

NEWMARK

1Q 2024

Hotel Market Nsights Report

PITTSBURGH, PA



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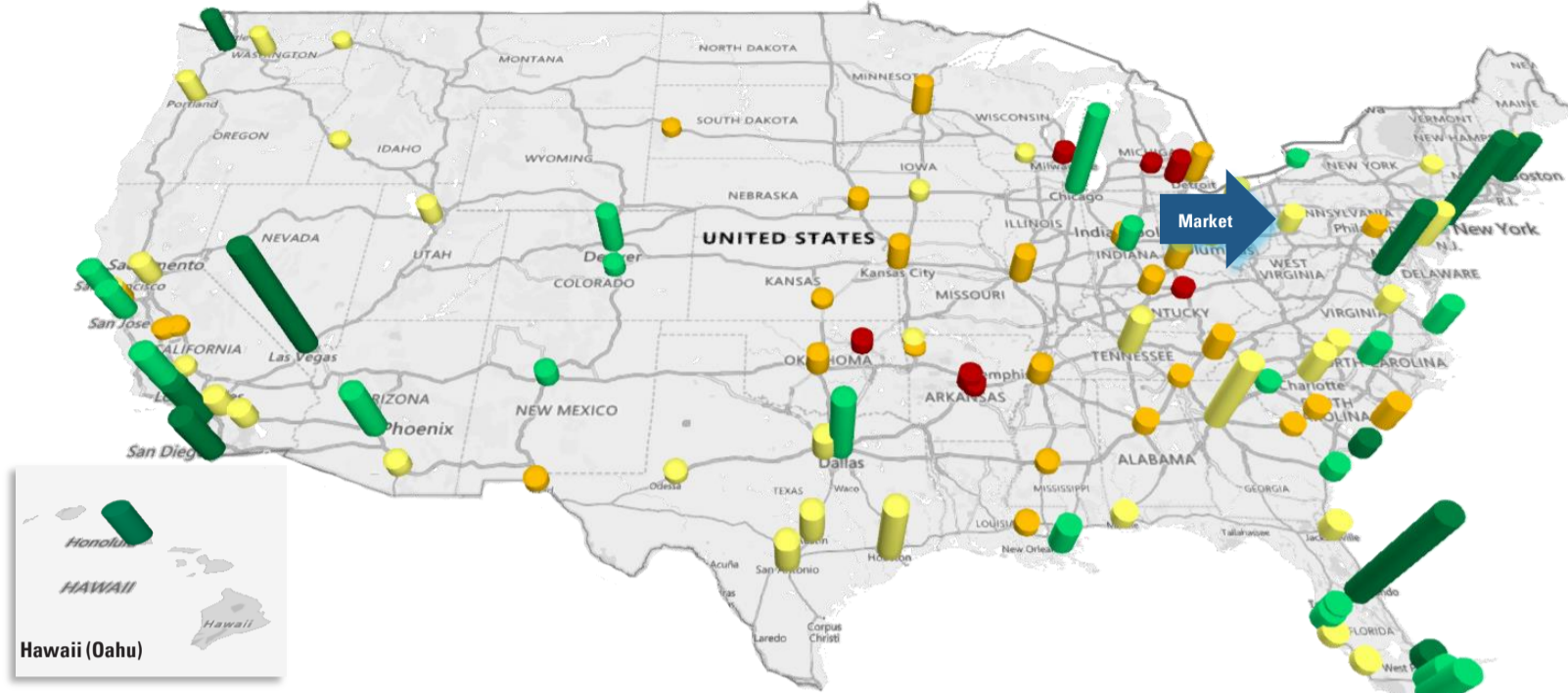
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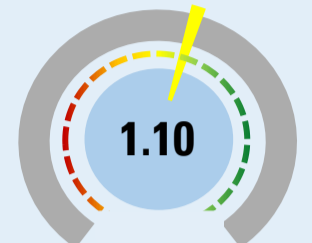


