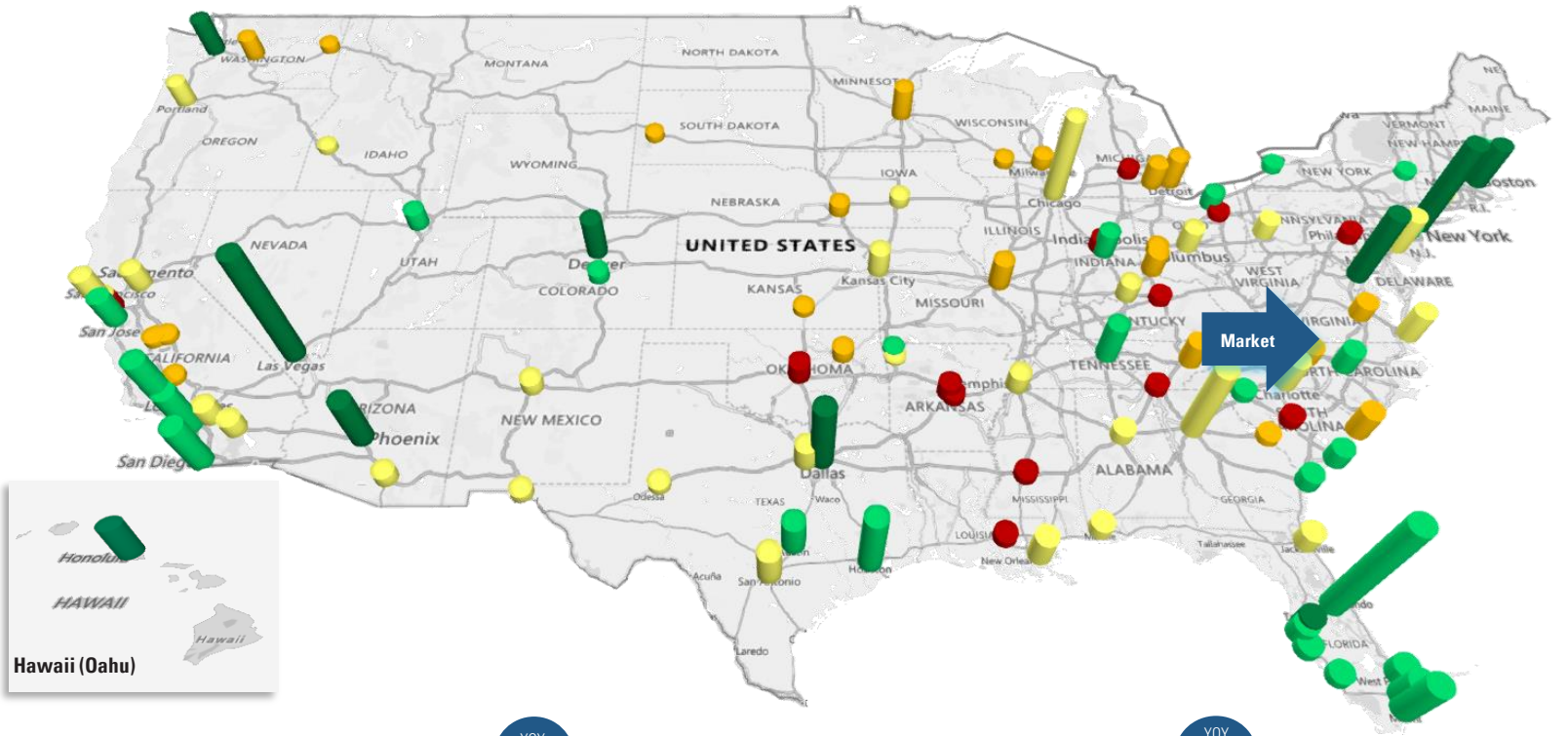
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

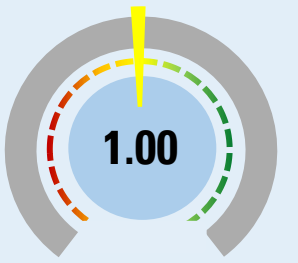
3Q 2024
VIRGINIA BEACH, VA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Virginia Beach, VA

