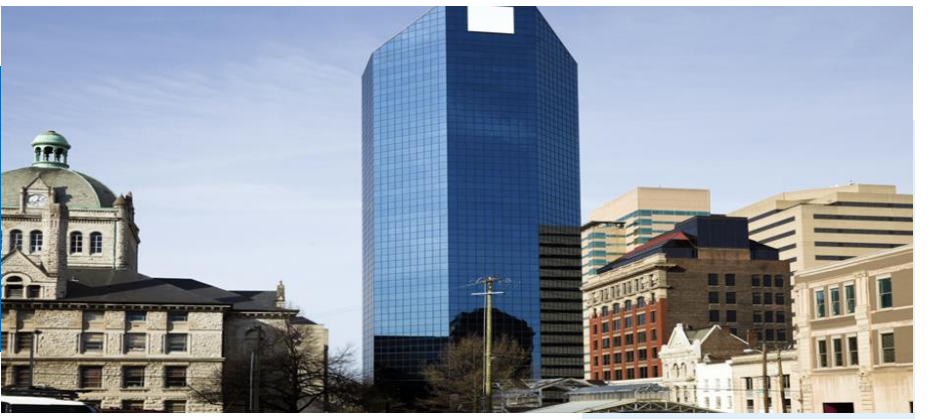
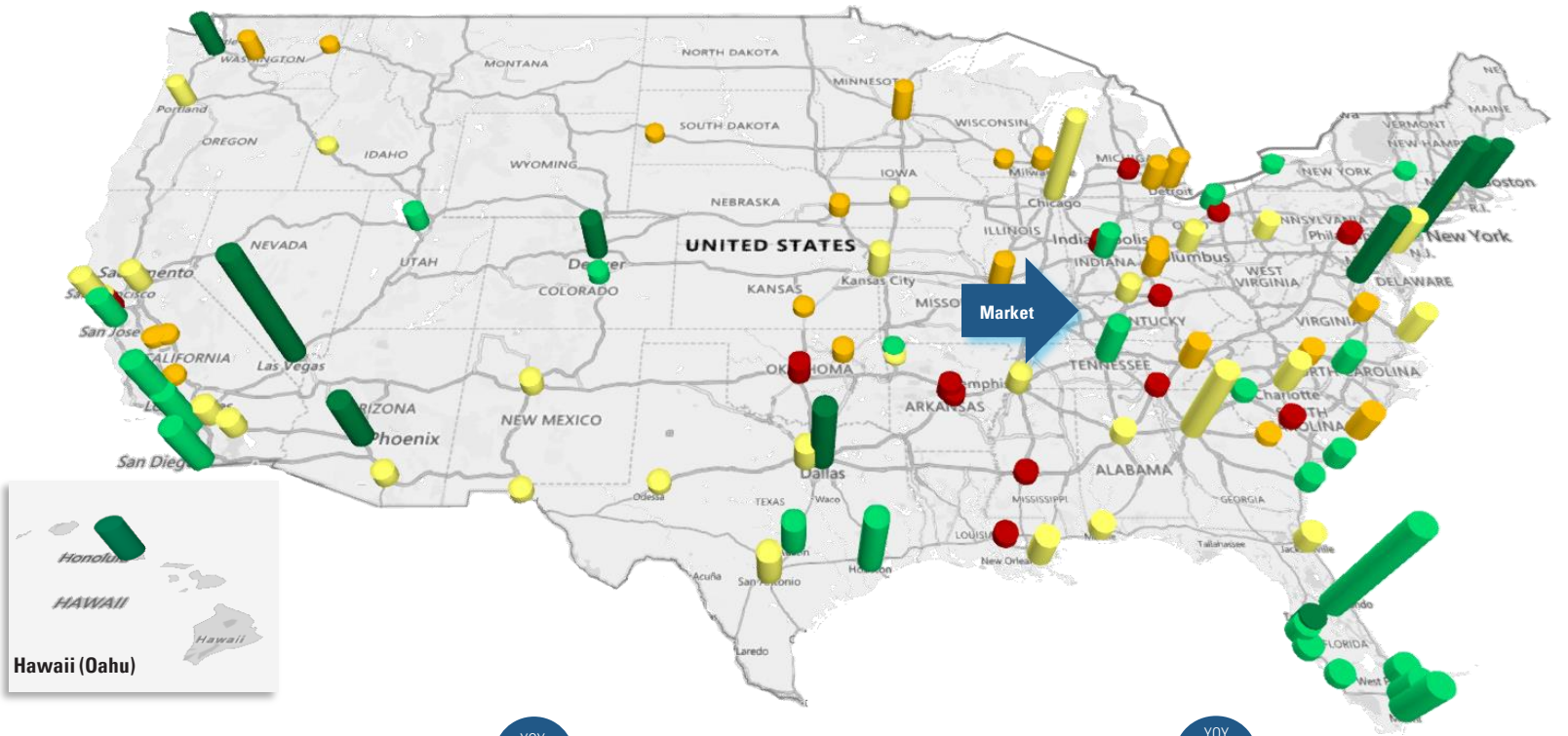
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

