



## VALUATION & ADVISORY

### 1Q 2021 HOTEL MARKET INSIGHTS REPORT



## Hospitality, Gaming & Leisure Practice

Phoenix, AZ

### Fundamentals Dashboard

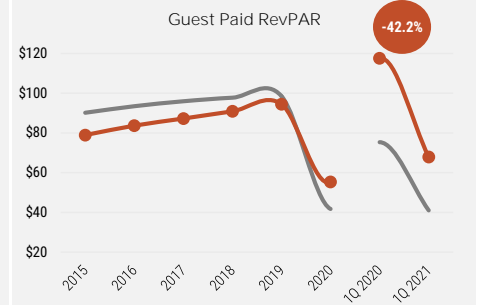
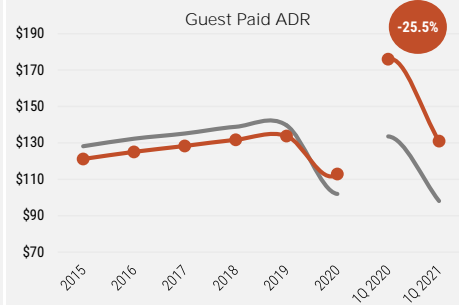
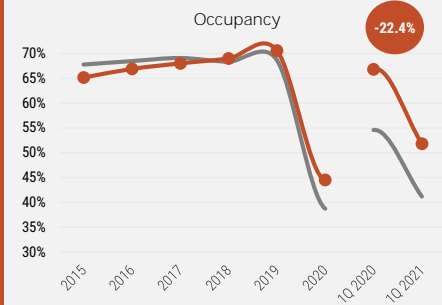
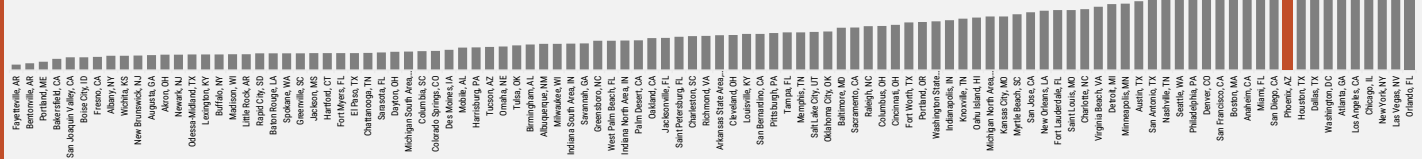
#### Lodging Performance Index

**43rd of 104**

Average

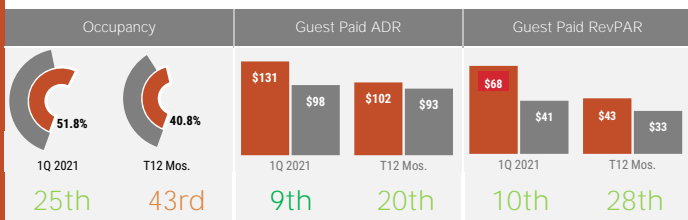
Ranking of overall '1Q 2021 LPI' performance (1.11) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



