VALUATION & ADVISORY
3Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice — San Antonio, TX

Fundamentals Dashboard

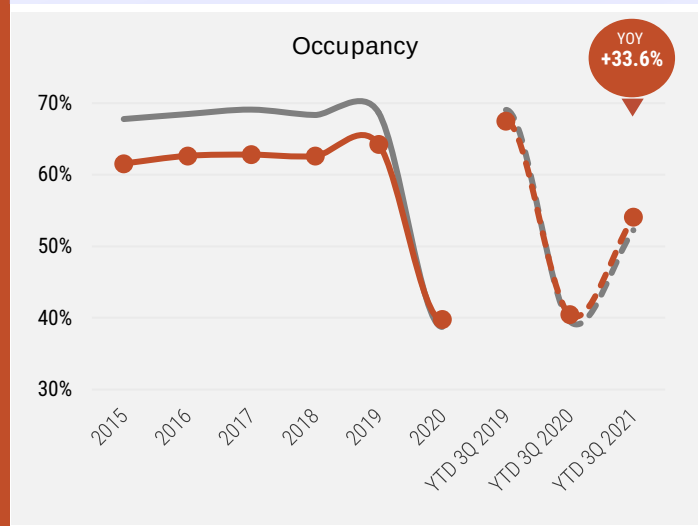
KEY PERFORMANCE METRICS

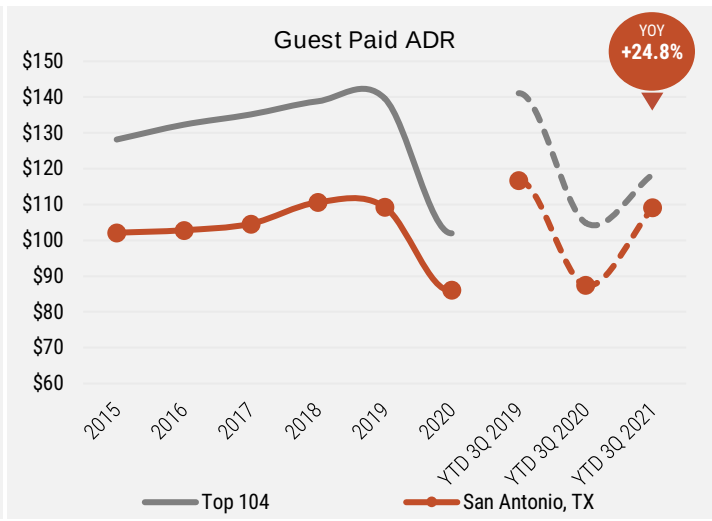
Lodging Performance Index

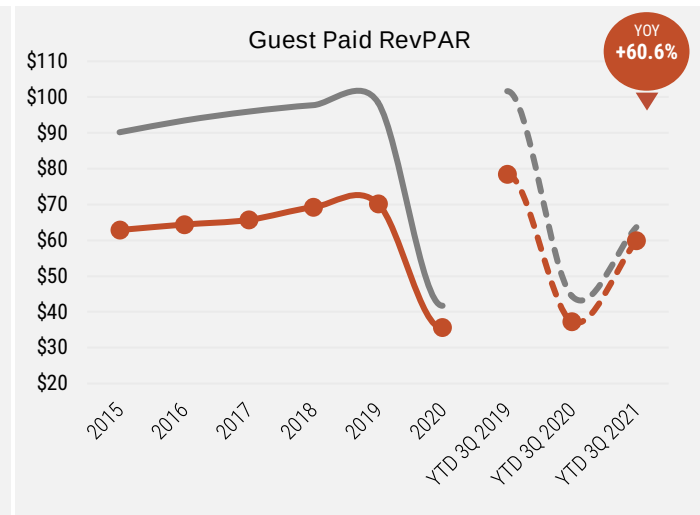
45th of 104

Average

Ranking of overall '3Q 2021 LPI' performance (1.04) 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.
59.1% / 60.4%	50.0% / 48.3%	$126 / $137	$102 / $112	$74 / $83	$53 / $56
72nd	52nd	44th	47th	48th	45th

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.
48.6% / 48.6%	47.2% / 46.7%	2.16 / 2.13	2.12 / 2.09	$10.05 / $10.81	$8.04 / $8.56
79th	77th	35th	34th	64th	63rd

