NEWMARK

1Q 2024

Hotel Market Nsights Report

SAN FRANCISCO, 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
NEWMARK VALUATION & ADVISORY
Northern California Markets
Dir 602.315.5888

NMRK.COM/VALUATION

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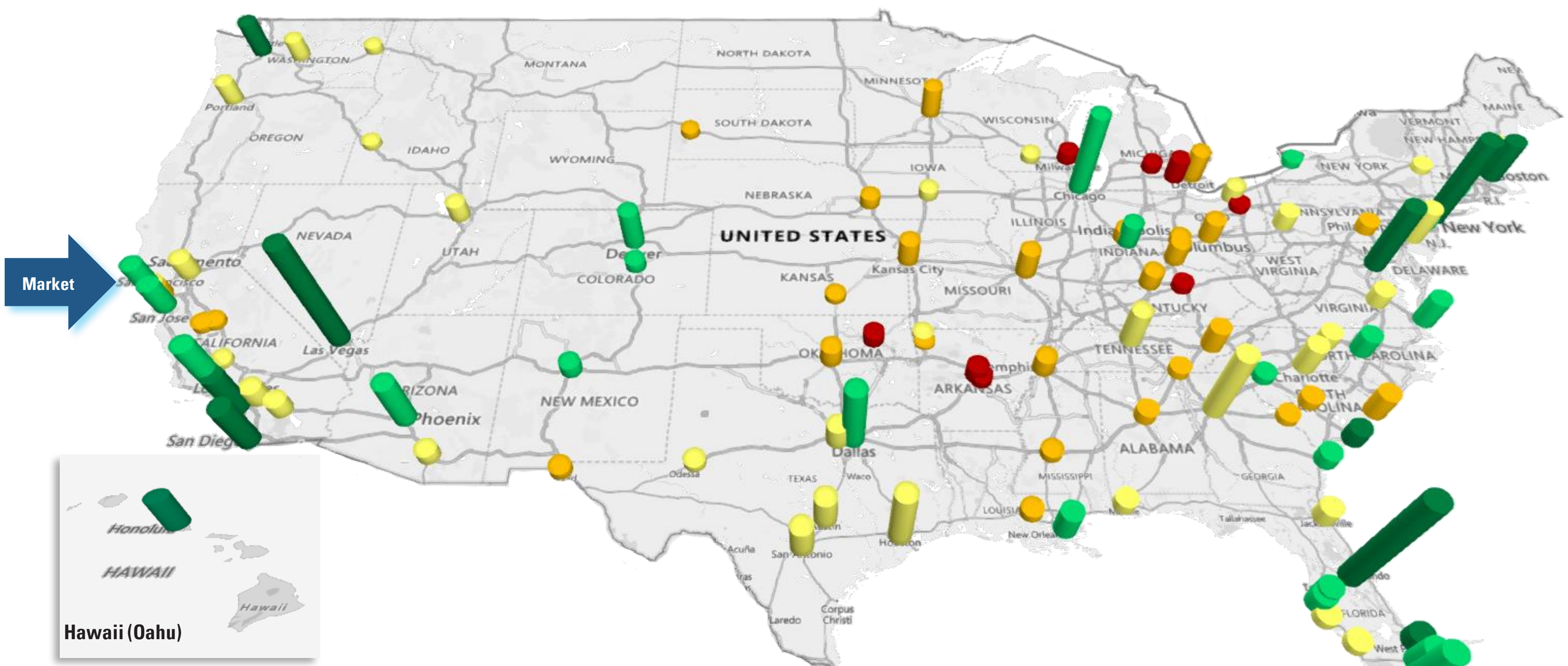
HOTEL MARKET NSIGHTS REPORT

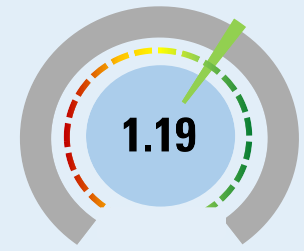
1Q 2024
SAN FRANCISCO, CA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

