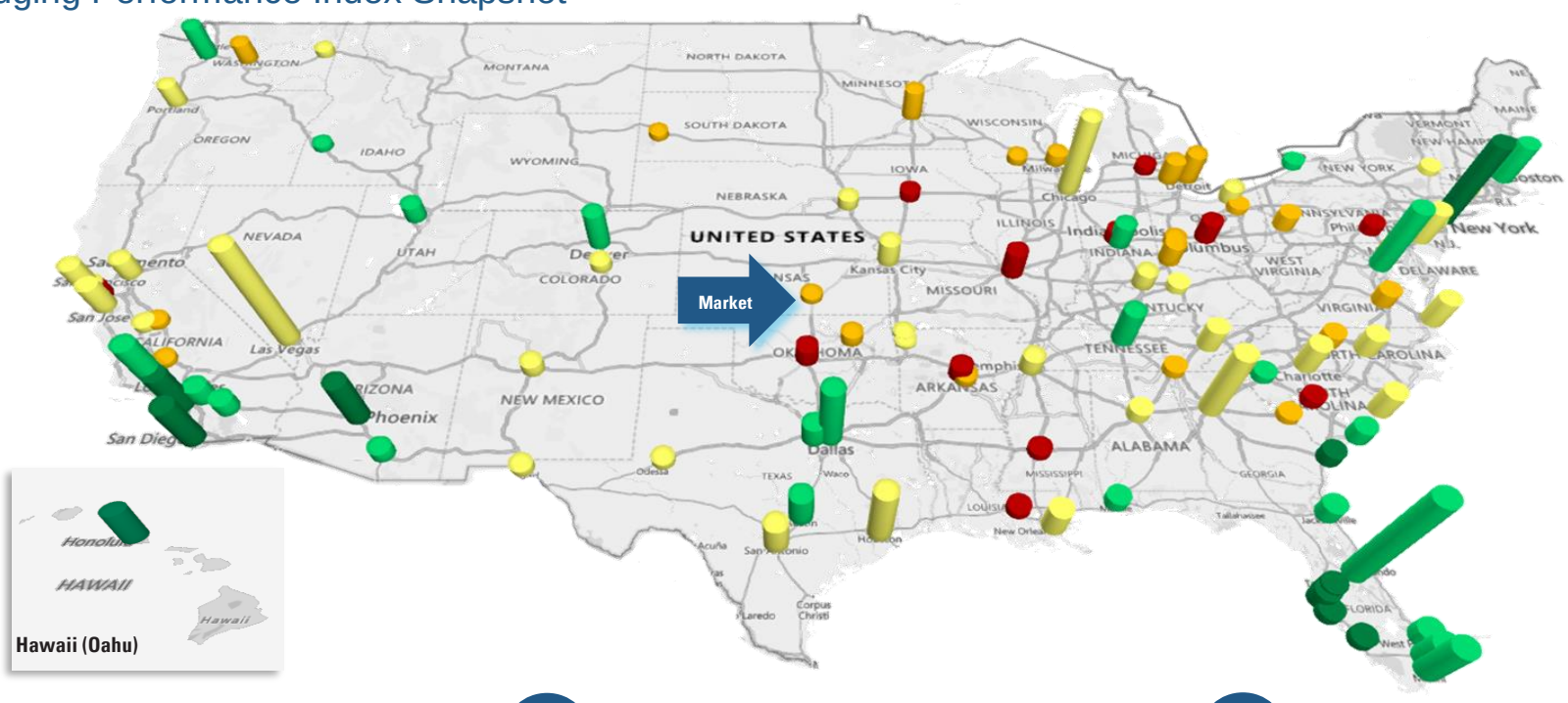
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

