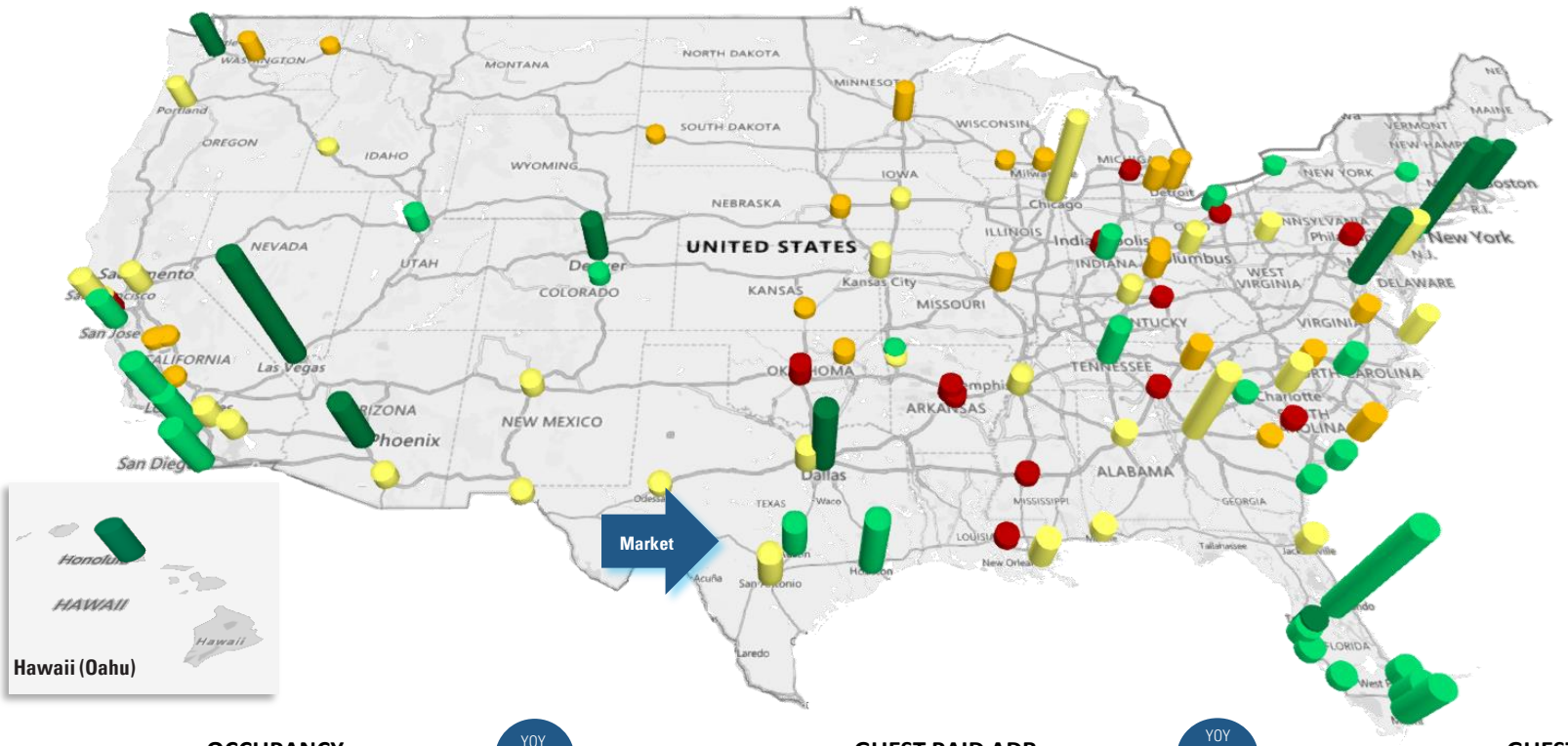
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

