

NEWMARK

1Q 2024

Hotel Market Nsights Report

MILWAUKEE, WI



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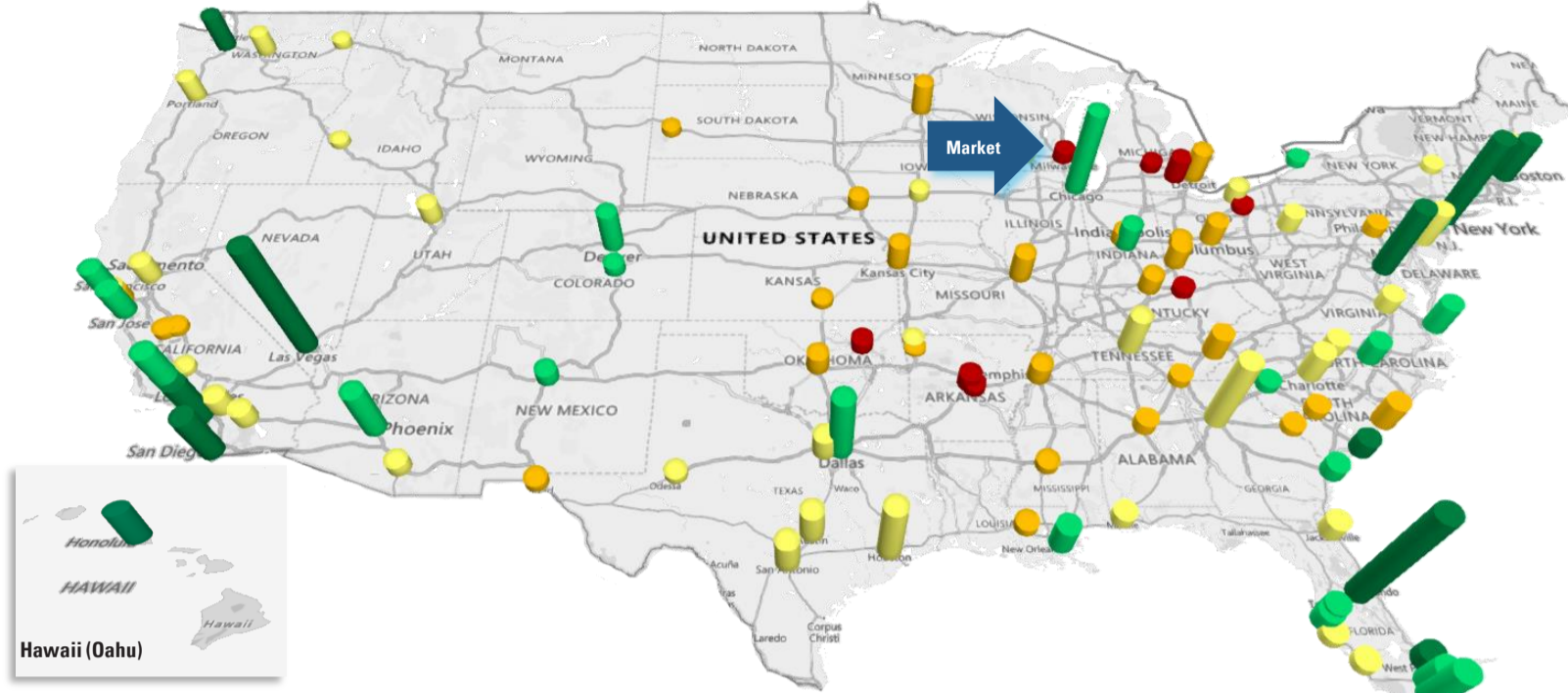
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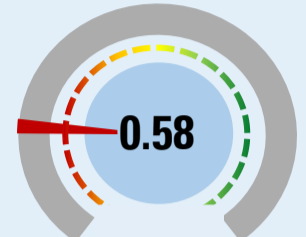


