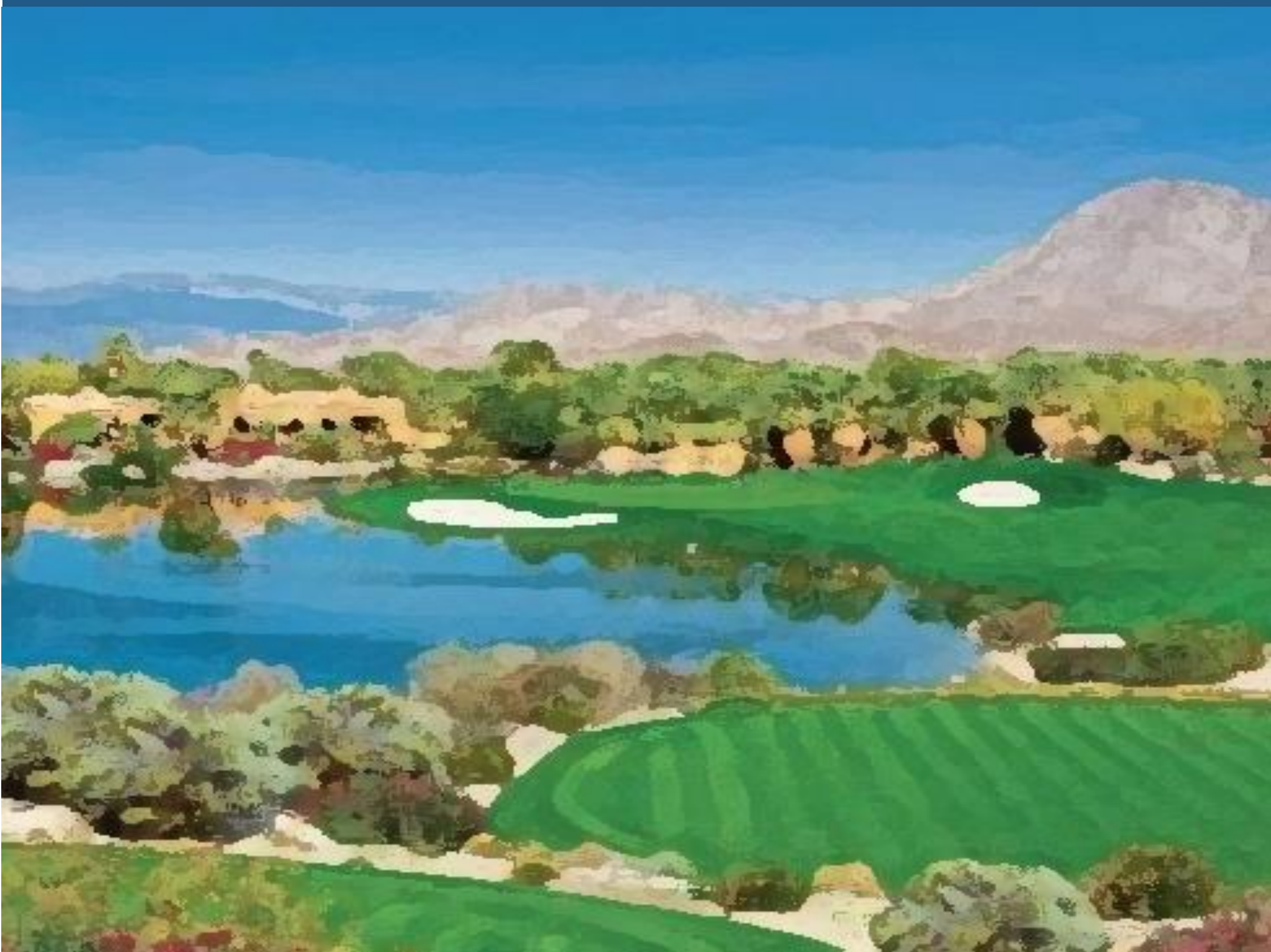


NEWMARK

1Q 2024

Hotel Market Nsights Report

PALM DESERT, CA



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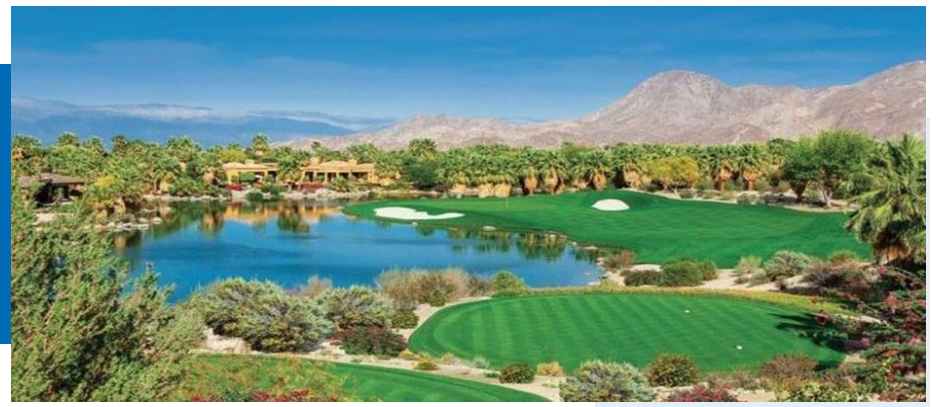
