

NEWMARK

1Q 2024

Hotel Market Nsights Report

MEMPHIS, TN



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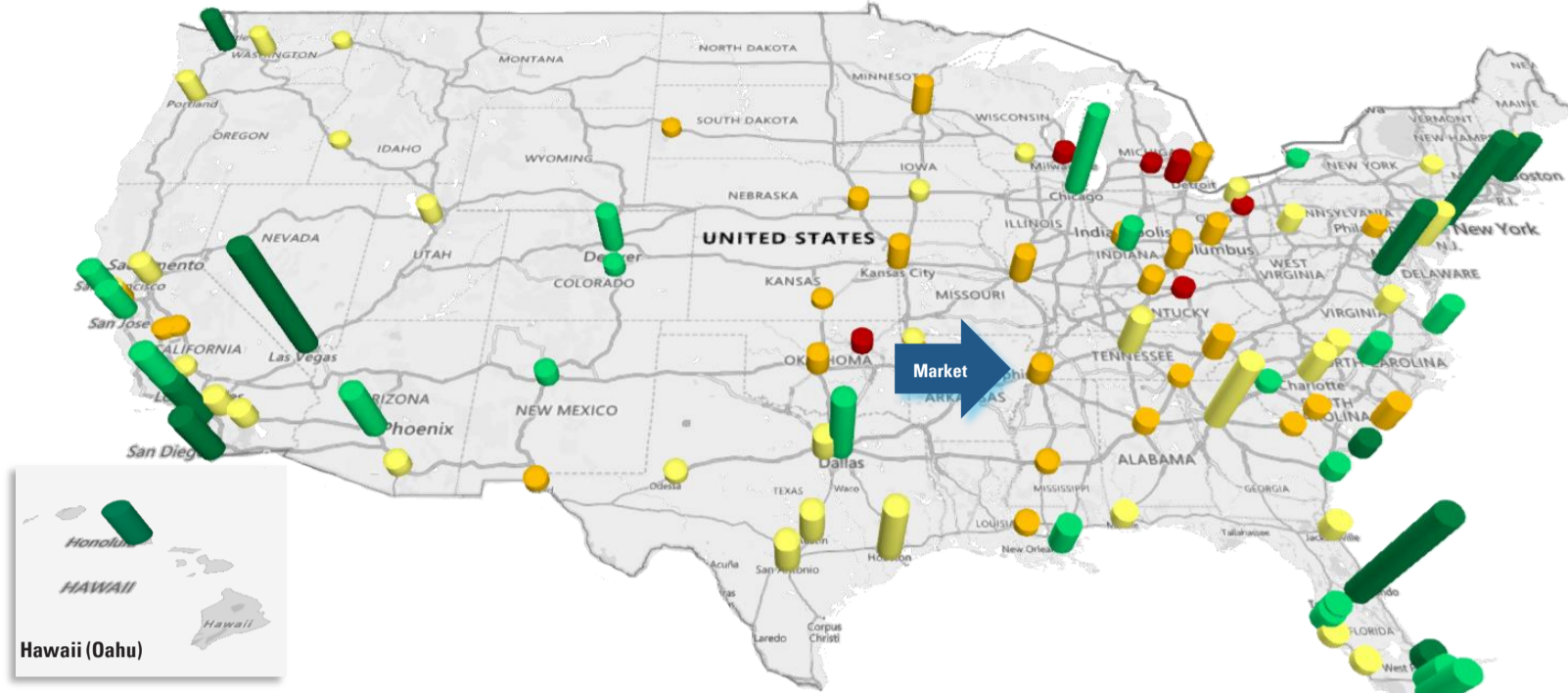
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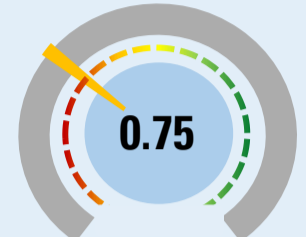


