



VALUATION & ADVISORY
1Q 2021 HOTEL MARKET INSIGHTS REPORT



Hospitality, Gaming & Leisure Practice

Denver, CO

Fundamentals Dashboard

Lodging Performance Index

84th of 104

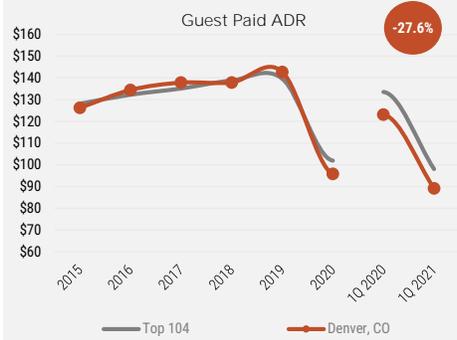
Below Average

Ranking of overall '1Q 2021 LPI' performance (0.70) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



KEY PERFORMANCE METRICS



Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: kalibri LABS



Discount and Capitalization Rates

Source: Newmark

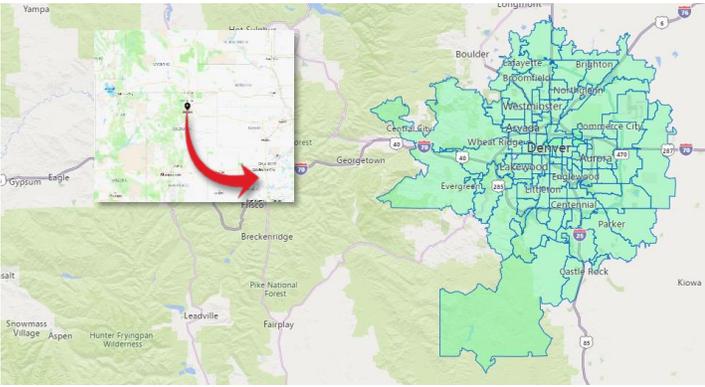


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Denver	
County:	Denver County	
State:	Colorado	
Geo Coordinates (market center):	39.73915, -104.9847	
Major Hotel Demand Generators		
HealthONE University of Colorado Hospital Lockheed Martin Corp. Centura Health United Airlines Inc. Children's Hospital Kaiser Permanente Denver Health CenturyLink Banner Health Comcast University of Denver Charles Schwab & Co. Inc. Frontier Airlines Southwest Airlines Co. GlobalFoundries Xcel Energy Inc. Great-West Financial United Parcel Service Inc. Dish Network LLC		
Metrics and Ranking		
Population (hotel market area)	2,595,292	Rankings
Income per Capita	\$60,098	16th of 104 (Large)
Feeder Group Size	137 Persons PSR	18th of 104 (Above Average)
Feeder Group Earnings	\$8,232,191 PSR	60th of 104 (Average)
Total Market COPE	\$603.7 million	81st of 104 (Below Average)
		16th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid		COPE*		Booking Cost POR	ADR COPE*	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
		ADR	RevPAR	ADR	RevPAR						
2015	75.2%	\$126.25	\$94.91	\$116.17	\$87.33	\$10.08	92.0%	46.4%	2.16	43,700	1.46
2016	73.7%	\$134.48	\$99.09	\$123.45	\$90.96	\$11.03	91.8%	48.5%	2.05	45,400	1.14
2017	73.9%	\$137.86	\$101.89	\$126.28	\$93.33	\$11.58	91.6%	50.1%	2.00	46,500	1.23
2018	72.8%	\$137.94	\$100.44	\$126.72	\$92.27	\$11.22	91.9%	52.5%	1.97	47,600	1.13
2019	74.0%	\$142.80	\$105.67	\$131.49	\$97.30	\$11.31	92.1%	56.4%	1.91	54,500	1.31
2020	38.7%	\$95.78	\$38.77	\$88.45	\$34.20	\$7.33	92.3%	49.1%	2.04	55,300	0.85
CAGR: 2015 thru 2020	-12.5%	-5.4%	-16.4%	-5.3%	-17.1%	-6.2%	0.1%	1.2%	-1.1%	4.8%	-10.4%
1Q 2020	54.2%	\$123.12	\$66.77	\$113.34	\$61.46	\$9.78	92.1%	57.7%	1.86	54,400	1.28
1Q 2021	38.2%	\$89.19	\$34.09	\$82.36	\$31.48	\$6.83	92.3%	47.5%	2.01	54,400	0.70
% Change	-29.5%	-27.6%	-48.9%	-27.3%	-48.8%	-30.2%	0.3%	-17.7%	8.4%	0.0%	-45.1%

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

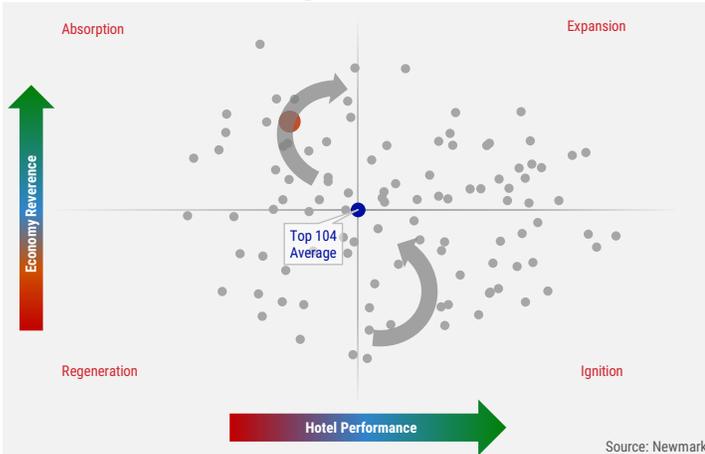
Notable Metrics

HIGHEST	Total Rooms Sold	Total Rooms Supply	Economy Median Income
	14th Above Average Denver, CO boasted strong total rooms sold (6,915,502)	16th Above Average The market benefits from a large and diverse hotel market (54,380)	18th Above Average The market also exhibited strong Economy Median Income (\$60,098)
LOWEST	OAR: Luxury/Upscale	T12-Month COPE ADR Percentage	IRR: Economy/Ltd Svc
	95th Highly Unfavorable This market exhibited unfavorable OAR metrics in the luxury/upscale segment (7.7%)	95th Soft The market has been hampered by weak T12-month COPE ADR percentage (92.4%)	92nd Highly Unfavorable Denver, CO also posted unfavorable IRR metrics in the economy/ltd svc segment (10.6%)

Notable Trends

FASTEST	General Economy Reversion	Short-Term Historical Supply Growth	Short-Term Historical Booking Costs POR Growth
	11th Above Average Denver, CO enjoyed strong general economic reversion (per-capita unemployment, GDP and other indicators)	16th Above Average The market has benefited from low short-term historical supply growth (3.4%)	38th Average The market also enjoyed low short-term historical growth in booking costs (-12.5%)
SLOWEST	Long-Term Historical Average Length of Stay Growth	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
	96th Soft The market exhibited weak long-term historical average length of stay growth (-0.7%)	94th Soft We note this area has been hampered by weak short-term historical LPI growth (-20.3%)	94th Soft Denver, CO also posted weak long-term historical LPI growth (-13.1%)

Market Performance Stage



Denver, CO: Absorption Stage

The Denver, CO 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.

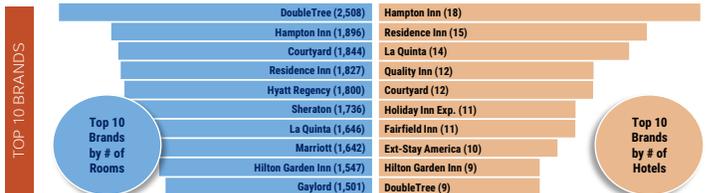
Industry Observations

Business Cycle: In Recovery
Employment Growth (2 yr): -2.8%
Risk Exposure (402 US markets): 10th Percentile: Low Risk
Key Industry Notes: Financial, high tech
 Knowledge-based industries
 Skilled workforce
 High employment diversity
 Elevated cost of living

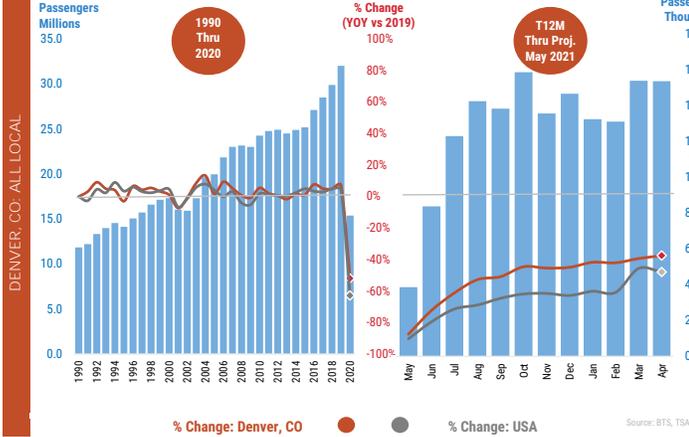
Moody's Rating

Aaa
Investment Grade

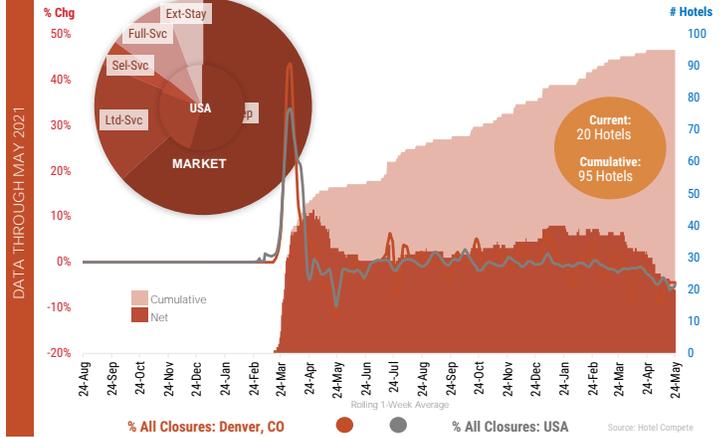
Long-term investment grade, Prime-1 short-term outlook



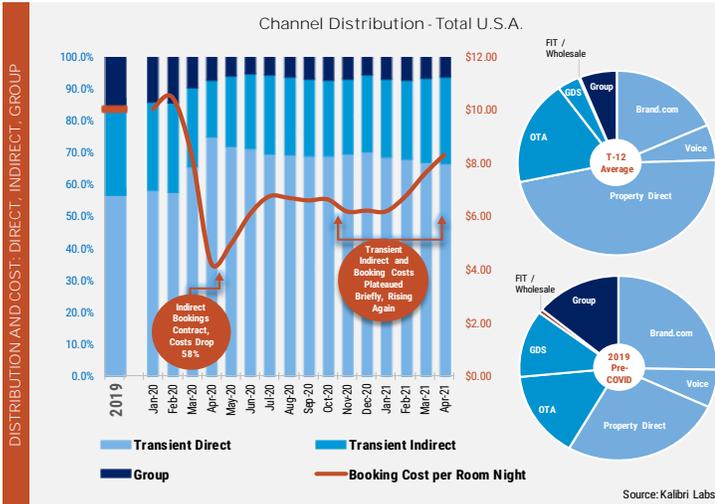
Airport Statistics - Enplanements



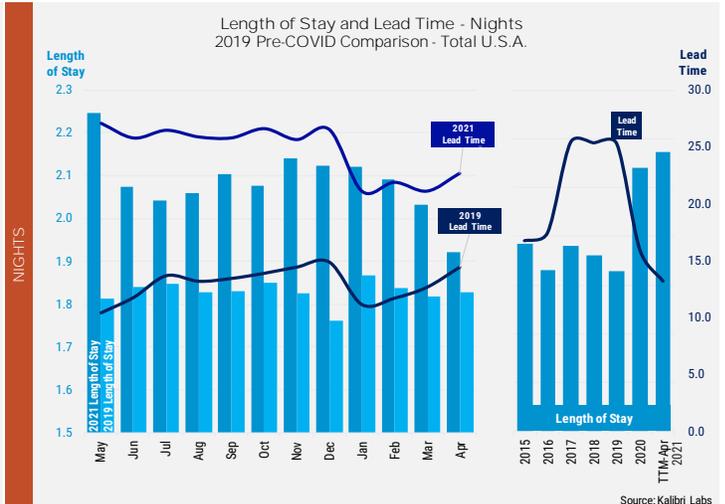
Hotel Closures - Denver, CO vs. USA



National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Insights 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.

PACNW, HAWAII & MOUNTAIN MARKETS

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