2024

HOTEL

National Investment Forecast

TO OUR VALUED CLIENTS

Hospitality property fundamentals continued to improve last year, and that momentum should carry through 2024. Leisure travel spending in 2023 surpassed the pre-pandemic peak, and while household budgets have been squeezed by elevated inflation, many households continue to prioritize travel and experiences. At the same time, the other traditional hospitality demand pillars of business travel and international visitations continue to make progress toward a full recovery.

After outbound international travel was elevated last year due to the strength of the U.S. dollar, more Americans could opt for domestic destinations in 2024 as geopolitical conflicts in Eastern Europe and the Middle East sway behavior. In addition, domestic airfare and fuel costs have been declining, supporting travel by both plane and car. Business travel, however, may still take some time to fully recover, especially large events with international attendance. Smaller group travel on a regional scale is accelerating and driving room demand, however, with firms citing a desire to use these activities for in-person interactions during a time when employees are meeting face-to-face less frequently.

Investor and lender confidence has returned to the sector amid improving property fundamentals, but higher debt costs and tighter capital availability remain transactional hurdles. The prospect of modest rate cuts this year could bolster investment activity and revive investor confidence. Stabilized assets and outperforming budget-friendly accommodations have been the predominant preference for financiers, but investors may begin to pursue a wider range of opportunities as sentiment strengthens.

As you navigate the complex environment, our investment brokerage and financing specialists across the U.S. and Canada are at your disposal, providing street-level guidance to empower your decisions.

Thank you and here's to your continued success,

BIRAN PATEL
Senior Vice President
Director
Hospitality Division

JOHN CHANG
Senior Vice President
Director
Research Services

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CLIENT SERVICES

Developed by Marcus & Millichap Research Services.

Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

EXECUTIVE SUMMARY

NATIONAL ECONOMY

- The economy overachieved relative to pessimistic expectations last year, boosting confidence that a soft landing by the Federal Reserve can be accomplished. A tight labor market, alongside historically strong household net worth, has created a durable American consumer base heading into 2024. Inflation has also been on a steady decline, further alleviating stress on household budgets. At the same time, several factors pose downside risks to consumer spending and travel this year.

- Companies in certain industries are reducing headcounts to shore up bottom lines while others are scaling back hiring, contributing to a more modest employment growth outlook for 2024. A less favorable market for job seekers, however, is normalizing hotel-industry dynamics. The number of unfilled accommodation and food services positions is retreating, allowing sector wage growth to moderate. After many operators were hamstrung by a lack of workers and rising wages in recent years, this is a welcome trend.

NATIONAL HOTEL OVERVIEW

- After occupancy surged in 2021-2022, the metric climbed by a more sustainable pace last year as the sector edged closer to a full recovery. Aided by improving demand pillars, occupancy growth in 2024 should surpass last year's gain. Daily rates are expected to be more stable this year, after wage increases and broad inflationary pressures necessitated larger adjustments in recent periods. This combination of sustained occupancy and ADR enhancement drives RevPAR up by a pace that exceeds the long-term annual average.

- Limited-service occupancy is trending above pre-pandemic norms, allowing the segment to lead the way for ADR growth in 2024. Meanwhile, full-service hotels should maintain a strong occupancy rebound amid normalizing group, business and international travel. While larger meetings and conventions with international attendance have faced a slower recovery, small to midsize regional events are returning in force. In some cases, that rush of demand is squeezing available room supply in desirable locations, creating a spillover effect.

CAPITAL MARKETS

- Following an aggressive stretch of interest rate hikes by the Federal Reserve to manage inflation, the overnight benchmark rate remained unchanged through the second half of last year and into early 2024. The Fed has intimated the potential for modest interest rate cuts as this year progresses, although unexpectedly stubborn inflation or black swan events could still motivate them to take other actions. Optimism that the Fed has reached the peak of its monetary policy tightening cycle is nevertheless helping restrain the 10-Year Treasury rate.

- The strong recovery in hotel fundamentals since the pandemic and greater consistency in financial markets is helping reduce financing challenges. Banks, CMBS, life insurance companies and debt funds are all active; although, underwriting remains conservative and many financiers are prioritizing existing relationships or stabilized assets. Hotel investors and lenders will closely monitor the state of capital markets, but stability in debt costs relative to recent periods should help curb headwinds.

HOTEL INVESTMENT OUTLOOK

- Investors and lenders are forming a clearer and more accurate view of the hotel landscape after external forces clouded the picture in recent years, likely encouraging capital that has been building up to re-enter the market. Buyers that have been awaiting steep discounts and distress, which has not materialized on a large scale and is unlikely to in 2024, may shift expectations and target performing assets. Rising PIP costs, exacerbated in some cases by owners that tapped into these funds during the pandemic shock, could create opportunities this year.

- Greater financial markets consistency, the potential for interest rate cuts and increased confidence in a soft landing should help alleviate hotel investment headwinds. Nevertheless, the sharp rise in borrowing costs has challenged deal-making. Limited-service hotels comprised almost two-thirds of nationwide hotel trades last year amid stronger performance trends and higher yields. Returning international and business travel could stoke greater luxury and upper upscale trading in 2024.

Economy Gliding Toward Soft Landing; Debt and Global Conflicts Have Mixed U.S. Travel Implications

Recent durability reinforces sentiment for 2024. The economy overachieved relative to pessimistic expectations last year, boosting confidence that a soft landing by the Federal Reserve can be accomplished. Real GDP growth reached 2.5 percent in 2023, while unemployment held below 4.0 percent for the entire year. A tight labor market alongside historically strong household net worth — supported by investment gains and rising home prices — has created a durable American consumer base heading into 2024. Meanwhile, inflation has been on a steady decline, further alleviating stress on household budgets. At the same time, the impacts of interest rate hikes enacted by the Federal Reserve to temper inflation are coming to light. Purchases that typically require buyers to assume debt, like single-family homes, have been muted, while companies in certain industries are reducing headcounts to shore up bottom lines. Credit card debt is also at historic heights at a time when federal student loan obligations restarted after a multi-year pause. These factors pose downside risks to consumer spending and travel this year, but potential losses in the domestic leisure segment should be backstopped by improvements in categories more disproportionately impacted since the pandemic.

Higher debt costs weigh on hiring as hotel labor dynamics normalize. Nearly $800 billion in estimated U.S. corporate debt is scheduled to mature in 2024, with many of these loans taken out when borrowing rates were much lower. As a result, refinancing could require some deleveraging and prompt firms to become circumspect regarding payroll costs. This contributes to a more modest hiring outlook for 2024, with the national headcount expected to rise by 1.7 million employees, or roughly two-thirds of last year's gain. A less favorable market for job seekers, however, is normalizing hotel-industry dynamics. The number of unfilled accommodation and food services positions is retreating, allowing sector wage growth to fall below 5 percent last year. This follows an average annual pace above 11 percent in 2021-2022. After many operators were hamstrung by a lack of workers and surging wages in recent years, this is a welcomed trend.

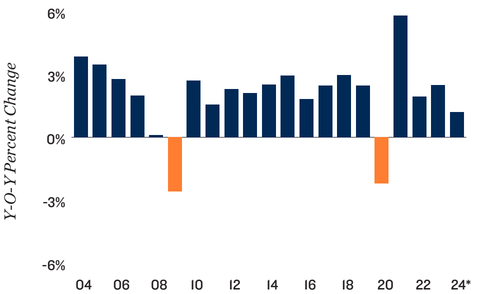
2024 NATIONAL ECONOMIC OUTLOOK

- **International circumstances may aid domestic travel.** Last year, the strength of the U.S. dollar and pent-up demand from the pandemic contributed to strong outbound international tourism. Geopolitical conflict in Eastern Europe and the Middle East could curb this trend, however, encouraging more Americans to opt for domestic destinations. Together with the ongoing recovery of international arrivals — which hit a four-year high last August — these factors may benefit U.S. hotel demand.

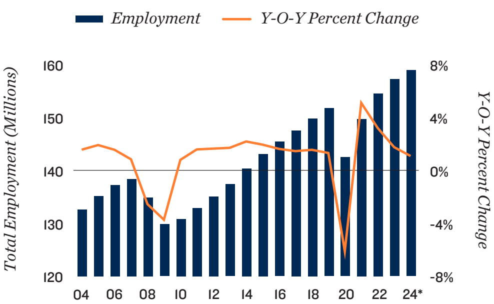
- **Considerations shifting among age cohorts.** Multiple surveys indicate that millennials and Gen Z residents are more likely to prioritize spending on leisure travel than baby boomers and Gen X this year. A delayed transition to homeownership may contribute to this, due to the cost-saving benefits of renting. Meanwhile, inflationary impacts on retirement plans could be making older adults more cautious and thrifty.

- **Construction surge underpins hotel demand.** Several real estate sectors like multifamily and industrial are expecting large amounts of new supply in 2024, while aggressive federal infrastructure spending further boosts construction jobs. This bodes well for overall hotel demand, particularly within the extended-stay segment.

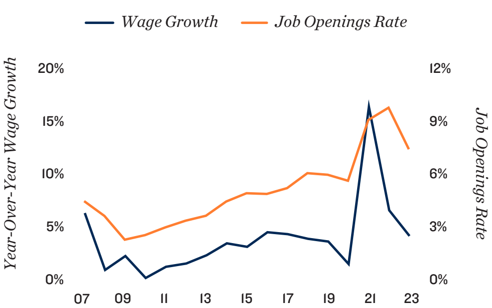
U.S. GDP Growth Trends



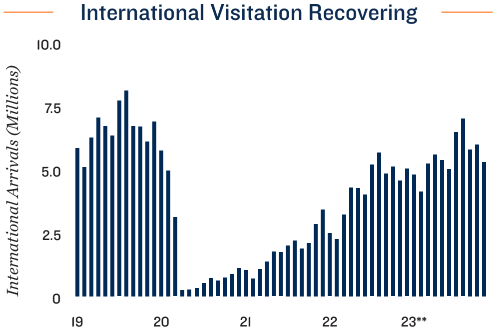
Employment Trends



Accommodation Labor Market Loosening



International Visitation Recovering



* Forecast
** Through November

Improving Travel Underscores Occupancy Gains, Cooler Inflation Stabilizes Daily Rate Growth

Recovery shifts into a more sustainable gear with uneven trajectories. After occupancy surged by nearly 1,900 basis points across 2021-2022, the improvement recalibrated to a steadier pace in 2023 as the sector edged closer to a full recovery. Aided by recovering demand pillars like international and business travel, occupancy growth in 2024 should surpass last year's advance to bring the average annual rate within 200 basis points of 2019. Daily rates are expected to hold more stable this year as well, after wage increases and broad inflationary pressures necessitated robust growth in recent periods. The national ADR entered 2024 up more than 18 percent relative to the pre-pandemic figure, and that gap is expected to eclipse 20 percent by the end of this year. This combination of sustained occupancy and rate increases will drive RevPAR up by about 4 percent this year, exceeding the long-term annual average. Nonetheless, trajectories vary by segment. Limited-service occupancy is trending above pre-pandemic norms, allowing the segment to lead the way for ADR growth in 2024. Meanwhile, full-service hotels, especially luxury properties, are expected to maintain a strong occupancy rebound this year amid normalizing group, business and international travel.

Development remains modest, but heating up in top-performing areas. Nationwide, roughly 151,000 hotel rooms were underway at the onset of this year. Outside of 2021, that marks the lowest total at the start of a year since 2017. Higher debt costs and sluggish occupancy recovery in certain segments are constraining development, although some outperforming locations are slated for substantial new supply. Sun Belt markets that rank in the top 10 nationally for demand growth since 2019, including Nashville, Phoenix, Dallas-Fort Worth, Austin, Miami-Dade and Atlanta, each have local construction pipelines that exceed 3 percent of their current inventory. A similar scale of development is also in place in Indianapolis, Cincinnati and Seattle-Tacoma, where less robust demand growth may pose challenges for absorbing supply in the short-term.

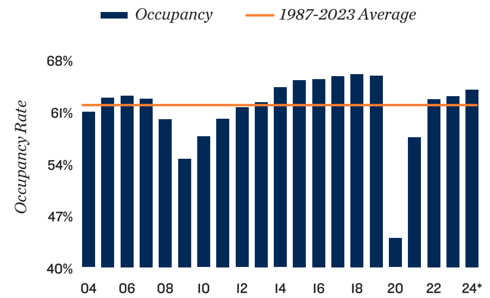
2024 NATIONAL HOTEL OUTLOOK

- **Group travel resurgence creates tailwinds.** While larger meetings and conventions with international attendance have faced a sluggish recovery, small to midsize regional events are returning in force. With broad uncertainty in recent years, however, groups are often booking less far in advance than was typical in the past. In some cases, that rush of demand is squeezing available room supply in desirable locations, creating a spillover effect. Secondary and tertiary markets near larger economic hubs, as well as suburban hotels able to accommodate group events, stand to benefit.

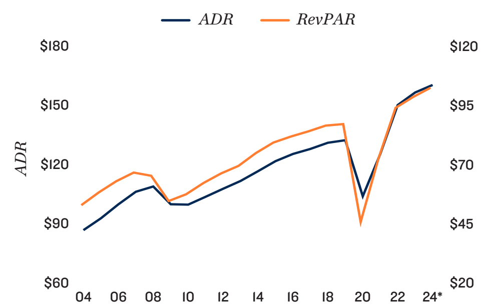
- **Migrant housing a hot topic in 2024.** In certain locations, such as New York City, California and Chicago, actions are being taken to use hotels to shelter migrants and unhoused residents. For instance, New York City allocated $1.3 billion across the next three years to pay rental fees to hotels that have been converted into emergency shelters. While controversial, this is removing suboptimal supply and helping replenish occupancy rates.

- **Hybrid work adoption extends the typical weekend.** Workplace surveys indicate that three-day in-office schedules have become among the most common hybrid models. Some hotel operators are noting stronger demand on Thursdays and Mondays as a result. Nevertheless, remote and hybrid work continues to hinder business travel.

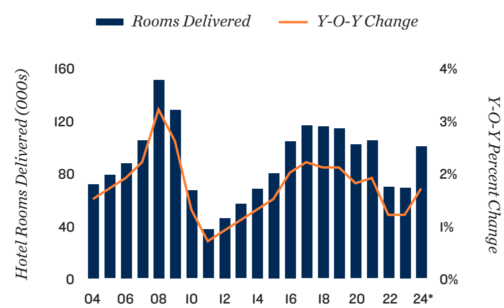
Hotel Occupancy Above Average



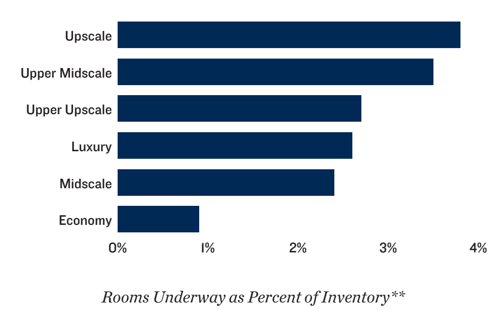
ADR & RevPAR at Record Levels



Openings Pick Up Pace



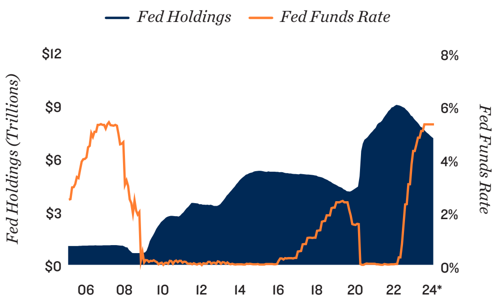
Upscale Hotels Focal Point of New Supply



* Forecast

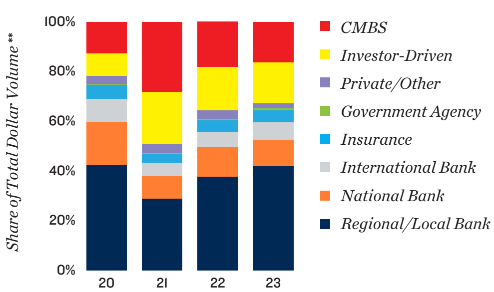
** As of December, 2023

Fed Holding Policy Tight Before Loosening

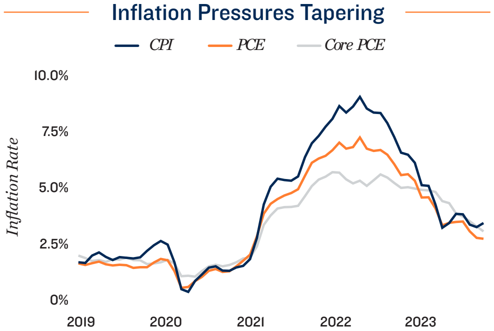


Treasury Yields Elevated

Hotel Lender Composition



Inflation Pressures Tapering



** Through January*

*** 2023 Estimate; Includes sales $2.5 million and greater*

Capital Market Stability and Potential Rate Cuts Boost Optimism, but Hotel Lending Still Involves Hurdles

Inflation downtrend likely to steer the Fed toward a looser policy stance. Following an aggressive stretch of interest rate hikes by the Federal Reserve to manage inflation — totaling 11 upward adjustments in 18 months — the overnight benchmark rate remained unchanged at a lower bound of 5.25 percent through the second half of last year and into early 2024. The Fed has intimated the potential for modest interest rate cuts as this year progresses, although unexpectedly stubborn inflation or black swan events could still motivate them to take other actions. Nevertheless, optimism that the Fed has reached the peak of its monetary policy tightening cycle is helping restrain the 10-Year Treasury rate, which briefly approached 5 percent before ending 2023 close to 4 percent. Additional upward pressure on long-term yields could re-emerge, however, amid quantitative tightening. The Fed has been reducing the balance sheet by $95 billion per month since late 2022, while the U.S. Treasury Department is issuing new notes to manage the nation's deficit, actions that could lower bond prices and elevate yields. Hotel investors and lenders will closely monitor the state of capital markets in 2024, but stability in debt costs relative to recent periods should help curb headwinds.

Hotel lenders are active, but with conservative approaches. The strong recovery in hotel fundamentals since the pandemic and greater consistency in financial markets starting in the second half of last year is helping reduce financing challenges. Banks, CMBS, life insurance companies and debt funds are all active; although, underwriting remains conservative and many financiers are prioritizing existing relationships or stabilized assets, rather than taking on new value-add clients. As Treasury rates have come in, some lenders are tightening spreads with rates in the 6 percent band obtainable on occasion for stabilized hotels. LTVs offered by banks and CMBS are frequently near 65 percent, while life insurance companies can be at 60 percent and bridge loans at 70 percent. Preferred debt service coverage is typically in the 1.25 to 1.40 percent range.

2024 CAPITAL MARKETS OUTLOOK

- **Valuation consensus can still be challenging.** Increased operational costs due to broad inflation, rising labor expenses and extreme insurance adjustments in some locations are recalibrating hotel valuation metrics. Volatility in property fundamentals since the onset of the pandemic creates additional hurdles for underwriting. Despite greater interest rate consistency, these factors sustain buyer and seller disconnect.

- **FDIC guidance supports extensions.** Following some uncertainty when several significant banks were shut down in spring 2023, the Federal Deposit Insurance Corporation stepped in to provide guidance in the subsequent months. The FDIC empowered loan servicers to offer accommodations and workouts to mitigate commercial real estate debt stress. While not every bank utilized this flexibility, it did alleviate some of the expected distress many anticipated from a wave of maturing debt.

- **Hotel distress is negligible**. Ending last year, the hotel sector had a CMBS delinquency rate below 5.0 percent, compared to a trailing 20-year average of 6.2 percent. While the maturation of higher-leverage loans obtained over the past few years could nudge this rate up in 2024, there are no indications of wide-scale distress on the horizon. Additionally, in some cases, CMBS lenders have offered 12 to 18 month extensions.

Investors Concentrated in Standout Segments; Normalizing Landscape May Present Opportunities

Steadier interest rates should rejuvenate trading. Nationwide, hotel deal flow fell by about 35 percent last year relative to 2022 and trended roughly 18 percent below the 2014-2019 annual average. The sharp rise in borrowing costs challenged deal-making and widened bid-ask spreads, while economic uncertainty made some hotel lenders hesitant. In 2024, greater financial markets consistency, the potential for interest rate cuts and increased confidence in a soft landing should help alleviate these headwinds. Investors and lenders are forming a clearer and more accurate view of the hotel landscape after external forces clouded the picture in recent years, likely encouraging capital that has been building up to re-enter the market. Buyers that have been awaiting steep discounts and distress, which has not materialized on a large scale and is unlikely to in 2024 as operators show little interest in cutting valuations unless they face insurmountable financial strain, may shift expectations and target performing assets. Rising PIP costs, exacerbated in some cases by owners that tapped into these funds during the pandemic shock, could motivate sell-side activity and create opportunities this year.

Yields and performance bolster limited-service appeal. Despite softer activity, approximately 70 percent of all hotel trades in 2023 were priced in the $1 to $10 million tranche, marking the highest share for that segment since at least 2000. Deals priced above $20 million, meanwhile, accounted for a sub-8 percent portion of transactions, joining 2020 and 2009 as the only instances in the past two decades with a share that low. Trading velocity in the $10 to $20 million price tranche meanwhile held steadier, predominantly a result of investors targeting economy and midscale assets with larger room counts, or in higher entry cost markets. Limited-service hotels comprised almost two-thirds of nationwide hotel trades last year, compared to a long-term average below 60 percent. Value-add deals with repositioning opportunities are attractive in this space, particularly those with favored transient and extended-stay brands. The lapse in $20 million-plus transactions, meanwhile, aligns with a slowdown in full-service trades. Returning international and business travel could stoke greater luxury and upper upscale trading in 2024, however, especially if interest rate cuts help pencil deals.

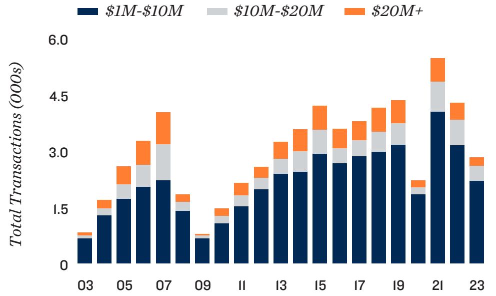
2024 INVESTMENT OUTLOOK

- **Backlogged construction pipeline may signal opportunities.** Higher debt costs and a recalibration in the pace of the sector's recovery have created some financing challenges for developers, reflected in the amount of projects sitting in the final planning stages surging in 2023. This may present opportunities for investors to enter joint ventures with builders, or acquire land already zoned and prepared for new hotels.

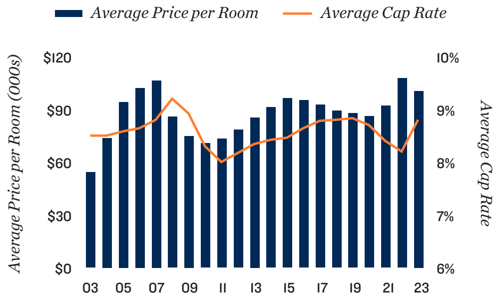
- **Recently favored leisure hotspots may shed some appeal.** The unique circumstances of the pandemic were a boon for recreational destinations within driving distance of major population hubs. That trend has largely faded as lifestyles normalize. Buyer interest could shift toward more traditional leisure destinations in 2024.

- **Major post-pandemic mergers and acquisitions persist.** The 2020 shock continues to have a lasting impact as some challenged owners divest, while others aggressively reposition themselves. This is fueling larger-scale merger and acquisition activity. In one headline example, Choice Hotels is attempting to absorb Wyndham Hotels.

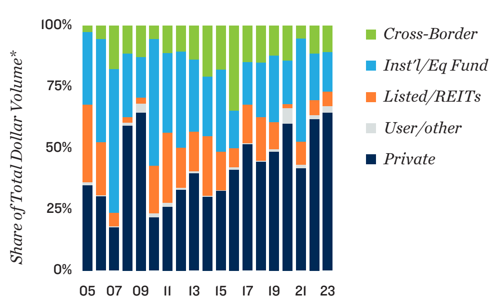
Hotel Transaction Activity



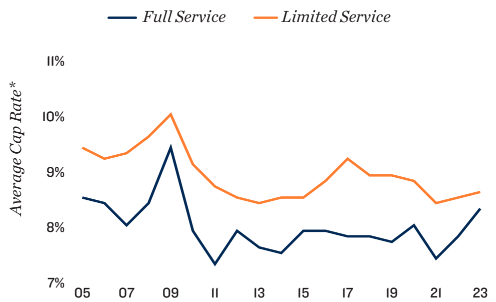
Price vs. Cap Rate



Hotel Buyer Composition



Cap Rates Rising Across Service Levels

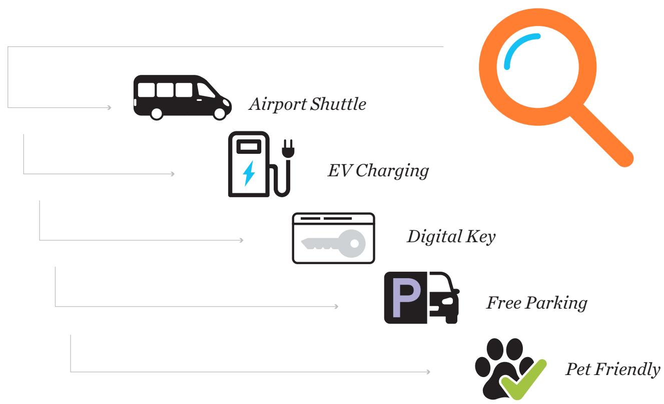


** Includes sales $2.5 million and greater*

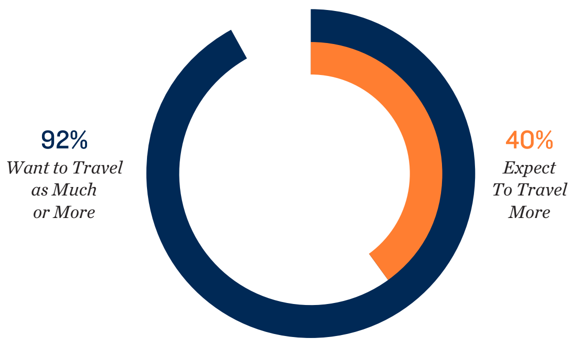
2024 TRENDS AND CONSIDERATIONS IN LEISURE TRAVEL

Many Travelers Plan to Save to Take More Trips

Top Search Filters When Looking for a Hotel

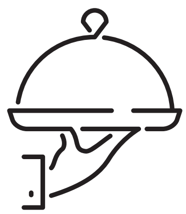


Travel Expectations for 2024



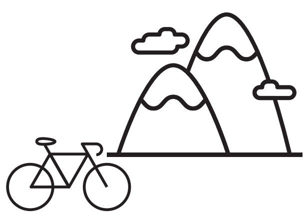
Top Travel Priorities by Generation

BABY BOOMERS



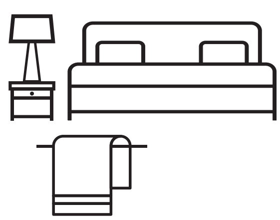
Restaurants & Culinary Experiences

GENERATION X



Experience Something New

MILLENNIALS

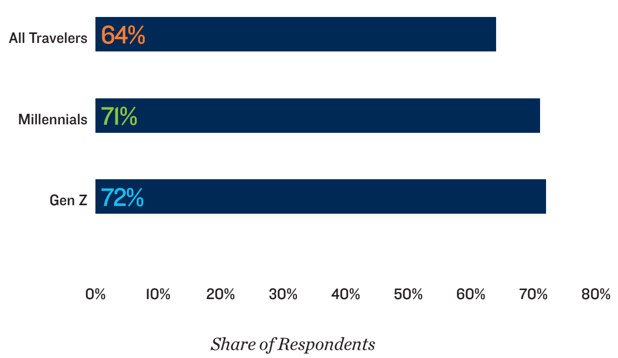


Comfort & Convenience

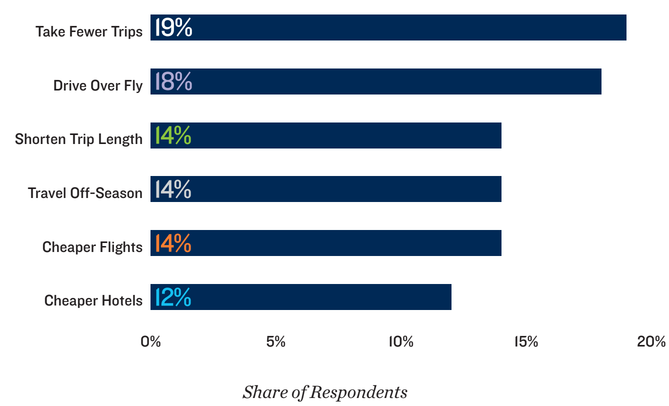
GENERATION Z

Exploration & Adventure

Planning to Save for Travel



Methods of Saving

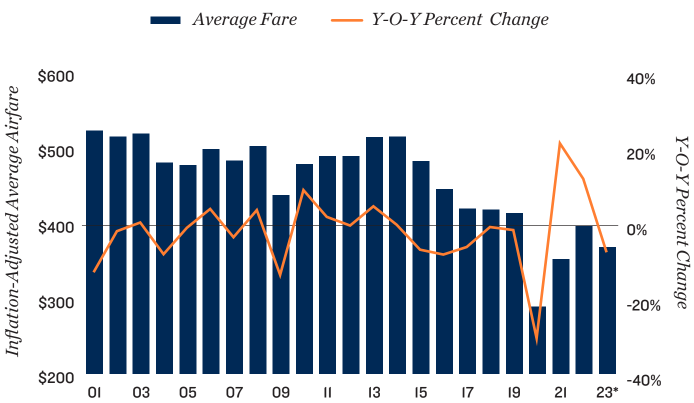


Sources: Marcus & Millichap Research Services; Forbes Advisor Travel Survey; Hilton Hotels 2024 Trends Report