3Q 2024
LEXINGTON, KY

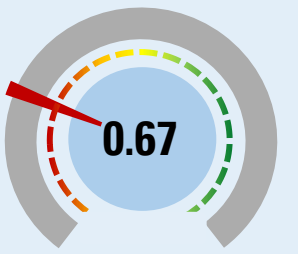


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

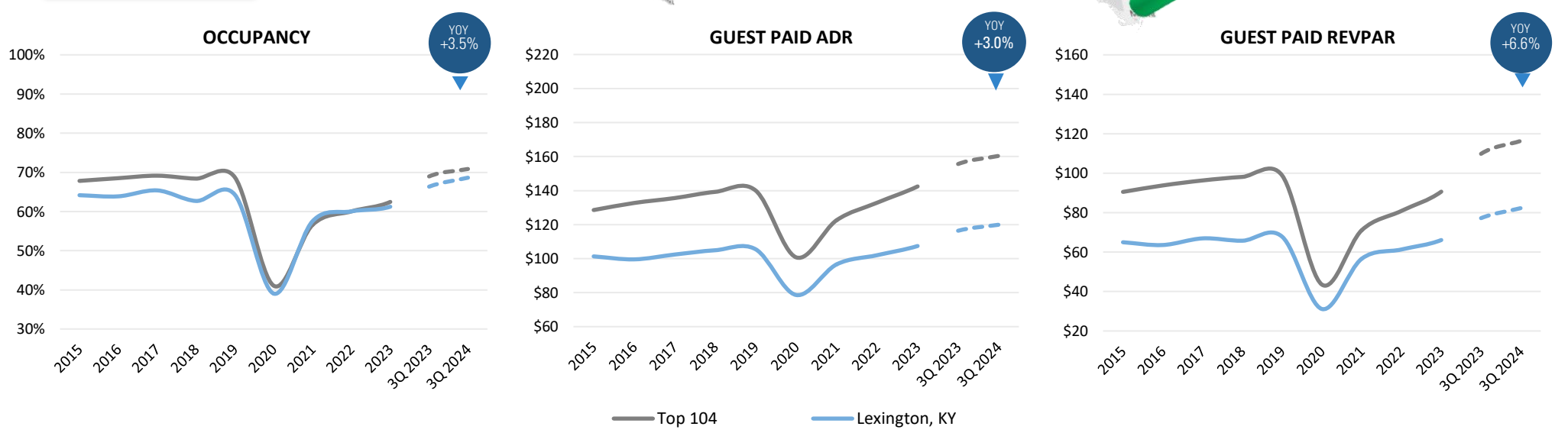
Lexington, KY



90th of 104
Soft

Ranking of overall '3Q 2024 LPI' performance (0.67) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
68.6% / 70.9%	61.6% / 67.9%	$120 / $160	$119 / $160	$82 / $116	$74 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
54th	79th	78th	77th	74th	81st

BENCHMARK INDEXES

Key Benchmark Indexes

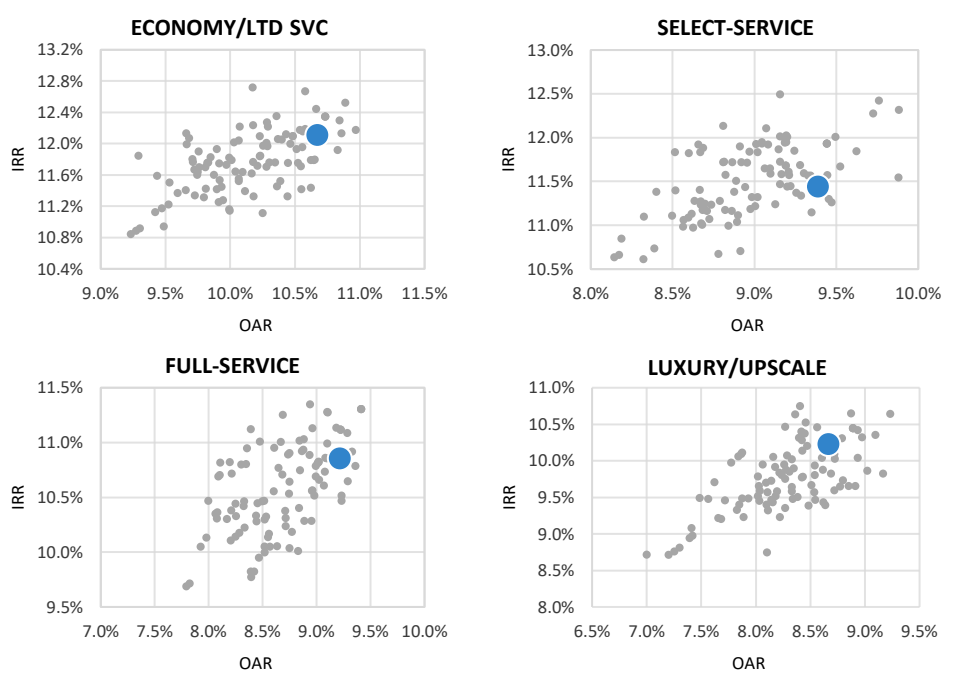
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
55.2% / 47.6%	54.6% / 52.4%	1.92 / 2.06	1.96 / 2.07	$8.12 / $12.17	$8.05 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
11th	6th	68th	81st	20th	23rd

