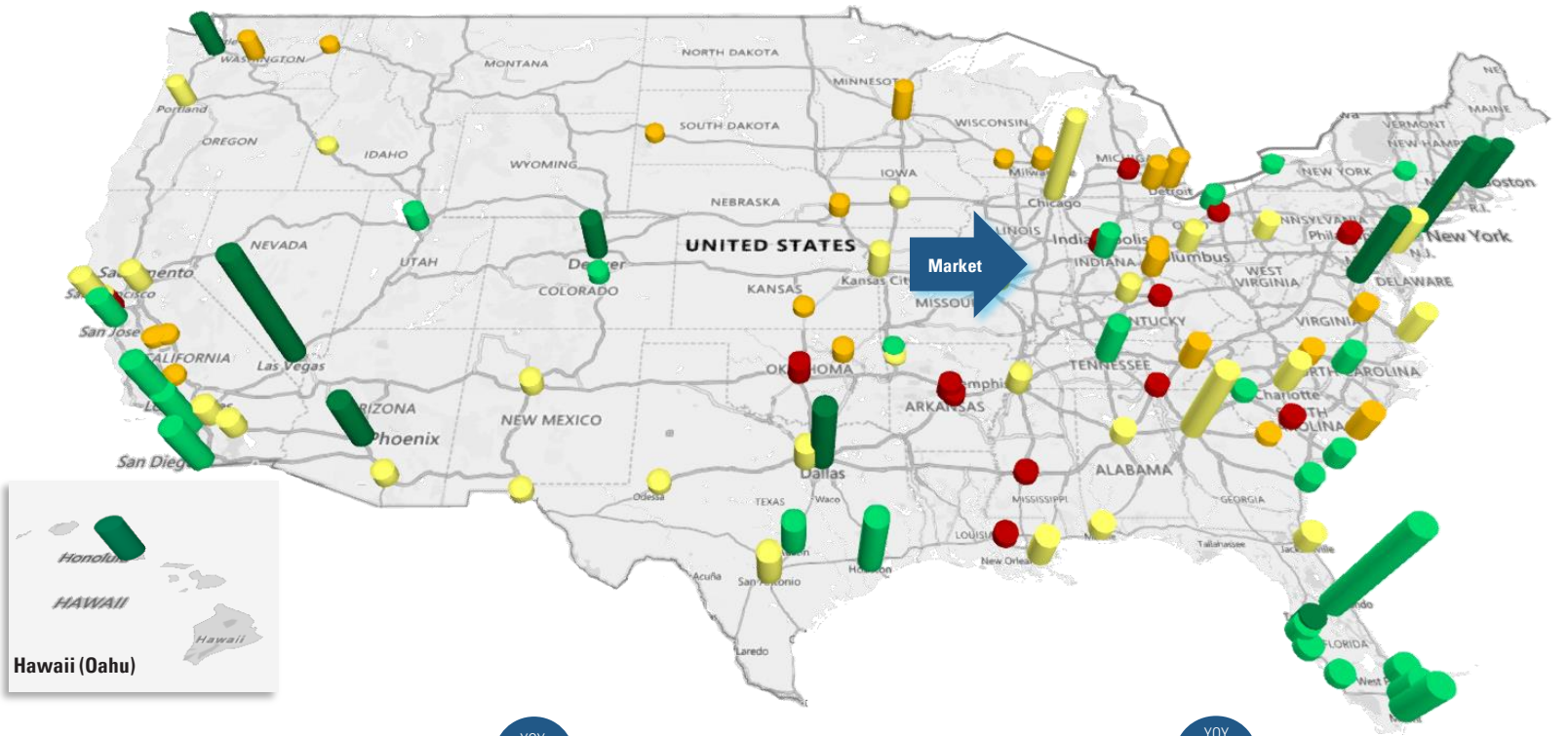
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

