



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Colorado Springs, CO

Fundamentals Dashboard

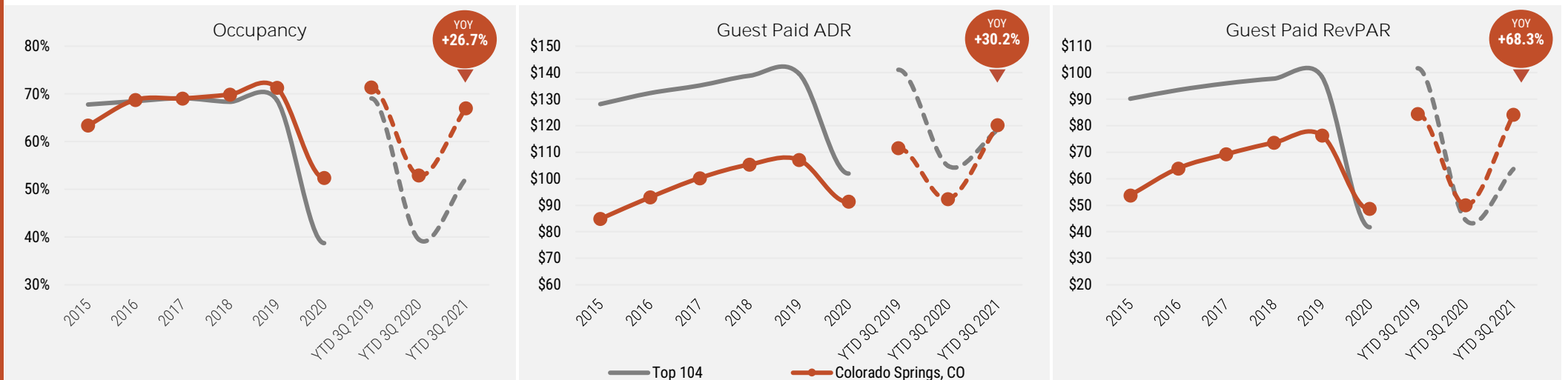
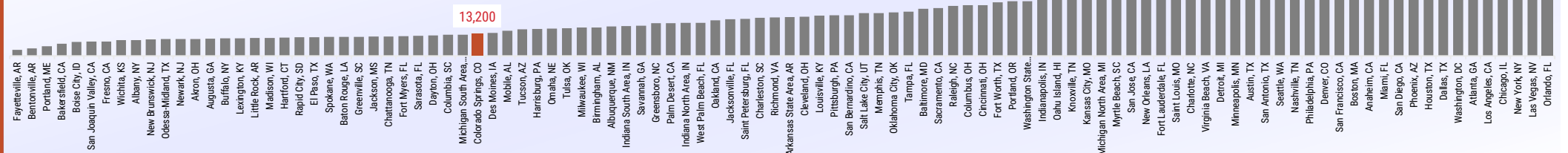
Lodging Performance Index

2nd of 104

Strong

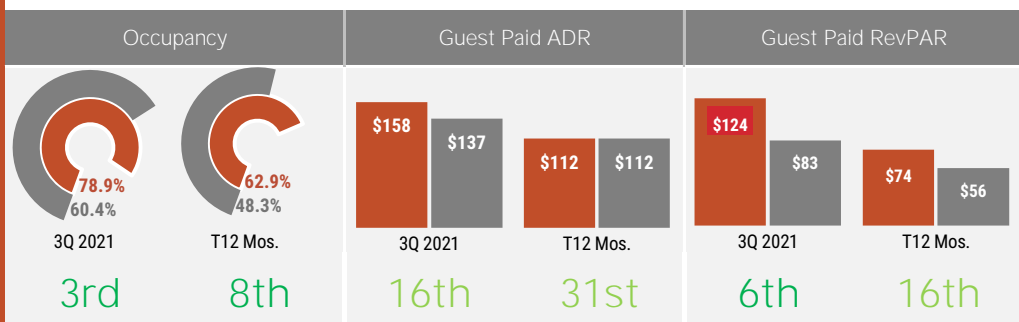
Ranking of overall '3Q 2021 LPI'
performance (1.60) against all 104
surveyed markets.

