VALUATION & ADVISORY
3Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice — Boston, MA

Fundamentals Dashboard

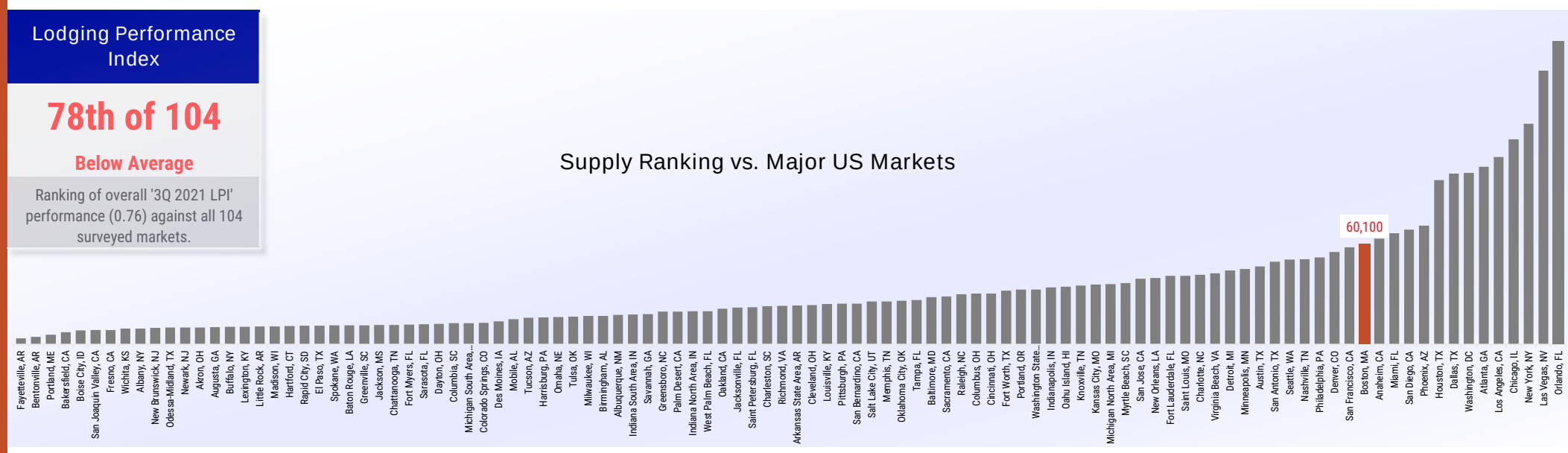
KEY PERFORMANCE METRICS

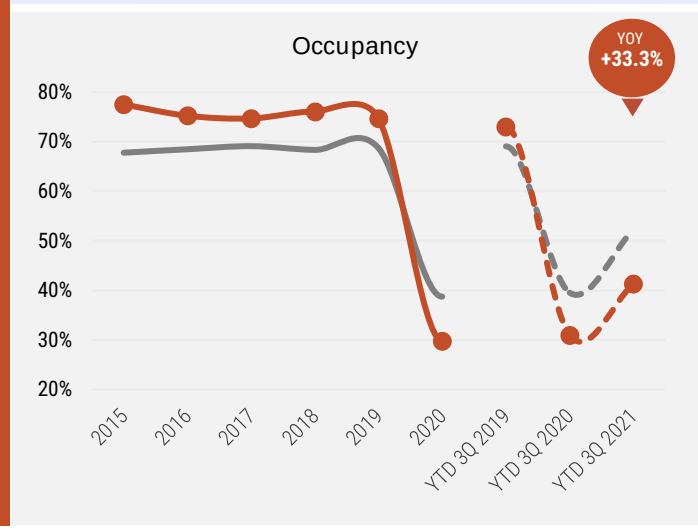
Lodging Performance Index

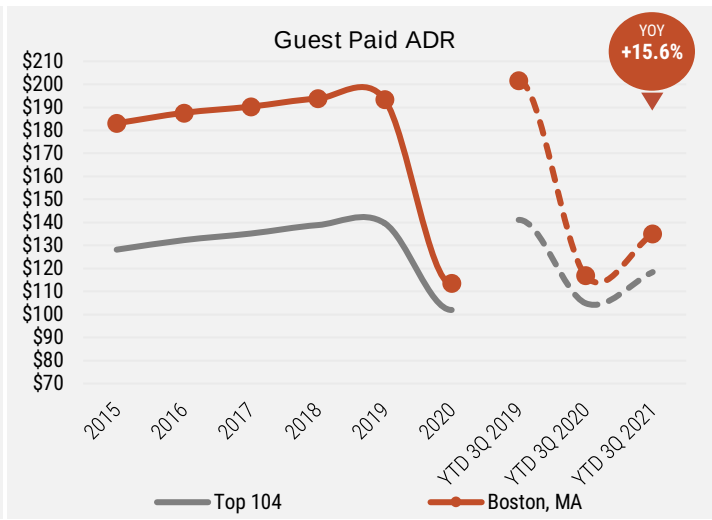
78th of 104

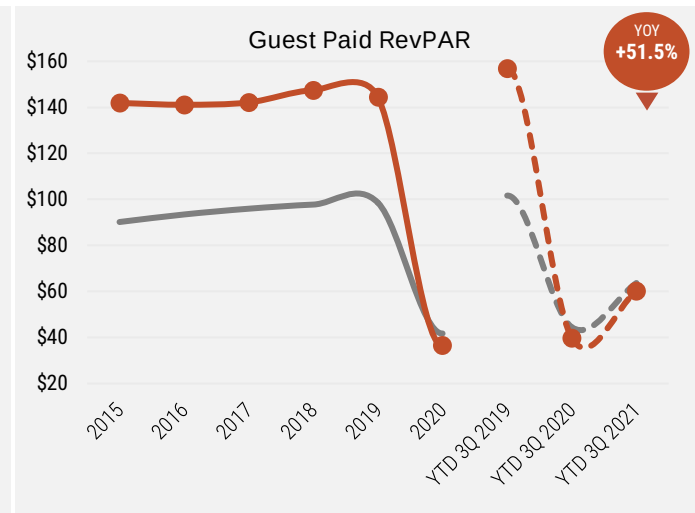
Below Average

Ranking of overall '3Q 2021 LPI' performance (0.76) against all 104 surveyed markets.









PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
3Q 2021	T12 Mos.	3Q 2021	T12 Mos.	3Q 2021	T12 Mos.
58.8% / 60.4%	37.5% / 48.3%	$177 / $137	$127 / $112	$104 / $83	$52 / $56
73rd	100th	9th	15th	17th	48th

BENCHMARK INDEXES

