



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET INSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

San Diego, CA

Fundamentals Dashboard

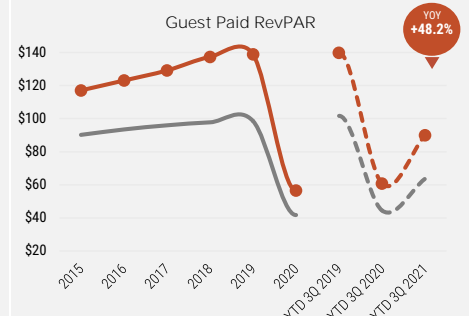
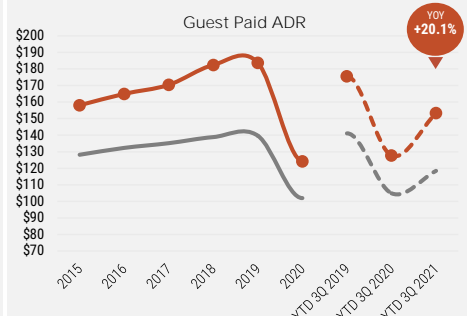
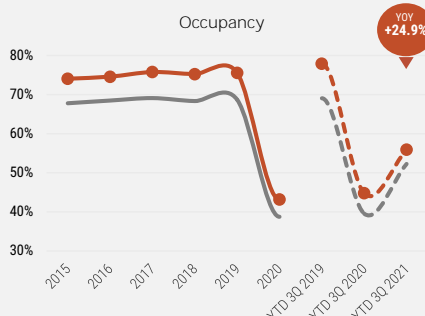
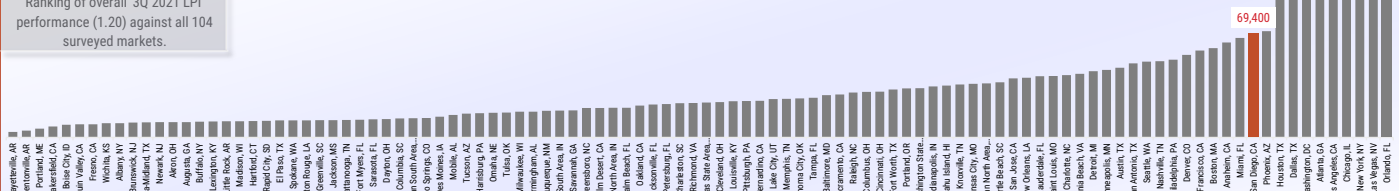
Lodging Performance Index

29th of 104

Above Average

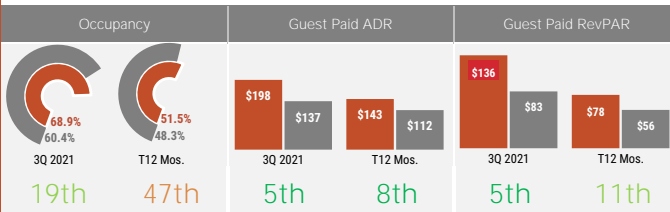
Ranking of overall '3Q 2021 LPI' performance (1.20) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



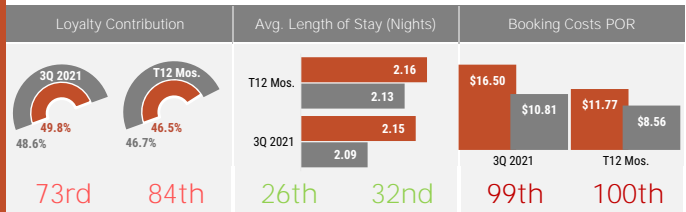
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