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

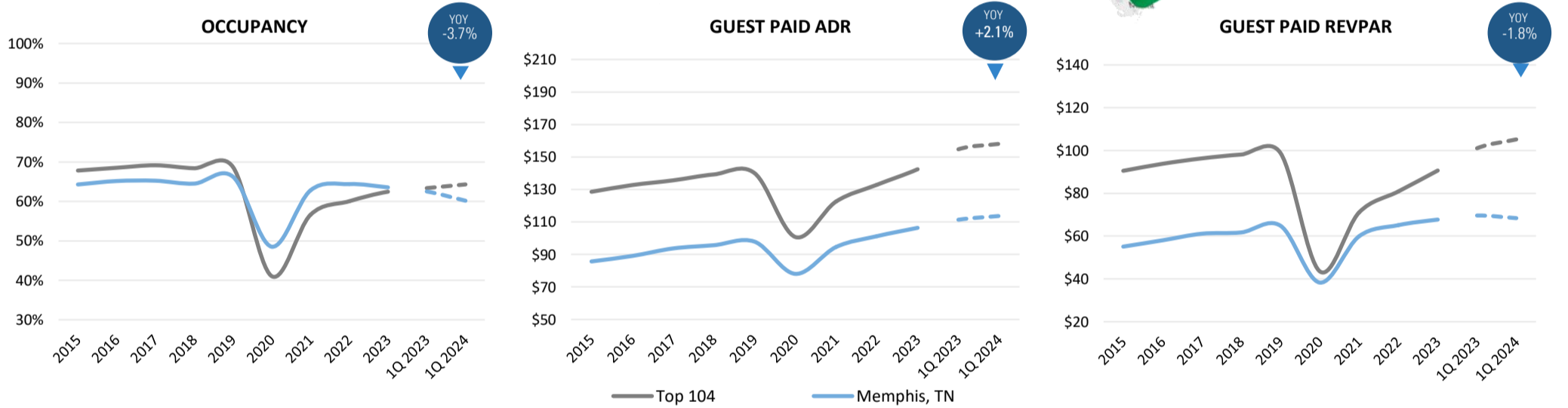
Memphis, TN



83rd of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.75) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

