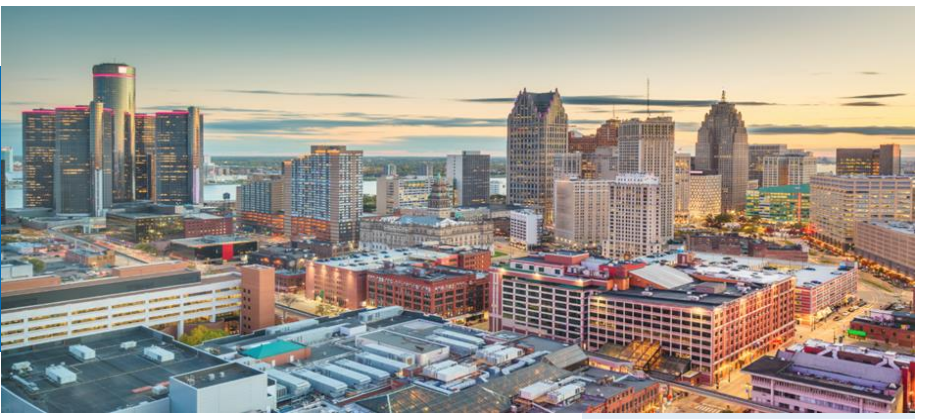
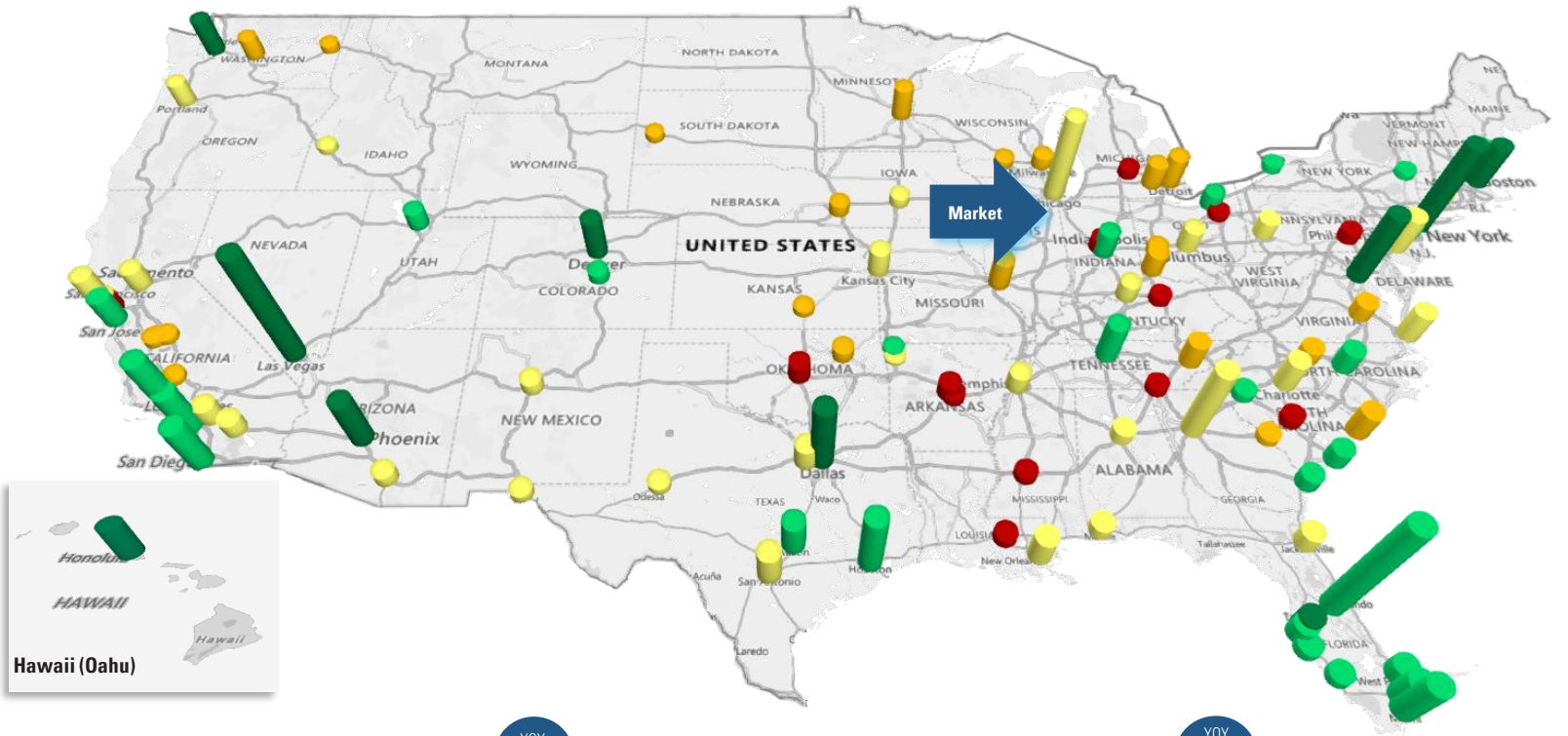
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

