

NEWMARK

1Q 2024

Hotel Market Nsights Report

RALEIGH, NC



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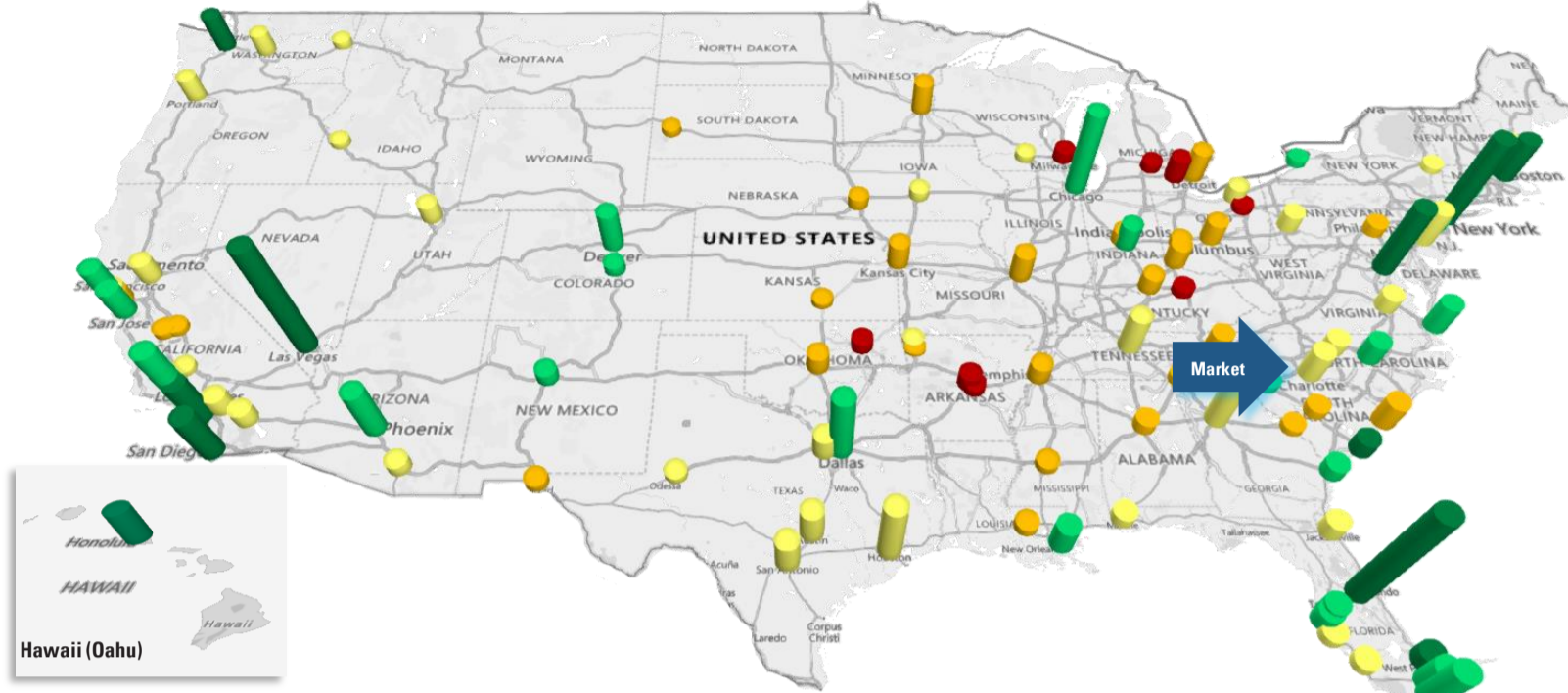
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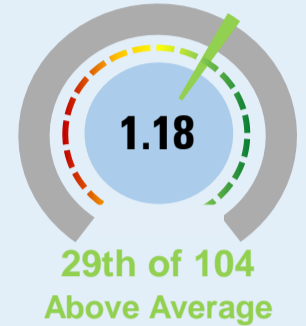


