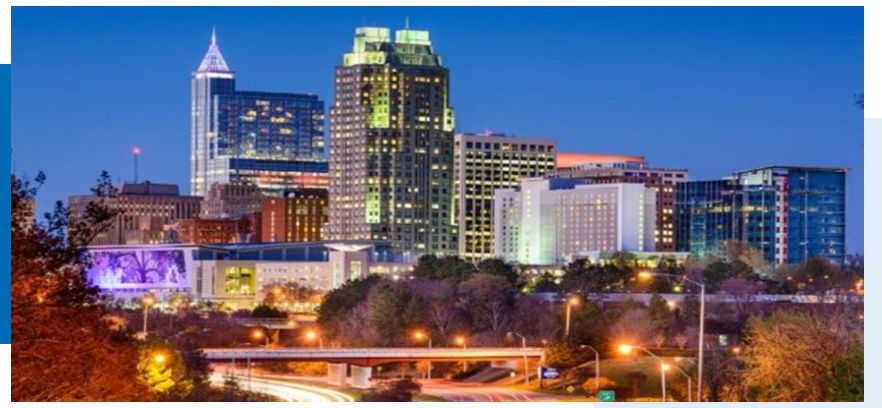
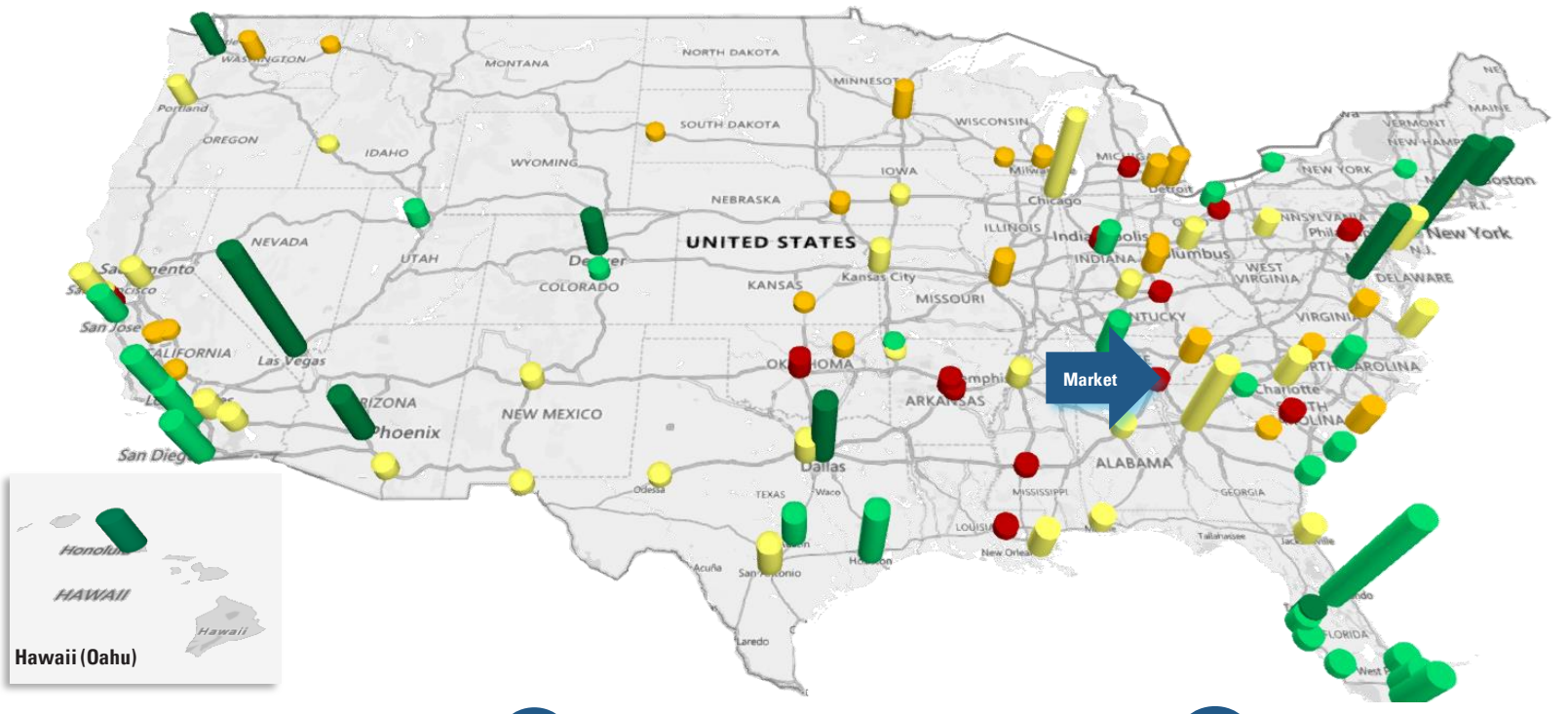
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

