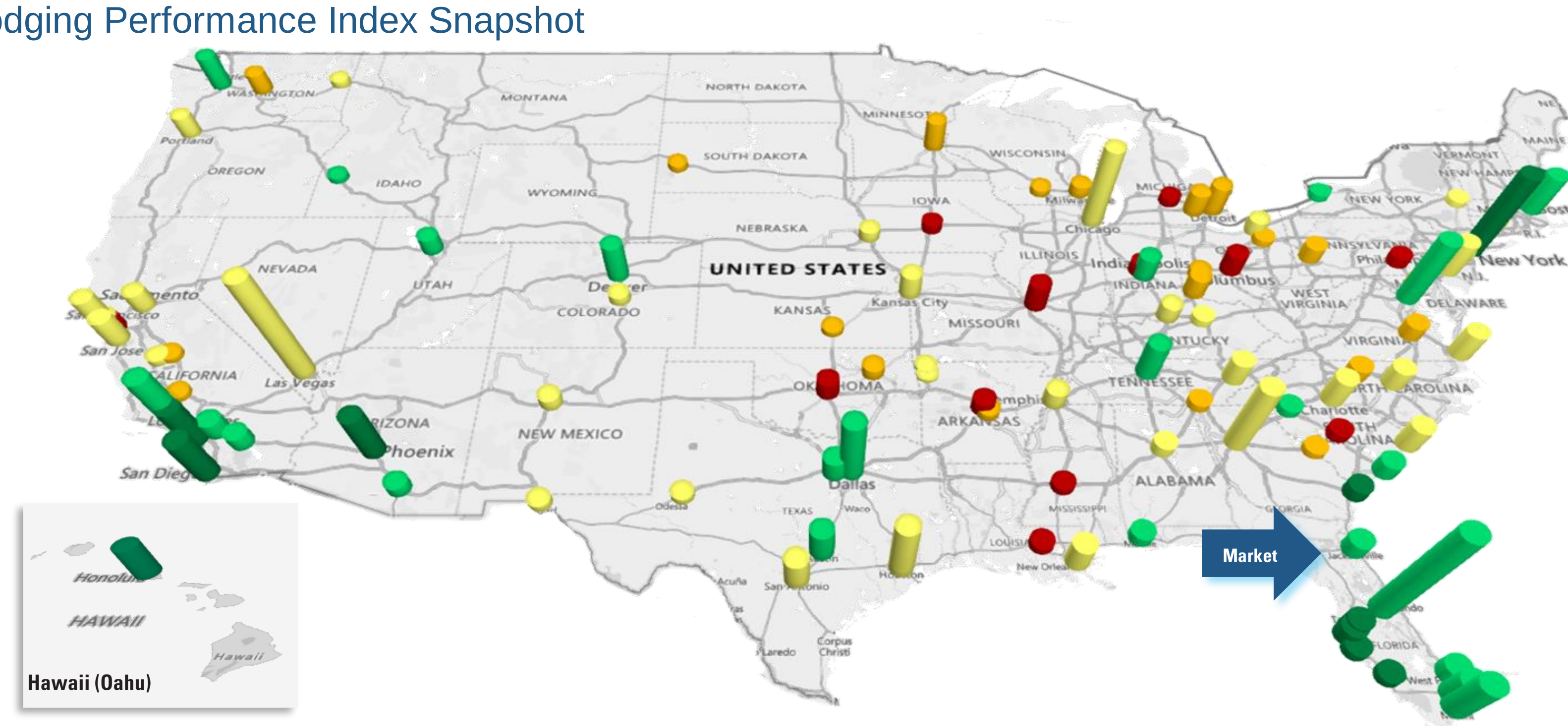
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

