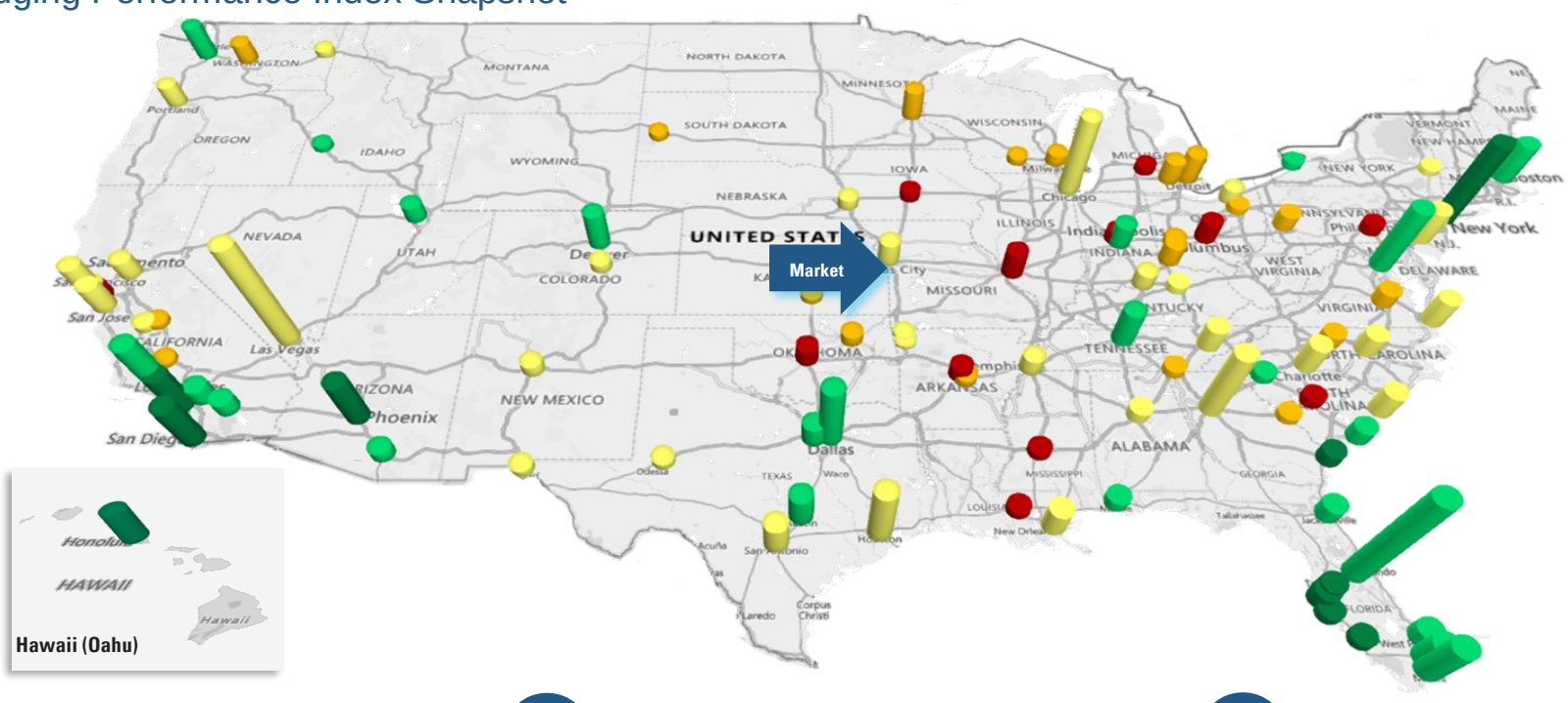
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

