

NEWMARK

1Q 2024

Hotel Market Nsights Report

RAPID CITY, SD



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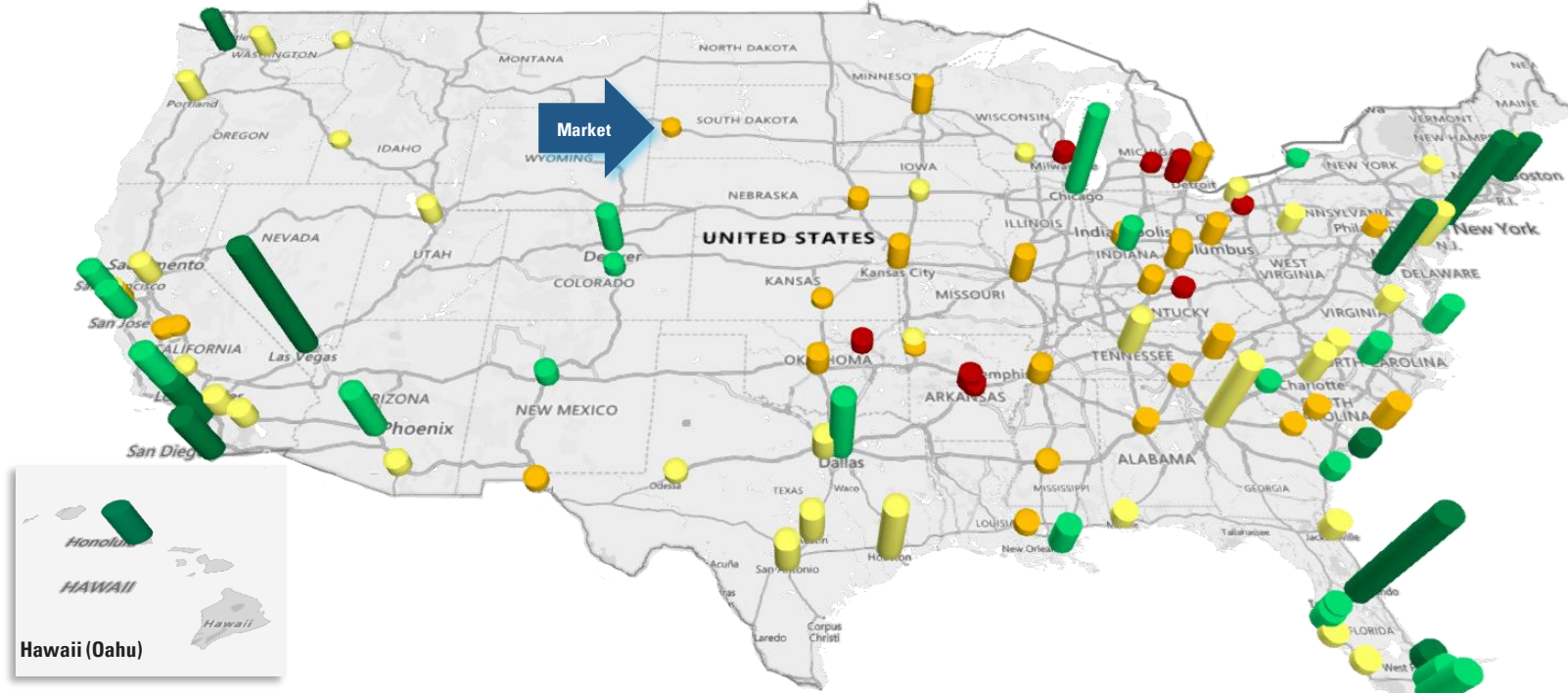
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1Q 2024
RAPID CITY, SD

