



VALUATION & ADVISORY

1Q 2021 HOTEL MARKET INSIGHTS REPORT



Hospitality, Gaming & Leisure Practice

Los Angeles, CA

Fundamentals Dashboard

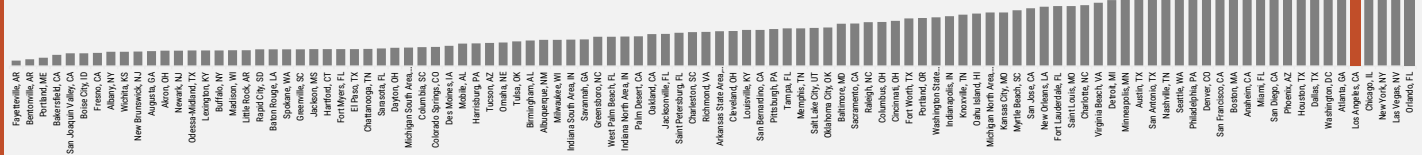
Lodging Performance Index

44th of 104

Average

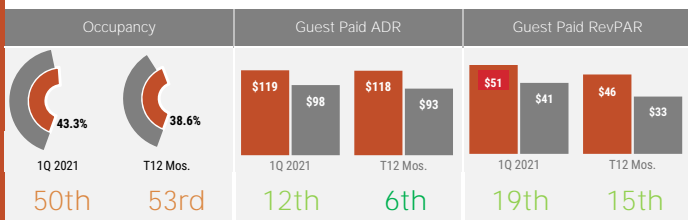
Ranking of overall '1Q 2021 LPI' performance (1.11) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



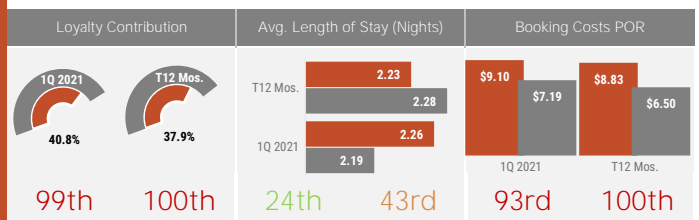
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



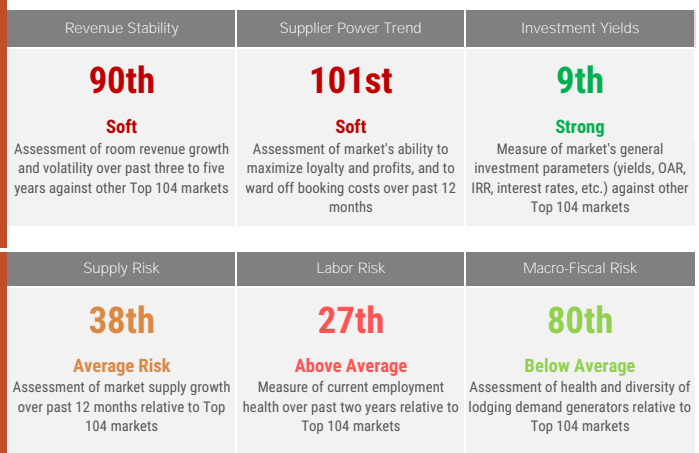
Discount and Capitalization Rates

Source: Newmark

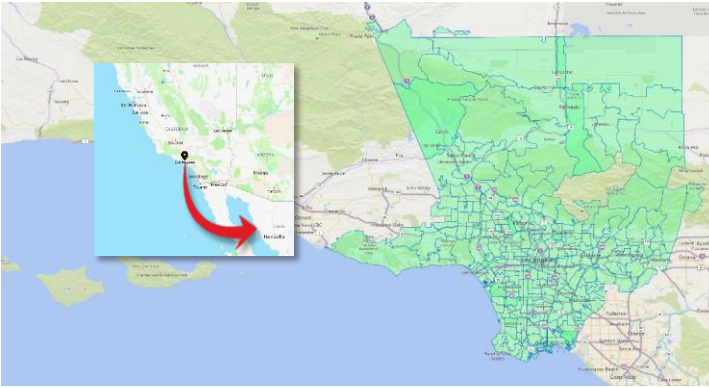


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name:	Los Angeles
County:	Los Angeles County
State:	California
Geo Coordinates (market center):	34.05223, -118.24368

