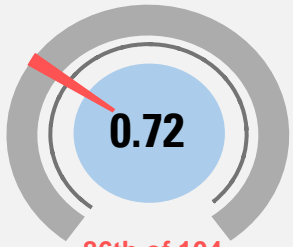


2Q 2022 HOUSTON, TX



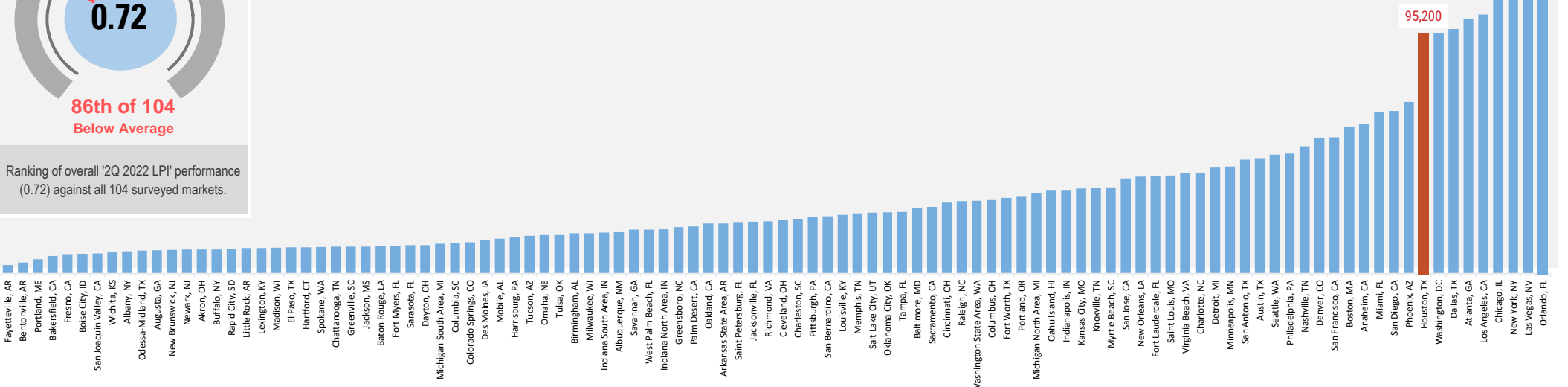
Fundamentals Dashboard

Lodging Performance Index

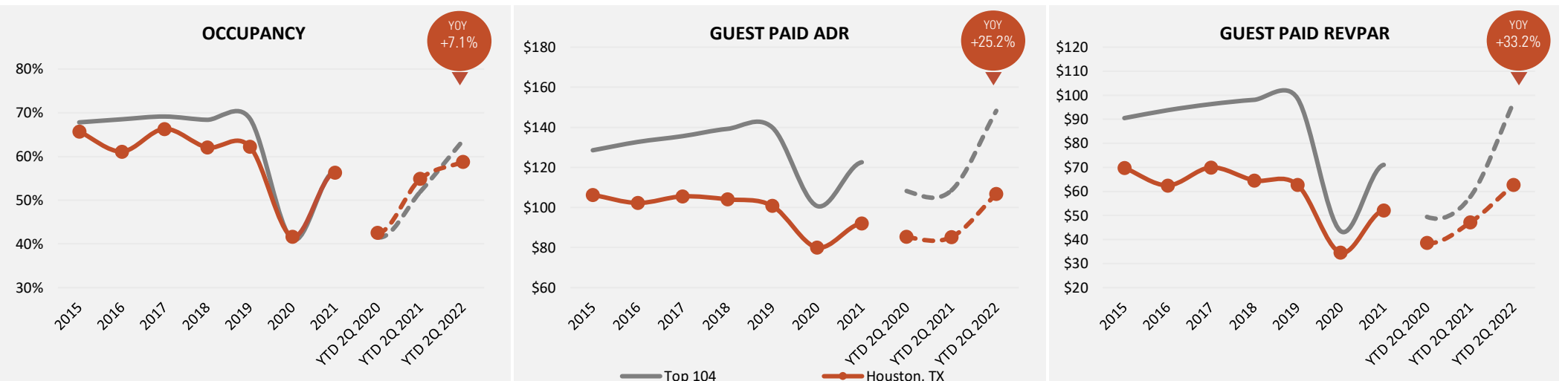


Ranking of overall '2Q 2022 LPI' performance (0.72) against all 104 surveyed markets.

