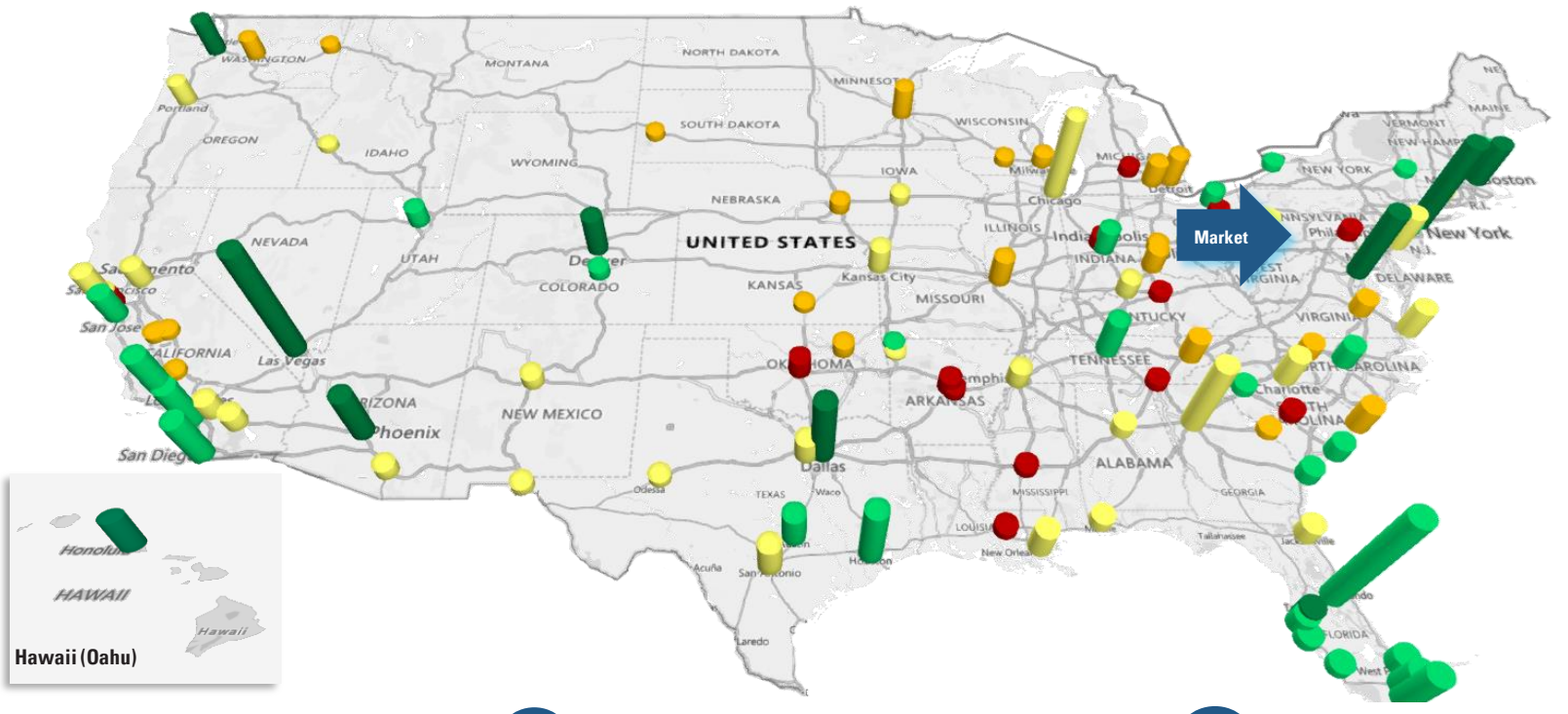
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

