



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET INSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Phoenix, AZ

Fundamentals Dashboard

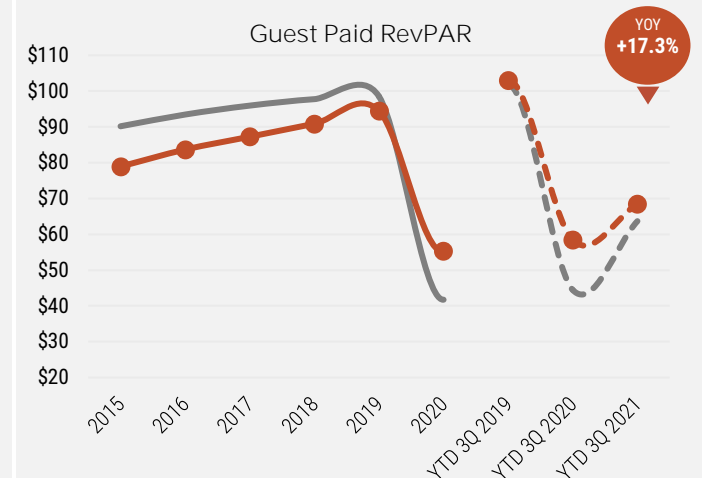
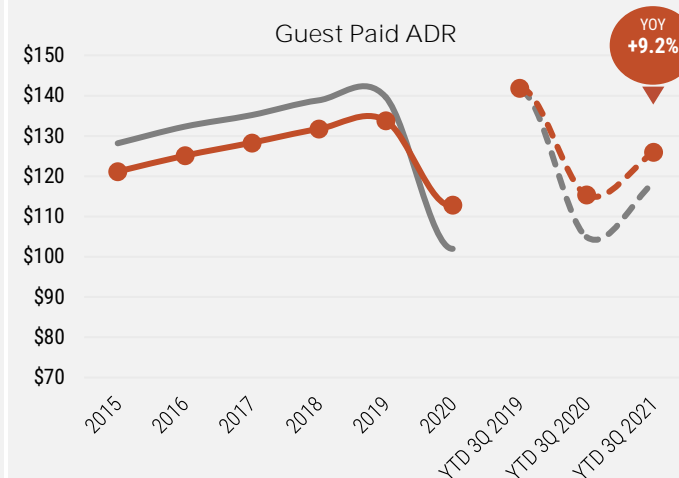
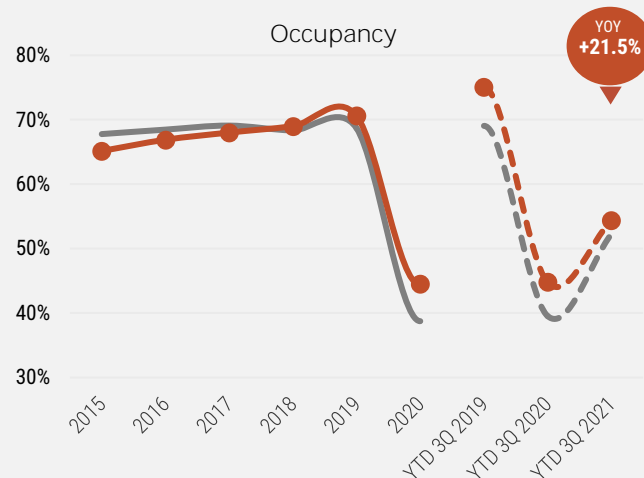
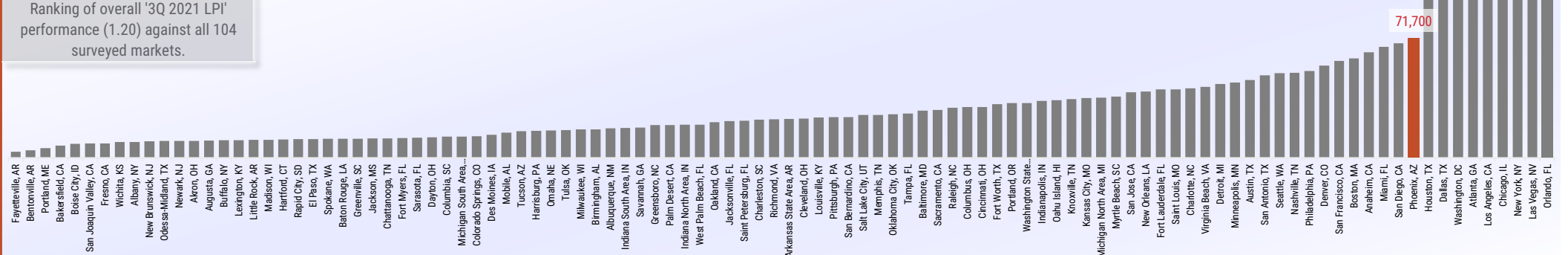
Lodging Performance Index

