



CONSULTING ASSIGNMENT

Lodging Needs Assessment Study Phase II

MONROE, WASHINGTON

SUBMITTED TO:

Mr. Tyler Christian
Economic Development Advisory Board (EDAB)
City of Monroe Washington
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PREPARED BY:

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January 26, 2023

Mr. Tyler Christian
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Re: Lodging Needs Assessment Study - Phase II
Monroe, Washington
HVS Reference: 2022021586

Dear Mr. Tyler:

Pursuant to your request, we herewith submit Phase II of the Lodging Needs Assessment Study pertaining to the city of Monroe and the six potential development sites presented to the team of consultants. We have inspected the sites and analyzed the hotel market conditions in the Monroe, Washington, area and the results of our fieldwork and analysis are presented in this report. This report is not an appraisal but has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

Per the client's request, the economic feasibility of the following hotel development sites were investigated.

Site	Parcel #	Site SF
Kelsey Lot 1	27060100115100	141,570
Kelsey Lot 2	27060100115200, 27060100115300	194,713
Hanson Lot	28063600300500	375,487
Lake Tye Site	865400002302	115,870
Airfield Site	28063500100800	1,348,618
High School Administrative Building Site	00465000000300	149,411

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC

A handwritten signature in black ink, appearing to read 'E. Bosworth'.

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Table of Contents

SECTION	TITLE	PAGE
1.	Executive Summary	1
2.	Market Area Analysis	2
3.	National and Regional Trends of the RV Park Industry	7
4.	Development Recommendations Limited-Service Hotel on North Kelsey Sites, Hanson Lot, and Lake Tye Site	18
5.	Development Recommendations Boutique Hotel on High School Administrative Site	25
6.	Development Recommendations RV Park on Airfield Site	31
7.	Methodology – Feasibility Analysis	36
8.	Feasibility Analysis - Kelsey Site 1	42
9.	Feasibility Analysis - Kelsey Site 2	53
10.	Feasibility Analysis - Hanson Lot	64
11.	Feasibility Analysis - Lake Tye Site	75
12.	Feasibility Analysis – High School Administrative Building	86
13.	Feasibility Analysis – Airfield Site	98
14.	Feasibility Conclusion	113
15.	Statement of Assumptions and Limiting Conditions	114
16.	Certification	117

Addenda

Copy of STR Trend Report

1. Executive Summary

The city of Monroe engaged HVS Consulting and Valuation (“HVS”) to conduct the second phase of the City’s Lodging Needs Assessment. The first phase of the study included an analysis of six developments sites identified by the city of Monroe as target locations that would help capture more overnight demand and visitation to the city of Monroe. This would in turn support the City’s goal of transitioning to a destination location, rather than a drive-through market.

This second phase of the engagement identifies the economic feasibility of each site considering the ideal improvement. Based on our Phase I site evaluation findings, HVS has concluded that four of the six proposed sites are most suitable for the development of a lodging property. The North Kelsey Sites, the Hanson Lot, and the Lake Tye Site would be most suitable for a midscale or upper-midscale limited-service hotel. Furthermore, the Airfield would be most suitable for an upper-midscale, decentralized lodging product. Finally, the High School Administrative Building Site has been considered as an adaptive reuse project for a boutique hotel, with feasibility determined based on the cost to redevelop the property.

Per the client’s request, the feasibility of all six sites was further analyzed as outlined in this study.

2. Market Area Analysis

FIGURE 2-1 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change	
2014	1,311	478,608	—	358,797	—	75.0 %	\$122.38	—	\$91.74	—	
2015	1,438	524,843	9.7 %	382,843	6.7 %	72.9	127.53	4.2 %	93.03	1.4 %	
2016	1,496	546,034	4.0	389,947	1.9	71.4	127.06	(0.4)	90.74	(2.5)	
2017	1,706	622,690	14.0	444,563	14.0	71.4	130.54	2.7	93.20	2.7	
2018	1,706	622,690	0.0	449,070	1.0	72.1	131.98	1.1	95.18	2.1	
2019	1,706	622,690	0.0	454,394	1.2	73.0	132.16	0.1	96.44	1.3	
2020	1,706	622,690	0.0	275,340	(39.4)	44.2	103.96	(21.3)	45.97	(52.3)	
2021	1,706	622,690	0.0	380,106	38.0	61.0	113.89	9.6	69.52	51.2	
Year-to-Date Through August											
2019	1,706	414,558	—	310,893	—	75.0 %	\$135.96	—	\$101.96	—	
2020	1,706	414,558	0.0 %	181,772	(41.5) %	43.8	108.28	(20.4) %	47.48	(53.4) %	
2021	1,706	414,558	0.0	255,597	40.6	61.7	111.17	2.7	68.54	44.4	
2022	1,706	414,558	0.0	301,060	17.8	72.6	140.67	26.5	102.16	49.0	
Average Annual Compounded Change:											
2014 – 2019			5.4 %	2014 – 2019			4.8 %	2014 – 2019			1.0 %
2014 – 2020			4.5	2014 – 2020			(4.3)	2014 – 2020			(10.9)
2014 – 2021			3.8 %	2014 – 2021			0.8 %	2014 – 2021			(3.9) %

Hotels Included in Sample	Class	Number of Rooms	Year Affiliated	Year Opened	Comments
Best Western Cascadia Inn	Midscale Class	134	Oct 1994	Jun 1984	
Residence Inn Seattle North Lynnwood	Upscale Class	120	May 1987	May 1987	
Residence Inn Seattle Northeast Bothell	Upscale Class	120	May 1991	May 1991	
Best Western Sky Valley Inn	Midscale Class	58	Apr 1994	Apr 1994	
Hampton by Hilton Inn Seattle North/Lynnwood	Upper Midscale Class	152	Oct 1998	Oct 1998	
Executive Residency by Best Western Navigator Inn & Suites	Upper Midscale Class	102	Jun 2022	May 1999	
Holiday Inn & Suites Bothell - Seattle Northeast	Upper Midscale Class	84	Jul 2020	Oct 1999	S/O April '20, R/O July '20
Holiday Inn Express Bothell	Upper Midscale Class	79	Jan 2002	Jan 2002	
Holiday Inn Express & Suites Everett	Upper Midscale Class	99	Aug 2004	Aug 2004	
Holiday Inn Express & Suites Seattle North Lynnwood	Upper Midscale Class	80	Feb 2010	Feb 2010	
Hilton Garden Inn Seattle Bothell	Upscale Class	128	Oct 2010	Oct 2010	
Homewood Suites by Hilton Lynnwood Seattle Everett	Upscale Class	170	May 2014	May 2014	
Hampton by Hilton Inn Seattle/Everett	Upper Midscale Class	122	Jul 2014	Jul 2014	
Courtyard Seattle North Everett Downtown	Upscale Class	156	Oct 2016	Oct 2016	
Hampton by Hilton Inn & Suites Seattle Woodinville	Upper Midscale Class	102	May 2020	Dec 2016	S/O April '20, R/O May '20
		1,706			

Source: STR

FIGURE 2-2 SEASONALITY

	2014	2015	2016	2017	2018	2019	2020	2021
High Season - June, July, August, September								
Occupancy	87.2 %	86.2 %	84.3 %	84.6 %	83.5 %	82.5 %	45.9 %	73.2 %
Average Rate	\$133.78	\$142.96	\$143.93	\$147.67	\$150.78	\$147.93	\$100.04	\$128.86
RevPAR	116.68	123.26	121.38	124.89	125.86	122.08	45.92	94.28
Shoulder Season - February, March, April, May, October, November								
Occupancy	70.8 %	69.5 %	68.4 %	67.9 %	70.2 %	71.5 %	41.7 %	56.6 %
Average Rate	\$115.28	\$118.56	\$117.82	\$121.33	\$121.44	\$123.93	\$105.03	\$104.00
RevPAR	81.68	82.46	80.64	82.33	85.24	88.58	43.77	58.85
Low Season - January, December								
Occupancy	60.6 %	56.6 %	56.3 %	55.8 %	55.4 %	58.5 %	48.3 %	50.2 %
Average Rate	\$111.16	\$113.19	\$112.58	\$112.17	\$115.23	\$117.73	\$108.57	\$103.54
RevPAR	67.34	64.04	63.40	62.55	63.84	68.92	52.46	51.98

Source: STR

FIGURE 2-3 AVERAGE DAILY OCCUPANCY PATTERNS BY MONTH

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Sep - 21	59.7 %	60.6 %	65.6 %	66.5 %	66.0 %	78.4 %	85.0 %	68.6 %
Oct - 21	45.2	54.8	57.7	57.4	56.9	63.2	66.4	57.5
Nov - 21	43.8	53.5	56.3	56.1	57.0	61.9	61.9	55.7
Dec - 21	50.0	56.7	59.0	57.5	53.7	61.2	65.2	57.6
Jan - 22	46.7	55.4	59.0	57.6	55.0	55.7	56.1	54.8
Feb - 22	54.3	61.2	64.9	65.1	60.7	66.6	73.3	63.7
Mar - 22	52.7	63.3	67.3	69.6	65.1	71.2	75.1	66.4
Apr - 22	56.6	68.5	75.4	75.9	71.2	73.8	75.6	71.2
May - 22	61.2	68.0	76.7	77.1	71.6	79.5	86.1	73.8
Jun - 22	70.8	82.4	89.3	84.9	81.1	86.5	92.3	83.9
Jul - 22	72.1	77.8	84.2	86.3	85.6	88.3	90.9	83.6
Aug - 22	67.9	78.8	83.7	85.0	83.7	90.2	91.6	83.0
Average	56.7 %	65.0 %	70.0 %	70.2 %	67.2 %	72.9 %	76.3 %	68.3 %

Source: STR

FIGURE 2-4 AVERAGE DAILY ADR PATTERNS BY MONTH

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Sep - 21	\$125.85	\$123.22	\$126.95	\$125.63	\$124.17	\$131.94	\$134.54	\$127.74
Oct - 21	118.55	118.48	118.52	119.54	118.38	121.42	122.29	119.85
Nov - 21	114.79	115.29	118.22	116.92	116.38	113.93	117.27	116.19
Dec - 21	110.88	112.39	114.43	112.96	112.42	112.07	113.36	112.67
Jan - 22	109.83	112.11	114.18	114.05	113.05	110.30	110.59	111.98
Feb - 22	113.36	113.33	114.82	115.58	113.43	115.40	116.97	114.80
Mar - 22	115.36	117.43	116.55	119.00	116.36	117.75	119.13	117.46
Apr - 22	119.80	124.14	125.49	126.42	122.74	125.15	125.62	124.45
May - 22	127.65	128.84	129.45	129.20	127.46	135.41	139.76	131.22
Jun - 22	153.58	157.26	161.49	158.79	157.03	165.56	170.99	160.82
Jul - 22	162.35	161.76	163.81	165.85	168.73	180.63	183.69	170.63
Aug - 22	160.76	160.38	165.04	164.75	165.41	179.07	181.32	168.16
Average	\$130.74	\$131.34	\$133.59	\$134.06	\$132.49	\$137.63	\$139.84	\$134.47

Source: STR

FIGURE 2-5 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Estimated 2019				Estimated 2021					
		Commercial	Leisure	Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Best Western Cascadia Inn	134	60 %	25 %	15 %	134	60 - 65 %	\$85 - \$90	\$55 - \$60	134	45 - 50 %	\$70 - \$75	\$35 - \$40	75 - 80 %	50 - 55 %
Best Western Plus Navigator Inn & Suites	102	60	20	20	102	65 - 70	115 - 120	80 - 85	102	55 - 60	115 - 120	65 - 70	90 - 95	95 - 100
Best Western Sky Valley Inn	58	50	25	25	58	65 - 70	130 - 140	90 - 95	58	60 - 65	130 - 140	80 - 85	100 - 110	120 - 130
Courtyard by Marriott Seattle Everett Downtown	156	45	25	30	156	65 - 70	130 - 140	95 - 100	156	60 - 65	115 - 120	70 - 75	100 - 110	100 - 110
Hampton by Hilton Seattle Everett	122	60	30	10	122	80 - 85	120 - 125	95 - 100	122	70 - 75	105 - 110	75 - 80	110 - 120	100 - 110
Hampton by Hilton Seattle North Lynnwood	152	65	20	15	152	75 - 80	130 - 140	100 - 105	152	60 - 65	110 - 115	65 - 70	100 - 110	95 - 100
Hampton by Hilton Seattle Woodinville	102	40	45	15	102	75 - 80	150 - 160	120 - 125	102	60 - 65	130 - 140	80 - 85	100 - 110	120 - 130
Hilton Garden Inn Seattle Bothell	128	40	30	30	128	65 - 70	150 - 160	105 - 110	128	35 - 40	130 - 140	50 - 55	60 - 65	70 - 75
Holiday Inn & Suites Bothell - Seattle Northeast	84	60	25	15	84	45 - 50	95 - 100	45 - 50	84	40 - 45	90 - 95	35 - 40	65 - 70	50 - 55
Holiday Inn Express & Suites Everett	99	60	35	5	99	75 - 80	110 - 115	85 - 90	99	65 - 70	95 - 100	65 - 70	110 - 120	90 - 95
Holiday Inn Express & Suites Lynnwood	80	50	40	10	80	70 - 75	120 - 125	85 - 90	80	55 - 60	100 - 105	60 - 65	95 - 100	85 - 90
Holiday Inn Express Bothell Canyon Park	79	65	20	15	79	70 - 75	120 - 125	85 - 90	79	60 - 65	100 - 105	60 - 65	100 - 110	90 - 95
Homewood Suites by Hilton Seattle Lynnwood	170	75	20	5	170	75 - 80	140 - 150	110 - 115	170	65 - 70	115 - 120	75 - 80	100 - 110	110 - 120
Residence Inn by Marriott Seattle North Lynnwood Everett	120	80	15	5	120	75 - 80	140 - 150	115 - 120	120	70 - 75	130 - 140	100 - 105	120 - 130	140 - 150
Residence Inn by Marriott Seattle Northeast Bothell	120	80	15	5	120	75 - 80	150 - 160	120 - 125	120	70 - 75	120 - 125	90 - 95	120 - 130	120 - 130
Totals/Averages	1,706	61 %	25 %	14 %	1,706	73.0 %	\$132.16	\$96.50	1,706	61.0 %	\$113.68	\$69	100 %	100.0 %

* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

FIGURE 2-6 ACCOMMODATED-ROOM-NIGHT DEMAND – BASE YEAR

Market Segment	2019 Marketwide		2021 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	275,892	61 %	208,900	55 %
Leisure	114,819	25	113,946	30
Group	63,978	14	56,973	15
Total	454,688	100 %	379,819	100 %

FIGURE 2-7 FORECAST OF MARKET OCCUPANCY

	2019	2021	2022	2023	2024	2025	2026	2027	2028
Commercial									
Total Demand	275,892	208,900	233,969	238,648	267,286	275,304	279,434	279,434	279,434
Growth Rate		(24.3) %	12.0 %	2.0 %	12.0 %	3.0 %	1.5 %	0.0 %	0.0 %
Leisure									
Total Demand	114,819	113,946	142,432	144,569	137,340	133,220	133,220	133,220	133,220
Growth Rate		(0.8) %	25.0 %	1.5 %	(5.0) %	(3.0) %	0.0 %	0.0 %	0.0 %
Group									
Total Demand	63,978	56,973	66,658	67,991	70,031	71,432	72,146	72,146	72,146
Growth Rate		(10.9) %	17.0 %	2.0 %	3.0 %	2.0 %	1.0 %	0.0 %	0.0 %
Totals									
Base Demand	454,688	379,819	443,059	451,208	474,657	479,956	484,800	484,800	484,800
Total Demand	454,688	379,819	443,059	451,208	474,657	479,956	484,800	484,800	484,800
Overall Demand Growth	—	38.0 %	16.7 %	1.8 %	5.2 %	1.1 %	1.0 %	0.0 %	0.0 %
Market Mix									
Commercial	60.7 %	55.0 %	52.8 %	52.9 %	56.3 %	57.4 %	57.6 %	57.6 %	57.6 %
Leisure	25.3	30.0	32.1	32.0	28.9	27.8	27.5	27.5	27.5
Group	14.1	15.0	15.0	15.1	14.8	14.9	14.9	14.9	14.9
Existing Hotel Supply	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706
Proposed Hotels									
Proposed Subject Property ¹					67	100	100	100	100
Available Room Nights per Year	622,690	622,690	622,690	622,690	647,190	659,190	659,190	659,190	659,190
Nights per Year	365	365	365	365	365	365	365	365	365
Total Supply	1,706	1,706	1,706	1,706	1,773	1,806	1,806	1,806	1,806
Rooms Supply Growth	0.0 %	0.0 %	0.0 %	0.0 %	3.9 %	1.9 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	73.0 %	61.0 %	71.2 %	72.5 %	73.3 %	72.8 %	73.5 %	73.5 %	73.5 %

¹ Opening in May 2024 of the 100% competitive, 100-room Proposed Subject Property

3. National and Regional Trends of the RV Park Industry

In the RV campground industry, supply is measured by the number of rentable sites available, and demand is measured by the number of sites occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends as indicated by the current competitive market, resulting in a forecast of market-wide occupancy.

National Trends Overview

The subject property and local RV campground market are most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national market. We have reviewed national trends to provide a context for the forecast of the supply and demand for the subject property’s competitive set.

Numerous year-end reports are published annually by various trade organization for RV parks and campgrounds. HVS has purchased and utilized publications from 2019, 2020, and 2021, if available. Since 2020 and the beginning of the COVID-19 pandemic, the RV industry has realized tremendous growth. The ability to work and go to school remotely has allowed for substantial investment in the industry. The number of people camping, the length of stay, and the frequency of trips have all increased, which has led to a significant increase in the number of RVs being manufactured and shipped within the United States.

FIGURE 3-1 RV MANUFACTURING – SHIPPED UNITS 2016–2021

	New RV Units Shipped	% Change Annually	% Change Annually Compounded
2016	430,691	—	—
2017	504,600	17.2%	17.2%
2018	483,672	-4.1%	6.0%
2019	406,070	-19.5%	-1.9%
2020	430,412	-14.7%	0.0%
2021	600,240	19.0%	6.9%

Source: RV IA Annual RV Shipment Reports

The increase in RV units manufactured and sold has resulted in a higher number of active camper households. To meet the demand of the growth of camping in the United States, RV manufacturers have ramped up production, realizing an increase of 19.0% in 2021 over the number of RVs shipped in 2020.

FIGURE 3-2 NATIONAL CAMPING HOUSHOLDS 2014–2020

Year	Active Camper Households	% of Total Households	Annual % Change	% Change Since 2014 Compounded Annually
2014	71,500,000	58%	—	—
2015	73,000,000	59%	1.7%	1.7%
2016	74,900,000	61%	3.4%	2.6%
2017	77,000,000	61%	0.0%	1.7%
2018	79,100,000	62%	1.6%	1.7%
2019	82,300,000	64%	3.2%	2.0%
2020	86,100,000	67%	4.7%	2.4%

Source: National Association of RV Parks & Campgrounds, 2020

As detailed above, the number of households in the United States that have gone camping represents 67% of total households in the county, having increased from a percentage of 58% in 2014. The number of households utilizing RV parks and campgrounds has increased by 2.4% annually since 2014.

The increase in campers began before the COVID-19 pandemic; however, the pandemic did influence the industry in a positive way. The ability to work and attend school remotely has allowed for increasing trends in length and frequency of camping trips to RV resorts.

FIGURE 3-3 FREQUENCY OF CAMPING TRIPS

Year	1 Time/Year	% Chg.	2 Times/Year	% Chg.	3+Times/Year	% Chg.	Total Trips
2014	5,767,000	—	16,020,000	—	10,253,000	—	32,040,000
2015	6,279,000	8.9%	17,442,000	8.9%	11,163,000	8.9%	34,884,000
2016	5,196,000	-17.2%	17,929,000	2.8%	13,991,000	25.3%	37,116,000
2017	5,157,000	-0.8%	16,256,000	-9.3%	17,145,000	22.5%	38,558,000
2018	4,707,000	-8.7%	16,868,000	3.8%	17,650,000	2.9%	39,225,000
2019	5,036,221	7.0%	18,046,460	7.0%	18,885,830	7.0%	41,968,511
2020	13,508,101	168.2%	12,060,804	-33.2%	22,674,312	20.1%	48,243,217
Compounded 2014-2020		15.2%		-4.6%		14.1%	

Source: 2021 RVIA North American Camping Report

As evidenced by the data above, the number of total trips and the frequency of trips have increased since 2014. The number of households taking more than three trips in a given year has increased by 14.1% (compounded annually) from 2014 through 2020. This demonstrates that the current growth of the industry is not only attributed to the pandemic.

While the number of households taking camping trips has increased, the age of the residents that are taking camping trips continues to evolve.

FIGURE 3-4 AGE OF FIRST-TIME CAMPERS

	% of Total US Population					% of First Time Campers				
	GenZ	Millennials	Gen X	Boomers	Mature	GenZ	Millennials	Gen X	Boomers	Mature
2017	3%	37%	35%	18%	7%	6%	45%	32%	15%	3%
2018	6%	35%	36%	18%	5%	11%	45%	25%	14%	4%
2019	9%	35%	37%	15%	4%	14%	43%	29%	9%	5%
2020	11%	37%	31%	18%	3%	17%	41%	25%	5%	12%

Source: 2021 RVIA North American Camping Report

Participation in camping among the Millennial and GenZ generations has grown steadily over time and continues to exceed what is observed in the general population trends. Growth among the Mature generation was notable in 2020, as well, attributed primarily to the safety of staying in one’s own unit during COVID-19.

National Trends – Rates

Most RV resort properties base their rental rates on several factors. The unit type is the first contributing factor and includes various levels of RV and campsites with variations of utility hookups, as well as tent/non-RV suitable sites. Additionally, as detailed, many RV resort properties have other lodging accommodation types on site, such as cabins, cottages, hotel/motel units, etc. Rental rates, also known as average daily rates (ADRs), for these units are typically higher than the site rental due to the physical unit on site. Moreover, the length of stay, seasonality, and day of week all factor into the rate positioning. Many properties offer discounted rates for off- and shoulder-season periods, as well as discounted rates for midweek stays. Lastly, discounts are typically offered for length of stay on a weekly, monthly, seasonal, or annual basis.

FIGURE 3-5 NATIONAL RENTAL RATES – HOLIDAY/SPECIAL EVENT

MEDIAN Summary: Holiday/Special Rate	TOTAL	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
		Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$50	\$54	\$50	\$49	\$48	\$48	\$53	\$65	\$42	\$49	\$50	\$58
Water & electric only	\$43	\$44	\$42	\$35	\$44	\$42	\$47	\$50	\$35	\$43	\$42	\$52
Rustic/tent	\$30	\$35	\$30	\$25	\$28	\$30	\$30	\$39	\$25	\$29	\$33	\$35
Electric only	\$38	\$36	\$37			\$38				\$40	\$35	
Water only	\$30					\$30						
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$145	\$159	\$150	\$134	\$149	\$146	\$135	\$162	\$100	\$146	\$150	\$180
Rustic cabins	\$70	\$72	\$73	\$63	\$65	\$70	\$66	\$85	\$65	\$66	\$79	\$75
Park model cabins	\$155	\$159	\$160	\$139	\$241	\$151	\$178	\$154		\$167	\$139	\$171
Modern RV trailers	\$109	\$144	\$100	\$106		\$100				\$100	\$118	\$137
Glamping units	\$119	\$135				\$106					\$97	
Motel/hotel rooms												

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

FIGURE 3-6 NATIONAL RENTAL RATES – WEEKEND

MEDIAN Summary: Weekend Rate	TOTAL	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
		Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$48	\$49	\$47	\$46	\$48	\$47	\$50	\$62	\$40	\$47	\$50	\$55
Water & electric only	\$40	\$43	\$40	\$35	\$43	\$40	\$46	\$46	\$35	\$40	\$40	\$49
Rustic/tent	\$29	\$35	\$28	\$25	\$28	\$29	\$29	\$34	\$23	\$29	\$30	\$35
Electric only	\$35	\$33	\$35			\$35				\$36	\$35	
Water only	\$29					\$27						
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$134	\$150	\$135	\$122	\$147	\$128	\$129	\$149	\$98	\$146	\$135	\$177
Rustic cabins	\$65	\$68	\$68	\$63	\$65	\$65	\$65	\$78	\$65	\$65	\$69	\$71
Park model cabins	\$135	\$159	\$131	\$133	\$206	\$135	\$143	\$139		\$135	\$125	\$166
Modern RV trailers	\$110	\$135	\$100	\$98		\$101				\$100	\$114	\$136
Glamping units	\$99					\$97					\$97	
Motel/hotel rooms												

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

FIGURE 3-7 NATIONAL RENTAL RATES – MIDWEEK

MEDIAN Summary: Midweek Rate	TOTAL	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
		Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$47	\$49	\$45	\$45	\$47	\$45	\$50	\$60	\$41	\$45	\$49	\$54
Water & electric only	\$40	\$42	\$39	\$35	\$43	\$39	\$43	\$43	\$35	\$40	\$40	\$46
Rustic/tent	\$29	\$35	\$27	\$22	\$28	\$29	\$26	\$35	\$23	\$29	\$30	\$34
Electric only	\$35	\$33	\$35			\$35				\$36	\$35	
Water only	\$30					\$27						
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$125	\$150	\$125	\$117	\$134	\$125	\$120	\$146	\$98	\$128	\$125	\$167
Rustic cabins	\$65	\$65	\$66	\$65	\$65	\$65	\$65	\$70	\$64	\$65	\$68	\$74
Park model cabins	\$135	\$157	\$138	\$125	\$134	\$135	\$152	\$123		\$127	\$125	\$162
Modern RV trailers	\$109	\$135	\$100	\$98		\$100				\$95	\$114	\$144
Glamping units	\$99				\$95	\$96					\$89	
Motel/hotel rooms	\$114											

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

FIGURE 3-8 NATIONAL RENTAL RATES – WEEKLY

MEDIAN Summary: Weekly Rate	TOTAL	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
		Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$288	\$310	\$285	\$270	\$290	\$282	\$300	\$385	\$269	\$270	\$291	\$329
Water & electric only	\$250	\$271	\$245	\$220	\$252	\$247	\$273		\$252	\$245	\$245	\$303
Rustic/tent	\$176	\$220	\$152	\$159	\$174	\$179	\$182		\$167	\$174	\$175	\$210
Electric only	\$224		\$234			\$223				\$225	\$219	
Water only	\$180					\$180						
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$780	\$845	\$811	\$650	\$871	\$751	\$857		\$750	\$828	\$666	\$1,003
Rustic cabins	\$420	\$416	\$420		\$447	\$408	\$455		\$425	\$385	\$398	\$455
Park model cabins	\$795	\$986	\$718	\$795	\$596	\$794	\$795			\$733	\$739	\$904
Modern RV trailers	\$592	\$750	\$625	\$497		\$605				\$557	\$500	\$750
Glamping units	\$665	\$691				\$655					\$510	
Motel/hotel rooms												

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

FIGURE 3-9 NATIONAL RENTAL RATES – MONTHLY

MEDIAN Summary: <u>Monthly Rate</u>	TOTAL	Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$630	\$799	\$680	\$525	\$597	\$630	\$684	\$675	\$496	\$611	\$625	\$801
Water & electric only	\$650	\$710	\$622	\$425		\$619	\$714			\$622	\$608	\$752
Rustic/tent	\$400					\$400						
Electric only												
Water only												
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$1,370			\$1,240		\$1,150	\$2,200			\$1,000		
Rustic cabins	\$550											
Park model cabins	\$1,220			\$1,290		\$1,110	\$1,790			\$1,050	\$1,220	
Modern RV trailers	\$985					\$1,000						
Glamping units												
Motel/hotel rooms												

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

FIGURE 3-10 NATIONAL RENTAL RATES – SEASONAL

MEDIAN Summary: <u>Seasonal Monthly Rate</u>	TOTAL	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
		Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
CAMP SITES												
Full hookup	\$646	\$731	\$758	\$550	\$650	\$650	\$604	\$777	\$477	\$648	\$635	\$802
Water & electric only	\$600	\$550	\$753	\$425		\$600				\$600	\$496	\$883
Rustic/tent	\$350					\$350						
Electric only												
Water only												
OTHER ACCOMMODATIONS												
Modern cabins or cottages	\$1,690			\$1,400		\$1,630						
Rustic cabins												
Park model cabins	\$1,560			\$1,500								
Modern RV trailers	\$950					\$850						
Glamping units												
Motel/hotel rooms												

Blue shading denotes results based on fewer than 30 (unweighted) respondents; results based on fewer than 10 are suppressed.

Source: 2020 ARVC Industry Trends

The State of Washington is located in the western geographic region of the United States, also known as the West, as classified by the National Association of RV Parks & Campgrounds (ARVC). This region contains the second largest percentage of RV parks in the United States per the ARVC's annual membership survey.

FIGURE 3-11 RV LOCATIONS BY REGIONS

Location	# of Parks	% of Nation
Northeast	101	21%
Midwest	91	19%
West	105	22%
South	172	36%
Respondents	479	98%

Source: 2020 ARVC Industry Trends

The majority of guests frequenting RV parks drive to the destination. A small percentage may fly to the region and rent or utilize onsite rental units.

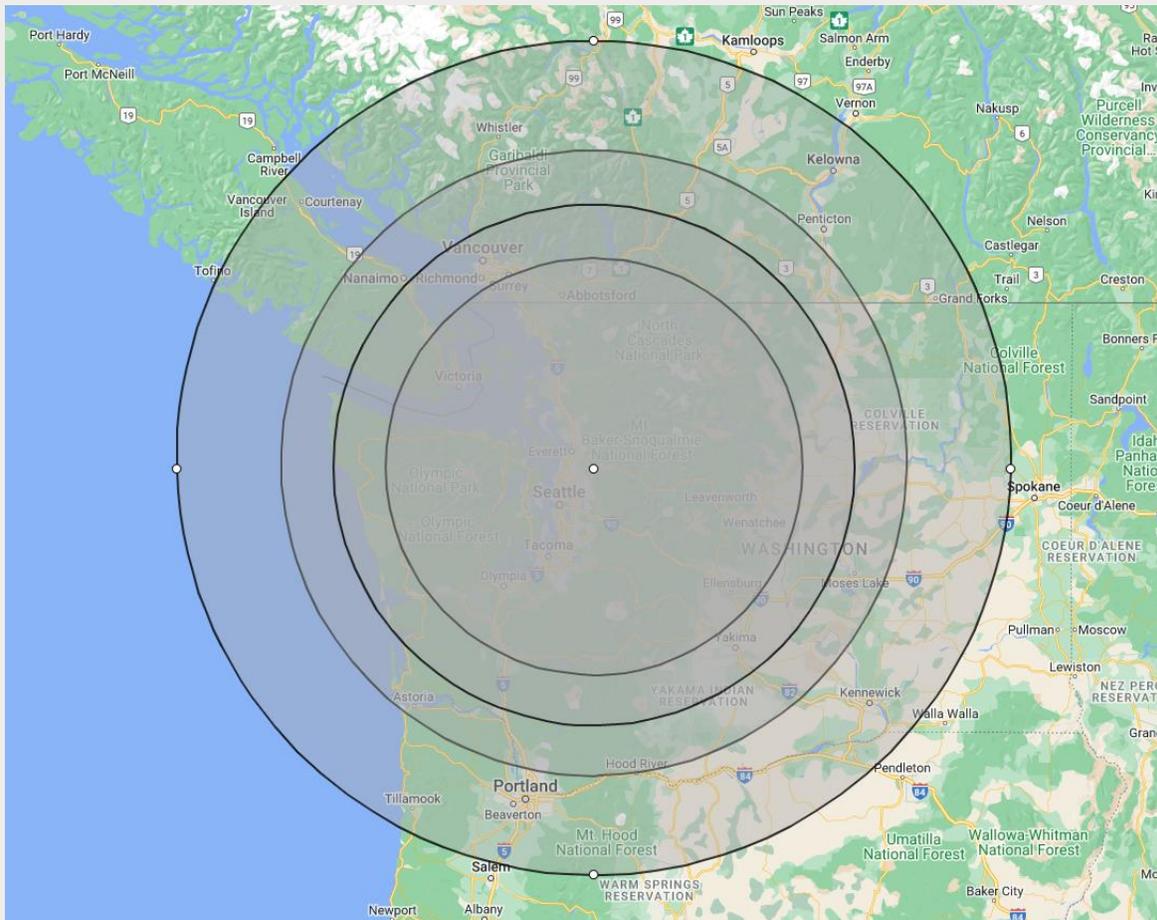
FIGURE 3-12 DRIVE RADIUS BY MILES

Respondents	<50 miles	51-100 miles	101-150 miles	151-200 miles	>200 miles
408	14%	38%	25%	10%	12%

Source: 2021 RVIA North American Camping Report

Over 60% of RV resort and campground users surveyed drive to the destination from a distance of 51 to 150 miles.

FIGURE 3-13 STATE MAP WITH MILE RADIUS – 100, 125, 150, 200 MILES



As noted previously, the proposed subject site is located in Monroe, WA; thus, the aforementioned popular distance covers the majority of the state. Due to the presence of The Evergreen State Fairgrounds, as well as major leisure attractions located in Seattle, and being a stopover point to Stevens Pass Ski Area, the market area most likely attracts a higher percentage of visitors from over 200 miles.

Other Accommodations

RV resorts are becoming more diverse in terms of options for rental units. In addition to the traditional back-in or pull-through RV sites, secondary lodging options are often available in the form of cabins or cottages, yurts, onsite RV units, and glamping products, as well as traditional hotel and motel units.

FIGURE 3-14 NATIONAL BREAKDOWN OF OTHER ACCOMODATIONS

Other Accomodations Available	REGION				OPERATIONAL STRUCTURE			# OF SITES/UNITS			
	Northeast	Midwest	South	West	Ind./ Mem	Corp. Owned	Fran-chised	<50	50-99	100-199	200+
	Modern cabins or cottages	43%	38%	28%	25%	31%	31%	67%	19%	32%	38%
Rustic cabins	47%	41%	10%	24%	27%	26%	71%	15%	27%	34%	29%
Park model cabins	23%	16%	24%	22%	18%	30%	50%	7%	16%	28%	36%
Modern RV trailers	24%	20%	13%	10%	17%	15%	13%	10%	15%	20%	20%
Glamping units	13%	8%	4%	7%	6%	7%	23%	4%	8%	8%	6%
Motel/hotel rooms	3%	5%	6%	11%	7%	5%	4%	10%	4%	6%	7%
Other	5%	4%	8%	6%	7%	5%	0%	2%	10%	5%	6%
AT LEAST ONE	78%	73%	52%	63%	63%	66%	91%	44%	65%	72%	73%

= 30% -49%
 = 50% -69%
 = 70% -89%
 = 90% (+)

Source: 2020 ARVC Industry Trends

For the purpose of this study we assumed that the proposed subject property would not be affiliated with a franchised operational structure and would feature 100 rental units.

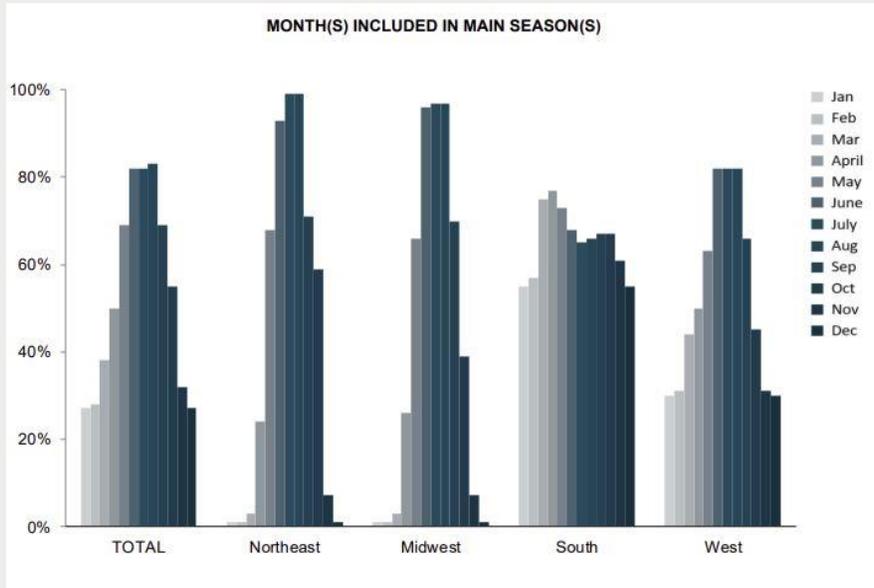
Seasonality – RV Parks

In terms of demand, RV parks typically have three segments based on seasonality, as follows:

- Peak Season
- Shoulder Season
- Off Season

Depending on the location, some RV parks close during the off season; the seasonality and closures are significantly influenced by the climate in the region.

FIGURE 3-15 SEASONALITY – RV PARKS & CAMPGROUNDS



As illustrated in the chart above, the West region shows a moderate amount of volatility in terms of seasonality given its coastal weather and numerous outdoor-focused tourist attractions. This market typically captures demand related to longer stays during the summer months, as many travelers are seeking to escape the hotter climates in the southern United States. Despite a shorter season of warm and less humid temperatures in the summer months, the market experiences strong demand related to vacationing families. Other factors include area demand generators, such as the fairgrounds, which typically host various events and tournaments year-round including equestrian events. RV parks are often used to host visiting teams and competitors’ entourage.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, lack of a chain affiliation, location, facilities, amenities, reputation, and quality of each area RV resort property, we have identified several properties that are considered primarily competitive with the subject property.

The following table summarizes the likely competitors of the proposed RV Park. This information was compiled from online resources, and our in-house database of operating and facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources to estimate positioning within the market.

FIGURE 3-16 COMPETITORS – OPERATING PERFORMANCE

Property	Estimated 2019					Estimated 2021					
	Number of Rooms	Occ.	Occupancy Penetration	Average Rate	RevPAR	RevPAR Penetration	Occ.	Occupancy Penetration	Average Rate	RevPAR	RevPAR Penetration
Evergreen State Fair RV-2	68	30 - 35 %	120 - 130 %	\$25 - \$30	\$5 - \$10	65 - 70 %	35 - 40 %	35 - 40 %	30 - 35	10 - 15	65 - 70 %
Thunderbird RV & Camping Resort	92	25 - 30	100 - 110	\$70 - \$75	\$20 - \$25	150 - 160	30 - 35	30 - 35	75 - 80	25 - 30	150 - 160
Cascades RV Resort	18	1 - 5	1 - 5	\$0 - \$5	\$0 - \$5	1 - 5	30 - 35	30 - 35	\$60 - \$65	\$20 - \$25	110 - 120
Lake Pleasant RV Park	184	20 - 25	80 - 85	\$45 - \$50	\$10 - \$15	80 - 85	25 - 30	25 - 30	50 - 55	10 - 15	80 - 85
Kayak Point	40	35 - 40	120 - 130	\$40 - \$45	\$15 - \$20	100 - 110	35 - 40	35 - 40	45 - 50	15 - 20	100 - 110
River Meadows	14	25 - 30	95 - 100	\$40 - \$45	\$10 - \$15	85 - 90	30 - 35	30 - 35	45 - 50	10 - 15	85 - 90
Totals/Averages	416	30.1 %	100.0 %	\$51.06	\$15.36	100.0 %	32.1 %	100.0 %	\$53.42	\$17.16	100.0 %

4. Development Recommendations Limited-Service Hotel on North Kelsey Sites, Hanson Lot, and Lake Tye Site

Based on our Phase I site evaluation findings of this study, HVS has concluded that three of the six proposed sites are most suitable for the development of a lodging property. The North Kelsey Sites, the Hanson Lot, and the Lake Tye Site would be most suitable for a midscale or upper-midscale limited-service hotel. Furthermore, the Airfield would be most suitable for an upscale, decentralized lodging product. Finally, the High School Administrative Building Site has been considered as an adaptive reuse project, with feasibility determined based on the cost to redevelop the property. The feasibility of all six sites was further analyzed as outlined in this study.

Franchise Selection

The proposed limited-service hotel recommended for the North Kelsey Sites, the Hanson Lot, and the Lake Tye Site is expected to be affiliated with a nationally branded franchise; as such, franchise fees are expected to be required throughout the ten-year forecast period. While a franchise had not been selected at the time of this study, the following charts provide data points as a means of comparison between different limited-service hotel chain scales and specific brands. We note that these franchise fees are subject to change and are often dependent on the operator’s experience and individual franchise fee agreement.