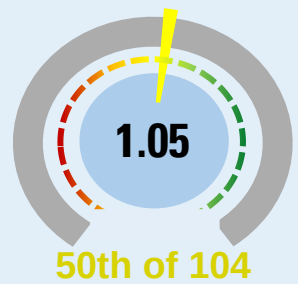
4Q 2023
KANSAS CITY, MO

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Kansas City, MO

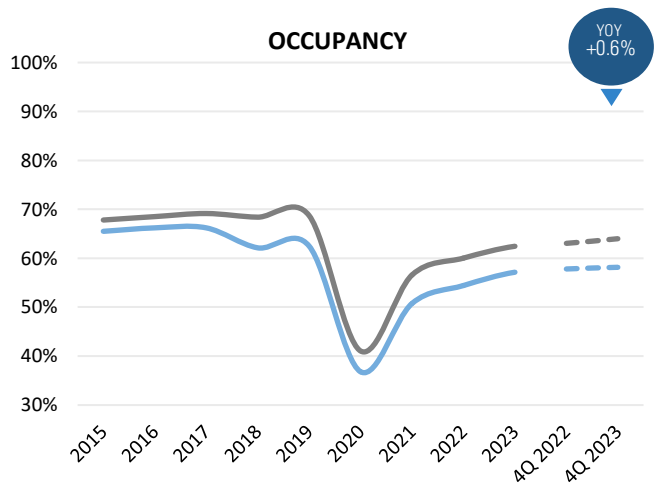


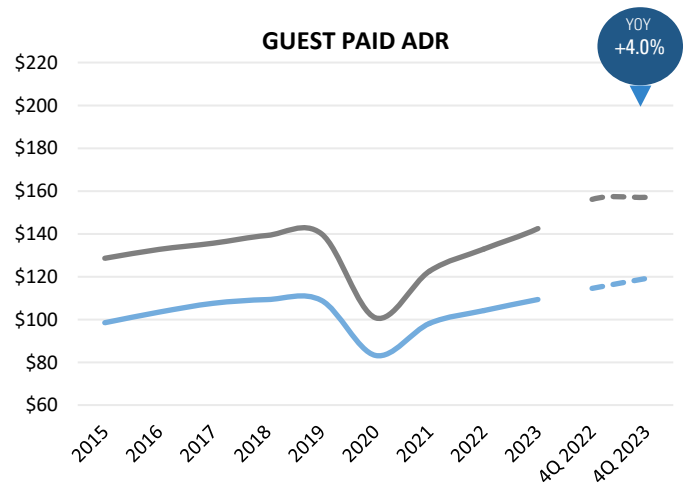
50th of 104

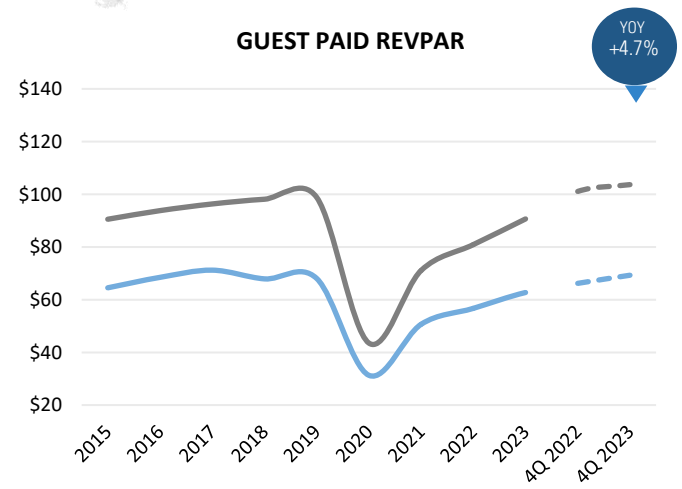
Average

Ranking of overall '4Q 2023 LPI' performance (1.05) against all 104 surveyed markets.

