

NEWMARK

1Q 2024

Hotel Market Nsights Report

SAN JOAQUIN VALLEY, CA



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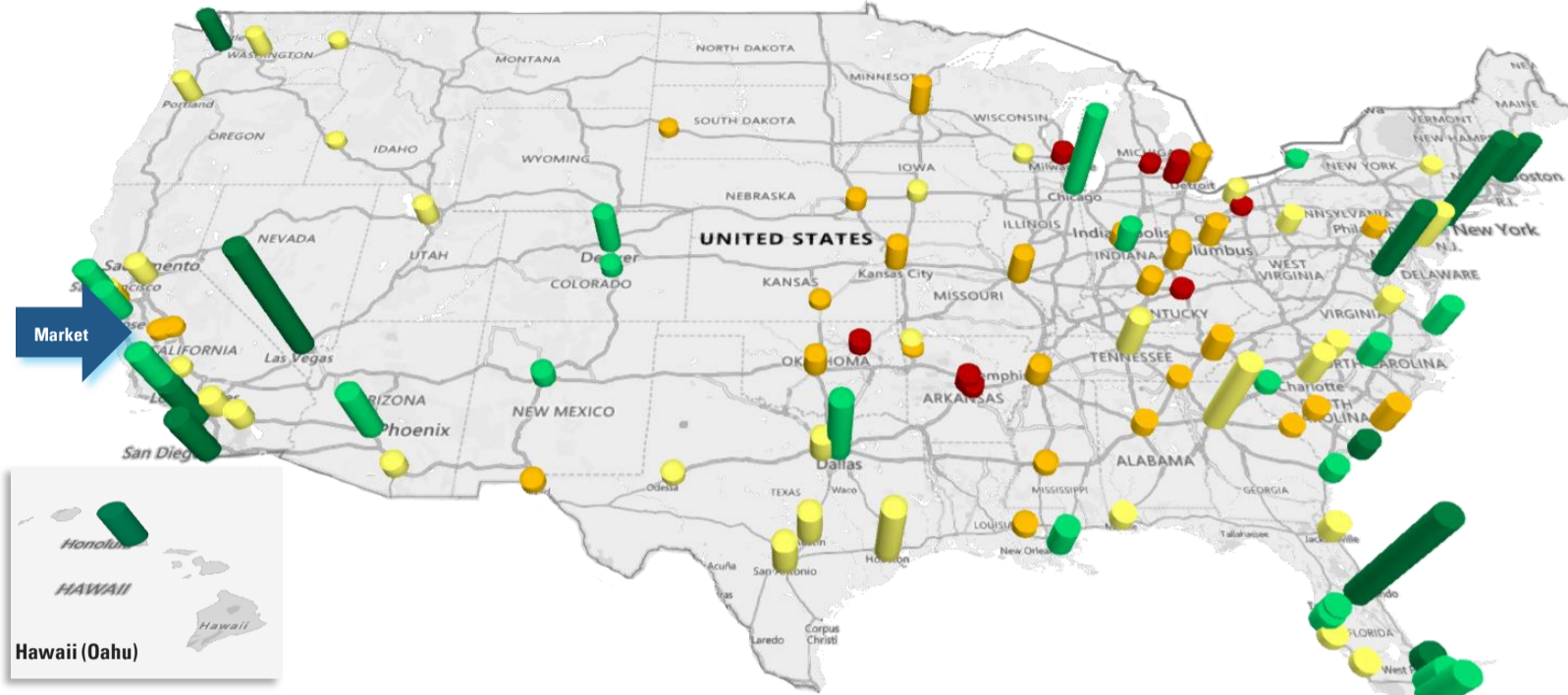
Northern California Markets

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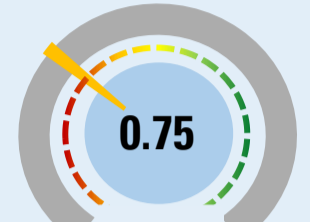