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

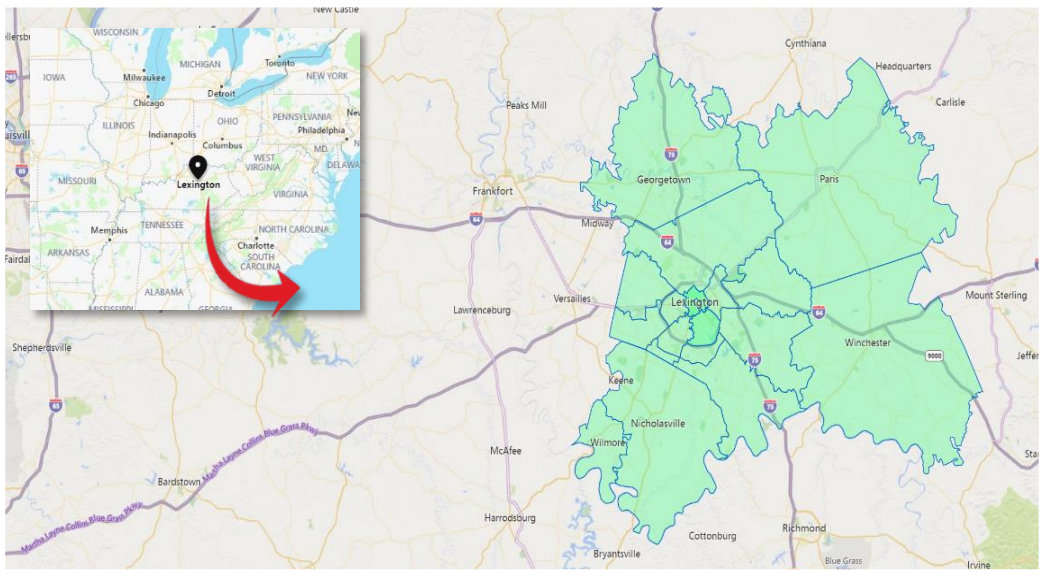
Revenue Stability	Supplier Power Trend	Investment Yields
50th	**6th**	**89th**
Average	Strong	Below Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
5th	**53rd**	**32nd**
High Risk	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:	Lexington
County:	Fayette County
State:	Kentucky
Geo Coordinates (market center):	38.0498, -84.45855

Major Hotel Demand Generators

University of Kentucky | Toyota Motor Manufacturing | Xerox | St. Joseph Hospital | Conduent | Lexmark International | Wal-Mart Stores Inc. | Central Baptist Hospital | KentuckyOne Health | The Kroger Co. | Veterans Medical Center | Baptist Health | Amazon.com Inc. | Lockheed Martin | Lexington Clinic | Johnson Controls Inc. | Trane Co. | Alltel | Big Ass Solutions | Adient US LLC

