

NEWMARK

1Q 2024

Hotel Market Nsights Report

LOS ANGELES, CA



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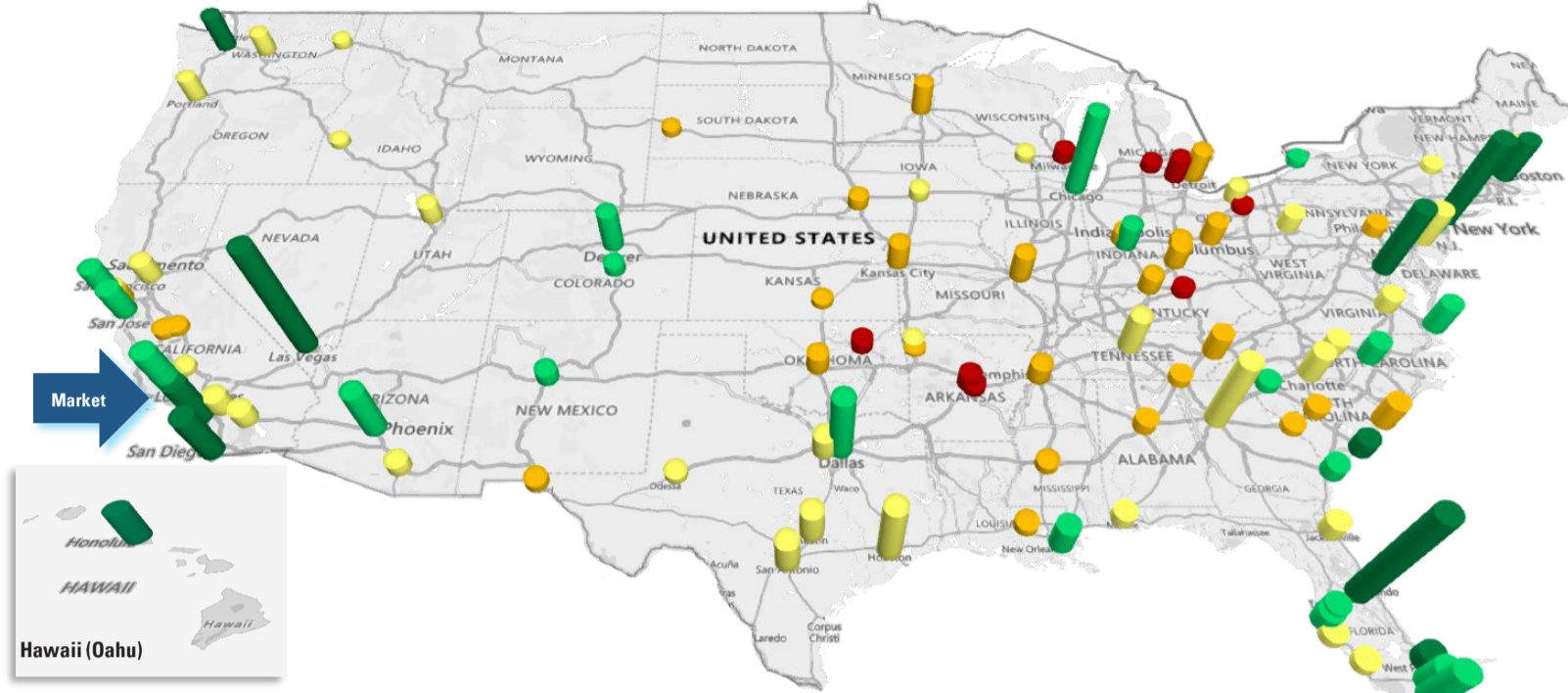
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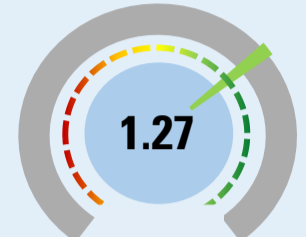


