



The**Retail**Coach®



SourceStrategies
HOTEL DATA + ANALYTICS

HOTELS TRENDS: BIG DATA BEFORE BIG DEVELOPMENT

WEBINAR

AUGUST 22 2023



PRESENTERS



PAUL VAUGHN

**Senior Vice President,
Source Strategies**



CAROLINE HARRELSON

**Director of Strategy,
The Retail Coach**

ABOUT THE RETAIL COACH

WE RECRUIT RETAIL

Retail recruitment is a process, not an event. Through our proprietary Retail360® Process, we offer a dynamic system of products and services that enable communities to expand their retail base and generate additional sales tax revenue.

- **21+ years of experience**
- **650 Clients served across the U.S.**
- **40 States across the U.S.**
- **90% return clients**

**MARKET BASED SOLUTIONS
ON THE GROUND ANALYSIS**

RETAIL ACTION PLAN



ABOUT SOURCE STRATEGIES

THE SOURCE STRATEGIES DATA ADVANTAGE

- Independent data source for the Texas lodging industry.
- Source Strategies maintains the **most accurate and comprehensive** Texas hotel database, covering 98% of all hotels.
- From the Texas State Comptroller **Hotel Occupancy Tax** reporting.
- Actual hotel revenue performance for 35+ years.
- Source has authored **over 1000 hotel feasibility studies** in the last decade.

- Other data sources including STR and CoStar.
- Projects may require site visit.
- The *Source Methodology*, developed in Texas, is applicable to the broader US market.
- Texas is over 8% of the total US lodging market.





Hotel Intelligence from Source Strategies

SourceStrategies
HOTEL DATA + ANALYTICS

First Quarter 2023

TEXAS HOTEL
Performance Factbook

Individual hotel performance data by metro, city and zip for all of Texas

Endorsed by
JHLA
TEXAS HOTEL & LODGING ASSOCIATION

SourceStrategies
HOTEL DATA + INTELLIGENCE

HOTEL FINANCIAL FEASIBILITY STUDY

Holiday Inn Express Hotel & Suites

2424 Service Road | Fictional City, Texas 77677

Prepared by Todd Walker
President, Source Strategies

06/27/2022

4800 Service Drive, Suite 1500 | San Antonio, Texas 78217 | (210) 714-8804 | sourcestrategies.com

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HOTEL BRANDREPORT
Hotel Industry Performance Results

February 2023
Issue #152
4th Quarter 2022

FOURTH QUARTER CAPS YEAR OF STELLAR REBOUND – REVENUES UP 14.8% OVER 4Q 2021.
By Paul Hingle, Source Strategies

TEXAS 2022 ANNUAL LODGING REVENUES EXCEEDED 2021 BY MORE THAN 25%!

TEXAS lodging's upward trajectory continued in the 4th quarter as revenues rose to over \$3.5 billion, 14.8% higher than Fourth Quarter 2021 and 24.3% above 4Q 2019. Total annual revenues were \$3.2 billion overall, while non-hotel lodging (short-term rentals, condominiums, cabins, etc.) totaled over \$177 million. While the Austin-based Rock rose continues to produce big numbers, the largest quarter-over-quarter percentage increase was in the vacationized Midland and Odessa markets, a welcome sign for the energy sector lodging providers.

2022's overall lodging performance was historic for the industry, as it was the first time since the 1990s that the industry's annual lodging revenues exceeded 2019's. Revenues in the balance of the state rose 14.5% and were 20% higher than 4Q 2019.

Annual Recap: Texas lodging room revenues grew 25.2% in calendar year 2022, compared to a 19.8% increase in 2021 after 2020's 45.8% drop. Revenue growth was 4.2% in the pre-pandemic year of 2019.

Accurate Tax-based Performance Data from 40 Texas Hotels, representing 8% of the U.S. market

Plus:

- Feasibility Studies
- Appraiser Packages
- Litigation Support
- Custom Hotel Data Analysis

SourceStrategies
HOTEL DATA + INTELLIGENCE

TRUE SHARE MARKET REPORT

Monthly REVPAR of your Comp Set by Email!

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CUSTOM MARKET STATS

OCCUPANCY
AVERAGE DAILY RATE
REVPAR
ROOM SUPPLY
ROOM-NIGHTS SOLD
REVENUE

Plus Individual Property Details

Year	Q1	Q2	Q3	Q4	Average
2023	\$48.24	\$52.24	\$53.98	\$52.35	\$51.20
2024	\$43.58	\$45.88	\$43.05	\$42.61	\$43.52
2018	\$33.83	\$34.25	\$36.30	\$38.67	\$33.24
2017	\$33.34	\$33.34	\$36.04	\$36.89	\$32.46
2016	\$31.74	\$31.74	\$36.26	\$38.11	\$31.96
2015	\$23.92	\$25.02	\$25.72	\$25.35	\$25.01
2010	\$22.08	\$24.14	\$27.68	\$27.04	\$25.24
Average	\$38.21	\$41.84	\$42.84	\$41.67	\$41.30

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TEXAS HOTEL MARKETS REPORT 2022

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THE TEXAS HOTEL VALUATION FACTBOOK
2022 Annual

Individual Hotel and Market Performance Data for Past 3 Years with Assessments for Past Two Years

March 2023

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UNDERSTANDING REVPAR

**REvenue Per
Available Room**



Neutral Toward Occupancy & Rate

Calculated by:

- Occupancy * Rate
- Revenue/ Rooms/ Days in the Period

REVPAR Example:

- Example Hotel revenue for one year: \$2 Million
- Number of Rooms: 100
- $REVPAR = \$54.79 (2,000,000 / 100 / 365)$

Rate	Occupancy	REVPAR
\$91.32	60%	\$54.79
\$109.58	50%	\$54.79
\$68.49	80%	\$54.79

DATA TO UNDERSTAND YOUR HOTEL MARKET

TEXAS HOTEL PERFORMANCE FACTBOOK – Second Quarter 2023 Annual (12 months ending 06/30/2022 vs 12 months ending 06/30/2023)

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Sorted by Metropolitan Statistical Area (MSA), by City and by Zip Code, then by highest REVPAR in latest period.

