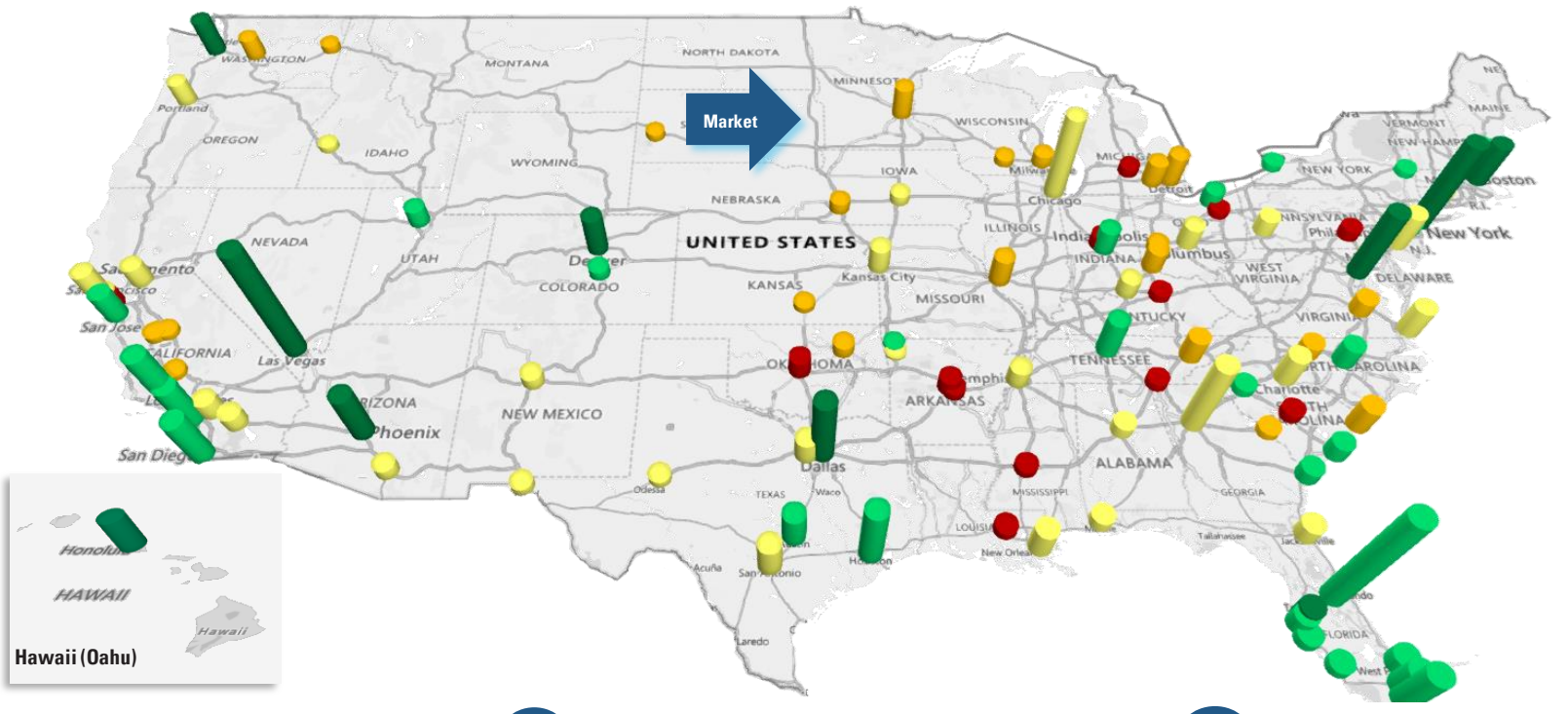
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

