

NEWMARK

1Q 2024

Hotel Market Nsights Report

SAN DIEGO, 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

Keenan O'Leary, MAI

Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southern California Markets
m 415-745-8782

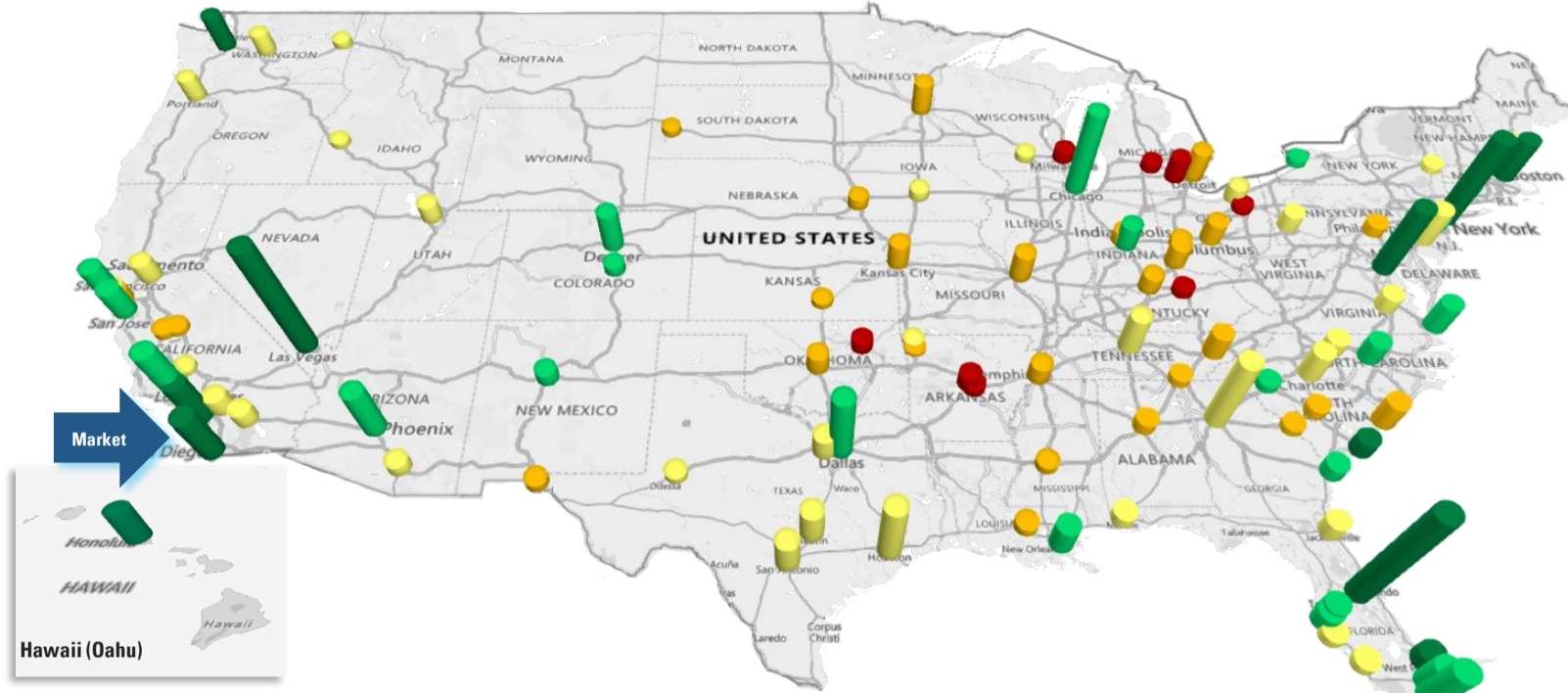
Mark Capasso

Executive Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Las Vegas/Gaming Markets
m 310-714-7579

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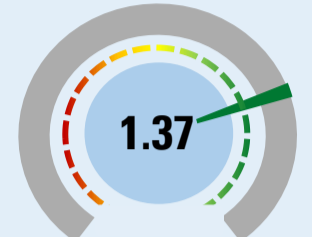