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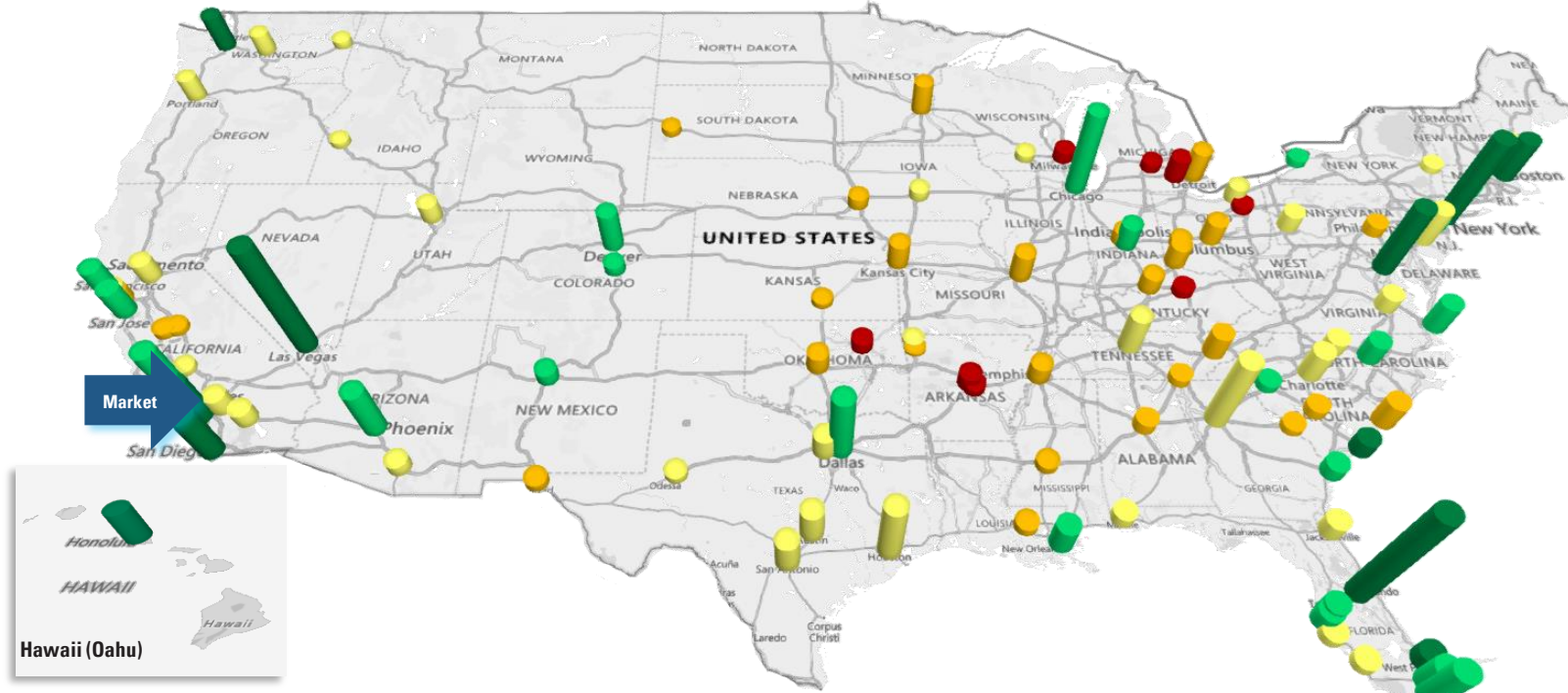
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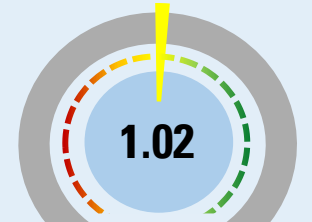


