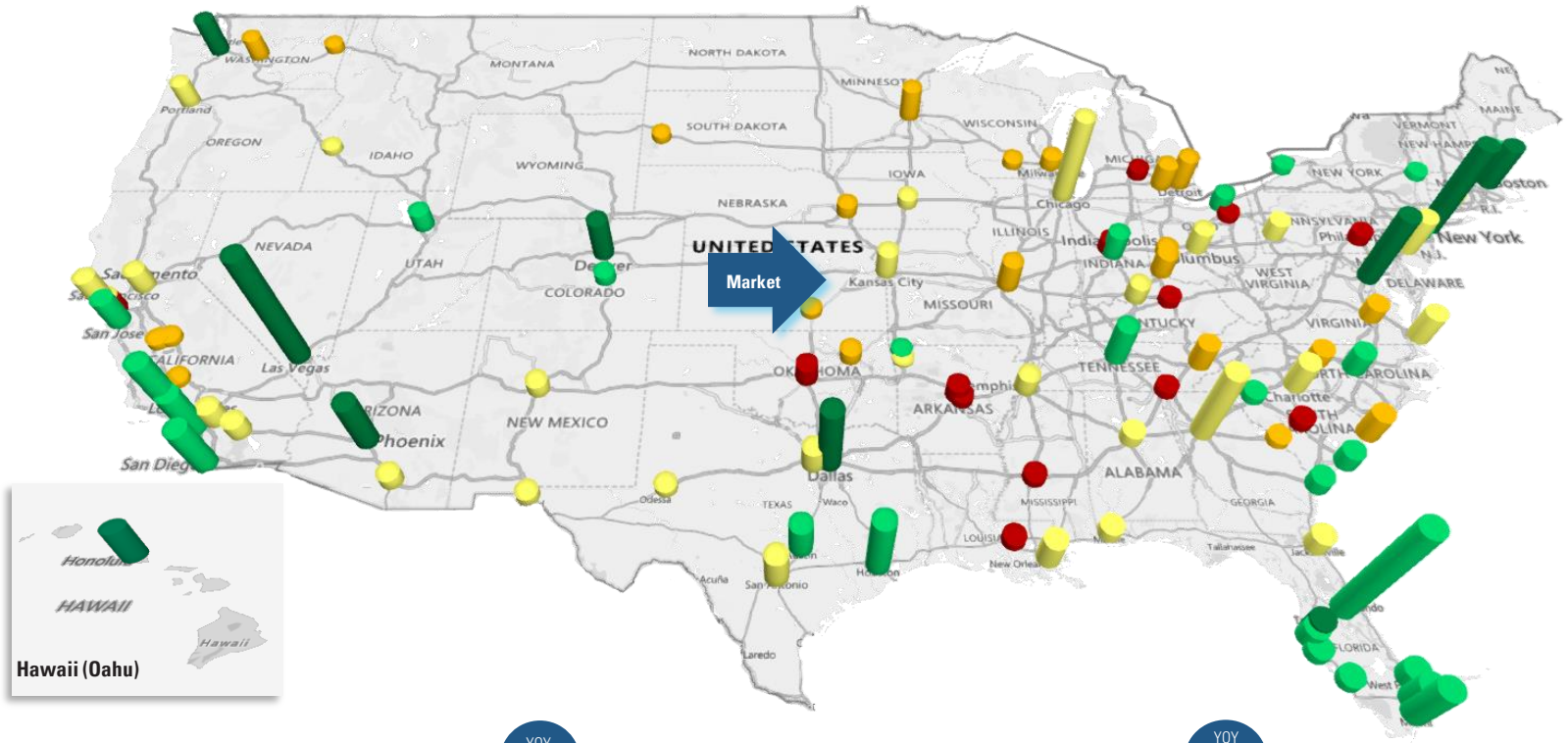
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