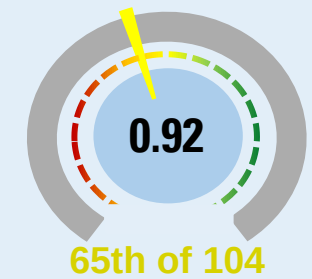
4Q 2023
WICHITA, KS

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Wichita, KS

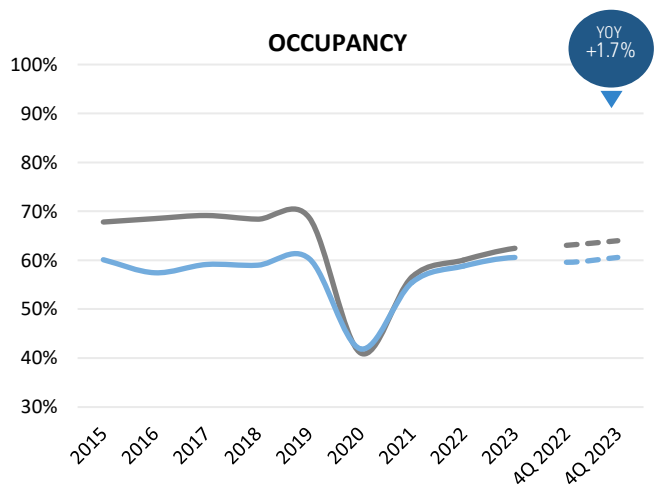


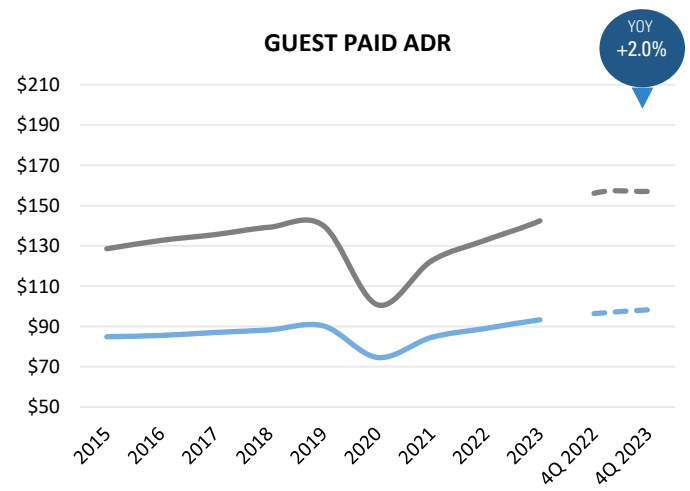
65th of 104

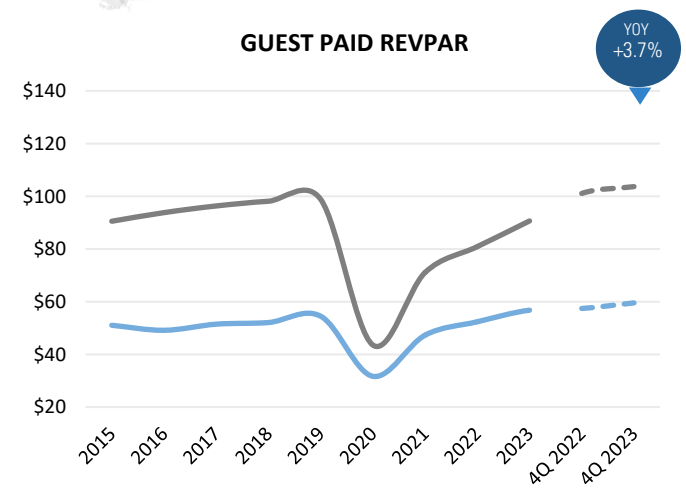
Average

Ranking of overall '4Q 2023 LPI' performance (0.92) against all 104 surveyed markets.

KEY PERFORMANCE METRICS





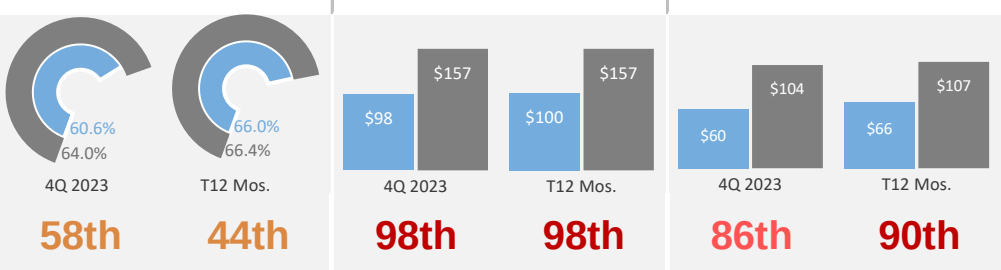


Top 104 — Wichita, KS

PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

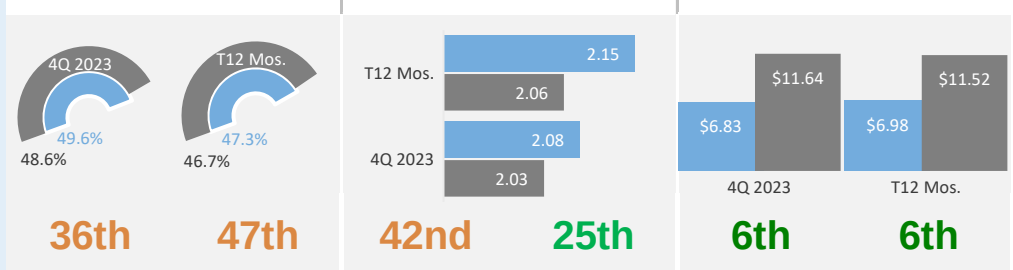


Occupancy 4Q 2023	Occupancy T12 Mos.	Guest Paid ADR 4Q 2023	Guest Paid ADR T12 Mos.	Guest Paid RevPAR 4Q 2023	Guest Paid RevPAR T12 Mos.
58th	44th	98th	98th	86th	90th

