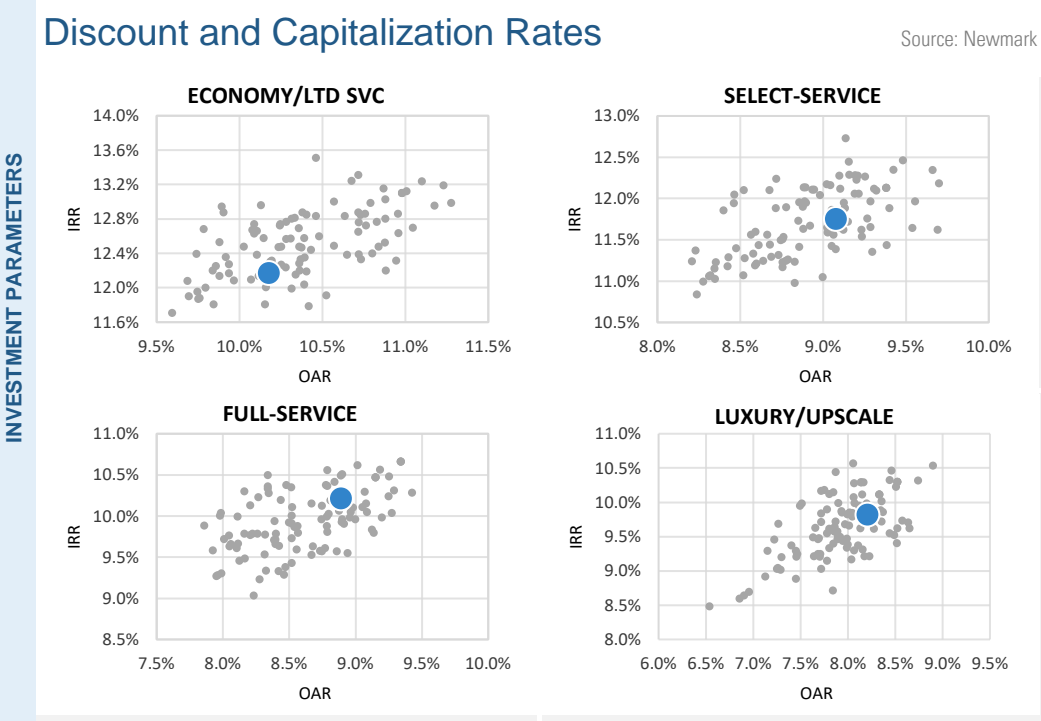
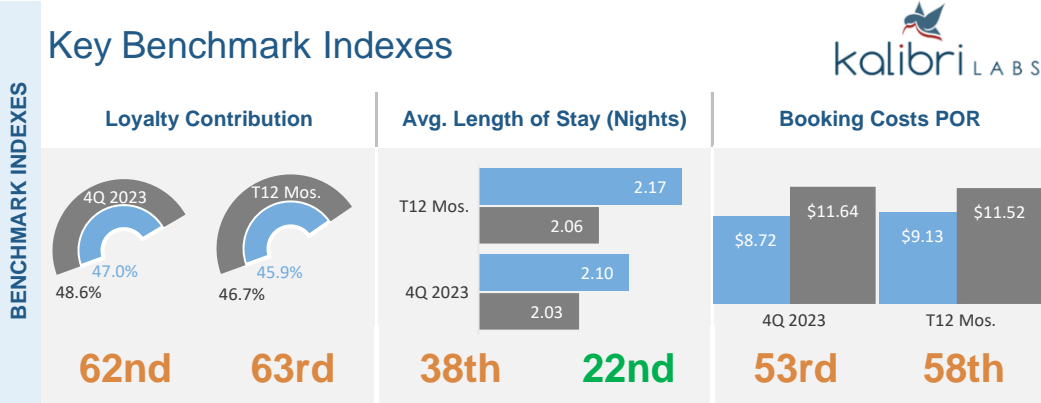
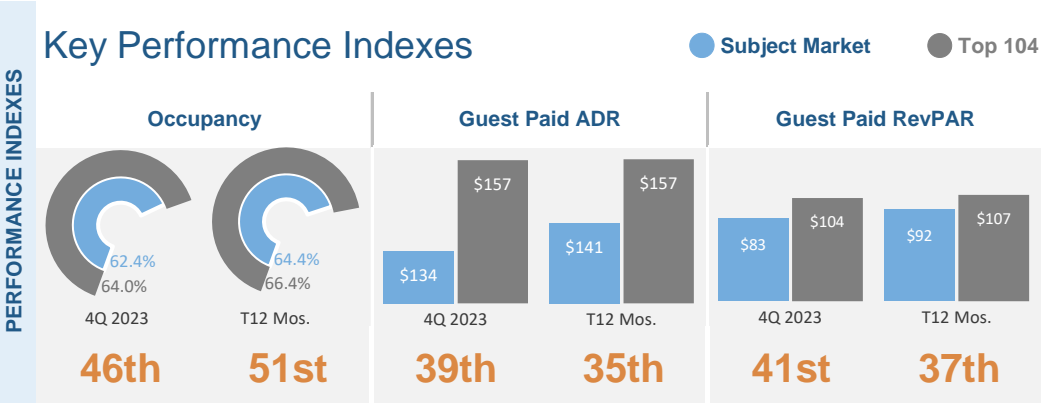