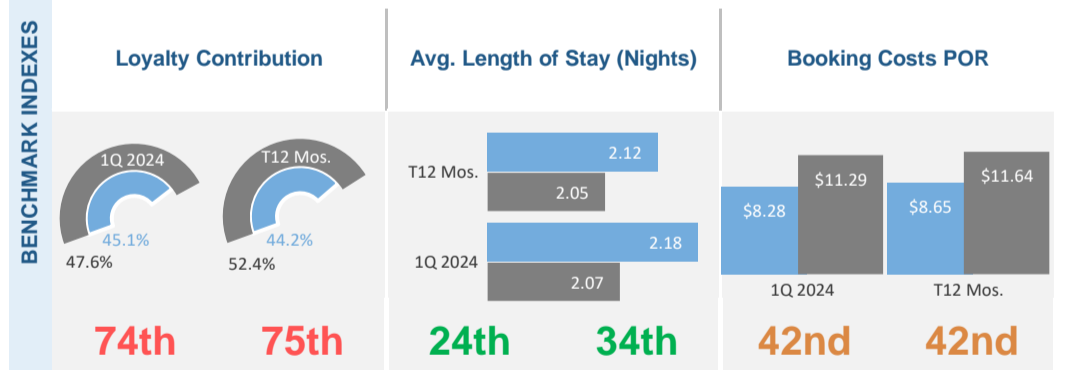


PERFORMANCE INDEXES

Key Performance Indexes

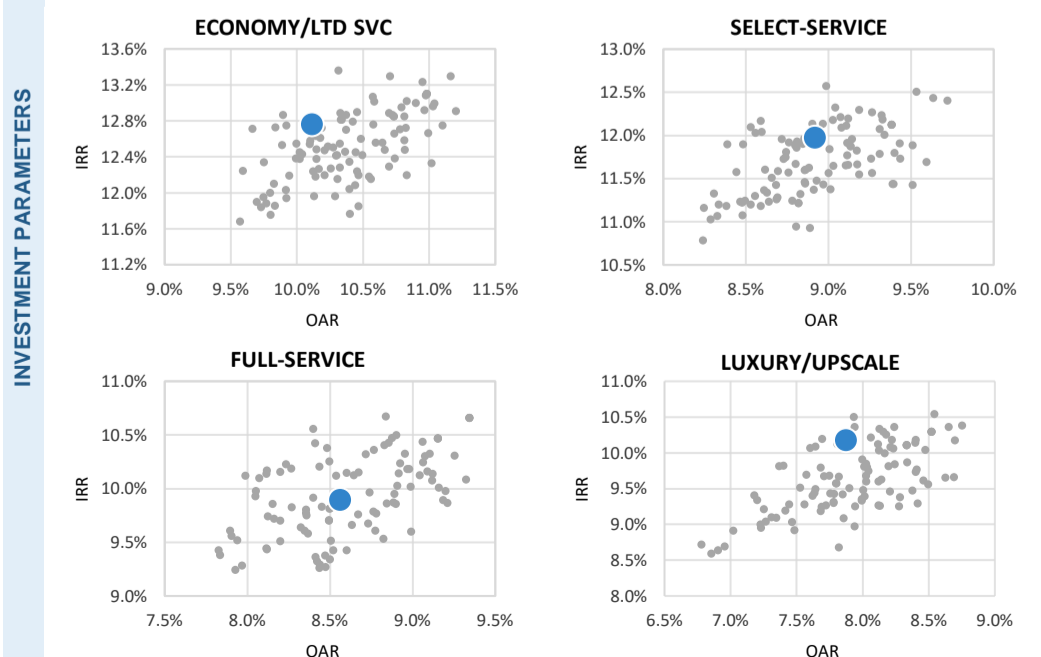


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

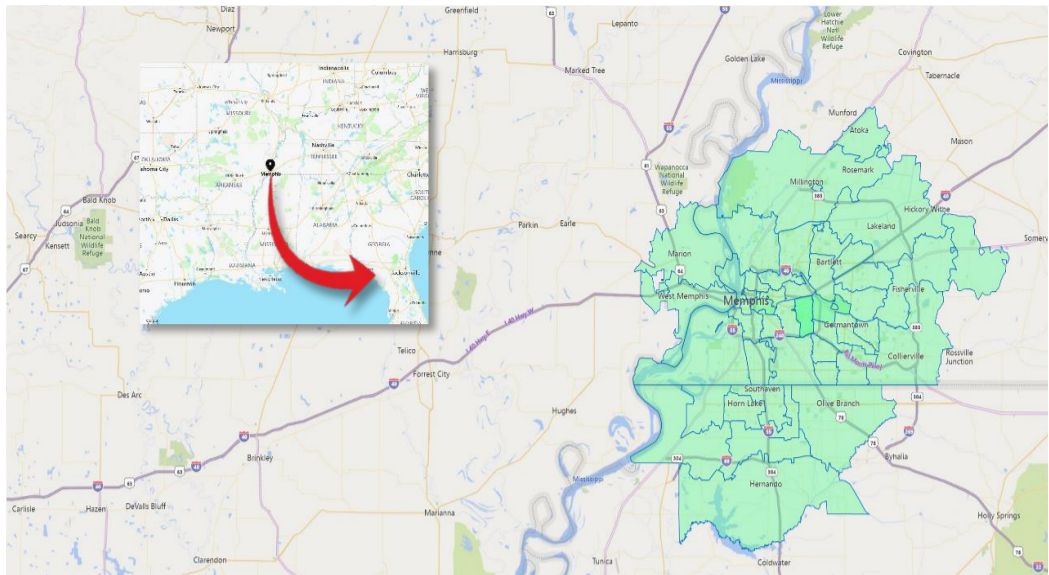


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Memphis
 County: Shelby County
 State: Tennessee
 Geo Coordinates (market center): 35.14953, -90.04898

Major Hotel Demand Generators

FedEx Corp. | Methodist Le Bonheur Healthcare | Naval Support Activity Mid-South | Baptist Memorial Healthcare Corp. | The Kroger Co. | Wal-Mart Stores Inc. | St. Jude Children's Research Hospital | Technicolor | XPO Logistics Supply Chain | Century Management Inc. | Nike Inc. | Tenet Healthcare Corp. | International Paper Co. | First Horizon National Corp. | ServiceMaster Global Holdings Inc. | Smith & Nephew Inc. | Valenti Mid-South Management LLC | Caesars Entertainment | Cummins Inc. | Accredo Health Group Inc.

Metrics and Ranking

Measurement	Rankings
Population (hotel market area)	52nd of 104 (Average)
Income per Capita	89th of 104 (Below Average)
Feeder Group Size	46th of 104 (Average)
Feeder Group Earnings	24th of 104 (Above Average)
Total Market Hotel Revenues	56th of 104 (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	64.3%	\$85.71	\$55.09	\$79.31	\$50.98	\$6.40	92.5%	41.2%	2.14	21,820	0.70
2016	65.2%	\$89.08	\$58.04	\$82.24	\$53.58	\$6.84	92.3%	44.0%	2.07	21,870	0.87
2017	65.2%	\$93.70	\$61.12	\$86.18	\$56.21	\$7.53	92.0%	46.0%	2.00	22,540	0.85
2018	64.5%	\$95.69	\$61.71	\$87.95	\$56.72	\$7.74	91.9%	49.8%	1.97	22,710	0.74
2019	66.3%	\$97.87	\$64.84	\$89.89	\$59.55	\$7.98	91.8%	54.4%	1.97	23,510	0.79
2020	48.5%	\$78.07	\$38.29	\$72.46	\$35.15	\$5.61	92.8%	36.4%	2.20	23,730	1.09
2021	62.8%	\$94.59	\$59.93	\$87.57	\$54.97	\$7.02	92.6%	38.0%	2.23	24,360	1.07
2022	64.4%	\$101.23	\$65.13	\$93.68	\$60.31	\$7.55	92.5%	38.7%	2.20	24,570	0.90
2023	63.5%	\$106.38	\$67.71	\$98.39	\$62.52	\$7.99	92.5%	39.4%	2.15	24,730	0.76
CAGR: 2015 thru 2023	-0.1%	2.7%	2.6%	2.7%	2.6%	2.8%	0.0%	-0.6%	0.0%	1.6%	0.9%
1Q 2023	62.5%	\$111.38	\$69.62	\$103.08	\$64.43	\$8.30	92.5%	41.7%	2.18	24,700	0.78
1Q 2024	60.2%	\$113.68	\$68.40	\$105.40	\$63.41	\$8.28	92.7%	45.1%	2.18	24,530	0.75

