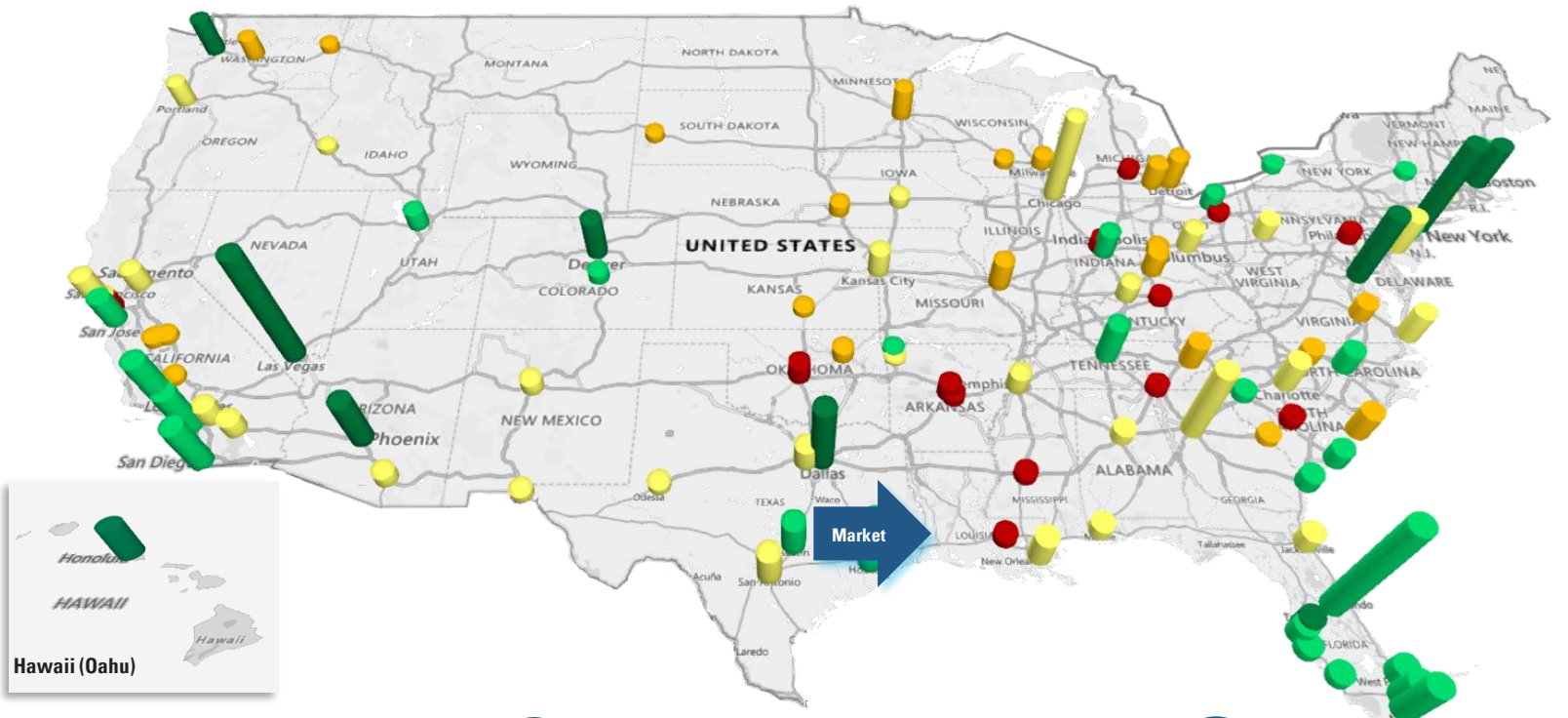
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

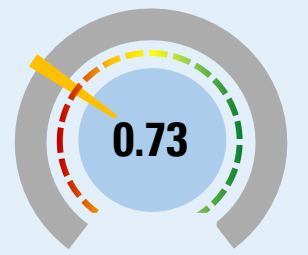
3Q 2024
BATON ROUGE, LA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

