

NEWMARK

1Q 2024

Hotel Market Nsights Report

KANSAS CITY, MO



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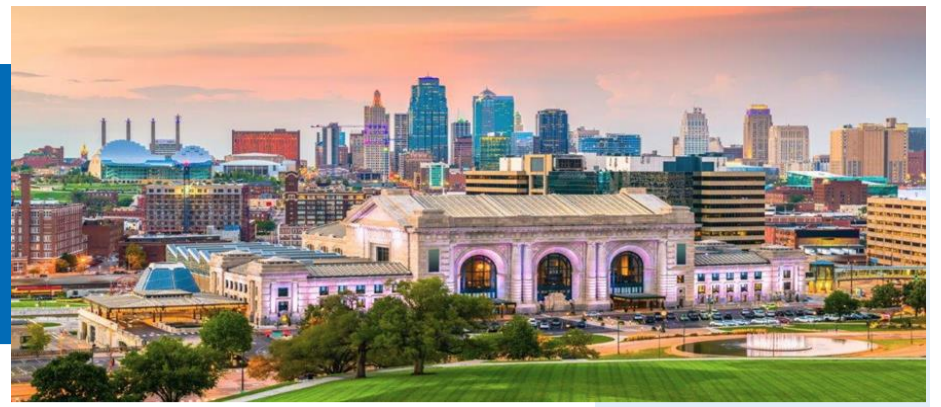
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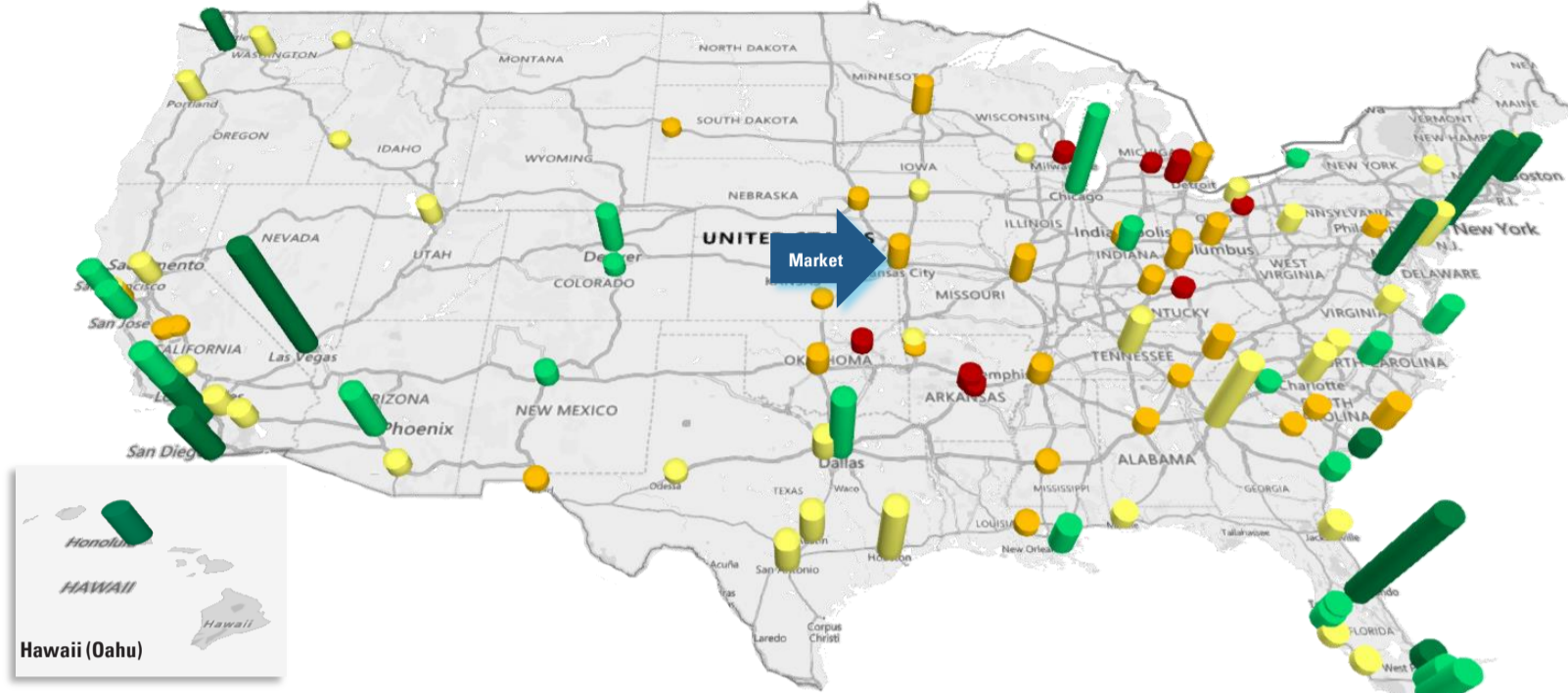
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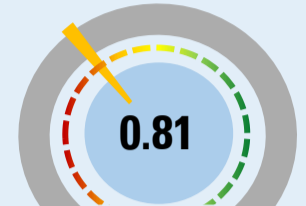


