



VALUATION & ADVISORY

1Q 2021 HOTEL MARKET INSIGHTS REPORT



Hospitality, Gaming & Leisure Practice

Philadelphia, PA

Fundamentals Dashboard

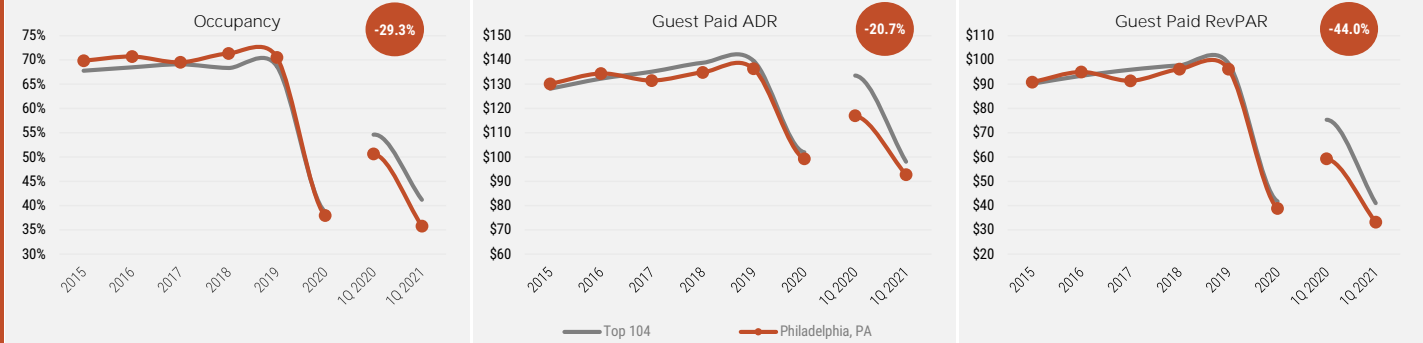
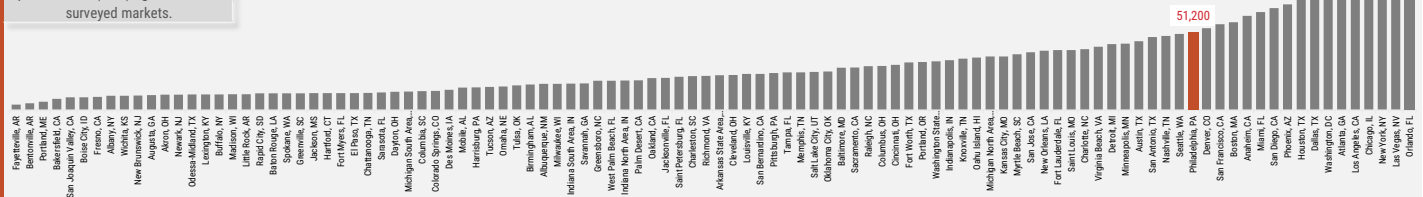
Lodging Performance Index

67th of 104

Below Average

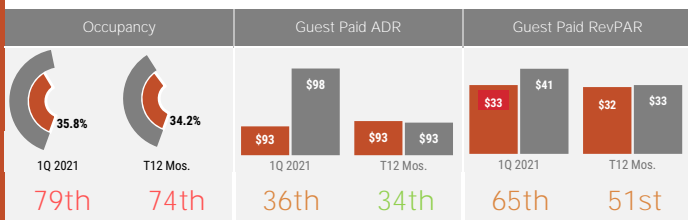
Ranking of overall '1Q 2021 LPI' performance (0.88) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



