

NEWMARK

1Q 2024

Hotel Market Nsights Report

PHOENIX, AZ



FOR MORE INFORMATION:

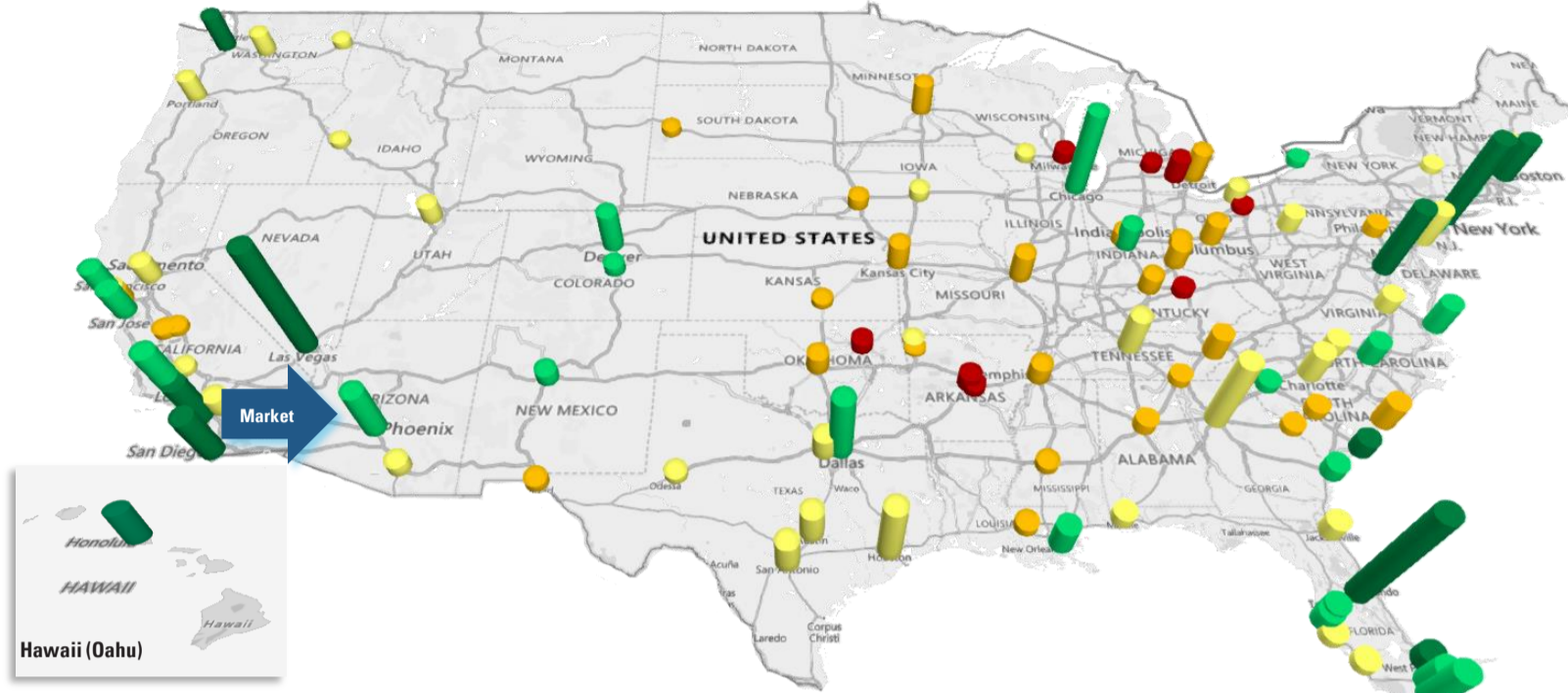
Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
m 773-263-4544

Chad Eschmeyer
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southwest Markets
Dir 602.315.5888

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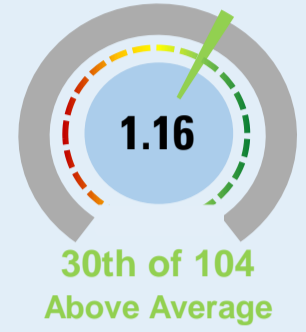


