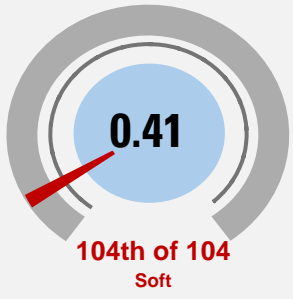


# 2Q 2022 ODESSA-MIDLAND, TX



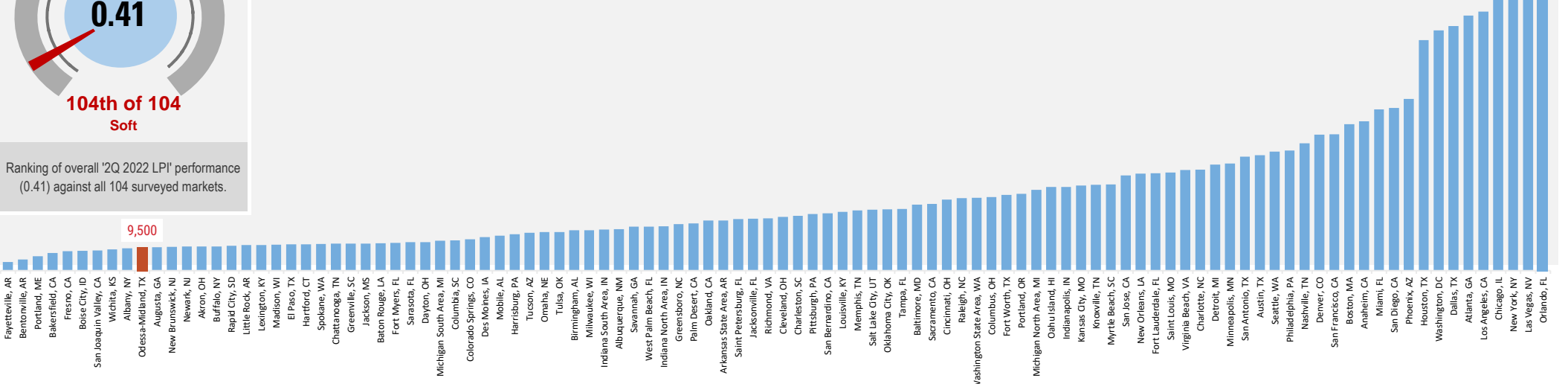
## Fundamentals Dashboard

### Lodging Performance Index

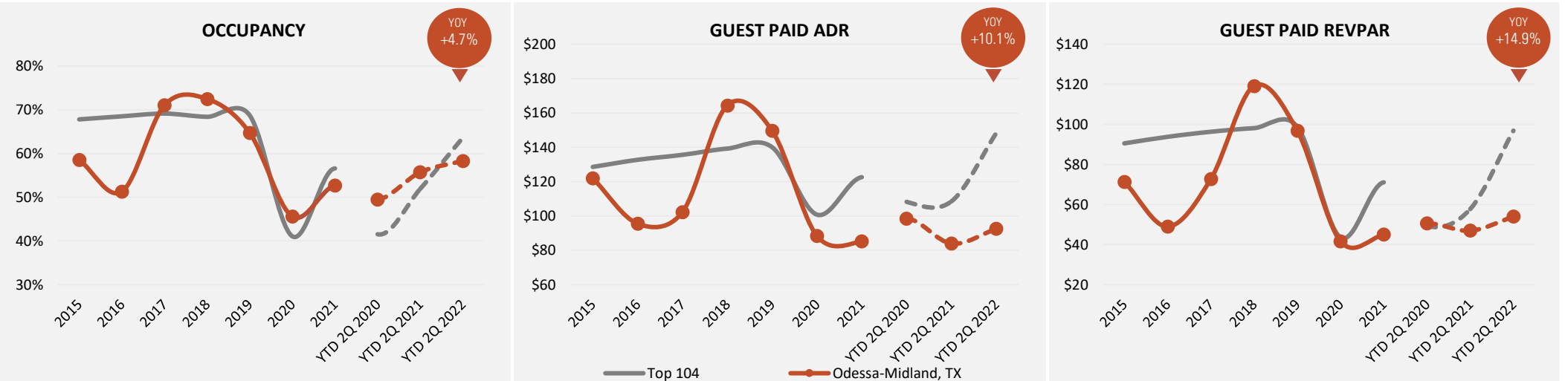


Ranking of overall '2Q 2022 LPI' performance (0.41) against all 104 surveyed markets.

