



VALUATION & ADVISORY

1Q 2021 HOTEL MARKET INSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Washington, DC

Fundamentals Dashboard

Lodging Performance Index

87th of 104

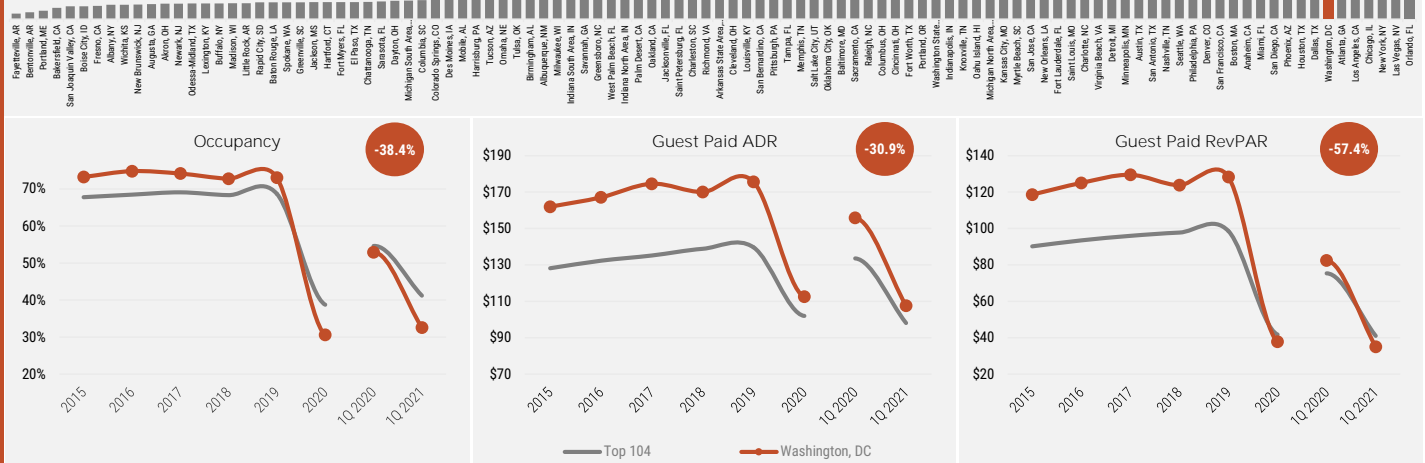
Below Average

Ranking of overall '1Q 2021 LPI' performance (0.67) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets

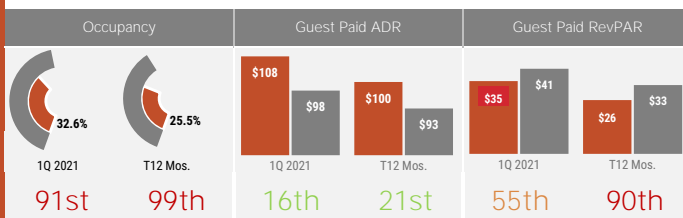
101,400

KEY PERFORMANCE METRICS



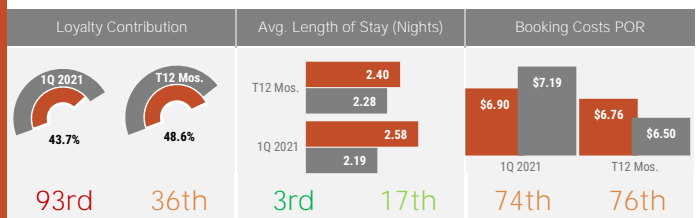
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



