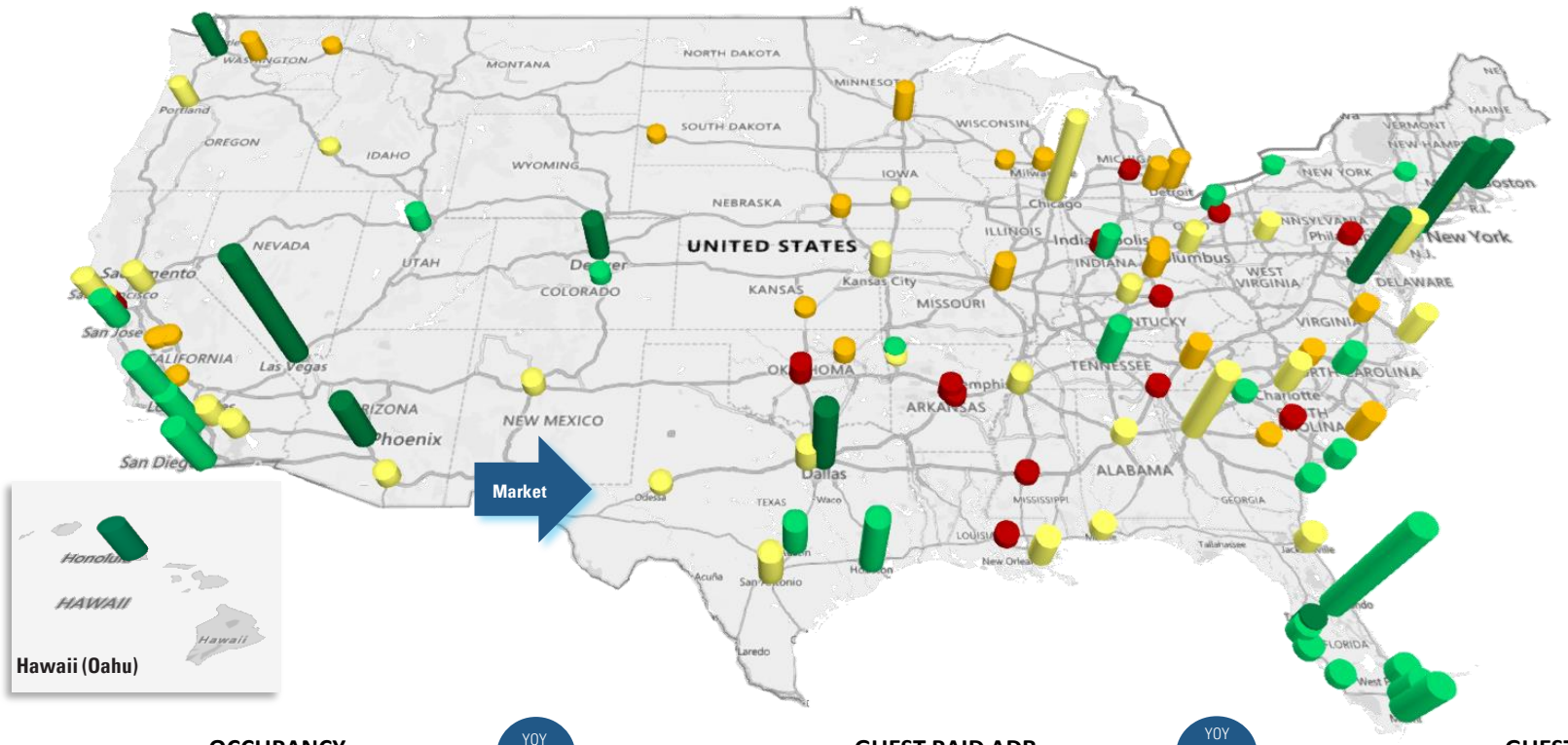
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