Lodging Performance Index Snapshot



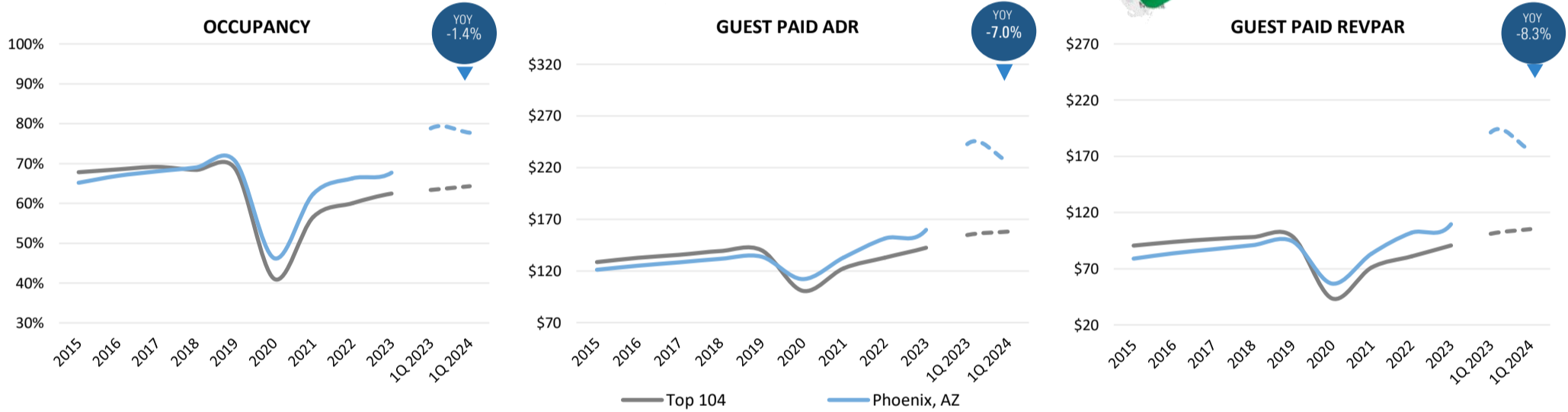
LODGING PERFORMANCE INDEX

Phoenix, AZ



Ranking of overall '1Q 2024 LPI' performance (1.16) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