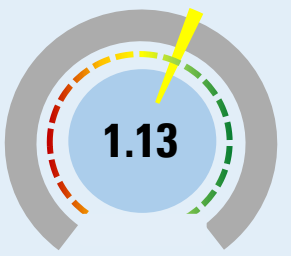
3Q 2024
AUSTIN, TX

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

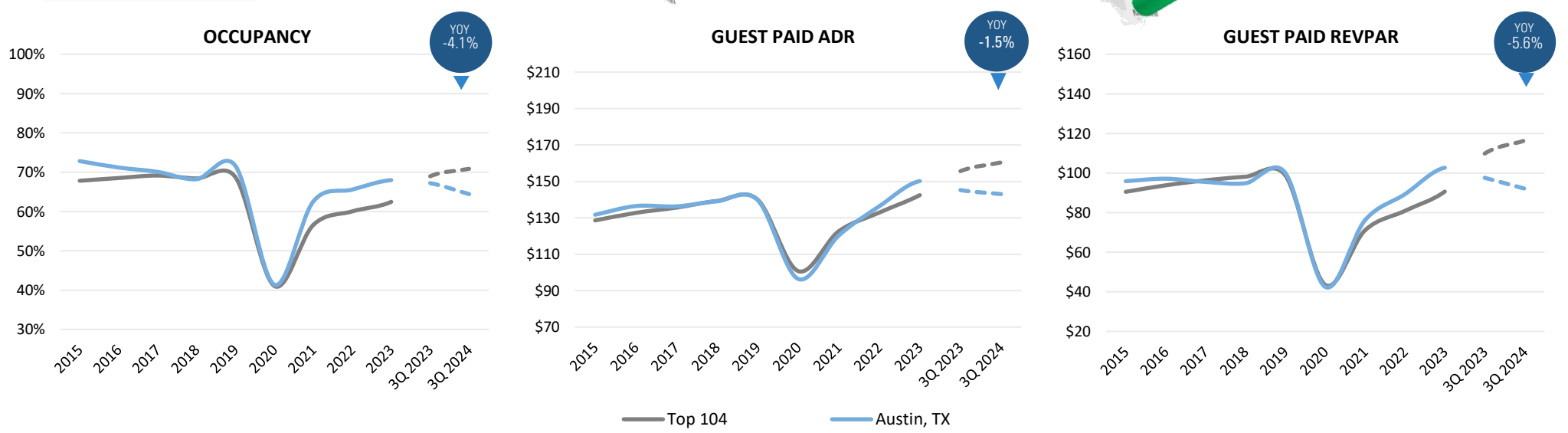
Austin, TX



32nd of 104
Average

Ranking of overall '3Q 2024 LPI' performance (1.13) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
85th	33rd	46th	26th	49th	26th

BENCHMARK INDEXES

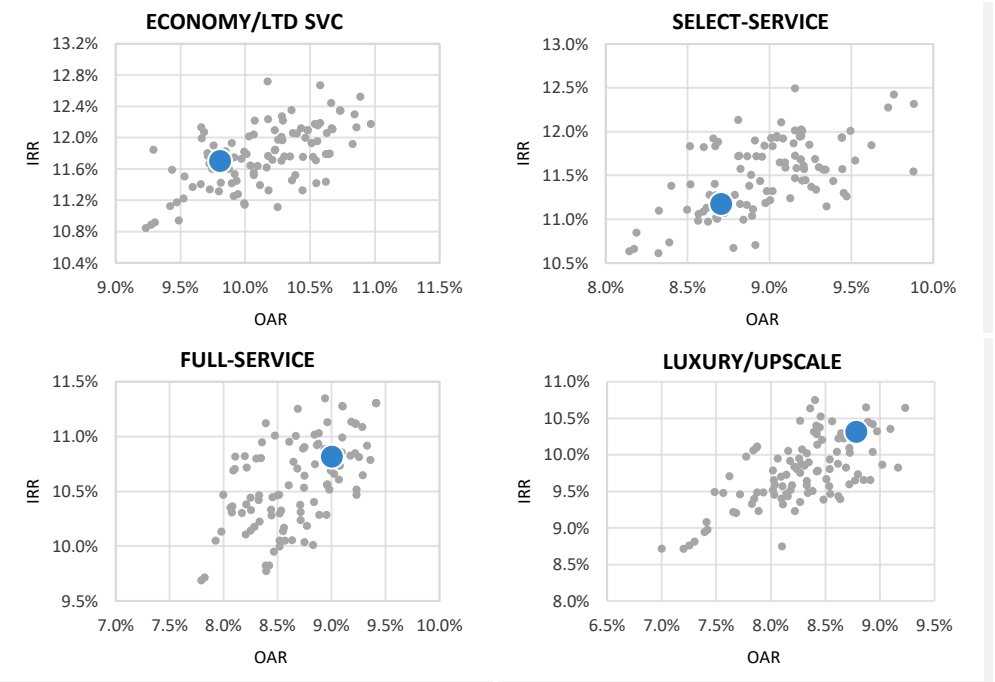
Key Benchmark Indexes

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
47th	46th	53rd	45th	56th	76th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

