



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Virginia Beach, VA

Fundamentals Dashboard

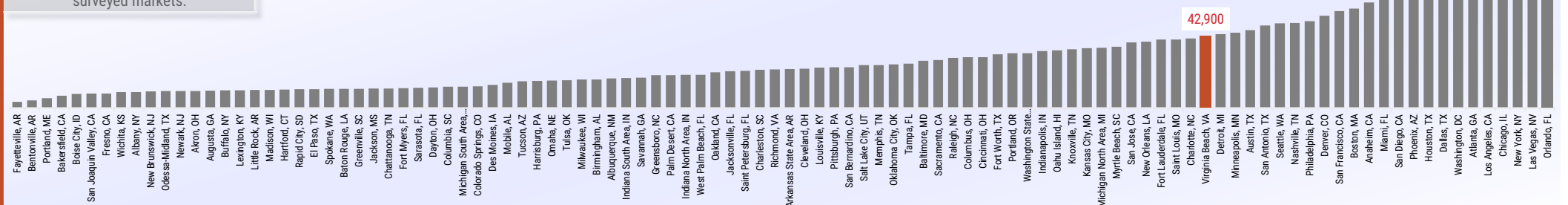
Lodging Performance Index

9th of 104

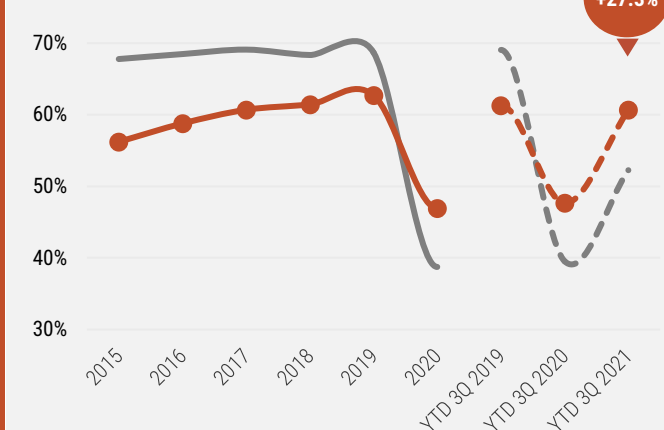
Strong

Ranking of overall '3Q 2021 LPI' performance (1.44) against all 104 surveyed markets.