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

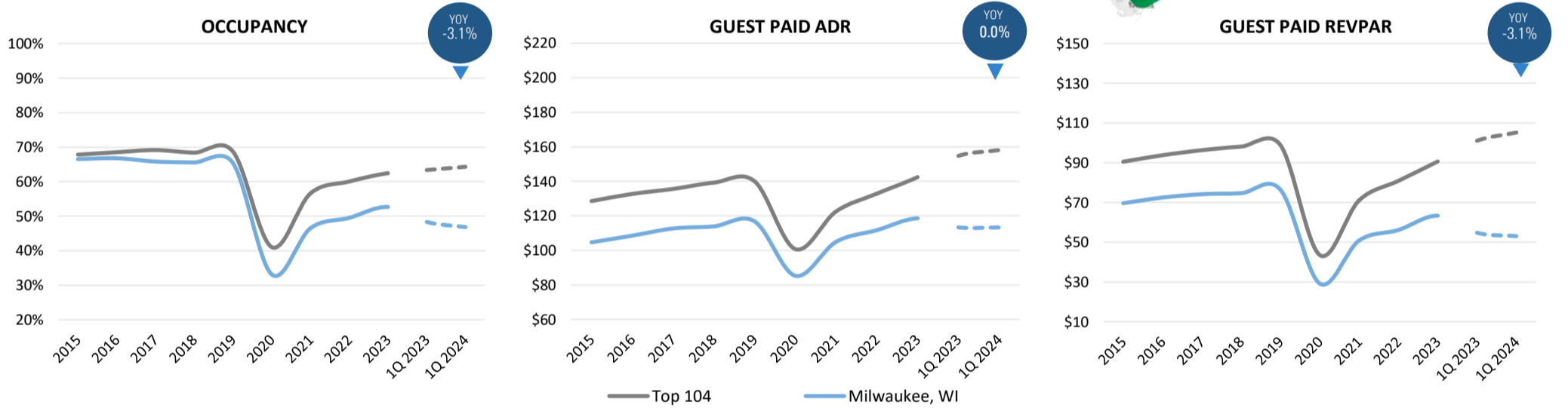
Milwaukee, WI



99th of 104
Soft

Ranking of overall '1Q 2024 LPI' performance (0.58) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