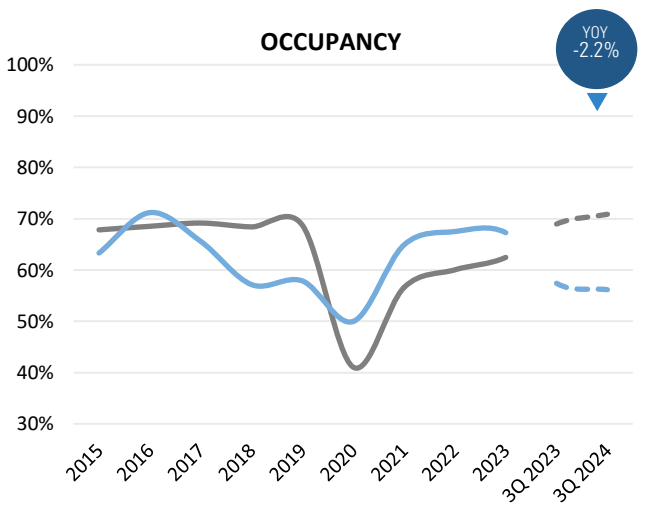
Baton Rouge, LA

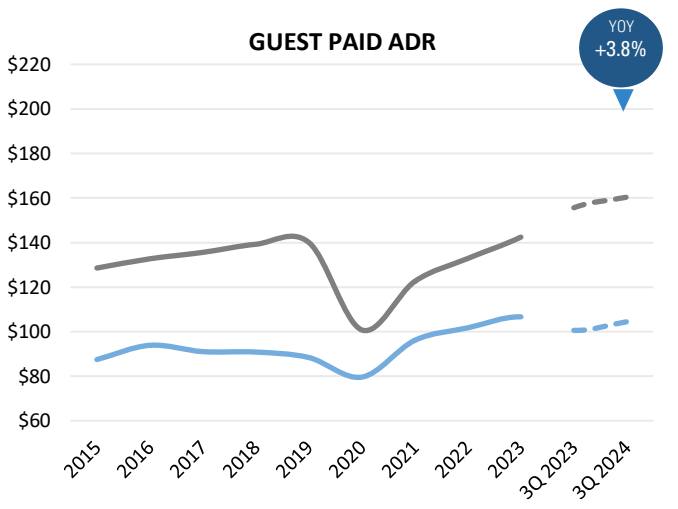


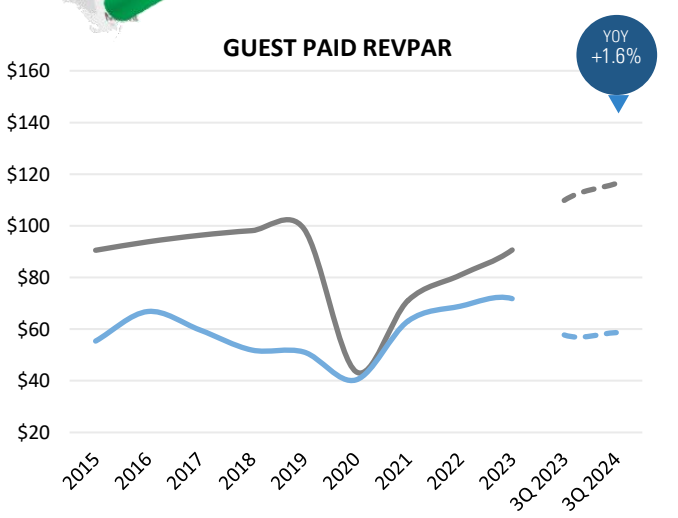
86th of 104
Below Average

Ranking of overall '3Q 2024 LPI' performance (0.73) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Baton Rouge, LA

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.
56.2% / 70.9%	58.1% / 67.9%	$104 / $160	$105 / $160	$59 / $116	$61 / $112
100th	95th	97th	94th	102nd	98th

BENCHMARK INDEXES

Key Benchmark Indexes

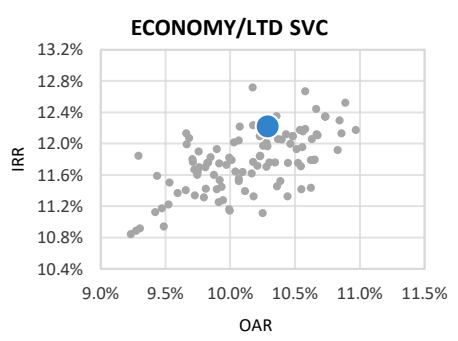
kalibri LABS

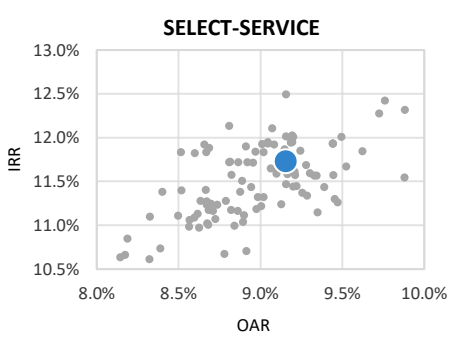
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
49.5% / 47.6%	49.1% / 52.4%	2.10 / 2.07	2.09 / 2.06	$7.34 / $12.17	$7.47 / $11.83
46th	45th	36th	40th	7th	11th