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

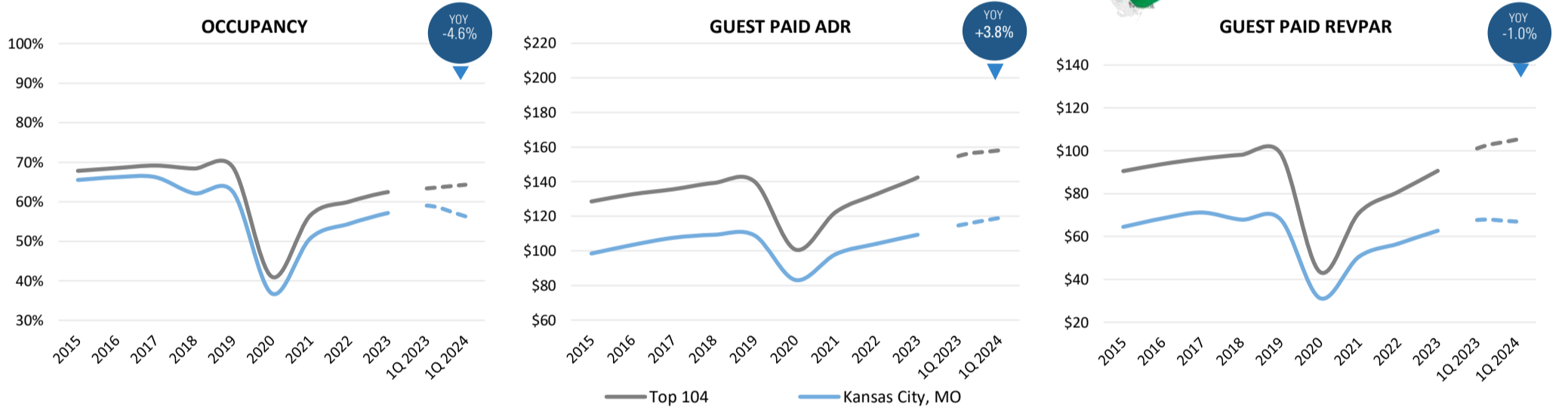
Kansas City, MO



74th of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.81) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



