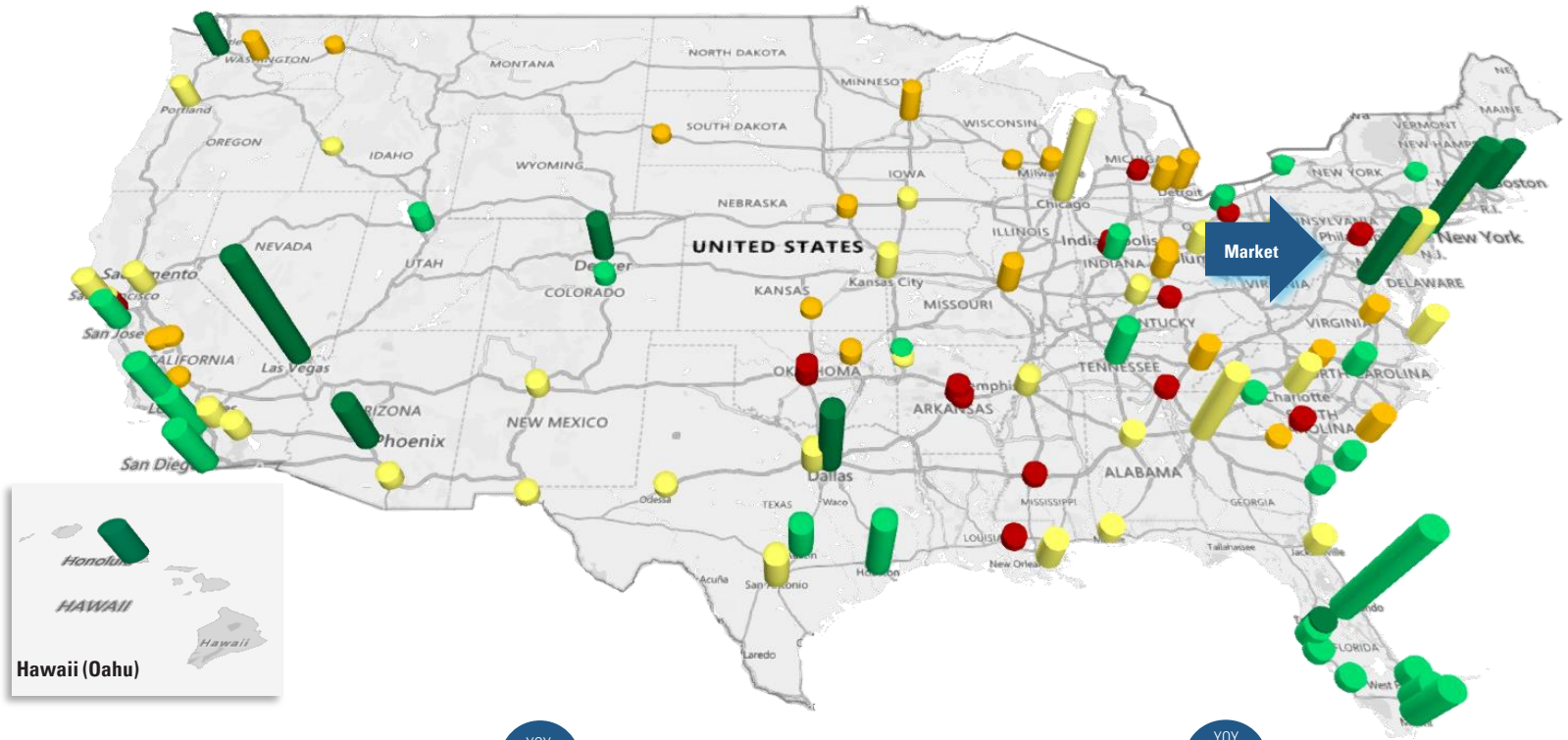
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

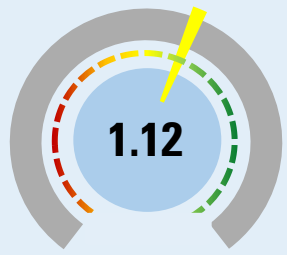
3Q 2024
PHILADELPHIA, PA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

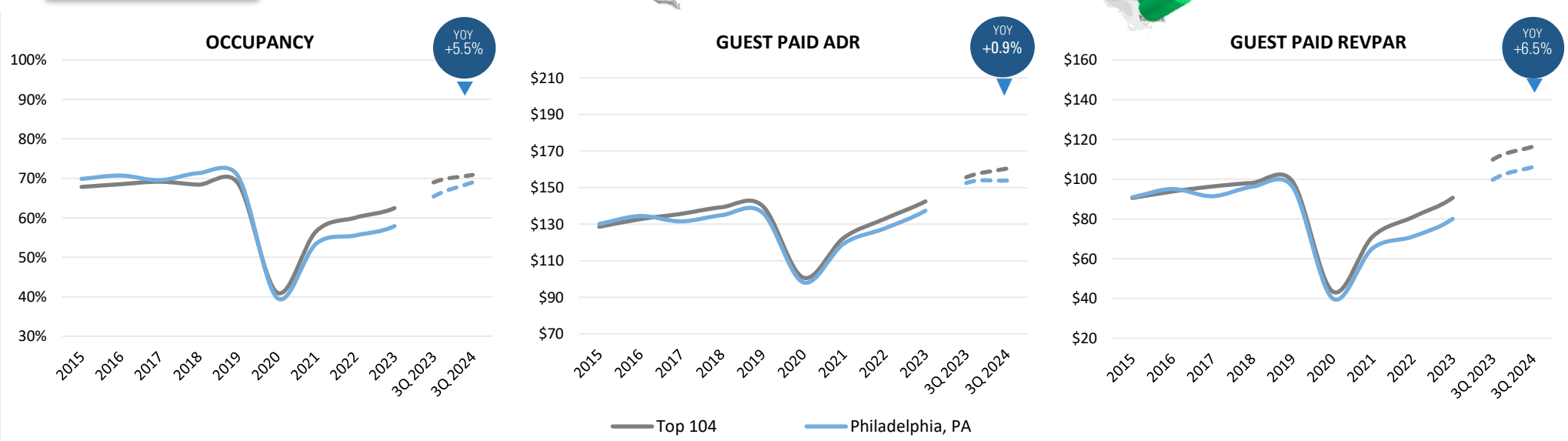
Philadelphia, PA



34th of 104
Average

Ranking of overall '3Q 2024 LPI' performance (1.12) 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%	64.7% / 67.9%	$154 / $160	$153 / $160	$106 / $116	$99 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
50th	55th	30th	29th	34th	33rd

BENCHMARK INDEXES

Key Benchmark Indexes

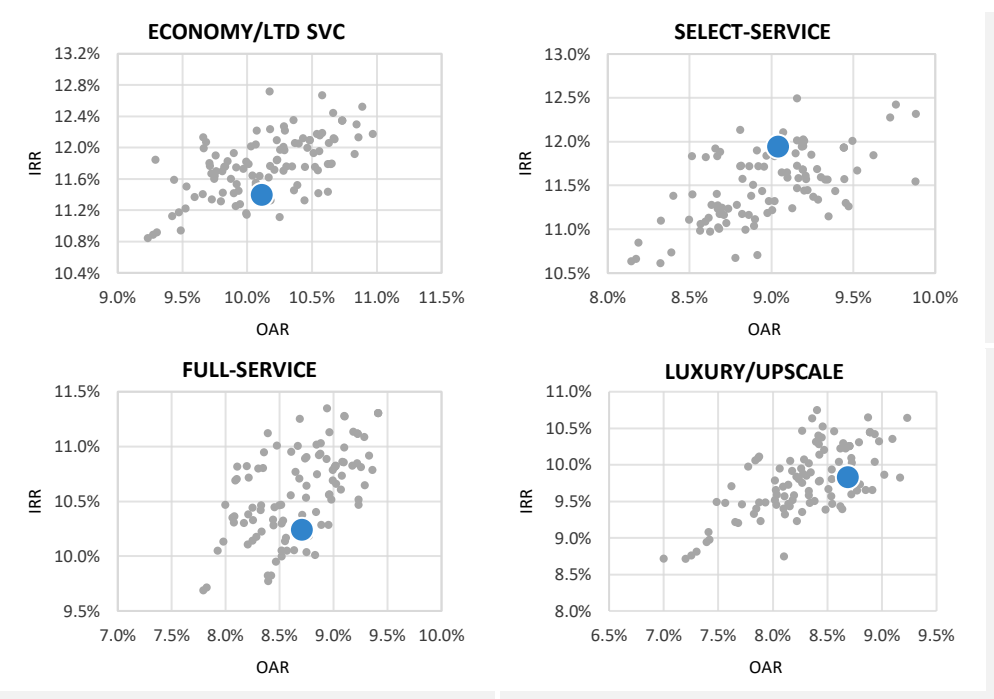
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
52.5% / 47.6%	51.6% / 52.4%	1.92 / 2.06	1.93 / 2.07	$10.88 / $12.17	$10.61 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
23rd	25th	80th	79th	68th	74th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

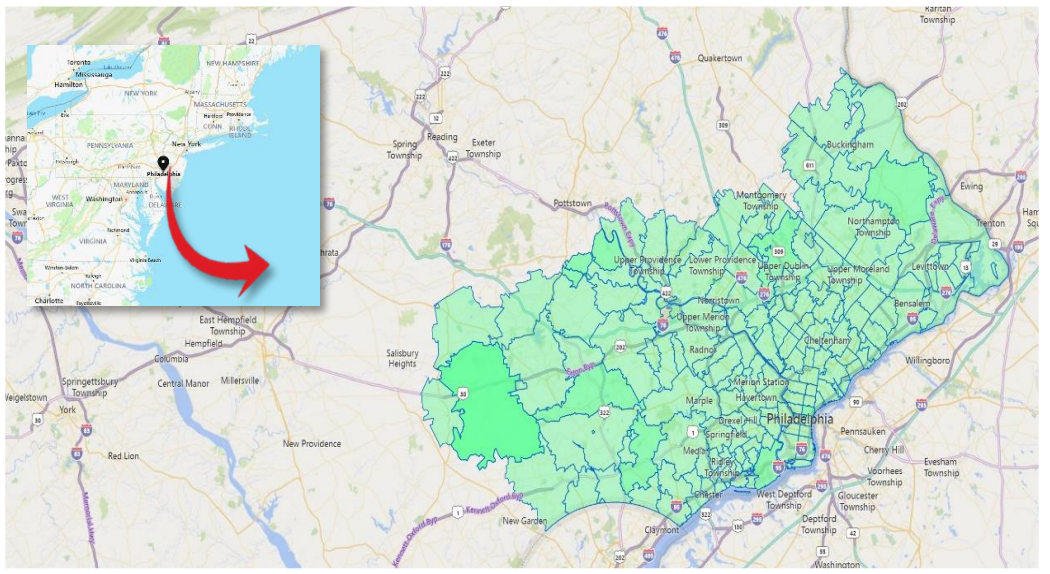
Revenue Stability	Supplier Power Trend	Investment Yields
90th	28th	53rd
Soft	Above Average	Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs 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
46th	34th	62nd
Average Risk	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:	Philadelphia
County:	Philadelphia County
State:	Pennsylvania
Geo Coordinates (market center):	39.95234, -75.16379

Major Hotel Demand Generators

University of Pennsylvania Health System | Thomas Jefferson University and TJU Health System Inc. | Comcast | Drexel University | Aramark Corp. | Temple University Health System | Children's Hospital of Philadelphia | Temple University | Einstein Healthcare Network | Wells Fargo | BAYADA Home Health Care | Independence Blue Cross | University of Pennsylvania | US Airways | NHS Human Services Inc. | Aria Health | PNC Bank | Cardone Industries | PwC | Deloitte

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	4,319,912	7th of 104 (Large)
Income per Capita	$40,649	80th of 104 (Below Average)
Feeder Group Size	138.3 Persons PSR	95th of 104 (Soft)
Feeder Group Earnings	$5,621,183 PSR	90th of 104 (Soft)
Total Market Hotel Revenues	$1.7 billion	22nd 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)
2015	69.8%	$130.10	$90.86	$119.49	$83.45	$10.61	91.8%	49.4%	1.90	45,960	1.25
2016	70.7%	$134.42	$95.04	$123.17	$87.09	$11.25	91.6%	51.6%	1.87	45,650	1.05
2017	69.5%	$131.51	$91.42	$120.13	$83.50	$11.39	91.3%	53.3%	1.83	46,020	1.10
2018	71.3%	$134.88	$96.20	$123.44	$88.04	$11.44	91.5%	54.4%	1.84	46,660	1.32
2019	70.5%	$136.38	$96.19	$124.85	$88.05	$11.53	91.5%	58.2%	1.81	49,340	1.05
2020	39.7%	$98.20	$40.08	$91.33	$36.27	$6.86	93.0%	38.8%	2.21	48,650	0.90
2021	53.4%	$119.40	$65.21	$110.81	$59.23	$8.59	92.8%	42.3%	2.11	49,080	0.88
2022	55.5%	$127.64	$71.08	$118.51	$65.81	$9.12	92.9%	44.1%	2.07	49,280	0.88
2023	57.9%	$137.34	$80.07	$127.70	$73.95	$9.64	93.0%	45.4%	2.04	49,510	1.03
CAGR: 2015 thru 2023	-2.3%	0.7%	-1.6%	0.8%	-1.5%	-1.2%	0.2%	-1.1%	0.9%	0.9%	-2.4%
3Q 2023	65.4%	$152.43	$99.67	$141.64	$92.61	$10.79	92.9%	49.2%	1.88	50,430	0.96
3Q 2024	69.0%	$153.84	$106.14	$142.96	$98.63	$10.88	92.9%	52.5%	1.93	50,660	1.12

Notable Metrics

HIGHEST

Population Density per Room	Feeder Population Per Room	Total Rooms Supply
9th	**9th**	**18th**
Strong	**Strong**	**Above Average**
Philadelphia, PA boasted strong population density per room (85.46)	The market posted a high ratio of feeder population per room (61.06)	The market also benefits from a large and diverse hotel market (50,665 total rooms)

LOWEST

Feeder Group Size	Feeder Group Earnings per sold room	IRR: Select-Service
95th	**90th**	**86th**
Soft	**Soft**	**Unfavorable**
This market required a large feeder group size (138.29 Persons)	The market has low feeder group earnings per sold room ($5,621,183)	Philadelphia, PA also posted unfavorable IRR metrics in the select-service segment (11.9%)

Notable Trends

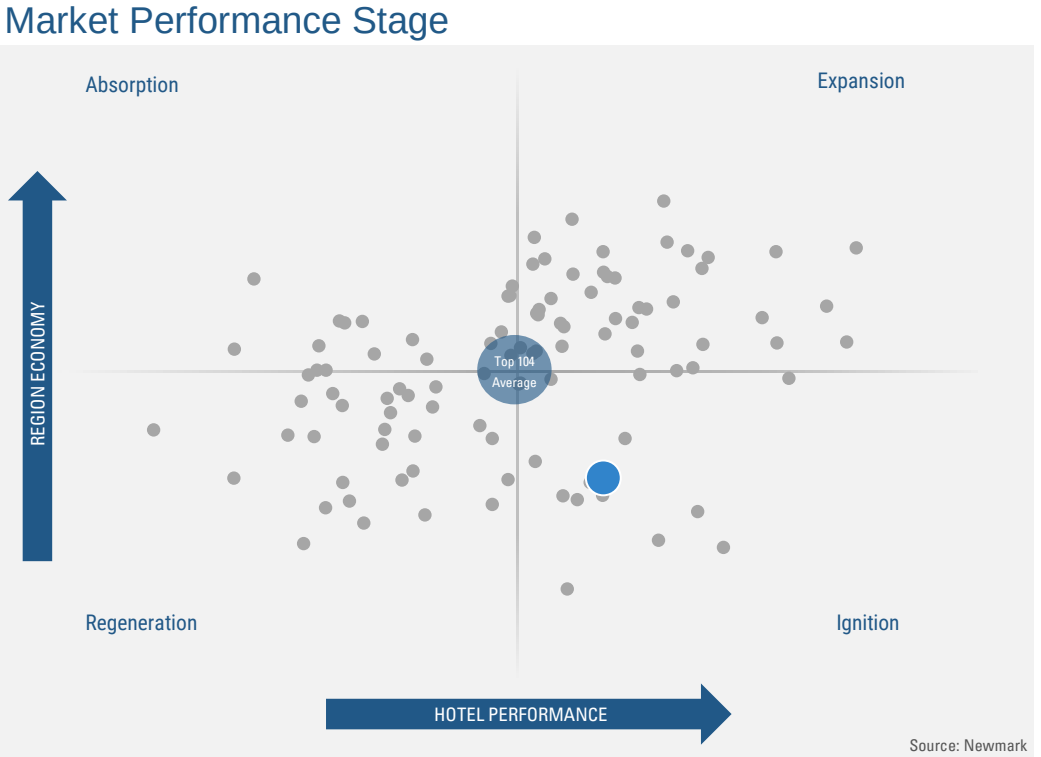
STRONGEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Overall Health of Hotel Market
16th	**17th**	**31st**
Above Average	**Above Average**	**Above Average**
Philadelphia, PA has benefited from low long-term historical booking costs POR growth (1.5%)	The market enjoyed low short-term historical growth in booking costs (1.7%)	The market also has benefited from strong general hotel market performance (levels and trends of fundamentals)

WEAKEST

Short-Term Historical COPE RevPAR Growth	Short-Term Historical Guest Paid RevPAR Growth	Short-Term Historical COPE ADR Growth
90th	**90th**	**88th**
Soft	**Soft**	**Below Average**
The market has been impeded by weak short-term historical COPE RevPAR growth (0.8%)	We note this area has been hampered by weak short-term historical Guest Paid RevPAR growth (0.7%)	Philadelphia, PA also posted weak short-term historical COPE ADR growth (2.3%)

Market Performance Stage



Source: Newmark

Philadelphia, PA: Ignition Stage

Ignition

The Philadelphia, PA 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; Miami, FL; and New Orleans, LA.

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 Minneapolis, MN; ; and .

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:	**Mid Expansion**
Employment Growth (2 yr):	1.4%
Risk Exposure (402 US markets):	**98th Percentile: High Risk**
Key Industry Notes:	World-class educational institutions
	Center for healthcare, medical research
	Well-developed port
	Relatively anemic population growth
	Significant fiscal problems

Moody's Rating

A1

Investment Grade

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

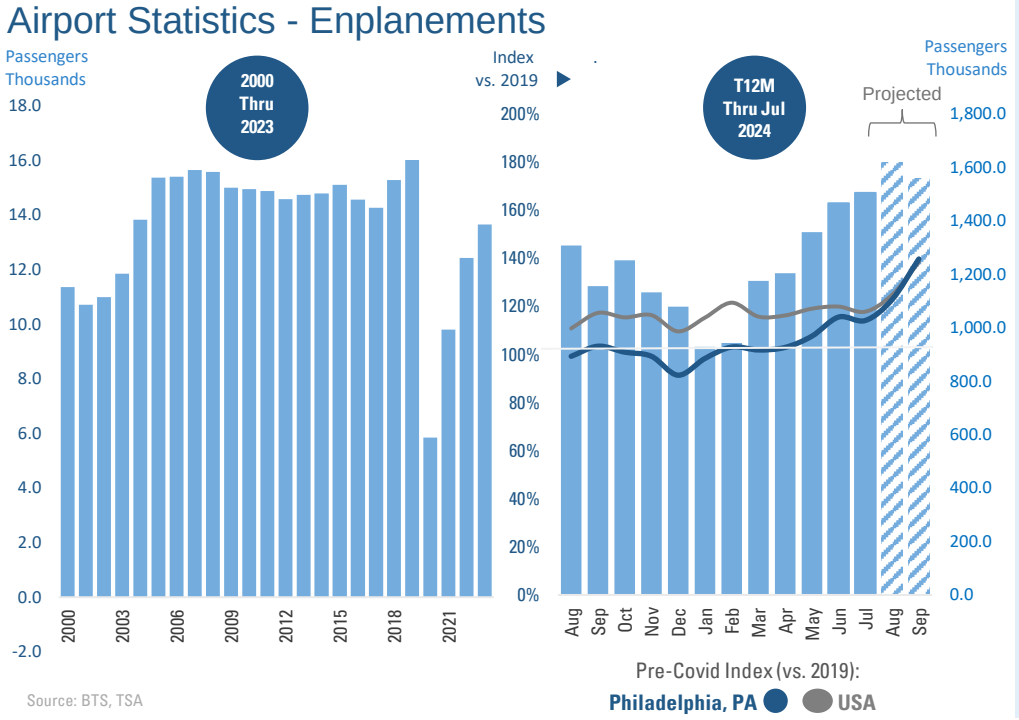
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

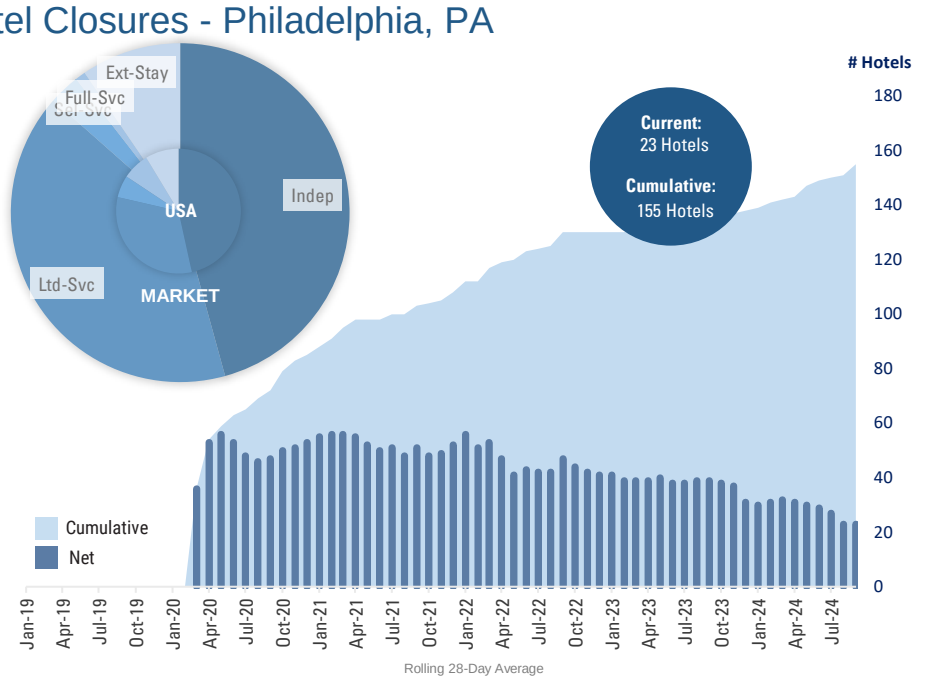
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - Philadelphia, PA

