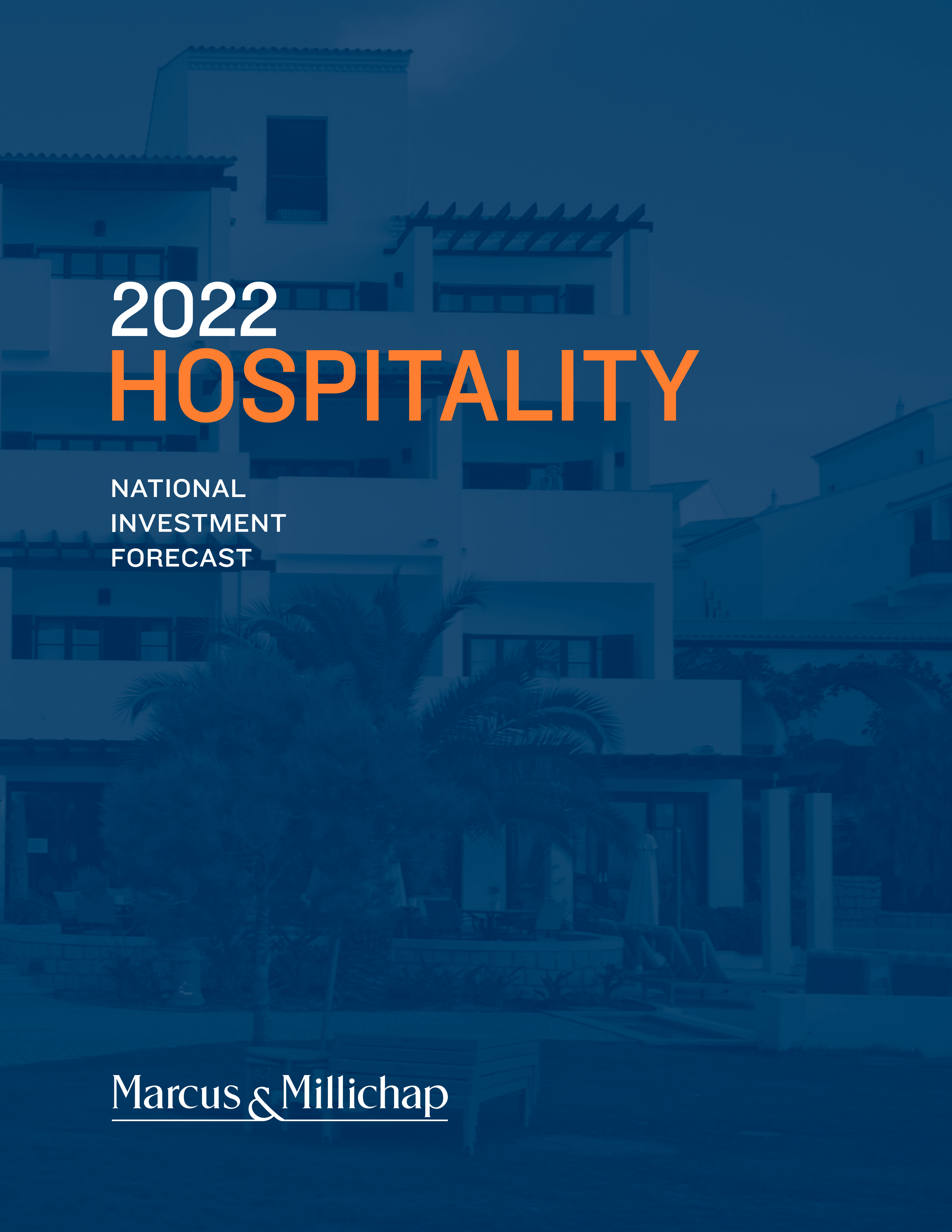


2022 HOSPITALITY

NATIONAL
INVESTMENT
FORECAST

Marcus & Millichap

TO OUR VALUED CLIENTS

To Our Valued Clients,

The durability of hospitality investors cannot be overstated as the global pandemic begins to recede in the rear-view mirror. Finally, after two challenging years, performance metrics have begun to approach pre-pandemic levels. Several hospitality segments, most notably those dependent upon business travelers, still have considerable ground to recover, but the overall momentum is now pointed in the right direction.

Though countless investment funds were created to await a much-anticipated wave of foreclosure assets, few actually materialized. Well-capitalized operators weathered the downturn by leveraging government stimulus and their own deep pockets — investor tenacity cannot be overstated. Entering 2022, at least the limited-service portion of the business appears to have finally made a substantive recovery, and it appears full-service hotels will mount significant gains this year as well.

Hotel financing is much improved, and transactional activity has strengthened. In the coming year, many investors will recalibrate their portfolios now that they can sell assets without leaving substantial equity on the table. With rising occupancy rates and ADRs in many cases above pre-COVID-19 levels, hospitality investors appear poised to engage a more normalized marketplace this year. Pockets of underperformance still certainly exist, but the outlook continues to brighten.

To help commercial real estate investors adapt to and capitalize on the unprecedented health crisis-driven economic and investment climate, Marcus & Millichap presents the 2022 National Hospitality Investment Forecast. As always, our investment brokerage and financing specialists across the U.S. and Canada are at your disposal, providing street-level investment guidance to empower your decisions.

Thank you and here's to your continued success,

BIRAN PATEL
Senior Vice President/National Director
Hospitality Division

JOHN CHANG
Senior Vice President/Director
Research Services Division

National Perspective

Market Overviews

Canada

Client Services

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

National Economy

- Despite the substantial pandemic-driven disruptions of 2020, gross domestic product made a full recovery by the end of 2021. The economy is expected to grow by another 3 percent to 4 percent this year. More than $5 trillion of accumulated savings deposits and money market funds remain poised to be spent or invested, thereby driving growth.
- The main impediment to growth this year comes from logistical challenges. A shortage of everything from raw materials to finished goods is pushing up prices for businesses and consumers alike, and resolving these supply chain backlogs will take time. The more prolonged the inflationary pressure, the greater the risk of erosion to consumer spending.
- Another challenge buffeting the economy this year is the labor shortage. While over 85 percent of the jobs lost during the initial months of the health crisis have been recovered, not all professions benefited equally. The close interpersonal nature of many leisure and hospitality jobs meant the sector was severely impaired by the health crisis and positions have been slow to recover.

National Hotel Overview

- Hotels have made remarkable progress in the wake of the global health crisis. Room demand has been driven predominantly by domestic leisure travel, as made evident by higher concentrations of weekend and holiday bookings. Weekday stays have yet to normalize, however, as ongoing remote work and more difficult international travel are limiting the volume of both business and international visits. As omicron tapered in early 2022, travel started to accelerate.
- The greatest gains in travel this year will come from large group events and business trips. Most sporting events have returned with full attendance, giving other organizations confidence to hold other types of gatherings and conventions. While a broad shift back to offices has yet to occur, many states are in the process of phasing out mask mandates. This could be a potential turning point for business travel.
- Encouraged by accumulated household savings, average daily rates surpassed monthly pre-pandemic levels at the end of 2021. The recovery in room rates was led by both more budget-friendly economy and midscale hotels, as well as luxury properties.

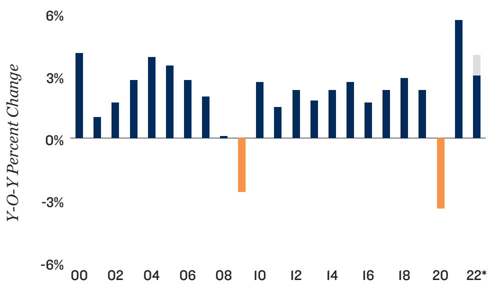
Capital Markets

- This year, the Federal Reserve will have to carefully time policy decisions in order to curb high inflation, without derailing economic progress. To address rising inflation, the Federal Open Market Committee (FOMC) will conclude its asset purchases in March, at which point the FOMC may also raise the federal funds rate off the zero percent lower bound. The Fed may also consider reducing its balance sheet.
- The lending landscape for hotels has undergone a substantial revival since the onset of the pandemic. In 2020, capital was severely constrained, limiting the volume of investment sales. By the middle of 2021, most lenders had returned to the marketplace, including CMBS sources. While capital is now more available, potential deals are undergoing careful due diligence. Lending criteria is generally more conservative than it was before the pandemic, but terms vary based on the individual attributes of the assets under consideration.

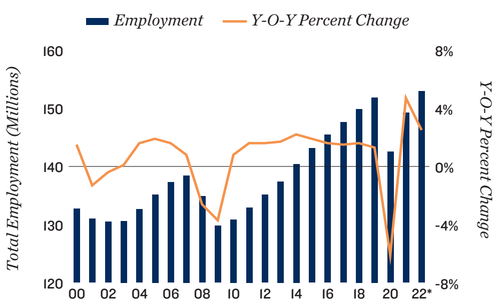
Hotel Investment Outlook

- After a roughly one-third contraction in sales activity in 2020, velocity rebounded last year with more hotels changing hands than in 2019, which was the previous peak. This is a highly positive sign for the sector. The creation of vaccines and other treatments that reduce the health risks of COVID-19 are improving most people's comfort with travel and lifting investor sentiment.
- Buyers are gravitating to properties that offer travelers a value entry point, a segment that outperformed during the health crisis. Investor interest in higher service-level hotels has not dried up either. Year-over-year, sales activity jumped across all chain scales, with upper upscale and luxury hotels returning to pre-pandemic volumes.
- Multidecade high inflation is prompting more consideration of lodging assets. Hotels adjust room rates on a daily basis, giving them considerable pricing flexibility relative to other commercial property types. As such, more investors may consider investing in hotels this year as a potential inflation hedge, as operations continue to normalize.

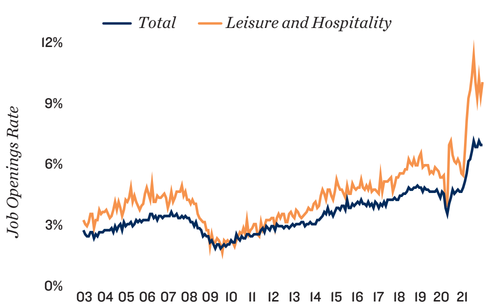
GDP Growth Trends



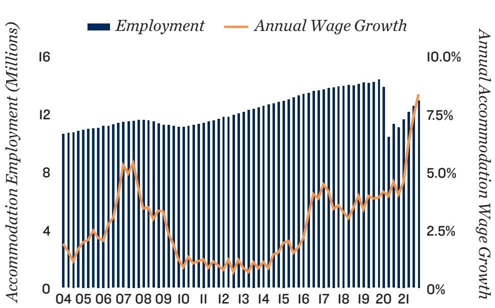
Employment Trends



Job Openings Rate



Accommodation Wage Pressure Rising



* Forecast

Economy Follows Steady Growth Trajectory; Hospitality Sector Faces Protracted Labor Recovery

Elevated savings buttress economic outlook. Despite the substantial pandemic-drive disruptions of 2020, gross domestic product made a full recovery by the end of 2021. The economy is expected to grow by another 3 percent to 4 percent this year. More than $5 trillion of accumulated savings deposits and money market funds remain poised to be spent or invested, thereby driving growth. Discretionary spending has been strong, with retail sales up more than 23 percent compared to pre-pandemic, while total travel spending climbed to within 3 percent of the 2019 level last year. Growth could accelerate even more once consumer and business confidence rises when the health crisis abates. The main impediment to growth this year comes from logistical challenges. A shortage of everything from raw materials to finished goods is pushing up prices for businesses and consumers alike. Resolving these supply chain backlogs will take time. The more prolonged the inflationary pressure, the greater the risk of erosion to consumer spending.

Labor recovery for service-oriented positions lagging. Another challenge buffeting the economy this year is the labor shortage. While over 85 percent of the jobs lost during the initial months of the health crisis have been recovered, not all professions benefited equally. The ability to work remotely has assisted many professional and business service roles, while the greater reliance on direct-to-consumer shipping has underscored the need for logistics and transportation workers. Both categories are exceeding pre-pandemic headcounts. On the opposite end of the spectrum, the close interpersonal nature of many leisure and hospitality jobs meant the sector was severely impaired by the health crisis. Between February and May 2020, staff counts in accommodation fields shrank by essentially half. While that shortfall has since shrunk to about 20 percent, closing the gap entirely will take time. Rising pay is helping to boost labor participation as wages for accommodation workers in the four quarter of last year were up 8.3 percent on average, above the historical mean. Nevertheless, many former hospitality workers changed professions during the unprecedented pandemic hiatus, and potential new hires often have numerous other employment options they can consider.

2022 National Economic Outlook

- **Many people exited the labor force in 2020, bringing them back imposes challenges.** One of the constraints facing the job market overall is lower participation. The health crisis prompted some individuals to retire early or leave the workforce to care for family. Some households relocated and transitioned to one income. Bringing these workers back into the fold may take more than higher wages, especially as health concerns linger. Employees' expectations of workplace flexibility have also increased, following more than a year of commonplace remote work.

- **Infrastructure investment a potential growth catalyst.** Some of the funds allocated by the Infrastructure Investment and Jobs Act are set to be dispensed this year. While improving the nation's roadways, utilities and telecommunication systems will take time, the long-term benefits are ample. Public stimulus into underconsidered areas may also prompt private investment to follow suit.

- **Health crisis risks persist in 2022.** Future variants of COVID-19 increase the potential for production and transportation shutdowns, especially in China, where a strict zero-COVID-19 policy has global supply implications. Infections also leave businesses at home short staffed. These disruptions foster widespread inflationary pressure.

Hotel Revenues Climb as Travel Pushes Toward Full Recovery

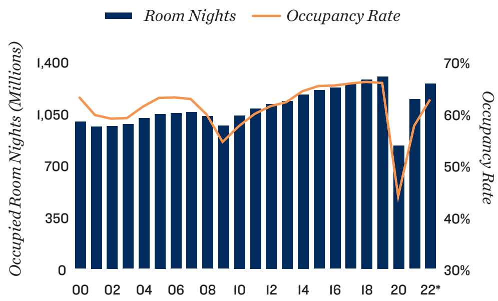
Hotel performance making headway and momentum is strong. Hotels have made remarkable progress in the wake of the global health crisis. After bottoming out at 24.3 percent in April 2020, monthly occupancy rose above the 60 percent threshold for much of the second half of last year. Room demand has been driven predominantly by domestic leisure travel, as made evident by higher concentrations of weekend and holiday bookings. Hotels reported their busiest Thanksgiving and Christmas holiday weekends ever in 2021, despite the then-growing threat of the omicron variant. Weekday stays have yet to normalize though, as ongoing remote work and hurdles to international travel are limiting the volume of both business and international visits, compared to pre-pandemic norms. The air and rail ways were still climbing back to full capacity at year-end 2021, trailing 2019 passenger volumes by about 20 percent and 30 percent, respectively. As omicron tapered in early 2022, numbers have accelerated.

If 2021 was the year of the revenge vacation, 2022 will be the year of the work trip. Last year was marked by the robust recovery of the leisure travel segment. This was particularly true in the summer months when individuals pursued "revenge" trips to make up for lost time in 2020. Moving forward this year, the greatest gains in travel will come from large group events and business trips. Most sporting events have returned with full attendance, giving other organizations confidence to hold other types of gatherings and conventions in 2022 after two years of postponements, cancellations and digital alternatives. While a broad shift back to offices has yet to occur, many states are in the process of phasing out mask mandates. This could be a potential turning point for returning employees to offices, at least on a hybrid basis. Business travel would likely resume shortly thereafter. Recovering demand may put a strain on hoteliers who are still facing a significant worker shortage. This is applying substantial upward pressure to wages, limiting services and in some cases, forcing establishments to turn customers away. Inflation is also pushing up the costs of various supplies. Meeting guest expectations while managing rising operating expenses will be a major challenge for hotels this year.

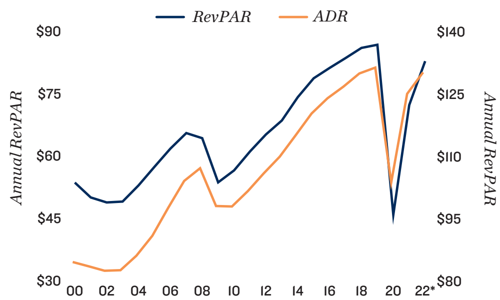
2022 National Hotel Sector Outlook

- **Daily rates lead in recovery.** Encouraged by accumulated household savings, average daily rates surpassed monthly pre-pandemic levels at the end of 2021. The recovery in room rates was led by both more budget-friendly economy and midscale hotels, as well as luxury properties. The rapid climb in daily rates reflects the strength of the leisure travel segment, with consumers generally willing and financially able to vacation.
- **Construction activity continues to decline.** Hotels are benefiting from reduced new supply pressure. The pipeline of hotel rooms actively under construction has been declining since the middle of 2020, a trajectory that is likely to continue for the near future, as the number of properties in the planning stages has also fallen. Outside a handful of markets, most metros have less than 3 percent of their inventory under construction.
- **Performance gap between market sizes is shrinking.** While hotels in urban centers continue to be impacted by less business travel, the disparity between these locations and less-densely packed areas has tightened. The average occupancy rate for 2021 in the top 25 markets was only 120 basis points below the mean for the rest of the country. While the top markets have more room to grow before they return to more traditional levels, progress is ongoing.

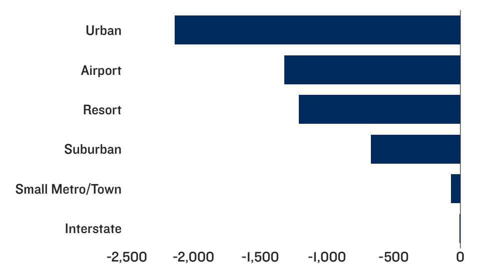
Annual Occupancy Trends



RevPAR and ADR Growth Trends

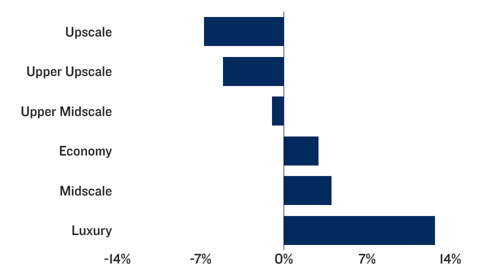


Occupancy Recovery by Location Type



2019 - 2021 Basis Point Change

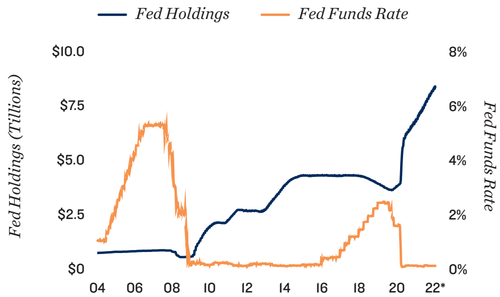
ADR Recovery by Hotel Class



2019 - 2021 Change in ADR

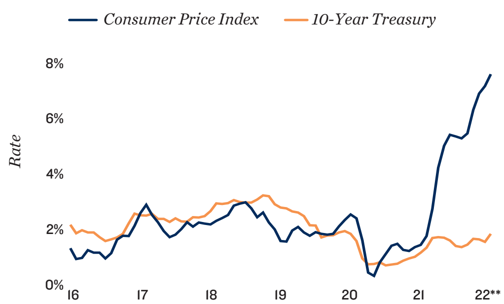
** Forecast*

Accommodative Monetary Policy

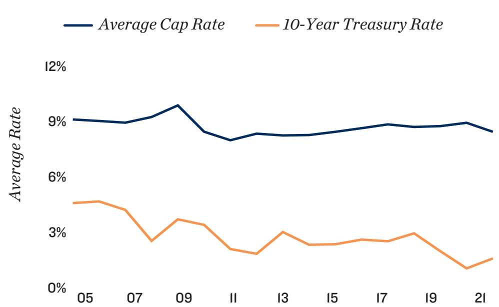


Yield Spread Tightening

Inflation Could Pressure Interest Rates



Hotel Cap Rate vs. Treasury



** As of February 9*

*** Through January*

Fed's Response to Inflation a Potential Headwind; Capital Availability for Hotels Rebounds from 2020

Fed to walk balancing act this year, amid ample inflationary pressure. This year, the Federal Reserve will have to carefully time policy decisions in order to curb high inflation, without derailing economic progress. In response to the pandemic-induced recession of 2020, the Fed took aggressive steps to foster growth, utilizing quantitative easing and lower lending rates. As demand for goods recovered more quickly than beleaguered supply chains could manage, prices rose at historic rates, surpassing the central bank's expectations. To address this inflation, the Federal Open Market Committee (FOMC) will conclude its asset purchases in March, at which point the FOMC may also raise the federal funds rate off the zero percent lower bound. More rate hikes are expected later this year. The FOMC may also consider reducing the Fed's balance sheet in a quantitative tightening process. These steps should help restrain inflation, but the central bank will walk a thin line, balancing monetary policy with the underlying strength of the labor market and the trajectory of the health crisis, potentially threatening economic growth.

Capital availability improving for hotels as lenders regain confidence. The lending landscape for hotels has undergone a substantial revival since the onset of the pandemic. In 2020, capital was severely constrained, limiting the volume of investment sales. By the middle of 2021, most lenders had returned to the marketplace, including CMBS sources. The CMBS market essentially closed for a large portion of 2020, but reopened in a big way last year when the acquisition of Extended Stay America by Blackstone and Starwood Capital Group was financed by way of CMBS. Local and regional banks have continued to be mainstays for hospitality lending, with private capital sources becoming more prominent during the health crisis. While capital is now more available, potential deals are undergoing careful due diligence. Lending criteria is generally more conservative than it was before the pandemic, but terms vary based on the individual attributes of the assets under consideration. Properties that showed resiliency during the height of uncertainty or rebounded profoundly in 2021 are considered more favorably. While this often overlaps with hotels located in popular domestic "getaway" destinations, there is no broad macro trend. As the risk factors affecting the hospitality sector continue to moderate, capital liquidity should improve as well.

2022 Capital Markets Outlook

- **Foreign relations a growing consideration.** Geopolitical turmoil may complicate the Fed's plans for this year. A broad defensive shift by investors to government bonds would depress yields on treasuries, limiting the central bank's margin for raising short-term rates without inverting the yield curve. Diplomatic disputes, particularly in Eastern Europe, could also impact energy prices back home, adding additional inflation pressure.
- **Loan delinquency continues to fall.** The return of the CMBS market to the hospitality sector coincides with declining delinquency rates among such loans. Starting 2020 at under 2.0 percent, delinquency jumped to a high of 20.3 percent at the end of the year, before receding to 12.2 percent by December 2021. Although above the rates for other commercial property types aside from regional malls, more loans becoming current reflect the improving financial foundation of the hotel sector and boost lender confidence.
- **National lenders more conservative relative to local capital.** Loan-to-value ratios have generally tightened since 2019. The contraction was stronger for CMBS loans, with the average LTV dropping about 1,000 basis points to 55 percent. LTVs for international and national banks sit slightly higher, above 60 percent. LTVs for regional and local banks are closer to pre-pandemic levels, lying above 70 percent on average last year.

