



HOTEL ADVISORY SERVICES

Canyon Vista Hotel

Comprehensive Hotel Feasibility Study

Northgate District, Nevada | 144-Key Upper-Midscale Select-Service Hotel



Hotel Exterior / Rendering

Replace with a finished exterior rendering or high-quality hero property photograph.

1080 x 1080 PHOTO PLACEHOLDER

Replace in Word using Change Picture; preserve the square crop.

PREPARED BY

Benjamin Birch | Stratas

REPORT DATE

September 2026 | Illustrative Sample

INTEGRATED FEASIBILITY ANALYSIS

Market Support | Product Fit | Operating Forecast | Capital Feasibility | Risk & Action Plan

FICTIONAL PROJECT AND MARKET - ILLUSTRATIVE SAMPLE ONLY | info@stratasfinancial.com | 725-712-4759

REPORT USE

Important Illustrative-Sample Notice

This report demonstrates the depth, structure, analysis, and presentation of a Stratas hotel feasibility study. It does not evaluate an actual property or market.

Fictional project and market

Canyon Vista Hotel, the Northgate District, every comparable hotel, every demand generator, and all operating, construction, financing, and investment data in this report are fictional. The assumptions are internally coordinated to show how a completed feasibility study can be presented, but they should not be used for an investment, lending, franchise, appraisal, construction, or acquisition decision.

WHAT THIS SAMPLE DEMONSTRATES

Market support

Definition of the market area, economic and demographic support, lodging demand generators, historical market performance, supply growth, segmentation, seasonality, and penetration.

Product fit

Independent testing of hotel type, service model, chain scale, brand strategy, key count, room mix, amenities, meeting space, parking, and operating position.

Financial viability

A coordinated occupancy, ADR, RevPAR, revenue, expense, NOI, development-cost, financing-capacity, value, and investment-return analysis.

Risk and action plan

Sensitivity testing, break-even analysis, downside cases, risk prioritization, conditions to proceed, decision gates, and an executable predevelopment work plan.

PROFESSIONAL LIMITATIONS

- This feasibility study is an advisory analysis, not an appraisal, loan commitment, franchise approval, legal opinion, tax opinion, environmental report, construction guarantee, or guarantee of future performance.
- A live assignment would be based on the actual site, project documents, market research, interviews, third-party data, property inspections, project budget, capital plan, and stated assumptions available as of the report date.
- All photographs in this sample are clearly labeled 1080 x 1080 placeholders. They are embedded as standard inline images and can be replaced in Word without changing the report structure.

How to use the sample

Use this report to evaluate the proposed Stratas deliverable, identify optional analyses that matter to a specific project, and understand the level of documentation required to support a feasibility conclusion.

LIVE-ASSIGNMENT EVIDENCE STANDARD

Property and project evidence

Executed site-control documents, title and survey, zoning confirmation, concept plans, room program, current budget, schedule, utility information, environmental reports, and geotechnical scope.

Market evidence

Current lodging trend data, direct comparable inspections, demand-generator interviews, rate shopping, planned-supply confirmations, economic indicators, and event-calendar research.

Capital evidence

Lender terms, documented equity sources, interest-reserve assumptions, contingency policy, franchise and management economics, construction pricing, and exit or refinance assumptions.

Decision evidence

A dated assumptions register, source trail, responsible owner, sensitivity range, approval threshold, unresolved-item log, and automatic re-underwriting triggers.

REPORT GUIDE

Contents

The report is organized from decision summary to supporting evidence, then financial analysis, risk testing, and implementation.

Section	Report Area	Pages	Primary Content
I	Executive Decision	4-7	Conclusion, dashboard, study basis, and scope coverage
II	Project and Site	8-13	Project definition, inputs, site, access, scorecard, and regulatory review
III	Market and Lodging Demand	14-28	Market area, economy, generators, historical trends, supply, seasonality, segmentation, competition, pipeline, and penetration
IV	Recommended Product	29-36	Concept, brand, property program, room mix, public spaces, amenities, and rate strategy
V	Operating Forecast	37-42	Forecast method, occupancy, ADR, RevPAR, revenue, P&L, NOI, and DSCR
VI	Capital and Returns	43-53	Budget, sources and uses, debt sizing, value, equity returns, sensitivities, downside, and break-even
VII	Risk and Execution	54-59	Risk matrix, mitigants, feasibility conclusion, conditions, action plan, and decision gates
VIII	Appendices	60-62	Core calculations, definitions, scope index, limitations, and contact information

QUICK-REFERENCE EXHIBITS

Exhibit	Location
Decision dashboard	Page 5
Site scorecard	Page 12
Market performance	Page 19
Competitive set	Pages 23-26
Operating forecast	Pages 38-42
Development budget	Pages 43-45
Debt sizing	Pages 46-47
Sensitivity and downside	Pages 51-53

Navigation principle

The executive conclusion identifies what must be true for the project to proceed. Each subsequent section provides the evidence, calculations, and verification items supporting that conclusion.

EXECUTIVE DECISION

Feasibility Conclusion

Proceed conditionally with the recommended 144-key upper-midscale select-service program, subject to validation of cost, brand economics, site approvals, and the capital structure.

CONCLUSION: FEASIBLE SUBJECT TO STATED CONDITIONS

The illustrative market can support a well-positioned 144-key upper-midscale select-service hotel. The site benefits from diversified commercial, medical, university, event, airport, and leisure demand. The recommended project reaches stabilized performance of approximately 74% occupancy, \$205 ADR, \$152 RevPAR, and \$2.88 million of NOI. At a \$30.25 million total cost, the base case produces a 9.5% stabilized yield on cost, an indicative \$35.0 million value, and 1.63x stabilized DSCR on the recommended senior debt.

RECOMMENDED KEYS 144 No phased second tower	STABILIZED OCCUPANCY 74.0% Year 5 / 2033	STABILIZED ADR \$205 Nominal dollars	STABILIZED NOI \$2.88M After 4% FF&E reserve
TOTAL PROJECT COST \$30.25M \$210,069 per key	SENIOR DEBT \$22.69M 75% LTC	STABILIZED VALUE \$34.97M 8.25% cap rate	STABILIZED DSCR 1.63x 30-year amortization

WHY THE PROJECT WORKS

- Demand is sufficiently diversified. No single generator is estimated to account for more than 22% of addressable room-night demand, reducing exposure to one employer, event, or segment.
- The proposed select-service model aligns with the market's strongest commercial, medical, university, and transient-leisure segments while limiting the fixed-cost burden of a full-service program.
- The stabilized ADR is positioned above the weighted upper-midscale set but below the illustrative upscale rate ceiling, creating a defensible value proposition rather than relying on market-leading pricing.
- The capital structure is constrained by LTC, not DSCR or debt yield, which provides operating cushion after stabilization if development cost remains within budget.

PRIMARY CONDITION
Do not authorize vertical construction on the current concept alone

Advance to final investment approval only after a brand term sheet, 60%-design cost validation, utility confirmations, finalized parking and access plans, and an executed capital plan demonstrate that the project remains within the \$30.25 million cost ceiling and the downside case remains serviceable.

WHAT WOULD CHANGE THE CONCLUSION

Cost or design deterioration Re-underwrite if total project cost exceeds \$31.16 million, contingency falls below an acceptable level, gross building area expands without revenue support, or prototype deviations materially increase cost.	Demand or supply deterioration Re-underwrite if a high-probability upper-midscale competitor advances before stabilization, a major generator contracts or relocates, or current market performance weakens materially.
Capital or liquidity deterioration Pause if required debt exceeds 75% LTC, downside DSCR falls below 1.25x, interest carry is underfunded, equity timing is uncertain, or completion and overrun support are not documented.	Brand or operating deterioration Reassess if territorial availability changes, fee economics worsen, a weaker distribution platform is selected, or the operator cannot demonstrate relevant opening and commercial-sales capability.

EXECUTIVE DECISION

Decision Dashboard

A condensed view of market support, product fit, capital feasibility, downside protection, and the items that must be resolved.

MARKET SUPPORT Strong Diversified demand base	PRODUCT FIT Strong Select-service recommended	COST POSITION Watch \$210K per key ceiling	DEBT CAPACITY Adequate LTC is binding
RETURN PROFILE Acceptable 15.2% illustrative IRR	DOWNSIDE CUSHION Moderate 1.33x downside DSCR	EXECUTION COMPLEXITY Moderate Brand, utilities, budget	OVERALL DECISION Conditional Proceed through gates

DECISION SCORECARD

Area	Grade	Interpretation
Market demand	A-	Demand growth exceeds probability-weighted supply growth; multiple weekday and weekend generators.
Competitive position	B+	Recommended ADR is attainable, but success depends on differentiated guestrooms, breakfast, parking, and commercial sales.
Site and access	B+	Strong highway access and parking efficiency; airport access and competitive separation require continued validation.
Development economics	B	Yield on cost exceeds illustrative cap rate by approximately 128 bps; cost escalation is the largest financial risk.
Capital structure	B+	75% LTC debt is supportable at stabilization; ramp-up reserve and covenant structure are critical.
Exit liquidity	B	Indicative value exceeds cost, but exit sensitivity increases materially above an 8.75% cap rate.

IMMEDIATE RED FLAGS

Cost escalation A 7.5% increase in total cost reduces yield on cost below 8.9% and requires approximately \$2.27 million of additional equity if debt remains capped at 75% LTC.	Delayed opening A six-month delay increases interest carry, delays stabilization, and may expose the opening to a weaker seasonal window.
Brand economics Franchise, reservation, loyalty, marketing, and PIP obligations must be evaluated as a complete economic package, not just by initial fee percentage.	Parking and access The recommended 161-space program and final ingress/egress plan must be validated before design is locked.

EXECUTIVE DECISION

Study Basis, Methodology, and Evidence Standard

The feasibility conclusion combines independent market testing, product positioning, operating forecasts, development economics, capital analysis, and risk-based decision criteria.

1. Define the assignment Identify the development decision, site, ownership status, concept, investment objectives, budget, schedule, and capital assumptions. Separate sponsor inputs from independent conclusions.	2. Test market support Define the practical lodging market; assess economic, demographic, transportation, tourism, employer, institutional, and event support; review historical lodging performance and planned supply.
3. Position the product Build a defensible competitive set, segment demand, evaluate brand and service models, and recommend the key count, room mix, amenities, meeting space, parking, and rate position.	4. Forecast operations Project occupancy, ADR, RevPAR, revenue, departmental expenses, undistributed expenses, franchise and management costs, FF&E reserve, NOI, and stabilization.
5. Test capital feasibility Review sources and uses, cost per key, debt sizing, required equity, interest reserve, permanent refinance, indicative value, investor returns, and exit assumptions.	6. Stress the decision Quantify break-even points, sensitivities, downside cases, timing risk, cost escalation, margin compression, interest-rate changes, and exit-cap-rate expansion.

EVIDENCE HIERARCHY FOR A LIVE ASSIGNMENT

Priorit y	Evidence Type	Examples	How Used
1	Primary project documents	Survey, site plan, budget, plans, franchise terms, management terms, loan terms	Direct project assumptions and verification
2	Third-party reports	Appraisal, environmental, engineering, traffic, utility, zoning, tax	Physical, regulatory, cost, and value support
3	Market and hotel data	Performance reports, pipeline data, labor data, visitor data, interviews	Market demand, comp set, seasonality, and forecast
4	Sponsor and operator input	Development plan, sales strategy, operating history, target returns	Context that is independently tested

Sample-data convention

Because this is an illustrative report, every data point is shown as a coordinated sample assumption. A live report would identify data sources, dates, limitations, and any unresolved discrepancies.

MODEL GOVERNANCE AND QUALITY CONTROL

Source traceability Every material assumption should identify its source, date, responsible party, and whether it is verified, provisional, sponsor-provided, or independently derived.	Cross-model reconciliation Room count, gross area, schedule, budget, franchise fees, financing terms, operating forecast, valuation, and return model must use one reconciled assumption set.
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Independent challenge

Sponsor projections are treated as inputs to test, not conclusions to adopt. Material variances are explained and supported by market or operating evidence.

Update control

A change in cost, timing, brand, key count, financing, supply, or demand automatically updates the dashboard, sensitivities, conditions to proceed, and final conclusion.

EXECUTIVE DECISION

Complete Scope Coverage

The sample addresses all 22 standard components of the Stratas hotel feasibility scope and connects each component to a decision or deliverable.

No.	Scope Component	Report Location	Decision Use
1	Project profile / assignment	Pages 8-9	Defines the subject and investment decision
2	Site and location	Pages 10-12	Tests access, visibility, proximity, and fit
3	Development / regulatory	Page 13	Identifies approvals and physical constraints
4	Market area	Page 14	Defines where guests choose lodging
5	Economic / demographic	Page 15	Tests demand durability and growth
6	Demand generators	Pages 16-18	Quantifies sources and concentration
7	Historical market performance	Pages 19-20	Tests occupancy, ADR, RevPAR, supply, and demand
8	Competitive supply / comp set	Pages 23-26	Defines direct and secondary competition
9	Planned supply	Page 27	Probability-weights future rooms
10	Segmentation / seasonality / penetration	Pages 21-22, 28	Builds room-night and rate forecast
11	Hotel type / chain scale / concept	Pages 29-30	Selects the supportable service model
12	Brand / franchise / operating position	Page 30	Tests distribution and operating economics
13	Recommended property program	Pages 31-35	Sets keys, rooms, spaces, amenities, and parking
14	Competitive positioning / rate strategy	Page 36	Defines target guests and pricing
15	Occupancy / ADR / RevPAR forecast	Pages 37-39	Projects ramp-up and stabilization
16	Revenue / expense / profit forecast	Pages 40-42	Builds revenue, GOP, reserve, and NOI
17	Development budget / sources and uses	Pages 43-45	Tests cost completeness and capital need
18	Financing capacity / structure	Pages 46-47	Sizes debt, equity, reserves, and refinance
19	Value / investment returns	Pages 48-50	Tests value, IRR, and equity multiple
20	Sensitivity / break-even / downside	Pages 51-53	Measures margin for error
21	Risk / mitigation	Pages 54-55	Prioritizes and addresses material risk
22	Conclusion / action plan	Pages 56-59	States conditions, actions, and decision gates

PROJECT AND SITE

Project Definition

A 144-key, upper-midscale, select-service hotel designed to capture diversified commercial, medical, university, airport, group, and transient-leisure demand.

Project name	Canyon Vista Hotel
Location	Northgate District, Nevada - fictional market
Assignment	Ground-up hotel development feasibility
Site area	4.10 acres
Proposed building	Approximately 82,500 gross square feet
Recommended key count	144 guestrooms, including 12 suites
Service model	Upper-midscale select-service
Food and beverage	Complimentary breakfast, lobby market, limited evening beverage / pantry offering
Meeting / coworking	Approximately 2,800 SF divisible meeting and coworking program
Amenities	Outdoor pool, fitness center, guest laundry, business / coworking zone, outdoor patio
Parking	161 surface spaces, approximately 1.12 spaces per key
Target opening	Q3 2029
Expected stabilization	2033
Total project cost	\$30.25 million / \$210,069 per key

ASSIGNMENT OBJECTIVE

Determine whether the market can support the proposed hotel, identify the most appropriate product and operating position, forecast attainable performance, test the development cost and capital structure, quantify investment returns and downside exposure, and establish the conditions that should be satisfied before capital is committed.

Decision being evaluated

Should the sponsor advance the 144-key program through brand selection, schematic design, entitlement confirmation, GMP validation, and construction financing, or should the concept, key count, budget, timing, or capital structure be revised first?

PROJECT DECISION PARAMETERS

Base case and program discipline

The planning case is 144 keys, approximately 82,500 gross square feet, upper-midscale select-service positioning, \$30.25 million total cost, and a 2030 opening. Do not add keys, food-and-beverage complexity, structured parking, or excess meeting space without measurable demand and rate support.

Capital and approval discipline

Proceed only with documented equity, a reconciled sources-and-uses schedule, adequate contingency and working capital, and debt sized to the lowest applicable constraint. Site, brand, operator, design, budget, schedule, financing, and equity decisions should clear formal approval gates.

PROJECT AND SITE

Sponsor Inputs, Independent Conclusions, and Open Items

Transparency requires a clear distinction between information supplied by the project team, assumptions created for analysis, and conclusions reached through independent testing.

Item	Classification	Base Assumption	Required Confirmation
Site control	Sponsor input	Site assumed under purchase contract at \$3.80 million.	Confirm contract, deposits, closing conditions, title, and assignment rights.
Key count	Sponsor input	160 keys initially contemplated.	Stratas recommends 144 keys to reduce supply risk and preserve parking.
Hotel type	Sponsor input	Upper-midscale or upscale select-service.	Upper-midscale select-service is recommended.
Brand	Open	Three national franchise families assumed under review.	Obtain and normalize complete franchise term sheets.
Budget	Sponsor input	\$29.10 million preliminary budget.	Adjusted to \$30.25 million after contingency and reserve review.
Financing	Sponsor input	75% LTC construction request.	Supportable at stabilization; covenant and carry structure remain critical.
Opening	Sponsor input	Q2 2029.	Q3 2029 used to reflect approvals and construction contingency.
Exit	Analytical assumption	Sale after four stabilized / near-stabilized years.	8.75% exit cap and 2.0% selling costs used.

INFORMATION GAPS THAT COULD CHANGE THE CONCLUSION

- Final zoning verification, entitlement timeline, utility capacity, off-site improvement obligations, impact fees, drainage requirements, environmental status, and access approvals.
- Brand-specific prototype, territorial availability, key-money or incentive terms, fee package, liquidated damages, transfer provisions, termination rights, and property improvement obligations.
- Schematic plans, quantity takeoff, contractor pricing, FF&E and OS&E schedules, labor assumptions, tax estimate, insurance quote, pre-opening plan, and interest-reserve calculation.
- Current independent lodging-market data, comparable property interviews, planned-supply confirmations, and demand-generator interviews.

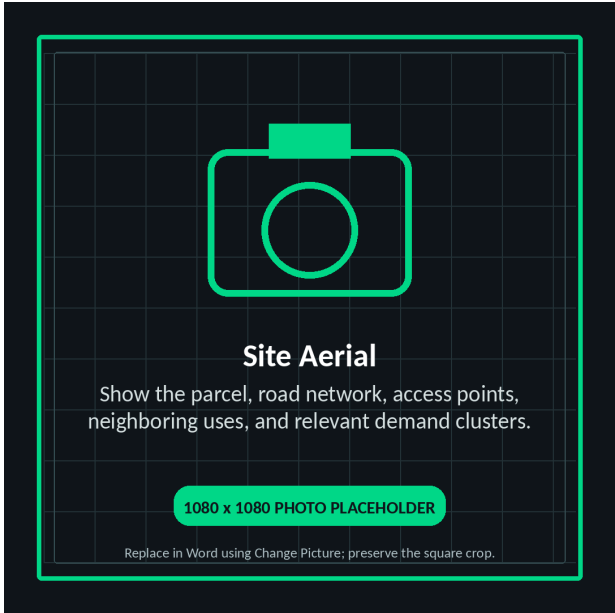
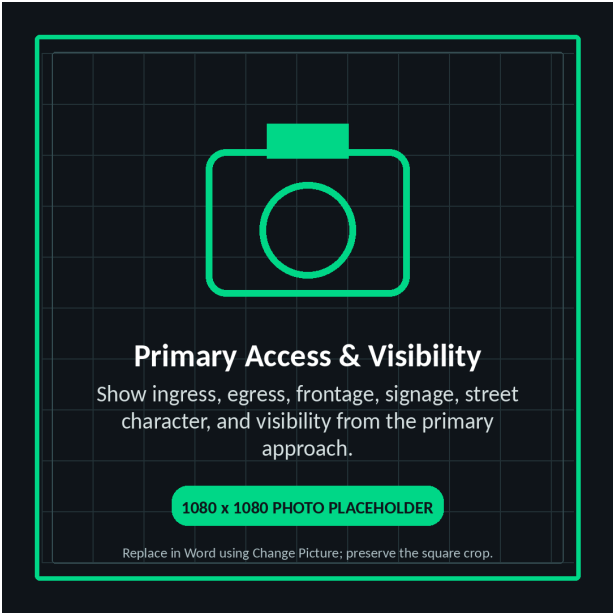
Analytical discipline

Any change to key count, room mix, brand, opening date, budget, financing terms, or market outlook must flow through the occupancy, ADR, operating, debt, value, and return analyses rather than being treated as an isolated change.

PROJECT AND SITE

Site Overview

The assumed 4.10-acre parcel offers strong highway access, efficient surface parking, and proximity to diversified demand, subject to final control, title, utility, and regulatory confirmation.



