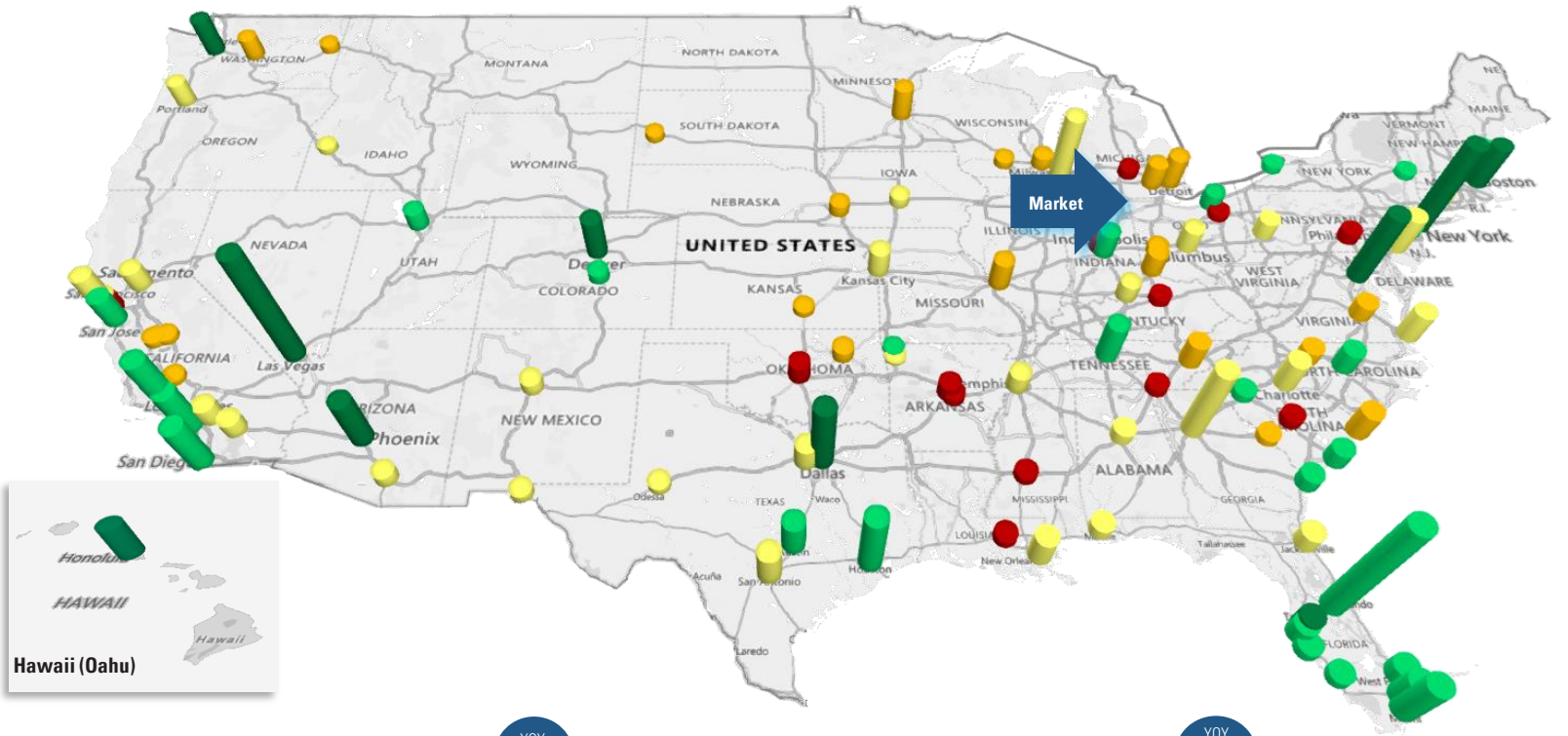
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