BENCHMARK INDEXES

Key Benchmark Indexes

kalibri LABS

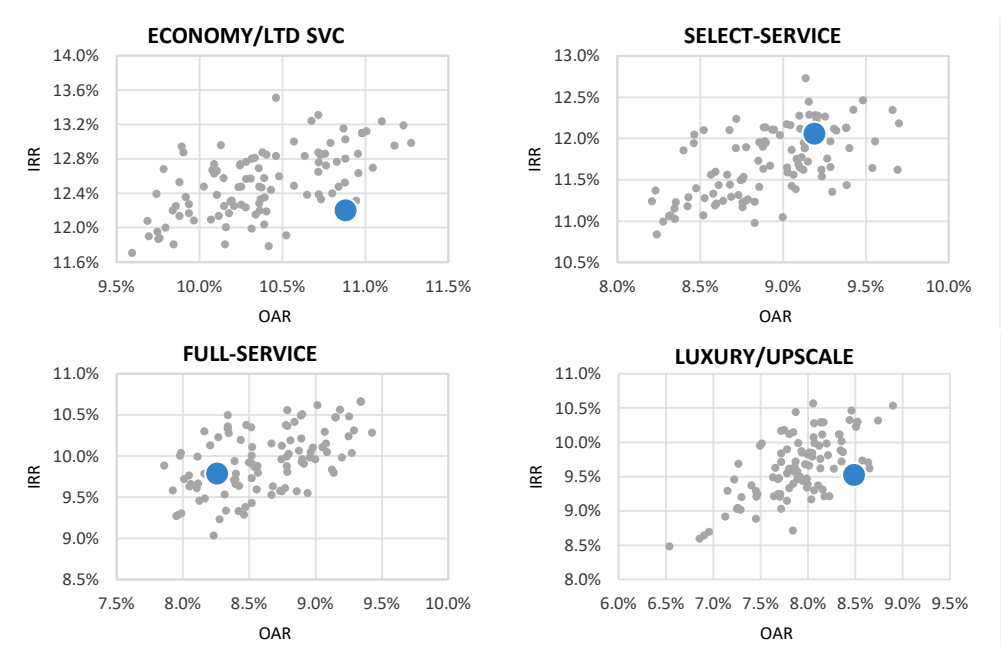


Loyalty Contribution 4Q 2023	Loyalty Contribution T12 Mos.	Avg. Length of Stay 4Q 2023	Avg. Length of Stay T12 Mos.	Booking Costs POR 4Q 2023	Booking Costs POR T12 Mos.
36th	47th	42nd	25th	6th	6th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

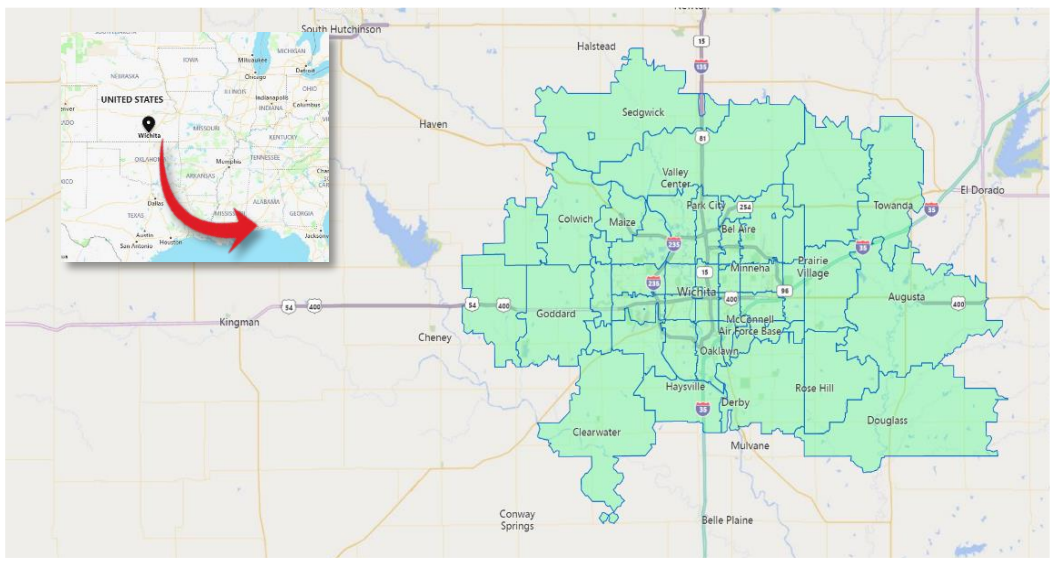
Revenue Stability	Supplier Power Trend	Investment Yields
22nd	**48th**	**58th**
Above Average	Average	Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking 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
75th	**57th**	**23rd**
Below Average	Average Risk	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:	Wichita
County:	Sedgwick County
State:	Kansas
Geo Coordinates (market center):	37.69224, -97.33754

