

NEWMARK

1Q 2024

Hotel Market Nsights Report

LEXINGTON, KY



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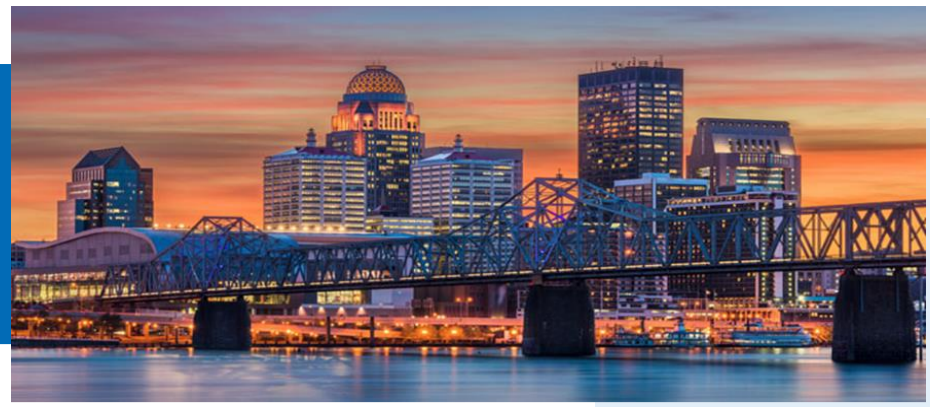
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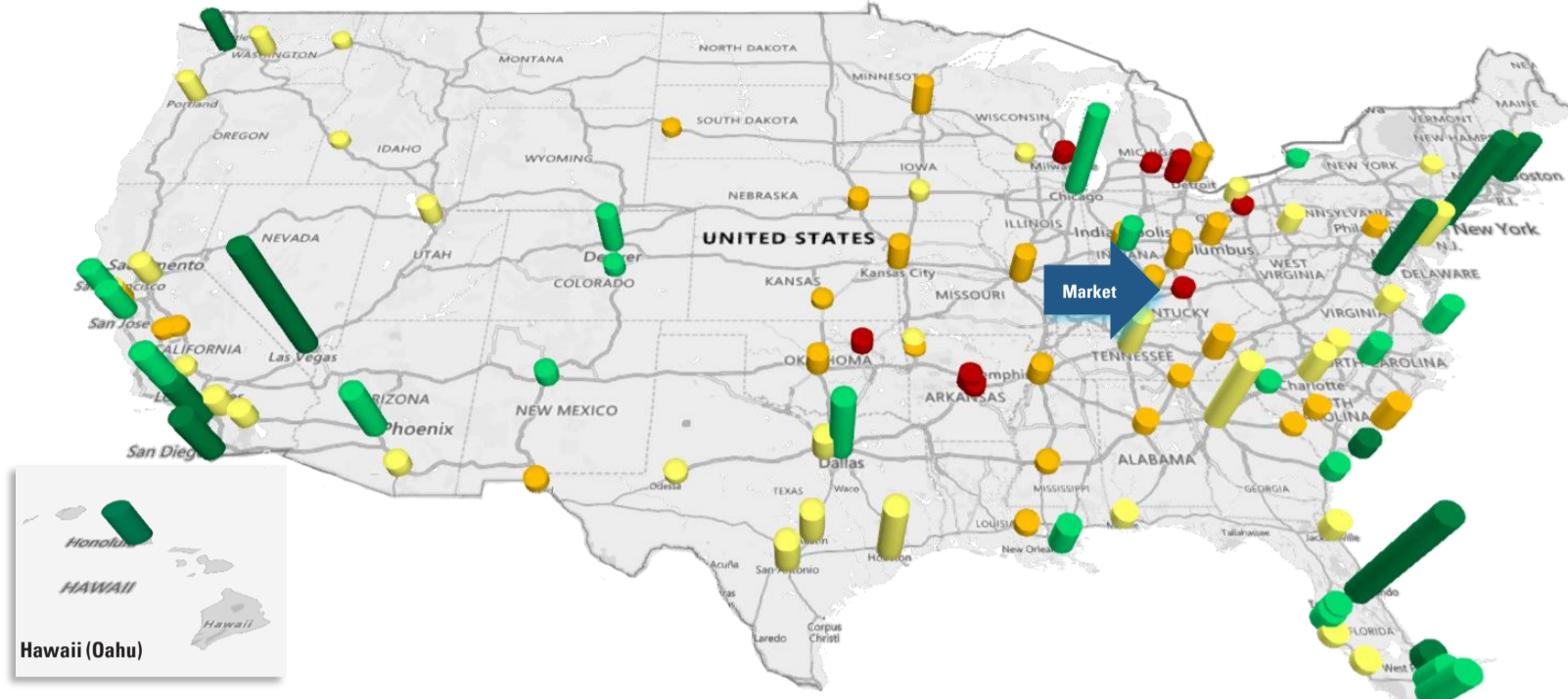
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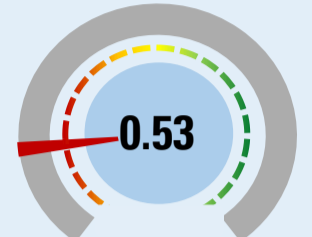


