

NEWMARK

1Q 2024

Hotel Market Nsights Report

SACRAMENTO, CA



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

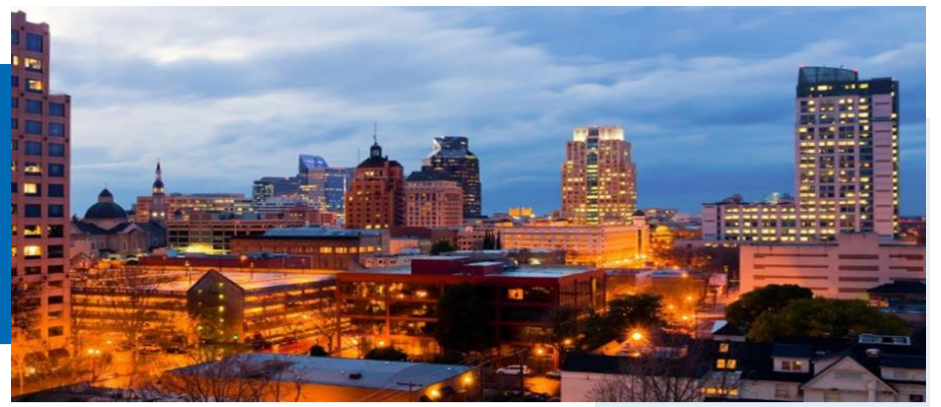
Hospitality, Gaming & Leisure

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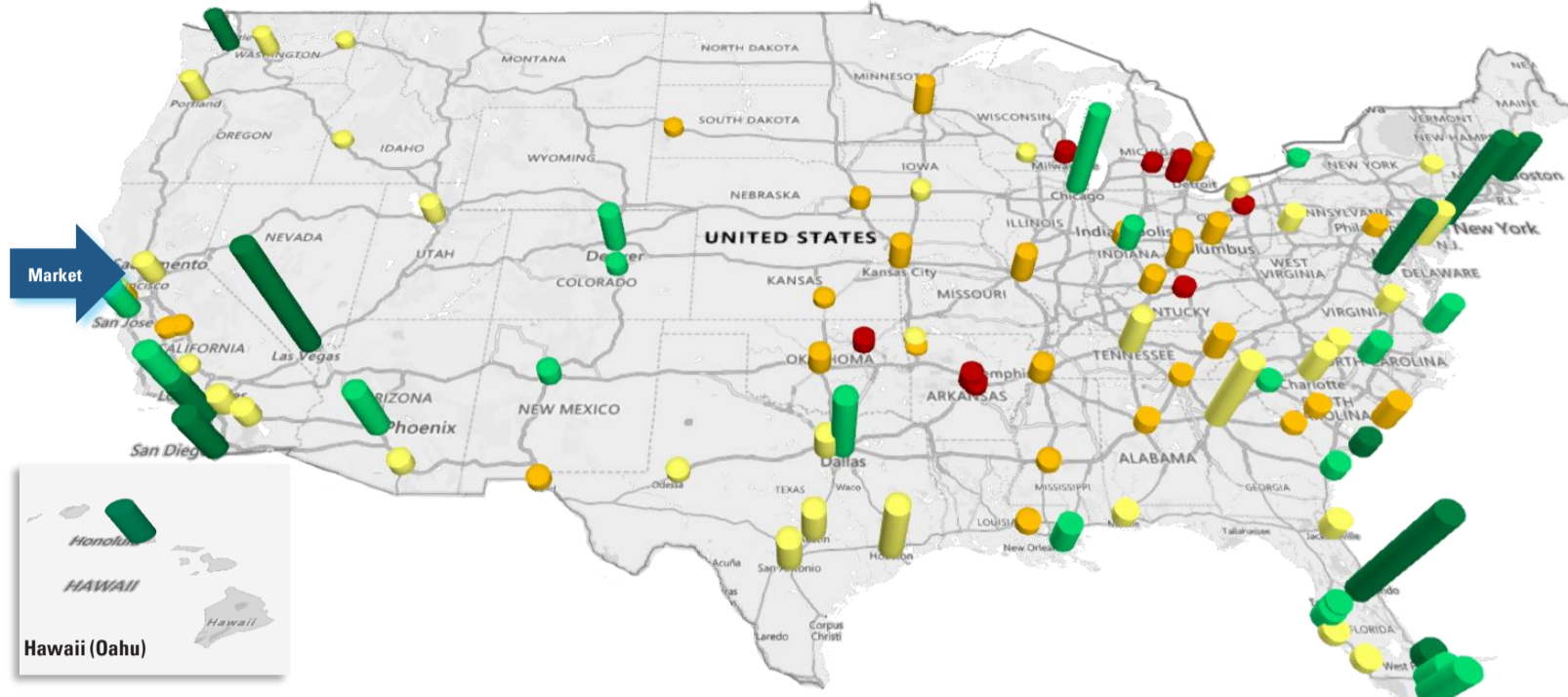
Northern California Markets