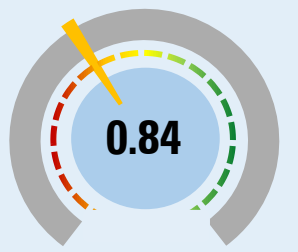
1Q 2025
MINNEAPOLIS, MN

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Minneapolis, MN

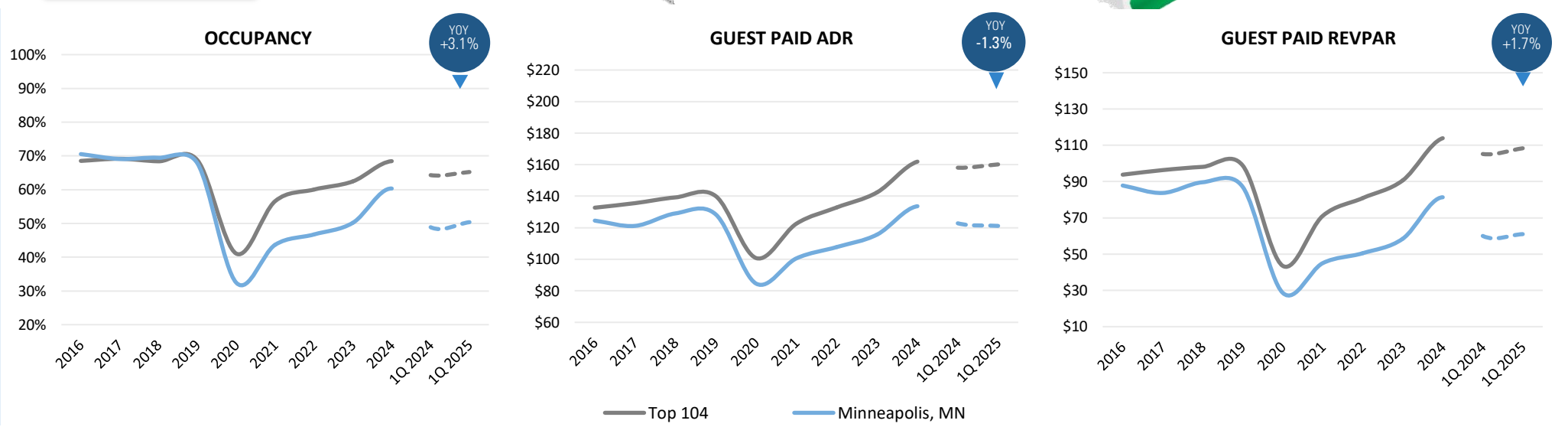


72nd of 104

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

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
50.4% / 65.2%	60.7% / 68.7%	$121 / $160	$133 / $162	$61 / $108	$82 / $115
1Q 2025	T12 Mos.	1Q 2025	T12 Mos.	1Q 2025	T12 Mos.
94th	87th	57th	53rd	81st	66th

BENCHMARK INDEXES

Key Benchmark Indexes

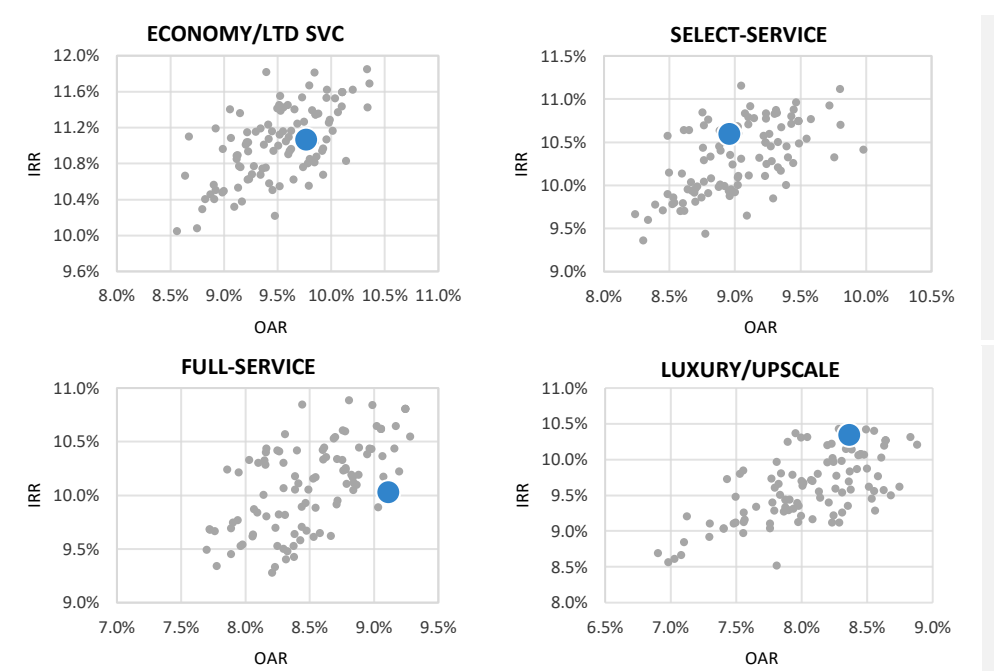
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
55.7% / 49.2%	55.4% / 50.8%	1.92 / 2.06	1.87 / 2.07	$8.91 / $11.27	$9.63 / $11.96
1Q 2025	T12 Mos.	T12 Mos.	1Q 2025	1Q 2025	T12 Mos.
11th	10th	89th	80th	54th	55th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

