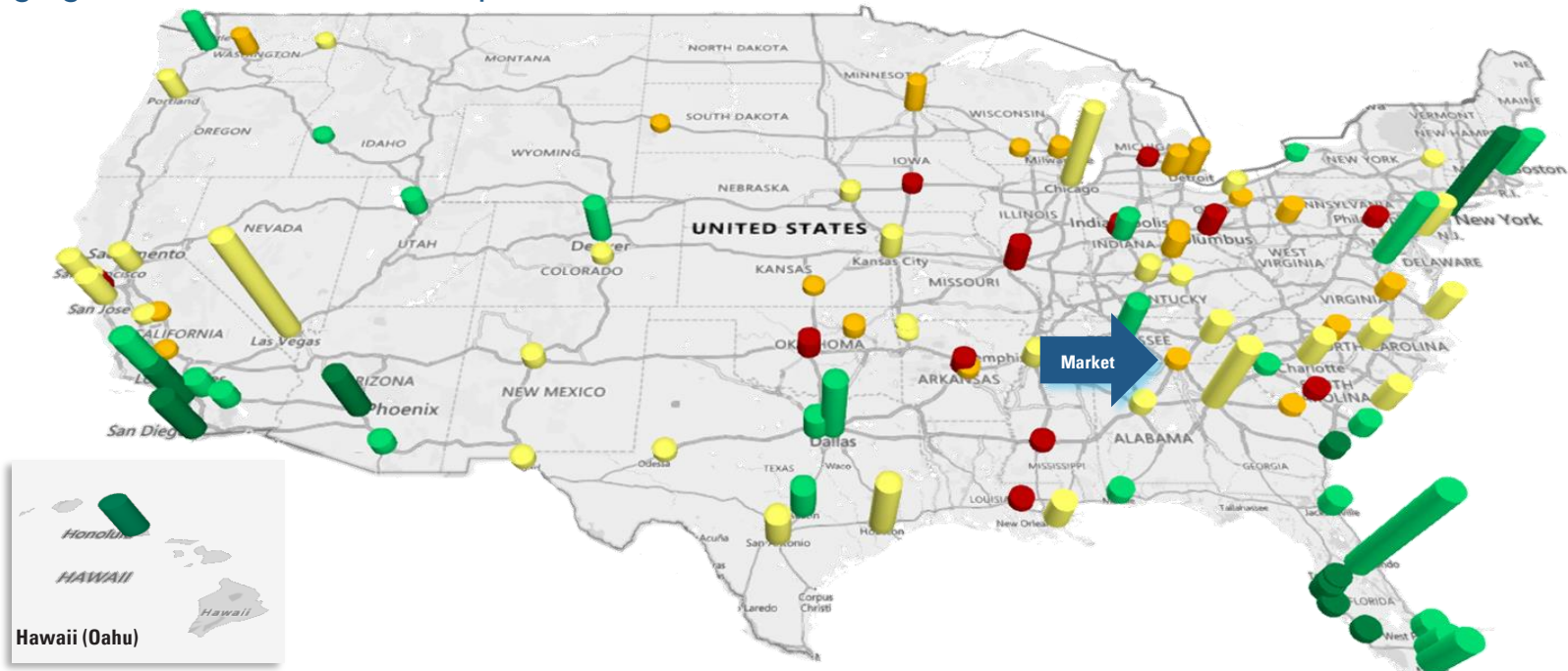


4Q 2023  
CHATTANOOGA, TN

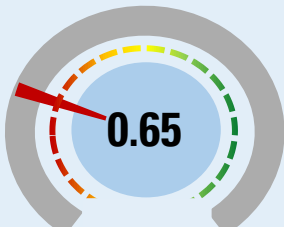


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

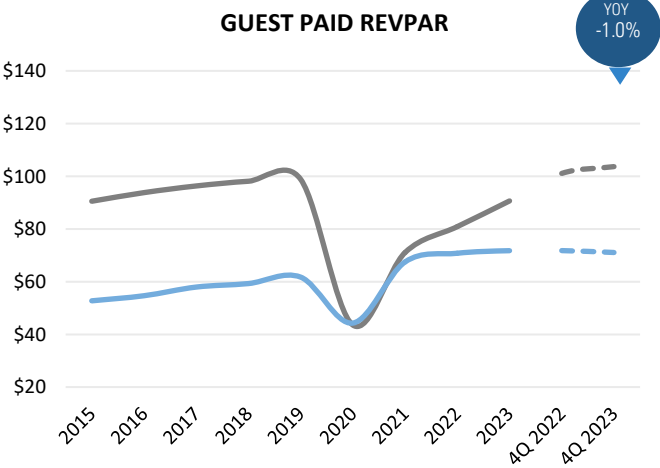
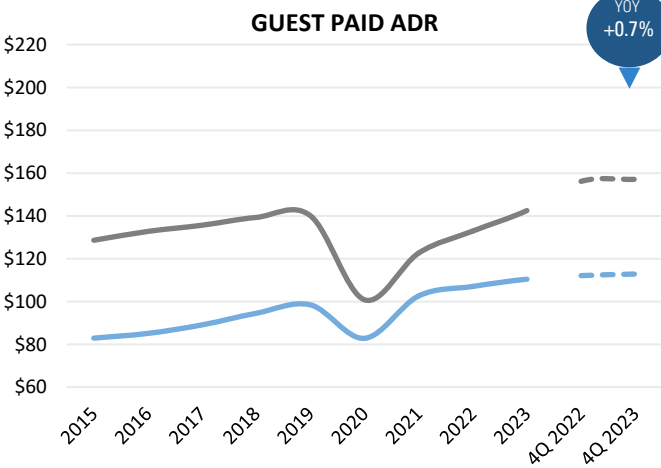
