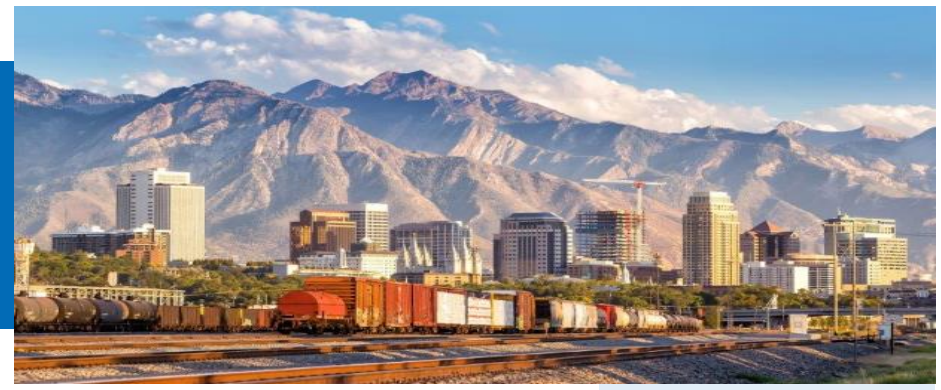
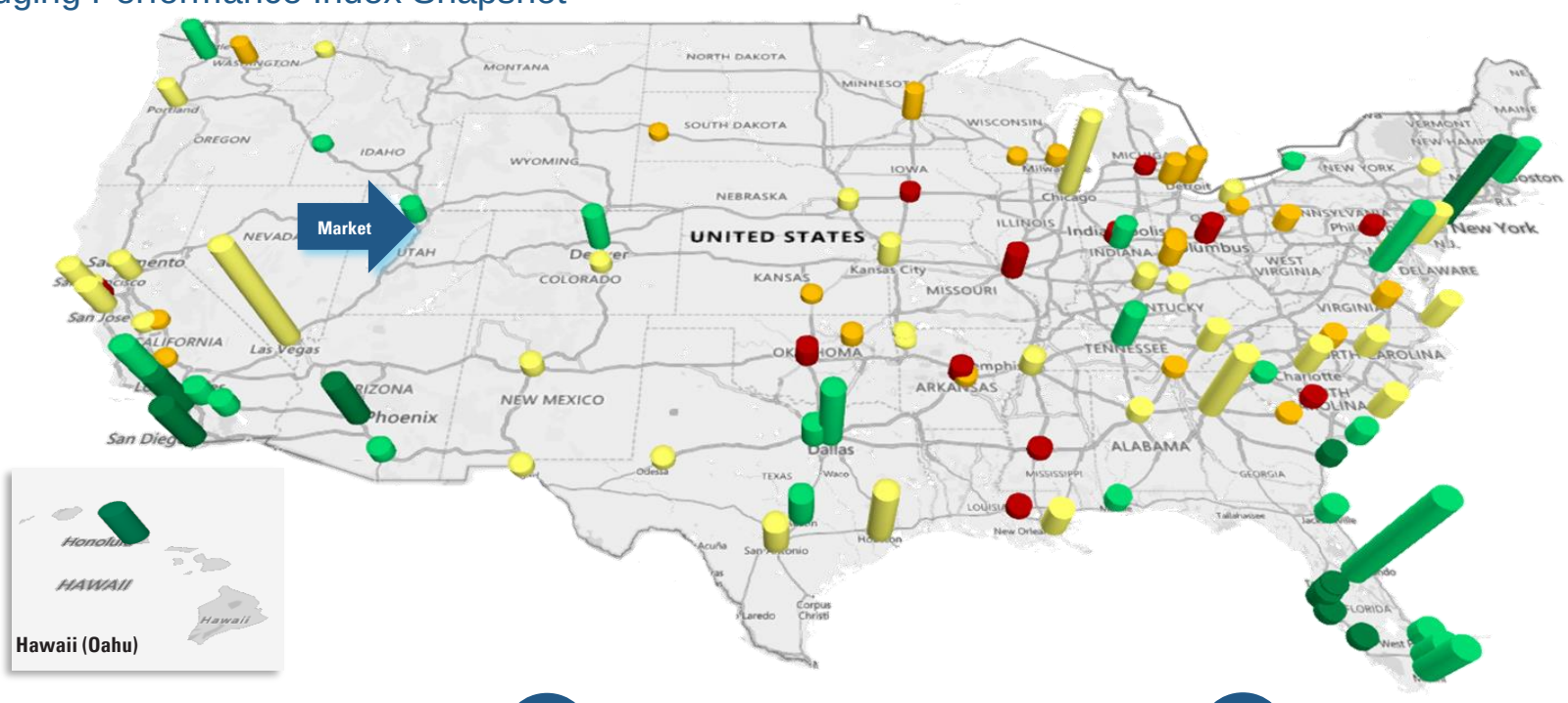
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