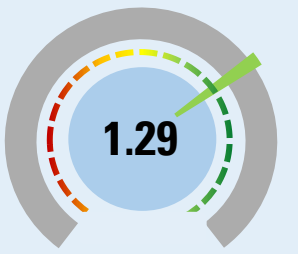
3Q 2024
CLEVELAND, OH

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

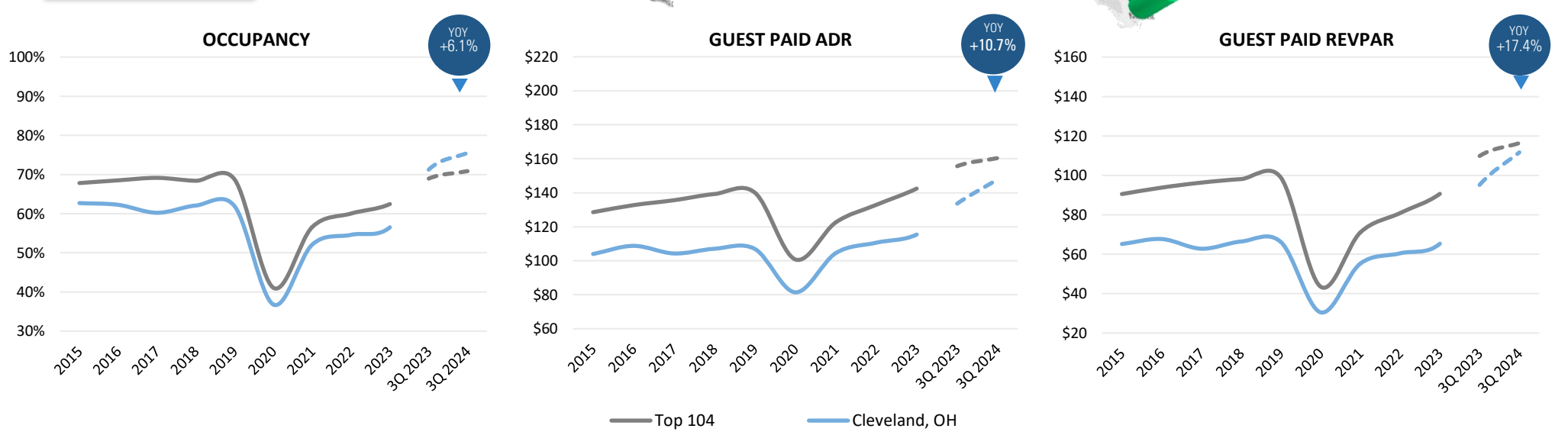
Cleveland, OH



11th of 104
Above Average

Ranking of overall '3Q 2024 LPI' performance (1.29) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

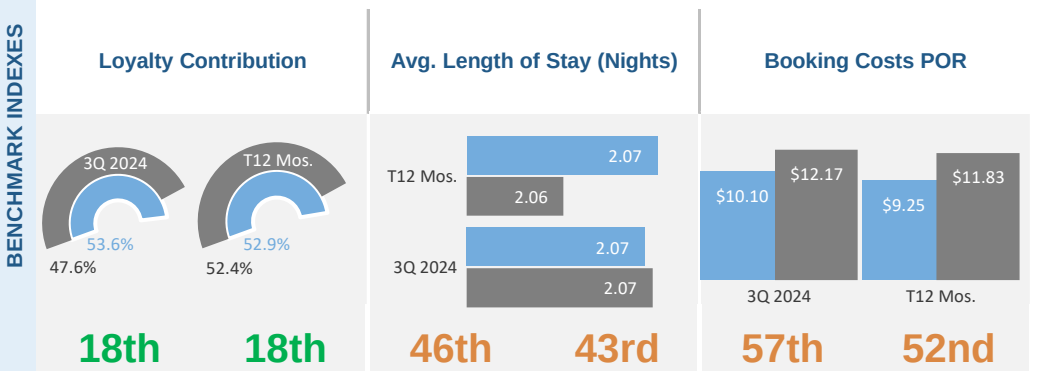
Subject Market | Top 104

Occupancy 3Q 2024	Occupancy T12 Mos.	Guest Paid ADR 3Q 2024	Guest Paid ADR T12 Mos.	Guest Paid RevPAR 3Q 2024	Guest Paid RevPAR T12 Mos.
15th	57th	36th	49th	29th	46th

BENCHMARK INDEXES

Key Benchmark Indexes

kalibri LABS



Loyalty Contribution 3Q 2024	Loyalty Contribution T12 Mos.	Avg. Length of Stay 3Q 2024	Avg. Length of Stay T12 Mos.	Booking Costs POR 3Q 2024	Booking Costs POR T12 Mos.
18th	18th	46th	43rd	57th	52nd