Lodging Performance Index Snapshot

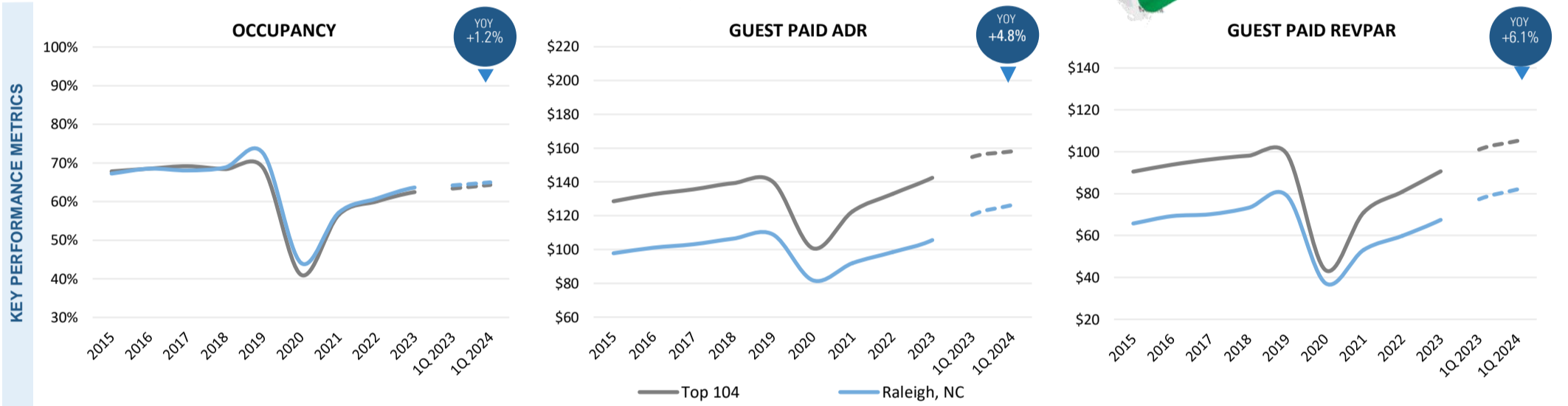


LODGING PERFORMANCE INDEX

Raleigh, NC



Ranking of overall '1Q 2024 LPI' performance (1.18) against all 104 surveyed markets.