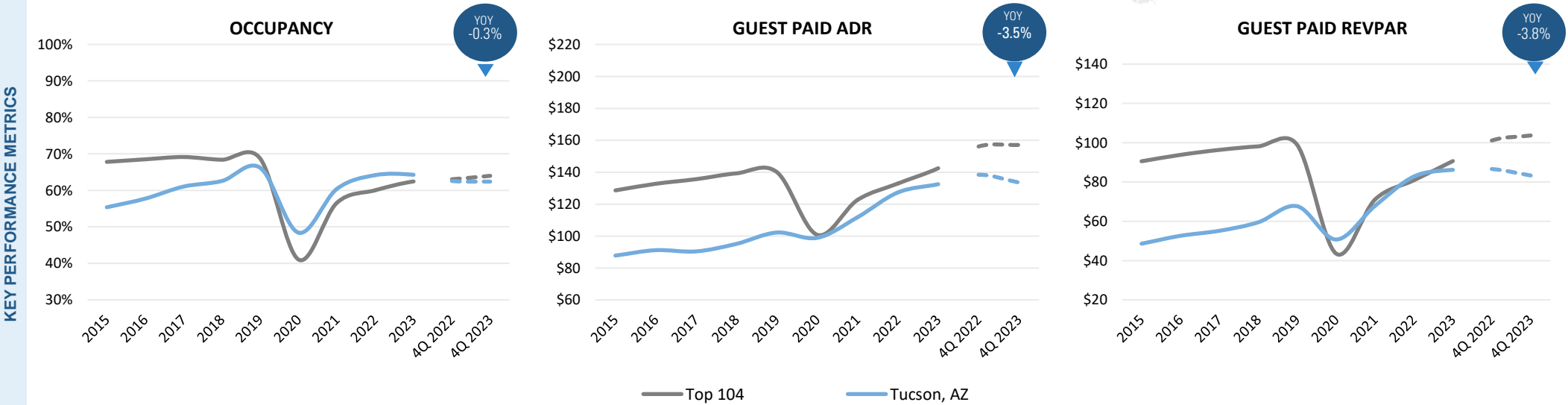
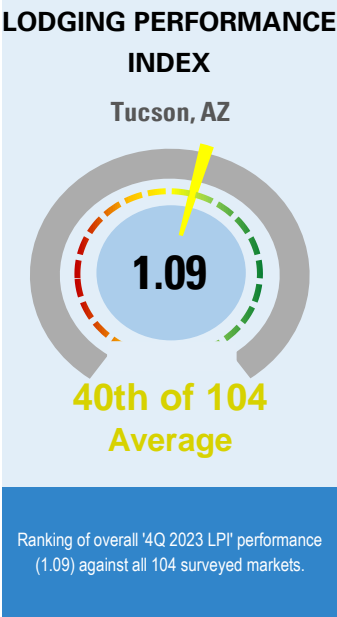
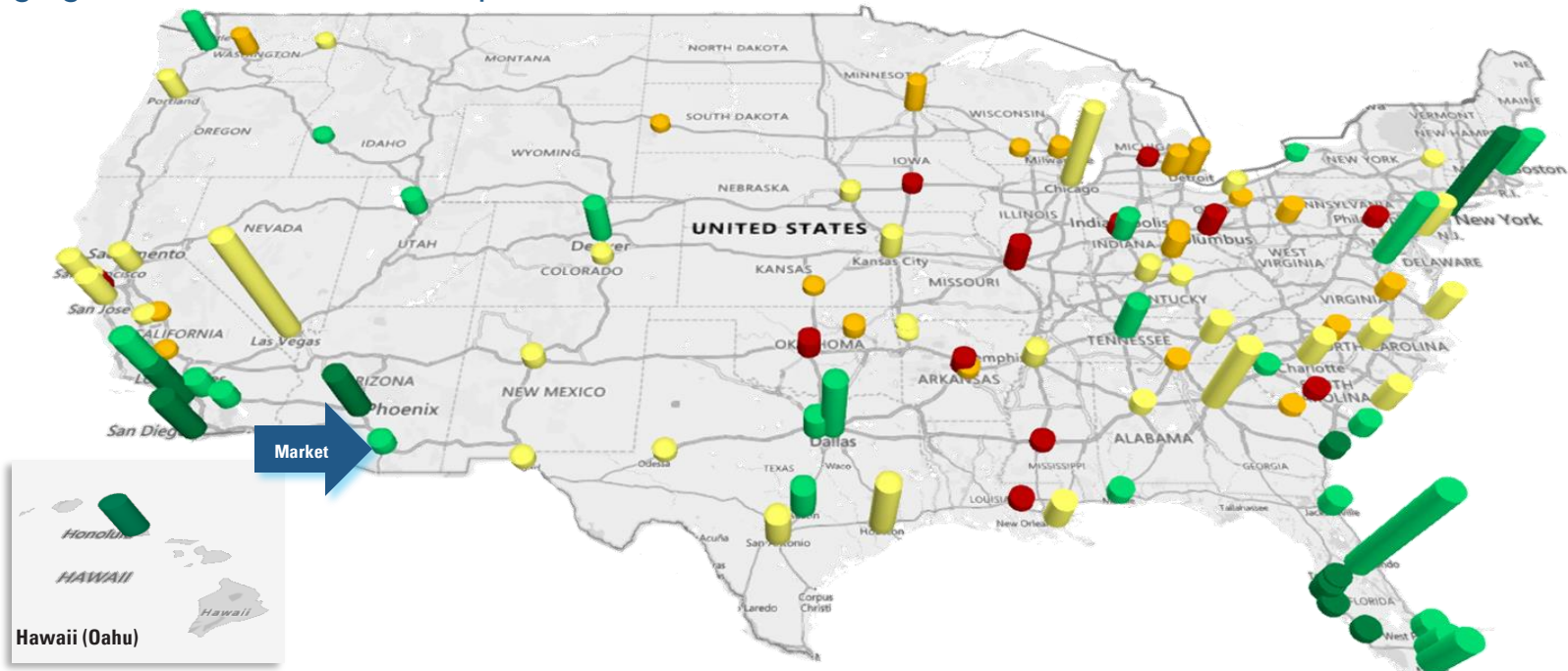