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark

FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

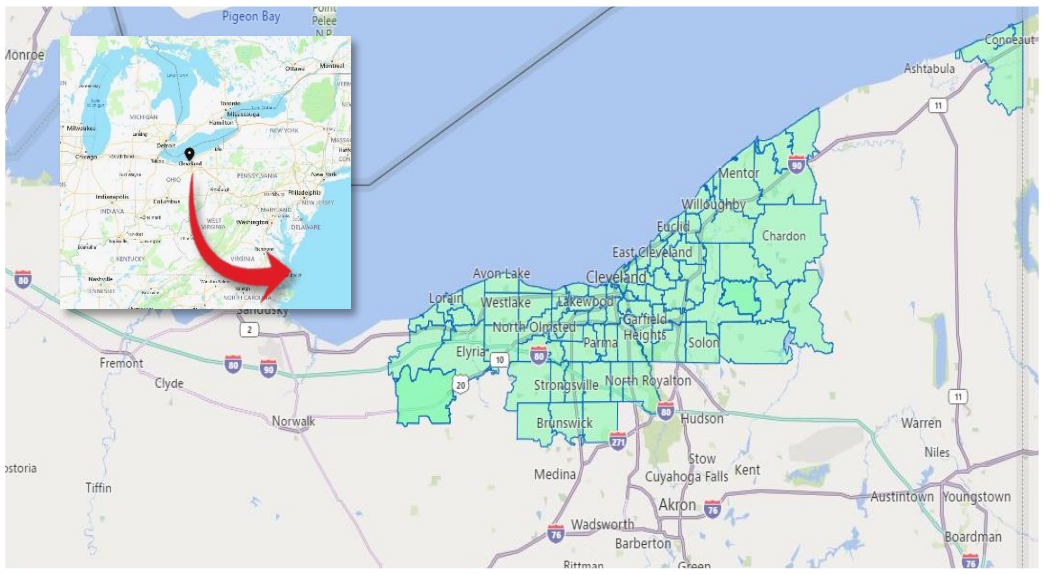
Revenue Stability	Supplier Power Trend	Investment Yields
12th	**18th**	**1st**
Above Average	Above Average	Very Strong
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward 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
88th	**4th**	**21st**
Below Average	High Risk	Above 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:	Cleveland
County:	Cuyahoga County
State:	Ohio
Geo Coordinates (market center):	41.4995, -81.69541

Major Hotel Demand Generators

Cleveland Clinic Foundation | University Hospitals | U.S. Office of Personnel Management | Minute Men Cos. | Group Management Services Inc. | Progressive Corp. | The MetroHealth System | KeyCorp | Case Western Reserve University | Sherwin-Williams Co. | Swagelok Co. | Giant Eagle Inc. | Lincoln Electric Holdings Inc. | Nestle USA | Lubrizol Corp. | Lake Health | Hyland | Greater Cleveland Regional Transit Authority | Medical Mutual of Ohio | ArcelorMittal

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,645,614	37th of 104 (Average)
Income per Capita	$27,854	102nd of 104 (Soft)
Feeder Group Size	123.1 Persons PSR	92nd of 104 (Soft)
Feeder Group Earnings	$3,428,913 PSR	49th of 104 (Average)
Total Market Hotel Revenues	$618.9 million	57th of 104 (Average)

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	62.7%	$103.95	$65.16	$96.05	$60.21	$7.90	92.4%	47.5%	2.06	21,290	0.98
2016	62.3%	$108.75	$67.71	$100.27	$62.43	$8.48	92.2%	50.3%	2.03	22,120	0.93
2017	60.2%	$104.27	$62.79	$95.64	$57.59	$8.63	91.7%	52.4%	1.94	22,800	0.68
2018	62.1%	$107.05	$66.45	$98.28	$61.01	$8.76	91.8%	53.3%	1.95	23,000	0.88
2019	61.9%	$106.92	$66.17	$98.29	$60.83	$8.63	91.9%	56.9%	1.93	24,140	0.88
2020	36.8%	$81.41	$30.51	$75.82	$27.88	$5.59	93.1%	39.0%	2.20	23,650	0.50
2021	52.1%	$104.49	$55.26	$97.35	$50.72	$7.14	93.2%	42.8%	2.11	22,980	0.81
2022	54.6%	$110.61	$60.46	$103.02	$56.24	$7.59	93.1%	44.1%	2.08	22,780	0.85
2023	56.5%	$115.42	$65.35	$107.58	$60.80	$7.84	93.2%	45.1%	2.09	22,580	1.16
CAGR: 2015 thru 2023	-1.3%	1.3%	0.0%	1.4%	0.1%	-0.1%	0.1%	-0.7%	0.2%	0.7%	2.1%
3Q 2023	71.2%	$133.59	$95.15	$124.44	$88.63	$9.16	93.1%	51.5%	2.07	21,730	0.94
3Q 2024	75.5%	$147.84	$111.67	$137.74	$104.04	$10.10	93.2%	53.6%	2.07	21,450	1.29

