NEWMARK

1Q 2024

Hotel Market Nsights Report

MINNEAPOLIS, MN

FOR MORE INFORMATION:

Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
m 773-263-4544

Ryan Sikorski, MAI, CFA
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
m 414-708-0556

John Burke
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
t 312-224-3170

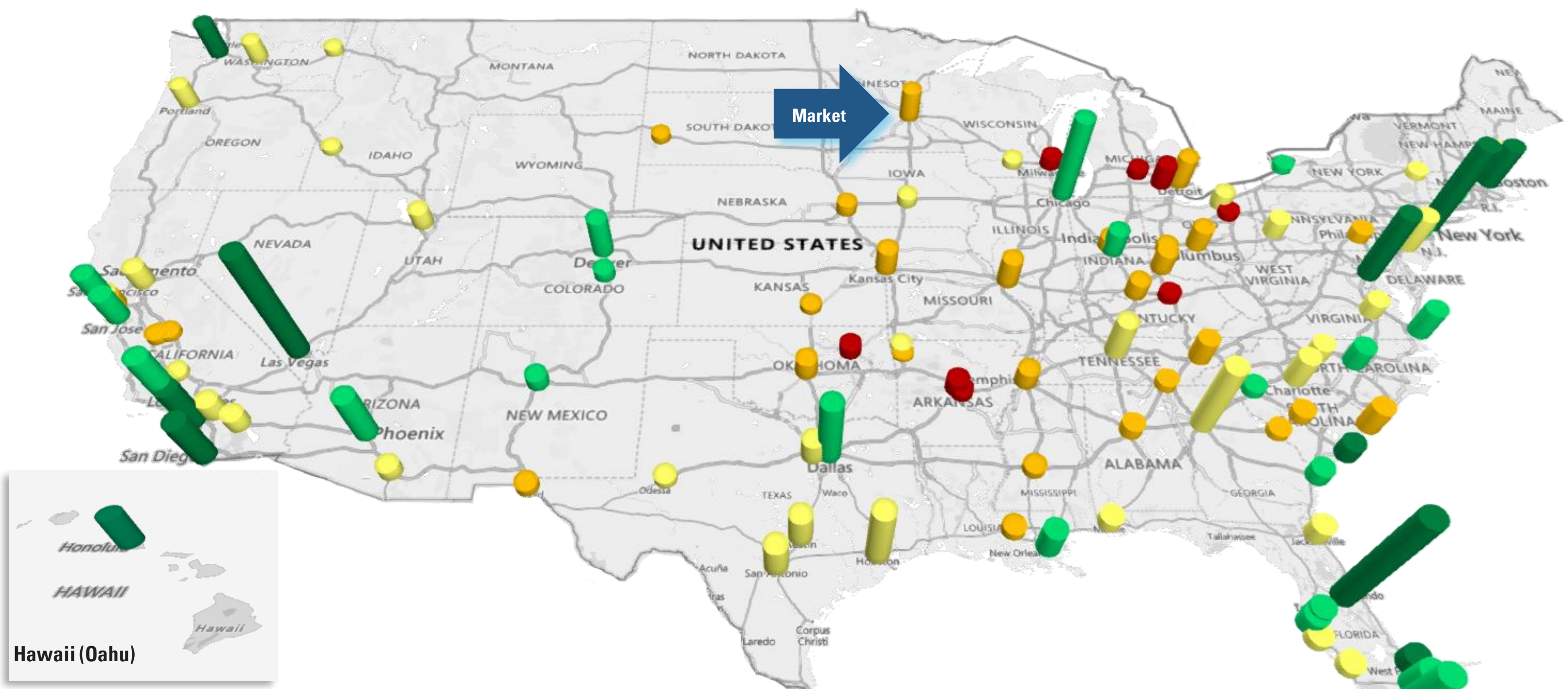
NMRK.COM/VALUATION

VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

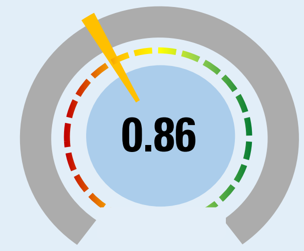
1Q 2024
MINNEAPOLIS, MN

