

**Monroe County Capital Improvement Board (CIB)
Request for Proposal (RFP) Reissuance for New Hotel Developer**

**Bloomington Convention Center Hotel
Bloomington, Indiana**

**Issue Date: April 24, 2026
RFP Due Date: June 30, 2026**



All renderings provided by Schmidt Associates, Architect of Record

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1. Introduction – CONVENTION CENTER EXPANSION CONSTRUCTION IS UNDERWAY and ON SCHEDULE!

The Capital Improvement Board (CIB) was created, pursuant to Indiana Code 36-10-8 et seq., to manage and direct the affairs of the Bloomington County Convention Center (Convention Center) and its expansion. The current Convention Center is located at 302 S. College Avenue, and the expansion is under construction across the street, connected by an overhead bridge. These photos reflect the current progress with construction completion on January 8, 2027. Additional renovations will continue within the existing convention center through June 2027.

Through an interlocal government real estate conveyance, the CIB now owns over 6 acres of land, providing numerous options for siting a hotel development. The CIB is prepared to consider incentives to hotel developers, including providing real estate for the construction of the Hotel at no cost to the chosen developer. Incentive offerings will depend on the requested real estate, location, scope of the project, available incentives, statutory considerations, and timing. Pursuant to an Interlocal Agreement between the city of Bloomington and the county of Monroe, any Bloomington Convention Center host hotel at any location in the city of Bloomington requires the prior approval of the CIB.



New Convention Center Expansion Street View

All parcels are within 1-2 blocks of the convention and near key assets like the Fourth Street Garage, Bloomington Transit Center, Courthouse Square, the B-Line Trail, and are a half mile from Indiana University's main campus. Through this Request for Proposals (RFP), the CIB is seeking new proposals from qualified developers with nationally recognized hotel brands to

design, finance, build, and operate a convention center hotel. This hotel will be an integral part of the expanded convention center, intended to enhance the community's capacity to host events and stimulate local economic growth.

2. Project Background

Bloomington, Indiana, is a vibrant community known for its rich cultural heritage, academic excellence through Indiana University, and a thriving local economy.

Nestled in the rolling hills of southern Indiana, Bloomington is a small town with big-city amenities, atmosphere, and culture—home of Indiana University's flagship Bloomington campus (IUB), a leading Tier-1 Research University. Bloomington also features award-winning parks and trails; scores of restaurants with worldwide cuisines; the Little 500 bicycle race; festivals like Granfalloon, the Limestone Comedy Festival, Pridefest, Bloomington Handmade Market, and the Lotus World Music & Arts Festival; fantastic museums; a thriving music scene built of equal parts Jacobs School of Music and townie rock bands; engaging public art; and finally many wonderful spots to enjoy locally crafted coffee, beer, cider, and spirits. The city is frequently heralded as a desirable place to live and work and has received national recognition for its business- and entrepreneur-friendly environment and innovation economy.



Photo Credit: LOTUS World Music & Arts Festival coming to Bloomington September 2023

Convention Center

The Capital Improvement Board (CIB) aims to partner with a full-service convention center hotel developer to complement the Bloomington Convention Center expansion and provide enhanced facilities for business and leisure travelers. The proposed hotel will serve as a catalyst for economic development, increasing tourism and business travel while supporting local businesses and the broader community. By enhancing the city's hospitality infrastructure, the project aims to attract larger conferences and conventions and will strengthen Bloomington's position as a premier destination for regional and national events.

Zoning

All parcels are zoned **MD (Mixed-use Downtown)**: The MD district is intended to protect and enhance the character of the central business district, to guide new development and redevelopment activities in the downtown area, and to promote a mix of moderate-to high-density development with active street edges. The zoning district is divided into six different Downtown Character Overlays and permitted size and scale of buildings vary among those Downtown Character Overlays to ensure that projects are compatible in mass and scale with historic structures in the surrounding areas.

- **MD-DE (Downtown Edges Downtown Character Overlay)**: The Mixed-Use Downtown Edges (MD-DE) character area is intended to guide both new development and redevelopment activities to ensure that new development is compatible in mass and scale with historic structures in the downtown edges character area, and to create a transitional zone between downtown commercial and core residential development where design reflects a mix of traditional commercial storefronts and residential development configurations.

UDO is available: [Unified Development Ordinance \(UDO\) | City of Bloomington, Indiana](#)

Due Diligence

The Capital Improvements Board has initiated steps to secure Phase I environmental reports and real estate appraisals, which will be made available when received.

3. Project Definition

The host hotel shall be located near the Bloomington Convention Center, on a site owned by the CIB, as illustrated in Exhibit B, ensuring easy connectivity and convenience for event attendees. The development is expected to be designed with an iconic exterior and interior, including the following at a minimum

- Keys: 200 guest rooms
- Parking Spaces: meet UDO standard or variance to 100 spaces or other valet models to support off-site parking
- Full-Service Restaurant
- Fitness Center
- Bar/Lounge
- Room block agreements
- Dedicated marketing staff to drive bookings

Exhibit B documents the interlocal government real estate conveyance, defining the parcels previously owned by Monroe County and the Bloomington Redevelopment Commission that have now been transferred to the Capital Improvements Board. The final location of the proposed hotel shall be determined by the hotelier developer, approved by the CIB, and subject to the final Public Real Estate Offering process.

4. Scope of Services

A. Description of Services of the Developer

The services outlined herein are considered essential and should be regarded as mandatory by respondents. However, the final scope of services may vary and will be determined before the execution of a Development Agreement with the selected hotelier. The relationship between the Developer and the CIB will be that of an independent entity, regardless of the financial arrangements selected for the development. The Developer's team may include multiple entities such as the Developer, Financing Partner, and Operator. The project's development, design, construction, and operation will be governed by a Development Agreement and other supporting project agreements and ground leases. The Developer will be responsible for the following:

1. Evaluating the existing analyses concerning the proposed Hotel and conducting or commissioning any additional required analyses.
2. Forming a competent development team experienced in the development, financing, design, construction, implementation, branding, and operational management of convention-oriented hotels, especially those in mixed-use, urban environments.
3. Establishing a public-private partnership that aligns the economic, operational, and connectivity goals with those of the selected private-sector development entity. This includes the Developer's expertise in creating facility use agreements and convention center hotel booking policies.
4. Securing financing for the Hotel with a mix of equity and debt.
5. Compliance all code and zoning regulations, including but not limited to the City of Bloomington Uniform Development Ordinance and other related local ordinances such as LEED, 1% for Art, ROW acquisition, etc.

The Development team will oversee all aspects of the Project. The Developer, along with their approved Architect, will have overall responsibility for the design of all Project elements, ensuring compliance with all applicable laws, Developer and Owner requirements, and necessary technical services. The Developer will be accountable for all services provided, whether by the Developer directly or their subconsultants. The essential services include but are not limited to the following disciplines to ensure a comprehensive and well-coordinated development program for the Hotel:

- Urban Development and Land Use Planning
- Site Survey, Geotechnical, and Environmental Testing beyond Phase I Reporting
- Financing
- Hospitality Market Analysis
- Local Planning Approvals
- State Construction Design Release
- Architectural, Interiors, and Acoustic Design
- Civil and Structural Engineering
- Mechanical, Electrical, Fire Protection, and Plumbing Engineering
- Construction and Construction Administration
- Audio, Video, Communications and Information Technology Design
- Code Compliance
- Existing Building Demolition
- Furniture, Fixtures and Equipment (FF&E) Design
- LEED Certification
- Traffic and Pedestrian Engineering
- Wayfinding and Signage
- Hotel Operation
- Event Planning and Coordination
- Event Marketing

The selected Developer and their team will implement industry best practices, hotel design standards, building codes, and the latest construction materials and trends in the hospitality sector. The team must have substantial experience managing large, complex hotel projects and providing leadership for projects involving advanced building techniques. The Developer will demonstrate extensive experience successfully leading integrated teams of analysts, architects, engineers, construction managers, financial staff, and project managers.

The Developer's responsibilities will also include preconstruction planning, logistical planning during construction, facility transition planning near project completion, developing operating plans, establishing project quality control systems, insurance, safety and compliance programs, conducting constructability reviews as needed, monitoring construction controls and milestone schedules, and reviewing reports, manuals, and standards from inspection, testing, commissioning, and training providers. The Developer will oversee and implement the Project daily, provide necessary resources and expertise to monitor, review, and coordinate services.

The successful Developer must be prepared to enter into a Project Agreement with the CIB and will be responsible for ensuring all elements of suitable and successful hotel development and operation.

5. Submission Requirements

Developers must submit the following materials:

1. **Cover Letter:** A brief letter that introduces the development team, summarizes the proposal, and outlines the key points of the submission. This letter should be signed by an authorized representative of the development team.
2. **Experience and Qualifications:** Include descriptions and photos/renderings of similar projects, including size, scope, and outcomes.
3. **Project Team:** List the key personnel involved in the project, their roles, and their experience. Emphasize the team's history of working together and their experience in the local or regional market. Commitment to using Minority, Women-Owned, and Veteran-Owned Businesses should also be addressed.
4. **Development Plan:** Provide block plan site layout, building height, construction timeline, transportation and parking, LEED certification approach, and operational plan.
5. **Financial Plan:** Provide a detailed financing strategy, including a detailed operating proforma, underwriting terms, sources, and uses of funds. This should include revenue projections, expense estimates, capital investments, land value, and an analysis of the project's return on investment.
6. **Preliminary Hotel Operating Plan:** Describe the preliminary operating plan for the hotel, including policies for booking, room rates, and access-use agreements.

Note: References may be requested after receipt of proposals.

Submission Procedure and Questions:

All Submittals to the RFP, RFP Intent Letters, and Requests for Information shall be submitted by electronic means and identified in the subject line as

“MCC – HOTEL RFP – June 2026” and transmitted to Jim Whitlatch jwhit@lawbr.com.

For any questions or requests for additional information, please contact: Monroe County Capital Improvement Board c/o Jim Whitlatch, Attorney, Bunger and Robertson, 211 South College, Bloomington, IN 47404, 812-332-9295

Jim Whitlatch jwhit@lawbr.com

6. Proposal Evaluation and Selection Process

The proposal evaluation and selection process is designed to ensure a fair and transparent assessment of all submitted proposals. The Monroe County Capital Improvement Board (CIB) is committed to selecting a developer who not only meets the specified requirements but also demonstrates the potential to deliver a successful project and the best value to the CIB.

Evaluation Criteria:

Proposals will be evaluated based on the following criteria:

1. Relevant Experience, Qualifications, and Successful Completion of Similar Projects
2. Financial Stability and Viability of the Financial Plan
3. Quality and Feasibility of the Development Plan
4. Commitment to Using Minority, Women-Owned, and Veteran-Owned Businesses

Selection Process:

The selection process will involve several stages to ensure a thorough and objective evaluation of all proposals:

1. If proposals are deemed sufficient, a selection committee composed of CIB representatives and local hospitality and visitor center advisors will evaluate and prepare a recommendation to the CIB.
 2. The real estate is currently owned by the CIB which is a government entity meaning that any statutory requirements regarding disposition of the real estate will need to be followed.
-

7. Project Schedule

- **RFP Issuance Date:** April 24, 2026
 - **RFP Intent Letter Deadline:** June 5, 2026 @ 4:00 p.m. EST
 - **Submission Deadline:** June 30, 2026 @ 4:00 p.m. EST
 - **Targeted Interview Dates:** Week of July 6, 2026
-

8. Terms and Conditions

This section outlines the terms and conditions that govern the submission of proposals and the conduct of the RFP process. It is crucial that all respondents understand and adhere to these terms to ensure a fair and transparent selection process.

Property of the CIB: All materials submitted in response to this RFP become the property of the Monroe County Capital Improvement Board (CIB). The CIB reserves the right to use any and all information contained in the proposals for purposes related to the RFP and the selection process.

Confidentiality: While the CIB will make every effort to maintain the confidentiality of submitted proposals, complete confidentiality cannot be guaranteed due to public records laws. Respondents should clearly mark any proprietary or confidential information as such. However, all submissions are subject to the Freedom of Information Act and other public records laws, and the CIB cannot guarantee that such information will not be disclosed.

Good-Faith Effort: Developers are encouraged to make a good-faith effort to include Minority, Women-Owned, and Veteran-Owned businesses in their development teams. This effort should be reflected in the proposal through documented outreach and engagement strategies, inclusion of diverse businesses in the project team, and specific commitments to equal opportunity practices.

Right to Reject: The CIB reserves the right to reject any and all proposals, waive any irregularities, and request additional information if necessary. The CIB is not obligated to accept the lowest bid or any proposal submitted. The selection will be based on the overall merit and fit of the proposal to the project's goals and requirements.

Non-Binding: This RFP does not constitute a contract or an offer to enter into a contract. The issuance of the RFP and the receipt of proposals do not commit the CIB to award a contract or pay any costs incurred in the preparation of a response. The CIB reserves the right to cancel the RFP process at any time without prior notice and without liability.

Addenda: The CIB may issue addenda to the RFP as necessary to provide clarifications or additional information. All addenda will be posted on the CIB's website, as well as the City of Bloomington's and Monroe County's websites, and sent to all registered respondents. It is the responsibility of the respondents to ensure they have received and reviewed all addenda before submitting their proposals.

Cost Liability: The CIB assumes no responsibility and bears no liability for any costs incurred by respondents in the preparation and submission of proposals in response to this RFP.

Validity of Proposals: Proposals must remain valid for a period of 180 days from the proposal submission deadline. Proposals may not be withdrawn after the submission deadline without the CIB written consent.

Contract Terms: The final contract terms will be negotiated with the selected developer. The Development Agreement will include detailed terms and conditions governing the project's development, construction, and operation.

9. Exhibits

Exhibit A – Bloomington Convention Center Expansion Images

Exhibit B – Real Estate Property Owned by Monroe County Capital Improvements Board

Exhibit C – HVC Market Study

Exhibit A – Bloomington Convention Center Expansion

Expand Space

Achieving functionality, flexibility, and a technology-rich environment

Create Inspiring Architecture

Creating memorable experiences through design

Showcase Uniqueness and Amenities

Reflecting Bloomington's culture through space, branding, art, activation, and refreshments

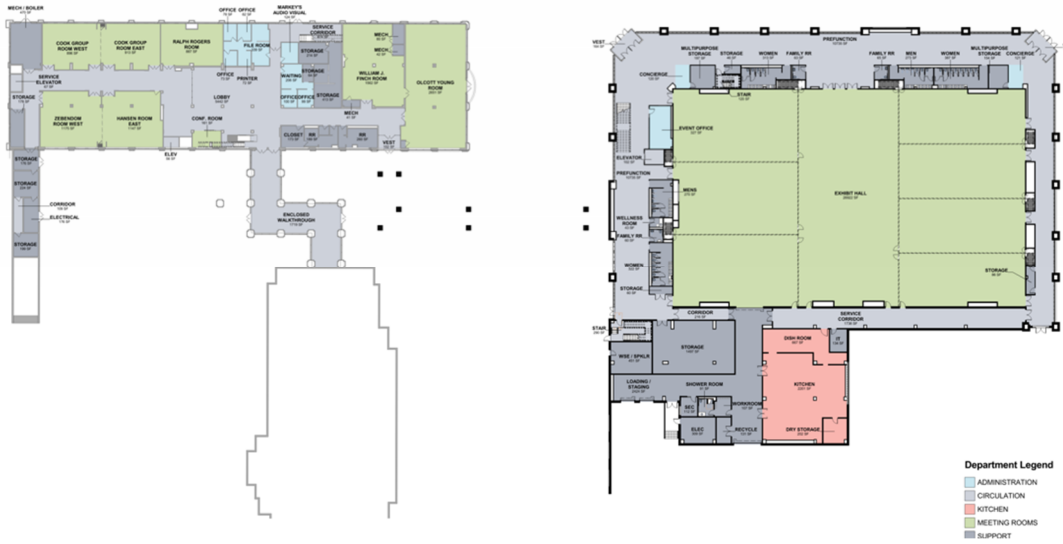
Enhance Connectivity

Enhancing our community's connectedness

Achieve Sustainability

Recognizing and continuing our community's commitments to sustainability.

Convention Center First Floor:



Convention Center Second Floor:

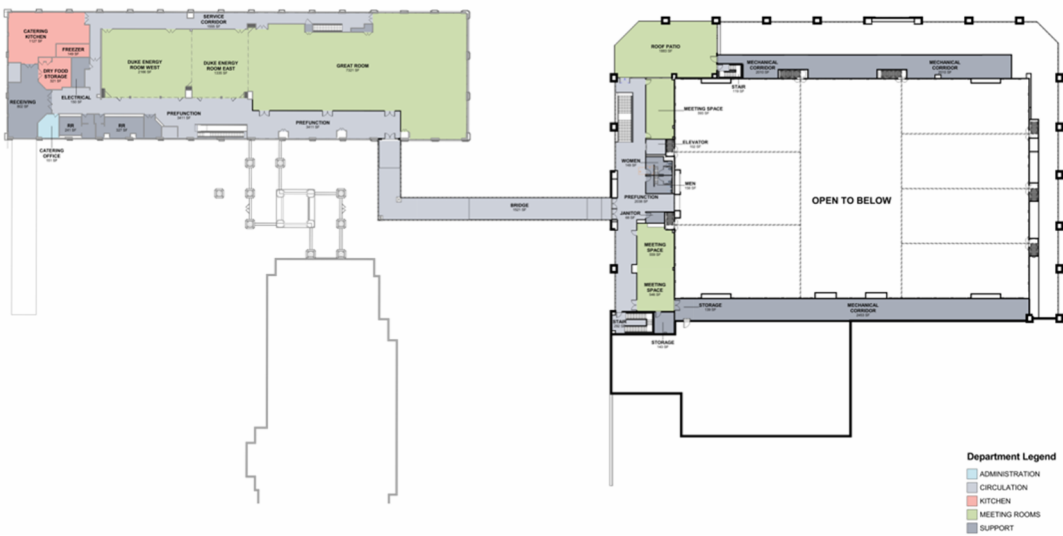


Exhibit A – Bloomington Convention Center Expansion continued – Architect Renderings

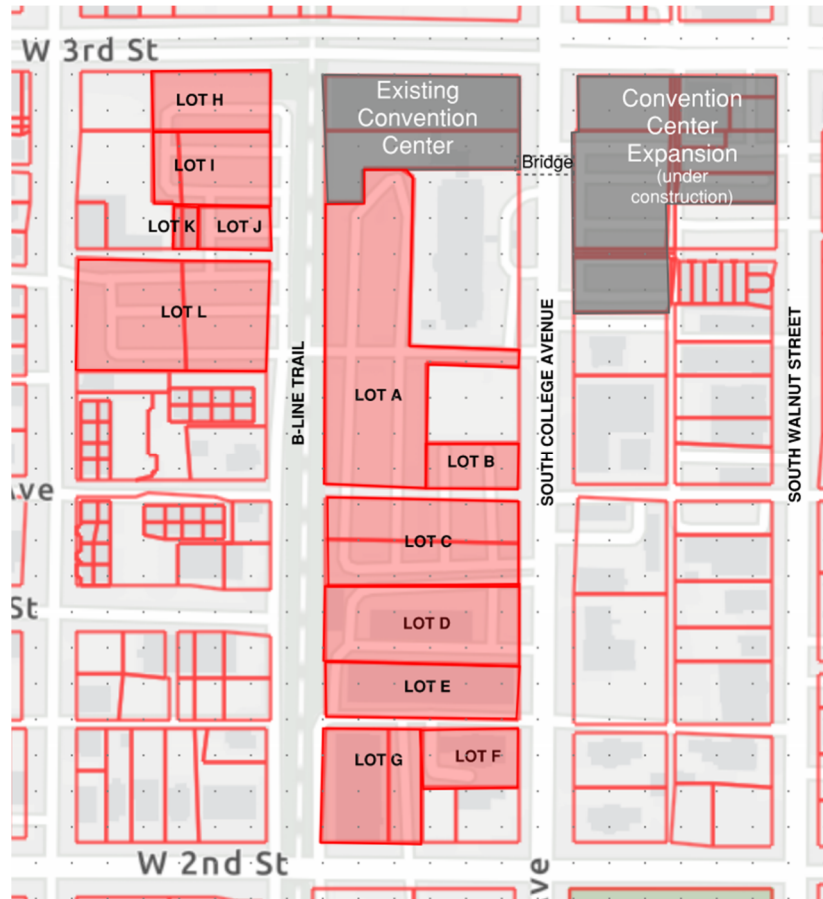


Exhibit A – Bloomington Convention Center Expansion continued – Architect Renderings



Exhibit B – Property Parcels Available

Through an interlocal government real estate conveyance, the CIB now owns over 6 acres of land (highlighted in crimson below), providing numerous options for siting a hotel development.



CIB Lot Designation	Address	Parcel	Acreage	Assessed Value (source: Bloomington Geohub 4/22/26)
A	South College Ave	53-08-04-208-002.000-009	1.4	\$1,419,200
B	350 S College Ave	53-08-04-200-171.000-009	0.21	\$214,100
C	402 S College Ave	53-08-04-200-017.000-009	0.91	\$923,400
D	414 S College Ave	53-08-04-200-170.000-009	0.72	\$952,300
E	422 S College Ave	53-08-04-200-099.000-009	0.46	\$1,482,700
F	432 S College Ave	53-08-04-200-201.000-009	0.32	\$629,800
G	222 West 2nd St	53-08-04-200-079.000-009	0.42	\$1,181,800
H	West 3rd St	53-05-33-300-008.000-005	0.26	\$264,700
I	South Madison St	53-01-50-871-000.000-009	0.51	\$230,800
J	337 S Madison St	53-08-04-200-163.000-009	0.14	\$63,100
K	South Morton St	53-01-51-417-000.000-009	0.06	\$50,400
L	S Madison St	53-01-50-398-000.000-009	0.94	\$426,400
			6.35	\$7,838,700

Source: Bloomington, GeoHub (geohub.bloomington.in.gov)

Exhibit C – HVS Market Study, commissioned by the Monroe County Capital Improvements Board via J.S. Held to support this initiative

Attached for reference.



MARKET STUDY

Proposed Convention Center Hotel

COLLEGE AVENUE & THIRD STREET
BLOOMINGTON, INDIANA



SUBMITTED TO:

Mr. Adam Gelter
Iterum Consulting Group
1203 Walnut Street, 4th Floor
Cincinnati, Ohio 45202

+1 (513) 621-4400

PREPARED BY:

HVS Consulting & Valuation
Division of TS Worldwide, LLC
318 West Adams Street, Suite 1915
Chicago, IL 60606

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December 9, 2024

Mr. Adam Gelter
Iterum Consulting Group
1203 Walnut Street, 4th Floor
Cincinnati, Ohio 45202

Re: Proposed Convention Center Hotel
Bloomington, Indiana
HVS Reference: 2024021227

Dear Mr. Gelter:

HVS CHICAGO

318 West Adams Street, Suite 1915

Chicago, IL 60606

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+1 (516) 742-3059 FAX

www.hvs.com

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Bloomington, Indiana, area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site.

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

Sincerely,
TS Worldwide, LLC



Brian Arevalo, Senior Vice President
barevalo@hvs.com, +1 (817) 680-7666

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1. Executive Summary

Subject of the Market Study

Several sites along the western side of South College Avenue from West 2nd Street to West 3rd Street have been made available for the proposed convention center hotel; however, the specific site for the new development has yet to be chosen.

While a specific site has not been identified, our study assumes the subject site would measure approximately 2.5- to 4.0-acres. The subject site is expected to be improved with a full-service lodging facility, which is anticipated to be associated with a national brand. The property, which is expected to open on August 1, 2027, will feature 200 rooms, a signature restaurant and lobby lounge, 15,000 to 20,000 square feet of meeting space, an indoor pool, a fitness room, a market pantry, a business center, and a guest laundry room. The hotel will also contain the appropriate parking capacity and all necessary back-of-the-house space.

The Downtown Bloomington market currently comprises hotels within the limited- and select-service segments that are tailored to accommodate demand generated by Indiana University. The only existing full-service hotel in the market is the Graduate Hotel, which does not meet the needs of the Monroe Convention Center. While a particular brand has yet to be determined for this project, our study assumes that the proposed subject hotel will operate as an upper-upscale, full-service hotel under a brand not currently represented in the market. The hotel is expected to be the primary lodging choice for demand generated by the expansion of the Monroe Convention Center in Downtown Bloomington. We note that final plans were not yet available for this consulting assignment; thus, the descriptions in this section are largely based on our review of developer proposals and interviews conducted with the President of Bloomington's Economic Development Corporation, the Executive Director of Visit Bloomington, the Director of Hospitality at Indiana University, and with the Executive Director and Sales Manager at the Monroe County Convention Center. The subject site's location is along College Avenue, South of Third Street, Bloomington, Indiana.

Pertinent Dates

The date of the report is December 9, 2024. The subject site was inspected by Nico Cooper on September 4, 2024. The property is expected to open on August 1, 2027.

Ownership of the Subject Site

Several sites have been made available for the development of the proposed hotel, however, the specific site has yet to be chosen at the time of this report. The current owner of the potential subject sites are the City of Bloomington and Monroe County, both of which are contractually connected to the project via an interlocal agreement. Additionally, there are a number of adjacent private sites, and one owned by the City

Management and Franchise Assumptions

of Bloomington's Redevelopment Commission, that are available for purchase, however, they not within the control of the Capital Improvements Board.

