VALUATION & ADVISORY
1Q 2021 HOTEL MARKET NSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

San Antonio, TX

Fundamentals Dashboard

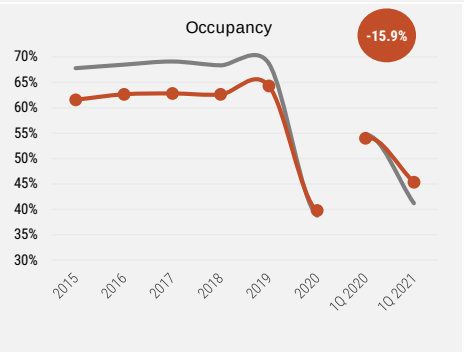
KEY PERFORMANCE METRICS

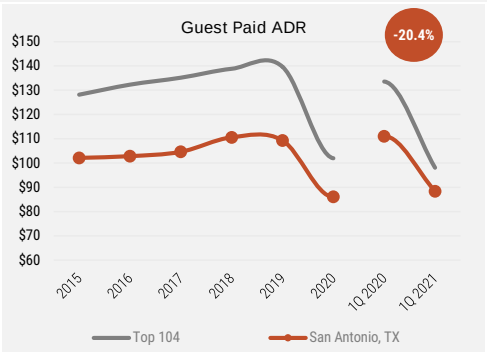
Lodging Performance Index

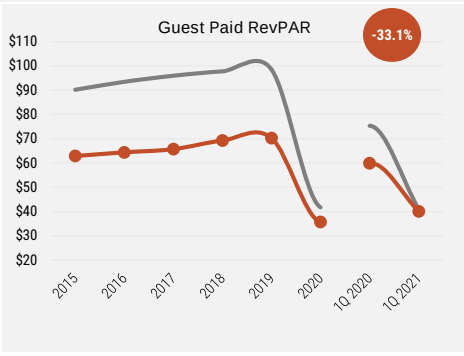
61st of 104

Average

Ranking of overall '1Q 2021 LPI' performance (0.90) against all 104 surveyed markets.







PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
45.4%	37.6%	$88 / $98	$80 / $93	$40 / $41	$31 / $33
1Q 2021	T12 Mos.	1Q 2021	T12 Mos.	1Q 2021	T12 Mos.
42nd	58th	46th	67th	43rd	61st

BENCHMARK INDEXES

Key Benchmark Indexes

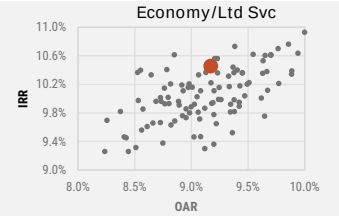
Data provided by: kalibri LABS

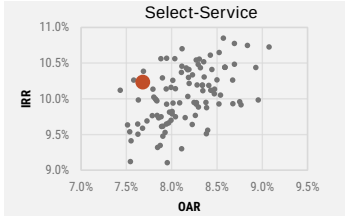
Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
1Q 2021: 45.8%	T12 Mos.: 43.8%	T12 Mos.: 2.31 / 2.28	1Q 2021: 2.28 / 2.19	$6.52 / $7.19	$5.76 / $6.50
				1Q 2021	T12 Mos.
73rd	75th	20th	30th	62nd	51st

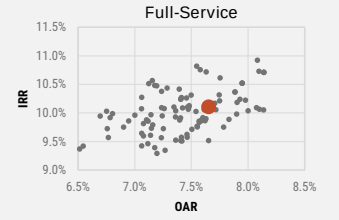
INVESTMENT PARAMETERS

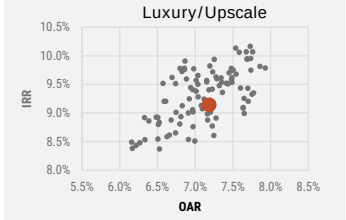
Discount and Capitalization Rates

Source: Newmark









FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

Revenue Stability	Supplier Power Trend	Investment Yields
64th	**78th**	**57th**
Average	**Below Average**	**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

