

HOSPITALITY, GAMING & LEISURE

Fundamentals Dashboard (Data through 4Q 2020)

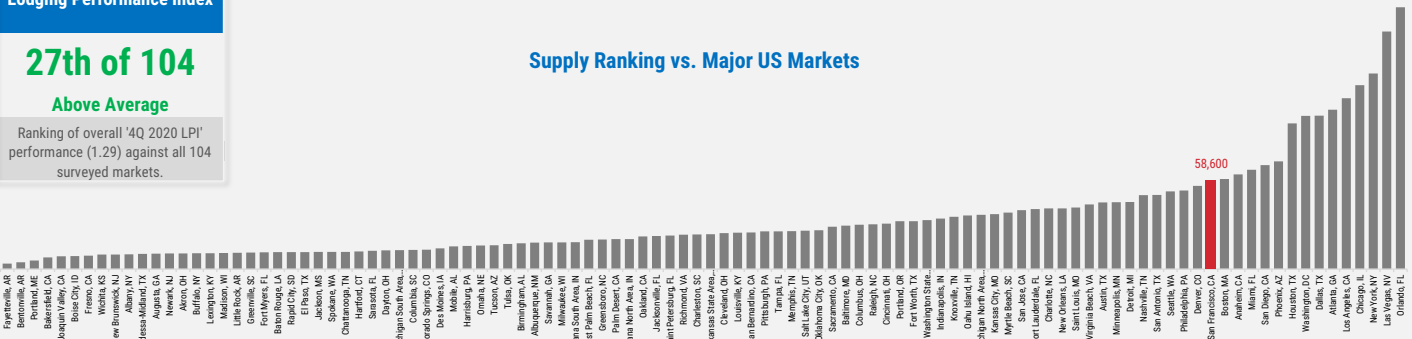
Lodging Performance Index

27th of 104

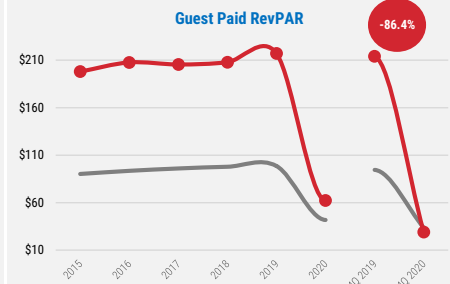
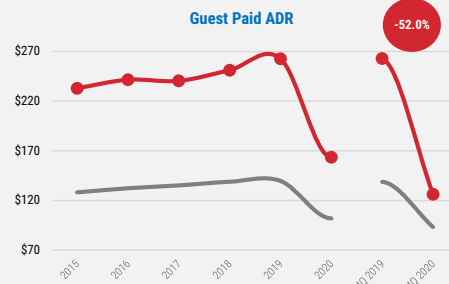
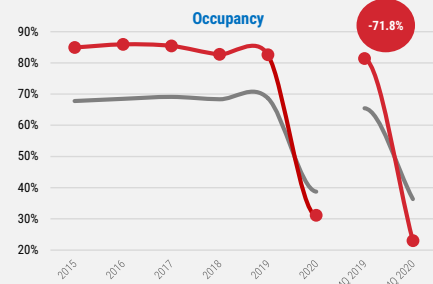
Above Average

Ranking of overall '4Q 2020 LPI' performance (1.29) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets

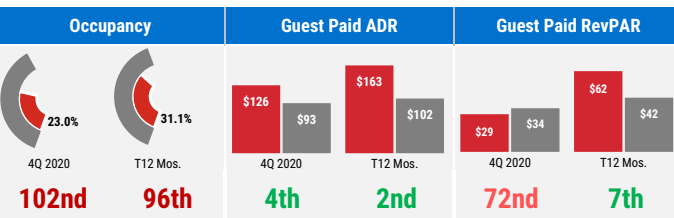


KEY PERFORMANCE METRICS



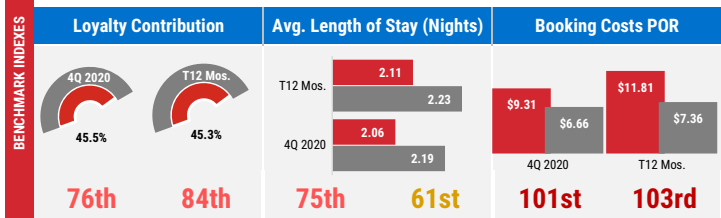
Key Performance Indexes

● Subject Market ● Top 104



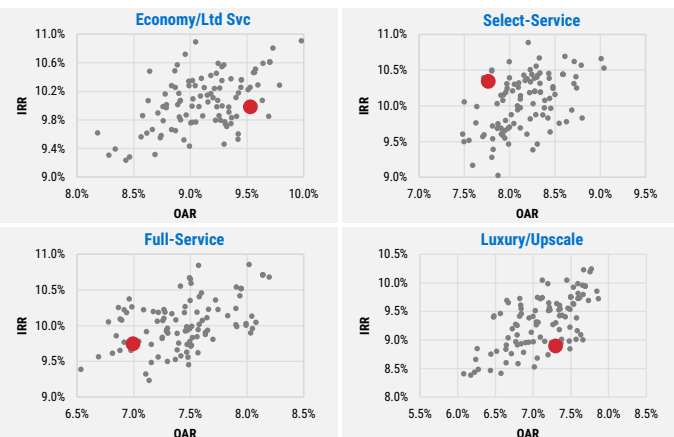
Key Benchmark Indexes

Data provided by: kalibri LABS



Discount and Capitalization Rates

Source: NKF



Trends and Risks

Source: Kalibri Labs, NKF

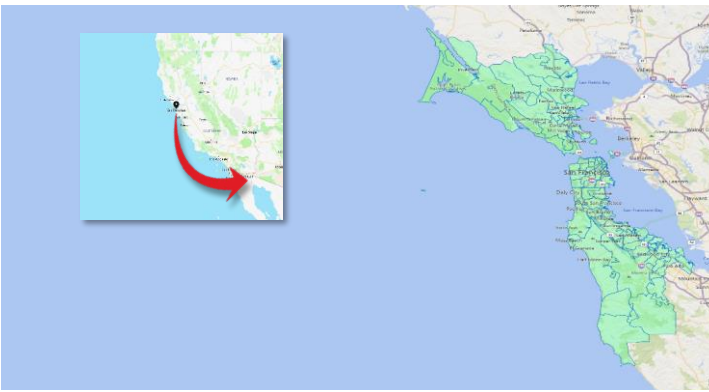


INVESTMENT PARAMETERS

FUNDAMENTALS

RISKS

Location



Quick Facts

Jurisdictional Information

| | |
|----------------------------------|----------------------|
| Municipal Name: | San Francisco |
| County: | San Francisco County |
| State: | California |
| Geo Coordinates (market center): | 37.775, -122.41944 |

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

University of California, San Francisco | Genentech Inc. | Wells Fargo | Oracle Corp. | Salesforce.com Inc. | Sutter Health | California Pacific Medical Center | Dignity Health | Uber Technologies Inc. | Kaiser Permanente | PG&E Corp. | Gap Inc. | Williams-Sonoma Inc. | Visa USA | VMware Inc. | Va Palo Alto Health Care System | San Francisco State University | Lucile Packard Health Care System | Space Systems | Charles Schwab Corp.

Metrics and Ranking

| | |
|--------------------------------|------------------|
| Population (hotel market area) | 1,720,224 |
| Income per Capita | \$96,265 |
| Feeder Group Size | 94.8 Persons PSR |
| Feeder Group Earnings | \$9,129,161 PSR |
| Total Market COPE | \$1.1 billion |

Measurement

Rankings

2nd of 104 (Strong)
35th of 104 (Average)
89th of 104 (Below Average)
13th of 104 (Above Average)