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

We recommend that the proposed subject hotel operate as an upper-upscale, full-service lodging facility. Although a specific franchise affiliation and/or brand has yet to be finalized, based upon a review of several published franchise fees for brands that fall within the recommended product tiers, we have selected a total franchise fee of 8.0% of rooms revenue in order to estimate the cost of a national franchise.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject sites have been evaluated from the viewpoint of their physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

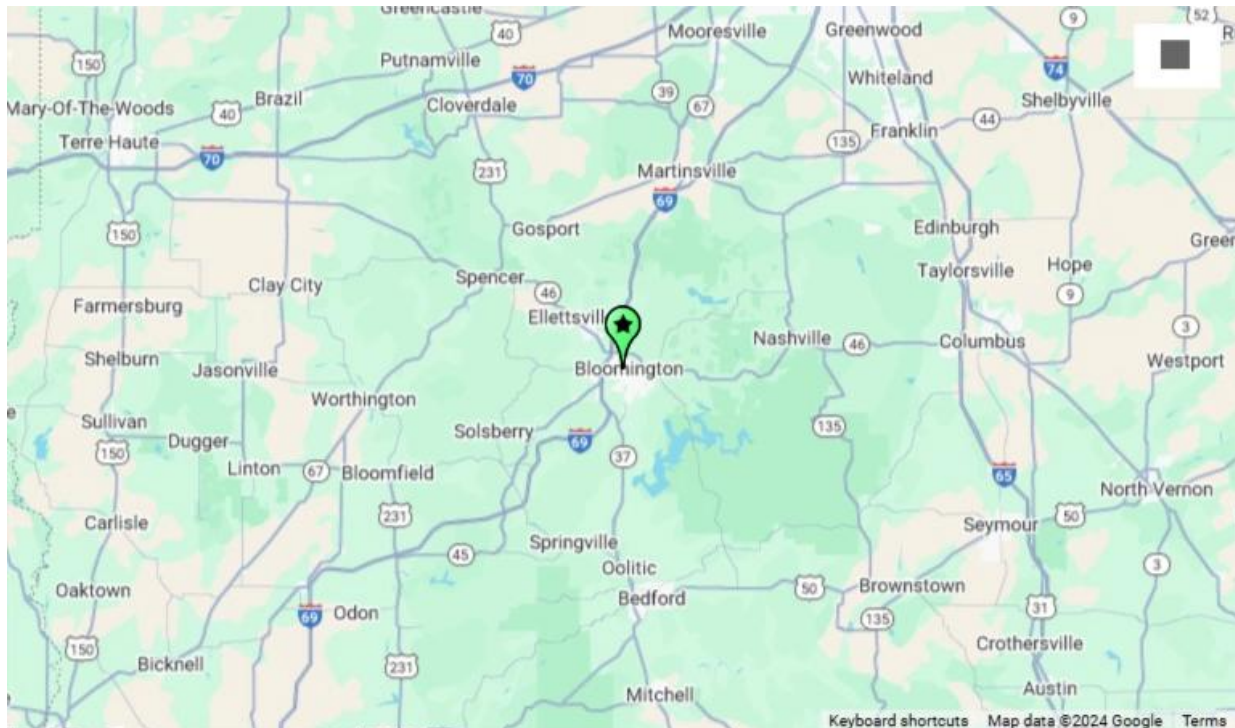
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the proposed subject property.

2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

Several sites along the western side of South College Avenue from West 2nd Street to West 3rd Street have been made available for the proposed convention center hotel; however, the specific site for the new development has yet to be chosen. All sites are in the city of Bloomington, Indiana.

LOCATION MAP



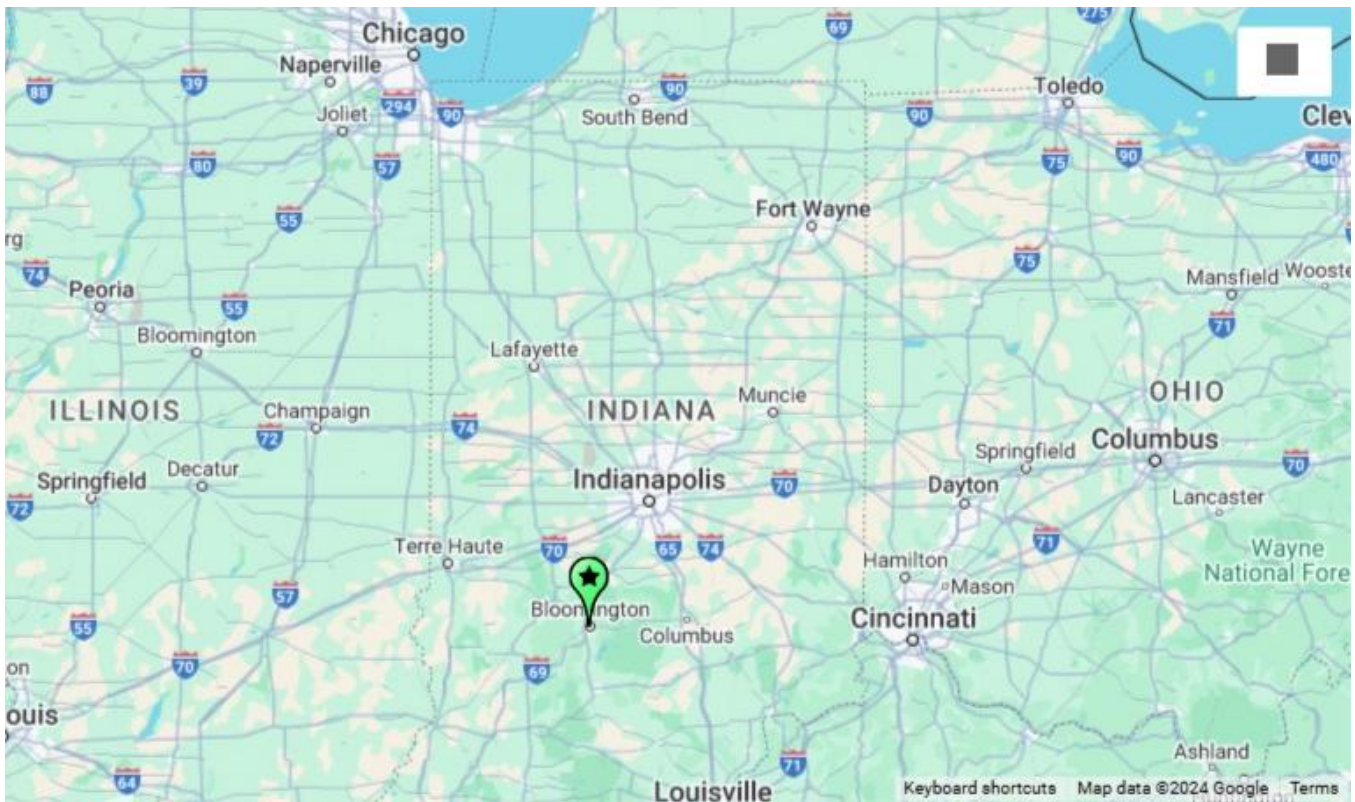
**Physical Characteristics
Topography and
Site Utility**

The topography of each of the proposed sites appears generally flat, and their shape should permit efficient use of the site for the building and other improvements, as well as ingress and egress. Upon completion of all construction efforts, the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. It is expected that the site will be developed fully with building and site improvements, thus contributing to the overall profitability of the hotel.

Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



This market is served by a variety of major routes, including interstates and highways, as illustrated on the map. Regional access to/from the city of Bloomington and the subject site, in particular, is considered very good.

Depending on which site is chosen for development of the proposed hotel, primary vehicular access to the site will be provided by either South College Avenue or West 3rd Street. The potential sites are located near a busy intersection and are relatively simple to locate from Interstate 69, which is the closest major thoroughfare. The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the potential subject sites benefit from convenient accessibility, and the proposed hotel is expected to enjoy favorable visibility from within its local neighborhood.

Airport Access

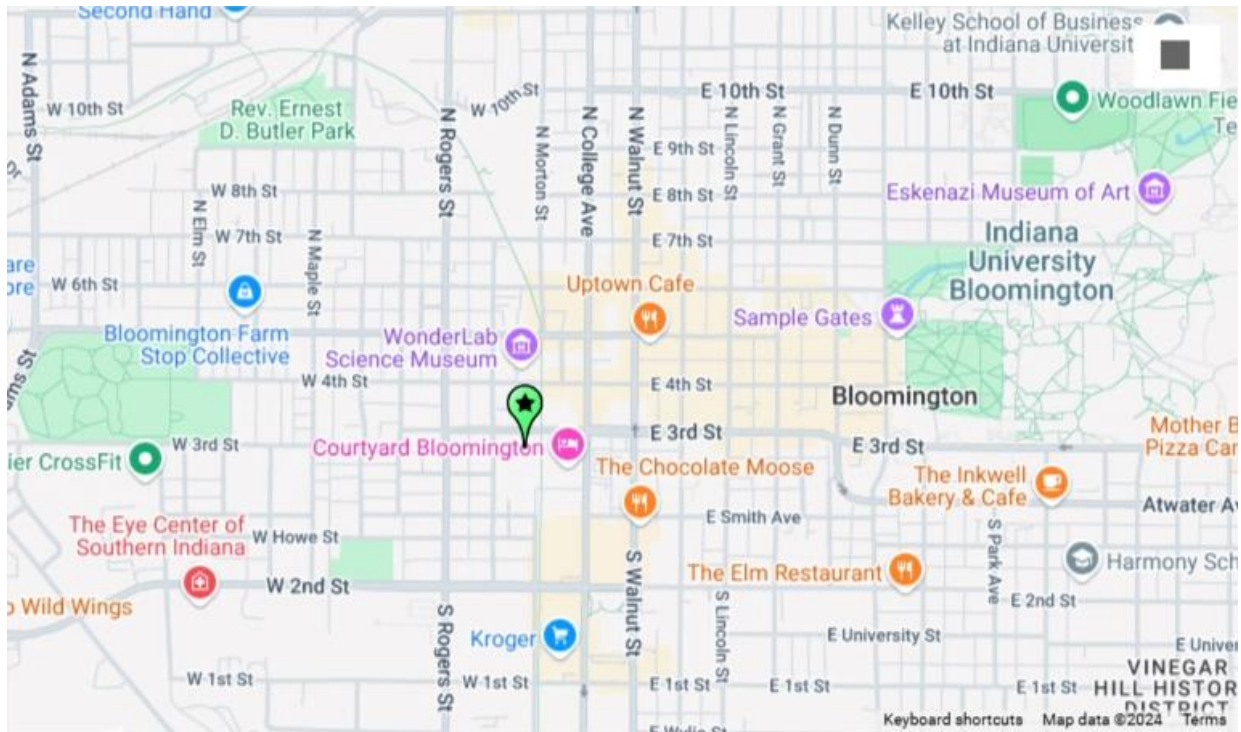
The proposed subject hotel will primarily be served by the Indianapolis International Airport, which is located approximately 40 miles northeast of the subject site. The proposed subject hotel will also be served by the local Monroe County Airport, which services small private flights, and is located approximately 6 miles west of the subject site.

Neighborhood

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The subject property's neighborhood is generally defined by West 10th Street to the north, North Union Street to the east, West 1st Street to the south, and South Rogers Street to the west. The east side of the neighborhood is primarily occupied by the University of Indiana, and the west side is characterized by restaurants, office buildings, and retail shopping centers along the primary thoroughfares, with residential areas located along the secondary roadways. Some specific businesses and entities in the area include Indiana University, Monroe County History Center, Sample Gates, Monroe County Public Library, and the Monroe Convention Center; nearby hotels include the Courtyard by Marriott and Graduate Hotel. Additionally, the Monroe County Courthouse and Downtown Bloomington's Fountain Square commercial center are located just a few blocks north of the proposed subject sites. Restaurants located near the subject property include Da Vinci Pizza and Pasta, K-bap, and Uptown Cafe. In general, this neighborhood is in the stable stage of its life cycle. The proposed hotel's opening should be a positive influence on the area; the property will be in character with and will complement surrounding land uses.

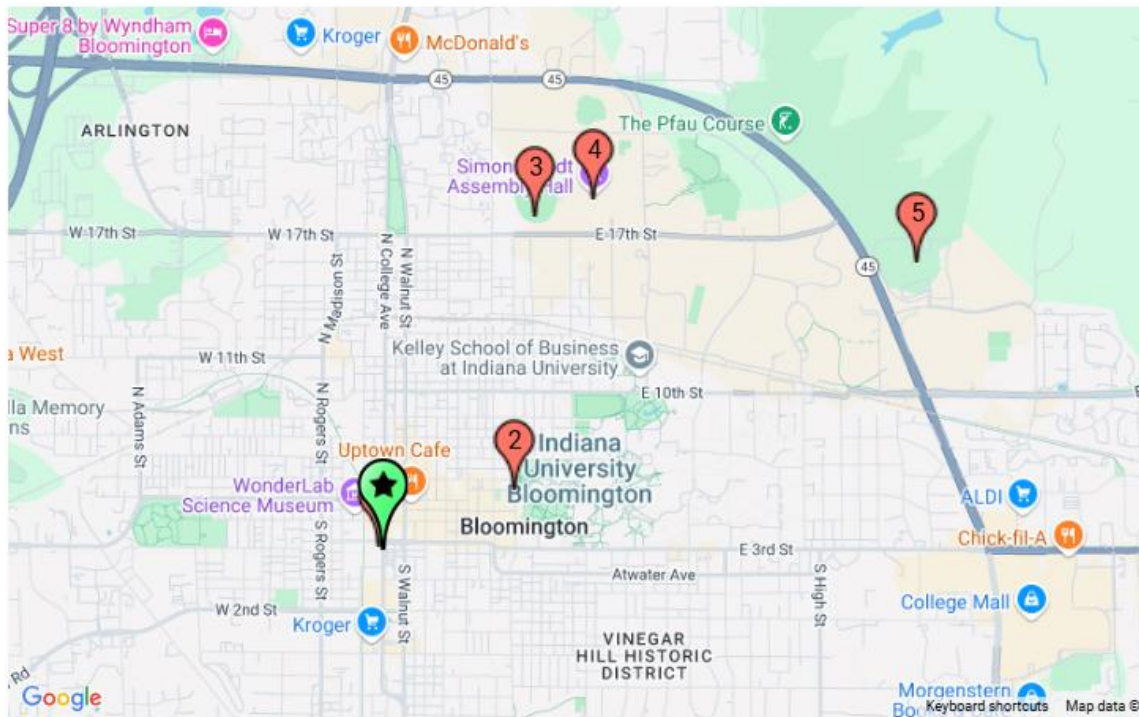
MAP OF NEIGHBORHOOD



Proximity to Local Demand Generators and Attractions

The potential subject sites are located near the area's primary generators of lodging demand, most notably the Monroe Convention Center, which is planned for expansion and anticipated to be a primary source of demand for the subject property. Additional demand generators are reflected on the following map, including approximate distances from and drive times to the potential subject sites. Overall, each potential site is well situated with respect to demand generators.

ACCESS TO DEMAND GENERATORS AND ATTRACTIONS



	Demand Generator	Approx. Time from Subject Property	Approx. Distance
	Subject Property		
1	Monroe Convention Center	🚶 right there	0.0 mile
2	Indiana University	🚗 5 minutes	1.0 mile
3	Indiana University Memorial Football Stadium	🚗 8 minutes	2.1 miles
4	Simon Skjodt Assembly Hall	🚗 8 minutes	2.2 miles
5	IU Health Bloomington Hospital	🚗 13 minutes	4.5 miles

Utilities

The subject site is assumed to be served by all necessary utilities.

Zoning

According to the local planning office, the subject property is zoned as follows: MD - Mixed-Use Downtown District. Additional details pertaining to the proposed subject property’s zoning regulations are summarized in the following table.

FIGURE 2-1 ZONING

Municipality Governing Zoning	City of Bloomington
Current Zoning	Mixed-Use Downtown District
Current Use	Not Applicable
Is Current Use Permitted?	Not Applicable
Is Change in Zoning Likely?	No
Permitted Uses	Most Commercial Uses
Hotel Allowed	Yes
Legally Non-Conforming	Not Applicable

We assume that all necessary permits and approvals will be secured (including the appropriate liquor license as applicable) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the site.

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The proposed sites are all favorably located near or directly adjacent to the Monroe Convention Center in Downtown Bloomington. In general, each site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

3. Description of the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The Proposed Convention Center Hotel will be a full-service lodging facility containing 200 rentable units. The four or five-story property is planned to open on August 1, 2027. The Downtown Bloomington market currently comprises hotels within the limited- and select-service segments that are tailored to accommodate demand generated by Indiana University. The only existing full-service hotel in the market is the Graduate Hotel, which does not meet the needs of the Monroe Convention Center. While a particular brand has yet to be determined for this project, our study assumes that the proposed subject hotel will operate as an upper-upscale, full-service hotel under a brand not currently represented in the market. The hotel is expected to be the primary lodging choice for demand generated by the expansion of the Monroe Convention Center in Downtown Bloomington. We note that final plans were not yet available for this consulting assignment; thus, the descriptions in this section are largely based on our review of developer proposals and interviews conducted with the President of Bloomington's Economic Development Corporation, the Executive Director of Visit Bloomington, the Director of Hospitality at Indiana University, and with the Executive Director and Sales Manager at the Monroe County Convention Center.

Summary of the Facilities

Based on information provided by the proposed subject hotel's development representatives, the following table summarizes the facilities that are expected to be available at the proposed subject hotel.

FIGURE 3-1 PROPOSED FACILITIES SUMMARY

Guestroom Configuration	Number of Units
King	TBD
Queen/Queen	TBD
One-Bedroom Suite	TBD
Total	200
Food & Beverage Facilities	Seating Capacity
Signature Restaurant	120
Lobby Lounge	40
Indoor Meeting & Banquet Facilities	Square Footage
Ballroom	6,000 to 8,000
Additional Meeting Rooms	9,000 to 12,000
Total	15,000 to 20,000
Amenities & Services	
Indoor Swimming Pool	Guest Laundry Area
Fitness Room	Market Pantry
Business Center	

Construction details were not provided for our review. The proposed hotel is expected to occupy one building, likely four or five stories in height. Surface or structured parking should be located around or within the building. Other site improvements would be anticipated to include freestanding signage, located at the main entrance to the site, as well as landscaping and sidewalks. Additional signage should be placed high on the exterior of the building. It is recommended that the hotel's main entrance lead directly into the lobby; moreover, a separate street entrance to the hotel's restaurant would further enhance the guest experience. The first (ground) floor should house the public areas, restaurant, and back-of-the-house space, while the guestrooms should be located on the floors above. The site and building components would be expected to be normal for an upper-upscale, full-service hotel, meeting the standards for this downtown market.

**ADA and
Environmental**

We assume that the property will be built according to all pertinent codes and brand standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with brand standards. These costs should be adequately funded by the forecasted reserve for replacement, as long as hotel staff employs a successful, ongoing preventive-maintenance program.

Construction Budget

The construction budget for the 200-room subject hotel, as provided by the project developer, is illustrated in the following table.

Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of public areas, guestrooms, and back-of-the-house spaces. All typical and market-appropriate features and amenities are expected to be included in the hotel's design. We assume that the property will be constructed in accordance with modern standards for lodging facilities and that the furniture, fixtures, and finishes will be consistent with the property's anticipated positioning as an upper-upscale hotel; moreover, we assume that it will include the appropriate energy-efficient elements and be equipped with the requisite technology and building systems. We further assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes, as well as market standards, and that the hotel staff will be adequately trained to allow for a successful opening, with pre-marketing efforts having introduced the product to the market at least six months in advance of the opening date.

4. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

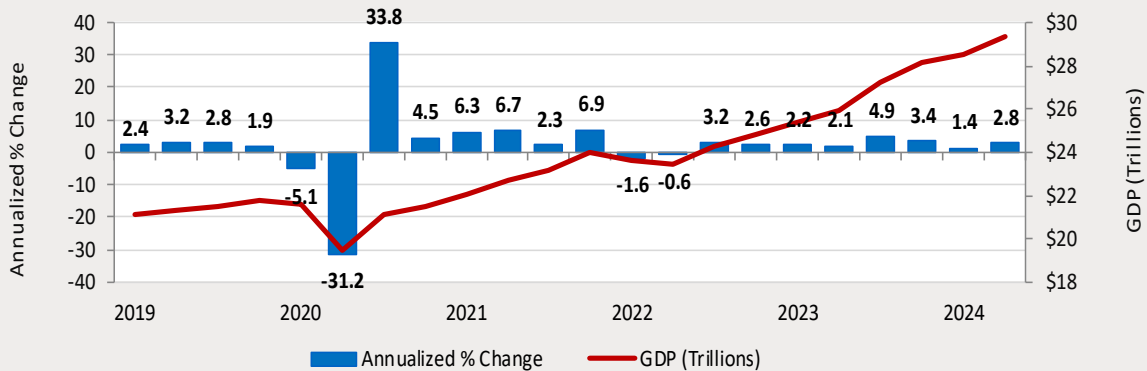
National Economic Overview

The local market and economy are influenced by national trends; thus, consideration of these trends is an important premise to this market-area analysis. The U.S. economy was severely affected by the COVID-19 pandemic, as illustrated in the following discussion. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including higher levels of unemployment. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. By all measures, the national economy has recovered from this downturn, having recorded notable subsequent growth, while some select markets and sectors have recorded slower growth and are continuing to recover.

Gross Domestic Product (GDP) is a key measure of a country's economic health and trends. Research has also identified a high degree of correlation between GDP and lodging demand. For the eight quarters leading up to 2020, GDP quarterly growth ranged between 0.9% and 3.8%, reflecting moderate economic expansion. The impact of the pandemic was considerable in 2020. As shutdowns halted major components of the U.S. economy from mid-March through May, GDP contracted by an annualized rate of 31.2% in the second quarter of 2020, the largest such decline in U.S. history. While shocking, this GDP decline was offset by a significant rebound in economic activity in the third quarter of 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021, with GDP having surpassed the pre-pandemic peak by the first quarter of 2021. A pullback during the first half of 2022 was driven by the trade

deficit and decreases in government spending and inventory investment, although the decline was offset by gains during the second half of the year.

FIGURE 4-1 UNITED STATES GDP GROWTH RATE



Sources: tradingeconomics.com, Bureau of Economic Analysis

The positive trend continued through 2023, registering a 2.5% increase for the year, with 1.4% and 2.8% increases recorded in the first and second quarters of 2024, respectively. According to the July 25, 2024, report from the Bureau of Economic Analysis, "The increase in consumer spending reflected increases in both services and goods. Within services, the leading contributors were health care, housing and utilities, and recreation services. Within goods, the leading contributors were motor vehicles and parts, recreational goods and vehicles, furnishings and durable household equipment, and gasoline and other energy goods. The increase in private inventory investment primarily reflected increases in wholesale trade and retail trade industries that were partly offset by a decrease in mining, utilities, and construction industries. Within nonresidential fixed investment, increases in equipment and intellectual property products were partly offset by a decrease in structures." Despite this favorable economic news, transaction activity has been curtailed by high borrowing costs and stricter lending requirements. While the possibility of the economy slowing in the near term remains a concern, the long-term outlook for the industry is optimistic.

The Wall Street Journal (WSJ) publishes an economy forecasting survey each quarter. Per the latest survey, economists are optimistic that the United States will avoid a recession, reporting an average 28.0% probability that the country would experience a recession during the next twelve months (54.0% was the average probability level for the same question in July 2023). The economy continues to

perform well, despite the aggressive Fed rate increases of 2022 and 2023. On average, economists anticipate the economy to be at its slowest in the fourth quarter of this year, with an expectation of 1.47% in growth. Economists predict the midpoint of the Fed rates to be 4.92% by year-end 2024, down from its current 5.25% to 5.5% position; the majority of respondents (64.0%) expect the rate cut to occur in September. Key averages from the latest release are illustrated in the following table.

FIGURE 4-2 GDP, CPI, AND UNEMPLOYMENT PREDICTIONS

Real GDP, Quarterly Annualized Growth Rate	
3rd Quarter 2024	1.56 %
4th Quarter 2024	1.47
1st Quarter 2025	1.73
2nd Quarter 2025	1.90
Real GDP, Year-Over-Year Growth Rate	
2024	1.66 %
2025	1.90
2026	2.05
CPI, Year-Over-Year Change	
December 2024	2.83 %
June 2025	2.35
December 2025	2.31
June 2026	2.27
Unemployment, Annual Level	
December 2024	4.18 %
June 2025	4.25
December 2025	4.20
June 2026	4.15

Source: Wall Street Journal Economic Forecasting Survey, July 2024

Driven by supply-chain disruptions and pent-up consumer demand, prices for most goods and services increased substantially in the wake of the pandemic; the CPI increased by 7.0% in 2021 and 6.5% in 2022. The Federal Reserve has addressed inflation through successive interest-rate hikes (seven in 2022, and another four in 2023), and the pace of inflation decelerated, falling to the low 3.0% range by the end of 2023. While inflation had increased to 3.5% by March 2024, inflation had once again cooled to the 3.0% mark as of June 2024. The Fed has indicated that it may begin to cut rates in 2024 if inflationary pressures lessen and inflation moves

sustainably toward the target of 2.0%. Despite the optimism of multiple cuts occurring in 2024, as of July 2024, most economic experts anticipate the first cut to happen in the fall or winter.

