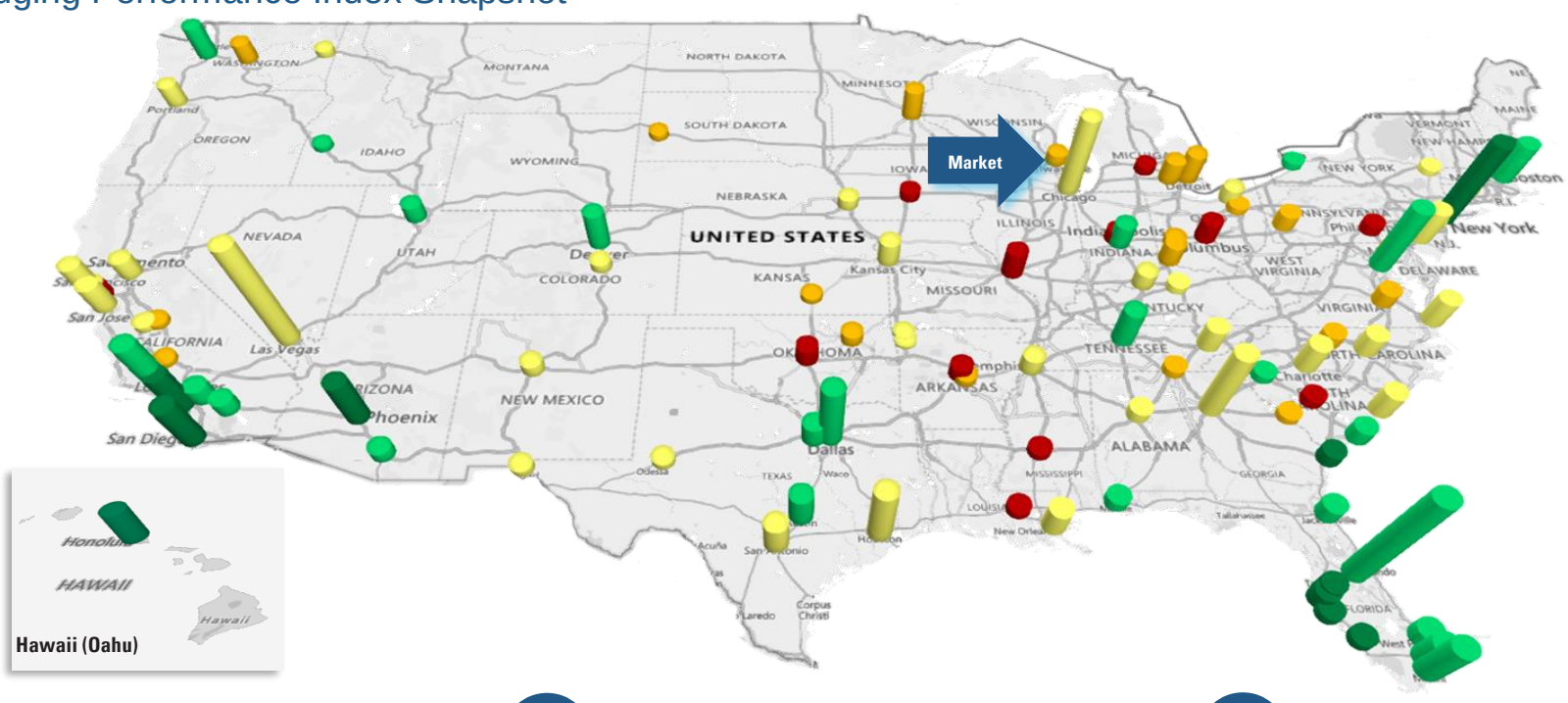
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