Supply Ranking vs. Major US Markets



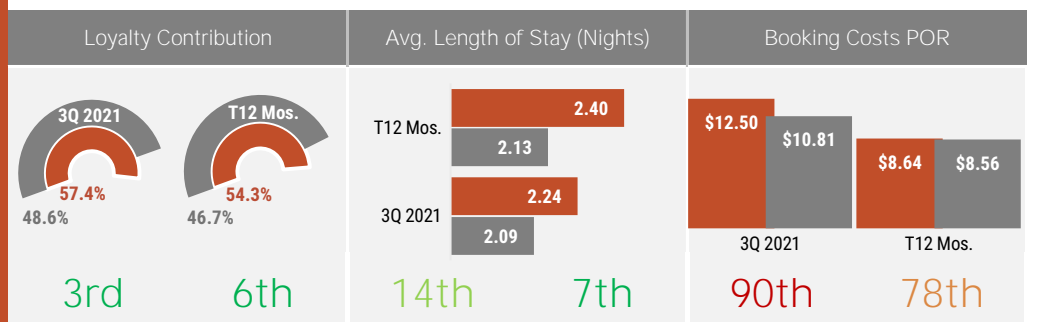
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



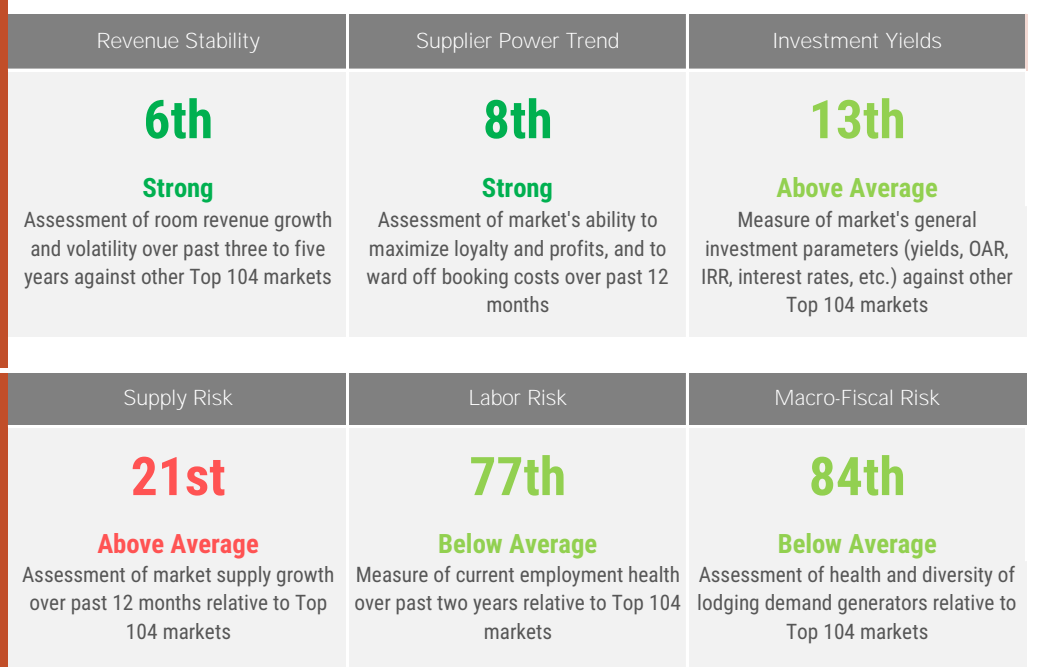
Discount and Capitalization Rates

Source: Newmark

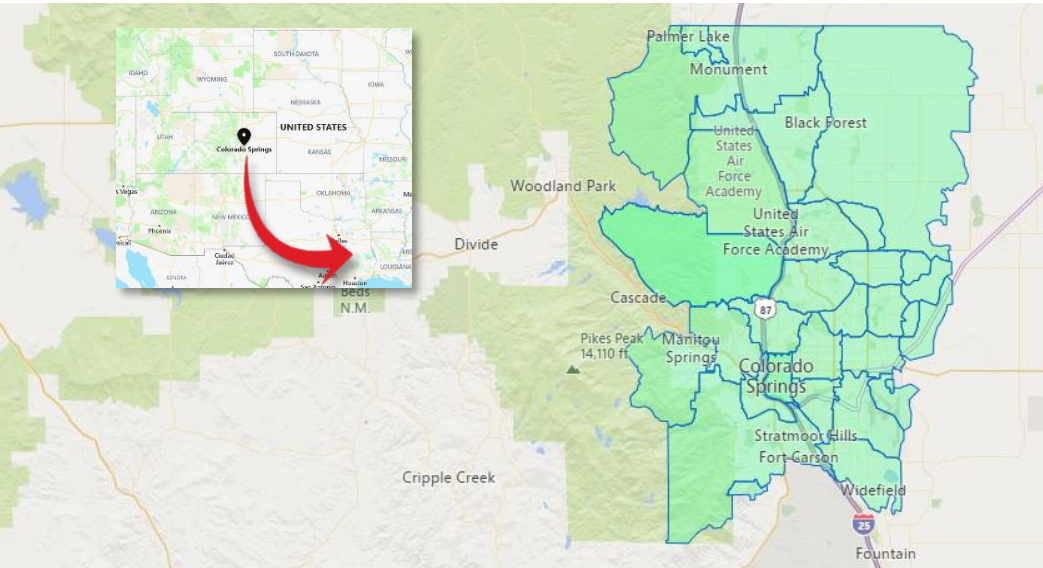


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Colorado Springs	
County:	El Paso County	
State:	Colorado	
Geo Coordinates (market center):	38.83388, -104.82136	
Major Hotel Demand Generators		
Fort Carson Peterson Air Force Base Schriever Air Force Base UCHealth Memorial Hospital Air Force Academy Hewlett-Packard Memorial Hospital Penrose-St. Francis Health Services USAA Lockheed Martin Integrated Systems Northrop Grumman Corp. Verizon Children's Hospital of Colorado Martin Senour Automotive Finishes Compassion International Inc. Evans Army Hospital Atmel Corp. The Broadmoor University of Colorado Checks Unlimited		
Metrics and Ranking		Measurements
Population (hotel market area)	522,092	
Income per Capita	\$58,158	
Feeder Group Size	63.9 Persons PSR	
Feeder Group Earnings	\$3,718,921 PSR	