4Q 2023
SALT LAKE CITY, UT

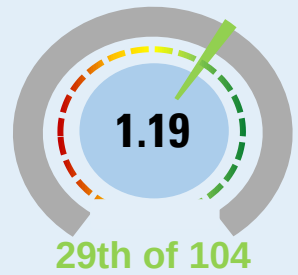


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Salt Lake City, UT

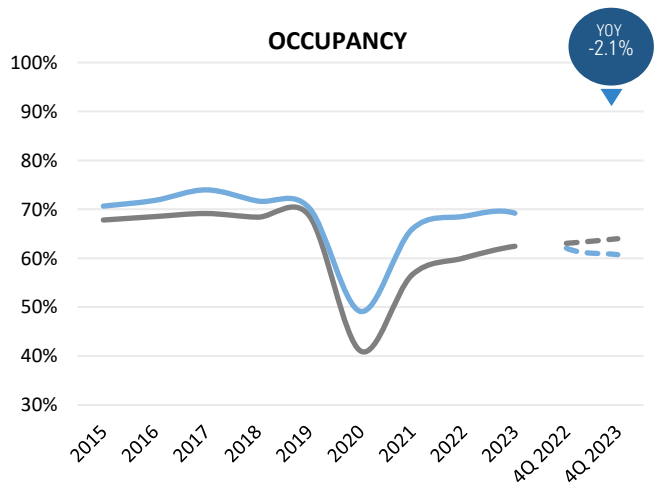


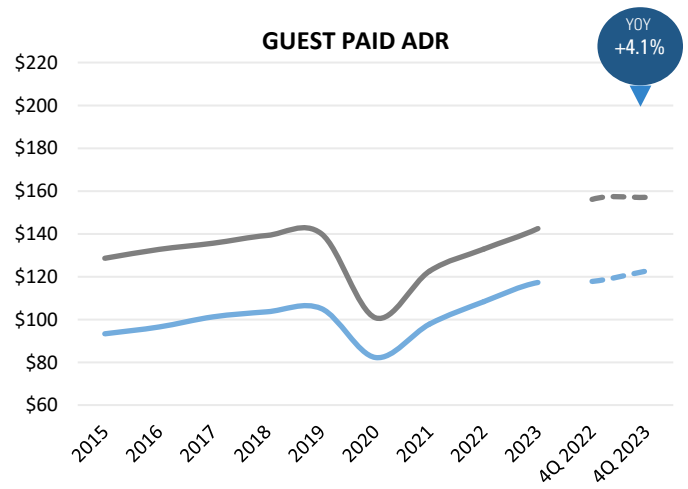
29th of 104

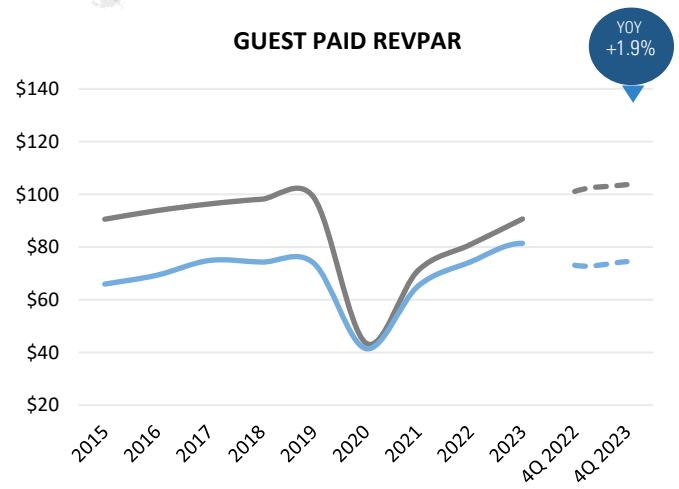
Above Average

Ranking of overall '4Q 2023 LPI' performance (1.19) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — Salt Lake City, UT

PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
60.7% / 64.0%	70.4% / 66.4%	$123 / $157	$132 / $157	$74 / $104	$93 / $107
57th	21st	59th	44th	57th	35th