KEY PERFORMANCE METRICS





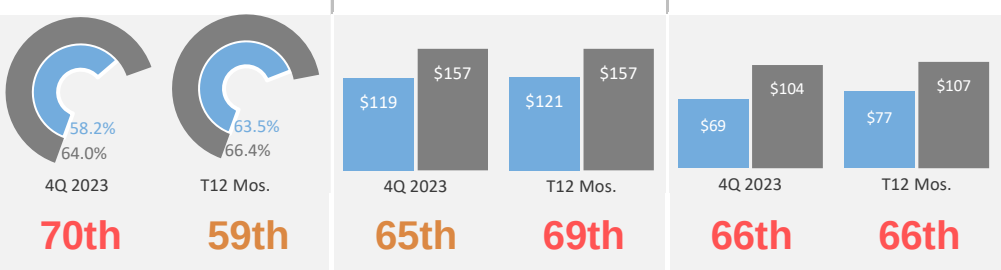


Top 104 — Kansas City, MO

PERFORMANCE INDEXES

Key Performance Indexes

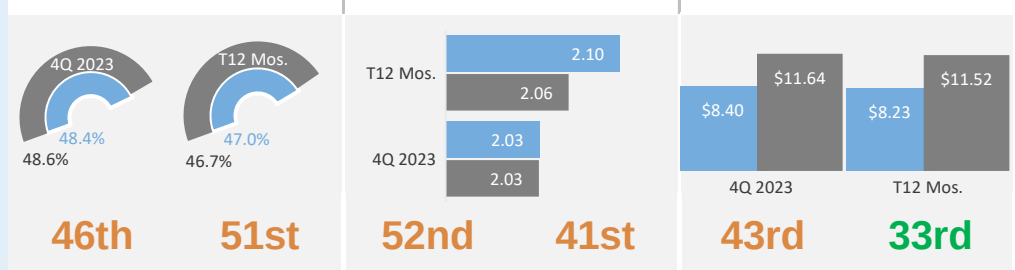
Subject Market — Top 104



BENCHMARK INDEXES

Key Benchmark Indexes

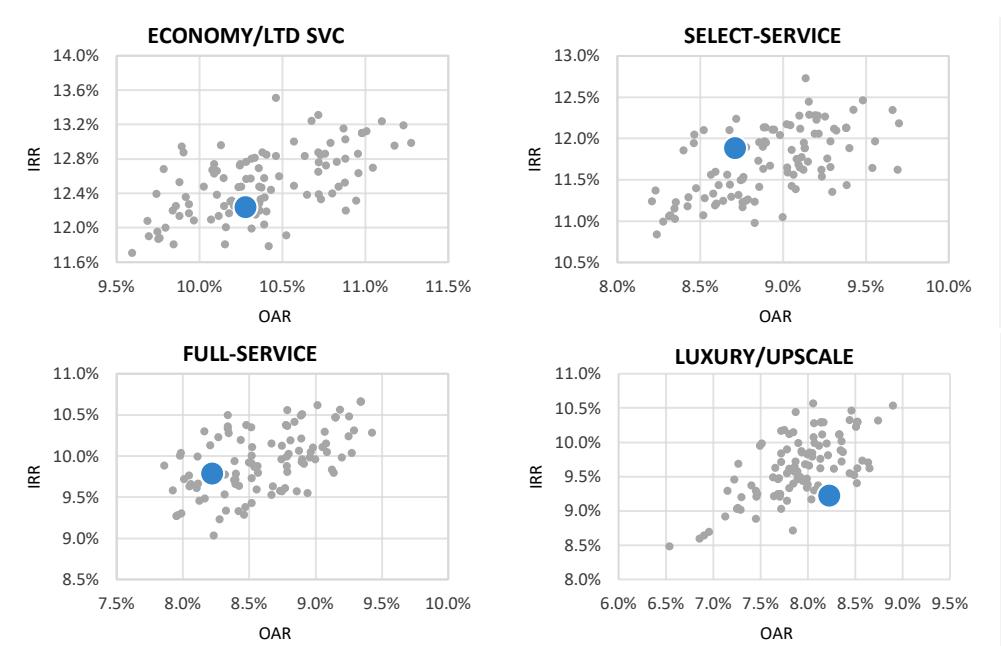
kalibri LABS



INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

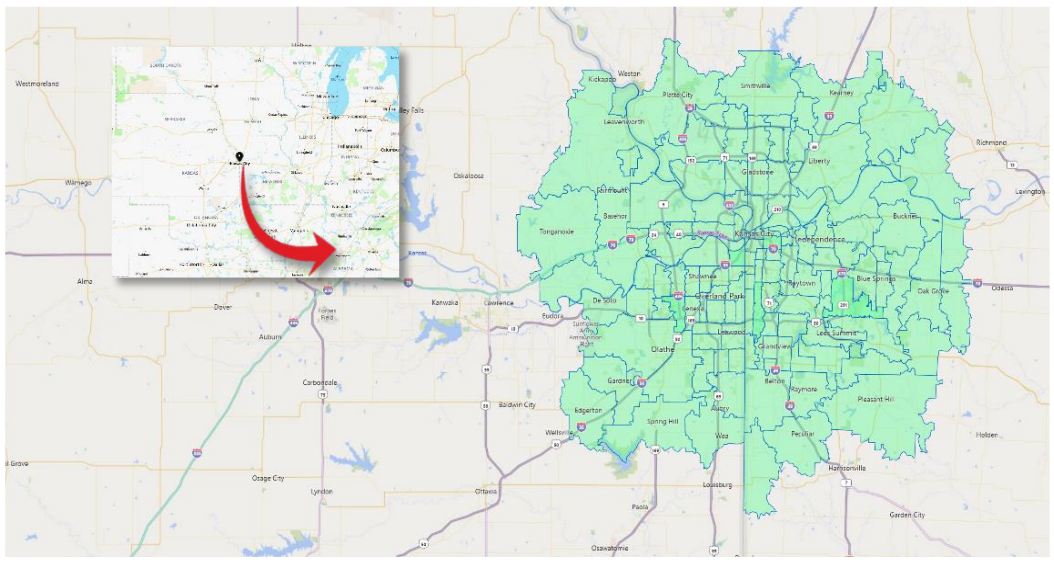
Revenue Stability	Supplier Power Trend	Investment Yields
57th	**50th**	**36th**
Average	Average	Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
31st	**36th**	**32nd**
Above Average	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:	Kansas City
County:	Cass County, Clay County, Jackson County, and others
State:	Missouri
Geo Coordinates (market center):	39.12516, -94.55031