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	394,623	93rd of 104 (Small)
Income per Capita	$53,013	35th of 104 (Average)
Feeder Group Size	56.2 Persons PSR	29th of 104 (Above Average)
Feeder Group Earnings	$2,980,384 PSR	35th of 104 (Average)
Total Market Hotel Revenues	$299.6 million	83rd of 104 (Below Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Guest Paid 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	64.2%	$101.31	$65.00	$94.47	$60.61	$6.84	93.2%	50.4%	1.90	9,430	0.84
2016	63.9%	$99.57	$63.59	$92.52	$59.09	$7.05	92.9%	52.3%	1.88	9,590	0.63
2017	65.4%	$102.40	$66.96	$94.90	$62.05	$7.50	92.7%	52.5%	1.85	9,630	0.86
2018	62.7%	$104.92	$65.77	$97.03	$60.83	$7.89	92.5%	56.3%	1.81	9,560	0.63
2019	64.3%	$105.49	$67.81	$97.59	$62.73	$7.90	92.5%	60.4%	1.81	10,360	0.74
2020	39.0%	$78.62	$31.16	$73.46	$28.68	$5.16	93.4%	44.5%	1.98	10,550	0.65
2021	57.5%	$96.62	$56.62	$90.14	$51.85	$6.48	93.3%	47.1%	1.90	10,460	0.89
2022	60.0%	$102.02	$61.34	$95.19	$57.15	$6.83	93.3%	48.3%	1.90	10,520	1.04
2023	61.2%	$107.42	$66.12	$100.29	$61.41	$7.13	93.4%	48.6%	1.92	10,580	0.59
CAGR: 2015 thru 2023	**-0.6%**	**0.7%**	**0.2%**	**0.8%**	**0.2%**	**0.5%**	**0.0%**	**-0.5%**	**0.2%**	**1.4%**	**-4.3%**
3Q 2023	66.3%	$116.39	$77.21	$108.62	$72.06	$7.77	93.3%	52.9%	1.99	11,340	0.96
3Q 2024	68.6%	$119.91	$82.30	$111.79	$76.73	$8.12	93.2%	55.2%	1.96	11,750	0.67

Notable Metrics

HIGHEST

T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	Latest-Quarter Booking Costs POR
6th	**11th**	**20th**
Strong	**Above Average**	**Above Average**
Lexington, KY exhibited strong T12–month loyalty contribution (54.6%)	The market exhibited strong latest–quarter loyalty contribution (55.2%)	The market also enjoyed low latest–quarter booking costs POR ($8.12)

LOWEST

OAR: Economy/Ltd Svc	OAR: Full-Service	OAR: Select-Service
96th	**91st**	**91st**
Unfavorable	**Unfavorable**	**Unfavorable**
This market exhibited unfavorable OAR metrics in the economy/ltd svc segment (10.7%)	The market posted unfavorable OAR metrics in the full–service segment (9.2%)	Lexington, KY also exhibited unfavorable OAR metrics in the select–service segment (9.4%)

Notable Trends

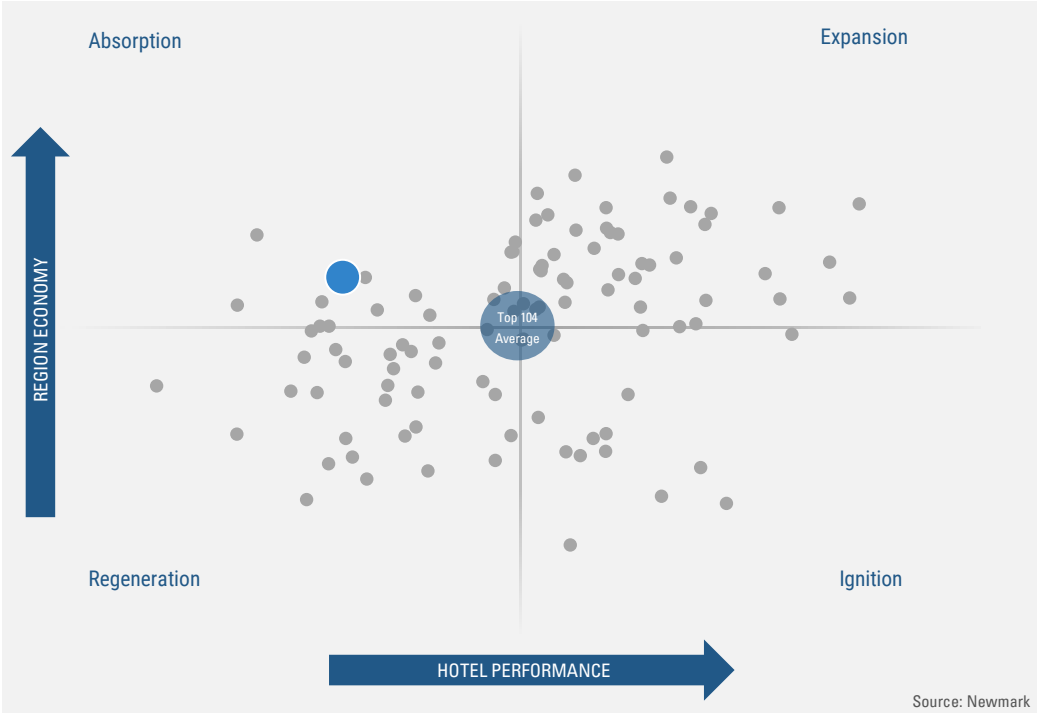
STRONGEST

Short-Term Historical Supply Growth	Short-Term Historical Occupancy Growth	General Economy Reverence
7th	**18th**	**32nd**
Strong	**Above Average**	**Above Average**
Lexington, KY has benefited from low short–term historical supply growth (2.9%)	The market has benefited from strong short–term historical occupancy growth (4.7%)	The market also enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators)