BENCHMARK INDEXES

Key Benchmark Indexes

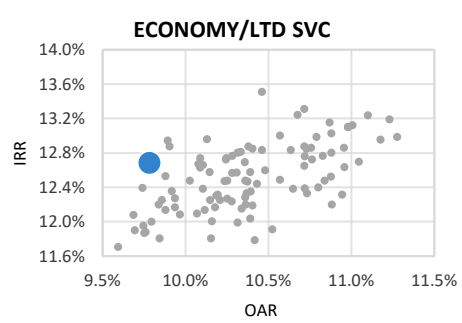
kalibri LABS

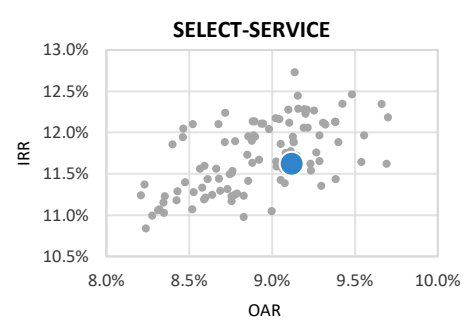
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
51.9% / 48.6%	50.2% / 46.7%	1.96 / 2.03	1.99 / 2.06	$9.00 / $11.64	$9.57 / $11.52
21st	20th	63rd	65th	59th	62nd

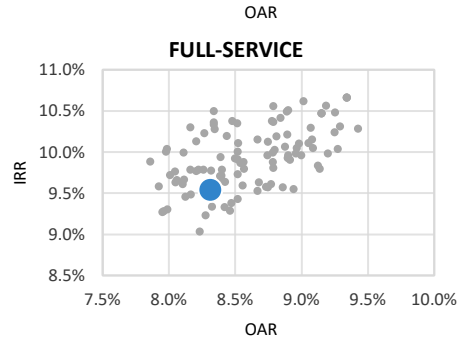
INVESTMENT PARAMETERS

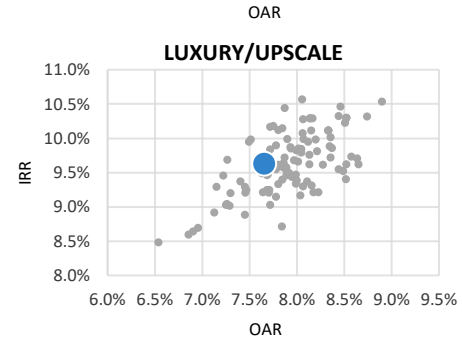
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

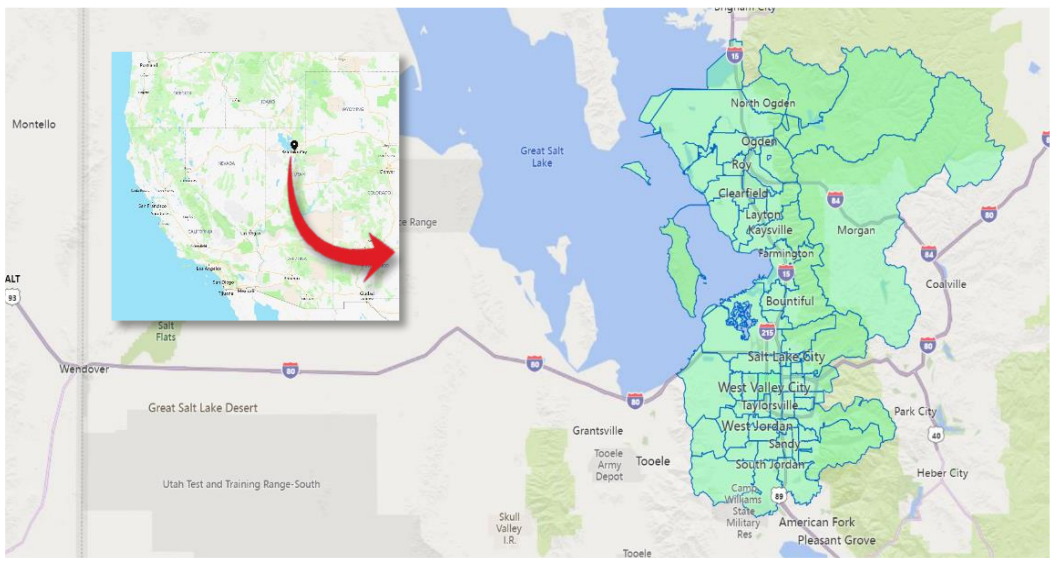
Revenue Stability	Supplier Power Trend	Investment Yields
45th	26th	33rd
Average	Above Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
63rd	79th	63rd
Average Risk	Below 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:	Salt Lake City
County:	Salt Lake County
State:	Utah
Geo Coordinates (market center):	40.76078, -111.89105

