

NEWMARK

1Q 2024

Hotel Market Nsights Report

CHATTANOOGA, TN



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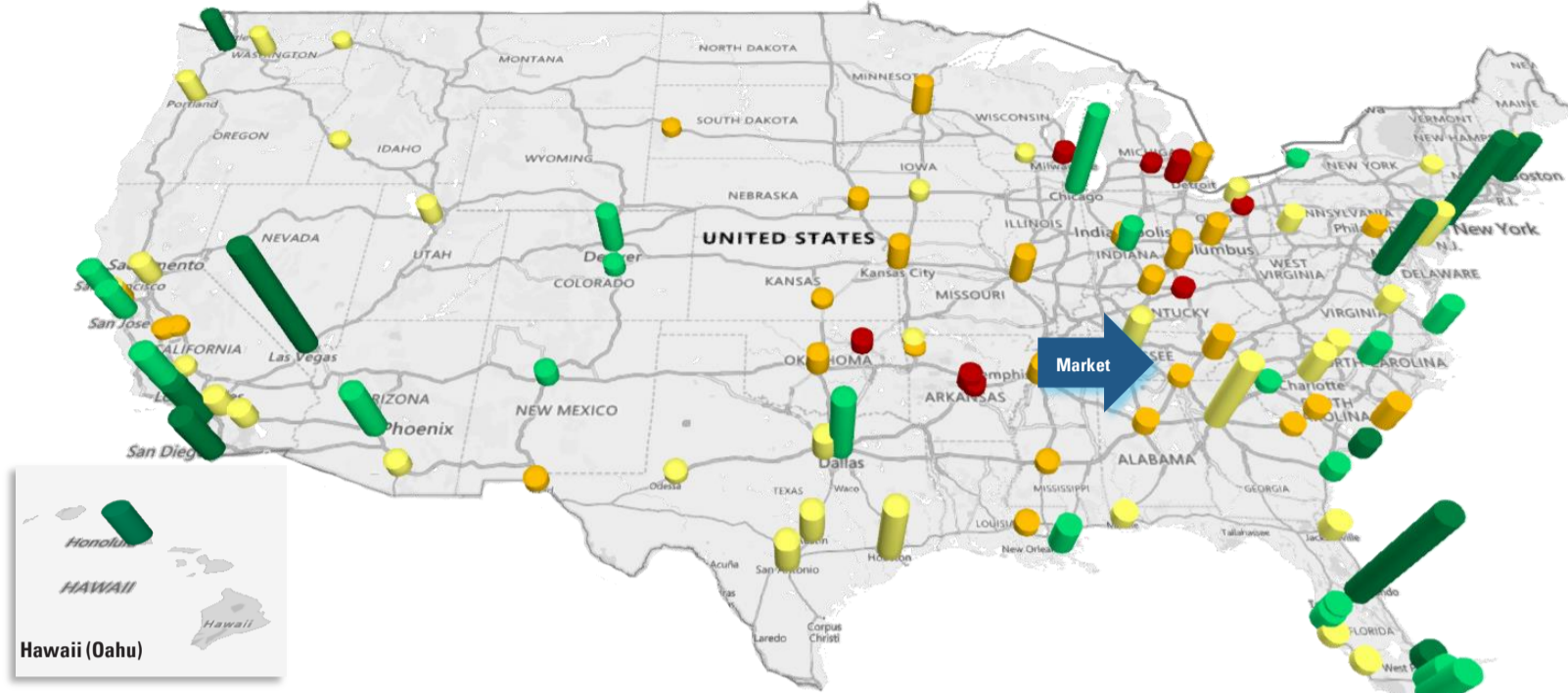
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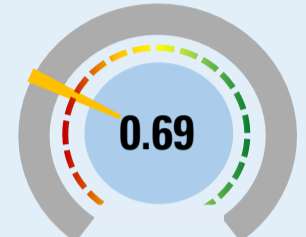