The recent successive increases in GDP, lower inflation levels, and continued strong job growth paint a positive picture of the U.S. economy, but ongoing international conflicts, the pending election, and uneven economic metrics have resulted in a lack of overall clarity. The specter of a recession remains, although diminished from peak concerns that characterized most of 2023.

In the WSJ survey, economists predict payrolls to continue to improve by 130,000 on a monthly average during the next four quarters. Unemployment levels are expected to remain relatively stable, at just over the 4.0% mark. The economists also opined on potential changes in metrics based on the election outcome. Most believe that inflation could increase under a Republican administration. However, the WSJ reported that administration's influence over the economy is nevertheless limited, and more important factors are the business cycle, external shocks (such as the price of oil), and the Fed's interest rate policy. Accordingly, economists surveyed expect inflation to ease to 2.8% by December and 2.3% by the end of next year.

Within the hospitality industry, labor availability and costs remain a concern for hotel operators, although these issues have diminished somewhat since the height of the pandemic. Inflation benefited the industry by supporting strong ADR growth in most markets but also resulted in increased expenses, which put pressure on profitability. While inflation remains somewhat elevated over the Fed's target of 2.0%, the declines noted in recent months are a positive factor. Lastly, the positive news regarding recent 2024 GDP growth and the resilience of the economy as a whole should support continued growth in lodging demand, particularly in the commercial and group segments.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

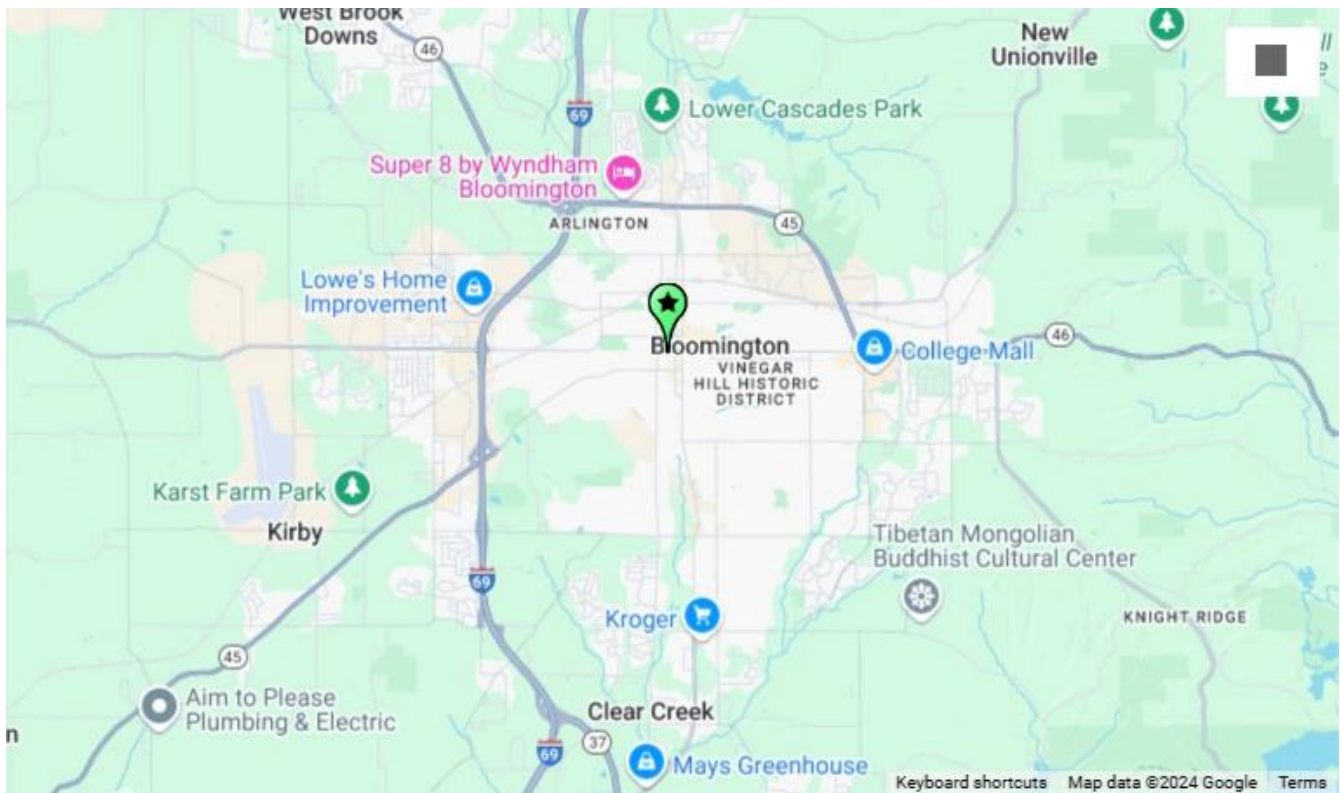
Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Bloomington, the county of Monroe, and the state of Indiana. The city of Bloomington, located approximately 45 miles southwest of Indianapolis, is the county seat of Monroe County. The city is home to Indiana University's Bloomington campus, which was established in 1820; it is the original and largest campus of the Indiana University system. Historically known for its concentration of major

manufacturing operations, the city has begun to gain recognition as a life-sciences hub for research and medical-device manufacturing.

The subject property’s market area can be defined by its Combined Statistical Area (CSA): Bloomington-Bedford, IN. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

MAP OF MARKET AREA



**Economic and
Demographic Review**

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 4-3 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2010	2020	2023	2028	Avg. Annual Compounded Chg.		
					2010-20	2010-23	2023-28
Resident Population (Thousands)							
Monroe County	138.4	139.6	139.3	144.1	0.1 %	0.1 %	0.7 %
Bloomington, IN MSA	160.0	160.9	160.9	165.7	0.1	0.0	0.6
Bloomington-Bedford, IN CSA	206.0	205.9	206.0	211.0	(0.0)	(0.0)	0.5
State of Indiana	6,491.5	6,789.1	6,862.2	7,003.1	0.4	0.4	0.4
United States	309,382.3	331,526.9	334,914.9	346,327.0	0.7	0.6	0.7
Per-Capita Personal Income*							
Monroe County	\$34,332	\$46,356	\$48,805	\$52,474	3.0	2.7	1.5
Bloomington, IN MSA	34,176	45,836	48,278	51,991	3.0	2.7	1.5
Bloomington-Bedford, IN CSA	34,162	45,576	47,335	50,919	2.9	2.5	1.5
State of Indiana	39,319	49,425	51,491	55,076	2.3	2.1	1.4
United States	44,807	56,530	58,292	62,852	2.4	2.0	1.5
W&P Wealth Index							
Monroe County	84.0	87.6	88.7	88.2	0.4	0.4	(0.1)
Bloomington, IN MSA	82.4	85.6	86.5	86.3	0.4	0.4	(0.1)
Bloomington-Bedford, IN CSA	80.8	83.6	83.5	83.2	0.3	0.3	(0.1)
State of Indiana	87.7	87.1	87.5	86.9	(0.1)	(0.0)	(0.1)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Monroe County	\$242	\$318	\$464	\$448	2.7	5.1	(0.7)
Bloomington, IN MSA	256	330	483	466	2.6	5.0	(0.7)
Bloomington-Bedford, IN CSA	302	379	556	533	2.3	4.8	(0.8)
State of Indiana	9,615	10,618	15,475	14,695	1.0	3.7	(1.0)
United States	502,827	611,998	889,926	859,598	2.0	4.5	(0.7)
Total Retail Sales (Millions)*							
Monroe County	\$1,871	\$2,229	\$2,564	\$2,770	1.8	2.5	1.6
Bloomington, IN MSA	1,995	2,375	2,732	2,945	1.8	2.4	1.5
Bloomington-Bedford, IN CSA	2,551	3,026	3,480	3,732	1.7	2.4	1.4
State of Indiana	93,469	118,002	136,486	146,280	2.4	3.0	1.4
United States	4,638,710	5,826,739	6,749,686	7,329,239	2.3	2.9	1.7

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population grew at an average annual compounded rate of 0.6% from 2010 through 2023. The county's population has grown more slowly than the nation's population; the average annual growth rate of 0.1% between 2010 and 2023 reflects a gradually expanding area. Per-capita personal income increased modestly, at 2.7% on average annually for the county between 2010 and 2023. Local wealth indexes have remained stable in recent years, registering a modest 88.7 level for the county in 2023.

Food and beverage sales totaled \$464 million in the county in 2023, versus \$242 million in 2010. This reflects a 5.1% average annual change. The pace of growth is anticipated to be -0.7% through 2028. The retail sales sector demonstrated an annual increase of 2.5% from 2010 to 2023. An increase of 1.6% average annual change is expected in county retail sales through 2028.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2010, 2020, and 2023, as well as a forecast for 2028.

FIGURE 4-4 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2010	Percent of Total	2020	Percent of Total	2023	Percent of Total	2028	Percent of Total	Avg. Annual Compounded Chg.		
									2010-2020	2020-2023	2023-2028
Farm	0.5	0.6 %	0.4	0.5 %	0.4	0.4 %	0.4	0.4 %	(1.2) %	(1.4) %	(0.8) %
Forestry, Fishing, Related Activities And Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.6	(3.0)	0.3
Mining	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.8	2.0	(0.7)
Utilities	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	(1.9)	2.3	0.3
Construction	3.3	3.8	3.9	4.4	3.9	4.0	3.8	3.7	1.8	(0.4)	(0.5)
Manufacturing	6.9	8.1	7.5	8.4	10.2	10.4	9.7	9.7	0.9	10.4	(0.8)
Total Trade	9.6	11.3	9.1	10.1	9.5	9.8	9.2	9.1	(0.6)	1.6	(0.7)
Wholesale Trade	1.6	1.8	1.8	2.1	2.1	2.1	2.0	2.0	1.8	4.0	(0.4)
Retail Trade	8.1	9.5	7.2	8.0	7.4	7.6	7.1	7.1	(1.1)	1.0	(0.8)
Transportation And Warehousing	1.0	1.2	2.1	2.4	2.7	2.7	2.9	2.9	7.8	7.7	1.8
Information	1.6	1.9	1.2	1.3	1.3	1.4	1.3	1.3	(2.8)	3.9	(0.0)
Finance And Insurance	2.2	2.6	2.7	3.0	2.7	2.8	2.9	2.9	2.1	0.6	1.1
Real Estate And Rental And Lease	3.5	4.1	3.9	4.3	4.6	4.7	4.5	4.4	1.1	5.7	(0.5)
Total Services	33.0	38.7	34.1	38.0	38.1	39.1	40.6	40.3	0.3	3.8	1.3
Professional And Technical Services	4.0	4.7	4.5	5.0	4.9	5.0	5.1	5.1	1.1	3.1	0.8
Management Of Companies And Enterprises	0.3	0.4	0.5	0.6	0.6	0.6	0.7	0.7	4.8	3.8	1.8
Administrative And Waste Services	4.2	4.9	3.3	3.7	3.5	3.6	3.6	3.6	(2.4)	2.4	0.3
Educational Services	1.6	1.8	1.5	1.7	1.9	1.9	2.2	2.2	(0.3)	6.9	3.9
Health Care And Social Assistance	9.5	11.1	10.9	12.2	11.5	11.8	12.1	12.1	1.4	1.6	1.1
Arts, Entertainment, And Recreation	1.8	2.1	2.1	2.4	2.4	2.4	2.6	2.6	1.4	4.1	2.2
Accommodation And Food Services	7.1	8.4	6.7	7.4	8.5	8.7	9.1	9.0	(0.6)	8.3	1.4
Other Services, Except Public Administration	4.5	5.3	4.5	5.0	4.9	5.0	5.1	5.1	0.0	2.7	0.9
Total Government	23.0	26.9	24.0	26.8	23.3	23.9	24.6	24.5	0.5	(1.0)	1.1
Federal Civilian Government	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	(1.1)	(4.5)	(0.2)
Federal Military	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	(1.8)	(0.5)	(0.3)
State And Local Government	22.1	25.9	23.3	26.0	22.7	23.2	23.9	23.8	0.5	(0.9)	1.1
TOTAL	85.3	100.0 %	89.7	100.0 %	97.5	100.0 %	100.6	100.0 %	0.5 %	2.8 %	0.6 %
MSA	93.0	—	97.6	—	106.2	—	109.7	—	0.5 %	2.9 %	0.7 %
U.S.	172,901.7	—	195,286.6	—	216,167.4	—	230,072.0	—	1.2	3.4	1.3

Source: Woods & Poole Economics, Inc.

The preceding data illustrate the long-term employment trends in this market, including the recent impact of the pandemic and the subsequent recovery. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 0.6% on average annually through 2028. The trend is below the forecast rate of change for the United States as a whole during the same period.

**Radial Demographic
Snapshot**

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject site.

FIGURE 4-5 DEMOGRAPHICS BY RADIUS

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2029 Projection	19,436	81,612	109,677
2024 Estimate	18,807	80,387	108,207
2020 Census	18,459	80,188	108,026
Percent Change: 2024 to 2029	3.3%	1.5%	1.4%
Percent Change: 2020 to 2024	1.9%	0.3%	0.2%
Households			
2029 Projection	9,105	34,575	46,407
2024 Estimate	8,736	33,862	45,532
2020 Census	8,488	33,593	45,200
Percent Change: 2024 to 2029	4.2%	2.1%	1.9%
Percent Change: 2020 to 2024	2.9%	0.8%	0.7%
Income			
2024 Est. Average Household Income	\$44,123	\$66,284	\$76,060
2024 Est. Median Household Income	23,640	41,920	49,453
2024 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	163	989	1,439
Arts/Design/Entertainment/Sports/Media	371	1,247	1,611
Building/Grounds Cleaning/Maintenance	229	1,131	1,575
Business/Financial Operations	347	2,030	2,999
Community/Social Services	202	1,126	1,580
Computer/Mathematical	376	1,578	2,188
Construction/Extraction	157	860	1,401
Education/Training/Library	1,569	5,338	6,903
Farming/Fishing/Forestry	1	56	85
Food Preparation/Serving Related	1,117	4,201	5,065
Healthcare Practitioner/Technician	276	1,650	2,518
Healthcare Support	171	964	1,144
Installation/Maintenance/Repair	167	645	990
Legal	57	272	342
Life/Physical/Social Science	429	1,257	1,550
Management	721	3,167	4,665
Office/Administrative Support	871	3,474	4,896
Production	523	2,024	2,950
Protective Services	228	778	1,109
Sales/Related	595	2,875	4,042
Personal Care/Service	359	1,405	1,763
Transportation/Material Moving	388	2,016	2,761

Source: Environics Analytics

**Unemployment
Statistics**

This source reports a population of 108,207 and 45,532 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$76,060, while the median is \$49,453.

The following table presents historical unemployment rates for the proposed subject hotel’s market area.

FIGURE 4-6 UNEMPLOYMENT STATISTICS

Year	City	MSA	State	U.S.
2014	6.0 %	6.0 %	6.0 %	6.2 %
2015	5.3	5.1	4.8	5.3
2016	4.9	4.8	4.4	4.9
2017	4.0	3.8	3.6	4.4
2018	4.0	3.7	3.5	3.9
2019	3.7	3.4	3.3	3.7
2020	6.1	5.8	7.3	8.1
2021	3.5	3.3	3.9	5.4
2022	3.1	2.9	3.1	3.6
2023	3.5	3.3	3.3	3.6
<i>Recent Month - Jul</i>				
2023	4.9 %	4.1 %	3.7 %	3.5 %
2024	6.6	5.6	5.0	4.3

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The unemployment rate for February 2020 was 3.5%. The unemployment rate had remained in the 3.5% to 3.7% range since April 2019, reflecting a trend of stability and strength. However, in April 2020, unemployment rose to 14.7%, and employment dropped by 20.7 million because of the pandemic. Steady gains in employment have been registered since that time, although having slowed as of the summer of 2024; most recently, the national unemployment rate was 4.3% in July 2024. Rises in employment of 216,000, 179,000, and 114,000 people were registered in May, June, and July, respectively. In July, the most significant gains were reported in the health care, construction, and transportation and warehousing sectors.

Locally, the unemployment rate was 3.5% in 2023; for this same area in 2024, the most recent month’s unemployment rate was registered at 6.6%, versus 4.9% for the same month in 2023. As illustrated in the foregoing table, unemployment declined in 2015, and this positive trend generally continued through 2019. This improvement was primarily fueled by the recovery of the local manufacturing industry and ongoing expansions at Arcadia Healthcare, Indiana University Health, Dow AgroSciences, Rolls-Royce, and Eli Lilly and Company. However, unemployment data for 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included massive furloughs/layoffs. Data from 2021 and 2022 show significant decreases in unemployment given strengthening economic conditions. Year-end 2023 data illustrate a slight increase in unemployment rate, with the year-to-date 2024 data illustrating a more significant increase in unemployment, as construction activity in the area has declined significantly.

Major Business and Industry

Providing additional context for understanding the nature of the local economy, the following table presents a list of the major employers in the proposed subject property’s market.

FIGURE 4-7 MAJOR EMPLOYERS

Employer *
Baxter Healthcare Pharmaceuticals
Catalent
City of Bloomington
Cook Group, Inc.
Indiana University Health Bloomington
Indiana University Bloomington
Ivy Tech Community College Bloomington
Kroger
Monroe County
Monroe County Community School Corporation

** Arranged in alphabetical order*

Source: Bloomington Economic Development, 2023

The Bloomington market benefits from a diverse economy anchored by stable sectors such as education, government, research and development, and health care; furthermore, the life-sciences sector is expanding. Bloomington-based Cook Group Inc. is the nation’s largest privately held maker of medical devices. Following a failed FDA inspection in 2014, the company began a multi-year transformation to modernize its regulatory, operations, and manufacturing processes, which was completed in late 2019. Small to midsized medical or pharmaceutical corporations in the area include Baxter BioPharma Solutions, Boston Scientific, BioMedix, and Singota Solutions. In 2021, Indiana University Health opened a new, \$557-million regional health center in Northeast Bloomington. Other signs of growth in the area include the October 2023 groundbreaking for the Trades District Tech Center, a 22,000-square-foot innovation center that is expected to spark additional growth in Downtown Bloomington for the growing tech sector. Additionally, plans are underway to expand the Monroe Convention Center in Downtown Bloomington, which is expected to allow the facility to accommodate larger groups and events. Although the local economy was negatively affected by the COVID-19 pandemic in 2020 and 2021, it largely recovered in 2022 and 2023, boding well for the market and lodging demand; a normalization of trends has been evident thus far this year.

Office Space Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

Convention Activity

A convention center serves as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center—up to three miles away—will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest conventions, peripheral hotels may benefit from compression within the city as a whole.

The Monroe Convention Center in Bloomington features approximately 24,000 square feet of meeting and event space. The building was designed and built in 1923 by Henry Ford as a Model T assembly plant and showroom. The structure was transformed into a convention center in 1991. In 2017, the City of Bloomington approved an expansion of the facility, originally planned to include the development of a 40,000-square-foot exhibit hall, a ballroom, and additional meeting space. The project was put on hold during the COVID-19 pandemic; however, in August 2023, Monroe County established a board to restart and oversee the expansion project.

The latest plans call for a 60,000-square-foot total expansion that will primarily utilize the existing 4th Street garage across the street.

CONVENTION CENTER



The Monroe Convention Center reportedly hosts hundreds of events each year, including statewide association events, regional public events, corporate events, and social events, as well as a limited number of conventions, consumer shows, and tradeshows. While CVB officials reported a strong year in 2019, prior to the onset of the COVID-19 pandemic, government-mandated restrictions related to large public gatherings caused numerous events to be canceled or postponed in 2020 and early 2021. All scheduled events in 2022 and 2023 took place at full capacity. Despite the strong usage of the facility in recent years, the facility reportedly missed out on several large contracts due to its limited event space and nearby hotel rooms. The Monroe Convention Center's Executive Director, Talisha Coppock, expects that the planned expansion of the convention center and the development of the proposed hotel will attract larger groups and events to the facility. Upon request, we were provided with lost business reports that substantiate these claims, proving that the market has lost thousands of visitors and conference attendees in recent years due to issues that the expansion and hotel development are aimed at addressing.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

The Indianapolis International Airport (IND) is owned by the Indianapolis Airport Authority and operated by BAA Indianapolis LLC. The airport's terminal complex, which was constructed between the two existing main runways, opened on November 12, 2008. The architecturally stunning 1.2-million-square-foot passenger terminal and concourses feature nearly \$4 million in original art. The airport complex measures a mile wide and over two miles long, and a main entrance was added off Interstate 70. A number of major commercial airlines provide nonstop service to dozens of domestic and international destinations. Indianapolis International Airport is home to the second-largest FedEx Express Hub, and the airport consistently ranks among the top medium-sized airports in the United States.

The following table illustrates recent operating statistics for the Indianapolis International Airport, which is the primary airport facility serving the proposed subject hotel's submarket.

FIGURE 4-8 AIRPORT STATISTICS - INDIANAPOLIS INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2014	7,363,632	—	—
2015	7,998,086	8.6 %	8.6 %
2016	8,511,959	6.4	7.5
2017	8,791,820	3.3	6.1
2018	9,418,085	7.1	6.3
2019	9,537,377	1.3	5.3
2020	4,104,648	(57.0)	(9.3)
2021	7,176,046	74.8	(0.4)
2022	8,692,498	21.1	2.1
2023	9,788,867	12.6	3.2
Year-to-date, Jul			
2023	5,634,496	—	—
2024	6,210,875	10.2 %	—

*Annual average compounded percentage change from the previous year
 **Annual average compounded percentage change from first year of data

Source: Indianapolis International Airport

This facility recorded 9,788,867 passengers in 2023. The change in passenger traffic between 2022 and 2023 was 12.6%. The average annual change during the period shown was 3.2%. The Indianapolis International Airport experienced a significant decline in airport passenger traffic in 2020 given the impact of the COVID-19 pandemic and the travel restrictions that were implemented; however, the 2021 data show a substantial rebound in passenger traffic. This upward trend continued through 2023, with the latest statistics for 2024 indicative of strong passenger volume.

Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area. Leisure demand generators include Lake Monroe, Brown County State Park, and Bloomington Speedway. Special events at Indiana University Bloomington, such as graduation ceremonies, orientations, and home athletic games, play a role during key weekends. Furthermore, several youth sports facilities and events drive tourism in Bloomington. Per our market interviews and research, no major changes related to these attributes of the market are expected in the near future.

LAKE MONROE



Conclusion

This section discussed a wide variety of economic indicators for the market area. The Bloomington market area has experienced an economic rebound following the impacts of the COVID-19 pandemic. As noted previously, the local economy is primarily led by the science/healthcare and education sectors. Additionally, tourism rebounded in the summer of 2021 and strengthened through 2022, with key attractions such as Bloomington Speedway and Indiana University Bloomington being primary draws. Given the planned expansion of the Monroe Convention Center and expected hotel development, in addition to the other stable attributes, the near-term market outlook is overall positive.

5. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

Definition of Subject Hotel Market

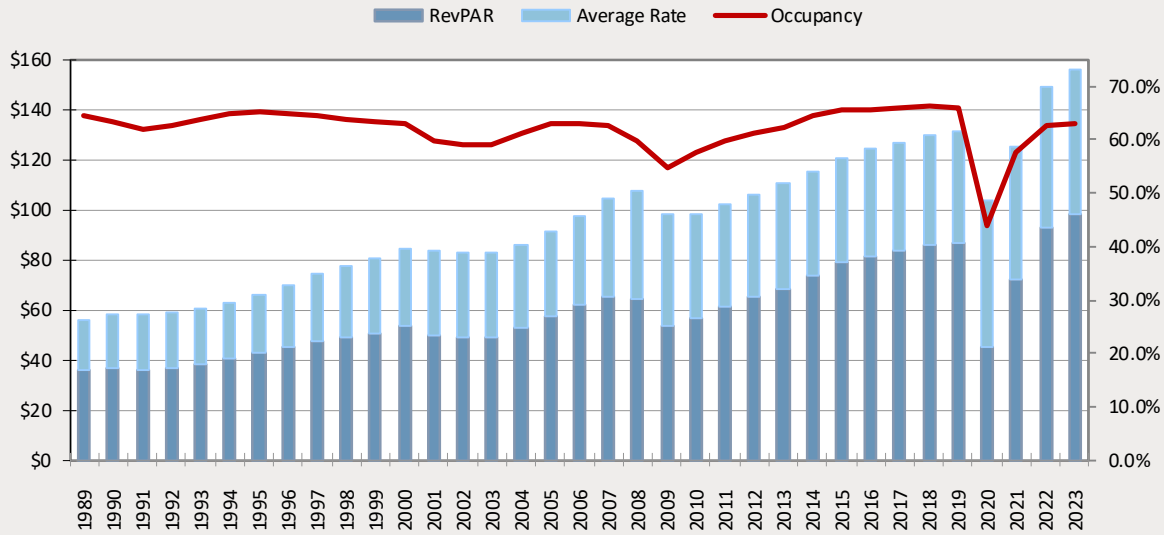
The subject site is located in the Bloomington, Indiana, lodging market. Within this greater market, the direct submarket that will include the proposed subject hotel is known as Downtown Bloomington. The proposed subject hotel is expected to compete with four hotels on a primary level based on location and product. We have considered an additional two hotels as future secondary competitors given differences in product type.

