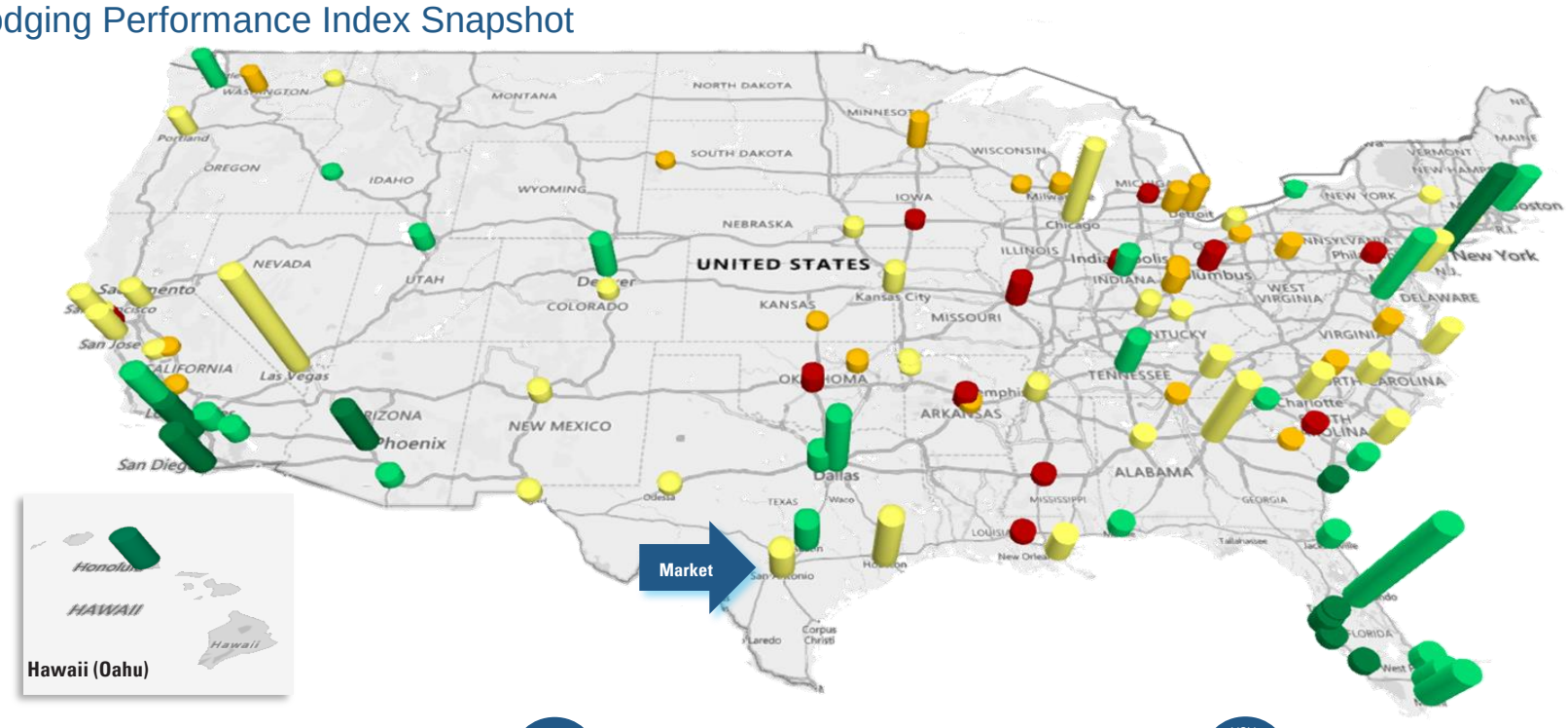
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