Investment Activity Realigns with Years Past, Aided by Portfolio Deals and Inflation-Related Considerations

Improving transaction volume favoring economy assets. After a roughly one-third contraction in sales activity in 2020, velocity rebounded last year, with more hotels changing hands than in 2019, which was the previous peak. This is a highly positive sign for the sector. The creation of vaccines and other treatments that reduce the health risks of COVID-19 are improving most people's comfort with travel and lifting investor sentiment. Despite this, investors have adjusted their capital targeting. Roughly 40 percent of hotel trades last year were for economy class assets, nearly double the proportion from previous years. Buyers are gravitating to properties that offer travelers a value entry point, a segment that outperformed during the health crisis. Economy hotels had the shallowest drop in occupancy in 2020, and bookings have since normalized. Many of these establishments are situated along interstates or in smaller cities and suburbs, which are areas less impacted by COVID-19; investor interest in higher service-level hotels, however, has not dried up. Year-over-year, sales activity jumped across all chain scales, with upper upscale and luxury hotels returning to pre-pandemic volumes. The more frequent exchanges of higher-end assets has helped lift the average sale price per room back toward 2019 levels, after a limited pipeline in 2020 skewed mean pricing.

Pandemic sparks elevated merger and acquisition activity. Last year's resurgence of hotel sales was undeniably boosted by a swell of large portfolio trades and merger and acquisition activity. The unprecedented shock of COVID-19 prompted some institutions to adjust their investment objectives, opening opportunities for other well-capitalized parties. Besides the substantial 566-asset acquisition of Extended Stay America by Blackstone and Starwood Capital Group, Flynn Properties Inc. and Värde Partners Inc. also purchased 20 hotels from REIT Apply Hospitality. A similar number of properties also changed hands from NewcrestImage to Summit Hotel Properties. Other organizations sought to improve upon their scale and efficiencies through merging or by acquiring related businesses, such as management firms. Merger and acquisition activity is likely to remain elevated this year, as the hospitality industry continues to recover from the health crisis.

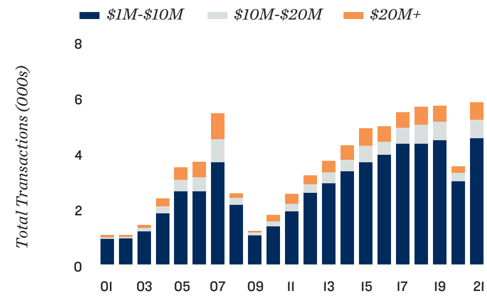
2022 Investment Outlook

- **Price adaptability highlights hotels as possible inflation hedge.** Multidecade high inflation is prompting more consideration of lodging assets. Hotels adjust room rates on a daily basis, giving them considerable pricing flexibility relative to other commercial property types. As such, more investors may consider investing in hotels this year as a potential inflation hedge, as operations continue to normalize.

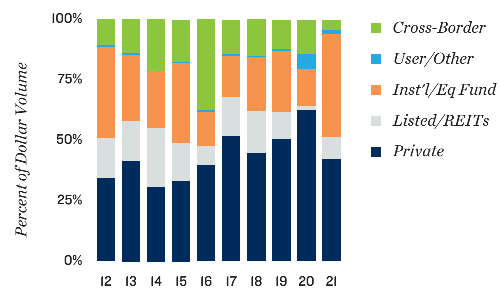
- **Hotel yields offer greater margin, in relation to rising interest rates.** Competition for resilient hotels, paired with a return of more high-tier transactions, lowered the average cap rate into the low-8 percent zone in 2021. While that yield represents a multiyear low, it is still above similar metrics for other property types. Even with more conservative financing terms, hotel cap rates offer a compelling margin, particularly in the rising interest rate environment that is developing this year.

- **Although present, distressed trading of hotels is trending in positive direction.** The combination of recovering property fundamentals and falling CMBS loan delinquency indicates the prevalence of distress in the hospitality sector is decreasing. While there are geographic pockets of distress, the overall share of distressed sales comprised of hotels has declined since early 2020. The dollar volume of distressed sales also continues to lie short of the values seen during the Global Financial Crisis.

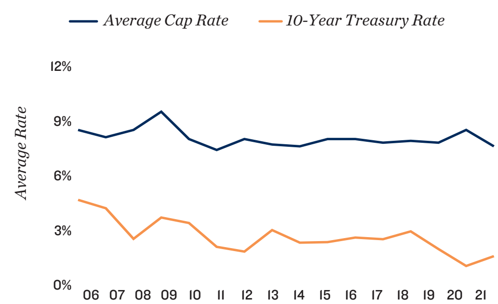
Hotel Transaction Activity



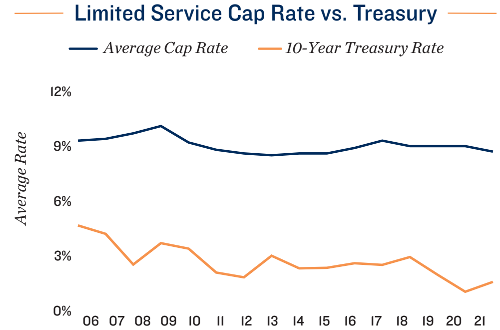
Hotel Buyer Composition



Full Service Cap Rate vs. Treasury

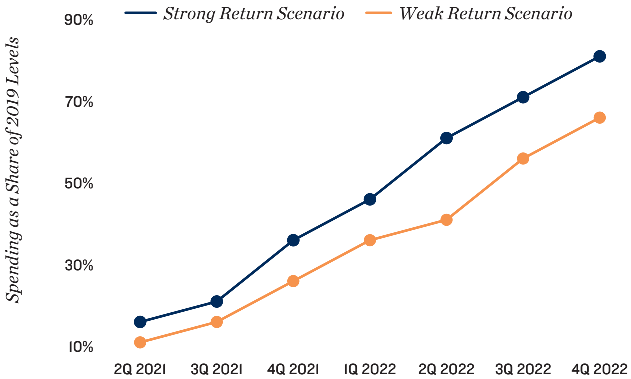


Limited Service Cap Rate vs. Treasury

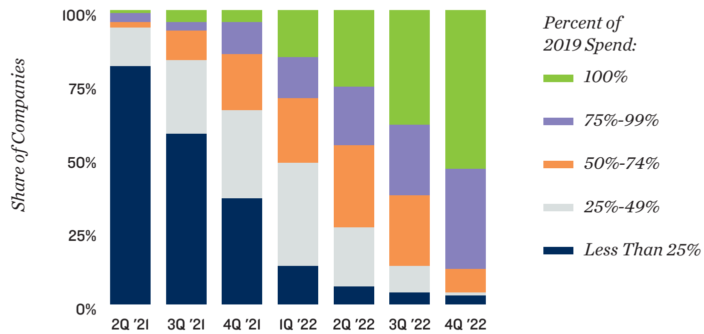


Companies Anticipate Notable Improvement to Business Travel This Year

U.S. Corporate Travel Spend as Share of 2019

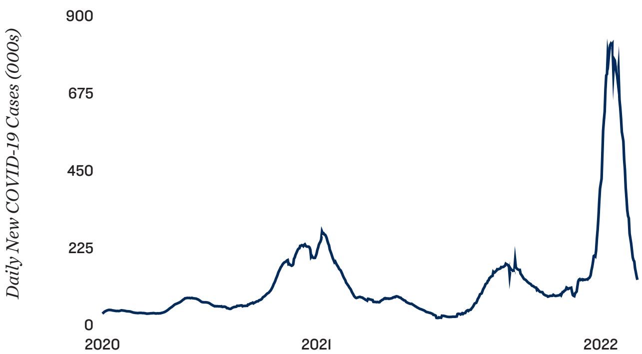


Share of Companies Expected to Reach 2019 Levels of Travel Spending

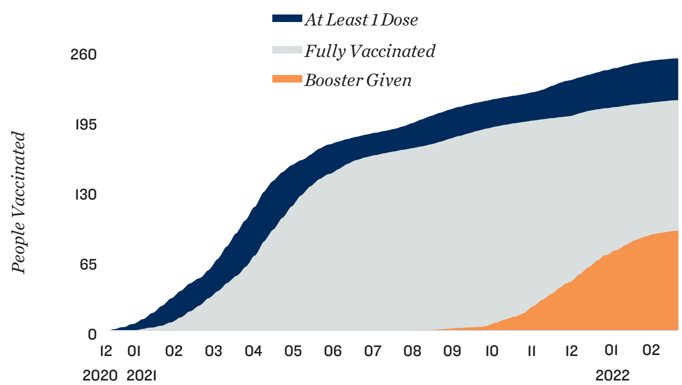


Top Markers for Resumption of Corporate Travel

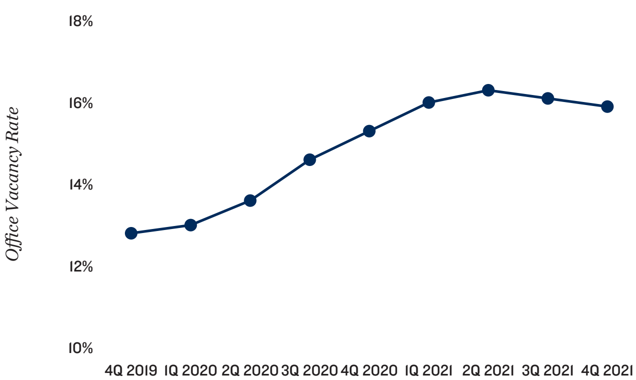
Declining COVID-19 Infections



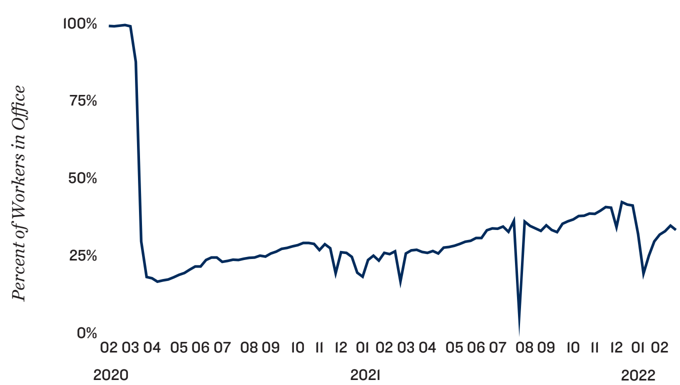
Improving Vaccination Rates



Reopening of Offices



Percent of Workers in Office



Sources: Marcus & Millichap Research Services; Centers for Disease Control and Prevention CoStar Group, Inc.; Deloitte Corporate Travel Survey 2021; Kastle Systems

Outlook Robust for Leisure Travel in 2022

Majority of People Planning at least One Vacation this Year, Expect to Spend More on Travel

Most People Planning on Travel

81% *Of People Plan to Take a Vacation in the Next Six Months*

78% *Are Most Interested in Frequent Short Trips*

56% *Who Often Work Remotely Will Extrend a Work Trip for Leisure*

Increased Focus on Wellness

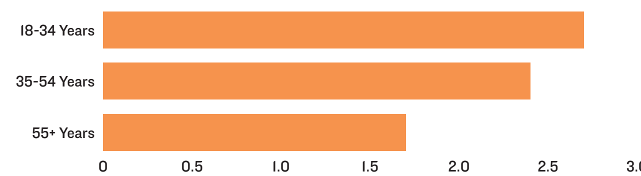
38% *Are Prioritizing Relaxation For Their Next Trip*

36% *Are Searching for a Sense of Contentment and Mental Well-Being*

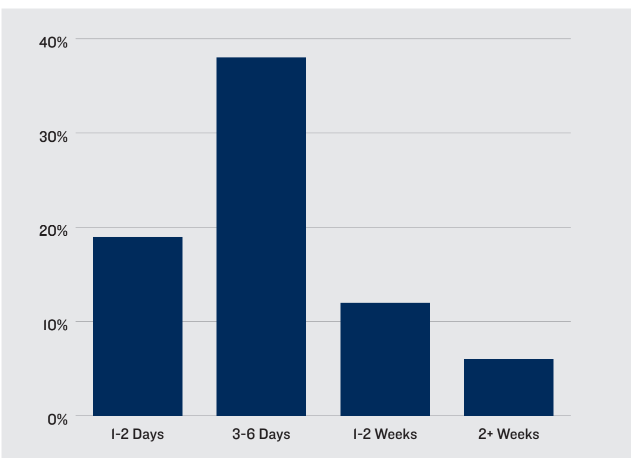
24% *Plan to Spend Less Time on Their Devices*

Younger Travelers Lead Return

Average Number of Trips in 2021

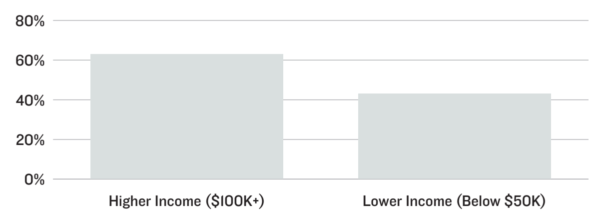


Trips Extended by



Higher Income Earners to Boost Hotel Demand

Likely to Stay in Paid Lodging



People Prepare to Spend More on Trips

54% *Say They Plan to Spend More on Trips Then Prior to the Pandemic*

37% *Are Prepared to Pay Higher Prices*

31% *Plan to Tip More Than Normal*

$2,350 *Is How Much People are Planning to Spend per Trip on Average*

Sources: Marcus & Millichap Research Services; Expedia

Growing Demand for Travel Reflected in Recovering Revenue

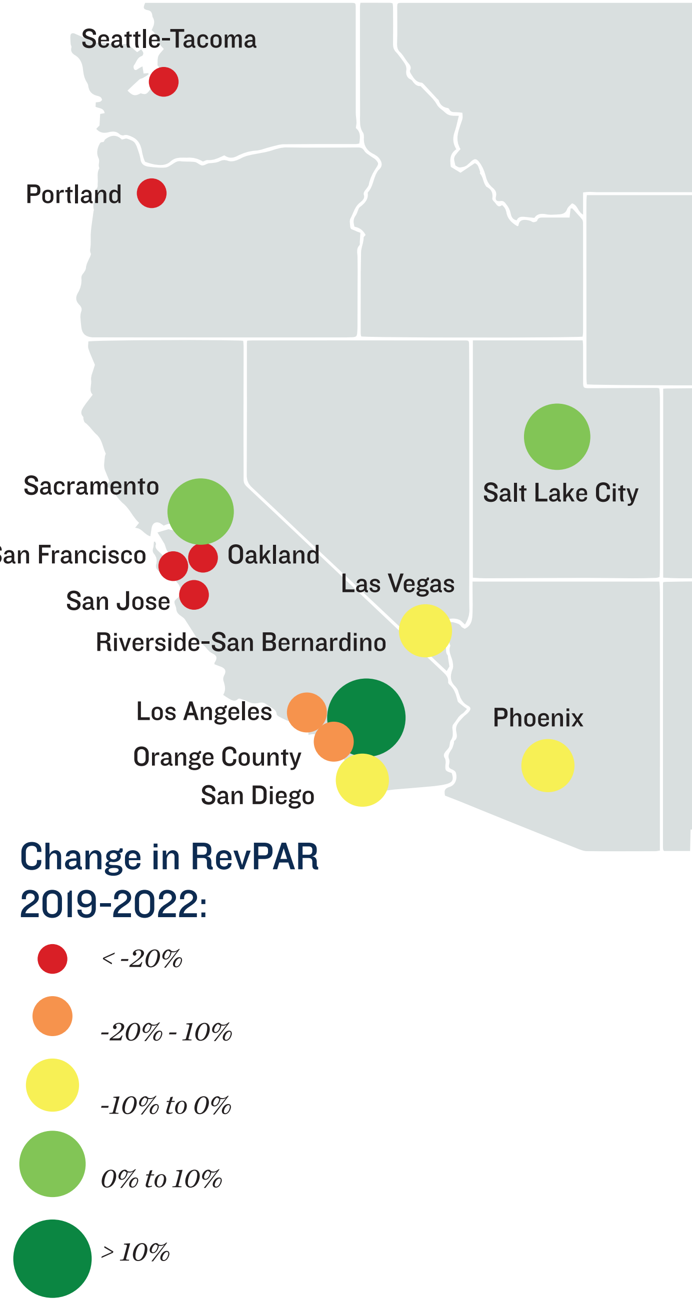
Change in RevPAR from 2019 to 2022

Top 10 Markets by ADR Growth

Market	2022 ADR	2019 - 2022 Percent Change
West Palm Beach	$226.71	23.0%
Riverside-San Bernardino	$142.86	16.2%
Miami	$224.12	15.1%
Fort Lauderdale	$160.62	11.2%
Las Vegas	$145.56	9.7%
Tampa	$138.85	5.2%
San Antonio	$117.73	4.8%
Sacramento	$134.88	4.2%
Cleveland	$110.67	3.2%
Phoenix	$132.76	0.6%
United States	**$129.85**	**-0.9%**

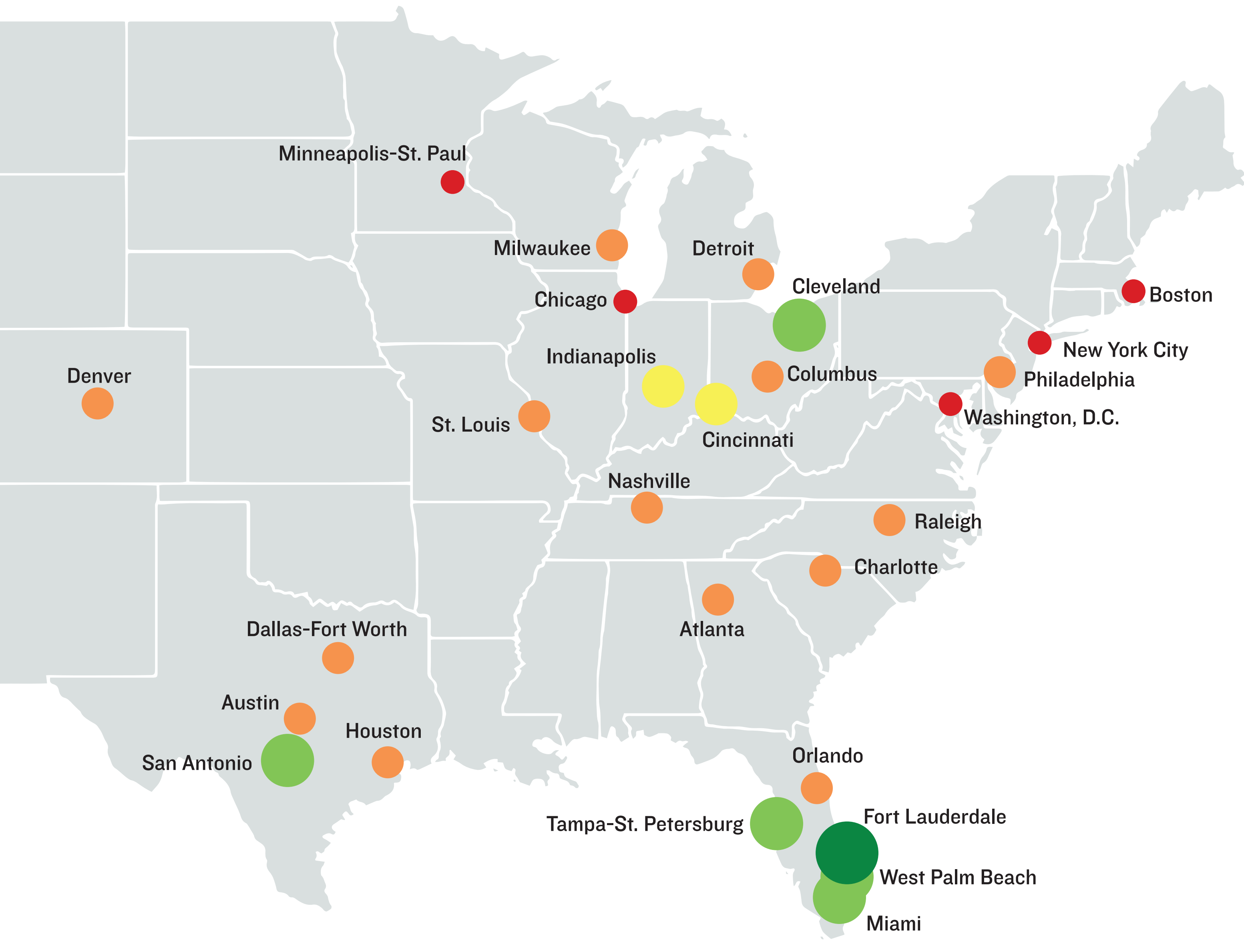
Top 10 Markets by Occupancy Change

Market	2022 Occupancy	2019 - 2022 Occupancy Change
Riverside-San Bernardino	67.3%	-20
San Antonio	65.6%	-40
Salt Lake City	68.8%	-60
Cleveland	59.8%	-150
West Palm Beach	69.6%	-230
Indianapolis	61.4%	-270
Tampa	69.4%	-280
Sacramento	67.8%	-420
Cincinnati	60.6%	-420
San Diego	72.4%	-420
United States	**62.7%**	**-320**



All measures for 2022 represent a forecast

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


Minneapolis-St. Paul
Milwaukee
Detroit
Chicago
Cleveland
Boston
New York City
Indianapolis
Columbus
Philadelphia
Denver
St. Louis
Cincinnati
Washington, D.C.
Nashville
Raleigh
Charlotte
Atlanta
Dallas-Fort Worth
Austin
Houston
San Antonio
Orlando
Tampa-St. Petersburg
Fort Lauderdale
West Palm Beach
Miami

Southern California Metros Spearhead State's Larger-Scale Rehabilitation

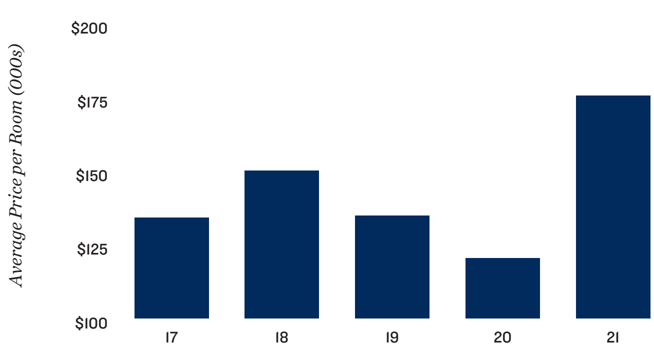
Restoration of demand drivers generates optimism. Home to 10 percent of the nation's hotel inventory, the state's hospitality recovery has been a tale of two regions, with Southern California leading the charge. Supported by increases in second half tourism, Los Angeles and San Diego counties recorded occupancy rates of 64 percent and 62 percent, respectively, during 2021, with Orange County noting the largest annual improvement in hotel demand across California markets. In contrast, the Bay Area has undergone a more protracted recovery, hindered by some of the strictest vaccination requirements nationally and subdued business travel. Last year, San Francisco recorded sub-50 percent occupancy, with San Jose logging a slightly higher mark. Nevertheless, reasons for near-term optimism are emerging, as major tech firms, including Microsoft, announce plans to return employees to offices in the coming months. These decisions, the statewide return of large conventions and an expected rise in domestic and international travel will support the largest occupancy gain across U.S. hotel regions in 2022.

Capital follows strongest revenue metrics. Since the onset of 2021, transaction activity in Southern California has accounted for more than half of the state's deal flow, as investors gravitate to the region's more accelerated pace of recovery. Deals have been most frequent in the cities of Los Angeles, Anaheim, San Diego and Palm Springs, with these locales dictating sales velocity in their respective counties. Across these markets, older economy hotels and properties in the midscale range are in high demand, with pricing below $150,000 per room readily available. Private buyers seeking the highest volume of sub-$5 million listings are finding the most opportunities in the Inland Empire and the Central Valley. In the latter locale, assets proximate to Highway 99 are trading at 8 percent to 12 percent returns.