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

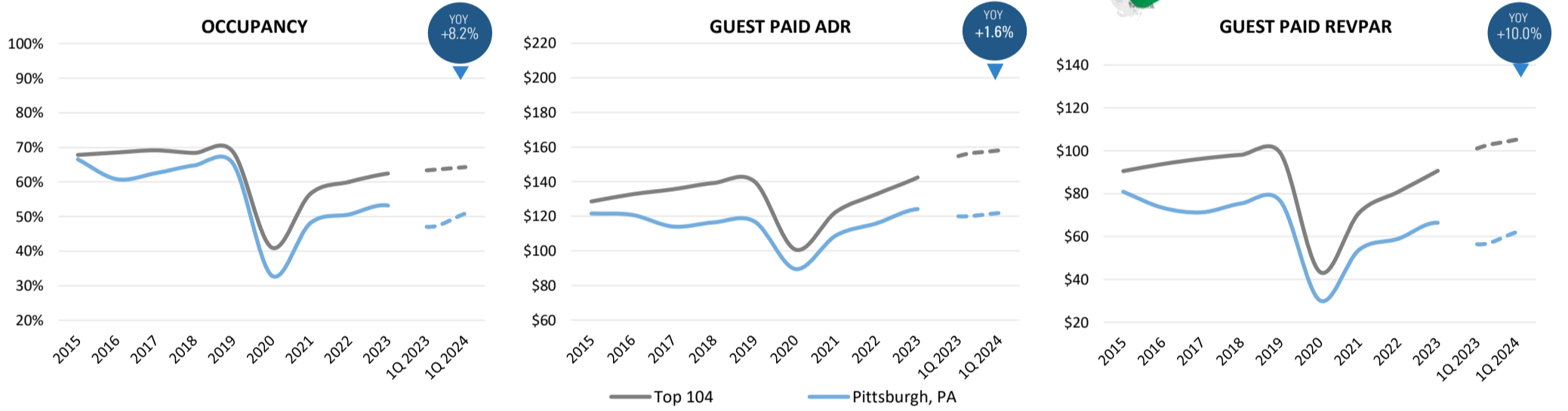
Pittsburgh, PA



40th of 104 Average

Ranking of overall '1Q 2024 LPI' performance (1.10) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