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

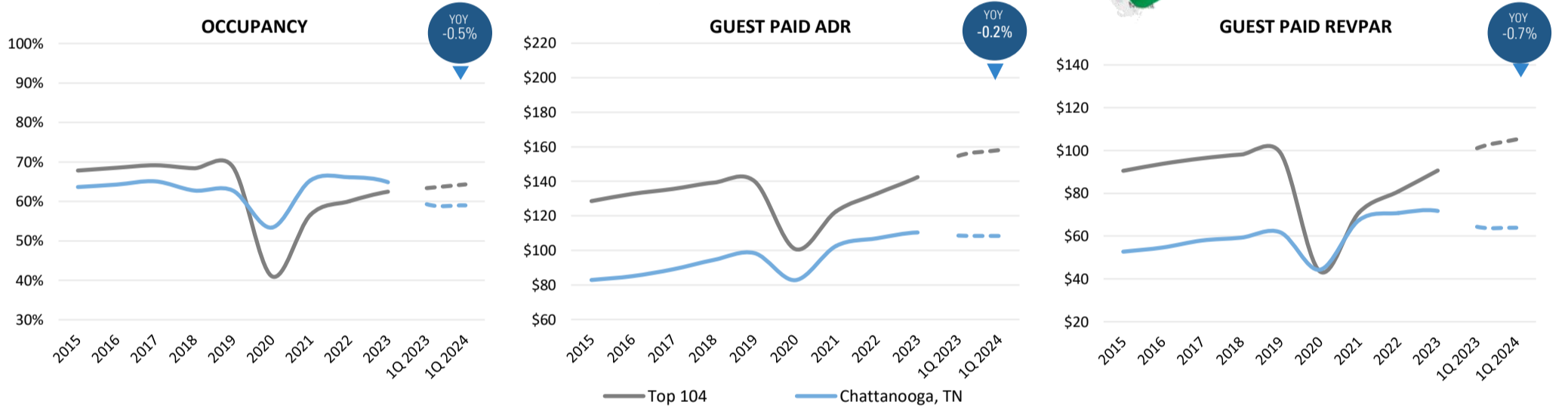
Chattanooga, TN



94th of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.69) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

