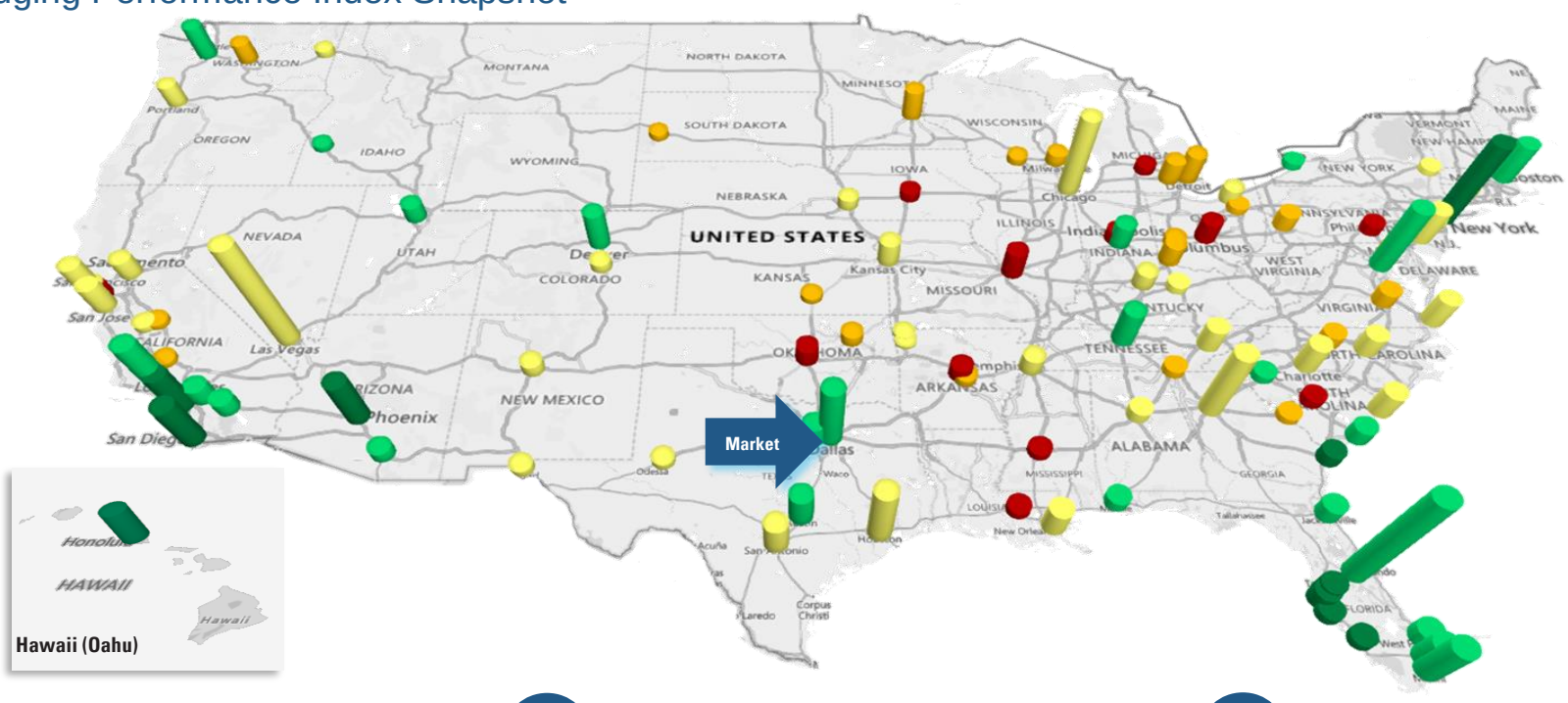
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