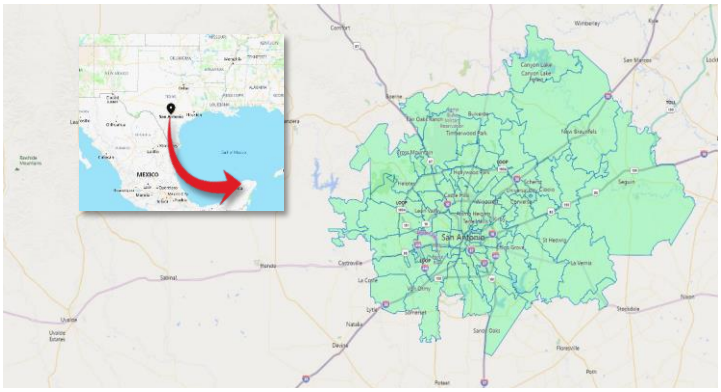
RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
86th	**72nd**	**75th**
Below Average	**Below Average**	**Below Average**
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

Newmark Hotel Market Nsights Report - 1Q 2021

San Antonio, TX

Location



Quick Facts

Source: US Census Bureau, Dept. of Labor Statistics

Jurisdictional Information

Municipal Name:	San Antonio
County:	Bexar County, Comal County, Medina County
State:	Texas
Geo Coordinates (market center):	29.46594, -98.5247

Major Hotel Demand Generators

Joint Base San Antonio (JBSA) | H-E-B | USAA | Methodist Healthcare System | Baptist Health System | JP Morgan Chase | Wells Fargo | AT&T | Bill Miller BBQ | Christus Santa Rosa Health Care | Rackspace | CPS Energy | Toyota Motor Manufacturing | Clear Channel Communications | Boeing | Southwest Research Institute | Frost Bank | Accenture | Valero Energy | Harland Clarke

Metrics and Ranking	Measurement	Rankings
Population (hotel market area)	1,928,907	26th of 104 (Above Average)
Income per Capita	$49,711	47th of 104 (Average)
Feeder Group Size	104.4 Persons PSR	39th of 104 (Average)
Feeder Group Earnings	$5,190,935 PSR	44th of 104 (Average)
Total Market COPE	$542.2 million	21st of 104 (Above Average)

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	61.6%	$102.12	$62.87	$94.31	$58.06	$7.82	92.3%	38.7%	2.18	44,800	0.93
2016	62.6%	$102.82	$64.41	$94.42	$59.15	$8.40	91.8%	41.1%	2.13	44,900	0.84
2017	62.8%	$104.61	$65.71	$95.88	$60.22	$8.74	91.6%	43.6%	2.09	45,300	1.13
2018	62.6%	$110.60	$69.25	$101.43	$63.51	$9.17	91.7%	47.6%	2.08	46,200	1.18
2019	64.3%	$109.31	$70.25	$100.37	$64.50	$8.94	91.8%	52.1%	2.04	49,400	0.87
2020	39.8%	$86.06	$35.69	$79.78	$31.72	$6.27	92.7%	46.4%	2.27	49,200	0.85
CAGR: 2015 thru 2020	**-8.4%**	**-3.4%**	**-10.7%**	**-3.3%**	**-11.4%**	**-4.3%**	**0.1%**	**3.7%**	**0.8%**	**1.9%**	**-1.8%**
1Q 2020	54.0%	$110.98	$59.88	$102.39	$55.25	$8.59	92.3%	56.1%	2.12	49,100	0.86
1Q 2021	45.4%	$88.40	$40.09	$81.87	$37.13	$6.52	92.6%	45.8%	2.28	48,600	0.90
% Change	**-15.9%**	**-20.4%**	**-33.1%**	**-20.0%**	**-32.8%**	**-24.1%**	**0.4%**	**-18.4%**	**7.7%**	**-1.0%**	**3.8%**

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

Notable Metrics

HIGHEST

OAR: Select-Service	Latest-Quarter Average Length of Stay	Latest-Quarter Average Length of Stay
10th	**20th**	**20th**
Favorable	**Above Average**	**Above Average**
San Antonio, TX enjoyed favorable OAR metrics in the select-service segment (7.7%)	The market boasted strong latest-quarter average length of stay (2.28 Nights)	The market also boasted strong latest-quarter average length of stay (2.28 Nights)

LOWEST

IRR: Economy/Ltd Svc	T12-Month Loyalty Contribution	OAR: Full-Service
90th	**75th**	**77th**
Highly Unfavorable	**Below Average**	**Unfavorable**
This market posted unfavorable IRR metrics in the economy/ltd svc segment (10.5%)	The market has been hindered by weak T12-month loyalty contribution (43.8%)	San Antonio, TX also posted unfavorable OAR metrics in the full-service segment (7.7%)