28th of 104

Above Average

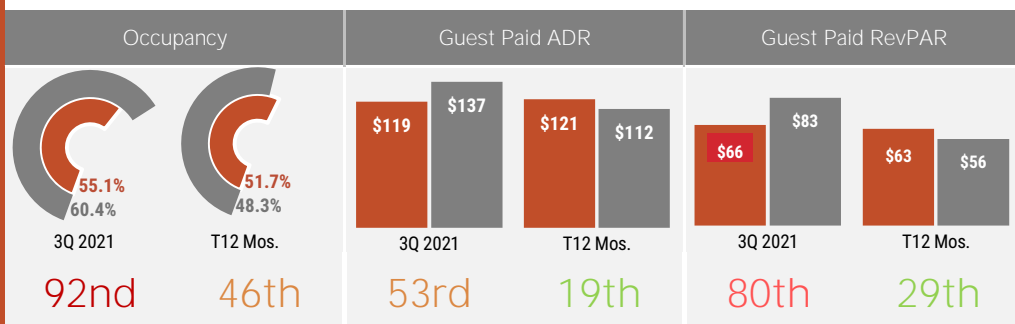
Ranking of overall '3Q 2021 LPI' performance (1.20) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



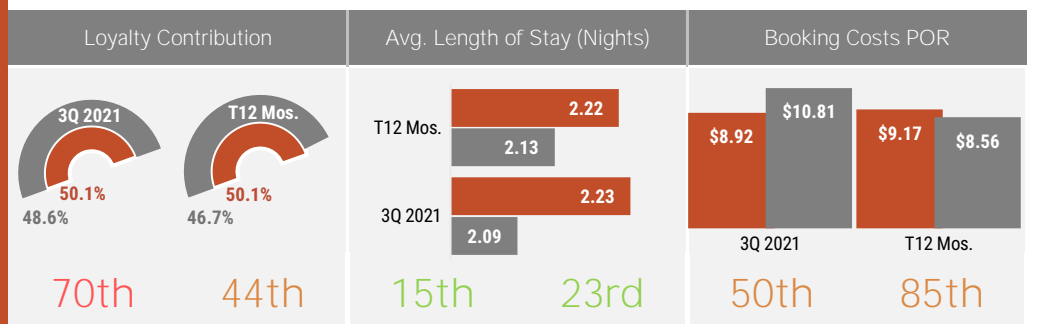
Key Performance Indexes

● Subject Market ● Top 104



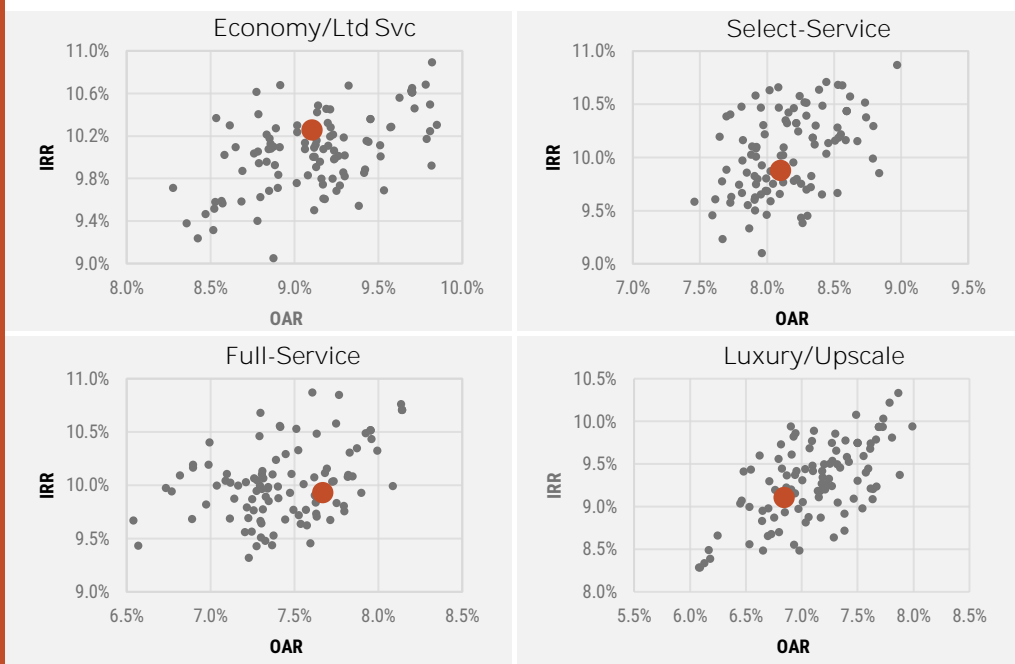
Key Benchmark Indexes

Data provided by: **kalibri LABS**



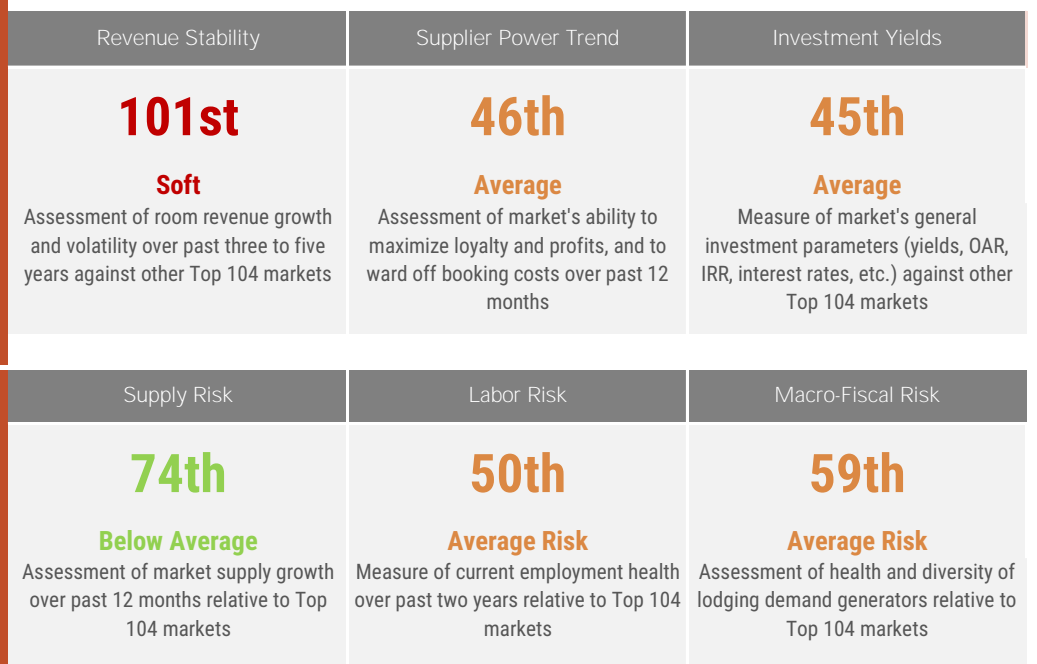
Discount and Capitalization Rates

Source: Newmark

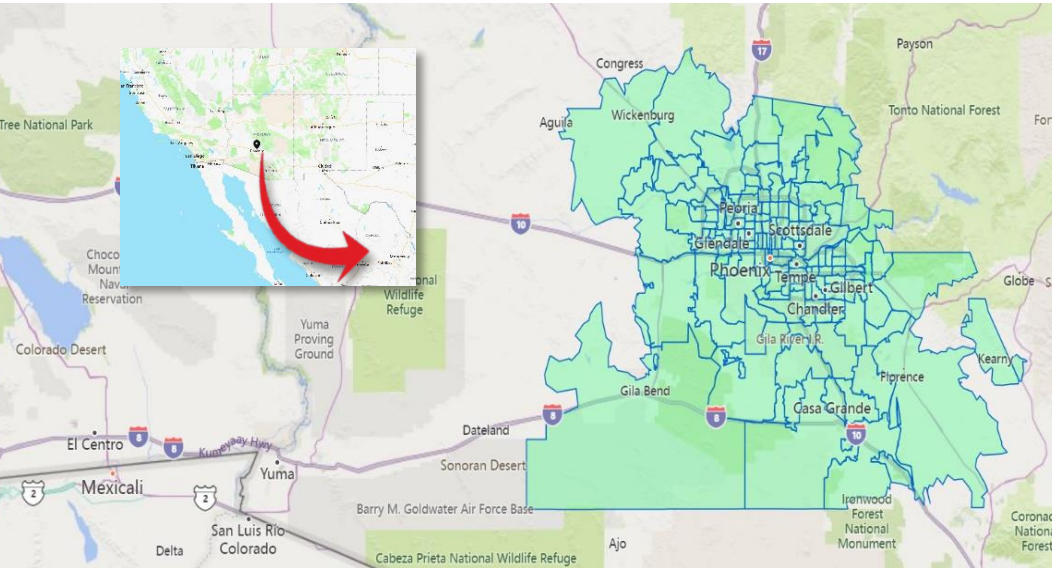


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name: Phoenix
County: Maricopa County
State: Arizona
Geo Coordinates (market center): 33.44838, -112.07404

Major Hotel Demand Generators

Banner Health System | Wal-Mart Stores Inc. | Wells Fargo | Arizona State University | HonorHealth | Dignity Health | Intel Corp. | JP Morgan Chase & Co. | Bank