4Q 2023
DALLAS, TX

Lodging Performance Index Snapshot



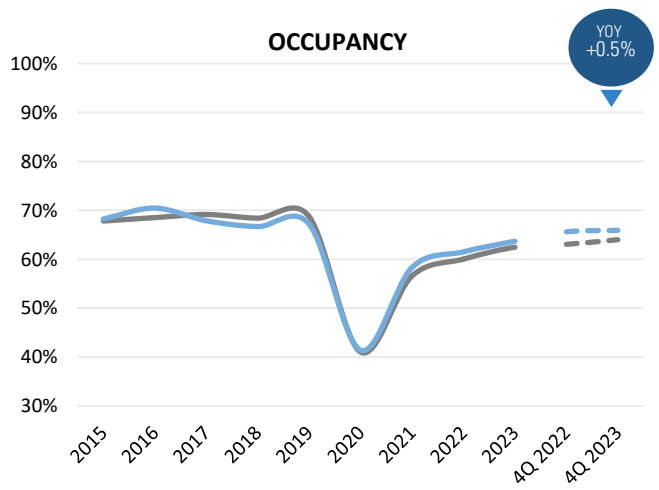
LODGING PERFORMANCE INDEX

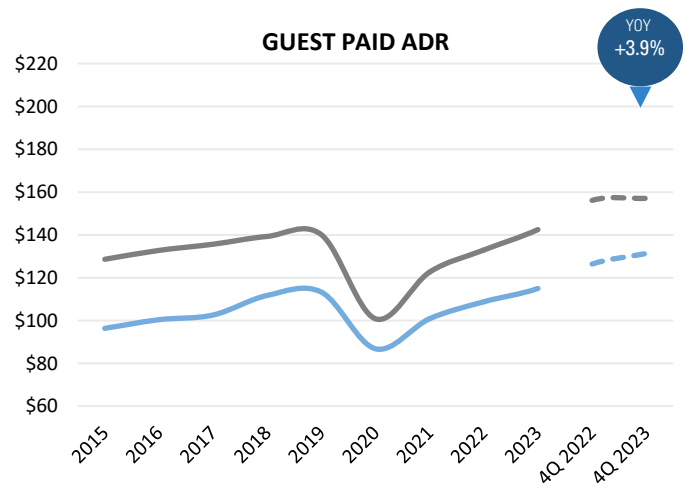
Dallas, TX

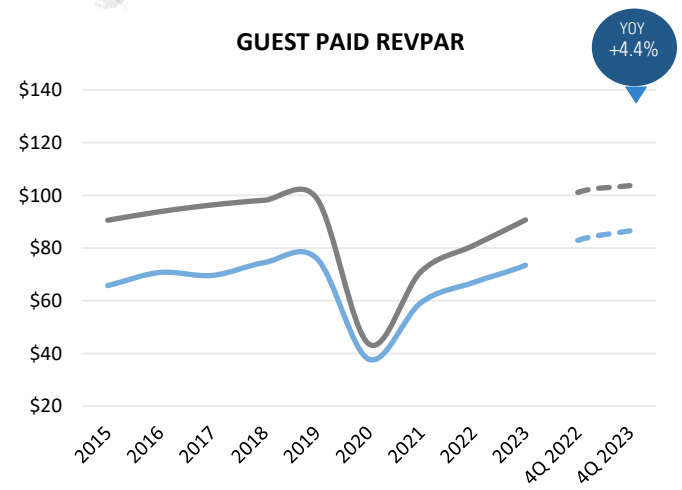
14th of 104
Above Average

Ranking of overall '4Q 2023 LPI' performance (1.32) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Dallas, TX

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.
65.9% / 64.0%	68.8% / 66.4%	$131 / $157	$130 / $157	$87 / $104	$89 / $107
27th	32nd	42nd	50th	37th	39th

BENCHMARK INDEXES

Key Benchmark Indexes

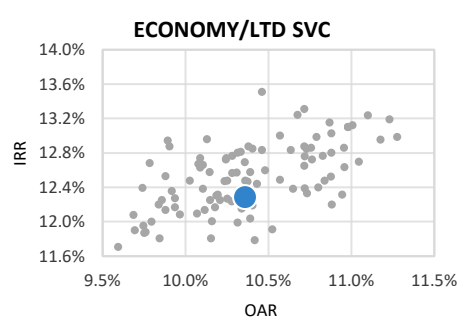
kalibri LABS

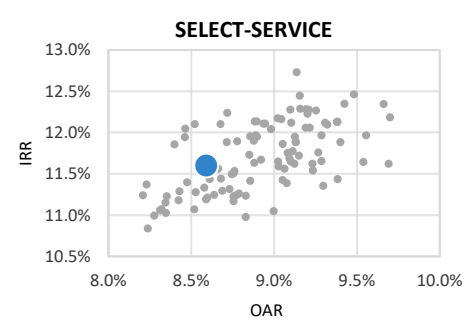
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	T12 Mos.	4Q 2023	4Q 2023	T12 Mos.
50.2% / 48.6%	48.8% / 46.7%	2.18 / 2.06	2.12 / 2.03	$8.38 / $11.64	$8.06 / $11.52
30th	34th	24th	20th	42nd	28th