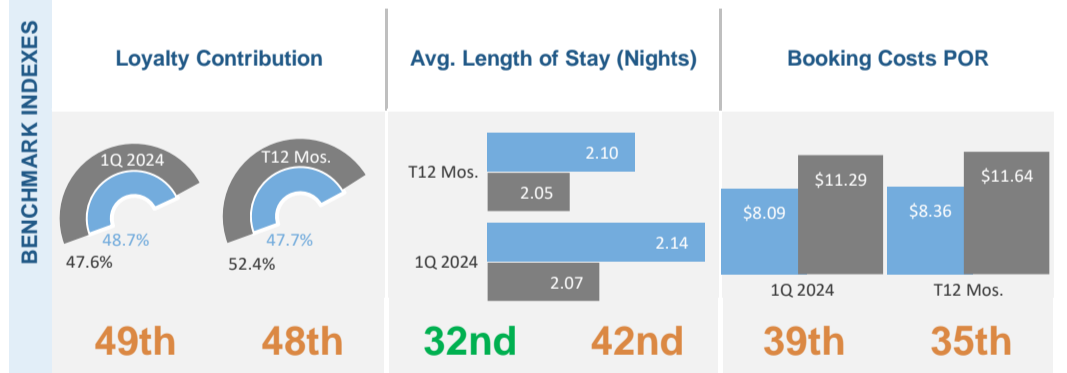
PERFORMANCE INDEXES

Key Performance Indexes

● Subject Market ● Top 104

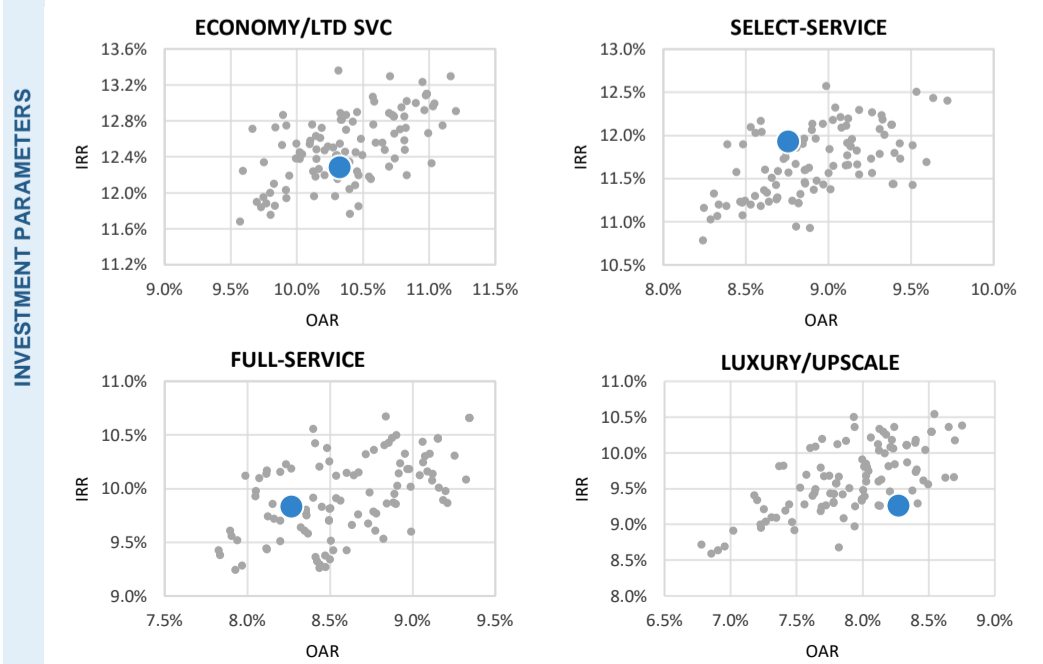


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

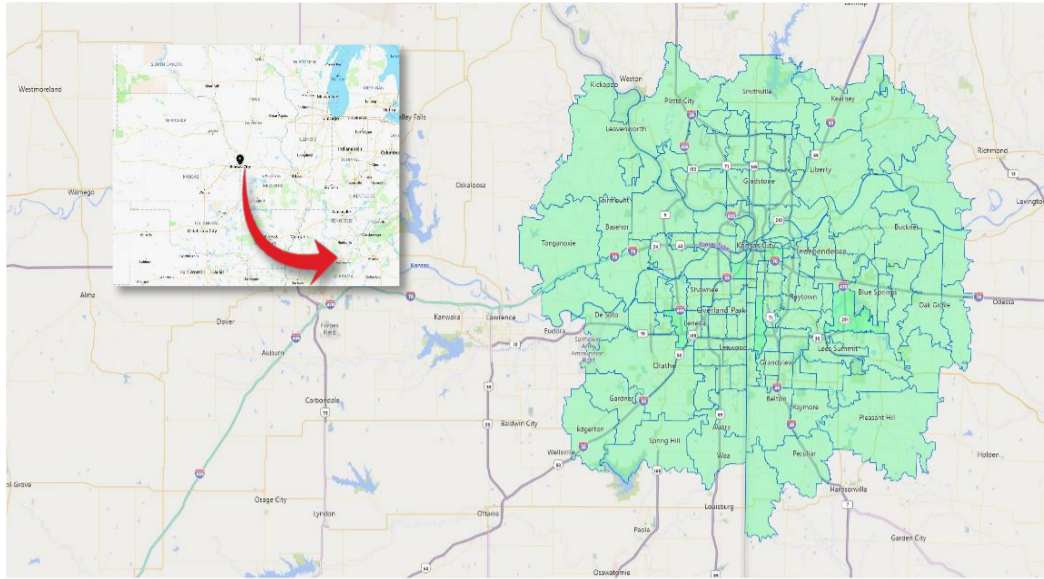


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Kansas City
 County: Cass County, Clay County, Jackson County, and others
 State: Missouri
 Geo Coordinates (market center): 39.12516, -94.55031

Major Hotel Demand Generators

Cerner Corp. | HCA Midwest Health System | The University of Kansas Hospital | Saint Luke's Health System | Ford Motor Co. | Children's Mercy Hospital & Clinics | Sprint Corp. | DST Systems Inc. | General Motors Corp. | Garmin International Inc. | Black & Veatch LLP | Home Depot | Truman Medical Center | Research Medical Center | United Parcel Service Inc. | Honeywell Inc. | Hallmark Cards Inc. | Burns & McDonnell | Olathe Health System Inc. | BNSF Railway Co.

| Metrics and Ranking | Measurement | Rankings |
|--------------------------------|------------------|-----------------------------|
| Population (hotel market area) | 1,762,726 | 29th of 104 (Above Average) |
| Income per Capita | \$50,136 | 44th of 104 (Average) |
| Feeder Group Size | 79.0 Persons PSR | 62nd of 104 (Average) |
| Feeder Group Earnings | \$3,961,302 PSR | 64th of 104 (Average) |
| Total Market Hotel Revenues | \$984.0 million | 41st of 104 (Average) |

