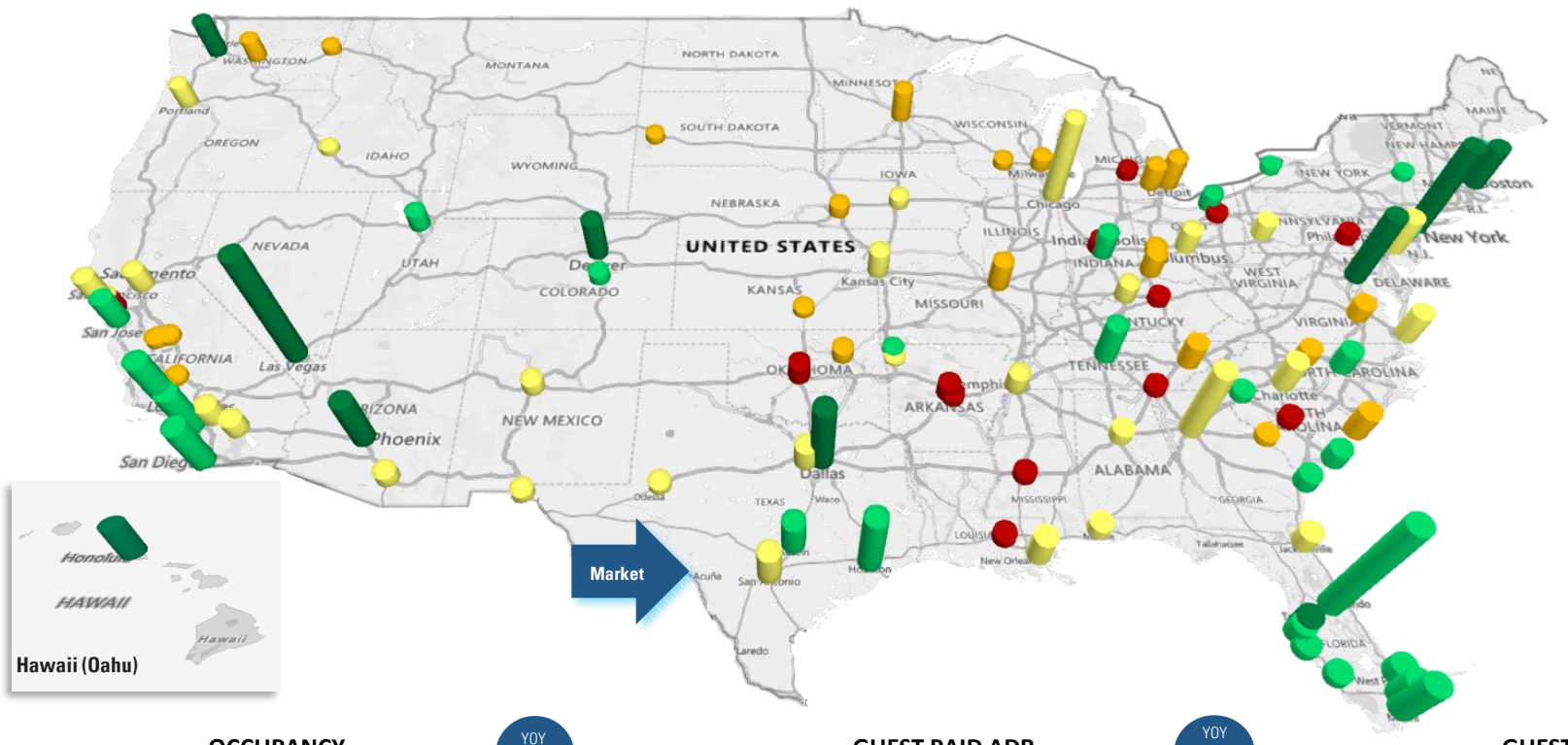
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