Major Hotel Demand Generators

Spirit AeroSystems Inc. | Textron Aviation | McConnell AFB | Via Christi Regional Medical Center | Koch Industries Inc. | Dillons Food Stores | Wesley Medical Center | Wichita State University | Bombardier Aerospace | Catholic Diocese of Wichita | Johnson Controls Inc. | AGCO Corp.-Hesston Operations | Boeing Integrated Defense Systems | Robert J. Dole VA Medical Center | Excel Industries -- Hesston | Cox Communications Inc. | Cargill Meat Solutions | T-Mobile USA | Protection One | Intrust Bank

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	494,873	83rd of 104 (Below Average)
Income per Capita	$48,982	54th of 104 (Average)
Feeder Group Size	87 Persons PSR	70th of 104 (Below Average)
Feeder Group Earnings	$4,261,222 PSR	73rd of 104 (Below Average)
Total Market COPE	$208.5 million	101st of 104 (Soft)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	60.1%	$84.91	$51.04	$78.83	$47.38	$6.08	92.8%	47.4%	2.00	8,640	0.53
2016	57.4%	$85.54	$49.14	$79.22	$45.50	$6.33	92.6%	48.8%	1.96	8,530	0.57
2017	59.1%	$87.02	$51.46	$80.08	$47.35	$6.94	92.0%	51.9%	1.92	8,650	0.56
2018	59.0%	$88.27	$52.08	$81.30	$47.96	$6.97	92.1%	53.4%	1.96	8,850	0.72
2019	60.3%	$90.30	$54.48	$83.24	$50.23	$7.06	92.2%	56.8%	1.96	8,490	0.65
2020	41.9%	$74.61	$31.67	$69.57	$29.14	$5.04	93.2%	42.8%	2.18	8,590	0.91
2021	55.5%	$84.61	$47.29	$78.66	$43.62	$5.95	93.0%	44.0%	2.02	8,680	0.65
2022	58.8%	$89.03	$52.37	$82.75	$48.67	$6.28	92.9%	44.1%	2.04	8,710	0.86
2023	60.6%	$93.31	$56.77	$86.72	$52.53	$6.58	92.9%	44.2%	2.07	8,750	0.92
CAGR: 2015 thru 2022	0.1%	1.2%	1.3%	1.2%	1.3%	1.0%	0.0%	-0.9%	0.4%	0.2%	7.0%
4Q 2022	59.6%	$96.36	$57.42	$89.57	$53.37	$6.79	93.0%	45.1%	2.10	8,850	0.86
4Q 2023	60.6%	$98.27	$59.53	$91.45	$55.39	$6.83	93.1%	49.6%	2.08	8,690	0.92

Notable Metrics

HIGHEST

Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR	OAR: Full-Service
6th	**6th**	**23rd**
Strong	**Strong**	**Favorable**
Wichita, KS enjoyed low latest-quarter booking costs POR ($6.83)	The market enjoyed low T12-month booking costs POR ($6.98)	The market also posted favorable OAR metrics in the full-service segment (8.3%)

LOWEST

Total Rooms Sold	T12-Month COPE ADR	T12-Month Guest Paid ADR
98th	**98th**	**98th**
Soft	**Soft**	**Soft**
This market has been hindered by weak total rooms sold (2,076,295)	The market has been hindered by weak T12-month COPE ADR ($93.45)	Wichita, KS also exhibited weak T12-month Guest Paid ADR ($100.42)