1Q 2025
RALEIGH, NC

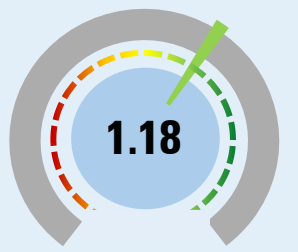


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Raleigh, NC

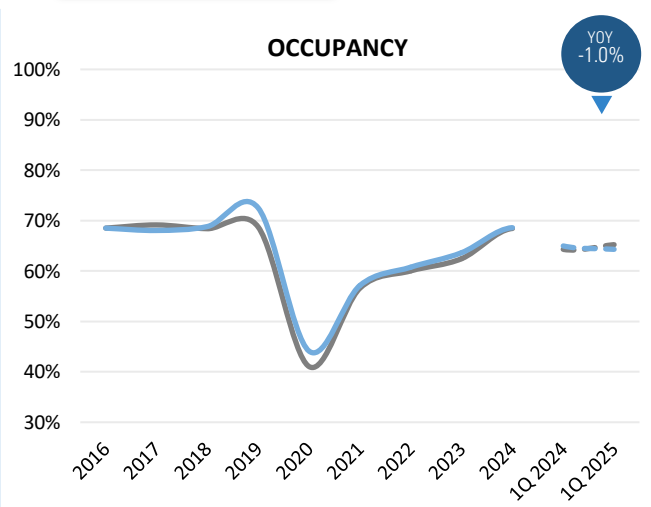


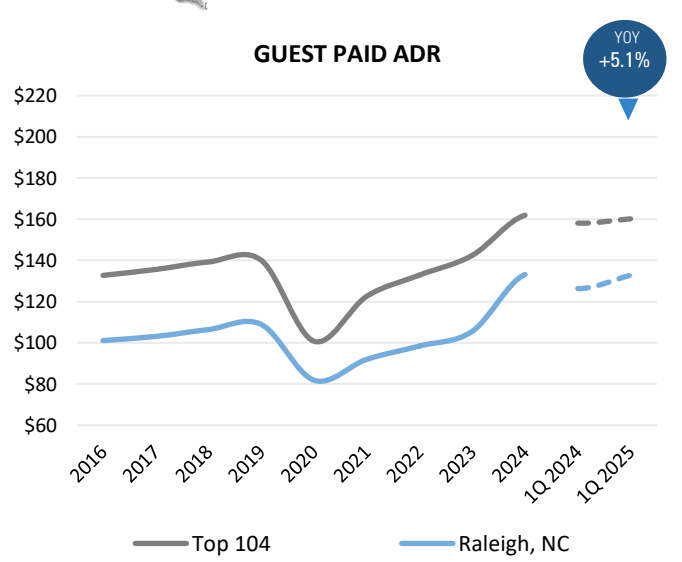
29th of 104

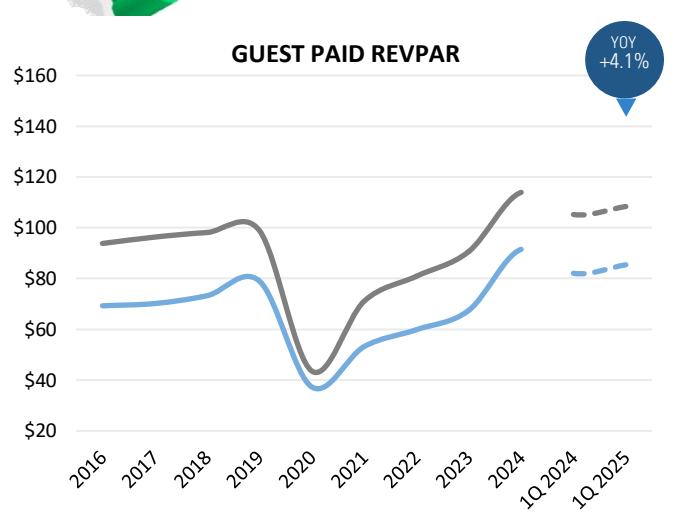
Above Average

Ranking of overall '1Q 2025 LPI' performance (1.18) against all 104 surveyed markets.