Metro Area City Hotel	Zip Brand (# Htls)	# Rms	\$ Room Revenues ¹			C %Chg	\$ ADR Est. ²		Est. % Occupancy ³			\$ REVPAR ⁴				
			2022	Est	2023		Est	2023	% Chg	2022	2023	Pt. Chg	2021	2022	2023	\$ Chg
SAN ANTONIO 78216																
EMBASSY SUITES SA	EMBAS	261	9,963,560		11,148,854		11.9	145.79	7.8	77.4	80.3	2.9	62.19	104.59	117.03	12.44
HOME2 SUITES	HOME2	111	3,721,221		4,079,831		9.6	134.33	2.2	69.9	75.0	5.1	67.67	91.85	100.70	8.85
ESTANCIA DEL NORT	X.UPS	277	7,887,655		9,458,324		19.9	142.88	12.3	61.3	65.5	4.2	33.77	78.01	93.55	15.54
MARRIOTT SAN ANTO	MARRT	365	1,544,532		11,453,821		641.6	141.92	52.6	50.0	60.6	10.6		46.50	85.97	39.47
STAYBRIDGE SUITES	STAYB	136	2,966,274		4,153,551		40.0	113.96	31.4	68.9	73.4	4.5	34.78	59.76	83.67	23.92
HAMPTON INN & SUI	HAMPT	106	3,277,394		3,217,332		-1.8	129.56	3.3	67.5	64.2	-3.3	45.65	84.71	83.16	-1.55
TOWNEPLACE SUITES	TOWNP	106	3,425,881		3,216,436		-6.1	114.26	-5.4	73.3	72.8	-.5	57.50	88.55	83.13	-5.41
HOLIDAY INN EXPRE	HIEXP	154	3,876,286		4,209,403		8.6	115.46	7.3	64.1	64.9	.8	42.89	68.96	74.89	5.93
CANDLEWOOD SUITES	CANDL	70	1,863,217	Y	1,873,588		.6	96.92	4.2	78.4	75.7	-2.7	58.12	72.92	73.33	.41
DRURY PLAZA HOTEL	DRURY	274	7,167,552		7,327,287		2.2	114.39	3.0	64.5	64.0	-.5	51.70	71.67	73.27	1.60
COURTYARD SAN ANT	COURT	78	2,250,063		2,062,166		-8.4	116.15	1.6	69.1	62.4	-6.8	46.87	79.03	72.43	-6.60
ALOFT PARK NORTH/	ALOFT	141	3,723,517		3,723,033			114.39	7.6	68.0	63.2	-4.8	37.35	72.35	72.34	-.01
SPRINGHILL SUITES	SPRNG	116	2,916,274		3,053,296		4.7	111.36	8.6	67.2	64.8	-2.4	49.11	68.88	72.11	3.24
DOUBLETREE SAN AN	DOUBL	384	8,532,197		9,803,603		14.9	115.45	24.9	65.8	60.6	-5.3	47.57	60.87	69.95	9.07
HYATT PLACE QUARR	HYATP	126	3,988,006		2,544,128		-36.2	104.20	-12.6	72.7	66.2	-6.5	47.28	86.71	68.95	-17.77
HILTON GARDEN INN	HILTG	117	3,214,052		2,898,370		-9.8	111.06	.6	68.2	61.1	-7.1	47.01	75.26	67.87	-7.39
FAIRFIELD INN AIR	FAIRF	120	2,673,977		2,933,777		9.7	95.73	1.7	64.9	70.0	5.1	34.43	61.05	66.98	5.93
DRURY INN & SUITE	DRURY	120	3,173,791		2,913,951		-8.2	102.77	-10.1	63.4	64.7	1.3	41.25	72.46	66.53	-5.93
LA QUINTA INN & S	LAQUN	276	5,680,959		5,996,695		5.6	91.08	-.7	61.5	65.4	3.9	32.88	56.39	59.53	3.13
DRURY PEARTREE IN	DRURY	124	2,354,474		2,513,366		6.7	82.90	6.5	66.8	67.0	.2	34.22	52.02	55.53	3.51
DAYS INN	DAYS	49	1,061,610		870,236		-18.0	75.05	-7.4	73.3	64.8	-8.4	35.12	59.36	48.66	-10.70
EL MONTAN MOTOR H		29	529,204		479,005		-9.5	67.79	7.3	79.1	66.8	-12.4	42.18	50.00	45.25	-4.74
STUDIO 6 AIRPORT	STUD6	115	1,473,969		1,876,426		27.3	61.37	22.6	70.2	72.8	2.7	33.31	35.12	44.70	9.59
INTOWN SUITES SAN	INTOW	137	1,956,486		1,875,772		-4.1	49.63	-1.6	77.6	75.6	-2.0	35.58	39.13	37.51	-1.61
RED ROOF INN SAN	REDRF	135	1,710,754		1,775,340		3.8	55.93	4.0	64.5	64.4	-.1	29.83	34.72	36.03	1.31
SURESTAY PLUS SA	SURES	61	793,185	Y	657,051		-17.2	44.11	-16.2	67.7	66.9	-.8	22.56	35.62	29.51	-6.11
ZIP-CODE 78216	(26)	3988	91,726,090		106,114,642		15.7	109.96	9.4	67.3	66.7	-.6	44.08	67.66	73.36	5.69

DATA TO UNDERSTAND YOUR HOTEL MARKET

TEXAS HOTEL PERFORMANCE FACTBOOK – Second Quarter 2023 Annual (12 months ending 06/30/2022 vs 12 months ending 06/30/2023)

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Sorted by City and then by highest REVPAR in latest period.

Non-Metro Areas City Hotel	Zip Brand (# HtIs)	# Rms	\$ Room Revenues ¹			\$ ADR Est. ²		Est. % Occupancy ³			\$ REVPAR ⁴						
			2022	Est	2023	Est	%Chg	2023	% Chg	2022	2023	Pt. Chg	2021	2022	2023	\$ Chg	
[REDACTED]	[REDACTED]																
LA QUINTA INN & S	LAQUN	83	2,473,020		2,456,706		-0.7	115.24	1.3	71.7	70.4	-1.4	63.81	81.63	81.09	-0.54	
HOLIDAY INN EXPRE	HIEXP	67	1,357,937		1,314,167		-3.2	94.40	5.4	62.0	67.9	5.9	46.38	55.53	64.12	8.59	
HAMPTON INN	HAMPT	72	1,511,748		1,677,650		11.0	96.81	4.4	62.1	65.9	3.9	42.89	57.52	63.84	6.31	
BEST WESTERN PLUS	BWPLS	58	1,292,029		1,259,463		-2.5	88.14	-7.5	64.0	67.5	3.5	47.04	61.03	59.49	-1.54	
MICROTEL INN & SU	MICRO	64	1,101,000		1,139,000		3.5	86.58	4.9	57.1	56.3	-0.8	38.54	47.13	48.76	1.63	
QUALITY INN	QUALY	106	1,712,455		1,584,468		-7.5	74.52	-10.8	53.0	55.0	2.0	33.78	44.26	40.95	-3.31	
STUDIO 6 SWEETWAT	STUD6	64	934,022		873,491		-6.5	57.87	-14.2	59.3	64.6	5.3	30.05	39.98	37.39	-2.59	
[REDACTED] INN		40	528,002		250,537		-52.5	59.34	-12.1	53.6	57.4	3.8	31.35	36.16	34.04	-2.12	
[REDACTED] MOTEL		49	524,106		558,911		6.6	61.57	-4.0	45.7	50.8	5.1	23.67	29.30	31.25	1.95	
ECONOLODGE INN &	ECONO	44	543,952		349,786		-35.7	48.34	-30.1	49.0	45.1	-3.9	19.29	33.87	21.78	-12.09	
CITY [REDACTED]	(10)	647	11,978,271		11,464,179		-4.3	83.74	-3.3	58.6	60.9	2.3	39.34	50.72	50.96	.24	

WHAT MAKES A GOOD HOTEL OPPORTUNITY?