3Q 2024
MICHIGAN SOUTH AREA, MI

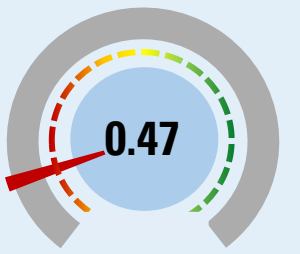


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

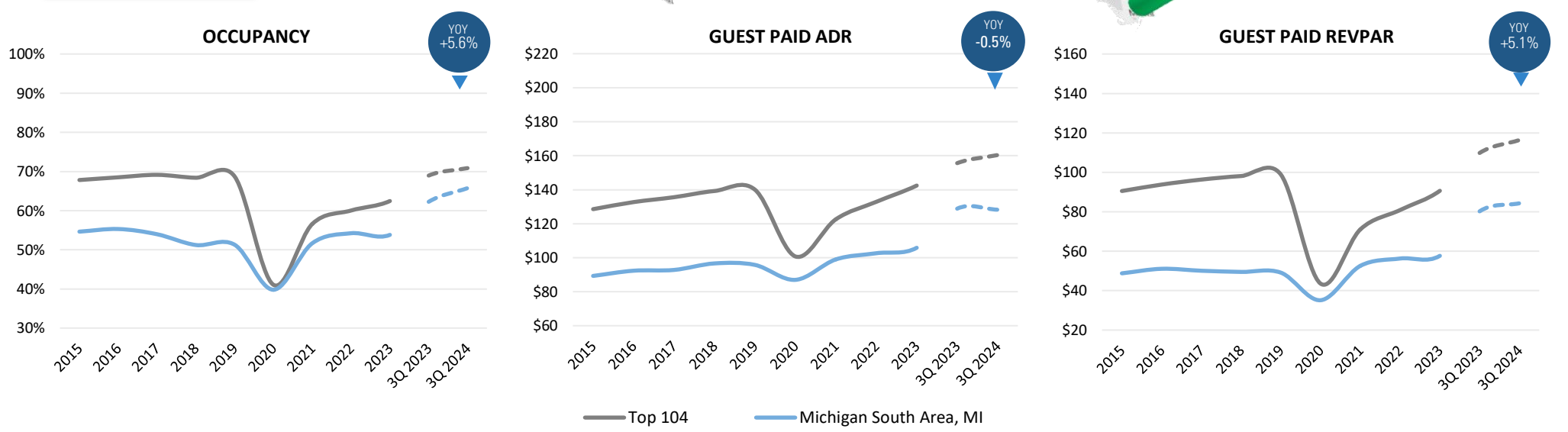
Michigan South Area, MI



103rd of 104
Soft

Ranking of overall '3Q 2024 LPI' performance (0.47) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
65.7% / 70.9%	53.6% / 67.9%	$128 / $160	$111 / $160	$84 / $116	$61 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
79th	102nd	64th	89th	66th	99th