Lodging Performance Index Snapshot



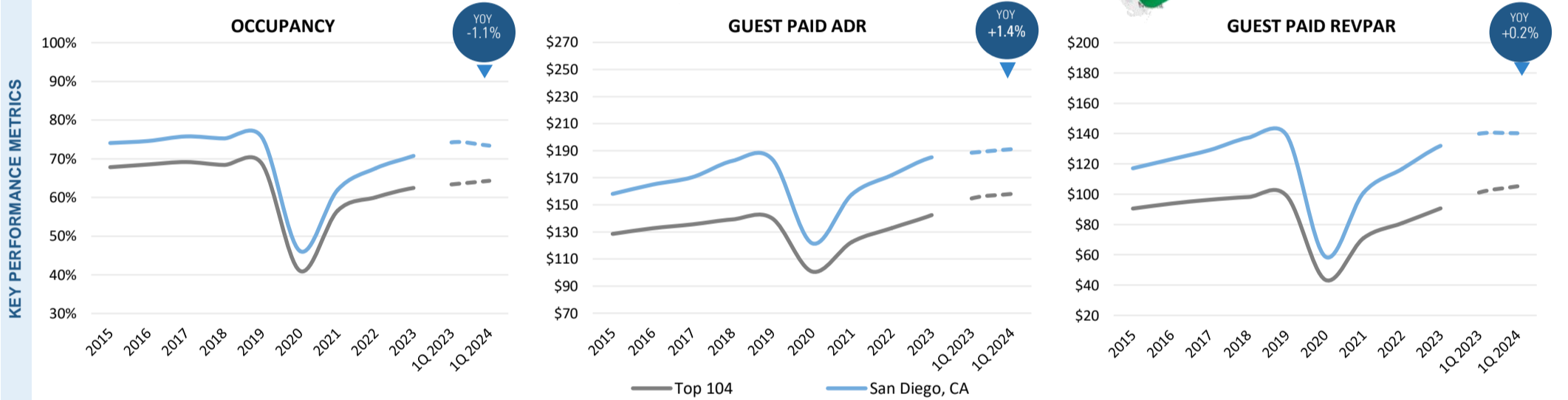
LODGING PERFORMANCE INDEX

San Diego, CA



8th of 104
Strong

Ranking of overall '1Q 2024 LPI' performance (1.37) against all 104 surveyed markets.