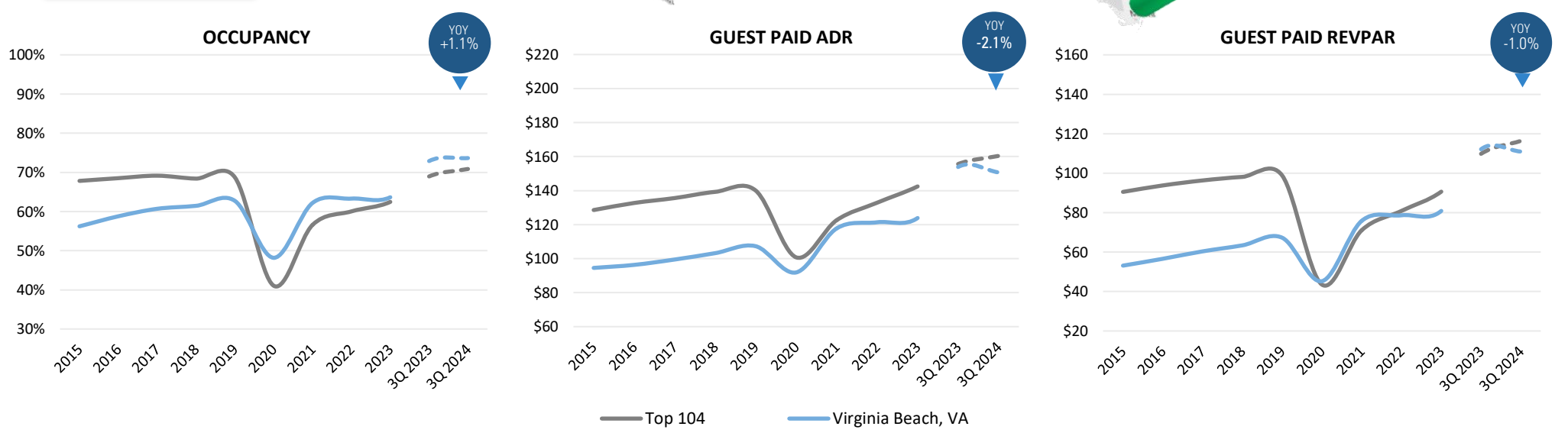


58th of 104

Average

Ranking of overall '3Q 2024 LPI' performance (1.00) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
73.6% / 70.9%	64.9% / 67.9%	$151 / $160	$127 / $160	$111 / $116	$84 / $112
20th	53rd	34th	65th	30th	58th

BENCHMARK INDEXES

Key Benchmark Indexes

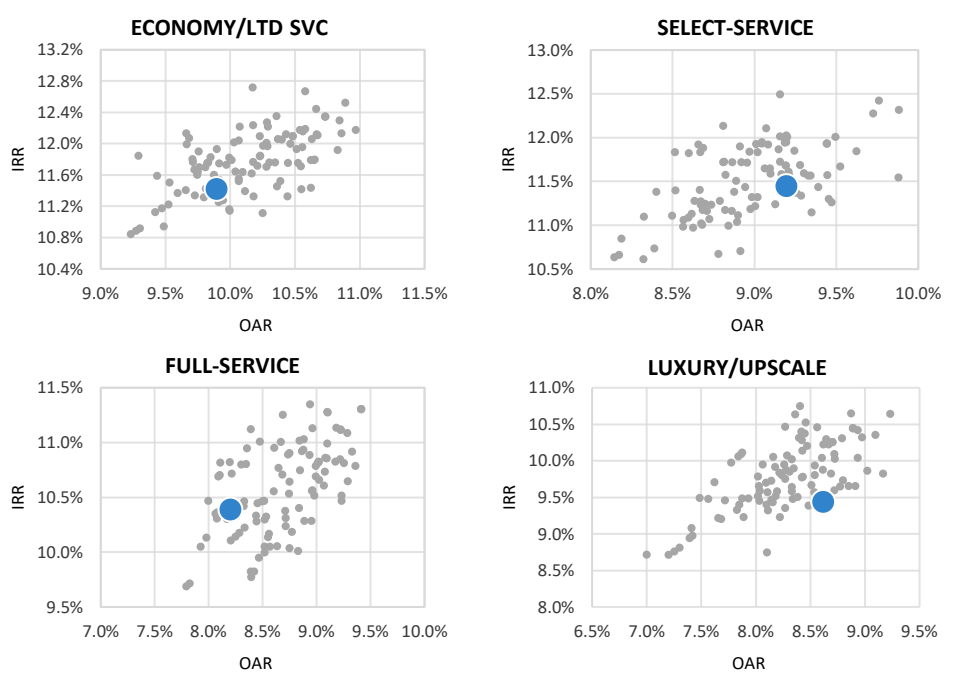
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
45.8% / 47.6%	45.6% / 52.4%	2.42 / 2.07	2.39 / 2.06	$11.00 / $12.17	$8.71 / $11.83
74th	72nd	6th	4th	72nd	40th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