2022 Demand Growth

+14.4% Year-over-Year Room Nights

Hotel Sales



-150 bps 2022 Occupancy vs Long-Run Average

+28% 2022 ADR vs Long-Run Average

+25% 2022 RevPAR vs Long-Run Average

Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

2022 Regional Highlights

- Los Angeles County hotels received a significant boost in February, as the metro hosted NASCAR's Clash at the Coliseum and Super Bowl LVI. The latter event was expected to have a nearly half billion-dollar economic impact on the Southern California economy.
- Statewide, national park patronage was up last year, highlighted by more than 3.3 million individuals visiting Yosemite. In 2022, plans call for the park to limit the number of summer visitors by requiring reservations for day trips, due to major construction projects in the area. This limitation could boost tourism at other California national parks, heightening demand at nearby hotels.
- Comic-Con International returns to San Diego this July, bringing hordes of domestic and international visitors to the metro's downtown. At the Anaheim Convention Center, WonderCon is slated for April, with the event space also hosting the National Association of Music Merchants convention and D23 Expo this summer.

2022 Region Forecast

Supply up 2.7% — Construction is ongoing on more than 15,000 rooms, with activity concentrated in Los Angeles County and the Inland Empire, where a combined 7,700 keys are being built. In the Bay Area, development is most apparent in San Jose, where 2,300 rooms are underway.

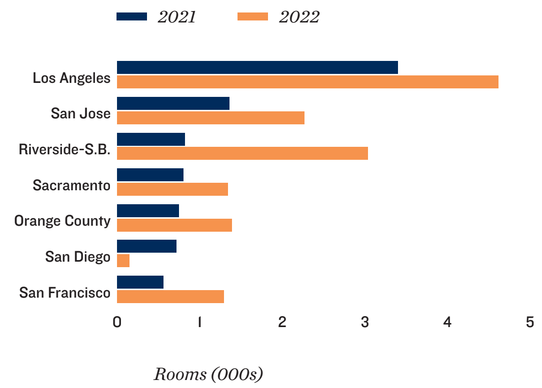
Occupancy up 700 bps — California registers the largest annual increase in occupancy among U.S. regions during 2022, pushing its rate to 68 percent.

ADR up 10.0% — A double-digit increase in hotel demand will support a spike in the average daily rate this year to $164.51. This gain builds off last year's nearly 21 percent improvement.

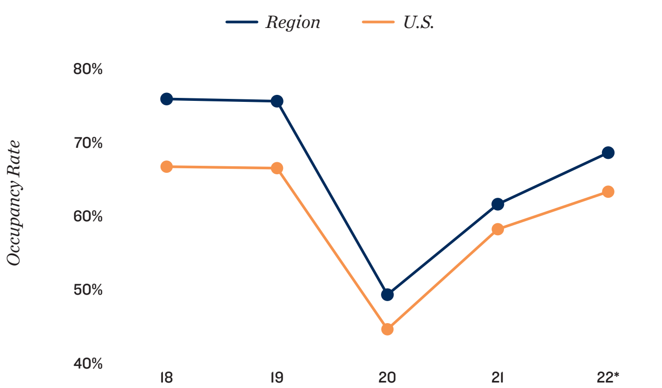
RevPAR up 21.4% — A sizable uptick in occupancy and double-digit ADR growth will lift RevPAR by more than 20 percent to $113.15.

Investment — After noting muted deal flow last year, the San Francisco and San Jose metros are poised to record a rise in investor activity, once major tech firms return to offices and local COVID-19 mandates ease. Increased business travel and tourism should most impact buyer demand for upper-tier listings.

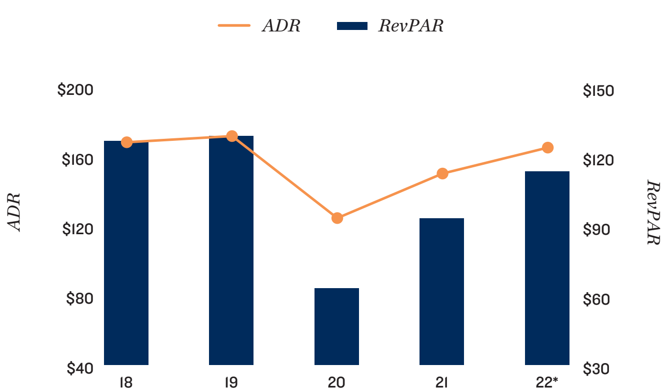
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures

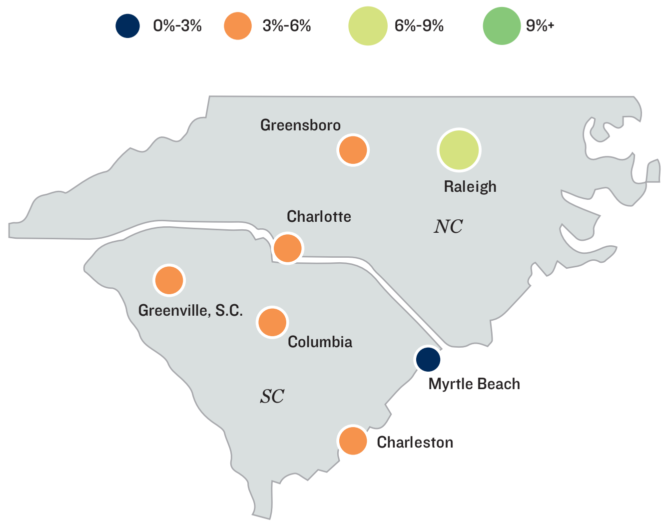


♦ *2021 = recent openings; 2022 = under construction as of December 2021*

* *Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

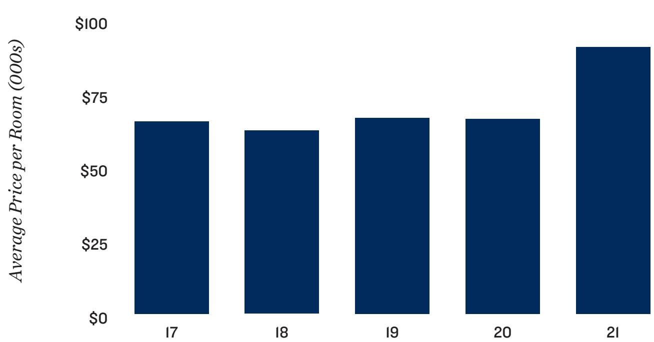


States: North Carolina and South Carolina

2022 Demand Growth

+9.9% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Tourism Thrives Through the Carolinas' Coastline, Attracting Buyers to the Region

South Carolina leads the way to recovery. Improving vaccination rates coupled with the release of pent-up travel demand stimulated a surge in leisure trips over the past year. Room demand in the region increased as a result, lifting occupancy and revenue metrics near pre-pandemic levels entering this year. Numerous recreational activities and beaches attracted many visitors to Myrtle Beach and Charleston. The boost in overnight stays elevated South Carolina's ADR and RevPAR metrics above 2019 figures as 2022 began. Fundamentals are improving in North Carolina as well, albeit at a slower pace. The lack of business travel in Raleigh and Charlotte is hindering occupancy rates here. However, as more firms commit to a full return to offices, business travel will likely normalize, boding well for weekday property performance in these markets moving forward. Even though roughly 8,200 rooms will deliver throughout the Carolinas this year, hotel demand is slated to outpace supply, allowing regionwide RevPAR to exceed pre-pandemic levels in 2022.

Buyer pool expands as deal flow reaches a record high. Transaction velocity in the Carolinas soared to a 20-year-high over the past year, and positive performance trends will likely sustain investor interest in the region in 2022. Improving fundamentals and robust economic growth are stimulating interest from nonlocal buyers, with out-of-state investors accounting for nearly 60 percent of all transactions last year. Limited-service hotels in Charlotte and Raleigh have accounted for the most activity as of late. Assets of this service level here generally trade in the $3 million to $8 million range. Investors seeking more upside potential are targeting properties in eastern suburban markets in North Carolina like Fayetteville and Wilmington. Entry costs here usually fall below the region average with first-year returns averaging in the low-10 percent span.

+350 bps 2022 Occupancy vs Long-Run Average

+31% 2022 ADR vs Long-Run Average

+38% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- The Bon Secours Wellness Arena will host six basketball games as part of the men's NCAA tournament in March, and tickets to the event were sold out as of February 2022. In 2017, this event attracted approximately 42,000 visitors to Greenville, leaving a $3.6 million impact on local businesses.
- This year, the U.S. Women's Open will be played at Pine Needles Lodge & Golf Club in Southern Pines, North Carolina. The LPGA tour event is expected to boost occupancy in nearby hotels in June.
- The city of Charlotte recently completed an expansion to the Charlotte Convention Center, adding 50,000 square feet of meeting room space. A pedestrian walkway and light rail station stop were also created, connecting travelers to nearby hospitality options. This project will potentially lure larger conventions and more events, boding well for hotels in the area.

2022 Region Forecast

Supply up 3.0% — Developers will remain active this year as over 8,200 rooms are underway throughout the region. The bulk of deliveries are concentrated in Charlotte, Raleigh and Charleston, accounting for roughly 60 percent of the construction pipeline.

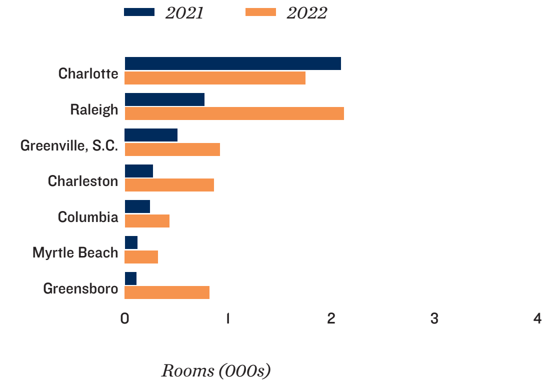
Occupancy up 390 bps — Following a 1,360-basis-point surge last year, annual occupancy will continue to rise in 2022 to 62.3 percent.

ADR up 2.9% — Improving demand for overnight stays supports a 2.9 percent increase in the average daily rate this year, to $115.44.

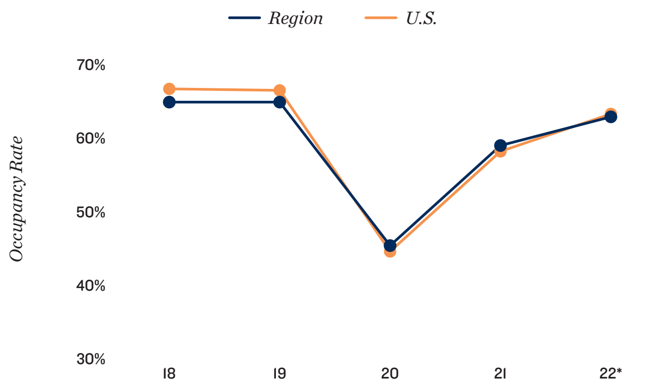
RevPAR up 8.0% — Elevated occupancy coupled with rising room rates will lift RevPAR up to $72.65 this year. Last year, occupancy surged, underpinning a 60 percent boost in the rate during 2021.

Investment — Robust tourism is generating sales activity in Myrtle Beach and Charleston; however, buyers are also showing interest in Columbia and Greenville-Spartanburg. Limited-service hotels under 100 rooms are changing hands most often in these markets, and routinely trade in the $2 million to $5 million range.

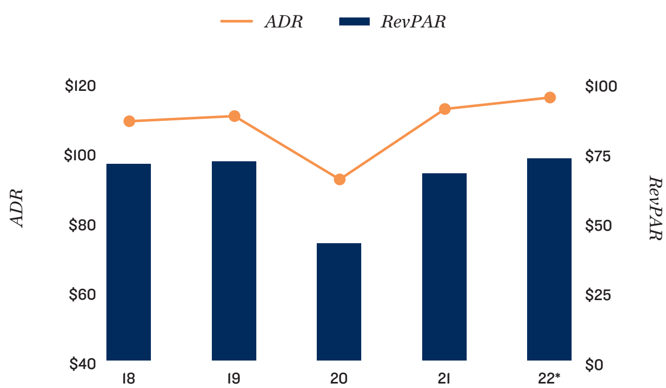
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures

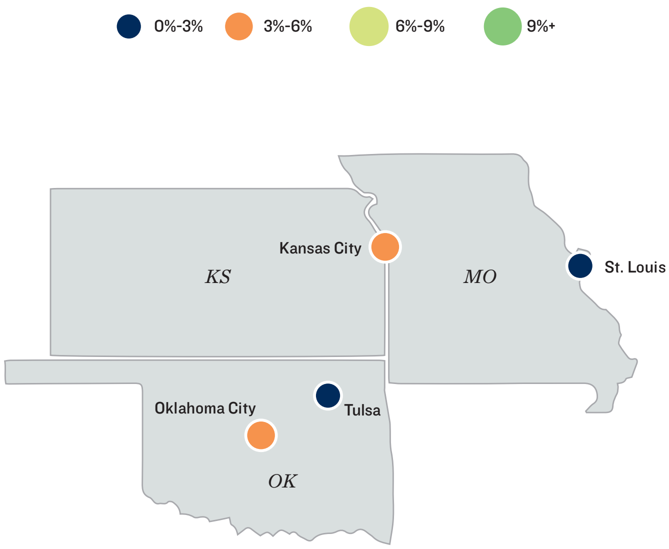


♦ 2021 = recent openings; 2022 = under construction as of December 2021

* Forecast

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

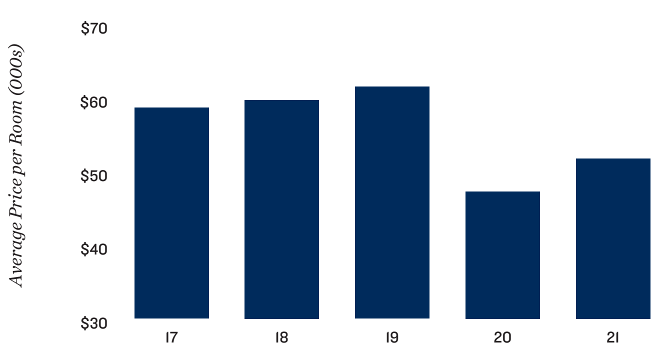


States: Kansas, Missouri and Oklahoma

2022 Demand Growth

+6.3% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Demand Recovers in Oklahoma; Small Pipeline Lifts Attractiveness of Quality Assets

Central Midwest keeps pace with neighboring regions. The return of conventions, in-person learning at universities and attendance at Big 12 football games last year drove an occupancy gain in the Central Midwest that mirrored improvements recorded by other nearby markets. The uptick in hotel demand during 2021 was most evident during the second half, highlighted by occupancy in Oklahoma matching the performance registered during the same period in 2019. Kansas was close behind, with occupancy during the six-month span trailing the pre-pandemic figure by roughly 100 basis points. Another positive for the region, each of its three states noted occupancy rates in the 60 percent to 65 percent zone during both June and July. Moving forward, demand drivers that have lifted regional performance will remain steadfast. This combined with a moderate development pipeline and expected increases in business travel and tourism will further lift hotel fundamentals in 2022, allowing the region's average daily rate to surpass tallies recorded prior to the health crisis.

Discounted valuations attract mid- and upscale investors. Home to some of the lowest average pricing nationally, the Central Midwest recorded year-over-year declines in deal flow and sales volume during 2021, with the mean regional price point hovering around $52,000 per room. Among major metros, Oklahoma City is noting the most diverse buyer pool and sales activity, highlighted by the recent sale of several upscale properties in the metro's downtown to a public REIT. These assets traded at low-8 percent cap rates. Elsewhere, buyers eyeing upscale and upper-midscale hotels are focused on Kansas City suburbs including Overland Park. Here, buildings constructed within the past 15 years are garnering attention, with one such property recently changing hands at a low-4 percent yield. Investors targeting tourist destinations are most active in Branson, where older assets lower on the chain scale account for most listings.

-180 bps 2022 Occupancy vs Long-Run Average

+19% 2022 ADR vs Long-Run Average

+18% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- First-quarter hotel fundamentals in major Central Midwest metros received a boost from large sporting events. In January, St. Louis hosted the WWE Royal Rumble, while Tulsa River Expo Center was home to the Lucas Oil Chili Bowl, an open-wheel racing event. Elsewhere, the Big 12 Basketball Tournament was held at Kansas City's T-Mobile Center in early March.
- The Oklahoma City Convention Center is poised to play a larger role in local hotel demand during 2022 after the facility hosted 128 events and more than 110,000 visitors during its inaugural year.
- Branson ranked as one of TripAdvisor's top three trending U.S. destinations for 2022, suggesting the city is poised for an increase in visitor volume this year. A potential rise in local tourism would boost Missouri's overall hotel performance, as the city accounts for 17 percent of the state's inventory.

2022 Region Forecast

Supply
up 1.5%

The rate of development remains steady as construction is underway on more than 3,000 rooms. Most of the current pipeline is concentrated in the region's three largest metros, highlighted by 1,100 keys in Kansas City and nearly 1,000 doors in Oklahoma City.

Occupancy
up 250 bps

Hotel demand improves across each of the region's three states, lifting overall occupancy to 54.8 percent.

ADR
up 3.6%

The average daily rate builds on last year's nearly 15 percent gain, reaching $92.50 in 2022. This figure exceeds the 2019 mark by nearly 2 percent.

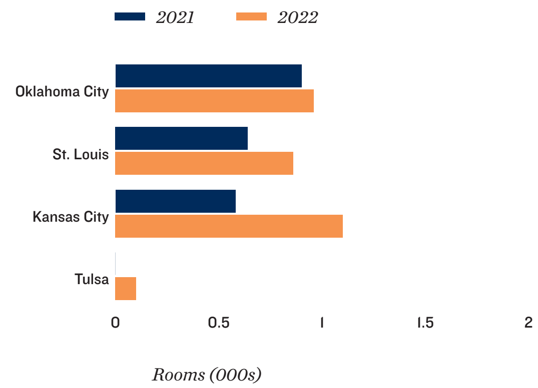
RevPAR
up 10.5%

Occupancy and ADR gains lift RevPAR by double digits. Still, the year-end mark of $52.15 trails the pre-pandemic reading.

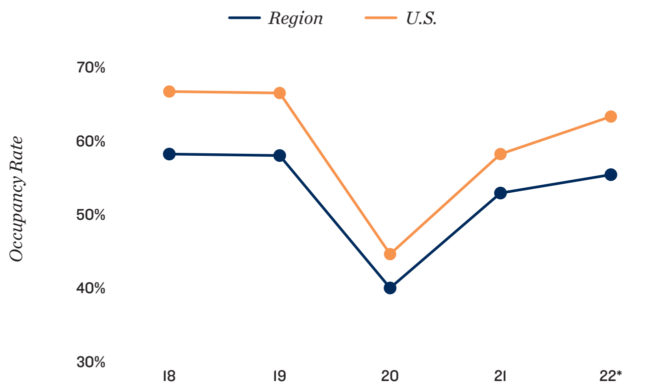
Investment

Tech-related expansions in South Johnson County, Kansas, are primed to spark investor demand for hotels in Overland Park, Leawood and adjacent cities, as a near-term increase in business travel is anticipated.

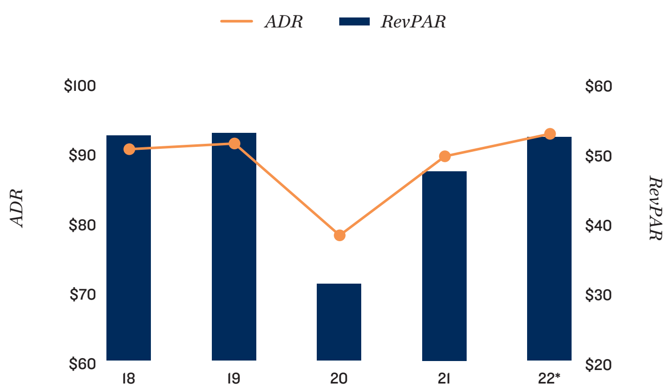
Development Trends ♦



Annual Occupancy

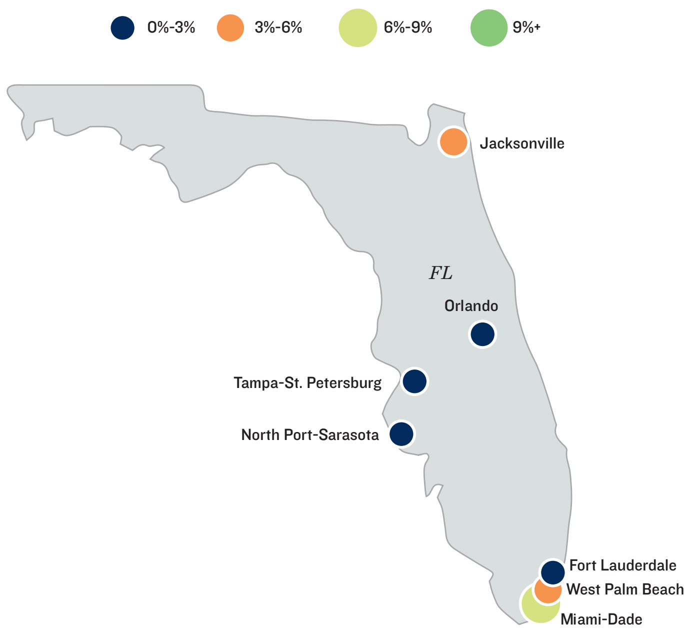


Full-Year Revenue Measures



♦ 2021 = recent openings; 2022 = under construction as of December 2021
** Forecast*
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

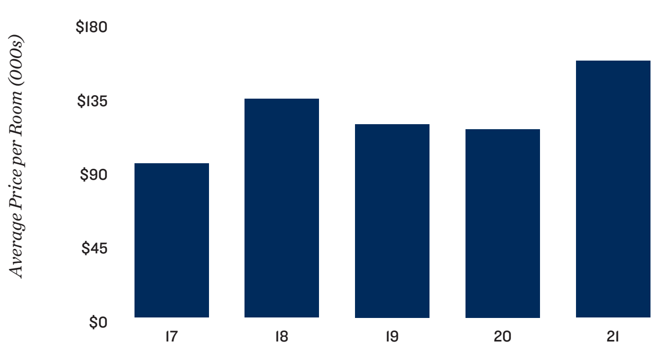
Percent of Stock Under Construction



2022 Demand Growth

+6.9% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Hotel Fundamentals Buoyed by Record Levels of Domestic Visitation in Florida

Leisure travel bolsters room demand. The recovery of Florida's hotel sector is outpacing most of the nation, with statewide ADR and RevPAR surpassing pre-pandemic levels in each month since May 2021. Annual occupancy surged over 1,700 basis points over the past year, as less-stringent COVID-19 restrictions coupled with the region's beaches and theme parks drew record levels of domestic visitors to Florida. Furthermore, Port Tampa Bay, Port Everglades, Port Miami and Port Canaveral all reopened their cruise ship ports late last year. This combined with numerous expansions to Walt Disney World has the region positioned for another year of elevated tourism and improved hotel performance. Although roughly 10,200 rooms are slated for completion this year, room demand is projected to outpace deliveries, and revenue metrics are anticipated to reach record highs. However, many hotels have had to cap occupancy due to labor shortages while international tourism is still recovering. It is unlikely annual occupancy will surpass the 2019 rate until foreign travel volume and leisure and hospitality employment normalize.