Lodging Performance Index Snapshot



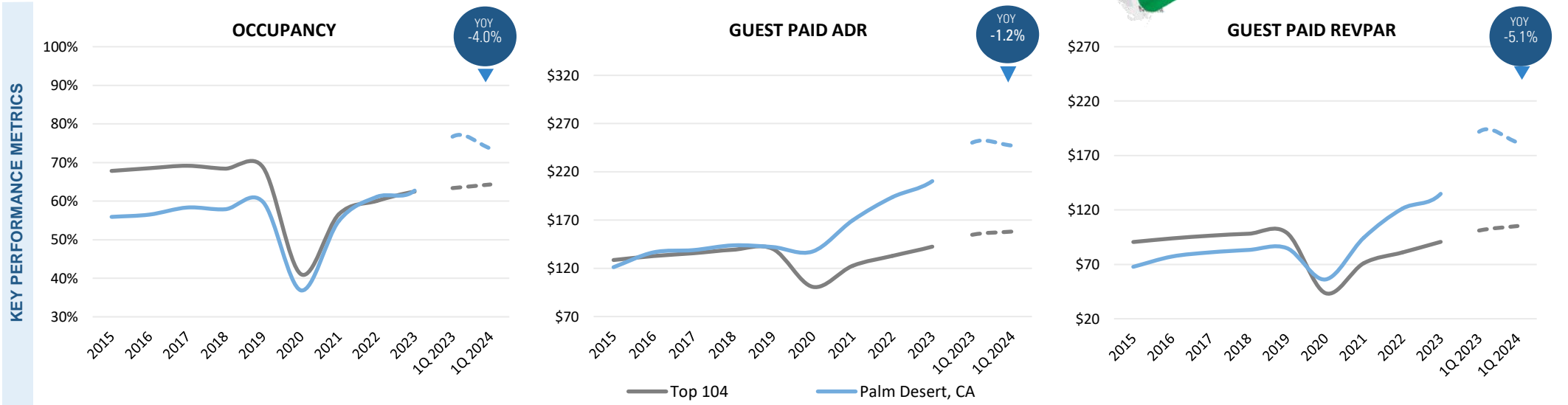
LODGING PERFORMANCE INDEX

Palm Desert, CA



52nd of 104 Average

Ranking of overall '1Q 2024 LPI' performance (1.02) against all 104 surveyed markets.

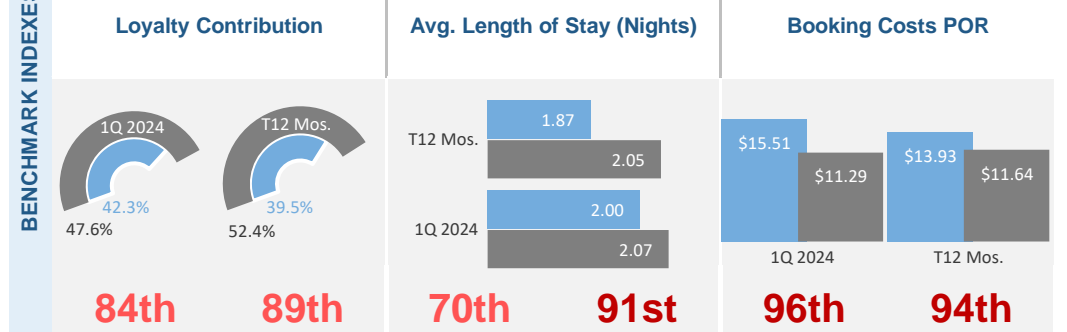


Key Performance Indexes

● Subject Market ● Top 104

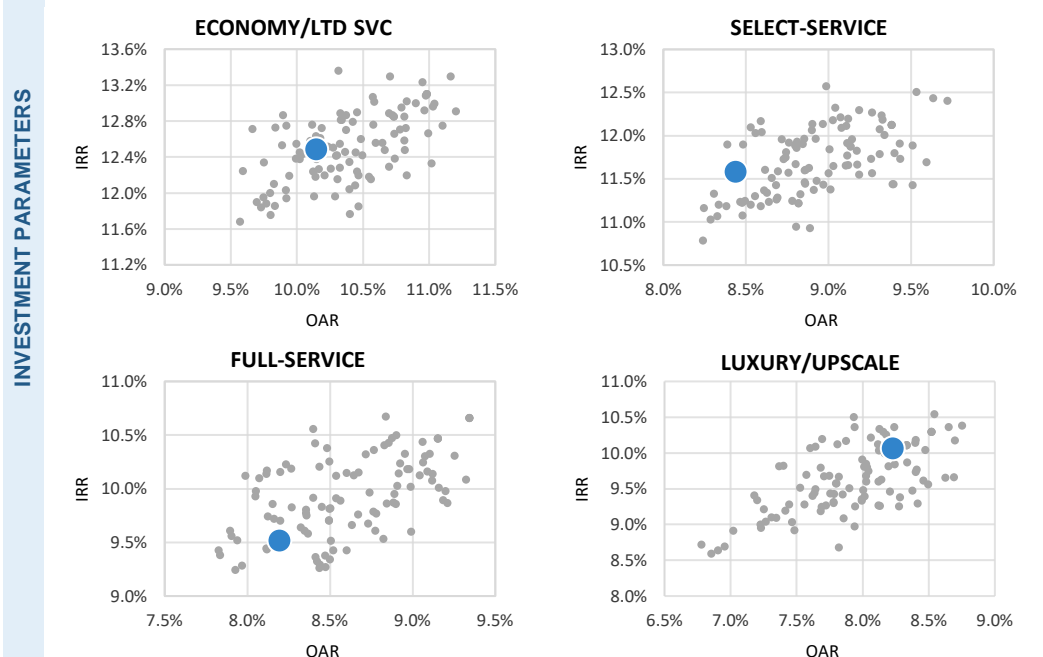


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

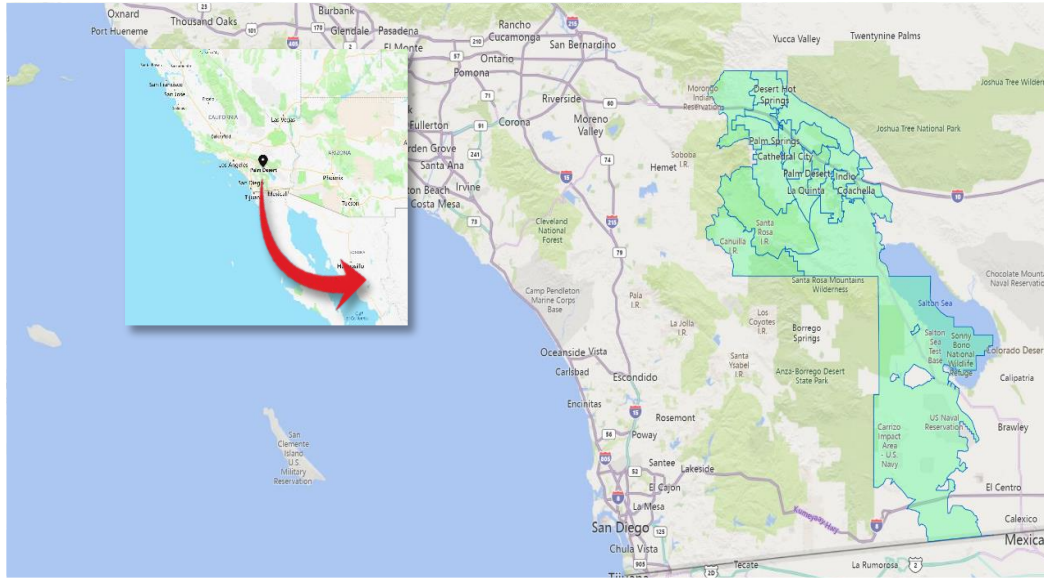


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Palm Desert
 County: Riverside County
 State: California
 Geo Coordinates (market center): 33.72224, -116.37446

Major Hotel Demand Generators

JW Marriott | Universal Protection Services | Securitas | Organization of Legal Professionals | Sunshine Landscaping | Costco Wholesale | Bighorn Golf Club | Whole Foods Market | Target | Tommy Bahama | College of the Desert | Desert Pipe & Supply | The Living Desert | Ironwood Country Club | Indian Ridge Country Club | Desert Security Services | CLK | Desert Arc | Cove Electric | Desert Willow Golf Resort

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	369,384	94th of 104 (Small)
Income per Capita	\$56,262	26th of 104 (Above Average)
Feeder Group Size	28.2 Persons PSR	6th of 104 (Strong)
Feeder Group Earnings	\$1,585,789 PSR	10th of 104 (Above Average)
Total Market Hotel Revenues	\$1.0 billion	38th 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	55.9%	\$121.15	\$67.72	\$112.55	\$62.92	\$8.59	92.9%	31.2%	1.95	17,100	1.20
2016	56.5%	\$136.49	\$77.10	\$125.99	\$71.17	\$10.50	92.3%	32.0%	1.94	17,040	1.23
2017	58.3%	\$138.84	\$80.98	\$128.07	\$74.70	\$10.77	92.2%	38.6%	1.94	17,940	1.09
2018	57.9%	\$143.78	\$83.21	\$132.64	\$76.77	\$11.14	92.3%	42.4%	1.90	18,830	1.24
2019	59.7%	\$142.03	\$84.85	\$131.00	\$78.26	\$11.03	92.2%	43.0%	1.89	18,960	1.13
2020	36.9%	\$137.45	\$56.10	\$128.12	\$47.23	\$9.33	93.2%	31.7%	1.92	18,900	0.97
2021	54.8%	\$169.66	\$94.51	\$157.11	\$86.15	\$12.55	92.6%	34.7%	1.83	19,160	1.06
2022	61.1%	\$193.75	\$121.12	\$179.99	\$109.93	\$13.76	92.9%	35.9%	1.87	19,210	1.31
2023	62.7%	\$210.37	\$134.80	\$196.02	\$122.93	\$14.35	93.2%	36.3%	1.90	19,320	1.17
CAGR: 2015 thru 2023	1.4%	7.1%	9.0%	7.2%	8.7%	6.6%	0.0%	1.9%	-0.3%	1.5%	-0.2%
1Q 2023	76.7%	\$250.18	\$191.84	\$235.39	\$180.50	\$14.79	94.1%	39.8%	2.01	19,810	1.26
1Q 2024	73.7%	\$247.27	\$182.11	\$231.76	\$170.69	\$15.51	93.7%	42.3%	2.00	19,910	1.02

