Hospitality, Gaming & Leisure Practice
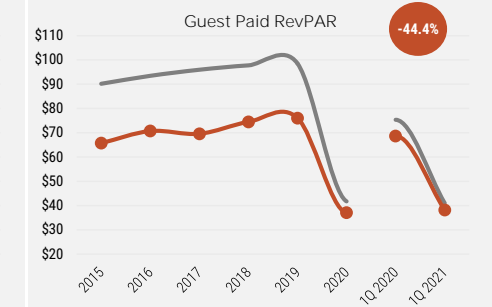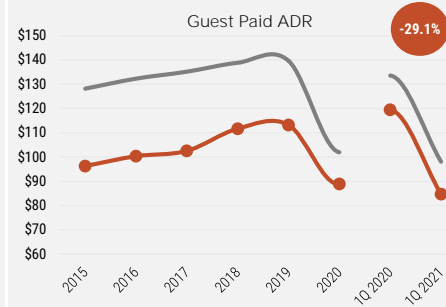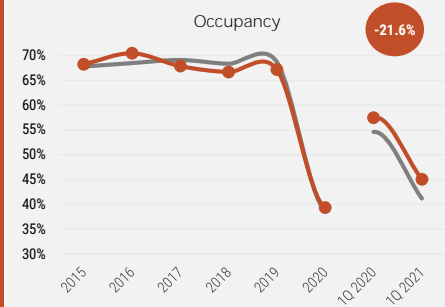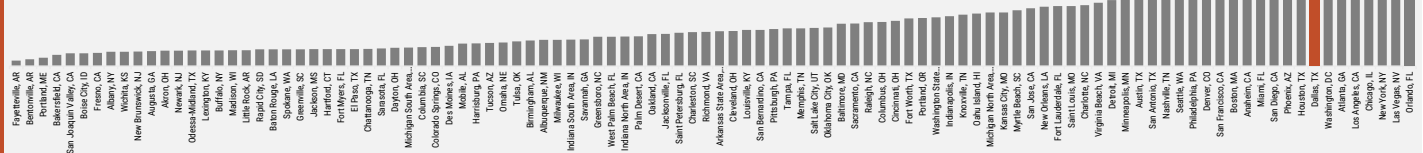
Dallas, TX

Fundamentals Dashboard

Lodging Performance Index

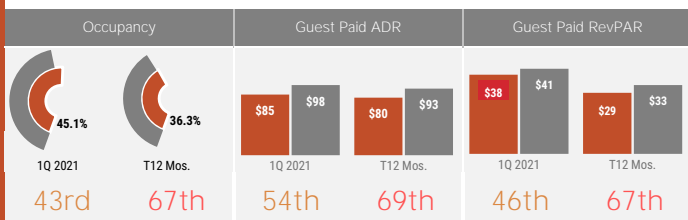**74th of 104**

Below Average

Ranking of overall '1Q 2021 LPI' performance (0.78) against all 104 surveyed markets.

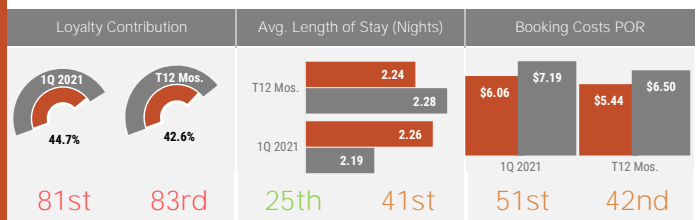### Supply Ranking vs. Major US Markets

101,200

KEY PERFORMANCE METRICS

Occupancy
-21.6%

Guest Paid ADR
-29.1%

Guest Paid RevPAR
-44.4%

— Top 104   —●— Dallas, TX

Key Performance Indexes

● Subject Market   ● Top 104

PERFORMANCE INDEXES

	Occupancy	Guest Paid ADR		Guest Paid RevPAR	
		1Q 2021: $85 / $98	T12 Mos.: $80 / $93	1Q 2021: $38 / $41	T12 Mos.: $29 / $33
1Q 2021	45.1%				
T12 Mos.	36.3%				
	43rd / 67th	54th / 69th		46th / 67th	

Key Benchmark Indexes

Data provided by: **kalibri LABS**

BENCHMARK INDEXES

	Loyalty Contribution	Avg. Length of Stay (Nights)	Booking Costs POR
1Q 2021	44.7%	2.19 / 2.26	$6.06 / $7.19
T12 Mos.	42.6%	2.24 / 2.28	$5.44 / $6.50
	81st / 83rd	25th / 41st	51st / 42nd

Discount and Capitalization Rates

Source: Newmark

INVESTMENT PARAMETERS

Economy/Ltd Svc

Select-Service

Full-Service

Luxury/Upscale

Trends and Risks

Source: Kalibri Labs, Newmark

FUNDAMENTALS

Revenue Stability	Supplier Power Trend	Investment Yields
74th	**84th**	**73rd**
Below Average	**Below Average**	**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
32nd	**93rd**	**93rd**
Above Average	**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

Location

Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Dallas
County:	Collin County, Dallas County, Denton County, and others
State:	Texas
Geo Coordinates (market center):	32.79333, -96.76651

Major Hotel Demand Generators

Wal-Mart Stores Inc. | AT&T | Baylor Scott & White Health | Bank of America Corp. | Texas Instruments Inc. | JPMorgan Chase & Co. | HCA North Texas Division | UT Southwestern Medical Center | Southwest Airlines Co. | Target Brands Inc. | Verizon | Raytheon Co. | Cook Children's Health Care System | The Kroger Co. | Methodist Health System | Albertsons Cos. LLC | FRM LLC | Citi | Capital One | Children's Health

Metrics and Ranking	Measurement	Rankings	
Population (hotel market area)	4,336,886	6th of 104	(Large)
Income per Capita	$47,285	58th of 104	(Average)
Feeder Group Size	119 Persons PSR	47th of 104	(Average)
Feeder Group Earnings	$5,627,556 PSR	48th of 104	(Average)
Total Market COPE	$1.1 billion	8th of 104	(Strong)

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	68.2%	$96.29	$65.70	$89.12	$60.81	$7.17	92.6%	41.3%	2.48	84,800	1.28
2016	70.5%	$100.35	$70.70	$92.76	$65.36	$7.58	92.4%	42.8%	2.47	85,400	1.20
2017	67.9%	$102.53	$69.58	$94.32	$64.02	$8.20	92.0%	45.3%	2.35	87,400	1.05
2018	66.7%	$111.67	$74.46	$102.78	$68.53	$8.89	92.0%	49.6%	2.23	89,000	1.09
2019	67.2%	$113.23	$76.05	$104.28	$70.04	$8.94	92.1%	54.7%	2.16	100,400	1.10
2020	39.4%	$88.89	$37.00	$82.72	$32.56	$6.18	93.1%	44.9%	2.19	101,900	0.92
CAGR: 2015 thru 2020	-10.4%	-1.6%	-10.8%	-1.5%	-11.7%	-2.9%	0.1%	1.7%	-2.4%	3.7%	-6.5%
1Q 2020	57.5%	$119.45	$68.63	$110.43	$63.45	$9.01	92.5%	54.0%	2.07	99,600	1.13
1Q 2021	45.1%	$84.71	$38.17	$78.65	$35.44	$6.06	92.8%	44.7%	2.26	101,200	0.78
% Change	-21.6%	-29.1%	-44.4%	-28.8%	-44.1%	-32.7%	0.4%	-17.1%	9.3%	1.6%	-30.8%

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

Notable Metrics

HIGHEST

Total Rooms Sold	Total Rooms Supply	IRR: Full-Service
5th Strong	**8th** Strong	**20th** Favorable
Dallas, TX boasted strong total rooms sold (13,300,699)	The market benefits from a large and diverse hotel market (101,151)	The market also enjoyed favorable IRR metrics in the full-service segment (9.7%)

LOWEST

OAR: Economy/Ltd Svc	T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution
86th Unfavorable	**83rd** Below Average	**81st** Below Average
This market exhibited unfavorable OAR metrics in the economy/ltd svc segment (9.5%)	The market has been hindered by weak T12-month loyalty contribution (42.6%)	Dallas, TX also has been hindered by weak latest-quarter loyalty contribution (44.7%)

