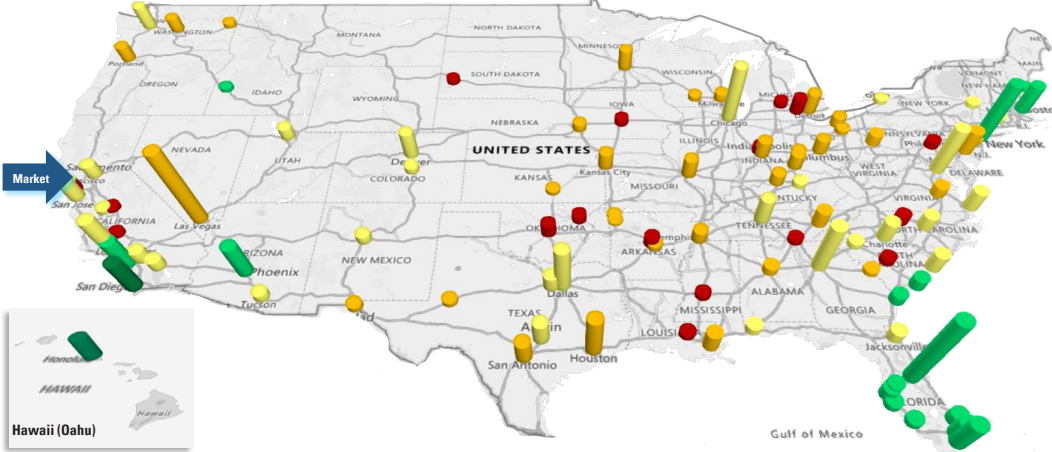


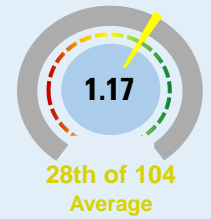
2Q 2023 SACRAMENTO, CA



Lodging Performance Index Snapshot



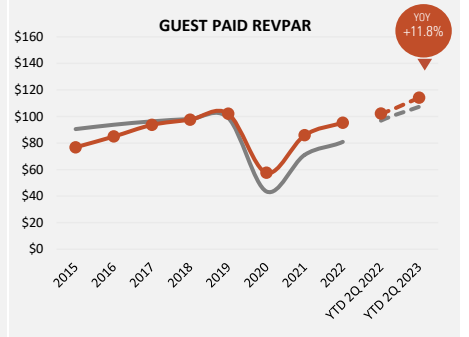
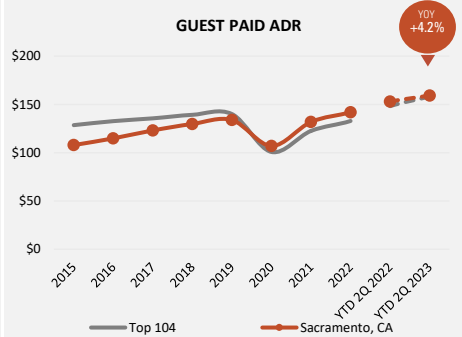
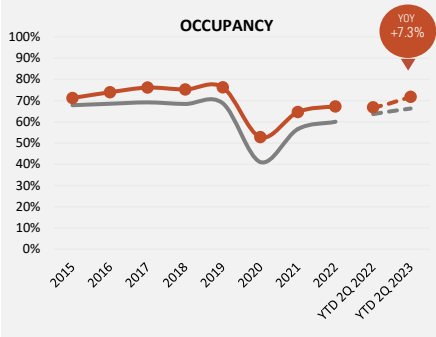
LODGING PERFORMANCE INDEX
Sacramento, CA



Ranking of overall '2Q 2023 LPI' performance (1.17) against all 104 surveyed markets.