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

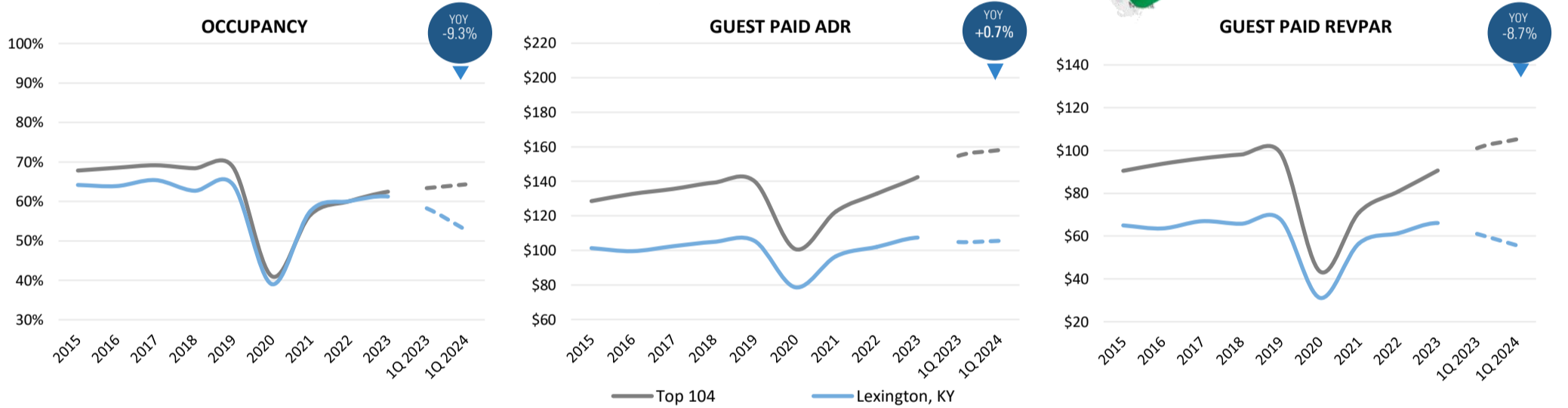
Lexington, KY



101st of 104
Soft

Ranking of overall '1Q 2024 LPI' performance (0.53) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