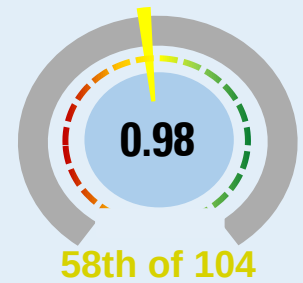
4Q 2023
SAN ANTONIO, TX

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

San Antonio, TX

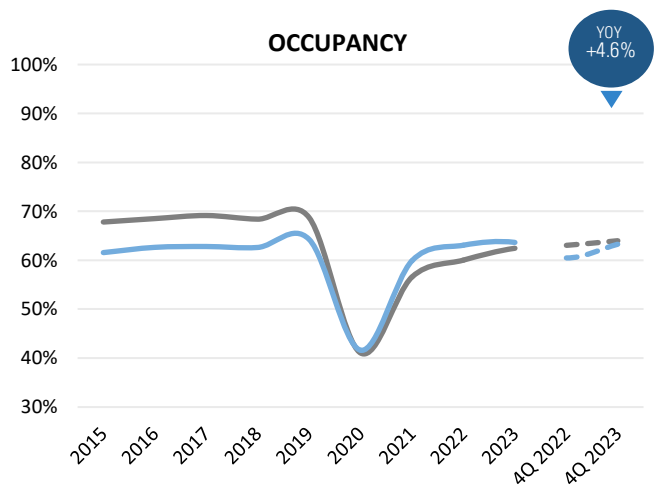


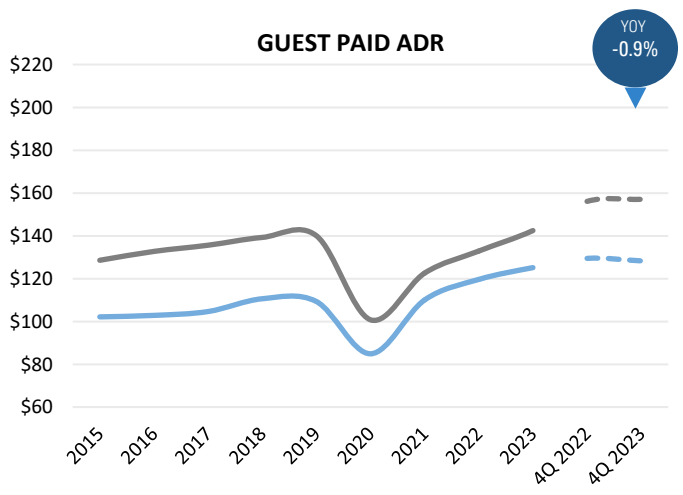
58th of 104

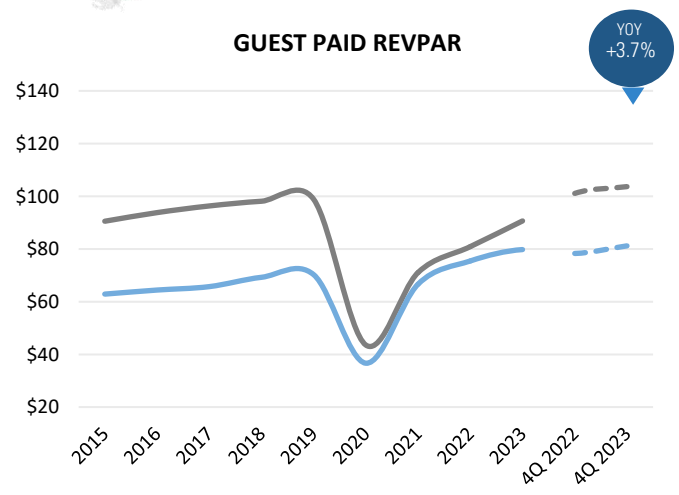
Average

Ranking of overall '4Q 2023 LPI' performance (0.98) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







Top 104 — San Antonio, TX

KEY 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.
63.3% / 64.0%	63.6% / 66.4%	$128 / $157	$131 / $157	$81 / $104	$83 / $107
39th	58th	47th	47th	45th	53rd