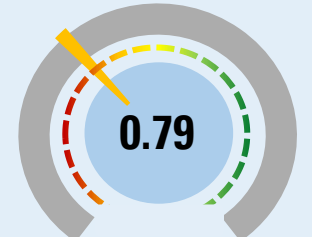


Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

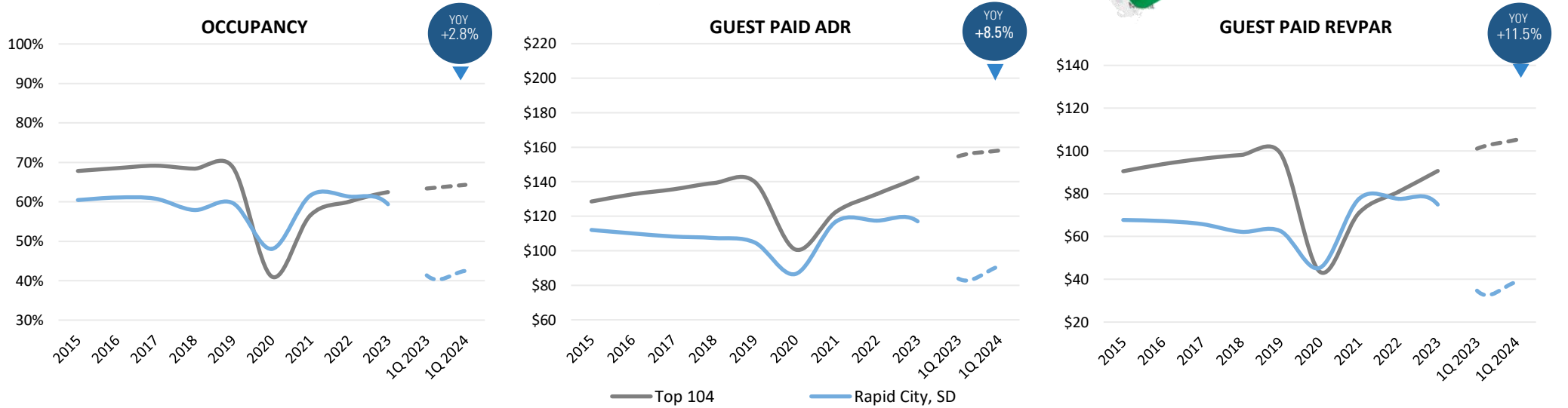
Rapid City, SD



77th of 104
Below Average

Ranking of overall '1Q 2024 LPI' performance (0.79) against all 104 surveyed markets.

