

NEWMARK

1Q 2024

Hotel Market Nsights Report

MADISON, WI



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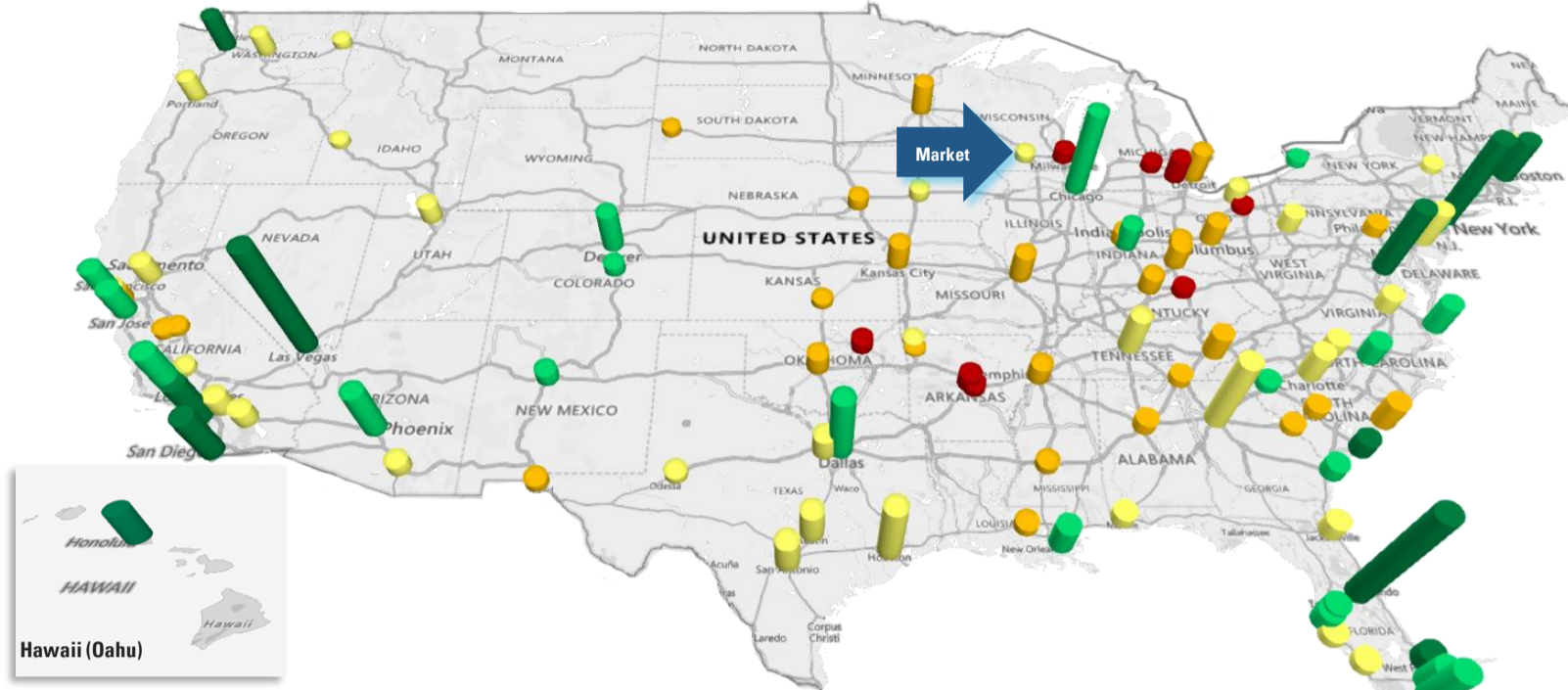
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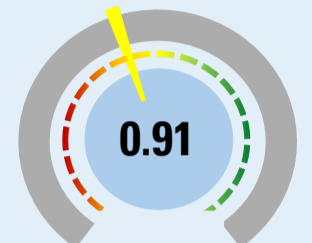