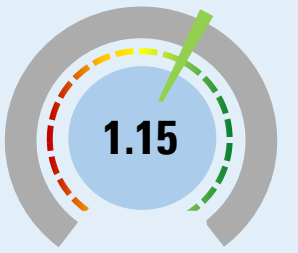
3Q 2024
INDIANAPOLIS, IN

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Indianapolis, IN

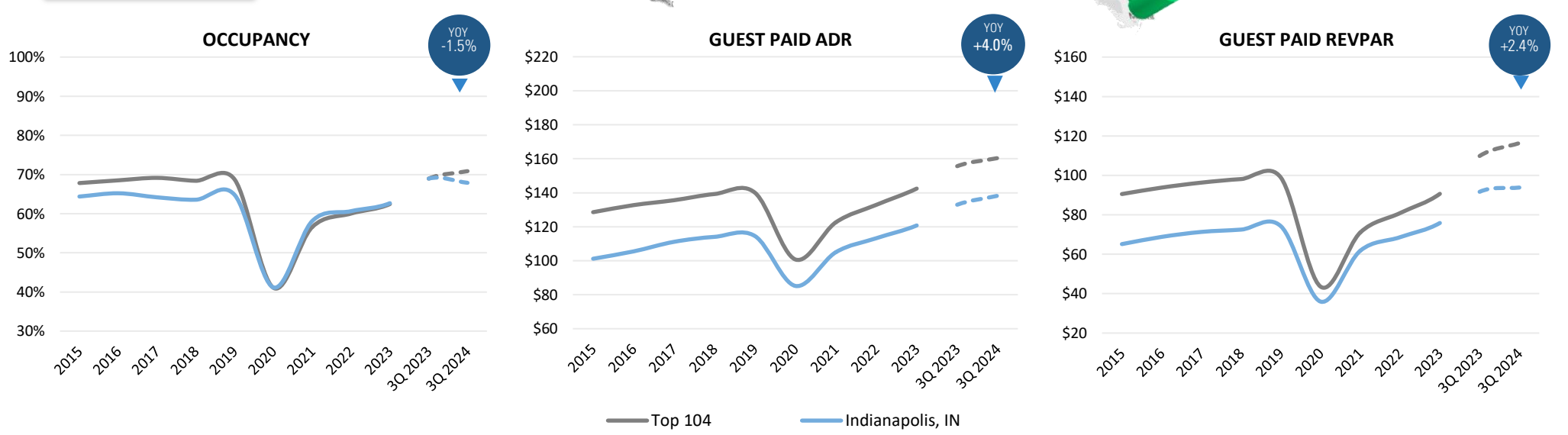


30th of 104

Above Average

Ranking of overall '3Q 2024 LPI' performance (1.15) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
67.9% / 70.9%	64.6% / 67.9%	$138 / $160	$137 / $160	$94 / $116	$89 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
64th	58th	51st	38th	46th	43rd

BENCHMARK INDEXES

Key Benchmark Indexes

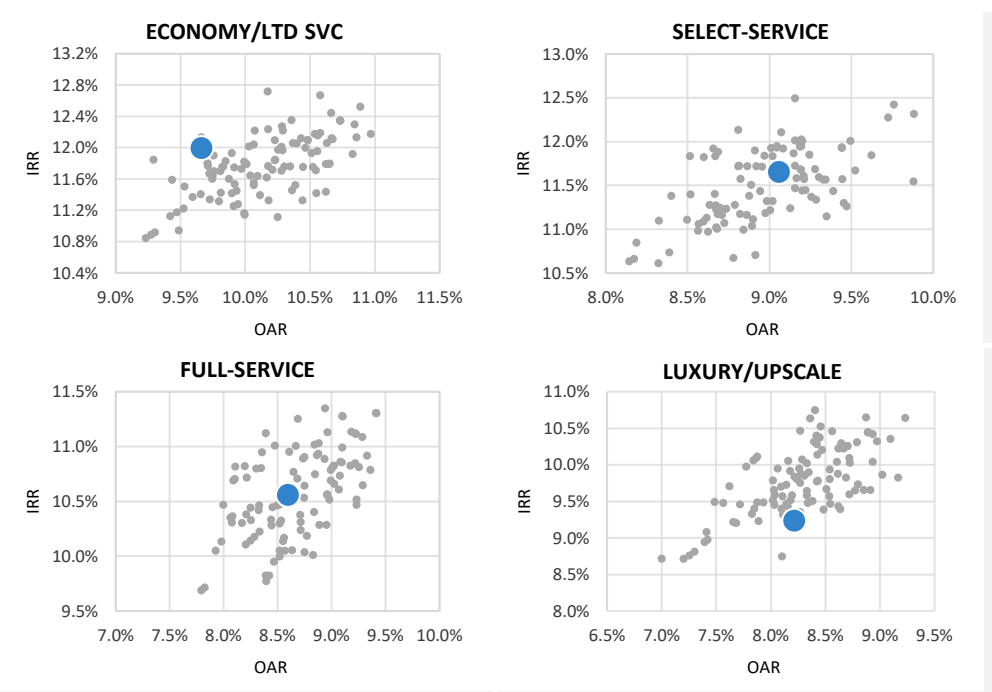
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
53.0% / 47.6%	51.9% / 52.4%	2.12 / 2.06	2.19 / 2.07	$8.70 / $12.17	$8.52 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
21st	23rd	21st	33rd	33rd	35th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