of America | Raytheon Missile Systems | US Airways | Target | American Airlines Group | Honeywell Aerospace | Freeport-McMoRan Copper & Gold Inc. | United Parcel Service | American Express | UnitedHealthcare of Arizona Inc. | Apollo Group Inc. | Safeway Inc.

Metrics and Ranking

	Measurement	Rankings
Population (hotel market area)	3,872,111	9th of 104 (Large)
Income per Capita	\$52,080	38th of 104 (Average)
Feeder Group Size	105.4 Persons PSR	63rd of 104 (Average)
Feeder Group Earnings	\$5,488,363 PSR	66th of 104 (Below Average)
Total Market COPE	\$1.6 billion	10th of 104 (Above Average)

Source: US Census Bureau, Dept. of Labor Statistics

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid		COPE*		Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
		ADR	RevPAR	ADR	RevPAR						
2015	65.2%	\$121.15	\$78.94	\$111.99	\$72.97	\$9.16	92.4%	44.6%	2.40	63,900	1.32
2016	66.9%	\$125.08	\$83.68	\$115.36	\$77.18	\$9.72	92.2%	46.8%	2.32	63,500	1.16
2017	68.0%	\$128.30	\$87.27	\$118.05	\$80.29	\$10.25	92.0%	48.9%	2.30	64,100	1.26
2018	69.0%	\$131.72	\$90.89	\$121.33	\$83.73	\$10.39	92.1%	51.8%	2.26	64,800	1.33
2019	70.6%	\$133.81	\$94.47	\$123.37	\$87.10	\$10.44	92.2%	56.7%	2.22	70,100	1.37
2020	44.5%	\$112.79	\$55.27	\$104.72	\$46.61	\$8.07	92.8%	47.7%	2.29	71,500	1.23
CAGR: 2015 thru 2020	-7.3%	-1.4%	-6.9%	-1.3%	-8.6%	-2.5%	0.1%	1.3%	-0.9%	2.3%	-1.4%
YTD 3Q 2019	75.0%	\$141.86	\$102.97	\$130.94	\$95.07	\$10.92	92.3%	54.4%	2.15	68,500	1.34
YTD 3Q 2020	44.8%	\$115.30	\$58.34	\$107.05	\$54.13	\$8.24	92.9%	47.1%	2.31	70,300	1.39
YTD 3Q 2021	54.4%	\$125.95	\$68.43	\$116.23	\$63.15	\$9.72	92.3%	50.3%	2.20	70,900	1.20
% Change	21.5%	9.2%	17.3%	8.6%	16.7%	17.9%	-0.6%	6.8%	-4.5%	0.9%	-13.7%