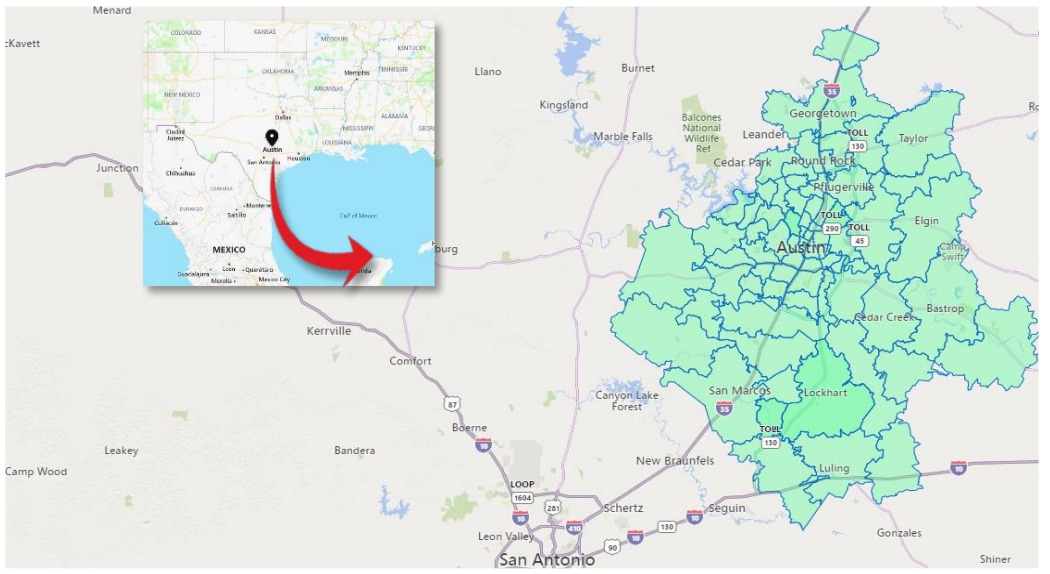
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
94th	**44th**	**54th**
Soft	**Average**	**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
7th	**90th**	**90th**
High Risk	**Low Risk**	**Low Risk**
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

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Austin
County:	Bastrop County, Hays County, Travis County, and others
State:	Texas
Geo Coordinates (market center):	30.30116, -97.7527

Major Hotel Demand Generators

University of Texas at Austin | Dell Inc. | Seton Healthcare Network | Walmart Inc. | St. David's Healthcare | Samsung Austin Semiconductor | Apple Computer | IBM Corp. | Texas State University - San Marcos | Austin Community College | NXP Semiconductors | Applied Materials | AT&T | National Instruments | Whole Foods Market | Keller Williams Realty | Accenture | Flextronics International | Lower Colorado River Authority | Spectrum

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,671,201	33rd of 104 (Above Average)
Income per Capita	$63,717	10th of 104 (Above Average)
Feeder Group Size	49.8 Persons PSR	19th of 104 (Above Average)
Feeder Group Earnings	$3,170,996 PSR	43rd of 104 (Average)
Total Market Hotel Revenues	$2.0 billion	20th 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 Rooms	Performance Index (LPI)
2015	72.8%	$131.69	$95.89	$121.29	$88.32	$10.40	92.1%	42.1%	2.19	33,070	1.49
2016	71.2%	$136.46	$97.13	$125.29	$89.18	$11.17	91.8%	45.1%	2.13	34,800	1.21
2017	70.1%	$136.29	$95.50	$124.98	$87.58	$11.31	91.7%	48.5%	2.12	36,510	1.22
2018	68.2%	$139.05	$94.84	$127.46	$86.94	$11.58	91.7%	51.8%	2.06	38,470	1.19
2019	71.6%	$139.82	$100.09	$128.30	$91.85	$11.52	91.8%	55.7%	2.03	42,110	1.39
2020	41.4%	$96.47	$42.50	$90.02	$37.23	$6.45	93.3%	39.5%	2.40	42,980	0.91
2021	62.6%	$120.21	$76.19	$111.84	$69.96	$8.37	93.0%	41.2%	2.38	45,400	1.20
2022	65.6%	$136.32	$89.30	$126.94	$83.23	$9.39	93.1%	42.3%	2.28	45,930	1.25
2023	68.0%	$150.16	$102.69	$140.01	$95.18	$10.14	93.2%	43.1%	2.21	46,610	1.27
CAGR: 2015 thru 2023	-0.9%	1.7%	0.9%	1.8%	0.9%	-0.3%	0.2%	0.3%	0.2%	4.4%	-2.0%
3Q 2023	67.2%	$145.22	$97.60	$135.43	$91.01	$9.79	93.3%	47.2%	2.08	48,710	1.18
3Q 2024	64.4%	$143.01	$92.13	$133.01	$85.68	$10.01	93.0%	49.4%	2.05	50,110	1.13