FIGURE 4-1 FRANCHISE FEE OVERVIEW – LIMITED SERVICE

Hotel Types	Average of Royalty Fee	Min of Royalty Fee	Max of Royalty Fee	Average of Marketing Fee	Min of Marketing Fee	Max of Marketing Fee	Average of Total Fee
Upper Midscale							
Limited-Service	5.44%	4.50%	6.00%	3.19%	2.00%	4.50%	8.63%
Midscale							
Limited-Service	4.81%	3.25%	5.50%	3.54%	3.00%	4.00%	7.91%
Grand Total	5.18%	4.19%	5.88%	3.30%	2.38%	4.38%	8.26%

FIGURE 4-2 SPECIFIC BRAND ANALYSIS – LIMITED-SERVICE

Brand	Royalty Fee	Marketing Fee	Total Fee
1 Fairfield	5.5%	2.5%	8.0%
2 Hampton Inn & Suites	6.0%	4.0%	10.0%
3 Holiday Inn Express	6.0%	3.0%	9.0%
4 Tru by Hilton	5.0%	4.0%	9.0%
5 Avid	5.0%	3.0%	8.0%
6 Comfort Suites	6.0%	3.5%	9.5%
Average	5.6%	3.3%	8.9%
Median	5.8%	3.3%	9.0%
Minimum	5.0%	2.5%	8.0%
Maximum	6.0%	4.0%	10.0%

The cost approach is particularly applicable to new and proposed hotels. In this section, we will estimate the development costs for an upper-midscale, limited-service hotel; estimate the cost allocation of the land in relation to the total project cost; and potentially add an entrepreneurial profit incentive to arrive at the total cost new to develop the proposed subject property. Hotel buyers often use the total cost new to build the facility as a benchmark against the income and sales indications, particularly for new hotels.

Land Cost Allocation Estimate

Land value may be estimated in a variety of ways, including the sales comparison approach and the allocation, extraction, or ground rent capitalization methods. For the majority of hostelry properties, the two primary methods used are the sales comparison approach and the ground-lease capitalization approach. The scope of this study does not include a land value for each site; however, in order to arrive at an appropriate development cost estimate to test the feasibility of each site scenario, we attributed roughly 7% of the total project cost to the land value, which is in line with typical land cost allocations in the Pacific Northwest. The typical range for the cost of land against the total development cost can vary widely from market to market and project to project; however, generally speaking, a project of this type would see land cost in the range of 5%-15% of total project costs.

Comparable Land Sales

Comparable land sales that recently occurred in the area are listed in the following table to further support our land cost allocation.

FIGURE 4-3 COMPARABLE LAND SALES OF PROPOSED HOTEL SITES

Parcel	Seller	Buyer	Sale Date	Sale Price	Rooms Proposed	Price per Room	Size (SF)	Price per SF
1515 Wilmington Drive, Dupont, WA	Dupont Station Partners II LLC	Northwest Lodging LLC	April-22	\$2,100,000	90	\$23,300	104,980	\$20.00
2101 Henderson Park Lane SE, Olympia	REFS Realty 2011 LLC	SPS Lands	March-22	2,540,000	118	21,500	97,468	26.06
1670 South Burlington Boulevard, Burlington, Washington 98233	Grandview North LLC	Trimark Burlington Hospitality LLC	April-22	1,346,211	104	12,900	83,848	16.06
2861 Lincoln Landing, Richland, WA	Amara Development Company	Richland Hotel Partners LLC	October-22	1,427,896	120	11,900	129,809	11.00

The selling price per square foot is a common unit of comparison. The comparable parcels transacted for amounts ranging from \$11.00 to \$26.06 per square foot. Several factors have a significant impact on the indicated unit rate: the location, the size of the parcel, the land use designation, and the date of sale. The comparable parcels differ from the subject site in various ways, but these transactions nonetheless provide a good overview of the current market conditions for commercial land in the area.

A more meaningful analysis is the cost per proposed hotel room for each of these land sales. Based on the amounts for which the comparable parcels transacted, the current market value of the subject site would lie within the range of \$11,000 per room to \$20,000 per room. Moreover, based on this comparable sales data and our market knowledge, the contributory value of the land at roughly \$15,000 per room has been estimated to be \$1,500,000, which is in line with the land cost allocation of 7.0% as previously discussed.

Land Cost Allocation Reconciliation

Our opinion of land cost allocation at \$15,000 per room is roughly 7.0% of the proposed subject property's total development cost. The range of values derived from the sales comparison approach supports this land value cost allocation.

Development Cost

The proposed subject property is expected to feature 100 rooms and is expected to feature an appropriate complement of amenities typical for its limited-service product type, chain scale, brand affiliation, and the Snohomish County Lodging market. The hotel will also contain the appropriate parking capacity (surface) and all necessary back-of-the-house space.

Because the proposed subject property will be a hotel, we have reviewed the HVS Cost Estimate Survey and comparable construction budgets similar in scope to the proposed subject hotel in performing a cost analysis. The detailed cost reflects a total construction cost of \$20,600,000, including site costs, hard and soft costs, and pre-opening and working capital, as well as any developers fee, but excludes an entrepreneurial incentive.

The HVS Development Cost Survey is compiled annually utilizing data from actual construction budgets of previous assignments. We note, however, that we are not

experts in estimating construction costs, and that these can vary widely based on location, specific attributes of the site, and more recently, inflationary pressures.

FIGURE 4-4 HVS DEVELOPMENT COST SURVEY

	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening and Working Capital	Developer Fee	Total
Limited-Service Hotels							
Average	\$14,168	\$96,154	\$14,439	\$14,968	\$2,938	\$4,243	\$146,910
Median	\$9,787	\$91,024	\$10,750	\$13,574	\$2,153	\$4,465	\$131,752
% of Total*	10%	68%	10%	10%	2%	1%	100%
Extended-Stay Hotels (Midscale)							
Average	\$20,686	\$95,735	\$16,794	\$14,414	\$2,889	\$3,984	\$154,502
Median	\$16,822	\$80,719	\$12,662	\$14,414	\$2,737	\$3,721	\$131,076
% of Total*	14%	63%	11%	9%	2%	2%	100%
Extended-Stay Hotels (Upscale)							
Average	\$17,377	\$129,130	\$28,200	\$19,932	\$4,640	\$6,699	\$205,979
Median	\$14,593	\$125,090	\$21,366	\$20,320	\$3,040	\$7,212	\$191,620
% of Total*	8%	64%	14%	10%	2%	2%	100%
Dual-Branded Hotels							
Average	\$25,354	\$152,378	\$29,792	\$22,659	\$8,004	\$7,051	\$245,238
Median	\$19,642	\$129,429	\$27,605	\$23,148	\$7,212	\$6,818	\$213,854
% of Total*	9%	64%	12%	10%	3%	2%	100%
Select-Service Hotels							
Average	\$20,950	\$181,786	\$25,041	\$26,189	\$5,512	\$9,824	\$269,302
Median	\$11,486	\$138,384	\$23,066	\$23,221	\$4,500	\$8,502	\$209,158
% of Total*	8%	68%	9%	10%	2%	3%	100%
Full-Service Hotels							
Average	\$51,397	\$291,937	\$64,437	\$38,097	\$16,494	\$14,696	\$477,058
Median	\$28,090	\$220,976	\$51,134	\$32,584	\$13,596	\$14,792	\$361,172
% of Total*	7%	66%	13%	8%	3%	2%	100%
Luxury Hotels							
Average	\$81,329	\$497,468	\$129,875	\$52,459	\$26,333	\$17,546	\$805,010
Median	\$47,508	\$482,319	\$94,194	\$45,900	\$21,868	\$20,490	\$712,279
% of Total*	10%	63%	16%	7%	3%	2%	100%
Redevelopment Projects							
Average	\$45,302	\$195,436	\$49,860	\$31,468	\$10,787	\$15,878	\$348,731
Median	\$22,165	\$145,020	\$33,862	\$23,046	\$7,166	\$13,208	\$244,467
% of Total*	13%	58%	15%	9%	3%	3%	100%
Total							
Average	\$34,509	\$201,739	\$44,512	\$27,672	\$10,285	\$11,094	\$329,810
Median	\$15,101	\$116,792	\$21,254	\$19,551	\$3,103	\$813	\$176,613
% of Total*	9%	64%	14%	9%	3%	2%	100%

*The percentage of total is calculated based on the total sample of all budgets.

Source: 2021 HVS Hotel Development Cost Survey

In addition to the survey data, we have also reviewed a selection of development cost budgets from actual comparable hotel projects HVS has consulted on, as illustrated in the following table.

FIGURE 4-5 COMPARABLE COST BUDGETS

Item	Comp #1		Comp #2		Comp #3		Comp #4	
	Tertiary, CA Limited-Service Approx. 70 Rooms		Tertiary, OR Limited-Service Approx. 90 Rooms		Secondary, CA Limited-Service Approx. 90 Rooms		Tertiary, CA Limited-Service Approx. 100 Rooms	
	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total
Building	\$157,496	69.8 %	\$117,539	62.6 %	\$129,609	75.5 %	\$108,110	63.2 %
Soft Costs	39,818	17.6	22,862	12.2	26,232	15.3	37,793	22.1
Furniture, Fixtures, & Equipment	27,917	12.4	35,611	19.0	15,833	9.2	16,266	9.5
Pre-Opening Costs & Working Capital	484	0.2	0	0.0	0	0.0	1,884	1.1
Developer Fee (if Applicable)	0	0.0	11,724	6.2	0	0.0	7,083	4.1
Total (Excluding Site Cost)	\$225,716	88.1 %	\$187,737	98.3 %	\$171,674	97.4 %	\$171,136	96.6 %
Site Cost	\$30,556	11.9 %	\$3,161	1.7 %	\$4,492	2.6 %	\$5,984	3.4 %
Total (Including Site Cost)	\$256,271	100.0 %	\$190,898	100.0 %	\$176,167	100.0 %	\$177,120	100.0 %

The following table presents a comparison of the estimated subject property development cost and the minimum, maximum, and average cost estimates of the four comparable construction budgets.

FIGURE 4-6 SUBJECT COST ESTIMATE VS COMPABLE BUDGETS

Item	Minimum		Maximum		Average		Subject Property	
	Per Room	% of Total						
Building	\$108,110	62.6 %	\$157,496	75.5 %	\$128,189	67.8 %	\$135,000	65.6 %
Soft Costs	22,862	12.2	39,818	22.1	31,676	16.8	25,000	12.2
Furniture, Fixtures, & Equipment	15,833	9.2	35,611	19.0	23,907	12.5	24,000	11.7
Pre-Opening Costs & Working Capital	0	0.0	1,884	1.1	592	0.3	1,800	0.9
Developer Fee (if Applicable)	0	0.0	11,724	6.2	4,702	2.6	4,900	2.4
Total (Excluding Site Cost)	\$171,136		\$225,716		\$189,066		\$190,700	92.7 %
Site Cost	\$3,161	1.7 %	\$30,556	11.9 %	11,048	4.9 %	\$15,000	7.3 %
Total (Including Site Cost)	\$174,297		\$256,271		\$200,114		\$205,700	100.0 %

Pre-Opening and Working Capital Costs

Pre-opening costs include expenses such as marketing, staffing, training, and administrative expenditures. Working capital includes a working capital reserve to maintain adequate cash flow until the operation reaches a break-even point. We

estimate the pre-opening costs for the proposed subject property to be roughly \$1,800 per room, or a total of \$1,800,000

Soft Costs

Soft costs include items other than labor and material that are necessary for construction but are not typically part of the construction contract. Soft costs can include professional fees, financing costs and the interest paid on construction loans, taxes and the builder’s or developer’s all-risk insurance during construction, marketing, sales, and lease-up costs incurred to achieve occupancy or sales. We estimate the amount of soft costs for the proposed subject property to be approximately \$24,000 per room, or a total of \$2,400,000.

Personal Property

To estimate the cost of furniture, fixtures, and equipment (FF&E), we surveyed the personal property of typical limited-service hotels. Following this survey, we estimate the cost of the proposed subject property’s FF&E to be roughly \$24,000 per room, or \$2,400,000 in total.

Development Cost Summary

Based on the preceding analyses, we estimate the development cost of the proposed subject property as follows, prior to the inclusion of the land cost allocation and any developer’s profit.

FIGURE 4-7 DEVELOPMENT COST SUMMARY

Item	Cost per Room	Cost
Building	\$135,000	\$13,500,000
Soft Costs	25,000	2,500,000
Furniture, Fixtures, & Equipment	24,000	2,400,000
Pre-Opening Costs & Working Capital	1,800	180,000
Developer Fee (if Applicable)	4,900	490,000
Total Replacement Cost	\$190,700	\$19,070,000

Allocation of Developer's Profit

Developer's profit represents the entrepreneurial incentive that hotel developers anticipate to induce the construction of a new hotel project. Because of economic conditions in the hotel industry, developer's profit has not always been in evidence. If the economic value of a new hotel does not exceed the development cost, indicating that developers will not earn any profit from their effort, the project is unlikely to be completed since the financial incentive is not present.

Allocation of Entrepreneurial Incentive

It is our opinion that a 5.0% entrepreneurial incentive is reasonable to reflect the financial incentive for a new hotel development in the subject market. The entrepreneurial incentive percentage is applied as follows to the cost of the building, the FF&E, and the land.

FIGURE 4-8 ALLOCATION OF ENTRRPENEURIAL INCENTIVE

Development Budget	\$20,600,000
Entrepreneurial Incentive (%)	5.0%
Entrepreneurial Incentive	<u>\$1,030,000</u>
Total Development Cost	\$21,630,000
(say)	\$21,630,000

Conclusion

To estimate the cost of developing the proposed subject property, the costs of several components of the total property were quantified. The land cost allocation was estimated using comparable land sales of proposed hotel sites and further supported by conversations with local commercial land brokers. The development cost of the building improvements was estimated using the HVS Development Cost Survey and actual construction cost budget data in the HVS project database. The following table summarizes our estimate of the total cost new to build the proposed subject property excluding a developer’s incentive.

FIGURE 4-9 RECAP OF TOTAL DEVELOPMENT COST ESTIMATE

Item	Cost per Room	Cost
Building	\$135,000	\$13,500,000
Soft Costs	25,000	2,500,000
Furniture, Fixtures, & Equipment	24,000	2,400,000
Pre-Opening Costs & Working Capital	1,800	180,000
Developer Fee (if Applicable)	4,900	490,000
Land	15,000	1,500,000
Total Cost New Estimate (Rounded)	\$206,000	\$20,600,000

Knowledgeable hotel buyers generally base their purchase decisions on economic factors, such as projected net income and return on investment. The cost approach is generally of limited use because it does not reflect these income-related considerations. Moreover, it requires a number of highly subjective estimates.

Although the data used to compile this estimate is generally reliable, it should be noted that only a rough indication of what the development cost may be is provided here. Individuals who require an accurate cost estimate should retain the services of a professional construction cost estimator.

5. Development Recommendations Boutique Hotel on High School Administrative Site

Based on our Phase I site evaluation findings of this study, the High School Administrative Site has been considered as an adaptive reuse project, with feasibility determined based on the cost to redevelop the property. The feasibility of this site was further analyzed as outlined in this chapter

Franchise Selection

Per the client's request we have further analyzed the feasibility of a proposed boutique hotel for the High School Administrative Site. The proposed hotel is recommended to operate independently of a brand affiliation, therefore our financial forecasts do not reflect any franchise fee expenses.

The cost approach is particularly applicable to new and proposed hotels. In this section, we will estimate the development costs for a boutique hotel; estimate the cost allocation of the land in relation to the total project cost; and potentially add an entrepreneurial profit incentive to arrive at the total cost new to redevelop the proposed subject property. Hotel buyers often use the total cost new to build the facility as a benchmark against the income and sales indications, particularly for new hotels.

Land Cost Allocation Estimate

Land value may be estimated in a variety of ways, including the sales comparison approach and the allocation, extraction, or ground rent capitalization methods. For the majority of hostelry properties, the two primary methods used are the sales comparison approach and the ground-lease capitalization approach. The scope of this study does not include a land value for each site; however, in order to arrive at an appropriate development cost estimate to test the feasibility of each site scenario, we attributed roughly 7% of the total project cost to the land value, which is in line with typical land cost allocations in the Pacific Northwest. The typical range for the cost of land against the total development cost can vary widely from market to market and project to project; however, generally speaking, a project of this type would see land cost in the range of 5%-15% of total project costs. Based on our conversations with general contractors and regional brokers, the value of the site lies within the land and for the purpose of this study a value of \$0 was attributed to the existing improvements on this parcel due to the seismic considerations, as well as environmental factors, and a variety of other expenses.

Comparable Land Sales

Comparable land sales that recently occurred in the area are listed in the following table to further support our land cost allocation.

FIGURE 5-1 COMPARABLE LAND SALES OF PROPOSED HOTEL SITES

Parcel	Seller	Buyer	Sale Date	Sale Price	Rooms Proposed	Price per Room	Size (SF)	Price per SF
1515 Wilmington Drive, Dupont, WA	Dupont Station Partners II LLC	Northwest Lodging LLC	April-22	\$2,100,000	90	\$23,300	104,980	\$20.00
2101 Henderson Park Lane SE, Olympia	REFS Realty 2011 LLC	SPS Lands	March-22	2,540,000	118	21,500	97,468	26.06
1670 South Burlington Boulevard, Burlington, Washington 98233	Grandview North LLC	Trimark Burlington Hospitality LLC	April-22	1,346,211	104	12,900	83,848	16.06
2861 Lincoln Landing, Richland, WA	Amara Development Company	Richland Hotel Partners LLC	October-22	1,427,896	120	11,900	129,809	11.00

The selling price per square foot is a common unit of comparison. The comparable parcels transacted for amounts ranging from \$11.00 to \$26.06 per square foot. Several factors have a significant impact on the indicated unit rate: the location, the size of the parcel, the land use designation, and the date of sale. The comparable parcels differ from the subject site in various ways, but these transactions nonetheless provide a good overview of the current market conditions for commercial land in the area.

A more meaningful analysis is the cost per proposed hotel room for each of these land sales. Based on the amounts for which the comparable parcels transacted, the current market value of the subject site would lie within the range of \$11,000 per room to \$20,000 per room. Moreover, based on this comparable sales data and our market knowledge, the contributory value of the land at roughly \$18,000 per room has been estimated to be \$1,000,000, which is in line with the land cost allocation of 7.0% as previously discussed.

Land Cost Allocation Reconciliation

Our opinion of land cost allocation at \$18,000 per room is roughly 7.0% of the proposed subject property's total development cost. The range of values derived from the sales comparison approach supports this land value cost allocation.

Development Cost

The proposed subject property is expected to feature 57 rooms and is expected to feature an appropriate complement of amenities typical for its boutique product type, lack of a brand, and the Snohomish County Lodging market. The hotel will also contain the appropriate parking capacity (surface) and all necessary back-of-the-house space. We note that the adjacent space may be suitable for a food and beverage (F&B) operation; however, no F&B revenues were factored into our analysis as a further investigation would be required that exceeds the scope of this study. Furthermore, this study assumes that there will be no meeting space due to the limitations of the existing building structure.

Because the proposed subject property will be a hotel, we have reviewed the HVS Cost Estimate Survey (presented in Chapter 3 of this study) and comparable construction budgets similar in scope to the proposed subject hotel in performing a cost analysis. The detailed cost reflects a total construction cost of \$13,900,000, including site costs, hard and soft costs, and pre-opening and working capital, as well as any developers fee, but excludes an entrepreneurial incentive.

have also reviewed a selection of development cost budgets from actual comparable hotel projects HVS has consulted on, as illustrated in the following table.

FIGURE 5-2 COMPARABLE COST BUDGETS

Item	Comp #1		Comp #2		Comp #3		Comp #4	
	Tertiary, NY		Secondary, CO		Secondary, MS		Tertiary, MS	
	Select-Service Approx. 50 Rooms		Full-Service Approx. 40 Rooms		Full-Service Approx. 60 Rooms		Full-Service Approx. 30 Rooms	
	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total
Building	\$161,900	80.0 %	\$126,723	71.4 %	\$201,688	79.8 %	\$246,524	57.7 %
Soft Costs	10,640	5.3	21,750	12.3	16,271	6.4	41,339	9.7
Furniture, Fixtures, & Equipment	18,000	8.9	29,026	16.4	32,203	12.7	78,008	18.3
Pre-Opening Costs & Working Capital	11,800	5.8	-	0.0	2,542	1.0	61,171	14.3
Developer Fee (if Applicable)	0	0.0	-	0.0	0	0.0	-	0.0
Total (Excluding Site Cost)	\$202,340	100.0 %	\$177,499	85.0 %	\$252,704	89.2 %	\$427,042	85.4 %
Site Cost	-	-	\$31,264	15.0 %	\$30,508	10.8 %	\$73,077	14.6 %
Total (Including Site Cost)	-	-	\$208,763	100.0 %	\$283,212	100.0 %	\$500,119	100.0 %

The following table presents a comparison of the estimated subject property development cost and the minimum, maximum, and average cost estimates of the four comparable construction budgets.

FIGURE 5-3 SUBJECT COST ESTIMATE VS COMPABLE BUDGETS

Item	Minimum		Maximum		Average		Subject Property	
	Per Room	% of Total						
Building	\$126,723	57.7 %	\$246,524	80.0 %	\$184,209	72.2 %	\$170,000	69.5 %
Soft Costs	10,640	5.3	41,339	12.3	22,500	8.4	20,000	8.2
Furniture, Fixtures, & Equipment	18,000	8.9	78,008	18.3	39,309	14.1	20,000	8.2
Pre-Opening Costs & Working Capital	2,542	0.0	61,171	14.3	25,171	5.3	9,000	3.7
Developer Fee (if Applicable)	0	0.0	0	0.0	0	0.0	8,000	3.3
Total (Excluding Site Cost)	\$177,499		\$427,042		\$264,896		\$227,000	92.8 %
Site Cost	\$30,508	10.8 %	\$73,077	15.0 %	44,950	13.5 %	\$17,544	7.2 %
Total (Including Site Cost)	\$208,007		\$500,119		\$309,846		\$244,544	100.0 %

Pre-Opening and Working Capital Costs

Pre-opening costs include expenses such as marketing, staffing, training, and administrative expenditures. Working capital includes a working capital reserve to maintain adequate cash flow until the operation reaches a break-even point. We estimate the pre-opening costs for the proposed subject property to be roughly \$9,000 per room, or a total of \$513,000

Soft Costs

Soft costs include items other than labor and material that are necessary for construction but are not typically part of the construction contract. Soft costs can include professional fees, financing costs and the interest paid on construction loans, taxes and the builder’s or developer’s all-risk insurance during construction, marketing, sales, and lease-up costs incurred to achieve occupancy or sales. We estimate the amount of soft costs for the proposed subject property to be approximately \$20,000 per room, or a total of \$1,140,000.

Personal Property

To estimate the cost of furniture, fixtures, and equipment (FF&E), we surveyed the personal property of typical limited-service hotels. Following this survey, we estimate the cost of the proposed subject property's FF&E to be roughly \$20,000 per room, or \$1,140,000 in total.

Development Cost Summary

Based on the preceding analyses, we estimate the development cost of the proposed subject property as follows, prior to the inclusion of the land cost allocation and any developer’s profit.

FIGURE 5-4 DEVELOPMENT COST SUMMARY

Item	Cost per Room	Cost
Building	\$170,000	\$9,690,000
Soft Costs	20,000	1,140,000
Furniture, Fixtures, & Equipment	20,000	1,140,000
Pre-Opening Costs & Working Capital	9,000	513,000
Developer Fee (if Applicable)	8,000	456,000
Total Replacement Cost	\$227,000	\$12,939,000

Allocation of Developer's Profit

Developer's profit represents the entrepreneurial incentive that hotel developers anticipate to induce the construction of a new hotel project. Because of economic conditions in the hotel industry, developer's profit has not always been in evidence. If the economic value of a new hotel does not exceed the development cost, indicating that developers will not earn any profit from their effort, the project is unlikely to be completed since the financial incentive is not present.

Allocation of Entrepreneurial Incentive

It is our opinion that a 5.0% entrepreneurial incentive is reasonable to reflect the financial incentive for a new hotel development in the subject market. The entrepreneurial incentive percentage is applied as follows to the cost of the building, the FF&E, and the land.

FIGURE 5-5 ALLOCATION OF ENTRRPENEURIAL INCENTIVE

Development Budget	\$13,900,000
Entrepreneurial Incentive (%)	5.0%
Entrepreneurial Incentive	\$695,000
Total Development Cost	\$14,595,000
(say)	\$14,600,000

Conclusion

To estimate the cost of developing the proposed subject property, the costs of several components of the total property were quantified. The land cost allocation was estimated using comparable land sales of proposed hotel sites and further supported by conversations with local commercial land brokers. The development cost of the building improvements was estimated using the HVS Development Cost Survey and actual construction cost budget data in the HVS project database. Furthermore, we interviewed several general contractors with substantial experience of adaptive reuse projects in the Pacific Northwest to gain further insight

into a reasonable hard cost estimate. The following table summarizes our estimate of the total cost new to build the proposed subject property excluding a developer’s incentive.

FIGURE 5-6 RECAP OF TOTAL DEVELOPMENT COST ESTIMATE

Item	Cost per Room	Cost
Building	\$170,000	\$9,690,000
Soft Costs	20,000	1,140,000
Furniture, Fixtures, & Equipment	20,000	1,140,000
Pre-Opening Costs & Working Capital	9,000	513,000
Developer Fee (if Applicable)	8,000	456,000
Land	17,544	1,000,000
Total Cost New Estimate (Rounded)	\$244,000	\$13,900,000

Knowledgeable hotel buyers generally base their purchase decisions on economic factors, such as projected net income and return on investment. The cost approach is generally of limited use because it does not reflect these income-related considerations. Moreover, it requires a number of highly subjective estimates.

Although the data used to compile this estimate is generally reliable, it should be noted that only a rough indication of what the development cost may be is provided here, especially given the adaptive reuse nature of the proposed boutique hotel. Individuals who require an accurate cost estimate should retain the services of a professional construction cost estimator.

6. Development Recommendations RV Park on Airfield Site

Based on our Phase I site evaluation findings of this study, the Airfield Site has been considered as a decentralized lodging product, with feasibility determined based on the cost to develop the property. The feasibility of this site was further analyzed as outlined in this chapter.

The cost approach is particularly applicable to new and proposed hotels. In this section, we will estimate the development costs for an RV Park; estimate the cost allocation of the land in relation to the total project cost; and potentially add an entrepreneurial profit incentive to arrive at the total cost new to redevelop the proposed subject property. Commercial real-estate buyers often use the total cost new to build the facility as a benchmark against the income and sales indications, particularly for new hotels or RV Parks.

Land Cost Allocation Estimate

Land value may be estimated in a variety of ways, including the sales comparison approach and the allocation, extraction, or ground rent capitalization methods. For the majority of hostelry properties, the two primary methods used are the sales comparison approach and the ground-lease capitalization approach. The scope of this study does not include a land value for each site; however, in order to arrive at an appropriate development cost estimate to test the feasibility of each site scenario, we attributed roughly 7% of the total project cost to the land value, which is in line with typical land cost allocations in the Pacific Northwest. The typical range for the cost of land against the total development cost can vary widely from market to market and project to project; however, generally speaking, a project of this type would see land cost in the range of 5%-15% of total project costs. For the purpose of this study a value of \$0 was attributed to the existing improvements on this parcel based on the assumption that they would be demolished to make space for the development of the RV Park.

Comparable Land Sales

Comparable land sales that recently occurred in the area are listed in the following table to further support our land cost allocation.

FIGURE 6-1 COMPARABLE LAND SALES OF PROPOSED HOTEL SITES

Parcel	Seller	Buyer	Sale Date	Sale Price	Rooms Proposed	Price per Room	Size (SF)	Price per SF
1515 Wilmington Drive, Dupont, WA	Dupont Station Partners II LLC	Northwest Lodging LLC	April-22	\$2,100,000	90	\$23,300	104,980	\$20.00
2101 Henderson Park Lane SE, Olympia	REFS Realty 2011 LLC	SPS Lands	March-22	2,540,000	118	21,500	97,468	26.06
1670 South Burlington Boulevard, Burlington, Washington 98233	Grandview North LLC	Trimark Burlington Hospitality LLC	April-22	1,346,211	104	12,900	83,848	16.06
2861 Lincoln Landing, Richland, WA	Amara Development Company	Richland Hotel Partners LLC	October-22	1,427,896	120	11,900	129,809	11.00

The selling price per square foot is a common unit of comparison. The comparable parcels transacted for amounts ranging from \$11.00 to \$26.06 per square foot. Several factors have a significant impact on the indicated unit rate: the location, the size of the parcel, the land use designation, and the date of sale. The comparable parcels differ from the subject site in various ways, but these transactions nonetheless provide a good overview of the current market conditions for commercial land in the area.

We note that the subject was listed for sale on December 23, 2020, at a listing price of \$5,000,000 or \$73.65 per square foot. According to the publicly available listing information, the annual income for the airfield, which was mainly comprised of lease income from 62 onsite hangars and 10 storage units, a large shop, and a mobile home equaled roughly \$408,000 with annual expenses of roughly \$113,000, resulting in an annual net operating income of \$295,000. Based on this information the derived capitalization rate was stated as 5.91%. Most notably, the sale of the site has been pending since the list date, suggesting limited interest at that pricing.

As a general rule-of-thumb, roughly ten RV spaces can be developed on one acre of vacant land. In order to develop a 100-unit RV park, ten acres would be required. Assuming that ten acres of the 30.96-acre site would be utilized for the RV Park development, the land value should roughly equal 33% of the overall site value as described above. Therefore, for the purpose of the cost approach, we have attributed a value of \$1,290,000 to the portion of the Airfield site that would be developed.

A more meaningful analysis is the cost per proposed rental unit for each of these land sales. Based on the amounts for which the comparable parcels transacted, the current market value of the subject site would lie within the range of \$11,000 per unit to \$20,000 per unit. Moreover, based on this comparable sales data and our market knowledge, the contributory value of the land at roughly \$13,000 per rental unit has been estimated to be \$1,290,000. This is equivalent to a cost allocation of the land compared to the total development cost of 28.0%, which is above the more typical land cost allocation of 7.0% as previously discussed.

**Land Cost Allocation
Reconciliation**

Our opinion of land cost allocation at \$13,000 per unit is roughly 28.0% of the proposed subject property's total development cost, which lies outside the upper end of the typical range.

Development Cost

The proposed subject property is expected to feature 100 rental units, spanning mostly RV sites with some cabins/yurts, and tent camping sites. The development is expected to feature an appropriate complement of amenities appealing to the users of this product type. The RV Park is expected to feature a small retail shop and other activities for sale, as would be typical of an RV Park of this kind.

Because the proposed subject property will be an RV Park, we have reviewed a selection of development cost budgets from actual comparable RV Park projects HVS has consulted on in performing a cost analysis. The detailed cost reflects a total construction cost of \$4,700,000, including site costs, hard and soft costs, and pre-opening and working capital, as well as any developers fee, but excludes an entrepreneurial incentive.

**Pre-Opening and
Working Capital Costs**

Pre-opening costs include expenses such as marketing, staffing, training, and administrative expenditures. Working capital includes a working capital reserve to maintain adequate cash flow until the operation reaches a break-even point. We estimate the pre-opening costs for the proposed subject property to be roughly \$4,000 per rental unit, or a total of \$450,000

Soft Costs

Soft costs include items other than labor and material that are necessary for construction but are not typically part of the construction contract. Soft costs can include professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, marketing, sales, and lease-up costs incurred to achieve occupancy or sales. We estimate the amount of soft costs for the proposed subject property to be approximately \$20,000 per rental unit, or a total of \$2,000,000.

Personal Property

To estimate the cost of furniture, fixtures, and equipment (FF&E), we surveyed the personal property of typical limited-service hotels. Following this survey, we estimate the cost of the proposed subject property's FF&E to be roughly \$5,000 per rental unit, or \$500,000 in total.

**Development Cost
Summary**

Based on the preceding analyses, we estimate the development cost of the proposed subject property as follows, prior to the inclusion of the land cost allocation and any developer's profit.

FIGURE 6-2 DEVELOPMENT COST SUMMARY

Item	Cost per Room	Cost
Building	\$20,000	\$2,000,000
Soft Costs	900	90,000
Furniture, Fixtures, & Equipment	5,000	500,000
Pre-Opening Costs & Working Capital	4,500	450,000
Developer Fee (if Applicable)	3,500	350,000
Total Replacement Cost	\$33,900	\$3,390,000

Allocation of Developer's Profit

Developer's profit represents the entrepreneurial incentive that commercial real-estate developers anticipate to induce the construction of a new RV park project. Because of economic conditions in the commercial real-estate industry, developer's profit has not always been in evidence. If the economic value of a new RV Park does not exceed the development cost, indicating that developers will not earn any profit from their effort, the project is unlikely to be completed since the financial incentive is not present.

Allocation of Entrepreneurial Incentive

It is our opinion that a 5.0% entrepreneurial incentive is reasonable to reflect the financial incentive for a new RV Park development in the subject market. The entrepreneurial incentive percentage is applied as follows to the cost of the building, the FF&E, and the land.

FIGURE 6-3 ALLOCATION OF ENTREPRENEURIAL INCENTIVE

Development Budget	\$4,700,000
Entrepreneurial Incentive (%)	5.0%
Entrepreneurial Incentive	<u>\$235,000</u>
Total Development Cost	\$4,935,000
(say)	\$4,940,000

Conclusion

To estimate the cost of developing the proposed subject property, the costs of several components of the total property were quantified. The land cost allocation was estimated using publicly available listing information for the Airfield Site. The development cost of the park improvements was estimated using actual construction cost budget data in the HVS project database. The following table summarizes our estimate of the total cost new to build the proposed subject property excluding a developer's incentive.

FIGURE 6-4 RECAP OF TOTAL DEVELOPMENT COST ESTIMATE

Item	Cost per Room	Cost
Building	\$20,000	\$2,000,000
Soft Costs	900	90,000
Furniture, Fixtures, & Equipment	5,000	500,000
Pre-Opening Costs & Working Capital	4,500	450,000
Developer Fee (if Applicable)	3,500	350,000
Land	13,000	1,300,000
Total Cost New (Rounded)	\$47,000	\$4,700,000

Knowledgeable commercial real estate buyers generally base their purchase decisions on economic factors, such as projected net income and return on investment. The cost approach is generally of limited use because it does not reflect these income-related considerations. Moreover, it requires a number of highly subjective estimates.

Although the data used to compile this estimate is generally reliable, it should be noted that only a rough indication of what the development cost may be is provided here, especially given the adaptive reuse nature of the proposed RV Park. Individuals who require an accurate cost estimate should retain the services of a professional construction cost estimator.

7. Methodology – Feasibility Analysis

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing an ROI analysis is to determine the amount to be initially invested. For a proposed property, this amount is most likely to be the development cost of the hotel. Based on the total development cost, the investor will utilize an ROI analysis to determine if the future cash flow from a current cash outlay meets their own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

Development Cost Estimate

Because the proposed subject property will be a hotel, we have reviewed the development budget for the proposed subject hotel in performing a cost analysis. The detailed total development cost estimate is presented in the Development Recommendation chapters for each site and reflects the respective total construction costs including site costs, hard and soft costs, and pre-opening and working capital, as well as a developer's fee.

The development cost estimate for the proposed subject property includes allowances for the contractor's overhead and profit but does not include an entrepreneurial incentive. The entrepreneurial incentive is "the amount an entrepreneur expects to receive for his or her contribution to a project. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project to completion."¹

Entrepreneurial incentive is different than entrepreneurial profit, which cannot be measured until it is achieved. Entrepreneurial profit can be achieved through profit on a sale (i.e., the sales price less the development cost) or additional returns on an investment in an operating property. Whether the entrepreneur ultimately realizes a profit depends on how successful they have been in selecting the site, constructing the improvements, positioning the property appropriately in the market, and establishing and stabilizing business operations.

Based on the development budget, we have estimated an entrepreneurial incentive equal to 5.0% of the development budget. The total development cost has been calculated and shown for each site in the Development Recommendation chapters.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal, 6th Edition*, 2015

Investment Components

As an individual or company considering investment in hotel real estate, the decision to use one's own cash, an equity partner's capital, or lender financing will be an internal one. Because hotels typically require a substantial investment, only the largest investors and hotel companies generally have the means to purchase properties with all cash. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. In leveraged acquisitions and developments where investors typically purchase or build upon real estate with a small amount of equity cash (20% to 50%) and a large amount of mortgage financing (50% to 80%), it is important for the equity investor to acknowledge the return requirements of the debt participant (mortgagee), as well as his or her own return requirements. Therefore, we will begin our rate-of-return analysis by reviewing the debt requirements of typical hotel mortgagees.

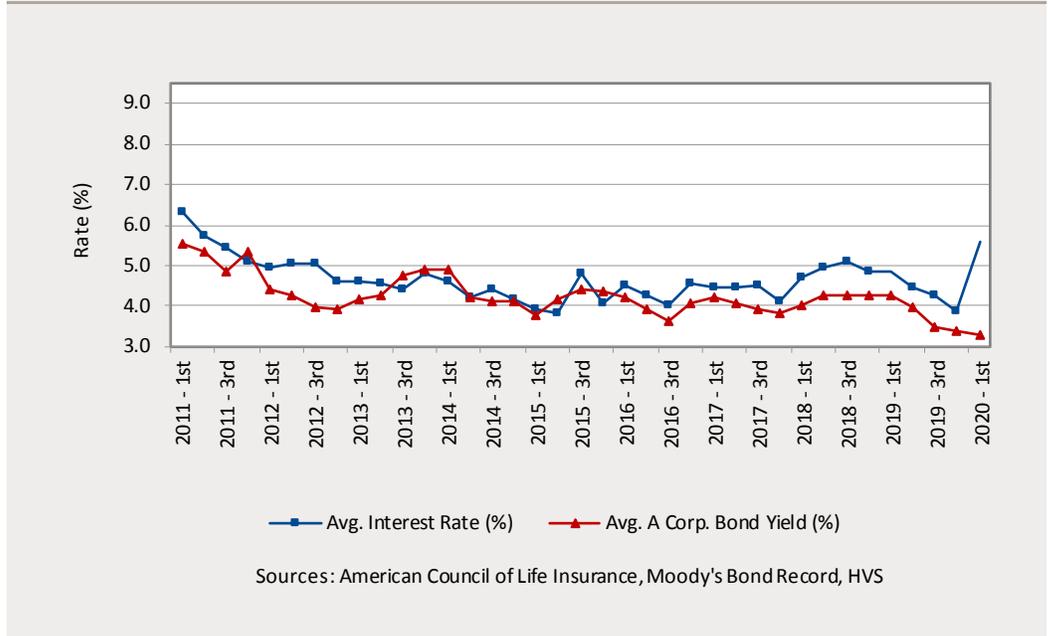
Mortgage Component

Data for the mortgage component may be developed from statistics of actual hotel mortgages made by long-term lenders. The American Council of Life Insurance, which represents 20 large life-insurance companies, publishes quarterly information pertaining to the hotel mortgages issued by its member companies.

Because of the six- to nine-month lag time in reporting and publishing hotel mortgage statistics, it was necessary to update this information to reflect current lending practices. Our research indicates that the greatest degree of correlation exists between the average interest rate of a hotel mortgage and the concurrent yield on an average-A corporate bond.

The following chart summarizes the average mortgage interest rates of the hotel loans made by these lenders. For the purpose of comparison, the yield on an average-A corporate bond (as reported by *Moody's Bond Record*) is also shown.

FIGURE 7-1 AVERAGE MORTGAGE INTEREST RATES AND AVERAGE-A CORPORATE BOND YIELDS



The relationship between hotel interest rates and the yields from the average-A corporate bond can be detailed through a regression analysis, which is expressed as follows:

$$Y = 0.95165343 X + 0.81443286$$

Where: Y = Estimated Hotel Mortgage Interest Rate
X = Current Average-A Corporate Bond Yield
(coefficient of correlation is 95%)

The July 14, 2022, average yield on average-A corporate bonds, as reported by Moody's Investors Service, was 4.66%. When used in the previously presented equation, a factor of 4.66 produces an estimated hotel/motel interest rate of 5.25% (rounded).

