



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Austin, TX

Fundamentals Dashboard

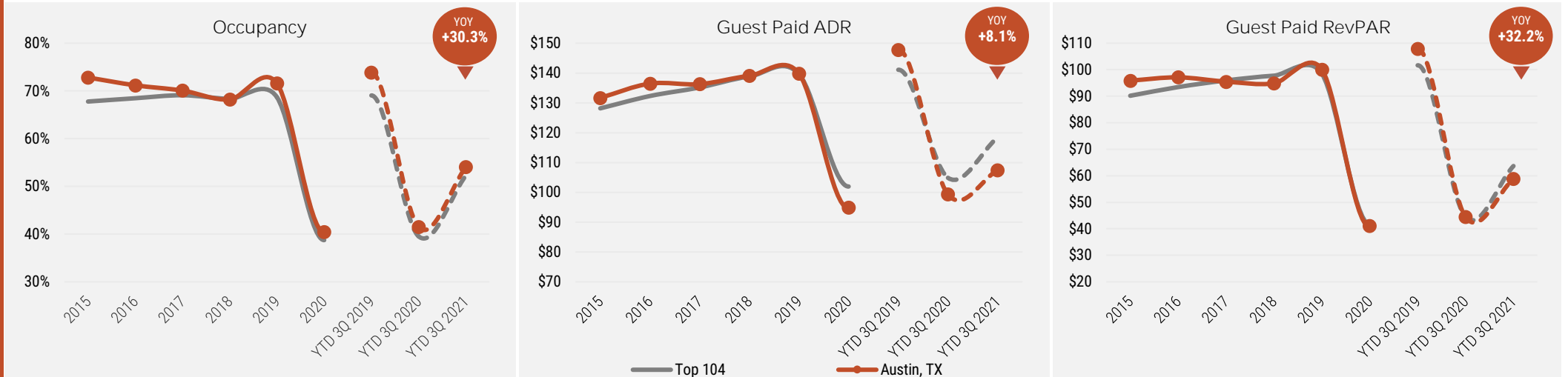
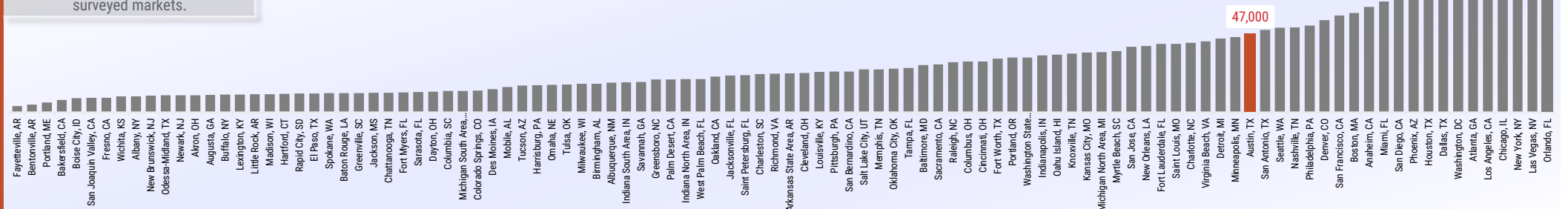
Lodging Performance Index

58th of 104

Average

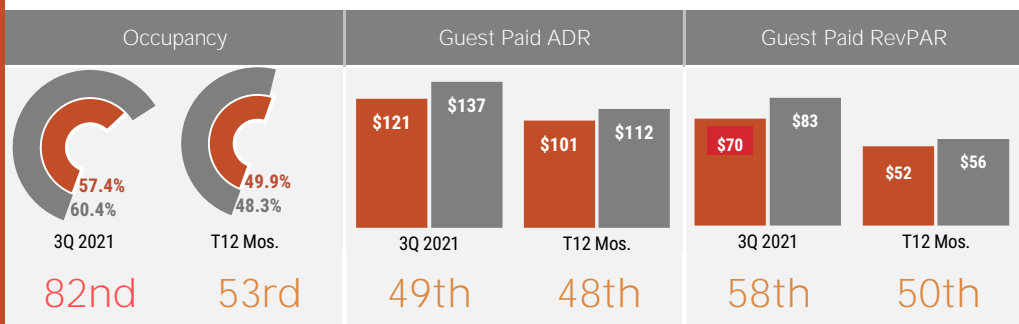
Ranking of overall '3Q 2021 LPI' performance (0.91) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