Notable Metrics

HIGHEST

Economy Median Income	T12-Month COPE ADR Percentage	Total Rooms Supply
10th	**14th**	**19th**
Above Average	**Above Average**	**Above Average**
Austin, TX exhibited strong Economy Median Income ($63,717)	The market benefited from strong T12–month COPE ADR percentage (93.4%)	The market also benefits from a large and diverse hotel market (50,112 total rooms)

LOWEST

OAR: Luxury/Upscale	IRR: Luxury/Upscale	Latest-Quarter Occupancy
90th	**88th**	**85th**
Unfavorable	**Unfavorable**	**Below Average**
This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.8%)	The market posted unfavorable IRR metrics in the luxury/upscale segment (10.3%)	Austin, TX also exhibited weak latest–quarter occupancy (64.4%)

Notable Trends

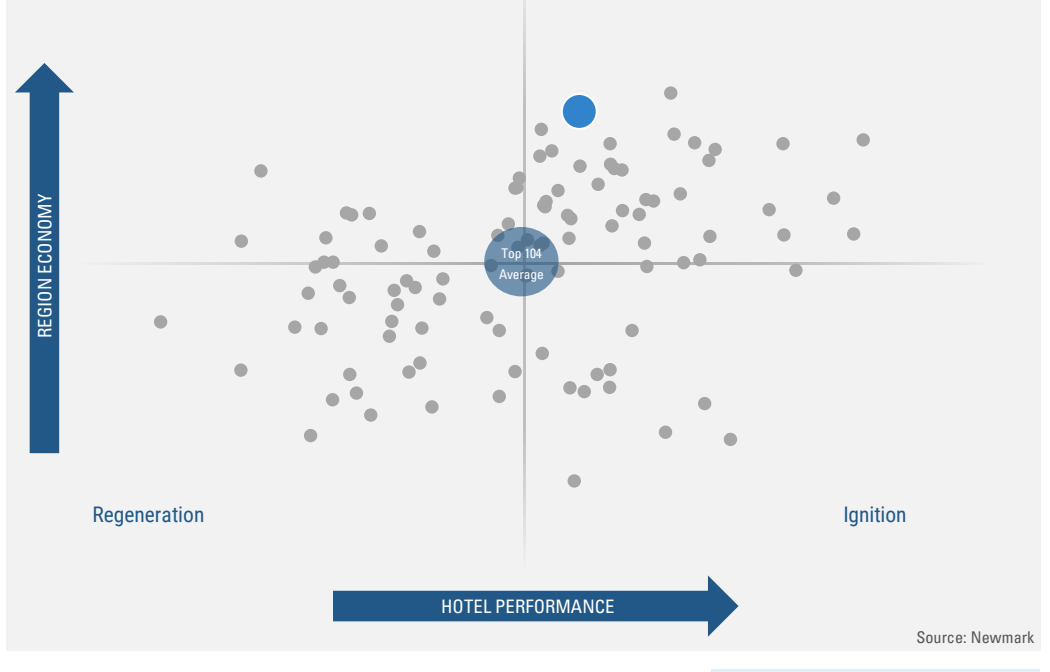
STRONGEST

Short-Term Historical Supply Growth	General Economy Reverence	Short-Term Historical Booking Costs POR Growth
2nd	**2nd**	**10th**
Very Strong	**Very Strong**	**Above Average**
Austin, TX has benefited from low short–term historical supply growth (4.0%)	The market enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators)	The market also enjoyed low short–term historical growth in booking costs (1.2%)

WEAKEST

Long-Term Historical Supply Growth	Long-Term Historical COPE RevPAR Growth	Long-Term Historical Guest Paid RevPAR Growth
Last	**99th**	**99th**
Soft	**Soft**	**Soft**
The market has been burdened by high long–term historical supply growth (4.2%)	We note this area posted weak long–term historical COPE RevPAR growth (–0.5%)	Austin, TX also has been hampered by weak long–term historical Guest Paid RevPAR growth (–0.5%)

Market Performance Stage



Source: Newmark

Austin, TX: Expansion Stage

Expansion

The Austin, TX market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that has fully exited from the 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; Atlanta, GA; 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 remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Miami, FL; and New Orleans, LA.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed any 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 Minneapolis, MN; ; and .