BENCHMARK INDEXES

Key Benchmark Indexes

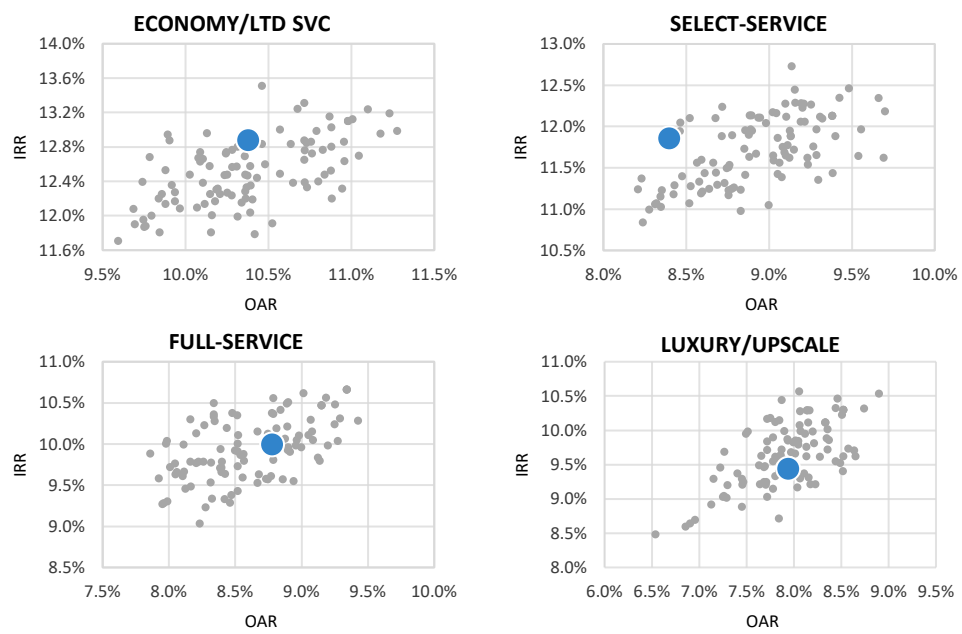
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023	T12 Mos.	T12 Mos.	4Q 2023	4Q 2023	T12 Mos.
47.8% / 48.6%	47.5% / 46.7%	2.10 / 2.06	2.06 / 2.03	$8.72 / $11.64	$8.89 / $11.52
51st	44th	49th	40th	54th	50th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
48th	42nd	50th
Average	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
59th	74th	73rd
Average Risk	Below Average	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:	San Antonio
County:	Bexar County, Comal County, Medina County
State:	Texas
Geo Coordinates (market center):	29.46594, -98.5247

Major Hotel Demand Generators

Joint Base San Antonio (JBSA) | H-E-B | USAA | Methodist Healthcare System | Baptist Health System | JP Morgan Chase | Wells Fargo | AT&T | Bill Miller BBQ | Christus Santa Rosa Health Care | Rackspace | CPS Energy | Toyota Motor Manufacturing | Clear Channel Communications | Boeing | Southwest Research Institute | Frost Bank | Accenture | Valero Energy | Harland Clarke

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,928,907	26th of 104 (Above Average)
Income per Capita	$49,711	47th of 104 (Average)
Feeder Group Size	64.2 Persons PSR	40th of 104 (Average)
Feeder Group Earnings	$3,192,042 PSR	44th of 104 (Average)
Total Market COPE	$1.4 billion	25th of 104 (Above 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	61.6%	$102.12	$62.87	$94.31	$58.06	$7.82	92.3%	38.7%	2.18	44,790	1.12
2016	62.6%	$102.82	$64.41	$94.42	$59.15	$8.40	91.8%	41.1%	2.13	44,880	0.91
2017	62.8%	$104.61	$65.71	$95.88	$60.22	$8.74	91.6%	43.6%	2.09	45,310	1.16
2018	62.6%	$110.60	$69.25	$101.43	$63.51	$9.17	91.7%	47.6%	2.08	46,150	1.22
2019	64.3%	$109.31	$70.25	$100.37	$64.50	$8.94	91.8%	52.1%	2.04	47,580	0.91
2020	41.6%	$84.88	$36.65	$79.12	$32.93	$5.76	93.2%	40.2%	2.37	47,220	0.85
2021	59.9%	$110.04	$66.65	$102.02	$61.11	$8.02	92.7%	42.2%	2.28	46,780	1.13
2022	63.1%	$119.62	$75.46	$111.07	$70.06	$8.55	92.9%	43.3%	2.26	46,690	1.17
2023	63.6%	$125.13	$79.78	$116.44	$74.11	$8.69	93.1%	44.4%	2.23	46,750	0.98
CAGR: 2015 thru 2022	**0.4%**	**2.6%**	**3.0%**	**2.7%**	**3.1%**	**1.3%**	**0.1%**	**1.7%**	**0.3%**	**0.5%**	**-1.7%**
4Q 2022	60.5%	$129.45	$78.28	$120.81	$73.06	$8.64	93.3%	46.6%	2.12	47,890	1.17
4Q 2023	63.3%	$128.29	$81.18	$119.57	$75.66	$8.72	93.2%	47.8%	2.06	47,550	0.98