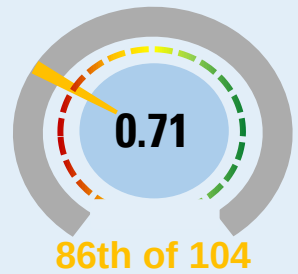
4Q 2023
MILWAUKEE, WI

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Milwaukee, WI

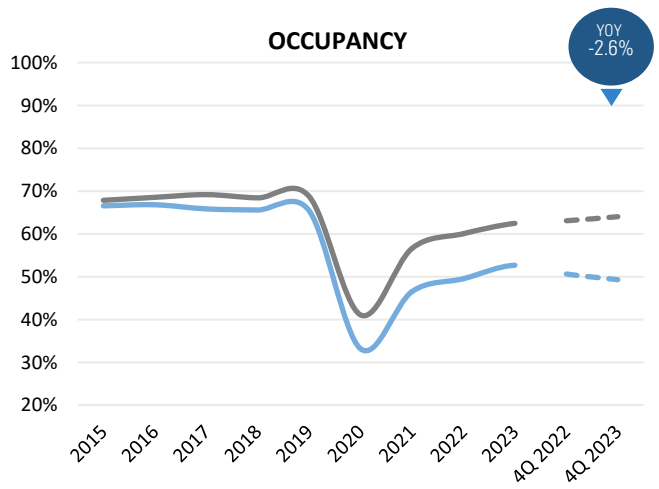


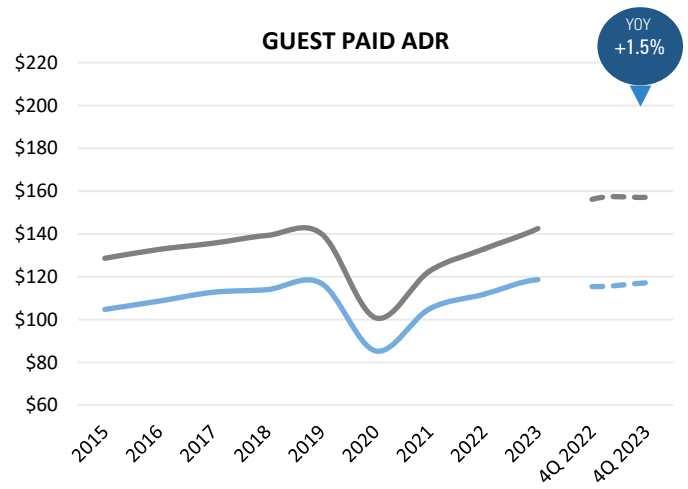
86th of 104

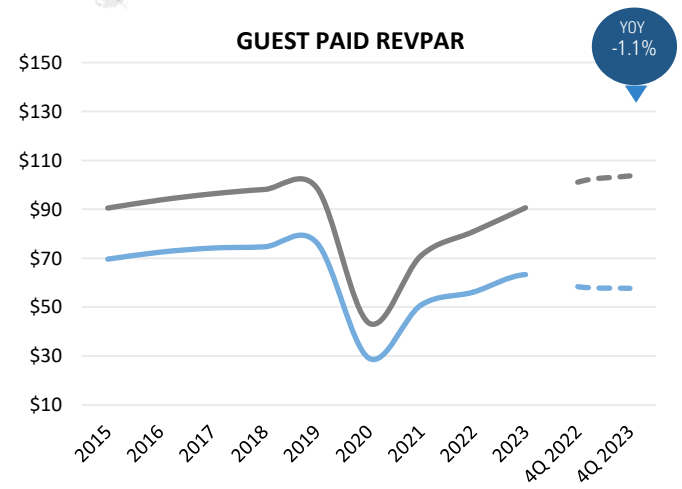
Below Average

Ranking of overall '4Q 2023 LPI' performance (0.71) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Milwaukee, WI

PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
49.3% / 64.0%	56.9% / 66.4%	$117 / $157	$128 / $157	$58 / $104	$74 / $107
100th	97th	68th	56th	88th	75th

BENCHMARK INDEXES

Key Benchmark Indexes

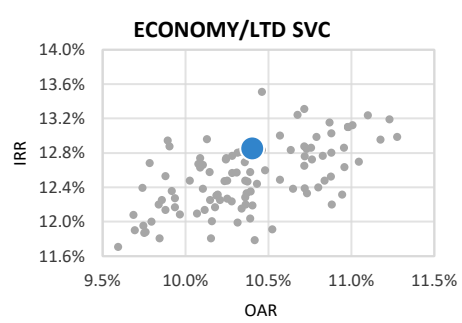
kalibri LABS

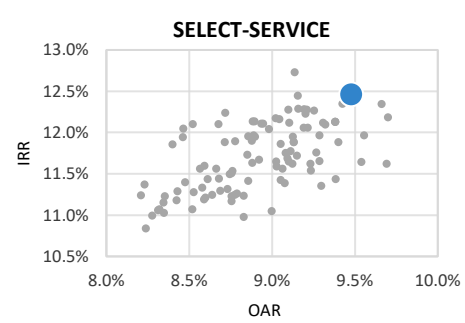
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	T12 Mos.	4Q 2023	4Q 2023	T12 Mos.
50.3% / 48.6%	49.1% / 46.7%	1.88 / 2.06	1.82 / 2.03	$8.44 / $11.64	$9.00 / $11.52
28th	31st	98th	90th	44th	52nd

