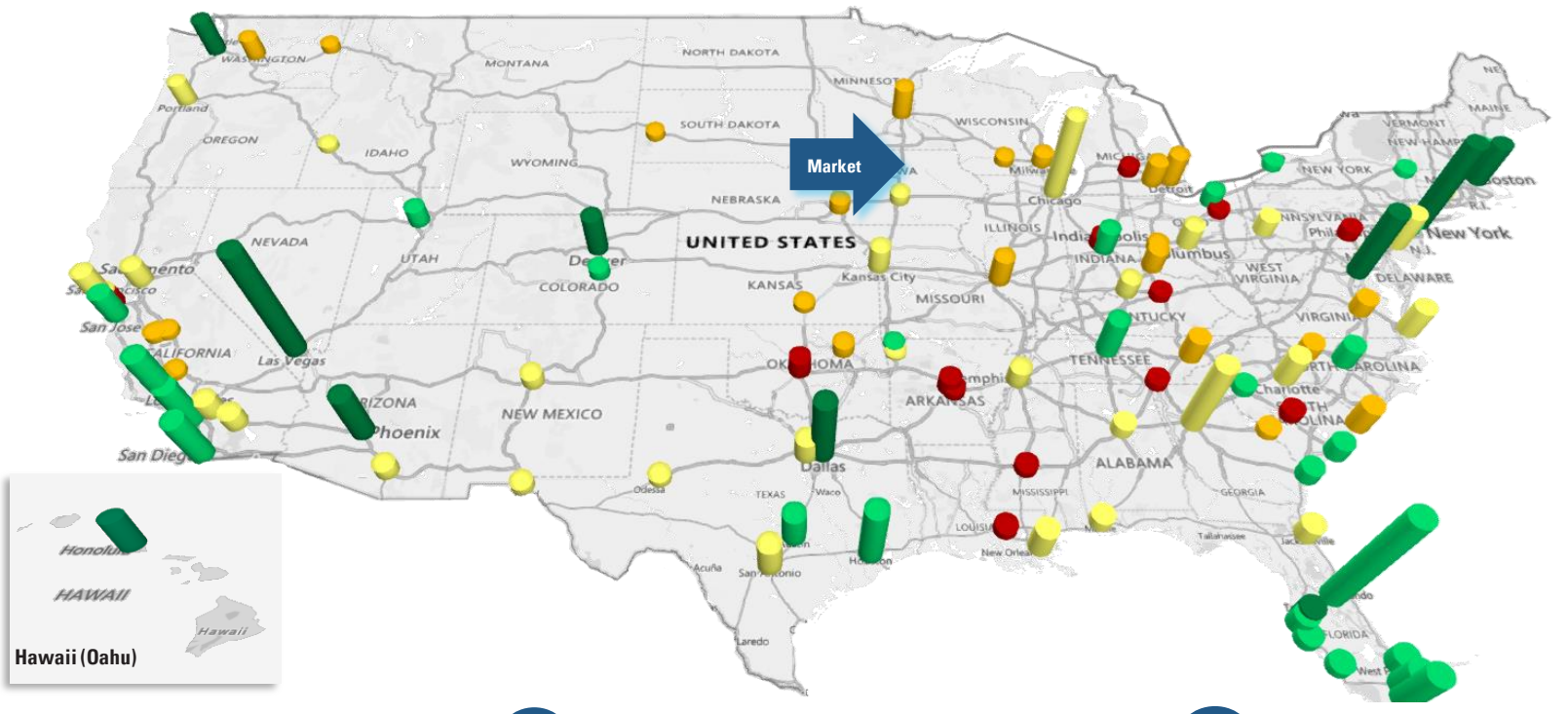
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