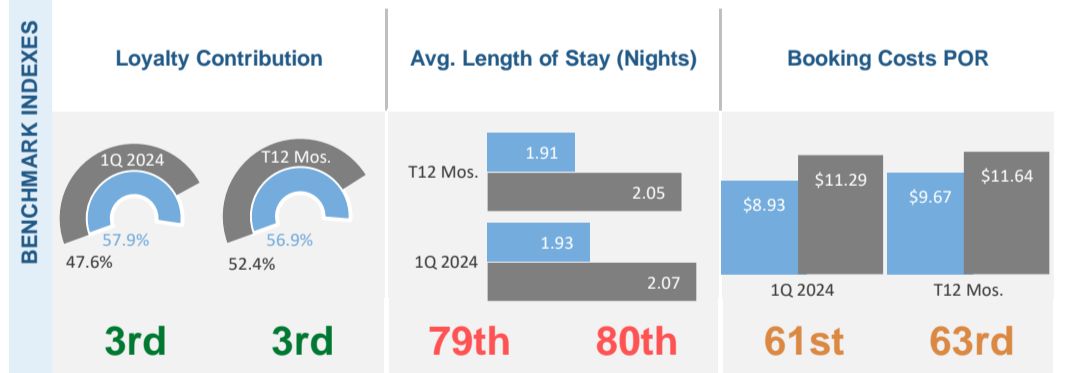


PERFORMANCE INDEXES

Key Performance Indexes

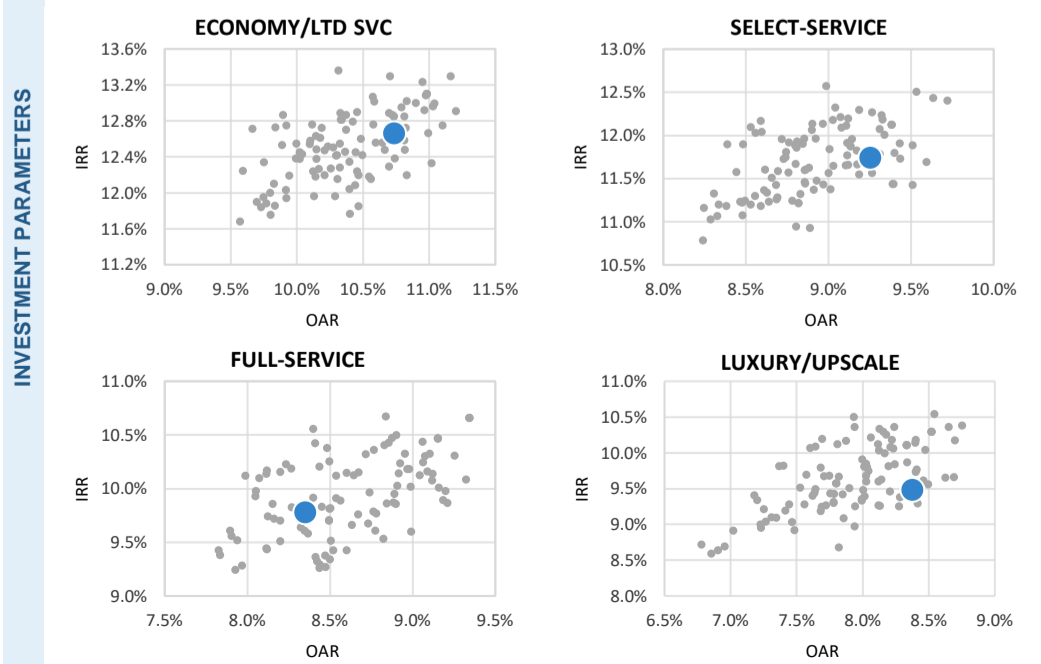


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

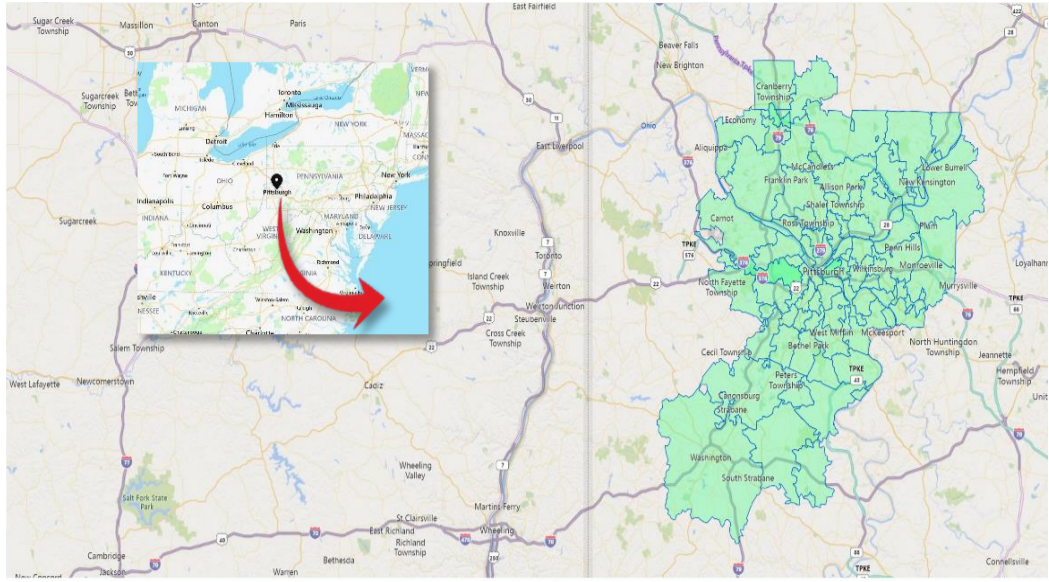


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Pittsburgh	
County:	Allegheny County	
State:	Pennsylvania	
Geo Coordinates (market center):	40.44062, -79.99589	

Major Hotel Demand Generators
 UPMC Health System | Highmark Inc. | University of Pittsburgh | The PNC Financial Services Group Inc. | Wal-Mart Stores Inc. | Giant Eagle Inc. | BNY Mellon Corp. | Exela Health | Carnegie Mellon University | United States Steel Corp. | Eat 'n Park Hospitality Group Inc. | FedEx Corp. | Sears Holdings | Consol Energy Inc. | Westinghouse Electric Co. | Verizon Communications | Allegheny Technologies Inc. | Bechtel Group | Target Corp. | Home Depot

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,219,073	49th of 104 (Average)
Income per Capita	\$44,092	70th of 104 (Below Average)
Feeder Group Size	86.5 Persons PSR	68th of 104 (Below Average)
Feeder Group Earnings	\$3,814,941 PSR	56th of 104 (Average)
Total Market Hotel Revenues	\$695.6 million	54th 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	66.5%	\$121.60	\$80.89	\$112.18	\$74.62	\$9.43	92.2%	49.4%	1.97	20,240	1.19
2016	60.8%	\$120.78	\$73.43	\$110.84	\$67.39	\$9.94	91.8%	52.9%	1.87	21,630	0.70
2017	62.5%	\$114.04	\$71.29	\$104.37	\$65.24	\$9.67	91.5%	54.5%	1.88	22,600	0.85
2018	64.8%	\$116.44	\$75.42	\$106.78	\$69.17	\$9.65	91.7%	56.4%	1.88	23,330	1.21
2019	65.4%	\$116.95	\$76.44	\$107.17	\$70.04	\$9.78	91.6%	60.7%	1.85	24,230	1.00
2020	33.0%	\$89.50	\$30.24	\$83.48	\$27.51	\$6.03	93.3%	47.4%	2.24	23,610	0.53
2021	48.1%	\$108.92	\$53.82	\$101.29	\$48.75	\$7.63	93.0%	48.1%	2.09	23,750	0.68
2022	50.6%	\$115.97	\$58.99	\$107.69	\$54.50	\$8.28	92.9%	50.2%	2.00	23,750	0.65
2023	53.2%	\$124.16	\$66.41	\$115.36	\$61.36	\$8.81	92.9%	51.9%	1.95	23,570	1.06
CAGR: 2015 thru 2023	-2.8%	0.3%	-2.4%	0.3%	-2.4%	-0.8%	0.1%	0.6%	-0.1%	1.9%	-1.5%
1Q 2023	47.0%	\$119.95	\$56.41	\$111.39	\$52.39	\$8.56	92.9%	56.5%	1.86	23,530	0.72
1Q 2024	50.9%	\$121.88	\$62.02	\$112.95	\$57.48	\$8.93	92.7%	57.9%	1.93	23,210	1.10