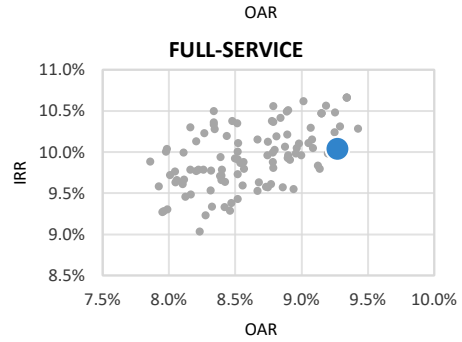
INVESTMENT PARAMETERS

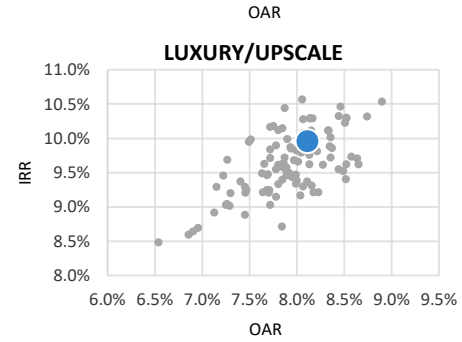
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

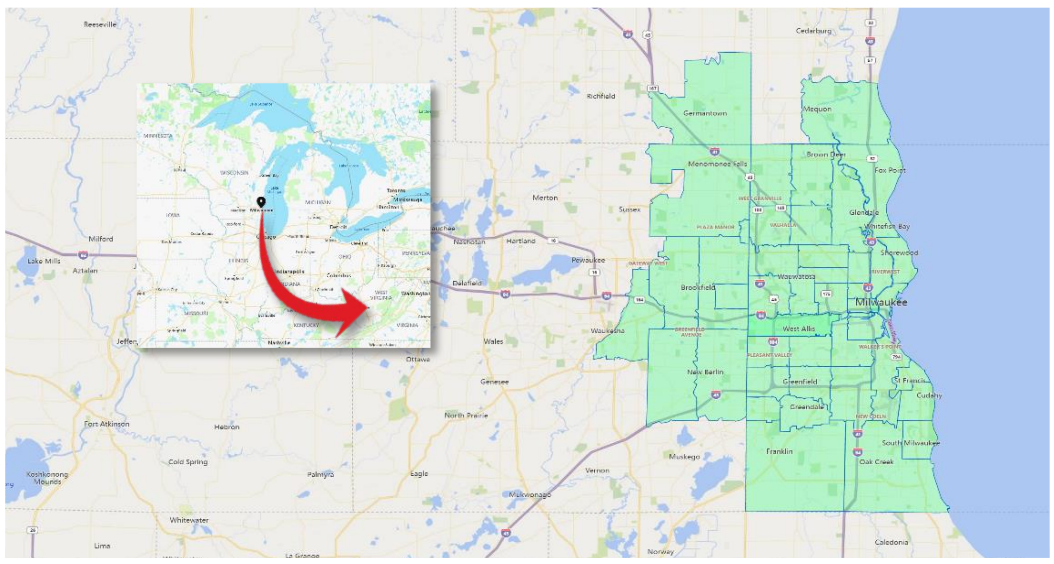
Revenue Stability	Supplier Power Trend	Investment Yields
99th	**32nd**	**96th**
Soft	Above Average	Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
4th	**9th**	**18th**
High Risk	High 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:	Milwaukee
County:	Milwaukee County, Washington County, Waukesha County and others
State:	Wisconsin
Geo Coordinates (market center):	43.06335, -87.9667