In addition to the mortgage interest-rate estimate derived from this regression analysis, HVS constantly monitors the terms of hotel mortgage loans made by our institutional lending clients. Fixed-rate debt is being priced at roughly 200 to 400 basis points over the corresponding yield on treasury notes. As of July 14, 2022, the yield on the ten-year T-bill was 2.96%, indicating an interest rate range from 5.0% to 7.0%. Over the course of the last decade, the federal funds rate remained

relatively low, peaking at 2.25% to 2.5% in late 2018 through mid-year 2019. Subsequently, concern about the trade war and a slowing economy led the Federal Reserve (Fed) to reduce rates three times to a target rate of 1.5% to 1.75%. The rate remained at this level until mid-March 2020, at which point the Fed cut the target rate twice to zero. Furthermore, on March 23, 2020, the Fed pledged to maintain liquidity in debt markets by purchasing as many government and corporate-backed bonds, as necessary. In 2022, the Fed began raising the federal funds rate to combat heightened inflation, with a 0.75% to 1.0% increase during its May meeting. Additional half-point increases are likely at its next two meetings, according to the Chair. Lenders have been anticipating these increases, and current interest-rate levels, primarily in the 5.0% to 6.0% range, reflect these market conditions. At present, we find that lenders that are active in the market are using loan-to-value ratios of 50.0% to 70.0%, and amortization periods of 20 to 30 years.

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the subject site, proposed facility, and conditions in the Pacific Northwest lodging market, we have assumed a mortgage at a loan-to-cost ratio of 60%, an amortization period of 25 years, and an interest rate of 6.5%.

Equity Component

The remaining capital required for the development of the proposed subject property would be the equity investment. This is the balance of the total development cost less the assumed mortgage amount.

Reversion

The return on the development cost is derived from both the annual cash flow and the expectation of a sale of the property at the end of the holding period. For the purposes of this feasibility analysis, we have assumed that the developer would elect to hold the property for ten years. The estimated reversionary sales price as of that date is calculated by capitalizing the projected eleventh-year net income by an overall terminal capitalization rate. An allocation for the selling expenses is deducted from this sales price, and the net proceeds to the equity interest (also known as the equity residual) are calculated by deducting the outstanding mortgage balance from the reversion.

We have reviewed several recent investor surveys. The following chart summarizes the averages presented for terminal capitalization rates in various investor surveys during the past decade.

FIGURE 7-2 TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS

Source	Pre-COVID		Current	
	Data Point Range	Average	Data Point Range	Average
<i>HVS Brokers Survey</i>	<i>Fall 2019 Survey</i>		<i>Spring 2022 Survey</i>	
Select-Service Hotels	7.5% - 12.0%	8.8%	5.0% - 9.0%	7.9%
Limited-Service & Economy Hotels	7.5% - 12.0%	9.5%	8.0% - 9.5%	8.6%
<i>PWC Real Estate Investor Survey</i>	<i>1st Quarter 2020 Survey</i>		<i>1st Quarter 2022 Survey</i>	
Select-Service Hotels	7.0% - 10.0%	8.4%	8.0% - 12.0%	8.0%
Limited-Service Hotels	7.75% - 12.0%	9.3%	7.0% - 11.0%	9.1%
<i>USRC Hotel Investment Survey</i>	<i>Winter 2020 Survey</i>		<i>Winter 2022 Survey</i>	
Limited-Service Hotels	6.5% - 9.3%	8.6%	7.0% - 9.2%	8.0%
<i>Situs RERC Real Estate Report</i>	<i>1st Quarter 2020 Report</i>		<i>1st Quarter 2022 Report</i>	
Second Tier Hotels	7.3% - 11.5%	9.1%	7.3% - 13.0%	9.8%
Third Tier Hotels	8.0% - 12.0%	10.2%	7.8% - 15.0%	10.7%

For purposes of this analysis, we have applied a terminal capitalization rate of 6.50% for a limited-service hotel, 10.00% for a boutique hotel, and 10.0% for an RV Park.

To evaluate the indicated IRR to the total property, we have reviewed several recent investor surveys, including the *HVS Broker Survey*, *PWC Real Estate Investor Survey*, *USRC Hotel Investment Survey*, and *Situs RERC Real Estate Report*. The following table summarizes the range of discount rates and average IRRs indicated by the investor surveys for hotels similar in class to the proposed subject property.

FIGURE 7-3 RESULTS OF RECENT INVESTMENT SURVEYS – DISCOUNT RATES, HOTELS

Source	Pre-COVID		Current	
	Data Point Range	Average	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	8.1% - 11.6%	9.8%	7.6% - 11.9%	9.5%
HVS Hotel Sales - Select-Service & Extended-Stay	9.3% - 12.4%	10.8%	7.6% - 12.7%	10.5%
HVS Hotel Sales - Limited-Service	10.4% - 13.9%	11.5%	9.5% - 12.8%	11.2%
<i>HVS Brokers Survey</i>	<i>Fall 2019 Survey</i>		<i>Spring 2022 Survey</i>	
Select-Service Hotels	8.0% - 18.0%	10.8%	9.5% - 12.0%	10.3%
Limited-Service & Economy Hotels	9.0% - 20.0%	11.6%	10.0% - 12.5%	10.9%
<i>PWC Real Estate Investor Survey</i>	<i>1st Quarter 2020 Survey</i>		<i>1st Quarter 2022 Survey</i>	
Select-Service Hotels	8.0% - 12.0%	10.0%	8.0% - 12.0%	10.1%
Limited-Service Hotels	7.5% - 12.0%	10.0%	7.0% - 11.0%	9.4%
<i>USRC Hotel Investment Survey</i>	<i>Winter 2020 Survey</i>		<i>Winter 2022 Survey</i>	
Limited-Service Hotels	7.5% - 11.0%	10.5%	9.5% - 11.0%	10.3%
<i>Situs RERC Real Estate Report</i>	<i>1st Quarter 2020 Report</i>		<i>1st Quarter 2022 Report</i>	
Second Tier Hotels	6.5% - 13.5%	10.1%	9.3% - 16.0%	10.9%
Third Tier Hotels	9.5% - 13.5%	11.0%	9.5% - 18.0%	11.9%

Conclusion

In determining the potential feasibility of each of the six potential development sites, we analyzed the lodging market, researched the area’s economics, reviewed the estimated development costs, and prepared a ten-year forecast of income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expense statements.

Return requirements vary based on an individual investor’s circumstances, including the cost and availability of both debt and equity capital. This analysis is intended to provide information to assist the developer in evaluating the feasibility of the proposed project in consideration of each proposed site’s unique attributes, advantages, and disadvantages.

8. Feasibility Analysis - Kelsey Site 1

FIGURE 8-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2024	2025	2026	2027	2028
Commercial					
Demand	267,286	275,304	279,434	279,434	279,434
Market Share	1.7 %	3.1 %	3.1 %	3.1 %	3.1 %
Capture	4,631	8,598	8,727	8,727	8,727
Penetration	46 %	56 %	56 %	56 %	56 %
Leisure					
Demand	137,340	133,220	133,220	133,220	133,220
Market Share	3.6 %	8.8 %	8.8 %	8.8 %	8.8 %
Capture	4,929	11,748	11,748	11,748	11,748
Penetration	95 %	159 %	159 %	159 %	159 %
Group					
Demand	70,031	71,432	72,146	72,146	72,146
Market Share	3.6 %	7.3 %	9.3 %	9.3 %	9.3 %
Capture	2,513	5,238	6,712	6,712	6,712
Penetration	95 %	132 %	168 %	168 %	168 %
Total Room Nights Captured	12,074	25,585	27,188	27,188	27,188
Available Room Nights	24,400	36,500	36,500	36,500	36,500
Subject Occupancy	49 %	70 %	74 %	74 %	74 %
Market-wide Available Room Nights	647,190	659,190	659,190	659,190	659,190
Fair Share	4 %	6 %	6 %	6 %	6 %
Market-wide Occupied Room Nights	474,657	479,956	484,800	484,800	484,800
Market Share	3 %	5 %	6 %	6 %	6 %
Market-wide Occupancy	73 %	73 %	74 %	74 %	74 %
Total Penetration	67 %	96 %	101 %	101 %	101 %

FIGURE 8-2 OCCUPANCY SEGMENTATION

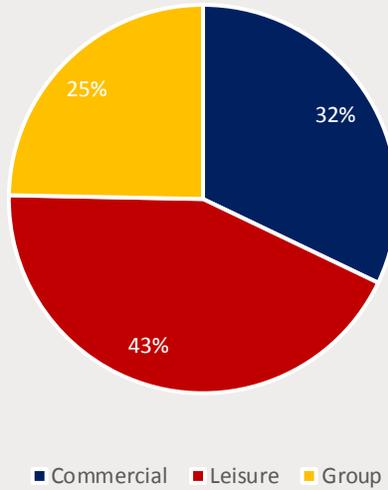


FIGURE 8-3 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$132.16	\$113.68	\$142.19	\$143.61	\$146.48	\$150.88	\$155.40	\$160.07	\$164.87	\$169.81
Projected Market ADR Growth Rate	—		25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$135.00	\$168.85	\$170.54	\$173.95	\$179.17	\$184.55	\$190.08	\$195.79	\$201.66
ADR Growth Rate			25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		119%	119%	119%	119%	119%	119%	119%	119%	119%
Fiscal Year					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate					\$175.67	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Opening Discount					3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$170.40	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Real Average Rate Growth					—	6.2%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$147.93	\$152.37	\$156.94	\$161.64	\$166.49	\$171.49
Proposed Subject ADR Penetration (After Discount)					115%	119%	119%	119%	119%	119%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$148.58	\$153.18	\$153.18	\$153.18	\$153.18	\$153.18

FIGURE 8-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29				
Number of Rooms:	100				100				100				100				100				
Occupancy:	56%				72%				74%				74%				74%				
Average Rate:	\$170.40				\$180.94				\$186.37				\$191.96				\$197.72				
RevPAR:	\$95.42				\$130.28				\$137.91				\$142.05				\$146.31				
Days Open:	365				365				365				365				365				
Occupied Rooms:	20,440	%Gross	PAR	POR	26,280	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR	
OPERATING REVENUE																					
Rooms	\$3,483	97.5 %	\$34,830	\$170.40	\$4,755	98.0 %	\$47,550	\$180.94	\$5,034	98.0 %	\$50,340	\$186.38	\$5,185	98.0 %	\$51,850	\$191.97	\$5,340	98.0 %	\$53,400	\$197.70	
Other Operated Departments	46	1.3	459	2.25	51	1.0	506	1.93	53	1.0	526	1.95	54	1.0	542	2.00	56	1.0	558	2.07	
Miscellaneous Income	43	1.2	431	2.11	47	1.0	475	1.81	49	1.0	493	1.82	51	1.0	508	1.88	52	1.0	523	1.94	
Total Operating Revenues	3,572	100.0	35,720	174.76	4,853	100.0	48,531	184.67	5,136	100.0	51,359	190.15	5,290	100.0	52,899	195.85	5,448	100.0	54,481	201.71	
DEPARTMENTAL EXPENSES *																					
Rooms	899	25.8	8,995	44.01	1,015	21.4	10,152	38.63	1,057	21.0	10,571	39.14	1,089	21.0	10,888	40.31	1,121	21.0	11,215	41.52	
Other Operated Departments	36	79.1	364	1.78	38	75.4	382	1.45	39	75.0	394	1.46	41	75.0	406	1.50	42	75.0	418	1.55	
Total Expenses	936	26.2	9,358	45.78	1,053	21.7	10,534	40.08	1,097	21.4	10,965	40.60	1,129	21.4	11,294	41.82	1,163	21.4	11,633	43.07	
DEPARTMENTAL INCOME	2,636	73.8	26,362	128.97	3,800	78.3	37,997	144.58	4,039	78.6	40,393	149.55	4,160	78.6	41,605	154.04	4,285	78.6	42,848	158.64	
UNDISTRIBUTED OPERATING EXPENSES																					
Administrative & General	348	9.7	3,483	17.04	381	7.9	3,813	14.51	395	7.7	3,954	14.64	407	7.7	4,072	15.08	419	7.7	4,195	15.53	
Info & Telecom Systems	40	1.1	396	1.94	43	0.9	434	1.65	45	0.9	450	1.67	46	0.9	464	1.72	48	0.9	478	1.77	
Marketing	212	5.9	2,122	10.38	222	4.6	2,217	8.44	219	4.3	2,190	8.11	226	4.3	2,256	8.35	232	4.3	2,323	8.60	
Franchise Fee	279	7.8	2,786	13.63	380	7.8	3,804	14.47	403	7.8	4,027	14.91	415	7.8	4,148	15.36	427	7.8	4,272	15.82	
Prop. Operations & Maint.	122	3.4	1,222	5.98	137	2.8	1,366	5.20	146	2.8	1,460	5.40	150	2.8	1,504	5.57	155	2.8	1,549	5.73	
Utilities	107	3.0	1,072	5.24	117	2.4	1,173	4.46	122	2.4	1,217	4.50	125	2.4	1,253	4.64	129	2.4	1,291	4.78	
Total Expenses	1,108	30.9	11,080	54.21	1,281	26.4	12,807	48.73	1,330	25.9	13,297	49.23	1,370	25.9	13,696	50.71	1,411	25.9	14,106	52.23	
GROSS OPERATING PROFIT	1,528	42.9	15,281	74.76	2,519	51.9	25,189	95.85	2,710	52.7	27,096	100.32	2,791	52.7	27,909	103.33	2,874	52.7	28,741	106.41	
Management Fee	107	3.0	1,072	5.24	146	3.0	1,456	5.54	154	3.0	1,541	5.70	159	3.0	1,587	5.88	163	3.0	1,634	6.05	
INCOME BEFORE NON-OPR. INC. & EXP.	1,421	39.9	14,210	69.52	2,373	48.9	23,734	90.31	2,556	49.7	25,555	94.61	2,632	49.7	26,322	97.45	2,711	49.7	27,107	100.36	
NON-OPERATING INCOME & EXPENSE																					
Property Taxes	160	4.5	1,601	7.83	165	3.4	1,649	6.27	170	3.3	1,699	6.29	175	3.3	1,749	6.48	180	3.3	1,802	6.67	
Insurance	46	1.3	459	2.24	47	1.0	472	1.80	49	0.9	487	1.80	50	0.9	501	1.86	52	0.9	516	1.91	
Total Expenses	206	5.8	2,060	10.08	212	4.4	2,121	8.07	219	4.2	2,185	8.09	225	4.2	2,251	8.33	232	4.2	2,318	8.58	
EBITDA	1,215	34.1	12,150	59.44	2,161	44.5	21,612	82.24	2,337	45.5	23,370	86.52	2,407	45.5	24,071	89.12	2,479	45.5	24,788	91.78	
Reserve for Replacement	71	2.0	714	3.50	146	3.0	1,456	5.54	205	4.0	2,054	7.61	212	4.0	2,116	7.83	218	4.0	2,179	8.07	
EBITDA LESS RESERVE	\$1,144	32.1 %	\$11,436	\$55.95	\$2,016	41.5 %	\$20,156	\$76.70	\$2,132	41.5 %	\$21,316	\$78.92	\$2,196	41.5 %	\$21,955	\$81.28	\$2,261	41.5 %	\$22,609	\$83.71	

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 8-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	100																			
Occupied Rooms:	20,440		26,280		27,010															
Occupancy:	56%		72%		74%															
Average Rate:	\$170.40	% of	\$180.94	% of	\$186.37	% of	\$191.96	% of	\$197.72	% of	\$203.65	% of	\$209.76	% of	\$216.05	% of	\$222.53	% of	\$229.21	% of
RevPAR:	\$95.42	Gross	\$130.28	Gross	\$137.91	Gross	\$142.05	Gross	\$146.31	Gross	\$150.70	Gross	\$155.22	Gross	\$159.88	Gross	\$164.67	Gross	\$169.61	Gross
OPERATING REVENUE																				
Rooms	\$3,483	97.5 %	\$4,755	98.0 %	\$5,034	98.0 %	\$5,185	98.0 %	\$5,340	98.0 %	\$5,501	98.0 %	\$5,666	98.0 %	\$5,836	98.0 %	\$6,011	98.0 %	\$6,191	98.0 %
Other Operated Departments	46	1.3	51	1.0	53	1.0	54	1.0	56	1.0	57	1.0	59	1.0	61	1.0	63	1.0	65	1.0
Miscellaneous Income	43	1.2	47	1.0	49	1.0	51	1.0	52	1.0	54	1.0	55	1.0	57	1.0	59	1.0	61	1.0
Total Operating Revenues	3,572	100.0	4,853	100.0	5,136	100.0	5,290	100.0	5,448	100.0	5,612	100.0	5,781	100.0	5,954	100.0	6,133	100.0	6,316	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	899	25.8	1,015	21.4	1,057	21.0	1,089	21.0	1,121	21.0	1,155	21.0	1,190	21.0	1,225	21.0	1,262	21.0	1,300	21.0
Other Operated Departments	36	79.1	38	75.4	39	75.0	41	75.0	42	75.0	43	75.0	44	75.0	46	75.0	47	75.0	48	75.0
Total Expenses	936	26.2	1,053	21.7	1,097	21.4	1,129	21.4	1,163	21.4	1,198	21.3	1,234	21.3	1,271	21.3	1,309	21.3	1,349	21.4
DEPARTMENTAL INCOME																				
	2,636	73.8	3,800	78.3	4,039	78.6	4,160	78.6	4,285	78.6	4,414	78.7	4,546	78.7	4,683	78.7	4,823	78.7	4,968	78.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	348	9.7	381	7.9	395	7.7	407	7.7	419	7.7	432	7.7	445	7.7	458	7.7	472	7.7	486	7.7
Info & Telecom Systems	40	1.1	43	0.9	45	0.9	46	0.9	48	0.9	49	0.9	51	0.9	52	0.9	54	0.9	55	0.9
Marketing	212	5.9	222	4.6	219	4.3	226	4.3	232	4.3	239	4.3	246	4.3	254	4.3	261	4.3	269	4.3
Franchise Fee	279	7.8	380	7.8	403	7.8	415	7.8	427	7.8	440	7.8	453	7.8	467	7.8	481	7.8	495	7.8
Prop. Operations & Maint.	122	3.4	137	2.8	146	2.8	150	2.8	155	2.8	160	2.8	164	2.8	169	2.8	174	2.8	180	2.8
Utilities	107	3.0	117	2.4	122	2.4	125	2.4	129	2.4	133	2.4	137	2.4	141	2.4	145	2.4	150	2.4
Total Expenses	1,108	30.9	1,281	26.4	1,330	25.9	1,370	25.9	1,411	25.9	1,453	25.9	1,497	25.9	1,542	25.9	1,588	25.9	1,635	25.9
GROSS OPERATING PROFIT																				
	1,528	42.9	2,519	51.9	2,710	52.7	2,791	52.7	2,874	52.7	2,961	52.8	3,050	52.8	3,141	52.8	3,236	52.8	3,332	52.7
Management Fee	107	3.0	146	3.0	154	3.0	159	3.0	163	3.0	168	3.0	173	3.0	179	3.0	184	3.0	189	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	1,421	39.9	2,373	48.9	2,556	49.7	2,632	49.7	2,711	49.7	2,793	49.8	2,876	49.8	2,963	49.8	3,052	49.8	3,143	49.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	160	4.5	165	3.4	170	3.3	175	3.3	180	3.3	186	3.3	191	3.3	197	3.3	203	3.3	209	3.3
Insurance	46	1.3	47	1.0	49	0.9	50	0.9	52	0.9	53	0.9	55	0.9	56	0.9	58	0.9	60	0.9
Total Expenses	206	5.8	212	4.4	219	4.2	225	4.2	232	4.2	239	4.2	246	4.2	253	4.2	261	4.2	269	4.2
EBITDA																				
	1,215	34.1	2,161	44.5	2,337	45.5	2,407	45.5	2,479	45.5	2,554	45.6	2,630	45.6	2,709	45.6	2,791	45.6	2,874	45.5
Reserve for Replacement	71	2.0	146	3.0	205	4.0	212	4.0	218	4.0	224	4.0	231	4.0	238	4.0	245	4.0	253	4.0
EBITDA LESS RESERVE																				
	\$1,144	32.1 %	\$2,016	41.5 %	\$2,132	41.5 %	\$2,196	41.5 %	\$2,261	41.5 %	\$2,329	41.6 %	\$2,399	41.6 %	\$2,471	41.6 %	\$2,545	41.6 %	\$2,621	41.5 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 8-6 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	97.8 %	98.3 %	97.3 %	97.6 %	98.4 %	98.0 %
Other Operated Departments	1.2	1.7	1.1	1.0	0.8	1.0
Miscellaneous Income	1.0	0.0	1.5	1.4	0.8	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	26.5	24.0	17.8	22.3	22.8	21.0
Other Operated Departments	58.8	22.6	0.0	59.2	92.9	75.0
Total	26.6	24.0	17.3	22.4	23.1	21.4
DEPARTMENTAL INCOME						
	73.4	76.0	82.7	77.6	76.9	78.6
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.0	6.1	10.8	6.6	7.1	7.7
Info. and Telecom. Systems	0.5	1.2	0.9	1.8	0.7	0.9
Marketing	3.9	1.1	5.5	8.0	6.1	4.3
Franchise Fee	5.5	7.9	7.3	10.0	7.7	7.8
Property Operations & Maintenance	2.7	2.4	3.7	4.1	3.8	2.8
Utilities	3.4	2.4	2.9	2.2	2.5	2.4
Total	22.9	21.0	31.0	32.7	27.8	25.9
GROSS OPERATING PROFIT						
	50.5	55.0	51.7	44.9	49.1	52.8
Management Fee	0.0	4.5	3.8	1.0	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	50.5	50.6	47.9	43.9	49.1	49.8
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	1.8	0.9	5.8	3.0	2.7	3.3
Insurance	1.5	0.3	1.0	0.9	0.5	0.9
Total	3.3	1.2	6.8	3.9	3.2	4.3
EBITDA						
	47.2	49.4	41.1	40.0	45.9	45.5
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	4.0
EBITDA LESS RESERVE						
	47.2 %	49.4 %	41.1 %	40.0 %	45.9 %	41.5 %

FIGURE 8-7 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$40,995	\$42,157	\$34,188	\$34,463	\$35,676	\$41,378
Other Operated Departments	518	730	403	356	273	432
Miscellaneous Income	424	0	542	489	295	405
Total	41,937	42,887	35,132	35,308	36,243	42,215
DEPARTMENTAL EXPENSES						
Rooms	10,844	10,108	6,081	7,685	8,125	8,689
Other Operated Departments	305	165	0	210	254	324
Total	11,149	10,272	6,081	7,896	8,378	9,013
DEPARTMENTAL INCOME						
	30,788	32,615	29,051	27,413	27,865	33,202
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	2,934	2,599	3,803	2,314	2,586	3,250
Info. and Telecom. Systems	224	495	313	650	238	370
Marketing	1,622	471	1,930	2,824	2,198	1,800
Franchise Fee	2,297	3,373	2,547	3,516	2,791	3,310
Property Operations & Maintenance	1,113	1,022	1,282	1,441	1,365	1,200
Utilities	1,413	1,047	1,024	789	893	1,000
Total	9,602	9,008	10,899	11,535	10,071	10,930
GROSS OPERATING PROFIT						
	21,186	23,607	18,152	15,878	17,794	22,271
Management Fee	0	1,921	1,328	363	0	1,266
INCOME BEFORE NON-OPER. INC. & EXP.						
	21,186	21,686	16,824	15,514	17,794	21,005
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	753	398	2,031	1,051	961	1,396
Insurance	615	114	367	309	167	400
Total	1,368	511	2,398	1,360	1,128	1,796
EBITDA						
	19,818	21,175	14,426	14,154	16,666	19,209
Reserve for Replacement	0	0	0	0	0	1,689
EBITDA LESS RESERVE						
	\$19,818	\$21,175	\$14,426	\$14,154	\$16,666	\$17,520

FIGURE 8-8 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$144.89	\$159.61	\$120.08	\$127.94	\$119.20	\$153.19
Other Operated Departments	1.83	2.76	1.41	1.32	0.91	1.60
Miscellaneous Income	1.50	0.00	1.90	1.82	0.98	1.50
Total	148.22	162.38	123.40	131.08	121.10	156.29
DEPARTMENTAL EXPENSES						
Rooms	38.33	38.27	21.36	28.53	27.15	32.17
Other Operated Departments	1.08	0.62	0.00	0.78	0.85	1.20
Total	39.40	38.89	21.36	29.31	28.00	33.37
DEPARTMENTAL INCOME						
	108.82	123.49	102.04	101.77	93.11	122.92
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	10.37	9.84	13.36	8.59	8.64	12.03
Info. and Telecom. Systems	0.79	1.88	1.10	2.41	0.80	1.37
Marketing	5.73	1.79	6.78	10.49	7.34	6.66
Franchise Fee	8.12	12.77	8.95	13.05	9.33	12.26
Property Operations & Maintenance	3.93	3.87	4.50	5.35	4.56	4.44
Utilities	4.99	3.96	3.60	2.93	2.99	3.70
Total	33.94	34.11	38.28	42.82	33.65	40.47
GROSS OPERATING PROFIT						
	74.88	89.38	63.76	58.95	59.46	82.46
Management Fee	0.00	7.27	4.66	1.35	0.00	4.69
INCOME BEFORE NON-OPER. INC. & EXP.						
	74.88	82.11	59.10	57.60	59.46	77.77
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.66	1.51	7.13	3.90	3.21	5.17
Insurance	2.17	0.43	1.29	1.15	0.56	1.48
Total	4.84	1.94	8.42	5.05	3.77	6.65
EBITDA						
	70.04	80.17	50.68	52.55	55.69	71.12
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	6.25

FIGURE 8-9 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

Composite Statement				
	Number of Rooms:	481		
	Days Open:	365		
	Occupancy:	76.9%		
	Average Rate:	\$133.48	Percentage	Amount per
	RevPAR:	\$102.60	of Revenue	Available
				Occupied
				Room
				Room
REVENUE				
Rooms	\$18,013	97.9 %	\$37,448	\$133.48
Other Operating Departments	220	1.2	458	1.63
Miscellaneous Income	173	0.9	359	1.28
Total	18,405	100.0	38,265	136.40
DEPARTMENTAL EXPENSES				
Rooms	4,082	22.7	8,486	30.25
Other Operating Departments	85	38.6	177	0.63
Total	4,167	22.6	8,663	30.88
DEPARTMENTAL INCOME	14,239	77.4	29,602	105.52
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	1,404	7.6	2,919	10.41
Info. and Telecom. Systems	179	1.0	372	1.32
Marketing	859	4.7	1,785	6.36
Franchise Fee	1,375	7.5	2,859	10.19
Property Operations & Maintenance	596	3.2	1,239	4.42
Utilities	503	2.7	1,046	3.73
Total	4,916	26.7	10,220	36.43
GROSS OPERATING PROFIT	9,323	50.7	19,382	69.09
Management Fee	365	2.0	759	2.71
INCOME BEFORE NON-OPER. INC. & EXP.	8,957	48.7	18,623	66.38
NON-OPERATING INCOME AND EXPENSE				
Property Taxes	525	2.9	1,092	3.89
Insurance	156	0.8	323	1.15
Total	681	4	1,415	5
EBITDA	8,277	44.9685	17,207	61.34
Reserve for Replacement	0	0.0	0	0.00
EBITDA LESS RESERVE	\$8,277	45.0 %	\$17,207	\$61.34

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one's own cash, an equity partner's capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical

investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 8-10 MORTGAGE COMPONENT

Initial Cost	\$21,630,000
Loan to cost	60.0%
Mortgage Amount	<u>\$12,978,000</u>
Assumed interest rate	6.50%
Assumed Amortization	25 years
Debt Service Constant	0.08102
Annual Debt Service	\$1,052,000
Mortgage paid off over 10 years	22.49%
Balance at end of 10 years	\$10,059,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 8-11 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$21,630,000
Mortgage	<u>12,978,000</u>
Equity Investment	\$8,652,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 8-12 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	2,700,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$27,000,000
Less: Transaction Costs @ 3.0%	<u>\$810,000</u>
Net Sales Proceeds	\$26,190,000
Less: Mortgage Component	<u>\$10,059,000</u>
Equity Reversion	\$16,131,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 8-13 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$21,630,000)		(\$12,978,000)		(\$8,652,000)	
2024/25	\$1,144,000	5.3 %	\$1,052,000	8.1 %	\$92,000	1.1 %
2025/26	2,016,000	9.3	1,052,000	8.1	964,000	11.1
2026/27	2,132,000	9.9	1,052,000	8.1	1,080,000	12.5
2027/28	2,196,000	10.2	1,052,000	8.1	1,144,000	13.2
2028/29	2,261,000	10.5	1,052,000	8.1	1,209,000	14.0
2029/30	2,329,000	10.8	1,052,000	8.1	1,277,000	14.8
2030/31	2,399,000	11.1	1,052,000	8.1	1,347,000	15.6
2031/32	2,471,000	11.4	1,052,000	8.1	1,419,000	16.4
2032/33	2,545,000	11.8	1,052,000	8.1	1,493,000	17.3
2033/34	2,621,000	12.1	1,052,000	8.1	1,569,000	18.1
Reversion	26,190,000	121.1	9,569,000	73.7	16,131,000	186.4
Ten Year IRR		10.4 %		5.8 %		14.9 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 10.4%. Based on the mortgage assumptions, the equity component’s initial investment of \$8,652,000 would achieve a return of 14.9% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 10.4, is below the averages and within the range of returns.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$21,630,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 8-14 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$19,467,000	11.9%	6.1%	17.8%
-5%	Lower by -5%	\$20,548,500	11.1%	6.1%	16.3%
0	Original	\$21,630,000	10.4%	6.1%	14.9%
5%	Higher by 5%	\$22,711,500	9.7%	6.1%	13.5%
10%	Higher by 10%	\$23,793,000	9.0%	6.1%	12.2%
15%	Higher by 15%	\$24,874,500	8.4%	6.1%	11.0%

9. Feasibility Analysis - Kelsey Site 2

FIGURE 9-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2024	2025	2026	2027	2028
Commercial					
Demand	267,286	275,304	279,434	279,434	279,434
Market Share	1.7 %	3.1 %	3.1 %	3.1 %	3.1 %
Capture	4,631	8,598	8,727	8,727	8,727
Penetration	46 %	56 %	56 %	56 %	56 %
Leisure					
Demand	137,340	133,220	133,220	133,220	133,220
Market Share	3.6 %	8.8 %	8.8 %	8.8 %	8.8 %
Capture	4,929	11,748	11,748	11,748	11,748
Penetration	95 %	159 %	159 %	159 %	159 %
Group					
Demand	70,031	71,432	72,146	72,146	72,146
Market Share	3.6 %	7.3 %	9.3 %	9.3 %	9.3 %
Capture	2,513	5,238	6,712	6,712	6,712
Penetration	95 %	132 %	168 %	168 %	168 %
Total Room Nights Captured	12,074	25,585	27,188	27,188	27,188
Available Room Nights	24,400	36,500	36,500	36,500	36,500
Subject Occupancy	49 %	70 %	74 %	74 %	74 %
Market-wide Available Room Nights	647,190	659,190	659,190	659,190	659,190
Fair Share	4 %	6 %	6 %	6 %	6 %
Market-wide Occupied Room Nights	474,657	479,956	484,800	484,800	484,800
Market Share	3 %	5 %	6 %	6 %	6 %
Market-wide Occupancy	73 %	73 %	74 %	74 %	74 %
Total Penetration	67 %	96 %	101 %	101 %	101 %

FIGURE 9-2 OCCUPANCY SEGMENTATION

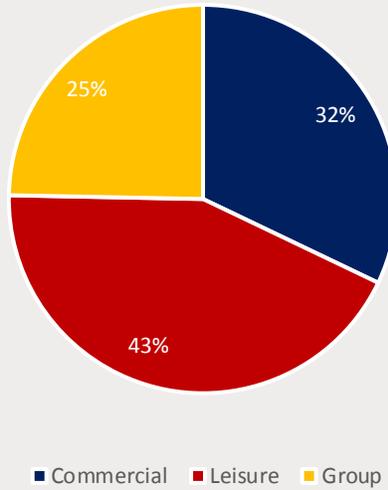


FIGURE 9-3 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$132.16	\$113.68	\$142.19	\$143.61	\$146.48	\$150.88	\$155.40	\$160.07	\$164.87	\$169.81
Projected Market ADR Growth Rate	—		25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$135.00	\$168.85	\$170.54	\$173.95	\$179.17	\$184.55	\$190.08	\$195.79	\$201.66
ADR Growth Rate			25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		119%	119%	119%	119%	119%	119%	119%	119%	119%
Fiscal Year					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate					\$175.67	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Opening Discount					3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$170.40	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Real Average Rate Growth					—	6.2%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$147.93	\$152.37	\$156.94	\$161.64	\$166.49	\$171.49
Proposed Subject ADR Penetration (After Discount)					115%	119%	119%	119%	119%	119%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$148.58	\$153.18	\$153.18	\$153.18	\$153.18	\$153.18

FIGURE 9-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29			
Number of Rooms:	100				100				100				100				100			
Occupancy:	56%				72%				74%				74%				74%			
Average Rate:	\$170.40				\$180.94				\$186.37				\$191.96				\$197.72			
RevPAR:	\$95.42				\$130.28				\$137.91				\$142.05				\$146.31			
Days Open:	365				365				365				365				365			
Occupied Rooms:	20,440	%Gross	PAR	POR	26,280	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$3,483	97.5 %	\$34,830	\$170.40	\$4,755	98.0 %	\$47,550	\$180.94	\$5,034	98.0 %	\$50,340	\$186.38	\$5,185	98.0 %	\$51,850	\$191.97	\$5,340	98.0 %	\$53,400	\$197.70
Other Operated Departments	46	1.3	459	2.25	51	1.0	506	1.93	53	1.0	526	1.95	54	1.0	542	2.00	56	1.0	558	2.07
Miscellaneous Income	43	1.2	431	2.11	47	1.0	475	1.81	49	1.0	493	1.82	51	1.0	508	1.88	52	1.0	523	1.94
Total Operating Revenues	3,572	100.0	35,720	174.76	4,853	100.0	48,531	184.67	5,136	100.0	51,359	190.15	5,290	100.0	52,899	195.85	5,448	100.0	54,481	201.71
DEPARTMENTAL EXPENSES *																				
Rooms	899	25.8	8,995	44.01	1,015	21.4	10,152	38.63	1,057	21.0	10,571	39.14	1,089	21.0	10,888	40.31	1,121	21.0	11,215	41.52
Other Operated Departments	36	79.1	364	1.78	38	75.4	382	1.45	39	75.0	394	1.46	41	75.0	406	1.50	42	75.0	418	1.55
Total Expenses	936	26.2	9,358	45.78	1,053	21.7	10,534	40.08	1,097	21.4	10,965	40.60	1,129	21.4	11,294	41.82	1,163	21.4	11,633	43.07
DEPARTMENTAL INCOME	2,636	73.8	26,362	128.97	3,800	78.3	37,997	144.58	4,039	78.6	40,393	149.55	4,160	78.6	41,605	154.04	4,285	78.6	42,848	158.64
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	348	9.7	3,483	17.04	381	7.9	3,813	14.51	395	7.7	3,954	14.64	407	7.7	4,072	15.08	419	7.7	4,195	15.53
Info & Telecom Systems	40	1.1	396	1.94	43	0.9	434	1.65	45	0.9	450	1.67	46	0.9	464	1.72	48	0.9	478	1.77
Marketing	212	5.9	2,122	10.38	222	4.6	2,217	8.44	219	4.3	2,190	8.11	226	4.3	2,256	8.35	232	4.3	2,323	8.60
Franchise Fee	279	7.8	2,786	13.63	380	7.8	3,804	14.47	403	7.8	4,027	14.91	415	7.8	4,148	15.36	427	7.8	4,272	15.82
Prop. Operations & Maint.	122	3.4	1,222	5.98	137	2.8	1,366	5.20	146	2.8	1,460	5.40	150	2.8	1,504	5.57	155	2.8	1,549	5.73
Utilities	107	3.0	1,072	5.24	117	2.4	1,173	4.46	122	2.4	1,217	4.50	125	2.4	1,253	4.64	129	2.4	1,291	4.78
Total Expenses	1,108	30.9	11,080	54.21	1,281	26.4	12,807	48.73	1,330	25.9	13,297	49.23	1,370	25.9	13,696	50.71	1,411	25.9	14,106	52.23
GROSS OPERATING PROFIT	1,528	42.9	15,281	74.76	2,519	51.9	25,189	95.85	2,710	52.7	27,096	100.32	2,791	52.7	27,909	103.33	2,874	52.7	28,741	106.41
Management Fee	107	3.0	1,072	5.24	146	3.0	1,456	5.54	154	3.0	1,541	5.70	159	3.0	1,587	5.88	163	3.0	1,634	6.05
INCOME BEFORE NON-OPR. INC. & EXP.	1,421	39.9	14,210	69.52	2,373	48.9	23,734	90.31	2,556	49.7	25,555	94.61	2,632	49.7	26,322	97.45	2,711	49.7	27,107	100.36
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	160	4.5	1,601	7.83	165	3.4	1,649	6.27	170	3.3	1,699	6.29	175	3.3	1,749	6.48	180	3.3	1,802	6.67
Insurance	46	1.3	459	2.24	47	1.0	472	1.80	49	0.9	487	1.80	50	0.9	501	1.86	52	0.9	516	1.91
Total Expenses	206	5.8	2,060	10.08	212	4.4	2,121	8.07	219	4.2	2,185	8.09	225	4.2	2,251	8.33	232	4.2	2,318	8.58
EBITDA	1,215	34.1	12,150	59.44	2,161	44.5	21,612	82.24	2,337	45.5	23,370	86.52	2,407	45.5	24,071	89.12	2,479	45.5	24,788	91.78
Reserve for Replacement	71	2.0	714	3.50	146	3.0	1,456	5.54	205	4.0	2,054	7.61	212	4.0	2,116	7.83	218	4.0	2,179	8.07
EBITDA LESS RESERVE	\$1,144	32.1 %	\$11,436	\$55.95	\$2,016	41.5 %	\$20,156	\$76.70	\$2,132	41.5 %	\$21,316	\$78.92	\$2,196	41.5 %	\$21,955	\$81.28	\$2,261	41.5 %	\$22,609	\$83.71