National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS



Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the recent pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 5-2 NATIONAL OCCUPANCY AND ADR TRENDS: 2019 THROUGH 2023

	Occupancy					Average Rate					RevPAR				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
United States	66.0 %	44.0 %	57.5 %	62.6 %	63.0 %	\$131.23	\$103.25	\$124.96	\$149.24	\$155.62	\$86.64	\$45.48	\$71.88	\$93.39	\$97.97
Region															
New England	64.7 %	38.8 %	55.5 %	63.4 %	63.7 %	\$161.08	\$123.17	\$155.80	\$179.29	\$188.79	\$104.25	\$47.77	\$86.54	\$113.78	\$120.22
Middle Atlantic	69.0	41.3	55.2	62.6	65.0	166.27	115.26	144.08	179.82	192.02	114.81	47.65	79.56	112.48	124.80
South Atlantic	67.5	45.7	59.8	64.7	64.5	128.41	107.99	130.45	152.61	156.17	86.68	49.40	77.95	98.70	100.75
E. North Central	61.1	39.1	52.3	57.2	57.5	112.64	86.72	105.25	123.33	128.91	68.82	33.93	55.09	70.52	74.13
E. South Central	62.4	45.7	59.5	61.0	61.0	103.58	85.74	104.70	119.73	125.79	64.61	39.18	62.30	73.04	76.74
W. North Central	58.3	39.1	51.0	55.3	56.1	99.28	83.65	97.34	109.00	114.93	57.88	32.72	49.68	60.27	64.49
W. South Central	62.6	44.9	58.1	59.9	60.2	101.84	82.88	95.75	112.13	116.07	63.77	37.25	55.64	67.20	69.84
Mountain	66.9	46.7	59.3	66.3	67.1	121.89	105.70	125.74	153.87	165.08	81.54	49.39	74.59	101.94	110.81
Pacific	73.6	47.1	60.2	66.9	66.6	171.40	129.57	157.79	190.58	196.17	126.16	61.01	95.00	127.42	130.67
Class															
Luxury	70.9 %	36.8 %	52.5 %	65.3 %	66.9 %	\$304.11	\$285.78	\$322.00	\$376.48	\$377.58	\$215.73	\$105.29	\$168.95	\$245.93	\$252.76
Upper-Upscale	72.6	34.8	50.0	63.4	66.7	188.24	159.14	175.05	213.96	220.78	136.67	55.30	87.49	135.70	147.21
Upscale	71.5	42.8	59.3	66.8	68.5	143.60	117.80	132.34	156.30	163.77	102.68	50.45	78.42	104.39	112.14
Upper-Midscale	67.5	45.3	61.2	65.7	66.1	115.91	98.80	114.14	128.53	133.17	78.20	44.72	69.83	84.50	87.97
Midscale	59.5	44.4	56.8	59.7	58.8	95.82	84.47	98.83	100.19	101.88	57.03	37.52	56.10	59.83	59.91
Economy	59.4	49.2	58.7	56.4	54.2	75.50	65.45	76.14	77.65	78.62	44.83	32.30	44.72	43.80	42.59
Location															
Urban	73.2 %	37.9 %	51.8 %	63.3 %	66.4 %	\$183.20	\$127.80	\$152.81	\$196.47	\$206.62	\$134.12	\$48.47	\$79.12	\$124.44	\$137.26
Suburban	66.7	46.4	59.9	63.8	64.1	111.26	88.81	104.93	126.13	131.93	74.24	41.24	62.90	80.45	84.54
Airport	73.7	44.5	60.3	67.9	68.4	119.22	93.71	104.82	126.57	133.02	87.85	41.72	63.18	85.91	90.93
Interstate	57.9	44.8	57.8	58.5	57.4	87.86	79.05	92.22	100.90	104.59	50.85	35.39	53.31	59.04	59.99
Resort	70.0	42.9	57.7	66.8	67.1	182.74	170.36	209.77	236.76	239.12	127.85	73.13	121.06	158.20	160.53
Small Town	57.8	44.4	56.7	57.5	56.5	107.26	96.95	116.96	124.72	128.86	61.98	43.07	66.34	71.72	72.79
Chain Scale															
Luxury	73.8 %	32.0 %	48.0 %	63.1 %	65.8 %	\$343.02	\$329.54	\$383.48	\$435.46	\$429.14	\$253.17	\$105.40	\$184.12	\$274.64	\$282.58
Upper-Upscale	73.9	33.4	48.7	63.9	67.7	189.25	158.86	176.66	215.96	223.27	139.80	53.10	86.11	138.05	151.05
Upscale	72.6	43.0	59.6	67.4	69.2	142.38	115.11	128.62	155.28	162.28	103.32	49.52	76.68	104.58	112.31
Upper-Midscale	67.5	45.4	61.6	65.8	66.2	112.80	96.04	111.14	127.56	132.16	76.14	43.61	68.47	83.93	87.45
Midscale	58.1	44.2	56.5	60.1	59.2	86.61	77.29	89.48	95.19	96.54	50.30	34.19	50.59	57.18	57.11
Economy	58.7	50.9	59.7	57.2	55.0	63.70	58.21	66.88	72.24	72.79	37.36	29.64	39.90	41.34	40.06
Independents	63.5	44.8	56.9	60.0	59.2	133.08	110.74	137.44	155.20	161.46	84.44	49.56	78.24	93.05	95.55

Source: Year-End STR Lodging Reviews

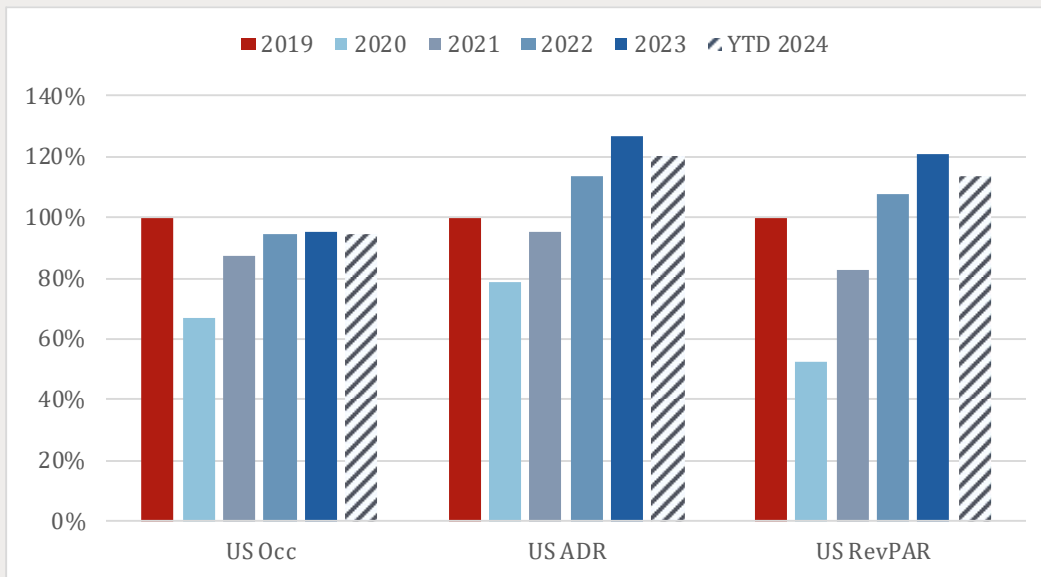
FIGURE 5-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD July			Average Rate - YTD July			RevPAR - YTD July			Percent Change	
	2023	2024	% Change	2023	2024	% Change	2023	2024	% Change	Rms. Avail.	Rms. Sold
United States	61.5 %	61.2 %	(0.5) %	\$153.80	\$156.61	1.8 %	\$94.59	\$95.83	1.3 %	0.6 %	0.0 %
Region											
New England	61.4 %	62.6 %	1.8 %	\$182.30	\$187.00	2.6 %	\$111.97	\$116.97	4.5 %	(1.3) %	0.5 %
Middle Atlantic	63.5	64.9	2.2	178.37	184.80	3.6	113.20	119.84	5.9	(0.6)	1.6
South Atlantic	66.6	66.1	(0.7)	162.51	163.38	0.5	108.28	108.07	(0.2)	0.9	0.1
E. North Central	57.4	57.3	(0.2)	127.20	130.87	2.9	72.97	74.93	2.7	0.8	0.6
E. South Central	62.5	60.3	(3.6)	125.81	127.10	1.0	78.69	76.66	(2.6)	1.3	(2.4)
W. North Central	56.3	55.6	(1.2)	114.49	118.08	3.1	64.44	65.69	1.9	(0.2)	(1.3)
W. South Central	62.1	61.9	(0.3)	117.12	120.15	2.6	72.68	74.33	2.3	0.5	0.2
Mountain	68.3	67.4	(1.3)	167.01	170.98	2.4	114.09	115.33	1.1	0.7	(0.5)
Pacific	67.2	67.0	(0.2)	196.92	195.78	(0.6)	132.30	131.24	(0.8)	0.7	0.5
Class											
Luxury	66.3 %	67.2 %	1.3 %	\$384.23	\$384.86	0.2 %	\$254.73	\$258.49	1.5 %	3.1 %	4.5 %
Upper-Upscale	67.9	68.6	1.1	221.61	223.74	1.0	150.43	153.58	2.1	1.0	2.1
Upscale	69.5	69.8	0.4	163.40	165.62	1.4	113.53	115.57	1.8	1.0	1.4
Upper-Midscale	66.8	66.2	(0.8)	133.69	134.88	0.9	89.26	89.33	0.1	1.0	0.2
Midscale	59.6	58.9	(1.2)	101.95	107.76	(0.2)	60.81	59.95	(1.4)	(0.2)	(1.4)
Economy	55.1	53.6	(2.8)	79.19	78.01	(1.5)	43.66	41.83	(4.2)	(1.0)	(3.7)
Location											
Urban	66.4 %	67.6 %	1.8 %	\$201.53	\$205.83	2.1 %	\$133.90	\$139.17	3.9 %	0.9 %	2.7 %
Suburban	64.3	64.0	(0.4)	126.67	127.95	1.0	81.43	81.93	0.6	0.4	0.1
Airport	70.9	70.5	(0.6)	135.91	136.91	0.7	96.36	96.48	0.1	0.2	(0.4)
Interstate	58.4	57.2	(2.2)	106.24	107.97	1.6	62.09	61.74	(0.6)	0.3	(1.8)
Resort	71.0	70.2	(1.0)	245.09	246.10	0.4	173.95	172.86	(0.6)	1.0	0.0
Small Town	56.1	55.2	(1.6)	131.95	134.75	2.1	74.09	74.42	0.5	0.2	(1.5)
Chain Scale											
Luxury	66.0 %	68.1 %	3.2 %	\$429.90	\$417.73	(2.8) %	\$283.65	\$284.54	0.3 %	6.7 %	10.1 %
Upper-Upscale	68.4	69.5	1.5	223.77	227.02	1.5	153.14	157.68	3.0	2.2	3.8
Upscale	70.0	70.2	0.3	161.69	163.79	1.3	113.18	114.97	1.6	1.0	1.3
Upper-Midscale	67.1	66.6	(0.7)	132.70	134.10	1.1	89.10	89.37	0.3	1.6	0.8
Midscale	59.9	59.2	(1.2)	96.60	96.67	0.1	57.87	57.21	(1.1)	(0.3)	(1.5)
Economy	55.9	54.7	(2.1)	73.14	71.71	(2.0)	40.86	39.21	(4.0)	(0.9)	(3.0)
Independents	60.0	59.1	(1.6)	160.72	162.63	1.2	96.44	96.05	(0.4)	(1.0)	(2.6)

Source: STR - July 2024 Lodging Review

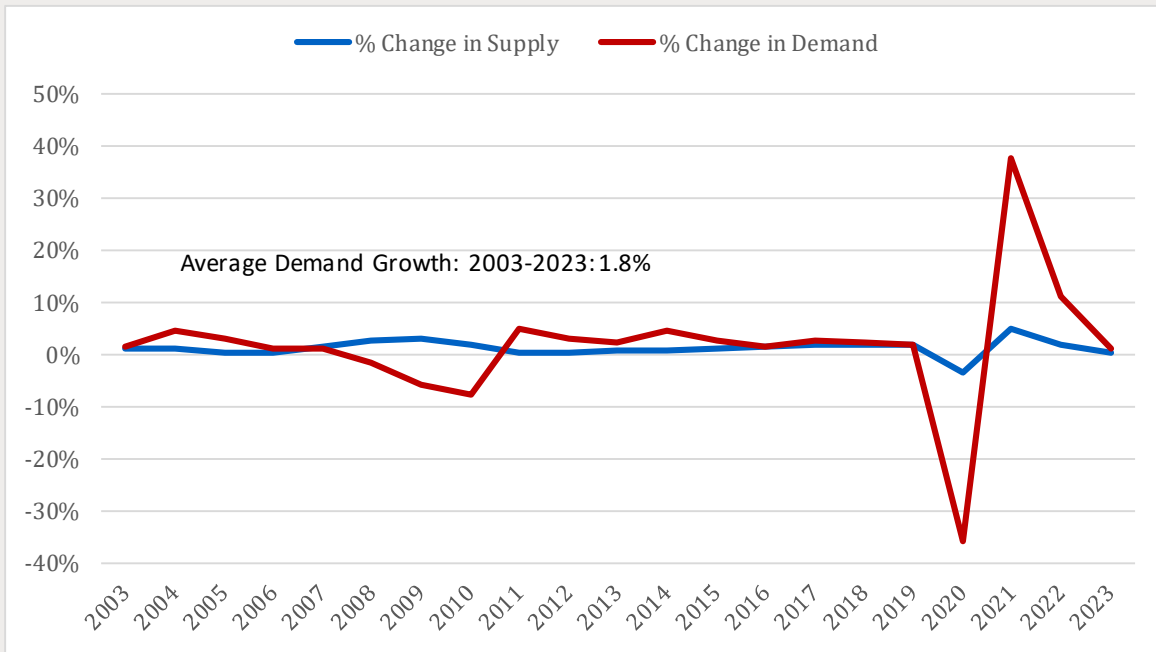
The following graph illustrates the performance of the U.S. lodging industry from 2019 through 2023, expressed as a percentage of 2019 levels of occupancy, ADR and RevPAR, demonstrating the pace and pattern of the recovery.

FIGURE 5-4 NATIONAL PERFORMANCE COMPARED TO 2019 LEVELS



A lodging market’s performance is influenced by changes in supply and demand levels. The following graph illustrates the percentage change in these two metrics for the U.S. lodging industry as a whole since 2003, as reported by STR.

FIGURE 5-5 HISTORICAL CHANGES IN SUPPLY AND DEMAND – U.S. LODGING INDUSTRY



Source: STR

Excluding fluctuations due to the Great Recession in 2008/09 and the pandemic from 2020 to 2022, supply growth ranged between 0.4% to 2.0%, averaging 1.1% in these years. The pace of supply growth slowed significantly in the two to three years following the downturns in 2001/02, 2008/09, and 2020/21, reflecting the decline in new project-starts during these periods. As the market moved out of these cycles, supply growth accelerated. The impact of the pandemic caused a decline in supply, as hotels temporarily suspended operations or closed, in many cases for conversion to alternate use. The reopening of the temporarily closed properties caused an artificial spike in supply growth. Supply growth in 2023 and 2024 reflects the constraints imposed by the pandemic, as well as the limited availability of financing for new construction, which particularly affected the market in 2023 and early 2024. Thus, the pace of supply growth is expected to remain muted through 2026.

The changes in demand, as measured by the number of occupied rooms, display similar patterns. The years following the noted recessionary periods reflect relatively strong growth, as the market recovered from these downturns. Excluding the years of downturn and recovery, demand growth ranged from 1.0% to 4.6%.

U.S. Lodging Industry Forecast

Based on the historical trends and current outlook, HVS has developed a forecast for the national lodging market. This forecast considers anticipated trends in supply and demand, as well as inflationary trends. These forecasts are summarized in the following chart.

FIGURE 5-6 U.S. LODGING INDUSTRY FORECAST

Year	Supply % Chg	Demand % Chg	Occ	ADR	% Chg	RevPAR	% Chg
2024	1.0%	0.75%	62.8 %	\$158.73	2.0 %	\$99.73	1.7 %
2025	1.0%	1.50%	63.1	162.70	2.5	102.73	3.0
2026	1.0%	1.75%	63.6	167.58	3.0	106.60	3.8
2027	1.2%	1.75%	64.0	172.61	3.0	110.39	3.6
2028	1.4%	1.50%	64.0	177.79	3.0	113.82	3.1

Source: HVS

Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotels. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed, although key management and maintenance staff were retained to preserve the property and prepare for reopening. In the defined competitive set, the Graduate Hotel and the Indiana Memorial Union Biddle Hotel and Conference Center closed temporarily; however, these hotels have fully reopened. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

The second chart presents the monthly data for 2019 through the year-to-date 2024 period, illustrating the fluctuations in occupancy and ADR. The impact of the pandemic and the timing and pace of the subsequent recovery are reflected in the data.

FIGURE 5-7 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2014	599	218,790		132,094		60.4	\$137.08		\$82.76	
2015	801	292,365	—	170,572	—	58.3	141.26	—	82.42	—
2016	801	292,365	0.0 %	181,776	6.6 %	62.2	145.65	3.1 %	90.55	9.9 %
2017	801	292,365	0.0	187,125	2.9	64.0	146.20	0.4	93.58	3.3
2018	826	301,515	3.1	205,841	10.0	68.3	143.22	(2.0)	97.78	4.5
2019	951	347,115	15.1	218,321	6.1	62.9	136.74	(4.5)	86.00	(12.0)
2020	951	347,115	0.0	100,303	(54.1)	28.9	113.87	(16.7)	32.90	(61.7)
2021	951	347,115	0.0	171,044	70.5	49.3	132.69	16.5	65.38	98.7
2022	951	347,115	0.0	202,790	18.6	58.4	165.19	24.5	96.51	47.6
2023	951	347,115	0.0	212,854	5.0	61.3	176.94	7.1	108.50	12.4
Year-to-Date Through July										
2023	951	201,612	—	128,472	—	63.7	\$164.94	—	\$105.10	—
2024	951	201,612	0.0 %	121,831	(5.2) %	60.4	173.49	5.2 %	104.84	(0.2) %
Average Annual Compounded Change:										
2015 – 2019			4.4 %	6.4 %			(0.8) %			1.1 %
2015 – 2023			2.2	2.8			2.9			3.5
Hotels Included in Sample										
				Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments	
Indiana Memorial Union Biddle Hotel & Conference Center				Luxury Class	Secondary	186	Jul 2021	Jun 1959	S/O Apr 2020; R/O Jul 2021	
Courtyard Bloomington				Upscale Class	Primary	117	Sep 1996	Sep 1996		
Hilton Garden Inn Bloomington				Upscale Class	Primary	168	Apr 2006	Apr 2006		
SpringHill Suites Bloomington				Upscale Class	Secondary	158	Mar 2014	Mar 2014		
Hyatt Place Bloomington				Upscale Class	Primary	172	Aug 2014	Aug 2014		
Graduate Bloomington				Upper Upscale Class	Primary	150	Jun 2020	Nov 2018	S/O Apr 2020; R/O Jun 2020	
						Total	951			

* S/O - Suspended Operations
R/O - Resumed Operations

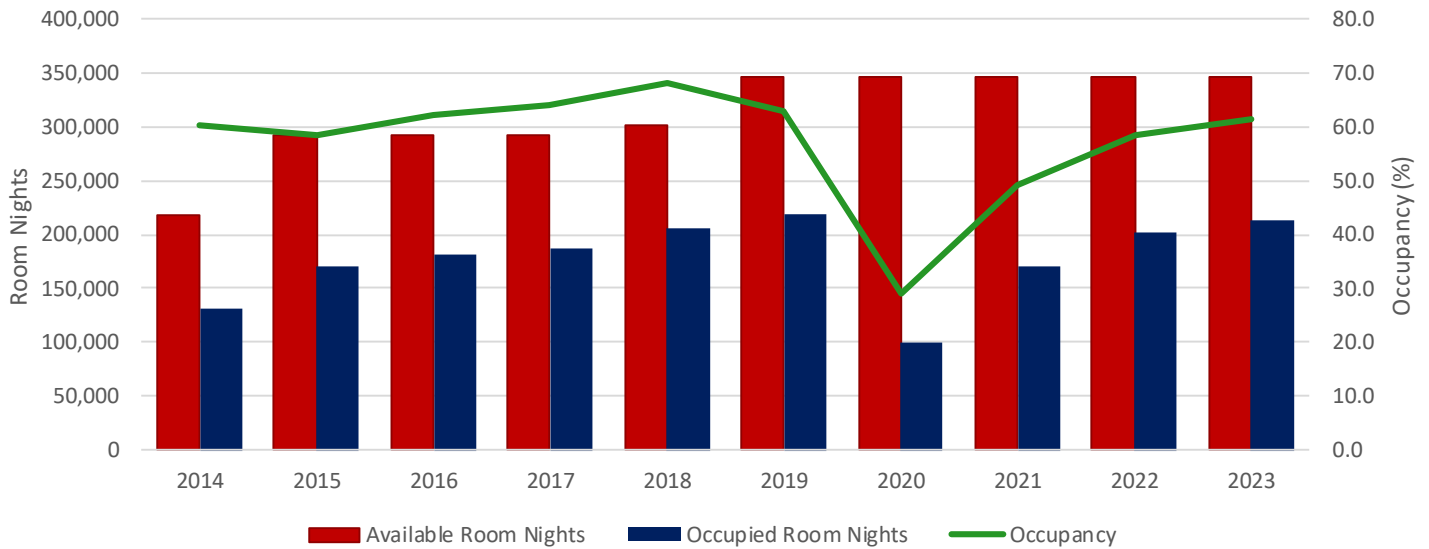
Source: STR

FIGURE 5-8 HISTORICAL SUPPLY AND DEMAND TRENDS (MONTHLY)

Month	2019		2020		2021		2022		2023		2024	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	42.2 %	\$112.42	46.5 %	\$109.80	22.6 %	\$81.73	41.0 %	\$112.27	46.4 %	\$144.69	40.2 %	\$132.44
February	65.1	141.45	64.4	138.97	35.6	87.76	52.6	143.35	64.2	166.34	63.5	176.43
March	66.3	127.04	27.5	122.34	45.5	98.12	58.6	132.57	67.0	157.37	59.6	151.55
April	65.8	121.89	4.4	76.54	49.3	106.89	70.7	144.63	69.9	156.49	70.9	192.75
May	63.7	182.69	9.7	67.06	40.5	183.53	65.2	213.51	57.9	247.61	53.0	256.33
June	75.5	125.43	12.2	91.75	41.5	102.46	69.6	138.32	77.4	152.96	72.9	150.85
July	68.0	113.80	23.2	94.26	51.2	104.70	65.5	138.48	63.9	134.34	63.9	152.80
August	74.3	143.71	41.4	149.85	69.4	163.63	66.4	193.21	68.8	209.82	—	—
September	65.5	170.30	35.9	95.81	58.5	165.93	62.4	227.80	64.4	242.47	—	—
October	70.0	138.37	40.2	109.70	66.9	171.86	62.7	187.20	64.5	176.40	—	—
November	59.9	145.85	27.5	98.30	61.9	136.14	53.2	183.57	52.3	189.01	—	—
December	39.2	98.66	16.1	85.65	47.5	114.33	33.3	134.16	40.0	134.72	—	—
Annual Averages	62.9 %	\$136.74	28.9 %	\$113.87	49.3 %	\$132.69	58.4 %	\$165.19	61.3 %	\$176.94	—	—
Year-to-Date	63.7 %	\$132.61	26.5 %	\$114.83	40.9 %	\$111.29	60.5 %	\$148.43	63.7 %	\$164.94	60.4 %	\$173.49
Change from	2019	2020	2021	2022	2023	2024						
Prior Year	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	-7.1 pts	-4.1 %	4.3 pts	-2.3 %	-23.9 pts	-25.6 %	18.4 pts	37.4 %	5.5 pts	28.9 %	-6.3 pts	-8.5 %
February	1.5	-0.9	-0.7	-1.8	-28.8	-36.8	17.0	63.3	11.6	16.0	-0.8	6.1
March	-2.3	3.8	-38.8	-3.7	18.0	-19.8	13.1	35.1	8.4	18.7	-7.3	-3.7
April	-9.8	-11.7	-61.5	-37.2	44.9	39.6	21.4	35.3	-0.8	8.2	1.0	23.2
May	-11.7	3.3	-54.0	-63.3	30.8	173.7	24.7	16.3	-7.3	16.0	-4.9	3.5
June	-7.2	-5.5	-63.3	-26.8	29.3	11.7	28.2	35.0	7.8	10.6	-4.5	-1.4
July	-7.6	-10.0	-44.8	-17.2	28.0	11.1	14.3	32.3	-1.7	-3.0	0.1	13.7
August	-6.7	-5.7	-32.8	4.3	28.0	9.2	-3.0	18.1	2.5	8.6	—	—
September	-12.5	0.9	-29.6	-43.7	22.6	73.2	3.9	37.3	2.0	6.4	—	—
October	-13.6	-14.3	-29.8	-20.7	26.7	56.7	-4.2	8.9	1.8	-5.8	—	—
November	2.2	4.5	-32.4	-32.6	34.4	38.5	-8.7	34.8	-0.9	3.0	—	—
December	2.9	-13.6	-23.1	-13.2	31.4	33.5	-14.2	17.3	6.7	0.4	—	—
Annual Change	-5.4 pts	-4.5 %	-34.0 pts	-16.7 %	20.4 pts	16.5 %	9.1 pts	24.5 %	2.9 pts	7.1 %	—	—
Year-to-Date	-6.4	-3.6 %	-37.2	-13.4 %	14.4	-3.1	19.6	33.4	3.2	11.1	-3.3 pts	5.2 %

Source: STR

FIGURE 5-9 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel on the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2023 in 61.3%, which compares to 58.4% for 2022. The STR data for the competitive set reflect a market-wide ADR level of \$176.94 in 2023, which compares to \$165.19 for 2022. These occupancy and ADR trends resulted in a RevPAR level of \$108.50 in 2023.