Major Hotel Demand Generators

Cerner Corp. | HCA Midwest Health System | The University of Kansas Hospital | Saint Luke's Health System | Ford Motor Co. | Children's Mercy Hospital & Clinics | Sprint Corp. | DST Systems Inc. | General Motors Corp. | Garmin International Inc. | Black & Veatch LLP | Home Depot | Truman Medical Center | Research Medical Center | United Parcel Service Inc. | Honeywell Inc. | Hallmark Cards Inc. | Burns & McDonnell | Olathe Health System Inc. | BNSF Railway Co.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,762,726	29th of 104 (Above Average)
Income per Capita	$50,136	44th of 104 (Average)
Feeder Group Size	79 Persons PSR	62nd of 104 (Average)
Feeder Group Earnings	$3,961,302 PSR	64th of 104 (Average)
Total Market COPE	$984.0 million	41st 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	65.5%	$98.46	$64.50	$90.95	$59.58	$7.52	92.4%	47.2%	2.04	31,520	0.91
2016	66.2%	$103.41	$68.47	$95.35	$63.14	$8.05	92.2%	49.3%	1.98	31,950	0.89
2017	66.2%	$107.53	$71.20	$98.83	$65.44	$8.69	91.9%	51.4%	1.95	31,910	1.07
2018	62.1%	$109.27	$67.89	$100.59	$62.50	$8.69	92.1%	54.1%	1.89	31,990	0.65
2019	62.5%	$108.91	$68.06	$100.22	$62.63	$8.70	92.0%	58.0%	1.89	34,140	0.81
2020	36.8%	$83.18	$31.30	$77.67	$28.59	$5.50	93.4%	40.0%	2.14	34,430	0.58
2021	50.8%	$98.18	$50.64	$91.28	$46.34	$6.90	93.0%	40.7%	2.04	35,070	0.56
2022	54.4%	$104.13	$56.69	$96.94	$52.76	$7.19	93.1%	41.4%	2.06	35,120	0.76
2023	57.2%	$109.31	$62.71	$101.86	$58.21	$7.45	93.2%	42.2%	2.07	35,210	1.05
CAGR: 2015 thru 2022	-1.7%	1.3%	-0.3%	1.4%	-0.3%	-0.1%	0.1%	-1.4%	0.2%	1.4%	1.8%
4Q 2022	57.8%	$114.50	$66.19	$106.66	$61.66	$7.84	93.2%	45.3%	2.05	35,360	0.76
4Q 2023	58.2%	$119.13	$69.27	$110.72	$64.38	$8.40	92.9%	48.4%	2.03	35,520	1.05

Notable Metrics

HIGHEST

IRR: Luxury/Upscale	Total Rooms Supply	IRR: Economy/Ltd Svc
19th	**31st**	**26th**
Favorable	**Above Average**	**Favorable**
Kansas City, MO posted favorable IRR metrics in the luxury/upscale segment (9.2%)	The market benefits from a large and diverse hotel market (35,521)	The market also enjoyed favorable IRR metrics in the economy/ltd svc segment (12.2%)

LOWEST

OAR: Luxury/Upscale	T12-Month Guest Paid ADR	T12-Month Guest Paid ADR
81st	**69th**	**69th**
Unfavorable	**Below Average**	**Below Average**
This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.2%)	The market exhibited weak T12–month Guest Paid ADR ($120.84)	Kansas City, MO also exhibited weak T12–month Guest Paid ADR ($120.84)