Key Benchmark Indexes

Data provided by: kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
3Q 2021	T12 Mos.	T12 Mos.	3Q 2021	3Q 2021	T12 Mos.
55.3% / 48.6%	50.1% / 46.7%	2.05 / 2.13	1.85 / 2.09	$14.13 / $10.81	$9.71 / $8.56
7th	45th	95th	64th	94th	89th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark

FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
65th	**47th**	**46th**
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

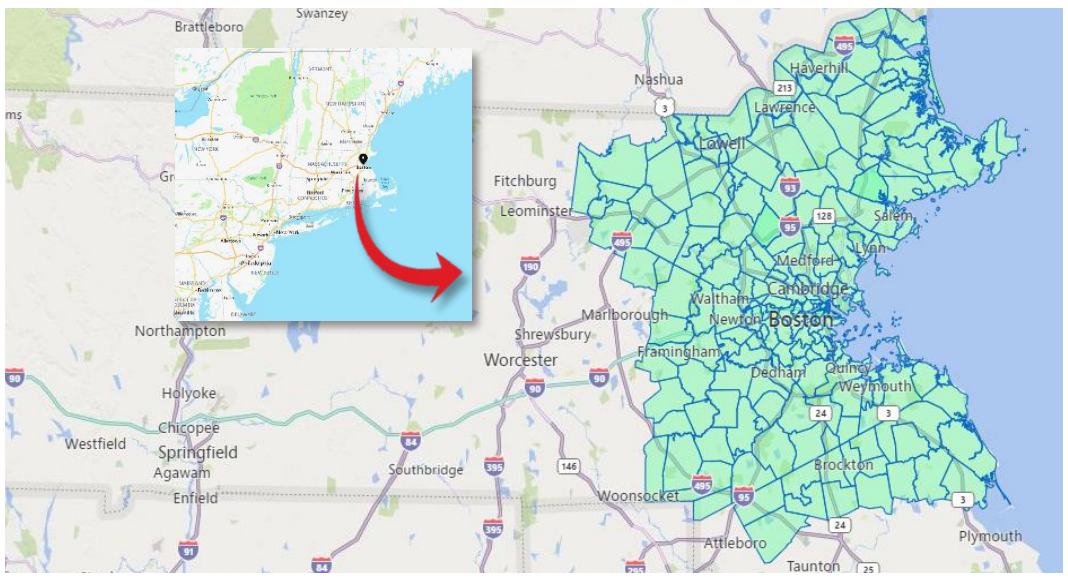
RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
40th	**40th**	**70th**
Average Risk	**Average Risk**	**Below 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 Hotel Market Nsights Report - 3Q 2021