PERFORMANCE INDEXES

Key Performance Indexes

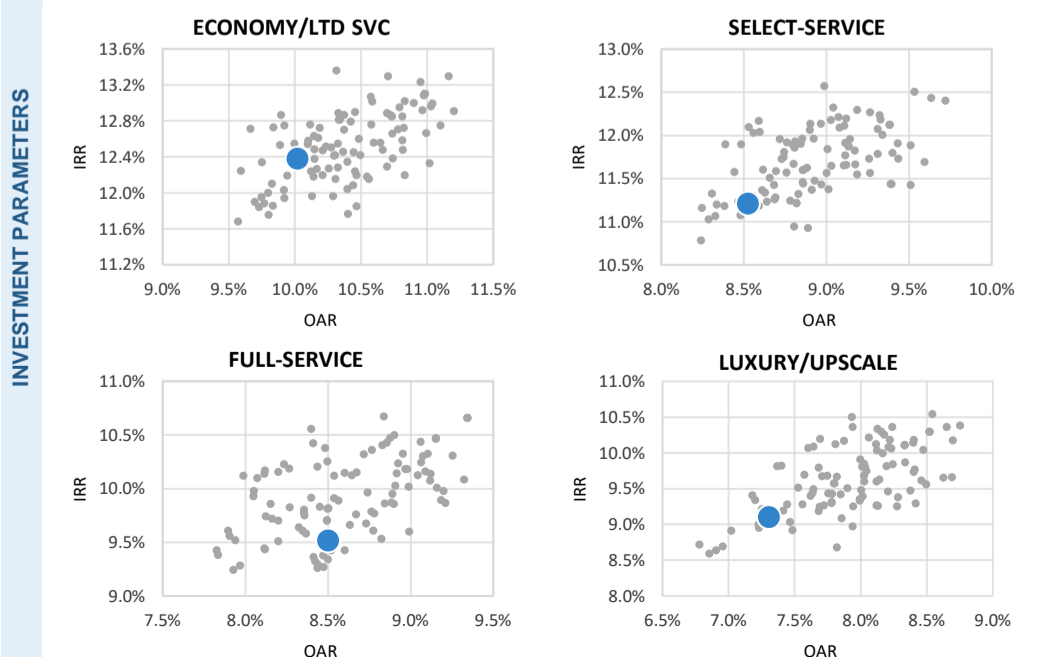


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

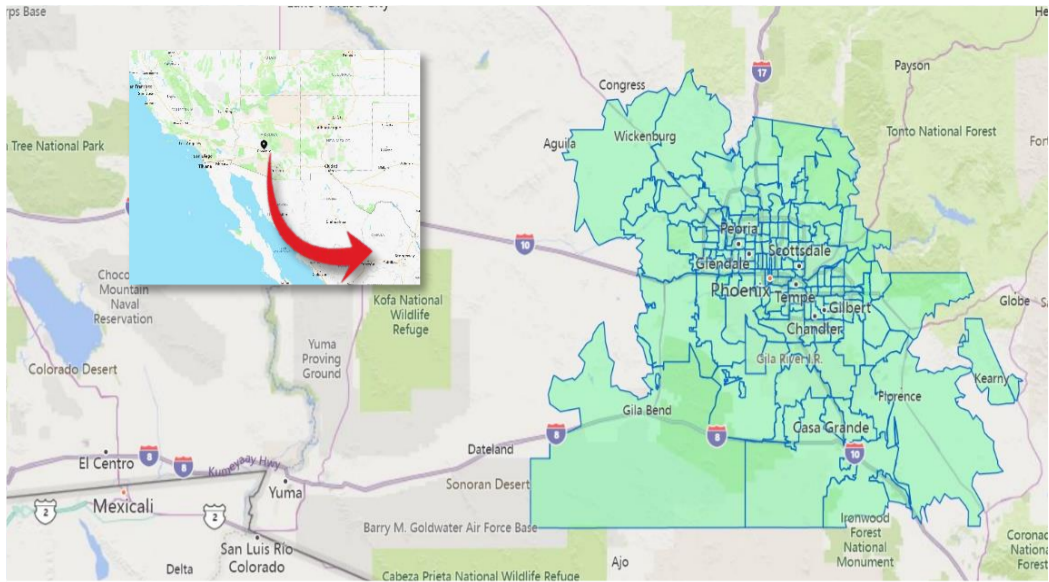


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Phoenix	
County:	Maricopa County	
State:	Arizona	
Geo Coordinates (market center):	33.44838, -112.07404	
Major Hotel Demand Generators		
Banner Health System Wal-Mart Stores Inc. Wells Fargo Arizona State University HonorHealth Dignity Health Intel Corp. JP Morgan Chase & Co. Bank of America Raytheon Missile Systems US Airways Target American Airlines Group Honeywell Aerospace Freeport-McMoRan Copper & Gold Inc. United Parcel Service American Express UnitedHealthcare of Arizona Inc. Apollo Group Inc. Safeway Inc.		
Metrics and Ranking		Measurements
Population (hotel market area)	3,872,111	Rankings
Income per Capita	\$52,080	9th of 104 (Large)
Feeder Group Size	77.8 Persons PSR	38th of 104 (Average)
Feeder Group Earnings	\$4,052,200 PSR	60th of 104 (Average)
Total Market Hotel Revenues	\$3.2 billion	68th of 104 (Below Average)
		13th 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	65.2%	\$121.15	\$78.94	\$111.99	\$72.97	\$9.16	92.4%	44.6%	2.40	63,900	1.31
2016	66.9%	\$125.08	\$83.68	\$115.36	\$77.18	\$9.72	92.2%	46.8%	2.32	63,510	1.16
2017	68.0%	\$128.30	\$87.27	\$118.05	\$80.29	\$10.25	92.0%	48.9%	2.30	64,080	1.23
2018	69.0%	\$131.72	\$90.89	\$121.33	\$83.73	\$10.39	92.1%	51.8%	2.26	64,820	1.33
2019	70.6%	\$133.81	\$94.47	\$123.37	\$87.10	\$10.44	92.2%	56.7%	2.22	69,170	1.39
2020	46.2%	\$112.10	\$56.71	\$104.91	\$48.51	\$7.18	93.6%	38.4%	2.34	69,130	1.20
2021	62.4%	\$133.06	\$83.40	\$123.86	\$77.25	\$9.20	93.1%	41.4%	2.28	70,170	1.24
2022	66.3%	\$151.43	\$101.95	\$141.26	\$93.61	\$10.17	93.3%	42.3%	2.29	70,440	1.40
2023	67.7%	\$159.79	\$109.58	\$149.31	\$101.08	\$10.48	93.4%	43.2%	2.30	70,700	1.23
CAGR: 2015 thru 2023	0.5%	3.5%	4.2%	3.7%	4.2%	1.7%	0.1%	-0.4%	-0.5%	1.3%	-0.8%
1Q 2023	78.8%	\$242.65	\$191.23	\$228.91	\$180.41	\$13.74	94.3%	47.1%	2.32	70,320	1.51
1Q 2024	77.7%	\$225.56	\$175.30	\$211.85	\$164.64	\$13.72	93.9%	49.8%	2.27	71,620	1.16