Incentives:

- Land
- Hotel Occupancy Tax (HOT) rebates
- Services to property: water, sewer, electric
- Zoning is complimentary

Possible Dealbreakers:

- Community over-reach
- Meeting space
- Lack of consistent demand drivers

FEASIBILITY METHOD

THE SOURCE BIG DATA FEASIBILITY METHOD

Overview

- Analyze/Forecast Local Market Performance
- Analyze Wider Market for Trends
- Analyze Nearby Comparable Hotels
- Derive REVPAR Index of Proposed Hotel
- Apply Subject REVPAR Index to Local Market Performance Projection
- Forecast Subject Revenues, Rates and Occupancies
- Generate Financial Performance and Cashflow



LOCAL MARKET PERFORMANCE

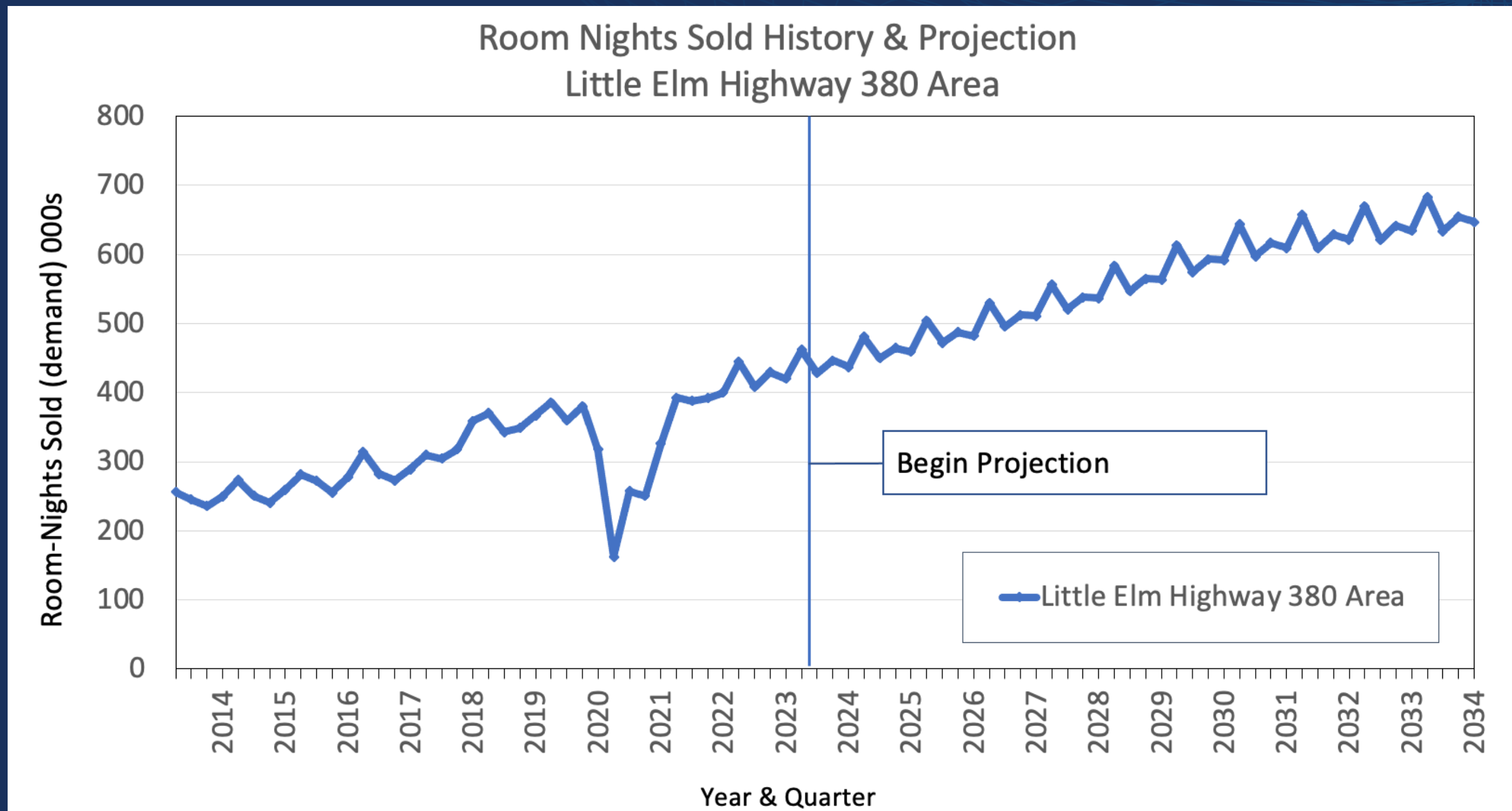
- A reasonable set of hotels near subject hotel.
- May including the hotel's main competitors.
- Look to understand the area's past performance.
- Forecast future performance.
- Establish REVPAR Index of existing hotels – the *REVPAR Waterline*.
- Establish the value of hotel sites.



Typically, 10 year history in Texas, 6 year history outside Texas.