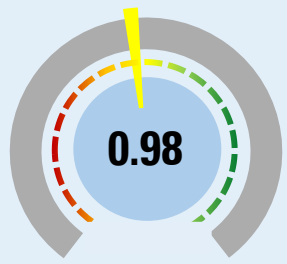
3Q 2024
KANSAS CITY, MO

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Kansas City, MO

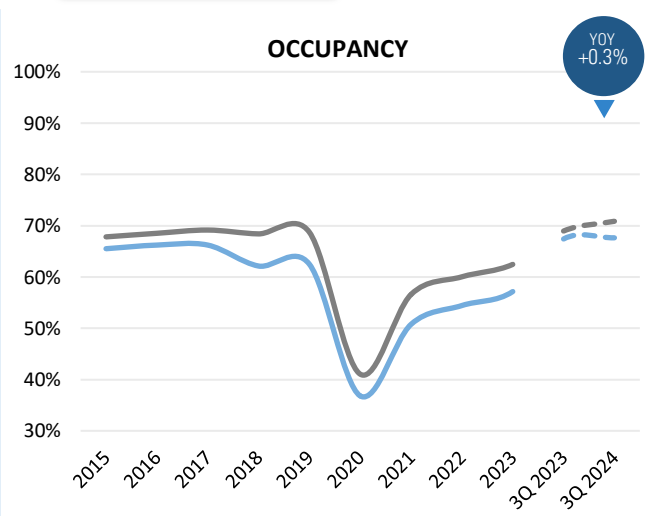


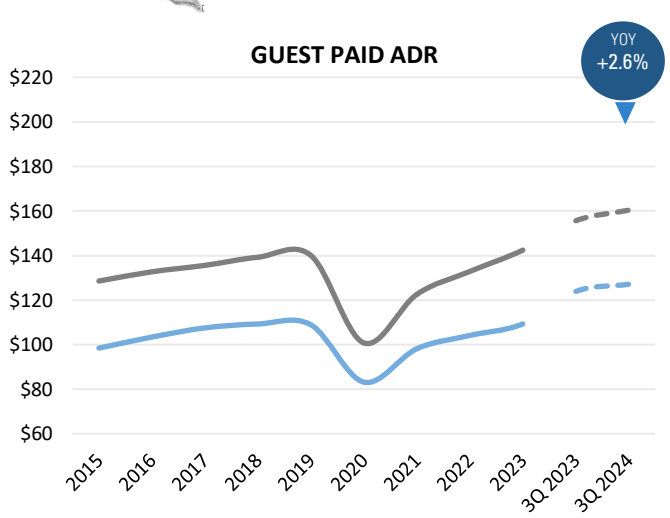
60th of 104

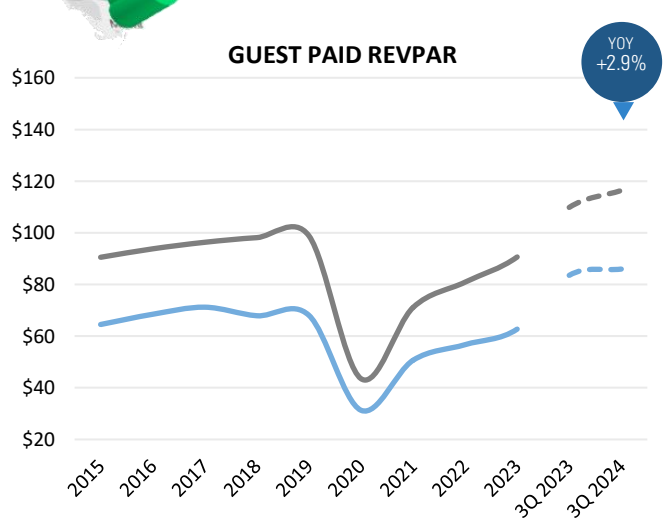
Average

Ranking of overall '3Q 2024 LPI' performance (0.98) against all 104 surveyed markets.