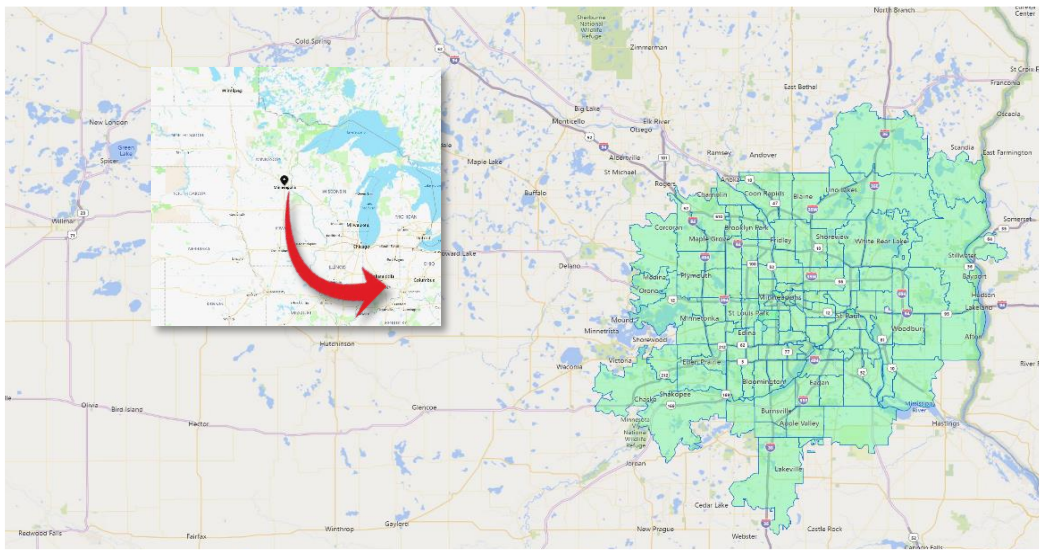
Revenue Stability	Supplier Power Trend	Investment Yields
103rd	**11th**	**73rd**
Soft	Above Average	Below Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off 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
78th	**21st**	**38th**
Below Average	Above Average	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:	Minneapolis
County:	Hennepin County
State:	Minnesota
Geo Coordinates (market center):	44.97997, -93.26384

Major Hotel Demand Generators

Fairview Health System | Allina Health System | Target Corp. | University of Minnesota | HealthPartners | Wells Fargo & Co. | UnitedHealth Group | 3M Co. | U.S. Bancorp | Medtronic Inc. | SUPERVALU Inc. | Delta Air Lines | Best Buy Co. Inc. | Hennepin County Medical Center | Thomson Reuters North American Legal | Boston Scientific | Lifetime Products Inc. | North Memorial Health Care | Presbyterian Homes & Services | Xcel Energy

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	2,474,274	17th of 104 (Large)
Income per Capita	$55,720	27th of 104 (Above Average)
Feeder Group Size	95.7 Persons PSR	76th of 104 (Below Average)
Feeder Group Earnings	$5,330,902 PSR	87th of 104 (Below Average)
Total Market Hotel Revenues	$1.2 billion	28th of 104 (Above 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	70.5%	$124.50	$87.82	$113.75	$80.24	$10.75	91.4%	51.3%	1.92	37,300	1.14
2017	69.1%	$121.18	$83.72	$110.43	$76.29	$10.75	91.1%	52.6%	1.90	38,340	1.01
2018	69.4%	$129.08	$89.63	$117.92	$81.88	$11.16	91.4%	53.6%	1.90	39,940	1.26
2019	67.8%	$128.43	$87.08	$117.18	$79.45	$11.26	91.2%	57.5%	1.86	42,570	0.91
2020	32.4%	$84.55	$28.66	$78.63	$25.50	$5.92	93.0%	40.1%	2.32	43,190	0.50
2021	43.7%	$100.57	$45.02	$93.12	$40.67	$7.45	92.6%	44.1%	2.05	44,160	0.43
2022	46.7%	$107.74	$50.49	$99.86	$46.66	$7.89	92.7%	45.7%	2.03	44,290	0.59
2023	50.2%	$115.66	$58.46	$107.32	$53.86	$8.34	92.8%	47.1%	2.02	44,320	0.89
2024	60.3%	$133.64	$81.35	$124.09	$74.87	$9.56	92.8%	54.9%	1.92	44,110	0.84
CAGR: 2016 thru 2024	**-1.9%**	**0.9%**	**-1.0%**	**1.1%**	**-0.9%**	**-1.5%**	**0.2%**	**0.8%**	**0.0%**	**2.1%**	**-3.7%**
1Q 2024	48.9%	$122.81	$60.02	$114.19	$55.80	$8.62	93.0%	53.4%	1.86	43,970	0.86
1Q 2025	50.4%	$121.16	$61.02	$112.25	$56.54	$8.91	92.6%	55.7%	1.87	43,440	0.84

