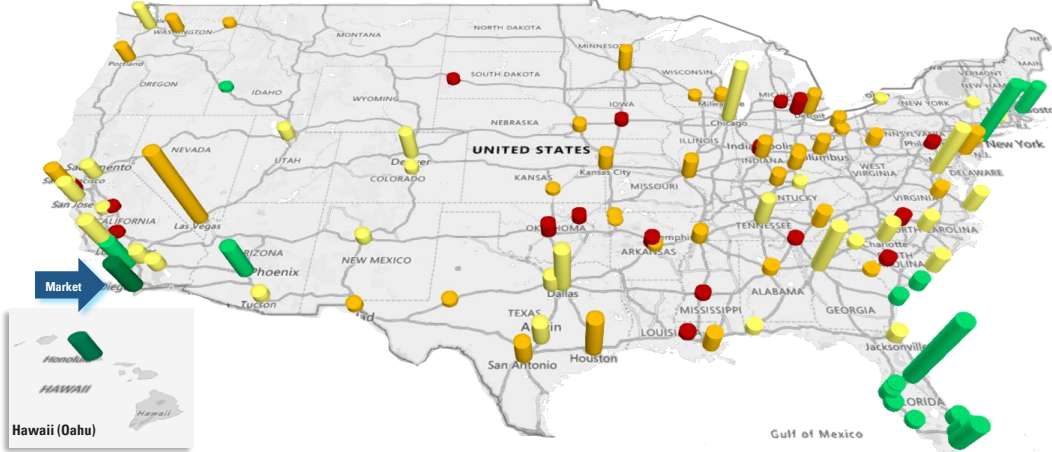


2Q 2023 SAN DIEGO, CA



Lodging Performance Index Snapshot



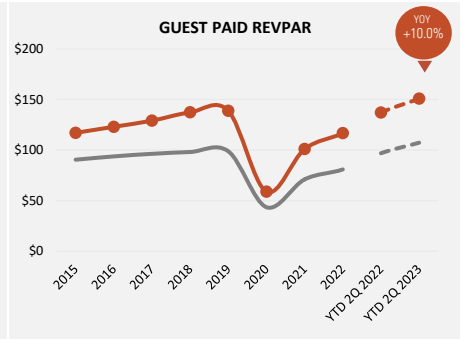
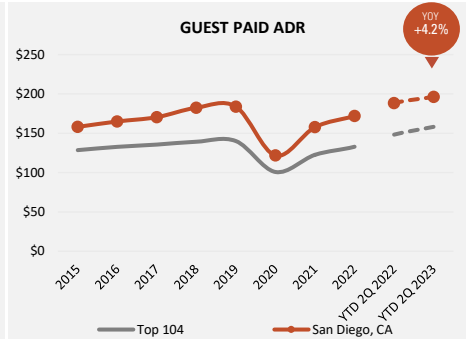
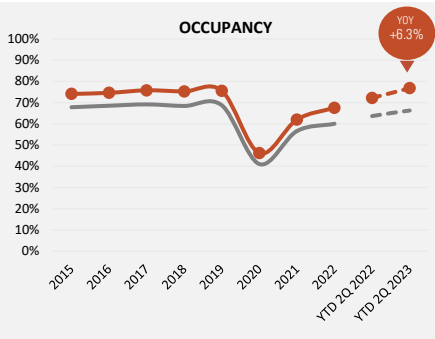
LODGING PERFORMANCE INDEX
San Diego, CA



Ranking of overall '2Q 2023 LPI' performance (1.50) against all 104 surveyed markets.

