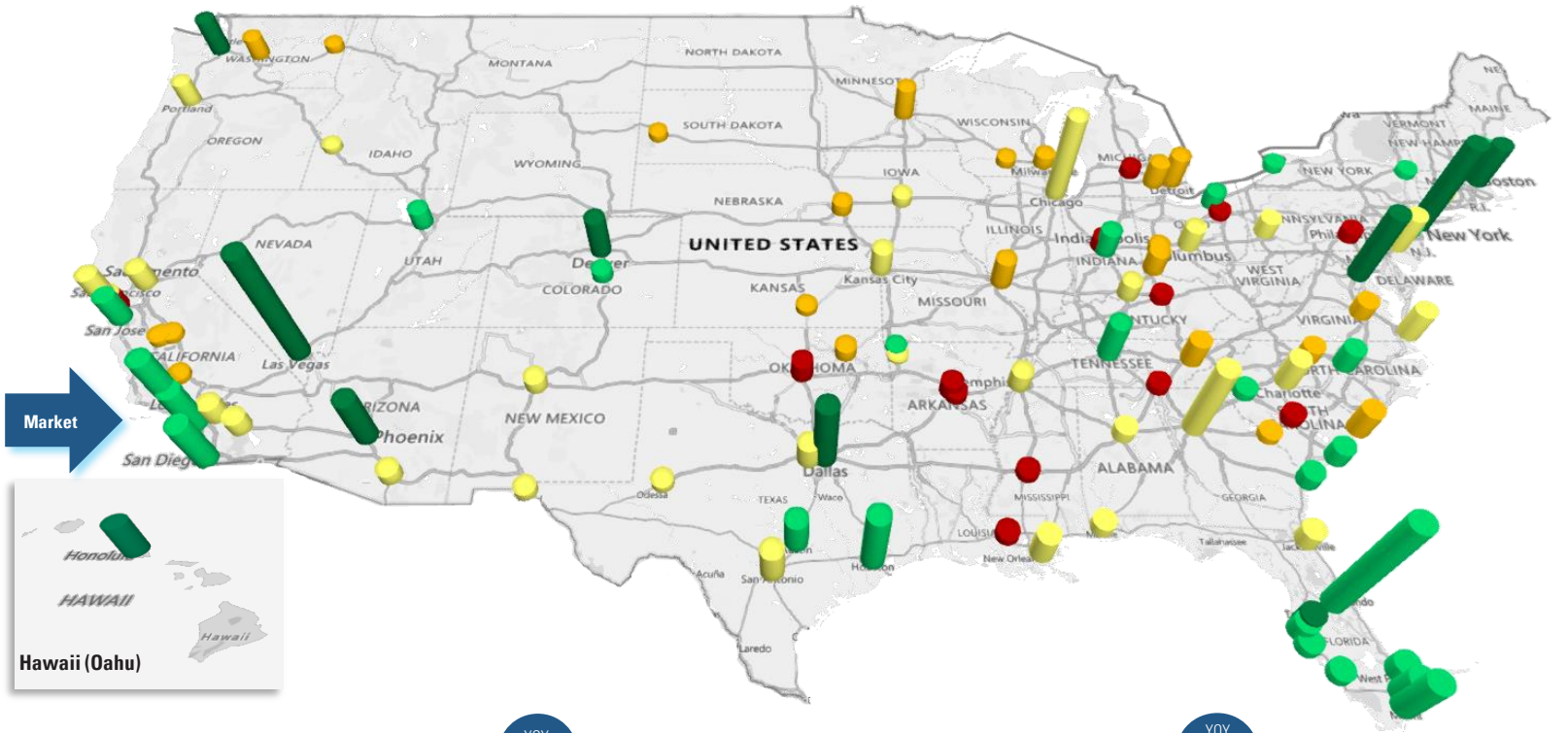
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

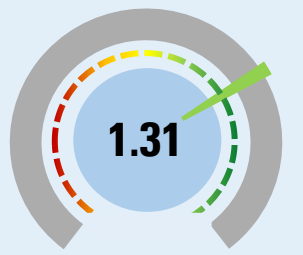
3Q 2024
LOS ANGELES, CA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Los Angeles, CA

