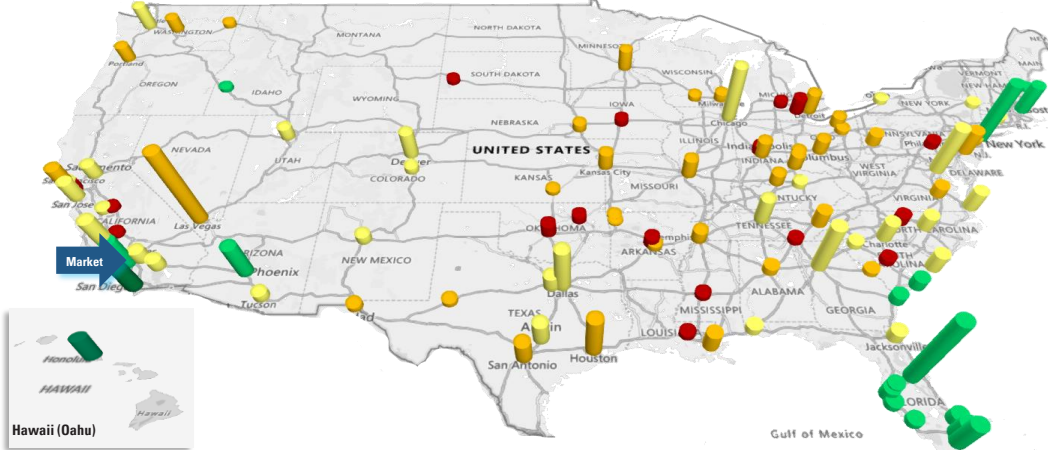


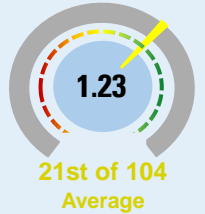
# 2Q 2023 PALM DESERT, CA



## Lodging Performance Index Snapshot



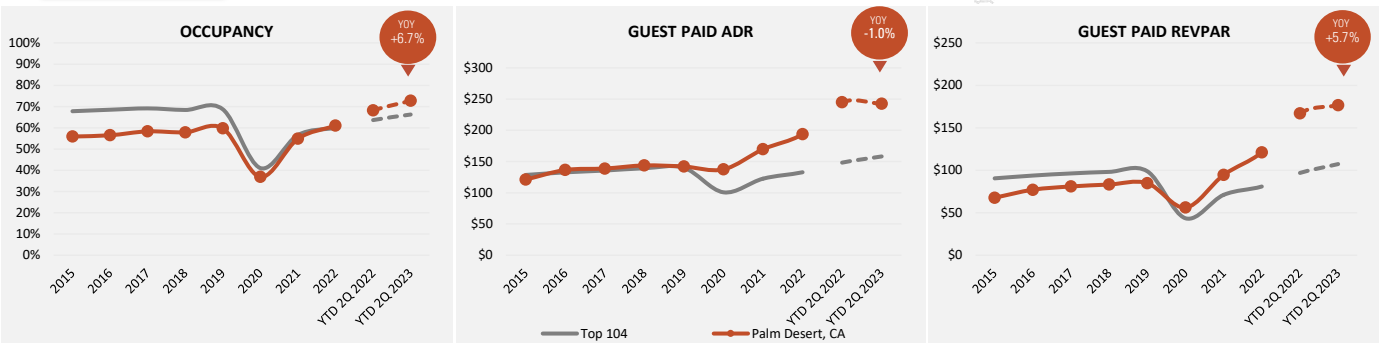
**LODGING PERFORMANCE INDEX**  
Palm Desert, CA



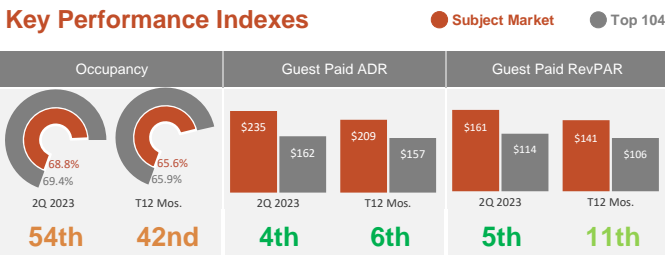
Ranking of overall '2Q 2023 LPI' performance (1.23) against all 104 surveyed markets.