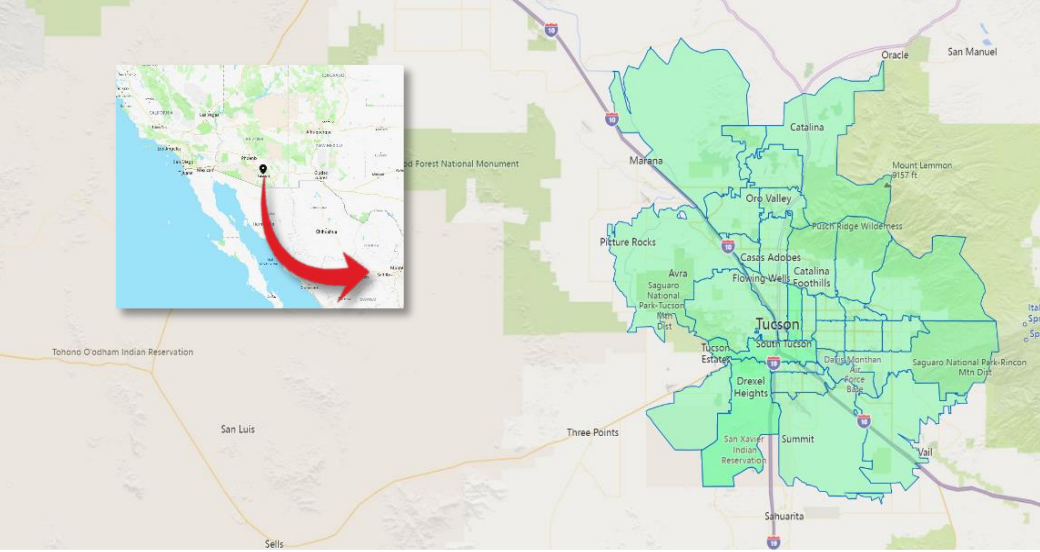
4Q 2023
TUCSON, AZ



Lodging Performance Index Snapshot



Location



Quick Facts

Jurisdictional Information

Municipal Name:

Tucson

County:

Pima County

State:

Arizona

Geo Coordinates (market center):

32.22174, -110.92648

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

University of Arizona | Raytheon Missile Systems | Davis-Monthan Air Force Base | Wal-Mart Stores Inc. | U.S. Customs and Border Protection | Banner - University Medicine (UA Healthcare) | Freeport-McMoRan Inc. | Tohono O’Odham Nation | Carondelet Health Network | TMC Healthcare | Southern Arizona VA Health Care System | Corrections Corp. of America | Fry’s Food Stores | Pima Community College | Asarco | Afni Inc. | Arizona National Guard | APAC Customer Services Inc. | Safeway Stores Inc.- Phoenix Division | Target Corp.