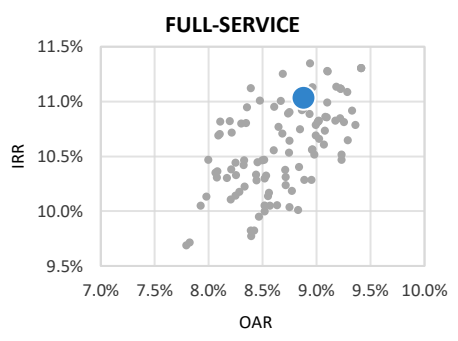
INVESTMENT PARAMETERS

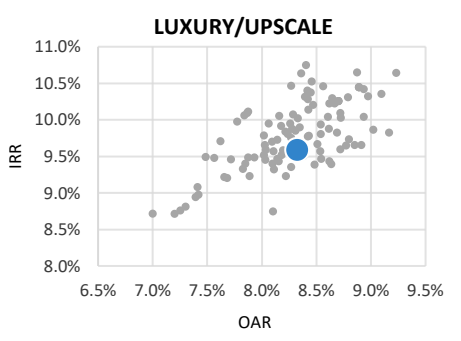
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

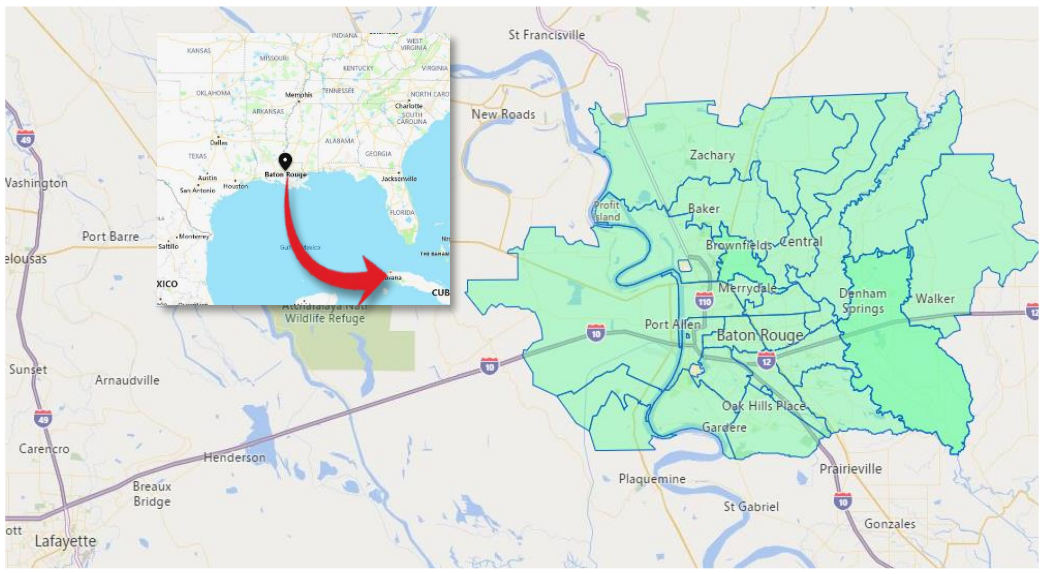
Revenue Stability	Supplier Power Trend	Investment Yields
37th	**50th**	**75th**
Average	Average	Below Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
89th	**39th**	**4th**
Below Average	Average Risk	High 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

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Baton Rouge
County:	East Baton Rouge Parish
State:	Louisiana
Geo Coordinates (market center):	30.45075, -91.15455

Major Hotel Demand Generators

Turner Industries Group LLC | LSU System | Performance Contractors | Our Lady of the Lake Regional Medical Center | The Shaw Group Inc. | ExxonMobil | Baton Rouge General Medical | Parish Water Co. | AT&T | Dow Chemical | Ochsner Health System | Southern University | Cajun Constructors Inc. | Blue Cross and Blue Shield of LA | Woman's Hospital | James Construction Group | H&E Equipment Services | East Louisiana State Hospital | Excel Group | Industrial Specialty Contractors