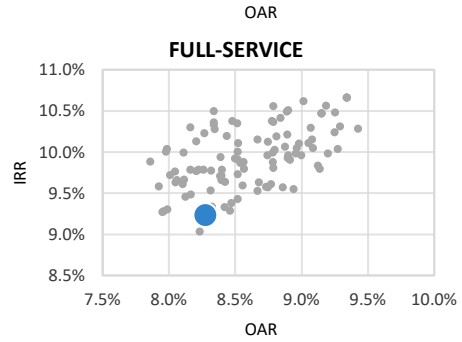
INVESTMENT PARAMETERS

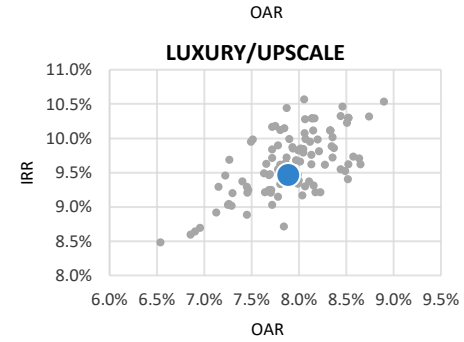
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

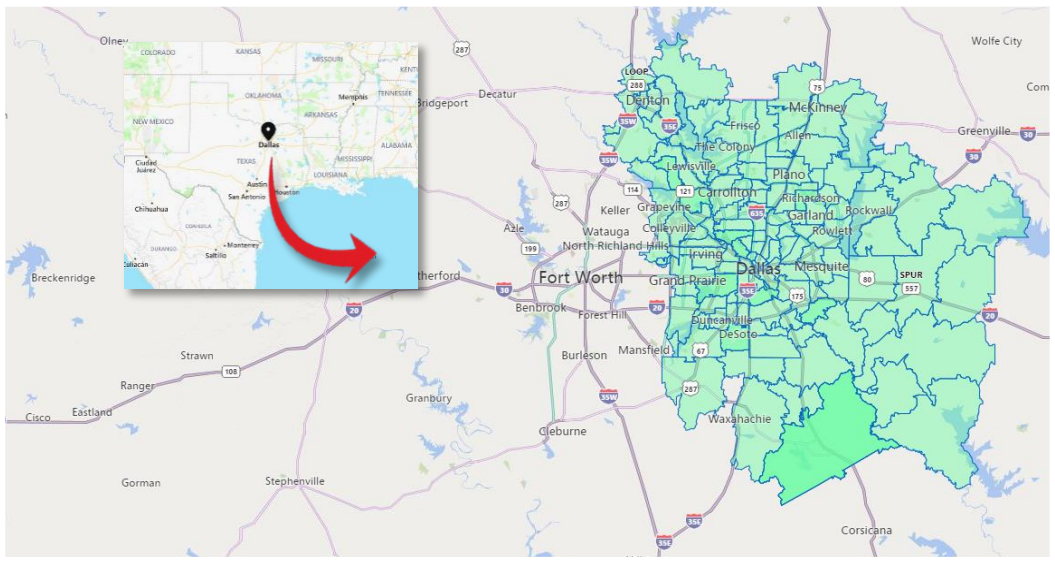
Revenue Stability	Supplier Power Trend	Investment Yields
50th	**30th**	**25th**
Average	Above Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward 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
32nd	**99th**	**95th**
Above Average	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

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Dallas
County:	Collin County, Dallas County, Denton County, and others
State:	Texas
Geo Coordinates (market center):	32.79333, -96.76651

Major Hotel Demand Generators

Wal-Mart Stores Inc. | AT&T | Baylor Scott & White Health | Bank of America Corp. | Texas Instruments Inc. | JPMorgan Chase & Co. | HCA North Texas Division | UT Southwestern Medical Center | Southwest Airlines Co. | Target Brands Inc. | Verizon | Raytheon Co. | Cook Children's Health Care System | The Kroger Co. | Methodist Health System | Albertsons Cos. LLC | FRM LLC | Citi | Capital One | Children's Health