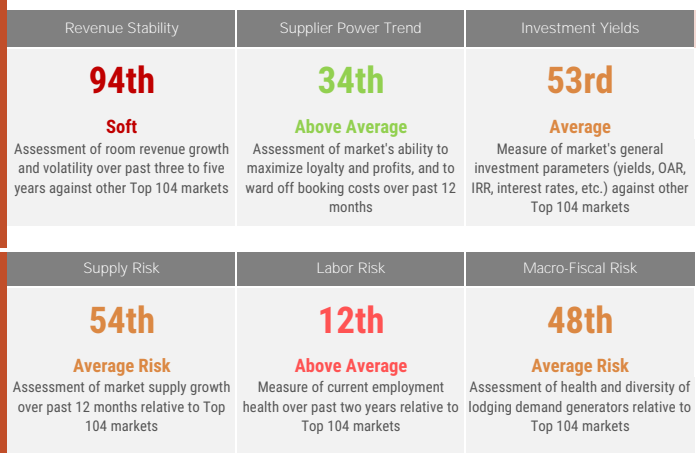
Discount and Capitalization Rates

Source: Newmark



Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name:	Washington
County:	District of Columbia
State:	District of Columbia
Geo Coordinates (market center):	38.90425, -77.01652

Source: US Census Bureau, Dept. of Labor Statistics

Major Hotel Demand Generators

Naval Support Activity Washington | Joint Base Andrews-Naval Air Facility | MedStar Health | Marriott International Inc. | Inova Health System | SAIC Inc. | Booz Allen Hamilton | University of Maryland at College Park | Washington Metropolitan Area Transit Authority | Joint Base Myer-Henderson | McDonald's Corp. | Giant Food Stores | U.S. Goddard Space Flight Center | Bolling Air Force Base | Deloitte | Fort Belvoir | CSRA Inc. | Leidos Holding Inc. | Verizon Communications | Hilton Worldwide

Metrics and Ranking

Population (hotel market area)	4,189,527
Income per Capita	\$77,649
Feeder Group Size	161.6 Persons PSR
Feeder Group Earnings	\$12,551,009 PSR
Total Market COPE	\$950.5 million

Rankings

8th of 104 (Large)
6th of 104 (Strong)
75th of 104 (Below Average)
93rd of 104 (Soft)
11th of 104 (Above Average)

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	73.2%	\$161.95	\$118.62	\$148.87	\$109.04	\$13.08	91.9%	47.1%	2.18	95,500	1.59
2016	74.8%	\$167.10	\$125.03	\$153.44	\$114.81	\$13.66	91.8%	49.9%	2.14	95,800	1.41
2017	74.2%	\$174.58	\$129.48	\$160.09	\$118.74	\$14.49	91.7%	52.3%	2.05	97,000	1.45
2018	72.8%	\$170.05	\$123.75	\$156.33	\$113.77	\$13.72	91.9%	55.1%	2.02	97,300	1.20
2019	73.0%	\$175.59	\$128.26	\$161.96	\$118.30	\$13.63	92.2%	59.1%	2.00	101,600	1.43
2020	30.6%	\$112.52	\$37.70	\$104.53	\$31.96	\$7.99	92.9%	53.2%	2.26	101,700	0.82
CAGR: 2015 thru 2020	-16.0%	-7.0%	-20.5%	-6.8%	-21.8%	-9.4%	0.2%	2.5%	0.7%	1.3%	-12.3%
1Q 2020	52.9%	\$155.79	\$82.36	\$143.97	\$76.11	\$11.82	92.4%	62.4%	2.01	101,100	1.31
1Q 2021	32.6%	\$107.61	\$35.05	\$100.71	\$32.80	\$6.90	93.6%	43.7%	2.58	101,400	0.67
% Change	-38.4%	-30.9%	-57.4%	-30.0%	-56.9%	-41.7%	1.3%	-29.9%	28.2%	0.3%	-49.4%

