

NEWMARK

1Q 2024

Hotel Market Nsights Report

EL PASO, TX



FOR MORE INFORMATION:

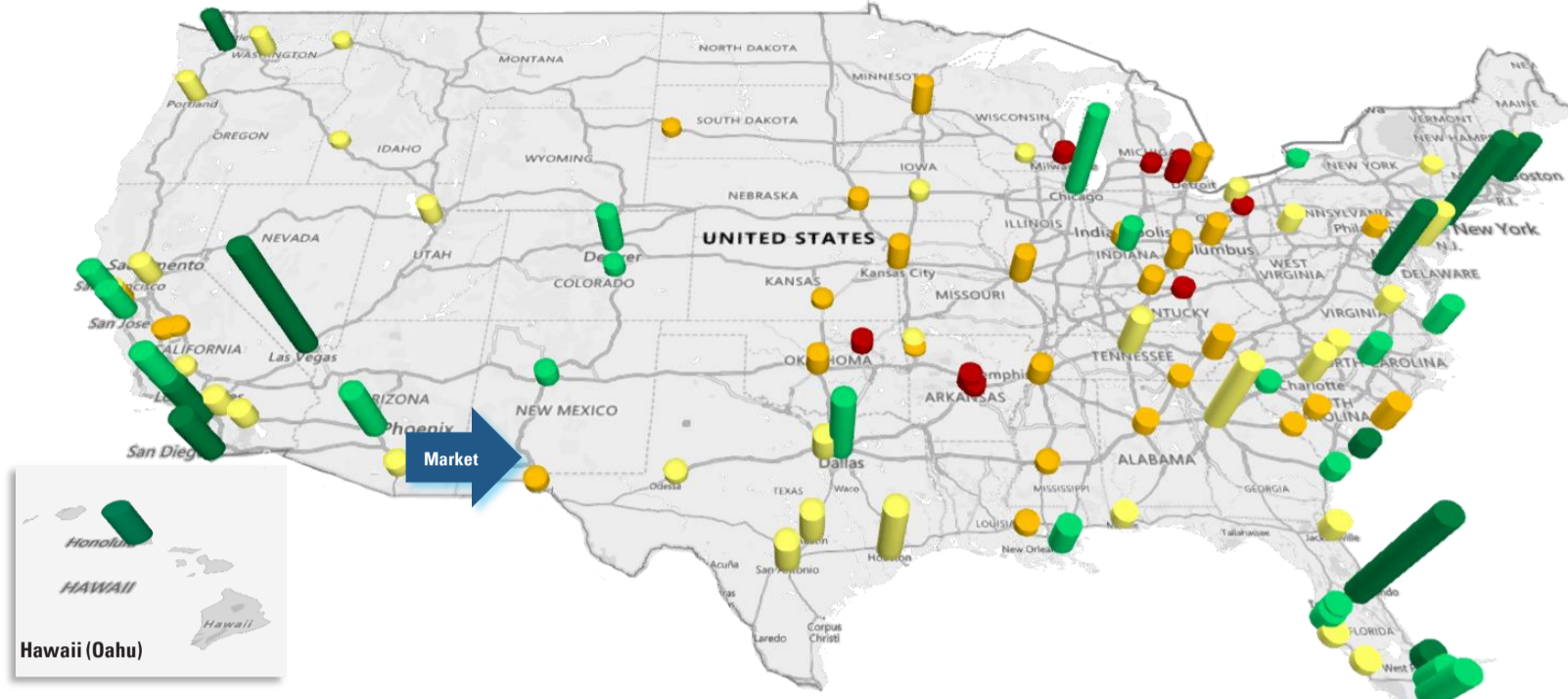
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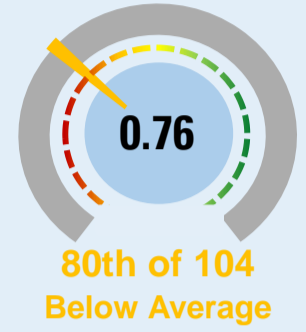