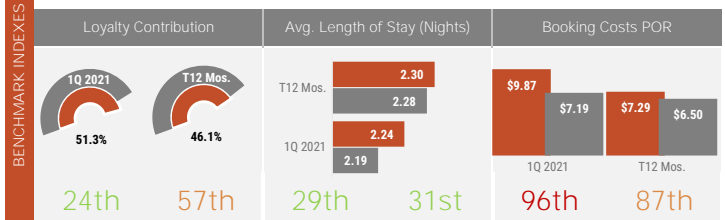
### Key Performance Indexes

● Subject Market ● Top 104



### Key Benchmark Indexes

Data provided by: **kalibri LABS**



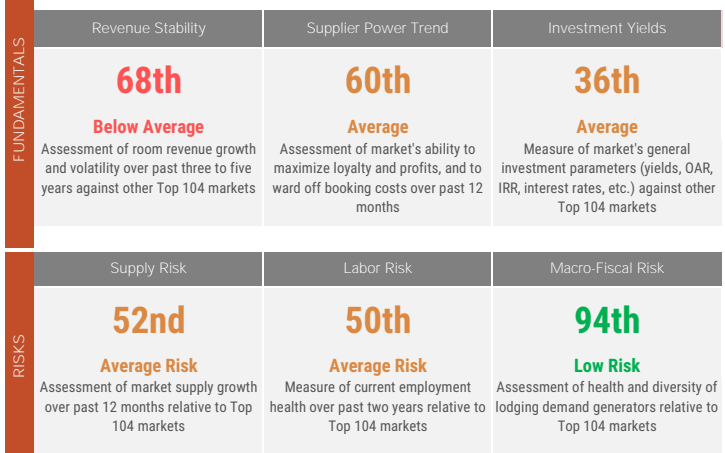
### Discount and Capitalization Rates

Source: Newmark

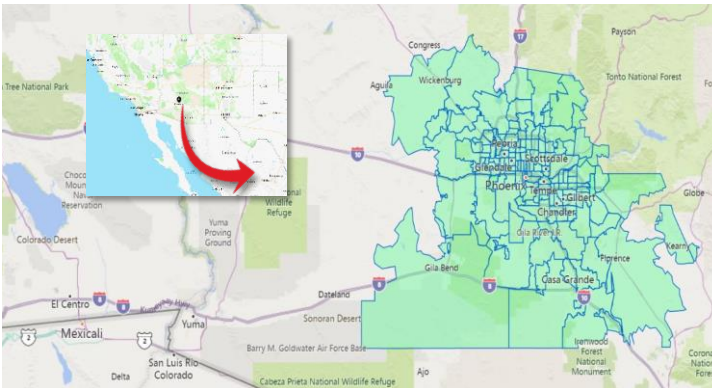


### Trends and Risks

Source: Kalibri Labs, Newmark



## Location



## Quick Facts

<b>Jurisdictional Information</b>		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Phoenix	
County:	Maricopa County	
State:	Arizona	
Geo Coordinates (market center):	33.44838, -112.07404	

## Major Hotel Demand Generators

Banner Health System | Wal-Mart Stores Inc. | Wells Fargo | Arizona State University | HonorHealth | Dignity Health | Intel Corp. | JP Morgan Chase & Co. | Bank of America | Raytheon Missile Systems | US Airways | Target | American Airlines Group | Honeywell Aerospace | Freeport-McMoRan Copper & Gold Inc. | United Parcel Service | American Express | UnitedHealthcare of Arizona Inc. | Apollo Group Inc. | Safeway Inc.

## Metrics and Ranking

Population (hotel market area)	3,872,111
Income per Capita	\$52,080
Feeder Group Size	134.3 Persons PSR
Feeder Group Earnings	\$6,994,995 PSR
Total Market COPE	\$1.1 billion

## Rankings

9th of 104 (Large)  
38th of 104 (Average)  
55th of 104 (Average)  
63rd of 104 (Average)  
7th 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	65.2%	\$121.15	\$78.94	\$111.99	\$72.97	\$9.16	92.4%	44.6%	2.40	63,900	1.32
2016	66.9%	\$125.08	\$83.68	\$115.36	\$77.18	\$9.72	92.2%	46.8%	2.32	63,500	1.16
2017	68.0%	\$128.30	\$87.27	\$118.05	\$80.29	\$10.25	92.0%	48.9%	2.30	64,100	1.26
2018	69.0%	\$131.72	\$90.89	\$121.33	\$83.73	\$10.39	92.1%	51.8%	2.26	64,800	1.33
2019	70.6%	\$133.81	\$94.47	\$123.37	\$87.10	\$10.44	92.2%	56.7%	2.22	70,100	1.37
2020	44.5%	\$112.79	\$55.27	\$104.72	\$46.61	\$8.07	92.8%	47.7%	2.29	71,500	1.23
CAGR: 2015 thru 2020	-7.3%	-1.4%	-6.9%	-1.3%	-8.6%	-2.5%	0.1%	1.3%	-0.9%	2.3%	-1.4%
1Q 2020	66.8%	\$175.97	\$117.55	\$163.00	\$108.89	\$12.97	92.6%	57.4%	2.24	69,900	1.25
1Q 2021	51.8%	\$131.04	\$67.91	\$121.17	\$62.80	\$9.87	92.5%	51.3%	2.24	70,200	1.11
% Change	-22.4%	-25.5%	-42.2%	-25.7%	-42.3%	-23.9%	-0.2%	-10.7%	0.1%	0.4%	-10.7%