Aerial image placeholder - parcel and surrounding road network		Street-level placeholder - primary access, frontage, visibility, and signage	
Parcel configuration		Generally rectangular; supports an efficient building pad, surface parking, service access, and stormwater plan.	
Primary access		Illustrative signalized arterial connection approximately 0.3 mile from an interstate interchange.	
Visibility		Good arterial visibility; final monument-sign and highway-oriented signage rights must be confirmed.	
Surrounding uses		Medical, office, university-related, neighborhood retail, multifamily, and employment uses.	
Airport relationship		Approximately 12 minutes in normal traffic; not positioned as an airport-dependent hotel.	
Parking feasibility		161 spaces appear achievable conceptually; final count depends on setbacks, landscape, fire access, drainage, and local code.	
Physical condition		Assumed vacant, generally level, and free of improvements; grading and subsurface conditions are unverified.	

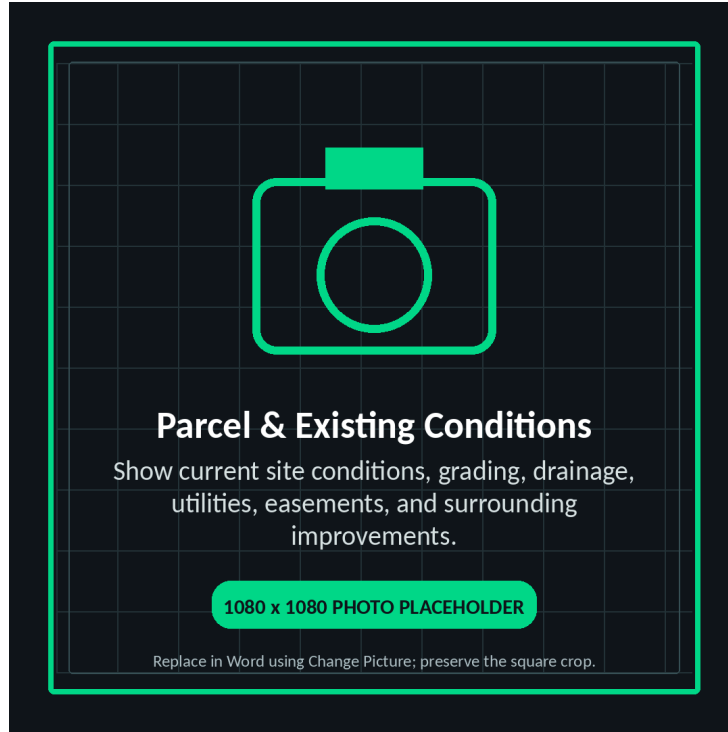
Site conclusion

The site is suitable for continued hotel planning. Its advantage is not a single irreplaceable attraction; it is the combination of accessibility, multiple nearby demand clusters, surface-parking efficiency, and a location between commercial and leisure travel patterns.

PROJECT AND SITE

Physical Conditions and Field Verification

Site observations should be documented with current photographs and reconciled against survey, civil, utility, environmental, and entitlement information.



1080 x 1080 parcel and existing-conditions photo placeholder

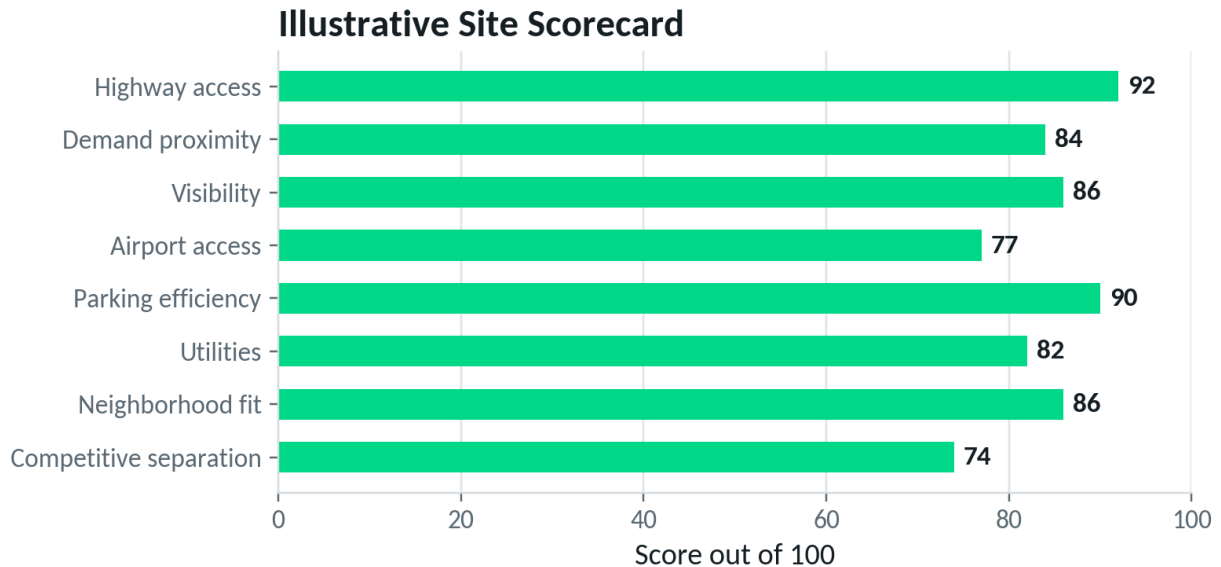
FIELD-VERIFICATION CHECKLIST

Area	Required Verification
Ingress / egress	Confirm full-movement access, turn restrictions, shared-access rights, curb-cut approvals, and construction access.
Visibility / signage	Document view corridors, obstructions, monument-sign rights, highway signs, and brand signage requirements.
Topography / drainage	Confirm grades, detention, floodplain, off-site drainage, retaining walls, and stormwater cost.
Utilities	Obtain utility-availability package and will-serve confirmations for water, sewer, power, gas, telecom, and fire flow.
Adjacent uses	Document noise, light, odor, security, view, construction, and compatibility considerations.
Soils / environmental	Complete geotechnical and environmental diligence; quantify any special foundations or remediation.
Photography standard Use dated, captioned images of access, boundaries, surrounding uses, visibility, utilities, drainage, and constraints. Aerials should identify the subject, north arrow, and scale.	

PROJECT AND SITE

Site and Location Scorecard

The site scores strongly on access, parking efficiency, visibility, and demand proximity; airport access and future competitive separation are adequate but less distinctive.



Weighted qualitative scoring; final scores require site-specific verification.

WEIGHTED SCORE 84 / 100 Strong continuation case	HIGHEST FACTOR Highway Access 92 / 100	PRIMARY WATCH Competitive Separation 74 / 100	GO / NO-GO LEVEL 75 / 100 Subject exceeds threshold
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INTERPRETATION

- The parcel is accessible and practical rather than iconic. The operating strategy should therefore emphasize reliability, clean execution, commercial account production, loyalty distribution, and convenient parking rather than premium destination pricing.
- Competitive separation depends on brand choice, room product, breakfast quality, coworking and meeting functionality, and active account sales. A generic prototype without these differentiators would weaken the case.
- The site score remains provisional until access, utility, parking, drainage, signage, environmental, and geotechnical conditions are confirmed and reflected in the final development budget.

SITE DILIGENCE THRESHOLDS

Access, parking, and signage Confirm full-movement guest access, separate service and emergency access, approximately 155-165 practical parking spaces, and documented monument, building, and directional-sign rights. A material shortfall requires program reduction, shared parking, structured-parking economics, or a lower land basis.	Utilities and physical conditions Obtain written utility capacity, connection points, schedule, deposits, and off-site scope; then reconcile survey, geotechnical, environmental, drainage, flood, and grading findings to the plans and budget. Unbudgeted adverse conditions trigger redesign, reserve increase, or termination.
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PROJECT AND SITE

Development and Regulatory Considerations

No fatal regulatory condition is assumed; however, several items must be converted from assumptions into written confirmations before final investment approval.

Issue	Study Assumption	Required Evidence	Priorit y
Zoning / hotel use	Assumed permitted subject to site-plan approval.	Written zoning verification and use table.	High
Density / height / setbacks	Concept appears compliant.	Final code analysis and surveyed setbacks.	High
Parking	161 spaces assumed.	Code count, shared-parking rights, ADA, EV, loading, and fire-lane plan.	High
Access / traffic	Arterial access assumed.	Agency access approval, turn-lane requirements, traffic study, and easements.	High
Water / sewer / fire flow	Capacity assumed available.	Will-serve letters, meter / tap fees, and fire-flow test.	High
Power / gas / telecom	Capacity assumed adequate.	Utility load letters, transformer scope, lead time, and cost.	Mediu m
Environmental / flood	No recognized condition assumed.	Phase I, flood determination, wetlands, and regulatory screening.	High
Geotechnical / grading	Conventional foundations assumed.	Geotechnical report, earthwork balance, pavement, and drainage design.	High
Impact fees / off-sites	Included as preliminary allowance.	Municipal fee estimate and developer obligations.	High
Permitting schedule	Q3 2029 opening assumed.	Agency milestone schedule with float and long-lead procurement plan.	High

Regulatory feasibility conclusion

Continue, but condition land closing and major design commitments on written hotel-use confirmation, utility capacity, access feasibility, environmental acceptability, and a costed entitlement / off-site improvement schedule.

REGULATORY CRITICAL PATH

Site-control and entitlement sequence

Complete title, ALTA survey, easements, access rights, written zoning confirmation, concept civil and utility coordination, site-plan submission, agency comments, public-hearing requirements, conditions, and appeal periods before relying on the opening schedule.

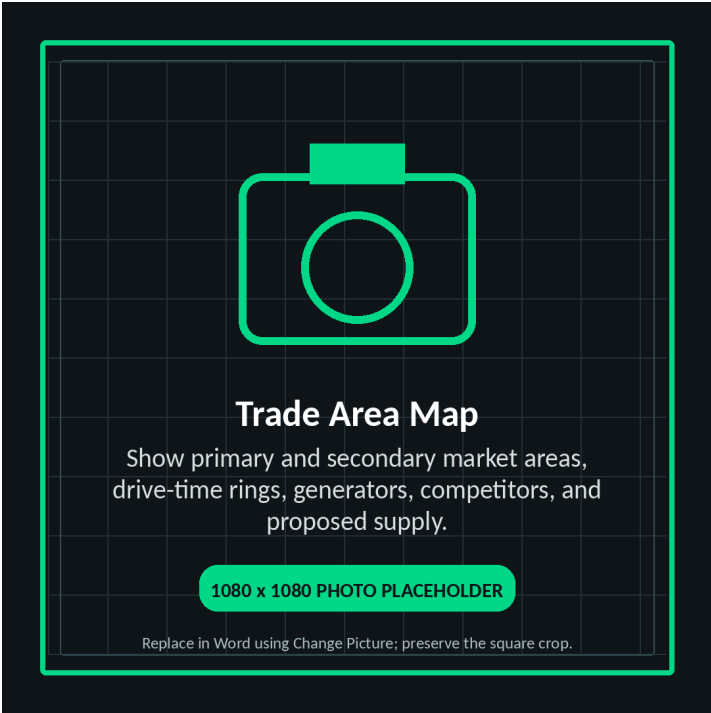
Permit and financing sequence

Coordinate architectural, structural, MEP, life-safety, accessibility, and brand documents; confirm permit milestones against franchise deadlines, lender conditions, long-lead procurement, construction start, interest carry, and extension rights.

MARKET AND LODGING DEMAND

Market Area Definition

The practical lodging market is defined by guest choice, drive patterns, demand clusters, and competing hotel locations rather than by a jurisdictional boundary alone.



1080 x 1080 trade-area map placeholder - replace with final GIS exhibit

<p>Primary market area</p> <p>A roughly 15-minute drive-time centered on the Northgate interchange, medical district, technology campus, university edge, and event complex. This area contains the most directly addressable weekday demand.</p>	<p>Secondary market area</p> <p>Airport-adjacent hotels, the central business district, university lodging, and select suburban hotels within approximately 20 minutes. These properties influence rate and compression but are not equally substitutable.</p>
<p>Guest-selection logic</p> <p>Commercial and medical guests prioritize employer or hospital proximity, predictable drive time, parking, breakfast, and loyalty participation. Weekend leisure guests prioritize access, value, family room types, and recreation.</p>	<p>Market boundary risk</p> <p>The trade area should be retested through travel-time data, account interviews, group origin data, and comparable-hotel guest patterns. Jurisdictional hotel statistics alone may combine noncompetitive submarkets.</p>

MAP STANDARDS FOR A LIVE REPORT

- Identify the subject, primary and secondary market boundaries, interstate interchanges, airport, central business district, hospitals, universities, attractions, major employers, event venues, and each comparable hotel.
- Use consistent symbols, a north arrow, scale, drive-time rings, and source / date notation. Avoid a map so crowded that the competitive and demand relationships are unclear.

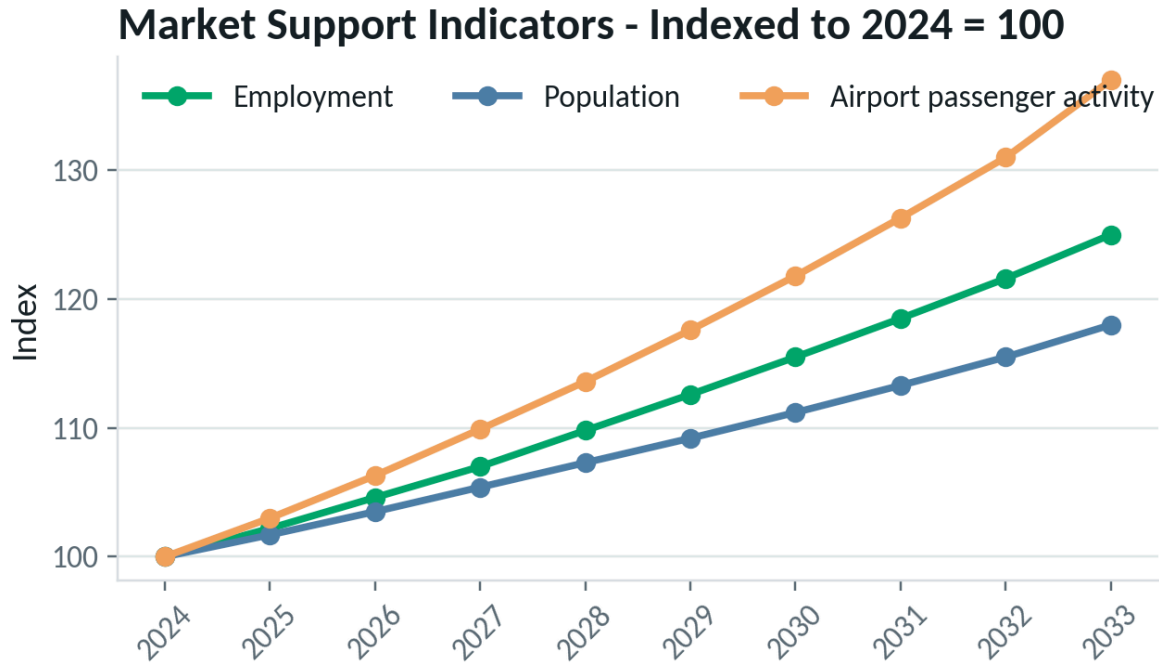
Market-area conclusion

The subject competes primarily within the Northgate demand cluster but must also be positioned against airport, university, and select upscale hotels that establish the market's broader rate ceiling.

MARKET AND LODGING DEMAND

Economic and Demographic Support

Illustrative employment, population, and passenger-activity indices show a growing demand base with multiple sectors rather than dependence on one industry.



Illustrative fictional data prepared for this sample.

EMPLOYMENT GROWTH	POPULATION GROWTH	AIRPORT ACTIVITY	UNEMPLOYMENT
2.5% CAGR	1.8% CAGR	3.6% CAGR	4.1%
2024-2033 index	2024-2033 index	Passenger index	Illustrative normalized level

UNDERWRITING IMPLICATIONS

- Employment growth supports recurring commercial transient demand, but the study does not assume that every new job converts into hotel room nights. The focus is on travel-intensive employers, vendors, training, relocations, and project activity.
- Population and household growth primarily support visiting-friends-and-relatives, medical, university, sports, social, and construction-related demand. They also expand the labor pool and local amenity base.
- Airport growth is supportive but not treated as the core thesis. The subject is positioned to capture selected airline, aviation, crew, and delayed-passenger opportunities without competing as a dedicated airport hotel.

Economic conclusion

The illustrative market demonstrates sufficient breadth and growth for continued feasibility, subject to verification that major announced projects are funded, active, and likely to generate recurring travel rather than one-time construction demand.

MARKET AND LODGING DEMAND

Lodging Demand Generators

The addressable room-night base is supported by seven major clusters with different weekday, weekend, rate, seasonality, and durability characteristics.

Generator	Distance	Primary Demand	Pattern	Rate Band	Durability
Silver Peak Technology Campus	2.0 mi	Commercial / project / vendor	Mon-Thu	\$190-\$225	Strong; multi-tenant and expanding
Northgate Regional Medical Center	1.4 mi	Medical / family / training	Daily	\$175-\$210	Strong; stable institutional demand
Valley State University	3.8 mi	University / sports / events	Thu-Sun / event	\$170-\$225	Moderate-strong; calendar-driven
Northgate Expo & Events Center	2.9 mi	Group / event / exhibitor	Event nights	\$185-\$230	Variable; compression generator
Northgate Regional Airport	6.2 mi	Aviation / transient / crew	Daily	\$165-\$205	Moderate; contract-rate sensitivity
Silver Basin Sports Complex	4.6 mi	Youth / amateur sports	Fri-Sun	\$165-\$210	Moderate; peak-date demand
Government Services Campus	3.3 mi	Government / training / project	Mon-Thu	\$155-\$185	Stable; per-diem constrained

DEMAND CAPTURE CONSIDERATIONS

- Commercial production requires a pre-opening account plan, negotiated-rate strategy, local sales coverage, and brand distribution capable of reaching national corporate travelers.
- Medical demand requires quiet rooms, flexible length of stay, accessible room inventory, early breakfast, laundry capability, and negotiated relationships with hospital departments and nearby medical offices.
- University, event, and sports demand supports weekend and compression pricing but is calendar-driven and should not be treated as evenly recurring base demand.
- Government and crew business can stabilize shoulder periods but may dilute ADR. Contract business should be limited to dates where displacement of higher-rated demand is unlikely.

Generator conclusion

The project is not dependent on one account. The combined generator set supports a balanced select-service strategy, provided the hotel establishes direct account relationships rather than relying solely on online travel agencies.

GENERATOR VALIDATION PROTOCOL

Interview and evidence fields

Estimate annual room nights, day-of-week pattern, seasonality, typical length of stay, achieved rate, booking channel, existing hotel relationships, future travel outlook, and contract requirements.

Priority interview targets

Major employers and vendors; hospital travel offices; university athletics, admissions, and events; convention and event venues; airport contractors; construction projects; sports organizations; and government travel coordinators.

Conversion test

Separate total visitors from paid room nights, recurring demand from one-time project activity, and theoretical proximity from demand the subject can actually capture.

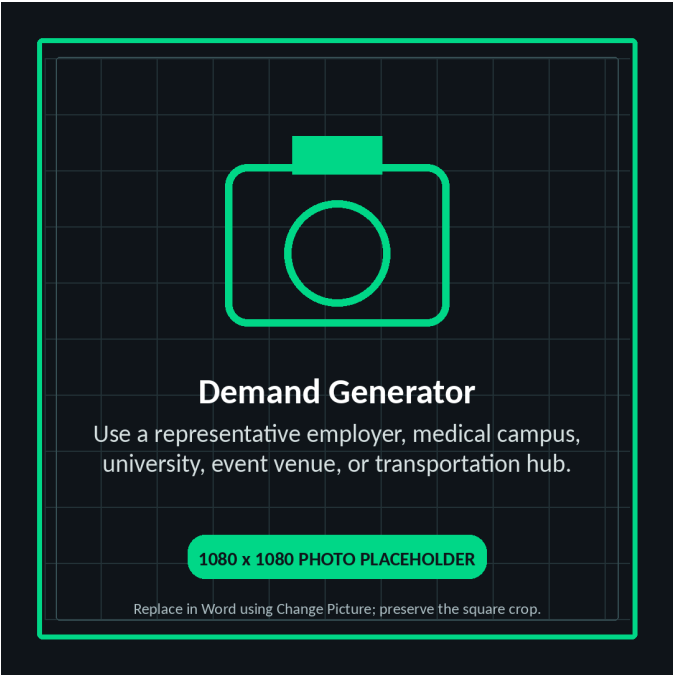
Documentation standard

Record contact, date, role, direct observations, corroborating evidence, uncertainty range, and the exact assumption influenced by each interview or field observation.

MARKET AND LODGING DEMAND

Demand-Generator Fieldwork

A live study supplements published data with interviews, travel-pattern observations, event calendars, and direct verification of expansion, vendor, training, group, and project activity.



1080 x 1080 representative demand-generator photo placeholder

Technology campus

Validate tenant roster, headcount, training programs, vendors, project schedules, travel policy, preferred hotels, negotiated rates, meeting needs, and planned expansion.

University and sports

Review academic calendar, commencements, move-in, alumni events, athletics, camps, visiting faculty, recruitment, and tournament schedules. Separate compression nights from base demand.

Medical district

Interview hospital administration, patient services, medical vendors, nearby clinics, and relocation contacts. Test length of stay, weekend need, accessibility, and shuttle demand.