ROOM SUPPLY RANKING vs. MAJOR US MARKETS

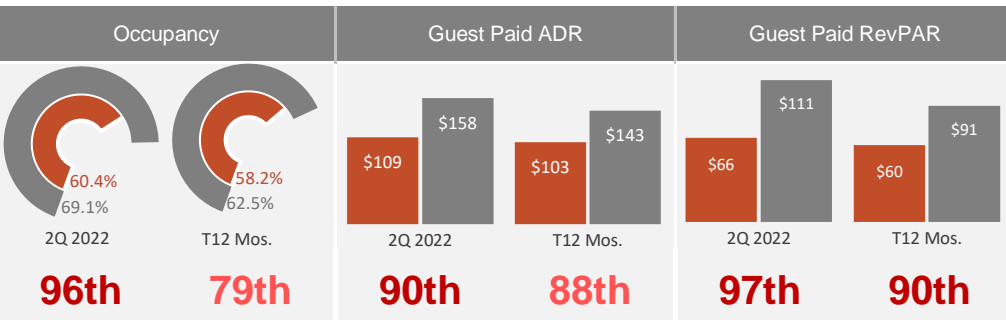


KEY PERFORMANCE METRICS

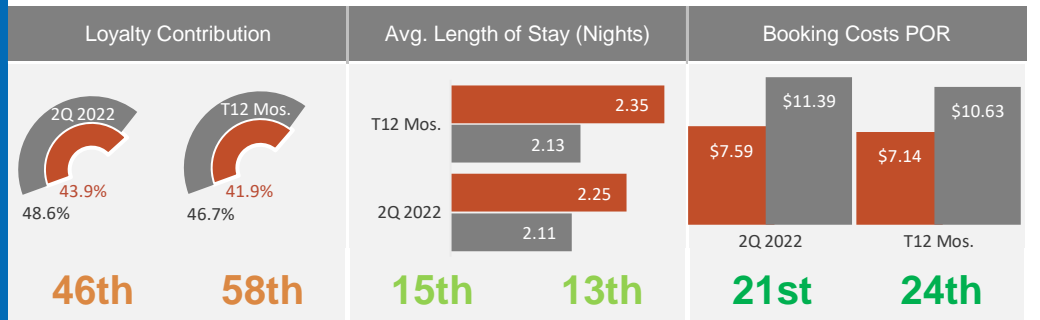


Key Performance Indexes

● Subject Market ● Top 104

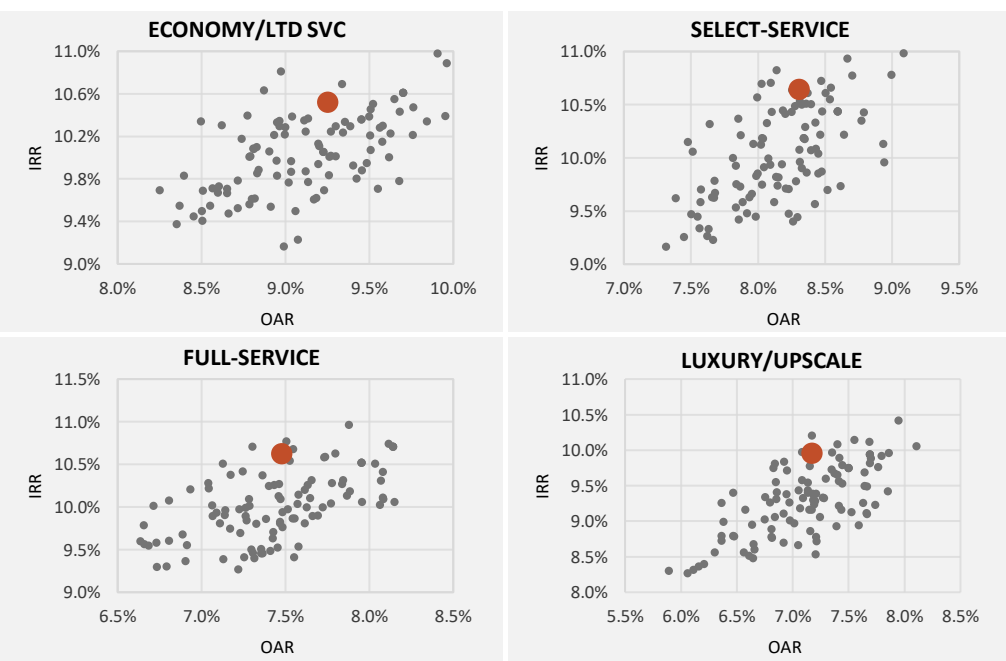


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

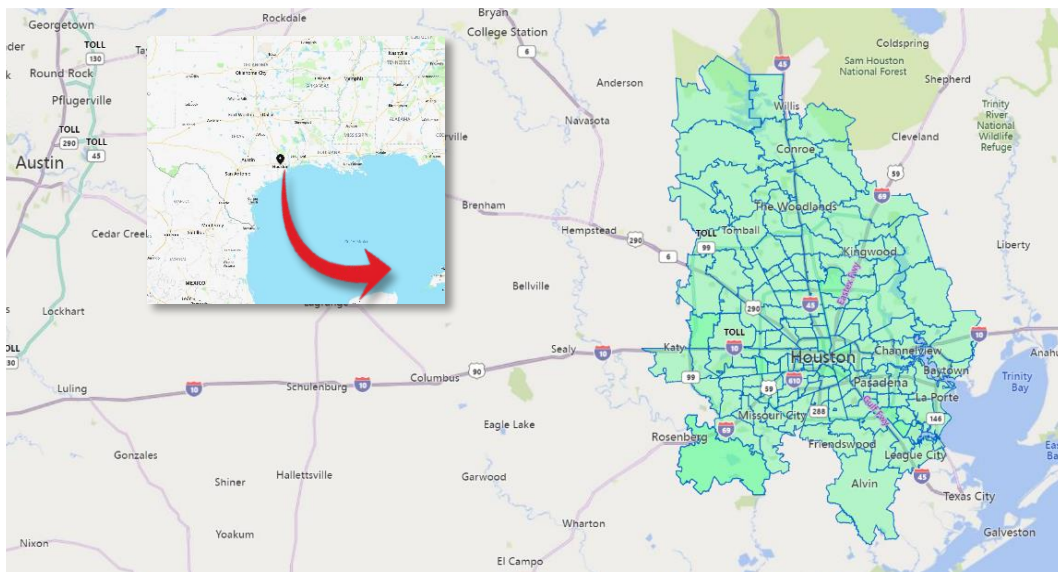


Trends and Risks

Source: Kalibri Labs, Newmark



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		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	97.1 Persons PSR	73rd of 104 (Below Average)
Feeder Group Earnings	\$4,797,311 PSR	75th of 104 (Below Average)
Total Market COPE	\$2.1 billion	17th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid		COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
		ADR	RevPAR	ADR	RevPAR						
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
CAGR: 2015 thru 2021	-2.6%	-2.4%	-4.8%	-2.3%	-4.8%	-3.1%	0.1%	-1.6%	-0.3%	3.2%	-7.4%
YTD 2Q 2020	42.5%	\$85.28	\$38.61	\$79.80	\$36.09	\$5.48	93.6%	38.6%	2.60	92,700	0.86
YTD 2Q 2021	54.9%	\$85.22	\$47.09	\$79.10	\$43.69	\$6.13	92.8%	38.4%	2.51	93,130	0.89
YTD 2Q 2022	58.8%	\$106.72	\$62.74	\$99.37	\$58.42	\$7.35	93.1%	43.5%	2.31	94,580	0.72
% Change	7.1%	25.2%	33.2%	25.6%	33.7%	20.0%	0.3%	13.2%	-8.1%	1.6%	-19.1%