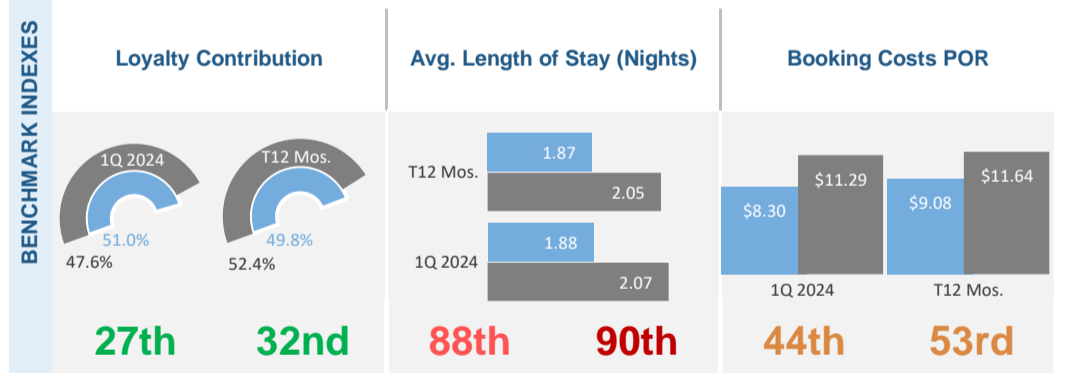


PERFORMANCE INDEXES

Key Performance Indexes

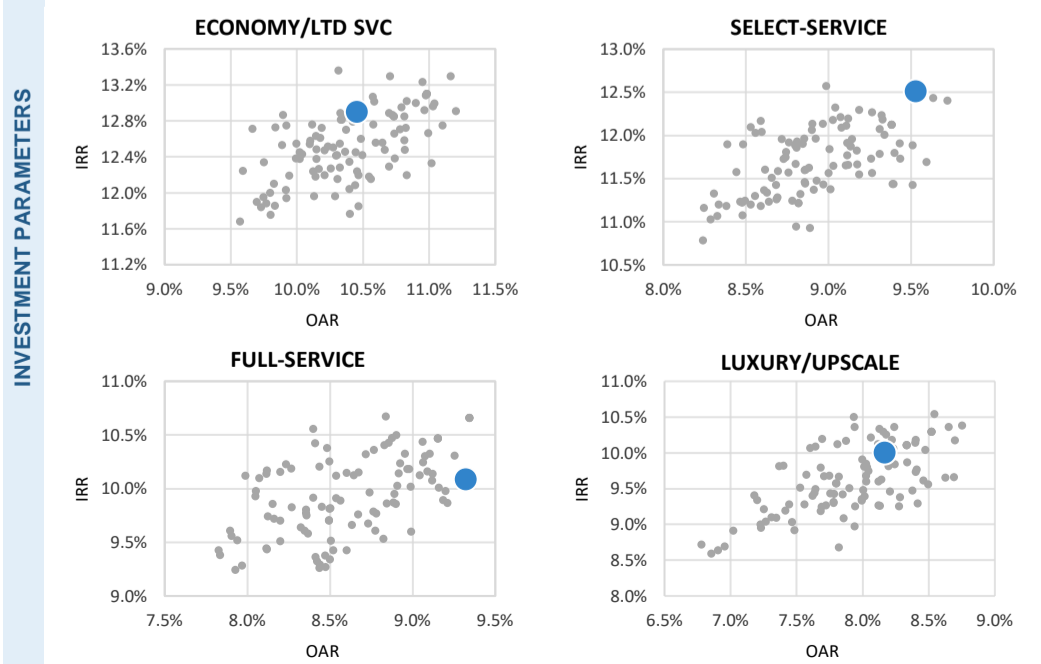


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

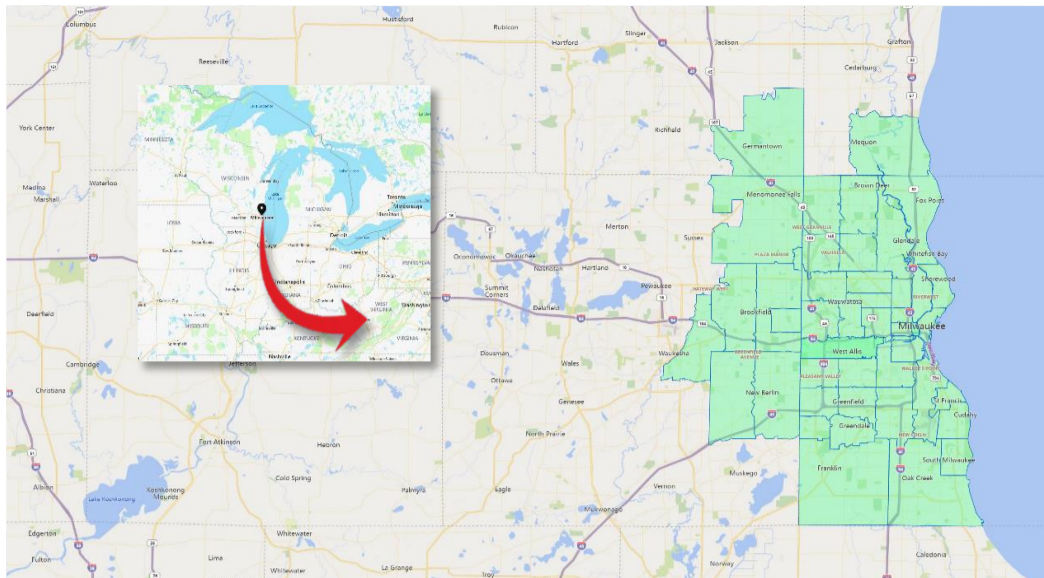


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Milwaukee
 County: Milwaukee County, Washington County, Waukesha County and others
 State: Wisconsin
 Geo Coordinates (market center): 43.06335, -87.9667

