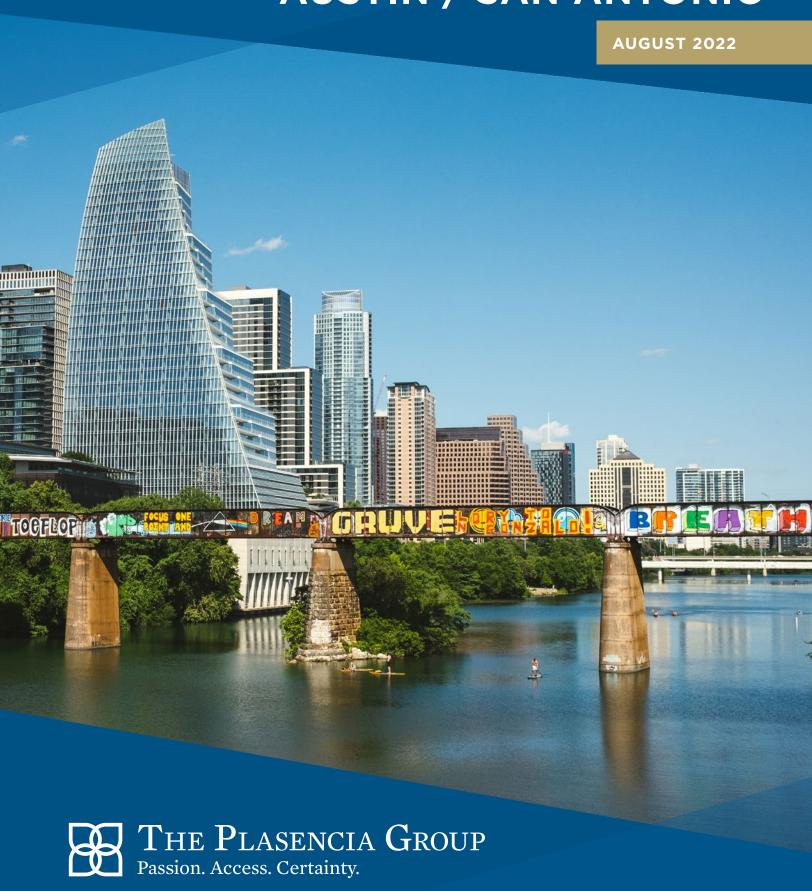
MARKET SNAPSHOT: **AUSTIN / SAN ANTONIO**





The City of Austin has put Central Texas on the global and national map as a major hub for technology and culture. This emergence started well before COVID, but the pandemic has certainly accelerated both commercial and demographic growth, not only in Austin, but even more so in other parts of Central Texas that offer lower barriers to entry for new companies and residents. This trend is especially apparent when analyzing hotel performance metrics for the State of Texas.

Among Texas' five largest hotel markets (Dallas, Fort Worth, Austin, San Antonio, Houston), suburban submarkets in Central Texas surrounding Austin and San Antonio have assertively outperformed other parts of the state since the start of the pandemic. The table below shows that seven of the top nine submarkets of the state's major cities are in Central Texas.

Texas Hotel Submarkets that are Beating Pre-Pandemic RevPAR Results

Rank	Market	Submarket	June '22 T-12 RevPAR	Feb '20 T-12 RevPAR	Index: Current vs Pre-COVID
1	Austin	Round Rock/Georgetown	\$92.56	\$63.88	145%
2	Austin	San Marcos/Surrounding	\$69.85	\$55.69	125%
3	Fort Worth/Arlington	Fort Worth South/West	\$53.01	\$43.67	121%
4	San Antonio	San Antonio Northeast	\$69.16	\$58.75	118%
5	San Antonio	San Antonio South	\$54.52	\$46.87	116%
6	Dallas	Dallas South/East	\$57.42	\$49.43	116%
7	Austin	Austin US-290/I-35 Area	\$73.43	\$67.07	109%
8	San Antonio	San Antonio Northwest/Sea World	\$73.47	\$68.07	108%
9	Austin	South Austin/Airport	\$99.82	\$93.16	107%
10	Dallas	Denton/Lewisville/McKinney	\$61.44	\$58.42	105%
11	Fort Worth/Arlington	Arlington	\$69.54	\$66.76	104%
12	Houston	Houston Southwest Freeway	\$47.30	\$46.13	103%
13	San Antonio	San Antonio Airport	\$63.63	\$62.28	102%
14	Fort Worth/Arlington	Fort Worth CBD/I-820 West	\$86.47	\$84.95	102%
15	Fort Worth/Arlington	Fort Worth North	\$54.69	\$53.95	101%