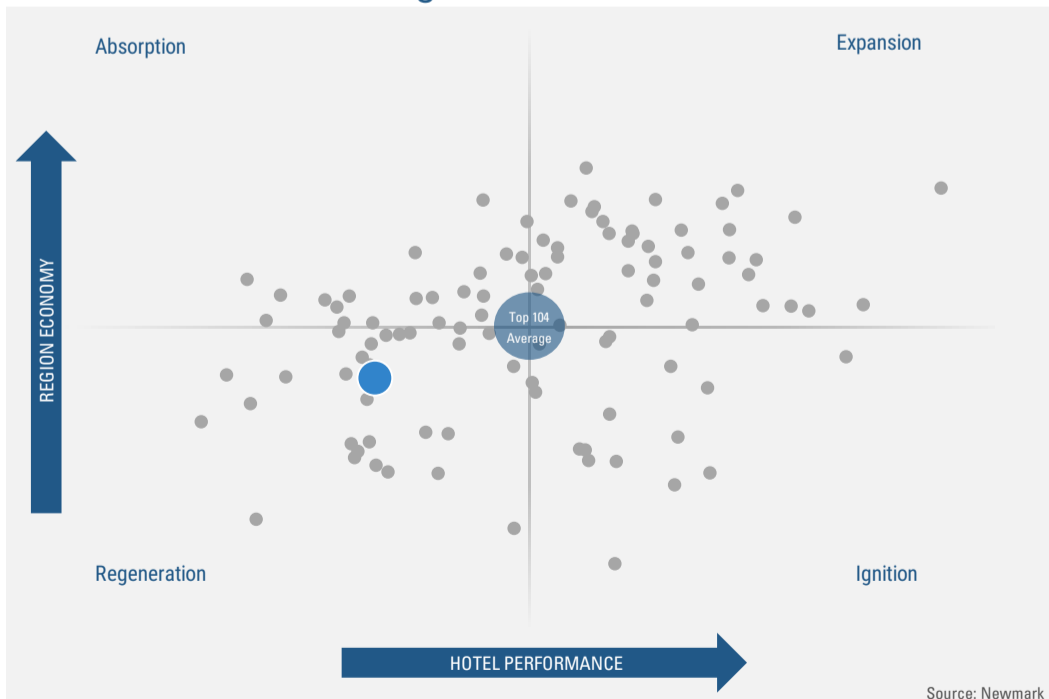
Notable Metrics

HIGHEST	Latest-Quarter Average Length of Stay	Feeder Group Earnings per sold room	OAR: Economy/Ltd Svc
	24th Above Average	24th Above Average	27th Favorable
	Memphis, TN boasted strong latest-quarter average length of stay (2.18 Nights)	The market posted strong feeder group earnings per sold room (\$2,640,563)	The market also exhibited favorable OAR metrics in the economy/ltd svc segment (10.1%)
LOWEST	Economy Median Income	IRR: Luxury/Upscale	Marketwide Income per Room
	89th Below Average	87th Unfavorable	83rd Below Average
	This market was stymied by weak Economy Median Income (\$38,230)	The market posted unfavorable IRR metrics in the luxury/upscale segment (10.2%)	Memphis, TN also exhibited a low ratio of marketwide per-capita income per room (\$1,180,036)