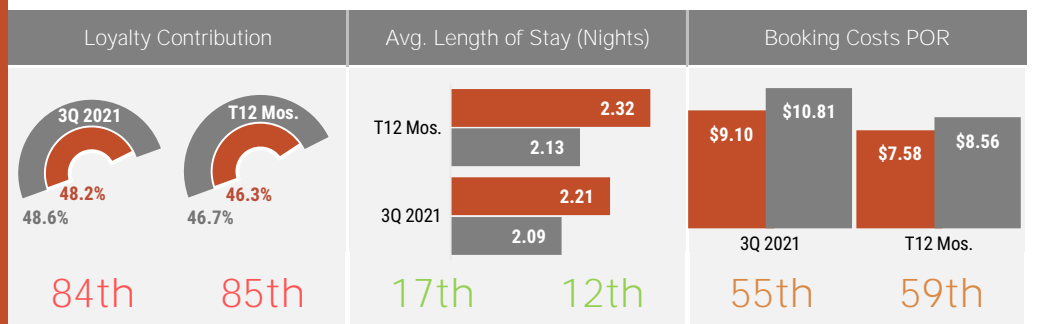
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



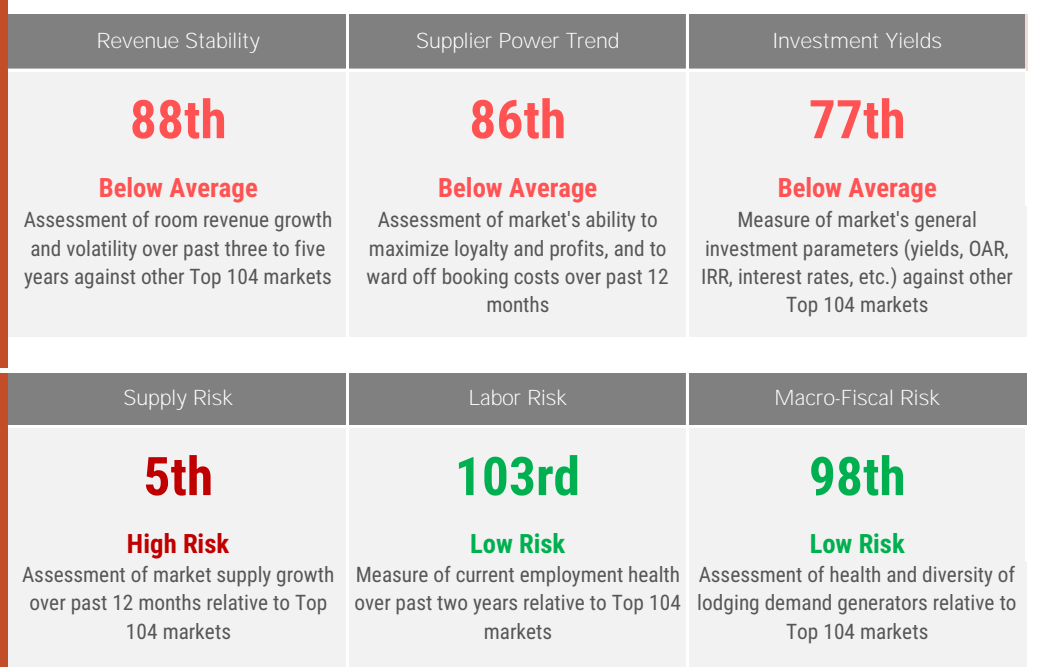
Discount and Capitalization Rates

Source: Newmark

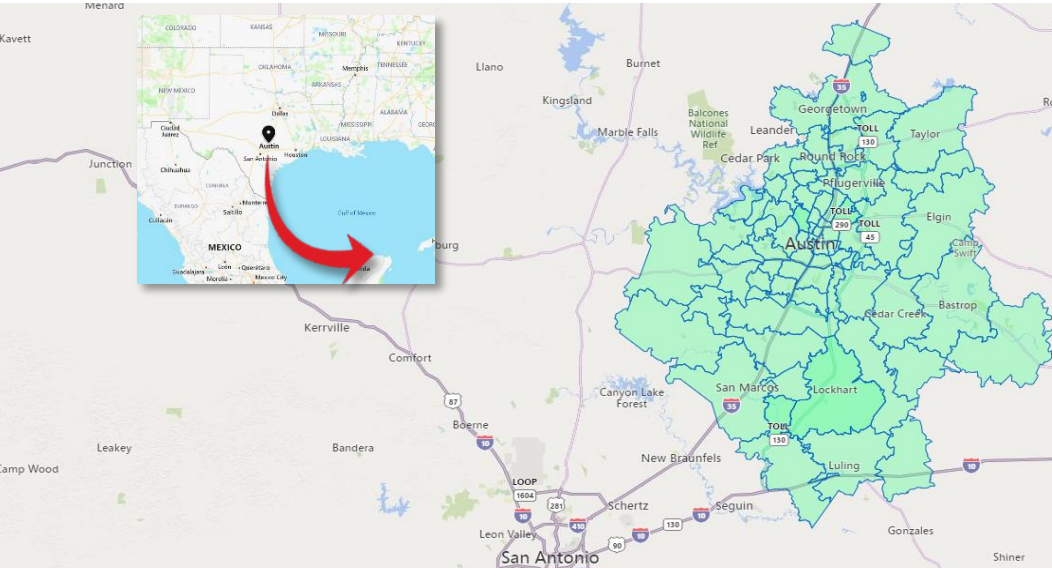


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

| | | |
|--|--|---|
| Jurisdictional Information | | Source: US Census Bureau, Dept. of Labor Statistics |
| Municipal Name: | Austin | |
| County: | Bastrop County, Hays County, Travis County, and others | |
| State: | Texas | |
| Geo Coordinates (market center): | 30.30116, -97.7527 | |
| Major Hotel Demand Generators | | |
| University of Texas at Austin Dell Inc. Seton Healthcare Network Walmart Inc. St. David's Healthcare Samsung Austin Semiconductor Apple Computer IBM Corp. Texas State University - San Marcos Austin Community College NXP Semiconductors Applied Materials AT&T National Instruments Whole Foods Market Keller Williams Realty Accenture Flextronics International Lower Colorado River Authority Spectrum | | |
| Metrics and Ranking | | Measurements |
| Population (hotel market area) | 1,671,201 | Rankings |
| Income per Capita | \$63,717 | 33rd of 104 (Above Average) |
| Feeder Group Size | 73.2 Persons PSR | 10th of 104 (Above Average) |
| Feeder Group Earnings | \$4,666,462 PSR | 34th of 104 (Above Average) |
| Total Market COPE | \$840.9 million | 52nd of 104 (Average) |
| | | 25th of 104 (Above Average) |

Key Performance Metrics

| YEAR ENDING | | Guest Paid | | COPE* | | Booking Cost | ADR COPE* | Loyalty | Avg. Length of Stay (Nights) | Supply (Available Rms) | Performance Index (LPI) |