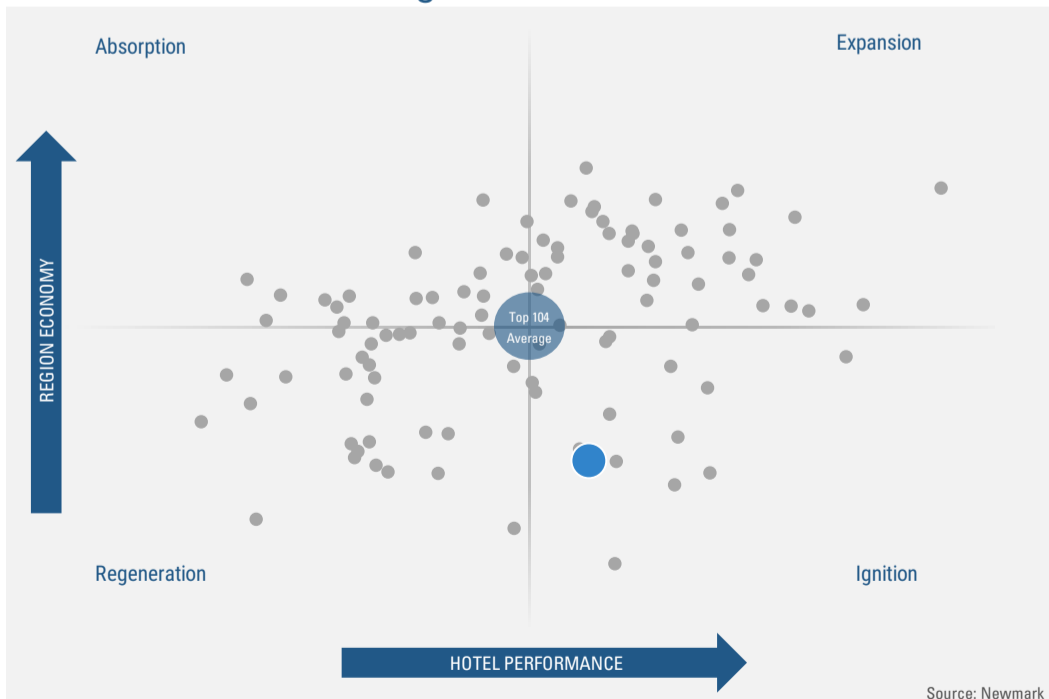
Notable Metrics

HIGHEST	Latest-Quarter Loyalty Contribution	T12-Month Loyalty Contribution	OAR: Full-Service
	3rd Very Strong Pittsburgh, PA exhibited strong latest-quarter loyalty contribution (57.9%)	3rd Very Strong The market exhibited strong T12-month loyalty contribution (56.9%)	27th Favorable The market also posted favorable OAR metrics in the full-service segment (8.4%)
	Latest-Quarter Occupancy	OAR: Luxury/Upscale	T12-Month Occupancy
LOWEST	94th Soft This market exhibited weak latest-quarter occupancy (50.9%)	87th Unfavorable The market exhibited unfavorable OAR metrics in the luxury/upscale segment (8.4%)	84th Below Average Pittsburgh, PA also has been hindered by weak T12-month occupancy (60.8%)

Notable Trends

STRONGEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	T12-Month Rooms Supply Growth
	6th Strong Pittsburgh, PA has benefited from low long-term historical booking costs POR growth (0.9%)	20th Above Average The market enjoyed low short-term historical growth in booking costs (1.6%)	28th Above Average The market also exhibited low rooms supply growth over the last 12 months (-1.4%)
	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE RevPAR Growth
WEAKEST	102nd Soft The market posted weak long-term historical COPE ADR growth (0.4%)	102nd Soft We note this area has been impeded by weak long-term historical Guest Paid ADR growth (0.4%)	101st Soft Pittsburgh, PA also posted weak long-term historical COPE RevPAR growth (-1.1%)

Market Performance Stage



Pittsburgh, PA: Ignition Stage

The Pittsburgh, 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.