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

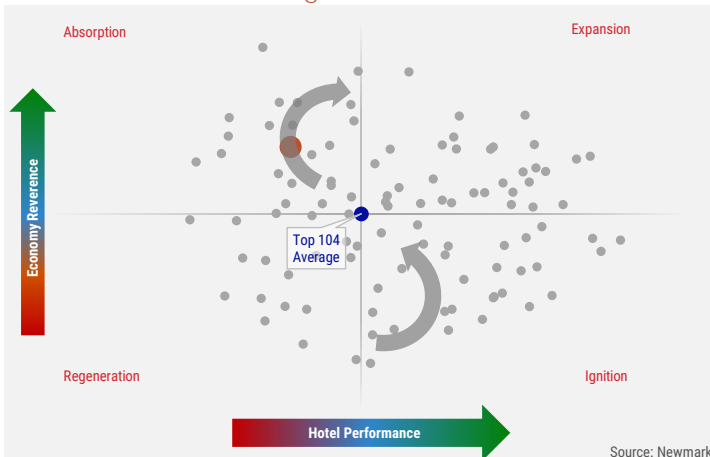
Notable Metrics

HIGHEST	Latest-Quarter Average Length of Stay	Economy Median Income	Total Rooms Supply
3rd Strong	Washington, DC boasted strong latest-quarter average length of stay (2.58 Nights)	6th Strong	The market exhibited strong Economy Median Income (\$77,649)
7th Strong	The market also benefits from a large and diverse hotel market (101,413)		
LOWEST	T12-Month Occupancy	Feeder Group Earnings PSR	Latest-Quarter Loyalty Contribution
99th Soft	This market has been hindered by weak T12-month occupancy (25.5%)	93rd Soft	The market has been hindered by weak feeder group earnings PSR (\$12,551,009)
93rd Soft	Washington, DC also has been hindered by weak latest-quarter loyalty contribution (43.7%)		

Notable Trends

FATEST	Short-Term Historical Average Length of Stay Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Booking Costs POR Growth
3rd Strong	Washington, DC has benefited from strong short-term historical average length of stay growth (9.1%)	6th Strong	The market enjoyed strong long-term historical average length of stay growth (3.3%)
8th Strong	The market also has benefited from low long-term historical booking costs POR growth (-9.5%)		
SLOWEST	Short-Term Historical Loyalty Contribution Growth	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth
101st Soft	The market has been hindered by weak short-term historical loyalty contribution growth (-7.3%)	97th Soft	We note this area has been hampered by weak short-term historical LPI growth (-23.5%)
97th Soft	Washington, DC also posted weak long-term historical LPI growth (-15.3%)		

Market Performance Stage



Source: Newmark

Washington, DC: Absorption Stage

The Washington, DC market is currently in the 'Absorption' stage of the performance cycle. In this 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.

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 '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:
Employment Growth (2 yr): **-2.1%**
Risk Exposure (402 US markets):
Key Industry Notes:
In Recovery
95th Percentile: High Risk
Defense, high tech
Talented workforce
Additional federal spending
Soaring costs in business
Transportation infrastructure

Moody's Rating

Aaa

Investment Grade

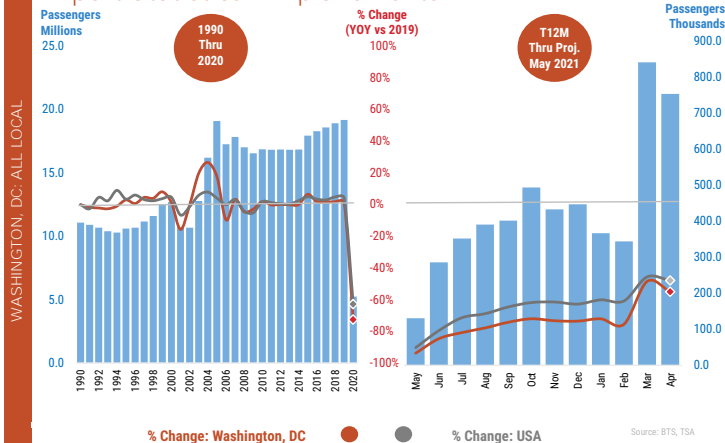
Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