### ROOM SUPPLY RANKING vs. MAJOR US MARKETS

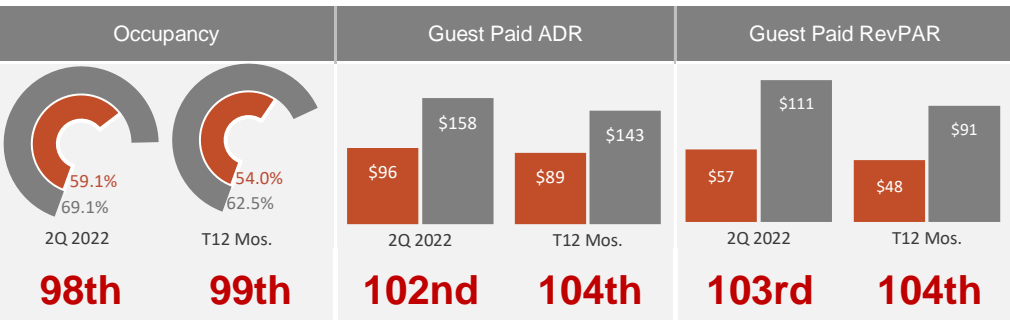


KEY PERFORMANCE METRICS

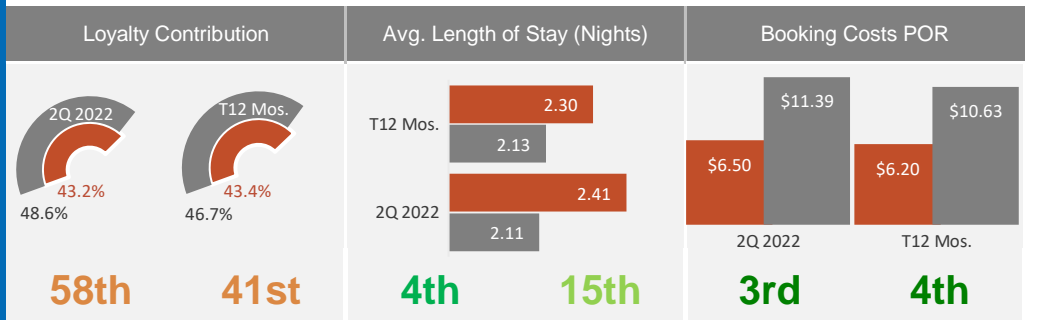


## Key Performance Indexes

● Subject Market ● Top 104

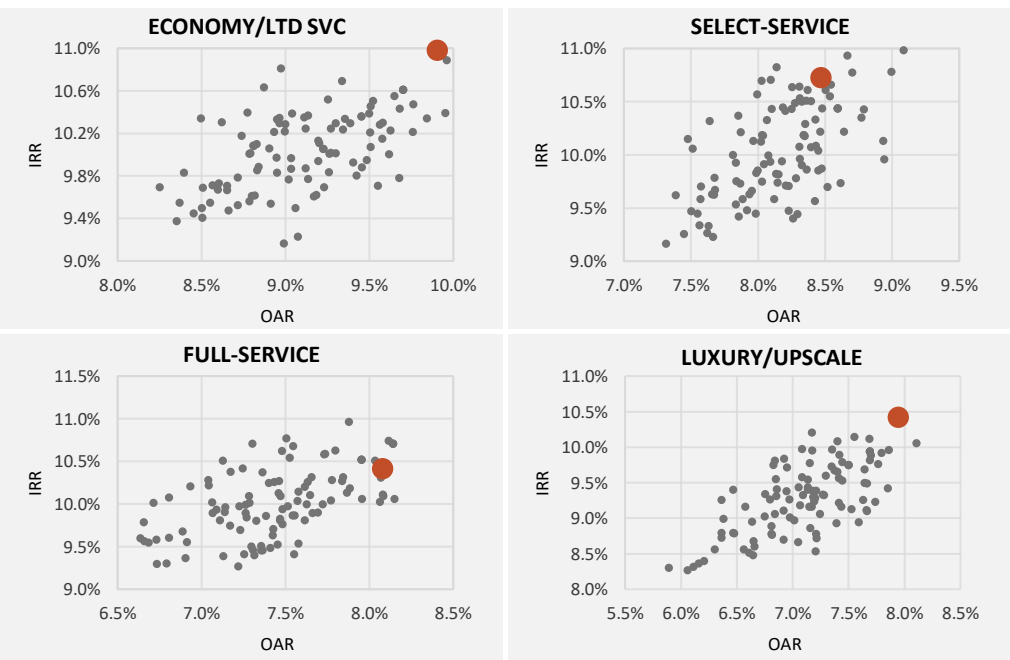


## Key Benchmark Indexes



## Discount and Capitalization Rates

Source: Newmark



## Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

|   |                              |   |
|---|------------------------------|---|
| <b>Jurisdictional Information</b>   |                              | 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          |   |
| <b>Major Hotel Demand Generators</b>  |                              |   |
| 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 / TESCO   Investment Corp. of America   Southwest Convenience Stores - Alon   Odessa College   Family Dollar |                              |   |
| <b>Metrics and Ranking</b>  |                              | <b>Measurements</b>                                 |
| Population (hotel market area)  | 290,345                      | <b>Rankings</b>                                     |
| Income per Capita   | \$61,541                     | 98th of 104 (Small)                                 |
| Feeder Group Size   | 56.4 Persons PSR             | 13th of 104 (Above Average)                         |
| Feeder Group Earnings   | \$3,472,986 PSR              | 27th of 104 (Above Average)                         |
| Total Market COPE   | \$168.1 million              | 47th of 104 (Average)                               |
|   |                              | 102nd of 104 (Soft)                                 |

Key Performance Metrics