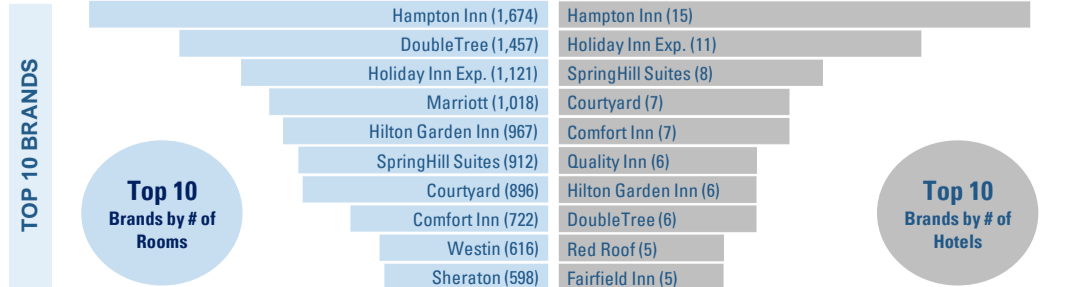
Other Stages:

- 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.

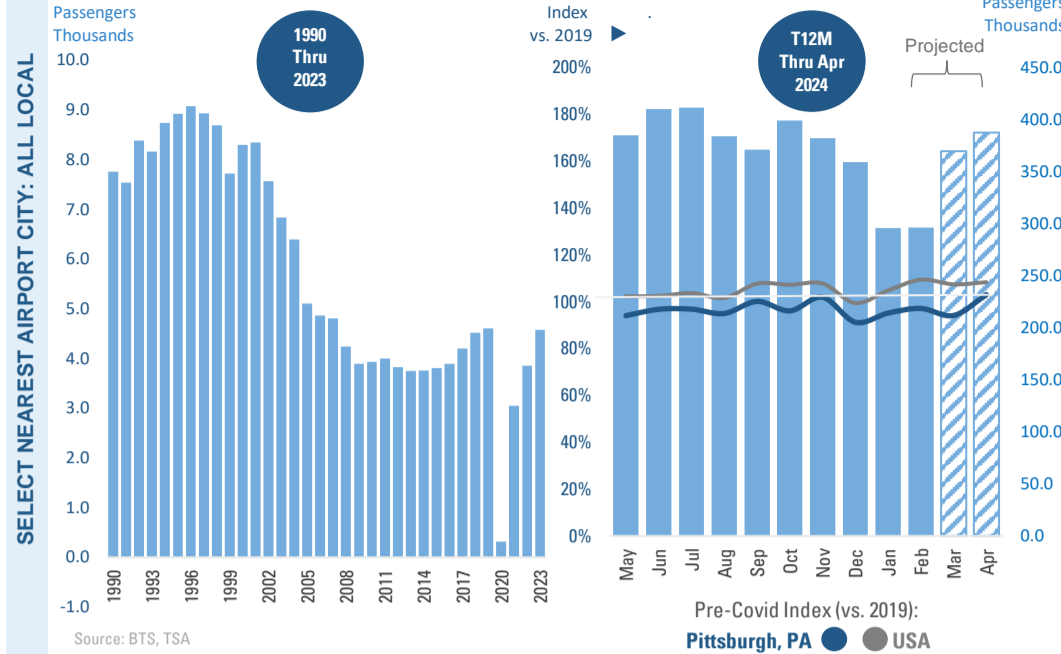
Industry Observations

MOODY'S ANALYTICS
 Business Cycle: **At Risk**
 Employment Growth (2 yr): **1.2%**
 Risk Exposure (402 US markets): **90th Percentile: Above Average**
 Key Industry Notes:
 Low employment volatility
 Top education & research institutions
 Negative net migration
 Aging infrastructure
 Subpar population trends

