

# City of Menifee – Hotel Opportunity Analysis



November 2020



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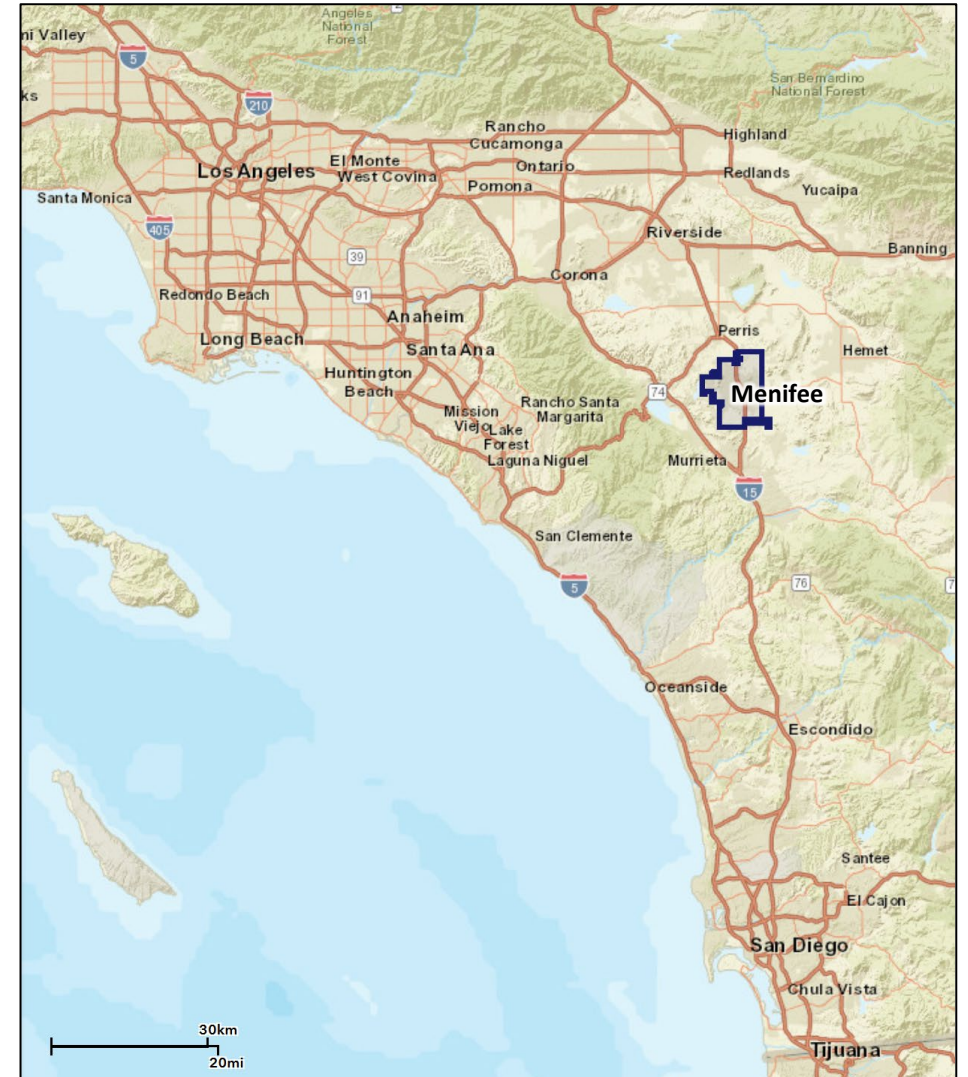
# OUTLINE

- Overview
- Profile of Proximate Cities
- Menifee Demographics
- Menifee Commercial Real Estate Market
- Regional Lodging
- “Competitive Set” Hotel Performance Metrics
- Regional Hospitality Revenues & Supply
- Conclusions

**Disclaimer:** The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Actual results may differ from those expressed in this analysis, as results are difficult to predict as a function of market conditions, natural disasters, pandemics, significant economic impacts, legislation and administrative actions.

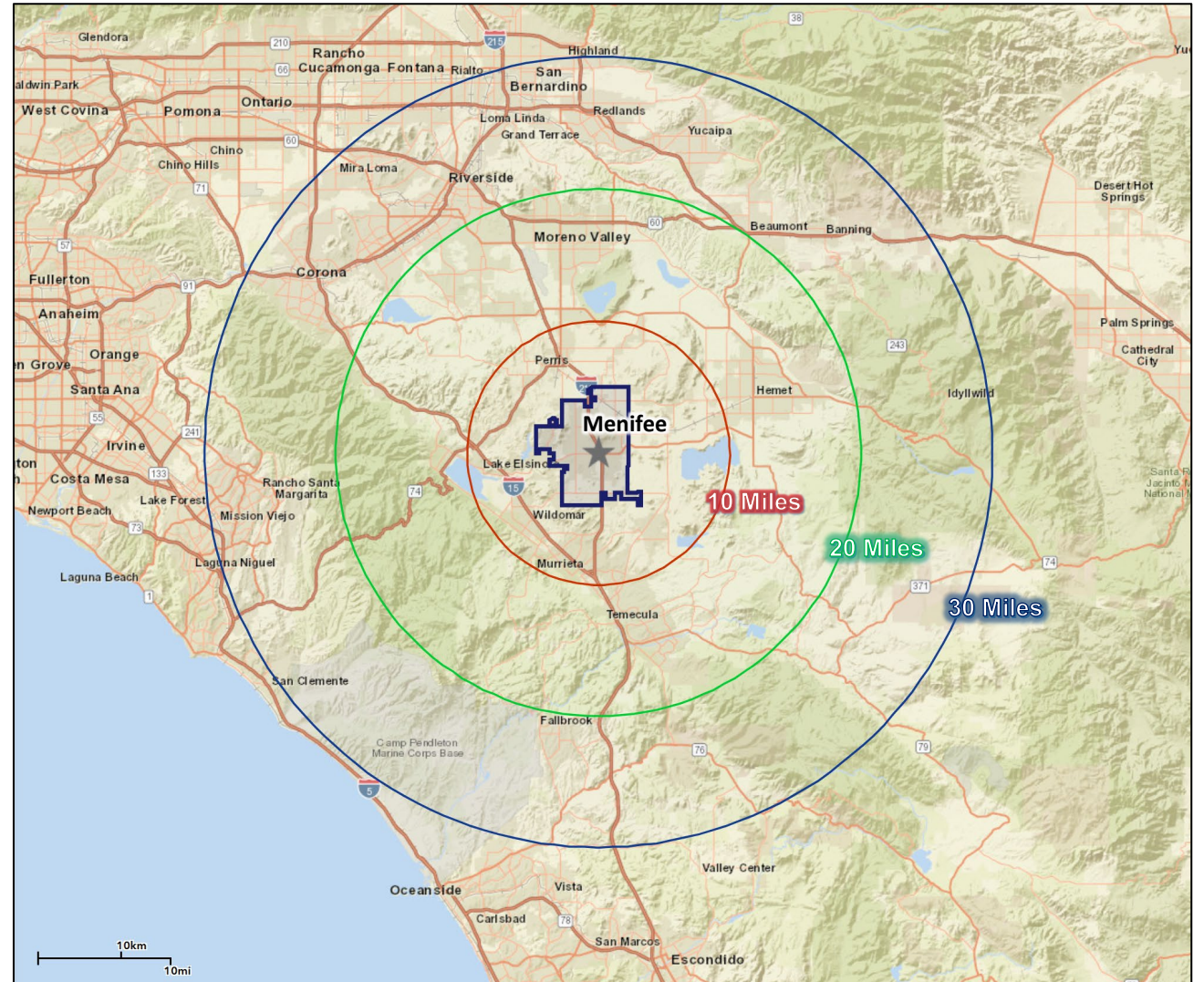
# CITY OF MENIFEE - OVERVIEW

- City of Menifee (“City”, “Menifee”) located in Southwest Riverside County, California
- Incorporated in 2008; currently approximately 99,000 residents
- 5<sup>th</sup> fastest growing City in Southern California, 12<sup>th</sup> in California, 1<sup>st</sup> in Southwest Riverside County
- Average household income of approximately \$87,400
- Centrally located to multiple existing and growing markets in western Riverside County
- Menifee is rapidly transitioning from a bedroom community to an economic center
- Mt. San Jacinto is the fastest growing community college in California
- Ready access to Wine Country’s back door via Newport Road and Scott Road
- Fairfield Inn & Suites recently opened in Town Center
- New Fairfield Inn & Suites expected to only partially meet historic and future demand for quality lodging in City



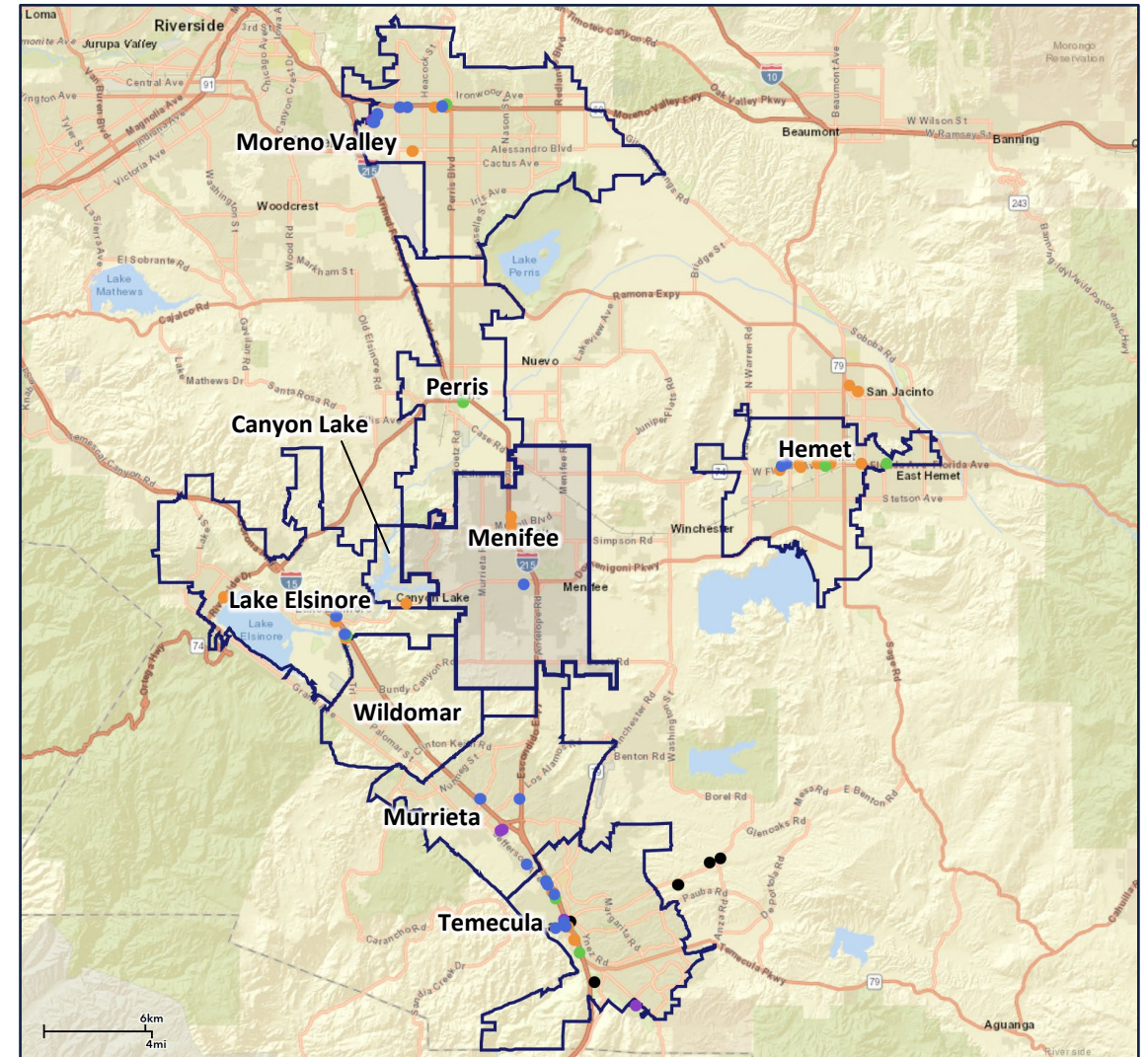
## CITY OF MENIFEE – OVERVIEW (CONTINUED)

- Menifee along I-215 corridor connecting City of Riverside and I-15 to San Diego
- Desirable City is rapidly building out in efficient, well planned manner
- Significant number of planned housing tracts / residential developments support near term 50% population growth to more than 160,000 residents
- A variety of commercial parcels available for buildout
- Superior parcels are rapidly being entitled and slated for development



# PROFILE OF PROXIMATE CITIES

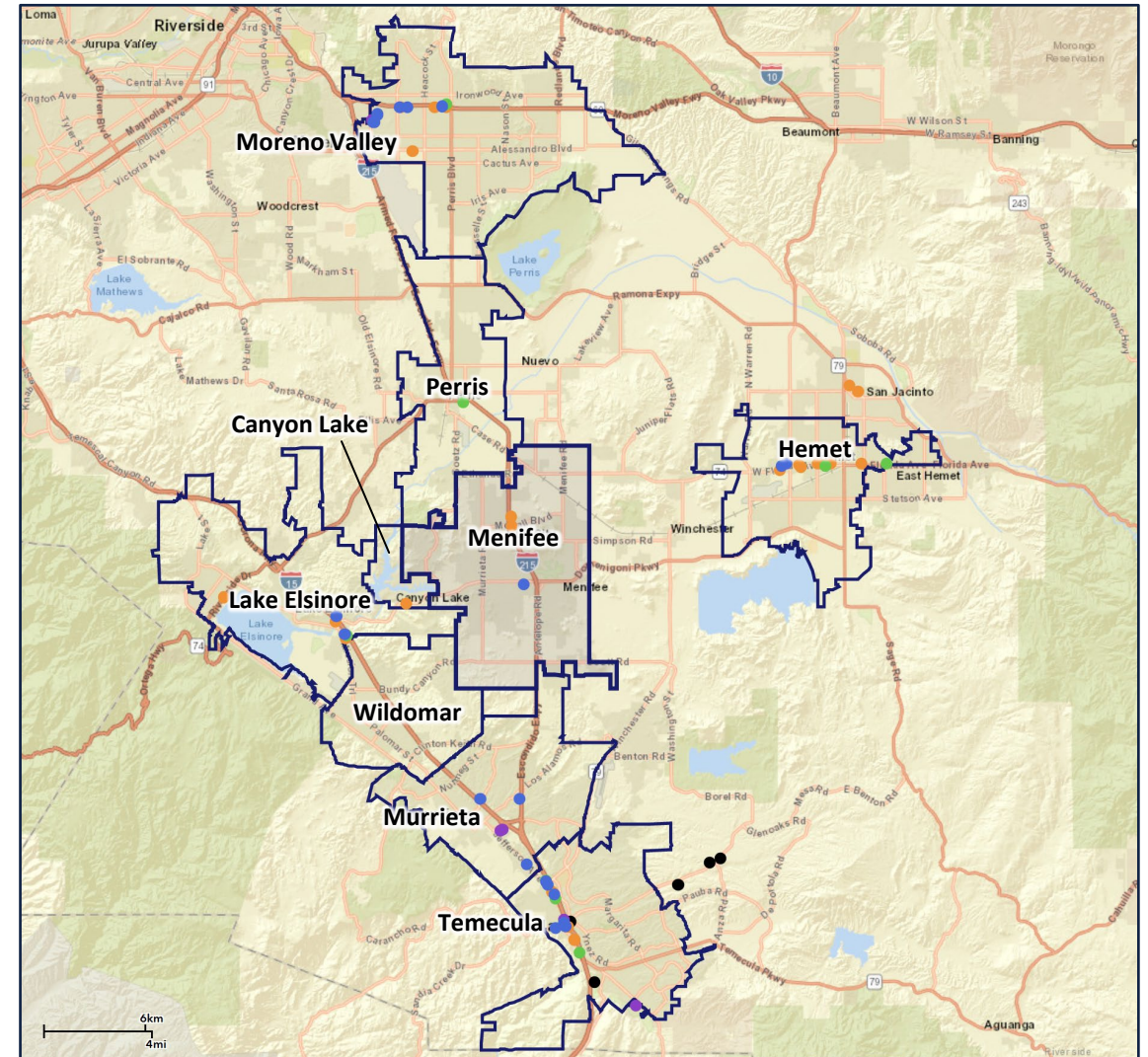
- Menifee is centrally located amongst the following incorporated cities in Riverside County:
  - Moreno Valley – Incorporated in 1984, historically associated with what is now March Joint Air Reserve Base
  - Perris - Incorporated in 1911, historically a quant railroad town, has grown substantially since the 1980's
  - Hemet – Incorporated in 1910, historically focused on agriculture supported by Hemet Dam / Lake Hemet
  - Lake Elsinore – Incorporated in 1888, historically a small lake town
  - Canyon Lake – Incorporated in 1990, a gated community developed around a man-made reservoir
  - Wildomar – Incorporated in 2008, historically a small town with origins tied to the area railroad line until the development of the I-15
  - Murrieta – Incorporated in 1991, historically a small town built around the railroad, grew rapidly after construction of I-15
  - Temecula – Incorporated in 1989, now home to a substantial hospitality industry related to area wineries and Pechanga Resort & Casino



# PROXIMATE CITIES - DEMOGRAPHICS

|                 | Population     |                |             | Households (HH) |                |             |
|-----------------|----------------|----------------|-------------|-----------------|----------------|-------------|
|                 | 2020           | 2025           | CAGR        | 2020            | 2025           | CAGR        |
| Canyon Lake     | 11,200         | 11,700         | 0.9%        | 4,200           | 4,300          | 0.5%        |
| Hemet           | 87,200         | 91,300         | 0.9%        | 32,200          | 33,400         | 0.7%        |
| Lake Elsinore   | 67,500         | 73,300         | 1.7%        | 19,400          | 20,900         | 1.5%        |
| Menifee         | <b>99,200</b>  | <b>107,700</b> | <b>1.7%</b> | <b>33,700</b>   | <b>36,100</b>  | <b>1.4%</b> |
| Moreno Valley   | 207,800        | 217,500        | 0.9%        | 55,000          | 57,200         | 0.8%        |
| Murrieta        | 114,000        | 119,900        | 1.0%        | 35,800          | 37,400         | 0.9%        |
| Perris          | 79,100         | 83,800         | 1.2%        | 18,400          | 19,300         | 1.0%        |
| Temecula        | 112,300        | 118,900        | 1.1%        | 35,600          | 37,400         | 1.0%        |
| Wildomar        | 36,900         | 39,000         | 1.1%        | 11,300          | 11,900         | 1.0%        |
| Total / Average | <b>815,200</b> | <b>863,100</b> | <b>1.1%</b> | <b>245,500</b>  | <b>258,000</b> | <b>1.0%</b> |

|                 | Median Age  |             |              | Average HH Income |                   |             |
|-----------------|-------------|-------------|--------------|-------------------|-------------------|-------------|
|                 | 2020        | 2025        | CAGR         | 2020              | 2025              | CAGR        |
| Canyon Lake     | 43.7        | 43.8        | 0.0%         | \$ 118,900        | \$ 133,500        | 2.3%        |
| Hemet           | 39.6        | 39.7        | 0.1%         | 55,900            | 62,300            | 2.2%        |
| Lake Elsinore   | 31.7        | 32.2        | 0.3%         | 85,200            | 95,700            | 2.4%        |
| Menifee         | <b>38.3</b> | <b>37.3</b> | <b>-0.5%</b> | <b>87,400</b>     | <b>99,000</b>     | <b>2.5%</b> |
| Moreno Valley   | 31.1        | 32.7        | 1.0%         | 80,200            | 90,700            | 2.5%        |
| Murrieta        | 34.6        | 35.0        | 0.2%         | 111,300           | 126,100           | 2.5%        |
| Perris          | 28.3        | 29.4        | 0.8%         | 71,400            | 80,100            | 2.3%        |
| Temecula        | 35.0        | 35.6        | 0.3%         | 116,800           | 133,400           | 2.7%        |
| Wildomar        | 35.2        | 35.6        | 0.2%         | 98,900            | 111,300           | 2.4%        |
| Total / Average | <b>34.0</b> | <b>34.7</b> | <b>0.4%</b>  | <b>\$ 89,100</b>  | <b>\$ 100,800</b> | <b>2.5%</b> |



