



Boise Lodging Market Snapshot

Economic Overview by Moody's

Per Moody's, "Boise City's late-cycle economy is performing well, with overall employment moving further into expansion. Job gains have been consistent through the fall, but the pace has fallen below the regional average. Professional/business services have been performing strongly, with headcounts reaching all-time highs. After an earlier stumble, manufacturing employment has been climbing, but little growth has been achieved year over year." This economic growth is yielding continued growth in hotel nightly rates across the market, posting growth of nearly 24% above 2019 levels in 2022 and an additional 7.7% in 1Q 2023.

Going forward, the market is rightfully optimistic rate will continue to increase despite new supply in the pipeline coming to fruition in the near term.

Boise Lodging Market SWOT

Strengths

- Average rate growth shows no signs of letting up as new higher-end products are introduced to the market, especially in the CBD area.
- Boise is gaining traction as a host city for conventions and competing more frequently with Salt Lake City and Portland for group demand.

Weaknesses

- With approx. 800+ rooms U/C and more proposed in the market, new supply may negatively impact near term occupancy as the market absorbs the new supply.
- Labor availability and the cost of labor is expected to continue to pose an issue as new developments come to fruition and compete for experienced staff.

Threats

- Unfavorable monetary policy could slow growth activity in 2023 as multifamily inventory grew by 83.6% during the past decade with enough U/C to grow by another 22.1%.
- Major tech companies continue shedding jobs which may impact commercial travel to Boise, but Micron and Meta are expected to continue forging ahead with major projects.

Opportunities

- BSU and Boise's growing population and expanding labor force have driven a strong economy over the past decade, increasing over 16% with the city currently ranking 15th by U.S. News & World Report's "Best Places to Live."
- Boise has a low cost of living and burgeoning reputation as a smaller, tertiary tech hub with a diverse pool of employers with locally headquartered companies such as Albertsons, Simplot, Clearwater Analytics, and Micron Technology.

Market Participant Interviews & Commentary

Respondent	Commentary
Broker / Capital Markets	The mountain states and Boise in particular have seen increased interest from buyers, especially from the PNW area, but few motivated sellers. In fact, institutional investors are taking interest in these markets due to strong economic and demographic fundamentals caused by the pandemic. Hotel cap rates remain stable after the atypical frenzy of early 2022 when interest rates were at historic lows. Overall, buyers are anticipating continued rate increases in strong markets, such as Boise.
Broker / Capital Markets	Construction and financing costs still remain elevated. Hotel developers are having to compete with apartment developers for subcontractors. While this trend is negatively impacting feasibility of new hotel development, existing owners should benefit so long as this trend continues. On the financing side, credit unions are providing favorable rates (sub 6.0%) to experienced hotel owners with a proven track record, some without pre-payment penalties so long as it related to a sale rather than a refinance.
Hotel Owner / Manager	Extended-stay hotels are performing well due to the influx of new residents and consultants in the market on long-term assignments for companies such as Micron and Meta.
Hotel Owner / Manager	Demand from Boise State University quickly absorbed new supply that came about in the CBD and Meridian and remains strong. The market typically sells out for BSU football games, homecoming weekends, graduations, etc. which is driving rate increases across the market.

Newmark Commentary

Market participants expect Boise to be an above-average achiever in the near term despite recessionary fears in the broader U.S. economy. Increased development costs should also keep supply growth in check for those without financing in place. Overall, planned hotels are moving forward in the market but expected to be quickly absorbed by the market due to the strength of office using tenants in downtown Boise, Meridian, and Eagle as well as the stability provided by Boise State University. In fact, older hotels are evaluating major renovations to better compete with newly constructed hotels and speculative hotels in the market.