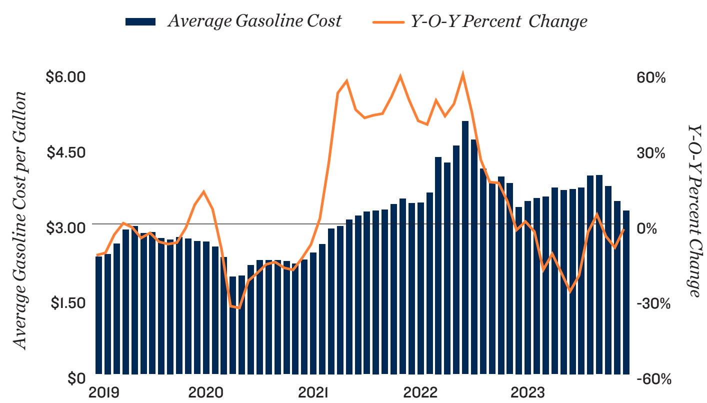
TAILWINDS FOR FLIGHTS AND ROAD TRIPS IN 2024

Lower Plane Fees and Fuel Costs Should Provide a Boost

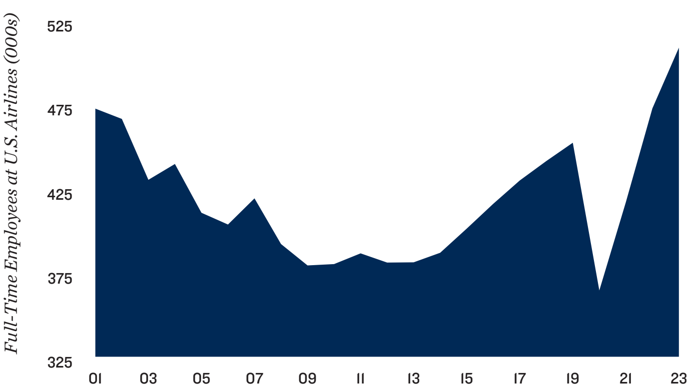
More Affordable Domestic Airfare to Aid Travel



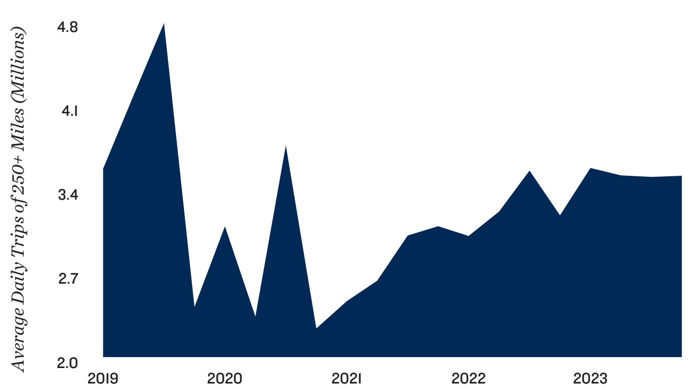
Lower Fuel Costs Could Encourage Road Trips



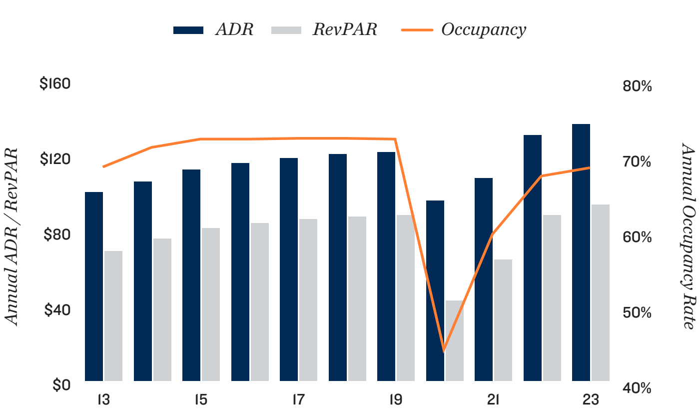
Airline Job Gains Signal Industry Accommodation Needs



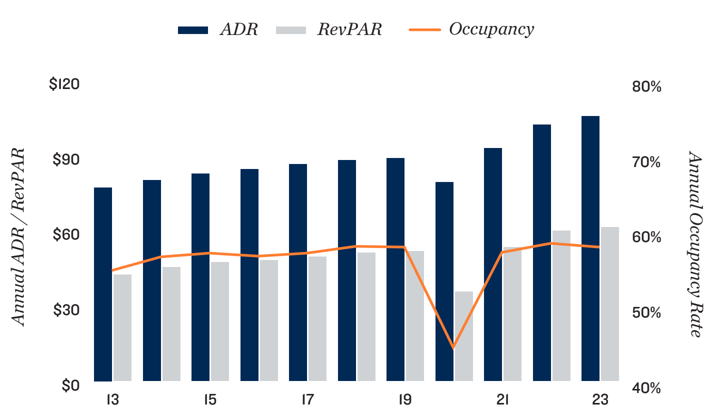
Long-Distance Road Travel Steadily Rebounding **



Airport Area Hotel Performance Trends



Interstate Area Hotel Performance Trends

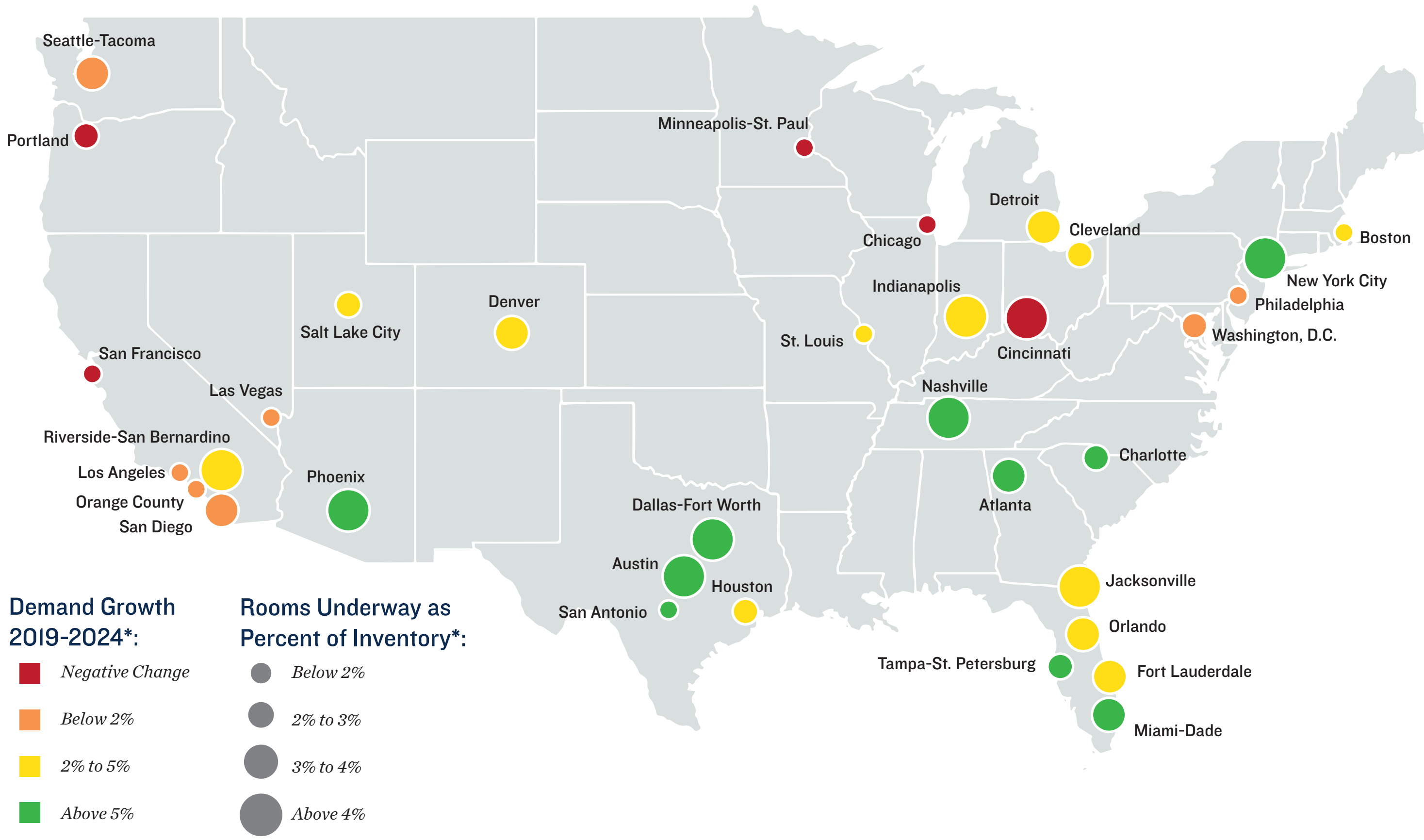


** As of 3Q ** Trailing-three-month average*

Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; Bureau of Transportation Statistics; Bureau of Travel Statistics; CoStar Group, Inc.; U.S. Energy Information Administration

CONSTRUCTION WARRANTED IN STANDOUT MARKETS

Sun Belt Region is a Focal Point for Developers



TOP 10 SUBMARKETS BY CONSTRUCTION

SUBMARKET	MARKET	ROOMS UNDERWAY*	PERCENT OF INVENTORY*
San Diego South-East	San Diego	1,780	26.6%
La Guardia-Queens North	New York City	1,410	25.6%
Phoenix West	Phoenix	2,270	24.3%
JFK-Jamaica	New York City	1,310	21.8%
New York City Area	New York City	1,290	19.2%
Indianapolis CBD	Indianapolis	1,220	14.4%
Beaverton-Sunset Hwy West	Portland	540	13.0%
Kissimmee West	Orlando	970	13.0%
East River-Queens-Brooklyn West	New York City	1,280	12.5%
Miami Downtown	Miami-Dade	1,320	11.5%

TOP 10 SUBMARKETS BY DEMAND GROWTH

SUBMARKET	MARKET	2019-2024* DEMAND GROWTH	OCCUPIED ROOM NIGHTS**
Nashville West-Midtown	Nashville	37.8%	2.2 Million
Round Rock-Georgetown	Austin	37.7%	1.6 Million
Nashville CBD-Downtown	Nashville	36.4%	3.6 Million
La Guardia-Queens North	New York City	27.3%	2.0 Million
Atlanta South	Atlanta	26.3%	3.1 Million
Orlando Central	Orlando	25.9%	2.7 Million
East River-Queens-Brooklyn West	New York City	25.1%	3.3 Million
Nashville Other Areas	Nashville	23.5%	1.4 Million
I-95 Fredericksburg	Washington, D.C.	21.9%	2.3 Million
Tampa East	Tampa-S.P.	21.5%	2.2 Million

** Five-year change includes 2024 forecast; Construction as of December, 2023*

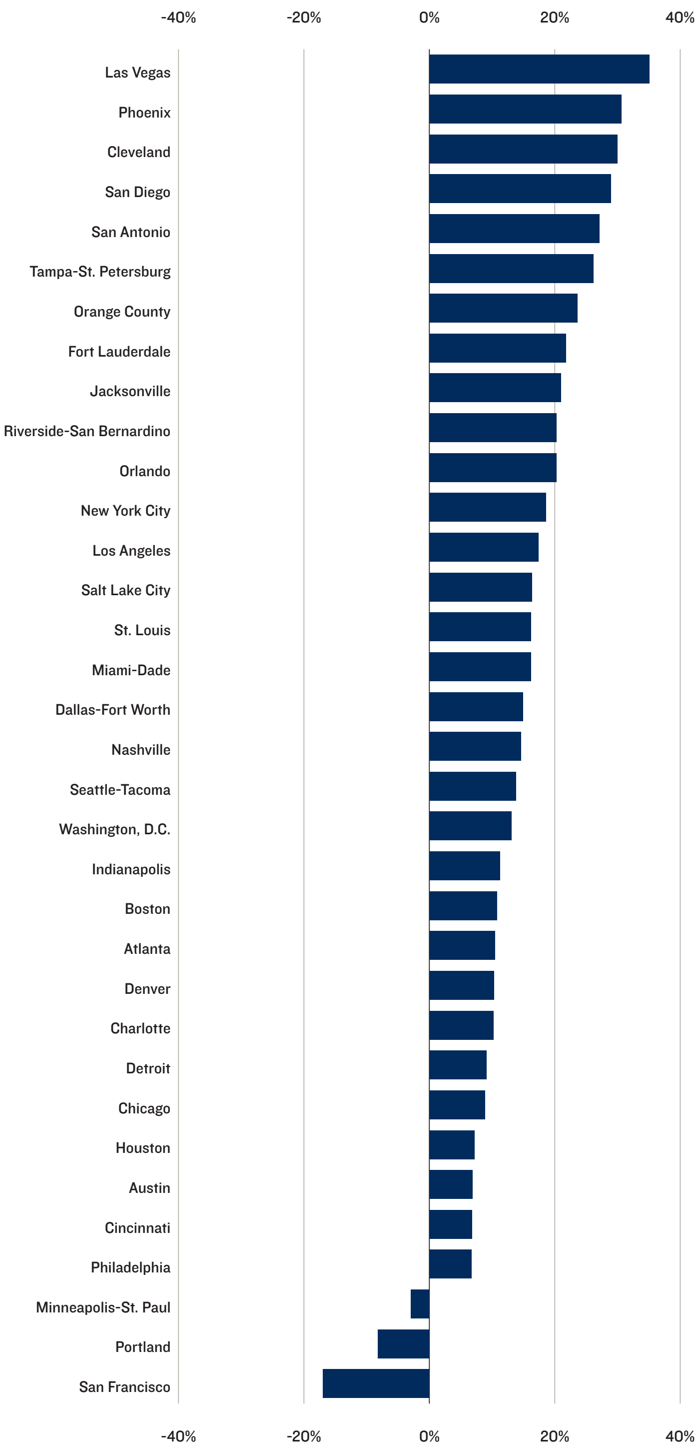
*** 2024 forecast*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

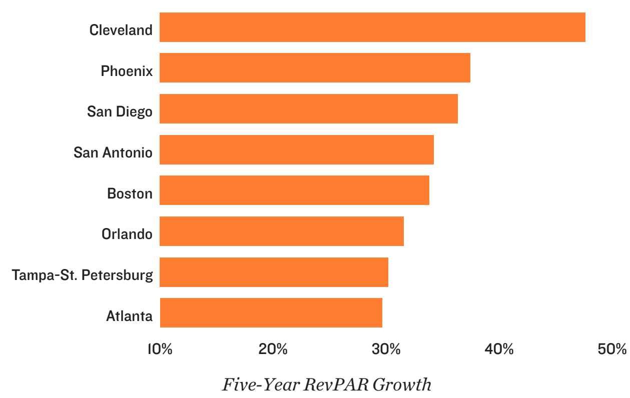
FIVE-YEAR REVPAR GROWTH TRAJECTORIES

Majority of Markets Have Made Great Strides Since the Pandemic Shock

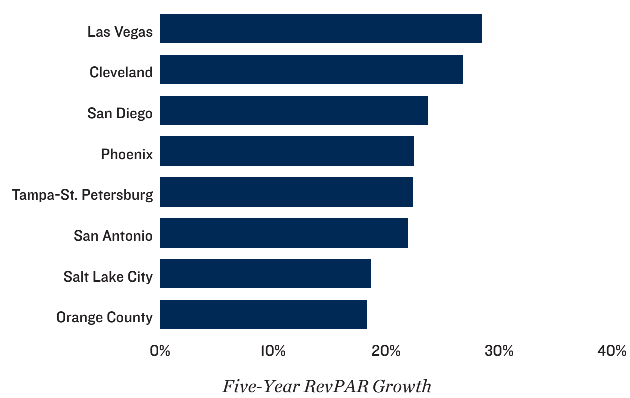
RevPAR Change 2019-2024*



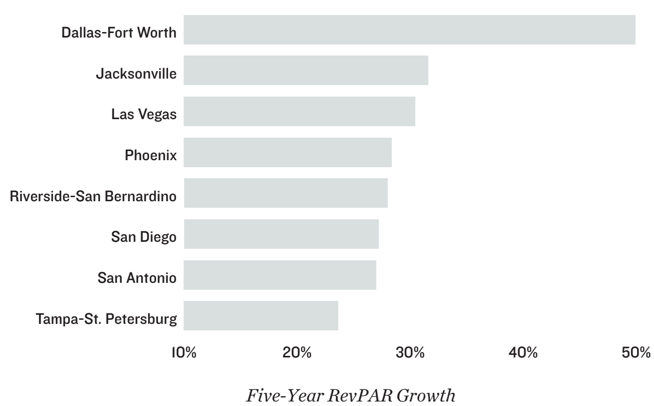
Top Markets - 2019-2024 Limited-Service RevPAR Growth*



Top Markets - 2019-2024 Select-Service RevPAR Growth*



Top Markets - 2019-2024 Full-Service RevPAR Growth*



** Five-year change includes 2024 forecast*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

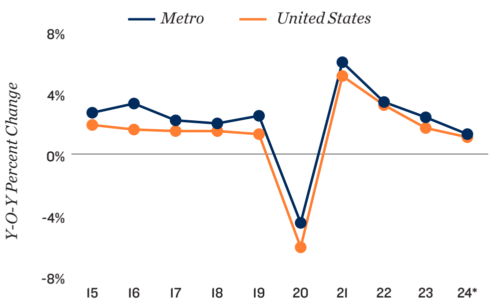
ATLANTA

Globally-High Airport Passenger Volumes Support Atlanta's Hotel Occupancy

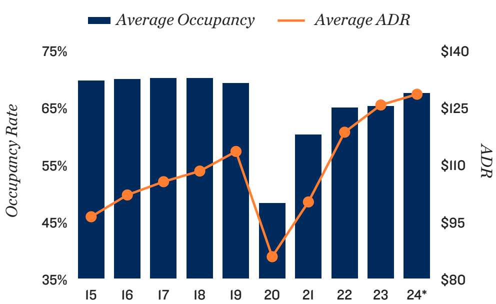
Atlanta benefits from a bevy of business and leisure events. Business travel to Atlanta was rising exiting 2023, a trend that could carry into 2024 and help boost occupancy in business-centric submarkets. The areas around Hartsfield-Jackson Atlanta International Airport and near downtown stand to benefit from this trend. Improving travel to Central Atlanta will help lift occupancy this year to within 200 basis points of the 2019 mark, when the city hosted Superbowl LIII. Upcoming events like the ONE Fight Night 28 — one of the company's two U.S.-based occurrences this year — are also likely to draw travelers, in addition to the metro's usual slate of festivals and conventions. In 2024, Atlanta expects at least 21 events that will each occupy over 5,000 hotel rooms on their peak nights. This expanding travel base may be increasingly budget-conscious, however, following years of elevated inflation and high debt costs. Cost-cutting by vacationers and businesses could funnel room demand toward lower-ADR hotels.

The Airport area boasts strong occupancy, drawing investment. The Hartsfield-Jackson Airport was the world's busiest airport in 2023 for the second straight year. Continued activity in 2024 will translate into hotel room demand from both Atlanta-bound leisure and business travelers, as well as from those experiencing flight cancellations and delays. Investors looking to capitalize on increasing travel may focus on assets here, especially as additional future events, like the 2025 All-Star Game at Truist Park and a 2026 World Cup game, promise long-term tourism draws to the metro's core. Business districts like Chamblee-Norcross and Galleria-Marietta will also note increasing occupancy in 2024 as business travel renews, prompting investment in upscale assets frequented by business groups.

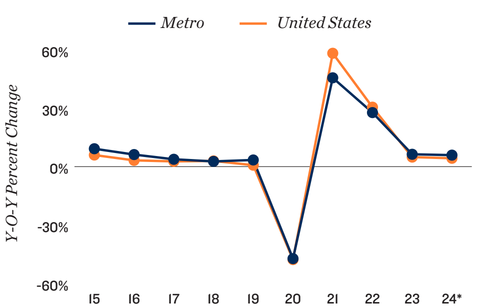
Employment Trends



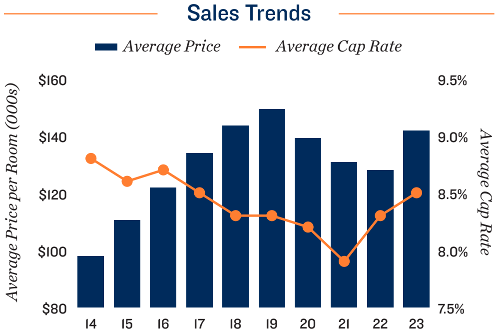
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+3.2% **SUPPLY:** Over 2,500 rooms are slated to come online in Atlanta in 2024. This marks a 10.6 percent increase from last year's completion count and is roughly 1,000 more rooms than the trailing 24-year metro average.

+230 bps **OCCUPANCY:** The yearlong average occupancy will rise for a fourth straight year, reaching 67.4 percent. While this mark is above Atlanta's long-term mean, it is still lower than the 2015-2019 norm, which typically fell between 69 and 70 percent.

+2.3% **ADR:** Following pandemic-era disruptions, ADR growth will begin to normalize this year. The rate will land at $128.24, which is still 13 percent higher than the mean observed in 2019.

+5.9% **REVPAR:** RevPAR will reach a record high in 2024, elevating to $86.49. Amid occupancy and ADR improvements, Atlanta will claim the second highest year-over-year increase in the Southeast.

INVESTMENT: *Investors could target select- and limited-service hotels along major roadways in 2024, as travelers on a budget amid rising ADR may lean toward more affordable options along Interstates 75, 20 and 85.*

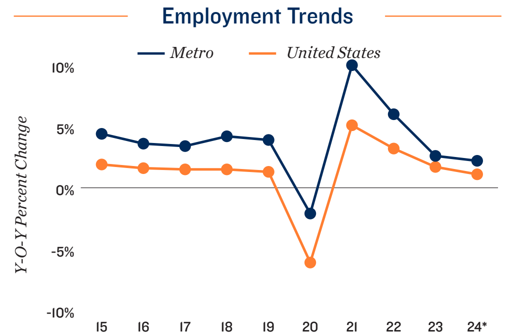
** Forecast*

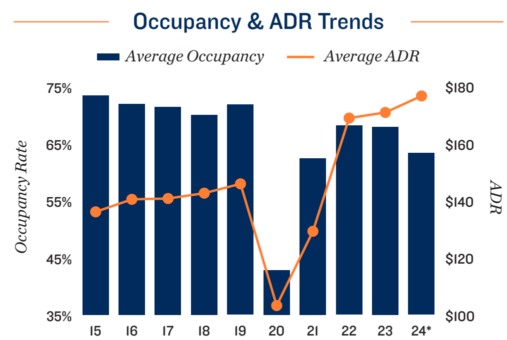
Sources: CoStar Group, Inc.; Real Capital Analytics

Austin Faces Challenges from Slow Business Travel, But Welcomes Long-Run Tailwinds

Leisure travel stays strong while business demand lags. Tepid corporate travel expectations this year are reflected in discontinued airline routes, a dynamic that will translate to the lowest occupancy rate since 2021. Carriers like Virgin Airlines and Alaska Airlines recently announced some services to Austin ending, like Alaska's nonstop flight between Austin and San Jose, citing declining travel between the two tech hubs as the reason. As companies, particularly those in the tech sector, enter a cost-cutting cycle, lowering business travel will impact the market's overall hotel occupancy. Yet, firms are still relocating or expanding in Austin, like Oracle and Tesla, hinting at renewed group travel long-term. Leisure travel will somewhat counterbalance this trend with events like the SXSW Festival downtown and Formula 1 Grand Prix in South Austin. Economy hotels will subsequently have a metro-high of 67.2 percent occupancy in 2024, supported by cost-oriented tourists.

Investors focus on downtown and surrounding areas. Despite a year-over-year decrease, Austin's CBD still claims the metro's highest occupancy in 2024. Investors seeking urban assets may look around Block 21 as renovations to ACL Live complete this summer. The University of Texas also logged record-high enrollment in 2023, generating additional overnight stays from family visits. However, headwinds will arise from the Austin Convention Center's demolition in 2025. While the site will be rebuilt by 2028 with double the current rentable space, overnight stays downtown will be impeded during construction as major events like SXSW use alternative venues. Still, the redevelopment promises a surge in occupancy around the CBD's southeast corner upon completion. Business-centric assets may also trade hands, despite slow group travel, as tech firms and other companies relocating to Northwest Austin create potential for long-term travel growth.





2024 MARKET FORECAST

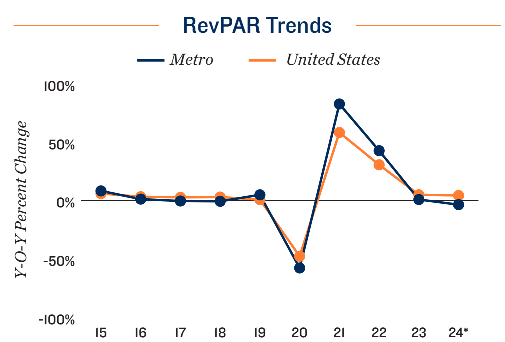
+3.8% **SUPPLY:** Completions fall under 2,000 rooms for the second straight year in 2024 as 1,900 keys are added in Austin. More than 800 doors are underway in the CBD, and most of the remaining hotels are due along U.S. 290, Interstate 35 and around the airport.

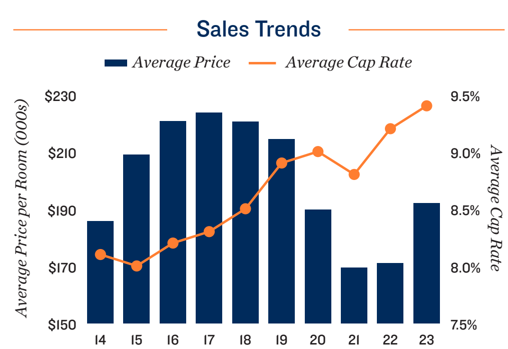
-460 bps **OCCUPANCY:** After occupancy neared 70 percent in 2022 and 2023, the mean rate will drop to 63.3 percent this year. All six of Austin's submarkets will log decreasing metrics, but outer areas like Round Rock-Georgetown will be most susceptible.

+3.4% **ADR:** While occupancy falls year-over-year, ADR will increase across five of Austin's six submarkets, and in all chain scales. This will push the overall rate up to $176.56.

-3.6% **REVPAR:** Falling occupancy will negate the positive impact of rising ADR, causing RevPAR to decrease for the first time since 2020. The measure will land at $111.76, still the highest in Texas.

INVESTMENT: *More budget-conscious Texas households are expected to opt for in-state road trips. This may steer investors to assets proximate to Interstate 35 and other major roadways that connect larger metros.*





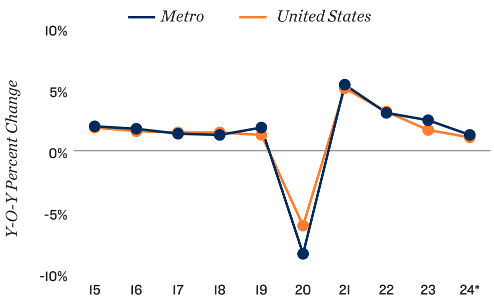
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

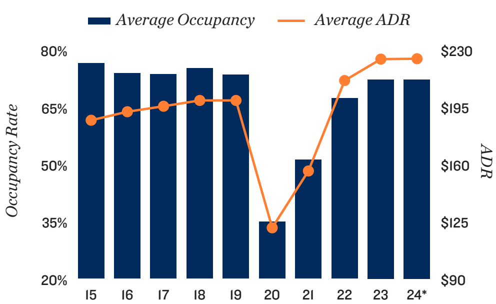
BOSTON

Demand Holds in Higher End Metro; Investors Covet Smaller Stock of Limited-Service Assets

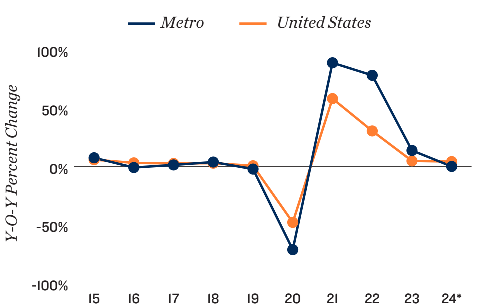
Employment Trends



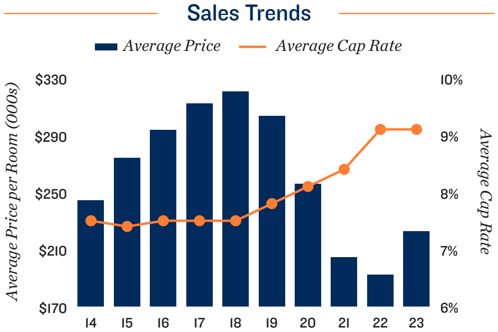
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



Encouraging full-service dynamics apparent. Among major U.S. hospitality markets, Boston noted one of the largest improvements in annual occupancy last year. The June-October stretch was largely to credit, with collective occupancy during the five-month window tallying 82.5 percent, a 10-basis-point gain over the same period in 2019. A level of demand above the pre-pandemic mark is especially noteworthy for this market, as upscale, upper upscale and luxury rooms comprise 72 percent of the local hotel inventory versus a national average of 54 percent. This suggests a host of travelers were willing to spend $200-$300 or more per night last year, an encouraging sign heading into a period of potential household discretionary budget tightening. While total bookings at these hotels are unlikely to reach 2019's high, there will not be an increase in competition from new supply, as near-term completions are predominantly lower down the chain scale. The opening of new economy and midscale hotels may prove warranted, as demand for such rooms are forecast to exceed their 2019 benchmarks this year, contributing to an overall steady occupancy rate.