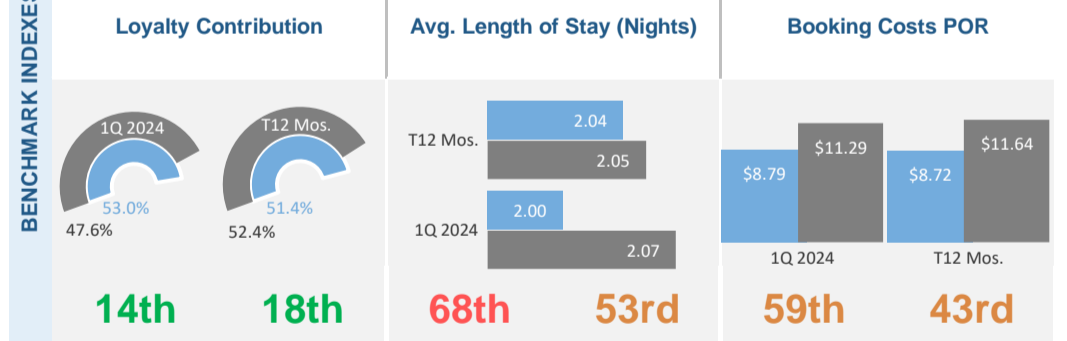


Key Performance Indexes

● Subject Market ● Top 104

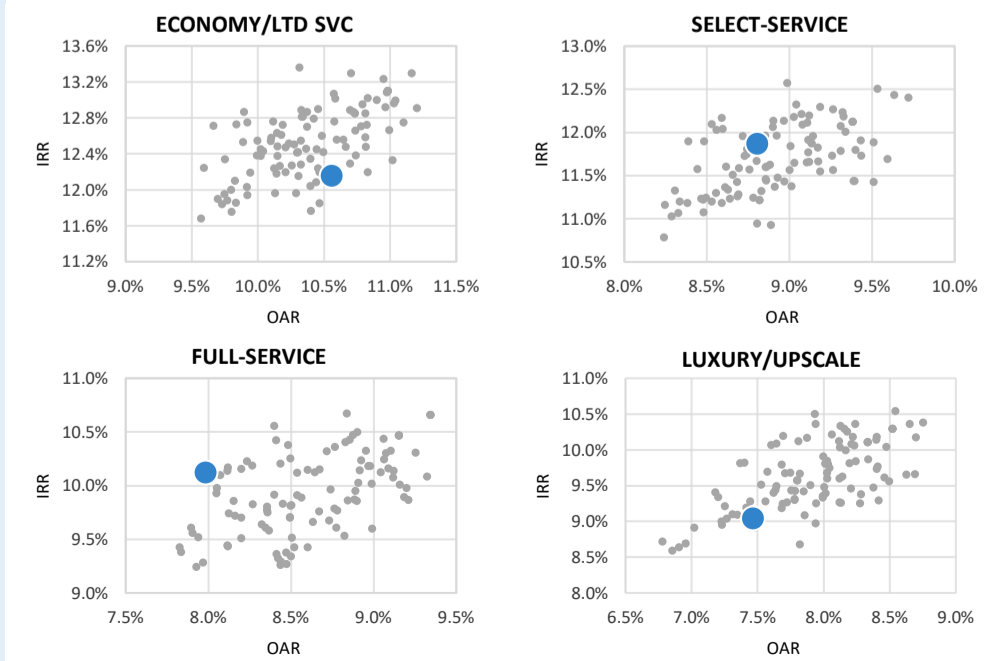


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

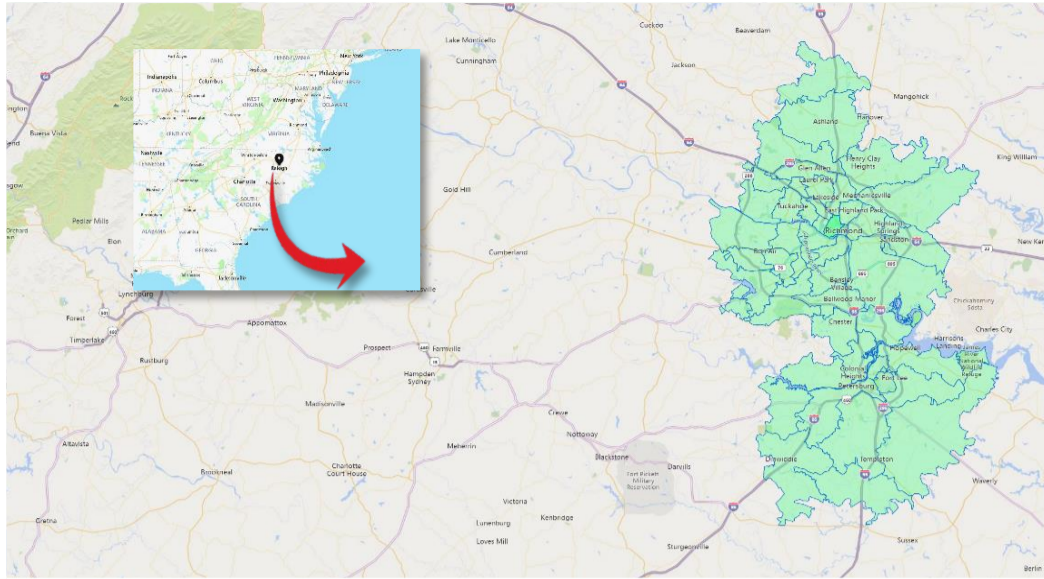


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Raleigh
 County: Durham County, Wake County
 State: North Carolina
 Geo Coordinates (market center): 35.8302, -78.64149

Major Hotel Demand Generators

IBM Corp. | WakeMed Health & Hospitals | North Carolina State University | Rex Healthcare | SAS Institute Inc. | Cisco Systems | Fidelity Investments | GSK Group | Duke Energy | Wells Fargo | IQVIA | Lowe's Cos. Inc. | Spectraforce Technologies Inc. | Wake Technical Community College | Lenovo | Progress Energy | First Citizens Bank | Grifols | Wal-Mart Stores Inc. | Target

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,387,222	45th of 104 (Average)
Income per Capita	\$61,505	15th of 104 (Above Average)
Feeder Group Size	68.5 Persons PSR	45th of 104 (Average)
Feeder Group Earnings	\$4,215,426 PSR	72nd of 104 (Below Average)
Total Market Hotel Revenues	\$922.2 million	43rd 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	67.2%	\$97.79	\$65.75	\$90.21	\$60.66	\$7.58	92.2%	50.1%	2.03	26,460	0.97
2016	68.5%	\$101.08	\$69.25	\$93.07	\$63.76	\$8.01	92.1%	52.1%	2.02	27,010	1.07
2017	68.0%	\$103.09	\$70.15	\$94.61	\$64.38	\$8.47	91.8%	54.8%	1.98	27,570	0.97
2018	68.8%	\$106.41	\$73.24	\$97.85	\$67.34	\$8.57	91.9%	56.5%	1.98	28,200	1.06
2019	72.5%	\$108.91	\$78.97	\$100.03	\$72.54	\$8.87	91.9%	59.8%	1.95	29,230	1.19
2020	44.1%	\$81.81	\$37.28	\$76.51	\$33.75	\$5.30	93.5%	39.4%	2.43	29,220	1.01
2021	57.1%	\$91.97	\$53.20	\$85.60	\$48.91	\$6.37	93.1%	43.2%	2.20	29,540	0.75
2022	60.8%	\$98.44	\$59.84	\$91.64	\$55.68	\$6.80	93.1%	44.1%	2.19	29,720	0.97
2023	63.6%	\$105.58	\$67.48	\$98.32	\$62.56	\$7.26	93.1%	45.2%	2.18	29,880	1.16
CAGR: 2015 thru 2023	-0.7%	1.0%	0.3%	1.1%	0.4%	-0.5%	0.1%	-1.3%	0.8%	1.5%	2.3%
1Q 2023	64.2%	\$120.47	\$77.32	\$112.21	\$72.02	\$8.27	93.1%	49.6%	2.03	29,690	1.05
1Q 2024	65.0%	\$126.29	\$82.05	\$117.50	\$76.34	\$8.79	93.0%	53.0%	2.00	29,610	1.18