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

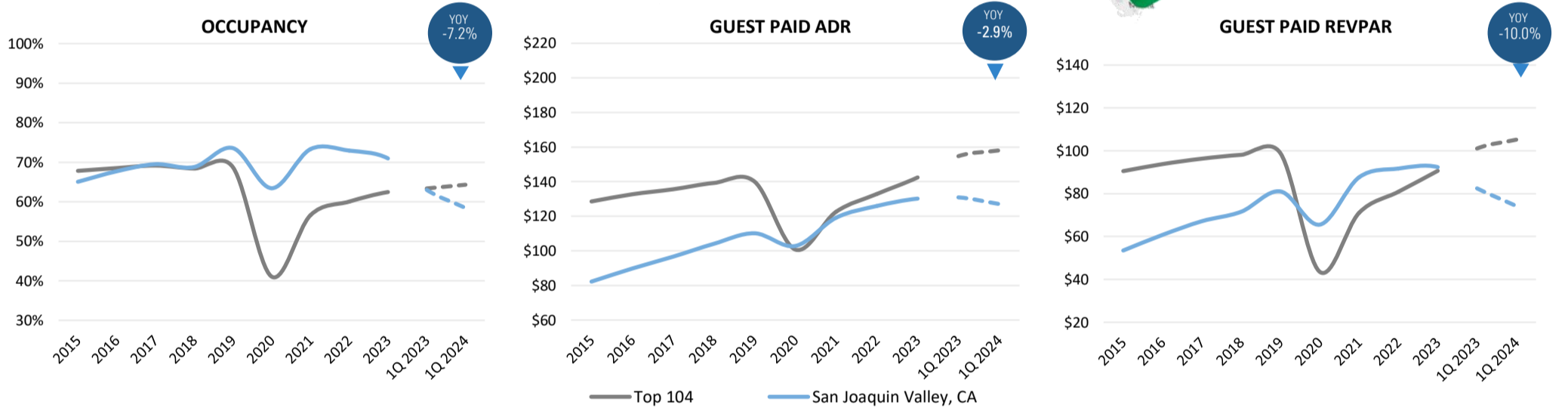
San Joaquin Valley, CA



82nd of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.75) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