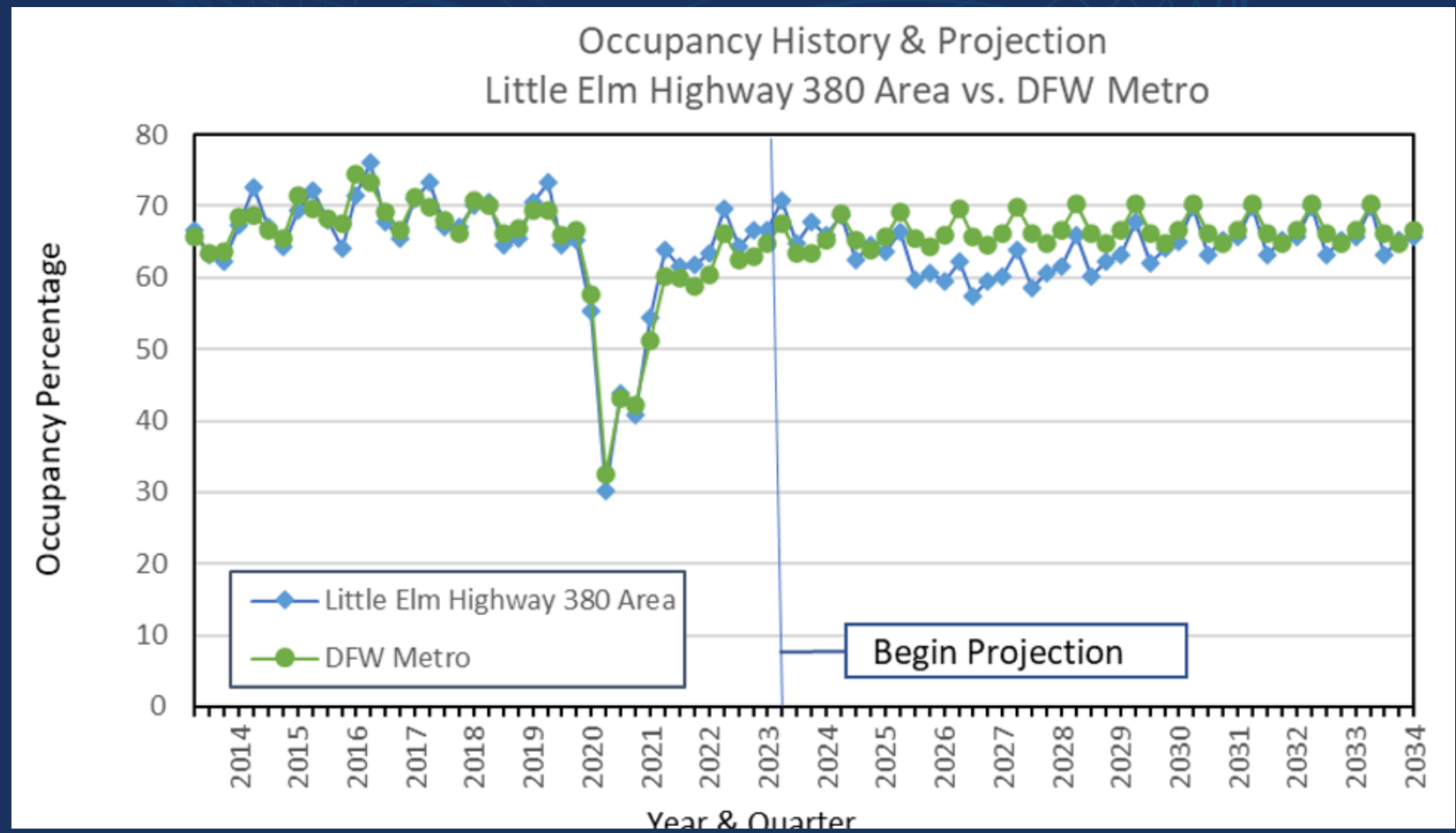
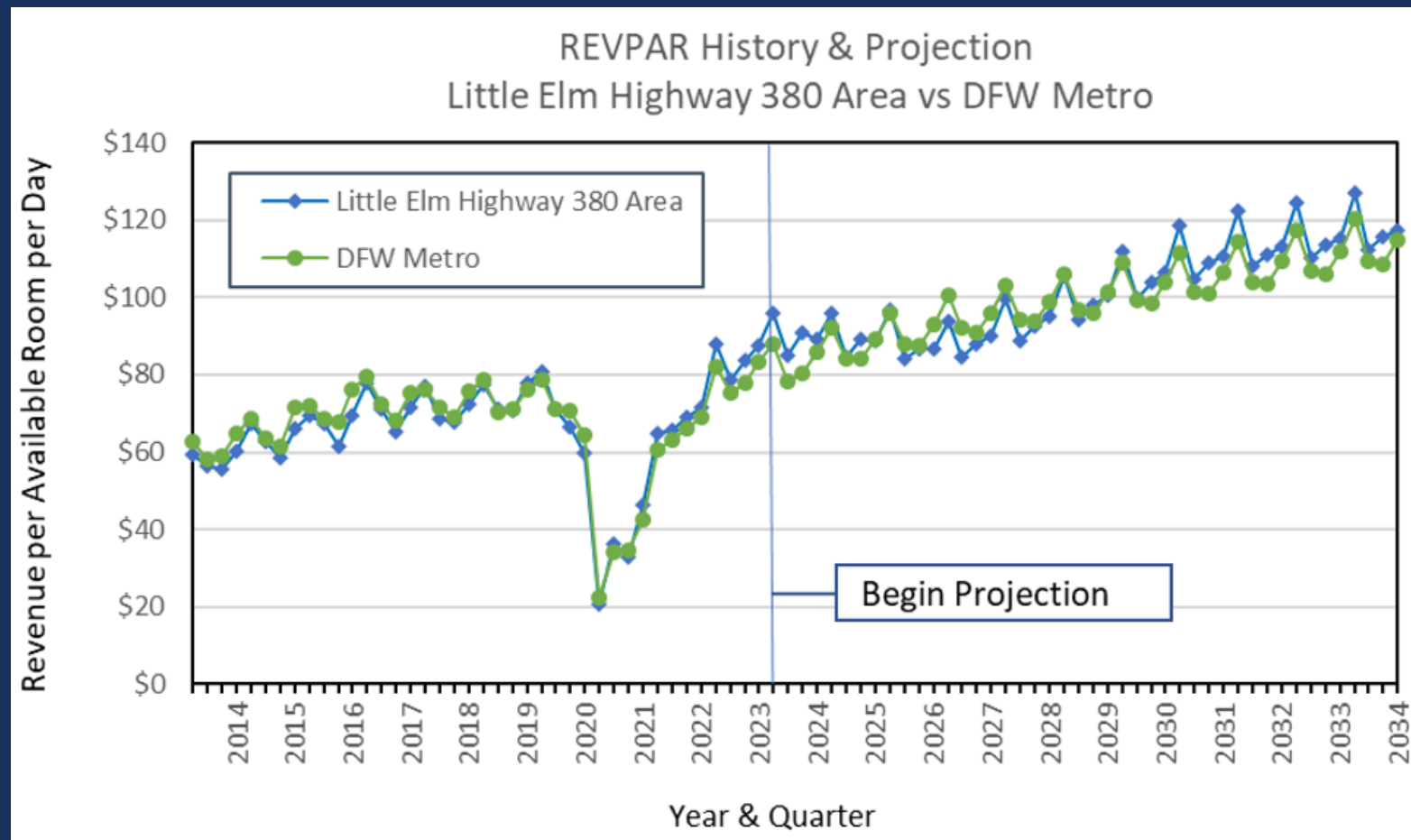
LOCAL MARKET DEMAND PROJECTION

Factors include historical trends, population growth, new demand drivers, age of existing hotels.



METRO/WIDE MARKET PERFORMANCE

- Metro market or Costar submarket around subject property.
- Shows broader market trend.