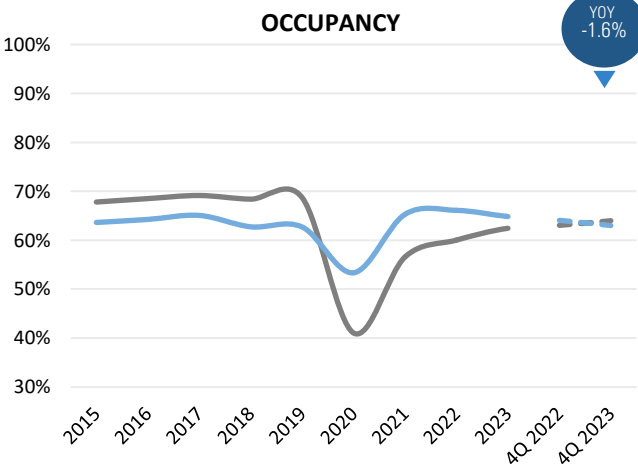
Chattanooga, TN



93rd of 104  
Soft

Ranking of overall '4Q 2023 LPI' performance (0.65) against all 104 surveyed markets.

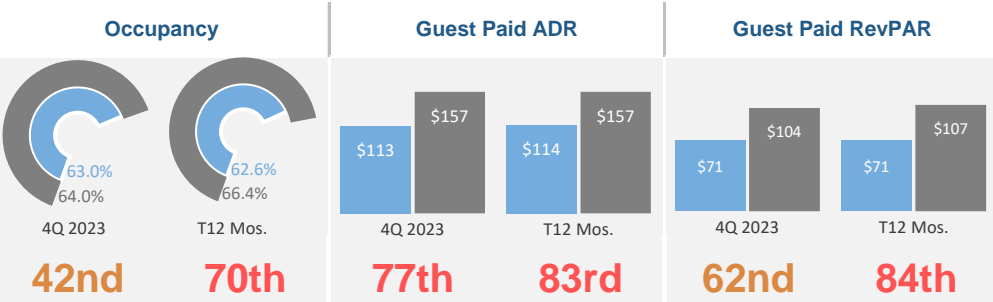
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