Expo and event demand

Obtain event schedule, historical attendance, room blocks, wash, peak nights, booking windows, concessions, and organizer hotel-selection criteria.

INTERVIEW QUESTIONS THAT MATERIALLY AFFECT THE FORECAST

- How many room nights are generated annually, by weekday and season, and how much is currently displaced outside the immediate district?
- Which hotels are used today, at what approximate rates, and why? What product, brand, parking, breakfast, meeting, shuttle, or contract terms would cause a shift?
- Is demand recurring, growing, project-based, or at risk of remote-work, budget, event, or procurement changes?
- What opening lead time is required to secure preferred status, negotiated rates, group blocks, or crew contracts?

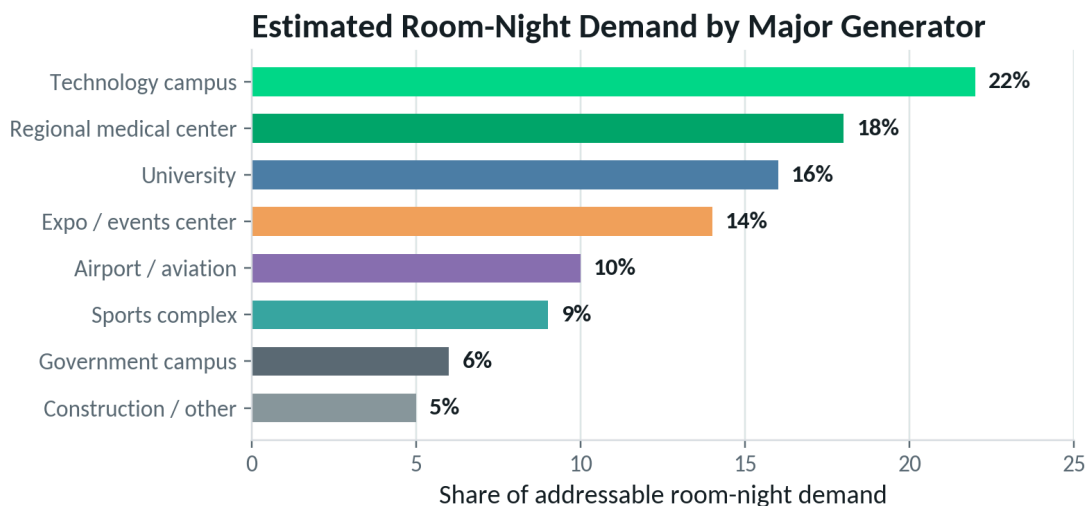
Evidence standard

For each material generator, document source, date, confidence, timing, seasonality, and the logic converting activity into room nights.

MARKET AND LODGING DEMAND

Demand Diversification and Concentration

The illustrative generator mix is balanced: the largest source represents 22% of addressable demand and the top three represent 56%.



Illustrative shares derived from a generator-by-generator room-night estimate.

LARGEST GENERATOR 22% Technology campus	TOP THREE 56% Technology, medical, university	INSTITUTIONAL SHARE 42% Medical, university, government	EVENT / LEISURE 23% Expo and sports
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CONCENTRATION TESTS

Test	Result	Interpretation
Loss of largest generator	Stabilized occupancy falls from 74% to approximately 67%-69% before recapture.	Material but not fatal; rate and expense response required.
Event-calendar softness	Weekend compression and group ADR decline.	Commercial and medical base limits annual impact.
Government rate pressure	Lower ADR on selected shoulder nights.	Manage with inventory controls and displacement analysis.
Airport contract win	Occupancy improves but ADR may dilute.	Accept only with blackout dates and minimum volume.

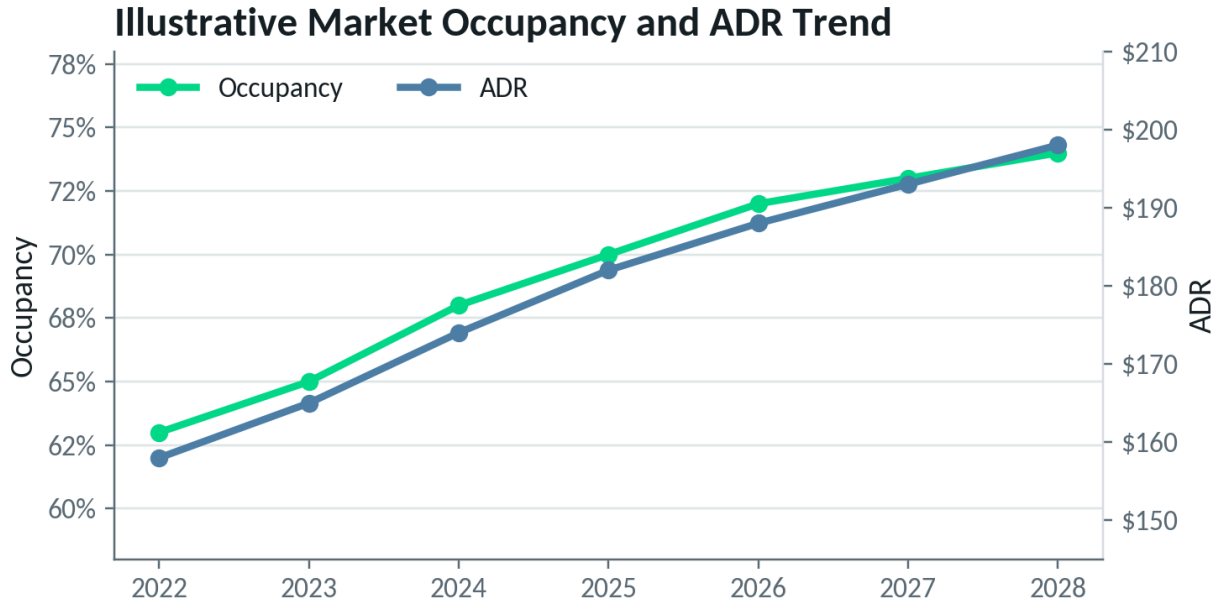
Diversification conclusion

The project can absorb weakness in one segment, but not simultaneous shortfalls in commercial, medical, and weekend demand. Sales production is therefore a feasibility condition.

MARKET AND LODGING DEMAND

Historical Lodging Market Performance

The illustrative market shows a steady recovery and expansion pattern, with occupancy increasing from 63% to 74% and ADR from \$158 to \$198 between 2022 and 2028.



Annualized trend shown for illustration; a live study would use monthly, class, and submarket data.

2028 OCCUPANCY	2028 ADR	2028 REVPAR	2022-2028 REVPAR CAGR
74.0%	\$198	\$147	7.8%
Illustrative market	Illustrative market	Occupancy x ADR	Recovery plus growth

TREND INTERPRETATION

- Occupancy improvement indicates that demand has absorbed existing and recent supply. The forecast does not extrapolate the full historical growth rate indefinitely; it moderates after new supply and normalization.
- ADR growth reflects both inflation and improved compression. The subject's stabilized \$205 ADR is above the 2028 market average but supported by its anticipated opening date, new product, and upper-midscale positioning.
- A live analysis should review monthly, day-of-week, chain-scale, class, submarket, and comparable-property performance to avoid masking weak periods behind annual averages.

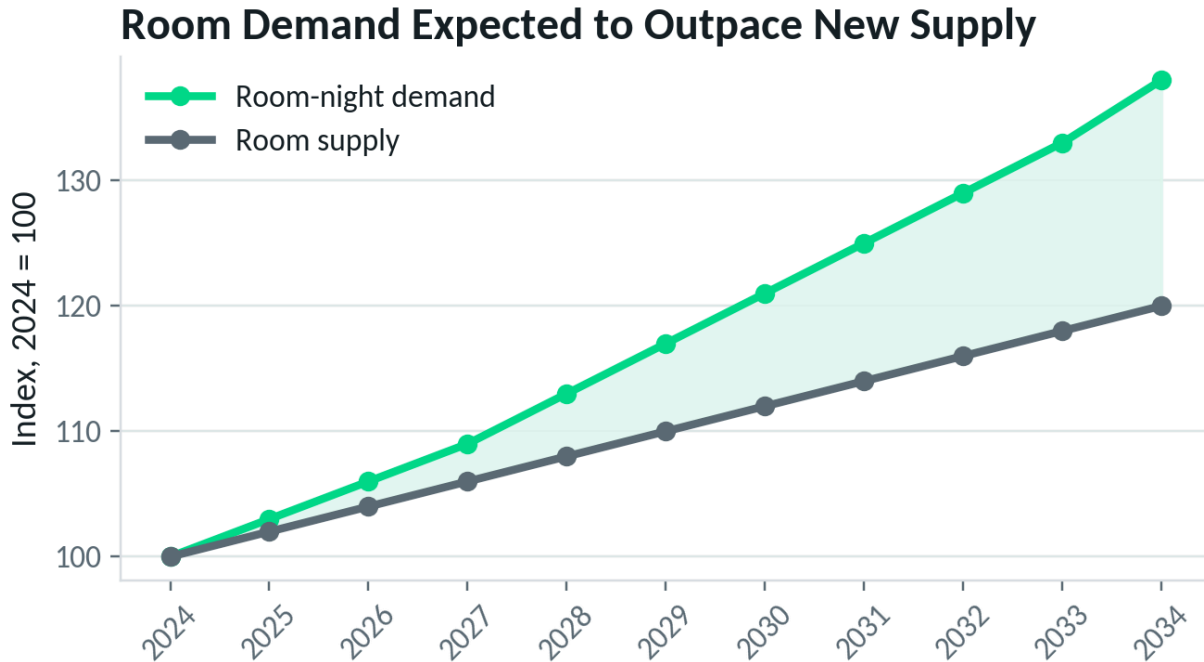
Historical-performance conclusion

The trend supports development, but the project must open into a market that continues to grow after new rooms are delivered. The supply pipeline and probability-weighted demand forecast are therefore central to the conclusion.

MARKET AND LODGING DEMAND

Room Supply and Demand Balance

Probability-weighted demand growth is projected to outpace room-supply growth through stabilization, supporting gradual occupancy penetration without assuming an undersupplied market forever.



Probability-weighted illustrative forecast, not a market prediction.

DEMAND INDEX 2034	SUPPLY INDEX 2034	CUMULATIVE GAP	PIPELINE WEIGHTING
138	120	18 points	67%
2024 = 100	2024 = 100	Demand above supply	220 of 328 keys

FORECAST MECHANICS

- Existing market demand is grown by segment using economic, generator, event, and travel assumptions. One-time project demand is separated from recurring demand.
- New rooms are added according to opening date and probability. Announced projects are not treated as certain when financing, brand, entitlement, or construction evidence is incomplete.
- The subject's penetration is layered onto the expanded supply base. The forecast therefore accounts for both direct competition and the impact of future rooms before stabilization.

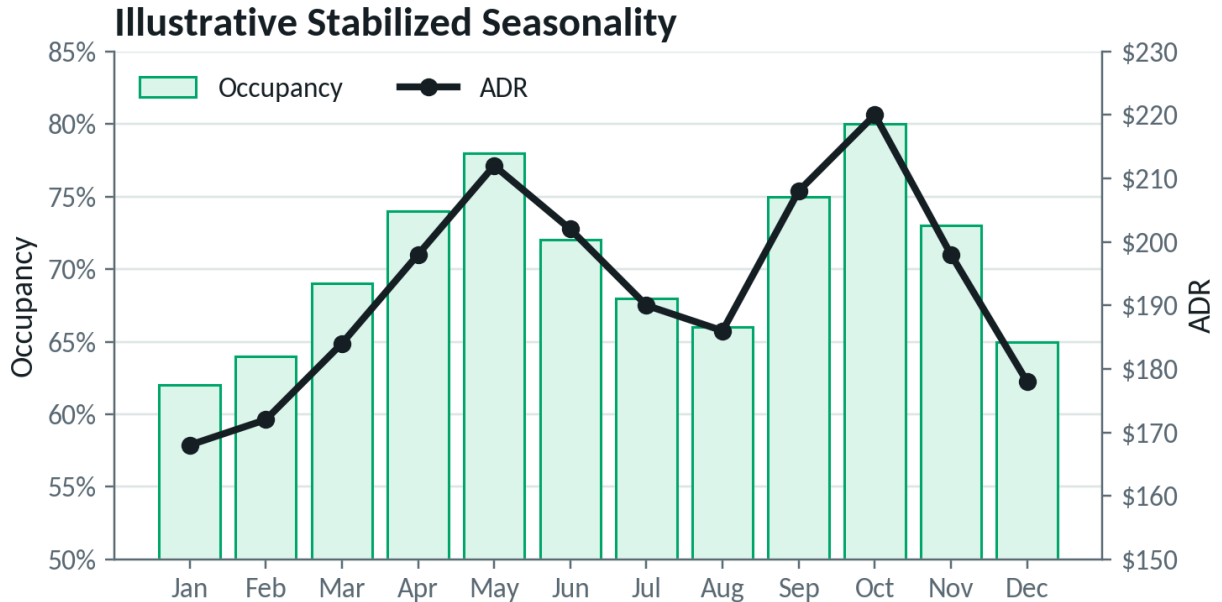
Supply-demand conclusion

The projected cushion is adequate but not excessive. A second unmodeled upper-midscale hotel opening before 2031 would likely extend ramp-up by 6 to 12 months and reduce early-year ADR leverage.

MARKET AND LODGING DEMAND

Seasonality and Compression

The illustrative market is strongest in spring and fall, with softer winter and late-summer periods. October is the peak month; January is the lowest.



Marketwide monthly profile; actual segment and day-of-week patterns require source data.

OPERATING IMPLICATIONS BY PERIOD

Period	Pattern	Primary Segments	Revenue Strategy
January-February	Soft	Commercial, medical, government, limited group	Use negotiated accounts, crew / project business, and disciplined staffing.
March-May	Strong	Corporate travel, events, university, sports	Yield aggressively; protect peak nights and meeting packages.
June-August	Moderate	Leisure, sports, medical, project work	Family packages and group base; control discounting.
September-November	Strongest	Commercial, university, expo, sports	Compression pricing, minimum stays, and displacement analysis.
December	Soft-mode rate	VFR, medical, limited corporate	Flexible staffing, local promotions, and group social business.

Seasonality conclusion

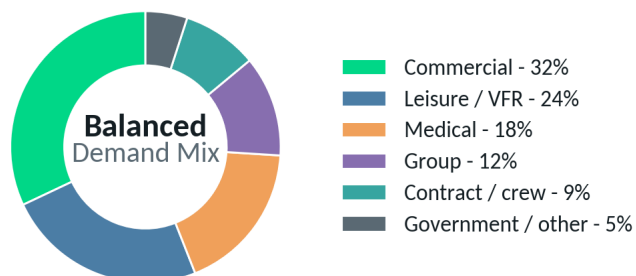
The hotel should maintain enough variable staffing and rate discipline to protect cash flow in soft months. The base case assumes annual performance, not twelve identical months, and the working-capital plan must cover seasonal lows during ramp-up.

MARKET AND LODGING DEMAND

Demand Segmentation

Commercial and leisure / VFR demand account for 56% of stabilized room nights, with medical and group demand providing meaningful diversification.

Stabilized Demand Segmentation



Illustrative fictional data prepared for this sample.

Segment	Share	Stay / Pattern	Rate Profile	Capture Strategy
Commercial	32%	2-4 nights / Mon-Thu	Moderate-high	Negotiated accounts, loyalty, direct sales
Leisure / VFR	24%	1-3 nights / Fri-Sun	Moderate	Brand.com, OTA, events, family travel
Medical	18%	2-7 nights / all week	Moderate	Hospital rates, accessible rooms, laundry
Group	12%	1-3 nights / events	High on peaks	Room blocks and meeting packages
Contract / crew	9%	4-21 nights / shoulder	Low-moderate	Volume base with blackout dates
Government / other	5%	1-4 nights / Mon-Thu	Rate constrained	Per diem and agency accounts

Segmentation conclusion

Design for repeat commercial and medical guests while retaining flexibility for families, teams, and small groups. The mix does not support a full-service restaurant.

SEGMENT-SPECIFIC OPERATING REQUIREMENTS

Commercial transient

Fast and reliable internet, functional work areas, early breakfast, efficient arrival, loyalty participation, negotiated-rate controls, and dedicated weekday account production.

Medical and extended stay

Accessible rooms, quiet-zone planning, guest laundry, refrigerators and microwaves where appropriate, flexible stay policies, shuttle analysis, and hospital-rate agreements.

Leisure, VFR, and sports

Double-queen inventory, family-friendly breakfast, pool and fitness access, free or transparent parking, weekend packages, team blocks, and controlled peak-date pricing.

Group, contract, and crew

Flexible meeting space, bus or van circulation, rooming-list capability, minimum-volume commitments, blackout dates, cancellation protection, and displacement analysis before acceptance.

MARKET AND LODGING DEMAND

Competitive Hotel Supply and Comparable Set

Six fictional properties form the primary and secondary competitive set based on location, chain scale, service model, room product, demand overlap, and rate position.

Hotel	Key s	Open ed	Position	Occ.	ADR	RevPAR	Distanc e	Role
Northgate Suites	156	2018	Upper-midscale	75%	\$190	\$143	2.1 mi	Direct
MetroLink Hotel	142	2020	Upper-midscale	73%	\$186	\$136	3.4 mi	Direct
Airport Gateway Hotel	168	2016	Upscale select-service	77%	\$205	\$158	5.8 mi	Rate ceiling
Riverside Select	128	2017	Upper-midscale	71%	\$176	\$125	4.2 mi	Secondary
Tech Park Lodge	136	2019	Upper-midscale extended-stay	74%	\$188	\$139	2.7 mi	Direct
University Place Hotel	118	2015	Midscale select-service	70%	\$171	\$120	4.9 mi	Secondary
WEIGHTED KEYS 848 Six-property set	WEIGHTED OCCUPANCY 73.5% Illustrative	WEIGHTED ADR \$187.50 Illustrative	WEIGHTED REVPAR \$137.81 Illustrative					

COMPARABLE-SET LOGIC

- Direct competitors share the subject's upper-midscale select-service or extended-stay positioning, travel-time relationship, and commercial / medical demand base.
- The Airport Gateway Hotel is retained as a rate-ceiling reference because its newer upscale positioning captures selected overlapping accounts and compression demand.
- The University Place Hotel and Riverside Select are secondary comparables that help define lower-rate alternatives and weekend / university substitution.

Data standard

A live report should identify each source, period, and limitation; reconcile performance metrics to room count and renovation history; and avoid treating public asking rates as equivalent to achieved ADR.

COMPARABLE-SET CONTROLS

Direct-set inclusion Include hotels with the closest combination of location, service model, chain scale, brand strength, product age, guest profile, rate position, and demand overlap. Proximity alone is insufficient.	Secondary-set use Use secondary hotels to test rate ceilings, lower-price alternatives, airport or extended-stay substitution, and performance behavior outside the immediate submarket.
Normalization Adjust for renovation condition, parking fees, breakfast, meeting space, suite mix, loyalty strength, contract business, opening year, management quality, and temporary displacement.	Minimum fieldwork Inspect every direct competitor when practical, shop multiple dates and channels, review guest-feedback themes, confirm planned renovations, and reconcile at least 24 months of available performance data.

MARKET AND LODGING DEMAND

Comparable-Hotel Profiles

Individual profiles identify the operating strengths, weaknesses, renovation status, facilities, guest feedback, and demand overlap that explain why performance differs.

Northgate Suites - Direct Closest competitor; strong corporate base, loyalty participation, and meeting functionality. Older soft goods create an opening for a superior room product. Primary benchmark for occupancy.	MetroLink Hotel - Direct Newest direct upper-midscale product with efficient rooms and breakfast. Limited meeting space and weaker weekend amenities constrain group and family appeal.
Airport Gateway - Rate Ceiling Upscale select-service hotel with superior lobby, food and beverage, and airport-related demand. Establishes the market's upper ADR range but carries a higher operating-cost structure.	Riverside Select - Secondary Value-oriented competitor with good highway access but less convenient demand-generator proximity. Used as a lower-rate comparison and shoulder-night alternative.
Tech Park Lodge - Direct Extended-stay competitor with strong project and relocation business. Kitchenettes and length-of-stay focus reduce direct substitution for short-stay group and transient demand.	University Place - Secondary Older midscale hotel benefiting from university and sports demand. Weekend compression is relevant, but room product and commercial reach are below the proposed subject.

PROFILE FIELDS REQUIRED IN A LIVE STUDY

Category	Data Collected
Physical	Brand, address, key count, age, renovations, room mix, room sizes, condition, parking, and accessibility.
Facilities	Breakfast / restaurant, bar, meeting space, pool, fitness, business amenities, laundry, shuttle, and outdoor areas.
Commercial	Target segments, negotiated accounts, group base, distribution, loyalty strength, channel mix, and visible rate strategy.
Performance	Occupancy, ADR, RevPAR, monthly trends, day-of-week patterns, penetration indices, and renovation disruption.
Guest experience	Ratings, review themes, service strengths, cleanliness, breakfast, noise, parking, room quality, and recurring complaints.

