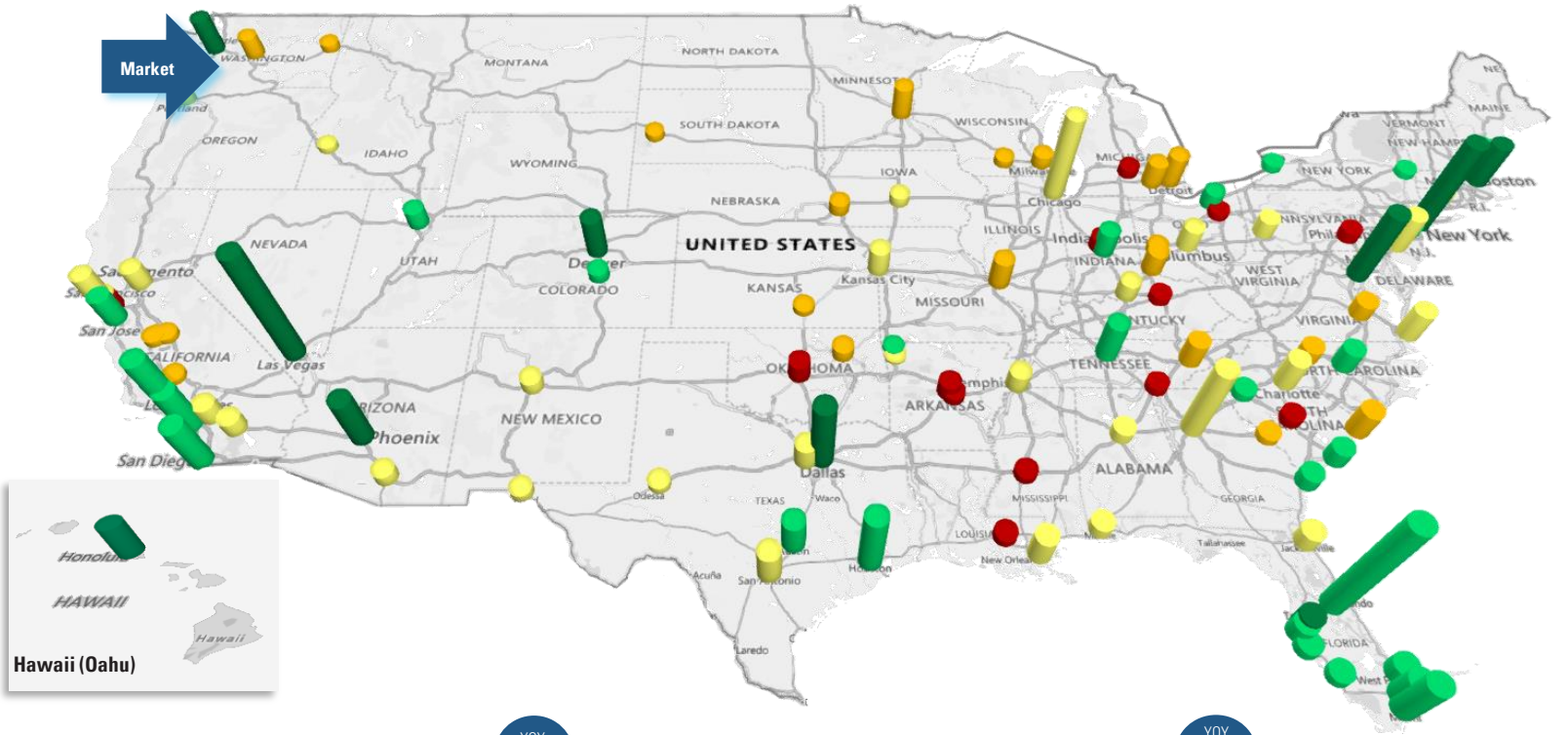
VALUATION & ADVISORY | HOSPITALITY, GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

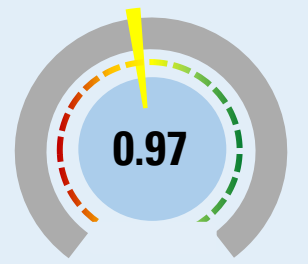
3Q 2024
WASHINGTON STATE AREA, WA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

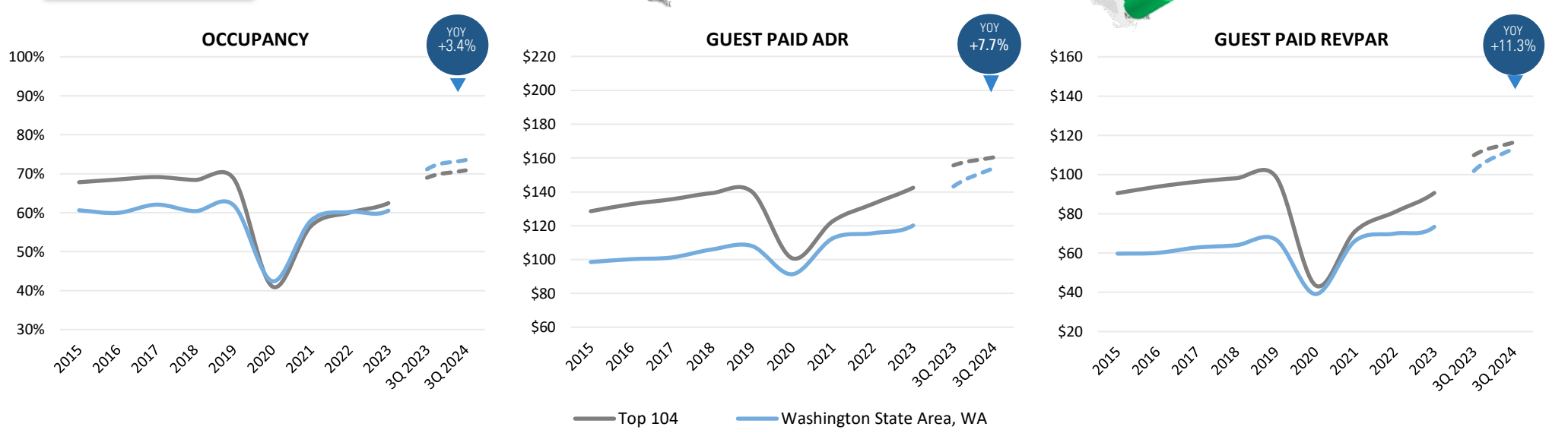
Washington State Area, WA



62nd of 104
Average

Ranking of overall '3Q 2024 LPI' performance (0.97) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
73.5% / 70.9%	62.4% / 67.9%	$154 / $160	$137 / $160	$113 / $116	$86 / $112
3Q 2024	T12 Mos.	3Q 2024	T12 Mos.	3Q 2024	T12 Mos.
21st	75th	29th	41st	28th	49th

BENCHMARK INDEXES

Key Benchmark Indexes

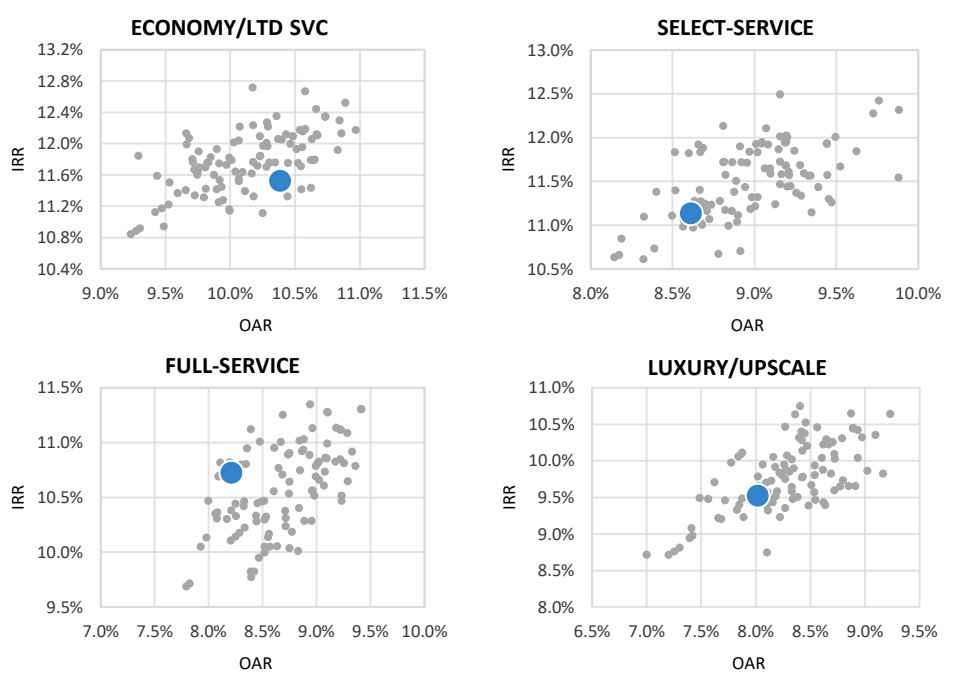
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2024: 31.0% / 47.6%	T12 Mos.: 31.1% / 52.4%	T12 Mos.: 1.93 / 2.06	3Q 2024: 1.88 / 2.07	$11.40 / $12.17	$10.20 / $11.83
3Q 2024	T12 Mos.			3Q 2024	T12 Mos.
101st	102nd	85th	73rd	76th	68th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

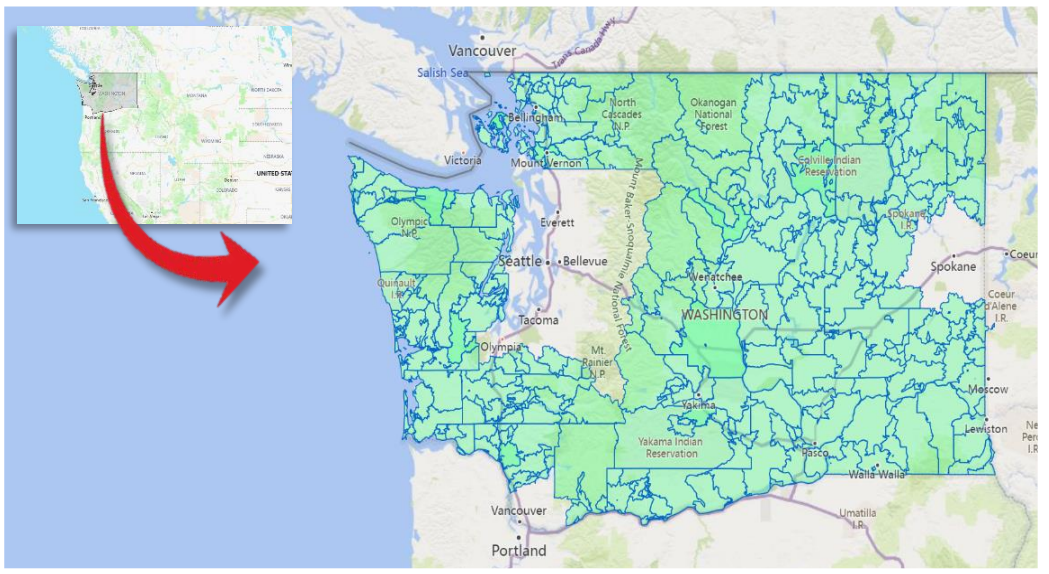
Revenue Stability	Supplier Power Trend	Investment Yields
8th	**101st**	**22nd**
Strong	Soft	Above Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
25th	**56th**	**57th**
Above Average	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:	Multiple
County:	Multiple
State:	Washington
Geo Coordinates (market center):	47.34289, -121.38278

Major Hotel Demand Generators

Stemilt Growers Inc. | Confluence Health | Broetje Orchards | Joint Base Lewis-McChord | Multicare Health System | Franciscan Health System | State Farm Insurance Co. | Fairchild AFB | Providence Health Care - Eastern Washington | Boeing Co. | Amazon | Microsoft Corp. | University of Washington | Alaska Air Group Inc. | Naval Station Everett | T-Mobile | Starbucks Corp. | Swedish Health Services | Costco Wholesale Corp. | Nordstrom Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,745,083	30th of 104 (Above Average)
Income per Capita	$61,380	16th of 104 (Above Average)
Feeder Group Size	97.5 Persons PSR	80th of 104 (Below Average)
Feeder Group Earnings	$5,983,692 PSR	91st of 104 (Soft)
Total Market Hotel Revenues	$848.0 million	46th of 104 (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	60.6%	$98.50	$59.70	$92.05	$55.79	$6.45	93.5%	45.1%	1.81	28,870	0.68
2016	59.9%	$100.22	$60.07	$93.29	$55.92	$6.92	93.1%	48.0%	1.78	28,930	0.74
2017	62.1%	$101.20	$62.81	$93.92	$58.29	$7.28	92.8%	49.1%	1.87	29,720	0.85
2018	60.4%	$105.93	$63.98	$97.89	$59.13	$8.04	92.4%	52.4%	1.78	30,630	0.62
2019	61.9%	$107.99	$66.84	$99.53	$61.60	$8.46	92.2%	55.7%	1.79	29,560	0.76
2020	42.4%	$91.32	$39.10	$84.82	$35.96	$6.51	92.9%	28.4%	2.08	29,700	1.05
2021	58.0%	$112.47	$66.22	$104.15	$60.38	$8.32	92.6%	28.5%	1.99	30,130	1.07
2022	60.2%	$115.53	$69.90	$106.93	$64.35	$8.60	92.6%	28.5%	2.00	30,190	1.04
2023	60.5%	$120.15	$73.39	$111.17	$67.29	$8.99	92.5%	28.4%	1.98	30,200	0.81
CAGR: 2015 thru 2023	0.0%	2.5%	2.6%	2.4%	2.4%	4.2%	-0.1%	-5.6%	1.1%	0.6%	2.2%
3Q 2023	71.1%	$143.17	$101.80	$132.45	$94.18	$10.72	92.5%	30.7%	1.83	29,430	0.84
3Q 2024	73.5%	$154.14	$113.33	$142.74	$104.95	$11.40	92.6%	31.0%	1.88	29,810	0.97

Notable Metrics

HIGHEST

OAR: Select-Service	Marketwide Income per Room	Marketwide Income per Room
15th	16th	16th
Favorable	Above Average	Above Average
Washington State Area, WA enjoyed favorable OAR metrics in the select–service segment (8.6%)	The market enjoyed a high ratio of marketwide income per room ($2,580,350)	The market also enjoyed a high ratio of marketwide income per room ($2,580,350)

LOWEST

T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	Feeder Group Earnings per sold room
102nd	101st	91st
Soft	Soft	Soft
This market has been hindered by weak T12–month loyalty contribution (31.1%)	The market has been hindered by weak latest–quarter loyalty contribution (31.0%)	Washington State Area, WA also has low feeder group earnings per sold room ($5,983,692)

Notable Trends

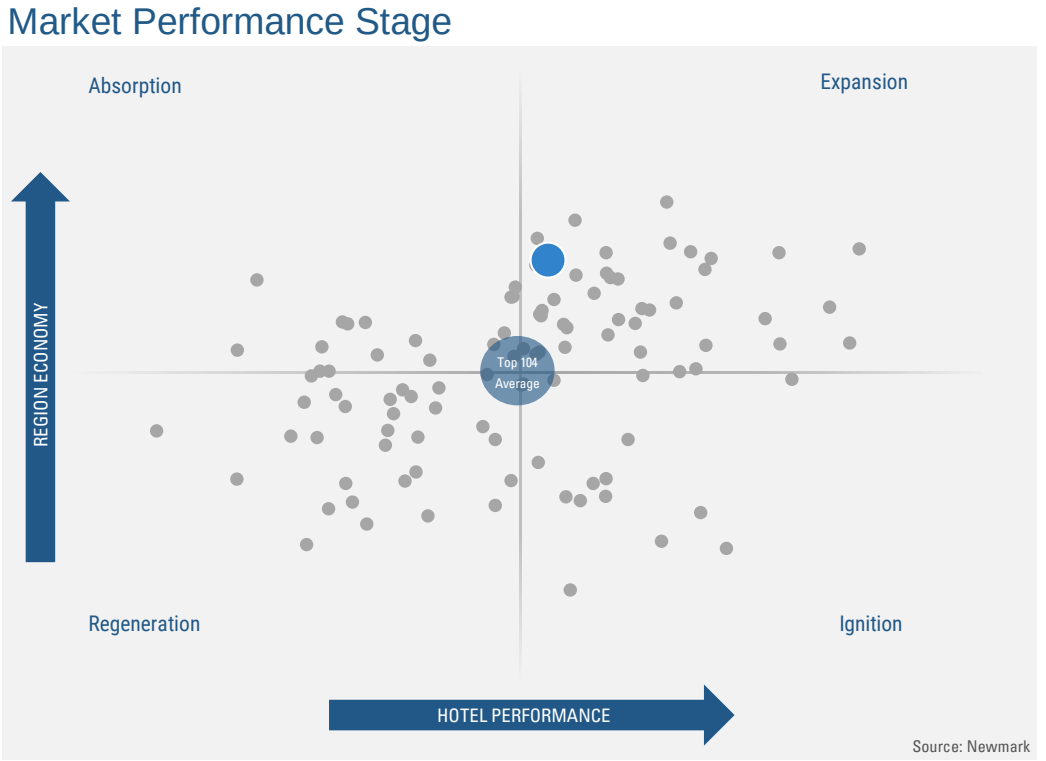
STRONGEST

Short-Term Historical Occupancy Growth	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Guest Paid ADR Growth
6th	7th	8th
Strong	Strong	Strong
Washington State Area, WA has benefited from strong short–term historical occupancy growth (6.8%)	The market exhibited strong long–term historical loyalty contribution growth (5.7%)	The market also exhibited strong short–term historical Guest Paid ADR growth (5.5%)

WEAKEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	T12-Month Rooms Supply Growth
100th	93rd	80th
Soft	Soft	Below Average
The market exhibited high long–term historical booking costs POR growth (5.2%)	We note this area has been impeded by high short–term historical growth in booking costs (5.3%)	Washington State Area, WA also has been hindered by high rooms supply growth over the last 12 months (1.3%)

Market Performance Stage



Source: Newmark

Washington State Area, WA: Expansion Stage

Expansion

The Washington State Area, WA 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:	**Mid Expansion**
Employment Growth (2 yr):	1.2%
Risk Exposure (402 US markets):	42nd Percentile: Average Risk
Key Industry Notes:	Large healthcare industry
	High industrial diversity
	Low cost of doing business
	Low wage industries
	Low income and high living costs

Moody's Rating

Aa1

Investment Grade

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

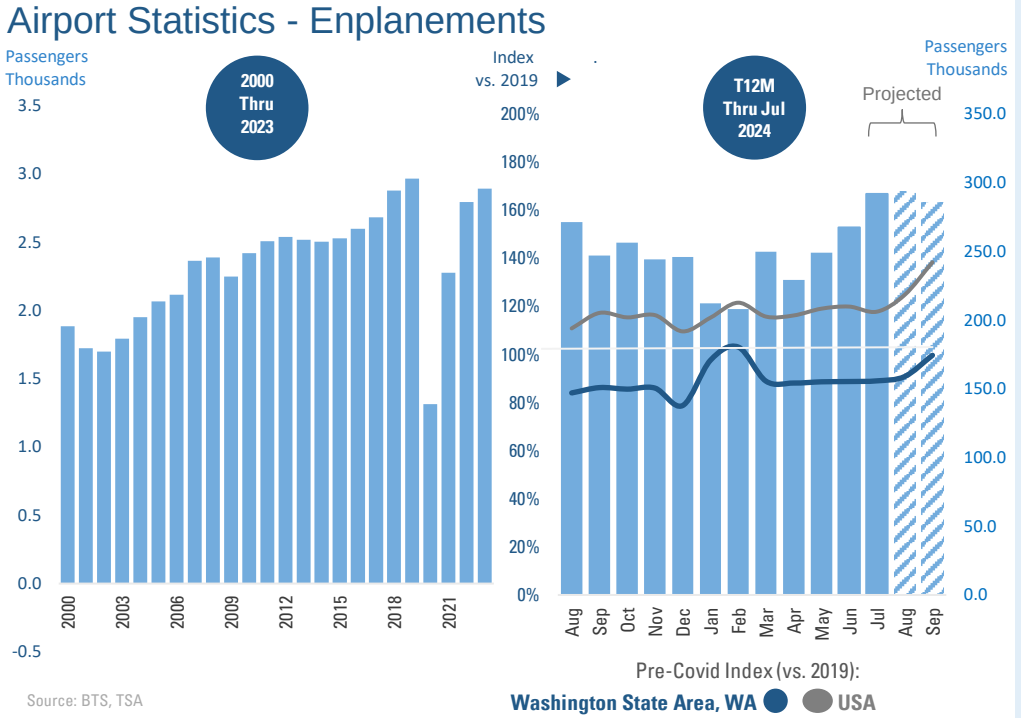
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

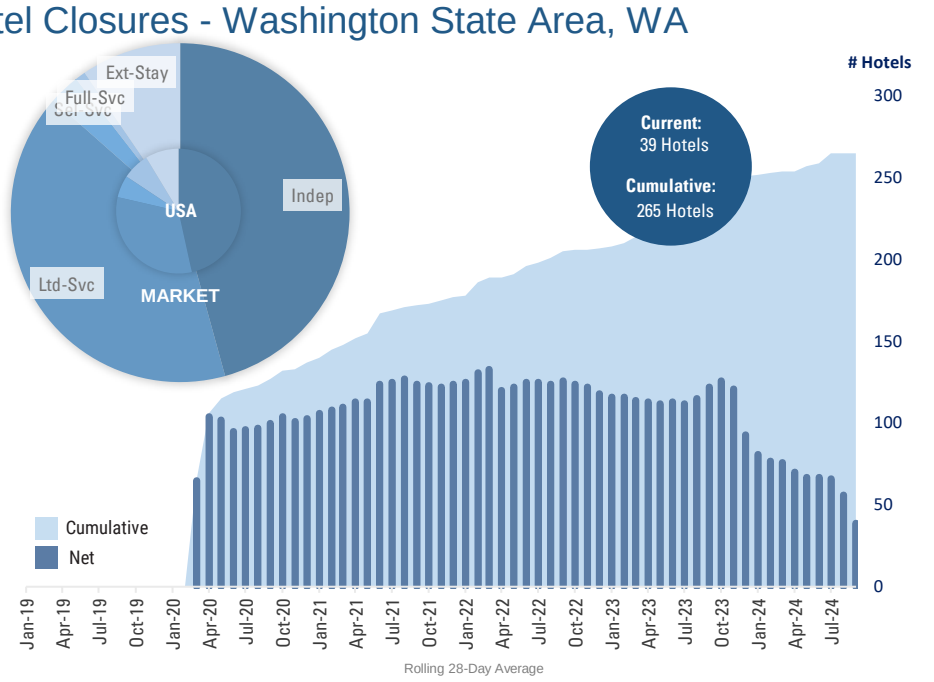
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH NOVEMBER 2024

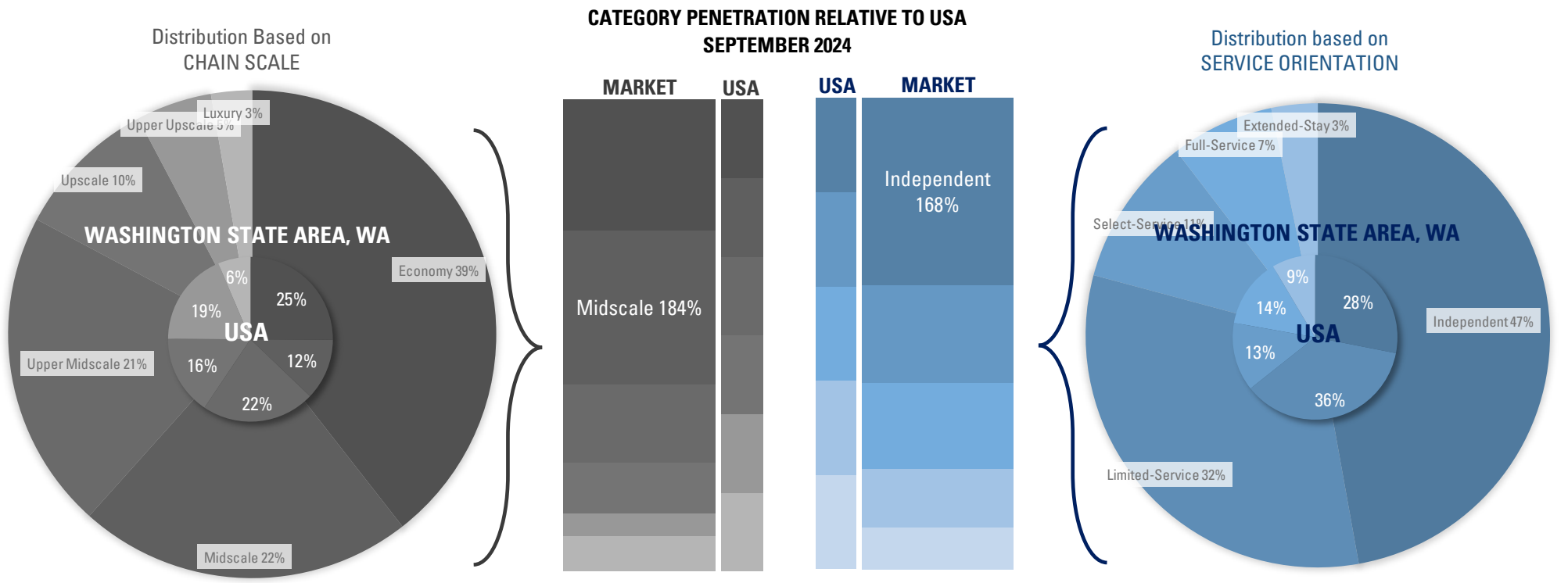
Hotel Closures - Washington State Area, WA



Source: Hotel Compete

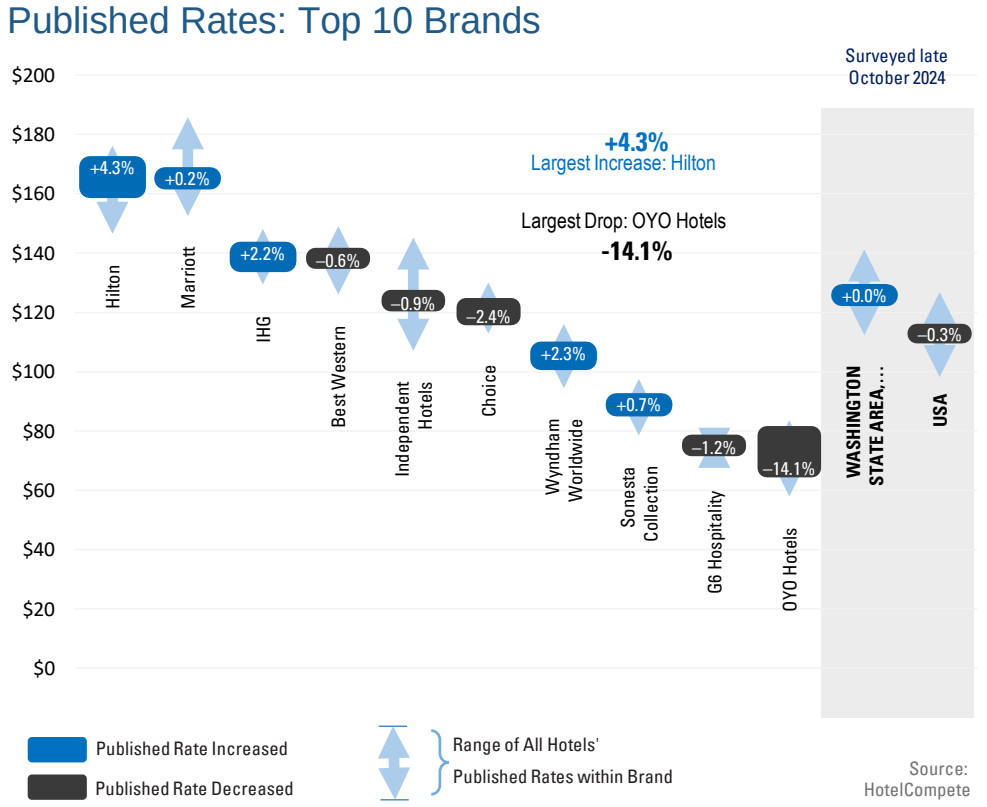
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Washington State Area, WA



'30/3' RATE CHANGES: WASHINGTON STATE AREA, WA vs. USA

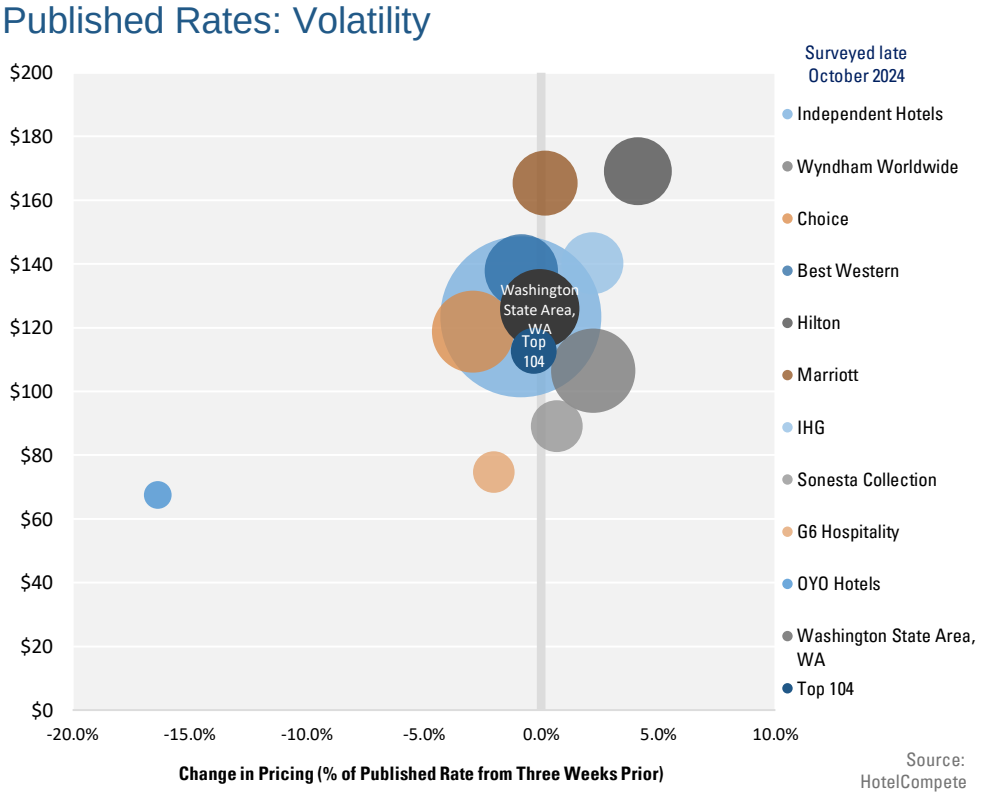
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



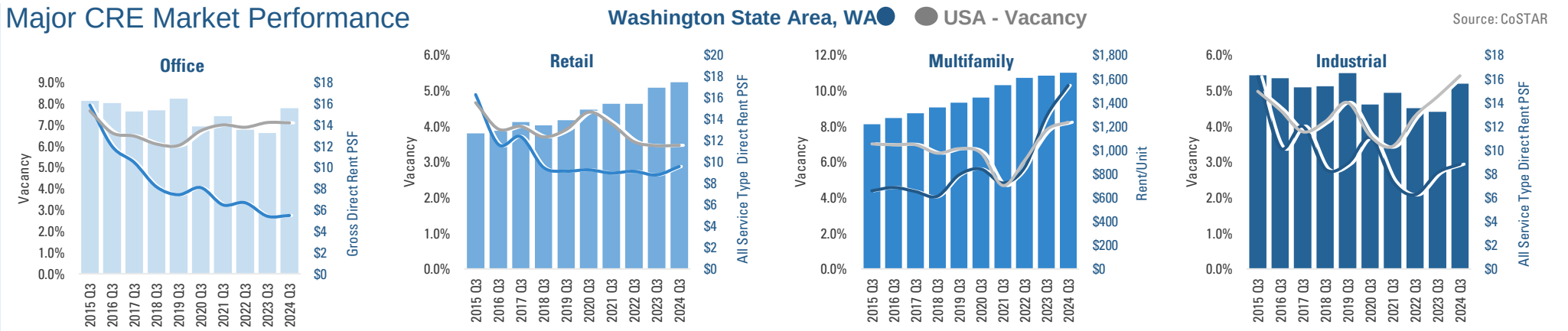
Source: HotelCompete

MAJOR C.R.E. METRICS

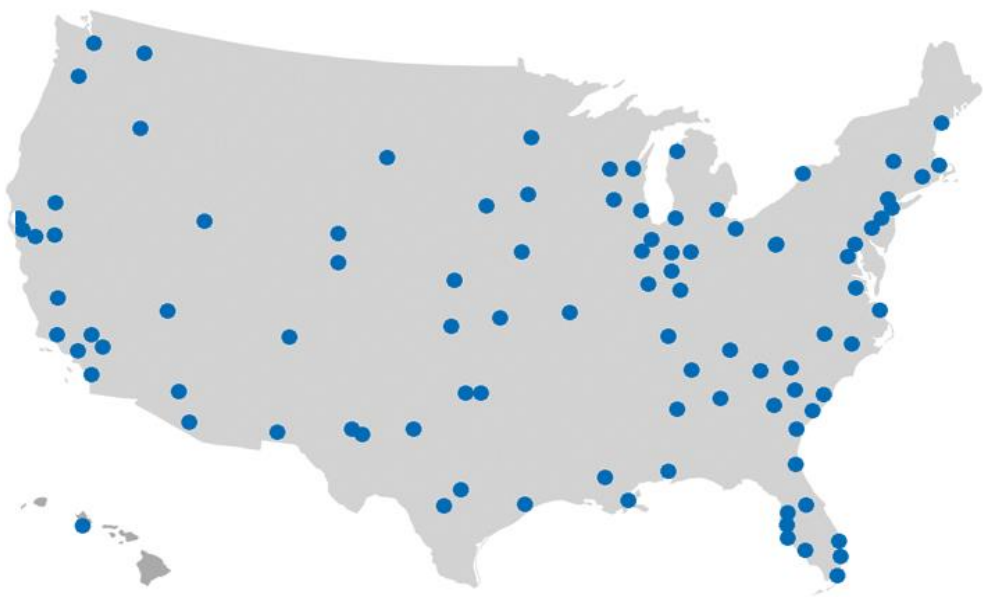
Major CRE Market Performance

Washington State Area, WA 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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Golf Courses

Marinas

Ski and Village Resorts

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We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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