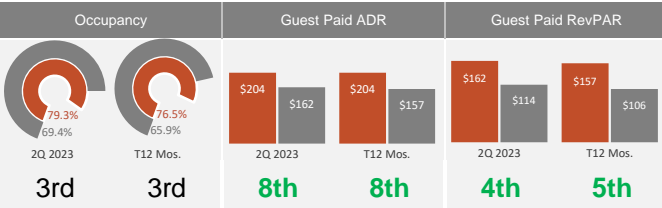
LODGING PERFORMANCE INDEX

KEY PERFORMANCE METRICS

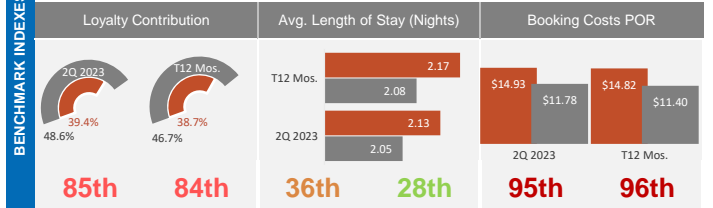


Key Performance Indexes

● Subject Market ● Top 104

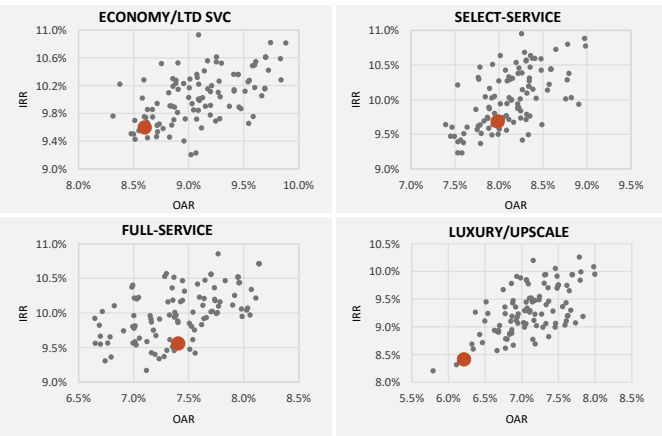


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

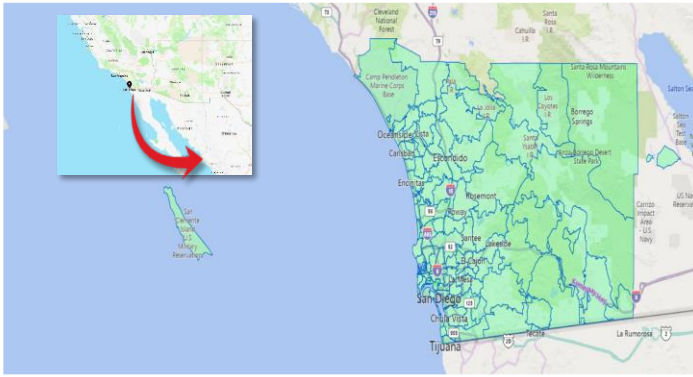


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information
 Municipal Name: San Diego
 County: San Diego County
 State: California
 Geo Coordinates (market center): 32.71533, -117.15726

Source: US Census Bureau, Dept. of Labor Statistics

Major Hotel Demand Generators
 Marine Corps Base Camp Pendleton | University of California, San Diego | Naval Base San Diego | Naval Base Coronado | Sharp HealthCare | Scripps Health | Qualcomm Inc. | Naval Base Point Loma | Marine Corps Air Station Miramar | Kaiser Permanente | UC San Diego Health | Marine Corps Recruit Depot | Foxconn Baja California | Souplantation & Sweet Tomatoes | San Diego Community College District | YMCA of San Diego County | General Atomics | Rady Children's Hospital, San Diego | San Diego State University | Space and Naval Warfare Command

