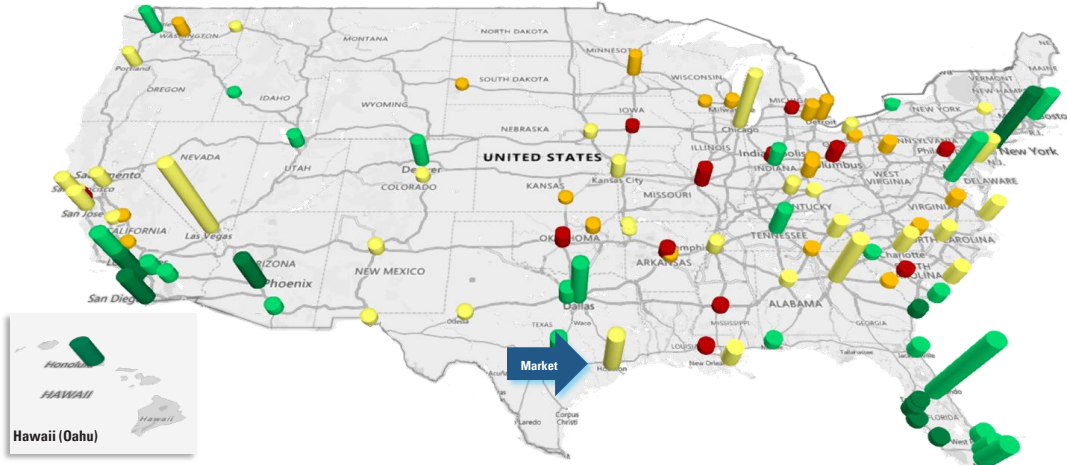


1Q 2024 HOUSTON, TX



Lodging Performance Index Snapshot

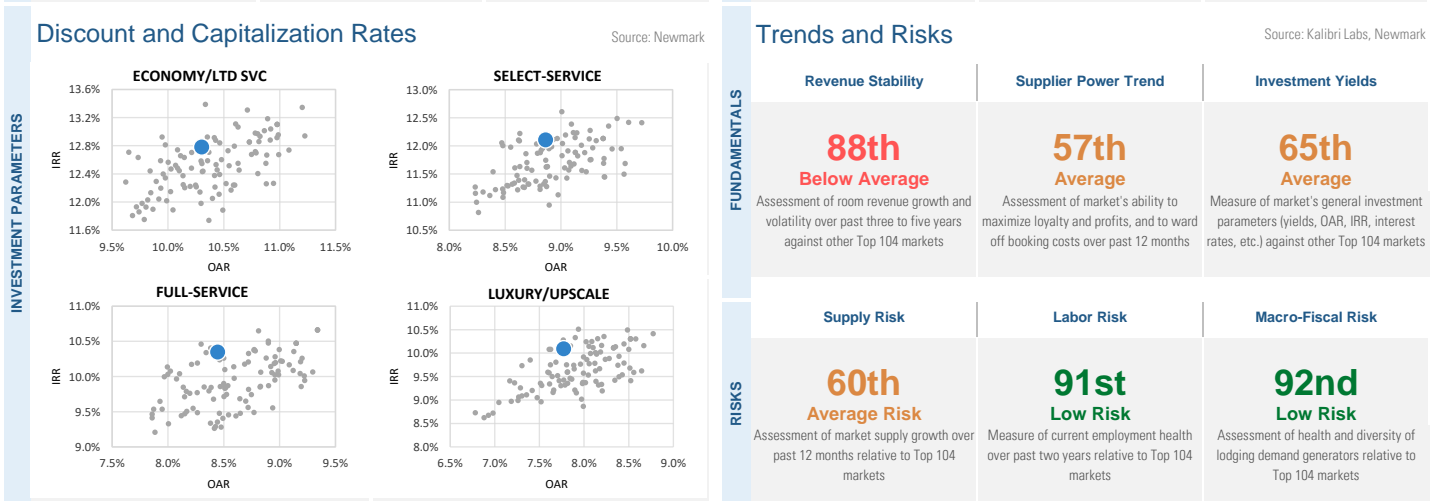
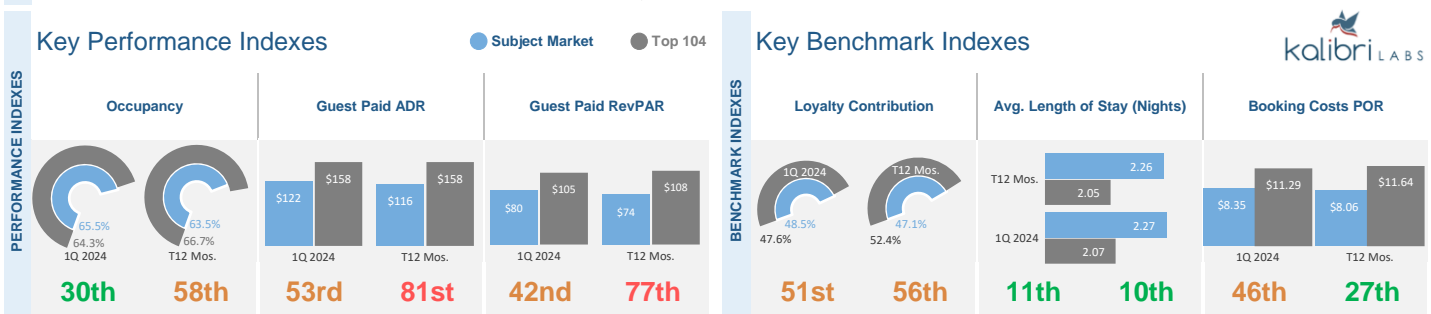
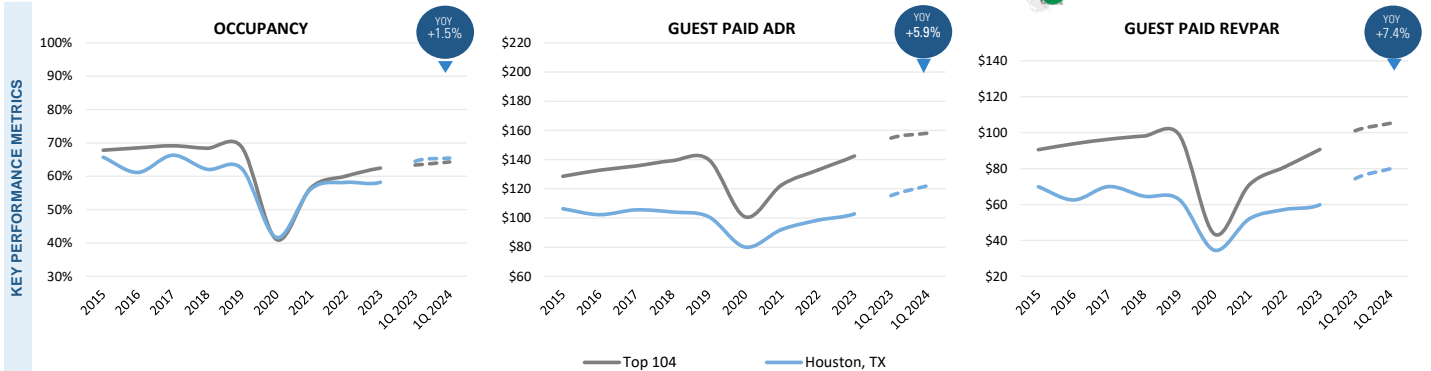


LODGING PERFORMANCE INDEX
Houston, TX

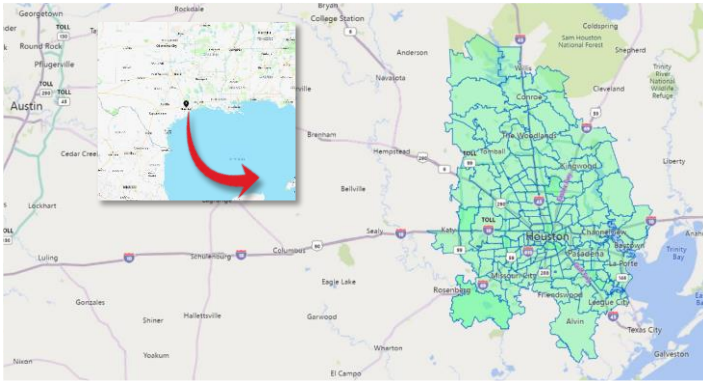
1.07

44th of 104 Average

Ranking of overall '1Q 2024 LPI' performance (1.07) against all 104 surveyed markets.