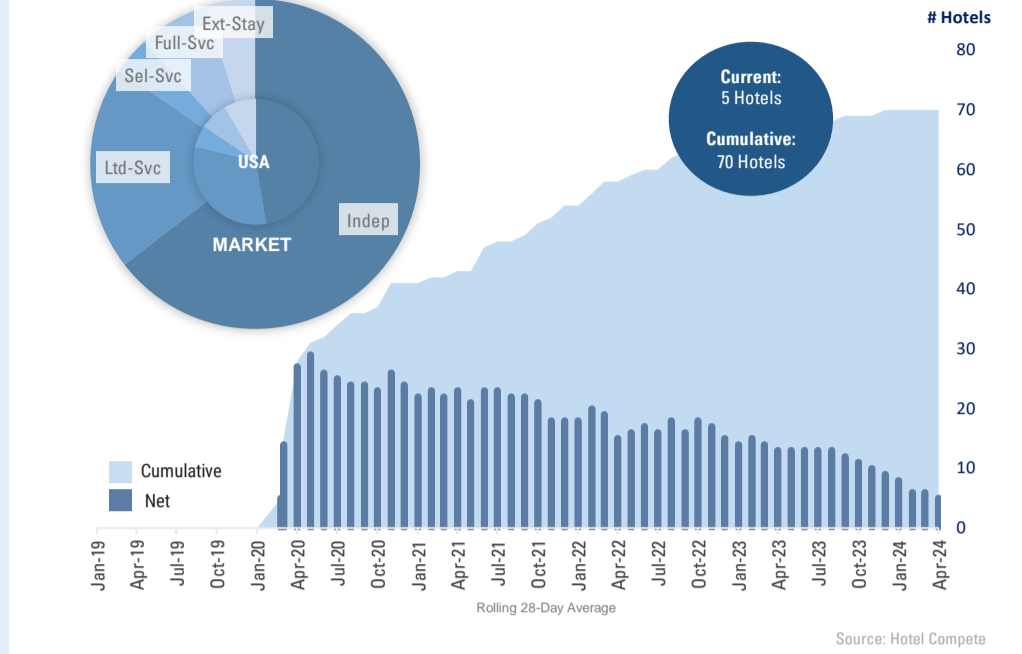
Moody's Rating
Aa3
 Investment Grade
 Long-term investment grade, Prime-1 short-term outlook