KEY PERFORMANCE METRICS

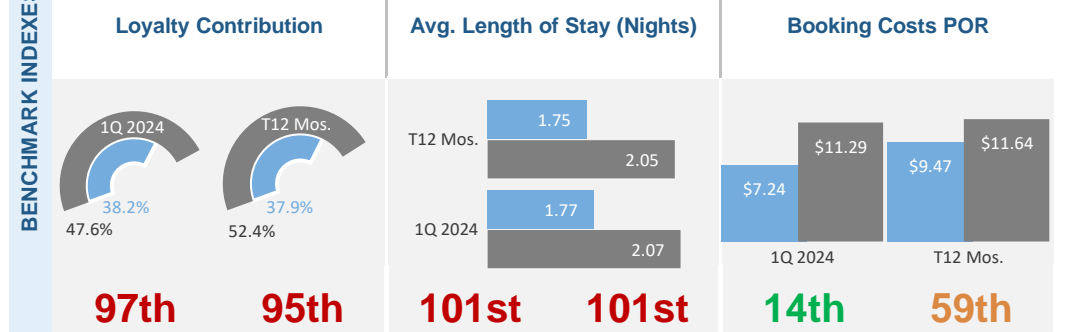


PERFORMANCE INDEXES

Key Performance Indexes

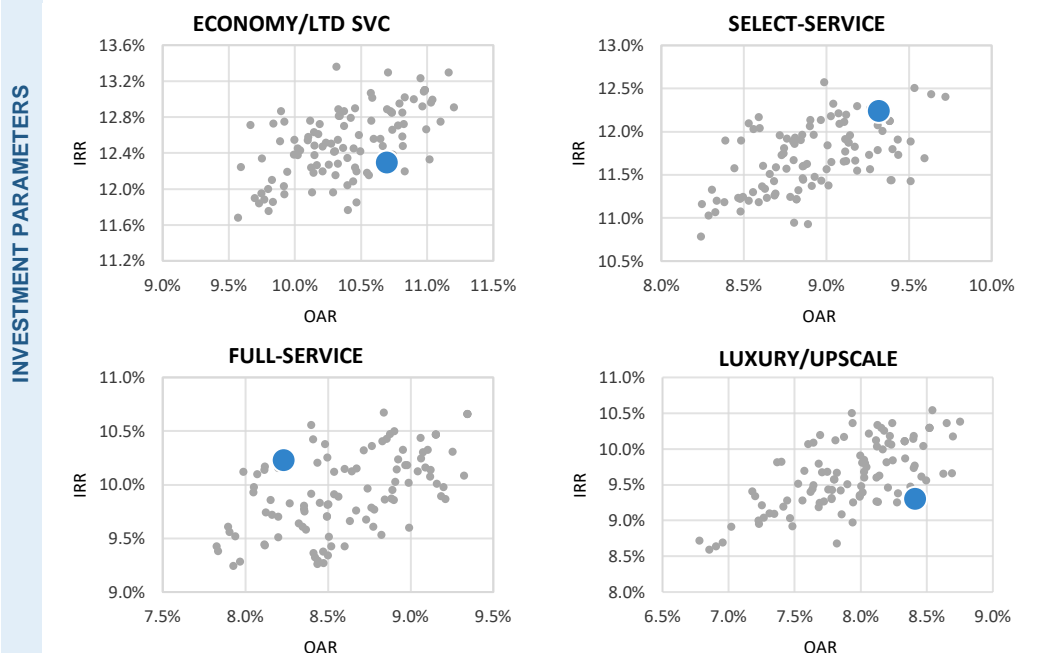


Key Benchmark Indexes



Discount and Capitalization Rates

Source: Newmark

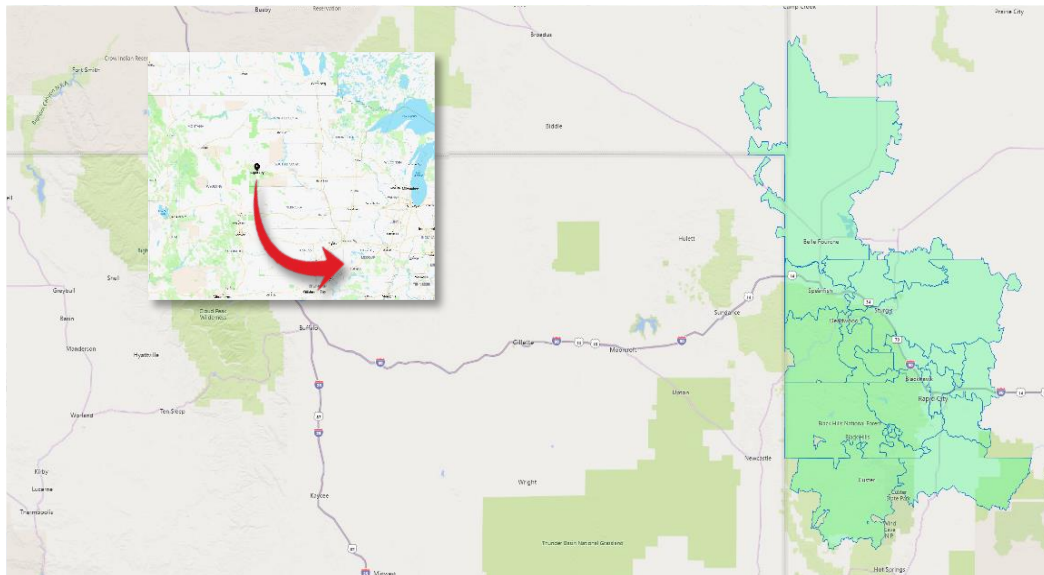


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
Municipal Name:	Rapid City	
County:	Pennington County	
State:	South Dakota	
Geo Coordinates (market center):	44.08054, -103.23101	
Major Hotel Demand Generators		
Rapid City Regional Hospital Ellsworth Air Force Base Walmart Inc. South Dakota National Guard Ditech Financial LLC Black Hills Corp. Riddle's Group S.D. School of Mines & Technology Synchrony New Finance Corp. Liv Hospitality Rapid City Medical Center ASI Inc. Black Hills Surgery Center LLP Midwest Manufacturing National American University Menards GE Money Gustafson Builders J. Scull Construction		
Metrics and Ranking		Measurements
Population (hotel market area)	155,312	
Income per Capita	\$48,895	
Feeder Group Size	27.1 Persons PSR	
Feeder Group Earnings	\$1,322,749 PSR	
Total Market Hotel Revenues	\$250.7 million	
		Rankings
		102nd of 104 (Small)
		55th of 104 (Average)