Location



Quick Facts

Jurisdictional Information Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name: Houston
 County: Fort Bend County, Harris County, Montgomery County
 State: Texas
 Geo Coordinates (market center): 29.78574, -95.38881

Major Hotel Demand Generators

Memorial Hermann Health System | The University of Texas Health Science Center | Schlumberger Ltd. | Landry's Inc. | Exxon Mobile Corp. | Baylor College of Medicine | National Oilwell Varco Inc. | Chevron Corp. | Shell Oil Co. | Baker Hughes Inc. | The Dow Chemical Co. | BP America | TechnipFMC PLC | Fiesta Mart Inc. | Goodman Global Inc. | NASA Johnson's Space Center Houston | ConocoPhillips | Kinder Morgan | Wood Group | Clear Lake Regional Medical Center

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	5,370,832	4th of 104 (Very Large)
Income per Capita	\$49,399	51st of 104 (Average)
Feeder Group Size	90.5 Persons PSR	72nd of 104 (Below Average)
Feeder Group Earnings	\$4,472,921 PSR	77th of 104 (Below Average)
Total Market Hotel Revenues	\$2.5 billion	17th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE ADR	RevPAR	Booking Co: POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
2015	65.7%	\$106.33	\$69.87	\$98.44	\$64.69	\$7.89	92.6%	43.5%	2.50	78,000	1.29
2016	61.1%	\$102.27	\$62.53	\$94.32	\$57.67	\$7.95	92.2%	45.1%	2.37	81,510	0.77
2017	66.3%	\$105.54	\$69.98	\$97.54	\$64.68	\$8.00	92.4%	44.9%	2.56	84,440	1.20
2018	62.1%	\$104.07	\$64.62	\$95.77	\$59.46	\$8.30	92.0%	49.3%	2.31	86,950	0.85
2019	62.3%	\$100.84	\$62.81	\$92.70	\$57.74	\$8.14	91.9%	53.5%	2.24	93,170	0.76
2020	41.7%	\$80.04	\$34.55	\$74.84	\$31.17	\$5.20	93.5%	37.2%	2.61	93,260	0.91
2021	56.3%	\$92.06	\$52.05	\$85.53	\$48.12	\$6.53	92.9%	39.4%	2.45	94,270	0.81
2022	58.2%	\$98.47	\$57.21	\$91.53	\$53.24	\$6.94	93.0%	40.7%	2.40	94,740	0.67
2023	58.2%	\$102.81	\$59.88	\$95.67	\$55.69	\$7.14	93.1%	41.9%	2.35	95,000	0.97
CAGR: 2015 thru 2023	-1.5%	-0.4%	-1.9%	-0.4%	-1.9%	-1.2%	0.1%	-0.4%	-0.8%	2.5%	-3.6%
1Q 2023	64.5%	\$115.29	\$74.35	\$107.41	\$69.26	\$7.89	93.2%	46.0%	2.28	93,550	0.73
1Q 2024	65.5%	\$122.04	\$79.88	\$113.69	\$74.42	\$8.35	93.2%	48.5%	2.27	93,780	1.07

Data provided by: kalibri LABS

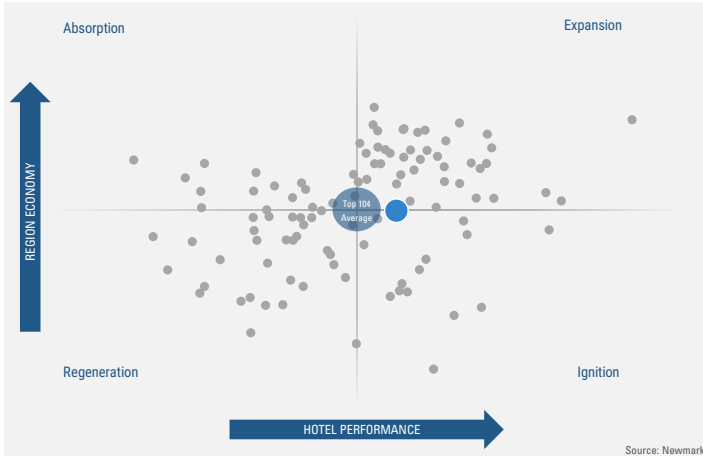
Notable Metrics

HIGHEST	Total Rooms Supply	Total Rooms Sold	T12-Month Average Length of Stay
	9th Strong Houston, TX benefits from a large and diverse hotel market (93,784)	9th Strong The market boasted strong total rooms sold (21,650,171)	10th Above Average The market also benefited from strong T12-month average length of stay (2.26 Nights)
	IRR: Full-Service	IRR: Select-Service	IRR: Luxury/Upscale
LOWEST	88th Unfavorable This market posted unfavorable IRR metrics in the full-service segment (10.3%)	86th Unfavorable The market posted unfavorable IRR metrics in the select-service segment (12.1%)	81st Unfavorable Houston, TX also posted unfavorable IRR metrics in the luxury/upscale segment (10.1%)

Notable Trends

STRONGEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Occupancy Growth	Short-Term Historical Booking Costs POR Growth
	3rd Very Strong Houston, TX has benefited from low long-term historical booking costs POR growth (0.2%)	20th Above Average The market has benefited from strong short-term historical occupancy growth (0.5%)	24th Above Average The market also enjoyed low short-term historical growth in booking costs (1.8%)
	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE RevPAR Growth
WEAKEST	103rd Soft The market posted weak long-term historical COPE ADR growth (0.3%)	103rd Soft We note this area has been impeded by weak long-term historical Guest Paid ADR growth (0.3%)	98th Soft Houston, TX also posted weak long-term historical COPE RevPAR growth (-0.8%)

Market Performance Stage



Houston, TX: Ignition Stage

The Houston, TX 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; Chicago, IL; and Miami, FL.