Total Market COPE	\$334.4 million	
		Rankings
		82nd of 104 (Below Average)
		22nd of 104 (Above Average)
		23rd of 104 (Above Average)
		38th of 104 (Average)
		64th of 104 (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		63.4%	\$84.85	\$53.78	\$78.77	\$49.92	\$6.09	92.8%	44.7%	11,000	0.85
2016		68.8%	\$93.00	\$63.94	\$85.83	\$59.01	\$7.17	92.3%	46.5%	11,000	1.25
2017		69.1%	\$100.28	\$69.26	\$92.06	\$63.58	\$8.22	91.8%	50.0%	11,400	1.16
2018		69.9%	\$105.35	\$73.62	\$96.78	\$67.63	\$8.57	91.9%	52.5%	11,200	1.21
2019		71.3%	\$107.15	\$76.37	\$98.43	\$70.16	\$8.72	91.9%	57.9%	12,500	1.27
2020		52.4%	\$91.31	\$48.69	\$84.58	\$44.28	\$6.73	92.6%	53.5%	12,900	1.38
CAGR: 2015 thru 2020		-3.7%	1.5%	-2.0%	1.4%	-2.4%	2.0%	0.0%	3.7%	3.2%	10.2%
YTD 3Q 2019		71.3%	\$111.54	\$84.41	\$102.41	\$77.49	\$9.13	91.8%	58.0%	12,100	1.14
YTD 3Q 2020		52.9%	\$92.34	\$49.98	\$85.47	\$46.23	\$6.87	92.6%	53.1%	12,500	1.24
YTD 3Q 2021		67.0%	\$120.19	\$84.10	\$110.77	\$77.48	\$9.42	92.2%	54.1%	13,000	1.60
% Change		26.7%	30.2%	68.3%	29.6%	67.6%	37.2%	-0.4%	1.9%	4.0%	29.0%