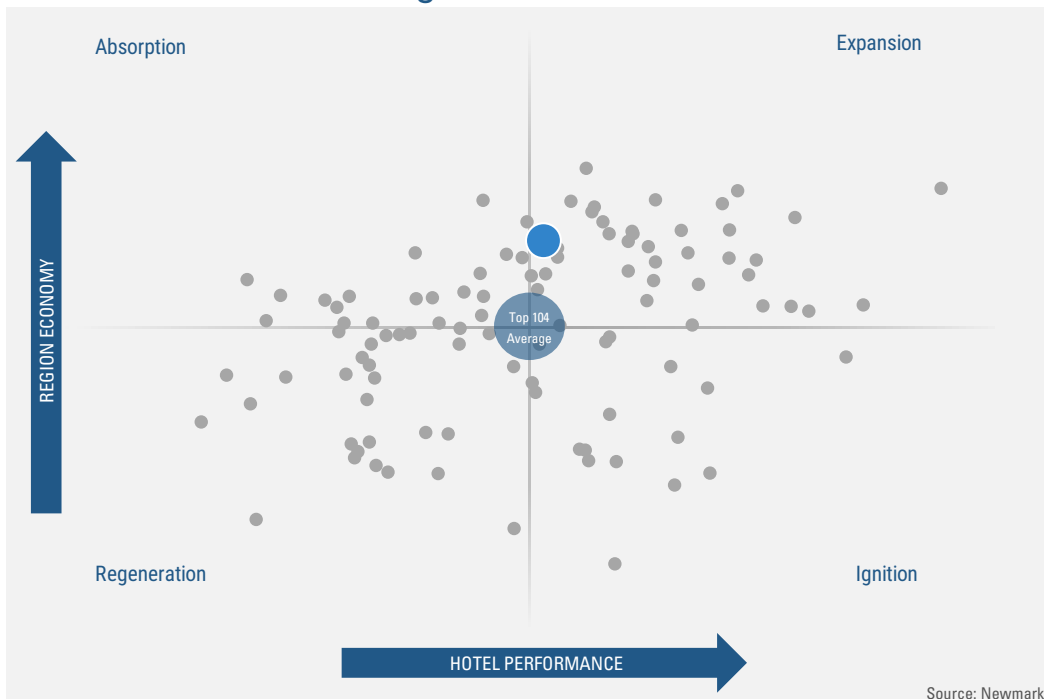
Notable Metrics

	Latest-Quarter Guest Paid ADR	Latest-Quarter COPE ADR	Latest-Quarter COPE RevPAR
HIGHEST	4th Strong Palm Desert, CA exhibited strong latest-quarter Guest Paid ADR (\$247.27)	4th Strong The market exhibited strong latest-quarter COPE ADR (\$231.76)	6th Strong The market also benefited from strong latest-quarter COPE RevPAR (\$170.69)
LOWEST	99th Soft This market posted a low ratio of feeder population per room (13.12)	99th Soft The market has been hindered by weak population density per room (18.41)	96th Soft Palm Desert, CA also exhibited a low ratio of marketwide per-capita income per room (\$738,229)

Notable Trends

	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth
STRONGEST	6th Strong Palm Desert, CA exhibited strong long-term historical loyalty contribution growth (6.4%)	10th Above Average The market exhibited strong short-term historical Guest Paid ADR growth (5.1%)	11th Above Average The market also has benefited from strong short-term historical COPE ADR growth (5.0%)
WEAKEST	102nd Soft The market exhibited weak long-term historical average length of stay growth (-1.8%)	102nd Soft We note this area exhibited high long-term historical booking costs POR growth (6.0%)	97th Soft Palm Desert, CA also exhibited weak short-term historical average length of stay growth (-1.3%)

Market Performance Stage



Palm Desert, CA: Expansion Stage

The Palm Desert, CA market is currently in the 'Expansion' stage of the performance cycle. In this 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.

- 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.
 - 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.

Industry Observations

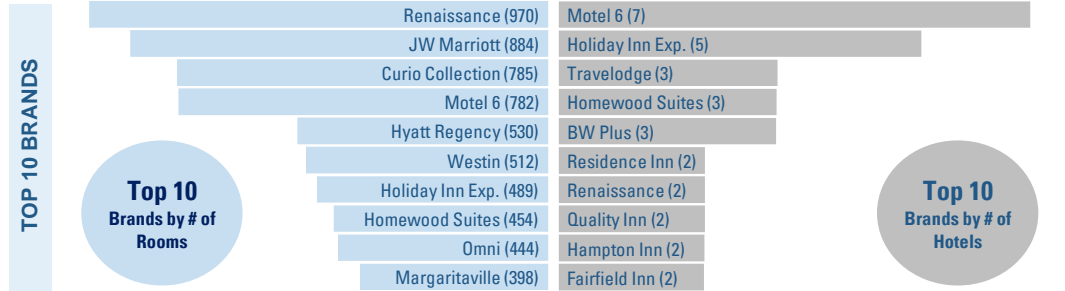
MOODY'S ANALYTICS

Business Cycle: **Expansion**
 Employment Growth (2 yr): **1.3%**
 Risk Exposure (402 US markets): **66th Percentile: Average Risk**
 Key Industry Notes:
 Comparative advantage in transportation
 Lower business and housing costs
 Young population; positive migration
 Dearth of high-wage industries
 Low educational attainment