Key Performance Metrics

Data provided by:

| 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 | 65.5% | \$98.46 | \$64.50 | \$90.95 | \$59.58 | \$7.52 | 92.4% | 47.2% | 2.04 | 31,520 | 0.91 |
| 2016 | 66.2% | \$103.41 | \$68.47 | \$95.35 | \$63.14 | \$8.05 | 92.2% | 49.3% | 1.98 | 31,950 | 0.89 |
| 2017 | 66.2% | \$107.53 | \$71.20 | \$98.83 | \$65.44 | \$8.69 | 91.9% | 51.4% | 1.95 | 31,910 | 1.07 |
| 2018 | 62.1% | \$109.27 | \$67.89 | \$100.59 | \$62.50 | \$8.69 | 92.0% | 54.1% | 1.89 | 31,990 | 0.65 |
| 2019 | 62.5% | \$108.91 | \$68.06 | \$100.22 | \$62.63 | \$8.70 | 92.0% | 58.0% | 1.89 | 34,140 | 0.81 |
| 2020 | 36.8% | \$83.18 | \$31.30 | \$77.67 | \$28.59 | \$5.50 | 93.4% | 40.0% | 2.14 | 34,430 | 0.58 |
| 2021 | 50.8% | \$98.18 | \$50.64 | \$91.28 | \$46.34 | \$6.90 | 93.0% | 40.7% | 2.04 | 35,070 | 0.56 |
| 2022 | 54.4% | \$104.13 | \$56.69 | \$96.94 | \$52.76 | \$7.19 | 93.1% | 41.4% | 2.06 | 35,120 | 0.76 |
| 2023 | 57.2% | \$109.31 | \$62.71 | \$101.86 | \$58.21 | \$7.45 | 93.2% | 42.2% | 2.07 | 35,210 | 1.02 |
| CAGR: 2015 thru 2023 | -1.7% | 1.3% | -0.3% | 1.4% | -0.3% | -0.1% | 0.1% | -1.4% | 0.2% | 1.4% | 1.4% |
| 1Q 2023 | 59.0% | \$114.69 | \$67.70 | \$107.13 | \$63.23 | \$7.57 | 93.4% | 45.7% | 2.16 | 34,560 | 0.85 |
| 1Q 2024 | 56.3% | \$119.00 | \$66.99 | \$110.91 | \$62.44 | \$8.09 | 93.2% | 48.7% | 2.14 | 35,030 | 0.81 |

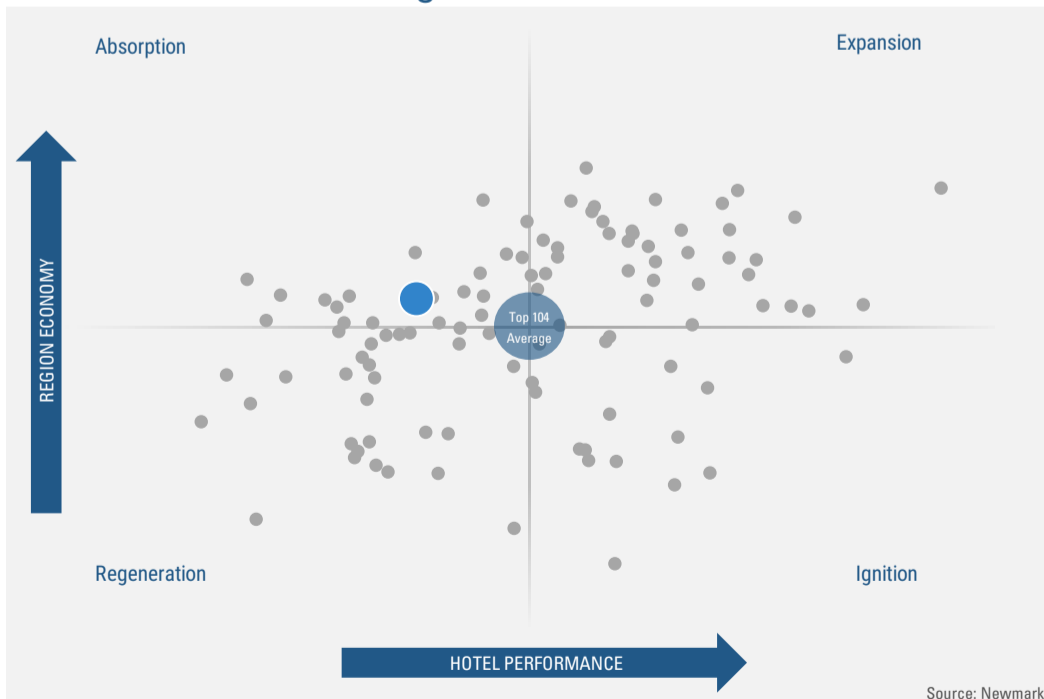
Notable Metrics

| | IRR: Luxury/Upscale | Latest-Quarter Average Length of Stay | Total Rooms Supply |
|----------------|---|--|--|
| HIGHEST | 21st Favorable Kansas City, MO posted favorable IRR metrics in the luxury/upscale segment (9.3%) | 32nd Above Average The market boasted strong latest-quarter average length of stay (2.14 Nights) | 31st Above Average The market also benefits from a large and diverse hotel market (35,034 total rooms) |
| LOWEST | 81st Unfavorable This market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.3%) | 72nd Below Average The market exhibited weak latest-quarter occupancy (56.3%) | 73rd Unfavorable Kansas City, MO also posted unfavorable IRR metrics in the select-service segment (11.9%) |