WEAKEST

T12-Month Rooms Supply Growth	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
100th	**93rd**	**93rd**
Soft	**Soft**	**Soft**
The market has been hindered by high rooms supply growth over the last 12 months (3.6%)	We note this area has been hampered by weak short–term historical LPI growth (–3.4%)	Lexington, KY also posted weak long–term historical LPI growth (–2.6%)

Market Performance Stage



Source: Newmark

Lexington, KY: Absorption Stage

Absorption

The Lexington, KY market is currently in the 'Absorption' stage of the performance cycle. In this 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 .

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.

Expansion

In the 'Expansion' 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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.4%
Risk Exposure (402 US markets):	65th Percentile: Average Risk
Key Industry Notes:	Abundant developable land
	Low business costs
	Educated workforce
	High reliance on state government
	Dearth of high-paying job opportunities

Moody's Rating

NR

This market is not rated by Moody's

TOP 10 BRANDS

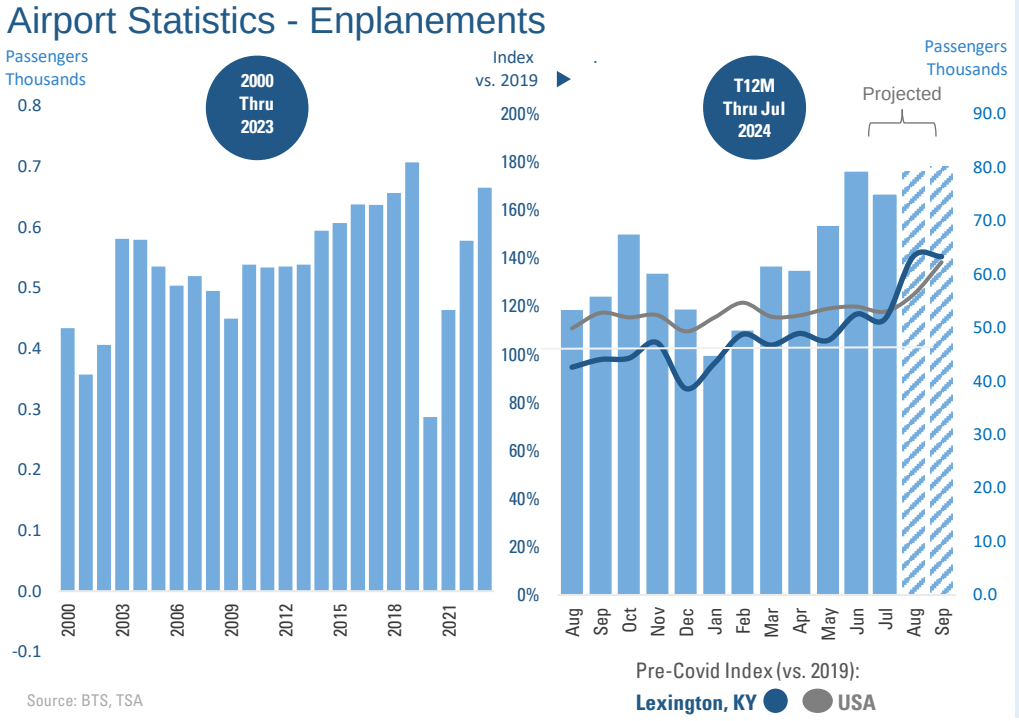
Top 10 Brands by # of Rooms	Top 10 Brands by # of Hotels
Marriott (626)	Holiday Inn Exp. (6)
Holiday Inn Exp. (488)	Residence Inn (4)
Embassy Suites (404)	Hampton Inn (4)
Residence Inn (394)	Fairfield Inn (4)
Hilton (369)	Comfort Inn (4)
Hyatt Regency (366)	Red Roof (3)
Fairfield Inn (346)	Quality Inn (3)
Courtyard (339)	Motel 6 (3)
Red Roof (323)	Home2 (3)
Quality Inn (305)	Courtyard (3)