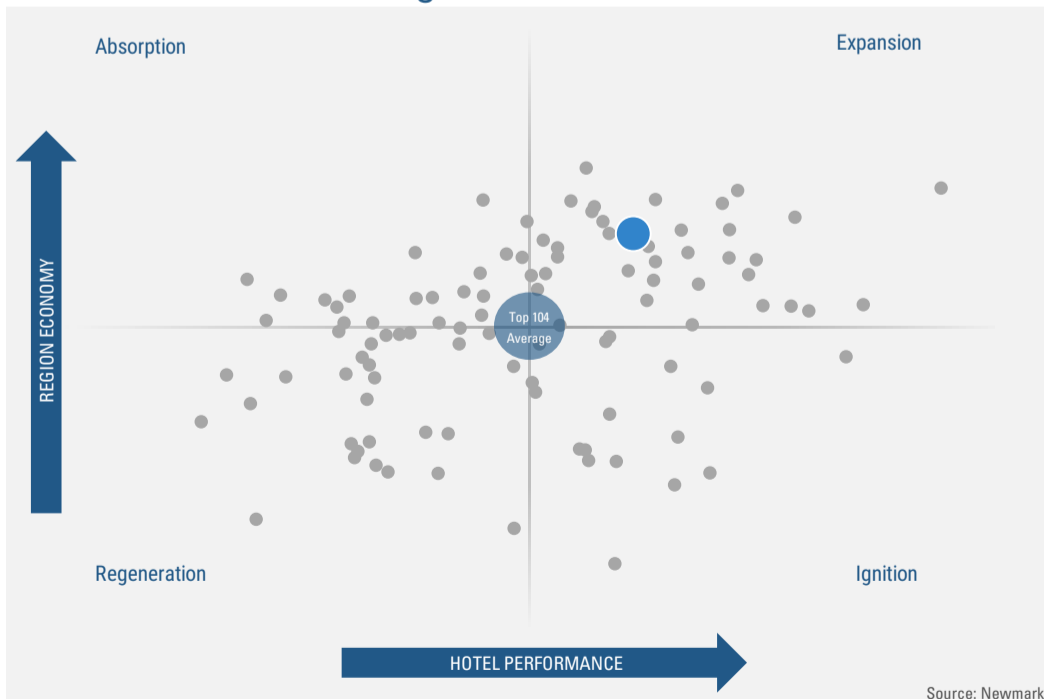
Notable Metrics

HIGHEST	OAR: Full-Service	Economy Median Income	Latest-Quarter Loyalty Contribution
	8th Highly Favorable	15th Above Average	14th Above Average
	Raleigh, NC posted favorable OAR metrics in the full-service segment (8.0%)	The market exhibited strong Economy Median Income (\$61,505)	The market also exhibited strong latest-quarter loyalty contribution (53.0%)
LOWEST	Feeder Group Earnings per sold room	Latest-Quarter Average Length of Stay	Latest-Quarter Average Length of Stay
	72nd Below Average	68th Below Average	68th Below Average
	This market has low feeder group earnings per sold room (\$4,215,426)	The market has been impeded by weak latest-quarter average length of stay (2.00 Nights)	Raleigh, NC also has been impeded by weak latest-quarter average length of stay (2.00 Nights)