|----------------------|--|------------|----------|----------|----------|--------------|-----------|---------|------------------------------|------------------------|-------------------------|
| | | Occ % | ADR | RevPAR | ADR | RevPAR | POR | % | % | | |
| 2015 | | 72.8% | \$131.69 | \$95.89 | \$121.29 | \$88.32 | \$10.40 | 92.1% | 42.1% | 33,100 | 1.45 |
| 2016 | | 71.2% | \$136.46 | \$97.13 | \$125.29 | \$89.18 | \$11.17 | 91.8% | 45.1% | 34,800 | 1.16 |
| 2017 | | 70.1% | \$136.29 | \$95.50 | \$124.98 | \$87.58 | \$11.31 | 91.7% | 48.5% | 36,500 | 1.16 |
| 2018 | | 68.2% | \$139.05 | \$94.84 | \$127.46 | \$86.94 | \$11.58 | 91.7% | 51.8% | 38,500 | 1.20 |
| 2019 | | 71.6% | \$139.82 | \$100.09 | \$128.30 | \$91.85 | \$11.52 | 91.8% | 55.7% | 42,300 | 1.42 |
| 2020 | | 40.4% | \$94.90 | \$40.99 | \$87.76 | \$35.48 | \$7.15 | 92.5% | 44.8% | 44,200 | 0.90 |
| CAGR: 2015 thru 2020 | | -11.1% | -6.3% | -15.6% | -6.3% | -16.7% | -7.2% | 0.1% | 1.2% | 6.0% | -9.0% |
| YTD 3Q 2019 | | 73.9% | \$147.73 | \$107.87 | \$135.39 | \$98.86 | \$12.34 | 91.6% | 53.1% | 41,000 | 1.31 |
| YTD 3Q 2020 | | 41.4% | \$99.29 | \$44.46 | \$91.81 | \$41.02 | \$7.48 | 92.5% | 44.6% | 42,900 | 1.23 |
| YTD 3Q 2021 | | 54.0% | \$107.37 | \$58.76 | \$99.32 | \$54.34 | \$8.06 | 92.5% | 46.6% | 46,300 | 0.91 |
| % Change | | 30.3% | 8.1% | 32.2% | 8.2% | 32.5% | 7.7% | 0.0% | 4.5% | 7.9% | -26.3% |

*COPE: Contribution to Operating Profit and Expenses. Metrics do not account for Sales and Marketing Spend.