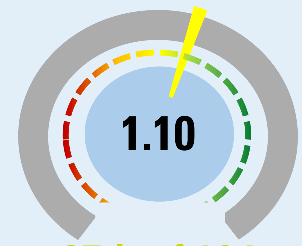
4Q 2023 JACKSONVILLE, FL

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Jacksonville, FL

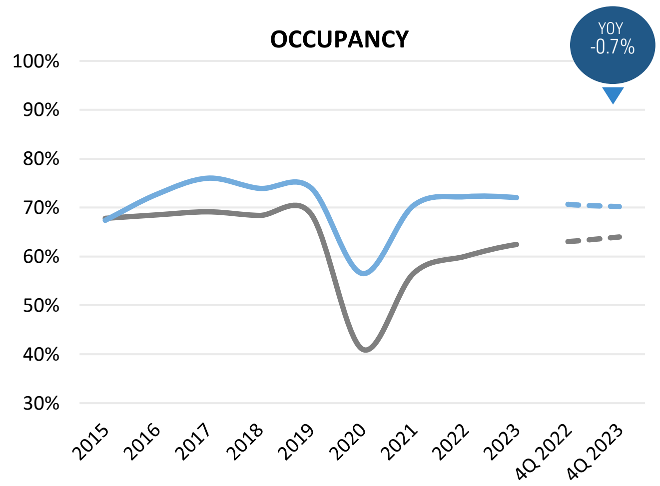


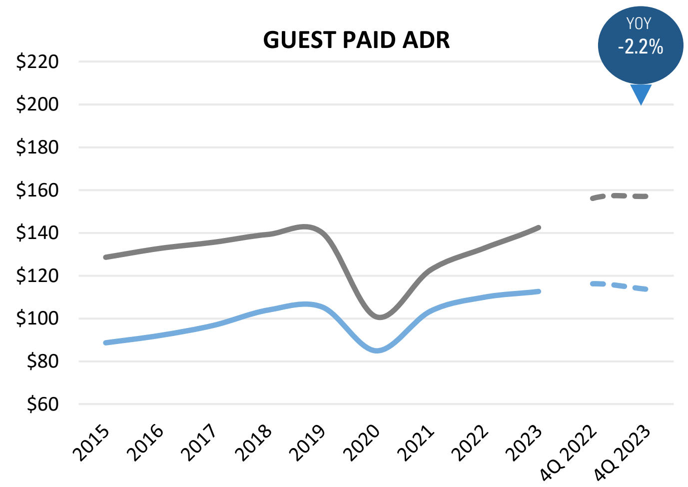
37th of 104

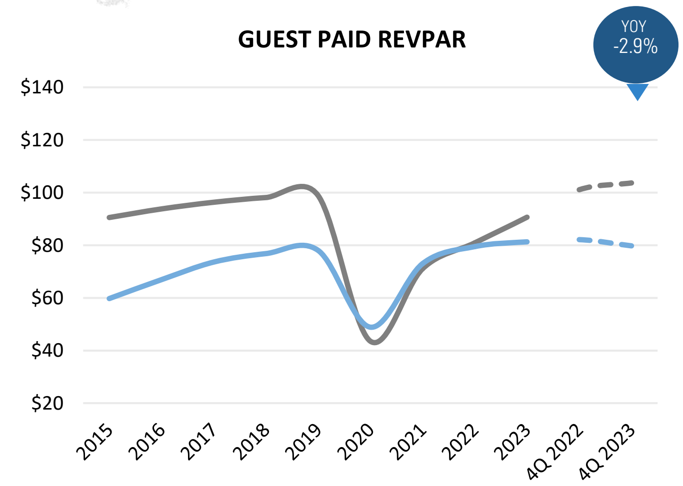
Average

Ranking of overall '4Q 2023 LPI' performance (1.10) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Jacksonville, FL

Key Performance Indexes

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.
Subject Market	70.2%	72.6%	$114	$119	$80	$87
Top 104	64.0%	66.4%	$157	$157	$104	$107
Rank	13th	11th	75th	74th	47th	42nd

Key Benchmark Indexes

kalibri LABS

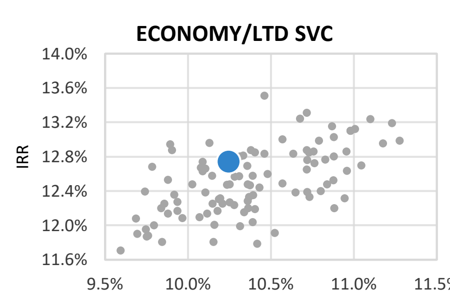
BENCHMARK INDEXES

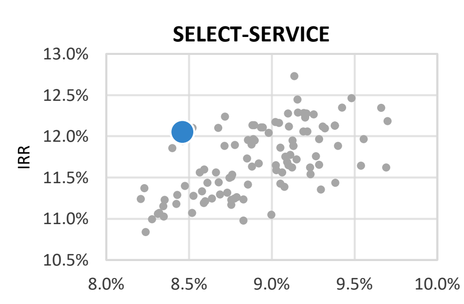
	Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
	4Q 2023	T12 Mos.	T12 Mos.	4Q 2023	4Q 2023	T12 Mos.
Subject Market	47.0%	45.8%	2.24	2.23	$8.11	$8.36
Top 104	48.6%	46.7%	2.06	2.03	$11.64	$11.52
Rank	60th	64th	11th	14th	36th	37th

