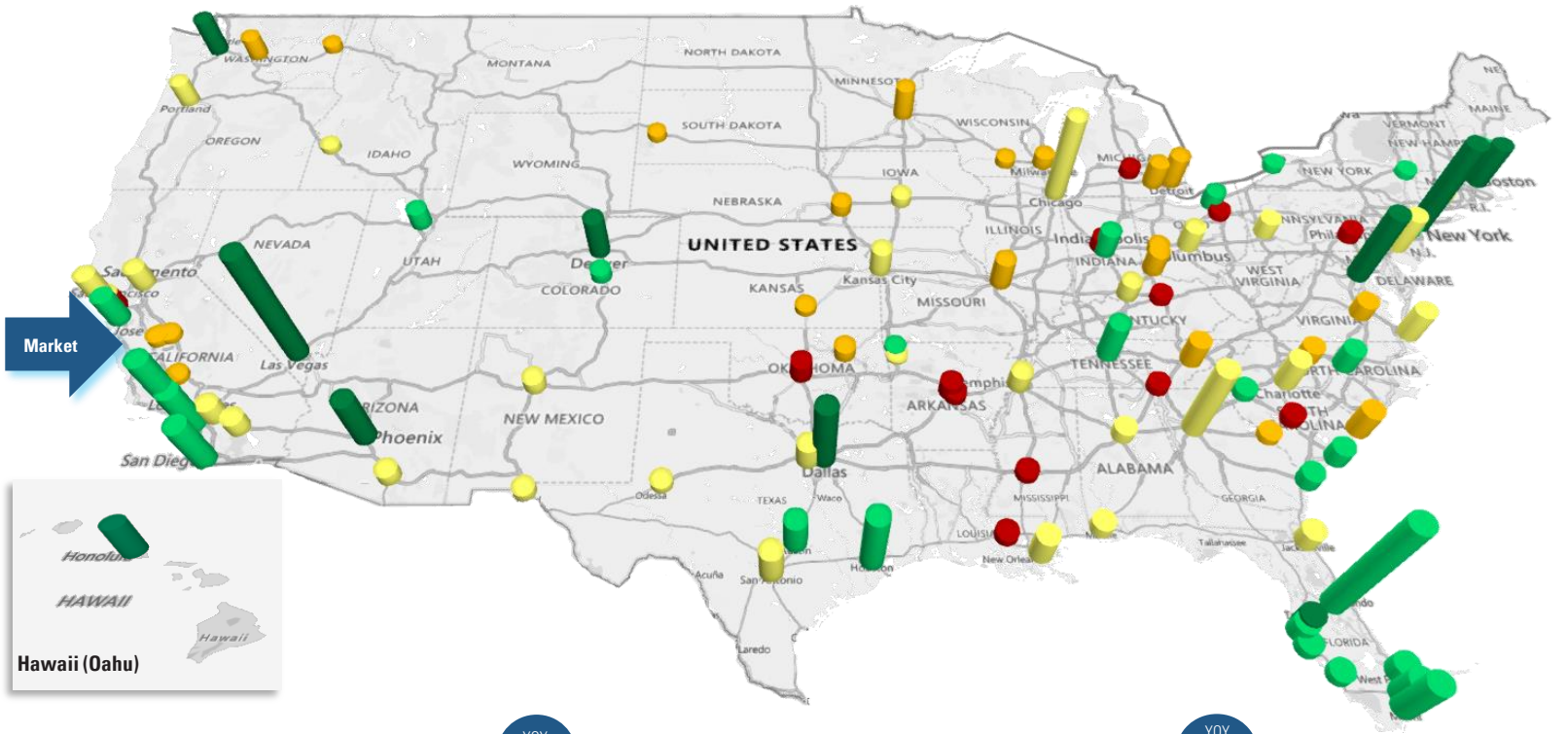
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

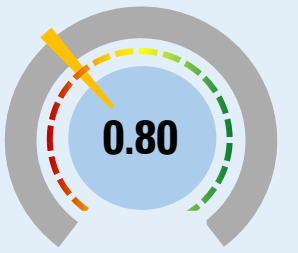
3Q 2024
FRESNO, CA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Fresno, CA