Key Performance Indexes

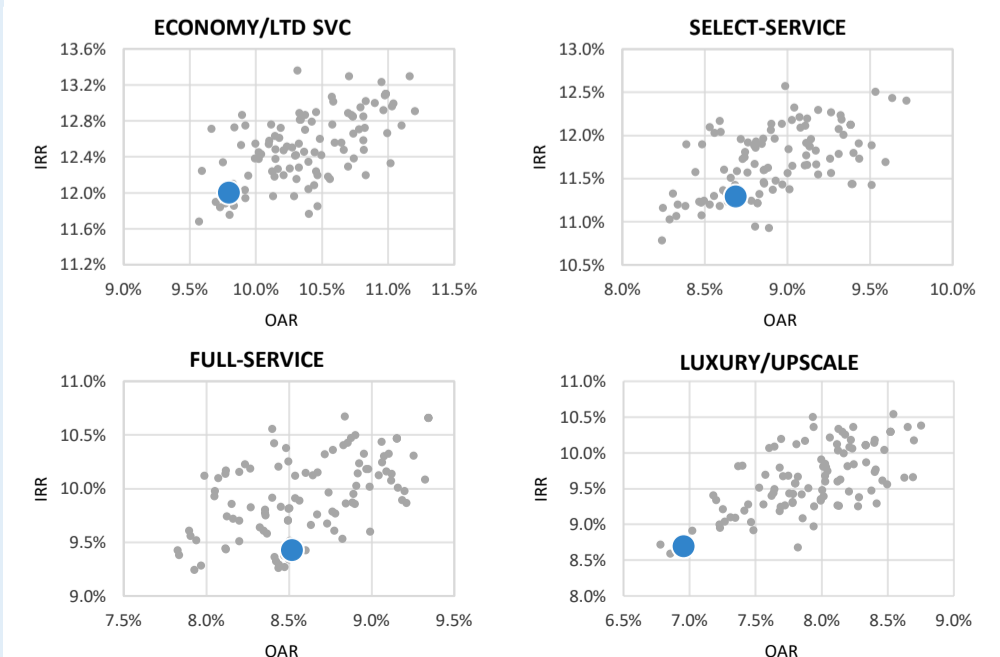


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

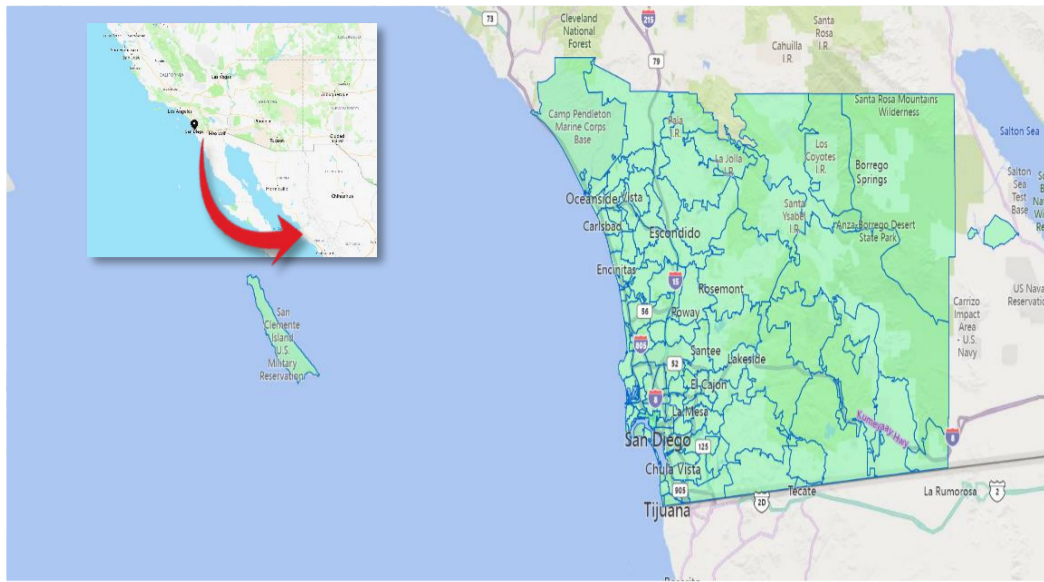


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: San Diego
 County: San Diego County
 State: California
 Geo Coordinates (market center): 32.71533, -117.15726

Major Hotel Demand Generators

Marine Corps Base Camp Pendleton | University of California, San Diego | Naval Base San Diego | Naval Base Coronado | Sharp HealthCare | Scripps Health | Qualcomm Inc. | Naval Base Point Loma | Marine Corps Air Station Miramar | Kaiser Permanente | UC San Diego Health | Marine Corps Recruit Depot | Foxconn Baja California | Souplantation & Sweet Tomatoes | San Diego Community College District | YMCA of San Diego County | General Atomics | Rady Children's Hospital, San Diego | San Diego State University | Space and Naval Warfare Command

Metrics and Ranking

Measurement	Value	Rankings
Population (hotel market area)	2,992,702	13th of 104 (Large)
Income per Capita	\$71,535	7th of 104 (Strong)
Feeder Group Size	58.8 Persons PSR	31st of 104 (Above Average)
Feeder Group Earnings	\$4,209,661 PSR	71st of 104 (Below Average)
Total Market Hotel Revenues	\$3.7 billion	8th of 104 (Strong)

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	74.1%	\$158.09	\$117.08	\$144.44	\$106.97	\$13.65	91.4%	40.6%	2.20	63,150	1.57
2016	74.6%	\$164.97	\$123.04	\$150.49	\$112.24	\$14.48	91.2%	41.5%	2.17	63,190	1.34
2017	75.8%	\$170.42	\$129.12	\$154.98	\$117.42	\$15.44	90.9%	44.6%	2.15	64,100	1.45
2018	75.2%	\$182.45	\$137.29	\$166.72	\$125.46	\$15.73	91.4%	47.0%	2.15	64,770	1.54
2019	75.6%	\$183.76	\$138.85	\$168.21	\$127.10	\$15.54	91.5%	50.4%	2.07	67,410	1.28
2020	46.2%	\$121.66	\$58.85	\$112.86	\$52.12	\$8.80	92.8%	31.2%	2.33	67,040	1.24
2021	62.0%	\$157.74	\$101.01	\$145.15	\$89.95	\$12.59	92.0%	34.3%	2.18	67,140	1.18
2022	67.5%	\$171.97	\$116.67	\$158.42	\$106.97	\$13.55	92.1%	35.4%	2.15	67,220	1.40
2023	70.7%	\$185.13	\$131.94	\$170.99	\$120.95	\$14.14	92.4%	36.3%	2.16	67,230	1.25
CAGR: 2015 thru 2023	-0.6%	2.0%	1.5%	2.1%	1.5%	0.4%	0.1%	-1.4%	-0.2%	0.8%	-2.8%
1Q 2023	74.2%	\$188.49	\$139.90	\$175.25	\$130.08	\$13.24	93.0%	39.3%	2.20	65,860	1.57
1Q 2024	73.4%	\$191.11	\$140.24	\$177.43	\$130.21	\$13.67	92.8%	41.1%	2.18	66,190	1.37