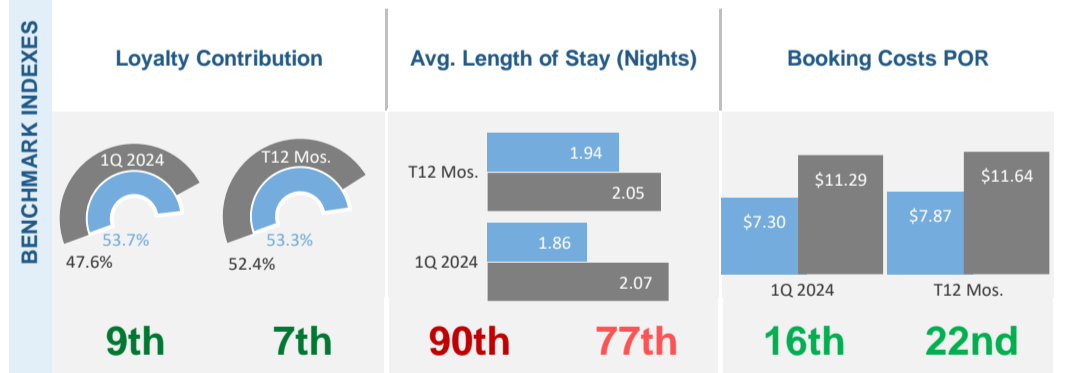


PERFORMANCE INDEXES

Key Performance Indexes

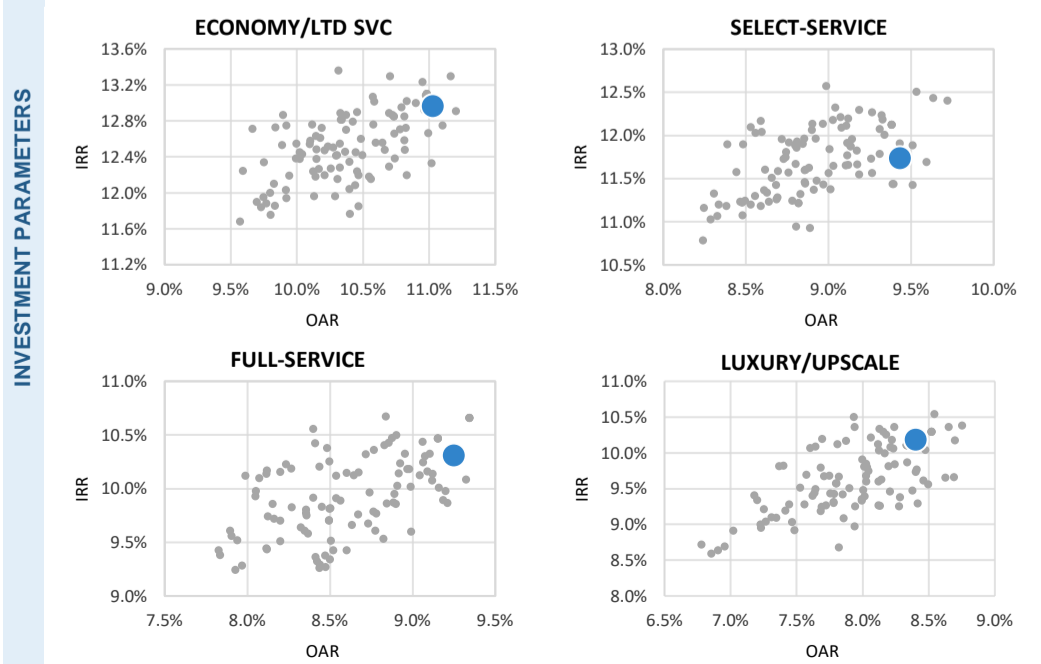


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

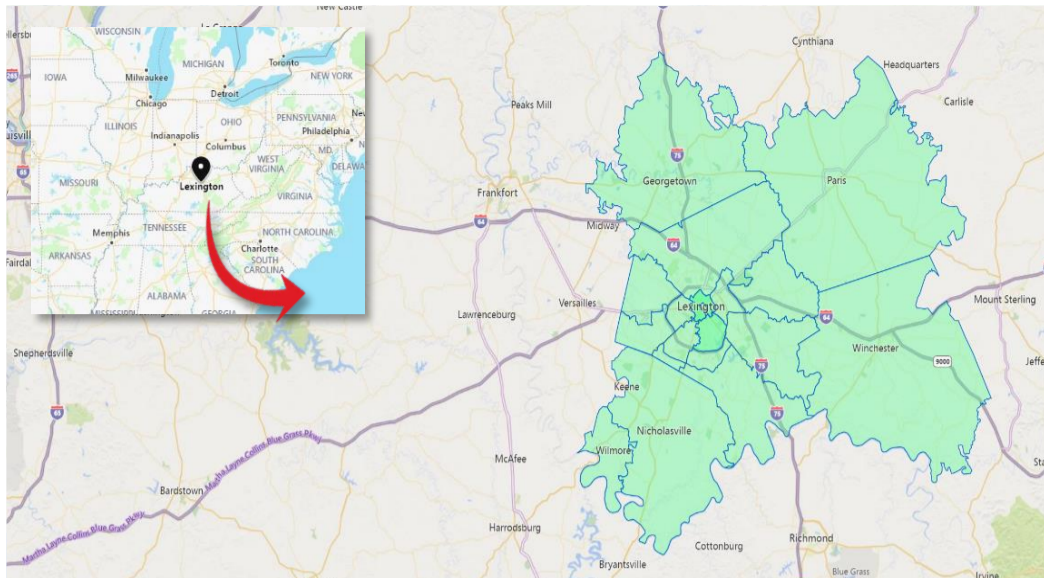


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Lexington
 County: Fayette County
 State: Kentucky
 Geo Coordinates (market center): 38.0498, -84.45855

Major Hotel Demand Generators

University of Kentucky | Toyota Motor Manufacturing | Xerox | St. Joseph Hospital | Conduent | Lexmark International | Wal-Mart Stores Inc. | Central Baptist Hospital | KentuckyOne Health | The Kroger Co. | Veterans Medical Center | Baptist Health | Amazon.com Inc. | Lockheed Martin | Lexington Clinic | Johnson Controls Inc. | Trane Co. | Alltel | Big Ass Solutions | Adient US LLC