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

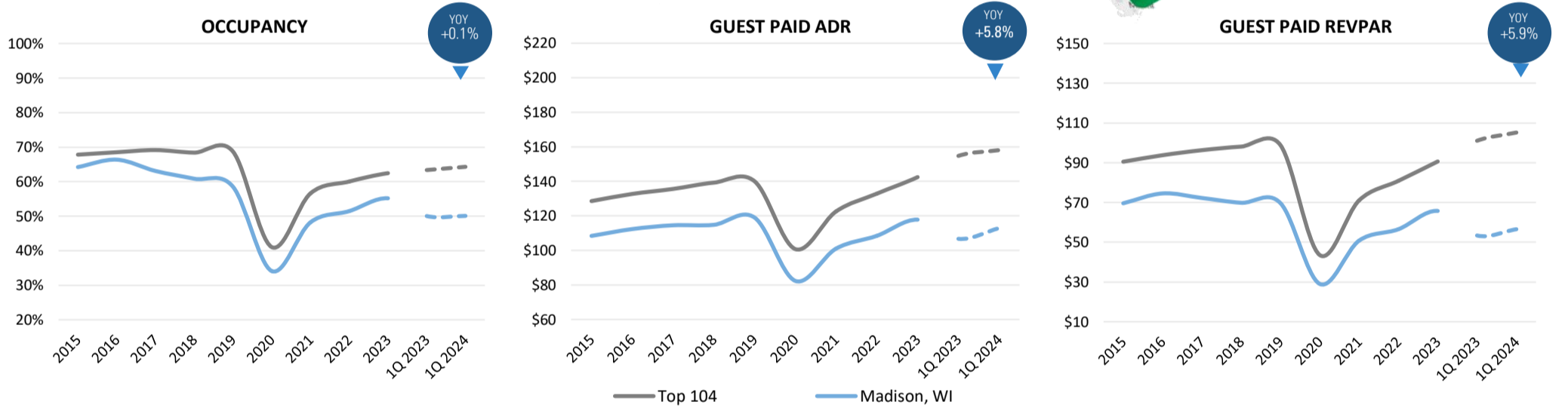
Madison, WI



64th of 104
Average

Ranking of overall '1Q 2024 LPI' performance (0.91) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