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

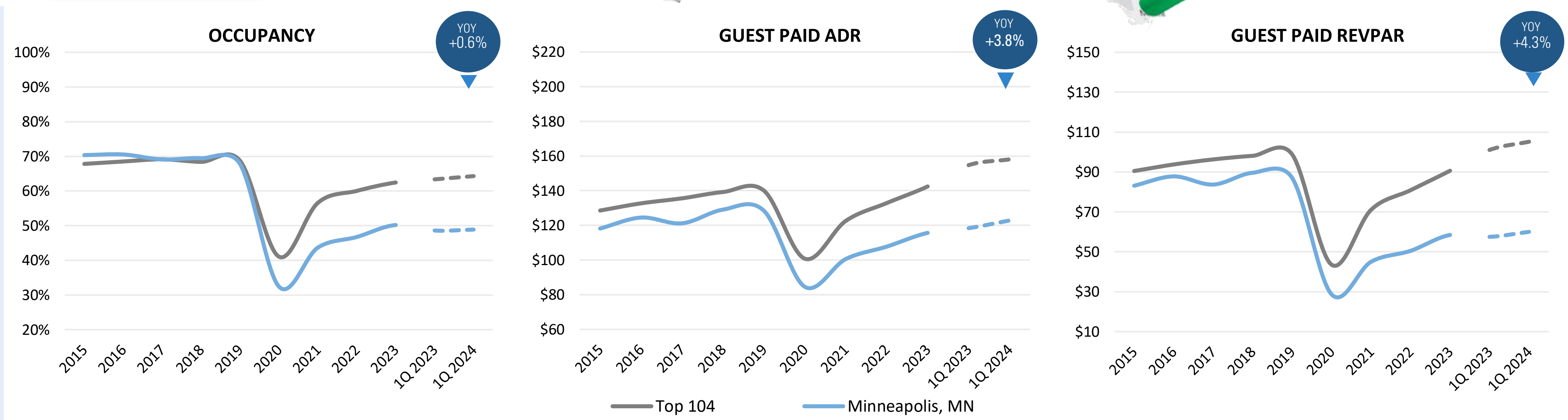
Minneapolis, MN



72nd of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.86) against all 104 surveyed markets.

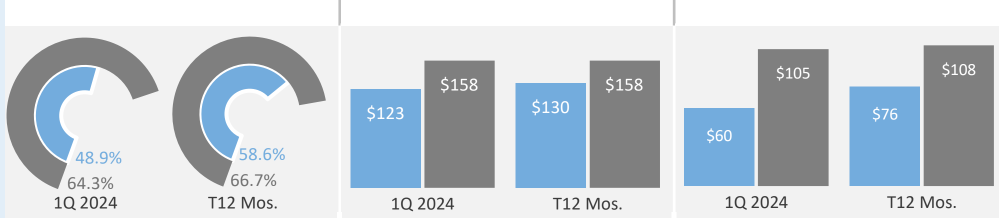
KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

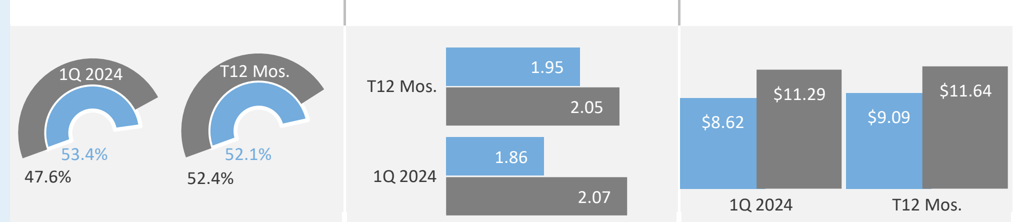


Occupancy 1Q 2024	Occupancy T12 Mos.	Guest Paid ADR 1Q 2024	Guest Paid ADR T12 Mos.	Guest Paid RevPAR 1Q 2024	Guest Paid RevPAR T12 Mos.
98th	93rd	51st	52nd	83rd	68th

