



FEASIBILITY STUDY

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# Proposed Holiday Inn Express & Suites Ridgeland

FRONTAGE ROAD AND WEST RIDGELAND ROAD  
RIDGELAND, MISSISSIPPI



**SUBMITTED TO:**

Mr. Ali Bhatti  
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**PREPARED BY:**

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November 16, 2018

Mr. Ali Bhatti  
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Re: Proposed Holiday Inn Express & Suites Ridgeland  
Ridgeland, Mississippi  
HVS Reference: 2018021969

Dear Mr. Bhatti:

Pursuant to your request, we herewith submit our feasibility study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Ridgeland, Mississippi 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. Our report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

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



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#### Addenda

Qualifications

Copy of Appraisal License

# 1. Executive Summary

## Subject of the Feasibility Study

The subject of the feasibility study is a 141,135-square-foot (3.24-acre) site to be improved with a limited-service lodging facility; the hotel will be associated with the Holiday Inn Express brand. The property, which is expected to open on February 1, 2020, will feature 108 rooms, a breakfast dining area, square feet of meeting space, an outdoor pool, an outdoor patio and barbecue area, a fitness room, a lobby workstation, a market pantry, and a guest laundry room. The hotel will also contain the appropriate parking capacity (135 surface) and all necessary back-of-the-house space.

## RENDERING OF PROJECT



The proposed subject property will be developed at the same time as a Tru by Hilton on an adjacent parcel. The subject site's location is Frontage Road and West Ridgeland Road, Ridgeland, Mississippi, 39157.

## Pertinent Dates

The effective date of the report is November 15, 2018. The subject site was inspected by Lauren Hock on October 29, 2018. In addition to the inspection, Lauren Hock participated in the research for this assignment and assisted in the report's preparation. Adam R. Lair, MAI, and J. Carter Allen, MAI, participated in the analysis and reviewed the findings but did not personally inspect the property.

### Ownership, Franchise, and Management Assumptions

The developer of the proposed subject property is Ridgeland Lodging LLC; the parent company of this owning partnership is Heritage Hospitality Group LLC, which is based in Ridgeland. The subject site comprises two parcels that were purchased in 2017. Parcel 1 last sold in February 2017; Ridgeland Lodging LLC has owned the site since that time, having purchased it from Myrtle Ruth Southard. Parcel 2 last sold in July 2017; Ridgeland Lodging LLC has owned the site since that time, having purchased it from the estate of Joseph King. The total purchase price for the two parcels was reportedly \$1,200,000. No other transfers of the subject site have reportedly occurred within the past three years. The site is neither listed nor under contract for sale, and we have no knowledge of any recent listings.

The proposed subject property will be managed by an entity affiliated with the hotel's ownership. Reportedly, terms of this agreement call for a base management fee of 3.5% of total revenues. We have assumed a market-appropriate total management fee of 3.5% of total revenues in our study.

The proposed subject hotel will reportedly operate under a franchise agreement with InterContinental Hotels Group as a Holiday Inn Express & Suites; however, the terms of this agreement had yet to be determined at the time of this appraisal. Based on our review of the agreement's terms or expected terms, the Holiday Inn Express franchise is reflected in our forecasts with a royalty fee of 6% of rooms revenue, and a marketing assessment of 3% of rooms revenue.

### Summary of Hotel Market Trends

During the illustrated historical period, both occupancy and average rate first peaked for this selected set of competitive hotels in 2008, resulting in a RevPAR of over \$58, before declining to a low point of nearly \$50 by year-end 2009 because of the recession. A steady recovery began in 2010 that extended through 2012, at which time the prior RevPAR peak was exceeded. RevPAR continued to rise in 2013 and 2014, with growth driven largely by the introduction of higher-rated new supply in Ridgeland. Occupancy increased as the new hotels ramped up; however, it important to note that the La Quinta Inn & Suites and Comfort Inn underwent extensive renovations and rebranding in 2015/16. The limited-stay hotels closer to County Line Road experienced a decline in occupancy as the higher-rated new supply farther north in Ridgeland ramped up. Concurrently, the dated Northpark Mall was losing stores because the Township at Colony Park offered more upscale shopping in a location closer to the newer offices and headquarters. Accordingly, as market occupancy declined to the 62% mark in 2016 and 2017, average rate increased over the \$104 mark. Year-to-date 2018 data illustrate a continued softening in occupancy and a roughly \$1 gain in average rate. The demand shift north to Ridgeland contributed to the latest trend. The near-term outlook is cautionary as supply should remain stable through 2018.