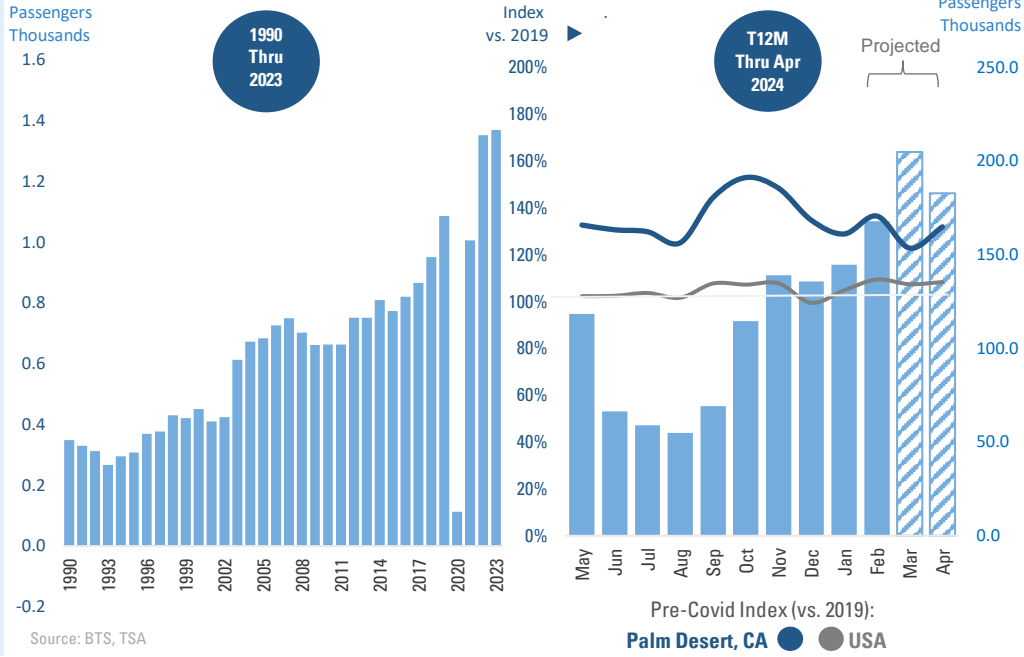
Moody's Rating

Aa2
Investment Grade

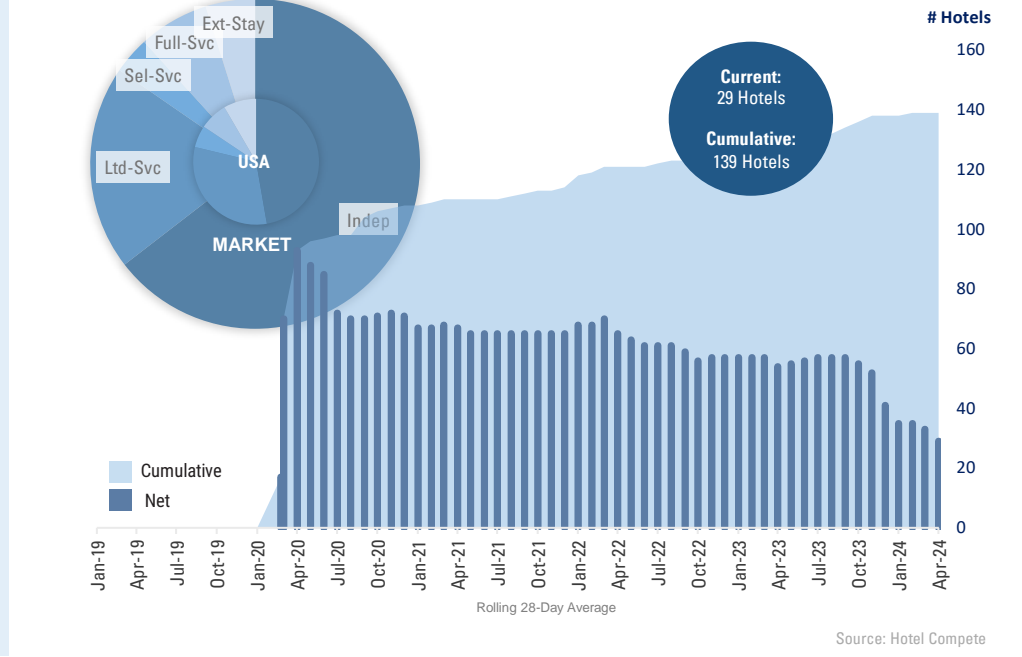
Long-term investment grade, Prime-1 short-term outlook