		5th of 104 (Strong)
		8th of 104 (Strong)
		93rd of 104 (Soft)

Key Performance Metrics

Data provided by: **kalibri LABS**

YEAR ENDING	Guest Paid			COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	60.4%	\$112.08	\$67.73	\$104.63	\$63.23	\$7.45	93.4%	37.9%	1.70	10,010	0.64
2016	61.1%	\$110.08	\$67.23	\$101.87	\$62.22	\$8.21	92.5%	39.8%	1.71	10,100	0.74
2017	60.8%	\$108.26	\$65.81	\$99.72	\$60.62	\$8.55	92.1%	42.7%	1.73	10,190	0.54
2018	57.9%	\$107.41	\$62.19	\$98.69	\$57.15	\$8.71	91.9%	46.6%	1.72	10,210	0.34
2019	59.7%	\$104.86	\$62.55	\$96.44	\$57.53	\$8.42	92.0%	52.1%	1.71	9,560	0.58
2020	48.0%	\$86.54	\$45.35	\$79.69	\$38.29	\$6.85	92.1%	33.9%	1.75	9,830	1.21
2021	61.6%	\$116.97	\$77.64	\$107.90	\$66.47	\$9.06	92.3%	34.9%	1.77	10,170	1.26
2022	61.3%	\$117.48	\$77.63	\$108.32	\$66.42	\$9.16	92.2%	34.7%	1.78	10,190	0.75
2023	59.4%	\$117.05	\$74.94	\$107.95	\$64.09	\$9.10	92.2%	33.9%	1.77	10,200	0.69
CAGR: 2015 thru 2023	-0.2%	0.5%	1.3%	0.4%	0.2%	2.5%	-0.2%	-1.4%	0.5%	0.2%	0.9%
1Q 2023	41.4%	\$83.90	\$34.69	\$77.40	\$32.00	\$6.50	92.3%	34.2%	1.77	10,200	0.56
1Q 2024	42.5%	\$91.06	\$38.70	\$83.82	\$35.62	\$7.24	92.0%	38.2%	1.77	10,020	0.79