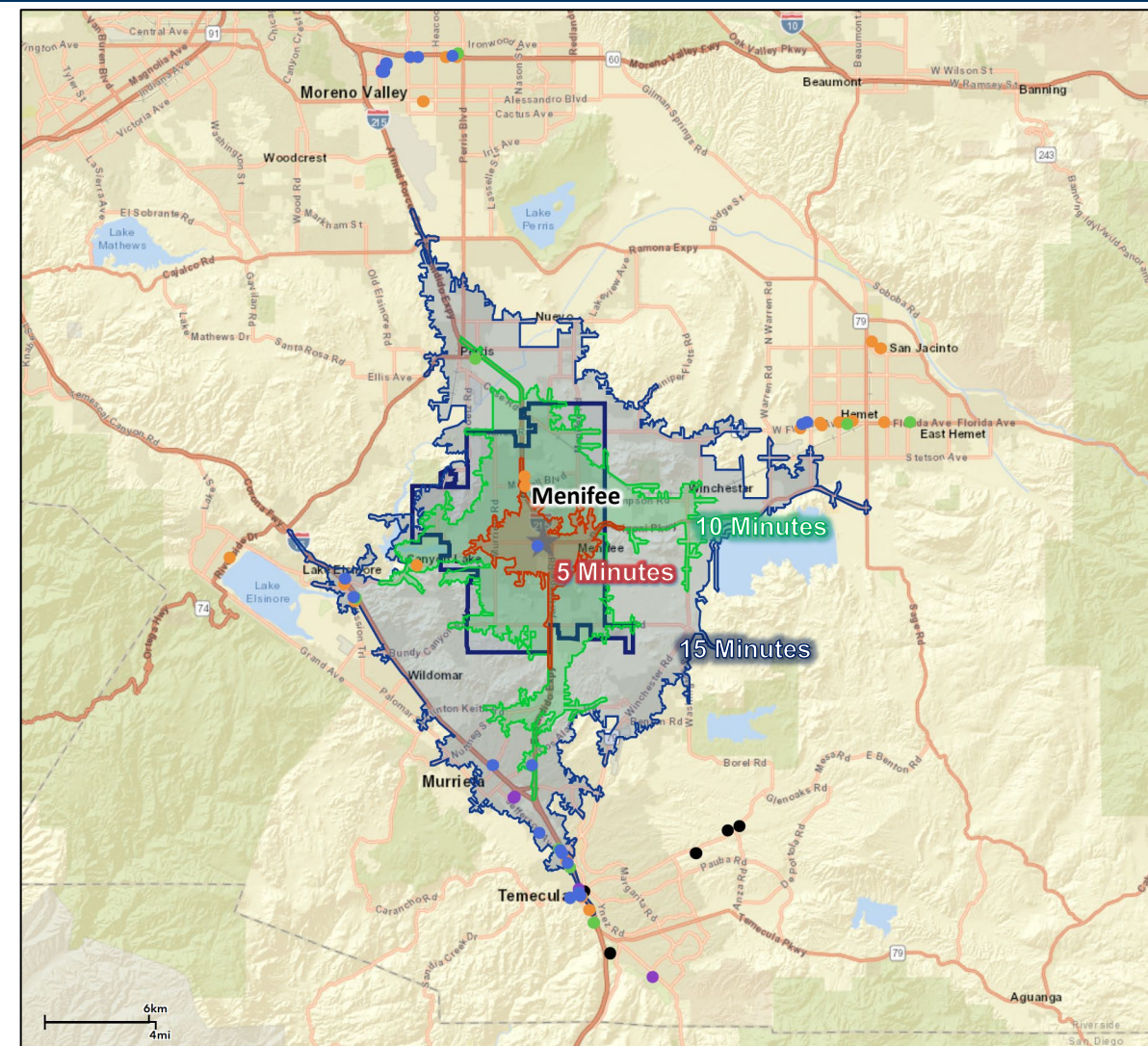
# DEMOGRAPHICS – MENIFEE & 5-, 10-, & 15-MINUTE DRIVE

- Meniffee population projected by ESRI to grow from ~99,000 residents in 2020 to ~108,000 residents in 2025
- Meniffee household income projected to grow from ~\$87,000 in 2020 to ~\$99,000 in 2025
- Approximately 121,000 people within 10-minute drive of City center; ~323,000 people within 15-minute drive

|                   | Population |         |      | Households (HH) |         |      |
|-------------------|------------|---------|------|-----------------|---------|------|
|                   | 2020       | 2025    | CAGR | 2020            | 2025    | CAGR |
| <b>Meniffee</b>   | 99,200     | 107,700 | 1.7% | 33,700          | 36,100  | 1.4% |
| <b>5 Minutes</b>  | 31,400     | 34,400  | 1.8% | 10,300          | 11,100  | 1.5% |
| <b>10 Minutes</b> | 120,900    | 130,900 | 1.6% | 40,500          | 43,300  | 1.3% |
| <b>15 Minutes</b> | 323,100    | 348,200 | 1.5% | 98,800          | 105,300 | 1.3% |

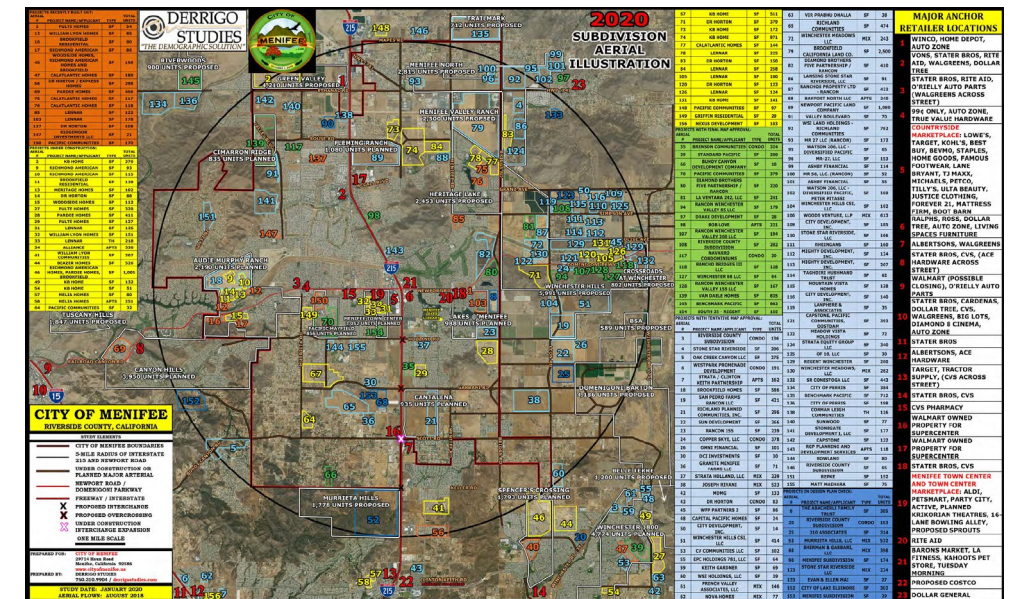
|                   | Median Age |      |       | Average HH Income |         |      |
|-------------------|------------|------|-------|-------------------|---------|------|
|                   | 2020       | 2025 | CAGR  | 2020              | 2025    | CAGR |
| <b>Meniffee</b>   | 38.3       | 37.3 | -0.5% | 87,400            | 99,000  | 2.5% |
| <b>5 Minutes</b>  | 36.1       | 35.7 | -0.2% | 90,000            | 102,500 | 2.6% |
| <b>10 Minutes</b> | 37.4       | 36.5 | -0.5% | 94,700            | 107,200 | 2.5% |
| <b>15 Minutes</b> | 34.2       | 34.3 | 0.1%  | 94,400            | 107,000 | 2.5% |



# MENIFEE POPULATION GROWTH PROJECTIONS

- 2020 and 2025 demographic estimates herein primary sourced from ESRI and include projections based on prior trends
- California Department of Finance estimates City average population growth (CAGR) of 2.2% over the last 10 years, 2.8% in 2018, and 2.5% on 2019
- City retained demographic consultant Derrigo Studies to complete a detailed analysis based on a count of actual rooftops and review of all pending active residential units (i.e. planned, permitted, or under construction)
- Derrigo Studies January 2020 analysis estimates:
  - January 2020 City population: 100,379
  - January 2022 City population: 111,008
    - 10% growth in two years based on buildout of 3,117 residential units
  - Population at buildout of active residential units: 151,116
    - 50% growth based on buildout of 11,762 active residential units

2020 Subdivision Aerial Illustration  
From Derrigo Studies January 2020 Demographic Marketing Report

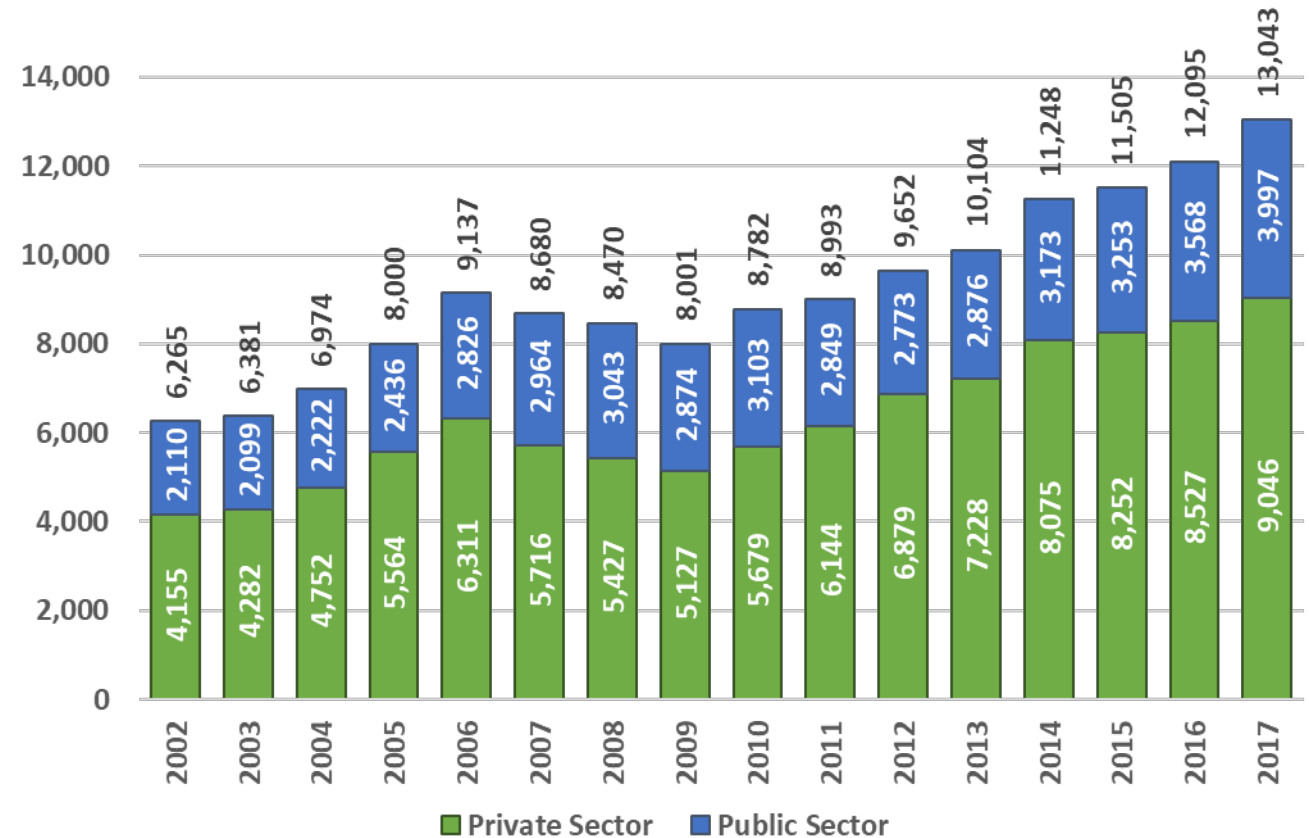


As of July 2020 the full Derrigo Studies report was accessible at:

<http://www.menifeebusiness.com/wp-content/uploads/2020/02/CityofMenifeeDerrigoDemoFinalReport1-2020.pdf>

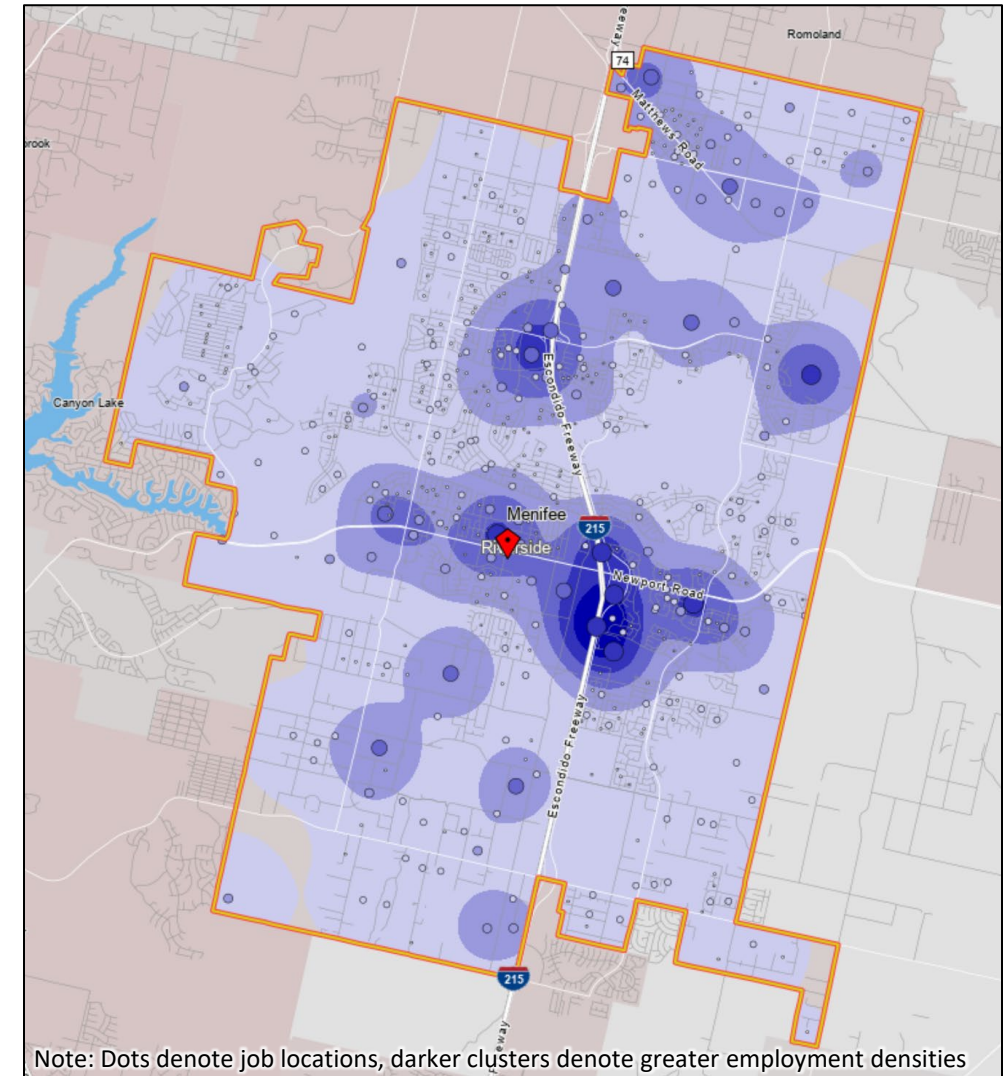
# MENIFEE EMPLOYMENT GROWTH

- Meniffee employment base growing more than 2x faster than population growth (2002 – 2017)
  - Private sector employment CAGR of 5.3%
  - Public sector employment CAGR of 4.4%
  - Combined average CAGR of 5.0%
- Growth in neighboring Perris also driving employment clusters south into Meniffee
- Major employers include:
  - Mt. San Jacinto College District: 2,100
  - Meniffee Union School District: 1,500
  - Meniffee Valley Medical Center: 360
  - Southern California Edison: 345



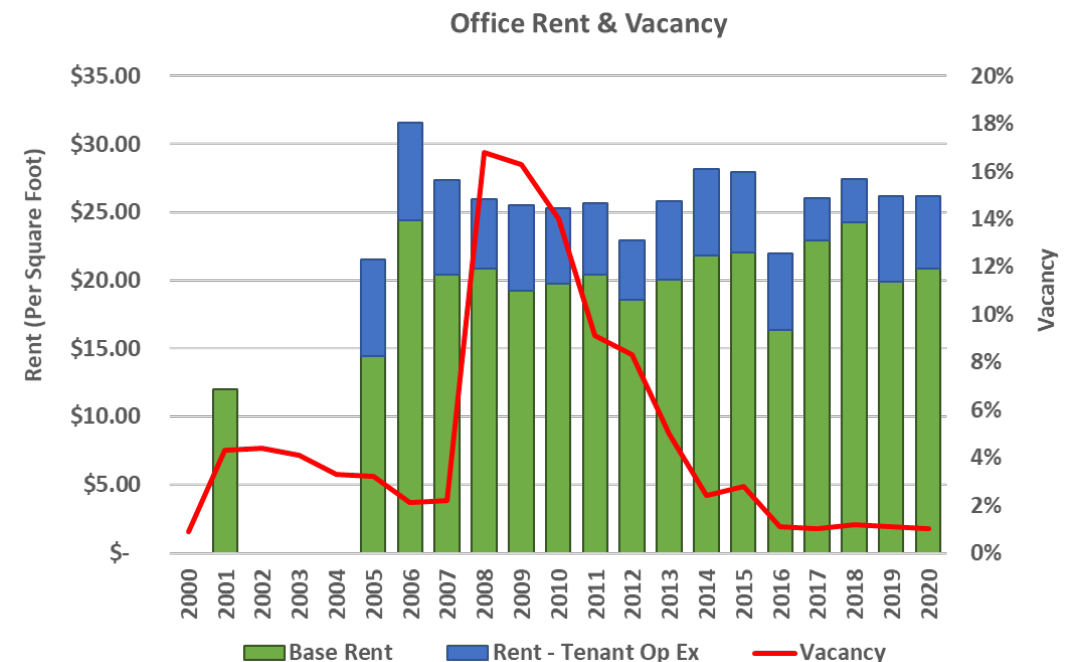
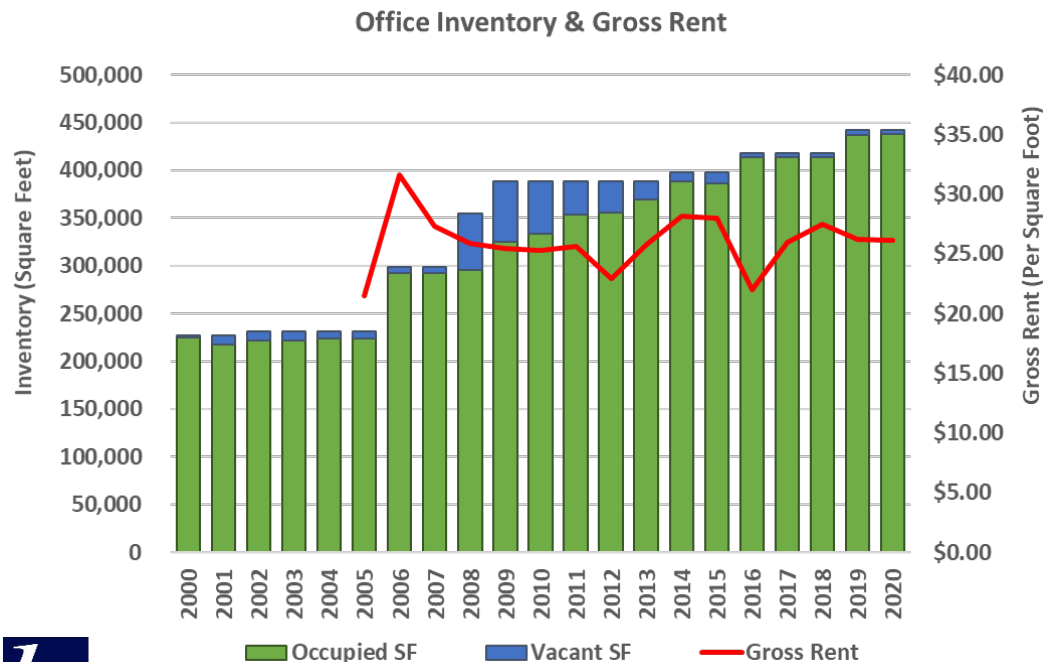
# MENIFEE EMPLOYMENT – SECTOR & LOCATION (2017)

| Sector   | Jobs  | % of Total |
|--|-------|------------|
| Agriculture, Forestry, Fishing and Hunting                 | 107   | 0.8%       |
| Mining, Quarrying, and Oil and Gas Extraction              | 0     | 0.0%       |
| Utilities  | 244   | 1.9%       |
| Construction   | 788   | 6.0%       |
| Manufacturing  | 374   | 2.9%       |
| Wholesale Trade  | 153   | 1.2%       |
| Retail Trade   | 2,034 | 15.6%      |
| Transportation and Warehousing                             | 463   | 3.5%       |
| Information  | 241   | 1.8%       |
| Finance and Insurance                                      | 156   | 1.2%       |
| Real Estate and Rental and Leasing                         | 217   | 1.7%       |
| Professional, Scientific, and Technical Services           | 392   | 3.0%       |
| Management of Companies and Enterprises                    | 3     | 0.0%       |
| Administration & Support, Waste Management and Remediation | 384   | 2.9%       |
| Educational Services                                       | 2,546 | 19.5%      |
| Health Care and Social Assistance                          | 2,517 | 19.3%      |
| Arts, Entertainment, and Recreation                        | 150   | 1.2%       |
| Accommodation and Food Services                            | 1,934 | 14.8%      |
| Other Services (excluding Public Administration)           | 257   | 2.0%       |
| Public Administration                                      | 83    | 0.6%       |