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	394,623	93rd of 104 (Small)
Income per Capita	\$53,013	35th of 104 (Average)
Feeder Group Size	56.2 Persons PSR	29th of 104 (Above Average)
Feeder Group Earnings	\$2,980,384 PSR	35th of 104 (Average)
Total Market Hotel Revenues	\$299.6 million	83rd 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	64.2%	\$101.31	\$65.00	\$94.47	\$60.61	\$6.84	93.2%	50.4%	1.90	9,430	0.84
2016	63.9%	\$99.57	\$63.59	\$92.52	\$59.09	\$7.05	92.9%	52.3%	1.88	9,590	0.63
2017	65.4%	\$102.40	\$66.96	\$94.90	\$62.05	\$7.50	92.7%	52.5%	1.85	9,630	0.86
2018	62.7%	\$104.92	\$65.77	\$97.03	\$60.83	\$7.89	92.5%	56.3%	1.81	9,560	0.63
2019	64.3%	\$105.49	\$67.81	\$97.59	\$62.73	\$7.90	92.5%	60.4%	1.81	10,360	0.74
2020	39.0%	\$78.62	\$31.16	\$73.46	\$28.68	\$5.16	93.4%	44.5%	1.98	10,550	0.65
2021	57.5%	\$96.62	\$56.62	\$90.14	\$51.85	\$6.48	93.3%	47.1%	1.90	10,460	0.89
2022	60.0%	\$102.02	\$61.34	\$95.19	\$57.15	\$6.83	93.3%	48.3%	1.90	10,520	1.04
2023	61.2%	\$107.42	\$66.12	\$100.29	\$61.41	\$7.13	93.4%	48.6%	1.92	10,580	0.59
CAGR: 2015 thru 2023	-0.6%	0.7%	0.2%	0.8%	0.2%	0.5%	0.0%	-0.5%	0.2%	1.4%	-4.3%
1Q 2023	58.2%	\$104.84	\$61.06	\$97.86	\$57.00	\$6.98	93.3%	51.4%	1.96	10,850	0.96
1Q 2024	52.8%	\$105.52	\$55.73	\$98.22	\$51.87	\$7.30	93.1%	53.7%	1.86	11,460	0.53

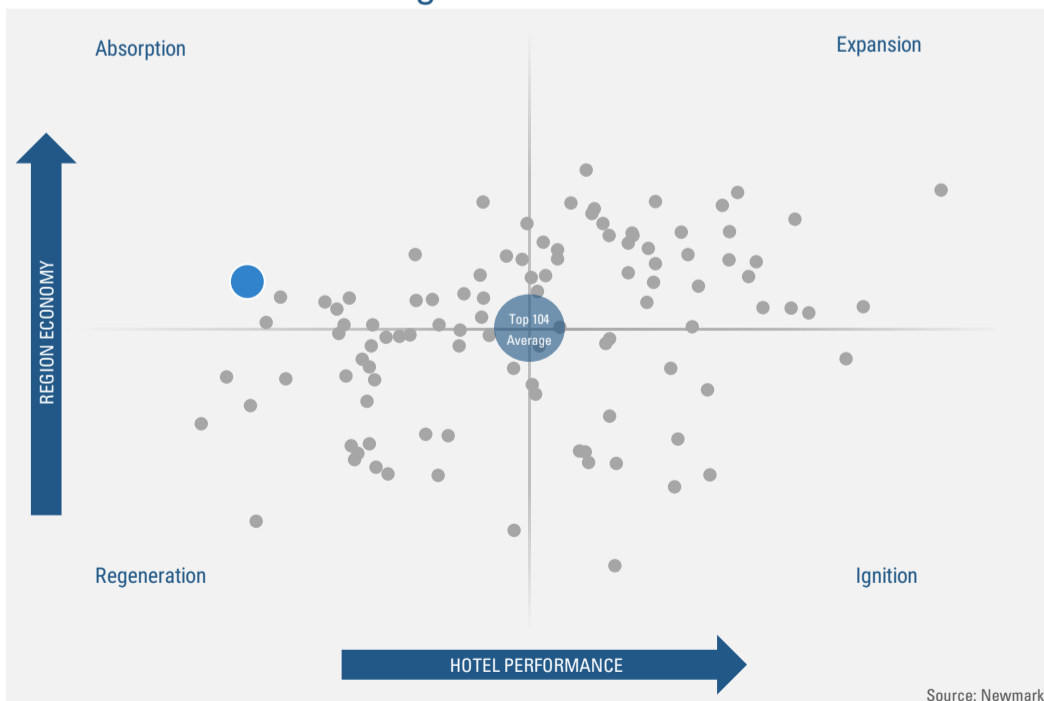
Notable Metrics

HIGHEST	T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	Latest-Quarter Booking Costs POR
	7th Strong Lexington, KY exhibited strong T12-month loyalty contribution (53.3%)	9th Strong The market exhibited strong latest-quarter loyalty contribution (53.7%)	16th Above Average The market also enjoyed low latest-quarter booking costs POR (\$7.30)
	Latest-Quarter LPI	OAR: Full-Service	OAR: Economy/Ltd Svc
LOWEST	101st Soft This market posted weak latest-quarter LPI (0.53)	100th Highly Unfavorable The market posted unfavorable OAR metrics in the full-service segment (9.3%)	100th Highly Unfavorable Lexington, KY also exhibited unfavorable OAR metrics in the economy/ltd svc segment (11.0%)