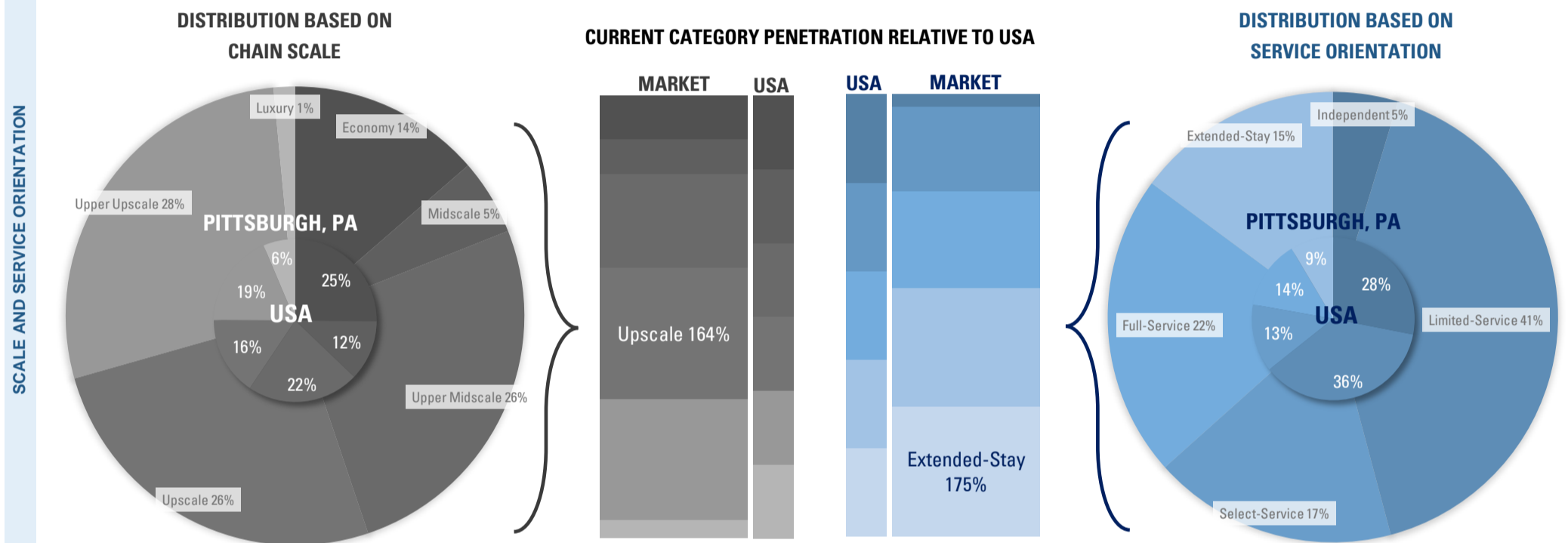
Airport Statistics - Enplanements



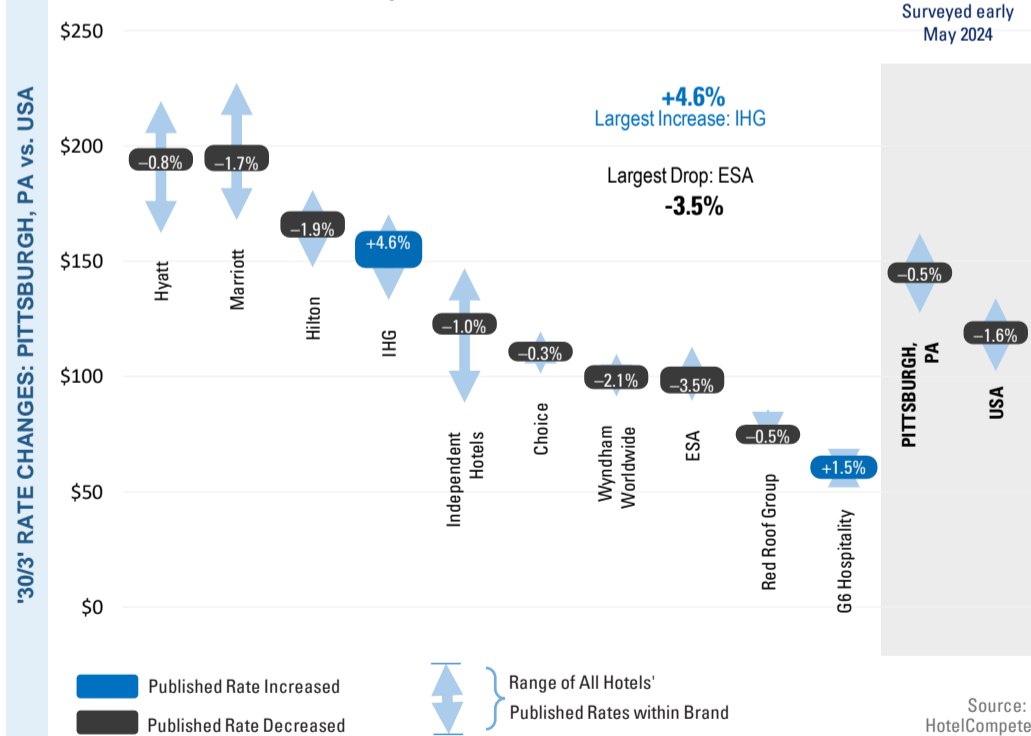
Hotel Closures - Pittsburgh, PA



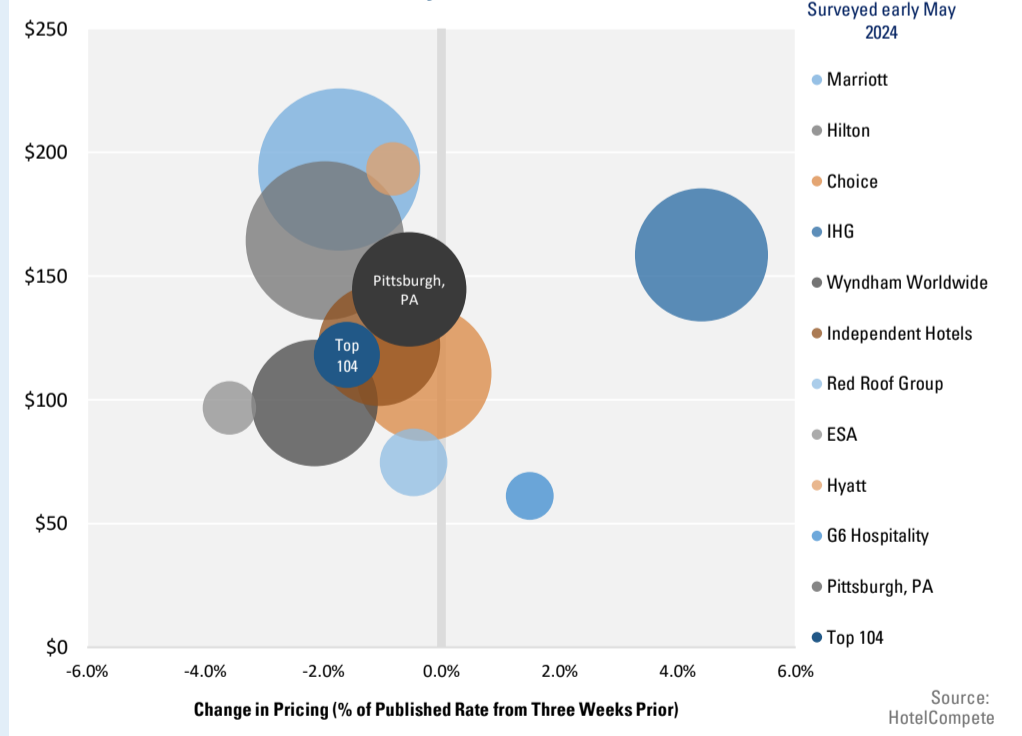
Scale and Service Distribution: Pittsburgh, PA