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	4,336,886	6th of 104 (Large)
Income per Capita	$47,285	58th of 104 (Average)
Feeder Group Size	63.3 Persons PSR	37th of 104 (Average)
Feeder Group Earnings	$2,994,042 PSR	36th of 104 (Average)
Total Market COPE	$3.2 billion	12th 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	68.2%	$96.29	$65.70	$89.12	$60.81	$7.17	92.6%	41.3%	2.48	84,790	1.32
2016	70.5%	$100.35	$70.70	$92.76	$65.36	$7.58	92.4%	42.8%	2.47	85,420	1.27
2017	67.9%	$102.53	$69.58	$94.32	$64.02	$8.20	92.0%	45.3%	2.35	87,420	1.06
2018	66.7%	$111.67	$74.46	$102.78	$68.53	$8.89	92.0%	49.6%	2.23	89,020	1.13
2019	67.2%	$113.23	$76.05	$104.28	$70.04	$8.94	92.1%	54.7%	2.16	96,090	1.10
2020	41.4%	$86.76	$37.76	$81.27	$33.65	$5.48	93.7%	39.1%	2.33	97,010	0.93
2021	58.3%	$100.81	$59.28	$93.96	$54.81	$6.85	93.2%	42.1%	2.27	98,700	0.92
2022	61.5%	$108.72	$66.89	$101.49	$62.43	$7.23	93.4%	43.5%	2.24	99,170	1.09
2023	63.7%	$114.94	$73.46	$107.53	$68.48	$7.42	93.5%	44.5%	2.23	99,940	1.32
CAGR: 2015 thru 2022	-0.9%	2.2%	1.4%	2.4%	1.5%	0.4%	0.1%	1.0%	-1.3%	2.1%	0.0%
4Q 2022	65.6%	$126.32	$82.87	$118.23	$77.56	$8.09	93.6%	47.3%	2.15	100,510	1.09
4Q 2023	65.9%	$131.26	$86.52	$122.88	$81.00	$8.38	93.6%	50.2%	2.12	100,840	1.32

Notable Metrics

HIGHEST

T12-Month COPE ADR Percentage	IRR: Full-Service	Total Rooms Sold
2nd	**2nd**	**8th**
Very Strong	**Highly Favorable**	**Strong**
Dallas, TX benefited from strong T12–month COPE ADR percentage (93.8%)	The market enjoyed favorable IRR metrics in the full–service segment (9.2%)	The market also boasted strong total rooms sold (24,999,787)

LOWEST

Marketwide Income per Room	Population Density per Room	Feeder Population Per Room
64th	**63rd**	**61st**
Average	**Average**	**Average**
This market exhibited a low ratio of marketwide income per room ($1,459,853)	The market has been hindered by weak population density per room (43.01)	Dallas, TX also posted a low ratio of feeder population per room (30.87)