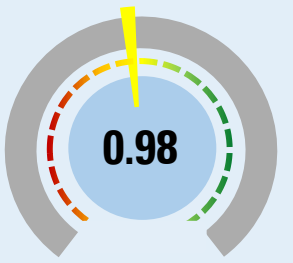
3Q 2024
SAN ANTONIO, TX

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

San Antonio, TX

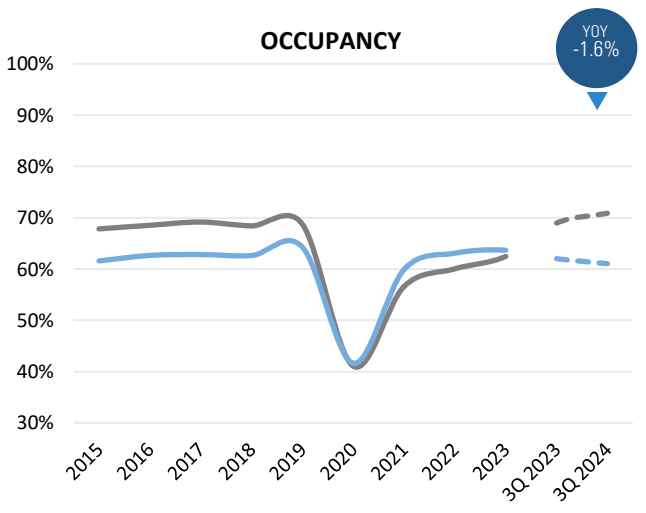


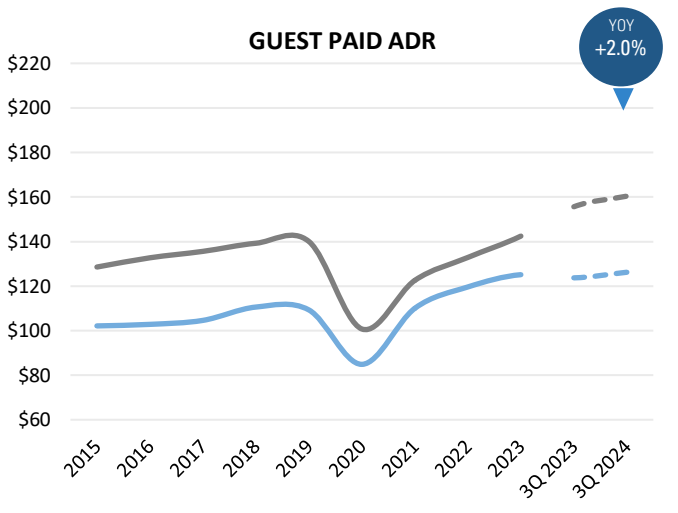
59th of 104

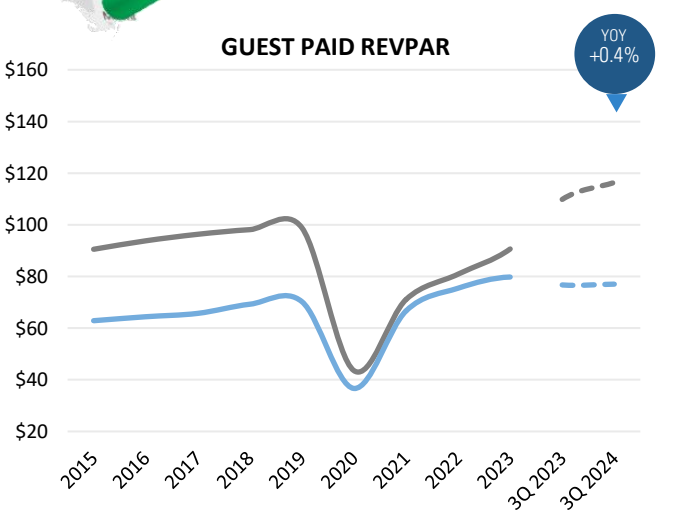
Average

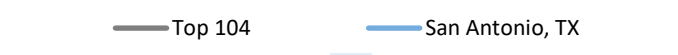
Ranking of overall '3Q 2024 LPI' performance (0.98) against all 104 surveyed markets.