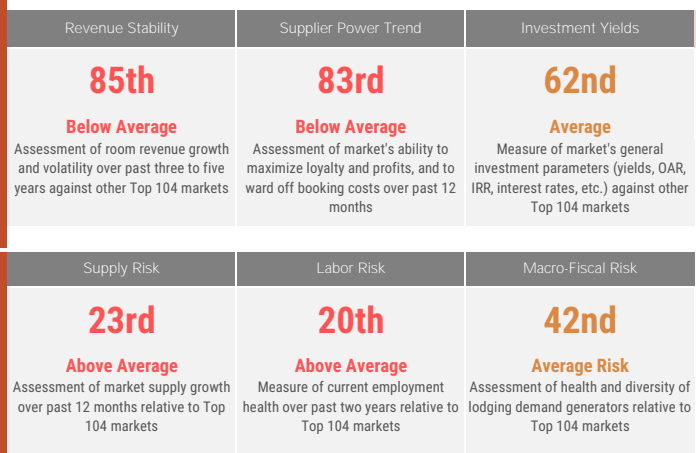
Discount and Capitalization Rates

Source: Newmark

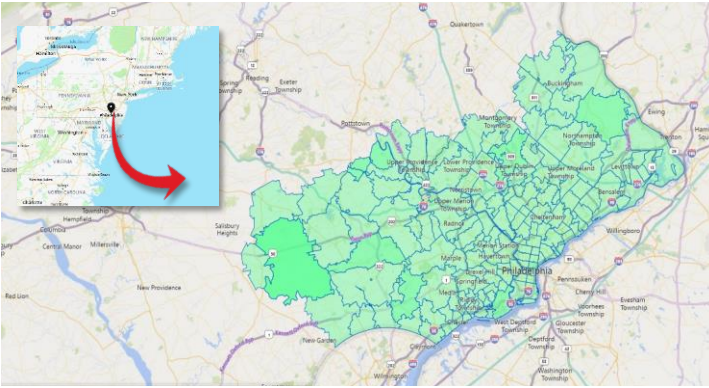


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

| | |
|----------------------------------|---------------------|
| Municipal Name: | Philadelphia |
| County: | Philadelphia County |
| State: | Pennsylvania |
| Geo Coordinates (market center): | 39.95234, -75.16379 |

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

University of Pennsylvania Health System | Thomas Jefferson University and TJU Health System Inc. | Comcast | Drexel University | Aramark Corp. | Temple University Health System | Children's Hospital of Philadelphia | Temple University | Einstein Healthcare Network | Wells Fargo | BAYADA Home Health Care | Independence Blue Cross | University of Pennsylvania | US Airways | NHS Human Services Inc. | Aria Health | PNC Bank | Cardone Industries | PwC | Deloitte

Metrics and Ranking

| | |
|--------------------------------|-------------------|
| Population (hotel market area) | 4,319,912 |
| Income per Capita | \$40,649 |
| Feeder Group Size | 247.4 Persons PSR |
| Feeder Group Earnings | \$10,057,395 PSR |
| Total Market COPE | \$593.8 million |

Measurement

| | |
|--------------------------------|-------------------|
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| Income per Capita | \$40,649 |
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Rankings

| |
|-----------------------------|
| 7th of 104 (Large) |
| 80th of 104 (Below Average) |
| 99th of 104 (Soft) |
| 88th of 104 (Below Average) |
| 17th of 104 (Above Average) |

Key Performance Metrics

Data provided by: **kalibri** LABS

| YEAR ENDING | Occ % | ADR | RevPAR | ADR | RevPAR | Booking Cost POR | ADR COPE* | Loyalty % | Avg. Length of Stay (Nights) | Supply (Available Rms) | Performance Index (LPI) |
|----------------------|--------|----------|---------|----------|---------|------------------|-----------|-----------|------------------------------|------------------------|-------------------------|
| 2015 | 69.8% | \$130.10 | \$90.86 | \$119.49 | \$83.45 | \$10.61 | 91.8% | 49.4% | 1.90 | 46,000 | 1.27 |
| 2016 | 70.7% | \$134.42 | \$95.04 | \$123.17 | \$87.09 | \$11.25 | 91.6% | 51.6% | 1.87 | 45,700 | 1.06 |
| 2017 | 69.5% | \$131.51 | \$91.42 | \$120.13 | \$83.50 | \$11.39 | 91.3% | 53.3% | 1.83 | 46,000 | 1.08 |
| 2018 | 71.3% | \$134.88 | \$96.20 | \$123.44 | \$88.04 | \$11.44 | 91.5% | 54.4% | 1.84 | 46,700 | 1.32 |
| 2019 | 70.5% | \$136.38 | \$96.19 | \$124.85 | \$88.05 | \$11.53 | 91.5% | 58.2% | 1.81 | 50,600 | 1.03 |
| 2020 | 37.9% | \$99.25 | \$38.73 | \$91.80 | \$34.81 | \$7.45 | 92.5% | 46.9% | 2.16 | 52,200 | 0.89 |
| CAGR: 2015 thru 2020 | -11.5% | -5.3% | -15.7% | -5.1% | -16.0% | -6.8% | 0.1% | -1.1% | 2.6% | 2.6% | -6.8% |
| 1Q 2020 | 50.6% | \$116.96 | \$59.22 | \$107.15 | \$54.25 | \$9.81 | 91.6% | 59.4% | 1.83 | 50,200 | 1.22 |
| 1Q 2021 | 35.8% | \$92.69 | \$33.17 | \$85.71 | \$30.67 | \$6.98 | 92.5% | 45.3% | 2.13 | 51,200 | 0.88 |
| % Change | -29.3% | -20.7% | -44.0% | -20.0% | -43.5% | -28.8% | 0.9% | -23.7% | 16.1% | 2.0% | -27.9% |