| YEAR ENDING                 | Occ %        | Guest Paid   |              | COPE         |              | Booking Cost POR | ADR COPE %   | Loyalty %    | Avg. Length of Stay (Nights) | Supply (Available Rms) | Performance Index (LPI) |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|------------------|--------------|--------------|------------------------------|------------------------|-------------------------|
|                             |              | ADR          | RevPAR       | ADR          | RevPAR       |                  |              |              |                              |                        |                         |
| 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          | 93.6%        | 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                    |
| <b>CAGR: 2015 thru 2021</b> | <b>-1.7%</b> | <b>-5.8%</b> | <b>-7.4%</b> | <b>-5.9%</b> | <b>-7.5%</b> | <b>-4.2%</b>     | <b>-0.1%</b> | <b>-0.5%</b> | <b>-1.8%</b>                 | <b>3.8%</b>            | <b>-12.5%</b>           |
| YTD 2Q 2020                 | 49.4%        | \$98.42      | \$50.52      | \$91.90      | \$47.13      | \$6.52           | 93.4%        | 39.5%        | 2.38                         | 8,980                  | 1.07                    |
| YTD 2Q 2021                 | 55.7%        | \$83.94      | \$46.92      | \$78.76      | \$44.03      | \$5.17           | 93.8%        | 42.0%        | 2.43                         | 9,550                  | 0.79                    |
| YTD 2Q 2022                 | 58.3%        | \$92.43      | \$53.92      | \$86.14      | \$50.25      | \$6.28           | 93.2%        | 42.9%        | 2.41                         | 9,480                  | 0.41                    |
| <b>% Change</b>             | <b>4.7%</b>  | <b>10.1%</b> | <b>14.9%</b> | <b>9.4%</b>  | <b>14.1%</b> | <b>21.5%</b>     | <b>-0.7%</b> | <b>2.3%</b>  | <b>-0.9%</b>                 | <b>-0.7%</b>           | <b>-48.2%</b>           |