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

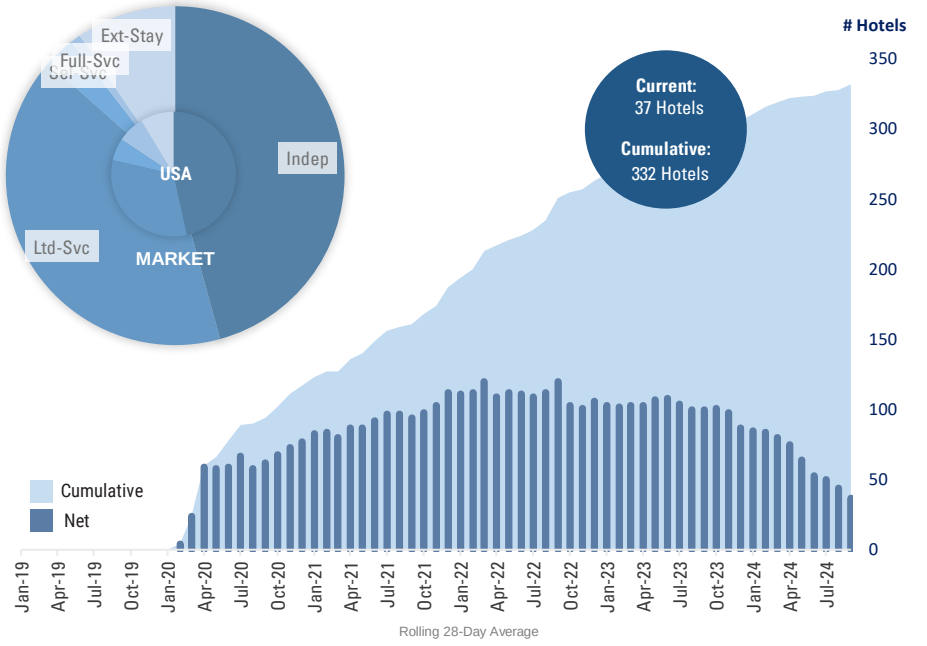
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - State of KY