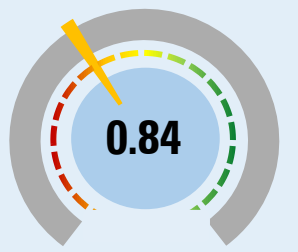
# 1Q 2025
# MADISON, WI

## Lodging Performance Index Snapshot




**LODGING PERFORMANCE INDEX**

Madison, WI

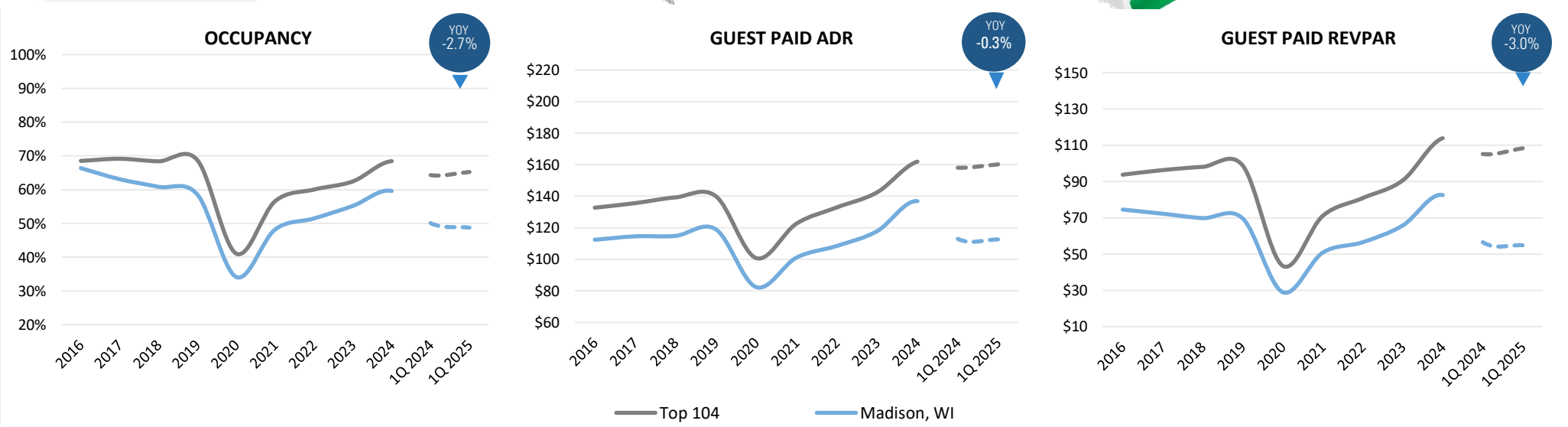



**73rd of 104**

**Below Average**

Ranking of overall '1Q 2025 LPI' performance (0.84) against all 104 surveyed markets.