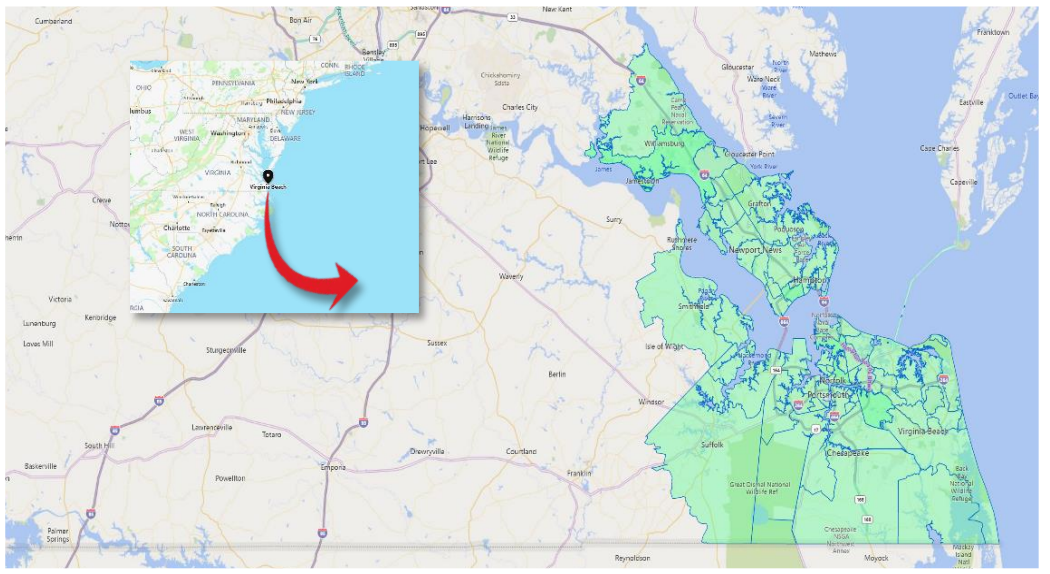
Revenue Stability	Supplier Power Trend	Investment Yields
42nd	70th	29th
Average	Below Average	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
41st	40th	52nd
Average Risk	Average Risk	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

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Virginia Beach
County:	Virginia Beach City
State:	Virginia
Geo Coordinates (market center):	36.85293, -75.97799

Major Hotel Demand Generators

Huntington Ingalls Industries Inc. | Sentara Healthcare | Wal-Mart Stores Inc. | Riverside Regional Medical Center | Food Lion | Farm Fresh | Old Dominion University, Norfolk | Busch Entertainment Corp. | Anthem | College of William and Mary | Children's Hospital of The King's Daughters | Gwaltney of Smithfield | Target Corp. | U.S. Navy Exchange | Tidewater Community College | Maryview Hospital | Ferguson Enterprises Inc. | Chesapeake General Hospital | Kroger | Nat'l Aeronautics & Space Admin.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,433,462	44th of 104 (Average)
Income per Capita	$70,500	8th of 104 (Strong)
Feeder Group Size	54.3 Persons PSR	25th of 104 (Above Average)
Feeder Group Earnings	$3,826,072 PSR	57th of 104 (Average)
Total Market Hotel Revenues	$1.2 billion	27th of 104 (Above Average)

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	56.2%	$94.53	$53.14	$87.58	$49.24	$6.95	92.6%	43.4%	2.28	41,730	0.75
2016	58.8%	$96.32	$56.61	$88.90	$52.25	$7.42	92.3%	44.8%	2.28	41,580	0.98
2017	60.7%	$99.48	$60.37	$91.55	$55.56	$7.93	92.0%	47.0%	2.28	41,920	0.98
2018	61.4%	$103.21	$63.42	$95.06	$58.41	$8.15	92.1%	49.9%	2.30	41,990	1.08
2019	62.7%	$107.30	$67.29	$98.72	$61.91	$8.58	92.0%	54.8%	2.23	41,930	0.97
2020	48.2%	$91.88	$45.25	$85.42	$41.15	$6.46	93.0%	36.0%	2.57	41,910	1.35
2021	62.2%	$117.74	$75.83	$108.98	$67.78	$8.76	92.6%	38.1%	2.43	41,750	1.37
2022	63.3%	$121.35	$78.67	$112.40	$71.14	$8.96	92.6%	38.7%	2.41	41,680	1.19
2023	63.6%	$123.88	$80.87	$114.92	$73.13	$8.96	92.8%	39.2%	2.40	41,640	1.03
CAGR: 2015 thru 2023	1.6%	3.4%	5.4%	3.5%	5.1%	3.2%	0.0%	-1.3%	0.6%	0.0%	4.1%
3Q 2023	72.9%	$153.86	$112.12	$142.60	$103.92	$11.26	92.7%	44.6%	2.33	41,300	1.12
3Q 2024	73.6%	$150.69	$110.97	$139.69	$102.87	$11.00	92.7%	45.8%	2.42	41,560	1.00