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.7%
Risk Exposure (402 US markets):	6th Percentile: Low Risk
Key Industry Notes:	College town, high tech
	Strong population growth
	Well-educated labor force
	High tech adds to volatility
	High cost of living

Moody's Rating

Aaa

Investment Grade

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

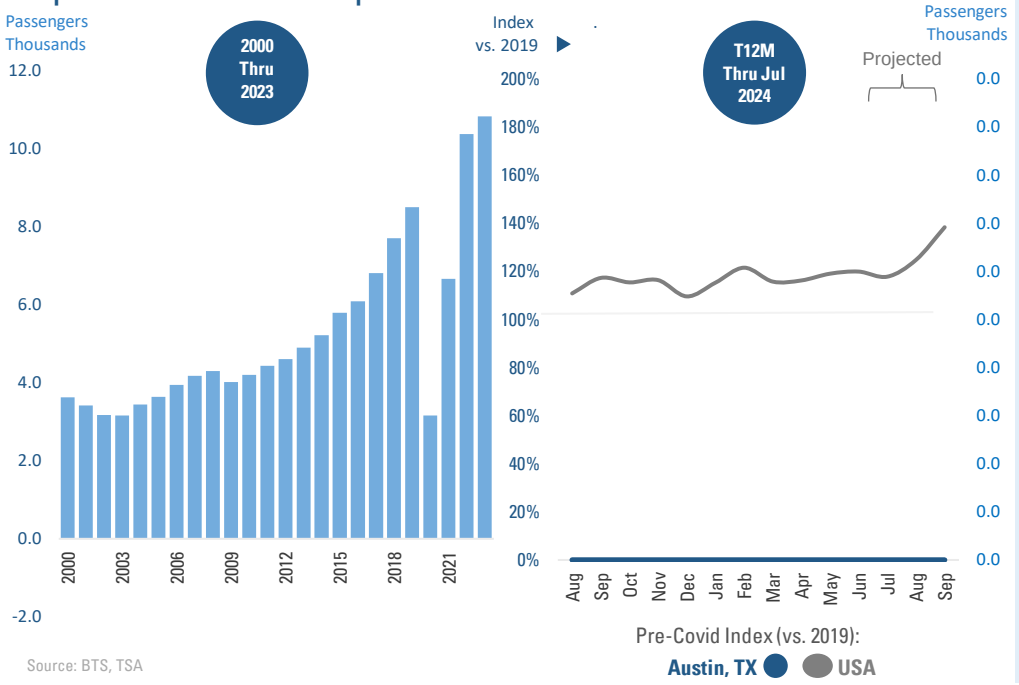
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

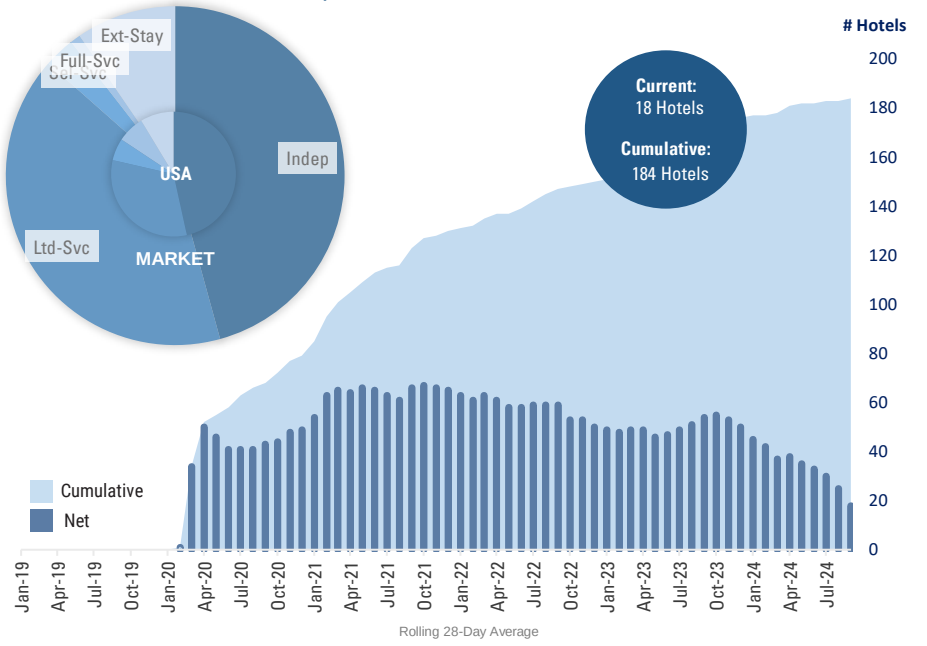
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Austin, TX