Notable Trends

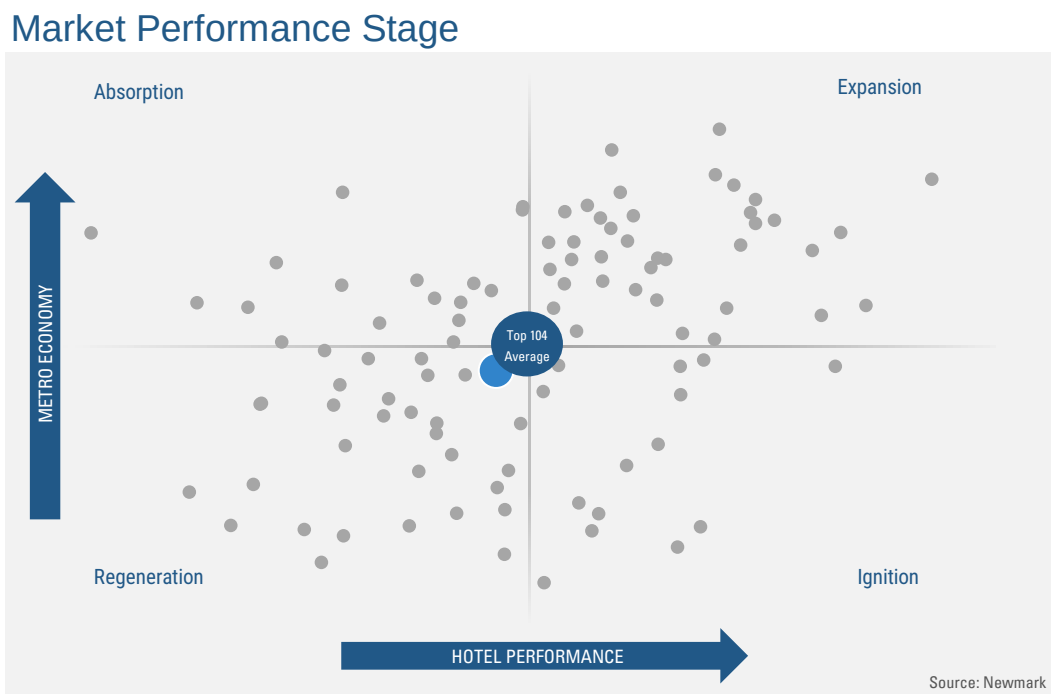
FASTEST

Long-Term Historical LPI Growth	Short-Term Historical LPI Growth	Short-Term Historical Occupancy Growth
5th	**5th**	**16th**
Strong	**Strong**	**Above Average**
Wichita, KS enjoyed strong long-term historical LPI growth (7.0%)	The market has benefited from strong short-term historical LPI growth (9.5%)	The market also has benefited from strong short-term historical occupancy growth (1.3%)

SLOWEST

Short-Term Historical Loyalty Contribution Growth	Short-Term Historical Supply Growth	Long-Term Historical COPE ADR Growth
93rd	**86th**	**83rd**
Soft	**Below Average**	**Below Average**
The market has been hindered by weak short-term historical loyalty contribution growth (1.8%)	We note this area has been burdened by high short-term historical supply growth (0.1%)	Wichita, KS also posted weak long-term historical COPE ADR growth (1.7%)

Market Performance Stage



Source: Newmark

Wichita, KS: Regeneration Stage

Regeneration

The Wichita, KS market is currently in the 'Regeneration' stage of the performance cycle. In this 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.

Other Stages:

Ignition

In the 'Ignition' 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.

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.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	5.3%
Risk Exposure (402 US markets):	25th Percentile: Below Average
Key Industry Notes:	Manufacturing, defense Low cost of doing business Affordable housing Low employment diversity Below average earnings

Moody's Rating

Aaa

Investment Grade

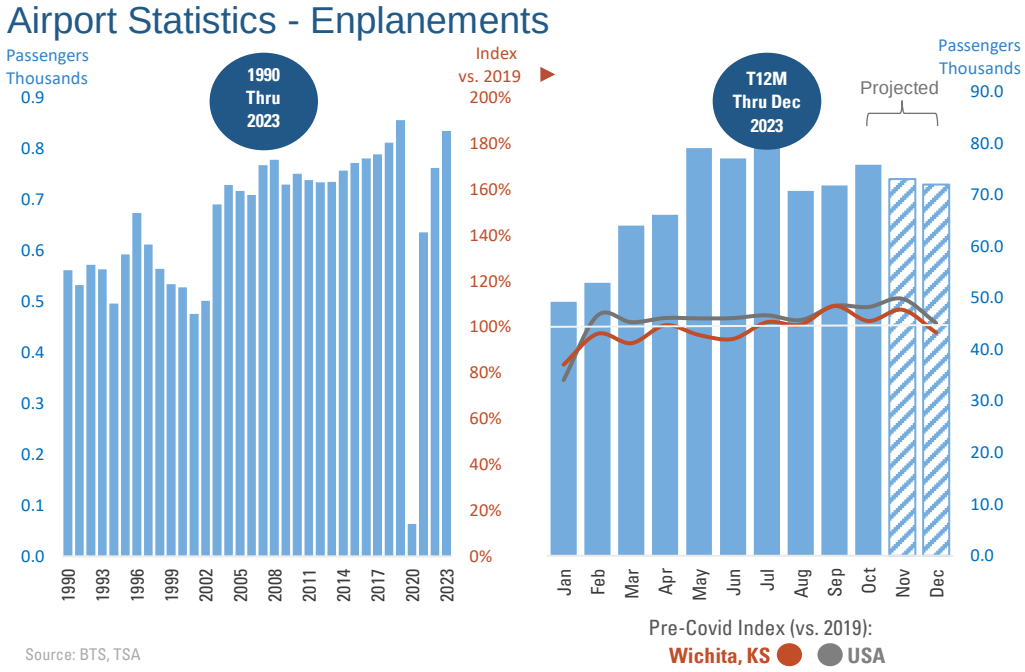
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

