VALUATION & ADVISORY
1Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice — Austin, TX

Fundamentals Dashboard

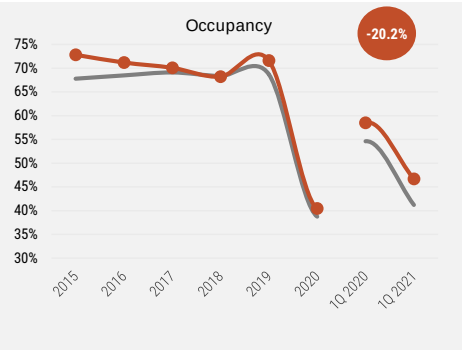
KEY PERFORMANCE METRICS

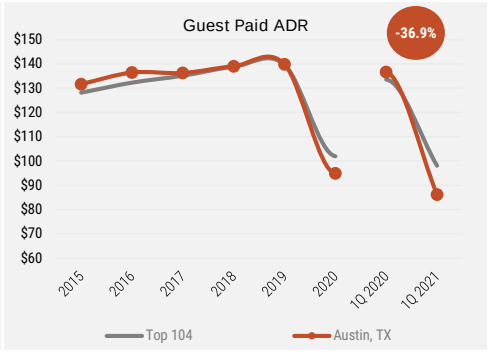
Lodging Performance Index

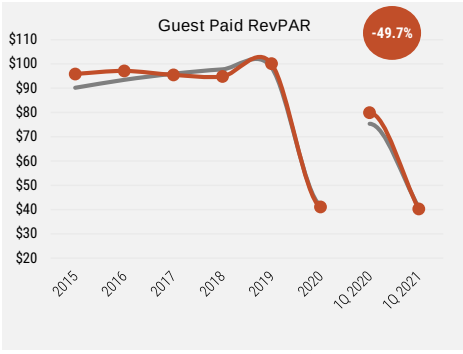
62nd of 104

Average

Ranking of overall '1Q 2021 LPI' performance (0.89) against all 104 surveyed markets.







PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
46.7%	37.5%	$86 / $98	$82 / $93	$40 / $41	$31 / $33
1Q 2021	T12 Mos.	1Q 2021	T12 Mos.	1Q 2021	T12 Mos.
38th	60th	50th	58th	41st	58th

BENCHMARK INDEXES

Key Benchmark Indexes

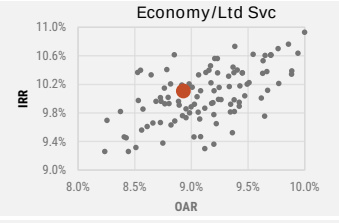
Data provided by: kalibri LABS

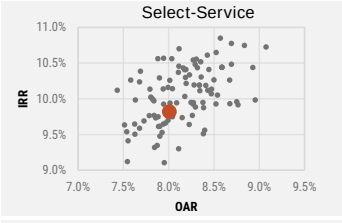
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
1Q 2021: 44.4%	T12 Mos.: 42.4%	T12 Mos.: 2.44 / 2.28	1Q 2021: 2.51 / 2.19	$6.11 / $7.19	$5.88 / $6.50
				1Q 2021	T12 Mos.
84th	87th	5th	13th	52nd	55th

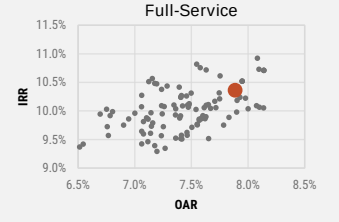
INVESTMENT PARAMETERS

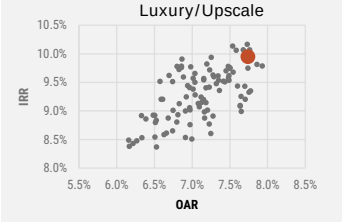
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
88th	**91st**	**74th**
Below Average	**Soft**	**Below 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

