

HOSPITALITY, GAMING & LEISURE

Fundamentals Dashboard (Data through 4Q 2020)

Lodging Performance Index

83rd of 104

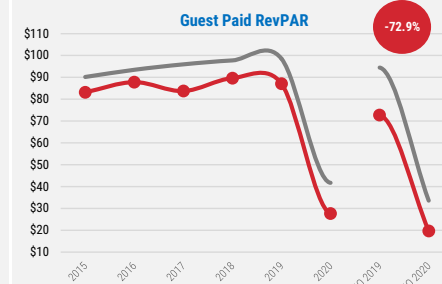
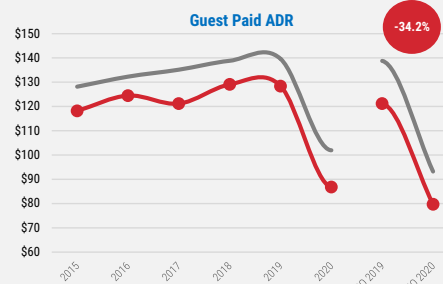
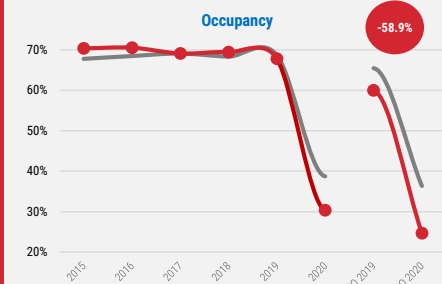
Below Average

Ranking of overall '4Q 2020 LPI' performance (0.60) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets

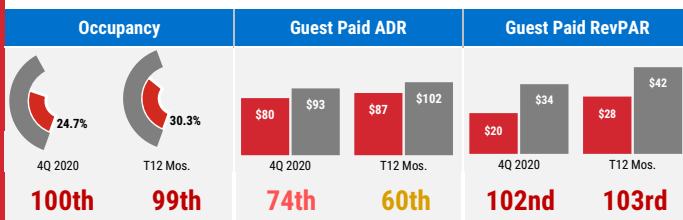


KEY PERFORMANCE METRICS



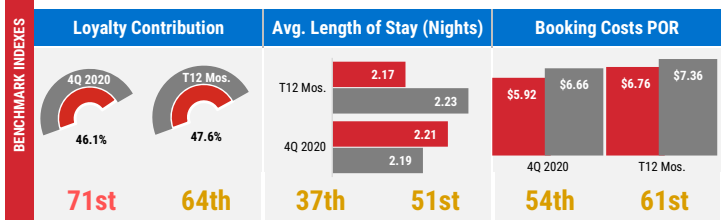
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



Discount and Capitalization Rates

Source: NKF



Trends and Risks

Source: Kalibri Labs, NKF



Location



Quick Facts

Jurisdictional Information

Municipal Name:	Minneapolis
County:	Hennepin County
State:	Minnesota
Geo Coordinates (market center):	44.97997, -93.26384

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

Fairview Health System | Allina Health System | Target Corp. | University of Minnesota | HealthPartners | Wells Fargo & Co. | UnitedHealth Group | 3M Co. | U.S. Bancorp | Medtronic Inc. | SUPERVALU Inc. | Delta Air Lines | Best Buy Co. Inc. | Hennepin County Medical Center | Thomson Reuters North American Legal | Boston Scientific | Lifetime Products Inc. | North Memorial Health Care | Presbyterian Homes & Services | Xcel Energy

Metrics and Ranking

Population (hotel market area)	2,474,274
Income per Capita	\$55,720
Feeder Group Size	184.1 Persons PSR
Feeder Group Earnings	\$10,257,112 PSR
Total Market COPE	\$425.8 million

Measurement

Rankings

27th of 104 (Above Average)
90th of 104 (Soft)
95th of 104 (Soft)
39th of 104 (Average)