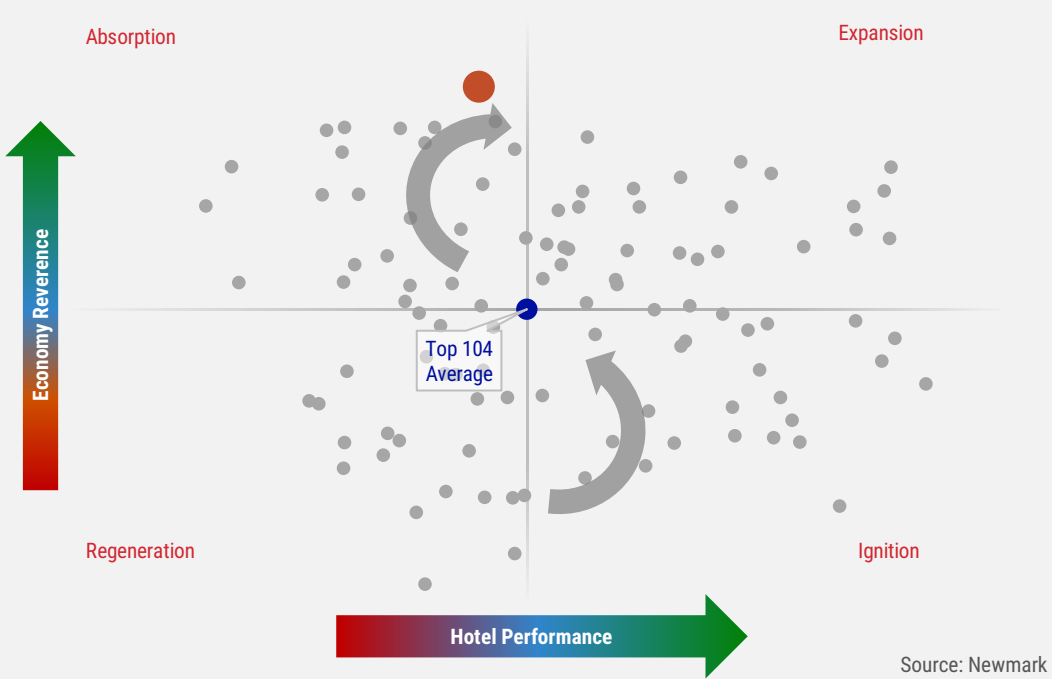
Notable Metrics

| HIGHEST | Economy Median Income | T12-Month Average Length of Stay | Latest-Quarter Average Length of Stay |
|---------|---|---|--|
| | 10th Above Average Austin, TX exhibited strong Economy Median Income (\$63,717) | 12th Above Average The market benefited from strong T12-month average length of stay (2.32 Nights) | 17th Above Average The market also boasted strong latest-quarter average length of stay (2.21 Nights) |
| LOWEST | OAR: Luxury/Upscale | IRR: Luxury/Upscale | OAR: Full-Service |
| | 98th Highly Unfavorable This market exhibited unfavorable OAR metrics in the luxury/upscale segment (7.7%) | 95th Highly Unfavorable The market posted unfavorable IRR metrics in the luxury/upscale segment (9.9%) | 92nd Highly Unfavorable Austin, TX also posted unfavorable OAR metrics in the full-service segment (7.9%) |

Notable Trends

| FASTEST | General Economy Relevance | Short-Term Historical Supply Growth | Short-Term Historical Booking Costs POR Growth |
|---------|--|--|---|
| | 1st Strong Austin, TX enjoyed strong general economic relevance (per-capita unemployment, GDP and other indicators) | 5th Strong The market has benefited from low short-term historical supply growth (5.8%) | 9th Strong The market also enjoyed low short-term historical growth in booking costs (-8.1%) |
| SLOWEST | Long-Term Historical Supply Growth | T12-Month Rooms Supply Growth | Long-Term Historical COPE ADR Growth |
| | 104th Soft The market has been burdened by high long-term historical supply growth (6.1%) | 100th Soft We note this area has been hindered by high rooms supply growth over the last 12 months (7.8%) | 96th Soft Austin, TX also posted weak long-term historical COPE ADR growth (-2.9%) |

Market Performance Stage



Austin, TX: Absorption Stage

The Austin, TX market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Anaheim, CA; Boston, MA; and Charlotte, NC.