Metrics and Ranking

Population (hotel market area)

731,362

67th of 104 (Below Average)

Income per Capita

\$39,617

82nd of 104 (Below Average)

Feeder Group Size

72.8 Persons PSR

56th of 104 (Average)

Feeder Group Earnings

\$2,884,867 PSR

32nd of 104 (Above Average)

Total Market COPE

\$516.2 million

61st of 104 (Average)

Measurement

Rankings

Key Performance Metrics

YEAR ENDING	Guest Paid			COPE		Booking Cost	ADR COPE	Loyalty	Avg. Length of	Supply	Performance
	Occ %	ADR	RevPAR	ADR	RevPAR	POR	%	%	Stay (Nights)	(Available Rms)	Index (LPI)
2015	55.4%	\$87.74	\$48.58	\$81.28	\$45.00	\$6.46	92.6%	42.3%	2.13	15,810	0.73
2016	57.7%	\$91.13	\$52.61	\$84.10	\$48.55	\$7.03	92.3%	43.4%	2.07	15,790	1.06
2017	61.0%	\$90.36	\$55.16	\$83.13	\$50.74	\$7.23	92.0%	42.9%	2.03	15,390	1.17
2018	62.6%	\$95.09	\$59.49	\$87.57	\$54.79	\$7.51	92.1%	45.2%	2.08	15,270	1.12
2019	66.2%	\$102.19	\$67.65	\$94.16	\$62.33	\$8.03	92.1%	49.7%	2.07	15,290	1.31
2020	48.4%	\$98.86	\$50.72	\$92.35	\$44.70	\$6.50	93.4%	36.6%	2.31	15,290	1.29
2021	60.4%	\$111.74	\$67.84	\$104.02	\$62.83	\$7.73	93.1%	41.4%	2.27	15,340	1.14
2022	64.2%	\$127.27	\$82.78	\$118.65	\$76.15	\$8.62	93.2%	42.1%	2.27	15,440	1.20
2023	64.3%	\$132.47	\$86.18	\$123.70	\$79.51	\$8.77	93.4%	42.6%	2.26	15,500	1.09
CAGR: 2015 thru 2022	1.9%	5.3%	7.4%	5.4%	7.4%	3.9%	0.1%	0.1%	0.7%	-0.2%	5.1%
4Q 2022	62.6%	\$138.36	\$86.57	\$129.32	\$80.92	\$9.03	93.5%	45.1%	2.11	15,680	1.20
4Q 2023	62.4%	\$133.50	\$83.30	\$124.78	\$77.86	\$8.72	93.5%	47.0%	2.10	15,780	1.09