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark

FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
72nd	**82nd**	**56th**
Below Average	**Below 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

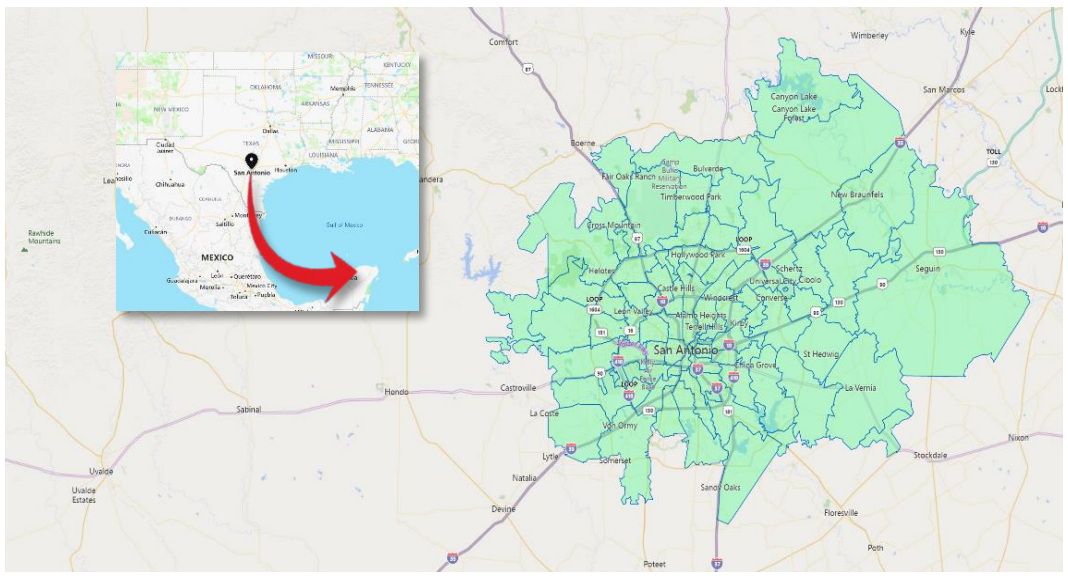
RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
81st	**72nd**	**67th**
Below Average	**Below Average**	**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

San Antonio, TX

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	San Antonio
County:	Bexar County, Comal County, Medina County
State:	Texas
Geo Coordinates (market center):	29.46594, -98.5247

Major Hotel Demand Generators

Joint Base San Antonio (JBSA) | H-E-B | USAA | Methodist Healthcare System | Baptist Health System | JP Morgan Chase | Wells Fargo | AT&T | Bill Miller BBQ | Christus Santa Rosa Health Care | Rackspace | CPS Energy | Toyota Motor Manufacturing | Clear Channel Communications | Boeing | Southwest Research Institute | Frost Bank | Accenture | Valero Energy | Harland Clarke

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,928,907	26th of 104 (Above Average)
Income per Capita	$49,711	47th of 104 (Average)
Feeder Group Size	78.4 Persons PSR	40th of 104 (Average)
Feeder Group Earnings	$3,895,675 PSR	42nd of 104 (Average)
Total Market COPE	$919.2 million	23rd 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	61.6%	$102.12	$62.87	$94.31	$58.06	$7.82	92.3%	38.7%	2.18	44,800	0.93
2016	62.6%	$102.82	$64.41	$94.42	$59.15	$8.40	91.8%	41.1%	2.13	44,900	0.84
2017	62.8%	$104.61	$65.71	$95.88	$60.22	$8.74	91.6%	43.6%	2.09	45,300	1.13
2018	62.6%	$110.60	$69.25	$101.43	$63.51	$9.17	91.7%	47.6%	2.08	46,200	1.18
2019	64.3%	$109.31	$70.25	$100.37	$64.50	$8.94	91.8%	52.1%	2.04	49,400	0.87
2020	39.8%	$86.06	$35.69	$79.78	$31.72	$6.27	92.7%	46.4%	2.27	49,200	0.85
CAGR: 2015 thru 2020	**-8.4%**	**-3.4%**	**-10.7%**	**-3.3%**	**-11.4%**	**-4.3%**	**0.1%**	**3.7%**	**0.8%**	**1.9%**	**-1.8%**
YTD 3Q 2019	67.5%	$116.71	$78.40	$107.18	$72.01	$9.52	91.8%	52.2%	2.01	48,900	0.92
YTD 3Q 2020	40.4%	$87.39	$37.28	$81.12	$34.55	$6.27	92.8%	46.0%	2.32	49,300	0.84
YTD 3Q 2021	54.0%	$109.07	$59.87	$100.44	$55.12	$8.63	92.1%	47.2%	2.18	49,300	1.04
% Change	**33.6%**	**24.8%**	**60.6%**	**23.8%**	**59.5%**	**37.6%**	**-0.8%**	**2.6%**	**-6.2%**	**0.0%**	**23.1%**

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

Notable Metrics

HIGHEST	OAR: Select-Service	Total Rooms Supply	Total Rooms Supply
	4th	**20th**	**20th**
	Highly Favorable	**Above Average**	**Above Average**
	San Antonio, TX enjoyed favorable OAR metrics in the select-service segment (7.6%)	The market benefits from a large and diverse hotel market (49,880)	The market also benefits from a large and diverse hotel market (49,880)

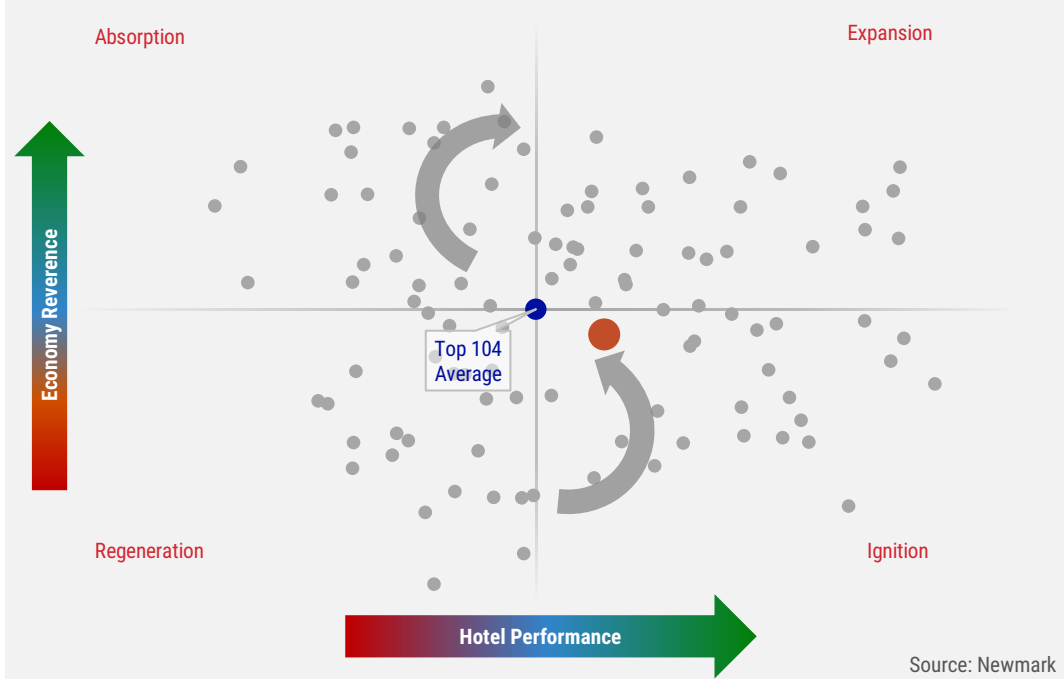
LOWEST	IRR: Economy/Ltd Svc	Latest-Quarter Loyalty Contribution	Latest-Quarter Loyalty Contribution
	88th	**79th**	**79th**
	Unfavorable	**Below Average**	**Below Average**
	This market posted unfavorable IRR metrics in the economy/ltd svc segment (10.4%)	The market has been hindered by weak latest-quarter loyalty contribution (48.6%)	San Antonio, TX also has been hindered by weak latest-quarter loyalty contribution (48.6%)

Notable Trends

FASTEST	T12-Month Rooms Supply Growth	Long-Term Historical Loyalty Contribution Growth	Long-Term Historical Supply Growth
	24th	**27th**	**38th**
	Above Average	**Above Average**	**Average**
	San Antonio, TX exhibited low rooms supply growth over the last 12 months (0.5%)	The market exhibited strong long-term historical loyalty contribution growth (2.1%)	The market also has benefited from low long-term historical supply growth (1.9%)

SLOWEST	Short-Term Historical Supply Growth	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Average Length of Stay Growth
	89th	**76th**	**73rd**
	Below Average	**Below Average**	**Below Average**
	The market has been burdened by high short-term historical supply growth (1.4%)	We note this area exhibited weak long-term historical average length of stay growth (-0.1%)	San Antonio, TX also exhibited weak short-term historical average length of stay growth (0.8%)

Market Performance Stage



Source: Newmark

San Antonio, TX: Ignition Stage

Ignition

The San Antonio, TX 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

MOODY'S ANALYTICS

Business Cycle:	In Recovery
Employment Growth (2 yr):	-1.5%
Risk Exposure (402 US markets):	48th Percentile: Average Risk
Key Industry Notes:	Financial center, defense Military supports economy Strategic locale near Mexico Slow educational attainment Moderate risk profile

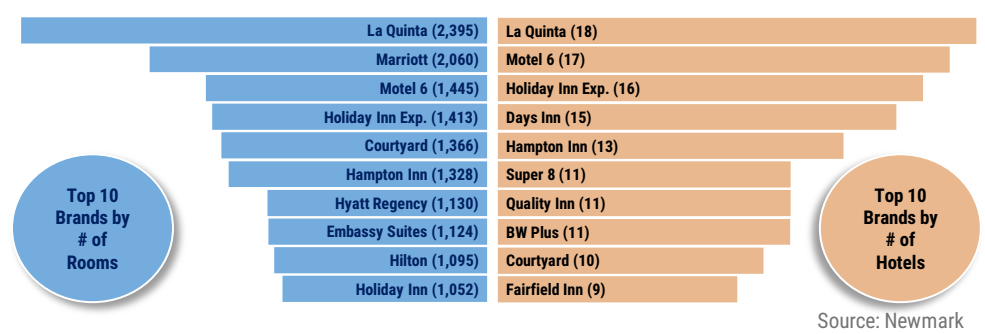
Moody's Rating

Aaa

Investment Grade

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

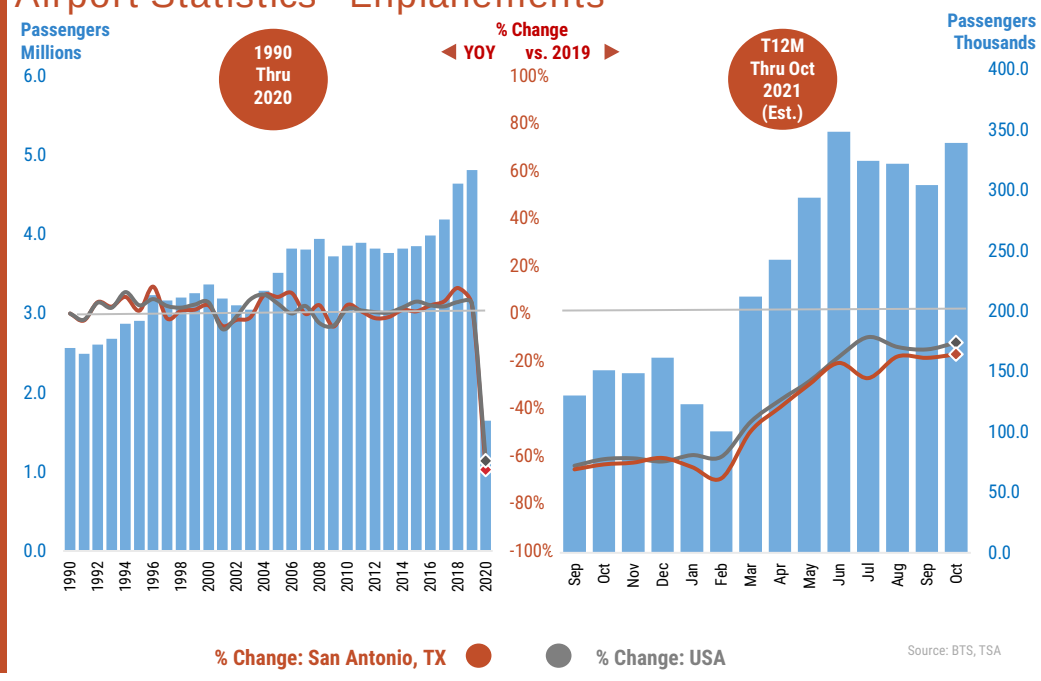
TOP 10 BRANDS



Source: Newmark

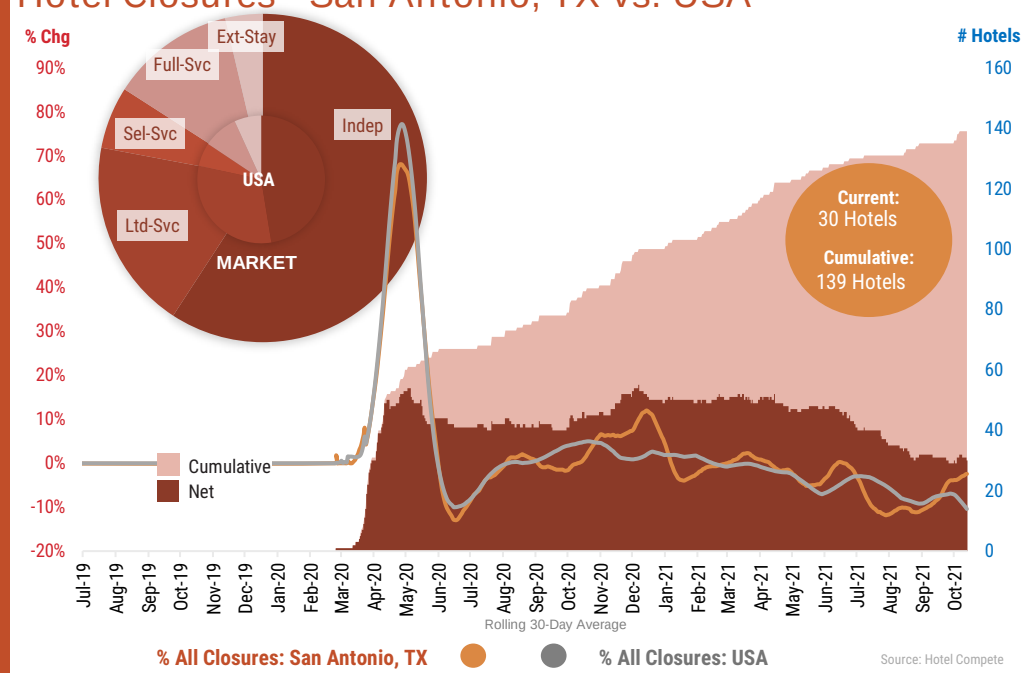
Airport Statistics - Enplanements

SAN ANTONIO, TX: ALL LOCAL