BASE MARKET

Very wide market

Mix of lodging properties

Similar characteristics to Local Market

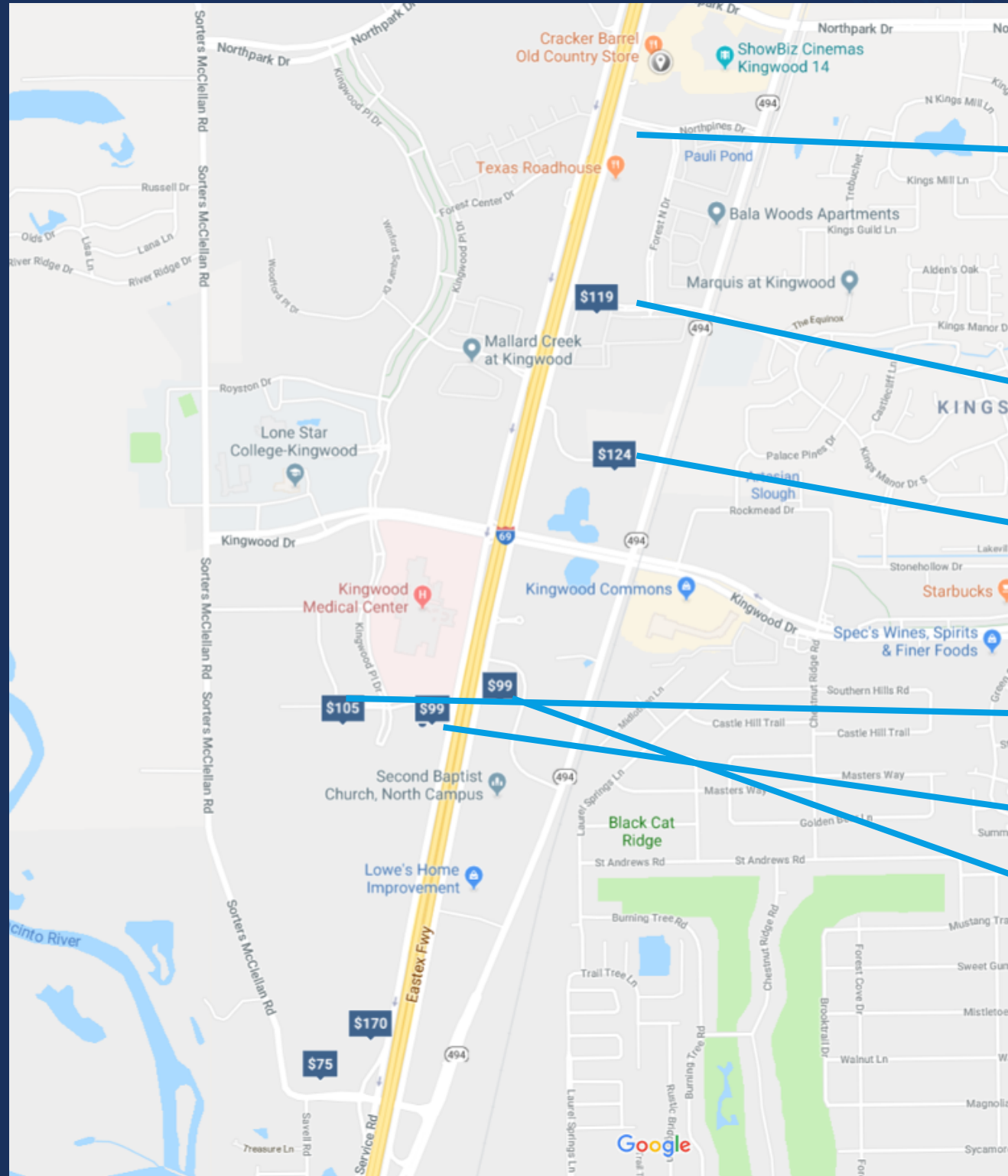
Establish brand performance hierarchy

Data from millions of consumer purchases

Uses Source Strategies' proprietary **Match Market** technology data

May not include the Local Market

ANALYSIS OF NEARBY PROPERTIES



Proposed Home2Suites Hotel

Courtyard Marriott

Homewood Suites by Hilton

Candlewood Suites

La Quinta Inn & Suites Medical

Holiday Inn & Suites

⇧ DERIVATION OF COMPARABLE HOTELS

Source Strategies evaluates existing properties in the area to understand current performance based on 6 factors.

1. **Brand Base Value:** Effect of brand, including product quality levels.
2. **Brand Aging:** Effect of brand's overall age on average performance.
3. **Property Size:** Effect of property size (room count) on results.
4. **Other Adjustments:** Accounting for various factors, including under- or over-supply in the subject hotel's product segment.
5. **Newness (Age of Property):** Effects of normal hotel life cycle.
6. **Site:** Likely influence of the selected site.

DERIVATION OF COMPARABLE HOTELS

Six factors of each hotel

1.Brand (Base Value)

2.Brand Age

3.Site Value

4.Size

5.Newness (Age of Property)

6.Other

	Candlewood Suites	Courtyard by Marriott Houston	Holiday Inn Express & Suites	Homewood Suites by Hilton	La Quinta Inn & Suites
	77339	77339	77339	77339	77339
Brand Base Value	1.10	1.51	1.31	1.70	1.04
Brand Age	1.01	1.08	0.99	1.01	1.17
Site Value	0.78	0.95	0.83	1.19	0.96
Size	1.06	1.09	1.03	1.12	1.28
Other	1.00	1.00	0.90	1.00	1.00
Newness	1.06	1.12	0.88	0.90	0.94
Performance Factor	97%	188%	88%	206%	140%
Market REVPAR	\$48.10	\$48.10	\$48.10	\$48.10	\$48.10
Projected Performance	\$46.78	\$90.65	\$42.42	\$99.40	\$67.68
REVPAR latest 12 months	\$46.78	\$90.64	\$42.42	\$99.40	\$67.68
Index (Proj. Vs Actual)	100	100	100	100	100
Units in Above Subject	77	102	74	75	50
Average Units	92	129	81	102	92
Size Adjustment (33%)	6	9	3	12	28
Year Built	2010	2014	1999	2000	2003

DERIVATION OF COMPARABLE HOTELS

Six factors of each hotel

- 1.Brand (Base Value)
- 2.Brand Age
- 3.Site Value
- 4.Size
- 5.Newness (Age of Property)
- 6.Other

1.0 is Neutral

Over 1.0 is positive

Less than 1.0 is negative

	Candlewood Suites	Courtyard by Marriott Houston	Holiday Inn Express & Suites	Homewood Suites by Hilton	La Quinta Inn & Suites
	77339	77339	77339	77339	77339
Brand Base Value	1.10	1.51	1.31	1.70	1.04
Brand Age	1.01	1.08	0.99	1.01	1.17
Site Value	0.78	0.95	0.83	1.19	0.96
Size	1.06	1.09	1.03	1.12	1.28
Other	1.00	1.00	0.90	1.00	1.00
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QUANTIFYING EXISTING AND PROPOSED HOTELS

Brand Based Value:

- Ratio of performance to the overall market
 - Existing Home2 Suites: 21 Hotels and 2,200 rooms
 - Home2 Suites Base Market average REVPAR: **\$84.39**
 - Base Market REVPAR: **\$51.58**
 - $\$84.39 / \$51.58 = 1.636$ or **164% Base Value**
-

Brand Based Value Comparison:

- Homewood Suites: 170
- **Home2 Suites: 164**
- Courtyard: 151
- Hampton Inn: 144
- Holiday Inn Express: 131
- La Quinta: 104

⚡ QUANTIFYING EXISTING AND PROPOSED HOTELS

Property Size:

- Home2 Suites Average Size: 104 units
- Proposed Home2 Size: 100 units
- Size Factor: 1.01 or 101%

-
- Size factor assigns a premium if property is smaller than average.
 - Keeping a project conservatively-sized assures a higher per-unit revenue (REVPAR).
 - Customer does not care about how many rooms are in the hotel.

Other Factors:

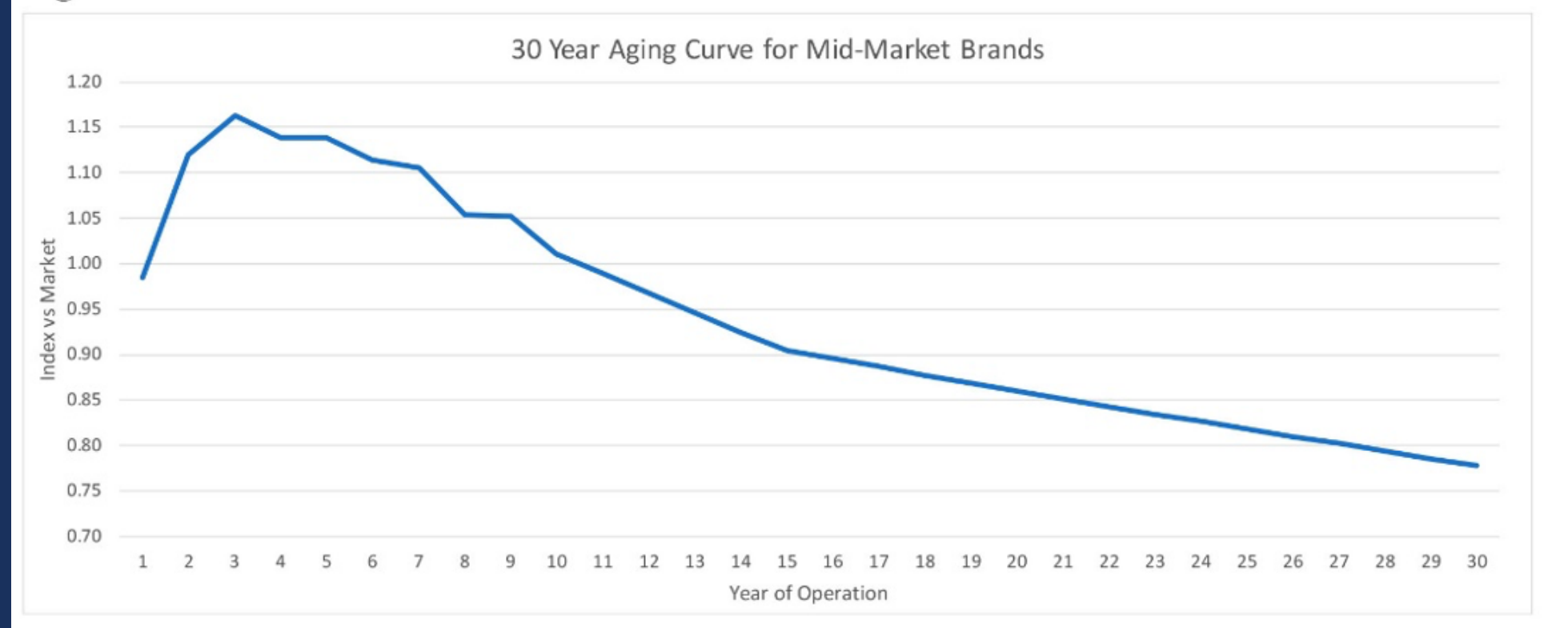
- Over- or under-supply of product
- Quality of amenities
- Quality of management