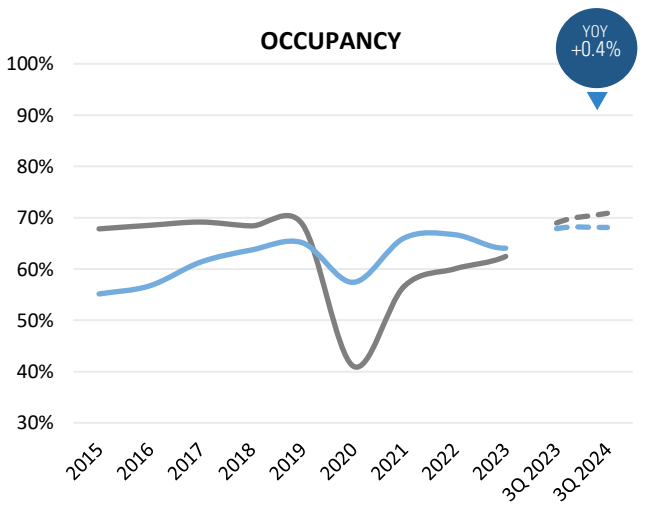


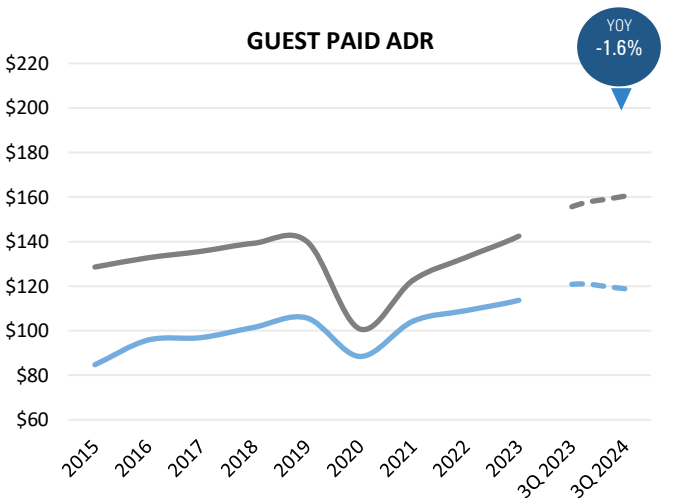
77th of 104

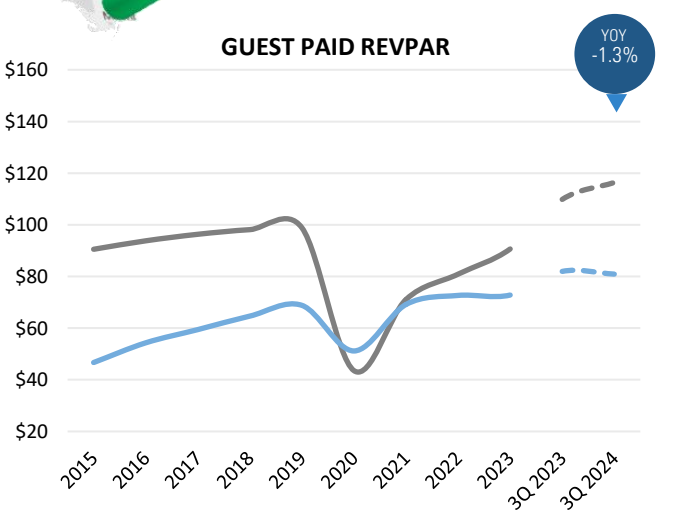
Below Average

Ranking of overall '3Q 2024 LPI' performance (0.80) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Fresno, CA

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.
68.1% / 70.9%	63.0% / 67.9%	$119 / $160	$122 / $160	$81 / $116	$77 / $112
61st	70th	80th	72nd	76th	75th

BENCHMARK INDEXES

Key Benchmark Indexes

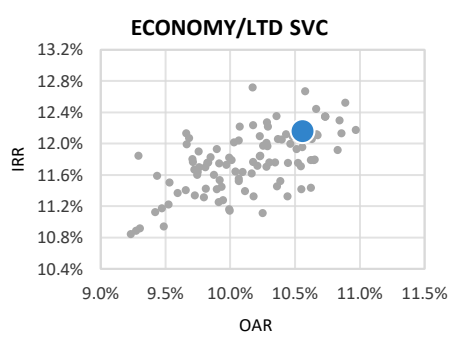
kalibri LABS

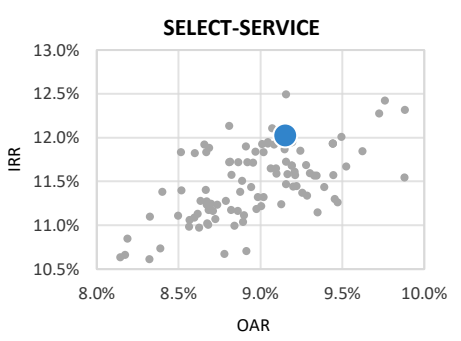
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
42.7% / 47.6%	43.4% / 52.4%	1.78 / 2.07	1.81 / 2.06	$8.76 / $12.17	$8.80 / $11.83
81st	81st	99th	98th	36th	43rd