Recovered hotel classes garner attention. Over the past five years, Boston was the top major East Coast market for limited-service RevPAR growth. This standing should attract private investors to economy properties that require capital commitments of less than $5 million. Competition for listings, however, should be notable this year as just two other major U.S. markets have smaller limited-service stocks as a share of total inventory. Those willing to move up in quality may target midscale flags, as segment occupancy last year was 750 basis points above its 2019 recording. Buyers focused on the full-service sector, meanwhile, may pursue renovated properties in Boston's CBD and along the South Shore, opting to avoid upgrade projects amid a period of elevated construction costs.

2024 MARKET FORECAST

+1.5% **SUPPLY:** Boston notes its lowest delivery total in 10 years, with only San Francisco and Fort Lauderdale slated to add fewer rooms in 2024. The active pipeline is highlighted by a 399-key hotel in Back Bay; however, this property won't be completed until 2025.

0 bps **OCCUPANCY:** After improving by 490 basis points last year, the metro's annual occupancy rate holds at 72.2 percent in 2024. This key performance indicator ranks as the third highest among major East Coast metros, eclipsed only by New York City and Orlando.

+0.1% **ADR:** The absence of occupancy improvement this year translates to a nominal average daily rate adjustment. Still, at $224.44 per night, the metro's mean is the third highest nationally.

+0.2% **REVPAR:** Following a nearly 14 percent spike last year, RevPAR increases moderately in 2024 — to $162.06 — as minimal ADR growth and unchanged occupancy prevent a notable gain from occurring.

INVESTMENT: *Passenger volume at Logan International Airport ascended by 13 percent last year, a dynamic that may lift investor competition for proximate hotels and lodging in major tourist hubs during 2024.*

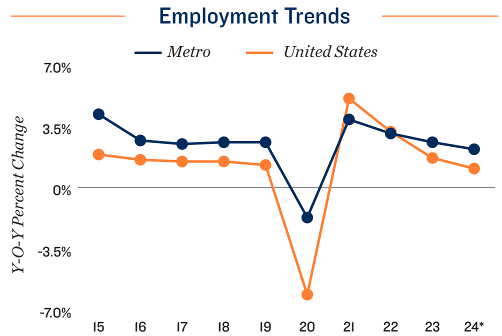
* *Forecast*

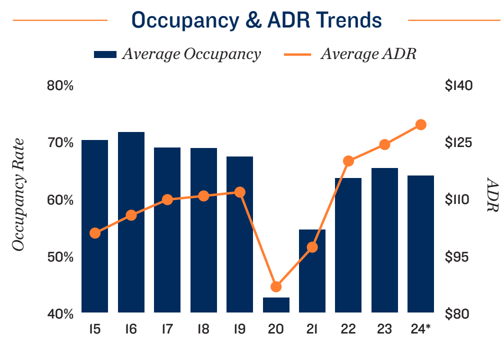
Sources: CoStar Group, Inc.; Real Capital Analytics

While Upscale Hotels Lead ADR Charge, Investors Focus on Economy Assets' Long-Term Stability

Local hotels capitalizing on tighter travel budgets. Charlotte posted the greatest occupancy gain among any major Southeastern market in 2023. As travel habits shift toward more affordable destinations, inflationary pressure on budgets has helped attract more visitors from the Carolinas and neighboring states, as it entered 2024 with the lowest ADR among major metros in the area. Regionally-low rates are benefiting the upscale and upper upscale segments, reflected by both noting record-high booking volumes last year. On the other end of the spectrum, economy demand has begun to normalize after hitting a post-pandemic peak in early 2023. Fortunately, local needs for housing have spurred a number of conversions of underutilized motels, leading economy occupancy to still exceed the 2019 mark. An optimized economy sector combines with the strength of the upscale and upper upscale segments to lift ADR by over 4 percent this year, one of the 10 fastest clips in the country. Business travel should also remain a tailwind. Office-centric job growth is expected to nearly match the pace of 2023, aiding room demand and facilitating ADR improvements at select-service hotels.

Investors hone in on economy assets, despite rebalancing of room demand. The quick recovery of economy occupancy after the pandemic continues to support investor interest. Monroe-Rock Hill and Charlotte Interstate 77-Southpark, in particular, should host the most deals for economy properties, as local bookings are bolstered by those traveling by road. Last year, a sizable portion of economy and midscale hotels in other parts of the metro were also traded for conversions. A number changed hands around the University of Charlotte and along the Interstate 77 Corridor, but the city recently intimated that it wants to bring more of this activity to Sugar Creek and the Interstate 85 Corridor in 2024.





2024 MARKET FORECAST

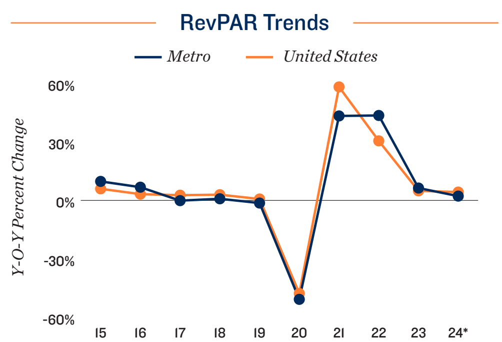
+1.1% **SUPPLY:** Approximately 780 rooms are slated for delivery in 2024, with most entering the upper midscale and midscale segments. While this marks a reversal from last year's supply decline, Charlotte's pace of growth will still be the third-lowest in the nation.

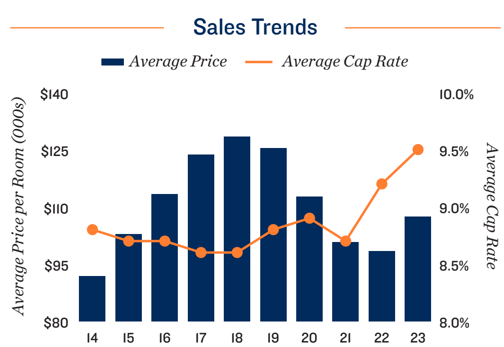
-130 bps **OCCUPANCY:** Last year, a decrease in supply supported a regionally-strong improvement in marketwide occupancy. However, the metric will fall back down to 63.9 percent in 2024 as supply picks back up amid normalizing room demand.

+4.2% **ADR:** The local ADR rises to an annual record of $129.18. Economy hotels are projected to note the largest advance, as room demand in the segment begins to grow again after declining through 2023.

+2.2% **REVPAR:** A higher ADR helps sustain RevPAR momentum in 2024, placing the metric at $82.55. Still, Charlotte continues to have the lowest figure among any major East Coast market.

INVESTMENT: *Charlotte hosts the opening rounds of the NCAA Men's Basketball Tournament in March. The event should help elicit investment in the CBD, after local room demand was already at a record high last year.*



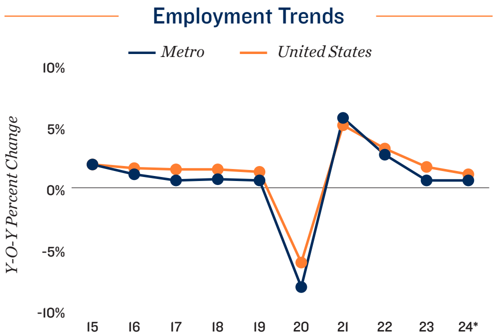


* Forecast

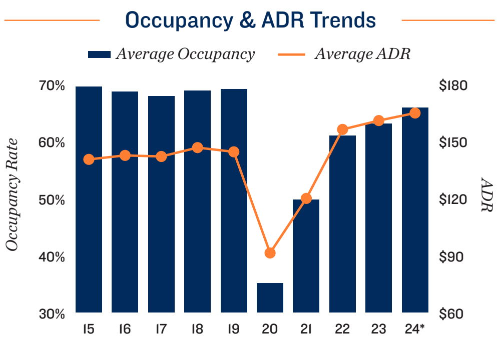
Sources: CoStar Group, Inc.; Real Capital Analytics

CHICAGO

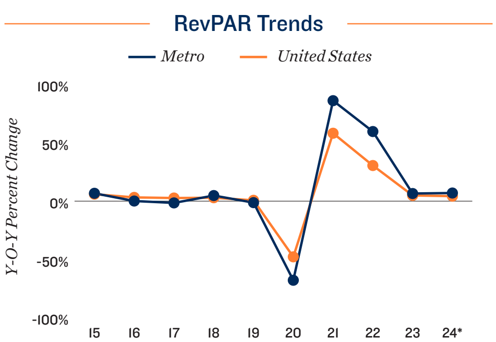
Major Entertainment Events Assist in Continued Downtown Hotel Performance Recovery



Full-service occupancy surpasses select- and limited-service segments. Last year, Chicago held a number of new events, drawing in thousands of tourists and aiding the metro's ongoing improvements in fundamentals. Two consecutive nights of performances by Taylor Swift in June resulted in roughly 44,000 bookings, and helped lift monthly CBD hotel occupancy above 80 percent for the first time since before the pandemic. The following month, roughly 47,000 people attended the inaugural Chicago NASCAR race, eliciting a $109 million overall economic impact. Amid the success of this event, Chicago will remain on this year's scheduled circuit. Although fundamentals are poised to continue recovering in 2024, improvements will vary by service level. A softer labor market, paired with the cumulative weight of recent inflation, may pressure budget-conscious travelers more, keeping overall occupancy below the pre-pandemic norm. Full-service hotels, however, are anticipated to garner the largest improvement, placing its measure nearly 200 basis points ahead of the market level. As such, segment RevPAR joins seven other major metros in accelerating by double digits.



Investors drawn to potential entertainment hub, spurring additional activity. Against broader national trends, trading activity picked up considerably in late 2023, reaching its highest quarterly total since mid-2021. A notable portion of trades completing last year were accounted for along Interstate 90, northwest of O'Hare. The potential redevelopment of the former Arlington International Racecourse has likely factored into investor intrigue here. Further clarity on the project this year, and a local occupancy rate that is anticipated to exceed its 2019 measure, likely sustain transaction velocity in the area moving forward.



2024 MARKET FORECAST

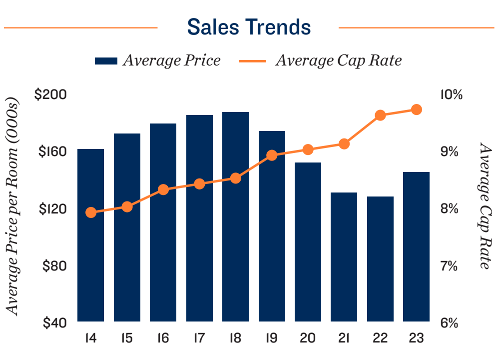
+1.4% **SUPPLY:** Just over 850 rooms will deliver this year, led by the completion of a 390-key RIU Plaza near Mag Mile. This amounts to the smallest metrowide supply gain in a decade as developers continue to monitor ongoing demand improvements.

+280 bps **OCCUPANCY:** Metro occupancy climbs to 65.8 percent for 2024, marking a new high since the onset of the pandemic. While the full-service metric lifts by the largest margin this year, the limited-service segment will be the only one to surpass its 2019 rate.

+2.5% **ADR:** Tapering occupancy momentum will slow the pace of ADR growth in 2024. Still, an increased number of room nights booked helps lift Chicago's average daily rate to $164.46 per night.

+7.0% **REVPAR:** Continued occupancy and ADR growth assist in Chicago's mean RevPAR reaching $108.25. This pace of acceleration will rank among the top-10 major U.S. metros.

INVESTMENT: *Properties in Lake County garnered increasing investor attention in late 2023. Assets near major thoroughfares, national parks and lakes are likely to maintain buyer focus this year.*



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Art-Related Gatherings and Growing Tournaments Draw Visitors, Aligning with Greater Development

Summer travel season may see boost from up-and-coming festivals. With few projects underway, Cincinnati's economy and midscale segments are on track to note increasing occupancy this year as traveler preferences lean further toward budget options. Upper midscale and upscale hotels, however, are each slated to receive over 400 new rooms in 2024, bringing the market's completion slate to a record high, and compressing overall occupancy. Still, the metro could see an increase in regional summer visitors as the local art and music scenes grow. Between 2019 and 2023, it was reported that Cincinnati's arts and culture industry had a total economic impact of $1.6 billion. As festivals like BLINK become regular events, the metro is likely to see more art-related tourism from neighboring cities. Additionally, concert-related travel for solo performers or for events like the Bunbury Music Festival may increase, benefiting properties downtown near these venues.

Stabilizing financial markets and expanding local events draw buyers. Hotel transactions in Cincinnati were limited last year as investors held cautious economic outlooks. Although, if the Federal Reserve cuts interest rates in 2024 as expected, deal flow may begin to recover. Several factors also support a positive long-term investment outlook in Cincinnati, despite a decrease in occupancy amid an influx of new rooms this year. After the Western & Southern Open nearly relocated in 2023, the tournament is now expected to not only stay put as the Cincinnati Open, but also expand from nine to 12 days and from 56 players to 96 in 2025, potentially directing buyers to locations around outer areas like Mason and Loveland. Increasing stays from regional through traffic may also lead investors to target assets along multi-city routes like Interstate 71.

2024 MARKET FORECAST

+3.3% **SUPPLY:** Cincinnati expects nearly 1,400 new rooms to come online this year, marking the largest completion slate since at least 2000. Most of the new builds will be divided among Northern Kentucky, Downtown, and areas around Mason and Blue Ash.

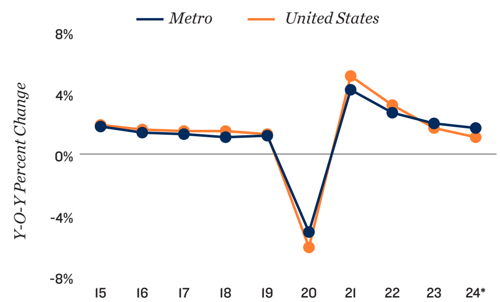
-220 bps **OCCUPANCY:** After several boosts to tourism in 2023, occupancy falls below last year's mark. At 58.3 percent, occupancy in 2024 will be 190 basis points above the trailing long-term average rate and well-below Cleveland's mean.

+1.5% **ADR:** As upward occupancy momentum subsides, ADR growth will also slow, matching the pace observed in 2019 while reaching an all-time high measure of $126.42.

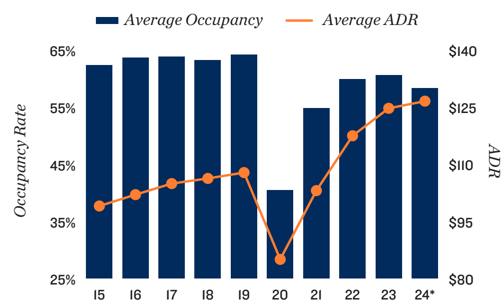
-2.1% **REVPAR:** Moderate ADR growth and a slight year-over-year decrease in occupancy compress RevPAR in 2024. The metric will be $73.75, still 7 percent higher than the 2019 mark.

INVESTMENT: *Cincinnati had one of the lowest mean sale prices per room among major U.S. markets in 2023, second only to Cleveland. Low entry costs may draw out-of-market buyers from higher-priced Midwest metros.*

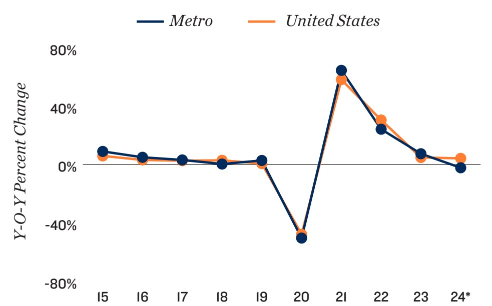
Employment Trends



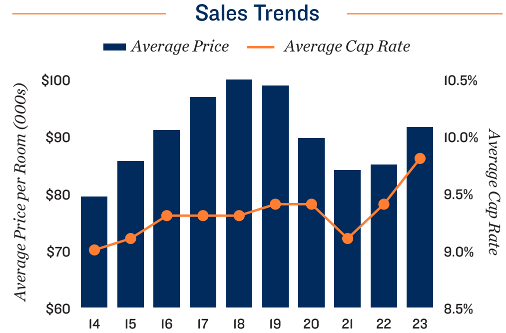
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



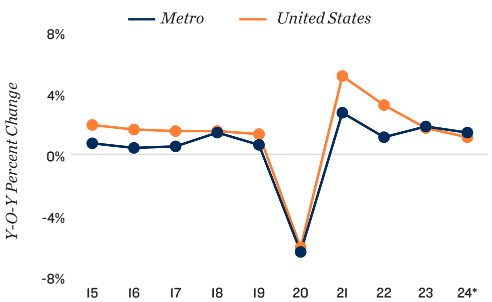
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

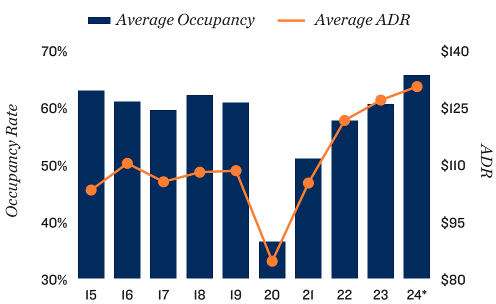
CLEVELAND

Full Event Calendar Secures High Occupancy; Investors Find Opportunities Near the Airport

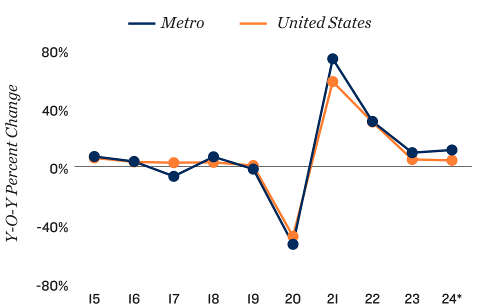
Employment Trends



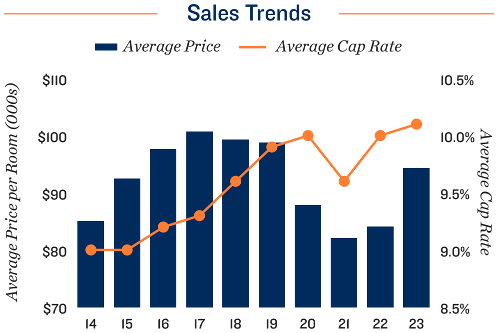
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* *Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

The stars align in Cleveland as occupancy reaches a record high. Cleveland's hospitality sector has made a strong recovery following pandemic-related disruptions. This year's momentum will grow as Cleveland hosts several rotating events, like the NCAA's Women's Final Four tournament in April and the Pan-American Masters Games in July. The Rock & Roll Hall of Fame induction ceremony will also return to the city for the first time since 2021, resuming the tradition of hosting every other year. The metro will also fall on the solar eclipse path of totality, drawing viewers from local areas for the proceeding weekend to see the 22nd total solar eclipse to ever cross the lower 48 states. Local groups estimate crowds of up to 30,000 at the downtown NASA Glenn Visitor Center on the eclipse day, in addition to other festivals taking place. A steady visitation stream will allow Cleveland's mean occupancy rate for 2024 to reach a record high and land within 30 basis points of Chicago's rate, which is the highest in the Midwest.

Yield-driven investors focus on Cleveland as air traffic and tourism increase. Last year, investors were active along the lakefront and surrounding close-in neighborhoods. Assets around Cleveland Hopkins International Airport in North Olmsted and Middleburg Heights are likely to continue garnering attention this year as the travel hub's passenger counts were nearly in line with the pre-pandemic level in 2023. Out-of-market yield-driven investors may also focus on Cleveland this year as the metro entered 2024 with the third-highest mean cap rate among major U.S. markets, paired with the lowest average price per room nationally. In recent years and in 2024, Cleveland has proven its ability to attract major sports tournaments and other rotating events, highlighting the metro's consistent stream of both regional and national tourism.

2024 MARKET FORECAST

+2.2% **SUPPLY:** Cleveland will log a minimal supply change this year with just over 500 new rooms slated for delivery. Completions have been sparse since 2016. Most new stock is slated for downtown in 2024, similar to the trend observed following the pandemic.

+500 bps **OCCUPANCY:** Limited construction, paired with renewing demand, will enable occupancy to reach its highest level since at least 2000. The areas surrounding the airport and the Willoughby-Beachwood submarket will have the highest mean rate for 2024.

+2.8% **ADR:** Cleveland will claim the second-highest ADR growth rate among major Midwest markets in 2024. This increase will translate to an average daily rate of $130.24.

+11.4% **REVPAR:** RevPAR in 2024 will be 30 percent higher than the pre-COVID-19 mark recorded in 2019. The metric will reach $85.35 this year, cresting $80 for the first time on record.

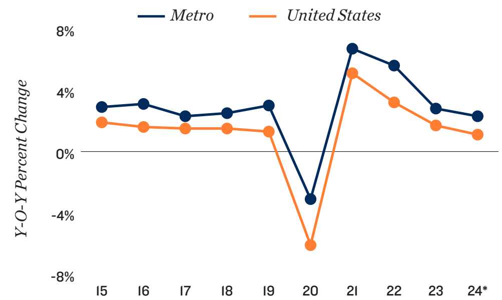
INVESTMENT: *Among all major U.S. markets, Cleveland's limited-service RevPAR increased the most between 2019 and 2023. As the metric continues to rise in 2024, this track record may draw additional investor attention.*

Long-Term Tourism Drivers are Underway as the Metroplex Braces for Incoming Supply

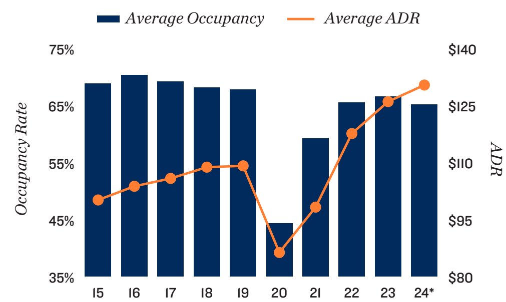
Development hinders occupancy in 2024, despite consistent room demand. While occupancy in Dallas-Fort Worth remains under many other major U.S. metros and below the market's all-time high of 70.3 percent in 2016, the Metroplex ranks as one of the top markets for demand in 2024. Occupancy's slow return to previous highs is predominantly due to an influx of supply over the last five years. Between 2019 and the end of 2024, Dallas-Fort Worth's inventory is on pace to have grown by 7.9 percent, the fifth-highest increase among major markets. Despite supply headwinds, several major events in Dallas-Fort Worth will drive visitation and hotel demand this year, like the 2024 MLB All-Star Week at Globe Life Field in Arlington and the solar eclipse path of totality. The Omni PGA Frisco Resort was also completed in 2023, and expects to draw more visitors in its first full year of operation. Long term, construction is underway on Universal Kids Resort in Frisco, which will open in 2026, creating an additional tourism driver in the region.

Investors target airport-adjacent assets and wait for key regulation verdict. Recent strength in North Irving should turn investor focus here. The area is projected to have the highest occupancy rate among the Metroplex's submarkets. Beyond the area's proximity to Arlington and Dallas venues, the growing airport traffic, including more of the associated hassles of flight delays and cancellations, will augment the area's overnight stays. Investors may also consider the future of the Metroplex's regulations on short-term rentals. In 2023, a Dallas County judge temporarily blocked the city's regulation plan that would have banned 90 percent of STRs. While STRs make up a relatively small portion of overnight options, some investors may wait for the pending June 2024 trial before entering suburban submarkets with higher concentrations of STRs.

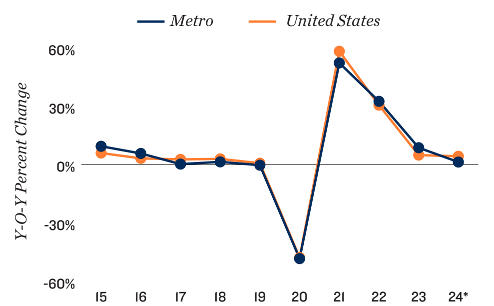
Employment Trends



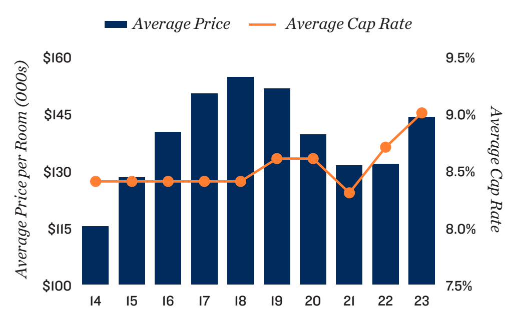
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+3.6% **SUPPLY:** Dallas-Fort Worth will welcome its largest delivery slate since 2019 as nearly 4,800 rooms come online this year. Arlington expects roughly one-fourth of all new keys in 2024, but the remaining hotels are well-dispersed throughout the Metroplex.

-140 bps **OCCUPANCY:** The largest supply injection in half a decade will challenge the Metroplex's occupancy rate, which will compress year-over-year to 65.1 percent. However, the figure is still 370 basis points above the two-decade average preceding the pandemic.

+3.5% **ADR:** Despite the slight year-over-year drop in occupancy, ADR will climb for the fourth straight annual period. Sitting roughly $21 above the 2019 mark, the mean rate will be $130.22 in 2024.

+1.3% **REVPAR:** ADR growth contributes to an increase in revenue this year. Dallas-Fort Worth will log the second-highest pace of RevPAR growth among major Texas markets, bringing the metric to $84.80.

INVESTMENT: *Investors could target assets in Frisco near the underway Universal Kids Resort. While the project will not open until 2026, it will certainly drive tourism here, in tandem with the Omni PGA Frisco Resort.*

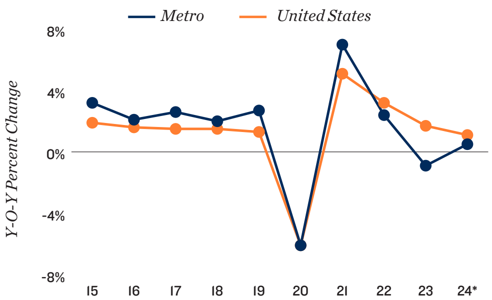
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

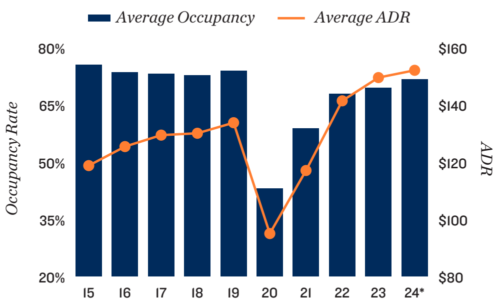
DENVER

Dynamics at Denver International Airport Assist Hotel Demand and Lift Investor Sentiment

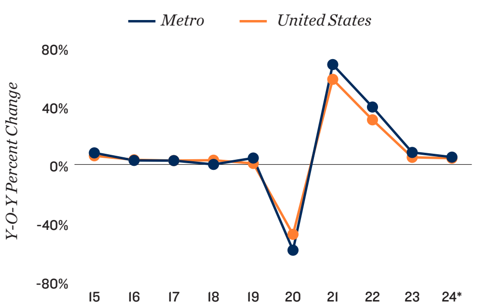
Employment Trends



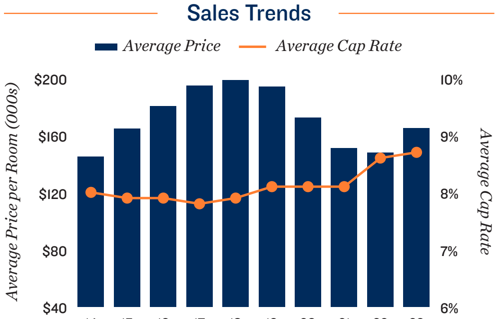
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Historic levels of travel poised to maintain recovery momentum. In 2023, Denver International Airport (DIA) added five new domestic destinations, a direct route to Dublin and resumed passage from Tokyo, helping set a new record-high monthly passenger volume count last July. Expansionary efforts at DIA have proven successful in their local economic impact, totaling $36.4 billion over the 12-month period ending in last July, with momentum expected to continue. Accompanying these milestones is a third straight year of below-average hotel completions in 2024, supporting an improved hospitality outlook. Annual occupancy is set to come within 220 basis points of its 2019 mark this year, while ADR and RevPAR each reach new highs. Although West Denver is poised to note the largest occupancy gain, benefiting from proximity to Red Rocks Amphitheatre and outdoor leisure attractions, the Airport-Eastern Denver submarket will be the only area to record a higher rate than its 2019 figure. Metrowide, the limited-service segment also achieves this feat, as inflationary pressures direct a higher number of households to budget-friendly options.