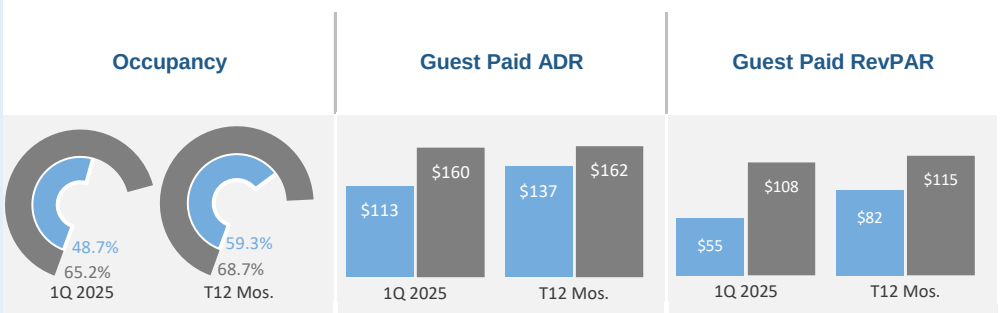
KEY PERFORMANCE METRICS




PERFORMANCE INDEXES

## Key Performance Indexes

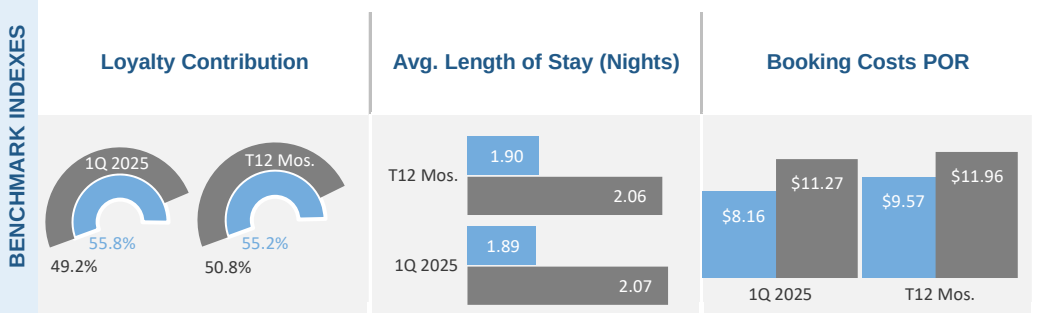
Subject Market | Top 104




BENCHMARK INDEXES

## Key Benchmark Indexes

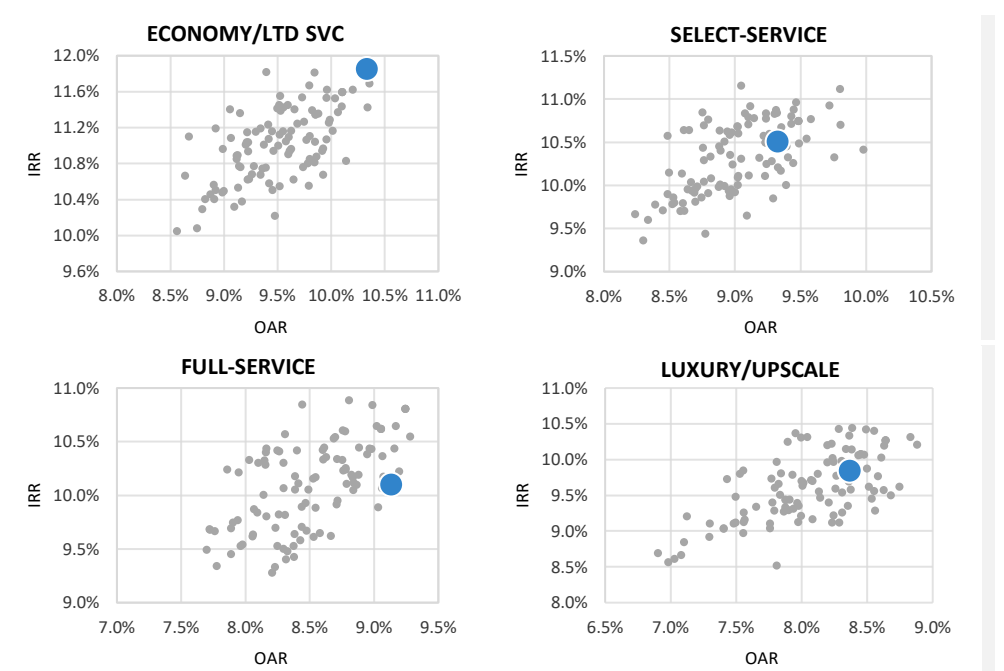
kalibri LABS




INVESTMENT PARAMETERS

## Discount and Capitalization Rates

Source: Newmark




FUNDAMENTALS

## Trends and Risks

Source: Kalibri Labs, Newmark

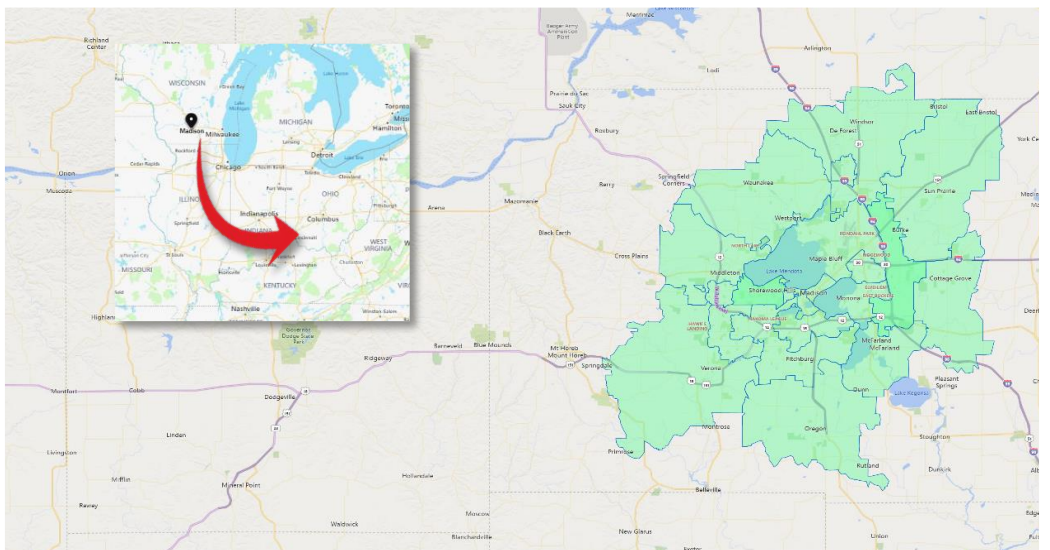
| Revenue Stability | Supplier Power Trend | Investment Yields |
|---|---|---|
| **98th** | **12th** | **95th** |
| **Soft** | **Above Average** | **Soft** |
| Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets | Assessment of market's ability 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 |
|---|---|---|
| **6th** | **43rd** | **44th** |
| **High Risk** | **Average Risk** | **Average Risk** |
| 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: | Madison |
| County: | Dane County |
| State: | Wisconsin |
| Geo Coordinates (market center): | 43.07305, -89.40123 |

**Major Hotel Demand Generators**

University of Wisconsin Madison | Epic Systems | UW Hospital & Clinics Authority | American Family Insurance Co. | SSM Health | UnityPoint Health-Meriter | UW Medical Foundation | WPS Health Solutions | The CUNA Mutual Group | Covance Laboratories Inc. | PPD | TDS Telecommunications Corp. | Stroughton Trailers | Great Lakes Higher Education Corp. | Promega Corp. | ETC | Zimbrick Inc. | Exact Sciences Corp. | Alliant Energy | Madison Gas & Electric Co.