BENCHMARK INDEXES

Key Benchmark Indexes

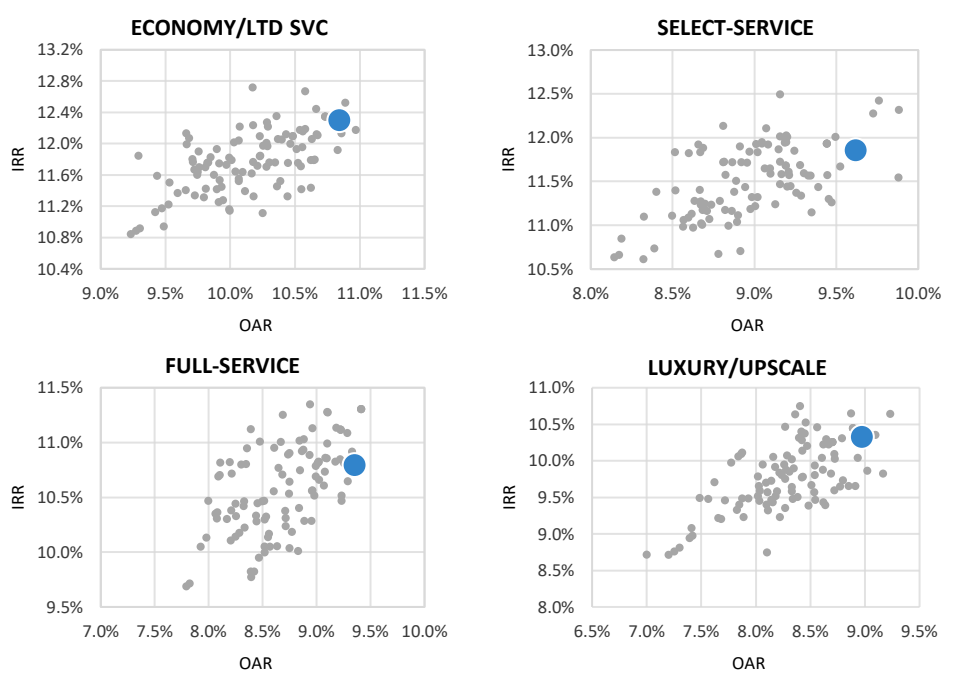
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
45.3% / 47.6%	44.8% / 52.4%	1.88 / 2.06	1.83 / 2.07	$9.84 / $12.17	$8.50 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
77th	78th	94th	90th	54th	34th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

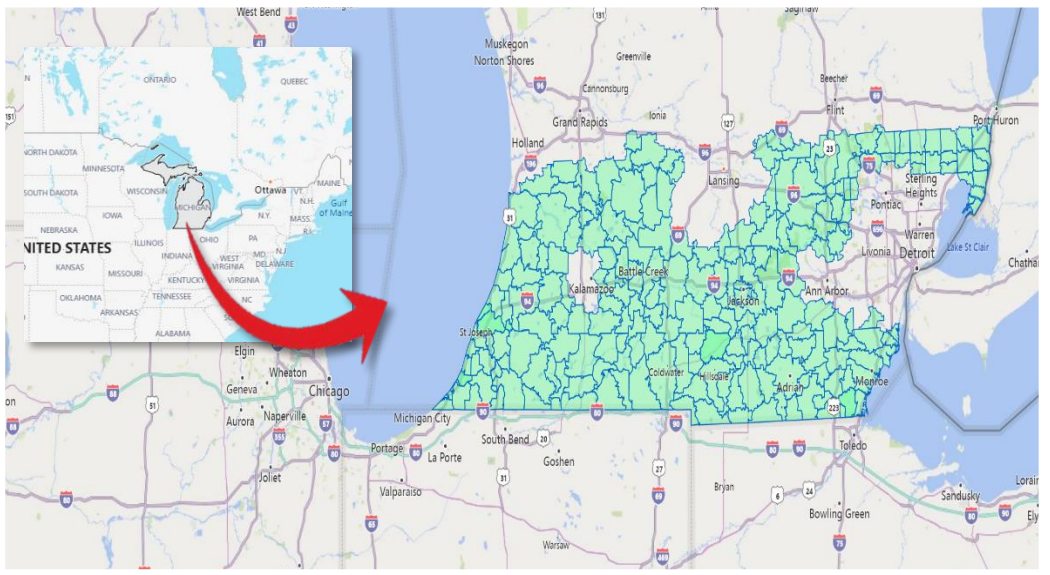
Revenue Stability	Supplier Power Trend	Investment Yields
70th	**80th**	**101st**
Below Average	Below Average	Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off 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
35th	**42nd**	**26th**
Average 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:	Multiple
County:	Multiple
State:	Michigan
Geo Coordinates (market center):	42.69641, -84.53906

Major Hotel Demand Generators

Bronson Healthcare Systems | Western Michigan University | Stryker Corp. | Pfizer | Summit Polymers Inc. | Meijer Inc | Kalamazoo Valley Comm College | Parker Hannefin Corp | Mann & Hummel USA Inc | Erbsloeh Aluminum Solutions | Fedex Corp. | Walmart | FEMA Corp. |

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,701,183	32nd of 104 (Above Average)
Income per Capita	$56,820	25th of 104 (Above Average)
Feeder Group Size	269.4 Persons PSR	Last of 104 (Soft)
Feeder Group Earnings	$15,307,905 PSR	Last of 104 (Soft)
Total Market Hotel Revenues	$257.3 million	92nd of 104 (Soft)