Notable Trends

FASTEST

Short-Term Historical Supply Growth	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth
15th Above Average	**24th** Above Average	**26th** Above Average
Dallas, TX has benefited from low short-term historical supply growth (3.6%)	The market has benefited from low long-term historical booking costs POR growth (-5.6%)	The market also enjoyed low short-term historical growth in booking costs (-14.5%)

SLOWEST

Long-Term Historical Supply Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical LPI Growth
90th Soft	**84th** Below Average	**83rd** Below Average
The market has been burdened by high long-term historical supply growth (3.3%)	We note this area has been impeded by weak short-term historical Guest Paid ADR growth (-11.2%)	Dallas, TX also has been hampered by weak short-term historical LPI growth (-14.1%)

Market Performance Stage
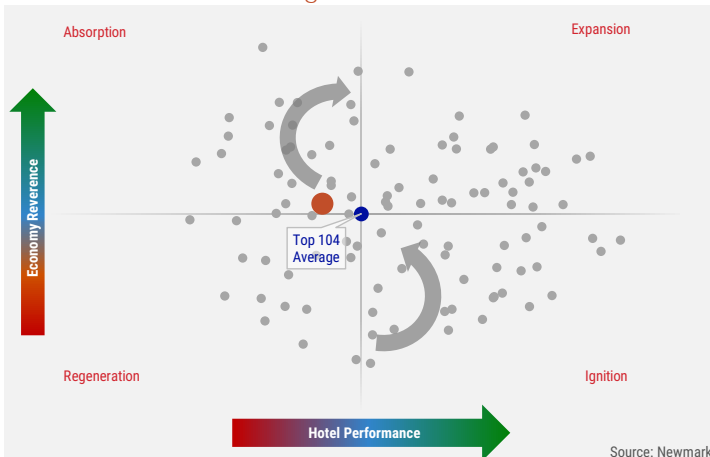
Source: Newmark

Dallas, TX: Absorption Stage

Absorption

The Dallas, 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; Austin, TX; and Boston, MA.

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.

Industry Observations

MOODY'S ANALYTICS

Business Cycle:	In Recovery
Employment Growth (2 yr):	-1.2%
Risk Exposure (402 US markets):	11th Percentile: Low Risk

Key Industry Notes:
- Financial, high tech
- Professional services demand
- Distribution center for SW
- Favorable migration trends
- Volatile high tech exposure

Moody's Rating

Aaa
Investment Grade

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

TOP 10 BRANDS
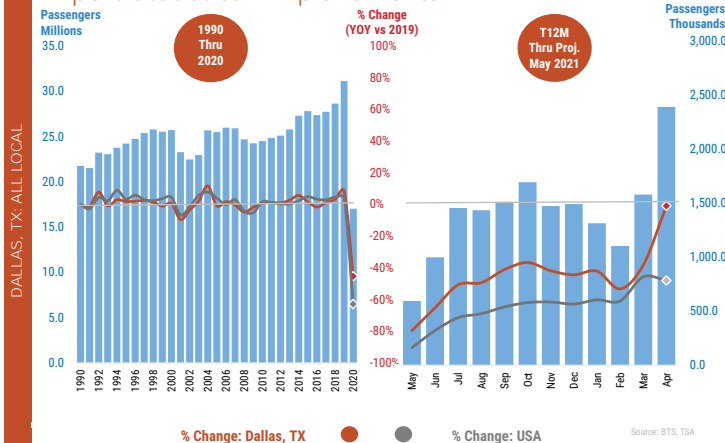
Top 10 Brands by # of Rooms:
- Courtyard (3,383)
- Budget Suites (3,270)
- Hilton (3,259)
- Holiday Inn Exp. (3,206)
- La Quinta (3,177)
- Motel 6 (3,127)
- Sheraton (3,068)
- Marriott (2,802)
- Hampton Inn (2,721)
- Hyatt Regency (2,571)

Top 10 Brands by # of Hotels:
- Motel 6 (36)
- Holiday Inn Exp. (35)
- La Quinta (34)
- Hampton Inn (25)
- Courtyard (23)
- Residence Inn (20)
- Super 8 (17)
- Comfort Suites (16)
- Fairfield Inn (15)
- Ext-Stay America (15)

Source: Newmark

Airport Statistics - Enplanements

Passengers Millions
1990 Thru 2020
% Change (YOY vs 2019)
T12M Thru May 2021
Passengers Thousands

DALLAS, TX: ALL LOCAL

% Change: Dallas, TX   % Change: USA   Source: BTS, TSA

Hotel Closures - Dallas, TX vs. USA

% Chg   # Hotels

DATA THROUGH MAY 2021

Ext-Stay, Indep, Full-Svc, Sel-Svc, USA, MARKET, Ltd-Svc

Current: 41 Hotels
Cumulative: 186 Hotels

Cumulative   Net   Rolling 1-Week Average

% All Closures: Dallas, TX   % All Closures: USA   Source: Hotel Compete
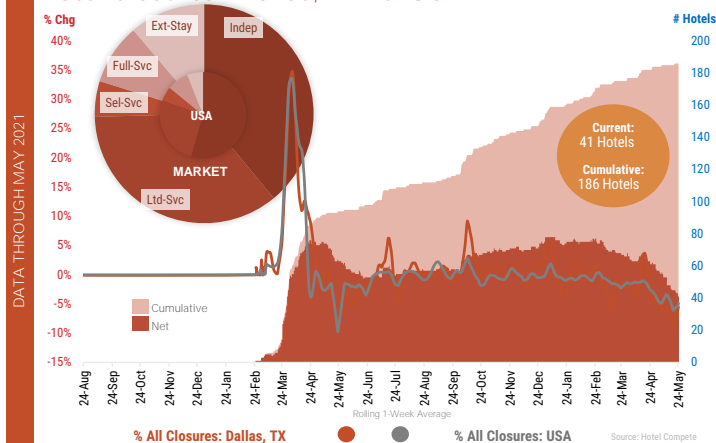
National Trends Dashboard - Channel Distribution

Channel Distribution - Total U.S.A.

DISTRIBUTION AND COST: DIRECT, INDIRECT, GROUP

FIT / Wholesale
GDS, Group, OTA, Brand.com, Voice, Property Direct
T-12 Average

Indirect Bookings Contract, Costs Drop 58%

Transient Indirect and Booking Costs Plateaued Briefly, Rising Again

FIT / Wholesale
GDS, Group, OTA, Brand.com, Voice, Property Direct
2019 Pre-COVID

Transient Direct   Transient Indirect
Group   Booking Cost per Room Night

Source: Kalibri Labs

National Trends Dashboard - Duration

Length of Stay and Lead Time - Nights
2019 Pre-COVID Comparison - Total U.S.A.

Length of Stay   Lead Time

NIGHTS

2021 Lead Time   2019 Lead Time   Lead Time
2021 Length of Stay   2019 Length of Stay   Length of Stay

Source: Kalibri Labs
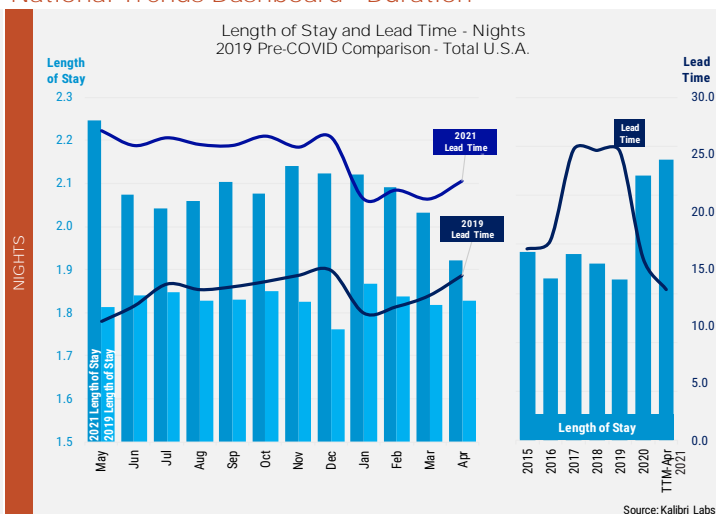
Newmark Hotel Market Nsights Report Coverage

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

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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