Notable Trends

STRONGEST	General Economy Reversion	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth
	16th Above Average	17th Above Average	20th Above Average
	Raleigh, NC enjoyed strong general economic reversion (per-capita unemployment, GDP and other indicators)	The market enjoyed from strong long-term historical COPE ADR growth (3.3%)	The market also has benefited from strong long-term historical Guest Paid ADR growth (3.3%)
WEAKEST	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Supply Growth	Short-Term Historical Occupancy Growth
	77th Below Average	70th Below Average	70th Below Average
	The market has been hindered by weak long-term historical loyalty contribution growth (3.4%)	We note this area has been burdened by high short-term historical supply growth (0.9%)	Raleigh, NC also has been hindered by weak short-term historical occupancy growth (-1.1%)

Market Performance Stage



Raleigh, NC: Expansion Stage

The Raleigh, NC 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

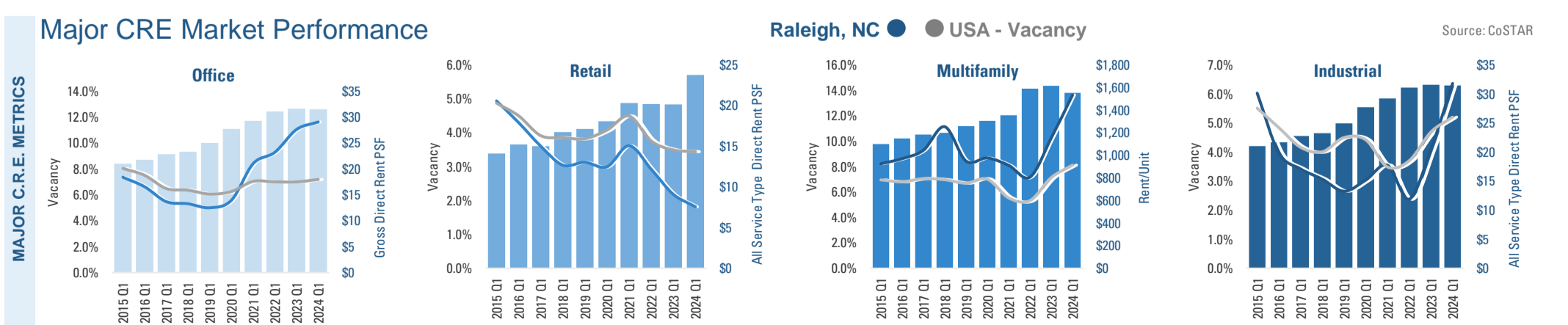