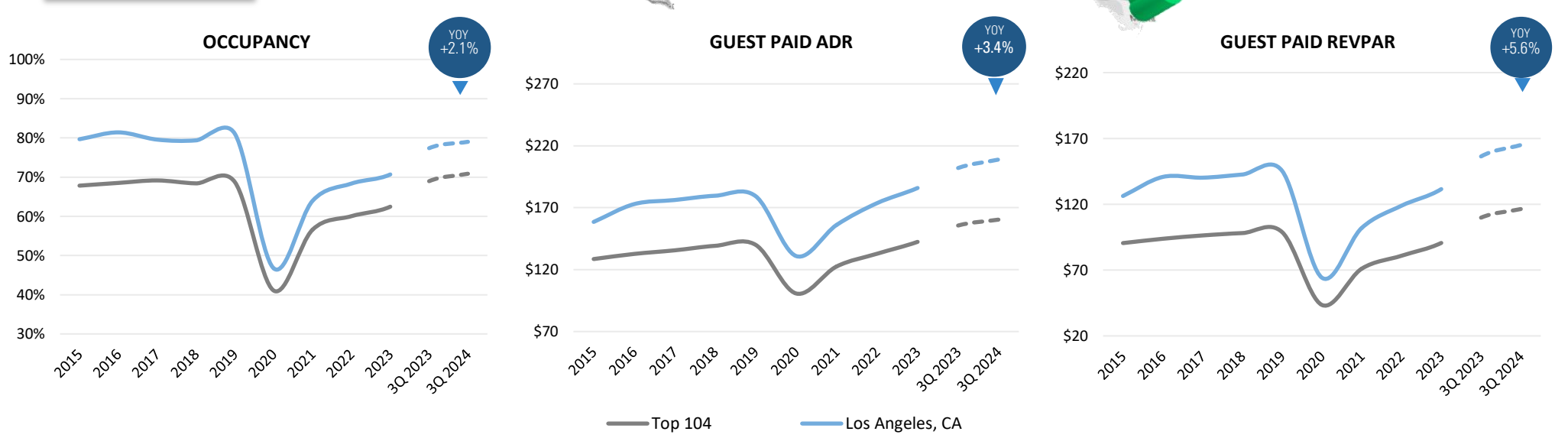


9th of 104

Above Average

Ranking of overall '3Q 2024 LPI' performance (1.31) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
79.0% / 70.9%	74.5% / 67.9%	$209 / $160	$202 / $160	$165 / $116	$150 / $112
8th	8th	8th	9th	7th	7th

BENCHMARK INDEXES

Key Benchmark Indexes

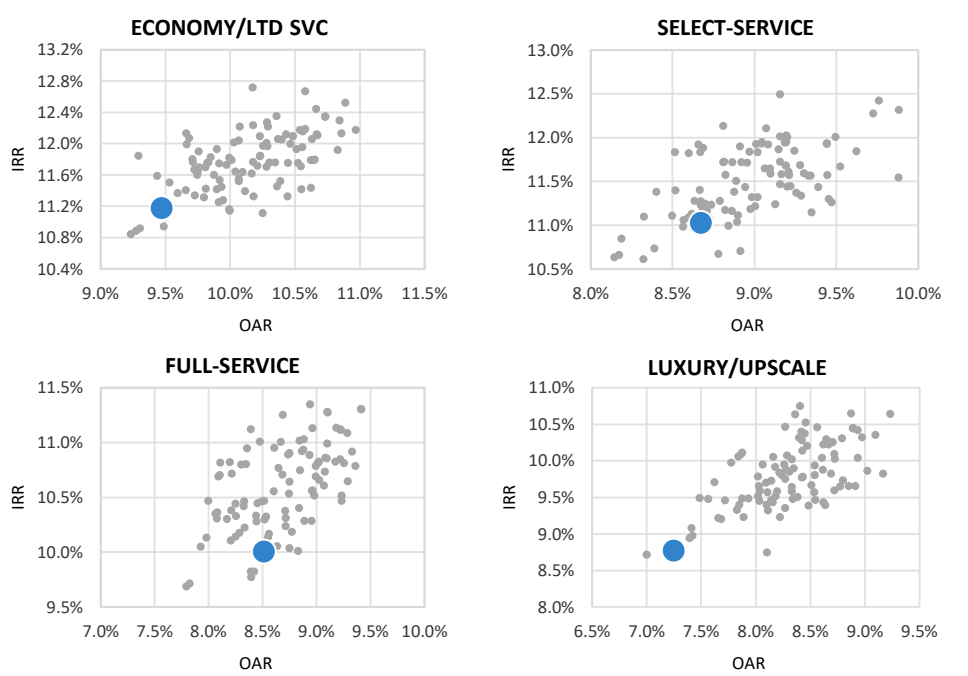
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
38.4% / 47.6%	38.5% / 52.4%	1.84 / 2.06	1.87 / 2.07	$17.96 / $12.17	$16.71 / $11.83
94th	95th	91st	94th	99th	98th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