Source: STR, CoStar

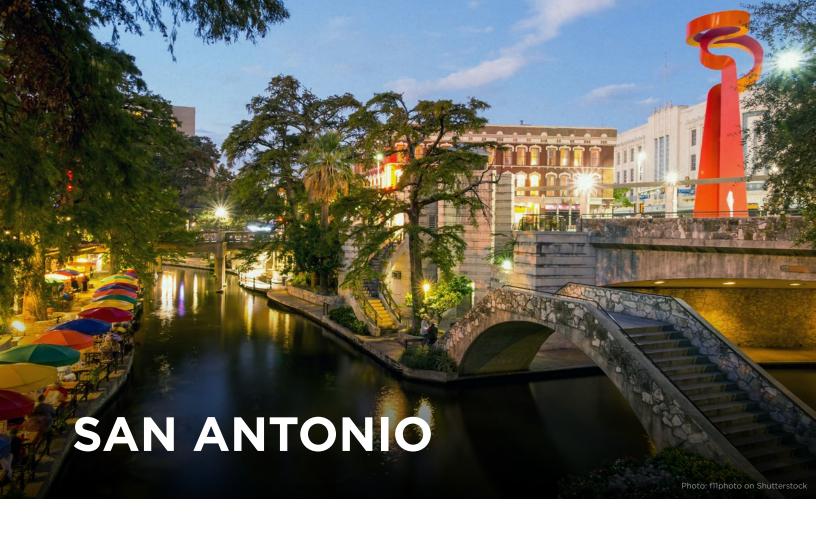
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The Round Rock/Georgetown submarket, encompassing many of Austin's northern suburbs, posted remarkable growth throughout the pandemic, with its June 2022 T-12 RevPAR coming in 45% higher than the same period before COVID. Not surprisingly, Round Rock is among the fastest growing cities in the country. The submarket abuts areas that have seen highly publicized corporate developments. These projects include Apple's massive, new \$1 billion North Austin campus, which is now under construction, as well as a new 3.8-million-square-foot Amazon facility in Pflugerville. Pflugerville is also home to The Boring Company, an infrastructure company founded by Elon Musk.

The San Marcos/Surrounding submarket, which includes most of Austin's southern suburbs, has also recorded impressive RevPAR growth since the start of the pandemic, with RevPAR up 25%. This area borders another of Musk's ventures, including the enormous Tesla Giga Texas facility in southeast Austin, and it includes several sites ripe for further development by Musk's SpaceX.

Austin proper has seen several notable corporate relocations (Google, Facebook, and Oracle, to name a few), that will have a positive long-term effect on Central Business District RevPAR. These relocations have driven, and will continue to drive, many highly-paid transplants to live in the suburbs, and hotel demand is sure to come along with them.



The Austin-San Antonio corridor, which runs approximately 80 miles between the two cities, is one of the fastest-growing regions in the United States. The stretch is currently home to 4.5 million people and is expected to grow to 6 to 7 million by the end of this decade! San Antonio, Fort Worth long a solid hotel market in its own right, is unquestionably benefiting Waco from compression generated by its Austin-San Antonio northern neighbor. Not surprisingly, the Corridor city's Northeast sector, which is closest to Houston Austin, is its best performing submarket, with San Antonio RevPAR up 18% compared to pre-COVID times. Some are calling for the informal formation of an Austin-San Antonio "Metroplex," similar to Dallas-Fort Worth, which points to a coming rise in prominence for submarkets across San Antonio.



As new offices and corporate campuses are built, more people move in, infrastructure catches up, and the region continues to grow.

It is a simple concept, but where corporate expansion and population growth abound, hotel demand has traditionally followed quickly. Sure enough, corporate expansion and population growth are abounding in Central Texas, and the region's hotels, especially in suburban submarkets, are experiencing commensurate growth. And as new offices and corporate campuses are built, more people move in, infrastructure catches up, and the region continues to grow, we expect hotel demand, along with new supply, to quickly follow suit.

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tpghotels.com/texas



ROBERT WIEMER
Senior Managing Director

Houston, Texas rwiemer@tpghotels.com (281) 379-2613



JOHN PLASENCIA Managing Director

Dallas, Texas jplasencia@tpghotels.com (214) 865-6986



MICHELLE HAYES Senior Vice President Asset Managment Dallas, Texas mhayes@tpghotels.com

(214) 673-0157





BOSTON CLEVELAND D.C. DALLAS HOUSTON MIAMI TAMPA

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