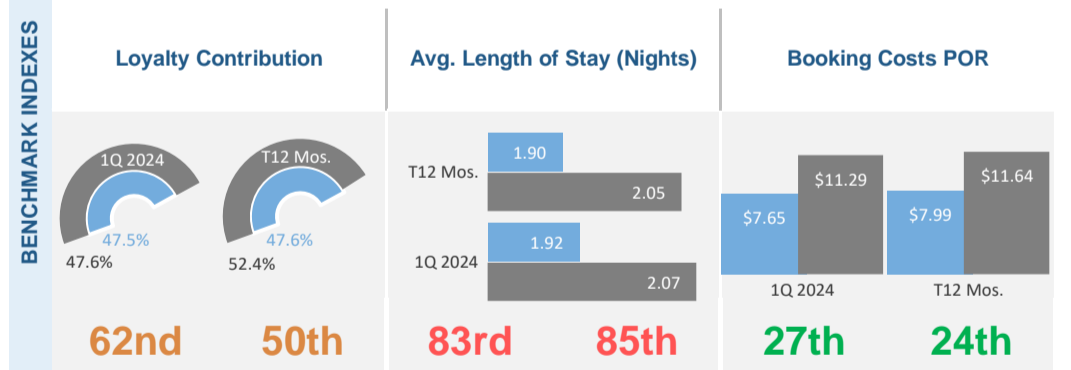


PERFORMANCE INDEXES

Key Performance Indexes

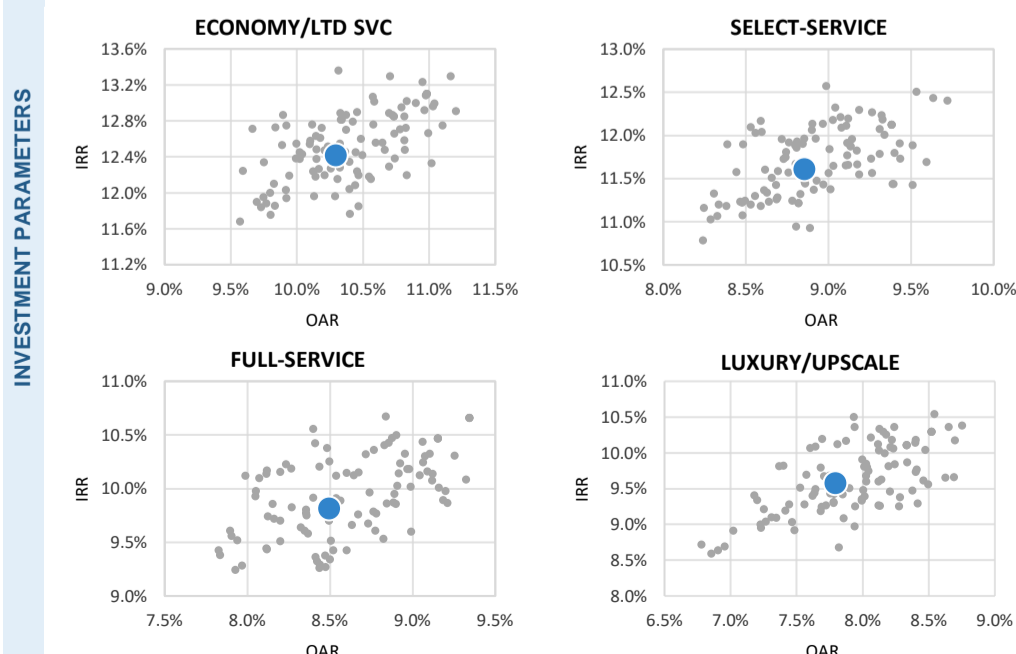


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

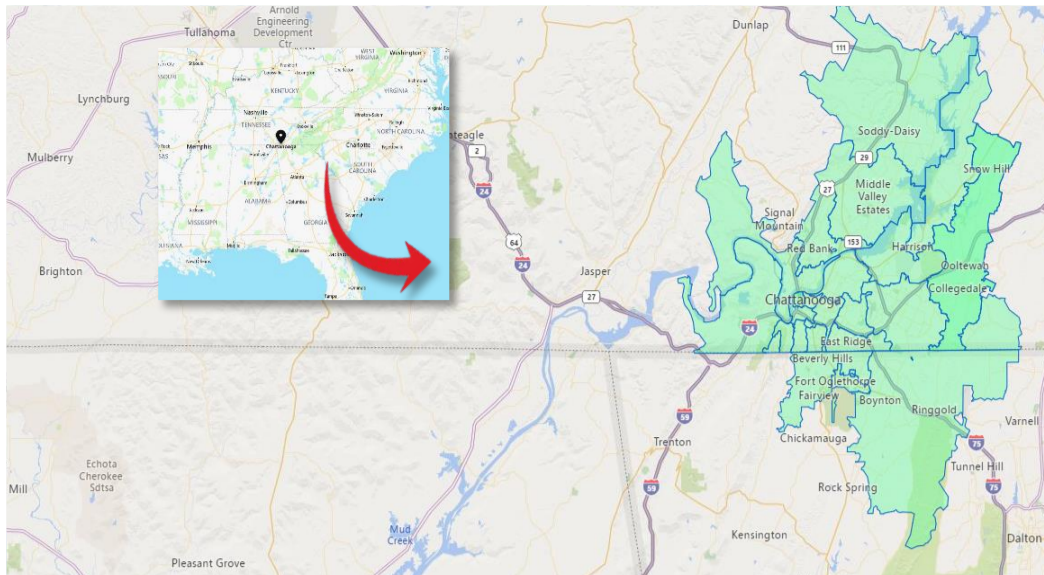


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name: Chattanooga
 County: Hamilton County
 State: Tennessee
 Geo Coordinates (market center): 35.04563, -85.30968

Major Hotel Demand Generators

BlueCross BlueShield of Tennessee | Erlanger Health System | Tennessee Valley Authority | Volkswagen Chattanooga | McKee Foods Corp. | Unum | CHI Memorial | Amazon | Roper Corp. | Astec Industries Inc. | Cigna HealthCare | Parkridge Medical Center | The University of Tennessee at Chattanooga | Pilgrim's Pride Corp. | U.S. Xpress Enterprises Inc. | Convergys Corp. | Chattem Inc. | Orange Grove Center Inc. | Chattanooga State Community College | Koch Foods LLC

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	356,975	96th of 104 (Small)
Income per Capita	\$41,911	75th of 104 (Below Average)
Feeder Group Size	50.6 Persons PSR	20th of 104 (Above Average)
Feeder Group Earnings	\$2,122,094 PSR	16th of 104 (Above Average)
Total Market Hotel Revenues	\$292.9 million	85th of 104 (Below Average)