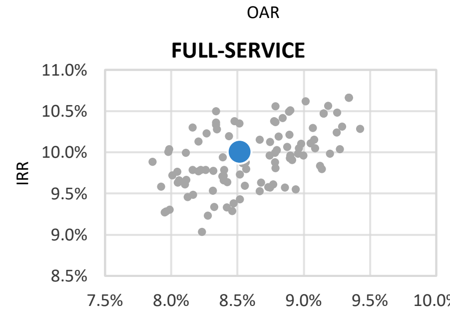
Discount and Capitalization Rates

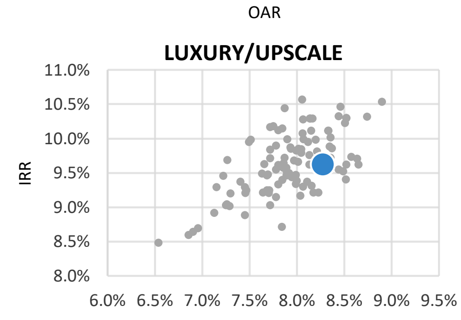
Source: Newmark

INVESTMENT PARAMETERS









Trends and Risks

Source: Kalibri Labs, Newmark

FUNDAMENTALS

Revenue Stability

53rd

Average

Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets

Supplier Power Trend

63rd

Average

Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months

Investment Yields

52nd

Average

Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk

18th

Above Average

Assessment of market supply growth over past 12 months relative to Top 104 markets

Labor Risk

84th

Below Average

Measure of current employment health over past two years relative to Top 104 markets

Macro-Fiscal Risk

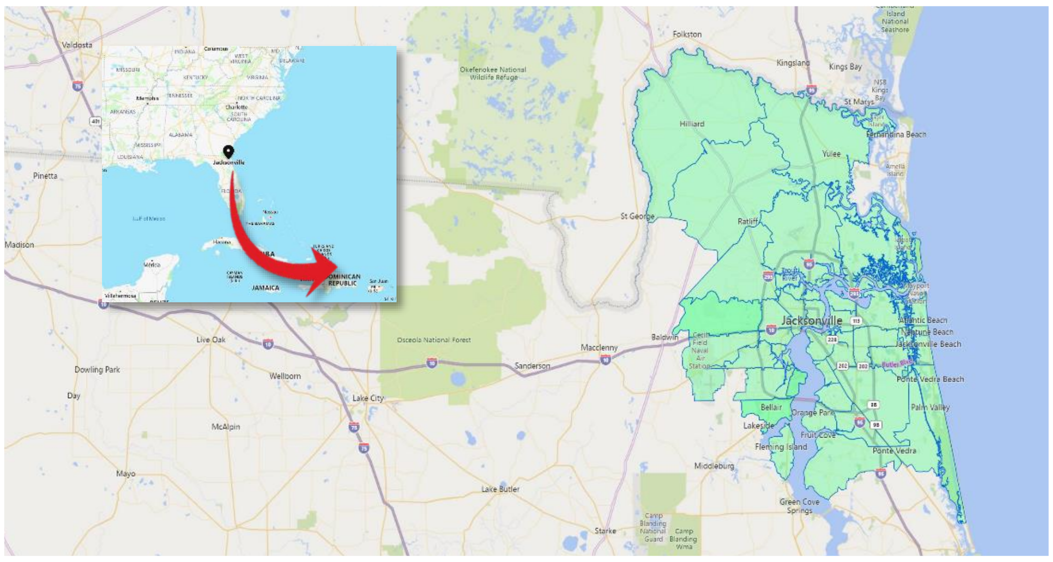
80th

Below Average

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:	Jacksonville
County:	Duval County
State:	Florida
Geo Coordinates (market center):	30.33218, -81.65565

Major Hotel Demand Generators

Naval Air Station Jacksonville | Baptist Health | Mayport Naval Station | Bank of America Merrill Lynch | Florida Blue | Mayo Clinic | Southeastern Grocers | Citi | JP Morgan Chase | Fleet Readiness Center Southeast | CSX Corp. | UF Health | Wells Fargo | Florida State College | Gate Petroleum Co. | Amazon | St. Vincent's HealthCare | AT&T | University of North Florida | Black Knight Financial Services