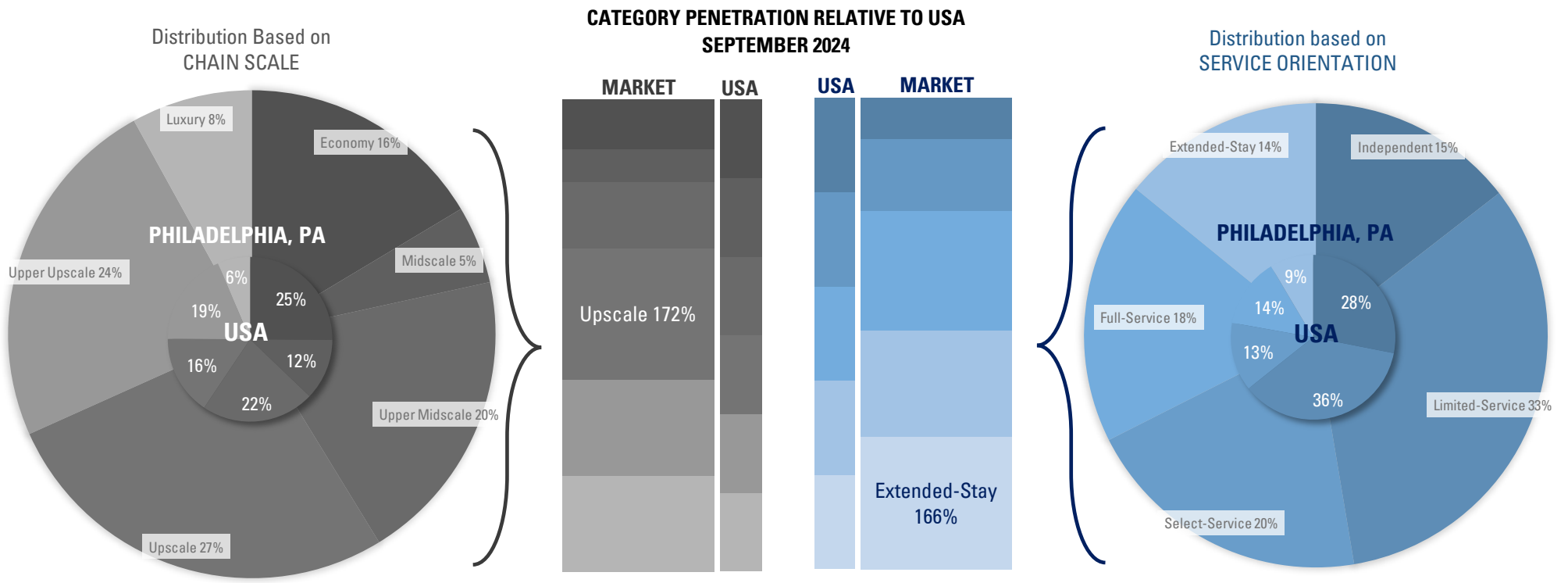


Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

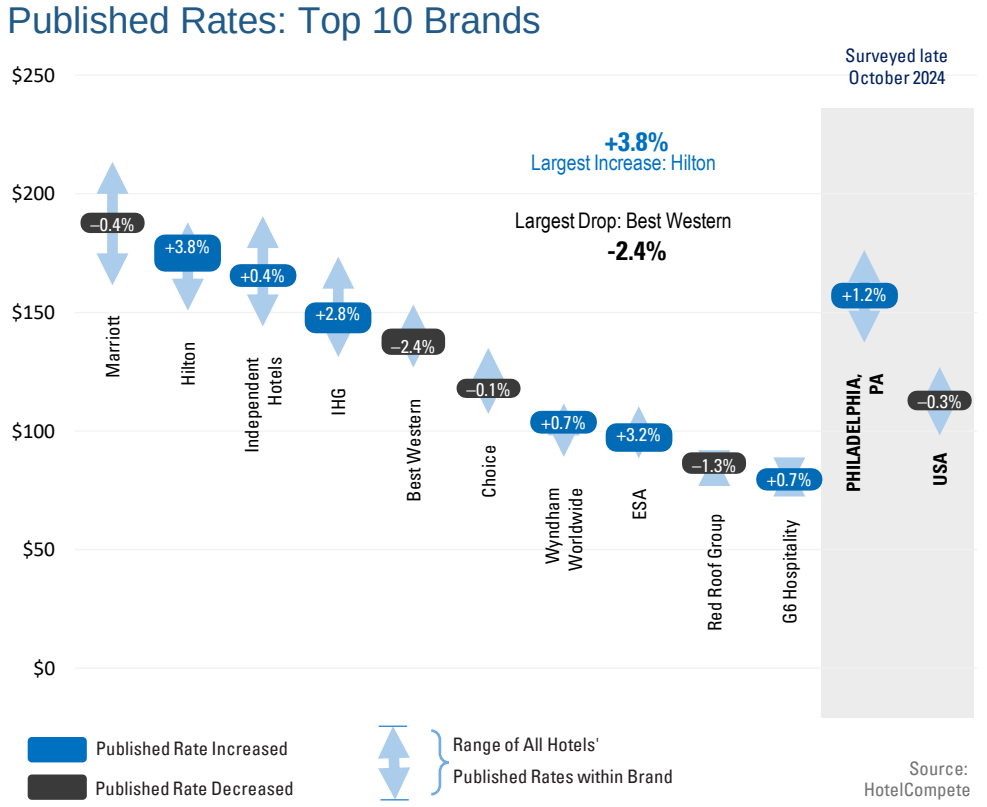
Scale and Service Distribution: Philadelphia, PA

CATEGORY PENETRATION RELATIVE TO USA
SEPTEMBER 2024



'30/3' RATE CHANGES: PHILADELPHIA, PA vs. USA

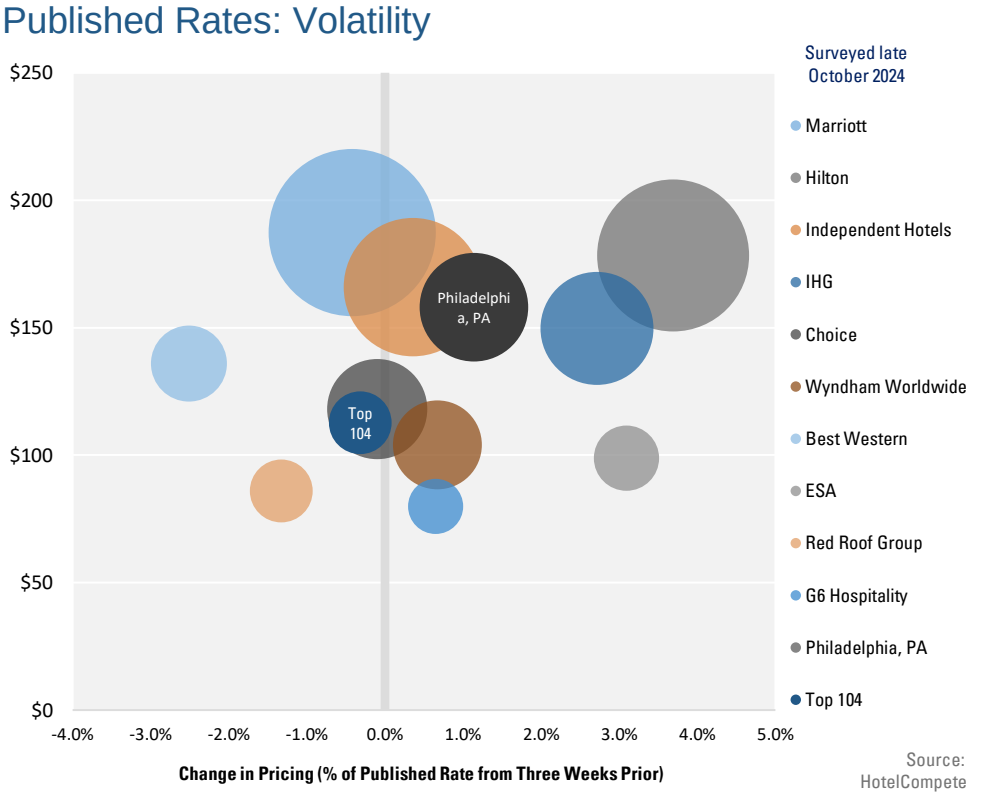
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