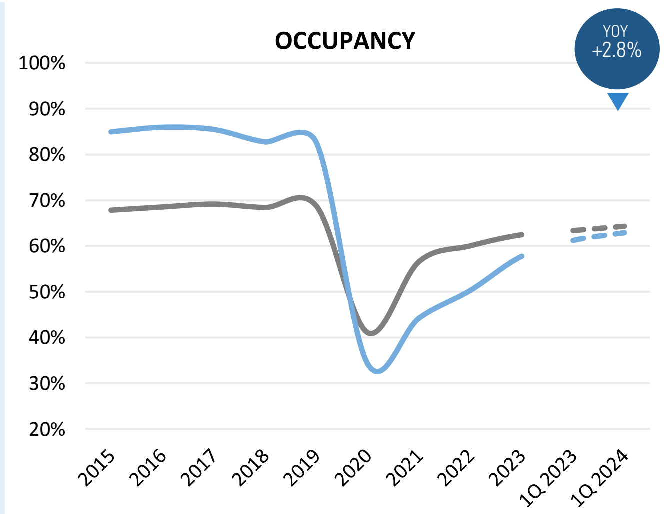
San Francisco, CA

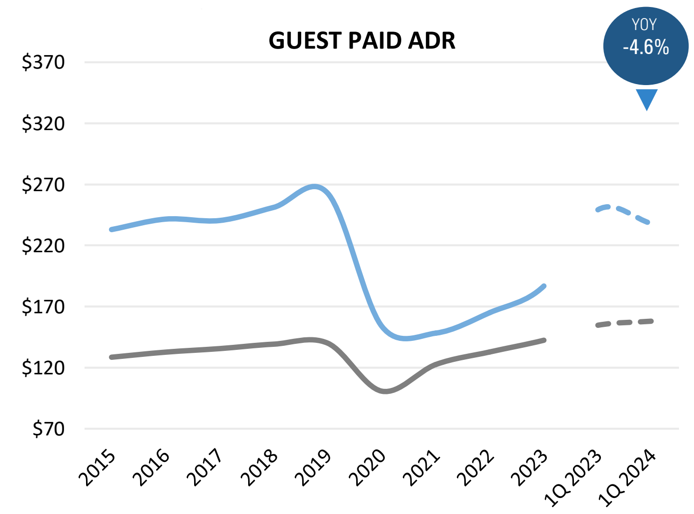


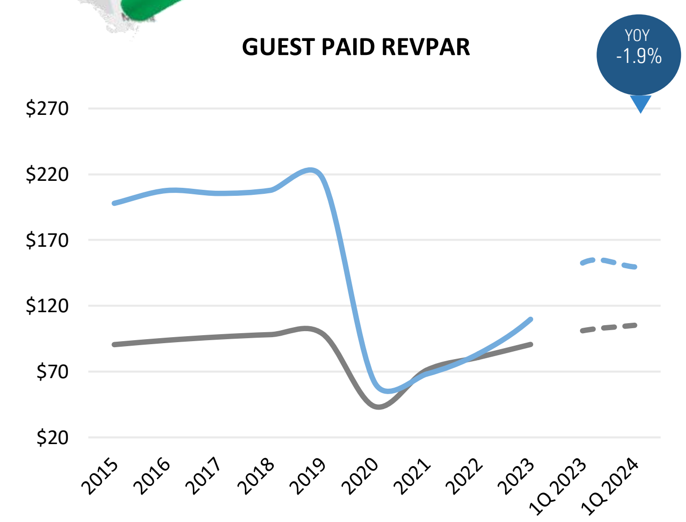
27th of 104
Above Average

Ranking of overall '1Q 2024 LPI' performance (1.19) against all 104 surveyed markets.