Lodging Performance Index Snapshot



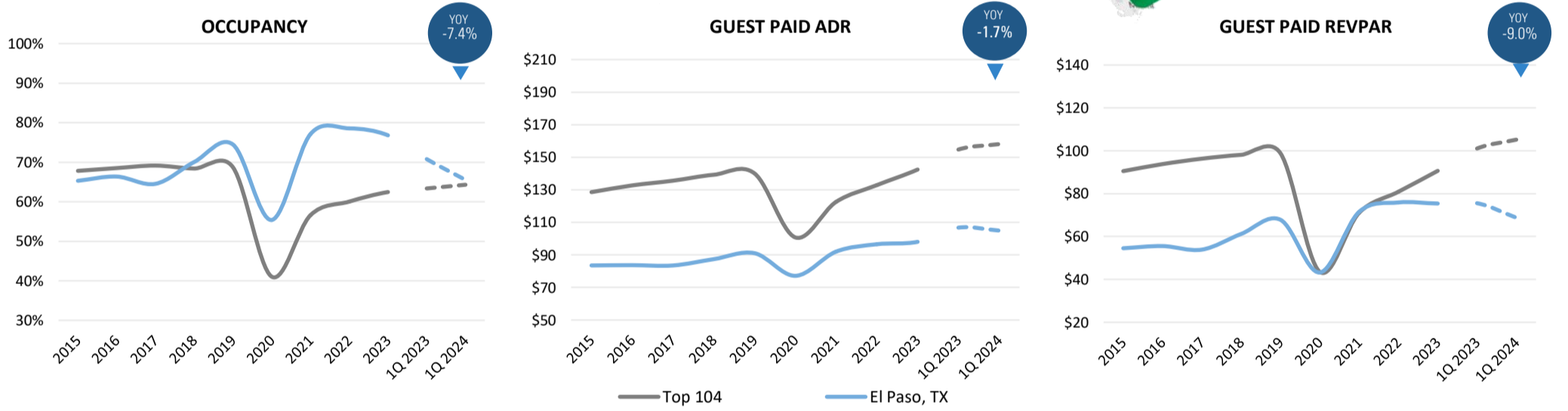
LODGING PERFORMANCE INDEX

El Paso, TX



Ranking of overall 1Q 2024 LPI performance (0.76) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