KEY PERFORMANCE METRICS









PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

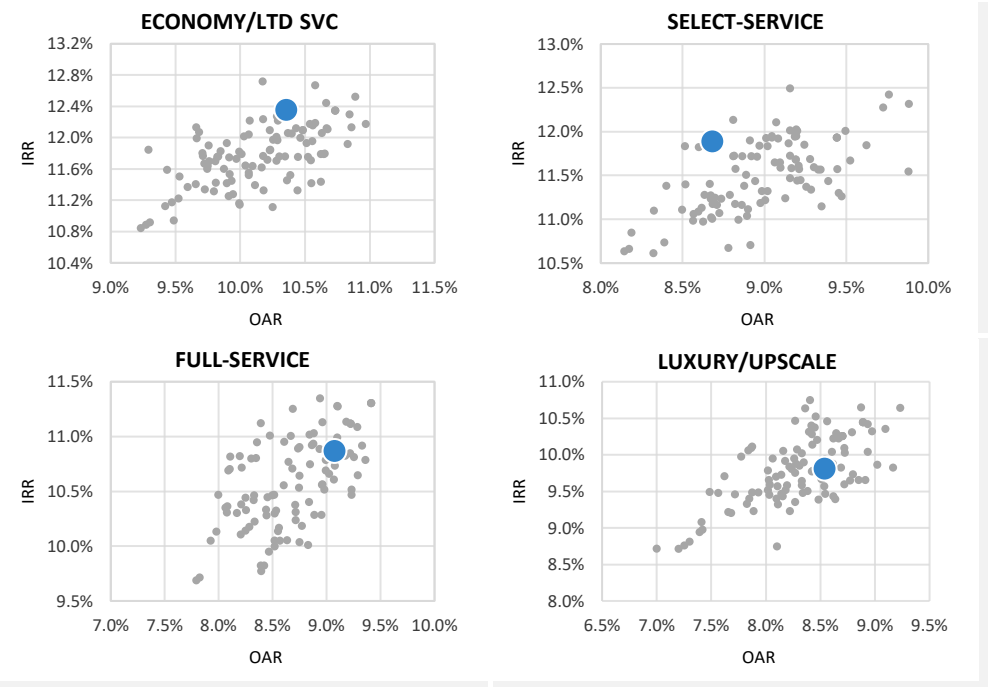
BENCHMARK INDEXES

Key Benchmark Indexes

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

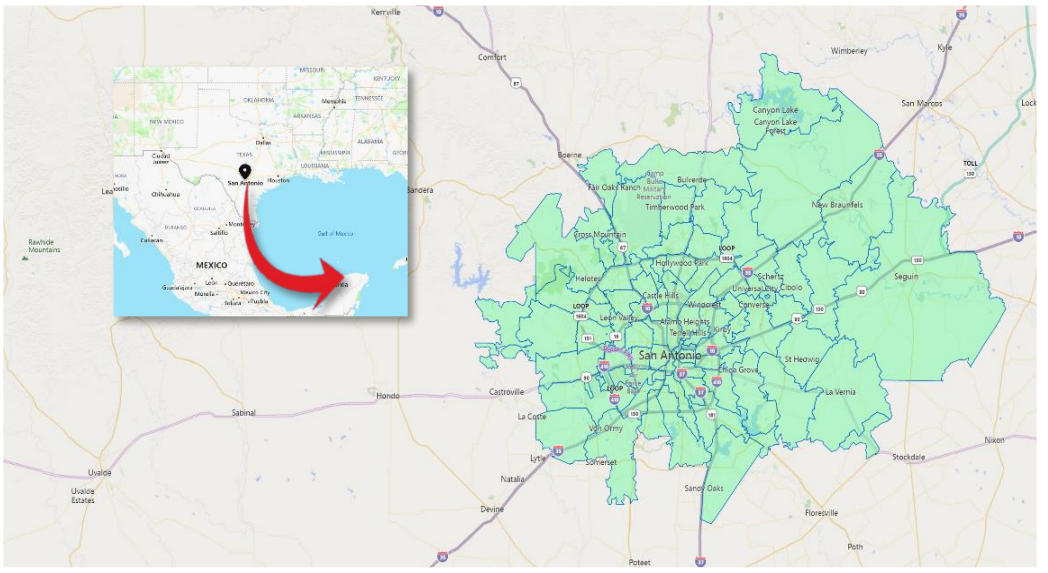
Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
92nd	**47th**	**78th**
Soft	**Average**	**Below 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
11th	**75th**	**59th**
Above Average	**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

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 Hotel Revenues	$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 Rooms	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	1.07
CAGR: 2015 thru 2023	0.4%	2.6%	3.0%	2.7%	3.1%	1.3%	0.1%	1.7%	0.3%	0.5%	-0.6%
3Q 2023	62.0%	$123.71	$76.72	$114.85	$71.22	$8.87	92.8%	46.6%	2.08	47,430	0.98
3Q 2024	61.0%	$126.22	$77.03	$117.35	$71.62	$8.87	93.0%	48.8%	2.10	48,440	0.98

Notable Metrics

HIGHEST

Total Rooms Supply	Total Rooms Sold	T12-Month COPE ADR Percentage
21st	**21st**	**24th**
Above Average	**Above Average**	**Above Average**
San Antonio, TX benefits from a large and diverse hotel market (48,439 total rooms)	The market boasted a strong total of number of rooms sold (10,964,480 room nights)	The market also benefited from strong T12-month COPE ADR percentage (93.2%)

LOWEST

IRR: Economy/Ltd Svc	Latest-Quarter Occupancy	OAR: Full-Service
100th	**94th**	**84th**
Highly Unfavorable	**Soft**	**Unfavorable**
This market posted unfavorable IRR metrics in the economy/ltd svc segment (12.4%)	The market exhibited weak latest-quarter occupancy (61.0%)	San Antonio, TX also posted unfavorable OAR metrics in the full-service segment (9.1%)

Notable Trends

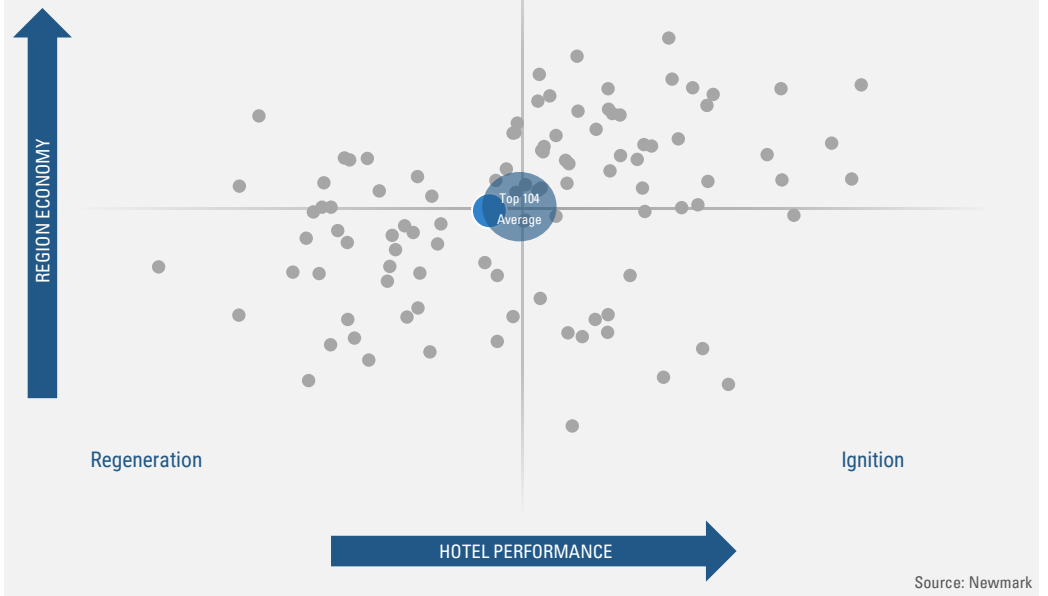
STRONGEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Loyalty Contribution Growth
14th	**16th**	**40th**
Above Average	**Above Average**	**Average**
San Antonio, TX has benefited from low long-term historical booking costs POR growth (1.5%)	The market enjoyed low short-term historical growth in booking costs (1.7%)	The market also exhibited strong long-term historical loyalty contribution growth (4.3%)

WEAKEST

Long-Term Historical Guest Paid RevPAR Growth	Long-Term Historical COPE RevPAR Growth	T12-Month Rooms Supply Growth
97th	**96th**	**94th**
Soft	**Soft**	**Soft**
The market has been hampered by weak long-term historical Guest Paid RevPAR growth (-0.1%)	We note this area posted weak long-term historical COPE RevPAR growth (-0.1%)	San Antonio, TX also has been hindered by high rooms supply growth over the last 12 months (2.1%)

Market Performance Stage



Source: Newmark

San Antonio, TX: Regeneration Stage

Reg 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 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; Miami, FL; and New Orleans, LA.