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

University of California Los Angeles | Kaiser Permanente | University of Southern California | Northrop Grumman Corp. | Providence Health Systems | Target Brands Inc. | The Kroger Co. | The Boeing Co. | The Walt Disney Co. | Albertsons/Vons/Pavilions | Bank of America Corp. | Cedars-Sinai Medical Center | NBC Universal | AT&T | The Home Depot U.S.A. Inc. | Wells Fargo & Co. | ABM Industries Inc. | California Institute of Technology | Wonderful Co. | FedEx Corp.

Metrics and Ranking

Population (hotel market area)	8,944,687
Income per Capita	\$54,501
Feeder Group Size	208.1 Persons PSR
Feeder Group Earnings	\$11,343,594 PSR
Total Market COPE	\$1.9 billion

Rankings

1st of 104 (Very Large)
31st of 104 (Above Average)
90th of 104 (Soft)
90th of 104 (Soft)
1st of 104 (Strong)

Key Performance Metrics

Data provided by: **kalibri** LABS

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE* ADR	RevPAR	Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	79.7%	\$158.53	\$126.27	\$145.10	\$115.58	\$13.43	91.5%	40.0%	2.10	98,500	1.56
2016	81.4%	\$172.92	\$140.76	\$157.93	\$128.56	\$14.99	91.3%	42.4%	2.07	98,900	1.55
2017	79.6%	\$176.23	\$140.19	\$160.48	\$127.66	\$15.75	91.1%	44.4%	1.98	101,900	1.22
2018	79.4%	\$179.67	\$142.60	\$164.06	\$130.21	\$15.61	91.3%	46.6%	1.94	105,600	1.43
2019	81.0%	\$179.35	\$145.34	\$163.68	\$132.64	\$15.67	91.3%	50.6%	1.87	110,900	1.28
2020	44.2%	\$132.39	\$61.94	\$122.20	\$54.01	\$10.19	92.3%	40.5%	2.13	113,400	1.18
CAGR: 2015 thru 2020	-11.1%	-3.5%	-13.3%	-3.4%	-14.1%	-5.4%	0.2%	0.3%	0.3%	2.9%	-5.5%
1Q 2020	65.5%	\$176.00	\$115.31	\$161.47	\$105.79	\$14.53	91.7%	51.3%	1.84	109,700	1.35
1Q 2021	43.3%	\$118.64	\$51.38	\$109.54	\$47.44	\$9.10	92.3%	40.8%	2.26	111,000	1.11
% Change	-33.9%	-32.6%	-55.4%	-32.2%	-55.2%	-37.4%	0.6%	-20.4%	23.2%	1.2%	-18.0%