Notable Trends

| | Short-Term Historical Average Length of Stay Growth | Short-Term Historical Supply Growth | Long-Term Historical COPE ADR Growth |
|------------------|---|--|--|
| STRONGEST | 16th Above Average Kansas City, MO has benefited from strong short-term historical average length of stay growth (2.3%) | 27th Above Average The market has benefited from low short-term historical supply growth (2.4%) | 35th Average The market also enjoyed from strong long-term historical COPE ADR growth (2.8%) |
| WEAKEST | 89th Below Average The market has been hindered by weak short-term historical loyalty contribution growth (2.5%) | 86th Below Average We note this area has been hindered by weak long-term historical loyalty contribution growth (3.2%) | 74th Below Average Kansas City, MO also has been hampered by weak general hotel market performance (levels and trends of fundamentals) |

Market Performance Stage



Kansas City, MO: Absorption Stage

The Kansas City, MO 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

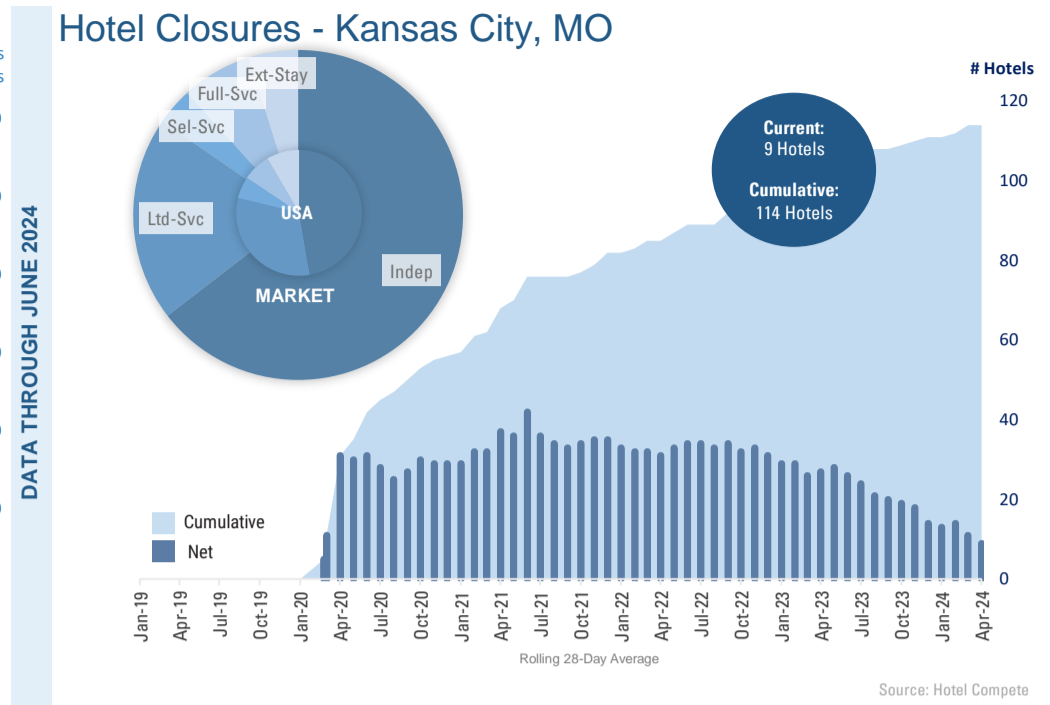
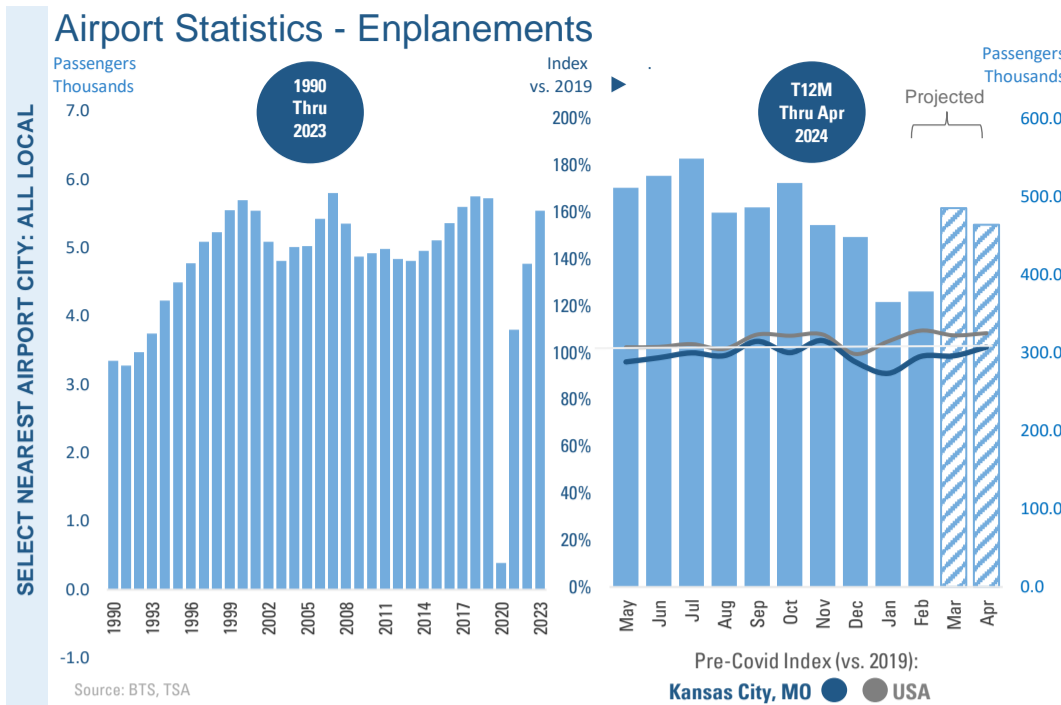
Business Cycle: **At Risk**
 Employment Growth (2 yr): **0.5%**
 Risk Exposure (402 US markets): **47th Percentile: Average Risk**
 Key Industry Notes:
 Educated workforce
 Transportation network
 Dependence on telecom industry
 Low costs of doing business
 Limited growth in CBD