Notable Metrics

HIGHEST

OAR: Select-Service	Population Density per Room	IRR: Full-Service
1st	**12th**	**1st**
Highly Favorable	**Above Average**	**Highly Favorable**
Cleveland, OH enjoyed favorable OAR metrics in the select–service segment (8.1%)	The market boasted strong population density per room (76.48)	The market also enjoyed favorable IRR metrics in the full–service segment (9.7%)

LOWEST

Economy Median Income	Feeder Group Size	Marketwide Income per Room
102nd	**92nd**	**61st**
Soft	**Soft**	**Average**
This market was stymied by weak Economy Median Income ($27,854)	The market required a large feeder group size (123.10 Persons)	Cleveland, OH also exhibited a low ratio of marketwide per–capita income per room ($1,509,083)

Notable Trends

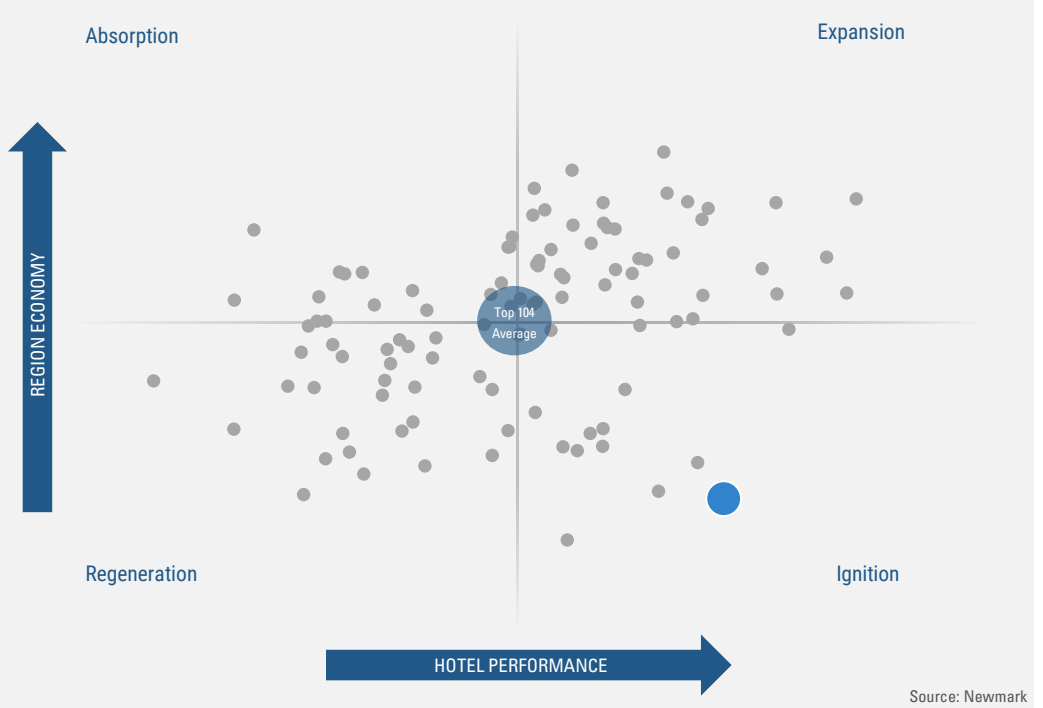
STRONGEST

Overall Health of Hotel Market	Short-Term Historical COPE RevPAR Growth	Short-Term Historical Occupancy Growth
8th	**10th**	**11th**
Strong	**Above Average**	**Above Average**
Cleveland, OH has benefited from strong general hotel market performance (levels and trends of fundamentals)	The market exhibited strong short–term historical COPE RevPAR growth (5.5%)	The market also has benefited from strong short–term historical occupancy growth (5.7%)

WEAKEST

General Economy Reverence	Short-Term Historical Supply Growth	Long-Term Historical Loyalty Contribution Growth
103rd	**103rd**	**77th**
Soft	**Soft**	**Below Average**
The market posted weak general economic reverence (per–capita unemployment, GDP and other indicators)	We note this area has been burdened by high short–term historical supply growth (–1.5%)	Cleveland, OH also has been hindered by weak long–term historical loyalty contribution growth (3.4%)

Market Performance Stage



Source: Newmark

Cleveland, OH: Ignition Stage

Ignition

The Cleveland, OH market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.

