NKF Hotel Market Nsights Report - 4Q 2020
Orlando, FL

Newmark Knight Frank

HOSPITALITY, GAMING & LEISURE
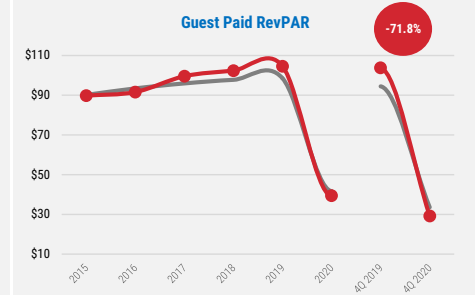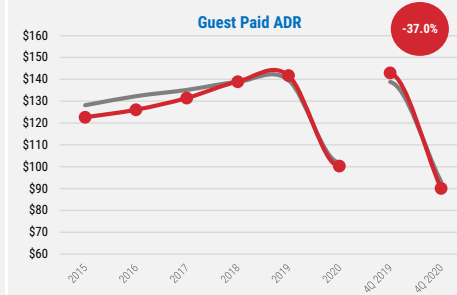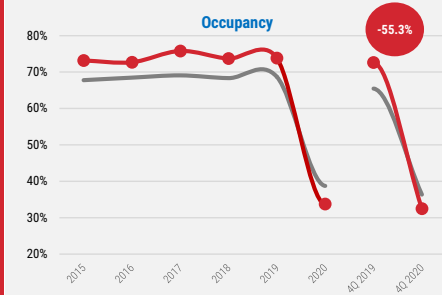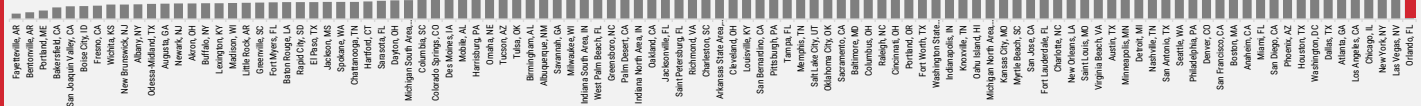
Fundamentals Dashboard (Data through 4Q 2020)

Lodging Performance Index

25th of 104

Above Average

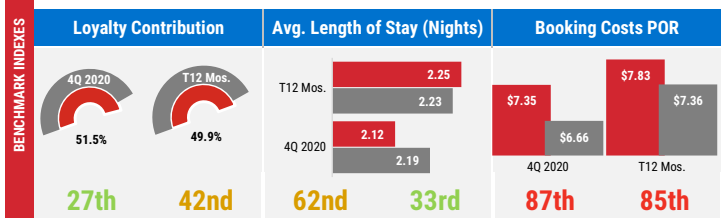Ranking of overall '4Q 2020 LPI' performance (1.34) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

Supply Ranking vs. Major US Markets

Occupancy —55.3%

Guest Paid ADR —37.0%

Guest Paid RevPAR —71.8%

— Top 104   ●— Orlando, FL

Key Performance Indexes

● Subject Market ● Top 104

PERFORMANCE INDEXES

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
4Q 2020	T12 Mos.	4Q 2020	T12 Mos.	4Q 2020	T12 Mos.
32.5%	33.7%	$90 / $93	$100 / $102	$29 / $34	$39 / $42
86th	**90th**	**37th**	**33rd**	**70th**	**46th**
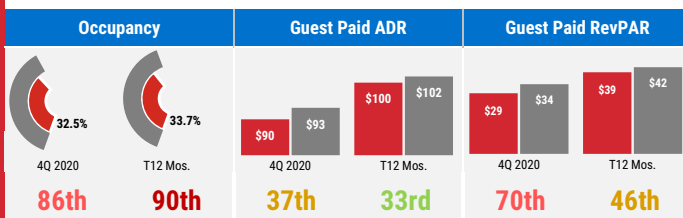
Key Benchmark Indexes

Data provided by: **Kalibri** LABS

BENCHMARK INDEXES

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2020	T12 Mos.	T12 Mos.	4Q 2020	4Q 2020	T12 Mos.
51.5%	49.9%	2.25 / 2.23 2.12 / 2.19		$7.35 / $6.66	$7.83 / $7.36
27th	**42nd**	**62nd**	**33rd**	**87th**	**85th**