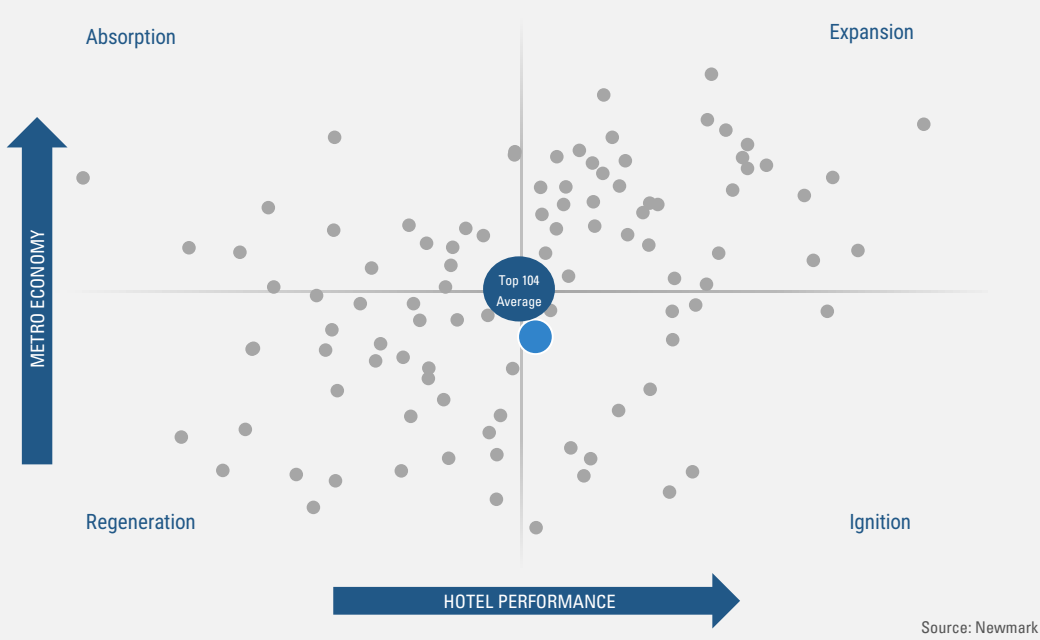
Notable Metrics

HIGHEST	T12-Month COPE ADR Percentage	IRR: Economy/Ltd Svc	Feeder Group Earnings PSR
	11th Above Average Tucson, AZ benefited from strong T12-month COPE ADR percentage (93.5%)	20th Favorable The market enjoyed favorable IRR metrics in the economy/ltd svc segment (12.2%)	32nd Above Average The market also posted strong feeder group earnings PSR (\$2,884,867)
LOWEST	Economy Median Income	OAR: Luxury/Upscale	Total Rooms Supply
	82nd Below Average This market was stymied by weak Economy Median Income (\$39,617)	80th Unfavorable The market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.2%)	67th Below Average Tucson, AZ also is burdened with a small and non-diverse hotel market (15,781)

Notable Trends

FASTEST	Long-Term Historical COPE RevPAR Growth	Long-Term Historical Occupancy Growth	Long-Term Historical Guest Paid RevPAR Growth
	4th Strong Tucson, AZ posted strong long-term historical COPE RevPAR growth (5.1%)	5th Strong The market enjoyed strong long-term historical occupancy growth (1.3%)	5th Strong The market also exhibited strong long-term historical Guest Paid RevPAR growth (5.1%)
SLOWEST	Short-Term Historical Occupancy Growth	T12-Month Rooms Supply Growth	Short-Term Historical Booking Costs POR Growth
	100th Soft The market has been hindered by weak short-term historical occupancy growth (−3.7%)	82nd Below Average We note this area has been hindered by high rooms supply growth over the last 12 months (0.6%)	82nd Below Average Tucson, AZ also has been impeded by high short-term historical growth in booking costs (3.6%)

Market Performance Stage



Tucson, AZ: Ignition Stage

The Tucson, AZ market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.
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.

Industry Observations

Business Cycle:
Employment Growth (2 yr):
Risk Exposure (402 US markets):
Key Industry Notes:

In Recovery
4.8%
29th Percentile: Below Average
Defense, retiree magnet
Highly educated workforce
Military employment
Below-average incomes
Employment volatility