Notable Trends

STRONGEST	Short-Term Historical Supply Growth	General Economy Reversion	Short-Term Historical Occupancy Growth
	8th Strong Lexington, KY has benefited from low short-term historical supply growth (3.4%)	35th Average The market enjoyed strong general economic reversion (per-capita unemployment, GDP and other indicators)	40th Average The market also has benefited from strong short-term historical occupancy growth (+0.2%)
	T12-Month Rooms Supply Growth	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
WEAKEST	103rd Soft The market has been hindered by high rooms supply growth over the last 12 months (5.6%)	103rd Soft We note this area has been hampered by weak short-term historical LPI growth (-7.1%)	103rd Soft Lexington, KY also posted weak long-term historical LPI growth (-5.5%)

Market Performance Stage



Lexington, KY: Absorption Stage

The Lexington, KY 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

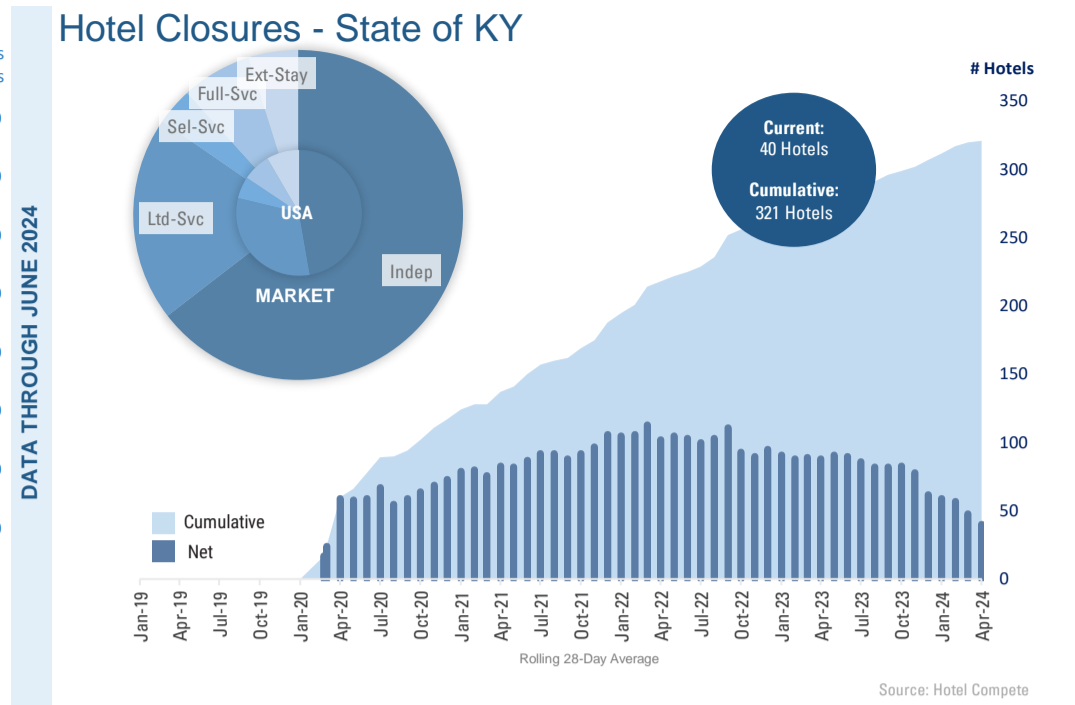
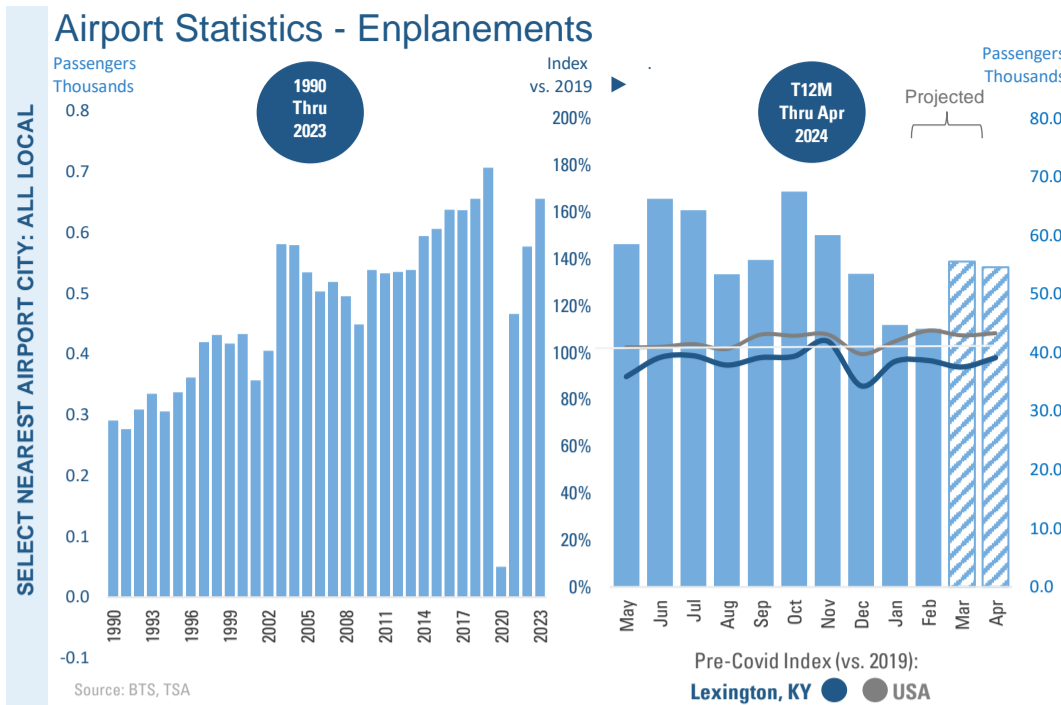
Business Cycle: **Expansion**
 Employment Growth (2 yr): **0.9%**
 Risk Exposure (402 US markets): **65th Percentile: Average Risk**
 Key Industry Notes:
 Abundant developable land
 Low business costs
 Educated workforce
 High reliance on state government
 Dearth of high-paying job opportunities

