



VALUATION & ADVISORY

1Q 2021 HOTEL MARKET INSIGHTS REPORT



Hospitality, Gaming & Leisure Practice

Virginia Beach, VA

Fundamentals Dashboard

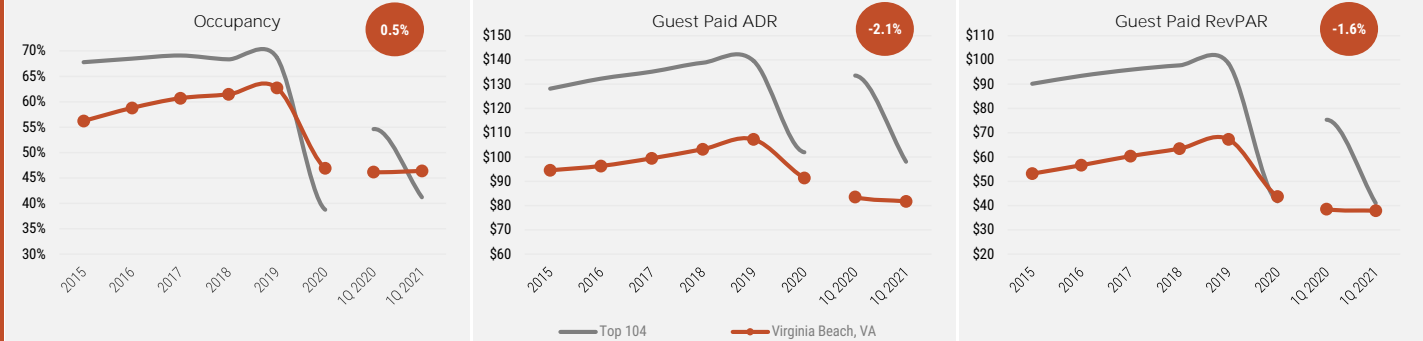
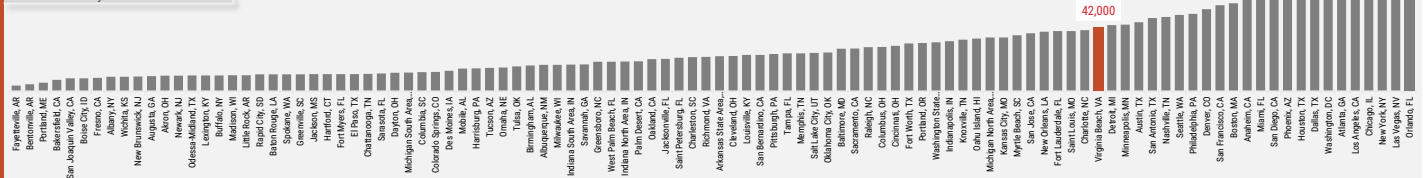
Lodging Performance Index

5th of 104

Strong

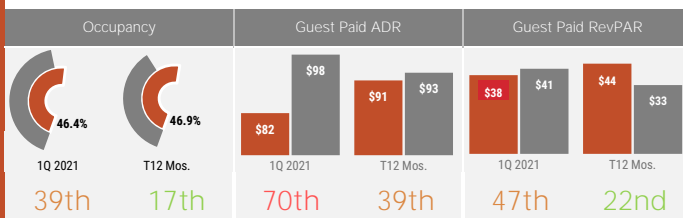
Ranking of overall '1Q 2021 LPI' performance (1.48) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



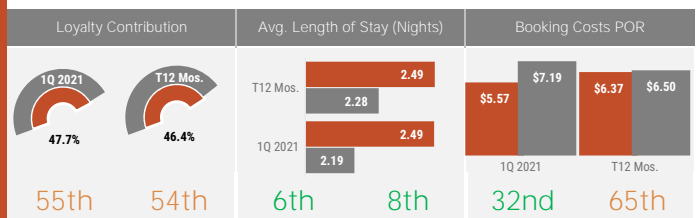
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