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	474,279	87th of 104 (Below Average)
Income per Capita	$40,948	79th of 104 (Below Average)
Feeder Group Size	73.9 Persons PSR	57th of 104 (Average)
Feeder Group Earnings	$3,025,984 PSR	37th of 104 (Average)
Total Market Hotel Revenues	$243.2 million	94th of 104 (Soft)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Guest Paid 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	63.3%	$87.47	$55.37	$81.36	$51.49	$6.12	93.0%	46.4%	2.16	9,840	0.63
2016	71.2%	$93.87	$66.82	$87.85	$62.53	$6.02	93.6%	47.9%	2.57	9,960	1.09
2017	65.6%	$91.03	$59.70	$84.50	$55.42	$6.53	92.8%	51.6%	2.29	10,380	0.81
2018	57.1%	$90.84	$51.91	$83.73	$47.84	$7.11	92.2%	53.6%	1.98	10,340	0.42
2019	57.9%	$88.38	$51.13	$81.65	$47.24	$6.73	92.4%	54.2%	1.99	10,980	0.61
2020	50.0%	$79.60	$40.34	$74.71	$37.33	$4.89	93.9%	38.4%	2.47	10,860	1.39
2021	64.9%	$96.11	$63.10	$89.93	$58.36	$6.19	93.6%	39.6%	2.49	10,890	1.36
2022	67.5%	$101.72	$68.85	$95.17	$64.23	$6.56	93.6%	40.9%	2.50	10,990	0.88
2023	67.3%	$106.66	$71.78	$99.80	$67.14	$6.85	93.6%	42.4%	2.51	11,100	0.80
CAGR: 2015 thru 2023	**0.8%**	**2.5%**	**3.3%**	**2.6%**	**3.4%**	**1.4%**	**0.1%**	**-1.1%**	**1.9%**	**1.5%**	**3.0%**
3Q 2023	57.4%	$100.60	$57.74	$93.38	$53.60	$7.22	92.8%	46.9%	2.23	11,140	0.62
3Q 2024	56.2%	$104.45	$58.65	$97.11	$54.53	$7.34	93.0%	49.5%	2.10	10,960	0.73

Notable Metrics

HIGHEST

Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR	Latest-Quarter Average Length of Stay
7th	**11th**	**36th**
Strong	**Above Average**	**Average**
Baton Rouge, LA enjoyed low latest–quarter booking costs POR ($7.34)	The market enjoyed low T12–month booking costs POR ($7.47)	The market also boasted strong latest–quarter average length of stay (2.10 Nights)

LOWEST

Latest-Quarter Guest Paid RevPAR	Latest-Quarter COPE RevPAR	Latest-Quarter Occupancy
102nd	**101st**	**100th**
Soft	**Soft**	**Soft**
This market posted weak latest–quarter Guest Paid RevPAR ($58.65)	The market has been hampered by weak latest–quarter COPE RevPAR ($54.53)	Baton Rouge, LA also exhibited weak latest–quarter occupancy (56.2%)

Notable Trends

STRONGEST

Short-Term Historical Average Length of Stay Growth	T12-Month Rooms Supply Growth	Long-Term Historical Booking Costs POR Growth
10th	**16th**	**28th**
Above Average	**Above Average**	**Above Average**
Baton Rouge, LA has benefited from strong short–term historical average length of stay growth (2.0%)	The market exhibited low rooms supply growth over the last 12 months (–1.6%)	The market also has benefited from low long–term historical booking costs POR growth (2.2%)

WEAKEST

Long-Term Historical Loyalty Contribution Growth	General Economy Reverence	Short-Term Historical Supply Growth
97th	**90th**	**89th**
Soft	**Soft**	**Below Average**
The market has been hindered by weak long–term historical loyalty contribution growth (3.1%)	We note this area posted weak general economic reverence (per–capita unemployment, GDP and other indicators)	Baton Rouge, LA also has been burdened by high short–term historical supply growth (–0.1%)

Market Performance Stage

Source: Newmark

Baton Rouge, LA: Regeneration Stage

Regeneration

The Baton Rouge, LA market is currently in the 'Regeneration' stage of the performance cycle. In this 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.

Other Stages:

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 .

Expansion

In the 'Expansion' 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 Austin, TX.

MOODYS ANALYTICS

Industry Observations

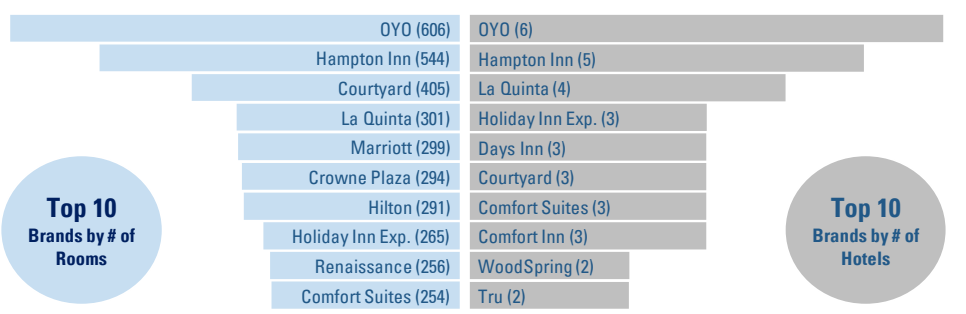
Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.2%
Risk Exposure (402 US markets):	76th Percentile: Above Average
Key Industry Notes:	Low business costs, especially energy
	Low quality of life for residents
	Large research university
	High housing affordability
	Dearth of high-tech jobs