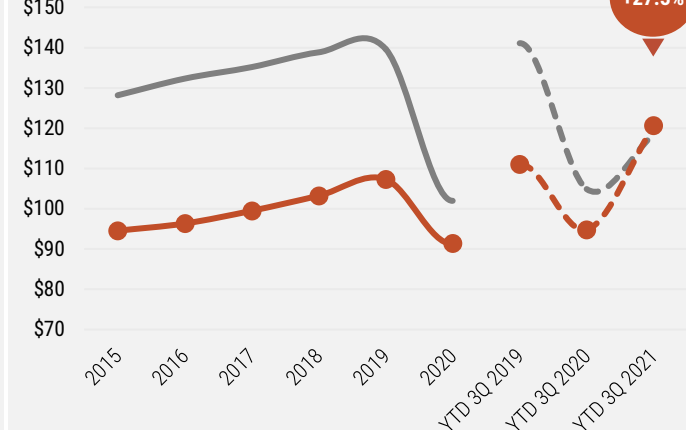
Supply Ranking vs. Major US Markets



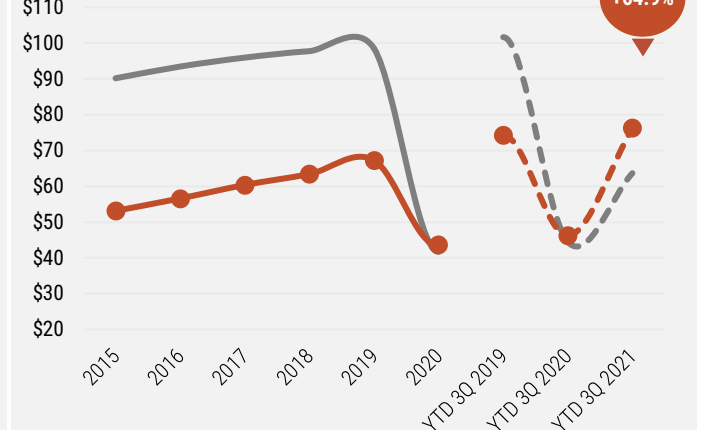
Occupancy



Guest Paid ADR

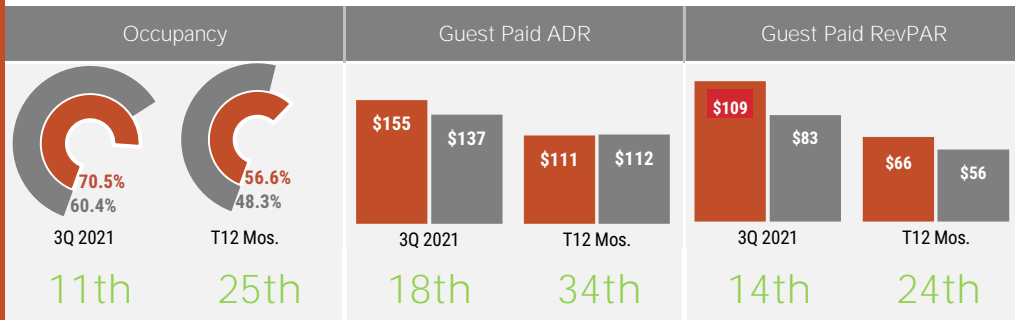


Guest Paid RevPAR



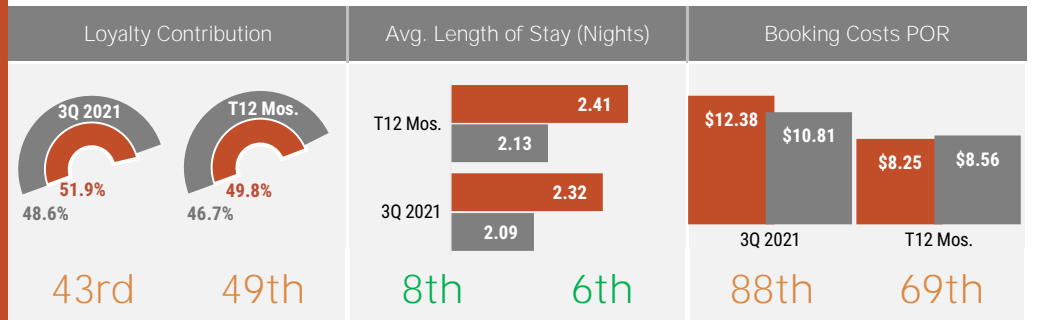
Key Performance Indexes

● Subject Market ● Top 104



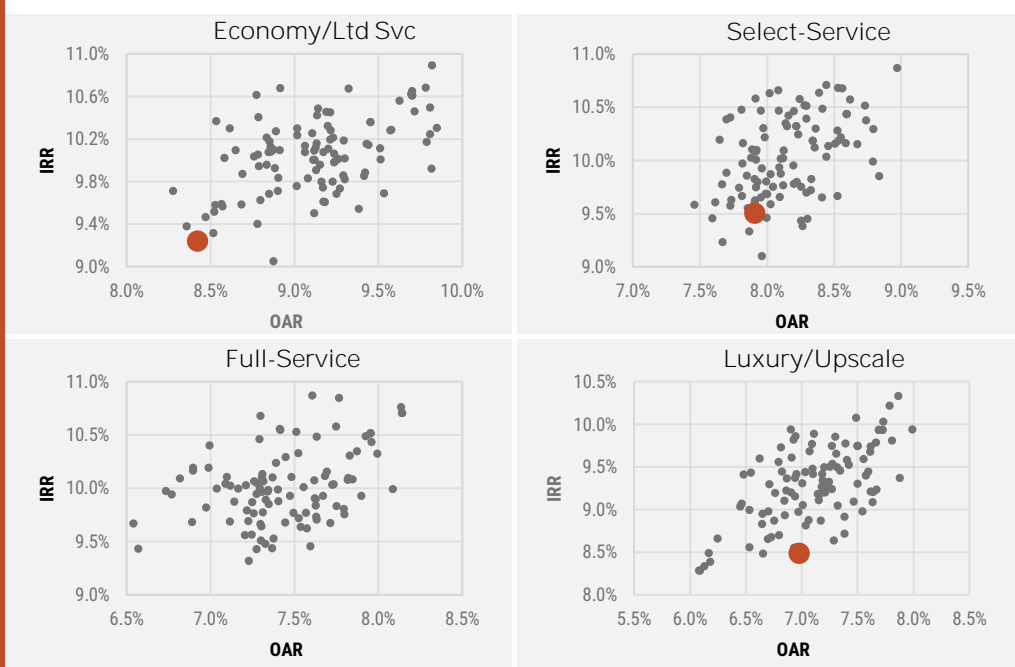
Key Benchmark Indexes

Data provided by: **kalibri LABS**



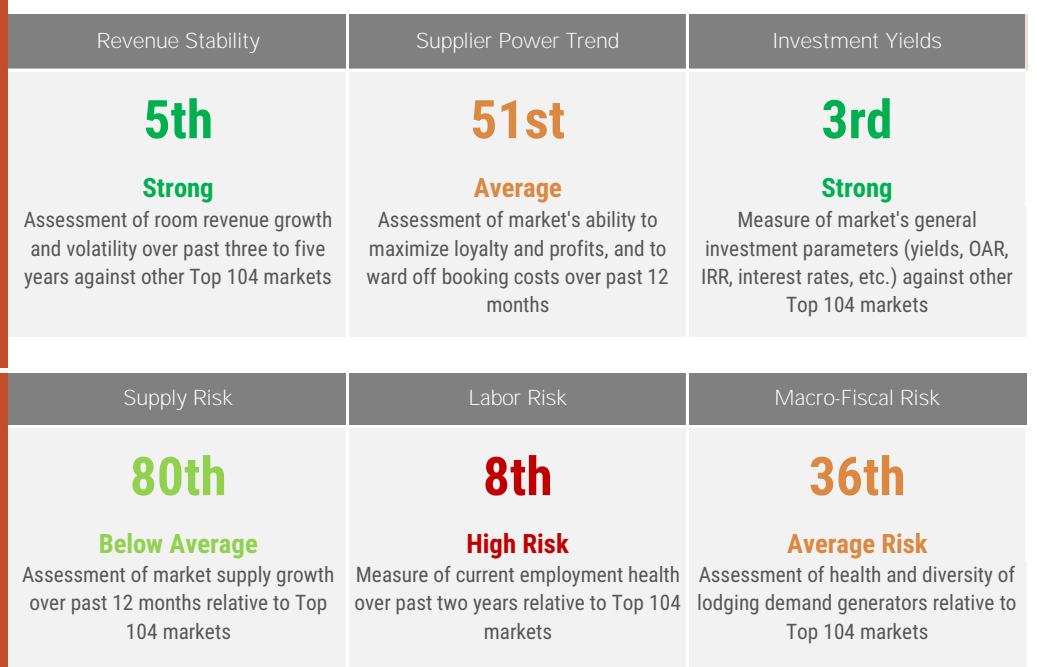
Discount and Capitalization Rates

Source: Newmark

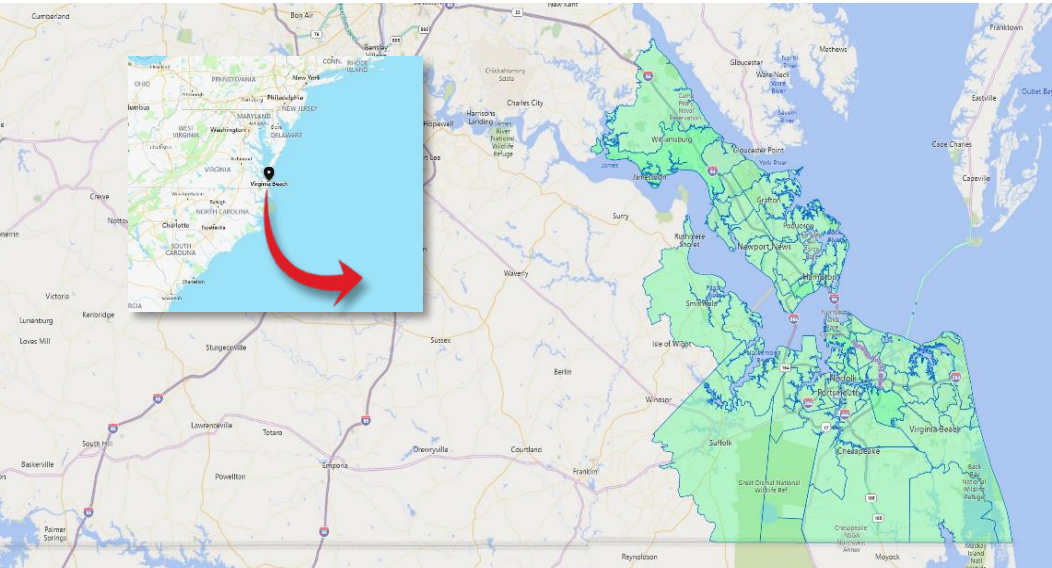


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Virginia Beach	
County:	Virginia Beach City	
State:	Virginia	
Geo Coordinates (market center):	36.85293, -75.97799	
Major Hotel Demand Generators		
Huntington Ingalls Industries Inc. Sentara Healthcare Wal-Mart Stores Inc. Riverside Regional Medical Center Food Lion Farm Fresh Old Dominion University, Norfolk Busch Entertainment Corp. Anthem College of William and Mary Children's Hospital of The King's Daughters Gwaltney of Smithfield Target Corp. U.S. Navy Exchange Tidewater Community College Maryview Hospital Ferguson Enterprises Inc. Chesapeake General Hospital Kroger Nat'l Aeronautics & Space Admin.		
Metrics and Ranking		Measurements
Population (hotel market area)	1,433,462	
Income per Capita	\$70,500	
Feeder Group Size	59.5 Persons PSR	
Feeder Group Earnings	\$4,192,372 PSR	
Total Market COPE	\$974.0 million	
		Rankings
		44th of 104 (Average)
		8th of 104 (Strong)
		20th of 104 (Above Average)
		47th of 104 (Average)
		21st of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Guest Paid			COPE*		Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	56.2%	\$94.53	\$53.14	\$87.58	\$49.24	\$6.95	92.7%	43.4%	2.28	41,700	0.73
2016	58.8%	\$96.32	\$56.61	\$88.90	\$52.25	\$7.42	92.3%	44.8%	2.28	41,600	0.99
2017	60.7%	\$99.48	\$60.37	\$91.55	\$55.56	\$7.93	92.0%	47.0%	2.28	41,900	0.94
2018	61.4%	\$103.21	\$63.42	\$95.06	\$58.41	\$8.15	92.1%	49.9%	2.30	42,000	1.07
2019	62.7%	\$107.30	\$67.29	\$98.72	\$61.91	\$8.58	92.0%	54.8%	2.23	42,400	0.89
2020	46.9%	\$91.33	\$43.67	\$84.82	\$39.75	\$6.51	92.9%	48.3%	2.45	42,900	1.39
CAGR: 2015 thru 2020	-3.6%	-0.7%	-3.8%	-0.6%	-4.2%	-1.3%	0.0%	2.2%	1.4%	0.6%	13.8%
YTD 3Q 2019	61.3%	\$110.97	\$74.22	\$102.14	\$68.29	\$8.83	92.0%	53.5%	2.20	42,200	1.12
YTD 3Q 2020	47.7%	\$94.75	\$46.20	\$87.88	\$42.83	\$6.87	92.7%	48.1%	2.44	42,300	1.26
YTD 3Q 2021	60.7%	\$120.58	\$76.21	\$111.39	\$70.35	\$9.19	92.4%	50.0%	2.38	42,500	1.44
% Change	27.3%	27.3%	64.9%	26.8%	64.3%	33.7%	-0.4%	4.0%	-2.3%	0.5%	14.3%

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

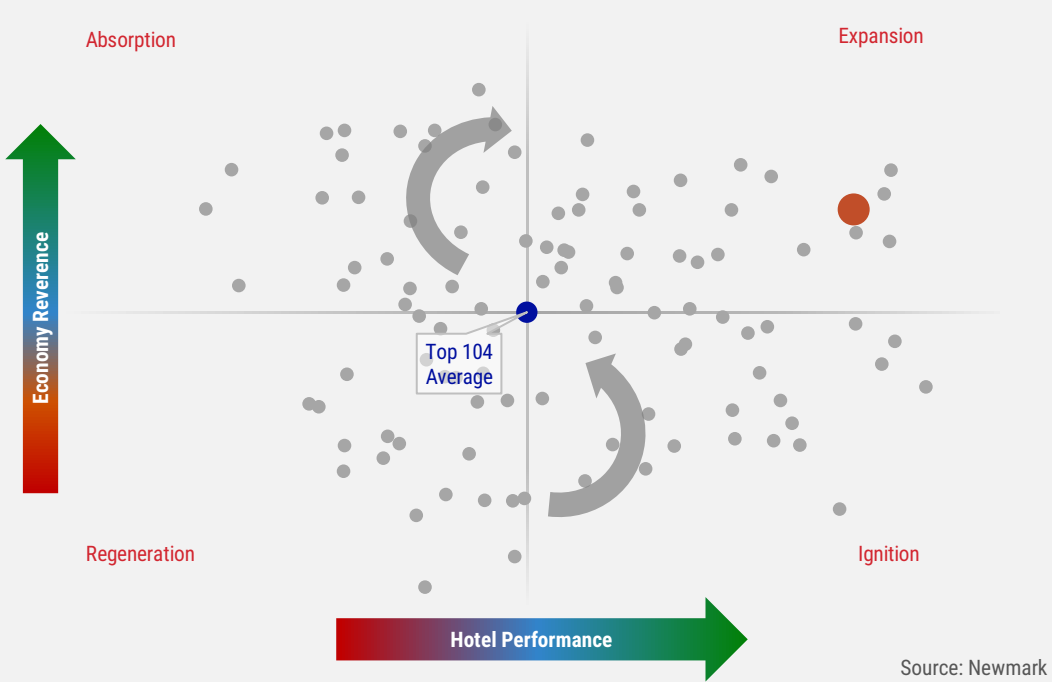
Notable Metrics

HIGHEST	OAR: Full-Service	Latest-Quarter Average Length of Stay	IRR: Full-Service
	1st Highly Favorable Virginia Beach, VA posted favorable OAR metrics in the full-service segment (6.5%)	8th Strong The market boasted strong latest-quarter average length of stay (2.32 Nights)	2nd Highly Favorable The market also enjoyed favorable IRR metrics in the full-service segment (9.3%)
LOWEST	Latest-Quarter Booking Costs POR	Population Density per Room	Feeder Population Per Room
	88th Below Average This market has been burdened by high latest-quarter booking costs (\$12.38)	85th Below Average The market has been hindered by weak population density per room (19.88)	82nd Below Average Virginia Beach, VA also posted a low ratio of feeder population per room (25.15)

Notable Trends

FASTEST	Long-Term Historical Supply Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth
	4th Strong Virginia Beach, VA has benefited from low long-term historical supply growth (~0.1%)	4th Strong The market exhibited strong short-term historical Guest Paid ADR growth (18.5%)	4th Strong The market also has benefited from strong short-term historical COPE ADR growth (18.4%)
SLOWEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
	100th Soft The market has been impeded by high short-term historical growth in booking costs (19.9%)	100th Soft We note this area exhibited high long-term historical booking costs POR growth (13.6%)	98th Soft Virginia Beach, VA also has been burdened by high short-term historical supply growth (0.6%)

Market Performance Stage



Virginia Beach, VA: Expansion Stage

The Virginia Beach, VA 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.

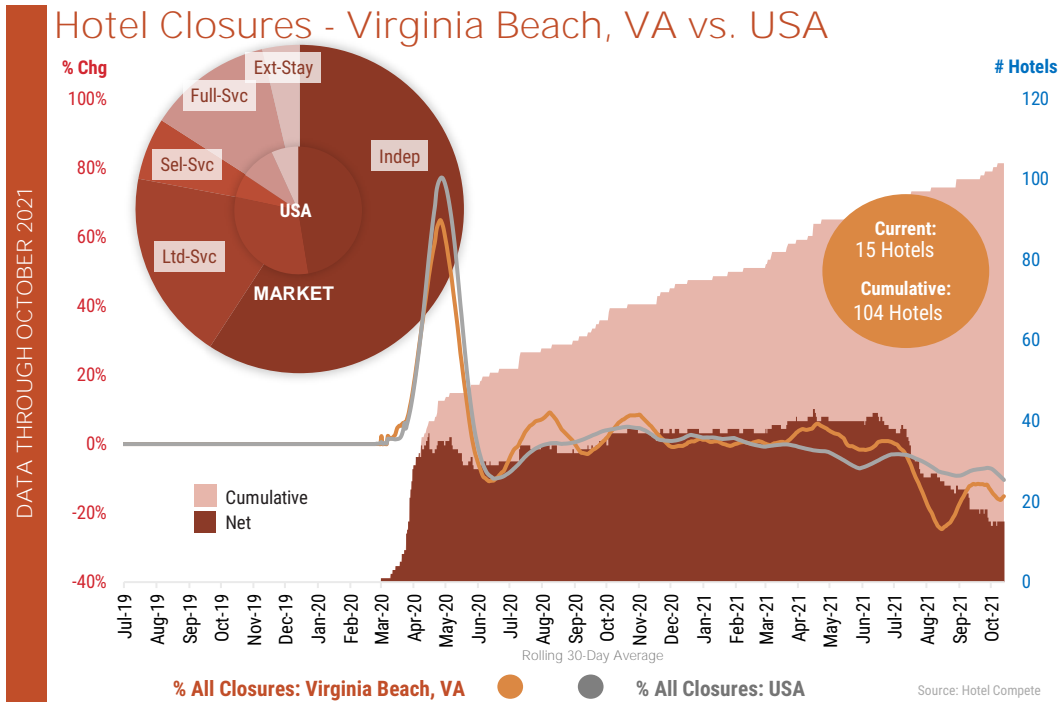
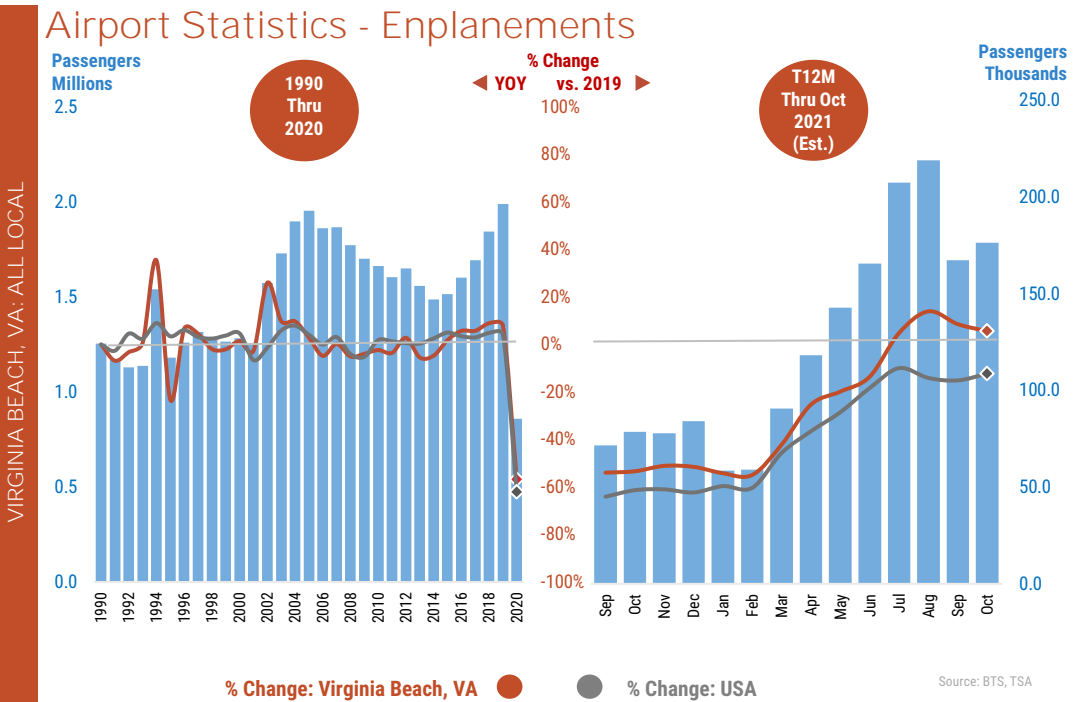
Other Stages:

Expansion	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.
Regeneration	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.
Ignition	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.
Absorption	

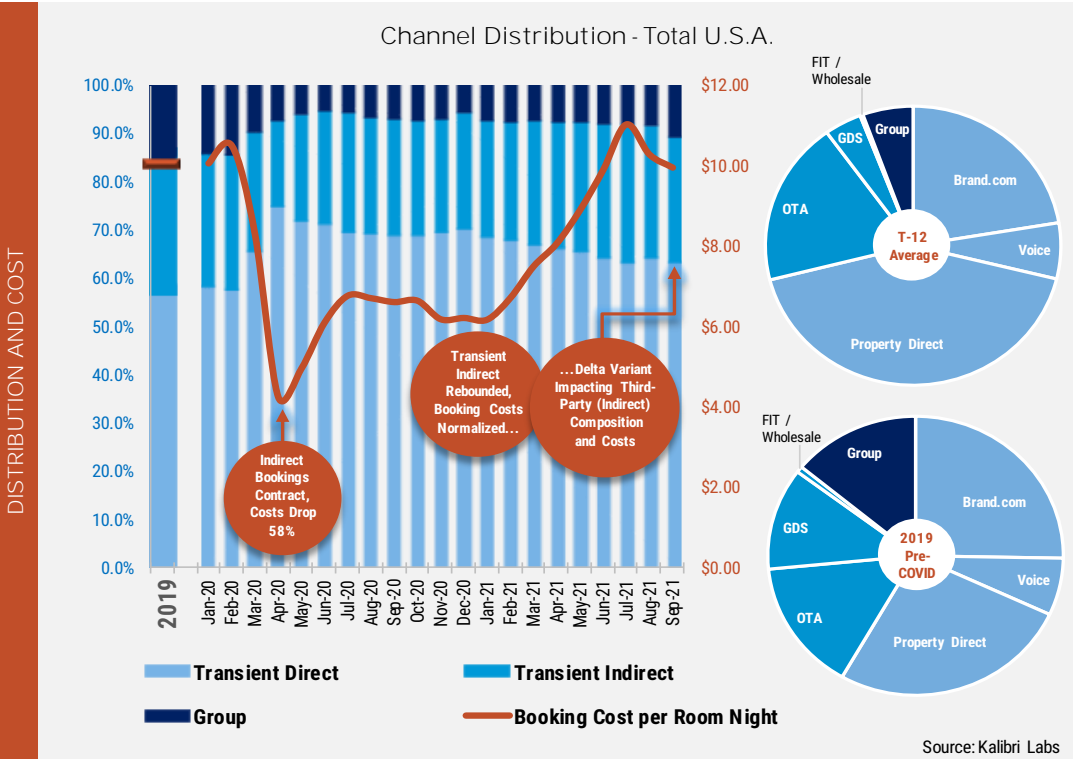
Industry Observations

MOODY'S ANALYTICS	Business Cycle:	In Recovery	Aaa Investment Grade
	Employment Growth (2 yr):	-2.7%	
	Risk Exposure (402 US markets):	85th Percentile: Above Average	
	Key Industry Notes:	Defense, logistics Strong port facilities Low business costs Dependence on fed govt Negative net migration	
			Long-term investment grade, Prime-1 short-term outlook

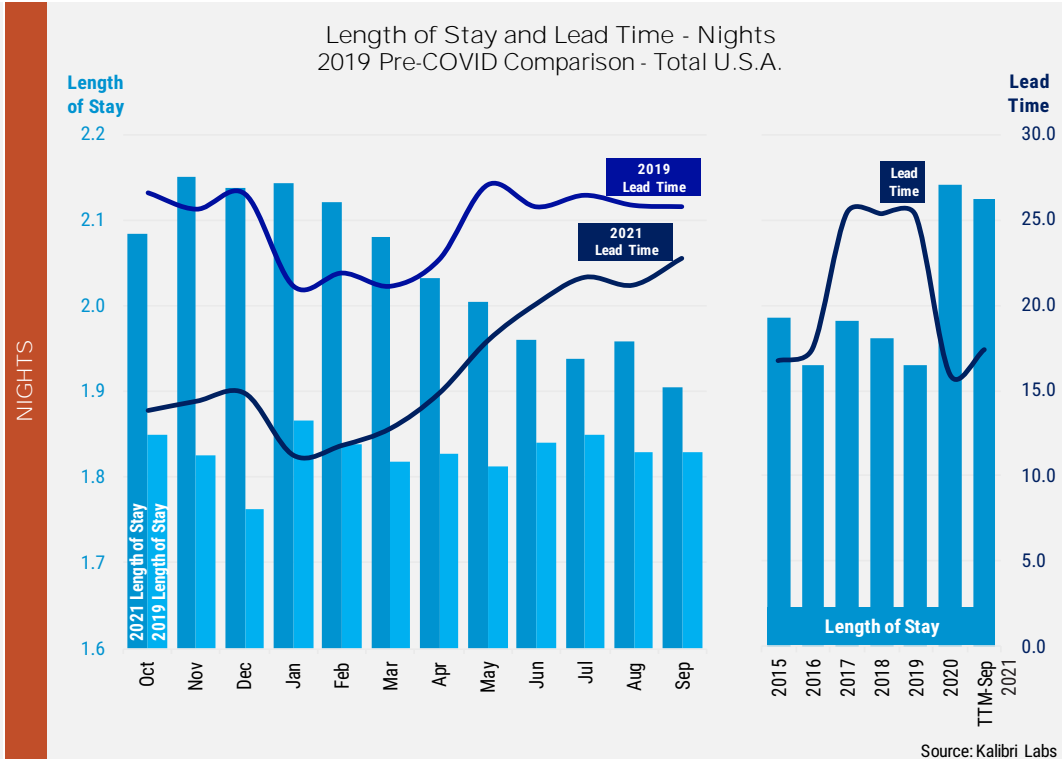




National Trends Dashboard - Channel Distribution



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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