Notable Trends

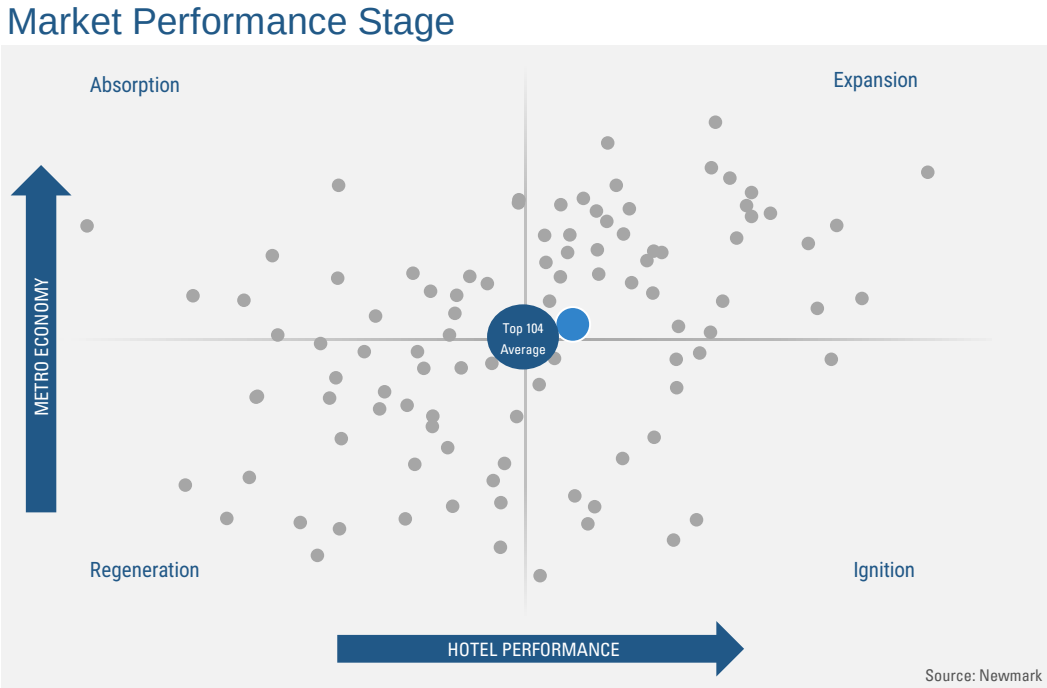
FASTEST

Short-Term Historical Average Length of Stay Growth	Short-Term Historical Occupancy Growth	Short-Term Historical Supply Growth
17th	**25th**	**32nd**
Above Average	**Above Average**	**Above Average**
Kansas City, MO has benefited from strong short–term historical average length of stay growth (1.7%)	The market has benefited from strong short–term historical occupancy growth (0.8%)	The market also has benefited from low short–term historical supply growth (1.4%)

SLOWEST

Long-Term Historical COPE RevPAR Growth	Long-Term Historical Guest Paid RevPAR Growth	T12-Month Rooms Supply Growth
79th	**78th**	**74th**
Below Average	**Below Average**	**Below Average**
The market posted weak long–term historical COPE RevPAR growth (1.2%)	We note this area has been hampered by weak long–term historical Guest Paid RevPAR growth (1.2%)	Kansas City, MO also has been hindered by high rooms supply growth over the last 12 months (0.5%)

Market Performance Stage



Source: Newmark

Kansas City, MO: Expansion Stage

Expansion

The Kansas City, MO 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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	5.3%
Risk Exposure (402 US markets):	53rd Percentile: Average Risk
Key Industry Notes:	Financial center, high tech Transportation network Educated workforce Low costs of doing business Limited growth in CBD

Moody's Rating

Aa3

Investment Grade

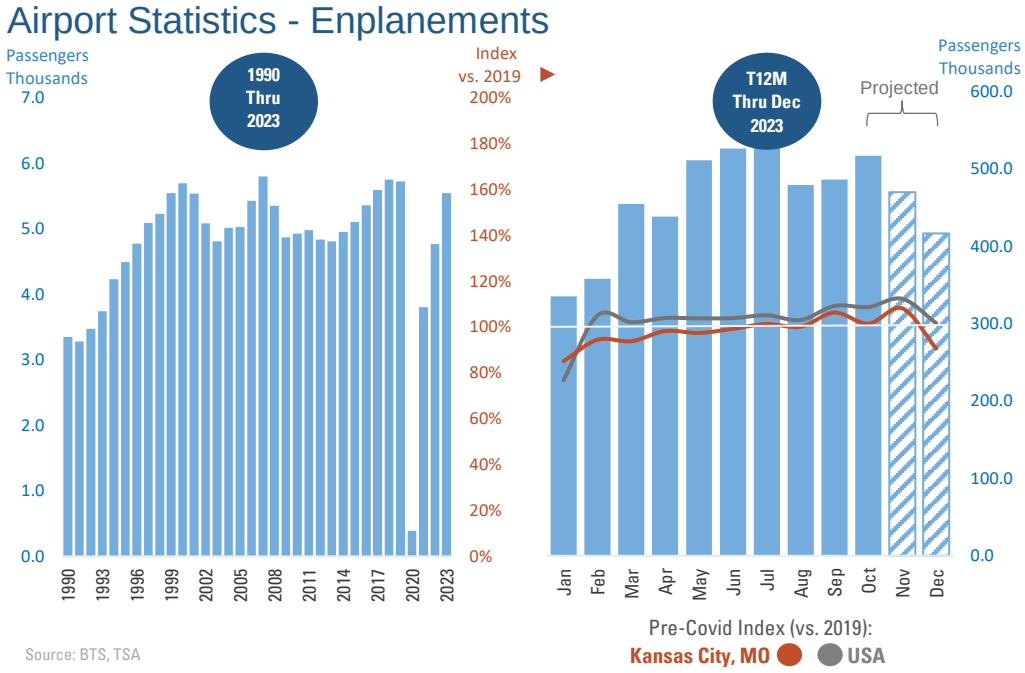
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