QUANTIFYING EXISTING AND PROPOSED HOTELS

Property Age:

- Reflects standard hotel life cycle:
 - 98% (-2%) in year 1;
 - 112% for year 2;
 - 116% for years 3;
 - 114% for years 4 and 5;
 - 111% for years 6 and 7;
 - 2.2% decline for years 11-15;
 - 1% decline per year for years 16+

Figure 5:

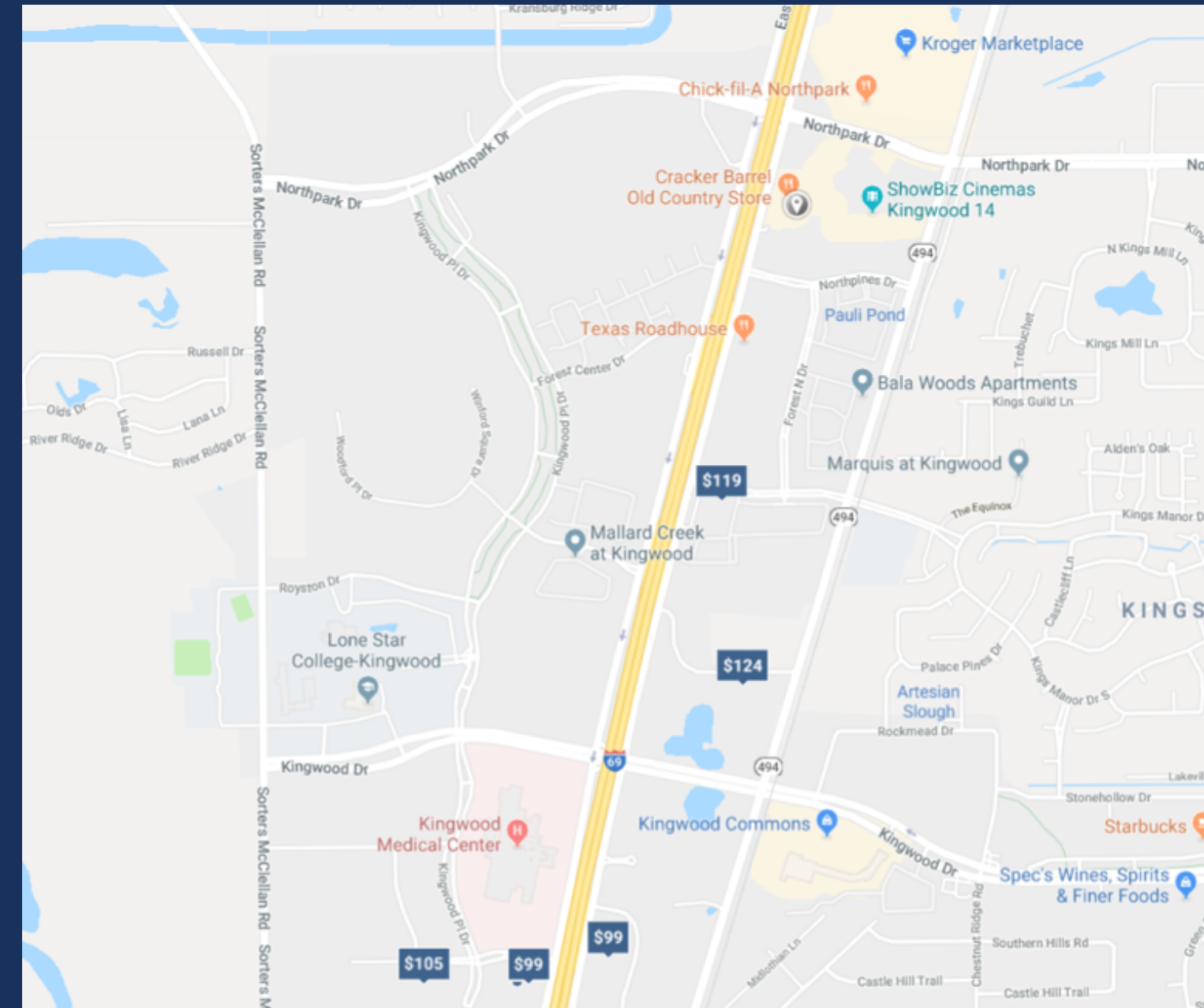


Typically, a new hotel will have a significant advantage over older products.

≡ QUANTIFYING EXISTING AND PROPOSED HOTELS

Property Site:

- Proposed Home2 Suites: 1.05 or 105%
 - In heart of new development
 - Excellent visibility with quick access
 - Proximity to Med Center and Airport
-
- What makes a good hotel site:
 - Visibility from highway or major arteries
 - Ease of access
 - Proximity to restaurants, bars and other amenities
 - Proximity to demand drivers



PROPOSED HOME2 SUITES DERIVATION

Combining all 6 factors, we calculate subject's REVPAR will achieve 174% of the market average REVPAR in Year III, declining slowly thereafter.

Home2 Suites Derivation			
	Year I	Year II	Year III
Brand Base Value	1.64	1.64	1.64
Brand Age	0.89	0.89	0.89
Site Value	1.05	1.05	1.05
Size	1.01	1.01	1.01
Other	1.00	1.00	1.00
Newness	0.92	1.07	1.12
= Performance Factor	143%	166%	174%
x Market REVPAR	\$48.10	\$48.10	\$48.10
= Projected Performance	\$68.56	\$79.73	\$83.46



➤ ADDING THE NEW HOTEL TO MARKET

We take the derived performance factor and apply that to the local market:

Year III REVPAR index
174% (1.74)