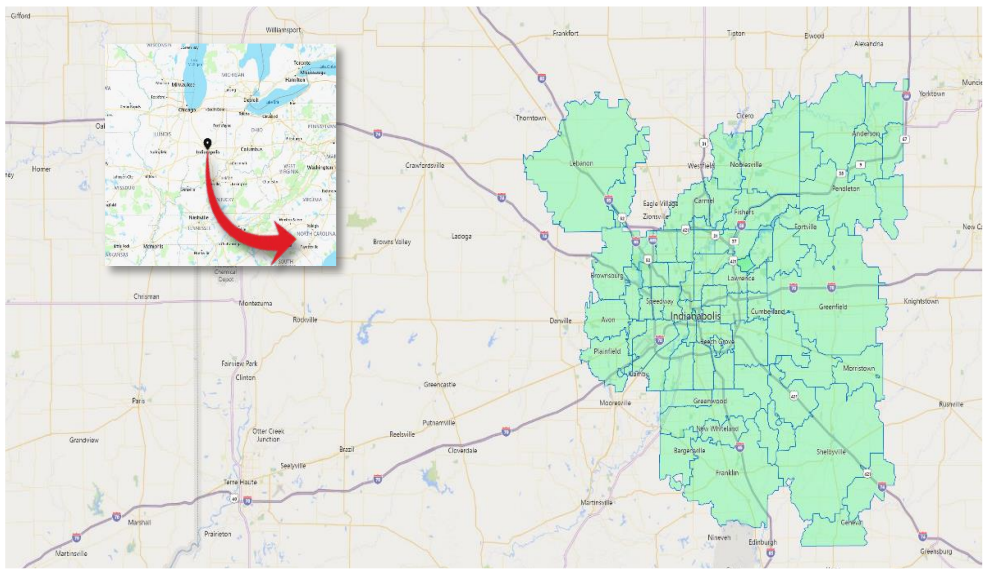
Revenue Stability	Supplier Power Trend	Investment Yields
47th	19th	38th
Average	Above Average	Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs 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
10th	71st	63rd
Above Average	Below Average	Average 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:	Indianapolis
County:	Marion County.
State:	Indiana
Geo Coordinates (market center):	39.778, -86.14584

Major Hotel Demand Generators

Indiana University Health | St. Vincent Hospitals & Health Services | Eli Lilly and Co. | Community Health Network | Wal-Mart Stores Inc. | The Kroger Co. | Marsh Supermarkets Inc. | Purdue University | FedEx | Meijer | Roche Diagnostic Corp. | Anthem | St. Francis Hospital & Health Center | Rolls-Royce Corp. | Eskenazi Health | U.S. Veterans Medical Center | LDI Ltd. | Goodwill Industries | Allison Transmission/Division of GMC | AT&T

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,580,516	42nd of 104 (Average)
Income per Capita	$54,640	28th of 104 (Above Average)
Feeder Group Size	71.7 Persons PSR	53rd of 104 (Average)
Feeder Group Earnings	$3,919,029 PSR	62nd of 104 (Average)
Total Market Hotel Revenues	$1.1 billion	35th of 104 (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 Rooms	Performance Index (LPI)
2015	64.4%	$101.18	$65.13	$93.95	$60.47	$7.23	92.9%	40.2%	2.10	31,310	1.08
2016	65.2%	$105.50	$68.79	$97.76	$63.74	$7.74	92.7%	42.1%	2.11	31,310	1.19
2017	64.2%	$111.12	$71.31	$102.62	$65.86	$8.50	92.4%	44.6%	2.07	30,910	1.06
2018	63.6%	$114.05	$72.49	$105.50	$67.05	$8.55	92.5%	47.9%	2.03	30,900	0.97
2019	64.8%	$114.54	$74.20	$106.07	$68.72	$8.46	92.6%	51.5%	2.04	33,110	1.11
2020	41.1%	$85.19	$35.97	$80.03	$32.93	$5.15	94.0%	40.1%	2.38	33,290	0.85
2021	58.1%	$105.00	$61.80	$98.46	$57.23	$6.54	93.8%	42.2%	2.23	33,890	1.07
2022	60.6%	$113.24	$68.65	$106.23	$64.41	$7.01	93.8%	43.5%	2.21	34,100	1.12
2023	62.7%	$120.76	$75.84	$113.44	$71.10	$7.32	93.9%	44.3%	2.21	34,270	1.13
CAGR: 2015 thru 2023	-0.3%	2.2%	1.9%	2.4%	2.0%	0.2%	0.1%	1.2%	0.6%	1.1%	0.5%
3Q 2023	68.9%	$132.94	$91.65	$124.65	$85.94	$8.29	93.8%	50.2%	2.18	34,810	1.13
3Q 2024	67.9%	$138.22	$93.83	$129.52	$87.92	$8.70	93.7%	53.0%	2.19	35,680	1.15