Lodging Performance Index Snapshot



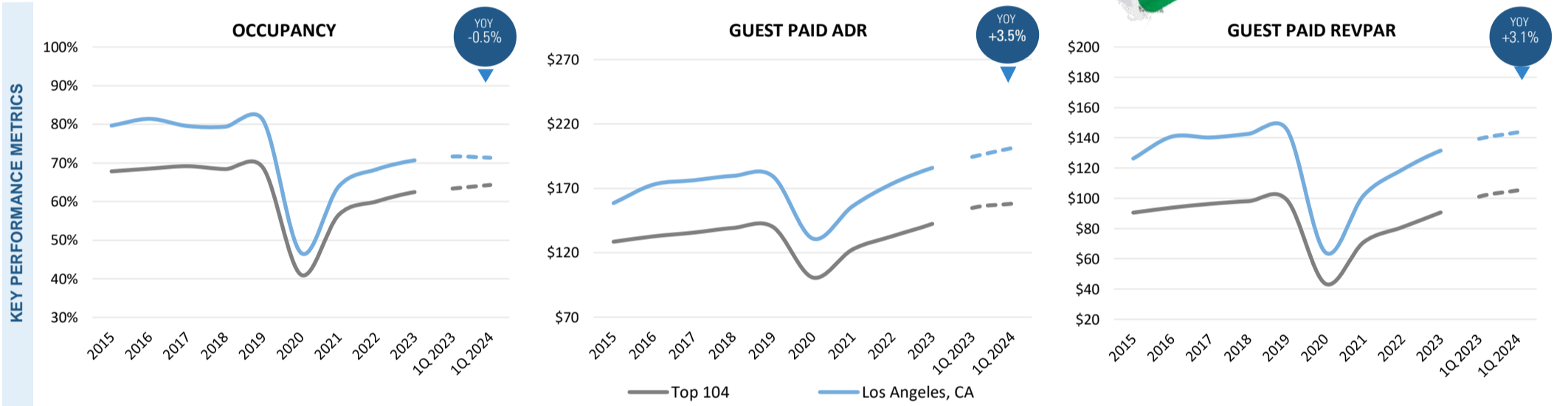
LODGING PERFORMANCE INDEX

Los Angeles, CA



16th of 104
Above Average

Ranking of overall '1Q 2024 LPI' performance (1.27) against all 104 surveyed markets.