Source: Newmark

WICHITA, KS: ALL LOCAL

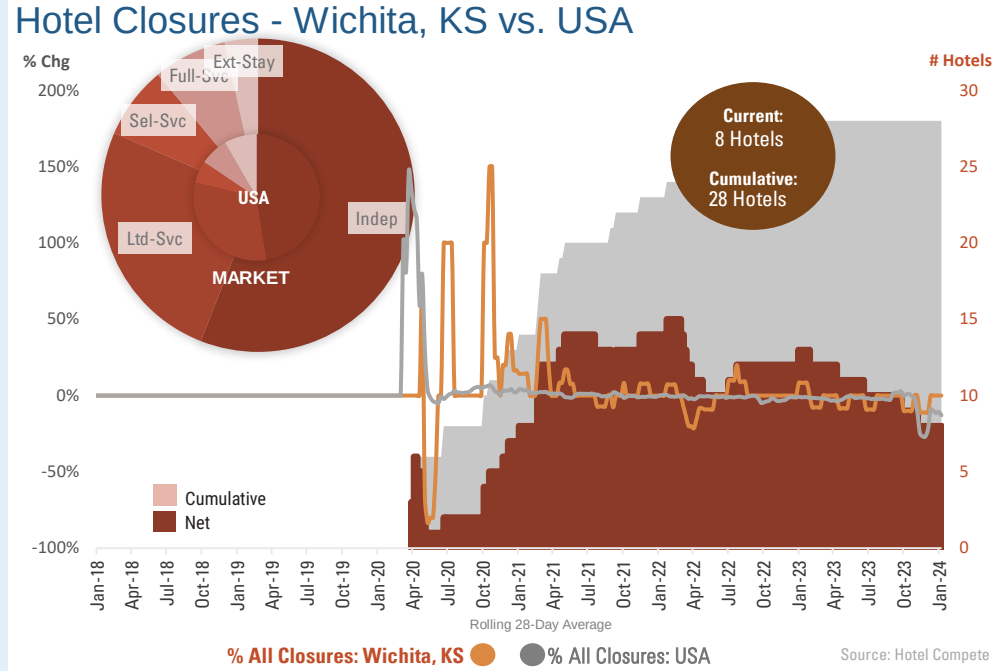
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