Key Performance Metrics

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	70.4%	\$118.17	\$83.15	\$108.01	\$76.00	\$10.16	91.4%	49.0%	1.94	36,200	1.15
2016	70.5%	\$124.50	\$87.82	\$113.75	\$80.24	\$10.75	91.4%	51.3%	1.92	37,300	1.18
2017	69.1%	\$121.18	\$83.72	\$110.43	\$76.29	\$10.75	91.1%	52.6%	1.90	38,300	1.14
2018	69.4%	\$129.08	\$89.63	\$117.92	\$81.88	\$11.16	91.4%	53.6%	1.90	39,900	1.07
2019	67.8%	\$128.43	\$87.08	\$117.18	\$79.45	\$11.26	91.2%	57.5%	1.86	43,300	1.09
2020	30.3%	\$86.79	\$27.63	\$80.03	\$24.27	\$6.76	92.2%	47.6%	2.17	44,400	0.60
CAGR: 2015 thru 2020	-15.5%	-6.0%	-19.8%	-5.8%	-20.4%	-7.8%	0.2%	-0.6%	2.3%	4.2%	-12.3%
4Q 2019	60.0%	\$121.15	\$72.67	\$110.38	\$66.21	\$10.78	91.1%	58.6%	1.82	43,300	1.09
4Q 2020	24.7%	\$79.73	\$19.66	\$73.81	\$18.20	\$5.92	92.6%	46.1%	2.21	44,400	0.60
% Change	-58.9%	-34.2%	-72.9%	-33.1%	-72.5%	-45.0%	1.6%	-21.3%	21.7%	2.5%	-45.3%

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

Notable Metrics

HIGHEST	Population Density per Room	Total Rooms Supply	Marketwide Income per Room
	17th Above Average Minneapolis, MN boasted strong population density per room (43.59)	22nd Above Average The market benefits from a large and diverse hotel market (44,381)	25th Above Average The market also enjoyed a high ratio of marketwide income per room (\$2,322,850)
LOWEST	T12-Month COPE RevPAR	T12-Month Guest Paid RevPAR	Latest-Quarter COPE RevPAR
	103rd Soft This market posted weak T12-month COPE RevPAR (\$24.27)	103rd Soft The market has been hindered by weak T12-month Guest Paid RevPAR (\$27.63)	102nd Soft Minneapolis, MN also has been hampered by weak latest-quarter COPE RevPAR (\$18.20)

Notable Trends

FASTEST	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Average Length of Stay Growth	Long-Term Historical Booking Costs POR Growth
	13th Above Average Minneapolis, MN enjoyed low short-term historical growth in booking costs (-20.4%)	15th Above Average The market enjoyed strong long-term historical average length of stay growth (3.2%)	22nd Above Average The market also has benefited from low long-term historical booking costs POR growth (-7.3%)
SLOWEST	Short-Term Historical COPE RevPAR Growth	Short-Term Historical Guest Paid RevPAR Growth	Short-Term Historical Occupancy Growth
	100th Soft The market has been impeded by weak short-term historical COPE RevPAR growth (-41.0%)	100th Soft We note this area has been hampered by weak short-term historical Guest Paid RevPAR growth (-41.2%)	100th Soft Minneapolis, MN also has been hindered by weak short-term historical occupancy growth (-29.1%)

Market Performance Stage



Source: NKF

Minneapolis, MN: Absorption Stage

The Minneapolis, MN 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 Boston, MA; Charlotte, NC; and Dallas, 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; Detroit, MI; and Las Vegas, NV.

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 Cincinnati, OH; Knoxville, TN; and Michigan North Area, MI.

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 Anaheim, CA; Atlanta, GA; and Austin, TX.