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	54.6%	$89.29	$48.78	$84.15	$45.97	$5.14	94.2%	41.5%	1.93	10,650	0.45
2016	55.3%	$92.36	$51.08	$86.69	$47.94	$5.67	93.9%	44.3%	1.87	10,590	0.69
2017	54.0%	$92.81	$50.09	$86.58	$46.73	$6.24	93.3%	46.9%	1.85	10,670	0.47
2018	51.2%	$96.65	$49.50	$89.89	$46.04	$6.75	93.0%	51.5%	1.81	11,000	0.61
2019	51.3%	$95.78	$49.12	$88.82	$45.55	$6.96	92.7%	56.2%	1.81	11,850	0.50
2020	39.8%	$86.98	$35.15	$81.34	$32.37	$5.64	93.5%	38.2%	2.16	11,840	0.96
2021	51.7%	$98.99	$52.57	$92.30	$47.68	$6.69	93.2%	40.3%	2.01	12,150	0.82
2022	54.2%	$102.63	$56.29	$95.63	$51.85	$7.00	93.2%	39.7%	2.09	12,240	0.68
2023	53.8%	$105.86	$57.67	$98.48	$52.99	$7.38	93.0%	39.1%	2.06	12,300	0.32
CAGR: 2015 thru 2023	-0.2%	2.2%	2.1%	2.0%	1.8%	4.6%	-0.2%	-0.7%	0.8%	1.8%	-4.2%
3Q 2023	62.3%	$128.85	$80.21	$119.09	$74.14	$9.76	92.4%	42.4%	1.77	12,410	0.43
3Q 2024	65.7%	$128.24	$84.30	$118.40	$77.84	$9.84	92.3%	45.3%	1.83	12,520	0.47

Notable Metrics

HIGHEST

Population Density per Room	Feeder Population Per Room	Marketwide Income per Room
1st	**1st**	**1st**
Very Strong	**Very Strong**	**Very Strong**
Michigan South Area, MI boasted strong population density per room (138.18)	The market posted a high ratio of feeder population per room (97.58)	The market also enjoyed a high ratio of marketwide income per room ($5,544,474)

LOWEST

Feeder Group Earnings per sold room	Feeder Group Size	Latest-Quarter LPI
Last	**Last**	**103rd**
Soft	**Soft**	**Soft**
This market has low feeder group earnings per sold room ($15,307,905)	The market required a large feeder group size (269.41 Persons)	Michigan South Area, MI also posted weak latest-quarter LPI (0.47)

Notable Trends

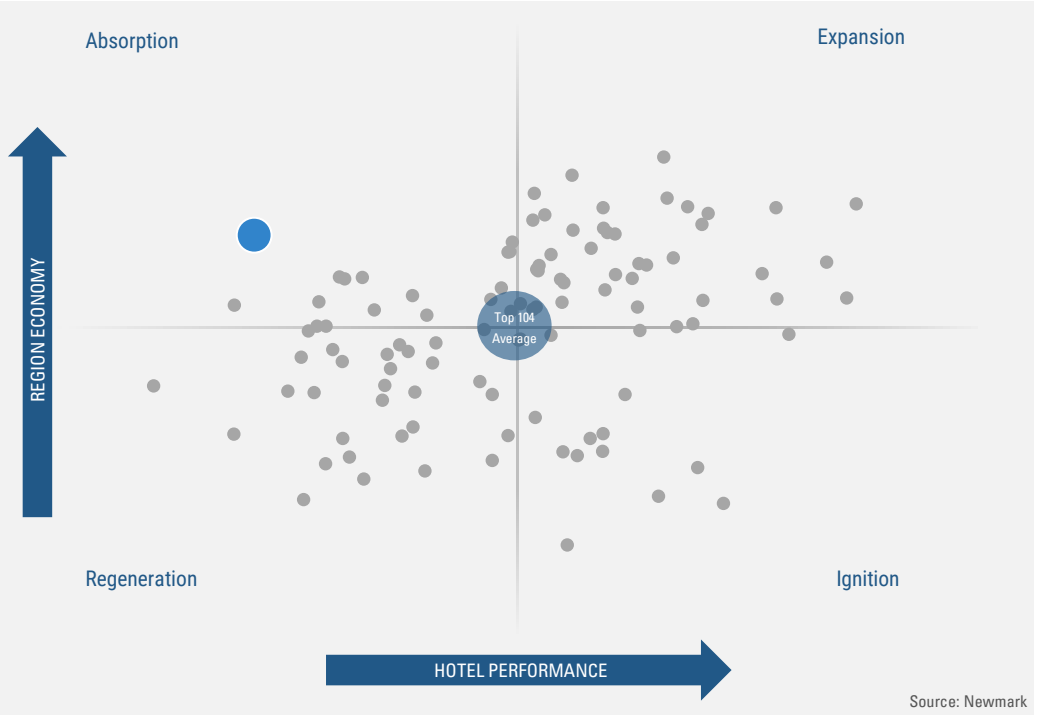
STRONGEST

Short-Term Historical Occupancy Growth	Long-Term Historical Loyalty Contribution Growth	General Economy Reverence
5th	**12th**	**17th**
Strong	**Above Average**	**Above Average**
Michigan South Area, MI has benefited from strong short-term historical occupancy growth (7.9%)	The market exhibited strong long-term historical loyalty contribution growth (5.3%)	The market also enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)