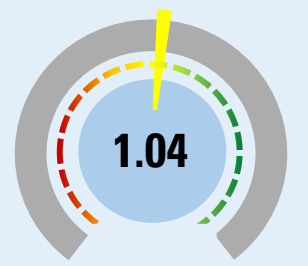
3Q 2024
ODESSA-MIDLAND, TX

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Odessa-Midland, TX

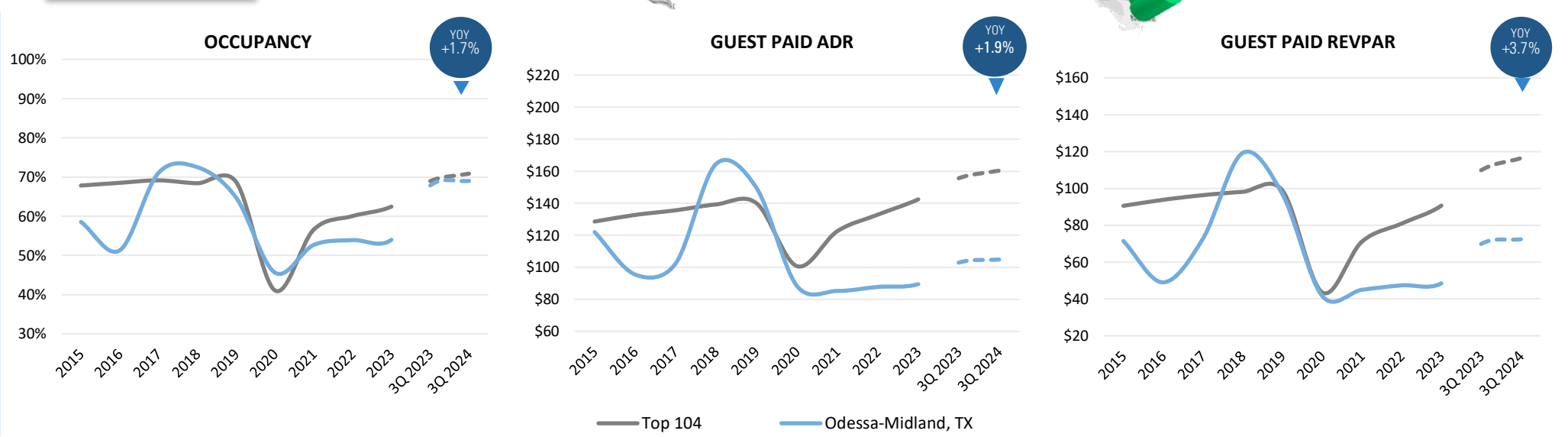


52nd of 104

Average

Ranking of overall '3Q 2024 LPI' performance (1.04) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
69.0% / 70.9%	67.8% / 67.9%	$105 / $160	$105 / $160	$72 / $116	$71 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
49th	34th	96th	95th	89th	89th

BENCHMARK INDEXES

Key Benchmark Indexes

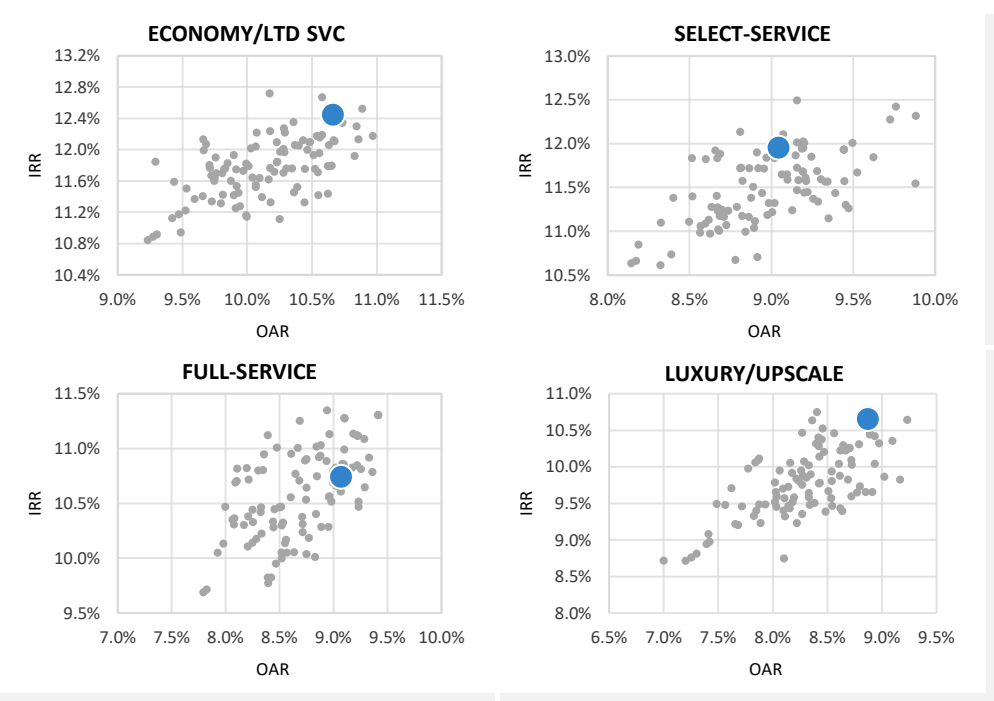
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
48.8% / 47.6%	48.5% / 52.4%	2.50 / 2.06	2.56 / 2.07	$7.19 / $12.17	$7.19 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
55th	54th	4th	2nd	5th	6th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