Source: Newmark

KANSAS CITY, MO: ALL LOCAL

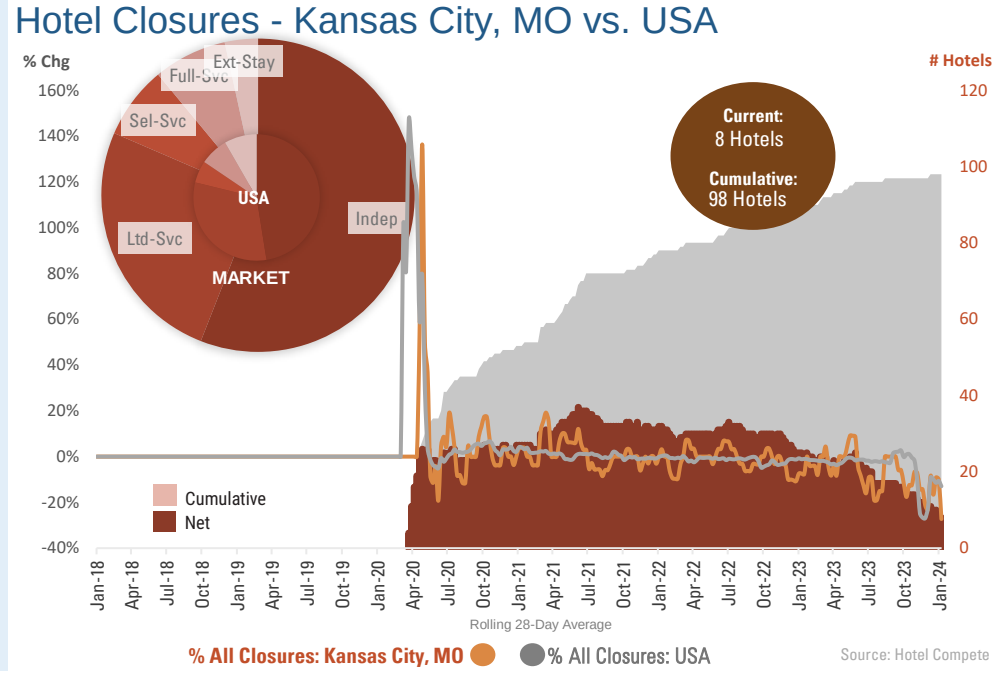
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