Data provided by: kalibri LABS

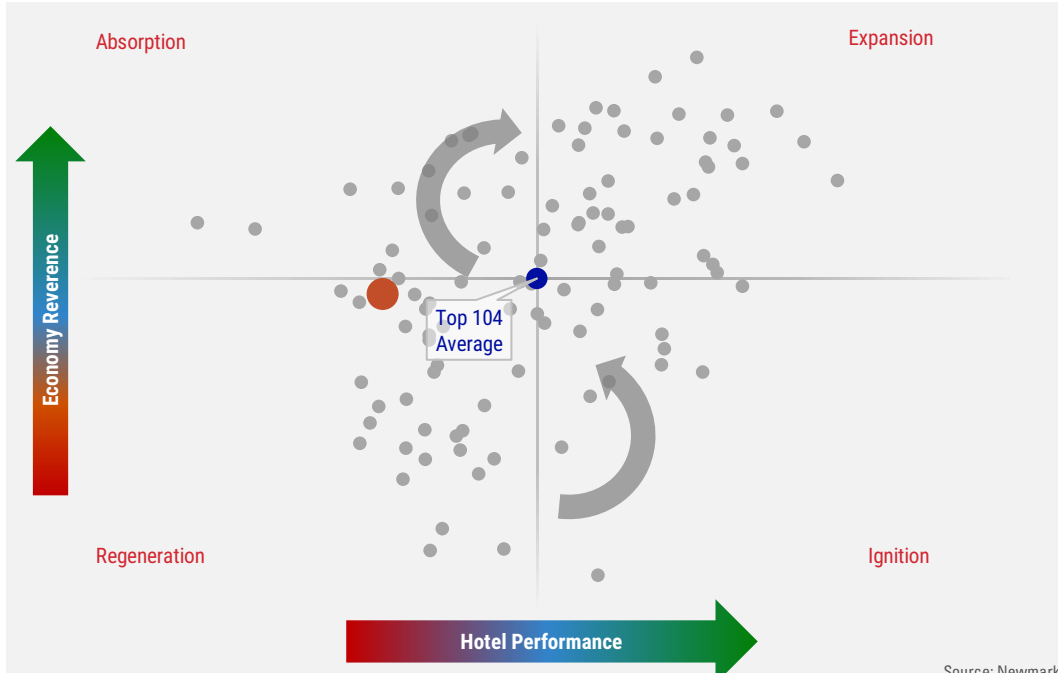
Notable Metrics

HIGHEST	Total Rooms Sold	Total Rooms Supply	T12-Month Average Length of Stay
	8th Strong Houston, TX boasted strong total rooms sold (20,186,209)	9th Strong The market benefits from a large and diverse hotel market (95,218)	13th Above Average The market also benefited from strong T12-month average length of stay (2.35 Nights)
LOWEST	Latest-Quarter COPE RevPAR	Latest-Quarter Guest Paid RevPAR	Latest-Quarter Occupancy
	97th Soft This market has been hampered by weak latest-quarter COPE RevPAR (\$61.19)	97th Soft The market posted weak latest-quarter Guest Paid RevPAR (\$65.77)	96th Soft Houston, TX also exhibited weak latest-quarter occupancy (60.4%)

Notable Trends

FASTEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
	3rd Strong Houston, TX has benefited from low long-term historical booking costs POR growth (-1.1%)	8th Strong The market enjoyed low short-term historical growth in booking costs (-0.9%)	35th Average The market also has benefited from low short-term historical supply growth (2.1%)
SLOWEST	Long-Term Historical COPE RevPAR Growth	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid RevPAR Growth
	103rd Soft The market posted weak long-term historical COPE RevPAR growth (-3.6%)	103rd Soft We note this area posted weak long-term historical COPE ADR growth (-1.3%)	103rd Soft Houston, TX also has been hampered by weak long-term historical Guest Paid RevPAR growth (-3.6%)

Market Performance Stage



Houston, TX: Regeneration Stage

The Houston, TX 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 challenged whether by COVID-19 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 Chicago, IL; Columbus, OH; and Detroit, MI.

