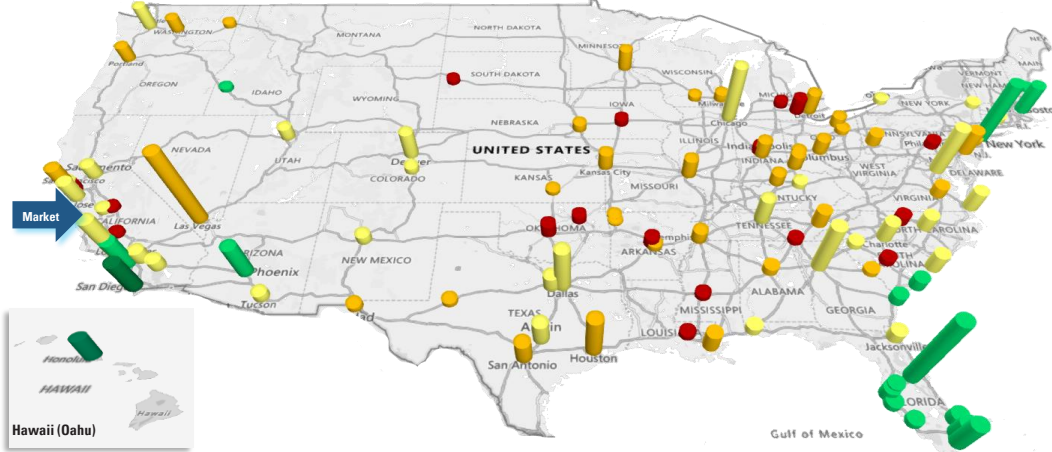


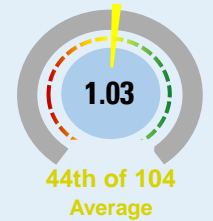
2Q 2023 SAN JOAQUIN VALLEY, CA



Lodging Performance Index Snapshot



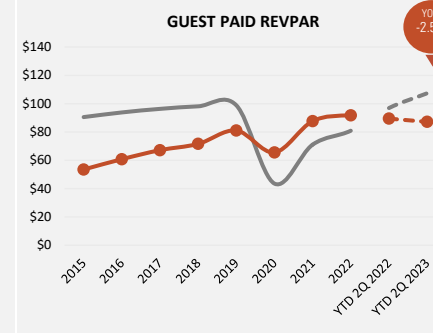
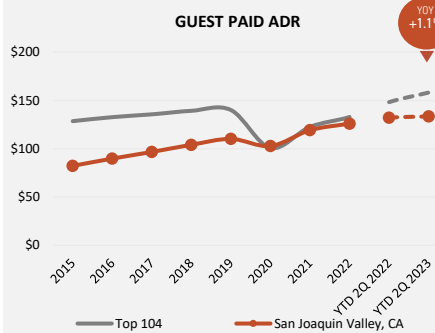
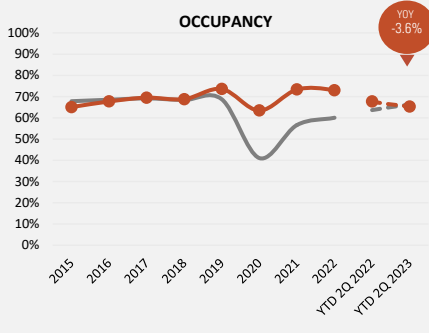
LODGING PERFORMANCE INDEX
San Joaquin Valley, CA



Ranking of overall '2Q 2023 LPI' performance (1.03) against all 104 surveyed markets.