LODGING PERFORMANCE INDEX

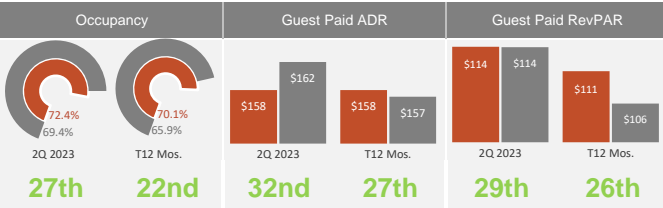
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

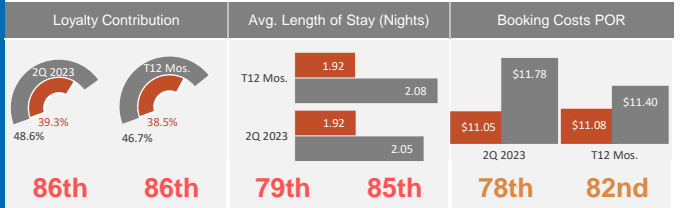
Key Performance Indexes

● Subject Market ● Top 104



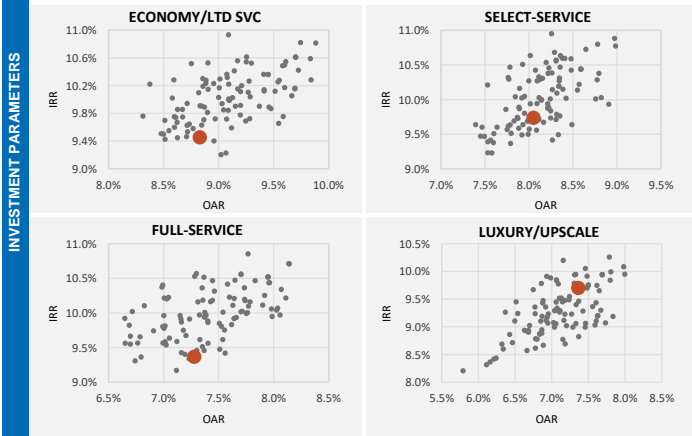
BENCHMARK INDEXES

Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark



Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Sacramento	
County:	Sacramento County	
State:	California	
Geo Coordinates (market center):	38.58157, -121.4944	
Major Hotel Demand Generators		
University of California, Davis and UC Davis Health Kaiser Permanente Sutter Health Dignity Health Intel Corp. Raley's Inc. California State University Sacramento Thunder Valley Casino Resort Apple Inc. Squaw Valley Resort VSP Global Health Net Inc. Wells Fargo Cache Creek Casino Resort Sacramento Municipal Utility District Hewlett-Packard Co. Northstar-At-Tahoe Resort Sierra Joint Community College Bank of America California Health Services		
Metrics and Ranking		Measurements
Population (hotel market area)	1,826,746	Rankings
Income per Capita	\$54,615	28th of 104 (Above Average)
Feeder Group Size	94.9 Persons PSR	29th of 104 (Above Average)
Feeder Group Earnings	\$5,185,286 PSR	77th of 104 (Below Average)
Total Market COPE	\$1.1 billion	82nd of 104 (Below Average)
		33rd of 104 (Above Average)