Major Hotel Demand Generators

Aurora Health Care Inc. | Ascension Wisconsin | Froedtert Health | The Kroger Co. | Quad Graphics Inc. | Kohl's | General Electric Co. | Medical College of Wisconsin | Children's Hospital & Health System | Northwestern Mutual Life Insurance Co. | ProHealth Care Inc. | Goodwill Industries of Southeastern Wisconsin Inc. | U.S. Bank | AT&T | Marcus Corp. | BMO Harris Bank | FIS | Rockwell Automation | Marquette University | Johnson Controls Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,027,584	54th of 104 (Average)
Income per Capita	$38,289	88th of 104 (Below Average)
Feeder Group Size	106.5 Persons PSR	86th of 104 (Below Average)
Feeder Group Earnings	$4,076,678 PSR	69th of 104 (Below Average)
Total Market COPE	$450.8 million	66th of 104 (Below 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 (Available Rms)	Performance Index (LPI)
2015	66.5%	$104.68	$69.64	$96.13	$63.96	$8.54	91.8%	51.2%	1.90	14,200	0.90
2016	66.8%	$108.54	$72.49	$99.55	$66.48	$8.99	91.7%	53.3%	1.88	14,510	0.93
2017	65.8%	$112.69	$74.17	$103.26	$67.96	$9.43	91.6%	54.1%	1.83	14,830	0.93
2018	65.6%	$113.91	$74.67	$104.48	$68.49	$9.43	91.7%	56.1%	1.82	15,050	0.96
2019	65.4%	$116.84	$76.40	$106.96	$69.94	$9.87	91.5%	58.9%	1.77	15,930	0.90
2020	33.1%	$85.29	$29.16	$79.36	$26.30	$5.92	93.1%	42.0%	2.18	16,270	0.48
2021	46.5%	$104.97	$50.88	$97.36	$45.28	$7.61	92.8%	43.8%	2.01	16,610	0.55
2022	49.5%	$111.72	$56.16	$103.65	$51.32	$8.06	92.8%	45.0%	1.98	16,670	0.58
2023	52.7%	$118.57	$63.33	$110.14	$58.00	$8.43	92.9%	45.4%	1.96	16,710	0.71
CAGR: 2015 thru 2022	**-2.9%**	**1.6%**	**-1.2%**	**1.7%**	**-1.2%**	**-0.2%**	**0.1%**	**-1.5%**	**0.4%**	**2.1%**	**-3.0%**
4Q 2022	50.6%	$115.36	$58.38	$107.52	$54.41	$7.84	93.2%	46.9%	2.00	17,010	0.58
4Q 2023	49.3%	$117.11	$57.71	$108.67	$53.55	$8.44	92.8%	50.3%	1.82	17,410	0.71

Notable Metrics

HIGHEST

Latest-Quarter Loyalty Contribution	Feeder Population Per Room	T12-Month Loyalty Contribution
28th	**28th**	**31st**
Above Average	**Above Average**	**Above Average**
Milwaukee, WI exhibited strong latest-quarter loyalty contribution (50.3%)	The market posted a high ratio of feeder population per room (42.91)	The market also exhibited strong T12-month loyalty contribution (49.1%)

LOWEST

IRR: Select-Service	Latest-Quarter Occupancy	OAR: Full-Service
103rd	**100th**	**99th**
Highly Unfavorable	**Soft**	**Highly Unfavorable**
This market posted unfavorable IRR metrics in the select-service segment (12.5%)	The market exhibited weak latest-quarter occupancy (49.3%)	Milwaukee, WI also posted unfavorable OAR metrics in the full-service segment (9.3%)