WEAKEST

Overall Health of Hotel Market	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth
101st	**99th**	**90th**
Soft	**Soft**	**Soft**
The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	We note this area exhibited high long-term historical booking costs POR growth (5.2%)	Michigan South Area, MI also has been impeded by high short-term historical growth in booking costs (5.0%)

Market Performance Stage



Source: Newmark

Michigan South Area, MI: Absorption Stage

Absorption

The Michigan South Area, MI 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:	At Risk
Employment Growth (2 yr):	0.3%
Risk Exposure (402 US markets):	34th Percentile: Below Average
Key Industry Notes:	Regional healthcare hub
	Above-avg tech jobs share
	Highly educated workforce
	Below average per capita income
	Falling enrollment at WMU

Moody's Rating

NR

This market is not rated by Moody's

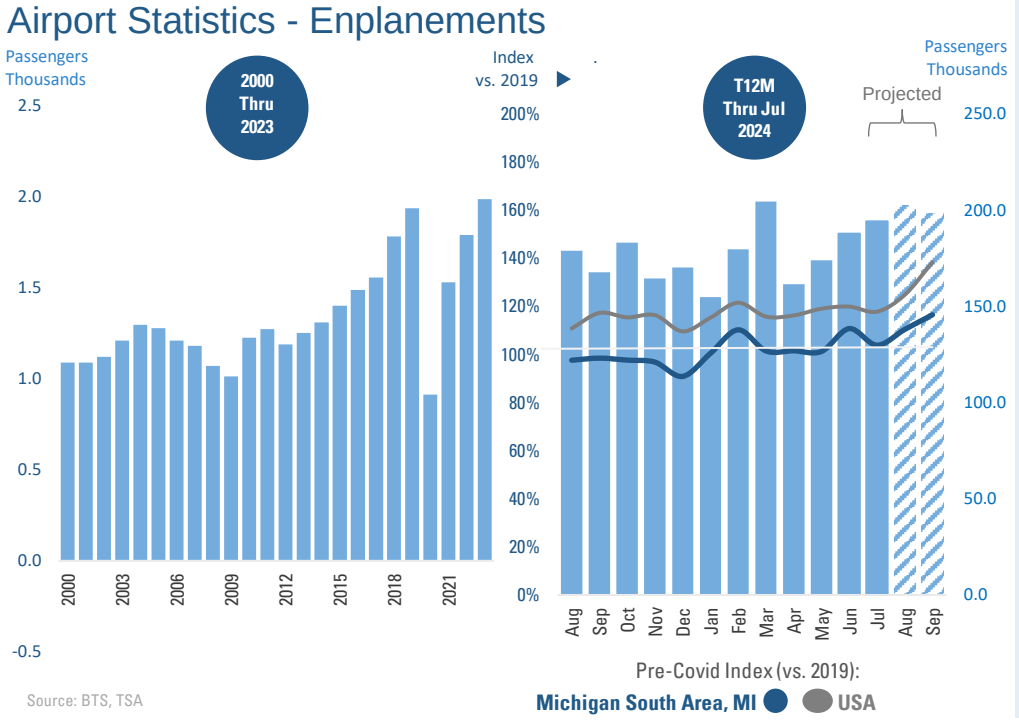
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