Bidding heats up as the state's investor pool diversifies. Investors are confident in the long-term success of Florida's hospitality sector. The state's buyer pool is expanding, with transaction activity from cross-border and out-of-state capital sources increasing over the past year. Deal flow more than doubled the volume recorded in 2020 as a result, lifting the average sale price in the region to over $156,000 per room entering this year. Limited service assets in Tampa and Fort Lauderdale have accounted for the most deals as of late, with sales prices averaging around $164,000 per key. Investors seeking higher upside potential are active in Jacksonville and Orlando. Entry costs here generally fall well below the state average, with cap rates that can climb into the high-9 percent range.

+80 bps 2022 Occupancy vs Long-Run Average

+38% 2022 ADR vs Long-Run Average

+39% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- The Players Championship at TPC Sawgrass is expected to lift all capacity restrictions for this year's tournament. The PGA tour event historically brings hundreds of thousands of visitors to the Jacksonville metro, significantly benefiting nearby hotels.
- Construction continues on the $2.8 billion dollar expansion at Orlando International Airport. The first phase of the project, known as Terminal C, will house 19 new gates, allowing up to 12 million additional passengers per year. This is the largest expansion in the airport's history, with the terminal expected to open in July 2022.
- The Guardians of the Galaxy: Cosmic Rewind roller coaster is set to debut this summer. This marks the first Marvel-themed attraction at Walt Disney World and the first roller coaster-based thrill ride at Epcot in the park's 40-year history. The grand opening is expected to bolster visitation this year, elevating hotel demand in Orlando.

2022 Region Forecast

Supply up 2.4%

Development activity outpaces the national average with over 10,200 rooms slated for delivery statewide. The bulk of projects underway are concentrated in Miami-Dade, Tampa-St. Petersburg, Orlando and Ft. Lauderdale, each with over 1,000 rooms.

Occupancy up 280 bps

Stout hotel demand lifts annual occupancy to 67.4 percent this year. In 2021, the rate increased by 1,750 basis points.

ADR up 3.2%

The rise in occupancy supports a 3.2 percent increase in the average daily rate to $161.54, a 20-year high for the state. Last year, the rate surged 28.0 percent.

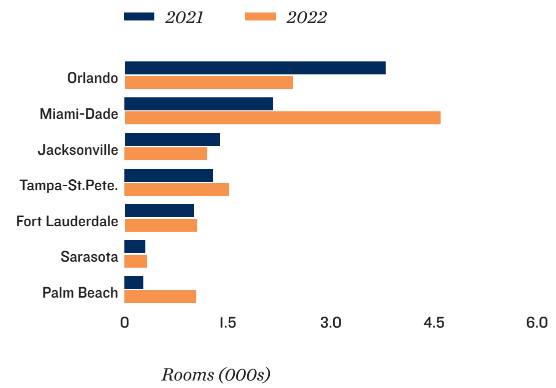
RevPAR up 7.8%

Occupancy and ADR gains will lift RevPAR up to $110.14 in 2022. In the previous year, the rate spiked 65.8 percent.

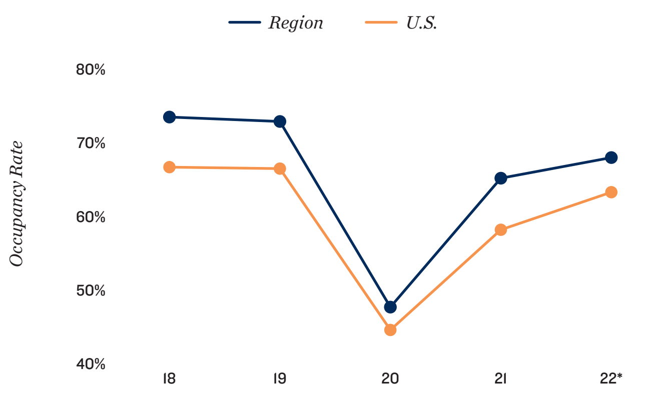
Investment

Sales price appreciation across the metro has heightened investor interest in Daytona Beach. Double-digit cap rates can be found here with sale prices ranging from $1 million to $6 million. Investors in the market are primarily targeting smaller limited-service assets under 100 rooms.

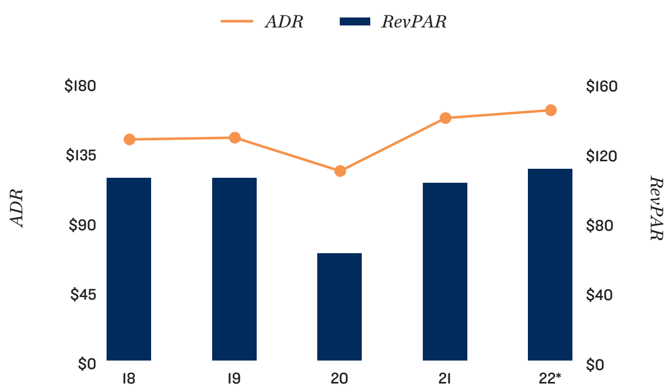
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures

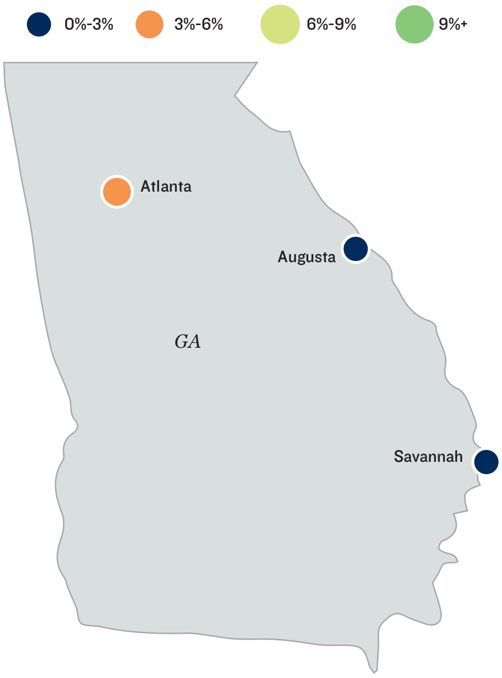


♦ *2021 = recent openings; 2022 = under construction as of December 2021*

** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

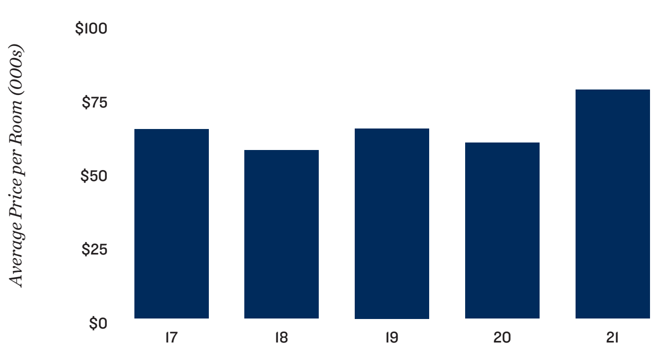
Percent of Stock Under Construction



2022 Demand Growth

+8.2% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Elevated Weekend Leisure Travel Stimulates Room Demand for Georgia Hotels

Savannah spearheads the state's recovery. Last year, the state launched a new marketing campaign called "Ready. Set. Georgia." in an effort to increase visitation and support tourism recovery throughout the region. The campaign worked in conjunction with a shift in travel preferences to regional, outdoor activities. This contributed to a rise in domestic overnight trips, helping mitigate lost visitation from business travel and conventions. Coastal markets like Savannah benefited greatly from this trend, with local occupancy and revenue metrics exceeding the 2019 rate entering this year. Expansion projects in Savannah's airport and convention center will help sustain this momentum moving forward. Performance metrics are improving in Atlanta as well, though at a much slower rate. Reduced business travel and event cancellations hampered occupancy rates in the metro. However, business travel is expected to increase and many of those events are expected to return this year, a positive sign for weekday room demand. Limited deliveries across the region will support a further rise in occupancy and RevPar this year.

Atlanta commands significant buyer attention. Deal flow in 2021 nearly doubled the previous year's pace, highlighting the optimism investors have for the state's long-term hotel performance. Hotels are most often changing hands in Atlanta, with buyers targeting both economy and upscale assets. Investors seeking hotels in the economy chain scale are active in the Southside of Atlanta and the Galleria-Marietta submarket. On average, these assets are selling at $40,000 per room. Buyers targeting upscale properties are most active in Downtown Atlanta and the Perimeter Center-Roswell submarket, with entry costs averaging around $200,000 per room. The recent uptick in tourism has elevated interest for assets in Savannah and Augusta as well. Hotels here often trade with first-year returns ranging from 7 percent to 12 percent, depending on the chain scale.

+360 bps 2022 Occupancy vs Long-Run Average

+23% 2022 ADR vs Long-Run Average

+32% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- The Savannah Convention Center is undergoing an expansion that's set for completion in early 2023. The project will double the center's exhibit hall space, while adding a 40,000-square-foot ballroom, 15 additional meeting rooms and a 900-space parking garage. This will allow Savannah to compete for larger conventions and events, boding well for hospitality performance metrics in the area.
- The Savannah/Hilton Head International Airport is currently undergoing renovations that include terminal concourse expansions and improvements to the security checkpoint and rental car facilities. The airport's expansion and improvement projects are expected to increase the number of fly-in visitors to the market, benefiting occupancy rates in Chatham County.
- The grand opening of the ArieForce One roller coaster is expected to bolster visitation at Fun Spot Atlanta throughout this year, elevating room demand in Fayette County.

2022 Region Forecast

Supply
up 2.2%

The pace of construction will remain on par with the national average this year. More than 4,100 rooms are underway statewide. The bulk of projects underway are concentrated in Atlanta and Savannah, with approximately 3,400 and 400 rooms, respectively.

Occupancy
up 350 bps

Following a 1,230-basis-point increase last year, annual occupancy will continue to rise in 2022 to 63.2 percent.

ADR
up 4.0%

Improving room demand supports a 4.0 percent increase in the average daily rate this year to $105.25. In 2021, occupancy surged, lifting ADR by 20.0 percent.

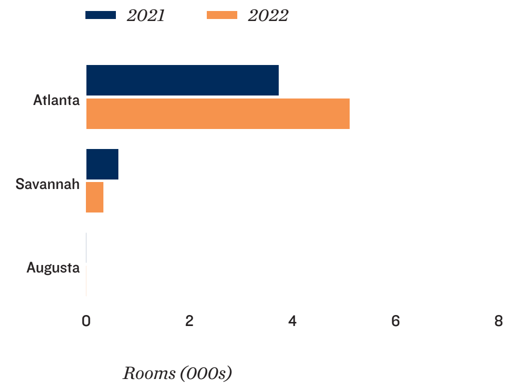
RevPAR
up 11.3%

Elevated occupancy rates and steady ADR growth will lift RevPAR up to $67.82 in 2022. Last year, the rate climbed 49.3 percent.

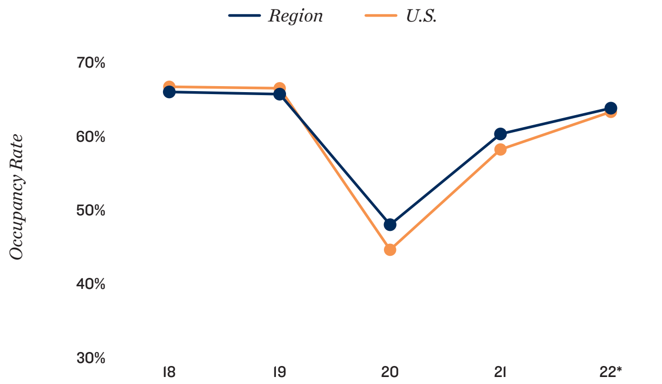
Investment

Atlanta continues to attract corporate relocations from companies like Airbnb, Honeywell and BlackRock, establishing itself as a prominent tech hub. Business travel will likely improve throughout the year, which will continue to heighten investor interest in upscale and luxury assets Downtown.

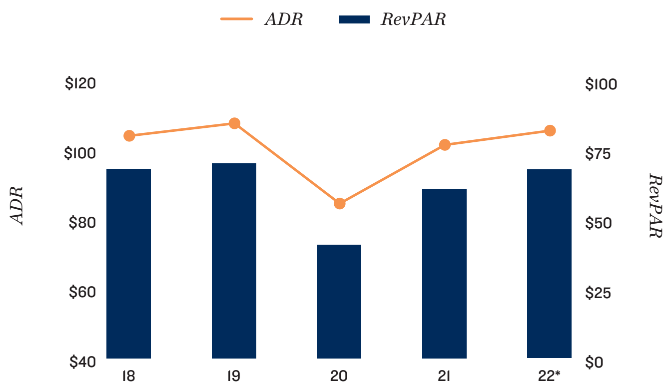
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures



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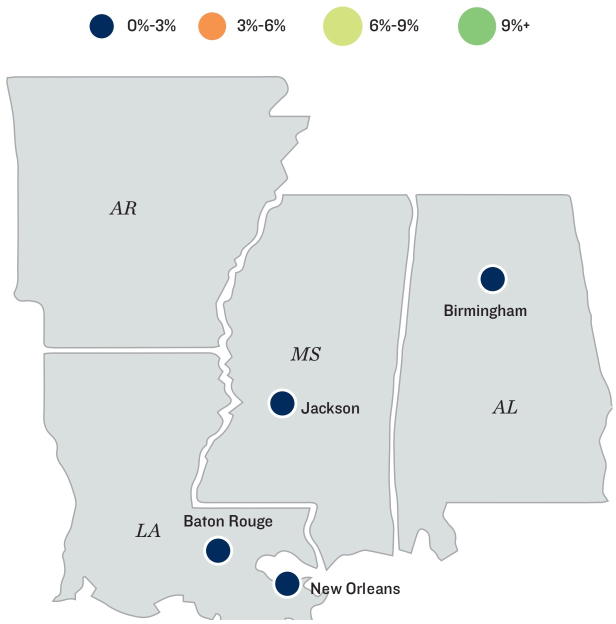
* *Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

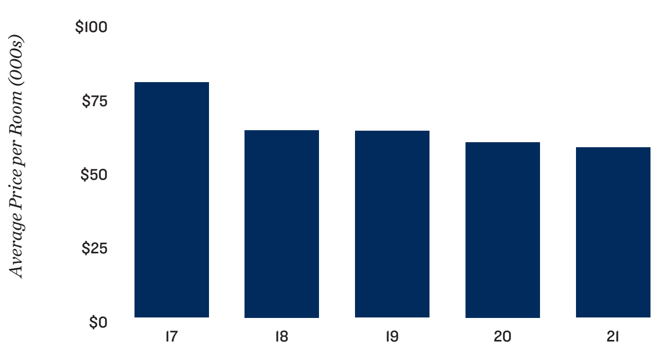


States: Alabama, Arkansas, Louisiana and Mississippi

2022 Demand Growth

+5.6% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Louisiana Tourism and Colleges Facilitate Recent Gains; Upscale Trading Re-Emerges

Returning leisure activities drive complete occupancy recovery. Hotel demand rebounded notably during the second half of last year, as average monthly occupancy over the six-month period reached 60 percent, a rate that exceeded the same span during 2019 by 250 basis points. The return of students to college campuses and full capacity at SEC football games were primary drivers of recent demand growth, as was an increase in Louisiana tourism. Together these factors elevated both regional ADR and RevPAR well beyond prior second-half recordings, an encouraging sign for the region prior to the return of Mardi Gras and a collection of major sporting events this year. Additionally beneficial to the area's hospitality recovery, the region's construction pipeline is relatively sparse. Inventories in both Louisiana and Mississippi are slated to increase by less than 1 percent this year, limiting supply-side competition for existing properties.

Renewed confidence in New Orleans sparks upper-tier trading. Deal flow rose across the four-state region last year as more private buyers came off the sidelines. Still, both sales volume and average pricing declined on an annual basis as economy and midscale hotels accounted for a larger percentage of total closings. Private investors targeting these $1 million to $5 million assets are most active in New Orleans and Little Rock, where properties with fewer than 100 keys often trade below $50,000 per room. Birmingham represents an additional target for buyers focused on midscale and upper midscale listings. Here, 1990s- and early 2000s-built properties of this distinction can still be acquired for less than $60,000 per room. Further up the chain scale, investor confidence in New Orleans appears to be improving as a collection of upscale, upper upscale and luxury properties have recently traded, most for $15 million to $40 million.

+270 bps 2022 Occupancy vs Long-Run Average

+20% 2022 ADR vs Long-Run Average

+26% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- After two years lost to the pandemic, Mardi Gras returned to New Orleans and Mobile this February, providing a significant boost to area hotels. The two-week celebration featured a collection of parades and events that concluded with Fat Tuesday on March 1. New Orleans hotels will receive another surge in demand this April when Caesars Superdome hosts the NCAA Men's Basketball Final Four.
- Dubbed the largest rodeo east of the Mississippi River, the 57th annual Dixie National Livestock Show and Rodeo was held in Jackson this February. The two-weekend event historically attracts more than 100,000 visitors to the city's State Fairgrounds and has an economic impact of more than $20 million.
- Birmingham will play host to the World Games 2022, an 11-day event in July that is expected to draw 3,600 athletes from more than 100 countries. Nearby, the NCAA's SEC Conference will hold its baseball tournament in Hoover this May.

2022 Region Forecast

Supply
up 1.5%

At least 3,600 rooms are underway throughout the region. Nearly half of those keys are in Alabama, highlighted by the development of more than 800 rooms in Huntsville and 400 keys in Birmingham. Elsewhere, nearly 500 rooms are being built in New Orleans.

Occupancy
up 240 bps

Building on last year's 1,190-basis-point gain, annual occupancy reaches 61.2 percent, a rate 140 basis points above the 2019 mark.

ADR
up 2.6%

Rising hotel demand lifts the average daily rate to a record mark of $98.65 per room during 2022. Still, the regional pace of ADR growth trails the national rate of increase.

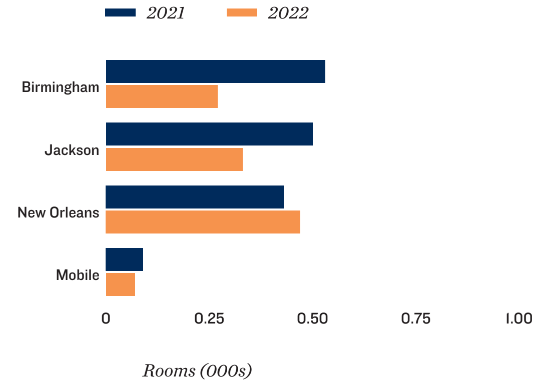
RevPAR
up 7.0%

Occupancy improvement and historic ADR allow regional RevPAR to eclipse the $60 benchmark for the first time, reaching $61.37.

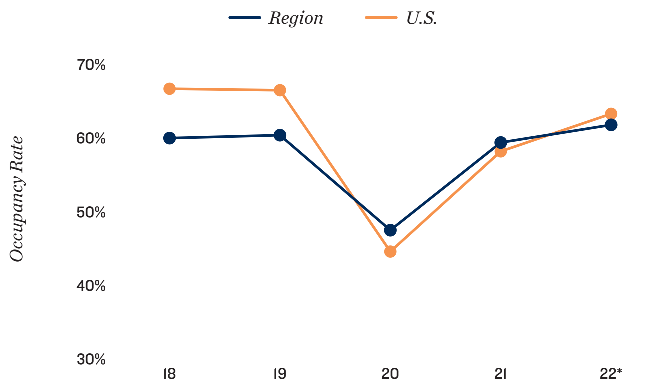
Investment

The return of pre-pandemic levels of hotel demand in Louisiana and record revenue metrics in Mississippi will heighten buyer competition for listings in both states, with the relatively sparse volume of new rooms underway in both locales further bolstering the attractiveness of existing assets.

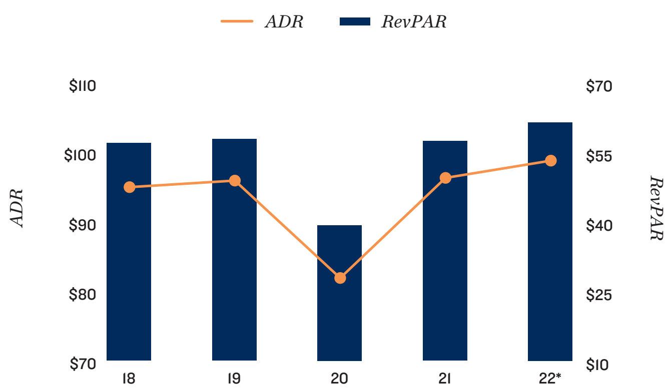
Development Trends [♦]



Annual Occupancy



Full-Year Revenue Measures

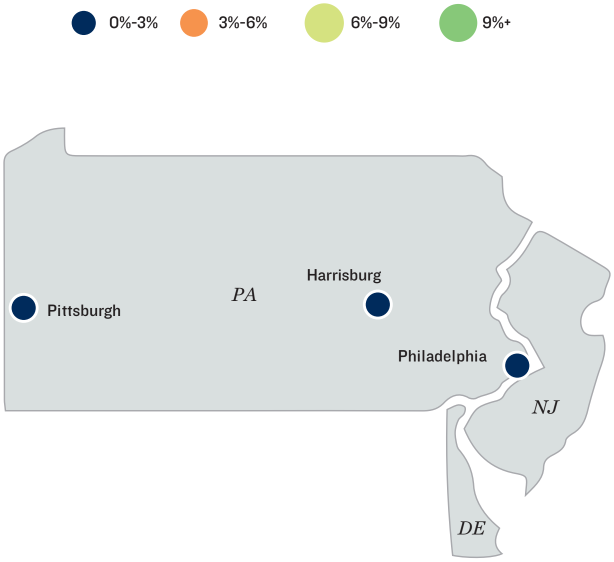


♦ *2021 = recent openings; 2022 = under construction as of December 2021*

** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

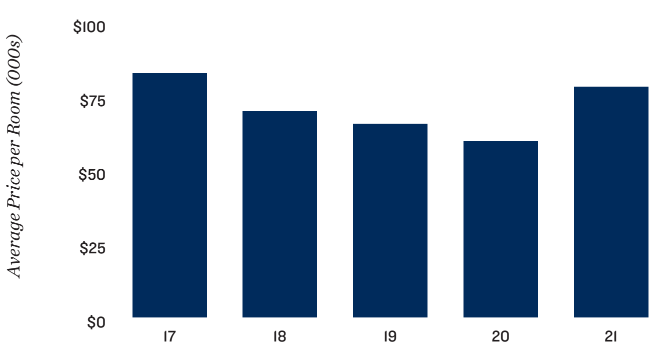


States: Delaware, New Jersey and Pennsylvania

2022 Demand Growth

+11.9% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Tourism Recovery Led by Seaside Locales; Major Metros Maintain Upward Momentum

Outdoor experiences spearhead hospitality recovery. As lockdown restrictions began to relax last year, many tourists looked toward nearby nature destinations, benefiting coastlines close to major metros. Delaware and the Jersey Shore currently lead the region in occupancy and RevPAR improvement, with the former surpassing 2019 levels in these metrics last year. Tourism in Delaware was also boosted by the 2021 return of Firefly, the East Coast's largest annual music festival. Due to ease of access to large nearby markets, occupancy in these coastal locales should stay elevated as health risks ameliorate. The rapid expansion proportional to existing stock in these areas, however, could create near-term headwinds. Additionally, reopening offices should help lift business travel and give a boost to the Mid-Atlantic's major urban centers. Though Philadelphia will welcome more major events this year, numerous room openings will keep some downward pressure on occupancy and potentially daily room rates. A full RevPAR restoration here will be further down the line. Moving west, Pittsburgh is on track for a more complete recovery in 2022. Ongoing corporate expansions and an active academic base support visitation, with offices and campuses reopening.