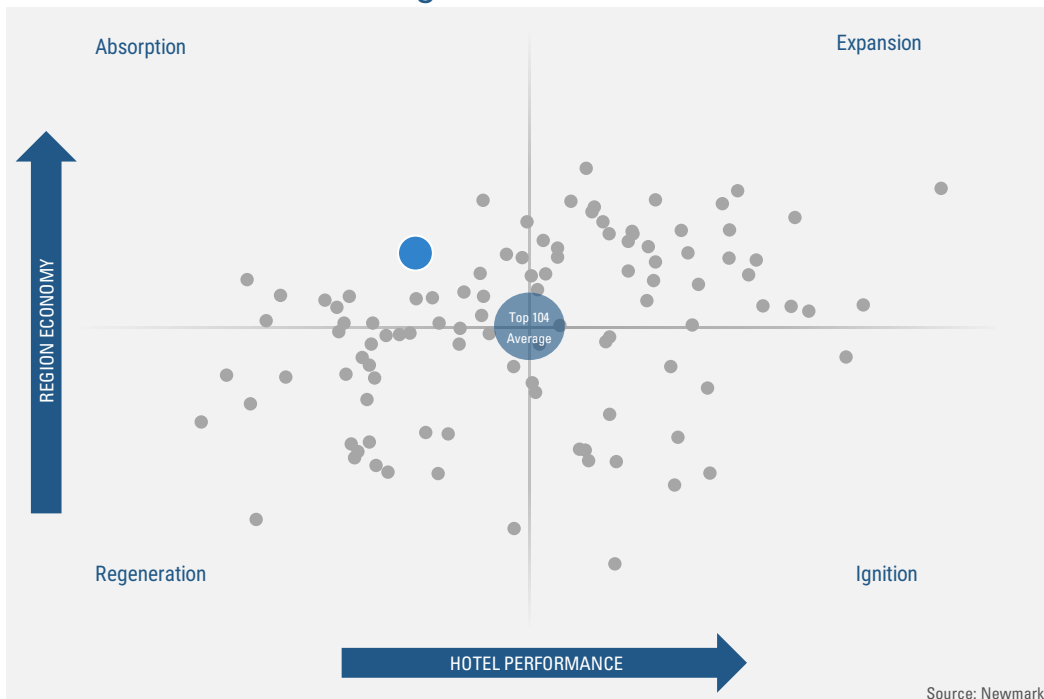
Notable Metrics

	Feeder Group Size	Feeder Group Earnings per sold room	Latest-Quarter Booking Costs POR
HIGHEST	5th Strong Rapid City, SD required a small feeder group size (27.05 Persons)	8th Strong The market posted strong feeder group earnings per sold room (\$1,322,749)	14th Above Average The market also enjoyed low latest-quarter booking costs POR (\$7.24)
LOWEST	Last Soft This market has been hampered by weak latest-quarter COPE RevPAR (\$35.62)	Last Soft The market exhibited weak latest-quarter COPE ADR (\$83.82)	Last Soft Rapid City, SD also posted weak latest-quarter Guest Paid RevPAR (\$38.70)

Notable Trends

	Short-Term Historical Guest Paid RevPAR Growth	Short-Term Historical COPE RevPAR Growth	Long-Term Historical Loyalty Contribution Growth
STRONGEST	2nd Very Strong Rapid City, SD has benefited from strong short-term historical Guest Paid RevPAR growth (7.4%)	2nd Very Strong The market exhibited strong short-term historical COPE RevPAR growth (7.3%)	3rd Very Strong The market also exhibited strong long-term historical loyalty contribution growth (7.1%)
WEAKEST	99th Soft The market has been burdened by high long-term historical supply growth (3.0%)	96th Soft We note this area has been impeded by high short-term historical growth in booking costs (5.7%)	93rd Soft Rapid City, SD also exhibited high long-term historical booking costs POR growth (4.7%)

Market Performance Stage



Rapid City, SD: Absorption Stage

The Rapid City, SD market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed any lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Atlanta, GA; Charlotte, NC; and Columbus, OH.

- Other Stages:**
- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Cincinnati, OH; Detroit, MI; and Knoxville, TN.
 - Ignition:** In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Chicago, IL; and Miami, FL.
 - Expansion:** In the 'Expansion' stage, hotels perform adequately, contributing to a resilient economy that has fully exited from the pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Austin, TX; and Boston, MA.