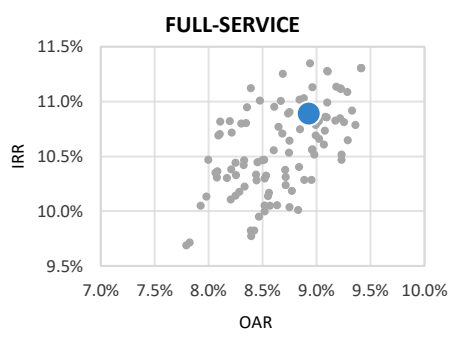
INVESTMENT PARAMETERS

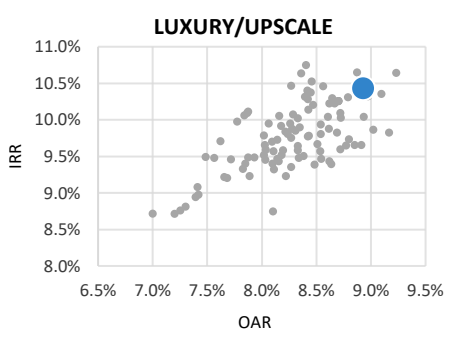
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

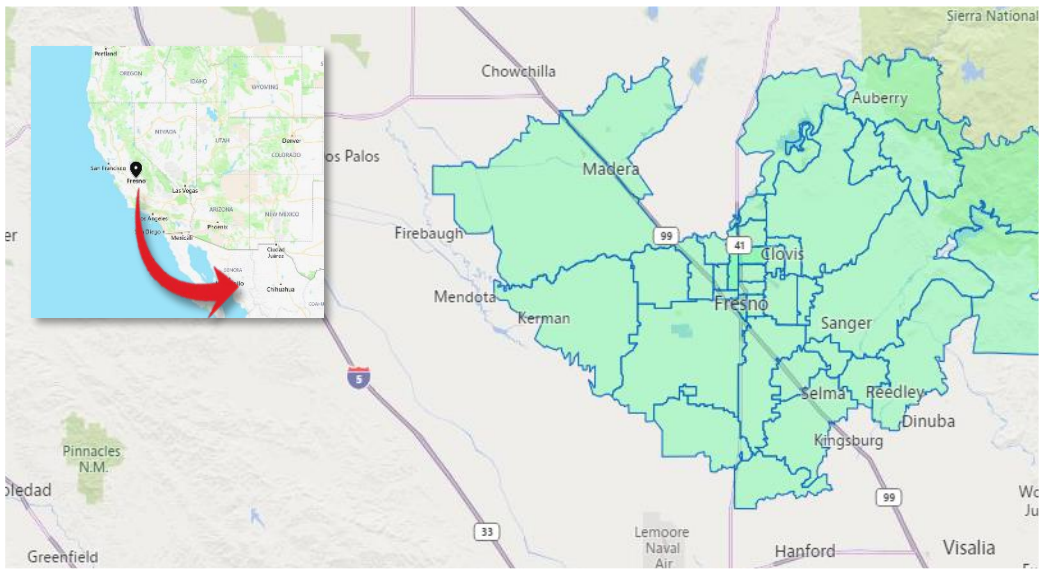
Revenue Stability	Supplier Power Trend	Investment Yields
55th	**81st**	**94th**
Average	Below Average	Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
64th	**37th**	**17th**
Average Risk	Average 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:	Fresno
County:	Fresno County
State:	California
Geo Coordinates (market center):	36.74773, -119.77237

Major Hotel Demand Generators

Community Medical Center | Saint Agnes Medical Center | Kaiser Permanente | Ruiz Food Products Inc. | California State University - Fresno | Coalinga State Hospital | Colvis Community Medical Center | State Center Community College District | Alorica | Reedley College | Sante Health System | Sun-Maid Growers of California | Pelco | Lyons Magnus | Chukchansi Gold Resort & Casino | AmeriGuard Security Services Inc. | Rex Moore Electrical Contractors | Guarantee Real Estate | Fresno Heart & Surgical Hospital | The Nelson Group