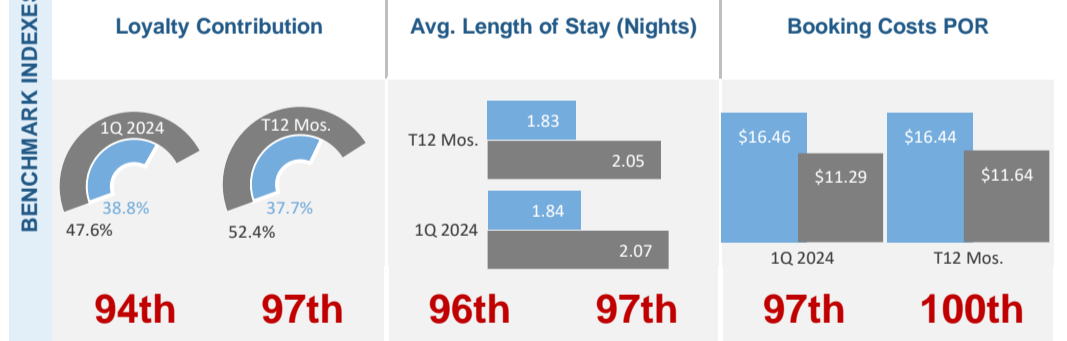


Key Performance Indexes

● Subject Market ● Top 104

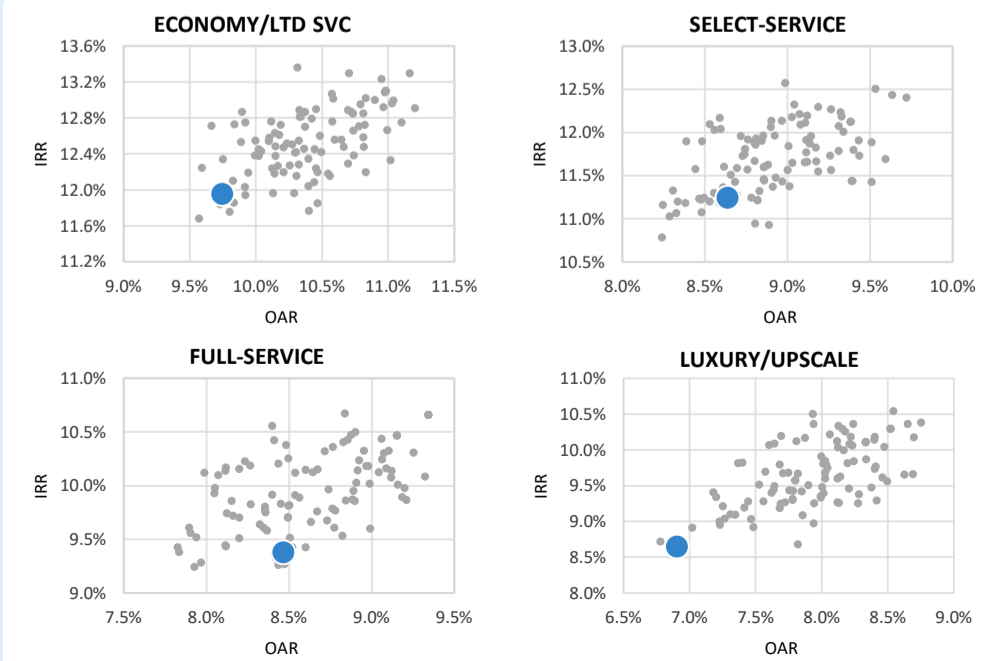


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

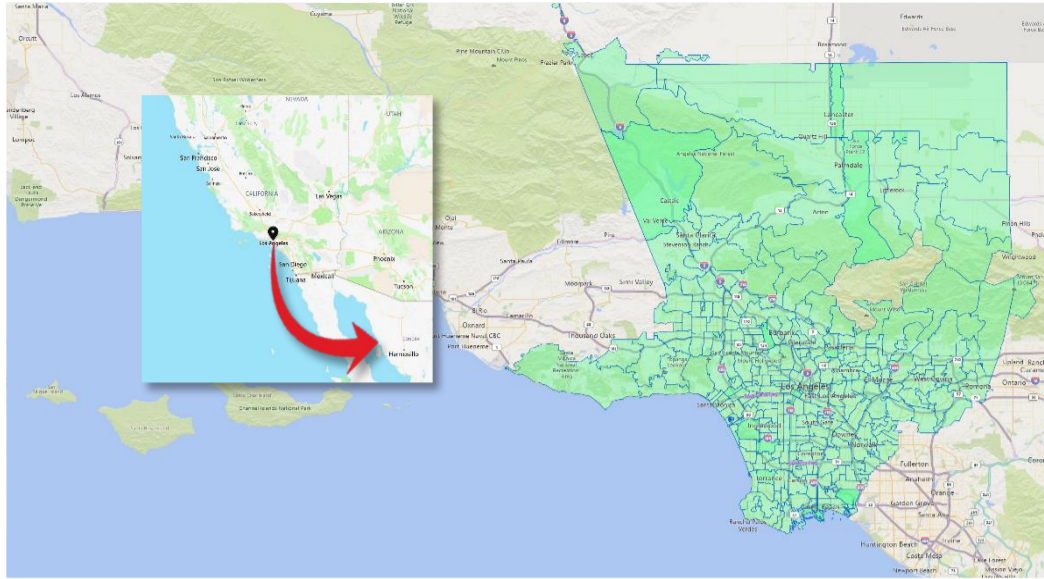


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

| Jurisdictional Information | | Source: US Census Bureau, Dept. of Labor Statistics |
|---|----------------------|---|
| Municipal Name: | Los Angeles | |
| County: | Los Angeles County | |
| State: | California | |
| Geo Coordinates (market center): | 34.05223, -118.24368 | |
| Major Hotel Demand Generators | | |
| University of California Los Angeles Kaiser Permanente University of Southern California Northrop Grumman Corp. Providence Health Systems Target Brands Inc. The Kroger Co. The Boeing Co. The Walt Disney Co. Albertsons/Vons/Pavilions Bank of America Corp. Cedars-Sinai Medical Center NBC Universal AT&T The Home Depot U.S.A. Inc. Wells Fargo & Co. ABM Industries Inc. California Institute of Technology Wonderful Co. FedEx Corp. | | |
| Metrics and Ranking | | Measurements |
| Population (hotel market area) | 8,944,687 | |
| Income per Capita | \$54,501 | |
| Feeder Group Size | 114.6 Persons PSR | |
| Feeder Group Earnings | \$6,243,972 PSR | |
| Total Market Hotel Revenues | \$5.6 billion | |
| | | Rankings |
| | | 1st of 104 (Very Large) |
| | | 31st of 104 (Above Average) |
| | | 90th of 104 (Soft) |
| | | 93rd of 104 (Soft) |
| | | 3rd of 104 (Very Strong) |