Boston, MA

Location



Quick Facts

Source: US Census Bureau, Dept. of Labor Statistics

Jurisdictional Information

Municipal Name:	Boston
County:	Suffolk County
State:	Massachusetts
Geo Coordinates (market center):	42.35843, -71.05977

Major Hotel Demand Generators

Partners HealthCare | University of Massachusetts | Stop & Shop Supermarket Co. | Steward Health Care System | Beth Israel Deaconess Medical Center | State Street Corp. | Children's Hospital Boston | Massachusetts General Hospital | Brigham & Women's Hospital | Boston University | Boston Medical Center | Liberty Mutual Insurance Co. | Tufts Medical Center | Northeastern University | Fidelity Investments | Bank of America | Dana-Farber Cancer Institute Inc. | Santander Bank | John Hancock Financial | AlliedBarton Security Services

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	3,620,408	10th of 104 (Large)
Income per Capita	$62,021	12th of 104 (Above Average)
Feeder Group Size	162.8 Persons PSR	95th of 104 (Soft)
Feeder Group Earnings	$10,095,887 PSR	100th of 104 (Soft)
Total Market COPE	$1.0 billion	19th of 104 (Above Average)

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	77.5%	$183.10	$141.91	$167.90	$130.13	$15.20	91.7%	49.6%	2.04	47,500	1.60
2016	75.2%	$187.61	$141.14	$171.58	$129.08	$16.03	91.5%	52.2%	1.91	48,800	1.20
2017	74.7%	$190.31	$142.15	$173.73	$129.76	$16.59	91.3%	53.6%	1.86	50,100	1.23
2018	76.1%	$193.78	$147.45	$177.97	$135.42	$15.81	91.8%	54.3%	1.87	52,000	1.48
2019	74.7%	$193.39	$144.41	$177.53	$132.56	$15.86	91.8%	59.5%	1.73	58,000	1.14
2020	29.8%	$113.45	$36.58	$105.35	$31.35	$8.10	92.9%	48.8%	2.32	59,800	0.75
CAGR: 2015 thru 2020	**-17.4%**	**-9.1%**	**-23.7%**	**-8.9%**	**-24.8%**	**-11.8%**	**0.3%**	**-0.3%**	**2.6%**	**4.7%**	**-14.0%**
YTD 3Q 2019	73.0%	$201.48	$156.89	$184.78	$143.90	$16.70	91.7%	57.4%	1.72	55,900	1.14
YTD 3Q 2020	30.9%	$116.77	$39.72	$108.44	$36.71	$8.32	92.9%	49.9%	2.36	58,000	0.92
YTD 3Q 2021	41.2%	$134.98	$60.17	$124.51	$55.46	$10.47	92.2%	51.5%	1.99	59,200	0.76
% Change	**33.3%**	**15.6%**	**51.5%**	**14.8%**	**51.1%**	**25.7%**	**-0.7%**	**3.3%**	**-15.7%**	**2.1%**	**-17.1%**

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

Notable Metrics

HIGHEST

Latest-Quarter Loyalty Contribution	Latest-Quarter Guest Paid ADR	Latest-Quarter COPE ADR
7th	**9th**	**9th**
Strong	**Strong**	**Strong**
Boston, MA exhibited strong latest-quarter loyalty contribution (55.3%)	The market exhibited strong latest-quarter Guest Paid ADR ($177.21)	The market also exhibited strong latest-quarter COPE ADR ($163.08)

LOWEST

Feeder Group Earnings PSR	T12-Month Occupancy	Feeder Group Size
100th	**100th**	**95th**
Soft	**Soft**	**Soft**
This market has been hindered by weak feeder group earnings PSR ($10,095,887)	The market has been hindered by weak T12-month occupancy (37.5%)	Boston, MA also required a large feeder group size (162.78 Persons)