KEY PERFORMANCE METRICS







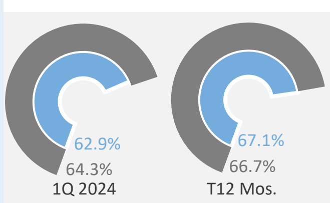
Top 104 — San Francisco, CA

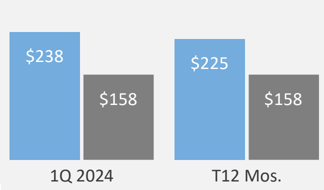
PERFORMANCE INDEXES

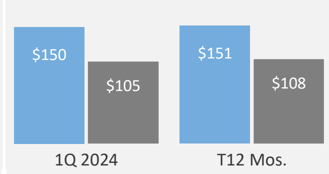
Key Performance Indexes

Subject Market — Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	







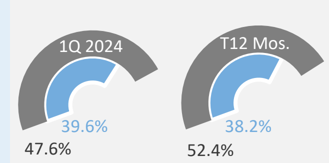
44th	36th	5th	3rd	13th	7th

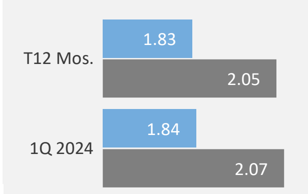
BENCHMARK INDEXES

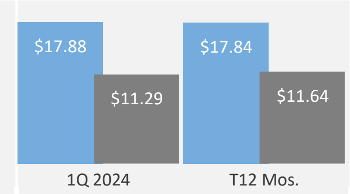
Key Benchmark Indexes

kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	





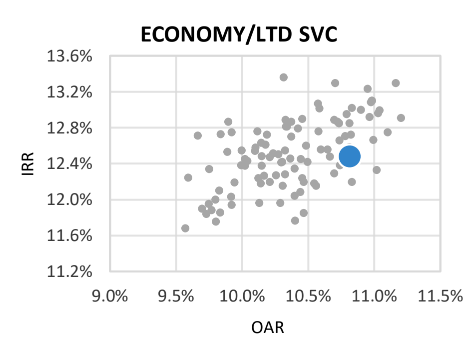


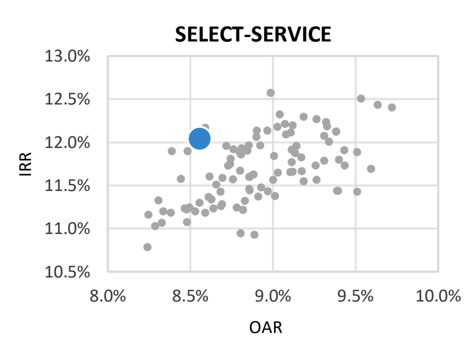
92nd	94th	95th	96th	100th	101st

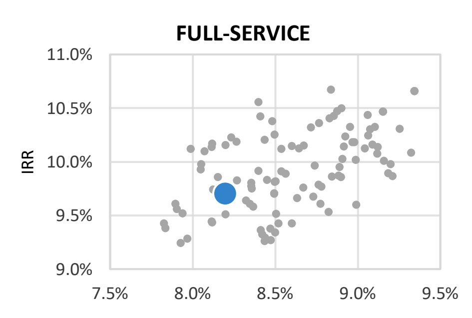
INVESTMENT PARAMETERS

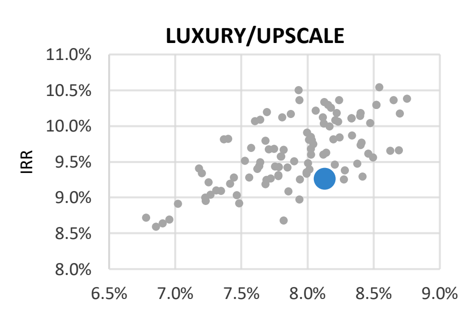
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

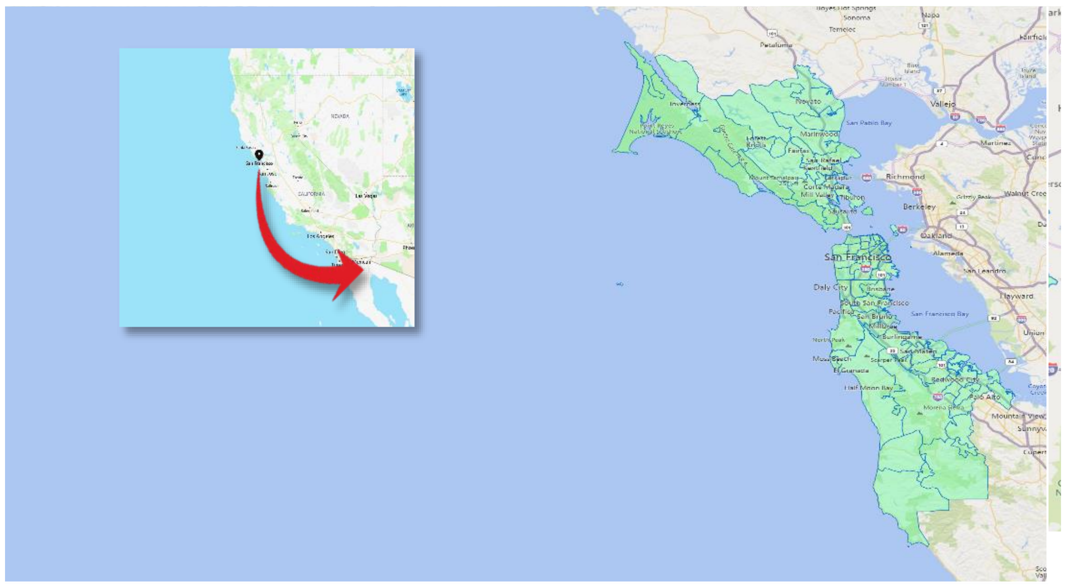
Revenue Stability	Supplier Power Trend	Investment Yields
101st Soft	**94th** Soft	**47th** Average
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
72nd Below Average	**94th** Low Risk	**102nd** Low Risk
Assessment of market supply growth over past 12 months relative to Top 104 markets	Measure of current employment health over past two years relative to Top 104 markets	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

NEWMARK

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	San Francisco
County:	San Francisco County
State:	California
Geo Coordinates (market center):	37.775, -122.41944