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 Minneapolis, MN; ; and .

Expansion In the 'Expansion' 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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Mid Expansion**
Employment Growth (2 yr):	1.6%
Risk Exposure (402 US markets):	37th Percentile: Average Risk
Key Industry Notes:	Strategic locale near Mexico
	Military supports economy
	Trade distribution in the Southwest
	Slow educational attainment
	Exposure to energy industry

Moody's Rating

Aaa

Investment Grade

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

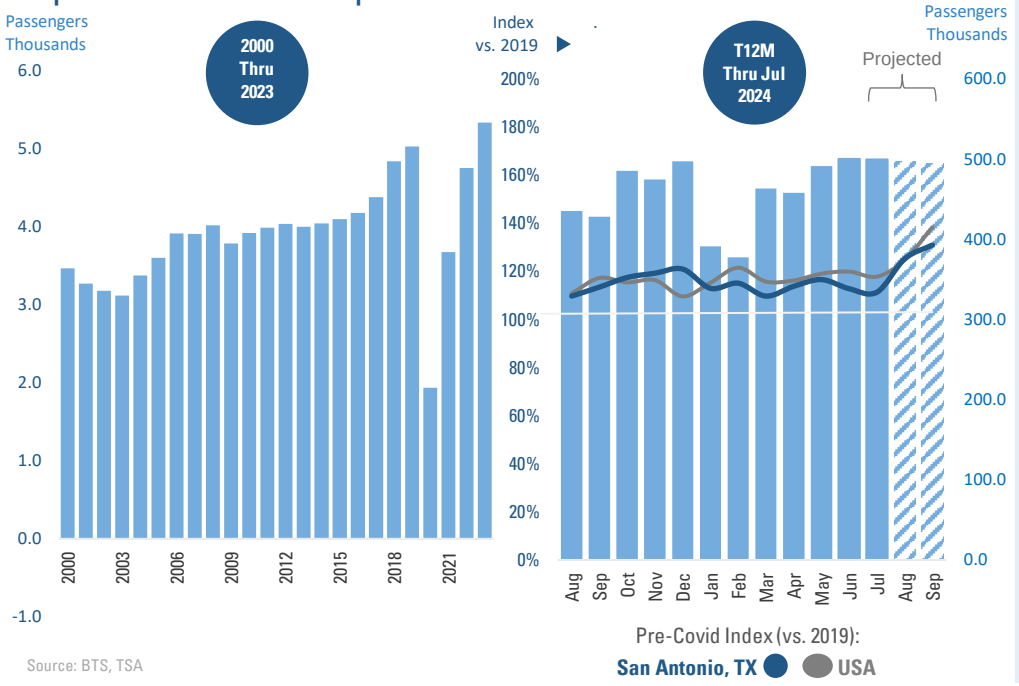
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

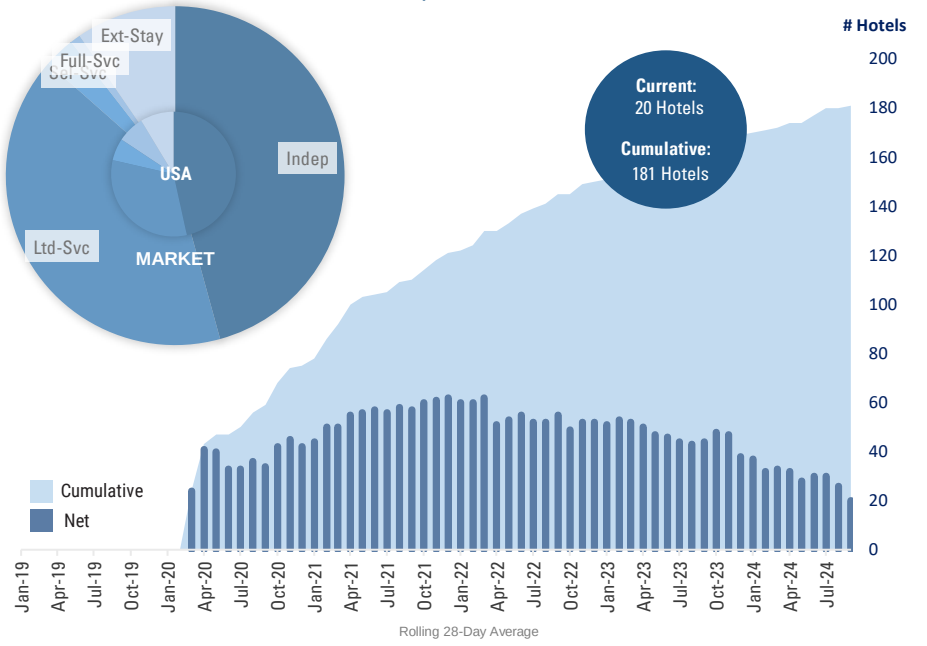
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