Notable Metrics

HIGHEST

T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	Total Rooms Supply
10th	**11th**	**23rd**
Above Average	**Above Average**	**Above Average**
Minneapolis, MN exhibited strong T12–month loyalty contribution (55.4%)	The market exhibited strong latest–quarter loyalty contribution (55.7%)	The market also benefits from a large and diverse hotel market (43,443 total rooms)

LOWEST

IRR: Luxury/Upscale	OAR: Full-Service	Latest-Quarter Occupancy
99th	**96th**	**94th**
Highly Unfavorable	**Unfavorable**	**Soft**
This market posted unfavorable IRR metrics in the luxury/upscale segment (10.3%)	The market posted unfavorable OAR metrics in the full–service segment (9.1%)	Minneapolis, MN also exhibited weak latest–quarter occupancy (50.4%)

Notable Trends

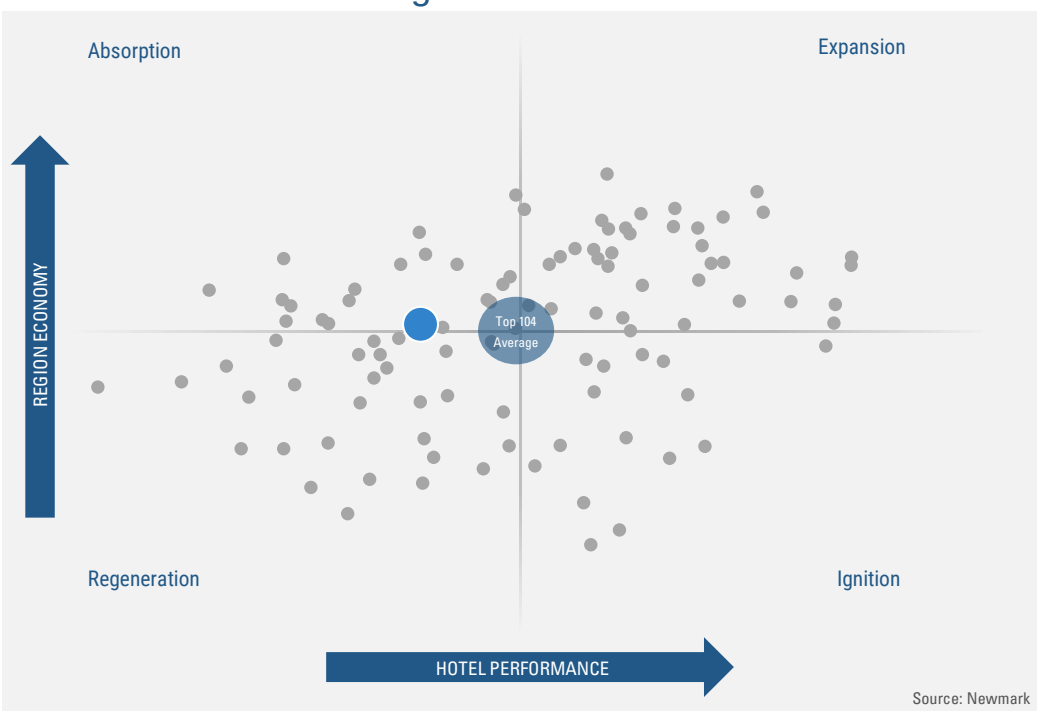
STRONGEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	T12-Month Rooms Supply Growth
8th	**8th**	**27th**
Strong	**Strong**	**Above Average**
Minneapolis, MN has benefited from low long–term historical booking costs POR growth (1.0%)	The market enjoyed low short–term historical growth in booking costs (0.1%)	The market also exhibited low rooms supply growth over the last 12 months (–1.2%)

WEAKEST

Short-Term Historical COPE RevPAR Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid RevPAR Growth
103rd	**103rd**	**103rd**
Soft	**Soft**	**Soft**
The market has been impeded by weak short–term historical COPE RevPAR growth (–5.3%)	We note this area posted weak short–term historical COPE ADR growth (–1.4%)	Minneapolis, MN also has been hampered by weak short–term historical Guest Paid RevPAR growth (–5.2%)

Market Performance Stage



Source: Newmark

Minneapolis, MN: Absorption Stage

Absorption

The Minneapolis, MN 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; Portland, OR; and San Antonio, 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; 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:	**Expansion**
Employment Growth (2 yr):	0.5%
Risk Exposure (402 US markets):	78th Percentile: Above Average
Key Industry Notes:	Major research institutions
	Positive population trends
	Highly educated workforce
	Cold climate, negative migration trends
	High business tax burden

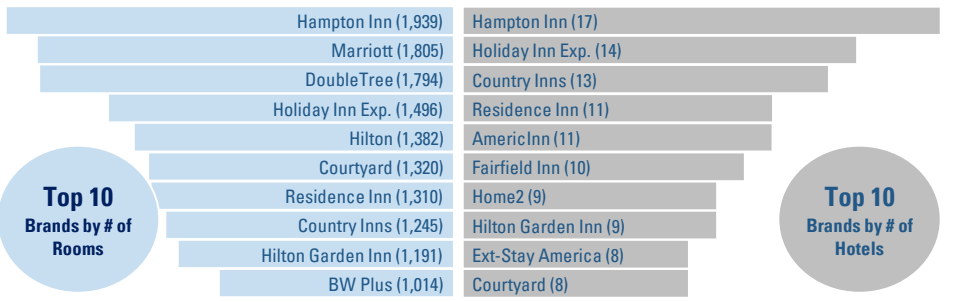
Moody's Rating

Aaa

Investment Grade

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

TOP 10 BRANDS

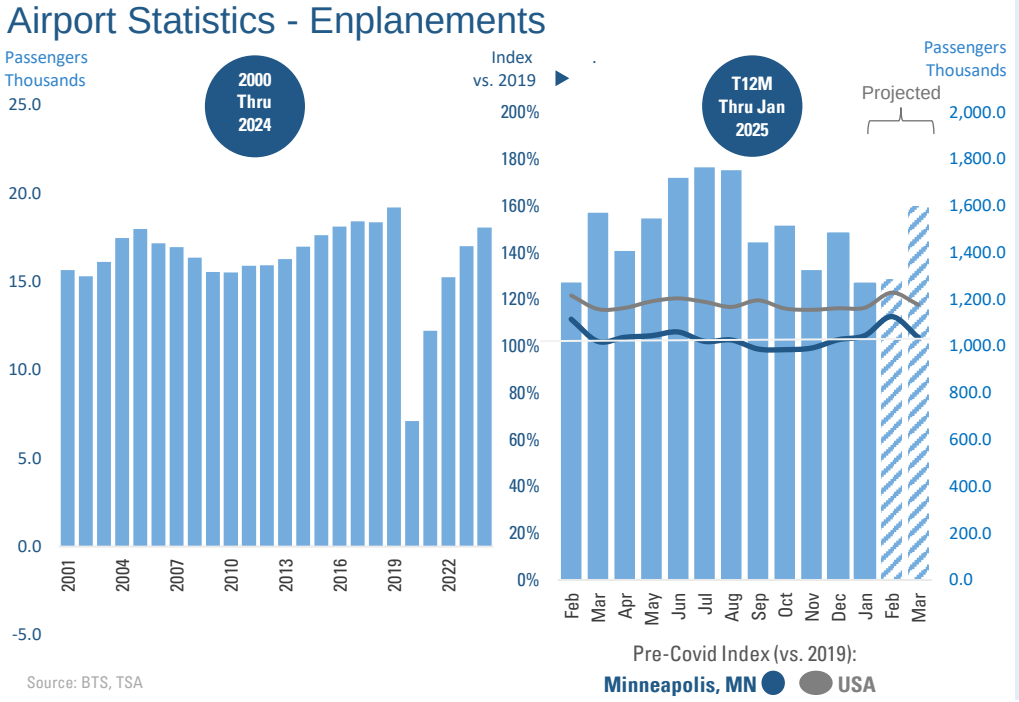


Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

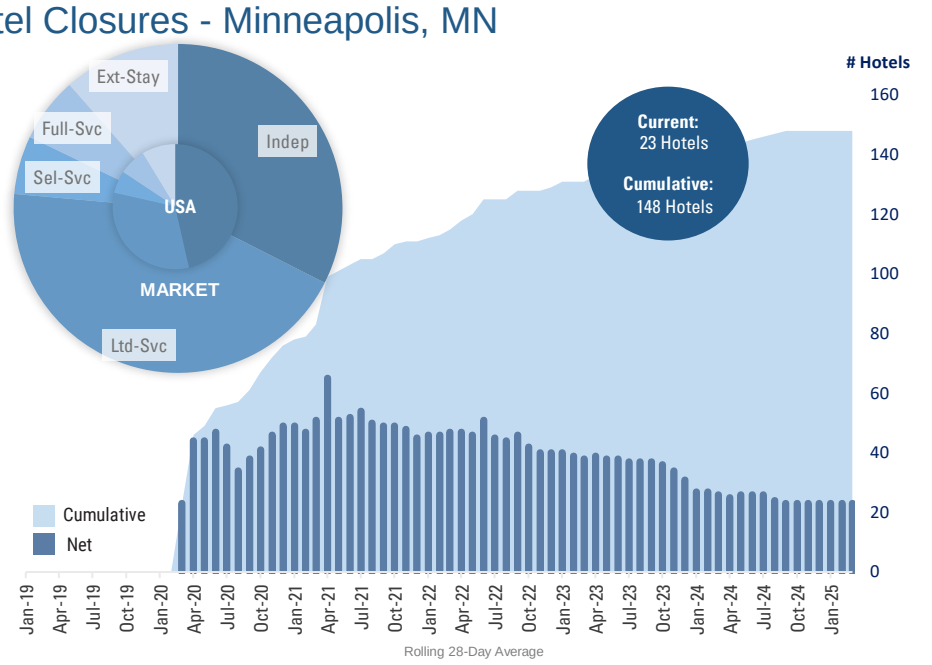
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH MAY 2025

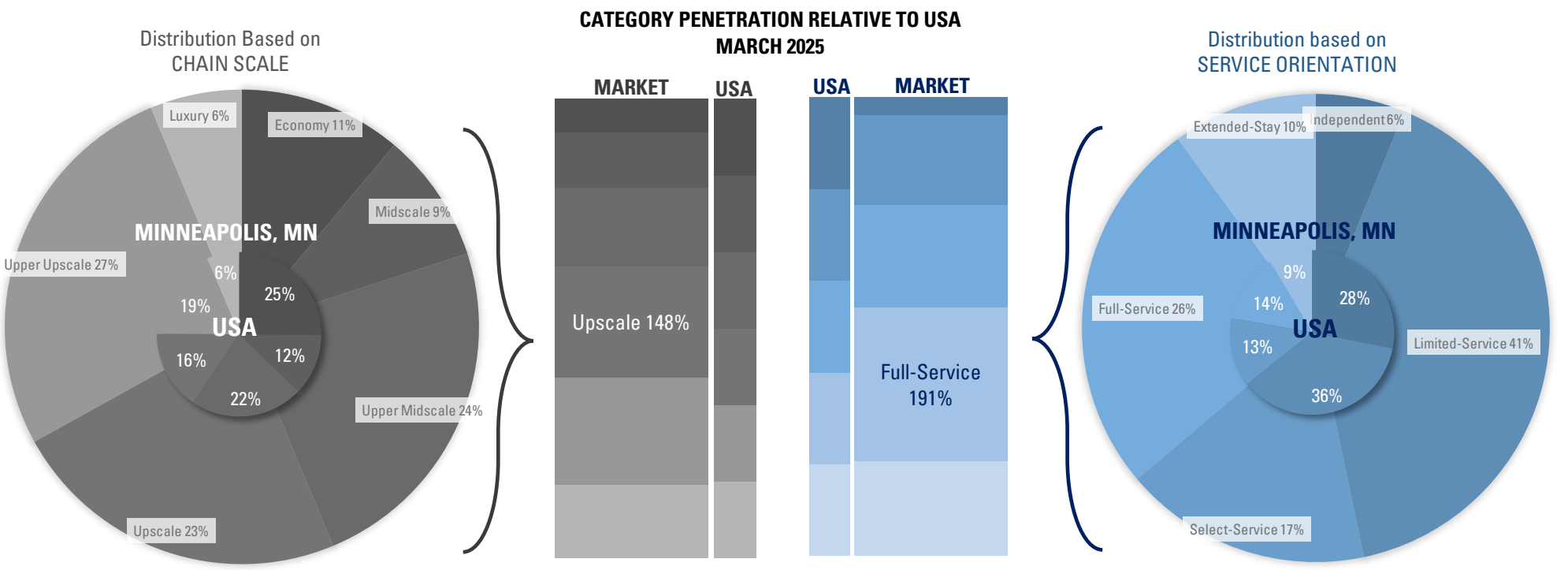
Hotel Closures - Minneapolis, MN



Source: Hotel Compete

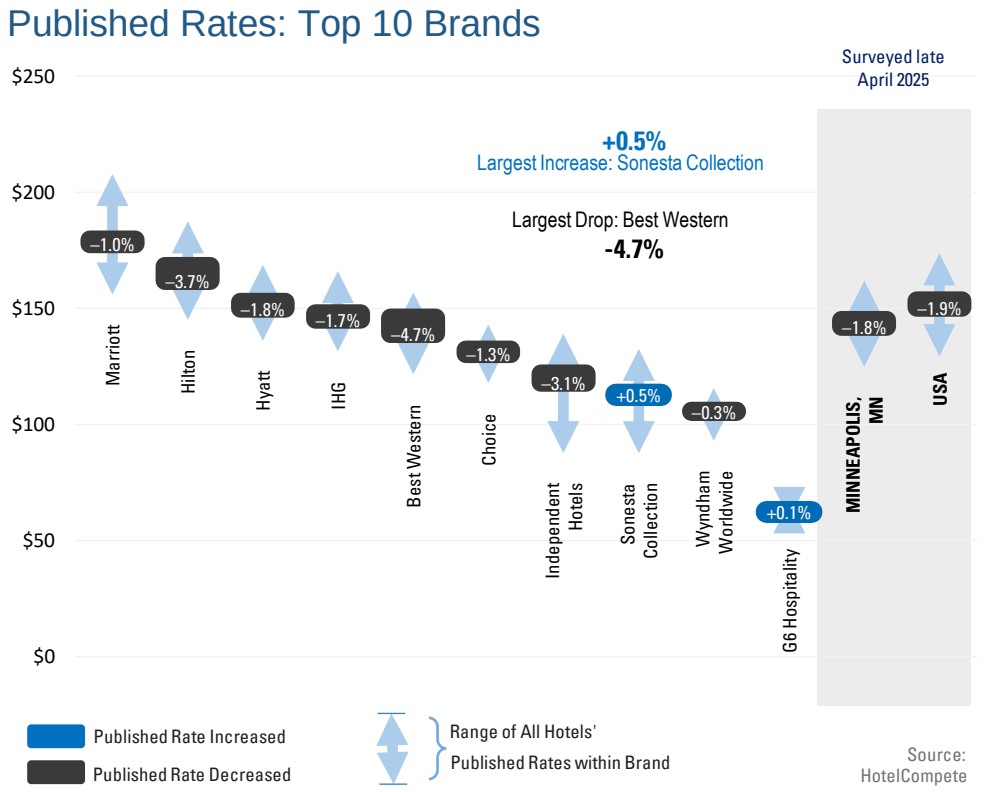
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Minneapolis, MN



'30/3' RATE CHANGES: MINNEAPOLIS, MN vs. USA

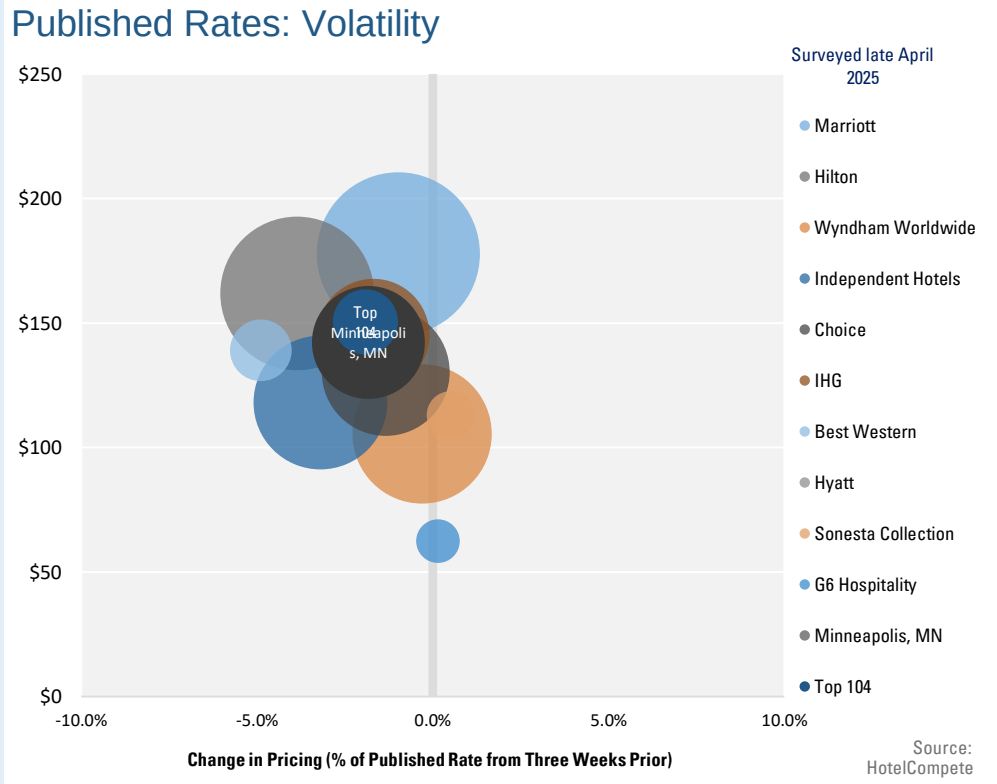
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