Moody's Rating

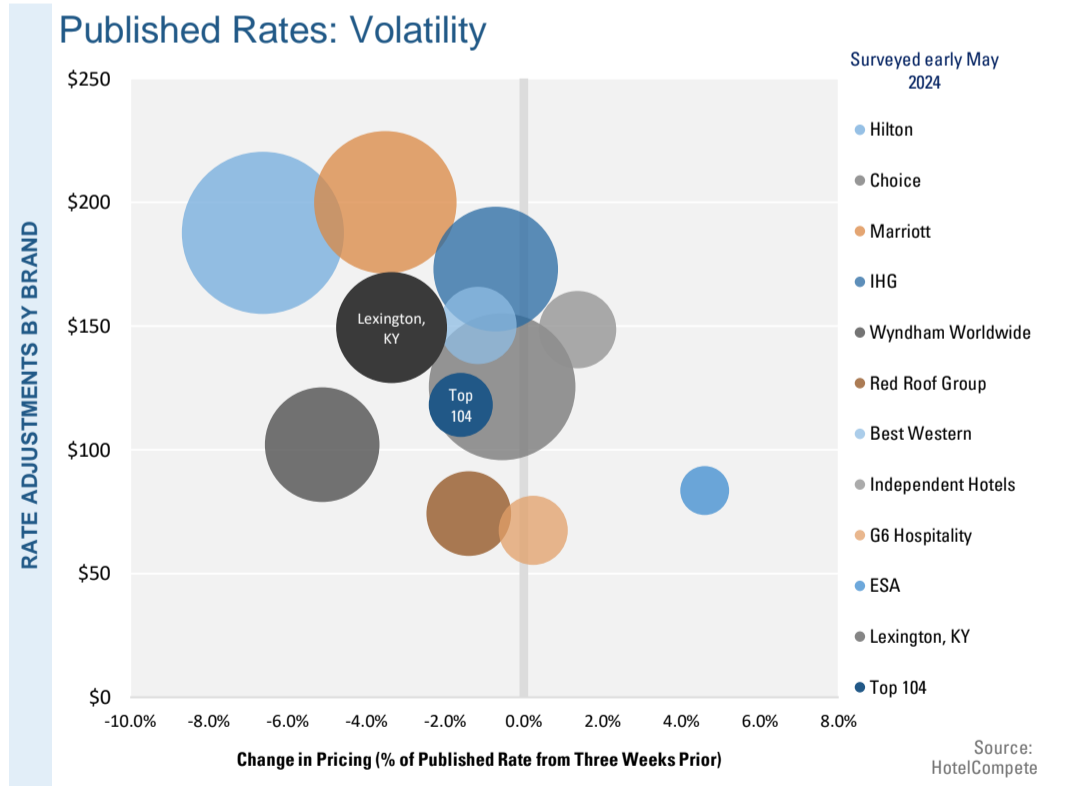
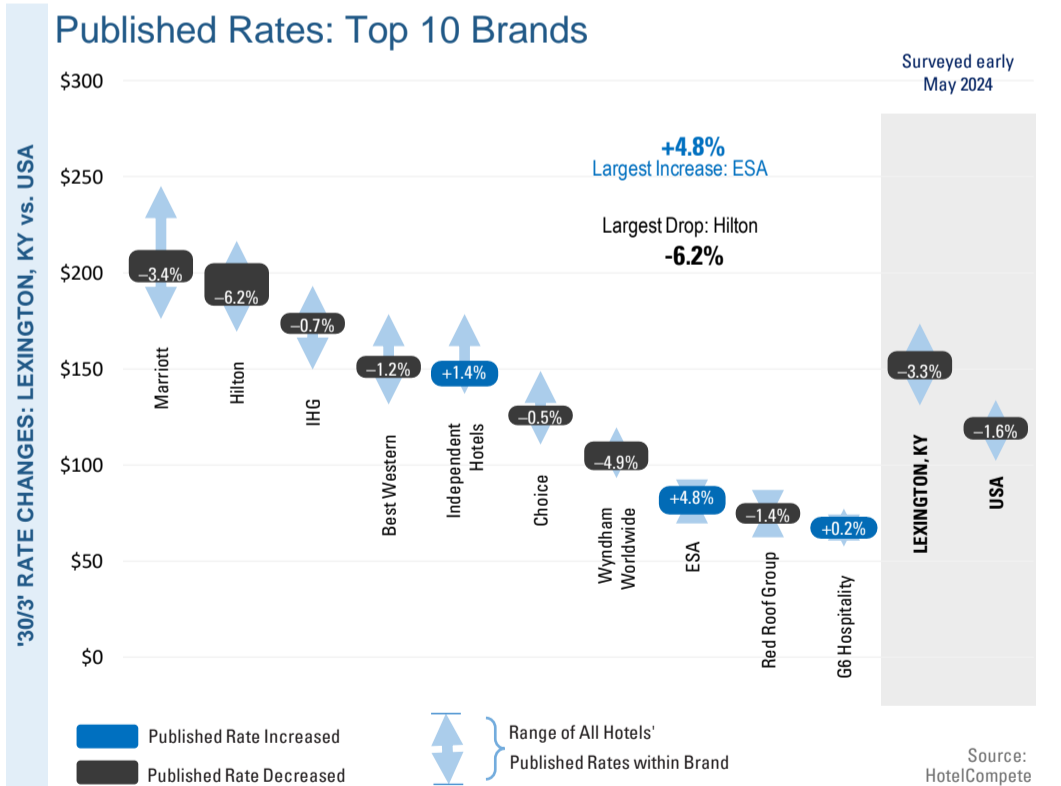