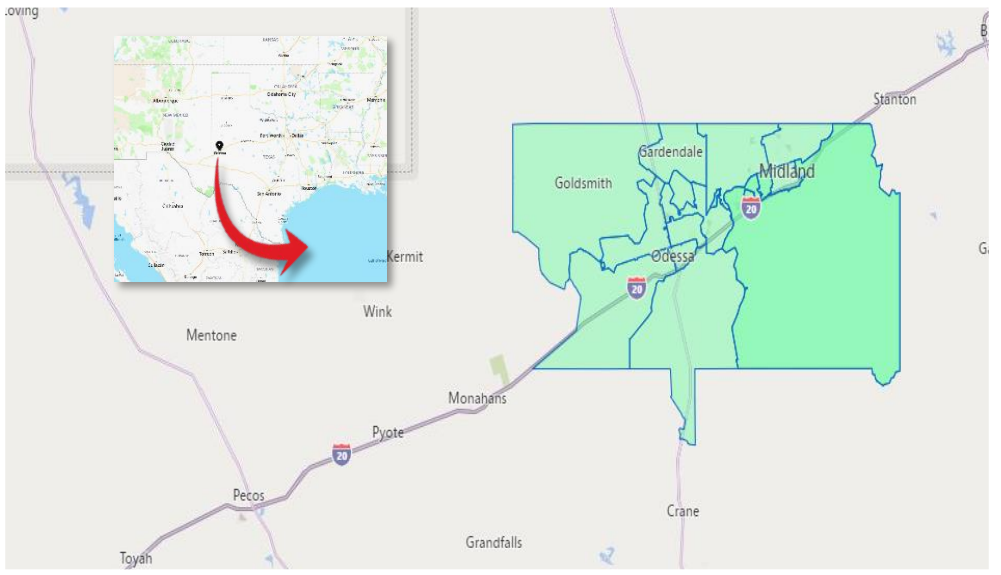
Revenue Stability	Supplier Power Trend	Investment Yields
104th	54th	96th
Soft	Average	Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 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
66th	79th	83rd
Below Average	Below Average	Below 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:	Odessa
County:	Ector County, Midland County
State:	Texas
Geo Coordinates (market center):	31.88339, -102.3399

Major Hotel Demand Generators

Halliburton | Saulsbury Cos. | Medical Center Health System | NexTier (Formerly Keane Group) | Walmart Inc. | Odessa Regional Medical Center | Bobby Cox Cos. Inc. | HEB | Texas Tech University Health Sciences Center | Weatherford | Albertson's / Market Street | Sewell Family of Dealerships | Nurses Unlimited Inc. | FTS International | The University of Texas of the Permian Basin | Power Line Services / Sun Electric / Tessco | Investment Corp. of America | Southwest Convenience Stores - Alon | Odessa College | Family Dollar

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	290,345	98th of 104 (Small)
Income per Capita	$61,541	13th of 104 (Above Average)
Feeder Group Size	45.5 Persons PSR	13th of 104 (Above Average)
Feeder Group Earnings	$2,800,838 PSR	29th of 104 (Above Average)
Total Market Hotel Revenues	$239.8 million	95th of 104 (Soft)