Key Performance Metrics

Data provided by: **kalibri LABS**

YEAR ENDING	Guest Paid			COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	63.6%	\$82.86	\$52.73	\$77.42	\$49.26	\$5.44	93.4%	41.1%	1.80	10,220	0.72
2016	64.3%	\$85.06	\$54.66	\$79.25	\$50.92	\$5.81	93.2%	41.9%	1.83	10,190	0.91
2017	65.1%	\$89.05	\$57.95	\$82.61	\$53.76	\$6.44	92.8%	43.9%	1.83	10,050	0.76
2018	62.7%	\$94.48	\$59.28	\$87.37	\$54.82	\$7.11	92.5%	47.1%	1.78	10,130	0.79
2019	62.7%	\$98.41	\$61.72	\$90.82	\$56.97	\$7.58	92.3%	53.0%	1.72	10,670	0.74
2020	53.4%	\$82.76	\$44.29	\$76.99	\$41.07	\$5.78	93.0%	37.9%	2.01	10,640	1.19
2021	65.3%	\$102.56	\$67.49	\$95.11	\$62.12	\$7.44	92.7%	40.5%	1.87	10,900	1.17
2022	66.1%	\$106.99	\$70.79	\$99.28	\$65.63	\$7.71	92.8%	40.8%	1.89	10,980	0.93
2023	64.9%	\$110.39	\$71.76	\$102.54	\$66.50	\$7.85	92.9%	41.5%	1.89	11,040	0.66
CAGR: 2015 thru 2023	0.2%	3.7%	3.9%	3.6%	3.8%	4.7%	-0.1%	0.1%	0.6%	1.0%	-1.1%
1Q 2023	59.3%	\$108.56	\$64.36	\$101.12	\$59.95	\$7.44	93.1%	46.0%	1.88	11,120	0.84
1Q 2024	59.0%	\$108.37	\$63.92	\$100.72	\$59.41	\$7.65	92.9%	47.5%	1.92	11,350	0.69

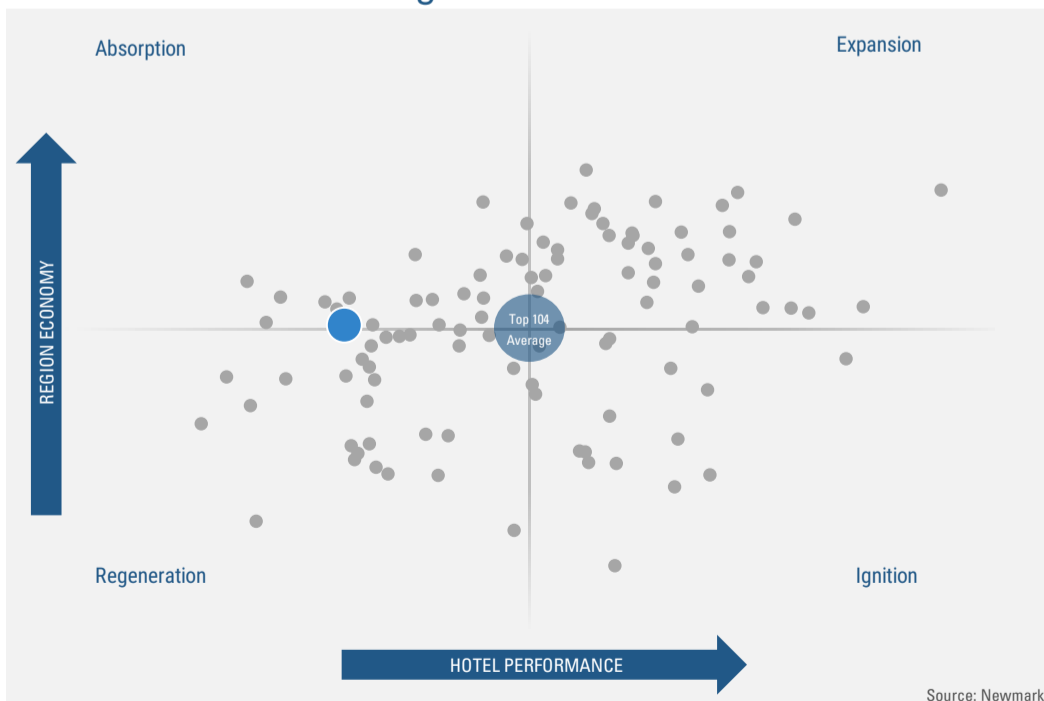
Notable Metrics

HIGHEST	Feeder Group Earnings per sold room	Feeder Group Size	T12-Month Booking Costs POR
	16th Above Average Chattanooga, TN posted strong feeder group earnings per sold room (\$2,122,094)	20th Above Average The market required a small feeder group size (50.63 Persons)	24th Above Average The market also enjoyed low T12-month booking costs POR (\$7.99)
	Latest-Quarter LPI	Marketwide Income per Room	Population Density per Room
LOWEST	94th Soft This market posted weak latest-quarter LPI (0.69)	89th Below Average The market exhibited a low ratio of marketwide per-capita income per room (\$941,623)	89th Below Average Chattanooga, TN also has been hindered by weak population density per room (31.12)

Notable Trends

STRONGEST	Short-Term Historical Supply Growth	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Occupancy Growth
	9th Strong Chattanooga, TN has benefited from low short-term historical supply growth (3.4%)	15th Above Average The market enjoyed strong long-term historical average length of stay growth (1.2%)	17th Above Average The market also has benefited from strong short-term historical occupancy growth (0.6%)
	Overall Health of Hotel Market	T12-Month Rooms Supply Growth	Long-Term Historical Supply Growth
WEAKEST	93rd Soft The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	85th Below Average We note this area has been hindered by high rooms supply growth over the last 12 months (2.1%)	79th Below Average Chattanooga, TN also has been burdened by high long-term historical supply growth (2.2%)

Market Performance Stage



Chattanooga, TN: Absorption Stage

The Chattanooga, TN market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed any lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Atlanta, GA; Charlotte, NC; and Columbus, OH.

- Other Stages:**
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic 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 Knoxville, TN.
 - Ignition:** In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Chicago, IL; and Miami, FL.
 - Expansion:** In the 'Expansion' stage, hotels perform adequately, contributing to a resilient economy that has fully exited from the pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Austin, TX; and Boston, MA.

Industry Observations

MOODY'S ANALYTICS

Business Cycle: **Expansion**
 Employment Growth (2 yr): **0.7%**
 Risk Exposure (402 US markets): **38th Percentile: Average Risk**
 Key Industry Notes:
 Proximity to large southern markets
 Favorable tax structure
 Low educational attainment
 Low business costs
 Low per capita income

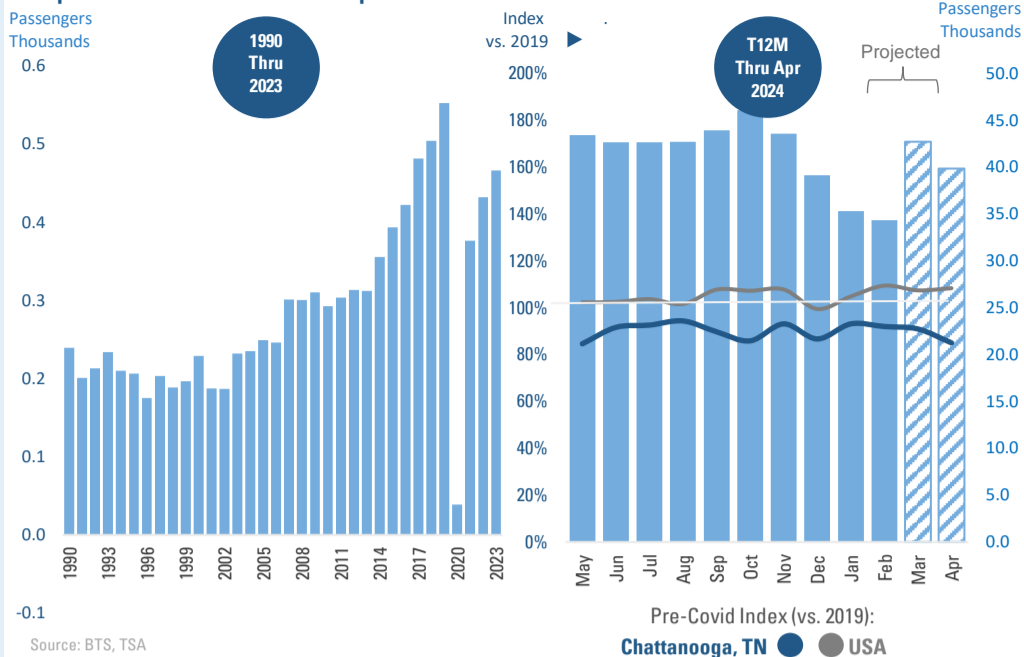
Moody's Rating

Aaa
Investment Grade

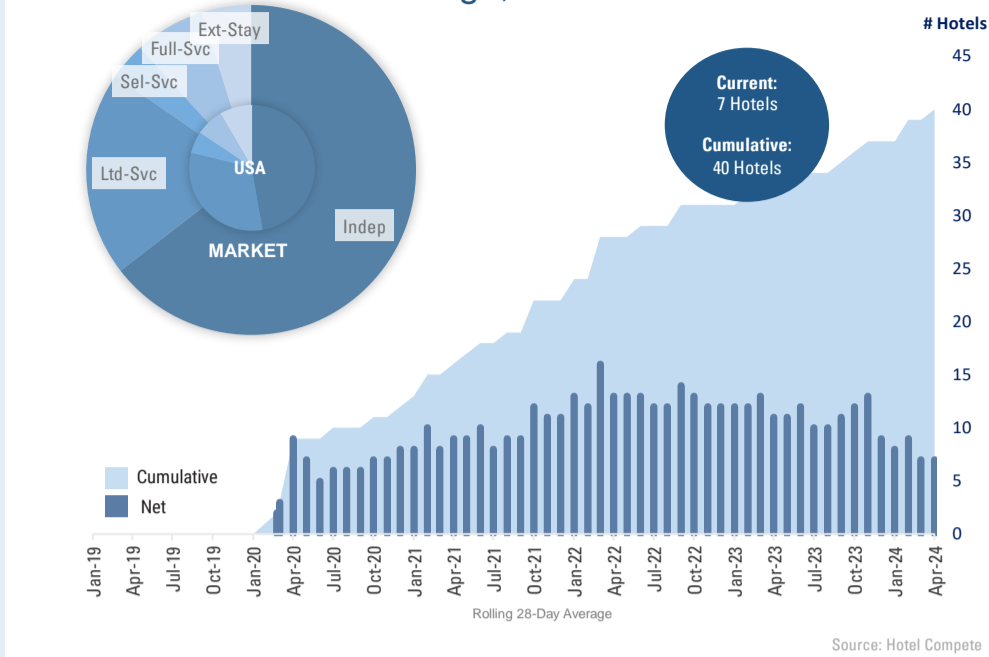
Long-term investment grade, Prime-1 short-term outlook



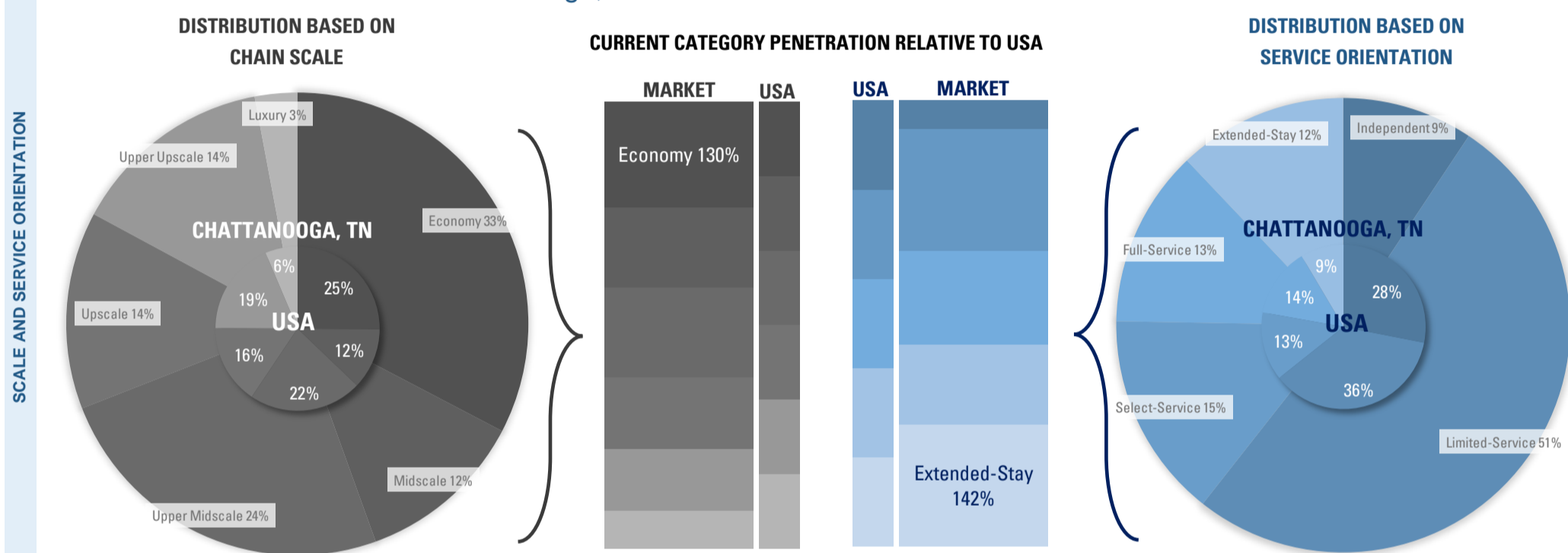
Airport Statistics - Enplanements



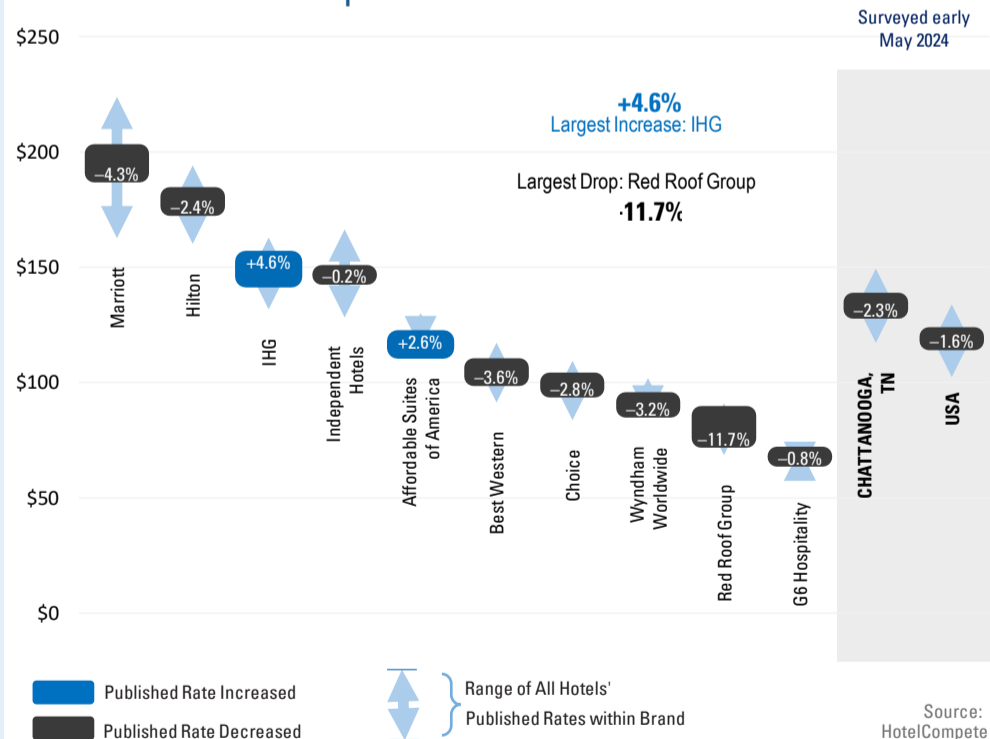
Hotel Closures - Chattanooga, TN



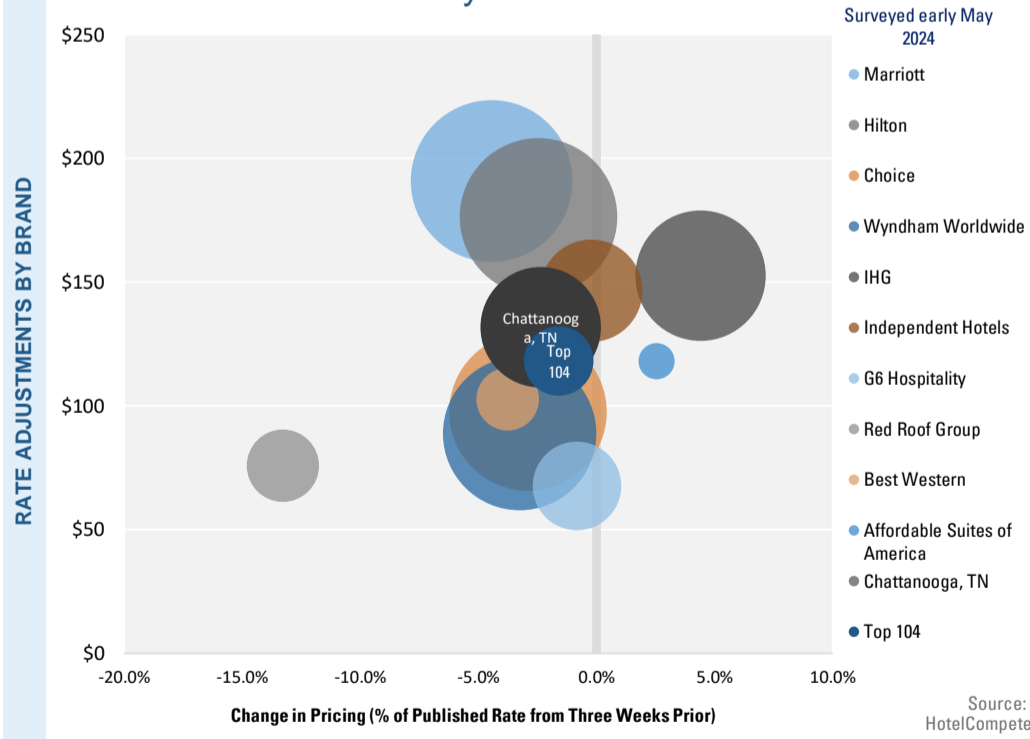
Scale and Service Distribution: Chattanooga, TN