The following table provides a historical perspective on the supply and demand trends for a selected set of hotels, as provided by STR.

**FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2008	960	350,427	—	214,533	—	61.2 %	\$95.38	—	\$58.39	—
2009	1,187	433,255	23.6 %	230,562	7.5 %	53.2	94.92	(0.5) %	50.51	(13.5) %
2010	1,187	433,255	0.0	240,631	4.4	55.5	94.29	(0.7)	52.37	3.7
2011	1,187	433,255	0.0	248,967	3.5	57.5	96.24	2.1	55.30	5.6
2012	1,186	432,890	(0.1)	265,274	6.5	61.3	99.01	2.9	60.67	9.7
2013	1,257	458,712	6.0	292,297	10.2	63.7	100.53	1.5	64.06	5.6
2014	1,468	535,820	16.8	351,606	20.3	65.6	100.35	(0.2)	65.85	2.8
2015	1,468	535,820	0.0	339,895	(3.3)	63.4	102.03	1.7	64.72	(1.7)
2016	1,468	535,820	0.0	332,684	(2.1)	62.1	104.23	2.2	64.71	(0.0)
2017	1,466	535,152	(0.1)	333,046	0.1	62.2	104.44	0.2	65.00	0.4
<b>Year-to-Date Through September</b>										
2017	1,466	400,280	—	254,587	—	63.6 %	\$104.16	—	\$66.25	—
2018	1,467	400,401	0.0 %	240,148	(5.7) %	60.0	105.36	1.1 %	63.19	(4.6) %
Average Annual Compounded Change:										
2008 - 2017			4.8 %		5.0 %			1.0 %		1.2 %
Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened					
Comfort Inn Jackson	Upper Midscale Class	Primary	119	Mar 2016	Oct 1985					
Courtyard Jackson Ridgeland	Upscale Class	Secondary	117	May 1995	May 1995					
Holiday Inn Express & Suites Ridgeland	Upper Midscale Class	Primary	111	Oct 2010	Jul 1997					
Fairfield Inn & Suites Jackson	Upper Midscale Class	Primary	78	Dec 1997	Dec 1997					
Baymont Inn & Suites Jackson Ridgeland	Midscale Class	Primary	121	Jul 2010	Aug 2000					
La Quinta Inns & Suites Jackson North	Midscale Class	Primary	60	Jun 2015	Jun 2001					
Drury Inn & Suites Jackson Ridgeland	Upper Midscale Class	Primary	174	Sep 2002	Sep 2002					
Hilton Garden Inn Jackson Madison	Upscale Class	Secondary	134	Jan 2006	Jan 2006					
Hyatt Place Jackson Ridgeland	Upscale Class	Secondary	126	Oct 2008	Oct 2008					
Embassy Suites Jackson North Ridgeland	Upper Upscale Class	Secondary	145	Dec 2008	Dec 2008					
Home2 Suites Jackson Ridgeland	Upper Midscale Class	Secondary	92	Aug 2013	Aug 2013					
Springhill Suites Jackson North Ridgeland	Upscale Class	Primary	96	Oct 2013	Oct 2013					
TownePlace Suites Jackson Ridgeland	Upper Midscale Class	Secondary	94	Dec 2013	Dec 2013					
			<b>Total</b>	<b>1,467</b>						

Source: STR

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in detail in the Supply and Demand Analysis chapter of this report.



**FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Estimated 2016				Estimated 2017					
		Commercial	Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	96	60 %	15 %	25 %	96	75 - 80 %	\$115 - \$120	\$90 - \$95	96	75 - 80 %	\$115 - \$120	\$90 - \$95	120 - 130 %	130 - 140 %
Home2 Suites by Hilton Jackson Ridgeland	92	65	15	20	92	80 - 85	105 - 110	85 - 90	92	70 - 75	105 - 110	80 - 85	110 - 120	110 - 120
TownePlace Suites Jackson Ridgeland at Colony Park	94	65	15	20	94	75 - 80	100 - 105	80 - 85	94	75 - 80	105 - 110	85 - 90	120 - 130	120 - 130
Hyatt Place Jackson Ridgeland	126	50	25	25	126	65 - 70	105 - 110	70 - 75	126	65 - 70	105 - 110	70 - 75	100 - 110	100 - 110
Hilton Garden Inn Jackson Madison	134	65	20	15	134	65 - 70	125 - 130	85 - 90	134	65 - 70	125 - 130	85 - 90	100 - 110	120 - 130
Fairfield Inn & Suites by Marriott Jackson	77	65	30	5	79	45 - 50	75 - 80	35 - 40	77	55 - 60	70 - 75	40 - 45	85 - 90	55 - 60
Holiday Inn Express Ridgeland Jackson North	111	65	20	15	111	50 - 55	95 - 100	50 - 55	111	50 - 55	95 - 100	50 - 55	80 - 85	75 - 80
<b>Sub-Totals/Averages</b>	<b>730</b>	<b>62 %</b>	<b>20 %</b>	<b>19 %</b>	<b>732</b>	<b>68.4 %</b>	<b>\$107.54</b>	<b>\$73.52</b>	<b>730</b>	<b>68.5 %</b>	<b>\$108.26</b>	<b>\$74.20</b>	<b>107.2 %</b>	<b>109.2 %</b>
Secondary Competitors	736	62 %	25 %	13 %	444	56.5 %	\$102.53	\$57.92	444	56.4 %	\$102.30	\$57.74	88.2 %	84.9 %
<b>Totals/Averages</b>	<b>1,466</b>	<b>62 %</b>	<b>21 %</b>	<b>17 %</b>	<b>1,176</b>	<b>63.9 %</b>	<b>\$105.86</b>	<b>\$67.63</b>	<b>1,174</b>	<b>64.0 %</b>	<b>\$106.27</b>	<b>\$67.97</b>	<b>100.0 %</b>	<b>100.0 %</b>

\* 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 1-3 SECONDARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation					Estimated 2016				Estimated 2017			
	Number of Rooms	Commercial	Group	Leisure	Total Competitive Level	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Embassy Suites Jackson North Ridgeland	145	55 %	25 %	20 %	70 %	102	75 - 80 %	\$140 - \$150	\$110 - \$115	102	75 - 80 %	\$140 - \$150	\$110 - \$115
La Quinta Inn & Suites Jackson North	60	65	30	5	60	36	50 - 55	80 - 85	40 - 45	36	50 - 55	80 - 85	45 - 50
Comfort Inn Jackson	119	65	30	5	60	71	45 - 50	75 - 80	35 - 40	71	45 - 50	70 - 75	35 - 40
Baymont Inn & Suites Jackson	121	65	30	5	60	73	45 - 50	65 - 70	30 - 35	73	45 - 50	65 - 70	30 - 35
Drury Inn & Suites Ridgeland	174	65	20	15	60	104	45 - 50	90 - 95	40 - 45	104	45 - 50	90 - 95	40 - 45
Courtyard by Marriott Jackson Ridgeland	117	65	20	15	50	59	55 - 60	90 - 95	50 - 55	59	55 - 60	90 - 95	50 - 55
<b>Totals/Averages</b>	<b>736</b>	<b>62 %</b>	<b>25 %</b>	<b>13 %</b>	<b>60 %</b>	<b>444</b>	<b>56.5 %</b>	<b>\$102.53</b>	<b>\$57.92</b>	<b>444</b>	<b>56.4 %</b>	<b>\$102.30</b>	<b>\$57.74</b>

\* 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.

**Summary of Forecast  
Occupancy and  
Average Rate**

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 68% and a base-year rate position of \$110.00 for the proposed subject hotel. The following table reflects a summary of our market-wide and proposed subject hotel occupancy and average rate projections.

**FIGURE 1-4 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST**

Calendar Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market ADR	\$106.27	\$107.86	\$110.02	\$113.32	\$116.72	\$120.22	\$123.83	\$127.54	\$131.37
Projected Market ADR Growth Rate	—	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	<b>\$110.00</b>	\$111.65	\$113.88	\$117.30	\$120.82	\$124.44	\$128.18	\$132.02	\$135.98
ADR Growth Rate	—	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration	104%	104%	104%	104%	104%	104%	104%	104%	103.5%
Fiscal Year									
				2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Proposed Subject Property Average Rate				\$117.60	\$121.13	\$124.76	\$128.50	\$132.36	\$136.33
Opening Discount				3.0%	1.0%	0.0%	0.0%	0.0%	0.0%
<b>Average Rate After Discount</b>				<b>\$114.07</b>	<b>\$119.92</b>	<b>\$124.76</b>	<b>\$128.50</b>	<b>\$132.36</b>	<b>\$136.33</b>
Real Average Rate Growth				—	5.1%	4.0%	3.0%	3.0%	3.0%
Market ADR				\$113.61	\$117.02	\$120.53	\$124.14	\$127.87	\$131.70
Proposed Subject ADR Penetration (After Discount)				100%	102%	104%	104%	104%	104%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$105.41	\$107.58	\$108.67	\$108.67	\$108.67	\$108.67

**Summary of Forecast  
Income and Expense  
Statement**

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market. Our forecast of income and expense is presented in the following table.