Notable Metrics

HIGHEST

OAR: Select-Service	Total Rooms Sold	Total Rooms Sold
10th	**21st**	**21st**
Favorable	**Above Average**	**Above Average**
San Antonio, TX enjoyed favorable OAR metrics in the select-service segment (8.4%)	The market boasted strong total rooms sold (10,964,480)	The market also boasted strong total rooms sold (10,964,480)

LOWEST

IRR: Economy/Ltd Svc	Feeder Population Per Room	Feeder Population Per Room
85th	**68th**	**68th**
Unfavorable	**Below Average**	**Below Average**
This market posted unfavorable IRR metrics in the economy/ltd svc segment (12.9%)	The market posted a low ratio of feeder population per room (28.97)	San Antonio, TX also posted a low ratio of feeder population per room (28.97)

Notable Trends

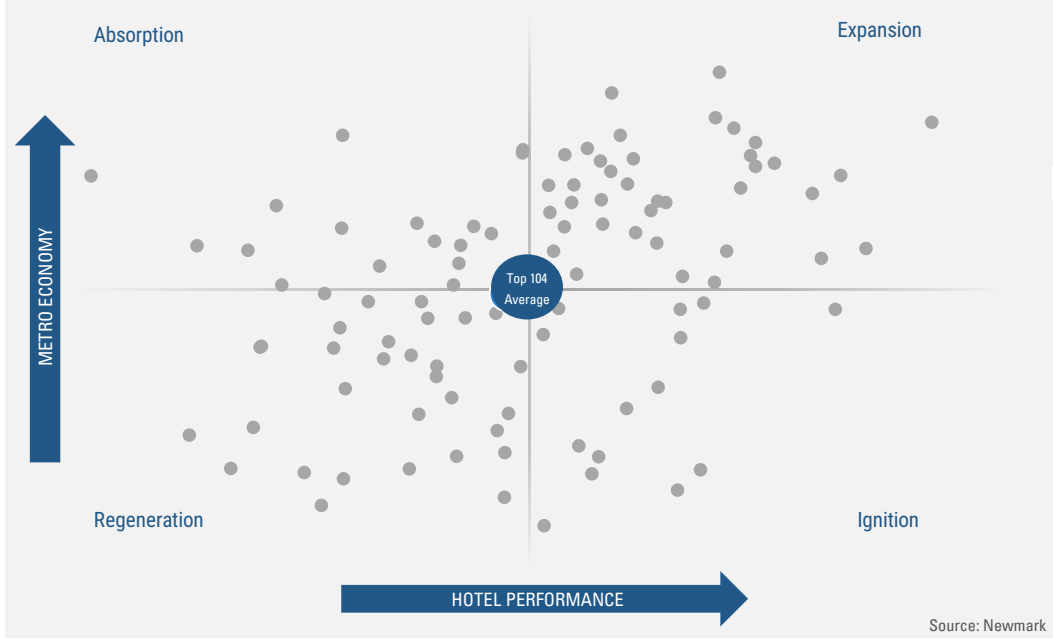
FASTEST

Long-Term Historical Occupancy Growth	Long-Term Historical COPE RevPAR Growth	Long-Term Historical Guest Paid RevPAR Growth
19th	**32nd**	**33rd**
Above Average	**Above Average**	**Above Average**
San Antonio, TX enjoyed strong long-term historical occupancy growth (0.7%)	The market posted strong long-term historical COPE RevPAR growth (3.1%)	The market also exhibited strong long-term historical Guest Paid RevPAR growth (3.1%)

SLOWEST

Short-Term Historical LPI Growth	Long-Term Historical LPI Growth	Short-Term Historical Supply Growth
79th	**79th**	**77th**
Below Average	**Below Average**	**Below Average**
The market has been hampered by weak short-term historical LPI growth (-2.2%)	We note this area posted weak long-term historical LPI growth (-1.7%)	San Antonio, TX also has been burdened by high short-term historical supply growth (0.3%)

Market Performance Stage



Source: Newmark

San Antonio, TX: Regeneration Stage

Regeneration

The San Antonio, TX market is currently in the 'Regeneration' stage of the performance cycle. In this 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.

