

NEWMARK

1Q 2024

Hotel Market Nsights Report

ODESSA-MIDLAND, TX



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South US Markets

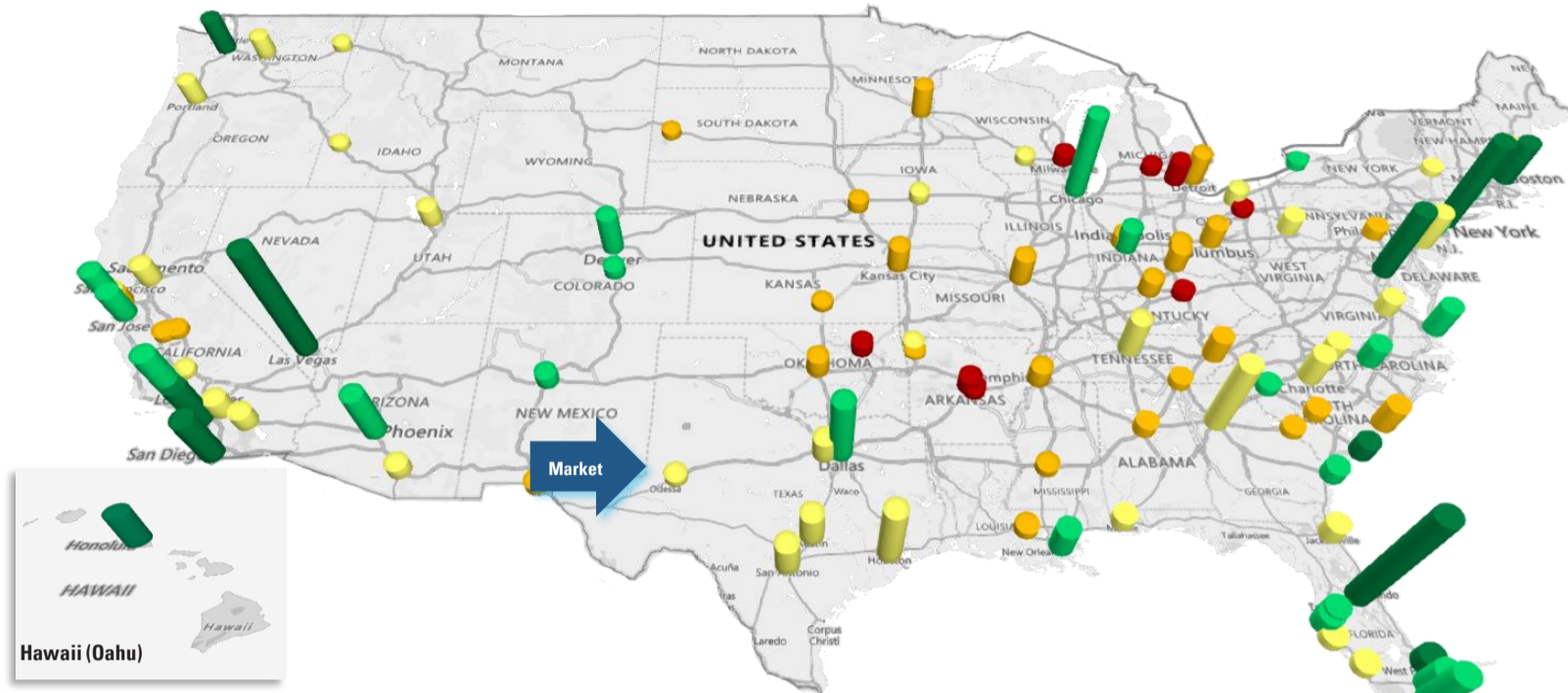
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1Q 2024
ODESSA-MIDLAND, TX