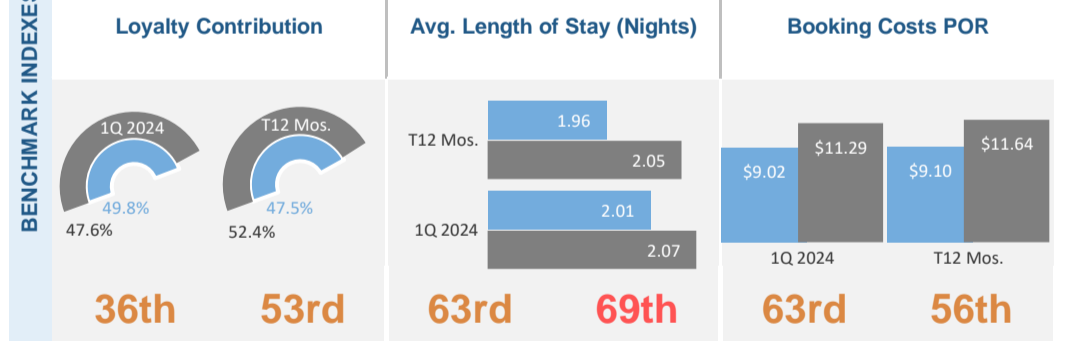


Key Performance Indexes

● Subject Market ● Top 104

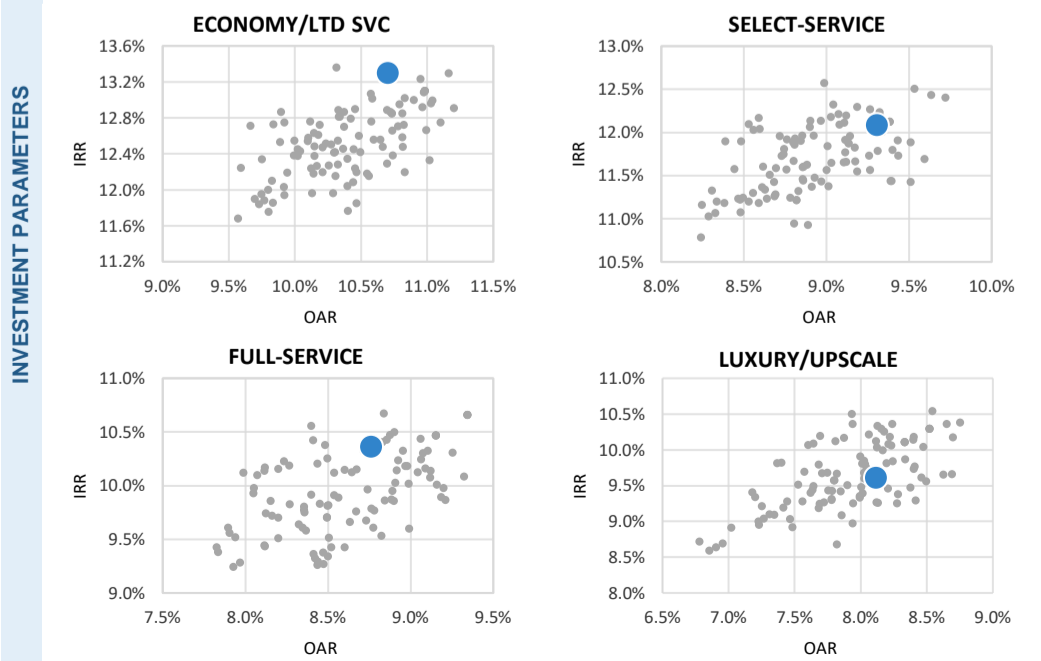


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

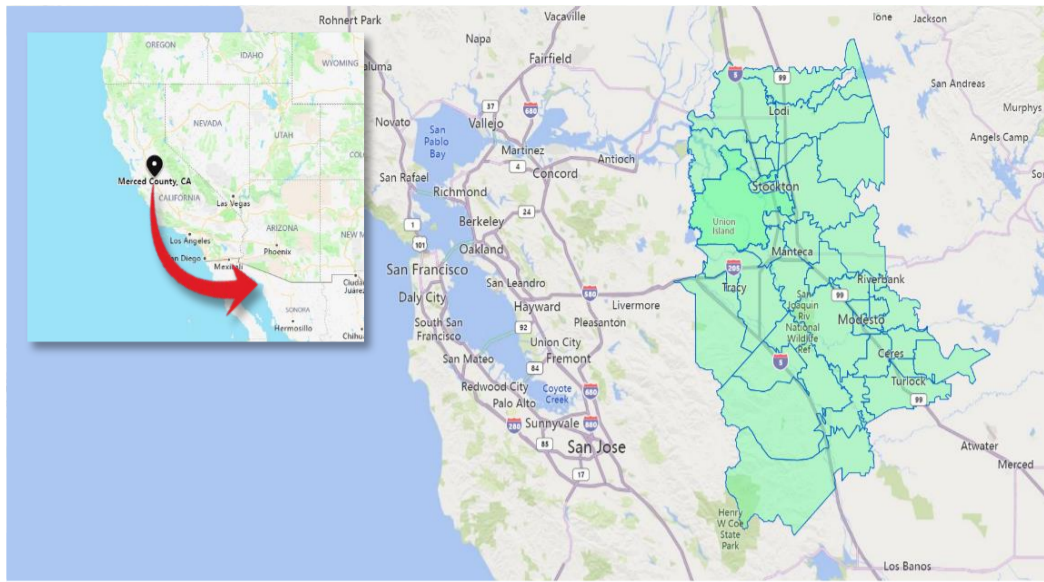


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

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

Municipal Name: Multiple
 County: San Joaquin County, Merced County, Kings County, and others
 State: California
 Geo Coordinates (market center): 36.55816, -119.75954

Major Hotel Demand Generators

E. & J. Gallo Winery | Conagra Brands Inc. | Del Monte Foods Inc. | Stanislaus Food Products | Foster Farms AG Inc. | Kaiser Permanente | Ruiz Food Products Inc. | California State University - Fresno | Edwards Air Force Base | China Lake Naval Weapons Center | Grimmway Farms | Wm. Bolthouse Farms Inc. | Jostens Printing & Publishing | OG Packing Co. | Dignity Health | Adventist Health | San Joaquin Community Hospital | Alorica | CIGNA Corp. | Walmart Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,101,984	51st of 104 (Average)
Income per Capita	\$45,354	61st of 104 (Average)
Feeder Group Size	202.6 Persons PSR	103rd of 104 (Soft)
Feeder Group Earnings	\$9,190,350 PSR	101st of 104 (Soft)
Total Market Hotel Revenues	\$262.9 million	91st of 104 (Soft)