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

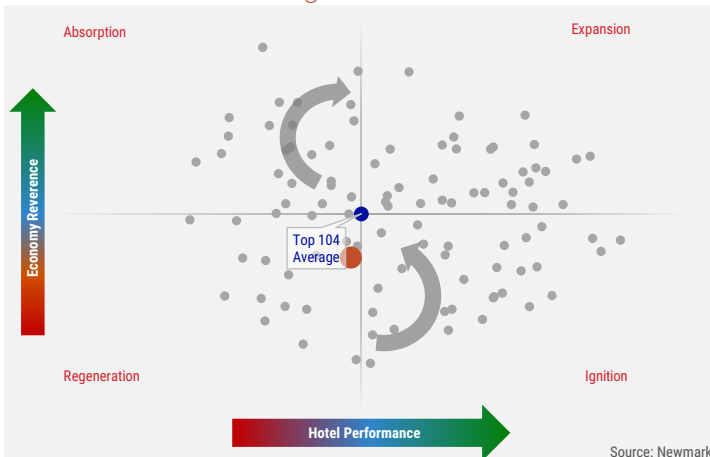
Notable Metrics

| HIGHEST | Population Density per Room | Feeder Population Per Room | Total Rooms Supply |
|---------|---|---|---|
| | 7th Strong Philadelphia, PA boasted strong population density per room (65) | 9th Strong The market posted a high ratio of feeder population per room (63.04) | 17th Above Average The market also benefits from a large and diverse hotel market (51,229) |
| LOWEST | Feeder Group Size | IRR: Select-Service | Feeder Group Earnings PSR |
| | 99th Soft This market required a large feeder group size (247.42 Persons) | 94th Highly Unfavorable The market posted unfavorable IRR metrics in the select-service segment (10.6%) | 88th Below Average Philadelphia, PA also has been hindered by weak feeder group earnings PSR (\$10,057,395) |

Notable Trends

| FATEST | Short-Term Historical Average Length of Stay Growth | Long-Term Historical Booking Costs POR Growth | Long-Term Historical Average Length of Stay Growth |
|---------|--|--|---|
| | 24th Above Average Philadelphia, PA has benefited from strong short-term historical average length of stay growth (5.3%) | 25th Above Average The market has benefited from low long-term historical booking costs POR growth (-5.5%) | 26th Above Average The market also enjoyed strong long-term historical average length of stay growth (2.1%) |
| SLOWEST | Long-Term Historical Loyalty Contribution Growth | Short-Term Historical Loyalty Contribution Growth | Short-Term Historical COPE RevPAR Growth |
| | 96th Soft The market has been hindered by weak long-term historical loyalty contribution growth (-1.8%) | 85th Below Average We note this area has been hindered by weak short-term historical loyalty contribution growth (-4.5%) | 85th Below Average Philadelphia, PA also has been impeded by weak short-term historical COPE RevPAR growth (-26.0%) |

Market Performance Stage



Source: Newmark

Philadelphia, PA: Regeneration Stage

The Philadelphia, PA 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 Chicago, IL; New Orleans, LA; and Orlando, FL.

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

Business Cycle: In Recovery
Employment Growth (2 yr): -1.6%
Risk Exposure (402 US markets): 94th Percentile: High Risk
Key Industry Notes: College town, medical center
 World-class education
 Hub for healthcare research
 Well-developed port
 Significant fiscal problems