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	870,424	60th of 104 (Average)
Income per Capita	$44,853	66th of 104 (Below Average)
Feeder Group Size	176.2 Persons PSR	99th of 104 (Soft)
Feeder Group Earnings	$7,902,673 PSR	99th of 104 (Soft)
Total Market Hotel Revenues	$216.4 million	100th 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	55.1%	$84.68	$46.68	$79.11	$43.61	$5.58	93.4%	39.7%	1.92	8,100	0.41
2016	56.7%	$95.76	$54.31	$88.84	$50.38	$6.92	92.8%	45.2%	1.73	7,880	0.68
2017	61.3%	$96.87	$59.42	$89.48	$54.88	$7.39	92.4%	43.9%	1.77	7,880	0.89
2018	63.7%	$101.49	$64.65	$93.08	$59.29	$8.41	91.7%	45.4%	1.78	7,830	0.86
2019	65.1%	$105.69	$68.82	$96.62	$62.91	$9.07	91.4%	49.2%	1.74	7,900	0.86
2020	57.4%	$88.42	$51.16	$82.30	$47.23	$6.12	93.1%	31.7%	2.07	8,180	1.35
2021	66.0%	$104.21	$69.16	$96.78	$63.90	$7.43	92.9%	35.8%	2.00	8,060	1.24
2022	66.7%	$108.99	$72.65	$101.23	$67.49	$7.76	92.9%	37.1%	1.98	8,070	0.75
2023	64.1%	$113.65	$72.80	$105.59	$67.64	$8.06	92.9%	38.3%	1.97	8,080	1.02
CAGR: 2015 thru 2023	1.9%	3.7%	5.7%	3.7%	5.6%	4.7%	-0.1%	-0.5%	0.3%	0.0%	12.1%
3Q 2023	67.8%	$120.79	$81.94	$112.38	$76.24	$8.41	93.0%	42.1%	1.93	7,780	0.79
3Q 2024	68.1%	$118.82	$80.91	$110.05	$74.94	$8.76	92.6%	42.7%	1.78	7,780	0.80

Notable Metrics

HIGHEST

Feeder Population Per Room	Population Density per Room	Marketwide Income per Room
5th	**6th**	**8th**
Strong	**Strong**	**Strong**
Fresno, CA posted a high ratio of feeder population per room (79.26)	The market boasted strong population density per room (109.59)	The market also enjoyed a high ratio of marketwide income per room ($3,554,889)

LOWEST

Total Rooms Sold	Total Rooms Supply	Feeder Group Earnings per sold room
100th	**100th**	**99th**
Soft	**Soft**	**Soft**
This market has a limited lodging–related economy and shows minimal diversity in its sources of demand (1,803,189 room nights)	The market is small and offers a narrow variety of lodging scales and classes (7,777 total rooms)	Fresno, CA also has low feeder group earnings per sold room ($7,902,673)