Notable Trends

STRONGEST	Short-Term Historical Average Length of Stay Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Occupancy Growth
	12th Above Average	22nd Above Average	30th Above Average
	Memphis, TN has benefited from strong short-term historical average length of stay growth (2.4%)	The market enjoyed strong long-term historical average length of stay growth (1.0%)	The market also enjoyed strong long-term historical occupancy growth (0.1%)
WEAKEST	Overall Health of Hotel Market	General Economy Relevance	Long-Term Historical Supply Growth
	81st Below Average	78th Below Average	66th Below Average
	The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	We note this area posted weak general economic relevance (per-capita unemployment, GDP and other indicators)	Memphis, TN also has been burdened by high long-term historical supply growth (1.7%)

Market Performance Stage



Memphis, TN: Regeneration Stage

The Memphis, TN 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

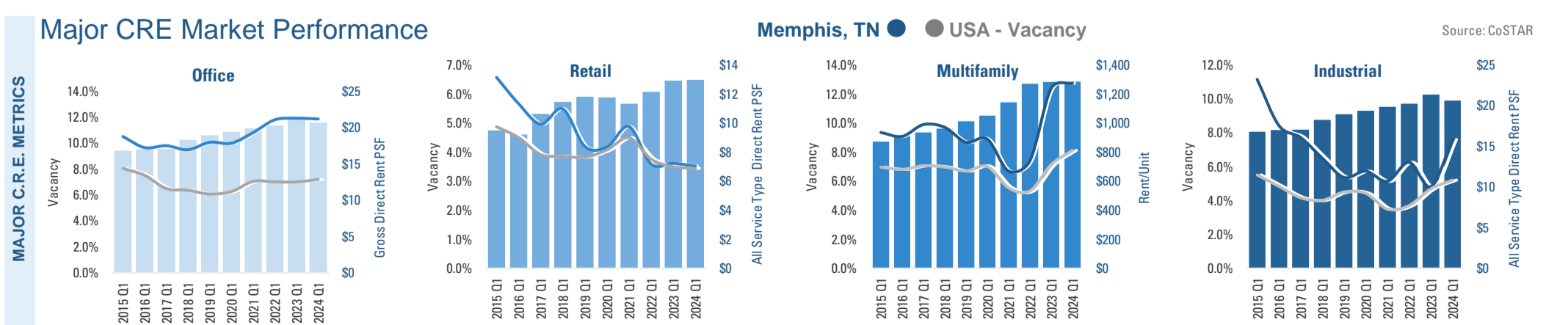
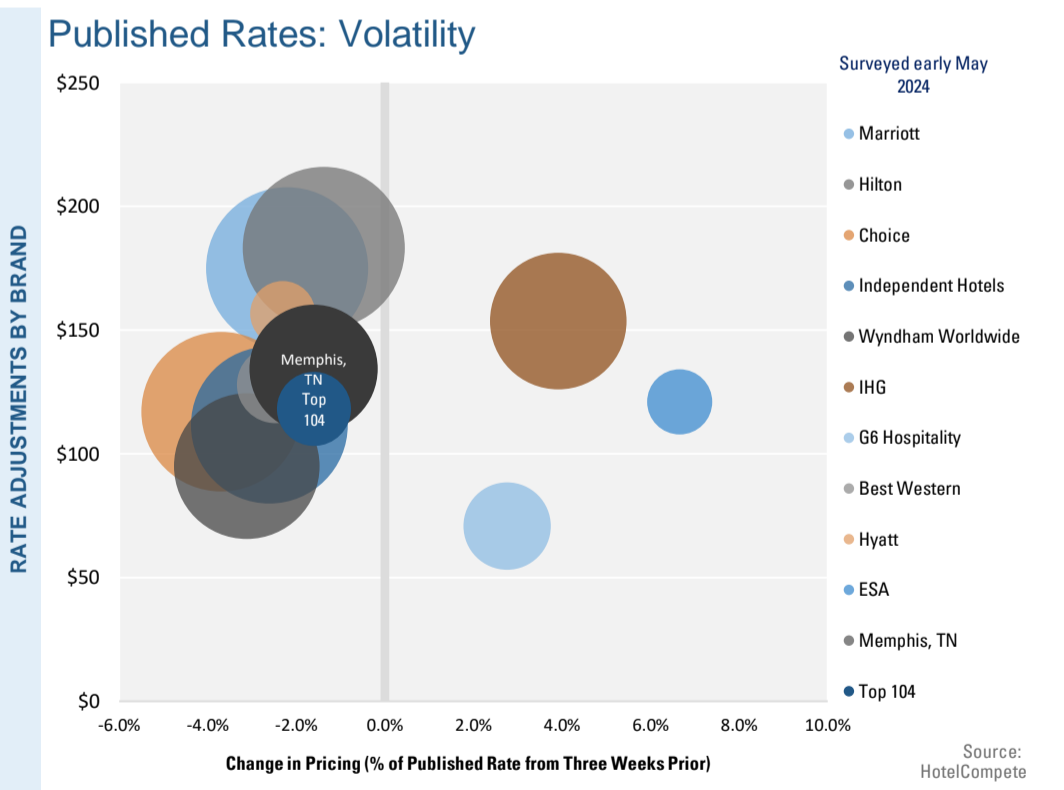
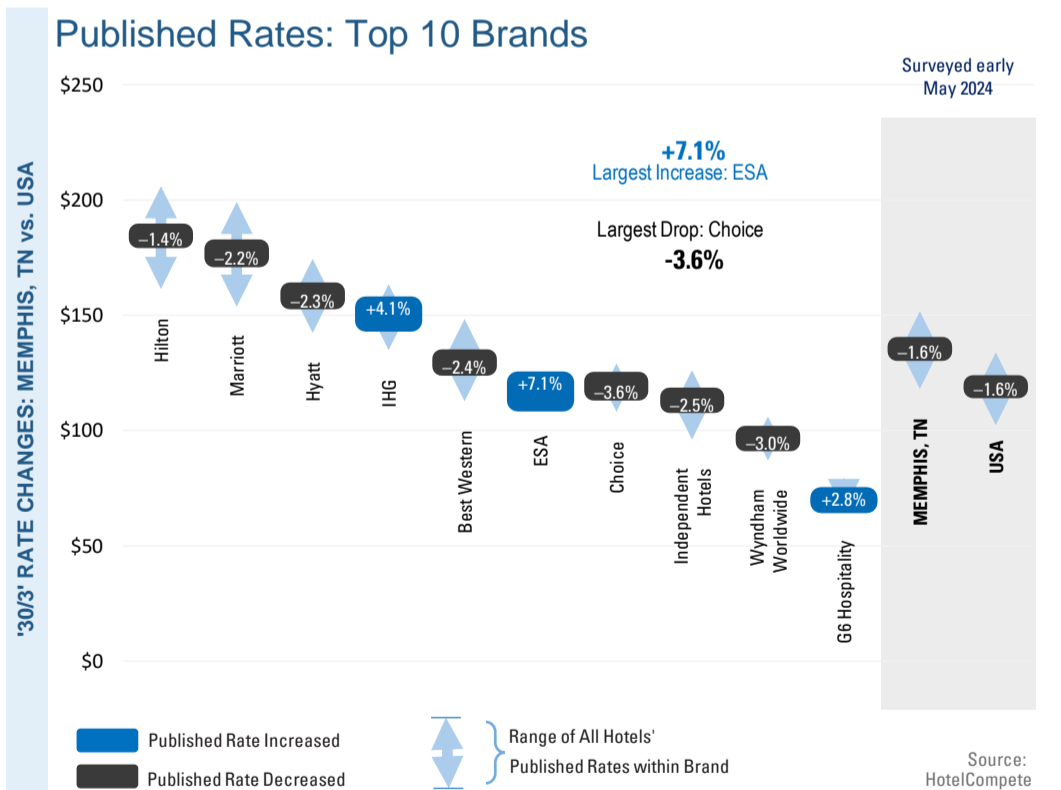
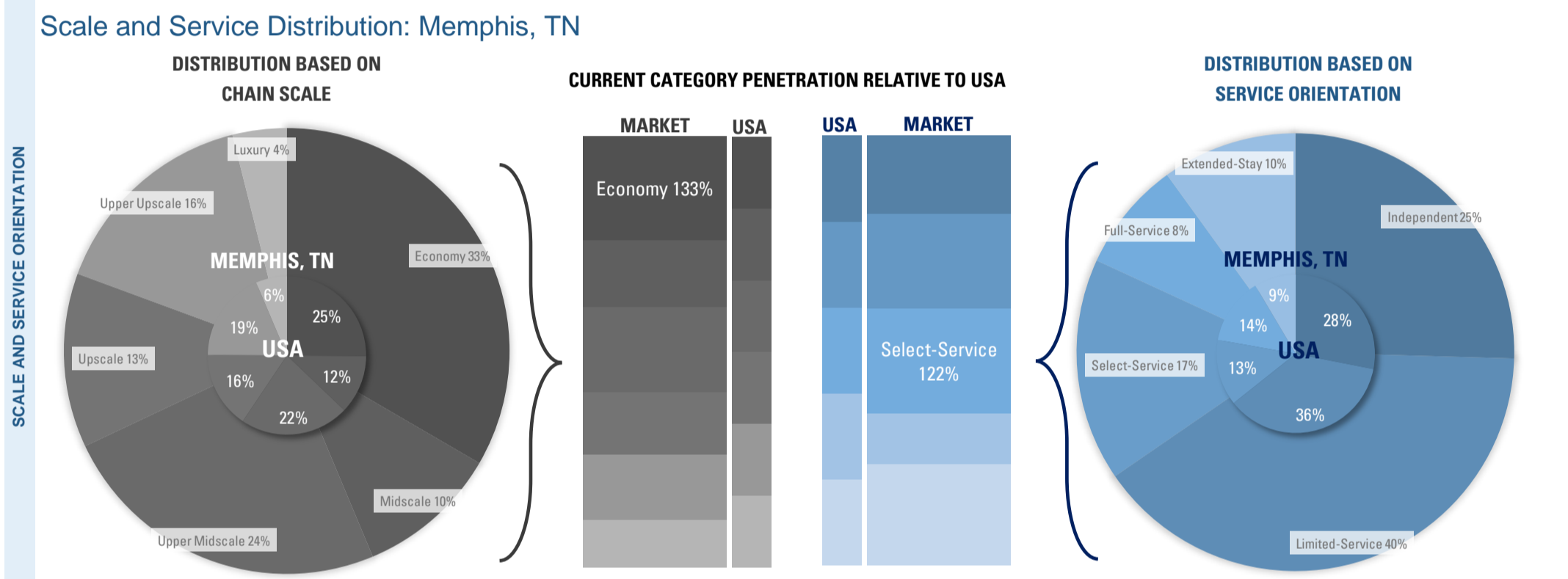
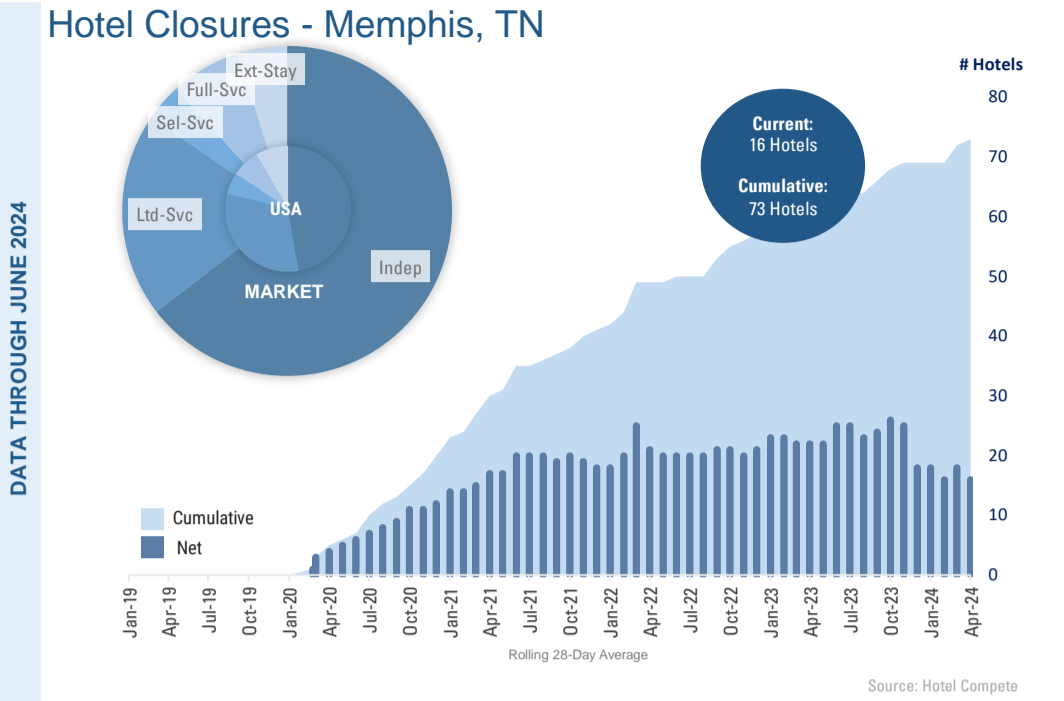
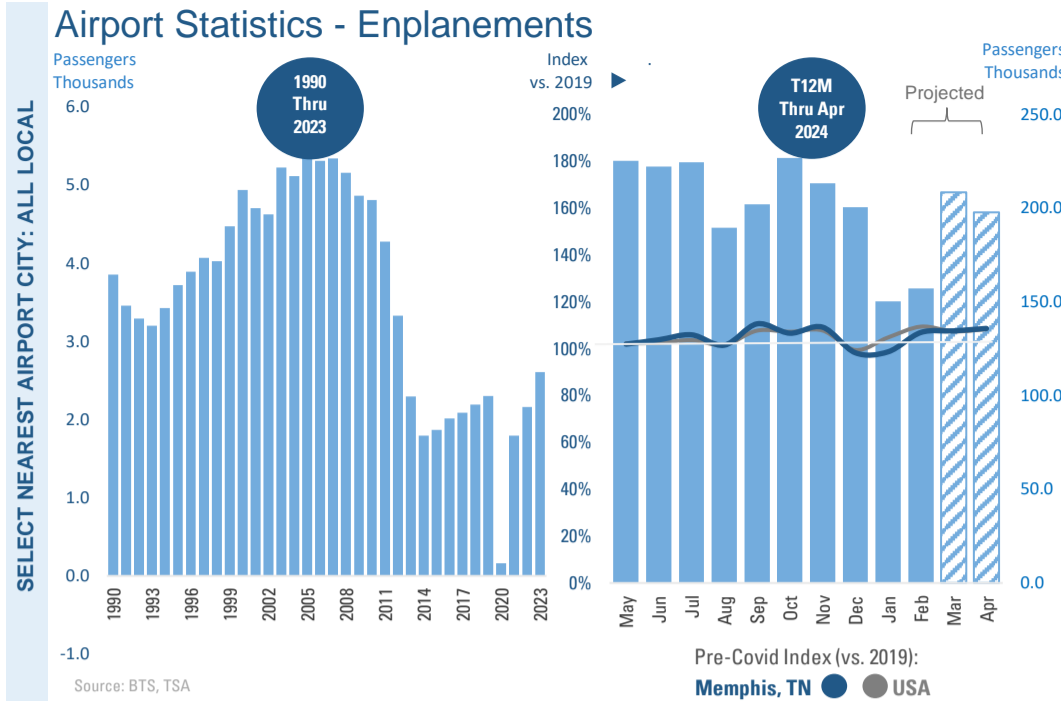
Business Cycle: **At Risk**
 Employment Growth (2 yr): **0.4%**
 Risk Exposure (402 US markets): **52nd Percentile: Average Risk**
 Key Industry Notes:
 Transportation hub
 Low business costs
 Weak public sector
 Undervalued housing
 Low per capita income