Major Hotel Demand Generators

University of Utah | Intermountain Health Care Inc. | Wal-Mart Stores Inc. | Delta Airlines | Smith's Food & Drug | Discover Products Inc. | Zions Bancorp. | C.R. England Inc. | L-3 Communications Corp. | Department of Veterans Affairs | Salt Lake City Park | ARUP Laboratories | Salt Lake City Community College | Wells Fargo Bank | Jet Blue Airways Corp. | Dental Select | Harmons Grocery | Skywest Airlines | United Parcel Service | Goldman Sachs and Co.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,587,159	40th of 104 (Average)
Income per Capita	$54,009	32nd of 104 (Above Average)
Feeder Group Size	89.6 Persons PSR	71st of 104 (Below Average)
Feeder Group Earnings	$4,841,210 PSR	80th of 104 (Below Average)
Total Market COPE	$854.1 million	45th 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 (Available Rms)	Performance Index (LPI)
2015	70.6%	$93.28	$65.90	$85.74	$60.57	$7.54	91.9%	44.1%	2.10	22,480	1.16
2016	71.8%	$96.47	$69.28	$88.52	$63.57	$7.95	91.8%	45.5%	2.00	22,730	0.99
2017	74.0%	$101.20	$74.87	$92.62	$68.51	$8.59	91.5%	46.9%	2.00	22,960	1.27
2018	71.7%	$103.57	$74.26	$94.72	$67.92	$8.85	91.5%	49.0%	1.98	23,430	1.03
2019	70.3%	$105.07	$73.87	$96.09	$67.55	$8.99	91.4%	53.6%	1.93	24,870	1.06
2020	49.1%	$82.21	$41.41	$76.45	$37.57	$5.76	93.0%	41.1%	2.24	24,500	1.18
2021	65.9%	$97.85	$65.15	$90.55	$59.69	$7.30	92.5%	42.5%	2.12	24,900	1.09
2022	68.6%	$108.30	$74.31	$100.26	$68.73	$8.04	92.6%	43.7%	2.11	25,030	1.19
2023	69.2%	$117.26	$81.37	$108.67	$75.20	$8.59	92.7%	44.3%	2.10	25,120	1.19
CAGR: 2015 thru 2022	-0.3%	2.9%	2.7%	3.0%	2.7%	1.6%	0.1%	0.1%	0.0%	1.4%	0.3%
4Q 2022	62.1%	$117.74	$73.06	$109.12	$67.71	$8.62	92.7%	47.9%	2.02	25,790	1.19
4Q 2023	60.7%	$122.59	$74.45	$113.60	$68.99	$9.00	92.7%	51.9%	1.96	25,530	1.19

Notable Metrics

HIGHEST

OAR: Economy/Ltd Svc	Marketwide Income per Room	T12-Month Loyalty Contribution
8th	**20th**	**20th**
Highly Favorable	**Above Average**	**Above Average**
Salt Lake City, UT exhibited favorable OAR metrics in the economy/ltd svc segment (9.8%)	The market enjoyed a high ratio of marketwide income per room ($2,415,300)	The market also exhibited strong T12–month loyalty contribution (50.2%)

LOWEST

Feeder Group Earnings PSR	T12-Month COPE ADR Percentage	OAR: Select-Service
80th	**74th**	**71st**
Below Average	**Below Average**	**Unfavorable**
This market has been hindered by weak feeder group earnings PSR ($4,841,210)	The market has been hampered by weak T12–month COPE ADR percentage (92.8%)	Salt Lake City, UT also exhibited unfavorable OAR metrics in the select–service segment (9.1%)