Major Hotel Demand Generators

Aurora Health Care Inc. | Ascension Wisconsin | Froedtert Health | The Kroger Co. | Quad Graphics Inc. | Kohl's | General Electric Co. | Medical College of Wisconsin | Children's Hospital & Health System | Northwestern Mutual Life Insurance Co. | ProHealth Care Inc. | Goodwill Industries of Southeastern Wisconsin Inc. | U.S. Bank | AT&T | Marcus Corp. | BMO Harris Bank | FIS | Rockwell Automation | Marquette University | Johnson Controls Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,027,584	54th of 104 (Average)
Income per Capita	\$38,289	88th of 104 (Below Average)
Feeder Group Size	106.5 Persons PSR	86th of 104 (Below Average)
Feeder Group Earnings	\$4,076,678 PSR	69th of 104 (Below Average)
Total Market Hotel Revenues	\$450.8 million	66th 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	66.5%	\$104.68	\$69.64	\$96.13	\$63.96	\$8.54	91.8%	51.2%	1.90	14,200	0.90
2016	66.8%	\$108.54	\$72.49	\$99.55	\$66.48	\$8.99	91.7%	53.3%	1.88	14,510	0.93
2017	65.8%	\$112.69	\$74.17	\$103.26	\$67.96	\$9.43	91.6%	54.1%	1.83	14,830	0.93
2018	65.6%	\$113.91	\$74.67	\$104.48	\$68.49	\$9.43	91.7%	56.1%	1.82	15,050	0.96
2019	65.4%	\$116.84	\$76.40	\$106.96	\$69.94	\$9.87	91.6%	58.9%	1.77	15,930	0.90
2020	33.1%	\$85.29	\$29.16	\$79.36	\$26.30	\$5.92	93.1%	42.0%	2.18	16,270	0.48
2021	46.5%	\$104.97	\$50.88	\$97.36	\$45.28	\$7.61	92.8%	43.8%	2.01	16,610	0.55
2022	49.5%	\$111.72	\$56.16	\$103.65	\$51.32	\$8.06	92.8%	45.0%	1.98	16,670	0.58
2023	52.7%	\$118.57	\$63.33	\$110.14	\$58.00	\$8.43	92.9%	45.4%	1.96	16,710	0.60
CAGR: 2015 thru 2023	-2.9%	1.6%	-1.2%	1.7%	-1.2%	-0.2%	0.1%	-1.5%	0.4%	2.1%	-5.0%
1Q 2023	48.3%	\$113.33	\$54.75	\$105.39	\$50.91	\$7.95	93.0%	48.5%	1.89	16,700	0.69
1Q 2024	46.8%	\$113.31	\$53.07	\$105.02	\$49.18	\$8.30	92.7%	51.0%	1.88	17,300	0.58

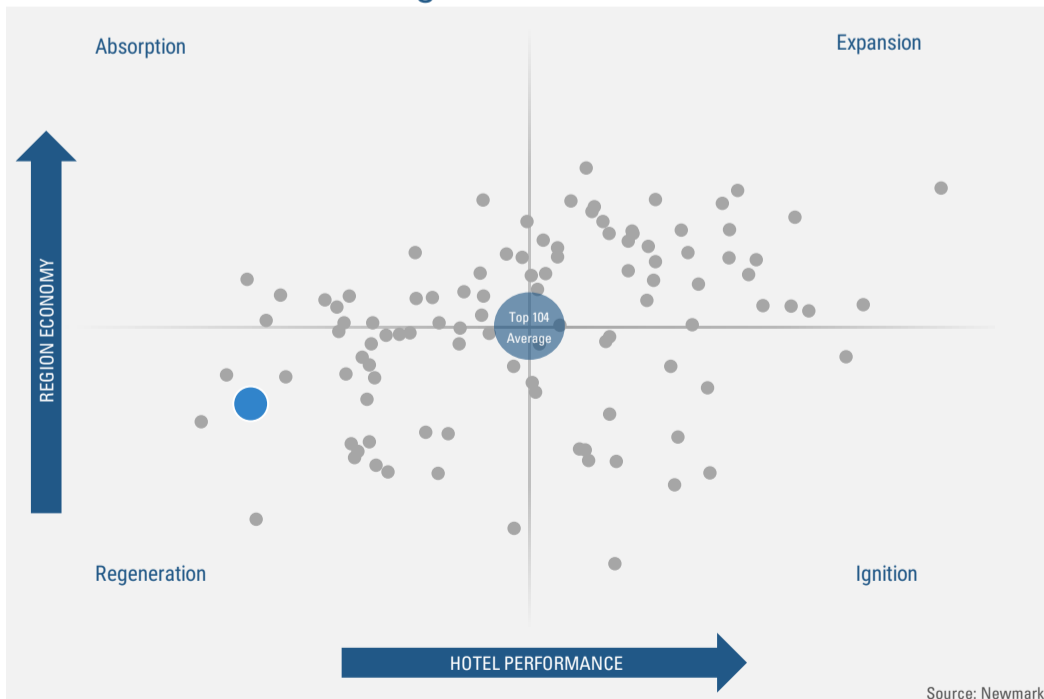
Notable Metrics

	Latest-Quarter Loyalty Contribution	Feeder Population Per Room	Population Density per Room
HIGHEST	27th Above Average Milwaukee, WI exhibited strong latest-quarter loyalty contribution (51.0%)	28th Above Average The market posted a high ratio of feeder population per room (42.91)	31st Above Average The market also boasted strong population density per room (59.03)
LOWEST	103rd Highly Unfavorable This market posted unfavorable IRR metrics in the select-service segment (12.5%)	101st Highly Unfavorable The market posted unfavorable OAR metrics in the full-service segment (9.3%)	101st Highly Unfavorable Milwaukee, WI also exhibited unfavorable OAR metrics in the select-service segment (9.5%)