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

## Notable Metrics

HIGHEST	Latest-Quarter Guest Paid ADR	Latest-Quarter COPE ADR	Total Rooms Sold
	<b>9th Strong</b> Phoenix, AZ exhibited strong latest-quarter Guest Paid ADR (\$131.04)	<b>9th Strong</b> The market exhibited strong latest-quarter COPE ADR (\$121.17)	<b>9th Strong</b> The market also boasted strong total rooms sold (10,522,628)
LOWEST	Latest-Quarter Booking Costs POR	T12-Month Booking Costs POR	T12-Month COPE ADR Percentage
	<b>96th Soft</b> This market has been burdened by high latest-quarter booking costs (\$9.87)	<b>87th Below Average</b> The market was burdened by high T12-month booking costs POR (\$7.29)	<b>81st Below Average</b> Phoenix, AZ also has been hampered by weak T12-month COPE ADR percentage (92.8%)

## Notable Trends

FASTEST	Short-Term Historical Loyalty Contribution Growth	Long-Term Historical Loyalty Contribution Growth	Long-Term Historical Supply Growth
	<b>15th Above Average</b> Phoenix, AZ enjoyed strong short-term historical loyalty contribution growth (0.6%)	<b>17th Above Average</b> The market exhibited strong long-term historical loyalty contribution growth (2.7%)	<b>31st Above Average</b> The market also has benefited from low long-term historical supply growth (1.3%)
SLOWEST	Long-Term Historical Average Length of Stay Growth	Short-Term Historical Average Length of Stay Growth	Short-Term Historical COPE ADR Growth
	<b>99th Soft</b> The market exhibited weak long-term historical average length of stay growth (-1.3%)	<b>96th Soft</b> We note this area exhibited weak short-term historical average length of stay growth (-0.4%)	<b>80th Below Average</b> Phoenix, AZ also posted weak short-term historical COPE ADR growth (-10.4%)

## Market Performance Stage



Source: Newmark

## Phoenix, AZ: Expansion Stage

The Phoenix, AZ 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:

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.

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.

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 Expansion  
**Employment Growth (2 yr):** -3.6%  
**Risk Exposure (402 US markets):** 15th Percentile: Below Average  
**Key Industry Notes:** Financial center, retirees  
Robust population growth  
Lower business costs  
Hub for business svcs firms  
Lower wages than the West