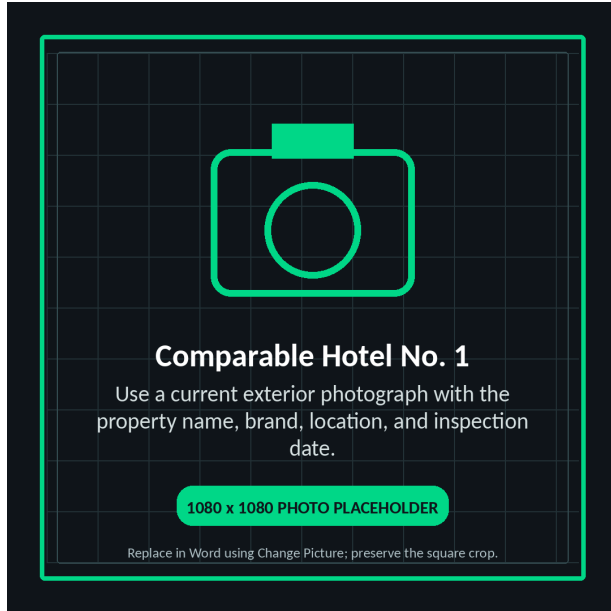
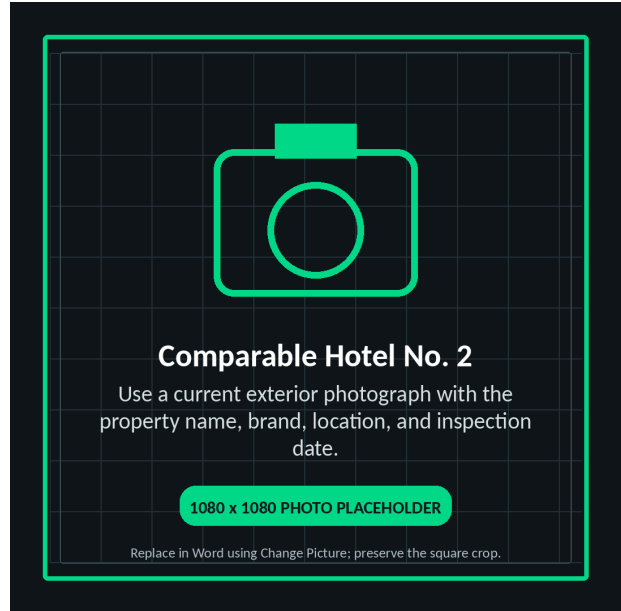
Competitive insight

The subject does not need to beat every hotel on every metric. It must outperform the direct set on room quality, breakfast, parking convenience, account sales, and consistency while pricing below the upscale ceiling.

MARKET AND LODGING DEMAND

Comparable-Hotel Photography

Current, consistently framed photographs help decision-makers compare exterior presence, room product, public spaces, parking, signage, and condition.



Comparable Hotel No. 1 - replace with exterior / lobby / room image

Comparable Hotel No. 2 - replace with exterior / lobby / room image

RECOMMENDED PHOTOGRAPHIC COVERAGE

Photo Group	What the Image Should Demonstrate
Exterior and arrival	Approach visibility, porte cochere, signage, landscaping, drop-off, building condition, and sense of quality.
Guestroom	Bed package, work area, lighting, casegoods, bathroom, technology, window, finishes, and apparent room size.
Public areas	Lobby, breakfast, bar / pantry, seating, coworking, circulation, and group functionality.
Amenities	Meeting space, fitness, pool, laundry, patio, business center, and any differentiating feature.
Parking and access	Supply, layout, shared parking, security, bus / truck access, loading, and guest convenience.

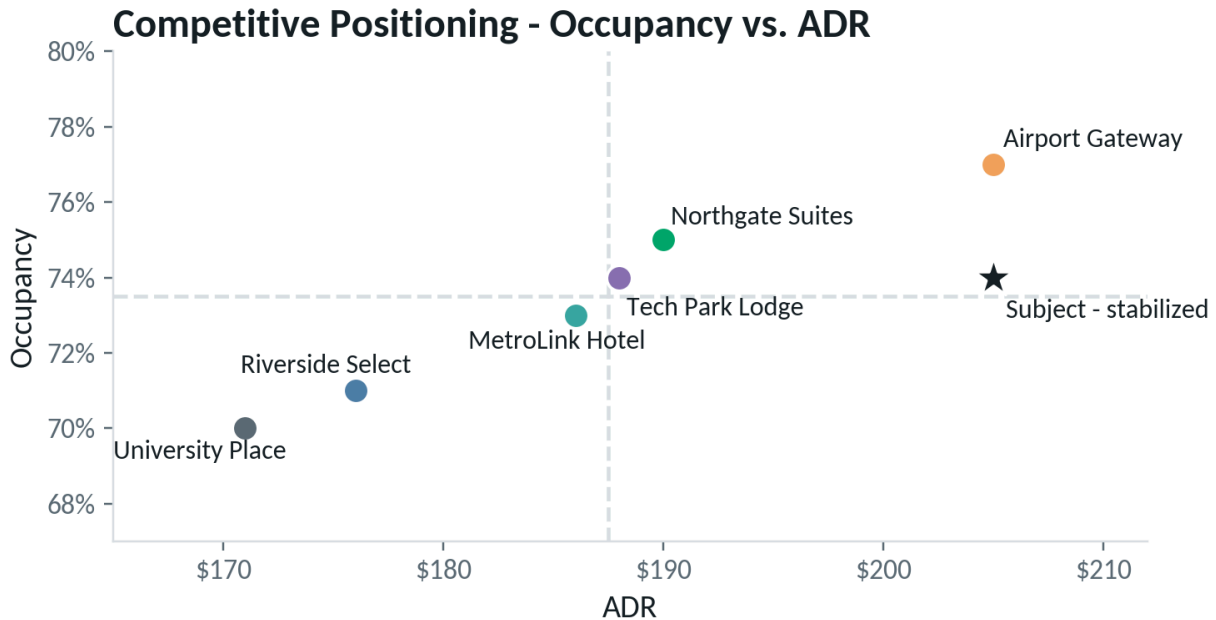
Replacement note

Each gray image in this report is a 1080 x 1080 PNG. In Word, right-click the placeholder, choose Change Picture, and select the final photo. Keeping a square crop preserves the layout and prevents overlap.

MARKET AND LODGING DEMAND

Competitive Performance and Positioning

The recommended stabilized position is approximately 74% occupancy and \$205 ADR - near the market's occupancy level and below the illustrative upscale rate ceiling.



Bubble size is illustrative only; all hotels and metrics are fictional.

SUBJECT OCCUPANCY	SUBJECT ADR	OCCUPANCY INDEX	ADR INDEX
74.0%	\$205	101	109
2033 stabilized	2033 stabilized	Vs. weighted comp set	Vs. weighted comp set

POSITIONING RATIONALE

- The new subject should achieve a modest occupancy premium only after stabilization. The forecast does not assume immediate market leadership during ramp-up.
- A 109 ADR index is supported by new construction, room quality, public-space functionality, parking, proximity, and brand distribution. It is not supportable if the final product is value-engineered below the intended standard.
- The rate strategy should maintain separation from lower-priced secondary hotels while preserving a meaningful discount to the upscale reference during ordinary demand periods.

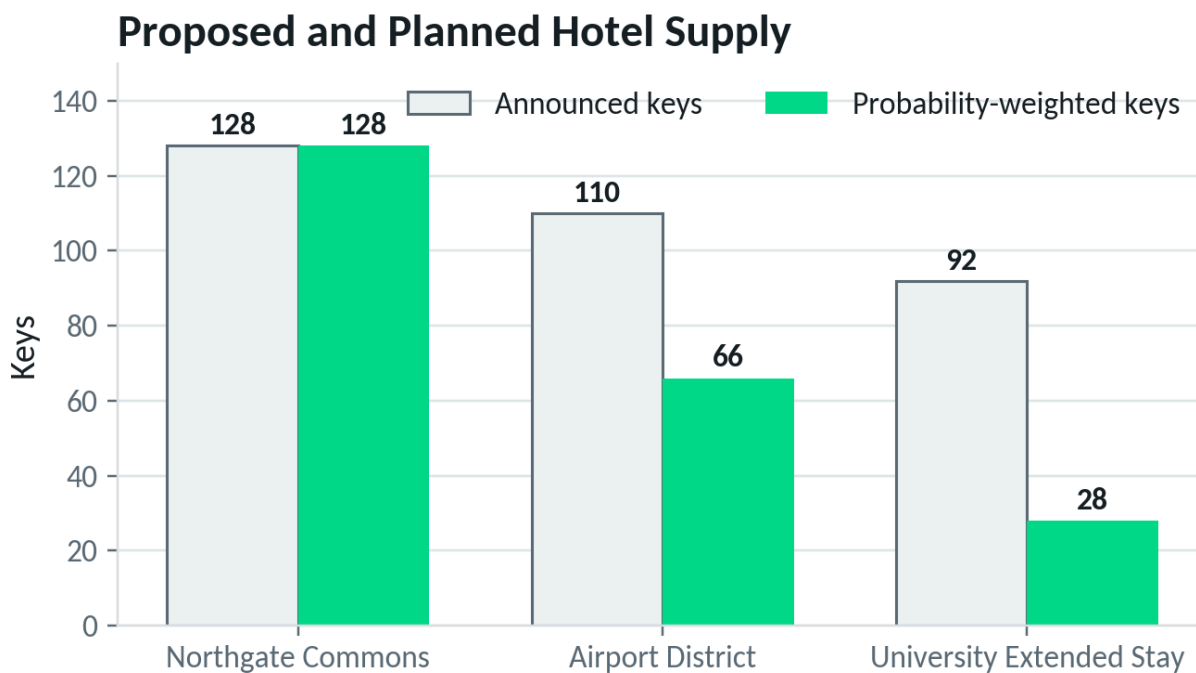
Competitive conclusion

The performance target is ambitious but credible. It requires disciplined opening execution, brand launch support, direct sales, strong online reputation, and a product that visibly justifies the rate premium.

MARKET AND LODGING DEMAND

Proposed and Planned Hotel Supply

Three fictional projects represent 328 announced keys, but only 220 keys are included on a probability-weighted basis.



Probability weighting reflects illustrative delivery risk and timing.

Project	Keys	Timing	Status	Prob.	Weighted Keys	Expected Impact
Northgate Commons Hotel	126	Q1 2028	Under construction	100%	126	Direct upper-midscale competitor
Airport District Hotel	110	Q4 2029	Approved / financing	60%	66	Partial overlap; airport and transient
University Extended Stay	92	2030+	Announced / early planning	30%	28	Segment-specific; university / long stay
Total	328	-	-	67% weighted	220	Used in base forecast

PIPELINE MONITORING TRIGGERS

- Land closing, construction loan, building permit, franchise execution, vertical construction, public bidding activity, and contractor mobilization should increase the probability weight.
- Expired approvals, lost brand, financing delay, redesign, litigation, or inactive site conditions should reduce or remove the probability weight.

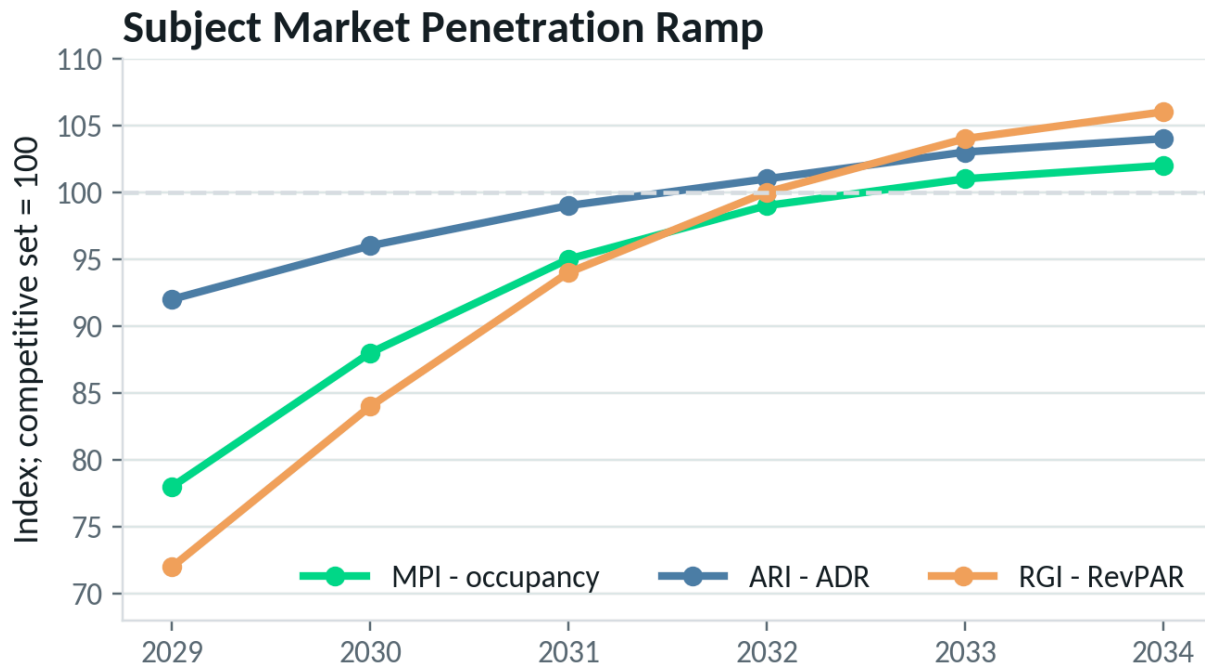
Pipeline conclusion

The base case can absorb the weighted pipeline. If all 328 announced keys open on schedule and no demand acceleration occurs, subject stabilization could be delayed and 2030-2032 RevPAR could be 6%-10% below base case.

MARKET AND LODGING DEMAND

Market Penetration and Ramp-Up

The subject is forecast to reach a 100 RevPAR penetration index in 2032 and stabilize above the competitive-set average in 2033.



Opening year is partial; stabilized penetration is reached during 2033.

Year / Stage	MPI	ARI	RGI	Interpretation
2029 - Opening	78	92	72	Partial-year opening; introductory rates; limited account base.
2030 - First full year	88	95	84	Brand launch and account production; operating learning curve.
2031 - Ramp	95	99	94	Growing negotiated base and online reputation.
2032 - Near stabilization	99	101	100	Occupancy near fair share; rate reaches slight premium.
2033 - Stabilized	101	103	104	New product and execution support modest RevPAR premium.
2034 - Mature	102	104	106	Normal market-share maturity; no outsized penetration assumed.

Penetration conclusion

The forecast requires approximately four operating years from a Q3 2029 opening to mature performance. Equity, reserves, loan covenants, and management expectations should be structured around this ramp rather than a one-year stabilization assumption.

RECOMMENDED PRODUCT

Concept Alternatives

Three concepts were compared. The 144-key upper-midscale select-service program provides the best balance of demand support, rate potential, operating efficiency, parking, cost, and financing resilience.

Alternative	Keys	Scale	Model	Cost	Cost / Key	Risk	Conclusion
160-key upscale select-service	160	Upscale	Select-service plus expanded F&B	\$35.8M	\$224K	High	Higher rate potential, but more supply exposure, parking pressure, and cost.
144-key upper-midscale select-service	144	Upper-mid scale	Select-service	\$30.25 M	\$210K	Moderate	Recommended : best fit with diversified demand and capital constraints.
132-key extended-stay	132	Upper-mid scale	Extended-stay	\$28.4M	\$215K	Moderate	Good project / medical fit, but narrower segmentation and kitchen premium.
120-key full-service boutique	120	Upscale / lifestyle	Full-service	\$38.6M	\$322K	High	Insufficient F&B and group depth to justify fixed costs and development basis.
<div> <div> RECOMMENDED KEYS 144 16 below sponsor concept </div> <div> CO ST RE DU CTI ON \$55.5M Vs. 160-key </div> <div> PARKING RATIO 1.12 / key Maintains surface parking </div> <div> YIELD ON COST 9.54% Stabilized NOI / cost </div> </div>							

Alternative	Key s	Scale	Model	Cost	Cost / Key	Risk	Conclusion
	y con cep t						

WHY 144 KEYS

- The reduction from 160 keys lowers required equity, protects ramp-up occupancy, preserves 161 surface parking spaces, and reduces the risk of overbuilding meeting, lobby, and food-and-beverage space.
- The recommended inventory remains large enough to accommodate account production, team and group blocks, franchise distribution, operating scale, and a balanced room mix.
- A smaller 132-key extended-stay concept would reduce overall cost but concentrates demand in project, medical, and relocation segments and gives up higher-rated transient and group opportunities.

Concept conclusion

Proceed with the 144-key upper-midscale select-service basis. Do not restore the 160-key program unless brand negotiations, parking design, demand evidence, and a revised financial model demonstrate that the incremental 16 keys increase risk-adjusted returns.

RECOMMENDED PRODUCT

Brand, Franchise, and Operating Position

A nationally distributed upper-midscale brand is recommended, but the selection should be based on total economics, market fit, territory, performance support, and contract flexibility.

Evaluation Area	Required Analysis	Weight
Distribution and loyalty	Strength of reservation system, loyalty penetration, negotiated-account access, group tools, and pre-opening launch support.	20%
Market fit and territory	Existing brand representation, protected area, internal brand competition, prototype fit, and guest recognition.	15%
Fee burden	Initial fee, royalty, marketing, reservation, loyalty, technology, procurement, training, and other mandatory fees.	20%
Development economics	Prototype cost, required finishes, FF&E package, PIP / refresh cycle, key money, guarantees, and opening support.	20%
Contract flexibility	Term, renewal, transfer, termination, liquidated damages, cure rights, performance protections, and owner approvals.	15%
Operating support	Revenue management, sales support, quality assurance, technology, training, procurement, and owner reporting.	10%

OPERATING RECOMMENDATION

Third-party management

Use an operator with verified upper-midscale opening experience, regional account relationships, transparent revenue management, disciplined payroll systems, and owner-level reporting.

Owner controls

Require annual budget approval, defined capital thresholds, hiring / compensation controls for key personnel, purchasing transparency, performance reporting, audit rights, and termination rights.

Pre-opening team

General manager and director of sales should be hired early enough to execute account mapping, local outreach, group prospecting, brand training, staffing, and opening controls.

Commercial strategy

The property must balance loyalty distribution with direct local sales. OTA exposure should be managed as a ramp-up tool, not a permanent substitute for account production.

Brand decision rule

Select the brand and operator combination that maximizes risk-adjusted owner cash flow after all fees and capital requirements. A lower royalty does not necessarily produce a lower all-in cost, and a stronger brand does not automatically justify an uneconomic prototype.

BRAND AND OPERATOR ECONOMICS TO NORMALIZE

Franchise economics

Normalize application and initial fees, key money or incentives, prototype deviations, opening support, royalty, marketing, reservation, loyalty, technology, procurement, quality-assurance, PIP, and required replacement charges.

Management and control terms

Normalize base and incentive fees, centralized services, pre-opening and reimbursable costs, working-capital requirements, performance tests, term, termination, liquidated damages, transfer approval, lender cure rights, change of control, owner approvals, and reserves.

RECOMMENDED PRODUCT

Recommended Property Program

The proposed program is designed to compete effectively without overbuilding low-utilization public or food-and-beverage space.

Component	Recommended Scale	Program Rationale
Guestrooms	144 keys / 12 suites	Balanced king and double-queen inventory; efficient rooms with work, charging, luggage, and storage functionality.
Lobby / lounge	Approx. 2,400 SF	Visible arrival, flexible seating, coworking, social zones, and direct connection to breakfast / patio.
Breakfast / pantry	Approx. 1,850 SF	High-quality complimentary breakfast; 24-hour market; limited evening beverage / pantry concept.
Meeting / coworking	Approx. 2,800 SF	Divisible meeting room, boardroom / coworking, prefunction, and independent access when practical.
Fitness	Approx. 1,100 SF	Cardio, strength, functional training, natural light, hydration, and guest towels.
Pool / patio	Outdoor	Efficient pool and shaded patio oriented to family, team, and social demand.
Guest laundry	2 rooms / 6-8 machines	Supports medical, project, family, and limited extended-stay demand.
Back of house	Approx. 8,250 SF	Laundry, housekeeping, maintenance, receiving, employee, storage, administration, and building services.
Parking	161 spaces	Surface parking; confirm buses, ADA, EV, loading, rideshare, and employee allocation.
Technology	Property-wide	Reliable Wi-Fi, mobile key, casting, digital signage, cybersecurity, access control, and energy management.

VALUE-ENGINEERING PRINCIPLES

- Protect guest-facing finishes, acoustics, mattresses, showers, lighting, Wi-Fi, breakfast execution, elevators, HVAC reliability, and parking convenience before decorative features with limited revenue impact.
- Standardize room modules, wet walls, caseloads, plumbing fixtures, lighting, and back-of-house circulation to reduce cost and operating complexity.
- Do not reduce meeting or coworking functionality below the level needed to capture local corporate, medical training, university, and small-group demand.