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

Data provided by: kalibri LABS

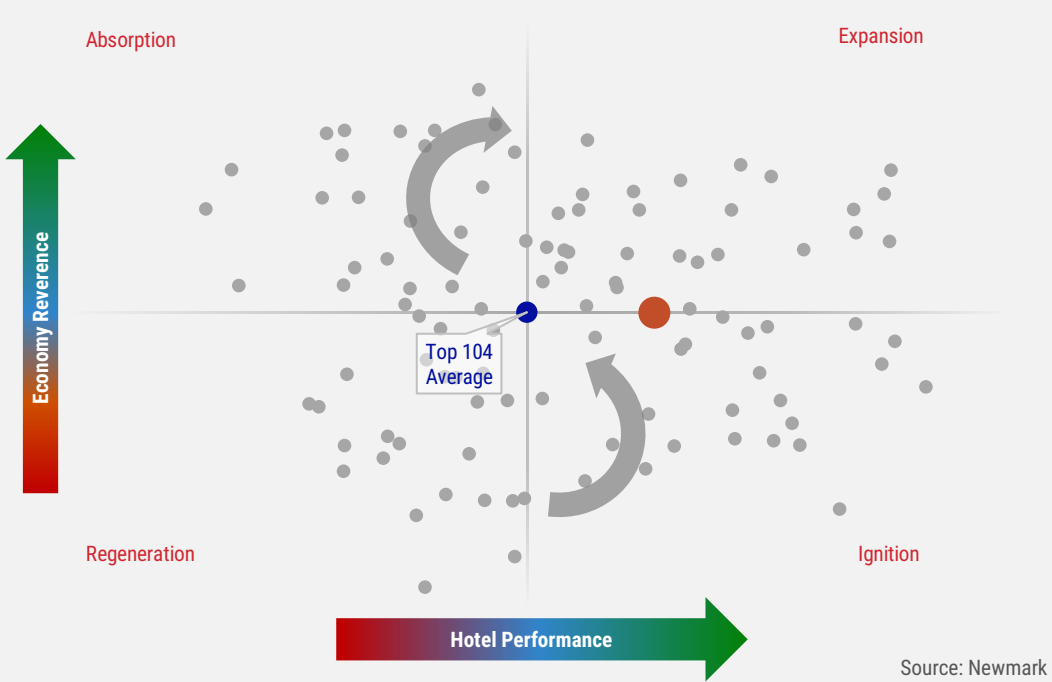
Notable Metrics

HIGHEST	Total Rooms Supply	Total Rooms Sold	Latest-Quarter Average Length of Stay
	10th Above Average Phoenix, AZ benefits from a large and diverse hotel market (71,703)	11th Above Average The market boasted strong total rooms sold (13,411,237)	15th Above Average The market also boasted strong latest-quarter average length of stay (2.23 Nights)
LOWEST	Latest-Quarter Occupancy	T12-Month Booking Costs POR	Latest-Quarter COPE RevPAR
	92nd Soft This market exhibited weak latest-quarter occupancy (55.1%)	85th Below Average The market was burdened by high T12-month booking costs POR (\$9.17)	80th Below Average Phoenix, AZ also has been hampered by weak latest-quarter COPE RevPAR (\$60.66)

Notable Trends

FASTEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Supply Growth
	3rd Strong Phoenix, AZ has benefited from low long-term historical booking costs POR growth (-4.8%)	3rd Strong The market enjoyed low short-term historical growth in booking costs (-12.0%)	28th Above Average The market also has benefited from low long-term historical supply growth (1.5%)
SLOWEST	Short-Term Historical COPE ADR Growth	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth
	102nd Soft The market posted weak short-term historical COPE ADR growth (-11.4%)	102nd Soft We note this area posted weak long-term historical COPE ADR growth (-5.3%)	102nd Soft Phoenix, AZ also has been impeded by weak long-term historical Guest Paid ADR growth (-5.3%)

Market Performance Stage



Phoenix, AZ: Ignition Stage

The Phoenix, AZ market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.
- 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.
- 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

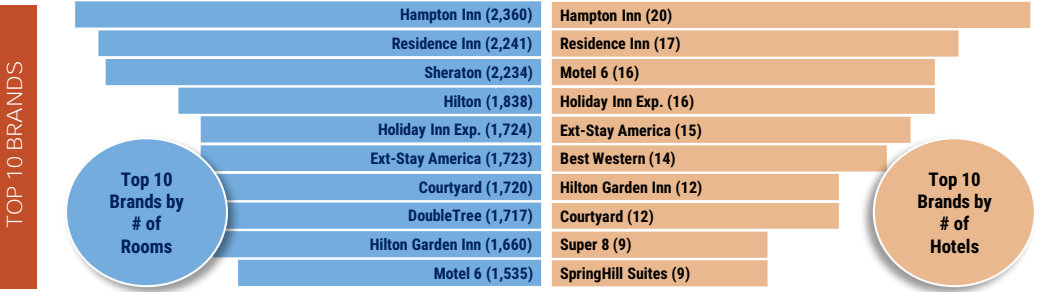
Business Cycle:
Employment Growth (2 yr):
Risk Exposure (402 US markets):
Key Industry Notes:

In Expansion
-3.6%
15th Percentile: Below Average
Financial center, retirees
Robust population growth
Lower business costs
Hub for business svcs firms
Lower wages than the West

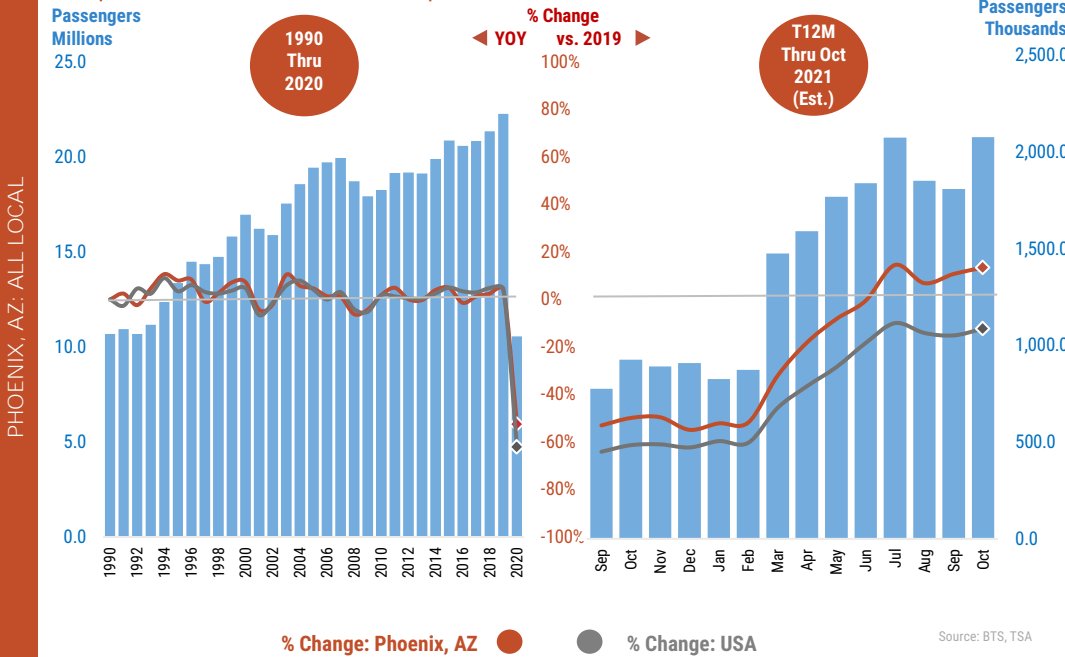
Moody's Rating

Aa1
Investment Grade

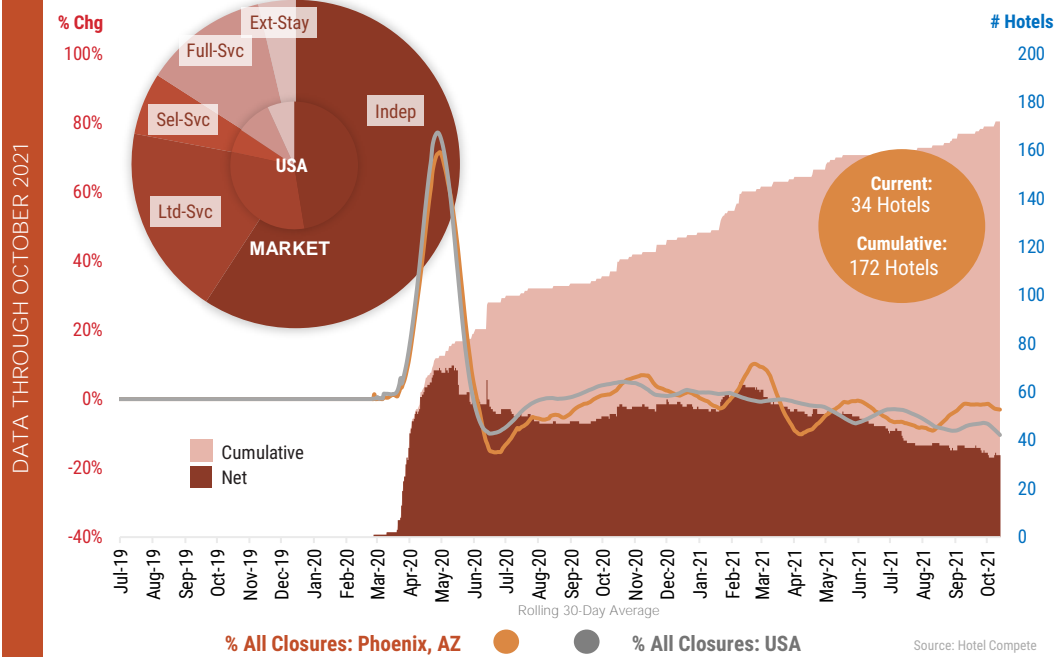
Long-term investment grade, Prime-1 short-term outlook