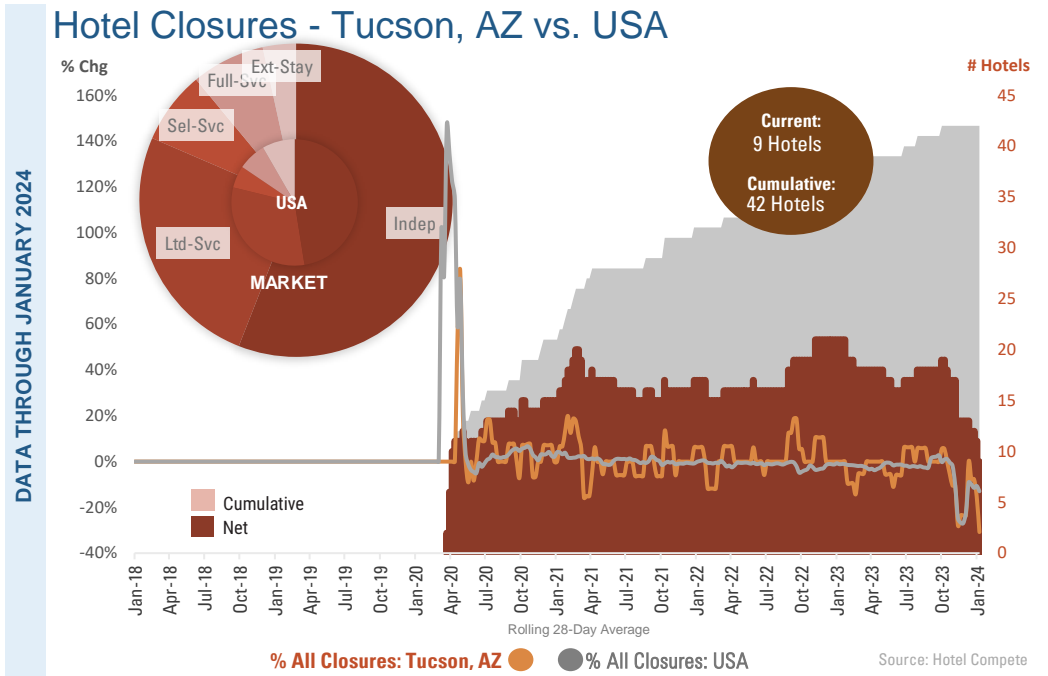
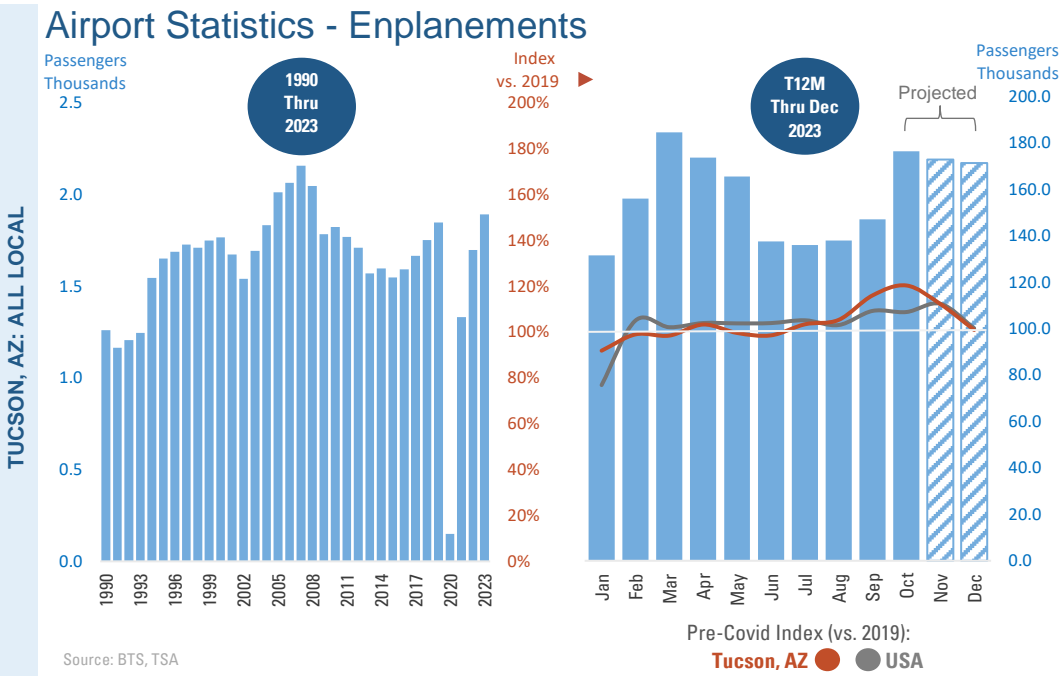
Moody's Rating