Suburban areas primed to benefit from resumed sales velocity. Despite a notable slowdown in transactions last year, investor activity is poised to rebound in 2024 amid increased financial markets clarity, paired with sustained gains in fundamentals. Preliminary data indicates this dynamic is already underway, with a number of deals having completed in the early part of January. Among the increased number of active investors this year, attention is likely to remain segmented in the East and West Denver areas, as well as on limited-service assets. Commercial and outdoor drivers, respectively, support above-70 percent occupancy in each submarket. Concurrent with a fully recovered occupancy rate, limited service ADR and RevPAR growth will both exceed all other service types this year.

2024 MARKET FORECAST

+1.1% **SUPPLY:** With the addition of roughly 1,300 rooms in 2024, Denver's hotel supply will lift by the fourth-slowest rate among major U.S. metros. This also follows a more than decade-low completion total recorded last year.

+220 bps **OCCUPANCY:** Elevated passenger volumes at DIA and a second year of below-average construction activity assist in Denver's occupancy gain. The rate reaches 71.6 percent in 2024, about 100 basis points above its trailing 10-year average prior to 2020.

+1.7% **ADR:** Broader national economic headwinds that weigh on consumers' discretionary budgets slow ADR growth this year, falling below the U.S. average pace. Denver's measure will reach $151.89.

+5.0% **REVPAR:** Despite a tempered pace of ADR growth, still-improving occupancy assists in Denver's average RevPAR reaching a new high of $108.82 this year.

INVESTMENT: *Convention attendance in the first half of 2024 is expected to breach 375,000 people, exceeding the same span in 2023. More business-related events may spur additional investment activity downtown.*

Detroit Proves its Ability to Draw Major Events as Dates Shift and Buildings are Revamped

NFL Draft and redevelopment fuel record room demand. The largest draw for visitors this year by far will be the 2024 NFL Draft, which will boost occupancy in April and create an estimated $60 million economic impact. The Michigan Central Station redevelopment by Ford is also expected to open this year, and is likely to attract business travelers to the area as the station creates space for a wide range of companies and startups. In early 2024, Ford also began seeking a change in the site's zoning to permit a hotel to occupy the building's top floors, hinting at the property's ability to generate overnight stays. Other events that have drawn, or will draw, in-bound travelers include the two Detroit Lions playoff games in January, which were the first ever held at Ford Field, plus the redevelopment of Hudson's Site. The project is expected to complete this year, and Detroit's newest skyscraper will include 1.5 million square feet of office, retail, residential and event space, as well as a five-star hotel. These projects and events will help elevate hotel occupancy above 60 percent for the first time since 2019.

Shifting annual event dates could improve investment outlook. Since 2019, the North American International Detroit Auto Show has taken place in September and drawn smaller-than-usual crowds. Organizers have subsequently pushed the 2024 show to January 2025, when it is expected to draw more than 800,000 attendees. Investors who believe the event will generate more overnight stays in Detroit during generally slow, cold months may target assets around Huntington Place this year. Outside of the urban core, economy and midscale assets may see a rise in private investor interest as buyers look for value-add opportunities around growing suburbs like Novi. Similarly, Romulus could draw attention with a high occupancy rate near the airport.

2024 MARKET FORECAST

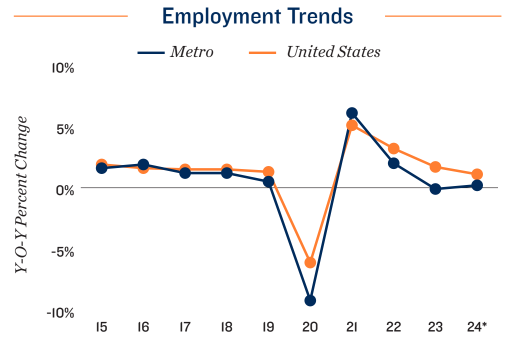
+2.0% — **SUPPLY:** Following 2023's addition of 1,400 rooms, construction will be mild this year as just under 800 doors come online. Most of these hotels are spread out between Dearborn, Lake Orion, Royal Oak, Southfield, Sterling Heights and Taylor.

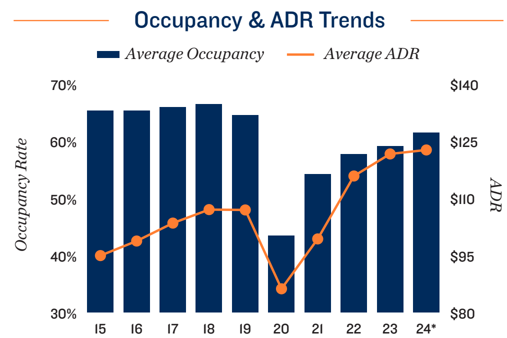
+230 bps — **OCCUPANCY:** This year, occupancy will come within 310 basis points of the 2019 mark. The 2024 mean will reach 61.4 percent, driven up by elevated demand in the Romulus-Airport submarket, and in the areas in and around downtown.

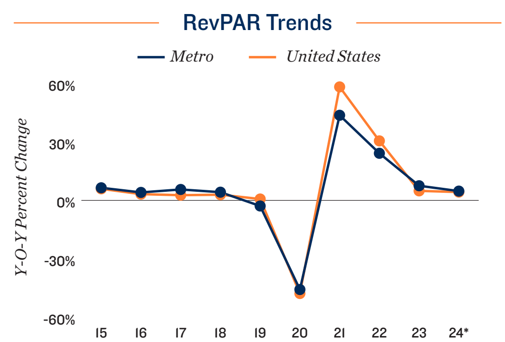
+0.9% — **ADR:** After rising 14 percent between 2019 and 2023, the ADR will advance by a moderate pace this year. The 2024 rate will land at $122.54, hindered by contractions in the urban core and Livonia.

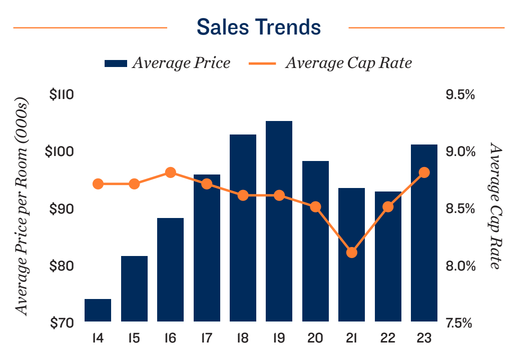
+4.8% — **REVPAR:** ADR and occupancy rising in conjunction will push up RevPAR this year. The measure will reach $75.21, with economy hotels logging the greatest year-over-year increase.

INVESTMENT: *Buyers looking for lower entry costs and assets located near office parks outside of downtown may look in Southfield. Here, hotels can be found for under $70,000 per key and near major travel routes.*









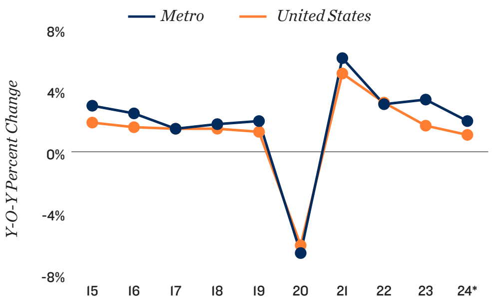
** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

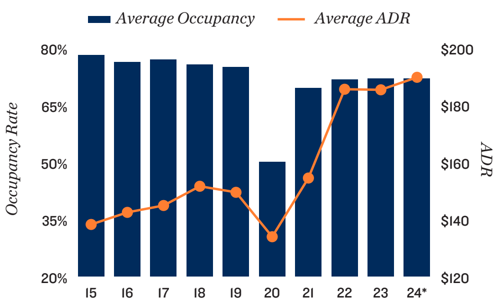
FORT LAUDERDALE

Cost-Conscious Travelers Taking Advantage of Expanding Airline Presence, Guiding Investment

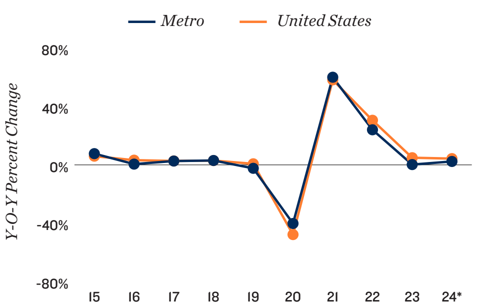
Employment Trends



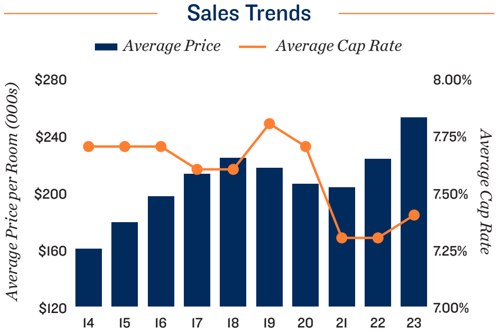
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* *Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Consumer preferences adjust while occupancy stabilizes. Fort Lauderdale's annual occupancy rate was the sixth highest among major U.S. markets last year and, despite stalled momentum, will remain within the top-10 this year. Trends, however, are set to vary across classes. In 2023, Spirit Airlines increased its local operations by nearly 25 percent, lifting its share of air traffic at the international airport to 30 percent. Additional routes by the budget airline should serve cost-sensitive travelers well, likely aiding demand for limited-service accommodations, particularly as discretionary spending tempers amid recent inflationary pressures. This is reflective of the segment's anticipated 90-basis-point increase in occupancy, exceeding all other service segments' improvements, and bringing the 2024 rate closer to its pre-pandemic point than alternative service types. Luxury and upper upscale fundamentals are also gaining headway, as RevPAR growth within the full-service segment is set to near 3 percent, exceeding the other two service levels this year. Still, segment occupancy is in a state of recovery, standing 220 basis points below its 2019 measure.

Investors drawn toward budget-friendly areas. Last year, the local average sale price per room elevated to the sixth highest among major U.S. metros. Along with notable appreciation, higher debt costs and elevated insurance premiums challenged deal-making. A more positive financing outlook in 2024, however, should help bridge the gap between buyers and sellers. Waterfront and adjacent properties have traded most frequently near Hollywood Beach and Lauderdale-By-The-Sea, accommodating cost-conscious travelers outside Fort Lauderdale Beach. Select service assets near the airport and Plantation are also drawing investors' attention as this segment is anticipated to again record a higher occupancy rate and revenue gain than the full and limited service classes.

2024 MARKET FORECAST

+1.8% **SUPPLY:** Roughly 1,300 rooms were underway at the start of 2024, representing roughly 3.4 percent of existing stock. Fewer than 100 of these doors, however, are set to complete this year, with a Tru hotel near Miramar headlining deliveries.

0 bps **OCCUPANCY:** Following a three-year recovery stretch in which occupancy came within 300 basis points of its pre-pandemic figure, Fort Lauderdale's measure will stabilize at 72.0 percent in 2024. This ranks as the second-highest rate among major Florida metros.

+2.4% **ADR:** The local average daily rate regains positive momentum this year, after a 0.1 percent dip in 2023. Extending to $189.76, the figure will stand 27.0 percent ahead of its 2019 measure.

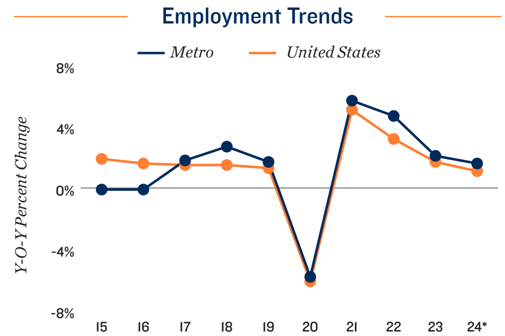
+2.3% **REVPAR:** Stabilized occupancy and resumed ADR growth facilitate a fourth straight year of RevPAR gains. This will help lift Fort Lauderdale's rate to $136.53 on average.

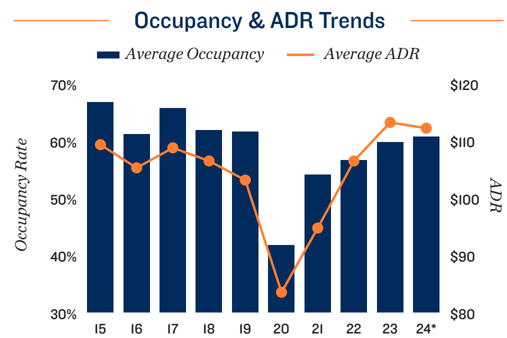
INVESTMENT: *The new Brightline high-speed train connecting Southeast Florida to Orlando likely draws more investors to local hotels as some travelers add Fort Lauderdale to their vacation itineraries.*

Travel to Houston Steadily Returns, While Development Projects Offer Long-Term Tailwinds

Occupancy in Houston is largely segmented by submarket and class. Areas near travel routes, like Katy Freeway West and the George Bush Intercontinental Airport area, will claim Houston's highest occupancy rates in 2024. Katy expects long-term tourism improvement as city officials finalize plans for a conference center and hotel at the Katy Boardwalk District, in addition to Interstate 10 traffic from San Antonio. Meanwhile, the Bush Airport registered an approximate 6 percent uptick in flights year-over-year, with 46.1 million passengers in 2023. Bookings are also improving in the CBD and Houston Galleria-Greenway Plaza, but occupancy will stubbornly hold below both the submarkets' and service level's pre-pandemic marks. Still, overall business travel has begun to recover in Houston. As such, group travel and subsequent demand for full-service hotels is likely to continue increasing long-term, momentum further boosted by the George R. Brown Convention Center recently receiving $2 billion in improvement funding.

Buyers focus on air- and interstate-oriented assets. Passenger volume was up at both of Houston's airports last year, a trend likely to carry into 2024 as business travel and overseas visitations each rise. In 2023, the Bush Airport and William P. Hobby Airport welcomed a combined 12.5 million international passengers. The redevelopment of Terminal D in the Bush Airport is expected to finalize this year; and, as the facility's international terminal, this will increase the airport's capacity for intercontinental flights. The expected long-term boost to international and business travel will likely lead investors to continue seeking assets near the airports. Economy hotels along major travel routes like Interstates 45 and 10 are also likely to garner attention, particularly as more road trip travelers are expected to seek lower-cost lodging options during a period of potential budget tightening.





2024 MARKET FORECAST

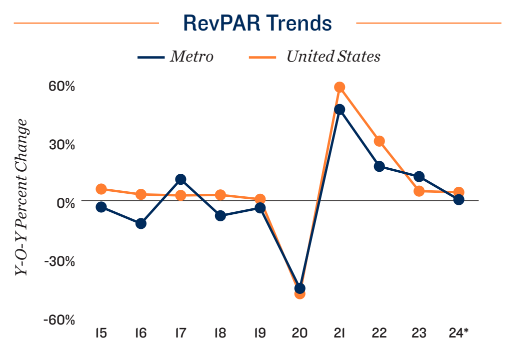
+2.0% **SUPPLY:** Houston records the second-lowest delivery slate among major Texas markets in 2024, and additions are well below the prior decade mean. Most rooms will come online near the Hobby Airport, but overall development in Houston proper is minimal.

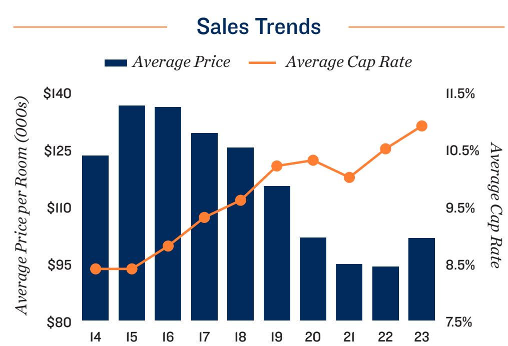
+90 bps **OCCUPANCY:** While occupancy will trail the metro's record high, the 2024 average of 60.7 percent will be just 90 basis points short of the 2019 mark. Full-service hotels will drive most of this increase as the chain scale reaches a rate of 63.0 percent.

-0.9% **ADR:** Despite rising occupancy, ADR will note a minimal downward adjustment, bringing the metric to $112.21. Still, the rate sits 8.8 percent above the 2019 mark.

+0.5% **REVPAR:** Rising occupancy offsets the decrease in ADR, elevating RevPAR to $68.06. Seven of Houston's 11 submarkets are expected to log increases of at least 1 percent.

INVESTMENT: *In-state investors may gravitate to Houston as entry costs remain comparatively low. Entering 2024, Houston's mean price per room was more than $30,000 below that of the other major Texas markets.*





* *Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

INDIANAPOLIS

Supply Wave Contributes to Declining Occupancy; Investors Target Zones of Heavy Interstate Traffic

Landmark events continue to draw visitors amid rising inventory. Attendance at the Indy 500 has been on the ascent for the better part of a decade, notwithstanding a temporary COVID-era disruption. The race drew a 330,000-person strong crowd in 2023, the highest attendance noted since the event's centennial in 2016. While the 2024 race, along with other events, should prove a major draw for tourism, the Indianapolis Motor Speedway Museum is in the midst of an $89 million renovation — the first to this portion of the facility in 40 years — that puts the museum out of commission until 2025. The interruption to some leisure demand drivers is ill-timed with an active construction pipeline of 2,700 rooms, representing a nationally-high 7.5 percent expansion to inventory. New construction will put particular pressure on downtown, where three hotel towers are slated for completion around Monument Circle before the end of 2024. A weighty pipeline will be the main contributory factor to an occupancy decline this year, the first time this metric has fallen on an annual basis since 2021.

Assets along major throughways, or proximate to transit hubs, draw capital. Investors are hedging on Indianapolis' location at the center of the Crossroads State by acquiring assets well-positioned to lodge interstate travelers. The vast majority of properties changing hands in 2023 were located along Interstates 70 and 465, with a notable cluster near Indianapolis International Airport. Nearly 9.8 million travelers passed through this transit node last year, marking the busiest annual span on record and a 2.6 percent increase over the pre-pandemic peak. Buyers nevertheless remain cautious, with deal flow last year down notably from the average seen during 2014 to 2019. Moving forward, investors will likely continue to target stabilized assets near the confluence of multiple interstates.

2024 MARKET FORECAST

+3.4% **SUPPLY:** Roughly 1,600 of the keys under development around Indianapolis are scheduled for a 2024 completion date. Roughly two-thirds of these rooms pertain to the upper midscale or upscale segments, which will put pressure on these categories.

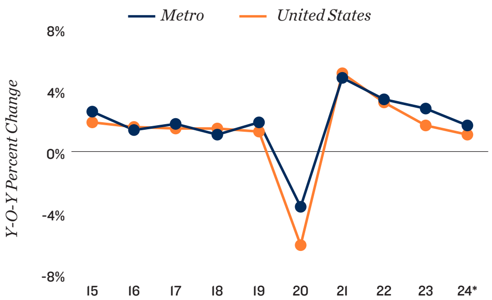
-180 bps **OCCUPANCY:** Following three years of increasing occupancy on an annual basis, the rate for 2024 will retreat to 59.2 percent. This places the metric at its third-lowest position noted over the past decade, exceeding just 2020 and 2021.

+5.0% **ADR:** Rates continue to march upward, albeit at a more modest pace than what was seen during much of the post-pandemic recovery. The average daily rate for 2024 will nudge upward to $137.60.

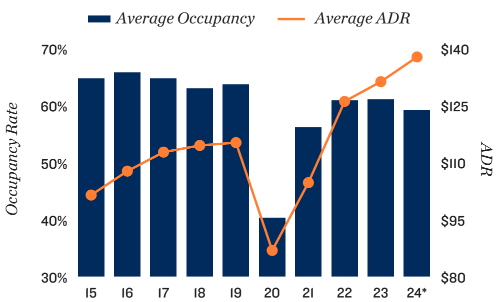
+1.9% **REVPAR:** Climbing daily rates will offset falling occupancy to maintain solid upward movement on RevPAR. The metric will hit $81.50 this year.

INVESTMENT: *Multiple major events, such as Taylor Swift's Eras tour, slated for downtown later this year could highlight the performance of new hotels in the area, and consequently draw investors.*

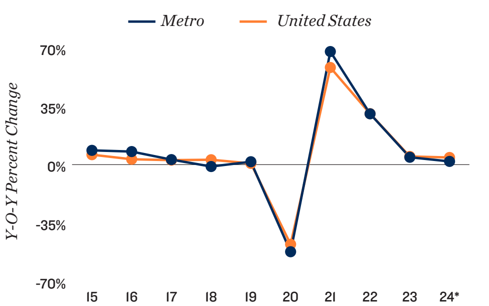
Employment Trends



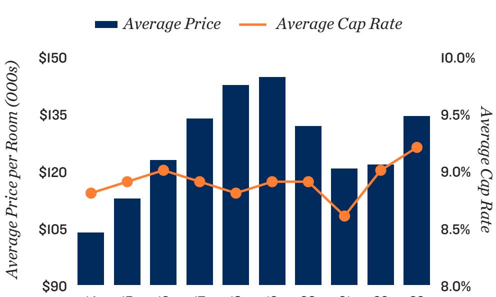
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



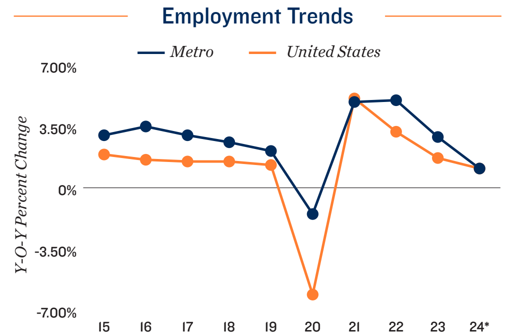
* Forecast

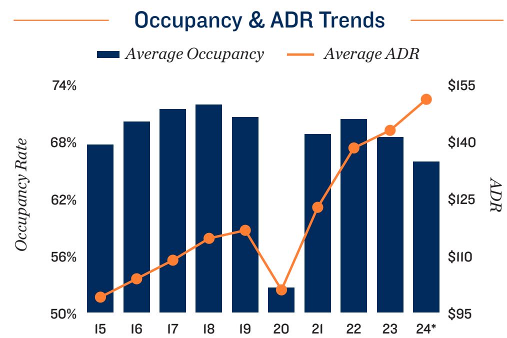
Sources: CoStar Group, Inc.; Real Capital Analytics

Jacksonville Poised to Attract More Beach-Goers as Regional Cost-Benefit Reaches New High

Budgeting travelers shore up demand. Closing out 2023, local ADR was at least $28 lower than Florida's other four major markets, representing the largest gap since at least 2000. This dynamic is positioning the metro to attract more tourists seeking budget-friendly opportunities to visit the state in 2024. Jacksonville is also within driving distance to major population hubs in Alabama and Georgia, offering travelers throughout the region the ability to avoid airfare costs. These trends underpinned the highest level of room demand since before 2000 along Jacksonville's Beaches in 2023; also, the return of the NAS Jacksonville Air Show after a temporary pause could contribute to an even higher level of visitations this year. Additionally, Butler-Baymeadows and Jacksonville's outlying suburbs each entered 2024 with local RevPAR at all-time highs, indicating that more inland locations are also seeing elevated room demand. While the metric in Downtown lags pre-pandemic norms, a number of quickly-growing events should help increase visitations to the area over time. The Jacksonville Jazz Festival and Jax River Jams, for example, have both been running for less than five years and posted record attendance at over 100,000 people combined in 2023.

Beaches' demand attracts investment. Mirroring the submarket's record-high room demand, Jacksonville's Beaches hosted 50 percent of trades in 2023. Many buyers are targeting value-add opportunities in the form of sub-optimal upscale and upper upscale resorts, after each segment noted demand gains exceeding 4 percent last year. Still, even underperforming hotels here commanded sale prices at a minimum of $10 million, reflecting stiff competition for local assets. Other buyers are finding opportunities to acquire economy hotels along outlying suburbs, where per-room prices averaged around $50,000 last year.





2024 MARKET FORECAST

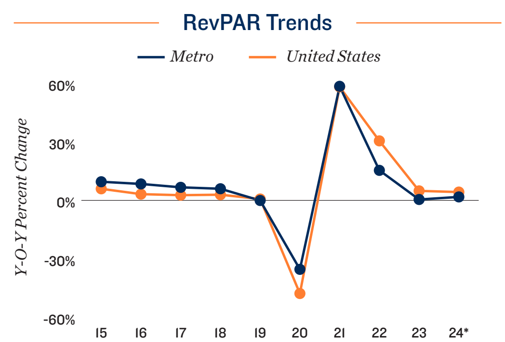
+4.1% **SUPPLY:** Jacksonville will post the largest supply increase among major Southeastern markets in 2024. This comes from the delivery of more than 870 rooms, most of which are slated for the upper midscale segment.

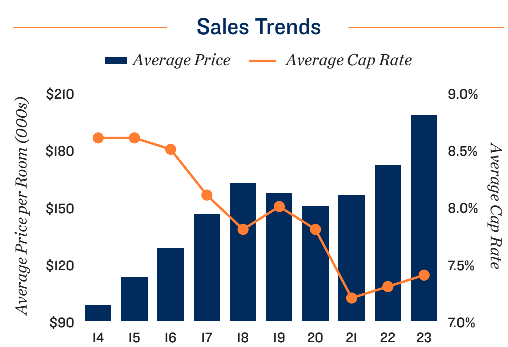
-260 bps **OCCUPANCY:** This year's supply increase contributes to occupancy falling to 65.8 percent. However, declines will not be felt across all classes. Economy hotels expect a moderate decrease in supply this year, likely helping the segment's occupancy improve.

+5.7% **ADR:** ADR will advance at the fifth-fastest pace in the U.S., landing at $150.82 for 2024. All of Jacksonville's submarkets are expected to rank among the top 40 nationally for ADR growth this year.

+1.8% **REVPAR:** Three of four submarkets are on track to post record-high RevPARs in 2024. This enables the metro's overall mean to rise to $99.30, marking a 21 percent gain in the last five years.

INVESTMENT: *Upon its 2025 completion, the Riverfront Plaza in Downtown should provide new opportunities for higher-capacity outdoor events. Some investors may target local hotels to capitalize on this expansion.*





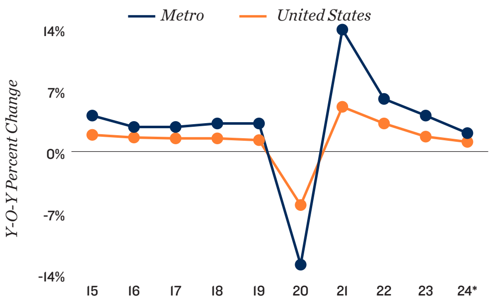
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

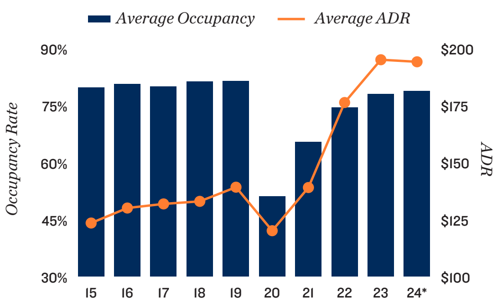
LAS VEGAS

Business Travel and Weekend Visitations Near Pre-Pandemic Levels, Potentially Reigniting Deal Flow

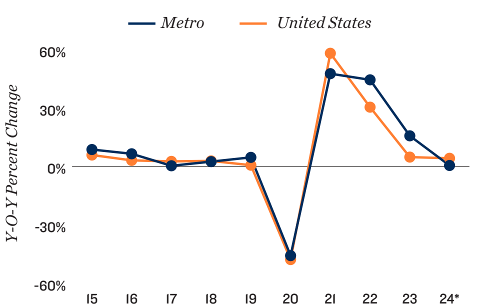
Employment Trends



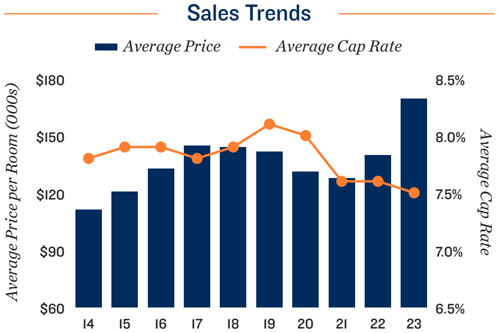
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Growing number of events heighten metro's appeal to visitors. Nearly 41 million people flocked to Las Vegas last year, supporting upscale and upper upscale occupancy rates that matched 2019 recordings. While further improvement is needed for the broader local hotel sector to achieve 2019 levels of demand, the metro is poised to make further progress in 2024. Weekend occupancy, which reached nearly 91 percent last year, will receive a boost from new attractions and one-off events, including Sphere concerts and Super Bowl LVIII, which drew an estimated 330,000 people to the city in February. Midweek occupancy, which recorded a 560-basis-point improvement last year, will benefit from a full schedule of large-scale trade shows that includes mainstays CES, World of Concrete and SEMA, along with the metro's first NAACP convention. An additional positive for large-scale hotels on the Strip that compete for guests, the 1,467-room Tropicana will close and be demolished in early April to make way for the relocating Oakland Athletics' future baseball stadium. Together, these dynamics will enable the metro's occupancy rate to exceed the 2010-2019 average by more than 150 basis points this year.