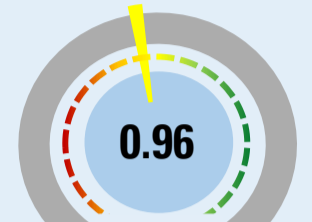


Lodging Performance Index Snapshot



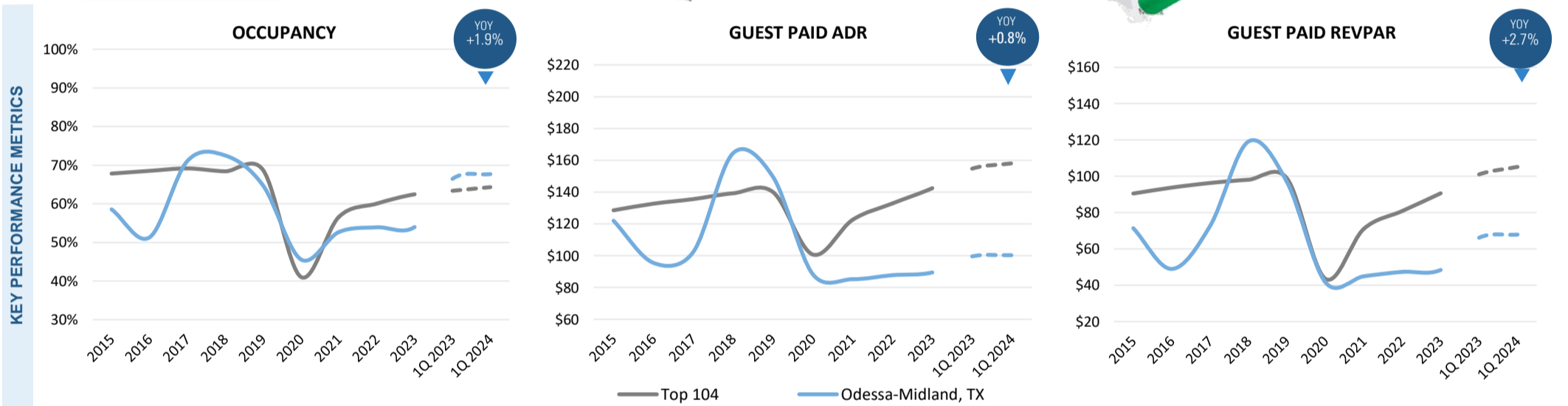
LODGING PERFORMANCE INDEX

Odessa-Midland, TX



60th of 104
Average

Ranking of overall '1Q 2024 LPI' performance (0.96) against all 104 surveyed markets.

