

2016 Build CobbleStone Hotel & Suites Devils Lake

1801 US-2, Devils Lake, ND 58301



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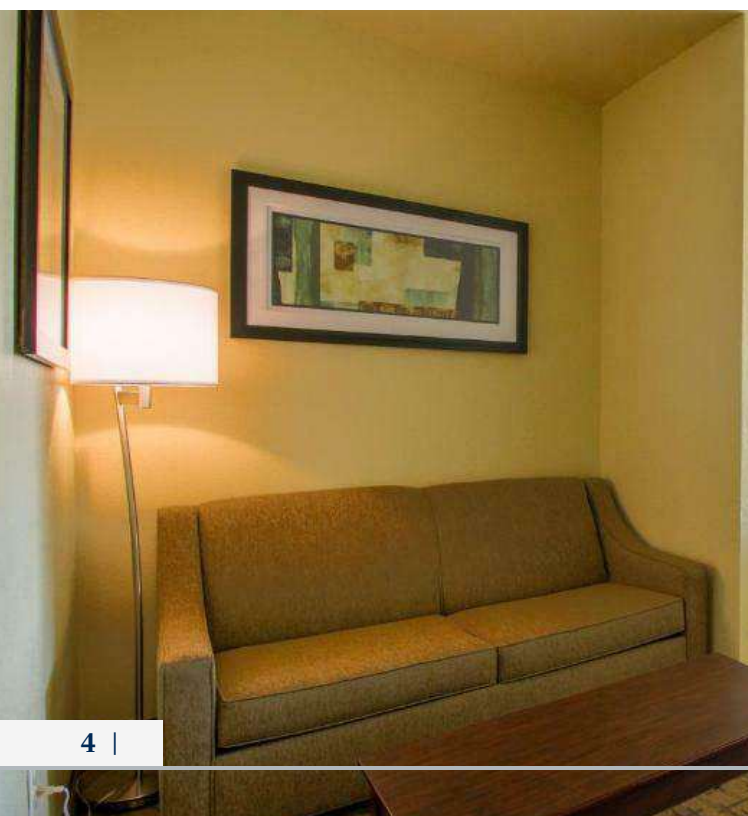




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SECTION 1

Executive Summary

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

REGIONAL MAP

LOCAL MAP

Marcus & Millichap

OFFERING SUMMARY



Listing Price
\$4,850,000



Cap Rate
10.25%



of Rooms
65

FINANCIAL

Listing Price	\$4,850,000
Down Payment	30% / \$1,455,000
NOI	\$496,948
Cap Rate	10.25%
Total Return	16.8%
Room Revenue Multiplier (RRM)	3.38
Price/Room	\$74,615
RevPAR	\$60.51
ADR	\$118.50

OPERATIONAL

Gross SF	36,553
# of Rooms	65
Lot Size	3.45 Acres (150,282 SF)
Occupancy	51.1%
Year Built	2016





2016 BUILD COBBLESTONE HOTEL & SUITES

1801 US-2, Devils Lake, ND 58301

INVESTMENT OVERVIEW

Marcus & Millichap is delighted to offer an exclusive investment opportunity in Devils Lake, North Dakota, with the listing of a 65-room midscale hotel. Built in 2016 and meticulously maintained, this property features modern accommodations including a popular hotel bar, enhancing both the guest experience and potential revenue streams. Owned and operated by the original developer, the hotel showcases a solid construction and thoughtful layout, designed to cater to both business and leisure travelers. Its strategic location near key recreational and event hubs in Devils Lake makes it an attractive stay for visitors year-round.

The hotel boasts a strong operational record with room revenues exceeding \$1.3 million for the trailing twelve months ending in March. 2024 Room Revenue through March is up 15% YOY. Over the past three years, the Comp Set has experienced a 25% growth in RevPar. With healthy Occ and ADR growth, there is ample upside opportunity for a more hands on owner to maximize the already attractive profit margin. This is further complemented by the property's ability to attract significant traffic due to local events such as the Devils Run car show, the largest of its kind in North Dakota, and increased local sports events due to recent changes in the ND high school system[1]. These factors combine to ensure robust weeknight and weekend bookings, enhancing the hotel's occupancy and overall financial health.

Devils Lake's market is extraordinarily conducive to hospitality investments, thanks to it being the largest fishing destination in the state and a hub for a variety of outdoor activities including hunting and lake sports. The hotel is also equipped with full self service fish cleaning stations, a high demand amenity. The recent expansion in local high school sports, due to changes in the ND high school system, is expected to continuously drive visitor flow to the area. With its wealth of natural resources and lively local events, Devils Lake remains a top destination for both transient and long-term visitors. This hotel represents a sterling opportunity for investors keen on capitalizing in a flourishing market.

1. <https://www.valleynewslive.com/2023/02/08/three-class-system-approved-high-school-basketball-north-dakota/>