KEY PERFORMANCE METRICS





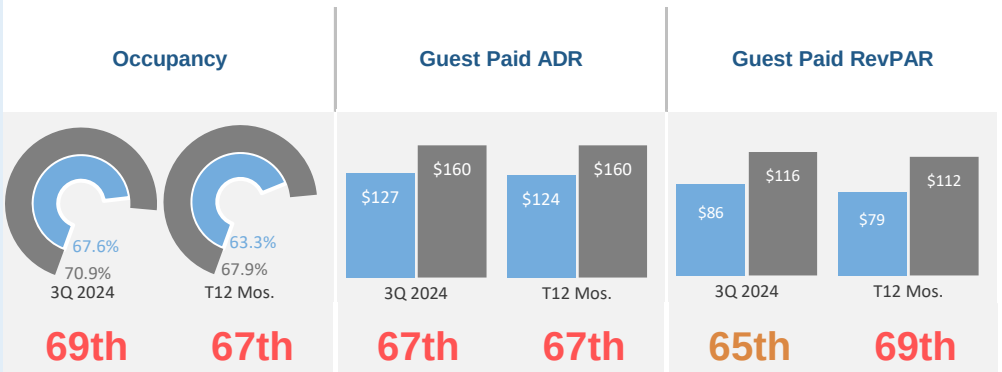


Top 104 — Kansas City, MO

PERFORMANCE INDEXES

Key Performance Indexes

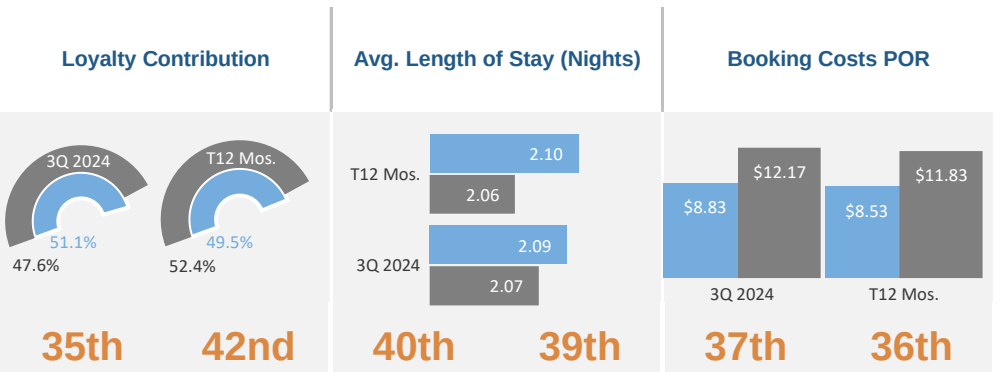
Subject Market — Top 104



BENCHMARK INDEXES

Key Benchmark Indexes

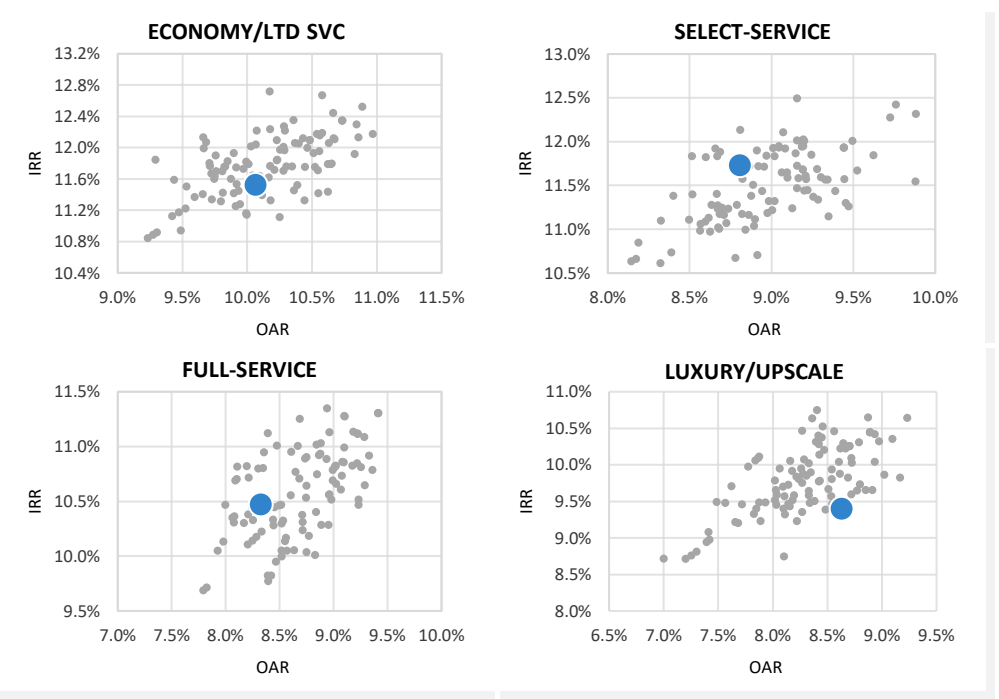
kalibri LABS



INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

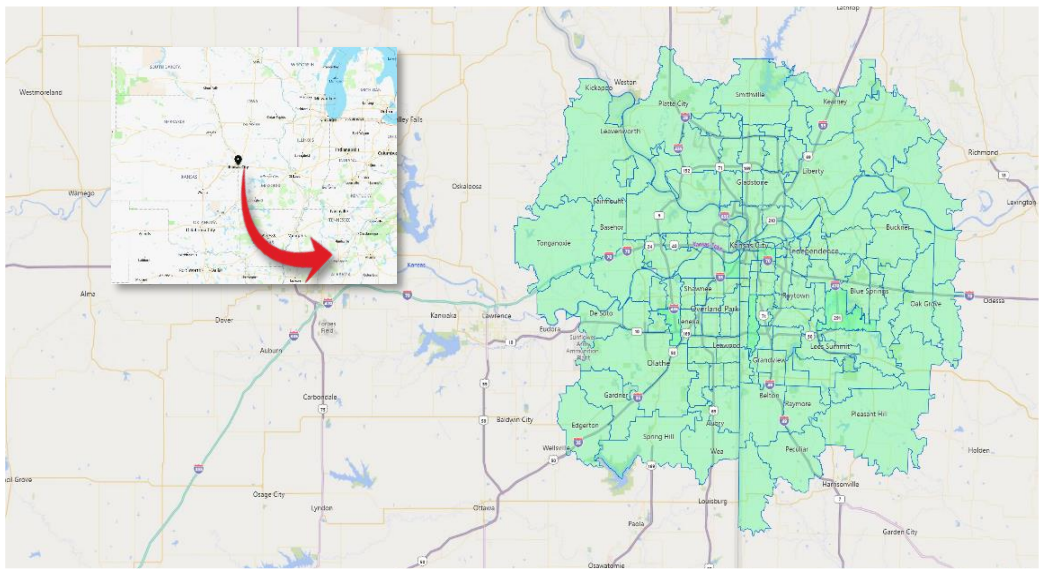
Revenue Stability	Supplier Power Trend	Investment Yields
51st	**41st**	**33rd**
Average	Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
74th	**48th**	**30th**
Below 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	79.0 Persons PSR	62nd of 104 (Average)
Feeder Group Earnings	$3,961,302 PSR	64th of 104 (Average)
Total Market Hotel Revenues	$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 Rooms	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	92.0%	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	1.02