| Metrics and Ranking | Measurement | Rankings |
|---|---|---|
| Population (hotel market area) | 409,630 | 91st of 104 (Small) |
| Income per Capita | $59,387 | 20th of 104 (Above Average) |
| Feeder Group Size | 65.7 Persons PSR | 41st of 104 (Average) |
| Feeder Group Earnings | $3,903,056 PSR | 61st of 104 (Average) |
| Total Market Hotel Revenues | $293.0 million | 84th 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) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | 66.4% | $112.35 | $74.56 | $104.26 | $69.19 | $8.09 | 92.8% | 47.3% | 1.90 | 9,050 | 1.17 |
| 2017 | 63.1% | $114.55 | $72.27 | $106.00 | $66.88 | $8.54 | 92.5% | 49.7% | 1.87 | 9,230 | 0.83 |
| 2018 | 60.8% | $114.81 | $69.85 | $106.17 | $64.60 | $8.64 | 92.5% | 52.3% | 1.85 | 9,480 | 0.81 |
| 2019 | 58.5% | $119.01 | $69.67 | $109.81 | $64.28 | $9.20 | 92.3% | 56.7% | 1.82 | 10,320 | 0.88 |
| 2020 | 34.1% | $82.34 | $29.01 | $77.12 | $26.31 | $5.22 | 93.7% | 40.5% | 2.35 | 10,330 | 0.53 |
| 2021 | 48.2% | $101.04 | $50.81 | $94.01 | $45.32 | $7.03 | 93.0% | 44.9% | 2.05 | 10,600 | 0.57 |
| 2022 | 51.5% | $108.44 | $56.55 | $100.88 | $51.91 | $7.56 | 93.0% | 45.2% | 1.97 | 10,670 | 0.70 |
| 2023 | 55.2% | $117.81 | $65.75 | $109.70 | $60.53 | $8.11 | 93.1% | 45.5% | 1.95 | 10,690 | 1.00 |
| 2024 | 59.6% | $136.87 | $82.55 | $127.33 | $75.89 | $9.54 | 93.0% | 54.2% | 1.91 | 10,570 | 0.87 |
| CAGR: 2016 thru 2024 | -1.3% | 2.5% | 1.3% | 2.5% | 1.2% | 2.1% | 0.0% | 1.7% | 0.1% | 2.0% | -3.6% |
| 1Q 2024 | 50.1% | $112.92 | $56.55 | $104.88 | $52.52 | $8.03 | 92.9% | 52.0% | 1.93 | 10,340 | 0.91 |
| 1Q 2025 | 48.7% | $112.56 | $54.86 | $104.39 | $50.88 | $8.16 | 92.8% | 55.8% | 1.89 | 10,670 | 0.84 |

## Notable Metrics

**HIGHEST**

| Latest-Quarter Loyalty Contribution | T12-Month Loyalty Contribution | Economy Median Income |
|---|---|---|
| **10th** | **11th** | **20th** |
| **Above Average** | **Above Average** | **Above Average** |
| Madison, WI exhibited strong latest–quarter loyalty contribution (55.8%) | The market exhibited strong T12–month loyalty contribution (55.2%) | The market also exhibited strong Economy Median Income ($59,387) |

**LOWEST**

| IRR: Economy/Ltd Svc | OAR: Economy/Ltd Svc | OAR: Full-Service |
|---|---|---|
| **Last** | **102nd** | **97th** |
| **Highly Unfavorable** | **Highly Unfavorable** | **Unfavorable** |
| This market posted unfavorable IRR metrics in the economy/ltd svc segment (11.9%) | The market exhibited unfavorable OAR metrics in the economy/ltd svc segment (10.3%) | Madison, WI also posted unfavorable OAR metrics in the full–service segment (9.1%) |

## Notable Trends

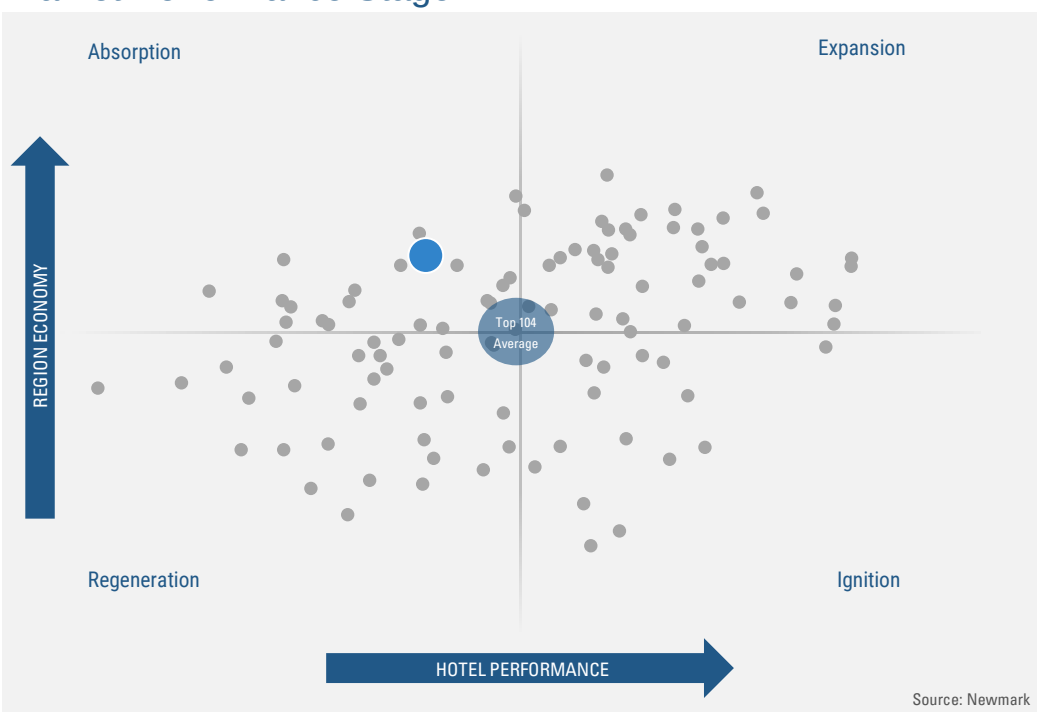
**STRONGEST**

| Long-Term Historical Loyalty Contribution Growth | Short-Term Historical Supply Growth | General Economy Reverence |
|---|---|---|
| **17th** | **17th** | **20th** |
| **Above Average** | **Above Average** | **Above Average** |
| Madison, WI exhibited strong long–term historical loyalty contribution growth (4.9%) | The market has benefited from low short–term historical supply growth (2.4%) | The market also enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators) |

**WEAKEST**

| Long-Term Historical COPE RevPAR Growth | Long-Term Historical Guest Paid RevPAR Growth | T12-Month Rooms Supply Growth |
|---|---|---|
| **102nd** | **102nd** | **99th** |
| **Soft** | **Soft** | **Soft** |
| The market posted weak long–term historical COPE RevPAR growth (–1.1%) | We note this area has been hampered by weak long–term historical Guest Paid RevPAR growth (–1.0%) | Madison, WI also has been hindered by high rooms supply growth over the last 12 months (3.2%) |

## Market Performance Stage




Source: Newmark

## Madison, WI: Absorption Stage

**Absorption**

The Madison, WI 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 Fort Worth, TX; Minneapolis, MN; and Portland, OR.

**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; Chicago, IL; and Miami, FL.

**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: | At Risk |
| Employment Growth (2 yr): | 0.6% |
| Risk Exposure (402 US markets): | 50th Percentile: Average Risk |
| Key Industry Notes: | Well educated workforce |
| | Presence of UW-Madison |
| | Growing tech cluster |
| | Higher costs of living |
| | Low industrial diversity |

**Moody's Rating**

**Aa1**

**Investment Grade**

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

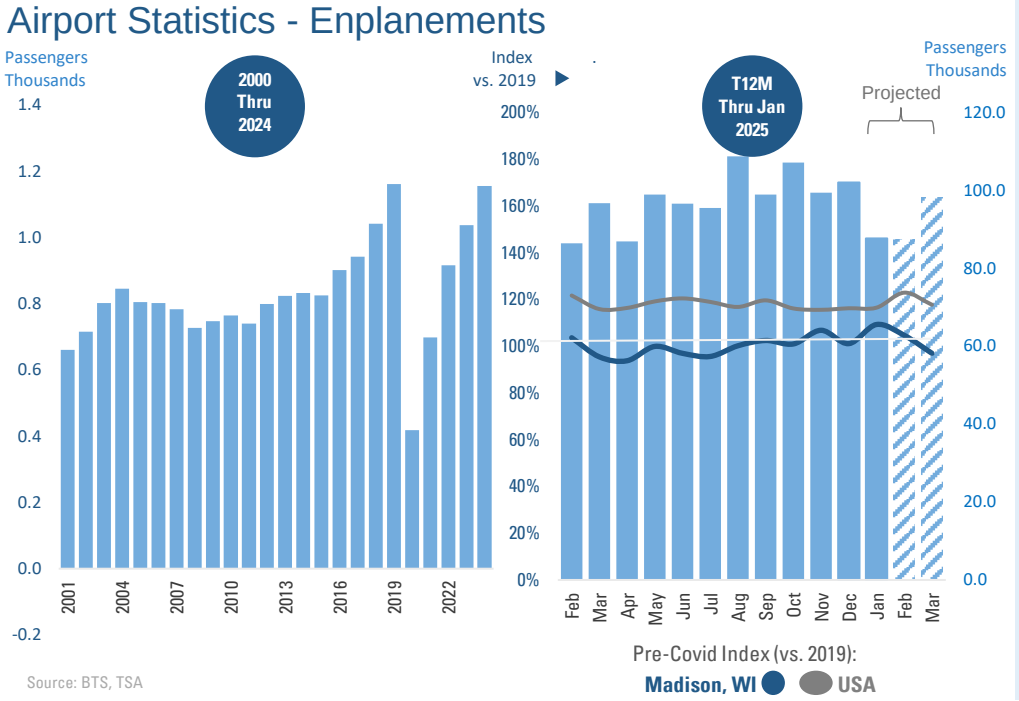
**TOP 10 BRANDS**

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

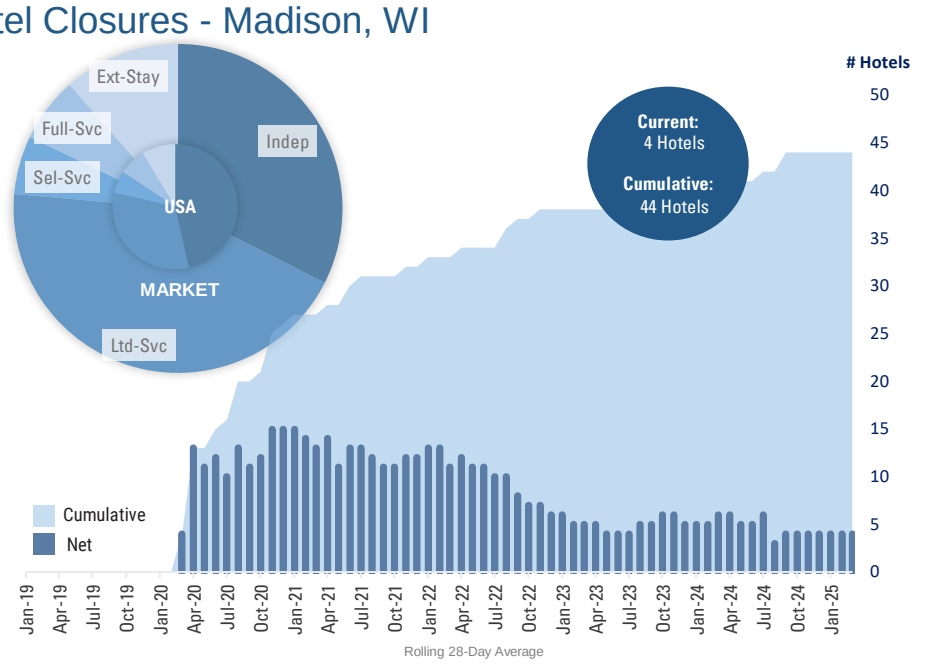
## Airport Statistics - Enplanements




Source: BTS, TSA

DATA THROUGH MAY 2025

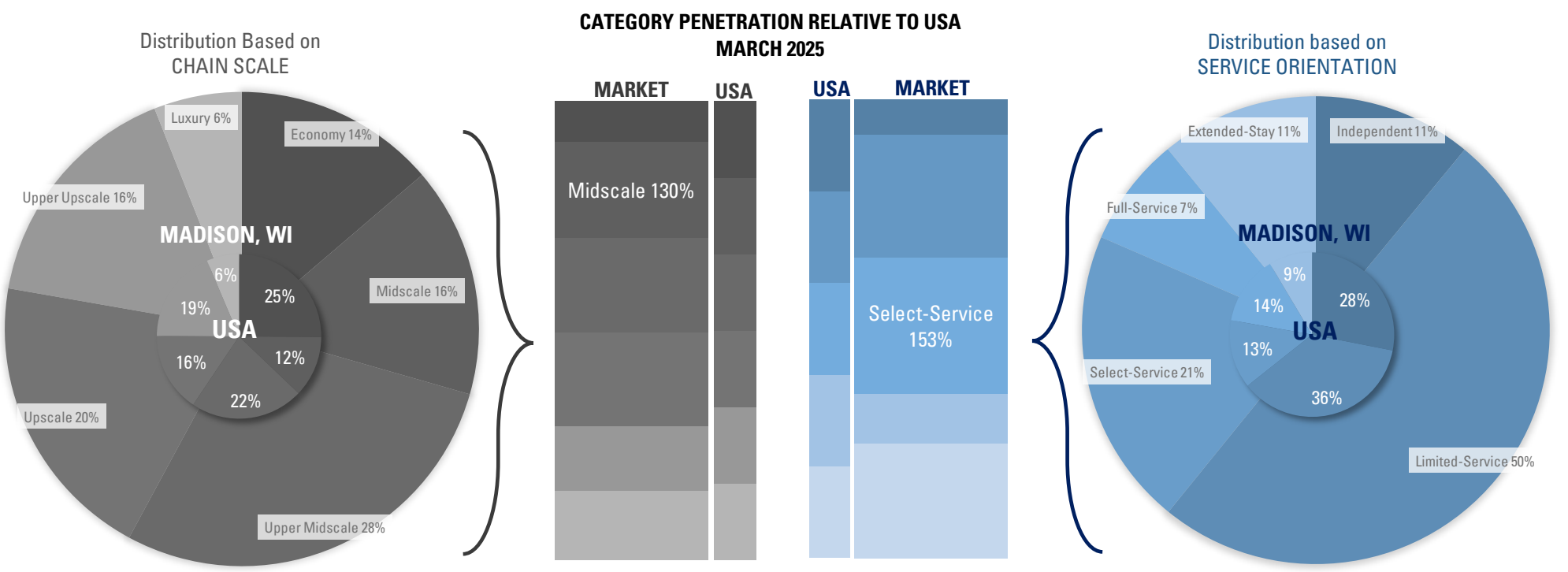
## Hotel Closures - Madison, WI




Source: Hotel Compete

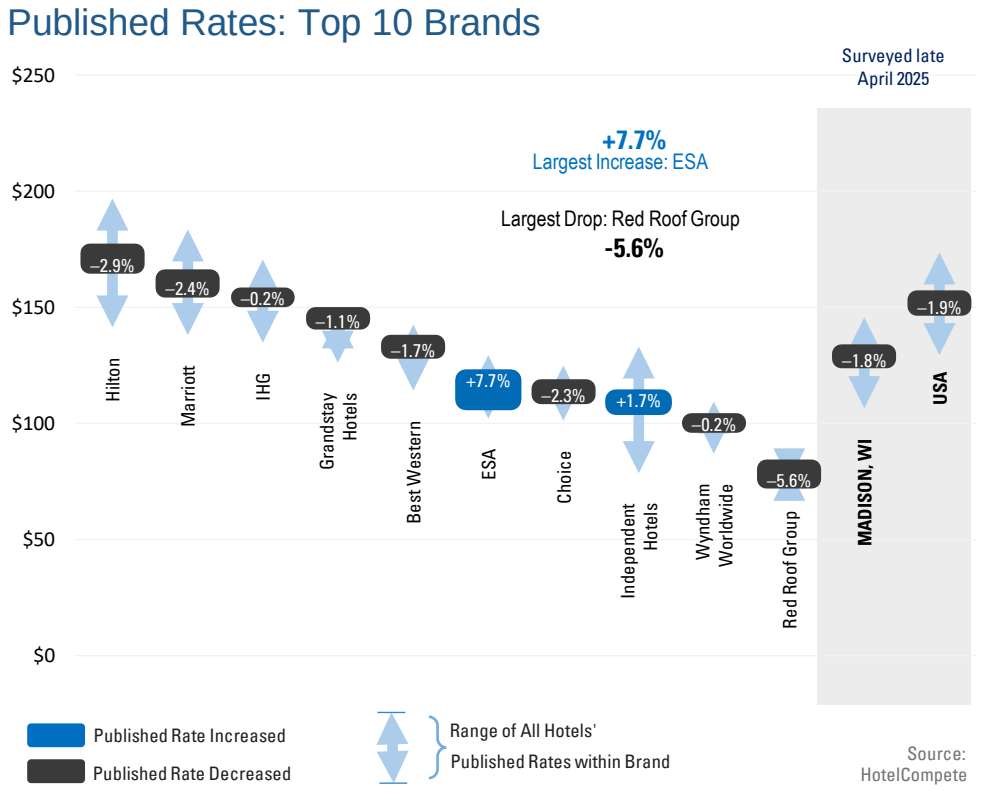
SCALE AND SERVICE ORIENTATION

## Scale and Service Distribution: Madison, WI




'30/3' RATE CHANGES: MADISON, WI vs. USA

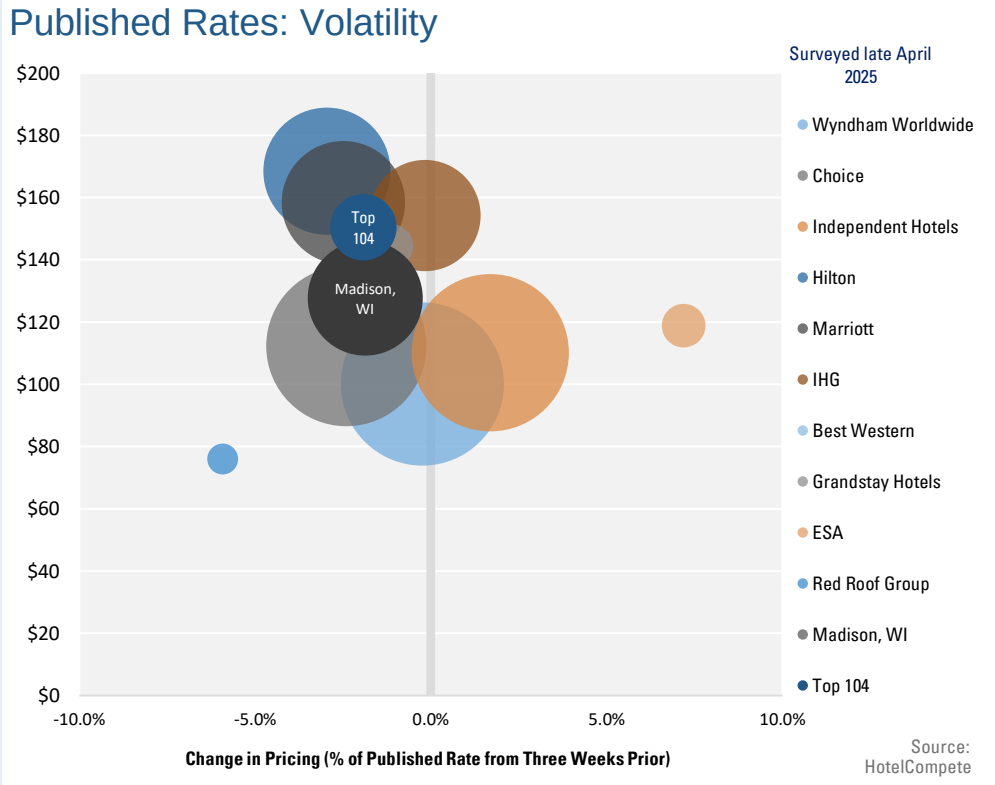
## Published Rates: Top 10 Brands




Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

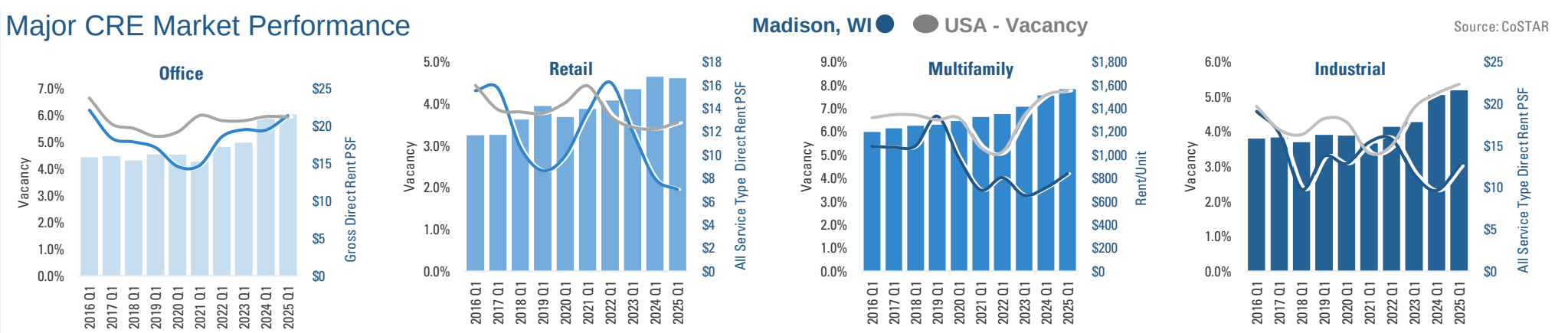
## Published Rates: Volatility




Source: HotelCompete

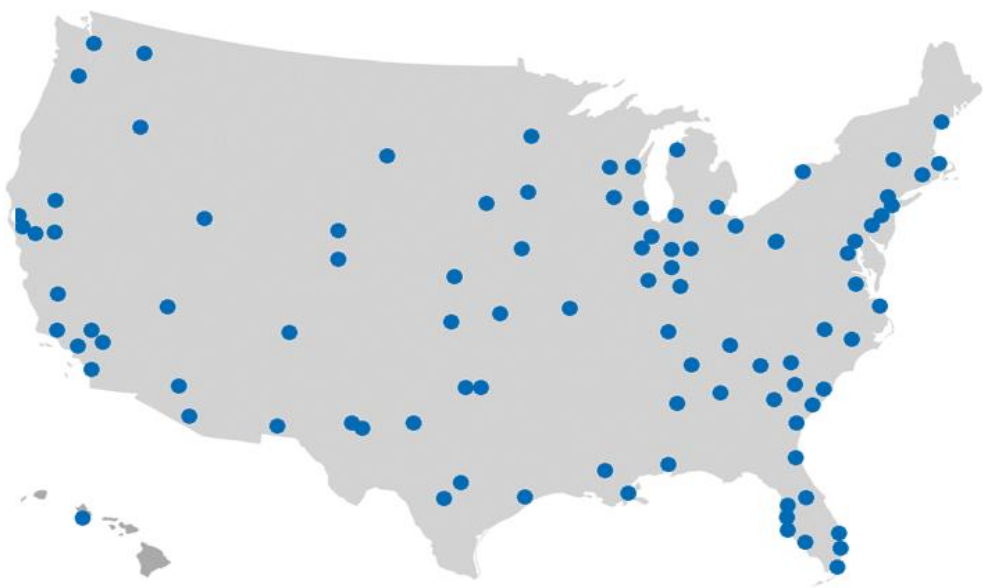
MAJOR C.R.E. METRICS

## Major CRE Market Performance




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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**Gaming Facilities**

**Stadiums, Sports & Entertainment Facilities**

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**Golf Courses**

**Marinas**

**Ski and Village Resorts**

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## CONTACT: MIDWEST MARKETS

CONTACT

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