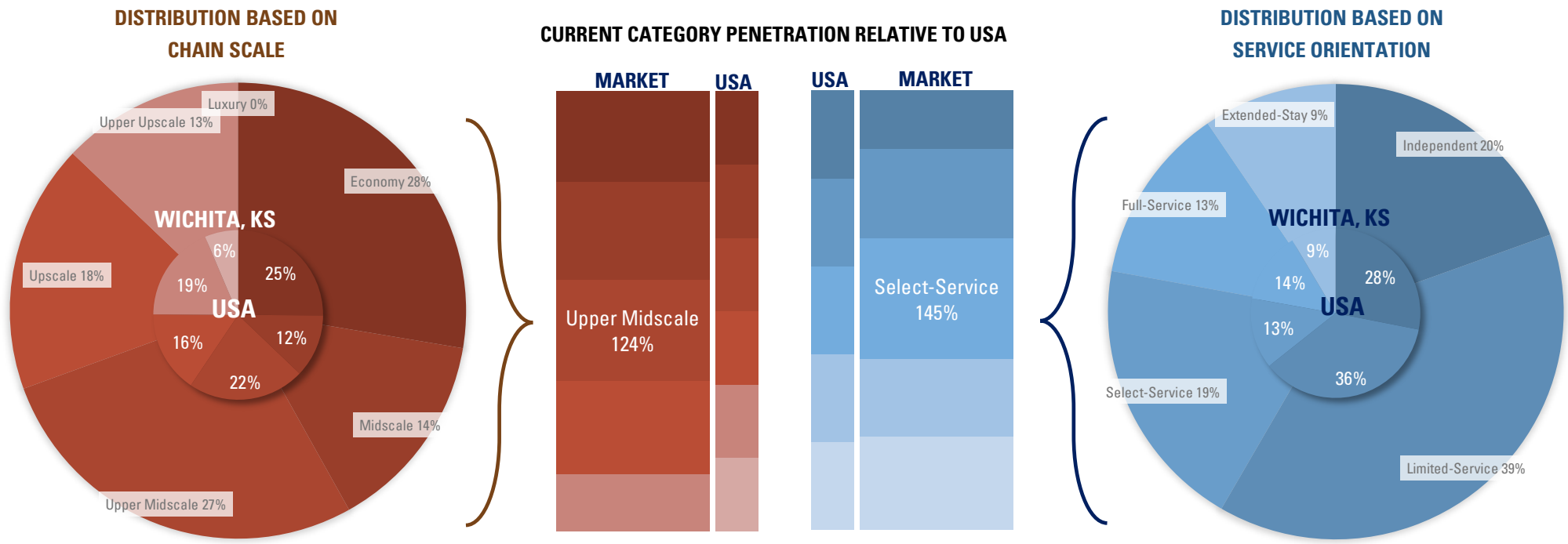
Hotel Closures - Wichita, KS vs. USA



Source: Hotel Compete

SCALE AND SERVICE ORIENTATION

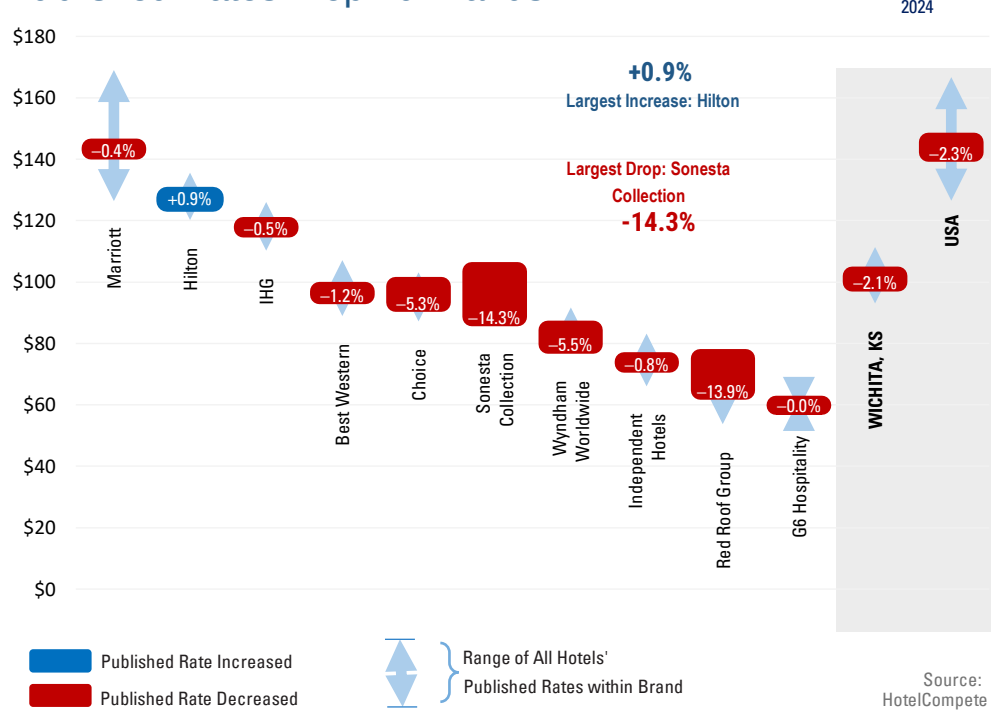
Scale and Service Distribution: Wichita, KS