Notable Metrics

HIGHEST

T12-Month COPE ADR Percentage	IRR: Luxury/Upscale	Latest-Quarter Average Length of Stay
2nd	**11th**	**21st**
Very Strong	**Favorable**	**Above Average**
Indianapolis, IN benefited from strong T12–month COPE ADR percentage (93.8%)	The market posted favorable IRR metrics in the luxury/upscale segment (9.2%)	The market also boasted strong latest–quarter average length of stay (2.19 Nights)

LOWEST

IRR: Economy/Ltd Svc	Latest-Quarter Occupancy	T12-Month Occupancy
71st	**64th**	**58th**
Unfavorable	**Average**	**Average**
This market posted unfavorable IRR metrics in the economy/ltd svc segment (12.0%)	The market exhibited weak latest–quarter occupancy (67.9%)	Indianapolis, IN also has been hindered by weak T12–month occupancy (64.6%)

Notable Trends

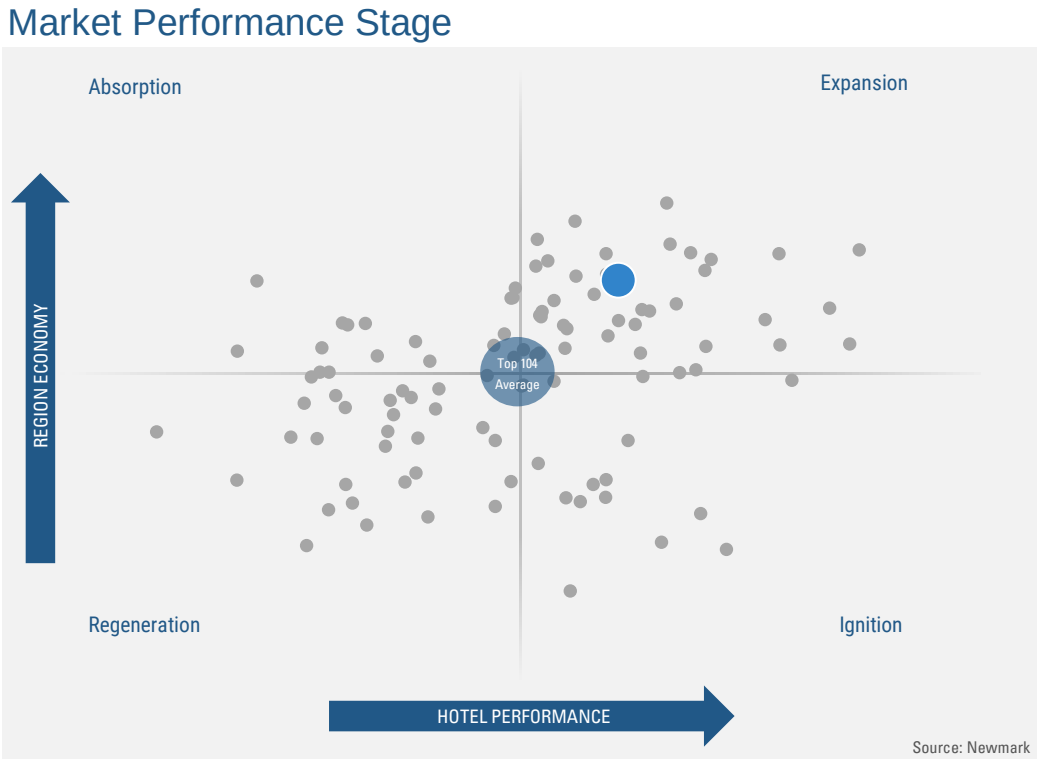
STRONGEST

Short-Term Historical Average Length of Stay Growth	General Economy Reverence	Long-Term Historical Average Length of Stay Growth
9th	**16th**	**19th**
Strong	**Above Average**	**Above Average**
Indianapolis, IN has benefited from strong short–term historical average length of stay growth (2.0%)	The market enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators)	The market also enjoyed strong long–term historical average length of stay growth (0.7%)

WEAKEST

T12-Month Rooms Supply Growth	Long-Term Historical Occupancy Growth	Long-Term Historical Booking Costs POR Growth
95th	**68th**	**67th**
Soft	**Below Average**	**Below Average**
The market has been hindered by high rooms supply growth over the last 12 months (2.5%)	We note this area has been hindered by weak long–term historical occupancy growth (–0.8%)	Indianapolis, IN also exhibited high long–term historical booking costs POR growth (3.3%)

Market Performance Stage



Source: Newmark

Indianapolis, IN: Expansion Stage

Expansion

The Indianapolis, IN market is currently in the 'Expansion' stage of the performance cycle. In this 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.