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 9-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	100																			
Occupied Rooms:	20,440		26,280		27,010															
Occupancy:	56%		72%		74%															
Average Rate:	\$170.40	% of	\$180.94	% of	\$186.37	% of	\$191.96	% of	\$197.72	% of	\$203.65	% of	\$209.76	% of	\$216.05	% of	\$222.53	% of	\$229.21	% of
RevPAR:	\$95.42	Gross	\$130.28	Gross	\$137.91	Gross	\$142.05	Gross	\$146.31	Gross	\$150.70	Gross	\$155.22	Gross	\$159.88	Gross	\$164.67	Gross	\$169.61	Gross
OPERATING REVENUE																				
Rooms	\$3,483	97.5 %	\$4,755	98.0 %	\$5,034	98.0 %	\$5,185	98.0 %	\$5,340	98.0 %	\$5,501	98.0 %	\$5,666	98.0 %	\$5,836	98.0 %	\$6,011	98.0 %	\$6,191	98.0 %
Other Operated Departments	46	1.3	51	1.0	53	1.0	54	1.0	56	1.0	57	1.0	59	1.0	61	1.0	63	1.0	65	1.0
Miscellaneous Income	43	1.2	47	1.0	49	1.0	51	1.0	52	1.0	54	1.0	55	1.0	57	1.0	59	1.0	61	1.0
Total Operating Revenues	3,572	100.0	4,853	100.0	5,136	100.0	5,290	100.0	5,448	100.0	5,612	100.0	5,781	100.0	5,954	100.0	6,133	100.0	6,316	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	899	25.8	1,015	21.4	1,057	21.0	1,089	21.0	1,121	21.0	1,155	21.0	1,190	21.0	1,225	21.0	1,262	21.0	1,300	21.0
Other Operated Departments	36	79.1	38	75.4	39	75.0	41	75.0	42	75.0	43	75.0	44	75.0	46	75.0	47	75.0	48	75.0
Total Expenses	936	26.2	1,053	21.7	1,097	21.4	1,129	21.4	1,163	21.4	1,198	21.3	1,234	21.3	1,271	21.3	1,309	21.3	1,349	21.4
DEPARTMENTAL INCOME																				
	2,636	73.8	3,800	78.3	4,039	78.6	4,160	78.6	4,285	78.6	4,414	78.7	4,546	78.7	4,683	78.7	4,823	78.7	4,968	78.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	348	9.7	381	7.9	395	7.7	407	7.7	419	7.7	432	7.7	445	7.7	458	7.7	472	7.7	486	7.7
Info & Telecom Systems	40	1.1	43	0.9	45	0.9	46	0.9	48	0.9	49	0.9	51	0.9	52	0.9	54	0.9	55	0.9
Marketing	212	5.9	222	4.6	219	4.3	226	4.3	232	4.3	239	4.3	246	4.3	254	4.3	261	4.3	269	4.3
Franchise Fee	279	7.8	380	7.8	403	7.8	415	7.8	427	7.8	440	7.8	453	7.8	467	7.8	481	7.8	495	7.8
Prop. Operations & Maint.	122	3.4	137	2.8	146	2.8	150	2.8	155	2.8	160	2.8	164	2.8	169	2.8	174	2.8	180	2.8
Utilities	107	3.0	117	2.4	122	2.4	125	2.4	129	2.4	133	2.4	137	2.4	141	2.4	145	2.4	150	2.4
Total Expenses	1,108	30.9	1,281	26.4	1,330	25.9	1,370	25.9	1,411	25.9	1,453	25.9	1,497	25.9	1,542	25.9	1,588	25.9	1,635	25.9
GROSS OPERATING PROFIT																				
	1,528	42.9	2,519	51.9	2,710	52.7	2,791	52.7	2,874	52.7	2,961	52.8	3,050	52.8	3,141	52.8	3,236	52.8	3,332	52.7
Management Fee	107	3.0	146	3.0	154	3.0	159	3.0	163	3.0	168	3.0	173	3.0	179	3.0	184	3.0	189	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	1,421	39.9	2,373	48.9	2,556	49.7	2,632	49.7	2,711	49.7	2,793	49.8	2,876	49.8	2,963	49.8	3,052	49.8	3,143	49.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	160	4.5	165	3.4	170	3.3	175	3.3	180	3.3	186	3.3	191	3.3	197	3.3	203	3.3	209	3.3
Insurance	46	1.3	47	1.0	49	0.9	50	0.9	52	0.9	53	0.9	55	0.9	56	0.9	58	0.9	60	0.9
Total Expenses	206	5.8	212	4.4	219	4.2	225	4.2	232	4.2	239	4.2	246	4.2	253	4.2	261	4.2	269	4.2
EBITDA																				
	1,215	34.1	2,161	44.5	2,337	45.5	2,407	45.5	2,479	45.5	2,554	45.6	2,630	45.6	2,709	45.6	2,791	45.6	2,874	45.5
Reserve for Replacement	71	2.0	146	3.0	205	4.0	212	4.0	218	4.0	224	4.0	231	4.0	238	4.0	245	4.0	253	4.0
EBITDA LESS RESERVE																				
	\$1,144	32.1 %	\$2,016	41.5 %	\$2,132	41.5 %	\$2,196	41.5 %	\$2,261	41.5 %	\$2,329	41.6 %	\$2,399	41.6 %	\$2,471	41.6 %	\$2,545	41.6 %	\$2,621	41.5 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 9-6 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	97.8 %	98.3 %	97.3 %	97.6 %	98.4 %	98.0 %
Other Operated Departments	1.2	1.7	1.1	1.0	0.8	1.0
Miscellaneous Income	1.0	0.0	1.5	1.4	0.8	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	26.5	24.0	17.8	22.3	22.8	21.0
Other Operated Departments	58.8	22.6	0.0	59.2	92.9	75.0
Total	26.6	24.0	17.3	22.4	23.1	21.4
DEPARTMENTAL INCOME						
	73.4	76.0	82.7	77.6	76.9	78.6
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.0	6.1	10.8	6.6	7.1	7.7
Info. and Telecom. Systems	0.5	1.2	0.9	1.8	0.7	0.9
Marketing	3.9	1.1	5.5	8.0	6.1	4.3
Franchise Fee	5.5	7.9	7.3	10.0	7.7	7.8
Property Operations & Maintenance	2.7	2.4	3.7	4.1	3.8	2.8
Utilities	3.4	2.4	2.9	2.2	2.5	2.4
Total	22.9	21.0	31.0	32.7	27.8	25.9
GROSS OPERATING PROFIT						
	50.5	55.0	51.7	44.9	49.1	52.8
Management Fee	0.0	4.5	3.8	1.0	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	50.5	50.6	47.9	43.9	49.1	49.8
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	1.8	0.9	5.8	3.0	2.7	3.3
Insurance	1.5	0.3	1.0	0.9	0.5	0.9
Total	3.3	1.2	6.8	3.9	3.2	4.3
EBITDA						
	47.2	49.4	41.1	40.0	45.9	45.5
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	4.0
EBITDA LESS RESERVE						
	47.2 %	49.4 %	41.1 %	40.0 %	45.9 %	41.5 %

FIGURE 9-7 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$40,995	\$42,157	\$34,188	\$34,463	\$35,676	\$41,378
Other Operated Departments	518	730	403	356	273	432
Miscellaneous Income	424	0	542	489	295	405
Total	41,937	42,887	35,132	35,308	36,243	42,215
DEPARTMENTAL EXPENSES						
Rooms	10,844	10,108	6,081	7,685	8,125	8,689
Other Operated Departments	305	165	0	210	254	324
Total	11,149	10,272	6,081	7,896	8,378	9,013
DEPARTMENTAL INCOME						
	30,788	32,615	29,051	27,413	27,865	33,202
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	2,934	2,599	3,803	2,314	2,586	3,250
Info. and Telecom. Systems	224	495	313	650	238	370
Marketing	1,622	471	1,930	2,824	2,198	1,800
Franchise Fee	2,297	3,373	2,547	3,516	2,791	3,310
Property Operations & Maintenance	1,113	1,022	1,282	1,441	1,365	1,200
Utilities	1,413	1,047	1,024	789	893	1,000
Total	9,602	9,008	10,899	11,535	10,071	10,930
GROSS OPERATING PROFIT						
	21,186	23,607	18,152	15,878	17,794	22,271
Management Fee	0	1,921	1,328	363	0	1,266
INCOME BEFORE NON-OPER. INC. & EXP.						
	21,186	21,686	16,824	15,514	17,794	21,005
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	753	398	2,031	1,051	961	1,396
Insurance	615	114	367	309	167	400
Total	1,368	511	2,398	1,360	1,128	1,796
EBITDA						
	19,818	21,175	14,426	14,154	16,666	19,209
Reserve for Replacement	0	0	0	0	0	1,689
EBITDA LESS RESERVE						
	\$19,818	\$21,175	\$14,426	\$14,154	\$16,666	\$17,520

FIGURE 9-8 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$144.89	\$159.61	\$120.08	\$127.94	\$119.20	\$153.19
Other Operated Departments	1.83	2.76	1.41	1.32	0.91	1.60
Miscellaneous Income	1.50	0.00	1.90	1.82	0.98	1.50
Total	148.22	162.38	123.40	131.08	121.10	156.29
DEPARTMENTAL EXPENSES						
Rooms	38.33	38.27	21.36	28.53	27.15	32.17
Other Operated Departments	1.08	0.62	0.00	0.78	0.85	1.20
Total	39.40	38.89	21.36	29.31	28.00	33.37
DEPARTMENTAL INCOME						
	108.82	123.49	102.04	101.77	93.11	122.92
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	10.37	9.84	13.36	8.59	8.64	12.03
Info. and Telecom. Systems	0.79	1.88	1.10	2.41	0.80	1.37
Marketing	5.73	1.79	6.78	10.49	7.34	6.66
Franchise Fee	8.12	12.77	8.95	13.05	9.33	12.26
Property Operations & Maintenance	3.93	3.87	4.50	5.35	4.56	4.44
Utilities	4.99	3.96	3.60	2.93	2.99	3.70
Total	33.94	34.11	38.28	42.82	33.65	40.47
GROSS OPERATING PROFIT						
	74.88	89.38	63.76	58.95	59.46	82.46
Management Fee	0.00	7.27	4.66	1.35	0.00	4.69
INCOME BEFORE NON-OPER. INC. & EXP.						
	74.88	82.11	59.10	57.60	59.46	77.77
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.66	1.51	7.13	3.90	3.21	5.17
Insurance	2.17	0.43	1.29	1.15	0.56	1.48
Total	4.84	1.94	8.42	5.05	3.77	6.65
EBITDA						
	70.04	80.17	50.68	52.55	55.69	71.12
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	6.25
EBITDA LESS RESERVE						
	\$70.04	\$80.17	\$50.68	\$52.55	\$55.69	\$64.86

FIGURE 9-9 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

	Number of Rooms:	481		
	Days Open:	365		
	Occupancy:	76.9%		
	Average Rate:	\$133.48	Percentage	Amount per
	RevPAR:	\$102.60	of Revenue	Available
				Occupied
				Room
REVENUE				
Rooms		\$18,013	97.9 %	\$37,448
Other Operating Departments		220	1.2	458
Miscellaneous Income		173	0.9	359
Total		18,405	100.0	38,265
DEPARTMENTAL EXPENSES				
Rooms		4,082	22.7	8,486
Other Operating Departments		85	38.6	177
Total		4,167	22.6	8,663
DEPARTMENTAL INCOME				
		14,239	77.4	29,602
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General		1,404	7.6	2,919
Info. and Telecom. Systems		179	1.0	372
Marketing		859	4.7	1,785
Franchise Fee		1,375	7.5	2,859
Property Operations & Maintenance		596	3.2	1,239
Utilities		503	2.7	1,046
Total		4,916	26.7	10,220
GROSS OPERATING PROFIT				
		9,323	50.7	19,382
Management Fee		365	2.0	759
INCOME BEFORE NON-OPER. INC. & EXP.				
		8,957	48.7	18,623
NON-OPERATING INCOME AND EXPENSE				
Property Taxes		525	2.9	1,092
Insurance		156	0.8	323
Total		681	4	1,415
EBITDA				
		8,277	44.9685	17,207
Reserve for Replacement		0	0.0	0
EBITDA LESS RESERVE				
		\$8,277	45.0 %	\$17,207
				\$61.34

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 9-10 MORTGAGE COMPONENT

Initial Cost	\$21,630,000
Loan to cost	60.0%
Mortgage Amount	<u>\$12,978,000</u>
Assumed interest rate	6.50%
Assumed Amortization	25 years
Debt Service Constant	0.08102
Annual Debt Service	\$1,052,000
Mortgage paid off over 10 years	22.49%
Balance at end of 10 years	\$10,059,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 9-11 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$21,630,000
Mortgage	<u>12,978,000</u>
Equity Investment	\$8,652,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 9-12 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	2,700,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$27,000,000
Less: Transaction Costs @ 3.0%	<u>\$810,000</u>
Net Sales Proceeds	\$26,190,000
Less: Mortgage Component	<u>\$10,059,000</u>
Equity Reversion	\$16,131,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 9-13 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$21,630,000)		(\$12,978,000)		(\$8,652,000)	
2024/25	\$1,144,000	5.3 %	\$1,052,000	8.1 %	\$92,000	1.1 %
2025/26	2,016,000	9.3	1,052,000	8.1	964,000	11.1
2026/27	2,132,000	9.9	1,052,000	8.1	1,080,000	12.5
2027/28	2,196,000	10.2	1,052,000	8.1	1,144,000	13.2
2028/29	2,261,000	10.5	1,052,000	8.1	1,209,000	14.0
2029/30	2,329,000	10.8	1,052,000	8.1	1,277,000	14.8
2030/31	2,399,000	11.1	1,052,000	8.1	1,347,000	15.6
2031/32	2,471,000	11.4	1,052,000	8.1	1,419,000	16.4
2032/33	2,545,000	11.8	1,052,000	8.1	1,493,000	17.3
2033/34	2,621,000	12.1	1,052,000	8.1	1,569,000	18.1
Reversion	26,190,000	121.1	9,569,000	73.7	16,131,000	186.4
Ten Year IRR		10.4 %		5.8 %		14.9 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 10.4%. Based on the mortgage assumptions, the equity component’s initial investment of \$8,652,000 would achieve a return of 14.9% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 10.4%, is below the averages and within the range of returns.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$21,630,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 9-14 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$19,467,000	11.9%	6.1%	17.8%
-5%	Lower by -5%	\$20,548,500	11.1%	6.1%	16.3%
0	Original	\$21,630,000	10.4%	6.1%	14.9%
5%	Higher by 5%	\$22,711,500	9.7%	6.1%	13.5%
10%	Higher by 10%	\$23,793,000	9.0%	6.1%	12.2%
15%	Higher by 15%	\$24,874,500	8.4%	6.1%	11.0%

10. Feasibility Analysis - Hanson Lot

FIGURE 10-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2024	2025	2026	2027	2028
Commercial					
Demand	267,286	275,304	279,434	279,434	279,434
Market Share	1.7 %	2.8 %	2.8 %	2.8 %	2.8 %
Capture	4,631	7,839	7,957	7,957	7,957
Penetration	46 %	51 %	51 %	51 %	51 %
Leisure					
Demand	137,340	133,220	133,220	133,220	133,220
Market Share	3.6 %	9.0 %	9.0 %	9.0 %	9.0 %
Capture	4,929	11,943	11,943	11,943	11,943
Penetration	95 %	162 %	162 %	162 %	162 %
Group					
Demand	70,031	71,432	72,146	72,146	72,146
Market Share	3.6 %	7.3 %	9.8 %	9.8 %	9.8 %
Capture	2,513	5,238	7,058	7,058	7,058
Penetration	95 %	132 %	177 %	177 %	177 %
Total Room Nights Captured	12,074	25,020	26,958	26,958	26,958
Available Room Nights	24,400	36,500	36,500	36,500	36,500
Subject Occupancy	49 %	69 %	74 %	74 %	74 %
Market-wide Available Room Nights	647,190	659,190	659,190	659,190	659,190
Fair Share	4 %	6 %	6 %	6 %	6 %
Market-wide Occupied Room Nights	474,657	479,956	484,800	484,800	484,800
Market Share	3 %	5 %	6 %	6 %	6 %
Market-wide Occupancy	73 %	73 %	74 %	74 %	74 %
Total Penetration	67 %	94 %	100 %	100 %	100 %

FIGURE 10-2 OCCUPANCY SEGMENTATION

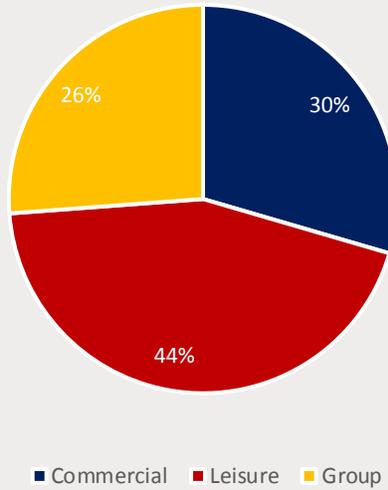


FIGURE 10-3 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$132.16	\$113.68	\$142.19	\$143.61	\$146.48	\$150.88	\$155.40	\$160.07	\$164.87	\$169.81
Projected Market ADR Growth Rate	—		25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$135.00	\$168.85	\$170.54	\$173.95	\$179.17	\$184.55	\$190.08	\$195.79	\$201.66
ADR Growth Rate			25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		119%	119%	119%	119%	119%	119%	119%	119%	119%
Fiscal Year					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate					\$175.67	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Opening Discount					3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$170.40	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Real Average Rate Growth					—	6.2%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$147.93	\$152.37	\$156.94	\$161.64	\$166.49	\$171.49
Proposed Subject ADR Penetration (After Discount)					115%	119%	119%	119%	119%	119%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$148.58	\$153.18	\$153.18	\$153.18	\$153.18	\$153.18

FIGURE 10-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29				
Number of Rooms:	100				100				100				100				100				
Occupancy:	56%				70%				74%				74%				74%				
Average Rate:	\$170.40				\$180.94				\$186.37				\$191.96				\$197.72				
RevPAR:	\$95.42				\$126.66				\$137.91				\$142.05				\$146.31				
Days Open:	365				365				365				365				365				
Occupied Rooms:	20,440	%Gross	PAR	POR	25,550	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR	27,010	%Gross	PAR	POR	
OPERATING REVENUE																					
Rooms	\$3,483	97.5 %	\$34,830	\$170.40	\$4,623	97.9 %	\$46,230	\$180.94	\$5,034	98.0 %	\$50,340	\$186.38	\$5,185	98.0 %	\$51,850	\$191.97	\$5,340	98.0 %	\$53,400	\$197.70	
Other Operated Departments	46	1.3	459	2.25	50	1.1	502	1.97	53	1.0	526	1.95	54	1.0	542	2.00	56	1.0	558	2.07	
Miscellaneous Income	43	1.2	431	2.11	47	1.0	471	1.84	49	1.0	493	1.82	51	1.0	508	1.88	52	1.0	523	1.94	
Total Operating Revenues	3,572	100.0	35,720	174.76	4,720	100.0	47,203	184.75	5,136	100.0	51,359	190.15	5,290	100.0	52,899	195.85	5,448	100.0	54,481	201.71	
DEPARTMENTAL EXPENSES *																					
Rooms	899	25.8	8,995	44.01	1,004	21.7	10,041	39.30	1,057	21.0	10,571	39.14	1,089	21.0	10,888	40.31	1,121	21.0	11,215	41.52	
Other Operated Departments	36	79.1	364	1.78	38	75.9	381	1.49	39	75.0	394	1.46	41	75.0	406	1.50	42	75.0	418	1.55	
Total Expenses	936	26.2	9,358	45.78	1,042	22.1	10,422	40.79	1,097	21.4	10,965	40.60	1,129	21.4	11,294	41.82	1,163	21.4	11,633	43.07	
DEPARTMENTAL INCOME	2,636	73.8	26,362	128.97	3,678	77.9	36,781	143.96	4,039	78.6	40,393	149.55	4,160	78.6	41,605	154.04	4,285	78.6	42,848	158.64	
UNDISTRIBUTED OPERATING EXPENSES																					
Administrative & General	348	9.7	3,483	17.04	379	8.0	3,787	14.82	395	7.7	3,954	14.64	407	7.7	4,072	15.08	419	7.7	4,195	15.53	
Info & Telecom Systems	40	1.1	396	1.94	43	0.9	431	1.69	45	0.9	450	1.67	46	0.9	464	1.72	48	0.9	478	1.77	
Marketing	212	5.9	2,122	10.38	220	4.7	2,203	8.62	219	4.3	2,190	8.11	226	4.3	2,256	8.35	232	4.3	2,323	8.60	
Franchise Fee	279	7.8	2,786	13.63	370	7.8	3,698	14.48	403	7.8	4,027	14.91	415	7.8	4,148	15.36	427	7.8	4,272	15.82	
Prop. Operations & Maint.	122	3.4	1,222	5.98	136	2.9	1,356	5.31	146	2.8	1,460	5.40	150	2.8	1,504	5.57	155	2.8	1,549	5.73	
Utilities	107	3.0	1,072	5.24	117	2.5	1,165	4.56	122	2.4	1,217	4.50	125	2.4	1,253	4.64	129	2.4	1,291	4.78	
Total Expenses	1,108	30.9	11,080	54.21	1,264	26.8	12,641	49.48	1,330	25.9	13,297	49.23	1,370	25.9	13,696	50.71	1,411	25.9	14,106	52.23	
GROSS OPERATING PROFIT	1,528	42.9	15,281	74.76	2,414	51.1	24,139	94.48	2,710	52.7	27,096	100.32	2,791	52.7	27,909	103.33	2,874	52.7	28,741	106.41	
Management Fee	107	3.0	1,072	5.24	142	3.0	1,416	5.54	154	3.0	1,541	5.70	159	3.0	1,587	5.88	163	3.0	1,634	6.05	
INCOME BEFORE NON-OPR. INC. & EXP.	1,421	39.9	14,210	69.52	2,272	48.1	22,723	88.94	2,556	49.7	25,555	94.61	2,632	49.7	26,322	97.45	2,711	49.7	27,107	100.36	
NON-OPERATING INCOME & EXPENSE																					
Property Taxes	118	3.3	1,184	5.79	157	3.3	1,572	6.15	171	3.3	1,712	6.34	176	3.3	1,763	6.53	182	3.3	1,816	6.72	
Insurance	46	1.3	459	2.24	47	1.0	472	1.85	49	0.9	487	1.80	50	0.9	501	1.86	52	0.9	516	1.91	
Total Expenses	164	4.6	1,643	8.04	204	4.3	2,044	8.00	220	4.2	2,198	8.14	226	4.2	2,264	8.38	233	4.2	2,332	8.63	
EBITDA	1,257	35.3	12,567	61.48	2,068	43.8	20,679	80.94	2,336	45.5	23,357	86.48	2,406	45.5	24,058	89.07	2,477	45.5	24,775	91.72	
Reserve for Replacement	71	2.0	714	3.50	142	3.0	1,416	5.54	205	4.0	2,054	7.61	212	4.0	2,116	7.83	218	4.0	2,179	8.07	
EBITDA LESS RESERVE	\$1,185	33.3 %	\$11,853	\$57.99	\$1,926	40.8 %	\$19,263	\$75.39	\$2,130	41.5 %	\$21,303	\$78.87	\$2,194	41.5 %	\$21,942	\$81.24	\$2,260	41.5 %	\$22,596	\$83.66	

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 10-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	100																			
Occupied Rooms:	20,440		25,550		27,010															
Occupancy:	56%		70%		74%															
Average Rate:	\$170.40	% of	\$180.94	% of	\$186.37	% of	\$191.96	% of	\$197.72	% of	\$203.65	% of	\$209.76	% of	\$216.05	% of	\$222.53	% of	\$229.21	% of
RevPAR:	\$95.42	Gross	\$126.66	Gross	\$137.91	Gross	\$142.05	Gross	\$146.31	Gross	\$150.70	Gross	\$155.22	Gross	\$159.88	Gross	\$164.67	Gross	\$169.61	Gross
OPERATING REVENUE																				
Rooms	\$3,483	97.5 %	\$4,623	97.9 %	\$5,034	98.0 %	\$5,185	98.0 %	\$5,340	98.0 %	\$5,501	98.0 %	\$5,666	98.0 %	\$5,836	98.0 %	\$6,011	98.0 %	\$6,191	98.0 %
Other Operated Departments	46	1.3	50	1.1	53	1.0	54	1.0	56	1.0	57	1.0	59	1.0	61	1.0	63	1.0	65	1.0
Miscellaneous Income	43	1.2	47	1.0	49	1.0	51	1.0	52	1.0	54	1.0	55	1.0	57	1.0	59	1.0	61	1.0
Total Operating Revenues	3,572	100.0	4,720	100.0	5,136	100.0	5,290	100.0	5,448	100.0	5,612	100.0	5,781	100.0	5,954	100.0	6,133	100.0	6,316	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	899	25.8	1,004	21.7	1,057	21.0	1,089	21.0	1,121	21.0	1,155	21.0	1,190	21.0	1,225	21.0	1,262	21.0	1,300	21.0
Other Operated Departments	36	79.1	38	75.9	39	75.0	41	75.0	42	75.0	43	75.0	44	75.0	46	75.0	47	75.0	48	75.0
Total Expenses	936	26.2	1,042	22.1	1,097	21.4	1,129	21.4	1,163	21.4	1,198	21.3	1,234	21.3	1,271	21.3	1,309	21.3	1,349	21.4
DEPARTMENTAL INCOME																				
	2,636	73.8	3,678	77.9	4,039	78.6	4,160	78.6	4,285	78.6	4,414	78.7	4,546	78.7	4,683	78.7	4,823	78.7	4,968	78.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	348	9.7	379	8.0	395	7.7	407	7.7	419	7.7	432	7.7	445	7.7	458	7.7	472	7.7	486	7.7
Info & Telecom Systems	40	1.1	43	0.9	45	0.9	46	0.9	48	0.9	49	0.9	51	0.9	52	0.9	54	0.9	55	0.9
Marketing	212	5.9	220	4.7	219	4.3	226	4.3	232	4.3	239	4.3	246	4.3	254	4.3	261	4.3	269	4.3
Franchise Fee	279	7.8	370	7.8	403	7.8	415	7.8	427	7.8	440	7.8	453	7.8	467	7.8	481	7.8	495	7.8
Prop. Operations & Maint.	122	3.4	136	2.9	146	2.8	150	2.8	155	2.8	160	2.8	164	2.8	169	2.8	174	2.8	180	2.8
Utilities	107	3.0	117	2.5	122	2.4	125	2.4	129	2.4	133	2.4	137	2.4	141	2.4	145	2.4	150	2.4
Total Expenses	1,108	30.9	1,264	26.8	1,330	25.9	1,370	25.9	1,411	25.9	1,453	25.9	1,497	25.9	1,542	25.9	1,588	25.9	1,635	25.9
GROSS OPERATING PROFIT																				
	1,528	42.9	2,414	51.1	2,710	52.7	2,791	52.7	2,874	52.7	2,961	52.8	3,050	52.8	3,141	52.8	3,236	52.8	3,332	52.7
Management Fee	107	3.0	142	3.0	154	3.0	159	3.0	163	3.0	168	3.0	173	3.0	179	3.0	184	3.0	189	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	1,421	39.9	2,272	48.1	2,556	49.7	2,632	49.7	2,711	49.7	2,793	49.8	2,876	49.8	2,963	49.8	3,052	49.8	3,143	49.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	118	3.3	157	3.3	171	3.3	176	3.3	182	3.3	187	3.3	193	3.3	198	3.3	204	3.3	211	3.3
Insurance	46	1.3	47	1.0	49	0.9	50	0.9	52	0.9	53	0.9	55	0.9	56	0.9	58	0.9	60	0.9
Total Expenses	164	4.6	204	4.3	220	4.2	226	4.2	233	4.2	240	4.2	247	4.2	255	4.2	262	4.2	270	4.2
EBITDA	1,257	35.3	2,068	43.8	2,336	45.5	2,406	45.5	2,477	45.5	2,552	45.6	2,629	45.6	2,708	45.6	2,789	45.6	2,872	45.5
Reserve for Replacement	71	2.0	142	3.0	205	4.0	212	4.0	218	4.0	224	4.0	231	4.0	238	4.0	245	4.0	253	4.0
EBITDA LESS RESERVE	\$1,185	33.3 %	\$1,926	40.8 %	\$2,130	41.5 %	\$2,194	41.5 %	\$2,260	41.5 %	\$2,328	41.6 %	\$2,398	41.6 %	\$2,470	41.6 %	\$2,544	41.6 %	\$2,620	41.5 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 10-6 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	97.8 %	98.3 %	97.3 %	97.6 %	98.4 %	98.0 %
Other Operated Departments	1.2	1.7	1.1	1.0	0.8	1.0
Miscellaneous Income	1.0	0.0	1.5	1.4	0.8	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	26.5	24.0	17.8	22.3	22.8	21.0
Other Operated Departments	58.8	22.6	0.0	59.2	92.9	75.0
Total	26.6	24.0	17.3	22.4	23.1	21.4
DEPARTMENTAL INCOME						
	73.4	76.0	82.7	77.6	76.9	78.6
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.0	6.1	10.8	6.6	7.1	7.7
Info. and Telecom. Systems	0.5	1.2	0.9	1.8	0.7	0.9
Marketing	3.9	1.1	5.5	8.0	6.1	4.3
Franchise Fee	5.5	7.9	7.3	10.0	7.7	7.8
Property Operations & Maintenance	2.7	2.4	3.7	4.1	3.8	2.8
Utilities	3.4	2.4	2.9	2.2	2.5	2.4
Total	22.9	21.0	31.0	32.7	27.8	25.9
GROSS OPERATING PROFIT						
	50.5	55.0	51.7	44.9	49.1	52.8
Management Fee	0.0	4.5	3.8	1.0	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	50.5	50.6	47.9	43.9	49.1	49.8
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	1.8	0.9	5.8	3.0	2.7	3.3
Insurance	1.5	0.3	1.0	0.9	0.5	0.9
Total	3.3	1.2	6.8	3.9	3.2	4.3
EBITDA						
	47.2	49.4	41.1	40.0	45.9	45.5
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	4.0
EBITDA LESS RESERVE						
	47.2 %	49.4 %	41.1 %	40.0 %	45.9 %	41.5 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 10-7 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$40,995	\$42,157	\$34,188	\$34,463	\$35,676	\$41,378
Other Operated Departments	518	730	403	356	273	432
Miscellaneous Income	424	0	542	489	295	405
Total	41,937	42,887	35,132	35,308	36,243	42,215
DEPARTMENTAL EXPENSES						
Rooms	10,844	10,108	6,081	7,685	8,125	8,689
Other Operated Departments	305	165	0	210	254	324
Total	11,149	10,272	6,081	7,896	8,378	9,013
DEPARTMENTAL INCOME						
	30,788	32,615	29,051	27,413	27,865	33,202
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	2,934	2,599	3,803	2,314	2,586	3,250
Info. and Telecom. Systems	224	495	313	650	238	370
Marketing	1,622	471	1,930	2,824	2,198	1,800
Franchise Fee	2,297	3,373	2,547	3,516	2,791	3,310
Property Operations & Maintenance	1,113	1,022	1,282	1,441	1,365	1,200
Utilities	1,413	1,047	1,024	789	893	1,000
Total	9,602	9,008	10,899	11,535	10,071	10,930
GROSS OPERATING PROFIT						
	21,186	23,607	18,152	15,878	17,794	22,271
Management Fee	0	1,921	1,328	363	0	1,266
INCOME BEFORE NON-OPER. INC. & EXP.						
	21,186	21,686	16,824	15,514	17,794	21,005
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	753	398	2,031	1,051	961	1,396
Insurance	615	114	367	309	167	400
Total	1,368	511	2,398	1,360	1,128	1,796
EBITDA						
	19,818	21,175	14,426	14,154	16,666	19,209
Reserve for Replacement	0	0	0	0	0	1,689
EBITDA LESS RESERVE						
	\$19,818	\$21,175	\$14,426	\$14,154	\$16,666	\$17,520

FIGURE 10-8 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	74%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$113
REVENUE						
Rooms	\$144.89	\$159.61	\$120.08	\$127.94	\$119.20	\$153.19
Other Operated Departments	1.83	2.76	1.41	1.32	0.91	1.60
Miscellaneous Income	1.50	0.00	1.90	1.82	0.98	1.50
Total	148.22	162.38	123.40	131.08	121.10	156.29
DEPARTMENTAL EXPENSES						
Rooms	38.33	38.27	21.36	28.53	27.15	32.17
Other Operated Departments	1.08	0.62	0.00	0.78	0.85	1.20
Total	39.40	38.89	21.36	29.31	28.00	33.37
DEPARTMENTAL INCOME						
	108.82	123.49	102.04	101.77	93.11	122.92
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	10.37	9.84	13.36	8.59	8.64	12.03
Info. and Telecom. Systems	0.79	1.88	1.10	2.41	0.80	1.37
Marketing	5.73	1.79	6.78	10.49	7.34	6.66
Franchise Fee	8.12	12.77	8.95	13.05	9.33	12.26
Property Operations & Maintenance	3.93	3.87	4.50	5.35	4.56	4.44
Utilities	4.99	3.96	3.60	2.93	2.99	3.70
Total	33.94	34.11	38.28	42.82	33.65	40.47
GROSS OPERATING PROFIT						
	74.88	89.38	63.76	58.95	59.46	82.46
Management Fee	0.00	7.27	4.66	1.35	0.00	4.69
INCOME BEFORE NON-OPER. INC. & EXP.						
	74.88	82.11	59.10	57.60	59.46	77.77
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.66	1.51	7.13	3.90	3.21	5.17
Insurance	2.17	0.43	1.29	1.15	0.56	1.48
Total	4.84	1.94	8.42	5.05	3.77	6.65
EBITDA						
	70.04	80.17	50.68	52.55	55.69	71.12
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	6.25
EBITDA LESS RESERVE						
	\$70.04	\$80.17	\$50.68	\$52.55	\$55.69	\$64.86

FIGURE 10-9 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

	Number of Rooms:	481			
	Days Open:	365			
	Occupancy:	76.9%		Amount per	Amount per
	Average Rate:	\$133.48	Percentage	Available	Occupied
	RevPAR:	\$102.60	of Revenue	Room	Room
REVENUE					
Rooms	\$18,013	97.9 %		\$37,448	\$133.48
Other Operating Departments	220	1.2		458	1.63
Miscellaneous Income	173	0.9		359	1.28
Total	18,405	100.0		38,265	136.40
DEPARTMENTAL EXPENSES					
Rooms	4,082	22.7		8,486	30.25
Other Operating Departments	85	38.6		177	0.63
Total	4,167	22.6		8,663	30.88
DEPARTMENTAL INCOME					
	14,239	77.4		29,602	105.52
UNDISTRIBUTED OPERATING EXPENSES					
Administrative & General	1,404	7.6		2,919	10.41
Info. and Telecom. Systems	179	1.0		372	1.32
Marketing	859	4.7		1,785	6.36
Franchise Fee	1,375	7.5		2,859	10.19
Property Operations & Maintenance	596	3.2		1,239	4.42
Utilities	503	2.7		1,046	3.73
Total	4,916	26.7		10,220	36.43
GROSS OPERATING PROFIT					
	9,323	50.7		19,382	69.09
Management Fee	365	2.0		759	2.71
INCOME BEFORE NON-OPER. INC. & EXP.					
	8,957	48.7		18,623	66.38
NON-OPERATING INCOME AND EXPENSE					
Property Taxes	525	2.9		1,092	3.89
Insurance	156	0.8		323	1.15
Total	681	4		1,415	5
EBITDA					
	8,277	44.9685		17,207	61.34
Reserve for Replacement	0	0.0		0	0.00
EBITDA LESS RESERVE					
	\$8,277	45.0 %		\$17,207	\$61.34

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 10-10 MORTGAGE COMPONENT

Initial Cost	\$21,630,000
Loan to cost	60.0%
Mortgage Amount	<u>\$12,978,000</u>
Assumed interest rate	6.50%
Assumed Amortization	25 years
Debt Service Constant	0.08102
Annual Debt Service	\$1,052,000
Mortgage paid off over 10 years	22.49%
Balance at end of 10 years	\$10,059,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 10-11 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$21,630,000
Mortgage	<u>12,978,000</u>
Equity Investment	\$8,652,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 10-12 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	2,698,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$26,980,000
Less: Transaction Costs @ 3.0%	<u>\$809,000</u>
Net Sales Proceeds	\$26,171,000
Less: Mortgage Component	<u>\$10,059,000</u>
Equity Reversion	\$16,112,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 10-13 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$21,630,000)		(\$12,978,000)		(\$8,652,000)	
2024/25	\$1,185,000	5.5 %	\$1,052,000	8.1 %	\$133,000	1.5 %
2025/26	1,926,000	8.9	1,052,000	8.1	874,000	10.1
2026/27	2,130,000	9.8	1,052,000	8.1	1,078,000	12.5
2027/28	2,194,000	10.1	1,052,000	8.1	1,142,000	13.2
2028/29	2,260,000	10.4	1,052,000	8.1	1,208,000	14.0
2029/30	2,328,000	10.8	1,052,000	8.1	1,276,000	14.7
2030/31	2,398,000	11.1	1,052,000	8.1	1,346,000	15.6
2031/32	2,470,000	11.4	1,052,000	8.1	1,418,000	16.4
2032/33	2,544,000	11.8	1,052,000	8.1	1,492,000	17.2
2033/34	2,620,000	12.1	1,052,000	8.1	1,568,000	18.1
Reversion	26,171,000	121.0	9,594,000	73.9	16,112,000	186.2
Ten Year IRR		10.3 %		5.8 %		14.8 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 10.3%. Based on the mortgage assumptions, the equity component’s initial investment of \$8,652,000 would achieve a return of 14.8% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 10.3%, is below the averages and within the range of returns.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$21,630,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 10-14 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$19,467,000	11.9%	6.1%	17.8%
-5%	Lower by -5%	\$20,548,500	11.1%	6.1%	16.2%
0	Original	\$21,630,000	10.3%	6.1%	14.8%
5%	Higher by 5%	\$22,711,500	9.6%	6.1%	13.4%
10%	Higher by 10%	\$23,793,000	9.0%	6.1%	12.1%
15%	Higher by 15%	\$24,874,500	8.3%	6.1%	10.9%

11. Feasibility Analysis - Lake Tye Site

FIGURE 11-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2024	2025	2026	2027	2028
Commercial					
Demand	267,286	275,304	279,434	279,434	279,434
Market Share	1.7 %	3.4 %	3.4 %	3.4 %	3.4 %
Capture	4,631	9,353	9,494	9,494	9,494
Penetration	46 %	61 %	61 %	61 %	61 %
Leisure					
Demand	137,340	133,220	133,220	133,220	133,220
Market Share	3.6 %	7.6 %	7.6 %	7.6 %	7.6 %
Capture	4,929	10,103	10,103	10,103	10,103
Penetration	95 %	137 %	137 %	137 %	137 %
Group					
Demand	70,031	71,432	72,146	72,146	72,146
Market Share	3.6 %	7.3 %	8.6 %	8.6 %	8.6 %
Capture	2,513	5,238	6,186	6,186	6,186
Penetration	95 %	132 %	155 %	155 %	155 %
Total Room Nights Captured	12,074	24,695	25,783	25,783	25,783
Available Room Nights	24,400	36,500	36,500	36,500	36,500
Subject Occupancy	49 %	68 %	71 %	71 %	71 %
Market-wide Available Room Nights	647,190	659,190	659,190	659,190	659,190
Fair Share	4 %	6 %	6 %	6 %	6 %
Market-wide Occupied Room Nights	474,657	479,956	484,800	484,800	484,800
Market Share	3 %	5 %	5 %	5 %	5 %
Market-wide Occupancy	73 %	73 %	74 %	74 %	74 %
Total Penetration	67 %	93 %	96 %	96 %	96 %

FIGURE 11-2 OCCUPANCY SEGMENTATION

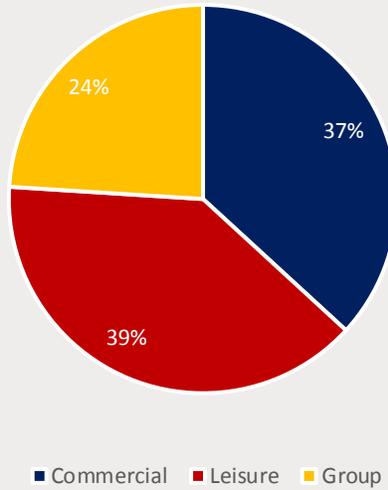


FIGURE 11-3 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$132.16	\$113.68	\$142.19	\$143.61	\$146.48	\$150.88	\$155.40	\$160.07	\$164.87	\$169.81
Projected Market ADR Growth Rate	—		25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$135.00	\$168.85	\$170.54	\$173.95	\$179.17	\$184.55	\$190.08	\$195.79	\$201.66
ADR Growth Rate			25.1%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		119%	119%	119%	119%	119%	119%	119%	119%	119%
Fiscal Year					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate					\$175.67	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Opening Discount					3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$170.40	\$180.94	\$186.37	\$191.96	\$197.72	\$203.65
Real Average Rate Growth					—	6.2%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$147.93	\$152.37	\$156.94	\$161.64	\$166.49	\$171.49
Proposed Subject ADR Penetration (After Discount)					115%	119%	119%	119%	119%	119%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$148.58	\$153.18	\$153.18	\$153.18	\$153.18	\$153.18