Notable Trends

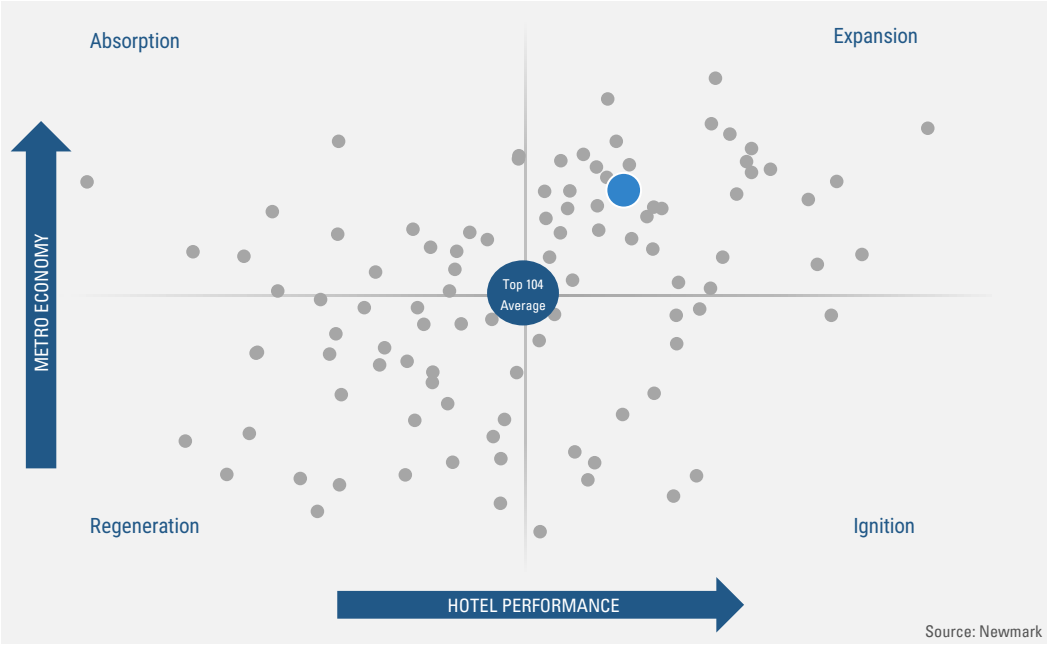
FASTEST

Short-Term Historical Loyalty Contribution Growth	General Economy Reverence	Long-Term Historical Loyalty Contribution Growth
12th	**21st**	**23rd**
Above Average	**Above Average**	**Above Average**
Salt Lake City, UT enjoyed strong short–term historical loyalty contribution growth (4.2%)	The market enjoyed strong general economic reverence (per–capita unemployment, GDP and other indicators)	The market also exhibited strong long–term historical loyalty contribution growth (4.4%)

SLOWEST

Short-Term Historical Occupancy Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Supply Growth
92nd	**78th**	**60th**
Soft	**Below Average**	**Average**
The market has been hindered by weak short–term historical occupancy growth (–2.7%)	We note this area exhibited weak long–term historical average length of stay growth (–0.3%)	Salt Lake City, UT also has been burdened by high long–term historical supply growth (1.3%)

Market Performance Stage



Source: Newmark

Salt Lake City, UT: Expansion Stage

Expansion

The Salt Lake City, UT 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 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 enter a sustained post-pandemic status. 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; Miami, FL; and Myrtle Beach, SC.Chicago, IL; Miami, FL; and New York, NY.

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; Houston, TX; and Minneapolis, MN.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	7.8%
Risk Exposure (402 US markets):	18th Percentile: Below Average
Key Industry Notes:	Financial center, high tech Sturdy house appreciation Many high-wage tech jobs Low business costs Low office space availability

Moody's Rating

Aaa

Investment Grade

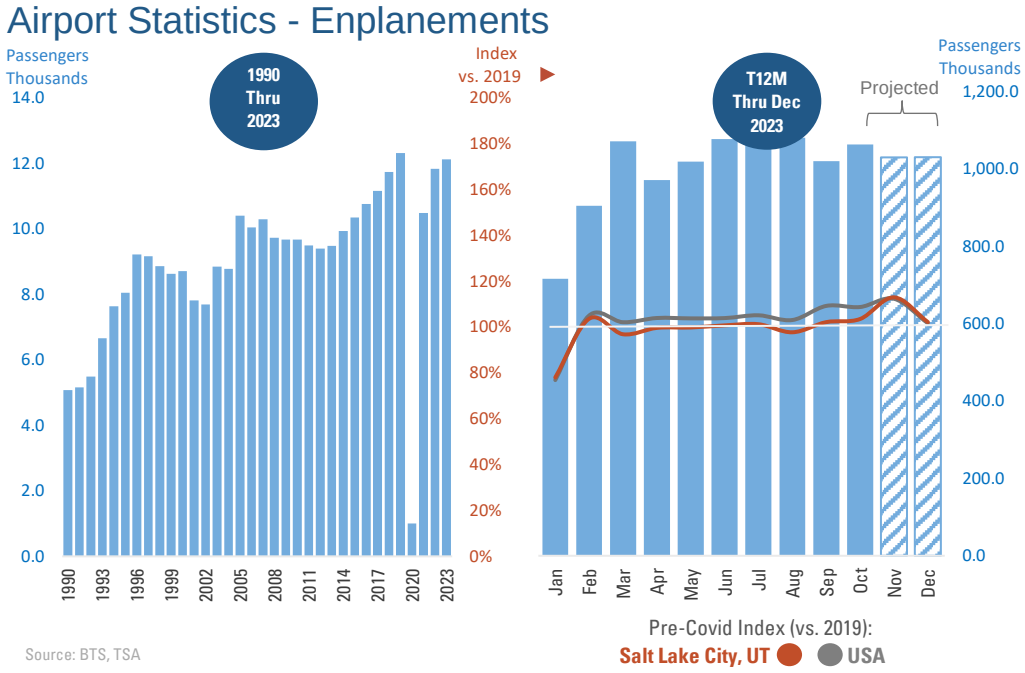
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

Source: Newmark

SALT LAKE CITY, UT: ALL LOCAL

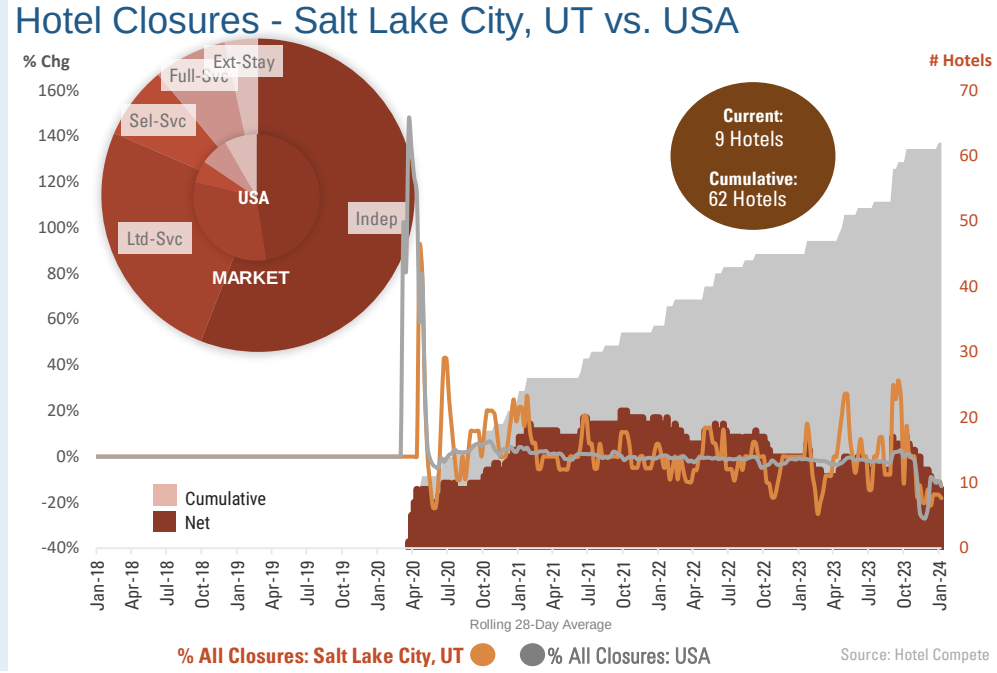
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

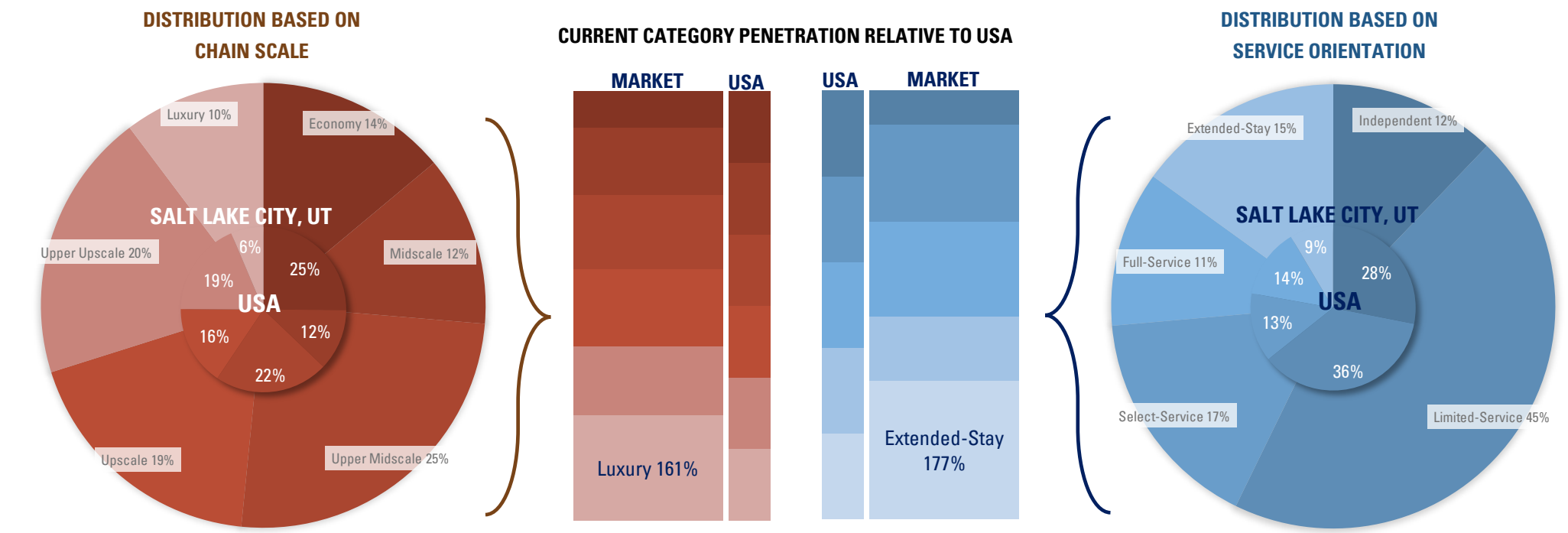
Hotel Closures - Salt Lake City, UT vs. USA