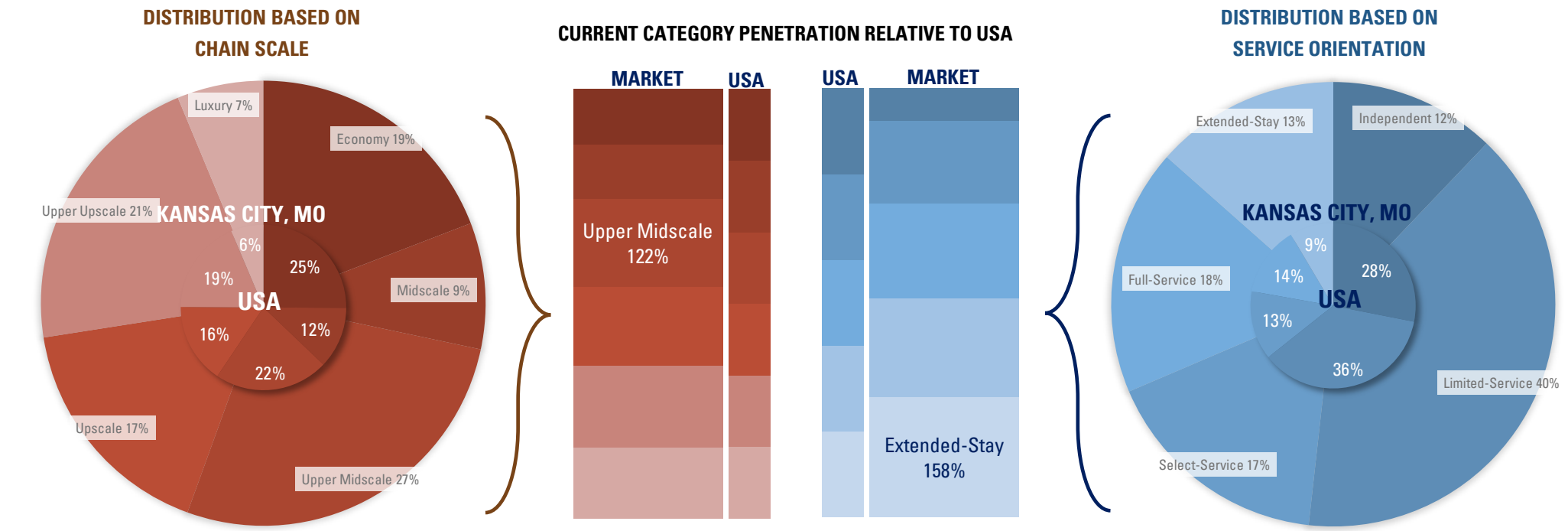
Hotel Closures - Kansas City, MO vs. USA



Source: Hotel Compete

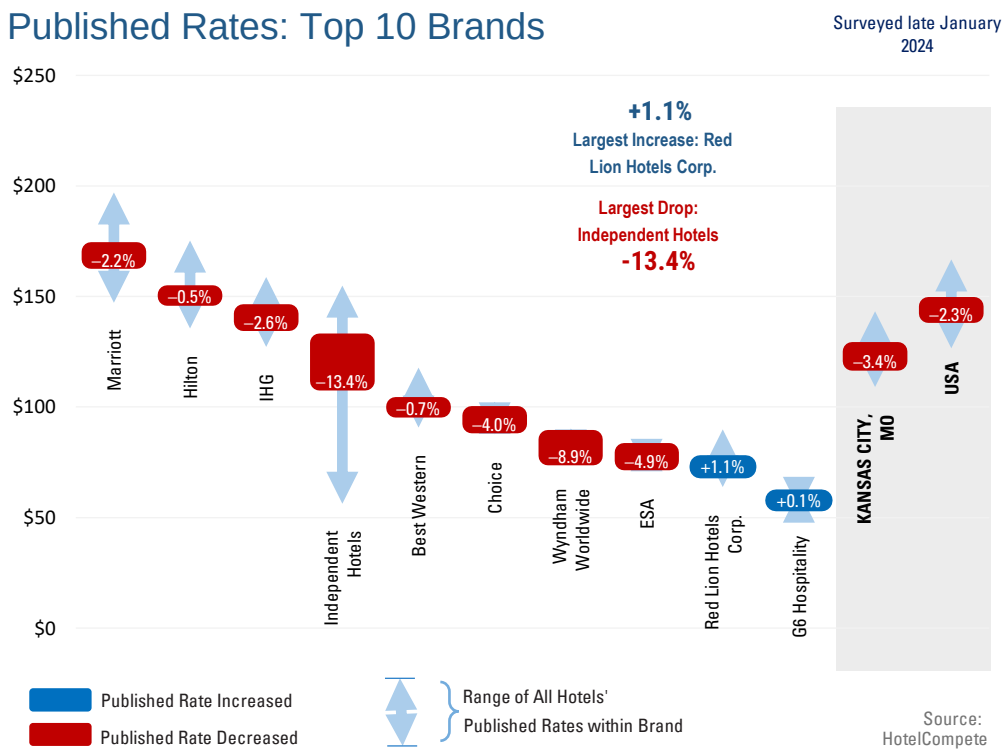
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Kansas City, MO