Key Performance Metrics

Data provided by: kalibri LABS

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	71.2%	\$107.88	\$76.81	\$99.75	\$71.02	\$8.13	92.5%	45.5%	1.95	26,470	1.17
2016	73.9%	\$114.85	\$84.90	\$105.92	\$78.30	\$8.93	92.2%	46.0%	1.88	26,490	1.22
2017	76.1%	\$123.08	\$93.67	\$113.25	\$86.19	\$9.83	92.0%	48.1%	1.86	26,700	1.35
2018	75.2%	\$129.78	\$97.63	\$119.66	\$90.02	\$10.12	92.2%	49.9%	1.85	26,620	1.27
2019	76.2%	\$133.86	\$102.04	\$123.36	\$94.04	\$10.50	92.2%	53.9%	1.85	27,260	1.27
2020	52.8%	\$106.99	\$57.54	\$99.60	\$52.55	\$7.38	93.1%	30.7%	2.18	27,100	1.16
2021	64.6%	\$131.84	\$85.80	\$122.46	\$79.08	\$9.38	92.9%	33.6%	2.03	27,040	1.20
2022	67.2%	\$141.80	\$95.17	\$131.88	\$88.56	\$9.92	93.0%	34.9%	2.04	27,240	1.12
CAGR: 2015 thru 2022	-0.8%	4.0%	3.1%	4.1%	3.2%	2.9%	0.1%	-3.7%	0.7%	0.4%	-0.5%
YTD 2Q 2022	66.8%	\$152.82	\$102.10	\$142.46	\$95.18	\$10.35	93.2%	36.9%	2.05	27,390	1.18
YTD 2Q 2023	71.7%	\$159.19	\$114.12	\$148.21	\$106.24	\$10.98	93.1%	39.3%	1.93	27,150	1.17
% Change	7.3%	4.2%	11.8%	4.0%	11.6%	6.1%	-0.1%	6.5%	-5.7%	-0.9%	-0.4%

Notable Metrics

	IRR: Full-Service	Feeder Population Per Room	Marketwide Income per Room
HIGHEST	5th Highly Favorable Sacramento, CA enjoyed favorable IRR metrics in the full-service segment (9.4%)	20th Above Average The market posted a high ratio of feeder population per room (46.26)	16th Above Average The market also enjoyed a high ratio of marketwide income per room (\$2,526,370)
LOWEST	86th Below Average This market has been hindered by weak T12-month loyalty contribution (38.5%)	86th Below Average The market has been hindered by weak latest-quarter loyalty contribution (39.3%)	85th Below Average Sacramento, CA also exhibited weak T12-month average length of stay (1.92 Nights)

Notable Trends

	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth	Long-Term Historical Supply Growth
FASTEST	10th Above Average Sacramento, CA has benefited from strong long-term historical Guest Paid ADR growth (4.3%)	10th Above Average The market enjoyed from strong long-term historical COPE ADR growth (4.2%)	16th Above Average The market also has benefited from low long-term historical supply growth (0.6%)
SLOWEST	93rd Soft The market exhibited high long-term historical booking costs POR growth (5.1%)	75th Below Average We note this area has been hindered by weak short-term historical occupancy growth (0.4%)	73rd Below Average Sacramento, CA also has been burdened by high short-term historical supply growth (0.6%)