Notable Metrics

HIGHEST

T12-Month Average Length of Stay	Latest-Quarter Average Length of Stay	Economy Median Income
4th	**6th**	**8th**
Strong	**Strong**	**Strong**
Virginia Beach, VA benefited from strong T12–month average length of stay (2.39 Nights)	The market boasted strong latest–quarter average length of stay (2.42 Nights)	The market also exhibited strong Economy Median Income ($70,500)

LOWEST

Feeder Population Per Room	Population Density per Room	OAR: Luxury/Upscale
80th	**80th**	**78th**
Below Average	**Below Average**	**Unfavorable**
This market posted a low ratio of feeder population per room (24.81)	The market has been hindered by weak population density per room (34.64)	Virginia Beach, VA also exhibited unfavorable OAR metrics in the luxury/upscale segment (8.6%)

Notable Trends

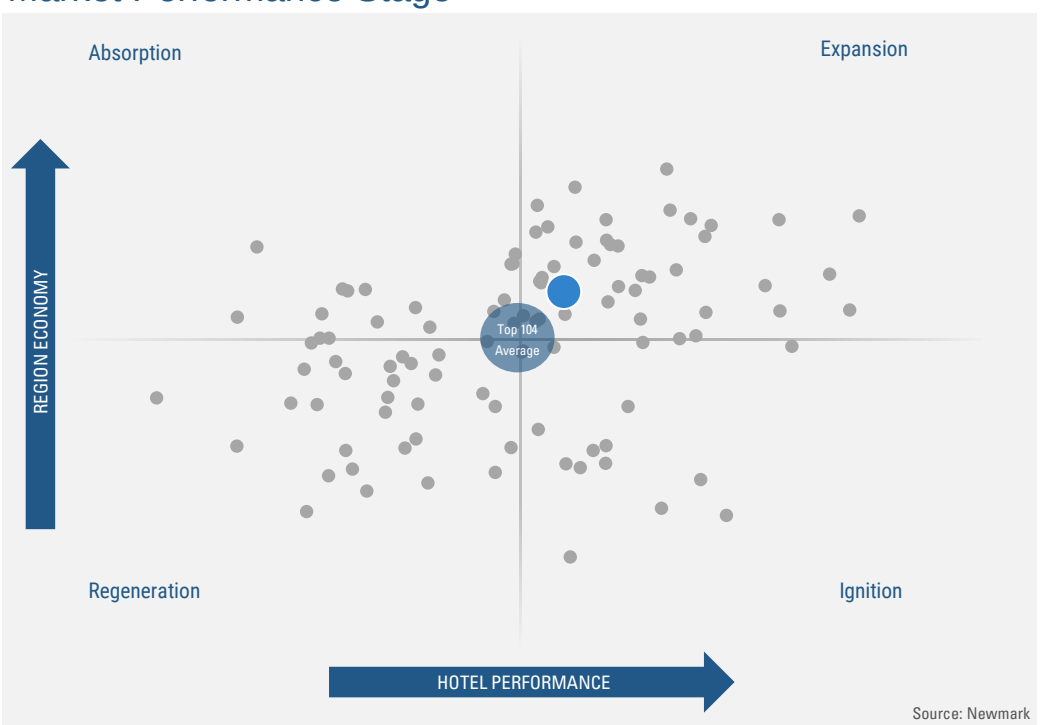
STRONGEST

Long-Term Historical Supply Growth	Short-Term Historical Occupancy Growth	Short-Term Historical Loyalty Contribution Growth
5th	**7th**	**10th**
Strong	**Strong**	**Above Average**
Virginia Beach, VA has benefited from low long–term historical supply growth (–0.2%)	The market has benefited from strong short–term historical occupancy growth (6.6%)	The market also enjoyed strong short–term historical loyalty contribution growth (5.8%)