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	992,632	55th of 104 (Average)
Income per Capita	$50,555	43rd of 104 (Average)
Feeder Group Size	63.9 Persons PSR	39th of 104 (Average)
Feeder Group Earnings	$3,232,747 PSR	46th of 104 (Average)
Total Market COPE	$673.7 million	55th 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 (Available Rms)	Performance Index (LPI)
2015	67.4%	$88.62	$59.73	$82.11	$55.35	$6.51	92.7%	42.2%	2.18	21,840	0.92
2016	72.7%	$92.03	$66.92	$85.17	$61.94	$6.85	92.6%	44.6%	2.27	21,340	1.30
2017	76.0%	$96.81	$73.60	$89.29	$67.88	$7.52	92.2%	49.4%	2.29	21,090	1.40
2018	73.9%	$103.90	$76.82	$95.70	$70.75	$8.21	92.1%	52.2%	2.20	20,460	1.22
2019	74.1%	$105.35	$78.02	$97.11	$71.92	$8.23	92.2%	56.5%	2.13	20,700	1.09
2020	56.5%	$84.87	$48.86	$79.17	$44.75	$5.70	93.3%	38.2%	2.47	20,920	1.39
2021	70.5%	$103.35	$73.00	$96.23	$67.81	$7.12	93.1%	40.7%	2.40	21,220	1.34
2022	72.2%	$109.93	$79.48	$102.33	$73.92	$7.59	93.1%	41.2%	2.38	21,330	1.28
2023	72.0%	$112.60	$81.28	$104.77	$75.48	$7.83	93.0%	41.8%	2.36	21,410	1.10
CAGR: 2015 thru 2022	**0.8%**	**3.0%**	**3.9%**	**3.1%**	**4.0%**	**2.3%**	**0.1%**	**-0.1%**	**1.0%**	**-0.2%**	**2.3%**
4Q 2022	70.7%	$116.19	$82.12	$108.10	$76.40	$8.09	93.0%	44.4%	2.22	21,460	1.28
4Q 2023	70.2%	$113.62	$79.76	$105.51	$74.06	$8.11	92.9%	47.0%	2.23	21,670	1.10

Notable Metrics

HIGHEST

Latest-Quarter Average Length of Stay	T12-Month Occupancy	Latest-Quarter Occupancy
11th Above Average	**11th** Above Average	**13th** Above Average
Jacksonville, FL boasted strong latest–quarter average length of stay (2.23 Nights)	The market exhibited strong T12–month occupancy (72.6%)	The market also enjoyed strong latest–quarter occupancy (70.2%)

LOWEST

OAR: Luxury/Upscale	IRR: Select-Service	Latest-Quarter COPE ADR
82nd Unfavorable	**75th** Unfavorable	**75th** Below Average
This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.3%)	The market posted unfavorable IRR metrics in the select–service segment (12.0%)	Jacksonville, FL also exhibited weak latest–quarter COPE ADR ($105.51)