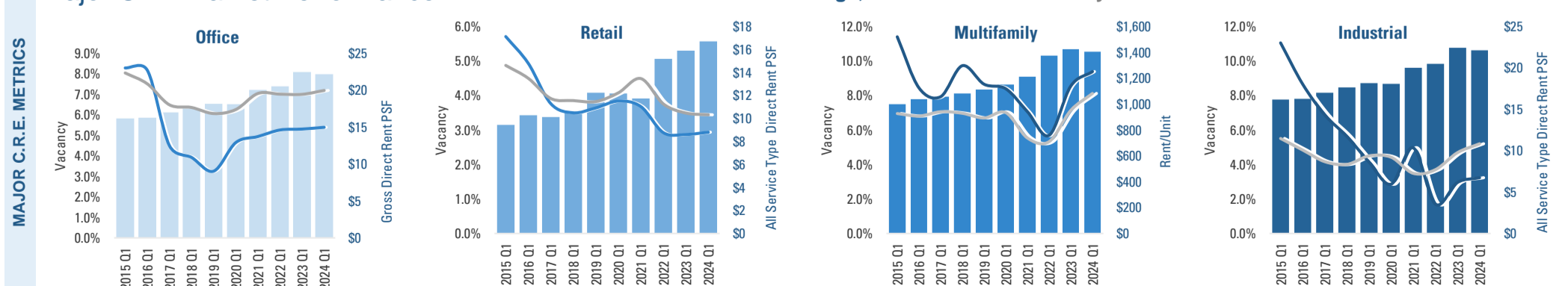
Published Rates: Top 10 Brands



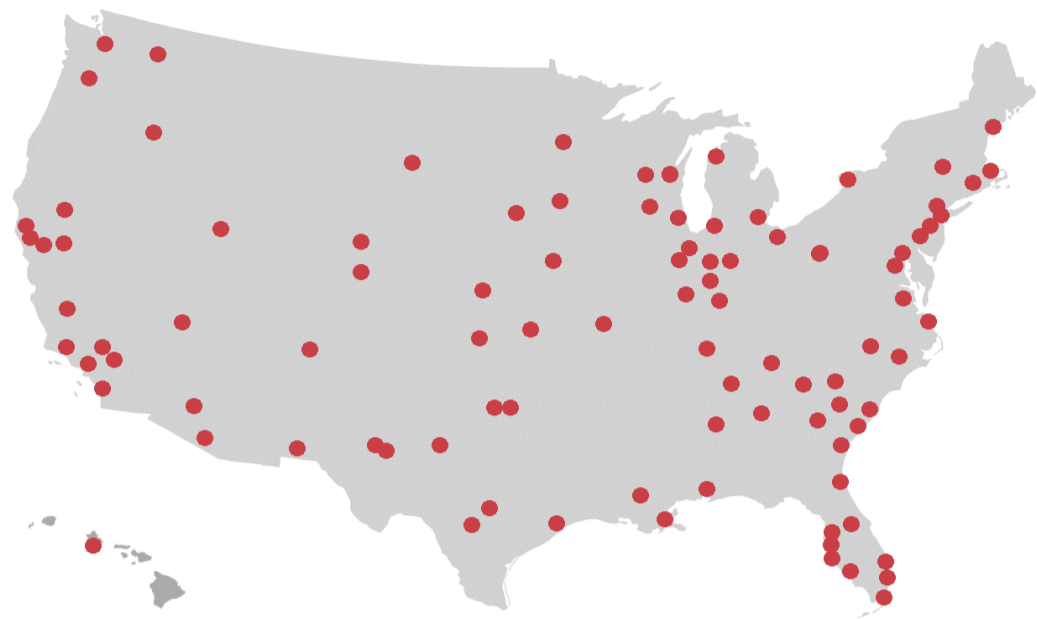
Published Rates: Volatility



Major CRE Market Performance



Nsights Hotel Market Reports 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

*Customized market reports available upon request

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Arenas, Stadiums and Sports Facilities

Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

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Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

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Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics

We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

Property Tax

We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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