WEAKEST

Short-Term Historical Supply Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth
94th	**69th**	**65th**
Soft	**Below Average**	**Average**
The market has been burdened by high short–term historical supply growth (–0.3%)	We note this area has been impeded by weak short–term historical Guest Paid ADR growth (2.9%)	Virginia Beach, VA also posted weak short–term historical COPE ADR growth (3.0%)

Market Performance Stage



Source: Newmark

Virginia Beach, VA: Expansion Stage

Expansion

The Virginia Beach, VA market is currently in the 'Expansion' stage of the performance cycle. In this 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.

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.

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 .

MOODYS ANALYTICS

Industry Observations

Business Cycle:	**Recovery**
Employment Growth (2 yr):	1.4%
Risk Exposure (402 US markets):	91st Percentile: Above Average
Key Industry Notes:	Port and distribution facilities
	Low costs of doing business
	Persistent outflows of residents
	Dependence on the federal government
	Low Per capita income

Moody's Rating

Aaa

Investment Grade

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

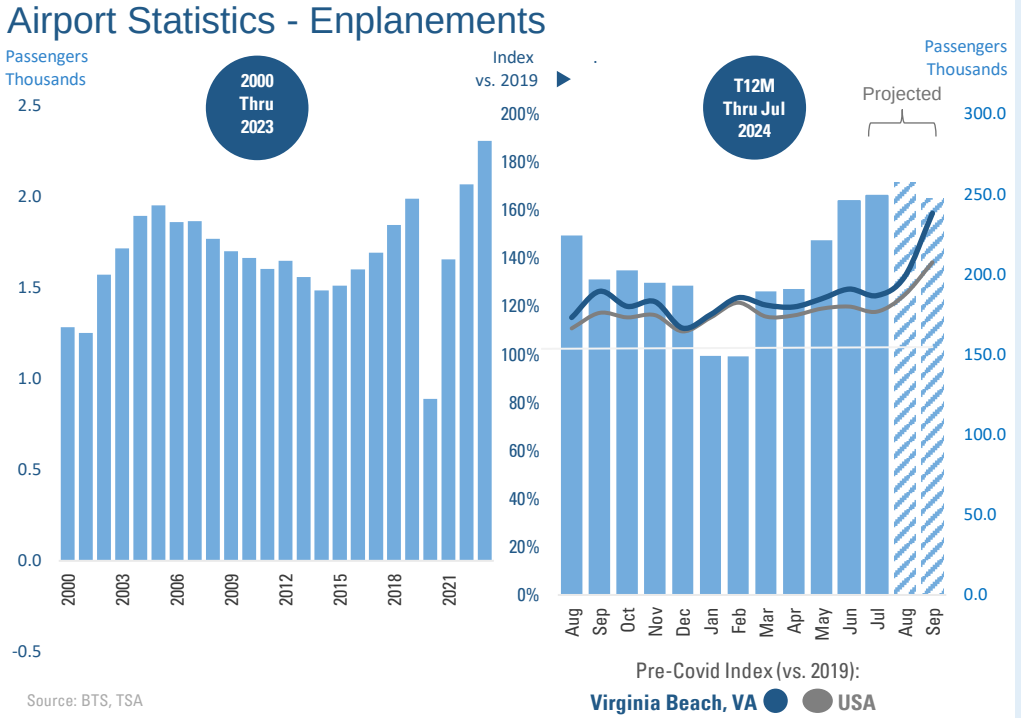
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