INVESTMENT HIGHLIGHTS

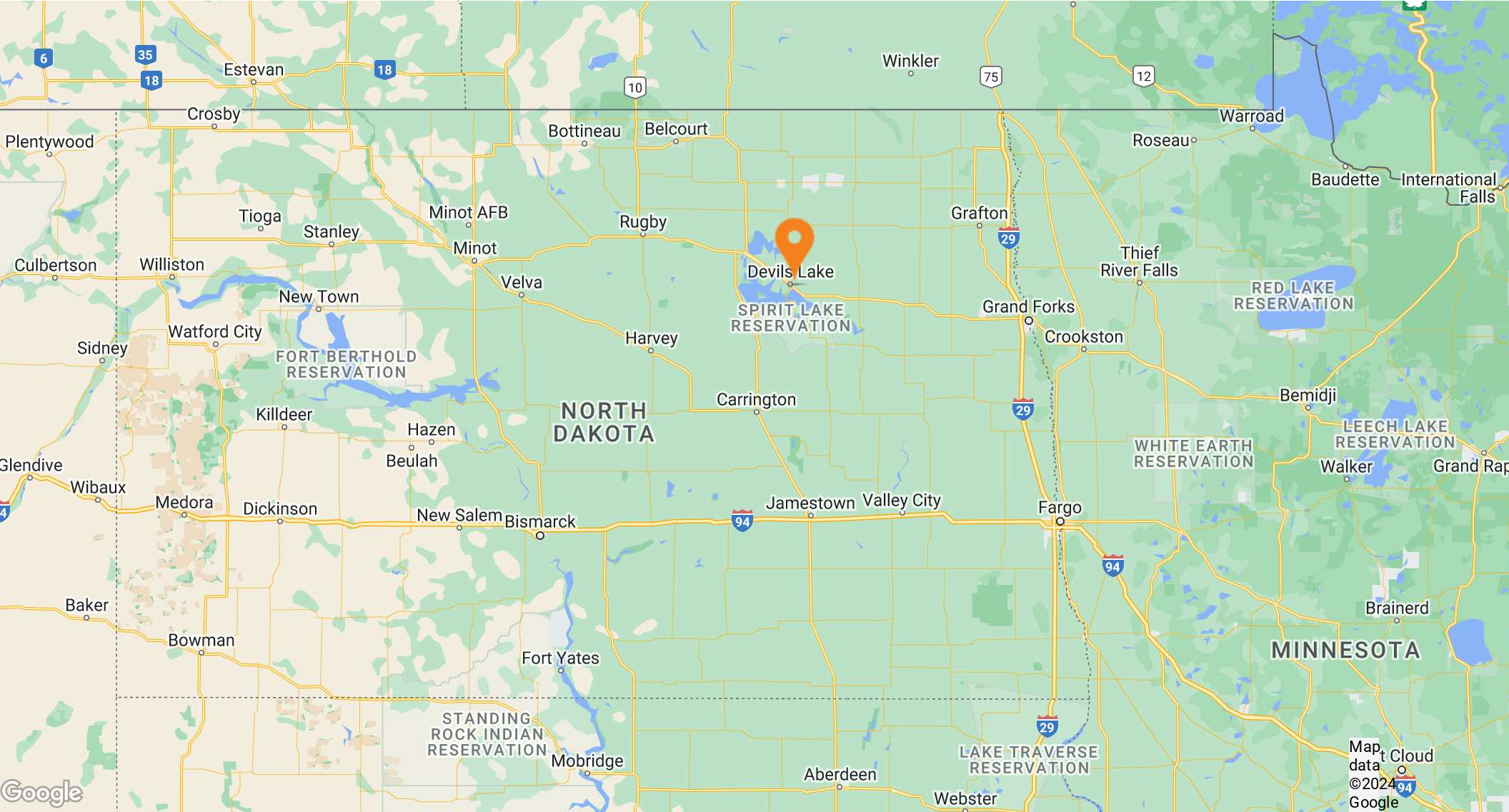
Built in 2016 and professionally maintained, featuring modern accommodations including a popular hotel bar.

Meticulously maintained and ideally situated as the premier destination for travelers arriving from Grand Forks.

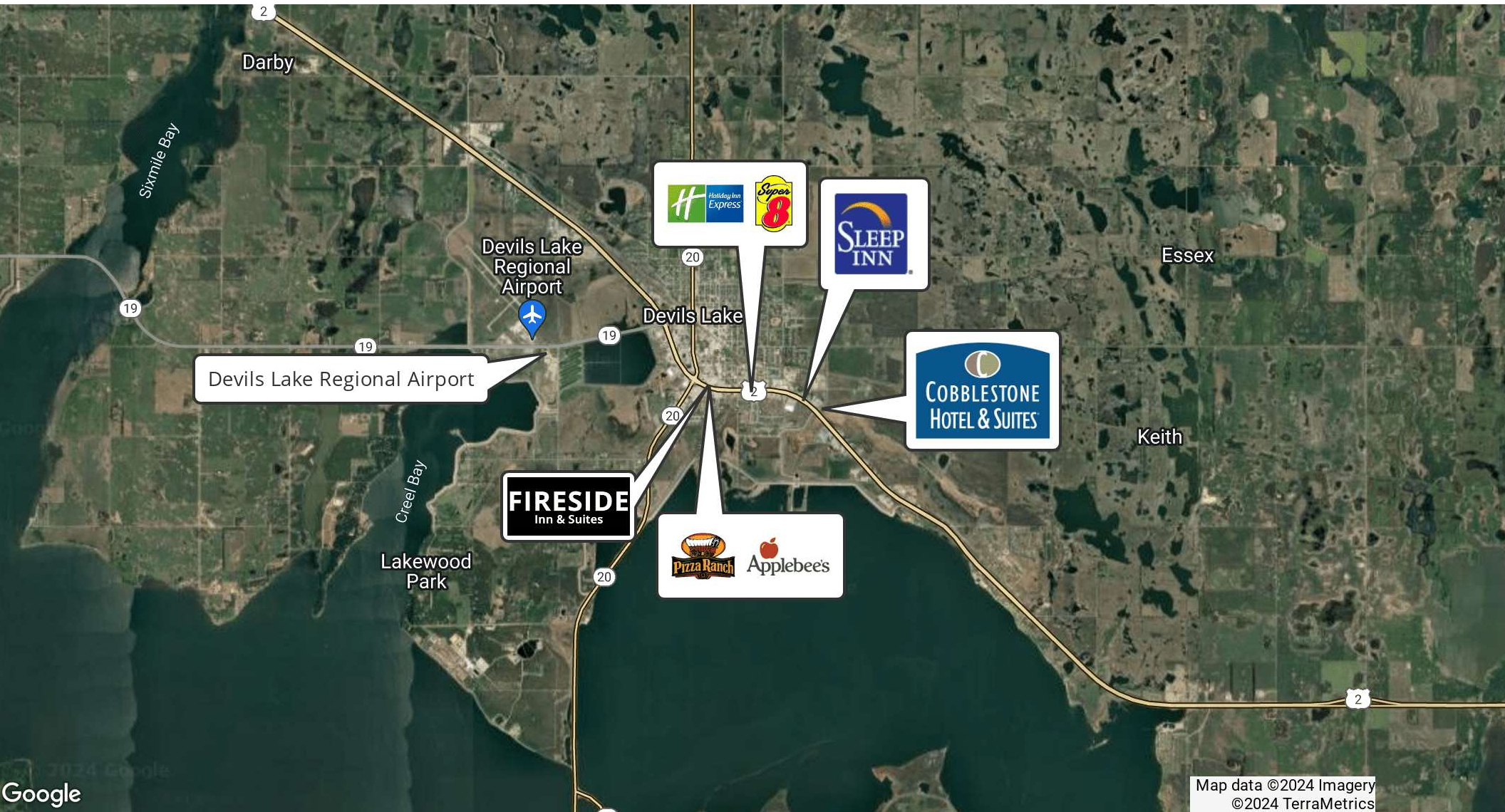
Devils Lake is the largest fishing attraction in North Dakota, and its extensive outdoor recreation options drive consistent demand for accommodations year-round.