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 Columbus, OH; Kansas City, MO; and Minneapolis, MN.

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.

Industry Observations

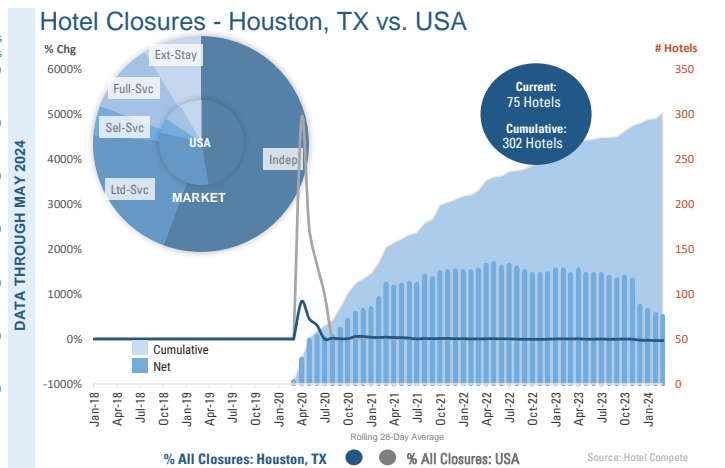
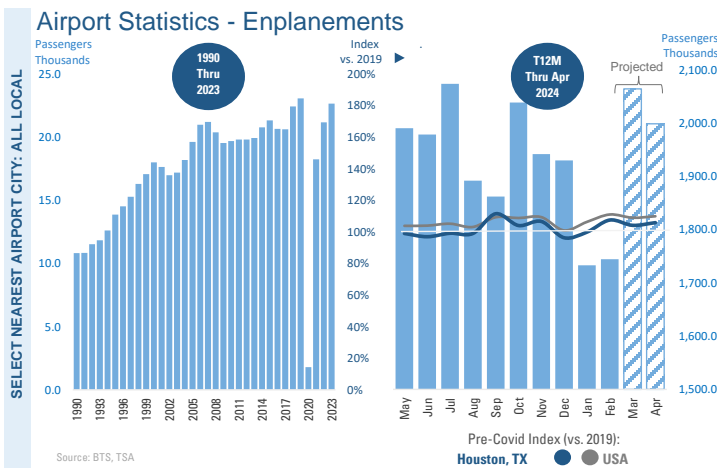
Business Cycle:
 Employment Growth (2 yr): 9.0%
 Risk Exposure (402 US markets): 10th Percentile: Low Risk
 Key Industry Notes:
 Energy, manufacturing
 Oil and gas technology
 Significant trade links
 Erratic energy markets
 Low industrial diversity