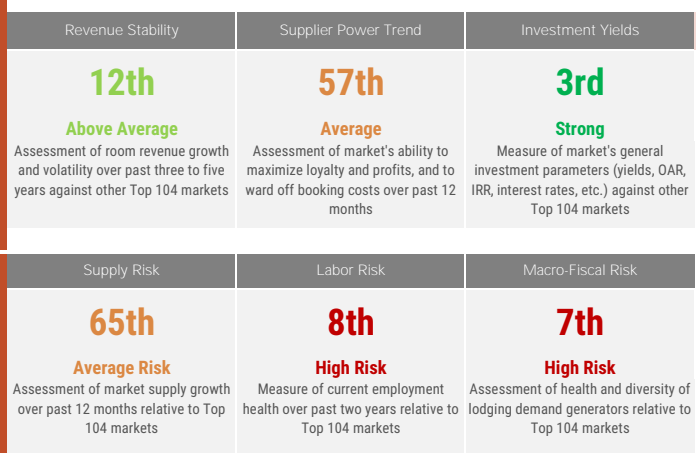
Discount and Capitalization Rates

Source: Newmark

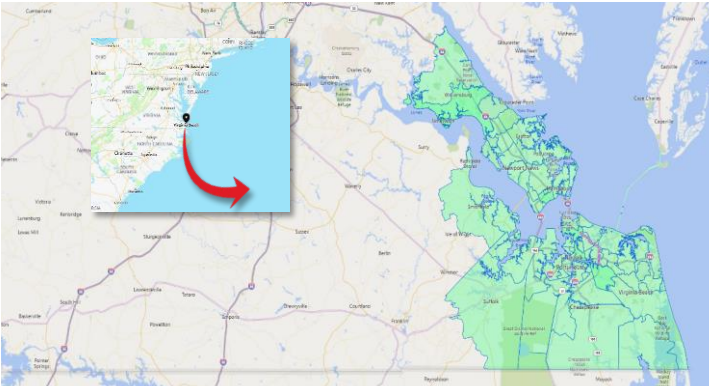


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name:	Virginia Beach
County:	Virginia Beach city
State:	Virginia
Geo Coordinates (market center):	36.85293, -75.97799

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

Huntington Ingalls Industries Inc. | Sentara Healthcare | Wal-Mart Stores Inc. | Riverside Regional Medical Center | Food Lion | Farm Fresh | Old Dominion University, Norfolk | Busch Entertainment Corp. | Anthem | College of William and Mary | Children's Hospital of The King's Daughters | Gwaltney of Smithfield | Target Corp. | U.S. Navy Exchange | Tidewater Community College | Maryview Hospital | Ferguson Enterprises Inc. | Chesapeake General Hospital | Kroger | Nat'l Aeronautics & Space Admin.

Metrics and Ranking

Population (hotel market area)	1,433,462
Income per Capita	\$70,500
Feeder Group Size	72 Persons PSR
Feeder Group Earnings	\$5,078,236 PSR
Total Market COPE	\$660.2 million

Measurement

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Income per Capita	\$70,500
Feeder Group Size	72 Persons PSR
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Total Market COPE	\$660.2 million

Rankings

44th of 104 (Average)
8th of 104 (Strong)
17th of 104 (Above Average)
42nd of 104 (Average)
15th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE* ADR	RevPAR
2015	56.2%	\$94.53	\$53.14	\$87.58	\$49.24
2016	58.8%	\$96.32	\$56.61	\$88.90	\$52.25
2017	60.7%	\$99.48	\$60.37	\$91.55	\$55.56
2018	61.4%	\$103.21	\$63.42	\$95.06	\$58.41
2019	62.7%	\$107.30	\$67.29	\$98.72	\$61.91
2020	46.9%	\$91.33	\$43.67	\$84.82	\$39.75
CAGR: 2015 thru 2020	-3.6%	-0.7%	-3.8%	-0.6%	-4.2%
1Q 2020	46.1%	\$83.50	\$38.52	\$77.36	\$35.69
1Q 2021	46.4%	\$81.75	\$37.91	\$76.18	\$35.33
% Change	0.5%	-2.1%	-1.6%	-1.5%	-1.0%

Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
\$6.95	92.7%	43.4%	2.28	41,700	0.73
\$7.42	92.3%	44.8%	2.28	41,600	0.99
\$7.93	92.0%	47.0%	2.28	41,900	0.94
\$8.15	92.1%	49.9%	2.30	42,000	1.07
\$8.58	92.0%	54.8%	2.23	42,400	0.89
\$6.51	92.9%	48.3%	2.45	42,900	1.39
-1.3%	0.0%	2.2%	1.4%	0.6%	13.8%
\$6.13	92.7%	55.6%	2.32	42,100	1.01
\$5.57	93.2%	47.7%	2.49	42,000	1.48
-9.2%	0.6%	-14.3%	7.3%	-0.2%	47.1%

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

Data provided by: **kalibri** LABS

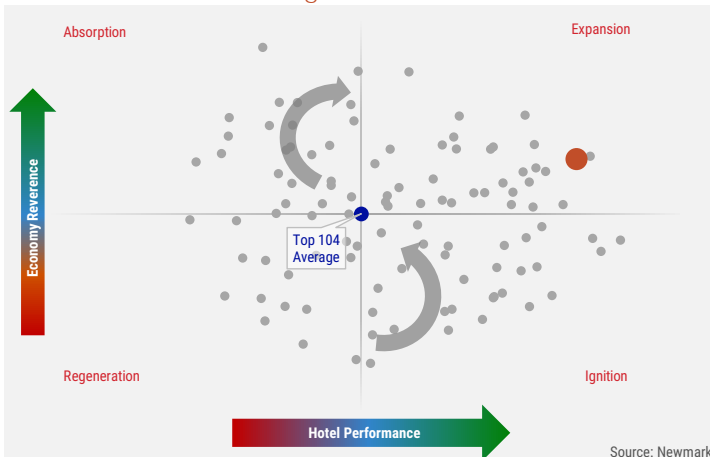
Notable Metrics

HIGHEST	OAR: Full-Service	Latest-Quarter Average Length of Stay	IRR: Full-Service
1st Highly Favorable	Virginia Beach, VA posted favorable OAR metrics in the full-service segment (6.5%)	6th Strong	The market boasted strong latest-quarter average length of stay (2.49 Nights)
3rd Highly Favorable	The market also enjoyed favorable IRR metrics in the full-service segment (9.4%)		
LOWEST	Population Density per Room	Feeder Population Per Room	Latest-Quarter Guest Paid ADR
86th Below Average	This market has been hindered by weak population density per room (20)	82nd Below Average	The market posted a low ratio of feeder population per room (25.18)
70th Below Average	Virginia Beach, VA also has been hampered by weak latest-quarter Guest Paid ADR (\$81.75)		

Notable Trends

FASTEST	Long-Term Historical Supply Growth	Long-Term Historical Occupancy Growth	Overall Health of Hotel Market
2nd Strong	Virginia Beach, VA has benefited from low long-term historical supply growth (-0.5%)	5th Strong	The market enjoyed strong long-term historical occupancy growth (-0.2%)
5th Strong	The market also has benefited from strong general hotel market performance (levels and trends of fundamentals)		
SLOWEST	Short-Term Historical Supply Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Booking Costs POR Growth
98th Soft	The market has been burdened by high short-term historical supply growth (0.1%)	88th Below Average	We note this area has been impeded by high short-term historical growth in booking costs (-5.3%)
87th Below Average	Virginia Beach, VA also exhibited high long-term historical booking costs POR growth (0.6%)		

Market Performance Stage



Source: Newmark

Virginia Beach, VA: Expansion Stage

The Virginia Beach, VA 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:
Employment Growth (2 yr):
Risk Exposure (402 US markets):
Key Industry Notes:

In Recovery
-2.7%
85th Percentile: Above Average
Defense, logistics
Strong port facilities
Low business costs
Dependence on fed govt
Negative net migration

Moody's Rating

Aaa
Investment Grade

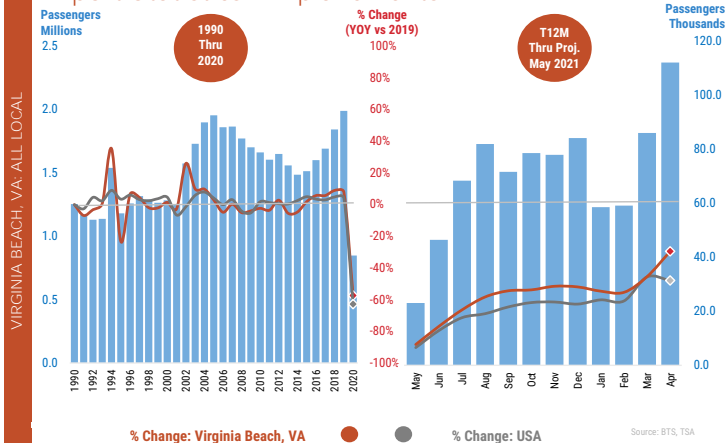
Long-term investment grade,
Prime-1 short-term outlook