Source: Hotel Compete

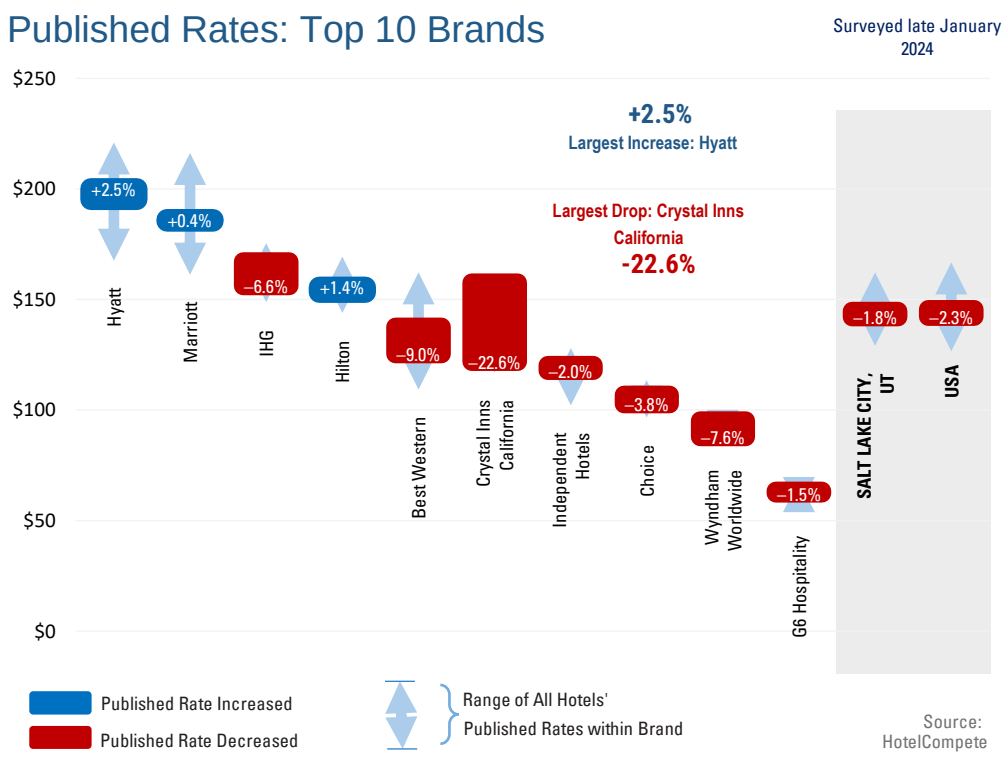
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Salt Lake City, UT