Other Stages:

Ignition	In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Knoxville, TN; Las Vegas, NV; and Miami, FL.
Absorption	In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, 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 Charlotte, NC; Kansas City, MO; and Minneapolis, MN.
Expansion	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

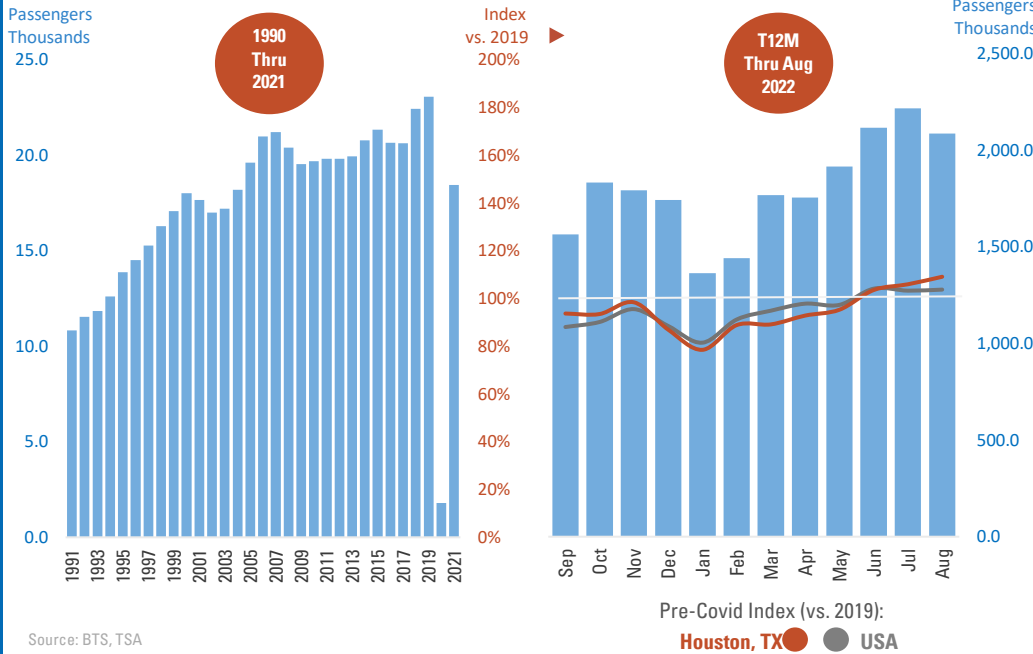
Business Cycle:	In Recovery
Employment Growth (2 yr):	-1.9%
Risk Exposure (402 US markets):	10th Percentile: Low Risk
Key Industry Notes:	Energy, manufacturing Oil and gas technology Significant trade links Erratic energy markets Low industrial diversity

Moody's Rating	Aaa Investment Grade
	Long-term investment grade, Prime-1 short-term outlook