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

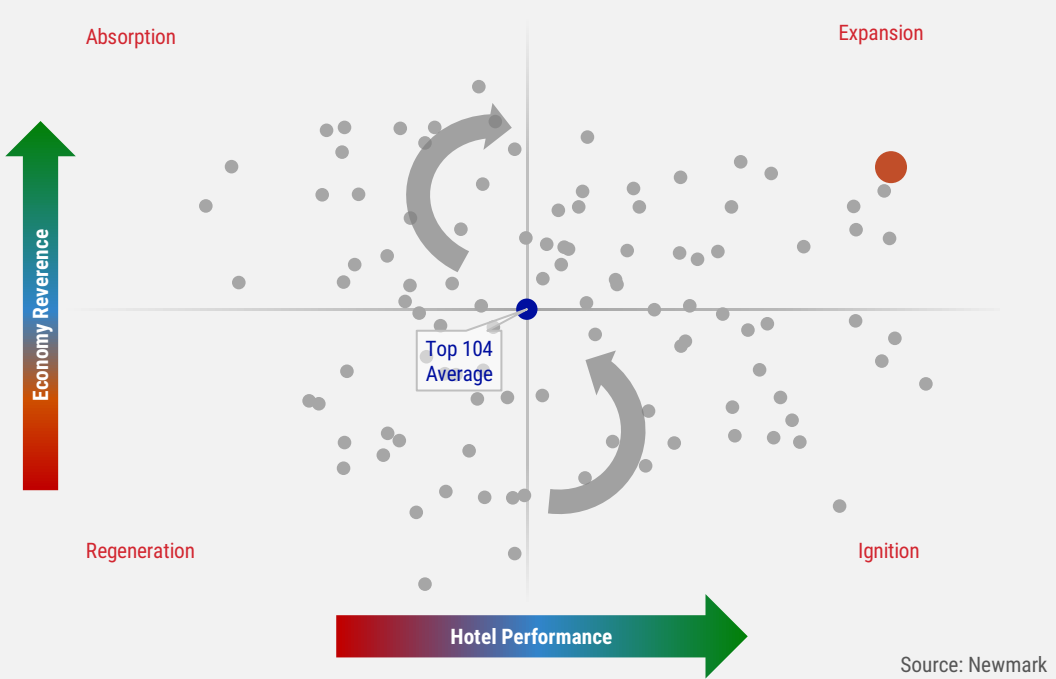
Notable Metrics

HIGHEST	Latest-Quarter Occupancy		Latest-Quarter Loyalty Contribution		Latest-Quarter Guest Paid RevPAR	
	3rd Strong		3rd Strong		6th Strong	
	Colorado Springs, CO enjoyed strong latest-quarter occupancy (78.9%)		The market exhibited strong latest-quarter loyalty contribution (57.4%)		The market also benefited from strong latest-quarter Guest Paid RevPAR (\$124.46)	
LOWEST	Latest-Quarter Booking Costs POR		Population Density per Room		T12-Month COPE ADR Percentage	
	90th Soft		86th Below Average		79th Below Average	
	This market has been burdened by high latest-quarter booking costs (\$12.50)		The market has been hindered by weak population density per room (19.54)		Colorado Springs, CO also has been hampered by weak T12-month COPE ADR percentage (92.3%)	