KEY PERFORMANCE METRICS





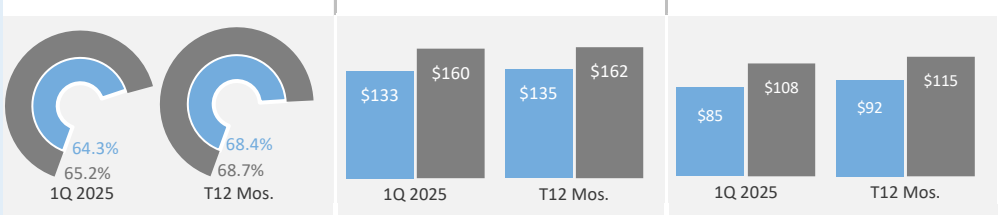


Top 104 — Raleigh, NC

PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

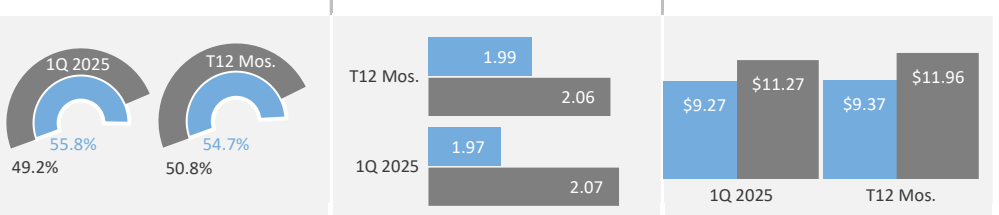


Occupancy		Guest Paid ADR		Guest Paid RevPAR	
41st	36th	39th	51st	38th	40th

BENCHMARK INDEXES

Key Benchmark Indexes

kalibri LABS

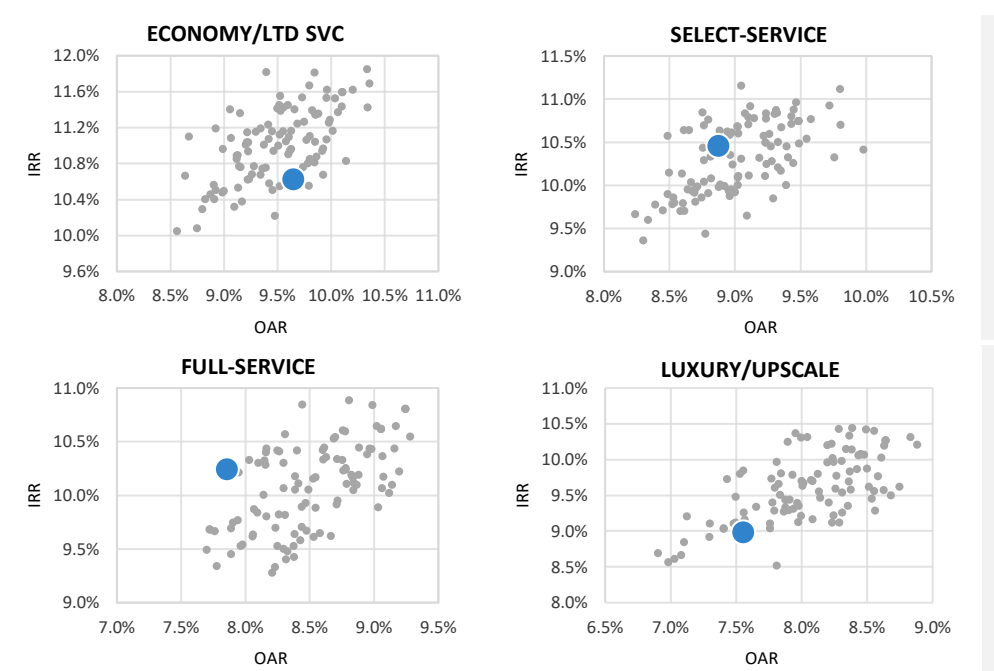


Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
9th	14th	74th	63rd	64th	51st

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

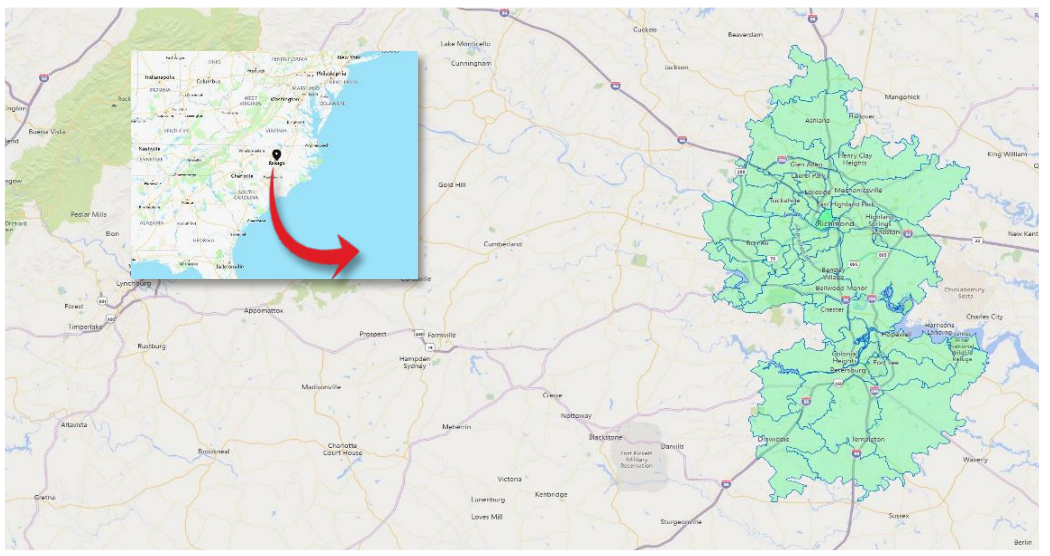
Revenue Stability	Supplier Power Trend	Investment Yields
22nd	**14th**	**22nd**
Above Average	Above Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to 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
60th	**90th**	**73rd**
Average Risk	Low Risk	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:	Raleigh
County:	Durham County, Wake County
State:	North Carolina
Geo Coordinates (market center):	35.8302, -78.64149