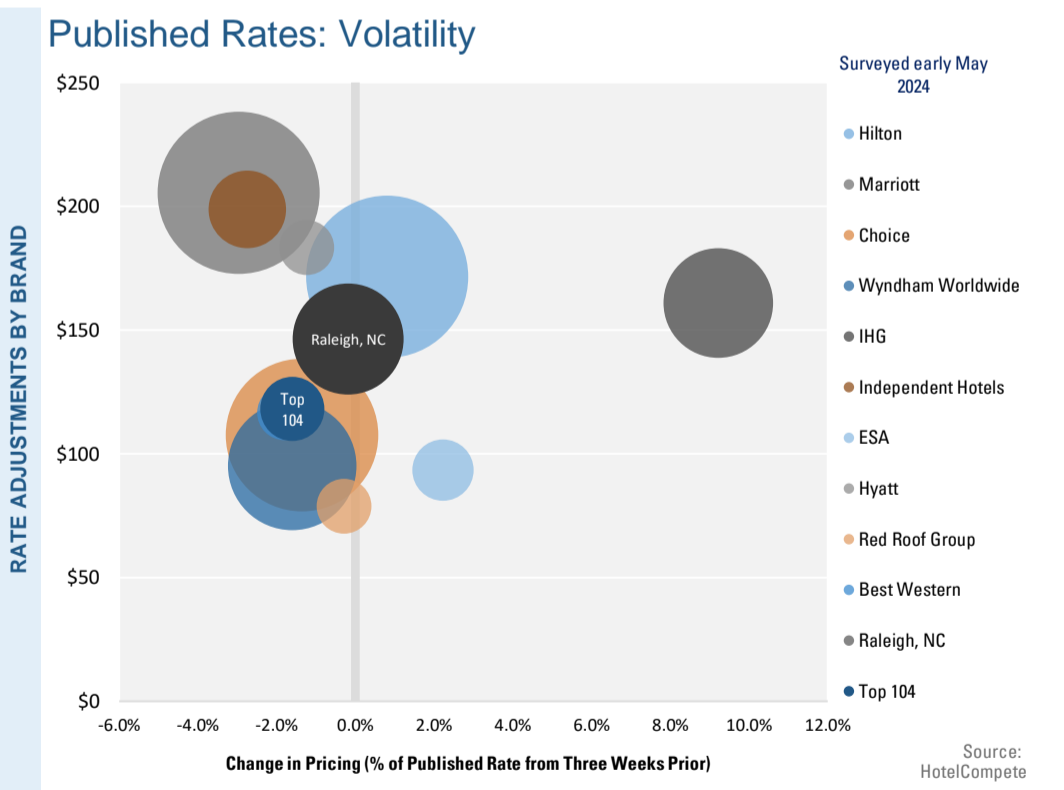
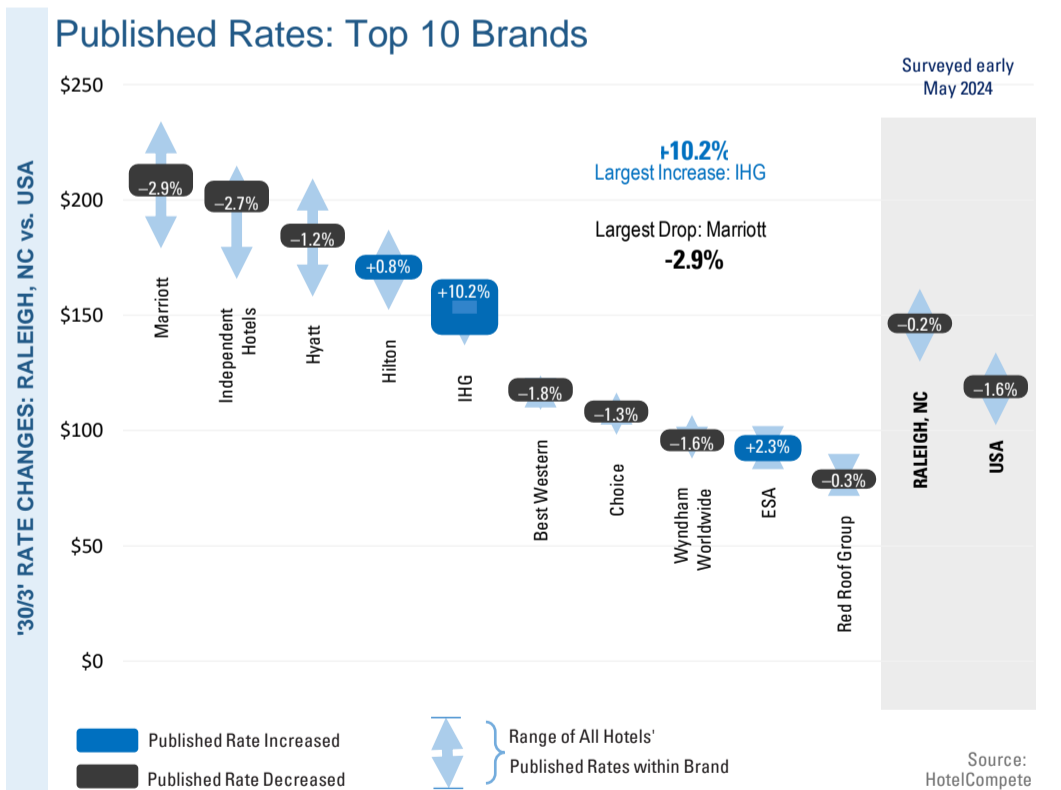
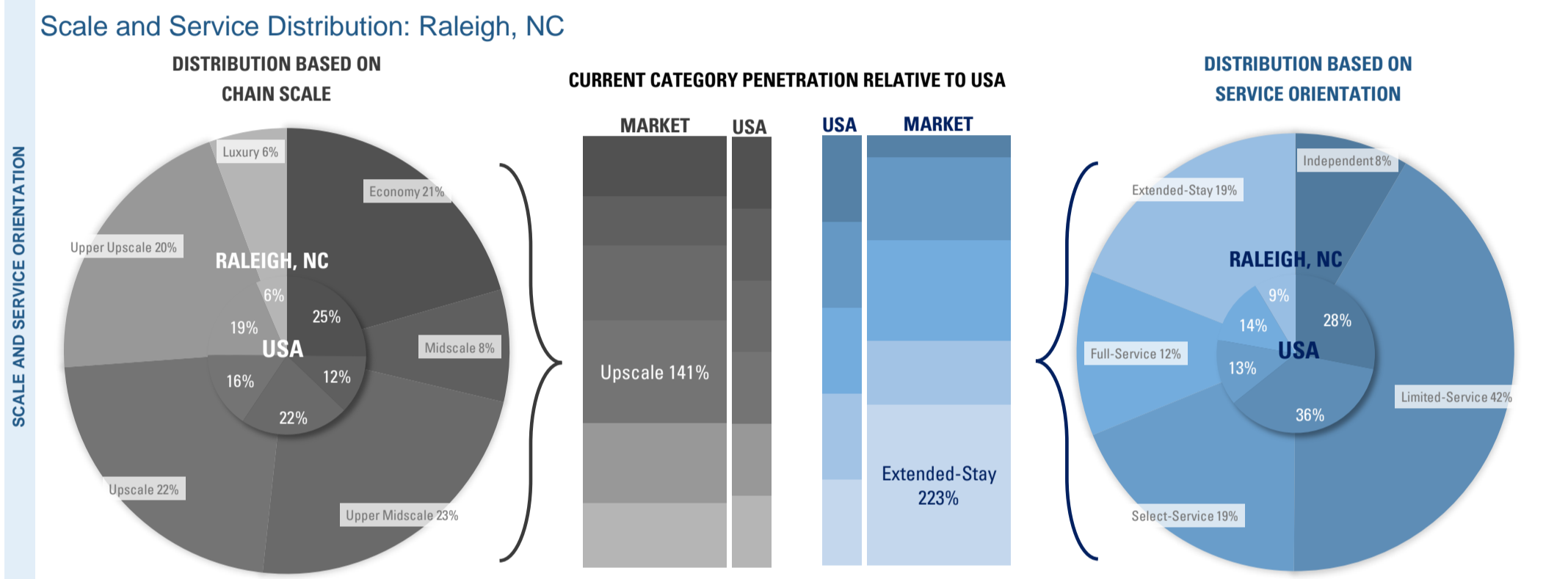
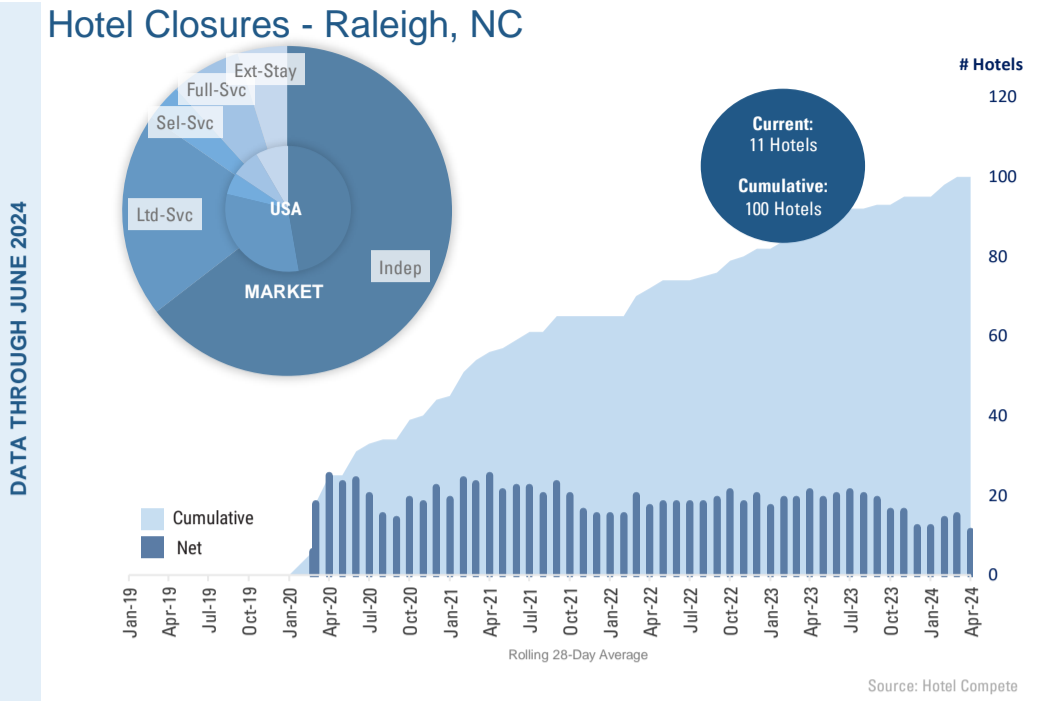
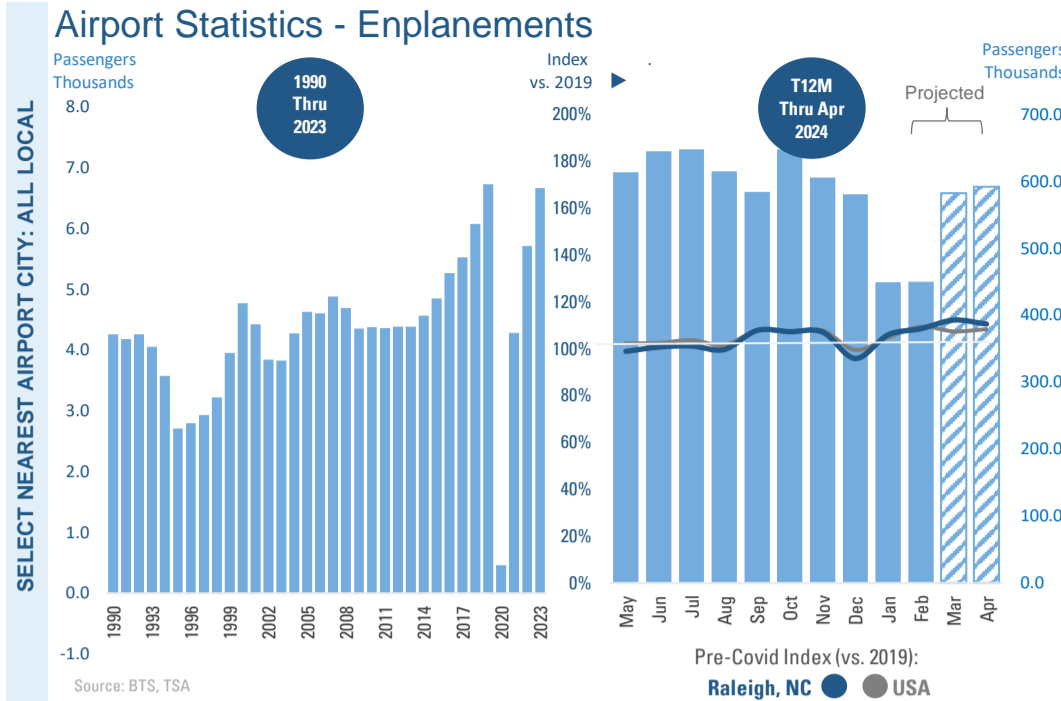
Business Cycle: **At Risk**
 Employment Growth (2 yr): **1.9%**
 Risk Exposure (402 US markets): **15th Percentile: Below Average**
 Key Industry Notes:
 Low business and living costs
 Strong and improving net migration
 High per capita income
 High employment volatility
 Strained infrastructure