Major Hotel Demand Generators

University of California, San Francisco | Genentech Inc. | Wells Fargo | Oracle Corp. | Salesforce.com Inc. | Sutter Health | California Pacific Medical Center | Dignity Health | Uber Technologies Inc. | Kaiser Permanente | PG&E Corp. | Gap Inc. | Williams-Sonoma Inc. | Visa USA | VMware Inc. | Va Palo Alto Health Care System | San Francisco State University | Lucile Packard Health Care System | Space Systems | Charles Schwab Corp.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,720,224	31st of 104 (Above Average)
Income per Capita	$96,265	2nd of 104 (Very Strong)
Feeder Group Size	47.1 Persons PSR	15th of 104 (Above Average)
Feeder Group Earnings	$4,530,697 PSR	78th of 104 (Below Average)
Total Market Hotel Revenues	$3.0 billion	15th of 104 (Above Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE RevPAR	Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
2015	84.9%	$233.04	$197.92	$212.12	$180.16	$20.92	91.0%	39.9%	1.98	52,860	1.62
2016	85.9%	$241.61	$207.63	$219.83	$188.91	$21.78	91.0%	42.8%	1.91	52,870	1.42
2017	85.5%	$240.45	$205.46	$218.19	$186.44	$22.26	90.7%	44.1%	1.86	53,740	1.28
2018	82.7%	$251.20	$207.81	$228.94	$189.39	$22.26	91.1%	45.4%	1.82	54,940	1.30
2019	82.6%	$262.75	$217.01	$240.30	$198.47	$22.45	91.5%	50.9%	1.77	56,370	1.53
2020	34.2%	$153.91	$61.95	$142.50	$48.76	$11.41	92.6%	28.7%	2.30	56,030	0.94
2021	44.2%	$148.28	$68.12	$135.36	$59.87	$12.92	91.3%	32.6%	1.91	55,550	0.67
2022	50.3%	$165.06	$83.54	$150.67	$75.77	$14.39	91.3%	34.0%	1.85	55,720	0.95
2023	57.7%	$186.83	$109.79	$170.87	$98.67	$15.96	91.5%	34.8%	1.84	56,040	1.34
CAGR: 2015 thru 2023	-4.7%	-2.7%	-7.1%	-2.7%	-7.2%	-3.3%	0.1%	-1.7%	-0.9%	0.7%	-2.3%
1Q 2023	61.2%	$249.24	$152.54	$230.75	$141.22	$18.49	92.6%	37.6%	1.82	54,860	1.20
1Q 2024	62.9%	$237.85	$149.59	$219.97	$138.34	$17.88	92.5%	39.6%	1.84	54,360	1.19

Notable Metrics

HIGHEST

Economy Median Income	T12-Month Guest Paid ADR	T12-Month COPE ADR
2nd Very Strong	**3rd** Very Strong	**3rd** Very Strong
San Francisco, CA exhibited strong Economy Median Income ($96,265)	The market benefited from strong T12–month Guest Paid ADR ($225.13)	The market also exhibited strong T12–month COPE ADR ($207.29)

LOWEST

T12-Month Booking Costs POR	Latest-Quarter Booking Costs POR	T12-Month COPE ADR Percentage
101st Soft	**100th** Soft	**97th** Soft
This market was burdened by high T12–month booking costs POR ($17.84)	The market has been burdened by high latest–quarter booking costs ($17.88)	San Francisco, CA also has been hampered by weak T12–month COPE ADR percentage (92.1%)

Notable Trends

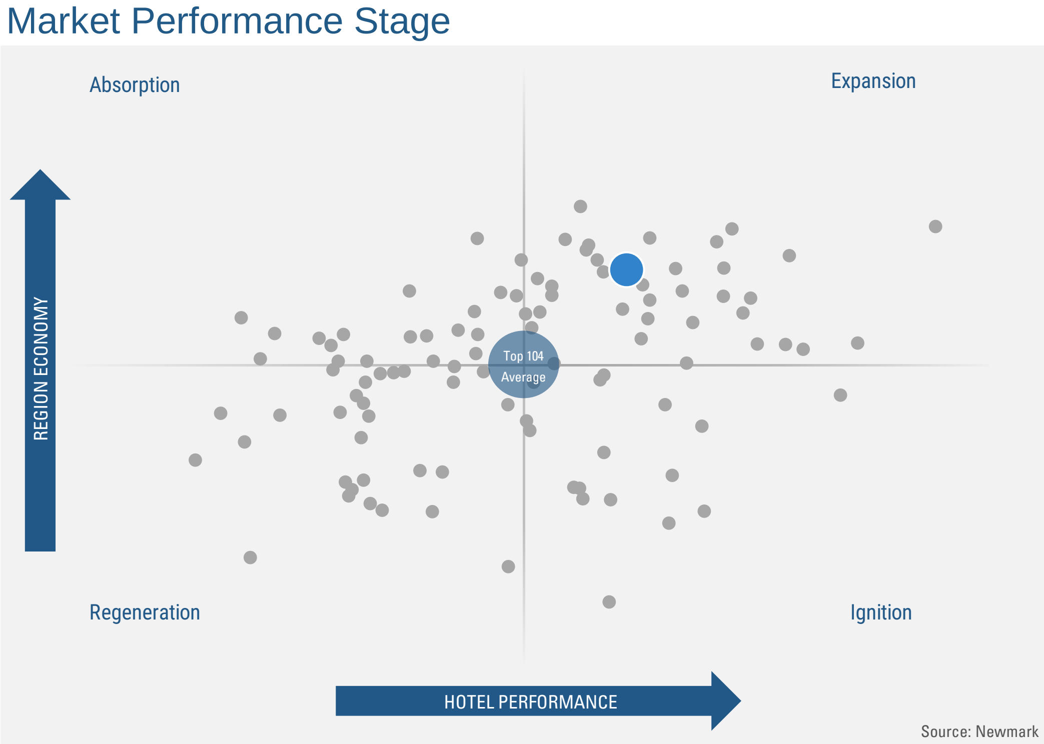
STRONGEST

Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth	Long-Term Historical Supply Growth
5th Strong	**8th** Strong	**14th** Above Average
San Francisco, CA enjoyed low short–term historical growth in booking costs (–1.7%)	The market has benefited from low long–term historical booking costs POR growth (1.1%)	The market also has benefited from low long–term historical supply growth (0.5%)