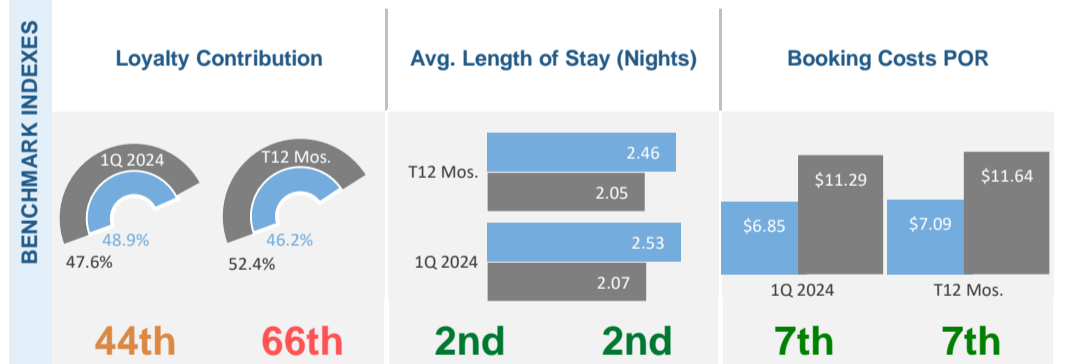


Key Performance Indexes

● Subject Market ● Top 104

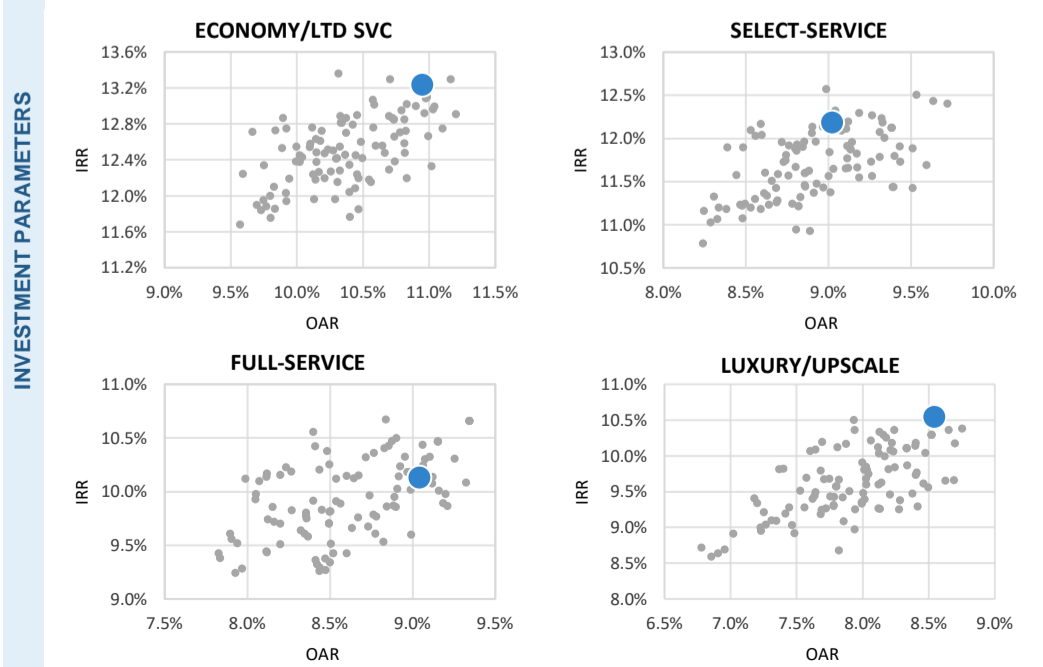


Key Benchmark Indexes



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:	Odessa	
County:	Ector County, Midland County	
State:	Texas	
Geo Coordinates (market center):	31.88339, -102.3399	
Major Hotel Demand Generators		
Halliburton Saulsbury Cos. Medical Center Health System NexTier (Formerly Keane Group) Walmart Inc. Odessa Regional Medical Center Bobby Cox Cos. Inc. HEB Texas Tech University Health Sciences Center Weatherford Albertson's / Market Street Sewell Family of Dealerships Nurses Unlimited Inc. FTS International The University of Texas of the Permian Basin Power Line Services / Sun Electric / Tescos Investment Corp. of America Southwest Convenience Stores - Alon Odessa College Family Dollar		
Metrics and Ranking		Measurement
Population (hotel market area)	290,345	Rankings
Income per Capita	\$61,541	98th of 104 (Small)
Feeder Group Size	45.5 Persons PSR	13th of 104 (Above Average)
Feeder Group Earnings	\$2,800,838 PSR	13th of 104 (Above Average)
Total Market Hotel Revenues	\$239.8 million	29th of 104 (Above Average)
		95th of 104 (Soft)

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	58.5%	\$122.00	\$71.42	\$114.69	\$67.14	\$7.30	94.0%	44.4%	2.57	7,650	1.19
2016	51.3%	\$95.51	\$48.98	\$88.86	\$45.57	\$6.66	93.0%	52.9%	2.25	8,170	0.57
2017	71.0%	\$102.31	\$72.69	\$95.47	\$67.83	\$6.84	93.3%	51.2%	2.57	8,460	1.39
2018	72.5%	\$164.45	\$119.22	\$154.01	\$111.65	\$10.44	93.7%	49.2%	2.70	8,540	1.54
2019	64.7%	\$149.64	\$96.85	\$138.71	\$89.78	\$10.93	92.7%	55.9%	2.18	8,870	0.93
2020	45.6%	\$88.40	\$41.62	\$82.55	\$37.63	\$5.86	93.4%	39.8%	2.36	9,220	0.97
2021	52.7%	\$85.25	\$44.94	\$79.60	\$41.92	\$5.65	93.4%	43.0%	2.31	9,570	0.53
2022	53.9%	\$87.77	\$47.35	\$81.82	\$44.09	\$5.95	93.2%	43.4%	2.30	9,550	0.63
2023	54.0%	\$89.49	\$48.44	\$83.29	\$44.95	\$6.20	93.1%	43.4%	2.30	9,530	1.06
CAGR: 2015 thru 2023	-1.0%	-3.8%	-4.7%	-3.9%	-4.9%	-2.0%	-0.1%	-0.3%	-1.4%	2.8%	-1.5%
1Q 2023	66.4%	\$99.57	\$66.15	\$92.86	\$61.69	\$6.71	93.3%	43.7%	2.47	9,360	0.71
1Q 2024	67.7%	\$100.33	\$67.91	\$93.48	\$63.27	\$6.85	93.2%	48.9%	2.53	9,700	0.96