Moody's Rating

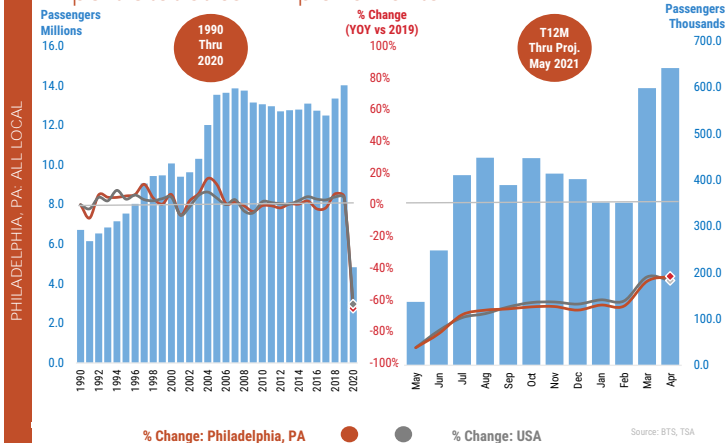
A2
 Investment Grade
 Long-term investment grade,
 Prime-2 short-term outlook

TOP 10 BRANDS

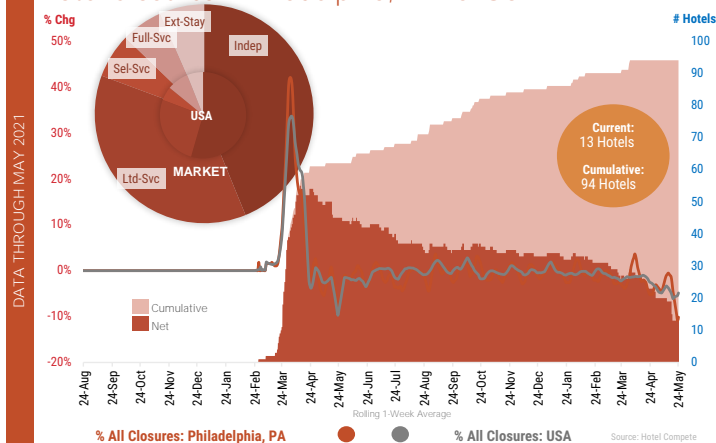


Source: Newmark

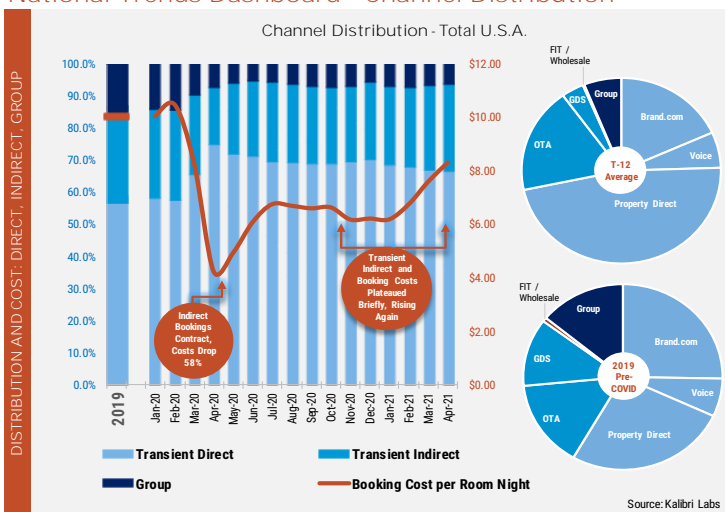
Airport Statistics - Enplanements



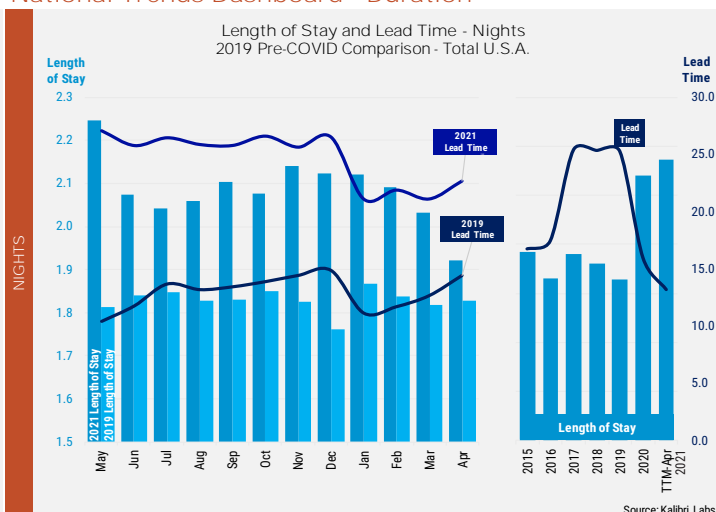
Hotel Closures - Philadelphia, PA vs. USA



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
Salt Lake City, UT
Saint Louis, MO
Saint Petersburg, FL
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.

NORTHEAST/NEW ENGLAND MARKETS

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