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 | 79.7% | \$158.53 | \$126.27 | \$145.10 | \$115.58 | \$13.43 | 91.5% | 40.0% | 2.10 | 98,510 | 1.54 |
| 2016 | 81.4% | \$172.92 | \$140.76 | \$157.93 | \$128.56 | \$14.99 | 91.3% | 42.4% | 2.07 | 98,910 | 1.54 |
| 2017 | 79.6% | \$176.23 | \$140.19 | \$160.48 | \$127.66 | \$15.75 | 91.1% | 44.4% | 1.98 | 101,880 | 1.21 |
| 2018 | 79.4% | \$179.67 | \$142.60 | \$164.06 | \$130.21 | \$15.61 | 91.3% | 46.6% | 1.94 | 105,600 | 1.39 |
| 2019 | 81.0% | \$179.35 | \$145.34 | \$163.68 | \$132.64 | \$15.67 | 91.3% | 50.6% | 1.87 | 105,590 | 1.26 |
| 2020 | 46.7% | \$130.99 | \$64.24 | \$121.05 | \$56.56 | \$9.93 | 92.4% | 27.7% | 2.17 | 103,870 | 1.17 |
| 2021 | 63.9% | \$156.12 | \$102.00 | \$143.34 | \$91.65 | \$12.79 | 91.8% | 30.9% | 2.08 | 104,910 | 1.18 |
| 2022 | 68.3% | \$173.73 | \$118.90 | \$159.70 | \$109.15 | \$14.03 | 91.9% | 32.3% | 2.00 | 105,630 | 1.16 |
| 2023 | 70.7% | \$185.94 | \$131.52 | \$171.08 | \$120.91 | \$14.86 | 92.0% | 33.4% | 1.96 | 106,270 | 1.30 |
| CAGR: 2015 thru 2023 | -1.5% | 2.0% | 0.5% | 2.1% | 0.6% | 1.3% | 0.1% | -2.2% | -0.8% | 1.0% | -2.1% |
| 1Q 2023 | 71.7% | \$194.42 | \$139.33 | \$179.38 | \$128.54 | \$15.04 | 92.3% | 37.9% | 1.86 | 104,490 | 1.15 |
| 1Q 2024 | 71.3% | \$201.29 | \$143.58 | \$184.83 | \$131.84 | \$16.46 | 91.8% | 38.8% | 1.84 | 104,520 | 1.27 |

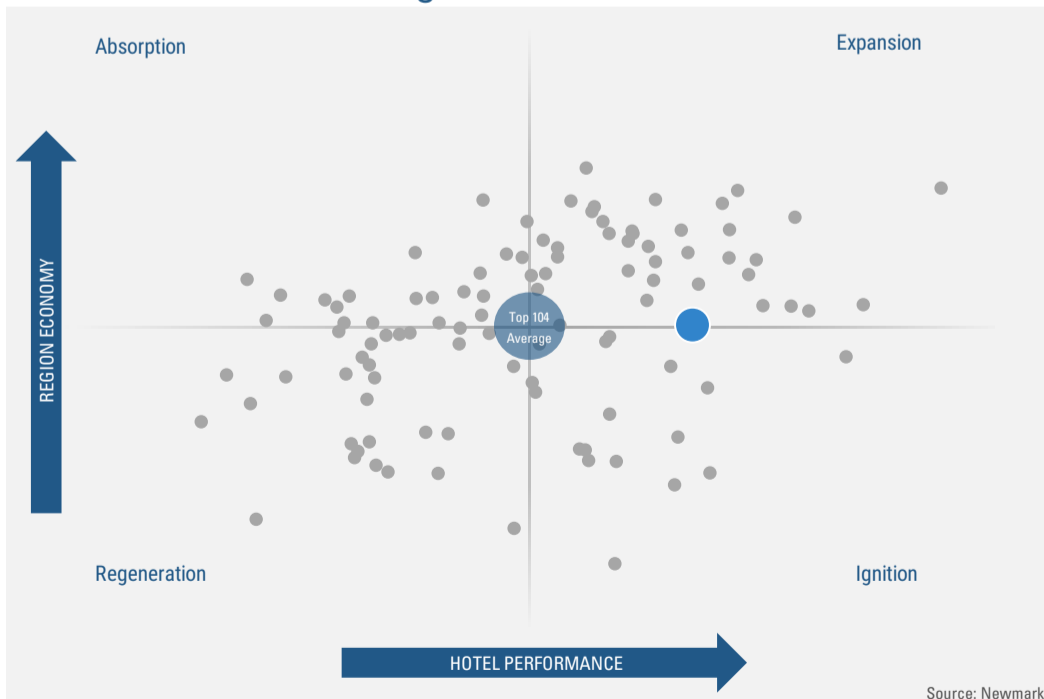
Notable Metrics

| | IRR: Luxury/Upscale | Total Rooms Supply | Total Rooms Sold |
|----------------|--|--|--|
| HIGHEST | 2nd Highly Favorable Los Angeles, CA posted favorable IRR metrics in the luxury/upscale segment (8.6%) | 6th Strong The market benefits from a large and diverse hotel market (104,519 total rooms) | 4th Strong The market also boasted a strong total of number of rooms sold (28,497,159 room nights) |
| LOWEST | 100th Soft This market has been hampered by weak T12-month COPE ADR percentage (91.7%) | 100th Soft The market was burdened by high T12-month booking costs POR (\$16.44) | 97th Soft Los Angeles, CA also exhibited weak T12-month average length of stay (1.83 Nights) |

Notable Trends

| | Overall Health of Hotel Market | Short-Term Historical Loyalty Contribution Growth | Long-Term Historical Loyalty Contribution Growth |
|------------------|---|--|---|
| STRONGEST | 17th Above Average Los Angeles, CA has benefited from strong general hotel market performance (levels and trends of fundamentals) | 22nd Above Average The market enjoyed strong short-term historical loyalty contribution growth (4.9%) | 32nd Above Average The market also exhibited strong long-term historical loyalty contribution growth (4.5%) |
| WEAKEST | 94th Soft The market exhibited weak long-term historical average length of stay growth (-1.1%) | 93rd Soft We note this area exhibited weak short-term historical average length of stay growth (-0.8%) | 90th Soft Los Angeles, CA also has been hindered by weak short-term historical occupancy growth (-1.9%) |

Market Performance Stage



Los Angeles, CA: Expansion Stage

The Los Angeles, CA market is currently in the 'Expansion' stage of the performance cycle. In this 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.

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.

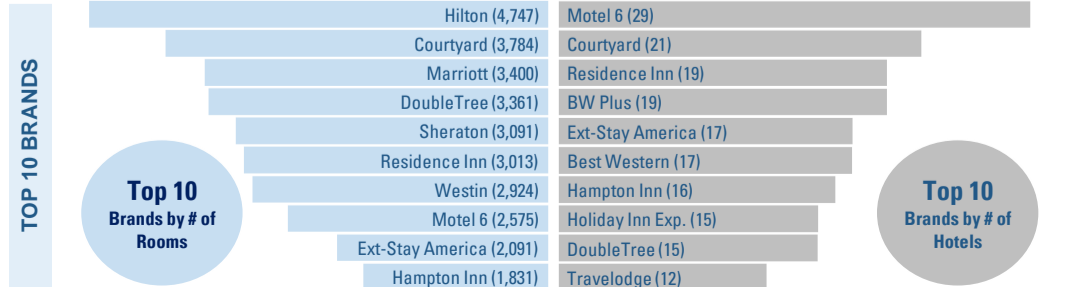
Ignition: In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Chicago, IL; and Miami, FL.

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.

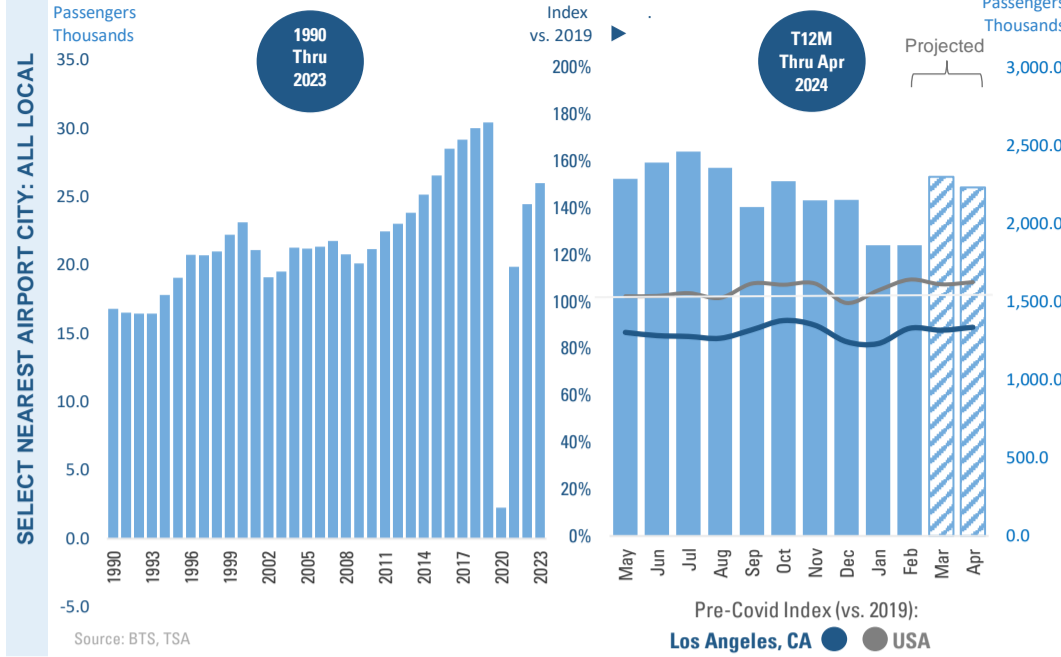
Industry Observations

MOODY'S ANALYTICS
 Business Cycle: **At Risk**
 Employment Growth (2 yr): **1.7%**
 Risk Exposure (402 US markets): **82nd Percentile: Above Average**
 Key Industry Notes:
 Global links through tourism
 Strong healthcare base
 Deep Sea Pedro Harbor
 High costs hinder net migration gains
 Prone to natural disasters