Notable Trends

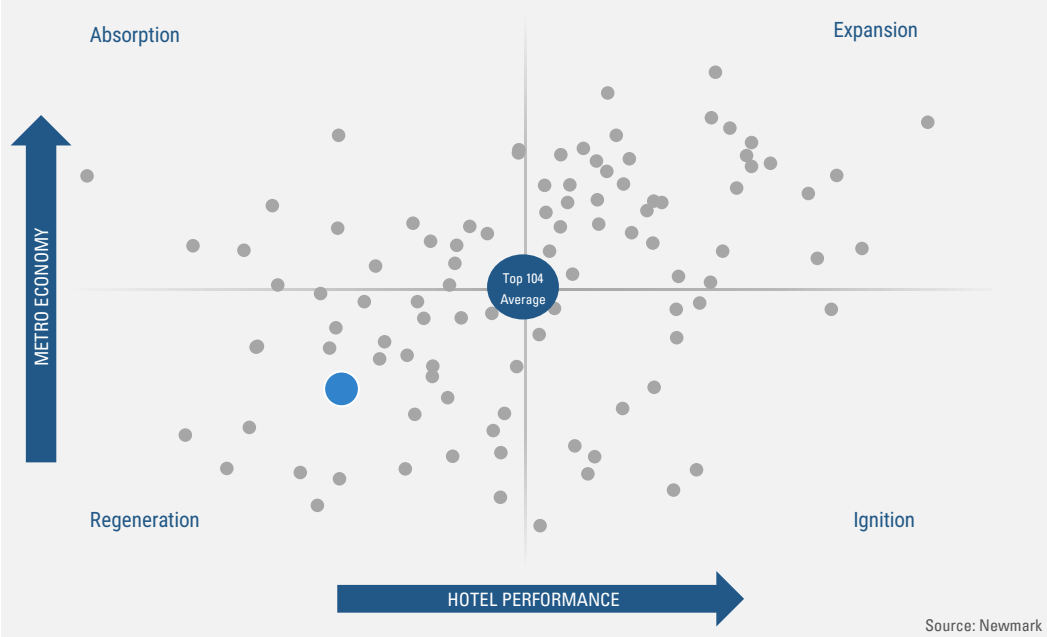
FASTEST

Short-Term Historical Supply Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth
7th	**13th**	**19th**
Strong	**Above Average**	**Above Average**
Milwaukee, WI has benefited from low short-term historical supply growth (2.4%)	The market enjoyed low short-term historical growth in booking costs (0.9%)	The market also has benefited from low long-term historical booking costs POR growth (1.3%)

SLOWEST

T12-Month Rooms Supply Growth	Long-Term Historical Occupancy Growth	Short-Term Historical COPE RevPAR Growth
101st	**100th**	**99th**
Soft	**Soft**	**Soft**
The market has been hindered by high rooms supply growth over the last 12 months (2.4%)	We note this area has been hindered by weak long-term historical occupancy growth (-1.9%)	Milwaukee, WI also has been impeded by weak short-term historical COPE RevPAR growth (-1.8%)

Market Performance Stage



Source: Newmark

Milwaukee, WI: Regeneration Stage

Regeneration

The Milwaukee, WI market is currently in the 'Regeneration' stage of the performance cycle. In this 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.

Other Stages:

Ignition

In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will enter a sustained post-pandemic status. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Chicago, IL; Miami, FL; and Myrtle Beach, SC.Chicago, IL; Miami, FL; and New York, NY.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed 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 Columbus, OH; Houston, TX; and Minneapolis, MN.

Expansion

In the 'Expansion' stage, hotels perform adequately, contributing to a resilient economy that is approaching a 'post' 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:	In Recovery
Employment Growth (2 yr):	2.9%
Risk Exposure (402 US markets):	70th Percentile: Above Average
Key Industry Notes:	Financial, manufacturing High per captia income Well-educated workforce House price growth High cost of doing business