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	65.0%	\$82.23	\$53.49	\$77.34	\$50.30	\$4.90	94.0%	38.0%	1.92	8,060	0.69
2016	67.7%	\$89.78	\$60.78	\$84.05	\$56.90	\$5.73	93.6%	39.9%	1.94	8,080	1.10
2017	69.5%	\$96.63	\$67.15	\$89.86	\$62.45	\$6.76	93.0%	42.2%	1.94	8,080	1.07
2018	68.8%	\$104.06	\$71.57	\$96.38	\$66.29	\$7.67	92.6%	46.9%	1.96	7,990	1.05
2019	73.6%	\$110.16	\$81.03	\$101.85	\$74.92	\$8.31	92.5%	53.0%	1.95	7,800	1.25
2020	63.4%	\$102.82	\$65.55	\$96.35	\$61.10	\$6.47	93.7%	34.4%	2.11	7,740	1.54
2021	73.3%	\$119.14	\$87.64	\$111.30	\$81.58	\$7.85	93.4%	36.9%	2.16	8,080	1.47
2022	72.9%	\$125.93	\$91.71	\$117.56	\$85.74	\$8.37	93.4%	38.5%	2.16	8,230	1.22
2023	71.0%	\$130.20	\$92.37	\$121.42	\$86.16	\$8.78	93.3%	39.4%	2.12	8,340	0.87
CAGR: 2015 thru 2023	1.1%	5.9%	7.1%	5.8%	7.0%	7.6%	-0.1%	0.4%	1.2%	0.4%	3.0%
1Q 2023	63.0%	\$130.91	\$82.47	\$122.00	\$76.86	\$8.91	93.2%	45.1%	2.05	8,300	1.04
1Q 2024	58.4%	\$127.07	\$74.25	\$118.05	\$68.98	\$9.02	92.9%	49.8%	2.01	8,480	0.75

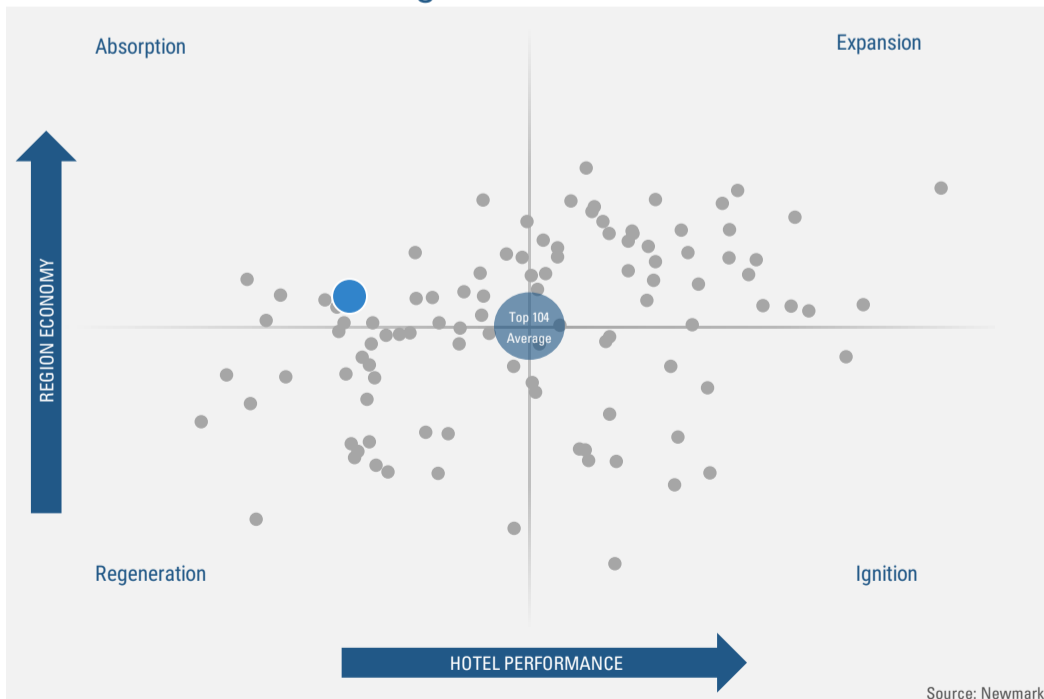
Notable Metrics

	Population Density per Room	Feeder Population Per Room	Marketwide Income per Room
HIGHEST	2nd Very Strong San Joaquin Valley, CA boasted strong population density per room (128.6)	2nd Very Strong The market posted a high ratio of feeder population per room (92.29)	3rd Very Strong The market also enjoyed a high ratio of marketwide income per room (\$4,185,638)
LOWEST	103rd Soft This market required a large feeder group size (202.64 Persons)	102nd Highly Unfavorable The market posted unfavorable IRR metrics in the economy/ltltd svc segment (13.3%)	101st Soft San Joaquin Valley, CA also has low feeder group earnings per sold room (\$9,190,350)