**FIGURE 1-5 DETAILED FORECAST OF INCOME AND EXPENSE**

	2020/21 Begins February				2021/22				2022/23				Stabilized				2024/25			
Number of Rooms:	108				108				108				108				108			
Occupancy:	58%				64%				67%				68%				68%			
Average Rate:	\$114.07				\$119.92				\$124.76				\$128.50				\$132.36			
RevPAR:	\$66.16				\$76.75				\$83.59				\$87.38				\$90.00			
Days Open:	365				365				365				365				365			
Occupied Rooms:	22,864	%Gross	PAR	POR	25,229	%Gross	PAR	POR	26,411	%Gross	PAR	POR	26,806	%Gross	PAR	POR	26,806	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$2,608	96.7 %	\$24,148	\$114.07	\$3,025	96.8 %	\$28,009	\$119.90	\$3,295	96.8 %	\$30,509	\$124.76	\$3,445	96.9 %	\$31,898	\$128.52	\$3,548	96.9 %	\$32,852	\$132.36
Other Operated Departments	77	2.8	710	3.36	87	2.8	801	3.43	92	2.7	853	3.49	95	2.7	883	3.56	98	2.7	909	3.66
Miscellaneous Income	13	0.5	118	0.56	14	0.5	133	0.57	15	0.5	142	0.58	16	0.4	147	0.59	16	0.4	152	0.61
<b>Total Operating Revenues</b>	<b>2,698</b>	<b>100.0</b>	<b>24,977</b>	<b>117.98</b>	<b>3,126</b>	<b>100.0</b>	<b>28,944</b>	<b>123.90</b>	<b>3,402</b>	<b>100.0</b>	<b>31,505</b>	<b>128.83</b>	<b>3,556</b>	<b>100.0</b>	<b>32,928</b>	<b>132.67</b>	<b>3,663</b>	<b>100.0</b>	<b>33,913</b>	<b>136.63</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	653	25.0	6,044	28.55	698	23.1	6,458	27.65	731	22.2	6,772	27.69	758	22.0	7,017	28.27	781	22.0	7,227	29.12
Other Operated Departments	42	54.8	389	1.84	44	51.4	411	1.76	46	50.2	428	1.75	48	50.0	441	1.78	49	50.0	455	1.83
<b>Total Expenses</b>	<b>695</b>	<b>25.8</b>	<b>6,433</b>	<b>30.39</b>	<b>742</b>	<b>23.7</b>	<b>6,870</b>	<b>29.41</b>	<b>778</b>	<b>22.9</b>	<b>7,200</b>	<b>29.44</b>	<b>805</b>	<b>22.6</b>	<b>7,458</b>	<b>30.05</b>	<b>830</b>	<b>22.7</b>	<b>7,682</b>	<b>30.95</b>
<b>DEPARTMENTAL INCOME</b>	<b>2,003</b>	<b>74.2</b>	<b>18,544</b>	<b>87.60</b>	<b>2,384</b>	<b>76.3</b>	<b>22,074</b>	<b>94.49</b>	<b>2,625</b>	<b>77.1</b>	<b>24,304</b>	<b>99.38</b>	<b>2,751</b>	<b>77.4</b>	<b>25,470</b>	<b>102.62</b>	<b>2,833</b>	<b>77.3</b>	<b>26,231</b>	<b>105.68</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	252	9.4	2,336	11.04	267	8.5	2,472	10.58	279	8.2	2,580	10.55	288	8.1	2,667	10.75	297	8.1	2,747	11.07
Info & Telecom Systems	28	1.0	260	1.23	30	0.9	275	1.18	31	0.9	287	1.17	32	0.9	296	1.19	33	0.9	305	1.23