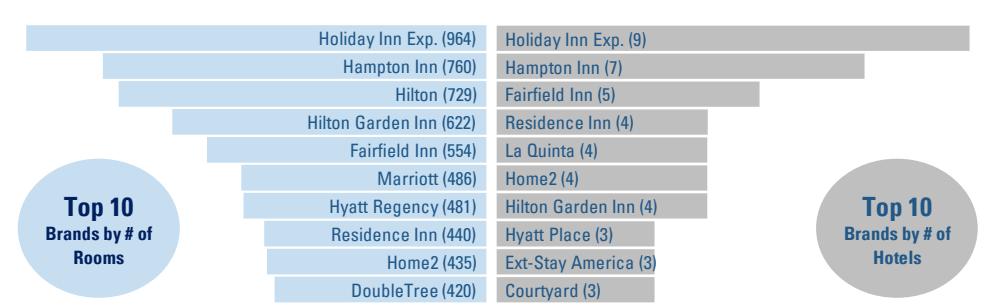
Moody's Rating

Aa3

Investment Grade

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

TOP 10 BRANDS

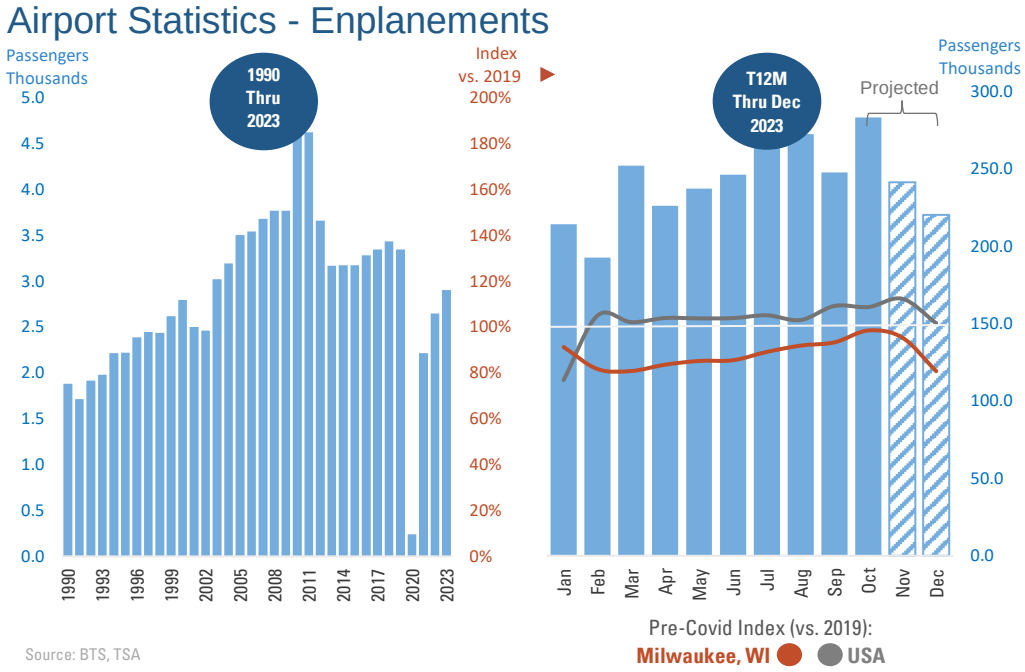


Source: Newmark

NEWMARK

MILWAUKEE, WI: ALL LOCAL

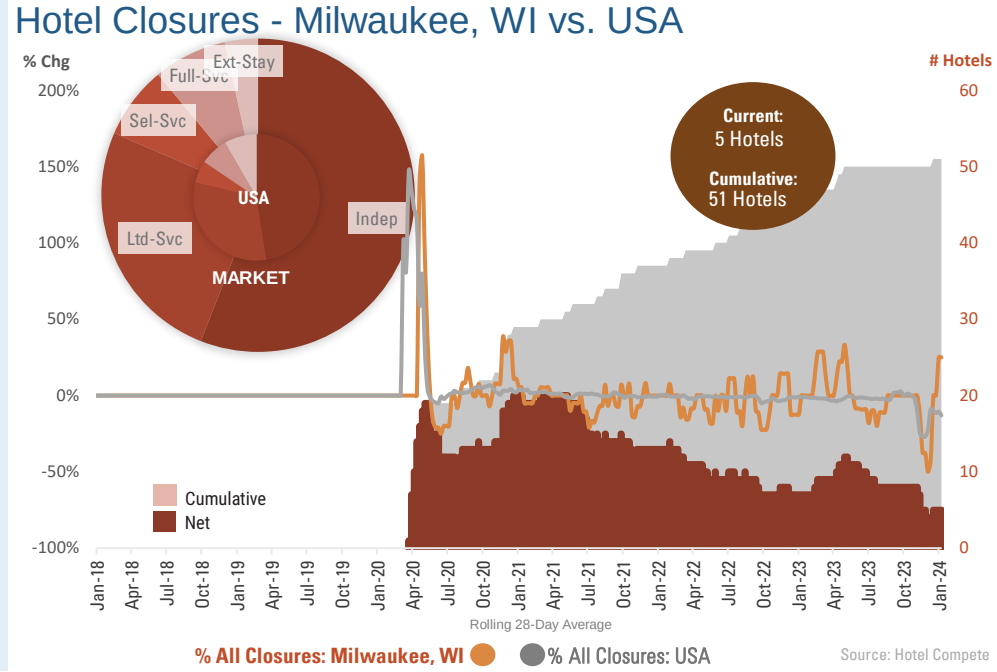
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