## Moody's Rating

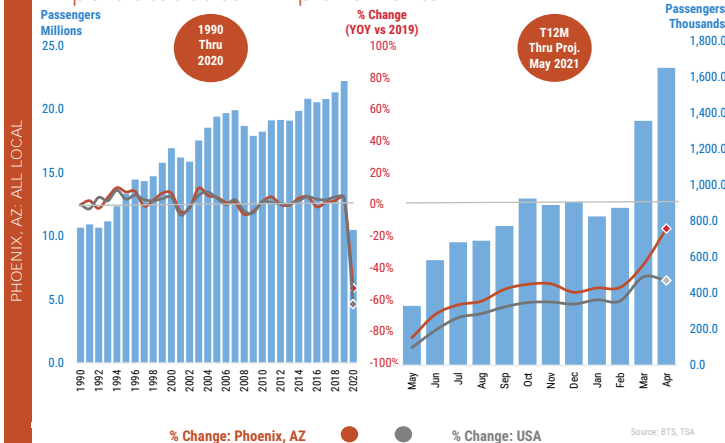
**Aa1**

Investment Grade

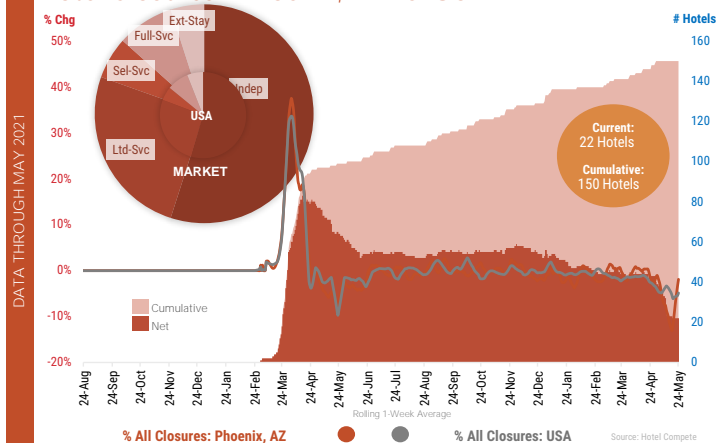
Long-term investment grade,  
Prime-1 short-term outlook

Source: Newmark

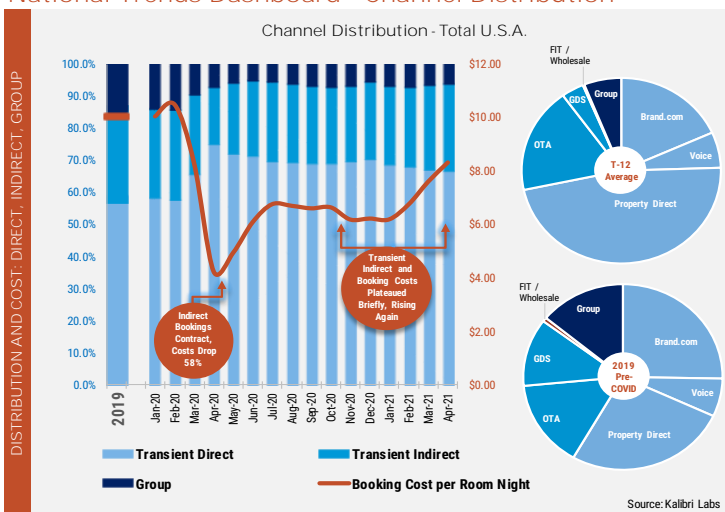
## Airport Statistics - Enplanements



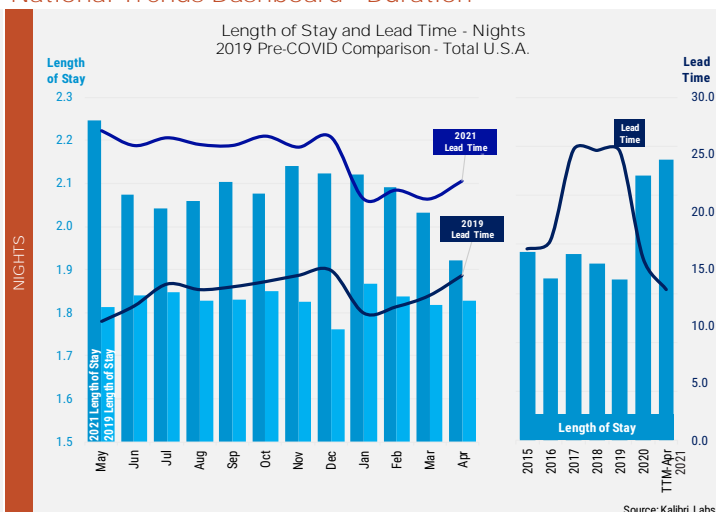
## Hotel Closures - Phoenix, AZ vs. USA



## 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.

## SOUTHWEST MARKETS

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