Investors pursue returning road travel and leisure hot spots. Improving health conditions, in tandem with a bevy of saved-up capital, generated multiyear record deal flow across the Mid-Atlantic region. Pittsburgh and Philadelphia saw record highs in trades involving economy-class flags, in addition to two substantial, multiproperty deals involving this segment. In New Jersey, the Interstate 95 and Route 1 corridors remain the most popular regions for investment, but high performing beachfront tourism in the wake of the pandemic has generated a noticeable uptick of buyer activity along the Jersey Shore. While Delaware remains the region's smallest market, the state's swift pandemic recovery drove trades to a multiyear high and should continue to draw in out-of-state capital in the future.

-120 bps 2022 Occupancy vs Long-Run Average

+12% 2022 ADR vs Long-Run Average

+10% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Pittsburgh International Airport broke ground on a $1.4 billion renovation project in late 2021, aimed at modernizing existing facilities and constructing a new 700,000-square foot terminal. Extensive upgrades indicate confidence by local authorities in a near-term recovery for local tourism.
- Philadelphia's Pennsylvania Convention Center is expected to see a jump in large-scale events, as business travel ramps back up this year. The center's current schedule could result in as much as 350,000 overnight stays for the Philadelphia area in 2022.
- Though previously feared as a competitor to some hospitality operations, internet gambling helped cushion hard times for New Jersey casinos. Online games and sports betting comprised over 46 percent of gaming revenue during the pandemic, and placed the state's casinos in third place nationwide for performance.

2022 Region Forecast

Supply up 1.3%
The region gains nearly 2,800 rooms in 2022. Pennsylvania alone takes in over half of this stock, as 1,500 keys are added this year. Delaware will undergo the most rapid supply transformation, with 700 units growing inventory statewide by over 5 percent.

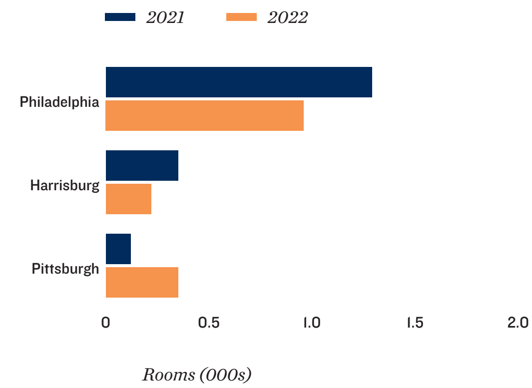
Occupancy up 570 bp
Surging demand brings occupancy up to 59.7 percent, though room usage remains 4 percent to 5 percent under 2019 levels.

ADR up 2.2%
Having jumped 18.8 percent last year, performance approaches more typical levels. ADR will average $120.15 by year end.

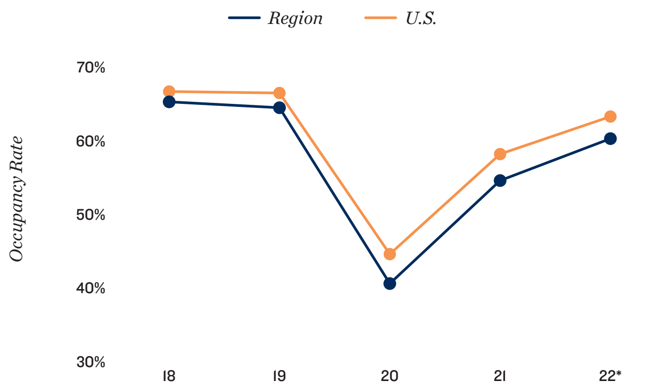
RevPAR up 11.5%
Substantial occupancy gains drive this year's RevPAR up to $72.73, though full recovery in this metric will extend into 2023.

Investment
The emerging southern Delaware market is drawing out-of-state capital to beachfront hotels. The area's elevated price tags should keep regional investors in the sub-$10 million tranche drawn to the nearby Jersey Shore, but development may create capital placement opportunities in the near future.

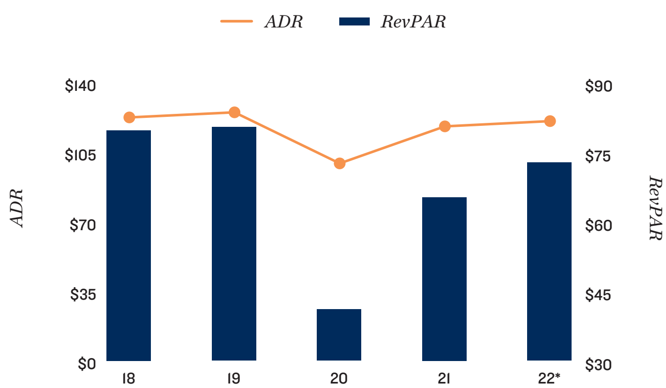
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures

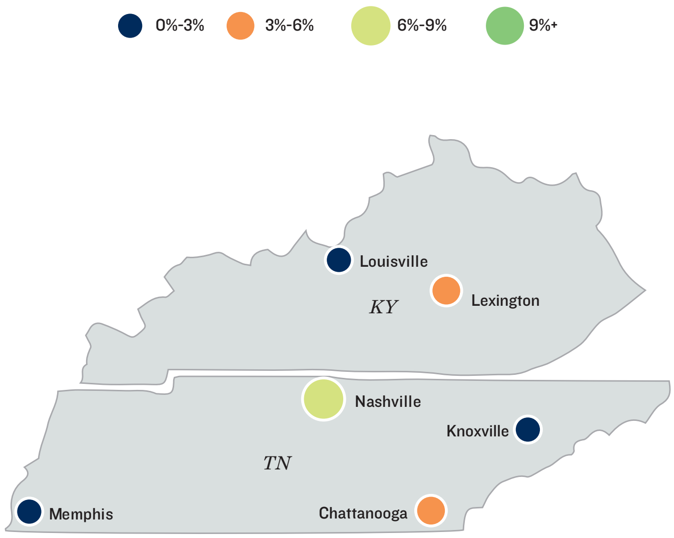


♦ *2021 = recent openings; 2022 = under construction as of December 2021*

** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

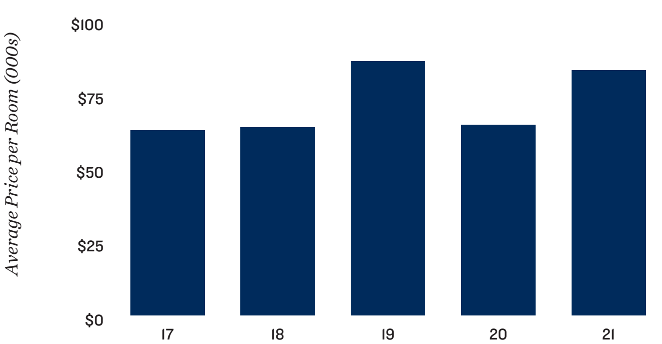


States: Kentucky and Tennessee

2022 Demand Growth

+8.8% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Summertime Demand Returns to Historical Norms as Buyers Favor Defensive Plans

Renowned locales set new benchmarks for visitorship. Last summer marked a pivotal point in the Mid-South's hospitality recovery. During July, occupancy in Tennessee and Kentucky exceeded or matched the level of hotel demand recorded during the same period in 2019, pushing monthly ADR to $134 and $102 per room, respectively. Heightened patronage at prominent tourist destinations was partially responsible for returning seasonal hotel metrics to pre-pandemic conditions. Specifically, Great Smoky Mountains National Park recorded its busiest year to date, logging more than 14.1 million visitors, while distilleries along Kentucky's Bourbon Trail conducted more than 1.5 million tours. The attractiveness of these destinations and an expected rise in business and music-related events in major metros including Nashville and Memphis have the region positioned for another year of increased tourism and improved hotel fundamentals. Developers are bullish on future demand, namely in Tennessee, where the number of rooms underway ranks sixth among states nationally. This supply, however, is largely concentrated in Nashville.

Hotels proximate to primary demand drivers lift sales velocity. The Mid-South recorded a stark rise in deal flow last year as more risk-averse investors acquired hotels lower on the chain scale in historically top-performing locales. Older economy assets in Pigeon Forge, Gatlinburg and other areas adjacent to Great Smoky Mountains National Park are in high demand following a record year for visitations, as are similar properties near Prentice Cooper State Forest. Private buyers focused on major metros are targeting economy to upper-midscale assets near Nashville, Memphis and Louisville airports, while downtown Nashville and adjacent submarkets are points of interest for institutional investors seeking upscale buildings. Here, pricing is well above the region's average of $65,000 per room.

+350 bps 2022 Occupancy vs Long-Run Average

+30% 2022 ADR vs Long-Run Average

+38% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- A trio of races will aid regional hotel performance during the spring and summer. In May, Louisville will host the 148th Kentucky Derby, an event that had a more than $370 million economic impact prior to the health crisis. Elsewhere, Nashville Superspeedway will host an Ally 400 Nascar Cup Series race this June, while the Nashville Fairgrounds welcomes a Superstar Racing Experience in July.
- The Memphis International Airport has opened its recently modernized Concourse B, which now features 23 gates capable of accommodating roughly 6 million passengers annually. The boost in traveler traffic is poised to heighten demand for nearby hotel rooms.
- The Passenger Vessel Association convention and the National Farm Machinery Show were held in Covington and Louisville, respectively, in the first quarter. These events were a boon for area hotels that typically post lower occupancy in February and March.

2022 Region Forecast

Supply
up 3.0%

Development is underway on more than 6,000 rooms, over 60 percent of which are in Nashville. Elsewhere, more than 700 keys are being built in both Louisville and Memphis, with construction ongoing on a comparable number of rooms in Chattanooga.

Occupancy
up 330 bps

Annual occupancy improves for a second straight year, reaching 61.8 percent. This rate trails the 2019 mark by 150 basis points.

ADR
up 2.7%

After rising by more than 20 percent last year, the average daily rate reaches $109.85 in 2022, as the annual pace of growth mirrors pre-health crisis performance.

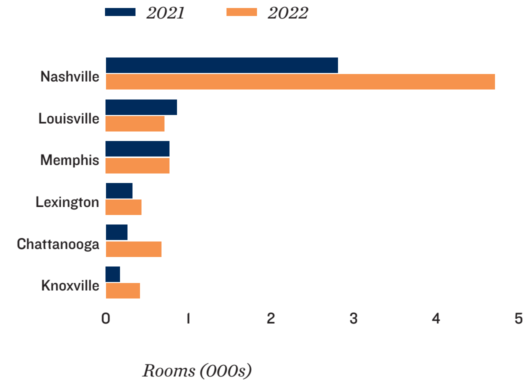
RevPAR
up 7.2%

Boosts in occupancy and ADR lift RevPAR to $68.89, a figure that exceeds that of some other Midwest and South regions.

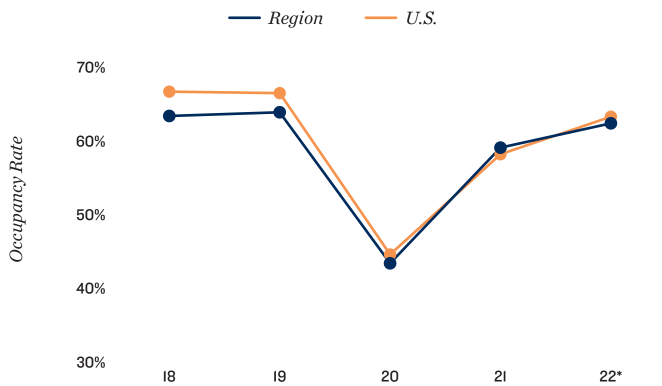
Investment

Ongoing expansions by Amazon, Asurion and Oracle are cementing Nashville's status as a regional tech hub, positioning the metro for a near-term increase in business travel. In response, investor demand for higher-end hotels in Nashville's CBD and rooms proximate to the airport could rise.

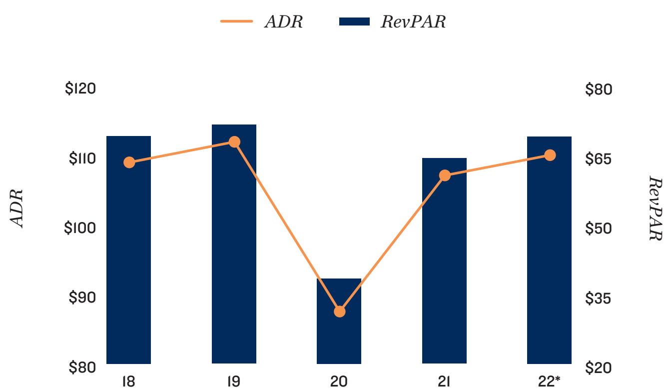
Development Trends ♦



Annual Occupancy

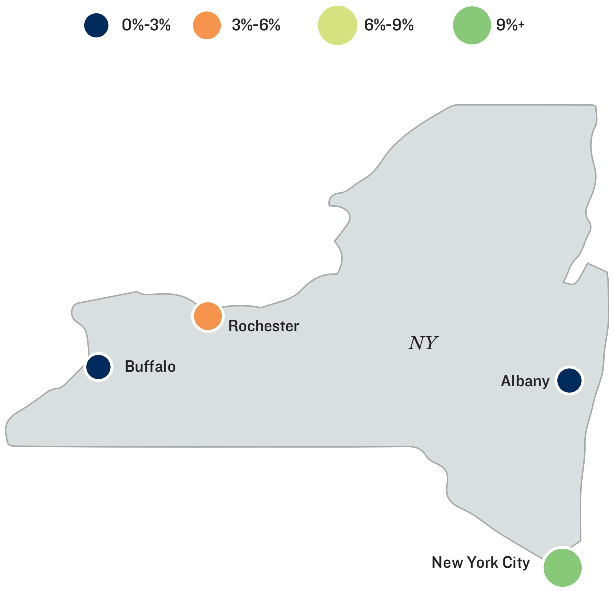


Full-Year Revenue Measures



♦ 2021 = recent openings; 2022 = under construction as of December 2021
* Forecast
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

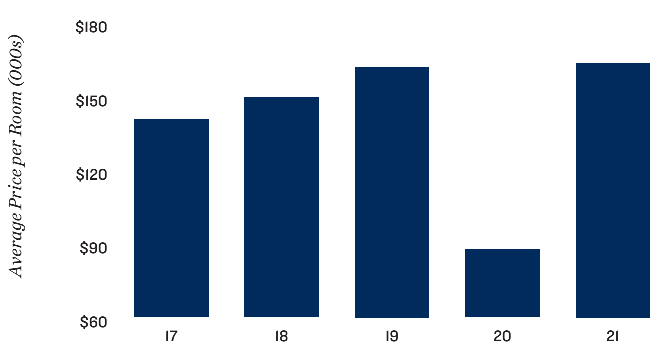
Percent of Stock Under Construction



2022 Demand Growth

+17.8% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

New York's Recovery Contingent on the Return of International and Business Travel

Live events provide a boost to hotel occupancy. The return of major gatherings without capacity restrictions like Broadway musicals, the U.S. Open and the Governors Ball Music Festival elevated overnight stays across the region. Occupancy rose by 1,400 basis points last year, although the rate still remains well below the state's pre-pandemic mark entering 2022. The health crisis decimated tourism and business travel, significantly impacting performance inside New York City. As a result, many hotels shut down, with roughly 10,000 rooms still temporarily closed as of December 2021. This led to steep job losses, with total employment in the leisure and hospitality sector down 30 percent from the metro's pre-pandemic level entering 2022. Despite the recent headwinds, developers are bullish on future demand, with over 16,000 rooms underway across the state. The easing of pandemic restrictions on businesses and foreign tourism will boost visitation this year, supporting a further rise in hospitality fundamentals; performance metrics, however, will likely trail pre-pandemic rates until international travel returns to normal levels and hotel staffs can be bolstered.

Improving fundamentals drive deal flow. Transaction velocity across New York increased by 40 percent last year, as improving daily rates and occupancy restored investor confidence in the region. Competition for available assets is rising, lifting the average sale price to $163,000 per room over the past year. Select service hotels in New York City have garnered the most attention as of late, due to the city's status as one of the top tourist destinations in the nation. Assets of this service level here generally change hands at sale prices above $250,000 per room, with first-year returns averaging in the high-4 percent range. Lower entry costs are drawing the attention of many investors to Long Island. Buyers here are targeting limited service hotels with fewer than 100 rooms. Assets of this service level often trade in the area at sale prices around $115,000 per key.

-870 bps 2022 Occupancy vs Long-Run Average

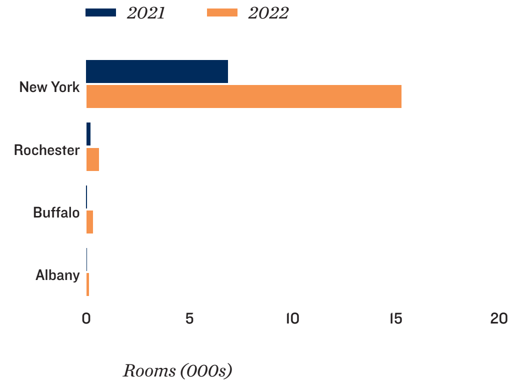
-3% 2022 ADR vs Long-Run Average

-14% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- New regulations surrounding short-term rentals took effect in December 2021 in New York City. Owners are now required to register with the city before renting out their homes on a short-term basis or less than 30 days. This may limit some of the rentals available, likely benefiting hotel occupancy rates
- In November of last year, the U.S. reopened its borders to vaccinated international travelers. The return of foreign tourism will greatly benefit hotel performance in New York City, which is the leading destination in the U.S. for international arrivals.
- The KeyBank Center will host first and second round matchups in the men's NCAA basketball tournament in mid-March. The event is expected to bring thousands of visitors to downtown Buffalo, heightening hotel room demand in the metro, while providing a multimillion-dollar impact on local businesses.

Development Trends ♦



2022 Region Forecast

Supply up 6.3%

Construction activity outpaces the national average this year. Nearly 13,700 rooms are set to open across the state this year, representing over 100 hotels. Roughly 85 percent of the pipeline is slated to deliver in New York City and Long Island.

Occupancy up 610 bps

Occupancy improves for the second consecutive year, reaching 62.4 percent. Still, the rate trails the 2019 mark by 1,150 basis points.

ADR up 11.1%

Elevated demand supports a rise in the average daily rate to $178.24 this year. In 2021, the rate climbed 27.5 percent.

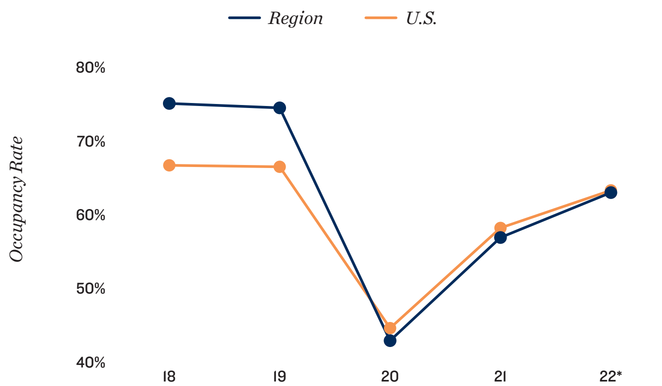
RevPAR up 21.0%

Steadily rising daily rates and occupancy levels combine to lift RevPAR to $113.22 this year. The year-end rate, however, will trail the region's pre-pandemic peak.

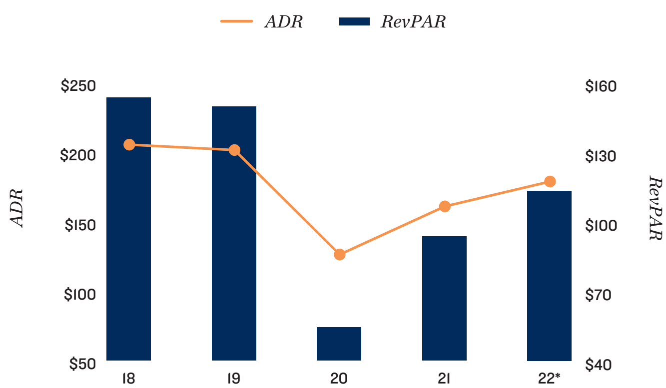
Investment

Increased competition for assets in New York City and Long Island may potentially steer investor interest to hotels in Rochester and Buffalo. Average daily rates in these markets have exceeded the pre-pandemic rate entering this year. Properties here often trade in the $1 million to $5 million price tranche.

Annual Occupancy



Full-Year Revenue Measures



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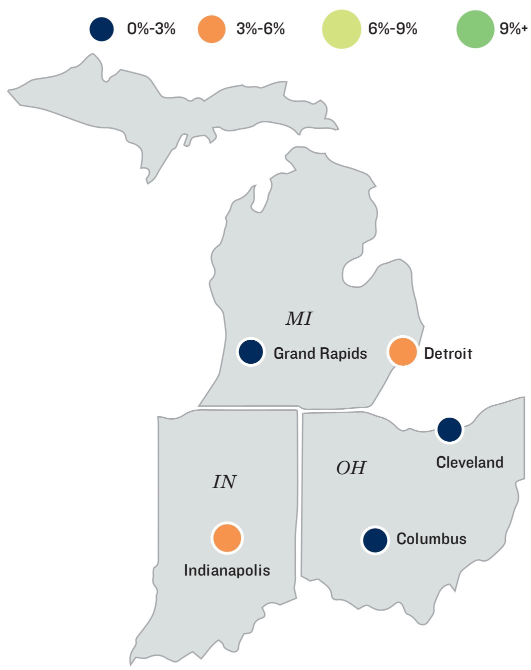
** Forecast*
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

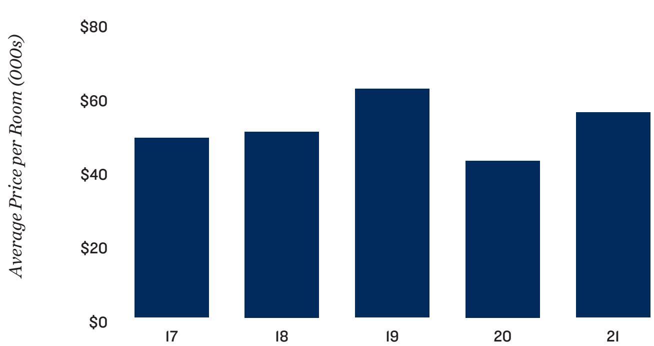


States: Indiana, Michigan and Ohio

2022 Demand Growth

+8.8% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Critical Drivers of Hotel Demand Restored as Renewed Interest in Midscale Emerges

Universities a catalyst for hotel recovery. The return of students to college campuses and full capacity at Big Ten, Notre Dame and MAC football games restored a primary revenue stream to the hospitality sector in the second half of 2021. The boost in hotel patronage lifted fundamentals, with revenue metrics during the six-month span exceeding or nearly matching pre-pandemic performance. Regional occupancy reached nearly 60 percent, trailing the same period in 2019 by just 3 percent, and ADR advanced by 5 percent. Michigan stood out, as the state recorded the largest improvements in occupancy and ADR, lifting RevPAR beyond the second-half-2019 figure. Elsewhere, occupancy gains in Ohio and Indiana raised each state's ADR beyond pre-health crisis rates. Moving forward, the return of conventions to major metros and a collection of national sporting events will further the hotel sector's recovery, as the volume of overnight stays rises. This improvement will support a level of regional hotel performance that outpaces the neighboring Central and Upper Midwest markets.

