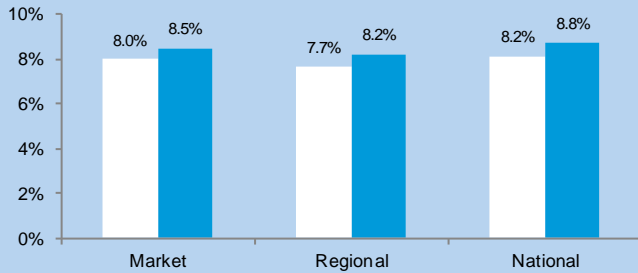


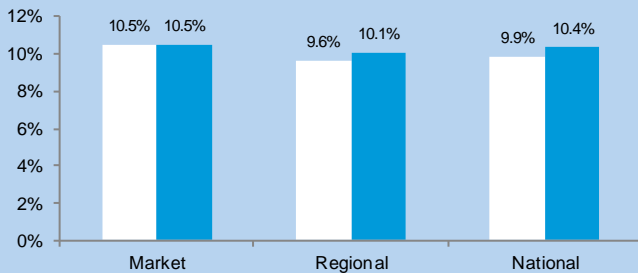


Lodging Snapshot

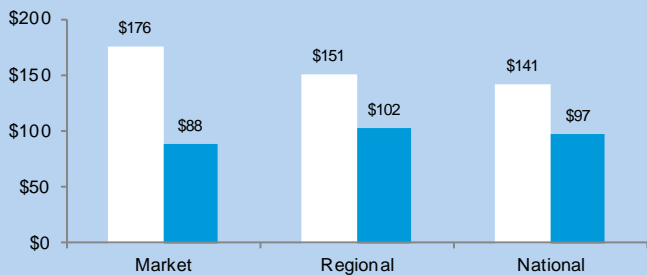
GOING IN CAP RATE (%)



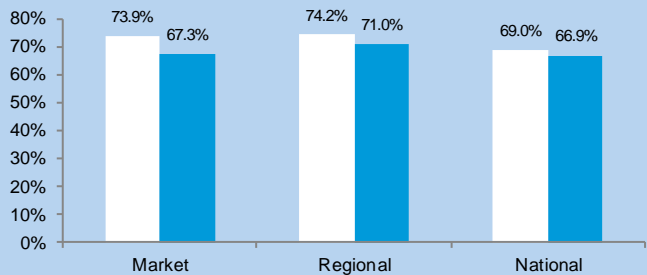
DISCOUNT RATE (%)



LODGING RATE (\$/ROOM)



OCCUPANCY RATE (%)



Legend

■ Full Service Lodging ■ Limited Service Lodging

Market Commentary

The outlook for hotel properties in San Diego is positive. While the occupancy rate is expected to grow modestly in the next few years, the average daily rate of both full service and limited service hotel properties are expected to increase at rates of approximately 5% per year. RevPAR is also expected to grow at a rate in line with the historical average (approximately 3%). Overall, we anticipate hotel values to increase in the San Diego market in the near future.

CHANGE IN VALUE

Time	Full Service Lodging	Limited Service Lodging
Previous 36 Months	Increase 4%+	Increase 4%+
Previous 12 Months	Increase 2% - 3.9%	Decrease 2% - 3.9%
Future 12 Months	Increase 2% - 3.9%	Increase 2% - 3.9%
Future 36 Months	Increase 2% - 3.9%	Increase 2% - 3.9%

TOP SEVEN CAP RATE FACTORS

- 1 Supply/demand
- 2 Local economy, job growth, unemployment
- 3 National economic conditions/GDP growth
- 4 Risk premium of private real estate
- 5 Property income growth
- 6 Interest rates
- 7 Availability of financing



2014 MID-YEAR VIEWPOINT

San Diego, CA | Lodging

SAN DIEGO FORECASTS

Categories	Full Service Lodging	Limited Service Lodging
Going In Cap Rate	Decrease 1-24 bps	Decrease 1-24 bps
Discount Rate	Decrease 1-24 bps	Decrease 1-24 bps
Lodging Rate Change (%)	5.00%	4.50%
Expense Change (%)	3.00%	3.00%
Construction (Rooms)	5,000	
Years to Balance	In Balance	In Balance

About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professions based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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