LODGING PERFORMANCE INDEX

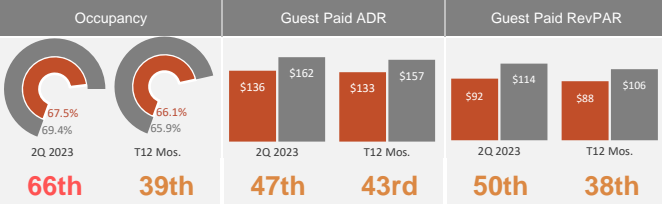
KEY PERFORMANCE METRICS



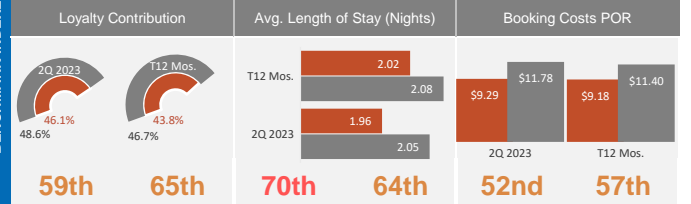
PERFORMANCE INDEXES

Key Performance Indexes

● Subject Market ● Top 104

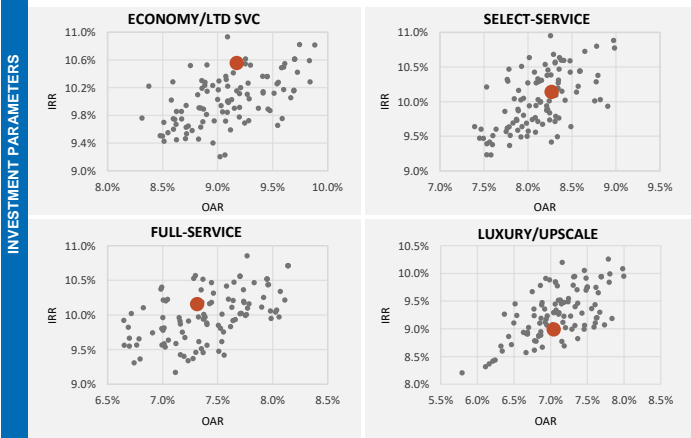


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

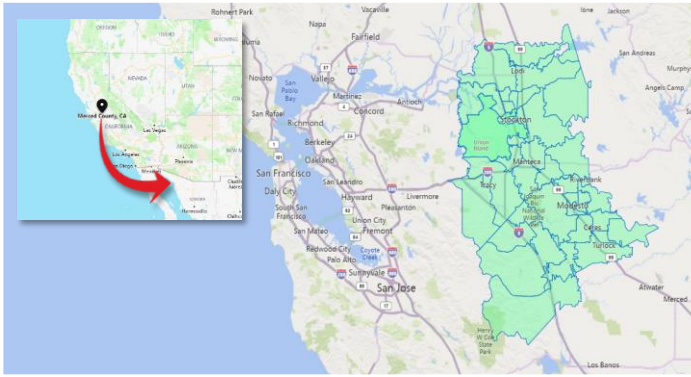


Trends and Risks

Source: Kalibri Labs, Newmark

Category	Metric	Rank	Description
FUNDAMENTALS	Revenue Stability	44th Average	Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets
	Supplier Power Trend	66th Below Average	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months
	Investment Yields	60th Average	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets
RISKS	Supply Risk	30th Above Average	Assessment of market supply growth over past 12 months relative to Top 104 markets
	Labor Risk	87th Below Average	Measure of current employment health over past two years relative to Top 104 markets
	Macro-Fiscal Risk	61st Average Risk	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

Location



Quick Facts

Jurisdictional Information
 Municipal Name: Multiple
 County: San Joaquin County, Merced County, Kings County, and others
 State: California
 Geo Coordinates (market center): 36.55816, -119.75954

Source: US Census Bureau, Dept. of Labor Statistics

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
Income per Capita	\$45,354
Feeder Group Size	198.5 Persons PSR
Feeder Group Earnings	\$9,004,797 PSR
Total Market COPE	\$269.4 million
	51st of 104 (Average)
	61st of 104 (Average)
	103rd of 104 (Soft)
	101st of 104 (Soft)
	89th of 104 (Below Average)

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	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
CAGR: 2015 thru 2022	1.6%	6.3%	8.0%	6.2%	7.9%	8.0%	-0.1%	0.2%	1.7%	0.3%	8.6%
YTD 2Q 2022	67.7%	\$131.98	\$89.42	\$123.15	\$83.43	\$8.84	93.3%	40.4%	2.08	8,280	1.34
YTD 2Q 2023	65.3%	\$133.46	\$87.16	\$124.36	\$81.22	\$9.10	93.2%	45.6%	2.01	8,380	1.03
% Change	-3.6%	1.1%	-2.5%	1.0%	-2.7%	2.9%	-0.1%	12.9%	-3.6%	1.2%	-23.2%

Notable Metrics

HIGHEST	Feeder Population Per Room	Population Density per Room	Marketwide Income per Room
2nd Very Strong	3rd Very Strong	3rd Very Strong	3rd Very Strong
San Joaquin Valley, CA posted a high ratio of feeder population per room (91.11)	The market boasted strong population density per room (130.38)	The market also enjoyed a high ratio of marketwide income per room (\$4,132,317)	
LOWEST	Feeder Group Size	Feeder Group Earnings PSR	Total Rooms Sold
103rd Soft	101st Soft	99th Soft	
This market required a large feeder group size (198.54 Persons)	The market has been hindered by weak feeder group earnings PSR (\$9,004,797)	San Joaquin Valley, CA also has been hindered by weak total rooms sold (2,025,868)	