Major Hotel Demand Generators

IBM Corp. | WakeMed Health & Hospitals | North Carolina State University | Rex Healthcare | SAS Institute Inc. | Cisco Systems | Fidelity Investments | GSK Group | Duke Energy | Wells Fargo | IQVIA | Lowe's Cos. Inc. | Spectraforce Technologies Inc. | Wake Technical Community College | Lenovo | Progress Energy | First Citizens Bank | Grifols | Wal-Mart Stores Inc. | Target

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,387,222	45th of 104 (Average)
Income per Capita	$61,505	15th of 104 (Above Average)
Feeder Group Size	68.5 Persons PSR	45th of 104 (Average)
Feeder Group Earnings	$4,215,426 PSR	72nd of 104 (Below Average)
Total Market Hotel Revenues	$922.2 million	43rd of 104 (Average)

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)
2016	68.5%	$101.08	$69.25	$93.07	$63.76	$8.01	92.1%	52.1%	2.02	27,010	1.07
2017	68.0%	$103.09	$70.15	$94.61	$64.38	$8.47	91.8%	54.8%	1.98	27,570	0.97
2018	68.8%	$106.41	$73.24	$97.85	$67.34	$8.57	91.9%	56.5%	1.98	28,200	1.06
2019	72.5%	$108.91	$78.97	$100.03	$72.54	$8.87	91.9%	59.8%	1.95	29,230	1.19
2020	44.1%	$81.81	$37.28	$76.51	$33.75	$5.30	93.5%	39.4%	2.43	29,220	1.01
2021	57.1%	$91.97	$53.20	$85.60	$48.91	$6.37	93.1%	43.2%	2.20	29,540	0.75
2022	60.8%	$98.44	$59.84	$91.64	$55.68	$6.80	93.1%	44.1%	2.19	29,720	0.97
2023	63.6%	$105.58	$67.48	$98.32	$62.56	$7.26	93.1%	45.2%	2.18	29,880	1.16
2024	68.6%	$133.16	$91.49	$123.91	$85.01	$9.25	93.1%	54.0%	2.00	29,670	1.19
CAGR: 2016 thru 2024	**0.0%**	**3.5%**	**3.5%**	**3.6%**	**3.7%**	**1.8%**	**0.1%**	**0.5%**	**-0.1%**	**1.2%**	**1.3%**
1Q 2024	65.0%	$126.29	$82.05	$117.50	$76.34	$8.79	93.0%	53.0%	2.00	29,610	1.18
1Q 2025	64.3%	$132.79	$85.39	$123.52	$79.43	$9.27	93.0%	55.8%	1.97	29,480	1.18

Notable Metrics

HIGHEST

OAR: Full-Service	T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution
6th	**14th**	**9th**
Highly Favorable	**Above Average**	**Strong**
Raleigh, NC posted favorable OAR metrics in the full–service segment (7.9%)	The market exhibited strong T12–month loyalty contribution (54.7%)	The market also exhibited strong latest–quarter loyalty contribution (55.8%)

LOWEST

Latest-Quarter Average Length of Stay	Feeder Group Earnings per sold room	OAR: Economy/Ltd Svc
74th	**72nd**	**65th**
Below Average	**Below Average**	**Moderate**
This market has been impeded by weak latest–quarter average length of stay (1.97 Nights)	The market has low feeder group earnings per sold room ($4,215,426)	Raleigh, NC also exhibited unfavorable OAR metrics in the economy/ltd svc segment (9.6%)