TOP 10 BRANDS

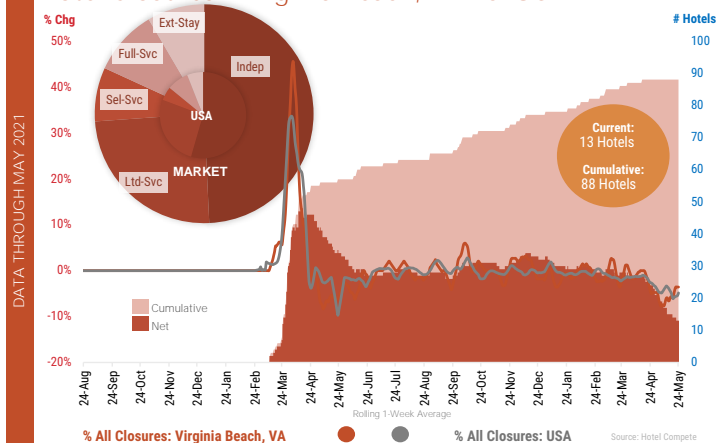


Source: Newmark

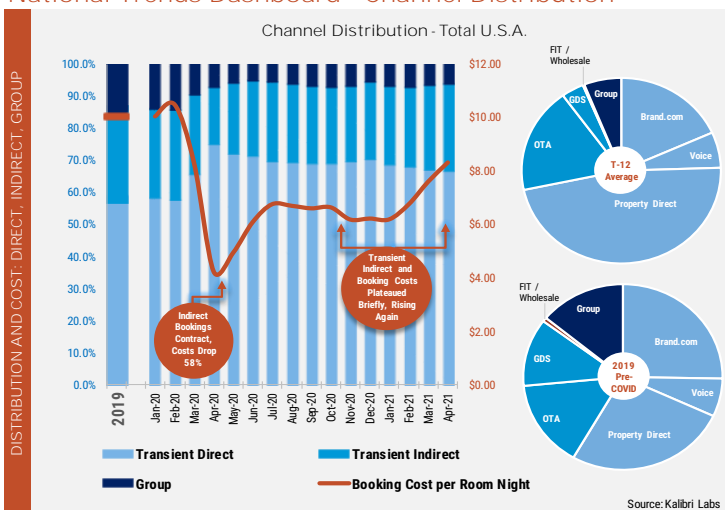
Airport Statistics - Enplanements



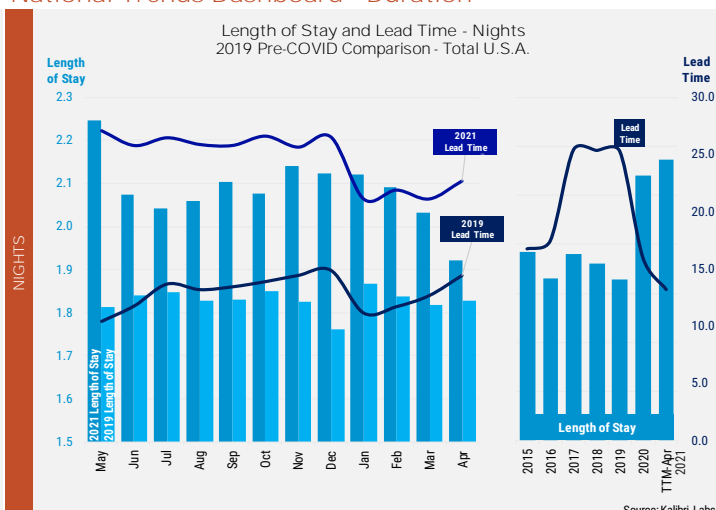
Hotel Closures - Virginia Beach, VA vs. USA



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.

MID-ATLANTIC MARKETS

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