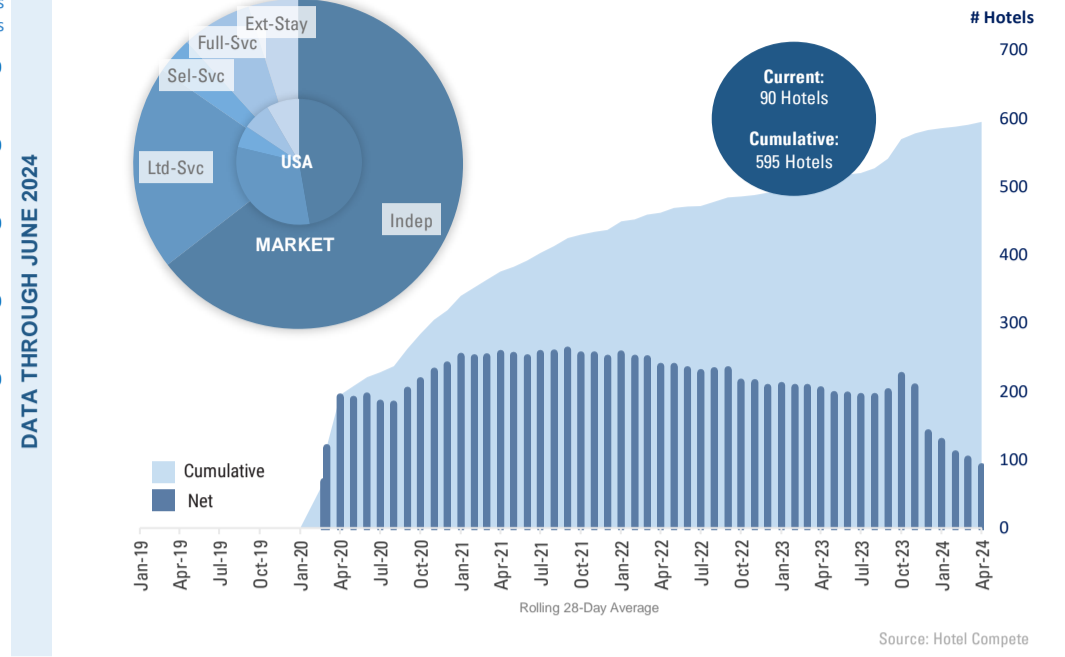
Moody's Rating
Aa2
 Investment Grade
 Long-term investment grade, Prime-1 short-term outlook