Other Stages:

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.

Expansion

In the 'Expansion' 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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	9.1%
Risk Exposure (402 US markets):	42nd Percentile: Average Risk
Key Industry Notes:	Financial center, defense Military supports economy Strategic locale near Mexico Slow educational attainment Moderate risk profile

Moody's Rating

Aaa

Investment Grade

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

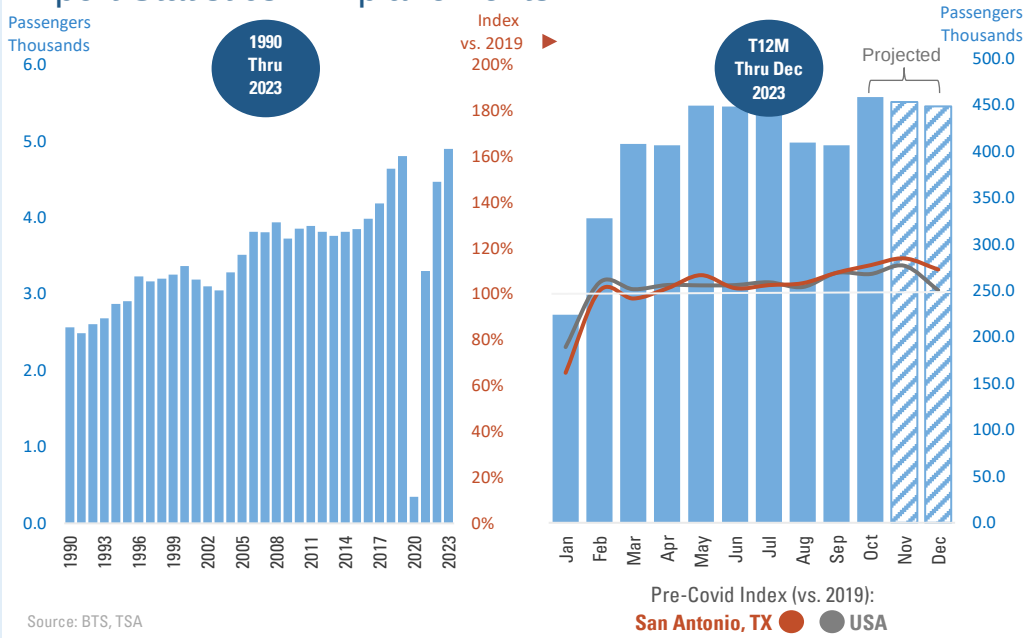
TOP 10 BRANDS

Source: Newmark

NEWMARK

SAN ANTONIO, TX: ALL LOCAL

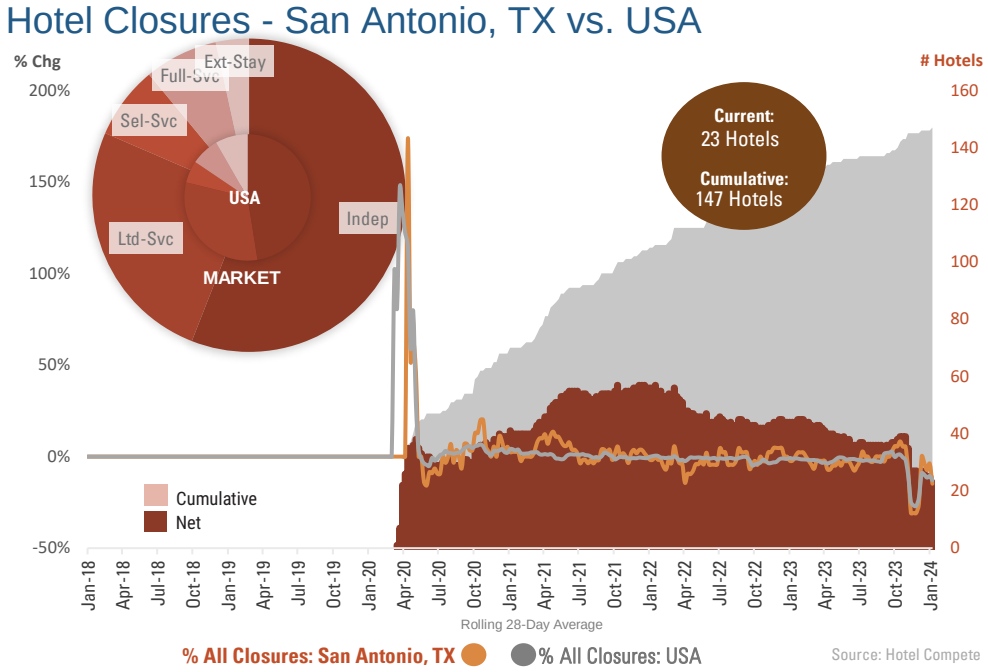
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

Hotel Closures - San Antonio, TX vs. USA

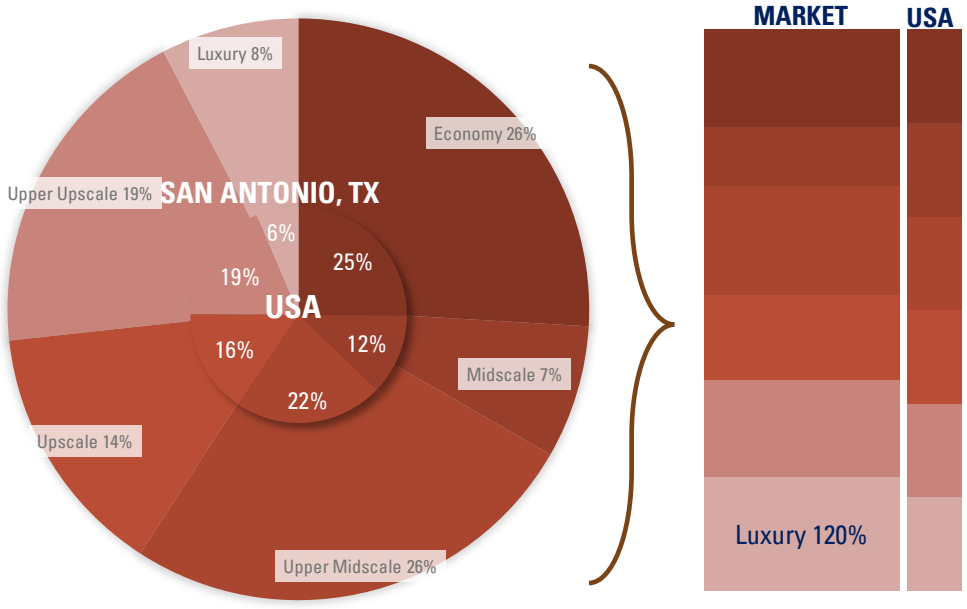


Source: Hotel Compete

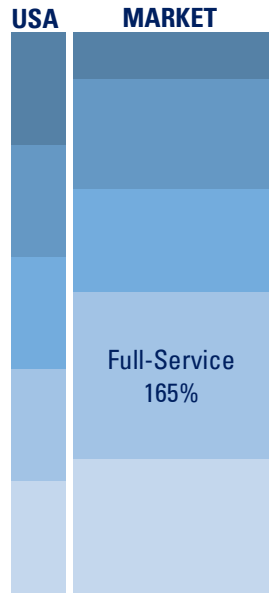
Scale and Service Distribution: San Antonio, TX