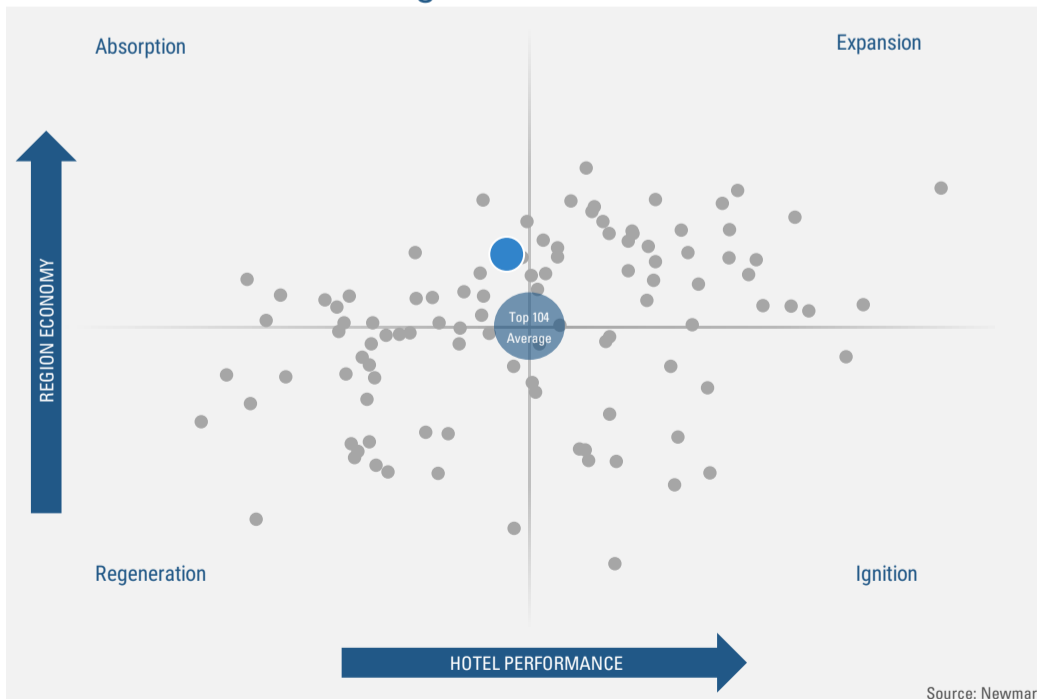
Notable Metrics

HIGHEST	Latest-Quarter Average Length of Stay	T12-Month Average Length of Stay	Latest-Quarter Booking Costs POR
	2nd Very Strong Odessa-Midland, TX boasted strong latest-quarter average length of stay (2.53 Nights)	2nd Very Strong The market benefited from strong T12-month average length of stay (2.46 Nights)	7th Strong The market also enjoyed low latest-quarter booking costs POR (\$6.85)
LOWEST	IRR: Luxury/Upscale	IRR: Economy/Ltd Svc	OAR: Luxury/Upscale
	Last Highly Unfavorable This market posted unfavorable IRR metrics in the luxury/upscale segment (10.5%)	101st Highly Unfavorable The market posted unfavorable IRR metrics in the economy/ltd svc segment (13.2%)	99th Highly Unfavorable Odessa-Midland, TX also exhibited unfavorable OAR metrics in the luxury/upscale segment (8.5%)

Notable Trends

STRONGEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
	1st Very Strong Odessa-Midland, TX enjoyed low short-term historical growth in booking costs (-4.8%)	2nd Very Strong The market has benefited from low long-term historical booking costs POR growth (-1.6%)	7th Strong The market also has benefited from low short-term historical supply growth (3.6%)
WEAKEST	Short-Term Historical COPE RevPAR Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid RevPAR Growth
	Last Soft The market has been impeded by weak short-term historical COPE RevPAR growth (-10.6%)	Last Soft We note this area posted weak short-term historical COPE ADR growth (-7.5%)	Last Soft Odessa-Midland, TX also has been hampered by weak short-term historical Guest Paid RevPAR growth (-10.4%)

Market Performance Stage



Odessa-Midland, TX: Absorption Stage

The Odessa-Midland, TX 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:

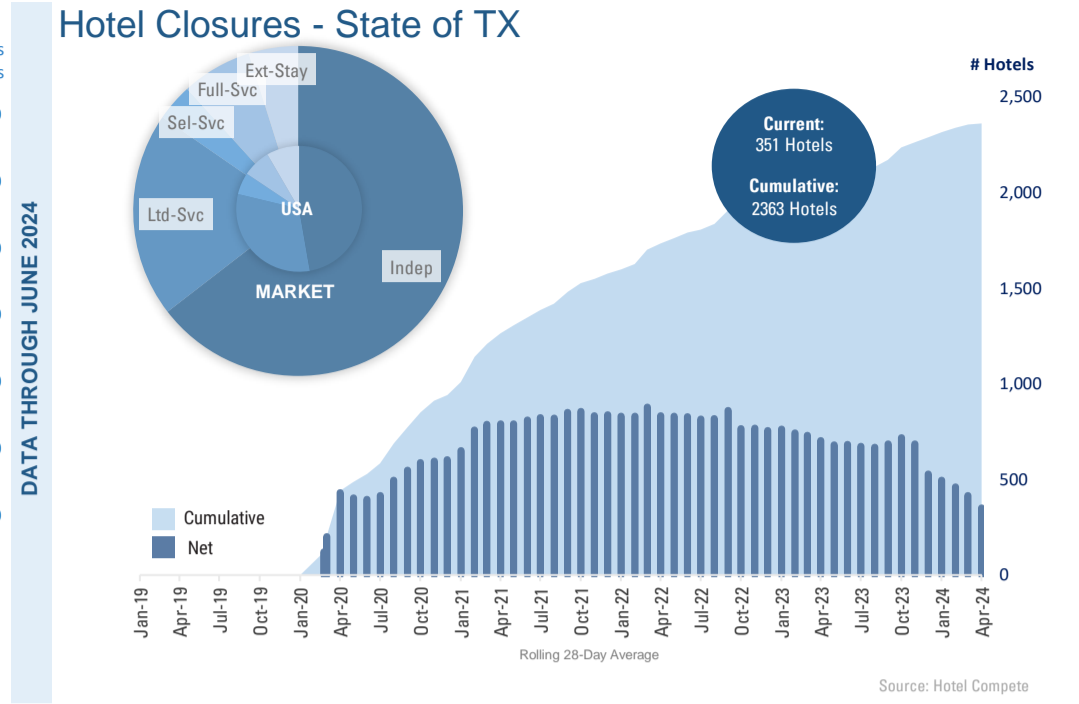
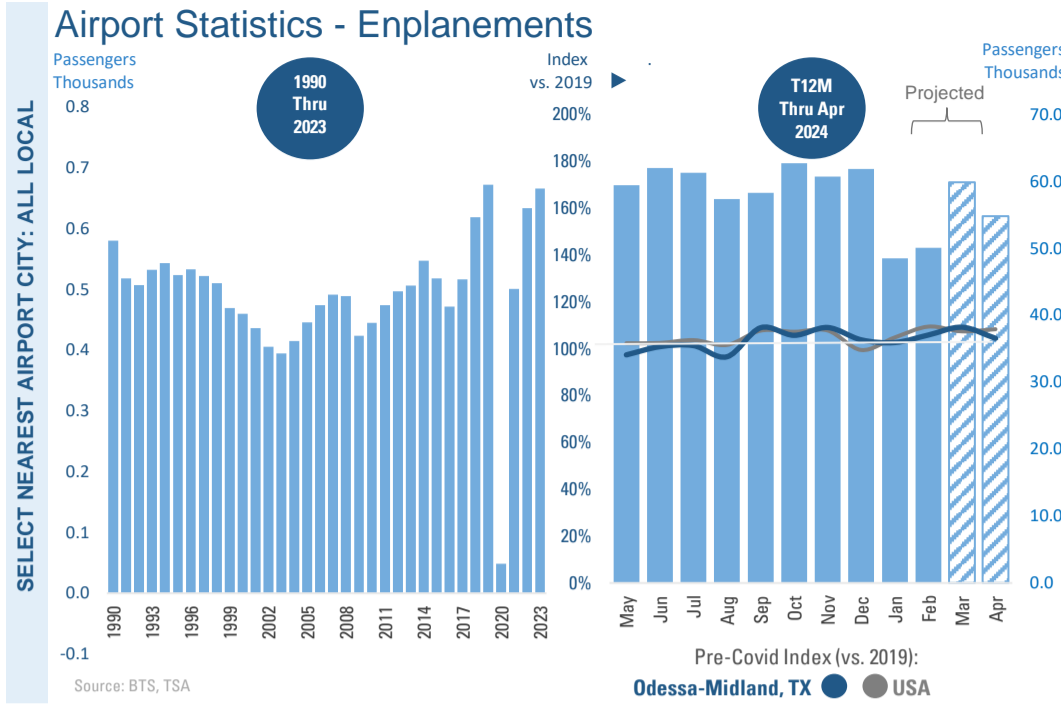
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for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