# MENIFEE OFFICE MARKET

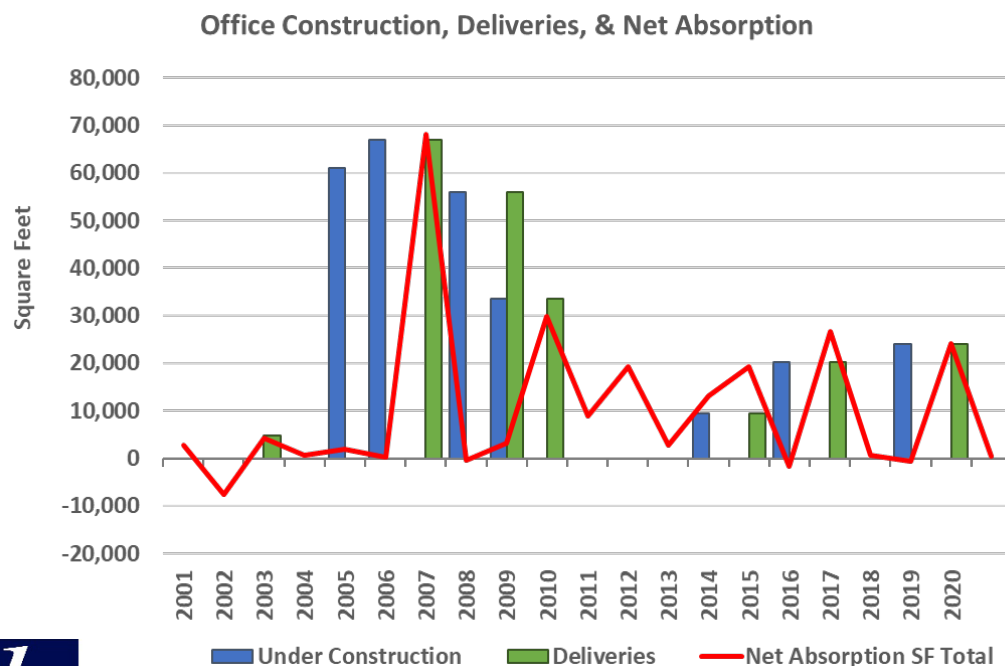
- There is currently ~442,000 square feet of office inventory within the City
- Office vacancy has been extremely low / at around 1% since 2016
- Gross rents have gravitated around \$25 per square foot per year over the last 10 years
- 2019 Menifee Office Study indicates need for 80,000 square feet to satisfy existing demand, growing by approximately 30,000 square feet annually



Source: CoStar (2020)

# MENIFEE OFFICE MARKET (CONTINUED)

- ~210,000 square feet added since 2005
- New office deliveries absorbed in market fairly quickly (even during the Great Recession)
- Currently four medical office projects actively proposed totaling 210,000 square feet

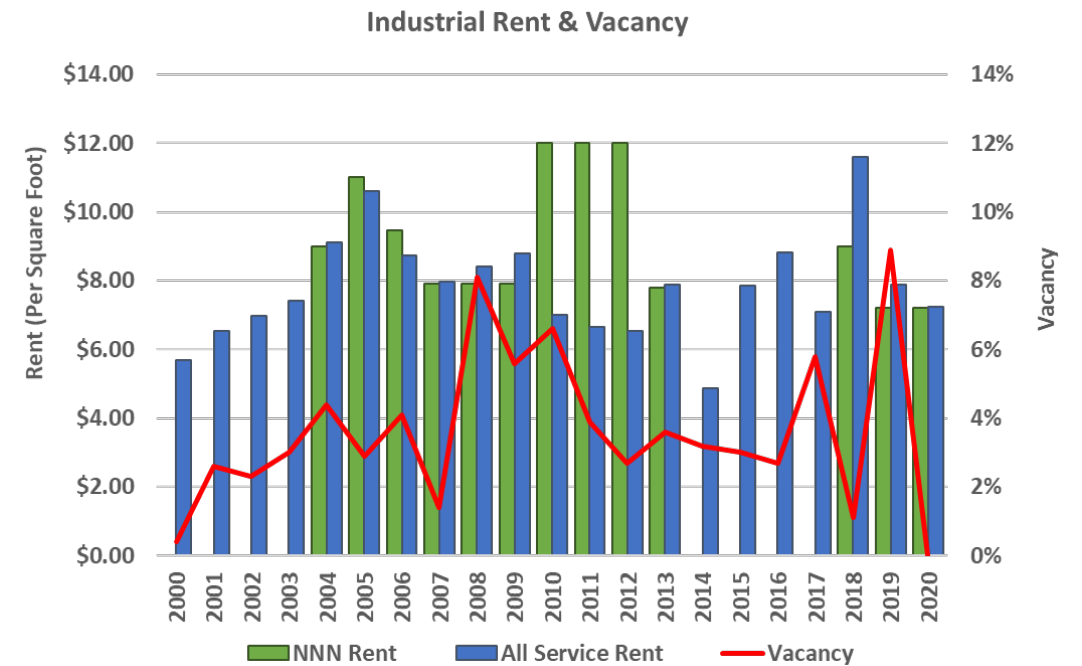
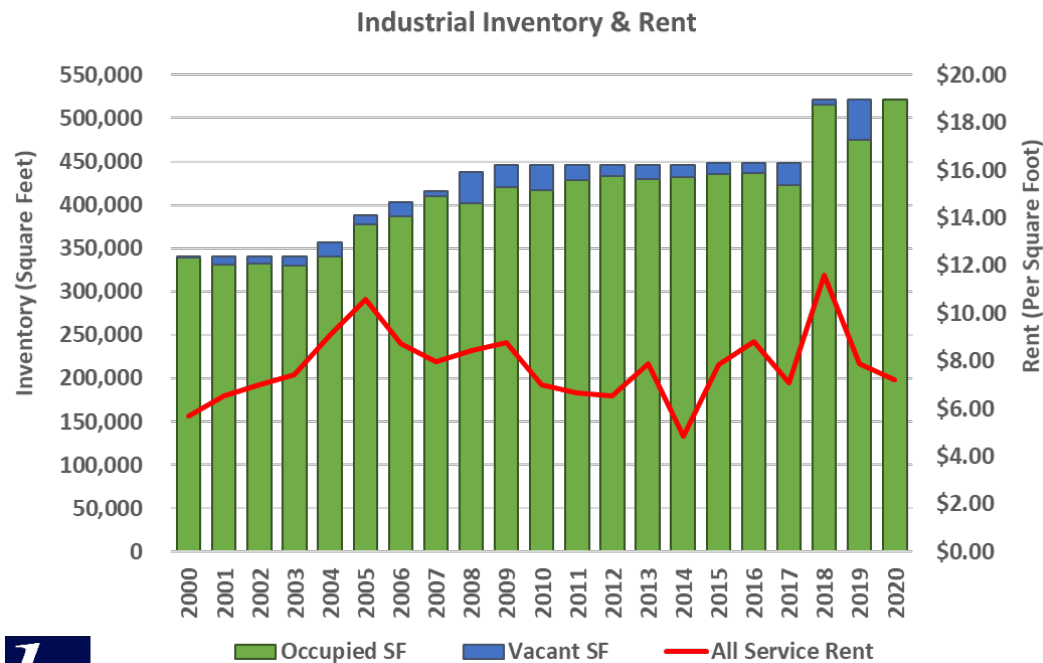


Source: CoStar (2020)



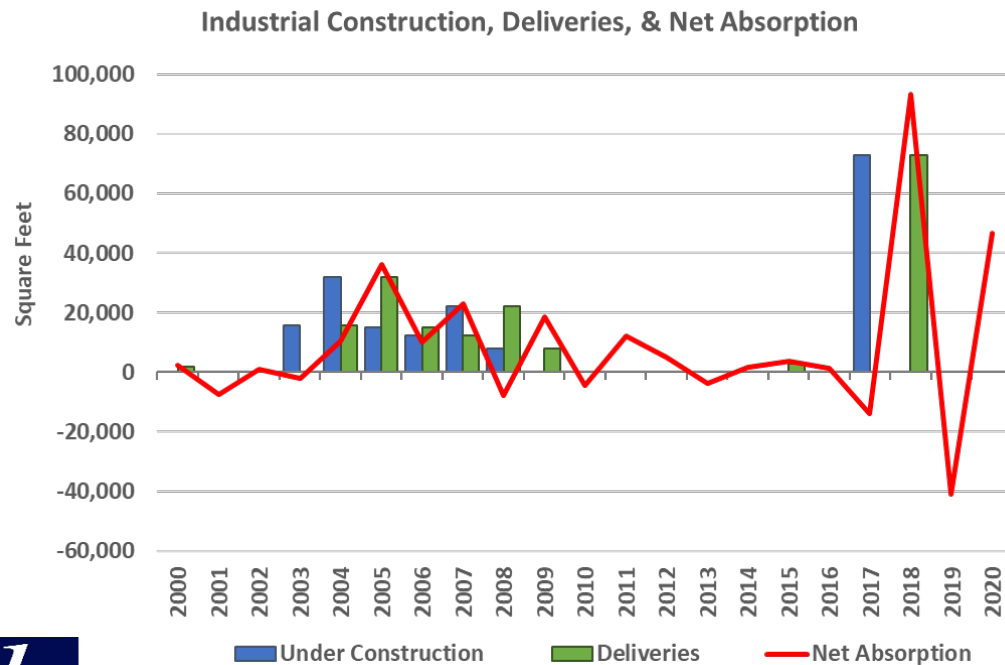
# MENIFEE INDUSTRIAL & FLEX MARKET

- There is currently ~522,000 square feet of industrial inventory within the City
- Industrial vacancy has varied, but generally been low, averaging approximately 3.6% over the last 20 years, and is currently 0%
- All service type rents have gravitated around \$7.50 per square foot per year over the last 10 years
- 2020 Menifee Industrial Study indicates annual demand for 580,000 square feet in addition to currently proposed projects



# MENIFEE INDUSTRIAL & FLEX MARKET (CONTINUED)

- ~181,000 square feet added since 2003
- New industrial deliveries absorbed in market rapidly (even during the Great Recession)
- Currently 3.4 MM square feet of industrial actively proposed, and a 825,000 square foot project being built out in phases

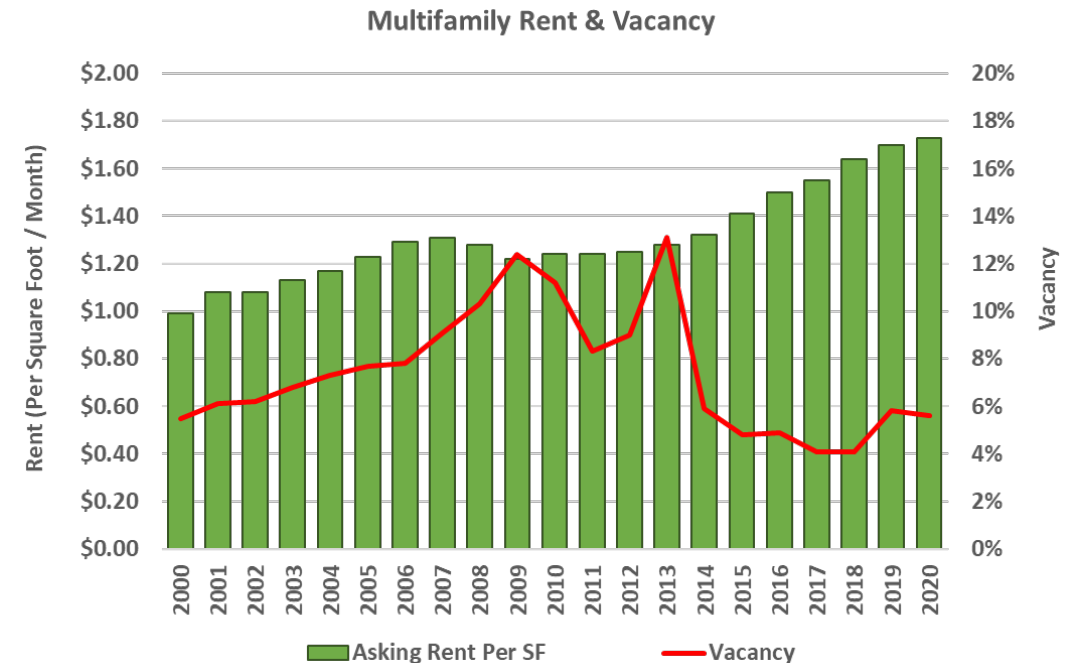
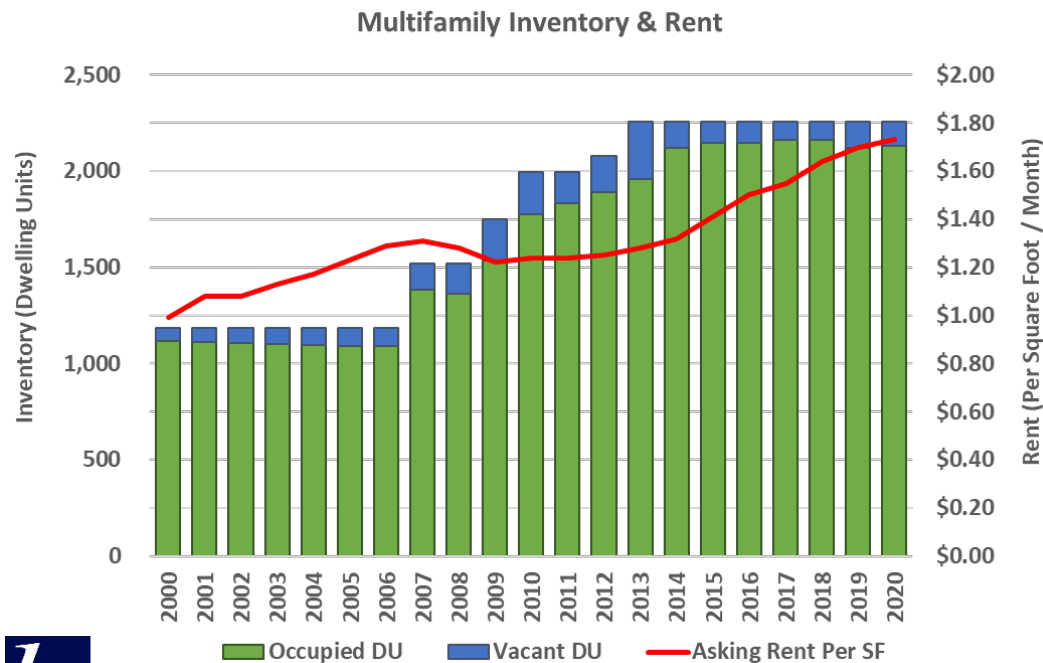


Source: CoStar (2020)



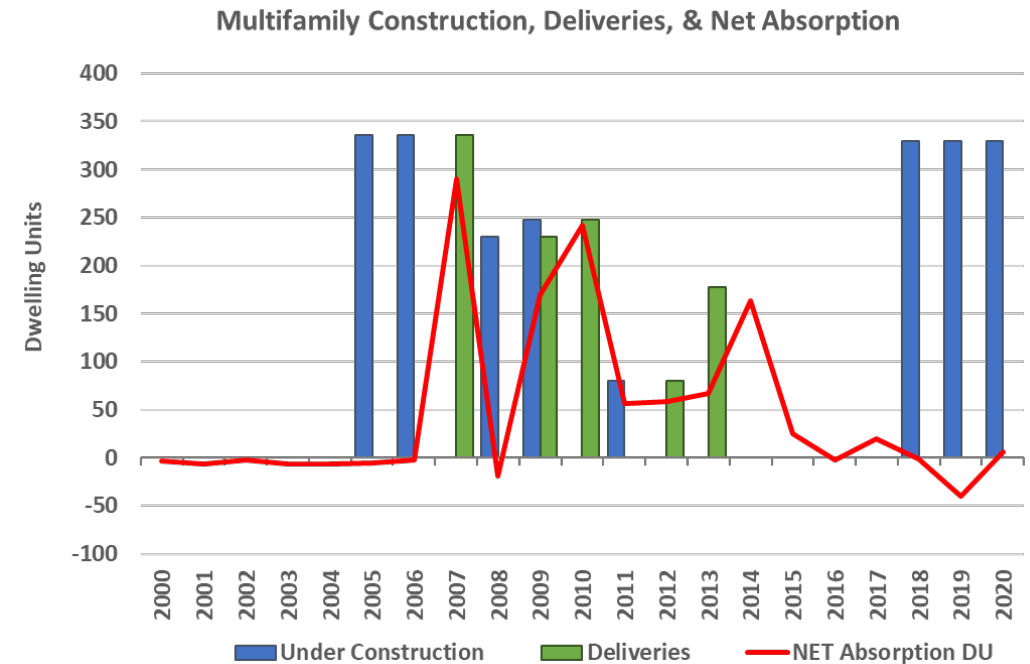
# MENIFEE MULTIFAMILY RESIDENTIAL MARKET

- ~33,700 dwelling units in the City, of which 2,255 are multifamily units (6.7%)
- Multifamily vacancy is slightly elevated compared to many Southern California markets, but healthy and fluctuating between ~4 - 6% over the last seven years
- Asking rents have seen steady price gains over the last 10 years, currently around \$1.73 per square foot per month.