Moody's Rating

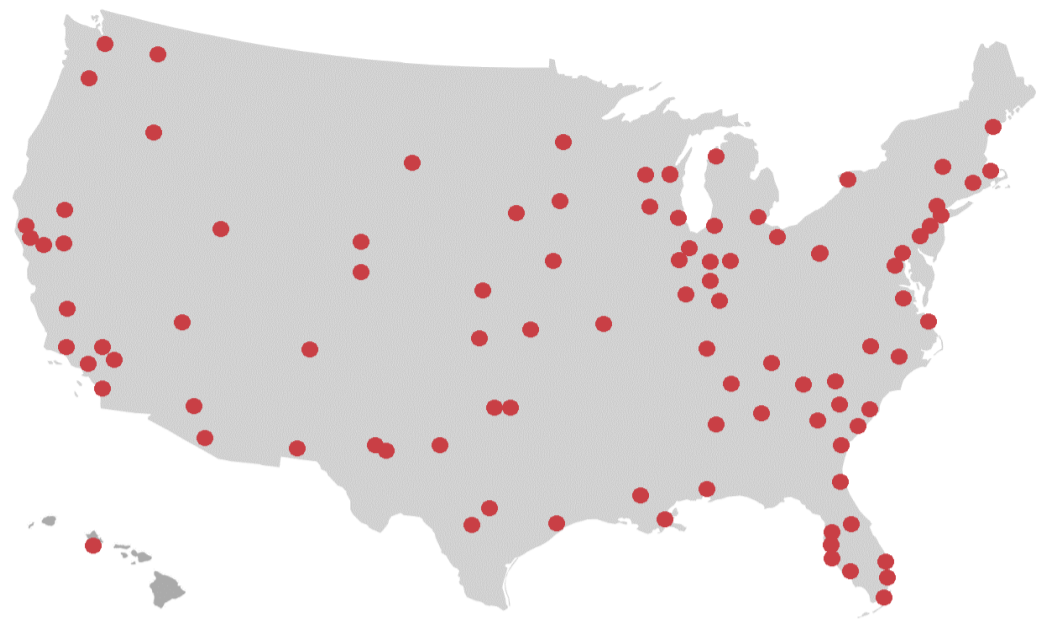
Aa1
Investment Grade

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





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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