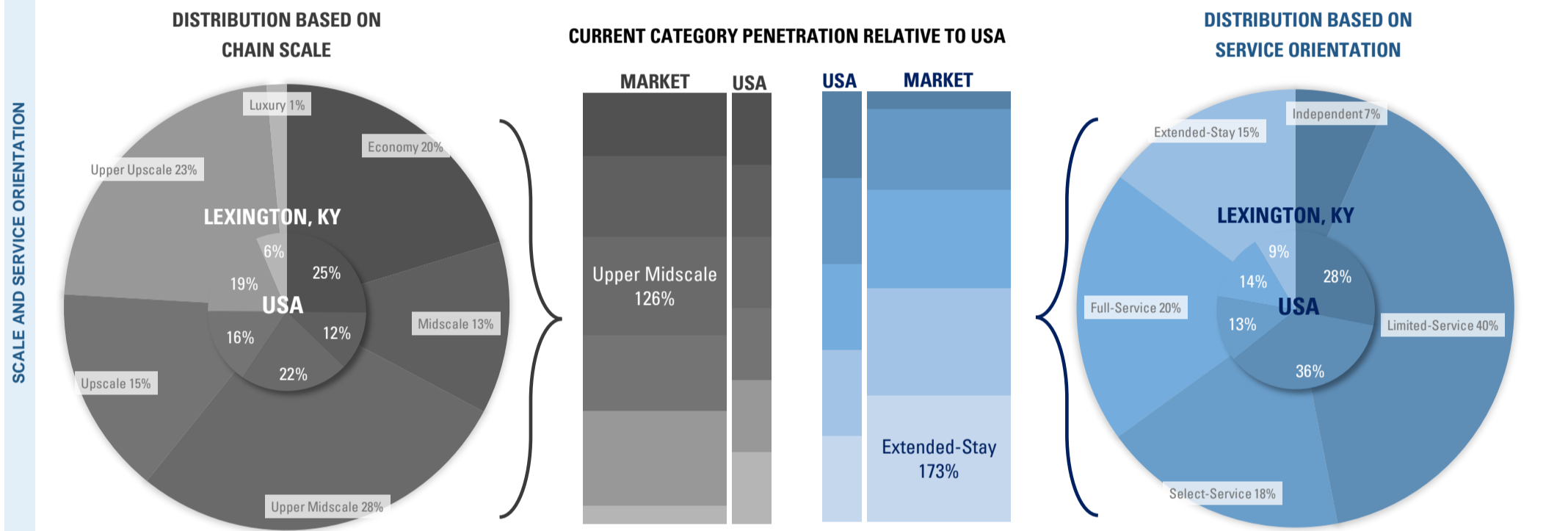
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This market is not rated by Moody's