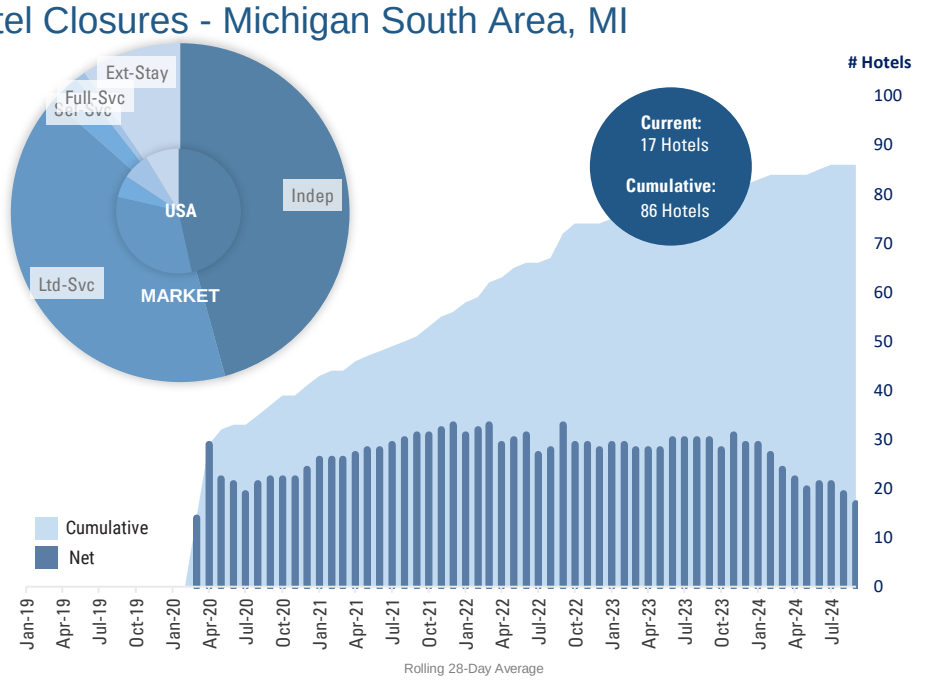
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

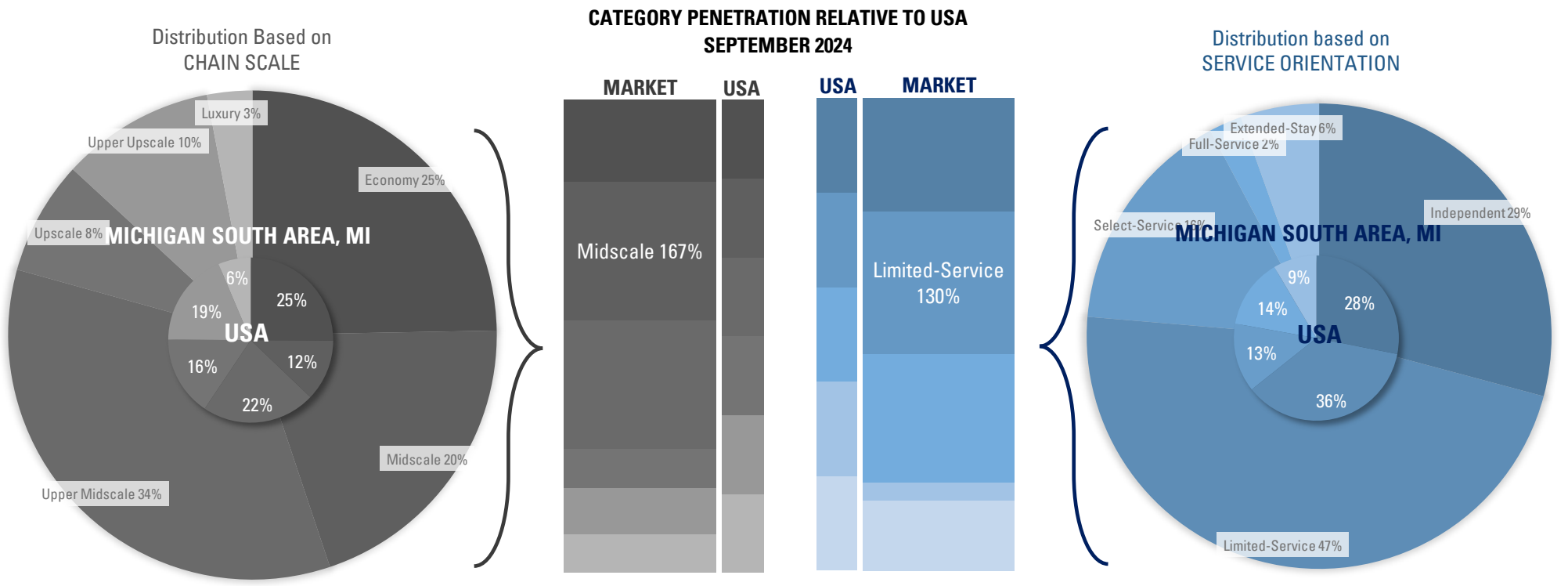
Hotel Closures - Michigan South Area, MI