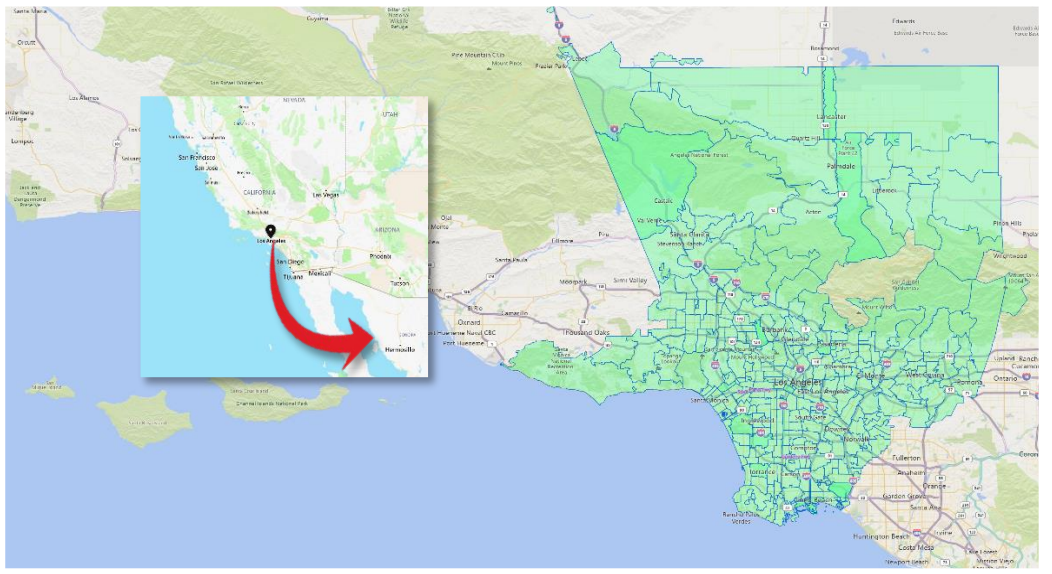
Revenue Stability	Supplier Power Trend	Investment Yields
91st	98th	6th
Soft	Soft	Strong
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 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
59th	24th	88th
Average Risk	Above Average	Below 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:	Los Angeles
County:	Los Angeles County
State:	California
Geo Coordinates (market center):	34.05223, -118.24368

Major Hotel Demand Generators

University of California Los Angeles | Kaiser Permanente | University of Southern California | Northrop Grumman Corp. | Providence Health Systems | Target Brands Inc. | The Kroger Co. | The Boeing Co. | The Walt Disney Co. | Albertsons/Vons/Pavilions | Bank of America Corp. | Cedars-Sinai Medical Center | NBC Universal | AT&T | The Home Depot U.S.A. Inc. | Wells Fargo & Co. | ABM Industries Inc. | California Institute of Technology | Wonderful Co. | FedEx Corp.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	8,944,687	1st of 104 (Very Large)
Income per Capita	$54,501	31st of 104 (Above Average)
Feeder Group Size	114.6 Persons PSR	90th of 104 (Soft)
Feeder Group Earnings	$6,243,972 PSR	93rd of 104 (Soft)
Total Market Hotel Revenues	$5.6 billion	3rd of 104 (Very Strong)

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	79.7%	$158.53	$126.27	$145.10	$115.58	$13.43	91.5%	40.0%	2.10	98,510	1.54
2016	81.4%	$172.92	$140.76	$157.93	$128.56	$14.99	91.3%	42.4%	2.07	98,910	1.54
2017	79.6%	$176.23	$140.19	$160.48	$127.66	$15.75	91.1%	44.4%	1.98	101,880	1.21
2018	79.4%	$179.67	$142.60	$164.06	$130.21	$15.61	91.3%	46.6%	1.94	105,600	1.39
2019	81.0%	$179.35	$145.34	$163.68	$132.64	$15.67	91.3%	50.6%	1.87	105,590	1.26
2020	46.7%	$130.99	$64.24	$121.05	$56.56	$9.93	92.4%	27.7%	2.17	103,870	1.17
2021	63.9%	$156.12	$102.00	$143.34	$91.65	$12.79	91.8%	30.9%	2.08	104,910	1.18
2022	68.3%	$173.73	$118.90	$159.70	$109.15	$14.03	91.9%	32.3%	2.00	105,630	1.16
2023	70.7%	$185.94	$131.52	$171.08	$120.91	$14.86	92.0%	33.4%	1.96	106,270	1.30
CAGR: 2015 thru 2023	-1.5%	2.0%	0.5%	2.1%	0.6%	1.3%	0.1%	-2.2%	-0.8%	1.0%	-2.1%
3Q 2023	77.4%	$202.06	$156.33	$184.65	$142.86	$17.41	91.4%	36.4%	1.84	105,600	1.21
3Q 2024	79.0%	$208.90	$165.03	$190.95	$150.84	$17.96	91.4%	38.4%	1.87	105,670	1.31