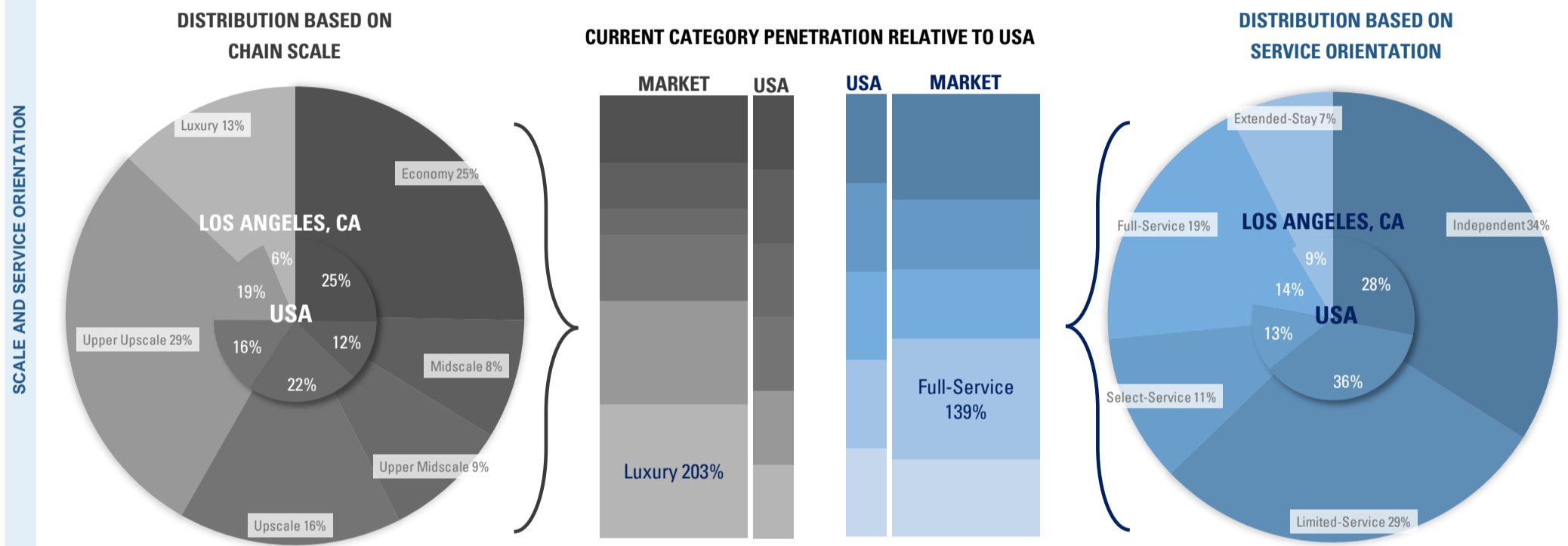
Airport Statistics - Enplanements



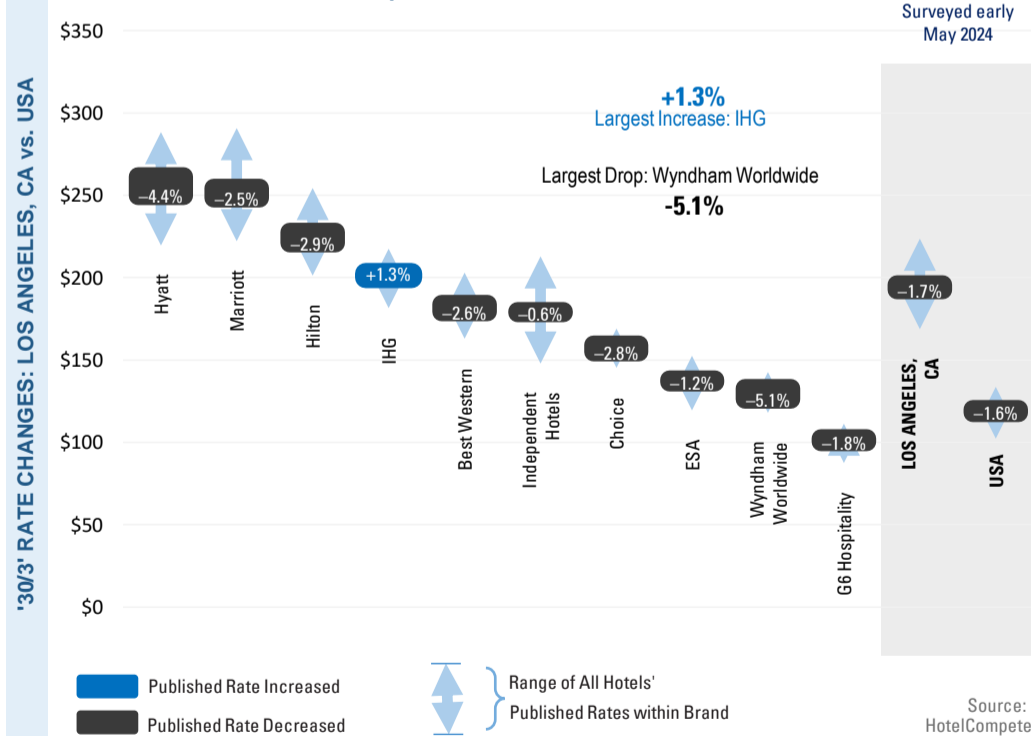
Hotel Closures - Los Angeles, CA



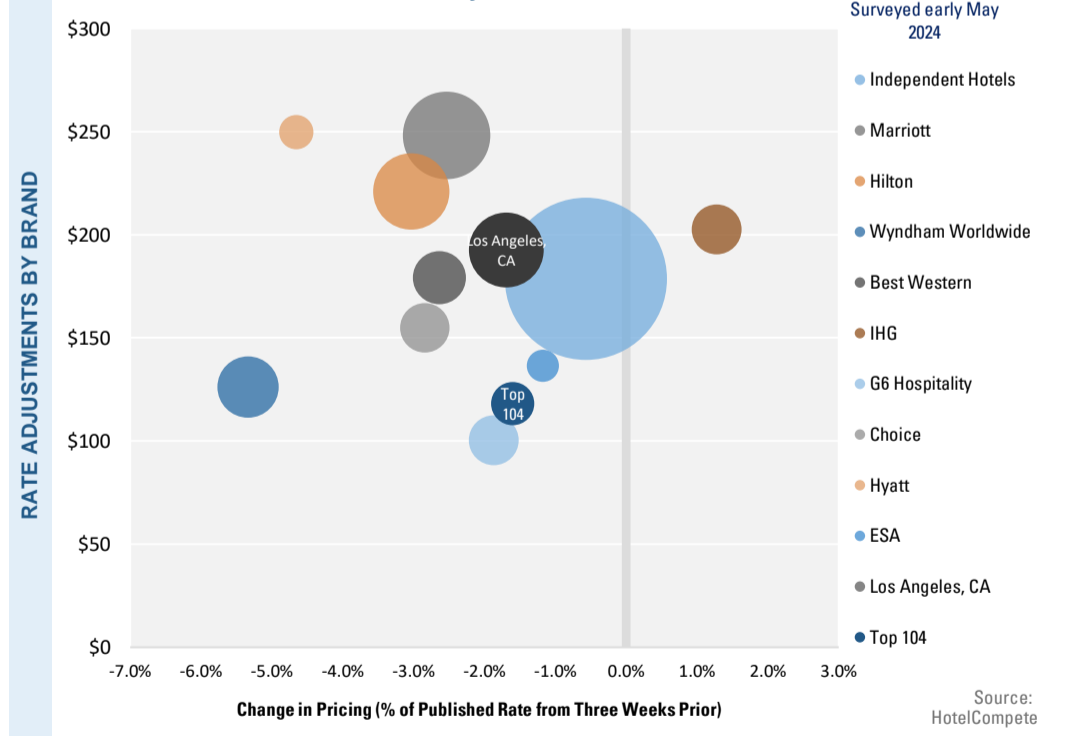
Scale and Service Distribution: Los Angeles, CA