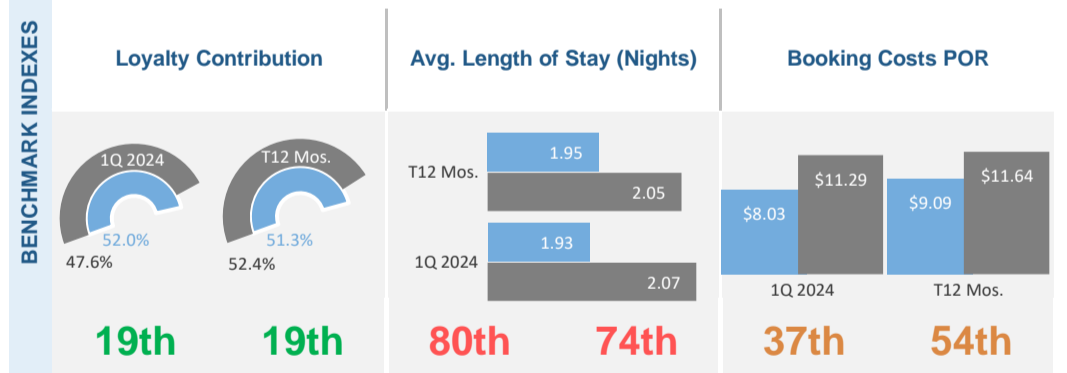


PERFORMANCE INDEXES

Key Performance Indexes



Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

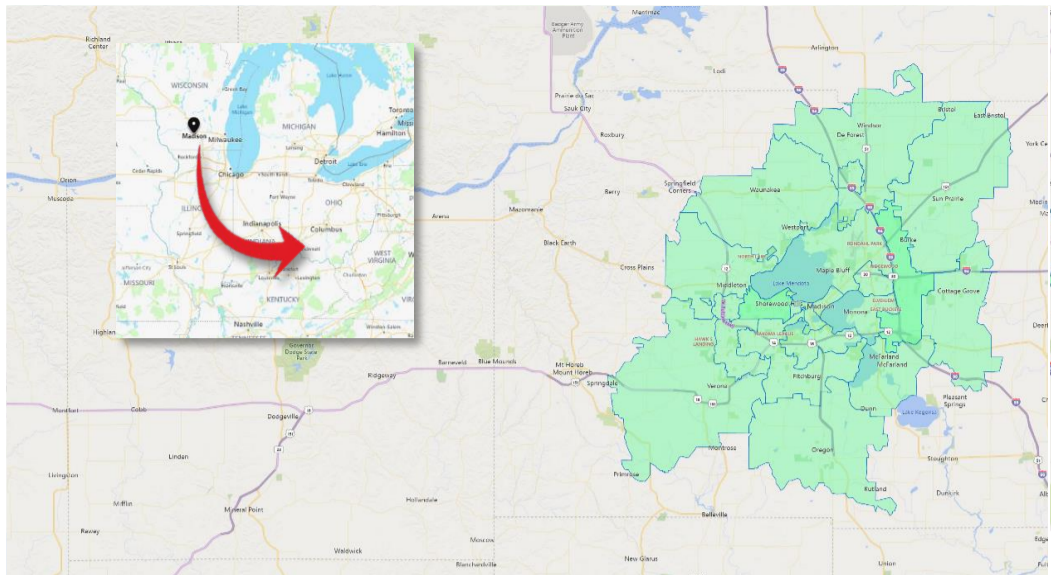


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Madison	
County:	Dane County	
State:	Wisconsin	
Geo Coordinates (market center):	43.07305, -89.40123	
Major Hotel Demand Generators		
University of Wisconsin Madison Epic Systems UW Hospital & Clinics Authority American Family Insurance Co. SSM Health UnityPoint Health-Meriter UW Medical Foundation WPS Health Solutions The CUNA Mutual Group Covance Laboratories Inc. PPD TDS Telecommunications Corp. Stroughton Trailers Great Lakes Higher Education Corp. Promega Corp. ETC Zimbrick Inc. Exact Sciences Corp. Alliant Energy Madison Gas & Electric Co.		
Metrics and Ranking		Measurement
Population (hotel market area)	409,630	
Income per Capita	\$59,387	
Feeder Group Size	65.7 Persons PSR	
Feeder Group Earnings	\$3,903,056 PSR	
Total Market Hotel Revenues	\$293.0 million	
		Rankings
		91st of 104 (Small)
		20th of 104 (Above Average)
		41st of 104 (Average)
		61st of 104 (Average)
		84th 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%	\$108.40	\$69.60	\$100.76	\$64.70	\$7.63	93.0%	45.2%	1.88	8,980	1.04
2016	66.4%	\$112.35	\$74.56	\$104.26	\$69.19	\$8.09	92.8%	47.3%	1.90	9,050	1.17
2017	63.1%	\$114.55	\$72.27	\$106.00	\$66.88	\$8.54	92.5%	49.7%	1.87	9,230	0.83
2018	60.8%	\$114.81	\$69.85	\$106.17	\$64.60	\$8.64	92.5%	52.3%	1.85	9,480	0.81
2019	58.5%	\$119.01	\$69.67	\$109.81	\$64.28	\$9.20	92.3%	56.7%	1.82	10,320	0.88
2020	34.1%	\$82.34	\$29.01	\$77.12	\$26.31	\$5.22	93.7%	40.5%	2.35	10,330	0.53
2021	48.2%	\$101.04	\$50.81	\$94.01	\$45.32	\$7.03	93.0%	44.9%	2.05	10,600	0.57
2022	51.5%	\$108.44	\$56.55	\$100.88	\$51.91	\$7.56	93.0%	45.2%	1.97	10,670	0.70
2023	55.2%	\$117.81	\$65.75	\$109.70	\$60.53	\$8.11	93.1%	45.5%	1.95	10,690	1.00
CAGR: 2015 thru 2023	-1.9%	1.0%	-0.7%	1.1%	-0.8%	0.8%	0.0%	0.1%	0.5%	2.2%	-0.5%
1Q 2023	50.0%	\$106.70	\$53.38	\$99.21	\$49.63	\$7.49	93.0%	48.6%	1.95	10,280	0.80
1Q 2024	50.1%	\$112.92	\$56.55	\$104.88	\$52.52	\$8.03	92.9%	52.0%	1.93	10,340	0.91

