MOTEL COACH

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Motel Coach Resource: Setting up a Motel Budget

Setting up a 12-Month Motel Budget

Step-by-Step Budget Preparation

1. **Forecast Occupancy & Room Rates:** Start by estimating monthly occupancy percentages and average daily rates (ADR) for each of the next 12 months. Use historical data or regional trends – e.g. Queensland motels often see peak occupancy in summer holiday months (around January) and lows in winter (around June)[1][2]. Determine **room nights sold** (occupancy % × number of rooms × days) and expected ADR for each month. This gives the foundation for your room revenue forecast[3].

2. **Project Monthly Revenue:** Calculate room revenue per month = *Rooms Available* × *Occupancy* × *ADR*. For a 50-room motel, if you forecast 80% occupancy at $130 ADR in a 31-day month, that's roughly $160,000 in room revenue. In a slower 50% @ $100 ADR month (30 days), revenue would be about $75,000. Include other revenue if applicable (e.g. minor food/beverage or ancillary sales), but rooms will be the main income.

3. **List Key Expenses (Fixed vs Variable):** Break down expenses into:

4. **Fixed Costs:** Expenses that don't change much with occupancy. E.g. permanent staff salaries/wages, insurance, property rates, subscriptions, and base utilities. These remain relatively constant each month.

5. **Variable Costs:** Expenses that rise with occupancy or usage. Key ones for motels include **housekeeping labor**, **cleaning supplies/laundry**, **utilities (partly variable)**, and **online booking fees/commissions**. Calculate these per occupied room where possible (e.g. cleaning supplies cost per room occupied) to forecast accurately[4]. For example, if cleaning supplies cost

$60,000 for 120,000 room-nights, that's $0.50 per occupied room[5] – use such per-room metrics to budget each month's variable costs.

6. **Build the Monthly Budget:** For each month, map out the revenue minus all expenses. Ensure seasonal peaks have correspondingly higher variable expenses budgeted, and quieter months show lower variable costs. Sum up to a yearly total. This 12-month budget becomes your operating plan. Keep it realistic – use **mock but realistic figures** that reflect expected conditions (see example below).

Seasonal Patterns & Example Figures

Queensland Seasonality: Queensland's tourist demand fluctuates seasonally – **summer school holidays (Dec–Jan)** typically bring **high occupancy**, while the **winter off-peak** sees lower room demand[1]. Align your budget with these patterns (higher revenue and costs in peaks, leaner operation in troughs). For instance:

- **January (Peak Summer)** – *Occupancy ~80%*, *ADR ~$130*. **Revenue ≈ $160,000** (50 rooms × 31 days × 0.8 × $130). Major expenses: housekeeping labor (~$12k), cleaning supplies & laundry (~$6k), online booking fees/commissions (~$12k, assuming ~15% on OTA bookings), utilities (~$6k), and wages for staff (~$17k).

- **June (Low Winter)** – *Occupancy ~50%*, *ADR ~$100*. **Revenue ≈ $75,000** (50 rooms × 30 days × 0.5 × $100). Expenses drop: housekeeping ~$7.5k, cleaning supplies ~$3.8k, booking fees ~$5k, utilities ~$5k, and wages ~$15k (with fewer casual hours).

These figures are illustrative – your motel's actual ADR may differ (average hotel room rates in QLD are about $121 on average, rising to ~$226 in peak season)[6]. The key is to anticipate higher costs in high-occupancy months (more linens to wash, more cleaning supplies, higher power usage for A/C, etc.) and lower costs when occupancy dips.

Key Terms & Metrics (KPI Definitions)

- **Occupancy Rate:** The percentage of available rooms occupied during a period. Calculated as (Occupied Rooms ÷ Available Rooms) × 100[7].

Example: 25 rooms sold out of 50 available = 50% occupancy. This shows how full your motel is on a given day or month.

- **ADR (Average Daily Rate):** The average room revenue earned per sold room, i.e. *Total Room Revenue ÷ Number of Rooms Sold*[8]. *Example:* $10,000 revenue from 100 room-nights = $100 ADR. This reflects your average room pricing.

- **RevPAR (Revenue per Available Room):** A key metric combining occupancy and rate, showing revenue per available room (whether occupied or not). Calculated either as *Total Room Revenue ÷ Total Available Room-Nights* **OR** *ADR × Occupancy Rate*[9]. *Example:* With 50% occupancy at $100 ADR, RevPAR = $50. RevPAR increases by either filling more rooms or raising rates (or both).

These metrics are used to set **KPI targets**. For instance, you might target an annual occupancy of 65%, an ADR of $120, and track monthly RevPAR against budget. They help gauge performance: occupancy shows volume, ADR shows rate strength, and RevPAR shows combined room revenue efficiency.