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

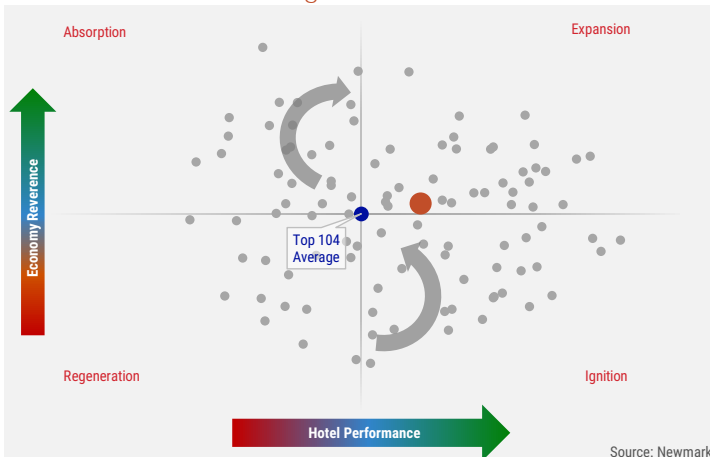
Notable Metrics

HIGHEST	Total Rooms Sold	OAR: Luxury/Upscale	T12-Month Guest Paid ADR
	3rd Strong Los Angeles, CA boasted strong total rooms sold (15,685,985)	3rd Highly Favorable The market exhibited favorable OAR metrics in the luxury/upscale segment (6.2%)	6th Strong The market also benefited from strong T12-month Guest Paid ADR (\$118.05)
LOWEST	T12-Month Loyalty Contribution	T12-Month Booking Costs POR	Latest-Quarter Loyalty Contribution
	100th Soft This market has been hindered by weak T12-month loyalty contribution (37.9%)	100th Soft The market was burdened by high T12-month booking costs POR (\$8.83)	99th Soft Los Angeles, CA also has been hindered by weak latest-quarter loyalty contribution (40.8%)

Notable Trends

FATEST	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Average Length of Stay Growth	Long-Term Historical Booking Costs POR Growth
	12th Above Average Los Angeles, CA enjoyed low short-term historical growth in booking costs (-16.2%)	17th Above Average The market has benefited from strong short-term historical average length of stay growth (6.0%)	20th Above Average The market also has benefited from low long-term historical booking costs POR growth (-5.9%)
SLOWEST	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical COPE RevPAR Growth
	93rd Soft The market has been impeded by weak short-term historical Guest Paid ADR growth (-13.4%)	92nd Soft We note this area posted weak short-term historical COPE ADR growth (-13.1%)	90th Soft Los Angeles, CA also has been impeded by weak short-term historical COPE RevPAR growth (-28.6%)

Market Performance Stage



Source: Newmark

Los Angeles, CA: Expansion Stage

The Los Angeles, CA market is currently in the 'Expansion' stage of the performance cycle. In this 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.

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.

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.

Industry Observations

Business Cycle: In Recovery
Employment Growth (2 yr): -3.0%
Risk Exposure (402 US markets): 45th Percentile: Average Risk
Key Industry Notes: High tech, tourism
Strong healthcare base
Global links through tourism
Deep Sea Pedro Harbor
Prone to natural disasters

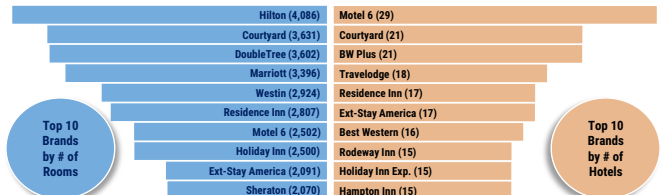
Moody's Rating

Aa1

Investment Grade

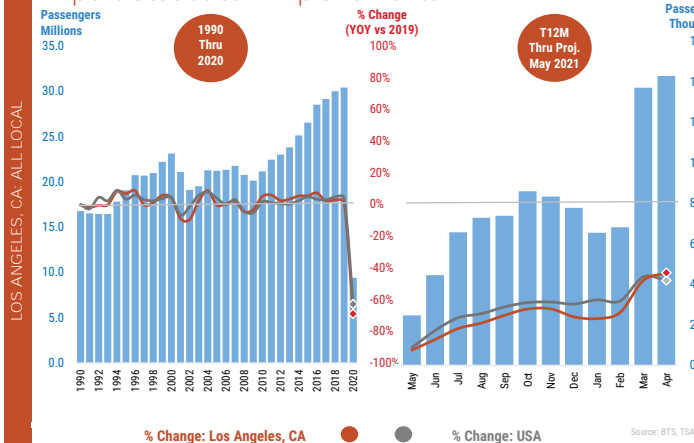
Long-term investment grade,
Prime-1 short-term outlook