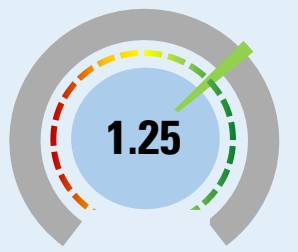
# 1Q 2025
# NEWARK, NJ

## Lodging Performance Index Snapshot




**LODGING PERFORMANCE INDEX**

Newark, NJ

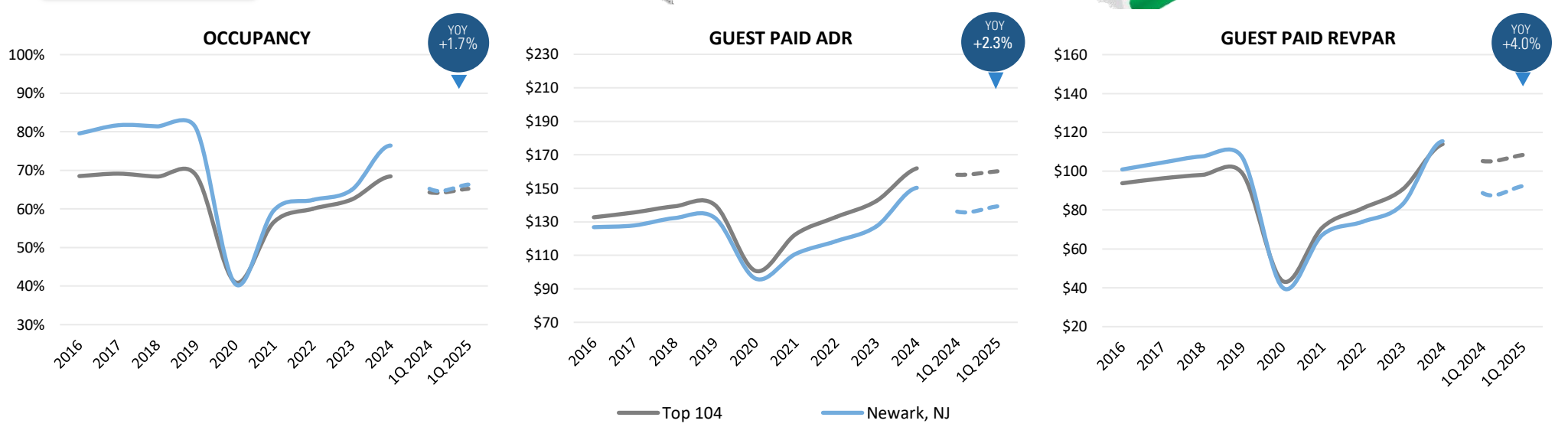



**20th of 104**

**Above Average**

Ranking of overall '1Q 2025 LPI' performance (1.25) against all 104 surveyed markets.

KEY PERFORMANCE METRICS




PERFORMANCE INDEXES

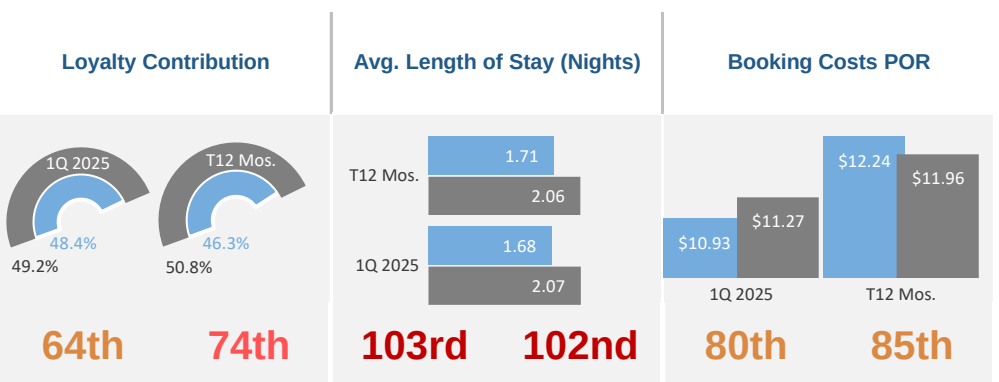
## Key Performance Indexes

Subject Market | Top 104

BENCHMARK INDEXES

## Key Benchmark Indexes

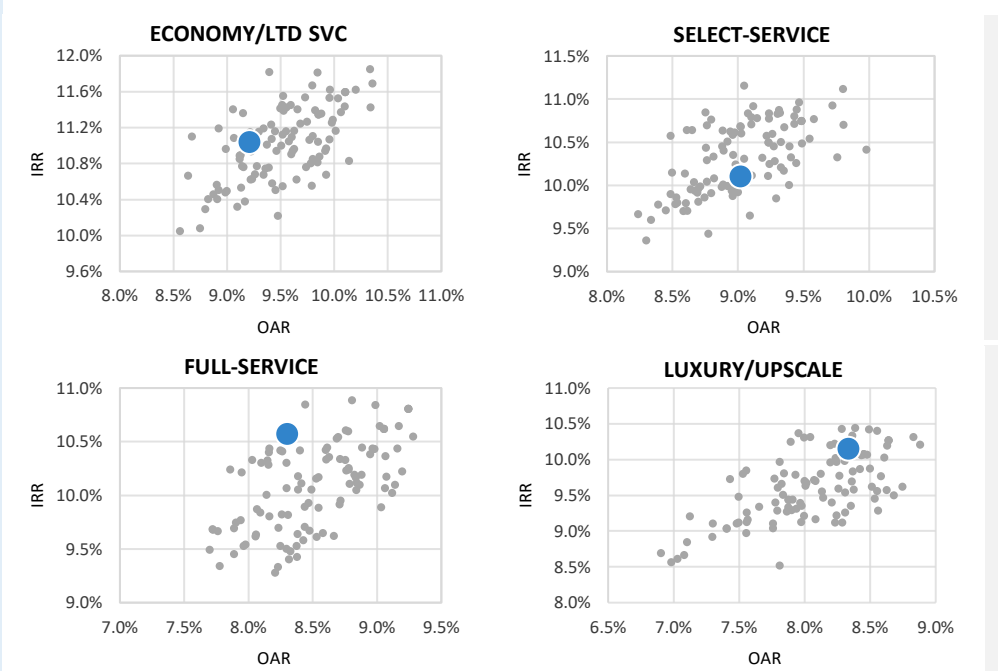
kalibri LABS




INVESTMENT PARAMETERS

## Discount and Capitalization Rates

Source: Newmark




FUNDAMENTALS

## Trends and Risks

Source: Kalibri Labs, Newmark

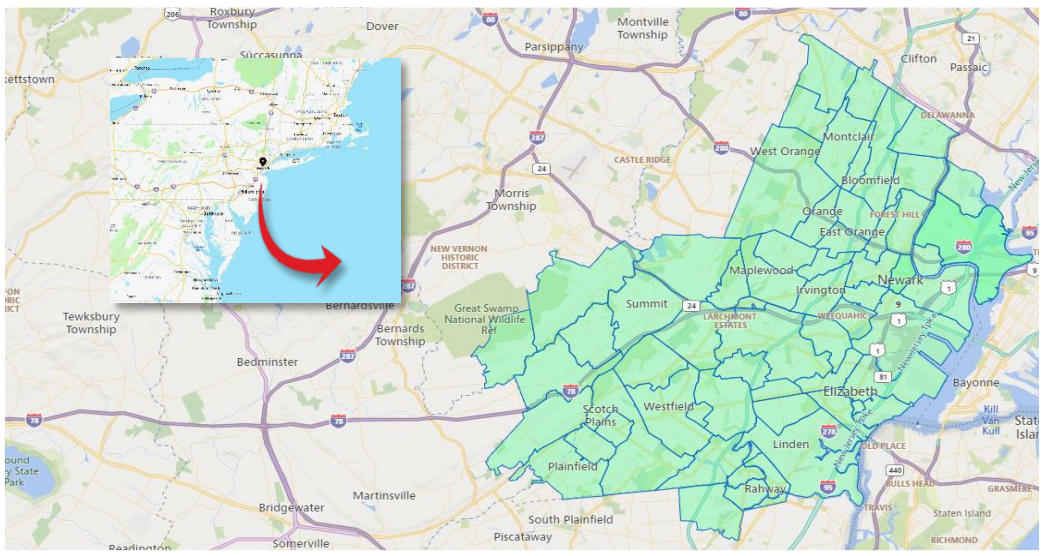
| Revenue Stability | Supplier Power Trend | Investment Yields |
|---|---|---|
| **71st** | **76th** | **60th** |
| **Below Average** | **Below Average** | **Average** |
| Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets | Assessment of market's 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 |
|---|---|---|
| **96th** | **40th** | **64th** |
| **Low 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: | Newark |
| County: | Essex County |
| State: | New Jersey |
| Geo Coordinates (market center): | 40.73566, -74.17237 |

**Major Hotel Demand Generators**

Newark International Airport | Verizon | Univ. of Medicine and Dentistry of New Jersey | NJ Transit | United Airlines Inc. | Public Service Enterprise Group Inc. | Prudential Financial Inc. | AT&T | Montclair State University | Gateway Group One | Merck & Co. Inc. | Horizon Blue Cross & Blue Shield | Pfizer Inc. | Atlantic Health System | Seton Hall University | Covenant Health Medical Group | QuickChek Corp. | Novartis Pharmaceutical Corp. | KPMG LLP | Newark Public Schools

| Metrics and Ranking | Measurement | Rankings |
|---|---|---|
| Population (hotel market area) | 1,263,160 | 48th of 104 (Average) |
| Income per Capita | $34,826 | 96th of 104 (Soft) |
| Feeder Group Size | 178.2 Persons PSR | 100th of 104 (Soft) |
| Feeder Group Earnings | $6,204,543 PSR | 92nd of 104 (Soft) |
| Total Market Hotel Revenues | $386.4 million | 73rd 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 | 79.6% | $126.80 | $100.88 | $116.73 | $92.87 | $10.06 | 92.1% | 46.4% | 1.60 | 9,140 | 1.20 |
| 2017 | 81.7% | $127.83 | $104.42 | $117.51 | $96.00 | $10.32 | 91.9% | 47.3% | 1.59 | 9,300 | 1.24 |
| 2018 | 81.4% | $132.23 | $107.64 | $121.45 | $98.86 | $10.79 | 91.8% | 48.8% | 1.57 | 9,320 | 1.17 |
| 2019 | 80.9% | $132.32 | $107.03 | $121.53 | $98.30 | $10.79 | 91.8% | 50.9% | 1.54 | 10,170 | 1.05 |
| 2020 | 40.6% | $96.14 | $40.24 | $89.23 | $36.25 | $6.91 | 92.8% | 36.1% | 1.82 | 9,810 | 0.80 |
| 2021 | 59.6% | $110.85 | $67.29 | $103.03 | $61.43 | $7.82 | 92.9% | 36.3% | 1.78 | 9,650 | 0.92 |
| 2022 | 62.3% | $118.44 | $73.97 | $110.21 | $68.69 | $8.23 | 93.1% | 38.5% | 1.75 | 9,670 | 0.94 |
| 2023 | 64.9% | $127.31 | $82.95 | $118.32 | $76.84 | $8.98 | 92.9% | 40.9% | 1.71 | 9,730 | 1.34 |
| 2024 | 76.4% | $150.33 | $115.43 | $138.09 | $105.54 | $12.24 | 91.9% | 45.5% | 1.72 | 9,860 | 1.33 |
| CAGR: 2016 thru 2024 | -0.5% | 2.2% | 1.7% | 2.1% | 1.6% | 2.5% | 0.0% | -0.3% | 0.9% | 1.0% | 1.3% |
| 1Q 2024 | 65.2% | $136.10 | $88.77 | $125.15 | $81.63 | $10.95 | 92.0% | 44.9% | 1.70 | 9,920 | 1.30 |
| 1Q 2025 | 66.3% | $139.25 | $92.36 | $128.32 | $85.11 | $10.93 | 92.2% | 48.4% | 1.68 | 9,700 | 1.25 |

## Notable Metrics

**HIGHEST**

| Population Density per Room | T12-Month Occupancy | Feeder Population Per Room |
|---|---|---|
| **3rd** | **4th** | **4th** |
| **Very Strong** | **Strong** | **Strong** |
| Newark, NJ boasted strong population density per room (126.89) | The market exhibited strong T12–month occupancy (76.7%) | The market also posted a high ratio of feeder population per room (89.99) |

**LOWEST**

| Latest-Quarter Average Length of Stay | T12-Month Average Length of Stay | Feeder Group Size |
|---|---|---|
| **103rd** | **102nd** | **100th** |
| **Soft** | **Soft** | **Soft** |
| This market has been impeded by weak latest–quarter average length of stay (1.68 Nights) | The market exhibited weak T12–month average length of stay (1.71 Nights) | Newark, NJ also required a large feeder group size (178.16 Persons) |

## Notable Trends

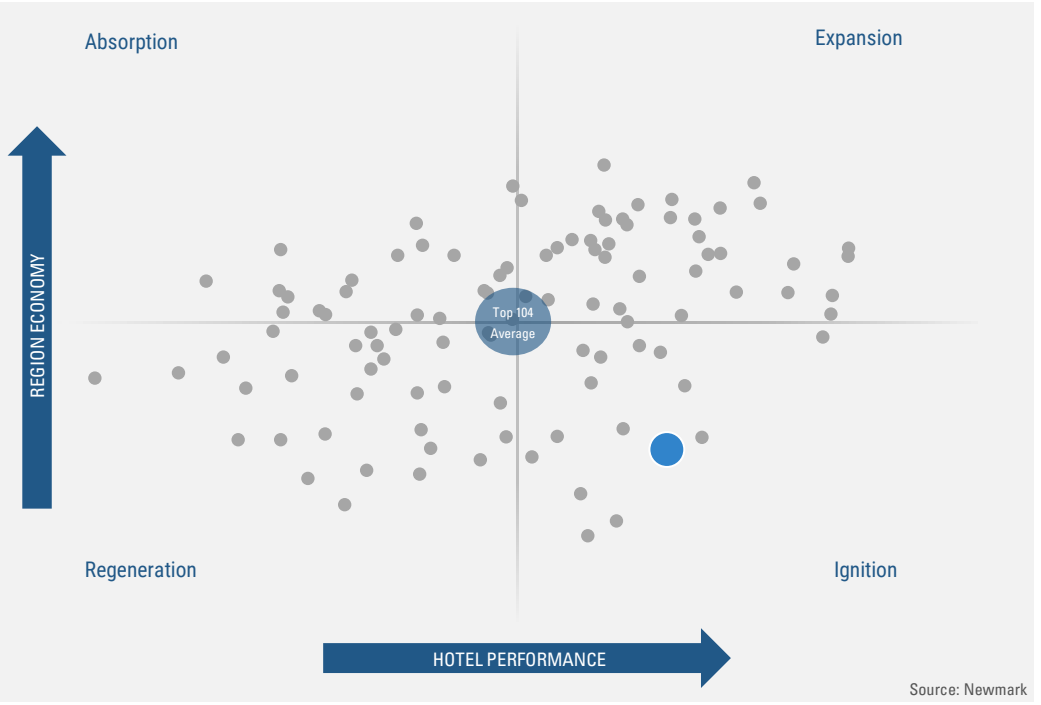
**STRONGEST**

| T12-Month Rooms Supply Growth | Long-Term Historical Occupancy Growth | Long-Term Historical Supply Growth |
|---|---|---|
| **9th** | **19th** | **20th** |
| **Strong** | **Above Average** | **Above Average** |
| Newark, NJ exhibited low rooms supply growth over the last 12 months (–2.2%) | The market enjoyed strong long–term historical occupancy growth (0.5%) | The market also has benefited from low long–term historical supply growth (0.5%) |

**WEAKEST**

| General Economy Reverence | Short-Term Historical Booking Costs POR Growth | Long-Term Historical Loyalty Contribution Growth |
|---|---|---|
| **95th** | **87th** | **83rd** |
| **Soft** | **Below Average** | **Below Average** |
| The market posted weak general economic reverence (per–capita unemployment, GDP and other indicators) | We note this area has been impeded by high short–term historical growth in booking costs (4.1%) | Newark, NJ also has been hindered by weak long–term historical loyalty contribution growth (3.4%) |

## Market Performance Stage




Source: Newmark

## Newark, NJ: Ignition Stage

**Ignition**

The Newark, NJ market is currently in the 'Ignition' stage of the performance cycle. In this 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.

**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.

**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 Fort Worth, TX; Minneapolis, MN; and Portland, OR.

**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): | 0.6% |
| Risk Exposure (402 US markets): | 61st Percentile: Average Risk |
| Key Industry Notes: | High-value-added industries |
| | Well-educated and productive workforce |
| | Weak population growth |
| | Unfavorable age structure |
| | High business, living costs |

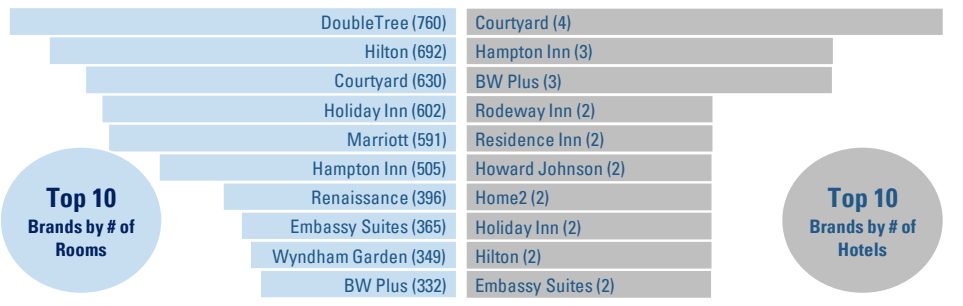
**Moody's Rating**

**Aa1**

**Investment Grade**

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

**TOP 10 BRANDS**

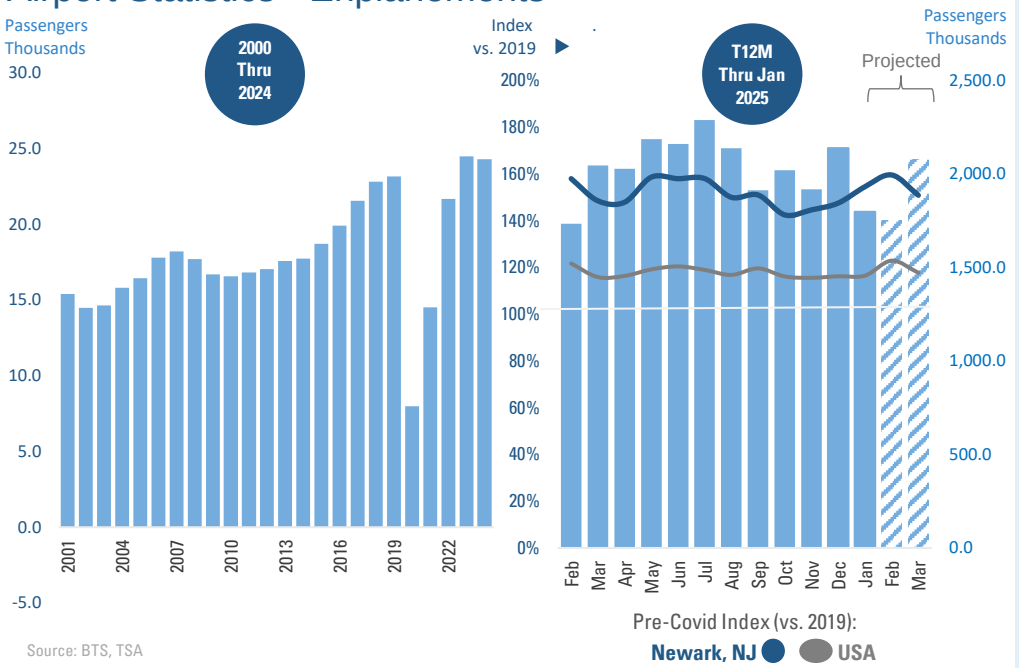



Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

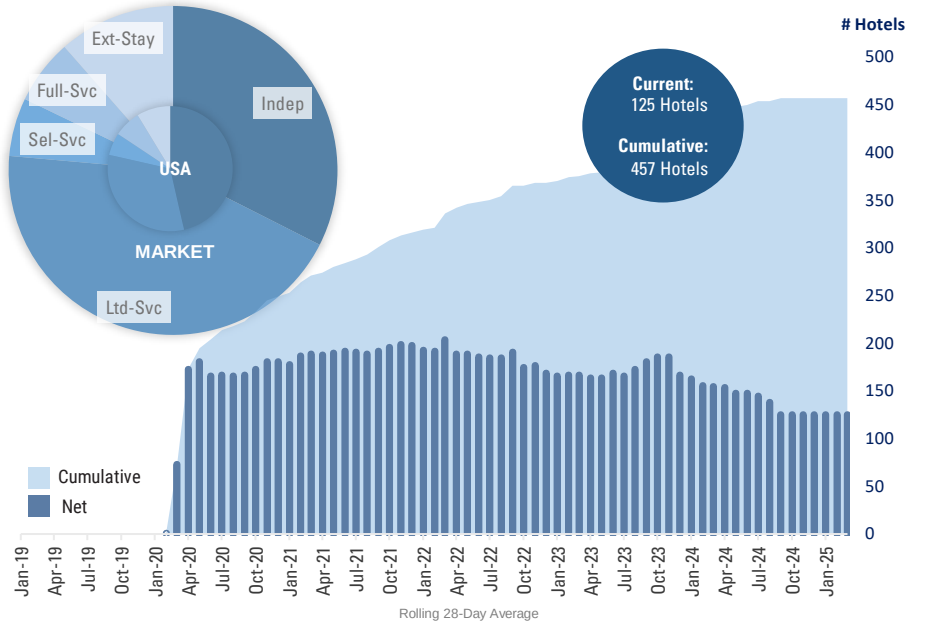
## Airport Statistics - Enplanements




Source: BTS, TSA

DATA THROUGH MAY 2025

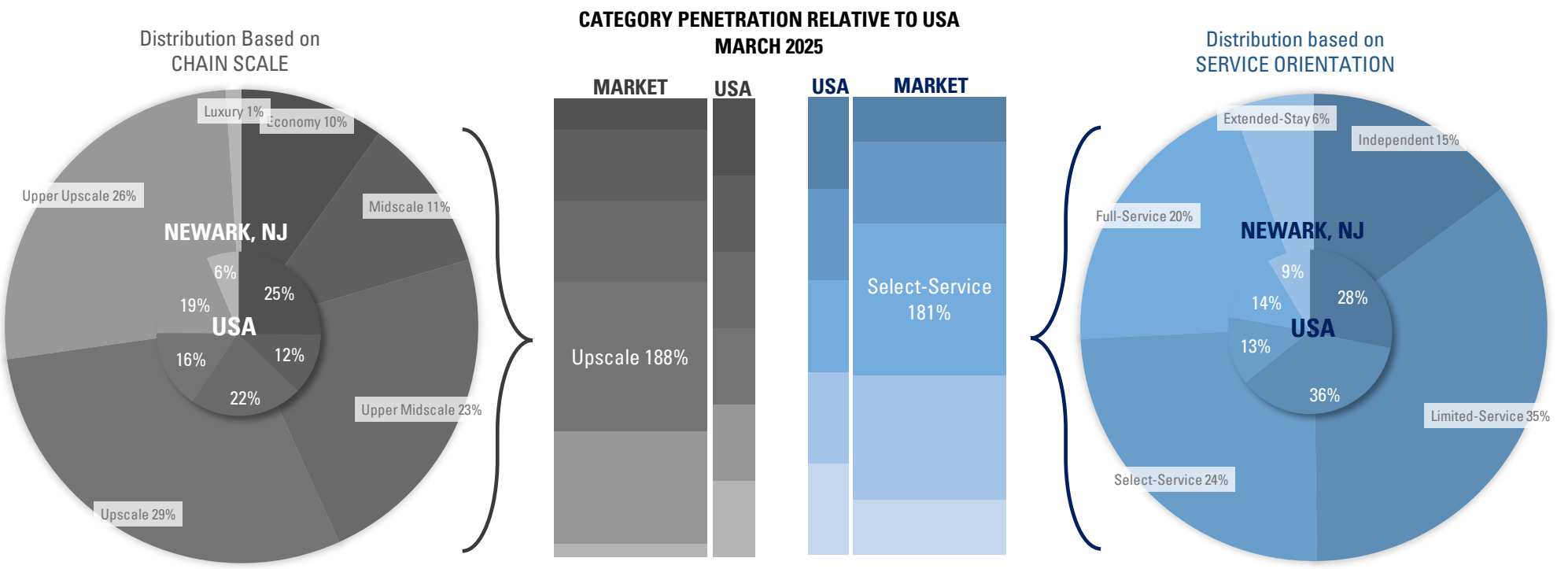
## Hotel Closures - State of NJ




Source: Hotel Compete

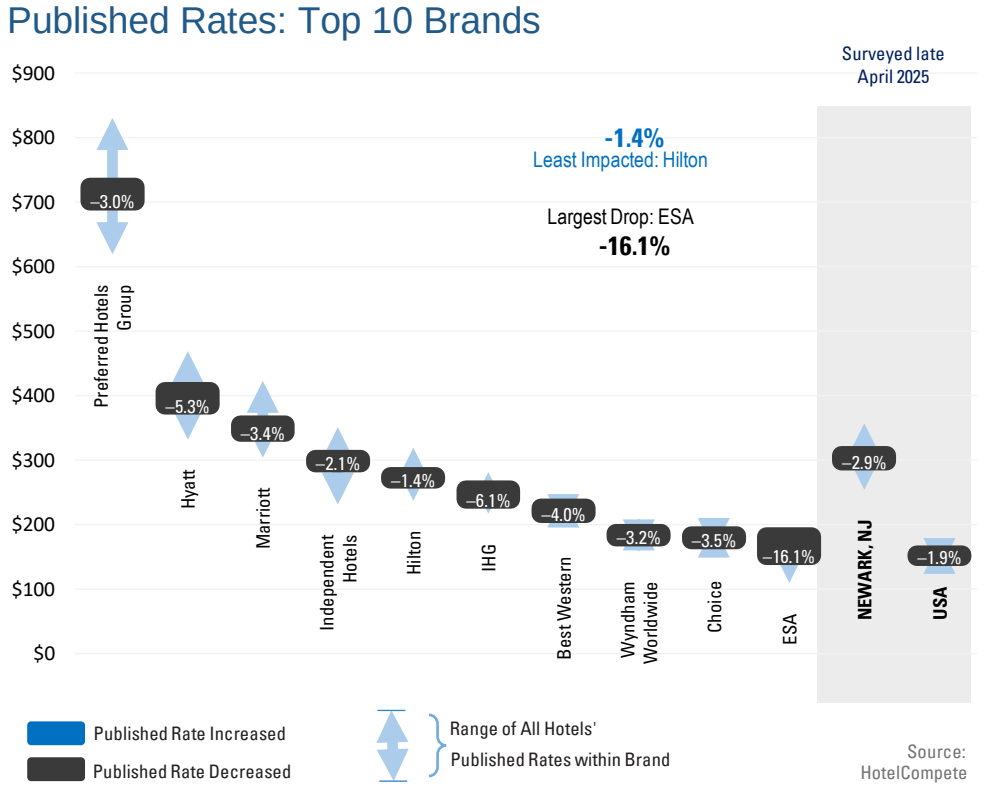
SCALE AND SERVICE ORIENTATION

## Scale and Service Distribution: Newark, NJ




'30/3' RATE CHANGES: NEWARK, NJ vs. USA

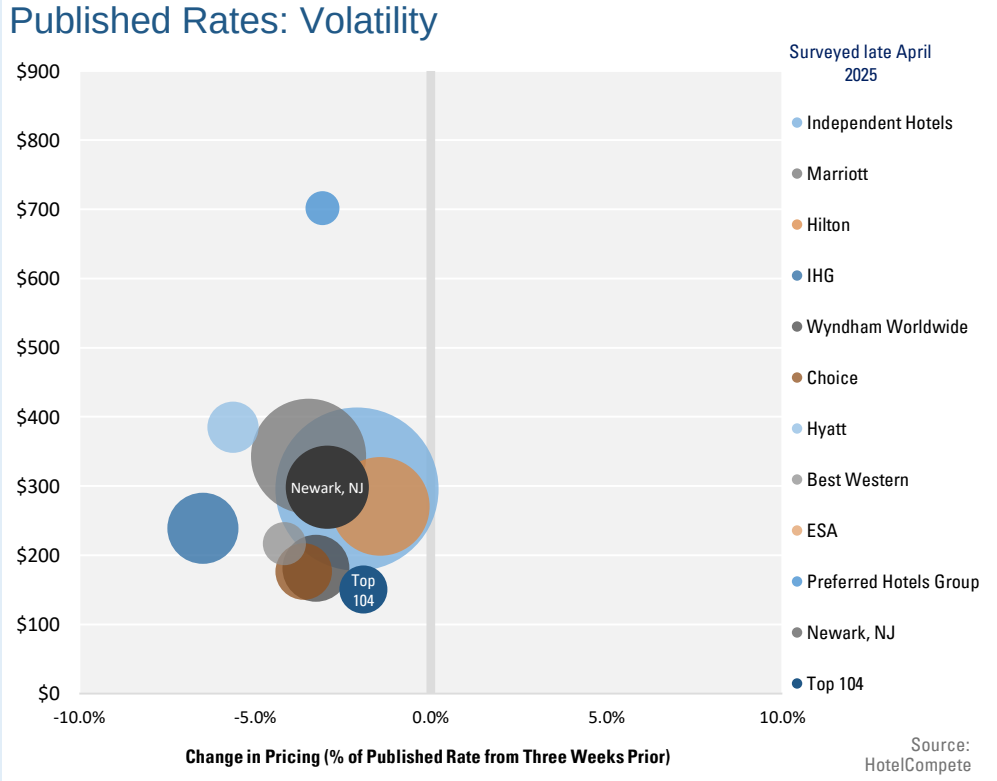
## Published Rates: Top 10 Brands




Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