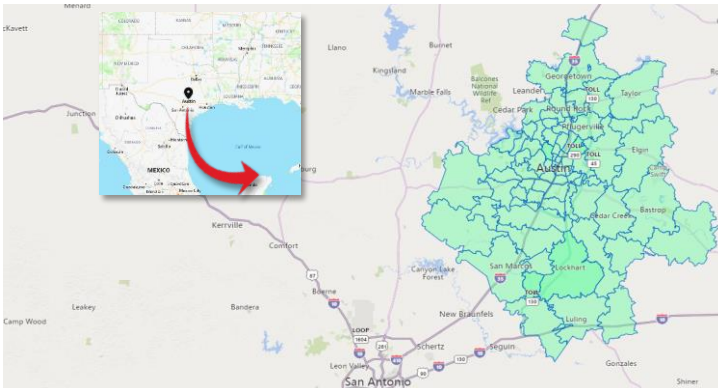
RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
3rd	**103rd**	**102nd**
High Risk	**Low Risk**	**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 Hotel Market Nsights Report - 1Q 2021

Austin, TX

Location



Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Austin
County:	Bastrop County, Hays County, Travis County, and others
State:	Texas
Geo Coordinates (market center):	30.30116, -97.7527

Major Hotel Demand Generators

University of Texas at Austin | Dell Inc. | Seton Healthcare Network | Walmart Inc. | St. David's Healthcare | Samsung Austin Semiconductor | Apple Computer | IBM Corp. | Texas State University - San Marcos | Austin Community College | NXP Semiconductors | Applied Materials | AT&T | National Instruments | Whole Foods Market | Keller Williams Realty | Accenture | Flextronics International | Lower Colorado River Authority | Spectrum

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,671,201	33rd of 104 (Above Average)
Income per Capita	$63,717	10th of 104 (Above Average)
Feeder Group Size	101.2 Persons PSR	36th of 104 (Average)
Feeder Group Earnings	$6,450,366 PSR	55th of 104 (Average)
Total Market COPE	$495.9 million	27th 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 (Available Rms)	Performance Index (LPI)
2015	72.8%	$131.69	$95.89	$121.29	$88.32	$10.40	92.1%	42.1%	2.19	33,100	1.45
2016	71.2%	$136.46	$97.13	$125.29	$89.18	$11.17	91.8%	45.1%	2.13	34,800	1.16
2017	70.1%	$136.29	$95.50	$124.98	$87.58	$11.31	91.7%	48.5%	2.12	36,500	1.16
2018	68.2%	$139.05	$94.84	$127.46	$86.94	$11.58	91.7%	51.8%	2.06	38,500	1.20
2019	71.6%	$139.82	$100.09	$128.30	$91.85	$11.52	91.8%	55.7%	2.03	42,300	1.42
2020	40.4%	$94.90	$40.99	$87.76	$35.48	$7.15	92.5%	44.8%	2.32	44,200	0.90
CAGR: 2015 thru 2020	**-11.1%**	**-6.3%**	**-15.6%**	**-6.3%**	**-16.7%**	**-7.2%**	**0.1%**	**1.2%**	**1.2%**	**6.0%**	**-9.0%**
1Q 2020	58.5%	$136.62	$79.90	$125.44	$73.36	$11.17	91.8%	54.1%	2.02	42,400	1.26
1Q 2021	46.7%	$86.20	$40.23	$80.09	$37.38	$6.11	92.9%	44.4%	2.51	45,800	0.89
% Change	**-20.2%**	**-36.9%**	**-49.7%**	**-36.2%**	**-49.0%**	**-45.4%**	**1.2%**	**-17.9%**	**24.1%**	**8.0%**	**-29.0%**

*COPE: Contribution to Operating Profit and Expenses. Metrics do not account for Sales and Marketing Spend.