Notable Trends

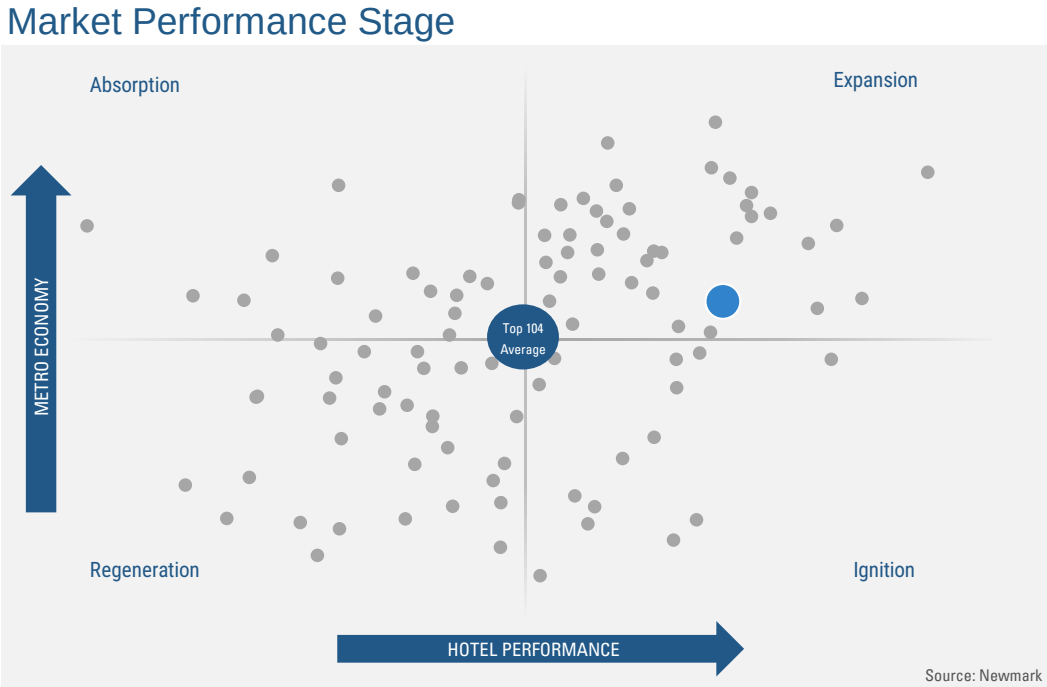
FASTEST

Overall Health of Hotel Market	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth
13th	**18th**	**19th**
Above Average	**Above Average**	**Above Average**
Dallas, TX has benefited from strong general hotel market performance (levels and trends of fundamentals)	The market has benefited from low long–term historical booking costs POR growth (1.2%)	The market also enjoyed low short–term historical growth in booking costs (1.5%)

SLOWEST

Long-Term Historical Supply Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Occupancy Growth
92nd	**88th**	**75th**
Soft	**Below Average**	**Below Average**
The market has been burdened by high long–term historical supply growth (2.4%)	We note this area exhibited weak long–term historical average length of stay growth (–0.7%)	Dallas, TX also has been hindered by weak long–term historical occupancy growth (–0.7%)

Market Performance Stage



Source: Newmark

Dallas, TX: Expansion Stage

Expansion

The Dallas, TX 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; Atlanta, GA; and Austin, TX.

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:	**Mid Expansion**
Employment Growth (2 yr):	**11.1%**
Risk Exposure (402 US markets):	**11th Percentile: Low Risk**
Key Industry Notes:	Financial, high tech Professional services demand Distribution center for SW Favorable migration trends Volatile high tech exposure