Includes a pool, hot tub, gym, bar, fish cleaning stations, business center, lounge, suites, and meeting space.

REGIONAL MAP // 2016 Build CobbleStone Hotel & Suites



2016 Build CobbleStone Hotel & Suites // LOCAL MAP



SECTION 2

Financial Analysis

INVESTMENT ANALYSIS

P&L W/REMOVALS

CLEAN P&L

STR CHART

5 YEAR PRO FORMA

Marcus & Millichap

2016 Build CobbleStone Hotel & Suites // INVESTMENT ANALYSIS

Purchase Price	\$4,850,000	\$4,850,000
Down Payment	\$1,455,000 30.0%	\$1,455,000 30.0%
<i>Proposed Financing</i>		
New 1st	\$3,395,000 70.0%	\$3,395,000 70.0%
Interest Rate	7.50%	7.50%
Amortization (yrs)	25.0	25.0
Monthly P&I Payment	\$25,089	\$25,089

<i>Operating Summary</i>	<u>T12 May 2024</u>	<u>2024 Projection</u>
Rooms	65	65
Available Rentable Rooms	23,725	23,725
Room Sold	12,114	12,291
Occupancy	51.1%	51.8%
ADR	\$118.50	\$120.37
RevPAR	\$60.51	\$62.36
Room Revenue	\$1,436,902 95.1%	\$1,479,554 94.8%
Other Operating Revenue	\$74,697 4.9%	\$80,673 5.2%
Gross Revenue	\$1,511,600 100.0%	\$1,560,227 100.0%
Operating Expense	\$923,956 61.1%	\$946,128 60.6%
EBITDA	\$587,644 38.9%	\$614,098 39.4%
Mgmt & Reserves	\$90,696 6.0%	\$93,614 6.0%
Net Operating Income (NOI)	\$496,948 32.9%	\$520,485 33.4%
Less Debt Service	\$301,065 19.9%	\$301,065 19.3%
Debt Coverage Ratio	1.65	1.73
<i>Investment Summary</i>		
Net Cash Flow after Debt Service	\$195,883 13.5%	\$219,420 15.1%
Plus Principal Reduction	\$48,070	\$48,070
Total Return on Investment	\$243,953 16.8%	\$267,490 18.4%
Cash on Cash Return	13.5%	15.1%
CAP Rate Before Reserves & Mgmt	12.1%	12.7%
Cap Rate	10.25%	10.7%
Room Revenue Multiplier	3.38	3.28
Price per Room	\$74,615	\$74,615