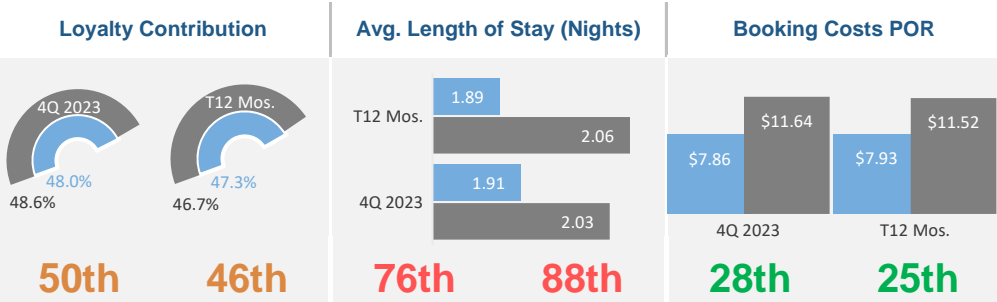
Key Performance Indexes

● Subject Market ● Top 104



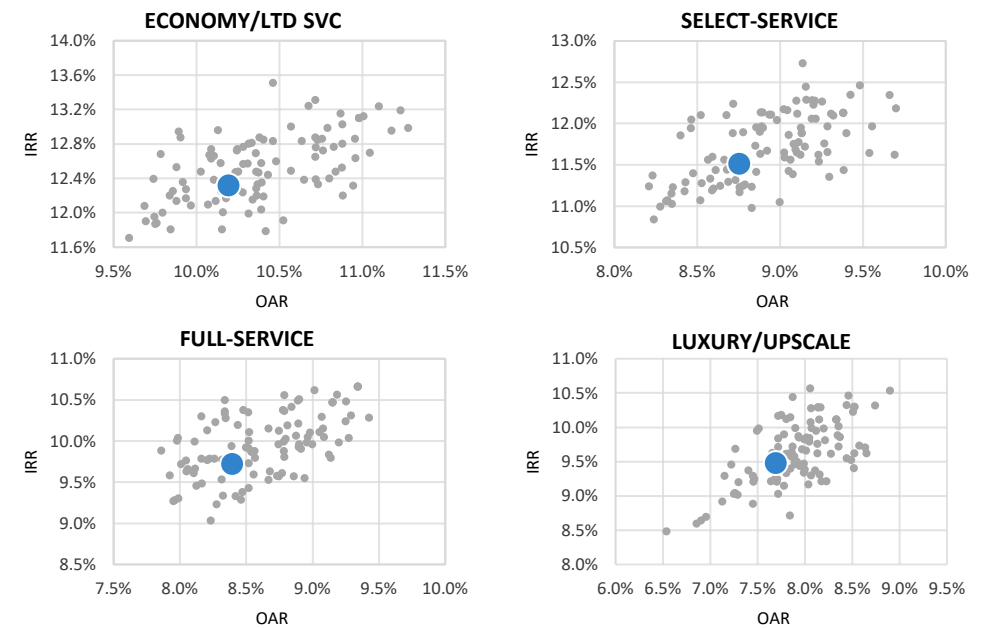
BENCHMARK INDEXES

Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark



Trends and Risks

Source: Kalibri Labs, Newmark

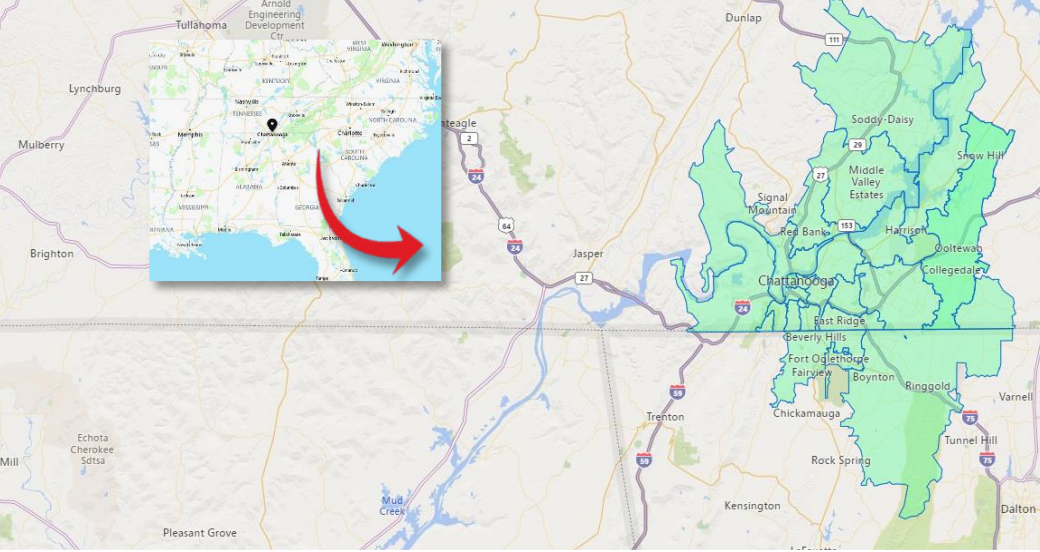
FUNDAMENTALS



RISKS



Location



Quick Facts

**Jurisdictional Information**

Municipal Name:	Chattanooga
County:	Hamilton County
State:	Tennessee
Geo Coordinates (market center):	35.04563, -85.30968