Market Performance Stage



Sacramento, CA: Expansion Stage

The Sacramento, 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

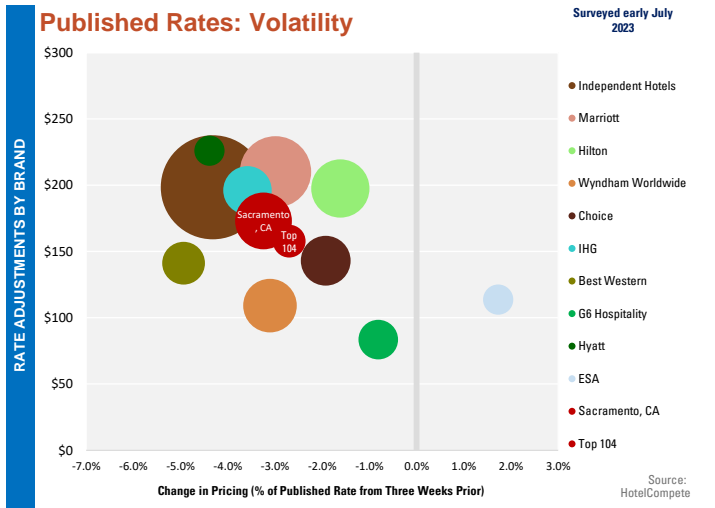
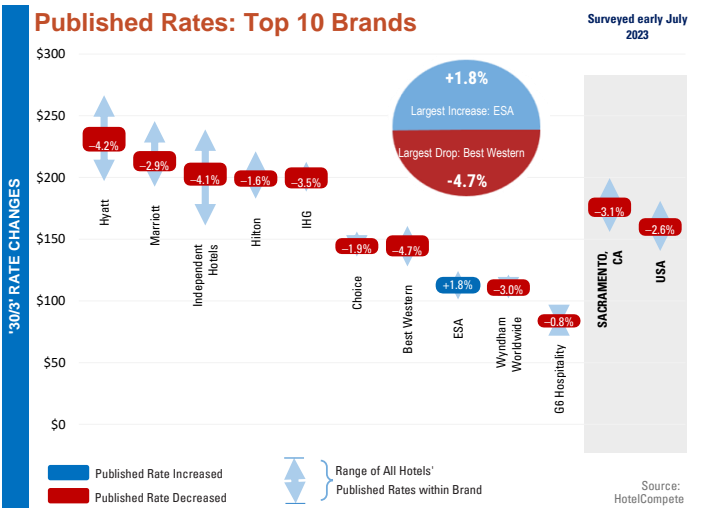
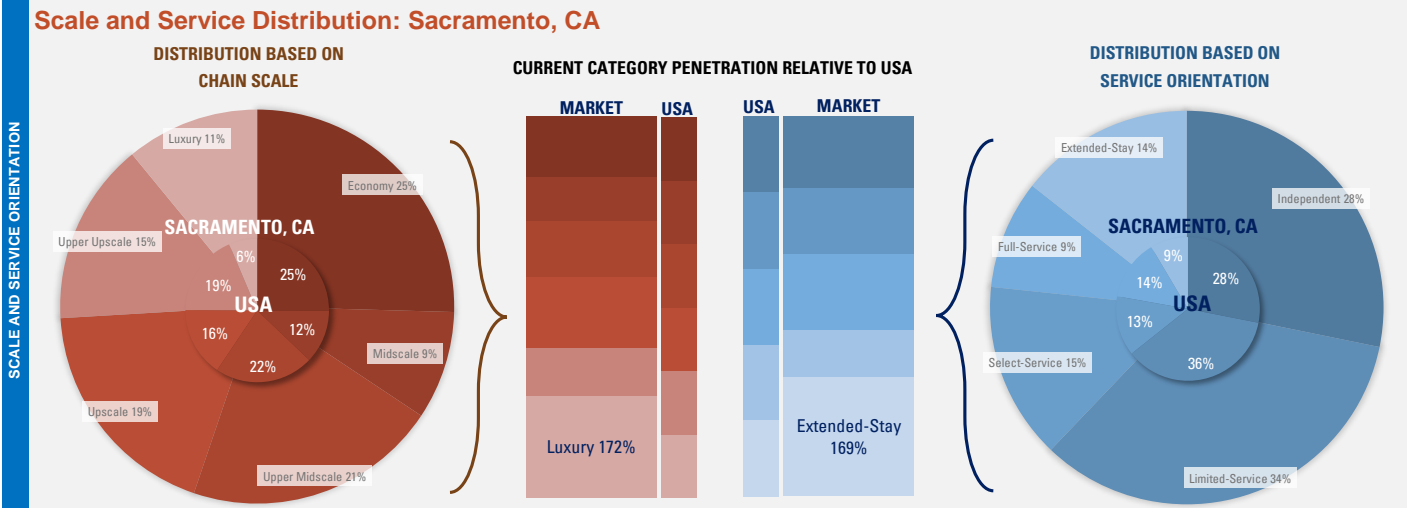
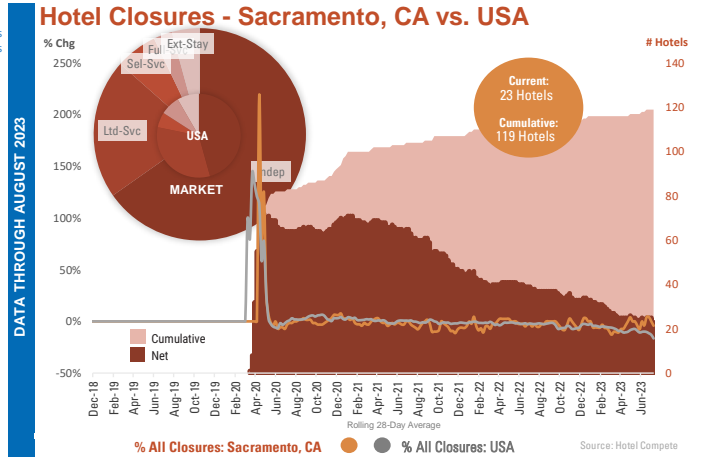
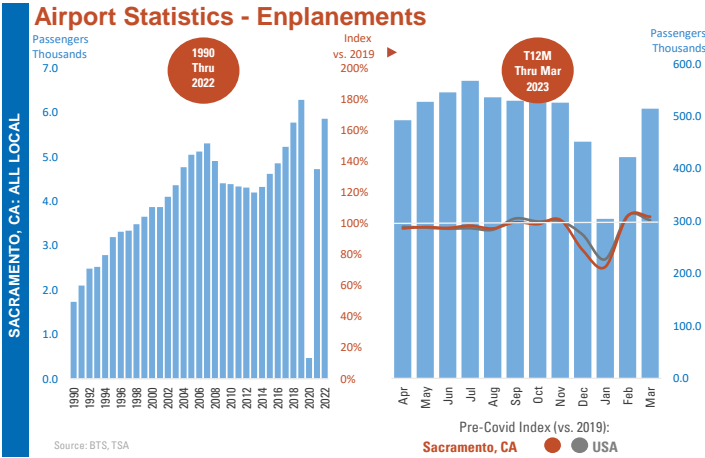
Business Cycle:
 Employment Growth (2 yr): **-2.7%**
 Risk Exposure (402 US markets): **66th Percentile: Average Risk**
Key Industry Notes:
 College town, high tech
 Lower living costs v Bay Area
 Improving migration trends
 Well-diversified economy
 Employment volatility