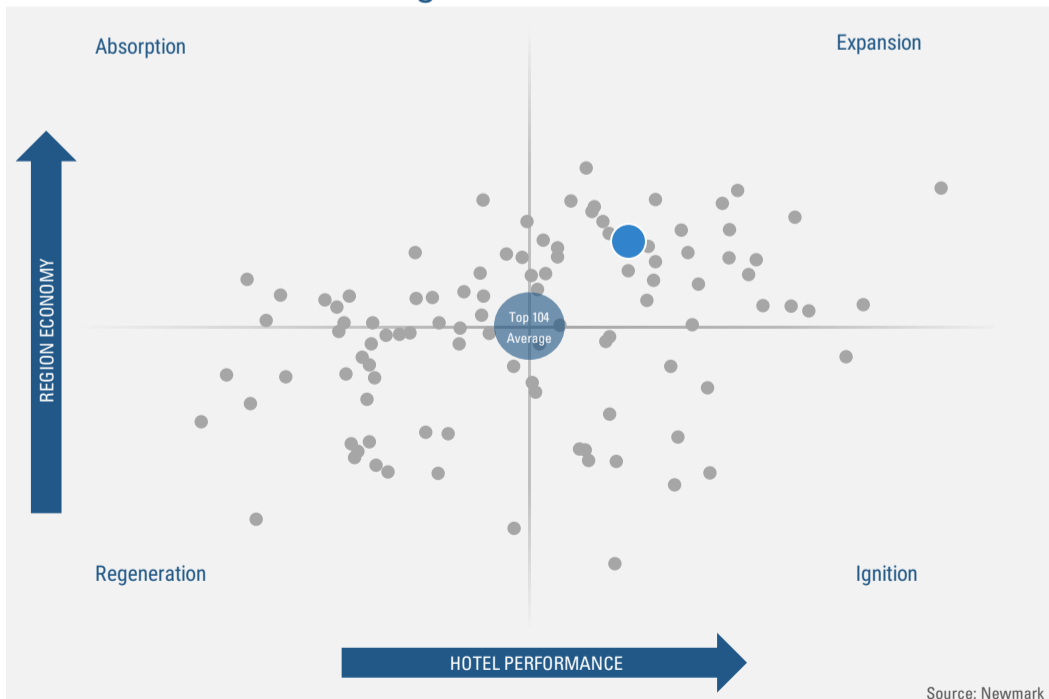
Notable Metrics

HIGHEST	T12-Month COPE ADR Percentage	Latest-Quarter Occupancy	Latest-Quarter COPE RevPAR
	4th Strong	8th Strong	8th Strong
	Phoenix, AZ benefited from strong T12-month COPE ADR percentage (93.6%)	The market enjoyed strong latest-quarter occupancy (77.7%)	The market also benefited from strong latest-quarter COPE RevPAR (\$164.64)
LOWEST	Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR	Feeder Group Earnings per sold room
	91st Soft	76th Below Average	68th Below Average
	This market has been burdened by high latest-quarter booking costs (\$13.72)	The market was burdened by high T12-month booking costs POR (\$10.83)	Phoenix, AZ also has low feeder group earnings per sold room (\$4,052,200)

Notable Trends

STRONGEST	Short-Term Historical Loyalty Contribution Growth	Short-Term Historical Guest Paid ADR Growth	Long-Term Historical Loyalty Contribution Growth
	14th Above Average	15th Above Average	16th Above Average
	Phoenix, AZ enjoyed strong short-term historical loyalty contribution growth (5.5%)	The market exhibited strong short-term historical Guest Paid ADR growth (4.7%)	The market also exhibited strong long-term historical loyalty contribution growth (5.1%)
WEAKEST	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Average Length of Stay Growth
	92nd Soft	89th Below Average	86th Below Average
	The market exhibited weak long-term historical average length of stay growth (-0.8%)	We note this area has been impeded by high short-term historical growth in booking costs (4.9%)	Phoenix, AZ also exhibited weak short-term historical average length of stay growth (-0.3%)