Notable Trends

	Long-Term Historical Guest Paid ADR Growth	Long-Term Historical COPE ADR Growth	Short-Term Historical Loyalty Contribution Growth
STRONGEST	2nd Very Strong San Joaquin Valley, CA has benefited from strong long-term historical Guest Paid ADR growth (5.1%)	2nd Very Strong The market enjoyed from strong long-term historical COPE ADR growth (5.0%)	4th Strong The market also enjoyed strong short-term historical loyalty contribution growth (6.4%)
WEAKEST	Last Soft The market exhibited high long-term historical booking costs POR growth (7.3%)	102nd Soft We note this area has been hindered by weak short-term historical occupancy growth (-4.1%)	100th Soft San Joaquin Valley, CA also has been impeded by high short-term historical growth in booking costs (6.4%)

Market Performance Stage



San Joaquin Valley, CA: Absorption Stage

The San Joaquin Valley, CA market is currently in the 'Absorption' stage of the performance cycle. In this 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.

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.
- 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: **Expansion**
 Employment Growth (2 yr): **0.9%**
 Risk Exposure (402 US markets): **84th Percentile: Above Average**
 Key Industry Notes:
 World-class universities and labs
 Proximity to world's tech capital
 Ample transportation infrastructure
 Deteriorating migration trends
 High costs of living, business

