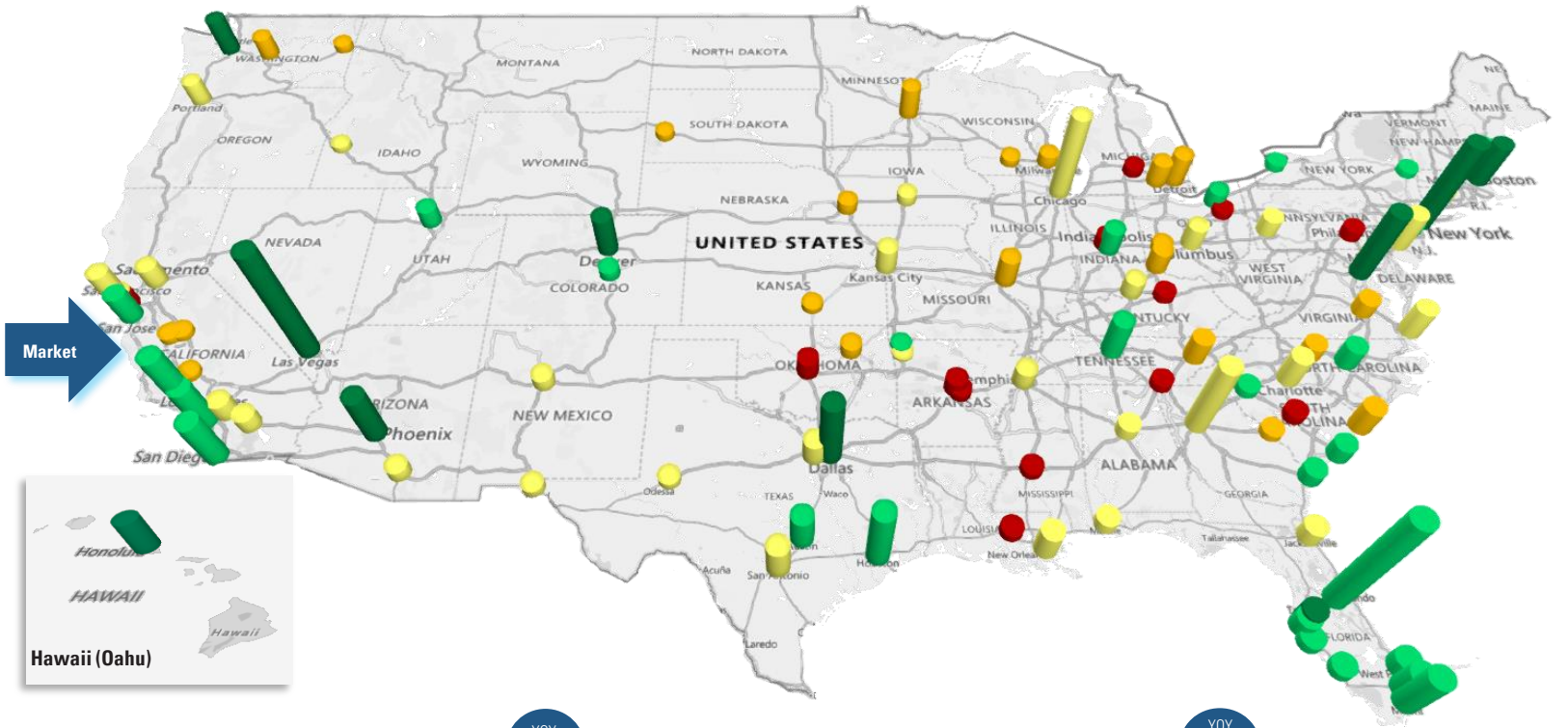
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

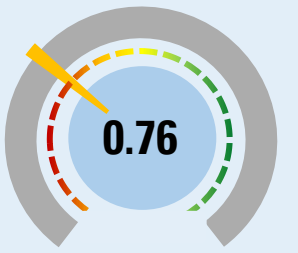
3Q 2024
SAN JOAQUIN VALLEY, CA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