Suburban trading lifts sales velocity. Deal flow rose by 40 percent last year and transactions were evenly dispersed across the region's three states. The boost in closings pushed annual sales volume up to $300 million, nearly double the prior year total. Buyer demand for midscale properties in major metros including Indianapolis and Columbus is elevating, fueled by trailing-12-month occupancy rates that have returned to levels nearly on par with pre-health crisis performance. Regionwide, these assets are on average trading for $41,000 per room. Across hotel chains, suburban properties are garnering investor attention as well, highlighted by activity in Cincinnati and Detroit. Here, private investors seeking lower entry costs are acquiring older economy listings, while regional investors and institutions focus on higher-quality assets built or renovated this century.

+110 bps 2022 Occupancy vs Long-Run Average

+21% 2022 ADR vs Long-Run Average

+23% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Indianapolis' hotel sector received an early-year boost when the city hosted the College Football Playoff National Championship in January. Locally, more than 30 hotels sold out, with the event having an estimated $150 million economic impact. The metro will also host first- and second-round matchups as part of the NCAA Men's Basketball Tournament this March.
- Cleveland played host to the NBA All-Star Weekend in February, a three-day showcase that drew tens of thousands of visitors and was estimated to have a $100 million economic impact. The festivities will further solidify Cleveland's status as a destination for major sporting events, as the city hosted the NFL Draft in 2021.
- Home to the top three wine country hotels in the nation, according to a recent USA Today poll, Northern Michigan is positioned to record an increase in visitors this year. The Leelanau Peninsula Wine Trail features upward of 25 wineries.

2022 Region Forecast

Supply
up 2.0%

Construction is underway on more than 6,400 rooms throughout the region, including 2,700 keys in Detroit. Projects in Cincinnati and Indianapolis account for most of the remaining pipeline, as more than 1,100 rooms are being built in each metro.

Occupancy
up 360 bps

Regional occupancy builds on last year's 1,280-basis-point improvement, rising to 57.3 percent in 2022.

ADR
up 3.4%

Elevated demand will lift the average daily rate to $101.78, a figure that exceeds the 2019 mark by nearly 1.0 percent. Last year, a 17.6 percent gain was recorded.

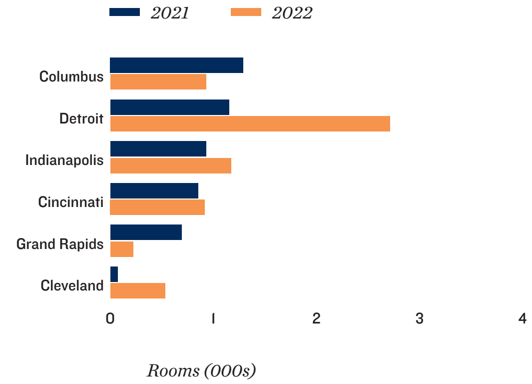
RevPAR
up 9.6%

Occupancy gains and ADR growth push RevPAR up to $59.32, translating to an increase that outpaces six other regions.

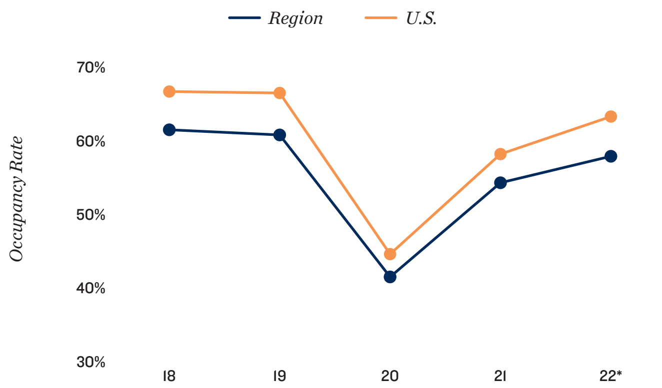
Investment

Regionally discounted pricing and a nearly 20 percent ADR gain last year attract additional private capital to Ohio's hotel sector in 2022. Properties lower on the chain scale with renovation potential and assets proximate to major interstates are likely to garner the bulk of investor attention.

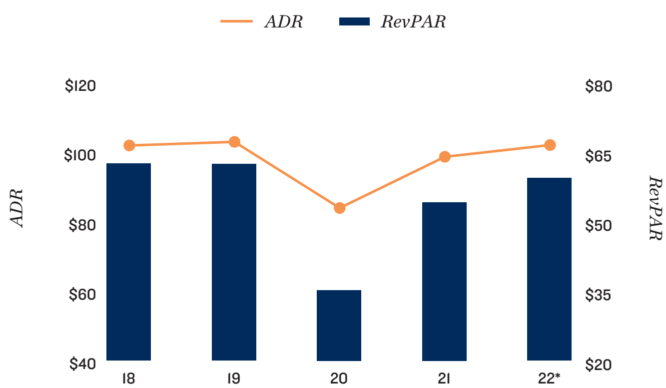
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures



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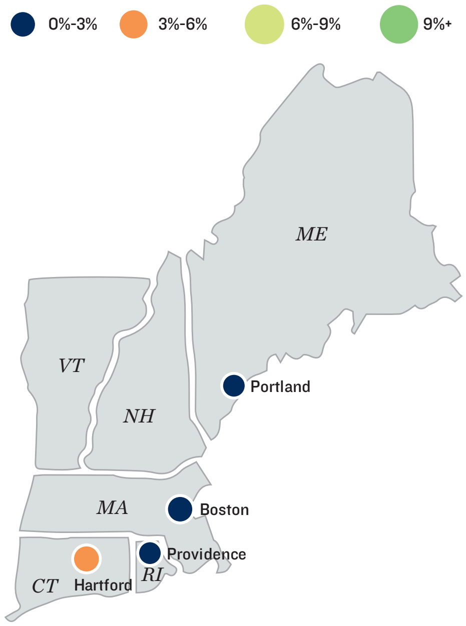
** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

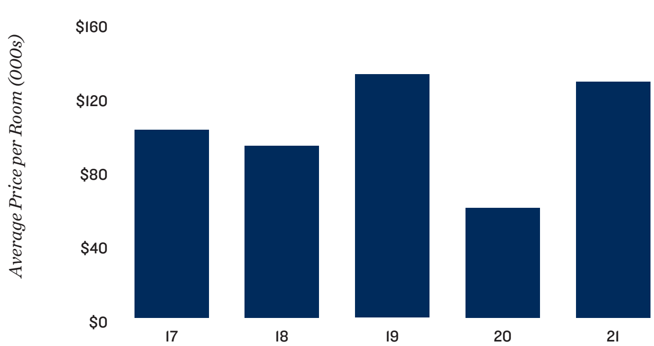


States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

2022 Demand Growth

+9.0% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Scenic Destinations Boosting Outlook Amid Shift in Leisure Travel Behavior

Region's smaller venues outpacing pre-pandemic performance. Occupancy and revenue across the Northeast is gaining momentum after a difficult 2020 and slow start to 2021. Several areas are now outperforming pre-pandemic levels. Maine has been recording occupancy, ADR and revenues well above the year-end 2019 values, driven by the state's outdoor activities and scenic views. Entering this year, the midcoast stretch of Maine observed occupancy levels more than 800 basis points above its pre-pandemic high, with revenue growth of more than 24 percent over the same time span. Shifting traveler preferences in favor of less dense, more scenic locales have also aided hoteliers in Vermont, where ADR and RevPAR are well above their 2019 values as 2022 began. Massachusetts tourism hubs like Cape Cod and Boston have struggled to recover losses, but gains in Southeast Massachusetts cities like Plymouth and New Bedford have helped the statewide figures. Looking forward, larger destinations are set to benefit from rising business and international travel.

Smaller trades driving ramped up sales velocity. Investment activity returned in force in 2021, surpassing 2019 trade counts as deal flow accelerated in the second half of the year. Properties in the $1 million to $10 million dollar segment changed hands more during the health crisis, most notably in the states that are outperforming pre-pandemic norms, like Vermont and coastal Maine. Waterfront hotels south of Portland have recorded the sharpest increase in activity. In both states, small economy and independent assets trade most often, which can appeal to travelers' interest in budget friendly options or bespoke settings. As such, demand for independent hotels is particularly strong, and limited listings in these areas, combined with relatively sparse construction, will keep upward pressure on sales pricing for these assets.

-180 bps 2022 Occupancy vs Long-Run Average

+21% 2022 ADR vs Long-Run Average

+15% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- After a two-year hiatus, the Maine Lobster Festival is scheduled to return in the summer of 2022 to Rockland's Harbor Park. This should boost summer room demand along the central coast of Maine, as it did prior to COVID-19 cancellations in 2020 and 2021.
- Building on several restrictions imposed over the last few years, in June 2021, Boston's city council fully outlawed short-term rentals for investors who do not live on the premises. This resulted in the de-listing of many offerings through Airbnb and other rental sites, aiding the outlook for traditional lodging in the city.
- Last spring, Massachusetts and several other states in the region loosened their interstate travel restrictions, such as a 10-day quarantine and proof of a negative PCR test. The state has since dropped all restrictions for travelers with two doses of the vaccine as well. This should aid demand during the first full year of relaxed policies.

2022 Region Forecast

Supply up 1.5%
Development activity eases to just over 2,500 room openings this year. The decrease from last year is sharpest in Boston and Providence; Boston, however, is still adding the largest share of rooms in the region.

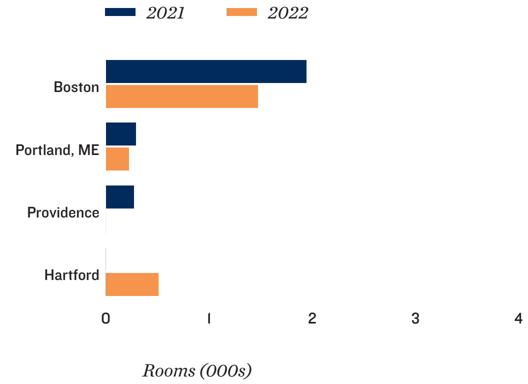
Occupancy up 410 bps
After dropping below 40 percent in 2020, annual occupancy will continue to rebound this year, reaching 59.2 percent.

ADR up 3.8%
The average daily rate will climb to $149.56 in 2022, after rising more than 22 percent last year. This leaves the measure just 3 percent below the pre-pandemic rate of $154.12.

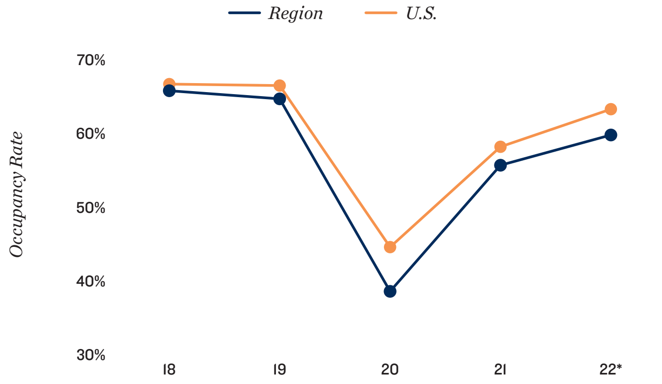
RevPAR up 6.3%
Solid ADR growth and rising occupancy rates in the region will support a lift in RevPAR up to $89.54 in 2022. Last year, the rate climbed to 1.7 percent.

Investment
Massachusetts posts the most trades, largely due to available stock. Cape Cod, Nantucket and Boston record the highest sales levels in the region, especially for assets with entry costs above $20 million. Investments like this show a belief in the long-term success of these desirable tourist locations.

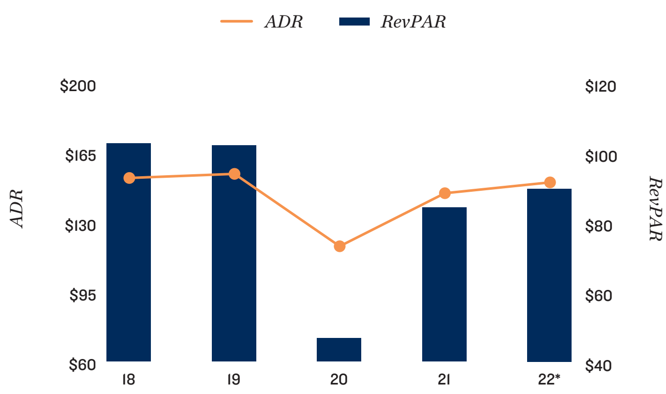
Development Trends ♦



Annual Occupancy

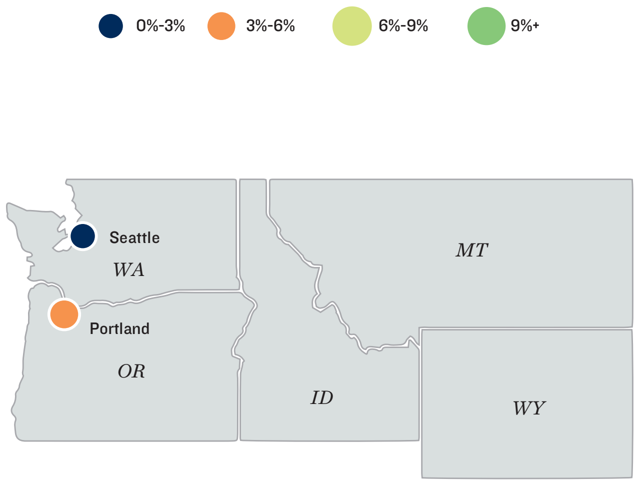


Full-Year Revenue Measures



♦ 2021 = recent openings; 2022 = under construction as of December 2021
** Forecast*
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

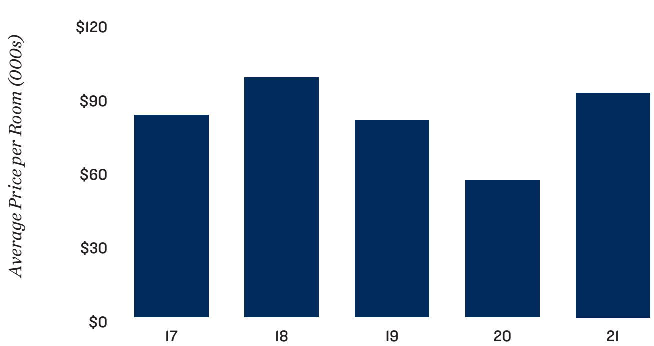


States: Idaho, Montana, Oregon, Washington and Wyoming

2022 Demand Growth

+7.8% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Ski Resorts and National Parks Underpin Hospitality Demand in the Northwest

Secondary and tertiary markets drive recovery. Entering 2022, ADR is only down 2.6 percent from the region's 2019 rate. Smaller markets in Montana and Idaho flourished, due to the popularity of their ski resorts and national parks, with each state's occupancy and revenue metrics surpassing their 2019 measures entering this year. Additionally, over 5 million people visited Wyoming's state parks over the past year, lifting statewide ADR and RevPAR above pre-pandemic levels in 2021. Larger metros in the region, like Seattle and Portland, are recovering as well, although at a more moderate pace. Subdued group, corporate and international travel has slowed the recovery in these markets. Moving forward, the reopening of the Canadian border should bolster international visits, while the return of events at convention centers may provide a boost to group travel. With only 4,100 rooms slated to deliver across the Northwest this year, hotel demand is set to outpace supply, lifting the average daily rate above the region's pre-pandemic mark by year-end.

Deal flow improves across all five states. Transaction velocity more than doubled on an annual basis last year, highlighting investor confidence for sustainable long-term hotel demand. Interest in higher quality assets is heating up, with average pricing in the region up over 60 percent in the past year, more in line with pre-pandemic levels. Across the Northwest, buyers are most active in Washington and Oregon, with the two states combining for over 70 percent of recent transactions. In Oregon, investors are targeting limited service assets, with over 100 rooms in close proximity to Portland International Airport and Beaverton. Assets here often change hands at prices above $150,000 per room. In Washington, buyers are focusing on hotels near Bellevue and Everett, due to robust population and job growth over the past few years.

+20 bps 2022 Occupancy vs Long-Run Average

+28% 2022 ADR vs Long-Run Average

+27% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- The 1.4 million-square foot expansion to the Washington State Convention Center is expected to be completed this year. The project will double the center's current capacity, and is estimated to generate as many as 2,300 new jobs, while bringing the city an additional $200 million in visitor spending.
- Glacier Park International Airport is undergoing a terminal expansion that is expected to be completed in August 2023. The project will add two new terminal gates, while making improvements to TSA screening checkpoints and baggage management spaces. The expansion will allow the airport to handle increasing air passenger traffic, likely benefiting hotels nearby moving forward.
- Delta recently announced it will start increasing its services from Atlanta, Los Angeles, Minneapolis, Seattle and Detroit with flights to Wyoming's Jackson Hole Airport. This will likely raise passenger traffic, boosting demand for rooms near the airport.

2022 Region Forecast

Supply up 1.8% — Roughly 4,100 rooms are scheduled to deliver throughout the Northeast region in 2022. About 75 percent of the pipeline is concentrated in Oregon and Washington, with the remaining three states each delivering fewer than 500 rooms this year.

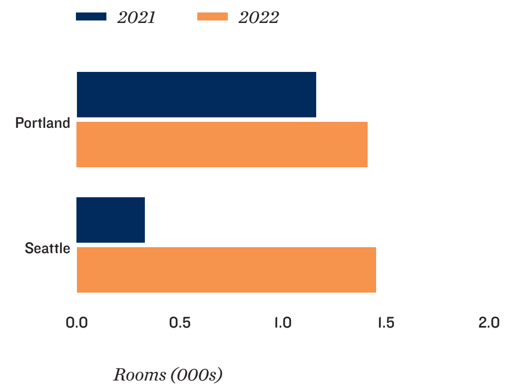
Occupancy up 340 bps — Occupancy improves for the second consecutive year, reaching 61.4 percent. The rate still trails the 2019 mark by 330 basis points.

ADR up 4.2% — Elevated room demand supports a rise in the average daily rate to $124.02 in 2022. This figure exceeds the 2019 mark by 1.5 percent. Last year, the rate surged 21.1 percent.

RevPAR up 8.0% — ADR and occupancy gains lift RevPAR to $77.15 this year. The rate still trails the pre-pandemic mark by 4.9 percent.

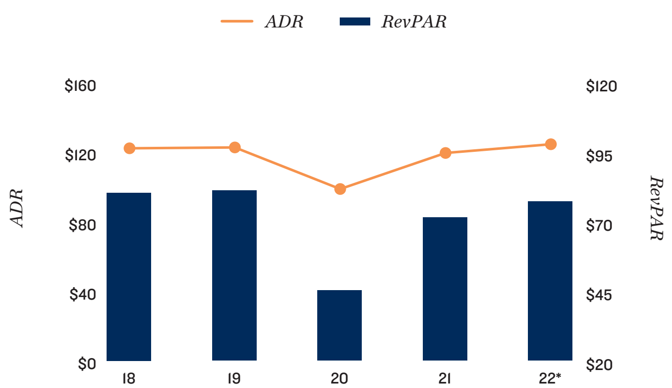
Investment — The recent influx of leisure travel to scenic outdoor destinations will heighten investor interest in hotels with fewer than 100 rooms in Wyoming, Montana and Idaho. Entry costs here usually fall well below the region's average of $91,400 per room, with yields that can climb into the double digits.

Development Trends ♦



Annual Occupancy

Full-Year Revenue Measures

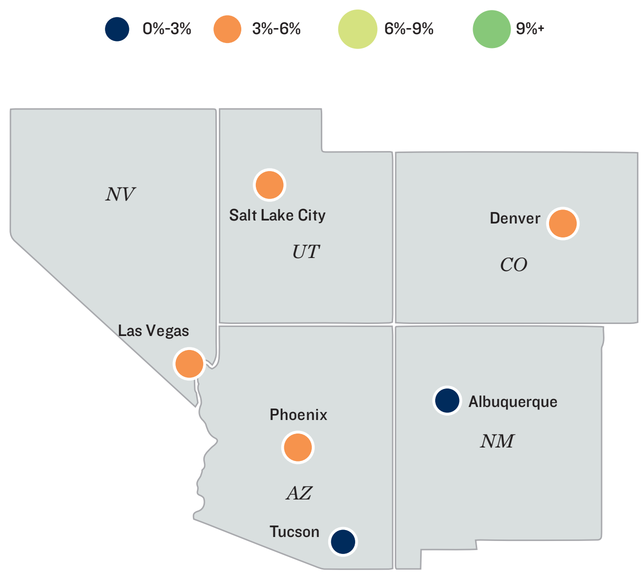


♦ *2021 = recent openings; 2022 = under construction as of December 2021*

** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

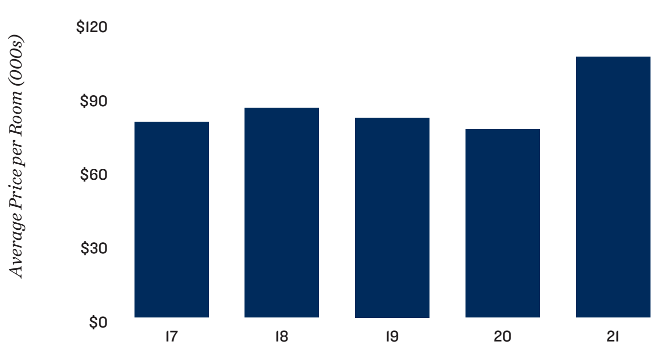


States: Arizona, Colorado, Nevada, New Mexico and Utah

2022 Demand Growth

+8.2% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Diverse Mix of Economic Drivers Spark Visitor and Investor Demand Across Southwest

Population growth and recreational activities boost momentum. Annual occupancy eclipsed 60 percent in three of the Southwest's five states last year, signaling a potential return of pre-pandemic hotel demand in these locales during 2022. Home to nearly 30 percent of the region's hotel inventory, Nevada recorded renewed performance, fueled by heightened tourism in Las Vegas, which reported 9.5 million visitors during the fourth quarter of last year. In adjacent Utah, at least 11 million individuals visited the state's five national parks last year. This record activity lifted occupancy above 70 percent in both June and July, pushing annual revenue metrics beyond 2019 marks. In Arizona, the addition of 123,000 jobs in Phoenix last year increased business travel to the metro, pushing the state's annual occupancy to 63 percent. Moving forward, demand drivers that lifted local hotel performance last year are expected to strengthen further, supporting the third highest occupancy rate among national hospitality regions during 2022.

Buyers scan Southwest for upside potential. Trading velocity nearly doubled on an annual basis last year, as private and institutional buyers' confidence in the Southwest improved. Sales volume also increased on a year-over-year basis, despite the high number of economy and midscale trades, many of which closed for under $80,000 per room. Regionwide, investors are most active in Colorado and Arizona, with the two states combining for 70 percent of recent sales activity. Properties refurbished during the past 10 years or those built between 1970 and 1999 with renovation potential steer deal flow in the Phoenix metro, with trades often below $100,000 per room in Mesa, Tempe and the city of Phoenix. In Denver, midscale hotels near the airport and Denver Tech Center are garnering more attention, as the metro's expanding professional and business services sector is lifting the number of business-related overnight stays.

+30 bps 2022 Occupancy vs Long-Run Average

+23% 2022 ADR vs Long-Run Average

+24% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Expected to generate roughly $100 million in local economic impact, the Outdoor Retailer Snow Show and Outdoor Retailer Summer events will provide a significant boost to Denver-area hotels, as representatives from outdoor industry brands, retailers and suppliers descend on the metro twice this year.
- The growth of Phoenix's semiconductor and electric vehicle sectors will heighten business travel to the metro. Both phase one of Taiwan Semiconductor Manufacturing Company's plant in northern Phoenix and ElectraMeccanica's production facility in Mesa will be finalized in 2022, with Intel expanding its Chandler factory.
- The return of large-scale conventions to Las Vegas will lift midweek demand for hotel rooms this year, potentially elevating monthly visitor volumes to pre-pandemic levels. The World of Concrete and Consumer Electronics Show were both held this January.