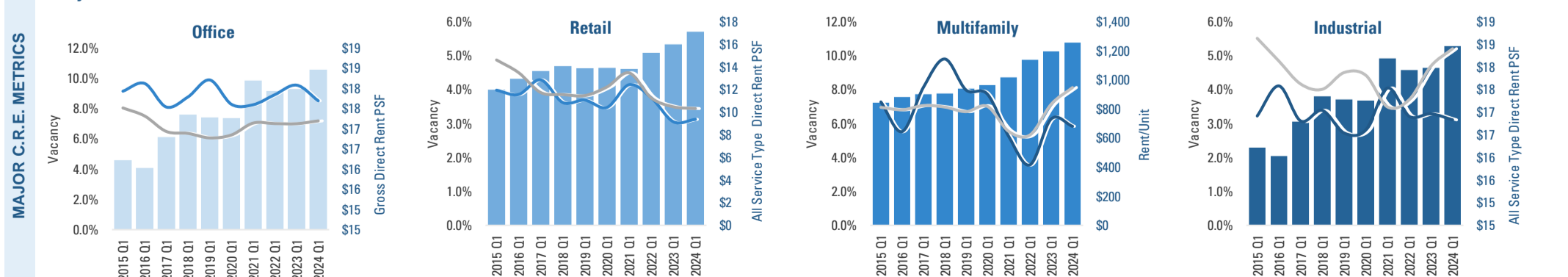




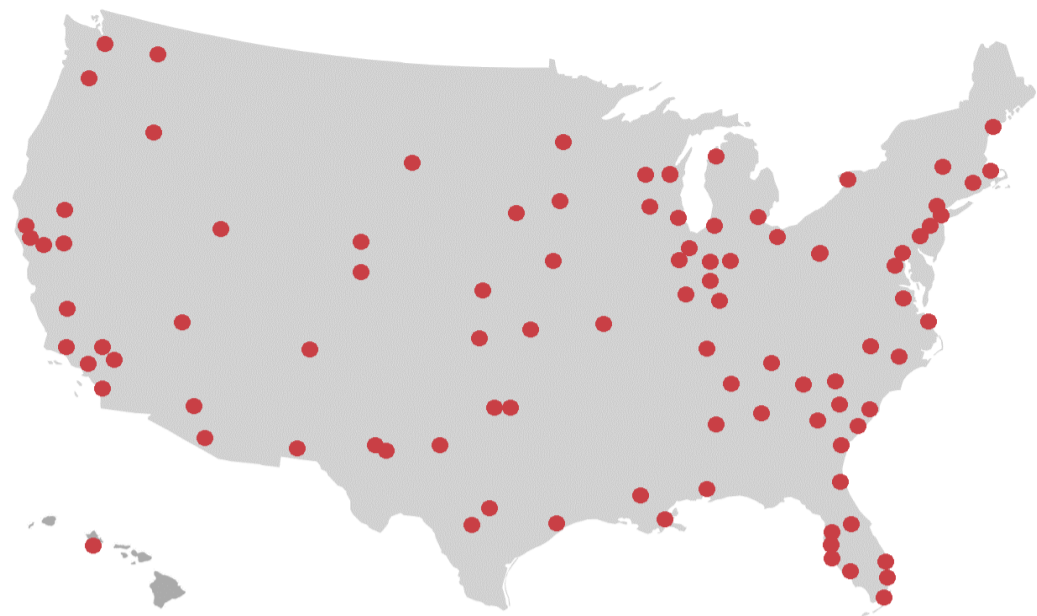
Scale and Service Distribution: Lexington, KY



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

Hospitality, Gaming & Leisure

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Golf Courses

Marinas

Ski and Village Resorts

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

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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.

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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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