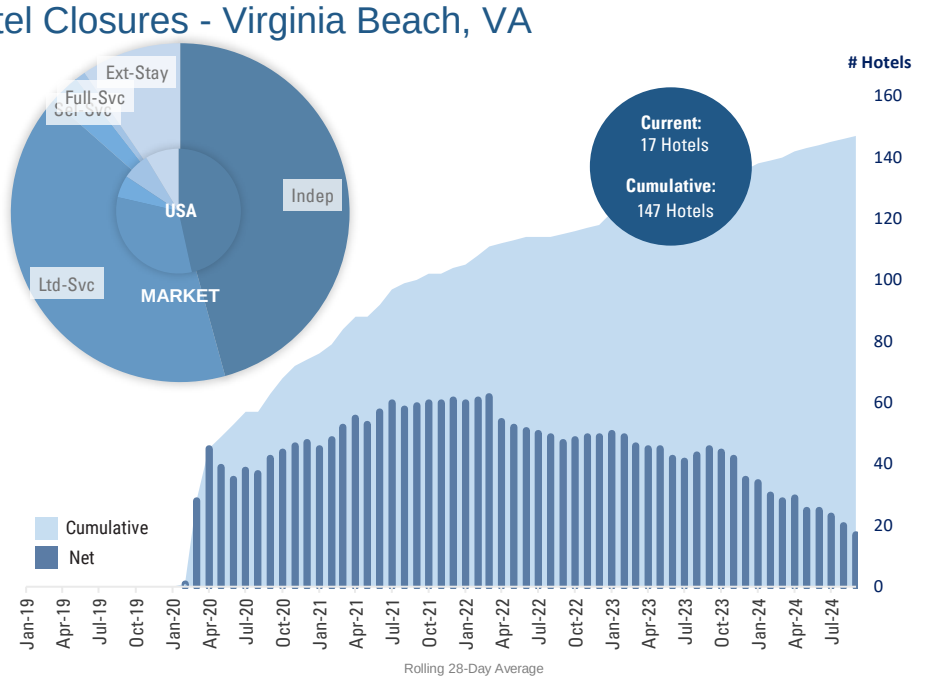
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