Moody's Rating

NR

This market is not rated by Moody's

TOP 10 BRANDS

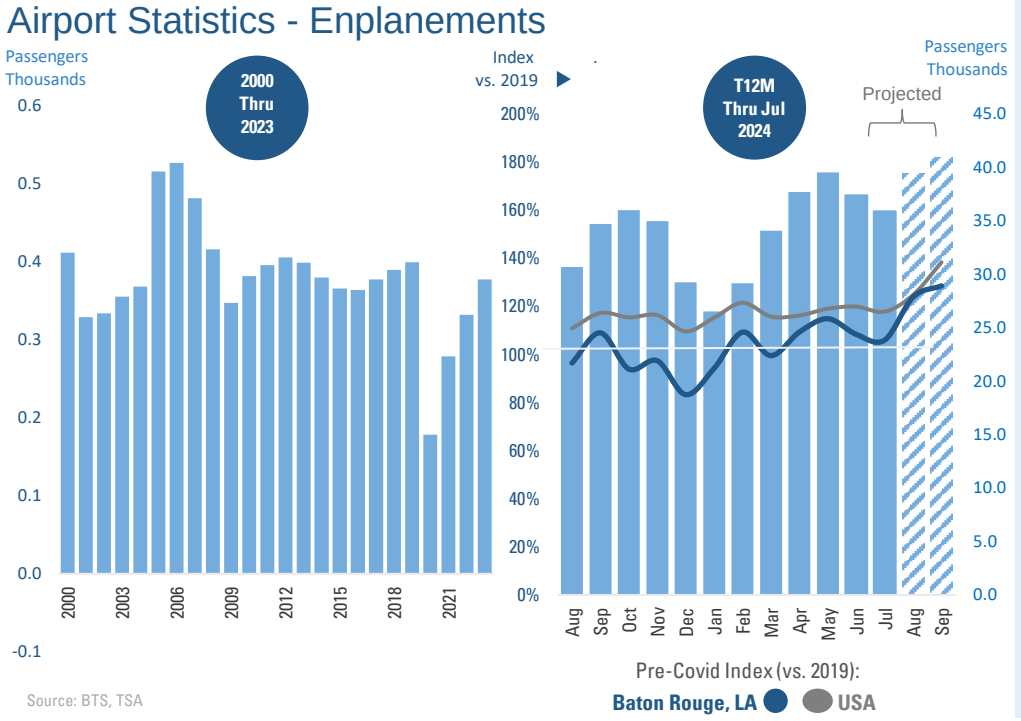


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

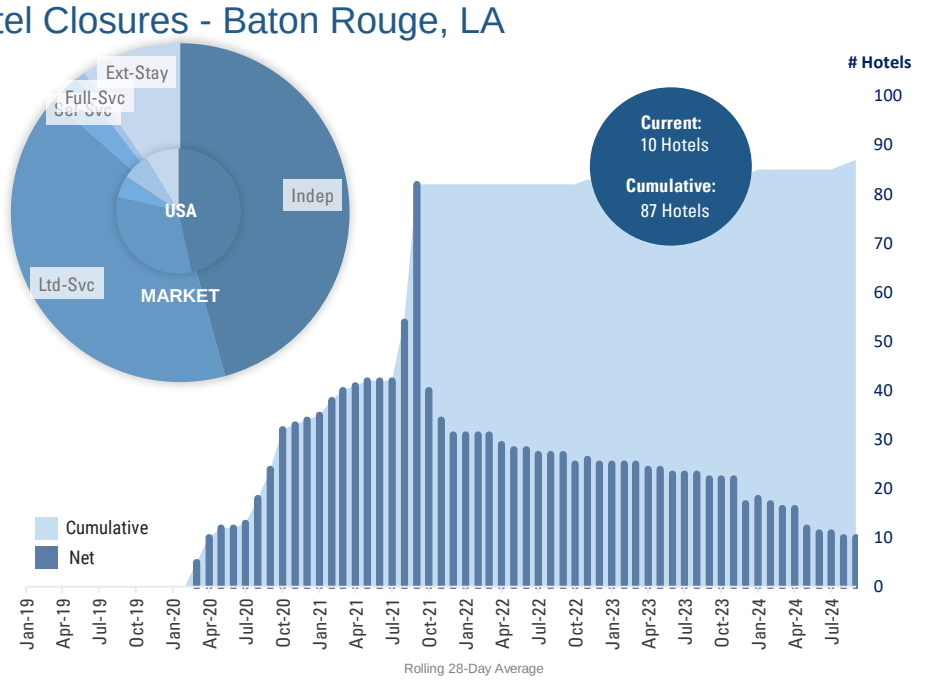
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