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 Rooms	Performance Index (LPI)
2015	58.5%	$122.00	$71.42	$114.69	$67.14	$7.30	94.0%	44.4%	2.57	7,650	1.19
2016	51.3%	$95.51	$48.98	$88.86	$45.57	$6.66	93.0%	52.9%	2.25	8,170	0.57
2017	71.0%	$102.31	$72.69	$95.47	$67.83	$6.84	93.3%	51.2%	2.57	8,460	1.39
2018	72.5%	$164.45	$119.22	$154.01	$111.65	$10.44	93.7%	49.2%	2.70	8,540	1.54
2019	64.7%	$149.64	$96.85	$138.71	$89.78	$10.93	92.7%	55.9%	2.18	8,870	0.93
2020	45.6%	$88.40	$41.62	$82.55	$37.63	$5.86	93.4%	39.8%	2.36	9,220	0.97
2021	52.7%	$85.25	$44.94	$79.60	$41.92	$5.65	93.4%	43.0%	2.31	9,570	0.53
2022	53.9%	$87.77	$47.35	$81.82	$44.09	$5.95	93.2%	43.4%	2.30	9,550	0.63
2023	54.0%	$89.49	$48.44	$83.29	$44.95	$6.20	93.1%	43.4%	2.30	9,530	1.06
CAGR: 2015 thru 2023	-1.0%	-3.8%	-4.7%	-3.9%	-4.9%	-2.0%	-0.1%	-0.3%	-1.4%	2.8%	-1.5%
3Q 2023	67.8%	$102.91	$69.81	$95.85	$65.01	$7.06	93.1%	44.7%	2.46	9,780	0.87
3Q 2024	69.0%	$104.89	$72.38	$97.70	$67.42	$7.19	93.1%	48.8%	2.56	9,770	1.04

Notable Metrics

HIGHEST

T12-Month Average Length of Stay	Latest-Quarter Average Length of Stay	Latest-Quarter Booking Costs POR
2nd	**4th**	**5th**
Very Strong	Strong	Strong
Odessa-Midland, TX benefited from strong T12–month average length of stay (2.50 Nights)	The market boasted strong latest–quarter average length of stay (2.56 Nights)	The market also enjoyed low latest–quarter booking costs POR ($7.19)

LOWEST

IRR: Luxury/Upscale	IRR: Economy/Ltd Svc	Latest-Quarter Guest Paid ADR
103rd	**101st**	**96th**
Highly Unfavorable	Highly Unfavorable	Soft
This market posted unfavorable IRR metrics in the luxury/upscale segment (10.7%)	The market posted unfavorable IRR metrics in the economy/ltd svc segment (12.4%)	Odessa-Midland, TX also has been hampered by weak latest–quarter Guest Paid ADR ($104.89)

Notable Trends

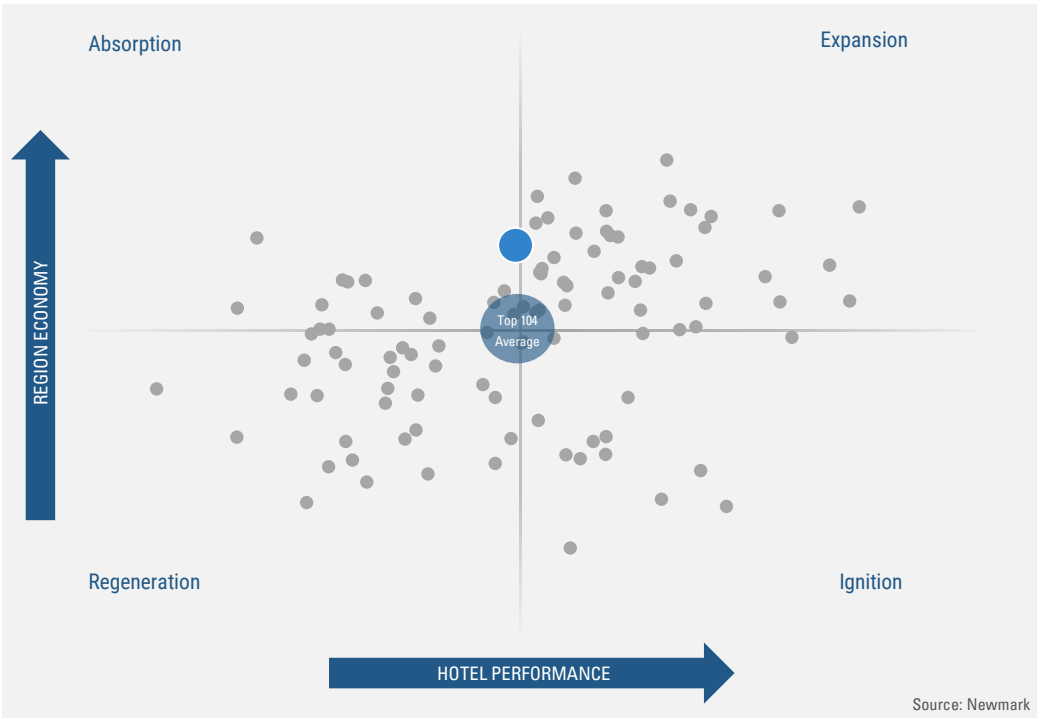
STRONGEST

Short-Term Historical Booking Costs POR Growth	Long-Term Historical Occupancy Growth	Long-Term Historical Booking Costs POR Growth
1st	**3rd**	**4th**
Very Strong	Very Strong	Strong
Odessa-Midland, TX enjoyed low short–term historical growth in booking costs (–6.0%)	The market enjoyed strong long–term historical occupancy growth (1.0%)	The market also has benefited from low long–term historical booking costs POR growth (0.1%)