Notable Trends

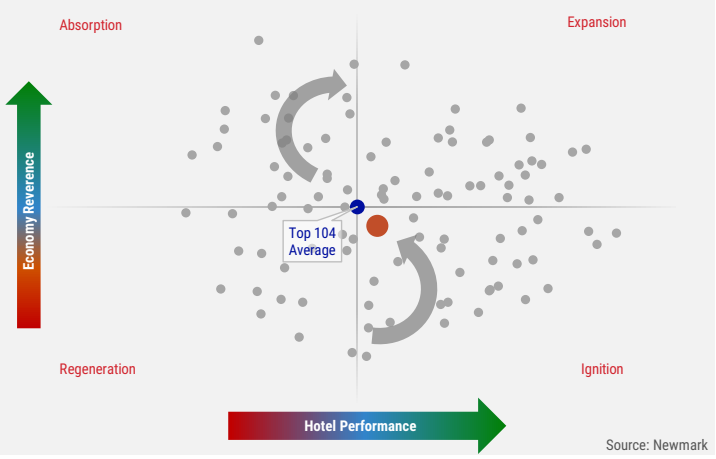
FASTEST

T12-Month Rooms Supply Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Loyalty Contribution Growth
19th	**30th**	**36th**
Above Average	**Above Average**	**Average**
San Antonio, TX exhibited low rooms supply growth over the last 12 months (-1.0%)	The market enjoyed low short-term historical growth in booking costs (-14.0%)	The market also exhibited strong long-term historical loyalty contribution growth (1.3%)

SLOWEST

Short-Term Historical Supply Growth	Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid ADR Growth
88th	**82nd**	**81st**
Below Average	**Below Average**	**Below Average**
The market has been burdened by high short-term historical supply growth (0.7%)	We note this area posted weak short-term historical COPE ADR growth (-10.6%)	San Antonio, TX also has been impeded by weak short-term historical Guest Paid ADR growth (-10.8%)

Market Performance Stage



Source: Newmark

San Antonio, TX: Ignition Stage

Ignition

The San Antonio, TX market is currently in the 'Ignition' stage of the performance cycle. In this 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.

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.

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

MOODY'S ANALYTICS

Business Cycle:	**In Recovery**
Employment Growth (2 yr):	**-1.5%**
Risk Exposure (402 US markets):	**48th Percentile: Average Risk**
Key Industry Notes:	Financial center, defense Military supports economy Strategic locale near Mexico Slow educational attainment Moderate risk profile

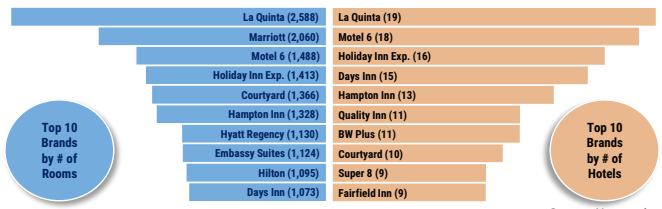
Moody's Rating

Aaa

Investment Grade

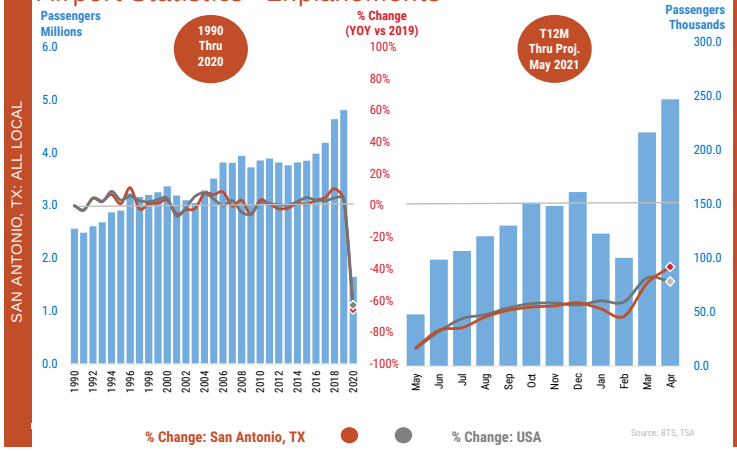
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