WEAKEST

Short-Term Historical Occupancy Growth	Long-Term Historical Occupancy Growth	Long-Term Historical COPE RevPAR Growth
103rd Soft	**103rd** Soft	**102nd** Soft
The market has been hindered by weak short–term historical occupancy growth (–4.2%)	We note this area has been hindered by weak long–term historical occupancy growth (–2.5%)	San Francisco, CA also posted weak long–term historical COPE RevPAR growth (–1.4%)

Market Performance Stage



Source: Newmark

San Francisco, CA: Expansion Stage

Expansion

The San Francisco, 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

MOODYS ANALYTICS

Business Cycle:	At Risk
Employment Growth (2 yr):	1.7%
Risk Exposure (402 US markets):	3rd Percentile: Low Risk
Key Industry Notes:	Robust cluster of tech companies
	Educated/skilled workforce
	High incomes
	High housing and energy costs
	Construction limitations

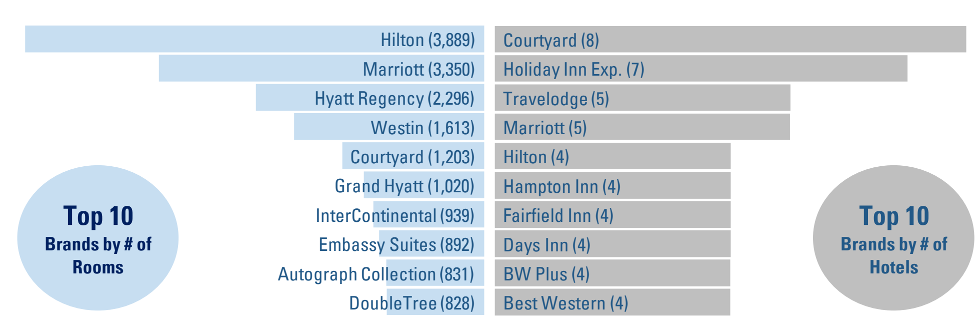
Moody's Rating

Aaa

Investment Grade

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

TOP 10 BRANDS

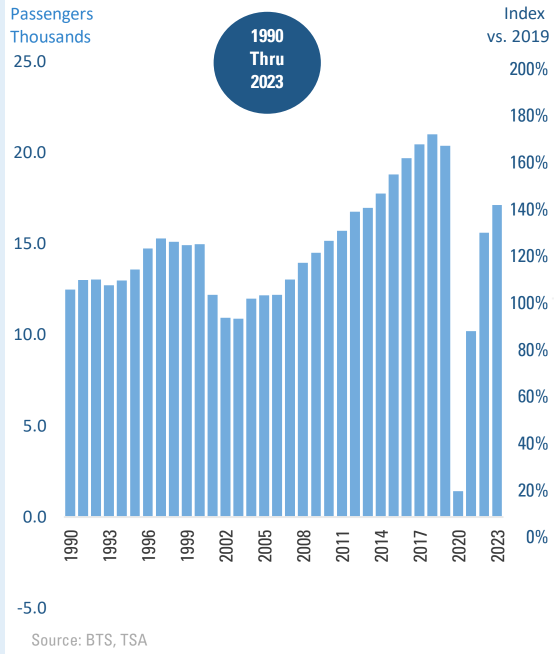