San Joaquin Valley, CA

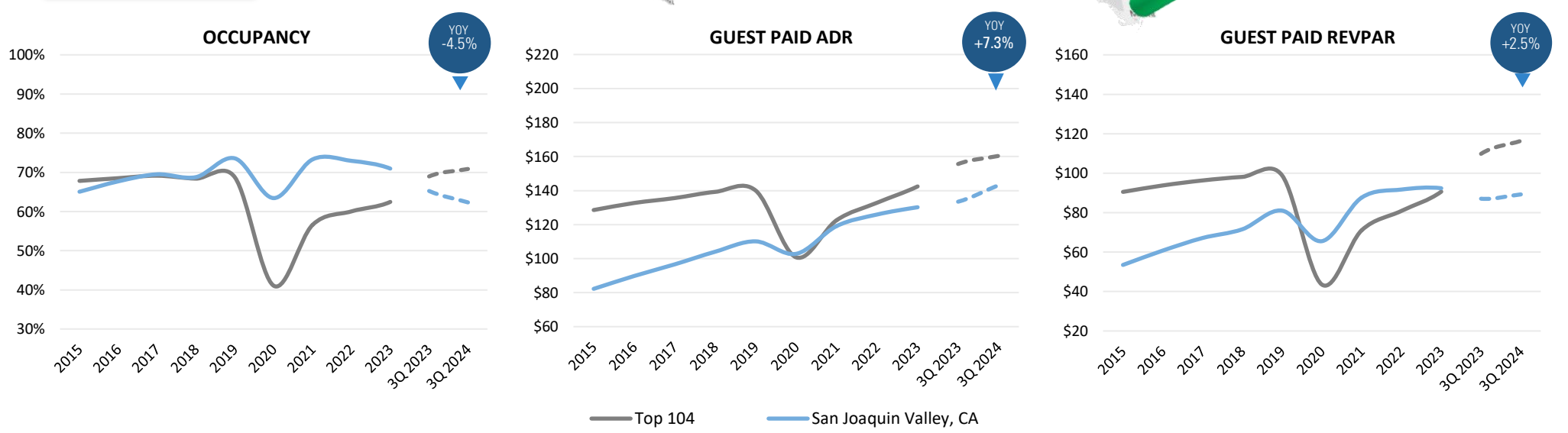


84th of 104

Below Average

Ranking of overall '3Q 2024 LPI' performance (0.76) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
62.3% / 70.9%	60.8% / 67.9%	$143 / $160	$137 / $160	$89 / $116	$83 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
89th	84th	43rd	40th	56th	59th

BENCHMARK INDEXES

Key Benchmark Indexes

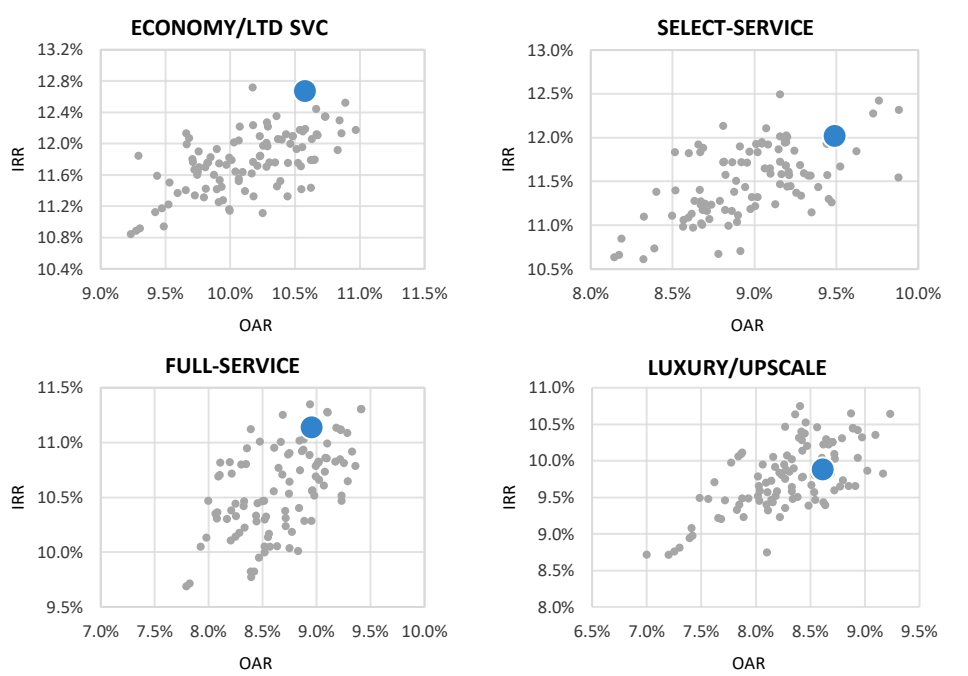
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
48.9% / 47.6%	49.5% / 52.4%	1.97 / 2.06	1.93 / 2.07	$9.90 / $12.17	$9.50 / $11.83
3Q 2024	T12 Mos.	T12 Mos.	3Q 2024	3Q 2024	T12 Mos.
49th	41st	79th	67th	55th	57th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

