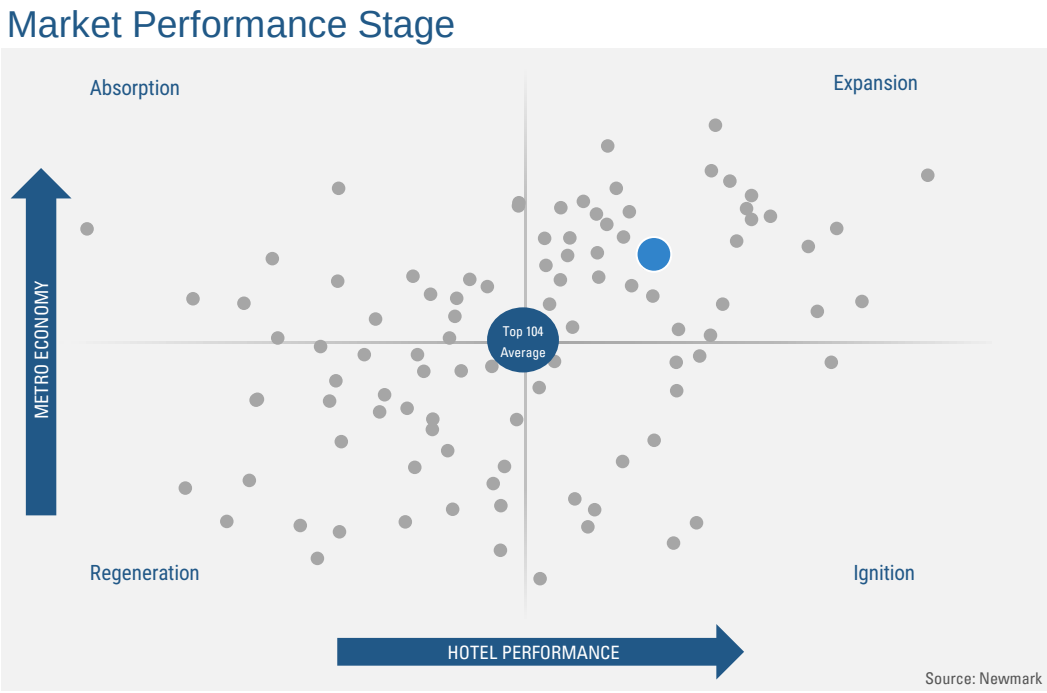
FASTEST

Short-Term Historical Booking Costs POR Growth	Overall Health of Hotel Market	Short-Term Historical Loyalty Contribution Growth
23rd	**25th**	**27th**
Above Average	**Above Average**	**Above Average**
Atlanta, GA enjoyed low short-term historical growth in booking costs (1.8%)	The market has benefited from strong general hotel market performance (levels and trends of fundamentals)	The market also enjoyed strong short-term historical loyalty contribution growth (3.5%)

SLOWEST

T12-Month Rooms Supply Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth
83rd	**81st**	**79th**
Below Average	**Below Average**	**Below Average**
The market has been hindered by high rooms supply growth over the last 12 months (0.7%)	We note this area has been impeded by weak short-term historical Guest Paid ADR growth (1.9%)	Atlanta, GA also posted weak short-term historical COPE ADR growth (1.9%)

Market Performance Stage



Source: Newmark

Atlanta, GA: Expansion Stage

Expansion

The Atlanta, GA market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that is approaching a 'post' pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Austin, TX; and Boston, MA.

Other Stages:

Regeneration

In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic 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 Knoxville, TN.

Ignition

In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will enter a sustained post-pandemic status. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Chicago, IL; Miami, FL; and Myrtle Beach, SC.Chicago, IL; Miami, FL; and New York, NY.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Columbus, OH; Houston, TX; and Minneapolis, MN.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	7.7%
Risk Exposure (402 US markets):	19th Percentile: Below Average
Key Industry Notes:	Manufacturing, high tech
	Diverse economy
	Strong demographics
	Business-friendly
	Strained infrastructure