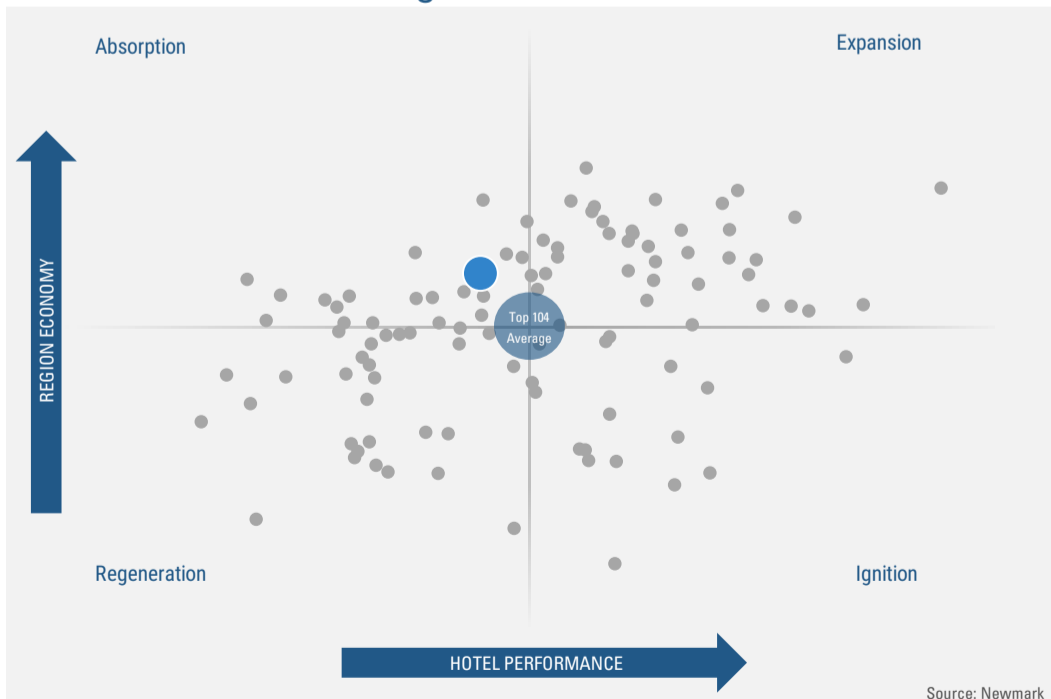
Notable Metrics

HIGHEST	Latest-Quarter Loyalty Contribution	T12-Month Loyalty Contribution	Economy Median Income
	19th Above Average Madison, WI exhibited strong latest-quarter loyalty contribution (52.0%)	19th Above Average The market exhibited strong T12-month loyalty contribution (51.3%)	20th Above Average The market also exhibited strong Economy Median Income (\$59,387)
	IRR: Economy/Ltd Svc	OAR: Economy/Ltd Svc	OAR: Full-Service
LOWEST	103rd Highly Unfavorable This market posted unfavorable IRR metrics in the economy/ltd svc segment (13.3%)	103rd Highly Unfavorable The market exhibited unfavorable OAR metrics in the economy/ltd svc segment (11.2%)	97th Unfavorable Madison, WI also posted unfavorable OAR metrics in the full-service segment (9.2%)

Notable Trends

STRONGEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Loyalty Contribution Growth	General Economy Reversion
	23rd Above Average Madison, WI enjoyed low short-term historical growth in booking costs (1.7%)	24th Above Average The market exhibited strong long-term historical loyalty contribution growth (4.6%)	31st Above Average The market also enjoyed strong general economic reversion (per-capita unemployment, GDP and other indicators)
	Long-Term Historical COPE RevPAR Growth	Long-Term Historical Guest Paid RevPAR Growth	Long-Term Historical Occupancy Growth
WEAKEST	99th Soft The market posted weak long-term historical COPE RevPAR growth (-0.9%)	99th Soft We note this area has been hampered by weak long-term historical Guest Paid RevPAR growth (-0.8%)	99th Soft Madison, WI also has been hindered by weak long-term historical occupancy growth (-1.7%)

Market Performance Stage



Madison, WI: Absorption Stage

The Madison, WI 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.

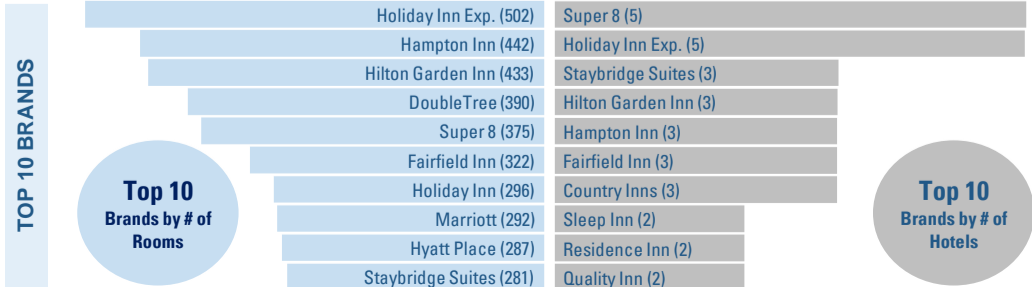
Other Stages:

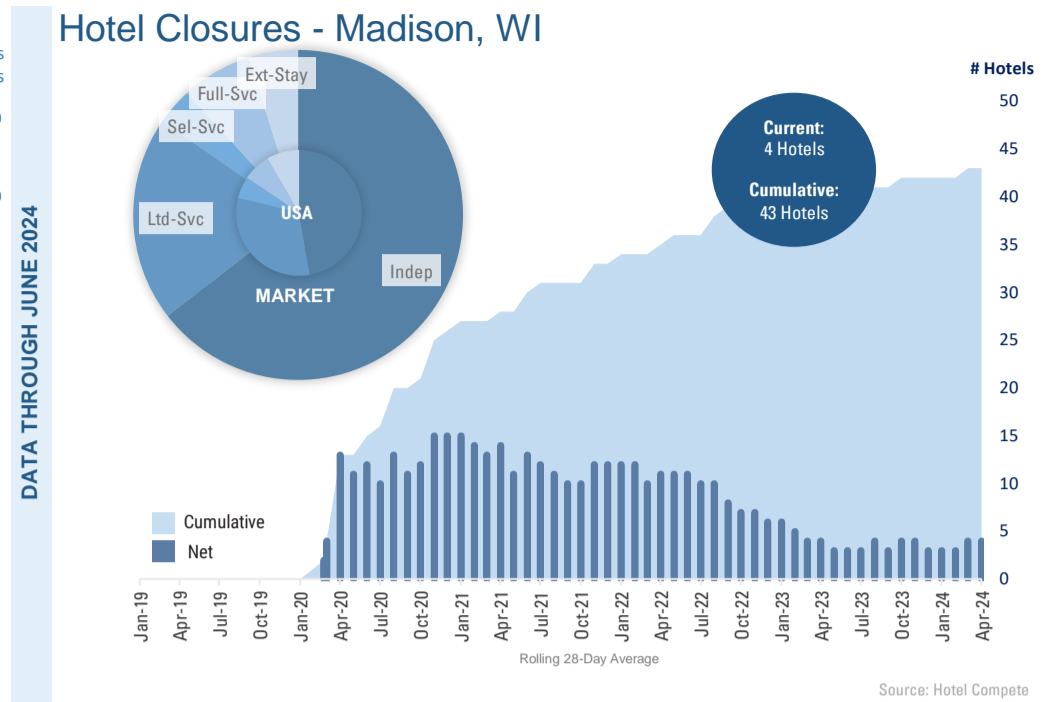
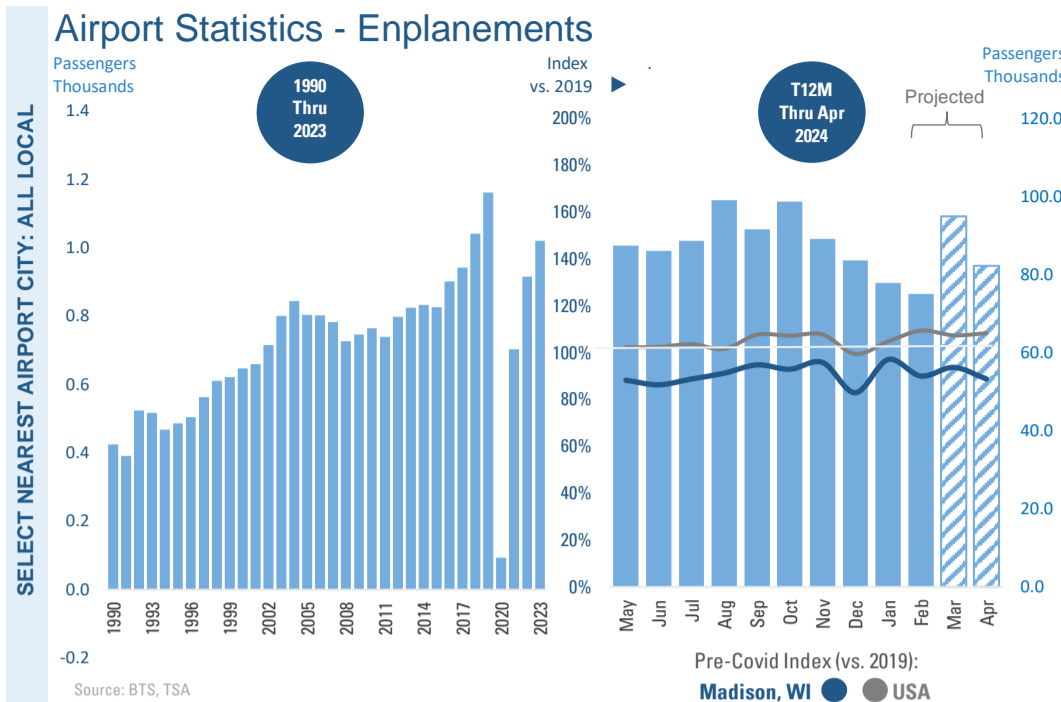
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for 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

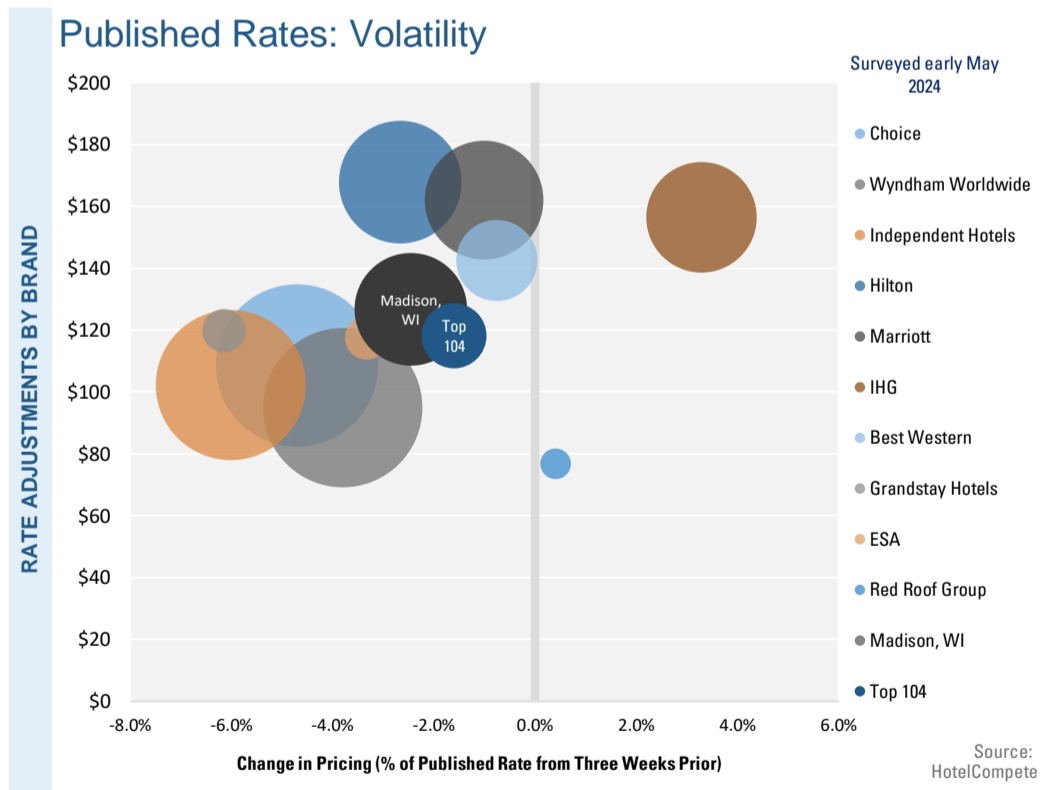
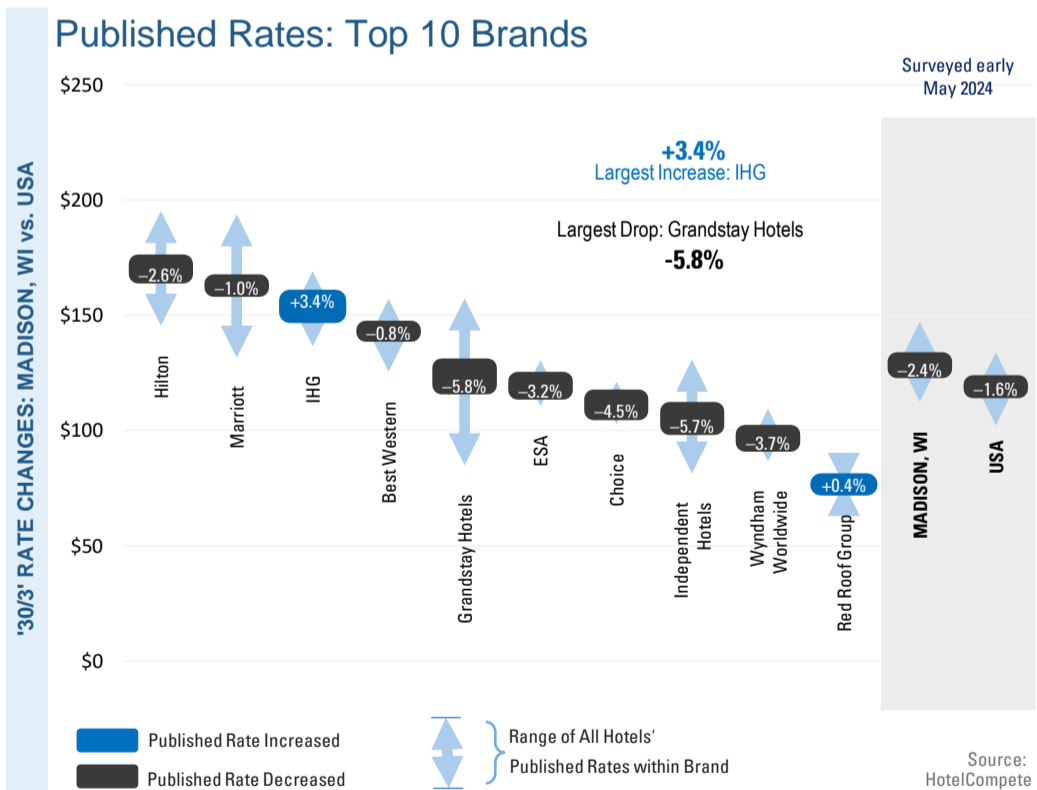
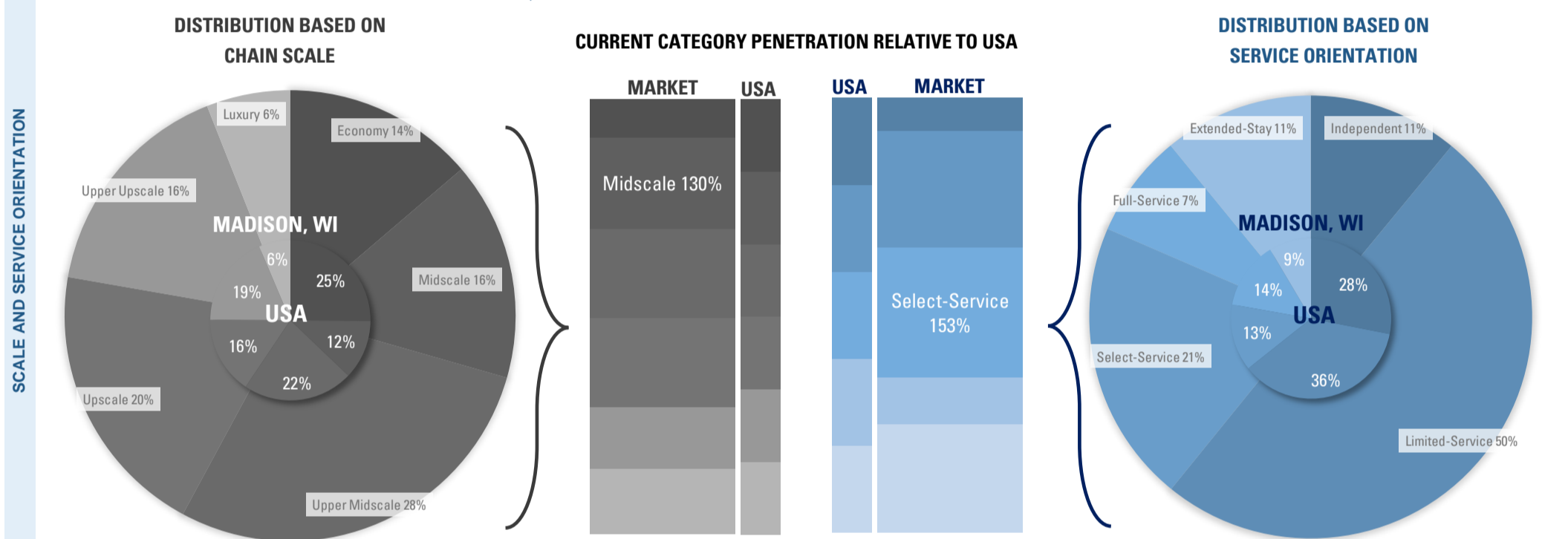
MOODY'S ANALYTICS
 Business Cycle: **At Risk**
 Employment Growth (2 yr): **0.7%**
 Risk Exposure (402 US markets): **64th Percentile: Average Risk**
 Key Industry Notes:
 Well educated workforce
 Presence of UW-Madison
 Growing tech cluster
 Higher costs of living
 Low industrial diversity