In the latter years of last decade, occupancy bracketed 60.0%, with ADR having surpassed the \$136 mark in 2019, as the market benefited from favorable economic conditions and heightened travel. In 2020, the COVID-19 pandemic affected the market, similar to the rest of the nation; however, a rebound commenced in the third quarter of 2020, with the occupancy and ADR recovery extending through 2022. Heightened inflation in 2021 and 2022 also contributed to significant ADR growth for this competitive set. Year-end 2023 data illustrate occupancy in the low 60s,

supported by strong levels of demand related to Indiana University and the Monroe Convention Center. ADR growth continued in 2023, surpassing \$176 by year-end. Year-to-date 2024 data show a slight decline in occupancy and continued ADR growth. Occupancy changes have been significantly influenced by the growing number of short-term rentals entering the market. Recently, hotel operators have been able to negotiate slightly higher room rates with major accounts as market has accepted modest increases to direct booking rates. The overall outlook for the competitive market is optimistic given the planned developments and continued growth of Indiana University Bloomington.

The following table illustrates the monthly occupancy, ADR, and RevPAR for the competitive set measured as a percentage of 2019 levels.

FIGURE 5-10 OCCUPANCY, ADR, AND REVPAR AS A PERCENTAGE OF 2019 LEVELS

	2021			2022			2023			2024		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
January	53.5 %	72.7 %	38.9 %	97.1 %	99.9 %	96.9 %	110.0 %	128.7 %	141.5 %	95.1 %	117.8 %	112.1 %
February	54.7	62.0	33.9	80.8	101.3	81.9	98.7	117.6	116.0	97.5	124.7	121.6
March	68.7	77.2	53.1	88.4	104.4	92.3	101.1	123.9	125.2	90.0	119.3	107.4
April	74.9	87.7	65.7	107.4	118.7	127.4	106.2	128.4	136.4	107.8	158.1	170.4
May	63.6	100.5	63.9	102.4	116.9	119.7	90.9	135.5	123.2	83.2	140.3	116.7
June	54.9	81.7	44.9	92.3	110.3	101.8	102.6	122.0	125.2	96.7	120.3	116.3
July	75.3	92.0	69.3	96.3	121.7	117.2	93.8	118.0	110.8	93.9	134.3	126.1
August	93.4	113.9	106.4	89.3	134.4	120.1	92.7	146.0	135.3	—	—	—
September	89.4	97.4	87.1	95.3	133.8	127.4	98.3	142.4	139.9	—	—	—
October	95.6	124.2	118.7	89.6	135.3	121.2	92.2	127.5	117.5	—	—	—
November	103.3	93.3	96.4	88.8	125.9	111.7	87.3	129.6	113.1	—	—	—
December	121.3	115.9	140.6	84.9	136.0	115.5	102.1	136.6	139.4	—	—	—
Annual Averages	78.3 %	97.0 %	76.0 %	92.9 %	120.8 %	112.2 %	97.5 %	129.4 %	126.2 %	—	—	—
Year-to-Date	64.2	83.9	53.9	94.9	111.9	106.3	100.0	124.4	124.4	94.8 %	130.8 %	124.1 %

Source: STR

Seasonality

The market’s seasonal trends are presented in the following table.

FIGURE 5-11 SEASONALITY

	2017	2018	2019	2020	2021	2022	2023
High Season - May, August, September, October							
Occupancy	70.3 %	79.5 %	68.4 %	31.8 %	58.8 %	64.2 %	63.9 %
Average Rate	\$169.39	\$164.55	\$157.70	\$115.77	\$170.00	\$205.13	\$217.97
RevPAR	119.00	130.80	107.85	36.80	100.03	131.68	139.30
Shoulder Season - February, March, April, June, July, November							
Occupancy	66.5 %	70.3 %	66.8 %	26.1 %	47.6 %	61.8 %	65.8 %
Average Rate	\$135.21	\$133.26	\$128.56	\$116.54	\$108.51	\$145.77	\$158.05
RevPAR	89.84	93.74	85.87	30.41	51.69	90.11	103.99
Low Season - January, December							
Occupancy	44.5 %	42.2 %	40.7 %	31.3 %	35.1 %	37.1 %	43.2 %
Average Rate	\$121.26	\$115.83	\$105.80	\$103.59	\$103.82	\$122.08	\$140.08
RevPAR	53.97	48.93	43.05	32.42	36.40	45.32	60.51

Source: STR

The illustrated occupancy and ADR patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. Bloomington is a highly seasonal market, with heightened occupancy during the summer and fall months, when most major activities are taking place at Indiana University. Conversely, the months of December and January are the slowest months of the year, when visitation related to Indiana University is limited, the climate is cold, and business travel generally curtails.

Patterns of Demand

A review of the trends in occupancy and ADR by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following tables.

FIGURE 5-12 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 23	58.8 %	68.6 %	70.5 %	68.9 %	67.7 %	70.4 %	76.8 %	68.8 %
Sep - 23	42.3	50.8	65.6	65.1	64.6	77.1	78.4	64.4
Oct - 23	43.3	55.1	65.1	71.4	69.6	76.7	78.1	64.5
Nov - 23	30.9	42.7	53.2	52.4	57.6	64.8	63.1	52.3
Dec - 23	24.9	37.1	42.0	40.9	44.7	50.0	41.2	40.0
Jan - 24	24.4	34.9	47.4	41.2	34.8	44.0	53.6	40.2
Feb - 24	40.4	49.2	61.8	63.8	64.5	81.7	82.6	63.5
Mar - 24	47.9	60.0	60.6	55.0	54.4	68.5	69.3	59.6
Apr - 24	57.0	70.1	72.2	68.6	69.3	76.4	82.9	70.9
May - 24	37.5	45.0	49.0	51.3	55.0	63.9	66.2	53.0
Jun - 24	55.3	77.8	78.9	80.6	80.2	72.3	70.5	72.9
Jul - 24	43.3	73.9	73.8	63.3	58.6	62.7	66.9	63.9
Average	42.2 %	55.7 %	62.1 %	59.7 %	60.2 %	67.1 %	68.8 %	59.4 %

Source: STR

FIGURE 5-13 ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 23	\$243.46	\$222.80	\$194.93	\$181.65	\$195.48	\$224.54	\$223.51	\$209.82
Sep - 23	132.70	124.65	131.20	132.70	169.21	402.65	388.90	242.47
Oct - 23	126.57	121.89	127.94	135.67	161.63	275.13	262.90	176.40
Nov - 23	123.77	114.95	122.59	121.76	141.41	319.27	317.58	189.01
Dec - 23	112.01	114.86	114.78	115.95	124.02	169.11	161.38	134.72
Jan - 24	108.46	116.18	130.16	116.17	117.66	157.14	164.03	132.44
Feb - 24	126.50	118.24	126.98	130.59	142.54	260.44	257.86	176.43
Mar - 24	125.70	124.29	128.25	124.04	139.62	195.55	186.06	151.55
Apr - 24	250.67	187.51	135.68	137.13	163.37	238.37	249.17	192.75
May - 24	144.86	132.64	129.60	135.50	358.21	352.12	393.36	256.33
Jun - 24	139.95	145.56	150.22	153.61	152.82	158.13	154.34	150.85
Jul - 24	142.30	147.91	150.80	150.45	152.99	162.52	162.58	152.80
Average	\$154.80	\$145.02	\$140.15	\$139.22	\$172.43	\$251.72	\$247.64	\$182.39

Source: STR

FIGURE 5-14 OCCUPANCY AND ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

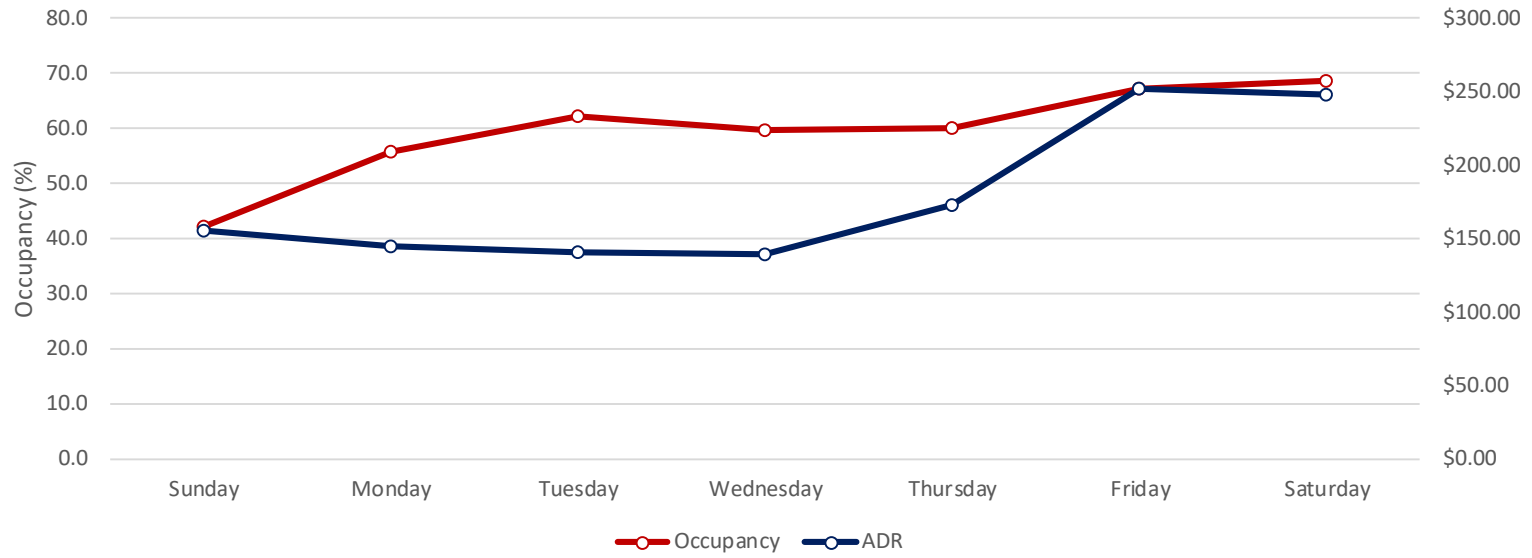


FIGURE 5-15 OCCUPANCY, ADR, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 21 - Jul 22	43.7 %	54.0 %	59.3 %	59.9 %	61.2 %	71.8 %	74.9 %	60.6 %
Aug 22 - Jul 23	42.2	52.8	60.9	61.7	62.7	70.6	71.3	60.3
Aug 23 - Jul 24	42.2	55.7	62.1	59.7	60.2	67.1	68.8	59.4
Change (Occupancy Points)								
FY 21 - FY 22	(1.6)	(1.1)	1.6	1.8	1.5	(1.2)	(3.5)	(0.3)
FY 22 - FY 23	0.1	2.8	1.2	(2.0)	(2.5)	(3.4)	(2.5)	(0.9)
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 21 - Jul 22	\$120.27	\$122.80	\$123.60	\$121.95	\$143.39	\$193.44	\$195.50	\$150.19
Aug 22 - Jul 23	137.47	133.79	135.11	139.02	164.11	238.93	238.59	174.80
Aug 23 - Jul 24	154.80	145.02	140.15	139.22	172.43	251.72	247.64	182.39
Change (Dollars)								
FY 21 - FY 22	\$17.20	\$11.00	\$11.51	\$17.08	\$20.72	\$45.49	\$43.09	\$24.61
FY 22 - FY 23	17.33	11.23	5.04	0.19	8.32	12.79	9.05	7.59
Change (Percent)								
FY 21 - FY 22	14.3 %	9.0 %	9.3 %	14.0 %	14.5 %	23.5 %	22.0 %	16.4 %
FY 22 - FY 23	12.6	8.4	3.7	0.1	5.1	5.4	3.8	4.3
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 21 - Jul 22	\$52.61	\$66.27	\$73.28	\$73.09	\$87.75	\$138.97	\$146.36	\$91.08
Aug 22 - Jul 23	57.95	70.69	82.25	85.82	102.90	168.68	170.17	105.40
Aug 23 - Jul 24	65.35	80.75	86.99	83.16	103.75	169.02	170.32	108.35
Change (Dollars)								
FY 21 - FY 22	\$5.34	\$4.42	\$8.97	\$12.73	\$15.16	\$29.71	\$23.81	\$14.32
FY 22 - FY 23	7.40	10.06	4.74	(2.66)	0.84	0.35	0.15	2.95
Change (Percent)								
FY 21 - FY 22	10.1 %	6.7 %	12.2 %	17.4 %	17.3 %	21.4 %	16.3 %	15.7 %
FY 22 - FY 23	12.8	14.2	5.8	(3.1)	0.8	0.2	0.1	2.8

Source: STR

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified four properties that are expected to be primarily competitive with the Proposed Convention Center Hotel.

Primary Competition

The following table summarizes the important operating characteristics of the future primary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

FIGURE 5-16 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Estimated 2022				Estimated 2023					
		Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Primary Competitors	607	31 %	31 %	38 %	607	58.5 %	\$168.22	\$98.43	607	60.6 %	\$179.74	\$109	99 %	100.4 %
Secondary Competitors	344	33 %	30 %	37 %	275	58.3 %	\$159.74	\$93.08	275	62.4 %	\$172.43	\$108	102 %	99.2 %
Totals/Averages	951	32 %	30 %	38 %	882	58.4 %	\$165.58	\$96.76	882	61.2 %	\$177.41	\$109	100 %	100.0 %

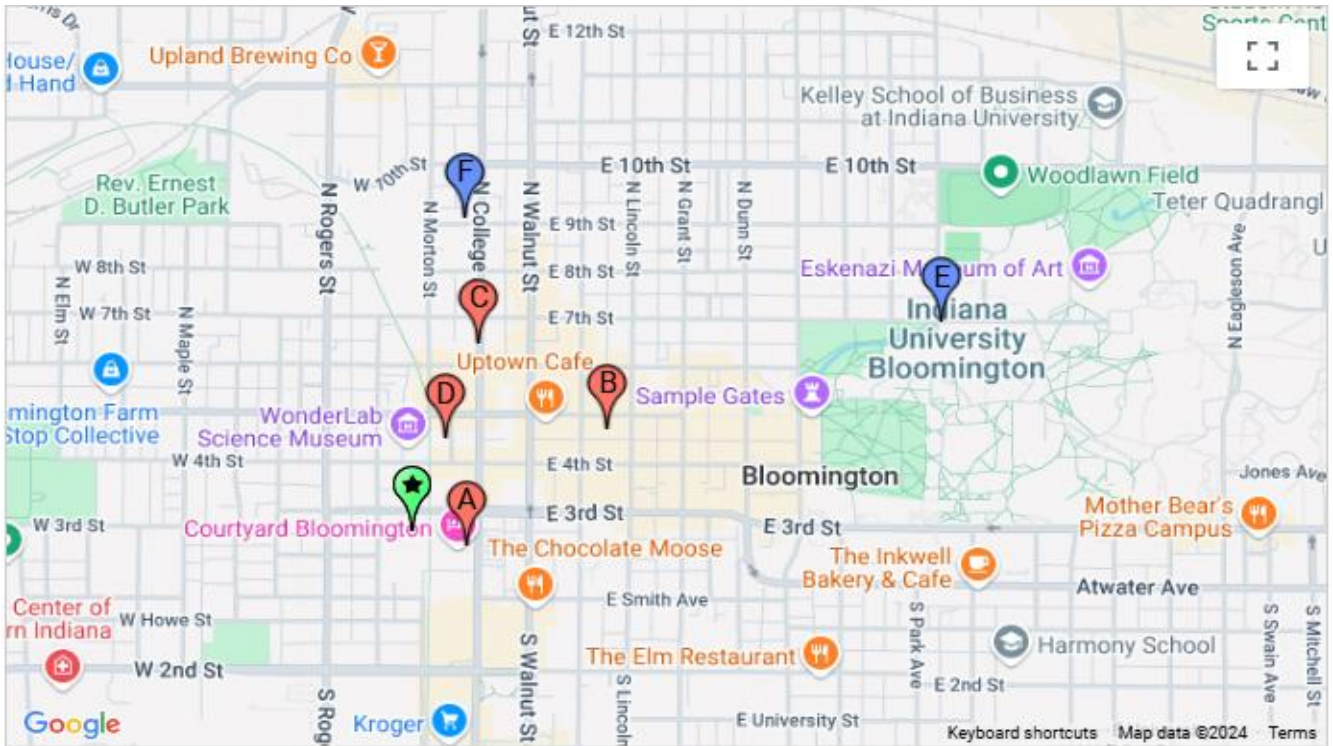
* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

FIGURE 5-17 PRIMARY COMPETITORS – FACILITY PROFILES

Property	Number of Rooms	Year Opened	Approx. Miles To Subject Property	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities
Courtyard by Marriott Bloomington 310 South College Avenue	117	1996	0.8	The Bistro	1,134	9.7	Guest Laundry Area; Room Service; Indoor Swimming Pool; Fitness Center; Indoor Whirlpool
Graduate Bloomington 210 East Kirkwood Avenue	150	2018	0.7	Poindexter Coffee	2,468	16.5	Airport/Local Shuttle; Fitness Room; Courtyard
Hilton Garden Inn Bloomington 245 North College Avenue	168	2006	0.6	Coaches Bar & Grill	5,030	29.9	Business Center; Guest Laundry Area; Room Service; Gift Shop; Indoor Swimming Pool; Fitness Center; Indoor Whirlpool
Hyatt Place Bloomington 217 West Kirkwood Avenue	172	2014	0.7	24/7 Gallery Menu & Market; AM Skillet; Coffee to Cocktails Bar	4,300	25.0	Guest Laundry Area; Indoor Swimming Pool; Fitness Room; Lobby Workstation

The following map illustrates the locations of the proposed subject property and its future competitors.

MAP OF COMPETITION



- | | | | |
|--|---|--|---|
| | Proposed Convention Center Hotel | | Hyatt Place Bloomington (Primary) |
| | Courtyard by Marriott Bloomington (Primary) | | Indiana Memorial Union Biddle Hotel & Conference Center (Secondary) |
| | Graduate by Hilton Bloomington (Primary) | | SpringHill Suites by Marriott Bloomington (Secondary) |
| | Hilton Garden Inn Bloomington (Primary) | | |

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated. Descriptions of our findings are presented below.

PRIMARY COMPETITOR #1 - COURTYARD BY MARRIOTT BLOOMINGTON

**Courtyard by Marriott
Bloomington
310 South College
Avenue
Bloomington, IN**

This property benefits from its proximity to the Monroe Convention Center, which hosts hundreds of events each year. Overall, the property appeared to be in good condition. Its location is similar to that of the Proposed Convention Center Hotel.

PRIMARY COMPETITOR #2 - GRADUATE BLOOMINGTON**Graduate Bloomington
210 East Kirkwood
Avenue
Bloomington, IN**

This hotel benefits from its relatively recent construction and upper-upscale product. However, due to the property's position directly adjacent to First United Methodist Church, the hotel is unable to obtain a liquor license. Overall, the property appeared to be in very good condition. Its location is similar to that of the Proposed Convention Center Hotel.

PRIMARY COMPETITOR #3 - HILTON GARDEN INN BLOOMINGTON

**Hilton Garden Inn
Bloomington
245 North College
Avenue
Bloomington, IN**

This property benefits from its recent property-wide renovation and location within Bloomington's historic downtown district. Overall, the property appeared to be in very good condition. Its location is similar to that of the Proposed Convention Center Hotel.

PRIMARY COMPETITOR #4 - HYATT PLACE BLOOMINGTON



**Hyatt Place
Bloomington
217 West Kirkwood
Avenue
Bloomington, IN**

This property benefits from its location within Bloomington's historic downtown district and proximity to several downtown demand generators. Overall, the property appeared to be in very good condition. Its location is similar to that of the Proposed Convention Center Hotel.

**Secondary
Competitors**

We have also reviewed other area lodging facilities to determine whether any may compete with the proposed subject hotel on a secondary basis. The room count of each anticipated secondary competitor has been weighted based on its assumed degree of competitiveness in the future with the proposed subject hotel. By assigning degrees of competitiveness, we can assess how the proposed subject hotel and its future competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The following table sets forth the pertinent operating characteristics of the secondary competitors.

FIGURE 5-18 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Secondary Competitors	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2022			Estimated 2023				
		Commercial	Meeting and Group	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Totals/Averages	344	33 %	30 %	37 %	80 %	275	58.3 %	\$159.74	\$93.08	275	62.4 %	\$172.43	\$107.65

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

We have identified two hotels that are expected to compete with the proposed subject hotel on a secondary level. The SpringHill Suites by Marriott is anticipated to be competitive based on location; however, this hotel is deemed secondarily competitive based on its limited-service product. Furthermore, the Indiana Memorial Union Biddle Hotel and Conference Center is also anticipated to be competitive based on location; however, this hotel is deemed secondarily competitive due to its emphasis on serving Indiana University-related events.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel’s operating performance. Hotels that have recently opened, are under construction, or that may be in the early development stages in the Bloomington market are noted below. The list is categorized by the principal submarkets within the city.

FIGURE 5-19 AREA DEVELOPMENT ACTIVITY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Boutique Kirkwood Hotel	47	Upscale	Under Construction	Q2 2025	200 E Kirkwood Avenue, Bloomington, IN 47408
Trades District Boutique Hotel	150	Upscale	Early Development	Q4 2026	North Roger Street and West 10th Street, Bloomington, IN 47404

Of the hotels listed in the preceding table, we have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile.

FIGURE 5-20 NEW SUPPLY

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer	Development Stage
Proposed Convention Center Hotel	200	100 %	200	August 1, 2027	TBD	Early Development
Boutique Kirkwood Hotel	47	50	24	June 1, 2025	Studio 3 Design, Inc.	Under Construction
Totals/Averages	247		224			

The Boutique Kirkwood Hotel is under construction on a site located at 200 East Kirkwood Avenue in Bloomington, approximately four blocks northeast of the proposed subject sites. This hotel is expected to compete with the proposed subject hotel given its proximate location; however, in consideration of its differing boutique profile and higher price point, the proposed Boutique Kirkwood Hotel has been classified as secondarily competitive new supply.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed, although key management and maintenance staff were retained to preserve the property and prepare for reopening. In the defined competitive set, the Graduate Hotel and the Indiana Memorial Union Biddle Hotel and Conference Center closed temporarily; however, these hotels have fully reopened. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in this Bloomington submarket. The Proposed Convention Center Hotel should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 5-21 HISTORICAL MARKET TRENDS

Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2018	190,096	—	322,003	—	59.0 %	\$142.66	—	\$84.22	—
Est. 2019	203,311	7.0 %	322,003	0.0 %	63.1	136.82	(4.1) %	86.38	2.6 %
Est. 2020	93,311	(54.1)	322,003	0.0	29.0	114.00	(16.7)	33.04	(61.8)
Est. 2021	160,005	71.5	322,003	0.0	49.7	132.81	16.5	65.99	99.8
Est. 2022	188,169	17.6	322,003	0.0	58.4	165.58	24.7	96.76	46.6
Est. 2023	197,030	4.7	322,003	0.0	61.2	177.41	7.1	108.56	12.2
Avg. Annual Compounded									
Chg., Est. 2018-Est. 2023:		0.7 %			0.0 %			4.5 %	5.2 %

Although not shown in the preceding table, as a point of comparison, the year-to-date 2024 STR trend data indicates a market occupancy level of 60.4% versus 63.7% for the same period of time in 2023. Moreover, ADR registered \$173.49 for the year-to-date 2024 period, reflecting a change of 5.2 % when compared with the ADR for the same period of time in 2023.

**Demand Analysis
Using Market
Segmentation**

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2023 distribution of accommodated-room-night demand as follows.

FIGURE 5-22 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2019 Marketwide		2023 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	71,159	35 %	62,643	32 %
Meeting and Group	60,993	30	59,865	30
Leisure	71,159	35	74,522	38
Total	203,311	100 %	197,030	100 %

In the base year, the market’s demand mix comprised commercial demand, with this segment representing roughly 32% of the accommodated room nights in this Bloomington submarket. The meeting and group segment comprised 30% of the total, with the final portion leisure in nature, reflecting 38%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as “preferred” accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Primary commercial demand generators for this market include major corporate entities in the area, such as Baxter BioPharma Solutions and Boston Scientific. Moreover, Indiana University's Health Center is usually another major source of commercial demand in this market. While corporate travel declined significantly in 2020 and early 2021 because of the COVID-19 pandemic, this demand began to return in late 2021, albeit slowly, and the upward trend continued through 2022 and 2023. Commercial demand should remain important in this market in 2024, with moderate growth forecast through the stabilized year.