Hotel Closures - San Antonio, TX

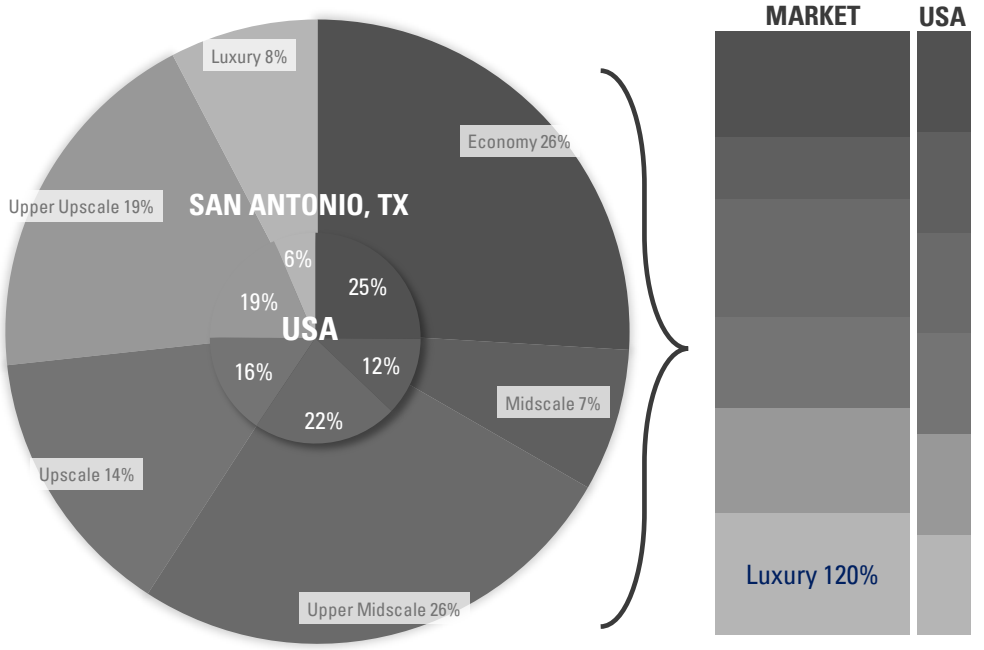


Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

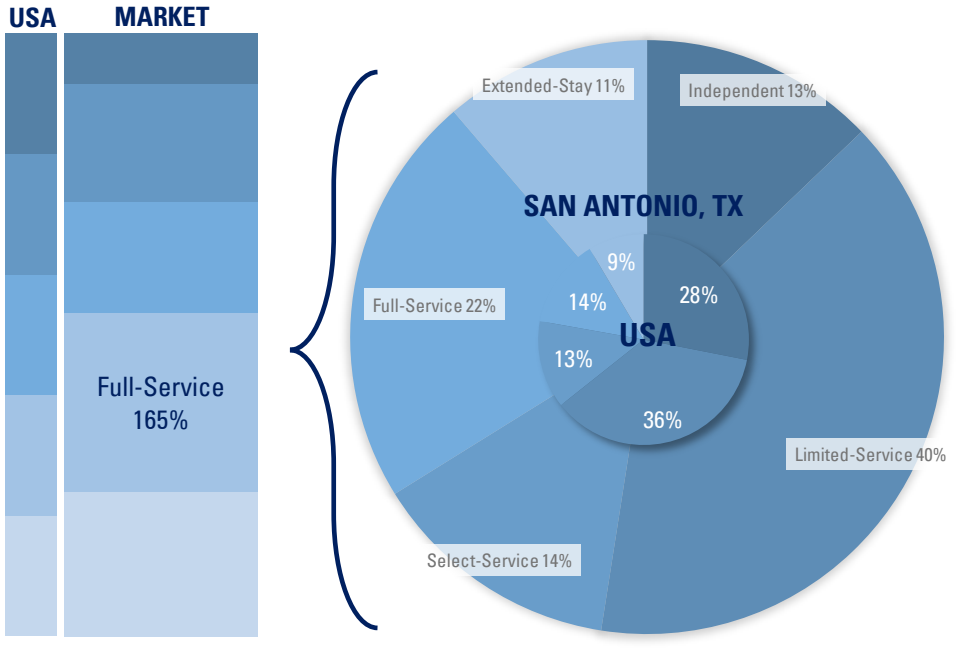