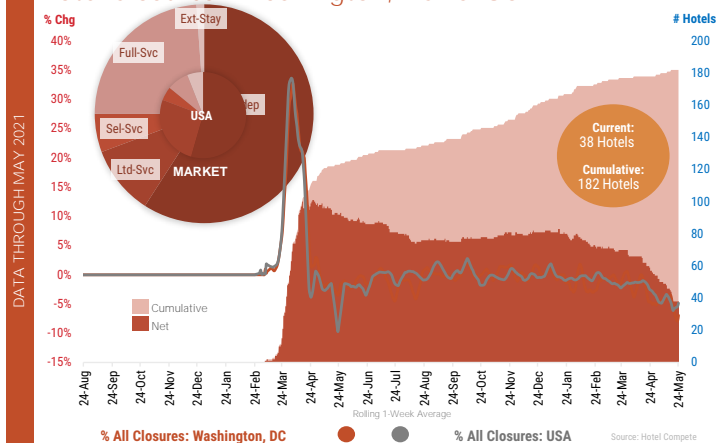


Source: Newmark

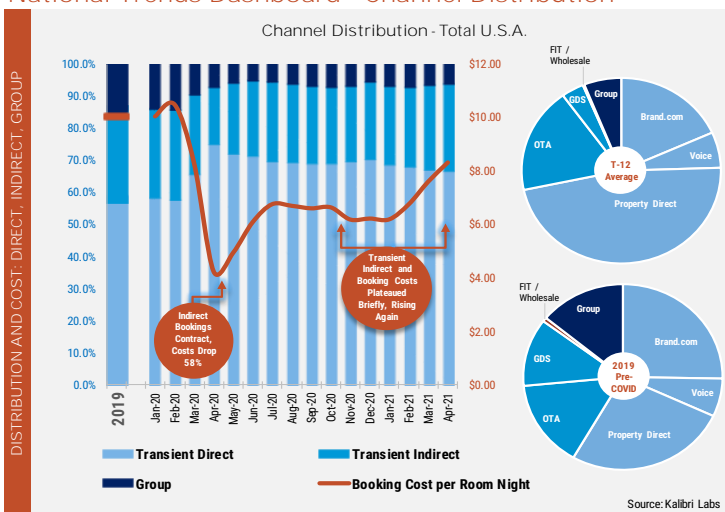
Airport Statistics - Enplanements



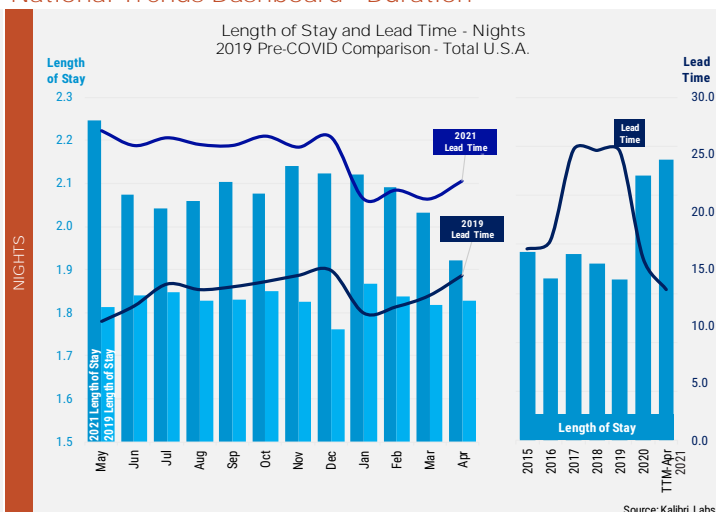
Hotel Closures - Washington, DC vs. USA



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

For more information:

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

Brian Johnson
Executive Vice President
Hospitality, Gaming & Leisure
NEWMARK VALUATION & ADVISORY
Mid-Atlantic Markets
Dir 434.996.2323
brian.johnson@nmrk.com