NR

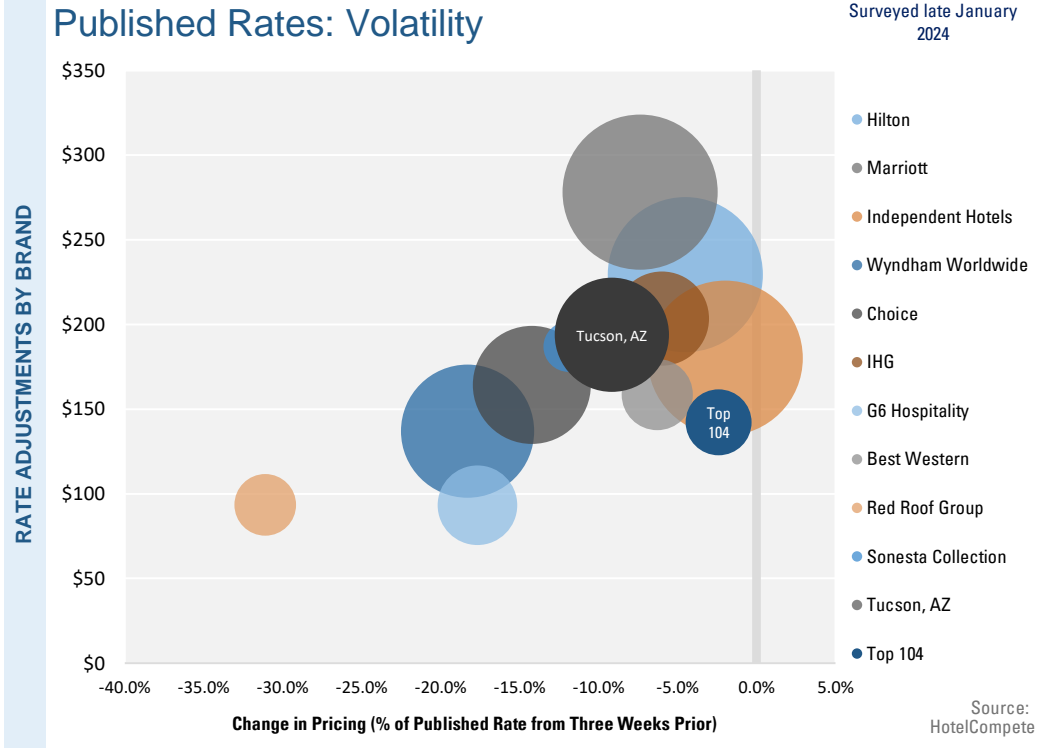
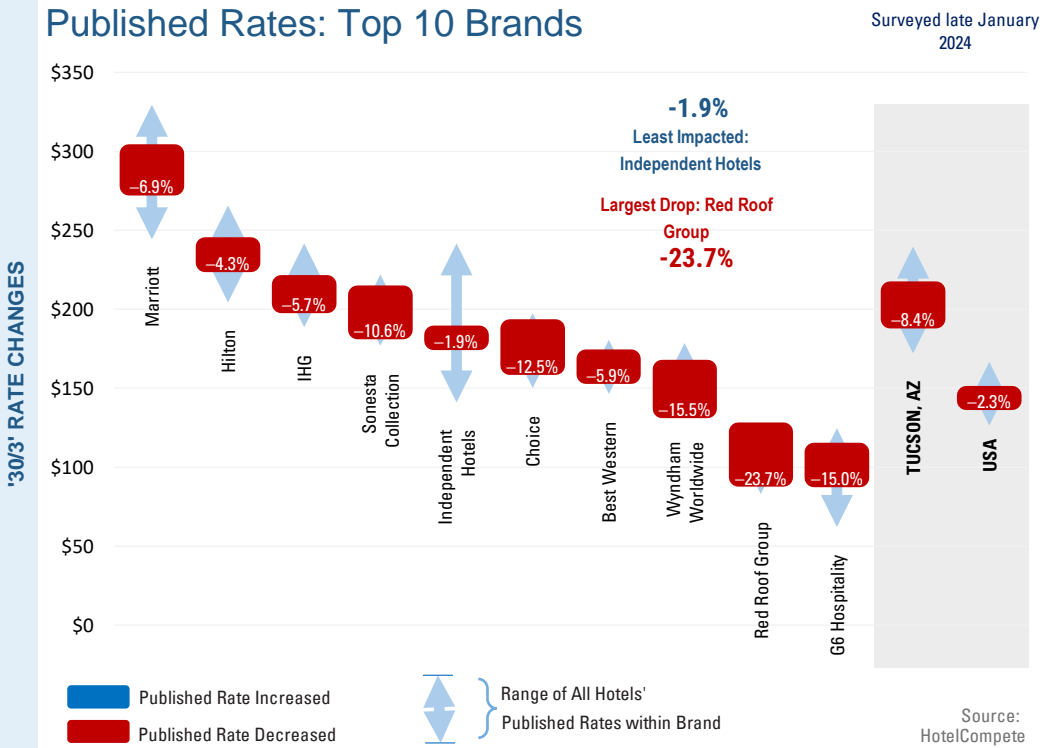
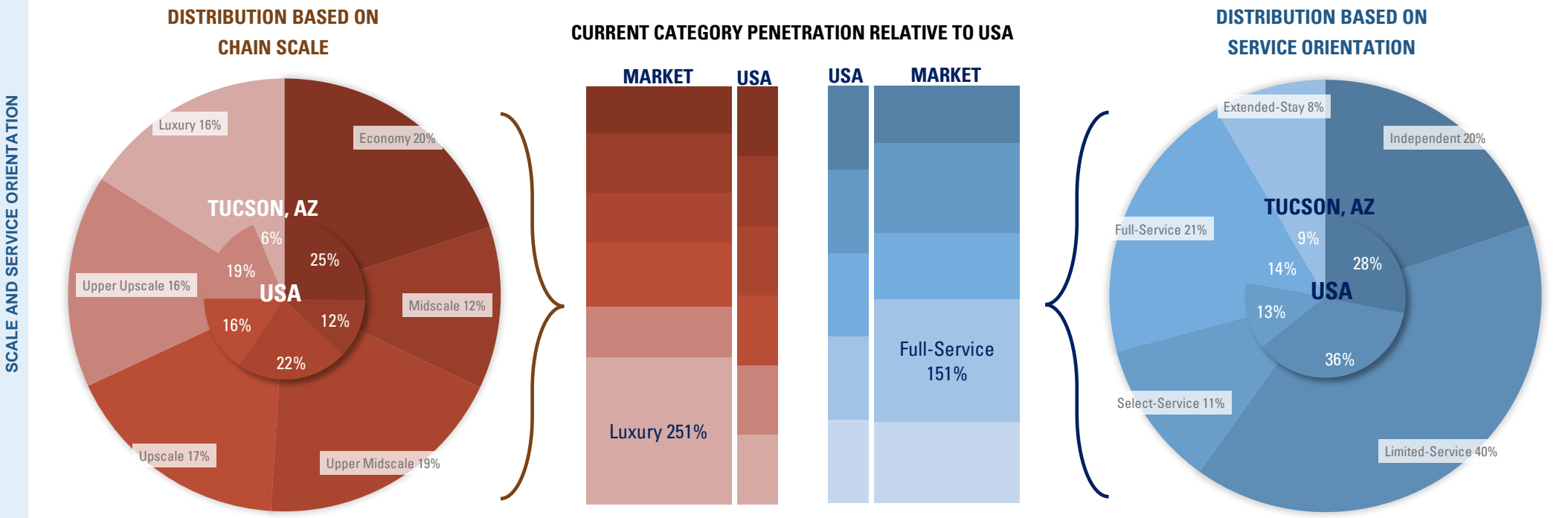
This market is not rated by Moody's