Moody's Rating

Aaa

Investment Grade

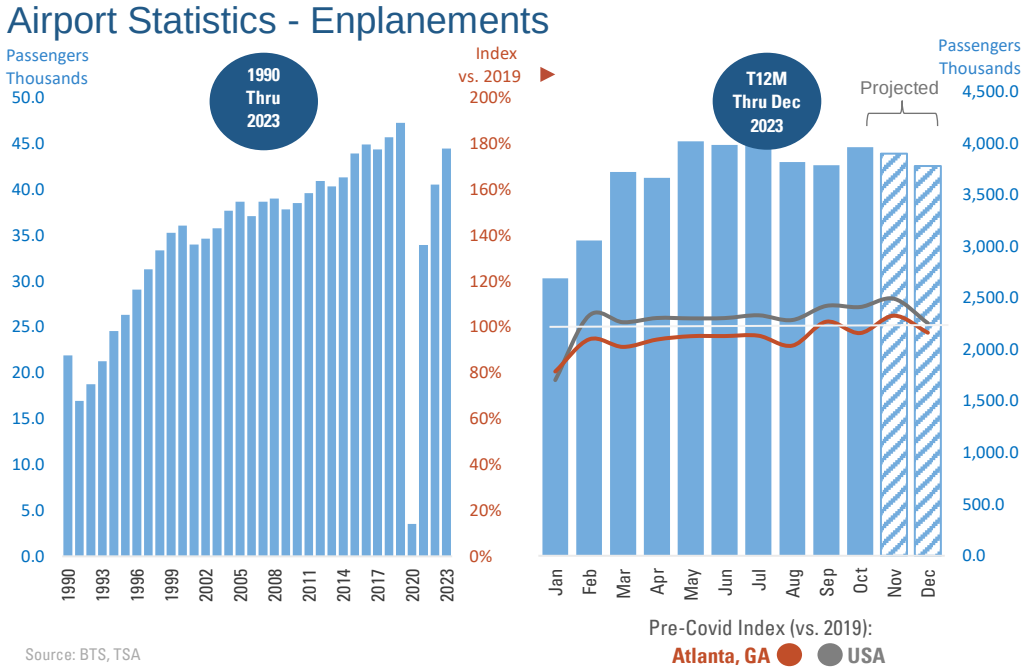
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

Source: Newmark

ATLANTA, GA: ALL LOCAL

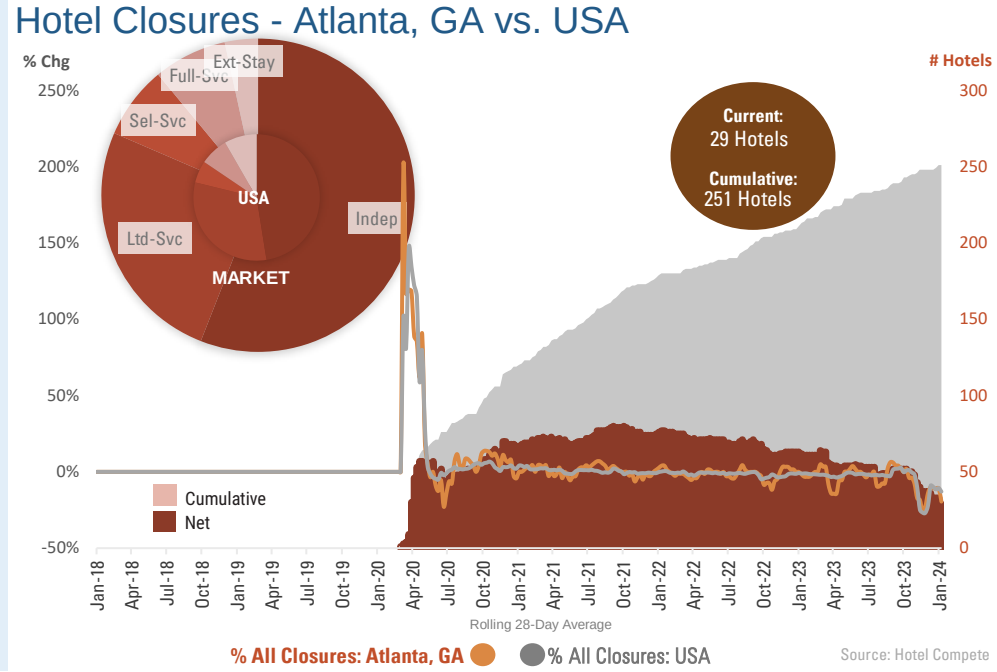
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

