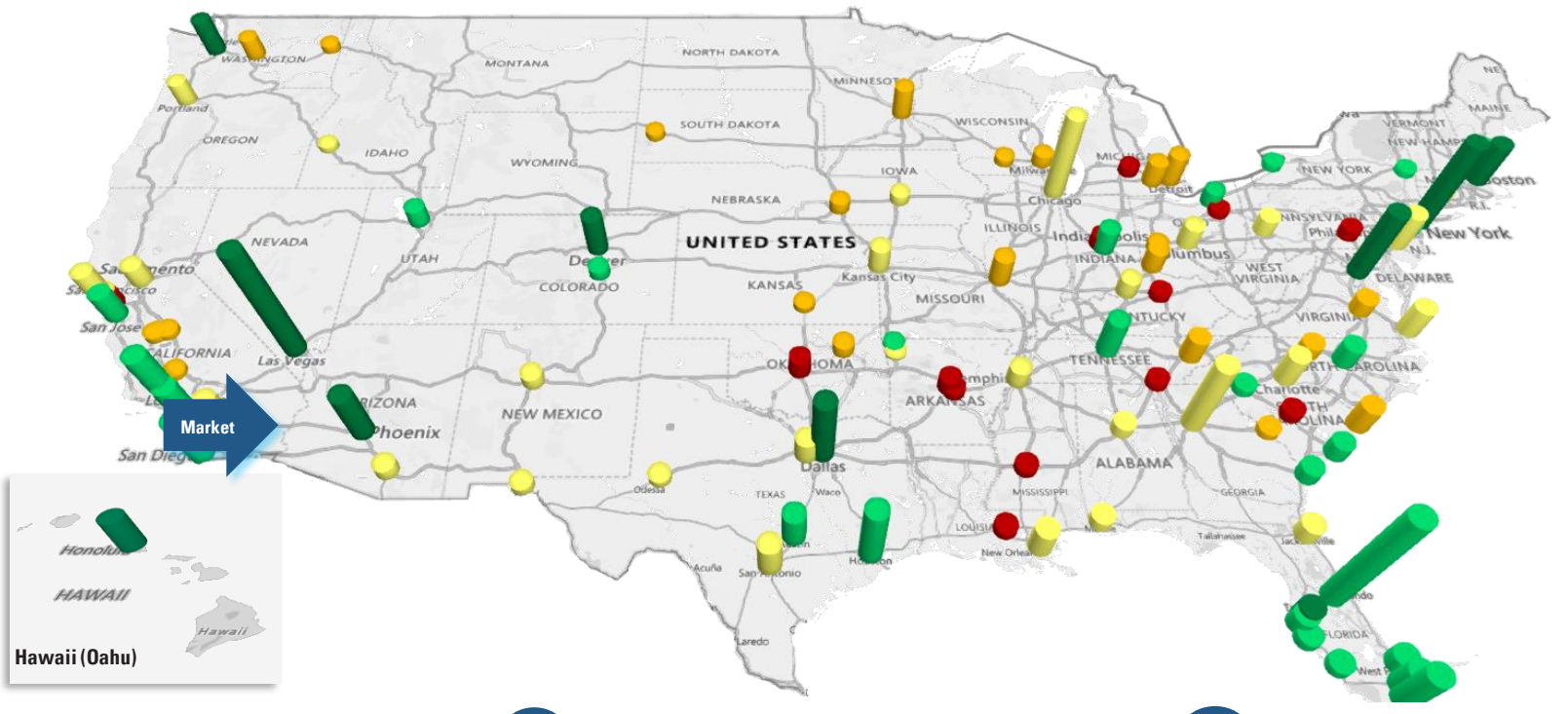
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