Industry Observations

Business Cycle: In Recovery
Employment Growth (2 yr): -2.6%
Risk Exposure (402 US markets): 50th Percentile: Average Risk
Key Industry Notes: College town, high tech
Innovative businesses
Educated & expanding labor
Positive net migration
High business tax burden

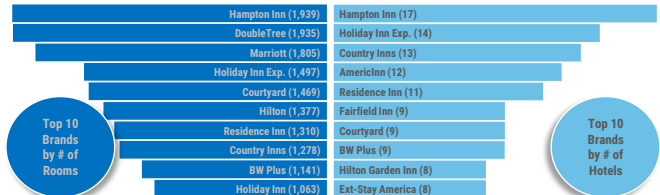
Moody's Rating

Aaa

Investment Grade

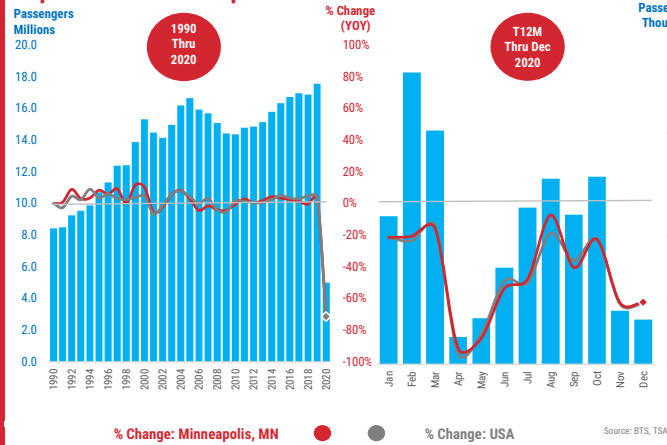
Long-term investment grade,
Prime-1 short-term outlook