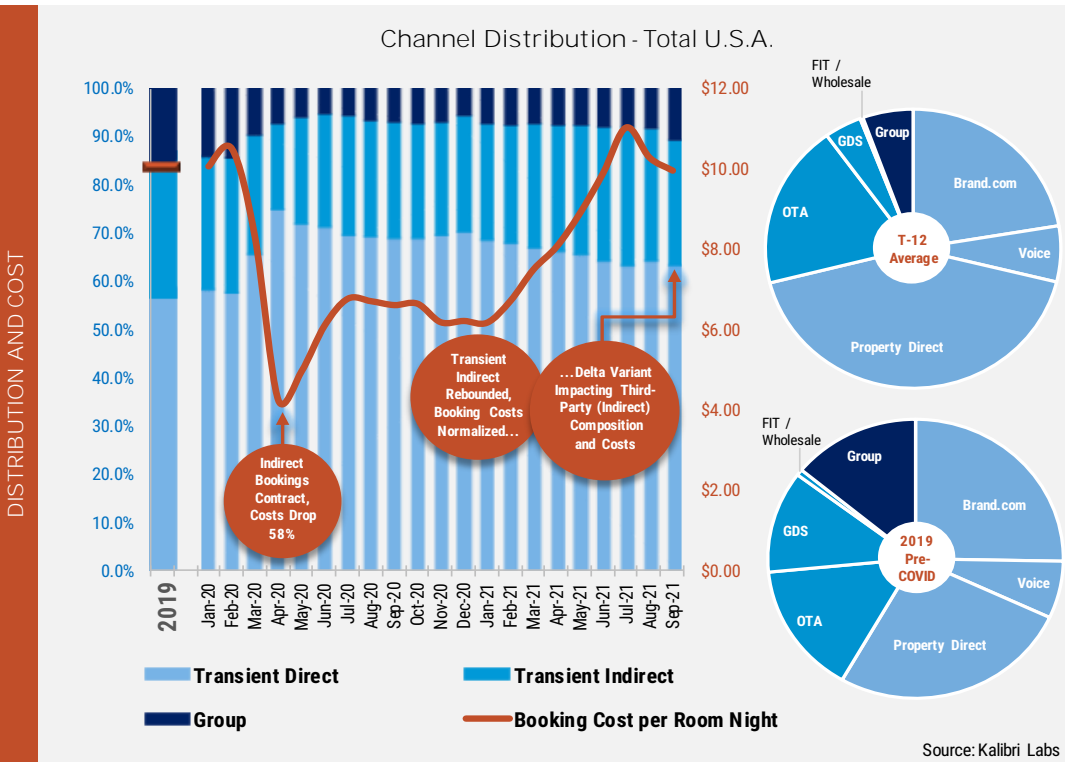
Airport Statistics - Enplanements



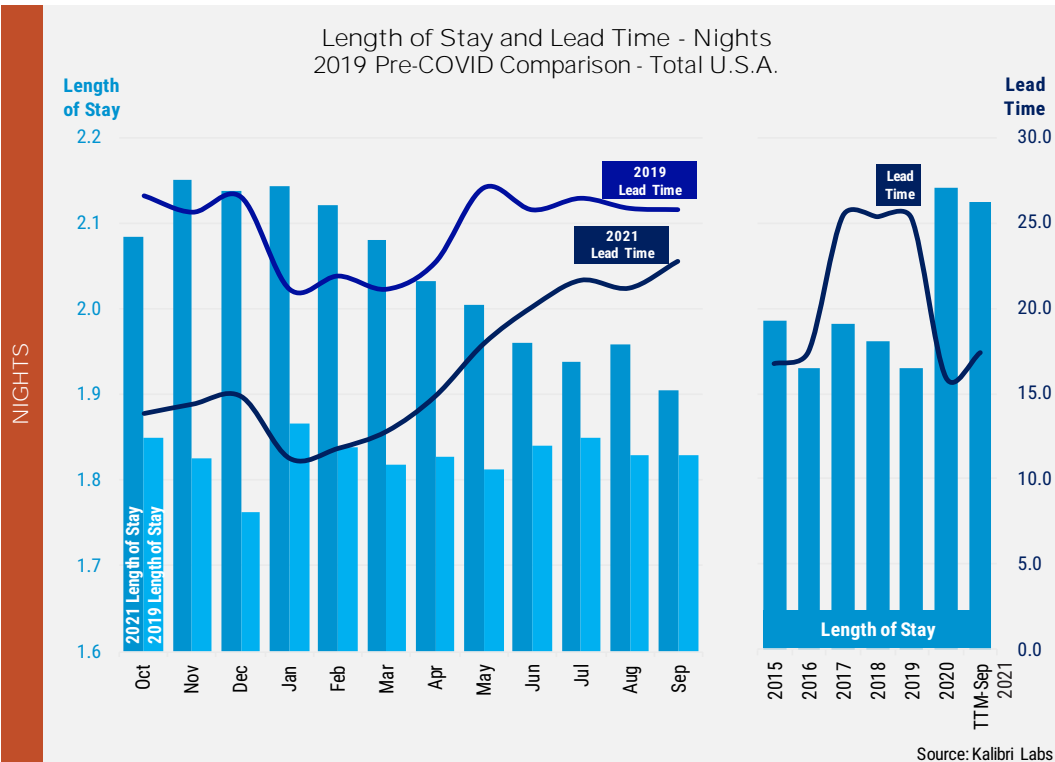
Hotel Closures - Phoenix, AZ vs. USA



National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Nsights Report Coverage



- Akron, OH
- Albany, NY
- Albuquerque, NM
- Anaheim, CA
- Arkansas State Area, AR
- Atlanta, GA
- Augusta, GA
- Austin, TX
- Bakersfield, CA
- Baltimore, MD
- Baton Rouge, LA
- Bentonville, AR
- Birmingham, AL
- Boise City, ID
- Boston, MA
- Buffalo, NY
- Charleston, SC
- Charlotte, NC
- Chattanooga, TN
- Chicago, IL
- Cincinnati, OH
- Cleveland, OH
- Colorado Springs, CO
- Columbia, SC
- Columbus, OH
- Dallas, TX
- Dayton, OH
- Denver, CO
- Des Moines, IA
- Detroit, MI
- El Paso, TX
- Fayetteville, AR
- Fort Lauderdale, FL
- Fort Myers, FL
- Fort Worth, TX
- Fresno, CA
- Greensboro, NC
- Greenville, SC
- Harrisburg, PA
- Hartford, CT
- Houston, TX
- Indiana North Area, IN
- Indiana South Area, IN
- Indianapolis, IN
- Jackson, MS
- Jacksonville, FL
- Kansas City, MO
- Knoxville, TN
- Las Vegas, NV (Non-Strip)