Industry Observations

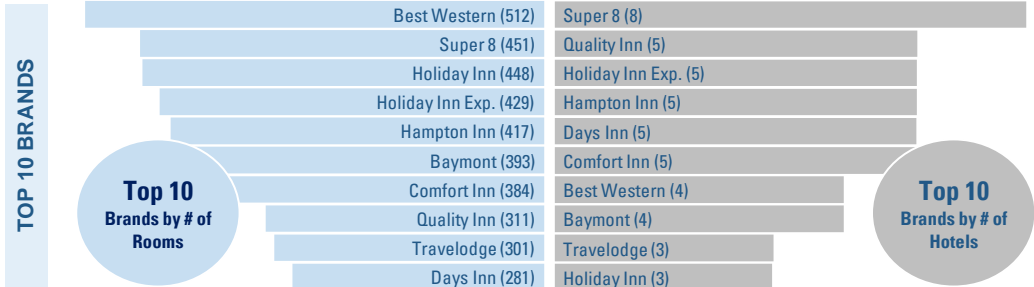
MOODY'S ANALYTICS

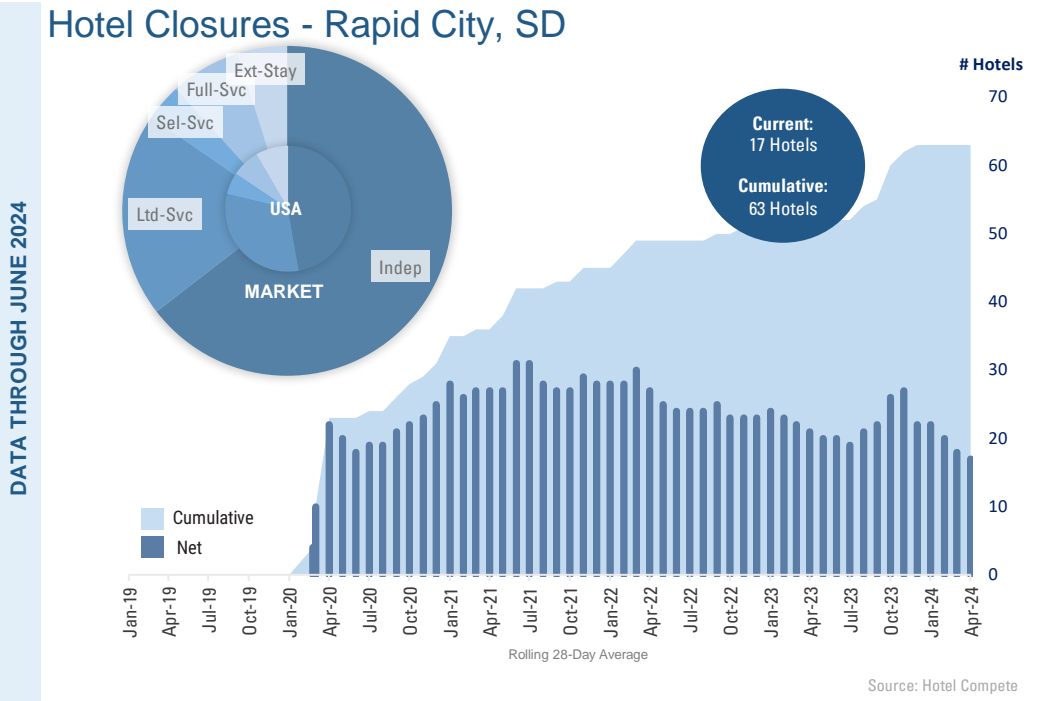
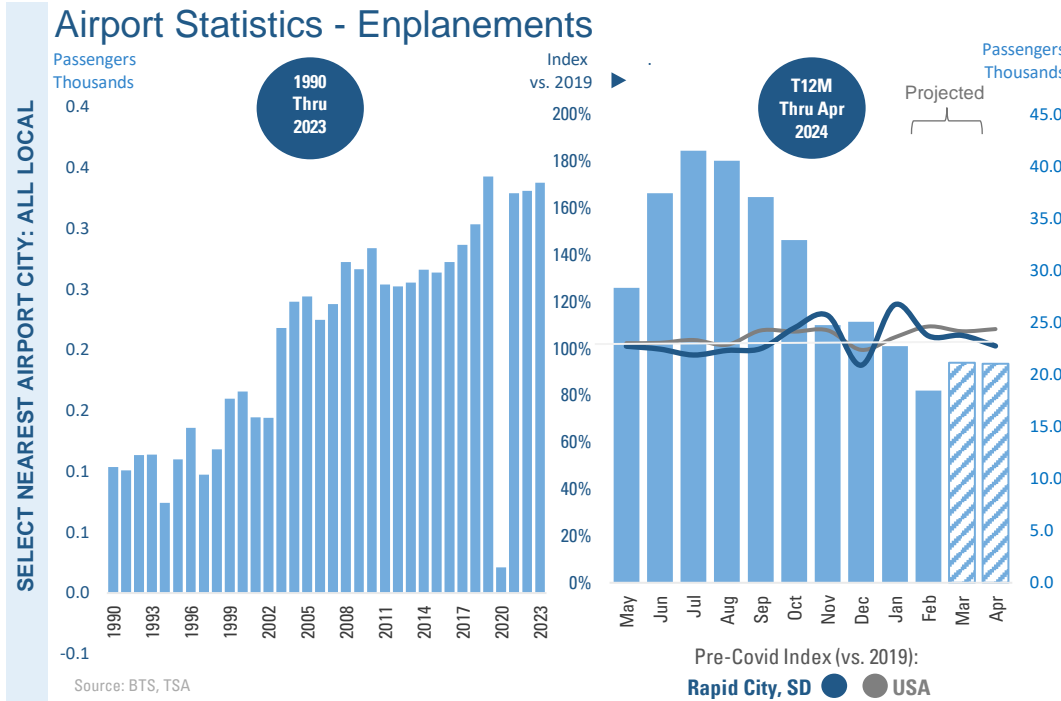
Business Cycle: **At Risk**
 Employment Growth (2 yr): **1.3%**
 Risk Exposure (402 US markets): **30th Percentile: Below Average**
 Key Industry Notes:
 Low cost of doing business
 Stable military employers
 Eminent tourist attractions
 Remote location
 Lack of growth drivers