Source: Hotel Compete

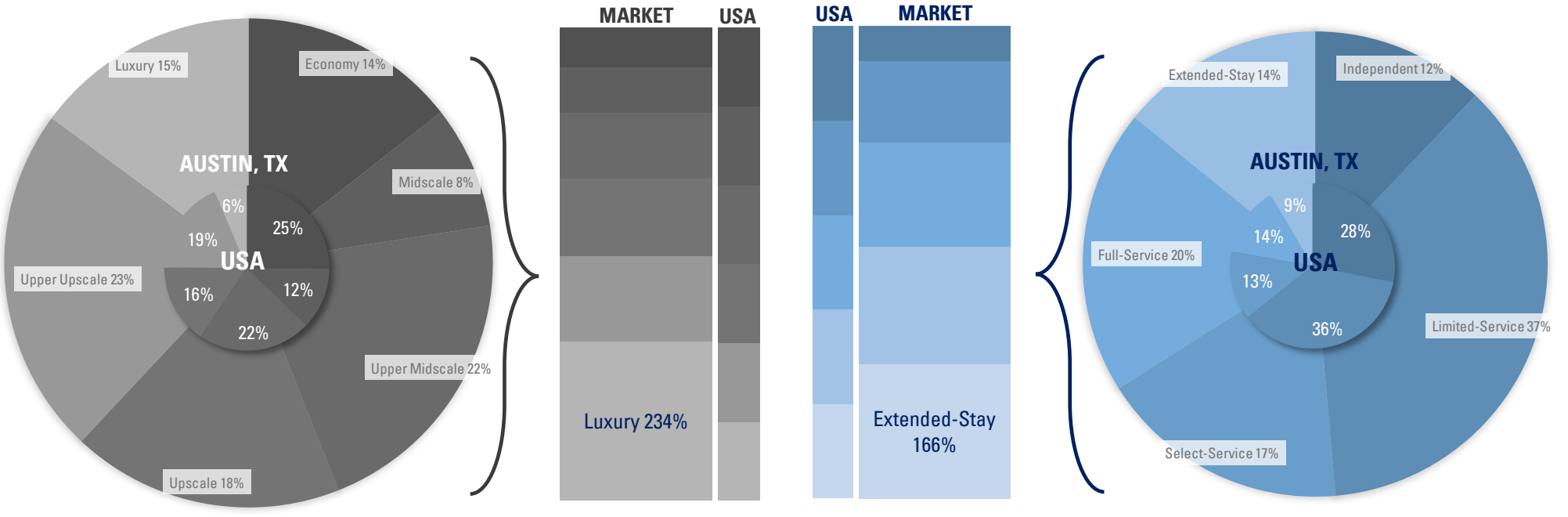
Scale and Service Distribution: Austin, TX