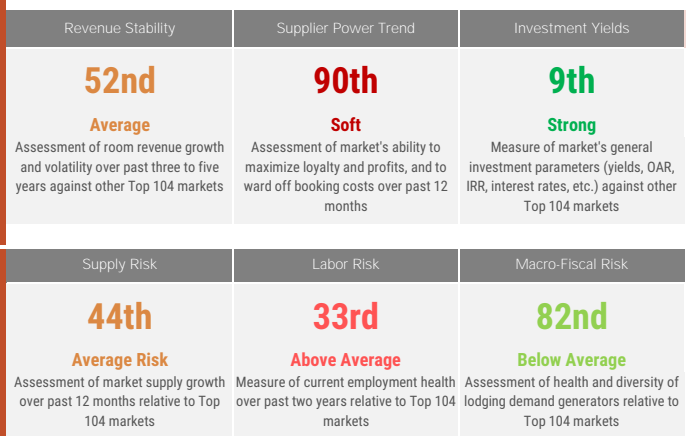
Discount and Capitalization Rates

Source: Newmark

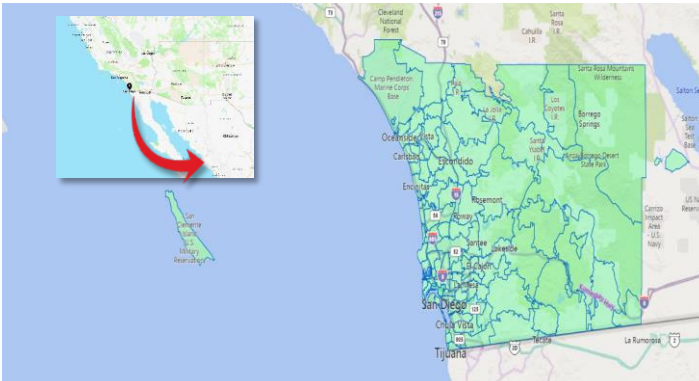


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name:	San Diego
County:	San Diego County
State:	California
Geo Coordinates (market center):	32.71533, -117.15726

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

Marine Corps Base Camp Pendleton | University of California, San Diego | Naval Base San Diego | Naval Base Coronado | Sharp HealthCare | Scripps Health | Qualcomm Inc. | Naval Base Point Loma | Marine Corps Air Station Miramar | Kaiser Permanente | UC San Diego Health | Marine Corps Recruit Depot | Foxconn Baja California | Souplantation & Sweet Tomatoes | San Diego Community College District | YMCA of San Diego County | General Atomics | Rady Children's Hospital, San Diego | San Diego State University | Space and Naval Warfare Command

Metrics and Ranking

Population (hotel market area)	2,992,702
Income per Capita	\$71,535
Feeder Group Size	84.6 Persons PSR
Feeder Group Earnings	\$6,048,564 PSR
Total Market COPE	\$1.9 billion

Rankings

13th of 104 (Large)
7th of 104 (Strong)
42nd of 104 (Average)
78th of 104 (Below Average)
7th of 104 (Strong)

Key Performance Metrics

Data provided by: **kolibri** 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	74.1%	\$158.09	\$117.08	\$144.44	\$106.97	\$13.65	91.4%	40.6%	2.20	63,200	1.56
2016	74.6%	\$164.97	\$123.04	\$150.49	\$112.24	\$14.48	91.2%	41.5%	2.17	63,200	1.36
2017	75.8%	\$170.42	\$129.12	\$154.98	\$117.42	\$15.44	90.9%	44.6%	2.15	64,100	1.45
2018	75.2%	\$182.45	\$137.29	\$166.72	\$125.46	\$15.73	91.4%	47.0%	2.15	64,800	1.54
2019	75.6%	\$183.76	\$138.85	\$168.21	\$127.10	\$15.54	91.5%	50.4%	2.07	68,100	1.28
2020	43.2%	\$124.13	\$56.39	\$114.62	\$49.47	\$9.51	92.3%	44.6%	2.23	69,000	1.22
CAGR: 2015 thru 2020	-10.2%	-4.7%	-13.6%	-4.5%	-14.3%	-7.0%	0.2%	1.9%	0.2%	1.8%	-4.9%
YTD 3Q 2019	77.9%	\$175.50	\$139.73	\$160.70	\$127.94	\$14.80	91.6%	52.5%	2.03	67,000	1.27
YTD 3Q 2020	44.7%	\$127.70	\$60.66	\$117.87	\$55.91	\$9.83	92.3%	44.9%	2.22	67,400	1.13
YTD 3Q 2021	55.9%	\$153.33	\$89.88	\$140.50	\$82.33	\$12.84	91.6%	47.5%	2.13	68,600	1.20
% Change	24.9%	20.1%	48.2%	19.2%	47.2%	30.6%	-0.7%	5.8%	-3.8%	1.8%	5.9%