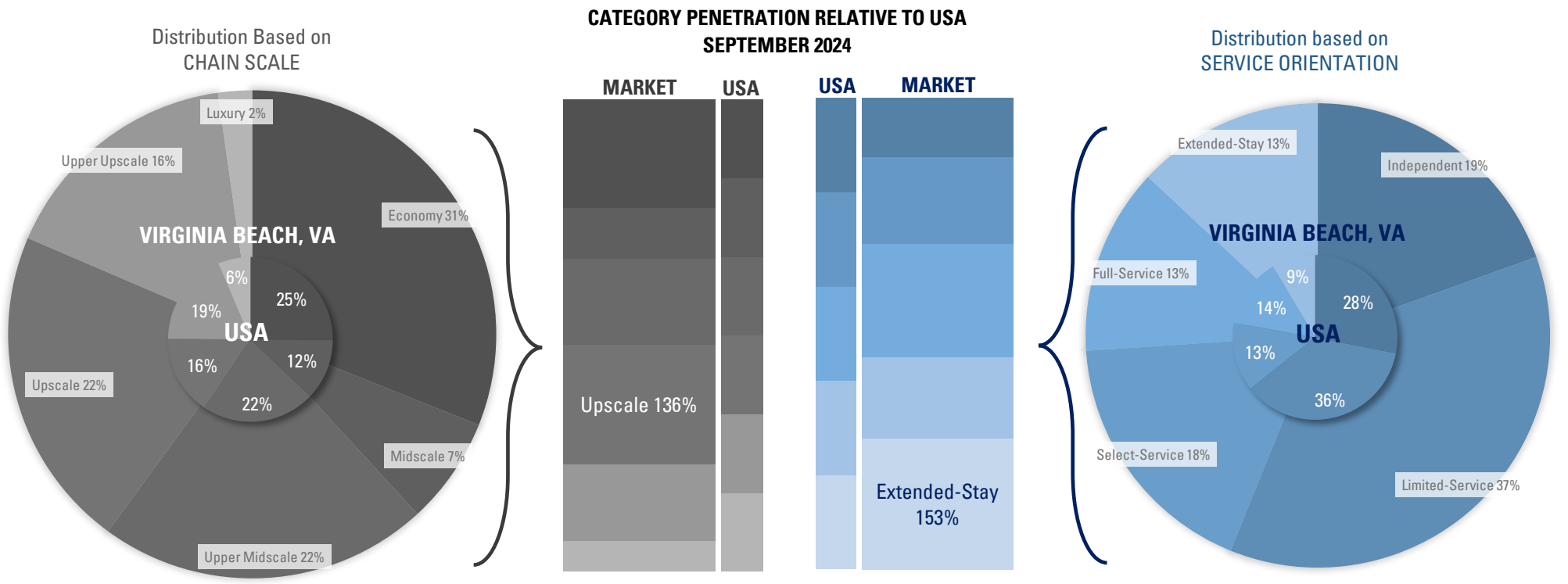
Hotel Closures - Virginia Beach, VA



Source: Hotel Compete

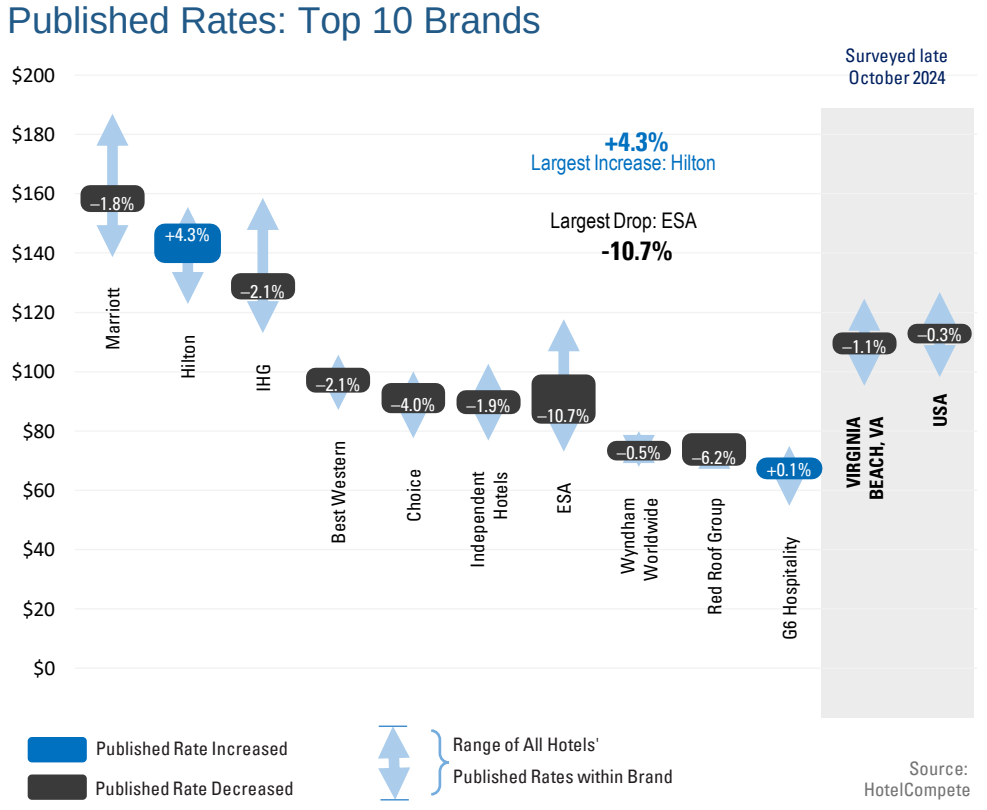
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Virginia Beach, VA



'30/3' RATE CHANGES: VIRGINIA BEACH, VA vs. USA

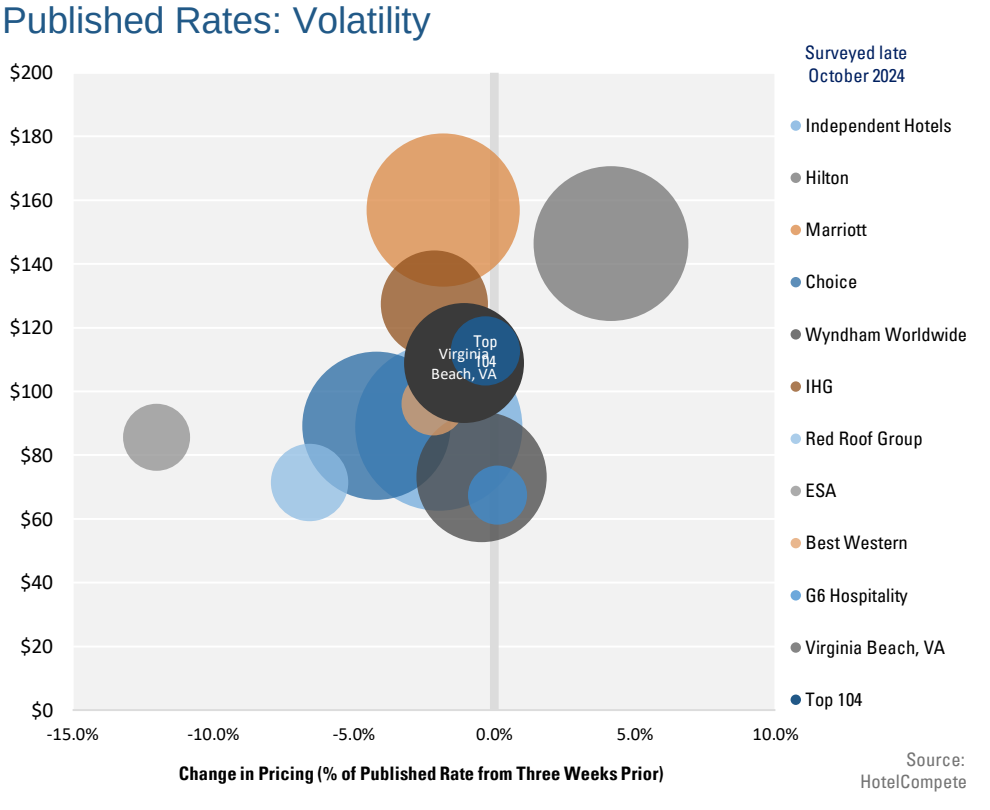
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