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 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 .

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.6%
Risk Exposure (402 US markets):	39th Percentile: Average Risk
Key Industry Notes:	Diversified industrial structure
	High birthrate, strong migration trends
	Low business and living costs
	Exposure to public sector weakness
	Employment volatility

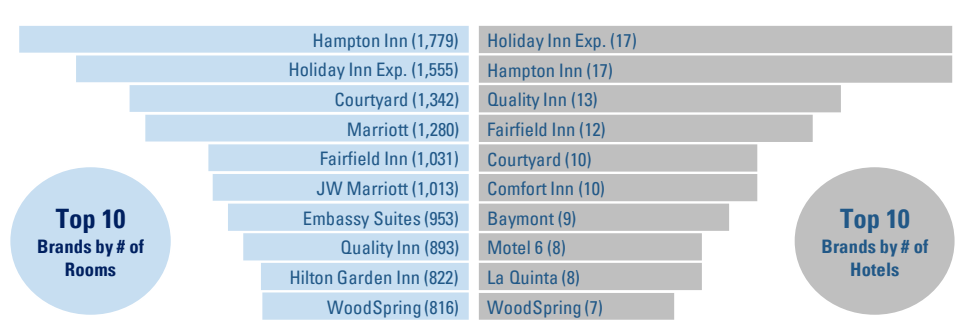
Moody's Rating

Aaa

Investment Grade

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

TOP 10 BRANDS

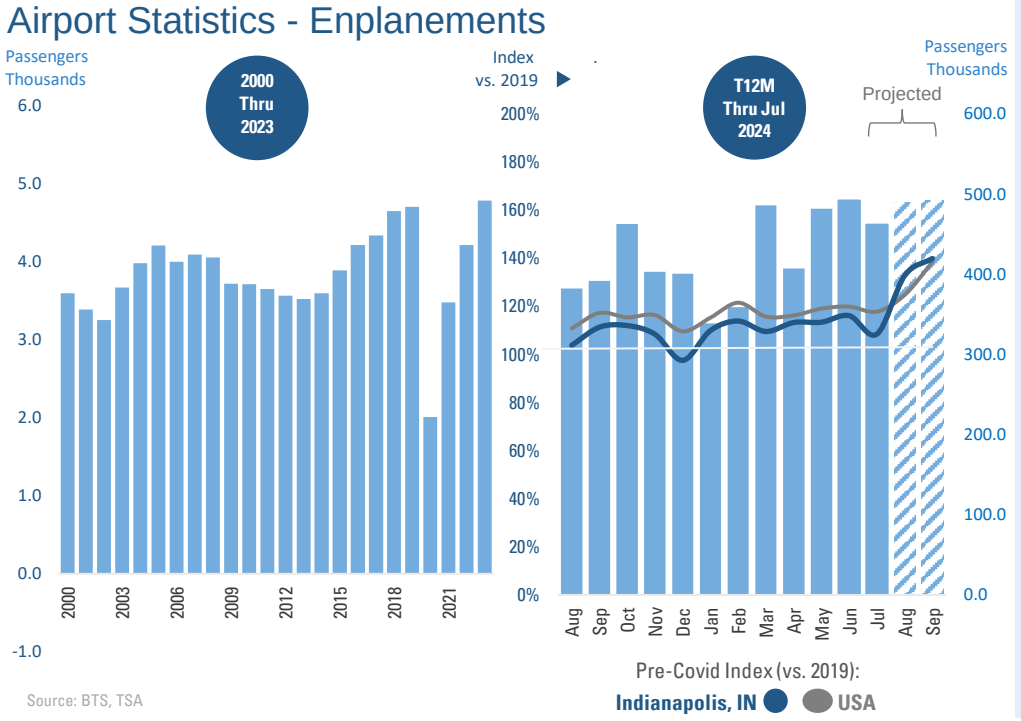


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

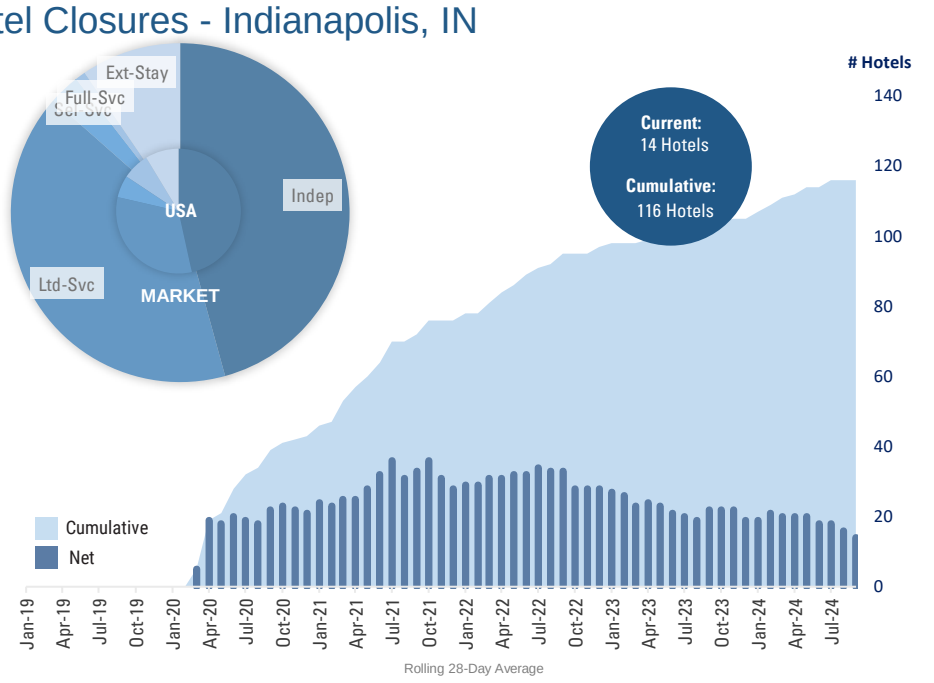
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