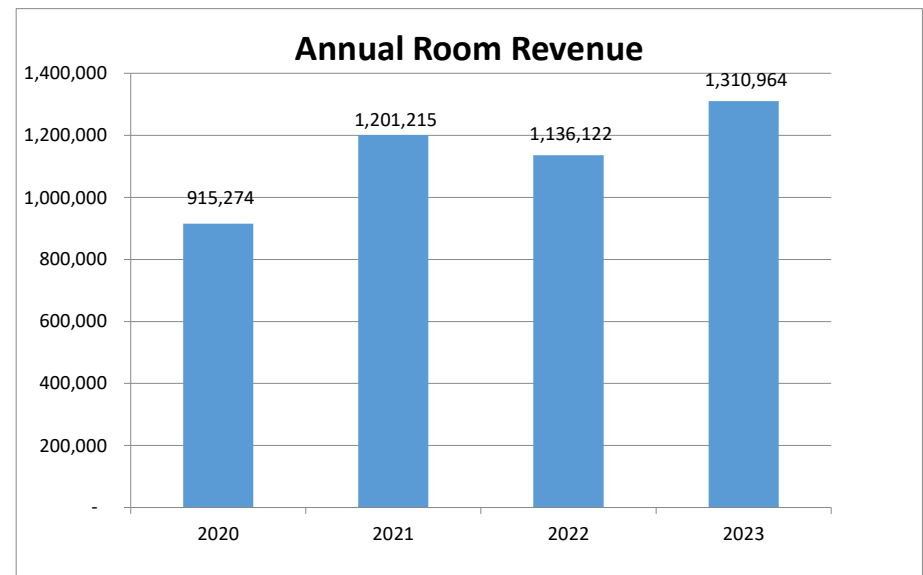
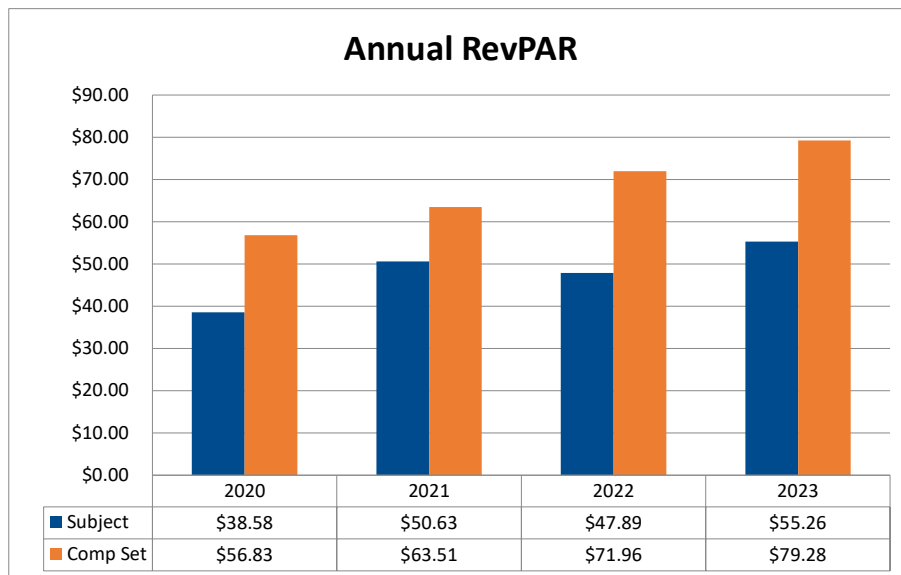
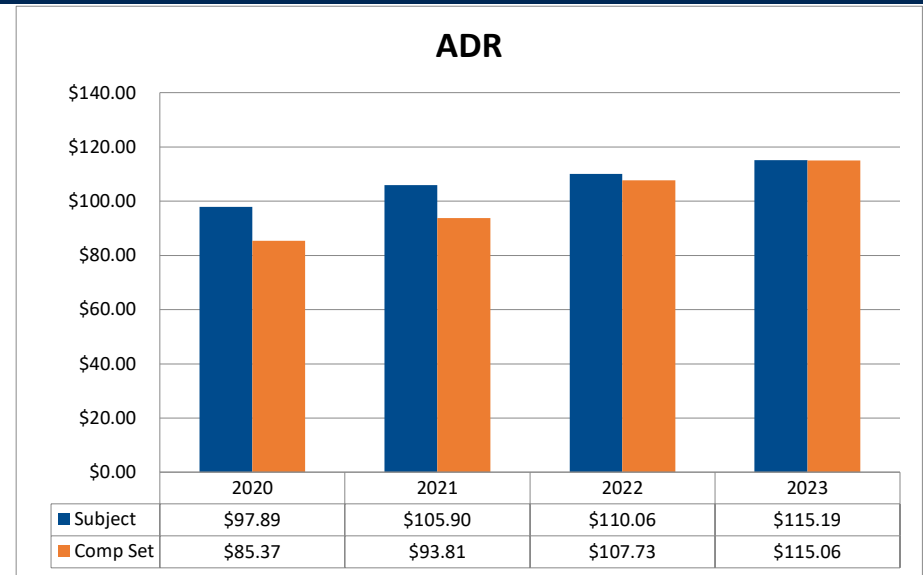
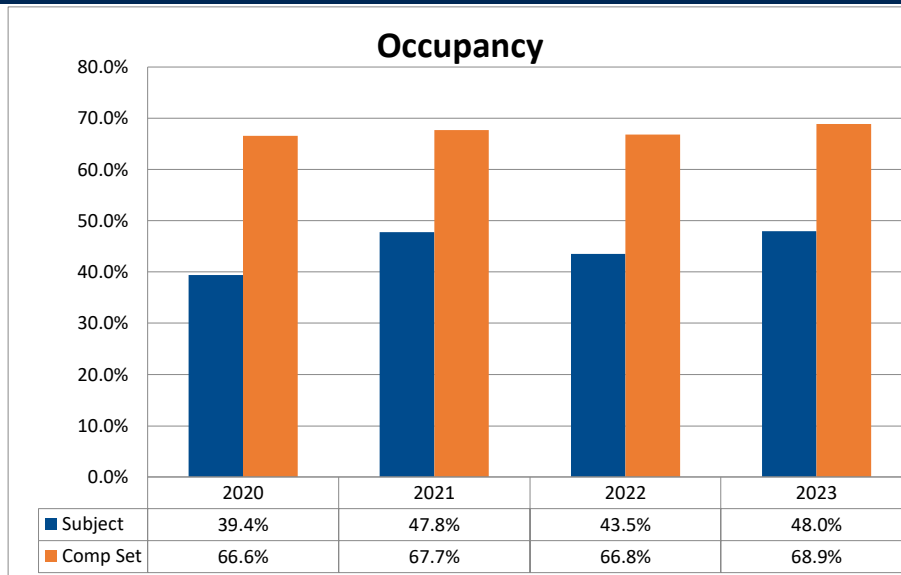
P&L W/REMOVALS // 2016 Build CobbleStone Hotel & Suites