Compiled by Newmark

Historical Market Trends – Boise Area*

Year	Number of Rooms	% Change	Total Market Demand	% Change	Market Occupancy	% Change	Hotel- Collected ADR	% Change	Hotel- Collected RevPAR	% Change
2007	4,271	-	911,249	-	60.5%	-	\$87.83	-	\$53.17	-
2008	4,540	8.9%	903,079	-0.9%	55.1%	-9.0%	\$86.27	-1.8%	\$47.55	-10.6%
2009	4,540	1.1%	844,543	-6.5%	51.0%	-7.5%	\$79.03	-8.4%	\$40.28	-15.3%
2010	4,466	-1.3%	931,641	10.3%	57.0%	11.8%	\$76.27	-3.5%	\$43.45	7.9%
2011	4,465	-0.3%	955,290	2.5%	58.6%	2.9%	\$79.13	3.7%	\$46.38	6.7%
2012	4,465	-2.1%	1,026,094	7.4%	64.3%	9.7%	\$84.98	7.4%	\$54.63	17.8%
2013	4,464	0.0%	1,072,938	4.6%	67.2%	4.6%	\$87.80	3.3%	\$59.04	8.1%
2014	4,460	2.1%	1,109,239	3.4%	68.1%	1.3%	\$91.59	4.3%	\$62.38	5.7%
2015	4,381	-0.9%	1,168,896	5.4%	72.5%	6.4%	\$100.33	9.5%	\$72.69	16.5%
2016	4,485	0.1%	1,222,555	4.6%	75.7%	4.5%	\$107.03	6.7%	\$81.02	11.5%
2017	4,906	6.2%	1,243,060	1.7%	72.5%	-4.2%	\$111.05	3.8%	\$80.52	-0.6%
2018	5,236	8.7%	1,336,576	7.5%	71.7%	-1.0%	\$112.75	1.5%	\$80.90	0.5%
2019	5,235	2.6%	1,365,430	2.2%	71.5%	-0.4%	\$116.63	3.4%	\$83.34	3.0%
2020	5,373	0.1%	1,040,904	-23.8%	54.4%	-23.9%	\$99.53	-14.7%	\$54.14	-35.0%
2021	5,468	4.3%	1,405,348	35.0%	70.4%	29.4%	\$123.92	24.5%	\$87.25	61.2%
2022	5,574	1.1%	1,454,702	3.5%	72.1%	2.4%	\$144.55	16.6%	\$104.17	19.4%
CAGR:		1.4%		3.2%		1.8%		2.4%		4.2%
YTD Mar 2022	5,468	-	336,492	-	68.4%	-	\$125.67	-	\$85.93	-
YTD Mar 2023	5,574	1.9%	315,945	-6.1%	63.0%	-7.9%	\$135.38	7.7%	\$85.26	-0.8%

Source: CoStar | STR, Inc.

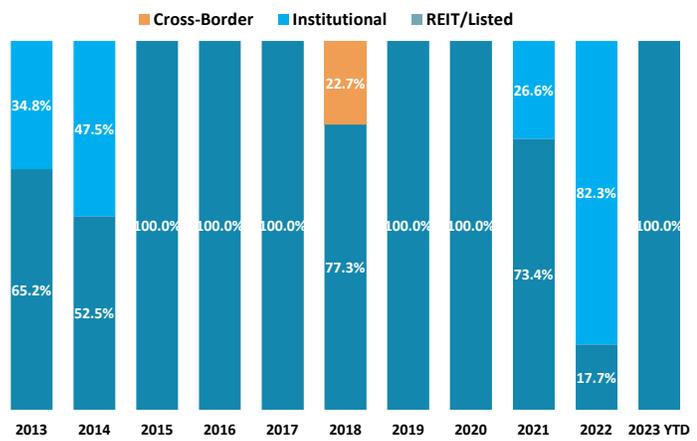
* Exclusive to branded hotels midscale and higher tiered

Select Recent Sales Transactions

Property Name	Orientation	Class Tier	Number of Rooms	Sale Date	Sale Price	\$/Room
Hilton Garden Inn Boise Downtown	Select-Service	Upscale Class	132	6/16/2022	\$32,000,000	\$242,424