Moody's Rating

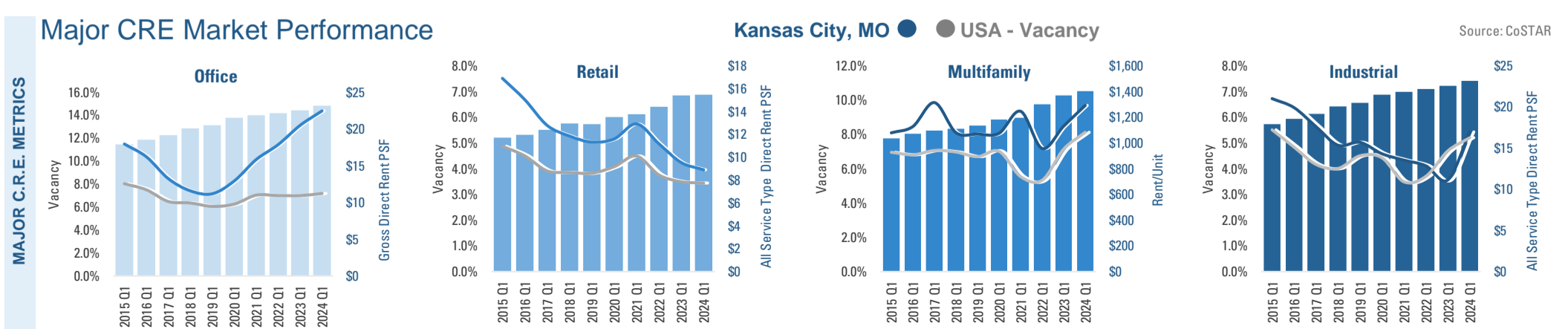
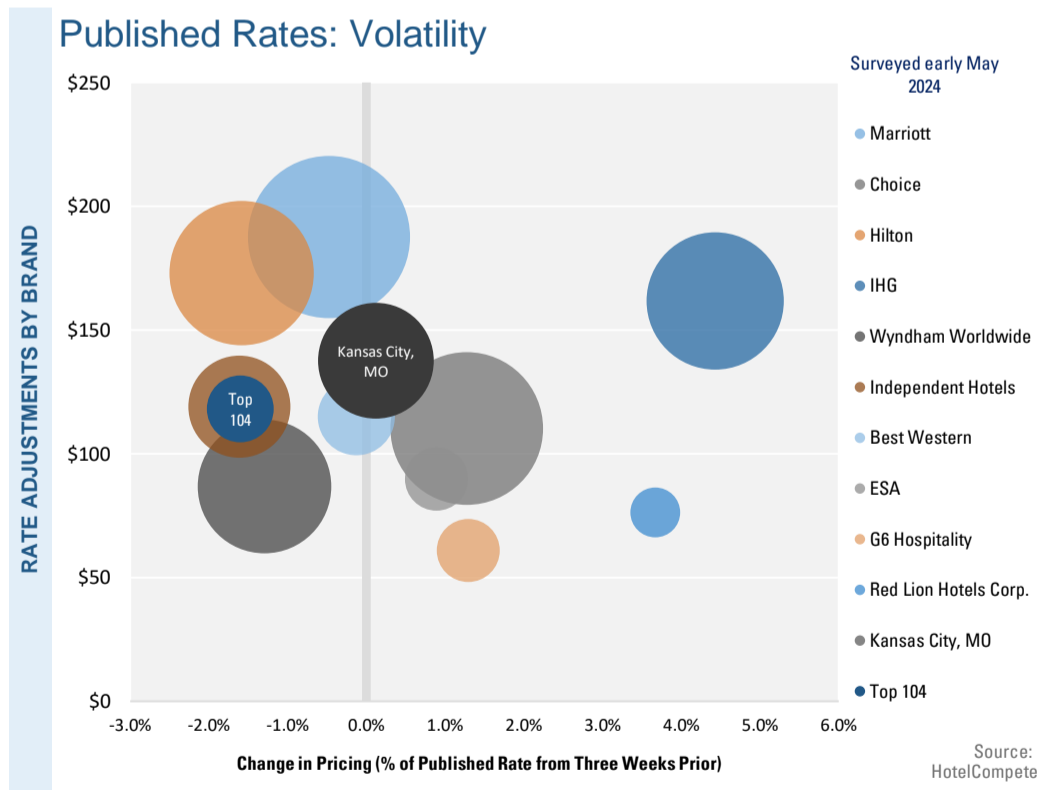