Notable Metrics

HIGHEST

Latest-Quarter Average Length of Stay	Economy Median Income	T12-Month Average Length of Stay
5th	**10th**	**13th**
Strong	**Above Average**	**Above Average**
Austin, TX boasted strong latest-quarter average length of stay (2.51 Nights)	The market exhibited strong Economy Median Income ($63,717)	The market also benefited from strong T12-month average length of stay (2.44 Nights)

LOWEST

IRR: Luxury/Upscale	OAR: Luxury/Upscale	OAR: Full-Service
99th	**98th**	**87th**
Highly Unfavorable	**Highly Unfavorable**	**Unfavorable**
This market posted unfavorable IRR metrics in the luxury/upscale segment (10.0%)	The market exhibited unfavorable OAR metrics in the luxury/upscale segment (7.7%)	Austin, TX also posted unfavorable OAR metrics in the full-service segment (7.9%)

Notable Trends

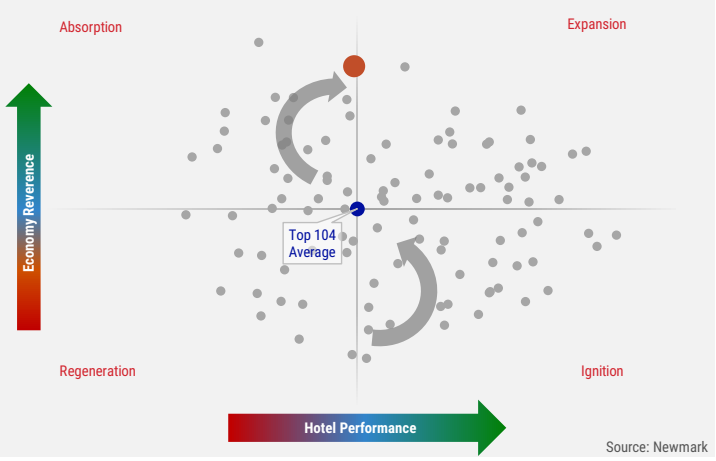
FASTEST

General Economy Reverence	Short-Term Historical Supply Growth	Long-Term Historical Booking Costs POR Growth
2nd	**4th**	**5th**
Strong	**Strong**	**Strong**
Austin, TX enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	The market has benefited from low short-term historical supply growth (5.9%)	The market also has benefited from low long-term historical booking costs POR growth (-9.7%)

SLOWEST

Long-Term Historical Supply Growth	T12-Month Rooms Supply Growth	Short-Term Historical COPE ADR Growth
104th	**102nd**	**100th**
Soft	**Soft**	**Soft**
The market has been burdened by high long-term historical supply growth (6.1%)	We note this area has been hindered by high rooms supply growth over the last 12 months (8.0%)	Austin, TX also posted weak short-term historical COPE ADR growth (-17.0%)

Market Performance Stage



Source: Newmark

Austin, TX: Absorption Stage

Absorption

The Austin, TX 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 recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Anaheim, CA; Boston, MA; and Charlotte, NC.

Other Stages:

Regeneration

In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 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 Chicago, IL; New Orleans, LA; and Orlando, FL.

Ignition

In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Detroit, MI; Knoxville, TN; and Miami, FL.

Expansion

In the 'Expansion' stage, hotels generally perform adequately and in an economy with resilience and higher confidence the economy will recover from the COVID-19 crisis. Barriers to entry are low, displacement demand is high, and the market typically experiences an expansion of both hotel supply and general economic conditions. Example markets in this stage include Atlanta, GA; Fort Lauderdale, FL; and Fort Worth, TX.

MOODY'S ANALYTICS

Industry Observations

Business Cycle:	**In Expansion**
Employment Growth (2 yr):	**2.2%**
Risk Exposure (402 US markets):	**4th Percentile: Low Risk**
Key Industry Notes:	College town, high tech Strong population growth Well-educated labor force Foreign high-tech business High cost of living