Notable Metrics

HIGHEST

OAR: Luxury/Upscale	Total Rooms Supply	IRR: Luxury/Upscale
3rd	**6th**	**4th**
Highly Favorable	**Strong**	**Highly Favorable**
Los Angeles, CA exhibited favorable OAR metrics in the luxury/upscale segment (7.3%)	The market benefits from a large and diverse hotel market (105,666 total rooms)	The market also posted favorable IRR metrics in the luxury/upscale segment (8.8%)

LOWEST

T12-Month COPE ADR Percentage	Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR
101st	**99th**	**98th**
Soft	**Soft**	**Soft**
This market has been hampered by weak T12–month COPE ADR percentage (91.7%)	The market has been burdened by high latest–quarter booking costs ($17.96)	Los Angeles, CA also was burdened by high T12–month booking costs POR ($16.71)

Notable Trends

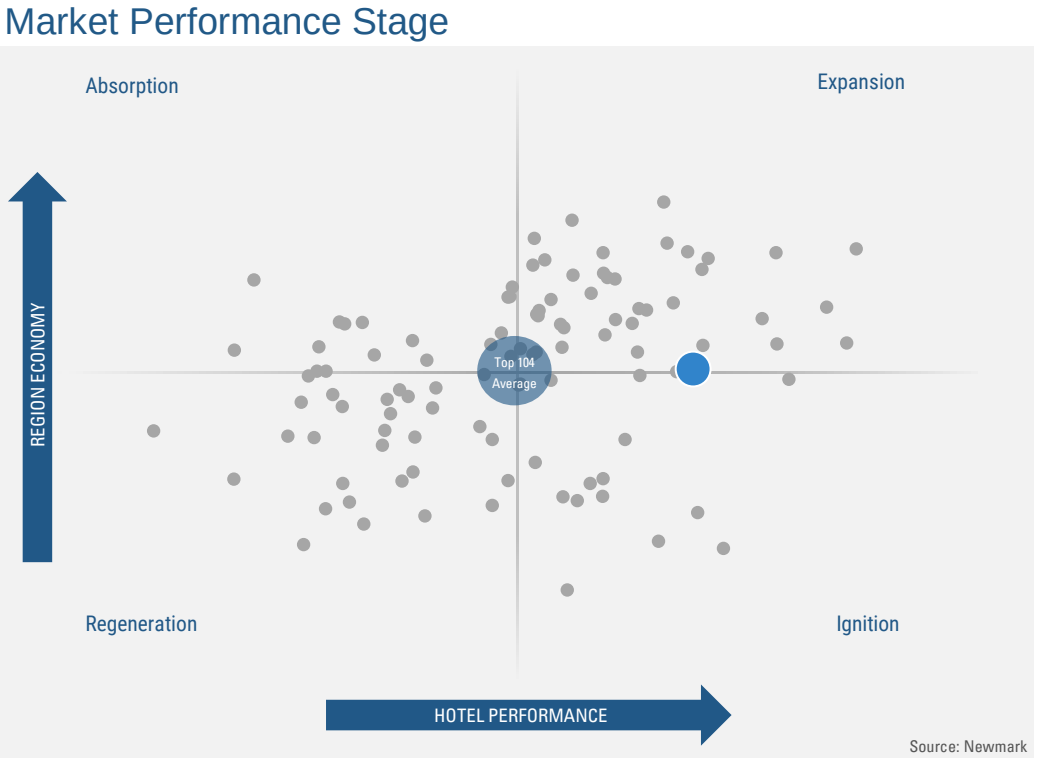
STRONGEST

Short-Term Historical Booking Costs POR Growth	Short-Term Historical Loyalty Contribution Growth	Overall Health of Hotel Market
11th	**11th**	**13th**
Above Average	**Above Average**	**Above Average**
Los Angeles, CA enjoyed low short–term historical growth in booking costs (1.3%)	The market enjoyed strong short–term historical loyalty contribution growth (5.8%)	The market also has benefited from strong general hotel market performance (levels and trends of fundamentals)