- Lexington, KY
- Little Rock, AR
- Los Angeles, CA
- Louisville, KY
- Madison, WI
- Memphis, TN
- Miami, FL
- Michigan North Area, MI
- Michigan South Area, MI
- Milwaukee, WI
- Minneapolis, MN
- Mobile, AL
- Myrtle Beach, SC
- Nashville, TN
- New Brunswick, NJ
- New Orleans, LA
- New York, NY
- Newark, NJ
- Oahu Island, HI (Branded)
- Oakland, CA
- Odessa-Midland, TX
- Oklahoma City, OK
- Omaha, NE
- Orlando, FL (Non-Disney)
- Palm Desert, CA
- Philadelphia, PA
- Phoenix, AZ
- Pittsburgh, PA
- Portland, ME
- Portland, OR
- Raleigh, NC
- Rapid City, SD
- Richmond, VA
- Sacramento, CA
- Saint Louis, MO
- Saint Petersburg, FL
- Salt Lake City, UT
- San Antonio, TX
- San Bernardino, CA
- San Diego, CA
- San Francisco, CA
- San Joaquin Valley, CA
- San Jose, CA
- Sarasota, FL
- Savannah, GA
- Seattle, WA
- Spokane, WA
- Tampa, FL
- Tucson, AZ
- Tulsa, OK
- Virginia Beach, VA
- Washington State Area, WA
- Washington, DC
- West Palm Beach, FL
- 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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