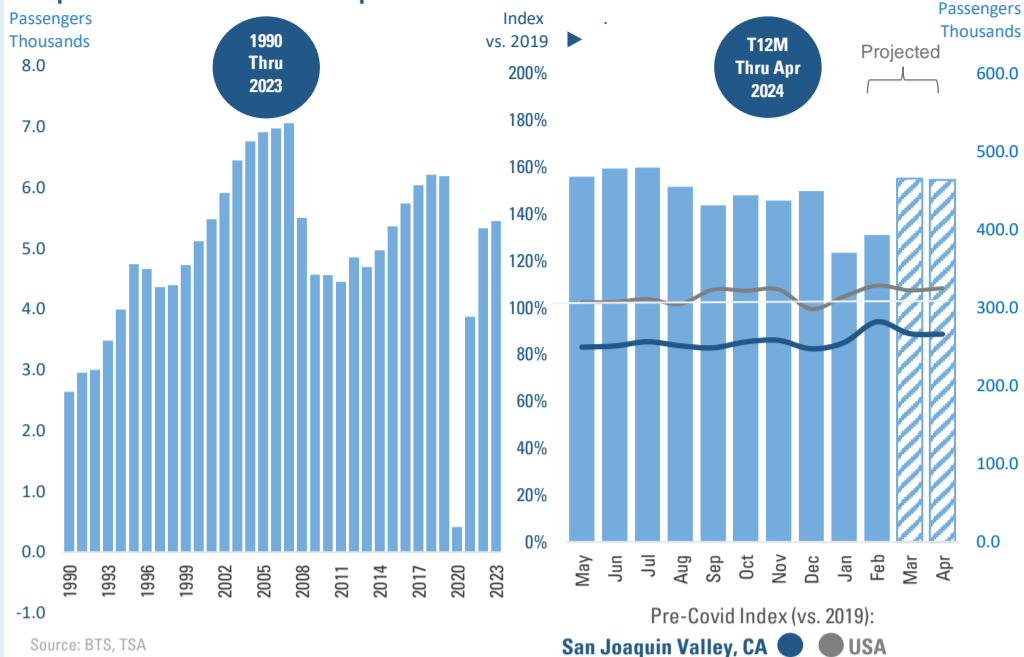
Moody's Rating

Aa1
Investment Grade

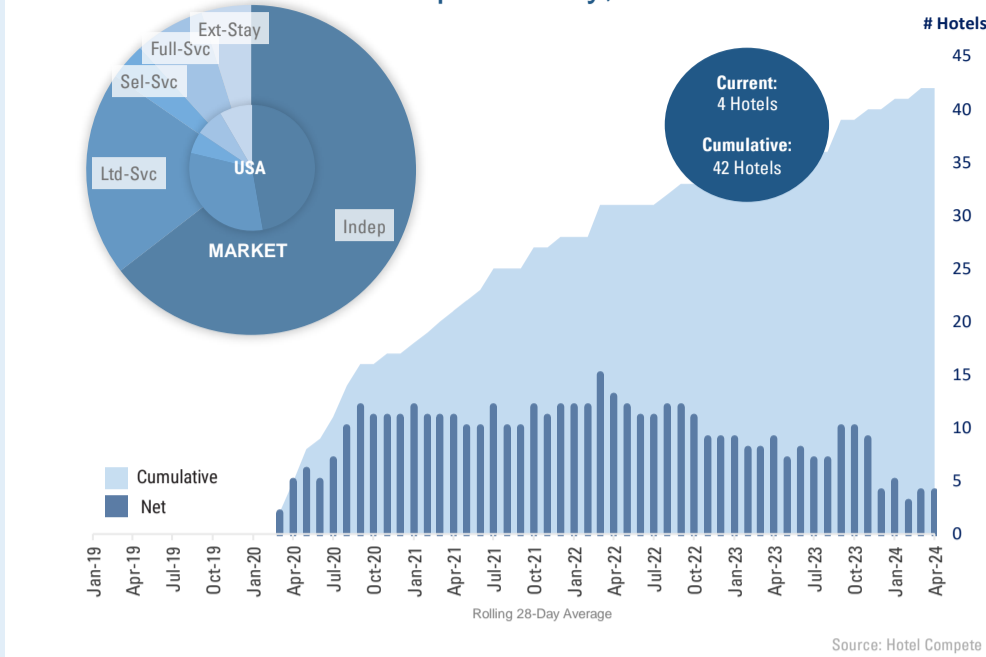
Long-term investment grade, Prime-1 short-term outlook