Dept. Description	Year End 2021	% of GR	Year End 2022	% of GR	Year End 2023	% of GR	T12 May 2024	% of GR	Adjustments	T12 May 2024	% of GR	Comments
P&L Detail												
REVENUE												
Rooms	1,200,437.70	93.3%	1,133,444.93	93.7%	1,306,914.18	94.6%	1,436,902.41	95.0%		1,436,902.41	95.1%	
Other Income	69,220.50	5.4%	63,195.36	5.2%	62,315.62	4.5%	61,208.22	4.0%		61,208.22	4.0%	
Safe Income	16,580.00	1.3%	13,471.00	1.1%	12,985.75	0.9%	13,489.02	0.9%		13,489.02	0.9%	
Sales Tax Income	-	0.0%	-	0.0%	-	0.0%	1,645.22	0.1%	(1,645.22)	-	0.0%	Removed Not affiliated with OPS
Total Revenues	1,286,238.20	100.0%	1,210,111.29	100.0%	1,382,215.55	100.0%	1,513,244.87	100.0%		1,511,599.65	100.0%	
EXPENSES												
C-Store	14,819.44	1.2%	12,814.47	1.1%	15,139.94	1.1%	15,298.79	1.0%		15,298.79	1.0%	
Liquor Costs	10,664.73	0.8%	11,402.87	0.9%	10,805.32	0.8%	12,137.50	0.8%		12,137.50	0.8%	
Advertising and Promotion	3,825.00	0.3%	5,305.00	0.4%	4,244.00	0.3%	3,994.00	0.3%		3,994.00	0.3%	
Cable TV	11,624.19	0.9%	9,304.86	0.8%	7,780.51	0.6%	7,228.00	0.5%		7,228.00	0.5%	
Cleaning Services	2,312.50	0.2%	1,017.96	0.1%	1,700.34	0.1%	-	0.0%		-	0.0%	
Cleaning Supplies	12,837.74	1.0%	12,050.12	1.0%	11,925.80	0.9%	12,304.91	0.8%		12,304.91	0.8%	
Call Center Fees	1,015.82	0.1%	253.54	0.0%	256.28	0.0%	329.43	0.0%		329.43	0.0%	
Loyalty Rewards Costs	3,333.69	0.3%	2,638.85	0.2%	4,226.95	0.3%	4,381.12	0.3%		4,381.12	0.3%	
Monthly FF Fees	47,450.00	3.7%	47,450.00	3.9%	47,450.00	3.4%	47,580.00	3.1%		47,580.00	3.1%	
Monthly Mktg. Fee	5,931.25	0.5%	5,931.25	0.5%	5,931.25	0.4%	5,947.50	0.4%		5,947.50	0.4%	
Sabre Monthly Fee	9,974.28	0.8%	10,173.72	0.8%	10,273.44	0.7%	10,299.13	0.7%		10,299.13	0.7%	
SkyTouch Monthly Fees	5,566.32	0.4%	6,048.92	0.5%	6,365.04	0.5%	6,438.24	0.4%		6,438.24	0.4%	
Continental Breakfast	40,714.59	3.2%	54,554.89	4.5%	56,573.14	4.1%	59,107.28	3.9%		59,107.28	3.9%	
Credit Card Fees	35,440.52	2.8%	32,887.30	2.7%	41,843.19	3.0%	46,366.00	3.1%		46,366.00	3.1%	
Dues and Subscriptions	400.00	0.0%	400.00	0.0%	350.00	0.0%	-	0.0%		-	0.0%	
Liquor Liability	600.00	0.0%	475.00	0.0%	475.00	0.0%	950.00	0.1%		950.00	0.1%	
Property and Liability	23,237.00	1.8%	23,222.00	1.9%	20,490.80	1.5%	12,438.90	0.8%		12,438.90	0.8%	
Workers Comp.	701.90	0.1%	1,436.17	0.1%	1,616.17	0.1%	2,792.11	0.2%		2,792.11	0.2%	
Lawn Care and Snow Remov	4,708.20	0.4%	5,001.90	0.4%	7,608.97	0.6%	4,730.16	0.3%		4,730.16	0.3%	
Liquor License	1,700.00	0.1%	1,700.00	0.1%	1,700.00	0.1%	1,700.00	0.1%		1,700.00	0.1%	
Motel	-	0.0%	600.00	0.0%	300.00	0.0%	300.00	0.0%		300.00	0.0%	
Linen and Towels	7,947.15	0.6%	8,353.82	0.7%	5,276.22	0.4%	6,879.13	0.5%		6,879.13	0.5%	
Miscellaneous Expenses	9,445.66	0.7%	14,058.05	1.2%	15,463.47	1.1%	16,468.94	1.1%		16,468.94	1.1%	
Office Supplies	3,900.25	0.3%	3,486.90	0.3%	2,230.79	0.2%	2,492.77	0.2%		2,492.77	0.2%	
Payroll Expenses - other	353,424.09	27.5%	390,157.35	32.2%	412,815.60	29.9%	451,279.28	29.8%		451,279.28	29.9%	
Chemical	12.54	0.0%	-	0.0%	1,250.77	0.1%	1,892.10	0.1%		1,892.10	0.1%	