Other Stages:

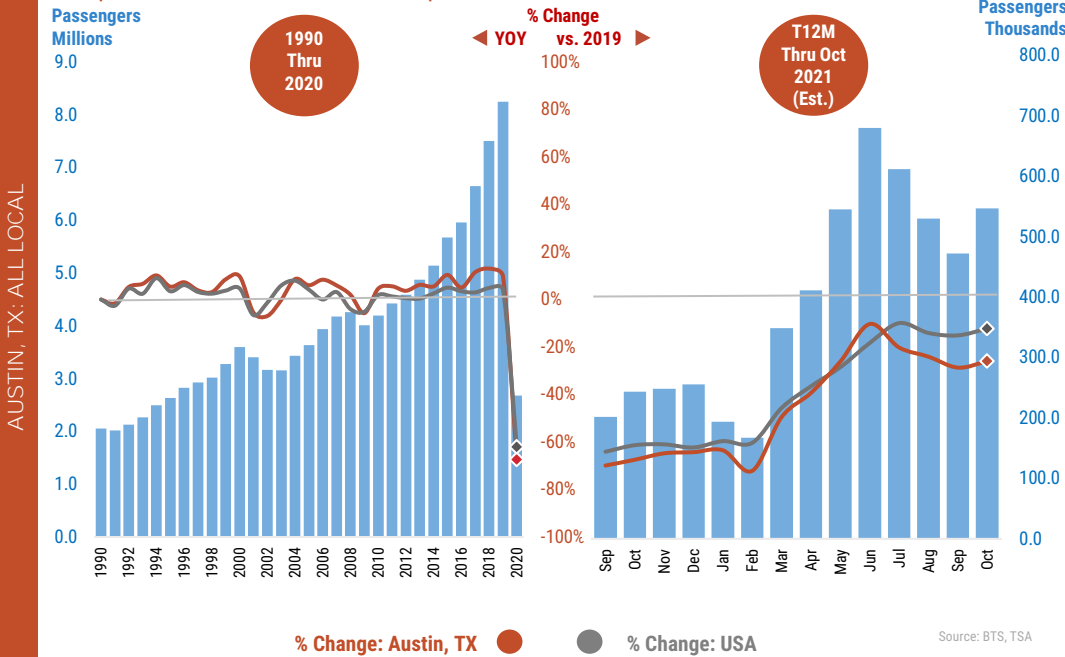
| Regeneration | In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Cincinnati, OH; Detroit, MI; and New Orleans, LA. |
|--------------|--|
| Ignition | In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Knoxville, TN; Miami, FL; and Michigan North Area, MI. |
| Expansion | In the 'Expansion' stage, hotels generally perform adequately and in an economy with resilience and higher confidence the economy will recover from the COVID-19 crisis. Barriers to entry are low, displacement demand is high, and the market typically experiences an expansion of both hotel supply and general economic conditions. Example markets in this stage include Atlanta, GA; Fort Lauderdale, FL; and Fort Worth, TX. |