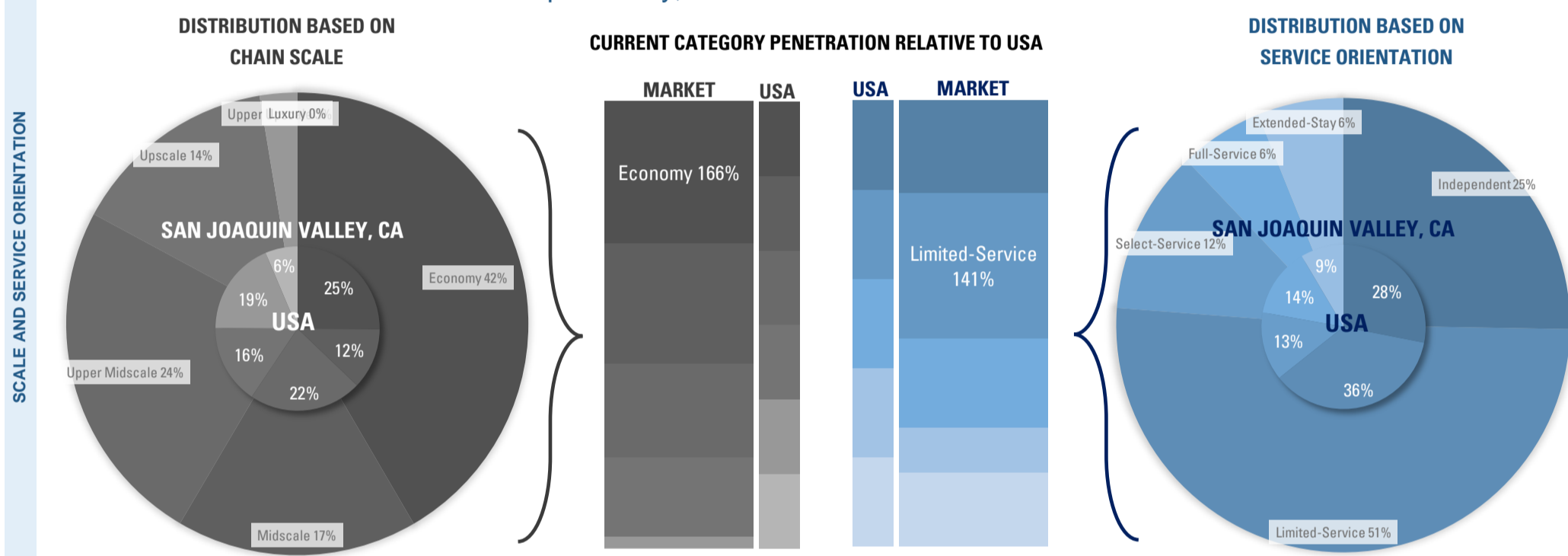
Airport Statistics - Enplanements



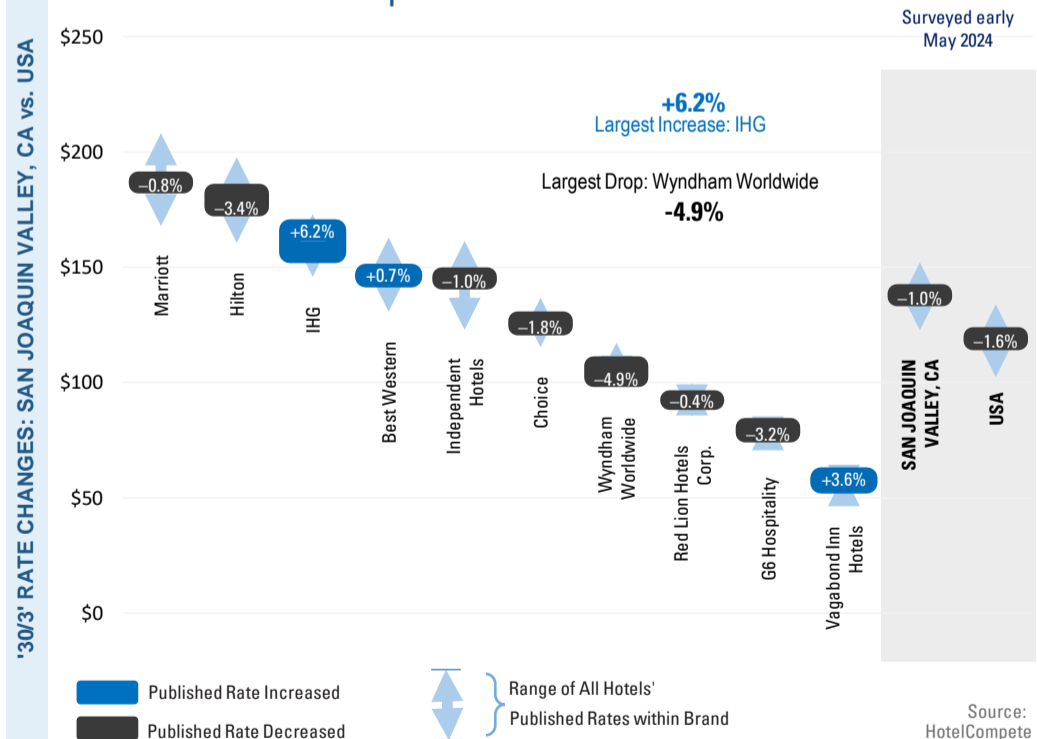
Hotel Closures - San Joaquin Valley, CA



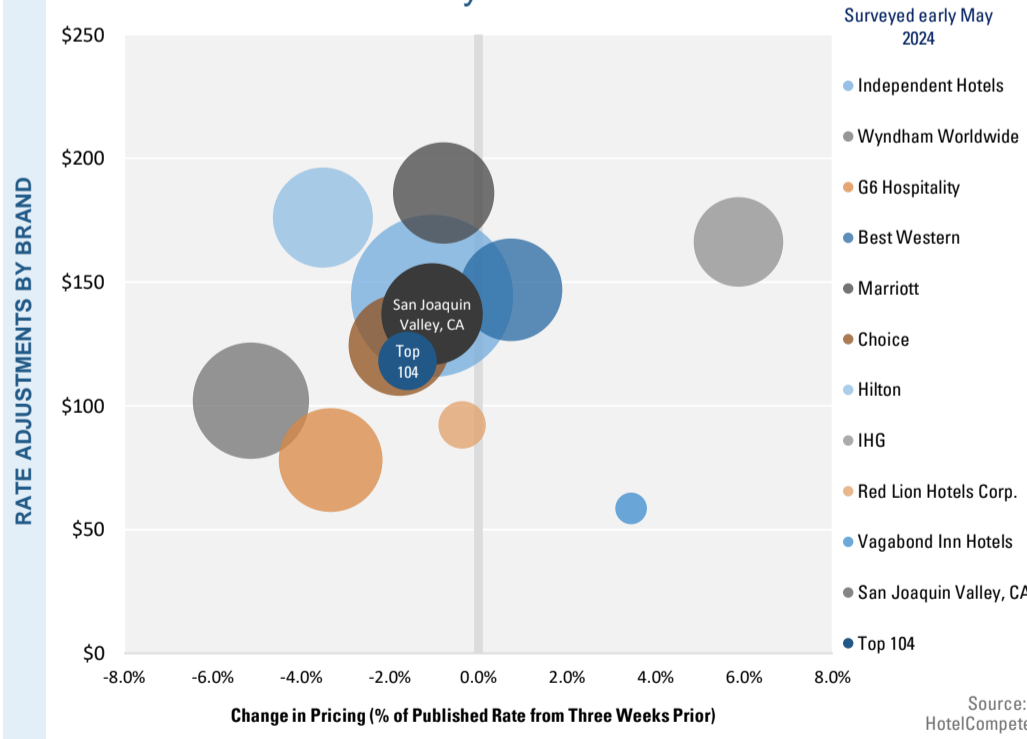
Scale and Service Distribution: San Joaquin Valley, CA