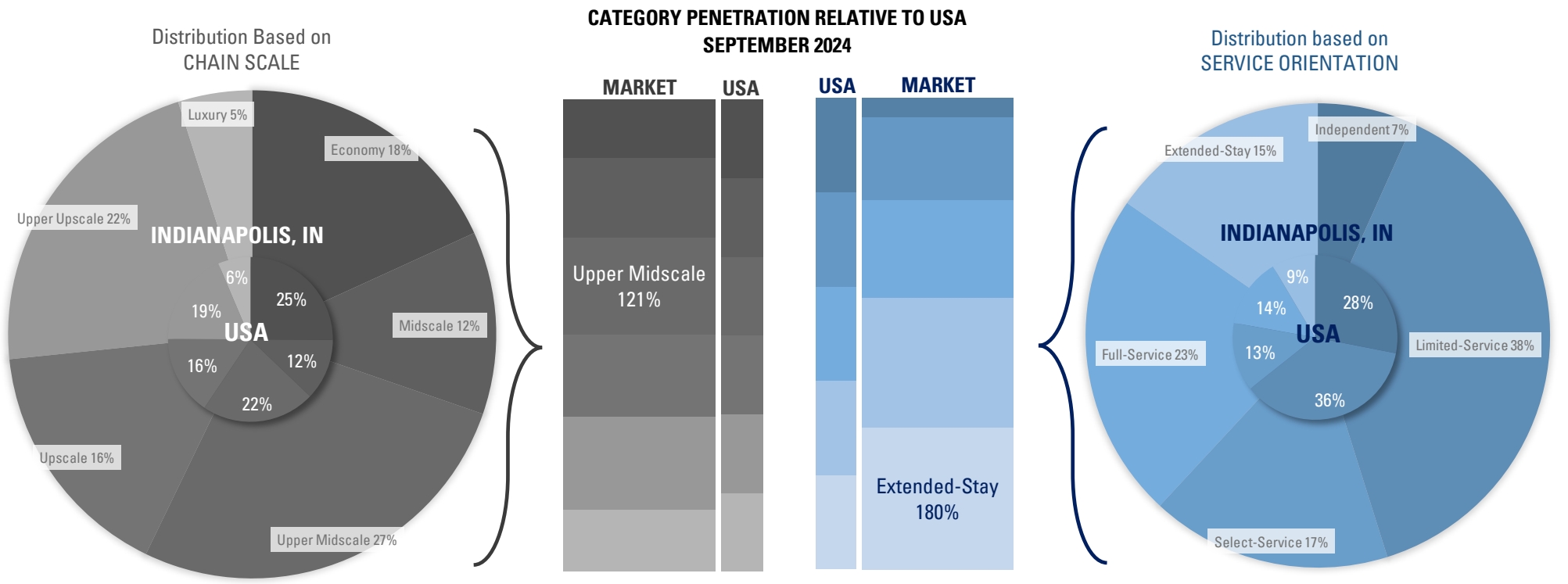
Hotel Closures - Indianapolis, IN



Source: Hotel Compete

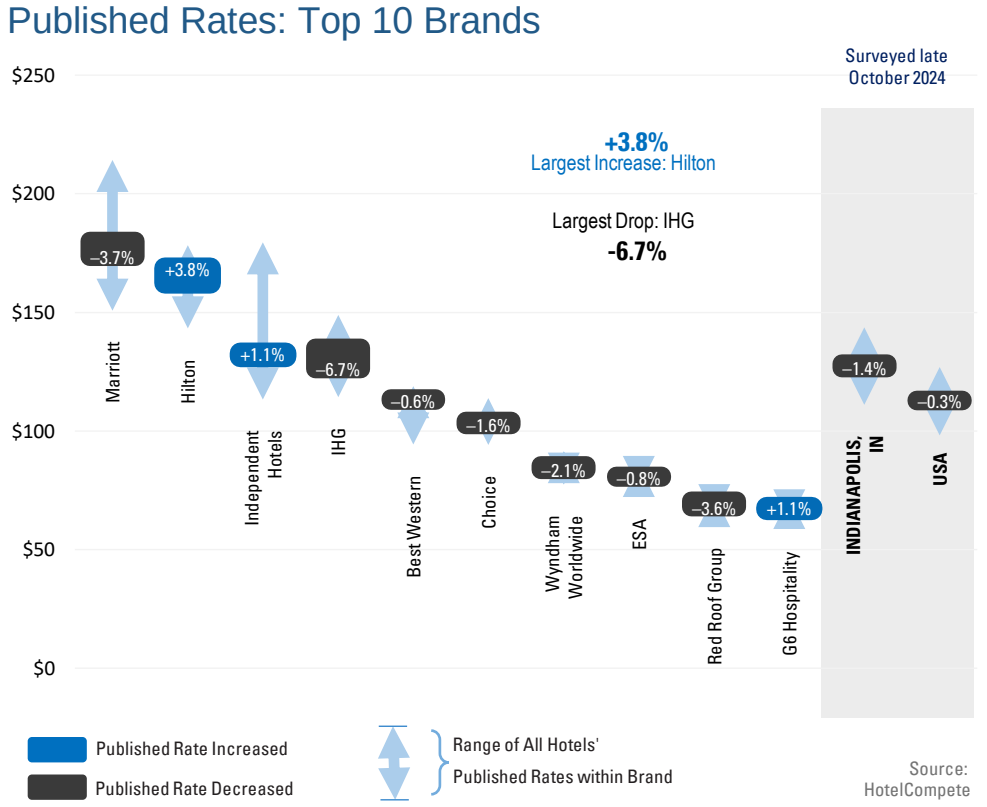
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