Meeting and Group Segment

The meeting-and-group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting-and-group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week, most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food and beverage and/or banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and during the summer months or holiday season, when greater discounts are usually available; these groups generate limited ancillary revenues. Association demand is generally divided on a geographical basis, with national, regional, and state associations representing the most common sources. Professional associations and/or those supported by members' employers often meet on weekdays, while other associations prefer to hold events on weekends. The profile and revenue potential of associations varies depending on the group and the purpose of the meeting or event.

Significant meeting and group demand is generated by Indiana University and the Monroe Convention Center, which is utilized by various social groups, government entities, and trade shows. It should be noted that this demand was severely limited in 2020 and early 2021 given the implications associated with the COVID-19 pandemic, although some groups started to return mid-year 2021. Group demand fully recovered by 2022, and given the planned expansion of the Monroe Convention Center, group demand is expected to remain important in this market going forward.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand is generated by various attractions in the area including Lake Monroe, Brown County State Park, and Bloomington Speedway. Special events at Indiana University Bloomington, such as graduation ceremonies, orientations, and home athletic games, also attract an array of leisure visitors. Furthermore, several youth sports facilities and events drive tourism in Bloomington. In 2023, weekend leisure demand was strong, peaking during the summer and fall months when Indiana University Bloomington hosted a majority of its largest events. We expect similar trends going forward, as Bloomington should remain a popular destination for leisure travelers.

Base Demand Growth Rates

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 5-23 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2024	2025	2026	2027	2028	2029
Commercial	-0.5 %	2.5 %	2.0 %	5.0 %	4.5 %	2.0 %
Meeting and Group	-1.5	5.5	3.0	13.0	10.0	10.0
Leisure	-1.0	5.5	3.5	4.0	4.5	0.5
Base Demand Growth	-1.0 %	4.5 %	2.9 %	7.1 %	6.3 %	4.1 %

Latent Demand

A table presented earlier in this section illustrated the accommodated-room-night demand in the proposed subject hotel’s competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70.0%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

FIGURE 5-24 OCCUPANCY BY NIGHT OF THE WEEK

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 23	58.8 %	68.6 %	70.5 %	68.9 %	67.7 %	70.4 %	76.8 %	68.8 %
Sep - 23	42.3	50.8	65.6	65.1	64.6	77.1	78.4	64.4
Oct - 23	43.3	55.1	65.1	71.4	69.6	76.7	78.1	64.5
Nov - 23	30.9	42.7	53.2	52.4	57.6	64.8	63.1	52.3
Dec - 23	24.9	37.1	42.0	40.9	44.7	50.0	41.2	40.0
Jan - 24	24.4	34.9	47.4	41.2	34.8	44.0	53.6	40.2
Feb - 24	40.4	49.2	61.8	63.8	64.5	81.7	82.6	63.5
Mar - 24	47.9	60.0	60.6	55.0	54.4	68.5	69.3	59.6
Apr - 24	57.0	70.1	72.2	68.6	69.3	76.4	82.9	70.9
May - 24	37.5	45.0	49.0	51.3	55.0	63.9	66.2	53.0
Jun - 24	55.3	77.8	78.9	80.6	80.2	72.3	70.5	72.9
Jul - 24	43.3	73.9	73.8	63.3	58.6	62.7	66.9	63.9
Average	42.2 %	55.7 %	62.1 %	59.7 %	60.2 %	67.1 %	68.8 %	59.4 %

Source: STR

Our interviews with market participants found that the market generally sells out on Friday and Saturday nights during the peak travel season, as well as sporadically within other periods throughout the year. Special events, such as Indiana University sports games and graduation ceremonies, also sell out competitive hotels in the area. A portion of the demand that has historically been turned away should return to the market concurrent with the supply increase. The following table presents our estimate of unaccommodated demand in the subject market.

FIGURE 5-25 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Commercial	71,159	5.5 %	3,922
Meeting and Group	60,993	2.5	1,537
Leisure	71,159	6.8	4,866
Total	203,311	5.1 %	10,325

Accordingly, we have forecast unaccommodated demand equivalent to 5.1% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in demand are expected in the local market, we have accounted for this growth in the determination of market-segment growth rates rather than induced demand.

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the proposed subject hotel's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 5-26 FORECAST OF MARKET OCCUPANCY

	2019	2023	2024	2025	2026	2027	2028	2029
Commercial								
Base Demand	71,159	62,643	62,330	63,888	65,166	68,424	71,503	72,933
Unaccommodated Demand		3,453	3,436	3,522	3,592	3,772	3,941	4,020
Total Demand	71,159	66,096	65,766	67,410	68,758	72,196	75,445	76,953
Growth Rate		(7.1) %	(0.5) %	2.5 %	2.0 %	5.0 %	4.5 %	2.0 %
Meeting and Group								
Base Demand	60,993	59,865	58,967	62,210	64,076	72,406	79,646	87,611
Unaccommodated Demand		1,509	1,486	1,568	1,615	1,825	2,007	2,208
Total Demand	60,993	61,373	60,453	63,777	65,691	74,231	81,654	89,819
Growth Rate		0.6 %	(1.5) %	5.5 %	3.0 %	13.0 %	10.0 %	10.0 %
Leisure								
Base Demand	71,159	74,522	73,777	77,835	80,559	83,782	87,552	87,990
Unaccommodated Demand		5,096	5,045	5,322	5,509	5,729	5,987	6,017
Total Demand	71,159	79,618	78,822	83,157	86,068	89,511	93,539	94,006
Growth Rate		11.9 %	(1.0) %	5.5 %	3.5 %	4.0 %	4.5 %	0.5 %
Totals								
Base Demand	203,311	197,030	195,074	203,933	209,801	224,611	238,701	248,534
Unaccommodated Demand		10,058	9,967	10,412	10,715	11,325	11,935	12,245
Total Demand	203,311	207,087	205,040	214,344	220,516	235,937	250,637	260,779
less: Residual Demand		10,058	9,967	9,770	9,589	0	0	0
Total Accommodated Demand	203,311	197,030	195,074	204,575	210,928	235,937	250,637	260,779
Overall Demand Growth	—	4.7 %	(1.0) %	4.9 %	3.1 %	11.9 %	6.2 %	4.0 %
Market Mix								
Commercial	35.0 %	31.8 %	32.1 %	31.4 %	31.2 %	30.6 %	30.1 %	29.5 %
Meeting and Group	30.0	30.4	29.5	29.8	29.8	31.5	32.6	34.4
Leisure	35.0	37.8	38.4	38.8	39.0	37.9	37.3	36.0
Existing Hotel Supply	882	882	882	882	882	882	882	882
Proposed Hotels								
Proposed Convention Center Hotel ¹						84	200	200
Boutique Kirkwood Hotel ²				14	24	24	24	24
Available Room Nights per Year	322,003	322,003	322,003	327,032	330,581	361,181	403,581	403,581
Nights per Year	365	365	365	365	365	365	365	365
Total Supply	882	882	882	896	906	990	1,106	1,106
Rooms Supply Growth			0.0 %	1.6 %	1.1 %	9.3 %	11.7 %	0.0 %
Marketwide Occupancy	63.1 %	61.2 %	60.6 %	62.6 %	63.8 %	65.3 %	62.1 %	64.6 %

¹ Opening in August 2027 of the 100% competitive, 200-room Proposed Convention Center Hotel

² Opening in June 2025 of the 50% competitive, 47-room Boutique Kirkwood Hotel

6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels also vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect the operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Penetration Rate Analysis

The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a hotel's market share to its fair share.

Forecast of Subject Property's Occupancy

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market and, consequently, upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture, and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more hotels in the competitive market. Our projections of penetration, demand capture, and occupancy performance for the proposed subject hotel account for these types of adjustments to market share within the defined competitive market.

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

FIGURE 6-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2027	2028	2029
Commercial			
Demand	72,196	75,445	76,953
Market Share	7.7 %	18.8 %	19.5 %
Capture	5,545	14,185	15,024
Penetration	91 %	104 %	108 %
Meeting and Group			
Demand	74,231	81,654	89,819
Market Share	9.3 %	21.7 %	23.7 %
Capture	6,900	17,753	21,316
Penetration	110 %	120 %	131 %
Leisure			
Demand	89,511	93,539	94,006
Market Share	6.9 %	15.7 %	16.5 %
Capture	6,145	14,725	15,525
Penetration	81 %	87 %	91 %
Total Room Nights Captured	18,590	46,664	51,865
Available Room Nights	30,600	73,000	73,000
Subject Occupancy	61 %	64 %	71 %
Market-wide Available Room Nights	361,181	403,581	403,581
Fair Share	8 %	18 %	18 %
Market-wide Occupied Room Nights	235,937	250,637	260,779
Market Share	8 %	19 %	20 %
Market-wide Occupancy	65 %	62 %	65 %
Total Penetration	93 %	103 %	110 %

Within the commercial segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, supported by its full-service product that will be attractive to corporate travelers. The proposed subject hotel's occupancy penetration in the meeting and group segment is positioned well above the market-average level given the proposed hotel's proximity and planned partnership with the Monroe Convention Center. Within the leisure segment, the proposed subject hotel's occupancy penetration is positioned below the market-

average level, largely attributed to its upper-upscale product, which is not a common choice for most leisure travelers.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 6-2 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2027	2028	2029
Commercial	30 %	30 %	29 %
Meeting and Group	37	38	41
Leisure	33	32	30
Total	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 71%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

One of the most important considerations in estimating the potential performance of a lodging facility is a supportable forecast of its attainable average rate (ADR), which is more formally defined as the average rate per occupied room; ADR can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected ADR and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel's future primary competitors.

FIGURE 6-3 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2023 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Average - Primary Competitors	\$179.74	101.3 %	60.6 %	99.1 %	\$108.97	100.4 %
Average - Secondary Competitors	172.43	97.2	62.4	102.0	107.65	99.2
Overall Average	\$177.41	100.0 %	61.2 %	100.0 %	\$108.56	100.0 %
Subject As If Stabilized (In 2023 Dollars)	\$195.00	109.9 %	67.3 %	110.0 %	\$131.19	120.9 %

The Graduate Hotel achieved the highest estimated ADR in the local competitive market, by a modest margin, because of its upper-upscale product offering. Other important rate aspects of this market include proximity to downtown demand generators and condition. The selected rate position for the proposed subject hotel, in base-year dollars, takes into consideration factors such as its new construction and upper-upscale product tier.

To forecast the proposed subject hotel’s ADR, we positioned the rate in the context of the 2023 competitive market. In other words, we estimated the ADR that the proposed subject hotel would have achieved had it been operating at a stabilized level in 2023. As part of this analysis, we considered the proposed subject property’s competitive attributes, such as location, size (number of rooms), array of facilities and amenities, and market image/branding, and compared them to those of the hotels to which it is expected to be most comparable, applying adjustments as deemed appropriate, as illustrated below.

FIGURE 6-4 ADR ADJUSTMENT GRID

	Proposed Convention Center Hotel	Courtyard by Marriott Bloomington	Hyatt Place Bloomington	Hilton Garden Inn Bloomington	Graduate Bloomington	Indiana Memorial Union Biddle Hotel & Conference Center	SpringHill Suites by Marriott Bloomington
Rooms	200	117	172	168	150	186	158
2023 Average Rate		\$170 - \$180	\$170 - \$180	\$180 - \$190	\$180 - \$190	\$170 - \$180	\$170 - \$180
Adjustments							
Location		Similar 0%	Similar 0%	Similar 0%	Similar 0%	Superior -5%	Similar 0%
Room Count/Market Mix		Superior -10%	Similar 0%	Similar 0%	Superior -5%	Similar 0%	Superior -5%
Condition and Facilities		Inferior 20%	Inferior 5%	Inferior 5%	Similar 0%	Inferior 10%	Inferior 5%
Market Image		Inferior 5%	Inferior 5%	Inferior 5%	Similar 0%	Inferior 5%	Inferior 10%
Total Adjustmmt		15%	10%	10%	-5%	10%	10%
Adjusted Average Rate		\$190 - \$200	\$190 - \$200	\$200 - \$210	\$170 - \$180	\$190 - \$200	\$180 - \$190
Minimum		\$170 - \$180					
Maximum		\$200 - \$210					
Average		\$190 - \$200					
Median		\$190 - \$200					
Positioned Average Rate		\$195					

Following the adjustments, our analysis indicates that the proposed subject hotel would have achieved an ADR between \$170 and \$205 if it were operating at a stabilized level in 2023. Based on this analysis, we have positioned the proposed subject hotel’s ADR at \$195 in base-year dollars.

We have positioned the proposed subject hotel's stabilized ADR in the 2023 base year in consideration of its new facility, strong brand affiliation, and upper-upscale product. Average rates for this competitive market are anticipated to continue to increase at a strong pace through the first projection year; thereafter, ADR growth is expected to moderate, trending in line with inflation through the stabilized year.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level.

The proposed subject hotel’s projected ADR (as if stabilized) is then fiscalized to correspond with the hotel’s anticipated date of opening for each forecast year.

FIGURE 6-5 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	Historical		2024	2025	2026	2027	2028	2029	2030	2031
	2019	2023								
Market ADR	\$136.82	\$177.41	\$186.28	\$191.87	\$197.63	\$203.56	\$209.66	\$215.95	\$222.43	\$229.10
Projected Market ADR Growth Rate	—		5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$195.00	\$204.75	\$210.89	\$217.22	\$223.74	\$230.45	\$237.36	\$244.48	\$251.82
ADR Growth Rate			5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		110%	110%	110%	110%	110%	110%	110%	110%	110%
Fiscal Year					2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Proposed Subject Property Average Rate					\$221.00	\$227.63	\$234.46	\$241.50	\$248.74	\$256.20
Opening Discount					0.0%	2.0%	1.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$221.00	\$223.08	\$232.12	\$241.50	\$248.74	\$256.20
Real Average Rate Growth					—	0.9%	4.1%	4.0%	3.0%	3.0%
Market ADR					\$201.07	\$207.10	\$213.32	\$219.72	\$226.31	\$233.10
Proposed Subject ADR Penetration (After Discount)					110%	108%	109%	110%	110%	110%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$198.79	\$194.82	\$196.80	\$198.79	\$198.79	\$198.79

Market-wide rates began to normalize in 2018 and 2019, before decreasing in 2020 because of the COVID-19 pandemic. ADR began to recover in 2021, although remaining below the level achieved in 2019. Gains in ADR intensified as 2022 progressed, surpassing 2019 levels by year-end. Year-end 2023 data illustrate further ADR growth as the market accepted increases to direct booking rates. As forecast, the competitive market's ADR for 2024 reflects the year-to-date trends and growth compared to the same period last year. We expect modest ADR growth to continue, driven primarily by inflation and future economic strength in the market.

The proposed subject hotel’s ADR penetration level is forecast to reach 110% by the stabilized period, consistent with our stabilized ADR positioning. Based on our review of the proposed improvements and the anticipated profile of the hotel product and its operation, it is our opinion that the ADR penetration level should be achievable with appropriate management and marketing. The proposed hotel’s positioned stabilized ADR is projected to increase at the same rate as the overall market’s ADR, prior to consideration of any ADR discounting during the hotel’s ramp-up period.

The following table sets forth our forecast of the proposed subject hotel’s occupancy, ADR, and RevPAR, with corresponding penetration levels, for the first projection year through the stabilized year of operation. The competitive market’s historical and projected occupancy, ADR, and RevPAR levels are presented for comparison.

FIGURE 6-6 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, ADR, AND REVPAR – PROPOSED SUBJECT PROPERTY AND MARKET

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Proposed Convention Center Hotel									
Occupancy							—	—	—
Change in Points							—	—	—
Occupancy Penetration							—	—	—
Average Rate						\$195.00	\$204.75	\$210.89	\$217.22
Change							—	3.0 %	3.0 %
Average Rate Penetration							109.9 %	109.9 %	109.9 %
RevPAR							—	—	—
Change							—	—	—
RevPAR Penetration							—	—	—
	Historical								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Competitive Set									
Occupancy	59.0 %	63.1 %	29.0 %	49.7 %	58.4 %	61.2 %	60.6 %	62.6 %	63.8 %
Change in Points	—	4.1	(34.2)	20.7	8.7	2.8	(0.6)	2.0	1.3
Average Rate	\$142.66	\$136.82	\$114.00	\$132.81	\$165.58	\$177.41	\$186.28	\$191.87	\$197.63
Change	—	(4.1) %	(16.7) %	16.5 %	24.7 %	7.1 %	5.0 %	3.0 %	3.0 %
RevPAR	\$84.22	\$86.38	\$33.04	\$65.99	\$96.76	\$108.56	\$112.85	\$120.02	\$126.10
Change	—	2.6 %	(61.8) %	99.8 %	46.6 %	12.2 %	4.0 %	6.4 %	5.1 %

Discounts of 2% and 1% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market. Note that our forecast of income and expense, which follows later in this report, assumes an underlying inflation rate of 3.0%.

The following occupancies and average rates will be used to project the proposed subject hotel’s rooms revenue; this forecast reflects years beginning on August 1, 2027, which correspond with our financial projections.

FIGURE 6-7 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate		Average Rate After Discount	RevPAR	RevPAR % Change
		Before Discount	Discount			
2027/28	63 %	\$227.63	2.0 %	\$223.08	\$140.54	—
2028/29	68	234.46	1.0	232.12	157.84	12.3
2029/30	71	241.50	0.0	241.50	171.46	8.6

7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2023 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2023/24	2023/24	2022/23	2022	2021/22	2023
Number of Rooms:	200 to 250	220 to 280	200 to 250	270 to 330	200 to 260	200
Days Open:	365	365	365	365	365	365
Occupancy:	75%	72%	71%	72%	71%	71%
Average Rate:	\$161	\$163	\$199	\$199	\$174	\$199
RevPAR:	\$121	\$117	\$141	\$143	\$123	\$141
REVENUE						
Rooms	71.0 %	68.6 %	65.4 %	58.9 %	65.9 %	68.2 %
Food & Beverage	26.1	26.9	30.7	37.8	31.9	27.5
Other Operated Departments	2.1	1.7	0.4	0.2	1.0	3.6
Miscellaneous Income	0.8	2.9	3.5	3.1	1.3	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	24.3	24.3	17.2	23.9	22.5	23.0
Food & Beverage	38.2	47.5	44.6	56.7	49.8	50.0
Other Operated Departments	11.1	9.2	104.4	0.0	2.3	32.9
Total	27.4	29.6	25.4	35.5	30.7	30.6
DEPARTMENTAL INCOME	72.6	70.4	74.6	64.5	69.3	69.4
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.6	6.4	7.7	7.0	7.0	6.8
Info. and Telecom. Systems	0.9	1.0	1.9	1.8	1.0	1.3
Marketing	6.1	6.2	6.4	7.2	5.5	6.0
Franchise Fee	5.7	6.5	6.9	0.0	7.1	5.5
Property Operations & Maintenance	5.5	4.6	3.5	4.6	4.3	3.8
Utilities	5.2	4.5	3.6	2.7	2.8	3.6
Total	31.0	29.3	30.0	23.3	27.7	26.9
GROSS OPERATING PROFIT	41.6	41.1	44.6	41.2	41.6	42.5
Management Fee	3.0	3.0	3.9	3.0	3.5	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	38.5	38.1	40.7	38.2	38.1	39.5
EBITDA LESS RESERVE	23.7 %	30.0 %	32.0 %	32.1 %	33.9 %	32.6 %

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

FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Year:	2023/24	2023/24	2022/23	2022	2021/22	2023
Number of Rooms:	200 to 250	220 to 280	200 to 250	270 to 330	200 to 260	200
Days Open:	365	365	365	365	365	365
Occupancy:	75%	72%	71%	72%	71%	71%
Average Rate:	\$161	\$163	\$199	\$199	\$174	\$199
RevPAR:	\$121	\$117	\$141	\$143	\$123	\$141
REVENUE						
Rooms	\$44,075	\$42,617	\$51,441	\$52,267	\$44,798	\$51,517
Food & Beverage	16,242	16,683	24,156	33,532	21,706	20,732
Other Operated Departments	1,302	1,053	286	216	661	2,721
Miscellaneous Income	499	1,773	2,758	2,733	863	518
Total	62,119	62,127	78,640	88,748	68,028	75,489
DEPARTMENTAL EXPENSES						
Rooms	10,695	10,343	8,860	12,500	10,077	11,849
Food & Beverage	6,201	7,930	10,784	19,012	10,815	10,366
Other Operated Departments	145	97	298	0	15	894
Total	17,040	18,370	19,942	31,512	20,907	23,109
DEPARTMENTAL INCOME	45,079	43,757	58,698	57,236	47,121	52,380
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	4,726	3,949	6,094	6,226	4,748	5,100
Info. and Telecom. Systems	561	640	1,490	1,587	662	1,000
Marketing	3,794	3,861	5,060	6,368	3,726	4,500
Franchise Fee	3,534	4,061	5,434	0	4,841	4,121
Property Operations & Maintenance	3,446	2,889	2,723	4,127	2,905	2,900
Utilities	3,227	2,793	2,827	2,400	1,938	2,700
Total	19,288	18,193	23,628	20,708	18,821	20,321
GROSS OPERATING PROFIT	25,791	25,564	35,070	36,528	28,300	32,058
Management Fee	1,864	1,864	3,035	2,662	2,404	2,265
INCOME BEFORE NON-OPER. INC. & EXP.	23,928	23,700	32,034	33,865	25,896	29,793
EBITDA LESS RESERVE	\$14,762	\$18,713	\$25,191	\$28,453	\$22,991	\$24,623

FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2023/24	2023/24	2022/23	2022	2021/22	2023
Number of Rooms:	200 to 250	220 to 280	200 to 250	270 to 330	200 to 260	200
Days Open:	365	365	365	365	365	365
Occupancy:	75%	72%	71%	72%	71%	71%
Average Rate:	\$161	\$163	\$199	\$199	\$174	\$199
RevPAR:	\$121	\$117	\$141	\$143	\$123	\$141
REVENUE						
Rooms	\$160.94	\$162.88	\$199.42	\$198.84	\$174.02	\$198.79
Food & Beverage	59.31	63.76	93.65	127.57	84.32	80.00
Other Operated Departments	4.76	4.03	1.11	0.82	2.57	10.50
Miscellaneous Income	1.82	6.78	10.69	10.40	3.35	2.00
Total	226.83	237.44	304.86	337.63	264.26	291.29
DEPARTMENTAL EXPENSES						
Rooms	39.05	39.53	34.35	47.55	39.15	45.72
Food & Beverage	22.64	30.31	41.80	72.33	42.01	40.00
Other Operated Departments	0.53	0.37	1.16	0.00	0.06	3.45
Total	62.22	70.21	77.31	119.88	81.22	89.17
DEPARTMENTAL INCOME	164.61	167.23	227.55	217.75	183.05	202.12
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	17.26	15.09	23.63	23.69	18.44	19.68
Info. and Telecom. Systems	2.05	2.44	5.78	6.04	2.57	3.86
Marketing	13.86	14.76	19.62	24.23	14.47	17.36
Franchise Fee	12.90	15.52	21.07	0.00	18.81	15.90
Property Operations & Maintenance	12.58	11.04	10.56	15.70	11.29	11.19
Utilities	11.78	10.68	10.96	9.13	7.53	10.42
Total	70.43	69.53	91.60	78.78	73.11	78.42
GROSS OPERATING PROFIT	94.18	97.70	135.96	138.97	109.94	123.70
Management Fee	6.81	7.12	11.77	10.13	9.34	8.74
INCOME BEFORE NON-OPER. INC. & EXP.	87.37	90.58	124.19	128.84	100.60	114.97
EBITDA LESS RESERVE	\$53.90	\$71.52	\$97.66	\$108.25	\$89.32	\$95.01

The departmental income of the comparable properties ranged from 64.5% to 74.6% of total revenue. Our forecast anticipates that the proposed subject hotel's departmental income will stabilize at 69.4%. The comparable properties achieved a gross operating profit (GOP) ranging from 41.1% to 44.6% of total revenue. Our forecast anticipates a stabilized GOP margin of 42.4% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

**Fixed and Variable
Component Analysis**

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the Uniform System of Accounts for the Lodging Industry (USALI). Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

**Inflation and
Appreciation
Assumptions**

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve’s target inflation rate, we have applied a 3.0% underlying inflation rate in our analysis.

This annual rate of growth is applied to income and expenses after the stabilized year to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (e.g., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-ups of individual income and expense items.