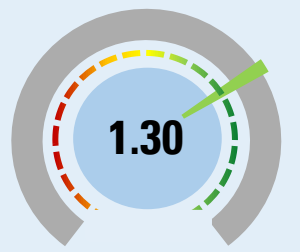
1Q 2025
PHOENIX, AZ

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Phoenix, AZ

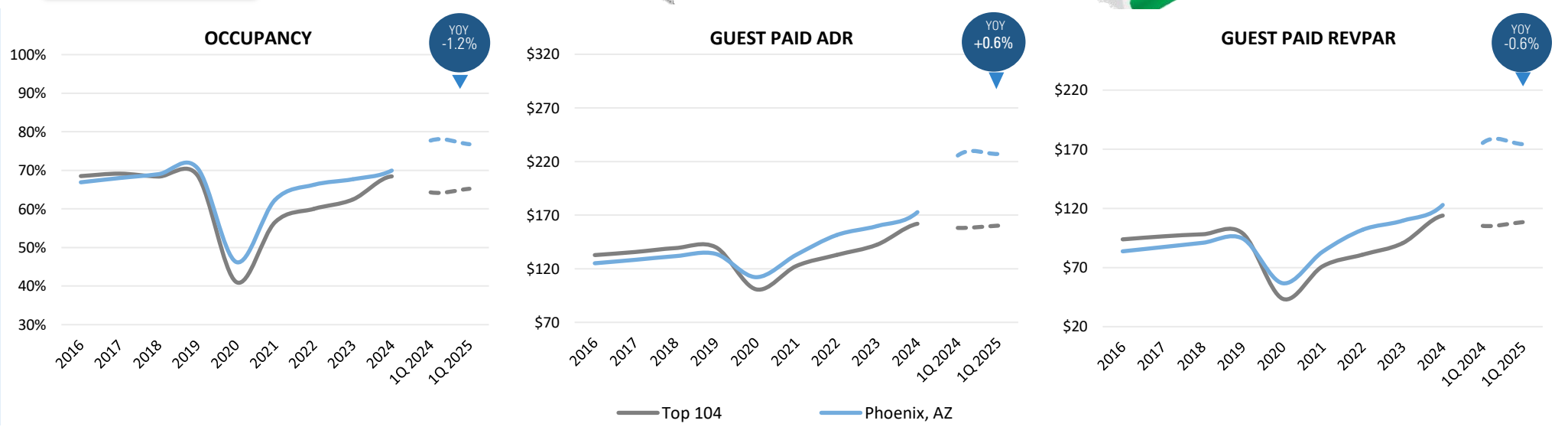


14th of 104

Above Average

Ranking of overall '1Q 2025 LPI' performance (1.30) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
76.8% / 65.2%	69.7% / 68.7%	$227 / $160	$173 / $162	$174 / $108	$123 / $115
1Q 2025	T12 Mos.	1Q 2025	T12 Mos.	1Q 2025	T12 Mos.
10th	27th	9th	22nd	9th	22nd

BENCHMARK INDEXES

Key Benchmark Indexes

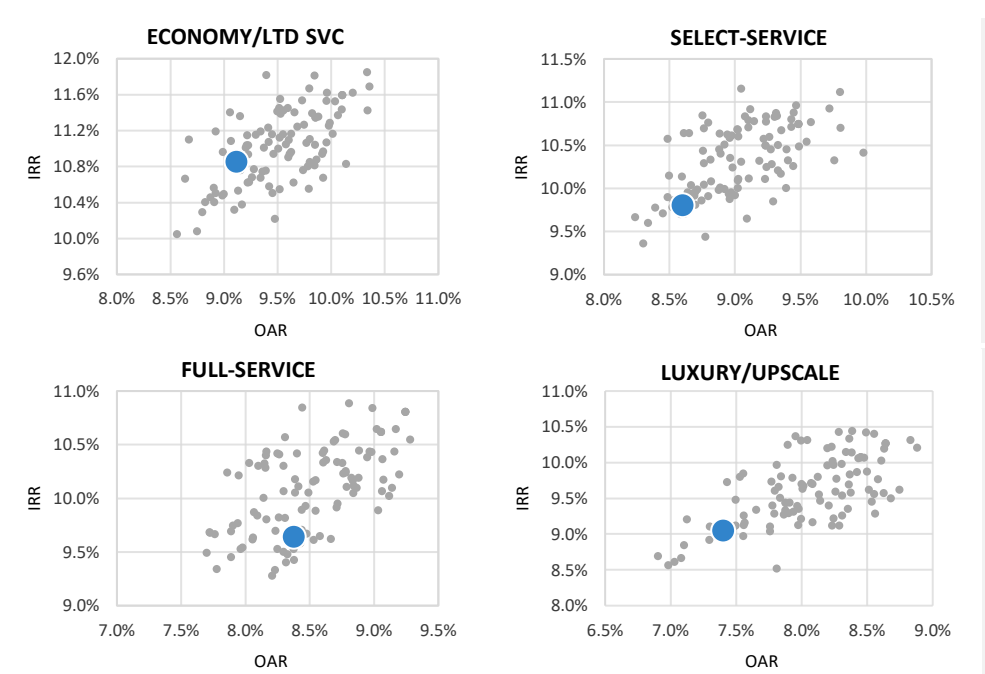
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
52.3% / 49.2%	50.3% / 50.8%	2.21 / 2.06	2.23 / 2.07	$14.21 / $11.27	$11.26 / $11.96
1Q 2025	T12 Mos.	T12 Mos.	1Q 2025	1Q 2025	T12 Mos.
29th	41st	16th	17th	93rd	79th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