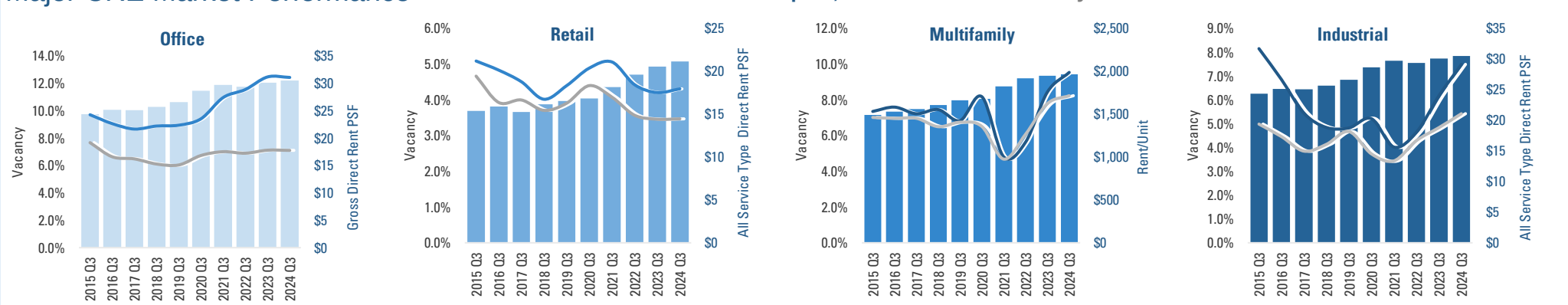
Source: HotelCompete

MAJOR C.R.E. METRICS

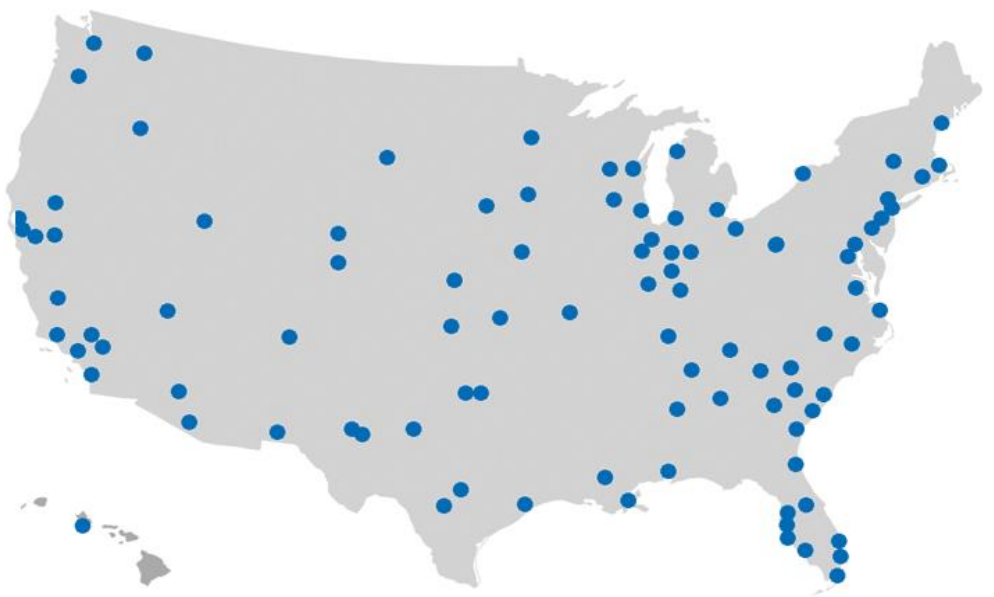
Major CRE Market Performance

Philadelphia, PA ● 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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