Metrics and Ranking

Measurement	Rankings
Population (hotel market area)	2,992,702
Income per Capita	\$71,535
Feeder Group Size	58.5 Persons PSR
Feeder Group Earnings	\$4,188,323 PSR
Total Market COPE	\$3.8 billion
	13th of 104 (Large)
	7th of 104 (Strong)
	32nd of 104 (Above Average)
	71st of 104 (Below Average)
	8th of 104 (Strong)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE ADR	RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	74.1%	\$158.09	\$117.08	\$144.44	\$106.97	\$13.65	91.4%	40.6%	2.20	63,150	1.57
2016	74.6%	\$164.97	\$123.04	\$150.49	\$112.24	\$14.48	91.2%	41.5%	2.17	63,190	1.34
2017	75.8%	\$170.42	\$129.12	\$154.98	\$117.42	\$15.44	90.9%	44.6%	2.15	64,100	1.45
2018	75.2%	\$182.45	\$137.29	\$166.72	\$125.46	\$15.73	91.4%	47.0%	2.15	64,770	1.54
2019	75.6%	\$183.76	\$138.85	\$168.21	\$127.10	\$15.54	91.5%	50.4%	2.07	67,410	1.28
2020	46.2%	\$121.66	\$58.85	\$112.86	\$52.12	\$8.80	92.8%	31.2%	2.33	67,040	1.24
2021	62.0%	\$157.74	\$101.01	\$145.15	\$89.95	\$12.59	92.0%	34.3%	2.18	67,140	1.18
2022	67.5%	\$171.97	\$116.67	\$158.42	\$106.97	\$13.55	92.1%	35.4%	2.15	67,220	1.40
CAGR: 2015 thru 2022	-1.3%	1.2%	-0.1%	1.3%	0.0%	-0.1%	0.1%	-1.9%	-0.3%	0.9%	-1.6%
YTD 2Q 2022	72.2%	\$188.34	\$137.09	\$174.44	\$126.98	\$13.90	92.6%	36.7%	2.20	66,830	1.39
YTD 2Q 2023	76.7%	\$196.20	\$150.75	\$182.11	\$139.92	\$14.08	92.8%	39.3%	2.16	66,140	1.50
% Change	6.3%	4.2%	10.0%	4.4%	10.2%	1.3%	0.2%	7.3%	-1.6%	-1.0%	7.5%

Notable Metrics

	Latest-Quarter LPI	Latest-Quarter Occupancy	T12-Month Occupancy
HIGHEST	2nd Very Strong San Diego, CA enjoyed strong latest-quarter LPI (1.5)	3rd Very Strong The market enjoyed strong latest-quarter occupancy (79.3%)	3rd Very Strong The market also exhibited strong T12-month occupancy (76.5%)
LOWEST	96th Soft This market was burdened by high T12-month booking costs POR (\$14.82)	95th Soft The market has been burdened by high latest-quarter booking costs (\$14.93)	85th Below Average San Diego, CA also has been hindered by weak latest-quarter loyalty contribution (39.4%)

Notable Trends

	Overall Health of Hotel Market	General Economy Reversion	Long-Term Historical COPE ADR Growth
FATEST	2nd Very Strong San Diego, CA has benefited from strong general hotel market performance (levels and trends of fundamentals)	16th Above Average The market enjoyed strong general economic reversion (per-capita unemployment, GDP and other indicators)	24th Above Average The market also enjoyed from strong long-term historical COPE ADR growth (3.5%)
SLOWEST	78th Below Average The market exhibited weak short-term historical average length of stay growth (0.4%)	77th Below Average We note this area exhibited weak long-term historical average length of stay growth (-0.3%)	74th Below Average San Diego, CA also has been hindered by weak short-term historical occupancy growth (0.4%)

Market Performance Stage



San Diego, CA: Expansion Stage

The San Diego, 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.