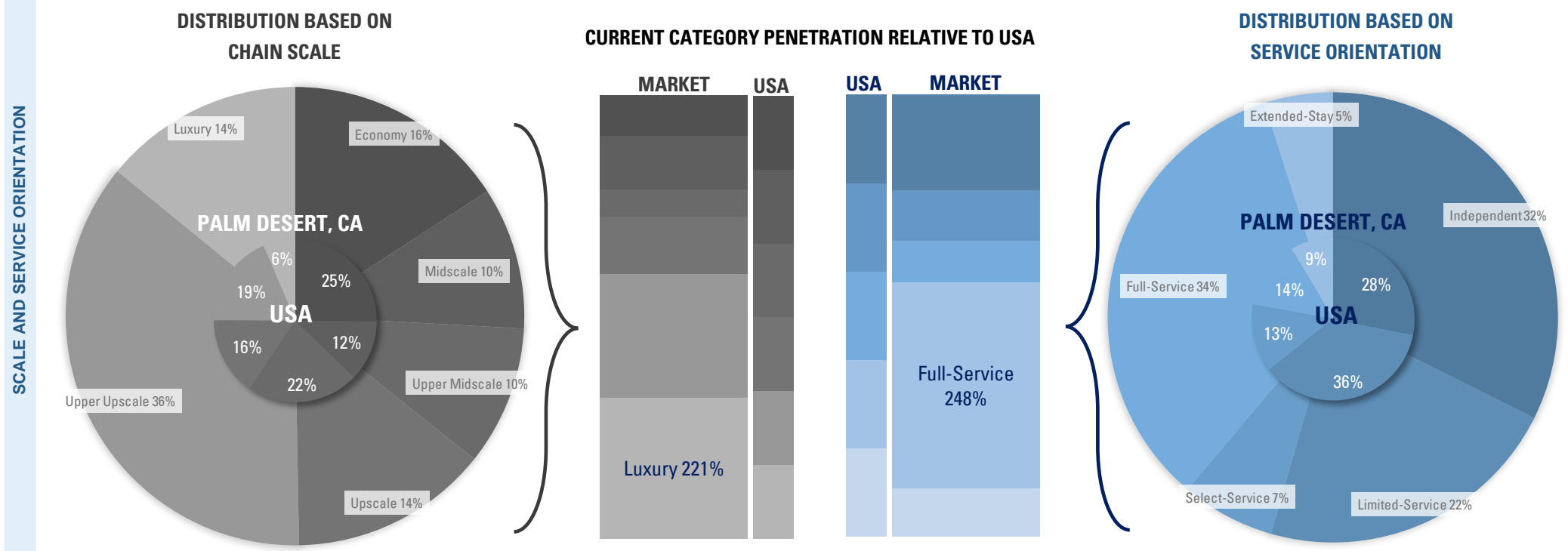
Airport Statistics - Enplanements



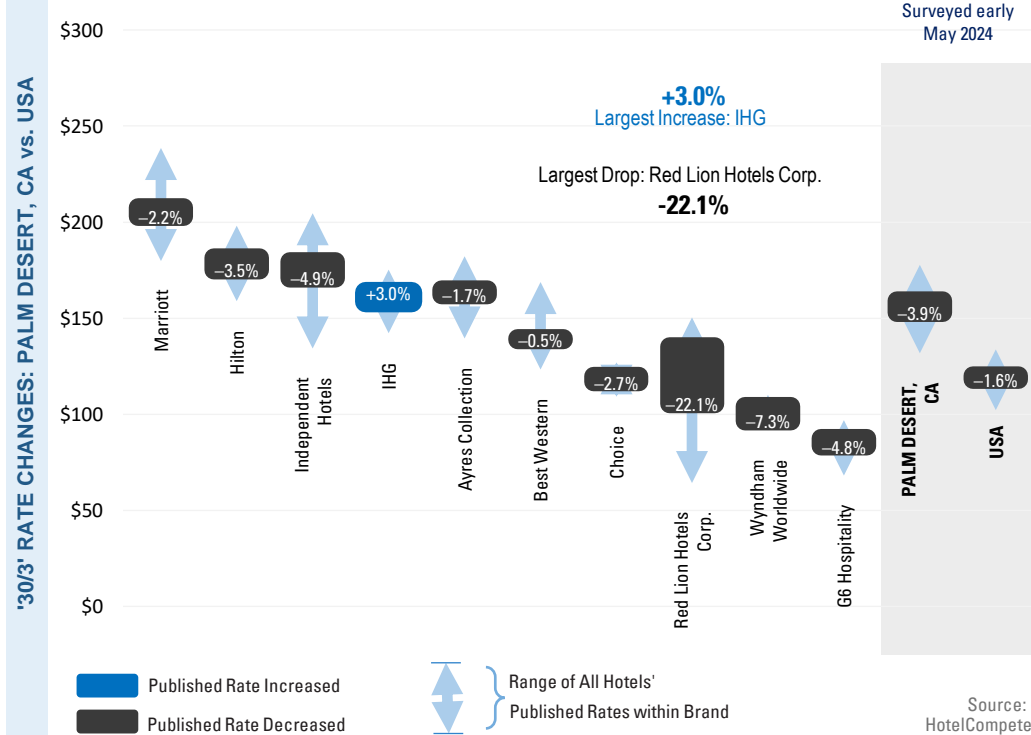
Hotel Closures - Palm Desert, CA



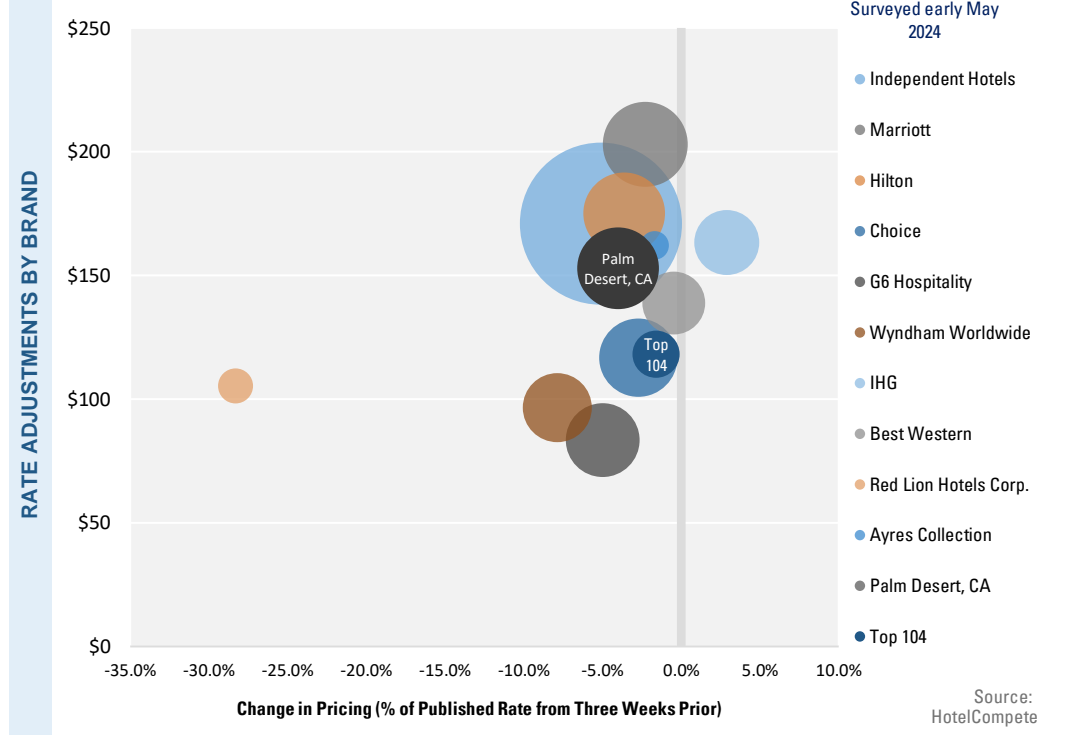
Scale and Service Distribution: Palm Desert, CA



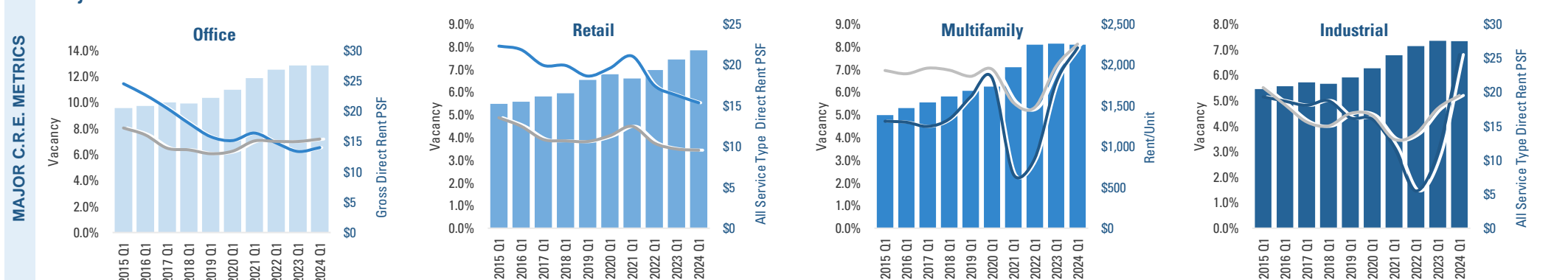
Published Rates: Top 10 Brands