SCALE AND SERVICE ORIENTATION

Distribution Based on CHAIN SCALE

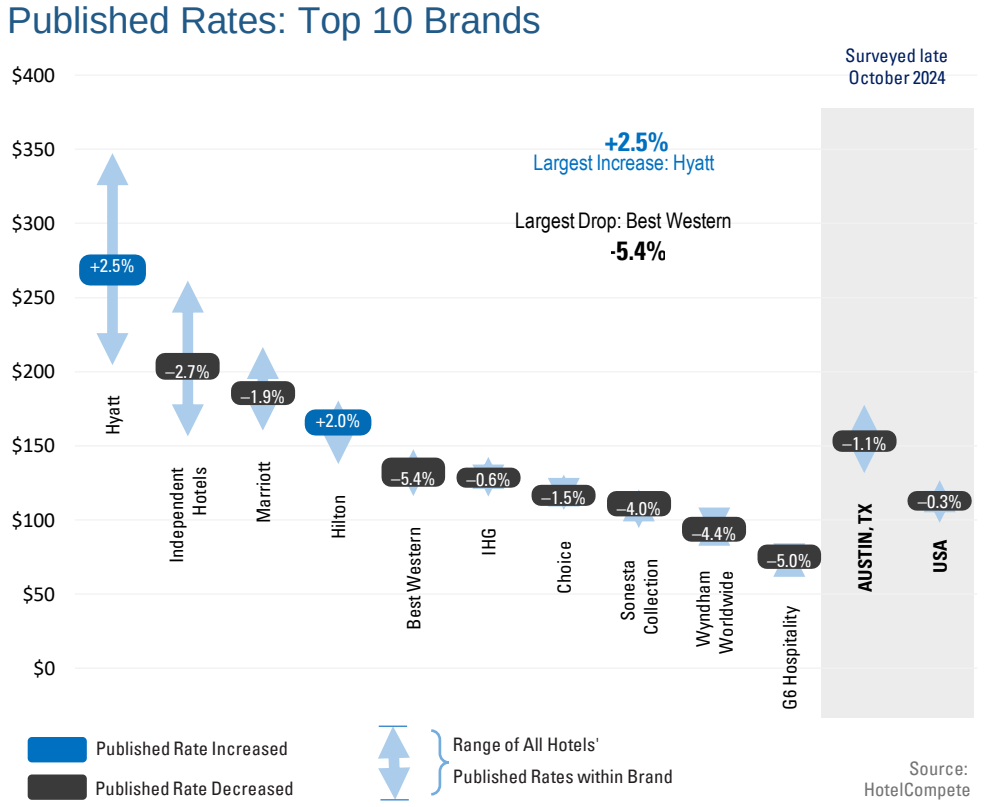
CATEGORY PENETRATION RELATIVE TO USA SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