TOP 10 BRANDS

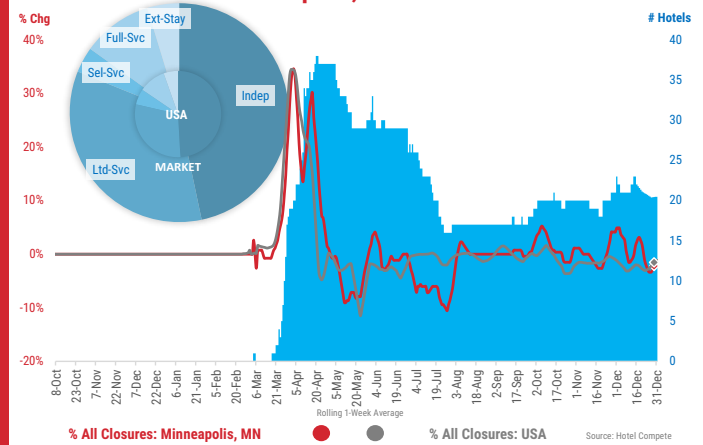


Source: NKF

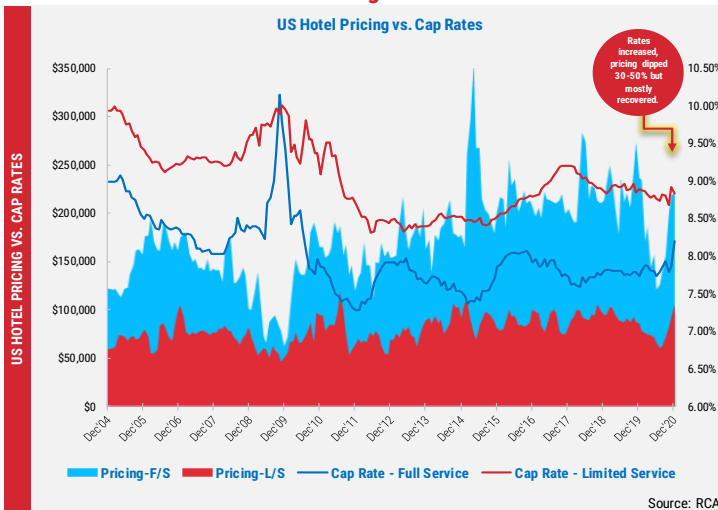
Airport Statistics - Enplanements



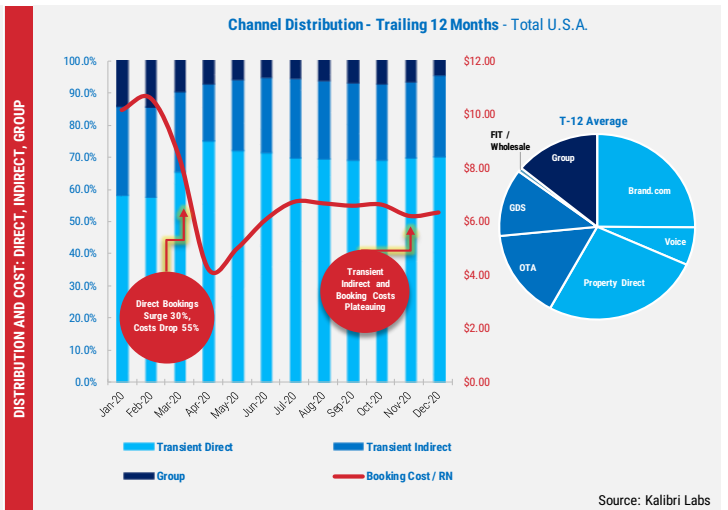
Net Hotel Closures - Minneapolis, MN vs. USA



National Trends Dashboard - Pricing



National Trends Dashboard - Channel Distribution



NKF Hotel Market Insights Report Coverage



Akron, OH	Dayton, OH	Louisville, KY	Portland, OR
Albany, NY	Denver, CO	Madison, WI	Raleigh, NC
Albuquerque, NM	Des Moines, IA	Memphis, TN	Rapid City, SD
Anaheim, CA	Detroit, MI	Miami, FL	Richmond, VA
Arkansas State Area, AR	El Paso, TX	Michigan North Area, MI	Sacramento, CA
Atlanta, GA	Fayetteville, AR	Michigan South Area, MI	Saint Louis, MO
Augusta, GA	Fort Lauderdale, FL	Milwaukee, WI	Saint Petersburg, FL
Austin, TX	Fort Myers, FL	Minneapolis, MN	Salt Lake City, UT
Bakersfield, CA	Fort Worth, TX	Mobile, AL	San Antonio, TX
Baltimore, MD	Fresno, CA	Myrtle Beach, SC	San Bernardino, CA
Baton Rouge, LA	Greensboro, NC	Nashville, TN	San Diego, CA
Bentonville, AR	Greenville, SC	New Brunswick, NJ	San Francisco, CA
Birmingham, AL	Harrisburg, PA	New Orleans, LA	San Joaquin Valley, CA
Boise City, ID	Hartford, CT	New York, NY	San Jose, CA
Boston, MA	Houston, TX	Newark, NJ	Sarasota, FL
Buffalo, NY	Indiana North Area, IN	Oahu Island, HI (Branded)	Savannah, GA
Charleston, SC	Indiana South Area, IN	Oakland, CA	Seattle, WA
Charlotte, NC	Indianapolis, IN	Odessa-Midland, TX	Spokane, WA
Chattanooga, TN	Jackson, MS	Oklahoma City, OK	Tampa, FL
Chicago, IL	Jacksonville, FL	Omaha, NE	Tucson, AZ
Cincinnati, OH	Kansas City, MO	Orlando, FL (Non-Disney)	Tulsa, OK
Cleveland, OH	Knoxville, TN	Palm Desert, CA	Virginia Beach, VA
Colorado Springs, CO	Las Vegas, NV (Non-Strip)	Philadelphia, PA	Washington State Area, WA
Columbia, SC	Lexington, KY	Phoenix, AZ	Washington, DC
Columbus, OH	Little Rock, AR	Pittsburgh, PA	West Palm Beach, FL
Dallas, TX	Los Angeles, CA	Portland, ME	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.

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