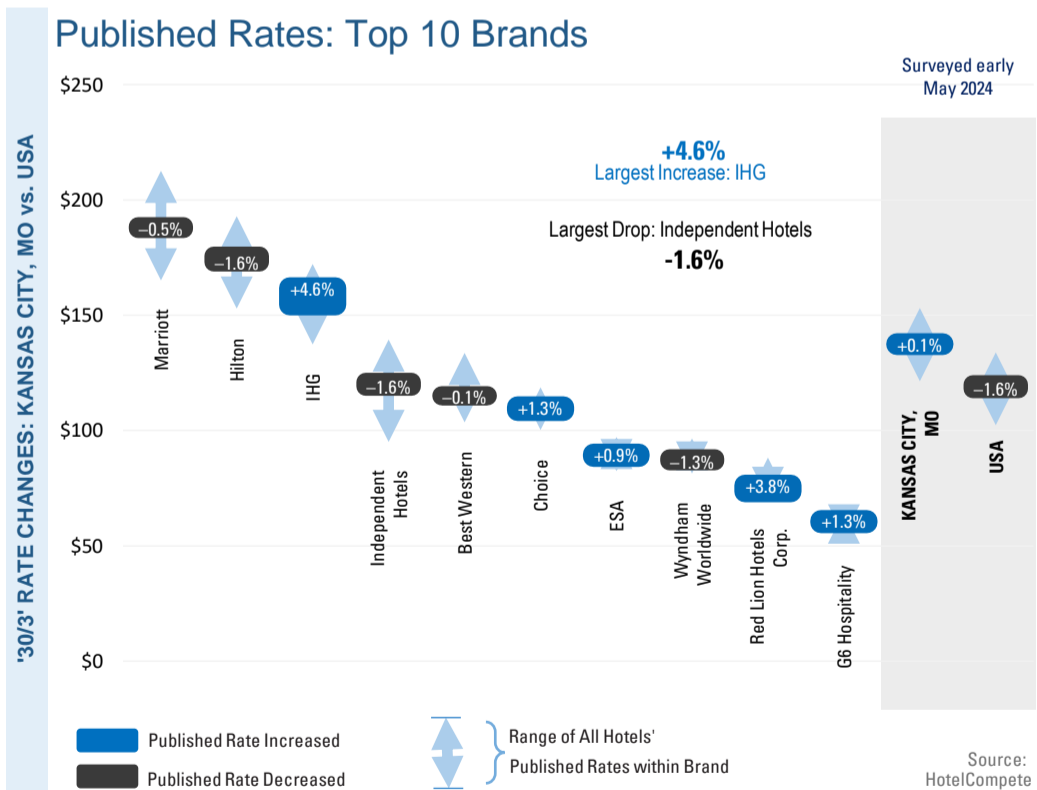
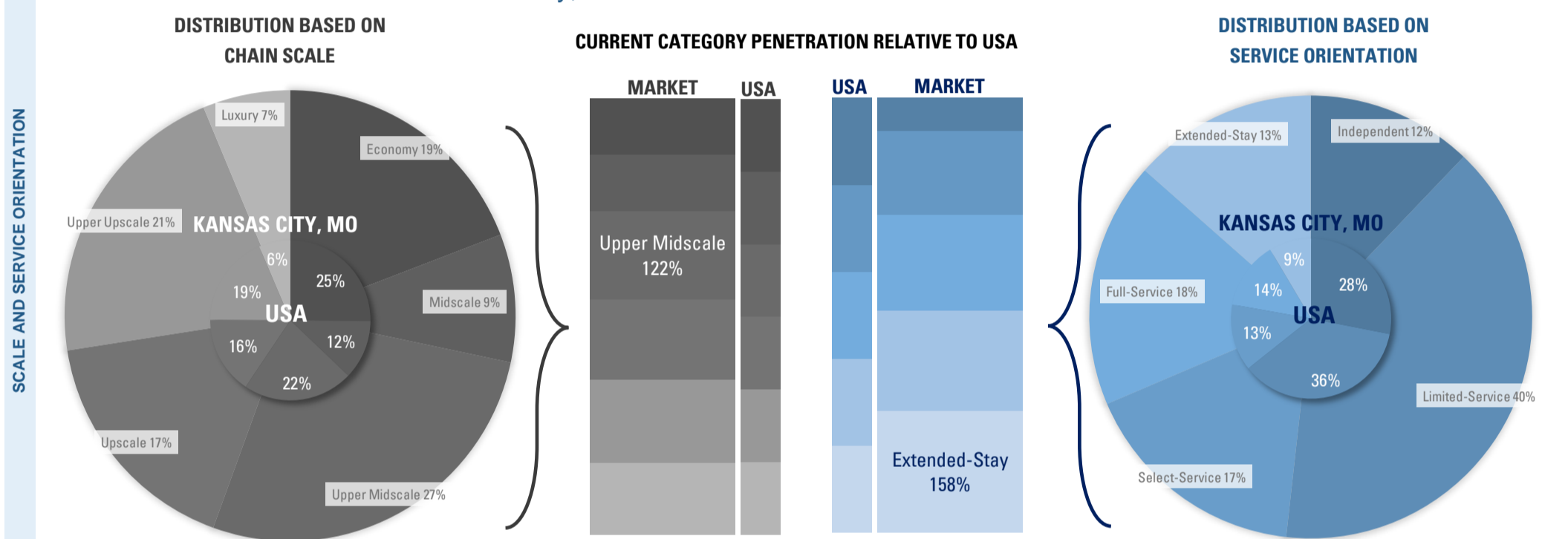
Aa3
Investment Grade