2022 Region Forecast

Supply up 1.7%

Developers are underway on over 13,600 keys across the Southwest, highlighted by the construction of 5,300 rooms in Las Vegas and 3,400 keys in Colorado, more than 80 percent of which are in Denver. Elsewhere, nearly 2,700 rooms are being built in Phoenix.

Occupancy up 380 bps

Strong regional tourism and increased business travel to major metros lifts the annual occupancy rate to 63.4 percent.

ADR up 4.2%

An improvement in hotel demand supports a more sustainable pace of daily rate growth in 2022, following last year's 21.5 percent jump. ADR will rise to $125.45 by year-end.

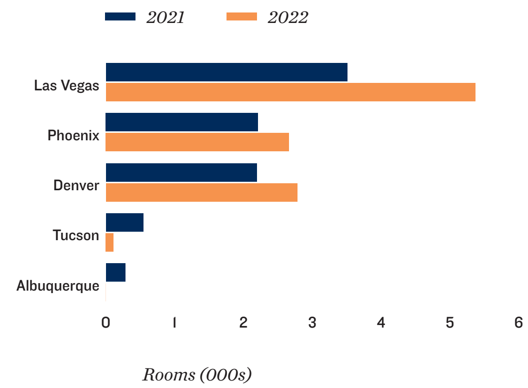
RevPAR up 10.3%

A double-digit increase is recorded for the second consecutive year, pushing RevPAR up to $80.54 in 2022.

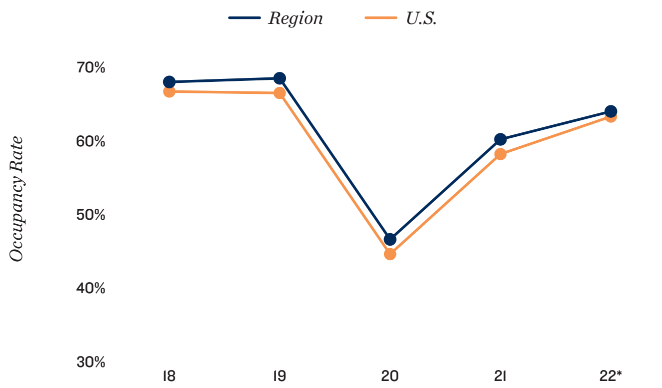
Investment

High-paying job creation plays a significant role in overall employment growth this year across the region's primary metros. This hiring velocity is poised to escalate investor demand for hotels near airports and tech hubs, as business travel to Denver, Phoenix, Las Vegas and Salt Lake City rises.

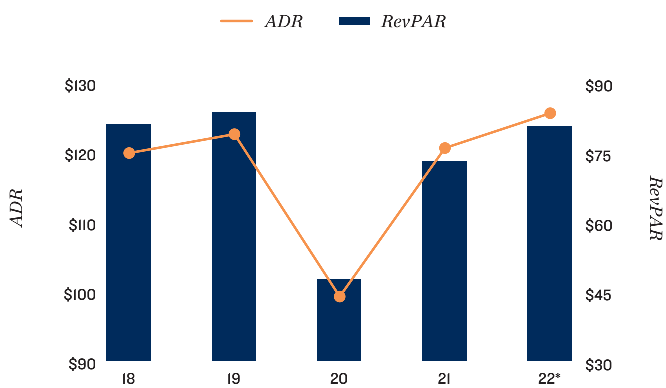
Development Trends♦



Annual Occupancy



Full-Year Revenue Measures

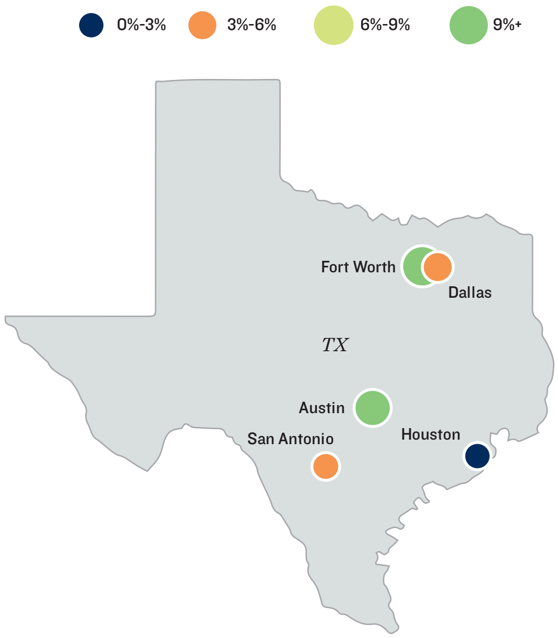


♦ 2021 = recent openings; 2022 = under construction as of December 2021

* Forecast

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

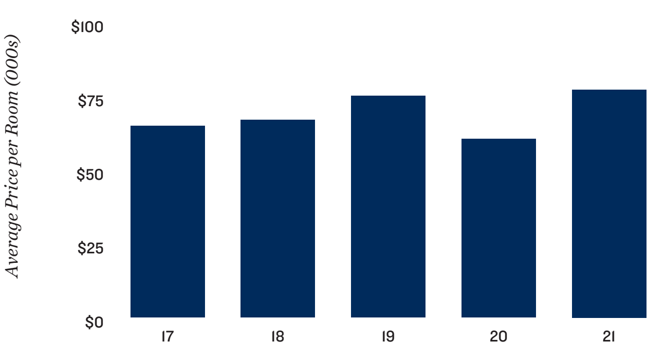
Percent of Stock Under Construction



2022 Demand Growth

+8.0% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Gulf Coast Performance Heightened; Large Cities Poised for Long-Term Success

Recovering jobs market, entertainment districts driving demand. Property fundamentals have improved substantially from the lows recorded in 2020, and by year-end, occupancy will trail the 2019 level by just 250 basis points. Coastal locales like Corpus Christi are benefiting from leisure travel gravitating more toward outdoor activities like golfing and visiting the beach. These areas entered the year with occupancy levels nearly on par with 2019 measures, mitigating downward pressure on nightly rates, allowing ADR to climb above pre-pandemic values last year. Revenues in Texas' prominent interior markets will benefit from expansions to entertainment districts like the new Alamo Museum at the San Antonio River Walk. Business-related travel remains the missing driver in these large cities, but the arrival of multiple new corporate headquarters in each of the four major metros suggests business travel will be elevated from past years when in-office work becomes more common.

Institutional activity highlights long-run confidence. Transaction velocity in the state has accelerated since 2020, especially for assets priced above $20 million, as institutions and REITs have increasingly targeted the state's major cities in recent months. The Dallas-Fort Worth area has garnered much interest, specifically in upscale assets with around 150 rooms in the growing northern suburbs or in downtown Dallas. Similar assets have changed hands with rising frequency in metro Austin; these deals, however, usually involve hotels with 300 rooms or more. Well-capitalized entities obtaining these buildings underscores the potential business travel gains in these metros. Along the Gulf Coast, activity remained high during the health crisis, likely the result of elevated performance for these assets. In Corpus Christi, independent and economy hotels trade most often, but in resort towns like South Padre Island, higher scale assets drive volume.

+60 bps 2022 Occupancy vs Long-Run Average

+13 % 2022 ADR vs Long-Run Average

+15% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Since the onset of the pandemic, Texas has been successful in welcoming several large corporations to the state's roster, through both corporate relocation and expansion. The addition of firms like Tesla, Hewlett Packard and Oracle should result in increased business travel once firms are willing to resume in-person operations.
- Expansions from major providers like American Airlines and Southwest Airlines, along with lower-cost firms like Spirit and Frontier at DFW International Airport, should bring more visitors to the state. DFW is one of just two airports within the global top 25 to have added destinations and routes since COVID-19 started.
- The return of South by Southwest, following a cancellation in 2020 and an online session in 2021, will boost Austin's room demand in March. In previous years, the event has helped lift the metro's March occupancy rate above 80 percent.

2022 Region Forecast

Supply up 2.8%
Construction activity remains solid, as just over 13,300 rooms are being built in the region this year. Suburbs near Austin and Dallas-Fort Worth are adding the most inventory, a result of developers expecting business demand to return at amplified levels.

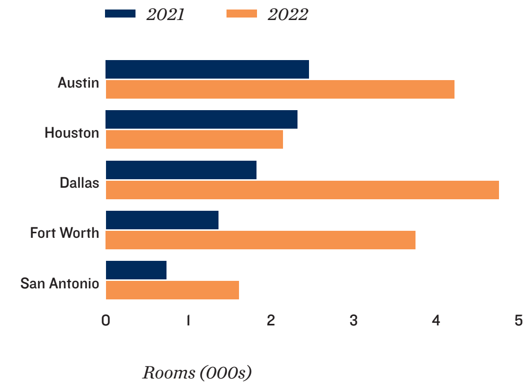
Occupancy up 300 bps
Following two years of sub-60 percent annual occupancy, demand will be sufficient enough to raise the rate to 62.3 percent in 2022.

ADR up 5.6%
Improving demand will support a 5.6 percent increase in the average daily rate this year to $101.17. This gain puts the measure about 5 percent below the pre-pandemic peak.

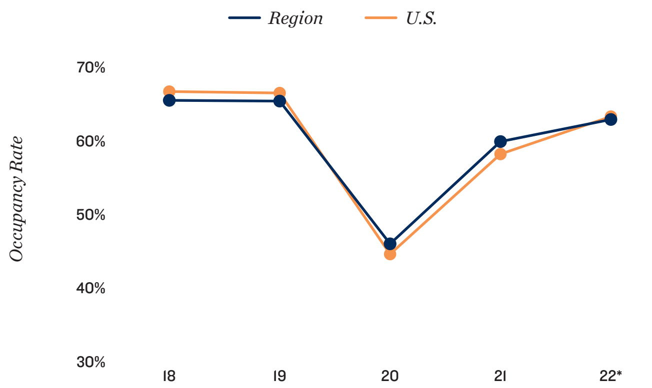
RevPAR up 11.8%
A higher occupancy rate and sizable ADR growth will help lift RevPAR up to $64.03 in 2022, building on the 18 percent rebound recorded last year.

Investment
Trades have increased in coastal towns from Galveston to Padre Island as these assets have nearly returned to 2019 performance levels. This is expected to continue in the future as the state's population grows, aiding domestic travel to these regional leisure hot spots.

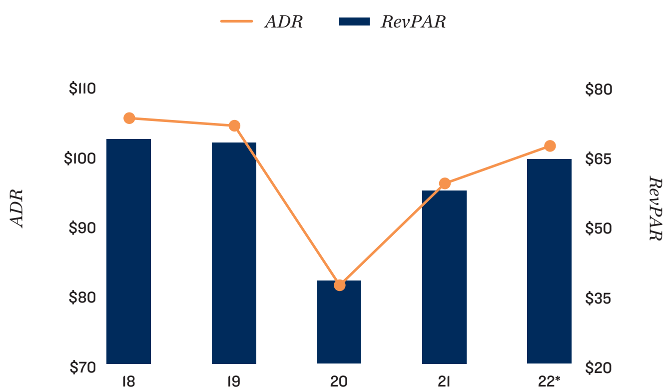
Development Trends ♦



Annual Occupancy



Full-Year Revenue Measures



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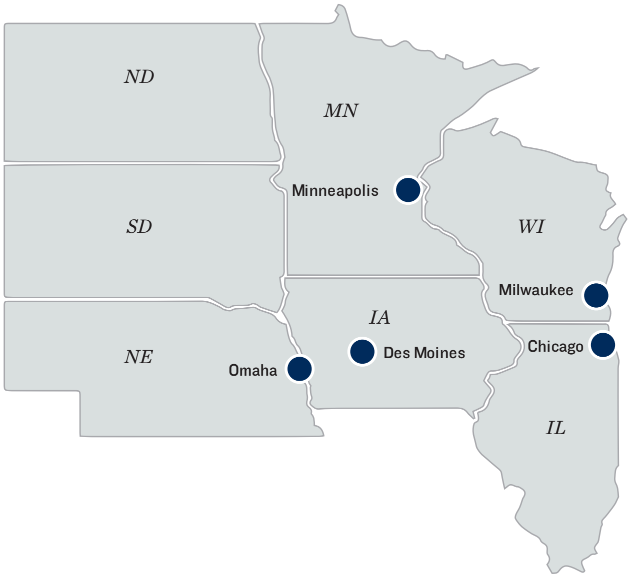
** Forecast*
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

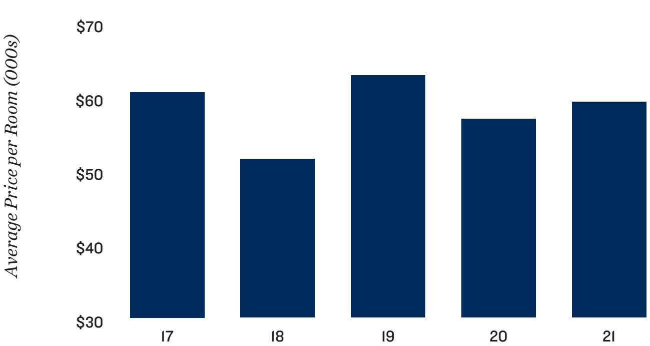


States: Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin

2022 Demand Growth

+12.2% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Major Events Amplify Demand Across Urban Markets, Replenishing Buyer Pool

Trio of metros lift regional hotel fundamentals. The Upper Midwest registered a nearly 1,300-basis-point improvement in occupancy last year; regional hotel demand and performance metrics, however, remain well below pre-pandemic marks entering 2022. This situation is largely the result of conditions in the region's primary metros, which account for the bulk of hotel inventory. Across Chicago, Minneapolis-St. Paul and Milwaukee, a reduced number of major events during 2021 hindered the recovery of local hospitality sectors. Conditions in these markets overshadowed performance in South Dakota, where a rise in visitorship at national parks pushed hotel fundamentals beyond pre-pandemic figures. Moving forward, the region's trio of major metros are poised to record boosts in tourism and overnight stays, as sizable spring and summertime events are held at area venues and convention centers. This improvement will support one of the largest increases in hotel demand across U.S. regions.

Investor sentiment improves across all seven states. Upper Midwest deal flow increased by nearly 50 percent last year, and regional sales volume rose by nearly $200 million, as buyer confidence improved alongside occupancy and ADR growth. Expectations for demand and revenue metrics to surpass national rates of increase this year should further escalate near-term investor demand. More institutional investors and public REITs are pursuing upscale properties in urban Chicago and downtown Minneapolis, with assets of this distinction trading beyond $200,000 per room. Private buyers who target older economy and midscale hotels that have been refurbished or have renovation potential are active in suburbs of primary metros, targeting listings proximate to airports and major interstates. In these locales, pricing below $60,000 per room remains obtainable, a figure slightly below the region's average price point.

-320 bps 2022 Occupancy vs Long-Run Average

+12% 2022 ADR vs Long-Run Average

+5% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Entering this year, Minneapolis-St. Paul has at least 30 major city-wide events planned for 2022 that will use more than 750 hotel rooms. Upcoming happenings include the Women's NCAA Final Four, Northwest Sportshow and MLS All-Star Game.
- Des Moines hosts the Red Bull Soapbox Race for the first time. The event routinely draws more than 25,000 people, which will serve as a boon to local hotels. The metro should also receive an uptick in tourism when Adventureland Park reopens with nine new rides.
- Milwaukee's Deer District, a neighborhood surrounding Fiserv Forum, continues to grow, as construction is underway on a nine-story, 205-room hotel dubbed The Trade Milwaukee.
- Most of Chicago's spring and summertime events are expected to feature pre-pandemic levels of attendance. Notable events include The Taste of Chicago, The Air and Water Show and a Jazz Festival.

2022 Region Forecast

Supply up 1.1% — Construction was ongoing on more than 5,000 keys at the onset of 2022, concentrated in Chicago and Minneapolis. Other metros, including Milwaukee and Omaha, have fewer than 600 rooms underway.

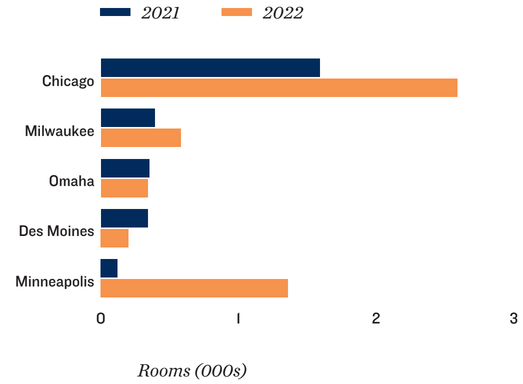
Occupancy up 550 bps — Regional occupancy improves by more than 500 basis points for a second straight year, pushing the annual rate to 55.7 percent.

ADR up 4.6% — A boost in hotel demand pushes the average daily rate up to $105.19, allowing the Upper Midwest's annual increase to surpass the national pace of growth.

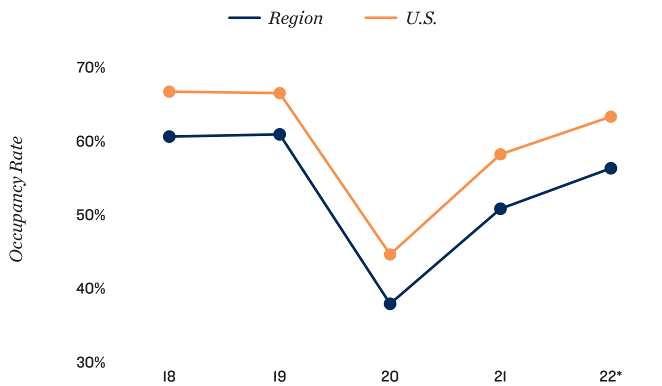
RevPAR up 14.3% — The Upper Midwest records the fourth largest RevPAR increase among U.S. regions this year, lifting the performance metric to $59.59.

Investment — Increased competition for properties in the region's major metros and the return of on-campus learning have the potential to steer more private investors to hotels in Madison, Lincoln, Iowa City and Ames, which are proximate to Big Ten universities.

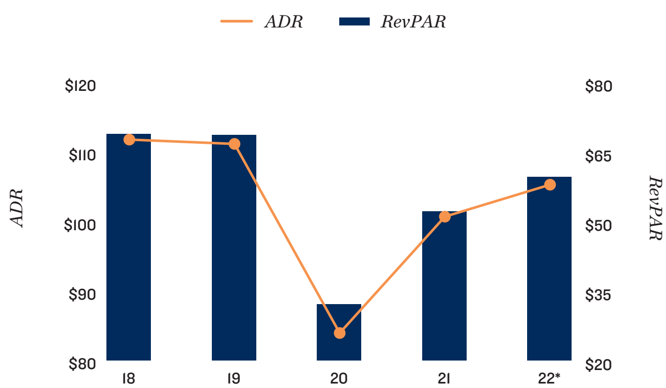
Development Trends*



Annual Occupancy



Full-Year Revenue Measures



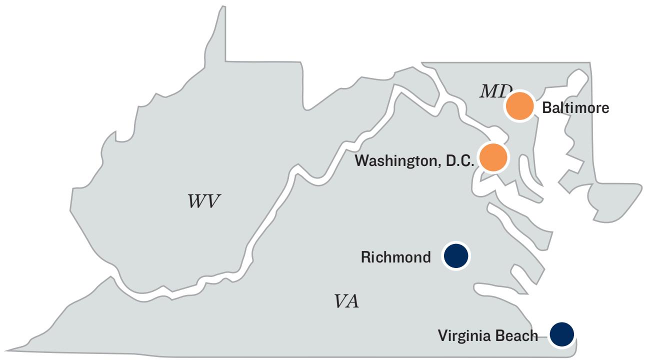
*2021 = recent openings; 2022 = under construction as of December 2021

* Forecast

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Percent of Stock Under Construction

0%-3% 3%-6% 6%-9% 9%+

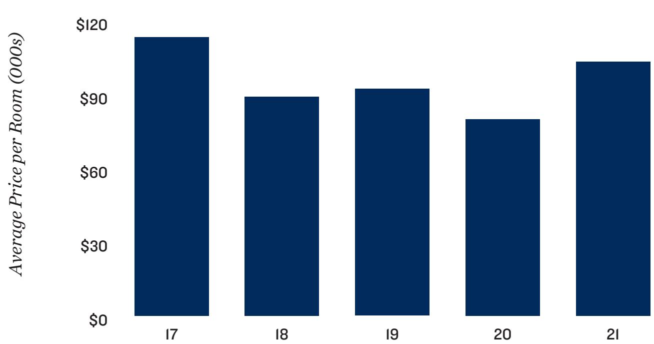


States: Maryland, Virginia, Washington, D.C., and West Virginia

2022 Demand Growth

+9.3% Year-over-Year Room Nights

Hotel Sales



Note: Long-Run Average spans 2003-2019
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Smaller Markets Drive Occupancy Gains, Expanding the Region's Investor Pool

Recovery gains ground outside of the District. Hotel fundamentals significantly improved over the past year; performance, however, still remains well below the region's pre-pandemic marks entering 2022. The combination of canceled events and reduced travel from businesses, schools and foreign visitors significantly hindered the recovery of hotels inside Washington D.C. As of December, annual occupancy inside the District was at 41 percent, roughly 1,450 basis points below the region's average. Hotels in smaller markets like Richmond and Virginia Beach have fared much better as of late. Demand from postponed weddings, sports tournaments and special events boosted visitation to Richmond, elevating annual occupancy within 20 basis points of the market's 2019 average. Meanwhile, the shift in travel preferences to regional, outdoor activities resulted in a surge in overnight stays in Virginia Beach, lifting annual revenue metrics above the market's pre-pandemic mark in 2021. Moving forward, the reopening of museums inside the District, along with the easing of international travel restrictions, will bolster visitation, facilitating additional gains in occupancy and RevPAR regionwide this year.

Investors active across the region. The wide array of inventory throughout the Central Atlantic is luring non-local buyers to the area, with out-of-state investors accounting for over half of all deals last year. Inside of the District, buyers are targeting upscale hotels with more than 200 rooms. The recent uptick in deals for assets of this chain scale signals the long-term confidence investors have on lodging demand in this area. In Virginia, hotels near Dulles International Airport garnered a lot of attention, due to the recent expansion of the Metrorail's Silver Line. Hotels in the $5 million to $20 million price tranche can often be found here. Buyers seeking more upside potential are targeting limited service hotels in Virginia Beach and Richmond. Hotels of this service level often trade here below $100,000 per room, with yields that can climb into double digits.

-220 bps 2022 Occupancy vs Long-Run Average

+6% 2022 ADR vs Long-Run Average

+25% 2022 RevPAR vs Long-Run Average

2022 Regional Highlights

- Construction recently finished on the new Capital One Hall in Tysons, Virginia. The center encompasses a 1,600-seat performance hall and a 225-seat black box theater. The venue opened in October 2021, and is expected to draw many visitors to Fairfax County, benefiting occupancy rates in hotels nearby.
- Kings Dominion will be adding its 13th roller coaster, Tumbili —the first 4D free-spin coaster in the state. Additionally, Busch Gardens is set to debut the world's largest multi-launch roller coaster, Pantheon. Both rides will open this year and are expected to bolster visitation at their respective theme parks, elevating room demand in Central Virginia.
- The Preakness Stakes is expecting to lift all capacity restrictions for this year's race. This event historically attracts hundreds of thousands of guests to the Baltimore metro, significantly benefiting hospitality performance metrics in the area.