## MENIFEE MULTIFAMILY RESIDENTIAL MARKET (CONTINUED)

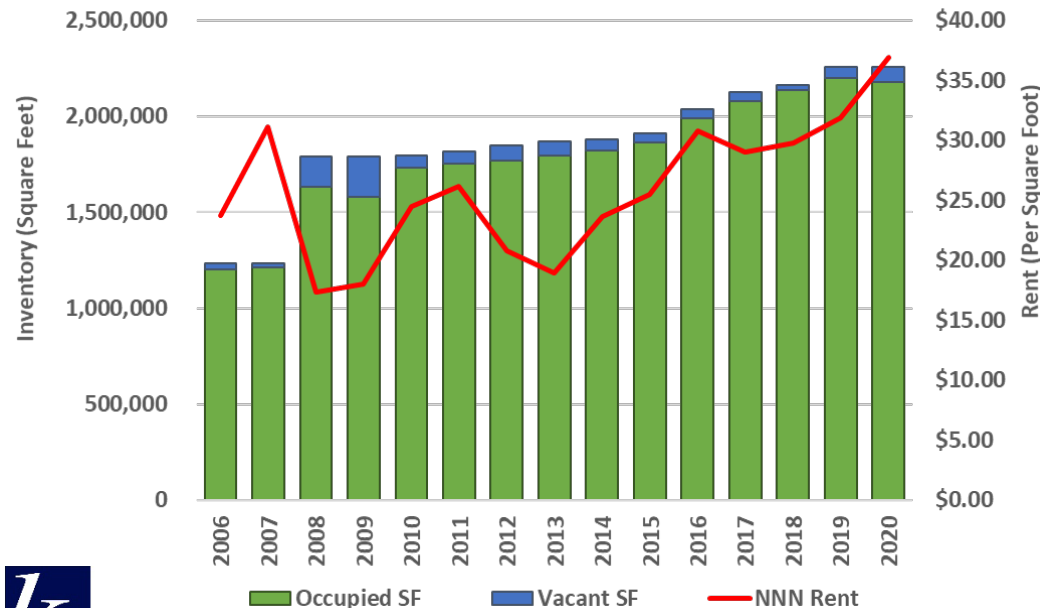
- 1,072 dwelling units added since 2006
- Major new multifamily deliveries appear to take 1-2 years to be absorbed by market
- 330 multifamily dwelling units currently listed as under construction (since 2018)
- Some multifamily projects in planning stages, but not actively “proposed”
- Majority of growth in dwelling units in City expected to continue to predominately be single family residential



# MENIFEE RETAIL MARKET

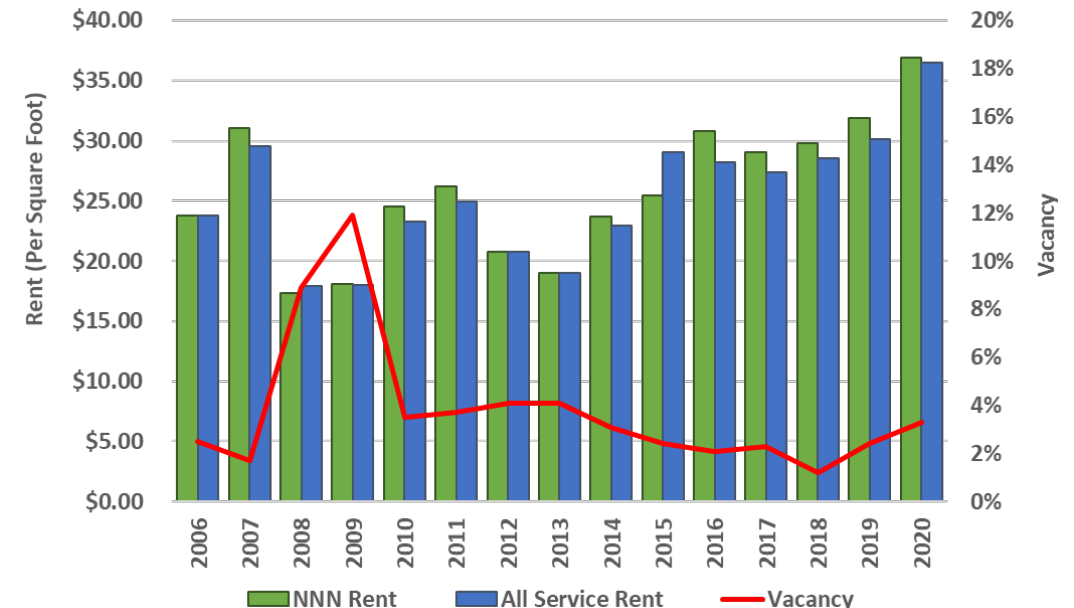
- There is currently ~2,255,000 square feet of retail inventory within the City
- Retail vacancy has been low since the Great Recession, averaging ~2.9% over the last 10 years, and is currently 3.3%
- Rents have increased steadily over the last seven years, and are currently ~\$37 per square foot per year
- 2019 Meniffee Retail Study indicates existing demand for an additional ~1.2 MM square feet within the City, and an additional ~2.8 MM square feet within a seven mile radius. In five years demand for an additional ~1.6 MM square feet within the City, and an additional ~3.7 MM square feet within a seven mile radius projected.

Retail Inventory & Rent



Source: CoStar (2020)

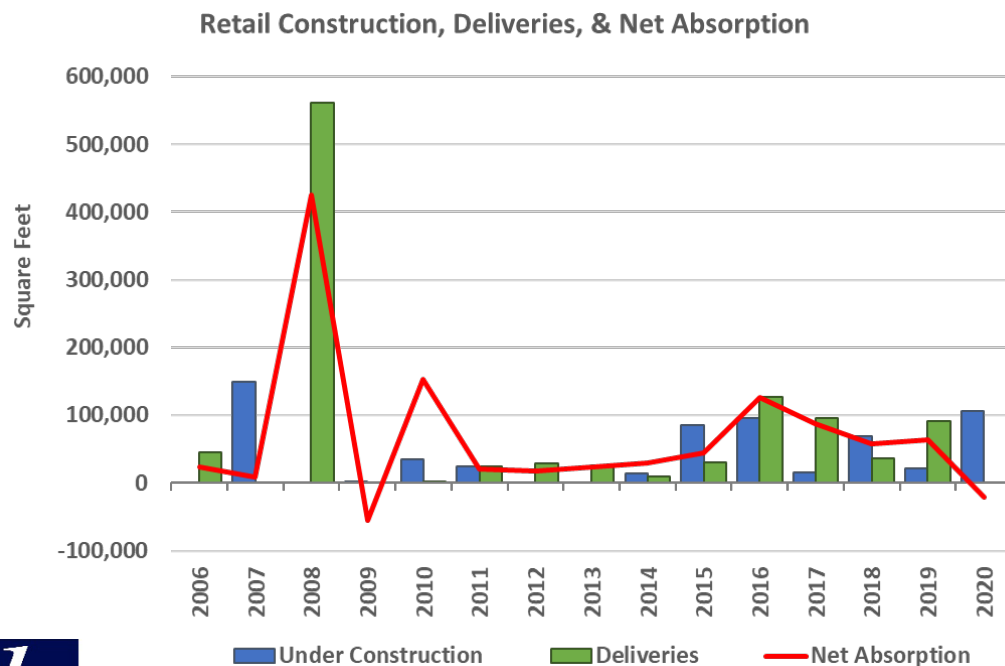
Retail Rent & Vacancy



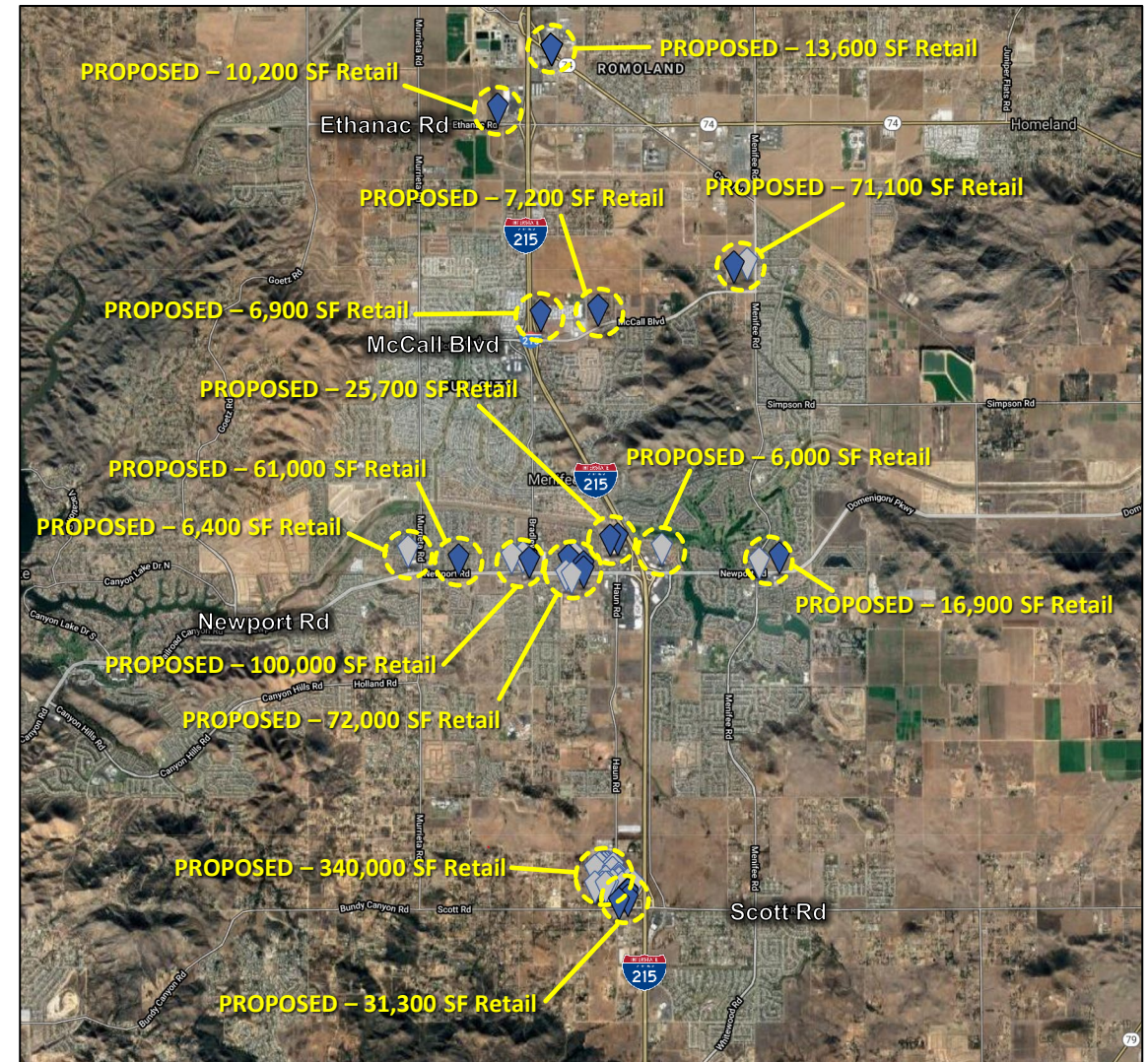
KOSMONT COMPANIES

# MENIFEE RETAIL MARKET (CONTINUED)

- ~1,000,000 square feet added since 2007
- New retail deliveries absorbed in market rapidly (even during the Great Recession)
- A number of new retail buildings and new retail centers totaling ~750,000 square feet proposed within City



Source: CoStar (2020)

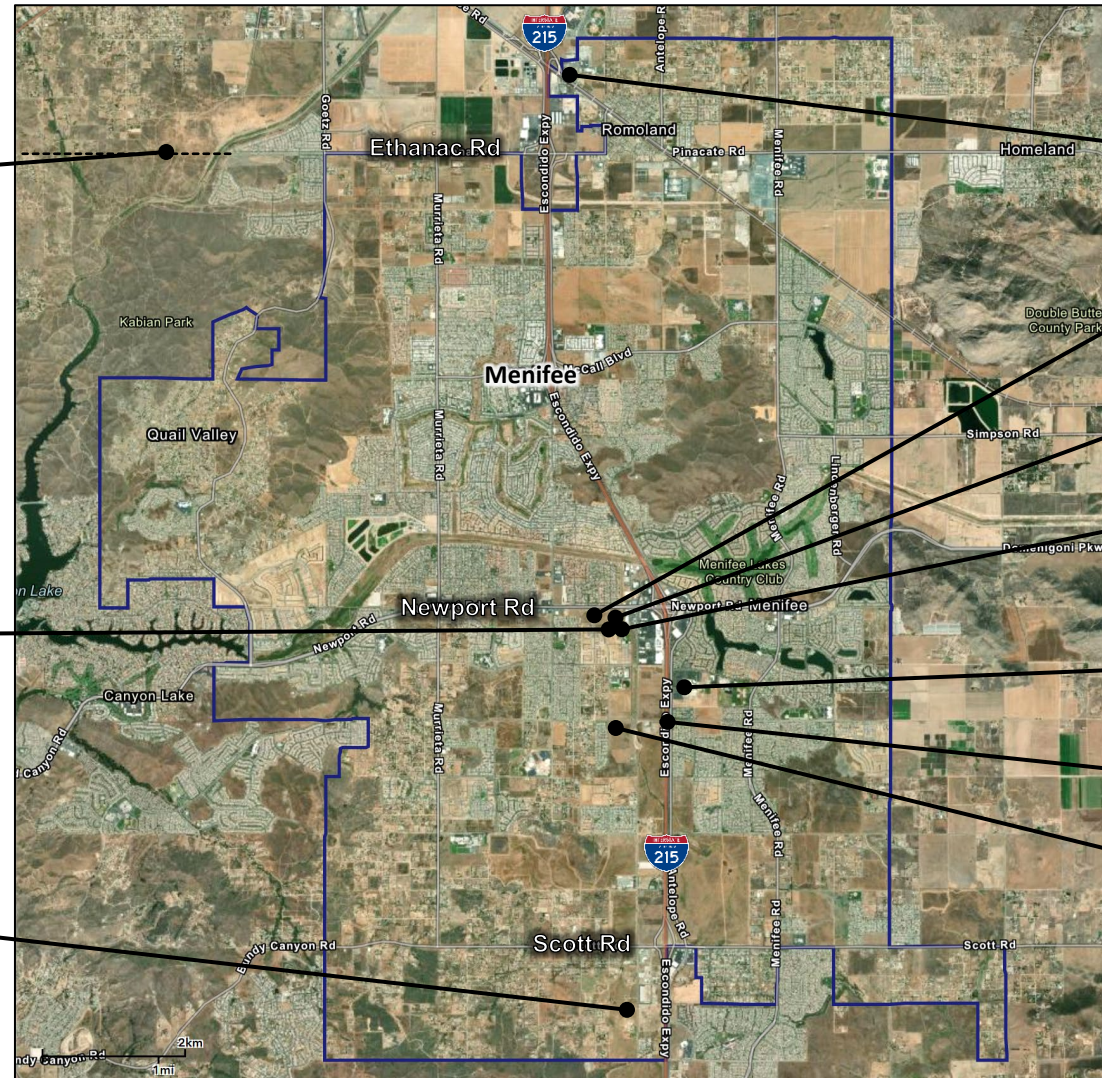


# MAJOR DEVELOPMENT PROJECTS IN MENIFEE

Ethanac / SR 74 Connection – Connection between Ethanac Road and SR 74. Expected in ~10 years.

Menifee Mid-County Civil Court House – Scheduled to commence construction in May 2021. \$91 million, 85,000 square foot, nine-courtroom civil facility will replace existing Hemet facility.

Commerce Pointe – 825,000 SF, 48-acre industrial flex business park. Initial phase of construction complete. Targeted to local business operations.



On Deck Center – Planned 29,500 SF retail center including 15,800 SF 108 room hotel

Krikorian Entertainment Complex – Under construction. 14-theater cinema with largest screen in California, sports bar, bowling alley, laser tag and fun zone / arcade amenities.

Town Center Medical Office – Entitled 32,000 SF medical office building.

Fairfield Inn & Suites – Recently opened, has 99 rooms and 5,500 SF conference facility including 4,000 SF banquet room.

Mt. San Jacinto College – Campus opened in 2006, master planned for 15,000 to 20,000 students. 5,000 seat stadium under construction. Campus hosts Music & Arts festival.

Holland Road Overpass – Future

Menifee Meadows – Entitled 102,000 SF medical office, 160 high-end senior living community

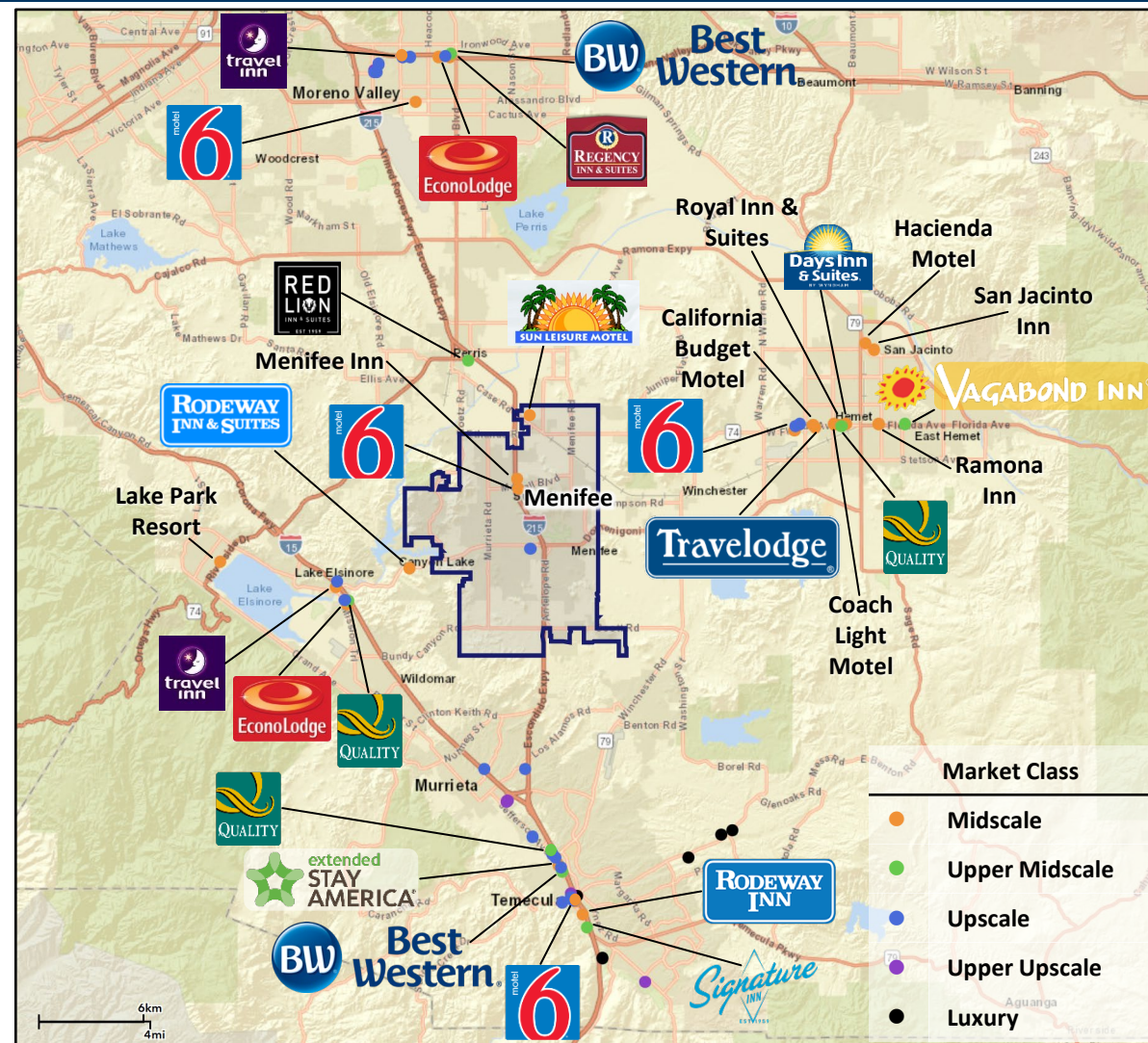
## EXISTING LODGING PROXIMATE TO CITY

- Kosmont observed approximately 63 lodging establishments comprising 5,976 rooms in reasonable proximity to the City
- Only three midscale (market class) hotels totaling 129 rooms located within City
- Existing hotels in City appear to be achieving a premium in pricing relative to their market class, expected to be due to lack of proximate higher tier supply
- Fairfield Inn & Suites recently opened at City center, brings 99 rooms to market
- Menifee market expected to remain underserved
- Residents and visitors must currently travel more than 15 – 20 minutes if higher quality hotels are desired
- Quality hotels sited in Menifee expected to have opportunity to capture demand from neighboring cities of Canyon Lake, Perris, and the unincorporated community of Winchester
- Hotels adjacent to desirable amenities (retails, restaurants, entertainment) expected to have superior ability to capture potential demand
- Maps of hotels in the region follow

# MIDSCALE & UPPER MIDSCALE (MARKET CLASS)

| Property Name                               | Chain Scale | Market Class | City          | Distance | Rooms | Opened |
|---|-------------|--------------|---------------|----------|-------|--------|
| Motel 6 Menifee Sun City                    | Economy     | Midscale     | Menifee       | 2.1      | 59    | Apr-95 |
| Menifee Inn                                 | Independent | Midscale     | Menifee       | 2.5      | 52    | 1977   |
| Sun Leisure Motel                           | Independent | Midscale     | Menifee       | 4.5      | 18    | 1964   |
| Rodeway Inn & Suites Canyon Lake I-15       | Economy     | Midscale     | Canyon Lake   | 4.6      | 34    | Jun-75 |
| Econo Lodge Lake Elsinore Casino            | Economy     | Midscale     | Lake Elsinore | 7.1      | 91    | Jun-68 |
| Travel Inn                                  | Independent | Midscale     | Lake Elsinore | 7.3      | 60    | Sep-89 |
| Motel 6 Hemet                               | Economy     | Midscale     | Hemet         | 10.3     | 96    | Jun-85 |
| California Budget Motel                     | Independent | Midscale     | Hemet         | 11.0     | 40    | Jun-73 |
| Travelodge Hemet                            | Economy     | Midscale     | Hemet         | 11.1     | 74    | Jun-78 |
| Lake Park Resort                            | Independent | Midscale     | Lake Elsinore | 11.2     | 27    | Jun-45 |
| Extended Stay America Temecula Wine Country | Economy     | Midscale     | Temecula      | 11.6     | 107   | Apr-02 |
| Coach Light Motel                           | Independent | Midscale     | Hemet         | 11.7     | 32    | Jun-79 |
| Royal Inn & Suites                          | Independent | Midscale     | Hemet         | 11.9     | 34    | Oct-89 |
| Days Inn & Suites Hemet                     | Economy     | Midscale     | Hemet         | 12.2     | 65    | Aug-85 |
| Motel 6 Temecula - Historic Old Town        | Economy     | Midscale     | Temecula      | 13.0     | 136   | Oct-88 |
| Ramona Inn                                  | Independent | Midscale     | Hemet         | 13.2     | 22    | Aug-61 |
| Rodeway Inn Old Town Temecula               | Economy     | Midscale     | Temecula      | 13.4     | 39    | Jun-83 |
| San Jacinto Inn                             | Independent | Midscale     | San Jacinto   | 14.2     | 21    | Jun-90 |
| Hacienda Motel                              | Independent | Midscale     | San Jacinto   | 14.1     | 28    | Jun-50 |
| Motel 6 Moreno Valley/Perris                | Economy     | Midscale     | Moreno Valley | 16.6     | 60    | Jun-62 |
| Travel Inn                                  | Independent | Midscale     | Moreno Valley | 18.3     | 69    | Sep-87 |
| Regency Inn & Suites                        | Independent | Midscale     | Moreno Valley | 17.9     | 35    | Mar-90 |
| Econo Lodge Moreno Valley                   | Economy     | Midscale     | Moreno Valley | 17.9     | 54    | Mar-90 |
|   |             |              |               | Total    | 1,253 |        |