WEAKEST

Short-Term Historical COPE RevPAR Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid RevPAR Growth
Last	**Last**	**Last**
Soft	Soft	Soft
The market has been impeded by weak short–term historical COPE RevPAR growth (–10.3%)	We note this area posted weak short–term historical COPE ADR growth (–8.8%)	Odessa-Midland, TX also has been hampered by weak short–term historical Guest Paid RevPAR growth (–10.1%)

Market Performance Stage



Odessa-Midland, TX: Absorption Stage

Absorption

The Odessa-Midland, TX 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:	**Recovery**
Employment Growth (2 yr):	1.2%
Risk Exposure (402 US markets):	**1st Percentile: Low Risk**
Key Industry Notes:	Lower oil drilling costs
	Low business costs
	High birthrate
	Slow-growing labor force
	High reliance on energy sector

Moody's Rating

Aa2

Investment Grade

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

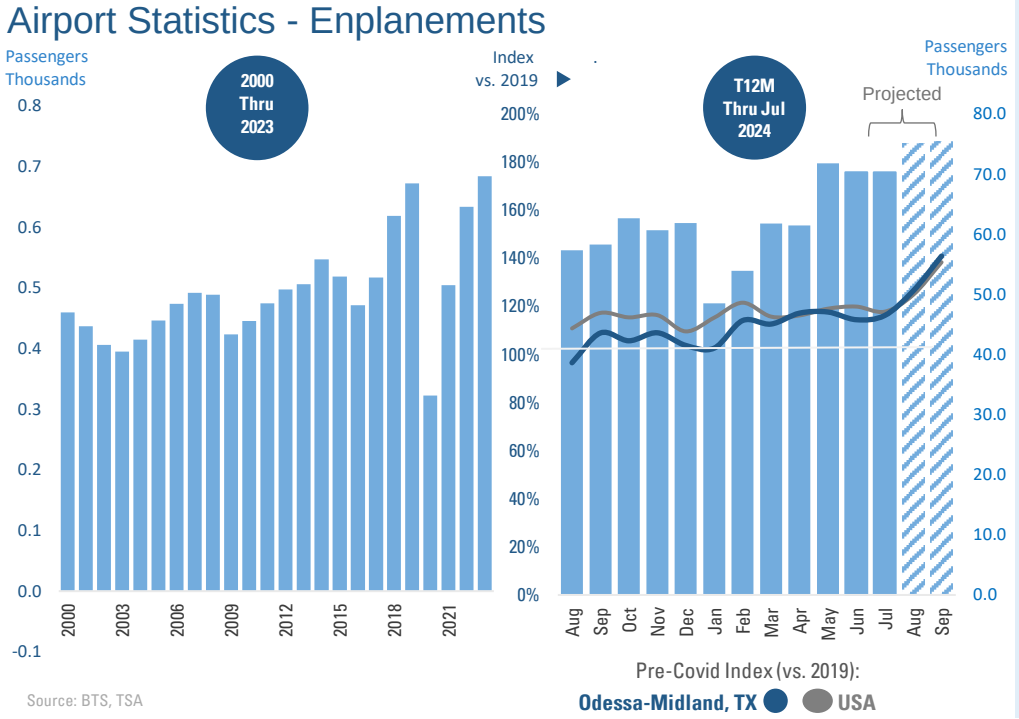
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