Notable Trends

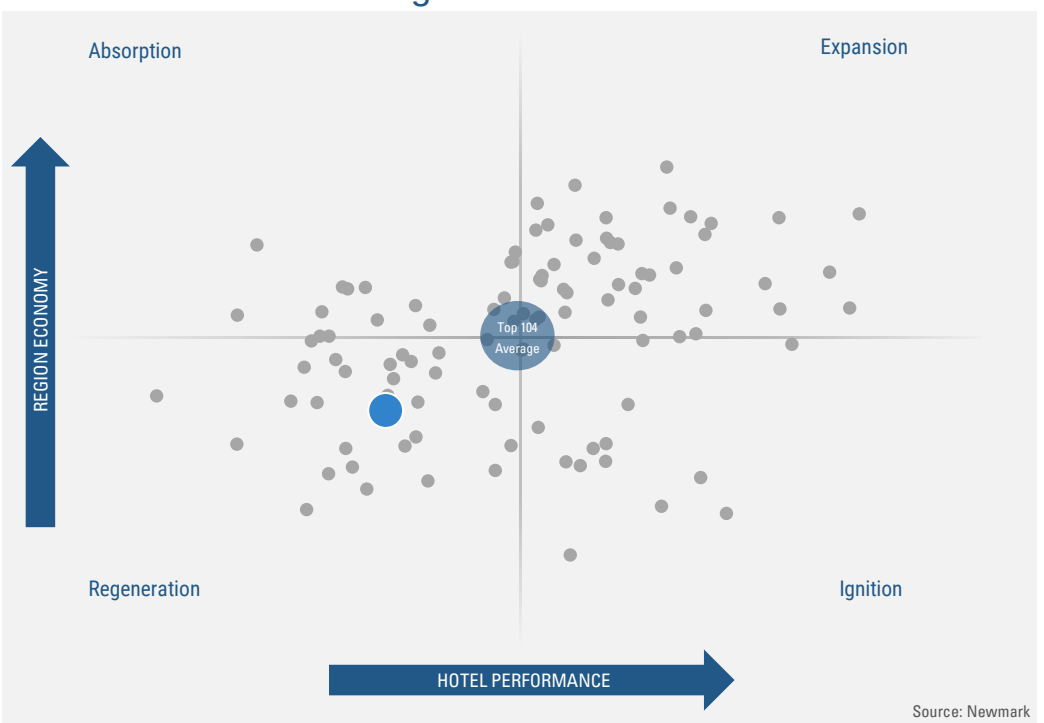
STRONGEST

Long-Term Historical LPI Growth	Short-Term Historical LPI Growth	Long-Term Historical Occupancy Growth
3rd	**3rd**	**4th**
Very Strong	**Very Strong**	**Strong**
Fresno, CA enjoyed strong long–term historical LPI growth (8.0%)	The market has benefited from strong short–term historical LPI growth (10.5%)	The market also enjoyed strong long–term historical occupancy growth (0.9%)

WEAKEST

Short-Term Historical Supply Growth	Long-Term Historical Loyalty Contribution Growth	Long-Term Historical Booking Costs POR Growth
90th	**87th**	**84th**
Soft	**Below Average**	**Below Average**
The market has been burdened by high short–term historical supply growth (–0.2%)	We note this area has been hindered by weak long–term historical loyalty contribution growth (3.3%)	Fresno, CA also exhibited high long–term historical booking costs POR growth (3.9%)

Market Performance Stage



Source: Newmark

Fresno, CA: Regeneration Stage

Regeneration

The Fresno, CA 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):	1.3%
Risk Exposure (402 US markets):	86th Percentile: Above Average
Key Industry Notes:	Stable population growth and low costs
	Central location that attracts firms
	House price growth
	Elevated employment volatility
	Low household income

Moody's Rating

NR

This market is not rated by Moody's

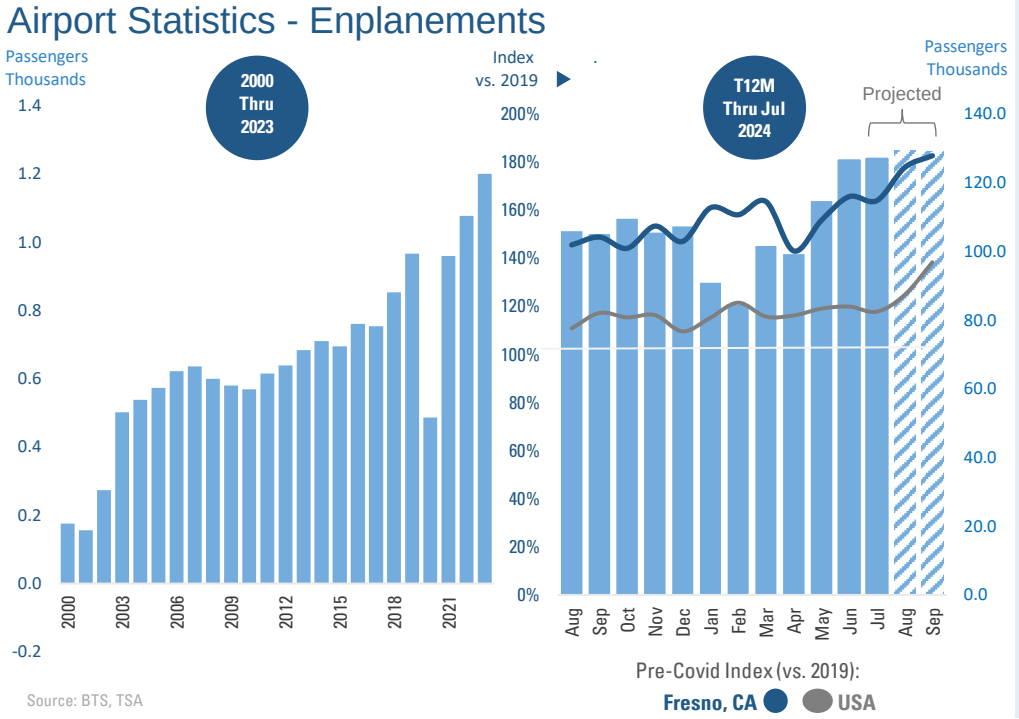
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