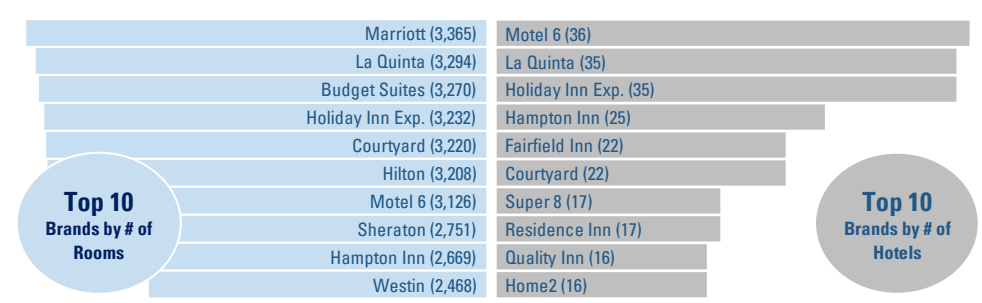
Moody's Rating

Aaa

Investment Grade

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

TOP 10 BRANDS

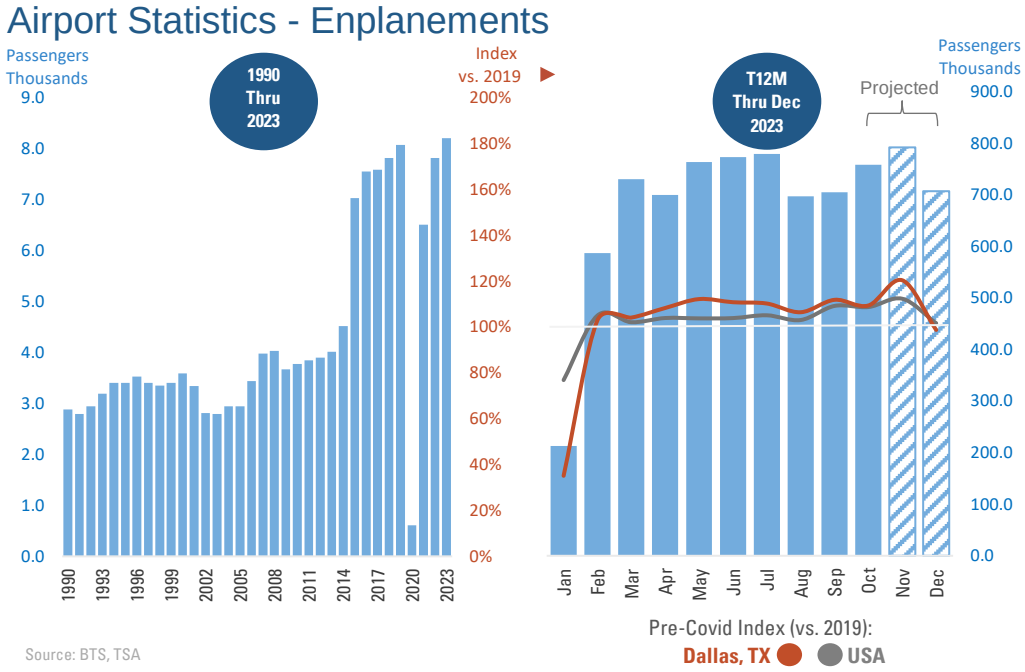


Source: Newmark

NEWMARK

DALLAS, TX: ALL LOCAL

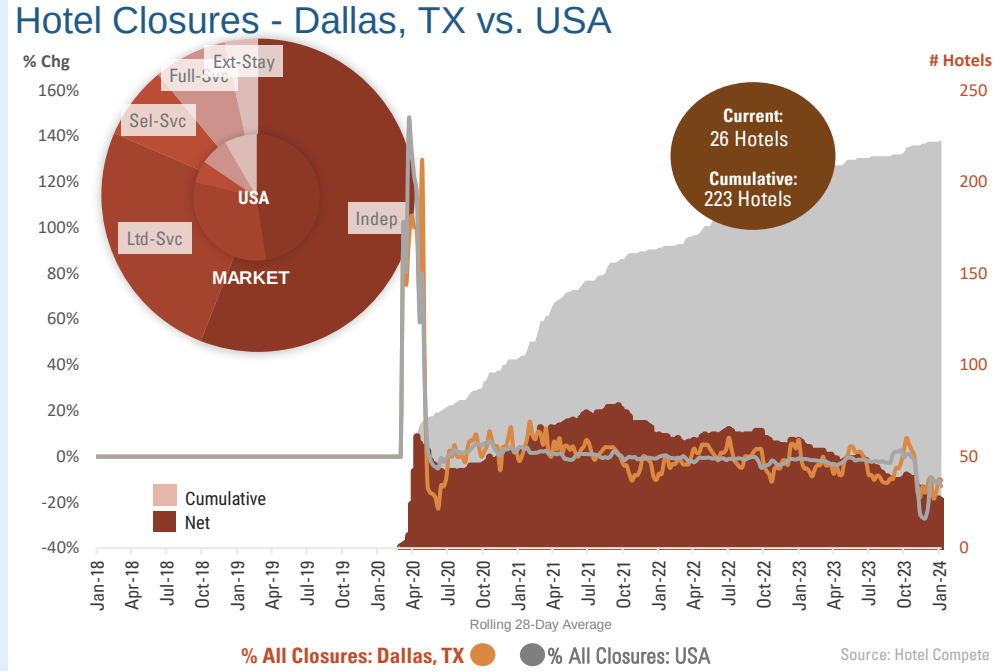
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