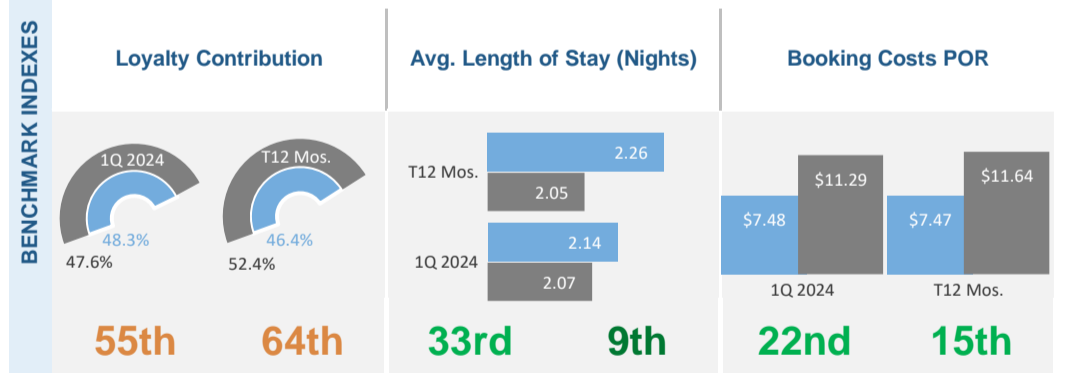


PERFORMANCE INDEXES

Key Performance Indexes

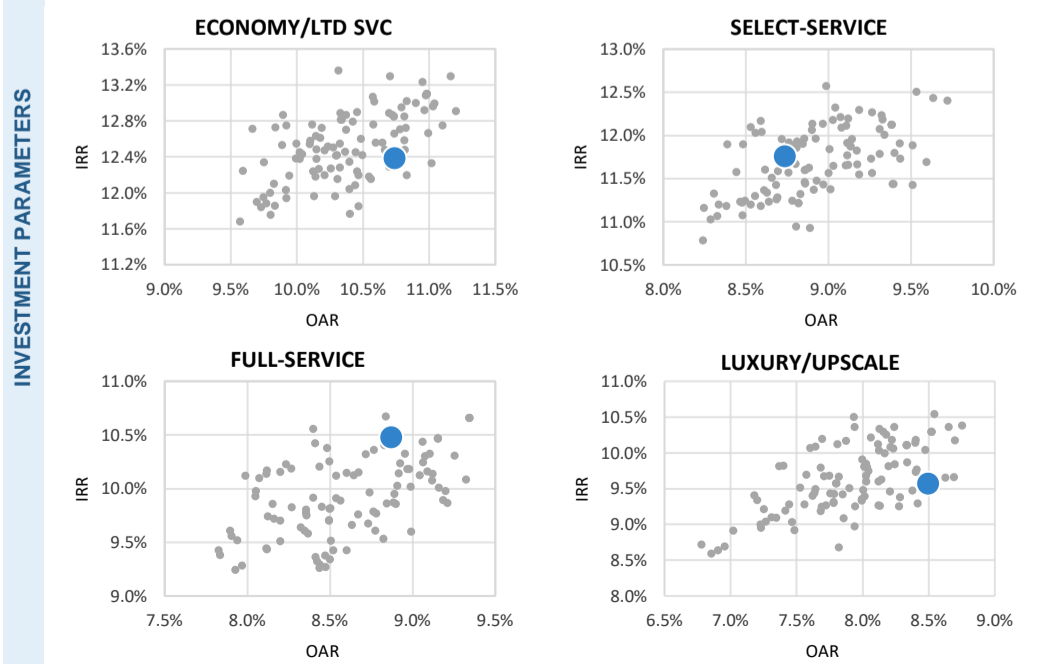


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

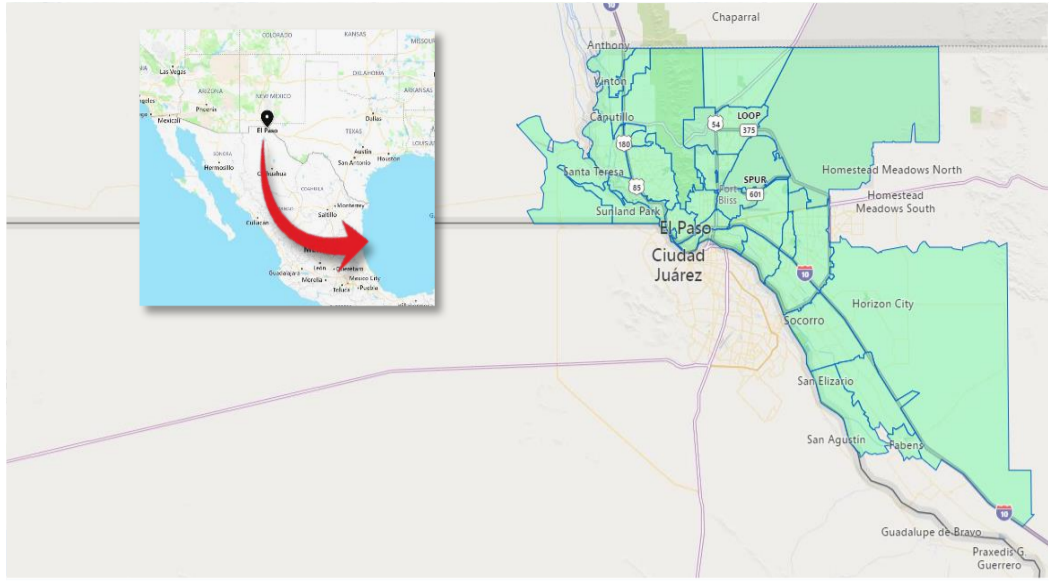


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: El Paso
 County: El Paso County
 State: Texas
 Geo Coordinates (market center): 31.75872, -106.48693

Major Hotel Demand Generators

Fort Bliss | T&T Staff Management | TH Medical | El Paso Community College | UMC Health System | Alorica | El Paso HealthCare System LTD | University of Texas at El Paso | ADP LLC | Dish Network LLC | Texas Tech University Health Sciences Center | GC Services Ltd. | El Paso Electric | Schneider Electric | Verizon Wireless | Federal-Mogul LLC | Jordan Foster Construction LLC | Tecma Group LP | Foret Companies | The Urban Companies

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	713,264	68th of 104 (Below Average)
Income per Capita	\$44,431	69th of 104 (Below Average)
Feeder Group Size	98.1 Persons PSR	81st of 104 (Below Average)
Feeder Group Earnings	\$4,358,748 PSR	75th of 104 (Below Average)
Total Market Hotel Revenues	\$287.3 million	87th of 104 (Below Average)