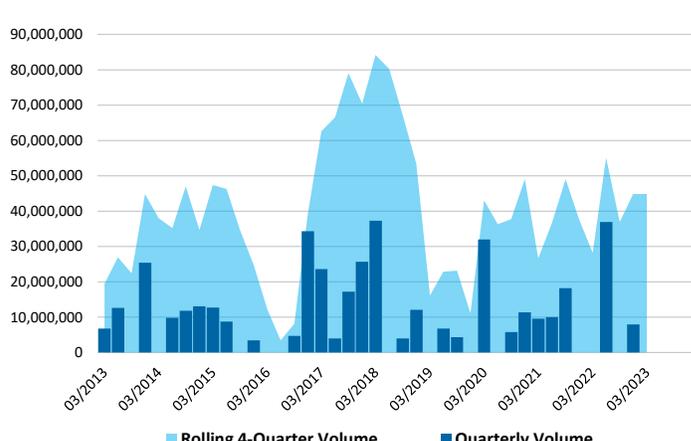
Source: Newmark Valuation & Advisory

Buyer Composition – Boise MSA



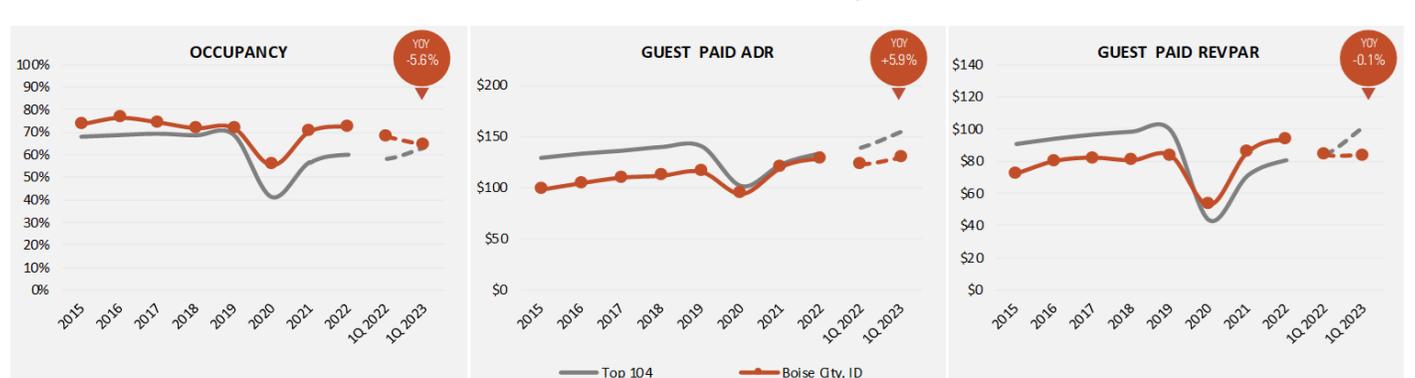
Source: Real Capital Analytics

Sales Volume (\$) - Boise MSA



Source: Real Capital Analytics

Boise Lodging Rank Among Major Hotel Markets

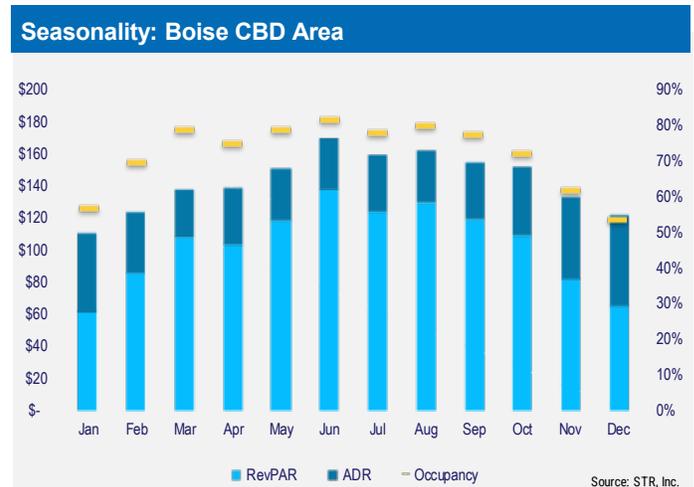
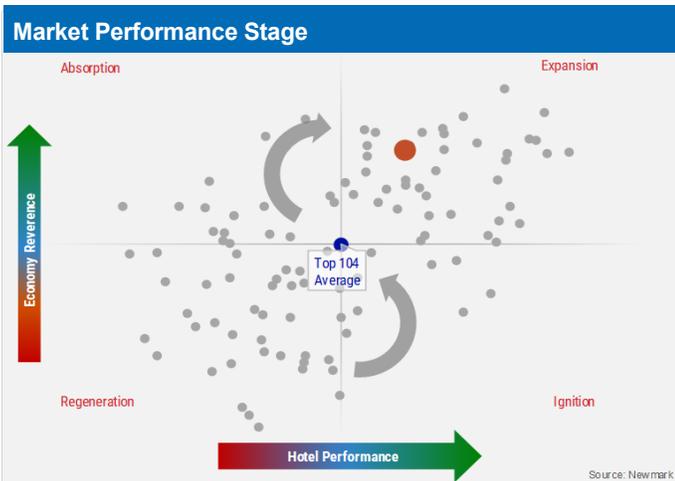


Source: Kalibri Labs

Summary of Notable Supply Additions

Property	Location	Number of Rooms	Estimated Comp. Date	Orientation	Parent Brand	Status
AC by Marriott Dual-Brand Hotel	1011 W Grove St - Boise, ID	160	Speculative	Upscale	Marriott International	On Hold
Element Dual-Brand Hotel	1011 W Grove St - Boise, ID	125	Speculative	Upscale	Marriott International	On Hold
Extended Stay America Hotel	3437 E Pine Ave - Meridian, ID	124	Q3/2023	Economy	Extended Stay Hotels	Under Construction
Home2 Suites by Hilton	200 S. Brooklyn Ave - Meridian, ID	129	Speculative	Upper Midscale	Hilton Worldwide	Planning
Hyatt Place Boise/Meridian	1175 S Silverstone Way - Boise, ID	120	Q4/2023	Upscale	Hyatt Hotels Corporation	Under Construction
Residence Inn by Marriott	N Palmetto Ave and E Plaza Dr - Eagle, ID	131	Q1/2025	Upscale	Marriott International	Starts in 1-3 months
WoodSpring Suites Boise Airport	1915 W Airport Way - Boise, ID	122	Speculative	Economy	Choice Hotels International	Planning
Hotel Renegade	1109 West Grove Street - Boise, ID	122	Q2/2024	Upscale	Independent	Under Construction

Source: BuildCentral – Hotel Market Data and Newmark Valuation & Advisory



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