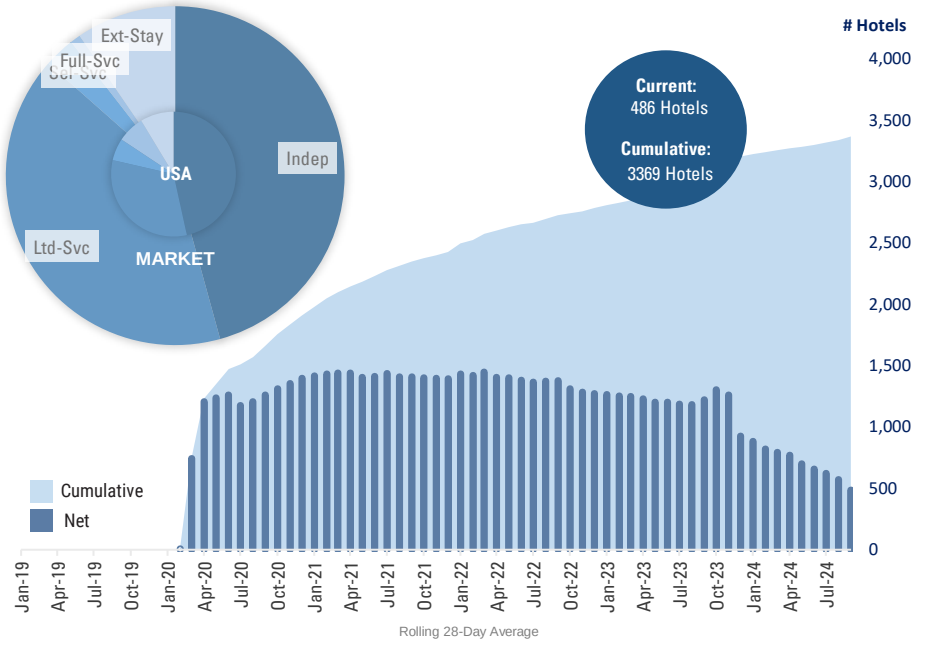
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