Key Performance Metrics

Data provided by: **kolibri 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	65.3%	\$83.54	\$54.54	\$77.33	\$50.49	\$6.20	92.6%	46.1%	2.09	9,500	0.88
2016	66.4%	\$83.71	\$55.56	\$77.25	\$51.27	\$6.46	92.3%	47.5%	2.22	9,530	0.91
2017	64.5%	\$83.53	\$53.89	\$76.59	\$49.42	\$6.94	91.7%	50.3%	2.08	9,700	0.78
2018	70.0%	\$87.40	\$61.22	\$80.14	\$56.13	\$7.26	91.7%	51.1%	2.11	9,790	0.94
2019	74.5%	\$91.05	\$67.81	\$83.49	\$62.18	\$7.56	91.7%	55.0%	2.20	9,910	1.15
2020	55.4%	\$77.16	\$43.23	\$72.09	\$39.93	\$5.07	93.4%	39.6%	2.40	10,140	1.38
2021	77.1%	\$92.02	\$71.51	\$86.22	\$66.47	\$5.80	93.7%	39.3%	2.67	10,660	1.46
2022	78.6%	\$96.57	\$75.90	\$90.24	\$70.89	\$6.32	93.5%	40.1%	2.60	10,680	1.07
2023	76.8%	\$98.05	\$75.40	\$91.50	\$70.27	\$6.55	93.3%	40.7%	2.49	10,700	0.99
CAGR: 2015 thru 2023	2.0%	2.0%	4.1%	2.1%	4.2%	0.7%	0.1%	-1.5%	2.3%	1.5%	1.6%
1Q 2023	70.8%	\$106.74	\$75.55	\$99.31	\$70.29	\$7.43	93.0%	43.9%	2.27	10,640	1.02
1Q 2024	65.5%	\$104.96	\$68.77	\$97.48	\$63.88	\$7.48	92.9%	48.3%	2.14	9,920	0.76

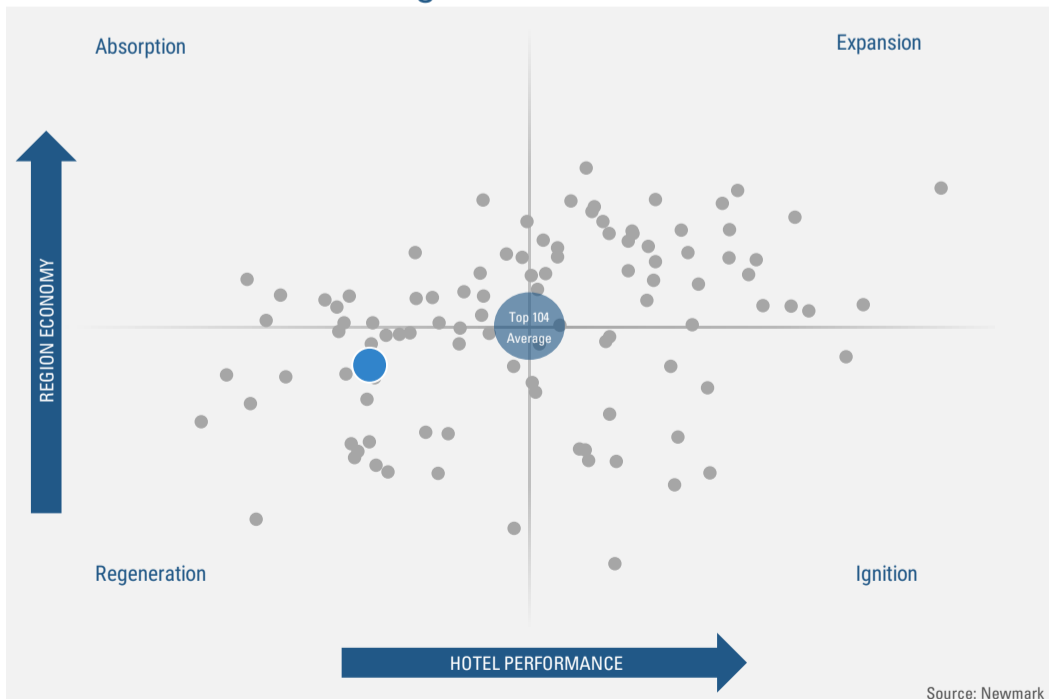
Notable Metrics

HIGHEST	T12-Month Average Length of Stay	T12-Month Booking Costs POR	Population Density per Room
	9th Strong El Paso, TX benefited from strong T12-month average length of stay (2.26 Nights)	15th Above Average The market enjoyed low T12-month booking costs POR (\$7.47)	17th Above Average The market also boasted strong population density per room (71.1)
	IRR: Full-Service	OAR: Luxury/Upscale	T12-Month COPE ADR
LOWEST	98th Highly Unfavorable This market posted unfavorable IRR metrics in the full-service segment (10.5%)	95th Unfavorable The market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.5%)	90th Soft El Paso, TX also has been hindered by weak T12-month COPE ADR (\$100.36)