Data provided by: kalibri LABS

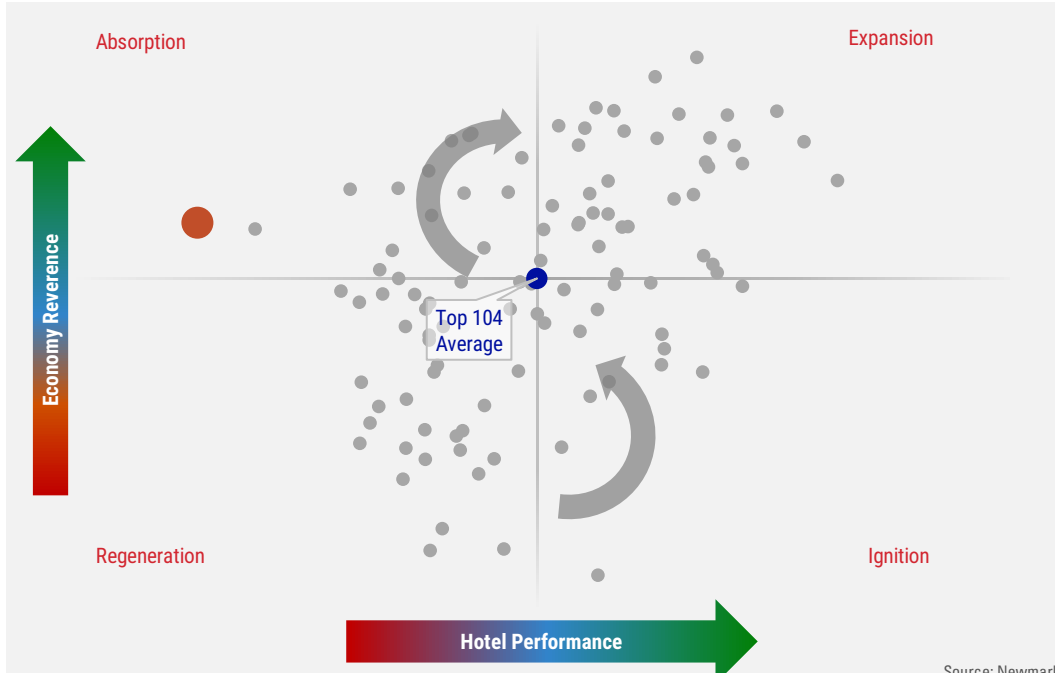
Notable Metrics

|         |   |   |  |
|---------|---|---|--|
| HIGHEST | Latest-Quarter Booking Costs POR  | Latest-Quarter Average Length of Stay   | T12-Month Booking Costs POR  |
|         | <b>3rd Strong</b><br>Odessa-Midland, TX enjoyed low latest-quarter booking costs POR (\$6.50)                       | <b>4th Strong</b><br>The market boasted strong latest-quarter average length of stay (2.41 Nights)                  | <b>4th Strong</b><br>The market also enjoyed low T12-month booking costs POR (\$6.20)    |
|         | IRR: Luxury/Upscale   | IRR: Economy/Ltd Svc  | T12-Month COPE RevPAR  |
| LOWEST  | <b>104th Highly Unfavorable</b><br>This market posted unfavorable IRR metrics in the luxury/upscale segment (10.4%) | <b>104th Highly Unfavorable</b><br>The market posted unfavorable IRR metrics in the economy/ltd svc segment (11.0%) | <b>104th Soft</b><br>Odessa-Midland, TX also posted weak T12-month COPE RevPAR (\$44.95) |

Notable Trends

|         |  |  |   |
|---------|--|--|---|
| FASTEST | Short-Term Historical Booking Costs POR Growth   | Long-Term Historical Booking Costs POR Growth  | Short-Term Historical Supply Growth   |
|         | <b>1st Strong</b><br>Odessa-Midland, TX enjoyed low short-term historical growth in booking costs (-9.5%)                      | <b>2nd Strong</b><br>The market has benefited from low long-term historical booking costs POR growth (-1.8%) | <b>10th Above Average</b><br>The market also has benefited from low short-term historical supply growth (3.5%)          |
|         | Overall Health of Hotel Market   | Short-Term Historical LPI Growth   | Short-Term Historical COPE RevPAR Growth  |
| SLOWEST | <b>104th Soft</b><br>The market has been hampered by weak general hotel market performance (levels and trends of fundamentals) | <b>104th Soft</b><br>We note this area has been hampered by weak short-term historical LPI growth (-21.0%)   | <b>104th Soft</b><br>Odessa-Midland, TX also has been impeded by weak short-term historical COPE RevPAR growth (-18.7%) |

Market Performance Stage



Odessa-Midland, TX: Absorption Stage

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 recover from the COVID-19 crisis, 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 Charlotte, NC; Kansas City, MO; and Minneapolis, MN.