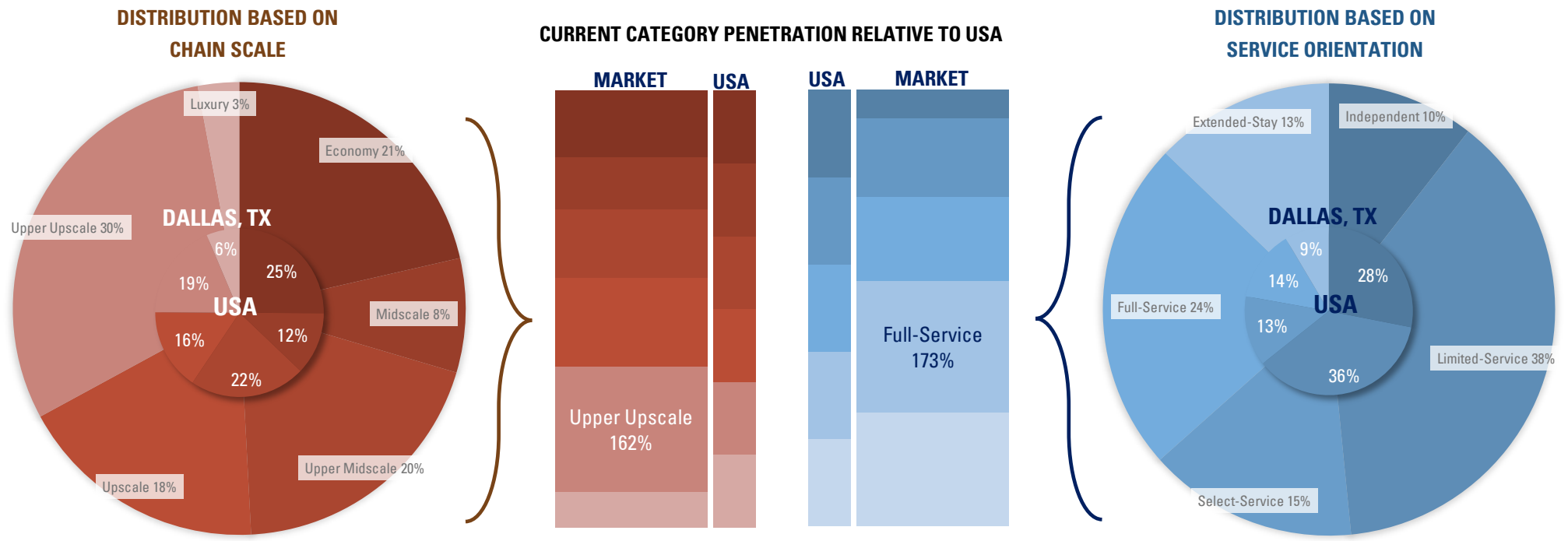
Hotel Closures - Dallas, TX vs. USA



Source: Hotel Compete

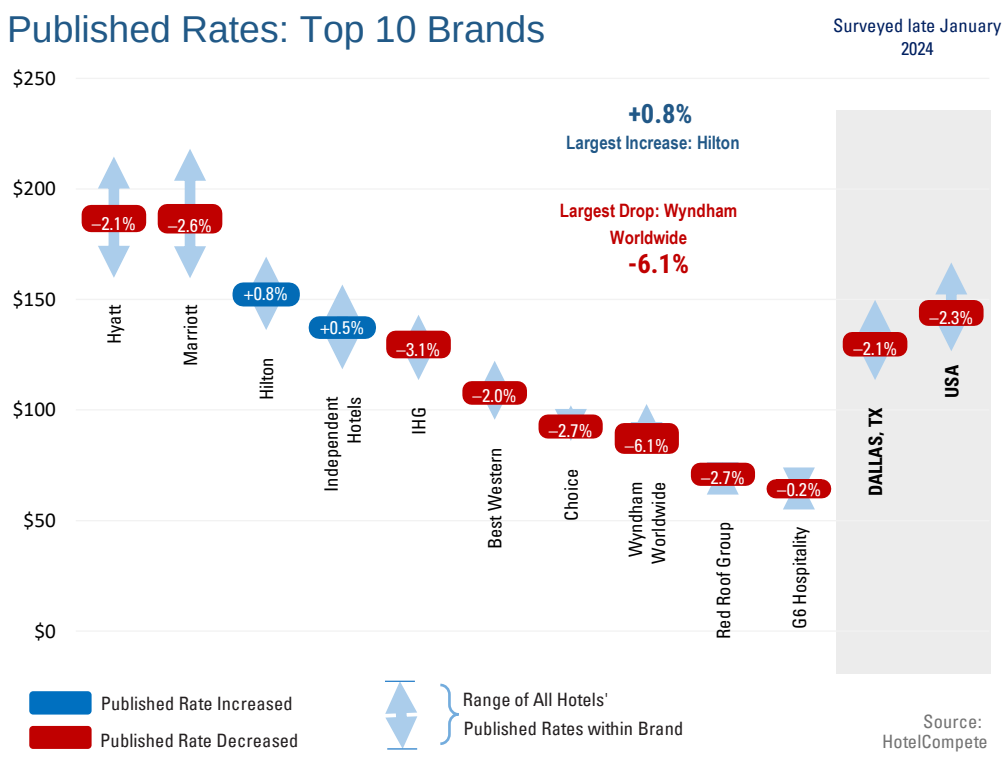
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Dallas, TX



