

NEWMARK

1Q 2024

Hotel Market Nsights Report

PHILADELPHIA, PA



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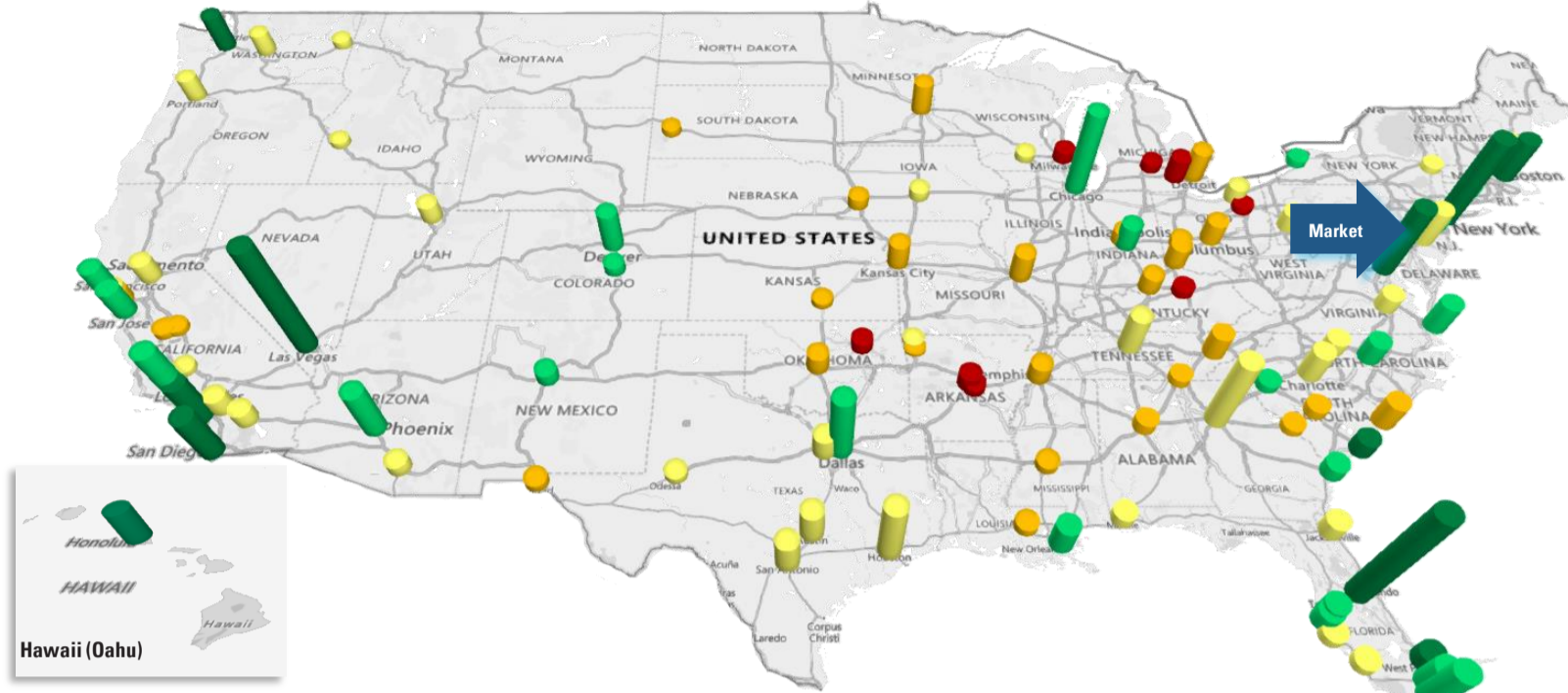
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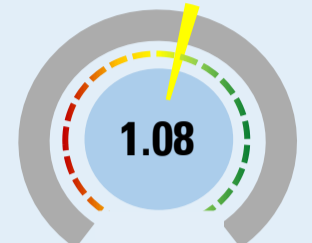


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

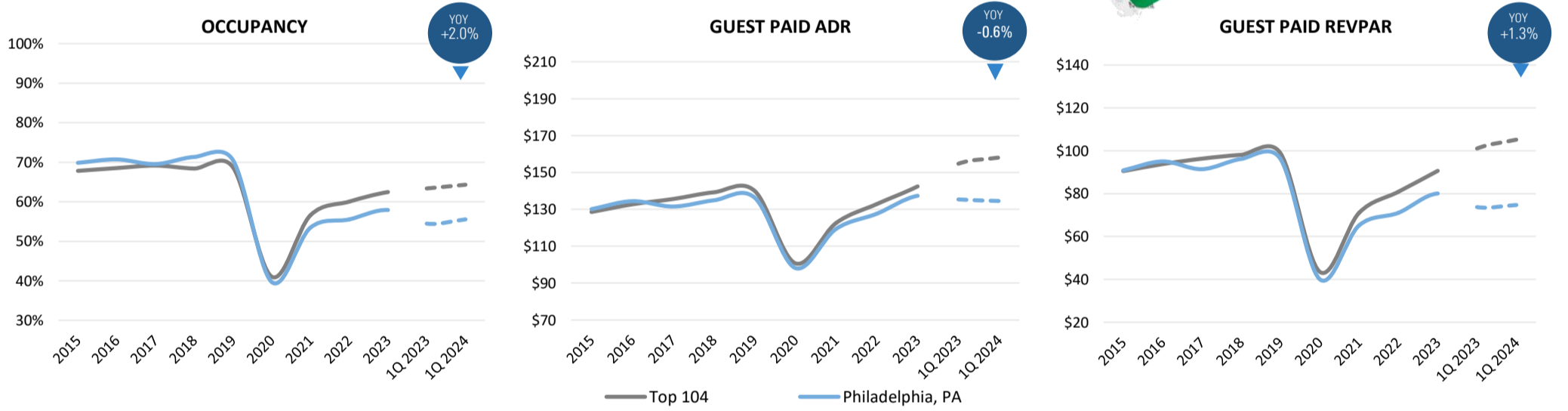
Philadelphia, PA



43rd of 104 Average

Ranking of overall '1Q 2024 LPI' performance (1.08) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

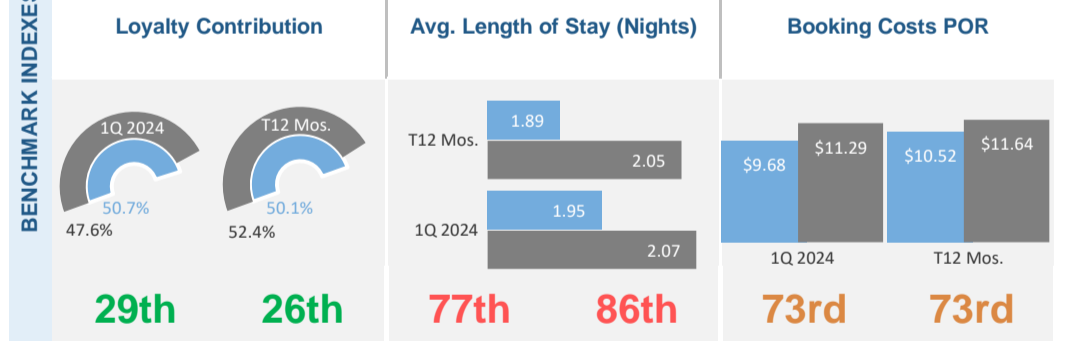


PERFORMANCE INDEXES

Key Performance Indexes

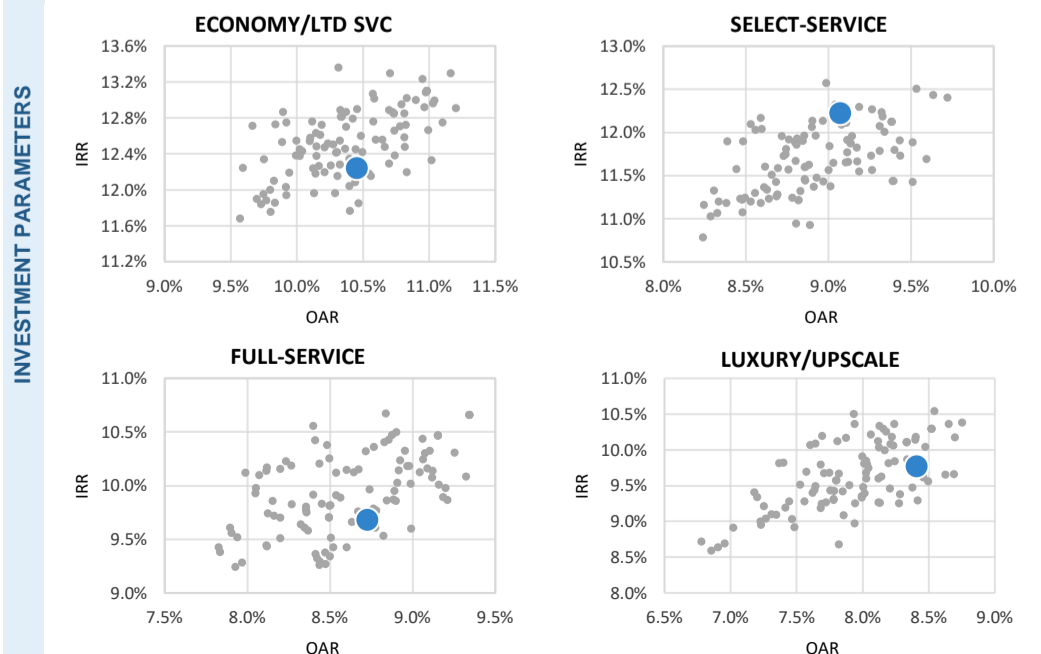


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

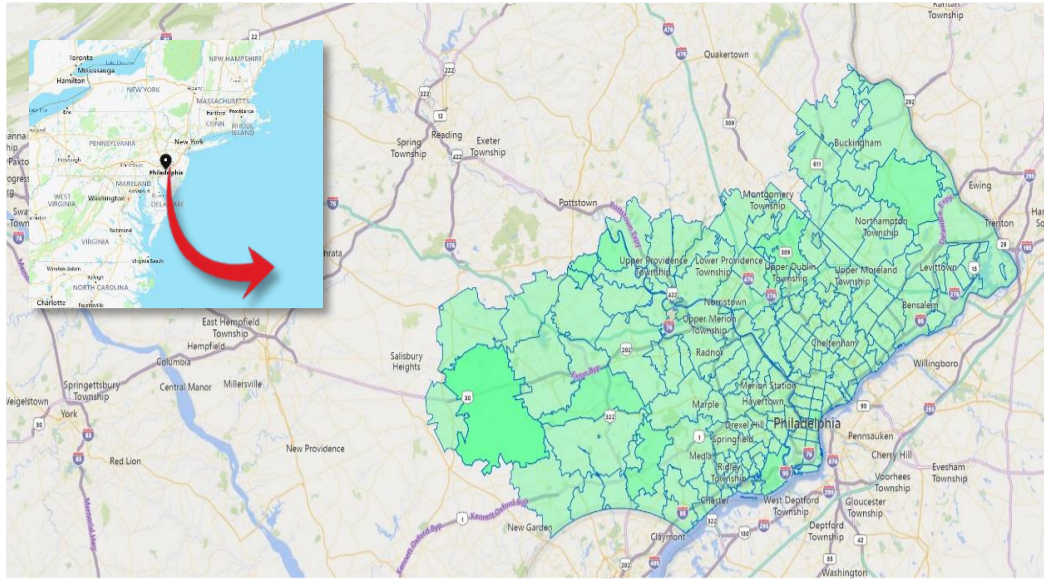


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Philadelphia	
County:	Philadelphia County	
State:	Pennsylvania	
Geo Coordinates (market center):	39.95234, -75.16379	
Major Hotel Demand Generators		
University of Pennsylvania Health System Thomas Jefferson University and TJU Health System Inc. Comcast Drexel University Aramark Corp. Temple University Health System Children's Hospital of Philadelphia Temple University Einstein Healthcare Network Wells Fargo BAYADA Home Health Care Independence Blue Cross University of Pennsylvania US Airways NHS Human Services Inc. Aria Health PNC Bank Cardone Industries PwC Deloitte		
Metrics and Ranking		Measurements
Population (hotel market area)	4,319,912	Rankings
Income per Capita	\$40,649	7th of 104 (Large)
Feeder Group Size	138.3 Persons PSR	80th of 104 (Below Average)
Feeder Group Earnings	\$5,621,183 PSR	95th of 104 (Soft)
Total Market Hotel Revenues	\$1.7 billion	90th of 104 (Soft)
		22nd of 104 (Above 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	69.8%	\$130.10	\$90.86	\$119.49	\$83.45	\$10.61	91.8%	49.4%	1.90	45,960	1.25
2016	70.7%	\$134.42	\$95.04	\$123.17	\$87.09	\$11.25	91.6%	51.6%	1.87	45,650	1.05
2017	69.5%	\$131.51	\$91.42	\$120.13	\$83.50	\$11.39	91.3%	53.3%	1.83	46,020	1.10
2018	71.3%	\$134.88	\$96.20	\$123.44	\$88.04	\$11.44	91.5%	54.4%	1.84	46,660	1.32
2019	70.5%	\$136.38	\$96.19	\$124.85	\$88.05	\$11.53	91.5%	58.2%	1.81	49,340	1.05
2020	39.7%	\$98.20	\$40.08	\$91.33	\$36.27	\$6.86	93.0%	38.8%	2.21	48,650	0.90
2021	53.4%	\$119.40	\$65.21	\$110.81	\$59.23	\$8.59	92.8%	42.3%	2.11	49,080	0.88
2022	55.5%	\$127.64	\$71.08	\$118.51	\$65.81	\$9.12	92.9%	44.1%	2.07	49,280	0.88
2023	57.9%	\$137.34	\$80.07	\$127.70	\$73.95	\$9.64	93.0%	45.4%	2.04	49,510	1.03
CAGR: 2015 thru 2023	-2.3%	0.7%	-1.6%	0.8%	-1.5%	-1.2%	0.2%	-1.1%	0.9%	0.9%	-2.4%
1Q 2023	54.5%	\$135.36	\$73.72	\$125.57	\$68.38	\$9.80	92.8%	49.3%	1.91	49,610	0.94
1Q 2024	55.5%	\$134.53	\$74.71	\$124.84	\$69.34	\$9.68	92.8%	50.7%	1.95	49,890	1.08

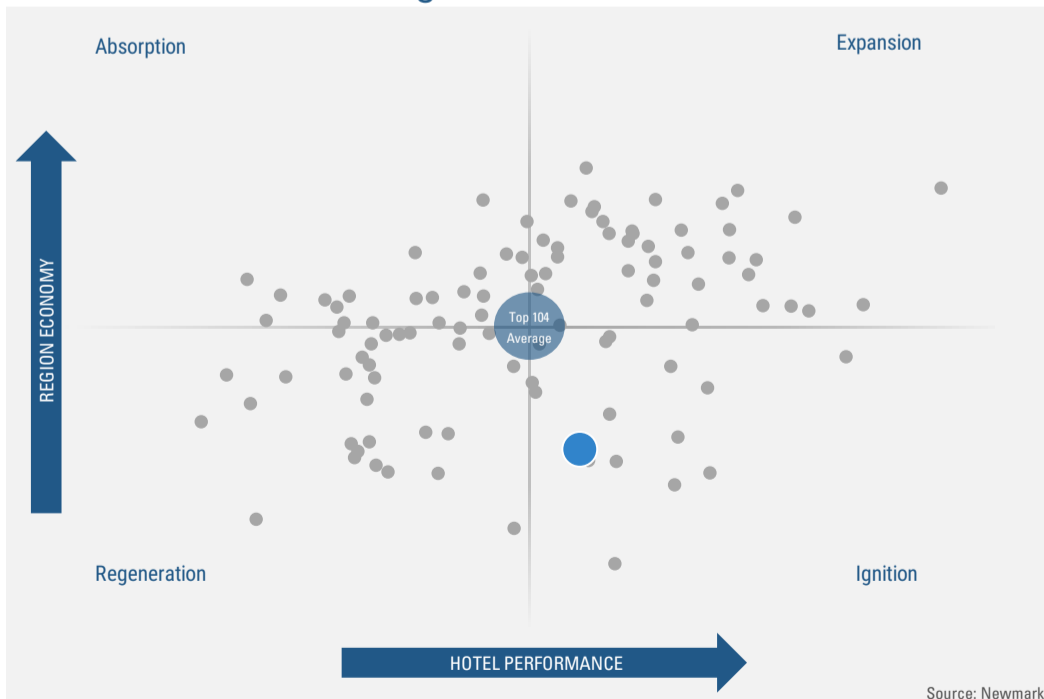
Notable Metrics

HIGHEST	Population Density per Room	Feeder Population Per Room	Total Rooms Supply
	9th Strong	9th Strong	18th Above Average
	Philadelphia, PA boasted strong population density per room (85.46)	The market posted a high ratio of feeder population per room (61.06)	The market also benefits from a large and diverse hotel market (49,894 total rooms)
LOWEST	IRR: Select-Service	Feeder Group Size	OAR: Luxury/Upscale
	96th Unfavorable	95th Soft	91st Unfavorable
	This market posted unfavorable IRR metrics in the select-service segment (12.2%)	The market required a large feeder group size (138.29 Persons)	Philadelphia, PA also exhibited unfavorable OAR metrics in the luxury/upscale segment (8.4%)

Notable Trends

STRONGEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Supply Growth
	12th Above Average	13th Above Average	44th Average
	Philadelphia, PA enjoyed low short-term historical growth in booking costs (0.8%)	The market has benefited from low long-term historical booking costs POR growth (1.3%)	The market also has benefited from low short-term historical supply growth (1.6%)
WEAKEST	Short-Term Historical COPE RevPAR Growth	Short-Term Historical Guest Paid RevPAR Growth	Short-Term Historical COPE ADR Growth
	99th Soft	99th Soft	97th Soft
	The market has been impeded by weak short-term historical COPE RevPAR growth (-2.3%)	We note this area has been hampered by weak short-term historical Guest Paid RevPAR growth (-2.3%)	Philadelphia, PA also posted weak short-term historical COPE ADR growth (1.0%)

Market Performance Stage



Philadelphia, PA: Ignition Stage

The Philadelphia, PA market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.
- 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:
 Employment Growth (2 yr):
 Risk Exposure (402 US markets):
 Key Industry Notes:

Expansion
 1.0%
97th Percentile: High Risk
 World-class educational institutions
 Center for healthcare, medical research
 Well-developed port
 Relatively anemic population growth
 Significant fiscal problems

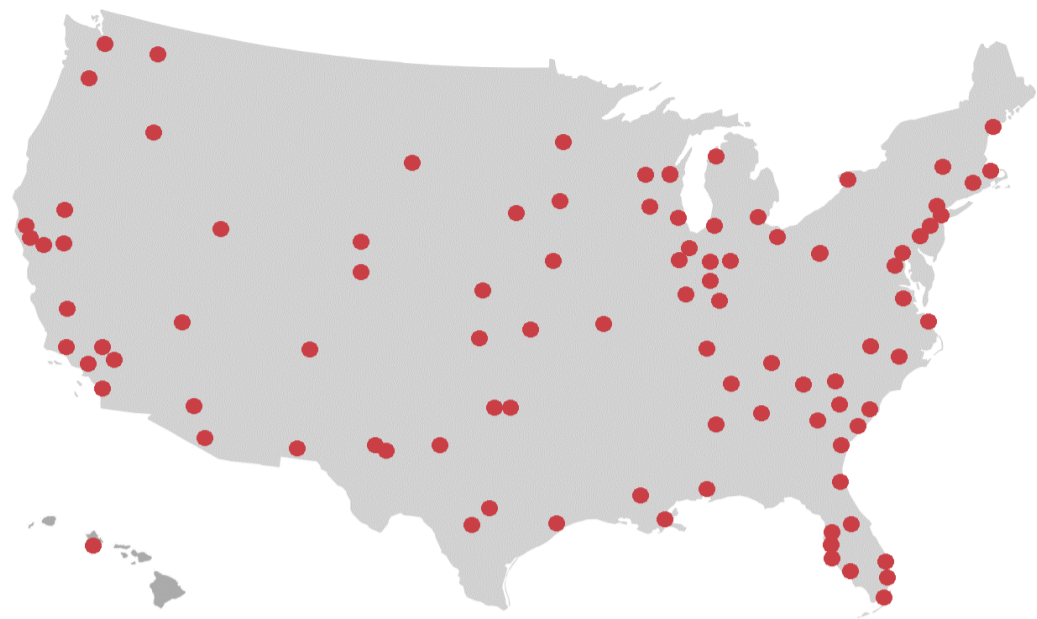
Moody's Rating

A1
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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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.

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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.

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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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