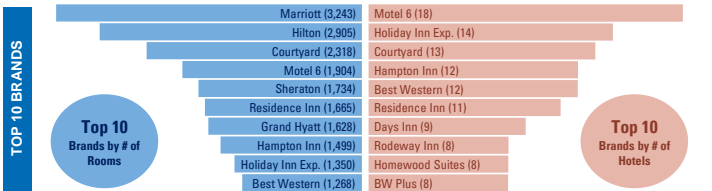
Industry Observations

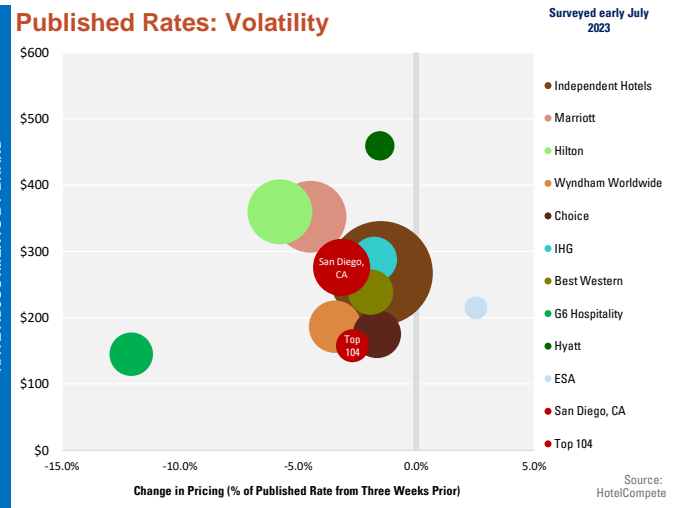
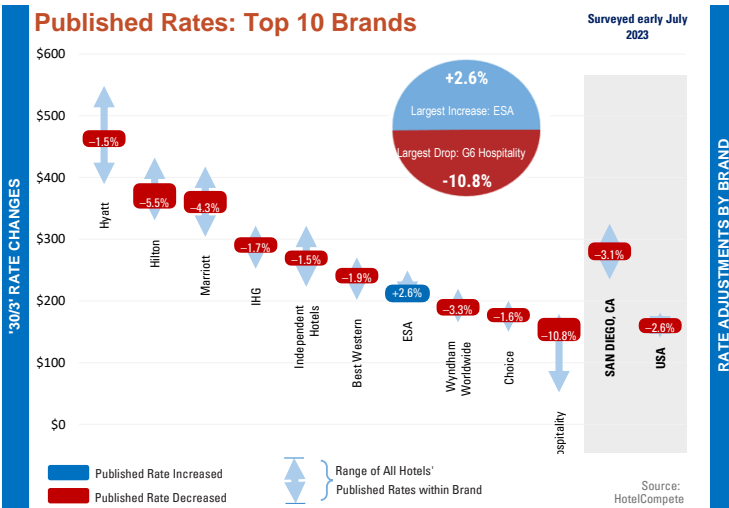
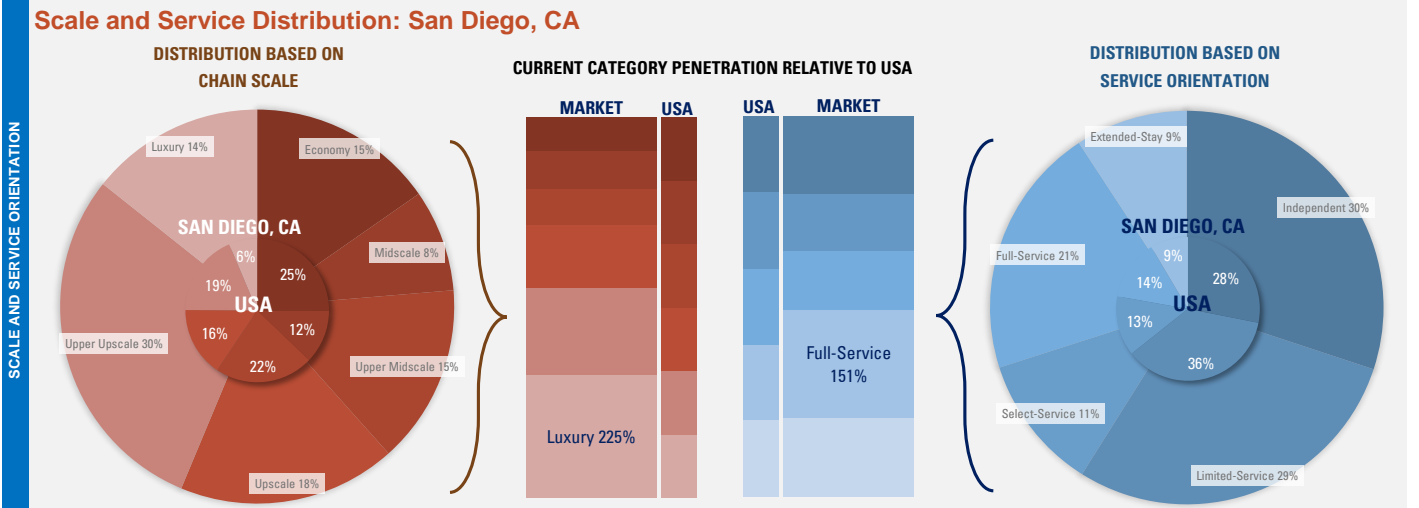
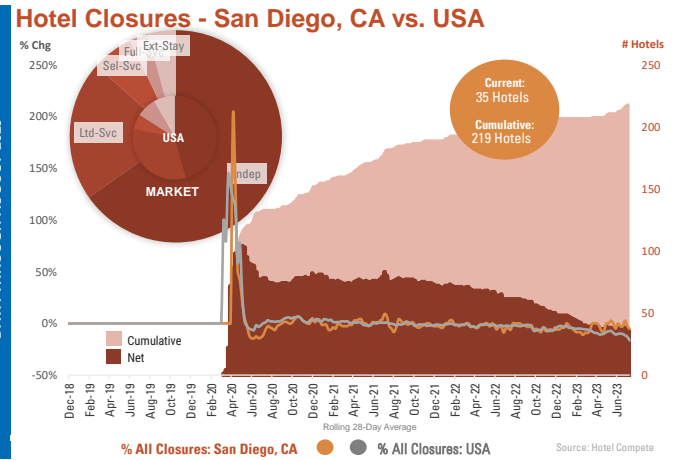
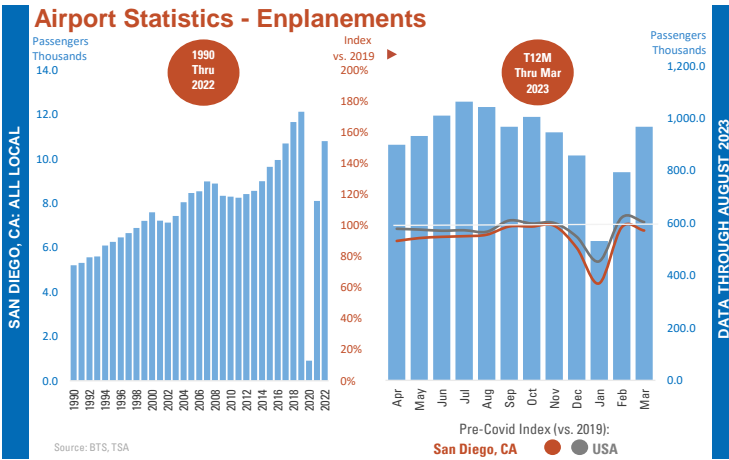
Business Cycle: In Recovery
Employment Growth (2 yr): -2.8%
Risk Exposure (402 US markets): 43rd Percentile: Average Risk
Key Industry Notes: Defense, high tech; Dynamic professional svcs; Strong R&D/office base; Border crossing bottlenecks; Weak migration trends

Moody's Rating

NR

This market is not rated by Moody's





Published Rate Observations: 30-Day Advance

MARKET LEVEL	Published Rate Level	Rate Movement	Optimism
	4th Strong	55th Average	8th Strong
	The 30-day advanced published rate for the market was a very aggressive \$275.95, ranking 4th out of 104 markets. (Guest-Paid ADR ranked an aggressive 8th at \$196.20 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 35.3% higher than the market's Guest-Paid ADR in 2Q 2023. This optimism is strong. By comparison, the T-104 spread was -2.4%.

Brand Level

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	16th Above Average	3rd Very Strong	58th Moderate
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	San Diego, CA has a very strong spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	San Diego, 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
- Gaming Facilities
- Ski and Village Resorts
- Arenas, Stadiums and Sports Facilities
- Water Parks, Amusement Parks and Attractions
- 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.

ABOUT NEWMARK

We transform untapped potential into limitless opportunity.

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

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