Program conclusion

The 82,500-SF building target equals approximately 573 gross SF per key. Final efficiency should be validated through schematic plans and prototype reconciliation before the cost plan is locked.

RECOMMENDED PRODUCT

Guestroom Mix and Design Criteria

The recommended room mix prioritizes commercial kings and family / team double queens while preserving a limited suite inventory for premium and longer-stay demand.

Room Type	Keys	Mix	Target Size	Primary Use					
King room	88	61.1%	325 SF	Business, medical, transient leisure					
Double-queen room	44	30.6%	355 SF	Families, teams, small groups					
King studio suite	8	5.6%	455 SF	Extended stays, premium commercial					
One-bedroom suite	4	2.7%	520 SF	Executives, relocations, special occasions					
Total	144	100.0%	-	Balanced room inventory					
<table> <tr> <td> KING INVENTORY 96 Including studio suites </td> <td> DOUB LE QUEE NS 44 30.6% of keys </td> <td> SUITES 12 8.3% of keys </td> <td> ACCESSIBL E ROOMS Per Code Distributed by type </td> <td></td> </tr> </table>					KING INVENTORY 96 Including studio suites	DOUB LE QUEE NS 44 30.6% of keys	SUITES 12 8.3% of keys	ACCESSIBL E ROOMS Per Code Distributed by type	
KING INVENTORY 96 Including studio suites	DOUB LE QUEE NS 44 30.6% of keys	SUITES 12 8.3% of keys	ACCESSIBL E ROOMS Per Code Distributed by type						

ROOM-DESIGN PRIORITIES

Sleep and acoustics

High-quality bed package, blackout system, quiet HVAC, corridor and inter-room acoustic control, and door / elevator separation.

Work and technology

Full-depth work surface, comfortable task chair, abundant power and USB-C, strong Wi-Fi, streaming / casting, and intuitive lighting.

Bathroom and storage

Walk-in shower where brand permits, durable finishes, illuminated mirror, shelf and hook capacity, luggage bench, closet, and long-stay storage.

Operational durability

Cleanable materials, replaceable components, standardized caseloads, accessible maintenance points, water controls, and lifecycle-cost review.

Room-mix flexibility

Before final design, test the room mix against brand prototype, group composition, medical length of stay, sports-team demand, connecting-room needs, accessible distribution, and housekeeping labor.

ROOM-MIX AND DESIGN ECONOMIC TESTS

Room-type demand

Validate king versus double-queen demand by segment and day of week. Avoid a prototype mix that forces discounting or leaves premium room types unavailable during compression.

Suite economics

Require a supportable premium, measurable demand source, and acceptable incremental cost before increasing suite count or area. Track suite capture separately from base ADR.

Accessibility and connectivity

Confirm accessible-room distribution, hearing features, roll-in showers, connecting-room strategy, family needs, and code or brand requirements before finalizing the stack.

Operating efficiency

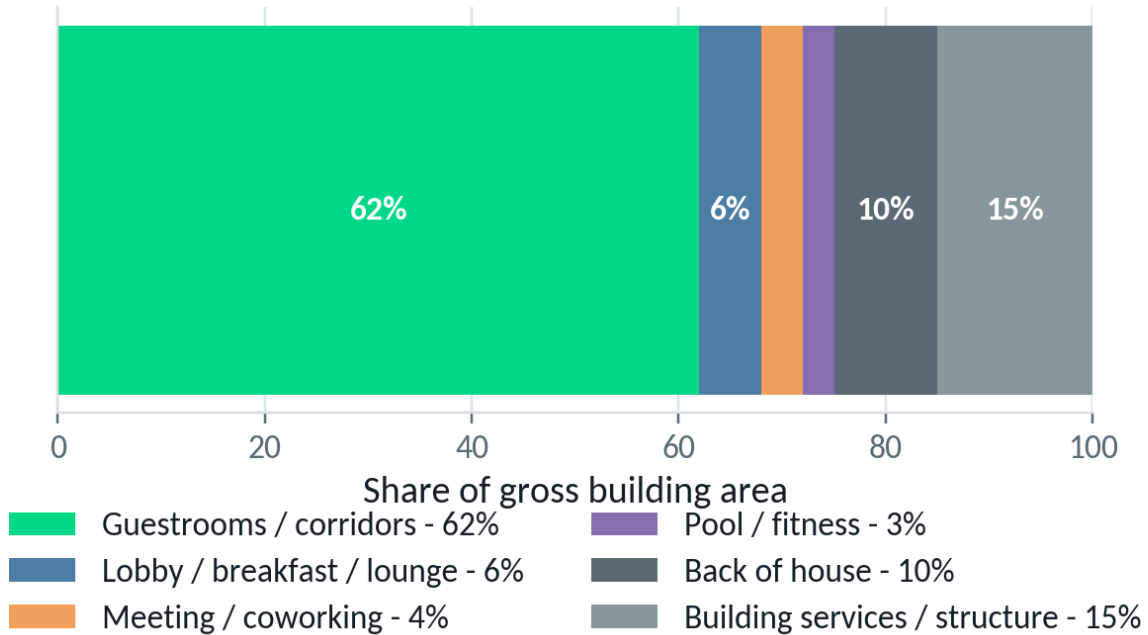
Test housekeeping minutes, linen storage, elevator travel, back-of-house circulation, maintenance access, room-turn complexity, and prototype deviations against labor and lifecycle cost.

RECOMMENDED PRODUCT

Building Area and Efficiency

Approximately 62% of gross building area is allocated to guestrooms and corridors, with the remainder distributed across public areas, amenities, back of house, and building services.

Recommended 82,500-SF Space Allocation



Conceptual allocation only; final efficiency depends on plans and brand prototype.

Conceptual allocation for feasibility testing; not an architectural program.

GROSS BUILDING AREA	GUESTROOM / CORRIDOR	PUBLIC / AMENITIES	BOH / SERVICES
82,500 SF	51,150 SF	14,025 SF	17,325 SF
Approx. 573 SF / key	62% of GBA	17% of GBA	21% of GBA

EFFICIENCY CONTROLS

- Track gross area per key, net guestroom area, corridor ratio, public-space area, back-of-house area, meeting area, exterior wall efficiency, and vertical circulation at each design milestone.
- Reconcile brand prototype area to site-specific conditions, including building shape, stairs, elevators, fire separation, utility rooms, stormwater, loading, and local code.
- Require every area increase to identify its capital cost, operating cost, guest benefit, revenue impact, and effect on parking or site efficiency.

Area-control threshold

If gross building area exceeds approximately 85,000 SF without a corresponding revenue or operating benefit, the project should be redesigned or the development budget increased before investment approval.

RECOMMENDED PRODUCT

Guestroom and Public-Space Concepts

The final interior design should translate the recommended positioning into visible quality, efficient operations, and a rate premium that guests can understand.



Guestroom concept - 1080 x 1080 replacement placeholder

Lobby and public-space concept - 1080 x 1080 replacement placeholder

DESIGN NARRATIVE

Guestroom expression

Contemporary, durable, calm, and functional. The room should communicate cleanliness, sleep quality, work capability, charging, lighting, and storage before decorative complexity.

Material strategy

Use durable commercial finishes, replaceable high-touch components, restrained custom millwork, and brand-compatible materials that avoid a generic lowest-cost appearance.

Lobby expression

Bright and flexible with clear arrival, visible front desk, varied seating, coworking, power, breakfast transition, pantry access, and a natural connection to the patio.

Operational fit

Layouts must support housekeeping, replenishment, waste, deliveries, breakfast reset, group arrival, luggage, maintenance, and security without guest-path conflicts.

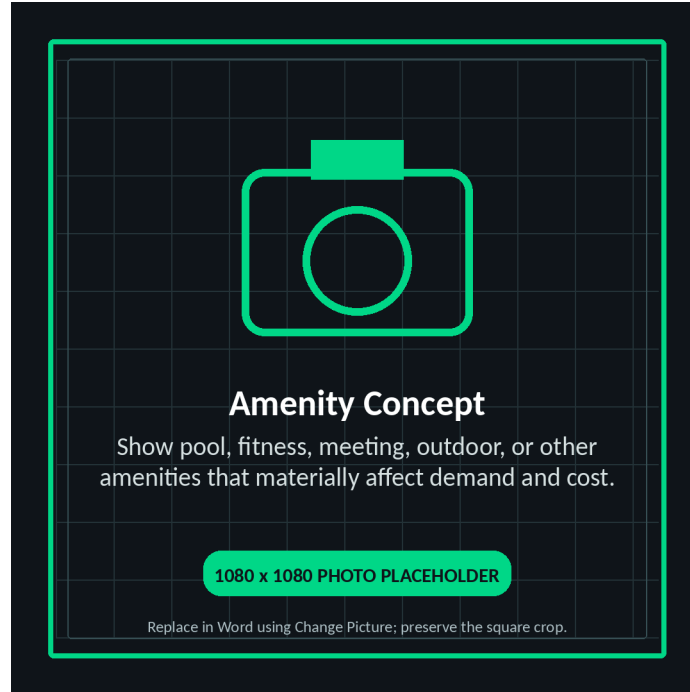
Image-replacement note

The two images above are 1080 x 1080 square PNGs inserted inline. Replace them with square-cropped renderings to preserve dimensions and eliminate layout movement or overlap.

RECOMMENDED PRODUCT

Amenities, Meeting Space, Parking, and Technology

Amenities are selected for demand capture and guest satisfaction, not as a checklist. The program favors high-use features with manageable operating cost.



1080 x 1080 amenity-concept replacement placeholder

Amenity	Position	Feasibility Rationale
Complimentary breakfast	Required	Commercial, medical, family, and sports demand; protect quality, seating, flow, and labor efficiency.
Lobby market / pantry	Required	24-hour convenience; supports late arrivals and ancillary revenue.
Divisible meeting room	Required	Small corporate, medical training, university, social, and team meetings.
Coworking / boardroom	Required	Day-use and small-meeting function; supports commercial positioning.
Fitness center	Required	Competitive parity and guest satisfaction; include strength and functional equipment.
Outdoor pool / patio	Recommended	Weekend, family, sports, and leisure appeal; size for use rather than resort positioning.
Guest laundry	Required	Medical, project, family, and longer-stay support.
Airport shuttle	Not initially recommended	Cost and operational complexity exceed expected incremental demand; reassess after account interviews.
Full-service restaurant	Not supported	Demand depth and fixed costs do not justify the investment.

Parking requirement

Maintain approximately 161 spaces unless a code-compliant shared-parking or structured solution is supported. Protect bus, rideshare, loading, accessible, EV, and employee circulation during final site planning.

RECOMMENDED PRODUCT

Competitive Positioning and Rate Strategy

The hotel should open below its stabilized rate position, build account and review credibility, then progress to a modest premium over the upper-midscale competitive set.

Segment	Opening Range	Stabilized Range	Primary Channels	Revenue-Management Rules
Commercial transient	\$185-\$225	\$195-\$235	Negotiated accounts, loyalty, direct sales	Protect Tue-Wed compression; last-room availability only where justified.
Medical	\$165-\$205	\$175-\$215	Hospital / clinic rates, direct, family	Length-of-stay tiers; flexible cancellation; accessible inventory.
Leisure / VFR	\$170-\$220	\$185-\$235	Brand.com, OTA, local packages	Yield around events; family room and weekend packages.
Group	\$175-\$225	\$190-\$240	Direct sales / event partners	Block size, cutoff, wash, concessions, and displacement controls.
Contract / crew	\$145-\$180	\$155-\$190	Direct contract	Use shoulder nights; blackout compression; minimum volume.
Government	\$150-\$180	\$160-\$190	Per diem / agency	Control inventory and evaluate total account value.

RATE-POSITION PATH

OPENING ADR	FIRST FULL YEAR	NEAR STABILIZED	STABILIZED ADR
\$178	\$184	\$199	\$205
Partial-year 2029	2030	2032	2033

- Use fenced introductory offers and account-specific launch pricing rather than permanently resetting the property below its intended position.
- Establish day-of-week, event, segment, channel, room-type, and length-of-stay controls before opening. Rate strategy should be tied to forecast occupancy, pickup, competitor position, and displacement value.
- Measure net ADR after commissions, loyalty, reservation, credit-card, and sales costs. High gross ADR through expensive channels may produce lower owner value than direct account business.

Rate conclusion

The stabilized \$205 ADR is supportable only with a product and operating experience that justify the premium. If value engineering reduces room quality, breakfast, public spaces, or maintenance standards, the ADR forecast must be revised.

REVENUE-MANAGEMENT GUARDRAILS

Rate and inventory controls

Protect compression dates, establish negotiated-account production thresholds, use length-of-stay controls when justified, and prevent low-rated contract business from displacing higher-value transient demand.

Channel discipline

Set an OTA share ceiling, monitor net ADR after commissions and loyalty costs, maintain direct-booking incentives, and measure channel mix by segment and season rather than only in aggregate.

Group and meeting controls

Price room blocks with meeting-space value, food or pantry contribution, attrition, cancellation, shoulder-night pickup, and displacement of transient demand.

Contract and crew controls

Use minimum room-night commitments, credit standards, blackout dates, annual rate resets, termination rights, and a minimum net-rate floor after all service requirements.

OPERATING FORECAST

Forecast Methodology and Assumptions

The operating forecast is built from market demand, competitive supply, subject penetration, segment mix, rate positioning, ancillary revenue, departmental expenses, undistributed expenses, and ownership-level costs.

Forecast Element	Method
Available room nights	144 keys multiplied by operating days. The 2029 opening year includes 122 operating days; subsequent years assume 365 days.
Occupancy	Derived from segment-level room-night capture and penetration against the expanded competitive supply base. Ramp-up begins at 58% in the partial opening year and stabilizes at 74%.
ADR	Built by segment and season, then reconciled to comparable-hotel positioning. ADR grows from \$178 at opening to \$205 in 2033.
Rooms revenue	Available room nights multiplied by occupancy and ADR. No separate resort or destination fee is assumed.
Other revenue	Breakfast / pantry, meeting / coworking, parking / miscellaneous, cancellation, and other operated revenue. Stabilized other revenue equals approximately 11.5% of rooms revenue.
Departmental expenses	Rooms and other operated department costs vary with revenue and occupancy, with ramp-up inefficiency in early years.
Undistributed expenses	Administrative, sales, repairs, utilities, technology, management, franchise, insurance, and property tax assumptions are scaled to the product and forecast year.
FF&E reserve	4.0% of total revenue at stabilization; treated below GOP for feasibility NOI.
Inflation	Nominal-dollar forecast. ADR and most variable expenses increase over time; insurance, tax, utilities, and labor require project-specific validation.
Debt service	Base sizing uses \$22.69 million at 6.75% with 30-year amortization for stabilized coverage testing. Construction and ramp-up debt terms require separate closing analysis.

FORECAST GOVERNANCE

- Every material change to key count, opening date, brand, room mix, rate strategy, revenue program, staffing, fees, insurance, taxes, debt terms, or exit assumptions must be reflected consistently throughout the model.
- The base case should be achievable rather than aspirational. The downside case should be survivable without assuming immediate refinancing, equity rescue, or unsupported expense cuts.

Stabilization definition

Stabilization is the point at which the hotel reaches a sustainable market share and operating margin under normal conditions. It is not simply the first year in which the property covers debt service.

FORECAST GOVERNANCE

Assumption ownership and monthly modeling

Assign an owner and source to every material market, operating, fee, tax, insurance, reserve, and capital assumption. Model monthly through opening and stabilization so seasonality, partial years, debt draws, interest carry, working capital, and covenant timing remain visible.

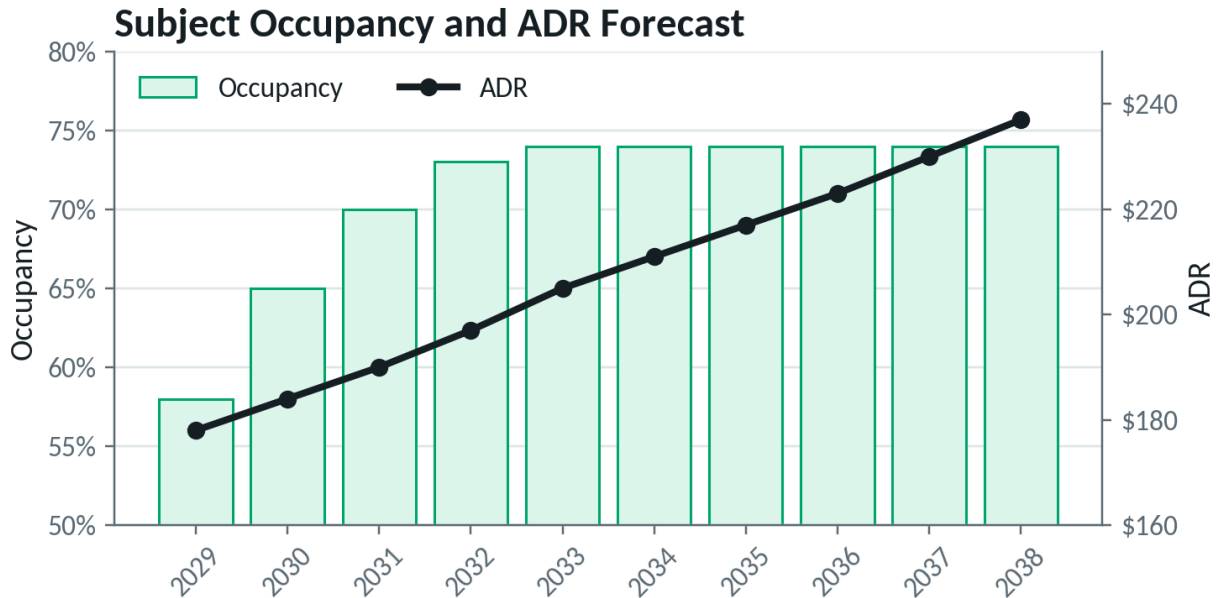
Base / downside and actual-versus-budget control

Link each base assumption to a defined downside range and management response. After opening, compare occupancy, ADR, RevPAR, segment and channel mix, payroll, GOP, NOI, liquidity, and debt coverage monthly, then update the forward forecast and corrective plan quarterly.

OPERATING FORECAST

Occupancy, ADR, and RevPAR Forecast

The subject opens in Q3 2029, crosses 70% occupancy in 2031, reaches a 100 RevPAR index in 2032, and stabilizes in 2033.



Opening in 2029; stabilization assumed during 2033.

OPENING OCCUPANCY	FIRST FULL YEAR	NEAR STABILIZED	STABILIZED
58%	65%	73%	74%
122 operating days	\$184 ADR	\$199 ADR	\$205 ADR

RAMP-UP DRIVERS

- Brand reservation contribution, negotiated-account production, group pipeline, online review accumulation, local awareness, revenue-management discipline, staffing stability, and repeat guest behavior.
- The base case assumes no material opening defect, brand-system delay, labor disruption, construction punch-list impact, or six-month shift into a weaker seasonal opening window.
- The hotel is forecast to mature gradually; the analysis does not assume immediate occupancy parity with established competitors or peak pricing before the account base is developed.

Forecast conclusion

The subject can support the proposed key count, but the capital plan must carry the hotel through at least two full ramp-up years before normal stabilized debt coverage is achieved.

OPERATING FORECAST

Ten-Year Performance Forecast

The forecast progresses from a partial opening year through stabilized operations, with NOI margin expanding as occupancy, rate, account mix, and operating efficiency mature.

Year	Days	Occ.	ADR	RevPAR	Rooms Rev.	Total Rev.	NOI Margin	NOI	DSCR
2029	122	58.0%	\$178	\$103	\$1.81M	\$2.00M	15.0%	\$0.30M	0.17x
2030	365	65.0%	\$184	\$120	\$6.29M	\$6.98M	24.0%	\$1.67M	0.95x
2031	365	70.0%	\$192	\$134	\$7.06M	\$7.84M	29.0%	\$2.27M	1.29x
2032	365	73.0%	\$199	\$145	\$7.64M	\$8.48M	31.5%	\$2.67M	1.51x
2033	365	74.0%	\$205	\$152	\$7.97M	\$8.89M	32.5%	\$2.88M	1.63x
2034	365	74.5%	\$211	\$157	\$8.26M	\$9.21M	32.6%	\$3.00M	1.70x
2035	365	75.0%	\$217	\$163	\$8.55M	\$9.54M	32.8%	\$3.13M	1.77x
2036	365	75.0%	\$224	\$168	\$8.83M	\$9.85M	33.0%	\$3.25M	1.84x
2037	365	75.0%	\$231	\$173	\$9.11M	\$10.15M	33.1%	\$3.36M	1.90x
2038	365	75.0%	\$238	\$178	\$9.38M	\$10.46M	33.2%	\$3.47M	1.97x

FORECAST MILESTONES

Milestone	Timing	Operating Significance
Opening	Q3 2029	Partial year; launch pricing, pre-opening group base, staffing and systems stabilization.
First full year	2030	65% occupancy; operating margin remains below stabilized level.
Debt-service threshold	2031	Projected DSCR exceeds 1.25x under the permanent-loan test.
Near stabilization	2032	73% occupancy, \$199 ADR, and approximately \$2.67 million NOI.
Stabilization	2033	74% occupancy, \$205 ADR, \$8.89 million total revenue, and \$2.88 million NOI.