Notable Trends

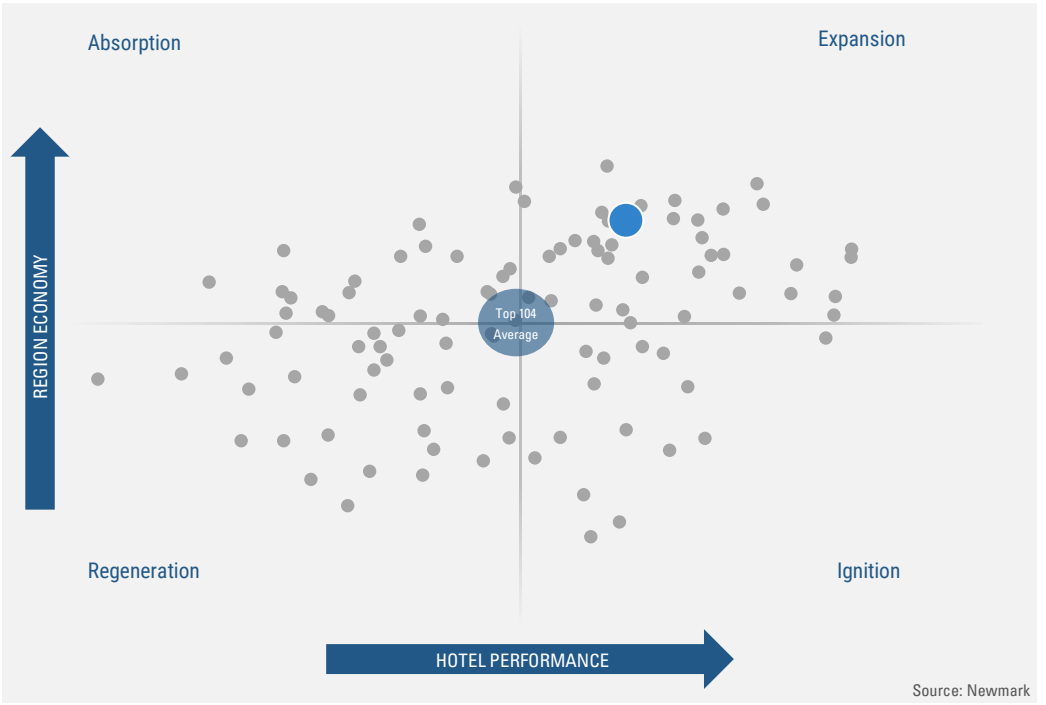
STRONGEST

Long-Term Historical COPE ADR Growth	General Economy Reverence	Long-Term Historical Guest Paid ADR Growth
11th	**12th**	**13th**
Above Average	**Above Average**	**Above Average**
Raleigh, NC enjoyed from strong long–term historical COPE ADR growth (3.5%)	The market enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators)	The market also has benefited from strong long–term historical Guest Paid ADR growth (3.5%)

WEAKEST

Short-Term Historical Occupancy Growth	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Supply Growth
78th	**74th**	**73rd**
Below Average	**Below Average**	**Below Average**
The market has been hindered by weak short–term historical occupancy growth (–1.1%)	We note this area exhibited weak long–term historical average length of stay growth (–0.2%)	Raleigh, NC also has been burdened by high short–term historical supply growth (0.7%)

Market Performance Stage



Source: Newmark

Raleigh, NC: Expansion Stage

Expansion

The Raleigh, NC 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):	1.4%
Risk Exposure (402 US markets):	**11th Percentile: Low Risk**
Key Industry Notes:	Low business and living costs
	Strong and improving net migration
	High per capita income
	High employment volatility
	Strained infrastructure

Moody's Rating

Aaa

Investment Grade

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

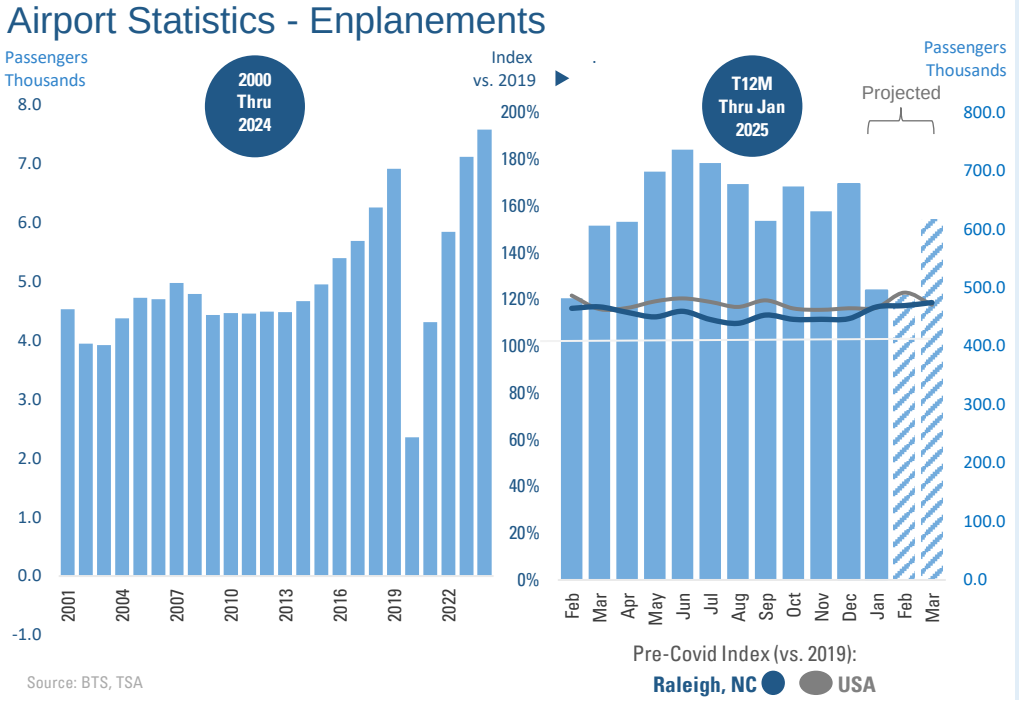
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