Moody's Rating

Aaa

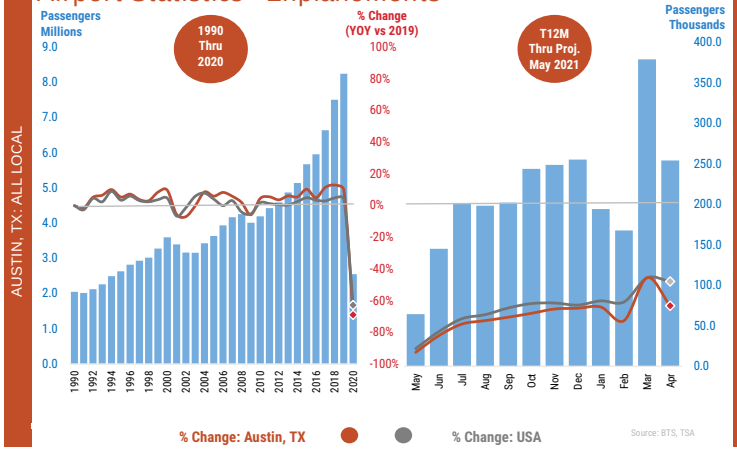
Investment Grade

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

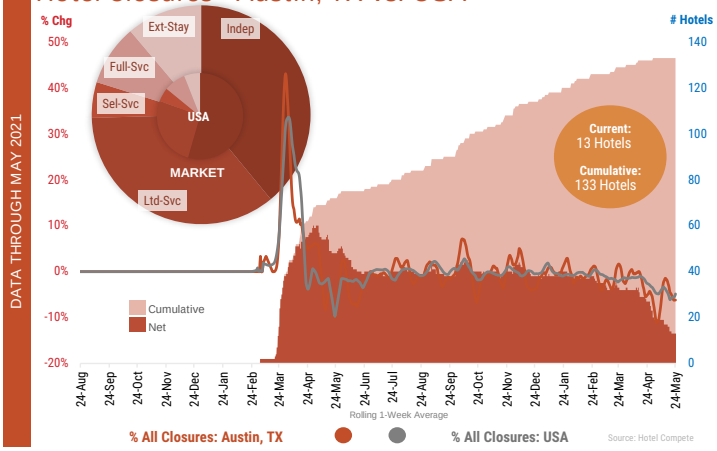
TOP 10 BRANDS

Source: Newmark

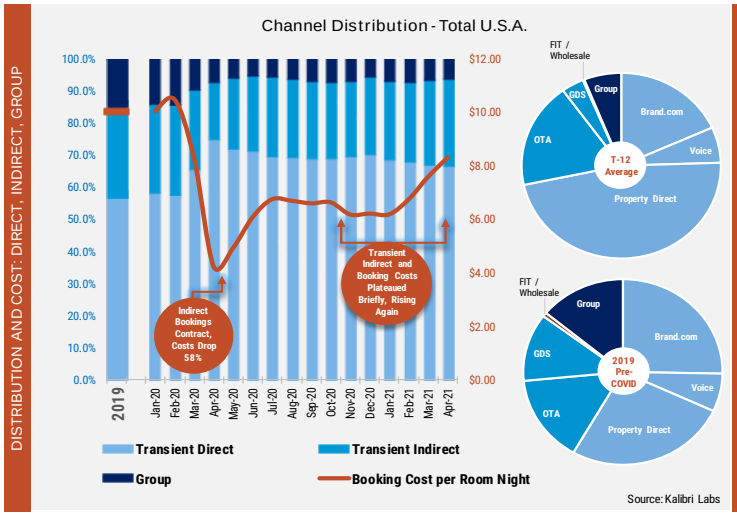
Airport Statistics - Enplanements



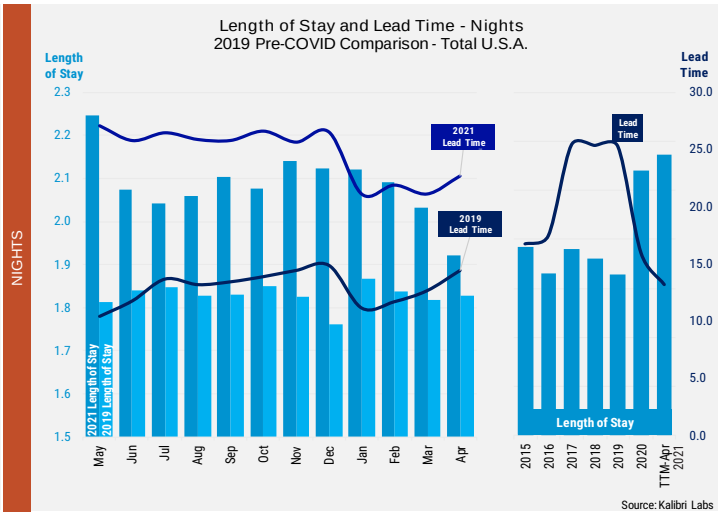
Hotel Closures - Austin, TX vs. USA



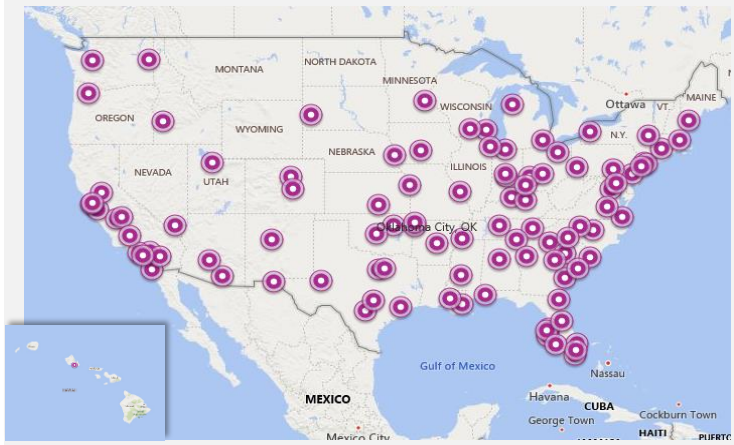
National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Nsights Report Coverage



Akron, OH
Albany, NY
Albuquerque, NM
Anaheim, CA
Arkansas State Area, AR
Atlanta, GA
Augusta, GA
Austin, TX
Bakersfield, CA
Baltimore, MD
Baton Rouge, LA
Bentonville, AR
Birmingham, AL
Boise City, ID
Boston, MA
Buffalo, NY
Charleston, SC
Charlotte, NC
Chattanooga, TN
Chicago, IL
Cincinnati, OH
Cleveland, OH
Colorado Springs, CO
Columbia, SC
Columbus, OH
Dallas, TX
Dayton, OH
Denver, CO
Des Moines, IA
Detroit, MI
El Paso, TX
Fayetteville, AR
Fort Lauderdale, FL
Fort Myers, FL
Fort Worth, TX
Fresno, CA
Greensboro, NC
Greenville, SC
Harrisburg, PA
Hartford, CT
Houston, TX
Indiana North Area, IN
Indiana South Area, IN
Indianapolis, IN
Jackson, MS
Jacksonville, FL
Kansas City, MO
Knoxville, TN
Las Vegas, NV (Non-Strip)
Lexington, KY
Little Rock, AR
Los Angeles, CA
Louisville, KY
Madison, WI
Memphis, TN
Miami, FL
Michigan North Area, MI
Michigan South Area, MI
Milwaukee, WI
Minneapolis, MN