Dir 602.315.5888

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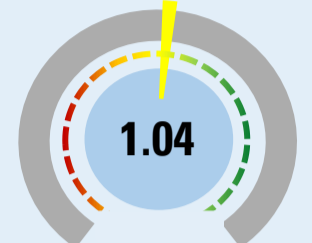


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

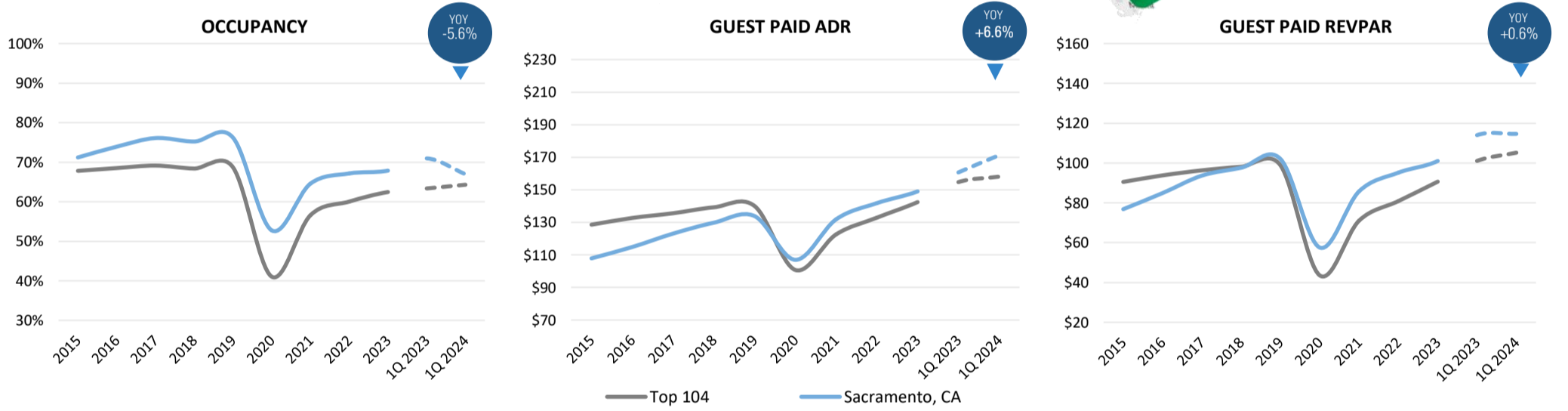
Sacramento, CA



50th of 104 Average

Ranking of overall '1Q 2024 LPI' performance (1.04) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