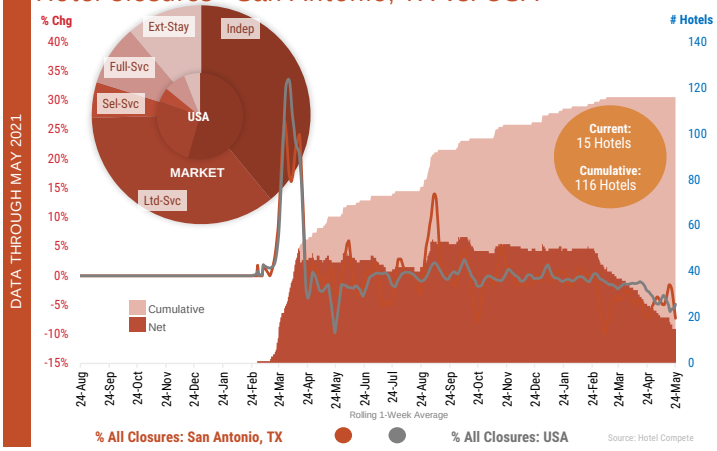


Source: Newmark

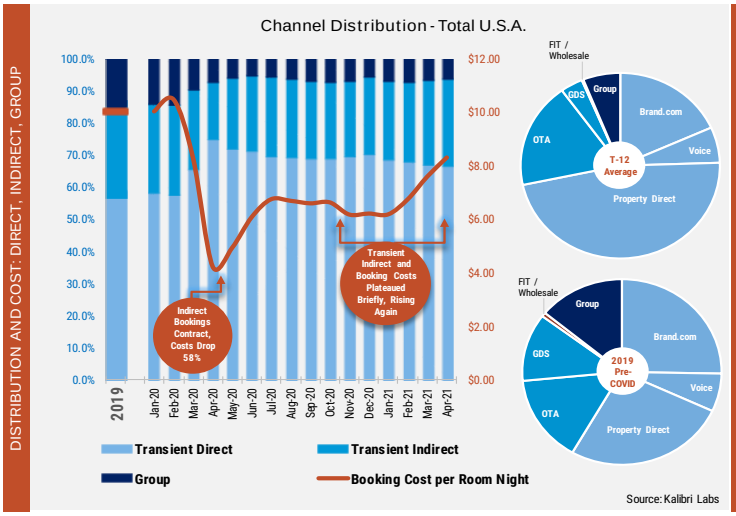
Airport Statistics - Enplanements



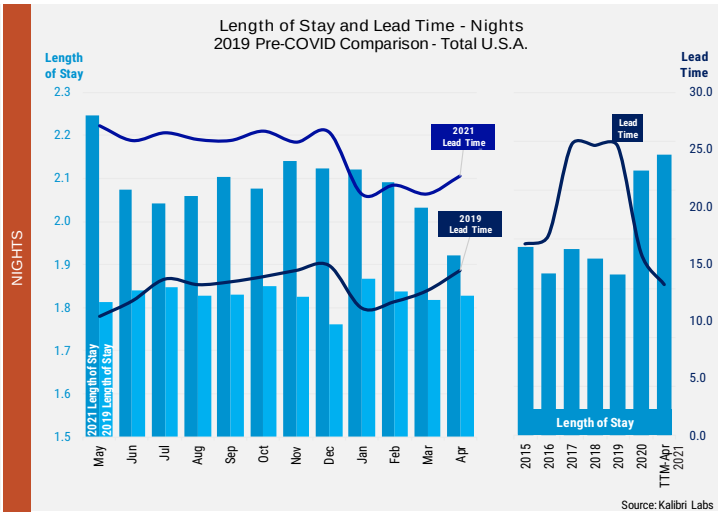
Hotel Closures - San Antonio, TX vs. USA



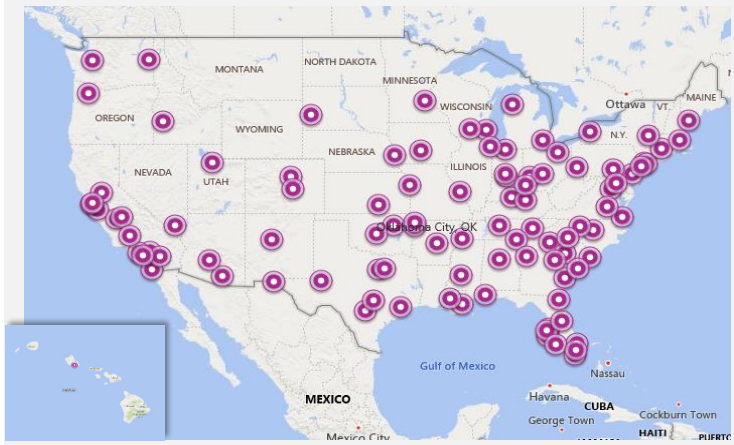
National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Nsights 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.

SOUTH US 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

Chris Remund, MAI
Senior Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
South US Markets
Dir 737.236.0343
chris.remund@nmrk.com

NEWMARK

© 2020 by Newmark. All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval