VALUATION & ADVISORY
1Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice — Chicago, IL

Fundamentals Dashboard

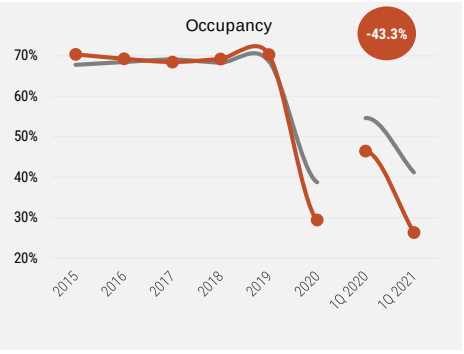
KEY PERFORMANCE METRICS

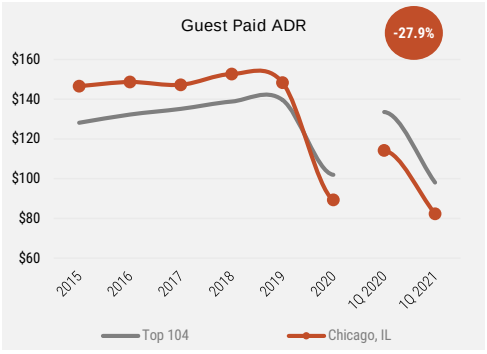
Lodging Performance Index

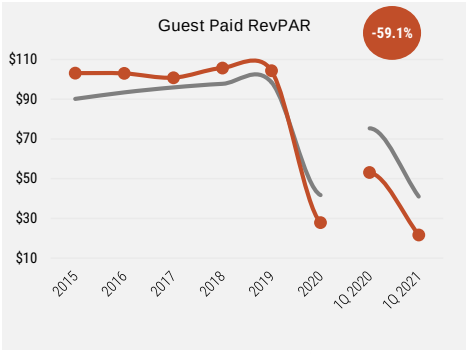
103rd of 104

Soft

Ranking of overall '1Q 2021 LPI' performance (0.45) against all 104 surveyed markets.







PERFORMANCE INDEXES

Key Performance Indexes

Subject Market — Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
1Q 2021	T12 Mos.	1Q 2021	T12 Mos.	1Q 2021	T12 Mos.
26.3%	24.4%	$82 / $98	$81 / $93	$22 / $41	$20 / $33
101st	101st	63rd	62nd	103rd	104th

BENCHMARK INDEXES

Key Benchmark Indexes

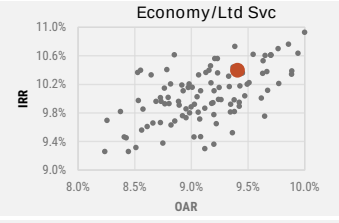
Data provided by: kalibri LABS

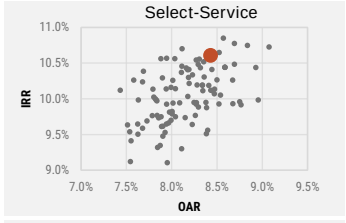
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
1Q 2021	T12 Mos.	T12 Mos.	1Q 2021	1Q 2021	T12 Mos.
44.4%	42.4%	2.23 / 2.28	2.03 / 2.19	$6.29 / $7.19	$5.77 / $6.50
87th	86th	72nd	46th	59th	52nd

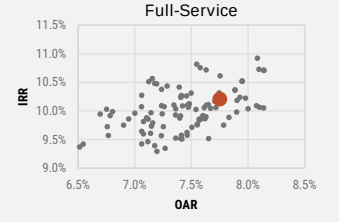
INVESTMENT PARAMETERS

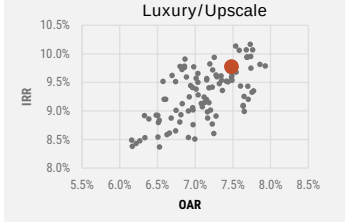
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
95th	**89th**	**96th**
Soft	**Below Average**	**Soft**
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