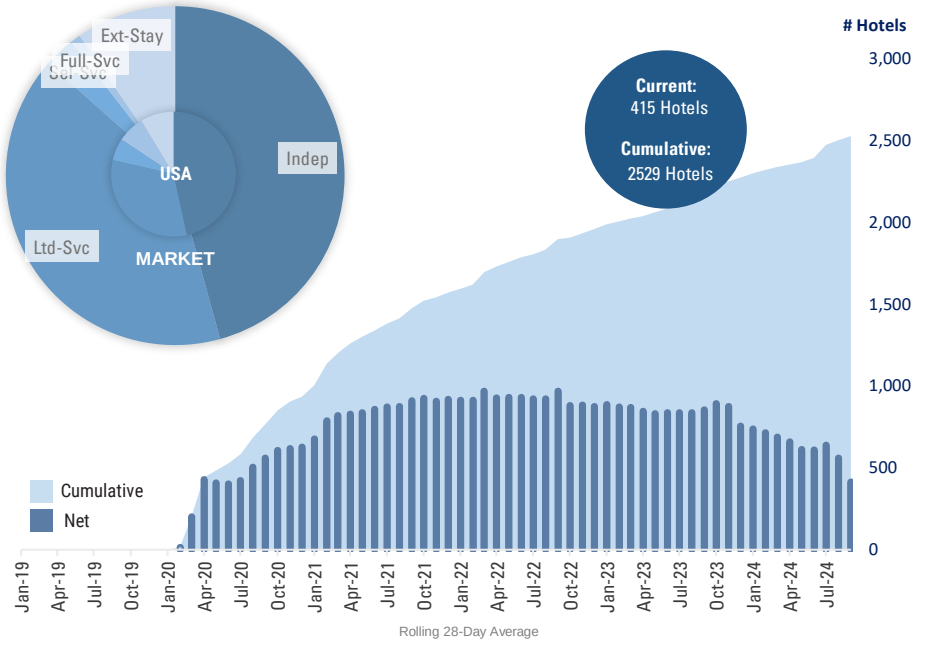
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