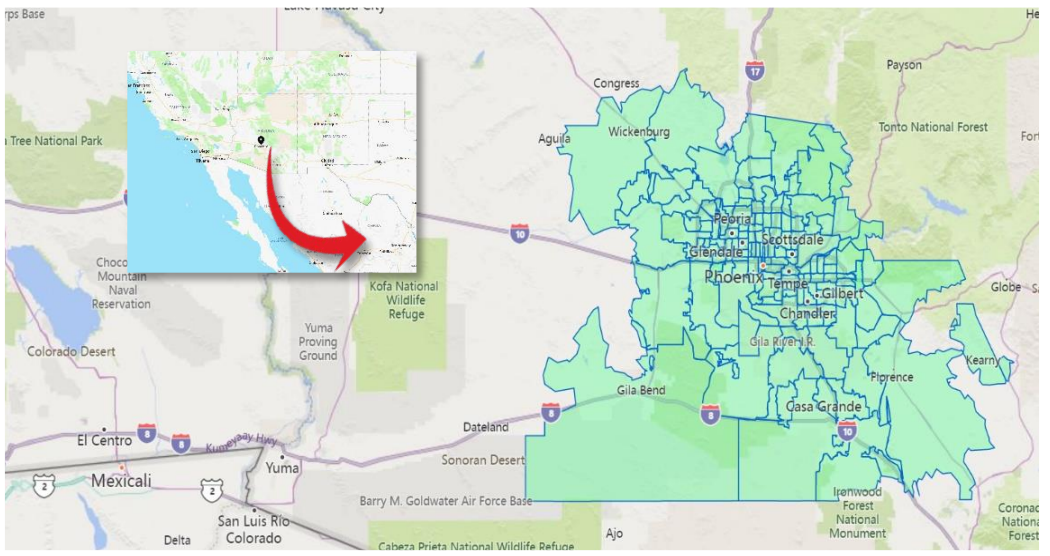
Revenue Stability	Supplier Power Trend	Investment Yields
36th	**37th**	**15th**
Average	Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
26th	**101st**	**100th**
Above Average	Low Risk	Low 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:	Phoenix
County:	Maricopa County
State:	Arizona
Geo Coordinates (market center):	33.44838, -112.07404

Major Hotel Demand Generators

Banner Health System | Wal-Mart Stores Inc. | Wells Fargo | Arizona State University | HonorHealth | Dignity Health | Intel Corp. | JP Morgan Chase & Co. | Bank of America | Raytheon Missile Systems | US Airways | Target | American Airlines Group | Honeywell Aerospace | Freeport-McMoRan Copper & Gold Inc. | United Parcel Service | American Express | UnitedHealthcare of Arizona Inc. | Apollo Group Inc. | Safeway Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	3,872,111	9th of 104 (Large)
Income per Capita	$52,080	38th of 104 (Average)
Feeder Group Size	77.8 Persons PSR	60th of 104 (Average)
Feeder Group Earnings	$4,052,200 PSR	68th of 104 (Below Average)
Total Market Hotel Revenues	$3.2 billion	13th 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)
2016	66.9%	$125.08	$83.68	$115.36	$77.18	$9.72	92.2%	46.8%	2.32	63,510	1.16
2017	68.0%	$128.30	$87.27	$118.05	$80.29	$10.25	92.0%	48.9%	2.30	64,080	1.23
2018	69.0%	$131.72	$90.89	$121.33	$83.73	$10.39	92.1%	51.8%	2.26	64,820	1.33
2019	70.6%	$133.81	$94.47	$123.37	$87.10	$10.44	92.2%	56.7%	2.22	69,170	1.39
2020	46.2%	$112.10	$56.71	$104.91	$48.51	$7.18	93.6%	38.4%	2.34	69,130	1.20
2021	62.4%	$133.06	$83.40	$123.86	$77.25	$9.20	93.1%	41.4%	2.28	70,170	1.24
2022	66.3%	$151.43	$101.95	$141.26	$93.61	$10.17	93.3%	42.3%	2.29	70,440	1.40
2023	67.7%	$159.79	$109.58	$149.31	$101.08	$10.48	93.4%	43.2%	2.30	70,700	1.23
2024	70.0%	$172.78	$122.91	$161.64	$113.07	$11.13	93.6%	49.7%	2.22	72,580	1.17
CAGR: 2016 thru 2024	0.6%	4.1%	4.9%	4.3%	4.9%	1.7%	0.2%	0.7%	-0.5%	1.7%	0.1%
1Q 2024	77.7%	$225.56	$175.30	$211.85	$164.64	$13.72	93.9%	49.8%	2.27	71,620	1.16
1Q 2025	76.8%	$227.02	$174.30	$212.82	$163.39	$14.21	93.7%	52.3%	2.23	72,240	1.30