Market Performance Stage



Phoenix, AZ: Expansion Stage

The Phoenix, AZ 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:
 Employment Growth (2 yr):
 Risk Exposure (402 US markets):
 Key Industry Notes:

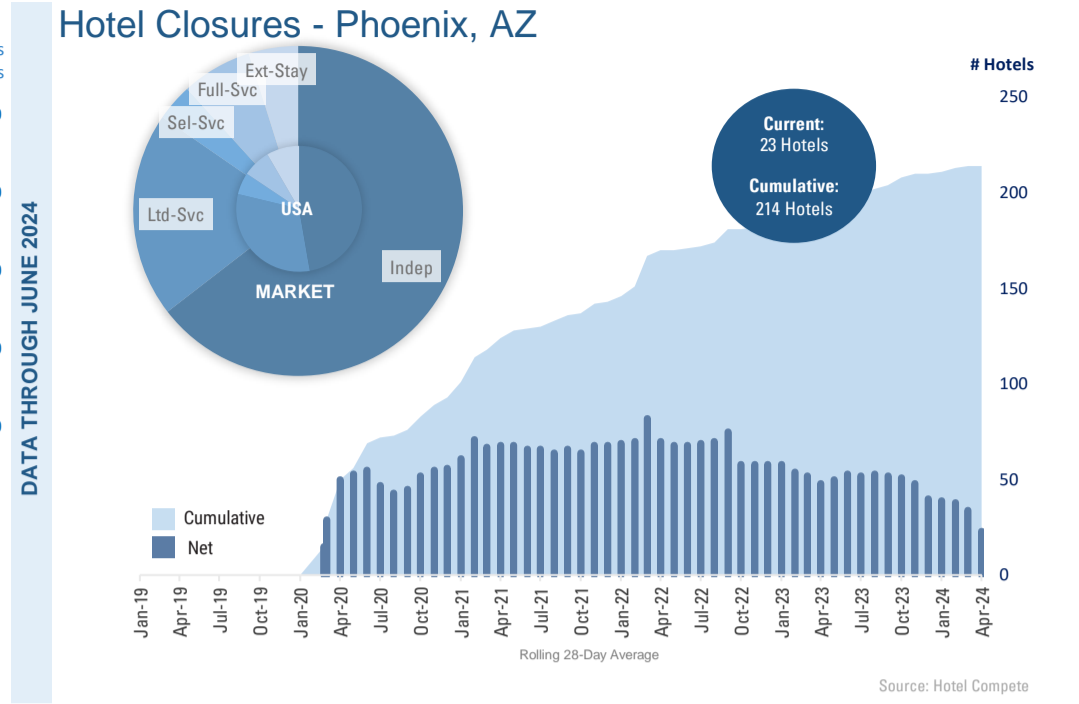
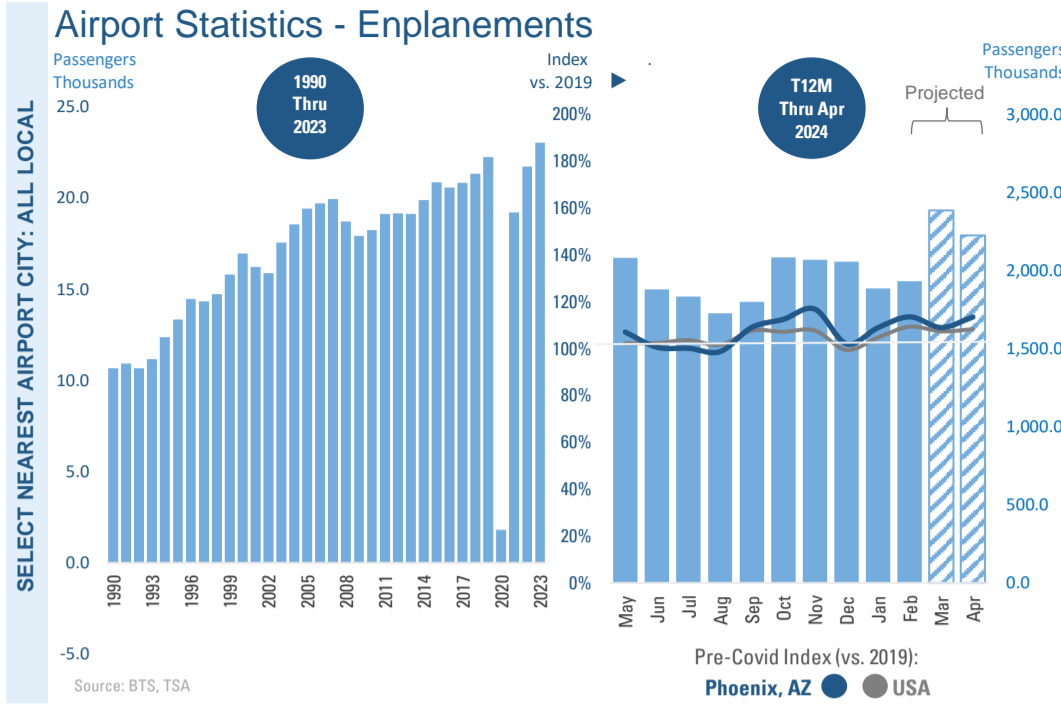
At Risk
 1.4%
 12th Percentile: Below Average
 Hub for relocation of banks
 Robust population growth
 Lower business costs
 High cyclicality in businesses
 Lower wages than the West