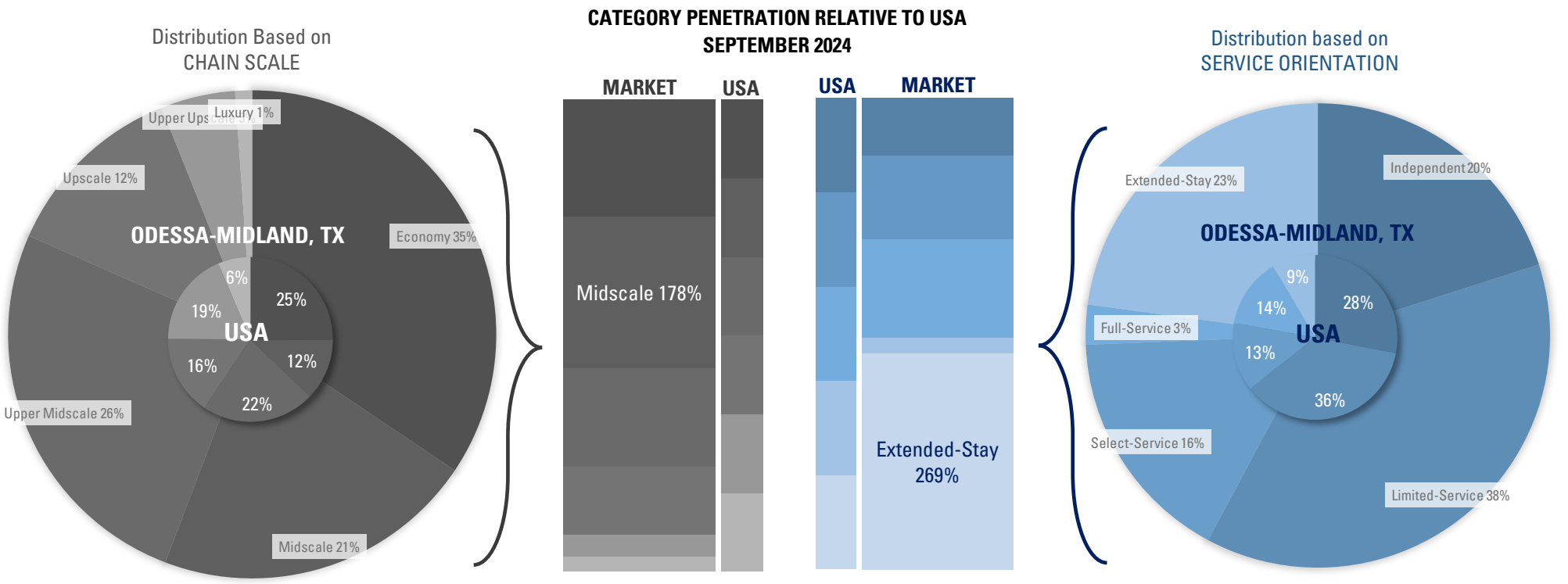
Hotel Closures - State of TX



Source: Hotel Compete

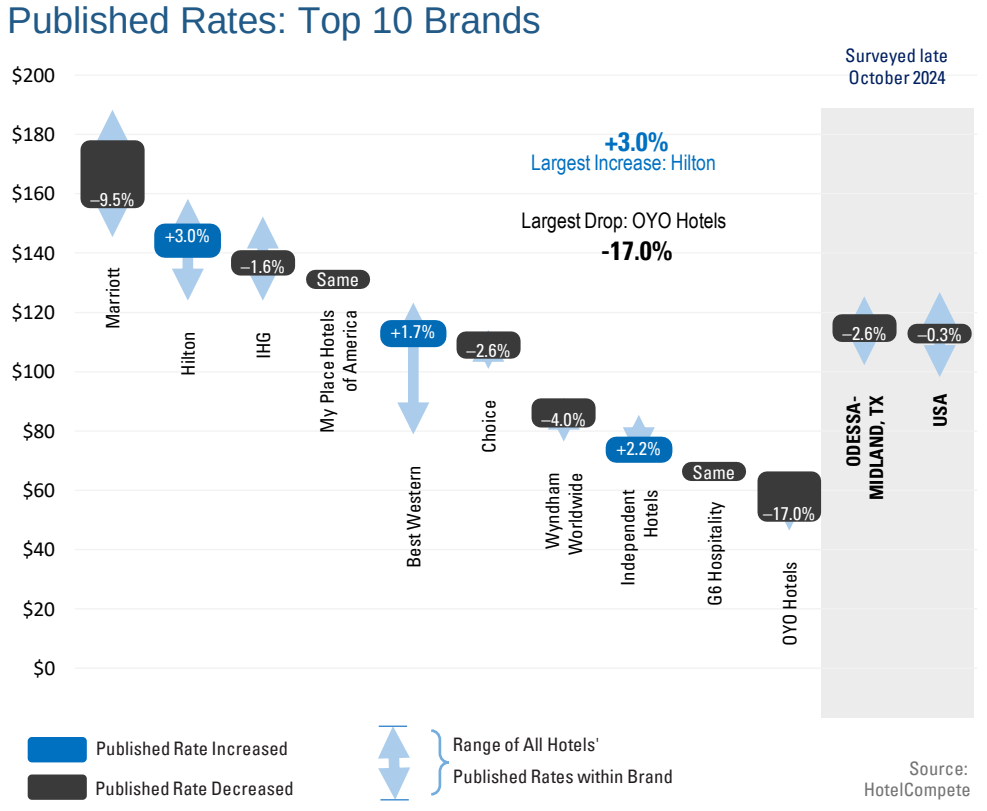
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Odessa-Midland, TX



'30/3' RATE CHANGES: ODESSA-MIDLAND, TX vs. USA

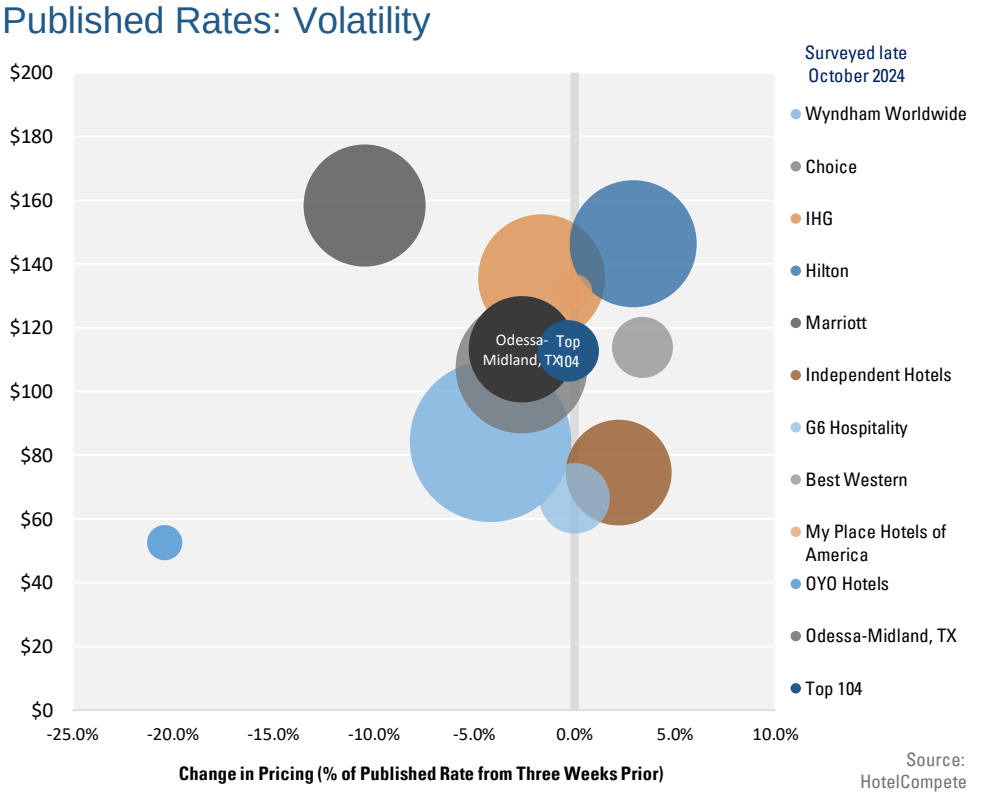
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