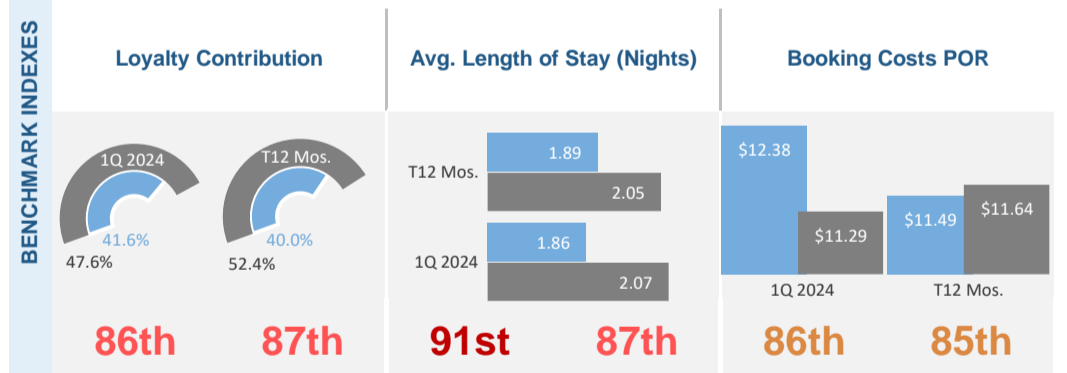


PERFORMANCE INDEXES

Key Performance Indexes

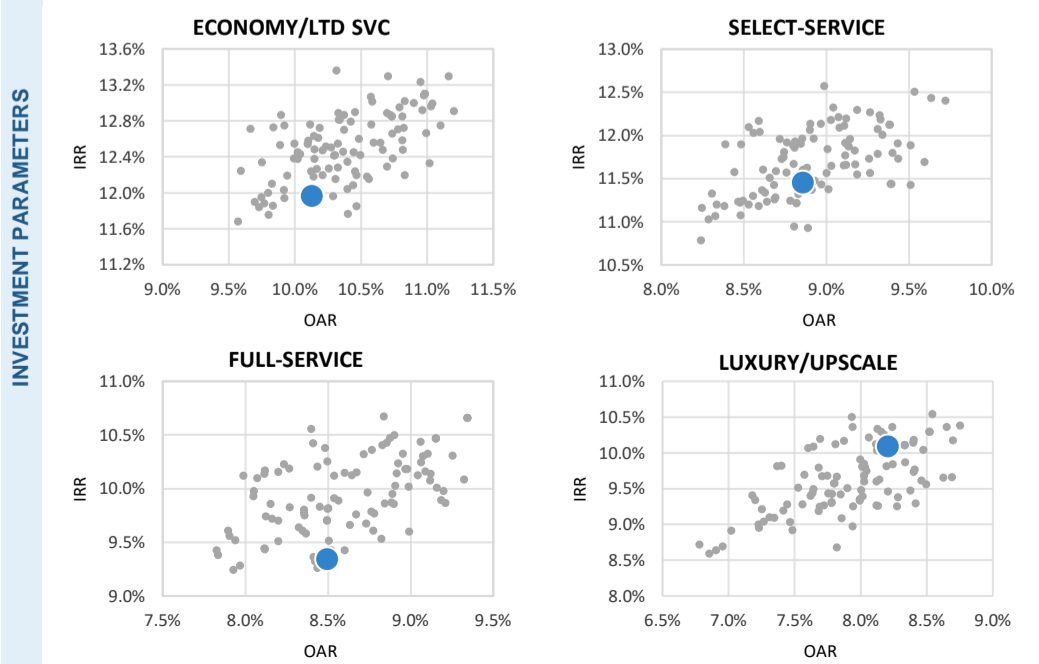


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

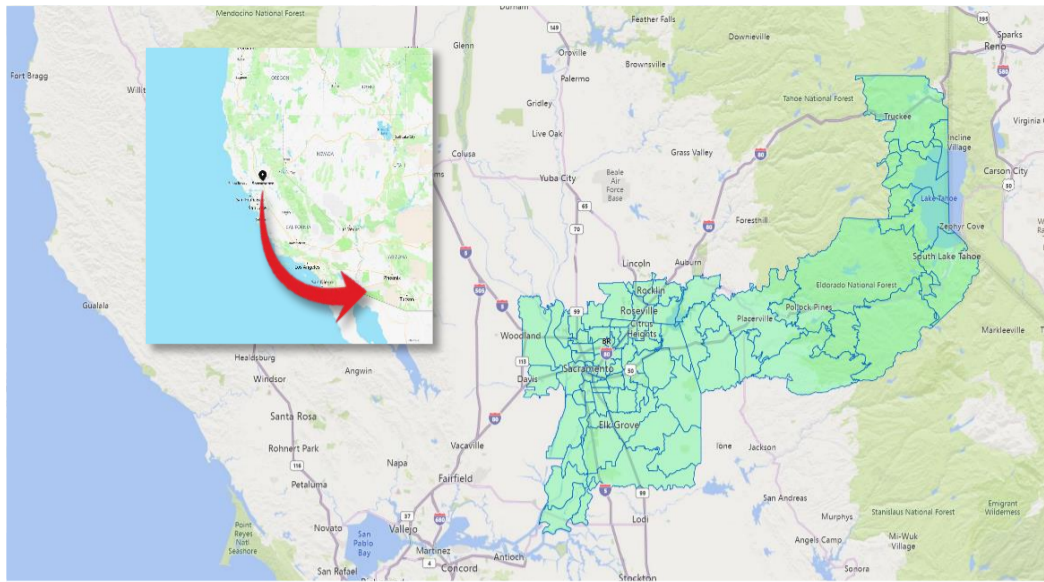


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Sacramento
 County: Sacramento County
 State: California
 Geo Coordinates (market center): 38.58157, -121.4944

Major Hotel Demand Generators

University of California, Davis and UC Davis Health | Kaiser Permanente | Sutter Health | Dignity Health | Intel Corp. | Raley's Inc. | California State University Sacramento | Thunder Valley Casino Resort | Apple Inc. | Squaw Valley Resort | VSP Global | Health Net Inc. | Wells Fargo | Cache Creek Casino Resort | Sacramento Municipal Utility District | Hewlett-Packard Co. | Northstar-At-Tahoe Resort | Sierra Joint Community College | Bank of America | California Health Services