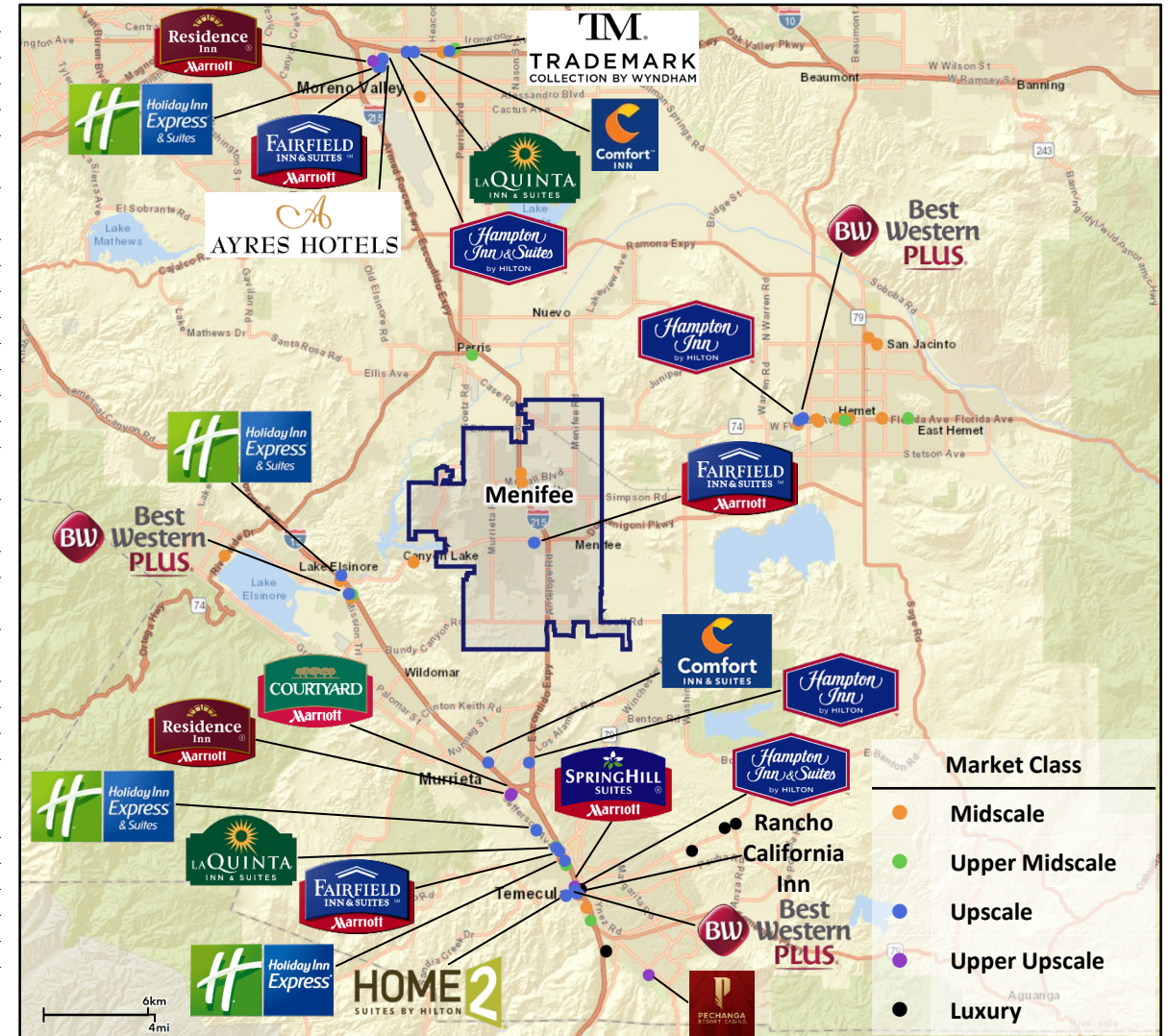
| Property Name                            | Chain Scale | Market Class   | City          | Distance | Rooms | Opened |
|--|-------------|----------------|---------------|----------|-------|--------|
| Quality Inn Lake Elsinore I-15           | Midscale    | Upper Midscale | Lake Elsinore | 7.0      | 56    | Jun-92 |
| Red Lion Inn & Suites Perris             | Midscale    | Upper Midscale | Perris        | 7.1      | 105   | Jul-93 |
| Quality Inn Temecula Valley Wine Country | Midscale    | Upper Midscale | Temecula      | 11.2     | 73    | Sep-89 |
| Quality Inn Hemet San Jacinto            | Midscale    | Upper Midscale | Hemet         | 11.9     | 46    | Aug-90 |
| Best Western Country Inn                 | Midscale    | Upper Midscale | Temecula      | 11.9     | 74    | Jan-87 |
| Signature Temecula                       | Midscale    | Upper Midscale | Temecula      | 14.0     | 70    | Nov-89 |
| Vagabond Inn Hemet                       | Midscale    | Upper Midscale | Hemet         | 14.1     | 27    | Jun-71 |
| Best Western Moreno Hotel Suites         | Midscale    | Upper Midscale | Moreno Valley | 18.0     | 116   | Aug-88 |
|  |             |                |               | Total    | 567   |        |



# UPSCALE & UPPER UPSCALE (MARKET CLASS)

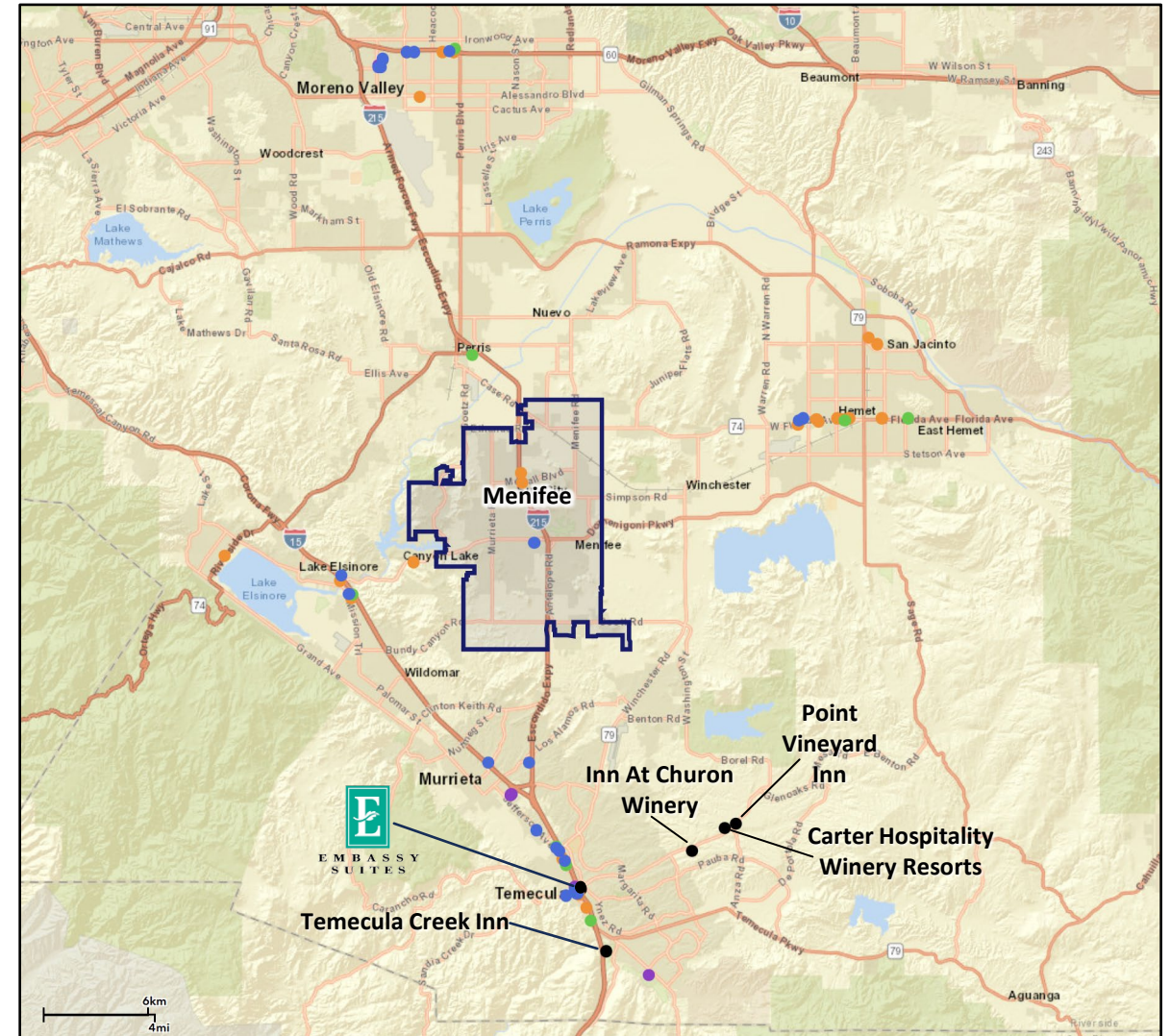
| Property Name  | Chain Scale    | Market Class | City          | Distance | Rooms | Opened |
|--|----------------|--------------|---------------|----------|-------|--------|
| Fairfield Inn & Suites Menifee                             | Upper Midscale | Upscale      | Menifee       | 0.3      | 99    | Oct-20 |
| Best Western Plus Lake Elsinore Inn & Suites               | Upper Midscale | Upscale      | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore                 | Upper Midscale | Upscale      | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Hampton Inn Murrieta                                       | Upper Midscale | Upscale      | Murrieta      | 8.0      | 106   | Jun-17 |
| Comfort Inn & Suites Murrieta Temecula Wine Country        | Upper Midscale | Upscale      | Murrieta      | 8.3      | 66    | Sep-03 |
| Holiday Inn Express & Suites Murrieta - Temecula           | Upper Midscale | Upscale      | Murrieta      | 8.5      | 105   | Dec-19 |
| Hampton Inn Hemet  | Upper Midscale | Upscale      | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn                       | Upper Midscale | Upscale      | Hemet         | 10.6     | 66    | May-89 |
| La Quinta Inns & Suites Temecula                           | Upper Midscale | Upscale      | Temecula      | 11.2     | 56    | Mar-08 |
| Fairfield Inn & Suites Temecula                            | Upper Midscale | Upscale      | Temecula      | 11.3     | 94    | Mar-07 |
| Holiday Inn Express Temecula                               | Upper Midscale | Upscale      | Temecula      | 11.7     | 90    | Jun-99 |
| Hampton by Hilton Inn & Suites Temecula                    | Upper Midscale | Upscale      | Temecula      | 12.8     | 98    | Jun-04 |
| Rancho California Inn                                      | Independent    | Upscale      | Temecula      | 12.9     | 24    | Apr-13 |
| Home2 Suites by Hilton Temecula                            | Upper Midscale | Upscale      | Temecula      | 12.9     | 120   | Mar-19 |
| Best Western Plus Temecula Wine Country Hotel & Suites     | Upper Midscale | Upscale      | Temecula      | 12.9     | 60    | Oct-18 |
| Trademark Collection by Wyndham Mulberry Life Inn & Suites | Upper Midscale | Upscale      | Moreno Valley | 18.0     | 140   | Feb-89 |
| Fairfield Inn & Suites Riverside Moreno Valley             | Upper Midscale | Upscale      | Moreno Valley | 18.1     | 106   | Sep-19 |
| Holiday Inn Express & Suites Moreno Valley - Riverside     | Upper Midscale | Upscale      | Moreno Valley | 18.1     | 104   | Aug-19 |
| Comfort Inn Moreno Valley Near March Air Reserve Base      | Upper Midscale | Upscale      | Moreno Valley | 18.2     | 94    | Apr-89 |
| Ayres Hotel & Spa Moreno Valley                            | Upper Midscale | Upscale      | Moreno Valley | 18.2     | 127   | May-10 |
| La Quinta Inns & Suites Moreno Valley                      | Upper Midscale | Upscale      | Moreno Valley | 18.3     | 59    | Apr-10 |
| Hampton by Hilton Inn & Suites Moreno Valley               | Upper Midscale | Upscale      | Moreno Valley | 18.3     | 115   | Mar-09 |
| Total  |                |              |               |          | 1,957 |        |

| Property Name                                  | Chain Scale | Market Class  | City          | Distance | Rooms | Opened |
|--|-------------|---------------|---------------|----------|-------|--------|
| Residence Inn Temecula Murrieta                | Upscale     | Upper Upscale | Murrieta      | 9.3      | 101   | Nov-15 |
| Courtyard Temecula Murrieta                    | Upscale     | Upper Upscale | Murrieta      | 9.4      | 183   | Dec-17 |
| Springhill Suites Temecula Valley Wine Country | Upscale     | Upper Upscale | Temecula      | 12.7     | 134   | Sep-09 |
| Pechanga Resort & Casino                       | Independent | Upper Upscale | Temecula      | 16.4     | 1090  | Jun-02 |
| Residence Inn Riverside Moreno Valley          | Upscale     | Upper Upscale | Moreno Valley | 18.1     | 112   | Jun-20 |
| Total  |             |               |               |          | 1,620 |        |
| Total Excluding Pechanga                       |             |               |               |          | 530   |        |



# LUXURY (MARKET CLASS)

| Property Name   | Chain Scale   | Market Class | City     | Distance | Rooms | Opened |
|---|---------------|--------------|----------|----------|-------|--------|
| Carter Hospitality Winery Resorts                     | Independent   | Luxury       | Temecula | 12.6     | 192   | May-04 |
| Ponte Vineyard Inn                                    | Independent   | Luxury       | Temecula | 12.6     | 60    | May-12 |
| Inn at Churon Winery                                  | Independent   | Luxury       | Temecula | 12.6     | 24    | Nov-01 |
| Embassy Suites by Hilton Temecula Valley Wine Country | Upper Upscale | Luxury       | Temecula | 12.7     | 176   | Jun-90 |
| Temecula Creek Inn                                    | Independent   | Luxury       | Temecula | 15.3     | 127   | Jun-69 |
|   |               |              |          | Total    | 579   |        |



# PERFORMANCE DATA FOR SELECT HOTELS

- Kosmont obtained performance data for two “competitive sets” to evaluate existing market conditions for select properties
- Performance data includes:
  - Average Daily Rate (“ADR”) – the average rate charged for one room night
  - Revenue Per Available Room (“RevPAR”) – the average revenue realized by each available / occupiable room. Generally equal to ADR multiplied by the Occupancy Rate
  - Occupancy Rate – the percentage of rooms sold / occupied during a given period
- The two competitive sets focus on properties closest to Menifee
  - Set 1 – Eight upscale properties operating for a period long enough to evaluate their performance
  - Set 2 – Four upscale properties and one upper midscale property operating for a period long enough to evaluate their performance. This set was evaluated to try to isolate impacts of recent market additions likely observed in Set 1.

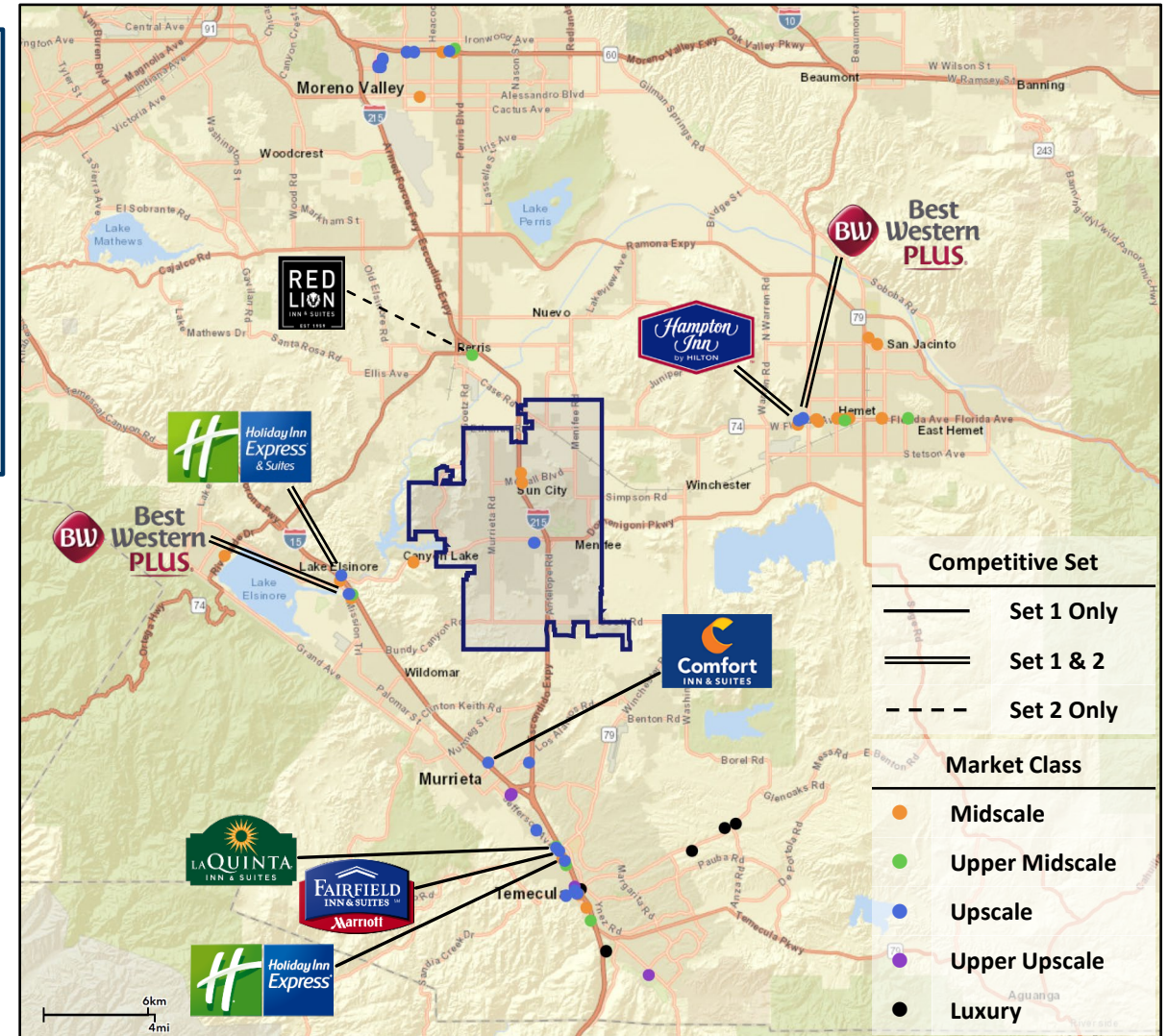
# HOTEL COMPETITIVE SETS

## Competitive Set 1

| Property Name                                       | Chain Scale    | Market Class | City          | Distance | Rooms | Opened |
|---|----------------|--------------|---------------|----------|-------|--------|
| Best Western Plus Lake Elsinore Inn & Suites        | Upper Midscale | Upscale      | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore          | Upper Midscale | Upscale      | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Comfort Inn & Suites Murrieta Temecula Wine Country | Upper Midscale | Upscale      | Murrieta      | 8.3      | 66    | Sep-03 |
| Hampton Inn Hemet                                   | Upper Midscale | Upscale      | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn                | Upper Midscale | Upscale      | Hemet         | 10.6     | 66    | May-89 |
| La Quinta Inns & Suites Temecula                    | Upper Midscale | Upscale      | Temecula      | 11.2     | 56    | Mar-08 |
| Fairfield Inn & Suites Temecula                     | Upper Midscale | Upscale      | Temecula      | 11.3     | 94    | Mar-07 |
| Holiday Inn Express Temecula                        | Upper Midscale | Upscale      | Temecula      | 11.7     | 90    | Jun-99 |
|   |                |              |               | Total    | 600   |        |