Moody's Rating
Aa1
Investment Grade
 Long-term investment grade, Prime-1 short-term outlook

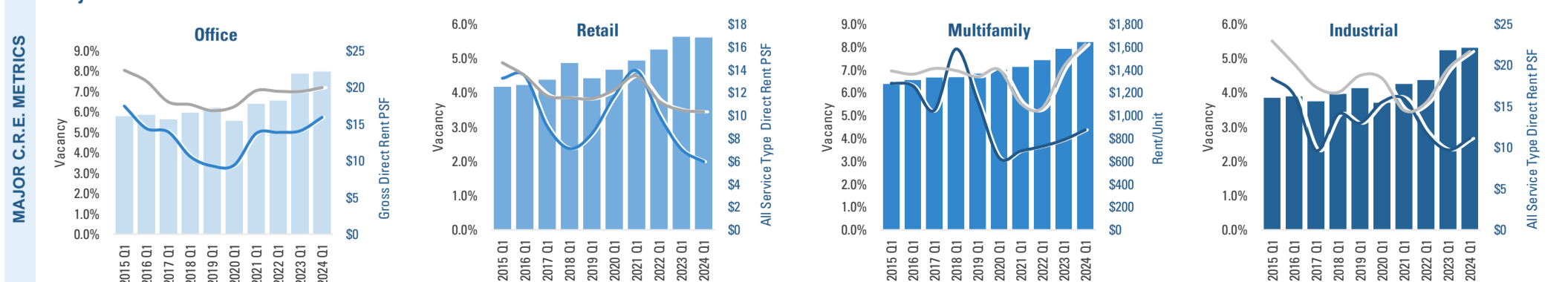




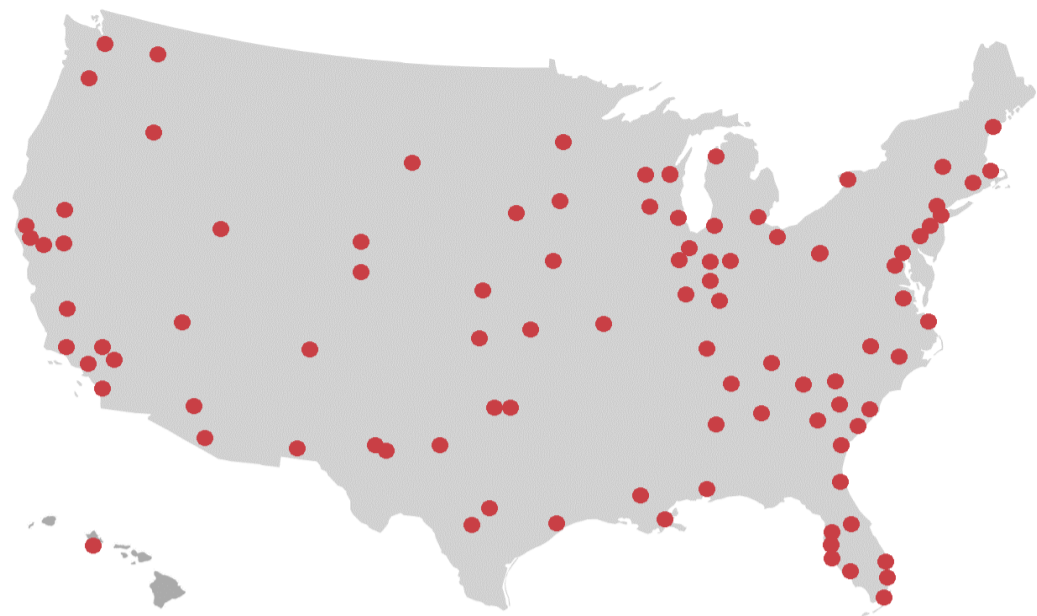
Scale and Service Distribution: Madison, WI



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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Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

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

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