Notable Trends

FASTEST

General Economy Reverence	Short-Term Historical Loyalty Contribution Growth	Short-Term Historical Supply Growth
5th	**16th**	**23rd**
Strong	**Above Average**	**Above Average**
Boston, MA enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	The market enjoyed strong short-term historical loyalty contribution growth (1.2%)	The market also has benefited from low short-term historical supply growth (3.5%)

SLOWEST

Short-Term Historical LPI Growth	Long-Term Historical LPI Growth	Long-Term Historical Average Length of Stay Growth
98th	**98th**	**95th**
Soft	**Soft**	**Soft**
The market has been hampered by weak short-term historical LPI growth (-18.0%)	We note this area posted weak long-term historical LPI growth (-12.1%)	Boston, MA also exhibited weak long-term historical average length of stay growth (-1.2%)

Market Performance Stage

Source: Newmark

Boston, MA: Absorption Stage

Absorption

The Boston, MA 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; Austin, TX; 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

MOODY'S ANALYTICS

Business Cycle:	In Expansion
Employment Growth (2 yr):	0.8%
Risk Exposure (402 US markets):	84th Percentile: Above Average
Key Industry Notes:	Financial and medical center New England business capital Access to skilled labor Labor market stability High living costs

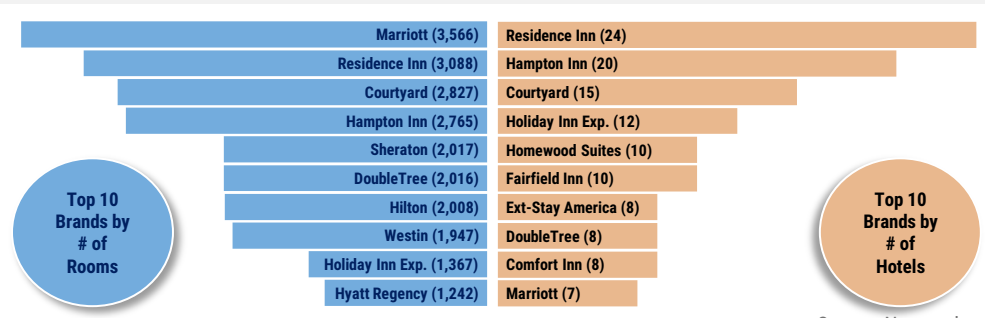
Moody's Rating

Aaa

Investment Grade