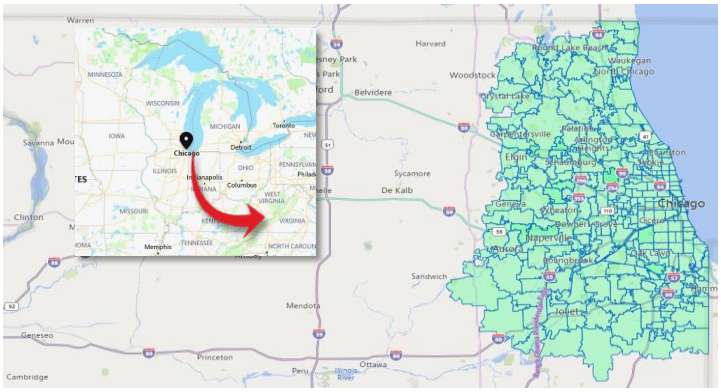
RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
77th	**10th**	**15th**
Below Average	**Above Average**	**Above Average**
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

Chicago, IL

Location



Quick Facts

Source: US Census Bureau, Dept. of Labor Statistics

Jurisdictional Information

Municipal Name:	Chicago
County:	Cook County, DuPage County
State:	Illinois
Geo Coordinates (market center):	41.83755, -87.68184

Major Hotel Demand Generators

Advocate Health Care System | Northwestern Memorial Healthcare | University of Chicago | JPMorgan Chase & Co. | Amazon | United Continental Holdings Inc. | Walgreens Boots Alliance Inc. | Northwestern University | Presence Health | Wal-Mart Stores Inc. | Abbott Laboratories | Jewel-Osco Stores | University of Illinois | American Airlines | Rush University Medical Center | Chicago Transit Authority | AT&T | University of Chicago Medical Center | Allstate Insurance Co. | Employco USA Inc.

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	7,749,499	2nd of 104 (Very Large)
Income per Capita	$52,497	36th of 104 (Average)
Feeder Group Size	262.6 Persons PSR	100th of 104 (Soft)
Feeder Group Earnings	$13,784,528 PSR	98th of 104 (Soft)
Total Market COPE	$875.4 million	12th 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	70.4%	$146.61	$103.17	$134.06	$94.33	$12.55	91.4%	48.3%	2.03	111,700	1.39
2016	69.3%	$148.68	$103.01	$135.69	$94.01	$12.99	91.3%	50.6%	1.98	113,300	1.10
2017	68.5%	$147.29	$100.87	$134.21	$91.91	$13.08	91.1%	52.4%	1.95	114,900	1.13
2018	69.2%	$152.68	$105.73	$139.65	$96.70	$13.03	91.5%	54.1%	1.94	116,200	1.36
2019	70.3%	$148.40	$104.35	$135.84	$95.52	$12.56	91.5%	57.7%	1.89	121,600	1.11
2020	29.4%	$89.24	$27.80	$82.64	$24.28	$6.59	92.6%	45.9%	2.19	122,100	0.52
CAGR: 2015 thru 2020	-16.0%	-9.5%	-23.1%	-9.2%	-23.8%	-12.1%	0.3%	-1.0%	1.6%	1.8%	-17.8%
1Q 2020	46.5%	$114.19	$53.04	$104.60	$48.59	$9.59	91.6%	58.5%	1.87	120,400	1.19
1Q 2021	26.3%	$82.31	$21.68	$76.02	$20.02	$6.29	92.4%	44.4%	2.03	119,800	0.45
% Change	-43.3%	-27.9%	-59.1%	-27.3%	-58.8%	-34.4%	0.8%	-24.2%	8.8%	-0.5%	-61.7%

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

Notable Metrics

HIGHEST

Total Rooms Supply	Total Rooms Sold	Marketwide Income per Room
4th	8th	20th
Strong	Strong	Above Average
Chicago, IL benefits from a large and diverse hotel market (119,753)	The market boasted strong total rooms sold (10,772,316)	The market also enjoyed a high ratio of marketwide income per room ($2,500,394)

LOWEST

T12-Month COPE RevPAR	T12-Month Guest Paid RevPAR	Latest-Quarter LPI
104th	104th	104th
Soft	Soft	Soft
This market posted weak T12-month COPE RevPAR ($18.39)	The market has been hindered by weak T12-month Guest Paid RevPAR ($19.96)	Chicago, IL also posted weak latest-quarter LPI (0.47)