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,826,746	28th of 104 (Above Average)
Income per Capita	\$54,615	29th of 104 (Above Average)
Feeder Group Size	96.0 Persons PSR	78th of 104 (Below Average)
Feeder Group Earnings	\$5,243,202 PSR	85th of 104 (Below Average)
Total Market Hotel Revenues	\$1.1 billion	33rd 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	71.2%	\$107.88	\$76.81	\$99.75	\$71.02	\$8.13	92.5%	45.5%	1.95	26,470	1.17
2016	73.9%	\$114.85	\$84.90	\$105.92	\$78.30	\$8.93	92.2%	46.0%	1.88	26,490	1.22
2017	76.1%	\$123.08	\$93.67	\$113.25	\$86.19	\$9.83	92.0%	48.1%	1.86	26,700	1.35
2018	75.2%	\$129.78	\$97.63	\$119.66	\$90.02	\$10.12	92.2%	49.9%	1.85	26,620	1.27
2019	76.2%	\$133.86	\$102.04	\$123.36	\$94.04	\$10.50	92.2%	53.9%	1.85	27,260	1.27
2020	52.8%	\$106.99	\$57.54	\$99.60	\$52.55	\$7.38	93.1%	30.7%	2.18	27,100	1.16
2021	64.6%	\$131.84	\$85.80	\$122.46	\$79.08	\$9.38	92.9%	33.6%	2.03	27,040	1.20
2022	67.2%	\$141.80	\$95.17	\$131.88	\$88.56	\$9.92	93.0%	34.9%	2.04	27,240	1.12
2023	67.9%	\$149.02	\$101.03	\$138.78	\$94.19	\$10.24	93.1%	35.9%	2.03	27,430	1.04
CAGR: 2015 thru 2023	-0.6%	4.1%	3.5%	4.2%	3.6%	2.9%	0.1%	-2.9%	0.6%	0.4%	-1.4%
1Q 2023	71.0%	\$160.67	\$114.01	\$149.76	\$106.26	\$10.92	93.2%	39.4%	1.94	26,950	1.09
1Q 2024	67.0%	\$171.24	\$114.66	\$158.85	\$106.36	\$12.38	92.8%	41.6%	1.86	27,650	1.04

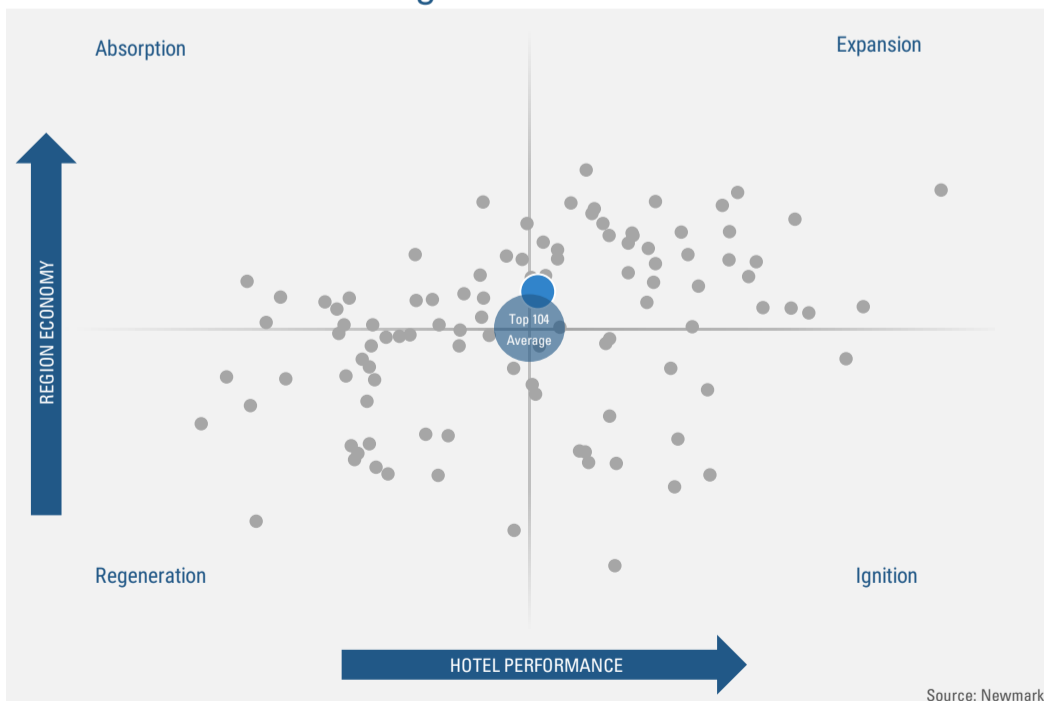
Notable Metrics

	IRR: Full-Service	Population Density per Room	Marketwide Income per Room
HIGHEST	7th Highly Favorable Sacramento, CA enjoyed favorable IRR metrics in the full-service segment (9.3%)	21st Above Average The market boasted strong population density per room (65.54)	17th Above Average The market also enjoyed a high ratio of marketwide income per room (\$2,571,858)
LOWEST	91st Soft This market has been impeded by weak latest-quarter average length of stay (1.86 Nights)	87th Below Average The market exhibited weak T12-month average length of stay (1.89 Nights)	87th Below Average Sacramento, CA also has been hindered by weak T12-month loyalty contribution (40.0%)