Listings in areas of lower cost lodging poised to drive local sales activity. Deal flow was sparse last year amid a difficult financing landscape; however, encouraging midweek and weekend occupancy rates have likely bolstered sentiment among hotel investors, many of whom have capital awaiting deployment. Buyers focused on sub-$15 million acquisitions are poised to target economy and midscale listings, as consumer demand for cost-effective lodging is anticipated to rise amid some households' discretionary budget tightening. As such, investors may covet properties just east of the Strip, along with assets proximate to Fremont Street, Harry Reid International Airport and northern reaches of Interstate 15.

2024 MARKET FORECAST

+2.5% **SUPPLY:** The number of rooms delivered in 2024 will fall below 500 for the first time since 2017, with just six major markets adding fewer keys. Near-term completions are smaller in scope, with a 123-room hotel in North Las Vegas representing the largest property.

+80 bps **OCCUPANCY:** A full convention slate and a host of sporting and entertainment events improve hotel demand in 2024, raising Las Vegas' occupancy rate to 78.7 percent. Among major markets, only New York City claims a higher annual metric.

-0.5% **ADR:** After three years of double-digit daily rate growth, Las Vegas' average dips slightly from a record mark to $193.89 per night. This figure trails that of San Diego, Los Angeles and Orange County.

+0.6% **REVPAR:** Occupancy improvement and a nominal ADR adjustment translate to a moderate rise in RevPAR. At $152.62, the metric represents the ninth-highest measure for a metro nationally.

INVESTMENT: *Rapid industrial growth in the Speedway, North Las Vegas and Northeast Clark County submarkets may attract investors to limited-service hotels in these areas that cater to the logistics industry.*

Hotel Fundamentals Accelerate, Underscored by Demand Improvements Across Higher Cost Chain Scales

Metro leads major California markets in occupancy growth. Last year, Los Angeles' hotel sector traversed further along its path to pre-pandemic levels of demand, with standout leisure and hospitality-related job creation reflecting an industry in recovery. The segment is well positioned to make further strides in 2024. Resolutions to the strikes by Hollywood talent and United Auto Workers union members that weighed on local business travel last year should pave the way for more such bookings in 2024. Tourism, meanwhile, nearly returned to a 2019 level last year with total visitations estimated at more than 49 million people, even without the large-scale return of international travelers. This year, overseas visitations, along with convention and event-related attendance, are expected to rise, factors that will support occupancy improvements across nearly all chain scales. Upscale and upper upscale hotels are anticipated to register the highest occupancy rates this year, with the luxury segment accounting for the largest gain in room nights booked. Together, these chain scales, which account for nearly 60 percent of the metro's room inventory, will help support an overall rate of occupancy that exceeds the 2010-2019 average.

Household budget tightening and overseas visitations dictate buyers' strategies. Despite notable occupancy gains this year, most chain scales will trail their 2019 recordings. The economy segment, however, is the outlier, with the sector's rate expected to exceed its pre-pandemic mark. This dynamic may attract private investors to areas with clusters of these hotels, including the San Gabriel Valley and Los Angeles CBD. Buyers with a preference for full-service properties, meanwhile, may target 1980s- to early 2000s-built assets that warrant renovations, with the goal of completing upgrades by 2025, when international tourism is broadly anticipated to return to a 2019 level.

2024 MARKET FORECAST

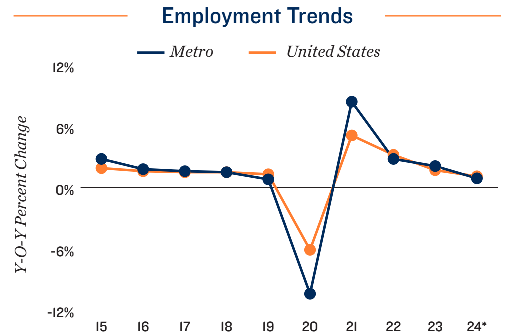
+1.8% **SUPPLY:** For the ninth time in 10 years, more than 1,000 rooms are delivered across Los Angeles County. Properties scheduled for completion average 125 keys in scope, with the group highlighted by a 307-room independent hotel in Burbank.

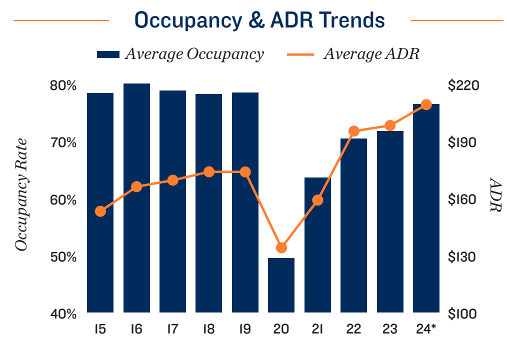
+470 bps **OCCUPANCY:** The metro's occupancy rate improves at a pace well above last year's 130-basis-point gain, lifting the demand metric to 76.4 percent in 2024. Among property classes, midscale hotels are slated to note the strongest rise in occupancy at 820 basis points.

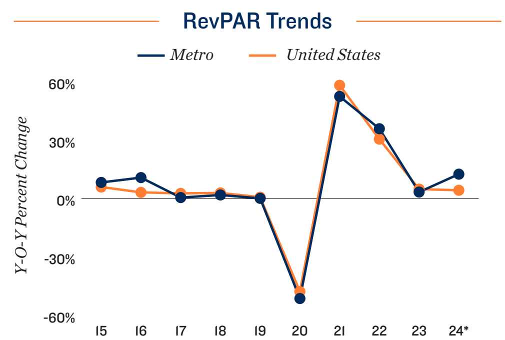
+5.5% **ADR:** Noteworthy occupancy improvement across the metro's 10 submarkets allows the overall average daily rate to rise at an above-average pace — reaching $208.88 per night.

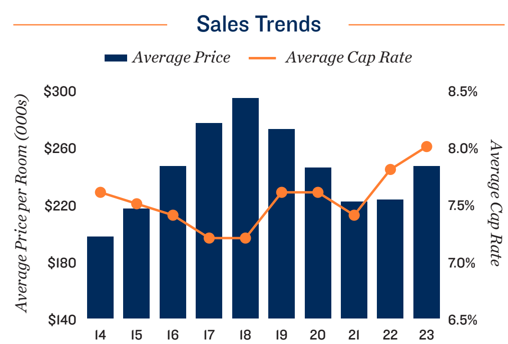
+12.6% **REVPAR:** Driven by widespread demand improvement and standout ADR growth, Los Angeles is one of five major markets to notch a double-digit rise in RevPAR this year, placing the metric at $159.64.

INVESTMENT: *An approved upgrade of the Los Angeles Convention Center, which would increase the venue's size by 45 percent, may attract investors to nearby hotels in anticipation of a future rise in large-scale events.*









* *Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

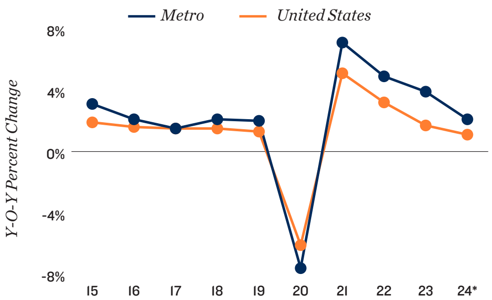
MIAMI-DADE

Economy Hotels Claim Nationally-High Occupancy, Demonstrating Budget-Oriented Travel Demand

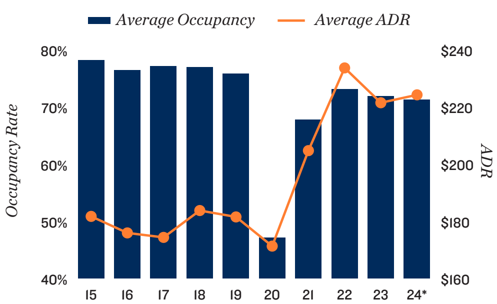
New supply hinders occupancy recovery, even as demand reaches an all-time high. Over the last half-decade, nearly 8,000 rooms have come online in Miami-Dade, one of the top 15 largest totals among major U.S. markets. An influx of supply has prevented local occupancy from reaching its 2019 level, despite rising international travel and record-breaking winter passenger traffic through Miami International Airport in 2023. An elevated local ADR has also directed some tourists to nearby lower-cost Fort Lauderdale rooms, but economy properties in Miami-Dade have benefited from cost-sensitive visitors. Economy bookings will rise by 6 percent this year, giving the class the fourth-highest occupancy rate among major markets and exhibiting heightened hotel demand. Events like Art Basel Miami Beach — the largest contemporary art fair in North America — and the Miami Open tennis tournament will also generate overnight stays, in addition to business travel. Many firms relocated to Miami in recent years, making the metro one of three U.S. markets to have office vacancy below its 2019 level in 2023, prompting recruitment and conference-related stays.

Institutions grab high-end assets as private buyers target the limited-service segment. Miami-Dade's average price per room was nearly $100,000 above any other major U.S. market in 2023, driven up by investor appetite for higher-end hotels. Entry costs surged in 2022 and 2023, bringing the mean price point more than 30 percent ahead of the 2019 mark. Institutions are likely to stay active in the market — particularly as the Federal Reserve is expected to make interest rate cuts this year — targeting select- and full-service assets in Miami Beach and around downtown. Meanwhile, private investors focusing on economy assets at lower entry costs may seek hotels around Doral and Miami Springs, with proximity to the airport, or outer areas that draw budget travelers like Homestead.

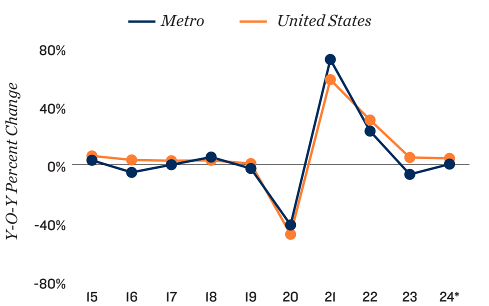
Employment Trends



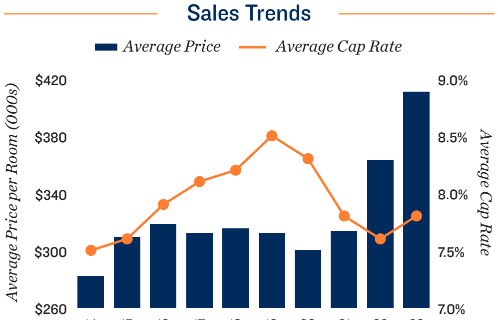
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2024 MARKET FORECAST

+3.5% **SUPPLY:** Nearly 1,200 doors are expected to come online this year, up from 2023's count, but below the trailing-decade average of 1,400 rooms finalized per annum. Most of these keys are slated for Miami Beach and near downtown.

-60 bps **OCCUPANCY:** Occupancy will fall for the second consecutive period, landing at 71.3 percent in 2024. Most of this downward pressure stems from increasing supply, however, as overnight stays reach an all-time high of 17.8 million in 2024.

+1.3% **ADR:** Miami-Dade claims the fourth-highest ADR among major U.S. markets in 2024. The measure will increase to $224.11, nearly $40 above the 2019 average daily rate.

+0.4% **REVPAR:** As ADR renews upward momentum, the metro will note the fifth-highest RevPAR in the country. The metric will inch up to $159.79, despite the slight year-over-year occupancy decline.

INVESTMENT: *MSC Cruises is expected to complete Cruise Terminals AA/AAA this year, creating two new berths that make room for additional cruise travel, generating overnight demand for nearby hotels.*

Olympic Gymnastic Trials Come to the Twin Cities, Contributing to the Steady Rise in Overnight Stays

Convention activity offers a bright spot as occupancy holds below pre-2020 norms. Hotel bookings in Minneapolis-St. Paul have been slow to recover from pandemic-era disruptions. In particular, occupancy in the CBD has stayed well-below its 2019 mark as business travel has shifted more to the suburbs, with companies following employee housing preferences. Still, activity at the Minneapolis Convention Center this year will likely provide some tailwinds to urban core properties. The Twin Cities will host the 2024 U.S. Olympic Team Trials — Gymnastics at the convention center, which is drawing other events like the USA Gymnastics National Congress & Trade Show and the 2024 USA Gymnastics for All National Championships & GymFest. Air traffic through Minneapolis-St. Paul International Airport was also up 11 percent year-over-year in 2023, less than 5 million passengers shy of the transportation hub's all-time record from 2019. Increasing airport traffic in 2024 will aid the surrounding Bloomington submarket, keeping the area as the only hospitality submarket in the Twin Cities to achieve occupancy over 65 percent.

In-state investors target suburban assets. Trading picked up slightly last year from the minimal activity logged in 2022 as in-state investors became cautiously active. The metro's slow occupancy recovery has generated sector uncertainty, but Minneapolis-St. Paul's ability to draw national events like the Olympic gymnastics trials has highlighted the metro's long-run prospects. RevPAR this year will also come within $5 of the record high recorded in 2018, emboldening buyers, particularly in suburban areas. Bloomington will claim the metro's strongest occupancy rate, benefiting from business travel as companies like AT&T consolidate workers here. Airport traffic and proximity to the Mall of America will also garner investor confidence.

2024 MARKET FORECAST

+0.8% **SUPPLY:** Minneapolis-St. Paul expects the fourth-lowest room completion total among major Midwest markets in 2024. Just over 200 rooms are expected to deliver, spread out across Spring Park, Bloomington and the central business district.

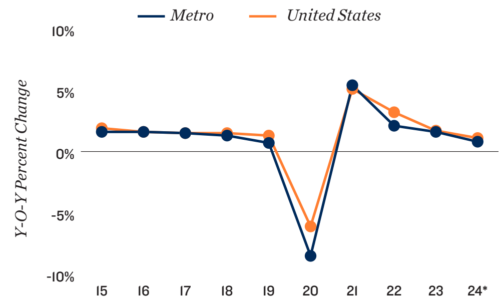
+150 bps **OCCUPANCY:** One of the hardest-hit hotel markets in 2020, Minneapolis-St. Paul has lagged behind other metros in occupancy recovery. The rate in 2024 will stay one of the lowest among major U.S. markets at 58.9 percent, but the metric is consistently rising.

+2.4% **ADR:** Climbing to 9 percent above the 2019 mark, the metro's ADR will reach $132.28 this year, allowing Minneapolis-St. Paul to claim the third-highest measure among major Midwest markets.

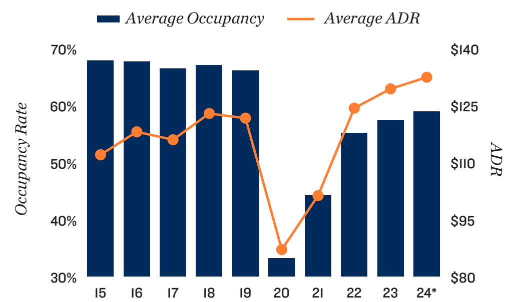
+5.1% **REVPAR:** As occupancy and ADR both continue their steady ascents, RevPAR will elevate to $77.88 in 2024. Limited-service properties drive this gain with an 8 percent increase.

INVESTMENT: *The Twin Cities' mean price per room rose in 2023, but stayed one of the lowest price points among major U.S. markets, potentially drawing investors seeking lower entry costs and higher yields in 2024.*

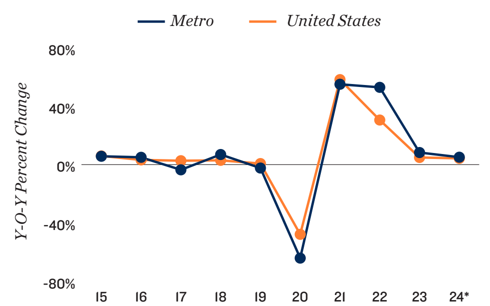
Employment Trends



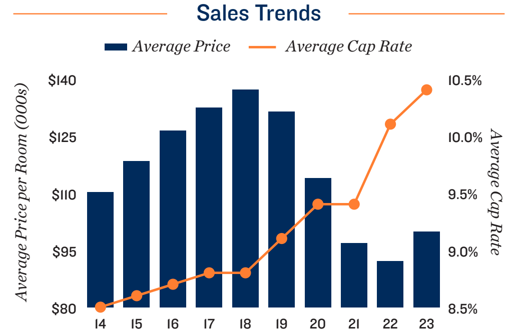
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

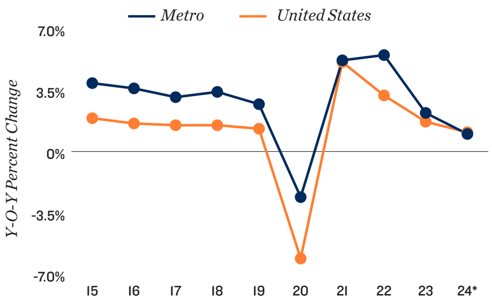
NASHVILLE

Migration to the South Amplifies Hotel Demand and Sets the Stage for More Investment in Nashville

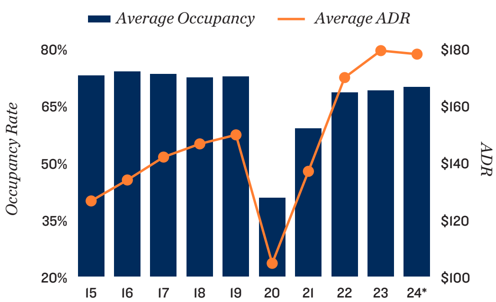
Occupancy stays above historic norms, despite recent spike in supply. Nearly one in every four hotel rooms located in Nashville at the start of 2024, or roughly 13,000 keys in total, were completed over the last five years. While this supply would present substantial risk to most markets, occupancy in Nashville has still risen in every year since 2020. The metro's rate ended 2023 nearly 500 basis points above the pre-2020 mean, as room demand grew over 22 percent during the supply wave. Years of robust in-migration to Sun Belt markets like Dallas-Fort Worth, Houston and Raleigh has meaningfully increased the number of people living within a two-hour flight to Nashville, helping boost local visitations. Nashville's rising prominence as a regional leisure destination is timed with a 2024 delivery slate that is the second lowest in five years, helping maintain upward RevPAR momentum. The IndyCar Finale taking place in Nashville this year, as well as the opening of several new entertainment spaces — including bar and restaurant venues from Garth Brooks, Luke Combs and Jon Bon Jovi — should exert additional tailwinds on the metro's hotel booking volumes.

Investors focus on hotels in lower-cost locations. The east side of Nashville observed its highest trading activity for hotels within the last half-decade in 2023. Investment should be sustained here this year, as an ADR nearly $20 lower than both Downtown and Midtown keeps local bookings growing beyond record highs. Elsewhere, activity may return to the Interstate 24 area and Murfreesboro, after being muted in 2023. More moderate supply here is expected to help lift local occupancy to 71 percent, which would mark the second-highest year-end rate on record. Per-room prices along these areas have remained substantially lower than the core, where nearly all hotel trades penciled in for over $200,000 per room last year. This price disparity may widen the investor pool for assets here.

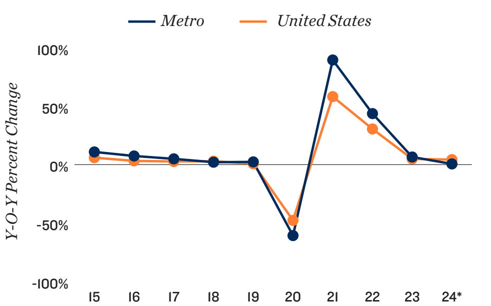
Employment Trends



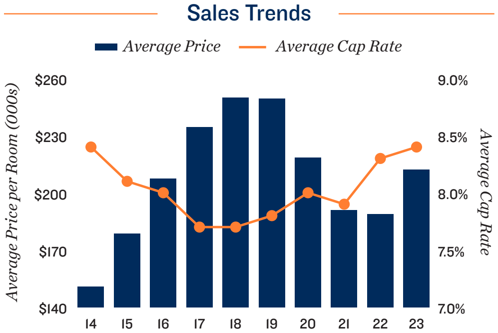
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+3.7% **SUPPLY:** While deliveries remain under the trailing half-decade average of 2,600 rooms per annum, this year's completion schedule is still anticipated to be among the five highest in the nation. Roughly 2,440 new rooms will be completed in 2024.

+90 bps **OCCUPANCY:** Growing room demand amid a below-average slate of deliveries will drive local occupancy to 69.8 percent. Upscale hotels, however, may experience a decline as the segment expects the completion of more than 800 rooms this year.

-0.7% **ADR:** Nashville's ADR ticks down to $177.79 in 2024. This drop is likely to materialize from the full-service segment, where ADR is normalizing after a metro-high 4.1 percent gain in 2023.

+0.6% **REVPAR:** Occupancy growth enables RevPAR to rise to $124.12 in 2024. By year-end, Brentwood-Franklin, Interstate 65 North and Interstate 24-Murfreesboro are expected to hit record highs.

INVESTMENT: *The growing popularity of The Caverns at Pelham has made Murfreesboro a more frequented intermediary among concertgoers, aiding local room demand and eliciting greater investor interest in 2024.*

* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

New York Processes Impacts of City Legislation on Hospitality Supply as Tourists Return in Force

Travel metrics fully recover from pandemic as supply restrictions take effect. This year will mark a milestone for New York's tourism sector, as 68 million visitors are anticipated to visit the city, surpassing the 2019 total for the first time since the onset of the health crisis and marking a new all-time high for the metric. The surge in tourism comes as citywide legislation has notably constricted available options for lodgings. Local Law 18 came into effect in September of last year, which prohibits all short-term rentals from hosts not living at the property being rented out — effectively a de facto ban on the practice. The law resulted in the number of active Airbnb listings in the city declining by roughly 15,400, or 77 percent, from June to November 2023. This compounds the impact of the 16,000 hotel keys in mostly lower-end chain scales taken off the market by a city initiative to provide housing for incoming migrants. Both these figures combined equate to more than double the amount of hotel rooms brought to market across the city over the past three years, more than warranting the active pipeline of roughly 8,800 rooms entering 2024.

Citywide policy changes present possible advantages for investors. Current impacts on hospitality supply dynamics will also have implications for the investment market. Potential buyers may seek out assets near residential hotspots like the Upper East Side and Williamsburg, where a large number of Airbnbs were located. These areas, popular for short-term rentals due to their locational prestige and proximity to major attractions, will continue to attract guests, benefiting traditional hospitality operations in these areas. Similarly, economy-scale hotels could see a boost of interest from prospective investors as many suboptimal assets in that class have been earmarked by the city government as shelters, decreasing supply in this category.

2024 MARKET FORECAST

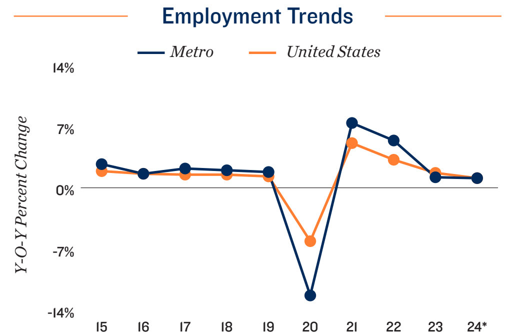
+4.6% **SUPPLY:** The city will see over 5,500 rooms completed this year, representing the largest delivery schedule nationwide and exceeding the next-closest metro by 14 percent. Still, this is a fraction of the lodgings taken off the market last year.

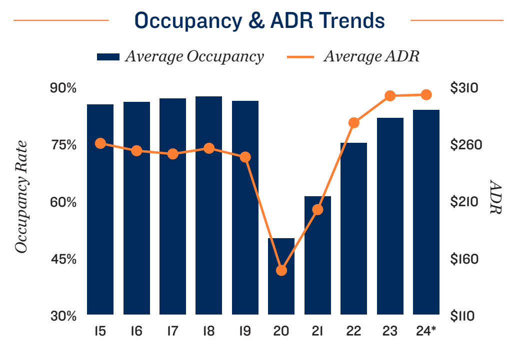
+210 bps **OCCUPANCY:** Thanks to robust anticipated tourism metrics, occupancy will continue to improve on a triple digit basis in 2024 to 83.7 percent for the year. This is the highest figure noted nationwide for 2024, but is under New York's 2019 level by 240 basis points.

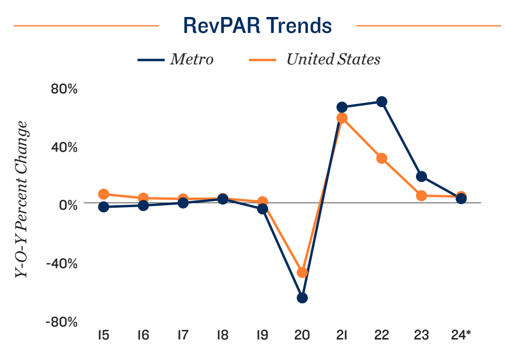
+0.3% **ADR:** After multiple years of 10 percent-plus increases, the average daily rate will nudge up to $302.20, similar to its level at the end of 2023. Still, this is 22.1 percent above the 2019 equivalent.

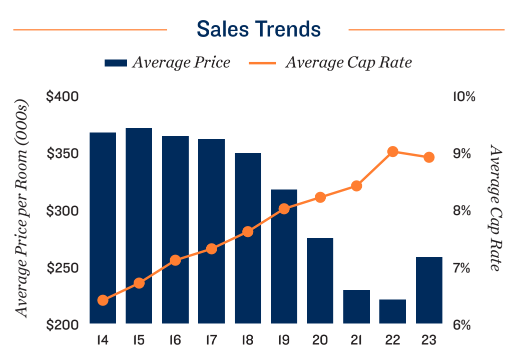
+2.9% **REVPAR:** Occupancy gains are the primary driver behind this year's RevPAR increase, as ADR growth is comparatively minor. RevPAR rises to an average of $252.88 this year.

INVESTMENT: *Investors looking to capitalize on spillover demand from the 2026 World Cup final at MetLife Stadium may seek out assets near transit nodes providing the most convenient access to the Meadowlands.*









* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

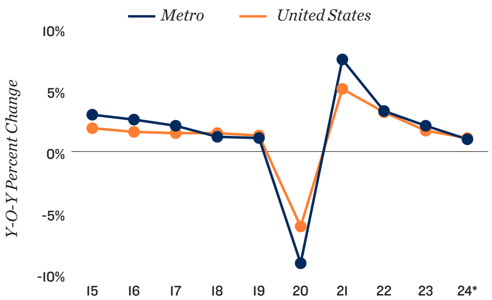
ORANGE COUNTY

Limited-Service Category Benefits from an Expected Rise in Cost-Conscious Visitors

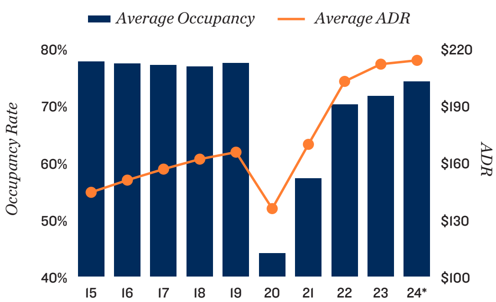
Household budget tightening impacts local hotel dynamics. Mirroring its coastal Southern California counterparts, Orange County registers a year-over-year improvement in hotel demand. However, unlike Los Angeles and San Diego, the metro's progress toward a pre-pandemic level of demand is largely fueled by a noteworthy rise in limited-service occupancy. Escalating amusement park ticket prices, including the average Disneyland entry cost hovering around $150 a day, are likely to prompt more families to opt for lower-cost lodging to somewhat offset the price of park visitations. As such, economy and midscale hotels are each positioned to record occupancy gains exceeding 600 basis points this year. Expectations for household budget tightening may also benefit the upscale and upper upscale segments, as Southern California families may choose to take weekend vacations locally in lieu of longer trips elsewhere, aiding resort-style hotels along Highway 1. Together, these dynamics, along with a full slate of events at the Anaheim Convention Center, will translate to a more than 5 percent annual rise in room nights booked — the largest gain since 2010, when excluding the pandemic recovery-induced improvements noted in 2021 and 2022.

Lower cost lodging transactions to dictate deal flow. As the chain scale nearest to its 2019 level of demand, economy hotels should remain attractive to private investors this year, with assets proximate to Disneyland, Knott's Berry Farm and John Wayne Airport potentially garnering the most interest. Efforts by municipalities to convert motels into affordable or supportive housing, and the overall lack of economy-related construction, should also bolster the revenue prospects for limited-service assets. Buyers with a preference for higher-quality properties, meanwhile, may target upscale listings in Laguna Beach, Newport Beach and other cities along Highway 1 where pricing often exceeds $400,000 per key.

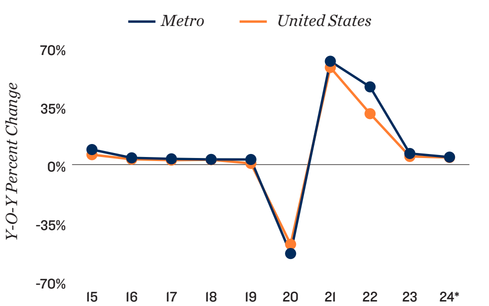
Employment Trends



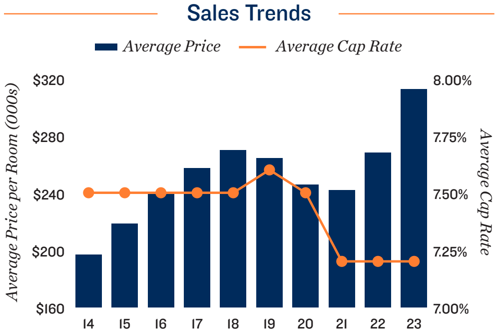
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2024 MARKET FORECAST

+1.8% **SUPPLY:** Nearly 470 rooms are slated for completion in 2024, matching last year's delivery volume. Additions are mostly in the northern part of the county, highlighted by a 179-key upper upscale property at the Source OC shopping mall in Buena Park.