Notable Metrics

HIGHEST

Latest-Quarter Guest Paid ADR	Latest-Quarter Guest Paid RevPAR	Latest-Quarter COPE ADR
9th	**9th**	**9th**
Strong	**Strong**	**Strong**
Phoenix, AZ exhibited strong latest—quarter Guest Paid ADR ($227.02)	The market benefited from strong latest—quarter Guest Paid RevPAR ($174.30)	The market also exhibited strong latest—quarter COPE ADR ($212.82)

LOWEST

Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR	Feeder Group Earnings per sold room
93rd	**79th**	**68th**
Soft	**Below Average**	**Below Average**
This market has been burdened by high latest—quarter booking costs ($14.21)	The market was burdened by high T12—month booking costs POR ($11.26)	Phoenix, AZ also has low feeder group earnings per sold room ($4,052,200)

Notable Trends

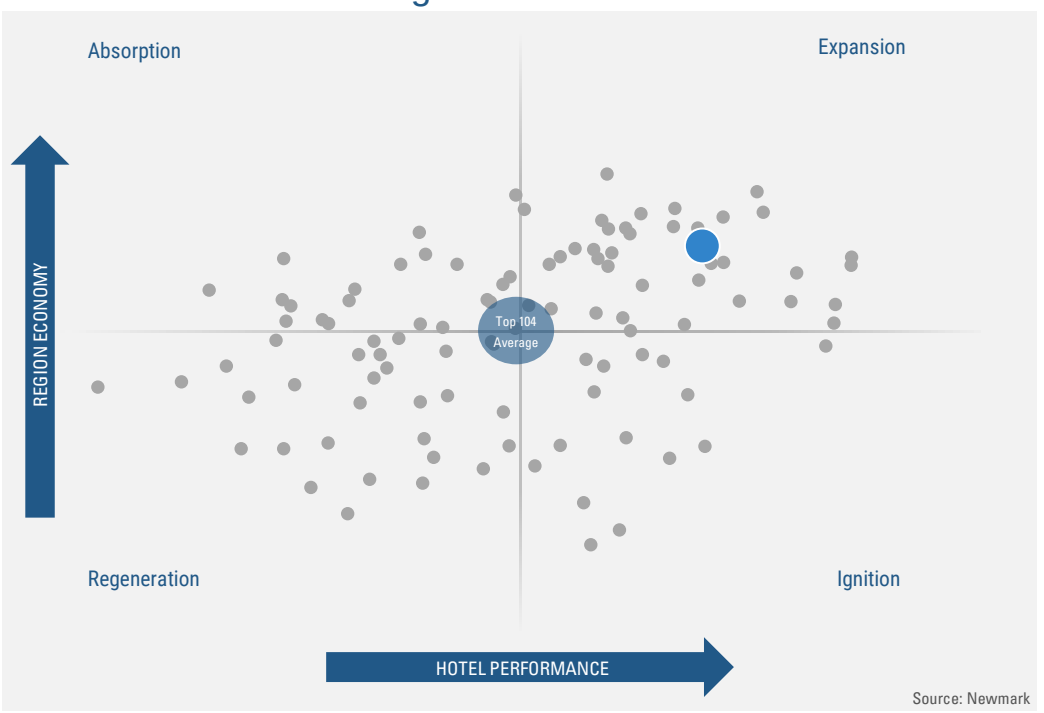
STRONGEST

Short-Term Historical Loyalty Contribution Growth	Long-Term Historical Loyalty Contribution Growth	Overall Health of Hotel Market
10th	**11th**	**15th**
Above Average	**Above Average**	**Above Average**
Phoenix, AZ enjoyed strong short—term historical loyalty contribution growth (5.4%)	The market exhibited strong long—term historical loyalty contribution growth (5.1%)	The market also has benefited from strong general hotel market performance (levels and trends of fundamentals)

WEAKEST

Short-Term Historical Booking Costs POR Growth	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Average Length of Stay Growth
96th	**92nd**	**91st**
Soft	**Soft**	**Soft**
The market has been impeded by high short—term historical growth in booking costs (4.7%)	We note this area exhibited weak long—term historical average length of stay growth (—0.9%)	Phoenix, AZ also exhibited weak short—term historical average length of stay growth (—0.5%)

Market Performance Stage



Source: Newmark

Phoenix, AZ: Expansion Stage

Expansion

The Phoenix, AZ market is currently in the 'Expansion' stage of the performance cycle. In this 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.