Notable Trends

FASTEST	Overall Health of Hotel Market	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth
	3rd Strong	4th Strong	4th Strong
	Colorado Springs, CO has benefited from strong general hotel market performance (levels and trends of fundamentals)	The market has benefited from strong long-term historical Guest Paid ADR growth (11.8%)	The market also enjoyed from strong long-term historical COPE ADR growth (11.6%)
SLOWEST	Short-Term Historical Average Length of Stay Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth
	101st Soft	99th Soft	99th Soft
	The market exhibited weak short-term historical average length of stay growth (~1.3%)	We note this area has been impeded by high short-term historical growth in booking costs (16.4%)	Colorado Springs, CO also exhibited high long-term historical booking costs POR growth (13.5%)

Market Performance Stage



Colorado Springs, CO: Expansion Stage

The Colorado Springs, CO market is currently in the 'Expansion' stage of the performance cycle. In this 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.

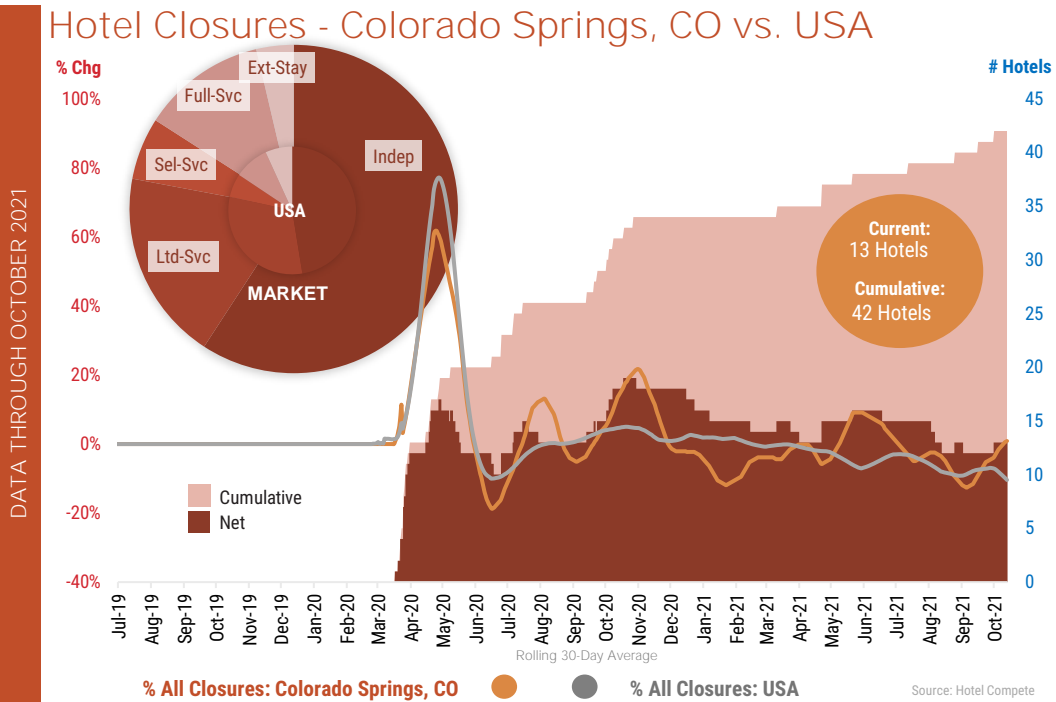
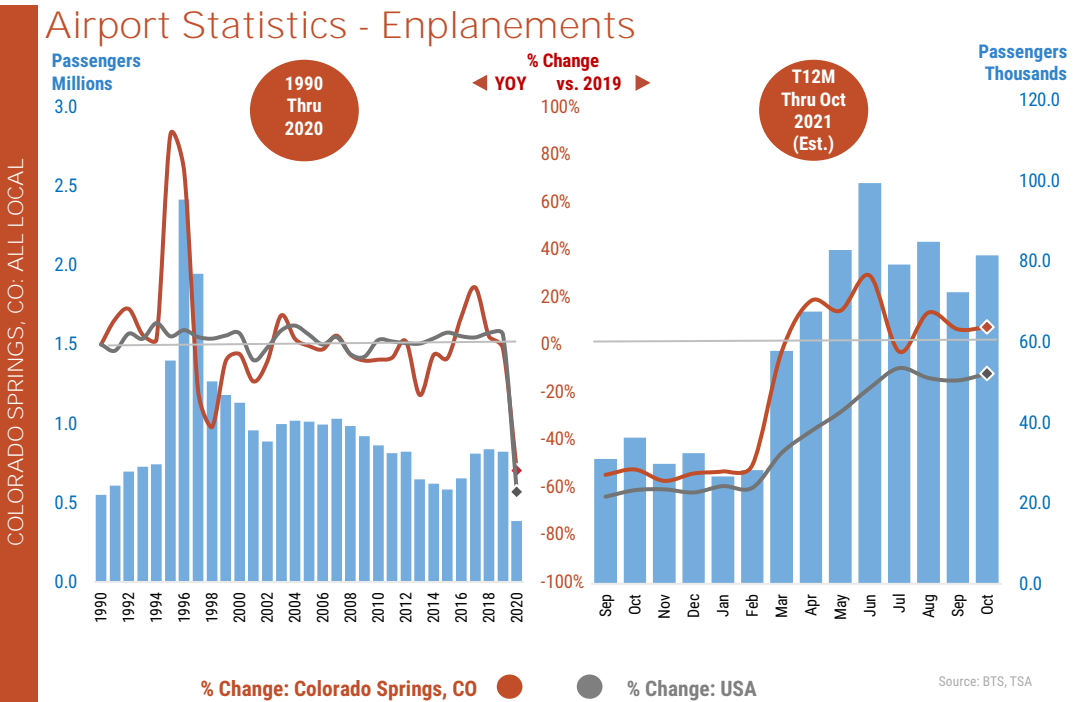
Other Stages:

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.
Absorption	In the 'Absorption' 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 Boston, MA.

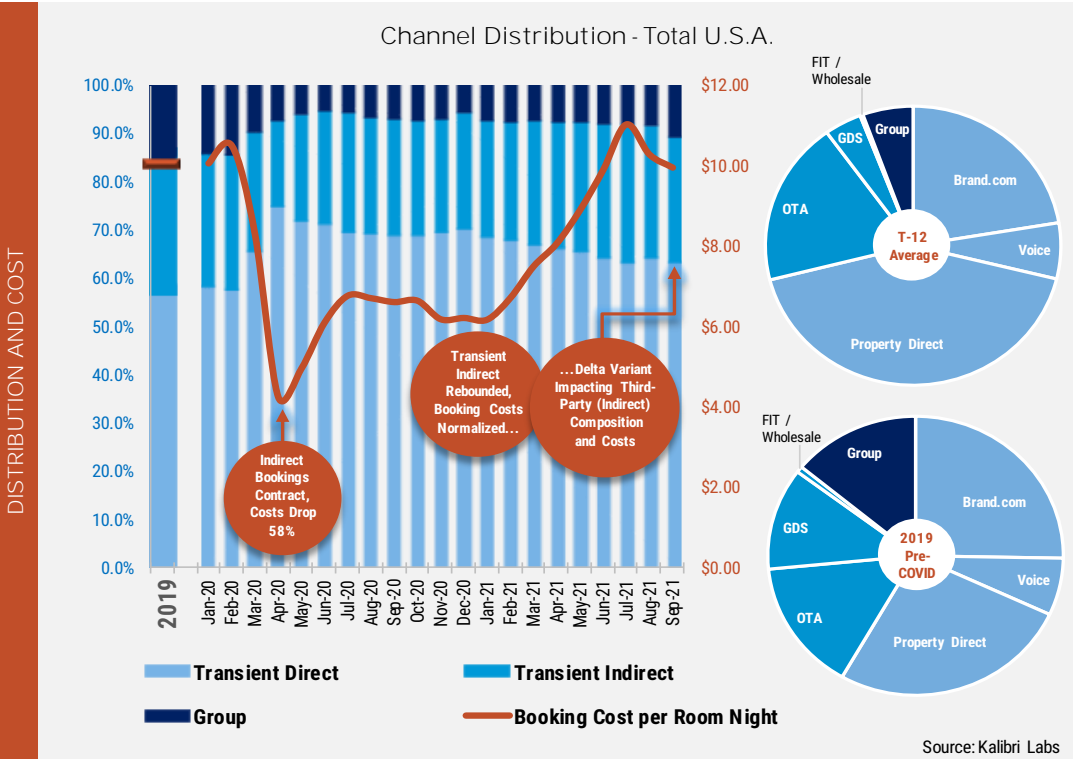
Industry Observations

Business Cycle:		In Recovery
Employment Growth (2 yr):		-2.5%
Risk Exposure (402 US markets):		20th Percentile: Below Average
Key Industry Notes:		Defense, high tech Skilled workforce Low living, business costs University of Colorado Low-skill industrial mix
Moody's Rating		Aa1 Investment Grade
		Long-term investment grade, Prime-1 short-term outlook

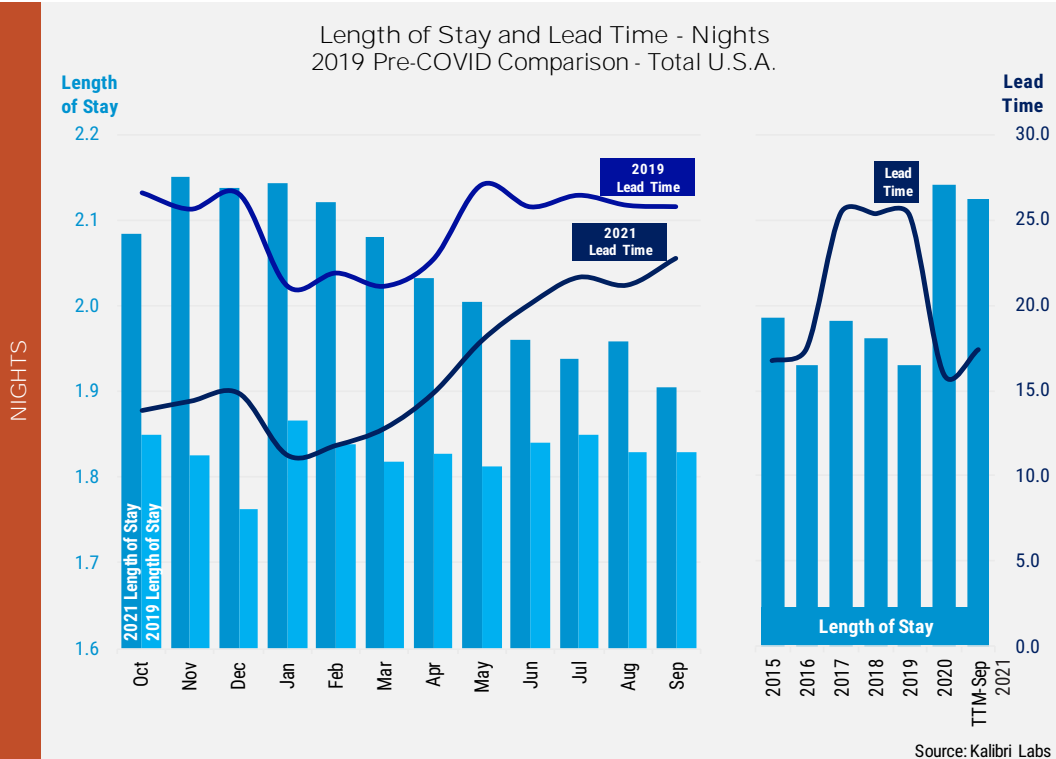




National Trends Dashboard - Channel Distribution



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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