Moody's Rating

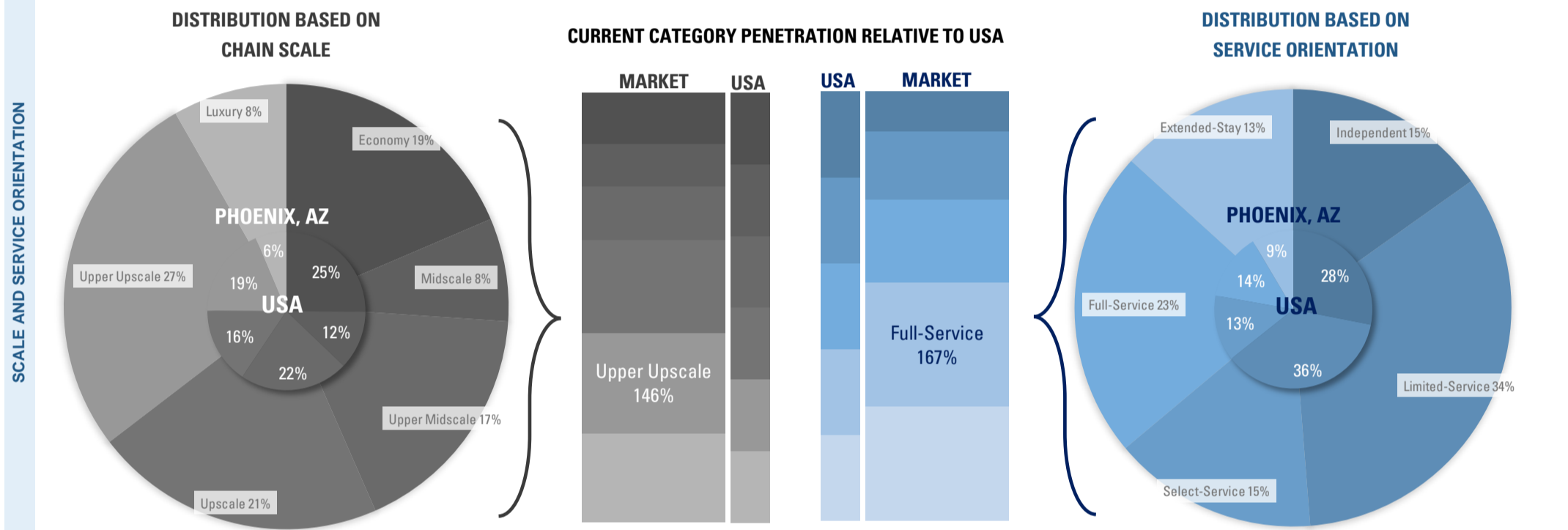
Aa1
 Investment Grade

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