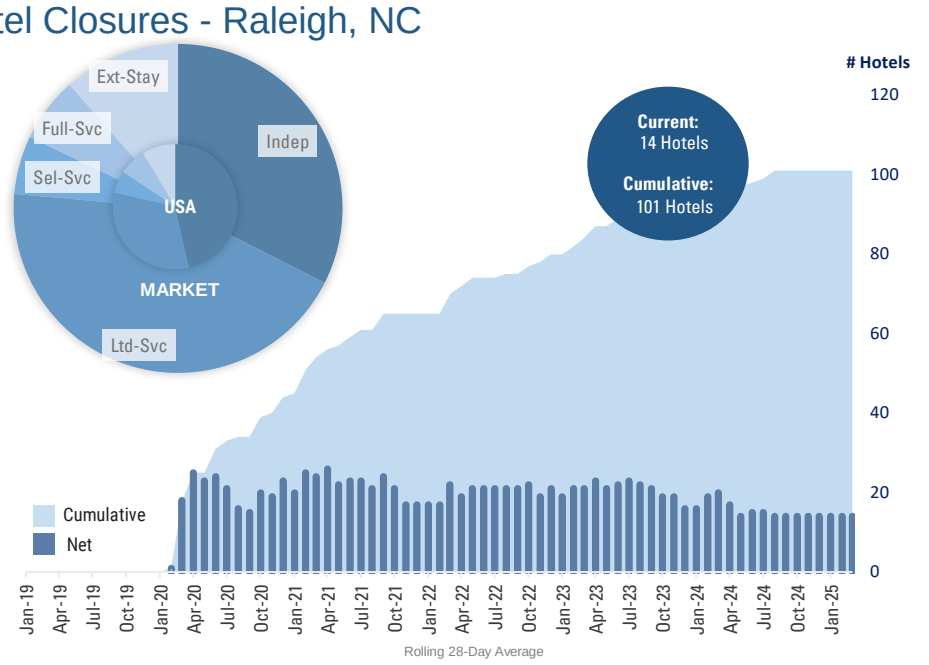
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH MAY 2025