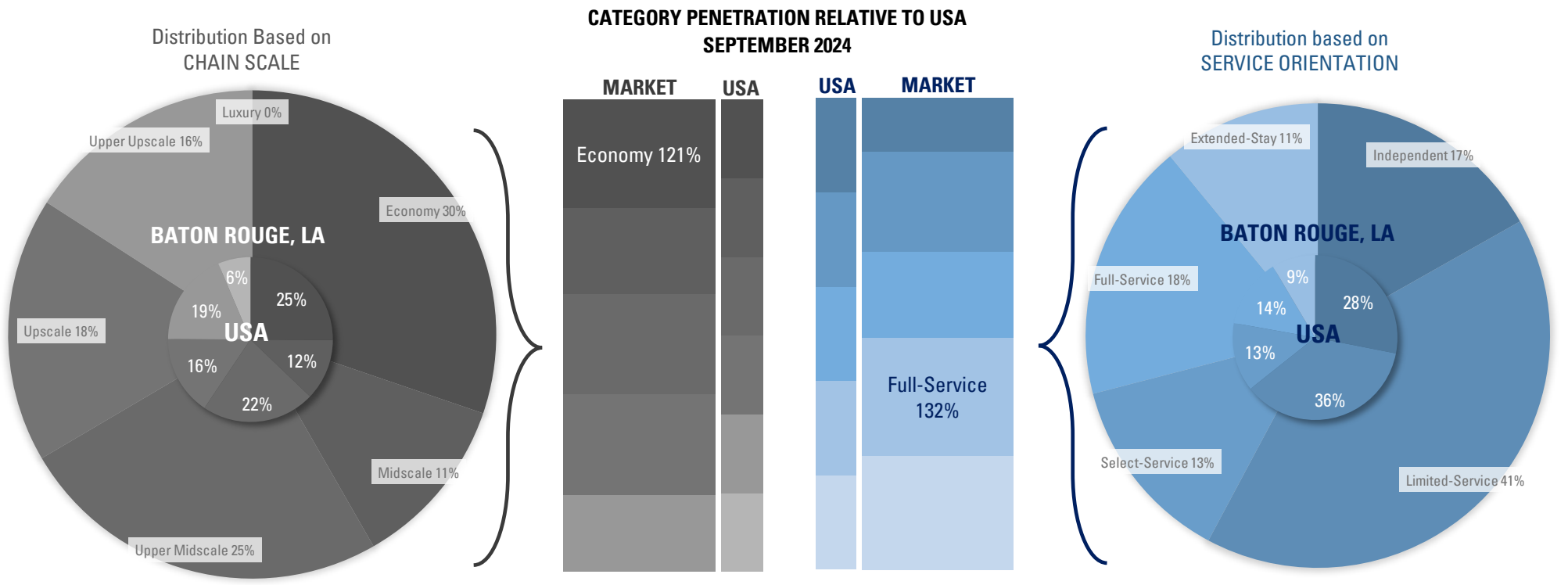
Hotel Closures - Baton Rouge, LA



Source: Hotel Compete

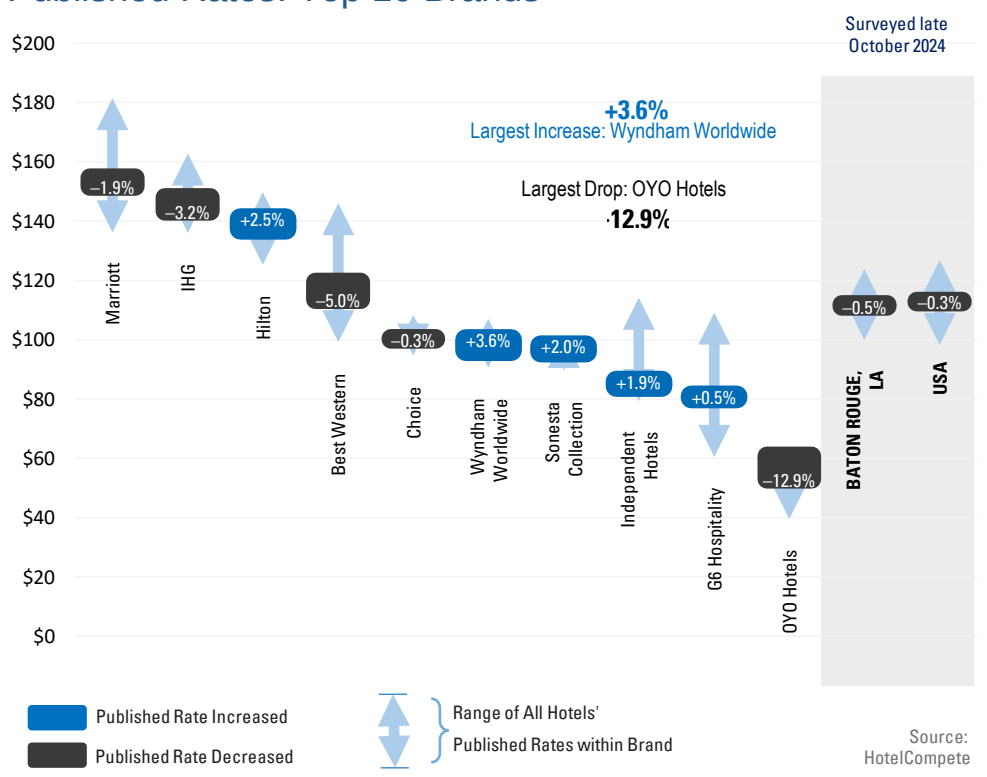
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Baton Rouge, LA



'30/3' RATE CHANGES: BATON ROUGE, LA vs. USA

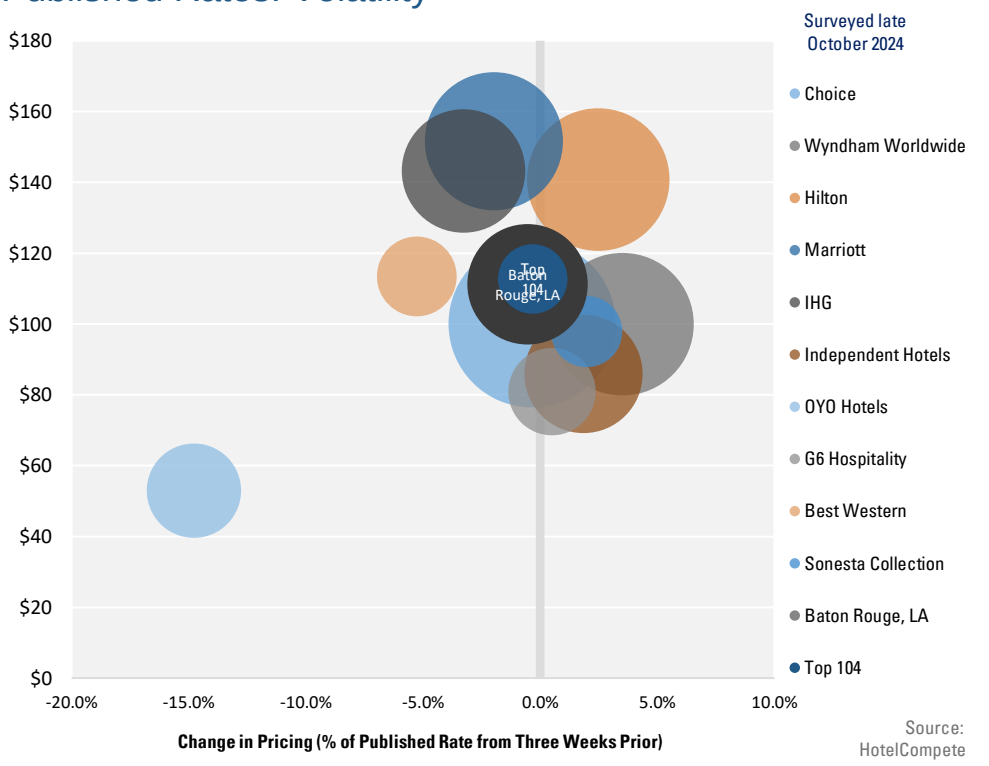
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