WEAKEST

Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical Average Length of Stay Growth
99th	**99th**	**94th**
Soft	**Soft**	**Soft**
The market posted weak short–term historical COPE ADR growth (1.5%)	We note this area has been impeded by weak short–term historical Guest Paid ADR growth (1.5%)	Los Angeles, CA also exhibited weak short–term historical average length of stay growth (–0.6%)

Market Performance Stage



Source: Newmark

Los Angeles, CA: Expansion Stage

Expansion

The Los Angeles, CA 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):	1.0%
Risk Exposure (402 US markets):	81st Percentile: Above Average
Key Industry Notes:	Global links through tourism
	Strong healthcare base
	Deep Sea Pedro Harbor
	High costs hinder net migration gains
	Prone to natural disasters

Moody's Rating

Aa2

Investment Grade

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

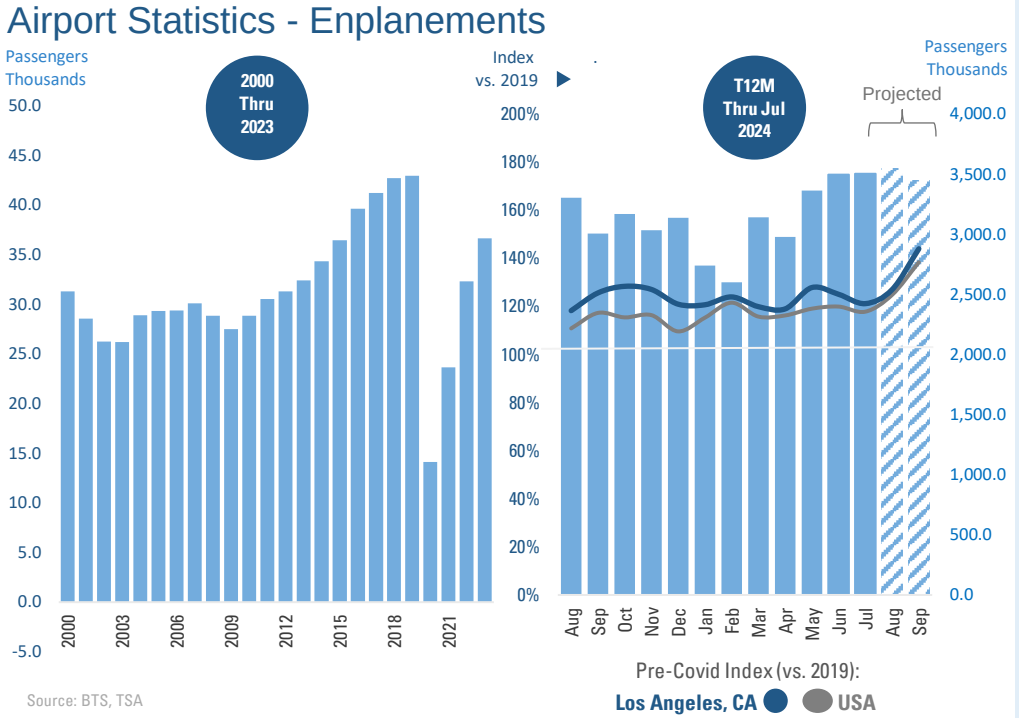
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