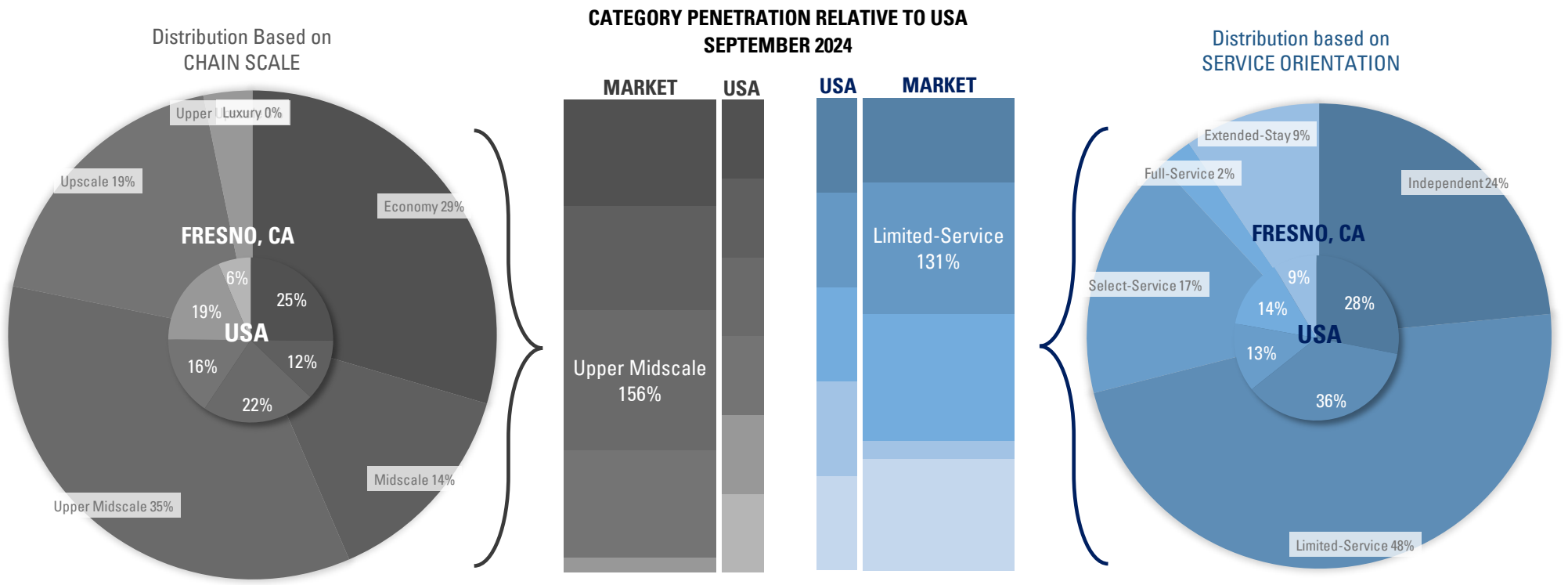
Hotel Closures - State of CA



Source: Hotel Compete

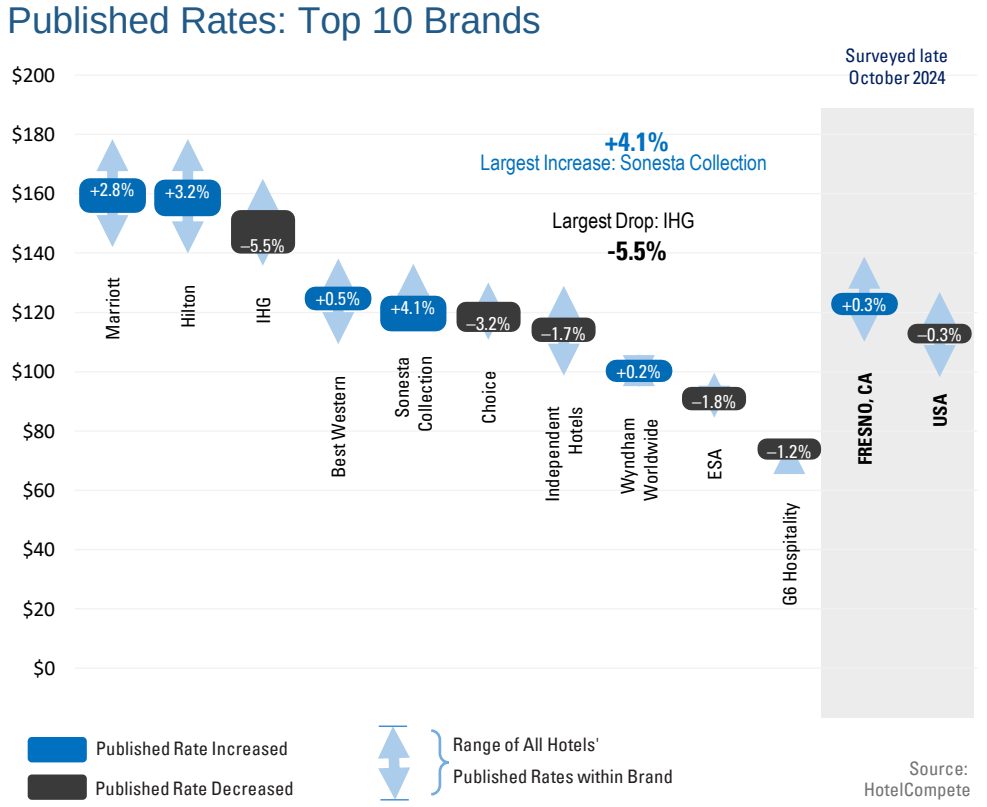
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Fresno, CA



'30/3' RATE CHANGES: FRESNO, CA vs. USA

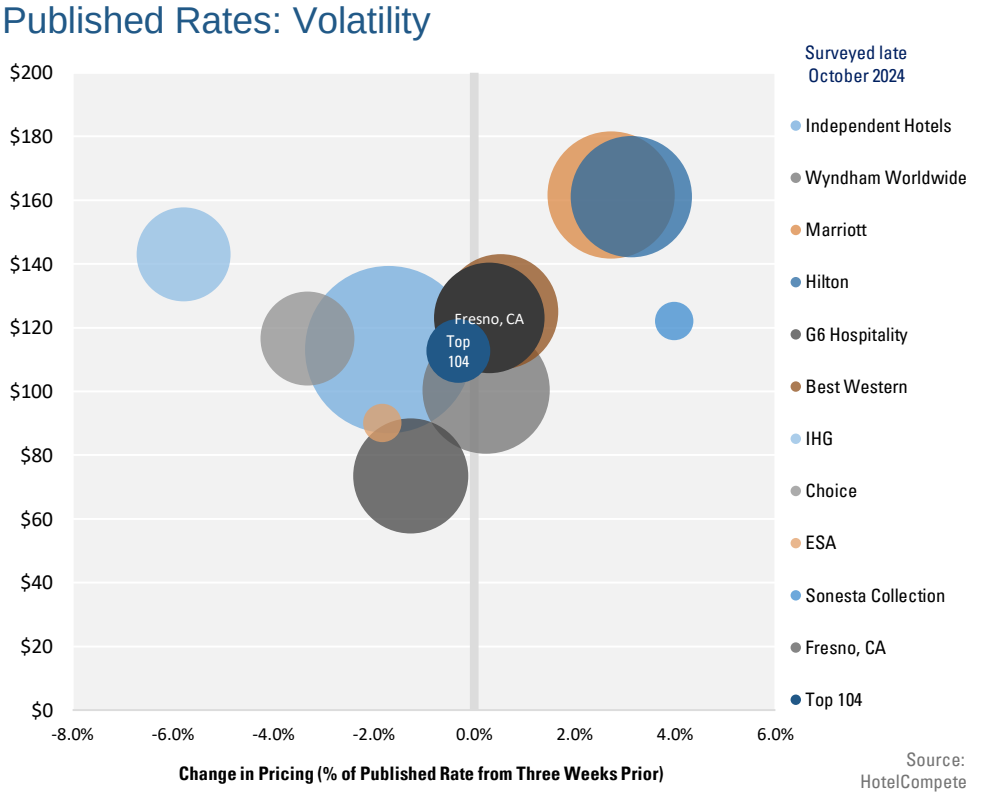
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