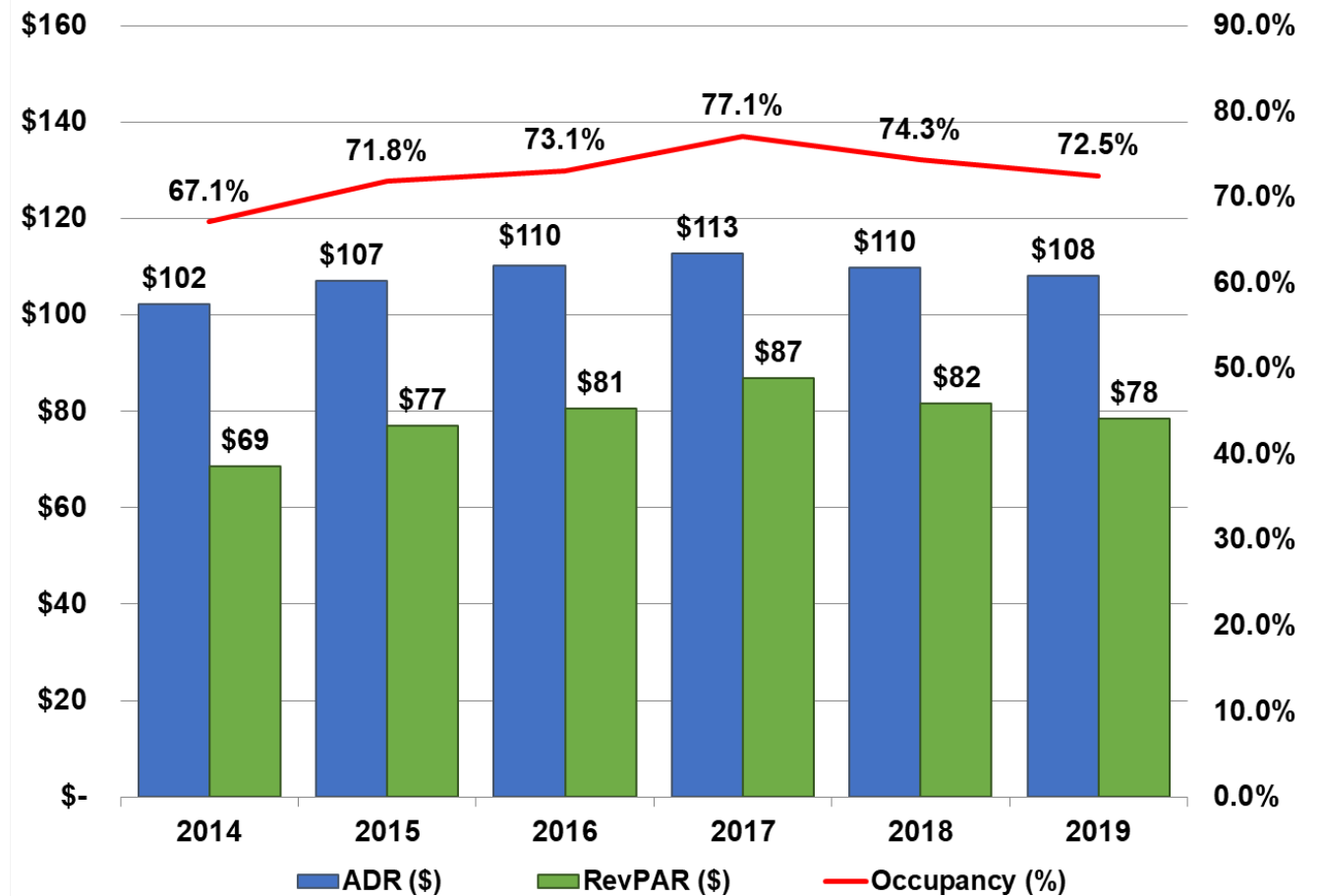
## Competitive Set 2

| Property Name                                | Chain Scale    | Market Class   | City          | Distance | Rooms | Opened |
|--|----------------|----------------|---------------|----------|-------|--------|
| Best Western Plus Lake Elsinore Inn & Suites | Upper Midscale | Upscale        | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore   | Upper Midscale | Upscale        | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Hampton Inn Hemet                            | Upper Midscale | Upscale        | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn         | Upper Midscale | Upscale        | Hemet         | 10.6     | 66    | May-89 |
| Red Lion Inn & Suites Perris                 | Midscale       | Upper Midscale | Perris        | 7.1      | 105   | Jul-93 |
|  |                |                |               | Total    | 399   |        |



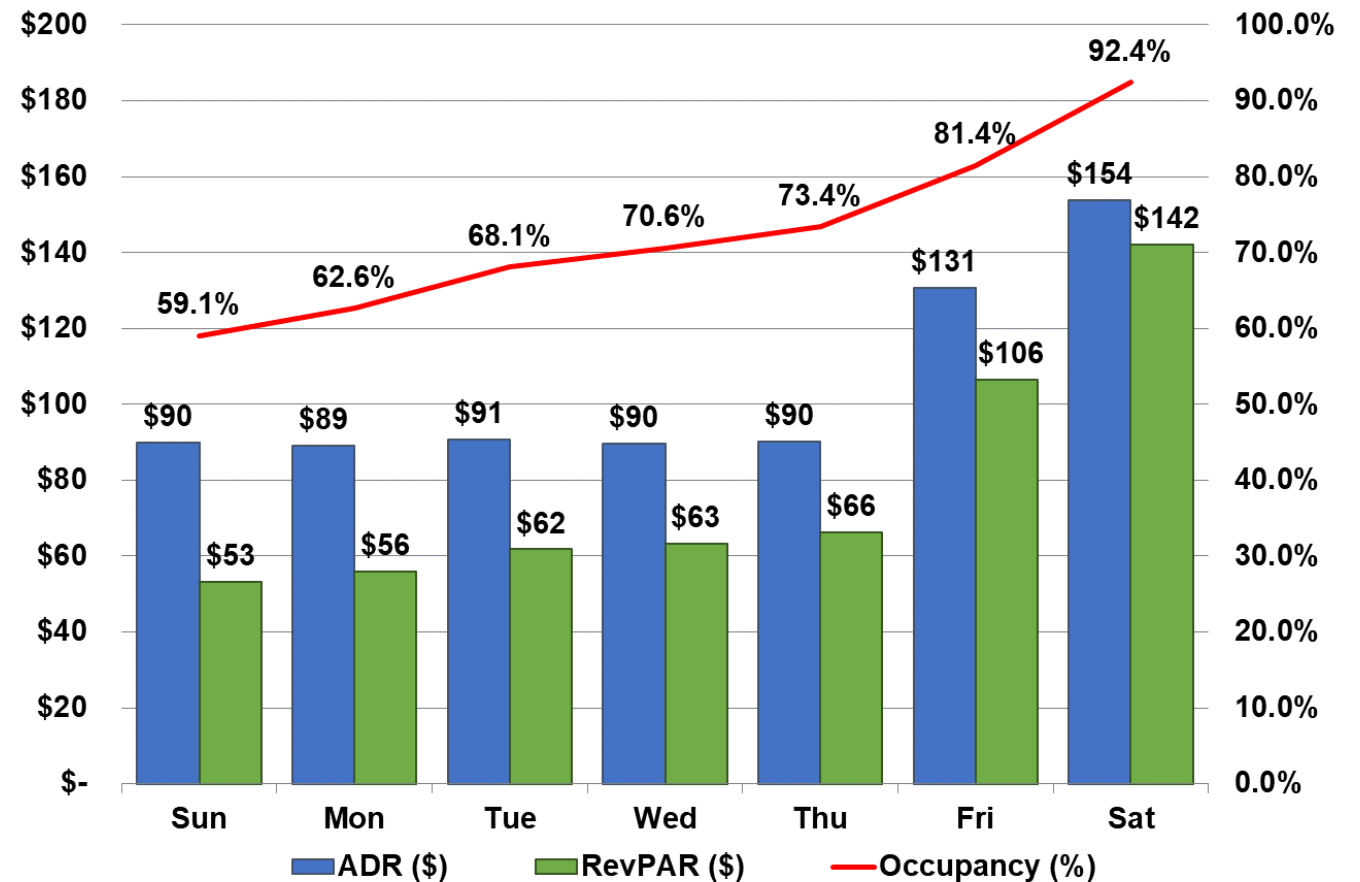
# HOTEL SET I – PERFORMANCE BY YEAR (2014-2019)

- Competitive set experienced reasonable growth in ADR, RevPAR, and Occupancy from 2014 to 2017
- Decrease in performance from 2017 to 2019 not excessive considering multiple additional entrants to market (discussed further herein)
- Despite downward trend, current performance reasonably attractive
- Performance likely to improve as market grows and absorbs new entrants



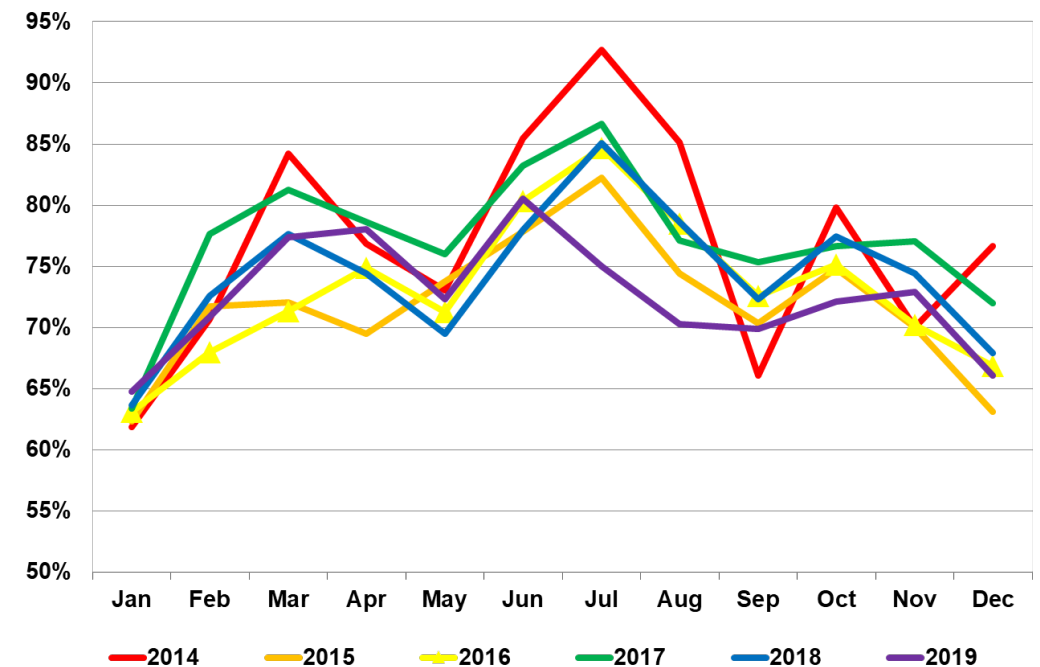
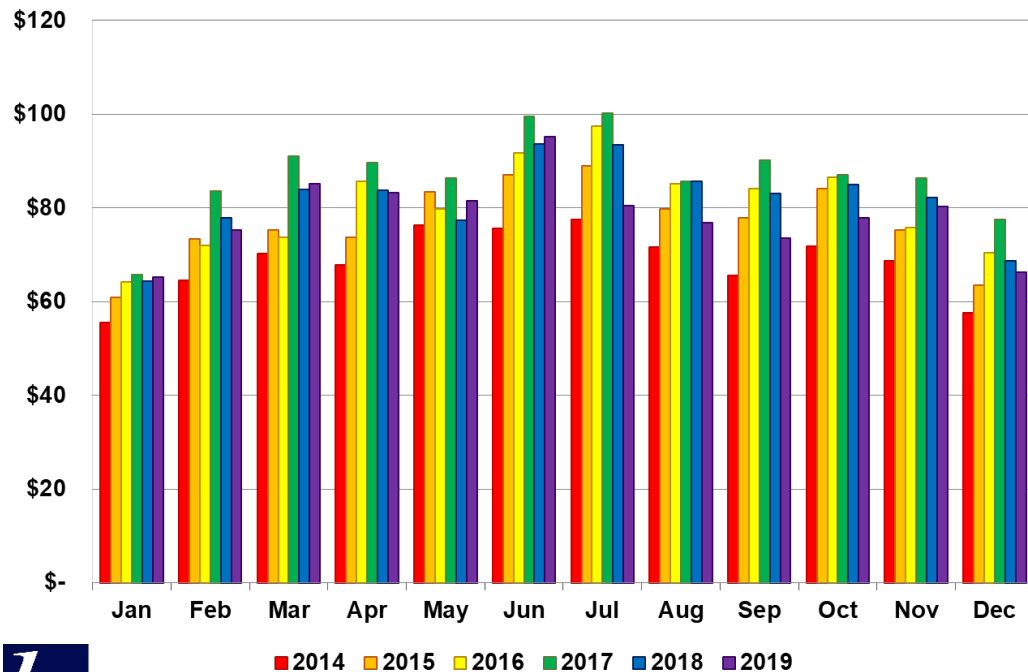
# HOTEL SET I – PERFORMANCE BY DAY OF WEEK (2019)

- Day of week analysis suggests hotel performance optimized by leisure travel
- Strong Friday and Saturday performance may drive profitability
  - Friday occupancy above 80%, and ADR above \$130
  - Saturday occupancy above 90% and ADR above \$150
- Rapidly expanding industrial market and new professional businesses in Menifee expected to augment weekday demand within City relative to set



# HOTEL SET I – REVPAR & OCCUPANCY BY MONTH (2014-2019)

- Month of Year analysis suggests variable demand lowest in winter, builds over spring, peaks in summer, and has some carryover through fall
- Suggests demand has significant tourism / leisure component, though a common profile for typical hospitality demand



# HOTEL COMPETITIVE SET I & RECENT MARKET ADDITIONS

## Competitive Set I

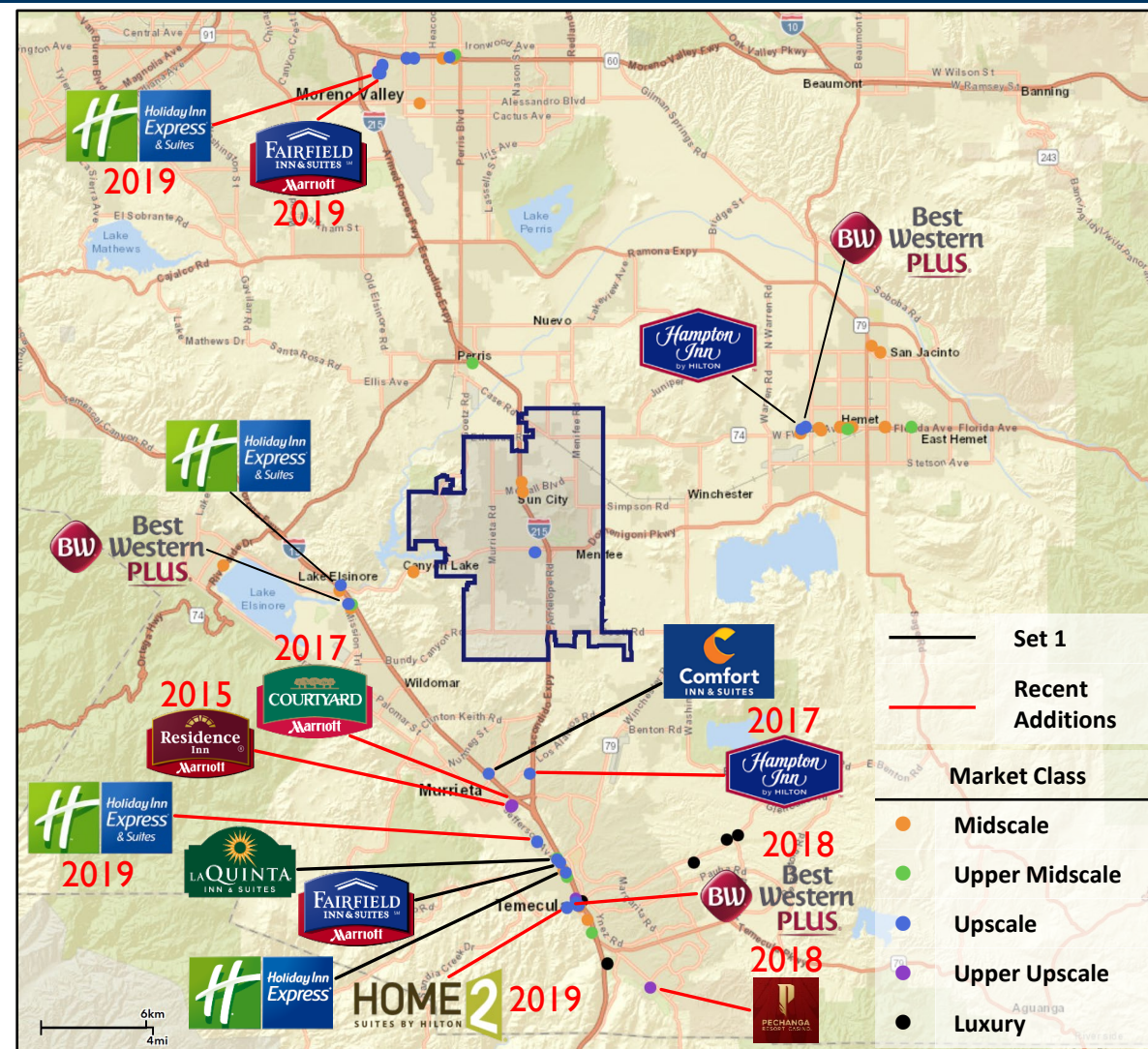
| Property Name                                       | Chain Scale    | Market Class | City          | Distance | Rooms | Opened |
|---|----------------|--------------|---------------|----------|-------|--------|
| Best Western Plus Lake Elsinore Inn & Suites        | Upper Midscale | Upscale      | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore          | Upper Midscale | Upscale      | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Comfort Inn & Suites Murrieta Temecula Wine Country | Upper Midscale | Upscale      | Murrieta      | 8.3      | 66    | Sep-03 |
| Hampton Inn Hemet                                   | Upper Midscale | Upscale      | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn                | Upper Midscale | Upscale      | Hemet         | 10.6     | 66    | May-89 |
| La Quinta Inns & Suites Temecula                    | Upper Midscale | Upscale      | Temecula      | 11.2     | 56    | Mar-08 |
| Fairfield Inn & Suites Temecula                     | Upper Midscale | Upscale      | Temecula      | 11.3     | 94    | Mar-07 |
| Holiday Inn Express Temecula                        | Upper Midscale | Upscale      | Temecula      | 11.7     | 90    | Jun-99 |
|   |                |              |               | Total    | 600   |        |

## Recent Market Additions

| Property Name  | Chain Scale    | Market Class  | City     | Distance | Rooms | Opened |
|--|----------------|---------------|----------|----------|-------|--------|
| Hampton Inn Murrieta                                   | Upper Midscale | Upscale       | Murrieta | 8.0      | 106   | Jun-17 |
| Residence Inn Temecula Murrieta                        | Upscale        | Upper Upscale | Murrieta | 9.3      | 101   | Nov-15 |
| Courtyard Temecula Murrieta                            | Upscale        | Upper Upscale | Murrieta | 9.4      | 183   | Dec-17 |
| Home2 Suites by Hilton Temecula                        | Upper Midscale | Upscale       | Temecula | 12.9     | 120   | Mar-19 |
| Best Western Plus Temecula Wine Country Hotel & Suites | Upper Midscale | Upscale       | Temecula | 12.9     | 60    | Oct-18 |
| Pechanga Resort & Casino                               | Independent    | Upper Upscale | Temecula | 16.4     | 568*  | Jan-18 |
|  |                |               |          | Total    | 1,138 |        |

| Property Name  | Chain Scale    | Market Class | City          | Distance | Rooms | Opened |
|--|----------------|--------------|---------------|----------|-------|--------|
| Fairfield Inn & Suites Riverside Moreno Valley         | Upper Midscale | Upscale      | Moreno Valley | 18.1     | 106   | Sep-19 |
| Holiday Inn Express & Suites Moreno Valley - Riverside | Upper Midscale | Upscale      | Moreno Valley | 18.1     | 104   | Aug-19 |
|  |                |              |               | Total    | 210   |        |