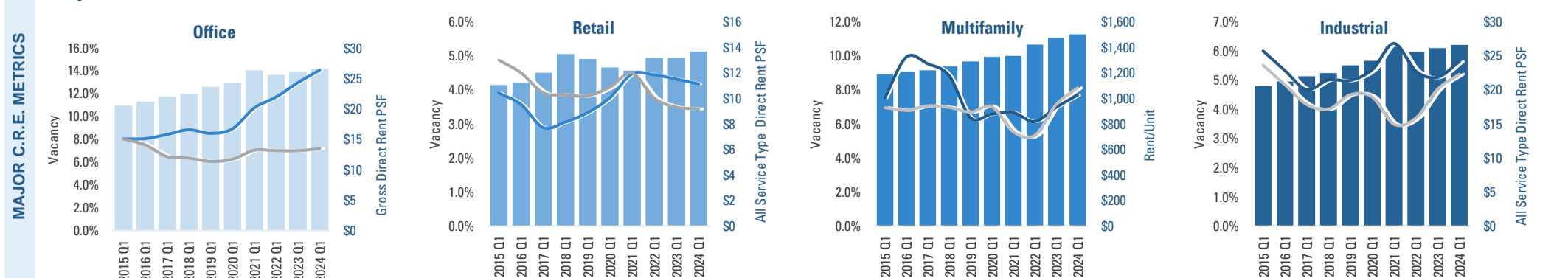
Published Rates: Top 10 Brands



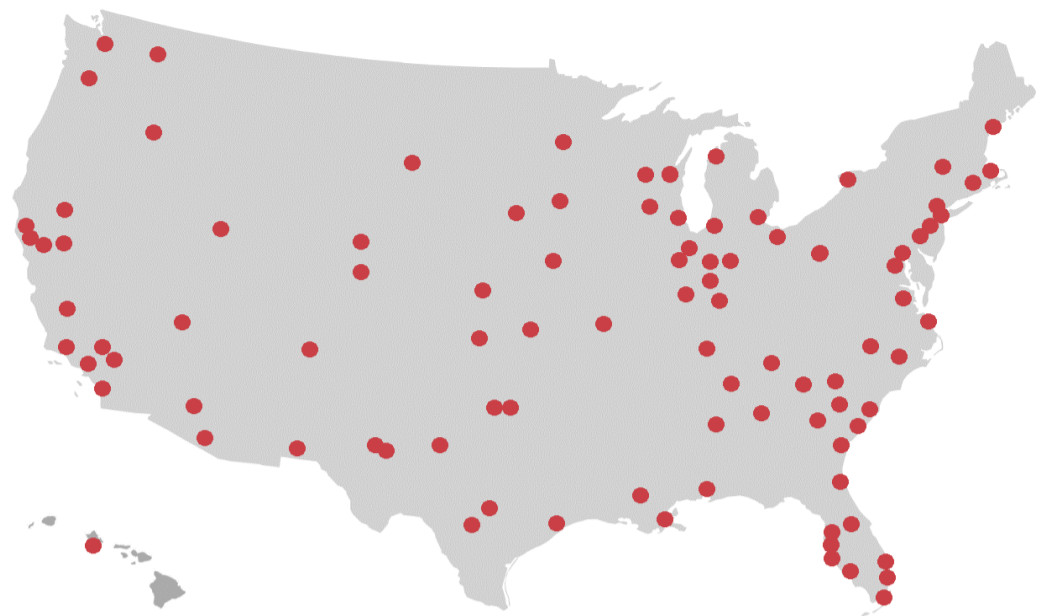
Published Rates: Volatility



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

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Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:

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Gaming Facilities

Arenas, Stadiums and Sports Facilities

Conference, Expo and Convention Centers

Golf Courses

Marinas

Ski and Village Resorts

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Economic Impact

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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.

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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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