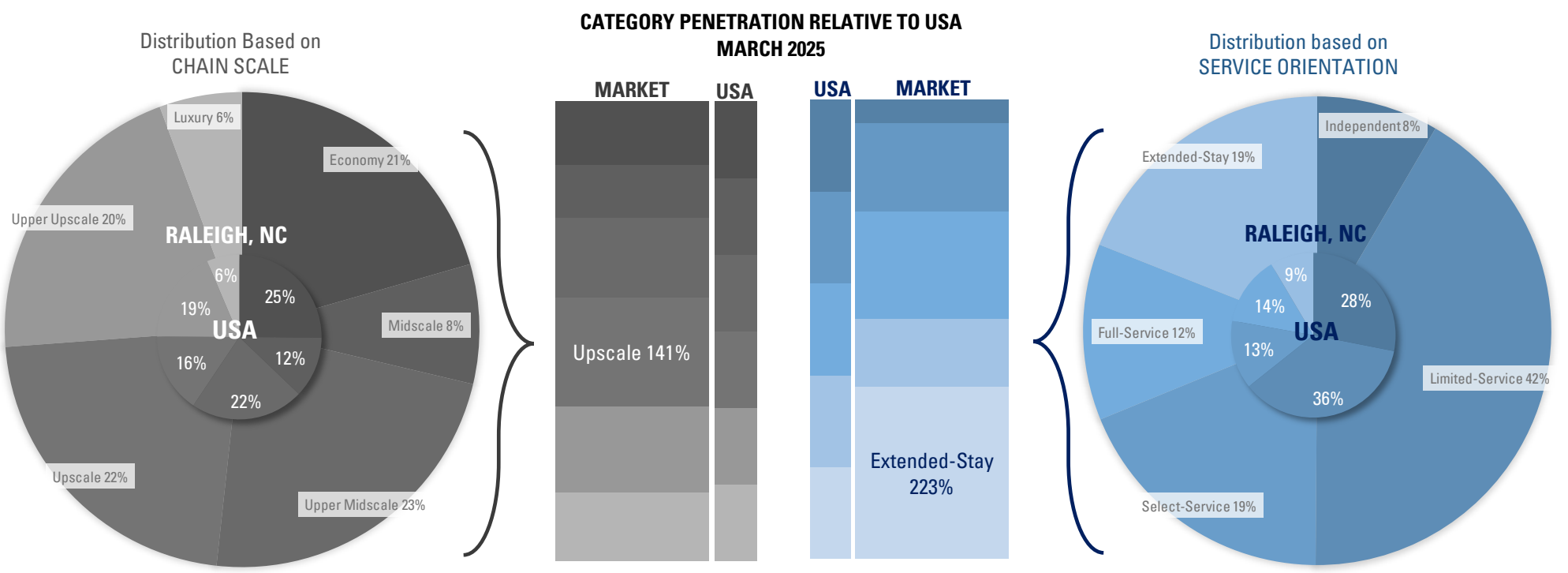
Hotel Closures - Raleigh, NC



Source: Hotel Compete

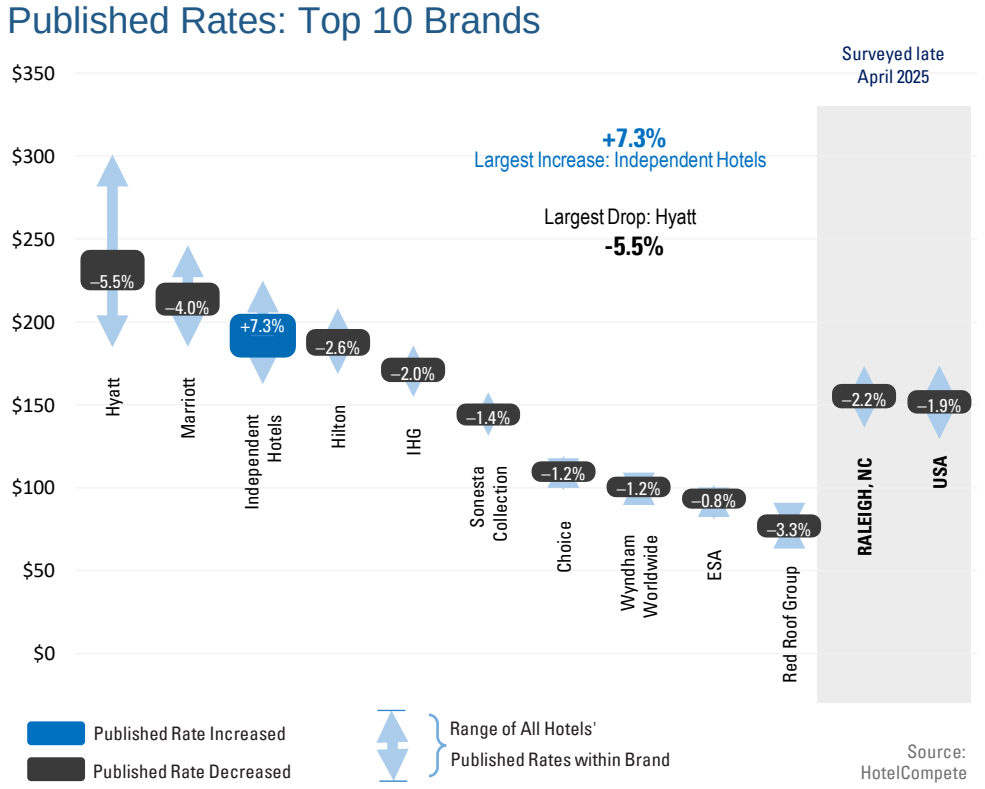
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Raleigh, NC



'30/3' RATE CHANGES: RALEIGH, NC vs. USA

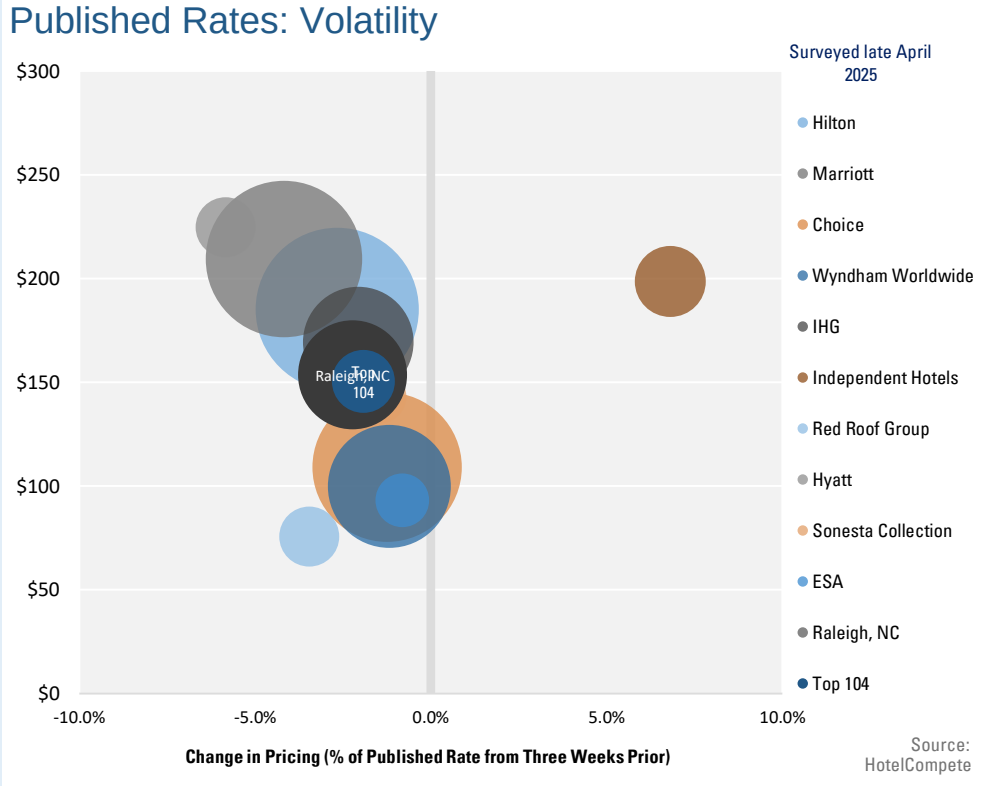
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