**Forecast of Revenue
and Expense**

Based on an analysis that will be detailed throughout this section, we have formulated a revenue-and-expense forecast through the fifth projection year, including amounts per available room and per occupied room, as illustrated in the following table. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on August 1, 2027, expressed in inflated dollars for each year (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2027/28 Begins August			2028/29			Stabilized			2030/31			2031/32							
Number of Rooms:	200			200			200			200			200							
Occupancy:	63%			68%			71%			71%			71%							
Average Rate:	\$223.08			\$232.12			\$241.50			\$248.74			\$256.20							
RevPAR:	\$140.54			\$157.84			\$171.46			\$176.61			\$181.91							
Days Open:	365			365			365			365			365							
Occupied Rooms:	45,990	%Gross	PAR	POR	49,640	%Gross	PAR	POR	51,830	%Gross	PAR	POR	51,830	%Gross	PAR	POR	51,830	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$10,260	67.0 %	\$51,300	\$223.09	\$11,522	67.7 %	\$57,610	\$232.11	\$12,517	68.2 %	\$62,585	\$241.50	\$12,892	68.2 %	\$64,460	\$248.74	\$13,279	68.2 %	\$66,395	\$256.20
Food & Beverage	4,347	28.4	21,734	94.51	4,735	27.8	23,677	95.40	5,037	27.5	25,186	97.19	5,188	27.5	25,941	100.10	5,344	27.5	26,719	103.10
Other Operated Departments	172	1.1	860	3.74	181	1.1	905	3.65	189	1.0	944	3.64	195	1.0	973	3.75	200	1.0	1,002	3.87
Parking	420	2.7	2,100	9.13	449	2.6	2,244	9.04	472	2.6	2,361	9.11	486	2.6	2,432	9.38	501	2.6	2,505	9.67
Miscellaneous Income	115	0.7	573	2.49	121	0.7	604	2.43	126	0.7	630	2.43	130	0.7	649	2.50	134	0.7	668	2.58
Total Operating Revenues	15,314	100.0	76,568	332.97	17,008	100.0	85,040	342.63	18,341	100.0	91,706	353.87	18,891	100.0	94,455	364.48	19,458	100.0	97,289	375.42
DEPARTMENTAL EXPENSES *																				
Rooms	2,591	25.3	12,957	56.34	2,748	23.8	13,739	55.35	2,879	23.0	14,394	55.54	2,965	23.0	14,826	57.21	3,054	23.0	15,271	58.93
Food & Beverage	2,284	52.5	11,419	49.66	2,410	50.9	12,052	48.56	2,519	50.0	12,593	48.59	2,594	50.0	12,971	50.05	2,672	50.0	13,360	51.55
Other Operated Departments	70	41.0	352	1.53	73	40.4	365	1.47	76	40.0	378	1.46	78	40.0	389	1.50	80	40.0	401	1.55
Total Expenses	5,077	33.2	25,384	110.39	5,368	31.6	26,839	108.14	5,615	30.6	28,073	108.33	5,783	30.6	28,915	111.58	5,957	30.6	29,783	114.93
DEPARTMENTAL INCOME	10,237	66.8	51,184	222.59	11,640	68.4	58,201	234.49	12,727	69.4	63,633	245.54	13,108	69.4	65,539	252.90	13,501	69.4	67,506	260.49
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,135	7.4	5,673	24.67	1,190	7.0	5,948	23.96	1,239	6.8	6,196	23.91	1,276	6.8	6,381	24.62	1,315	6.8	6,573	25.36
Info & Telecom Systems	222	1.5	1,112	4.84	233	1.4	1,166	4.70	243	1.3	1,215	4.69	250	1.3	1,251	4.83	258	1.3	1,289	4.97
Marketing	1,001	6.5	5,006	21.77	1,050	6.2	5,248	21.14	1,093	6.0	5,467	21.09	1,126	6.0	5,631	21.73	1,160	6.0	5,800	22.38
Franchise Fee	821	5.4	4,104	17.85	922	5.4	4,609	18.57	1,001	5.5	5,007	19.32	1,031	5.5	5,157	19.90	1,062	5.5	5,312	20.50
Prop. Operations & Maint.	645	4.2	3,226	14.03	676	4.0	3,382	13.63	705	3.8	3,523	13.59	726	3.8	3,629	14.00	748	3.8	3,738	14.42
Utilities	601	3.9	3,003	13.06	630	3.7	3,149	12.69	656	3.6	3,280	12.66	676	3.6	3,378	13.04	696	3.6	3,480	13.43
Total Expenses	4,425	28.9	22,125	96.22	4,700	27.7	23,501	94.69	4,937	27.0	24,687	95.26	5,085	27.0	25,427	98.12	5,238	27.0	26,190	101.06
GROSS OPERATING PROFIT	5,812	38.0	29,059	126.37	6,940	40.8	34,699	139.80	7,789	42.5	38,946	150.28	8,022	42.5	40,112	154.78	8,263	42.5	41,316	159.43
Management Fee	459	3.0	2,297	9.99	510	3.0	2,551	10.28	550	3.0	2,751	10.62	567	3.0	2,834	10.93	584	3.0	2,919	11.26
INCOME BEFORE NON-OPR. INC. & EXP.	5,352	35.0	26,762	116.38	6,430	37.8	32,148	129.53	7,239	39.5	36,195	139.67	7,456	39.5	37,278	143.85	7,680	39.5	38,398	148.17
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	424	2.8	2,120	9.22	437	2.6	2,183	8.80	450	2.5	2,249	8.68	463	2.5	2,316	8.94	477	2.5	2,386	9.21
Insurance	69	0.4	344	1.49	71	0.4	354	1.43	73	0.4	364	1.41	75	0.4	375	1.45	77	0.4	387	1.49
Total Expenses	493	3.2	2,463	10.71	507	3.0	2,537	10.22	523	2.9	2,613	10.08	538	2.9	2,692	10.39	554	2.9	2,772	10.70
EBITDA	4,860	31.8	24,299	105.67	5,922	34.8	29,611	119.30	6,716	36.6	33,581	129.58	6,917	36.6	34,587	133.46	7,125	36.6	35,625	137.47
Reserve for Replacement	306	2.0	1,531	6.66	510	3.0	2,551	10.28	734	4.0	3,668	14.15	756	4.0	3,778	14.58	778	4.0	3,892	15.02
EBITDA LESS RESERVE	\$4,553	29.7 %	\$22,767	\$99.01	\$5,412	31.8 %	\$27,060	\$109.02	\$5,983	32.6 %	\$29,913	\$115.43	\$6,162	32.6 %	\$30,809	\$118.88	\$6,347	32.6 %	\$31,734	\$122.45

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

FIGURE 7-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35		2035/36		2036/37	
Number of Rooms:	200		200		200		200		200		200		200		200		200		200	
Occupied Rooms:	45,990		49,640		51,830		51,830		51,830		51,830		51,830		51,830		51,830		51,830	
Occupancy:	63%		68%		71%		71%		71%		71%		71%		71%		71%		71%	
Average Rate:	\$223.08		\$232.12		\$241.50		\$248.74		\$256.20		\$263.89		\$271.81		\$279.96		\$288.36		\$297.01	
RevPAR:	\$140.54	Gross	\$157.84	Gross	\$171.46	Gross	\$176.61	Gross	\$181.91	Gross	\$187.36	Gross	\$192.98	Gross	\$198.77	Gross	\$204.74	Gross	\$210.88	Gross
OPERATING REVENUE																				
Rooms	\$10,260	67.0 %	\$11,522	67.7 %	\$12,517	68.2 %	\$12,892	68.2 %	\$13,279	68.2 %	\$13,677	68.2 %	\$14,088	68.2 %	\$14,510	68.2 %	\$14,946	68.2 %	\$15,394	68.2 %
Food & Beverage	4,347	28.4	4,735	27.8	5,037	27.5	5,188	27.5	5,344	27.5	5,504	27.5	5,669	27.5	5,839	27.5	6,015	27.5	6,195	27.5
Other Operated Departments	172	1.1	181	1.1	189	1.0	195	1.0	200	1.0	206	1.0	213	1.0	219	1.0	226	1.0	232	1.0
Parking	420	2.7	449	2.6	472	2.6	486	2.6	501	2.6	516	2.6	531	2.6	547	2.6	564	2.6	581	2.6
Miscellaneous Income	115	0.7	121	0.7	126	0.7	130	0.7	134	0.7	138	0.7	142	0.7	146	0.7	150	0.7	155	0.7
Total Operating Revenues	15,314	100.0	17,008	100.0	18,341	100.0	18,891	100.0	19,458	100.0	20,041	100.0	20,643	100.0	21,262	100.0	21,900	100.0	22,557	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	2,591	25.3	2,748	23.8	2,879	23.0	2,965	23.0	3,054	23.0	3,146	23.0	3,240	23.0	3,337	23.0	3,438	23.0	3,541	23.0
Food & Beverage	2,284	52.5	2,410	50.9	2,519	50.0	2,594	50.0	2,672	50.0	2,752	50.0	2,835	50.0	2,920	50.0	3,007	50.0	3,098	50.0
Other Operated Departments	70	41.0	73	40.4	76	40.0	78	40.0	80	40.0	83	40.0	85	40.0	88	40.0	90	40.0	93	40.0
Total Expenses	5,077	33.2	5,368	31.6	5,615	30.6	5,783	30.6	5,957	30.6	6,135	30.6	6,319	30.6	6,509	30.6	6,704	30.6	6,905	30.6
DEPARTMENTAL INCOME	10,237	66.8	11,640	68.4	12,727	69.4	13,108	69.4	13,501	69.4	13,906	69.4	14,324	69.4	14,753	69.4	15,196	69.4	15,652	69.4
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,135	7.4	1,190	7.0	1,239	6.8	1,276	6.8	1,315	6.8	1,354	6.8	1,395	6.8	1,436	6.8	1,480	6.8	1,524	6.8
Info & Telecom Systems	222	1.5	233	1.4	243	1.3	250	1.3	258	1.3	265	1.3	273	1.3	282	1.3	290	1.3	299	1.3
Marketing	1,001	6.5	1,050	6.2	1,093	6.0	1,126	6.0	1,160	6.0	1,195	6.0	1,231	6.0	1,267	6.0	1,306	6.0	1,345	6.0
Franchise Fee	821	5.4	922	5.4	1,001	5.5	1,031	5.5	1,062	5.5	1,094	5.5	1,127	5.5	1,161	5.5	1,196	5.5	1,232	5.5
Prop. Operations & Maint.	645	4.2	676	4.0	705	3.8	726	3.8	748	3.8	770	3.8	793	3.8	817	3.8	841	3.8	867	3.8
Utilities	601	3.9	630	3.7	656	3.6	676	3.6	696	3.6	717	3.6	738	3.6	760	3.6	783	3.6	807	3.6
Total Expenses	4,425	28.9	4,700	27.7	4,937	27.0	5,085	27.0	5,238	27.0	5,395	27.0	5,557	27.0	5,724	27.0	5,896	27.0	6,072	27.0
GROSS OPERATING PROFIT	5,812	38.0	6,940	40.8	7,789	42.5	8,022	42.5	8,263	42.5	8,511	42.5	8,767	42.5	9,029	42.5	9,301	42.5	9,579	42.5
Management Fee	459	3.0	510	3.0	550	3.0	567	3.0	584	3.0	601	3.0	619	3.0	638	3.0	657	3.0	677	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	5,352	35.0	6,430	37.8	7,239	39.5	7,456	39.5	7,680	39.5	7,910	39.5	8,147	39.5	8,391	39.5	8,644	39.5	8,903	39.5
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	424	2.8	437	2.6	450	2.5	463	2.5	477	2.5	491	2.5	506	2.5	521	2.5	537	2.5	553	2.5
Insurance	69	0.4	71	0.4	73	0.4	75	0.4	77	0.4	80	0.4	82	0.4	84	0.4	87	0.4	90	0.4
Total Expenses	493	3.2	507	3.0	523	2.9	538	2.9	554	2.9	571	2.9	588	2.9	606	2.9	624	2.9	643	2.9
EBITDA	4,860	31.8	5,922	34.8	6,716	36.6	6,917	36.6	7,125	36.6	7,339	36.6	7,559	36.6	7,785	36.6	8,020	36.6	8,260	36.6
Reserve for Replacement	306	2.0	510	3.0	734	4.0	756	4.0	778	4.0	802	4.0	826	4.0	850	4.0	876	4.0	902	4.0
EBITDA LESS RESERVE	\$4,553	29.7 %	\$5,412	31.8 %	\$5,983	32.6 %	\$6,162	32.6 %	\$6,347	32.6 %	\$6,537	32.6 %	\$6,734	32.6 %	\$6,935	32.6 %	\$7,144	32.6 %	\$7,358	32.6 %

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning August 1, 2027, expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 71% with an ADR of \$241.50 in 2029/30. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

Food & Beverage Revenue

Food and beverage (F&B) revenue is generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms. With the exception of properties with active lounges or banquet facilities that draw local residents, in-house guests generally represent a substantial percentage of a hotel's F&B patrons. In the case of the Proposed Convention Center Hotel, the F&B department will include a signature restaurant and lobby lounge; moreover, banquet space is expected to encompass 15,000 to 20,000 square feet. The proposed subject hotel's F&B operation is expected to be an important component of the hotel. Therefore, based upon our review of comparable operating statements, we have positioned an appropriate revenue level given the hotel's planned facility and price point. We would anticipate future moderate growth to occur within this category after the hotel's opening.

Although F&B revenue varies directly with changes in occupancy, the small portion generated by banquet sales and outside capture is relatively fixed.

FIGURE 7-6 FOOD & BEVERAGE REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Food & Beverage Revenue							
Percentage of Revenue	26.1 %	26.9 %	30.7 %	37.8 %	31.9 %	28.4 %	27.5 %
Per Available Room	\$16,242	\$16,683	\$24,156	\$33,532	\$21,706	\$21,734	\$20,732
Per Occupied Room	\$59.31	\$63.76	\$93.65	\$127.57	\$84.32	\$94.51	\$80.00

Other Operated Departments Revenue

According to the USALI, other operated departments include any major or minor operated department other than rooms and F&B. The proposed subject hotel's other operated departments revenue sources are expected to include the hotel's market pantry sales and guest laundry commissions. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-7 OTHER OPERATED DEPARTMENTS REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	2.1 %	1.7 %	0.4 %	0.2 %	1.0 %	1.1 %	1.0 %
Per Available Room	\$1,302	\$1,053	\$286	\$216	\$661	\$860	\$777
Per Occupied Room	\$4.76	\$4.03	\$1.11	\$0.82	\$2.57	\$3.74	\$3.00

Parking Income

We have forecast revenues associated with parking in line with the market average cost of parking (\$15 per night) and have assumed a 50.0% capture rate. Expense levels fall within a range of reasonableness given the provided comparable operating statements. We forecast the proposed subject hotel's parking income to stabilize at \$9.13 per occupied room by the stabilized year, 2029/30.

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. The proposed subject hotel's miscellaneous income revenues are expected to be generated primarily by the hotel's cancellation fees, smoking fees, and other miscellaneous charges. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-8 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	0.8 %	2.9 %	3.5 %	3.1 %	1.3 %	0.7 %	0.7 %
Per Available Room	\$499	\$1,773	\$2,758	\$2,733	\$863	\$573	\$518
Per Occupied Room	\$1.82	\$6.78	\$10.69	\$10.40	\$3.35	\$2.49	\$2.00

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy, and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume. The proposed subject hotel's rooms department expense has been positioned based upon our review of the comparable operating data and our understanding of the hotel's future service level and price point.

FIGURE 7-9 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	24.3 %	24.3 %	17.2 %	23.9 %	22.5 %	25.3 %	23.0 %
Per Available Room	\$10,695	\$10,343	\$8,860	\$12,500	\$10,077	\$12,957	\$11,849
Per Occupied Room	\$39.05	\$39.53	\$34.35	\$47.55	\$39.15	\$56.34	\$45.72

Food & Beverage Expense

Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. The costs associated with food sales and payroll are moderately to highly correlated to food revenues. Items such as dishware, linens, and uniforms are less dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas. The costs associated with beverage sales and payroll are moderately to highly correlated to beverage revenues. The proposed subject hotel's F&B operation is expected to be efficiently managed and operated at an expense level that is in line with other comparable operations.

FIGURE 7-10 FOOD & BEVERAGE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	38.2 %	47.5 %	44.6 %	56.7 %	49.8 %	52.5 %	50.0 %
Per Available Room	\$6,201	\$7,930	\$10,784	\$19,012	\$10,815	\$11,419	\$10,366
Per Occupied Room	\$22.64	\$30.31	\$41.80	\$72.33	\$42.01	\$49.66	\$40.00

Other Operated Departments Expense

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter. The proposed subject hotel's other operated departments revenue sources are expected to include the hotel's market pantry sales and guest laundry commissions. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-11 OTHER OPERATED DEPARTMENTS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	11.1 %	9.2 %	104.4 %	0.0 %	2.3 %	41.0 %	40.0 %
Per Available Room	\$145	\$97	\$298	\$0	\$15	\$352	\$311
Per Occupied Room	\$0.53	\$0.37	\$1.16	\$0.00	\$0.06	\$1.53	\$1.20

Parking Expense

The proposed subject hotel's parking operation is expected to be efficiently managed and operate at an expense level that is in line with other comparable operations. We have projected a stabilized expense ratio of 31.3% in 2029/30.

Administrative & General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume. Based upon our review of the comparable operating data and the

expected scope of facility for the proposed subject hotel, we have positioned the administrative & general expense level at a market- and property-supported level.

FIGURE 7-12 ADMINISTRATIVE & GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	7.6 %	6.4 %	7.7 %	7.0 %	7.0 %	7.4 %	6.8 %
Per Available Room	\$4,726	\$3,949	\$6,094	\$6,226	\$4,748	\$5,673	\$5,100
Per Occupied Room	\$17.26	\$15.09	\$23.63	\$23.69	\$18.44	\$24.67	\$19.68

Information & Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel’s technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution. We expect the proposed subject hotel's information and telecommunications systems to be well managed. Expense levels should stabilize at a typical level for a property of this type.

FIGURE 7-13 INFORMATION & TELECOMMUNICATIONS SYSTEMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	0.9 %	1.0 %	1.9 %	1.8 %	1.0 %	1.5 %	1.3 %
Per Available Room	\$561	\$640	\$1,490	\$1,587	\$662	\$1,112	\$1,000
Per Occupied Room	\$2.05	\$2.44	\$5.78	\$6.04	\$2.57	\$4.84	\$3.86

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the

lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject hotel, we have positioned the marketing expense level at a market- and property-supported level.

FIGURE 7-14 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	6.1 %	6.2 %	6.4 %	7.2 %	5.5 %	6.5 %	6.0 %
Per Available Room	\$3,794	\$3,861	\$5,060	\$6,368	\$3,726	\$5,006	\$4,500
Per Occupied Room	\$13.86	\$14.76	\$19.62	\$24.23	\$14.47	\$21.77	\$17.36

Franchise Fee

We recommend that the proposed subject hotel operate as an upper-upscale, full-service lodging facility. Although a specific franchise affiliation and/or brand has yet to be finalized, based upon a review of several published franchise fees for brands that fall within the recommended product tiers, we have selected a total franchise fee of 8.0% of rooms revenue in order to estimate the cost of a national franchise.

Marketing expense and franchise fees are often analyzed in total because hotels may account for some components of franchise expense in the marketing expense category. The subject property’s total marketing and franchise expense has been forecast at 11.5% of total revenue on a stabilized basis; the comparable operating statements show a range from 7.2% to 13.3% of total revenue.

Property Operations & Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, the expenditure has not been eliminated, only deferred until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers’ warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive

maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

We expect the proposed subject hotel's maintenance operation to be well managed. Expense levels should stabilize at a typical level for a property of this type. Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-15 PROPERTY OPERATIONS & MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	5.5 %	4.6 %	3.5 %	4.6 %	4.3 %	4.2 %	3.8 %
Per Available Room	\$3,446	\$2,889	\$2,723	\$4,127	\$2,905	\$3,226	\$2,900
Per Occupied Room	\$12.58	\$11.04	\$10.56	\$15.70	\$11.29	\$14.03	\$11.19

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-16 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	5.2 %	4.5 %	3.6 %	2.7 %	2.8 %	3.9 %	3.6 %
Per Available Room	\$3,227	\$2,793	\$2,827	\$2,400	\$1,938	\$3,003	\$2,700
Per Occupied Room	\$11.78	\$10.68	\$10.96	\$9.13	\$7.53	\$13.06	\$10.42

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.

FIGURE 7-17 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Year Open	Land	Improvements	Personal	Total Real Property
Courtyard by Marriott Bloomington	1996	\$1,981,600	\$6,710,500	\$708,320	\$8,692,100
Graduate Bloomington	2018	2,352,200	11,652,300	1,339,130	14,004,500
Hilton Garden Inn Bloomington	2006	0	11,560,100	746,690	11,560,100
Hyatt Place Bloomington	2014	1,267,000	15,695,600	917,000	16,962,600
SpringHill Suites by Marriott Bloomington	2014	1,568,200	13,036,300	191,430	14,604,500
<i>Assessments per Room</i>		<i># of Rms</i>			
Courtyard by Marriott Bloomington	117	\$16,937	\$57,355	\$6,054	\$74,291
Graduate Bloomington	150	15,681	77,682	8,928	93,363
Hilton Garden Inn Bloomington	168	0	68,810	4,445	68,810
Hyatt Place Bloomington	172	7,366	91,253	5,331	98,620
SpringHill Suites by Marriott Bloomington	158	9,925	82,508	1,212	92,434
Positioned Subject - Per Room	200	\$15,000	\$75,000	\$7,000	\$90,000
Positioned Subject - Total		\$3,000,000	\$15,000,000	\$1,400,000	\$18,000,000

Source: Monroe County Assessor's Office

We have positioned the future assessment levels of the subject site and proposed improvements, as well as the planned personal property, based upon the illustrated comparable data. We have positioned these assessments closest to the Graduate Hotel because of the similarities in upper-upscale product and location; overall, the positioned assessments are well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 2.1215%. The following table shows changes in the tax rate during the last several years.

FIGURE 7-18 COUNTY TAX RATES

Year	Real Property Tax Rate	Personal Property Tax Rate
2021	2.06350	2.06350
2022	2.07740	2.07740
2023	2.02900	2.02900
2024	2.12150	2.12150

Source: Monroe County Assessor's Office

Based on comparable assessments and the tax rate information, the following table illustrates the proposed subject property's projected property tax expense levels.

FIGURE 7-19 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Real Property			Personal Property
	Land	Improvements	Total	
Positioned (Assessed Value)	\$3,000,000	\$15,000,000	\$18,000,000	\$1,400,000
Tax Rate			2.12150	2.12150
Tax Burden as of Current Assessment Year			\$381,870	\$29,701

FIGURE 7-20 PROJECTED PROPERTY TAX EXPENSE – REAL PROPERTY

Year	Real Property			Taxes Payable
	Real Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	
Positioned	\$381,870	—		\$381,870
2027/28	\$381,870	3.0 %	100 %	\$393,326
2028/29	393,326	3.0	100	405,126
2029/30	405,126	3.0	100	417,280
2030/31	417,280	3.0	100	429,798
2031/32	429,798	3.0	100	442,692
2032/33	442,692	3.0	100	455,973
2033/34	455,973	3.0	100	469,652

FIGURE 7-21 PROJECTED PROPERTY TAX EXPENSE – PERSONAL PROPERTY

Year	Personal Property			Taxes Payable
	Personal Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	
Positioned	\$29,701	—		\$29,701
2027/28	\$29,701	3.0 %	100 %	\$30,592
2028/29	30,592	3.0	100	31,510
2029/30	31,510	3.0	100	32,455
2030/31	32,455	3.0	100	33,429
2031/32	33,429	3.0	100	34,432
2032/33	34,432	3.0	100	35,465
2033/34	35,465	3.0	100	36,528

FIGURE 7-22 PROJECTED PROPERTY TAX EXPENSE – SUMMARY

Year	Taxes Payable		
	Real	Personal	Total
Positioned	\$381,870	\$29,701	\$411,571
2027/28	\$393,326	\$30,592	\$423,918
2028/29	405,126	31,510	436,636
2029/30	417,280	32,455	449,735
2030/31	429,798	33,429	463,227
2031/32	442,692	34,432	477,124
2032/33	455,973	35,465	491,437
2033/34	469,652	36,528	506,180

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

FIGURE 7-23 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	3.0 %	1.8 %	0.5 %	0.9 %	1.3 %	0.4 %	0.4 %
Per Available Room	\$1,863	\$1,092	\$423	\$822	\$908	\$344	\$300
Per Occupied Room	\$6.80	\$4.17	\$1.64	\$3.13	\$3.53	\$1.49	\$1.16

Reserve for Replacement

Furniture, fixtures, and equipment (FF&E) are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The FF&E of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of FF&E is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures

are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2023.⁶ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4.0% to 5.0% of total revenue.

Based upon the results of our analysis, our review of the proposed subject asset, and current industry norms, a reserve for replacement equal to 4.0% of total revenues has been factored into our forecast of revenue and expense for funding the periodic replacement of the proposed subject property's FF&E. This amount has been ramped up during the initial projection period.

Forecast of Revenue and Expense Conclusion

Projected total revenue, gross operating profit, and EBITDA Less Replacement Reserve are set forth in the following table.