'30/3' RATE CHANGES

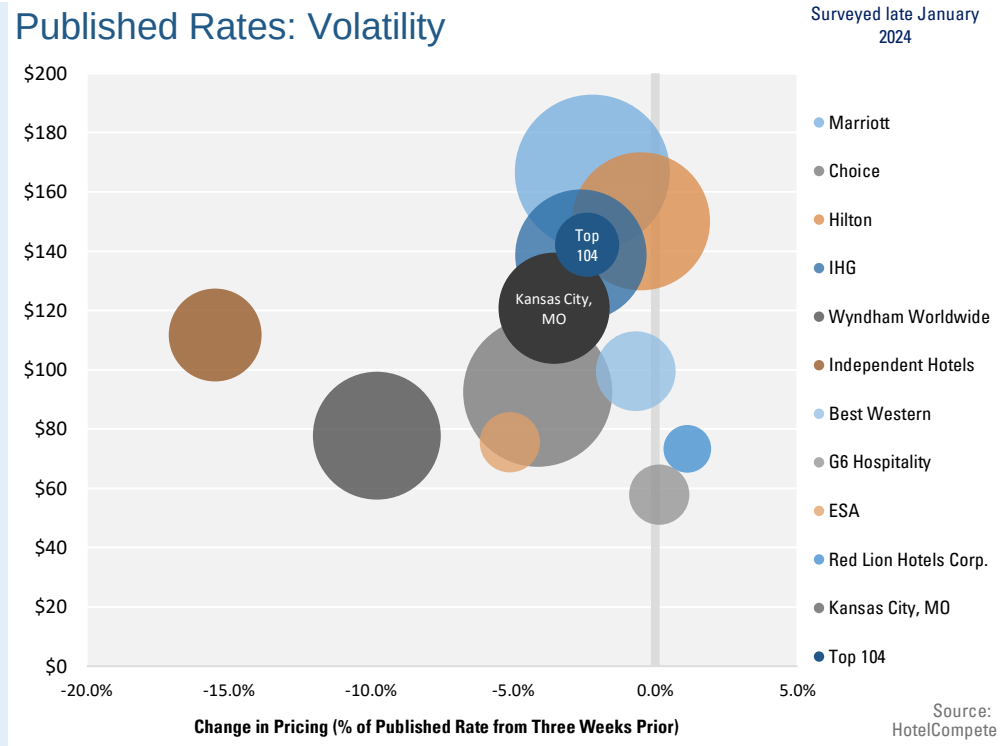
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



Source: HotelCompete

Published Rate Observations: 30-Day Advance

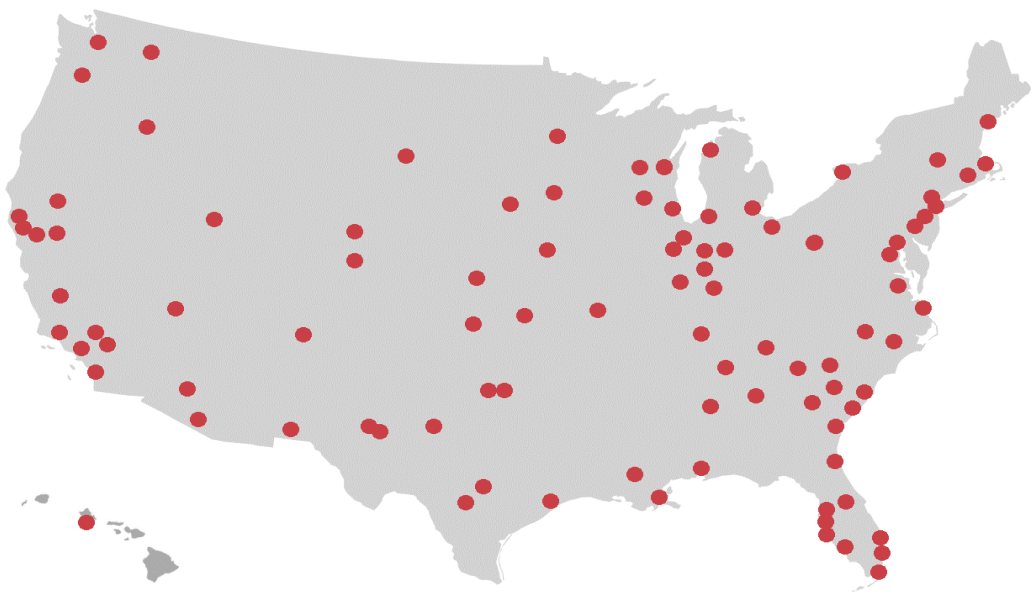
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
75th	**71st**	**69th**
Below Average	**Below Average**	**Below Average**
The 30-day advanced published rate for the market was a somewhat conservative $120.75, ranking 75th out of 104 markets. (Guest-Paid ADR ranked a moderate 65th at $119.13 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 3.4% 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 1.4% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
43rd	**69th**	**63rd**
Average	**Below Average**	**Moderate**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Kansas City, MO has a below average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Kansas City, MO's top 10 brands are exhibiting moderate volatility with respect to advanced booking pricing movements in the three weeks leading into late January 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

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- Gaming Facilities
- Arenas, Stadiums and Sports Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

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

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