Discount and Capitalization Rates

Source: NKF

INVESTMENT PARAMETERS

Economy/Ltd Svc

Select-Service

Full-Service

Luxury/Upscale

Trends and Risks

Source: Kalibri Labs, NKF

FUNDAMENTALS

Revenue Stability	Supplier Power Trend	Investment Yields
99th	**50th**	**20th**
Soft	Average	Above 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
23rd	**58th**	**69th**
Above Average	Average Risk	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

Location

Quick Facts

Jurisdictional Information

Source: US Census Bureau, Dept. of Labor Statistics

Municipal Name:	Orlando
County:	Orange County
State:	Florida
Geo Coordinates (market center):	28.53834, -81.37924

Major Hotel Demand Generators

Walt Disney World Resort | Universal Orlando (Comcast) | Adventist Health System/Florida Hospital | Publix Super Markets Inc. | Orlando International Airport | Orlando Health | University of Central Florida | Lockheed Martin | Darden Restaurants | SeaWorld Parks & Entertainment | Rosen Hotels & Resorts | Siemens | Wal-Mart Stores Inc. | Westgate Resorts | Wyndham Vacation Ownership | Valencia College | Hilton Grand Vacations Club | AT&T Mobility | JP Morgan Chase | Bright House Networks

Metrics and Ranking

	Measurement	Rankings
Population (hotel market area)	1,657,251	
Income per Capita	$45,436	60th of 104 (Average)
Feeder Group Size	28.9 Persons PSR	4th of 104 (Strong)
Feeder Group Earnings	$1,313,244 PSR	6th of 104 (Strong)
Total Market COPE	$2.1 billion	3rd of 104 (Strong)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid		COPE*		Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
		ADR	RevPAR	ADR	RevPAR						
2015	73.2%	$122.64	$89.82	$111.77	$81.82	$10.87	91.1%	38.7%	2.52	153,000	1.11
2016	72.7%	$126.09	$91.61	$114.89	$83.53	$11.20	91.1%	42.0%	2.42	154,600	1.09
2017	75.8%	$131.45	$99.59	$119.52	$90.60	$11.93	90.9%	43.7%	2.41	153,700	1.13
2018	73.7%	$138.96	$102.40	$126.63	$93.32	$12.32	91.1%	47.8%	2.30	152,500	1.14
2019	73.8%	$141.73	$104.64	$129.93	$95.93	$11.80	91.7%	52.7%	2.17	169,200	1.16
2020	33.7%	$100.24	$39.35	$92.41	$31.13	$7.83	92.2%	49.9%	2.25	173,900	1.34
CAGR: 2015 thru 2020	-14.4%	-4.0%	-15.2%	-3.7%	-17.6%	-6.3%	0.2%	5.2%	-2.3%	2.6%	3.8%
4Q 2019	72.6%	$142.88	$103.72	$130.76	$94.93	$12.11	91.5%	53.7%	2.17	169,200	1.16
4Q 2020	32.5%	$90.06	$29.25	$82.71	$26.87	$7.35	91.8%	51.5%	2.12	173,900	1.34
% Change	-55.3%	-37.0%	-71.8%	-36.8%	-71.7%	-39.3%	0.3%	-4.1%	-2.3%	2.8%	15.3%

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

Notable Metrics

HIGHEST

Total Rooms Supply	Total Rooms Sold	Feeder Group Size
1st Strong	**1st** Strong	**4th** Strong
Orlando, FL benefits from a large and diverse hotel market (173,898)	The market boasted strong total rooms sold (20,928,388)	The market also required a small feeder group size (28.90 Persons)

LOWEST

Feeder Population Per Room	T12-Month COPE ADR Percentage	Marketwide Income per Room
101st Soft	**101st** Soft	**100th** Soft
This market posted a low ratio of feeder population per room (7.27)	The market has been hampered by weak T12-month COPE ADR percentage (92.2%)	Orlando, FL also exhibited a low ratio of marketwide income per room ($330,483)

Notable Trends

FASTEST

Short-Term Historical Loyalty Contribution Growth	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Booking Costs POR Growth
4th Strong	**5th** Strong	**19th** Above Average
Orlando, FL enjoyed strong short-term historical loyalty contribution growth (4.2%)	The market exhibited strong long-term historical loyalty contribution growth (4.5%)	The market also enjoyed low short-term historical growth in booking costs (-18.8%)