Notable Trends

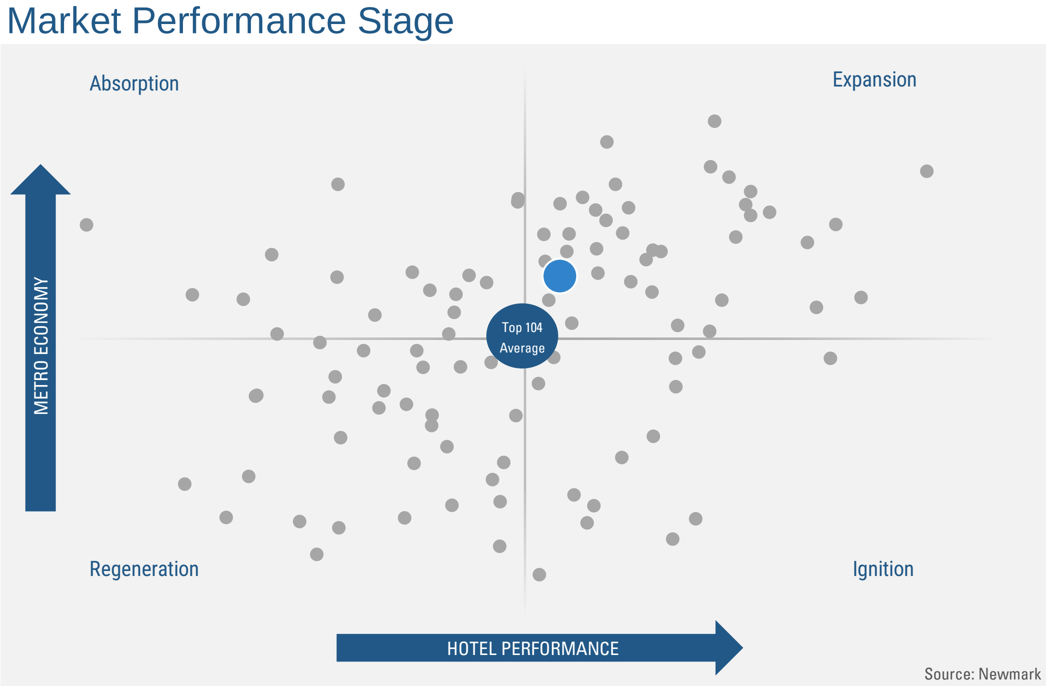
FASTEST

Long-Term Historical Occupancy Growth	Long-Term Historical Guest Paid RevPAR Growth	Long-Term Historical COPE RevPAR Growth
11th Above Average	**13th** Above Average	**13th** Above Average
Jacksonville, FL enjoyed strong long–term historical occupancy growth (1.0%)	The market exhibited strong long–term historical Guest Paid RevPAR growth (4.4%)	The market also posted strong long–term historical COPE RevPAR growth (4.3%)

SLOWEST

Short-Term Historical Occupancy Growth	T12-Month Rooms Supply Growth	Long-Term Historical Booking Costs POR Growth
91st Soft	**87th** Below Average	**85th** Below Average
The market has been hindered by weak short–term historical occupancy growth (–2.5%)	We note this area has been hindered by high rooms supply growth over the last 12 months (1.0%)	Jacksonville, FL also exhibited high long–term historical booking costs POR growth (3.9%)

Market Performance Stage



Jacksonville, FL: Expansion Stage

Expansion

The Jacksonville, FL 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.

Industry Observations

MOODYS ANALYTICS

Business Cycle:	At Risk
Employment Growth (2 yr):	9.0%
Risk Exposure (402 US markets):	25th Percentile: Below Average
Key Industry Notes:	Financial center, logistics Employment at military base Low cost financial services Robust distribution industry Defense spending reliance

Moody's Rating

Aa2

Investment Grade

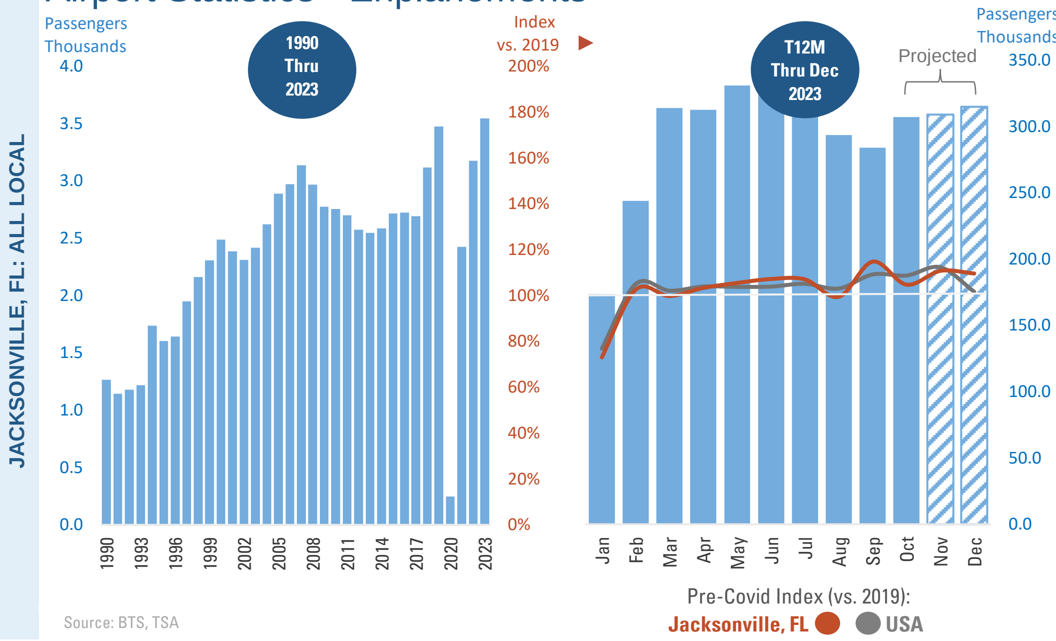
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

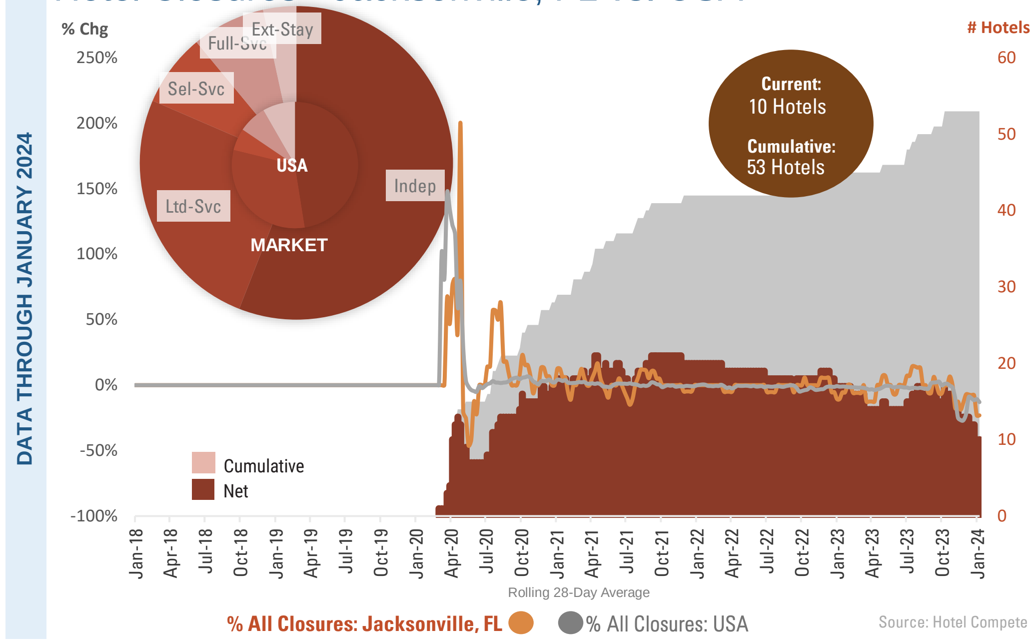
Top 10 Brands by # of Rooms	Top 10 Brands by # of Hotels
Hampton Inn (1,376)	Holiday Inn Exp. (14)
Holiday Inn Exp. (1,204)	Hampton Inn (12)
Marriott (1,123)	Ext-Stay America (7)
Hyatt Regency (951)	Courtyard (7)
Courtyard (849)	WoodSpring (5)
Ext-Stay America (783)	Residence Inn (5)
InTown Suites (659)	InTown Suites (5)
Residence Inn (610)	Hilton Garden Inn (5)
WoodSpring (594)	Fairfield Inn (5)
Hilton Garden Inn (580)	Red Roof (4)