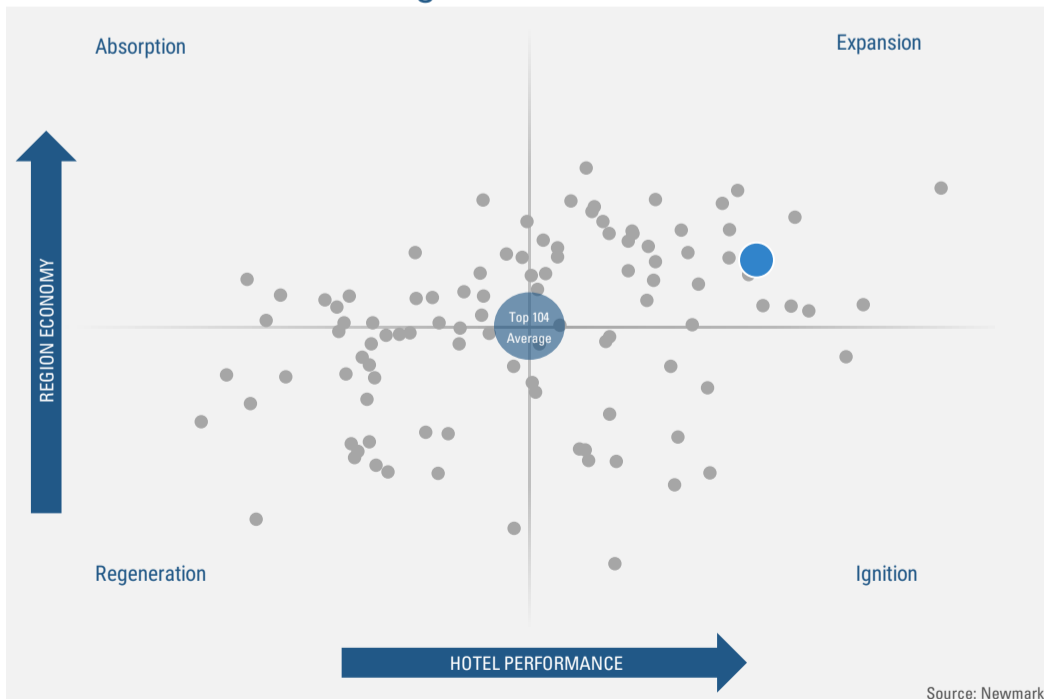
Notable Metrics

	T12-Month Occupancy	OAR: Luxury/Upscale	T12-Month Guest Paid RevPAR
HIGHEST	4th Strong San Diego, CA exhibited strong T12-month occupancy (76.1%)	4th Highly Favorable The market exhibited favorable OAR metrics in the luxury/upscale segment (7.0%)	6th Strong The market also exhibited strong T12-month Guest Paid RevPAR (\$154.21)
LOWEST	96th Soft This market was burdened by high T12-month booking costs POR (\$14.93)	90th Soft The market has been burdened by high latest-quarter booking costs (\$13.67)	88th Below Average San Diego, CA also has been hindered by weak T12-month loyalty contribution (39.9%)

Notable Trends

	Overall Health of Hotel Market	Long-Term Historical COPE ADR Growth	Long-Term Historical Guest Paid ADR Growth
STRONGEST	8th Strong San Diego, CA has benefited from strong general hotel market performance (levels and trends of fundamentals)	20th Above Average The market enjoyed from strong long-term historical COPE ADR growth (3.2%)	21st Above Average The market also has benefited from strong long-term historical Guest Paid ADR growth (3.3%)
WEAKEST	75th Below Average The market has been hampered by weak short-term historical LPI growth (-2.2%)	75th Below Average We note this area posted weak long-term historical LPI growth (-1.6%)	74th Below Average San Diego, CA also exhibited weak long-term historical average length of stay growth (-0.1%)