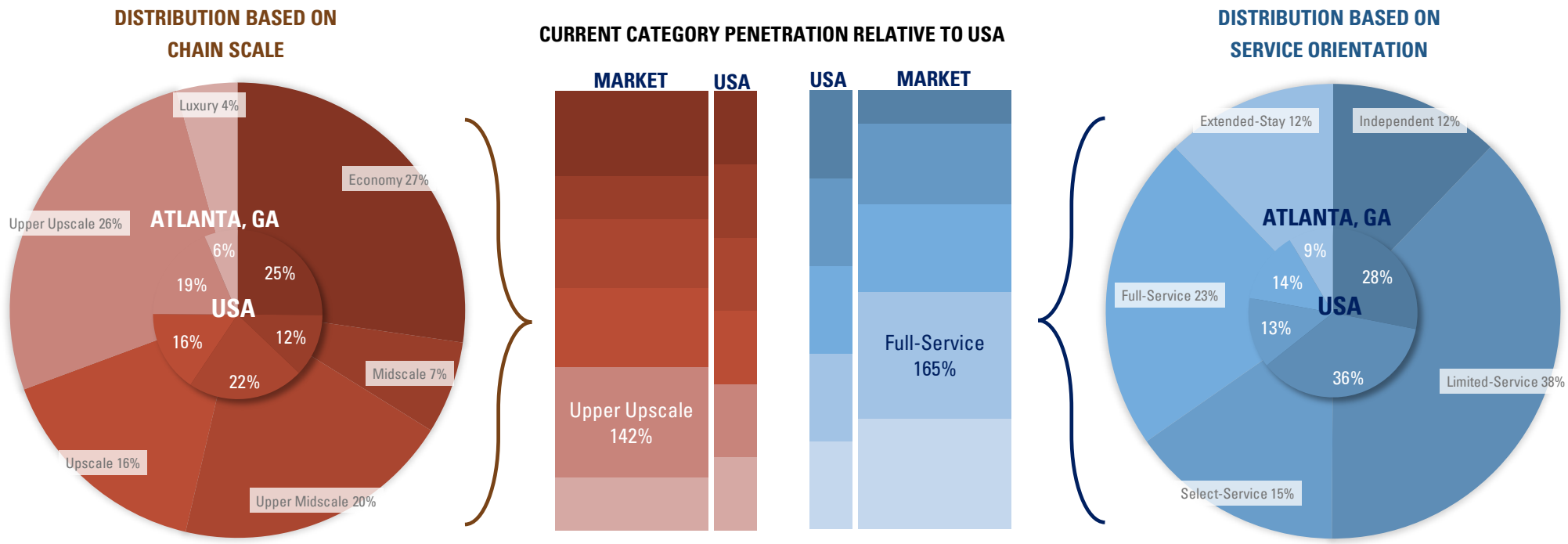
Hotel Closures - Atlanta, GA vs. USA



Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

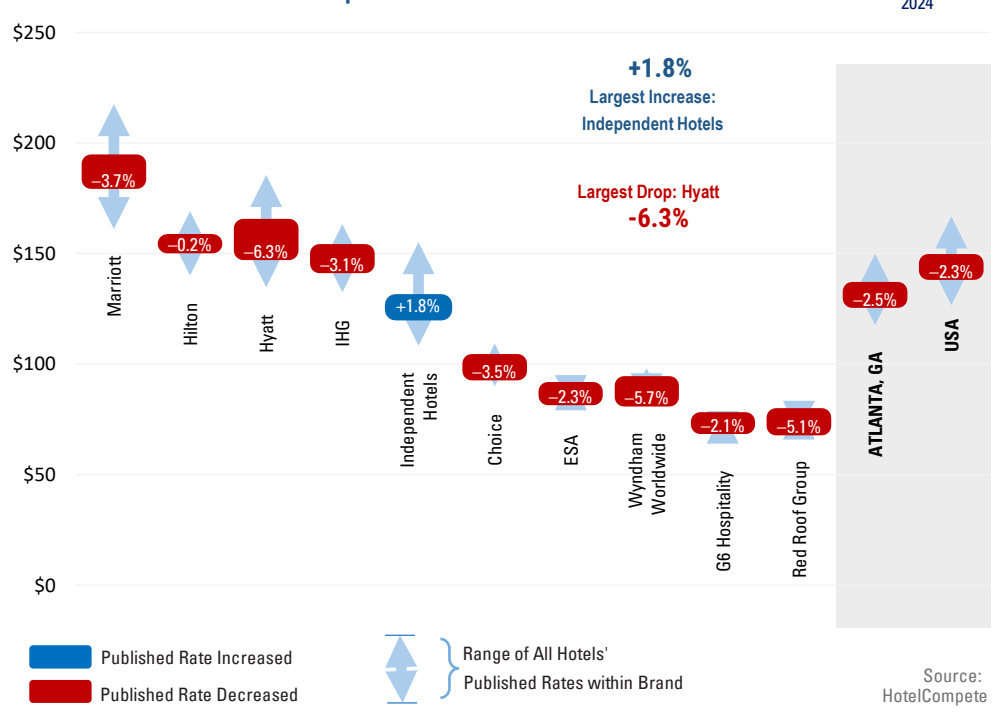
Scale and Service Distribution: Atlanta, GA