Source: Newmark

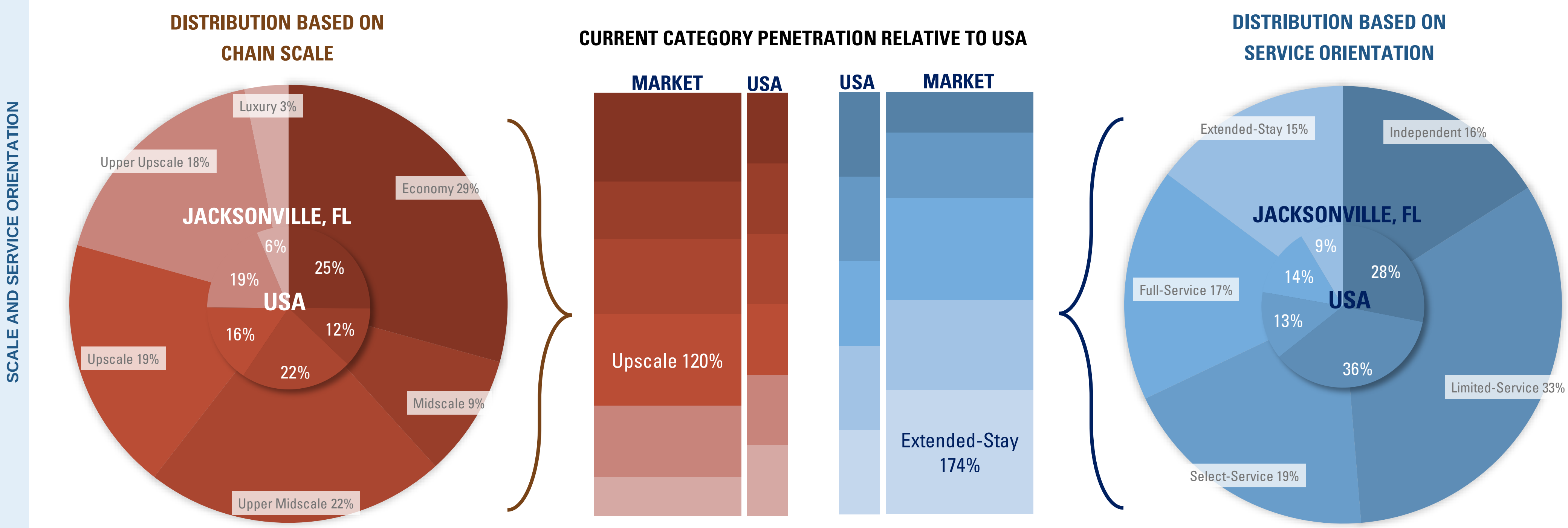
Airport Statistics - Enplanements



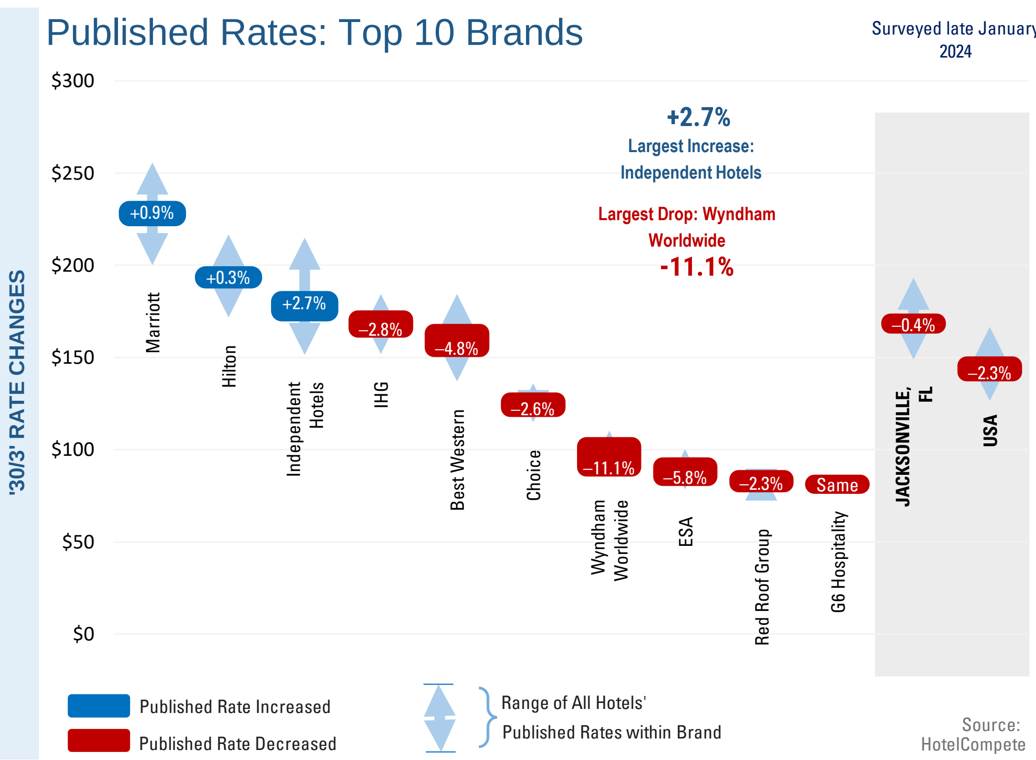
Hotel Closures - Jacksonville, FL vs. USA