Source: Hotel Compete

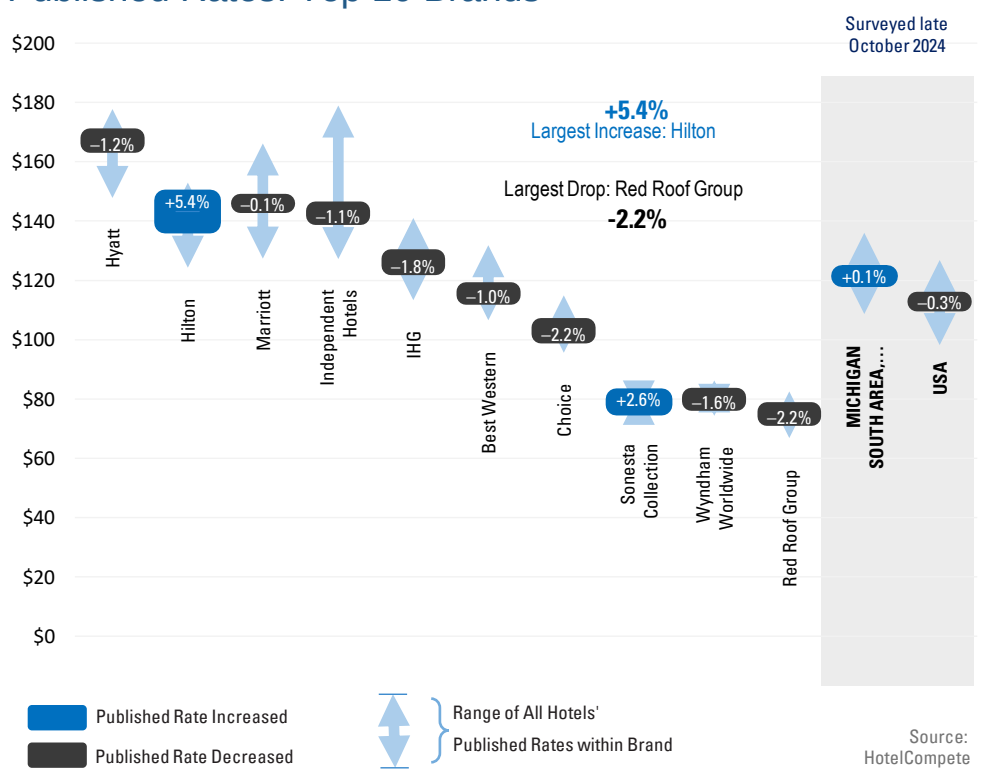
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Michigan South Area, MI



'30/3' RATE CHANGES: MICHIGAN SOUTH AREA, MI vs. USA

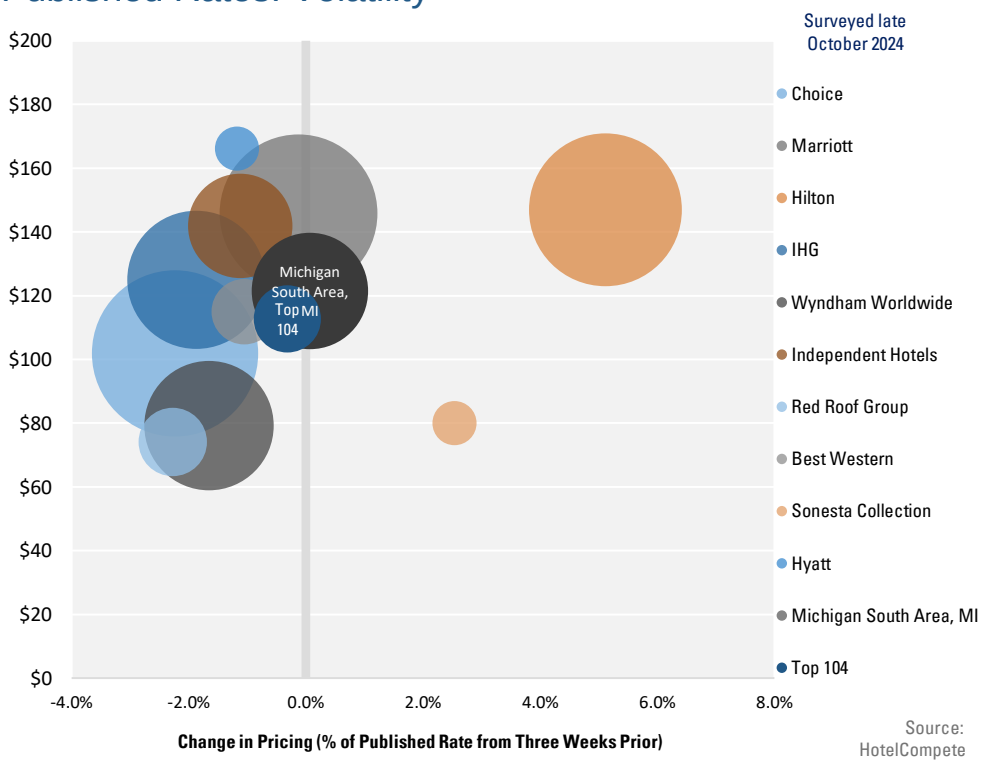
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