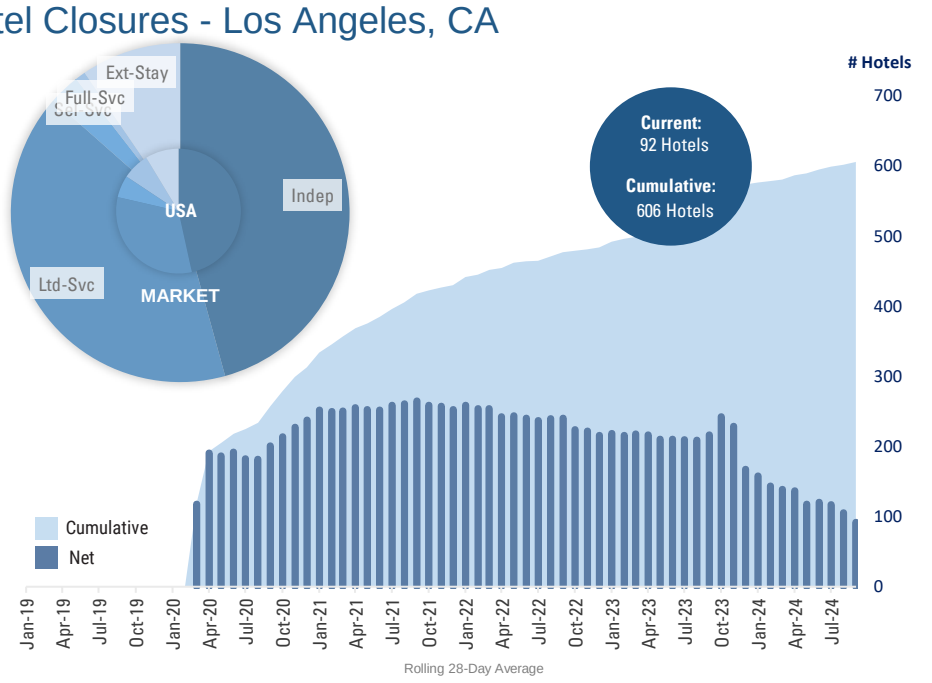
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

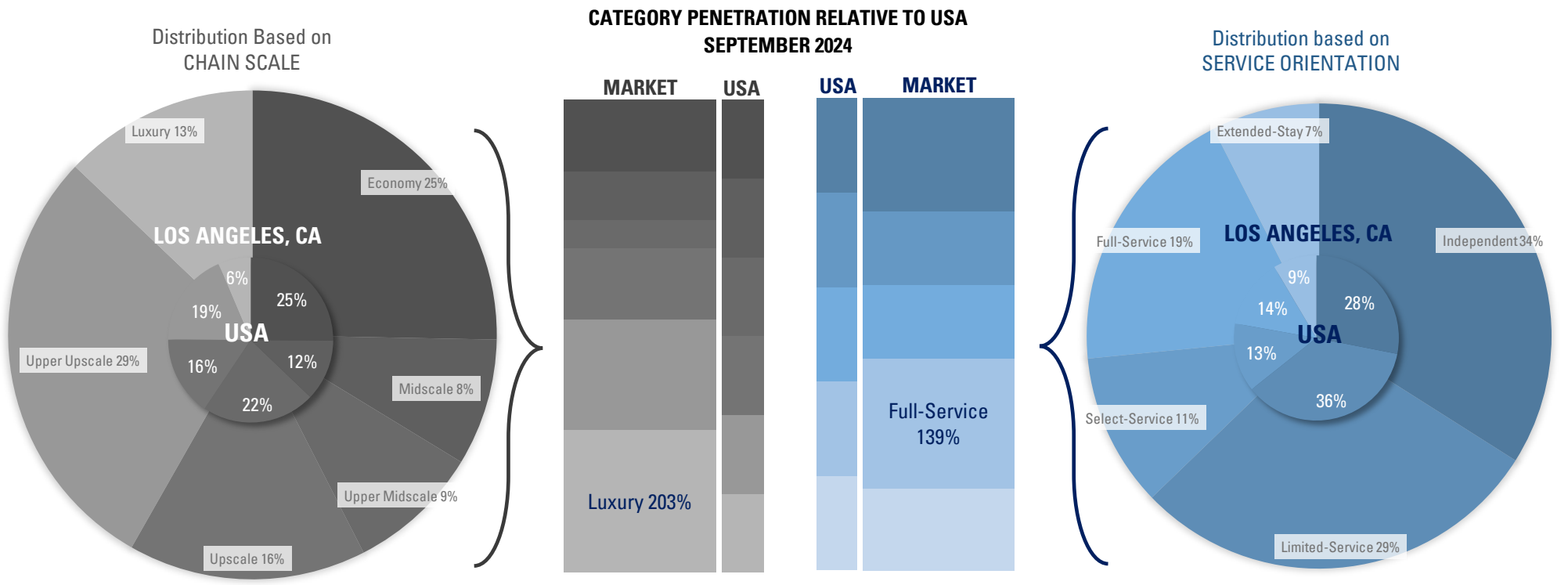
Hotel Closures - Los Angeles, CA



Source: Hotel Compete

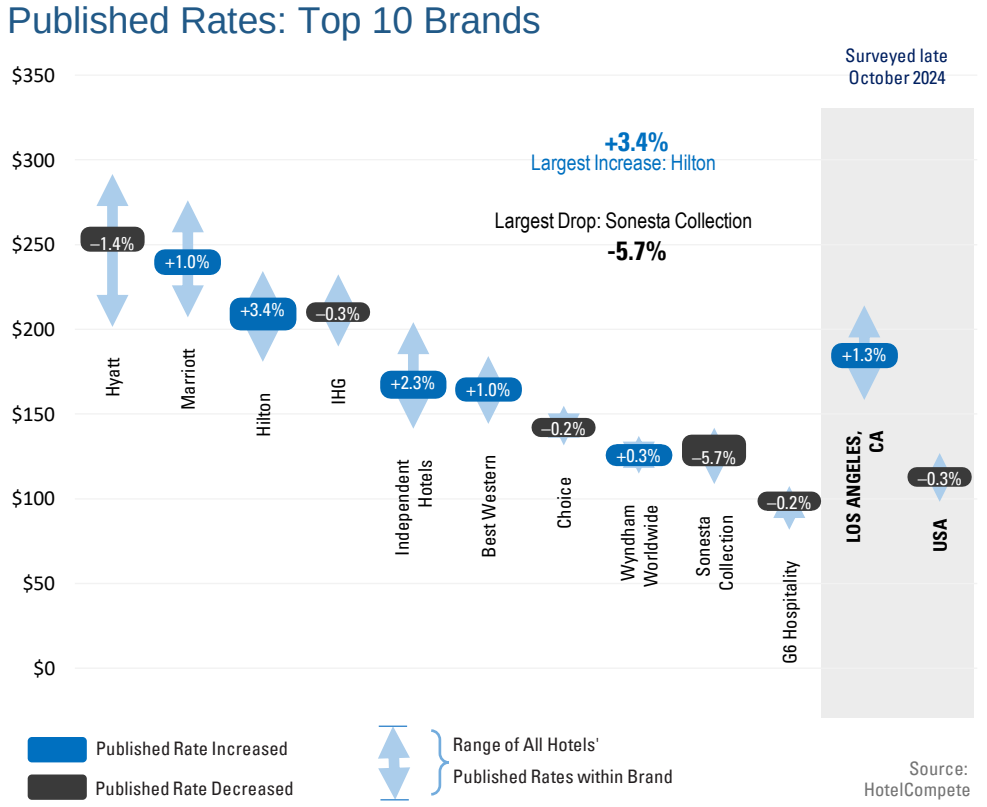
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Los Angeles, CA



'30/3' RATE CHANGES: LOS ANGELES, CA vs. USA

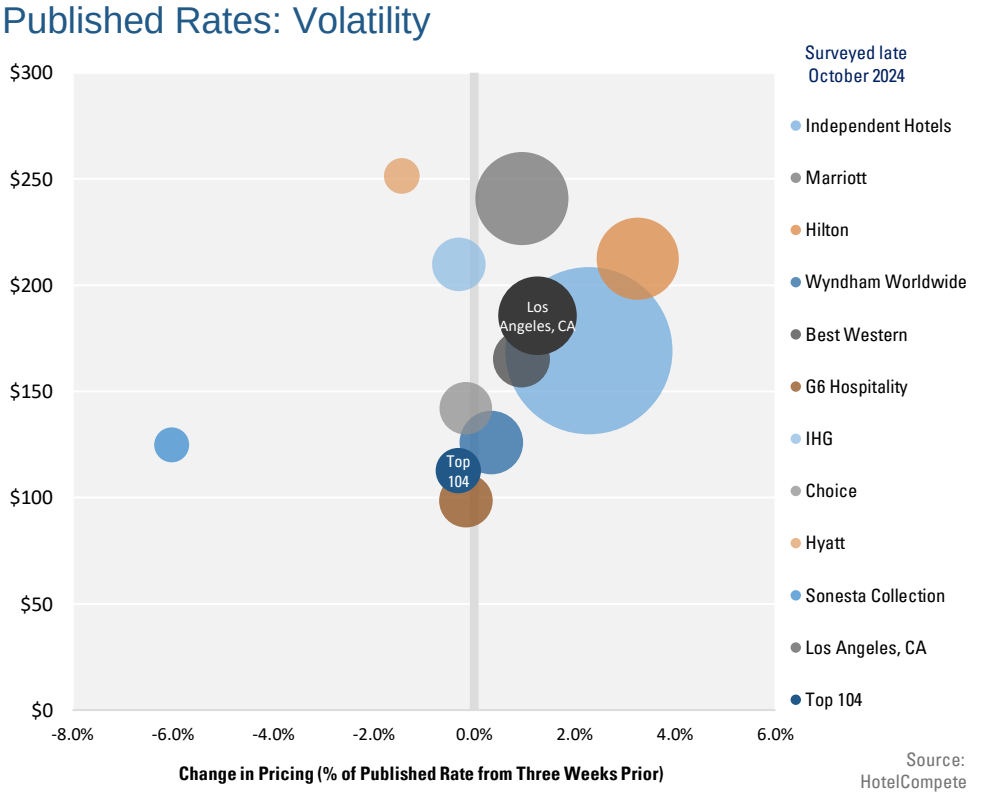
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



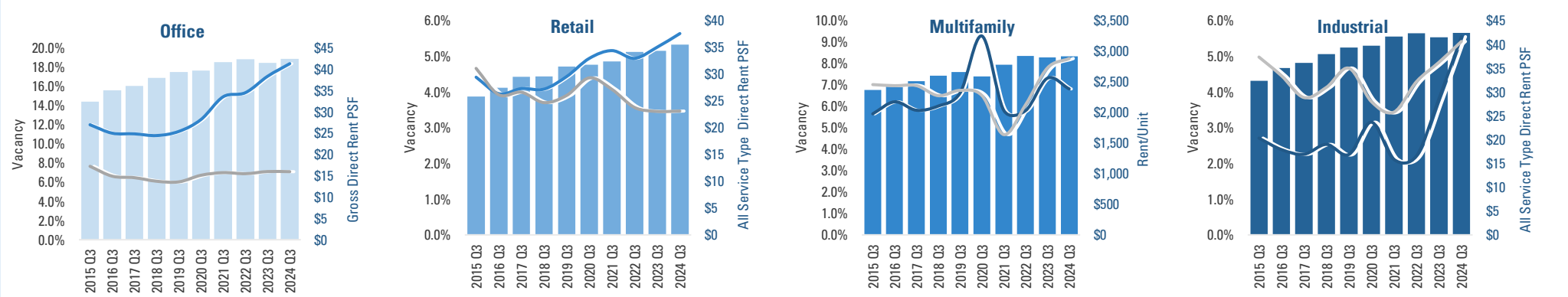
Source: HotelCompete

MAJOR C.R.E. METRICS

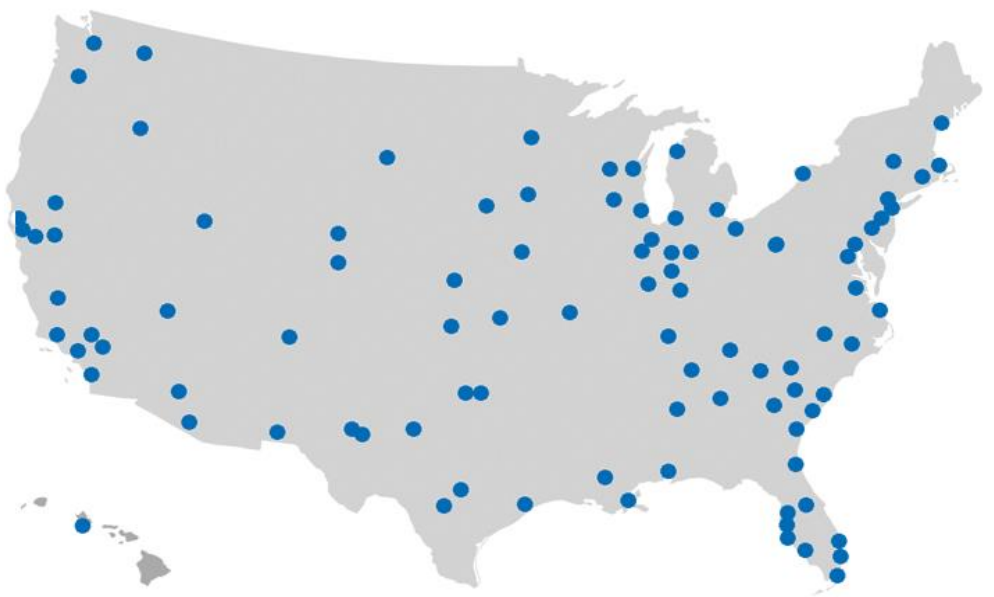
Major CRE Market Performance

Los Angeles, CA 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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