Ecotab Monthly	-	0.0%	-	0.0%	-	0.0%	7,476.90	0.5%	(7,476.90)	-	0.0%	Removed One Time Expense
License & Inspections	200.00	0.0%	200.00	0.0%	550.00	0.0%	250.00	0.0%		250.00	0.0%	
Testing Requirements	826.46	0.1%	794.78	0.1%	809.86	0.1%	764.25	0.1%		764.25	0.1%	
Boiler Inspection Fees	-	0.0%	-	0.0%	465.00	0.0%	-	0.0%		-	0.0%	
Elevator Yearly Contract	2,197.80	0.2%	2,464.52	0.2%	2,397.36	0.2%	2,496.36	0.2%		2,496.36	0.2%	
Fire Monitoring Fees	1,100.00	0.1%	800.00	0.1%	381.99	0.0%	401.25	0.0%		401.25	0.0%	
Lock Contract	-	0.0%	-	0.0%	5,639.79	0.4%	5,639.79	0.4%		5,639.79	0.4%	
Pest Control	1,608.00	0.1%	1,107.43	0.1%	1,528.77	0.1%	1,462.36	0.1%		1,462.36	0.1%	
Sprinkler System Inspection	-	0.0%	863.80	0.1%	1,679.00	0.1%	921.00	0.1%		921.00	0.1%	
Tax Preparation	-	0.0%	-	0.0%	940.00	0.1%	970.00	0.1%		970.00	0.1%	
Time Clock Monthly Fees	479.50	0.0%	543.85	0.0%	607.20	0.0%	-	0.0%		-	0.0%	
Property Taxes	52,185.33	4.1%	53,619.24	4.4%	53,917.09	3.9%	54,649.51	3.6%		54,649.51	3.6%	
Repairs and Maintenance	18,356.78	1.4%	17,000.84	1.4%	18,043.85	1.3%	13,965.40	0.9%		13,965.40	0.9%	
Booking.com	12,119.65	0.9%	11,570.04	1.0%	10,656.45	0.8%	12,505.22	0.8%		12,505.22	0.8%	
Expedia	10,537.18	0.8%	8,339.76	0.7%	7,093.15	0.5%	8,356.27	0.6%		8,356.27	0.6%	
Room Supplies	10,543.31	0.8%	8,850.90	0.7%	7,249.68	0.5%	11,283.08	0.7%		11,283.08	0.7%	
Safe Commissions	6,414.18	0.5%	5,233.76	0.4%	4,646.82	0.3%	4,901.18	0.3%		4,901.18	0.3%	
Telephone & Internet Exp.	7,291.42	0.6%	7,247.09	0.6%	7,350.89	0.5%	7,505.41	0.5%		7,505.41	0.5%	
Uniforms	807.10	0.1%	2,773.47	0.2%	387.23	0.0%	2,727.52	0.2%		2,727.52	0.2%	
Electricity	44,446.18	3.5%	50,924.96	4.2%	46,887.07	3.4%	43,095.36	2.8%		43,095.36	2.9%	
Gas	6,379.55	0.5%	8,140.22	0.7%	7,012.19	0.5%	5,950.35	0.4%		5,950.35	0.4%	
Water, Sewer & Garbage	13,832.43	1.1%	11,337.42	0.9%	11,817.91	0.9%	12,323.48	0.8%		12,323.48	0.8%	
Bad Debts	-	0.0%	236.94	0.0%	-	0.0%	-	0.0%		-	0.0%	
Loyalty Interface Charge	579.12	0.0%	96.52	0.0%	-	0.0%	-	0.0%		-	0.0%	
Donations	600.00	0.0%	1,250.00	0.1%	-	0.0%	-	0.0%		-	0.0%	
Wages repaid	-	0.0%	-	0.0%	-	0.0%	(7,321.79)	-0.5%	7,321.79	-	0.0%	Added Not Affiliated with Ops
Stanley Door Contract	-	0.0%	-	0.0%	-	0.0%	225.00	0.0%		225.00	0.0%	
Travel	-	0.0%	-	0.0%	-	0.0%	1,481.25	0.1%	(1,481.25)	-	0.0%	Removed Not Affiliated with Ops
Payroll Subscription Fee	-	0.0%	-	0.0%	-	0.0%	227.50	0.0%		227.50	0.0%	
EXPENSES	802,090.85	62.4%	854,120.48	70.6%	884,154.29	64.0%	925,591.94	61.2%		923,955.58	61.1%	
Total Expenses	802,090.85	62.4%	854,120.48	70.6%	884,154.29	64.0%	925,591.94	61.2%	(1,636.36)	923,955.58	61.1%	
EBITDA	484,147.35	37.6%	355,990.81	29.4%	498,061.26	36.0%	587,652.93	38.8%		587,644.07	38.9%	
Add In Reserves	25,724.76	2.0%	24,202.23	2.0%	27,644.31	2.0%	30,264.90	2.0%		30,231.99	2.0%	Add In Reserves
Add In Management	51,449.53	4.0%	48,404.45	4.0%	55,288.62	4.0%	60,529.79	4.0%		60,463.99	4.0%	Add in Management Fee
NOI	406,973.06	31.6%	283,384.13	23.4%	415,128.33	30.0%	496,858.24	32.8%		496,948.09	32.9%	