## Published Rates: Volatility



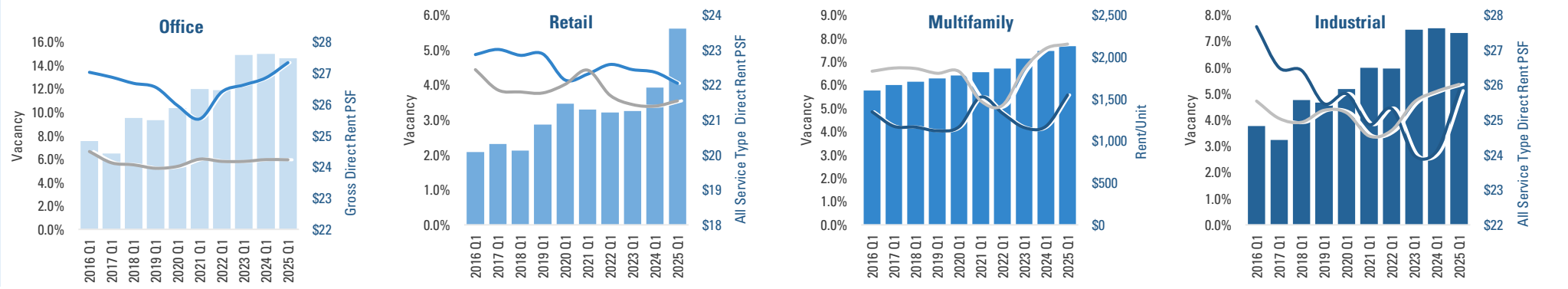

Source: HotelCompete

MAJOR C.R.E. METRICS

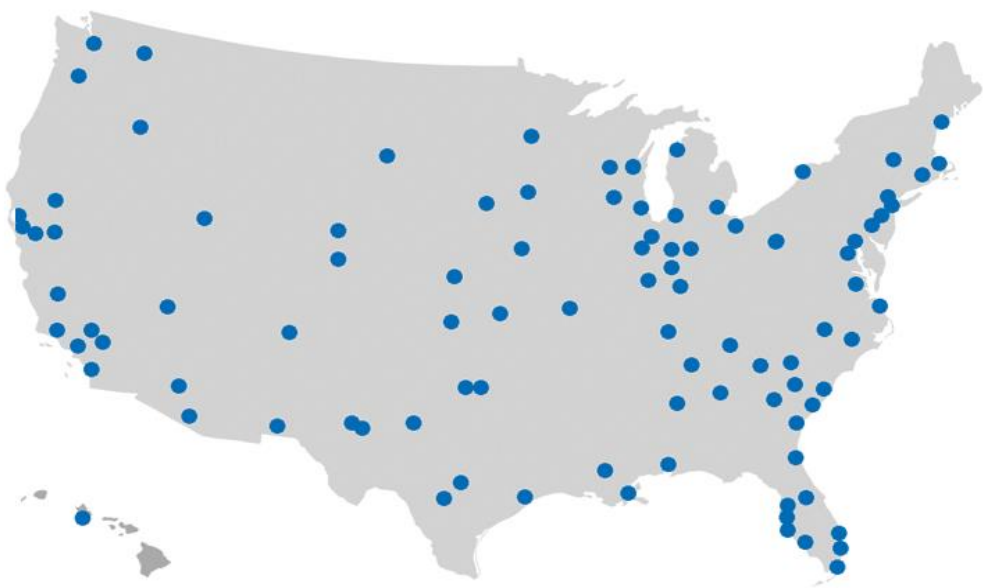
## Major CRE Market Performance

Northern New Jersey, NJ ● 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

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**Gaming Facilities**

**Stadiums, Sports & Entertainment Facilities**

**Conference, Expo and Convention Centers**

**Golf Courses**

**Marinas**

**Ski and Village Resorts**

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## CONTACT: NEW YORK, NEW JERSEY, AND NEW ENGLAN

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