Coverage note

The 2029-2030 DSCR figures use stabilized permanent debt service as a comparison. Actual construction / mini-perm debt may be interest-only and should be modeled with the negotiated draw schedule, rate, reserve, and conversion terms.

FORECAST VALIDATION CHECKPOINTS

Annual budget bridge

Before each operating year, reconcile the feasibility forecast to the approved property budget by room nights, ADR, revenue mix, payroll, franchise and management fees, insurance, tax, utilities, FF&E reserve, NOI, debt service, and cash reserve movement.

Variance and reforecast protocol

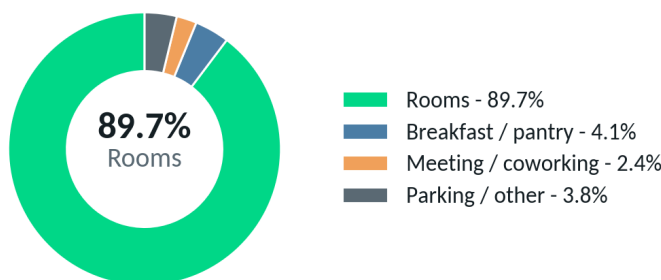
Compare actual performance with budget and feasibility assumptions monthly. Reforecast when occupancy or ADR varies materially, a major account is gained or lost, costs move outside tolerance, supply changes, or the opening and stabilization schedule shifts.

OPERATING FORECAST

Revenue Composition and Ancillary Strategy

Rooms revenue remains the primary economic engine. Ancillary revenue is designed to improve guest value and capture modest meeting, pantry, parking, and miscellaneous income without creating a full-service cost structure.

Stabilized Revenue Mix - \$8.89 Million



Illustrative fictional data prepared for this sample.

Revenue Source	Amount	Mix	Assumption
Rooms	\$7,973,352	89.7%	144 keys at 74% occupancy and \$205 ADR.
Breakfast / pantry	\$364,502	4.1%	Complimentary breakfast cost is in expenses; market and limited beverage sales are revenue.
Meeting / coworking	\$213,367	2.4%	Small corporate, training, social, university, and day-use business.
Parking / cancellation / other	\$339,066	3.8%	Illustrative parking, cancellation, late checkout, laundry, and miscellaneous revenue.
Total revenue	\$8,890,287	100.0%	Stabilized 2033 base case.

ANCILLARY-REVENUE DISCIPLINE

- Do not rely on parking or fee income that conflicts with local competition, brand requirements, or guest willingness to pay.
- Evaluate ancillary profit after labor, food cost, merchant fees, supplies, cleaning, maintenance, utilities, and brand restrictions.

Revenue conclusion

The feasibility case does not depend on aggressive ancillary income. Approximately 90% of stabilized revenue is generated by guestrooms, preserving a straightforward select-service operating model.

ANCILLARY REVENUE AND COST DISCIPLINE

Breakfast, pantry, meeting, and coworking

For included breakfast, test food cost, labor, waste, seating, peak flow, and guest-value contribution. Size meeting and coworking areas to documented demand and include rental, audiovisual, setup labor, sales effort, and displacement of public-space functions.

Parking, other income, and F&B restraint

Use net parking and other income after fees, enforcement, management, maintenance, validation, taxes, and demand elasticity. The base case does not support a full-service restaurant; any expanded outlet requires a separate demand, labor, margin, and capital analysis.

OPERATING FORECAST

Stabilized Operating Statement

The illustrative stabilized operating statement produces \$2.88 million of NOI after franchise and management costs, insurance, property taxes, a 4% FF&E reserve, and ownership-level expenses.

Line Item	2033 Amount	Basis / Ratio	
Rooms revenue	\$7,973,352	89.7% of revenue	
Other operated revenue	\$916,935	10.3% of revenue	
Total revenue	\$8,890,287	100.0%	
Rooms department expense	(\$1,833,871)	23.0% of rooms revenue	
Other department expense	(\$504,314)	55.0% of other revenue	
Administrative & general	(\$577,869)	6.5% of total revenue	
Sales & marketing	(\$488,966)	5.5% of total revenue	
Repairs & maintenance	(\$311,160)	3.5% of total revenue	
Utilities	(\$266,709)	3.0% of total revenue	
Technology / security	(\$80,013)	0.9% of total revenue	
Management fee	(\$266,709)	3.0% of total revenue	
Franchise / reservation / loyalty	(\$677,735)	8.5% of rooms revenue	
Insurance	(\$260,000)	Illustrative fixed expense	
Property tax	(\$380,000)	Illustrative stabilized expense	
Gross operating profit before reserve	\$3,600,609	40.5% of total revenue	
FF&E reserve	(\$355,611)	4.0% of total revenue	
Other ownership / non-operating	(\$360,100)	Illustrative ownership costs	
Net operating income	\$2,884,898	32.5% NOI margin	
TOTAL REVENUE \$8.89M 100.0%	GOP BEFORE RESERVE \$3.60M 40.5%	FF&E RESERVE \$0.36M 4.0% of revenue	NOI \$2.88M 32.5% margin

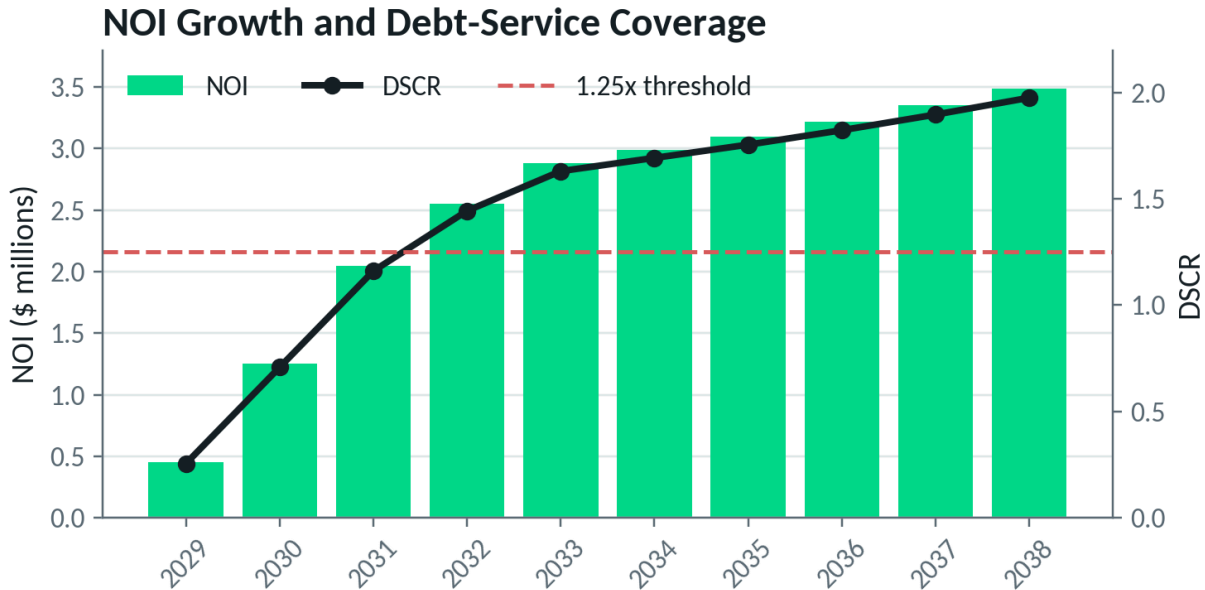
Expense validation priorities

The largest live-study uncertainties are labor productivity, franchise-system fees, insurance, property tax, utilities, breakfast cost, management fee, repair and maintenance, and the treatment of ownership-level expenses. Each should be supported by project- and market-specific evidence.

OPERATING FORECAST

NOI Growth and Debt-Service Coverage

NOI increases from \$1.67 million in the first full year to \$2.88 million at stabilization. The permanent-loan test exceeds 1.25x DSCR beginning in 2031.



Annual debt service modeled at \$1.766 million after permanent financing.

ANNUAL DEBT SERVICE	2031 DSCR	2033 DSCR	2038 DSCR
\$1.77M	1.29x	1.63x	1.97x
6.75% / 30 years	First year above 1.25x	Stabilized	Mature forecast

COVERAGE INTERPRETATION

- The stabilized project has adequate permanent debt coverage, but early ramp-up does not support fully amortizing debt without reserves, interest-only structure, lower balance, or supplemental equity.
- Construction and mini-perm documents should align covenant testing with the approved ramp-up schedule and define cure rights, reserve releases, completion tests, performance triggers, and extension conditions.
- Coverage is sensitive to opening delay, ADR discounting, payroll inefficiency, insurance, property tax, franchise fees, and the timing of permanent refinancing.

Debt-service conclusion

A 75% LTC structure is feasible only with a properly sized interest / operating reserve and realistic covenant ramp. The project should not be underwritten as if stabilized NOI is available immediately upon opening.

CAPITAL AND RETURNS

Development Budget and Cost per Key

The illustrative development budget totals \$30.25 million, or approximately \$210,069 per key, including land, FF&E, pre-opening, financing, interest reserve, and contingency.

Use	Amount	Per Key	Share
Land acquisition / basis	\$3,800,000	\$26,389	12.6%
Vertical construction	\$15,650,000	\$108,681	51.7%
Sitework, utilities, impact fees	\$1,250,000	\$8,681	4.1%
Furniture, fixtures & equipment	\$2,200,000	\$15,278	7.3%
Operating supplies & equipment	\$400,000	\$2,778	1.3%
Soft costs / design / professional	\$1,750,000	\$12,153	5.8%
Developer / project management	\$1,100,000	\$7,639	3.6%
Pre-opening / working capital	\$850,000	\$5,903	2.8%
Financing costs / interest reserve	\$1,950,000	\$13,542	6.4%
Contingency	\$1,300,000	\$9,028	4.3%
Total project cost	\$30,250,000	\$210,069	100.0%

BUDGET OBSERVATIONS

- Vertical construction represents 51.7% of total project cost. The live analysis should reconcile contractor scope to civil, utilities, building shell, interiors, kitchen / breakfast, pool, landscaping, signage, elevators, life safety, technology, and owner-furnished items.
- FF&E and OS&E total approximately \$18,056 per key. The amount must be reconciled to the final brand package, freight, warehousing, installation, taxes, spares, opening inventory, technology, and procurement fees.
- The \$1.30 million contingency equals 5.8% of vertical construction, sitework, FF&E, and OS&E. Contingency should not be used to conceal known scope omissions.
- Financing and interest-reserve uses require a draw-based calculation. The placeholder budget may be insufficient if the rate, timing, retainage, equity-funding order, or ramp-up period changes.

Cost-control condition

Maintain a total cost ceiling of \$30.25 million unless a fully reconciled model demonstrates that additional cost produces equal or greater risk-adjusted value. Any increase should identify the incremental equity requirement and impact on yield on cost, DSCR, IRR, and downside coverage.

BUDGET VALIDATION REQUIREMENTS

Design reconciliation

Tie key count, room mix, gross area, site work, parking, amenities, brand prototype, accessibility, back-of-house, and owner scope to one dated drawing set.

Pricing depth

Move from conceptual cost per key to quantified schematic pricing, subcontractor input, escalation assumptions, general conditions, permits, utility charges, taxes, bonds, insurance, and contractor fee.

FF&E / OS&E / pre-opening

Use room-by-room and department schedules, freight, tax, installation, warehousing, technology, uniforms, supplies, training, marketing, payroll, and opening inventory.

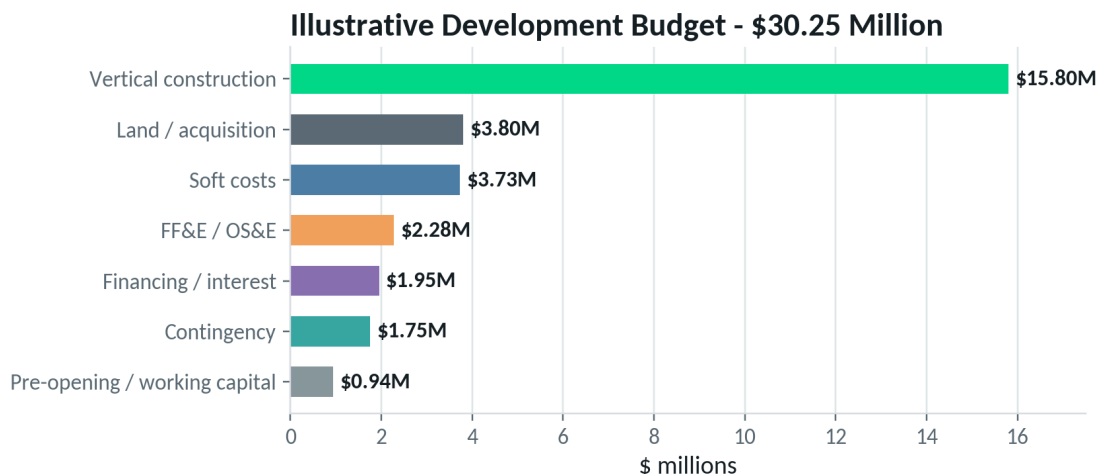
Contingency and exclusions

Separate design contingency, construction contingency, owner contingency, and lender reserve. List exclusions explicitly and assign responsibility before GMP or loan closing.

CAPITAL AND RETURNS

Budget Composition and Reasonableness

Vertical construction, land, FF&E, financing / reserves, soft costs, and contingency comprise the principal cost categories.



Budget categories reconcile to total project cost; detailed validation is required.

TOTAL COST \$30.25M \$210,069 / key	LAND BASIS \$3.80M 12.6% of cost	HARD + SITE \$16.90M 55.9% of cost	FF&E + OS&E \$2.60M \$18,056 / key
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REQUIRED COST EVIDENCE

Design Stage	Required Cost Standard	Decision Use
Concept	Benchmark cost plan with explicit exclusions, escalation, general conditions, fees, and contingency.	Initial feasibility and alternative comparison.
Schematic design	Quantity-informed estimate reconciled to brand prototype, site plan, civil concept, and area schedule.	Brand selection, lender outreach, and go / no-go gate.
Design development	Trade-level estimate, updated schedule, long-lead list, escalation, and value-engineering log.	Capital commitment and loan underwriting.
GMP / final pricing	Executed GMP or equivalent contract exhibits, allowances, alternates, owner scope, bonds, insurance, and completion schedule.	Construction authorization and closing.

Reasonableness conclusion

The budget is adequate for illustrative feasibility, not for construction authorization. The largest risk is not a single line item; it is incomplete scope distributed across sitework, utility upgrades, prototype requirements, financing carry, pre-opening, and owner-furnished items.

CAPITAL AND RETURNS

Sources, Uses, and Capital Stack

The base case uses \$22.69 million of senior debt and \$7.56 million of sponsor / investor equity. No mezzanine debt, preferred equity, grant, or key-money source is assumed.

Source	Amount	Share	Comment
Senior construction / mini-perm loan	\$22,687,500	75.0%	Binding LTC source
Sponsor / investor equity	\$7,562,500	25.0%	Required cash equity
Total sources	\$30,250,000	100.0%	Matches total uses

Use Category	Amount	Share
Land and acquisition	\$3,800,000	12.6%
Hard construction / sitework	\$16,900,000	55.9%
FF&E / OS&E	\$2,600,000	8.6%
Soft / developer / pre-opening	\$3,700,000	12.2%
Financing / reserve / contingency	\$3,250,000	10.7%
Total uses	\$30,250,000	100.0%

DEBT \$22.69M 75% LTC	EQUITY \$7.56M 25% of cost	DEBT / KEY \$157,552 Senior basis	EQUITY / KEY \$52,517 Cash requirement
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CAPITAL-STACK RULES

- Do not count uncommitted incentives, key money, grants, rebates, tax credits, or future refinance proceeds as construction sources until eligibility, timing, conditions, and funding mechanics are documented.
- Specify whether equity funds first, pari passu, or last; how land basis is credited; which costs are lender eligible; and how cost overruns, change orders, retainage, and contingency are funded.

Equity condition

Evidence the full \$7.56 million base equity plus a credible cost-overrun and carry backstop before closing. A sponsor contribution consisting only of appreciated land basis or deferred fees should not be treated as equivalent to available cash without lender and investor agreement.

EQUITY FUNDING SEQUENCE AND CONTROL

Funding sequence

Document land deposits and closing equity, predevelopment spending, construction equity timing, lender pari passu requirements, contingency access, working capital, and completion or overrun support.

Evidence of funds

Identify the legal funding entity, committed amount, approval status, capital-call timing, bank or custodian evidence, investor conditions, preferred-equity terms, and any remaining syndication risk.

Contingency draw order

Use budget savings and approved contingency before relying on additional debt. Preserve working capital and operating reserves rather than using them to solve construction overruns.

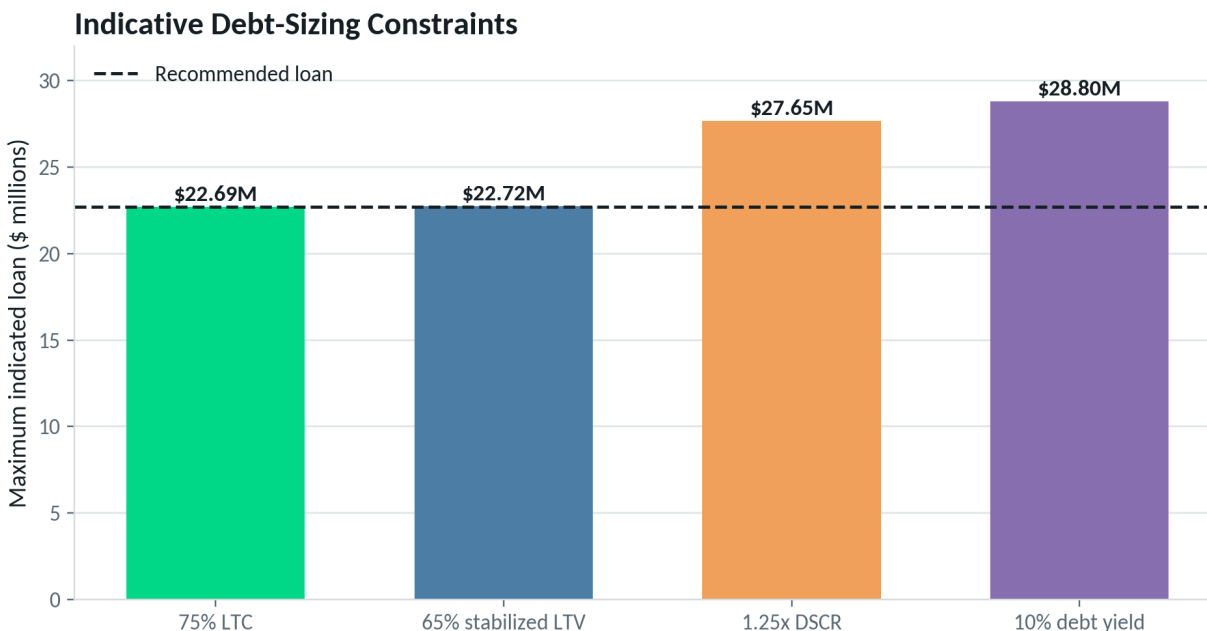
Capital-call remedies

A live investment analysis should address default funding, dilution, member loans, priority return, voting control, completion obligations, guarantees, and remedies for late or failed contributions.

CAPITAL AND RETURNS

Financing Capacity and Debt Sizing

The recommended \$22.69 million senior loan is constrained by 75% LTC. Stabilized LTV, DSCR, and debt yield independently support a higher amount under the base case.



The lowest supported amount is binding; illustrative only.

Constraint	Maximum Debt	Basis	Result
75% loan-to-cost	\$22.69M	75.0% of \$30.25M	Binding
65% stabilized loan-to-value	\$22.73M	65.0% of indicative stabilized value	Approximately equal to LTC
1.25x DSCR	\$29.65M	30-year amortization at 6.75%	Not binding
10% debt yield	\$28.85M	Stabilized NOI divided by 10%	Not binding

Recommended senior debt	\$22.69M	Lowest practical constraint	Base case
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STABILIZED LTV 64.9% At 8.25% cap	STABILIZED DSCR 1.63x 6.75% / 30 years	DEBT YIELD 12.7% Stabilized NOI / debt	MORTGAGE CONSTANT 7.78% Annual debt service / loan
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Debt-sizing conclusion

The project is not overleveraged on stabilized income under the base case. The principal financing risk is the gap between construction / ramp-up cash flow and stabilized cash flow, not the stabilized permanent-debt amount.

CAPITAL AND RETURNS

Interest Reserve, Ramp-Up Liquidity, and Permanent Refinance

The base capital plan requires a draw-based reserve analysis and a refinancing strategy that does not depend on perfect timing or an aggressive exit valuation.