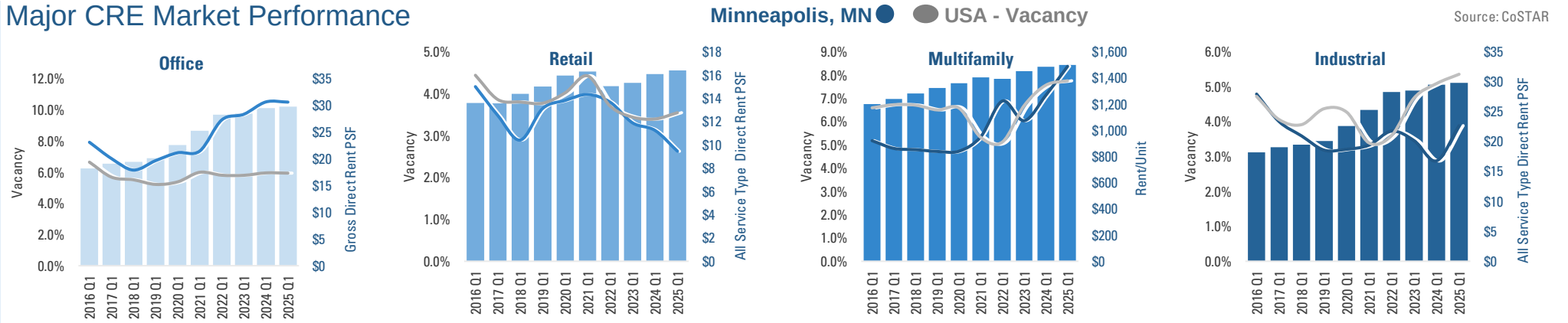
Source: HotelCompete

MAJOR C.R.E. METRICS

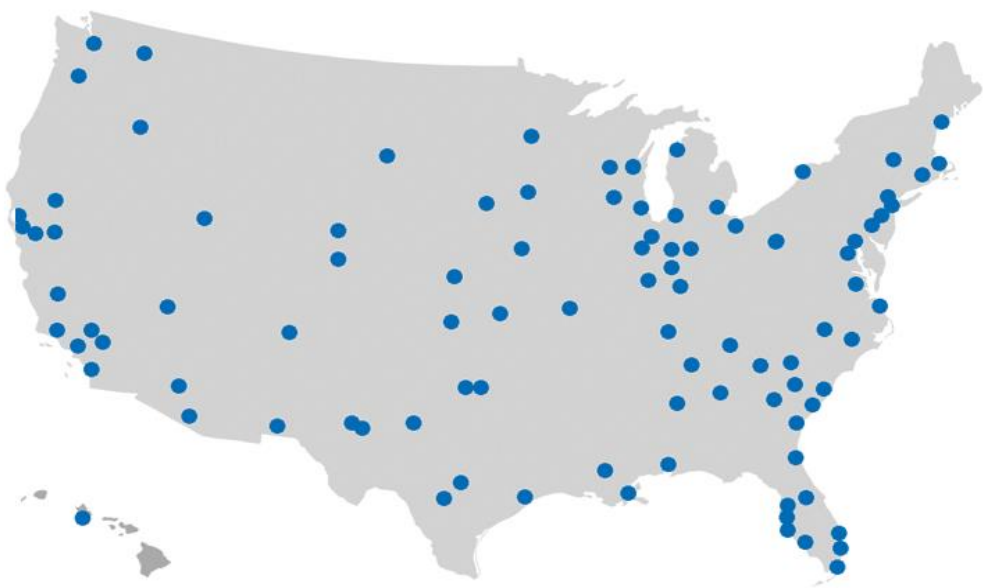
Major CRE Market Performance

Minneapolis, MN 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

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CONTACT: MIDWEST MARKETS

CONTACT

FOR MORE INFORMATION

John Burke
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
t 312-224-3170
john.burke@nmrk.com

Laurel Keller, MAI
Executive Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
t 216-453-3023
laurel.keller@nmrk.com

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