SCALE AND SERVICE ORIENTATION

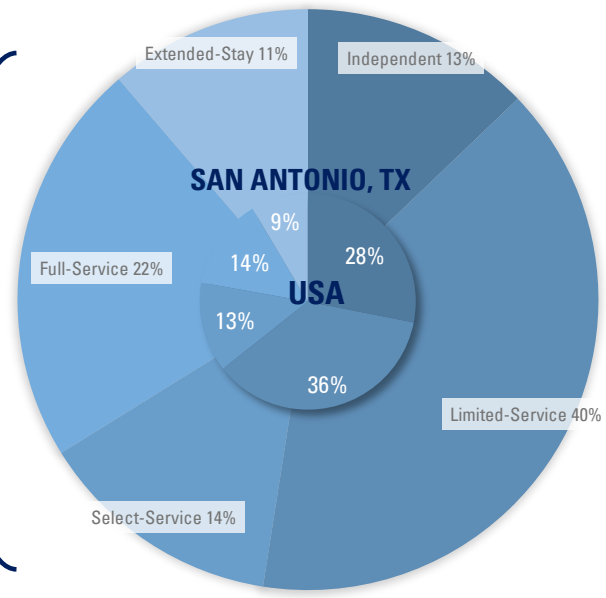
DISTRIBUTION BASED ON CHAIN SCALE



CURRENT CATEGORY PENETRATION RELATIVE TO USA



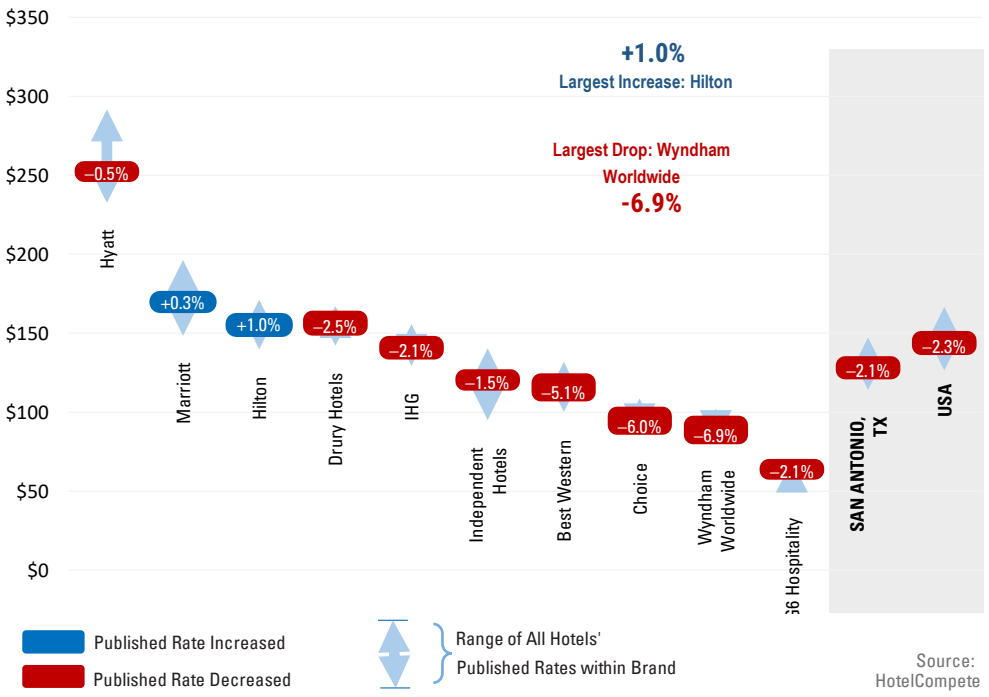
DISTRIBUTION BASED ON SERVICE ORIENTATION