Reserve Component	Amount	Illustrative Basis
Construction-period interest	Approx. \$1.68M	24-month draw schedule; 45% average utilization; 8.25% illustrative rate.
Post-opening carry	Approx. \$0.91M	Six months near full utilization before operating contribution.
Operating cash contribution	Approx. (\$0.35M)	Illustrative cash available during ramp-up.
Indicative reserve need	Approx. \$2.24M	Before lender-specific fees, extensions, and stress.
Budgeted interest reserve	\$1.45M	Within \$1.95M financing / interest-reserve line after assumed fees.
Potential reserve gap	\$0.79M	Must be resolved through final terms, schedule, contingency, or additional equity.

REFINANCE TEST AT STABILIZATION

Refinance Item	Amount	Interpretation
Stabilized NOI	\$2.88M	2033 base case
Indicative value	\$34.97M	8.25% capitalization rate
65% LTV proceeds	\$22.73M	Before closing costs
1.25x DSCR proceeds	\$29.64M	Not binding
Existing senior balance	\$22.69M maximum	Actual balance depends on draw and amortization
Refinance cushion	Minimal at 65% LTV	Requires value and NOI achievement; costs must be funded

Liquidity condition

Increase the modeled reserve or secure documented flexibility before closing. A capital plan that uses every dollar for construction and assumes immediate stabilization creates avoidable default and dilution risk.

LIQUIDITY AND REFINANCE COVENANTS**Liquidity, coverage, and completion protection**

Maintain unrestricted cash and working capital for seasonal lows, ramp-up variance, taxes, insurance, franchise obligations, and capex. Establish early-warning, cash-trap, distribution, and default thresholds; reconcile draw timing, interest reserve, hedging, extensions, completion guarantee, overrun support, retainage, and change orders.

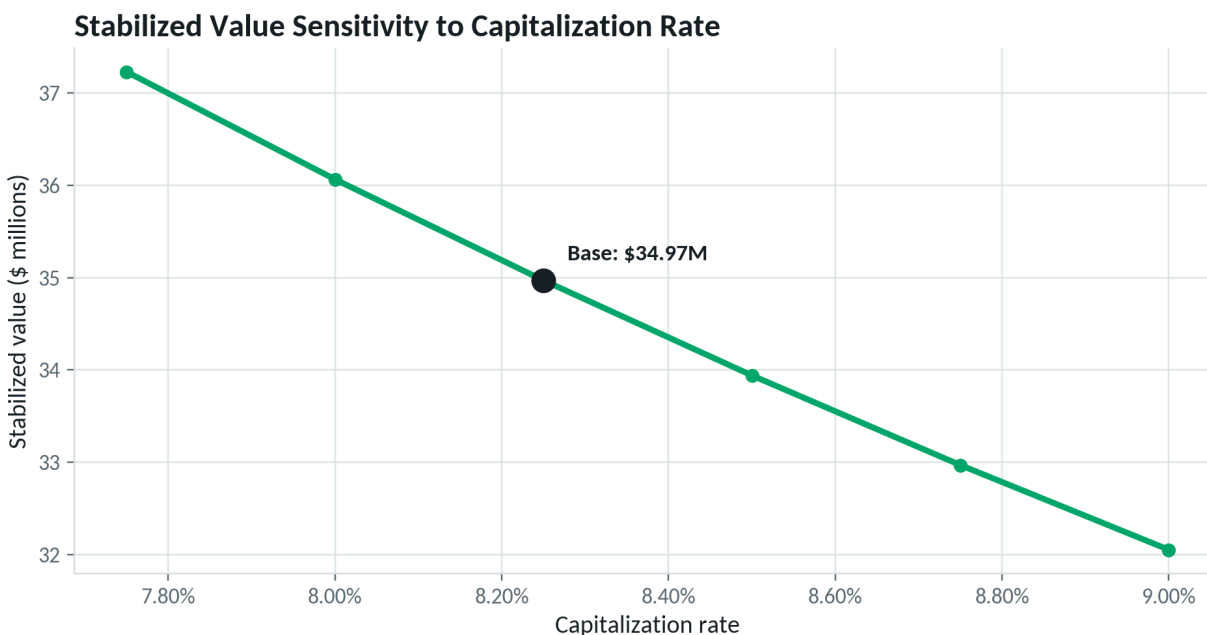
Permanent refinance readiness

Require stabilized operating history, current appraisal, franchise and management compliance, no unresolved liens or claims, an acceptable capital plan, lender-supported NOI adjustments, and a debt amount that satisfies LTV, DSCR, debt yield, amortization, and reserve requirements simultaneously.

CAPITAL AND RETURNS

Indicative Stabilized Value

At the base 8.25% capitalization rate, stabilized NOI of \$2.88 million indicates approximately \$34.97 million of value, or about \$242,800 per key.



Value equals stabilized NOI divided by capitalization rate; no appraisal is implied.

Cap Rate	Value	Value / Key	Use
7.50%	\$38.47M	\$267,139	Optimistic / lower yield
8.00%	\$36.06M	\$250,425	Favorable
8.25%	\$34.97M	\$242,837	Base feasibility case
8.50%	\$33.94M	\$235,694	Conservative
8.75%	\$32.97M	\$228,960	Exit assumption
9.00%	\$32.05M	\$222,600	Stress

BASE VALUE \$34.97M 8.25% cap	VALUE / KEY \$242.8K Base case	VALUE OVER COST \$4.72M 15.6% of cost	CAP-RATE SPREAD 128 bps 9.53% YOC less 8.25%
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Value limitation

This is an indicative feasibility value, not an appraisal. A live value conclusion requires current transaction evidence, market capitalization rates, buyer return requirements, franchise and management encumbrances, taxes, reserves, and property-specific due diligence.

CAPITAL AND RETURNS

Investment Return Analysis

The base case produces a 9.53% stabilized yield on cost, approximately 15.2% illustrative levered IRR, and a 2.91x equity multiple under the stated construction, operating, financing, and sale assumptions.

STABILIZED YIELD ON COST 9.54% NOI / total cost	DEVELOPMENT SPREAD 1.29% YOC less base cap	LEVERED IRR 15.2% Illustrative 2027-2036 cash flow	EQUITY MULTIPLE 2.91x Positive cash flow / equity
INITIAL EQUITY \$7.56M Base capital call	EXIT CAP RATE 8.75% 2036 sale assumption	SELLING COSTS 2.0% Gross sale price	DEBT AT EXIT \$21.61M Illustrative 48-month amortization
Phase	Timing	Illustrative Equity Cash Flow	Comment
Land / construction period	2027-2029	(\$7.56M)	Equity funded in staged capital calls; no distributions.
Ramp-up	2030-2031	\$0.25M	Cash retained initially; limited distribution begins after coverage and reserve tests.
Near stabilization	2032	\$0.55M	Improving NOI and coverage.
Stabilized operations	2033-2035	\$2.95M	Illustrative cumulative operating distributions.
Sale / recapitalization	2036	\$18.24M	Includes operating cash flow and net sale proceeds.

RETURN INTERPRETATION

- Returns are sensitive to development cost, opening timing, stabilized NOI, reserve requirements, financing rate, refinance proceeds, capitalization rate, selling costs, and the time required to sell.
- The base return should not be accepted without examining downside capital needs. A project that meets target IRR only when all assumptions outperform is not feasible merely because the spreadsheet calculates a positive return.

Return conclusion

The return profile is acceptable for continued development but does not provide unlimited room for cost or timing error. Protecting the development spread is more important than maximizing leverage.

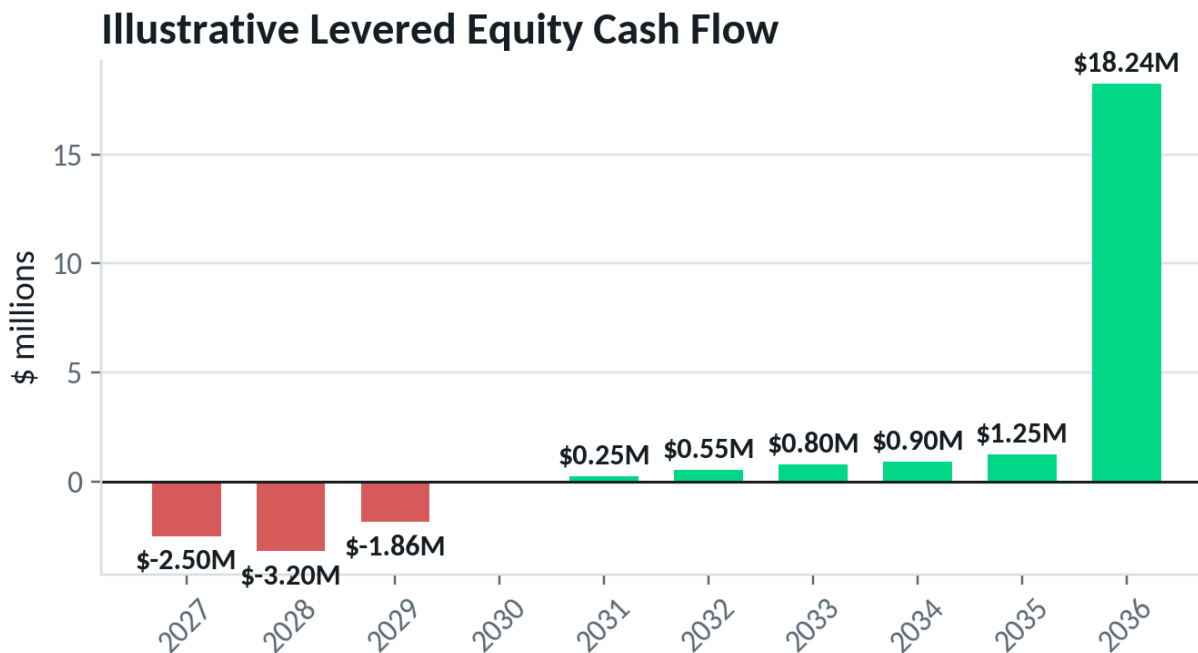
RETURN RECONCILIATION AND DECISION USE

Project-level versus investor returns The illustrated IRR and equity multiple are property-level measures. Preferred returns, promotes, fees, tax allocations, capital-account mechanics, and investor-specific timing must be modeled separately.	Sources of return Separate operating cash flow, refinance proceeds, amortization, value growth from NOI, value change from cap-rate movement, and net sale proceeds so the return is not attributed to an unsupported assumption.
Timing sensitivity IRR is highly sensitive to construction duration, opening date, stabilization, refinance, and sale timing. Equity multiple and absolute profit should be reviewed alongside IRR.	Decision standard Approve only when the base case meets return requirements and the downside remains liquid, covenant-compliant, and fundable without assuming an emergency sale or unidentified capital source.

CAPITAL AND RETURNS

Illustrative Equity Cash Flow

Equity is deployed over the land and construction period, with distributions deferred through early ramp-up and the majority of return realized at exit.



Illustrative project-level cash flow before investor waterfall, taxes, or sponsor fees.

TOTAL EQUITY CALLS	INTERIM DISTRIBUTIONS	EXIT-YEAR PROCEEDS	EQUITY MULTIPLE
\$7.56M	\$3.75M	\$18.24M	2.91x
2027-2029	2031-2035	Operating + net sale	Illustrative

DISTRIBUTION POLICY ASSUMPTIONS

- No distribution is assumed until the property satisfies lender reserve, completion, and performance requirements and maintains adequate working capital.
- Operating distributions are subordinate to debt service, taxes, insurance, FF&E reserve, required capital expenditures, franchise obligations, and covenant cure reserves.
- Exit proceeds assume a sale at an 8.75% cap rate, 2.0% selling costs, and repayment of the modeled senior balance. Any preferred return, promote, tax, or partner waterfall is excluded from this property-level example.

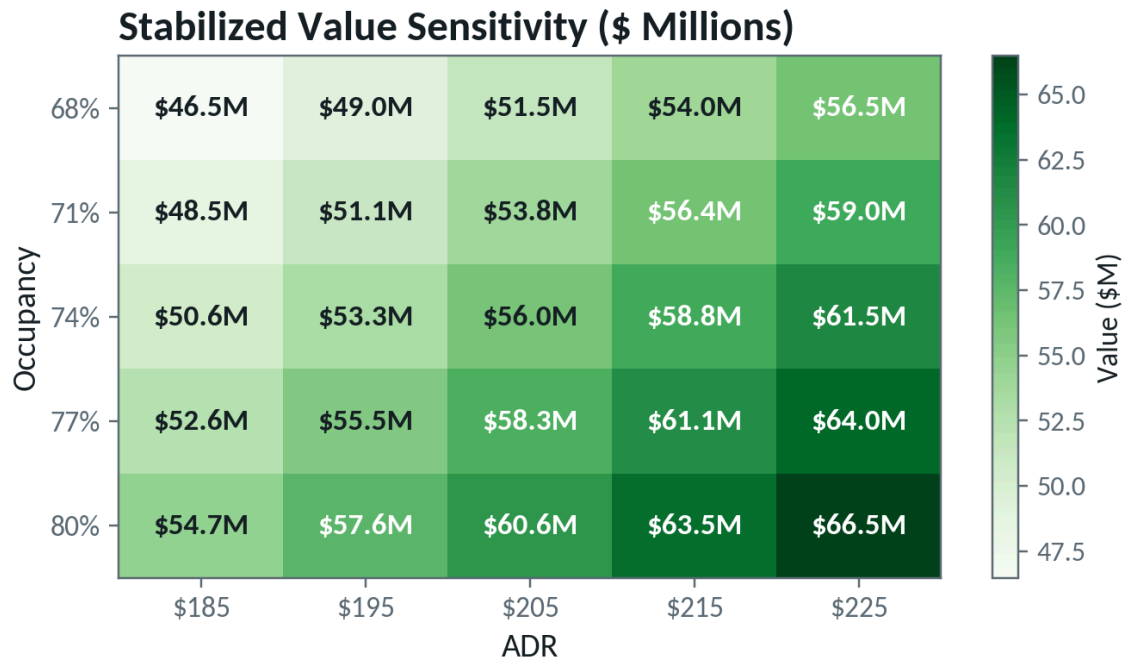
Equity-planning note

A live investor analysis should model contribution timing, capital-call remedies, preferred return, catch-up, promote tiers, fees, refinance distributions, dilution, tax allocations, and sponsor guarantees separately from property-level feasibility.

CAPITAL AND RETURNS

Occupancy and ADR Sensitivity

The stabilized value range changes materially across plausible occupancy and ADR outcomes, emphasizing the importance of both room-night capture and rate integrity.



Simplified margin sensitivity at an 8.25% capitalization rate.

DOWNSIDE CELL	BASE CELL	UPSIDE CELL	HIGH CASE
\$31.1M	\$35.0M	\$39.7M	\$44.7M
68% / \$205	74% / \$205	77% / \$215	80% / \$225

SENSITIVITY INTERPRETATION

- Occupancy and ADR do not affect only rooms revenue. They influence payroll productivity, breakfast cost, commissions, loyalty costs, housekeeping, utilities, maintenance, and the mix of direct versus discounted business.
- The heatmap applies a simplified margin relationship for illustration. A live model should calculate every scenario through departmental and undistributed expense lines rather than multiplying revenue by a fixed margin.
- The value range should be considered together with cost, debt balance, selling costs, and timing. A value above cost does not guarantee an acceptable equity return if stabilization is delayed.

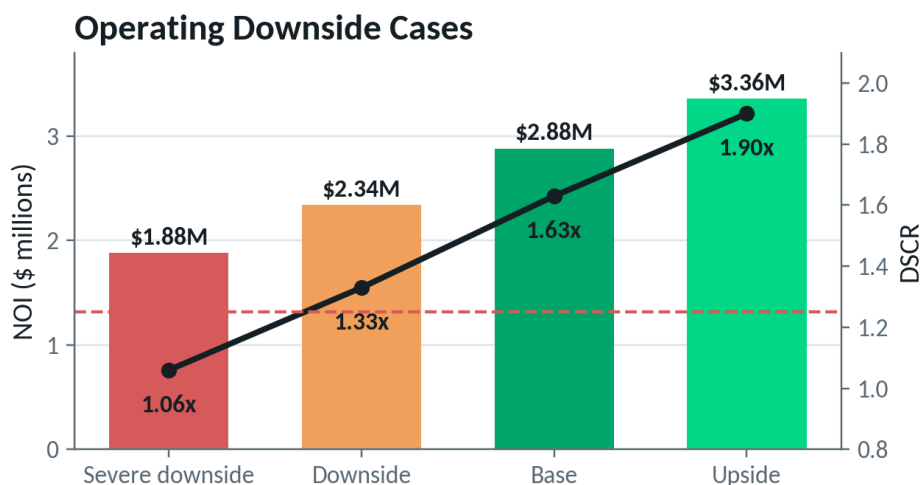
Sensitivity conclusion

The base case has positive development spread, but weaker rate and occupancy can eliminate much of the value cushion. Final approval should require a downside case that remains liquid and covenant-compliant.

CAPITAL AND RETURNS

Downside and Alternative Cases

The downside analysis combines occupancy, ADR, operating margin, cost, timing, financing, and exit assumptions rather than changing one variable at a time.



Cases combine operating, cost, timing, financing, and exit assumptions.

Case	Occ.	ADR	NOI	DSCR	Exit Cap	Exit Value	Decision Implication
Severe downside	68%	\$185	\$1.88M	1.06x	10.0%	\$18.24M	Requires equity / restructuring; not acceptable as funded.
Downside	71%	\$195	\$2.34M	1.33x	9.25%	\$25.30M	Debt service covered; limited value cushion.
Base	74%	\$205	\$2.88M	1.63x	8.75%	\$32.97M	Feasible subject to conditions.
Upside	77%	\$215	\$3.36M	1.90x	8.25%	\$40.73M	Strong performance and value creation.

SEPARATE EXECUTION STRESSES

Stress	Incremental Effect	Required Response
7.5% cost overrun	Adds \$2.27M if leverage remains 75% LTC.	Value engineer before GMP; preserve contingency and overrun support.
Six-month opening delay	Adds carry and may shift launch into a soft season.	Protect float, long-lead procurement, extension rights, and reserve.
100-bp higher permanent rate	Raises debt service and reduces refinance proceeds.	Use a rate cap, lower leverage, amortization flexibility, or more equity.
50-bp exit-cap expansion	Reduces gross value by approximately \$1.9M.	Protect NOI, lower basis, and avoid aggressive sale timing.

Downside conclusion

The operating downside covers debt; the severe case does not self-cure. Require a liquidity backstop and early intervention triggers.

CAPITAL AND RETURNS

Break-Even and Covenant Thresholds

A contribution-margin approximation indicates approximately 56% occupancy for 1.00x debt coverage and 63% occupancy for 1.25x coverage at a \$205 ADR.

OPERATING BREAK-EVEN 27.8% occ. NOI = \$0 at \$205 ADR	1.00X DSCR 56.1% occ. At \$205 ADR	1.25X DSCR 63.2% occ. At \$205 ADR	STABILIZED CUSHION 10.8% Above 1.25x threshold
OPERATING BREAK-EVEN \$77 ADR At 74% occupancy	1.00X DSCR \$155 ADR At 74% occupancy	1.25X DSCR \$175 ADR At 74% occupancy	STABILIZED ADR CUSHION \$30 Above 1.25x threshold

DIRECTIONAL CALCULATION

Input	Assumption	Purpose
Contribution margin	52%	Revenue remaining after simplified variable operating costs.
Fixed operating / ownership costs	\$1.738M	Calibrated to the stabilized P&L for directional testing.
Annual debt service	\$1.766M	\$22.69M at 6.75% and 30-year amortization.
Ancillary revenue factor	11.5% of rooms revenue	Used to translate occupancy and ADR into total revenue.

MANAGEMENT TRIGGERS

- Trigger a formal corrective plan if rolling three-month occupancy or ADR falls more than 10% below budget, cash coverage is below 1.15x, or working-capital reserves fall below the approved minimum.
- Trigger owner and lender escalation if forecast 12-month DSCR falls below 1.25x, a material account is lost, planned supply accelerates, or cost / schedule variance cannot be absorbed by contingency.

Break-even limitation

The break-even calculations are directional and use a simplified contribution-margin method. Final loan and investment decisions require monthly cash flow, seasonality, draw, reserve, covenant, and working-capital models.

EARLY-WARNING OPERATING DASHBOARD

Commercial performance Rolling three-month occupancy, ADR, RevPAR, weekday penetration, negotiated-account production, group pace, cancellation and attrition, and net ADR by channel.	Profitability and liquidity GOP margin, payroll per occupied room, breakfast cost, OTA commissions, utilities, repair expense, cash balance, reserve balance, and forward 13-week cash flow.
Capital and covenant status Trailing and projected DSCR, debt yield, interest-rate exposure, lender reporting, property taxes, insurance, required reserves, capital spending, and covenant cure deadlines.	External conditions Comparable pricing, new supply probability, generator announcements, event calendar, construction activity, labor availability, travel trends, and major account gains or losses.

RISK AND EXECUTION

Risk Assessment Matrix

The principal risks are manageable but interdependent. Cost, schedule, reserve, brand, and operating execution have the highest combined probability and impact.