CAGR: 2015 thru 2023	-1.7%	1.3%	-0.3%	1.4%	-0.3%	-0.1%	0.1%	-1.4%	0.2%	1.4%	1.4%
3Q 2023	67.4%	$123.90	$83.51	$115.23	$77.67	$8.67	93.0%	47.5%	2.05	35,450	0.97
3Q 2024	67.6%	$127.10	$85.96	$118.27	$79.98	$8.83	93.1%	51.1%	2.09	35,310	0.98

Notable Metrics

HIGHEST

IRR: Luxury/Upscale	Total Rooms Sold	IRR: Economy/Ltd Svc
17th	**32nd**	**27th**
Favorable	**Above Average**	**Favorable**
Kansas City, MO posted favorable IRR metrics in the luxury/upscale segment (9.4%)	The market boasted a strong total of number of rooms sold (8,143,093 room nights)	The market also enjoyed favorable IRR metrics in the economy/ltd svc segment (11.5%)

LOWEST

OAR: Luxury/Upscale	Latest-Quarter Occupancy	Latest-Quarter Occupancy
79th	**69th**	**69th**
Unfavorable	**Below Average**	**Below Average**
This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.6%)	The market exhibited weak latest–quarter occupancy (67.6%)	Kansas City, MO also exhibited weak latest–quarter occupancy (67.6%)