+250 bps **OCCUPANCY:** A triple-digit-basis-point improvement lifts Orange County's rate to 74.1 percent, a figure just below the 2010-2019 average. All submarkets are anticipated to record occupancy of at least 70 percent, led by the Disneyland area at just over 79 percent.

+1.0% **ADR:** The metro's average daily rate rises modestly to $213.43, despite the improvement in overall hotel demand. The limited-service segment, however, notes a near 4 percent gain.

+4.5% **REVPAR:** Double-digit increases in the economy and midscale segments elevate the metro's RevPAR to $158.16 in 2024. This metric ranks as the seventh highest among major U.S. markets.

INVESTMENT: *Disneyland has committed to spending $1.9 billion over the next decade as part of a proposal that would expand the theme park. This initiative is likely to sustain investor competition for nearby listings.*

Tourism Corridor's New Attractions Beget Hotel Construction and Call the Attention of Investors

New supply is optimally positioned, supporting KPI improvement. Occupancy entered the year 710 basis points higher than the trailing five-year mean, marking the fifth-greatest rate improvement in the country. Limited construction has played a major role, as local room inventory grew 3.7 percent over the last four years, the lowest pace among major Southeastern markets. While this dynamic changes in 2024 — as Orlando hosts a delivery volume that nearly matches the combined total of the other four major Florida metros — occupancy will still improve at a pace almost 200 basis points faster than any of this cohort. New supply is placed strategically, with 50 percent of the construction pipeline concentrated along International Drive and Lake Buena Vista. These areas respectively welcomed the second and fourth-most hotel bookings of any submarket in the U.S. last year. Construction is additionally well-timed, as the opening of several new amusement and entertainment venues — headlined by DreamWorks Land and AREA15 — draw even higher levels of visitation than in 2023. New hotels proximate to these attractions should reach above-average occupancy within a short time, helping support a gain in the metro's overall rate this year.

Investors find novel opportunities amid higher cost of capital. The 2025 opening of the new Epic Universe theme park is drawing investors looking to capitalize on the Tourism Corridor's growth. However, the average per-room price here topped the metro last year, directing some investment toward more suburban locations amid a higher cost of borrowing. Kissimmee East, meanwhile, entered 2024 with the lowest mean, helping it see an over six-year high number of trades in 2023. The area also hosts the smallest pipeline in Orlando, shielding hotels from supply-side competition. This enables local occupancy to end 2024 at the highest level since 2018, eliciting more investor interest.

2024 MARKET FORECAST

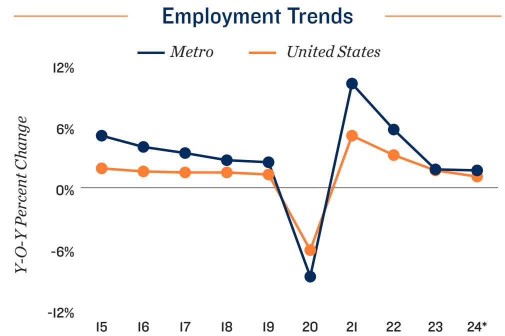
+1.5% **SUPPLY:** Approximately 2,000 rooms will be delivered this year, with most entering into the select- and full-service categories. At 3,200 and 1,800 keys, respectively, these segments' pipelines ranked second and third among major metros at the start of 2024.

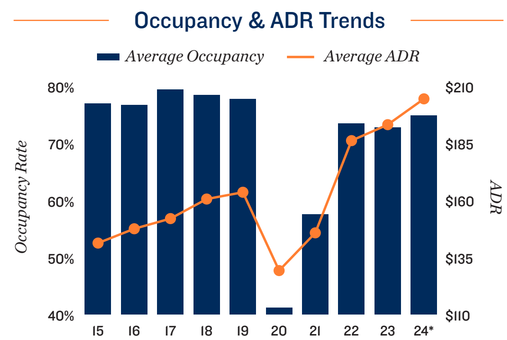
+210 bps **OCCUPANCY:** This year's occupancy change turns positive after Orlando noted a 70-basis-point drop last year. The metric ends 2024 at 74.8 percent, as the midscale sector notes a regionally-high gain due to a minimal increase in room supply.

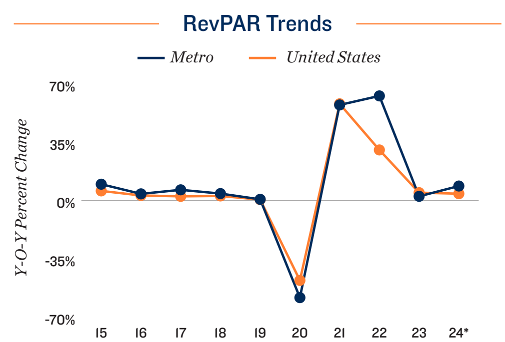
+5.9% **ADR:** With ADR landing at $204, Orlando records the fastest growth among major Southeastern metros in 2024. Climbing occupancy supports higher nightly rates across chain scales.

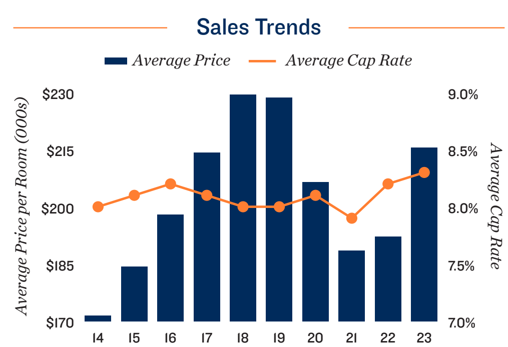
+8.9% **REVPAR:** Orlando's RevPAR rises to $152.69. Orlando's outlying suburbs and Kissimmee are expected to rank as the top submarkets in the Southeastern region for RevPAR growth.

INVESTMENT: *Investors seeking redevelopment plays may find ample opportunities in Kissimmee. Local room supply has declined 10 percent over the last five years, reflecting the ongoing frequency of these trades.*









* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

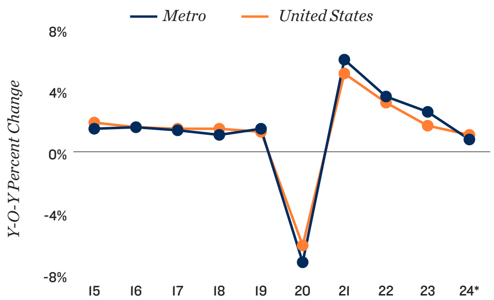
PHILADELPHIA

Philadelphia Recognized as a Top 2024 Travel City Globally, Enticing Tourists and Investors

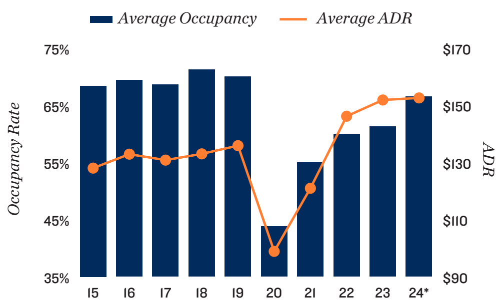
Business and leisure travel pair to boost overnight stays. Occupancy in Philadelphia will jump by a nationally-high margin this year, as the metric nears 2019's record level. This comes as the metro receives recognition from Lonely Planet as the fifth "Best in Travel" city in the world for 2024, highlighting the draw of local museums and Philadelphia's thriving restaurant scene. WWE's WrestleMania 40 is also expected to bring over 200,000 attendees as it takes place in town for the first time since 1999. Further aiding occupancy, development is limited this year. Fewer new options direct increasing room demand to existing hotels in 2024. However, there are nearly 2,500 rooms underway or in the proposal stage slated to deliver before the 2026 FIFA World Cup. As one of the host cities, Philadelphia is preparing for an influx of overnight stays for the global event. Renewing business travel is also boosting occupancy throughout the year, particularly in full-service hotels. While the chain scale has not fully recovered from pandemic disruptions, average occupancy in 2024 will be the highest among classes at 69.3 percent, up 660 basis points year-over-year.

Out-of-market buyers find opportunities in the metro. Portfolio sales involving Philadelphia hotel assets were common last year, and this trend may continue in 2024 as out-of-market buyers look to diversify their holdings. Additionally, Philadelphia has a number of tailwinds coming in the next three years. The metro has exhibited a particular ability to attract and house worldwide events like hosting part of the FIFA World Cup and WrestleMania, as well as recover business travel, emboldening investors. Occupancy around Philadelphia International Airport and the sports complex district will surpass 70 percent in 2024, potentially directing investors to assets along the river. Lower entry costs and higher yields than the other major Northeast markets may also attract regional investors this year.

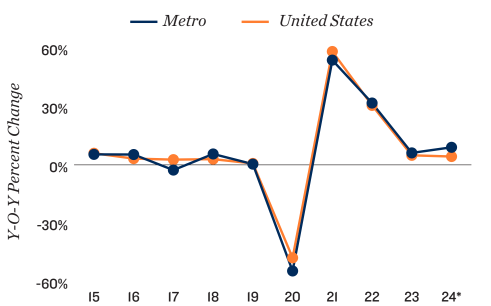
Employment Trends



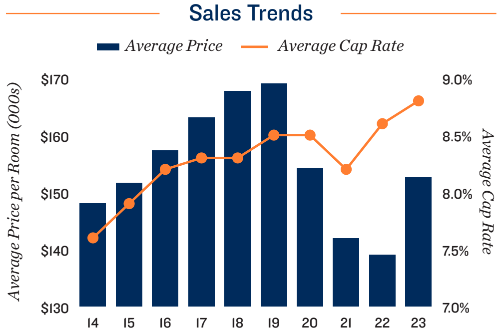
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+1.2% **SUPPLY:** Room completions will be minimal in Philadelphia for the third straight year as roughly 400 keys come online in 2024. This will be the second-lowest delivery total among major Northeast markets, behind only Boston.

+520 bps **OCCUPANCY:** Philadelphia will tie with Seattle-Tacoma for the second-highest basis point increase in occupancy this year, lifting the rate to 66.5 percent. This measure is just 30 basis points below the 20-year average annual rate preceding 2020.

+0.5% **ADR:** The pace of ADR increase slows this year, but the $152.53 mean will be 12.3 percent higher than the 2019 mark. Limited-service hotels log the greatest gain in rates, rising 1.2 percent.

+9.0% **REVPAR:** Occupancy's significant increase this year allows RevPAR to surge to a new record high of $101.38. The metric will climb by at least 7.9 percent in all six of Philadelphia's submarkets.

INVESTMENT: *Proximity to New York, Baltimore and Washington, D.C. may encourage some investors to seek assets along major roadways like Interstates 95 and 295 as budget-conscious tourists turn to road trips.*

* Forecast

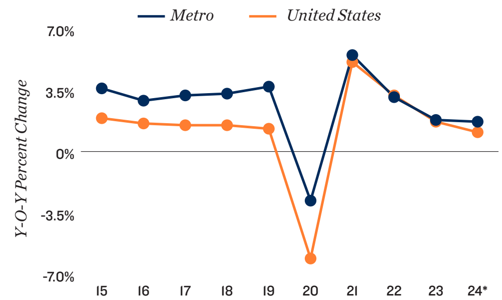
Sources: CoStar Group, Inc.; Real Capital Analytics

Nation-Leading Construction Warranted by Demand, Underpinning Elevated Hotel Asset Values

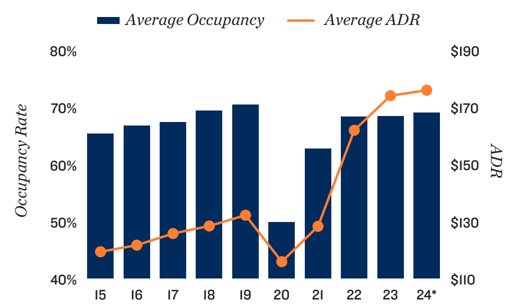
Surging nightly stays help hotels navigate record supply. In terms of room inventory, no other major market expects more growth than Phoenix this year. An all-time high of 3,650 keys — or 5.1 percent of the existing room count — are scheduled for delivery in 2024. While the supply wave has the potential to challenge hotel performance in the near-term, this year's occupancy increase is still anticipated to exceed what was noted in 2023 by 60 basis points. On top of several 500,000-plus attendee events — including the Waste Management Open and the Barrett-Jackson auto show — new sports tournaments and attractions will come to town in 2024, helping lift yearlong booking volumes above 18 million room nights for the first time on record. In April, the Men's NCAA Final Four takes place at West Phoenix's State Farm Stadium, only months before Mattel's new Adventure Park opens just across the street. The area is cementing its ability to handle nationally-attended events, after hosting Super Bowl LVII in 2023, with these prospects eliciting activity from hotel builders. Nearly 2,300 rooms were underway in West Phoenix at 2024's open, the highest among any U.S. submarket, and a total that exceeds the entirety of 29 other major metros.

Phoenix assets command premium pricing. Despite three straight years of record supply, occupancy entered 2024 just 90 basis points under the 2018 metric, the lowest margin in the nation. This underscores the ability of local assets to command premium pricing, with the average entry cost moving from the 16th in the U.S. in 2018, to the fourth-highest entering this year. West Phoenix is fueling the rise, as post-2000-built upscale assets are comprising the majority of trades here, leading local per-room pricing to double in the last five years. Chandler is also attracting greater interest for these listings moving into 2024, amid the city's ongoing buildout of its downtown area.

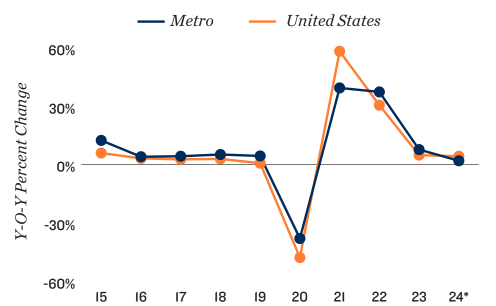
Employment Trends



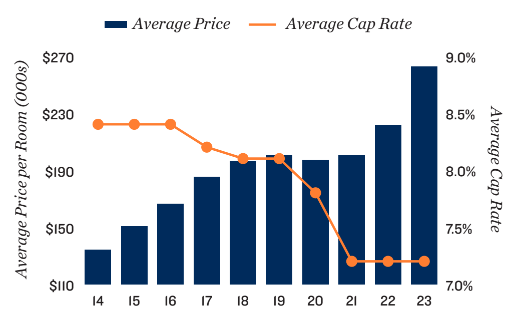
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+3.7% **SUPPLY:** Alongside West Phoenix, Scottsdale also ranks among the top six U.S. submarkets for hotel construction in 2024. These two areas will combine for nearly three-fourths of this year's expected room deliveries, with most being intended for the upscale segment.

+60 bps **OCCUPANCY:** Phoenix notes its third-strongest calendar year occupancy on record, as the metric rises to 69.0 percent. New supply, however, is restraining the rate. At 2019's level of supply, this year's anticipated demand would push occupancy up to an all-time high.

+1.1% **ADR:** Moving up to $175.72, the annual ADR will lift approximately 33 percent above the 2019 figure. This marks the second-largest increase among all major U.S. markets during the span.

+2.0% **REVPAR:** Similar to nightly rates, RevPAR is set to exceed its 2019 mark by over 30 percent. At $121.27, the metric will be the highest among any land-locked metro, besides Nashville and Las Vegas.

INVESTMENT: *Taiwan Semiconductor Manufacturing Co. continues to import workers to set up its new plant in North Phoenix. Nearby extended-stay hotels may see improved demand and investor interest for this reason.*

* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

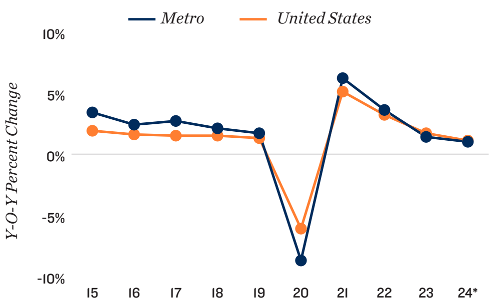
PORTLAND

Downtown Reclaims the Highest Booking Volumes, but Investors Remain Most Active in the Suburbs

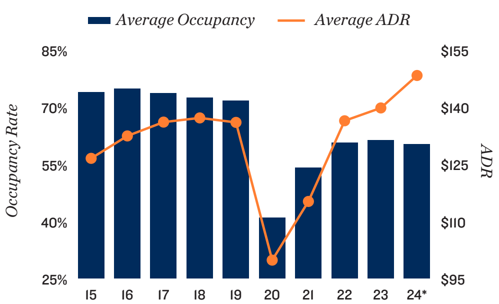
CBD's facelift sustains occupancy momentum. Official and nonprofit sector stakeholders are putting in efforts to beautify Downtown Portland's public spaces, after several years of disrepair impacted local tourism. The re-imagination of the Darcelle XV Plaza — previously an eyesore that is slated for conversion into a community and events space — as well as the refurbishment of several landmarks, such as the Thompson Elk, will gradually help the CBD become a more attractive place to visit. Improvements are already materializing, as the core saw the highest jump in occupancy among any West Coast submarket during 2023. Upward momentum is expected to continue, with the CBD anticipated to host the most bookings across the metro this year for the first time since 2019. Elsewhere, demand in the Airport-Vancouver area is normalizing after leading the market for the last four years; however, the submarket still stands to benefit from growing activity at Portland International Airport. The volume of passengers here increased 21 percent year-over-year in 2023, moving within 18 percent of 2019 levels. This continuing recovery in 2024 will shore up local occupancy, as business travelers and those waiting for layovers stay at nearby hotels.

Suburban strength draws investors. The Lake Oswego-Interstate 5 area was the only submarket to achieve an all-time high RevPAR during 2023. This may elicit more investment here in 2024, especially as an expected decrease in midscale and economy supply thins out lodging competition for these segments. Buyers seeking higher chain scale assets are targeting hotels around the airport, where per-room prices for upscale flags still remained close to the metro's average last year. Those willing to pay a premium may look to Beaverton-Sunset Highway West instead, where prices rose as high as $350,000 per key in 2023.

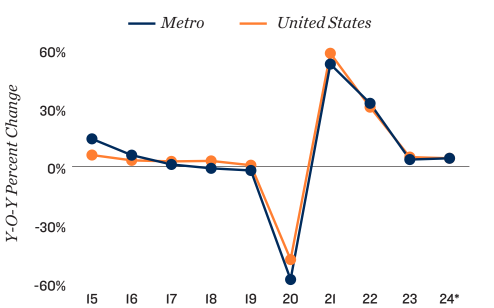
Employment Trends



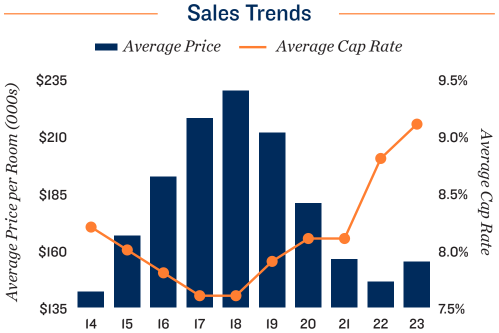
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



2024 MARKET FORECAST

+1.2% **SUPPLY:** Approximately 940 keys were underway at the end of 2023, below the trailing decade-long average of 1,200 rooms per year. This moderate pipeline will result in local supply growing at the slowest pace among major West Coast metros in 2024.

-110 bps **OCCUPANCY:** Normalizing hotel booking volumes along many of Portland's suburbs this year will challenge the market's overall occupancy momentum. This results in the metric dropping for the first time since 2020, to 60.2 percent.

+6.1% **ADR:** Every submarket is expected to reach at least seven-year highs in local ADR during 2024. Portland's overall rate rises to $148.16, fueled by a near double-digit percentage gain in the CBD.

+4.3% **REVPAR:** With the metro noting the second-fastest ADR growth rate in the nation, RevPAR accelerates as a result. The mean will jump up to $89.25 this year, still 8 percent below the 2019 level.

INVESTMENT: *The city continues to disburse funds to convert low-performing suburban hotels into housing. This should remain prevalent along Interstates 84 and 205 in East Portland, where stock fell 3 percent in 2023.*

* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Swift Pandemic Recovery Has Seemingly Ceased, yet The Inland Empire is Well Positioned

The metro ranks among revenue growth leaders, headlined by full-service gains. From 2019 through the end of last year, RevPAR in Riverside-San Bernardino surged by over 22 percent. That ranked as the fastest increase in California and the fourth strongest among major U.S. hospitality markets during that four-year span. This performance was fueled by the full-service segment, in which RevPAR elevated by almost 30 percent locally across the same interval. Momentum is moderating, however, with overall occupancy set to ease for a second straight year in 2024 while ADR growth holds below 3 percent. Tailwinds that drove room demand over the past few years, such as relaxed health-related restrictions relative to other parts of California and the market's outdoor recreational appeal during lockdowns, are subsiding. As a result, Palm Springs — where occupancy surged in 2021-2022 — recorded a deceleration in room nights booked last year. Other locations like Ontario-Airport and Central Riverside-San Bernardino, meanwhile, are facing recovery speedbumps as greater international and business travel is necessary to spark sustainable progress in these areas.

Relatively tight yields and performance trends steer investor strategies. Last year, hospitality assets changed hands in Riverside-San Bernardino with a lower average cap rate than in Los Angeles, Orange County and San Diego. In part due to the additional challenges that tighter yields present during a period of elevated debt costs, in-state investors are pursuing limited-service hotels in a variety of locations. Economy and midscale properties comprised roughly 80 percent of local deal flow in 2023, compared to about 60 percent in the prior year. Interstate and suburban area limited-service hotels are generating the most buyer attention entering 2024, particularly in the Temecula-Lake Elsinore corridor. Higher-end trades have been muted, but resort areas of Coachella Valley remain compelling.

2024 MARKET FORECAST

+4.6% **SUPPLY:** At the onset of this year, roughly 2,550 rooms were underway across the Riverside-San Bernardino metro. Approximately 1,600 of these doors are slated to finalize in 2024, representing the second-largest annual supply addition in the past two decades.

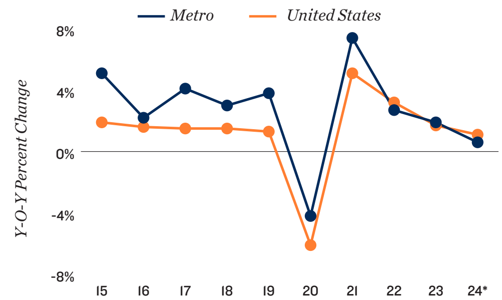
-250 bps **OCCUPANCY:** The market had a unique recovery path. By 2021, occupancy was already within 250 basis points of 2019, as lockdowns in Los Angeles and Orange counties drove travelers here. Now, that momentum has faded with the rate easing to 62.0 percent in 2024.

+2.3% **ADR:** Following a volatile period in which the Inland Empire's ADR rose by over 25 percent from 2019-2022, the pace of growth realigns with historical norms as the figure climbs to $159.69 this year.

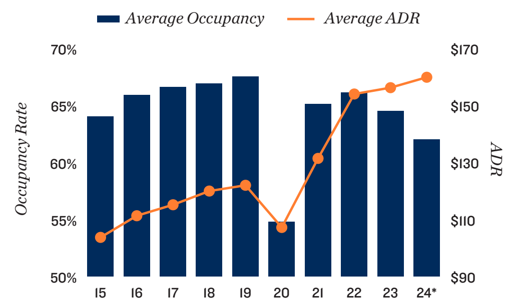
-1.6% **REVPAR:** Despite ADR improvement, the 250-basis-point occupancy reduction has a substantial impact on RevPAR. The metric falls to $99.00, which is still more than 20 percent ahead of 2019.

INVESTMENT: *The metro's average sale price rose by 30 percent from 2019-2023, the third-largest bump among major U.S. hospitality markets. Alongside softening performance trends, this could motivate sell-side activity.*

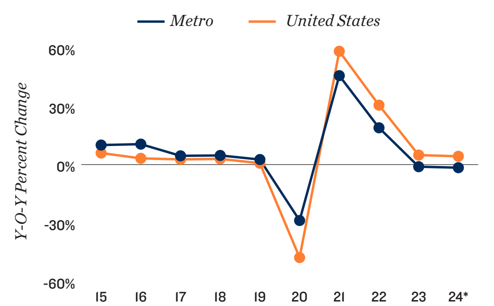
Employment Trends



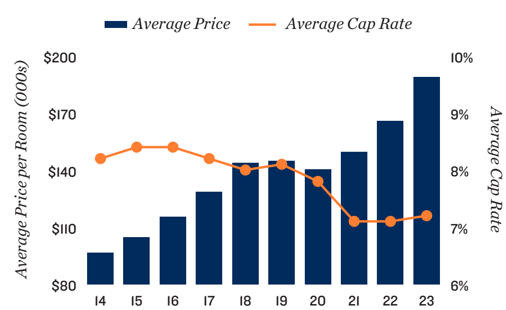
Occupancy & ADR Trends



RevPAR Trends



Sales Trends

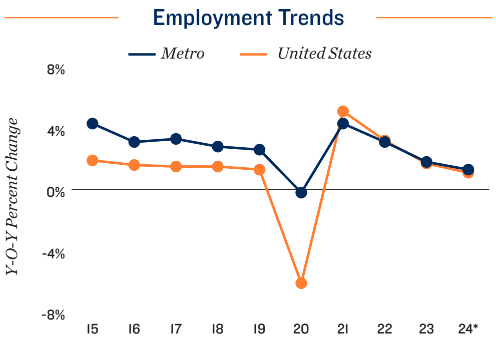


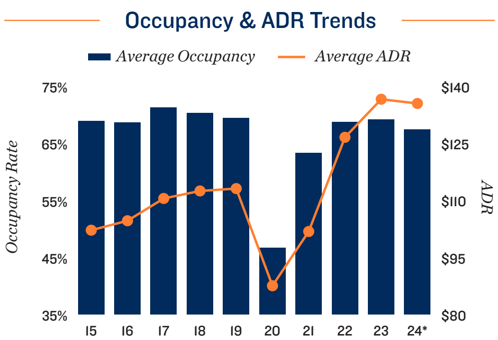
** Forecast*

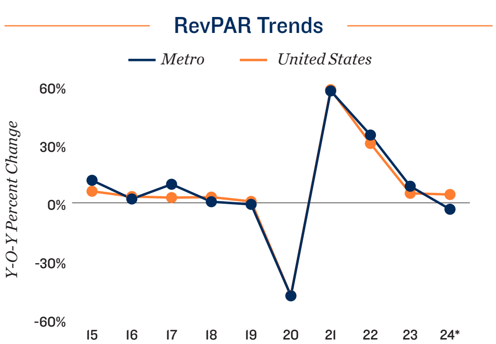
Sources: CoStar Group, Inc.; Real Capital Analytics

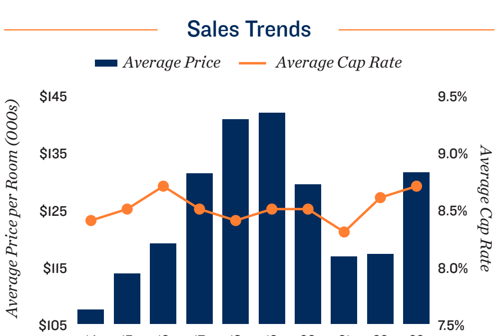
SALT LAKE CITY

Metro's Exposure to Tech Headwinds Impacts Hotel Demand, Other Industries Pick up Slack









* *Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Limited supply increase mitigates falling metrics affected by modest labor growth. Following an impressive stretch, Salt Lake City will report declining occupancy this year as certain demand drivers cool. While the market was one of just six major metros to note sub-3 percent unemployment in 2023, supporting non-local recruitment, continuing tech sector headwinds will likely weigh on hiring-related hotel stays in the market this year. Contrasting this business travel hurdle, however, is positive momentum within the leisure segment. Hotel room demand is continuing to climb in South Salt Lake City, near several different ski areas. National snowfall in the 2023-2024 ski season so far has favored Utah destinations, a positive for area hotels to start the year. A record number of people also visited Utah state parks in 2023, with four of the ten most visited located in Davis and Wasatch counties. The supply side offers another positive note; just 340 keys are slated for delivery in 2024, the lowest annual total noted since 2020. These additions are spread out along the West Valley, which should limit their impact on existing hotels.

Investors pursuing diverse selection of properties adjacent to major thoroughfares. The Interstate 15 Corridor remains the prime avenue for trades across the metro, with nearly all transactions occurring within walking distance of this major artery. Investors seeking out more upscale properties are pursuing assets in Downtown Salt Lake City, where the headquarters of the Church of Jesus Christ of Latter-day Saints provides a robust and consistent stream of visitors to the most densely-developed part of the metro. Moving down the chain scale, investors seeking out midscale and economy properties are most active in South Salt Lake City, where entry costs trend lower. Such assets are well-positioned to attract budget-conscious households traveling through the metro on longer trips.