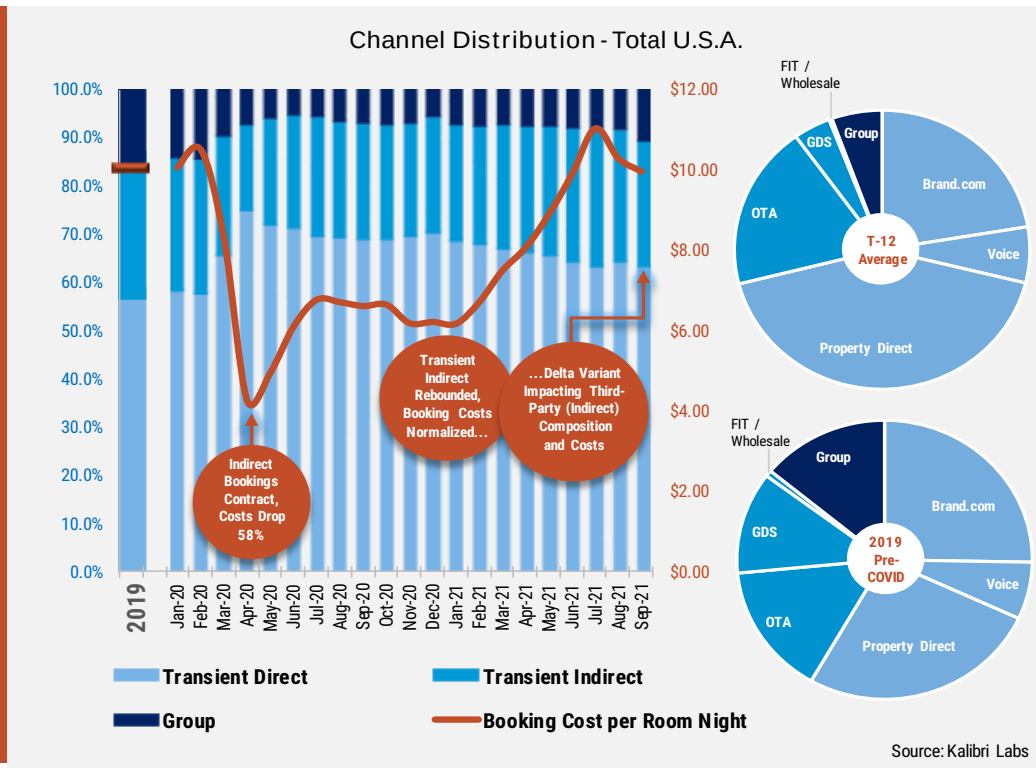
Hotel Closures - San Antonio, TX vs. USA

DATA THROUGH OCTOBER 2021



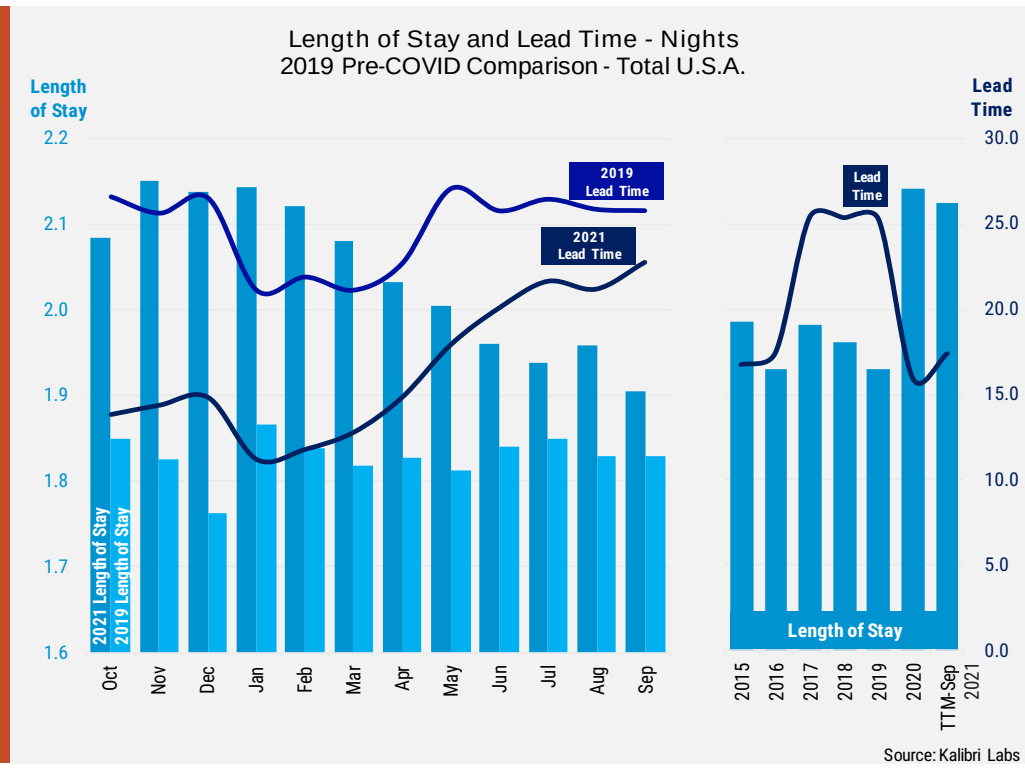
National Trends Dashboard - Channel Distribution

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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