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; Chicago, IL; and Miami, FL.

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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Expansion**
Employment Growth (2 yr):	1.7%
Risk Exposure (402 US markets):	**11th Percentile: Low Risk**
Key Industry Notes:	Hub for relocation of banks
	Robust population growth
	Lower business costs
	High cyclicality in businesses
	Lower wages than the West

Moody's Rating

Aa1

Investment Grade

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

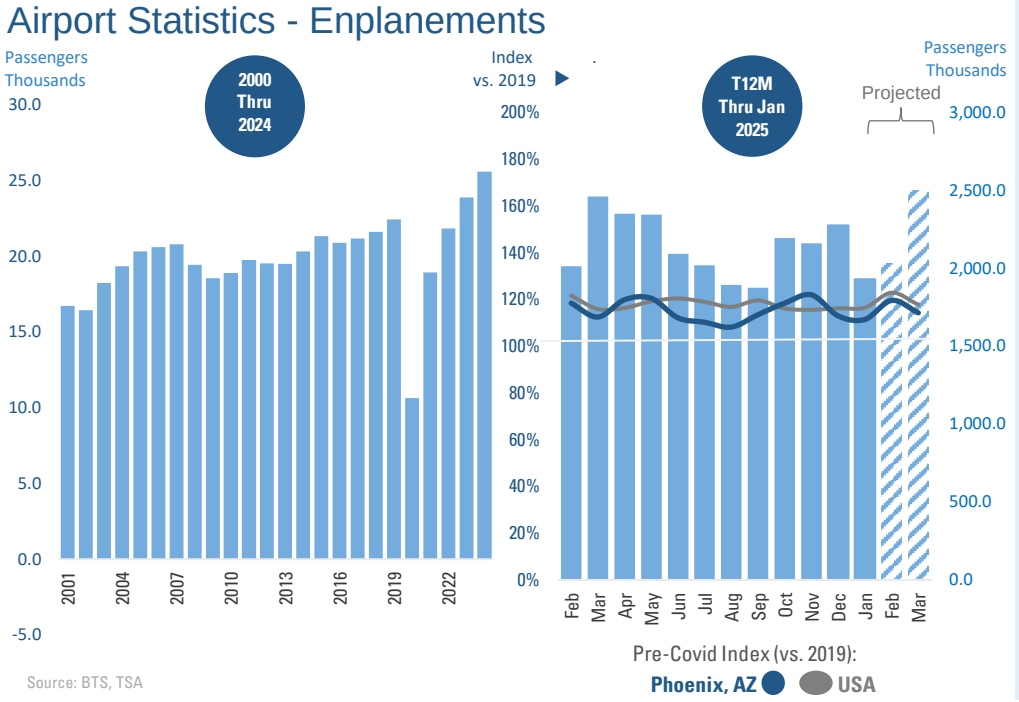
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

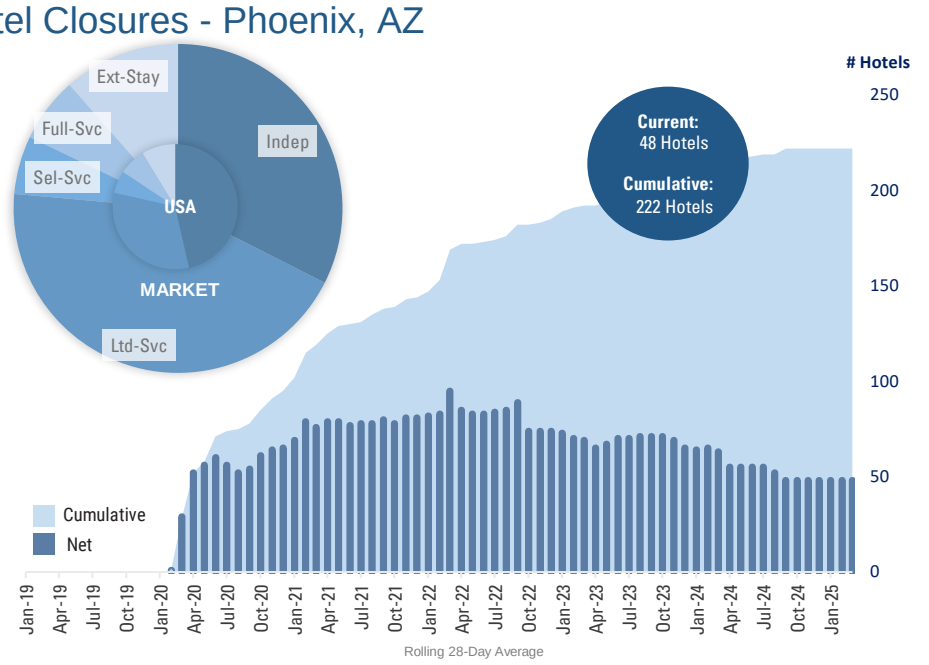
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH MAY 2025