2024 MARKET FORECAST

+0.9% **SUPPLY:** With less than 570 rooms in development entering 2024, the active construction pipeline indicates that supply additions will remain modest for the foreseeable future, mitigating pressure on some of the area's more densely-developed locales.

-170 bps **OCCUPANCY:** After three years of consistent increases, occupancy will decline this year for the first annual span since 2020. Still, the metric remains in line with levels noted in the mid-2010s, following the financial crisis recovery.

-0.8% **ADR:** Daily rates decrease in tandem with occupancy, though the overall average of $135.36 remains roughly 20 percent ahead of the immediate pre-pandemic equivalent.

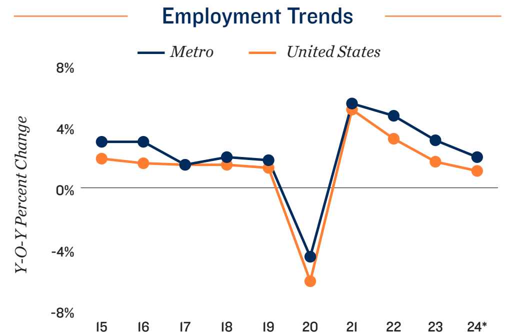
-3.3% **REVPAR:** Declining daily rates and occupancy will both contribute to falling RevPAR in 2024. At $91.22, the average will nevertheless be the second-highest measure in market history.

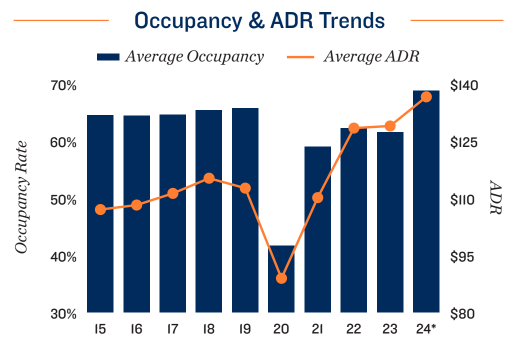
INVESTMENT: *The University of Utah noted a record incoming freshman class for the fourth consecutive year in 2023, potentially drawing hotel investors to assets in the area to capitalize on spillover hospitality demand.*

San Antonio Claims Highest Occupancy Rate in Texas for the First Time in Two Decades

Alamo City hotels aided by a comparatively lower ADR and annual events. Occupancy in San Antonio will be the highest among all major Texas markets, surpassing Austin for the first time since 2005. This achievement is driven by increasing occupancy across all five of San Antonio's submarkets this year, jumping at least 800 basis points in four areas. Despite ADR increasing, the metro's average daily rate will stay $40 below Austin's mark this year, potentially leading budget-oriented travelers to stay in lower-cost San Antonio hotels. Occupancy is also aided by comparatively low inventory relative to Dallas-Fort Worth and Houston. Even so, hospitality represents the third-largest industry in San Antonio by way of economic impact, and the rise in travel is a boon for the metro's economy. Events and attractions drawing leisure travel this year include the newly-reopened Stable Hall, providing a music venue at the Pearl, and the Stock Show & Rodeo drawing roughly 1.5 million visitors to the fairgrounds each year. The metro also lies on the solar eclipse path of totality and hosts the Valero Alamo Bowl, which had an attendance of 56,000 in 2023.

Travel routes and revenue growth draw investment. Occupancy in Northeast San Antonio — which houses Canyon Lake, Interstate 35 to Austin and Interstate 10 connecting to Houston — will surge by 890 basis points this year. Budget-oriented travelers visiting Schlitterbahn and New Braunfels generate overnight stays in the submarket, potentially drawing in-state investors looking to capitalize on increasing road travel. Out-of-market buyers might also turn to San Antonio this year as the metro records the greatest pace of RevPAR growth among all major U.S. markets. Strong revenue prospectives could last long-term as the metro boasts a stable travel base to SeaWorld, the River Walk, and annual sporting events and festivals.





2024 MARKET FORECAST

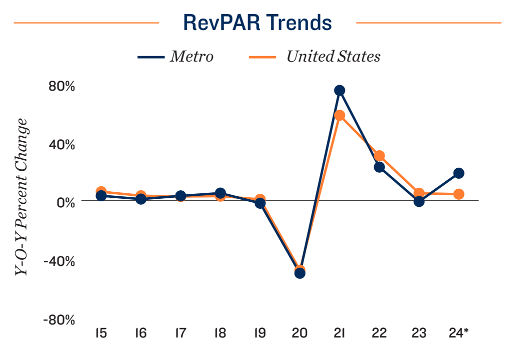
+2.3% **SUPPLY:** San Antonio continues to have the most limited development pipeline among major Texas markets. The metro expects just under 600 new rooms this year, nearly all of which are slated for the CBD or South San Antonio just outside the Interstate 410 loop.

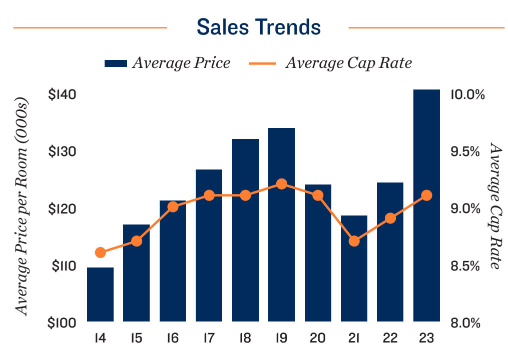
+730 bps **OCCUPANCY:** Limited construction over the last 14 years has aided occupancy in San Antonio. The metric will reach an all-time high of 68.8 percent this year, surging ahead of 2023's average, buoyed by select-service properties.

+5.9% **ADR:** Rising hotel demand places upward pressure on ADR this year, lifting the rate to $136.51. The area surrounding SeaWorld has the fastest pace of growth, elevating over 7 percent.

+18.6% **REVPAR:** Higher levels of room demand and ADR combine to push San Antonio's RevPAR to the second-highest rate among major Texas markets at $93.96, surpassing Dallas-Fort Worth.

INVESTMENT: *The San Antonio International Airport area will have the highest local occupancy rate in 2024, aided by record passenger travel in 2023, and hinting at long-term hotel demand prospects for investments.*





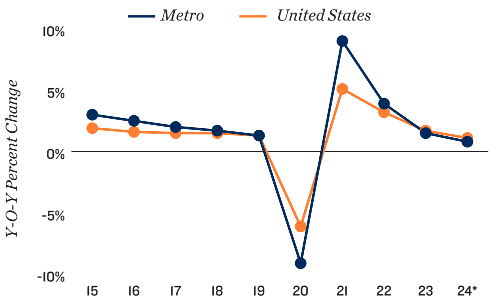
** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

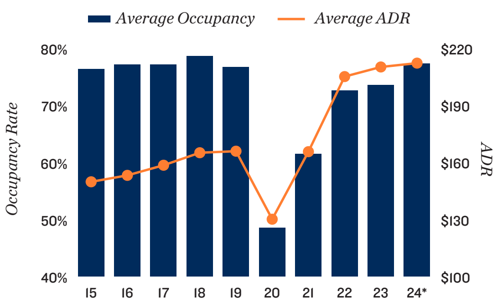
SAN DIEGO

San Diego Captures the Highest Occupancy Rate Among Major West Coast Markets

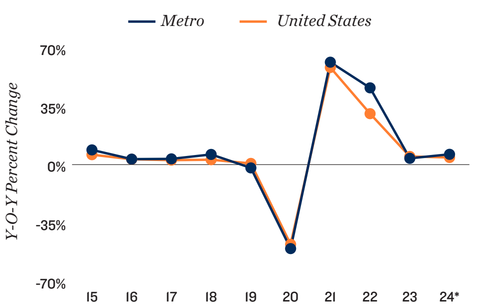
Employment Trends



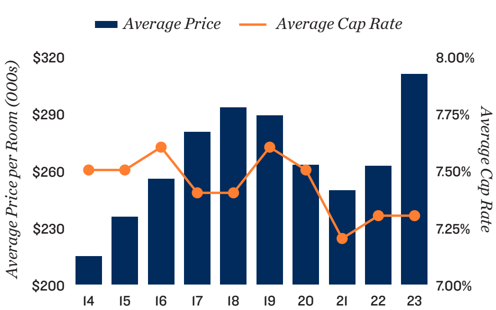
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Multiple dynamics support a record year for room nights booked. San Diego County logged an all-time high visitor count last year. Still, local hotel occupancy was unable to fully recover. This hurdle, however, is overcome during 2024, with the metro representing one of just three major U.S. markets where occupancy will surpass its 2019 recording. A full schedule of cruise ship calls and conventions, along with attractions, including the San Diego Zoo, SeaWorld and Legoland, will all serve to fuel a healthy level of tourism; however, other factors may contribute to the record-setting year. A larger number of events at Petco Park and Rady Shell may translate to a rise in local and out-of-town attendees that opt for an overnight stay in and around the CBD, rather than driving home that evening. Expectations for household budget tightening may also benefit the local hospitality sector, as families from other Southern California markets may choose San Diego for weekend vacations in lieu of longer trips elsewhere. Beyond this year, a potential rise in large-scale meetings may be on the horizon, as the Gaylord Pacific Resort & Convention Center will include nearly 500,000 square feet of convention space at completion.

Deal flow likely to be well dispersed. Nearly half of all local hotel transactions closed over the last two years involved properties that were renovated during the past 20 years. Amid elevated construction costs, a group of active investors may pursue similar opportunities over the near term. Economy, upper midscale and upper upscale assets should garner attention as each segments' occupancy rate is expected to surpass its 2019 recording this year. Buyers eying growth areas may target listings near San Diego State University, Cal State San Marcos and University of California San Diego, as each campus recently achieved record enrollment, which may translate to a rise in family-related visits moving forward.

2024 MARKET FORECAST

+1.6% **SUPPLY:** Fewer than 500 rooms will open for the third straight year in 2024. However, at 2,500 keys, the active pipeline at the onset of this year was historically large, highlighted by the 1,600-room Gaylord Pacific Resort & Convention Center in Chula Vista.

+380 bps **OCCUPANCY:** The pace of occupancy improvement accelerates, as five submarkets note gains of at least 400 basis points — led by the SeaWorld-Old Town-Airport area. At 77.3 percent, the metro's overall rate is 60 basis points above its 2019 mark.

+1.0% **ADR:** An occupancy rate that ranks as the second highest since at least 2000 supports daily rate growth, albeit moderate. At $211.98, the metro's average is the sixth highest among major U.S. markets.

+6.2% **REVPAR:** A pre-pandemic count of overnight stays and modest daily rate growth elevate San Diego's RevPAR to $163.81, a metric only surpassed by San Francisco and New York.

INVESTMENT: *The Gaylord Pacific Resort and phase one of San Diego Airport's new terminal are scheduled for 2025 completion. This may steer investors to nearby listings this year in anticipation of a future rise in demand.*

Demand Improving, but Convention Pullback and Negative Public Perceptions Hamper Gains

San Francisco's elongated recovery faces additional roadblocks. The metro's hospitality sector is enduring a unique set of challenges amid record-high office vacancy, a slow return of international travelers from Asia, concerns over safety in the city, and recent tech industry headwinds. This combination has stunted the post-pandemic momentum that other locations across the country have benefited from recently. Entering this year, RevPAR in San Francisco had the most ground to make up relative to 2019 among major U.S. hospitality markets. While tourism from Asian countries has started to pick up and some major events are taking place, like the APEC Leaders' Meeting — which drew an estimated 20,000 attendees last November — other hurdles remain fierce. For example, in early 2024, the Moscone Center announced that several conferences or events slated for this year had been canceled. Twilio terminated a contract to host an annual event that typically generates 5,500 room nights, while Samsung, Workday, Meta and VMware also scaled back plans. As a result, Moscone Center events have an estimated 409,000 hotel rooms under contract for 2024, compared to 664,000 in 2023 and nearly 1 million during pre-pandemic years.

Buyers with long-term perspectives may look beyond negative headlines. The elevated cost and tighter availability of capital, softer performance trends, and highly-publicized news regarding urban unrest are stifling investment. Some buyers are taking a wait-and-see approach expecting distress as well, particularly after the Parc 55 and Hilton Union Square hotels entered into receivership last November. Some new opportunities may emerge this year, but distress and major discounting are not expected on a large scale. The challenging climate could, however, elicit listings and present opportunities for investors confident in the long-term outlook to enter a market that has traditionally had steep barriers.

2024 MARKET FORECAST

+3.0% **SUPPLY:** Fewer than 150 rooms were under construction at the onset of 2024, the smallest total to start any year since at least 2012. As such, the delivery volume will fall 70 percent short of the long-term average in 2024, directing room demand to existing hotels.

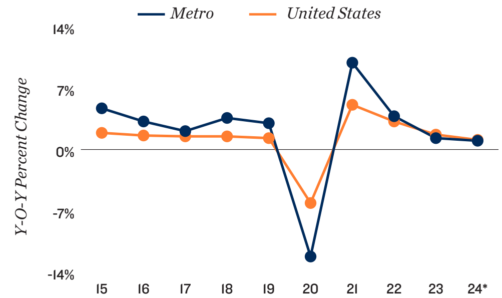
+430 bps **OCCUPANCY:** A shrinking convention slate is partially offset by improving international tourism, helping occupancy reach 70.0 percent in 2024. That rate is still over 1,200 basis points shy of 2019, but within 600 basis points of the 2000-2019 annual average.

+7.5% **ADR:** Sustained occupancy recovery supports ADR growth above 6.0 percent for a third straight year, placing the figure at $240.76 in 2024. Compared to 2019, the ADR will still be down by 2.4 percent.

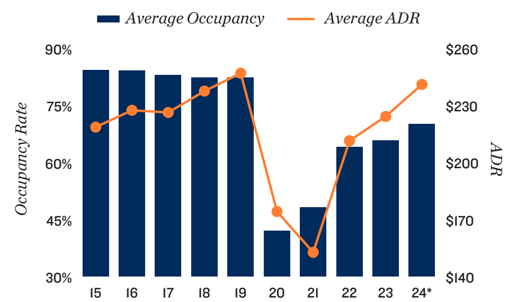
+14.6% **REVPAR:** Both occupancy and daily rates are expected to climb this year, boosting RevPAR to $168.56. That momentum narrows the deficit relative to the pre-pandemic measure to 17 percent.

INVESTMENT: *Submarkets comprising the North Bay and the peninsula south of the city are the closest to returning to pre-pandemic RevPAR. Assets here are attractive, although stronger performance may constrain listings.*

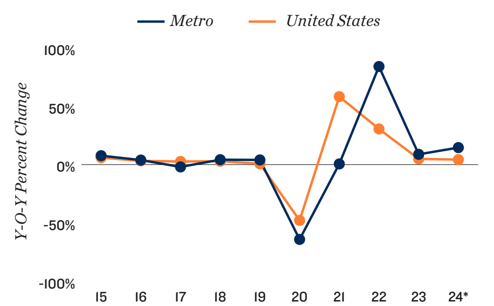
Employment Trends



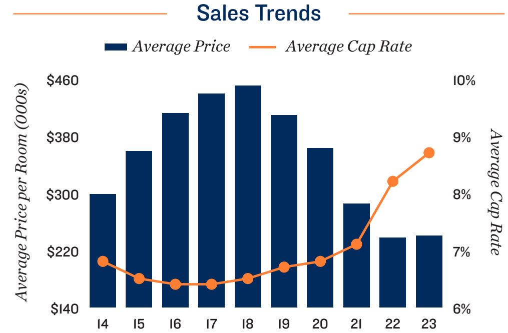
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

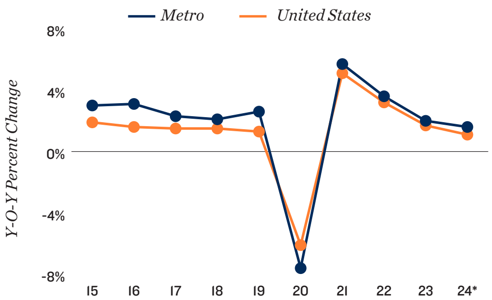
SEATTLE-TACOMA

Cruise Terminal and Airport Welcome Elevated Activity, Driving Hotel Demand Around South Seattle

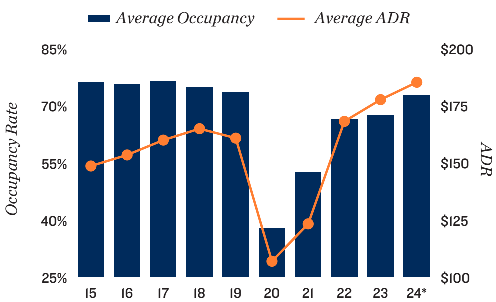
Travel hubs' success fuels occupancy leap. In 2023, the Port of Seattle welcomed an all-time high of 910,000 cruise-goers, cementing it as a primary driver of the metro's ongoing travel recovery. Seattle-Tacoma International Airport, meanwhile, noted passenger counts that were nearly on par with 2019's record-setting numbers — contributing to surrounding areas achieving their highest volume of nightly bookings yet. These two trends are continuing to build momentum, aided by the airport's Concourse C expansion, helping propel marketwide occupancy up by one of the three fastest paces among major metros this year. The rise should be most noticeable in the Kent-Renton area, where a 17 percent drop in stock over the last four years has enhanced the local product mix. Additionally, the volume of annual bookings here is anticipated to return to 1 million room nights for the first time in a half-decade, as Boeing, Discount Tire and ThyssenKrupp generate business travel by way of setting up new manufacturing and distribution facilities. Bellevue is similarly positioned to benefit from travel related to new company expansions, after The Pokémon Company inked a local office sublease in January, which was the metro's largest in over four years.

Buyers focus on proven performance, but look to limit borrowing. Aside from economy hotels, the upper midscale segment was the only chain scale to reach a record-high RevPAR in 2023. This performance should draw investors to these listings in 2024, after they already accounted for half of all trades last year. The Northend should host most of this activity, with metro-low pricing continuing to enable buyers to limit their acquisition costs. Amid Seattle's overhaul of the Alaskan Way waterfront, the CBD may also experience renewed interest. The project — which is slated for completion this year — will bolster the core's attractiveness ahead of the 2026 FIFA World Cup, an enticing prospect for investors.

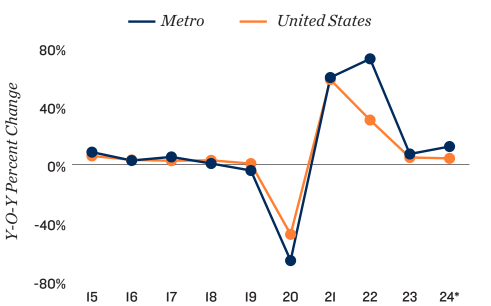
Employment Trends



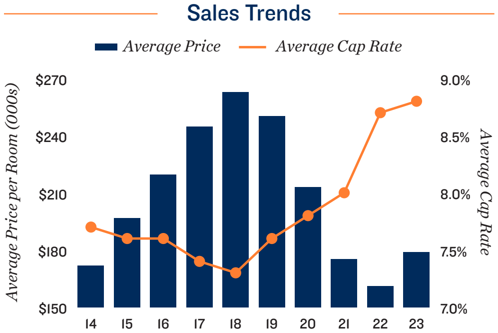
Occupancy & ADR Trends



RevPAR Trends



Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2024 MARKET FORECAST

+1.8% **SUPPLY:** The total active pipeline entered 2024 at a five-year high of approximately 1,800 rooms. Over one-third of these keys are slated for Bellevue and its surrounding suburbs, while another 25 percent of the total count will be delivered to Seattle's CBD.

+520 bps **OCCUPANCY:** Landing at 72.5 percent, occupancy rises more than 1,300 basis points above the trailing half-decade mean. Representing the largest difference among major West Coast metros, this improvement highlights the extent of Seattle-Tacoma's hotel recovery.

+4.3% **ADR:** Seattle-Tacoma's room night bookings volume will reach a new peak in 2024, underscoring the climb in ADR to $184.88. All six Seattle submarkets and Tacoma expect to hit all-time high ADRs.

+12.4% **REVPAR:** Continued ADR and occupancy improvement drive the fourth-highest RevPAR gain in the nation. The metric will advance to $134.04, marking a total 13.8 percent gain since 2019.

INVESTMENT: *Buyers who typically engage in the CBD may look outside the Seattle Tourism Improvement Area, east of 12th Ave and north of Galer St, after a new 2.3 nightly tax charge per guest was enacted here in 2023.*

Occupancy Realigns With the Pre-Pandemic Norm, But Slow Convention Activity Hinders Growth

Annual events generate hotel stays in St. Louis, despite headwinds. Occupancy in St. Louis is expected to crest 60 percent this year for the first time since 2019. The increase in overnight stays will lead to an uptick in RevPAR, pushing the metric up by a near double-digit percentage. St. Louis' new Major League Soccer team and other events like the third annual Enjoy Illinois 300 NASCAR Cup Series will contribute to rising hotel demand as they become more established. The race in Metro East is projected to draw more than 83,000 fans. Still, occupancy has not returned to the level observed in the five years preceding 2020, which averaged around 64 percent. This can, in part, be attributed to a lag in convention activity. America's Center Convention Complex located downtown is booked for 28 events this year, which is fewer than half the number of events scheduled for 2023. A $240 million expansion of the building is expected to complete this year, however, which will eliminate complications caused by construction and potentially draw more meetings to the center in coming years.

St. Louis hotels benefit from the metro's standing as a thoroughfare. Investors are likely to stay active in 2024 along major travel routes — like Interstate 70 — which runs from Baltimore, through St. Louis and ends in Utah. I-70 is also a common route to take from St. Louis to the Lake of the Ozarks region, which expects a new resort and entertainment district to open in the summer. St. Louis Lambert International Airport-adjacent hotels and neighboring areas like Hazelwood, Maryland Heights, St. Charles and Florissant could benefit from increasing tourism through the region. In-state private investors could also stay active in the economy and midscale segments as they are expected to post RevPAR growth that surpasses 10 percent in 2024.

2024 MARKET FORECAST

+1.3% **SUPPLY:** Nearly 500 keys will be completed in St. Louis this year, the fourth straight period with fewer than 700 rooms delivered. These additions will be spread out across the metro in Alton, Chesterfield, Sullivan, Clayton and Wentzville.

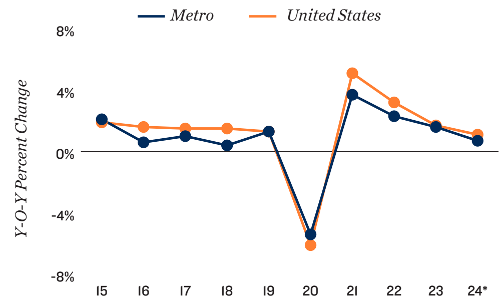
+450 bps **OCCUPANCY:** While the yearlong average occupancy rate will stay below the 2019 mark, the metric will still reach 62.6 percent in 2024, landing 200 basis points above the 2000-2019 mean. The airport area and St. Charles County will hold the highest rates.

+1.8% **ADR:** Following three years of above-average gains, St. Louis' ADR will continue to increase in 2024, albeit at a slower pace, bringing the rate $20 above the 2019 mark to $126.02.

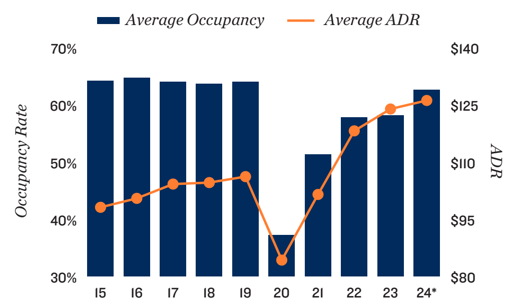
+9.7% **REVPAR:** St. Louis will claim the sixth-highest year-over-year RevPAR increase among major U.S. markets in 2024 as occupancy creeps closer to 2019 levels. The metric will be $78.90 this year.

INVESTMENT: *Investors looking to capitalize on the convention center's ongoing expansion and possible visitor increases long-term could target downtown assets around the project, despite the small 2024 event slate.*

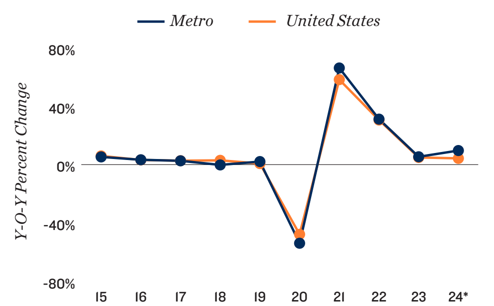
Employment Trends



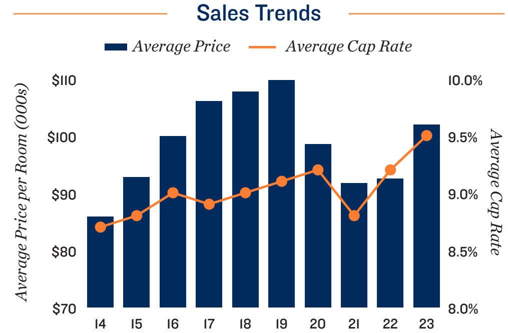
Occupancy & ADR Trends



RevPAR Trends



Sales Trends

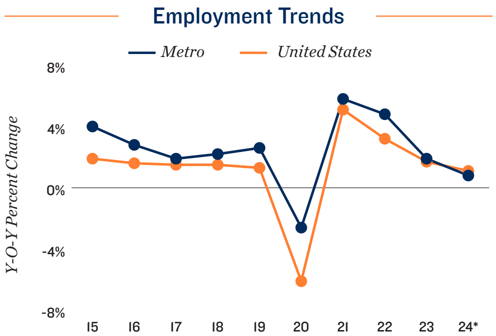


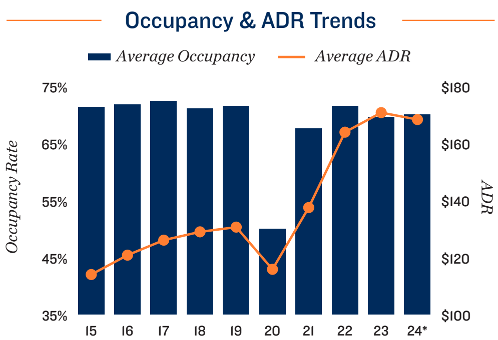
* Forecast

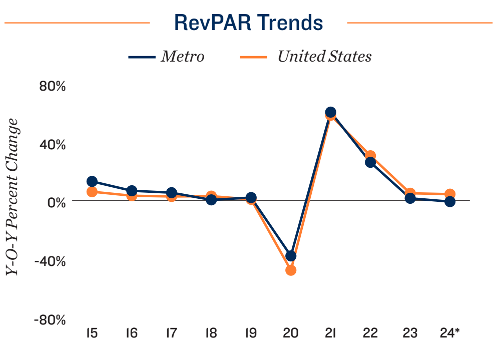
Sources: CoStar Group, Inc.; Real Capital Analytics

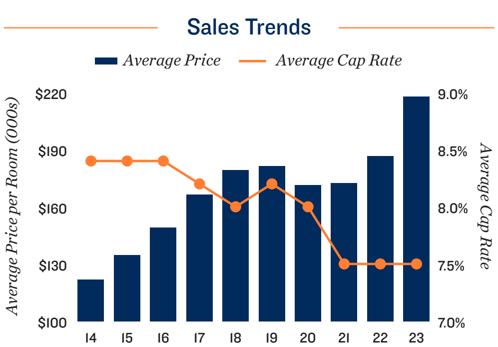
TAMPA-ST. PETERSBURG

Slowing Construction Limits New Competition; Investors Gravitate Toward Economy Options









* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Convention activity boosts room demand in 2024. While occupancy in Tampa-St. Petersburg will hold just below its 2019 rate this year, the metro will be the only major Southeast market to come within 150 basis points of its pre-pandemic mark. This comparatively strong recovery stems from slowing supply additions, after just 6,000 rooms were added in the last half-decade. Occupancy will also be aided, both this year and in the long run, by the late 2023 completion of the Tampa Convention Center renovation project, which allows the facility to host a record 39 large city-wide conventions and conferences involving multiple venues in 2024. The facility's proximity to East Tampa, which holds a lower ADR than the Tampa CBD-Airport Area, will boost the submarket's occupancy rate above the half-decade average preceding 2020. Similarly, North Tampa-Busch Gardens has an ADR lower than the overall metro rate, and benefits from its proximity to downtown and the University of South Florida. Areas with higher overnight rates like Clearwater and St. Petersburg will face headwinds from budget-oriented travelers looking for lower-cost lodging, but unparalleled beach access here still supports demand.

Investors eye waterfront and downtown assets. Rising insurance costs in Florida could dampen some investment in 2024, but investors were still active in inner areas of Tampa-St. Petersburg last year. Economy properties in beach areas like Clearwater and St. Petersburg may draw in-state buyer attention this year as travelers become more cost sensitive while these assets log increasing occupancy. Lower-than-average entry costs could also bolster investment here. Meanwhile, select-service hotels around the CBD and in East Tampa could garner interest from investors willing to pay a premium for assets as the convention center's renovation opens more meeting rooms, drawing in business travelers.

2024 MARKET FORECAST

+1.7% **SUPPLY:** Completions will reach a nine-year low as just under 600 rooms deliver in Tampa-St. Petersburg. New keys are well-dispersed, coming online in Clearwater, St. Petersburg, Dunedin and around downtown Tampa.