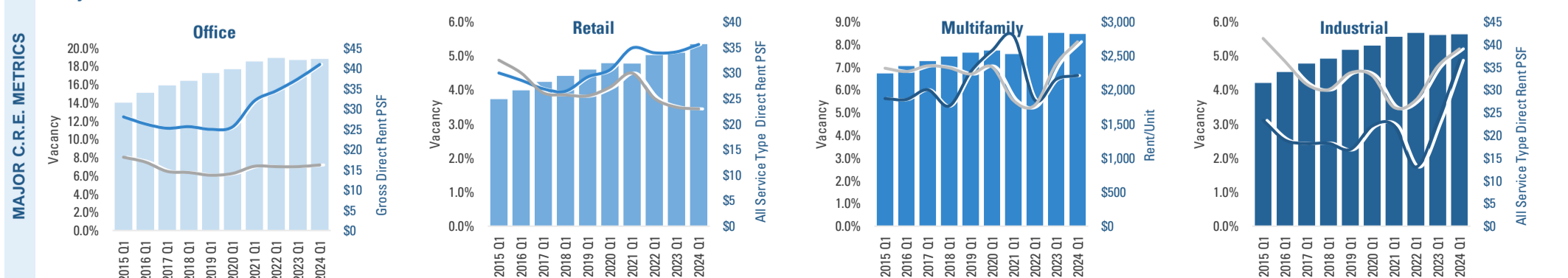
Published Rates: Top 10 Brands



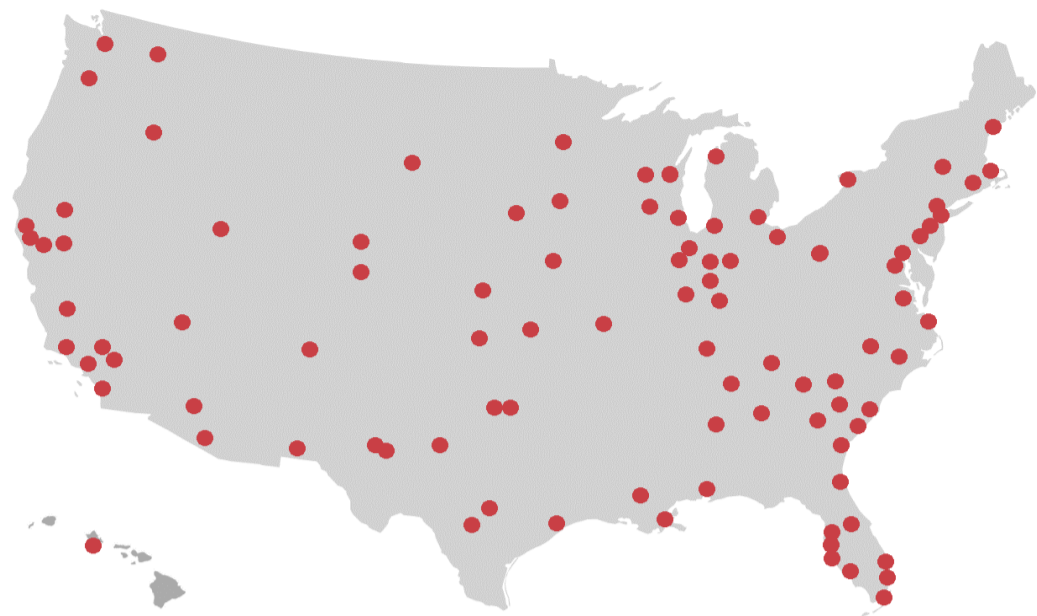
Published Rates: Volatility



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

Hospitality, Gaming & Leisure

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Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:

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.

ABOUT NEWMARK

We transform untapped potential into limitless opportunity.

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

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