Scale and Service Distribution: San Antonio, TX

Distribution Based on CHAIN SCALE



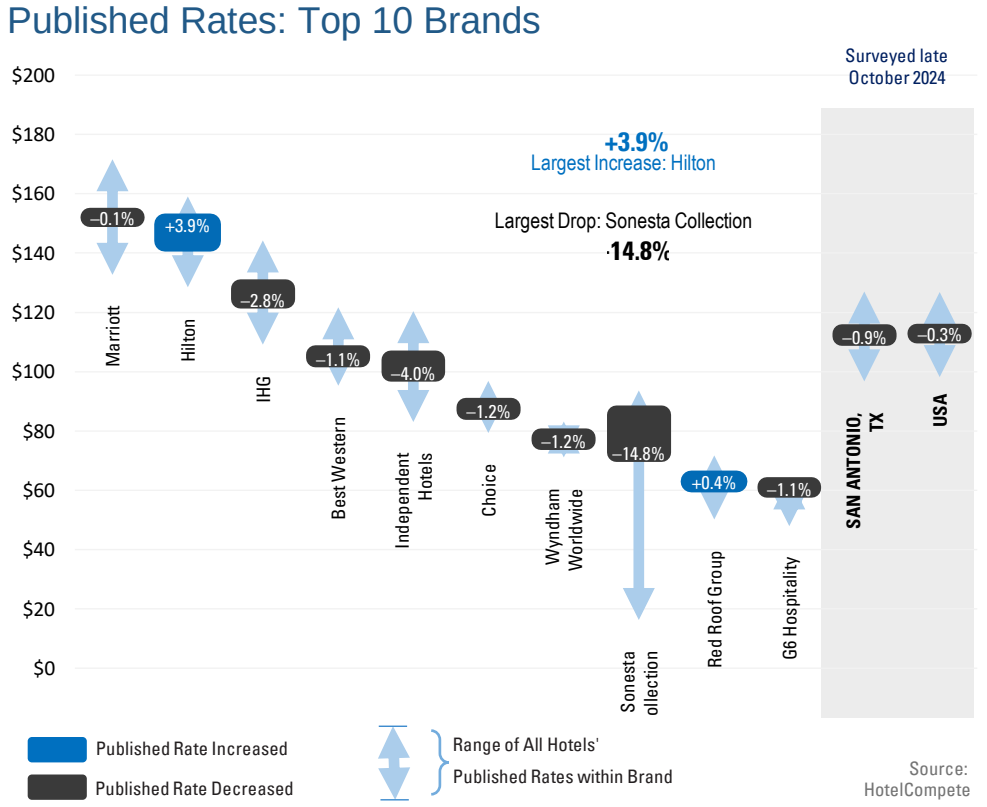
CATEGORY PENETRATION RELATIVE TO USA
SEPTEMBER 2024

Distribution based on SERVICE ORIENTATION



'30/3' RATE CHANGES: SAN ANTONIO, TX vs. USA

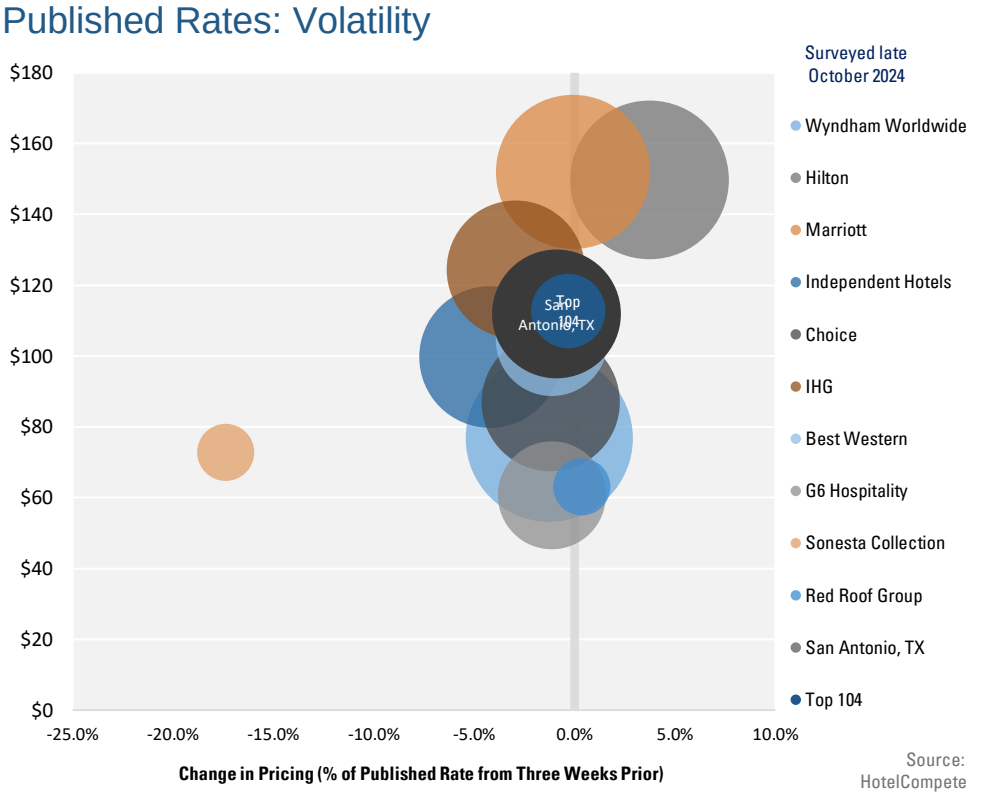
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



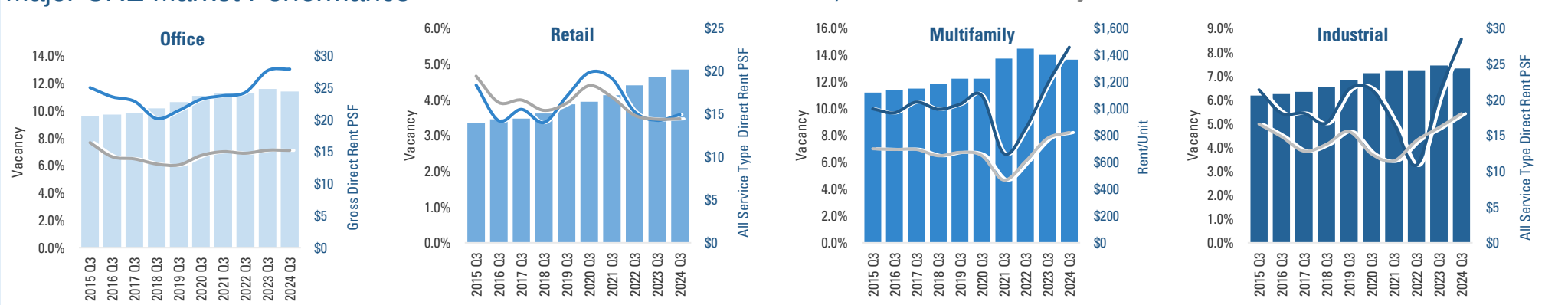
Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance

San Antonio, TX — 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

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Golf Courses

Marinas

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