2022 Region Forecast

Supply
up 2.0%

Hotel development remains below the national rate of growth this year. Roughly 5,200 rooms are expected to deliver in 2022 across the region, representing under 100 hotels. Roughly 70 percent of completions are slated to deliver in Washington, D.C. and Virginia.

Occupancy
up 400 bps

Annual occupancy elevates to 59.6 percent this year. In 2021, a 1,460-basis-point jump was registered.

ADR
up 7.2%

Elevated room demand supports a rise in the average daily rate to $112.44 in 2022. Last year, the rate jumped 7.7 percent.

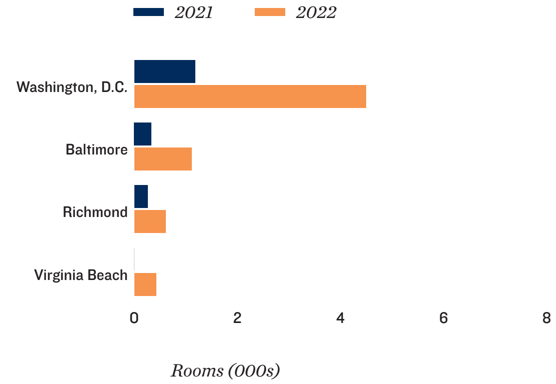
RevPAR
up 41.6%

Increasing daily rates and occupancy levels will lift RevPAR up to $84.42 this year. In 2021, occupancy surged, resulting in a 48.6 percent spike to the rate.

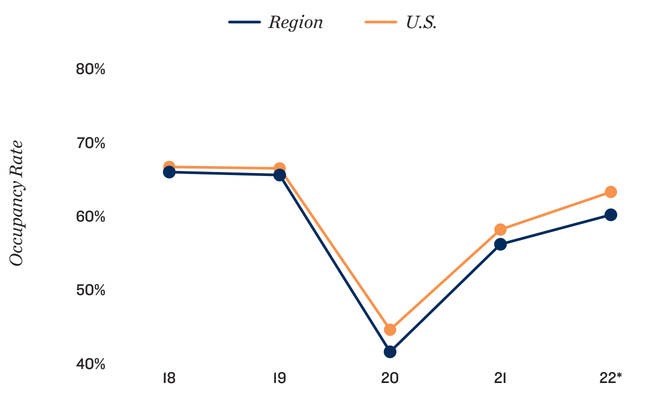
Investment

Properties in Maryland have garnered buyer interest, due to lower entry costs relative to the market average of $103,200 per room. Investors targeting midscale assets are active in Baltimore, due to the return of large gatherings. The recent influx of leisure travelers is also elevating deal flow in Ocean City.

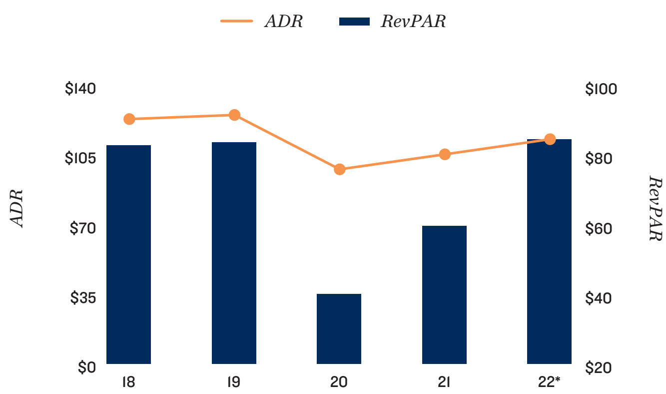
Development Trends [♦]



Annual Occupancy



Full-Year Revenue Measures



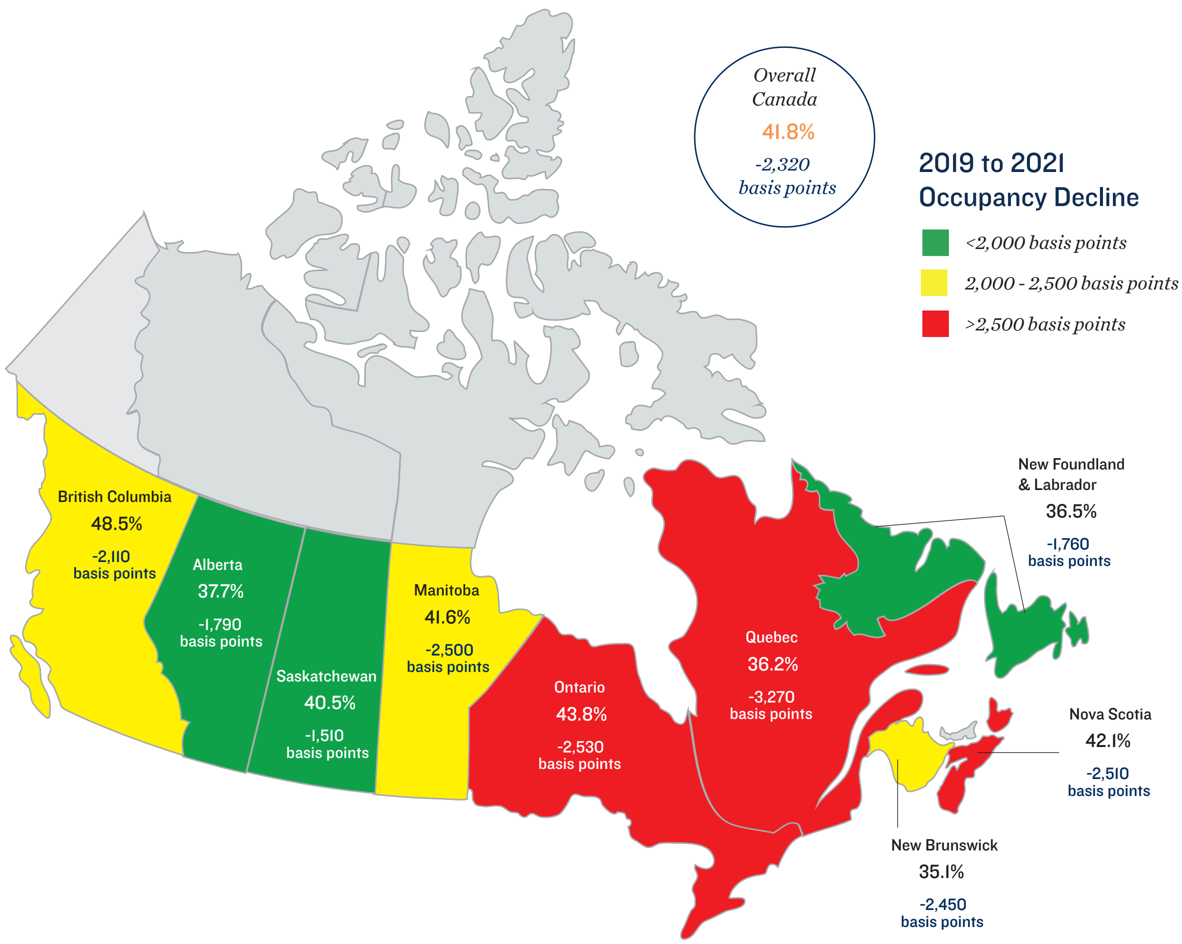
♦ 2021 = recent openings; 2022 = under construction as of December 2021

** Forecast*

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

Hoteliers Hard Hit by Pandemic and Lockdowns

Occupancy Change by Province Relative to Pre-Pandemic (2019-2021)



Recovery Progress Made in 2021: Year-Over-Year Performance Metrics

Province Name	Occupancy	Y-O-Y Basis Point Change	ADR Change	RevPAR Change
Calgary	34.5%	860	5.9%	41.0%
Edmonton	35.2%	740	-3.8%	21.7%
Montreal	32.8%	850	10.4%	49.3%
Toronto	41.6%	1,180	-1.9%	36.9%
Vancouver	47.9%	1,170	13.2%	49.8%
Canada	**41.8%**	**890**	**6.2%**	**34.8%**

Scenic Destinations Attractive to Domestic Travellers; Urban Hotels Hopeful for International Tourism Rebound

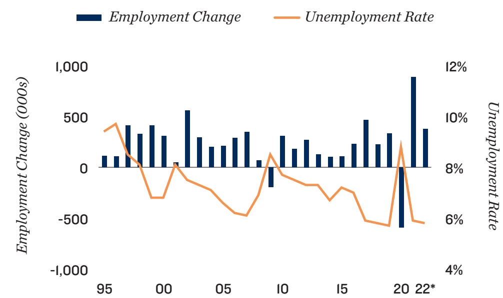
Pent-up demand aids domestic tourism and hotel performance. Many residents of Canada are eager to travel, after spending much of the past two years working, learning and watching children at home. This pent-up demand started to play out last year, as vaccination levels climbed and more people felt comfortable planning trips and travelling. Domestic tourism spending in the third quarter of 2021 exceeded $12 billion, growing by more than 15 per cent relative to the same three-month period in the prior year. Areas that posted the strongest hotel occupancy during the third quarter of last year include North Ontario and Vancouver Island. The large resident bases of Toronto, Vancouver and Montreal likely sought to escape urban density in favor of more scenic locations, such as those close to the Pacific Rim National Park Reserve and Algonquin Provincial Park. In both North Ontario and Vancouver Island, occupancy has been especially high in the limited-service segment, potentially highlighting a national trend. Budget considerations may be a top priority for domestic travellers, amid very high inflation in 2022.

International travel barriers hamstring hotels, but reasons for optimism surface. When the Federal Government reopened borders to fully vaccinated travellers in September 2021, international tourism began to climb quickly. The non-resident traveller count from September through November 2021 reached 1.9 million people, up 80 per cent from the same period in 2020; the steep rise in omicron cases, however, reversed this momentum, as restrictions were heightened throughout the nation. In December 2021, the Public Health Agency of Canada advised residents to avoid non-essential travel, and in the early months of 2022, the country was one of the only Group of Seven members that still required COVID-19 testing both before and after arrival. As it can be risky to plan an overseas trip when a positive case can lead to quarantine, this is having a notable impact on international tourists' willingness to visit. These restrictions could be lifted in 2022, as the country has a high vaccination rate, providing optimism that the international visitor count will subsequently rebound, as witnessed last year. Still, the potential for new variants of COVID-19 persist, which creates an uncertain outlook, especially for urban locations like Toronto and Vancouver that typically draw these types of travellers.

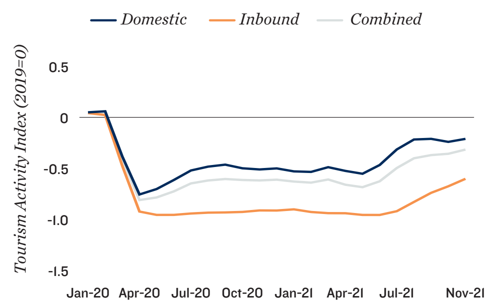
2022 Canadian Hotel Outlook

- **Supply expansion could weigh on occupancy in some areas.** Builders are expected to finalize more rooms in 2022 than in either of the past two years, which may hinder the occupancy recovery. Toronto, Calgary and Montreal have sizable pipelines set to finalize this year, and the latter two markets had average occupancy below 40 per cent in 2021.
- **Select-service leading the recovery, but significant ground to make up.** Across Canada, both the midscale and upper midscale tranches recorded 800-plus basis point occupancy climbs year-over-year in 2021. This led to annual RevPAR gains of 30 per cent or more in each segment. Nonetheless, RevPAR for midscale and upper midscale hotels still needs to climb by an additional 30 per cent to realign with the 2019 mark.
- **Toronto remains the focal point for buyers.** Trading velocity increased in 2021 and sales volume doubled the previous year's total. Toronto accounted for nearly half of the national transactions, including several trades of hotels priced above $20 million. Despite uncertainty and headwinds, opportunistic investors are scouring major metros.

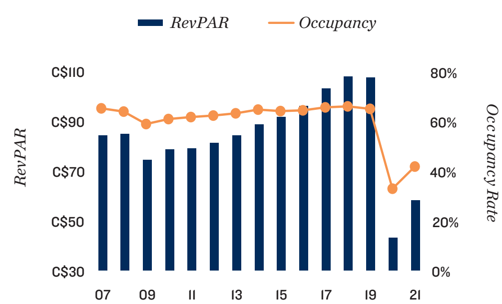
Employment vs. Unemployment



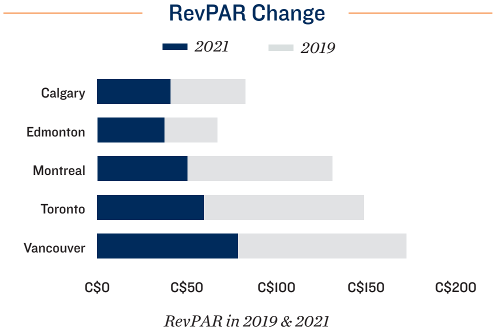
Canada Tourism Activity



Occupancy and RevPAR Trend



RevPAR Change



* Forecast

Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics; Statistics Canada

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Statistical Summary Note: Metro employment, occupancy, and revenue metrics are year-end figures and are based on the most up-to-date information available as of February 2022. Hotel chain scale definitions are based on information available as of February 2022. Average prices and cap rates are a function of the age, type 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.

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2022 U.S. Hospitality Investment Forecast

Market Name	Employment Growth[2]				Rooms Currently Under Construction[2]	Occupancy[2]				ADR[2]				RevPAR[2]				Market Name
	2019	2020	2021	2022*	2022*	2019	2020	2021	2022*	2019	2020	2021	2022*	2019	2020	2021	2022*	
Atlanta	2.3%	-5.5%	5.0%	3.1%	5,100	69.0%	47.8%	59.9%	63.0%	$114.17	$86.49	$100.86	$103.74	$78.74	$41.30	$60.45	$65.65	Atlanta
Austin	4.0%	-2.9%	7.0%	5.0%	4,200	72.0%	43.1%	62.6%	63.3%	$144.52	$102.41	$127.11	$136.55	$104.11	$44.14	$79.62	$88.66	Austin
Boston	1.5%	-9.8%	7.0%	2.6%	1,500	73.9%	34.7%	51.0%	61.0%	$199.22	$122.02	$156.55	$170.88	$147.13	$42.31	$79.85	$105.89	Boston
Charlotte	2.5%	-3.4%	3.1%	2.9%	1,800	68.3%	43.4%	55.3%	60.1%	$110.94	$86.32	$96.79	$103.31	$75.77	$37.47	$53.52	$63.12	Charlotte
Chicago	0.6%	-8.5%	4.3%	3.6%	2,600	69.6%	35.6%	50.0%	58.9%	$145.13	$91.46	$120.69	$125.98	$100.99	$32.52	$60.33	$74.03	Chicago
Cincinnati	1.2%	-5.8%	3.8%	2.3%	1,000	64.8%	40.8%	55.1%	60.6%	$107.98	$85.18	$103.27	$108.49	$69.92	$34.76	$56.87	$66.22	Cincinnati
Cleveland	0.5%	-7.1%	2.5%	1.6%	500	61.3%	37.1%	51.7%	59.8%	$107.22	$83.60	$104.00	$110.67	$65.71	$31.04	$53.75	$66.69	Cleveland
Columbus	1.8%	-4.3%	2.0%	1.7%	900	66.2%	40.1%	51.9%	56.3%	$107.70	$82.51	$96.15	$101.57	$71.33	$33.08	$49.86	$57.84	Columbus
Dallas-Fort Worth	3.1%	-3.2%	5.1%	3.8%	8,500	68.1%	44.8%	59.6%	62.5%	$109.11	$86.02	$97.93	$103.09	$74.25	$38.51	$58.40	$65.47	Dallas-Fort Worth
Denver	2.6%	-6.7%	6.5%	3.2%	2,800	73.9%	43.1%	59.0%	63.8%	$133.88	$94.76	$116.75	$123.37	$98.92	$40.83	$68.93	$79.72	Denver
Detroit	0.5%	-9.7%	6.0%	3.1%	2,700	65.2%	44.7%	54.9%	57.7%	$104.84	$83.64	$96.13	$97.99	$68.30	$37.35	$52.76	$56.58	Detroit
Fort Lauderdale	1.9%	-7.4%	4.3%	4.6%	1,000	75.2%	50.8%	68.9%	68.9%	$144.43	$130.09	$148.57	$160.62	$108.57	$66.08	$102.34	$113.92	Fort Lauderdale
Houston	1.7%	-6.6%	5.2%	3.4%	2,100	62.8%	42.2%	54.6%	57.8%	$101.89	$81.32	$91.43	$93.77	$64.00	$34.33	$49.91	$54.33	Houston
Indianapolis	1.9%	-3.3%	2.3%	2.0%	1,200	64.1%	41.1%	56.8%	61.4%	$114.05	$85.88	$103.49	$111.12	$73.14	$35.28	$58.78	$69.49	Indianapolis
Las Vegas	3.3%	-14.0%	8.7%	6.6%	5,300	88.9%	42.2%	66.5%	76.0%	$132.69	$105.38	$131.79	$145.56	$117.83	$50.26	$91.08	$108.23	Las Vegas
Los Angeles	0.8%	-11.6%	7.1%	5.1%	4,600	79.3%	49.3%	63.7%	69.9%	$178.16	$137.81	$162.69	$170.58	$141.30	$67.91	$103.58	$120.05	Los Angeles
Miami-Dade	1.8%	-8.6%	5.9%	4.7%	4,600	75.9%	46.3%	66.8%	70.3%	$194.79	$185.57	$223.49	$224.12	$147.84	$85.93	$149.24	$156.62	Miami-Dade
Milwaukee	0.0%	-7.1%	2.8%	1.9%	600	64.7%	36.5%	48.9%	56.4%	$112.69	$85.94	$108.41	$111.78	$72.88	$31.35	$53.05	$62.70	Milwaukee
Minneapolis-St. Paul	0.7%	-9.5%	5.4%	2.8%	1,400	66.4%	33.5%	44.5%	53.6%	$120.80	$86.41	$100.51	$106.88	$80.21	$28.93	$44.68	$57.46	Minneapolis-St. Paul
Nashville	2.8%	-4.2%	4.6%	3.8%	4,700	73.2%	41.0%	59.1%	61.8%	$149.46	$104.46	$136.29	$144.04	$109.34	$42.85	$80.57	$90.49	Nashville
New York	1.8%	-13.5%	5.8%	3.7%	15,300	86.2%	47.0%	59.7%	68.4%	$254.09	$151.92	$209.97	$214.83	$219.02	$71.39	$125.41	$145.70	New York
Oakland	0.9%	-9.7%	3.6%	3.4%	1,000	76.6%	49.8%	59.6%	68.1%	$155.93	$118.30	$121.81	$132.18	$119.46	$58.88	$72.60	$91.64	Oakland
Orange County	1.1%	-10.0%	7.0%	4.5%	1,400	78.1%	44.3%	58.1%	67.2%	$165.42	$135.54	$167.68	$165.49	$129.16	$60.06	$97.47	$108.38	Orange County
Orlando	2.3%	-12.5%	7.8%	6.3%	2,400	76.1%	41.7%	57.8%	64.6%	$126.72	$110.28	$121.40	$123.64	$96.43	$45.94	$70.19	$79.29	Orlando
Philadelphia	1.5%	-7.9%	4.7%	3.0%	1,000	70.0%	43.6%	55.2%	60.9%	$135.89	$98.63	$120.83	$125.27	$95.13	$43.00	$66.69	$76.45	Philadelphia
Phoenix	3.7%	-3.7%	5.6%	3.7%	2,700	70.6%	50.2%	63.0%	66.1%	$131.91	$115.45	$128.17	$132.76	$93.18	$57.90	$80.72	$88.44	Phoenix
Portland	1.7%	-8.9%	7.3%	4.1%	1,400	71.9%	40.9%	53.9%	61.1%	$135.69	$99.74	$115.39	$124.14	$97.60	$40.81	$62.23	$76.94	Portland
Raleigh	2.6%	-3.1%	4.2%	3.0%	2,100	71.2%	43.7%	55.8%	62.7%	$107.47	$85.02	$95.14	$102.01	$76.49	$37.14	$53.13	$64.90	Raleigh
Riverside-San Bernardino	3.7%	-5.7%	4.4%	2.6%	3,000	67.5%	54.4%	65.2%	67.3%	$122.97	$107.60	$131.71	$142.86	$83.02	$58.49	$85.91	$98.85	Riverside-San Bernardino
Sacramento	1.7%	-5.9%	3.7%	3.0%	1,300	72.0%	52.8%	64.0%	67.8%	$129.40	$107.84	$125.35	$134.88	$93.12	$56.95	$80.16	$93.49	Sacramento
Salt Lake City	2.5%	-0.2%	4.3%	3.5%	1,300	69.4%	47.4%	63.9%	68.8%	$111.18	$86.70	$100.66	$110.71	$77.18	$41.07	$64.34	$78.38	Salt Lake City
San Antonio	1.9%	-3.8%	4.2%	3.1%	1,600	66.0%	42.1%	59.3%	65.6%	$112.38	$88.51	$109.56	$117.73	$74.14	$37.29	$64.96	$78.53	San Antonio
San Diego	1.3%	-8.8%	4.7%	3.9%	100	76.6%	48.7%	61.9%	72.4%	$166.11	$129.89	$164.54	$162.88	$127.21	$63.24	$101.79	$114.84	San Diego
San Francisco	3.1%	-12.7%	8.2%	5.8%	1,300	81.9%	41.9%	47.7%	62.5%	$249.07	$176.15	$153.05	$176.82	$203.93	$73.80	$72.95	$114.29	San Francisco
San Jose	2.0%	-8.6%	5.9%	3.4%	2,300	73.0%	40.9%	50.8%	60.1%	$197.93	$134.27	$121.37	$132.06	$144.48	$54.85	$61.60	$80.64	San Jose
Seattle	2.6%	-7.4%	6.1%	4.3%	1,400	73.9%	37.9%	52.3%	64.2%	$160.45	$106.71	$123.13	$135.48	$118.50	$40.48	$64.42	$88.51	Seattle
St. Louis	1.2%	-5.7%	2.4%	1.9%	900	64.6%	37.6%	51.8%	57.8%	$106.04	$84.01	$101.25	$101.60	$68.49	$31.58	$52.41	$57.89	St. Louis
Tampa-St. Petersburg	2.6%	-3.2%	5.1%	4.5%	1,500	72.2%	50.9%	68.4%	69.4%	$131.95	$116.81	$139.87	$138.85	$95.30	$59.51	$95.73	$95.86	Tampa-St. Petersburg
Washington, D.C.	1.4%	-6.7%	4.2%	3.2%	4,500	70.6%	36.6%	48.1%	58.6%	$160.55	$113.47	$120.29	$130.84	$113.27	$41.49	$57.86	$77.66	Washington, D.C.
West Palm Beach	1.6%	-5.6%	4.5%	3.3%	1,000	71.9%	46.1%	64.1%	69.6%	$184.35	$182.66	$204.26	$226.71	$132.48	$84.20	$130.97	$162.79	West Palm Beach
United States	1.3%	-6.1%	4.7%	2.5%	158,900	65.9%	44.0%	57.6%	62.7%	$130.99	$103.31	$124.67	$129.85	$86.37	$45.44	$71.86	$82.42	United States

*Forecast [2] See Statistical Summary Note on Page 48.

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