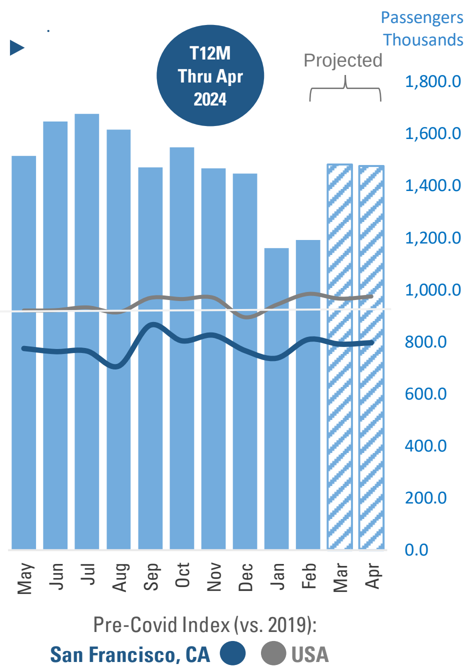
Source: Newmark

NEWMARK

SELECT NEAREST AIRPORT CITY: ALL LOCAL

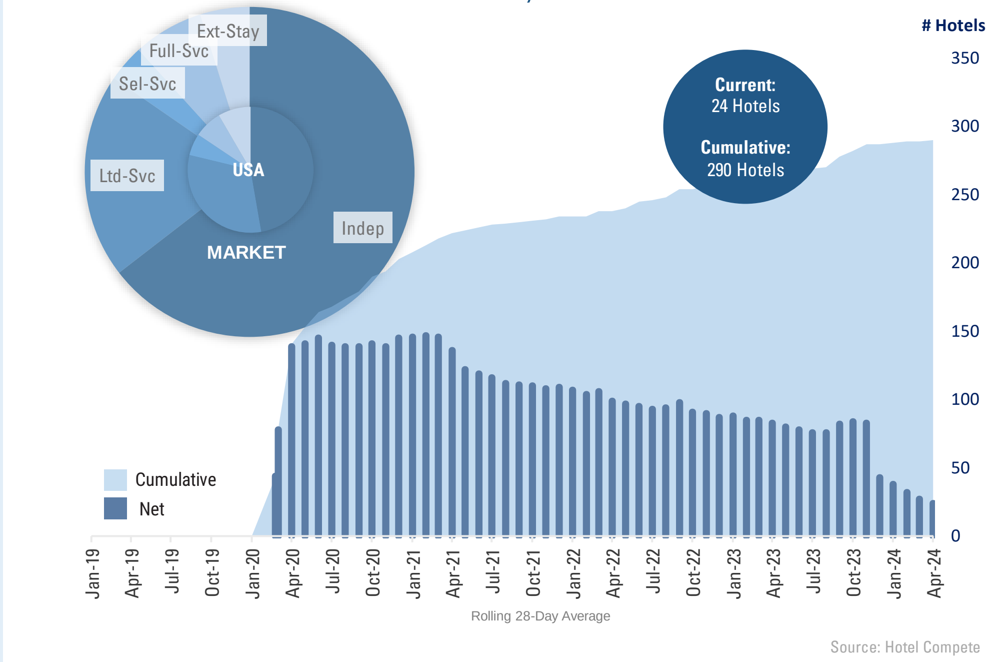
Airport Statistics - Enplanements





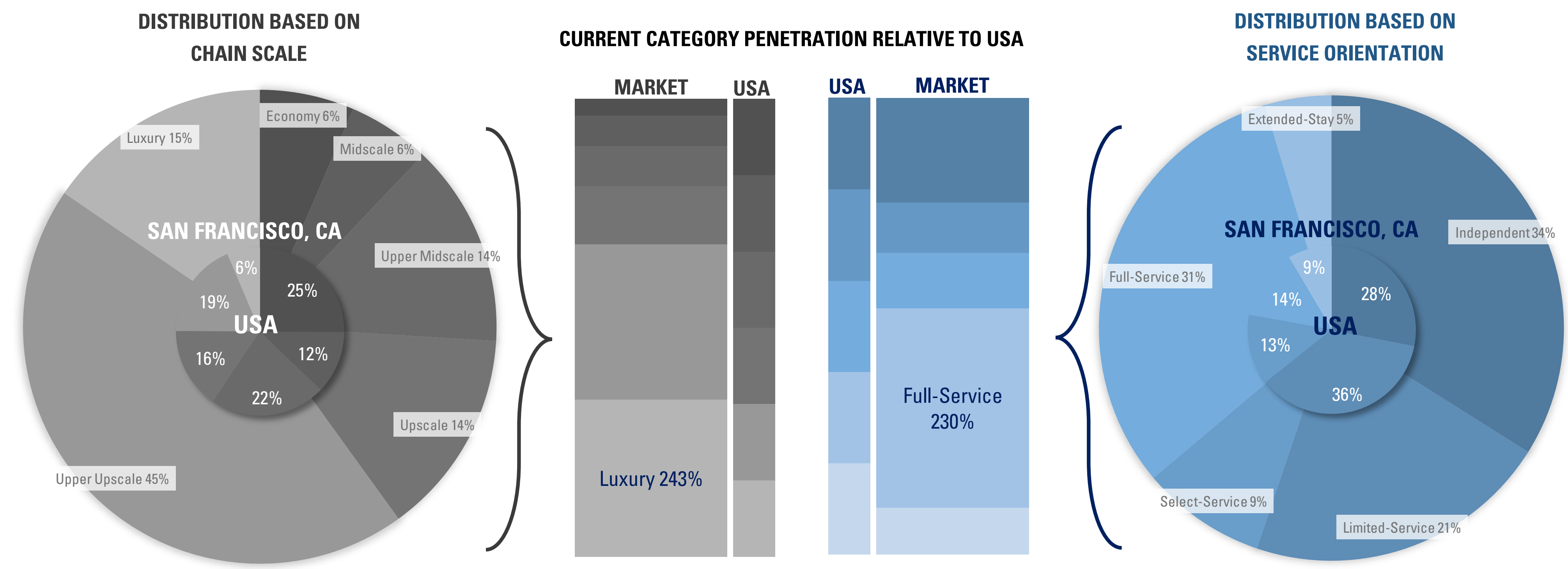
DATA THROUGH JUNE 2024

Hotel Closures - San Francisco, CA



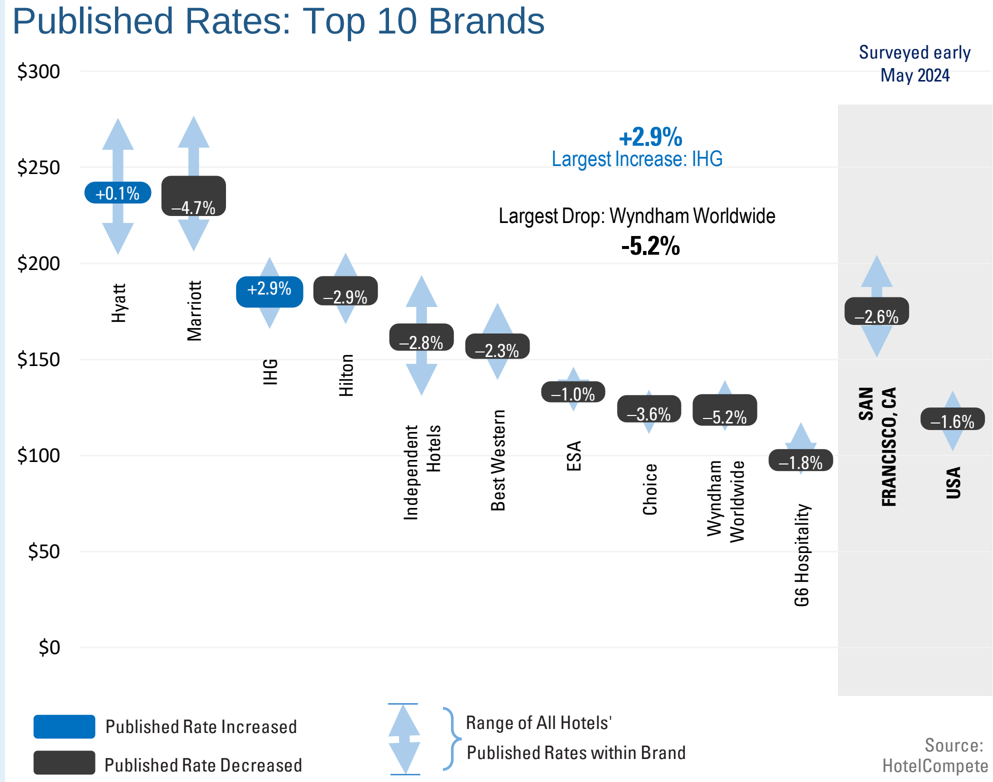
SCALE AND SERVICE ORIENTATION

Scale and Service Distribution: San Francisco, CA



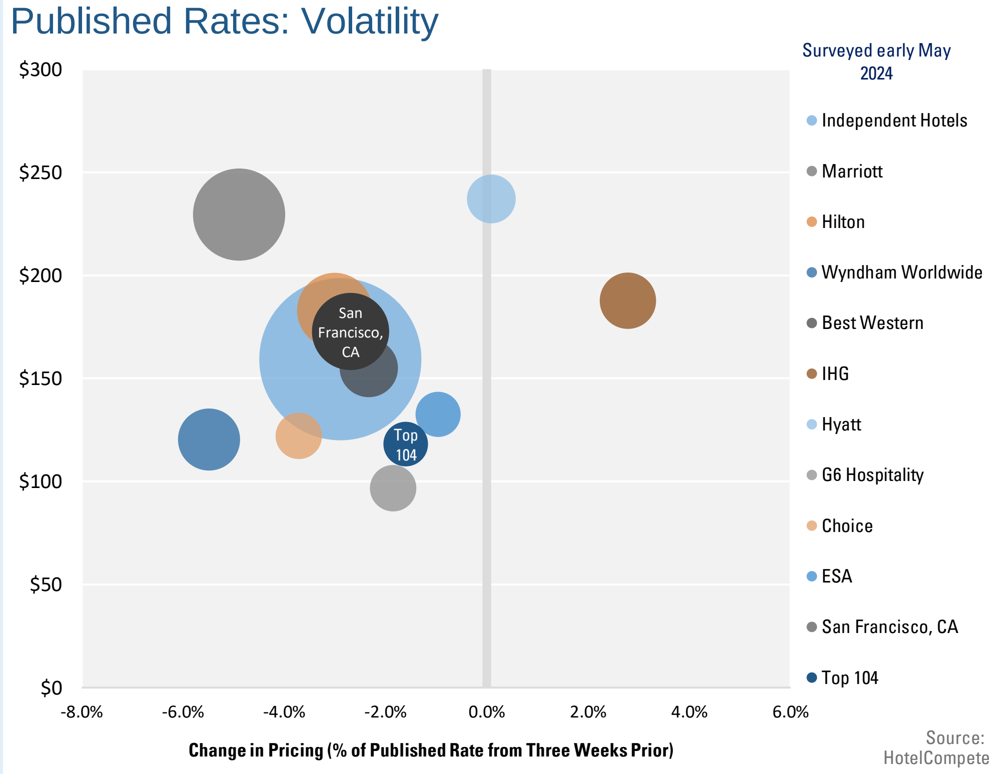
'30/3' RATE CHANGES: SAN FRANCISCO, CA vs. USA