Market Performance Stage



San Diego, CA: Expansion Stage

The San Diego, 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

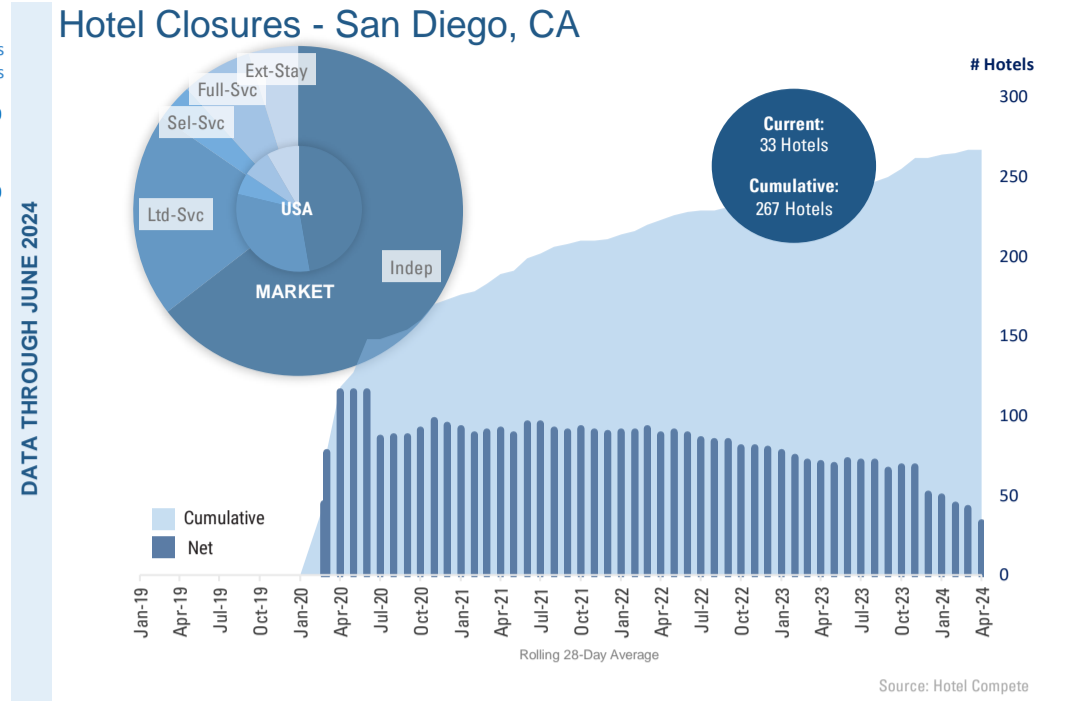
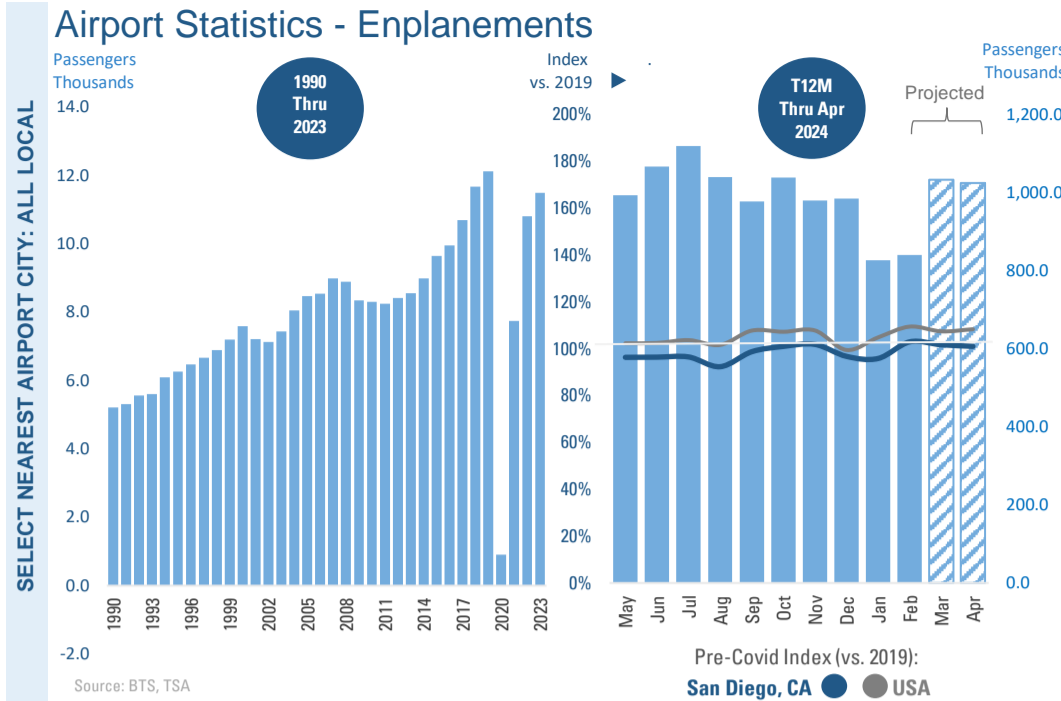
Business Cycle: **At Risk**
 Employment Growth (2 yr): **0.8%**
 Risk Exposure (402 US markets): **79th Percentile: Above Average**
 Key Industry Notes:
 Well-educated labor force
 Strong R&D/office base
 Falling affordability
 High costs hinder net migration gains
 Overvalued housing market