Mobile, AL
Myrtle Beach, SC
Nashville, TN
New Brunswick, NJ
New Orleans, LA
New York, NY
Newark, NJ
Oahu Island, HI (Branded)
Oakland, CA
Odessa-Midland, TX
Oklahoma City, OK
Omaha, NE
Orlando, FL (Non-Disney)
Palm Desert, CA
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
Portland, ME
Portland, OR
Raleigh, NC
Rapid City, SD
Richmond, VA
Sacramento, CA
Saint Louis, MO
Saint Petersburg, FL
Salt Lake City, UT
San Antonio, TX
San Bernardino, CA
San Diego, CA
San Francisco, CA
San Joaquin Valley, CA
San Jose, CA
Sarasota, FL
Savannah, GA
Seattle, WA
Spokane, WA
Tampa, FL
Tucson, AZ
Tulsa, OK
Virginia Beach, VA
Washington State Area, WA
Washington, DC
West Palm Beach, FL
Wichita, KS

MARKET DISCLAIMERS

Las Vegas, NV; Oahu, HI; Orlando, FL: market data based on actual reporting properties only. Excludes vast majority of casino properties and assets located within the "strip" district of Las Vegas, as well as the vast majority of Disney-associated assets, which comprises most of the Orlando market.

Total Supply The total supply figures are aggregated estimates from multiple third-party sources.

Air Passenger Statistics The latest two months are estimates based on daily national trends reported by TSA. These data are subject to revision.

SOUTH US MARKETS

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NEWMARK

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