Notable Trends

	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid RevPAR Growth
STRONGEST	4th Strong Sacramento, CA has benefited from strong long-term historical Guest Paid ADR growth (4.7%)	5th Strong The market enjoyed from strong long-term historical COPE ADR growth (4.7%)	13th Above Average The market also exhibited strong long-term historical Guest Paid RevPAR growth (4.2%)
WEAKEST	103rd Soft The market exhibited high long-term historical booking costs POR growth (6.0%)	97th Soft We note this area has been hindered by weak short-term historical occupancy growth (-2.4%)	93rd Soft Sacramento, CA also has been impeded by high short-term historical growth in booking costs (5.0%)

Market Performance Stage



Sacramento, CA: Expansion Stage

The Sacramento, 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

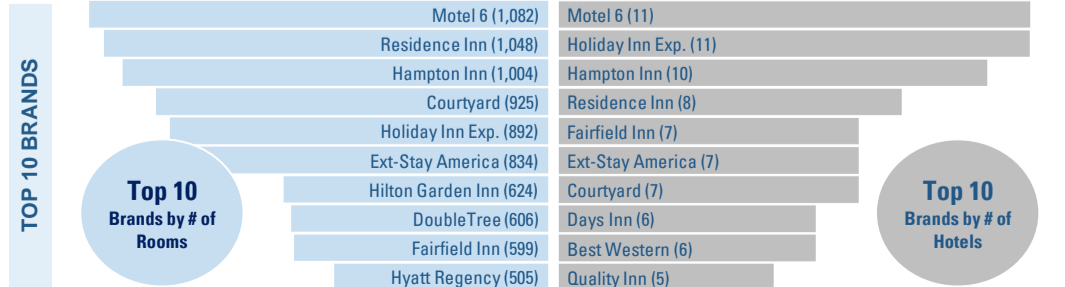
MOODY'S ANALYTICS

Business Cycle: **Expansion**
 Employment Growth (2 yr): **1.5%**
 Risk Exposure (402 US markets): **88th Percentile: Above Average**
 Key Industry Notes: Stable presence of UC Davis and CSU
 Lower living and business costs
 Healthcare hub
 Low Per capita income
 Elevated employment volatility