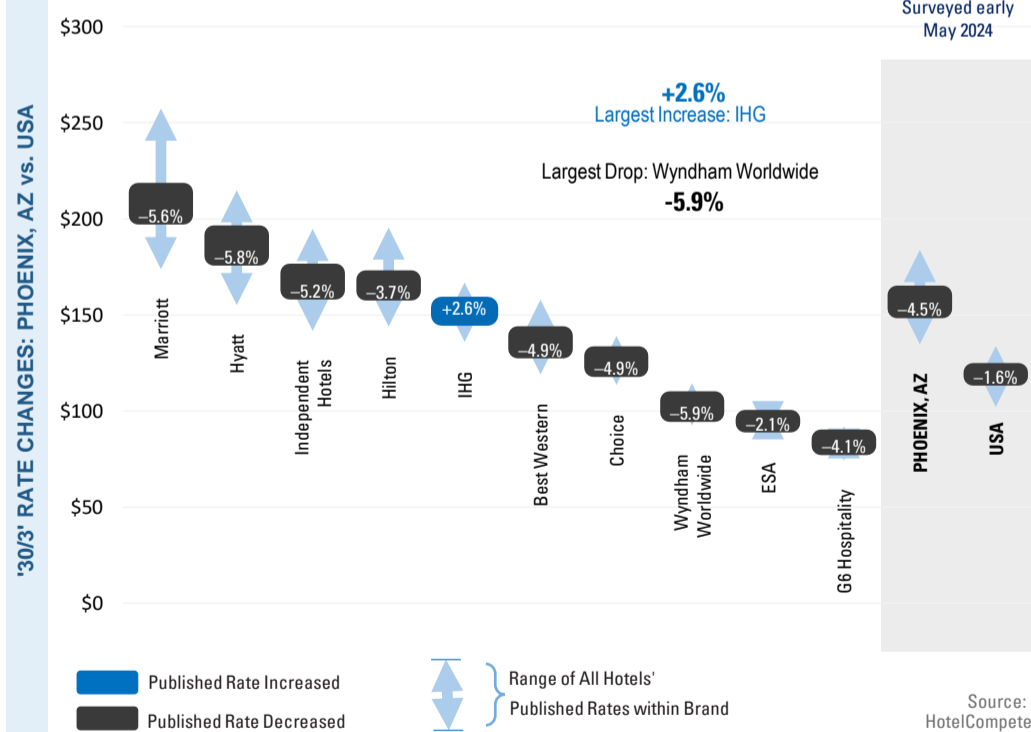




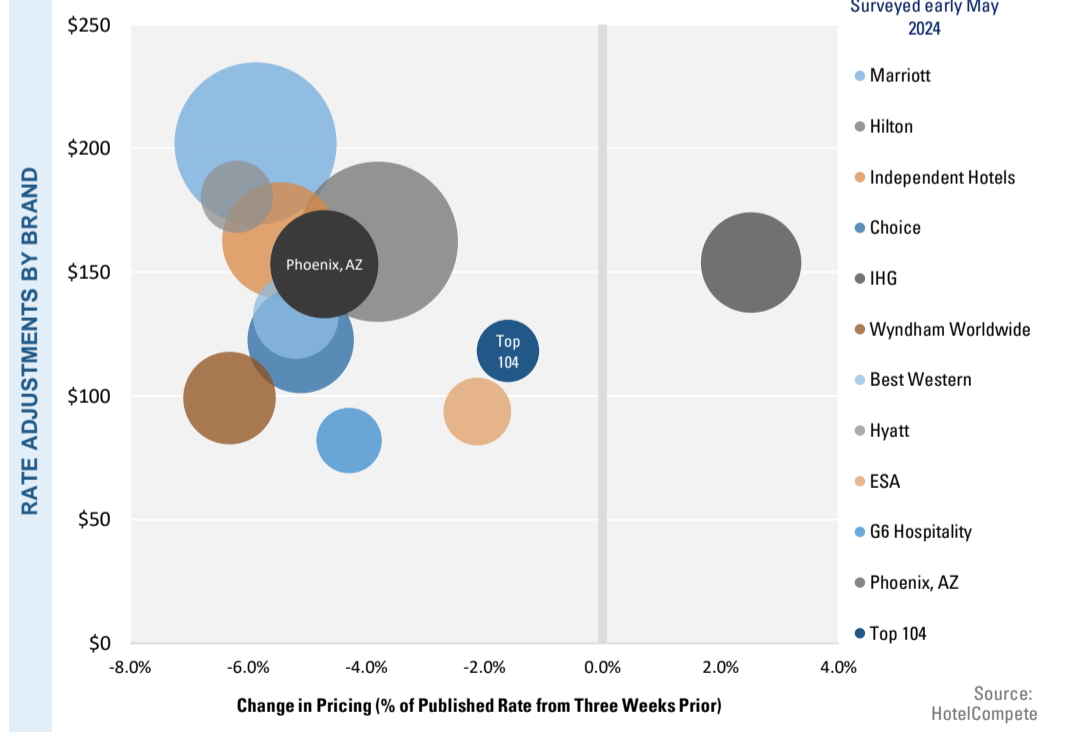
Scale and Service Distribution: Phoenix, AZ