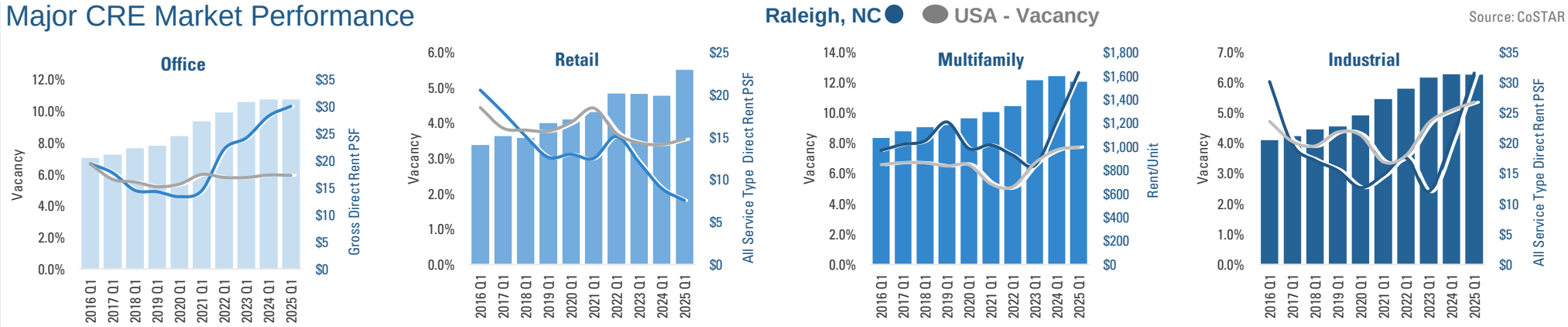
Source: HotelCompete

MAJOR C.R.E. METRICS

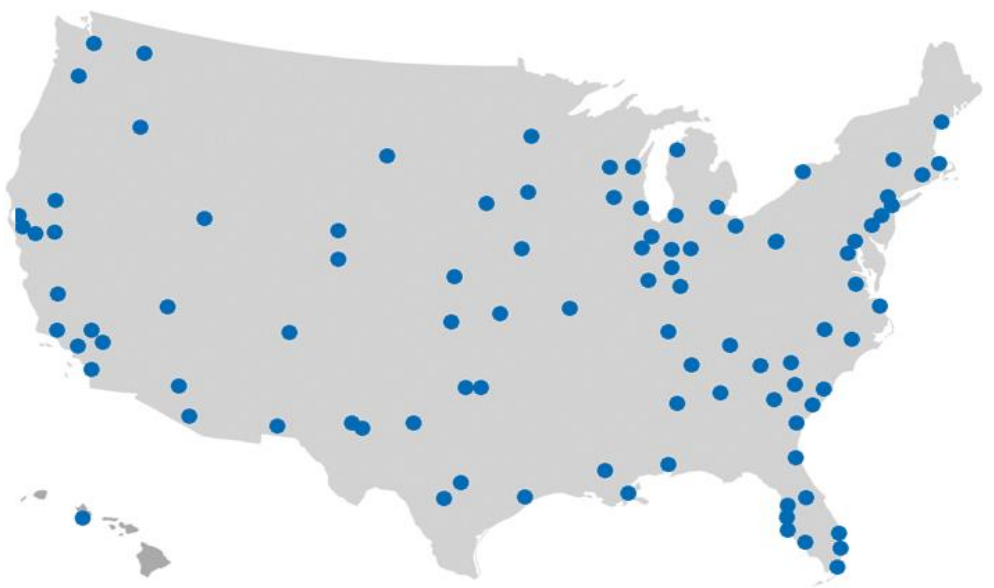
Major CRE Market Performance

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

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