LODGING PERFORMANCE INDEX

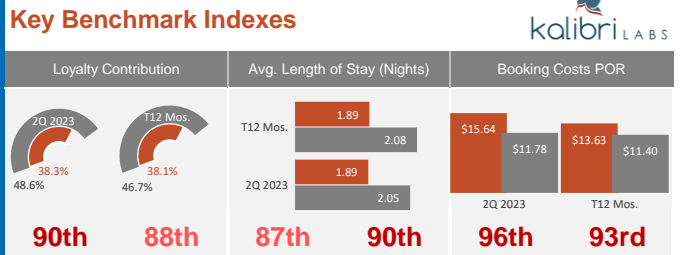
KEY PERFORMANCE METRICS



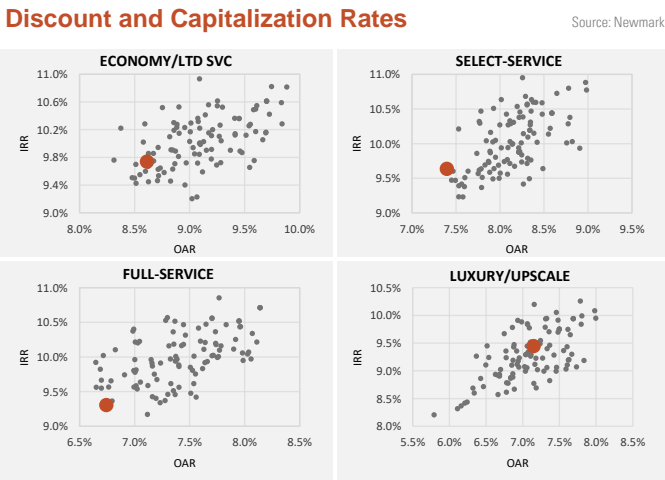
PERFORMANCE INDEXES



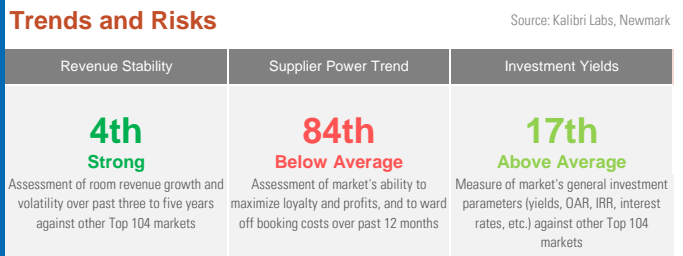
BENCHMARK INDEXES



INVESTMENT PARAMETERS



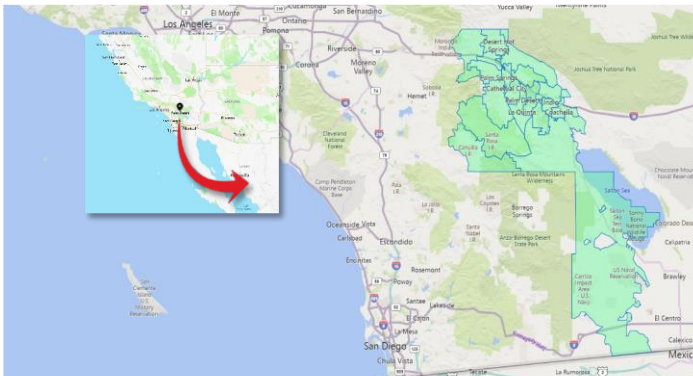
FUNDAMENTALS



RISKS



Location



Quick Facts

**Jurisdictional Information**  
 Municipal Name: Palm Desert  
 County: Riverside County  
 State: California  
 Geo Coordinates (market center): 33.72224, -116.37446

Source: US Census Bureau, Dept. of Labor Statistics

**Major Hotel Demand Generators**  
 JW Marriott | Universal Protection Services | Securitas | Organization of Legal Professionals | Sunshine Landscaping | Costco Wholesale | Bighorn Golf Club | Whole Foods Market | Target | Tommy Bahama | College of the Desert | Desert Pipe & Supply | The Living Desert | Ironwood Country Club | Indian Ridge Country Club | Desert Security Services | CLK | Desert Arc | Cove Electric | Desert Willow Golf Resort