Published Rates: Top 10 Brands

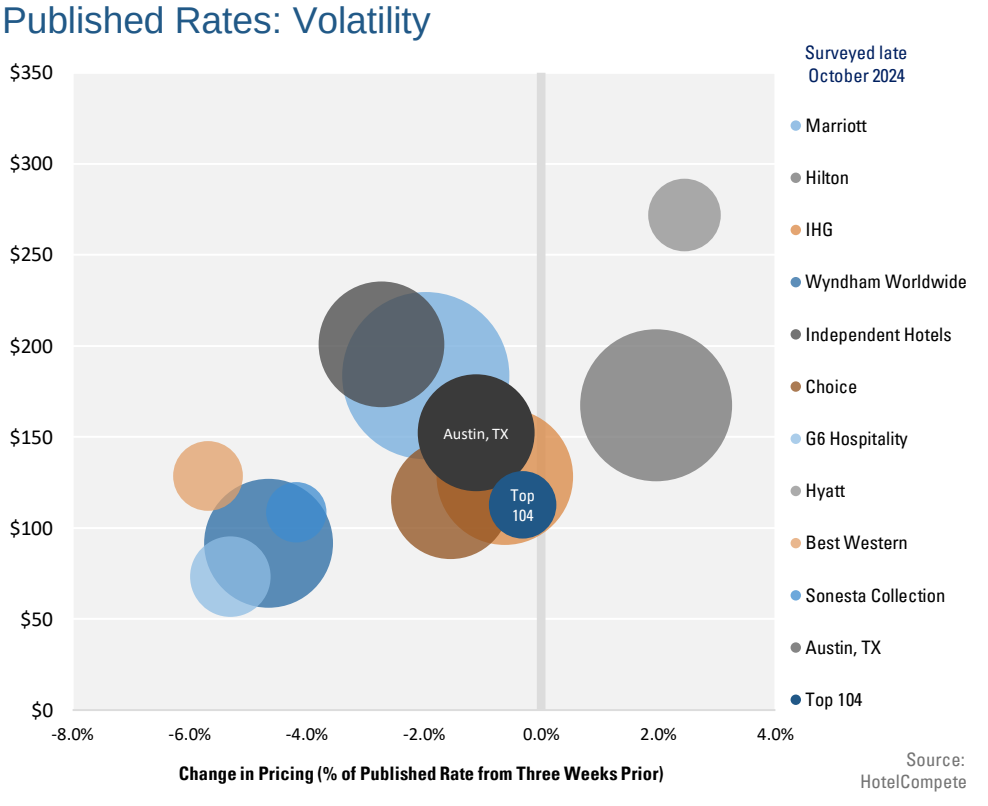
'30/3' RATE CHANGES: AUSTIN, TX vs. USA



Source: HotelCompete

Published Rates: Volatility

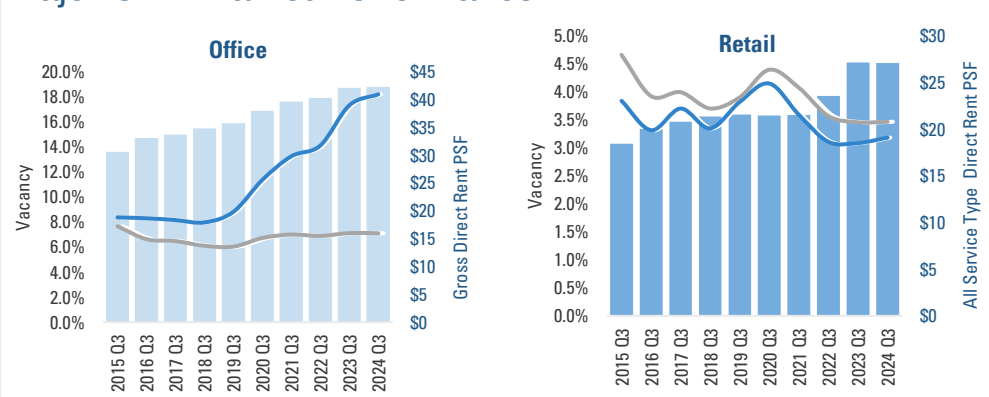
RATE ADJUSTMENTS BY BRAND



Source: HotelCompete

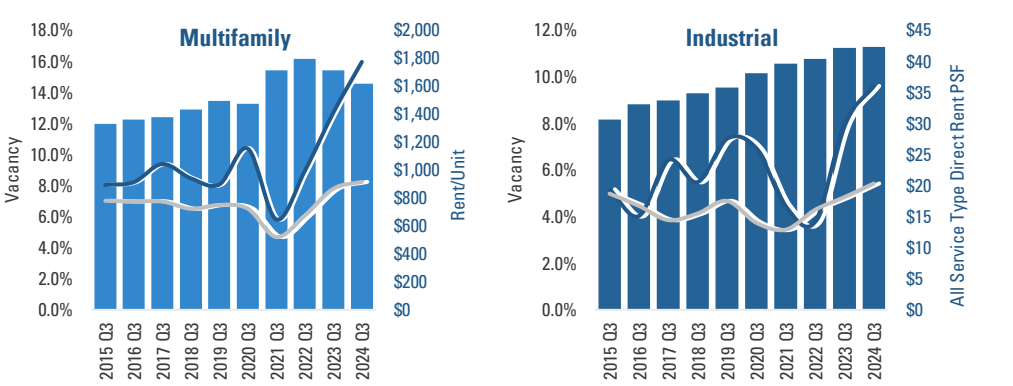
MAJOR C.R.E. METRICS

Major CRE Market Performance



Austin, TX USA - Vacancy

Source: CoSTAR



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

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:

Hotels and Resorts

Gaming Facilities

Stadiums, Sports & Entertainment Facilities

Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

Our core disciplines and expert subject areas include:

Economic Impact
We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

Feasibility
We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

Financial Reporting
Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

Litigation
Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics
We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

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

ABOUT NEWMARK

We transform untapped potential into limitless opportunity.

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

FOR INFORMATION CONTACT:
Bryan Younge MAI, ASA, FRICS
Executive Vice President, Valuation & Advisory, Specialty Practice Leader – Hospitality, Gaming & Leisure
m 773-263-4544
bryan.younge@nmrk.com

CONTACT: SOUTH US MARKETS

CONTACT

FOR MORE INFORMATION

Chris Remund, MAI
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
South US Markets
t 737-263-0343
chris.remund@nmrk.com

Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
M 773.263.4544
bryan.younge@nmrk.com

MARKET DISCLAIMERS

LEGAL

COPYRIGHT INFORMATION

© 2024 by Newmark. All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication and should consult with professionals of the recipient's choice regarding all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.