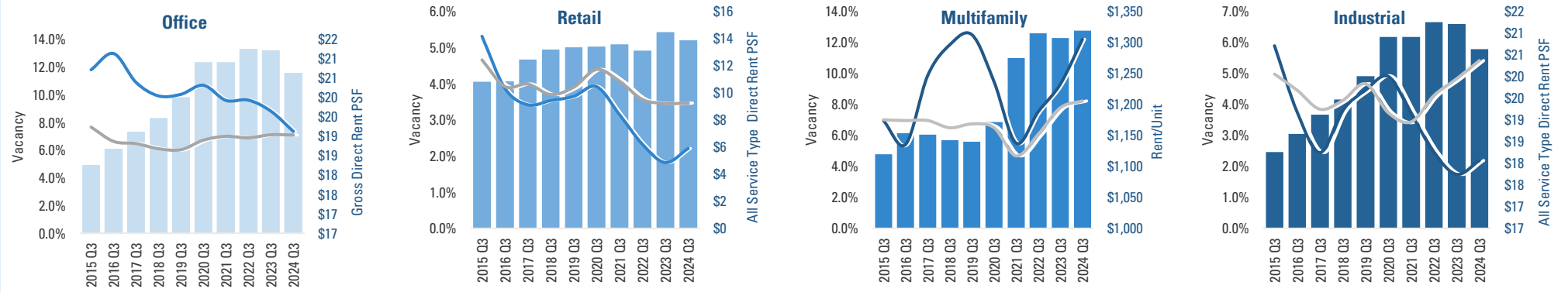
Source: HotelCompete

MAJOR C.R.E. METRICS

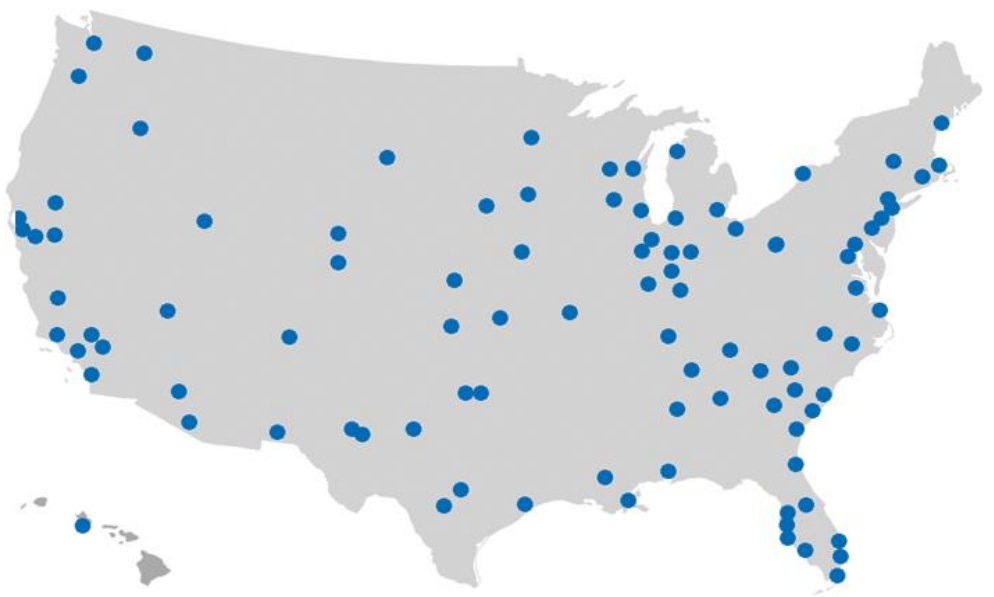
Major CRE Market Performance

Baton Rouge, LA ● 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

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Stadiums, Sports & Entertainment Facilities

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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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