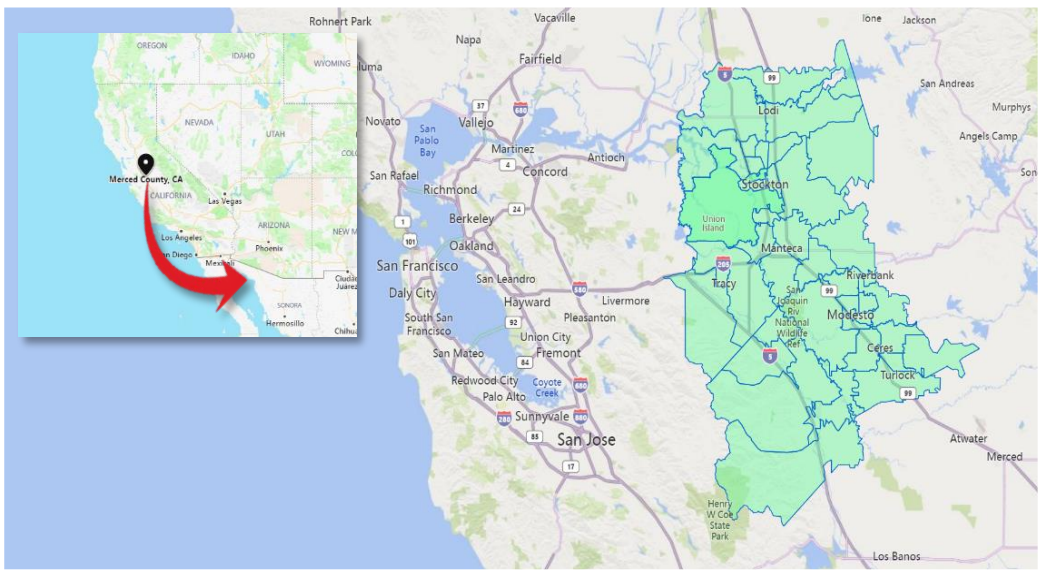
Revenue Stability	Supplier Power Trend	Investment Yields
78th	43rd	98th
Below Average	Average	Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs 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
32nd	19th	25th
Above Average	Above Average	Above 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:	Multiple
County:	San Joaquin County, Merced County, Kings County, and others
State:	California
Geo Coordinates (market center):	36.55816, -119.75954

Major Hotel Demand Generators

E. & J. Gallo Winery | Conagra Brands Inc. | Del Monte Foods Inc. | Stanislaus Food Products | Foster Farms AG Inc. | Kaiser Permanente | Ruiz Food Products Inc. | California State University - Fresno | Edwards Air Force Base | China Lake Naval Weapons Center | Grimmway Farms | Wm. Bolthouse Farms Inc. | Jostens Printing & Publishing | OG Packing Co. | Dignity Health | Adventist Health | San Joaquin Community Hospital | Alorica | CIGNA Corp. | Walmart Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,101,984	51st of 104 (Average)
Income per Capita	$45,354	61st of 104 (Average)
Feeder Group Size	202.6 Persons PSR	103rd of 104 (Soft)
Feeder Group Earnings	$9,190,350 PSR	101st of 104 (Soft)
Total Market Hotel Revenues	$262.9 million	91st of 104 (Soft)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Guest Paid 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	65.0%	$82.23	$53.49	$77.34	$50.30	$4.90	94.0%	38.0%	1.92	8,060	0.69
2016	67.7%	$89.78	$60.78	$84.05	$56.90	$5.73	93.6%	39.9%	1.94	8,080	1.10
2017	69.5%	$96.63	$67.15	$89.86	$62.45	$6.76	93.0%	42.2%	1.94	8,080	1.07
2018	68.8%	$104.06	$71.57	$96.38	$66.29	$7.67	92.6%	46.9%	1.96	7,990	1.05
2019	73.6%	$110.16	$81.03	$101.85	$74.92	$8.31	92.5%	53.0%	1.95	7,800	1.25
2020	63.4%	$102.82	$65.55	$96.35	$61.10	$6.47	93.7%	34.4%	2.11	7,740	1.54
2021	73.3%	$119.14	$87.64	$111.30	$81.58	$7.85	93.4%	36.9%	2.16	8,080	1.47
2022	72.9%	$125.93	$91.71	$117.56	$85.74	$8.37	93.4%	38.5%	2.16	8,230	1.22
2023	71.0%	$130.20	$92.37	$121.42	$86.16	$8.78	93.3%	39.4%	2.12	8,340	0.87
CAGR: 2015 thru 2023	1.1%	5.9%	7.1%	5.8%	7.0%	7.6%	-0.1%	0.4%	1.2%	0.4%	3.0%
3Q 2023	65.2%	$133.45	$87.06	$124.24	$81.05	$9.21	93.1%	46.4%	1.90	8,540	0.99
3Q 2024	62.3%	$143.19	$89.24	$133.29	$83.07	$9.90	93.1%	48.9%	1.93	8,640	0.76