+40 bps **OCCUPANCY:** After dipping last year, occupancy in 2024 will elevate to 70.0 percent, just 150 basis points below the 2019 mark and above the pre-pandemic average of 63.9 percent. Full-service properties claim the highest occupancy in 2024.

-1.4% **ADR:** Following a surge in ADR from 2021-2023, the measure will decrease to $168.17 this year. Still, this level is nearly 30 percent higher than the 2019 mean.

-0.8% **REVPAR:** Increasing occupancy will not offset ADR losses, compressing Tampa-St. Petersburg's RevPAR to $117.79 in 2024. North Tampa-Busch Gardens and East Tampa will log the only increases.

INVESTMENT: *After the Brightline train route connecting Orlando to Southeast Florida opened in 2023, talks commenced around adding a track from Orlando to Tampa, a potential long-term tourism boost.*

Electoral Events to Boost CBD's Visitor Count, But High Costs Keep Investors in the Suburbs

Work-related stays spike hotel demand. The 2024 U.S. Presidential Election will accelerate the local hospitality sector's ongoing recovery. Alongside the primaries taking place in March and June, the District itself is expected to welcome a year-round boost to its visitor count from journalists, government officials and professionals participating in discussions. The CBD recorded the fastest demand increase across all major U.S. submarkets last year, and that momentum will carry into 2024 as election-related visitations lift the number of local bookings to within 2 percent of 2019's record level. Many of these government- and business-sponsored trips will support demand at select-service hotels, helping propel the segment's occupancy to the highest rate since 2018 this year. Improved hiring momentum in white collar fields unrelated to the elections should provide another tailwind for business travel as job candidates visit the metro for interviews. While stays related to recruitment stand to most benefit the CBD's hotels, the metro's outlying office hubs are also positioned to receive this demand driver. Suburban Virginia reached record hotel occupancy last year, coinciding with its strongest office sector net absorption since 2019.

Suburban areas provide greater upside. Washington, D.C. reversed a three-year pricing slide for local hotel assets in 2023. However, cap rates have continued to rise amid expense pressures from a higher cost of capital, narrowing investors' spreads. Buyers are typically targeting lower-cost suburban assets to bolster upside amid this headwind, with listings of select-service hotels at prices of under $120,000 per room generating notable interest. These trades were most frequent in Southeastern Maryland in 2023, but record demand in Suburban Virginia during the year should elicit more investment here moving forward.

2024 MARKET FORECAST

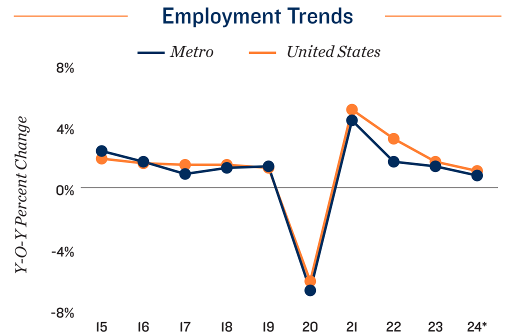
+2.9% **SUPPLY:** Completions pick up in 2024 after an 11-year low room count was delivered to Washington, D.C. in 2023. The CBD, Dulles Airport Area and Interstate-95 Fredericksburg Corridor each had more than 500 rooms under construction as they entered 2024.

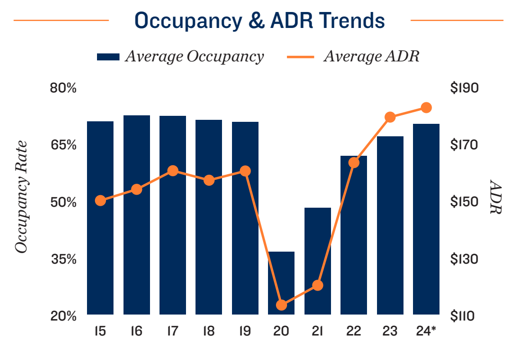
+330 bps **OCCUPANCY:** Marketwide occupancy lands at 70.0 percent, roughly 1,350 basis points above the trailing half-decade average. This will mark the largest difference in the nation, underscoring the metro's comparatively late, but momentous, occupancy recovery.

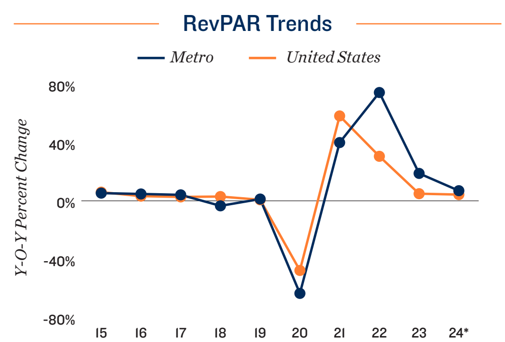
+1.9% **ADR:** Completing a later ADR recovery, midscale hotels join all other chain scales by posting a new record rate. This combines with consecutive all-time highs in other segments to lift ADR to $182.36.

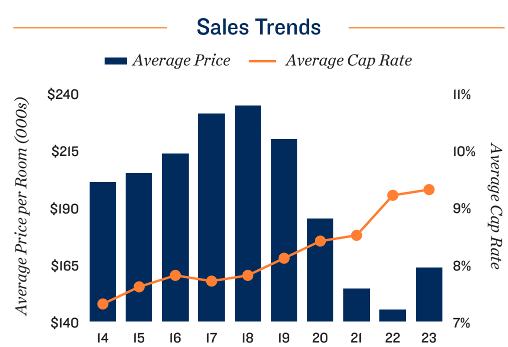
+7.0% **REVPAR:** This year's RevPAR momentum primarily comes from occupancy inching within 50 basis points of the 2019 level. The rate of $127.72 will mark a 13 percent RevPAR gain since that time.

INVESTMENT: *The 2025 delivery of Virginia Tech's Innovation Campus is leading hotels in the Alexandria area to land on more buyers' radars. The NBA's Washington Wizards are also slated to relocate here by 2028.*









** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

United States

Corporate Headquarters
Marcus & Millichap
23975 Park Sorrento
Suite 400
Calabasas, CA 91302
(818) 212-2250
www.MarcusMillichap.com

Atlanta
1100 Abernathy Road, N.E.
Building 500, Suite 600
Atlanta, GA 30328
(678) 808-2700
John M. Leonard

Austin
9600 N. Mopac Expressway
Suite 300
Austin, TX 78759
(512) 338-7800
Bruce Bentley III

Bakersfield
4900 California Avenue
Tower B, Second Floor
Bakersfield, CA 93309
(661) 377-1878
Jim Markel

Baltimore
One West Pennsylvania Avenue
Suite 850
Towson, MD 21204
(443) 703-5000
Brian Hosey

Baton Rouge
10527 Kentshire Court, Suite B
Baton Rouge, LA 70810
(225) 376-6800
Jody McKibben

Birmingham
800 Shades Creek Parkway
Suite 815
Birmingham, AL 35209
(205) 510-9200
Jody McKibben

Boise
800 W. Main Street, Suite 1460
Boise, ID 83702
(208) 401-9321
Adam Lewis

Boston
100 High Street, Suite 1025
Boston, MA 02110
(617) 896-7200
Thomas Shihadeh

Charleston
151 Meeting Street, Suite 450
Charleston, SC 29401
(843) 952-2222
Benjamin Yelm

Charlotte Uptown
201 S. Tryon Street, Suite 1220
Charlotte, NC 28202
(704) 831-4600
Benjamin Yelm

Chicago Downtown
333 W. Wacker Drive, Suite 200
Chicago, IL 60606
(312) 327-5400
Joseph Powers

Chicago Oak Brook
One Mid-America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(630) 570-2200
Steven D. Weinstock

Cincinnati
600 Vine Street, 10th Floor
Cincinnati, OH 45202
(513) 878-7700
Josh Caruana

Cleveland
Crown Center
5005 Rockside Road, Suite 800
Independence, OH 44131
(216) 264-2000
Grant Fitzgerald

Columbia
1320 Main Street, Suite 300
Columbia, SC 29201
(803) 678-4900
Benjamin Yelm

Columbus
500 Neil Avenue, Suite 100
Columbus, OH 43215
(614) 360-9800
Grant Fitzgerald

Dallas
5001 Spring Valley Road, Suite 100W
Dallas, TX 75244
(972) 755-5200
Mark R. McCoy

Dallas Uptown
3131 Turtle Creek Boulevard
Suite 1200
Dallas, TX 75219
(972) 267-0600
Mark R. McCoy

Denver
1144 15th Street, Suite 2150
Denver, CO 80202
(303) 328-2000
Adam A. Lewis

Detroit
2 Towne Square, Suite 450
Southfield, MI 48076
(248) 415-2600
Steven Chaben

Encino
16830 Ventura Boulevard, Suite 100
Encino, CA 91436
(818) 212-2700
Jim Markel

Fort Lauderdale
5900 N. Andrews Avenue, Suite 100
Fort Lauderdale, FL 33309
(954) 245-3400
Harrison E. Rein

Fort Worth
300 Throckmorton Street, Suite 1500
Fort Worth, TX 76102
(817) 932-6100
Mark R. McCoy

Fresno
6795 N. Palm Avenue, Suite 109
Fresno, CA 93704
(559) 476-5600
Jim Markel

Greensboro
200 Centreport Drive, Suite 160
Greensboro, NC 27409
(336) 450-4600
Benjamin Yelm

Hampton Roads
208 GoldenOak Ct, Suite 210
Virginia Beach, VA 23452
(757) 777-3737
Benjamin Yelm

Houston
3 Riverway, Suite 800
Houston, TX 77056
(713) 452-4200
Ford Noe

Indianapolis
600 E. 96th Street, Suite 500
Indianapolis, IN 46240
(317) 218-5300
Josh Caruana

Inland Empire
3281 E. Guasti Road, Suite 800
Ontario, CA 91761
(909) 456-3400
Mario J. Alvarez, Jr.

Iowa
425 Second Street S.E., Suite 610
Cedar Rapids, IA 52401
(319) 333-7743
Todd Lindblom

Jacksonville
5200 Belfort Road, Suite 250
Jacksonville, FL 32256
(904) 672-1400
Justin W. West

Kansas City
7400 College Boulevard, Suite 105
Overland Park, KS 66210
(816) 410-1010
David Saverin

Knoxville
1111 Northshore Drive, Suite S-301
Knoxville, TN 37919
(865) 299-6300
Jody McKibben

Las Vegas
9205 W Russell Road, Suite 100
Las Vegas, NV 89148
(702) 215-7100
Cameron Glinton

Los Angeles
1900 Avenue of the Stars, Suite 2000
Los Angeles, CA 90067
(213) 943-1800
Tony Solomon

Louisville
9300 Shelbyville Road, Suite 1012
Louisville, KY 40222
(502) 329-5900
Josh Caruana

Manhattan
260 Madison Avenue, Fifth Floor
New York, NY 10016
(212) 430-5100
John Horowitz

Memphis
5100 Poplar Avenue, Suite 2505
Memphis, TN 38137
(901) 620-3600
Jody McKibben

Miami
2916 North Miami Avenue, Suite 700
Miami, FL 33127
(786) 522-7000
Harrison E. Rein

Milwaukee
13890 Bishops Drive, Suite 300
Brookfield, WI 53005
(262) 364-1900
Todd Lindblom

Minneapolis
1601 Utica Avenue South, Suite 301
Minneapolis, MN 55416
(952) 852-9700
Todd Lindblom

Mobile
208 N. Greeno Road, Suite B-2
Fairhope, AL 36532
(251) 929-7300
Jody McKibben

Nashville
6 Cadillac Drive, Suite 100
Brentwood, TN 37027
(615) 997-2900
Jody McKibben

New Haven
265 Church Street
Suite 210
New Haven, CT 06510
(203) 672-3300
John Horowitz

New Jersey
250 Pehle Avenue, Suite 501
Saddle Brook, NJ 07663
(201) 742-6100
Jim McGuckin

New Mexico
100 Sun Avenue N.E., Suite 650
Albuquerque, NM 87109
(505) 445-6333
Ryan Sarbinoff

Oakland
555 12th Street, Suite 1750
Oakland, CA 94607
(510) 379-1200
Ramon Kochavi

Oklahoma City
101 Park Avenue, Suite 1300
Oklahoma City, OK 73102
(405) 446-8238
Jody McKibben

Orange County
19800 MacArthur Boulevard
Suite 150
Irvine, CA 92612
(949) 419-3200
Jonathan Giannola

Orlando
300 S. Orange Avenue, Suite 700
Orlando, FL 32801
(407) 557-3800
Justin W. West

Palm Springs
74-710 Highway 111, Suite 102
Palm Desert, CA 92260
(909) 456-3400
Mario J. Alvarez, Jr.

Palo Alto
2626 Hanover Street
Palo Alto, CA 94304
(650) 391-1700
Ramon Kochavi

Philadelphia
2005 Market Street, Suite 1510
Philadelphia, PA 19103
(215) 531-7000
Timothy B. Stephenson, Jr.

Phoenix
2398 E. Camelback Road, Suite 300
Phoenix, AZ 85016
(602) 687-6700
James K. Crawley

Portland
111 S.W. Fifth Avenue, Suite 1950
Portland, OR 97204
(503) 200-2000
David Tabata

Raleigh
101 J Morris Commons Lane,
Suite 130
Morrisville, NC 27560
(919) 674-1100
Benjamin Yelm

Reno
50 W. Liberty Street, Suite 400
Reno, NV 89501
(775) 348-5200
Daniel A. Kapic

Richmond
4401 Waterfront Drive, Suite 230
Glen Allen, VA 23060
(804) 802-6900
Benjamin Yelm

Sacramento
3741 Douglas Boulevard, Suite 200
Roseville, CA 95661
(916) 724-1400
Daniel A. Kapic

Sacramento Downtown
333 University, Suite 150
Sacramento, CA 95825
(916) 724-1400
Daniel A. Kapic

Salt Lake City
95 South State Street, Suite 1280
Salt Lake City, UT 84111
(801) 736-2600
Adam Christofferson

San Antonio
8200 IH-10 W, Suite 603
San Antonio, TX 78230
(210) 343-7800
Bruce Bentley III

San Diego
12544 High Bluff Drive, Suite 100
San Diego, CA 92130
(858) 373-3100
Damon Wyler

San Francisco
750 Battery Street, Fifth Floor
San Francisco, CA 94111
(415) 963-3000
Ramon Kochavi

Seattle
401 Union Street, 32nd Floor
Seattle, WA 98101
(206) 826-5700
Joel Deis

South Bay
880 Apollo Street, Suite 101
El Segundo, CA 90245
(424) 405-3900
Dawson Rinder

St. Louis
7800 Forsyth Boulevard, Suite 710
St. Louis, MO 63105
(314) 889-2500
David Saverin

Tampa
201 N. Franklin St., Suite 1100
Tampa, FL 33602
(813) 387-4700
David G. Bradley

Tucson
2 E Congress Street, Suite 1050
Tucson, AZ 85701
(520) 202-2900
James K. Crawley

Washington, D.C.
7200 Wisconsin Avenue, Suite 1101
Bethesda, MD 20814
(202) 536-3700
Brian Hosey

Westchester
50 Main Street, Suite 925
White Plains, NY 10606
(914) 220-9730
John Horowitz

Canada

Calgary
602-16 Avenue Northwest
Suite 211
Calgary, Alberta T2M 0J7
(587) 349-1302
Michael Heck

Edmonton
10175 101 Street, Suite 1820
Edmonton, Alberta T5J 0H3
(587) 756-1600
Michael Heck

Montreal
1250 Rene Leveque Boulevard West
Suite 2200
Montreal, Quebec H3B 4WB
(438) 844-6500
Kevin Marshall

Ottawa
275 Bank Street, Suite 301
Ottawa, Ontario K2P 2L6
(613) 364-2300
Mark Paterson

Toronto
200 King Street W, Suite 1210
Toronto, Ontario M5H 3T4
(416) 585-4646
Mark Paterson

Vancouver
1111 West Georgia Street, Suite 1100
Vancouver, British Columbia
V6E 4M3
(604) 638-2121
Michael Heck

CONTACTS, SOURCES AND DEFINITIONS

Hospitality Division

Biran Patel | *Senior Vice President, Director*
(972) 755-5200 | biran.patel@marcusmillichap.com

Research Services Division

John Chang | *Senior Vice President, Director*
Peter Tindall | *Vice President, Director of Research Operations*
Greg Willett | *First Vice President, IPA Multifamily Research*
Luke Simurda | *Director of Canada Research*
Cody Young | *Research Publication Manager*
Jacinta Tolinos | *Research Operations Manager*
Joshua Craft | *Research Analyst*
Maria Erofeeva | *Graphic Designer*
Luis Flores | *Research Analyst II*
Nayomi Garcia | *Copy Editor, Digital Media Editor*
Jessica Henn | *Research Analyst*
Benjamin Kunde | *Research Analyst II*
Luke Murphy | *Research Analyst*
Chris Ngo | *Data Analyst II*
Adam Norbury | *Data Analyst II*
Benjamin Otto | *Digital Media Manager*
Erik Pisor | *Research Analyst*
Daniel Spinrad | *Research Analyst*
Musab Salih | *Junior Data Analyst*
Neel Sodhi | *Research Associate*
Frank Zhao | *Research Associate*

Contact:

John Chang | *Senior Vice President*
Director, Research and Advisory Services
4545 East Shea Boulevard, Suite 201
Phoenix, Arizona 85028
(602) 707-9700 | john.chang@marcusmillichap.com

Senior Management Team

Hessam Nadji
President and Chief Executive Officer

Richard Matricaria
Executive Vice President, Chief Operating Officer, Western Division

J.D. Parker
Executive Vice President, Chief Operating Officer, Eastern Division

Evan Denner
Executive Vice President, Head of Business, MMCC

Steve DeGennaro
Executive Vice President, Chief Financial Officer

Gregory A. LaBerge
Senior Vice President, Chief Administrative Officer

Andrew Strockis
Senior Vice President, Chief Marketing Officer

Adam Christofferson
Senior Vice President, Division Manager

Michael L. Glass
Senior Vice President, Division Manager

John Horowitz
Senior Vice President, Division Manager

Brian Hosey
Senior Vice President, Division Manager

Ryan Nee
Senior Vice President, Division Manager

Tim Speck
Senior Vice President, Division Manager

John Vorsheck
Senior Vice President, Division Manager

Media Contact:

Gina Relva | *Public Relations Director*
555 12th Street, Suite 1750
Oakland, CA 94607
(925) 953-1716 | gina.relva@marcusmillichap.com

Statistical Summary Note: Metro-level employment, occupancy and revenue metrics are based on the most up-to-date information available as of February 2024. Supply and supply change metrics are based on the total number of available room nights, and includes both newly delivered inventory and re-openings. Hotel chain scale definitions are based on information available as of February 2024. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; Atlanta Convention & Visitors Bureau; Chicago Tourism Authority; Cleveland Hopkins Airport; Cincinnati Regional Chamber's Center for Research and Data; City of Chandler; CoStar Group, Inc.; Detroit Auto Show; Detroit Auto Dealers Association; Federal Reserve; Fly Denver; Forbes Advisor Travel Survey; Fort Lauderdale-Hollywood International Airport; Hilton Hotels 2024 Travel Report; Houston Airports; Las Vegas Convention and Visitors Authority; Lonely Planet; Los Angeles Tourism and Convention Board; John Wayne Airport; Massport; Miami International Airport; Minneapolis-St. Paul Metropolitan Airports Commission; Moody's Analytics; NerdWallet; Oxford Economics; Real Capital Analytics; RealPage, Inc.; Portland.gov; Port Miami; Port of Portland; Port of Seattle; The Conference Board; San Antonio Hotel & Lodging Association; San Antonio International Airport; San Diego Tourism Authority; Seattle.gov; Tampa Convention Center; Temple University; Trepp; U.S. Census Bureau; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Bureau of Transportation Statistics; U.S. Bureau of Travel Statistics; U.S. Department of Labor; U.S. Energy Information Administration; U.S. Transportation Security Administration; U.S. Travel Association; Visit Anaheim; Visit San Antonio; Visit Denver; Visit Nashville

STATISTICAL SUMMARY

Market Name	Employment Growth[2]				Rooms Currently Under Construction[2]	Occupancy[2]				ADR[2]				RevPAR[2]				Market Name
	2021	2022	2023	2024*		2021	2022	2023	2024*	2021	2022	2023	2024*	2021	2022	2023	2024*	
Atlanta	6.0%	3.4%	2.4%	1.3%	3,500	60.1%	64.9%	65.1%	67.4%	$100.00	$118.28	$125.42	$128.24	$60.10	$76.78	$81.66	$86.49	Atlanta
Austin	10.0%	6.0%	2.6%	2.2%	2,400	62.4%	68.1%	67.9%	63.3%	$129.16	$168.81	$170.78	$176.56	$80.60	$114.98	$115.94	$111.76	Austin
Boston	5.4%	3.1%	2.5%	1.3%	700	51.2%	67.3%	72.2%	72.2%	$155.75	$211.09	$224.19	$224.44	$79.76	$142.14	$161.82	$162.06	Boston
Charlotte	3.9%	3.1%	2.6%	2.2%	1,000	54.5%	63.5%	65.2%	63.9%	$97.04	$119.65	$123.96	$129.18	$52.88	$75.93	$80.75	$82.55	Charlotte
Chicago	5.7%	2.7%	0.6%	0.6%	1,300	49.7%	60.9%	63.0%	65.8%	$119.67	$155.87	$160.51	$164.46	$59.46	$94.97	$101.19	$108.25	Chicago
Cincinnati	4.2%	2.7%	2.0%	1.7%	1,600	54.8%	59.8%	60.5%	58.3%	$102.97	$117.35	$124.55	$126.42	$56.44	$70.14	$75.37	$73.75	Cincinnati
Cleveland	2.7%	1.1%	1.8%	1.4%	600	50.9%	57.6%	60.5%	65.5%	$104.95	$121.37	$126.71	$130.24	$53.40	$69.94	$76.62	$85.35	Cleveland
Dallas-Fort Worth	6.7%	5.6%	2.8%	2.3%	6,900	59.2%	65.5%	66.5%	65.1%	$98.15	$117.48	$125.87	$130.22	$58.10	$77.00	$83.69	$84.80	Dallas-Fort Worth
Denver	7.0%	2.4%	-0.9%	0.5%	2,000	58.8%	67.8%	69.4%	71.6%	$116.91	$141.24	$149.35	$151.89	$68.69	$95.71	$103.60	$108.82	Denver
Detroit	6.1%	2.0%	-0.1%	0.2%	1,700	54.2%	57.7%	59.1%	61.4%	$99.21	$115.71	$121.50	$122.54	$53.76	$66.76	$71.78	$75.21	Detroit
Fort Lauderdale	6.1%	3.1%	3.4%	2.0%	1,300	69.5%	71.8%	72.0%	72.0%	$154.47	$185.57	$185.38	$189.76	$107.35	$133.15	$133.42	$136.53	Fort Lauderdale
Houston	5.7%	4.7%	2.1%	1.6%	2,400	54.1%	56.6%	59.8%	60.7%	$94.75	$106.47	$113.22	$112.21	$51.26	$60.27	$67.72	$68.06	Houston
Indianapolis	4.9%	5.0%	2.9%	1.1%	2,700	56.1%	60.8%	61.0%	59.2%	$104.58	$125.92	$131.10	$137.60	$58.69	$76.58	$79.96	$81.50	Indianapolis
Jacksonville	4.8%	3.4%	2.8%	1.7%	1,300	68.7%	70.3%	68.4%	65.8%	$122.50	$138.07	$142.69	$150.82	$84.10	$97.08	$97.55	$99.30	Jacksonville
Las Vegas	13.9%	6.0%	4.1%	2.1%	900	65.3%	74.4%	77.9%	78.7%	$138.82	$176.05	$194.78	$193.89	$90.58	$130.99	$151.72	$152.62	Las Vegas
Los Angeles	8.4%	2.8%	2.1%	0.9%	2,100	63.6%	70.4%	71.7%	76.4%	$158.76	$194.96	$197.91	$208.88	$100.91	$137.17	$141.81	$159.64	Los Angeles
Miami-Dade	7.1%	4.9%	3.9%	2.1%	2,200	67.8%	73.1%	71.9%	71.3%	$204.61	$233.53	$221.34	$224.11	$138.75	$170.61	$159.22	$159.79	Miami-Dade
Minneapolis-St. Paul	5.4%	2.1%	1.6%	0.8%	200	44.2%	55.1%	57.4%	58.9%	$101.16	$124.15	$129.23	$132.28	$44.74	$68.44	$74.11	$77.88	Minneapolis-St. Paul
Nashville	5.2%	5.5%	2.2%	1.0%	3,500	58.9%	68.3%	68.9%	69.8%	$136.74	$169.58	$179.02	$177.79	$80.58	$115.82	$123.38	$124.12	Nashville
New York City	7.4%	5.4%	1.2%	1.1%	8,800	61.0%	75.0%	81.6%	83.7%	$201.60	$277.63	$301.22	$302.20	$122.88	$208.17	$245.77	$252.88	New York City
Orange County	7.5%	3.3%	2.1%	1.0%	500	57.2%	70.1%	71.6%	74.1%	$169.28	$202.36	$211.42	$213.42	$96.75	$141.87	$151.34	$158.16	Orange County
Orlando	10.2%	5.7%	1.8%	1.7%	5,300	57.5%	73.4%	72.7%	74.8%	$145.61	$185.98	$192.98	$204.28	$83.75	$136.53	$140.23	$152.69	Orlando
Philadelphia	6.0%	3.6%	2.6%	0.8%	800	55.0%	60.0%	61.3%	66.5%	$120.89	$146.12	$151.81	$152.53	$66.48	$87.60	$92.99	$101.38	Philadelphia
Phoenix	5.5%	3.1%	1.8%	1.7%	4,000	62.7%	68.3%	68.4%	69.0%	$128.12	$161.73	$173.80	$175.72	$80.35	$110.37	$118.92	$121.27	Phoenix
Portland	6.2%	3.6%	1.4%	1.0%	900	54.1%	60.6%	61.3%	60.2%	$115.12	$136.28	$139.65	$148.16	$62.31	$82.58	$85.58	$89.25	Portland
Riverside-San Bernardino	7.4%	2.7%	1.9%	0.6%	2,500	65.1%	66.1%	64.5%	62.0%	$131.27	$153.82	$156.04	$159.69	$85.47	$101.65	$100.57	$99.00	Riverside-San Bernardino
Salt Lake City	4.3%	3.1%	1.8%	1.3%	600	63.3%	68.7%	69.1%	67.4%	$101.73	$126.47	$136.46	$135.36	$64.41	$86.89	$94.32	$91.22	Salt Lake City
San Antonio	5.5%	4.7%	3.1%	2.0%	900	59.0%	62.2%	61.5%	68.8%	$110.07	$128.31	$128.86	$136.51	$64.97	$79.79	$79.20	$93.96	San Antonio
San Diego	9.0%	3.9%	1.5%	0.8%	2,500	61.5%	72.6%	73.5%	77.3%	$165.44	$204.89	$209.94	$211.96	$101.79	$148.65	$154.26	$163.81	San Diego
San Francisco	9.9%	3.8%	1.3%	1.0%	100	48.1%	64.0%	65.7%	70.0%	$152.55	$211.15	$223.96	$240.76	$73.43	$135.15	$147.10	$168.56	San Francisco
Seattle-Tacoma	5.7%	3.6%	2.0%	1.6%	1,800	52.4%	66.3%	67.3%	72.5%	$122.98	$167.78	$177.28	$184.88	$64.43	$111.15	$119.25	$134.04	Seattle-Tacoma
St. Louis	3.7%	2.3%	1.6%	0.7%	700	51.3%	57.8%	58.1%	62.6%	$101.41	$118.06	$123.79	$126.02	$52.05	$68.28	$71.95	$78.90	St. Louis
Tampa-St. Petersburg	5.8%	4.8%	1.9%	0.8%	1,500	67.6%	71.5%	69.6%	70.0%	$137.35	$163.75	$170.60	$168.17	$92.84	$117.05	$118.76	$117.79	Tampa-St. Petersburg
Washington, D.C.	4.4%	1.7%	1.4%	0.8%	2,500	48.0%	61.6%	66.7%	70.0%	$120.12	$163.10	$179.02	$182.36	$57.65	$100.50	$119.41	$127.72	Washington, D.C.
United States	**5.1%**	**3.0%**	**2.0%**	**1.1%**	**151,000**	**57.5%**	**62.6%**	**63.0%**	**63.9%**	**$124.40**	**$149.24**	**$155.62**	**$159.42**	**$71.53**	**$93.39**	**$97.97**	**$101.87**	**United States**

** Forecast*

[2] See Statistical Summary Note on Page 48.

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Marcus & Millichap

Marcus & Millichap

BIRAN PATEL

Senior Vice President, Director
Hospitality Division
biran.patel@marcusmillichap.com

EVAN DENNER

Executive Vice President, Head of Business
Marcus & Millichap Capital Corporation
evan.denner@marcusmillichap.com

JOHN CHANG

Senior Vice President, Director
Marcus & Millichap Research Services
john.chang@marcusmillichap.com

OFFICES THROUGHOUT THE UNITED STATES AND CANADA

RESEARCH SERVICES

4545 E. Shea Boulevard • Phoenix, AZ 85028 • 602.707.9700