Notable Trends

	Short-Term Historical Supply Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth
STRONGEST	18th Above Average Milwaukee, WI has benefited from low short-term historical supply growth (2.9%)	21st Above Average The market enjoyed low short-term historical growth in booking costs (1.6%)	31st Above Average The market also has benefited from low long-term historical booking costs POR growth (1.9%)
WEAKEST	Last Soft The market has been hindered by weak short-term historical occupancy growth (-4.6%)	102nd Soft We note this area has been hampered by weak short-term historical LPI growth (-6.8%)	102nd Soft Milwaukee, WI also posted weak long-term historical LPI growth (-5.2%)

Market Performance Stage



Milwaukee, WI: Regeneration Stage

The Milwaukee, WI 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

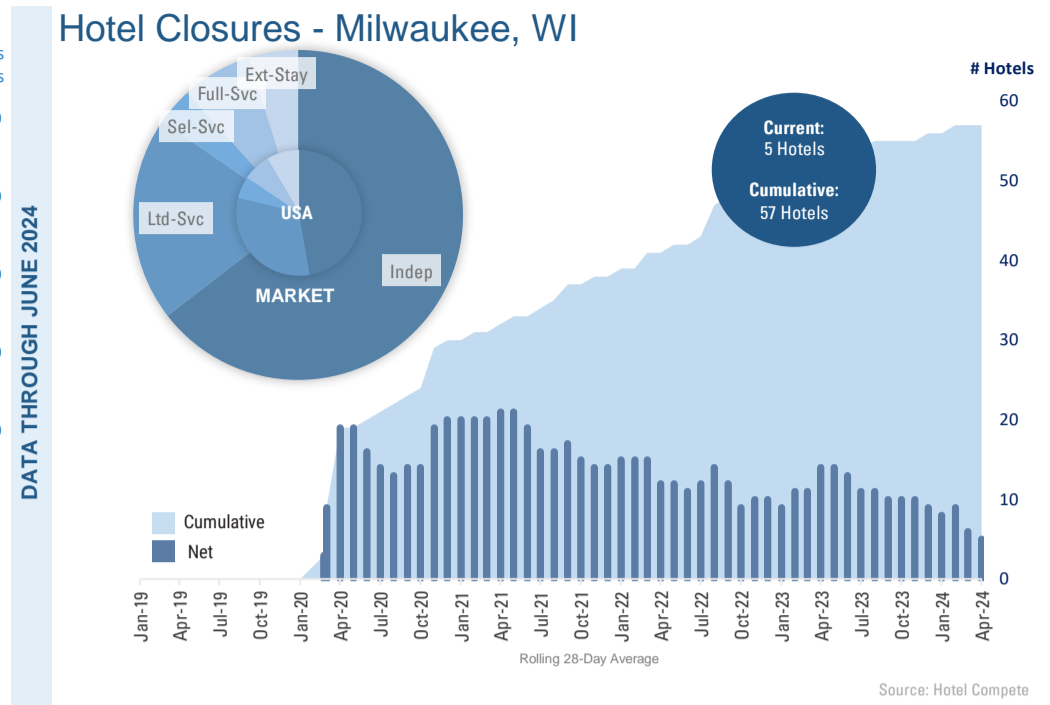
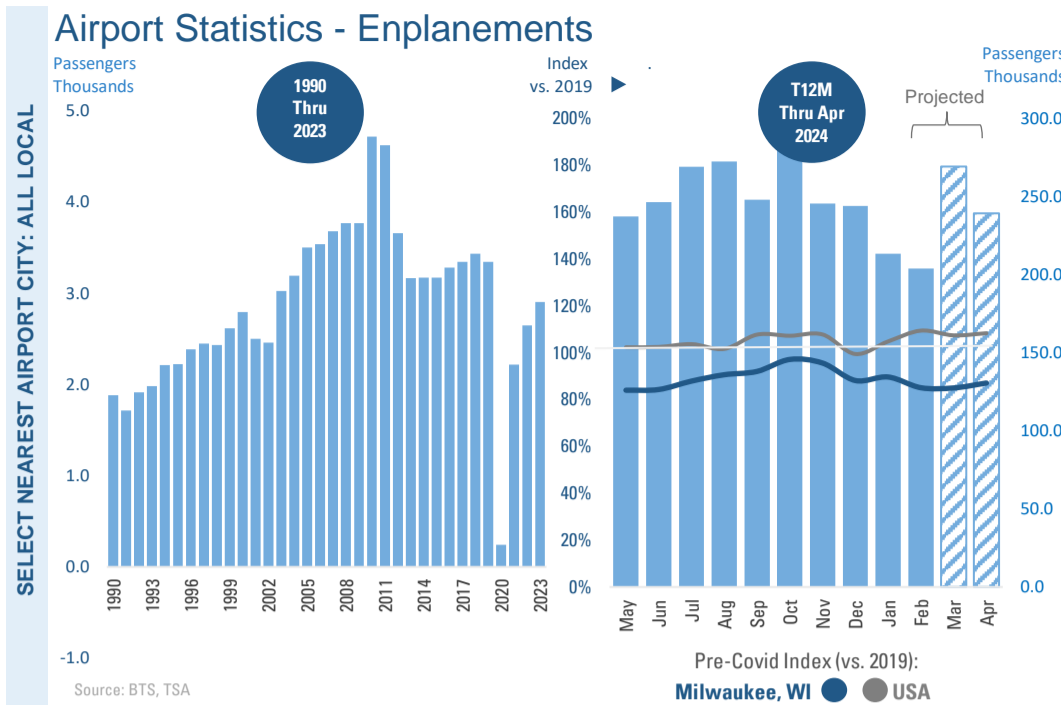
Business Cycle: **At Risk**
 Employment Growth (2 yr): **0.2%**
 Risk Exposure (402 US markets): **73rd Percentile: Above Average**
 Key Industry Notes:
 Highly productive manufacturing core
 High per capita income
 Well-educated workforce
 Negative net migration long term
 Labor challenges in major industries