BENCHMARK INDEXES

Key Benchmark Indexes

kalibri LABS

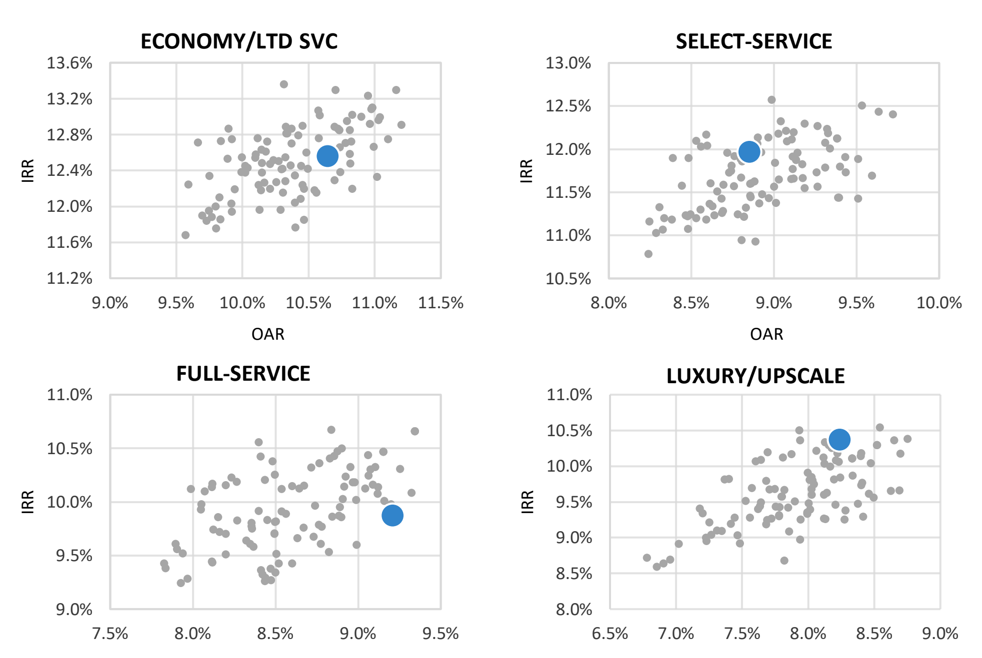


Loyalty Contribution 1Q 2024	Loyalty Contribution T12 Mos.	Avg. Length of Stay 1Q 2024	Avg. Length of Stay T12 Mos.	Booking Costs POR 1Q 2024	Booking Costs POR T12 Mos.
11th	14th	92nd	72nd	54th	55th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability

103rd
Soft
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets

Supplier Power Trend

15th
Above Average
Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months

Investment Yields

81st
Below Average
Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk

55th
Average Risk
Assessment of market supply growth over past 12 months relative to Top 104 markets

Labor Risk

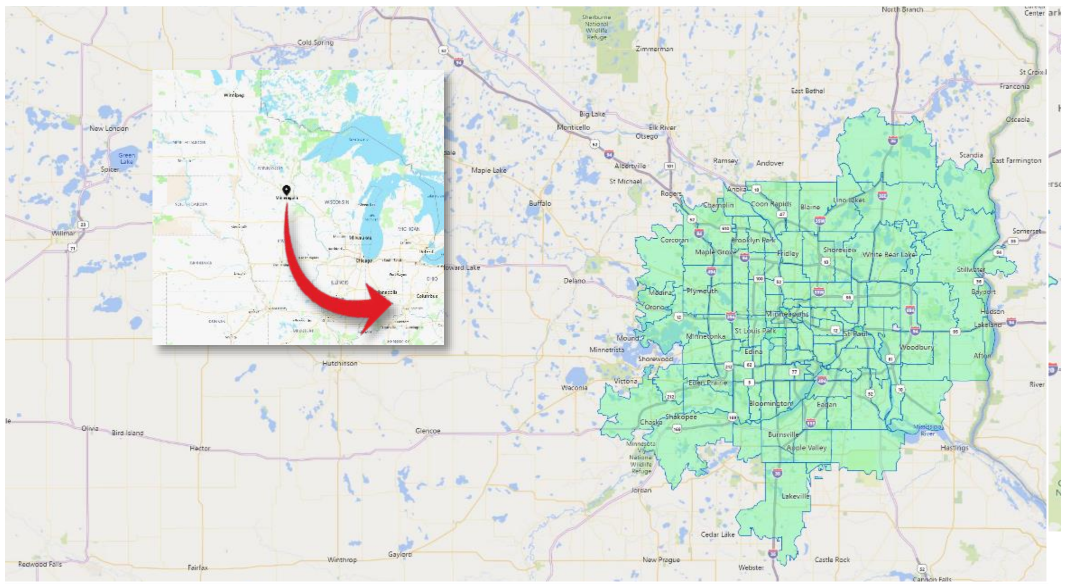
37th
Average Risk
Measure of current employment health over past two years relative to Top 104 markets

Macro-Fiscal Risk

51st
Average Risk
Assessment of health and diversity of lodging demand generators relative to Top 104 markets

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Minneapolis
County:	Hennepin County
State:	Minnesota
Geo Coordinates (market center):	44.97997, -93.26384

Major Hotel Demand Generators

Fairview Health System | Allina Health System | Target Corp. | University of Minnesota | HealthPartners | Wells Fargo & Co. | UnitedHealth Group | 3M Co. | U.S. Bancorp | Medtronic Inc. | SUPERVALU Inc. | Delta Air Lines | Best Buy Co. Inc. | Hennepin County Medical Center | Thomson Reuters North American Legal | Boston Scientific | Lifetime Products Inc. | North Memorial Health Care | Presbyterian Homes & Services | Xcel Energy