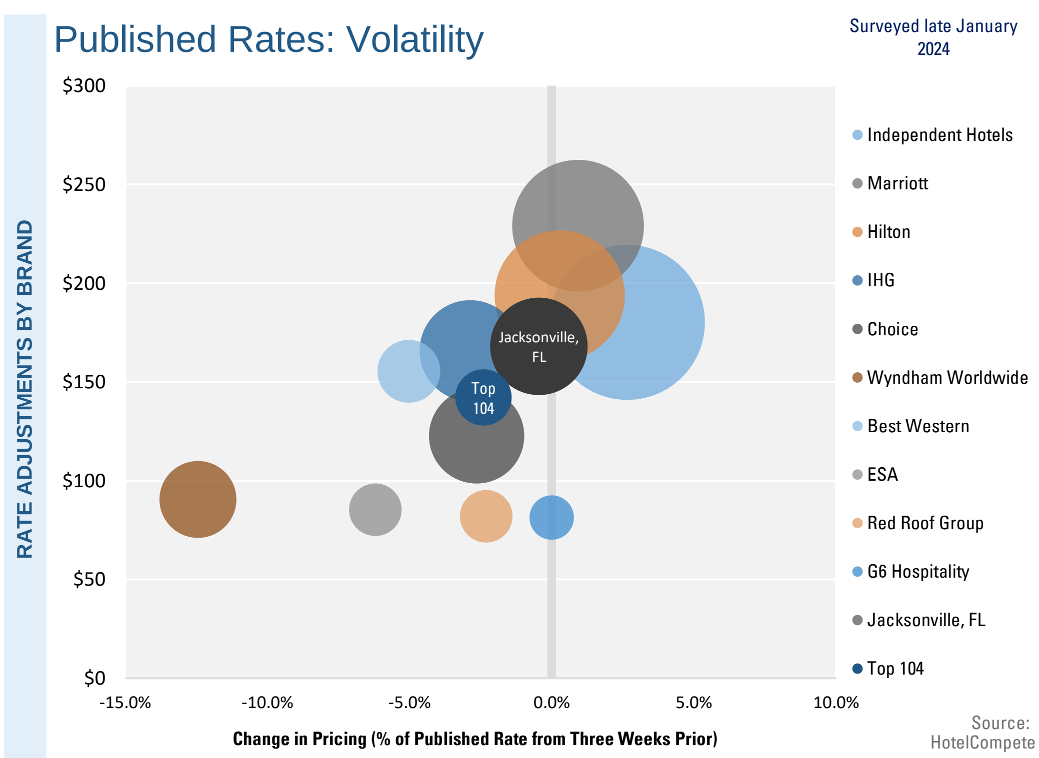
Scale and Service Distribution: Jacksonville, FL



Published Rates: Top 10 Brands



Published Rates: Volatility



Published Rate Observations: 30-Day Advance

MARKET LEVEL

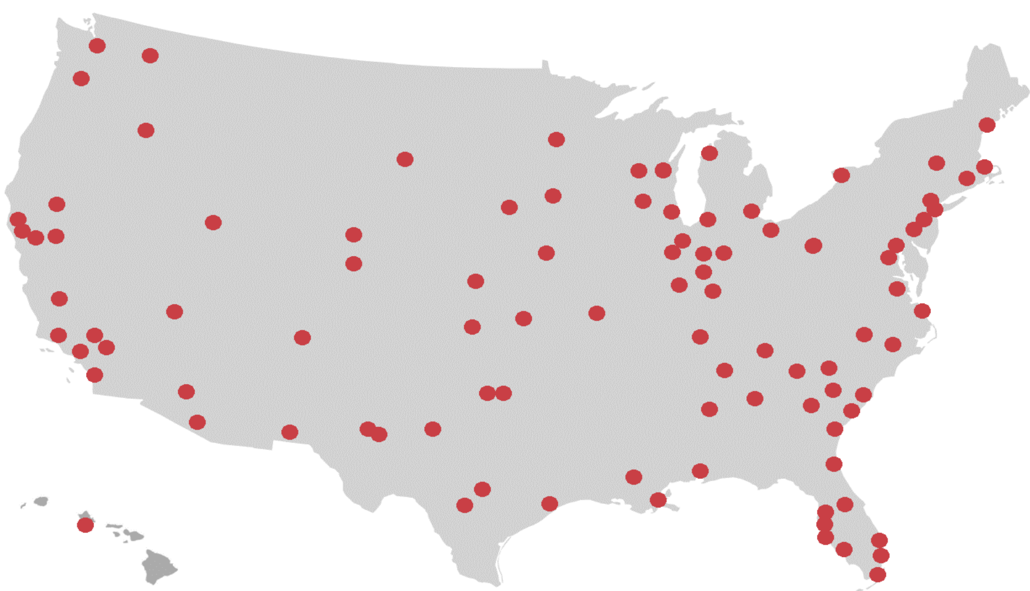
Published Rate Level	Rate Movement	Optimism
23rd	**12th**	**9th**
Above Average	**Above Average**	**Strong**
The 30-day advanced published rate for the market was a somewhat aggressive \$168.05, ranking 23rd out of 104 markets. (Guest-Paid ADR ranked a somewhat conservative 75th at \$113.62 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a modest 0.4% 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 47.9% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is strong. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
29th	**33rd**	**42nd**
Above Average	**Above Average**	**Moderate**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Jacksonville, FL has an above average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Jacksonville, FL's top 10 brands are exhibiting moderate volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

NEWMARK

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.

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