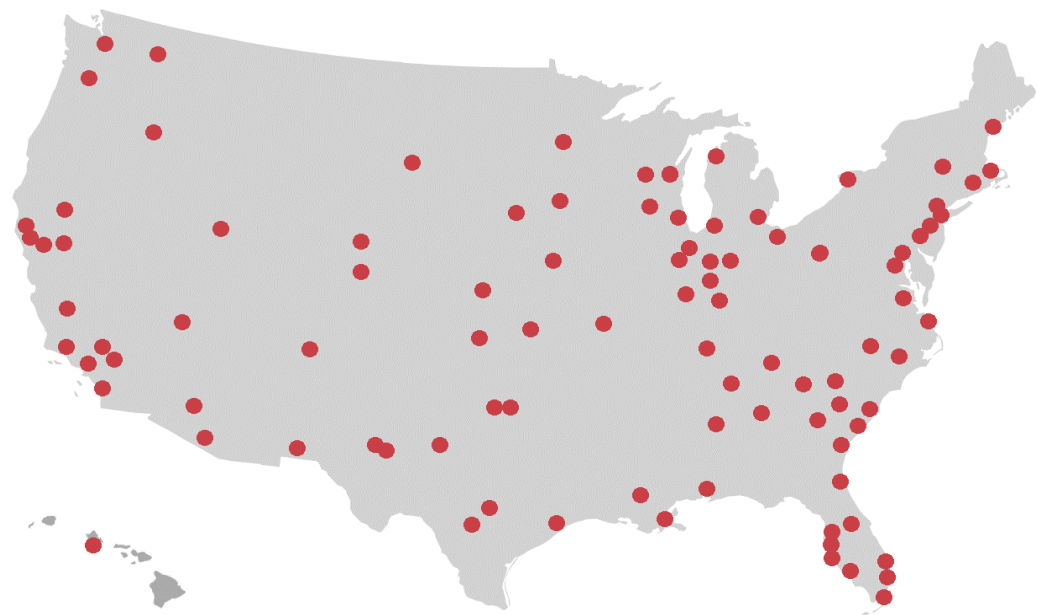
Published Rates: Volatility



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

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.

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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.

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