Notable Metrics

HIGHEST

Population Density per Room	Feeder Population Per Room	Marketwide Income per Room
2nd	**2nd**	**3rd**
Very Strong	Very Strong	Very Strong
San Joaquin Valley, CA boasted strong population density per room (128.6)	The market posted a high ratio of feeder population per room (92.29)	The market also enjoyed a high ratio of marketwide income per room ($4,185,638)

LOWEST

IRR: Economy/Ltd Svc	Feeder Group Size	Feeder Group Earnings per sold room
103rd	**103rd**	**101st**
Highly Unfavorable	Soft	Soft
This market posted unfavorable IRR metrics in the economy/ltd svc segment (12.7%)	The market required a large feeder group size (202.64 Persons)	San Joaquin Valley, CA also has low feeder group earnings per sold room ($9,190,350)

Notable Trends

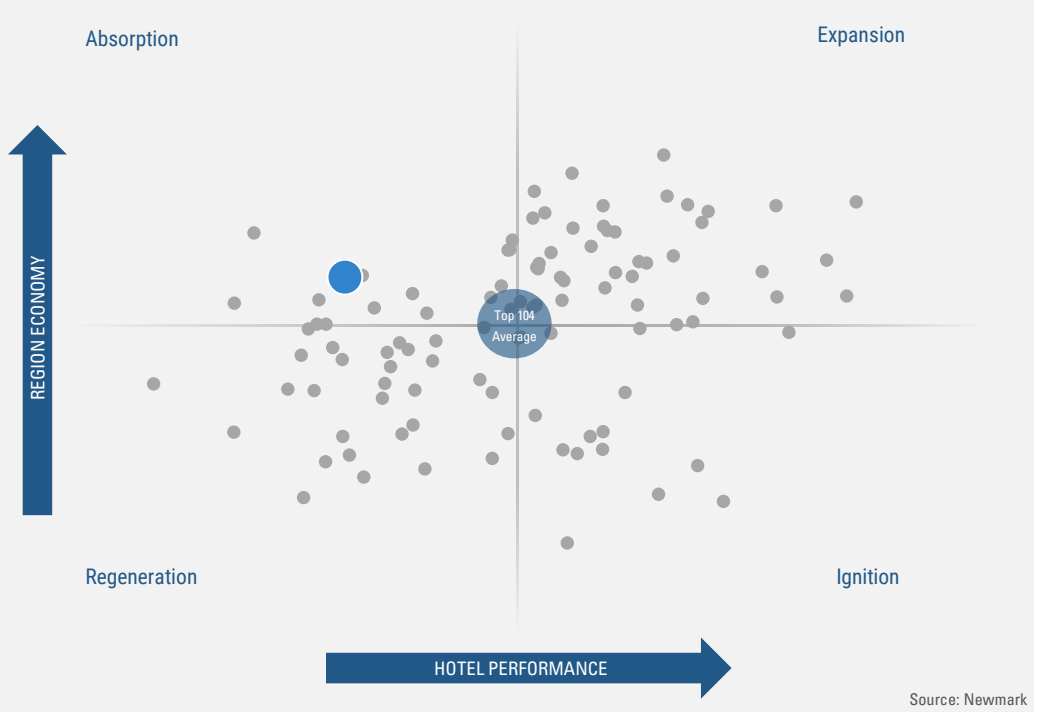
STRONGEST

Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid ADR Growth
1st	**1st**	**6th**
Very Strong	Very Strong	Strong
San Joaquin Valley, CA has benefited from strong long–term historical Guest Paid ADR growth (5.7%)	The market enjoyed from strong long–term historical COPE ADR growth (5.5%)	The market also exhibited strong short–term historical Guest Paid ADR growth (5.7%)

WEAKEST

Long-Term Historical Booking Costs POR Growth	Long-Term Historical Occupancy Growth	Short-Term Historical Booking Costs POR Growth
Last	**Last**	**100th**
Soft	Soft	Soft
The market exhibited high long–term historical booking costs POR growth (7.3%)	We note this area has been hindered by weak long–term historical occupancy growth (–2.2%)	San Joaquin Valley, CA also has been impeded by high short–term historical growth in booking costs (5.8%)

Market Performance Stage



Source: Newmark

San Joaquin Valley, CA: Absorption Stage

Absorption

The San Joaquin Valley, CA market is currently in the 'Absorption' stage of the performance cycle. In this 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 .