'30/3' RATE CHANGES

Published Rates: Top 10 Brands

Surveyed late January 2024

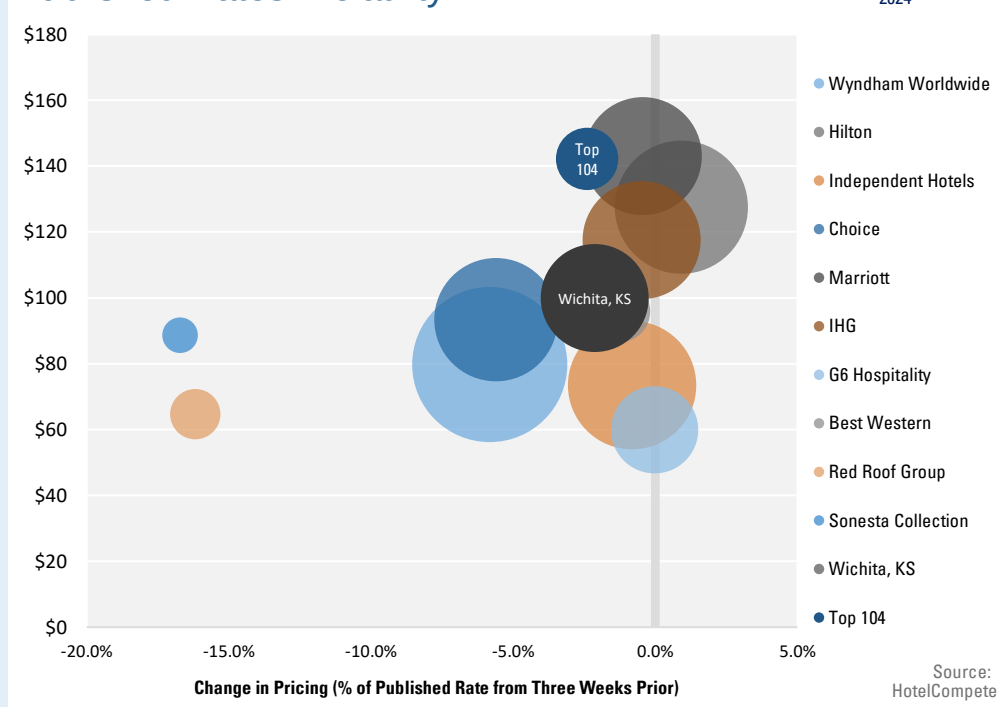


Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

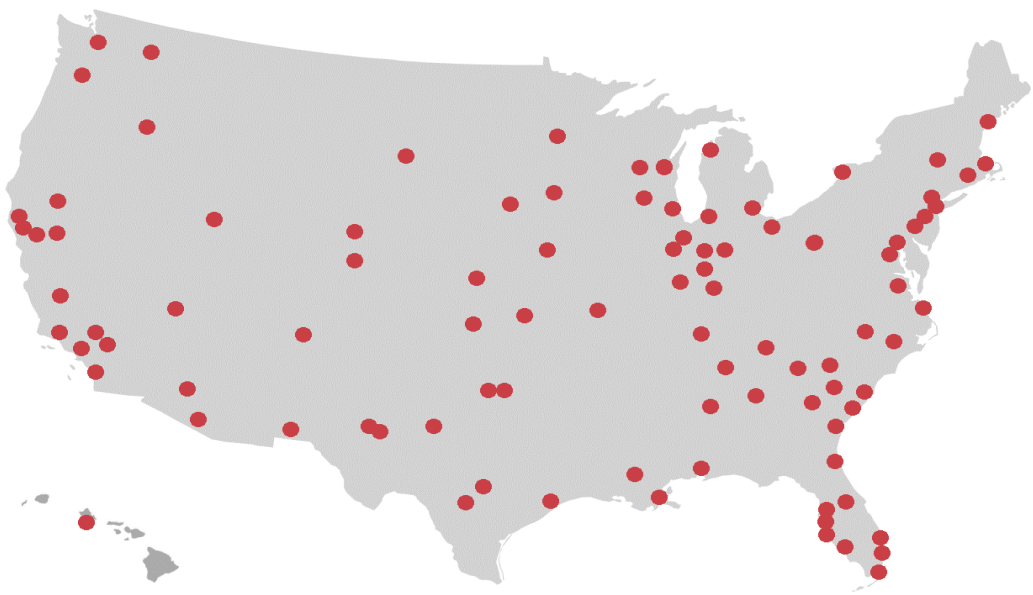
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
103rd	**42nd**	**68th**
Soft	**Average**	**Below Average**
The 30-day advanced published rate for the market was a very conservative $99.93, ranking 103rd out of 104 markets. (Guest-Paid ADR ranked a very conservative 98th at $98.27 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 2.1% 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 1.7% higher than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
87th	**102nd**	**77th**
Below Average	**Soft**	**Elevated**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Wichita, KS has a soft spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Wichita, KS's top 10 brands are exhibiting elevated 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
- Arenas, Stadiums and Sports Facilities
- Conference, Expo and Convention Centers
- Golf Courses
- Marinas
- Ski and Village Resorts
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Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

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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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