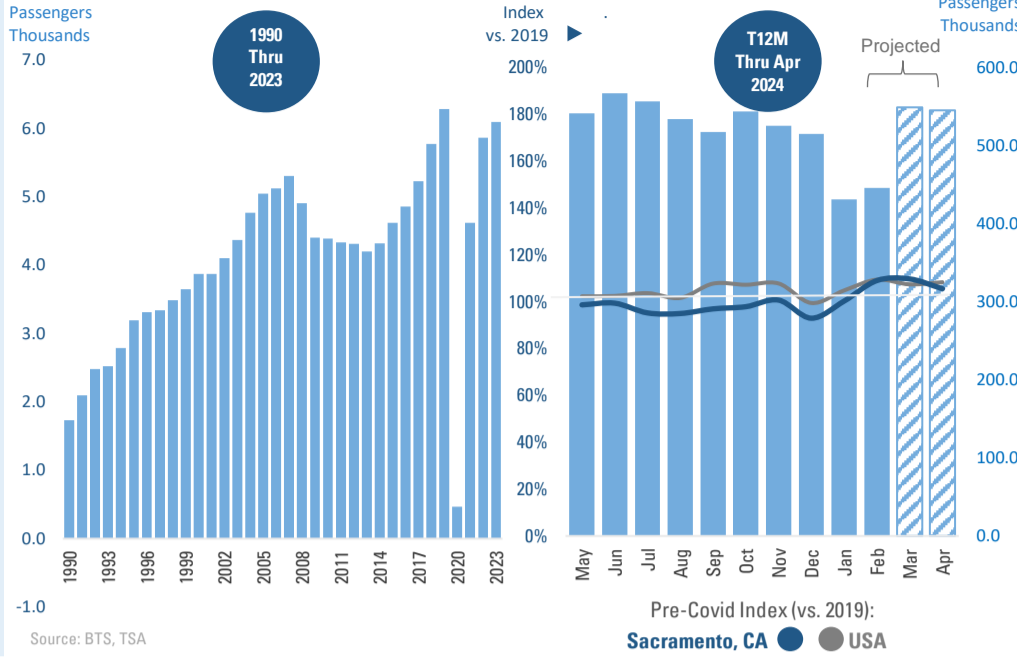
Moody's Rating

A1
Investment Grade

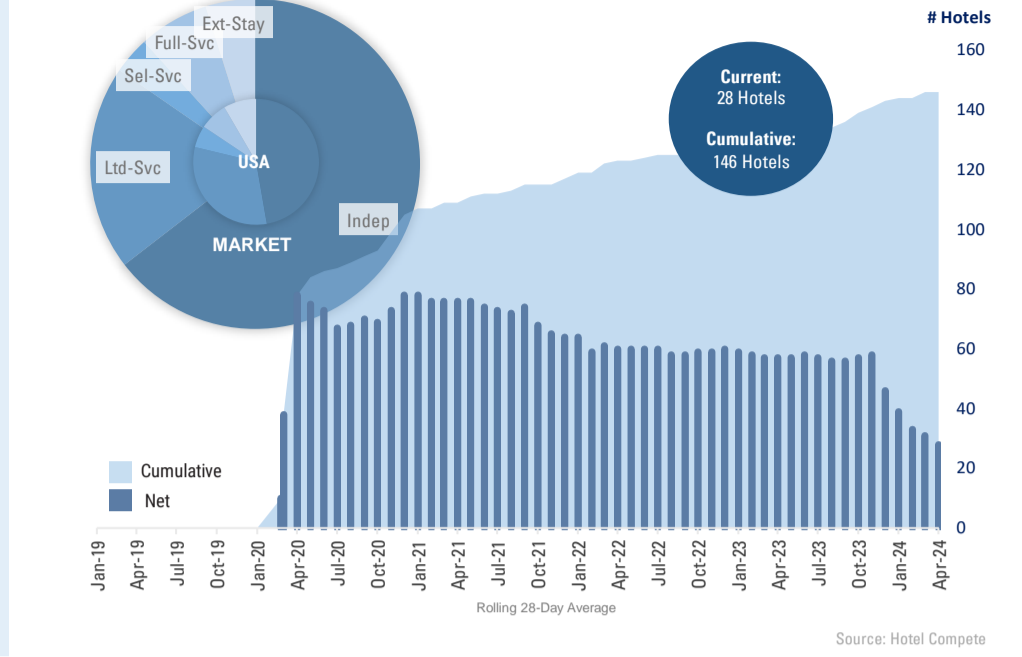
Long-term investment grade, Prime-1 short-term outlook