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 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.

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):	1.0%
Risk Exposure (402 US markets):	85th Percentile: Above Average
Key Industry Notes:	World-class universities and labs
	Proximity to world's tech capital
	Ample transportation infrastructure
	Deteriorating migration trends
	High costs of living, business

Moody's Rating

Aa1

Investment Grade

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

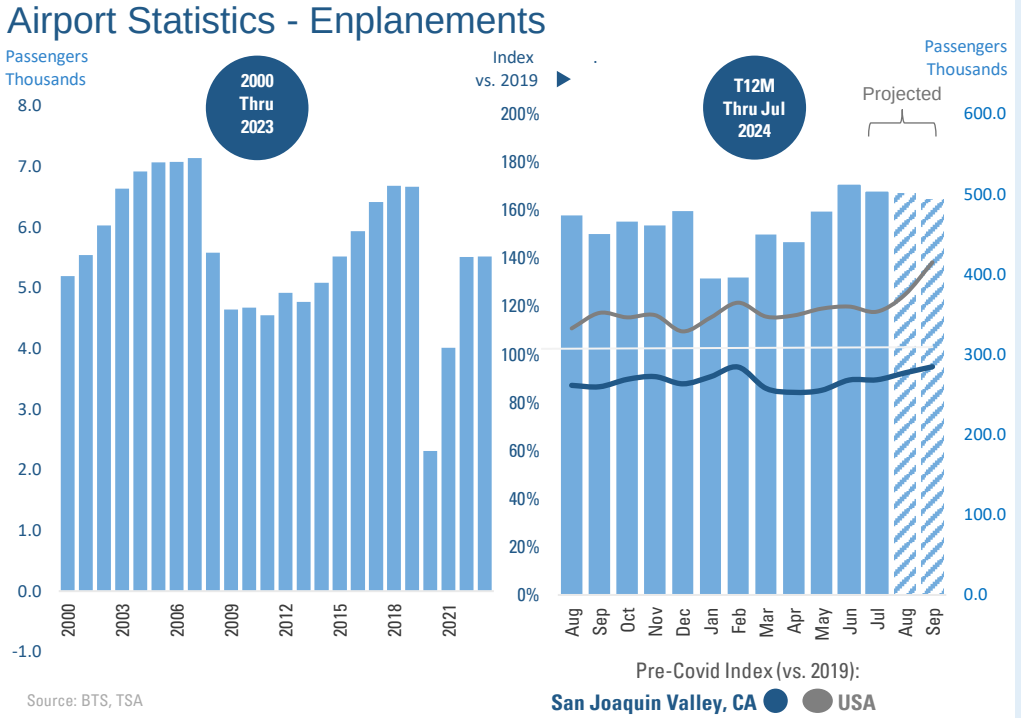
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

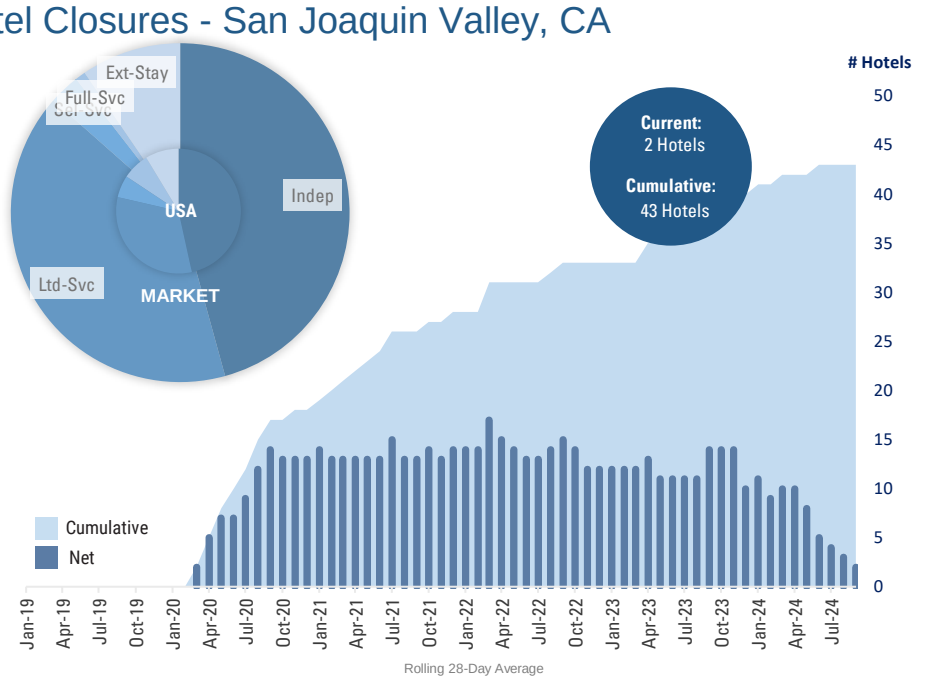
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