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

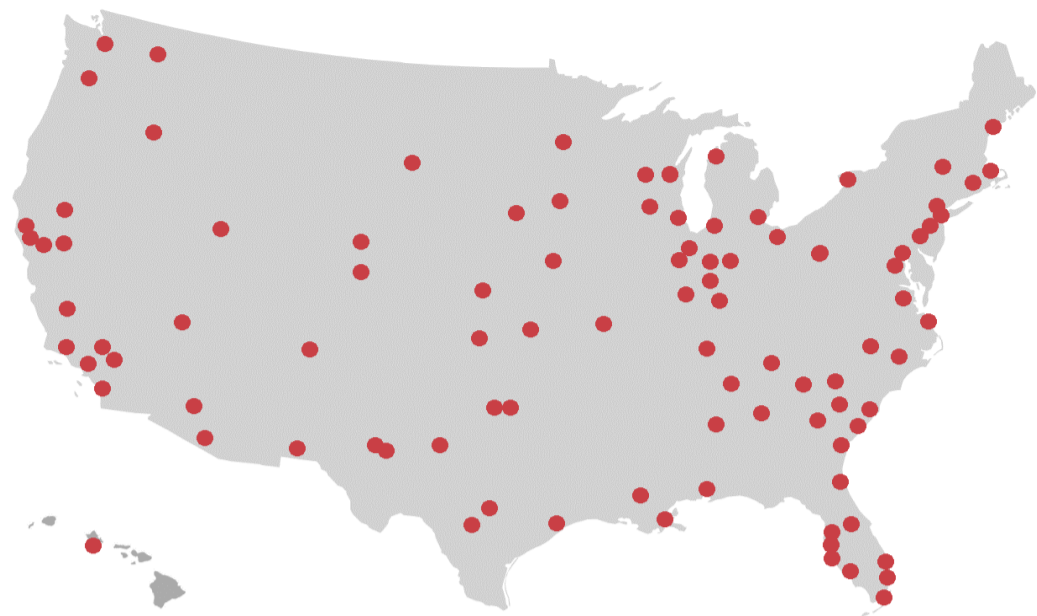




Scale and Service Distribution: Kansas City, MO



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

Hospitality, Gaming & Leisure

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Hotels and Resorts

Gaming Facilities

Arenas, Stadiums and Sports Facilities

Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

Our core disciplines and expert subject areas include:

Economic Impact

We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

Feasibility

We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

Financial Reporting

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

Litigation

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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