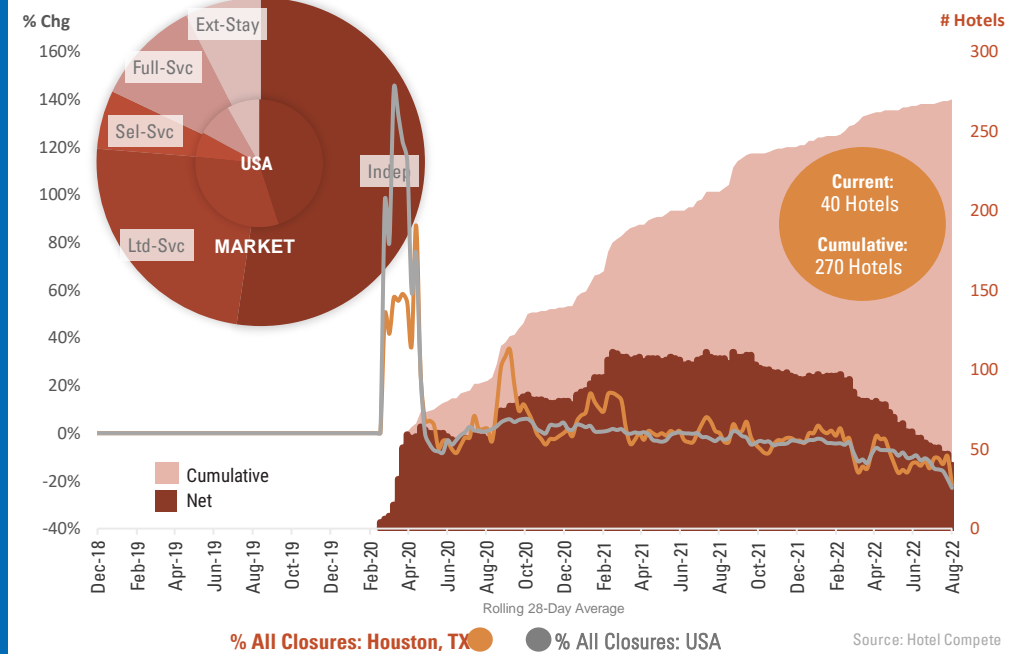


Source: Newmark

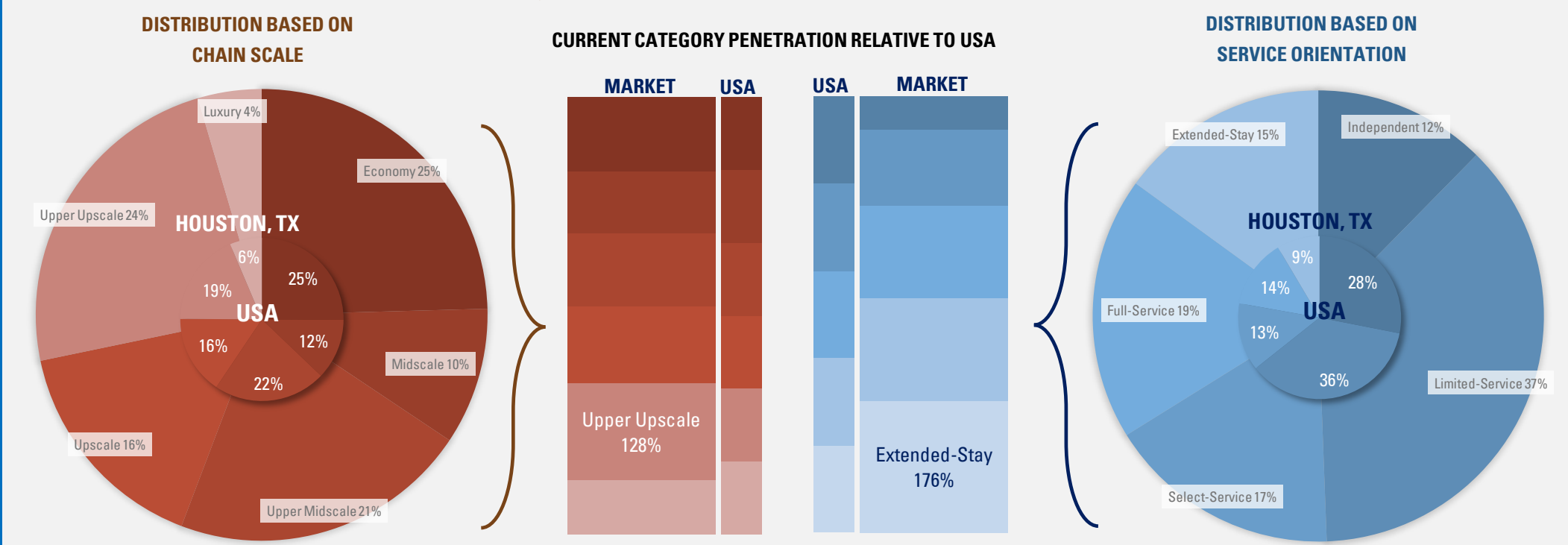
Airport Statistics - Enplanements