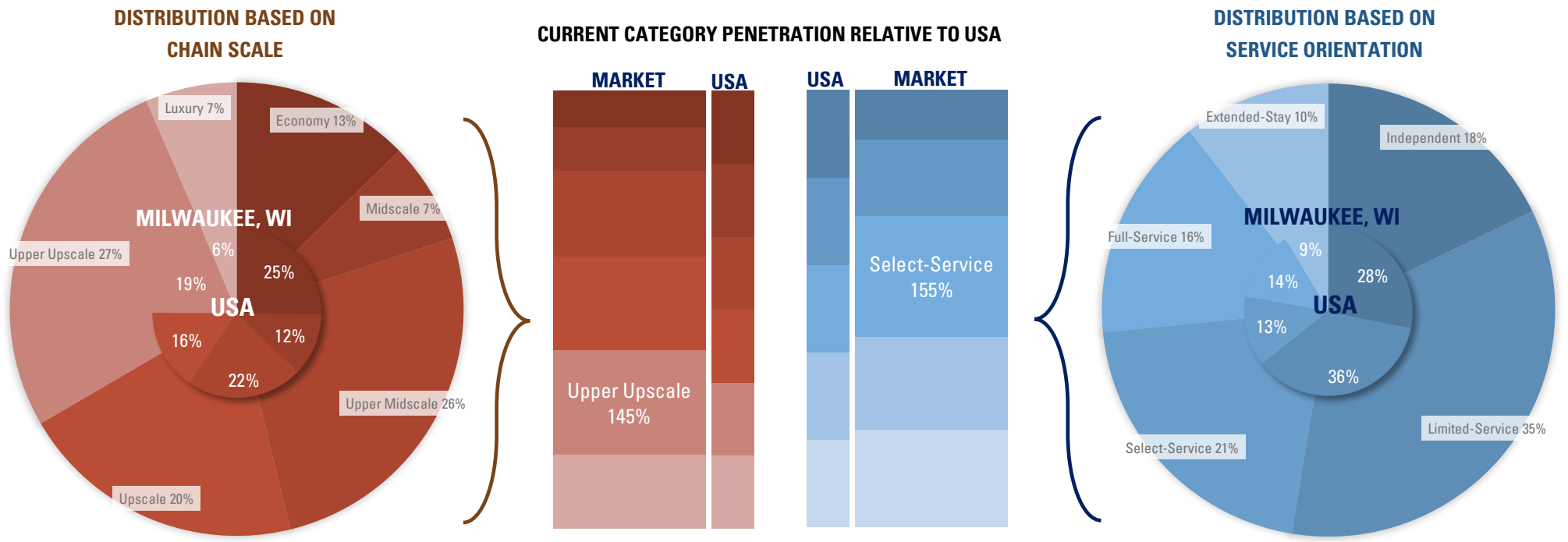
Hotel Closures - Milwaukee, WI vs. USA



Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

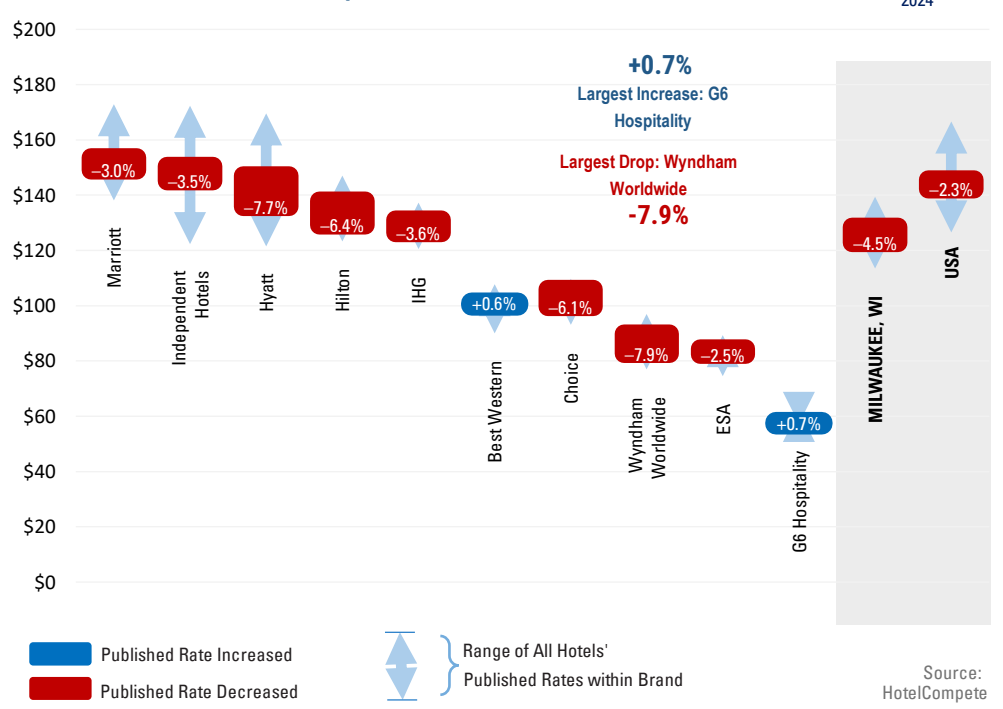
Scale and Service Distribution: Milwaukee, WI