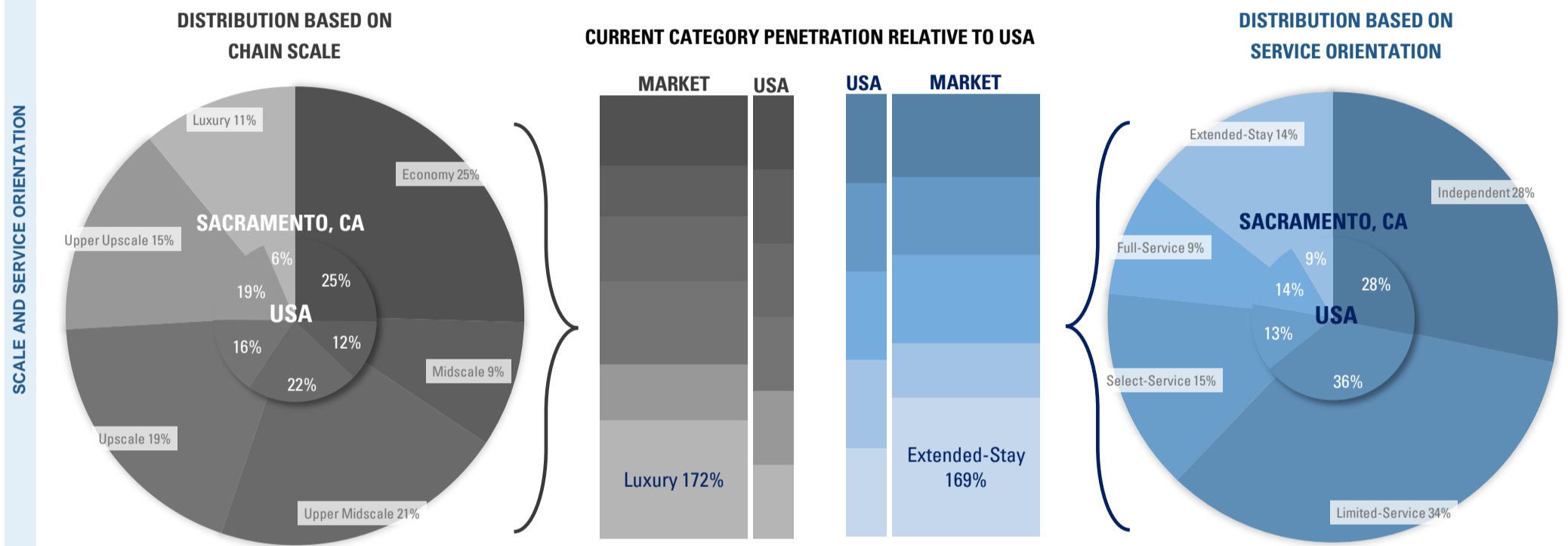
Airport Statistics - Enplanements



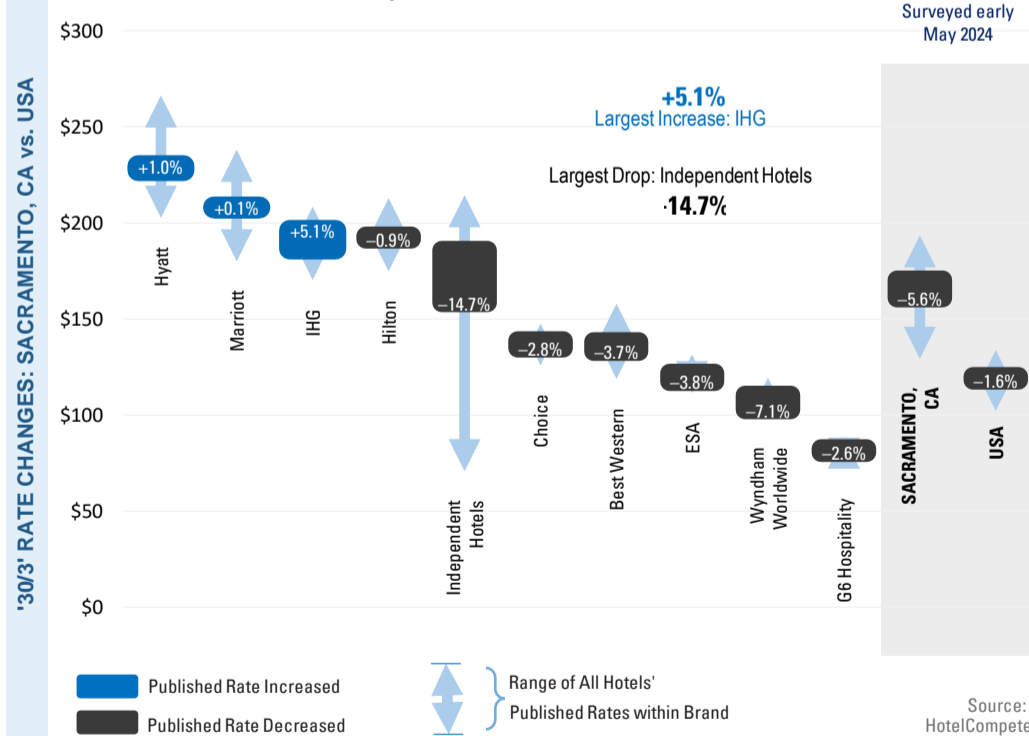
Hotel Closures - Sacramento, CA



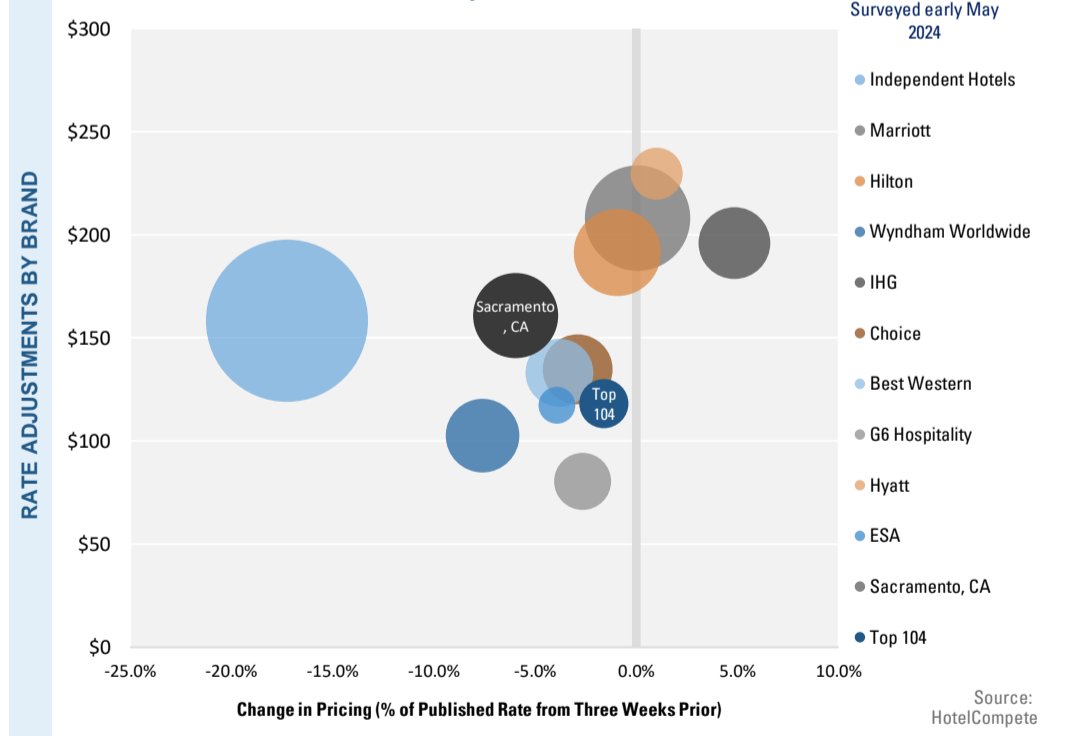
Scale and Service Distribution: Sacramento, CA