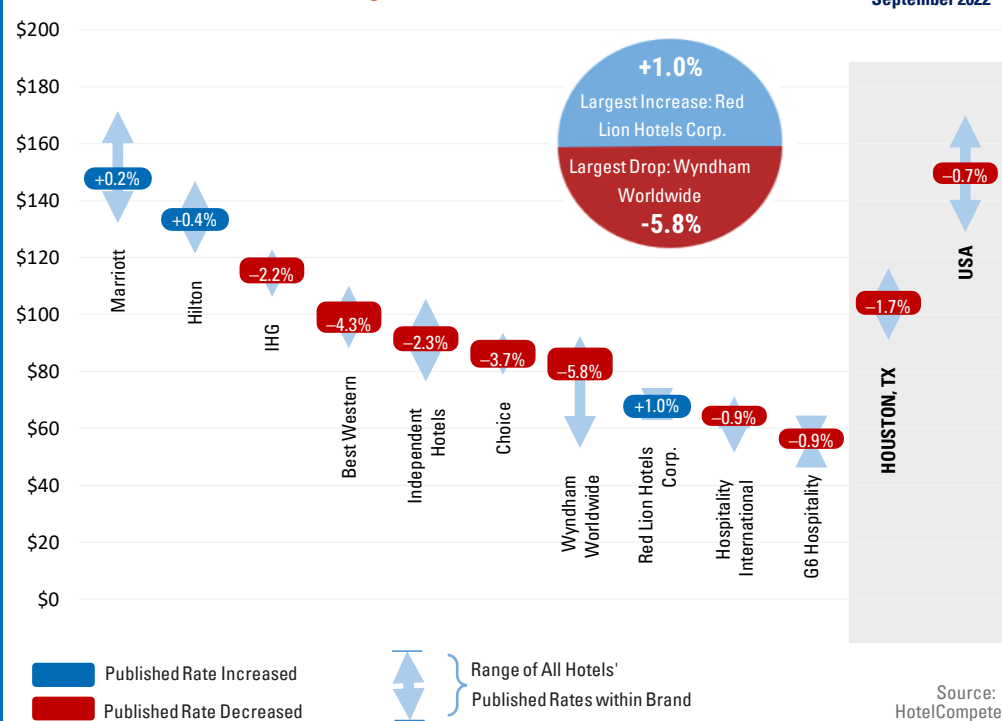
Hotel Closures - Houston, TX vs. USA



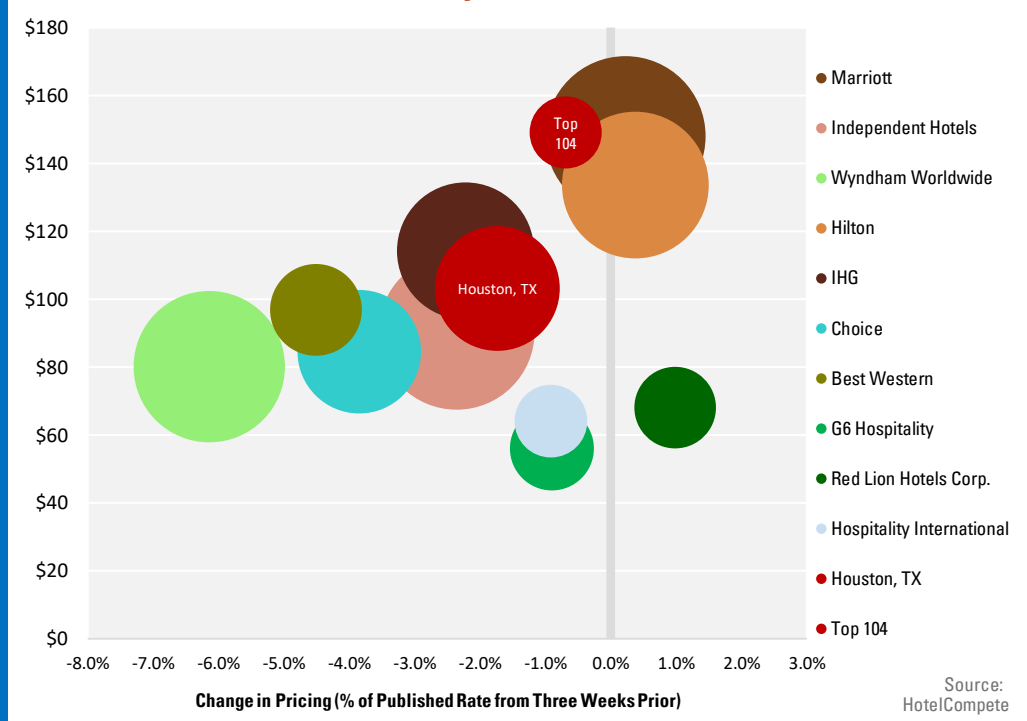
Scale and Service Distribution: Houston, TX