Notable Trends

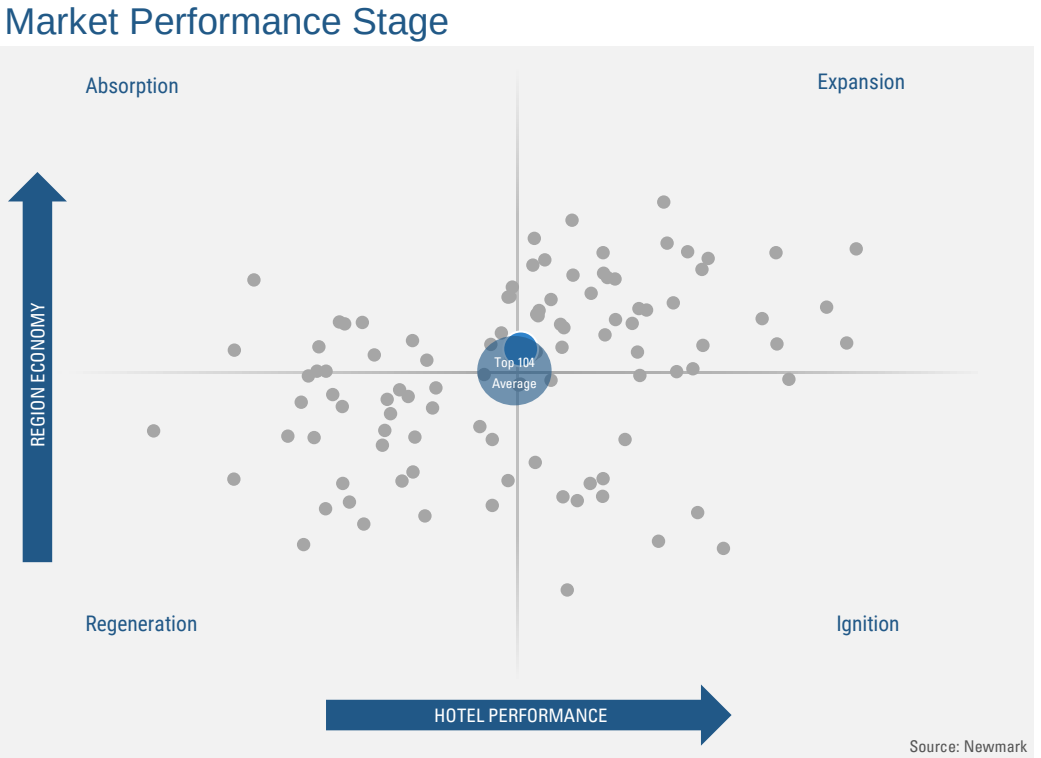
STRONGEST

Short-Term Historical Average Length of Stay Growth	T12-Month Rooms Supply Growth	Short-Term Historical Occupancy Growth
14th	**31st**	**33rd**
Above Average	**Above Average**	**Above Average**
Kansas City, MO has benefited from strong short–term historical average length of stay growth (1.6%)	The market exhibited low rooms supply growth over the last 12 months (–0.4%)	The market also has benefited from strong short–term historical occupancy growth (3.2%)

WEAKEST

Short-Term Historical Booking Costs POR Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid ADR Growth
65th	**64th**	**61st**
Average	**Average**	**Average**
The market has been impeded by high short–term historical growth in booking costs (3.7%)	We note this area posted weak short–term historical COPE ADR growth (3.0%)	Kansas City, MO also has been impeded by weak short–term historical Guest Paid ADR growth (3.0%)

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 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:	At Risk
Employment Growth (2 yr):	1.1%
Risk Exposure (402 US markets):	48th Percentile: Average Risk
Key Industry Notes:	Educated workforce
	Transportation network
	Depedence on telecom industry
	Low costs of doing business
	Limited growth in CBD

Moody's Rating

Aa3

Investment Grade

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

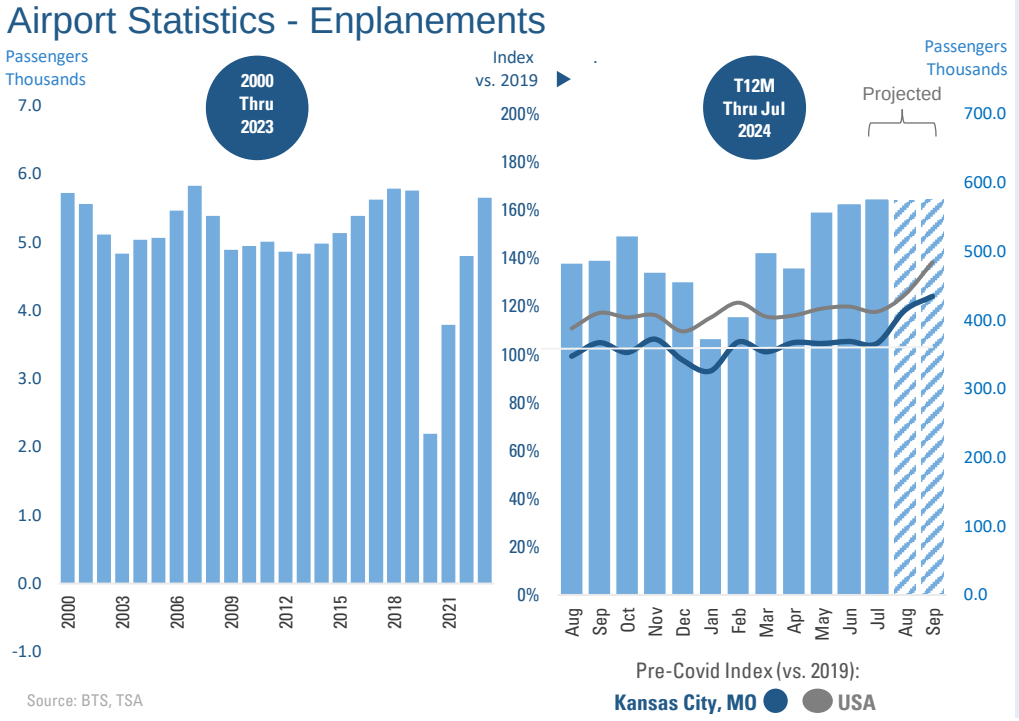
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