Moody's Rating

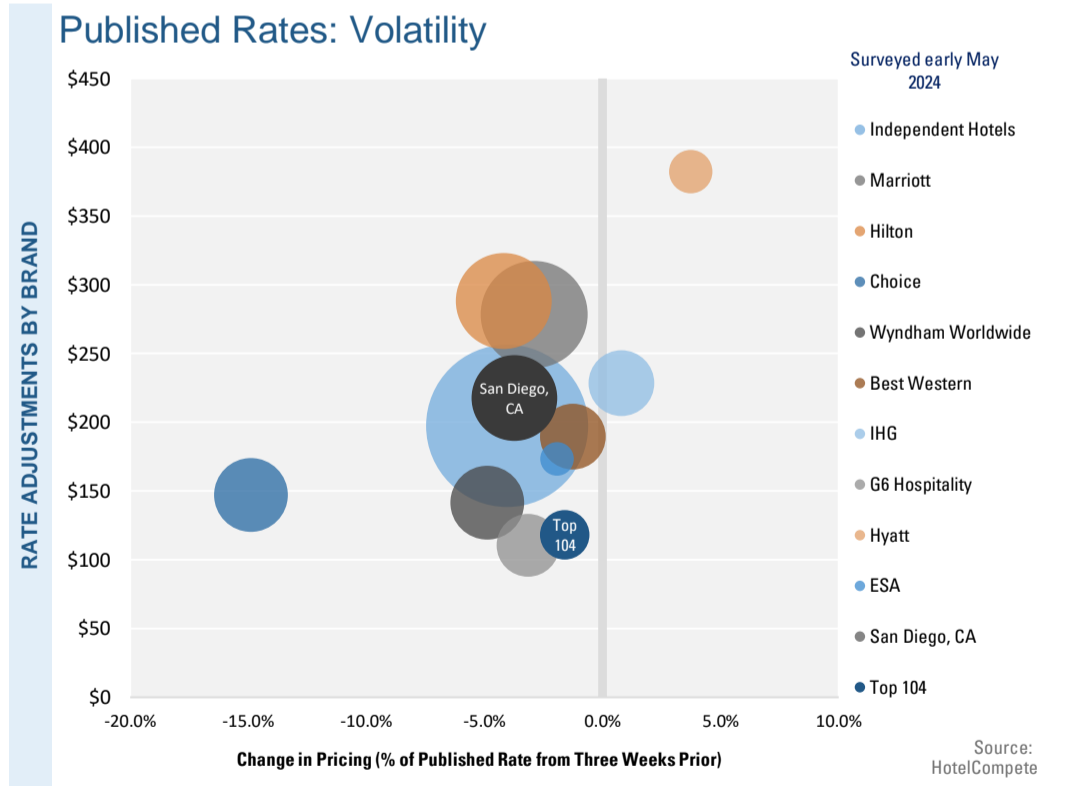
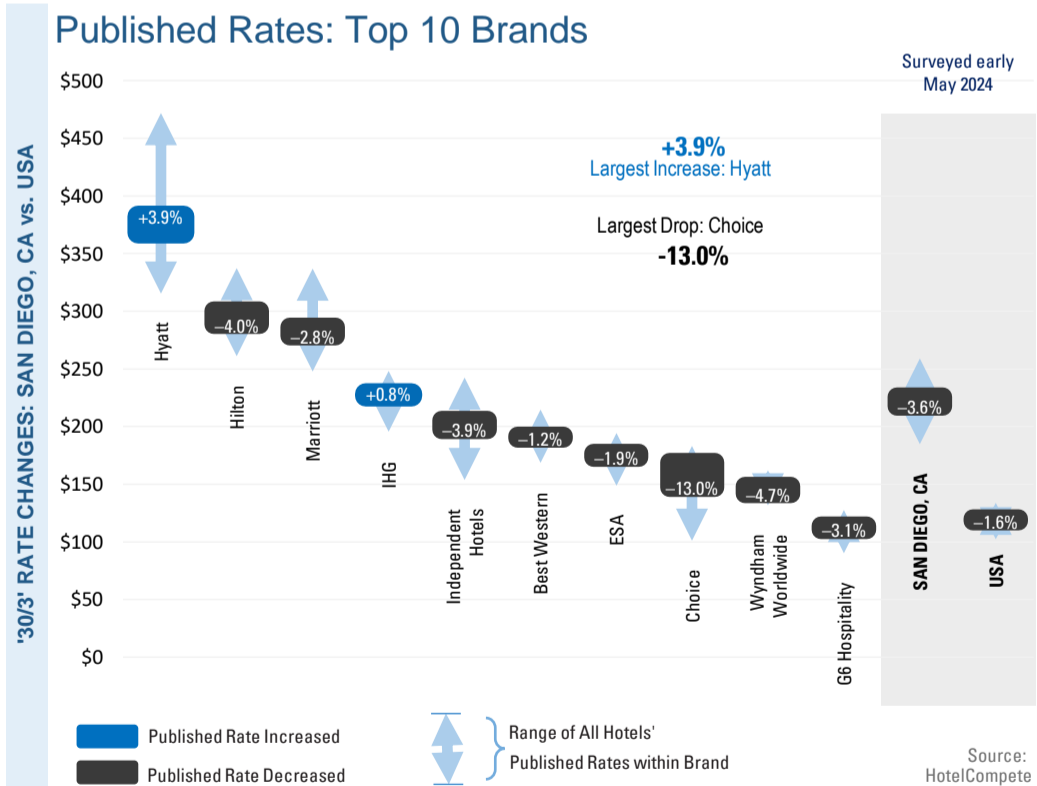