Moody's Rating

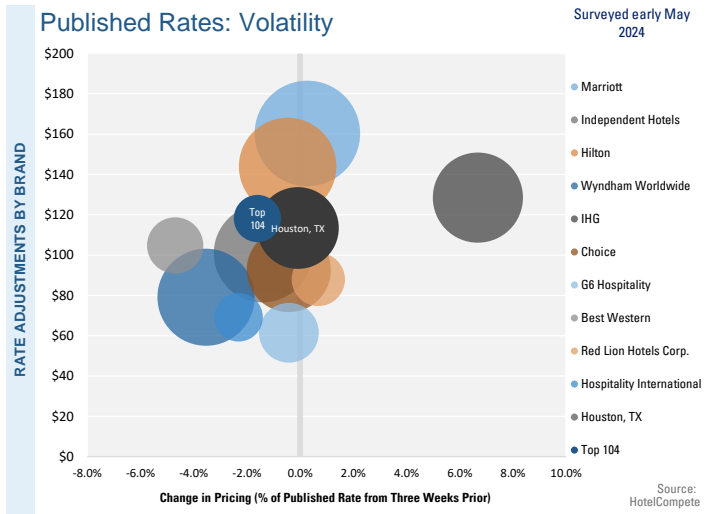
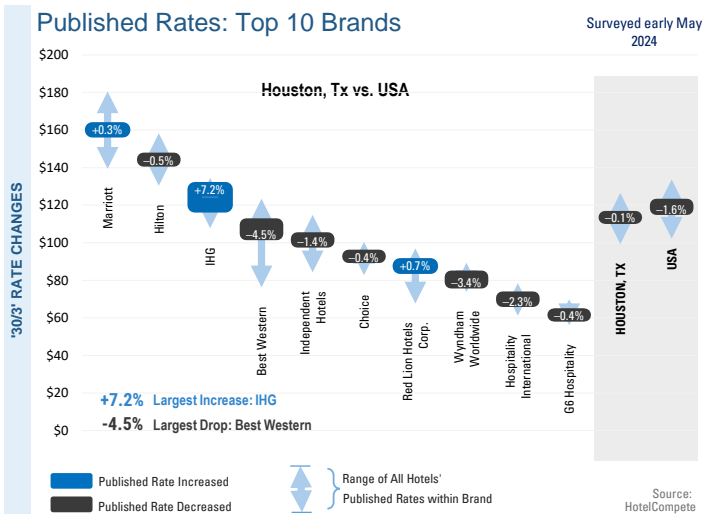
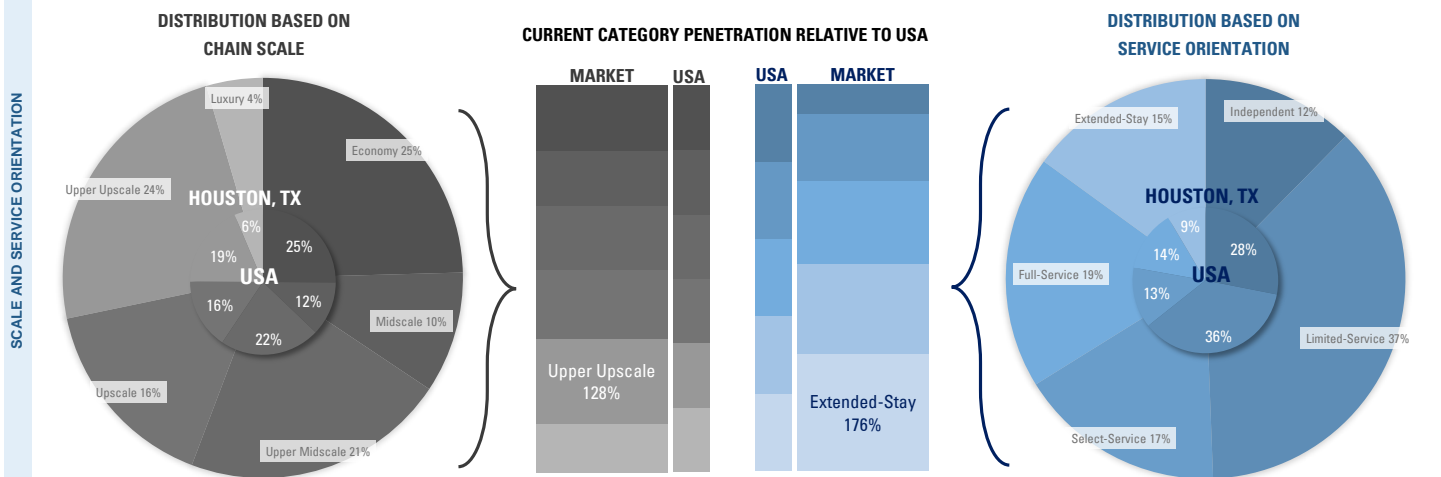
Aaa
Investment Grade

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





Scale and Service Distribution: Houston, TX



Published Rate Observations: 30-Day Advance

MARKET LEVEL	Published Rate Level	Rate Movement	Optimism
	96th Soft	19th Above Average	88th Below Average
	The 30-day advanced published rate for the market was a conservative \$113.41, ranking 96th out of 104 markets. (Guest-Paid ADR ranked a moderate 53rd at \$122.04 in 1Q 2024.)	Published rates have recently been moving downward, decreasing by a modest 0.1% over three weeks going into early May 2024. By comparison, the T-104 average posted downward movement of 1.58%.	Published rates reported in early May 2024 were 7.1% lower than the market's Guest-Paid ADR in 1Q 2024. This optimism is below average. By comparison, the T-104 spread was -25.3%.

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	65th Average	99th Soft	18th Low
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Houston, TX has a soft spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Houston, TX's top 10 brands are exhibiting low volatility with respect to advanced booking pricing movements in the three weeks leading into early May 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

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

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

Hotels and Resorts

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

Our core disciplines and expert subject areas include:

Economic Impact

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

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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