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	2,474,274	17th of 104 (Large)
Income per Capita	$55,720	27th of 104 (Above Average)
Feeder Group Size	95.7 Persons PSR	76th of 104 (Below Average)
Feeder Group Earnings	$5,330,902 PSR	87th of 104 (Below Average)
Total Market Hotel Revenues	$1.2 billion	28th of 104 (Above Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
2015	70.4%	$118.17	$83.15	$108.01	$76.00	$10.16	91.4%	49.0%	1.94	36,240	1.20
2016	70.5%	$124.50	$87.82	$113.75	$80.24	$10.75	91.4%	51.3%	1.92	37,300	1.14
2017	69.1%	$121.18	$83.72	$110.43	$76.29	$10.75	91.1%	52.6%	1.90	38,340	1.01
2018	69.4%	$129.08	$89.63	$117.92	$81.88	$11.16	91.4%	53.6%	1.90	39,940	1.26
2019	67.8%	$128.43	$87.08	$117.18	$79.45	$11.26	91.2%	57.5%	1.86	42,570	0.91
2020	32.4%	$84.55	$28.66	$78.63	$25.50	$5.92	93.0%	40.1%	2.32	43,190	0.50
2021	43.7%	$100.57	$45.02	$93.12	$40.67	$7.45	92.6%	44.1%	2.05	44,160	0.43
2022	46.7%	$107.74	$50.49	$99.86	$46.66	$7.89	92.7%	45.7%	2.03	44,290	0.59
2023	50.2%	$115.66	$58.46	$107.32	$53.86	$8.34	92.8%	47.1%	2.02	44,320	0.89
CAGR: 2015 thru 2023	-4.1%	-0.3%	-4.3%	-0.1%	-4.2%	-2.4%	0.2%	-0.5%	0.5%	2.5%	-3.6%
1Q 2023	48.6%	$118.37	$57.52	$109.90	$53.40	$8.46	92.9%	50.7%	1.94	43,740	0.76
1Q 2024	48.9%	$122.81	$60.02	$114.19	$55.80	$8.62	93.0%	53.4%	1.86	43,970	0.86

Notable Metrics

HIGHEST

Latest-Quarter Loyalty Contribution	T12-Month Loyalty Contribution	Total Rooms Supply
11th	**14th**	**22nd**
Above Average	**Above Average**	**Above Average**
Minneapolis, MN exhibited strong latest–quarter loyalty contribution (53.4%)	The market exhibited strong T12–month loyalty contribution (52.1%)	The market also benefits from a large and diverse hotel market (43,974 total rooms)

LOWEST

IRR: Luxury/Upscale	OAR: Full-Service	Latest-Quarter Occupancy
100th	**99th**	**98th**
Highly Unfavorable	**Highly Unfavorable**	**Soft**
This market posted unfavorable IRR metrics in the luxury/upscale segment (10.4%)	The market posted unfavorable OAR metrics in the full–service segment (9.2%)	Minneapolis, MN also exhibited weak latest–quarter occupancy (48.9%)

Notable Trends

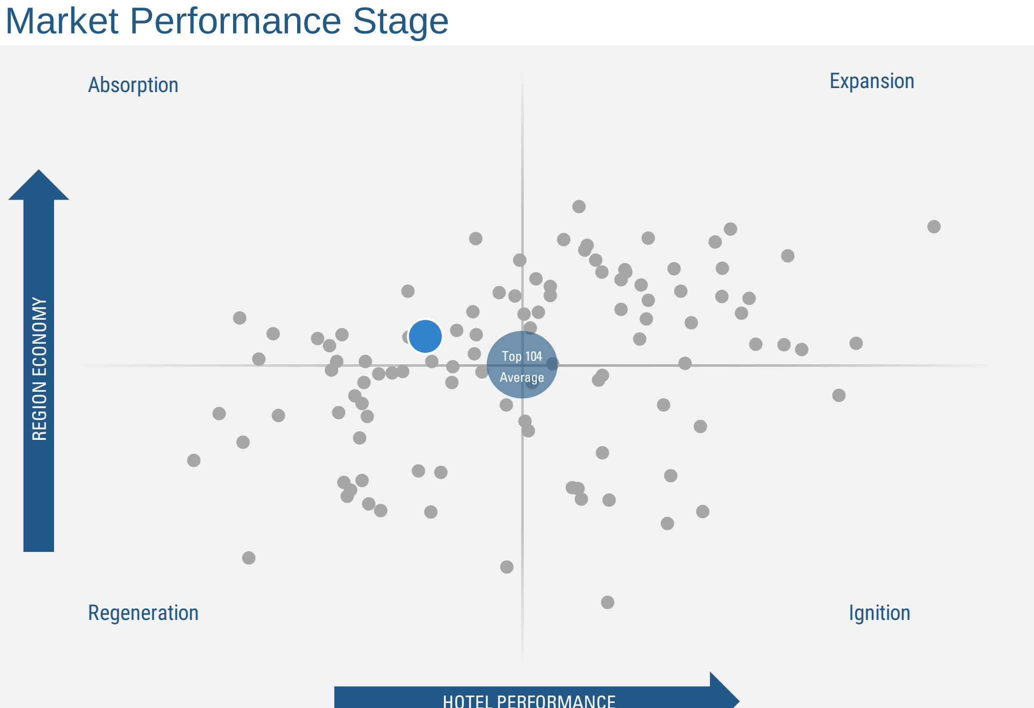
STRONGEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
5th	**6th**	**26th**
Strong	**Strong**	**Above Average**
Minneapolis, MN has benefited from low long–term historical booking costs POR growth (0.8%)	The market enjoyed low short–term historical growth in booking costs (–0.6%)	The market also has benefited from low short–term historical supply growth (2.4%)