Source: US Census Bureau, Dept. of Labor Statistics

**Major Hotel Demand Generators**

BlueCross BlueShield of Tennessee | Erlanger Health System | Tennessee Valley Authority | Volkswagen Chattanooga | McKee Foods Corp. | Unum | CHI Memorial | Amazon | Roper Corp. | Astec Industries Inc. | Cigna HealthCare | Parkridge Medical Center | The University of Tennessee at Chattanooga | Pilgrim's Pride Corp. | U.S. Xpress Enterprises Inc. | Convergys Corp. | Chatterm Inc. | Orange Grove Center Inc. | Chattanooga State Community College | Koch Foods LLC

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	356,975	96th of 104 (Small)
Income per Capita	\$41,911	75th of 104 (Below Average)
Feeder Group Size	50.6 Persons PSR	20th of 104 (Above Average)
Feeder Group Earnings	\$2,122,094 PSR	16th of 104 (Above Average)
Total Market COPE	\$292.9 million	85th of 104 (Below Average)

Key Performance Metrics

YEAR ENDING	Guest Paid			COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	63.6%	\$82.86	\$52.73	\$77.42	\$49.26	\$5.44	93.4%	41.1%	1.80	10,220	0.72
2016	64.3%	\$85.06	\$54.66	\$79.25	\$50.92	\$5.81	93.2%	41.9%	1.83	10,190	0.91
2017	65.1%	\$89.05	\$57.95	\$82.61	\$53.76	\$6.44	92.8%	43.9%	1.83	10,050	0.76
2018	62.7%	\$94.48	\$59.28	\$87.37	\$54.82	\$7.11	92.5%	47.1%	1.78	10,130	0.79
2019	62.7%	\$98.41	\$61.72	\$90.82	\$56.97	\$7.58	92.3%	53.0%	1.72	10,670	0.74
2020	53.4%	\$82.76	\$44.29	\$76.99	\$41.07	\$5.78	93.0%	37.9%	2.01	10,640	1.19
2021	65.3%	\$102.56	\$67.49	\$95.11	\$62.12	\$7.44	92.7%	40.5%	1.87	10,900	1.17
2022	66.1%	\$106.99	\$70.79	\$99.28	\$65.63	\$7.71	92.8%	40.8%	1.89	10,980	0.93
2023	64.3%	\$110.39	\$71.76	\$102.54	\$66.50	\$7.85	92.9%	41.5%	1.89	11,040	0.65
CAGR: 2015 thru 2022	0.2%	3.7%	3.9%	3.6%	3.8%	4.7%	-0.1%	0.1%	0.6%	1.0%	-1.3%
4Q 2022	64.1%	\$112.05	\$71.79	\$104.26	\$66.79	\$7.79	93.0%	44.8%	1.95	11,320	0.93
4Q 2023	63.0%	\$112.78	\$71.07	\$104.93	\$66.12	\$7.86	93.0%	48.0%	1.91	11,470	0.65

Data provided by:

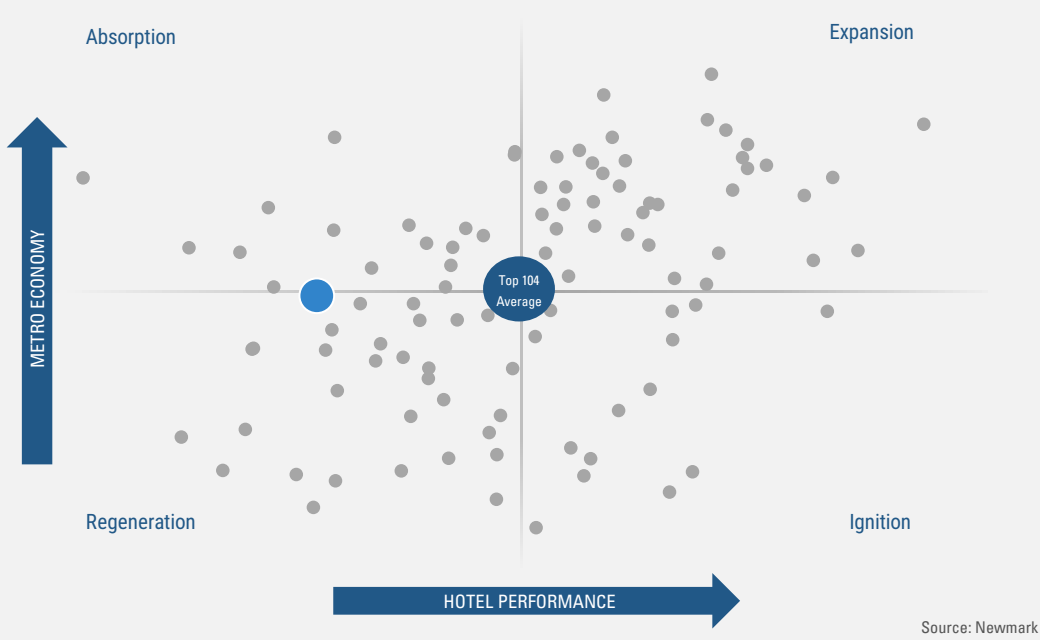
Notable Metrics

HIGHEST	Feeder Group Earnings PSR	Feeder Group Size	T12-Month Booking Costs POR
	<b>16th</b> Above Average Chattanooga, TN posted strong feeder group earnings PSR (\$2,122,094)	<b>20th</b> Above Average The market required a small feeder group size (50.63 Persons)	<b>25th</b> Above Average The market also enjoyed low T12-month booking costs POR (\$7.93)
LOWEST	Latest-Quarter LPI	Marketwide Income per Room	Population Density per Room
	<b>93rd</b> Soft This market posted weak latest-quarter LPI (0.65)	<b>89th</b> Below Average The market exhibited a low ratio of marketwide income per room (\$941,623)	<b>89th</b> Below Average Chattanooga, TN also has been hindered by weak population density per room (31.12)

Notable Trends

FASTEST	Short-Term Historical Supply Growth	Short-Term Historical Occupancy Growth	Short-Term Historical Average Length of Stay Growth
	<b>13th</b> Above Average Chattanooga, TN has benefited from low short-term historical supply growth (2.1%)	<b>22nd</b> Above Average The market has benefited from strong short-term historical occupancy growth (1.0%)	<b>31st</b> Above Average The market also has benefited from strong short-term historical average length of stay growth (1.3%)
SLOWEST	Overall Health of Hotel Market	T12-Month Rooms Supply Growth	Long-Term Historical Supply Growth
	<b>92nd</b> Soft The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	<b>90th</b> Soft We note this area has been hindered by high rooms supply growth over the last 12 months (1.3%)	<b>81st</b> Below Average Chattanooga, TN also has been burdened by high long-term historical supply growth (2.0%)

Market Performance Stage



Chattanooga, TN: Regeneration Stage

**Regeneration** The Chattanooga, TN 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:**

<b>Ignition</b>	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.
<b>Absorption</b>	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.
<b>Expansion</b>	In the 'Expansion' 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; Atlanta, GA; and Austin, TX.

Industry Observations

**MOODY'S ANALYTICS**

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

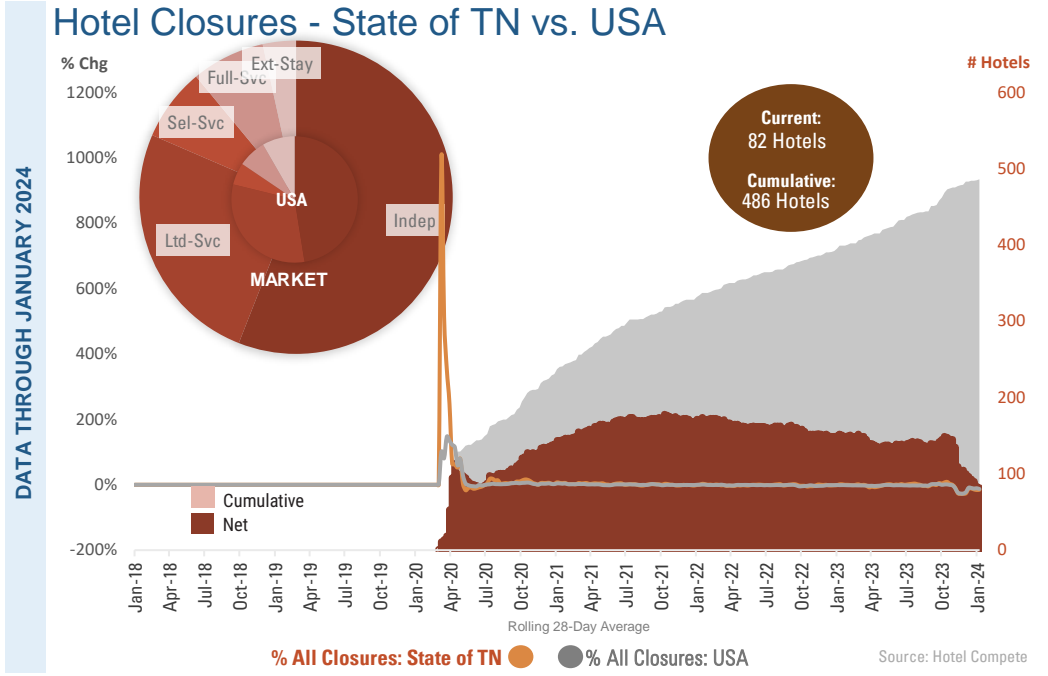
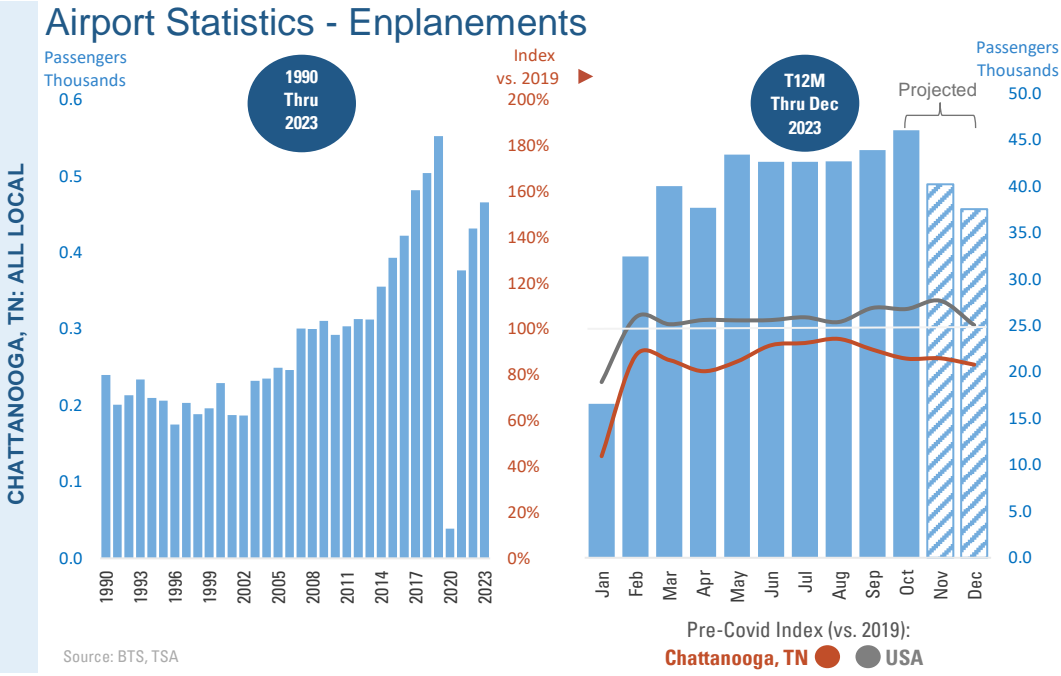
**Late Expansion**  
7.3%  
36th Percentile: Average Risk  
Manufacturing, logistics  
Favorable tax structure  
Manufacturing industry  
Low business costs  
Low per capita income

**Moody's Rating**

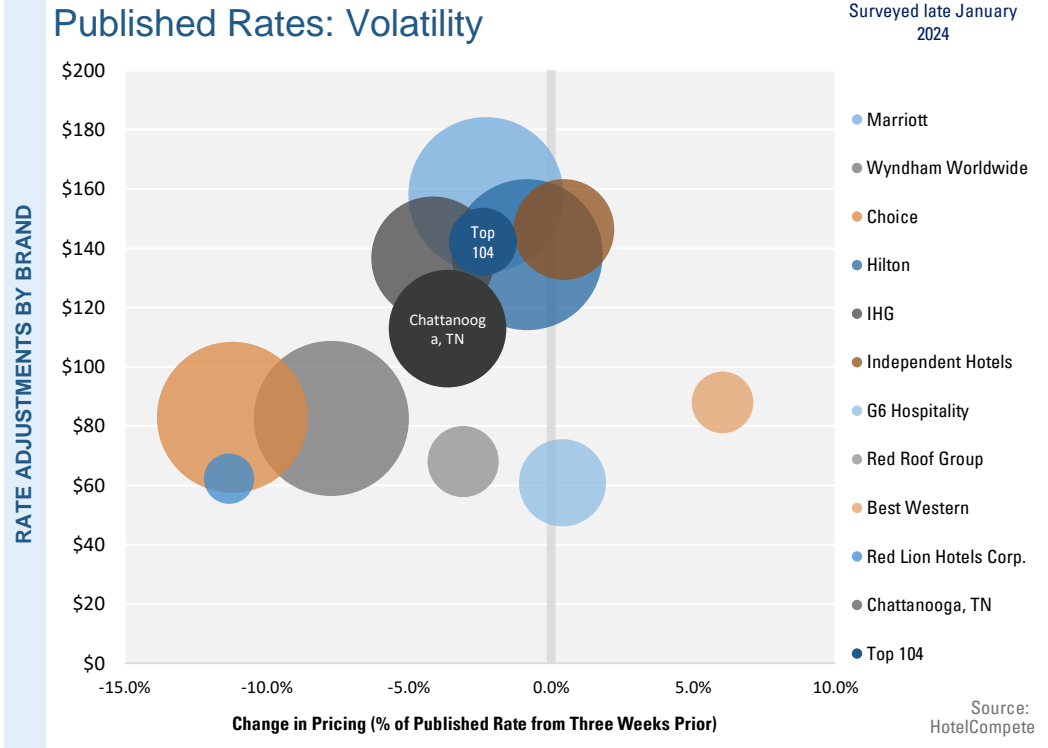
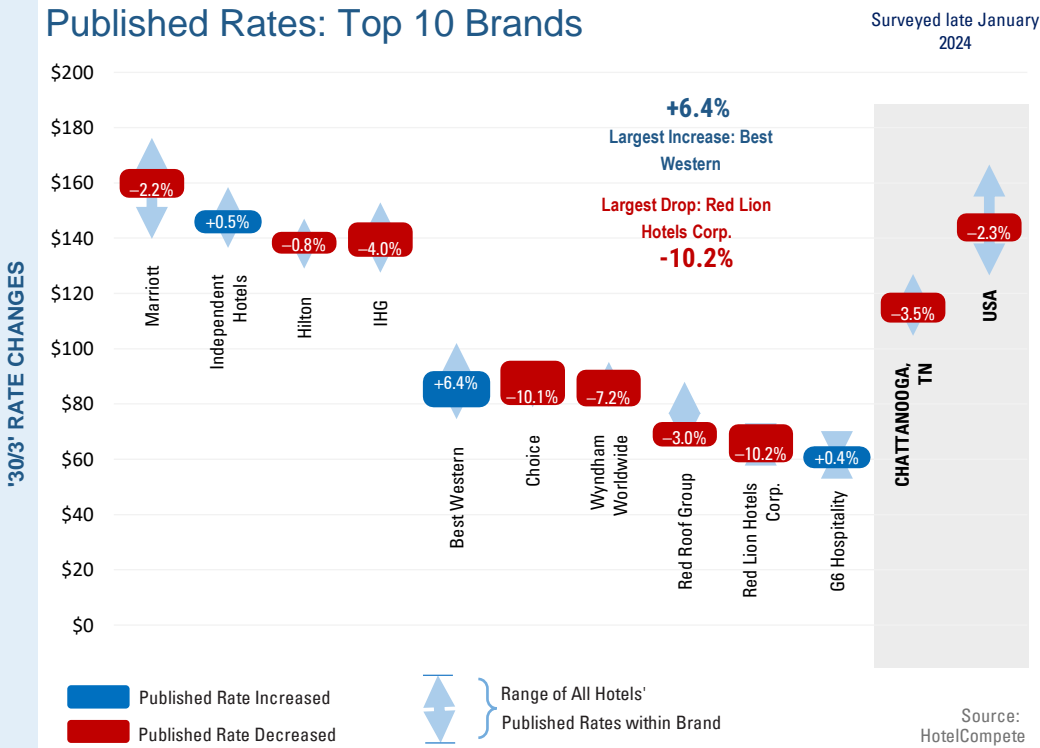
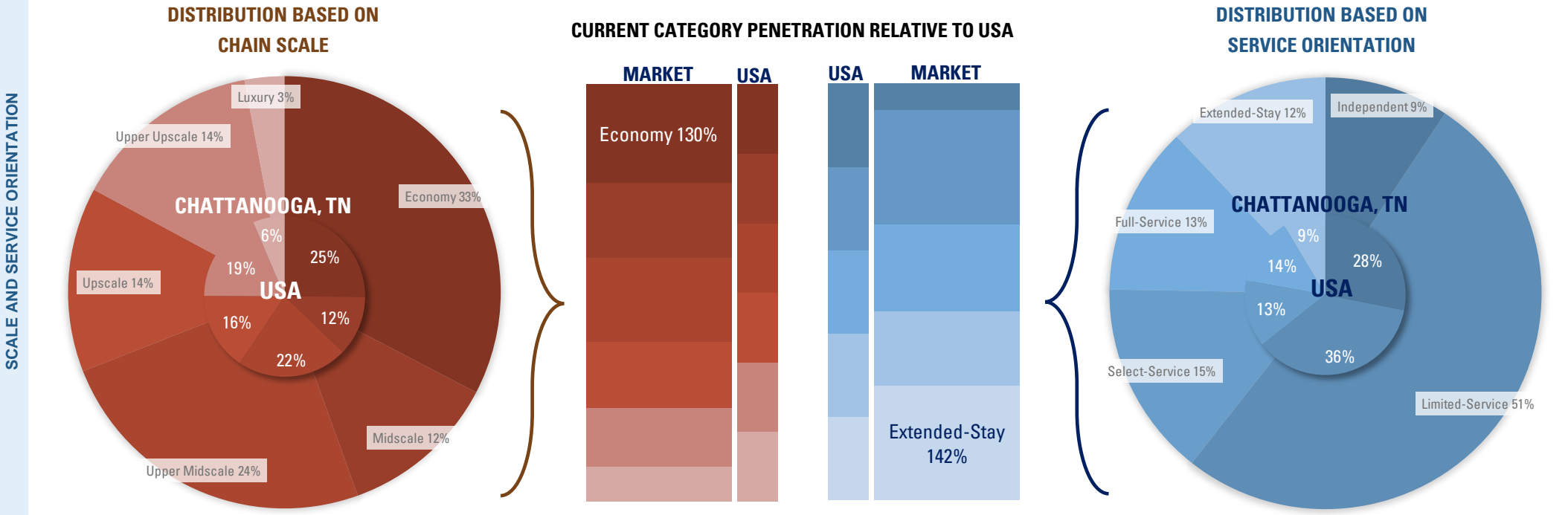
**Aaa**  
Investment Grade  
Long-term investment grade, Prime-1 short-term outlook







## Scale and Service Distribution: Chattanooga, TN



## Published Rate Observations: 30-Day Advance

	Published Rate Level	Rate Movement	Optimism
MARKET LEVEL	<b>88th</b> Below Average The 30-day advanced published rate for the market was a somewhat conservative \$112.84, ranking 88th out of 104 markets. (Guest-Paid ADR ranked a somewhat conservative 77th at \$112.78 in 4Q 2023.)	<b>72nd</b> Below Average Published rates have recently been moving downward, decreasing by a noticeable 3.5% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	<b>74th</b> Below Average Published rates reported in late January 2024 were 0.0% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

	Published Rate Integrity	Coverage	Volatility
BRAND LEVEL	<b>33rd</b> Above Average Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	<b>62nd</b> Average Chattanooga, TN has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been holding steady.	<b>74th</b> Elevated Chattanooga, TN's top 10 brands are exhibiting elevated 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

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

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Gaming Facilities

Arenas, Stadiums and Sports Facilities

Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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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.

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### Portfolio Analytics

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### Property Tax

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