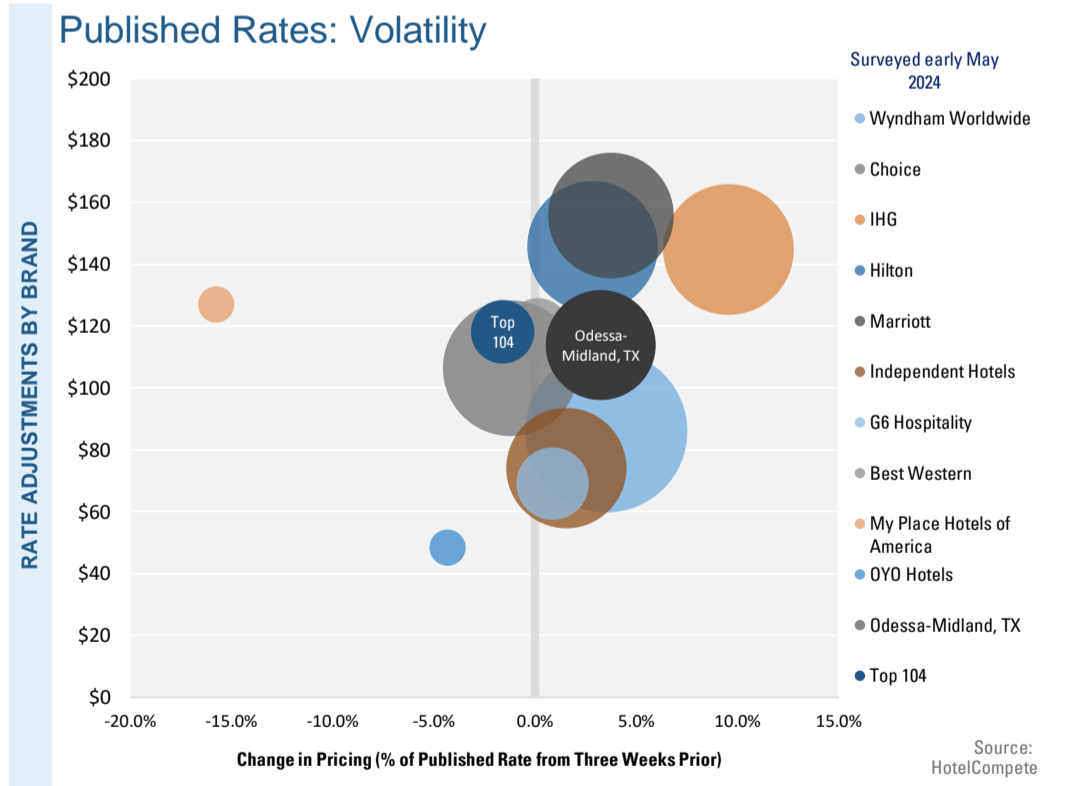
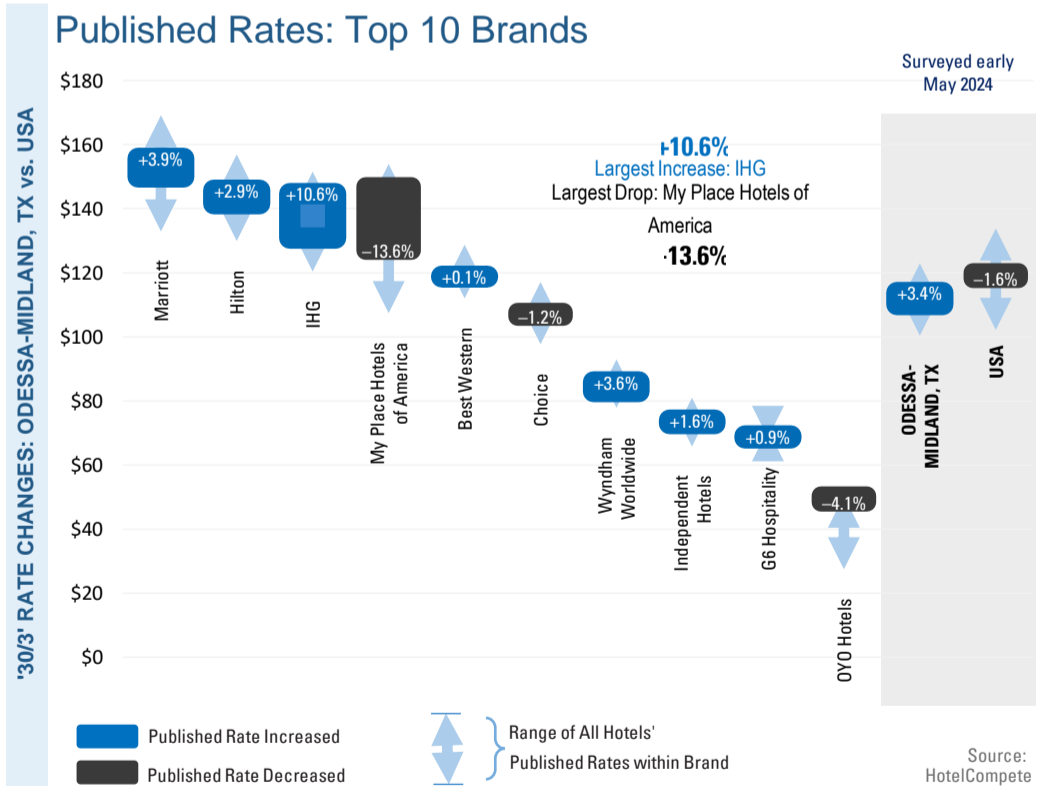
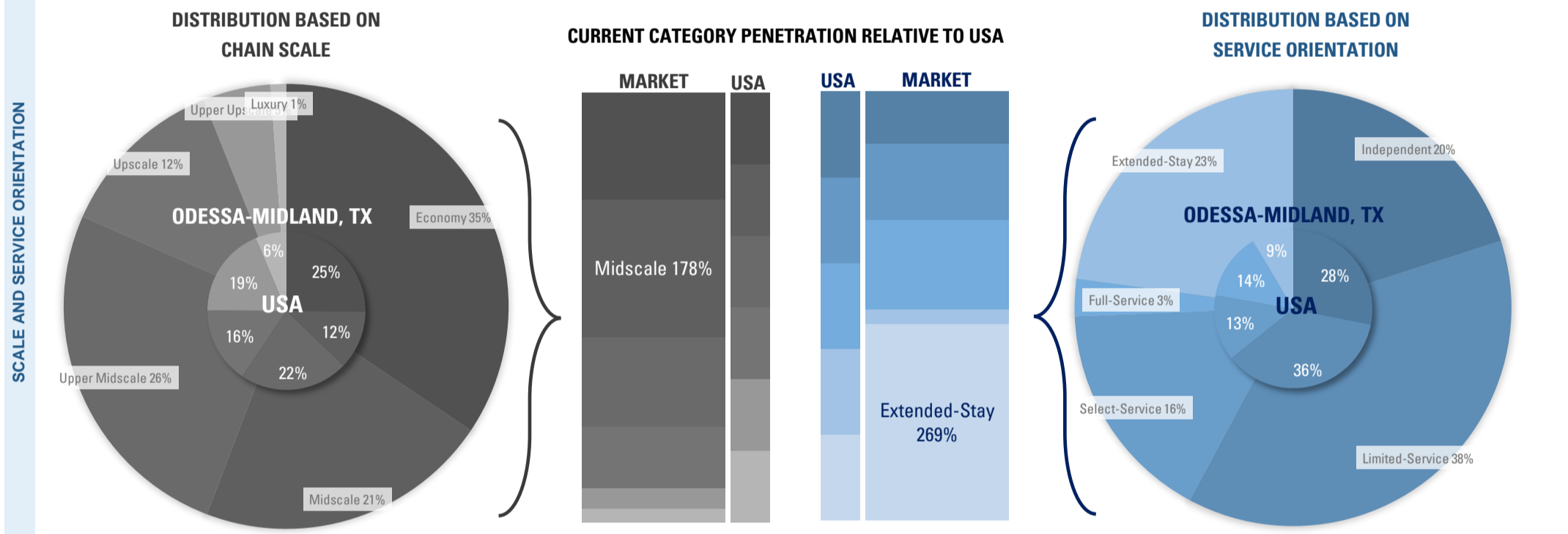
MOODY'S ANALYTICS
 Business Cycle: **In Recovery**
 Employment Growth (2 yr): **3.6%**
 Risk Exposure (402 US markets): **1st Percentile: Low Risk**
 Key Industry Notes:
 Lower oil drilling costs
 Low business costs
 High birthrate
 Slow-growing labor force
 High reliance on energy sector