Moody's Rating

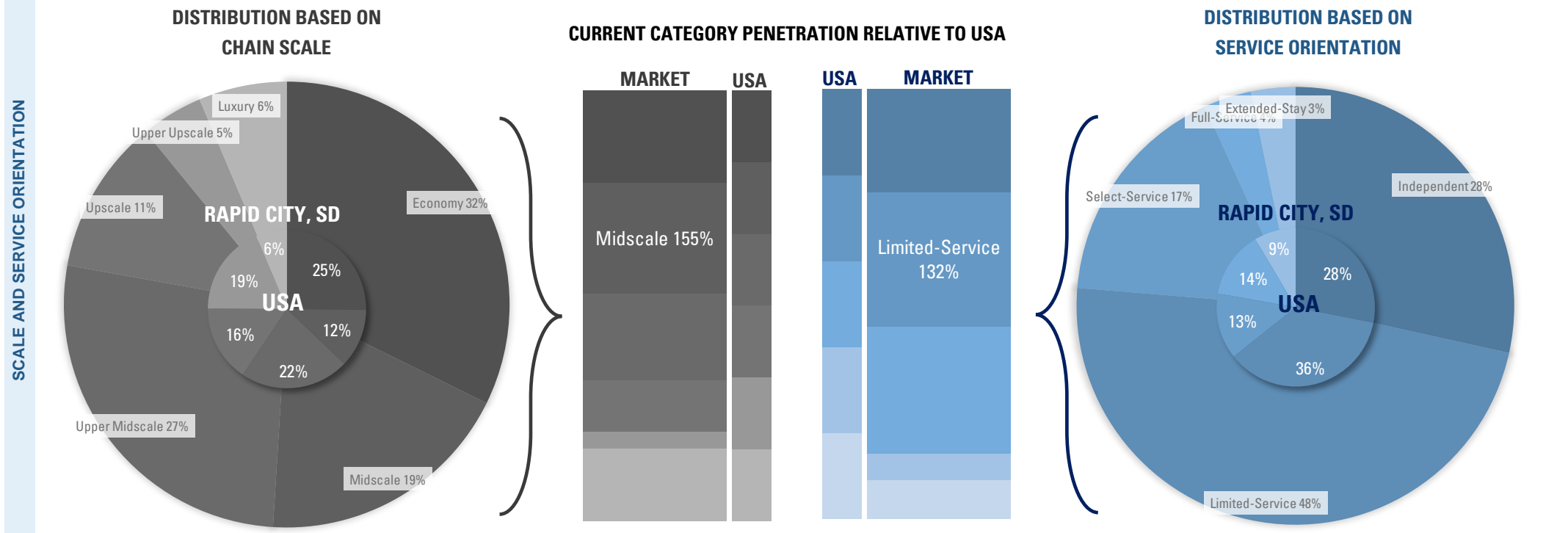
Aa1
Investment Grade

Long-term investment grade, Prime-1 short-term outlook

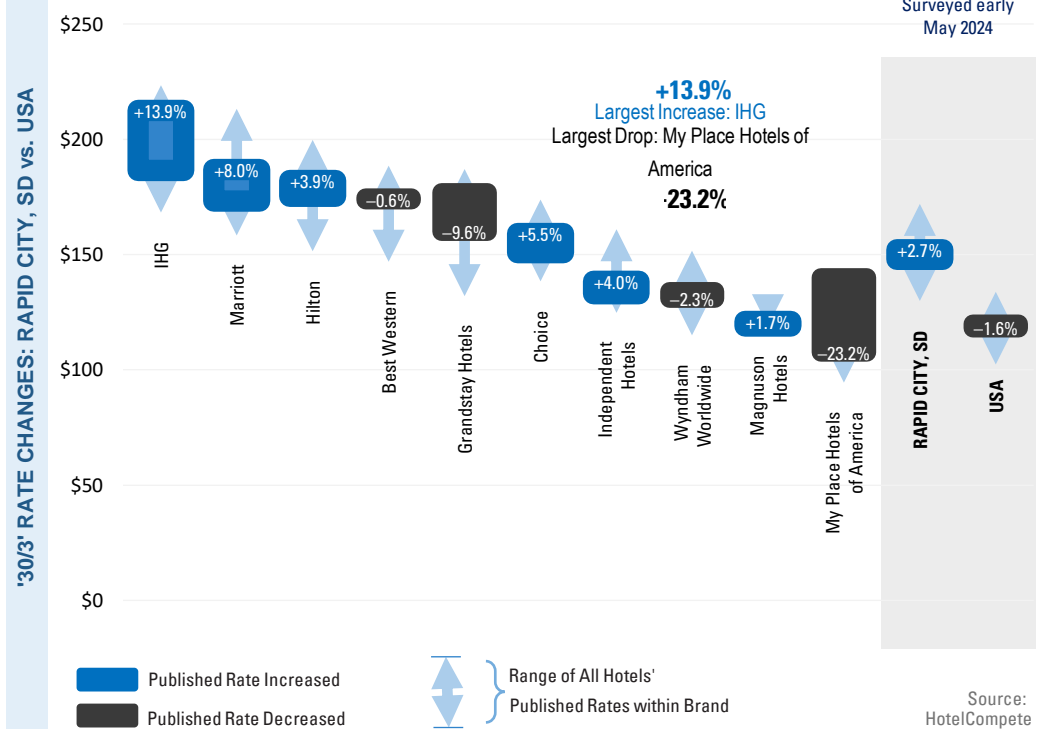




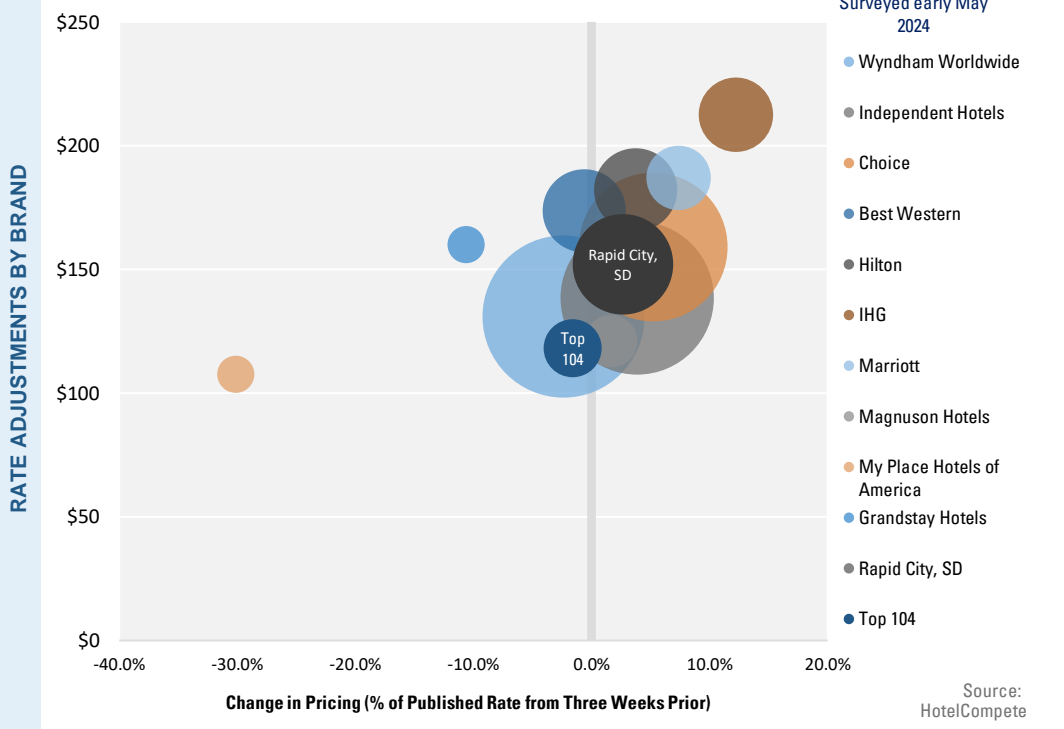
Scale and Service Distribution: Rapid City, SD