WEAKEST

Long-Term Historical Occupancy Growth	Short-Term Historical COPE RevPAR Growth	Short-Term Historical Guest Paid RevPAR Growth
Last	**103rd**	**103rd**
Soft	**Soft**	**Soft**
The market has been hindered by weak long–term historical occupancy growth (–2.7%)	We note this area has been impeded by weak short–term historical COPE RevPAR growth (–6.6%)	Minneapolis, MN also has been hampered by weak short–term historical Guest Paid RevPAR growth (–6.5%)

Market Performance Stage



Source: Newmark

Minneapolis, MN: Absorption Stage

Absorption

The Minneapolis, MN 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

MOODYS ANALYTICS

Business Cycle:	At Risk
Employment Growth (2 yr):	0.9%
Risk Exposure (402 US markets):	59th Percentile: Average Risk
Key Industry Notes:	Major research institutions
	Positive population trends
	Highly educated workforce
	Cold climate, negative migration trends
	High business tax burden

Moody's Rating

Aaa

Investment Grade

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

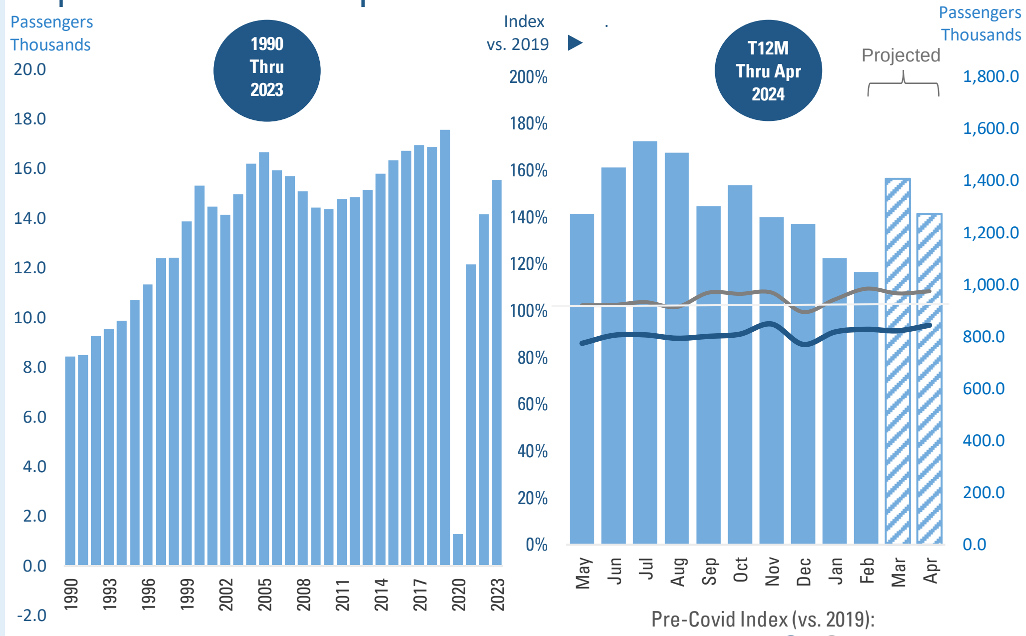
TOP 10 BRANDS

Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

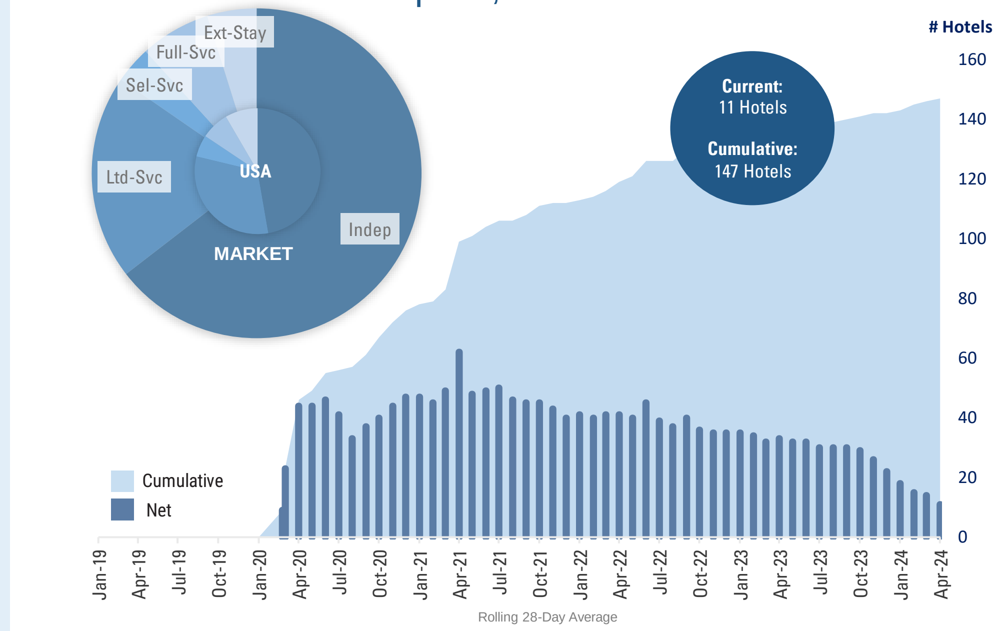
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JUNE 2024

Hotel Closures - Minneapolis, MN



Source: Hotel Compete

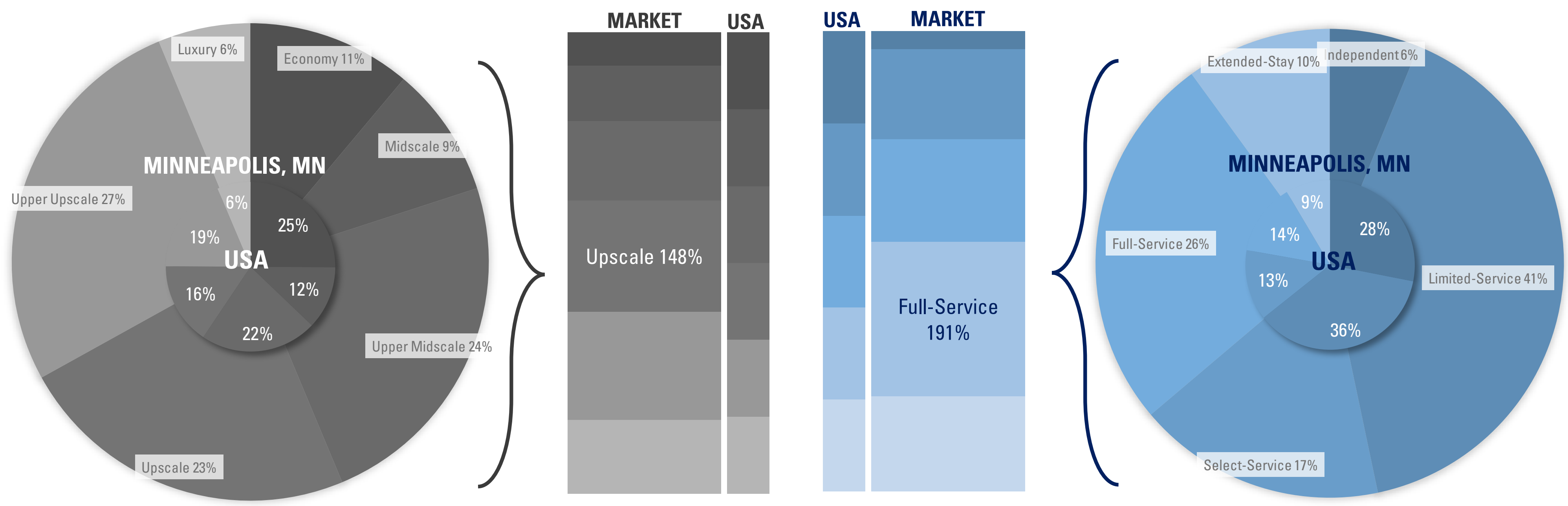
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: Minneapolis, MN