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

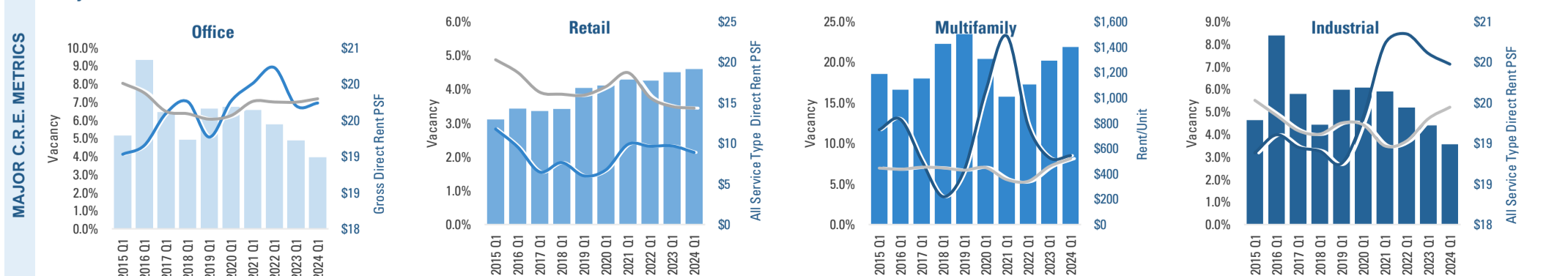




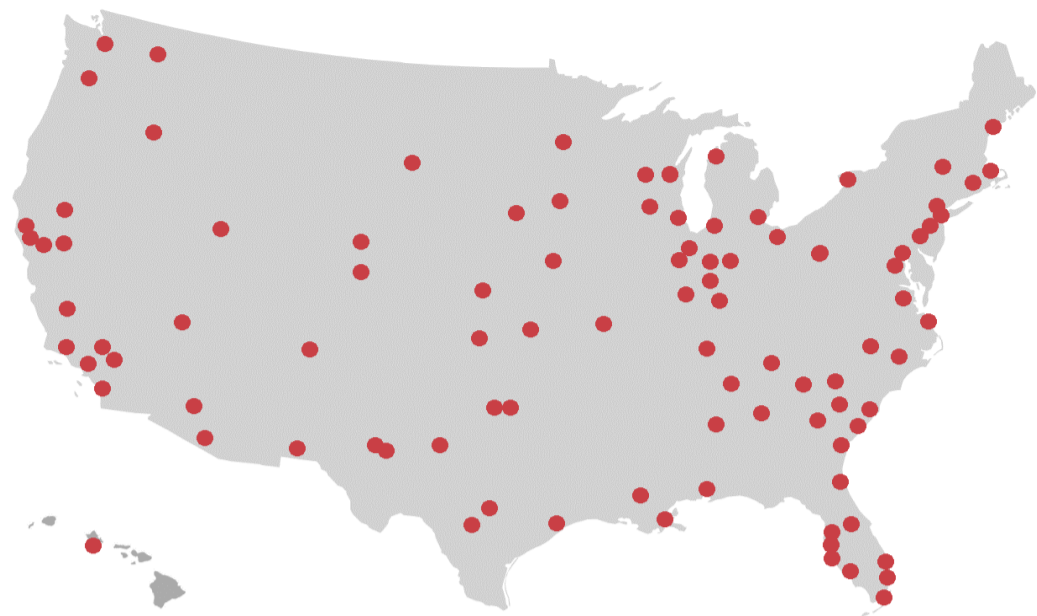
Scale and Service Distribution: Odessa-Midland, TX



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

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Golf Courses

Marinas

Ski and Village Resorts

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