Moody's Rating

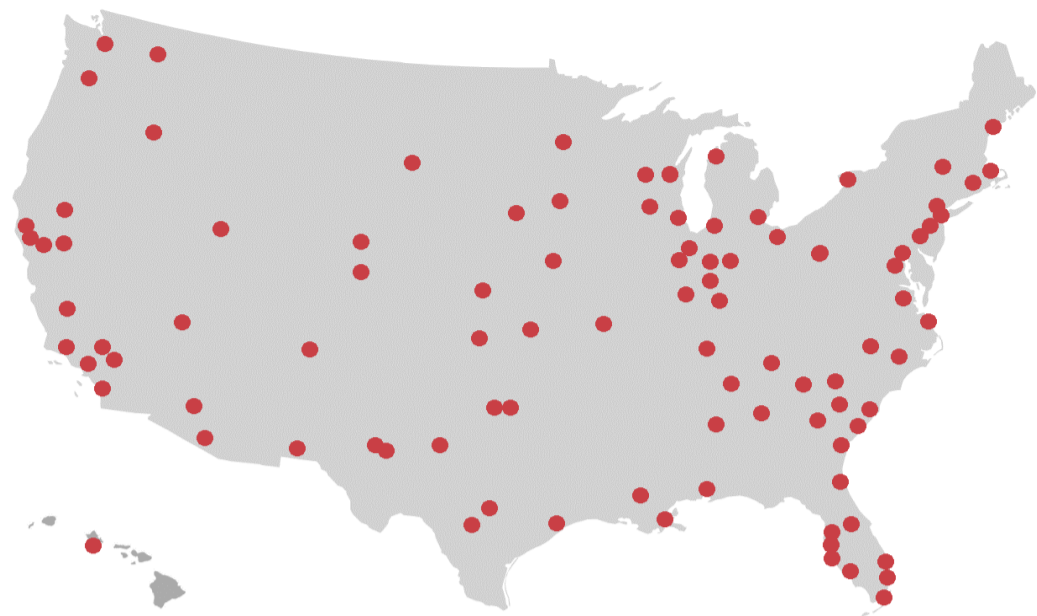
Aaa
Investment Grade

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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