Risk	Probability	Impact	Rating	Primary Exposure
Development cost	High	High	Critical	Incomplete scope, escalation, utility / site costs, prototype changes.
Opening delay	Medium-high	High	Critical	Permitting, long-lead items, labor, inspections, brand opening requirements.
Interest / reserve adequacy	High	High	Critical	Rate, draw timing, extensions, ramp-up carry, reserve release.
Brand / franchise economics	Medium	High	High	All-in fees, prototype cost, territory, liquidated damages, PIP.
Demand ramp-up	Medium	High	High	Account production, online reputation, group base, opening execution.
New competitive supply	Medium	Medium-high	High	Pipeline acceleration and direct upper-midscale additions.
ADR underperformance	Medium	High	High	Weak product, discounting, channel mix, limited compression.
Operating margin	Medium	High	High	Labor, breakfast, utilities, insurance, tax, fees, maintenance.
Access / utility / entitlement	Low-medium	High	High	Off-site requirements, utility upgrades, delays, parking changes.
Management execution	Medium	Medium-high	High	Opening team, revenue management, sales, controls, staff retention.
Exit cap / liquidity	Medium	Medium	Moderate	Buyer yields, credit markets, encumbrances, property condition.
Environmental / geotechnical	Low	High	Moderate-high	Unknown subsurface, contamination, drainage, foundations.

RISK INTERACTION

- Cost escalation increases equity need, interest carry, loan basis, and return pressure. If paired with delay, the contingency and reserve can be exhausted simultaneously.
- A weaker brand or underbuilt product can reduce ADR, slow account production, increase OTA share, and weaken exit liquidity even when total construction cost is lower.
- Aggressive leverage magnifies reserve risk during ramp-up and may force a sale, recapitalization, or capital call before the hotel reaches its stabilized value.

Risk conclusion

No single identified risk makes the project infeasible. The project becomes unattractive when multiple high-priority risks are allowed to remain unresolved at the same time.

RISK AND EXECUTION

Risk Mitigation and Monitoring Plan

Each material risk is assigned a mitigation action, evidence requirement, decision owner, and trigger rather than being listed without a response.

Risk Area	Mitigation	Owner	Trigger / Escalation
Cost and schedule	Reconcile plans, prototype, GMP, owner scope, utilities, escalation, contingency, critical path, and long-lead items.	Developer / GC / architect	Budget > \$30.25M or opening slips > 30 days.
Reserve and financing	Build the draw-based interest and monthly cash model; evidence overrun and liquidity backstops.	Sponsor / lender / Stratas	Liquidity, reserve, DSCR, or lender test falls below policy.
Brand and operator	Normalize franchise and management economics, controls, termination rights, and opening support.	Sponsor / counsel / Stratas	All-in cost, restrictions, or operator terms exceed the approved case.
Demand and supply	Complete account interviews and sales targets; monitor permits, financing, brands, and pipeline construction.	Operator / Stratas	Bookings trail plan > 10% or direct supply probability rises.
ADR and channel	Set segment floors, blackout dates, displacement rules, and net-ADR / OTA reporting.	GM / revenue manager	Net ADR, channel cost, or OTA share misses budget.
Operating margin	Review labor, breakfast, utilities, tax, insurance, fees, and maintenance monthly.	Operator / asset manager	Rolling NOI margin below plan by > 250 bps.
Physical / regulatory	Obtain written zoning, utility, access, environmental, geotechnical, drainage, and parking evidence.	Developer / consultants	Material adverse condition, delay, or cost is discovered.
Exit / refinance	Review value, cap rates, debt, reserves, property condition, and refinance capacity at least annually.	Owner / Stratas	LTV, DSCR, or refinance cushion deteriorates.

MONITORING CADENCE

Phase	Cadence	Required Reporting
Predevelopment	Biweekly	Budget, design, entitlement, utilities, brand, financing, and decision-gate log.
Construction / pre-opening	Monthly; critical items weekly	Cost, contingency, draw, schedule, long-lead items, reserve, staffing, systems, sales, inspections, and punch list.
Operations	Monthly; quarterly asset review	Occupancy, ADR, RevPAR, market share, channel, labor, GOP, NOI, cash, reserve, covenant, capital, debt, and value.

Mitigation principle

A risk is mitigated only when an accountable party completes the action, produces evidence, and updates the project model.

RISK AND EXECUTION

Final Feasibility Conclusion

The recommended project is feasible subject to stated conditions. The analysis does not support the larger 160-key concept or a full-service hotel at the current cost and demand assumptions.

FEASIBLE SUBJECT TO STATED CONDITIONS

Advance the 144-key upper-midscale select-service concept through the next predevelopment phase. Maintain a total-cost target of \$30.25 million, secure a nationally distributed brand with acceptable all-in economics, validate physical and regulatory conditions, resolve the interest-reserve gap, and document the equity and construction-financing plan before final authorization.

SUPPORTED

Decision	Conclusion	Reason
Market support	Supported	Diversified demand, positive demand growth, manageable weighted pipeline, and acceptable penetration.
144-key program	Supported	Balances operating scale, parking, demand depth, cost, and ramp-up risk.
Upper-midscale select-service	Supported	Best fit for commercial, medical, university, group, and leisure segments.
\$205 stabilized ADR	Supported conditionally	Requires new-product quality, brand distribution, account sales, and rate discipline.
\$22.69M senior debt	Supported conditionally	Stabilized metrics are adequate; construction / ramp-up liquidity must be strengthened.
Base return profile	Supported conditionally	Positive development spread and acceptable illustrative IRR; sensitive to cost and timing.

NOT SUPPORTED AS PRESENTLY PROPOSED

Alternative / Assumption	Reason Not Supported
160-key upscale concept	Higher cost, greater supply exposure, parking pressure, and insufficient incremental return evidence.
Full-service restaurant program	Insufficient recurring F&B and group depth relative to fixed cost and capital need.
Q2 2029 opening	Schedule appears too aggressive without written approvals, utility commitments, final plans, GMP, and financing.
Current interest-reserve allowance	Directional analysis indicates a potential gap that must be resolved.
Unconditional construction start	Critical physical, brand, cost, equity, and loan items remain unverified.

Decision standard

The conclusion remains valid only while the project stays within the defined market, product, cost, schedule, financing, and operating parameters. Material changes require a revised feasibility analysis.

RISK AND EXECUTION

Conditions to Proceed

The following conditions should be satisfied before land closing, final brand selection, construction authorization, or loan funding, as applicable.

No.	Condition	Required Evidence	Deadline
1	Site control and title	Executed purchase / option documents, title, survey, easements, access rights, and closing conditions are acceptable.	Before land closing
2	Zoning and entitlements	Written hotel-use confirmation, site-plan path, parking, height, setbacks, signage, and agency schedule.	Before design development
3	Utilities and off-sites	Will-serve letters, capacities, fire flow, connection points, lead times, fees, and off-site scope.	Before GMP
4	Environmental and geotechnical	Acceptable Phase I, flood / wetlands review, geotechnical report, grading, drainage, and foundation assumptions.	Before GMP
5	Brand economics	Approved brand, protected area, complete fee package, prototype, key money, term, transfer, termination, and damages.	Before franchise execution
6	Operator and pre-opening plan	Qualified manager, owner controls, operating budget, staffing, sales, revenue management, and pre-opening schedule.	Before loan closing
7	Design and program	144 keys, room mix, area, parking, meeting, amenities, BOH, site circulation, and brand compliance confirmed.	Before design development
8	GMP and cost plan	Fully reconciled scope and budget at or below approved threshold, with contingency, escalation, owner scope, FF&E, OS&E, and reserves.	Before construction authorization
9	Capital and reserve	Committed senior debt, full base equity, overrun backstop, draw-based interest reserve, working capital, and covenant cure capacity.	Before loan closing
10	Downside acceptance	Updated downside case remains liquid, serviceable, and within approved investor risk limits.	Before final investment approval

AUTOMATIC RE-UNDERWRITING TRIGGERS

- Total cost increases by more than 3%, opening moves by more than 90 days, key count changes by more than 5%, or gross building area changes by more than 3%.
- Brand, management, loan, equity, tax, insurance, utility, access, environmental, or off-site assumptions change materially.
- A direct competitor advances, major demand generator contracts or relocates, or market occupancy / ADR changes materially from the study basis.

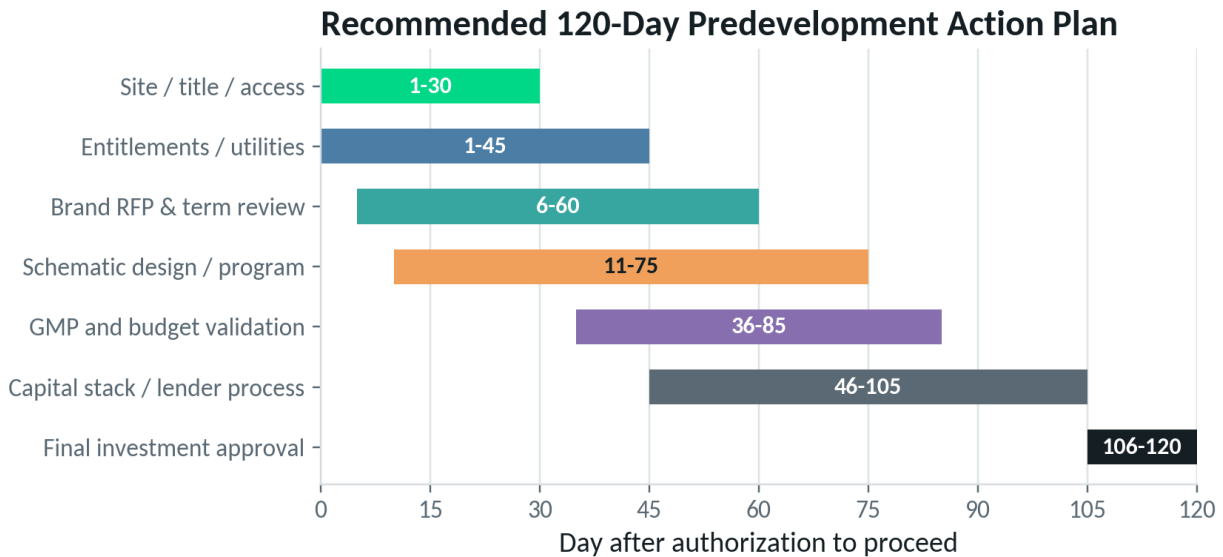
Control principle

Conditions should appear in the development schedule, responsibility matrix, budget, closing checklist, loan documents, and investor approval process - not only in the feasibility report.

RISK AND EXECUTION

Recommended 120-Day Action Plan

The next phase should convert the most important assumptions into documents, pricing, commitments, and executable decisions.



Workstreams overlap intentionally; critical-path dependencies require active coordination.

FIRST 30 DAYS

- Confirm site control, title, survey, access, zoning, utility contacts, environmental status, geotechnical scope, and municipal approval path.
- Issue a structured brand RFP and operator qualification request; establish a normalized franchise and management comparison template.
- Lock the 144-key test-fit basis, room mix, parking target, gross-area target, amenity program, and schematic-design responsibilities.

DAYS 31-60

- Complete demand-generator and comparable-hotel fieldwork; update pipeline probability; refine occupancy, ADR, segment, and opening assumptions.
- Advance schematic plans, civil concept, utility loads, and an itemized cost plan. Identify long-lead items and agency dependencies.
- Launch lender discussions with the updated market, product, budget, schedule, sponsor, equity, and reserve package.

DAYS 61-120

- Negotiate brand / operator terms, complete design-development pricing, reconcile the GMP path, finalize sources and uses, and evidence equity and reserve support.
- Update the feasibility model, downside analysis, and decision dashboard. Present unresolved deviations and recommended mitigants for final investment approval.

Action-plan outcome

At Day 120, the sponsor should have enough verified information to approve, revise, pause, or terminate the project without relying on the original concept assumptions.

RISK AND EXECUTION

Decision Gates and Approval Standards

The project should advance through formal gates. Each gate requires evidence and an explicit decision rather than an assumption that continued spending equals approval.

Gate	Minimum Evidence	Decision
Gate 1 - Site Continuation	Market support, site fit, title / access path, zoning path, utility feasibility, environmental screen.	Proceed to design and brand process; revise site; or terminate.
Gate 2 - Concept Lock	144-key test fit, room mix, public spaces, amenities, parking, gross area, brand shortlist, updated forecast.	Approve design basis and brand negotiations.
Gate 3 - Economic Validation	Schematic estimate, franchise economics, operator budget, updated sources and uses, reserve, lender feedback, downside.	Proceed to DD / GMP; redesign; or pause.
Gate 4 - Capital Approval	GMP or equivalent, permits / approvals, final brand and management terms, committed debt and equity, completion and overrun support.	Authorize closing and construction.
Gate 5 - Opening Readiness	Staffing, systems, brand inspection, account production, group base, operating cash, punch list, life safety, permits.	Open; delay; or implement contingency plan.
Gate 6 - Stabilization / Refinance	Rolling performance, market share, NOI, reserve, capex, debt balance, value, refinance and sale alternatives.	Refinance, hold, recapitalize, or sell.

APPROVAL STANDARDS

Documented Every critical assumption has a current document, third-party report, executed agreement, verified price, or clearly disclosed limitation.	Reconciled Plans, budget, schedule, brand, operating model, financing, and return model agree with one another and use the same project definition.
Stress-tested Cost, timing, operating, financing, and exit downside cases are funded and within approved risk limits.	Accountable Each open item has an owner, deadline, evidence requirement, escalation trigger, and decision authority.

Gate rule

Do not move a failed item into a later phase merely because it is inconvenient to resolve. Either close the item, quantify and fund the risk, revise the project, or stop.

APPROVAL AUTHORITY AND REQUIRED SIGN-OFFS

Ownership / investment committee Approves land basis, total cost, equity commitment, return thresholds, downside liquidity, guarantees, and material deviations from the approved business plan.	Development team Certifies site control, approvals, design coordination, budget, schedule, procurement, construction risk, contingency, and completion plan.
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Brand and operator

Confirm territorial approval, prototype, fees, opening plan, staffing, sales strategy, operating standards, performance expectations, and lender-compatible agreements.

Lender and capital partners

Approve underwriting, appraisal, environmental and engineering, franchise and management terms, sources and uses, reserves, covenants, guarantees, and funding conditions.

APPENDICES

Core Calculations and Formula Reference

The following formulas explain how the principal operating, debt, and value metrics in this sample are derived.

Metric	Formula	Illustrative Application
Available room nights	Keys x operating days	144 x 365 = 52,560 annual room nights
Occupied room nights	Available room nights x occupancy	52,560 x 74% = 38,894 room nights
Rooms revenue	Occupied room nights x ADR	38,894 x \$205 = \$7.97M
RevPAR	Occupancy x ADR	74% x \$205 = \$151.70
Total revenue	Rooms revenue + ancillary revenue	\$7.97M + \$0.92M = \$8.89M
GOP	Total revenue - departmental and undistributed operating expenses	\$3.60M before FF&E reserve
NOI	GOP - FF&E reserve - ownership costs	\$2.88M stabilized NOI
Yield on cost	Stabilized NOI / total project cost	\$2.88M / \$30.25M = 9.53%
Value by capitalization	Stabilized NOI / capitalization rate	\$2.88M / 8.25% = \$34.97M
Loan-to-cost	Loan amount / total project cost	\$22.69M / \$30.25M = 75.0%
Loan-to-value	Loan amount / stabilized value	\$22.69M / \$34.97M = 64.9%
Debt yield	Stabilized NOI / loan amount	\$2.88M / \$22.69M = 12.7%
Debt-service coverage	NOI / annual debt service	\$2.88M / \$1.77M = 1.63x
Equity multiple	Total positive equity cash flow / equity invested	\$21.99M / \$7.56M = 2.91x
IRR	Discount rate setting NPV of equity cash flows to zero	Approximately 15.2% for the illustrative cash-flow timing

Formula note

Exact results can vary because of monthly versus annual timing, partial years, debt draw schedules, amortization dates, reserves, financing fees, taxes, and sale timing. A live workbook should retain the monthly model and audit trail.

CALCULATION CONTROLS AND MODEL INTEGRITY

Formula control Use transparent formulas, consistent units, visible assumptions, error checks, and no unexplained hard-coded values in calculated schedules. Cross-foot every major table.	Model integration The development budget, draw schedule, interest reserve, operating forecast, debt schedule, valuation, and equity cash flow should reconcile without manual bridge entries.
Version control Date every issued model, preserve an assumptions log, identify changes from the prior version, lock approved base cases, and retain source documents supporting material inputs.	Independent review Complete a second-person check of key formulas, room-night math, fee calculations, debt sizing, refinance proceeds, sale proceeds, returns, and all dashboard metrics before delivery.

APPENDICES

Selected Hotel and Finance Definitions

Consistent definitions prevent confusion between hotel-operating metrics, ownership cash flow, and lender underwriting measures.

Term	Definition
ADR	Average daily rate: rooms revenue divided by rooms sold.
RevPAR	Revenue per available room: rooms revenue divided by available room nights, or occupancy multiplied by ADR.
Occupancy	Rooms sold divided by rooms available.
GOP	Gross operating profit after departmental and undistributed operating expenses but before selected ownership costs.
NOI	Net operating income used for value and debt analysis; definition must specify reserve, management, taxes, insurance, and ownership items.
FF&E reserve	Reserve for future replacement of furniture, fixtures, and equipment, often modeled as a percentage of total revenue.
MPI	Market penetration index for occupancy: subject occupancy divided by competitive-set occupancy x 100.
ARI	Average rate index: subject ADR divided by competitive-set ADR x 100.
RGI	Revenue generation index: subject RevPAR divided by competitive-set RevPAR x 100.
Stabilization	The point at which the hotel achieves sustainable market share and operating margin under normal conditions.
LTC	Loan-to-cost: loan amount divided by total eligible project cost.
LTV	Loan-to-value: loan amount divided by value.
DSCR	Debt-service coverage ratio: NOI divided by annual debt service.
Debt yield	NOI divided by loan amount; independent of interest rate and amortization.
Yield on cost	Stabilized NOI divided by total project cost.
Capitalization rate	Rate used to convert a single period of stabilized income into an indication of value.
IRR	Internal rate of return: discount rate that sets the net present value of cash flows to zero.
Equity multiple	Total cash returned to equity divided by total equity invested.
PIP	Property improvement plan required by a brand, often in connection with acquisition, renewal, reflagging, or quality compliance.
Compression	High-demand period when market occupancy and pricing power increase because available rooms are limited.

Definition control

Loan documents, franchise agreements, management agreements, appraisals, and operating statements may define NOI, EBITDA, reserves, and fees differently. Always reconcile definitions before comparing ratios.

APPENDICES

Scope Completion, Limitations, and Contact

This illustrative sample demonstrates the full market, product, operating, capital, sensitivity, risk, and decision framework of a Stratas hotel feasibility study.

STANDARD COMPONENTS	FORECAST HORIZON	CHARTS / GRAPHICS	PHOTO PLACEHOLDERS
22	10 Years	21	11
All addressed	2029-2038	Designed for readability	All 1080 x 1080

WHAT A LIVE ASSIGNMENT WOULD ADD

Property-specific evidence Actual address, parcel, control documents, site plans, survey, maps, photographs, access, utilities, zoning, environmental, geotechnical, traffic, engineering, and entitlement information.	Current market research Third-party lodging data, economic and visitor sources, comparable-hotel interviews, rate shops, demand-generator interviews, event calendars, planned-supply verification, and field observations.
Executed economics Brand and management proposals, detailed budget, contractor pricing, FF&E / OS&E schedules, taxes, insurance, payroll, pre-opening plan, financing terms, equity plan, and target returns.	Decision-specific scenarios Alternative sites, brands, key counts, room mixes, PIP / renovation scopes, acquisition prices, capital stacks, refinance structures, hold periods, exit cases, and investor waterfalls.

IMPORTANT LIMITATION

A feasibility study is an advisory analysis based on the information available as of the report date and the assumptions stated in the report. It is not an appraisal, loan commitment, franchise approval, legal opinion, tax opinion, environmental report, construction guarantee, or guarantee of future performance. Actual results may differ materially from projections.

Discuss Your Hotel Opportunity

Stratas provides hotel feasibility, underwriting, capital, and transaction advisory services tailored to the property, capital plan, and decision at hand.

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FINAL HANDOFF PACKAGE

Core deliverables Executive report, market and competitive schedules, multiyear operating forecast, development and debt analysis, return and sensitivity schedules, risk matrix, conditions to proceed, and action plan.	Supporting workpapers Assumptions register, source log, comparable-property notes, demand-generator findings, pipeline schedule, photo log, calculations, and unresolved-item tracker.
Review and presentation A structured findings meeting should distinguish supported conclusions, sponsor inputs, open confirmations, decision thresholds, and the exact changes that would require re-underwriting.	Update protocol A live engagement should define the report date, reliance period, update events, revised-version naming, distribution list, data-room location, and responsibility for maintaining current evidence.