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

Notable Metrics

HIGHEST	IRR: Luxury/Upscale	Latest-Quarter Guest Paid RevPAR	Latest-Quarter Guest Paid RevPAR
	4th Highly Favorable San Diego, CA posted favorable IRR metrics in the luxury/upscale segment (8.4%)	5th Strong The market benefited from strong latest-quarter Guest Paid RevPAR (\$136.25)	5th Strong The market also benefited from strong latest-quarter Guest Paid RevPAR (\$136.25)
LOWEST	T12-Month COPE ADR Percentage	T12-Month Booking Costs POR	Latest-Quarter Booking Costs POR
	101st Soft This market has been hampered by weak T12-month COPE ADR percentage (91.8%)	100th Soft The market was burdened by high T12-month booking costs POR (\$11.77)	99th Soft San Diego, CA also has been burdened by high latest-quarter booking costs (\$16.50)

Notable Trends

FASTEST	General Economy Reverence	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth
	15th Above Average San Diego, CA enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	16th Above Average The market enjoyed from strong long-term historical COPE ADR growth (5.0%)	17th Above Average The market also has benefited from strong long-term historical Guest Paid ADR growth (5.0%)
SLOWEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Booking Costs POR Growth
	86th Below Average The market has been impacted by high short-term historical growth in booking costs (5.4%)	84th Below Average We note this area exhibited weak long-term historical average length of stay growth (-0.3%)	82nd Below Average San Diego, CA also exhibited high long-term historical booking costs POR growth (5.0%)

Market Performance Stage



Source: Newmark

San Diego, CA: Expansion Stage

The San Diego, CA 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

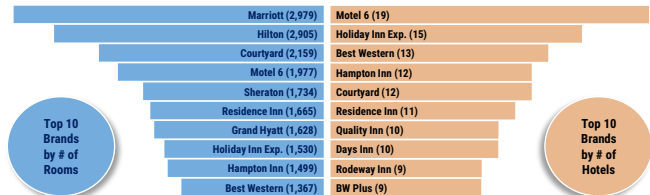
Business Cycle:
Employment Growth (2 yr): **-2.8%**
Risk Exposure (402 US markets):
Key Industry Notes:
In Recovery
43rd Percentile: Average Risk
Defense, high tech
Dynamic professional svcs
Strong R&D/office base
Border crossing bottlenecks
Weak migration trends

Moody's Rating

NR

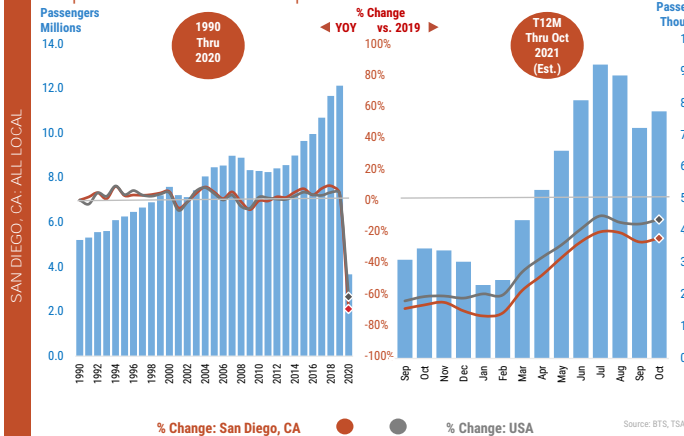
This market is not rated by Moody's

TOP 10 BRANDS

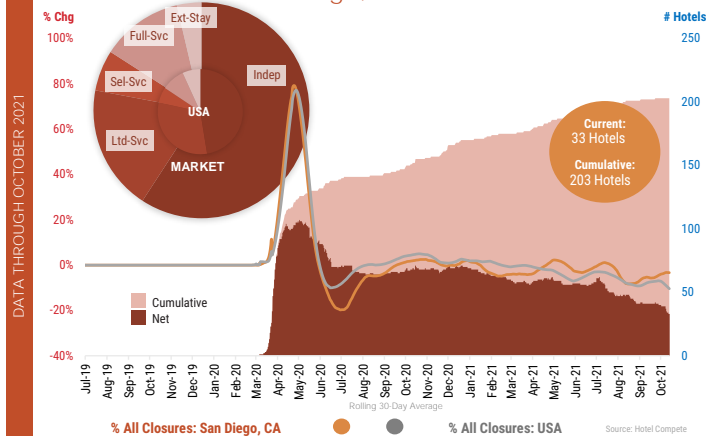


Source: Newmark

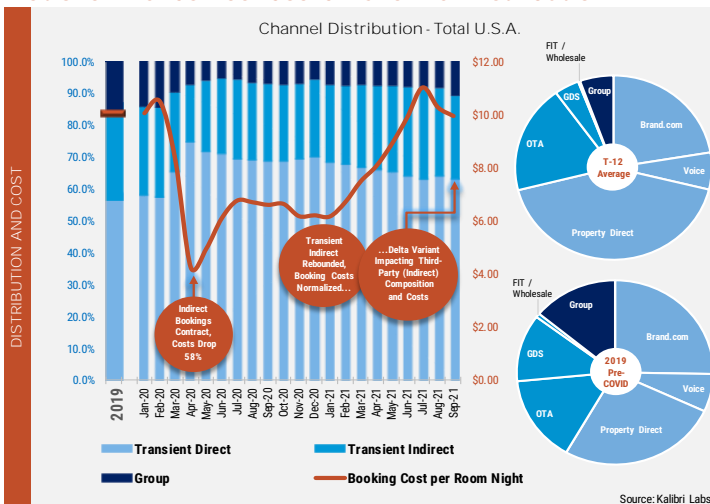
Airport Statistics - Enplanements



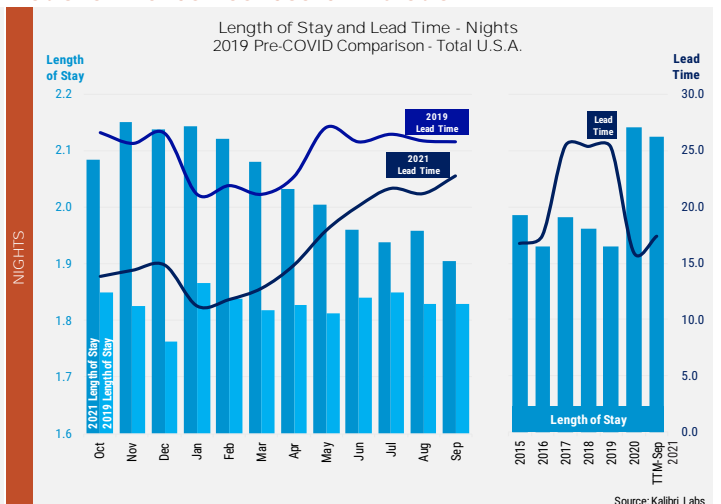
Hotel Closures - San Diego, CA vs. USA



National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Insights 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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