SCALE AND SERVICE ORIENTATION

Published Rates: Top 10 Brands

Surveyed late January 2024



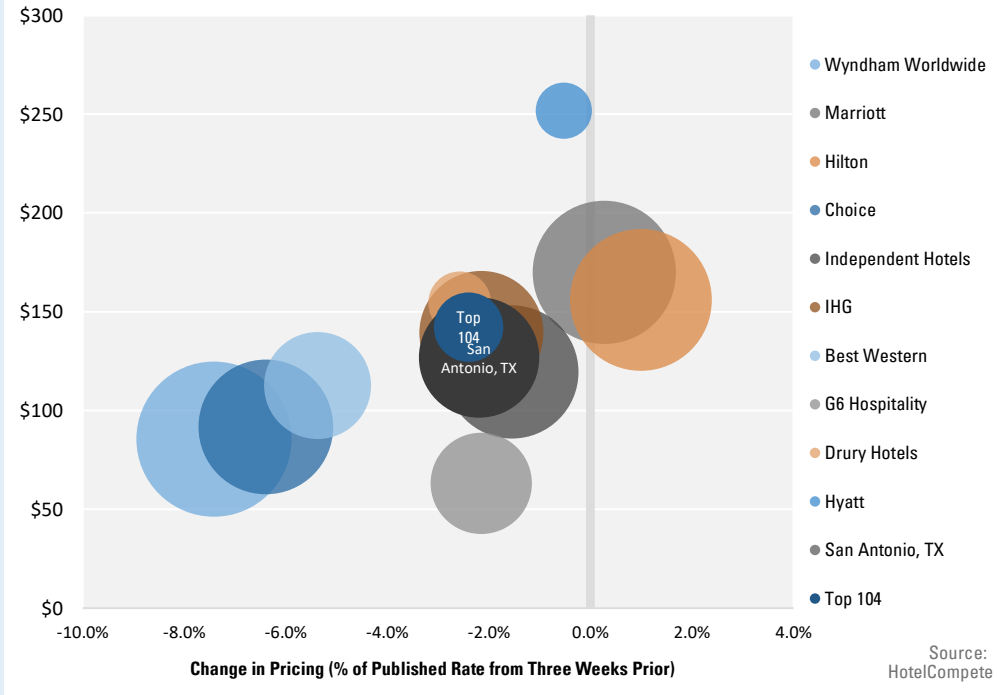
Source: HotelCompete

'30/3' RATE CHANGES

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

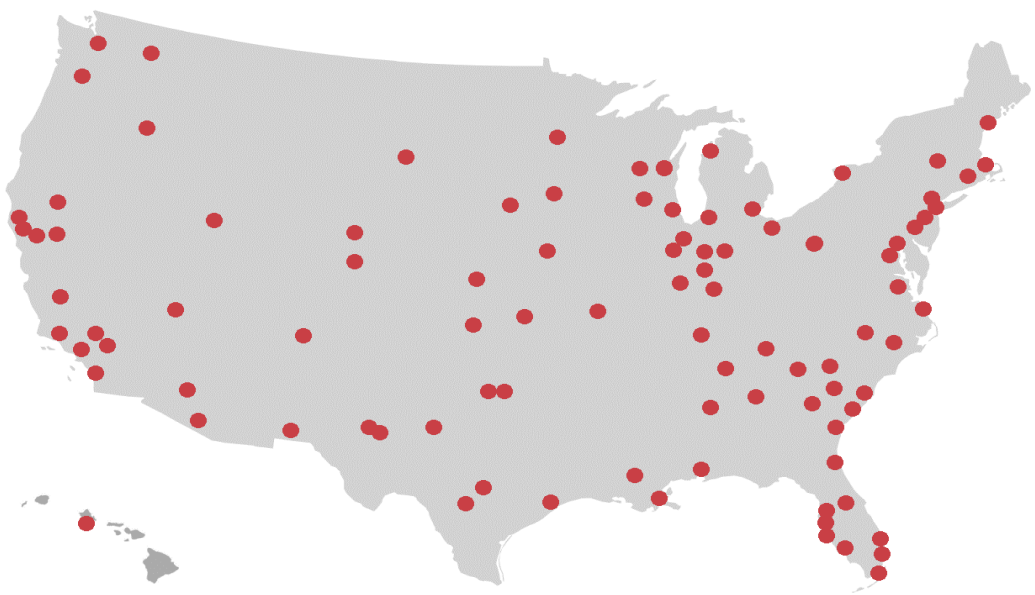
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
61st	**47th**	**78th**
Average	**Average**	**Below Average**
The 30-day advanced published rate for the market was a moderate $126.83, ranking 61st out of 104 markets. (Guest-Paid ADR ranked a moderate 47th at $128.29 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 2.1% 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 1.1% lower than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
24th	**32nd**	**21st**
Above Average	**Above Average**	**Low**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	San Antonio, TX has an above average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	San Antonio, TX's top 10 brands are exhibiting low 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
- Water Parks, Amusement Parks and Attractions

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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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