Industry Observations

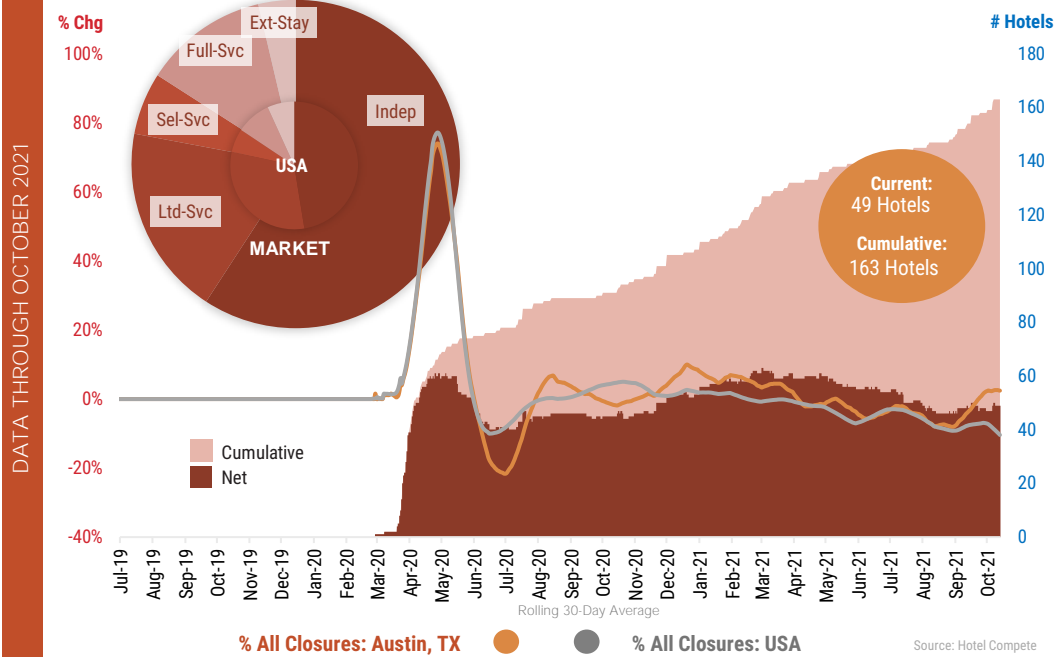
| | | |
|--|---|---|
| Business Cycle: | In Expansion | Moody's Rating Aaa Investment Grade Long-term investment grade, Prime-1 short-term outlook |
| Employment Growth (2 yr): | 2.2% | |
| Risk Exposure (402 US markets): | 4th Percentile: Low Risk | |
| Key Industry Notes: | College town, high tech Strong population growth Well-educated labor force Foreign high-tech business High cost of living | |
| | | |