Setting KPIs & Aligning Resources to Demand

Use the forecast and these metrics to establish **goals** and plan operations:

- **Set Monthly Targets:** Based on your budget, set targets for Occupancy, ADR, RevPAR each month. E.g. if July is forecast at 70% occ and $115 ADR, make that the KPI and aim to meet or beat it through marketing or pricing strategies. Also set cost targets like housekeeping cost per occupied room, utility cost per room-night, etc., to monitor efficiency.

- **Align Staffing Levels:** Plan your rosters according to demand. **High-occupancy periods** require more housekeeping hours and possibly additional front desk or casual staff, whereas **low-occupancy periods** allow reduced staffing or cross-utilizing employees. *Identify periods of high and low occupancy and adjust staffing levels accordingly*[10] – e.g. schedule extra housekeepers during school holidays, but reduce shifts in off-peak weeks. This ensures great service when it's busy and controls labor cost when it's slow.

- **Align Purchasing & Inventory:** Order supplies in line with forecasted occupancy. For example, stock up on linens, guest amenities, and cleaning materials before peak season so you don't run out, but avoid over-stocking in low season. You might negotiate seasonal pricing with suppliers or use bulk orders ahead of high season. Similarly, manage utilities – in high season ensure air-conditioning maintenance is done (to run efficiently during peak heat), and in low season, implement energy-saving measures (since rooms are emptier).

By setting these operational KPIs and aligning resources to your forecast, you can maintain quality service during busy times without overspending during quiet times[11]. Adjust room rates strategically too: higher during peak demand, and consider promotions or minimum stay requirements in low season to boost occupancy[1].

Cost Control & Monthly Monitoring

Creating the budget is only the beginning – **monitor and control costs** proactively:

- **Track Actuals vs. Budget:** Each month, compare your actual performance to the budgeted figures (for revenue and each expense category). Hotel budgets require *continuous monitoring and regular adjustments* – hold a monthly review to analyze results vs. goals[12]. If occupancy came in lower than expected, revenue will lag – investigate why (e.g. increased local competition or weak marketing) and adjust future months' strategy. If a certain expense (say utilities or cleaning supplies) ran over budget, find the cause (price increase? wastage? higher usage due to occupancy spike) and respond (e.g. implement energy-saving lights or stricter portion control on supplies).

- **Implement Cost Controls:** Manage variable costs by efficiency. For instance, monitor housekeeping hours per occupied room and optimize the cleaning process to hit a target (e.g. 30 minutes per room). Use the cost-per-occupied-room metrics in your budget to flag if costs exceed expectations[4]. Negotiate better rates with suppliers for laundry services or bulk toiletries. Minimize OTA commissions by encouraging direct bookings (to reduce those 15% fees). Little measures like turning off pool heating in winter or using sensor lighting can trim utility expenses without affecting guest experience.

- **Stay Flexible:** If market conditions change (e.g. a new local event boosts expected occupancy or an economic downturn softens demand), be ready to

re-forecast and adjust the budget. The budget is a living guide – while you generally stick to it, you can revise internal forecasts so you can react (e.g. add staff for an unexpected event or cut costs if revenue is falling short). Regular budget reviews will **spot trends and variances early**[12], allowing you to take corrective action (such as targeted marketing in slow months or tighter cost control) before small issues become big problems.

Clarity & Real-World Application: This one-page playbook is meant for **new motel managers** to quickly grasp operational budgeting. By following the steps above, using the seasonal insights, and keeping an eye on key metrics (Occupancy, ADR, RevPAR), you can create a clear 12-month budget. More importantly, use it as a roadmap: align your team's staffing and purchasing with the peaks and troughs of demand, set KPI targets to strive for, and continuously compare **actual performance vs. budget** to keep your motel's finances on track[12]. With diligent planning and monthly check-ins, even a small 50-room motel can manage costs and revenue effectively – leading to a healthier bottom line and no surprises at year's end.

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[1] Gold Coast City, Queensland Airbnb Data 2025: STR Market Analysis & Stats | AirROI

https://www.airroi.com/report/world/australia/queensland/gold-coast-city

[2] Occupancy Rate: Hotel Term Explained

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[3] [4] [5] The ultimate hotel budget guide: Everything you need to know

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[6] How Much Do Hotels Cost in Queensland? Hotel Prices for Queensland | Budget Your Trip

https://www.budgetyourtrip.com/hotels/australia/queensland-2152274

[7] [8] [9] RevPAR, ADR, and Other Main Hotel Metrics and KPIs

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[10] [11] [12] Hotel Budgeting: Tips to Stay in Control

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