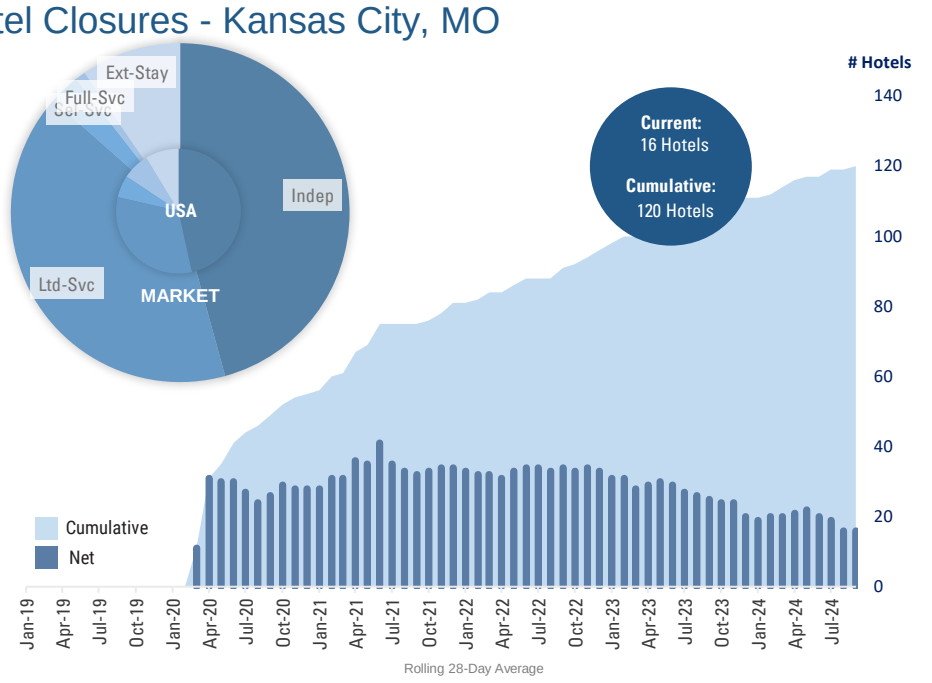
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