2016 Build CobbleStone Hotel & Suites // CLEAN P&L

	2021		2022		2023		T12 May 24	
Rooms	65		65		65		65	
Available Rooms	23,725		23,725		23,725		23,725	
Rooms Sold	11,343		10,323		11,381		12,291	
Occupancy	47.8%		43.5%		48.0%		51.8%	
ADR	\$105.90		\$110.06		\$115.19		\$120.37	
RevPAR	\$50.63		\$47.89		\$55.26		\$62.36	
Revenue/Room	\$19,788		\$18,617		\$21,265		\$23,255	
Expense/Occupied Room w/out Mngt & Reserves			\$83		\$78		\$75	
Income								
Rooms	\$1,200,438	93.3%	\$1,133,445	93.7%	1,306,914	94.6%	\$1,436,902	95.1%
Other Income	\$69,221	5.4%	\$63,195	5.2%	\$62,316	4.5%	\$61,208	4.0%
Safe Income	\$16,580	1.3%	\$13,471	1.1%	\$12,986	0.9%	\$13,489	0.9%
Total Revenue	\$1,286,238	100.0%	\$1,210,111	100.0%	\$1,382,216	100.0%	\$1,511,600	100.0%
	2021		2022		2023		T12 May 24	
Departmental Expenses								
Rooms	\$515,445	42.9%	\$561,566	49.5%	\$586,466	44.9%	\$642,239	44.7%
Total Departmental Expenses	\$549,043	42.7%	\$592,717	49.0%	\$618,758	44.8%	\$676,276	44.7%
Gross Operating Income	\$737,195	57.3%	\$617,395	51.0%	\$763,458	55.2%	\$835,324	55.3%
Undistributed Operating Expenses								
Administration & General	\$6,585	0.5%	\$7,209	0.6%	\$5,438	0.4%	\$4,777	0.3%
Marketing	\$3,825	0.3%	\$5,305	0.4%	\$4,244	0.3%	\$3,994	0.3%
Franchise Fees	\$73,271	6.1%	\$72,496	6.4%	\$74,503	5.7%	\$74,975	5.2%
Utility Costs	\$64,658	5.0%	\$70,403	5.8%	\$65,717	4.8%	\$61,369	4.1%
Property Operations & Maintenance	\$27,983	2.2%	\$27,238	2.3%	\$38,996	2.8%	\$31,733	2.1%
Total Undistributed Operating Expenses	\$176,323	13.7%	\$182,651	15.1%	\$188,897	13.7%	\$176,849	11.7%
Gross Operating Profit	\$560,872	43.6%	\$434,743	35.9%	\$574,560	41.6%	\$658,475	43.6%
Fixed Expenses								
Property Taxes	\$52,185	4.1%	\$53,619	4.4%	\$53,917	3.9%	\$54,650	3.6%
Insurance	\$24,539	1.9%	\$25,133	2.1%	\$22,582	1.6%	\$16,181	1.1%
Total Fixed Charges	\$76,724	6.0%	\$78,752	6.5%	\$76,499	5.5%	\$70,831	4.7%
Total Expenses	\$802,091	62.4%	\$854,120	70.6%	\$884,154	64.0%	\$923,956	61.1%
Amount Available for Debt Service & Other Fixed Charges	\$484,147	37.6%	\$355,991	29.4%	\$498,061	36.0%	\$587,644	38.9%
Capital Replacement Reserve	\$25,725	2.0%	\$24,202	2.0%	\$27,644	2.0%	\$30,232	2.0%
Management Fee	\$51,450	4.0%	\$48,404	4.0%	\$55,289	4.0%	\$60,464	4.0%
Net Operating Income (EBITDA)	\$406,973	31.6%	\$283,384	23.4%	\$415,128	30.0%	\$496,948	32.9%

STR CHART // 2016 Build CobbleStone Hotel & Suites



NOTE: ALL FIGURES ARE DERIVED FROM STR REPORTS AND PROPERTY MANAGEMENT SYSTEM

*Comp is Holiday Inn Express Devils Lake 2023 Year End STR.

*Subject Property does not Subscribe to STR.