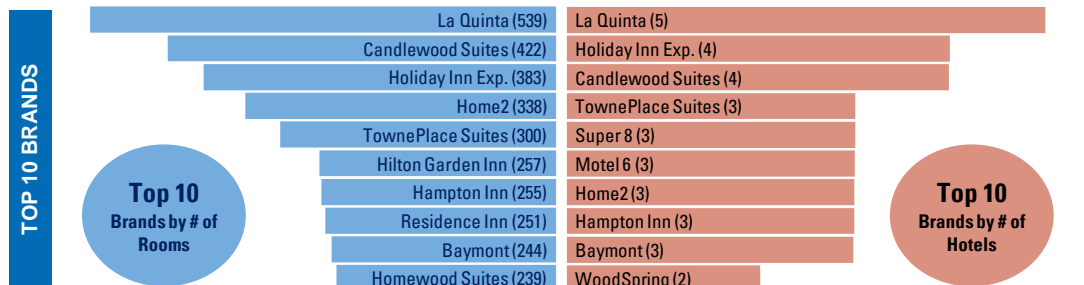
**Other Stages:**

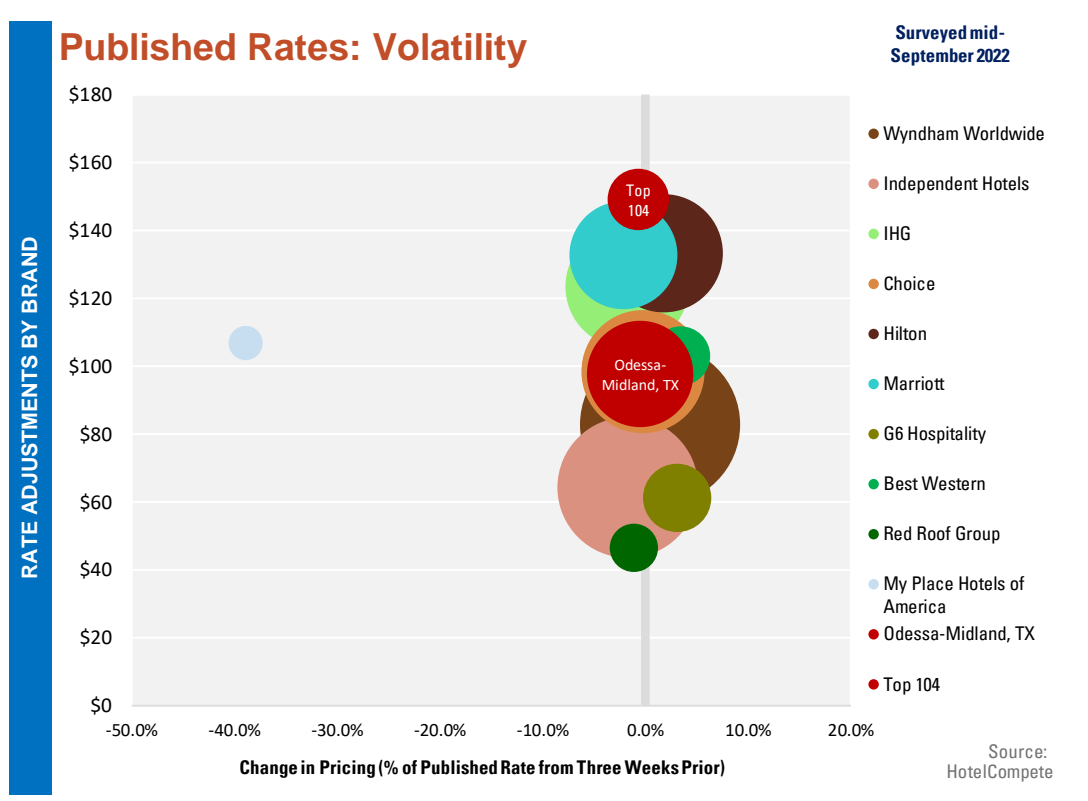
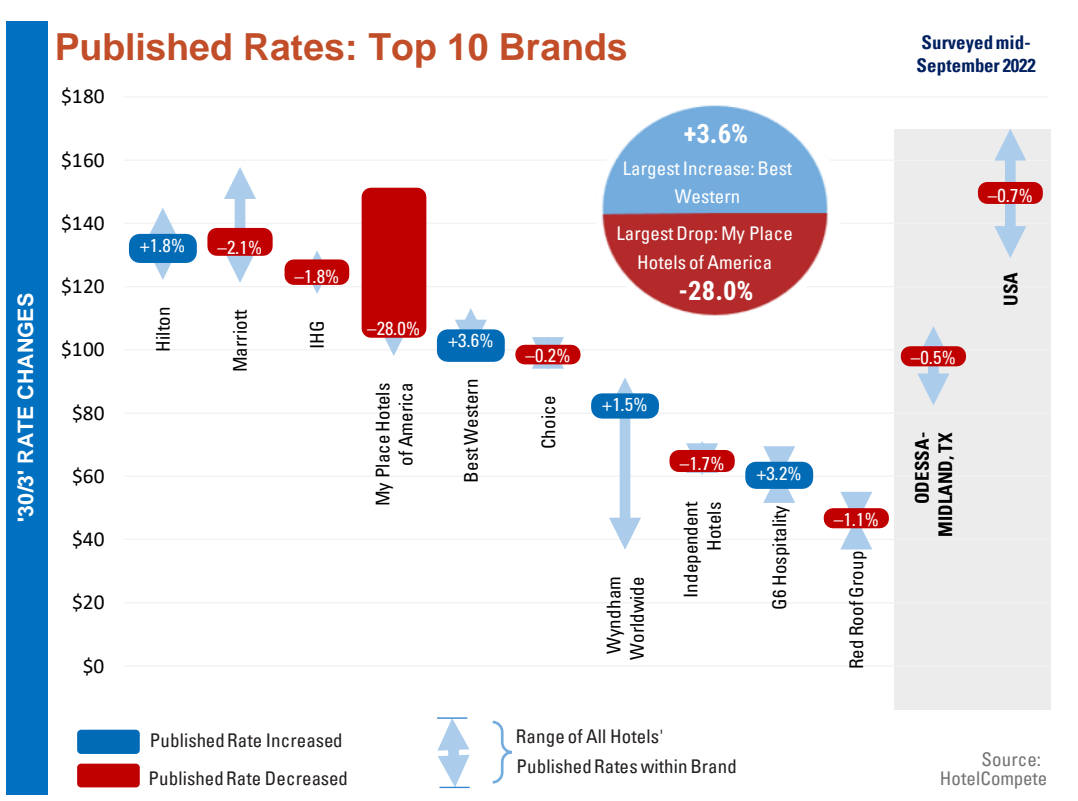
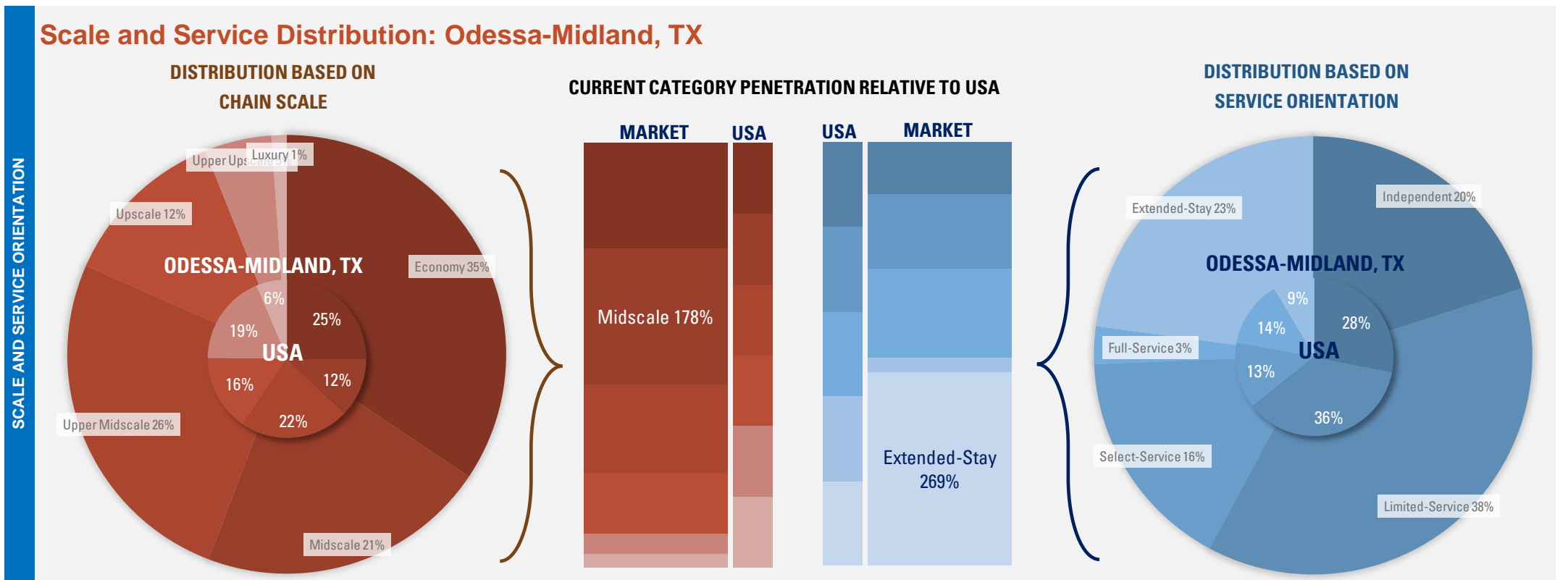