Key Performance Metrics

| 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 | 84.9% | \$233.04 | \$197.92 | \$212.12 | \$180.16 | \$20.92 | 91.0% | 39.9% | 1.98 | 52,900 | 1.24 |
| 2016 | 85.9% | \$241.61 | \$207.63 | \$219.83 | \$188.91 | \$21.78 | 91.0% | 42.8% | 1.91 | 52,900 | 1.19 |
| 2017 | 85.5% | \$240.45 | \$205.46 | \$218.19 | \$186.44 | \$22.26 | 90.7% | 44.1% | 1.86 | 53,700 | 1.18 |
| 2018 | 82.7% | \$251.20 | \$207.81 | \$228.94 | \$189.39 | \$22.26 | 91.1% | 45.4% | 1.82 | 54,900 | 1.13 |
| 2019 | 82.6% | \$262.75 | \$217.01 | \$240.30 | \$198.47 | \$22.45 | 91.5% | 50.9% | 1.77 | 58,300 | 1.11 |
| 2020 | 31.1% | \$163.44 | \$62.22 | \$151.63 | \$47.15 | \$11.81 | 92.8% | 45.3% | 2.11 | 58,600 | 1.29 |
| CAGR: 2015 thru 2020 | -18.2% | -6.8% | -20.7% | -6.5% | -23.5% | -10.8% | 0.4% | 2.6% | 1.3% | 2.1% | 0.9% |
| 4Q 2019 | 81.4% | \$262.84 | \$213.95 | \$241.25 | \$196.38 | \$21.59 | 91.8% | 54.3% | 1.81 | 58,300 | 1.11 |
| 4Q 2020 | 23.0% | \$126.29 | \$29.04 | \$116.98 | \$26.90 | \$9.31 | 92.6% | 45.5% | 2.06 | 58,600 | 1.29 |
| % Change | -71.8% | -52.0% | -86.4% | -51.5% | -86.3% | -56.9% | 0.9% | -16.2% | 14.1% | 0.5% | 15.9% |

Data provided by: **kalibri LABS**

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

Notable Metrics

| HIGHEST | T12-Month Guest Paid ADR | T12-Month COPE ADR | Economy Median Income |
|---------|--|---|---|
| | 2nd Strong San Francisco, CA benefited from strong T12-month Guest Paid ADR (\$163.44) | 2nd Strong The market exhibited strong T12-month COPE ADR (\$151.63) | 2nd Strong The market also exhibited strong Economy Median Income (\$96,265) |
| LOWEST | T12-Month Booking Costs POR | Latest-Quarter Occupancy | Latest-Quarter Booking Costs POR |
| | 103rd Soft This market was burdened by high T12-month booking costs POR (\$11.81) | 102nd Soft The market exhibited weak latest-quarter occupancy (23.0%) | 101st Soft San Francisco, CA also has been burdened by high latest-quarter booking costs (\$9.31) |

Notable Trends

| FATEST | Long-Term Historical Booking Costs POR Growth | Short-Term Historical Booking Costs POR Growth | General Economy Reverence |
|---------|--|--|--|
| | 3rd Strong San Francisco, CA has benefited from low long-term historical booking costs POR growth (-12.5%) | 4th Strong The market enjoyed low short-term historical growth in booking costs (-27.2%) | 20th Above Average The market also enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators) |
| SLOWEST | Short-Term Historical COPE RevPAR Growth | Short-Term Historical COPE ADR Growth | Short-Term Historical Guest Paid RevPAR Growth |
| | 103rd Soft The market has been impeded by weak short-term historical COPE RevPAR growth (-50.7%) | 103rd Soft We note this area posted weak short-term historical COPE ADR growth (-22.4%) | 103rd Soft San Francisco, CA also has been hampered by weak short-term historical Guest Paid RevPAR growth (-50.9%) |

Market Performance Stage



San Francisco, CA: Expansion Stage

The San Francisco, CA 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 Anaheim, CA; Atlanta, GA; and Austin, 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. |
| 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. |

Industry Observations

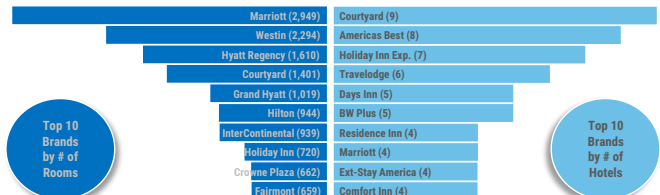
Business Cycle: In Expansion
Employment Growth (2 yr): 1.9%
Risk Exposure (402 US markets): 6th Percentile: Low Risk
Key Industry Notes: Financial, medical, high tech
Educated/skilled workforce
High incomes
Strong office market growth
Construction limitations