Notable Trends

STRONGEST	T12-Month Rooms Supply Growth	Short-Term Historical Average Length of Stay Growth	Short-Term Historical Booking Costs POR Growth
	1st Very Strong El Paso, TX exhibited low rooms supply growth over the last 12 months (-6.8%)	10th Above Average The market has benefited from strong short-term historical average length of stay growth (2.6%)	27th Above Average The market also enjoyed low short-term historical growth in booking costs (1.9%)
	Short-Term Historical Occupancy Growth	Overall Health of Hotel Market	Short-Term Historical LPI Growth
WEAKEST	94th Soft The market has been hindered by weak short-term historical occupancy growth (-2.2%)	84th Below Average We note this area has been hampered by weak general hotel market performance (levels and trends of fundamentals)	76th Below Average El Paso, TX also has been hampered by weak short-term historical LPI growth (-2.2%)

Market Performance Stage



El Paso, TX: Regeneration Stage

The El Paso, TX market is currently in the 'Regeneration' stage of the performance cycle. In this 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.

Other Stages:

- 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.
- Absorption:** In the 'Absorption' 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.
- 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: **At Risk**
 Employment Growth (2 yr): **1.3%**
 Risk Exposure (402 US markets): **54th Percentile: Average Risk**
 Key Industry Notes:
 Commerce with Mexico
 Large military presence
 Weak migration trends
 Low educational attainment
 Low per capita income