TOP 10 BRANDS	DoubleTree (792)	Hampton Inn (6)
	Hilton (660)	Holiday Inn Exp. (5)
	Hampton Inn (617)	La Quinta (4)
	JW Marriott (575)	DoubleTree (4)
	Ramada (524)	Best Western (4)
	La Quinta (497)	TownePlace Suites (3)
	Westin (487)	Super 8 (3)
	Holiday Inn Exp. (483)	Red Roof (3)
	Best Western (464)	Ramada (3)
	Loews (398)	Motel 6 (3)

Source: Newmark



Scale and Service Distribution: Tucson, AZ

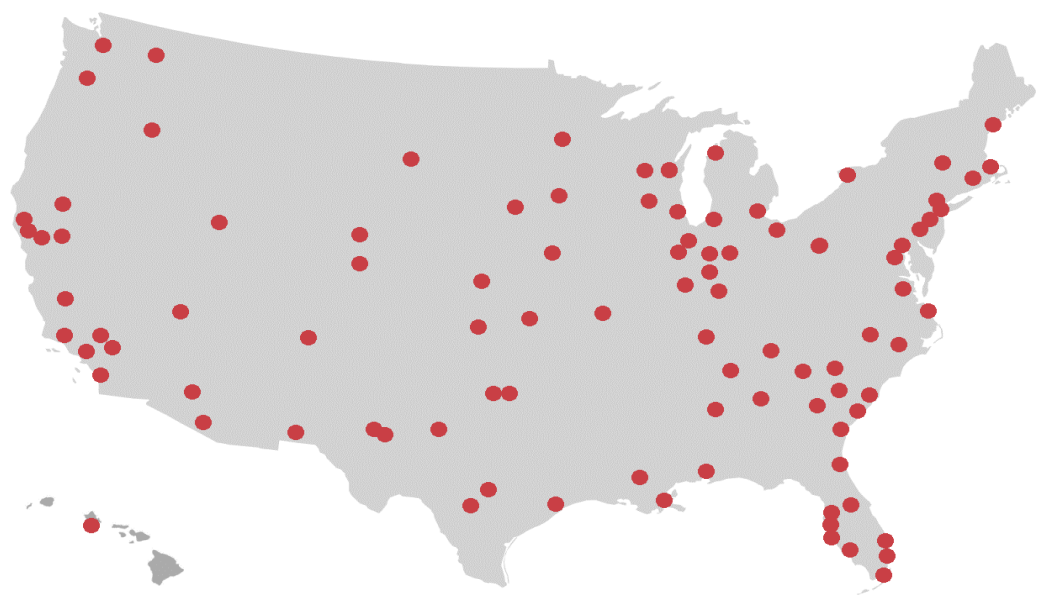


Published Rate Observations: 30-Day Advance

	Published Rate Level	Rate Movement	Optimism
MARKET LEVEL	15th Above Average	104th Soft	10th Above Average
	The 30-day advanced published rate for the market was a somewhat aggressive \$193.87, ranking 15th out of 104 markets. (Guest-Paid ADR ranked a moderate 39th at \$133.50 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a substantial 8.4% 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 45.2% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is above average. By comparison, the T-104 spread was -9.5%.

	Published Rate Integrity	Coverage	Volatility
BRAND LEVEL	56th Average	26th Above Average	101st Very High
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Tucson, AZ has an above average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Tucson, AZ's top 10 brands are exhibiting very high 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

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Gaming Facilities

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Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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