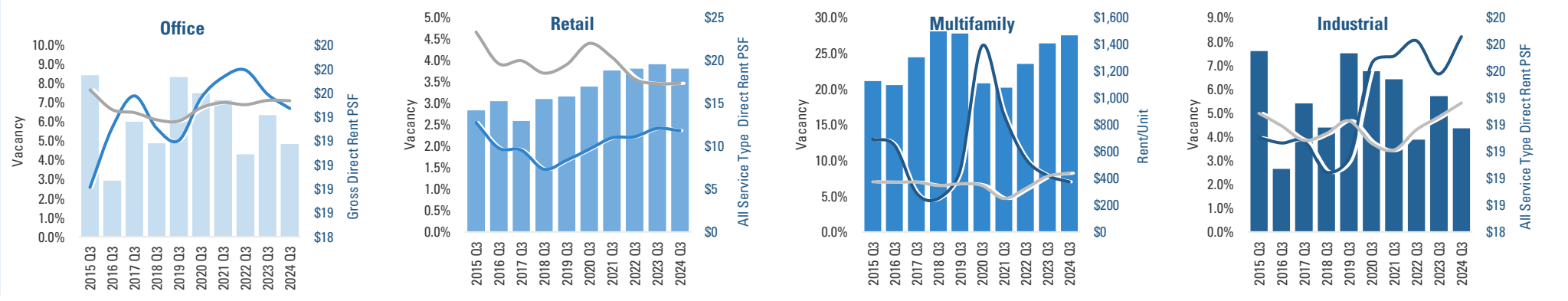
Source: HotelCompete

MAJOR C.R.E. METRICS

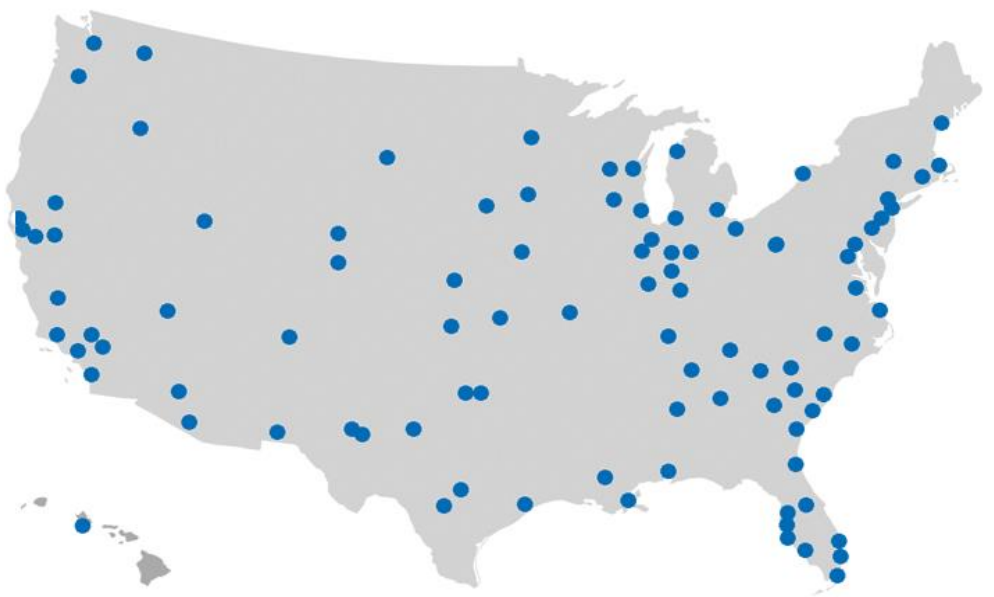
Major CRE Market Performance

Odessa-Midland, TX 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

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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