'30/3' RATE CHANGES

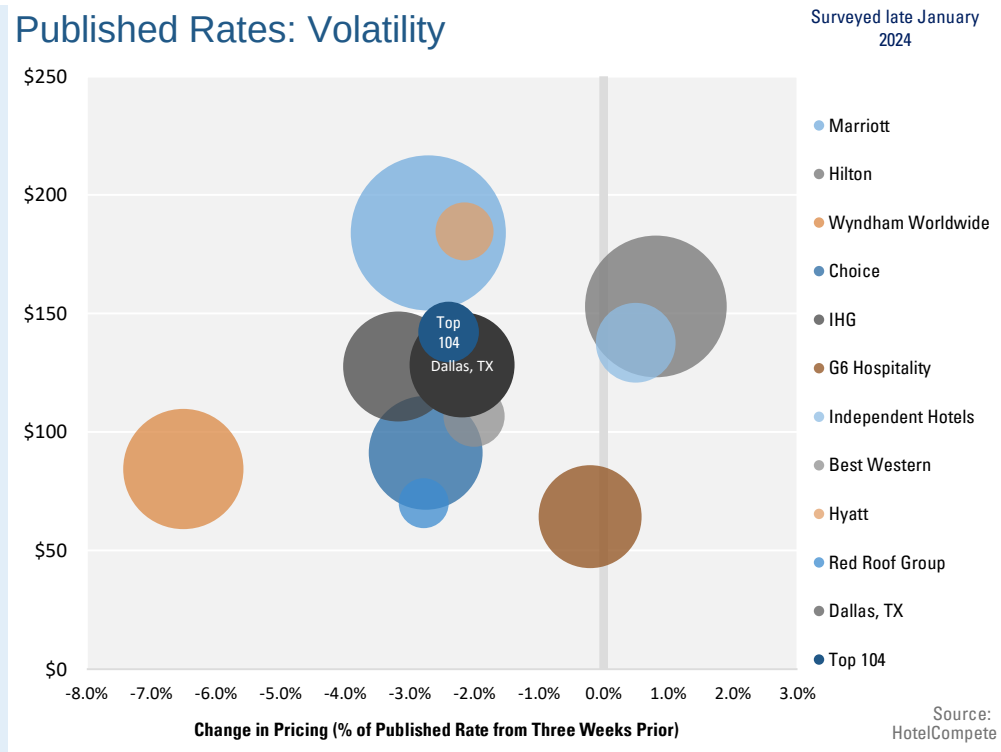
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



Source: HotelCompete

Published Rate Observations: 30-Day Advance

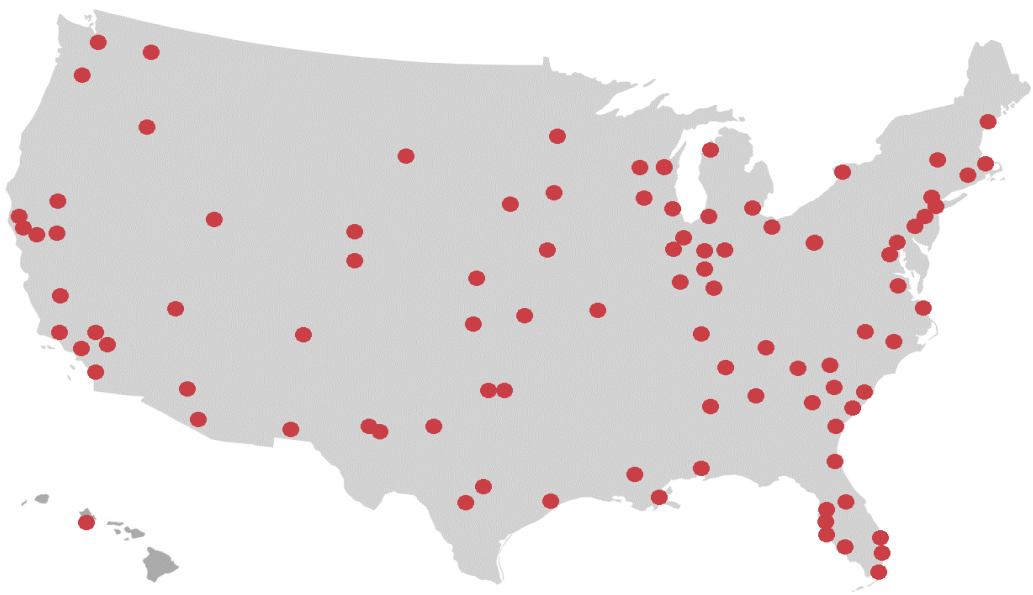
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
58th	**45th**	**82nd**
Average	**Average**	**Below Average**
The 30-day advanced published rate for the market was a moderate $128.31, ranking 58th out of 104 markets. (Guest-Paid ADR ranked a moderate 42nd at $131.26 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 2.1% 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 2.3% lower than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
37th	**45th**	**9th**
Average	**Average**	**Very Low**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Dallas, TX has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Dallas, TX's top 10 brands are exhibiting very low 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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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.

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