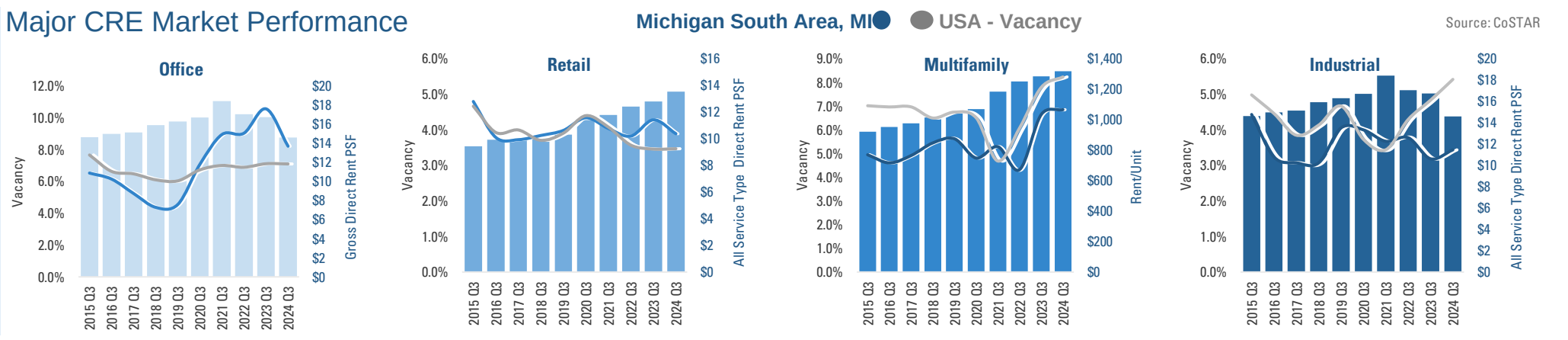
Published Rates: Volatility



Source: HotelCompete

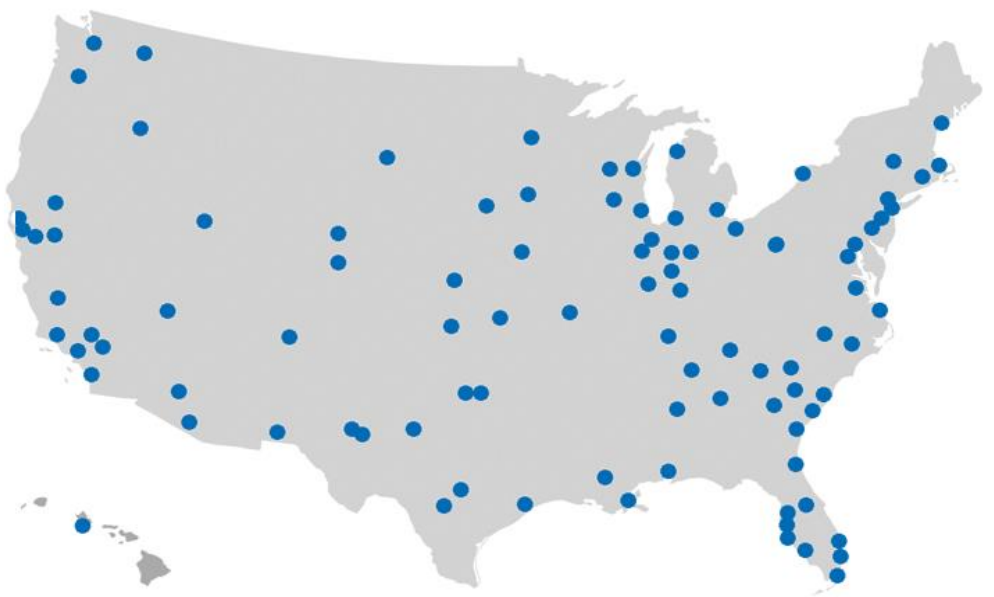
MAJOR C.R.E. METRICS

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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Golf Courses

Marinas

Ski and Village Resorts

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