'30/3' RATE CHANGES

Published Rates: Top 10 Brands

Surveyed late January 2024

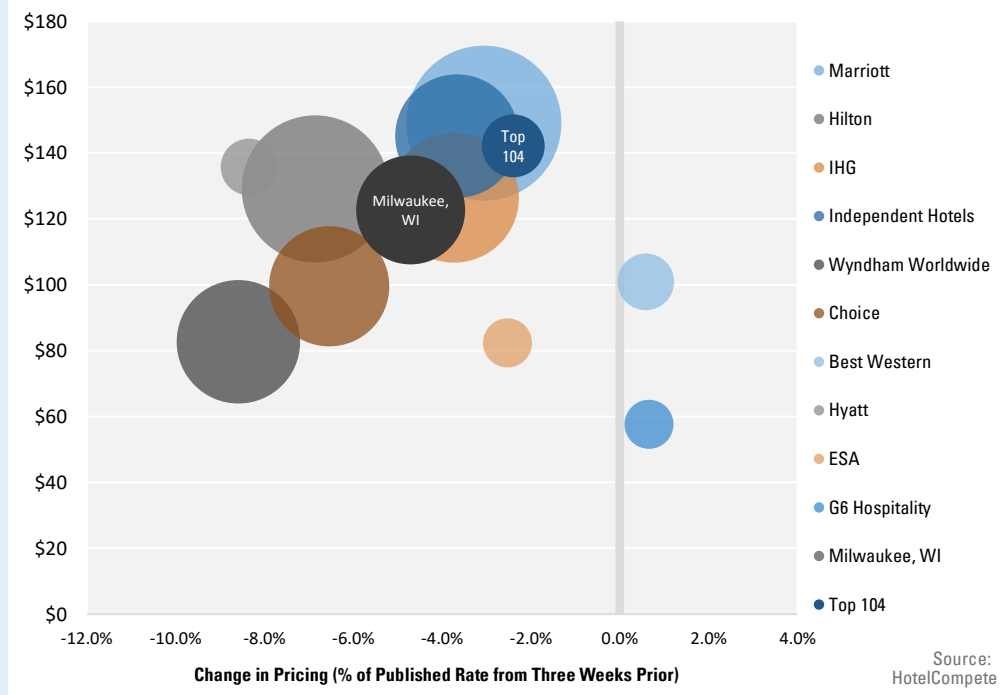


Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

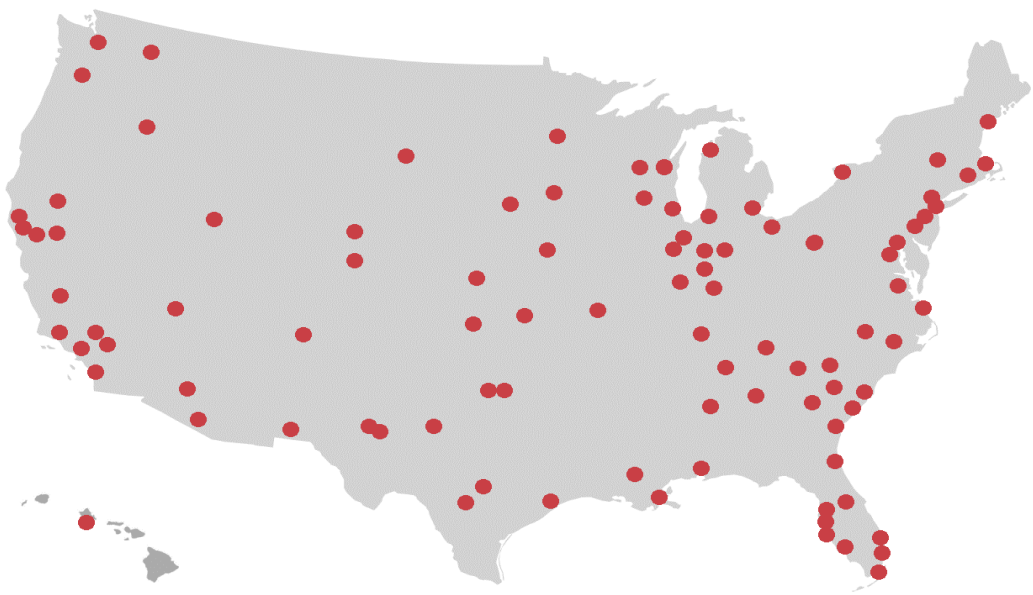
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
69th	**89th**	**53rd**
Below Average	**Below Average**	**Average**
The 30-day advanced published rate for the market was a somewhat conservative $122.74, ranking 69th out of 104 markets. (Guest-Paid ADR ranked a somewhat conservative 68th at $117.11 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 4.5% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	Published rates reported in late January 2024 were 4.8% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
94th	**95th**	**71st**
Soft	**Soft**	**Elevated**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Milwaukee, WI has a soft spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Milwaukee, WI's top 10 brands are exhibiting elevated volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

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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- Gaming Facilities
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- Golf Courses
- Marinas
- Ski and Village Resorts
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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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