Marketing	140	5.2	1,298	6.13	148	4.7	1,373	5.88	155	4.5	1,433	5.86	160	4.5	1,482	5.97	165	4.5	1,526	6.15
Franchise Fee	235	8.7	2,173	10.27	272	8.7	2,521	10.79	297	8.7	2,746	11.23	310	8.7	2,871	11.57	319	8.7	2,957	11.91
Prop. Operations & Maint.	81	3.0	748	3.53	96	3.1	890	3.81	111	3.3	1,032	4.22	115	3.2	1,067	4.30	119	3.2	1,099	4.43
Utilities	112	4.2	1,038	4.91	119	3.8	1,099	4.70	124	3.6	1,147	4.69	128	3.6	1,185	4.78	132	3.6	1,221	4.92
<b>Total Expenses</b>	<b>848</b>	<b>31.5</b>	<b>7,854</b>	<b>37.10</b>	<b>932</b>	<b>29.7</b>	<b>8,629</b>	<b>36.94</b>	<b>996</b>	<b>29.2</b>	<b>9,225</b>	<b>37.72</b>	<b>1,033</b>	<b>29.0</b>	<b>9,569</b>	<b>38.55</b>	<b>1,064</b>	<b>29.0</b>	<b>9,855</b>	<b>39.71</b>
<b>GROSS HOUSE PROFIT</b>	<b>1,155</b>	<b>42.7</b>	<b>10,690</b>	<b>50.50</b>	<b>1,452</b>	<b>46.6</b>	<b>13,445</b>	<b>57.56</b>	<b>1,629</b>	<b>47.9</b>	<b>15,080</b>	<b>61.66</b>	<b>1,717</b>	<b>48.4</b>	<b>15,901</b>	<b>64.07</b>	<b>1,769</b>	<b>48.3</b>	<b>16,376</b>	<b>65.98</b>
Management Fee	94	3.5	874	4.13	109	3.5	1,013	4.34	119	3.5	1,103	4.51	124	3.5	1,152	4.64	128	3.5	1,187	4.78
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>1,060</b>	<b>39.2</b>	<b>9,816</b>	<b>46.37</b>	<b>1,343</b>	<b>43.1</b>	<b>12,432</b>	<b>53.22</b>	<b>1,510</b>	<b>44.4</b>	<b>13,977</b>	<b>57.15</b>	<b>1,593</b>	<b>44.9</b>	<b>14,749</b>	<b>59.42</b>	<b>1,640</b>	<b>44.8</b>	<b>15,189</b>	<b>61.19</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	90	3.4	838	3.96	93	3.0	859	3.68	96	2.8	885	3.62	98	2.8	911	3.67	101	2.8	938	3.78
Insurance	41	1.5	380	1.79	42	1.4	391	1.67	44	1.3	403	1.65	45	1.3	415	1.67	46	1.3	427	1.72
Reserve for Replacement	54	2.0	500	2.36	94	3.0	868	3.72	136	4.0	1,260	5.15	142	4.0	1,317	5.31	147	4.0	1,357	5.47
<b>Total Expenses</b>	<b>185</b>	<b>6.9</b>	<b>1,717</b>	<b>8.11</b>	<b>229</b>	<b>7.4</b>	<b>2,118</b>	<b>9.07</b>	<b>275</b>	<b>8.1</b>	<b>2,547</b>	<b>10.42</b>	<b>285</b>	<b>8.1</b>	<b>2,643</b>	<b>10.65</b>	<b>294</b>	<b>8.1</b>	<b>2,722</b>	<b>10.97</b>
<b>EBITDA LESS RESERVE</b>	<b>\$875</b>	<b>32.3 %</b>	<b>\$8,099</b>	<b>\$38.26</b>	<b>\$1,114</b>	<b>35.7 %</b>	<b>\$10,314</b>	<b>\$44.15</b>	<b>\$1,234</b>	<b>36.3 %</b>	<b>\$11,429</b>	<b>\$46.74</b>	<b>\$1,307</b>	<b>36.8 %</b>	<b>\$12,106</b>	<b>\$48.77</b>	<b>\$1,346</b>	<b>36.7 %</b>	<b>\$12,466</b>	<b>\$50.23</b>