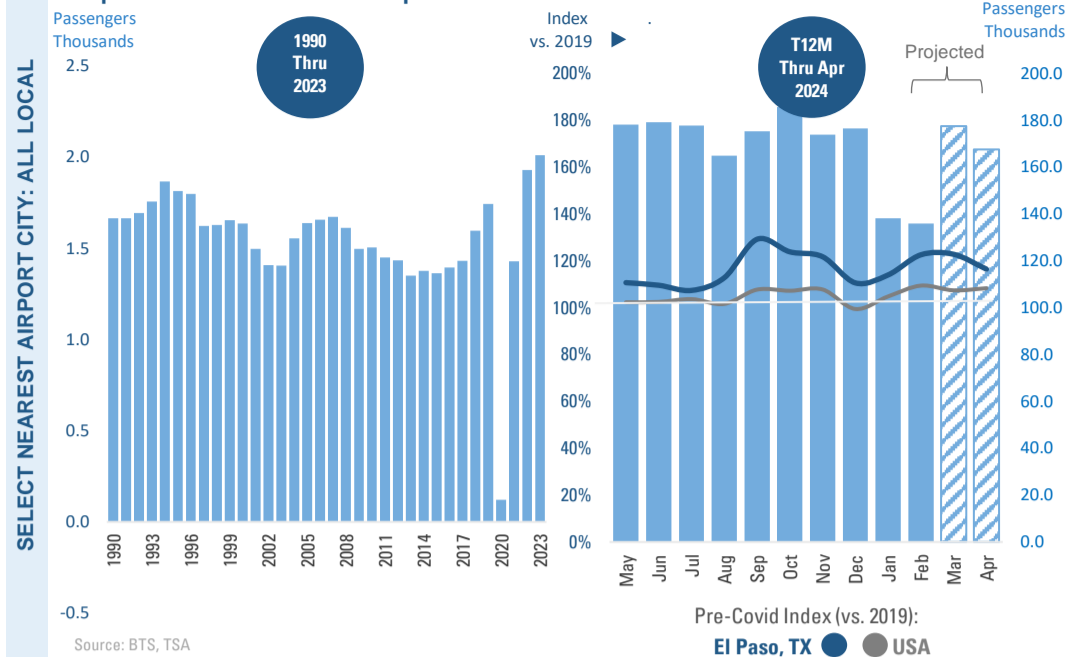
Moody's Rating

Aa2
Investment Grade

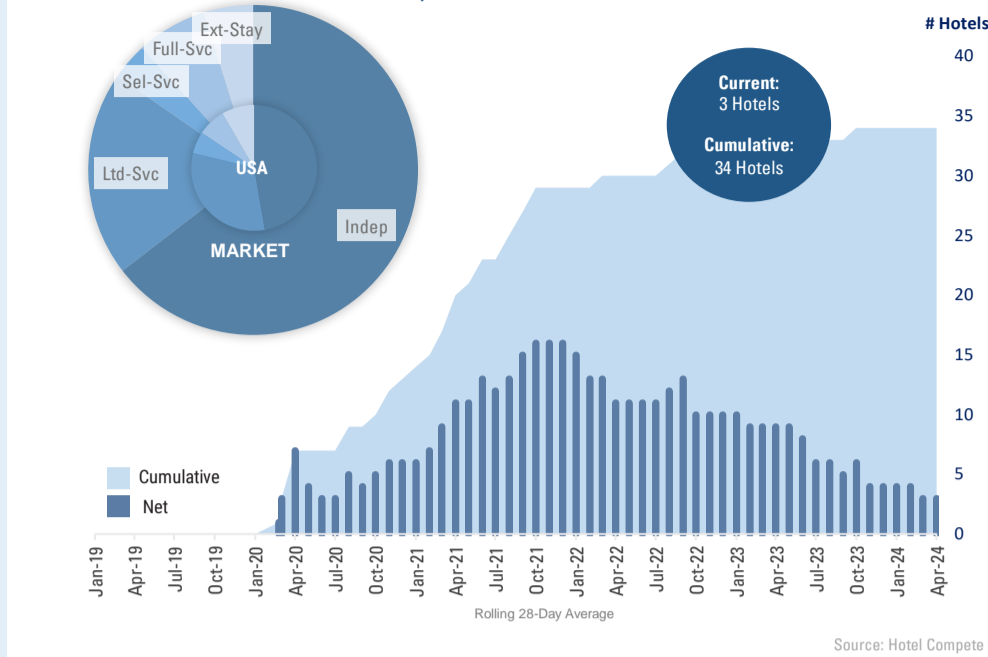
Long-term investment grade, Prime-1 short-term outlook



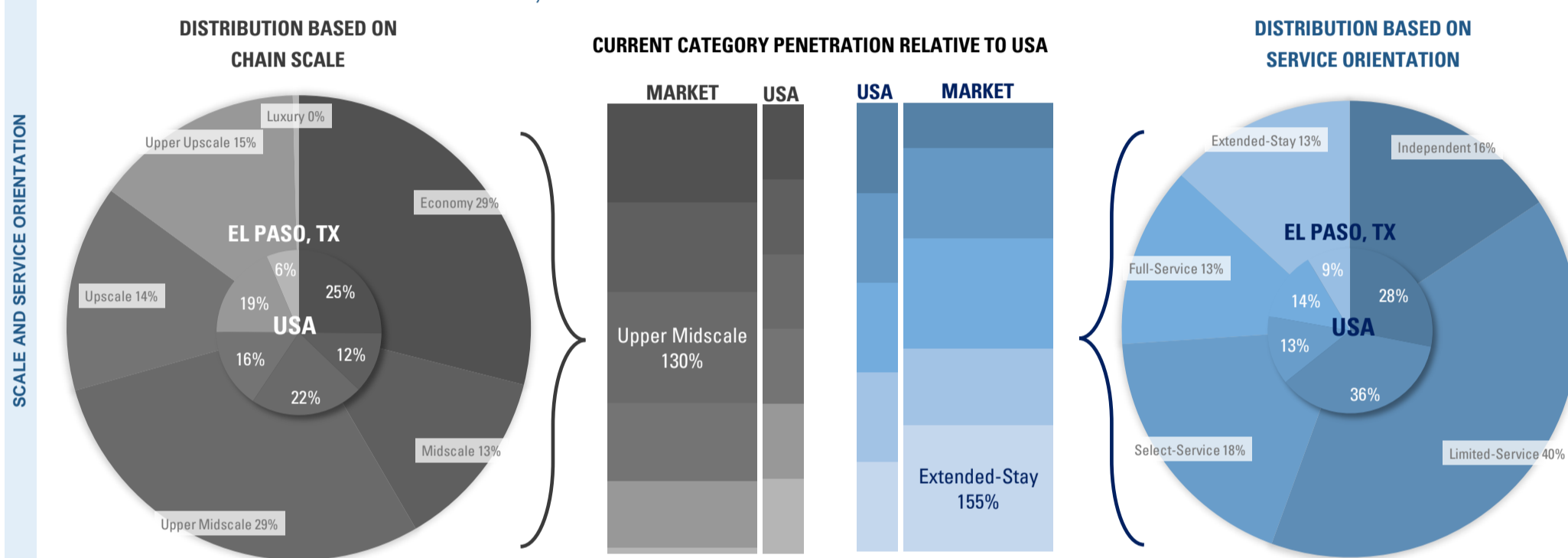
Airport Statistics - Enplanements



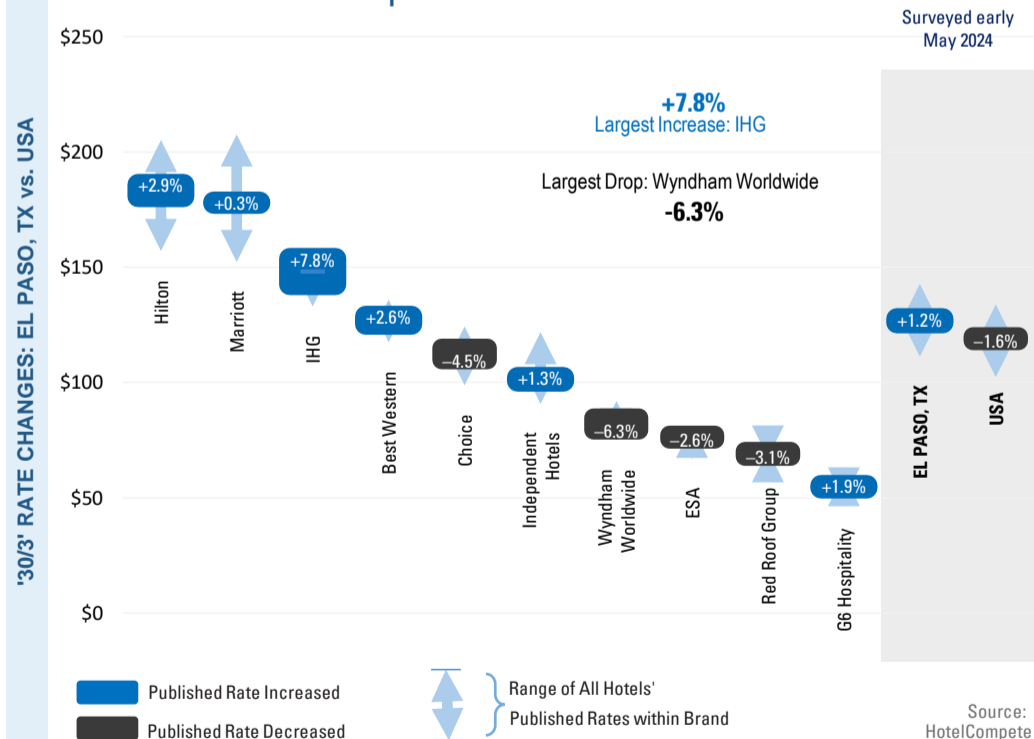
Hotel Closures - El Paso, TX



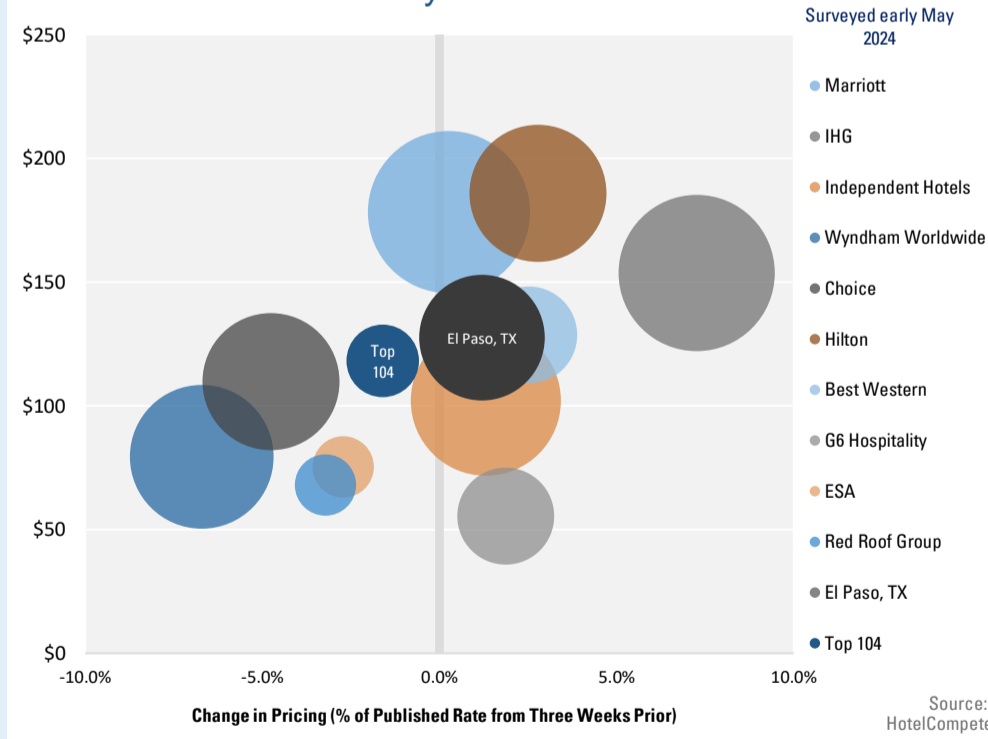
Scale and Service Distribution: El Paso, TX



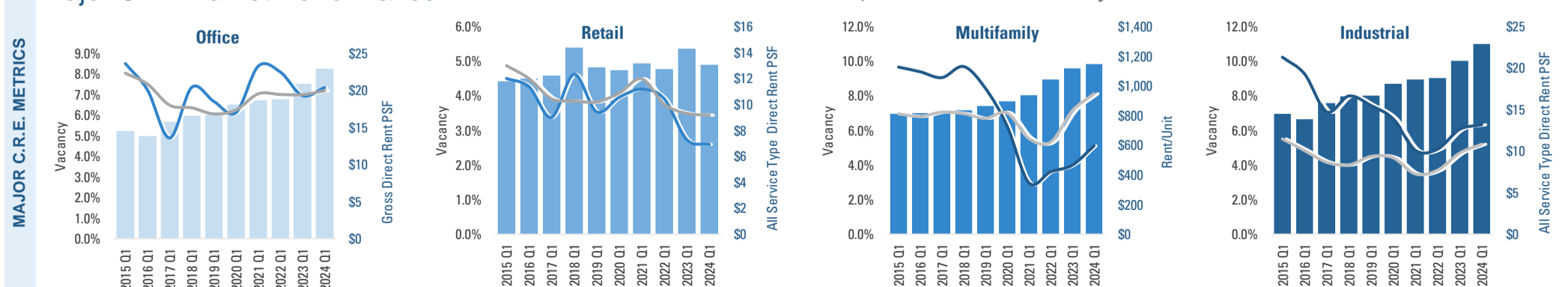
Published Rates: Top 10 Brands



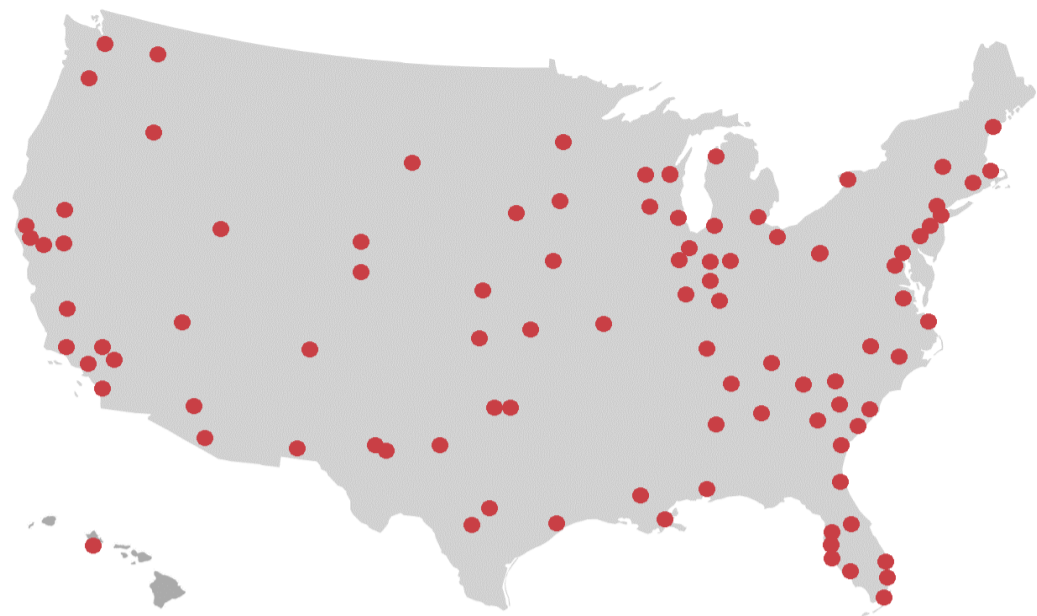
Published Rates: Volatility



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

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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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