2016 Build CobbleStone Hotel & Suites // 5 YEAR PRO FORMA

PRO FORMA	T12 May 24		2024		2025		2026		2027		2028	
Rooms	65		65		65		65		65		65	
Available Rooms	23,725		23,725		23,725		23,725		23,725		23,725	
Rooms Sold	11,381		12,291		12,537		12,663		12,789		12,917	
Occupancy	48.0%		51.8%		52.8%		53.4%		53.9%		54.4%	
ADR	\$115.19		\$120.37		\$122.78		\$124.01		\$125.25		\$126.50	
RevPAR	\$55.26		\$62.36		\$64.88		\$66.19		\$67.52		\$68.87	
Revenue/Room	\$23,255		\$23,927		\$24,872		\$25,362		\$25,862		\$26,372	
Expense/Occupied Room	\$81		\$77		\$78		\$79		\$79		\$80	
INCOME												
Rooms	\$1,436,902	95.1%	\$1,479,554	95.1%	\$1,539,328	95.2%	\$1,570,268	95.3%	\$1,601,831	95.3%	\$1,634,027	95.3%
Other Income	\$61,208	4.0%	\$61,820	4.0%	\$63,057	3.9%	\$63,687	3.9%	\$64,324	3.8%	\$64,967	3.8%
Safe Income	\$13,489	0.9%	\$13,894	0.9%	\$14,311	0.9%	\$14,597	0.9%	\$14,889	0.9%	\$15,186	0.9%
Total Revenue	\$1,511,600	100.0%	\$1,555,268	100.0%	\$1,616,695	100.0%	\$1,648,552	100.0%	\$1,681,043	100.0%	\$1,714,181	100.0%
DEPARTMENTAL EXPENSES												
Rooms	\$642,239	44.7%	\$629,932	42.6%	\$652,168	42.4%	\$661,984	42.2%	\$671,946	41.9%	\$682,059	41.7%
Other Operated Depts & Rentals	\$34,037	55.6%	\$35,059	56.7%	\$36,833	58.4%	\$38,317	60.2%	\$39,861	62.0%	\$41,467	63.8%
Total Departmental Expenses	\$676,276	44.7%	\$664,990	42.8%	\$689,001	42.6%	\$700,300	42.5%	\$711,808	42.3%	\$723,527	42.2%
Gross Operating Income	\$835,324	55.3%	\$890,277	57.2%	\$927,694	57.4%	\$948,252	57.5%	\$969,236	57.7%	\$990,655	57.8%
UNDISTRIBUTED OPERATING EXPENSES												
Administration & General	\$4,777	0.3%	\$4,873	0.3%	\$5,473	0.3%	\$6,073	0.4%	\$6,673	0.4%	\$7,273	0.4%
Marketing	\$3,994	0.3%	\$4,508	0.3%	\$4,690	0.3%	\$4,784	0.3%	\$4,880	0.3%	\$4,978	0.3%
Franchise Fees	\$74,975	5.2%	\$88,773	6.0%	\$92,360	6.0%	\$94,216	6.0%	\$96,110	6.0%	\$98,042	6.0%
Utility Costs	\$61,369	4.1%	\$65,665	4.2%	\$68,318	4.2%	\$69,691	4.2%	\$71,092	4.2%	\$72,521	4.2%
Property Operations & Maintenance	\$31,733	2.1%	\$33,955	2.2%	\$35,327	2.2%	\$36,037	2.2%	\$36,761	2.2%	\$37,500	2.2%
Total Undistributed Operating Expenses	\$176,849	11.7%	\$197,773	12.7%	\$206,166	12.8%	\$210,800	12.8%	\$215,515	12.8%	\$220,313	12.9%
Gross Operating Profit	\$658,475	43.6%	\$692,504	44.5%	\$721,528	44.6%	\$737,451	44.7%	\$753,721	44.8%	\$770,341	44.9%
FIXED EXPENSES												
Property Taxes	\$54,650	3.6%	\$55,765	3.6%	\$56,322	3.5%	\$56,886	3.5%	\$57,455	3.4%	\$58,029	3.4%
Insurance	\$16,181	1.1%	\$27,600	1.8%	\$28,152	1.7%	\$28,715	1.7%	\$29,289	1.7%	\$29,875	1.7%
Total Fixed Charges	\$70,831	4.7%	\$83,365	5.4%	\$84,474	5.2%	\$85,601	5.2%	\$86,744	5.2%	\$87,904	5.1%
Total Expenses	\$923,956	61.1%	\$946,128	60.8%	\$979,642	60.6%	\$996,702	60.5%	\$1,014,067	60.3%	\$1,031,744	60.2%
Amount Available for Debt Service & Other Fixed Charges	\$587,644	38.9%	\$609,139	39.2%	\$637,053	39.4%	\$651,851	39.5%	\$666,977	39.7%	\$682,437	39.8%
Capital Replacement Reserve	\$30,232	2.0%	\$31,105	2.0%	\$32,334	2.0%	\$32,971	2.0%	\$33,621	2.0%	\$34,284	2.0%
Management Fee	\$60,464	4.0%	\$62,211	4.0%	\$64,668	4.0%	\$65,942	4.0%	\$67,242	4.0%	\$68,567	4.0%
Net Operating Income (EBITDA)	\$496,948	32.9%	\$515,823	33.2%	\$540,051	33.4%	\$552,938	33.5%	\$566,114			



SECTION 3

Market Overview

MARKET OVERVIEW

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Marcus & Millichap

12 Mo Occupancy

54.8%

12 Mo ADR

\$93.98

12 Mo RevPAR

\$51.49

12 Mo Supply

5.9M

12 Mo Demand

3.3M

North Dakota Area is a large hotel submarket, and has about 16,000 rooms spread across some 240 properties. That amounts to roughly two-thirds of the North Dakota (USA) market's total room inventory. Like the market, North Dakota Area is characterized by hotels that are smaller than the national norm. The average hotel has 69 rooms, not far from the market average, and somewhat below the national norm of about 90 rooms per building.

With trailing 12-month occupancies at 54.6%, North Dakota Area is within striking distance to the market average of 57.6% for the same period.

Twelve-month RevPAR was recently climbing at an

exceptionally strong rate: As of March, twelve-month average RevPAR in the North Dakota Area hotel submarket was up 16.2%, in line with the similarly impressive market-wide average.

While developers remain moderately active elsewhere in the North Dakota (USA) market, nothing is underway in the North Dakota Area submarket itself. Moreover, the inventory has contracted over the past five years, as demolition activity has outpaced new construction.

North Dakota Area houses an active submarket for hotel investment, and saw 5 trades over the past year—a bit below the number of deals that typically close in a given twelve-month period.

KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	609				76	0
Upscale & Upper Midscale	4,601	63.1%	\$117.93	\$74.44	0	0
Midscale & Economy	11,079	51.1%	\$81.19	\$41.49	0	0
Total	16,289	54.8%	\$93.98	\$51.49	76	0

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	45.2%	43.4%	43.9%	54.8%	48.0%	52.8%
Occupancy Change	5.1%	6.7%	5.9%	8.2%	2.0%	-0.9%
ADR	\$93.66	\$89.82	\$91.33	\$93.98	\$81.66	\$102.48
ADR Change	8.0%	6.2%	6.5%	9.3%	4.5%	2.7%
RevPAR	\$42.37	\$38.95	\$40.14	\$51.49	\$39.22	\$54.13
RevPAR Change	13.5%	13.3%	12.8%	18.3%	6.6%	1.8%



BROKER OF RECORD

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