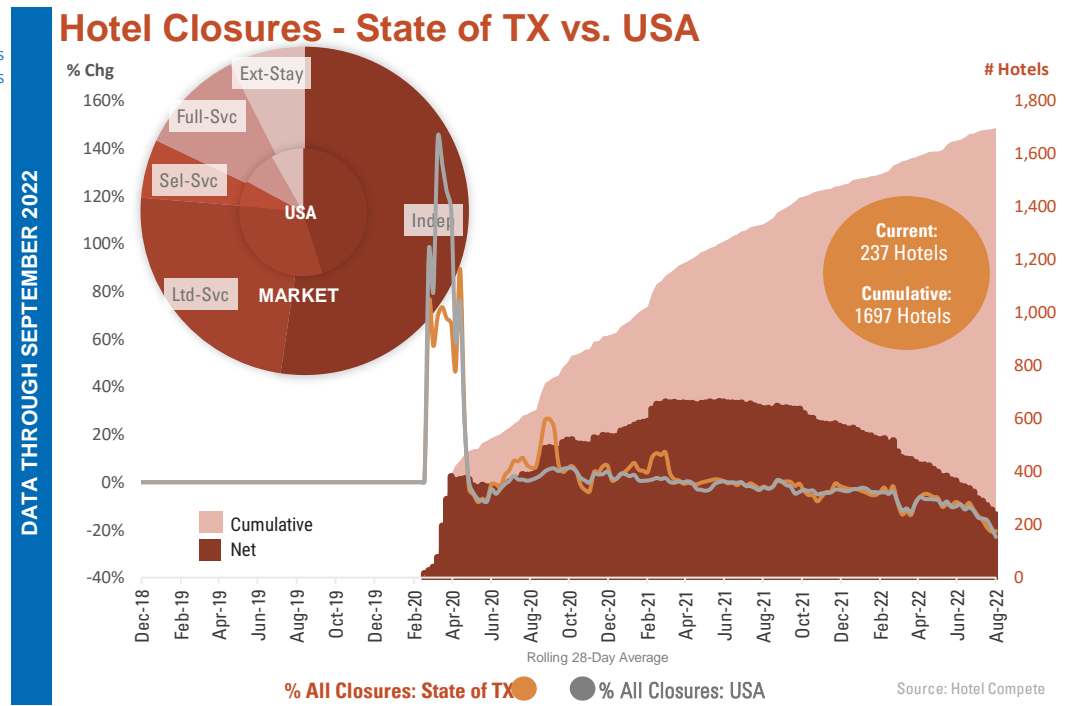
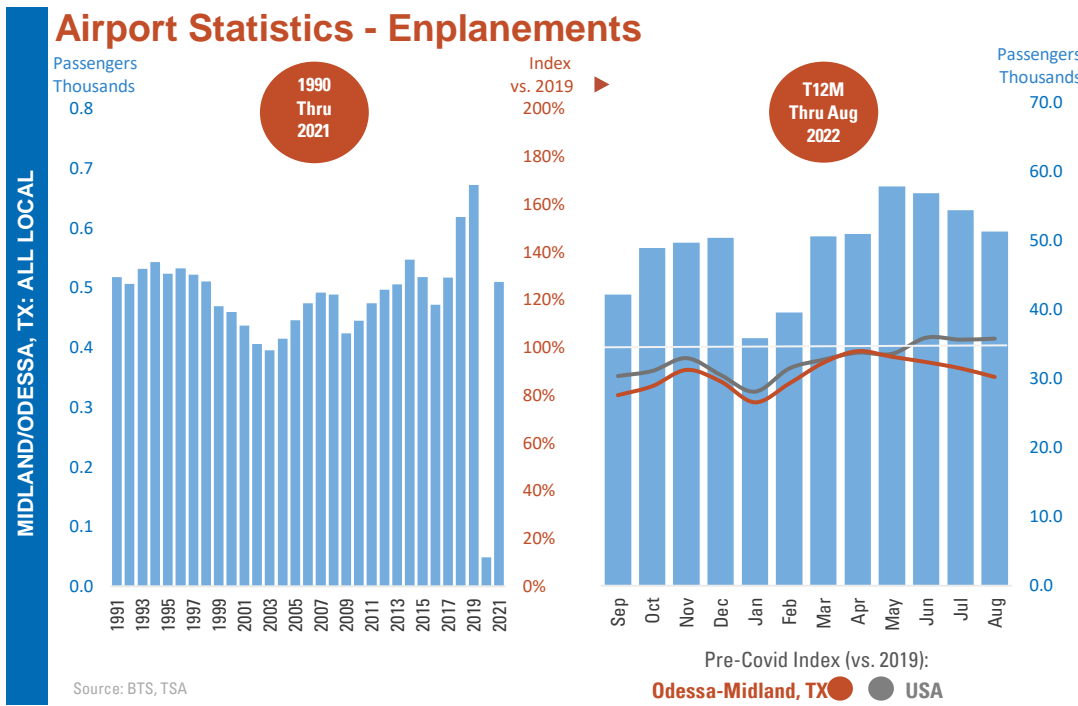
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Chicago, IL; Columbus, OH; and Detroit, MI.
- Ignition:** In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Knoxville, TN; Las Vegas, NV; and Miami, FL.
- 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.