\*568 room addition, total 1,090 rooms



# HOTEL SET I & MARKET ADDITIONS

- Substantial new supply added to market within the last five years
  - 1,138 additional rooms south of Menifee
  - 210 additional rooms north of Menifee
- New supply includes addition of 284 upscale chain scale / upper upscale market class rooms in Murrieta
  - Residence Inn & Courtyard Hotels
  - Availability of higher quality rooms may have broader reach / demand, pulling at greater distances from other lower quality alternatives
- New market entrants may be pricing rooms below quality premium to increase occupancy
- As market expands to absorb additional rooms, quality premiums may increase

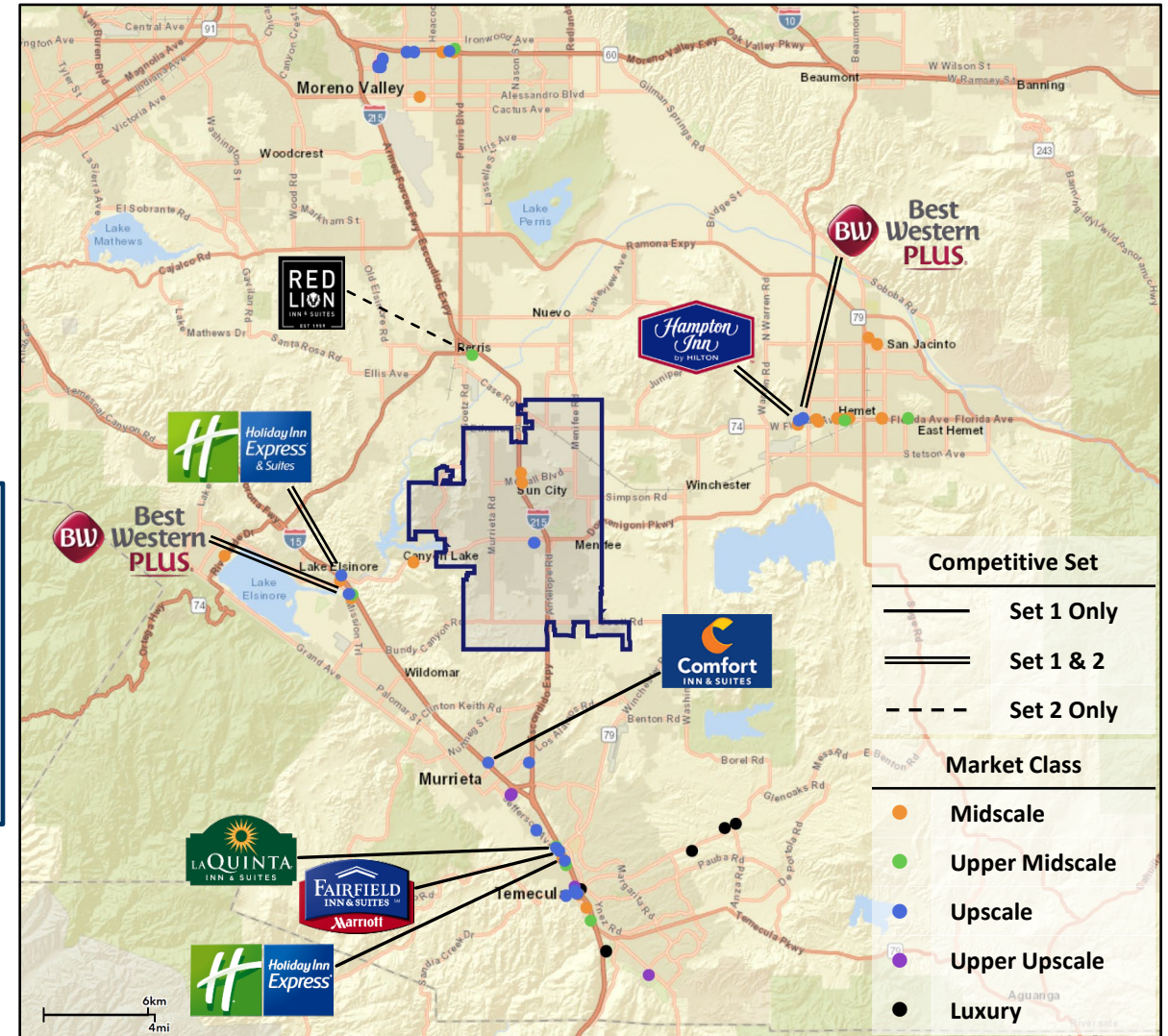
# HOTEL COMPETITIVE SETS

## Competitive Set 1

| Property Name                                       | Chain Scale    | Market Class | City          | Distance | Rooms | Opened |
|---|----------------|--------------|---------------|----------|-------|--------|
| Best Western Plus Lake Elsinore Inn & Suites        | Upper Midscale | Upscale      | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore          | Upper Midscale | Upscale      | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Comfort Inn & Suites Murrieta Temecula Wine Country | Upper Midscale | Upscale      | Murrieta      | 8.3      | 66    | Sep-03 |
| Hampton Inn Hemet                                   | Upper Midscale | Upscale      | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn                | Upper Midscale | Upscale      | Hemet         | 10.6     | 66    | May-89 |
| La Quinta Inns & Suites Temecula                    | Upper Midscale | Upscale      | Temecula      | 11.2     | 56    | Mar-08 |
| Fairfield Inn & Suites Temecula                     | Upper Midscale | Upscale      | Temecula      | 11.3     | 94    | Mar-07 |
| Holiday Inn Express Temecula                        | Upper Midscale | Upscale      | Temecula      | 11.7     | 90    | Jun-99 |
|   |                |              |               | Total    | 600   |        |

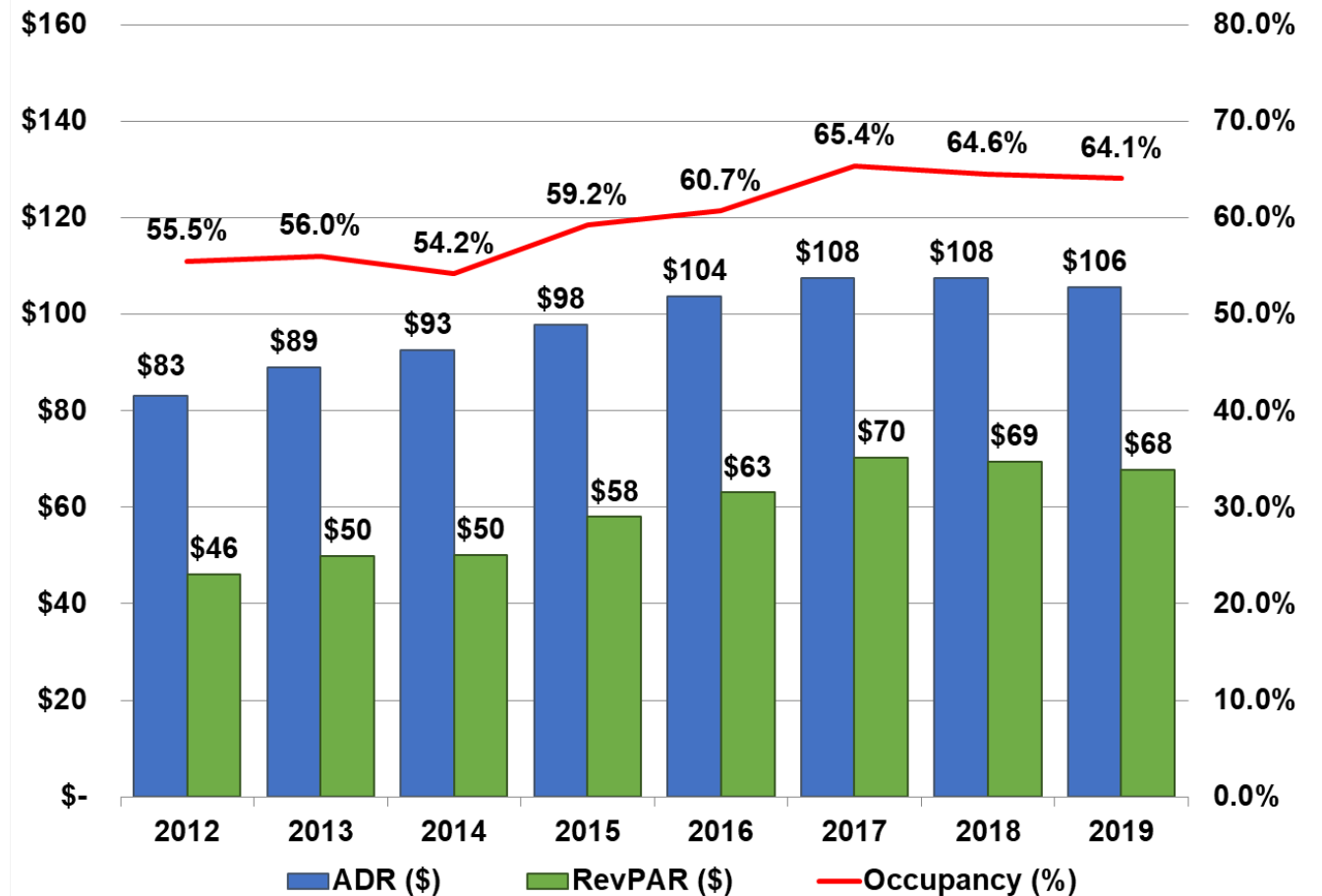
## Competitive Set 2

| Property Name                                | Chain Scale    | Market Class   | City          | Distance | Rooms | Opened |
|--|----------------|----------------|---------------|----------|-------|--------|
| Best Western Plus Lake Elsinore Inn & Suites | Upper Midscale | Upscale        | Lake Elsinore | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore   | Upper Midscale | Upscale        | Lake Elsinore | 7.2      | 73    | Sep-08 |
| Hampton Inn Hemet                            | Upper Midscale | Upscale        | Hemet         | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn         | Upper Midscale | Upscale        | Hemet         | 10.6     | 66    | May-89 |
| Red Lion Inn & Suites Perris                 | Midscale       | Upper Midscale | Perris        | 7.1      | 105   | Jul-93 |
|  |                |                |               | Total    | 399   |        |



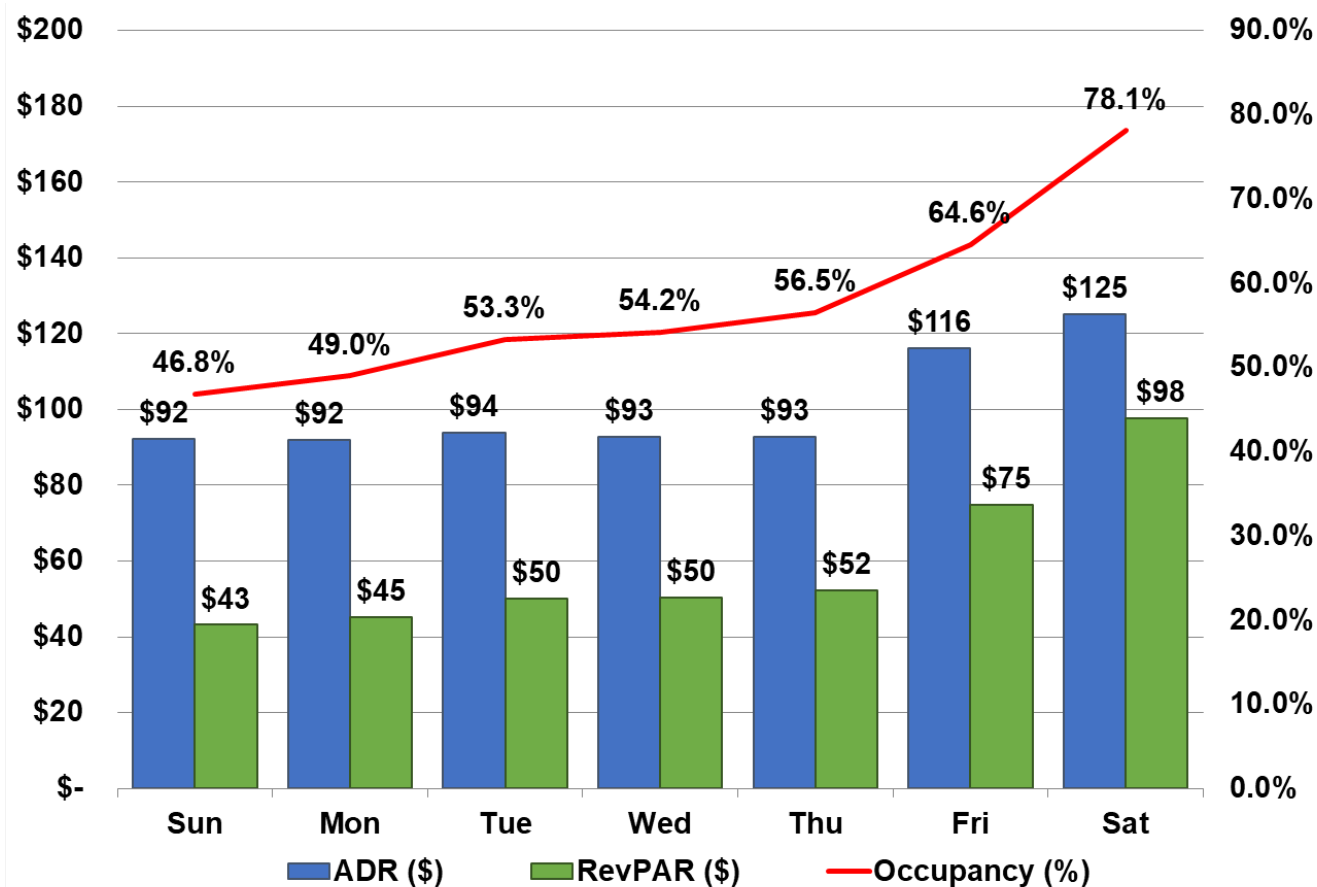
## HOTEL SET 2 – PERFORMANCE BY YEAR (2012-2019)

- Competitive Set 2 experienced reasonable growth in ADR, RevPAR, and Occupancy from 2012 to 2017
- Experienced only marginal decrease in performance from 2017 to 2019
- While occupancy lower than desirable, room revenue reasonably attractive considering age, quality, and location of set



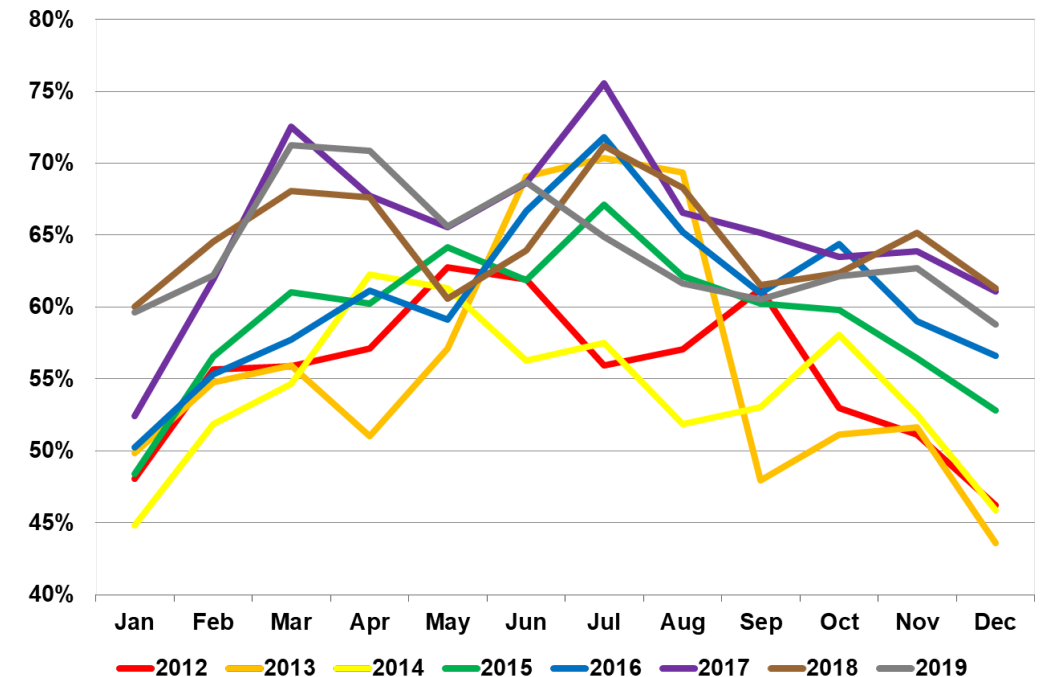
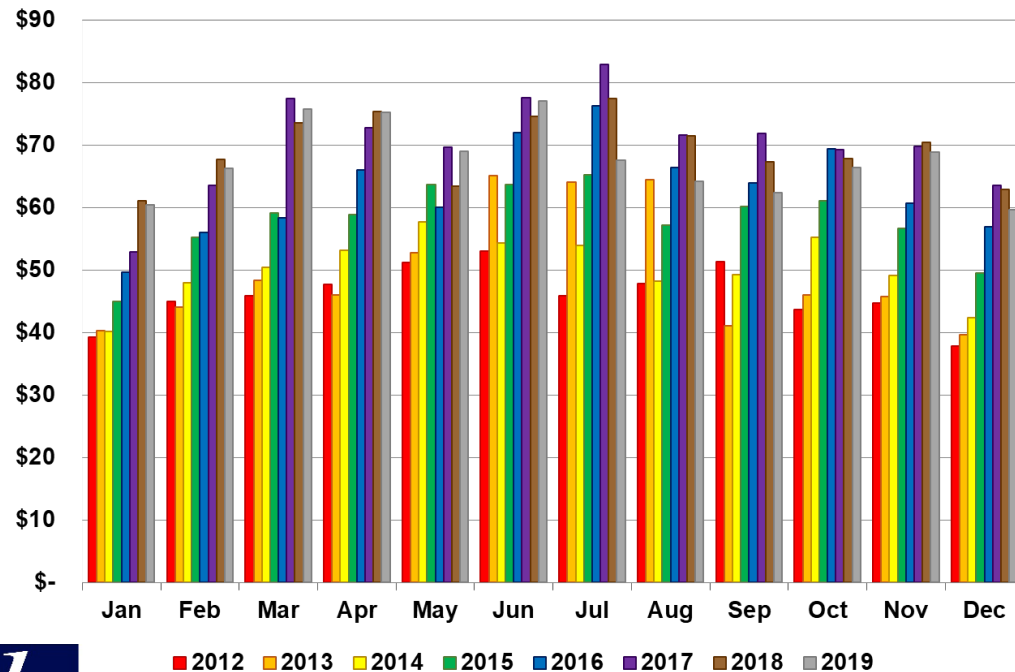
## HOTEL SET 2 – PERFORMANCE BY DAY OF WEEK (2019)

- Strong Friday and Saturday performance remains in Set 2
  - Friday occupancy ~65%, and ADR ~\$115
  - Saturday occupancy ~78% and ADR ~\$125
- Weekends vs. weekdays experience similar percentage increases at Set 1, but are lower overall
- Rapidly expanding industrial market and new professional businesses in Menifee expected to augment weekday demand within City relative to set



# HOTEL SET I – REVPAR & OCCUPANCY BY MONTH (2012-2019)

- Month of Year analysis indicates similar trends from Set I remain in Set 2, however variability appears to be flattening over time.
- Again suggests demand has significant tourism / leisure component, though a common profile for typical hospitality demand



# ESTIMATED HOSPITALITY REVENUES IN REGION

- Kosmont reviewed Transient Occupancy Tax (“TOT”) revenues reported by proximate cities
- Analysis indicates consistent, though slowing growth over the last five years
- Murrieta has seen substantial TOT growth, likely attributable to additional market entrants
- New Murrieta hotels are quality offerings, located north of Temecula alternatives, may capture demand from patrons traveling south from Lake Elsinore and Menifee, etc.