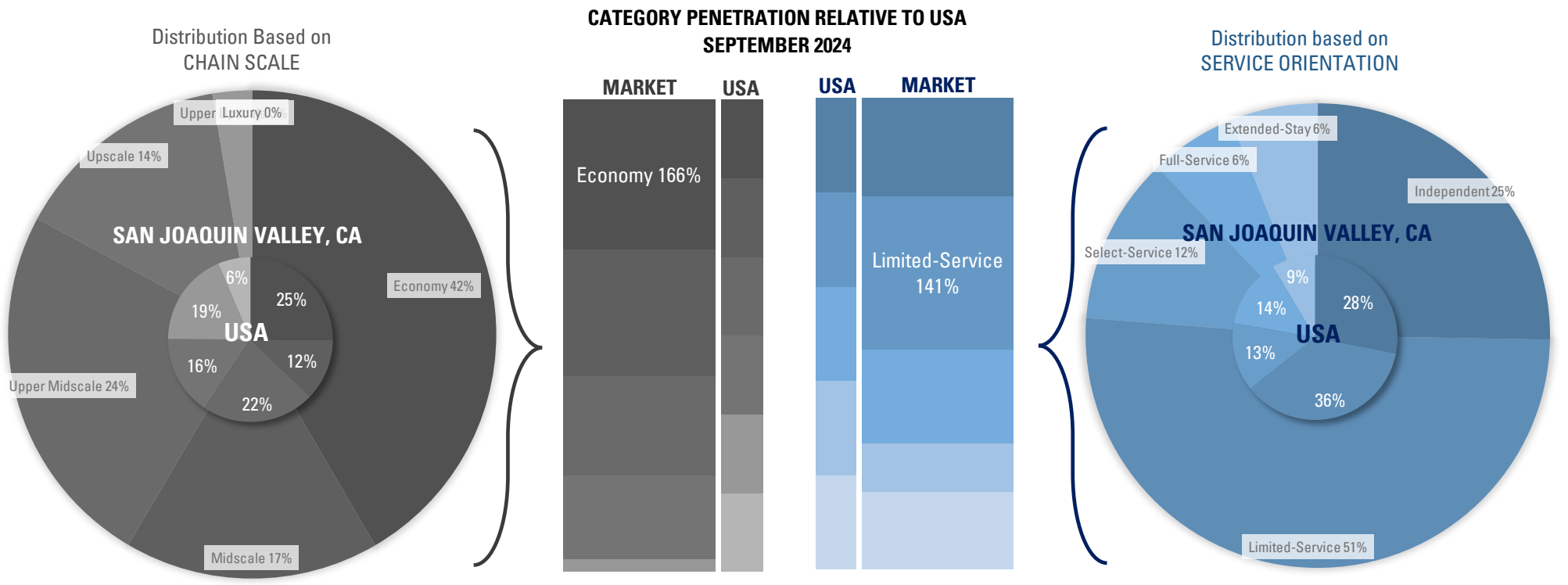
Hotel Closures - San Joaquin Valley, CA



Source: Hotel Compete

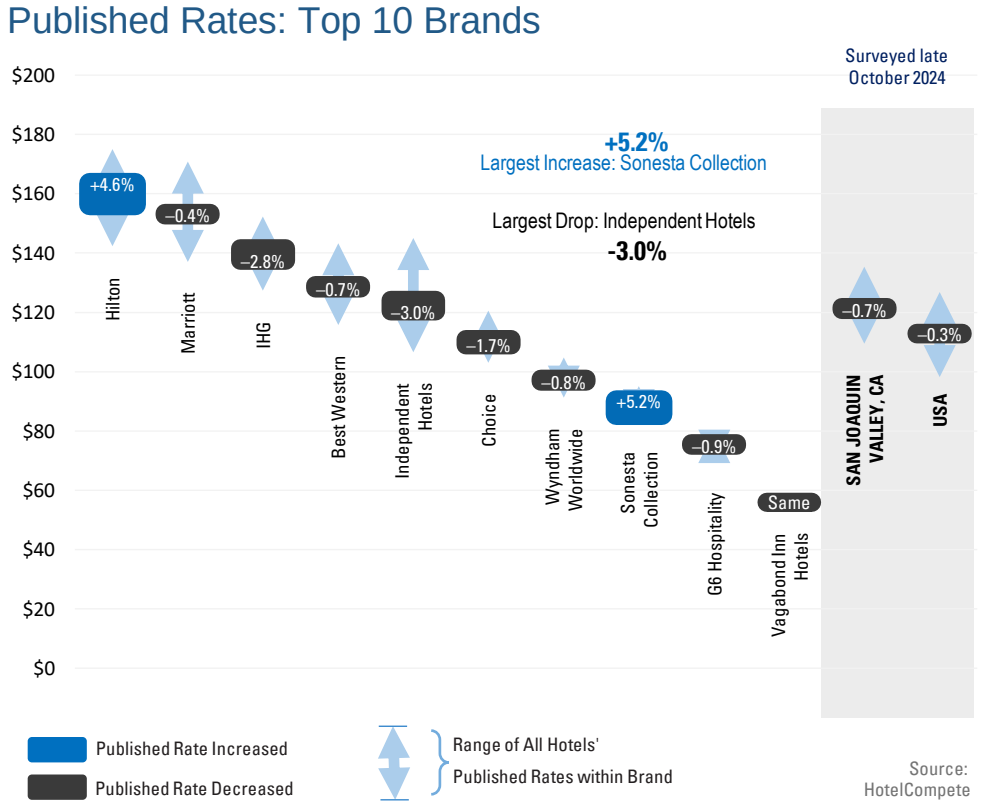
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: San Joaquin Valley, CA



'30/3' RATE CHANGES: SAN JOAQUIN VALLEY, CA vs. USA

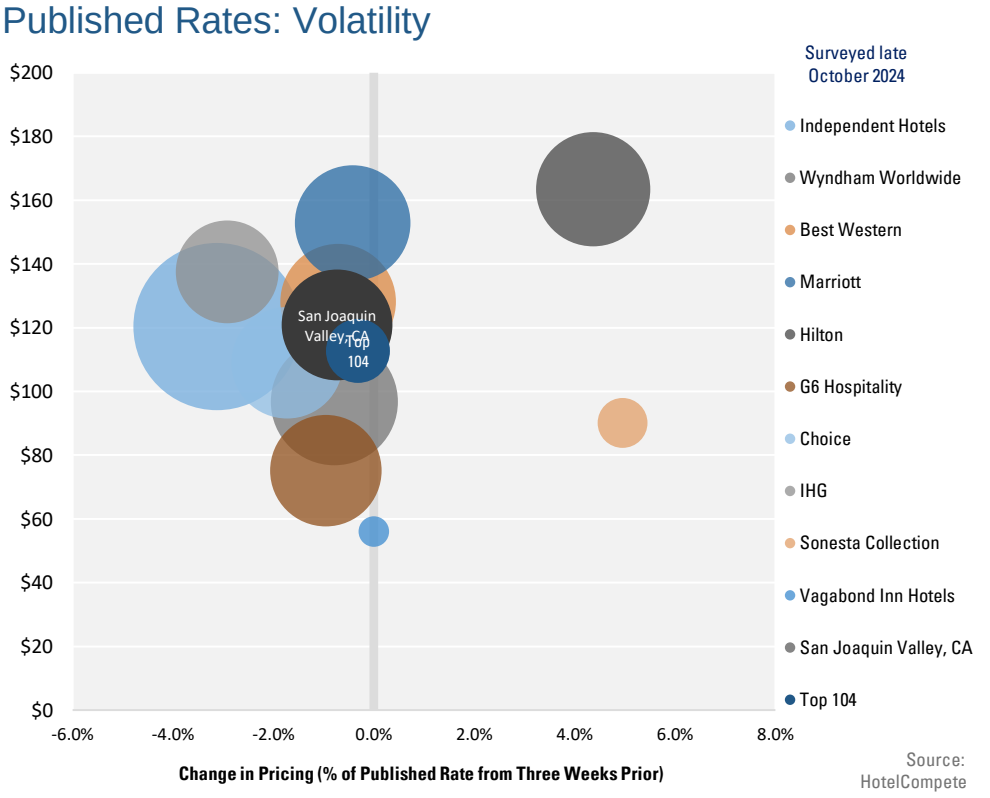
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