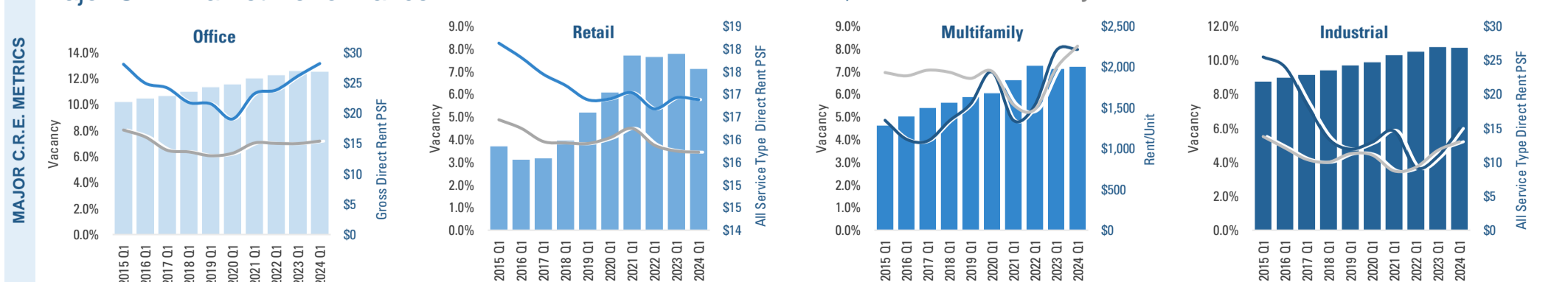
Published Rates: Top 10 Brands



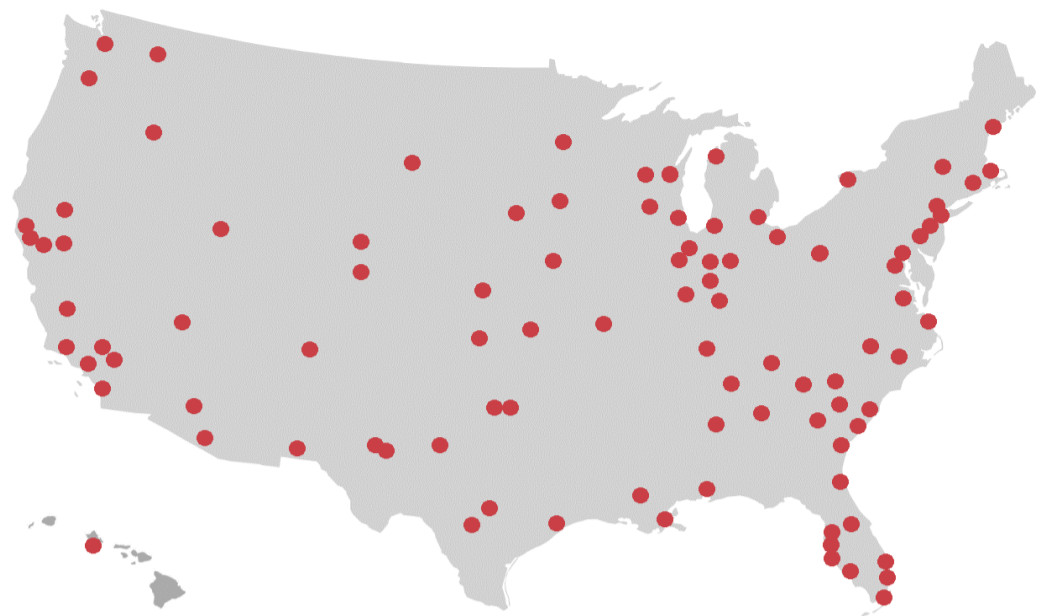
Published Rates: Volatility



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:

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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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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.

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@nrmk.com

CONTACT: NORTHERN CALIFORNIA MARKETS

FOR MORE INFORMATION

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

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

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