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:	At Risk
Employment Growth (2 yr):	0.8%
Risk Exposure (402 US markets):	91st Percentile: Above Average
Key Industry Notes:	Specialized factory labor
	Manufacturing infrastructure
	Healthcare concentration
	Persistent out-migration
	High prime-age workers

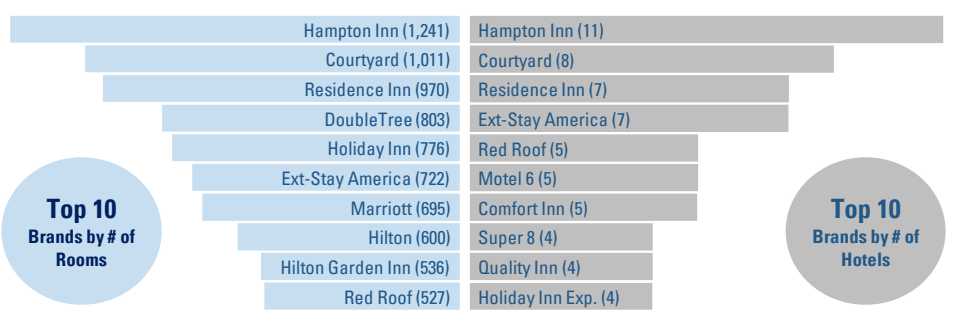
Moody's Rating

Aa2

Investment Grade

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

TOP 10 BRANDS

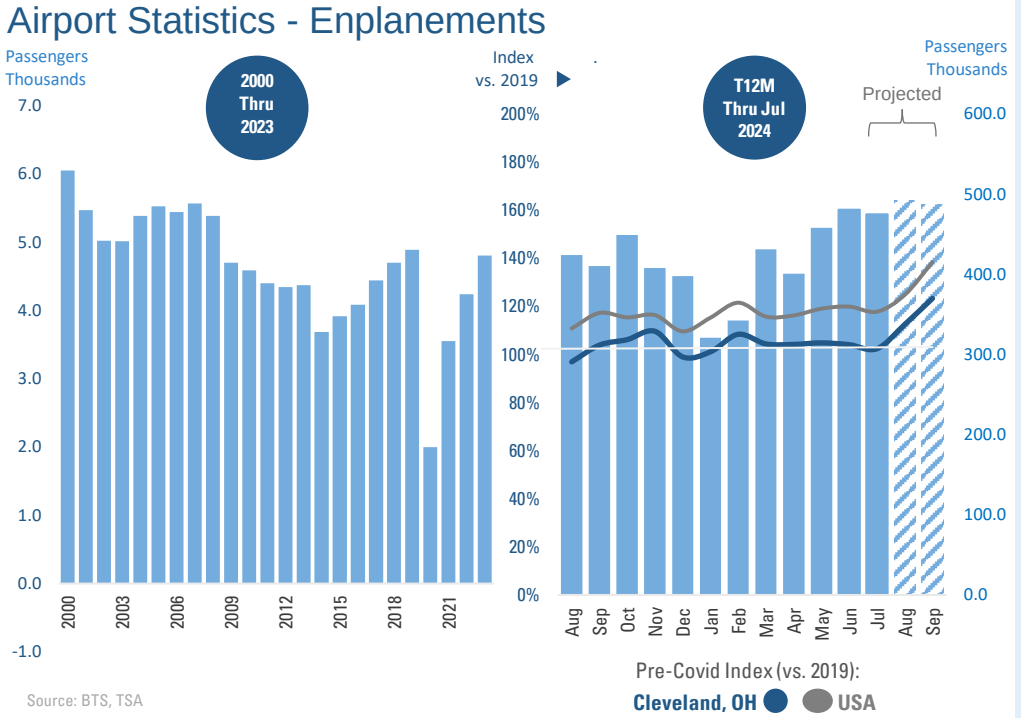


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

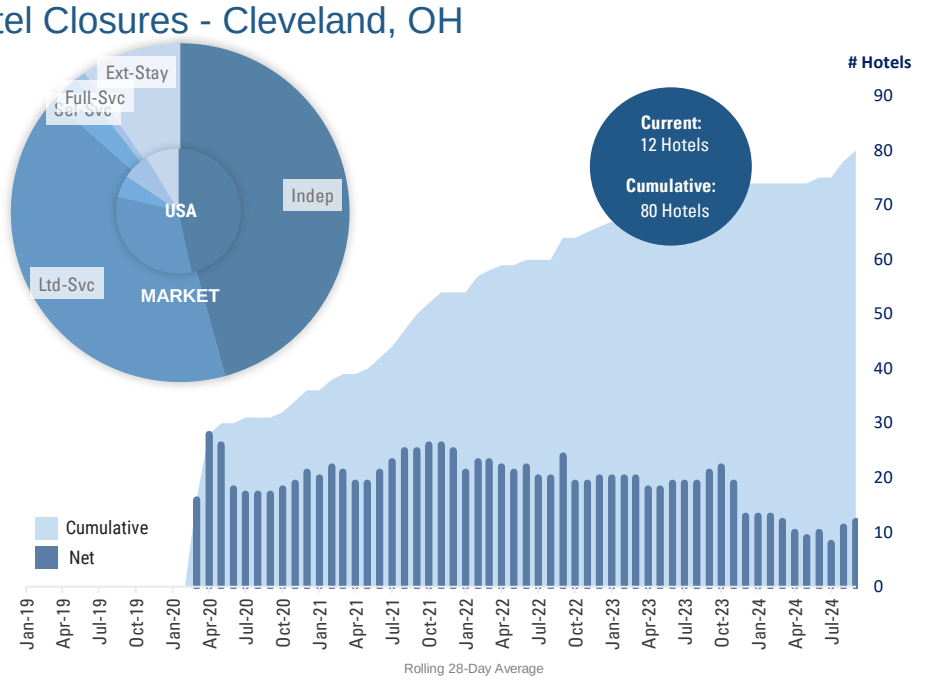
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