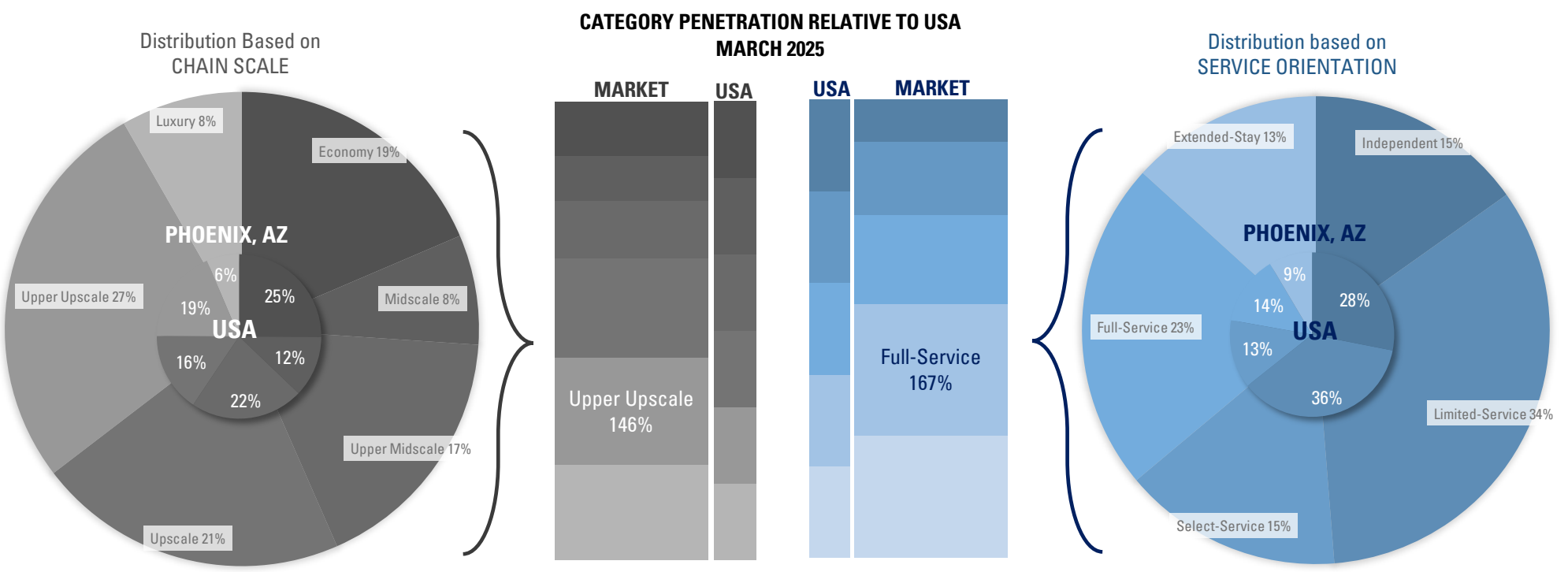
Hotel Closures - Phoenix, AZ



Source: Hotel Compete

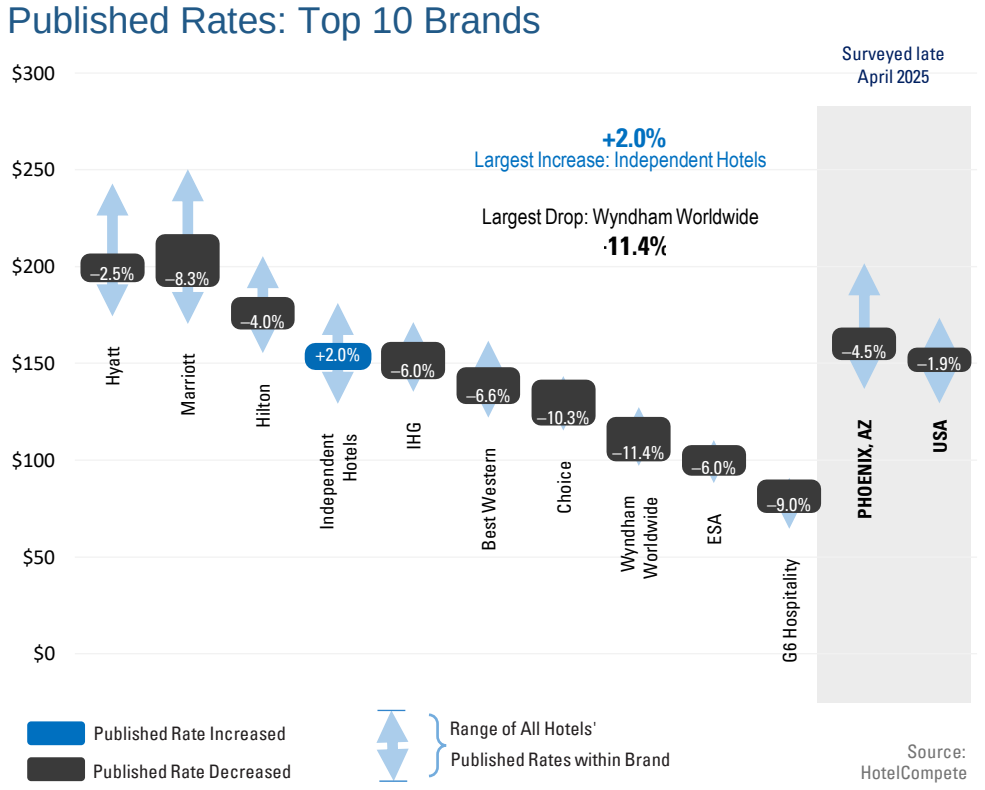
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