Published Rates: Top 10 Brands



Published Rates: Volatility

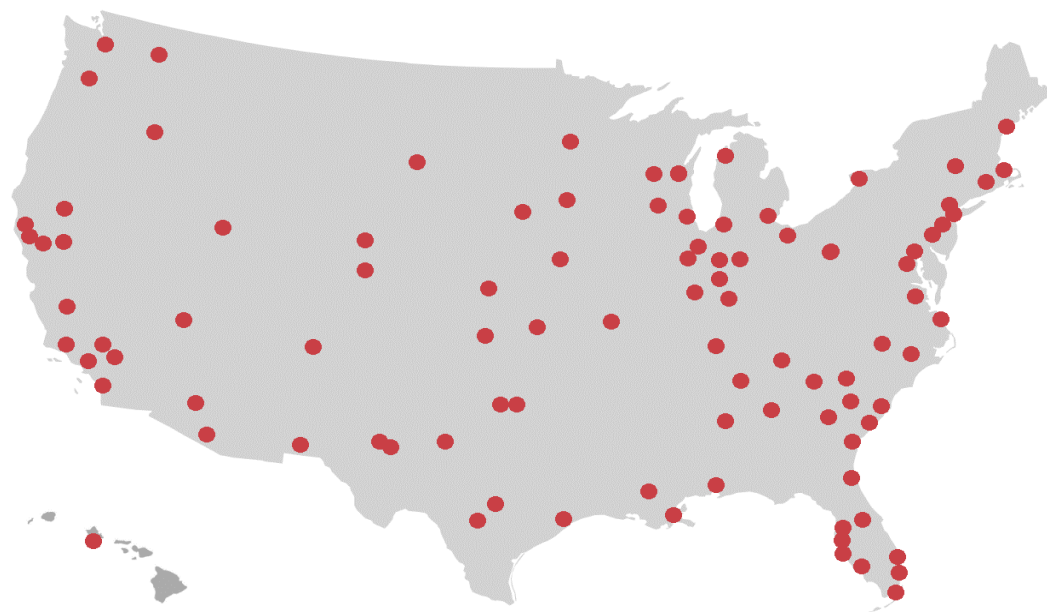


Published Rate Observations: 30-Day Advance

	Published Rate Level	Rate Movement	Optimism
MARKET LEVEL	98th Soft	73rd Below Average	90th Soft
	The 30-day advanced published rate for the market was a very conservative \$103.17, ranking 98th out of 104 markets. (Guest-Paid ADR ranked a conservative 90th at \$106.72 in 2Q 2022.)	Published rates have recently been moving downward, decreasing by a modest 1.7% over three weeks going into mid-September 2022. By comparison, the T-104 average posted downward movement of 0.68%.	Published rates reported in mid-September 2022 were 5.3% lower than the market's Guest-Paid ADR in 2Q 2022. This optimism is soft. By comparison, the T-104 spread was -5.6%.

	Published Rate Integrity	Coverage	Volatility
BRAND LEVEL	56th Average	99th Soft	43rd Moderate
	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 moderate volatility with respect to advanced booking pricing movements in the three weeks leading into mid-September 2022.

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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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

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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.

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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

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

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