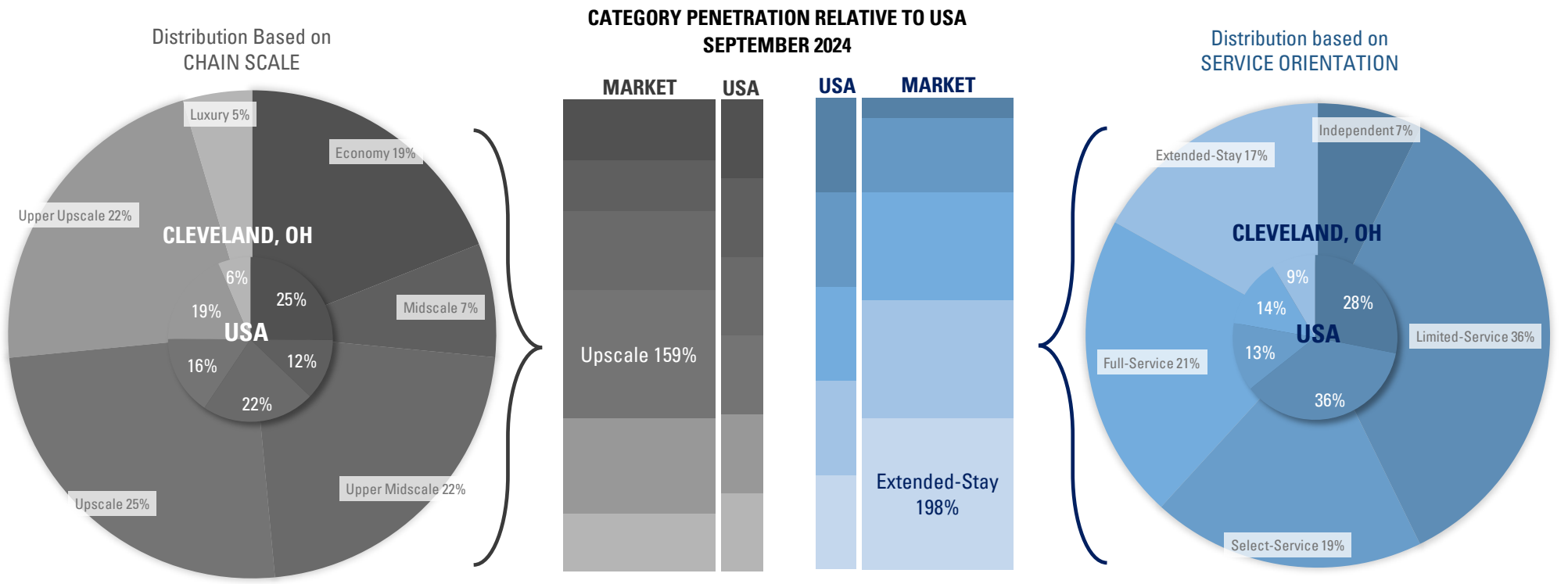
Hotel Closures - Cleveland, OH



Source: Hotel Compete

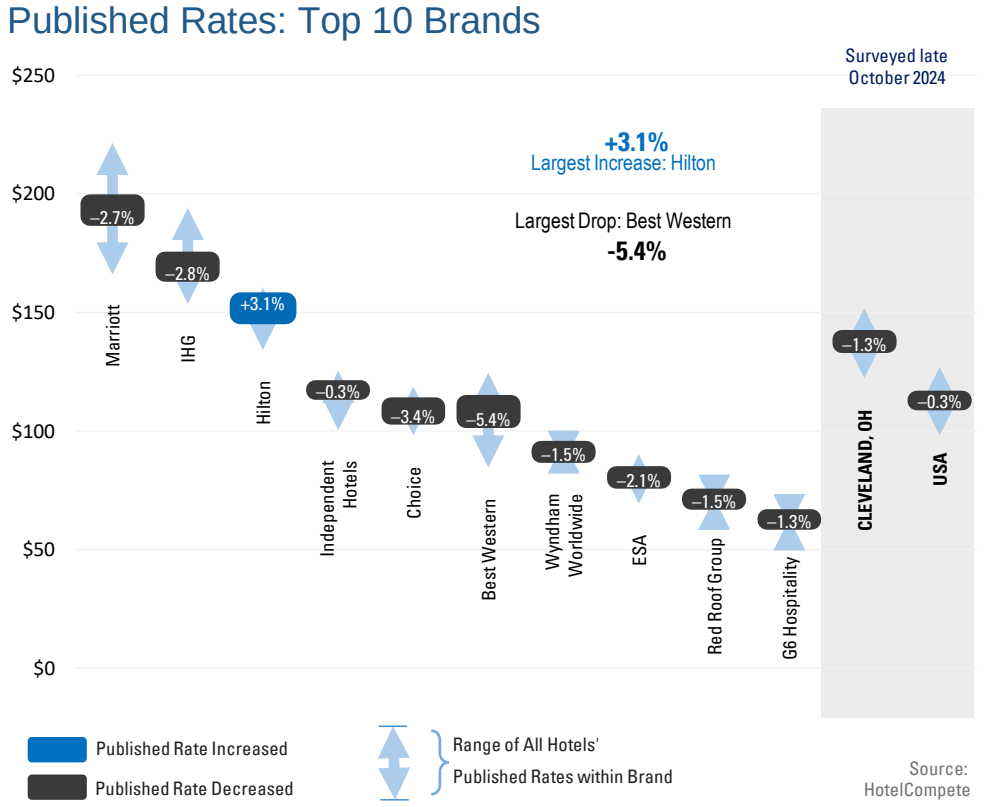
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Cleveland, OH



'30/3' RATE CHANGES: CLEVELAND, OH vs. USA

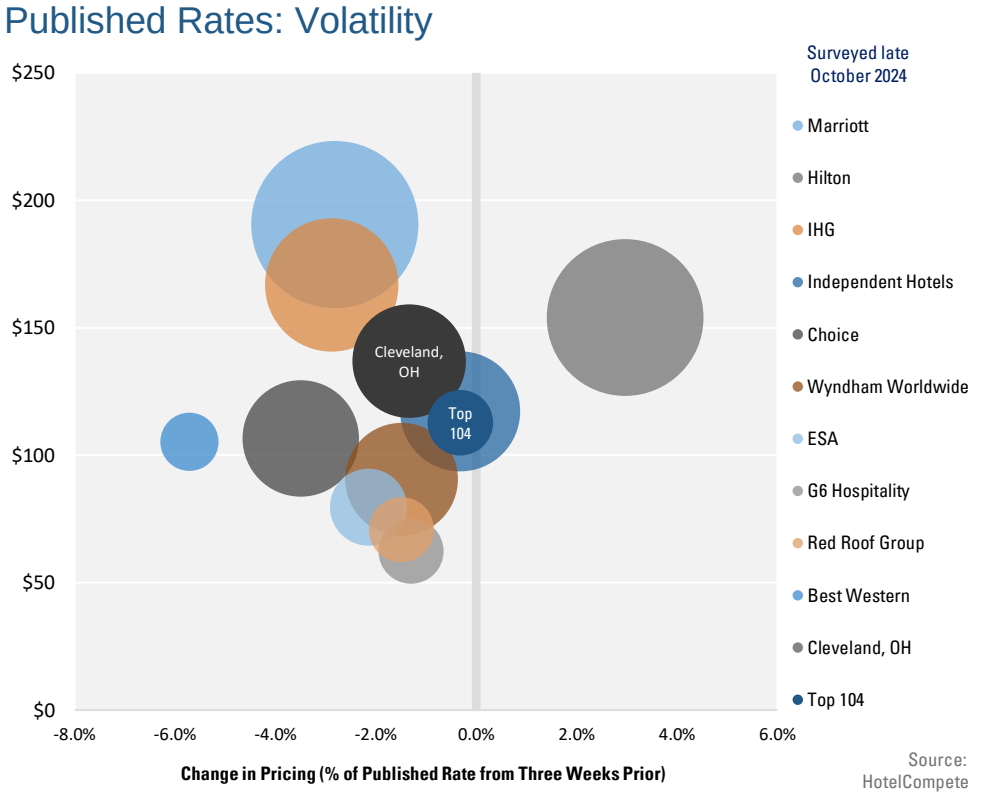
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