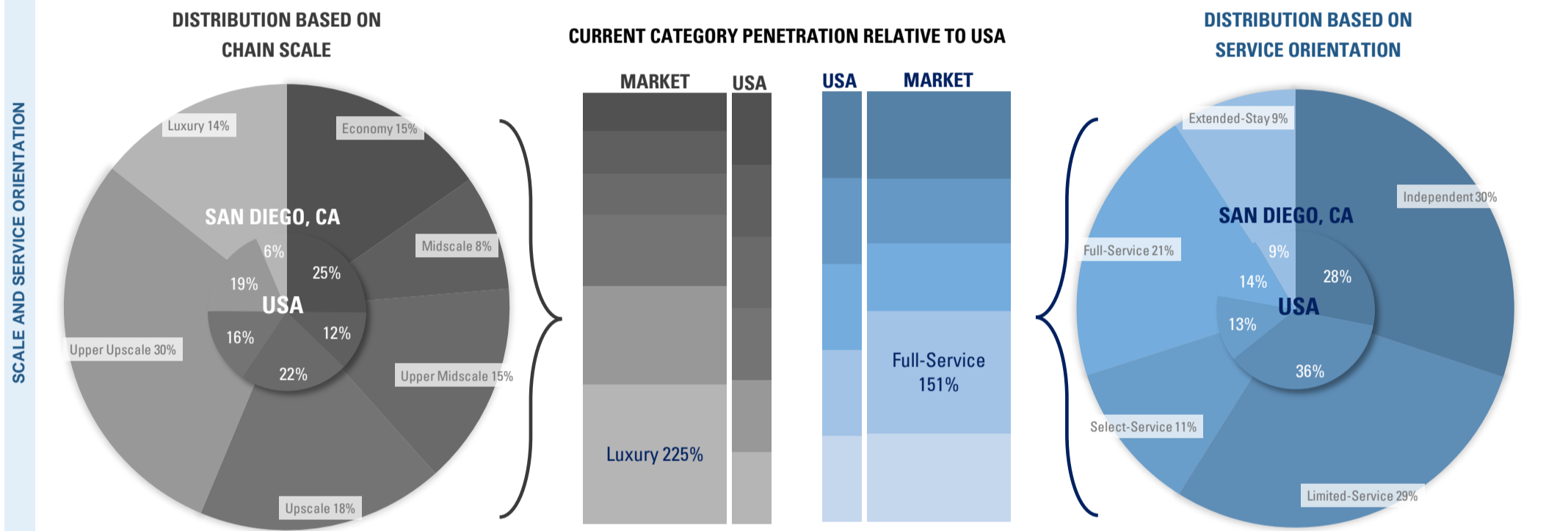
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This market is not rated by Moody's