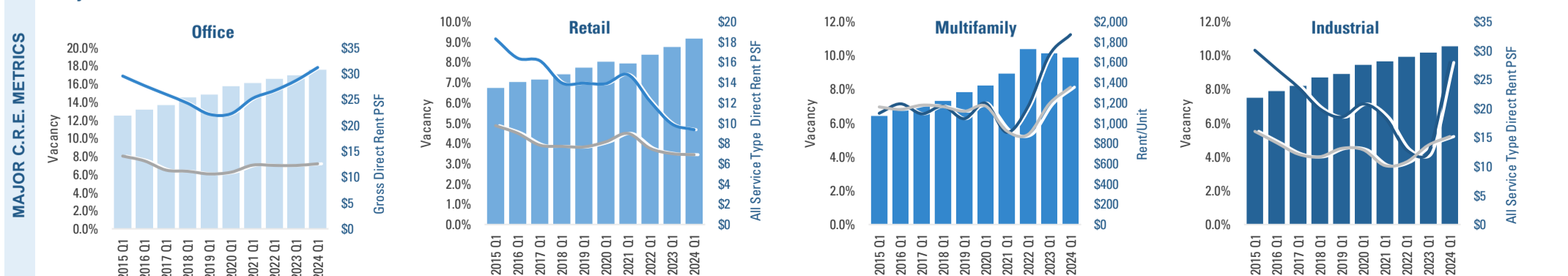
Published Rates: Top 10 Brands



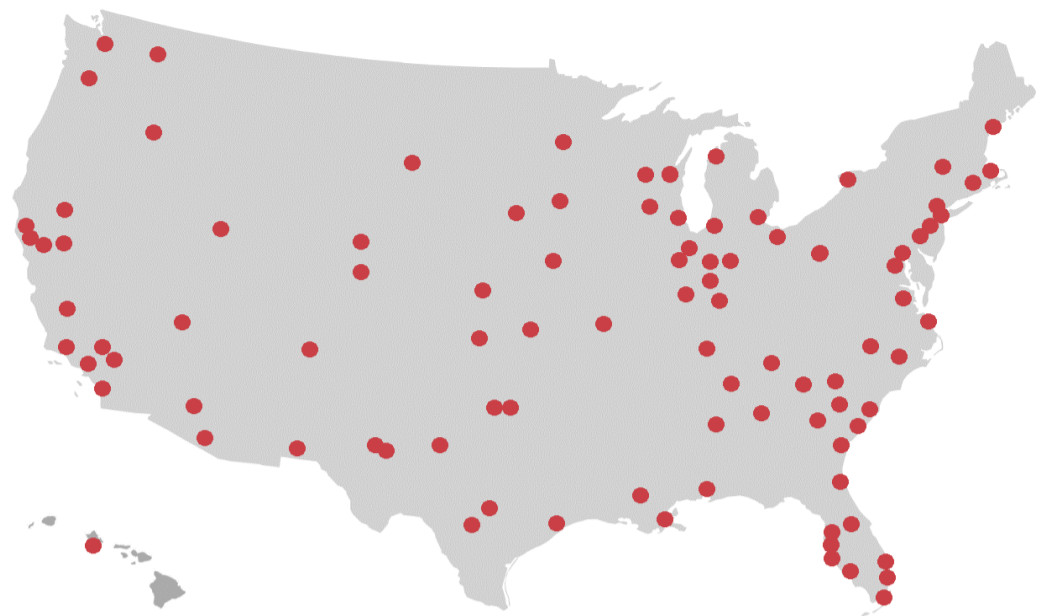
Published Rates: Volatility



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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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

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Property Tax

We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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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: SOUTHWEST MARKETS

FOR MORE INFORMATION

Chad Eschmeyer
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southwest Markets
Dir 602.315.5888
chad.eschmeyer@nmrk.com

Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
M 773.263.4544
bryan.younge@nmrk.com

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