'30/3' RATE CHANGES

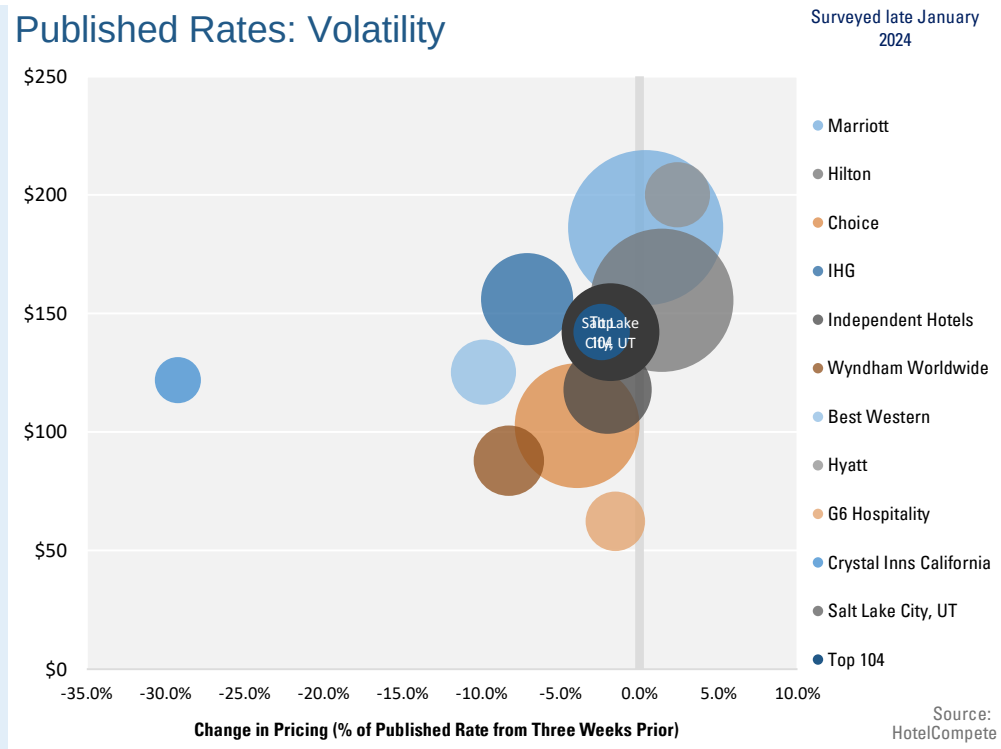
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



Source: HotelCompete

Published Rate Observations: 30-Day Advance

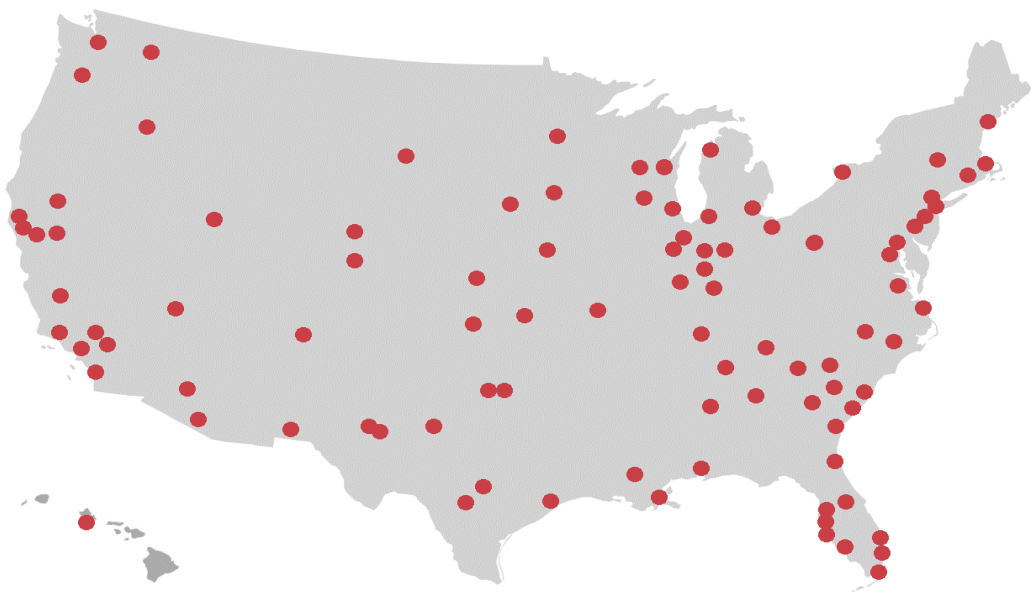
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
36th	**32nd**	**22nd**
Average	**Above Average**	**Above Average**
The 30-day advanced published rate for the market was a moderate $142.12, ranking 36th out of 104 markets. (Guest-Paid ADR ranked a moderate 59th at $122.59 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a modest 1.8% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	Published rates reported in late January 2024 were 15.9% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is above average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
62nd	**48th**	**92nd**
Average	**Average**	**High**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Salt Lake City, UT has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Salt Lake City, UT's top 10 brands are exhibiting high volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

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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- Gaming Facilities
- Arenas, Stadiums and Sports Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

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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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