Notable Trends

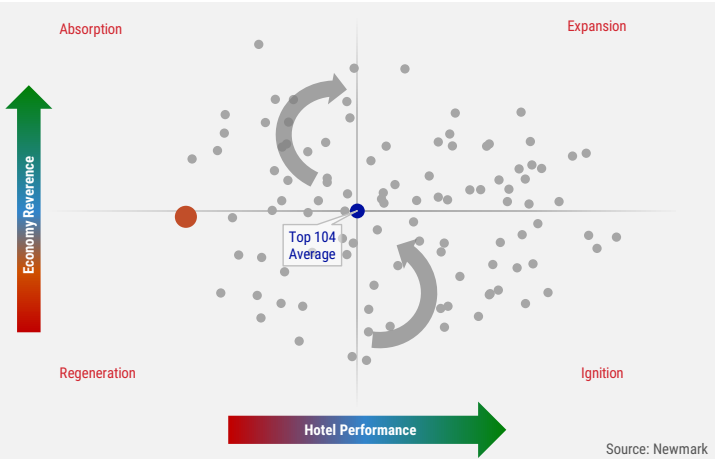
FASTEST

Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Supply Growth
10th	13th	25th
Above Average	Above Average	Above Average
Chicago, IL has benefited from low long-term historical booking costs POR growth (-7.8%)	The market enjoyed low short-term historical growth in booking costs (-16.1%)	The market also has benefited from low long-term historical supply growth (1.3%)

SLOWEST

Overall Health of Hotel Market	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
104th	104th	104th
Soft	Soft	Soft
The market has been hampered by weak general hotel market performance (levels and trends of fundamentals)	We note this area has been hampered by weak short-term historical LPI growth (-29.1%)	Chicago, IL also posted weak long-term historical LPI growth (-19.1%)

Market Performance Stage



Source: Newmark

Chicago, IL: Regeneration Stage

Regeneration

The Chicago, IL market is currently in the 'Regeneration' stage of the performance cycle. In this 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 New Orleans, LA; Orlando, FL; and Philadelphia, PA.

Other Stages:

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.

Absorption

In the 'Absorption' 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; Austin, TX; and Boston, MA.

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.

Industry Observations

MOODY'S ANALYTICS

Business Cycle:	In Recovery
Employment Growth (2 yr):	-2.4%
Risk Exposure (402 US markets):	95th Percentile: High Risk
Key Industry Notes:	Financial, tourism
	Major business center
	Huge talent pool
	Budgetary pressures
	High crime rate

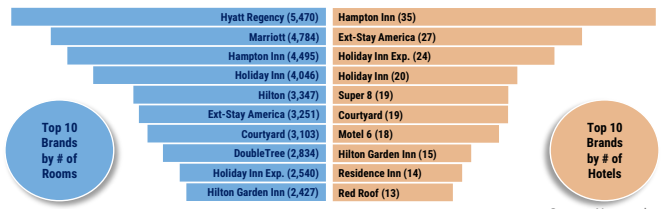
Moody's Rating

A2

Investment Grade

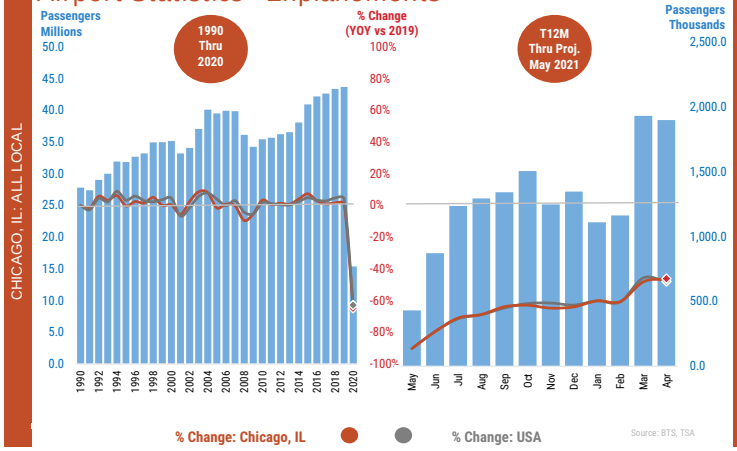
Long-term investment grade, Prime-2 short-term outlook

TOP 10 BRANDS

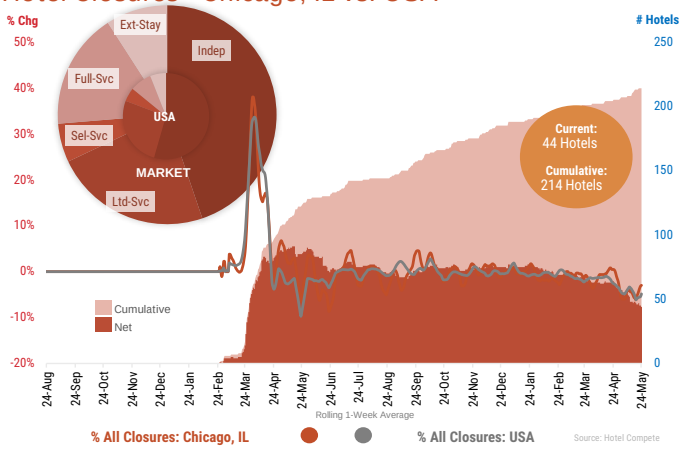


Source: Newmark

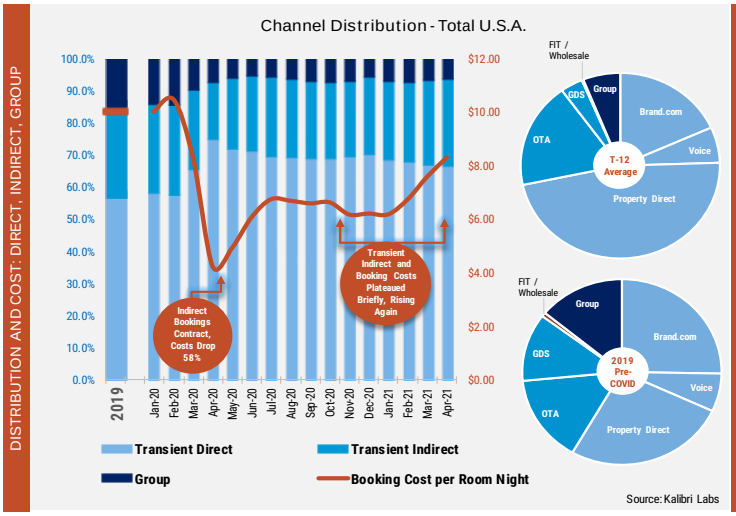
Airport Statistics - Enplanements



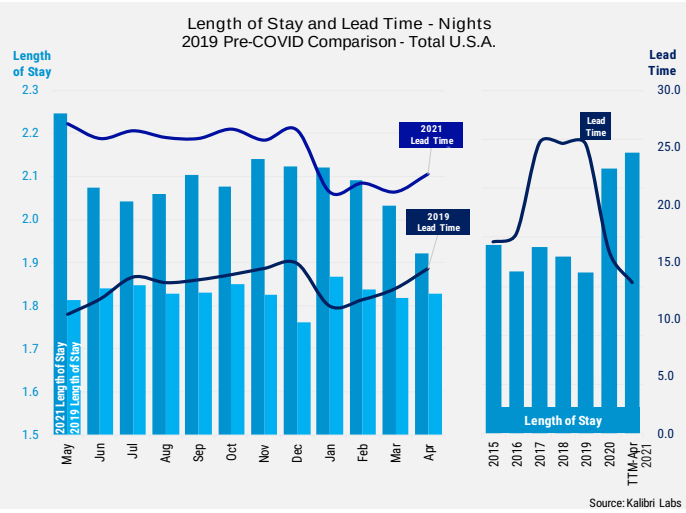
Hotel Closures - Chicago, IL vs. USA



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.

MIDWEST MARKETS

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NEWMARK

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