Moody's Rating

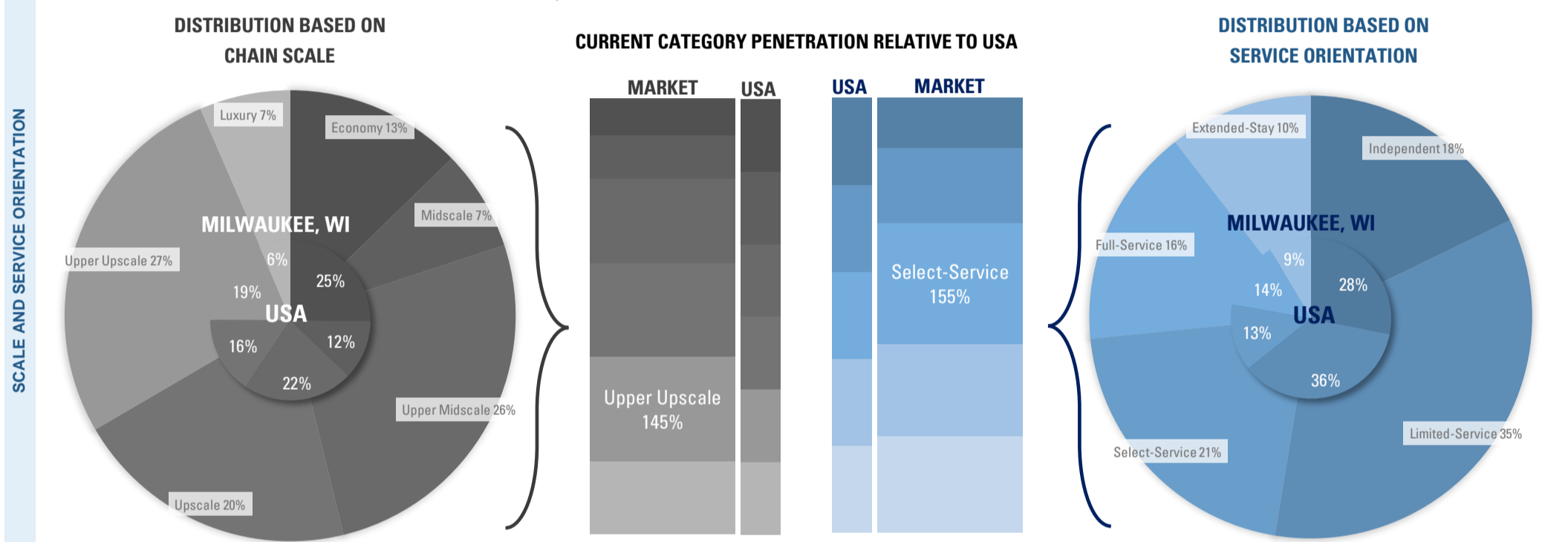
Aa3
Investment Grade

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

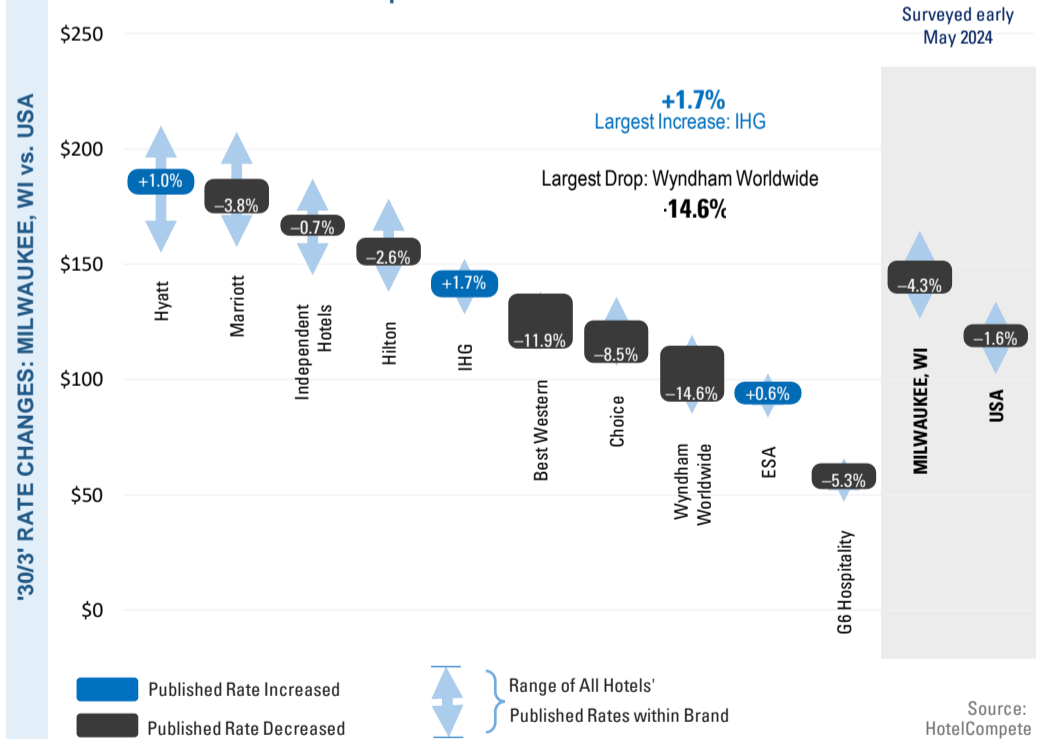




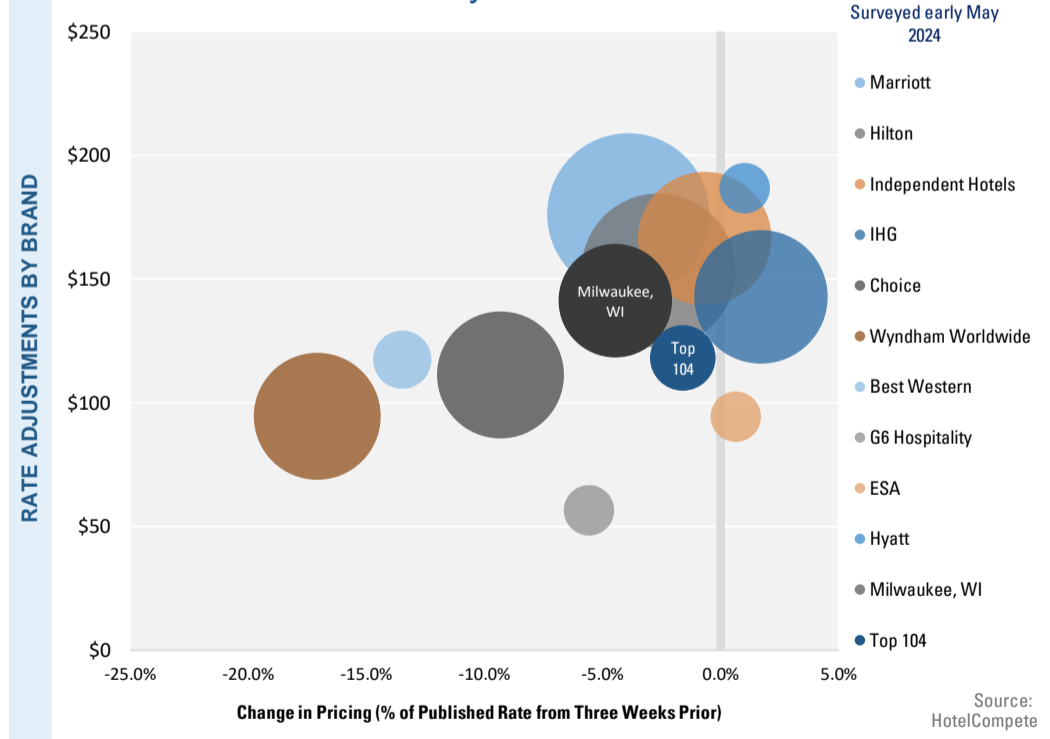
Scale and Service Distribution: Milwaukee, WI



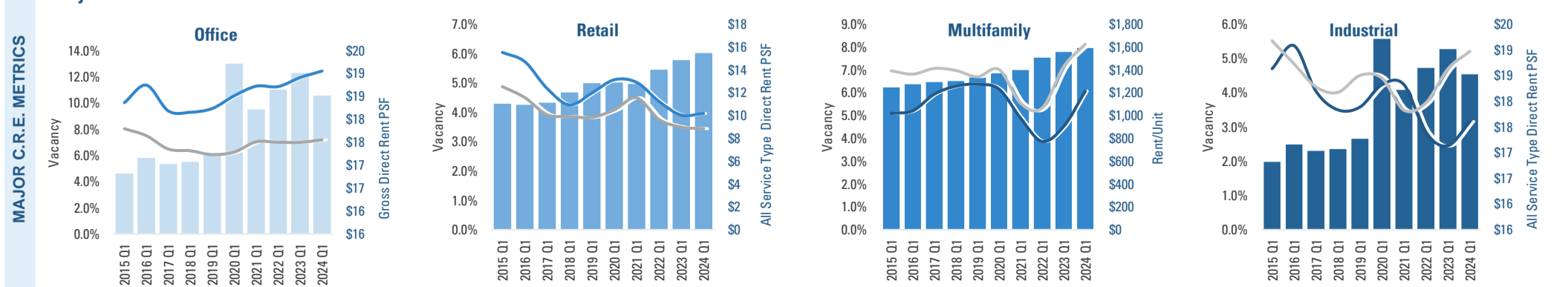
Published Rates: Top 10 Brands



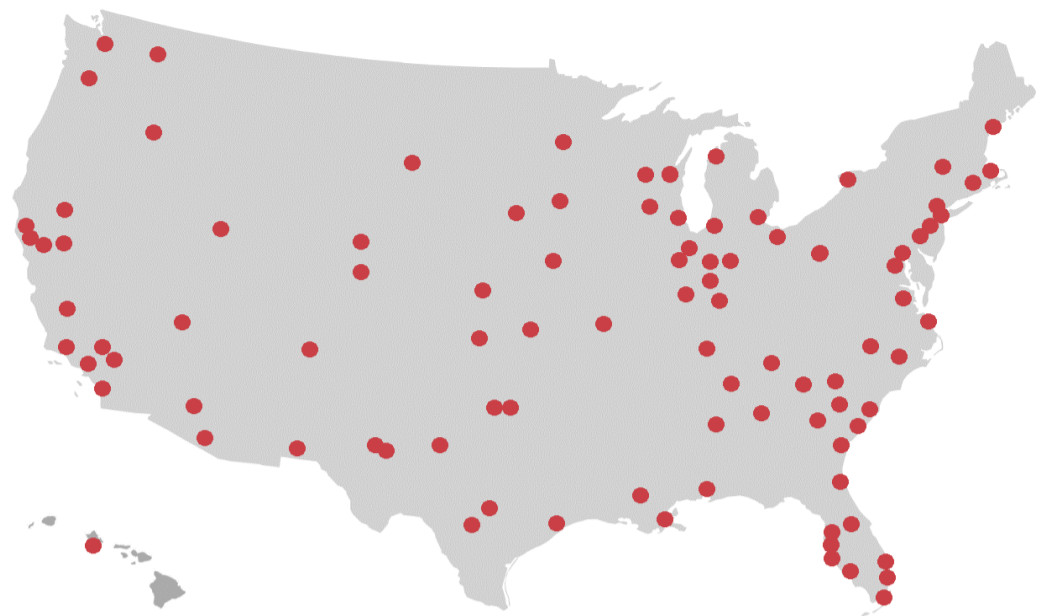
Published Rates: Volatility



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

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Arenas, Stadiums and Sports Facilities

Conference, Expo and Convention Centers

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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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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