SLOWEST

Long-Term Historical Average Length of Stay Growth	Short-Term Historical Average Length of Stay Growth	Short-Term Historical COPE RevPAR Growth
103rd Soft	**102nd** Soft	**99th** Soft
The market exhibited weak long-term historical average length of stay growth (-2.7%)	We note this area exhibited weak short-term historical average length of stay growth (-3.8%)	Orlando, FL also has been impeded by weak short-term historical COPE RevPAR growth (-40.3%)

Market Performance Stage

Source: NKF

Orlando, FL: Ignition Stage

Ignition

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

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.

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 Boston, MA; Charlotte, NC; and Dallas, TX.

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

MOODY'S ANALYTICS, INC.

Business Cycle:	In Recovery
Employment Growth (2 yr):	-3.7%
Risk Exposure (402 US markets):	8th Percentile: Low Risk

Key Industry Notes:
- Financial center, high tech
- Natural gains for tourism
- Strong demographics
- Job opportunities in services
- Profusion of low-wage jobs
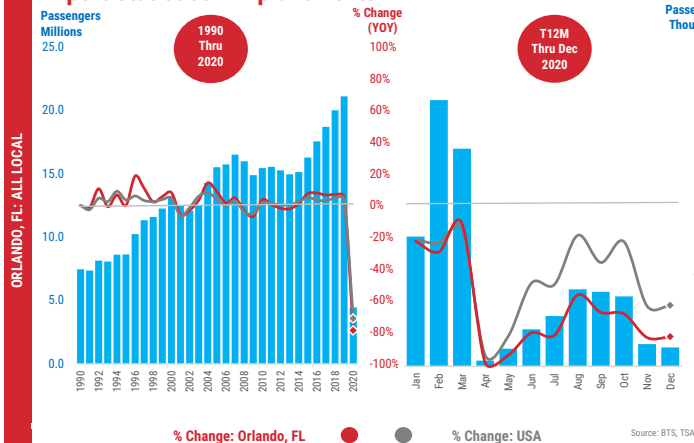
Moody's Rating

Aaa

Investment Grade

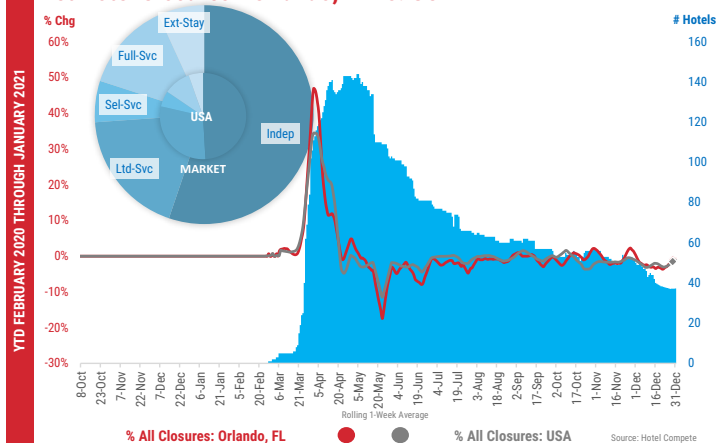Long-term investment grade, Prime-1 short-term outlook

TOP 10 BRANDS

Top 10 Brands by # of Rooms:
- Hilton (3,753)
- Disney's Deluxe Resorts (3,448)
- Marriott (3,099)
- Holiday Inn (3,012)
- DoubleTree (2,949)
- Disney's Value Resorts (2,873)
- Hyatt Regency (2,865)
- Sheraton (2,389)
- Hampton Inn (2,077)
- SpringHill Suites (1,804)

Top 10 Brands by # of Hotels:
- Hampton Inn (17)
- Ext-Stay America (14)
- Quality Inn (13)
- Days Inn (13)
- Residence Inn (11)
- Holiday Inn Exp. (11)
- SpringHill Suites (10)
- Fairfield Inn (10)
- WoodSpring (9)
- La Quinta (9)

Source: NKF

Airport Statistics - Enplanements

1990 Thru 2020

T12M Thru Dec 2020

Passengers Millions

% Change (YOY)

Passengers Thousands

% Change: Orlando, FL ● % Change: USA ●

Source: BTS, TSA

Net Hotel Closures - Orlando, FL vs. USA

YTD FEBRUARY 2020 THROUGH JANUARY 2021

% Chg

Hotels

Ext-Stay, Full-Svc, Sel-Svc, Ltd-Svc, Indep, USA, MARKET

Rolling 1-Week Average

% All Closures: Orlando, FL ● % All Closures: USA ●

Source: Hotel Compete

National Trends Dashboard - Pricing

US Hotel Pricing vs. Cap Rates

Rates increased, pricing dipped 30-50% but mostly recovered.