DISTRIBUTION BASED ON CHAIN SCALE

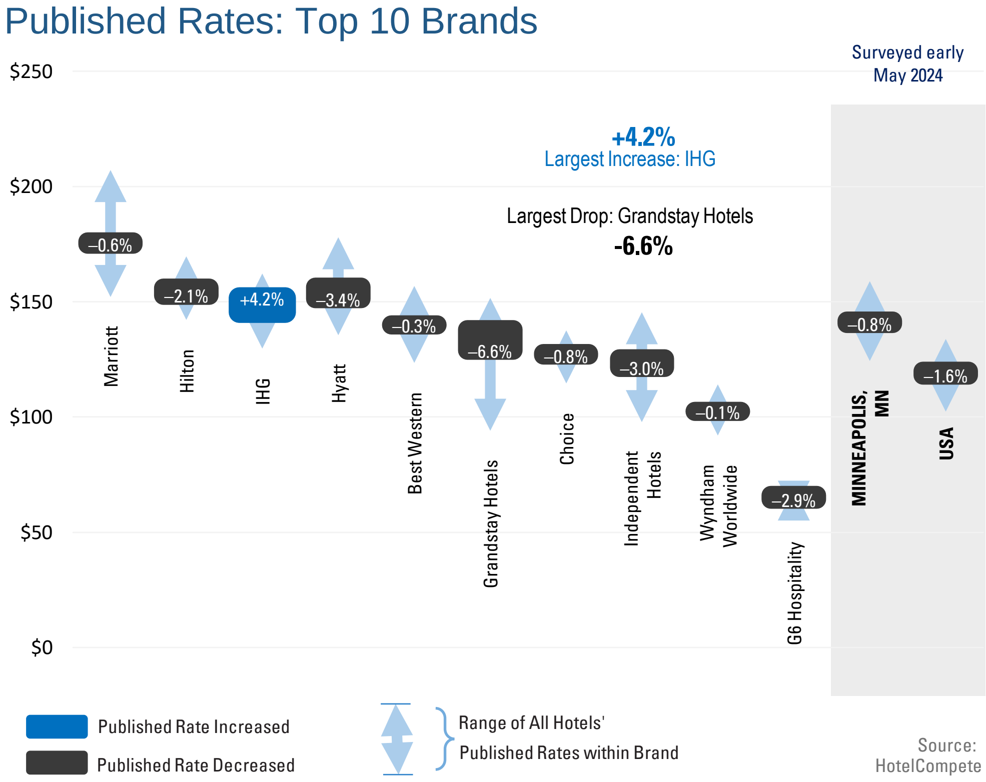
CURRENT CATEGORY PENETRATION RELATIVE TO USA