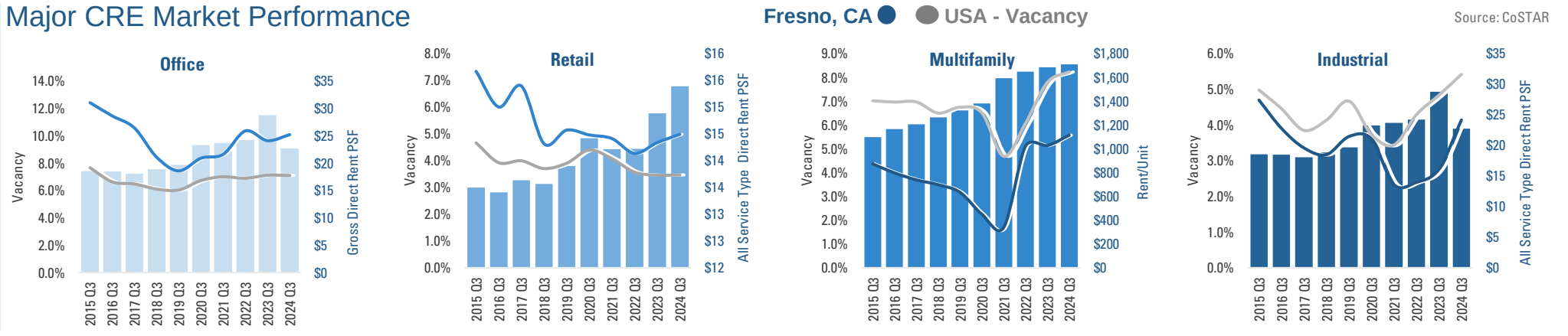
Published Rates: Volatility



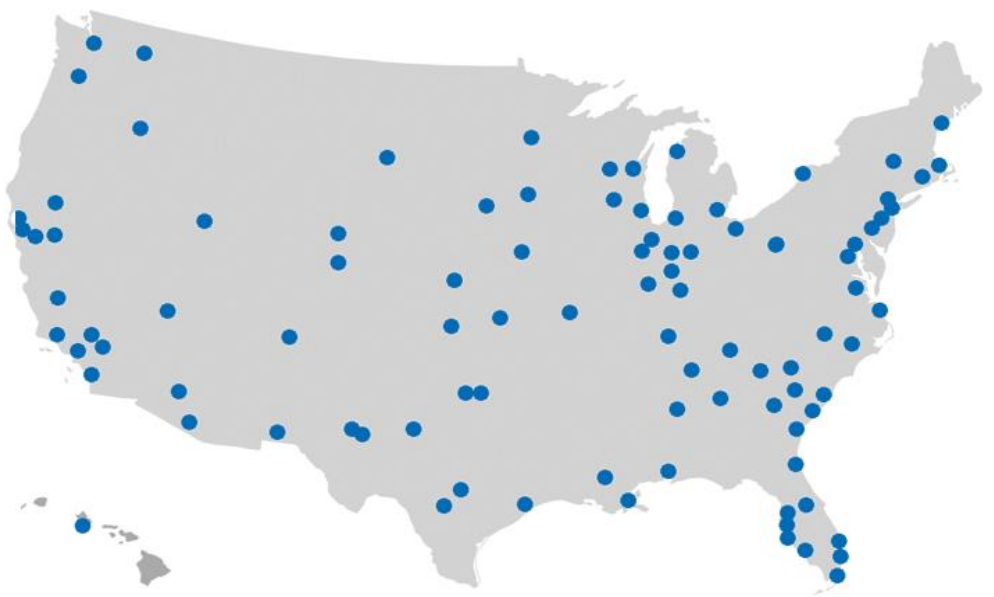
Source: HotelCompete

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

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