Indianapolis, IN



'30/3' RATE CHANGES: INDIANAPOLIS, IN vs. USA

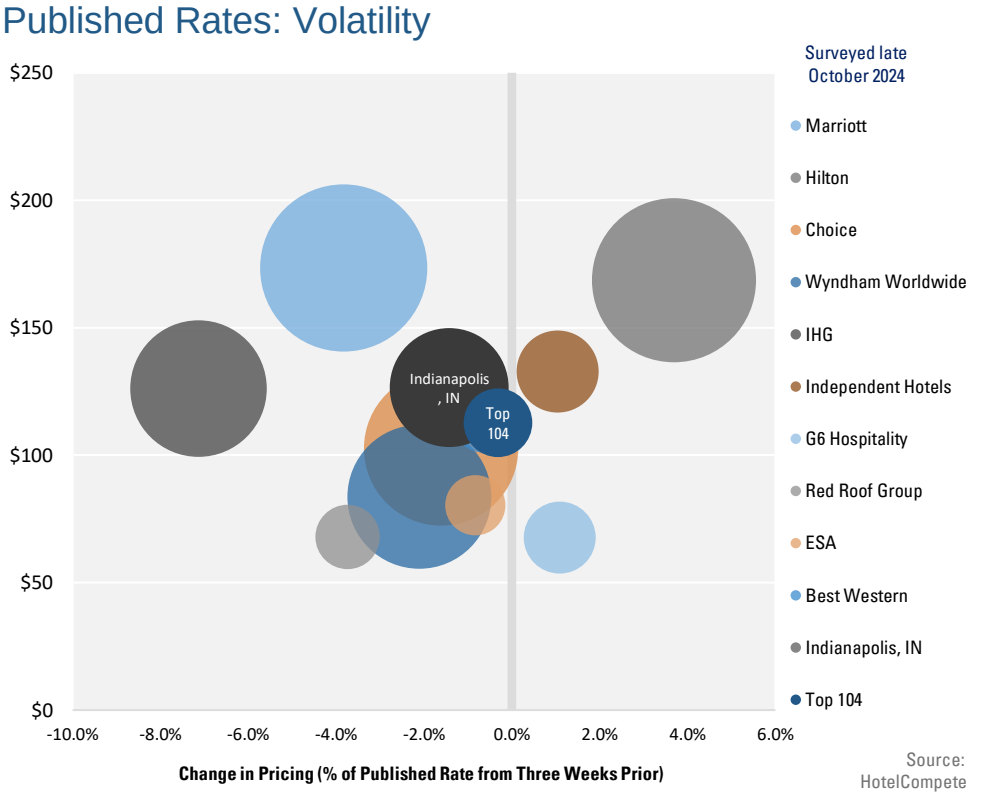
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