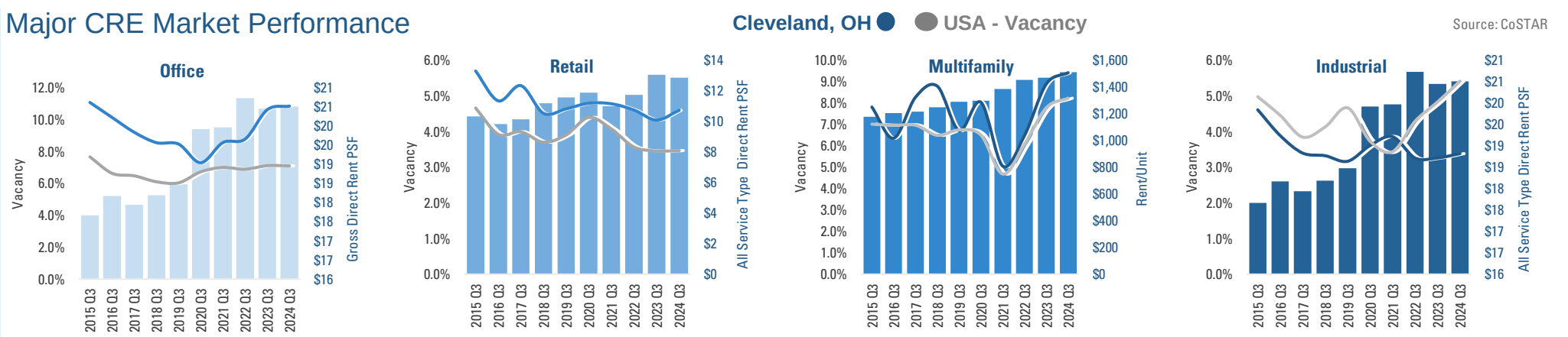
Published Rates: Volatility



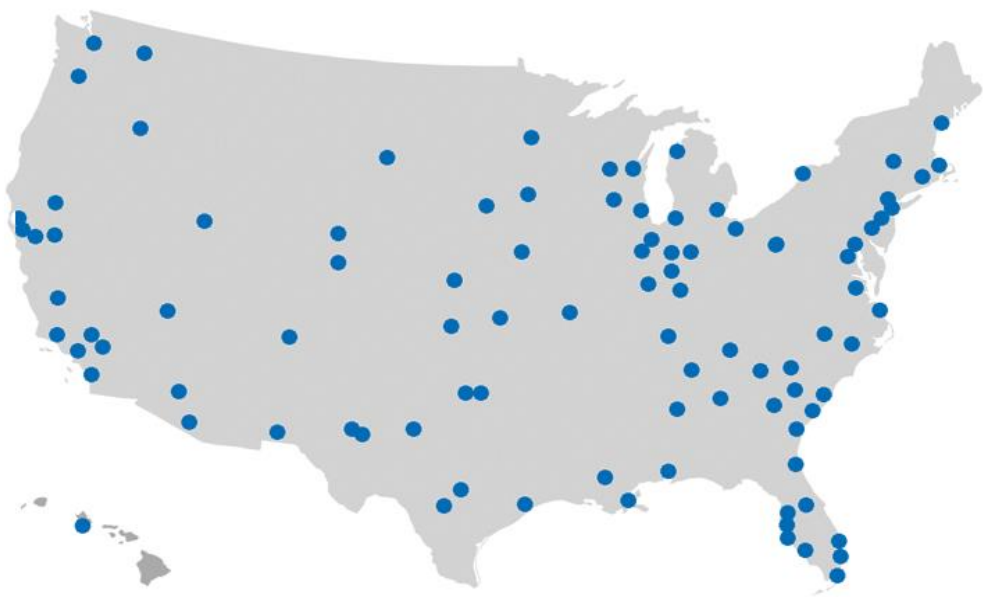
Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance



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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Golf Courses

Marinas

Ski and Village Resorts

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