'30/3' RATE CHANGES

Published Rates: Top 10 Brands

Surveyed late January 2024

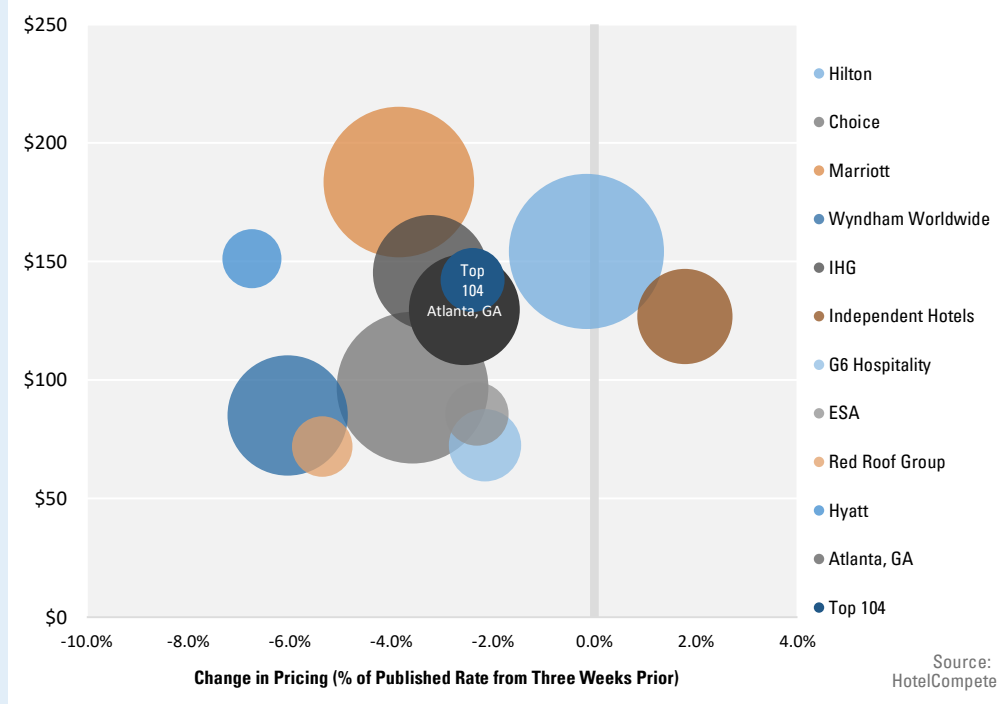


Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

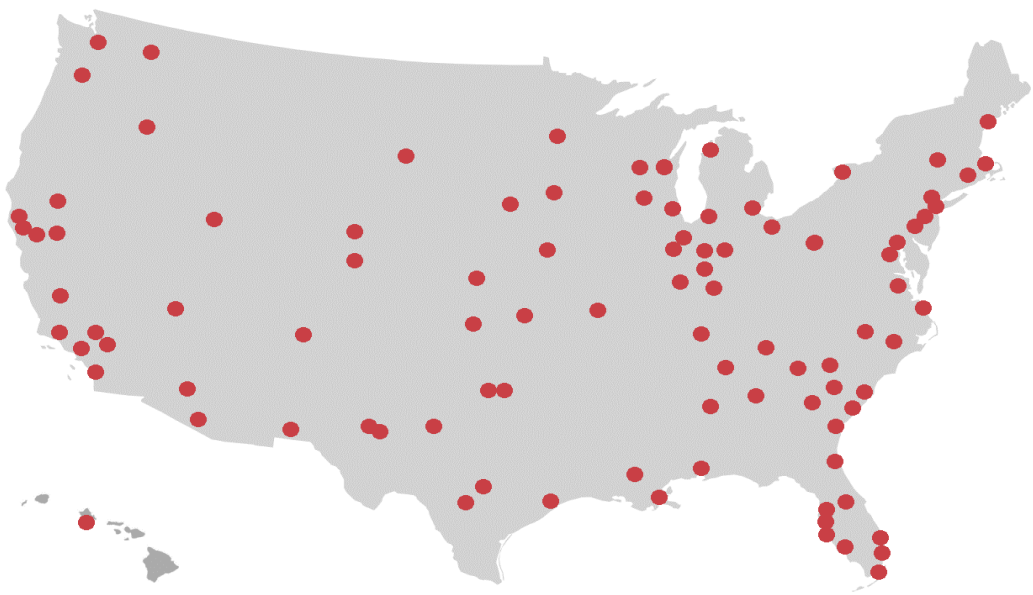
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
54th	**56th**	**56th**
Average	**Average**	**Average**
The 30-day advanced published rate for the market was a moderate $129.67, ranking 54th out of 104 markets. (Guest-Paid ADR ranked a moderate 56th at $124.76 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 2.5% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	Published rates reported in late January 2024 were 3.9% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
49th	**57th**	**41st**
Average	**Average**	**Moderate**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Atlanta, GA has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Atlanta, GA's top 10 brands are exhibiting moderate volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

Nsights Hotel Market Reports Coverage



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

*Customized market reports available upon request

Hospitality, Gaming & Leisure

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- Gaming Facilities
- Arenas, Stadiums and Sports Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

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We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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