Industry Observations

|  |   |
|--|---|
| <b>Business Cycle:</b>                 | In Expansion  |
| <b>Employment Growth (2 yr):</b>       | 1.4%  |
| <b>Risk Exposure (402 US markets):</b> | 1st Percentile: Low Risk  |
| <b>Key Industry Notes:</b>             | Energy, logistics<br>Low business costs<br>Low oil drilling costs<br>High birthrate<br>Few growth drivers |

|  |
|--|
| <b>Moody's Rating</b>                                  |
| <b>Aa3</b><br>Investment Grade                         |
| Long-term investment grade, Prime-1 short-term outlook |



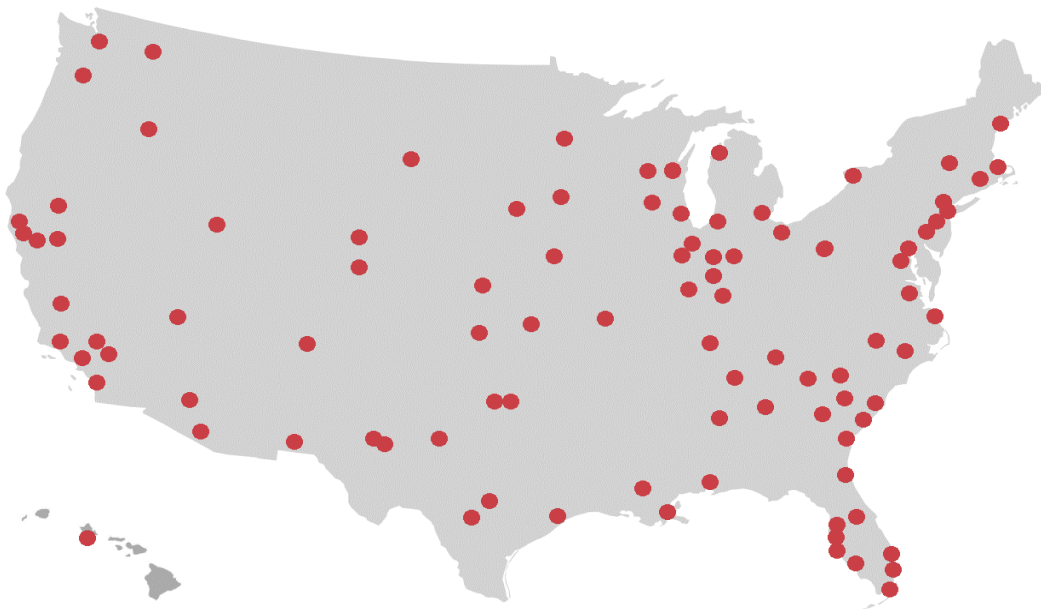


### Published Rate Observations: 30-Day Advance

| MARKET LEVEL | Published Rate Level  | Rate Movement   | Optimism  |
|--------------|---|---|---|
|              | <b>104th</b><br>Soft  | <b>45th</b><br>Average  | <b>72nd</b><br>Below Average  |
|              | The 30-day advanced published rate for the market was a very conservative \$97.71, ranking 104th out of 104 markets. (Guest-Paid ADR ranked a very conservative 102nd at \$92.43 in 2Q 2022.) | Published rates have recently been moving downward, decreasing by a modest 0.5% over three weeks going into mid-September 2022. By comparison, the T-104 average posted downward movement of 0.68%. | Published rates reported in mid-September 2022 were 1.9% higher than the market's Guest-Paid ADR in 2Q 2022. This optimism is below average. By comparison, the T-104 spread was -5.6%. |

| BRAND LEVEL | Published Rate Integrity  | Coverage   | Volatility  |
|-------------|---|--|---|
|             | <b>57th</b><br>Average  | <b>97th</b><br>Soft  | <b>100th</b><br>Very High   |
|             | Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists. | Odessa-Midland, TX has a soft spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting. | Odessa-Midland, TX's top 10 brands are exhibiting very high volatility with respect to advanced booking pricing movements in the three weeks leading into mid-September 2022. |

# 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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*Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:*

### Hotels and Resorts

### Gaming Facilities

### Arenas, Stadiums and Sports Facilities

### Conference, Expo and Convention Centers

### Golf Courses

### Marinas

### Ski and Village Resorts

### Water Parks, Amusement Parks and Attractions

*Our core disciplines and expert subject areas include:*

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We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

### Feasibility

We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

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### Portfolio Analytics

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### Property Tax

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FOR INFORMATION CONTACT:

**Bryan Younge MAI, ASA, FRICS**

Executive Vice President, Valuation & Advisory,  
Specialty Practice Leader – Hospitality, Gaming & Leisure  
m 773-263-4544  
bryan.younge@nrmk.com

### CONTACT: SOUTH US MARKETS

#### FOR MORE INFORMATION

**Bryan Younge, MAI, ASA, FRICS**  
Senior Managing Director  
Practice Leader - Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
Americas  
m 773-263-4544  
bryan.younge@nrmk.com

**Chris Remund, MAI**  
Senior Vice President  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
South US Markets  
t 737-263-0343  
chris.remund@nrmk.com

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