Phoenix, AZ



'30/3' RATE CHANGES: PHOENIX, AZ vs. USA

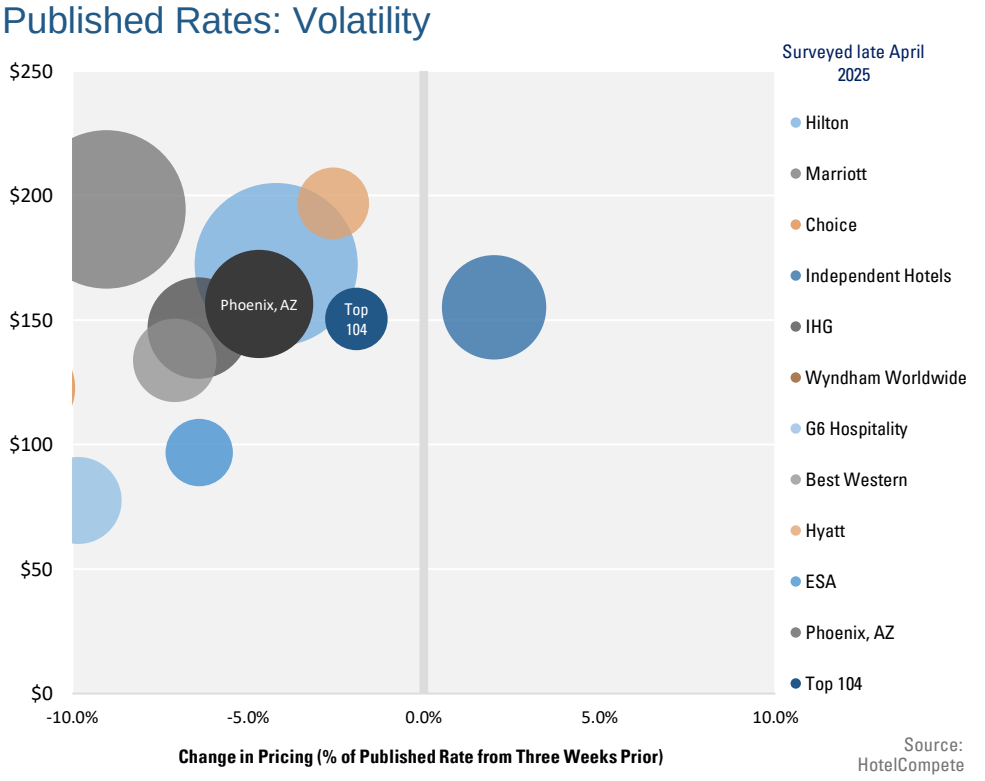
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