TOP 10 BRANDS

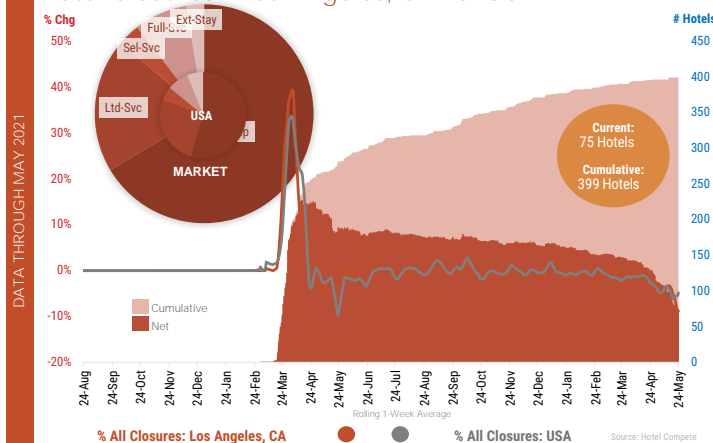


Source: Newmark

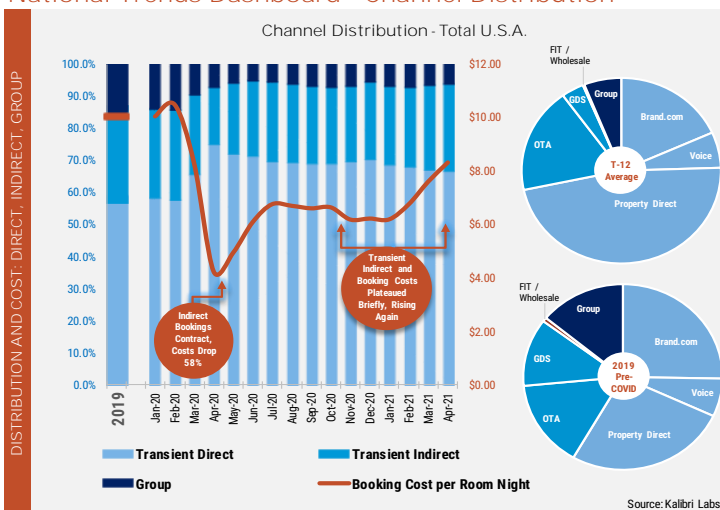
Airport Statistics - Enplanements



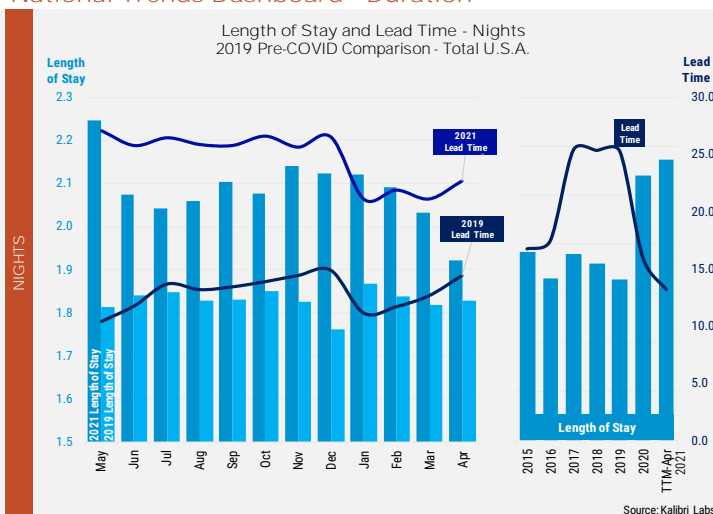
Hotel Closures - Los Angeles, CA vs. USA



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
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.

SOUTHERN CALIFORNIA MARKETS

For more information:

Bryan Younge, MAI, ASA, FRICS
Senior Managing Director
Practice Leader - Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Americas
M 773.263.4544
bryan.younge@nmrk.com

Donna Bradley, MAI
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Southern California Markets
W 949.633.6009
donna.bradley@nmrk.com