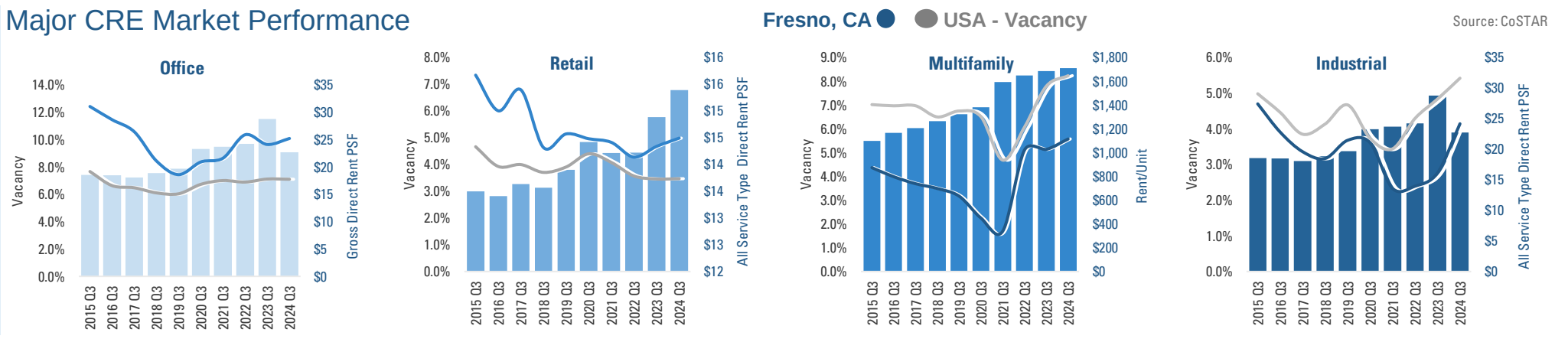
Published Rates: Volatility



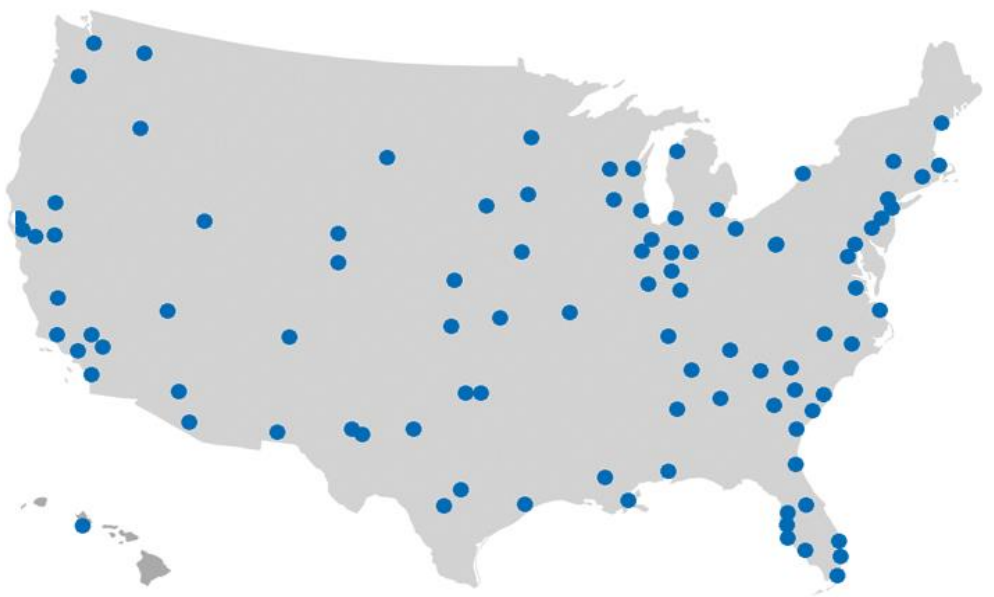
Source: HotelCompete

MAJOR C.R.E. METRICS

Major CRE Market Performance



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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Stadiums, Sports & Entertainment Facilities

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Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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