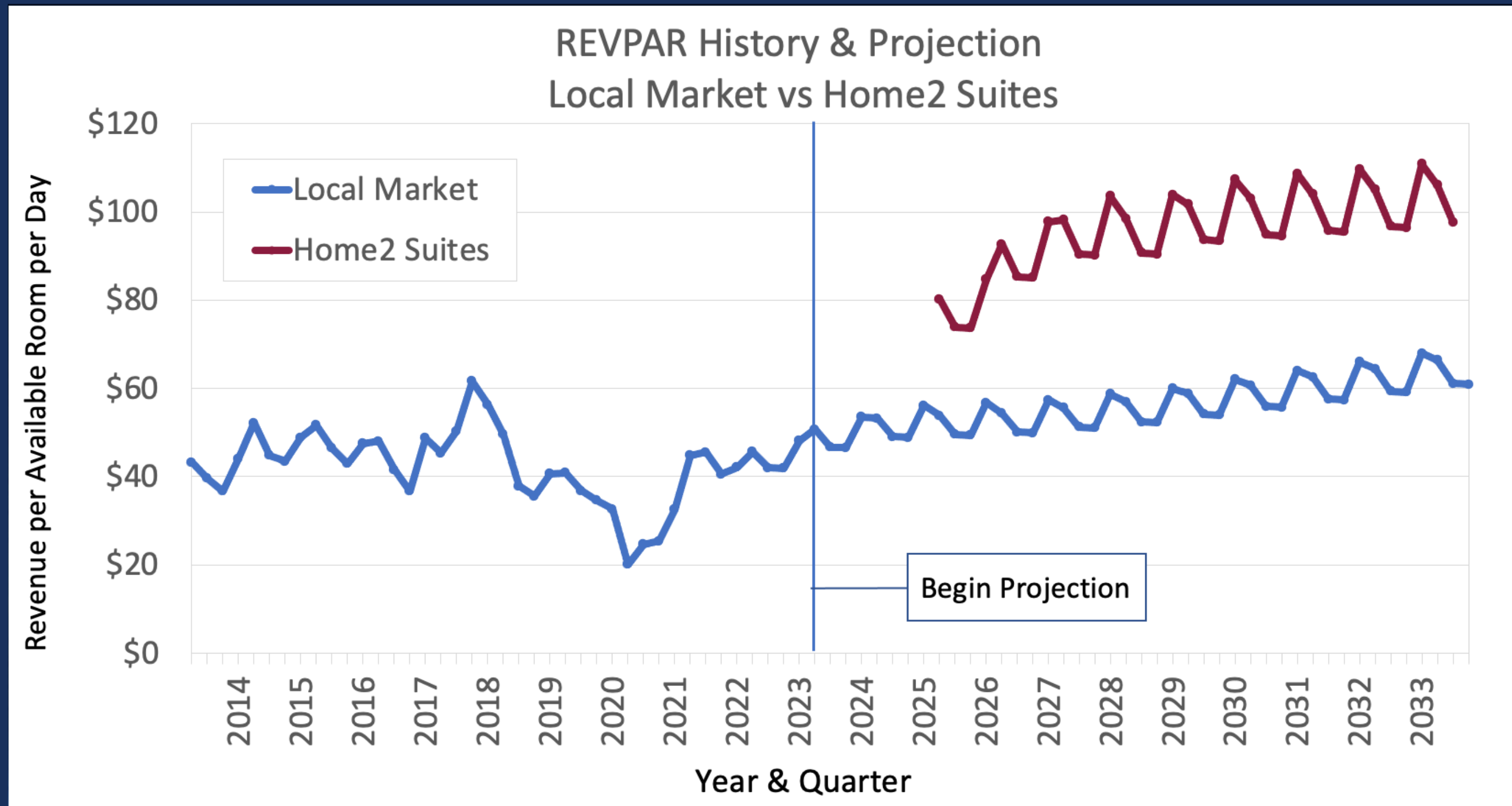


Current Market REVPAR
\$48.10

	Home2 Suites Derivation	Candlewood Suites	Courtyard by Marriott	Holiday Inn Express & Suites	Homewood Suites by Hilton	La Quinta Inn & Suites
	<u>Yr III</u>	77339	77339	77339	77339	77339
Brand Base Value	1.64	1.10	1.51	1.31	1.70	1.04
Brand Age	0.89	1.01	1.08	0.99	1.01	1.17
Site Value	1.05	0.78	0.95	0.83	1.19	0.96
Size	1.01	1.06	1.09	1.03	1.12	1.28
Other	1.00	1.00	1.00	0.90	1.00	1.00
Newness	1.12	1.06	1.12	0.88	0.90	0.94
Performance Factor	174%	98%	189%	88%	206%	141%
x Market REVPAR	\$48.10	\$48.10	\$48.10	\$48.10	\$48.10	\$48.10
= Projected Performance	\$83.46	\$47.05	\$90.83	\$42.30	\$99.07	\$67.60

PERFORMANCE FACTOR APPLIED TO LOCAL MARKET

Proposed hotel's REVPAR is projected to be 174% of the local market



APPLY INDUSTRY-STANDARD COST-PER-OCCUPIED-ROOM

Operating Costs-per-Occupied-Room

Year	Cost per Occupied Room	Room Nights Sold	Annual Operating Cost
Year I	\$53.23	26,395	\$1,405,078
Year II	\$56.31	27,211	\$1,532,325
Year III	\$58.54	27,198	\$1,592,293

GENERATE FLL 10 YEAR P&L WITH RATE OF RETURN

Home2 Suites, Year I						
Land Value: \$1,750,000	Opening Date: 04/01/2025	# Rooms: 96	Cost Per Key: \$140,625			
QUARTER:	Second	Third	Fourth	First	Year	
Roomnights Sold	6,653	6,622	6,600	6,520	26,395	
Roomnights Available	8,736	8,832	8,832	8,640	35,040	
Occupancy %	76.2%	75.0%	74.7%	75.5%	75.3%	
Average Rate	\$105.40	\$98.60	\$98.60	\$112.20	\$103.67	
REVPAR	\$80.27	\$73.93	\$73.69	\$84.66	\$78.10	
						% Revenues
Room Revenues	\$701,273	\$652,925	\$650,807	\$731,490	\$2,736,494	98.0%
Other Revenue	\$14,025	\$13,058	\$13,016	\$14,630	\$54,730	2.0%
Total Sales	\$715,299	\$665,983	\$663,823	\$746,120	\$2,791,224	100.0%
Operating Expense - Payroll						
Administration	\$21,459	\$19,979	\$19,915	\$22,384	\$83,737	3.0%
Housekeeping	\$26,614	\$26,488	\$26,402	\$26,078	\$105,582	3.8%
Laundry	\$19,960	\$19,866	\$19,801	\$19,559	\$79,186	2.8%
Front Desk	\$39,921	\$39,732	\$39,603	\$39,117	\$158,372	5.7%
Miscellaneous	\$13,233	\$12,321	\$12,281	\$13,803	\$51,638	1.9%
Taxes/Benefits	\$19,390	\$18,942	\$18,880	\$19,350	\$76,562	2.7%
Total Payroll	\$140,577	\$137,327	\$136,882	\$140,291	\$555,077	19.9%
Room Expense						
Linen & Laundry	\$16,634	\$16,555	\$16,501	\$16,299	\$65,988	2.4%
Comp. F & B	\$19,960	\$19,866	\$19,801	\$19,559	\$79,186	2.8%
Total Room	\$36,594	\$36,421	\$36,303	\$35,857	\$145,175	5.2%
Other Expense						
Telecom	\$19,960	\$19,866	\$19,801	\$19,559	\$79,186	2.8%
Electric/Utility	\$33,267	\$33,110	\$33,002	\$32,598	\$131,977	4.7%
Maintenance & Repair	\$14,306	\$13,320	\$13,276	\$14,922	\$55,824	2.0%
Total Other	\$67,534	\$66,295	\$66,080	\$67,079	\$266,988	9.6%
General & Administration						
Marketing & Advertising	\$49,089	\$45,705	\$45,556	\$51,204	\$191,555	6.9%
Franchise Fee	\$42,076	\$39,175	\$39,048	\$43,889	\$164,190	5.9%
Credit Card	\$21,038	\$19,588	\$19,524	\$21,945	\$82,095	2.9%
Tot Admin & Gen	\$112,204	\$104,468	\$104,129	\$117,038	\$437,839	15.7%
Total Op Expense	\$356,908	\$344,511	\$343,394	\$360,265	\$1,405,078	50.3%
Gross Operating Profit	\$358,391	\$321,472	\$320,429	\$385,854	\$1,386,146	49.7%
Management Fee	\$21,193	\$19,488	\$19,425	\$22,347	\$82,453	3.0%
Income Before Fixed	\$337,197	\$301,984	\$301,004	\$363,507	\$1,303,693	46.7%
Fixed Charges						
Insurance	\$14,306	\$13,320	\$13,276	\$14,922	\$55,824	2.0%
Property Tax	\$35,765	\$33,299	\$33,191	\$37,306	\$139,561	5.0%
Deprec SL 39 Yrs.	\$86,538	\$86,538	\$86,538	\$86,538	\$346,154	12.4%
Tot Capital Expense	\$136,609	\$133,157	\$133,006	\$138,767	\$541,540	19.4%
Income Before Tax & Fin	\$200,588	\$168,827	\$167,998	\$224,741	\$762,154	27.3%
Depreciation AddBack	\$86,538	\$86,538	\$86,538	\$86,538	\$346,154	12.4%
Renovation Reserve	-\$38,570	-\$35,911	-\$35,794	-\$40,232	-\$150,507	-5.4%
Cash Flow Before Tax & Fin	\$248,557	\$219,454	\$218,742	\$271,047	\$957,800	34.3%