**Metrics and Ranking**

Measurement	Value	Rankings
Population (hotel market area)	369,384	94th of 104 (Small)
Income per Capita	\$56,262	26th of 104 (Above Average)
Feeder Group Size	28.4 Persons PSR	6th of 104 (Strong)
Feeder Group Earnings	\$1,598,210 PSR	10th of 104 (Above Average)
Total Market COPE	\$994.2 million	39th of 104 (Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE ADR	RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	55.9%	\$121.15	\$67.72	\$112.55	\$62.92	\$8.59	92.9%	31.2%	1.95	17,100	1.20
2016	56.5%	\$136.49	\$77.10	\$125.99	\$71.17	\$10.50	92.3%	32.0%	1.94	17,040	1.23
2017	58.3%	\$138.84	\$80.98	\$128.07	\$74.70	\$10.77	92.2%	38.6%	1.94	17,940	1.09
2018	57.9%	\$143.78	\$83.21	\$132.64	\$76.77	\$11.14	92.3%	42.4%	1.90	18,830	1.24
2019	59.7%	\$142.03	\$84.85	\$131.00	\$78.26	\$11.03	92.2%	43.0%	1.89	18,960	1.13
2020	36.9%	\$137.45	\$56.10	\$128.12	\$47.23	\$9.33	93.2%	31.7%	1.92	18,900	0.97
2021	54.8%	\$169.66	\$94.51	\$157.11	\$86.15	\$12.55	92.6%	34.7%	1.83	19,160	1.06
2022	61.1%	\$193.75	\$121.12	\$179.99	\$109.93	\$13.76	92.9%	35.9%	1.87	19,210	1.31
CAGR: 2015 thru 2022	1.3%	6.9%	8.7%	6.9%	8.3%	7.0%	0.0%	2.0%	-0.6%	1.7%	1.3%
YTD 2Q 2022	68.2%	\$244.94	\$167.06	\$228.93	\$156.14	\$16.01	93.5%	37.6%	1.95	19,310	1.28
YTD 2Q 2023	72.7%	\$242.47	\$176.62	\$227.25	\$165.57	\$15.21	93.7%	39.0%	1.95	19,860	1.23
% Change	6.7%	-1.0%	5.7%	-0.7%	6.0%	-4.9%	0.3%	3.9%	0.0%	2.8%	-4.1%

Data provided by: kalibri LABS

Notable Metrics

	OAR: Select-Service	Latest-Quarter COPE ADR	Latest-Quarter Guest Paid ADR
<b>HIGHEST</b>	<b>1st</b> Highly Favorable Palm Desert, CA enjoyed favorable OAR metrics in the select-service segment (7.4%)	<b>4th</b> Strong The market exhibited strong latest-quarter COPE ADR (\$219.11)	<b>4th</b> Strong The market also exhibited strong latest-quarter Guest Paid ADR (\$234.75)
<b>LOWEST</b>	<b>99th</b> Soft This market posted a low ratio of feeder population per room (12.94)	<b>99th</b> Soft The market has been hindered by weak population density per room (18.54)	<b>96th</b> Soft Palm Desert, CA also exhibited a low ratio of marketwide income per room (\$728,005)

Notable Trends

	Long-Term Historical Guest Paid RevPAR Growth	Long-Term Historical COPE RevPAR Growth	Long-Term Historical Loyalty Contribution Growth
<b>FASTEST</b>	<b>3rd</b> Very Strong Palm Desert, CA exhibited strong long-term historical Guest Paid RevPAR growth (5.7%)	<b>3rd</b> Very Strong The market posted strong long-term historical COPE RevPAR growth (5.6%)	<b>3rd</b> Very Strong The market also exhibited strong long-term historical loyalty contribution growth (6.6%)
<b>SLOWEST</b>	<b>101st</b> Soft The market exhibited high long-term historical booking costs POR growth (6.1%)	<b>98th</b> Soft We note this area has been impeded by high short-term historical growth in booking costs (5.1%)	<b>97th</b> Soft Palm Desert, CA also has been hindered by high rooms supply growth over the last 12 months (2.2%)

Market Performance Stage



Palm Desert, CA: Expansion Stage

The Palm Desert, CA market is currently in the 'Expansion' stage of the performance cycle. In this 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.

**Other Stages:**

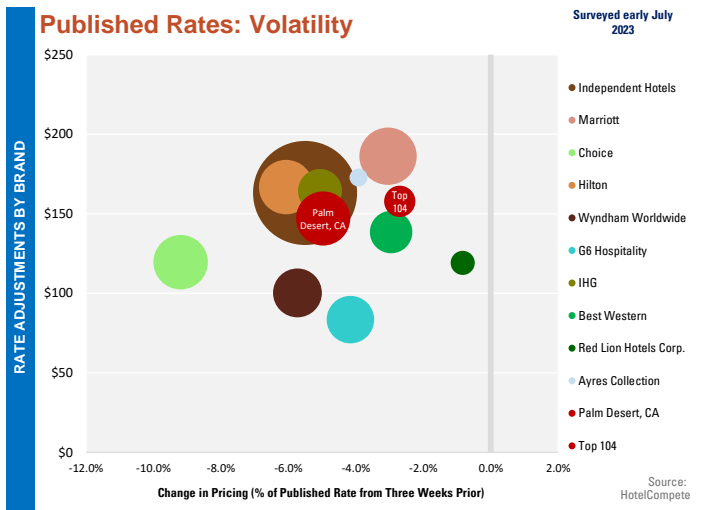
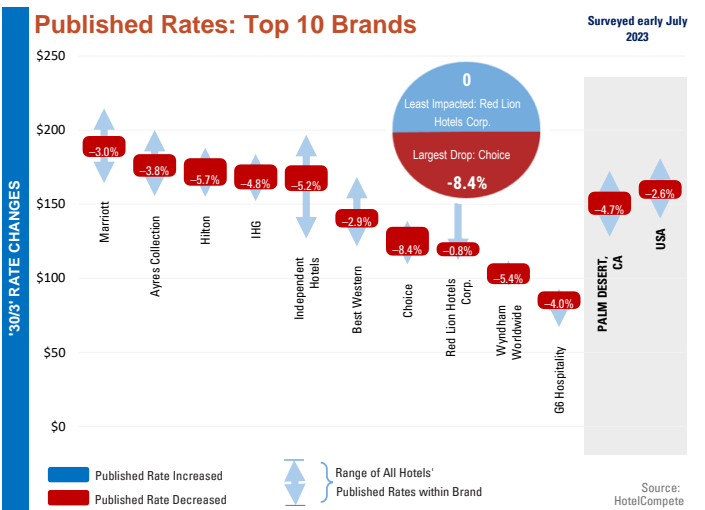
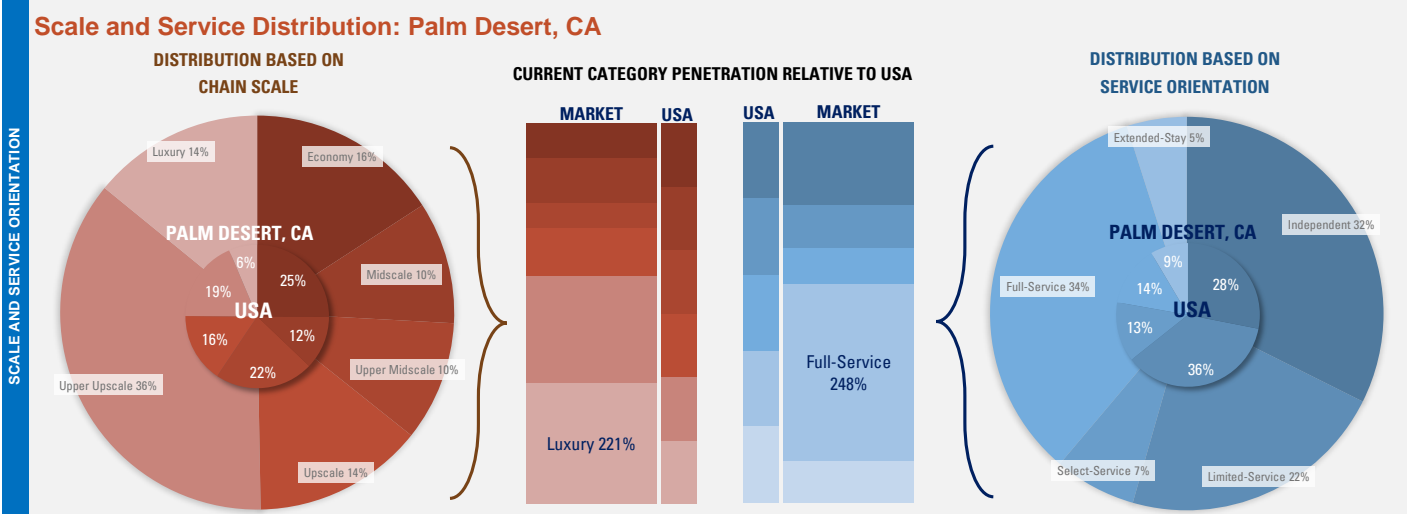
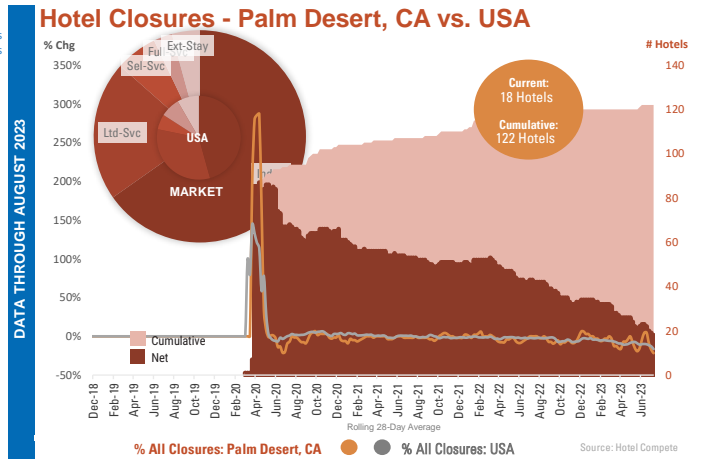
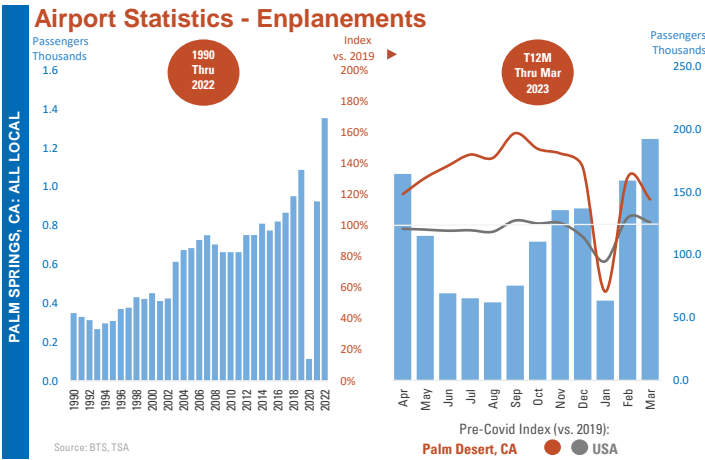
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are challenged by lingering COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Detroit, MI; Houston, TX; and New Orleans, LA.
- Ignition:** In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. 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; Knoxville, TN; and Miami, FL.
- 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; Kansas City, MO; and Las Vegas, NV.