| Estimated Hospitality Revenues* |              |              |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                 | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
| Canyon Lake                     | \$ 413,000   | \$ 507,000   | \$ 611,000   | \$ 623,000   | \$ 572,000   | \$ 598,000   |
| Hemet                           | 6,434,000    | 7,377,000    | 8,537,000    | 9,630,000    | 10,260,000   | 10,000,000   |
| Lake Elsinore                   | 4,622,000    | 4,515,000    | 4,874,000    | 5,660,000    | 5,602,000    | 5,780,000    |
| Menifee                         | 1,670,000    | 1,910,000    | 2,171,000    | 2,260,000    | 2,321,000    | 2,385,000    |
| Moreno Valley                   | 12,393,000   | 14,964,000   | 17,704,000   | 18,704,000   | 18,032,000   | 18,718,000   |
| Murrieta                        | 1,523,000    | 1,807,000    | 4,064,000    | 5,889,000    | 10,349,000   | 13,779,000   |
| Perris                          | 660,000      | 1,370,000    | 1,590,000    | 1,150,000    | 1,660,000    | 285,000      |
| Temecula                        | 33,961,000   | 37,601,000   | 39,802,000   | 41,521,000   | 41,812,000   | 42,619,000   |
| Total                           | \$61,674,000 | \$70,050,000 | \$79,354,000 | \$85,436,000 | \$90,609,000 | \$94,163,000 |

| Year / Year Change in Estimated Hospitality Revenues |          |               |      |      |      |      |      |
|--|----------|---------------|------|------|------|------|------|
|  | TOT Rate |               | 2015 | 2016 | 2017 | 2018 | 2019 |
| Canyon Lake  | 10%      | Canyon Lake   | 23%  | 21%  | 2%   | -8%  | 4%   |
| Hemet  | 10%      | Hemet         | 15%  | 16%  | 13%  | 7%   | -3%  |
| Lake Elsinore  | 10%      | Lake Elsinore | -2%  | 8%   | 16%  | -1%  | 3%   |
| Menifee  | 10%      | Menifee       | 14%  | 14%  | 4%   | 3%   | 3%   |
| Moreno Valley  | 13%**    | Moreno Valley | 21%  | 18%  | 6%   | -4%  | 4%   |
| Murrieta   | 10%      | Murrieta      | 19%  | 125% | 45%  | 76%  | 33%  |
| Perris   | 10%      | Perris        | 108% | 16%  | -28% | 44%  | -83% |
| Temecula   | 12%***   | Temecula      | 11%  | 6%   | 4%   | 1%   | 2%   |
|  |          | Total         | 14%  | 13%  | 8%   | 6%   | 4%   |

\*Figures based on reported TOT revenues and may include short term vacation rentals, etc. \*\*TOT rate was 8% until January 2018 \*\*\*Includes supplemental tourism assessment

# ESTIMATED REVENUE PER ROOM IN REGION

- TOT revenues by City evaluated on a per room basis
- Available room nights per capita also evaluated (rooms in City x 365 day / City population)
- Analysis suggests that existing hotels in Menifee achieving a price premium for location relative to quality of offering
- Market fundamentals and central location suggest ability to capture / support 125-250 additional rooms in near term (in addition to new Fairfield Inn & Suites), additional rooms in longer term

|               | Lodging Rooms In City |          |          |          |          |          | Room Nights Per Capita (Supply) |         |
|---------------|-----------------------|----------|----------|----------|----------|----------|---------------------------------|---------|
|               | 2014                  | 2015     | 2016     | 2017     | 2018     | 2019     | 2019                            |         |
| Canyon Lake   | 34                    | 34       | 34       | 34       | 34       | 34       | Canyon Lake                     | 1.1     |
| Hemet         | 586                   | 586      | 586      | 586      | 586      | 586      | Hemet                           | 2.5     |
| Lake Elsinore | 378                   | 378      | 378      | 378      | 378      | 378      | Lake Elsinore                   | 2.0     |
| Menifee       | 129                   | 129      | 129      | 129      | 129      | 129      | Menifee                         | 0.5 *   |
| Moreno Valley | 869                   | 869      | 869      | 869      | 869      | 948      | Moreno Valley                   | 1.7     |
| Murrieta      | 66                    | 83       | 167      | 244      | 456      | 465      | Murrieta                        | 1.5     |
| Perris        | 105                   | 105      | 105      | 105      | 105      | 105      | Perris                          | 0.5     |
| Temecula      | 1,298                 | 1,298    | 1,298    | 1,298    | 1,313    | 1,458    | Temecula                        | 4.7     |
|               | 3,465                 | 3,482    | 3,566    | 3,643    | 3,870    | 4,102    | Average                         | 1.8     |
|               | Revenues Per Room     |          |          |          |          |          | Average Room Quality**          |         |
|               | 2014                  | 2015     | 2016     | 2017     | 2018     | 2019     | 2019                            |         |
| Canyon Lake   | \$ 33.26              | \$ 40.82 | \$ 49.20 | \$ 50.20 | \$ 46.13 | \$ 48.15 | Canyon Lake                     | 2.0     |
| Hemet         | 30.08                 | 34.49    | 39.92    | 45.02    | 47.97    | 46.75    | Hemet                           | 2.6     |
| Lake Elsinore | 33.50                 | 32.72    | 35.33    | 41.02    | 40.60    | 41.89    | Lake Elsinore                   | 2.9     |
| Menifee       | 35.46                 | 40.56    | 46.11    | 47.99    | 49.30    | 50.65    | Menifee                         | 2.0 *** |
| Moreno Valley | 39.07                 | 47.18    | 55.82    | 58.97    | 56.85    | 54.11    | Moreno Valley                   | 3.4     |
| Murrieta      | 63.21                 | 59.75    | 66.67    | 66.10    | 62.18    | 81.23    | Murrieta                        | 4.6     |
| Perris        | 17.22                 | 35.75    | 41.49    | 30.01    | 43.31    | 7.43     | Perris                          | 3.0     |
| Temecula      | 47.79                 | 52.91    | 56.01    | 58.43    | 58.16    | 53.39    | Temecula                        | 4.0     |
| Average       | \$ 39.81              | \$ 45.26 | \$ 50.77 | \$ 53.84 | \$ 54.28 | \$ 53.40 | Average                         | 3.5     |

\*0.8 upon opening of Fairfield Inn & Suites \*\* Based on market class weighting of 1-Economy, 2-Midscale, 3-Upper Midscale, 4-Upscale, 5-Upper Upscale, 6-Luxury \*\*\*2.9 upon opening of Fairfield Inn & Suites

# CONCLUSIONS

- Menifee is growing rapidly and simultaneously transitioning from a bedroom community to an economic center
  - Multiple new significant projects and demand drivers being developed within City
  - Active residential development projects support 50% increase in City population to 150,00 residents in near term
- Market analysis suggests demand for quality hotel offerings in City leaking to proximate Cities
- Location premium likely being paid for lower quality offerings in City that could indicate demand for higher quality offerings within City
- Quality hotel offerings within City would have the ability to capitalize on City's central location within region and capture unmet demand from proximate cities
- New 99-Room Fairfield Inn & Suites will only partially meet historic and future City demand for additional quality hotel supply
- Market fundamentals and central location suggest ability to capture / support up to ~250 additional rooms in the near term (in addition to new Fairfield Inn & Suites), and capacity for additional rooms in the longer term based on growing population and employment\*

\*COVID-19 pandemic has significantly impacted the hospitality financing market, with lenders requiring lower loan to value ratios, higher debt service coverage ratios, and/or higher interest rates. Hospitality markets are projected to fully recover by 2023 to 2024. The pace of recovery within that range is expected to be determined by specific local market fundamentals and demand drivers. In the interim, new hotel deliveries will typically be dependent on higher levels of equity, and higher rates of return on capital.

# DISCLAIMER

**The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Actual results may differ from those expressed in this analysis, as results are difficult to predict as a function of market conditions, natural disasters, pandemics, significant economic impacts, legislation and administrative actions.**

# SUPPLEMENTAL INFORMATION



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TEL: 424-297-1070 | [www.kosmont.com](http://www.kosmont.com)

# LIST OF AREA LODGING

| Property Name                                       | Chain Scale    | Market Class   | Brand                          | Address                  | City          | Zip   | Distance | Rooms | Opened |
|---|----------------|----------------|--------------------------------|--------------------------|---------------|-------|----------|-------|--------|
| Fairfield Inn & Suites Menifee                      | Upper Midscale | Upscale        | Marriot International          | 30140 Town Center Drive  | Menifee       | 92584 | 0.3      | 99    | Oct-20 |
| Motel 6 Menifee Sun City                            | Economy        | Midscale       | G6 Hospitality                 | 27955 Encanto Dr         | Menifee       | 92586 | 2.1      | 59    | Apr-95 |
| Menifee Inn   | Independent    | Midscale       | Independent                    | 27680 Encanto Drive      | Menifee       | 92586 | 2.5      | 52    | 1977   |
| Sun Leisure Motel                                   | Independent    | Midscale       | Independent                    | 27350 Highway 74         | Menifee       | 92585 | 4.5      | 18    | 1964   |
| Rodeway Inn & Suites Canyon Lake I-15               | Economy        | Midscale       | Choice Hotels International    | 31820 Railroad Canyon Rd | Canyon Lake   | 92587 | 4.6      | 34    | Jun-75 |
| Quality Inn Lake Elsinore I-15                      | Midscale       | Upper Midscale | Choice Hotels International    | 31808 Casino Drive       | Lake Elsinore | 92530 | 7.0      | 56    | Jun-92 |
| Econo Lodge Lake Elsinore Casino                    | Economy        | Midscale       | Choice Hotels International    | 20930 Malaga Rd          | Lake Elsinore | 92530 | 7.1      | 91    | Jun-68 |
| Red Lion Inn & Suites Perris                        | Midscale       | Upper Midscale | Red Lion Hotels Company        | 480 S. Redlands Avenue   | Perris        | 92570 | 7.1      | 105   | Jul-93 |
| Best Western Plus Lake Elsinore Inn & Suites        | Upper Midscale | Upscale        | Best Western Hotels & Resorts  | 31781 Casino Dr          | Lake Elsinore | 92530 | 7.1      | 71    | Jul-07 |
| Holiday Inn Express & Suites Lake Elsinore          | Upper Midscale | Upscale        | Intercontinental Hotels Group  | 31573 Canyon Estates Dr  | Lake Elsinore | 92532 | 7.2      | 73    | Sep-08 |
| Travel Inn  | Independent    | Midscale       | Independent                    | 31610 Auto Center Dr     | Lake Elsinore | 92530 | 7.3      | 60    | Sep-89 |
| Hampton Inn Murrieta                                | Upper Midscale | Upscale        | Hilton Worldwide               | 25140 Hancock Ave        | Murrieta      | 92562 | 8.0      | 106   | Jun-17 |
| Comfort Inn & Suites Murrieta Temecula Wine Country | Upper Midscale | Upscale        | Choice Hotels International    | 41005 California Oaks Rd | Murrieta      | 92562 | 8.3      | 66    | Sep-03 |
| Holiday Inn Express & Suites Murrieta - Temecula    | Upper Midscale | Upscale        | Intercontinental Hotels Group  | 24761 Hospitality Place  | Murrieta      | 92562 | 8.5      | 105   | Dec-19 |
| Residence Inn Temecula Murrieta                     | Upscale        | Upper Upscale  | Marriott International         | 25407 Madison Ave        | Murrieta      | 92562 | 9.3      | 101   | Nov-15 |
| Courtyard Temecula Murrieta                         | Upscale        | Upper Upscale  | Marriott International         | 25419 Madison Ave        | Murrieta      | 92562 | 9.4      | 183   | Dec-17 |
| Motel 6 Hemet                                       | Economy        | Midscale       | G6 Hospitality                 | 3885 W Florida Ave       | Hemet         | 92545 | 10.3     | 96    | Jun-85 |
| Hampton Inn Hemet                                   | Upper Midscale | Upscale        | Hilton Worldwide               | 3700 W Florida Ave       | Hemet         | 92545 | 10.4     | 84    | Oct-05 |
| Best Western Plus Diamond Valley Inn                | Upper Midscale | Upscale        | Best Western Hotels & Resorts  | 3510 W Florida Ave       | Hemet         | 92545 | 10.6     | 66    | May-89 |
| California Budget Motel                             | Independent    | Midscale       | Independent                    | 2780 West Florida Avenue | Hemet         | 92545 | 11.0     | 40    | Jun-73 |
| Travelodge Hemet                                    | Economy        | Midscale       | Wyndham Hotels & Resorts, Inc. | 2625 West Florida Ave    | Hemet         | 92545 | 11.1     | 74    | Jun-78 |
| Lake Park Resort                                    | Independent    | Midscale       | Independent                    | 32000 Riverside Drive    | Lake Elsinore | 92530 | 11.2     | 27    | Jun-45 |
| Quality Inn Temecula Valley Wine Country            | Midscale       | Upper Midscale | Choice Hotels International    | 27338 Jefferson Ave      | Temecula      | 92590 | 11.2     | 73    | Sep-89 |
| La Quinta Inns & Suites Temecula                    | Upper Midscale | Upscale        | Wyndham Hotels & Resorts, Inc. | 27330 Jefferson Ave      | Temecula      | 92590 | 11.2     | 56    | Mar-08 |
| Fairfield Inn & Suites Temecula                     | Upper Midscale | Upscale        | Marriott International         | 27416 Jefferson Ave      | Temecula      | 92589 | 11.3     | 94    | Mar-07 |
| Extended Stay America Temecula Wine Country         | Economy        | Midscale       | Extended Stay Hotels           | 27622 Jefferson Ave      | Temecula      | 92590 | 11.6     | 107   | Apr-02 |
| Coach Light Motel                                   | Independent    | Midscale       | Independent                    | 1640 W Florida Ave       | Hemet         | 92543 | 11.7     | 32    | Jun-79 |
| Holiday Inn Express Temecula                        | Upper Midscale | Upscale        | Intercontinental Hotels Group  | 27660 Jefferson Ave      | Temecula      | 92590 | 11.7     | 90    | Jun-99 |
| Royal Inn & Suites                                  | Independent    | Midscale       | Independent                    | 1220 W Florida Ave       | Hemet         | 92543 | 11.9     | 34    | Oct-89 |
| Quality Inn Hemet San Jacinto                       | Midscale       | Upper Midscale | Choice Hotels International    | 1201 W Florida Ave       | Hemet         | 92543 | 11.9     | 46    | Aug-90 |
| Best Western Country Inn                            | Midscale       | Upper Midscale | Best Western Hotels & Resorts  | 27706 Jefferson Ave      | Temecula      | 92590 | 11.9     | 74    | Jan-87 |
| Days Inn & Suites Hemet                             | Economy        | Midscale       | Wyndham Hotels & Resorts, Inc. | 800 W Florida Ave        | Hemet         | 92543 | 12.2     | 65    | Aug-85 |

# LIST OF AREA LODGING (CONTINUED)

| Property Name  | Chain Scale    | Market Class   | Brand                         | Address                     | City          | Zip   | Distance | Rooms | Opened |
|--|----------------|----------------|-------------------------------|-----------------------------|---------------|-------|----------|-------|--------|
| Carter Hospitality Winery Resorts                          | Independent    | Luxury         | Independent                   | 34450 Rancho California Rd  | Temecula      | 92591 | 12.6     | 192   | May-04 |
| Ponte Vineyard Inn   | Independent    | Luxury         | Independent                   | 35001 Rancho California Rd  | Temecula      | 92591 | 12.6     | 60    | May-12 |
| Inn At Churon Winery                                       | Independent    | Luxury         | Independent                   | 33233 Rancho California Rd  | Temecula      | 92591 | 12.6     | 24    | Nov-01 |
| Embassy Suites by Hilton Temecula Valley Wine Country      | Upper Upscale  | Luxury         | Hilton Worldwide              | 29345 Rancho California Rd  | Temecula      | 92591 | 12.7     | 176   | Jun-90 |
| Springhill Suites Temecula Valley Wine Country             | Upscale        | Upper Upscale  | Marriott International        | 28220 Jefferson Ave         | Temecula      | 92590 | 12.7     | 134   | Sep-09 |
| Hampton by Hilton Inn & Suites Temecula                    | Upper Midscale | Upscale        | Hilton Worldwide              | 28190 Jefferson Ave         | Temecula      | 92590 | 12.8     | 98    | Jun-04 |
| Rancho California Inn                                      | Independent    | Upscale        | Independent                   | 41873 Morena Rd             | Temecula      | 92590 | 12.9     | 24    | Apr-13 |
| Home2 Suites by Hilton Temecula                            | Upper Midscale | Upscale        | Hilton Worldwide              | 28400 Rancho California Rd  | Temecula      | 92590 | 12.9     | 120   | Mar-19 |
| Best Western Plus Temecula Wine Country Hotel & Suites     | Upper Midscale | Upscale        | Best Western Hotels & Resorts | 41841 Moreno Rd             | Temecula      | 92590 | 12.9     | 60    | Oct-18 |
| Motel 6 Temecula - Historic Old Town                       | Economy        | Midscale       | G6 Hospitality                | 41900 Moreno Rd             | Temecula      | 92590 | 13.0     | 136   | Oct-88 |
| Ramona Inn   | Independent    | Midscale       | Independent                   | 1120 E Florida Ave          | Hemet         | 92543 | 13.2     | 22    | Aug-61 |
| Rodeway Inn Old Town Temecula                              | Economy        | Midscale       | Choice Hotels International   | 28718 Front St              | Temecula      | 92590 | 13.4     | 39    | Jun-83 |
| Signature Temecula   | Midscale       | Upper Midscale | Red Lion Hotels Company       | 28980 Old Town Front Street | Temecula      | 92590 | 14.0     | 70    | Nov-89 |
| Hacienda Motel   | Independent    | Midscale       | Independent                   | 624 N Ramona Blvd           | San Jacinto   | 92583 | 14.1     | 28    | Jun-50 |
| Vagabond Inn Hemet   | Midscale       | Upper Midscale | Vagabond Inn                  | 2688 E Florida Ave          | Hemet         | 92544 | 14.1     | 27    | Jun-71 |
| San Jacinto Inn  | Independent    | Midscale       | Independent                   | 138 S Ramona Blvd           | San Jacinto   | 92583 | 14.2     | 21    | Jun-90 |
| Temecula Creek Inn   | Independent    | Luxury         | Independent                   | 44501 Rainbow Canyon Rd     | Temecula      | 92592 | 15.3     | 127   | Jun-69 |
| Pechanga Resort & Casino                                   | Independent    | Upper Upscale  | Independent                   | 45000 Pechanga Pkwy         | Temecula      | 92592 | 16.4     | 1090  | Jun-02 |
| Motel 6 Moreno Valley/Perris                               | Economy        | Midscale       | G6 Hospitality                | 23581 Alessandro Blvd       | Moreno Valley | 92553 | 16.6     | 60    | Jun-62 |
| Regency Inn & Suites                                       | Independent    | Midscale       | Independent                   | 24810 Sunnymead Blvd        | Moreno Valley | 92553 | 17.9     | 35    | Mar-90 |
| Econo Lodge Moreno Valley                                  | Economy        | Midscale       | Choice Hotels International   | 24412 Sunnymead Blvd        | Moreno Valley | 92553 | 17.9     | 54    | Mar-90 |
| Best Western Moreno Hotel Suites                           | Midscale       | Upper Midscale | Best Western Hotels & Resorts | 24840 Elder Avenue          | Moreno Valley | 92557 | 18.0     | 116   | Aug-88 |
| Trademark Collection by Wyndham Mulberry Life Inn & Suites | Upper Midscale | Upscale        | Wyndham Hotels & Resorts      | 24630 Sunnymead Boulevard   | Moreno Valley | 92553 | 18.0     | 140   | Feb-89 |
| Residence Inn Riverside Moreno Valley                      | Upscale        | Upper Upscale  | Marriot International         | 12940 Day St                | Moreno Valley | 92553 | 18.1     | 112   | Jun-20 |
| Fairfield Inn & Suites Riverside Moreno Valley             | Upper Midscale | Upscale        | Marriot International         | 22100 Eucalyptus Ave        | Moreno Valley | 92553 | 18.1     | 106   | Sep-19 |
| Holiday Inn Express & Suites Moreno Valley - Riverside     | Upper Midscale | Upscale        | International Hotels Group    | 12960 Day St                | Moreno Valley | 92507 | 18.1     | 104   | Aug-19 |
| Comfort Inn Moreno Valley Near March Air Reserve Base      | Upper Midscale | Upscale        | Choice Hotels International   | 23330 Sunnymead Boulevard   | Moreno Valley | 92553 | 18.2     | 94    | Apr-89 |
| Ayres Hotel & Spa Moreno Valley                            | Upper Midscale | Upscale        | Ayres                         | 12631 Memorial Way          | Moreno Valley | 92553 | 18.2     | 127   | May-10 |
| La Quinta Inns & Suites Moreno Valley                      | Upper Midscale | Upscale        | Wyndham Hotels & Resorts      | 23090 Sunnymead Boulevard   | Moreno Valley | 92553 | 18.3     | 59    | Apr-10 |
| Hampton by Hilton Inn & Suites Moreno Valley               | Upper Midscale | Upscale        | Hilton Worldwide              | 12611 Memorial Way          | Moreno Valley | 92553 | 18.3     | 115   | Mar-09 |
| Travel Inn   | Independent    | Midscale       | Independent                   | 23120 Sunnymead Boulevard   | Moreno Valley | 92553 | 18.3     | 69    | Sep-87 |