Moody's Rating

A2
Investment Grade

Long-term investment grade, Prime-2 short-term outlook



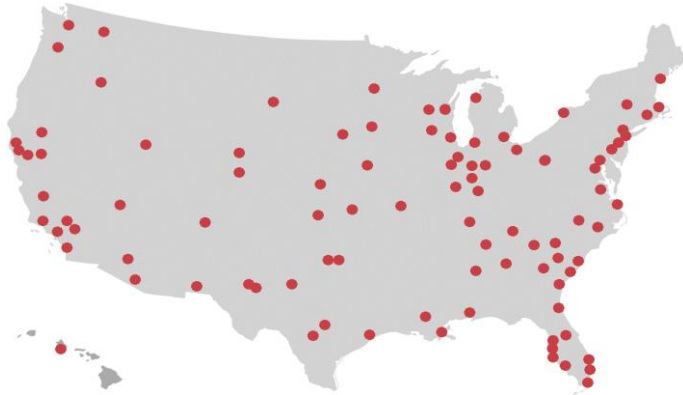


Published Rate Observations: 30-Day Advance

MARKET LEVEL	Published Rate Level	Rate Movement	Optimism
	26th Above Average	59th Average	51st Average
	The 30-day advanced published rate for the market was a somewhat aggressive \$173.05, ranking 26th out of 104 markets. (Guest-Paid ADR ranked a somewhat aggressive 32nd at \$159.19 in 2Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 3.1% 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 9.7% higher than the market's Guest-Paid ADR in 2Q 2023. This optimism is average. By comparison, the T-104 spread was -2.4%.

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	56th Average	24th Above Average	40th Moderate
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Sacramento, CA has an above average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Sacramento, CA's top 10 brands are exhibiting moderate 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

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**
- Conference, Expo and Convention Centers**
- Ski and Village Resorts**
- Gaming Facilities**
- Water Parks, Amusement Parks and Attractions**
- Arenas, Stadiums and Sports Facilities**
- 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**
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.

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