Notable Trends

FASTEST	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid RevPAR Growth
2nd Very Strong	2nd Very Strong	5th Strong	
San Joaquin Valley, CA has benefited from strong long-term historical Guest Paid ADR growth (6.0%)	The market enjoyed from strong long-term historical COPE ADR growth (5.9%)	The market also exhibited strong long-term historical Guest Paid RevPAR growth (5.2%)	
SLOWEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Occupancy Growth
104th Soft	94th Soft	76th Below Average	
The market exhibited high long-term historical booking costs POR growth (8.0%)	We note this area has been impeded by high short-term historical growth in booking costs (4.8%)	San Joaquin Valley, CA also has been hindered by weak short-term historical occupancy growth (0.3%)	

Market Performance Stage



San Joaquin Valley, CA: Expansion Stage

Expansion
 The San Joaquin Valley, 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

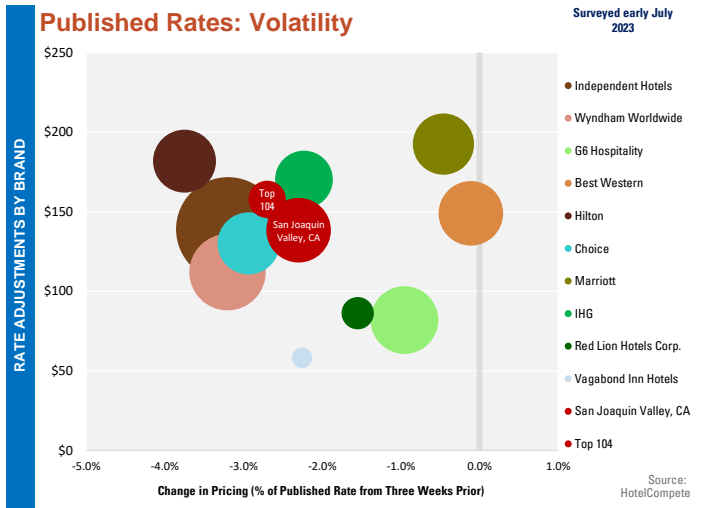
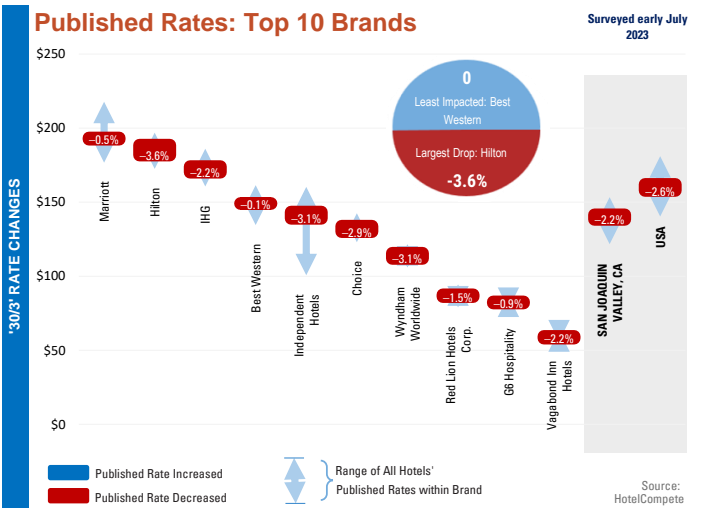
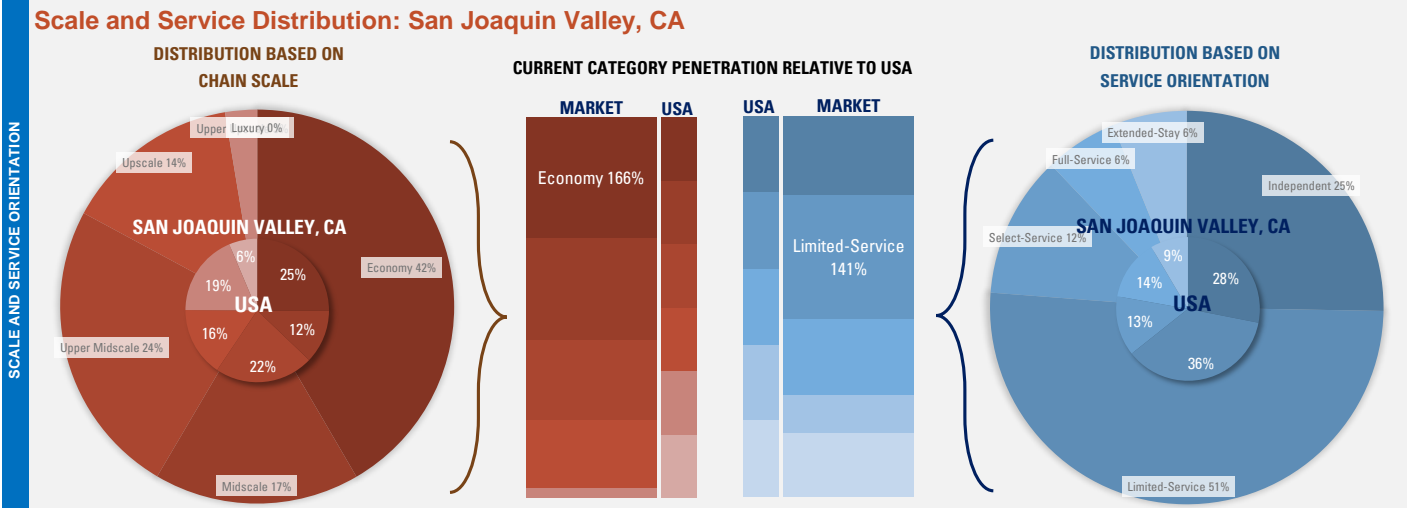
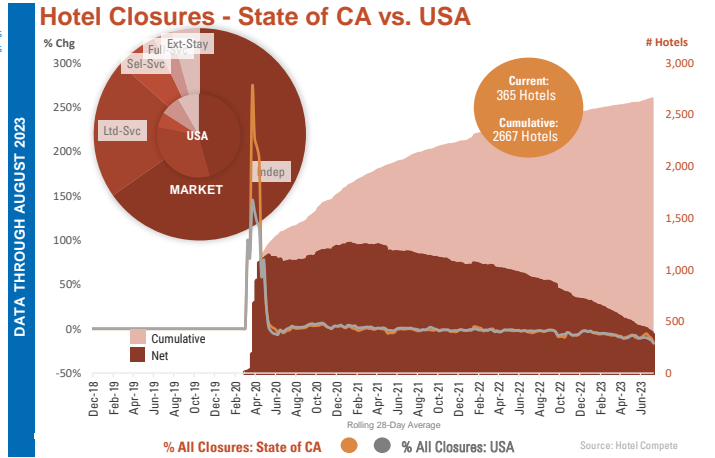
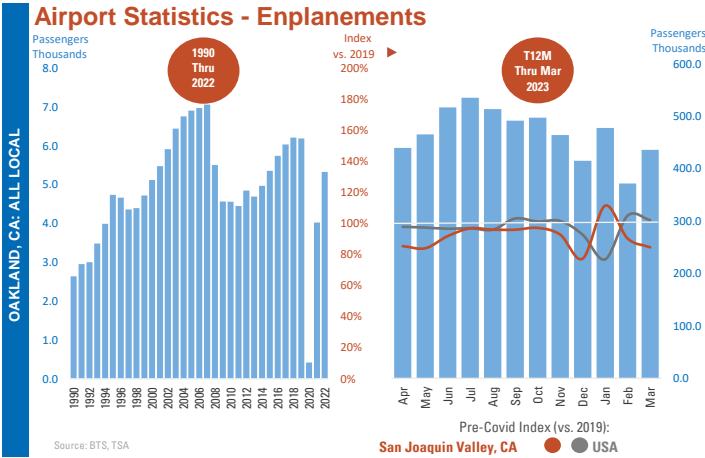
Business Cycle: In Expansion
Employment Growth (2 yr): 1.9%
Risk Exposure (402 US markets): 54th Percentile: Average Risk
Key Industry Notes: Agriculture, manufacturing
 Central location
 House price growth
 Dearth of talent
 Low household income

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
	64th Average	38th Average	72nd Below Average
	The 30-day advanced published rate for the market was a moderate \$138.37, ranking 64th out of 104 markets. (Guest-Paid ADR ranked a moderate 47th at \$133.46 in 2Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 2.2% 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 1.7% higher than the market's Guest-Paid ADR in 2Q 2023. This optimism is below average. By comparison, the T-104 spread was -2.4%.

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	28th Above Average	40th Average	24th Low
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	San Joaquin Valley, CA has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	San Joaquin Valley, CA's top 10 brands are exhibiting low 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**
- 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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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.

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