DISTRIBUTION BASED ON SERVICE ORIENTATION



'30/3' RATE CHANGES: MINNEAPOLIS, MN vs. USA

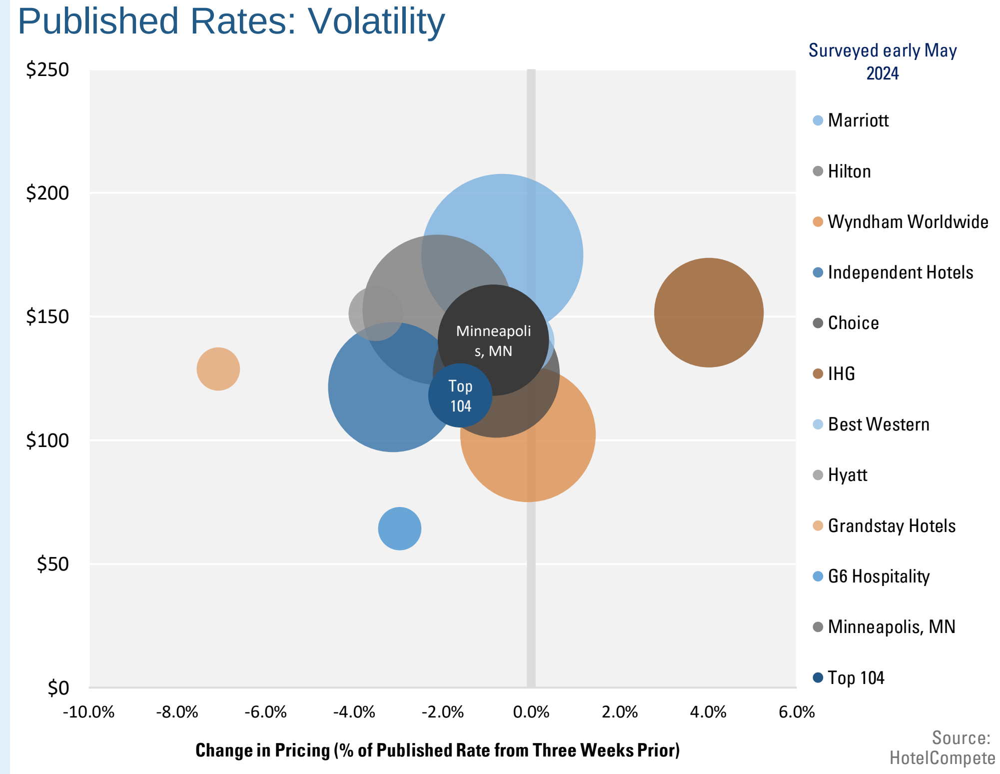
Published Rates: Top 10 Brands



Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility



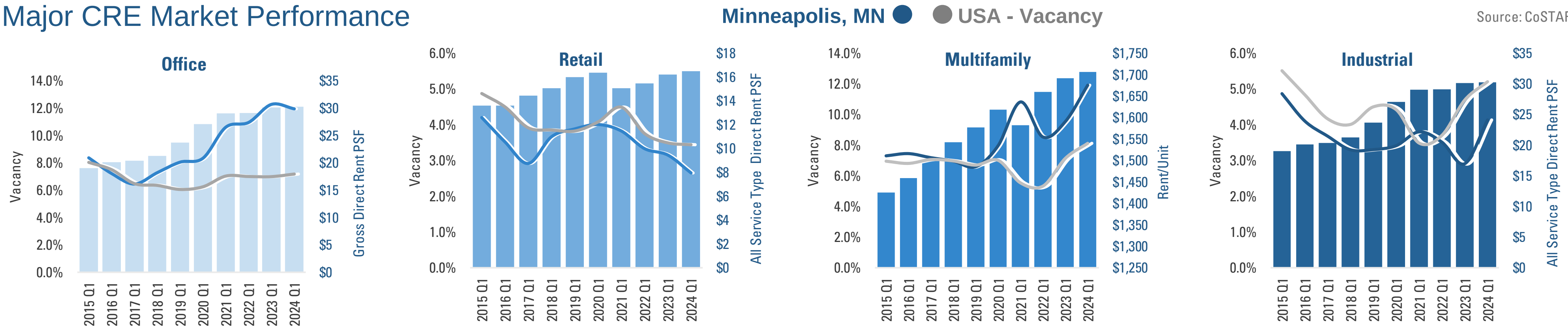
Source: HotelCompete

MAJOR C.R.E. METRICS

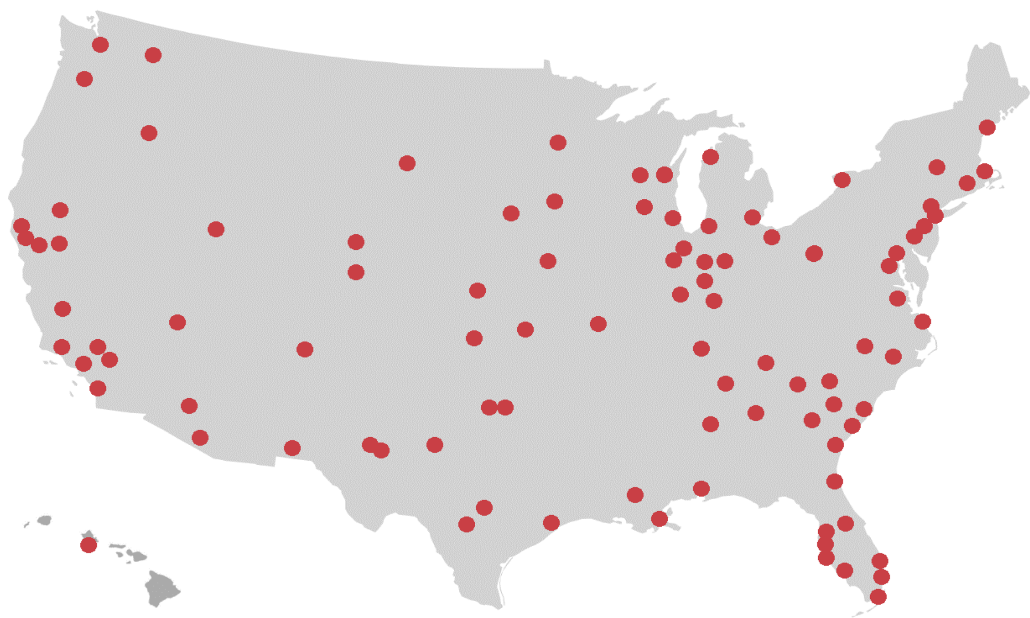
Major CRE Market Performance

Minneapolis, MN ● USA - Vacancy

Source: CoSTAR



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

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

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.

FOR INFORMATION CONTACT:
Bryan Younge MAI, ASA, FRICS
Executive Vice President, Valuation & Advisory, Specialty Practice Leader – Hospitality, Gaming & Leisure
m 773-263-4544
bryan.younge@nmrk.com

CONTACT: MIDWEST MARKETS

CONTACT

FOR MORE INFORMATION

Ryan Sikorski, MAI, CFA
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
m 414-708-0556
ryan.sikorski@nmrk.com

John Burke
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Midwest Markets
t 312-224-3170
john.burke@nmrk.com

MARKET DISCLAIMERS