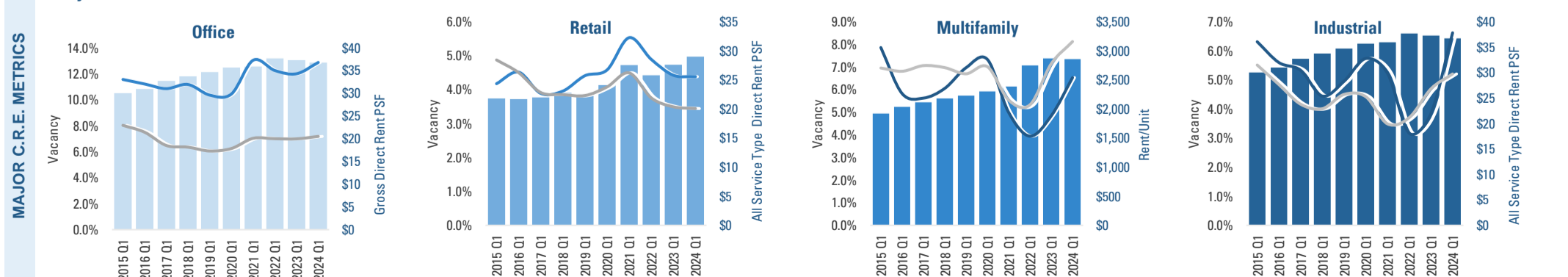




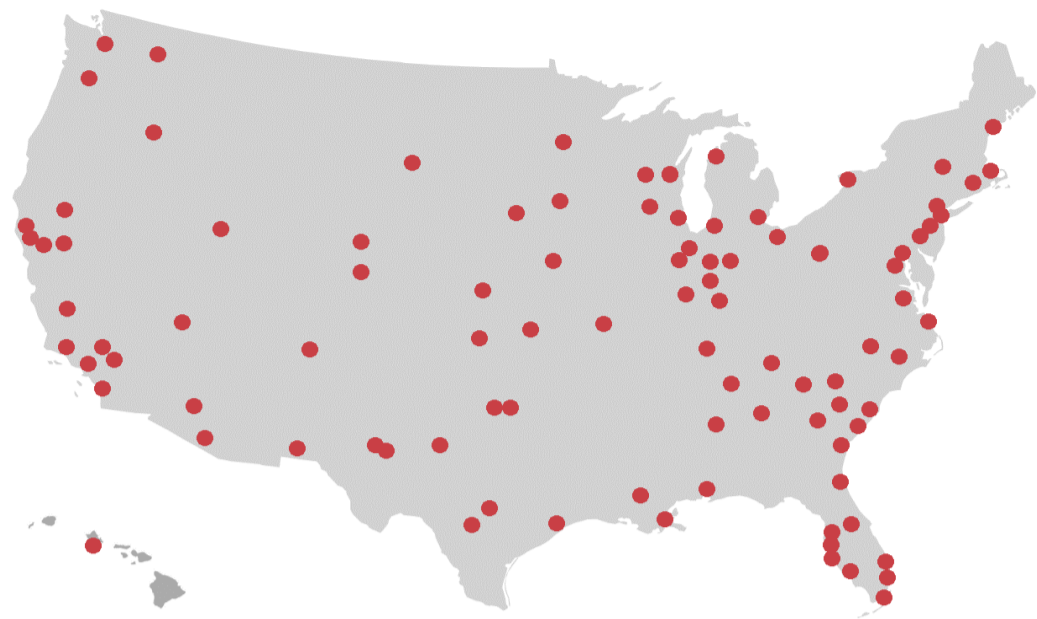
Scale and Service Distribution: San Diego, CA



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

Water Parks, Amusement Parks and Attractions

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Financial Reporting

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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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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: SOUTHERN CALIFORNIA MARKETS

FOR MORE INFORMATION

Keenan O'Leary, MAI
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southern California Markets
m 415-745-8782
keenan.oleary@nmrk.com

Mark Capasso
Executive Vice President
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Las Vegas/Gaming Markets
m 310-714-7579
mark.capasso@nmrk.com

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