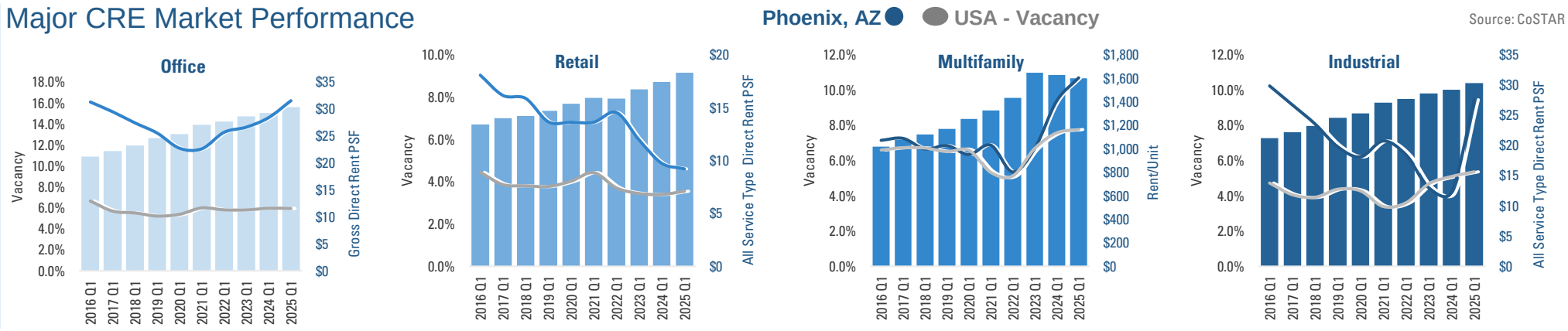
Published Rates: Volatility



Source: HotelCompete

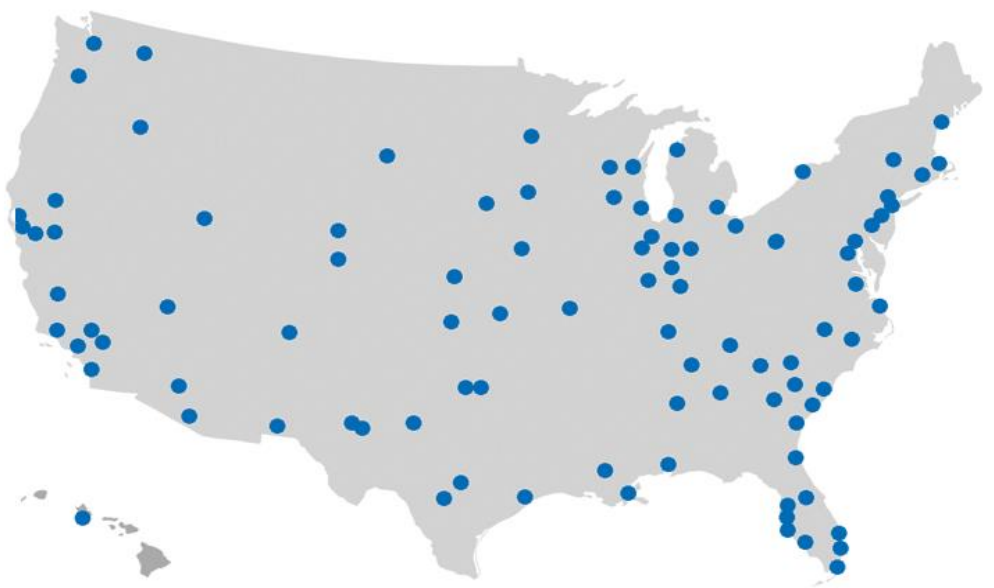
MAJOR C.R.E. METRICS

Major CRE Market Performance



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

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

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

Hotels and Resorts

Gaming Facilities

Stadiums, Sports & Entertainment 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:

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
Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics
We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

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

ABOUT NEWMARK

We transform untapped potential into limitless opportunity.

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

CONTACT: SOUTHWEST MARKETS

CONTACT

FOR MORE INFORMATION

Chad Eschmeyer
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southwest Markets
Dir 602.315.5888
chad.eschmeyer@nmrk.com

DISCLAIMERS

LEGAL

COPYRIGHT INFORMATION

© 2024 by Newmark. All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication and should consult with professionals of the recipient's choice regarding all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.