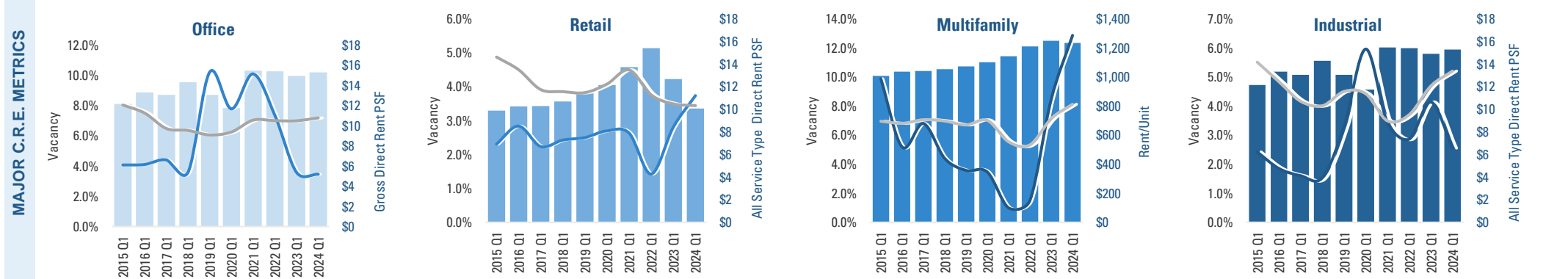
Published Rates: Top 10 Brands



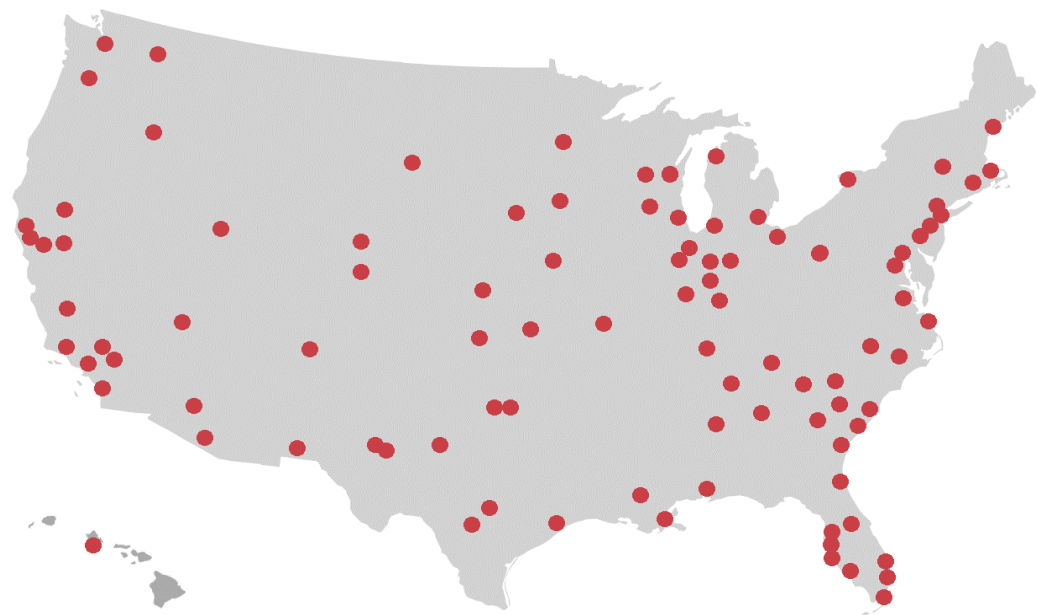
Published Rates: Volatility



Major CRE Market Performance



Nsights Hotel Market Reports Coverage



Akron, OH	Dayton, OH	Louisville, KY	Portland, OR
Albany, NY	Denver, CO	Madison, WI	Raleigh, NC
Albuquerque, NM	Des Moines, IA	Memphis, TN	Rapid City, SD
Anaheim, CA	Detroit, MI	Miami, FL	Richmond, VA
Arkansas State Area, AR	El Paso, TX	Michigan North Area, MI	Sacramento, CA
Atlanta, GA	Fayetteville, AR	Michigan South Area, MI	Saint Louis, MO
Augusta, GA	Fort Lauderdale, FL	Milwaukee, WI	Saint Petersburg, FL
Austin, TX	Fort Myers, FL	Minneapolis, MN	Salt Lake City, UT
Bakersfield, CA	Fort Worth, TX	Mobile, AL	San Antonio, TX
Baltimore, MD	Fresno, CA	Myrtle Beach, SC	San Bernardino, CA
Baton Rouge, LA	Greensboro, NC	Nashville, TN	San Diego, CA
Bentonville, AR	Greenville, SC	New Brunswick, NJ	San Francisco, CA
Birmingham, AL	Harrisburg, PA	New Orleans, LA	San Joaquin Valley, CA
Boise City, ID	Hartford, CT	New York, NY	San Jose, CA
Boston, MA	Houston, TX	Newark, NJ	Sarasota, FL
Buffalo, NY	Indiana North Area, IN	Oahu Island, HI (Branded)	Savannah, GA
Charleston, SC	Indiana South Area, IN	Oakland, CA	Seattle, WA
Charlotte, NC	Indianapolis, IN	Odessa-Midland, TX	Spokane, WA
Chattanooga, TN	Jackson, MS	Oklahoma City, OK	Tampa, FL
Chicago, IL	Jacksonville, FL	Omaha, NE	Tucson, AZ
Cincinnati, OH	Kansas City, MO	Orlando, FL (Non-Disney)	Tulsa, OK
Cleveland, OH	Knoxville, TN	Palm Desert, CA	Virginia Beach, VA
Colorado Springs, CO	Las Vegas, NV (Non-Strip)	Philadelphia, PA	Washington State Area, WA
Columbia, SC	Lexington, KY	Phoenix, AZ	Washington, DC
Columbus, OH	Little Rock, AR	Pittsburgh, PA	West Palm Beach, FL
Dallas, TX	Los Angeles, CA	Portland, ME	Wichita, KS

*Customized market reports available upon request

Hospitality, Gaming & Leisure

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Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

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Gaming Facilities

Arenas, Stadiums and Sports Facilities

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Golf Courses

Marinas

Ski and Village Resorts

Water Parks, Amusement Parks and Attractions

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We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

Financial Reporting

Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

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Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics

We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

Property Tax

We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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