Published Rates: Top 10 Brands



RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

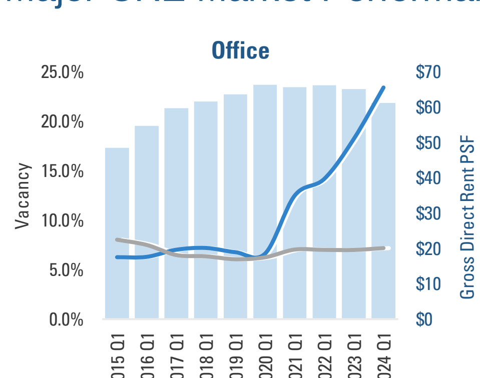


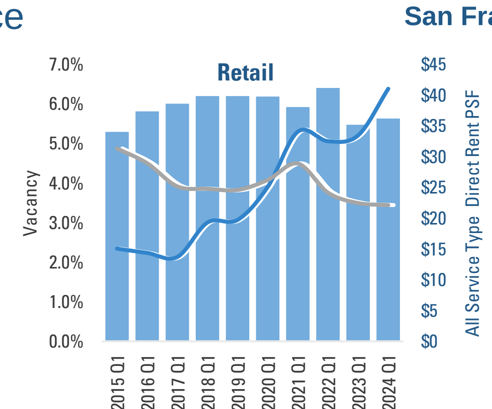
MAJOR C.R.E. METRICS

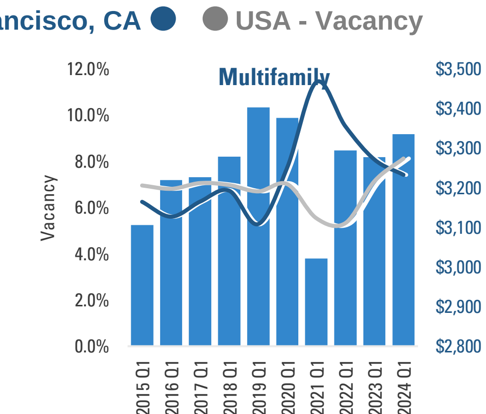
Major CRE Market Performance

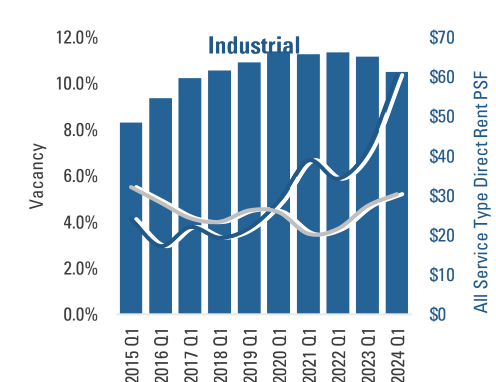
San Francisco, CA USA - Vacancy

Source: CoSTAR

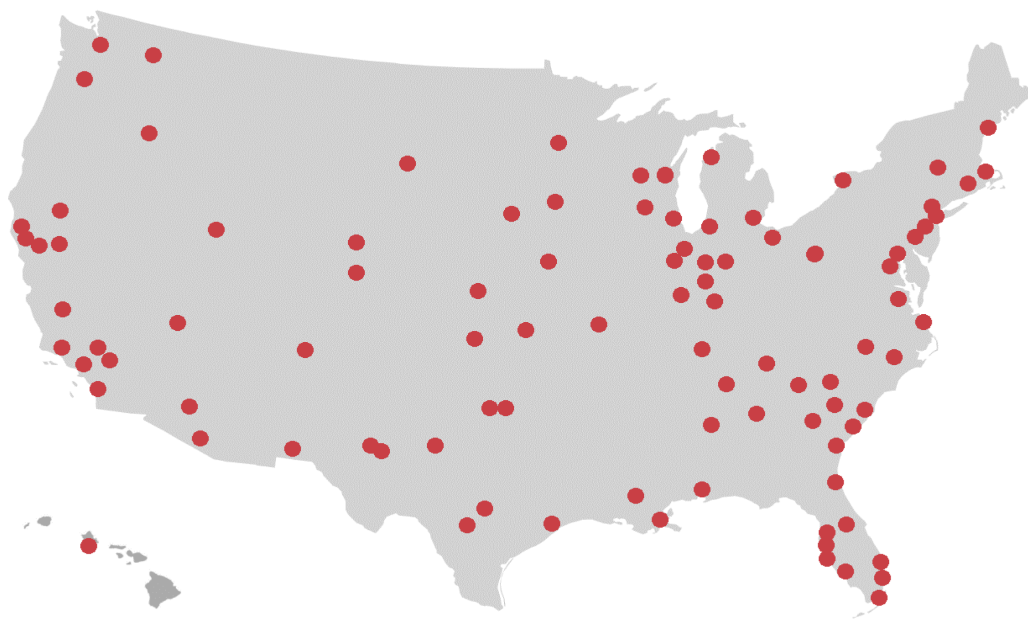








Nsights Hotel Market Reports Coverage



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

Water Parks, Amusement Parks and Attractions

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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.

Litigation
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.

ABOUT NEWMARK

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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: NORTHERN CALIFORNIA MARKETS

CONTACT

FOR MORE INFORMATION

Chad Eschmeyer
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Northern California 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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