US HOTEL PRICING VS. CAP RATES

Pricing-F/S — Pricing-L/S — Cap Rate - Full Service — Cap Rate - Limited Service

Source: RCA
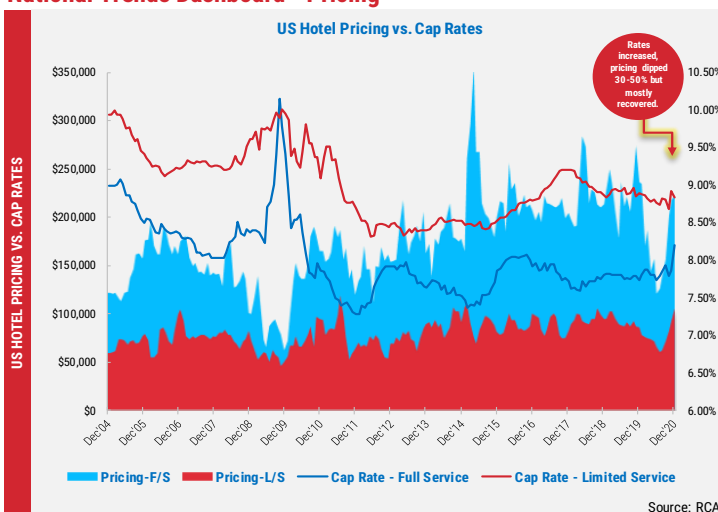
National Trends Dashboard - Channel Distribution

Channel Distribution - Trailing 12 Months - Total U.S.A.

DISTRIBUTION AND COST: DIRECT, INDIRECT, GROUP

Direct Bookings Surge 30%, Costs Drop 55%

Transient Indirect and Booking Costs Plateauing

T-12 Average

FIT / Wholesale, Group, GDS, OTA, Brand.com, Voice, Property Direct

Transient Direct ■ Transient Indirect ■ Group — Booking Cost / RN

Source: Kalibri Labs
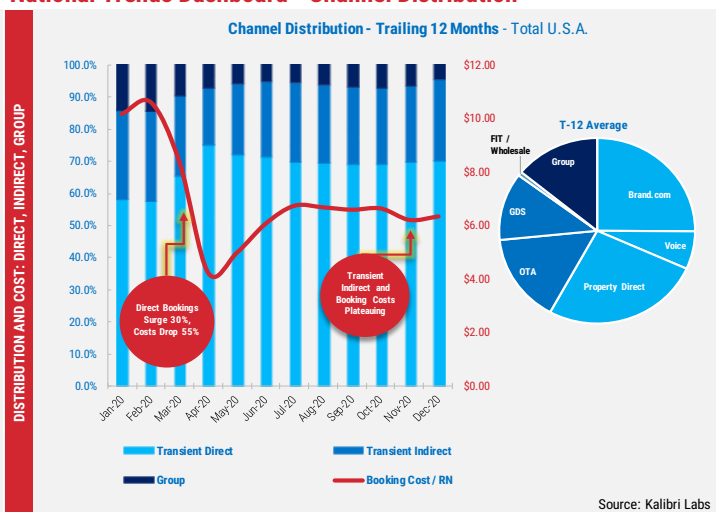
NKF Hotel Market Nsights Report Coverage

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.

Contact: Southeast and Carribbean Markets

David Gray, MAI, MRICS
Executive Vice President
Hospitality, Gaming & Leisure
Newmark Knight Frank
Southeast and Carribbean Markets
Dir 561.302.3943
david.gray@ngkf.com

Edy Gross
Executive Vice President
Hospitality, Gaming & Leisure
Newmark Knight Frank
Southeast and Carribbean Markets
Dir 305.582.7376
edy.gross@ngkf.com

Newmark Knight Frank