FIGURE 11-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29			
Number of Rooms:	100				100				100				100				100			
Occupancy:	55%				69%				71%				71%				71%			
Average Rate:	\$170.40				\$180.94				\$186.37				\$191.96				\$197.72			
RevPAR:	\$93.72				\$124.85				\$132.32				\$136.29				\$140.38			
Days Open:	365				365				365				365				365			
Occupied Rooms:	20,075	%Gross	PAR	POR	25,185	%Gross	PAR	POR	25,915	%Gross	PAR	POR	25,915	%Gross	PAR	POR	25,915	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$3,421	97.6 %	\$34,210	\$170.41	\$4,557	98.0 %	\$45,570	\$180.94	\$4,830	98.0 %	\$48,300	\$186.38	\$4,975	98.0 %	\$49,750	\$191.97	\$5,124	98.0 %	\$51,240	\$197.72
Other Operated Departments	44	1.3	443	2.21	49	1.0	486	1.93	50	1.0	504	1.95	52	1.0	520	2.00	54	1.0	535	2.07
Miscellaneous Income	42	1.2	416	2.07	46	1.0	455	1.81	47	1.0	473	1.82	49	1.0	487	1.88	50	1.0	502	1.94
Total Operating Revenues	3,507	100.0	35,069	174.69	4,651	100.0	46,511	184.68	4,928	100.0	49,277	190.15	5,076	100.0	50,757	195.86	5,228	100.0	52,277	201.72
DEPARTMENTAL EXPENSES *																				
Rooms	870	25.4	8,698	43.33	974	21.4	9,736	38.66	1,014	21.0	10,142	39.14	1,045	21.0	10,447	40.31	1,076	21.0	10,760	41.52
Other Operated Departments	35	78.8	349	1.74	37	75.4	366	1.45	38	75.0	378	1.46	39	75.0	390	1.50	40	75.0	401	1.55
Total Expenses	905	25.8	9,048	45.07	1,010	21.7	10,102	40.11	1,052	21.4	10,521	40.60	1,084	21.3	10,836	41.82	1,116	21.4	11,161	43.07
DEPARTMENTAL INCOME	2,602	74.2	26,021	129.62	3,641	78.3	36,408	144.56	3,876	78.6	38,757	149.55	3,992	78.7	39,920	154.04	4,112	78.6	41,115	158.65
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	350	10.0	3,499	17.43	381	8.2	3,812	15.14	395	8.0	3,954	15.26	407	8.0	4,072	15.71	419	8.0	4,195	16.19
Info & Telecom Systems	40	1.1	398	1.98	43	0.9	434	1.72	45	0.9	450	1.74	46	0.9	464	1.79	48	0.9	478	1.84
Marketing	213	6.1	2,131	10.62	222	4.8	2,217	8.80	219	4.4	2,190	8.45	226	4.4	2,256	8.70	232	4.4	2,323	8.96
Franchise Fee	274	7.8	2,737	13.63	365	7.8	3,646	14.48	386	7.8	3,864	14.91	398	7.8	3,980	15.36	410	7.8	4,099	15.82
Prop. Operations & Maint.	123	3.5	1,227	6.11	137	2.9	1,365	5.42	146	3.0	1,460	5.63	150	3.0	1,504	5.80	155	3.0	1,549	5.98
Utilities	108	3.1	1,076	5.36	117	2.5	1,173	4.66	122	2.5	1,217	4.69	125	2.5	1,253	4.84	129	2.5	1,291	4.98
Total Expenses	1,107	31.6	11,069	55.14	1,265	27.1	12,647	50.21	1,313	26.6	13,134	50.68	1,353	26.6	13,528	52.20	1,393	26.6	13,934	53.77
GROSS OPERATING PROFIT	1,495	42.6	14,952	74.48	2,376	51.2	23,762	94.35	2,562	52.0	25,622	98.87	2,639	52.1	26,392	101.84	2,718	52.0	27,181	104.89
Management Fee	105	3.0	1,052	5.24	140	3.0	1,395	5.54	148	3.0	1,478	5.70	152	3.0	1,523	5.88	157	3.0	1,568	6.05
INCOME BEFORE NON-OPR. INC. & EXP.	1,390	39.6	13,900	69.24	2,237	48.2	22,367	88.81	2,414	49.0	24,144	93.17	2,487	49.1	24,869	95.96	2,561	49.0	25,613	98.84
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	116	3.3	1,163	5.79	155	3.3	1,549	6.15	164	3.3	1,642	6.34	169	3.3	1,692	6.53	169	3.2	1,691	6.52
Insurance	46	1.3	459	2.28	47	1.0	472	1.88	49	1.0	487	1.88	50	1.0	501	1.93	52	1.0	516	1.99
Total Expenses	162	4.6	1,622	8.08	202	4.3	2,022	8.03	213	4.3	2,129	8.21	219	4.3	2,193	8.46	221	4.2	2,207	8.52
EBITDA	1,228	35.0	12,278	61.16	2,034	43.9	20,345	80.78	2,202	44.7	22,015	84.95	2,268	44.8	22,676	87.50	2,341	44.8	23,406	90.32
Reserve for Replacement	70	2.0	701	3.49	140	3.0	1,395	5.54	197	4.0	1,971	7.61	203	4.0	2,030	7.83	209	4.0	2,091	8.07
EBITDA LESS RESERVE	\$1,158	33.0 %	\$11,577	\$57.67	\$1,895	40.9 %	\$18,949	\$75.24	\$2,004	40.7 %	\$20,044	\$77.35	\$2,065	40.8 %	\$20,646	\$79.67	\$2,131	40.8 %	\$21,315	\$82.25

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 11-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	100																			
Occupied Rooms:	20,075		25,185		25,915															
Occupancy:	55%		69%		71%															
Average Rate:	\$170.40	% of	\$180.94	% of	\$186.37	% of	\$191.96	% of	\$197.72	% of	\$203.65	% of	\$209.76	% of	\$216.05	% of	\$222.53	% of	\$229.21	% of
RevPAR:	\$93.72	Gross	\$124.85	Gross	\$132.32	Gross	\$136.29	Gross	\$140.38	Gross	\$144.59	Gross	\$148.93	Gross	\$153.40	Gross	\$158.00	Gross	\$162.74	Gross
OPERATING REVENUE																				
Rooms	\$3,421	97.6 %	\$4,557	98.0 %	\$4,830	98.0 %	\$4,975	98.0 %	\$5,124	98.0 %	\$5,278	98.0 %	\$5,436	98.0 %	\$5,599	98.0 %	\$5,767	98.0 %	\$5,940	98.0 %
Other Operated Departments	44	1.3	49	1.0	50	1.0	52	1.0	54	1.0	55	1.0	57	1.0	58	1.0	60	1.0	62	1.0
Miscellaneous Income	42	1.2	46	1.0	47	1.0	49	1.0	50	1.0	52	1.0	53	1.0	55	1.0	56	1.0	58	1.0
Total Operating Revenues	3,507	100.0	4,651	100.0	4,928	100.0	5,076	100.0	5,228	100.0	5,385	100.0	5,546	100.0	5,712	100.0	5,884	100.0	6,060	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	870	25.4	974	21.4	1,014	21.0	1,045	21.0	1,076	21.0	1,108	21.0	1,142	21.0	1,176	21.0	1,211	21.0	1,247	21.0
Other Operated Departments	35	78.8	37	75.4	38	75.0	39	75.0	40	75.0	41	75.0	43	75.0	44	75.0	45	75.0	47	75.0
Total Expenses	905	25.8	1,010	21.7	1,052	21.4	1,084	21.3	1,116	21.4	1,150	21.3	1,184	21.4	1,220	21.4	1,256	21.4	1,294	21.4
DEPARTMENTAL INCOME																				
	2,602	74.2	3,641	78.3	3,876	78.6	3,992	78.7	4,112	78.6	4,235	78.7	4,362	78.6	4,493	78.6	4,627	78.6	4,766	78.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	350	10.0	381	8.2	395	8.0	407	8.0	419	8.0	432	8.0	445	8.0	458	8.0	472	8.0	486	8.0
Info & Telecom Systems	40	1.1	43	0.9	45	0.9	46	0.9	48	0.9	49	0.9	51	0.9	52	0.9	54	0.9	55	0.9
Marketing	213	6.1	222	4.8	219	4.4	226	4.4	232	4.4	239	4.4	246	4.4	254	4.4	261	4.4	269	4.4
Franchise Fee	274	7.8	365	7.8	386	7.8	398	7.8	410	7.8	422	7.8	435	7.8	448	7.8	461	7.8	475	7.8
Prop. Operations & Maint.	123	3.5	137	2.9	146	3.0	150	3.0	155	3.0	160	3.0	164	3.0	169	3.0	174	3.0	180	3.0
Utilities	108	3.1	117	2.5	122	2.5	125	2.5	129	2.5	133	2.5	137	2.5	141	2.5	145	2.5	150	2.5
Total Expenses	1,107	31.6	1,265	27.1	1,313	26.6	1,353	26.6	1,393	26.6	1,435	26.6	1,478	26.6	1,523	26.6	1,568	26.6	1,615	26.6
GROSS OPERATING PROFIT																				
	1,495	42.6	2,376	51.2	2,562	52.0	2,639	52.1	2,718	52.0	2,800	52.1	2,884	52.0	2,970	52.0	3,059	52.0	3,151	52.0
Management Fee	105	3.0	140	3.0	148	3.0	152	3.0	157	3.0	162	3.0	166	3.0	171	3.0	177	3.0	182	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	1,390	39.6	2,237	48.2	2,414	49.0	2,487	49.1	2,561	49.0	2,638	49.1	2,717	49.0	2,799	49.0	2,883	49.0	2,969	49.0
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	116	3.3	155	3.3	164	3.3	169	3.3	169	3.2	179	3.3	185	3.3	190	3.3	196	3.3	202	3.3
Insurance	46	1.3	47	1.0	49	1.0	50	1.0	52	1.0	53	1.0	55	1.0	56	1.0	58	1.0	60	1.0
Total Expenses	162	4.6	202	4.3	213	4.3	219	4.3	221	4.2	233	4.3	240	4.3	247	4.3	254	4.3	262	4.3
EBITDA																				
	1,228	35.0	2,034	43.9	2,202	44.7	2,268	44.8	2,341	44.8	2,406	44.8	2,478	44.7	2,552	44.7	2,629	44.7	2,707	44.7
Reserve for Replacement	70	2.0	140	3.0	197	4.0	203	4.0	209	4.0	215	4.0	222	4.0	228	4.0	235	4.0	242	4.0
EBITDA LESS RESERVE																				
	\$1,158	33.0 %	\$1,895	40.9 %	\$2,004	40.7 %	\$2,065	40.8 %	\$2,131	40.8 %	\$2,190	40.8 %	\$2,256	40.7 %	\$2,323	40.7 %	\$2,393	40.7 %	\$2,465	40.7 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 11-6 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	71%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$109
REVENUE						
Rooms	97.8 %	98.3 %	97.3 %	97.6 %	98.4 %	98.0 %
Other Operated Departments	1.2	1.7	1.1	1.0	0.8	1.0
Miscellaneous Income	1.0	0.0	1.5	1.4	0.8	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	26.5	24.0	17.8	22.3	22.8	21.0
Other Operated Departments	58.8	22.6	0.0	59.2	92.9	75.0
Total	26.6	24.0	17.3	22.4	23.1	21.4
DEPARTMENTAL INCOME						
	73.4	76.0	82.7	77.6	76.9	78.6
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.0	6.1	10.8	6.6	7.1	8.0
Info. and Telecom. Systems	0.5	1.2	0.9	1.8	0.7	0.9
Marketing	3.9	1.1	5.5	8.0	6.1	4.4
Franchise Fee	5.5	7.9	7.3	10.0	7.7	7.8
Property Operations & Maintenance	2.7	2.4	3.7	4.1	3.8	3.0
Utilities	3.4	2.4	2.9	2.2	2.5	2.5
Total	22.9	21.0	31.0	32.7	27.8	26.7
GROSS OPERATING PROFIT						
	50.5	55.0	51.7	44.9	49.1	52.0
Management Fee	0.0	4.5	3.8	1.0	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	50.5	50.6	47.9	43.9	49.1	49.0
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	1.8	0.9	5.8	3.0	2.7	3.3
Insurance	1.5	0.3	1.0	0.9	0.5	1.0
Total	3.3	1.2	6.8	3.9	3.2	4.3
EBITDA						
	47.2	49.4	41.1	40.0	45.9	44.7
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	4.0
EBITDA LESS RESERVE						
	47.2 %	49.4 %	41.1 %	40.0 %	45.9 %	40.7 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 11-7 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	71%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$109
REVENUE						
Rooms	\$40,995	\$42,157	\$34,188	\$34,463	\$35,676	\$39,700
Other Operated Departments	518	730	403	356	273	415
Miscellaneous Income	424	0	542	489	295	389
Total	41,937	42,887	35,132	35,308	36,243	40,504
DEPARTMENTAL EXPENSES						
Rooms	10,844	10,108	6,081	7,685	8,125	8,337
Other Operated Departments	305	165	0	210	254	311
Total	11,149	10,272	6,081	7,896	8,378	8,648
DEPARTMENTAL INCOME						
	30,788	32,615	29,051	27,413	27,865	31,856
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	2,934	2,599	3,803	2,314	2,586	3,250
Info. and Telecom. Systems	224	495	313	650	238	370
Marketing	1,622	471	1,930	2,824	2,198	1,800
Franchise Fee	2,297	3,373	2,547	3,516	2,791	3,176
Property Operations & Maintenance	1,113	1,022	1,282	1,441	1,365	1,200
Utilities	1,413	1,047	1,024	789	893	1,000
Total	9,602	9,008	10,899	11,535	10,071	10,796
GROSS OPERATING PROFIT						
	21,186	23,607	18,152	15,878	17,794	21,059
Management Fee	0	1,921	1,328	363	0	1,215
INCOME BEFORE NON-OPER. INC. & EXP.						
	21,186	21,686	16,824	15,514	17,794	19,844
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	753	398	2,031	1,051	961	1,350
Insurance	615	114	367	309	167	400
Total	1,368	511	2,398	1,360	1,128	1,750
EBITDA						
	19,818	21,175	14,426	14,154	16,666	18,094
Reserve for Replacement	0	0	0	0	0	1,620
EBITDA LESS RESERVE						
	\$19,818	\$21,175	\$14,426	\$14,154	\$16,666	\$16,474

FIGURE 11-8 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2021	2021	2019	2019	2021
Number of Rooms:	90 to 110	80 to 110	100 to 140	70 to 90	80 to 100	100
Days Open:	365	365	365	365	365	365
Occupancy:	78%	72%	78%	74%	82%	71%
Average Rate:	\$145	\$160	\$120	\$128	\$119	\$153
RevPAR:	\$112	\$115	\$94	\$94	\$98	\$109
REVENUE						
Rooms	\$144.89	\$159.61	\$120.08	\$127.94	\$119.20	\$153.19
Other Operated Departments	1.83	2.76	1.41	1.32	0.91	1.60
Miscellaneous Income	1.50	0.00	1.90	1.82	0.98	1.50
Total	148.22	162.38	123.40	131.08	121.10	156.29
DEPARTMENTAL EXPENSES						
Rooms	38.33	38.27	21.36	28.53	27.15	32.17
Other Operated Departments	1.08	0.62	0.00	0.78	0.85	1.20
Total	39.40	38.89	21.36	29.31	28.00	33.37
DEPARTMENTAL INCOME						
	108.82	123.49	102.04	101.77	93.11	122.92
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	10.37	9.84	13.36	8.59	8.64	12.54
Info. and Telecom. Systems	0.79	1.88	1.10	2.41	0.80	1.43
Marketing	5.73	1.79	6.78	10.49	7.34	6.95
Franchise Fee	8.12	12.77	8.95	13.05	9.33	12.26
Property Operations & Maintenance	3.93	3.87	4.50	5.35	4.56	4.63
Utilities	4.99	3.96	3.60	2.93	2.99	3.86
Total	33.94	34.11	38.28	42.82	33.65	41.66
GROSS OPERATING PROFIT						
	74.88	89.38	63.76	58.95	59.46	81.26
Management Fee	0.00	7.27	4.66	1.35	0.00	4.69
INCOME BEFORE NON-OPER. INC. & EXP.						
	74.88	82.11	59.10	57.60	59.46	76.57
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.66	1.51	7.13	3.90	3.21	5.21
Insurance	2.17	0.43	1.29	1.15	0.56	1.54
Total	4.84	1.94	8.42	5.05	3.77	6.75
EBITDA						
	70.04	80.17	50.68	52.55	55.69	69.82
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	6.25
EBITDA LESS RESERVE						
	\$70.04	\$80.17	\$50.68	\$52.55	\$55.69	\$63.57

FIGURE 11-9 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

	Number of Rooms:	481		
	Days Open:	365		
	Occupancy:	76.9%	Amount per	Amount per
	Average Rate:	\$133.48	Percentage Available	Occupied
	RevPAR:	\$102.60	of Revenue	Room
			Room	Room
REVENUE				
Rooms	\$18,013	97.9 %	\$37,448	\$133.48
Other Operating Departments	220	1.2	458	1.63
Miscellaneous Income	173	0.9	359	1.28
Total	18,405	100.0	38,265	136.40
DEPARTMENTAL EXPENSES				
Rooms	4,082	22.7	8,486	30.25
Other Operating Departments	85	38.6	177	0.63
Total	4,167	22.6	8,663	30.88
DEPARTMENTAL INCOME				
	14,239	77.4	29,602	105.52
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	1,404	7.6	2,919	10.41
Info. and Telecom. Systems	179	1.0	372	1.32
Marketing	859	4.7	1,785	6.36
Franchise Fee	1,375	7.5	2,859	10.19
Property Operations & Maintenance	596	3.2	1,239	4.42
Utilities	503	2.7	1,046	3.73
Total	4,916	26.7	10,220	36.43
GROSS OPERATING PROFIT				
	9,323	50.7	19,382	69.09
Management Fee	365	2.0	759	2.71
INCOME BEFORE NON-OPER. INC. & EXP.				
	8,957	48.7	18,623	66.38
NON-OPERATING INCOME AND EXPENSE				
Property Taxes	525	2.9	1,092	3.89
Insurance	156	0.8	323	1.15
Total	681	4	1,415	5
EBITDA				
	8,277	44.969	17,207	61.34
Reserve for Replacement	0	0.0	0	0.00
EBITDA LESS RESERVE				
	\$8,277	45.0 %	\$17,207	\$61.34

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 11-10 MORTGAGE COMPONENT

Initial Cost	\$21,630,000
Loan to cost	60.0%
Mortgage Amount	<u>\$12,978,000</u>
Assumed interest rate	6.50%
Assumed Amortization	25 years
Debt Service Constant	0.08102
Annual Debt Service	\$1,052,000
Mortgage paid off over 10 years	22.49%
Balance at end of 10 years	\$10,059,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 11-11 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$21,630,000
Mortgage	<u>12,978,000</u>
Equity Investment	\$8,652,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 11-12 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	2,539,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$25,390,000
Less: Transaction Costs @ 3.0%	<u>\$762,000</u>
Net Sales Proceeds	\$24,628,000
Less: Mortgage Component	<u>\$10,059,000</u>
Equity Reversion	\$14,569,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 11-13 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$21,630,000)		(\$12,978,000)		(\$8,652,000)	
2024/25	\$1,158,000	5.4 %	\$1,052,000	8.1 %	\$106,000	1.2 %
2025/26	1,895,000	8.8	1,052,000	8.1	843,000	9.7
2026/27	2,004,000	9.3	1,052,000	8.1	952,000	11.0
2027/28	2,065,000	9.5	1,052,000	8.1	1,013,000	11.7
2028/29	2,131,000	9.9	1,052,000	8.1	1,079,000	12.5
2029/30	2,190,000	10.1	1,052,000	8.1	1,138,000	13.2
2030/31	2,256,000	10.4	1,052,000	8.1	1,204,000	13.9
2031/32	2,323,000	10.7	1,052,000	8.1	1,271,000	14.7
2032/33	2,393,000	11.1	1,052,000	8.1	1,341,000	15.5
2033/34	2,465,000	11.4	1,052,000	8.1	1,413,000	16.3
Reversion	24,628,000	113.9	9,597,000	73.9	14,569,000	168.4
Ten Year IRR		9.5 %		5.8 %		13.3 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 9.5%. Based on the mortgage assumptions, the equity component’s initial investment of \$8,652,000 would achieve a return of 13.3% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 9.5% is below the averages and on the lower end of the range of returns.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$21,630,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 11-14 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$19,467,000	11.1%	6.1%	16.2%
-5%	Lower by -5%	\$20,548,500	10.3%	6.1%	14.7%
0	Original	\$21,630,000	9.5%	6.1%	13.3%
5%	Higher by 5%	\$22,711,500	8.8%	6.1%	11.9%
10%	Higher by 10%	\$23,793,000	8.2%	6.1%	10.6%
15%	Higher by 15%	\$24,874,500	7.6%	6.1%	9.3%

12. Feasibility Analysis – High School Administrative Building

Overview and Project Assumptions

The redevelopment of the existing High School site into a hotel use would be undertaken in an effort to amplify and energize the city of Monroe’s downtown core. Our conversations with a multitude of experienced developers and contractors revealed that no two adaptive reuse projects are alike and each pose unique challenges and opportunities. First and foremost, the economic viability of these sorts of projects is usually driven by a-typical incentives that help bridge the gap between the cost to develop and return on investment. These can come in a variety of forms and include items such as tax increment financing, tax abatements, opportunity zones, building or site contribution, and/or new market tax credits, among others. The availability of any one or the combination of two or more of these incentives could support the interest in this development substantially. Without an external subsidy, our research shows that it is unlikely that a project like this would generate returns adequate enough to garner investor interest.

The feasibility evaluation for this site is based on the following factors:

Total building square footage: 17,892

Average size of each guestroom: 250 -350 square feet

Total guestrooms: 57

Development cost per guestroom: \$244,000

Scale of hotel assumed: Upscale boutique

Contributory value of existing structure: \$0

Total assumed development cost: \$13,900,000

FIGURE 12-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2024	2025	2026	2027	2028
Transient					
Demand	98,929	104,864	106,962	106,962	106,962
Market Share	7.1 %	11.6 %	14.0 %	14.0 %	14.0 %
Capture	7,015	12,151	14,953	14,953	14,953
Penetration	69 %	79 %	96 %	96 %	96 %
Total Room Nights Captured	7,015	12,151	14,953	14,953	14,953
Available Room Nights	13,908	20,805	20,805	20,805	20,805
Subject Occupancy	50 %	58 %	72 %	72 %	72 %
Market-wide Available Room Nights	135,510	142,350	142,350	142,350	142,350
Fair Share	10 %	15 %	15 %	15 %	15 %
Market-wide Occupied Room Nights	98,929	104,864	106,962	106,962	106,962
Market Share	7 %	12 %	14 %	14 %	14 %
Market-wide Occupancy	73 %	74 %	75 %	75 %	75 %
Total Penetration	69 %	79 %	96 %	96 %	96 %

FIGURE 12-2 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$304.57	\$268.94	\$309.28	\$318.56	\$328.12	\$337.96	\$348.10	\$358.54	\$369.30	\$380.38
Projected Market ADR Growth Rate	—		15.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$185.00	\$212.75	\$219.13	\$225.71	\$232.48	\$239.45	\$246.64	\$254.03	\$261.66
ADR Growth Rate			15.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		69%	69%	69%	69%	69%	69%	69%	69%	69%
Fiscal Year					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate					\$227.93	\$234.77	\$241.81	\$249.07	\$256.54	\$264.24
Opening Discount					3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$221.09	\$234.77	\$241.81	\$249.07	\$256.54	\$264.24
Real Average Rate Growth					—	6.2%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$331.35	\$341.29	\$351.53	\$362.08	\$372.94	\$384.13
Proposed Subject ADR Penetration (After Discount)					67%	69%	69%	69%	69%	69%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$192.79	\$198.75	\$198.75	\$198.75	\$198.75	\$198.75

FIGURE 12-3 FORECAST CONCLUSION – MARKET AND SUBJECT PROPERTY

	2019	2020	2021	Projected									
				2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Proposed Lodging Option													
Occupancy				—	—	53.1 %	62.8 %	71.9 %	71.9 %	71.9 %	71.9 %	71.9 %	71.9 %
Change in Points				—	—	—	9.8	9.0	0.0	0.0	0.0	0.0	0.0
Occupancy Penetration				—	—	72.5 %	84.7 %	95.6 %	95.6 %	95.6 %	95.6 %	95.6 %	95.6 %
Average Rate		\$185.00		\$214.85	\$221.29	\$221.09	\$234.77	\$241.81	\$249.07	\$256.54	\$264.24	\$272.16	\$280.33
Change				—	3.0 %	(0.1) %	6.2 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Average Rate Penetration (Boutique Submarket)				68.8 %	68.8 %	66.7 %	68.8 %	68.8 %	68.8 %	68.8 %	68.8 %	68.8 %	68.8 %
Average Rate Penetration (Monroe Submarket)				150.6 %	153.1 %	149.5 %	154.1 %	154.1 %	154.1 %	154.1 %	154.1 %	154.1 %	154.1 %
RevPAR				—	—	\$117.31	\$147.51	\$173.79	\$179.01	\$184.38	\$189.91	\$195.60	\$201.47
Change				—	—	—	25.7 %	17.8 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR Penetration				—	—	48.3 %	58.3 %	65.8 %	65.8 %	65.8 %	65.8 %	65.8 %	65.8 %
	Historical			Projected									
	2019	2020	2021	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Regional Boutique Submarket													
Occupancy	74.4 %	45.1 %	61.6 %	69.5 %	73.7 %	73.2 %	74.2 %	75.1 %	75.1 %	75.1 %	75.1 %	75.1 %	75.1 %
Change in Points	—	(29.3)	16.5	7.8	4.2	(0.4)	0.9	1.0	0.0	0.0	0.0	0.0	0.0
Average Rate	\$304.57	\$239.10	\$268.94	\$312.33	\$321.70	\$331.35	\$341.29	\$351.53	\$362.08	\$372.94	\$384.13	\$395.65	\$407.52
Change	—	(21.5) %	12.5 %	16.1 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$226.49	\$107.84	\$165.77	\$217.00	\$236.99	\$242.62	\$253.07	\$264.14	\$272.06	\$280.23	\$288.63	\$297.29	\$306.21
Change	—	(52.4) %	53.7 %	30.9 %	9.2 %	2.4 %	4.3 %	4.4 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Monroe Submarket (STR)													
Occupancy	73.0 %	44.2 %	61.0 %	71.6 %	72.8 %	73.2 %	73.1 %	73.5 %	73.5 %	73.5 %	73.5 %	73.5 %	73.5 %
Change in Points	—	(28.8)	16.8	10.6	1.2	0.4	(0.1)	0.5	0.0	0.0	0.0	0.0	0.0
Average Rate	\$132.16	\$103.96	\$113.68	\$142.66	\$144.56	\$147.93	\$152.37	\$156.94	\$161.64	\$166.49	\$171.49	\$176.63	\$181.93
Change	—	(21.3) %	9.4 %	25.5 %	1.3 %	2.3 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$96.50	\$45.97	\$69.34	\$102.12	\$105.16	\$108.23	\$111.31	\$115.42	\$118.88	\$122.45	\$126.12	\$129.90	\$133.80
Change	—	(52.4) %	50.8 %	47.3 %	3.0 %	2.9 %	2.8 %	3.7 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %

FIGURE 12-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29			
Number of Rooms:	57				57				57				57				57			
Occupancy:	53%				63%				72%				72%				72%			
Average Rate:	\$221.09				\$234.77				\$241.81				\$249.07				\$256.54			
RevPAR:	\$117.18				\$147.91				\$174.11				\$179.33				\$184.71			
Days Open:	365				365				365				365				365			
Occupied Rooms:	11,027	%Gross	PAR	POR	13,107	%Gross	PAR	POR	14,980	%Gross	PAR	POR	14,980	%Gross	PAR	POR	14,980	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$2,438	95.7 %	\$42,772	\$221.10	\$3,077	96.3 %	\$53,982	\$234.76	\$3,622	96.6 %	\$63,544	\$241.80	\$3,731	96.6 %	\$65,456	\$249.07	\$3,843	96.6 %	\$67,421	\$256.55
Other Operated Departments	95	3.7	1,665	8.61	102	3.2	1,793	7.80	109	2.9	1,918	7.30	113	2.9	1,976	7.52	116	2.9	2,035	7.74
Miscellaneous Income	16	0.6	277	1.43	17	0.5	299	1.30	18	0.5	320	1.22	19	0.5	329	1.25	19	0.5	339	1.29
Total Operating Revenues	2,549	100.0	44,714	231.14	3,196	100.0	56,074	243.85	3,750	100.0	65,782	250.31	3,862	100.0	67,761	257.84	3,978	100.0	69,795	265.58
DEPARTMENTAL EXPENSES *																				
Rooms	855	35.1	15,002	77.55	935	30.4	16,412	71.37	1,014	28.0	17,794	67.71	1,045	28.0	18,327	69.74	1,076	28.0	18,877	71.83
Other Operated Departments	50	53.0	883	4.56	52	51.4	921	4.00	55	50.0	959	3.65	56	50.0	988	3.76	58	50.0	1,018	3.87
Total Expenses	905	35.5	15,884	82.11	988	30.9	17,332	75.37	1,069	28.5	18,753	71.36	1,101	28.5	19,315	73.50	1,134	28.5	19,895	75.70
DEPARTMENTAL INCOME																				
	1,643	64.5	28,830	149.03	2,208	69.1	38,741	168.48	2,681	71.5	47,029	178.95	2,761	71.5	48,446	184.35	2,844	71.5	49,901	189.88
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	426	16.7	7,467	38.60	457	14.3	8,016	34.86	485	12.9	8,516	32.40	500	12.9	8,771	33.38	515	12.9	9,035	34.38
Info & Telecom Systems	21	0.8	373	1.93	23	0.7	401	1.74	24	0.6	426	1.62	25	0.6	439	1.67	26	0.6	452	1.72
Marketing	214	8.4	3,755	19.41	219	6.9	3,847	16.73	222	5.9	3,893	14.81	229	5.9	4,010	15.26	235	5.9	4,130	15.72
Franchise Fee	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00
Prop. Operations & Maint.	168	6.6	2,939	15.19	184	5.7	3,221	14.01	201	5.4	3,528	13.42	207	5.4	3,634	13.83	213	5.4	3,743	14.24
Utilities	167	6.6	2,934	15.16	179	5.6	3,149	13.69	191	5.1	3,345	12.73	196	5.1	3,446	13.11	202	5.1	3,549	13.51
Total Expenses	996	39.1	17,468	90.30	1,062	33.2	18,634	81.03	1,123	29.9	19,708	74.99	1,157	29.9	20,299	77.24	1,192	29.9	20,909	79.56
GROSS OPERATING PROFIT																				
	648	25.4	11,362	58.73	1,146	35.9	20,108	87.44	1,557	41.6	27,321	103.96	1,604	41.6	28,146	107.10	1,653	41.6	28,992	110.32
Management Fee	76	3.0	1,341	6.93	96	3.0	1,682	7.32	112	3.0	1,973	7.51	116	3.0	2,033	7.74	119	3.0	2,094	7.97
INCOME BEFORE NON-OPR. INC. & EXP.																				
	571	22.4	10,020	51.80	1,050	32.9	18,425	80.13	1,445	38.6	25,348	96.45	1,488	38.6	26,114	99.37	1,533	38.6	26,898	102.35
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00	0	0.0	0	0.00
Insurance	49	1.9	860	4.45	50	1.6	886	3.85	52	1.4	912	3.47	54	1.4	940	3.58	55	1.4	968	3.68
Total Expenses	49	1.9	860	4.45	50	1.6	886	3.85	52	1.4	912	3.47	54	1.4	940	3.58	55	1.4	968	3.68
EBITDA																				
	522	20.5	9,160	47.35	1,000	31.3	17,540	76.28	1,393	37.2	24,435	92.98	1,435	37.2	25,174	95.79	1,478	37.2	25,930	98.67
Reserve for Replacement	51	2.0	894	4.62	96	3.0	1,682	7.32	150	4.0	2,631	10.01	154	4.0	2,710	10.31	159	4.0	2,792	10.62
EBITDA LESS RESERVE																				
	\$471	18.5 %	\$8,266	\$42.73	\$904	28.3 %	\$15,857	\$68.96	\$1,243	33.2 %	\$21,804	\$82.97	\$1,280	33.2 %	\$22,463	\$85.48	\$1,319	33.2 %	\$23,138	\$88.05

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 12-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	57		57		57		57		57		57		57		57		57		57	
Occupied Rooms:	11,027		13,107		14,980		14,980		14,980		14,980		14,980		14,980		14,980		14,980	
Occupancy:	53%		63%		72%		72%		72%		72%		72%		72%		72%		72%	
Average Rate:	\$221.09	% of	\$234.77	% of	\$241.81	% of	\$249.07	% of	\$256.54	% of	\$264.24	% of	\$272.16	% of	\$280.33	% of	\$288.74	% of	\$297.40	% of
RevPAR:	\$117.18	Gross	\$147.91	Gross	\$174.11	Gross	\$179.33	Gross	\$184.71	Gross	\$190.25	Gross	\$195.96	Gross	\$201.84	Gross	\$207.89	Gross	\$214.13	Gross
OPERATING REVENUE																				
Rooms	\$2,438	95.7 %	\$3,077	96.3 %	\$3,622	96.6 %	\$3,731	96.6 %	\$3,843	96.6 %	\$3,958	96.6 %	\$4,077	96.6 %	\$4,199	96.6 %	\$4,325	96.6 %	\$4,455	96.6 %
Other Operated Departments	95	3.7	102	3.2	109	2.9	113	2.9	116	2.9	119	2.9	123	2.9	127	2.9	131	2.9	134	2.9
Miscellaneous Income	16	0.6	17	0.5	18	0.5	19	0.5	19	0.5	20	0.5	21	0.5	21	0.5	22	0.5	22	0.5
Total Operating Revenues	2,549	100.0	3,196	100.0	3,750	100.0	3,862	100.0	3,978	100.0	4,097	100.0	4,221	100.0	4,347	100.0	4,477	100.0	4,612	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	855	35.1	935	30.4	1,014	28.0	1,045	28.0	1,076	28.0	1,108	28.0	1,142	28.0	1,176	28.0	1,211	28.0	1,247	28.0
Other Operated Departments	50	53.0	52	51.4	55	50.0	56	50.0	58	50.0	60	50.0	62	50.0	63	50.0	65	50.0	67	50.0
Total Expenses	905	35.5	988	30.9	1,069	28.5	1,101	28.5	1,134	28.5	1,168	28.5	1,203	28.5	1,239	28.5	1,276	28.5	1,315	28.5
DEPARTMENTAL INCOME																				
	1,643	64.5	2,208	69.1	2,681	71.5	2,761	71.5	2,844	71.5	2,929	71.5	3,018	71.5	3,108	71.5	3,201	71.5	3,297	71.5
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	426	16.7	457	14.3	485	12.9	500	12.9	515	12.9	530	12.9	546	12.9	563	12.9	580	12.9	597	12.9
Info & Telecom Systems	21	0.8	23	0.7	24	0.6	25	0.6	26	0.6	27	0.6	27	0.6	28	0.6	29	0.6	30	0.6
Marketing	214	8.4	219	6.9	222	5.9	229	5.9	235	5.9	242	5.9	250	5.9	257	5.9	265	5.9	273	5.9
Franchise Fee	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Prop. Operations & Maint.	168	6.6	184	5.7	201	5.4	207	5.4	213	5.4	220	5.4	226	5.4	233	5.4	240	5.4	247	5.4
Utilities	167	6.6	179	5.6	191	5.1	196	5.1	202	5.1	208	5.1	215	5.1	221	5.1	228	5.1	235	5.1
Total Expenses	996	39.1	1,062	33.2	1,123	29.9	1,157	29.9	1,192	29.9	1,228	29.9	1,264	29.9	1,302	29.9	1,341	29.9	1,382	29.9
GROSS OPERATING PROFIT																				
	648	25.4	1,146	35.9	1,557	41.6	1,604	41.6	1,653	41.6	1,702	41.6	1,753	41.6	1,805	41.6	1,860	41.6	1,916	41.6
Management Fee	76	3.0	96	3.0	112	3.0	116	3.0	119	3.0	123	3.0	127	3.0	130	3.0	134	3.0	138	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	571	22.4	1,050	32.9	1,445	38.6	1,488	38.6	1,533	38.6	1,579	38.6	1,627	38.6	1,675	38.6	1,725	38.6	1,777	38.6
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	106	2.6	0	0.0	0	0.0	0	0.0	0	0.0
Insurance	49	1.9	50	1.6	52	1.4	54	1.4	55	1.4	57	1.4	59	1.4	60	1.4	62	1.4	64	1.4
Total Expenses	49	1.9	50	1.6	52	1.4	54	1.4	55	1.4	163	4.0	59	1.4	60	1.4	62	1.4	64	1.4
EBITDA	522	20.5	1,000	31.3	1,393	37.2	1,435	37.2	1,478	37.2	1,416	34.6	1,568	37.2	1,615	37.2	1,663	37.2	1,713	37.2
Reserve for Replacement	51	2.0	96	3.0	150	4.0	154	4.0	159	4.0	164	4.0	169	4.0	174	4.0	179	4.0	184	4.0
EBITDA LESS RESERVE																				
	\$471	18.5 %	\$904	28.3 %	\$1,243	33.2 %	\$1,280	33.2 %	\$1,319	33.2 %	\$1,252	30.6 %	\$1,399	33.2 %	\$1,441	33.2 %	\$1,484	33.2 %	\$1,529	33.2 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 12-6 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2020/21	2020	2019	2019	2021
Number of Rooms:	10 to 20	20 to 30	20 to 40	10 to 20	70 to 90	57
Days Open:	365	365	365	365	365	365
Occupancy:	68%	61%	61%	65%	74%	72%
Average Rate:	\$249	\$248	\$279	\$272	\$201	\$199
RevPAR:	\$170	\$152	\$170	\$178	\$149	\$143
REVENUE						
Rooms	90.8 %	90.1 %	94.8 %	93.2 %	92.9 %	96.6 %
Other Operated Departments	0.0	9.6	2.5	6.8	4.8	2.9
Miscellaneous Income	9.2	0.4	2.7	0.0	2.3	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	27.4	23.5	29.6	30.7	26.6	28.0
Other Operated Departments	0.0	44.5	43.8	53.2	46.0	50.0
Total	24.8	25.4	29.2	32.3	26.9	28.5
DEPARTMENTAL INCOME						
	75.2	74.6	70.8	67.7	73.1	71.5
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	13.7	16.7	14.2	9.3	14.1	12.9
Info. and Telecom. Systems	0.1	6.8	0.6	0.1	0.5	0.6
Marketing	4.3	8.8	2.4	5.1	6.8	5.9
Franchise Fee	0.0	0.0	0.0	0.0	0.0	0.0
Property Operations & Maintenance	6.1	7.1	7.8	3.9	8.2	5.4
Utilities	4.0	5.6	4.4	2.5	3.3	5.1
Total	28.1	45.0	29.3	20.9	33.0	30.0
GROSS OPERATING PROFIT						
	47.1	29.6	41.5	46.8	40.1	41.5
Management Fee	0.0	0.0	8.0	0.0	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	47.0	29.6	33.5	46.8	40.1	38.5
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	0.9	0.0	2.8	3.6	3.5	0.0
Insurance	1.9	2.0	3.0	3.0	1.3	1.4
Total	3.8	2.0	8.8	6.6	4.8	1.4
EBITDA						
	43.2	27.6	24.7	40.2	35.3	37.2
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	4.0
EBITDA LESS RESERVE						
	43.2 %	27.6 %	24.7 %	40.2 %	35.3 %	33.2 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 12-7 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2020/21	2020	2019	2019	2021
Number of Rooms:	10 to 20	20 to 30	20 to 40	10 to 20	70 to 90	57
Days Open:	365	365	365	365	365	365
Occupancy:	68%	61%	61%	65%	74%	72%
Average Rate:	\$249	\$248	\$279	\$272	\$201	\$199
RevPAR:	\$170	\$152	\$170	\$178	\$149	\$143
REVENUE						
Rooms	\$62,139	\$55,395	\$61,902	\$64,893	\$54,304	\$52,237
Other Operated Departments	0	5,879	1,645	4,704	2,803	1,577
Miscellaneous Income	6,309	220	1,748	0	1,323	263
Total	68,448	61,494	65,295	69,597	58,429	54,076
DEPARTMENTAL EXPENSES						
Rooms	17,005	13,002	18,333	19,945	14,426	14,626
Other Operated Departments	0	2,615	721	2,502	1,289	788
Total	17,005	15,618	19,054	22,447	15,715	15,415
DEPARTMENTAL INCOME						
	51,443	45,877	46,241	47,150	42,714	38,662
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	9,355	10,267	9,260	6,441	8,238	7,000
Info. and Telecom. Systems	69	4,185	408	80	307	350
Marketing	2,945	5,418	1,560	3,584	3,997	3,200
Franchise Fee	0	0	0	0	0	0
Property Operations & Maintenance	4,156	4,392	5,068	2,690	4,805	2,900
Utilities	2,738	3,430	2,843	1,763	1,924	2,750
Total	19,262	27,692	19,139	14,557	19,271	16,200
GROSS OPERATING PROFIT						
	32,181	18,185	27,102	32,593	23,443	22,462
Management Fee	0	0	5,236	0	0	1,622
INCOME BEFORE NON-OPER. INC. & EXP.						
	32,181	18,184	21,866	32,593	23,444	20,839
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	605	0	1,817	2,539	2,055	0
Insurance	1,288	1,237	1,976	2,114	784	750
Total	2,546	1,237	5,737	4,653	2,839	750
EBITDA						
	29,635	16,947	16,129	27,940	20,605	20,089
Reserve for Replacement	0	0	0	0	0	2,163
EBITDA LESS RESERVE						
	\$29,635	\$16,947	\$16,129	\$27,940	\$20,605	\$17,926

FIGURE 12-8 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2020/21	2020	2019	2019	2021
Number of Rooms:	10 to 20	20 to 30	20 to 40	10 to 20	70 to 90	57
Days Open:	365	365	365	365	365	365
Occupancy:	68%	61%	61%	65%	74%	72%
Average Rate:	\$249	\$248	\$279	\$272	\$201	\$199
RevPAR:	\$170	\$152	\$170	\$178	\$149	\$143
REVENUE						
Rooms	\$249.15	\$247.85	\$278.97	\$271.87	\$201.11	\$198.77
Other Operated Departments	0.00	26.30	7.41	19.71	10.38	6.00
Miscellaneous Income	25.30	0.99	7.88	0.00	4.90	1.00
Total	274.45	275.14	294.26	291.58	216.38	205.77
DEPARTMENTAL EXPENSES						
Rooms	68.18	58.18	82.62	83.56	53.42	55.66
Other Operated Departments	0.00	11.70	3.25	10.48	4.77	3.00
Total	68.18	69.88	85.87	94.04	58.20	58.66
DEPARTMENTAL INCOME	206.27	205.26	208.39	197.54	158.19	147.11
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	37.51	45.94	41.73	26.99	30.51	26.64
Info. and Telecom. Systems	0.28	18.73	1.84	0.33	1.14	1.33
Marketing	11.81	24.24	7.03	15.01	14.80	12.18
Franchise Fee	0.00	0.00	0.00	0.00	0.00	0.00
Property Operations & Maintenance	16.66	19.65	22.84	11.27	17.80	11.04
Utilities	10.98	15.35	12.81	7.39	7.12	10.46
Total	77.24	123.90	86.25	60.99	71.37	61.64
GROSS OPERATING PROFIT	129.03	81.36	122.14	136.55	86.82	85.47
Management Fee	0.00	0.00	23.60	0.00	0.00	6.17
INCOME BEFORE NON-OPER. INC. & EXP.	129.03	81.36	98.54	136.55	86.82	79.30
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.42	0.00	8.19	10.64	7.61	0.00
Insurance	5.16	5.53	8.91	8.86	2.90	2.85
Total	10.21	5.53	25.86	19.49	10.51	2.85
EBITDA	118.82	75.83	72.68	117.06	76.31	76.44
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	8.23
EBITDA LESS RESERVE	\$118.82	\$75.83	\$72.68	\$117.06	\$76.31	\$68.21

FIGURE 12-9 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

	Number of Rooms:	166		
	Days Open:	365		
	Occupancy:	68.3%	Amount per	Amount per
	Average Rate:	\$230.63	Percentage Available	Occupied
	RevPAR:	\$157.62	of Revenue	Room
			Room	Room
REVENUE				
Rooms	\$9,550	92.7 %	\$57,531	\$230.63
Other Operating Departments	500	4.9	3,012	12.08
Miscellaneous Income	257	2.5	1,547	6.20
Total	10,307	100.0	62,090	248.91
DEPARTMENTAL EXPENSES				
Rooms	2,598	27.2	15,650	62.74
Other Operating Departments	232	46.4	1,398	5.60
Total	2,830	27.5	17,048	68.34
DEPARTMENTAL INCOME				
	7,477	72.5	45,042	180.57
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	1,438	14.0	8,662	34.73
Info. and Telecom. Systems	148	1.4	889	3.56
Marketing	607	5.9	3,659	14.67
Franchise Fee	0	0.0	0	0.00
Property Operations & Maintenance	751	7.3	4,524	18.14
Utilities	395	3.8	2,378	9.53
Total	3,339	32.4	20,112	80.63
GROSS OPERATING PROFIT				
	4,138	40.2	24,930	99.94
Management Fee	152	1.5	915	3.67
INCOME BEFORE NON-OPER. INC. & EXP.				
	3,987	38.7	24,016	96.28
NON-OPERATING INCOME AND EXPENSE				
Property Taxes	267	2.6	1,607	6.44
Insurance	205	2.0	1,237	4.96
Total	538	5	3,243	13
EBITDA				
	3,448	33.456	20,773	83.28
Reserve for Replacement	0	0.0	0	0.00
EBITDA LESS RESERVE				
	\$3,448	33.5 %	\$20,773	\$83.28

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 12-10 MORTGAGE COMPONENT

Initial Cost	\$14,600,000
Loan to cost	60.0%
Mortgage Amount	<u>\$8,760,000</u>
Assumed interest rate	6.75%
Assumed Amortization	25 years
Debt Service Constant	0.08291
Annual Debt Service	\$726,000
Mortgage paid off over 10 years	21.92%
Balance at end of 10 years	\$6,840,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 12-11 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$14,600,000
Mortgage	<u>8,760,000</u>
Equity Investment	\$5,840,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 12-12 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	1,575,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$15,750,000
Less: Transaction Costs @ 3.0%	<u>\$473,000</u>
Net Sales Proceeds	\$15,277,000
Less: Mortgage Component	<u>\$6,840,000</u>
Equity Reversion	\$8,437,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 12-13 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$14,600,000)		(\$8,760,000)		(\$5,840,000)	
2024/25	\$471,000	3.2 %	\$726,000	8.3 %	(\$255,000)	-4.4 %
2025/26	904,000	6.2	726,000	8.3	178,000	3.0
2026/27	1,243,000	8.5	726,000	8.3	517,000	8.9
2027/28	1,280,000	8.8	726,000	8.3	554,000	9.5
2028/29	1,319,000	9.0	726,000	8.3	593,000	10.2
2029/30	1,252,000	8.6	726,000	8.3	526,000	9.0
2030/31	1,399,000	9.6	726,000	8.3	673,000	11.5
2031/32	1,441,000	9.9	726,000	8.3	715,000	12.2
2032/33	1,484,000	10.2	726,000	8.3	758,000	13.0
2033/34	1,529,000	10.5	726,000	8.3	803,000	13.8
Reversion	15,277,000	104.6	6,524,000	74.5	8,437,000	144.5
Ten Year IRR		7.8 %		6.0 %		9.5 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 7.8%. Based on the mortgage assumptions, the equity component’s initial investment of \$5,840,000 would achieve a return of 9.5% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 7.8%, is below the averages and outside the range of acceptable return requirements. We note that at a typical investor would undertake the project only with higher return rates given erosion of profitability given the heightened cost to secure the land and the heightened cost to develop the proposed subject hotel, while also considering the risk of unknown construction obstacles that may arise when redeveloping an older building for an adaptive reuse.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$14,600,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 12-14 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$13,140,000	9.3%	6.3%	12.3%
-5%	Lower by -5%	\$13,870,000	8.5%	6.3%	10.9%
0	Original	\$14,600,000	7.8%	6.3%	9.5%
5%	Higher by 5%	\$15,330,000	7.2%	6.3%	8.2%
10%	Higher by 10%	\$16,060,000	6.6%	6.3%	6.9%
15%	Higher by 15%	\$16,790,000	6.0%	6.3%	5.6%

13. Feasibility Analysis – Airfield Site

Overview and Project Assumptions

The feasibility of the Airfield Site is based on a reimagined, multi-use lodging compound featuring a mix of full RV hook-up sites, standard RV sites, campsites, and cabins/yrts. Our analysis reflects a total of 100 units weighted heavily towards full RV hook-up sites (accounting for roughly 90% of the total) given the typical unit dispersion across the competitive market. The site would be recommended to feature additional amenities including public restrooms and lounge areas; outdoor amenities such as fire pits, grilling stations, and play areas; and a gathering pavilion with small amphitheater and/or stage.

Based on discussions with market participants, equestrians, and operators, RV parks in this area are highly seasonal and users tend to be rate sensitive. Specifically in Monroe, users of the nearby equestrian facilities have particular needs surrounding the care and oversight of their horses, limiting their desire to separated from their animals. Our research and analysis revealed that multi-faceted lodging compounds tend to be located in markets with significant, leisure-oriented demand drivers such as a national or state park or regional attraction.

The following analysis projects the potential income that could be generated by a 100-unit multi-use lodging compound on the Airfield site against the probable cost to develop. Broad assumptions were made given that the site is still privately owned and currently generates income from the various storage facilities on property. Our analysis did not account for the specific design, layout, and/or the demolition of existing facilities. As such, the conclusions are subjective to patterns and trends observed in the marketplace and would likely be altered under a specific site plan and design.

Forecast of Market Demand

Based upon a review of the market dynamics in the proposed subject property's competitive environment, we have forecast demand rates of change. The following table details our projections of market demand change and available rental unit nights; occupancy levels for the market are also forecast.

FIGURE 13-1 FORECAST OF MARKET-WIDE OCCUPANCY

Year	Occupied Unit Nights	Change	Unit Supply	Available Unit Nights	Change	Occupancy	Change
2019	42,238	—	398	145,270	—	29.1 %	—
2020	43,691	3.4 %	398	145,270	0.0 %	30.1	3.4 %
2021	48,767	11.6	416	151,849	4.5	32.1	6.8
Calendar Year Forecast							
2022	52,668	8.0 % *	441	160,965	6.0 % *	32.7 %	1.9 % *
2023	53,722	2.0	441	160,965	0.0	33.4	2.0
2024	58,019	8.0	508	185,465	15.2	31.3	-6.3
2025	61,501	6.0	541	197,465	6.5	31.1	-0.4
2026	63,346	3.0	541	197,465	0.0	32.1	3.0
2027	63,979	1.0	541	197,465	0.0	32.4	1.0

* Percent change compared to prior calendar year.

The proposed subject RV resort property’s occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 13-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Year	Market-wide	Proposed Subject Property			
	Occupancy	Occupied Unit Nights	Available Unit Nights	Occupancy	Penetration
2019	29.1 %				
2020	30.1				
2021	32.1				
Calendar Year Forecast					
2022	32.7 %	—	—	—	—
2023	33.4	—	—	—	—
2024	31.3	7,251	24,400	29.7 %	95.0 %
2025	31.1	13,073	36,500	35.8	115.0
2026	32.1	14,051	36,500	38.5	120.0
2027	32.4	14,191	36,500	38.9	120.0

An RV park’s penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one RV park’s penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other RV parks to capture; consequently, the penetration performance of one or more of those other RV parks declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more RV parks in the competitive market.

FIGURE 13-3 OCCUPANCY AVERAGE BY SITE TYPE – NATIONAL

Site Type	Occupancy
Full Hookups*	69%
Water Only	51%
Electric Only	48%
Water & Electric Only	47%
No Hookups/Tent Sites	25%

**Includes water, electricity, and sewer*

Source: 2020 ARVC Industry Trends

Accommodation Type	Occupancy
Modern Cabins/Cottages	53%
Park Model Cabins	53%
Rustic Cabins*	45%
Modern RV Trailers	41%
Glamping Tents	36%

**No bath, kitchen, and/or utilities*

Source: 2020 ARVC Industry Trends

As detailed above, RV parks that have full hookups will typically have the highest occupancy because these site types are the most popular. Within the other accommodation types that are associated with RV resorts and campgrounds, modern cabins, or park models (manufactured housing) typically capture the highest occupancy levels.

Our projections of penetration, demand capture, and occupancy performance for the proposed subject property account for these types of adjustments to market share within the defined competitive market.

Projection of Average Rate

The proposed subject property's future average rate (ADR) has also been projected using a penetration analysis. The following table illustrates the historical and projected market-wide ADR, as well as the proposed subject property's ADR forecast.

FIGURE 13-4 ADR FORECAST – MARKET AND SUBJECT PROPERTY

Year	Market-wide		Proposed Subject Property				
	Average Rate	Change	Occupied Unit Nights	Rental Revenue	Average Rate	Change	Penetration
2019	\$48.09	—					
2020	51.06	6.2 %					
2021	53.42	4.6					
Calendar Year Forecast							
2022	\$56.62	6.0 % *	—	—	—	—	—
2023	58.89	4.0	—	—	—	—	—
2024	60.65	3.0	7,251	\$395,840	\$54.59	—	90.0 %*
2025	62.47	3.0	13,073	775,881	59.35	8.7 %*	95.0
2026	64.35	3.0	14,051	904,126	64.35	8.4	100.0
2027	66.28	3.0	14,191	940,563	66.28	3.0	100.0

* Percent change compared to prior calendar year.

Projection of RevPAR

We calculated both the market’s and the proposed subject property’s RevPAR using the projected occupancy and ADR levels presented previously. These RevPAR levels are illustrated in the following table.

FIGURE 13-5 REVPAR FORECAST – MARKET AND SUBJECT PROPERTY

Year	Market-wide		Proposed Subject Property		
	Unit RevPAR	Change	RevPAR	Change	RevPAR Penetration
2019	\$13.98	—			
2020	15.36	9.8 %			
2021	17.16	11.7			
Calendar Year Forecast					
2022	\$18.53	8.0 % *	—	—	—
2023	19.65	6.1	—	—	—
2024	18.97	-3.5	\$16.22	—	85.5 %
2025	19.46	2.5	21.26	31.0 %*	109.3
2026	20.64	6.1	24.77	16.5	120.0
2027	21.47	4.0	25.77	4.0	120.0

* Percent change compared to prior calendar year.

Forecast of Revenue and Expense

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of revenue and expense. The following table presents a forecast through the first several projection years, including amounts per available rental unit and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to fiscal years that begin on May 1, 2024, expressed in inflated dollars for each year.

FIGURE 13-6 DETAILED FORECAST OF INCOME AND EXPENSE

	2024/25 Begins May				2025/26				2026/27				Stabilized				2028/29			
Number of Rooms:	100				100				100				100				100			
Occupancy:	32%				37%				39%				39%				39%			
Average Rate:	\$56.15				\$60.99				\$64.98				\$64.69				\$66.63			
RevPAR:	\$17.97				\$22.57				\$25.34				\$25.23				\$25.98			
Days Open:	365				365				365				365				365			
Occupied Rooms:	11,680	%Gross	PAR	POR	13,505	%Gross	PAR	POR	14,235	%Gross	PAR	POR	14,235	%Gross	PAR	POR	14,235	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$656	85.4 %	\$6,560	\$56.16	\$824	87.3 %	\$8,240	\$61.01	\$925	88.0 %	\$9,250	\$64.98	\$921	87.7 %	\$9,210	\$64.70	\$948	87.7 %	\$9,480	\$66.60
Other Operated Departments	108	14.1	1,081	9.26	116	12.3	1,159	8.58	121	11.5	1,212	8.52	125	11.9	1,249	8.77	129	11.9	1,286	9.03
Miscellaneous Income	4	0.5	39	0.33	4	0.4	41	0.31	4	0.4	43	0.30	4	0.4	45	0.31	5	0.4	46	0.32
Total Operating Revenues	768	100.0	7,680	65.75	944	100.0	9,440	69.90	1,051	100.0	10,506	73.80	1,050	100.0	10,503	73.78	1,081	100.0	10,812	75.95
DEPARTMENTAL EXPENSES *																				
Rooms	133	20.3	1,330	11.38	145	17.5	1,445	10.70	152	16.4	1,520	10.68	157	17.0	1,565	11.00	161	17.0	1,612	11.33
Other Operated Departments	79	72.8	787	6.74	82	70.8	820	6.07	85	70.0	849	5.96	87	70.0	874	6.14	90	70.0	900	6.32
Total Expenses	212	27.6	2,117	18.12	227	24.0	2,265	16.77	237	22.5	2,368	16.64	244	23.2	2,439	17.14	251	23.2	2,513	17.65
DEPARTMENTAL INCOME	556	72.4	5,563	47.63	717	76.0	7,175	53.13	814	77.5	8,137	57.16	806	76.8	8,064	56.65	830	76.8	8,299	58.30
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	39	5.0	388	3.32	42	4.4	415	3.08	44	4.2	436	3.06	45	4.2	446	3.13	46	4.2	459	3.23
Marketing	13	1.7	128	1.10	13	1.4	131	0.97	13	1.2	131	0.92	13	1.3	134	0.94	14	1.3	138	0.97
Prop. Operations & Maint.	35	4.6	353	3.03	39	4.1	387	2.86	42	4.0	419	2.94	43	4.1	428	3.01	44	4.1	441	3.10
Utilities	47	6.1	465	3.98	50	5.3	499	3.69	52	5.0	523	3.68	54	5.1	535	3.76	55	5.1	551	3.87
Total Expenses	144	18.8	1,443	12.35	155	16.4	1,549	11.47	163	15.6	1,632	11.46	167	15.9	1,668	11.72	172	15.9	1,718	12.07
GROSS OPERATING PROFIT	412	53.6	4,120	35.27	563	59.6	5,626	41.66	651	61.9	6,505	45.70	640	60.9	6,395	44.93	658	60.9	6,581	46.23
Management Fee	23	3.0	230	1.97	28	3.0	283	2.10	32	3.0	315	2.21	32	3.0	315	2.21	32	3.0	324	2.28
INCOME BEFORE NON-OPR. INC. & EXP.	389	50.6	3,890	33.30	534	56.6	5,343	39.56	619	58.9	6,190	43.48	608	57.9	6,080	42.71	626	57.9	6,257	43.95
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	63	8.3	635	5.43	65	6.9	654	4.84	67	6.4	673	4.73	69	6.6	694	4.87	71	6.6	714	5.02
Insurance	3	0.4	29	0.25	3	0.3	30	0.22	3	0.3	30	0.21	3	0.3	31	0.22	3	0.3	32	0.23
Total Expenses	66	8.7	663	5.68	68	7.2	683	5.06	70	6.7	704	4.94	72	6.9	725	5.09	75	6.9	747	5.25
EBITDA	323	41.9	3,226	27.62	466	49.4	4,660	34.50	549	52.2	5,486	38.54	536	51.0	5,355	37.62	551	51.0	5,510	38.71
Reserve for Replacement	15	2.0	154	1.32	28	3.0	283	2.10	32	3.0	315	2.21	32	3.0	315	2.21	32	3.0	324	2.28
EBITDA LESS RESERVE	\$307	39.9 %	\$3,073	\$26.31	\$438	46.4 %	\$4,377	\$32.41	\$517	49.2 %	\$5,171	\$36.33	\$504	48.0 %	\$5,040	\$35.41	\$519	48.0 %	\$5,186	\$36.43

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 13-7 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34	
Number of Rooms:	100																			
Occupied Rooms:	11,680		13,505		14,235															
Occupancy:	32%		37%		39%															
Average Rate:	\$56.15	% of	\$60.99	% of	\$64.98	% of	\$64.69	% of	\$66.63	% of	\$68.63	% of	\$70.69	% of	\$72.81	% of	\$74.99	% of	\$77.24	% of
RevPAR:	\$17.97	Gross	\$22.57	Gross	\$25.34	Gross	\$25.23	Gross	\$25.98	Gross	\$26.76	Gross	\$27.57	Gross	\$28.39	Gross	\$29.25	Gross	\$30.12	Gross
OPERATING REVENUE																				
Rooms	\$656	85.4 %	\$824	87.3 %	\$925	88.0 %	\$921	87.7 %	\$948	87.7 %	\$977	87.7 %	\$1,006	87.7 %	\$1,036	87.7 %	\$1,067	87.7 %	\$1,100	87.7 %
Other Operated Departments	108	14.1	116	12.3	121	11.5	125	11.9	129	11.9	132	11.9	136	11.9	141	11.9	145	11.9	149	11.9
Miscellaneous Income	4	0.5	4	0.4	4	0.4	4	0.4	5	0.4	5	0.4	5	0.4	5	0.4	5	0.4	5	0.4
Total Operating Revenues	768	100.0	944	100.0	1,051	100.0	1,050	100.0	1,081	100.0	1,114	100.0	1,147	100.0	1,182	100.0	1,217	100.0	1,254	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	133	20.3	145	17.5	152	16.4	157	17.0	161	17.0	166	17.0	171	17.0	176	17.0	181	17.0	187	17.0
Other Operated Departments	79	72.8	82	70.8	85	70.0	87	70.0	90	70.0	93	70.0	96	70.0	98	70.0	101	70.0	104	70.0
Total Expenses	212	27.6	227	24.0	237	22.5	244	23.2	251	23.2	259	23.2	267	23.2	275	23.2	283	23.2	291	23.2
DEPARTMENTAL INCOME																				
	556	72.4	717	76.0	814	77.5	806	76.8	830	76.8	855	76.8	881	76.8	907	76.8	934	76.8	963	76.8
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	39	5.0	42	4.4	44	4.2	45	4.2	46	4.2	47	4.2	49	4.2	50	4.2	52	4.2	53	4.2
Info & Telecom Systems	11	1.4	12	1.2	12	1.2	13	1.2	13	1.2	13	1.2	14	1.2	14	1.2	15	1.2	15	1.2
Marketing	13	1.7	13	1.4	13	1.2	13	1.3	14	1.3	14	1.3	15	1.3	15	1.3	16	1.3	16	1.3
Franchise Fee	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Prop. Operations & Maint.	35	4.6	39	4.1	42	4.0	43	4.1	44	4.1	45	4.1	47	4.1	48	4.1	50	4.1	51	4.1
Utilities	47	6.1	50	5.3	52	5.0	54	5.1	55	5.1	57	5.1	58	5.1	60	5.1	62	5.1	64	5.1
Total Expenses	144	18.8	155	16.4	163	15.6	167	15.9	172	15.9	177	15.9	182	15.9	188	15.9	193	15.9	199	15.9
GROSS OPERATING PROFIT																				
	412	53.6	563	59.6	651	61.9	640	60.9	658	60.9	678	60.9	698	60.9	719	60.9	741	60.9	764	60.9
Management Fee	23	3.0	28	3.0	32	3.0	32	3.0	32	3.0	33	3.0	34	3.0	35	3.0	37	3.0	38	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	389	50.6	534	56.6	619	58.9	608	57.9	626	57.9	645	57.9	664	57.9	684	57.9	704	57.9	726	57.9
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	63	8.3	65	6.9	67	6.4	69	6.6	71	6.6	74	6.6	76	6.6	78	6.6	80	6.6	83	6.6
Insurance	3	0.4	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3	3	0.3	4	0.3	4	0.3	4	0.3
Total Expenses	66	8.7	68	7.2	70	6.7	72	6.9	75	6.9	77	6.9	79	6.9	82	6.9	84	6.9	87	6.9
EBITDA																				
	323	41.9	466	49.4	549	52.2	536	51.0	551	51.0	568	51.0	585	51.0	602	51.0	620	51.0	640	51.0
Reserve for Replacement	15	2.0	28	3.0	32	3.0	32	3.0	32	3.0	33	3.0	34	3.0	35	3.0	37	3.0	38	3.0
EBITDA LESS RESERVE																				
	\$307	39.9 %	\$438	46.4 %	\$517	49.2 %	\$504	48.0 %	\$519	48.0 %	\$535	48.0 %	\$550	48.0 %	\$567	48.0 %	\$584	48.0 %	\$602	48.0 %

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

FIGURE 13-8 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2020	2019	2019	2019	2018	2021
Number of Rooms:	130 to 170	100 to 140	90 to 120	370 to 470	40 to 70	100
Days Open:	365	365	365	365	365	365
Occupancy:	72%	21%	23%	69%	53%	39%
Average Rate:	\$17	\$34	\$23	\$131	\$57	\$52
RevPAR:	\$12	\$7	\$5	\$91	\$30	\$20
REVENUE						
Rental Units	98.0 %	100.0 %	94.9 %	46.8 %	97.2 %	87.7 %
Other Operated Departments	0.0	0.0	7.4	34.4	0.0	11.9
Miscellaneous Income	2.0	0.0	(2.3)	1.3	2.8	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	2.0	19.1	3.4	27.1	12.9	17.0
Other Operated Departments	0.0	0.0	0.0	69.9	0.0	70.0
Total	2.0	19.1	3.2	48.2	12.5	23.2
DEPARTMENTAL INCOME						
	98.0	80.9	96.8	51.8	87.5	76.8
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	6.3	12.1	18.1	6.7	7.4	4.2
Info. and Telecom. Systems	0.0	5.3	0.0	0.0	0.0	1.2
Marketing	0.7	4.4	4.6	6.7	1.8	1.3
Property Operations & Maintenance	9.2	7.0	13.4	1.5	1.5	4.1
Utilities	17.4	22.7	14.8	2.6	7.2	5.1
Total	33.6	51.5	50.9	17.6	18.0	15.9
GROSS OPERATING PROFIT						
	64.4	29.4	45.9	34.2	69.5	60.9
Management Fee	0.0	0.0	0.0	1.2	0.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	64.4	29.4	45.8	33.0	69.5	57.9
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	0.0	8.2	2.8	1.1	1.0	6.6
Insurance	0.0	6.6	4.2	0.7	1.6	0.3
Total	0.0	14.8	7.0	1.8	2.6	6.9
EBITDA						
	64.4	14.6	38.8	31.2	66.9	51.0
Reserve for Replacement	0.0	0.0	0.0	0.0	0.0	3.0
EBITDA LESS RESERVE						
	64.4 %	14.6 %	38.8 %	31.2 %	66.9 %	48.0 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 13-9 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE RENTAL UNIT

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2020	2019	2019	2019	2018	2021
Number of Rooms:	130 to 170	100 to 140	90 to 120	370 to 470	40 to 70	100
Days Open:	365	365	365	365	365	365
Occupancy:	72%	21%	23%	69%	53%	39%
Average Rate:	\$17	\$34	\$23	\$131	\$57	\$52
RevPAR:	\$12	\$7	\$5	\$91	\$30	\$20
REVENUE						
Rental Units	\$4,463	\$2,631	\$1,971	\$33,222	\$10,986	\$7,349
Other Operated Departments	0	0	154	24,471	0	996
Miscellaneous Income	93	0	(48)	935	311	36
Total	4,556	2,631	2,077	71,045	11,297	8,381
DEPARTMENTAL EXPENSES						
Rooms	91	503	67	9,004	1,414	1,249
Other Operated Departments	0	0	0	17,107	0	698
Total	91	503	67	34,241	1,414	1,947
DEPARTMENTAL INCOME	4,464	2,128	2,010	36,804	9,883	6,434
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	288	318	375	4,779	834	356
Info. and Telecom. Systems	0	138	0	0	0	100
Marketing	33	117	96	4,761	205	107
Property Operations & Maintenance	417	184	279	1,094	174	342
Utilities	792	597	308	1,867	816	427
Total	1,530	1,354	1,058	12,500	2,028	1,331
GROSS OPERATING PROFIT	2,934	774	952	24,304	7,855	5,102
Management Fee	0	0	0	856	0	251
INCOME BEFORE NON-OPER. INC. & EXP.	2,934	774	952	23,448	7,855	4,851
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	0	215	58	781	118	554
Insurance	0	173	87	468	176	25
Total	0	388	144	1,248	294	579
EBITDA	2,934	386	808	22,200	7,561	4,272
Reserve for Replacement	0	0	0	0	0	251

FIGURE 13-10 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED RENTAL UNIT

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2020	2019	2019	2019	2018	2021
Number of Rooms:	130 to 170	100 to 140	90 to 120	370 to 470	40 to 70	100
Days Open:	365	365	365	365	365	365
Occupancy:	72%	21%	23%	69%	53%	39%
Average Rate:	\$17	\$34	\$23	\$131	\$57	\$52
RevPAR:	\$12	\$7	\$5	\$91	\$30	\$20
REVENUE						
Rental Units	\$17.05	\$34.30	\$23.15	\$131.48	\$56.77	\$51.62
Other Operated Departments	0.00	0.00	1.81	96.84	0.00	7.00
Miscellaneous Income	0.36	0.00	(0.56)	3.70	1.61	0.25
Total	17.41	34.30	24.39	281.16	58.38	58.87
DEPARTMENTAL EXPENSES						
Rooms	0.35	6.56	0.79	35.63	7.30	8.78
Other Operated Departments	0.00	0.00	0.00	67.70	0.00	4.90
Total	0.35	6.56	0.79	135.51	7.30	13.68
DEPARTMENTAL INCOME						
	17.06	27.74	23.60	145.65	51.07	45.20
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	1.10	4.15	4.40	18.91	4.31	2.50
Info. and Telecom. Systems	0.00	1.80	0.00	0.00	0.00	0.70
Marketing	0.13	1.52	1.13	18.84	1.06	0.75
Property Operations & Maintenance	1.59	2.40	3.27	4.33	0.90	2.40
Utilities	3.03	7.78	3.61	7.39	4.21	3.00
Total	5.85	17.65	12.42	49.47	10.48	9.35
GROSS OPERATING PROFIT						
	11.21	10.09	11.18	96.18	40.59	35.84
Management Fee	0.00	0.00	0.00	3.39	0.00	1.77
INCOME BEFORE NON-OPER. INC. & EXP.						
	11.21	10.09	11.18	92.79	40.59	34.08
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	0.00	2.80	0.68	3.09	0.61	3.89
Insurance	0.00	2.26	1.02	1.85	0.91	0.18
Total	0.00	5.06	1.69	4.94	1.52	4.06
EBITDA						
	11.21	5.03	9.49	87.85	39.07	30.01
Reserve for Replacement	0.00	0.00	0.00	0.00	0.00	1.77
EBITDA LESS RESERVE						
	\$11.21	\$5.03	\$9.49	\$87.85	\$39.07	\$28.25

FIGURE 13-11 COMPARABLE OPERATING STATEMENTS: COMPOSITE STATEMENT

	Number of Rooms:	855			
	Days Open:	365			
	Occupancy:	56.2%		Amount per	Amount per
	Average Rate:	\$90.31	Percentage	Available	Occupied
	RevPAR:	\$50.72	of Revenue	Room	Room
REVENUE					
Rental Units		\$15,828	49.7 %	\$18,513	\$90.31
Other Operating Departments		10,343	32.5	12,097	59.01
Miscellaneous Income		421	1.3	492	2.40
Total		31,832	100.0	37,230	181.62
DEPARTMENTAL EXPENSES					
Rooms		3,960	25.0	4,631	22.59
Other Operating Departments		7,219	69.8	8,443	41.19
Total		14,610	45.9	17,087	83.36
DEPARTMENTAL INCOME					
		17,222	54.1	20,143	98.26
UNDISTRIBUTED OPERATING EXPENSES					
Administrative & General		2,184	6.9	2,555	12.46
Info. and Telecom. Systems		17	0.1	20	0.10
Marketing		2,050	6.4	2,397	11.69
Property Operations & Maintenance		586	1.8	685	3.34
Utilities		1,058	3.3	1,237	6.04
Total		5,894	18.5	6,894	33.63
GROSS OPERATING PROFIT					
		11,328	35.6	13,249	64.63
Management Fee		361	1.1	423	2.06
INCOME BEFORE NON-OPER. INC. & EXP.					
		10,966	34.5	12,826	62.57
NON-OPERATING INCOME AND EXPENSE					
Property Taxes		368	1.2	431	2.10
Insurance		237	0.7	277	1.35
Total		605	2	708	3
EBITDA					
		10,361	32.5492	12,118	59.11
Reserve for Replacement		0	0.0	0	0.00
EBITDA LESS RESERVE					
		\$10,361	32.5 %	\$12,118	\$59.11

Feasibility Conclusion

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. As an individual or company considering investment in hotel real estate, the decision to use one's own cash, an equity partner's capital, or lender financing will be an internal one. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. The following table summarizes the mortgage component.

FIGURE 13-12 MORTGAGE COMPONENT

Initial Cost	\$4,940,000
Loan to cost	60.0%
Mortgage Amount	<u>\$2,964,000</u>
Assumed interest rate	6.75%
Assumed Amortization	25 years
Debt Service Constant	0.08291
Annual Debt Service	\$246,000
Mortgage paid off over 10 years	21.92%
Balance at end of 10 years	\$2,314,000

The remaining capital required for the development of the proposed subject property would be the equity investment.

FIGURE 13-13 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$4,940,000
Mortgage	<u>2,964,000</u>
Equity Investment	\$1,976,000

The reversion to the mortgage and equity components is calculated below.

FIGURE 13-14 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	620,000
Terminal Cap Rate	<u>10.00%</u>
Estimated Sales Proceeds	\$6,200,000
Less: Transaction Costs @ 3.0%	<u>\$186,000</u>
Net Sales Proceeds	\$6,014,000
Less: Mortgage Component	<u>\$2,314,000</u>
Equity Reversion	\$3,700,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

FIGURE 13-15 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$4,940,000)		(\$2,964,000)		(\$1,976,000)	
2024/25	\$307,000	6.2 %	\$246,000	8.3 %	\$61,000	3.1 %
2025/26	438,000	8.9	246,000	8.3	192,000	9.7
2026/27	517,000	10.5	246,000	8.3	271,000	13.7
2027/28	504,000	10.2	246,000	8.3	258,000	13.1
2028/29	519,000	10.5	246,000	8.3	273,000	13.8
2029/30	535,000	10.8	246,000	8.3	289,000	14.6
2030/31	550,000	11.1	246,000	8.3	304,000	15.4
2031/32	567,000	11.5	246,000	8.3	321,000	16.2
2032/33	584,000	11.8	246,000	8.3	338,000	17.1
2033/34	602,000	12.2	246,000	8.3	356,000	18.0
Reversion	6,014,000	121.7	2,200,000	74.2	3,700,000	187.2
Ten Year IRR		10.6 %		6.0 %		15.1 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an ROI of 10.6%. Based on the mortgage assumptions, the equity component’s initial investment of \$1,976,000 would achieve a return of 15.1% over a ten-year holding period. The investor surveys indicate discount rates ranging from 9.0% to 13.0%; the average of the surveys range from 10.7% to 10.9%. Based on these parameters, the calculated return to the project of 10.6%, is slightly below the averages and within the range of returns.

Sensitivity Analysis

The preceding analysis is based on the current development cost of \$4,940,000. This cost is an estimate and is subject to change as the project evolves, depending on market conditions and other factors. We have prepared an analysis calculating the impact of potential changes to the development cost on the ten-year IRR that the project would generate. The results of this sensitivity analysis are presented in the following table.

FIGURE 13-16 SENSITIVITY ANALYSIS

	Variances in Development Cost	Development Cost	Indicted IRR Based on Development Cost		
			Total Project	Mortgage Component	Equity Component
-10%	Lower by -10%	\$4,446,000	12.1%	6.3%	18.1%
-5%	Lower by -5%	\$4,693,000	11.3%	6.3%	16.5%
0	Original	\$4,940,000	10.6%	6.3%	15.1%
5%	Higher by 5%	\$5,187,000	9.8%	6.3%	13.7%
10%	Higher by 10%	\$5,434,000	9.2%	6.3%	12.4%
15%	Higher by 15%	\$5,681,000	8.5%	6.3%	11.1%

14. Feasibility Conclusion

FIGURE 14-1 COMPARATIVE FEASIBILITY PARAMETER OVERVIEW

Site	Parcel #	Site SF	Equity Yield	Internal Rate of Return (IRR)	Land Price \$/SF	Ground Lease %	Land Capitalization Rate	Land Cost % of Total Development Cost Estimate	Estimated Land Cost per Proposed Guestroom
Kelsey Lot 1	27060100115100	141,570	17.3%	10.4%	\$10.60	3%	9%	7%	\$15,000
Kelsey Lot 2	27060100115200, 27060100115300	194,713	17.3%	10.4%	\$7.70	3%	9%	7%	\$15,000
Hanson Lot	28063600300500	375,487	17.1%	10.3%	\$3.99	3%	9%	7%	\$15,000
Lake Tye Site	865400002302	115,870	15.5%	9.5%	\$12.95	3%	8.5%	7%	\$15,000
High School Administrative Building Site	00465000000300	149,411	9.5%	7.8%	\$6.69	3%	10%	7%	\$18,000
Airfield Site	28063500100800	435,600	15.1%	10.6%	\$2.96	N/A	N/A	28%	\$13,000

FIGURE 14-2 COMPARATIVE SEGMENTATION AND STABILIZED OPERATIONS OVERVIEW

Site	Segmentation				Stabilized Occupancy	Total Occupancy Penetration	Stabilized RevPAR	Total RevPAR Penetration
	Transient	Commercial	Leisure	Group				
Kelsey Lot 1	N/A	32.1%	43.2%	24.7 %	74%	101%	\$158	120%
Kelsey Lot 2	N/A	32.1%	43.2%	24.7 %	74%	101%	\$158	120%
Hanson Lot	N/A	29.5%	44.3%	26.2 %	74%	100%	\$158	120%
Lake Tye Site	N/A	36.8%	39.2%	24.0 %	71%	96%	\$152	115%
High School Administrative Building Site	100	N/A	N/A	N/A	72%	96%	\$179	66%
Airfield Site	100	N/A	N/A	N/A	39%	120%	\$66	100%

15. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a feasibility study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property sites are evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The potential property sites are assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and

that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our final report date.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity,

most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

16. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
8. Eileen L. Bosworth personally inspected the property described in this report; Kasia Russell, MAI, participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. Eileen L. Bosworth provided significant assistance to Kasia M. Russell, MAI, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;
10. Kasia M. Russell, MAI, has not performed services, as an appraiser or in any other capacity, on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment; and Eileen L. Bosworth has performed one consulting assignment on the properties that are the potential subjects of this report within the three-year period immediately preceding acceptance of this assignment;

11. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. as of the date of this report, Kasia M. Russell, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.



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Trend # 1371827_SADIM / Created September 26, 2022



Trend Report - 2022020837 Monroe, Washington Area Selected Properties

January 2014 to August 2022 Currency : USD - US Dollar

Table of Contents	1
Data by Measure	2
Percent Change by Measure	3
Percent Change by Year	4
Twelve Month Moving Average	5
Twelve Month Moving Average with Percent Change	6
Day of Week Analysis	7
Raw Data	8
Classic	9
Response Report	10
Terms and Conditions	11
Help	12

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Tab 2 - Data by Measure

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Occupancy (%)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2014	60.5	71.3	77.2	76.8	63.8	85.7	90.1	92.4	80.4	69.7	68.4	60.6	75.0	78.0
2015	55.3	63.9	71.5	69.1	72.0	88.0	86.9	89.8	80.1	72.7	67.5	57.9	72.9	74.7
2016	56.7	66.3	68.6	71.0	73.4	83.5	83.1	88.2	82.5	66.9	64.7	56.0	71.4	73.9
2017	55.5	64.8	69.3	67.7	74.3	85.7	85.0	87.4	80.0	67.3	63.4	56.0	71.4	73.8
2018	54.2	60.8	70.5	73.1	76.8	86.2	81.9	87.2	78.5	74.1	64.7	56.7	72.1	74.0
2019	59.8	64.1	75.1	75.0	74.1	81.4	83.1	86.4	79.0	73.4	66.4	57.2	73.0	75.0
2020	60.0	69.1	36.9	27.7	30.7	38.6	45.2	50.5	51.1	51.1	41.1	36.6	45.0	45.0
2021	42.8	47.7	57.4	60.2	60.2	72.4	77.2	74.2	68.6	57.5	55.7	57.6	61.0	61.7
2022	54.8	63.7	66.4	71.2	73.8	83.9	83.6	83.0						72.6
Avg	55.3	63.2	65.3	65.7	66.6	78.1	79.2	81.7	74.7	66.4	61.2	54.6	67.4	69.5

ADR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2014	111.91	111.32	112.05	113.16	118.58	131.70	137.40	138.68	125.79	120.34	115.03	110.55	122.38	124.40
2015	113.32	115.47	116.21	117.30	120.98	146.54	148.62	147.06	127.97	122.80	117.71	113.07	127.53	130.62
2016	115.23	115.90	115.43	115.08	120.57	143.58	148.17	151.55	131.46	122.37	116.78	110.30	127.06	130.19
2017	112.50	115.93	120.09	119.61	126.11	149.90	151.03	155.29	132.99	126.62	118.10	111.85	130.54	133.80
2018	115.14	114.28	116.50	119.53	126.85	152.09	156.93	157.10	135.46	127.78	121.32	115.31	131.98	134.84
2019	120.23	121.83	122.55	125.31	129.70	150.28	154.96	150.93	134.47	123.81	119.38	115.11	132.16	135.96
2020	119.64	120.79	112.32	100.30	94.44	99.96	101.82	99.82	98.69	97.36	94.05	90.44	103.96	108.28
2021	91.24	90.74	95.53	97.59	101.71	116.75	132.72	137.27	127.74	119.85	116.19	112.67	113.89	111.17
2022	111.98	114.80	117.46	124.45	131.22	160.82	170.63	168.16						140.67
Avg	113.02	114.21	114.85	116.33	121.26	142.31	147.19	147.43	128.13	120.94	115.79	110.79	124.89	129.10

RevPAR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2014	67.72	79.42	86.47	86.88	75.68	112.82	123.73	128.13	101.08	83.87	78.65	67.03	91.75	97.01
2015	62.65	73.75	83.06	81.02	83.11	128.97	129.08	132.09	102.50	89.31	79.44	65.41	93.03	97.58
2016	65.28	76.89	79.19	81.76	88.49	119.94	123.09	133.63	108.40	81.85	75.59	61.81	90.74	96.23
2017	62.47	75.07	83.19	80.95	93.70	128.52	128.35	135.78	106.46	85.20	74.92	62.64	93.20	98.74
2018	62.35	69.52	82.11	87.43	97.43	131.16	128.47	136.98	106.37	94.74	78.54	65.33	95.18	99.72
2019	71.94	78.15	92.01	94.00	96.07	122.34	128.81	130.44	106.23	90.90	79.23	65.90	96.44	101.96
2020	71.81	83.43	41.49	27.81	29.01	38.58	46.03	50.43	50.40	49.75	38.66	33.12	46.77	48.74
2021	39.04	43.27	54.88	58.79	61.24	84.48	102.51	101.91	87.69	68.86	64.74	64.92	69.52	68.54
2022	61.41	73.16	78.02	88.65	96.81	134.87	142.67	139.49						102.16
Avg	62.50	72.14	74.96	76.39	80.79	111.19	116.52	120.43	95.66	80.30	70.86	60.54	84.16	89.73

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2014	35,309	31,892	35,309	34,170	40,424	39,120	44,206	44,206	42,780	44,206	42,780	44,206	478,608	304,636
2015	44,206	39,928	44,206	42,780	44,361	42,930	44,888	44,888	43,440	44,888	43,440	44,888	524,843	348,187
2016	44,888	40,544	44,888	43,440	44,888	43,440	44,888	44,888	43,440	49,724	48,120	52,886	546,034	351,864
2017	52,886	47,768	52,886	51,180	52,886	51,180	52,886	52,886	51,180	52,886	51,180	52,886	622,690	414,558
2018	52,886	47,768	52,886	51,180	52,886	51,180	52,886	52,886	51,180	52,886	51,180	52,886	622,690	414,558
2019	52,886	47,768	52,886	51,180	52,886	51,180	52,886	52,886	51,180	52,886	51,180	52,886	622,690	414,558
2020	52,886	47,768	52,886	45,600	50,282	48,660	52,886	52,886	51,180	52,886	51,180	52,886	611,986	403,854
2021	52,886	47,768	52,886	51,180	52,886	51,180	52,886	52,886	51,180	52,886	51,180	52,886	622,690	414,558
2022	52,886	47,768	52,886	51,180	52,886	51,180	52,886	52,886						414,558
Avg	49,080	44,330	49,080	46,877	49,376	47,783	50,144	50,144	48,195	50,406	48,780	50,801	581,529	386,815

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2014	21,367	22,753	27,249	26,234	25,799	33,513	39,808	40,842	34,375	30,807	29,248	26,802	358,797	237,565
2015	24,439	25,503	31,597	29,548	31,943	37,782	38,987	40,318	34,796	32,644	29,317	25,969	382,843	260,117
2016	25,430	26,898	30,795	30,863	32,946	36,289	37,290	39,579	35,818	33,260	31,145	29,634	389,947	260,090
2017	29,366	30,933	36,633	34,638	39,293	43,878	44,943	46,239	40,968	35,586	32,468	29,618	444,563	305,923
2018	28,640	29,060	37,276	37,433	40,619	44,139	43,295	46,115	40,188	39,210	33,135	29,960	449,070	306,577
2019	31,643	30,642	39,709	38,394	39,173	41,664	43,962	45,706	40,431	38,828	33,967	30,275	454,394	310,893
2020	31,743	32,996	19,536	12,645	15,447	18,781	23,907	26,717	26,136	27,025	21,039	19,368	275,340	181,772
2021	22,627	22,776	30,380	30,831	31,842	37,032	40,847	39,262	35,134	30,387	28,516	30,472	380,106	255,597
2022	29,005	30,443	35,129	36,457	39,019	42,920	44,218	43,869						301,060
Avg	27,140	28,000	32,034	30,783	32,898	37,333	39,695	40,961	35,981	33,468	29,854	27,762	391,883	268,844

Revenue (\$)															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD	
2014	2,391,254	2,532,787	3,053,265	2,968,693	3,059,220	4,413,496	5,469,731	5,663,915	4,324,040	3,707,397	3,364,489	2,962,975	43,911,262	29,552,361	
2015	2,769,491	2,944,867	3,671,761	3,465,940	3,864,382	5,536,592	5,794,181	5,929,051	4,452,751	4,008,759	3,450,962	2,936,206	48,824,943	33,976,265	
2016	2,930,384	3,117,371	3,554,589	3,551,714	3,972,308	5,210,344	5,525,195	5,998,236	4,708,700	4,069,874	3,637,245	3,268,765	49,544,725	33,860,141	
2017	3,303,671	3,586,103	4,399,413	4,142,893	4,955,274	6,577,503	6,787,963	7,180,642	5,448,464	4,505,770	3,834,385	3,312,709	58,034,790	40,933,462	
2018	3,297,555	3,321,066	4,342,523	4,474,524	5,152,678	6,712,893	6,794,150	7,244,529	5,444,003	5,010,375	4,019,821	3,454,779	59,268,896	41,339,918	
2019	3,804,413	3,733,265	4,866,264	4,811,008	5,080,653	6,261,246	6,812,343	6,898,432	5,436,949	4,807,145	4,055,014	3,485,102	60,051,834	42,267,624	
2020	3,797,601	3,985,427	2,194,285	1,268,238	1,458,814	1,877,395	2,434,136	2,666,810	2,579,282	2,631,126	1,978,692	1,751,546	28,623,352	19,682,706	
2021	2,064,475	2,066,731	2,902,325	3,008,672	3,238,578	4,323,553	5,421,386	5,389,437	4,487,907	3,641,880	3,313,245	3,433,354	43,291,543	28,415,157	
2022	3,247,993	3,494,819	4,126,407	4,536,934	5,119,955	6,902,527	7,545,046	7,377,189						42,350,870	
Avg	3,067,426	3,198,048	3,678,981	3,580,957	3,989,096	5,312,839	5,842,681	6,038,693	4,610,262	4,047,791	3,456,732	3,075,680	48,943,918	34,708,723	

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Tab 3 - Percent Change from Previous Year - Detail by Measure

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	-8.6	-10.5	-7.4	-10.0	12.8	2.7	-3.6	-2.8	-0.3	4.4	-1.3	-4.6	-2.7	-4.2
2016	2.5	3.9	-4.0	2.9	1.9	-5.1	-4.4	-1.8	2.9	-8.0	-4.1	-3.1	-2.1	-1.1
2017	-2.0	-2.4	1.0	-4.7	1.2	2.6	2.3	-0.8	-2.9	0.6	-2.0	-0.1	-0.0	-0.2
2018	-2.5	-6.1	1.8	8.1	3.4	0.6	-3.7	-0.3	-1.9	10.2	2.1	1.2	1.0	0.2
2019	10.5	5.4	6.5	2.6	-3.6	-5.6	1.5	-0.9	0.6	-1.0	2.5	1.1	1.2	1.4
2020	0.3	7.7	-50.8	-63.0	-58.5	-52.6	-45.6	-41.5	-35.4	-30.4	-38.1	-36.0	-38.3	-40.0
2021	-28.7	-31.0	55.5	117.2	96.0	87.5	70.9	47.0	34.4	12.4	35.5	57.3	35.7	37.0
2022	28.2	33.7	15.6	18.2	22.5	15.9	8.3	11.7						17.8
Avg	-0.0	0.1	2.3	8.9	9.5	5.8	3.2	1.3	-0.4	-1.7	-0.8	2.2	-0.8	1.4

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	1.3	3.7	3.7	3.7	2.0	11.3	8.2	6.0	1.7	2.0	2.3	2.3	4.2	5.0
2016	1.7	0.4	-0.7	-1.9	-0.3	-2.0	-0.3	3.1	2.7	-0.4	-0.8	-2.4	-0.4	-0.3
2017	-2.4	0.0	4.0	3.9	4.6	4.4	1.9	2.5	1.2	3.5	1.1	1.4	2.7	2.8
2018	2.3	-1.4	-3.0	-0.1	0.6	1.5	3.9	1.2	1.9	0.9	2.7	3.1	1.1	0.8
2019	4.4	6.6	5.2	4.8	2.2	-1.2	-1.3	-3.9	-0.7	-3.1	-1.6	-0.2	0.1	0.8
2020	-0.5	-0.9	-8.3	-20.0	-27.2	-33.5	-34.3	-33.9	-26.6	-21.4	-21.2	-21.4	-21.3	-20.4
2021	-23.7	-24.9	-14.9	-2.7	7.7	16.8	30.4	37.5	29.4	23.1	23.5	24.6	9.6	2.7
2022	22.7	26.5	23.0	27.5	29.0	37.7	28.6	22.5						26.5
Avg	0.7	1.3	1.1	1.9	2.3	4.4	4.6	4.4	1.4	0.7	0.9	1.0	-0.6	2.2

RevPAR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	-7.5	-7.1	-3.9	-6.7	15.1	14.3	4.3	3.1	1.4	6.5	1.0	-2.4	1.4	0.6
2016	4.2	4.2	-4.7	0.9	1.6	-7.0	-4.6	1.2	5.7	-8.3	-4.9	-5.5	-2.5	-1.4
2017	-4.3	-2.4	5.0	-1.0	5.9	7.1	4.3	1.6	-1.8	4.1	-0.9	1.3	2.7	2.6
2018	-0.2	-7.4	-1.3	8.0	4.0	2.1	0.1	0.9	-0.1	11.2	4.8	4.3	2.1	1.0
2019	15.4	12.4	12.1	7.5	-1.4	-6.7	0.3	-4.8	-0.1	-4.1	0.9	0.9	1.3	2.2
2020	-0.2	6.8	-54.9	-70.4	-69.8	-68.5	-64.3	-61.3	-52.6	-45.3	-51.2	-49.7	-51.5	-52.2
2021	-45.6	-48.1	32.3	111.4	111.1	119.0	122.7	102.1	74.0	38.4	67.4	96.0	48.6	40.6
2022	57.3	69.1	42.2	50.8	58.1	59.6	39.2	36.9						49.0
Avg	2.4	3.4	3.3	12.6	15.6	15.0	12.7	10.0	3.8	0.4	2.5	6.4	0.3	5.3

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	25.2	25.2	25.2	25.2	9.7	9.7	1.5	1.5	1.5	1.5	1.5	1.5	9.7	14.3
2016	1.5	1.5	1.5	1.5	1.2	1.2	0.0	0.0	0.0	10.8	10.8	17.8	4.0	1.1
2017	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	6.4	6.4	0.0	14.0	17.8
2018	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2019	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020	0.0	0.0	0.0	-10.9	-4.9	-4.9	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	-2.6
2021	0.0	0.0	0.0	12.2	5.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	1.7	2.7
2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						0.0
Avg	5.6	5.6	5.6	5.7	3.6	3.6	2.4	2.4	2.8	2.7	2.7	2.8	4.0	4.2

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	14.4	12.1	16.0	12.6	23.8	12.7	-2.1	-1.3	1.2	6.0	0.2	-3.1	6.7	9.5
2016	4.1	5.5	-2.5	4.5	3.1	-4.0	-4.4	-1.8	2.9	1.9	6.2	14.1	1.9	-0.0
2017	15.5	15.0	19.0	12.2	19.3	20.9	20.5	16.8	14.4	7.0	4.2	-0.1	14.0	17.6
2018	-2.5	-6.1	1.8	8.1	3.4	0.6	-3.7	-0.3	-1.9	10.2	2.1	1.2	1.0	0.2
2019	10.5	5.4	6.5	2.6	-3.6	-5.6	1.5	-0.9	0.6	-1.0	2.5	1.1	1.2	1.4
2020	0.3	7.7	-50.8	-67.1	-60.6	-54.9	-45.6	-41.5	-35.4	-30.4	-38.1	-36.0	-39.4	-41.5
2021	-28.7	-31.0	55.5	143.8	106.1	97.2	70.9	47.0	34.4	12.4	35.5	57.3	38.0	40.6
2022	28.2	33.7	15.6	18.2	22.5	15.9	8.3	11.7						17.8
Avg	5.2	5.3	7.6	16.9	14.3	10.4	5.7	3.7	2.3	0.9	1.8	4.9	3.3	5.7

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Aug YTD
2015	15.8	16.3	20.3	16.7	26.3	25.4	5.9	4.7	3.0	8.1	2.6	-0.9	11.2	15.0

2016	5.8	5.9	-3.2	2.5	2.8	-5.9	-4.6	1.2	5.7	1.5	5.4	11.3	1.5	-0.3
2017	12.7	15.0	23.8	16.6	24.7	26.2	22.9	19.7	15.7	10.7	5.4	1.3	17.1	20.9
2018	-0.2	-7.4	-1.3	8.0	4.0	2.1	0.1	0.9	-0.1	11.2	4.8	4.3	2.1	1.0
2019	15.4	12.4	12.1	7.5	-1.4	-6.7	0.3	-4.8	-0.1	-4.1	0.9	0.9	1.3	2.2
2020	-0.2	6.8	-54.9	-73.6	-71.3	-70.0	-64.3	-61.3	-52.6	-45.3	-51.2	-49.7	-52.3	-53.4
2021	-45.6	-48.1	32.3	137.2	122.0	130.3	122.7	102.1	74.0	38.4	67.4	96.0	51.2	44.4
2022	57.3	69.1	42.2	50.8	58.1	59.6	39.2	36.9						49.0
Avg	7.6	8.7	8.9	20.7	20.7	20.1	15.3	12.4	6.5	3.0	5.0	9.0	4.6	9.8

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Tab 4 - Percent Change from Previous Year - Detail by Year

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Total Year	Aug YTD
Occ	-8.6	-10.5	-7.4	-10.0	12.8	2.7	-3.6	-2.8	-0.3	4.4	-1.3	-4.6	-2.7	-4.2
ADR	1.3	3.7	3.7	3.7	2.0	11.3	8.2	6.0	1.7	2.0	2.3	2.3	4.2	5.0
RevPAR	-7.5	-7.1	-3.9	-6.7	15.1	14.3	4.3	3.1	1.4	6.5	1.0	-2.4	1.4	0.6
Supply	25.2	25.2	25.2	25.2	9.7	9.7	1.5	1.5	1.5	1.5	1.5	1.5	9.7	14.3
Demand	14.4	12.1	16.0	12.6	23.8	12.7	-2.1	-1.3	1.2	6.0	0.2	-3.1	6.7	9.5
Revenue	15.8	16.3	20.3	16.7	26.3	25.4	5.9	4.7	3.0	8.1	2.6	-0.9	11.2	15.0

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Total Year	Aug YTD
Occ	2.5	3.9	-4.0	2.9	1.9	-5.1	-4.4	-1.8	2.9	-8.0	-4.1	-3.1	-2.1	-1.1
ADR	1.7	0.4	-0.7	-1.9	-0.3	-2.0	-0.3	3.1	2.7	-0.4	-0.8	-2.4	-0.4	-0.3
RevPAR	4.2	4.2	-4.7	0.9	1.6	-7.0	-4.6	1.2	5.7	-8.3	-4.9	-5.5	-2.5	-1.4
Supply	1.5	1.5	1.5	1.5	1.2	1.2	0.0	0.0	0.0	10.8	10.8	17.8	4.0	1.1
Demand	4.1	5.5	-2.5	4.5	3.1	-4.0	-4.4	-1.8	2.9	1.9	6.2	14.1	1.9	-0.0
Revenue	5.8	5.9	-3.2	2.5	2.8	-5.9	-4.6	1.2	5.7	1.5	5.4	11.3	1.5	-0.3

	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Total Year	Aug YTD
Occ	-2.0	-2.4	1.0	-4.7	1.2	2.6	2.3	-0.8	-2.9	0.6	-2.0	-0.1	-0.0	-0.2
ADR	-2.4	0.0	4.0	3.9	4.6	4.4	1.9	2.5	1.2	3.5	1.1	1.4	2.7	2.8
RevPAR	-4.3	-2.4	5.0	-1.0	5.9	7.1	4.3	1.6	-1.8	4.1	-0.9	1.3	2.7	2.6
Supply	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	6.4	6.4	0.0	14.0	17.8
Demand	15.5	15.0	19.0	12.2	19.3	20.9	20.5	16.8	14.4	7.0	4.2	-0.1	14.0	17.6
Revenue	12.7	15.0	23.8	16.6	24.7	26.2	22.9	19.7	15.7	10.7	5.4	1.3	17.1	20.9

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Total Year	Aug YTD
Occ	-2.5	-6.1	1.8	8.1	3.4	0.6	-3.7	-0.3	-1.9	10.2	2.1	1.2	1.0	0.2
ADR	2.3	-1.4	-3.0	-0.1	0.6	1.5	3.9	1.2	1.9	0.9	2.7	3.1	1.1	0.8
RevPAR	-0.2	-7.4	-1.3	8.0	4.0	2.1	0.1	0.9	-0.1	11.2	4.8	4.3	2.1	1.0
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-2.5	-6.1	1.8	8.1	3.4	0.6	-3.7	-0.3	-1.9	10.2	2.1	1.2	1.0	0.2
Revenue	-0.2	-7.4	-1.3	8.0	4.0	2.1	0.1	0.9	-0.1	11.2	4.8	4.3	2.1	1.0

	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Total Year	Aug YTD
Occ	10.5	5.4	6.5	2.6	-3.6	-5.6	1.5	-0.9	0.6	-1.0	2.5	1.1	1.2	1.4
ADR	4.4	6.6	5.2	4.8	2.2	-1.2	-1.3	-3.9	-0.7	-3.1	-1.6	-0.2	0.1	0.8
RevPAR	15.4	12.4	12.1	7.5	-1.4	-6.7	0.3	-4.8	-0.1	-4.1	0.9	0.9	1.3	2.2
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	10.5	5.4	6.5	2.6	-3.6	-5.6	1.5	-0.9	0.6	-1.0	2.5	1.1	1.2	1.4
Revenue	15.4	12.4	12.1	7.5	-1.4	-6.7	0.3	-4.8	-0.1	-4.1	0.9	0.9	1.3	2.2

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Total Year	Aug YTD
Occ	0.3	7.7	-50.8	-63.0	-58.5	-52.6	-45.6	-41.5	-35.4	-30.4	-38.1	-36.0	-38.3	-40.0
ADR	-0.5	-0.9	-8.3	-20.0	-27.2	-33.5	-34.3	-33.9	-26.6	-21.4	-21.2	-21.4	-21.3	-20.4
RevPAR	-0.2	6.8	-54.9	-70.4	-69.8	-68.5	-64.3	-61.3	-52.6	-45.3	-51.2	-49.7	-51.5	-52.2
Supply	0.0	0.0	0.0	-10.9	-4.9	-4.9	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	-2.6
Demand	0.3	7.7	-50.8	-67.1	-60.6	-54.9	-45.6	-41.5	-35.4	-30.4	-38.1	-36.0	-39.4	-41.5
Revenue	-0.2	6.8	-54.9	-73.6	-71.3	-70.0	-64.3	-61.3	-52.6	-45.3	-51.2	-49.7	-52.3	-53.4

	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Total Year	Aug YTD
Occ	-28.7	-31.0	55.5	117.2	96.0	87.5	70.9	47.0	34.4	12.4	35.5	57.3	35.7	37.0
ADR	-23.7	-24.9	-14.9	-2.7	7.7	16.8	30.4	37.5	29.4	23.1	23.5	24.6	9.6	2.7
RevPAR	-45.6	-48.1	32.3	111.4	111.1	119.0	122.7	102.1	74.0	38.4	67.4	96.0	48.6	40.6
Supply	0.0	0.0	0.0	12.2	5.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	1.7	2.7
Demand	-28.7	-31.0	55.5	143.8	106.1	97.2	70.9	47.0	34.4	12.4	35.5	57.3	38.0	40.6
Revenue	-45.6	-48.1	32.3	137.2	122.0	130.3	122.7	102.1	74.0	38.4	67.4	96.0	51.2	44.4

	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Total Year	Aug YTD
Occ	28.2	33.7	15.6	18.2	22.5	15.9	8.3	11.7						17.8
ADR	22.7	26.5	23.0	27.5	29.0	37.7	28.6	22.5						26.5
RevPAR	57.3	69.1	42.2	50.8	58.1	59.6	39.2	36.9						49.0
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						0.0
Demand	28.2	33.7	15.6	18.2	22.5	15.9	8.3	11.7						17.8

Revenue	57.3	69.1	42.2	50.8	58.1	59.6	39.2	36.9	49.0
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Tab 5 - Twelve Month Moving Average

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	74.2	73.6	73.1	72.6	73.2	73.5	73.2	73.0	73.0	73.3	73.2	72.9
2016	73.0	73.2	73.0	73.1	73.2	72.9	72.6	72.4	72.6	72.1	71.8	71.4
2017	71.1	70.9	70.9	70.6	70.7	71.1	71.4	71.6	71.5	71.5	71.4	71.4
2018	71.3	71.0	71.1	71.5	71.7	71.8	71.5	71.5	71.4	72.0	72.1	72.1
2019	72.6	72.9	73.2	73.4	73.2	72.8	72.9	72.8	72.8	72.8	72.9	73.0
2020	73.0	73.4	70.1	66.6	63.0	59.5	56.3	53.2	50.8	48.9	46.8	45.0
2021	43.5	41.8	43.6	46.2	48.6	51.3	54.1	56.1	57.5	58.1	59.3	61.0
2022	62.1	63.3	64.1	65.0	66.1	67.1	67.6	68.3				

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	122.39	122.60	122.83	123.07	123.20	124.76	125.88	126.75	126.95	127.12	127.33	127.53
2016	127.62	127.61	127.57	127.36	127.31	126.95	126.81	127.24	127.57	127.52	127.40	127.06
2017	126.73	126.63	126.89	127.16	127.59	128.53	129.18	129.92	130.08	130.38	130.44	130.54
2018	130.74	130.70	130.38	130.31	130.36	130.59	131.08	131.26	131.48	131.55	131.77	131.98
2019	132.23	132.67	133.11	133.57	133.84	133.57	133.41	132.77	132.68	132.35	132.18	132.16
2020	132.11	131.99	131.96	131.61	130.32	126.47	121.12	115.19	111.29	108.41	106.05	103.96
2021	101.01	97.54	96.23	96.20	96.87	98.99	102.89	106.99	109.63	111.40	112.76	113.89
2022	115.08	116.46	118.14	120.28	122.75	127.20	131.22	134.47				

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	90.85	90.21	89.84	89.30	90.18	91.68	92.18	92.57	92.70	93.15	93.20	93.03
2016	93.21	93.43	93.09	93.13	93.25	92.54	92.03	92.16	92.65	91.92	91.47	90.74
2017	90.10	89.77	90.00	89.82	90.27	91.40	92.28	93.01	93.04	93.27	93.13	93.20
2018	93.19	92.76	92.67	93.21	93.52	93.74	93.75	93.85	93.85	94.66	94.95	95.18
2019	96.00	96.66	97.50	98.04	97.92	97.20	97.23	96.67	96.66	96.33	96.39	96.44
2020	96.43	96.83	92.54	87.64	82.12	75.29	68.14	61.22	56.55	53.00	49.60	46.77
2021	43.94	40.80	41.96	44.40	47.08	50.82	55.62	59.99	63.06	64.68	66.82	69.52
2022	71.42	73.72	75.68	78.14	81.16	85.30	88.71	91.90				

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	487,505	495,541	504,438	513,048	516,985	520,795	521,477	522,159	522,819	523,501	524,161	524,843
2016	525,525	526,141	526,823	527,483	528,010	528,520	528,520	528,520	528,520	533,356	538,036	546,034
2017	554,032	561,256	569,254	576,994	584,992	592,732	600,730	608,728	616,468	619,630	622,690	622,690
2018	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690
2019	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690
2020	622,690	622,690	622,690	617,110	614,506	611,986	611,986	611,986	611,986	611,986	611,986	611,986
2021	611,986	611,986	611,986	617,566	620,170	622,690	622,690	622,690	622,690	622,690	622,690	622,690
2022	622,690	622,690	622,690	622,690	622,690	622,690	622,690	622,690				

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	361,869	364,619	368,967	372,281	378,425	382,694	381,873	381,349	381,770	383,607	383,676	382,843
2016	383,834	385,229	384,427	385,742	386,745	385,252	383,555	382,816	383,838	384,454	386,282	389,947
2017	393,883	397,918	403,756	407,531	413,878	421,467	429,120	435,780	440,930	443,256	444,579	444,563
2018	443,837	441,964	442,607	445,402	446,728	446,989	445,341	445,217	444,437	448,061	448,728	449,070
2019	452,073	453,655	456,088	457,049	455,603	453,128	453,795	453,386	453,629	453,247	454,079	454,394
2020	454,494	456,848	436,675	410,926	387,200	364,317	344,262	325,273	310,978	299,175	286,247	275,340
2021	266,224	256,004	266,848	285,034	301,429	319,680	336,620	349,165	358,163	361,525	369,002	380,106
2022	386,484	394,151	398,900	404,526	411,703	417,591	420,962	425,569				

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2015	44,289,499	44,701,579	45,320,075	45,817,322	46,622,484	47,745,580	48,070,030	48,335,166	48,463,877	48,765,239	48,851,712	48,824,943
2016	48,985,836	49,158,340	49,041,168	49,126,942	49,234,868	48,908,620	48,639,634	48,708,819	48,964,768	49,025,883	49,212,166	49,544,725
2017	49,918,012	50,386,744	51,231,568	51,822,747	52,805,713	54,172,872	55,435,640	56,618,046	57,357,810	57,793,706	57,990,846	58,034,790
2018	58,028,674	57,763,637	57,706,747	58,038,378	58,235,782	58,377,172	58,377,359	58,441,246	58,436,785	58,941,390	59,126,826	59,268,896
2019	59,775,754	60,187,953	60,711,694	61,048,178	60,976,153	60,524,506	60,542,699	60,196,602	60,189,548	59,986,318	60,021,511	60,051,834
2020	60,045,022	60,297,184	57,625,205	54,082,435	50,460,596	46,076,745	41,698,538	37,466,916	34,609,249	32,433,230	30,356,908	28,623,352
2021	26,890,226	24,971,530	25,679,570	27,420,004	29,199,768	31,645,926	34,633,176	37,355,803	39,264,428	40,275,182	41,609,735	43,291,543
2022	44,475,061	45,903,149	47,127,231	48,655,493	50,536,870	53,115,844	55,239,504	57,227,256				

High value is boxed.

Low value is boxed and italicized.

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Tab 6 - Twelve Month Moving Average with Percent Change

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg								
Jan 15	74.2		122.39		90.85		487,505		361,869		44,289,499	
Feb 15	73.6		122.60		90.21		495,541		364,619		44,701,579	
Mar 15	73.1		122.83		89.84		504,438		368,967		45,320,075	
Apr 15	72.6		123.07		89.30		513,048		372,281		45,817,322	
May 15	73.2		123.20		90.18		516,985		378,425		46,622,484	
Jun 15	73.5		124.76		91.68		520,795		382,694		47,745,580	
Jul 15	73.2		125.88		92.18		521,477		381,873		48,070,030	
Aug 15	73.0		126.75		92.57		522,159		381,349		48,335,166	
Sep 15	73.0		126.95		92.70		522,819		381,770		48,463,877	
Oct 15	73.3		127.12		93.15		523,501		383,607		48,765,239	
Nov 15	73.2		127.33		93.20		524,161		383,676		48,851,712	
Dec 15	72.9	-2.7	127.53	4.2	93.03	1.4	524,843	9.7	382,843	6.7	48,824,943	11.2
Jan 16	73.0	-1.6	127.62	4.3	93.21	2.6	525,525	7.8	383,834	6.1	48,985,836	10.6
Feb 16	73.2	-0.5	127.61	4.1	93.43	3.6	526,141	6.2	385,229	5.7	49,158,340	10.0
Mar 16	73.0	-0.2	127.57	3.9	93.09	3.6	526,823	4.4	384,427	4.2	49,041,168	8.2
Apr 16	73.1	0.8	127.36	3.5	93.13	4.3	527,483	2.8	385,742	3.6	49,126,942	7.2
May 16	73.2	0.1	127.31	3.3	93.25	3.4	528,010	2.1	386,745	2.2	49,234,868	5.6
Jun 16	72.9	-0.8	126.95	1.8	92.54	0.9	528,520	1.5	385,252	0.7	48,908,620	2.4
Jul 16	72.6	-0.9	126.81	0.7	92.03	-0.2	528,520	1.4	383,555	0.4	48,639,634	1.2
Aug 16	72.4	-0.8	127.24	0.4	92.16	-0.4	528,520	1.2	382,816	0.4	48,708,819	0.8
Sep 16	72.6	-0.5	127.57	0.5	92.65	-0.1	528,520	1.1	383,838	0.5	48,964,768	1.0
Oct 16	72.1	-1.6	127.52	0.3	91.92	-1.3	533,356	1.9	384,454	0.2	49,025,883	0.5
Nov 16	71.8	-1.9	127.40	0.1	91.47	-1.9	538,036	2.6	386,282	0.7	49,212,166	0.7
Dec 16	71.4	-2.1	127.06	-0.4	90.74	-2.5	546,034	4.0	389,947	1.9	49,544,725	1.5
Jan 17	71.1	-2.7	126.73	-0.7	90.10	-3.3	554,032	5.4	393,883	2.6	49,918,012	1.9
Feb 17	70.9	-3.2	126.63	-0.8	89.77	-3.9	561,256	6.7	397,918	3.3	50,386,744	2.5
Mar 17	70.9	-2.8	126.89	-0.5	90.00	-3.3	569,254	8.1	403,756	5.0	51,231,568	4.5
Apr 17	70.6	-3.4	127.16	-0.2	89.82	-3.6	576,994	9.4	407,531	5.6	51,822,747	5.5
May 17	70.7	-3.4	127.59	0.2	90.27	-3.2	584,992	10.8	413,878	7.0	52,805,713	7.3
Jun 17	71.1	-2.5	128.53	1.2	91.40	-1.2	592,732	12.1	421,467	9.4	54,172,872	10.8
Jul 17	71.4	-1.6	129.18	1.9	92.28	0.3	600,730	13.7	429,120	11.9	55,435,640	14.0
Aug 17	71.6	-1.2	129.92	2.1	93.01	0.9	608,728	15.2	435,780	13.8	56,618,046	16.2
Sep 17	71.5	-1.5	130.08	2.0	93.04	0.4	616,468	16.6	440,930	14.9	57,357,810	17.1
Oct 17	71.5	-0.8	130.38	2.2	93.27	1.5	619,630	16.2	443,256	15.3	57,793,706	17.9
Nov 17	71.4	-0.6	130.44	2.4	93.13	1.8	622,690	15.7	444,579	15.1	57,990,846	17.8
Dec 17	71.4	-0.0	130.54	2.7	93.20	2.7	622,690	14.0	444,563	14.0	58,034,790	17.1
Jan 18	71.3	0.3	130.74	3.2	93.19	3.4	622,690	12.4	443,837	12.7	58,028,674	16.2
Feb 18	71.0	0.1	130.70	3.2	92.76	3.3	622,690	10.9	441,964	11.1	57,763,637	14.6
Mar 18	71.1	0.2	130.38	2.8	92.67	3.0	622,690	9.4	442,607	9.6	57,706,747	12.6
Apr 18	71.5	1.3	130.31	2.5	93.21	3.8	622,690	7.9	445,402	9.3	58,038,378	12.0
May 18	71.7	1.4	130.36	2.2	93.52	3.6	622,690	6.4	446,728	7.9	58,235,782	10.3
Jun 18	71.8	1.0	130.59	1.6	93.74	2.6	622,690	5.1	446,989	6.1	58,371,172	7.7
Jul 18	71.5	0.1	131.08	1.5	93.75	1.6	622,690	3.7	445,341	3.8	58,377,359	5.3
Aug 18	71.5	-0.1	131.26	1.0	93.85	0.9	622,690	2.3	445,217	2.2	58,441,246	3.2
Sep 18	71.4	-0.2	131.48	1.1	93.85	0.9	622,690	1.0	444,437	0.8	58,436,785	1.9

Tab 6 - Twelve Month Moving Average with Percent Change

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg								
Oct 18	72.0	0.6	131.55	0.9	94.66	1.5	622,690	0.5	448,061	1.1	58,941,390	2.0
Nov 18	72.1	0.9	131.77	1.0	94.95	2.0	622,690	0.0	448,728	0.9	59,126,826	2.0
Dec 18	72.1	1.0	131.98	1.1	95.18	2.1	622,690	0.0	449,070	1.0	59,268,896	2.1
Jan 19	72.6	1.9	132.23	1.1	96.00	3.0	622,690	0.0	452,073	1.9	59,775,754	3.0
Feb 19	72.9	2.6	132.67	1.5	96.66	4.2	622,690	0.0	453,655	2.6	60,187,953	4.2
Mar 19	73.2	3.0	133.11	2.1	97.50	5.2	622,690	0.0	456,088	3.0	60,711,694	5.2
Apr 19	73.4	2.6	133.57	2.5	98.04	5.2	622,690	0.0	457,049	2.6	61,048,178	5.2
May 19	73.2	2.0	133.84	2.7	97.92	4.7	622,690	0.0	455,603	2.0	60,976,153	4.7
Jun 19	72.8	1.4	133.57	2.3	97.20	3.7	622,690	0.0	453,128	1.4	60,524,506	3.7
Jul 19	72.9	1.9	133.41	1.8	97.23	3.7	622,690	0.0	453,795	1.9	60,542,699	3.7
Aug 19	72.8	1.8	132.77	1.1	96.67	3.0	622,690	0.0	453,386	1.8	60,196,602	3.0
Sep 19	72.8	2.1	132.68	0.9	96.66	3.0	622,690	0.0	453,629	2.1	60,189,548	3.0
Oct 19	72.8	1.2	132.35	0.6	96.33	1.8	622,690	0.0	453,247	1.2	59,986,318	1.8
Nov 19	72.9	1.2	132.18	0.3	96.39	1.5	622,690	0.0	454,079	1.2	60,021,511	1.5
Dec 19	73.0	1.2	132.16	0.1	96.44	1.3	622,690	0.0	454,394	1.2	60,051,834	1.3
Jan 20	73.0	0.5	132.11	-0.1	96.43	0.5	622,690	0.0	454,494	0.5	60,045,022	0.5
Feb 20	73.4	0.7	131.99	-0.5	96.83	0.2	622,690	0.0	456,848	0.7	60,297,184	0.2
Mar 20	70.1	-4.3	131.96	-0.9	92.54	-5.1	622,690	0.0	436,675	-4.3	57,625,205	-5.1
Apr 20	66.6	-9.3	131.61	-1.5	87.64	-10.6	617,110	-0.9	410,926	-10.1	54,082,435	-11.4
May 20	63.0	-13.9	130.32	-2.6	82.12	-16.1	614,506	-1.3	387,200	-15.0	50,460,596	-17.2
Jun 20	59.5	-18.2	126.47	-5.3	75.29	-22.5	611,986	-1.7	364,317	-19.6	46,076,745	-23.9
Jul 20	56.3	-22.8	121.12	-9.2	68.14	-29.9	611,986	-1.7	344,262	-24.1	41,698,538	-31.1
Aug 20	53.2	-27.0	115.19	-13.2	61.22	-36.7	611,986	-1.7	325,273	-28.3	37,466,916	-37.8
Sep 20	50.8	-30.2	111.29	-16.1	56.55	-41.5	611,986	-1.7	310,978	-31.4	34,609,249	-42.5
Oct 20	48.9	-32.8	108.41	-18.1	53.00	-45.0	611,986	-1.7	299,175	-34.0	32,433,230	-45.9
Nov 20	46.8	-35.9	106.05	-19.8	49.60	-48.5	611,986	-1.7	286,247	-37.0	30,356,908	-49.4
Dec 20	45.0	-38.3	103.96	-21.3	46.77	-51.5	611,986	-1.7	275,340	-39.4	28,623,352	-52.3
Jan 21	43.5	-40.4	101.01	-23.5	43.94	-54.4	611,986	-1.7	266,224	-41.4	26,890,226	-55.2
Feb 21	41.8	-43.0	97.54	-26.1	40.80	-57.9	611,986	-1.7	256,004	-44.0	24,971,530	-58.6
Mar 21	43.6	-37.8	96.23	-27.1	41.96	-54.7	611,986	-1.7	266,848	-38.9	25,679,570	-55.4
Apr 21	46.2	-30.7	96.20	-26.9	44.40	-49.3	617,566	0.1	285,034	-30.6	27,420,004	-49.3
May 21	48.6	-22.9	96.87	-25.7	47.08	-42.7	620,170	0.9	301,429	-22.2	29,199,768	-42.1
Jun 21	51.3	-13.8	98.99	-21.7	50.82	-32.5	622,690	1.7	319,680	-12.3	31,645,926	-31.3
Jul 21	54.1	-3.9	102.89	-15.1	55.62	-18.4	622,690	1.7	336,620	-2.2	34,633,176	-16.9
Aug 21	56.1	5.5	106.99	-7.1	59.99	-2.0	622,690	1.7	349,165	7.3	37,355,803	-0.3
Sep 21	57.5	13.2	109.63	-1.5	63.06	11.5	622,690	1.7	358,163	15.2	39,264,428	13.5
Oct 21	58.1	18.8	111.40	2.8	64.68	22.0	622,690	1.7	361,525	20.8	40,275,182	24.2
Nov 21	59.3	26.7	112.76	6.3	66.82	34.7	622,690	1.7	369,002	28.9	41,609,735	37.1
Dec 21	61.0	35.7	113.89	9.6	69.52	48.6	622,690	1.7	380,106	38.0	43,291,543	51.2
Jan 22	62.1	42.7	115.08	13.9	71.42	62.6	622,690	1.7	386,484	45.2	44,475,061	65.4
Feb 22	63.3	51.3	116.46	19.4	73.72	80.7	622,690	1.7	394,151	54.0	45,903,149	83.8
Mar 22	64.1	46.9	118.14	22.8	75.68	80.4	622,690	1.7	398,900	49.5	47,127,231	83.5
Apr 22	65.0	40.8	120.28	25.0	78.14	76.0	622,690	0.8	404,526	41.9	48,655,493	77.4
May 22	66.1	36.0	122.75	26.7	81.16	72.4	622,690	0.4	411,703	36.6	50,536,870	73.1
Jun 22	67.1	30.6	127.20	28.5	85.30	67.8	622,690	0.0	417,591	30.6	53,115,844	67.8

Tab 6 - Twelve Month Moving Average with Percent Change

2022020837 Monroe, Washington Area Selected Properties
 Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg								
Jul 22	67.6	25.1	131.22	27.5	88.71	59.5	622,690	0.0	420,962	25.1	55,239,504	59.5
Aug 22	68.3	21.9	134.47	25.7	91.90	53.2	622,690	0.0	425,569	21.9	57,227,256	53.2

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Tab 7 - Day of Week Analysis

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Sep - 21	59.7	60.6	65.6	66.5	66.0	78.4	85.0	68.6
Oct - 21	45.2	54.8	57.7	57.4	56.9	63.2	66.4	57.5
Nov - 21	43.8	53.5	56.3	56.1	57.0	61.9	61.9	55.7
Dec - 21	50.0	56.7	59.0	57.5	53.7	61.2	65.2	57.6
Jan - 22	46.7	55.4	59.0	57.6	55.0	55.7	56.1	54.8
Feb - 22	54.3	61.2	64.9	65.1	60.7	66.6	73.3	63.7
Mar - 22	52.7	63.3	67.3	69.6	65.1	71.2	75.1	66.4
Apr - 22	56.6	68.5	75.4	75.9	71.2	73.8	75.6	71.2
May - 22	61.2	68.0	76.7	77.1	71.6	79.5	86.1	73.8
Jun - 22	70.8	82.4	89.3	84.9	81.1	86.5	92.3	83.9
Jul - 22	72.1	77.8	84.2	86.3	85.6	88.3	90.9	83.6
Aug - 22	67.9	78.8	83.7	85.0	83.7	90.2	91.6	83.0
Total Year	56.7	65.0	70.0	70.2	67.2	72.9	76.3	68.3

Three Year Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Sep 19 - Aug 20	42.9	54.5	59.9	58.4	51.9	51.1	53.6	53.2
Sep 20 - Aug 21	48.2	54.0	57.5	56.8	55.8	58.8	61.4	56.1
Sep 21 - Aug 22	56.7	65.0	70.0	70.2	67.2	72.9	76.3	68.3
Total 3 Yr	49.2	57.8	62.4	61.9	58.4	61.0	63.8	59.2

ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Sep - 21	125.85	123.22	126.95	125.63	124.17	131.94	134.54	127.74
Oct - 21	118.55	118.48	118.52	119.54	118.38	121.42	122.29	119.85
Nov - 21	114.79	115.29	118.22	116.92	116.38	113.93	117.27	116.19
Dec - 21	110.88	112.39	114.43	112.96	112.42	112.07	113.36	112.67
Jan - 22	109.83	112.11	114.18	114.05	113.05	110.30	110.59	111.98
Feb - 22	113.36	113.33	114.82	115.58	113.43	115.40	116.97	114.80
Mar - 22	115.36	117.43	116.55	119.00	116.36	117.75	119.13	117.46
Apr - 22	119.80	124.14	125.49	126.42	122.74	125.15	125.62	124.45
May - 22	127.65	128.84	129.45	129.20	127.46	135.41	139.76	131.22
Jun - 22	153.58	157.26	161.49	158.79	157.03	165.56	170.99	160.82
Jul - 22	162.35	161.76	163.81	165.85	168.73	180.63	183.69	170.63
Aug - 22	160.76	160.38	165.04	164.75	165.41	179.07	181.32	168.16
Total Year	130.74	131.34	133.59	134.06	132.49	137.63	139.84	134.47

Three Year ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Sep 19 - Aug 20	111.21	117.85	121.31	120.35	113.97	109.61	109.69	115.19
Sep 20 - Aug 21	105.77	105.60	106.03	105.38	106.10	109.10	110.34	106.99
Sep 21 - Aug 22	130.74	131.34	133.59	134.06	132.49	137.63	139.84	134.47
Total 3 Yr	116.94	119.09	121.12	121.05	118.60	120.69	121.99	120.04

RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Sep - 21	75.10	74.72	83.27	83.51	81.95	103.40	114.35	87.69
Oct - 21	53.57	64.90	68.36	68.62	67.38	76.73	81.24	68.86
Nov - 21	50.23	61.67	66.59	65.57	66.31	70.54	72.55	64.74
Dec - 21	55.45	63.75	67.55	64.98	60.40	68.61	73.89	64.92
Jan - 22	51.31	62.06	67.38	65.73	62.13	61.47	62.03	61.41
Feb - 22	61.50	69.40	74.53	75.29	68.88	76.83	85.69	73.16
Mar - 22	60.76	74.34	78.46	82.84	75.75	83.79	89.49	78.02
Apr - 22	67.78	85.05	94.56	95.95	87.34	92.39	94.95	88.65
May - 22	78.15	87.62	99.24	99.66	91.31	107.69	120.37	96.81
Jun - 22	108.76	129.64	144.25	134.86	127.42	143.17	157.85	134.87
Jul - 22	116.97	125.78	137.95	143.20	144.45	159.45	167.00	142.67
Aug - 22	109.21	126.41	138.11	140.09	138.48	161.57	166.05	139.49
Total Year	74.14	85.37	93.53	94.10	89.09	100.38	106.67	91.90

Three Year RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Sep 19 - Aug 20	47.66	64.20	72.63	70.34	59.15	56.03	58.76	61.22
Sep 20 - Aug 21	50.94	56.99	60.96	59.90	59.25	64.12	67.76	59.99
Sep 21 - Aug 22	74.14	85.37	93.53	94.10	89.09	100.38	106.67	91.90
Total 3 Yr	57.58	68.85	75.63	74.94	69.23	73.63	77.86	71.10

Tab 8 - Raw Data

2022020837 Monroe, Washington Area Selected Properties
 Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants										
Jan 14	60.5		111.91		67.72		35,309		21,367		2,391,254		11	1,139	100.0
Feb 14	71.3		111.32		79.42		31,892		22,753		2,532,787		11	1,139	100.0
Mar 14	77.2		112.05		86.47		35,309		27,249		3,053,265		11	1,139	100.0
Apr 14	76.8		113.16		86.88		34,170		26,234		2,968,693		11	1,139	100.0
May 14	63.8		118.58		75.68		40,424		25,799		3,059,220		12	1,304	100.0
Jun 14	85.7		131.70		112.82		39,120		33,513		4,413,496		12	1,304	100.0
Jul 14	90.1		137.40		123.73		44,206		39,808		5,469,731		13	1,426	91.4
Aug 14	92.4		138.68		128.13		44,206		40,842		5,663,915		13	1,426	100.0
Sep 14	80.4		125.79		101.08		42,780		34,375		4,324,040		13	1,426	100.0
Oct 14	69.7		120.34		83.87		44,206		30,807		3,707,397		13	1,426	100.0
Nov 14	68.4		115.03		78.65		42,780		29,248		3,364,489		13	1,426	100.0
Dec 14	60.6		110.55		67.03		44,206		26,802		2,962,975		13	1,426	100.0
Jan 15	55.3	-8.6	113.32	1.3	62.65	-7.5	44,206	25.2	24,439	14.4	2,769,491	15.8	13	1,426	100.0
Feb 15	63.9	-10.5	115.47	3.7	73.75	-7.1	39,928	25.2	25,503	12.1	2,944,867	16.3	13	1,426	100.0
Mar 15	71.5	-7.4	116.21	3.7	83.06	-3.9	44,206	25.2	31,597	16.0	3,671,761	20.3	13	1,426	100.0
Apr 15	69.1	-10.0	117.30	3.7	81.02	-6.7	42,780	25.2	29,548	12.6	3,465,940	16.7	13	1,426	100.0
May 15	72.0	12.8	120.98	2.0	87.11	15.1	44,361	9.7	31,943	23.8	3,864,382	26.3	13	1,431	100.0
Jun 15	88.0	2.7	146.54	11.3	128.97	14.3	42,930	9.7	37,782	12.7	5,536,592	25.4	13	1,431	100.0
Jul 15	86.9	-3.6	148.62	8.2	129.08	4.3	44,888	1.5	38,987	-2.1	5,794,181	5.9	13	1,448	100.0
Aug 15	89.8	-2.8	147.06	6.0	132.09	3.1	44,888	1.5	40,318	-1.3	5,929,051	4.7	13	1,448	100.0
Sep 15	80.1	-0.3	127.97	1.7	102.50	1.4	43,440	1.5	34,796	1.2	4,452,751	3.0	13	1,448	100.0
Oct 15	72.7	4.4	122.80	2.0	89.31	6.5	44,888	1.5	32,644	6.0	4,008,759	8.1	13	1,448	100.0
Nov 15	67.5	-1.3	117.71	2.3	79.44	1.0	43,440	1.5	29,317	0.2	3,450,962	2.6	13	1,448	100.0
Dec 15	57.9	-4.6	113.07	2.3	65.41	-2.4	44,888	1.5	25,969	-3.1	2,936,206	-0.9	13	1,448	100.0
Jan 16	56.7	2.5	115.23	1.7	65.28	4.2	44,888	1.5	25,430	4.1	2,930,384	5.8	13	1,448	100.0
Feb 16	66.3	3.9	115.90	0.4	76.89	4.2	40,544	1.5	26,898	5.5	3,117,371	5.9	13	1,448	100.0
Mar 16	68.6	-4.0	115.43	-0.7	79.19	-4.7	44,888	1.5	30,795	-2.5	3,554,589	-3.2	13	1,448	100.0
Apr 16	71.0	2.9	115.08	-1.9	81.76	0.9	43,440	1.5	30,863	4.5	3,551,714	2.5	13	1,448	100.0
May 16	73.4	1.9	120.57	-0.3	88.49	1.6	44,888	1.2	32,946	3.1	3,972,308	2.8	13	1,448	100.0
Jun 16	83.5	-5.1	143.58	-2.0	119.94	-7.0	43,440	1.2	36,289	-4.0	5,210,344	-5.9	13	1,448	100.0
Jul 16	83.1	-4.4	148.17	-0.3	123.09	-4.6	44,888	0.0	37,290	-4.4	5,525,195	-4.6	13	1,448	100.0
Aug 16	88.2	-1.8	151.55	3.1	133.63	1.2	44,888	0.0	39,579	-1.8	5,998,236	1.2	13	1,448	100.0
Sep 16	82.5	2.9	131.46	2.7	108.40	5.7	43,440	0.0	35,818	2.9	4,708,700	5.7	13	1,448	100.0
Oct 16	66.9	-8.0	122.37	-0.4	81.85	-8.3	49,724	10.8	33,260	1.9	4,069,874	1.5	14	1,604	100.0
Nov 16	64.7	-4.1	116.78	-0.8	75.59	-4.9	48,120	10.8	31,145	6.2	3,637,245	5.4	14	1,604	100.0
Dec 16	56.0	-3.1	110.30	-2.4	61.81	-5.5	52,886	17.8	29,634	14.1	3,268,765	11.3	15	1,706	94.0
Jan 17	55.5	-2.0	112.50	-2.4	62.47	-4.3	52,886	17.8	29,366	15.5	3,303,671	12.7	15	1,706	100.0
Feb 17	64.8	-2.4	115.93	0.0	75.07	-2.4	47,768	17.8	30,933	15.0	3,586,103	15.0	15	1,706	100.0
Mar 17	69.3	1.0	120.09	4.0	83.19	5.0	52,886	17.8	36,633	19.0	4,399,413	23.8	15	1,706	100.0
Apr 17	67.7	-4.7	119.61	3.9	80.95	-1.0	51,180	17.8	34,638	12.2	4,142,893	16.6	15	1,706	100.0
May 17	74.3	1.2	126.11	4.6	93.70	5.9	52,886	17.8	39,293	19.3	4,955,274	24.7	15	1,706	100.0
Jun 17	85.7	2.6	149.90	4.4	128.52	7.1	51,180	17.8	43,878	20.9	6,577,503	26.2	15	1,706	100.0
Jul 17	85.0	2.3	151.03	1.9	128.35	4.3	52,886	17.8	44,943	20.5	6,787,963	22.9	15	1,706	100.0
Aug 17	87.4	-0.8	155.29	2.5	135.78	1.6	52,886	17.8	46,239	16.8	7,180,642	19.7	15	1,706	100.0
Sep 17	80.0	-2.9	132.99	1.2	106.46	-1.8	51,180	17.8	40,968	14.4	5,448,464	15.7	15	1,706	100.0
Oct 17	67.3	0.6	126.62	3.5	85.20	4.1	52,886	6.4	35,586	7.0	4,505,770	10.7	15	1,706	100.0
Nov 17	63.4	-2.0	118.10	1.1	74.92	-0.9	51,180	6.4	32,468	4.2	3,834,385	5.4	15	1,706	100.0
Dec 17	56.0	-0.1	111.85	1.4	62.64	1.3	52,886	0.0	29,618	-0.1	3,312,709	1.3	15	1,706	100.0
Jan 18	54.2	-2.5	115.14	2.3	62.35	-0.2	52,886	0.0	28,640	-2.5	3,297,555	-0.2	15	1,706	100.0

Tab 8 - Raw Data

2022020837 Monroe, Washington Area Selected Properties
 Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants										
Feb 18	60.8	-6.1	114.28	-1.4	69.52	-7.4	47,768	0.0	29,060	-6.1	3,321,066	-7.4	15	1,706	100.0
Mar 18	70.5	1.8	116.50	-3.0	82.11	-1.3	52,886	0.0	37,276	1.8	4,342,523	-1.3	15	1,706	100.0
Apr 18	73.1	8.1	119.53	-0.1	87.43	8.0	51,180	0.0	37,433	8.1	4,474,524	8.0	15	1,706	100.0
May 18	76.8	3.4	126.85	0.6	97.43	4.0	52,886	0.0	40,619	3.4	5,152,678	4.0	15	1,706	100.0
Jun 18	86.2	0.6	152.09	1.5	131.16	2.1	51,180	0.0	44,139	0.6	6,712,893	2.1	15	1,706	100.0
Jul 18	81.9	-3.7	156.93	3.9	128.47	0.1	52,886	0.0	43,295	-3.7	6,794,150	0.1	15	1,706	100.0
Aug 18	87.2	-0.3	157.10	1.2	136.98	0.9	52,886	0.0	46,115	-0.3	7,244,529	0.9	15	1,706	95.1
Sep 18	78.5	-1.9	135.46	1.9	106.37	-0.1	51,180	0.0	40,188	-1.9	5,444,003	-0.1	15	1,706	95.1
Oct 18	74.1	10.2	127.78	0.9	94.74	11.2	52,886	0.0	39,210	10.2	5,010,375	11.2	15	1,706	95.1
Nov 18	64.7	2.1	121.32	2.7	78.54	4.8	51,180	0.0	33,135	2.1	4,019,821	4.8	15	1,706	89.1
Dec 18	56.7	1.2	115.31	3.1	65.33	4.3	52,886	0.0	29,960	1.2	3,454,779	4.3	15	1,706	95.1
Jan 19	59.8	10.5	120.23	4.4	71.94	15.4	52,886	0.0	31,643	10.5	3,804,413	15.4	15	1,706	95.1
Feb 19	64.1	5.4	121.83	6.6	78.15	12.4	47,768	0.0	30,642	5.4	3,733,265	12.4	15	1,706	89.1
Mar 19	75.1	6.5	122.55	5.2	92.01	12.1	52,886	0.0	39,709	6.5	4,866,264	12.1	15	1,706	95.1
Apr 19	75.0	2.6	125.31	4.8	94.00	7.5	51,180	0.0	38,394	2.6	4,811,008	7.5	15	1,706	95.1
May 19	74.1	-3.6	129.70	2.2	96.07	-1.4	52,886	0.0	39,173	-3.6	5,080,653	-1.4	15	1,706	95.1
Jun 19	81.4	-5.6	150.28	-1.2	122.34	-6.7	51,180	0.0	41,664	-5.6	6,261,246	-6.7	15	1,706	100.0
Jul 19	83.1	1.5	154.96	-1.3	128.81	0.3	52,886	0.0	43,962	1.5	6,812,343	0.3	15	1,706	100.0
Aug 19	86.4	-0.9	150.93	-3.9	130.44	-4.8	52,886	0.0	45,706	-0.9	6,898,432	-4.8	15	1,706	100.0
Sep 19	79.0	0.6	134.47	-0.7	106.23	-0.1	51,180	0.0	40,431	0.6	5,436,949	-0.1	15	1,706	100.0
Oct 19	73.4	-1.0	123.81	-3.1	90.90	-4.1	52,886	0.0	38,828	-1.0	4,807,145	-4.1	15	1,706	100.0
Nov 19	66.4	2.5	119.38	-1.6	79.23	0.9	51,180	0.0	33,967	2.5	4,055,014	0.9	15	1,706	100.0
Dec 19	57.2	1.1	115.11	-0.2	65.90	0.9	52,886	0.0	30,275	1.1	3,485,102	0.9	15	1,706	100.0
Jan 20	60.0	0.3	119.64	-0.5	71.81	-0.2	52,886	0.0	31,743	0.3	3,797,601	-0.2	15	1,706	100.0
Feb 20	69.1	7.7	120.79	-0.9	83.43	6.8	47,768	0.0	32,996	7.7	3,985,427	6.8	15	1,706	100.0
Mar 20	36.9	-50.8	112.32	-8.3	41.49	-54.9	52,886	0.0	19,536	-50.8	2,194,285	-54.9	15	1,706	100.0
Apr 20	27.7	-63.0	100.30	-20.0	27.81	-70.4	45,600	-10.9	12,645	-67.1	1,268,238	-73.6	13	1,520	100.0
May 20	30.7	-58.5	94.44	-27.2	29.01	-69.8	50,282	-4.9	15,447	-60.6	1,458,814	-71.3	14	1,622	100.0
Jun 20	38.6	-52.6	99.96	-33.5	38.58	-68.5	48,660	-4.9	18,781	-54.9	1,877,395	-70.0	14	1,622	100.0
Jul 20	45.2	-45.6	101.82	-34.3	46.03	-64.3	52,886	0.0	23,907	-45.6	2,434,136	-64.3	15	1,706	100.0
Aug 20	50.5	-41.5	99.82	-33.9	50.43	-61.3	52,886	0.0	26,717	-41.5	2,666,810	-61.3	15	1,706	100.0
Sep 20	51.1	-35.4	98.69	-26.6	50.40	-52.6	51,180	0.0	26,136	-35.4	2,579,282	-52.6	15	1,706	100.0
Oct 20	51.1	-30.4	97.36	-21.4	49.75	-45.3	52,886	0.0	27,025	-30.4	2,631,126	-45.3	15	1,706	100.0
Nov 20	41.1	-38.1	94.05	-21.2	38.66	-51.2	51,180	0.0	21,039	-38.1	1,978,692	-51.2	15	1,706	100.0
Dec 20	36.6	-36.0	90.44	-21.4	33.12	-49.7	52,886	0.0	19,368	-36.0	1,751,546	-49.7	15	1,706	100.0
Jan 21	42.8	-28.7	91.24	-23.7	39.04	-45.6	52,886	0.0	22,627	-28.7	2,064,475	-45.6	15	1,706	100.0
Feb 21	47.7	-31.0	90.74	-24.9	43.27	-48.1	47,768	0.0	22,776	-31.0	2,066,731	-48.1	15	1,706	100.0
Mar 21	57.4	55.5	95.53	-14.9	54.88	32.3	52,886	0.0	30,380	55.5	2,902,325	32.3	15	1,706	100.0
Apr 21	60.2	117.2	97.59	-2.7	58.79	111.4	51,180	12.2	30,831	143.8	3,008,672	137.2	15	1,706	100.0
May 21	60.2	96.0	101.71	7.7	61.24	111.1	52,886	5.2	31,842	106.1	3,238,578	122.0	15	1,706	100.0
Jun 21	72.4	87.5	116.75	16.8	84.48	119.0	51,180	5.2	37,032	97.2	4,323,553	130.3	15	1,706	100.0
Jul 21	77.2	70.9	132.72	30.4	102.51	122.7	52,886	0.0	40,847	70.9	5,421,386	122.7	15	1,706	100.0
Aug 21	74.2	47.0	137.27	37.5	101.91	102.1	52,886	0.0	39,262	47.0	5,389,437	102.1	15	1,706	100.0
Sep 21	68.6	34.4	127.74	29.4	87.69	74.0	51,180	0.0	35,134	34.4	4,487,907	74.0	15	1,706	100.0
Oct 21	57.5	12.4	119.85	23.1	68.86	38.4	52,886	0.0	30,387	12.4	3,641,880	38.4	15	1,706	100.0
Nov 21	55.7	35.5	116.19	23.5	64.74	67.4	51,180	0.0	28,516	35.5	3,313,245	67.4	15	1,706	100.0
Dec 21	57.6	57.3	112.67	24.6	64.92	96.0	52,886	0.0	30,472	57.3	3,433,354	96.0	15	1,706	100.0
Jan 22	54.8	28.2	111.98	22.7	61.41	57.3	52,886	0.0	29,005	28.2	3,247,993	57.3	15	1,706	100.0
Feb 22	63.7	33.7	114.80	26.5	73.16	69.1	47,768	0.0	30,443	33.7	3,494,819	69.1	15	1,706	100.0

Tab 8 - Raw Data

2022020837 Monroe, Washington Area Selected Properties
 Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants										
Mar 22	66.4	15.6	117.46	23.0	78.02	42.2	52,886	0.0	35,129	15.6	4,126,407	42.2	15	1,706	100.0
Apr 22	71.2	18.2	124.45	27.5	88.65	50.8	51,180	0.0	36,457	18.2	4,536,934	50.8	15	1,706	100.0
May 22	73.8	22.5	131.22	29.0	96.81	58.1	52,886	0.0	39,019	22.5	5,119,955	58.1	15	1,706	100.0
Jun 22	83.9	15.9	160.82	37.7	134.87	59.6	51,180	0.0	42,920	15.9	6,902,527	59.6	15	1,706	100.0
Jul 22	83.6	8.3	170.63	28.6	142.67	39.2	52,886	0.0	44,218	8.3	7,545,046	39.2	15	1,706	100.0
Aug 22	83.0	11.7	168.16	22.5	139.49	36.9	52,886	0.0	43,869	11.7	7,377,189	36.9	15	1,706	100.0

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Tab 9 - Classic

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants								
Jan 14	60.5		111.91		67.72		35,309		21,367		2,391,254		11	1,139	100.0
Feb 14	71.3		111.32		79.42		31,892		22,753		2,532,787		11	1,139	100.0
Mar 14	77.2		112.05		86.47		35,309		27,249		3,053,265		11	1,139	100.0
Apr 14	76.8		113.16		86.88		34,170		26,234		2,968,693		11	1,139	100.0
May 14	63.8		118.58		75.68		40,424		25,799		3,059,220		12	1,304	100.0
Jun 14	85.7		131.70		112.82		39,120		33,513		4,413,496		12	1,304	100.0
Jul 14	90.1		137.40		123.73		44,206		39,808		5,469,731		13	1,426	91.4
Aug 14	92.4		138.68		128.13		44,206		40,842		5,663,915		13	1,426	100.0
Sep 14	80.4		125.79		101.08		42,780		34,375		4,324,040		13	1,426	100.0
Oct 14	69.7		120.34		83.87		44,206		30,807		3,707,397		13	1,426	100.0
Nov 14	68.4		115.03		78.65		42,780		29,248		3,364,489		13	1,426	100.0
Dec 14	60.6		110.55		67.03		44,206		26,802		2,962,975		13	1,426	100.0
Aug YTD 2014	78.0		124.40		97.01		304,636		237,565		29,552,361				
Total 2014	75.0		122.38		91.75		478,608		358,797		43,911,262				
Jan 15	55.3	-8.6	113.32	1.3	62.65	-7.5	44,206	25.2	24,439	14.4	2,769,491	15.8	13	1,426	100.0
Feb 15	63.9	-10.5	115.47	3.7	73.75	-7.1	39,928	25.2	25,503	12.1	2,944,867	16.3	13	1,426	100.0
Mar 15	71.5	-7.4	116.21	3.7	83.06	-3.9	44,206	25.2	31,597	16.0	3,671,761	20.3	13	1,426	100.0
Apr 15	69.1	-10.0	117.30	3.7	81.02	-6.7	42,780	25.2	29,548	12.6	3,465,940	16.7	13	1,426	100.0
May 15	72.0	12.8	120.98	2.0	87.11	15.1	44,361	9.7	31,943	23.8	3,864,382	26.3	13	1,431	100.0
Jun 15	88.0	2.7	146.54	11.3	128.97	14.3	42,930	9.7	37,782	12.7	5,536,592	25.4	13	1,431	100.0
Jul 15	86.9	-3.6	148.62	8.2	129.08	4.3	44,888	1.5	38,987	-2.1	5,794,181	5.9	13	1,448	100.0
Aug 15	89.8	-2.8	147.06	6.0	132.09	3.1	44,888	1.5	40,318	-1.3	5,929,051	4.7	13	1,448	100.0
Sep 15	80.1	-0.3	127.97	1.7	102.50	1.4	43,440	1.5	34,796	1.2	4,452,751	3.0	13	1,448	100.0
Oct 15	72.7	4.4	122.80	2.0	89.31	6.5	44,888	1.5	32,644	6.0	4,008,759	8.1	13	1,448	100.0
Nov 15	67.5	-1.3	117.71	2.3	79.44	1.0	43,440	1.5	29,317	0.2	3,450,962	2.6	13	1,448	100.0
Dec 15	57.9	-4.6	113.07	2.3	65.41	-2.4	44,888	1.5	25,969	-3.1	2,936,206	-0.9	13	1,448	100.0
Aug YTD 2015	74.7	-4.2	130.62	5.0	97.58	0.6	348,187	14.3	260,117	9.5	33,976,265	15.0			
Total 2015	72.9	-2.7	127.53	4.2	93.03	1.4	524,843	9.7	382,843	6.7	48,824,943	11.2			
Jan 16	56.7	2.5	115.23	1.7	65.28	4.2	44,888	1.5	25,430	4.1	2,930,384	5.8	13	1,448	100.0
Feb 16	66.3	3.9	115.90	0.4	76.89	4.2	40,544	1.5	26,898	5.5	3,117,371	5.9	13	1,448	100.0
Mar 16	68.6	-4.0	115.43	-0.7	79.19	-4.7	44,888	1.5	30,795	-2.5	3,554,589	-3.2	13	1,448	100.0
Apr 16	71.0	2.9	115.08	-1.9	81.76	0.9	43,440	1.5	30,863	4.5	3,551,714	2.5	13	1,448	100.0
May 16	73.4	1.9	120.57	-0.3	88.49	1.6	44,888	1.2	32,946	3.1	3,972,308	2.8	13	1,448	100.0
Jun 16	83.5	-5.1	143.58	-2.0	119.94	-7.0	43,440	1.2	36,289	-4.0	5,210,344	-5.9	13	1,448	100.0
Jul 16	83.1	-4.4	148.17	-0.3	123.09	-4.6	44,888	0.0	37,290	-4.4	5,525,195	-4.6	13	1,448	100.0
Aug 16	88.2	-1.8	151.55	3.1	133.63	1.2	44,888	0.0	39,579	-1.8	5,998,236	1.2	13	1,448	100.0
Sep 16	82.5	2.9	131.46	2.7	108.40	5.7	43,440	0.0	35,818	2.9	4,708,700	5.7	13	1,448	100.0
Oct 16	66.9	-8.0	122.37	-0.4	81.85	-8.3	49,724	10.8	33,260	1.9	4,069,874	1.5	14	1,604	100.0
Nov 16	64.7	-4.1	116.78	-0.8	75.59	-4.9	48,120	10.8	31,145	6.2	3,637,245	5.4	14	1,604	100.0
Dec 16	56.0	-3.1	110.30	-2.4	61.81	-5.5	52,886	17.8	29,634	14.1	3,268,765	11.3	15	1,706	94.0
Aug YTD 2016	73.9	-1.1	130.19	-0.3	96.23	-1.4	351,864	1.1	260,090	-0.0	33,860,141	-0.3			
Total 2016	71.4	-2.1	127.06	-0.4	90.74	-2.5	546,034	4.0	389,947	1.9	49,544,725	1.5			
Jan 17	55.5	-2.0	112.50	-2.4	62.47	-4.3	52,886	17.8	29,366	15.5	3,303,671	12.7	15	1,706	100.0
Feb 17	64.8	-2.4	115.93	0.0	75.07	-2.4	47,768	17.8	30,933	15.0	3,586,103	15.0	15	1,706	100.0
Mar 17	69.3	1.0	120.09	4.0	83.19	5.0	52,886	17.8	36,633	19.0	4,399,413	23.8	15	1,706	100.0
Apr 17	67.7	-4.7	119.61	3.9	80.95	-1.0	51,180	17.8	34,638	12.2	4,142,893	16.6	15	1,706	100.0
May 17	74.3	1.2	126.11	4.6	93.70	5.9	52,886	17.8	39,293	19.3	4,955,274	24.7	15	1,706	100.0
Jun 17	85.7	2.6	149.90	4.4	128.52	7.1	51,180	17.8	43,878	20.9	6,577,503	26.2	15	1,706	100.0
Jul 17	85.0	2.3	151.03	1.9	128.35	4.3	52,886	17.8	44,943	20.5	6,787,963	22.9	15	1,706	100.0
Aug 17	87.4	-0.8	155.29	2.5	135.78	1.6	52,886	17.8	46,239	16.8	7,180,642	19.7	15	1,706	100.0
Sep 17	80.0	-2.9	132.99	1.2	106.46	-1.8	51,180	17.8	40,968	14.4	5,448,464	15.7	15	1,706	100.0
Oct 17	67.3	0.6	126.62	3.5	85.20	4.1	52,886	6.4	35,586	7.0	4,505,770	10.7	15	1,706	100.0

Tab 9 - Classic

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants								
Nov 17	63.4	-2.0	118.10	1.1	74.92	-0.9	51,180	6.4	32,468	4.2	3,834,385	5.4	15	1,706	100.0
Dec 17	56.0	-0.1	111.85	1.4	62.64	1.3	52,886	0.0	29,618	-0.1	3,312,709	1.3	15	1,706	100.0
Aug YTD 2017	73.8	-0.2	133.80	2.8	98.74	2.6	414,558	17.8	305,923	17.6	40,933,462	20.9			
Total 2017	71.4	-0.0	130.54	2.7	93.20	2.7	622,690	14.0	444,563	14.0	58,034,790	17.1			
Jan 18	54.2	-2.5	115.14	2.3	62.35	-0.2	52,886	0.0	28,640	-2.5	3,297,555	-0.2	15	1,706	100.0
Feb 18	60.8	-6.1	114.28	-1.4	69.52	-7.4	47,768	0.0	29,060	-6.1	3,321,066	-7.4	15	1,706	100.0
Mar 18	70.5	1.8	116.50	-3.0	82.11	-1.3	52,886	0.0	37,276	1.8	4,342,523	-1.3	15	1,706	100.0
Apr 18	73.1	8.1	119.53	-0.1	87.43	8.0	51,180	0.0	37,433	8.1	4,474,524	8.0	15	1,706	100.0
May 18	76.8	3.4	126.85	0.6	97.43	4.0	52,886	0.0	40,619	3.4	5,152,678	4.0	15	1,706	100.0
Jun 18	86.2	0.6	152.09	1.5	131.16	2.1	51,180	0.0	44,139	0.6	6,712,893	2.1	15	1,706	100.0
Jul 18	81.9	-3.7	156.93	3.9	128.47	0.1	52,886	0.0	43,295	-3.7	6,794,150	0.1	15	1,706	100.0
Aug 18	87.2	-0.3	157.10	1.2	136.98	0.9	52,886	0.0	46,115	-0.3	7,244,529	0.9	15	1,706	95.1
Sep 18	78.5	-1.9	135.46	1.9	106.37	-0.1	51,180	0.0	40,188	-1.9	5,444,003	-0.1	15	1,706	95.1
Oct 18	74.1	10.2	127.78	0.9	94.74	11.2	52,886	0.0	39,210	10.2	5,010,375	11.2	15	1,706	95.1
Nov 18	64.7	2.1	121.32	2.7	78.54	4.8	51,180	0.0	33,135	2.1	4,019,821	4.8	15	1,706	89.1
Dec 18	56.7	1.2	115.31	3.1	65.33	4.3	52,886	0.0	29,960	1.2	3,454,779	4.3	15	1,706	95.1
Aug YTD 2018	74.0	0.2	134.84	0.8	99.72	1.0	414,558	0.0	306,577	0.2	41,339,918	1.0			
Total 2018	72.1	1.0	131.98	1.1	95.18	2.1	622,690	0.0	449,070	1.0	59,268,896	2.1			
Jan 19	59.8	10.5	120.23	4.4	71.94	15.4	52,886	0.0	31,643	10.5	3,804,413	15.4	15	1,706	95.1
Feb 19	64.1	5.4	121.83	6.6	78.15	12.4	47,768	0.0	30,642	5.4	3,733,265	12.4	15	1,706	89.1
Mar 19	75.1	6.5	122.55	5.2	92.01	12.1	52,886	0.0	39,709	6.5	4,866,264	12.1	15	1,706	95.1
Apr 19	75.0	2.6	125.31	4.8	94.00	7.5	51,180	0.0	38,394	2.6	4,811,008	7.5	15	1,706	95.1
May 19	74.1	-3.6	129.70	2.2	96.07	-1.4	52,886	0.0	39,173	-3.6	5,080,653	-1.4	15	1,706	95.1
Jun 19	81.4	-5.6	150.28	-1.2	122.34	-6.7	51,180	0.0	41,664	-5.6	6,261,246	-6.7	15	1,706	100.0
Jul 19	83.1	1.5	154.96	-1.3	128.81	0.3	52,886	0.0	43,962	1.5	6,812,343	0.3	15	1,706	100.0
Aug 19	86.4	-0.9	150.93	-3.9	130.44	-4.8	52,886	0.0	45,706	-0.9	6,898,432	-4.8	15	1,706	100.0
Sep 19	79.0	0.6	134.47	-0.7	106.23	-0.1	51,180	0.0	40,431	0.6	5,436,949	-0.1	15	1,706	100.0
Oct 19	73.4	-1.0	123.81	-3.1	90.90	-4.1	52,886	0.0	38,828	-1.0	4,807,145	-4.1	15	1,706	100.0
Nov 19	66.4	2.5	119.38	-1.6	79.23	0.9	51,180	0.0	33,967	2.5	4,055,014	0.9	15	1,706	100.0
Dec 19	57.2	1.1	115.11	-0.2	65.90	0.9	52,886	0.0	30,275	1.1	3,485,102	0.9	15	1,706	100.0
Aug YTD 2019	75.0	1.4	135.96	0.8	101.96	2.2	414,558	0.0	310,893	1.4	42,267,624	2.2			
Total 2019	73.0	1.2	132.16	0.1	96.44	1.3	622,690	0.0	454,394	1.2	60,051,834	1.3			
Jan 20	60.0	0.3	119.64	-0.5	71.81	-0.2	52,886	0.0	31,743	0.3	3,797,601	-0.2	15	1,706	100.0
Feb 20	69.1	7.7	120.79	-0.9	83.43	6.8	47,768	0.0	32,996	7.7	3,985,427	6.8	15	1,706	100.0
Mar 20	36.9	-50.8	112.32	-8.3	41.49	-54.9	52,886	0.0	19,536	-50.8	2,194,285	-54.9	15	1,706	100.0
Apr 20	27.7	-63.0	100.30	-20.0	27.81	-70.4	45,600	-10.9	12,645	-67.1	1,268,238	-73.6	13	1,520	100.0
May 20	30.7	-58.5	94.44	-27.2	29.01	-69.8	50,282	-4.9	15,447	-60.6	1,458,814	-71.3	14	1,622	100.0
Jun 20	38.6	-52.6	99.96	-33.5	38.58	-68.5	48,660	-4.9	18,781	-54.9	1,877,395	-70.0	14	1,622	100.0
Jul 20	45.2	-45.6	101.82	-34.3	46.03	-64.3	52,886	0.0	23,907	-45.6	2,434,136	-64.3	15	1,706	100.0
Aug 20	50.5	-41.5	99.82	-33.9	50.43	-61.3	52,886	0.0	26,717	-41.5	2,666,810	-61.3	15	1,706	100.0
Sep 20	51.1	-35.4	98.69	-26.6	50.40	-52.6	51,180	0.0	26,136	-35.4	2,579,282	-52.6	15	1,706	100.0
Oct 20	51.1	-30.4	97.36	-21.4	49.75	-45.3	52,886	0.0	27,025	-30.4	2,631,126	-45.3	15	1,706	100.0
Nov 20	41.1	-38.1	94.05	-21.2	38.66	-51.2	51,180	0.0	21,039	-38.1	1,978,692	-51.2	15	1,706	100.0
Dec 20	36.6	-36.0	90.44	-21.4	33.12	-49.7	52,886	0.0	19,368	-36.0	1,751,546	-49.7	15	1,706	100.0
Aug YTD 2020	45.0	-40.0	108.28	-20.4	48.74	-52.2	403,854	-2.6	181,772	-41.5	19,682,706	-53.4			
Total 2020	45.0	-38.3	103.96	-21.3	46.77	-51.5	611,986	-1.7	275,340	-39.4	28,623,352	-52.3			
Jan 21	42.8	-28.7	91.24	-23.7	39.04	-45.6	52,886	0.0	22,627	-28.7	2,064,475	-45.6	15	1,706	100.0
Feb 21	47.7	-31.0	90.74	-24.9	43.27	-48.1	47,768	0.0	22,776	-31.0	2,066,731	-48.1	15	1,706	100.0
Mar 21	57.4	55.5	95.53	-14.9	54.88	32.3	52,886	0.0	30,380	55.5	2,902,325	32.3	15	1,706	100.0
Apr 21	60.2	117.2	97.59	-2.7	58.79	111.4	51,180	12.2	30,831	143.8	3,008,672	137.2	15	1,706	100.0
May 21	60.2	96.0	101.71	7.7	61.24	111.1	52,886	5.2	31,842	106.1	3,238,578	122.0	15	1,706	100.0
Jun 21	72.4	87.5	116.75	16.8	84.48	119.0	51,180	5.2	37,032	97.2	4,323,553	130.3	15	1,706	100.0

Tab 9 - Classic

2022020837 Monroe, Washington Area Selected Properties

Job Number: 1371827_SADIM Staff: GS Created: September 26, 2022

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants								
Jul 21	77.2	70.9	132.72	30.4	102.51	122.7	52,886	0.0	40,847	70.9	5,421,386	122.7	15	1,706	100.0
Aug 21	74.2	47.0	137.27	37.5	101.91	102.1	52,886	0.0	39,262	47.0	5,389,437	102.1	15	1,706	100.0
Sep 21	68.6	34.4	127.74	29.4	87.69	74.0	51,180	0.0	35,134	34.4	4,487,907	74.0	15	1,706	100.0
Oct 21	57.5	12.4	119.85	23.1	68.86	38.4	52,886	0.0	30,387	12.4	3,641,880	38.4	15	1,706	100.0
Nov 21	55.7	35.5	116.19	23.5	64.74	67.4	51,180	0.0	28,516	35.5	3,313,245	67.4	15	1,706	100.0
Dec 21	57.6	57.3	112.67	24.6	64.92	96.0	52,886	0.0	30,472	57.3	3,433,354	96.0	15	1,706	100.0
Aug YTD 2021	61.7	37.0	111.17	2.7	68.54	40.6	414,558	2.7	255,597	40.6	28,415,157	44.4			
Total 2021	61.0	35.7	113.89	9.6	69.52	48.6	622,690	1.7	380,106	38.0	43,291,543	51.2			
Jan 22	54.8	28.2	111.98	22.7	61.41	57.3	52,886	0.0	29,005	28.2	3,247,993	57.3	15	1,706	100.0
Feb 22	63.7	33.7	114.80	26.5	73.16	69.1	47,768	0.0	30,443	33.7	3,494,819	69.1	15	1,706	100.0
Mar 22	66.4	15.6	117.46	23.0	78.02	42.2	52,886	0.0	35,129	15.6	4,126,407	42.2	15	1,706	100.0
Apr 22	71.2	18.2	124.45	27.5	88.65	50.8	51,180	0.0	36,457	18.2	4,536,934	50.8	15	1,706	100.0
May 22	73.8	22.5	131.22	29.0	96.81	58.1	52,886	0.0	39,019	22.5	5,119,955	58.1	15	1,706	100.0
Jun 22	83.9	15.9	160.82	37.7	134.87	59.6	51,180	0.0	42,920	15.9	6,902,527	59.6	15	1,706	100.0
Jul 22	83.6	8.3	170.63	28.6	142.67	39.2	52,886	0.0	44,218	8.3	7,545,046	39.2	15	1,706	100.0
Aug 22	83.0	11.7	168.16	22.5	139.49	36.9	52,886	0.0	43,869	11.7	7,377,189	36.9	15	1,706	100.0
Aug YTD 2022	72.6	17.8	140.67	26.5	102.16	49.0	414,558	0.0	301,060	17.8	42,350,870	49.0			

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2.3 Limitation of Liability. STR's total liability to licensee for any reason and upon any cause of action including without limitation, infringement, breach of contract, negligence, strict liability, misrepresentations, and other torts, shall be limited to all fees paid to STR by the licensee during the twelve month period preceding the date on which such cause of action first arose.

3. MISCELLANEOUS

3.1 Liquidated Damages. In the event of a violation of Section 1.5 of these Standard Terms and Conditions, Licensee shall be required to pay STR an amount equal to the sum of (i) the highest aggregate price that STR, in accordance with its then-current published prices, could have charged the unauthorized recipients for the Licensed Materials that are the subject of the violation, and (ii) the full price of the lowest level of republishing rights that Licensee would have been required to purchase from STR in order to have the right to make the unauthorized distribution, regardless of whether Licensee has previously paid for any lower level of republishing rights, and (iii) fifteen percent (15%) of the total of the previous two items. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

all copies of the Licensed Materials and all other information relating thereto in Licensee's possession or control as of the such date. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

claims or actions regarding or arising out of this Agreement shall be brought exclusively in a court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties also expressly waive any objections to venue.

3.4 Assignment. Licensee is prohibited from assigning this Agreement or delegating any of its duties under this Agreement without the prior written consent of STR.

venture relationship.

mail, at the time of transmission (provided, however, that notice delivered by facsimile transmission shall only be effective if such notice is also delivered by hand or deposited in the United States mail, postage prepaid, registered, certified or express mail or by courier service within two (2) business days after its delivery by facsimile transmission); iii) when delivered by a courier service or by express mail, at the time of receipt; or iv) five (5) business days after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed (in any such case) to the addresses listed on the first page of this Agreement or to such other address as either party may notify the other in writing.

3.7 Waiver. No waiver of any breach of this Agreement will be deemed to constitute a waiver of any subsequent breach of the same or any other provision.

3.8 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters described herein, superseding in all respects any and all prior proposals, negotiations, understandings and other agreements, oral or written, between the parties.

3.9 Amendment. This Agreement may be amended only by the written agreement of both parties.

the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

3.11 Injunctive Relief. The parties agree that, in addition to any other rights or remedies which the other or STR may have, any party alleging breach or threatened breach of this Agreement will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain the other from breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

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3.13 Conflicting Provisions. In the event that any provision of these Standard Terms and Conditions directly conflicts with any other provision of the Agreement, the conflicting terms of such other provision shall control.

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