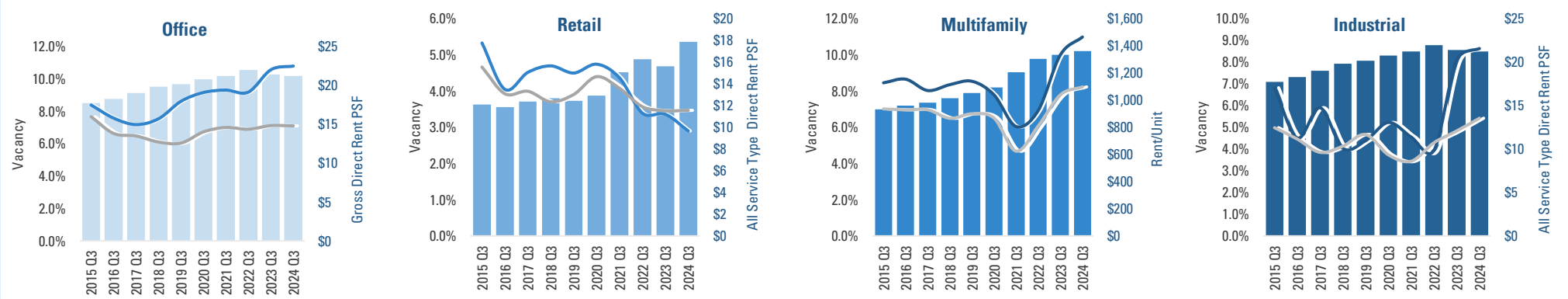
Source: HotelCompete

MAJOR C.R.E. METRICS

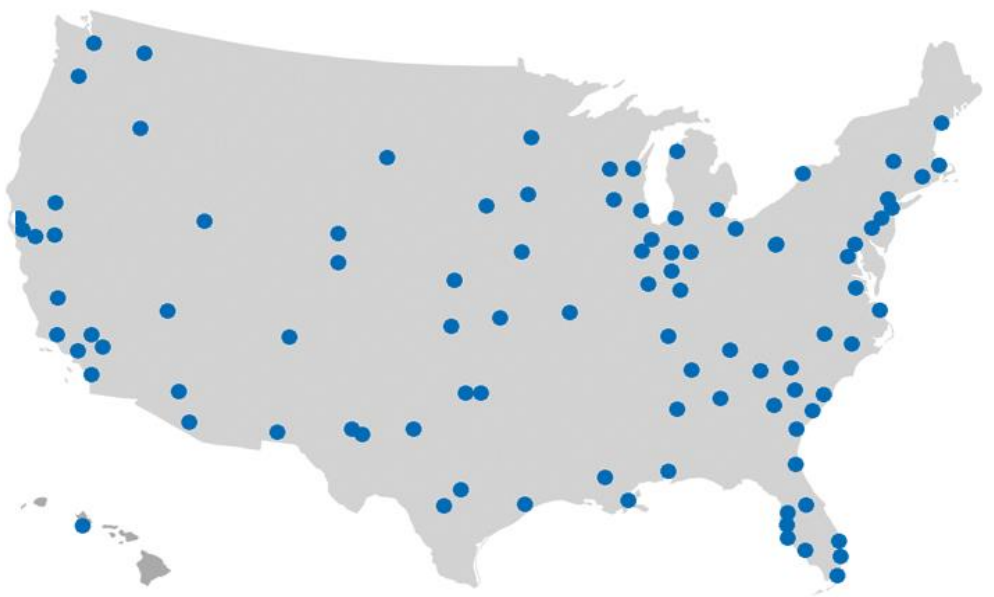
Major CRE Market Performance

Indianapolis, IN USA - Vacancy

Source: CoSTAR



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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Stadiums, Sports & Entertainment Facilities

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Golf Courses

Marinas

Ski and Village Resorts

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