FIGURE 7-24 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2027/28	\$15,314,000	—	\$5,812,000	—	38.0 %	\$4,553,000	—	29.7 %
	2028/29	17,008,000	11.1 %	6,940,000	19.4 %	40.8	5,412,000	18.9 %	31.8
	2029/30	18,341,000	7.8	7,789,000	12.2	42.5	5,983,000	10.6	32.6
	2030/31	18,891,000	3.0	8,022,000	3.0	42.5	6,162,000	3.0	32.6
	2031/32	19,458,000	3.0	8,263,000	3.0	42.5	6,347,000	3.0	32.6

⁶ The International Society of Hotel Consultants, *CapEx 2023, A Study of Capital Expenditures in the U.S. Hotel Industry*.

8. Statement of Assumptions and Limiting Conditions

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

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

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. This report has been prepared for the client firm to aid with internal business decisions. The report may be shared with potential investors and/or stakeholders in the proposed hotel. The report, in its entirety, can be distributed directly to potential stakeholders, or distributed as part of an RFP process. Aside from these exceptions, none of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media except that specific permission is hereby given to share the report with the Monroe County Capital Improvement Board of Managers (CIB) and for the CIB as a public entity to utilize this report in any format in a public meeting at the discretion of the CIB where if utilized the Report will be subject to public review, disclosure to the public, and use under the Indiana Open Door laws and/or as required to be produced under the Indiana Access to Public Records act requests made pursuant to Indiana Code section 5-14-3-1 *et seq.*
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue

to the hotel will be adjusted to offset any increases or decreases in related costs. We do not guarantee that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.

18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out internally to many decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by our staff as company employees, rather than as individuals.

Brian Arevalo

EMPLOYMENT

2012 to present	HVS CONSULTING AND VALUATION SERVICES Chicago, Illinois
2011–2012	COLLEGE HOUSES COOPERATIVE Austin, Texas
2011	ABMARTIN Austin, Texas
2009–2011	EMBASSY SUITES OUTDOOR WORLD Grapevine, Texas

EDUCATION AND OTHER TRAINING

BS – School of Merchandizing and Hospitality Management, University of North Texas
MS – McCombs School of Business, University of Texas at Austin

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice
Basic Appraisal Procedures
Basic Appraisal Principles
General Appraiser Income Approach
General Appraiser Market Analysis and HBU
General Appraiser Site Valuation and Cost Approach
General Appraiser Sales Comparison Approach
General Appraiser Report Writing and Case Studies
Statistics, Modeling and Finance
Advanced Income Capitalization
Expert Witness for Commercial Appraisers
Basic Hotel Appraising
West Virginia Law
Commercial Appraisal Review
Advanced Concepts and Case Studies
Rates and Ratios
Small Hotel/Motel Valuation
Quantitative Analysis
Advanced Market Analysis and HBU
Quantitative Analysis

**EDUCATION
(CONTINUED)**

Business Practice
Chicago Tax Update
Biennial USPAP Update

STATE CERTIFICATIONS

Illinois, Indiana, Iowa, Kentucky, Ohio, West Virginia

PUBLISHED ARTICLES

HVS Journal "Recent Lodging Trends and Outlook for Chicago, Illinois," April 2023

HVS Journal "On Track for Recovery in Indianapolis," September 2022

HVS Journal "HVS Market Pulse: Cincinnati," June 2021

HVS Journal "HVS Market Pulse: Cincinnati, OH," October 2018

HVS Journal "In Focus: Corpus Christi, Texas," August 2014

HVS Journal "HVS Hotel Market Intelligence Report: Corpus Christi, Texas," April 2013

EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

PORTFOLIO WORK

20 Extended Stay America Hotels
2 Marriott-Branded Hotels in Troy, Ohio

ARIZONA

Hampton Inn Phoenix Chandler, Chandler
Americana Hotel, Nogales
Red Roof Inn Phoenix Airport, Temple

ARKANSAS

Proposed Hotel, Hot Springs
Wyndham Garden, Texarkana

CALIFORNIA

Courtyard San Diego Carlsbad
McClellan-Palomar Airport, Carlsbad
Hotel Del Coronado, Coronado
Staybridge Suites Fairfield Napa Valley, Fairfield
Hilton Garden Inn, Oxnard
Hyatt Place Sacramento Rancho Cordova, Rancho Cordova

FLORIDA

Hyatt Place Lakeland Center, Lakeland
Hampton Inn, Largo
Holiday Inn Express, Largo
Proposed Hilton Garden Inn, Melbourne
Proposed Dual Brand Pensacola, Pensacola
Proposed Pearl, Rosemary Beach
Hyatt Place Busch Gardens, Tampa

GEORGIA

Comfort Inn Atlanta North Buckhead, Atlanta
Four Seasons Atlanta, Atlanta
Georgia Tech Hotel & Conference Center, Atlanta

ILLINOIS

Proposed Staybridge Suites Aurora, Aurora
Proposed Hotel Batavia, Batavia
Proposed Dual Brand Holiday Inn, Bloomington
SpringHill Suites by Marriott, Burr Ridge
Canopy by Hilton Chicago Central Loop, Chicago
Chicago Marriott at Medical District/UIC, Chicago
DeWitt Place, Chicago
Gale Chicago, Chicago
Hotel Felix, Chicago
Hyatt Place Chicago South University Medical Center, Chicago
Hyatt Place Chicago Wicker Park, Chicago
Proposed Hotel, Chicago
Radisson Blu Aqua Hotel Chicago, Chicago
Renaissance Chicago Downtown Hotel, Chicago
SpringHill Suites by Marriott Chicago Chinatown, Chicago
SpringHill Suites by Marriott Chicago O'Hare, Chicago
Warwick Allerton Hotel Chicago, Chicago
Elk Grove Hotel, Elk Grove
Proposed Eureka College Hotel, Eureka
Best Western Plus, Hillside
Hyatt Place Chicago Hoffman Estates, Hoffman Estates
La Banque Hotel, Homewood
Proposed Hotel Justice, Justice
Kaskaskia Hotel & Conference Center, LaSalle
Hyatt Place Chicago Lombard Oak Brook, Lombard
Proposed Holiday Inn Express McCook, McCook
Proposed Home2 Suites, Normal
Days Inn, North Chicago
Hilton Chicago Northbrook, Northbrook

Renaissance Chicago North Shore Hotel, Northbrook
Hyatt Lodge, Oak Brook
Hilton Garden Inn Oakbrook, Oakbrook Terrace
Hilton Suites Oakbrook, Oakbrook Terrace
Courtyard by Marriott Peoria, Peoria
Proposed Holiday Inn Express and Suites Chicago, Schaumburg
DoubleTree by Hilton Hotel Chicago North Shore Conference Center, Skokie

INDIANA

Hyatt Place, Bloomington
Proposed Embassy Suites, Bloomington
Proposed Graduate, Bloomington
Proposed Home2 Suites, Brownsburg
Proposed Best Western, Clarksville
Proposed Hotel Crawfordsville, Crawfordsville
Proposed Hyatt Place and Hyatt House, Fishers
Proposed Springhill Suites Fort Wayne, Fort Wayne
La Quinta Inn & Suites Frankfort, Frankfort
Proposed Hotel Greenwood, Greenwood
Courtyard by Marriott Indianapolis Northwest, Indianapolis
Holiday Inn Indianapolis Carmel, Indianapolis
Hyatt Regency Indianapolis, Indianapolis
La Quinta Inn Indianapolis Airport Executive Drive, Indianapolis
La Quinta Inn Indianapolis Airport Lynhurst, Indianapolis
La Quinta Inn Indianapolis East Post Drive, Indianapolis
Proposed Aloft Indianapolis, Indianapolis
Proposed Home2 Suites Indianapolis, Indianapolis

Proposed Kimpton Hotel, Indianapolis
 Proposed Residence/SpringHill Suites,
 Indianapolis
 Proposed Hilton Garden
 Inn/Homewood Suites, Jeffersonville
 Proposed Hotel, Madison
 Cambria Suites, Plainfield
 Indianapolis Airport Suites, Plainfield
 Proposed Extended-Stay Hotel,
 Plainfield
 Proposed Hotel, Shelbyville
 Proposed Tapestry by Hilton,
 Speedway
 Newcastle Proposed Hotel, Spiceland
 Candlewood Suites, Terre Haute
 Proposed Hampton Inn, Vincennes
 Proposed Dual-Brand Fairfield Inn &
 TownePlace Suites, Westfield
 Proposed Fairfield, Westfield

KANSAS

Hampton Inn, Derby
 DoubleTree by Hilton, Wichita

KENTUCKY

Holiday Inn Express Cincinnati
 Newport, Bellevue
 Proposed TownePlace by Marriott,
 Corbin
 Embassy Suites Cincinnati Rivercenter
 Covington, Covington
 Holiday Inn Cincinnati Riverfront,
 Covington
 Proposed Hotel, Crestview Hills
 Courtyard by Marriott Cincinnati
 Airport South Florence, Florence
 Hyatt Place Cincinnati Airport
 Florence, Florence
 Proposed Staybridge Suites, Florence
 Fort Thomas Proposed Hotel, Fort
 Thomas
 Proposed Hotel, Grand Rivers
 Marriott Cincinnati Airport, Hebron
 Hampton by Hilton Lexington South
 Keeneland Airport, Lexington
 Inn On Broadway Lexington, Lexington
 La Quinta Inn, Lexington

Marriott Lexington Griffin Gate Resort
 & Spa, Lexington
 Proposed Ashford Oaks Hotel,
 Lexington
 Proposed Home2 Suites, London
 Aloft Louisville Downtown, Louisville
 Four Points by Sheraton Louisville
 Airport, Louisville
 Hilton Garden Inn Louisville East,
 Louisville
 Holiday Inn Express & Suites Louisville
 Downtown, Louisville
 Homewood Suites by Hilton Louisville
 Downtown, Louisville
 Hyatt Place Louisville East, Louisville
 Marriott Louisville East, Louisville
 Proposed Hotel, Louisville
 Proposed Luxury Boutique Hotel,
 Louisville
 Proposed Medical Center Hotel
 Louisville, Louisville
 Red Roof Inn Louisville Expo Airport,
 Louisville
 Residence Inn Louisville, Louisville
 Proposed Home2 Suites Middlesboro,
 Middlesboro
 Aloft Newport on the Levee, Newport
 Proposed Homewood Suites, Newport
 Proposed Fairfield Inn & Suites,
 Shelbyville

LOUISIANA

Comfort Inn, Baton Rouge
 Proposed Residence Inn by Marriott,
 Bossier City
 Quality Inn & Suites, Bossier City
 Wingate by Wyndham, Bossier City
 Best Western DeRidder Inn, DeRidder
 Hampton Inn, Houma
 Proposed Holiday Inn Express, Houma
 Best Western, Kinder
 Hotel Acadiana, Lafayette
 Proposed Holiday Inn Express Hotel &
 Suites, Marksville
 Proposed Hotel Alessandra, New
 Orleans

Holiday Inn Express Hotel & Suites,
 Ruston

MARYLAND

Hilton, Rockville

MICHIGAN

Graduate East Lansing, East Lansing
 Comfort Suites, Escanaba
 Proposed At Well Suites, Holland
 Delamar Traverse City, Traverse City

MINNESOTA

Loews Minneapolis, Minneapolis
 Proposed Aloft, Plymouth

MISSISSIPPI

Wingate by Wyndham, Biloxi
 Courtyard by Marriott, Southaven
 Residence Inn by Marriott, Southaven

MISSOURI

Hilton Kansas City Airport, Kansas City

NEBRASKA

University Inn Midtown Crossing,
 Omaha

NEW JERSEY

Great Gorge Resort, McAfee
 Hyatt House Parsippany Whippany,
 Whippany

NORTH CAROLINA

Red Roof Inn Asheville West, Asheville

OHIO

Proposed Boutique Hotel, Akron
 Proposed Hotel and Spa, Amherst
 Embassy Suites Cleveland Beachwood,
 Beachwood
 Proposed Tru by Hilton, Beachwood
 Proposed TownePlace Suites/ Fairfield
 Inn by Marriott, Beaver Creek
 Courtyard by Marriott Dayton
 Beaver Creek, Beaver Creek

Residence Inn by Marriott Dayton, Beavercreek	Proposed Shilito Hotel, Cincinnati	Proposed Hilton Garden Inn/Homewood Suites by Hilton, Columbus
Proposed SpringHill Suites, Beavercreek	Proposed Wyndham Grand Hotel, Cincinnati	Proposed Homewood Suites, Columbus
Proposed TownePlace Suites/Fairfield Inn by Marriott, Beavercreek	Ramada Plaza Cincinnati Sharonville, Cincinnati	Proposed Hotel, Columbus
SpringHill Suites Dayton Beavercreek, Beavercreek	Four Points by Sheraton Cleveland Airport, Cleveland	Proposed Limited-Service Hotel, Columbus
Proposed Hampton Inn, Bellefontaine	La Quinta Inn Cleveland Airport North, Cleveland	Residence Inn by Marriott Columbus Easton, Columbus
Proposed Boutique Hotel, Berea	Holiday Inn Cleveland Clinic, Cleveland	SpringHill Suites by Marriott Columbus OSU, Columbus
Hyatt Place Cincinnati Blue Ash, Blue Ash	Hyatt Regency Cleveland at The Arcade, Cleveland	Staybridge Suites University Area OSU, Columbus
Red Roof Inn, Blue Ash	Proposed Hotel Cleveland, Cleveland	Westin, Columbus
Fairfield by Marriott Canton, Canton	Proposed Hyatt Place, Cleveland	Courtyard Dayton University of Dayton, Dayton
McKinley Grand Hotel, Canton	Proposed Le Meridian Cleveland, Cleveland	Crowne Plaza Dayton, Dayton
Proposed Hotel, Canton	Proposed Select-Service Hotel, Cleveland	Proposed AC Hotel Dayton, Dayton
Residence Inn by Marriott Canton, Canton	Residence Inn by Marriott Cleveland Beachwood, Cleveland	Proposed Hilton Garden Inn, Dayton
Anderson Township Hotel, Cincinnati	Americas Best Value Inn Columbus West, Columbus	Proposed Hotel, Dayton
Comfort Suites Cincinnati University Downtown, Cincinnati	Country Inn & Suites, Columbus	Proposed Hotel Ardent Dayton, Dayton
Fairfield Inn & Suites by Marriott Cincinnati Uptown/University Area, Cincinnati	Country Inn & Suites by Radisson Columbus Airport, Columbus	Radisson Hotel Dayton Convention Center, Dayton
Hilton Cincinnati Netherland Plaza, Cincinnati	Courtyard by Marriott Columbus Downtown, Columbus	Baymont Inn & Suites Delaware, Delaware
Holiday Inn & Suites Cincinnati Eastgate, Cincinnati	Fairfield Inn & Suites by Marriott Columbus OSU, Columbus	Hampton Inn Columbus Dublin, Dublin
La Quinta Inn & Suites Cincinnati Sharonville, Cincinnati	Four Points Columbus Airport, Columbus	Holiday Inn Express Columbus Dublin, Dublin
Proposed Convention Hotel Cincinnati, Cincinnati	Graduate Hotel Columbus, Columbus	Homewood Suites by Hilton Columbus Dublin, Dublin
Proposed Dual-Branded Residence Inn and Courtyard, Cincinnati	Hampton Inn & Suites Columbus Easton, Columbus	La Quinta Inn Columbus Dublin, Dublin
Proposed Element, Cincinnati	Hilton Columbus Downtown, Columbus	Proposed DoubleTree by Hilton, Dublin
Proposed Element/Aloft Dual Brand Hotel, Cincinnati	Hilton Columbus Easton, Columbus	Staybridge Suites Columbus Dublin, Dublin
Proposed Homewood Suites Cincinnati, Cincinnati	Holiday Inn Express Columbus University Area, Columbus	Proposed Boutique Hotel Elyria, Elyria
Proposed Hotel, Cincinnati	Hyatt Place Columbus Worthington, Columbus	Fairfield Inn by Marriott Dayton Fairborn, Fairborn
Proposed Kimpton Hotel Cincinnati, Cincinnati	Marriott Columbus Airport, Columbus	Hampton Inn Dayton Fairborn, Fairborn
Proposed Marriott Tribute University of Cincinnati, Cincinnati	Proposed Aloft, Columbus	SpringHill Suites by Marriott Columbus Airport Gahanna, Gahanna
Proposed Moxy, Cincinnati	Proposed Boutique Hotel Columbus, Columbus	TownePlace Suites by Marriott Columbus Gahanna, Gahanna
Proposed Residence Inn by Marriott, Cincinnati	Proposed Canopy, Columbus	

Quality Inn Gallipolis, Gallipolis
 Proposed Tribute, Hamilton
 Proposed Home2 Suites by Hilton, Huber Heights
 Sawmill Creek Resort, Huron
 Candlewood Suites Cleveland South Independence, Independence
 Holiday Inn Cleveland Independence, Independence
 Hyatt Place Cleveland Independence, Independence
 La Quinta Inn Cleveland Independence, Independence
 Red Roof Inn Cleveland Independence, Independence
 Residence Inn by Marriott Cleveland Independence, Independence
 SpringHill Suites Cleveland Independence, Independence
 Fairfield Inn & Suites Washington Court House Jeffersonville, Jeffersonville
 Hampton Inn Washington Court House, Jeffersonville
 Kent State University Hotel and Conference Center, Kent
 Proposed Hotel Lakewood, Lakewood
 Nationwide Hotel and Conference Center, Lewis Center
 AC Hotel Cincinnati at Liberty Center, Liberty Township
 Inn & Spa at Cedar Falls, Logan
 Proposed Cobblestone Hotel London, London
 La Quinta Inn & Suites Cleveland Macedonia, Macedonia
 Fairfield by Marriott Ontario Mansfield, Mansfield
 Hampton by Hilton Mansfield Ontario, Mansfield
 La Quinta Inn & Suites, Mansfield
 Holiday Inn Express Hotel & Suites, Marysville
 Great Wolf Lodge Mason, Mason
 Hyatt Place Cincinnati Northeast, Mason

Residence Inn by Marriott Cleveland Mentor, Mentor
 DoubleTree by Hilton Suites Dayton Miamisburg, Miamisburg
 Homewood Suites by Hilton Dayton South, Miamisburg
 Proposed Staybridge Suites, Miamisburg
 Manchester Inn (Closed), Middletown
 Proposed TownePlace Suites by Marriott, Milford
 Proposed Homewood Suites New Albany, New Albany
 Proposed Hyatt Place, New Albany
 Red Roof Inn Canton, North Canton
 Courtyard by Marriott North Dayton, North Dayton
 Holiday Inn Express Columbus South – Obetz, Obetz
 Elms Hotel Oxford, Oxford
 Proposed Fairfield Inn Oxford, Oxford
 La Quinta Inn Columbus Airport Area, Reynoldsburg
 Comfort Inn, Saint Clairsville
 Fairfield by Marriott St Clairsville, Saint Clairsville
 Hampton Inn, Saint Clairsville
 Red Roof Inn, Saint Clairsville
 Wingate by Wyndham Saint Clairsville Wheeling, Saint Clairsville
 DoubleTree by Hilton Guest Suites Cincinnati, Sharonville
 Proposed Hotel Swisher, Somerset
 La Quinta Inn Cincinnati North, Springdale
 Proposed Tri County Mall Hotel, Springdale
 Country Inn & Suites, Springfield
 Proposed Hotel Springfield, Springfield
 Proposed Holiday Inn Express, Steubenville
 Proposed Boutique Hotel Tiffin, Tiffin
 Holiday Inn Express Toledo North, Toledo
 Fairfield by Marriott Dayton Troy, Troy

Residence Inn by Marriott Dayton Troy, Troy
 Proposed Hotel, Van Wert
 Fairfield by Marriott Warren Niles, Warren
 Hampton by Hilton Cincinnati Union Centre, West Chester
 Proposed Aloft, West Chester
 Proposed Hyatt House, West Chester
 Proposed Union Center Hotel, West Chester
 Proposed Hyatt Place, Westerville
 Hampton Inn Cleveland Westlake, Westlake
 Holiday Inn Columbus Worthington, Worthington
 Hope Hotel & Conference Center, Wright-Patterson AFB
 Proposed SpringHill Suites, Xenia
 DoubleTree by Hilton Youngstown Downtown, Youngstown

PENNSYLVANIA

Proposed Hilton Garden Inn, Altoona
 Hilton Garden Inn Pittsburgh Southpointe, Canonsburg
 Red Roof Inn, Erie
 La Quinta Inn Pittsburgh Airport, Moon Township
 Red Roof Inn Pittsburgh Airport, Pittsburgh
 George Washington Hotel, Washington

TENNESSEE

Red Roof Inn Johnson City, Johnson City
 Staybridge Suites, Memphis
 Value Place (2), Memphis
 Proposed Resort Whites Creek, Whites Creek

TEXAS

Holiday Inn Express, Abilene
 Holiday Inn Austin Midtown, Austin
 Days Inn, Baytown
 Homewood Suites by Hilton, Beaumont

Value Place, Beaumont
 Hilton Garden Inn College Station, Bryan
 Texas Inn, Channel View
 Four Points by Sheraton, College Station
 Fairfield Inn by Marriott, The Colony
 Residence Inn by Marriott, The Colony
 Comfort Suites Calallen, Corpus Christi
 Country Inn & Suites, Corpus Christi
 Embassy Suites, Corpus Christi
 Holiday Inn Airport, Corpus Christi
 Holiday Inn Downtown, Corpus Christi
 Candlewood Suites, Corpus Christi
 La Quinta Inn & Suites Corpus Christi Northwest, Corpus Christi
 Proposed Residence Inn and AC by Marriott Dual-Branded Hotel, Dallas
 Super 8, Deer Park
 La Quinta Inn El Paso Cielo Vista, El Paso
 Super 8, Gainesville
 Proposed Downtown Hotel, Galveston
 Aloft Houston Galleria, Houston
 Courtyard by Marriott I-10 West/Energy Corridor, Houston
 Courtyard by Marriott West University, Houston
 DoubleTree Suites by Hilton Houston Galleria, Houston
 Fairfield Inn & Suites I-10, Houston
 Fairfield Inn & Suites I-45, Houston
 Holiday Inn Corpus Christi Downtown Marina, Corpus Christi
 Hampton Inn Houston Interstate 10 West, Houston
 Hilton Garden Inn Energy Corridor, Houston
 Hilton Garden Inn Houston Northwest, Houston
 Hilton Garden Inn Katy Freeway, Houston
 Holiday Inn, Houston
 La Quinta, Houston
 Legacy Inn, Houston
 Proposed 314 Hotel, Houston
 Proposed Aloft, Houston

Proposed Americas Best Value Inn, Houston
 Proposed Embassy Suites, Houston
 Proposed Full-Service Hotel, Houston
 Proposed Hotel Alessandra, Houston
 Proposed Hotel, Houston
 Proposed InterContinental Hotel, Houston
 Proposed Le Méridien, Houston
 Proposed Lifestyle Hotel, Houston
 Proposed Select-Service Hotel, Houston
 Proposed Staybridge Suites, Houston
 Residence Inn by Marriott West University, Houston
 Sam Houston Hotel (Curio Conversion), Houston
 Knights Inn, Humble
 Studio 6, Ingleside
 DoubleTree by Hilton DFW Airport, Irving
 Holiday Inn Express, Kenedy
 South Shore Harbour Resort & Spa, League City
 Super 8, Livingston
 Staybridge Suites, Longview
 Best Western Plus, Luling
 La Quinta Inn & Suites, Lumberton
 Casa De Palmas Trademark Collection by Wyndham, McAllen
 Renaissance, McAllen
 Proposed Home2 Suites, McKinney
 Proposed SpringHill Suites, McKinney
 Candlewood Suites, Odessa
 Holiday Inn Express Hotel & Suites, Pearland
 Holiday Inn Express Hotel & Suites, Port Aransas
 Proposed Hilton Garden Inn, Porter
 Hilton San Antonio Airport, San Antonio
 Hotel Valencia Riverwalk, San Antonio
 Microtel Inn & Suites Airport, San Antonio
 Microtel Inn & Suites SeaWorld, San Antonio
 Quality Inn, Seabrook

Holiday Inn Express, South Padre Island
 Holiday Inn Express, Sweetwater
 Candlewood Suites, Texarkana
 Best Western Inn & Suites, Texas City
 La Quinta Inn & Suites, Tomball
 Super 8, Victoria
 Holiday Inn Express Space Center, Webster
 Proposed Hotel, Webster

UTAH

Howard Johnson, St. George

VIRGINIA

Proposed Boutique Downtown Hotel, Bluefield
 Hyatt Place Roanoke Airport Valley View Mall, Roanoke

WEST VIRGINIA

Proposed Hotel, Buffalo
 Proposed North Fayetteville Hotel-Resort, Fayetteville
 Proposed Grand Patrician Resort, Milton
 Hilton Garden Inn, Morgantown
 Corduroy Inn, Snowshoe

WISCONSIN

Proposed The Dylin Aparthotel, Madison
 Inn on Maritime Bay, Manitowoc
 Hampton by Hilton, Milwaukee
 Downtown, Milwaukee
 Kimpton Journeyman Hotel, Milwaukee
 Proposed Boutique Hotel, Milwaukee
 Quality Inn, Rhinelander

WEST VIRGINIA

Proposed TownePlace Suites by Marriott Bluefield, Bluefield

INTERNATIONAL

Proposed Hotel, Guatemala City,
Guatemala
Proposed La Quinta Inn, Panama City,
Panama
Hyatt Regency, Cancun, Mexico
Yalmakan Resort, Cancun, Mexico