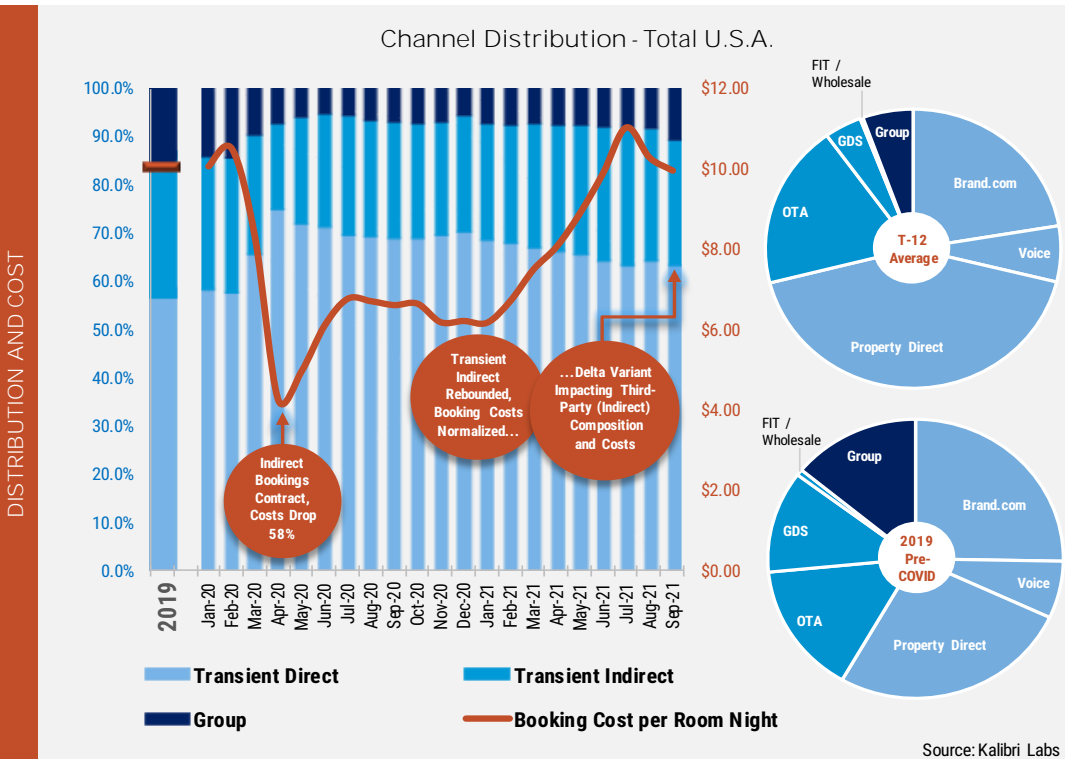
Airport Statistics - Enplanements



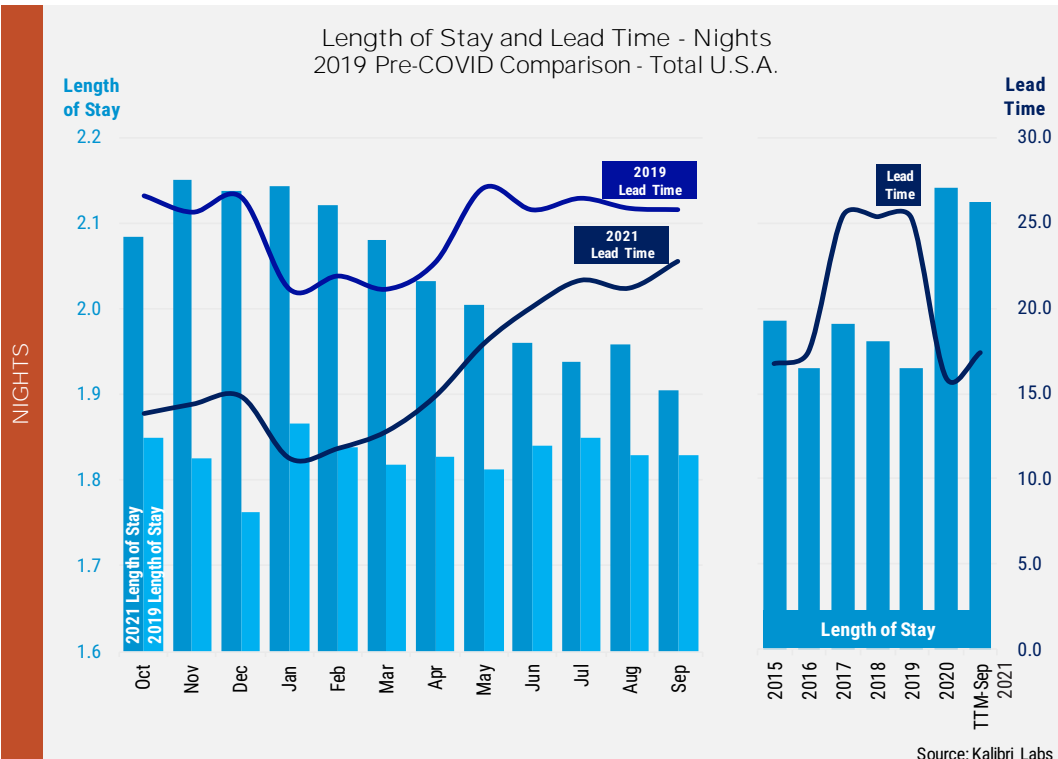
Hotel Closures - Austin, TX vs. USA



National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Nsights Report 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 | Jackson, MS | Odessa-Midland, TX | Spokane, WA |
| Chattanooga, TN | Jacksonville, FL | Oklahoma City, OK | Tampa, FL |
| Chicago, IL | Kansas City, MO | Omaha, NE | Tucson, AZ |
| Cincinnati, OH | Knoxville, TN | Orlando, FL (Non-Disney) | Tulsa, OK |
| Cleveland, OH | Las Vegas, NV (Non-Strip) | Palm Desert, CA | Virginia Beach, VA |
| Colorado Springs, CO | Lexington, KY | Philadelphia, PA | Washington State Area, WA |
| Columbia, SC | Little Rock, AR | Phoenix, AZ | Washington, DC |
| Columbus, OH | Los Angeles, CA | Pittsburgh, PA | West Palm Beach, FL |
| Dallas, TX | | Portland, ME | Wichita, KS |

MARKET DISCLAIMERS

Las Vegas, NV; Oahu, HI; Orlando, FL: market data based on actual reporting properties only. Excludes vast majority of casino properties and assets located within the "strip" district of Las Vegas, as well as the vast majority of Disney-associated assets, which comprises most of the Orlando market.

Total Supply The total supply figures are aggregated estimates from multiple third-party sources.

Air Passenger Statistics The latest two months are estimates based on daily national trends reported by TSA. These data are subject to revision.

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For more information:

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