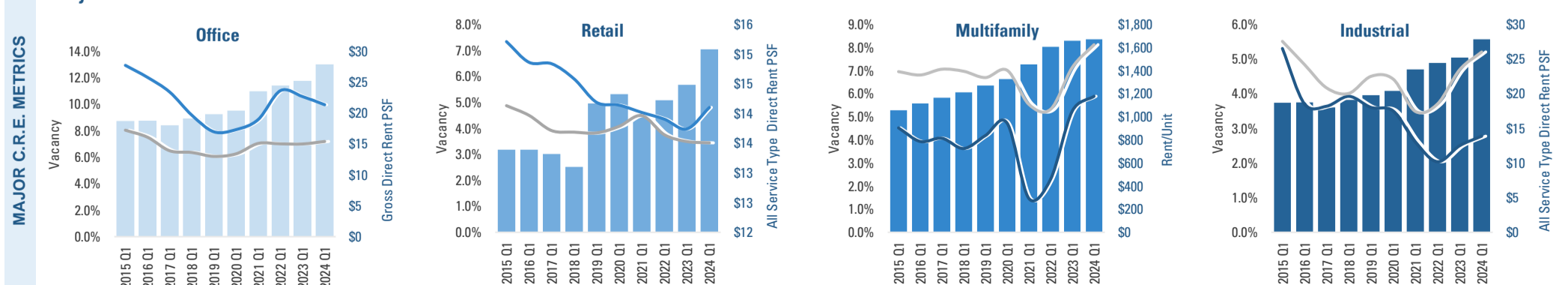
Published Rates: Top 10 Brands



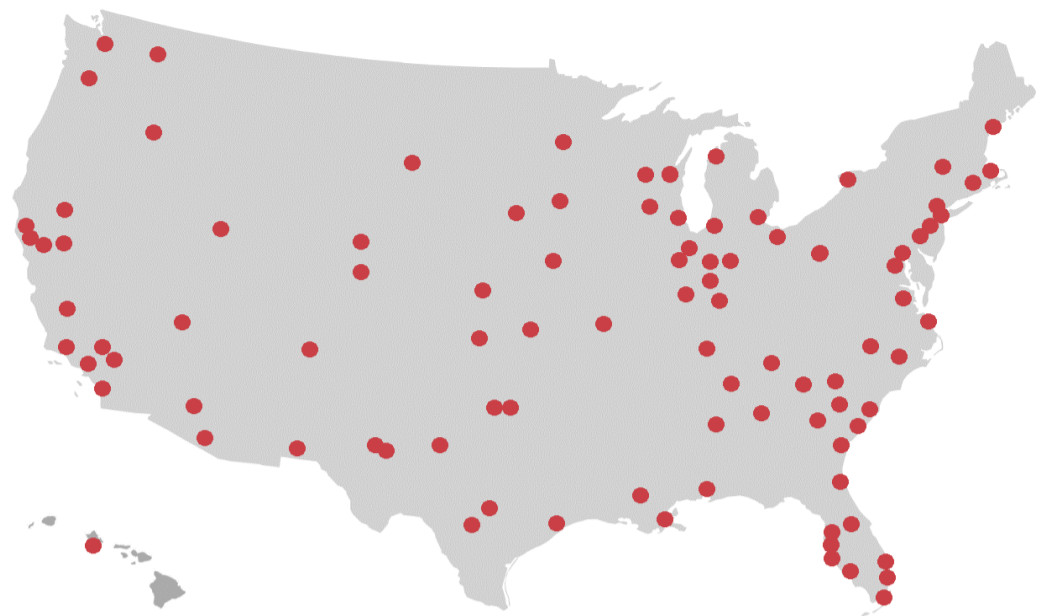
Published Rates: Volatility



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

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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.

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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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