Industry Observations

**Business Cycle:** In Expansion  
**Employment Growth (2 yr):** 1.3%  
**Risk Exposure (402 US markets):** 57th Percentile: Average Risk  
**Key Industry Notes:** Defense, logistics; Strong R&D/office base; Positive net migration; Low per capita income; Lack of vibrant central core

**Moody's Rating**  
**Aa3**  
 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>56th</b> Average	<b>91st</b> Soft	<b>104th</b> Soft
	The 30-day advanced published rate for the market was a moderate \$146.99, ranking 56th out of 104 markets. (Guest-Paid ADR ranked a very aggressive 4th at \$242.47 in 2Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 4.7% over three weeks going into early July 2023. By comparison, the T-104 average posted downward movement of 2.63%.	Published rates reported in early July 2023 were 37.4% lower than the market's Guest-Paid ADR in 2Q 2023. This optimism is soft. By comparison, the T-104 spread was -2.4%.

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	<b>94th</b> Soft	<b>90th</b> Soft	<b>74th</b> Elevated
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Palm Desert, CA has a soft spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Palm Desert, CA's top 10 brands are exhibiting elevated volatility with respect to advanced booking pricing movements in the three weeks leading into early July 2023.

# 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
- Conference, Expo and Convention Centers
- Gaming Facilities
- Ski and Village Resorts
- Arenas, Stadiums and Sports Facilities
- Water Parks, Amusement Parks and Attractions
- Golf Courses
- Marinas

*Our core disciplines and expert subject areas include:*

**Economic Impact**  
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.

**Financial Reporting**  
Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

**Litigation**  
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**Portfolio Analytics**  
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**Property Tax**  
We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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