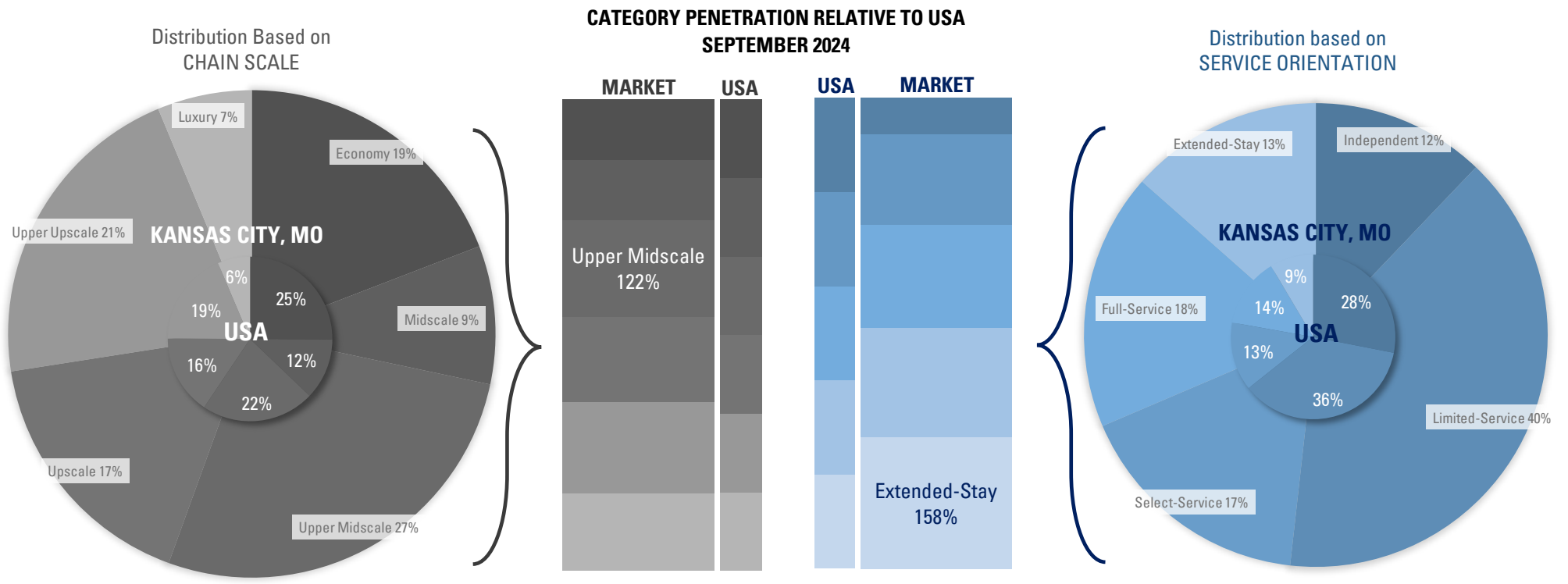
Hotel Closures - Kansas City, MO



Source: Hotel Compete

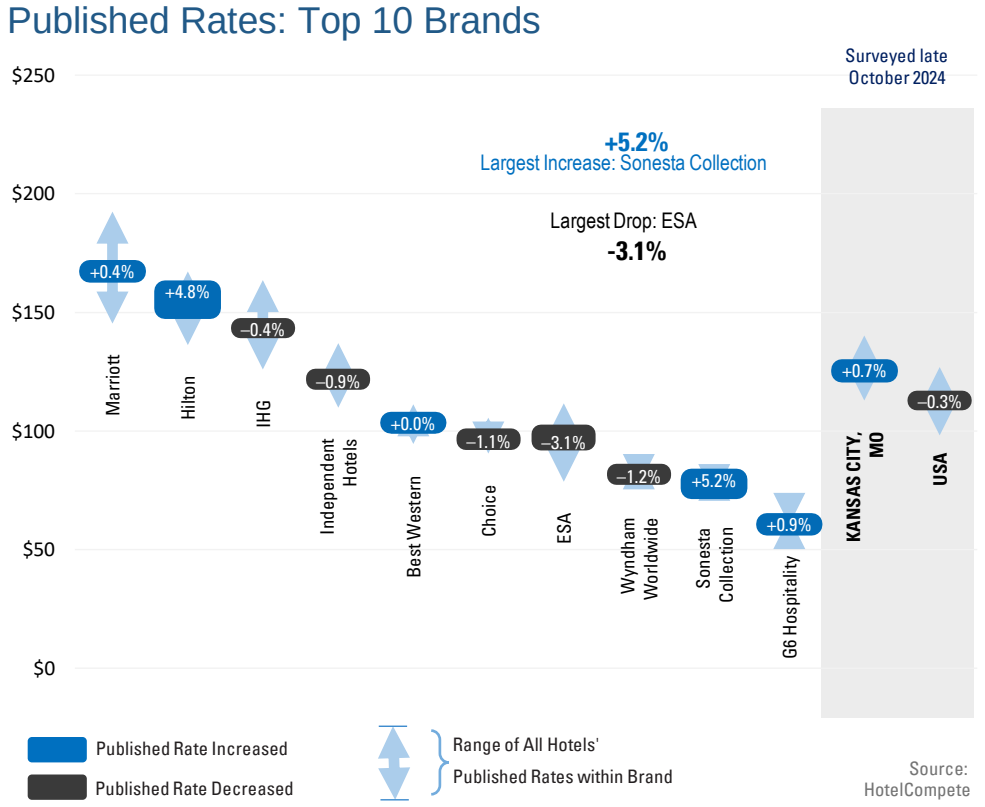
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Kansas City, MO



'30/3' RATE CHANGES: KANSAS CITY, MO vs. USA

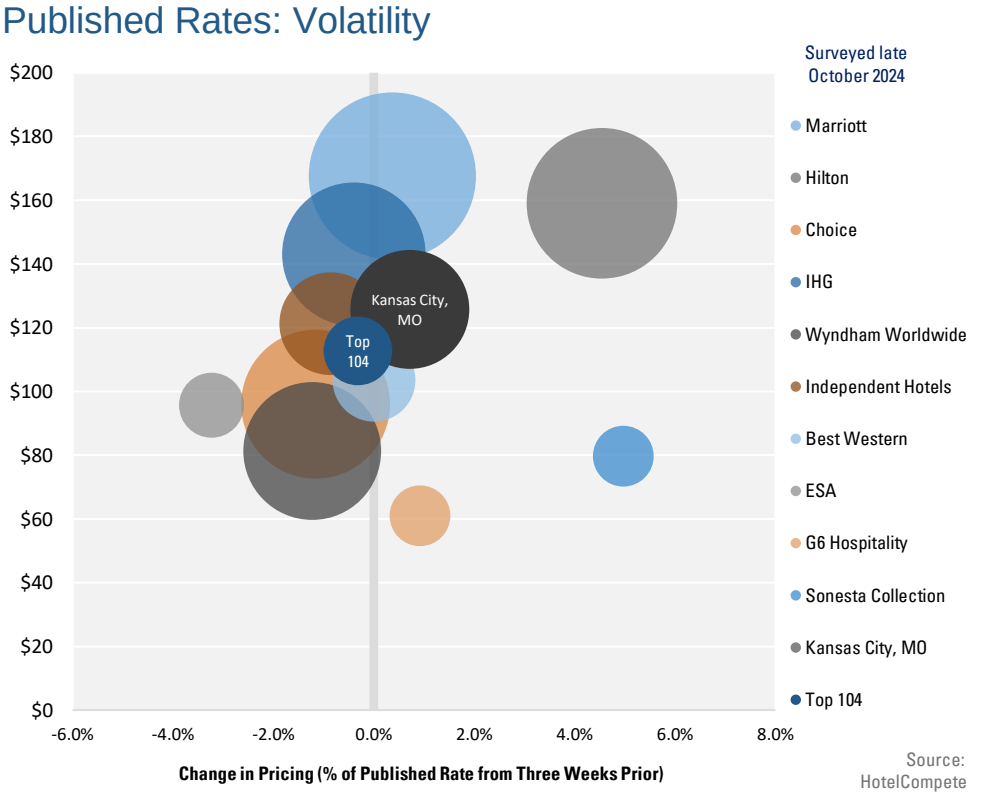
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



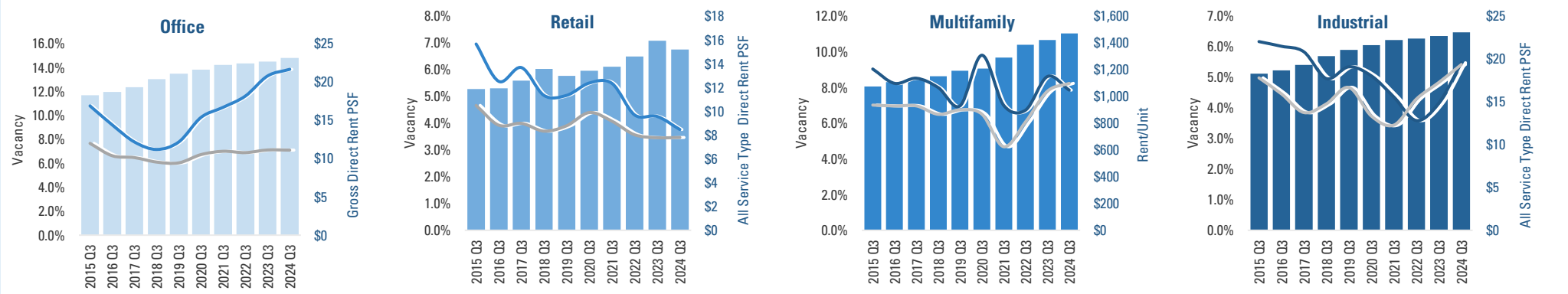
Source: HotelCompete

MAJOR C.R.E. METRICS

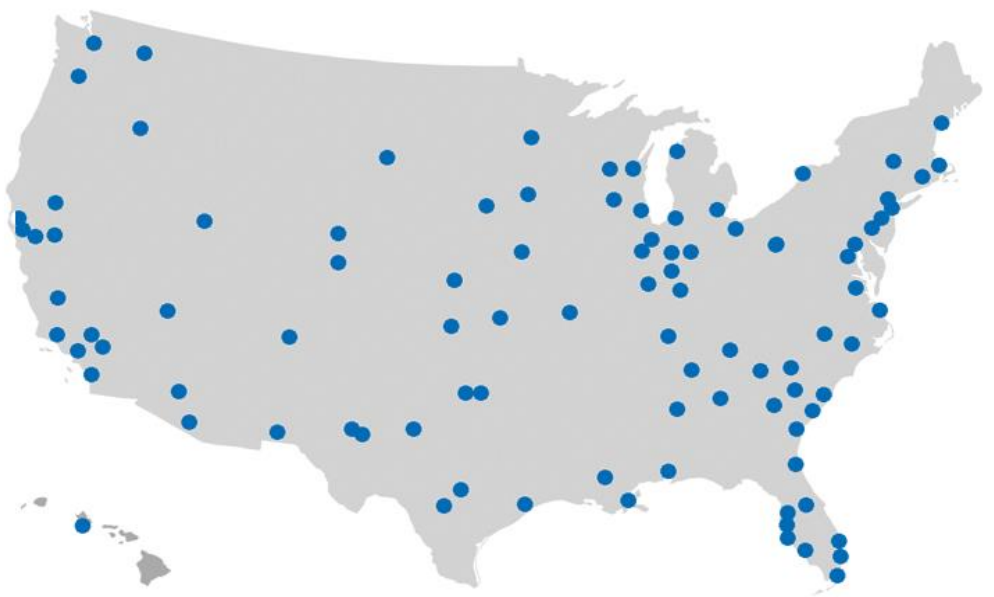
Major CRE Market Performance

Kansas City, MO ● 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

Water Parks, Amusement Parks and Attractions

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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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