Moody's Rating

Aaa
Investment Grade

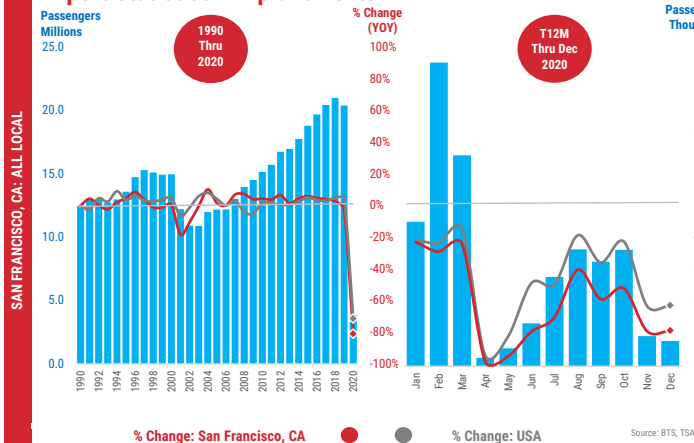
Long-term investment grade,
Prime-1 short-term outlook

TOP 10 BRANDS

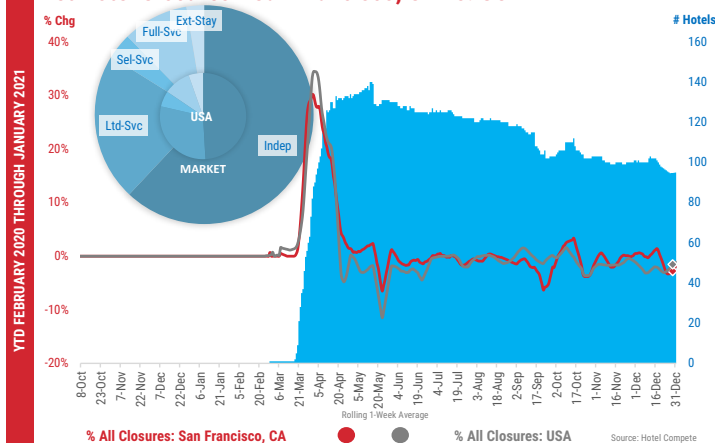


Source: NKF

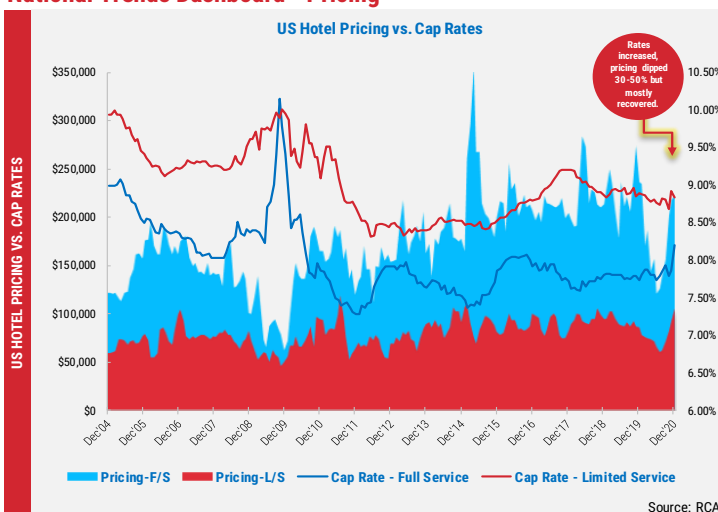
Airport Statistics - Enplanements



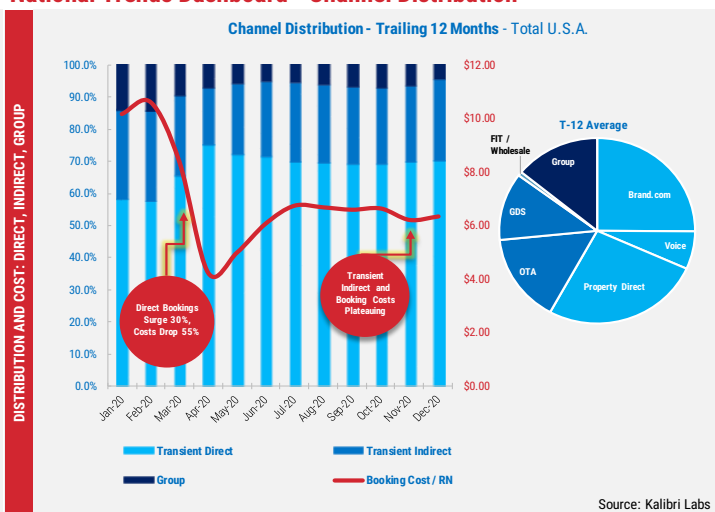
Net Hotel Closures - San Francisco, CA vs. USA



National Trends Dashboard - Pricing



National Trends Dashboard - Channel Distribution



NKF 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 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.

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