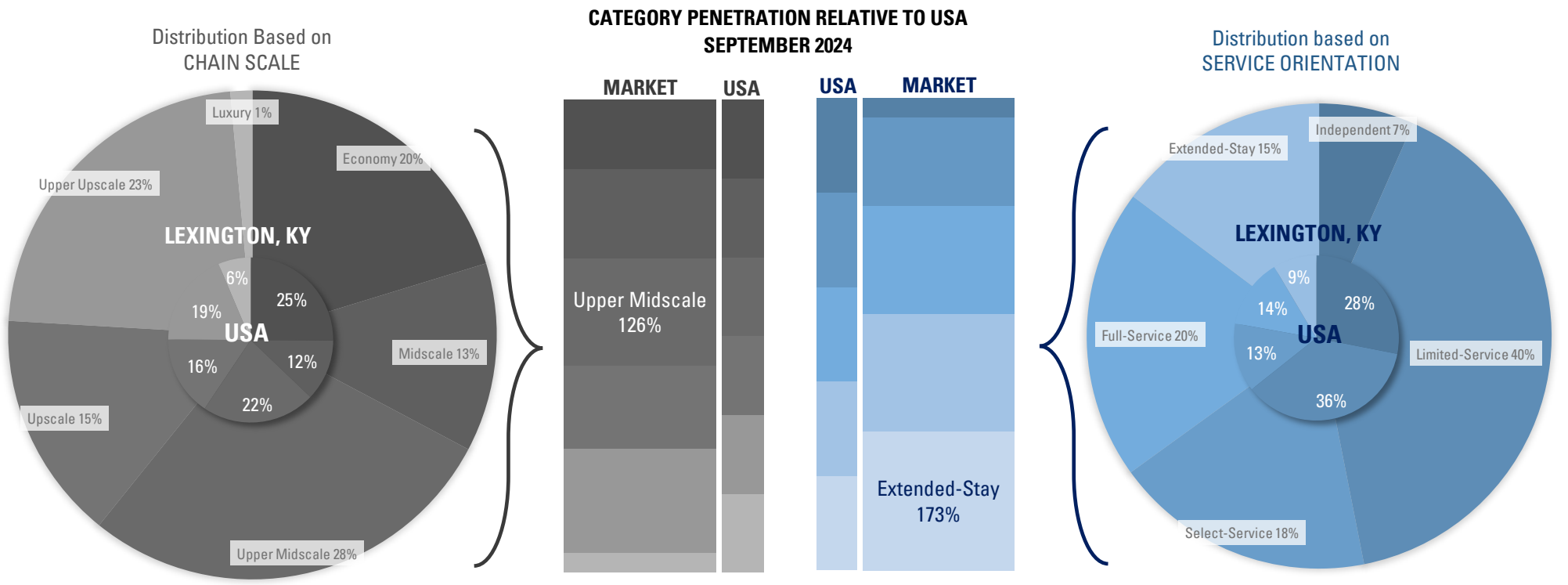


Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

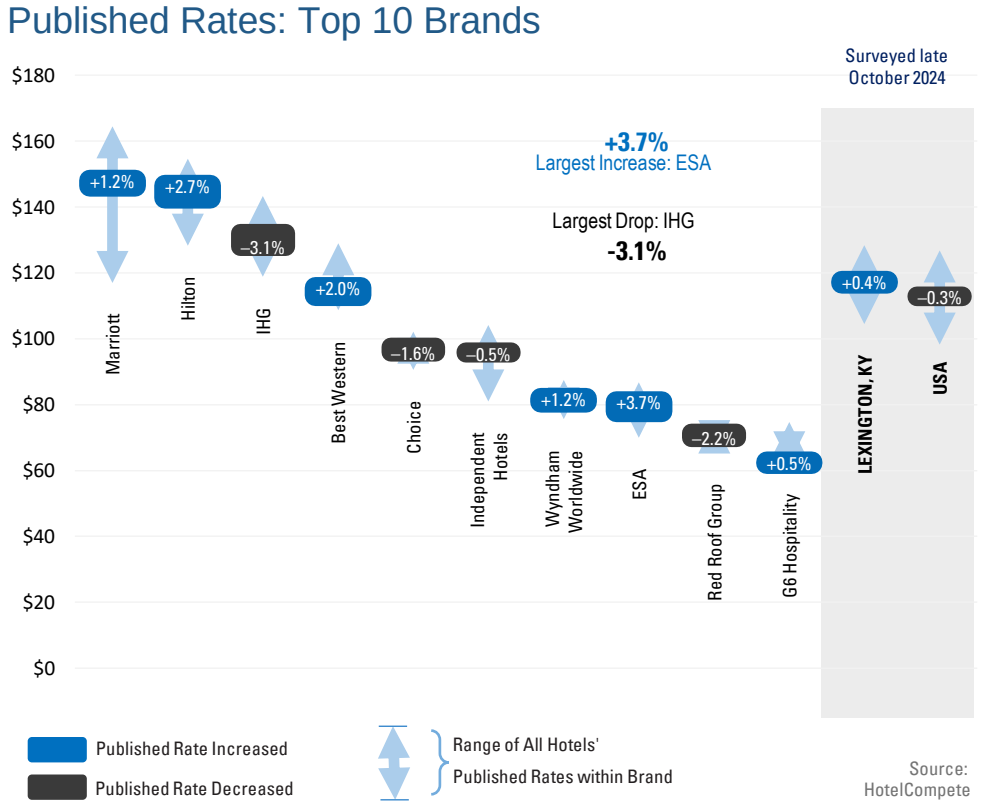
Scale and Service Distribution: Lexington, KY

CATEGORY PENETRATION RELATIVE TO USA
SEPTEMBER 2024



'30/3' RATE CHANGES: LEXINGTON, KY vs. USA

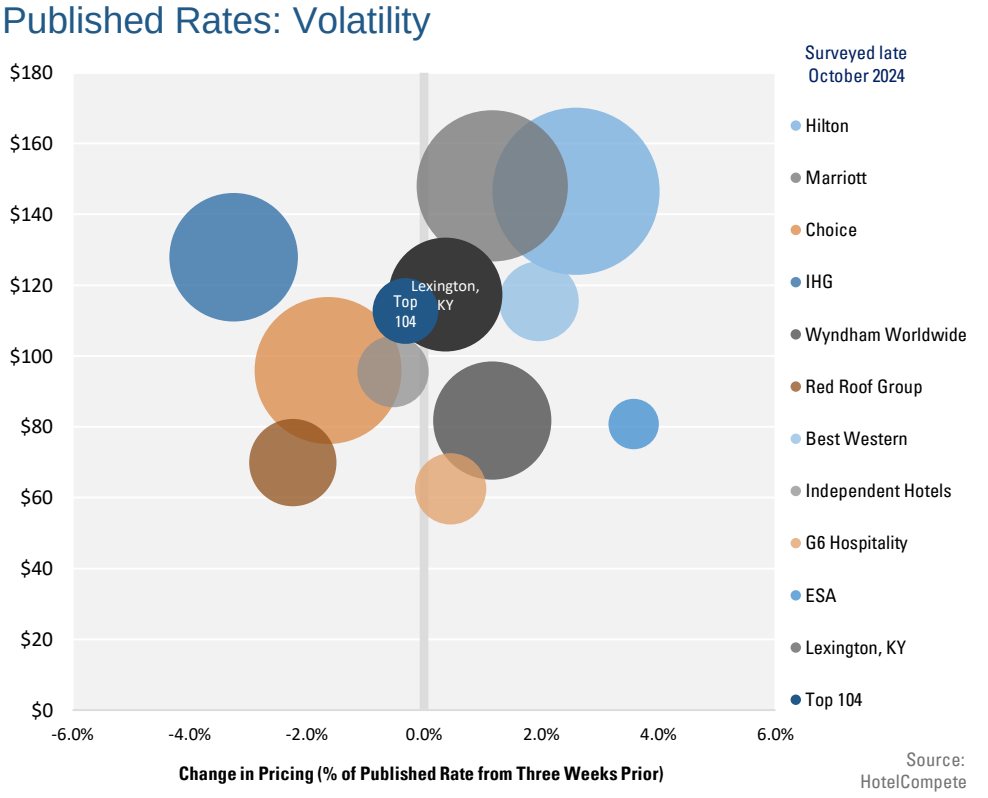
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



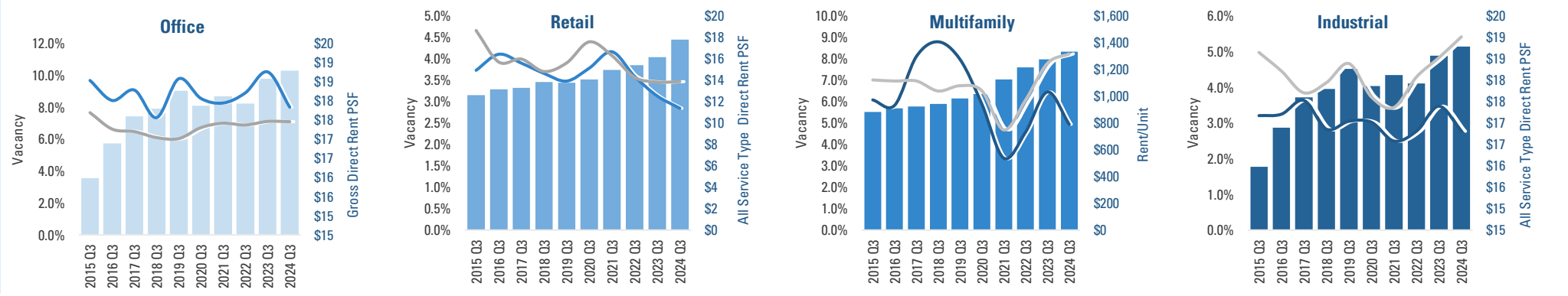
Source: HotelCompete

MAJOR C.R.E. METRICS

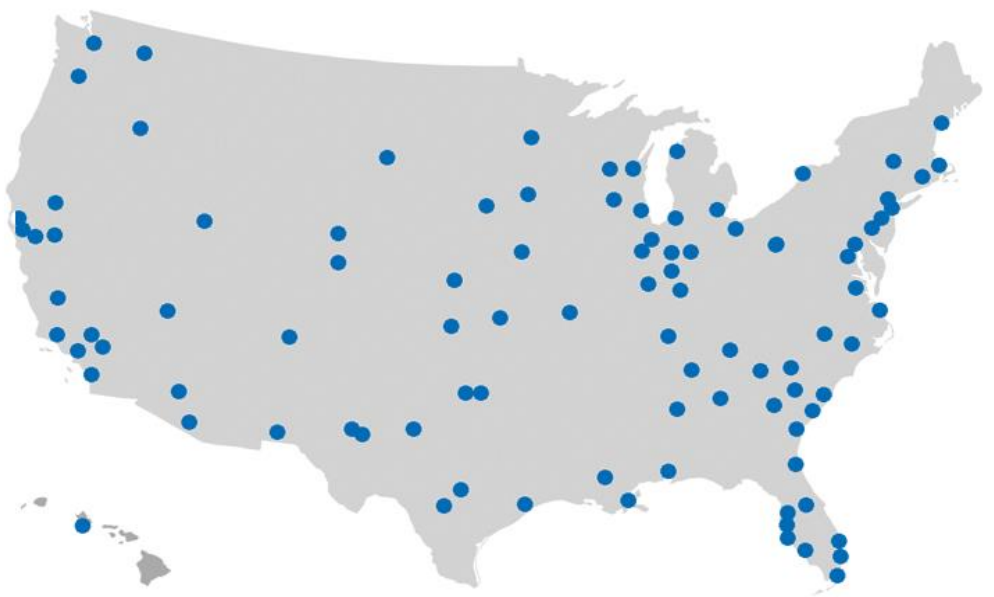
Major CRE Market Performance

Lexington, KY 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

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Stadiums, Sports & Entertainment Facilities

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Golf Courses

Marinas

Ski and Village Resorts

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