Home2 Suites, Year II - X										
Land Value: \$1,750,000	Opening Date: 04/01/2025	# Rooms: 96	Cost Per Key: \$140,625							
Year	2	3	4	5	6	7	8	9	10	CGR Yr 2-10
Roomnights Sold	27,211	27,198	26,743	26,821	26,894	26,889	26,884	26,879	26,809	0.2%
Roomnights Available	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	0.0%
Occupancy %	77.7%	77.6%	76.3%	76.5%	76.8%	76.7%	76.7%	76.7%	76.5%	0.2%
Average Rate*	\$116.11	\$123.08	\$125.54	\$129.31	\$130.60	\$131.91	\$133.23	\$134.56	\$135.90	3.1%
REVPAR	\$90.17	\$95.54	\$95.82	\$98.98	\$100.24	\$101.22	\$102.22	\$103.22	\$103.98	3.2%
Room Revenues	\$3,159,590	\$3,347,603	\$3,357,380	\$3,468,173	\$3,512,404	\$3,546,867	\$3,581,669	\$3,616,813	\$3,643,436	3.1%
Other Revenues	\$63,192	\$66,952	\$67,148	\$69,361						
Total Revenues	\$3,222,781	\$3,414,555	\$3,424,527	\$3,537,533						
Operating Expense - Payroll										
Administration	\$86,039	\$88,406	\$90,837	\$93,331						
Housekeeping	\$111,838	\$114,860	\$116,042	\$119,581						
Laundry	\$83,878	\$86,145	\$87,032	\$89,685						
Front Desk	\$167,756	\$172,289	\$174,063	\$179,371						
Miscellaneous	\$54,697	\$56,175	\$56,754	\$58,481						
Taxes/Benefits	\$80,673	\$82,860	\$83,956	\$86,471						
Total Payroll	\$584,883	\$600,734	\$608,683	\$626,921						
Room Expense										
Linen & Laundry	\$69,899	\$71,787	\$72,526	\$74,738	\$77,002	\$79,105	\$81,266	\$83,485	\$85,556	2.9%
Comp. F & B	\$83,878	\$86,145	\$87,032	\$89,685	\$92,403	\$94,926	\$97,519	\$100,182	\$102,668	2.9%
Total Room	\$153,777	\$157,932	\$159,558	\$164,423	\$169,405	\$174,032	\$178,784	\$183,667	\$188,224	2.9%
Other Expense										
Telecom	\$83,878	\$86,145	\$87,032	\$89,685	\$92,403	\$94,926	\$97,519	\$100,182	\$102,668	2.9%
Electric/Utility	\$139,797	\$143,574	\$145,053	\$149,476	\$154,005	\$158,211	\$162,531	\$166,970	\$171,113	2.9%
Repairs & Maint.	\$64,456	\$68,291	\$68,491	\$70,751	\$71,653	\$72,356	\$73,066	\$73,783	\$74,326	3.2%
Total Other	\$288,131	\$298,010	\$300,575	\$309,912	\$318,061	\$325,493	\$333,116	\$340,934	\$348,107	3.0%
General & Administration										
Marketing & Advert	\$221,171	\$234,332	\$235,017	\$242,772	\$245,868	\$248,281	\$250,717	\$253,177	\$255,041	3.2%
Franchise Fee	\$189,575	\$200,856	\$201,443	\$208,090	\$210,744	\$212,812	\$214,900	\$217,009	\$218,606	3.2%
Credit Card	\$94,788	\$100,428	\$100,721	\$104,045	\$105,372	\$106,406	\$107,450	\$108,504	\$109,303	3.2%
Total Admin & Gen	\$505,534	\$535,616	\$537,181	\$554,908	\$561,985	\$567,499	\$573,067	\$578,690	\$582,950	3.2%
Total Oper Expense	\$1,532,325	\$1,592,293	\$1,605,997	\$1,656,171	\$1,695,072	\$1,730,297	\$1,766,376	\$1,803,331	\$1,837,017	3.0%
Gross Op Profit	\$1,690,457	\$1,822,262	\$1,818,531	\$1,881,366	\$1,887,579	\$1,887,507	\$1,886,926	\$1,885,818	\$1,879,288	3.4%
Mngmt Fee	\$97,001	\$103,397	\$103,518	\$106,991	\$108,000	\$108,687	\$109,372	\$110,053	\$110,454	3.3%
Income Before Fixed Charges	\$1,593,456	\$1,718,864	\$1,715,013	\$1,774,375	\$1,779,580	\$1,778,820	\$1,777,555	\$1,775,765	\$1,768,834	3.4%
Fixed Charges										
Insurance	\$57,360	\$58,937	\$60,558	\$62,223	\$63,934	\$65,692	\$67,499	\$69,355	\$71,263	2.8%
Property Tax	\$143,399	\$147,343	\$151,395	\$155,558	\$159,836	\$164,231	\$168,748	\$173,388	\$178,156	2.8%
Depr. SL 39 Yrs.	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	0.0%
Total Fixed Charges	\$546,913	\$552,433	\$558,106	\$563,935	\$569,924	\$576,078	\$582,400	\$588,897	\$595,573	1.1%
Income Before Tax & Financing	\$1,046,543	\$1,166,431	\$1,156,906	\$1,210,440	\$1,209,656	\$1,202,742	\$1,195,154	\$1,186,868	\$1,173,261	4.9%
Depr. AddBack	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	\$346,154	0.0%
Renovation Reserve	-\$173,777	-\$184,118	-\$184,656	-\$190,750	-\$193,182	-\$195,078	-\$196,992	-\$198,925	-\$200,389	3.2%
Cash Flow Bef Tax & Fin	\$1,218,920	\$1,328,467	\$1,318,404	\$1,365,844	\$1,362,627	\$1,353,818	\$1,344,316	\$1,334,097	\$1,319,026	3.6%

Total Hotel Investment	
Land Value:	\$1,750,000
Improvements Budget:	\$13,500,000 @ \$140,625 per key
Total Investment:	\$15,250,000
Pre-Tax Project Return:	18.27%
Pre-Tax Return on Equity:	49.43%



DATA PACKAGES FROM SOURCE

- STR Trend Report – 6 Year History of Select Hotels
- Demographic Report: Consumer Spending, Population, Demographic Trend, 10–Mile vs County, Traffic Count
- Lodging Supply Pipeline Report: Upcoming Projects
- Submarket History and Projection: Costar Submarket
- Source Custom Analysis:
 - Brand Recommendation
 - Expected Future Performance
 - Establish REVPAR Waterline



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