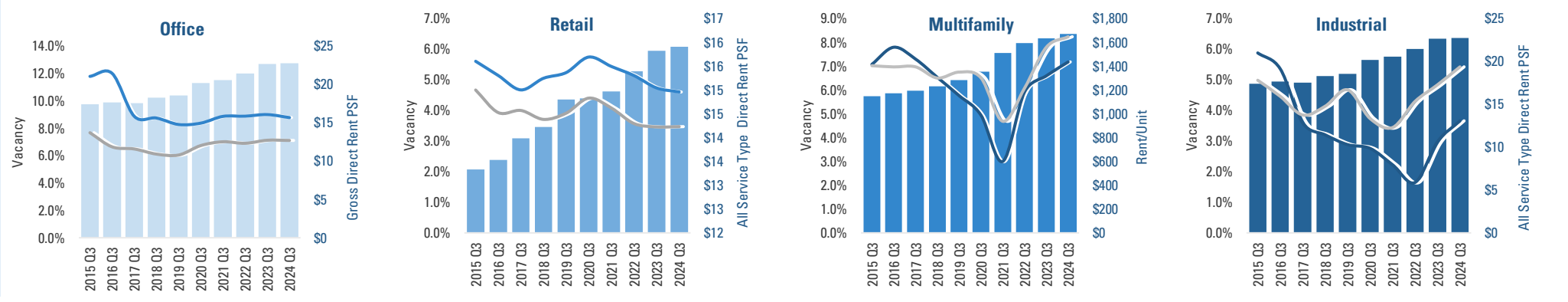
Source: HotelCompete

MAJOR C.R.E. METRICS

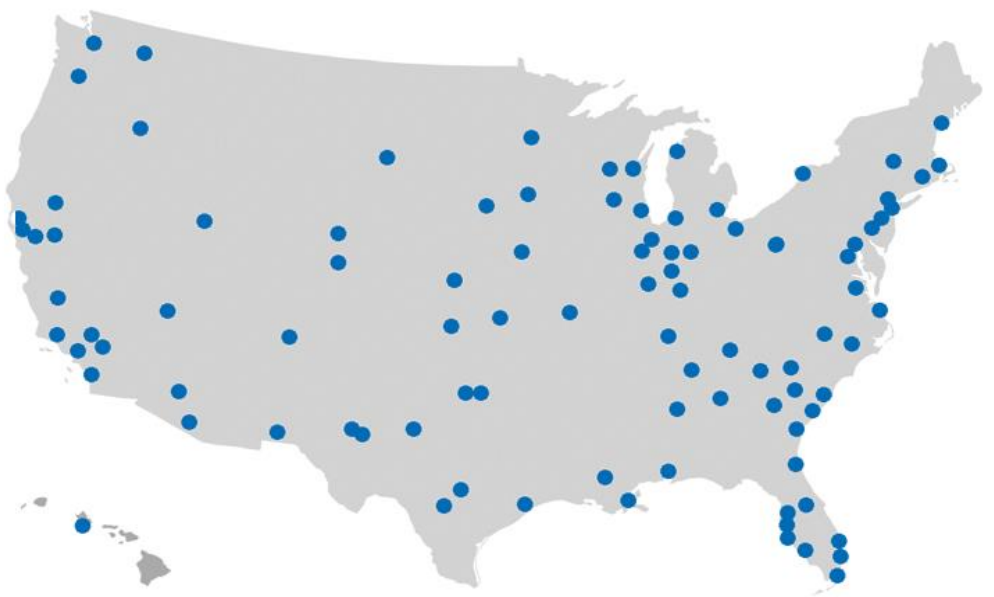
Major CRE Market Performance

Norfolk, VA 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

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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