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

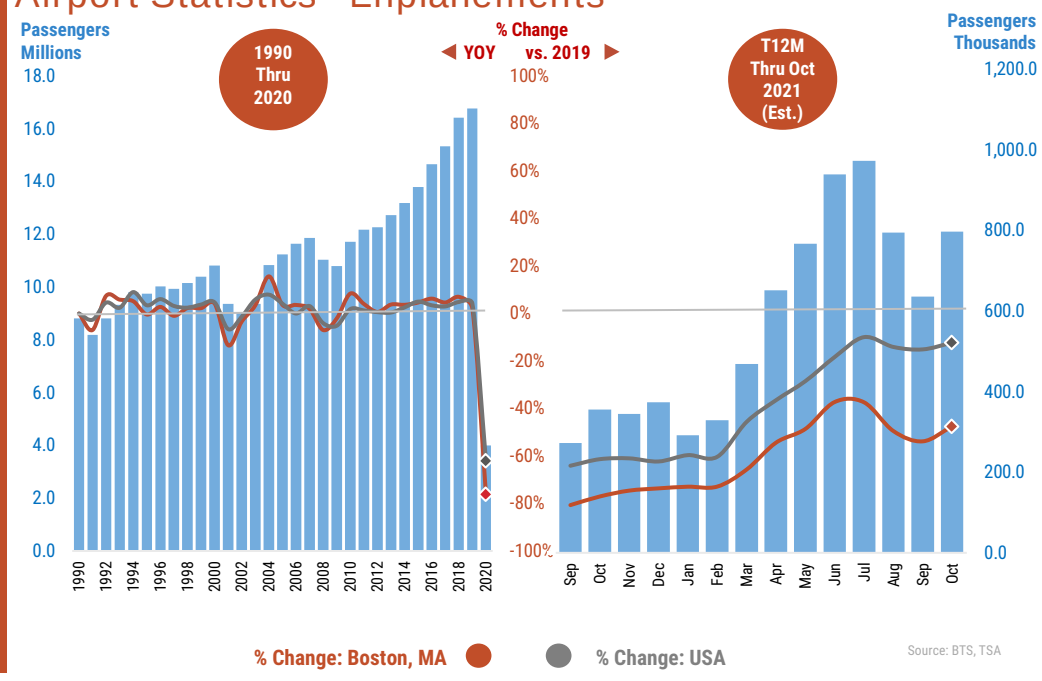
TOP 10 BRANDS



Source: Newmark

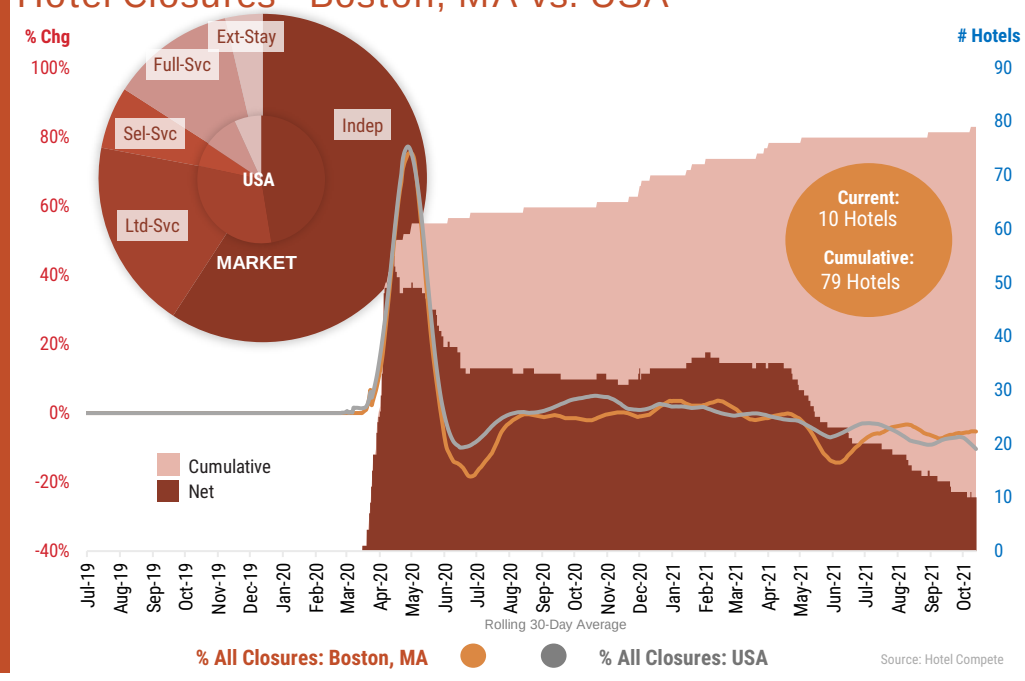
Airport Statistics - Enplanements

BOSTON, MA: ALL LOCAL



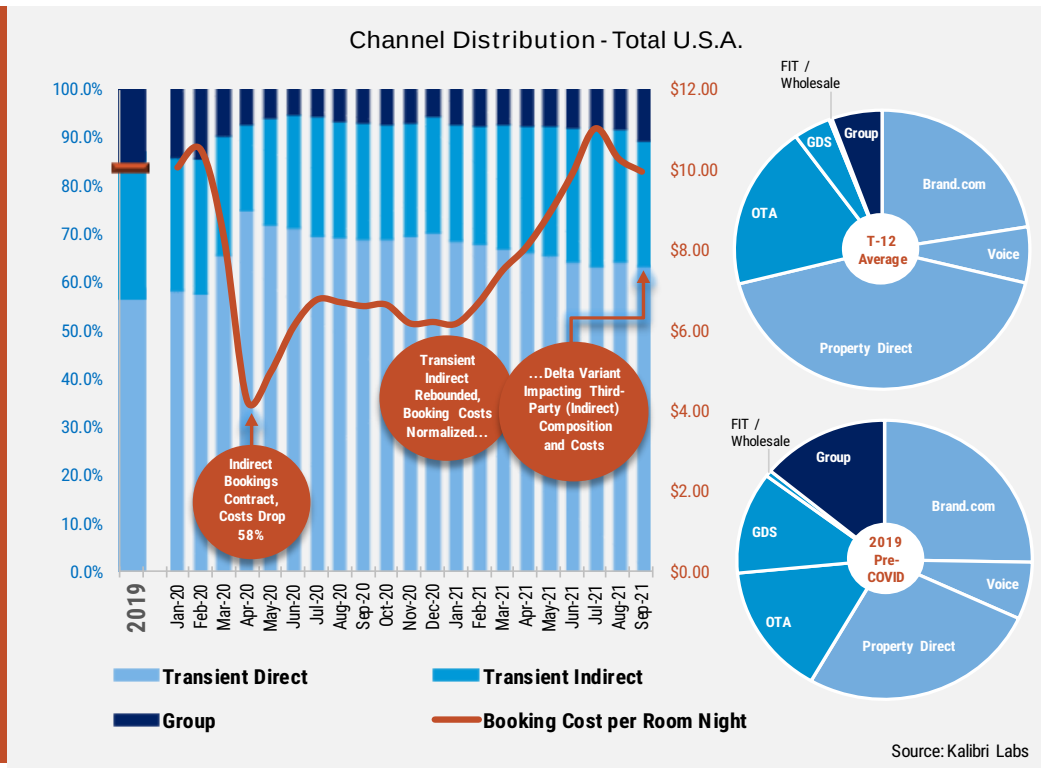
Hotel Closures - Boston, MA vs. USA

DATA THROUGH OCTOBER 2021



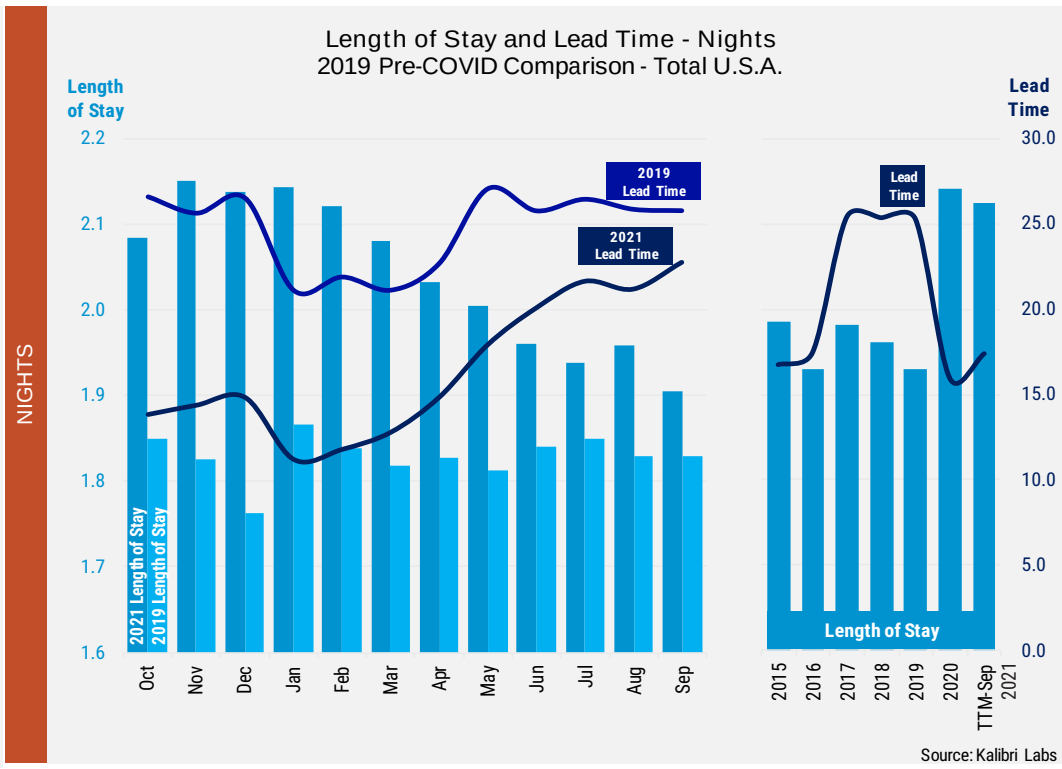
National Trends Dashboard - Channel Distribution

DISTRIBUTION AND COST



National Trends Dashboard - Duration

NIGHTS



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	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

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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