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

**FIGURE 1-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE**

	2020/21		2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29		2029/30	
<b>Number of Rooms:</b>	<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>	
<b>Occupied Rooms:</b>	<b>22,864</b>		<b>25,229</b>		<b>26,411</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>	
<b>Occupancy:</b>	<b>58%</b>		<b>64%</b>		<b>67%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>	
<b>Average Rate:</b>	<b>\$114.07</b>	<b>% of</b>	<b>\$119.92</b>	<b>% of</b>	<b>\$124.76</b>	<b>% of</b>	<b>\$128.50</b>	<b>% of</b>	<b>\$132.36</b>	<b>% of</b>	<b>\$136.33</b>	<b>% of</b>	<b>\$140.42</b>	<b>% of</b>	<b>\$144.63</b>	<b>% of</b>	<b>\$148.97</b>	<b>% of</b>	<b>\$153.44</b>	<b>% of</b>
<b>RevPAR:</b>	<b>\$66.16</b>	<b>Gross</b>	<b>\$76.75</b>	<b>Gross</b>	<b>\$83.59</b>	<b>Gross</b>	<b>\$87.38</b>	<b>Gross</b>	<b>\$90.00</b>	<b>Gross</b>	<b>\$92.70</b>	<b>Gross</b>	<b>\$95.48</b>	<b>Gross</b>	<b>\$98.35</b>	<b>Gross</b>	<b>\$101.30</b>	<b>Gross</b>	<b>\$104.34</b>	<b>Gross</b>
<b>OPERATING REVENUE</b>																				
Rooms	\$2,608	96.7 %	\$3,025	96.8 %	\$3,295	96.8 %	\$3,445	96.9 %	\$3,548	96.9 %	\$3,654	96.9 %	\$3,764	96.9 %	\$3,877	96.9 %	\$3,993	96.9 %	\$4,113	96.9 %
Other Operated Departments	77	2.8	87	2.8	92	2.7	95	2.7	98	2.7	101	2.7	104	2.7	107	2.7	111	2.7	114	2.7
Miscellaneous Income	13	0.5	14	0.5	15	0.5	16	0.4	16	0.4	17	0.4	17	0.4	18	0.4	18	0.4	19	0.4
<b>Total Operating Revenues</b>	<b>2,698</b>	<b>100.0</b>	<b>3,126</b>	<b>100.0</b>	<b>3,402</b>	<b>100.0</b>	<b>3,556</b>	<b>100.0</b>	<b>3,663</b>	<b>100.0</b>	<b>3,772</b>	<b>100.0</b>	<b>3,886</b>	<b>100.0</b>	<b>4,002</b>	<b>100.0</b>	<b>4,122</b>	<b>100.0</b>	<b>4,246</b>	<b>100.0</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	653	25.0	698	23.1	731	22.2	758	22.0	781	22.0	804	22.0	828	22.0	853	22.0	879	22.0	905	22.0
Other Operated Departments	42	54.8	44	51.4	46	50.2	48	50.0	49	50.0	51	50.0	52	50.0	54	50.0	55	50.0	57	50.0
<b>Total Expenses</b>	<b>695</b>	<b>25.8</b>	<b>742</b>	<b>23.7</b>	<b>778</b>	<b>22.9</b>	<b>805</b>	<b>22.6</b>	<b>830</b>	<b>22.7</b>	<b>855</b>	<b>22.7</b>	<b>880</b>	<b>22.7</b>	<b>907</b>	<b>22.7</b>	<b>934</b>	<b>22.7</b>	<b>962</b>	<b>22.7</b>
<b>DEPARTMENTAL INCOME</b>																				
	2,003	74.2	2,384	76.3	2,625	77.1	2,751	77.4	2,833	77.3	2,917	77.3	3,005	77.3	3,096	77.3	3,188	77.3	3,284	77.3
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	252	9.4	267	8.5	279	8.2	288	8.1	297	8.1	306	8.1	315	8.1	324	8.1	334	8.1	344	8.1
Info & Telecom Systems	28	1.0	30	0.9	31	0.9	32	0.9	33	0.9	34	0.9	35	0.9	36	0.9	37	0.9	38	0.9
Marketing	140	5.2	148	4.7	155	4.6	160	4.5	165	4.5	170	4.5	175	4.5	180	4.5	186	4.5	191	4.5
Franchise Fee	235	8.7	272	8.7	297	8.7	310	8.7	319	8.7	329	8.7	339	8.7	349	8.7	359	8.7	370	8.7
Prop. Operations & Maint.	81	3.0	96	3.1	111	3.3	115	3.2	119	3.2	122	3.2	126	3.2	130	3.2	134	3.2	138	3.2
Utilities	112	4.2	119	3.8	124	3.6	128	3.6	132	3.6	136	3.6	140	3.6	144	3.6	148	3.6	153	3.6
<b>Total Expenses</b>	<b>848</b>	<b>31.4</b>	<b>932</b>	<b>29.8</b>	<b>996</b>	<b>29.3</b>	<b>1,033</b>	<b>29.1</b>	<b>1,064</b>	<b>29.1</b>	<b>1,096</b>	<b>29.1</b>	<b>1,129</b>	<b>29.1</b>	<b>1,163</b>	<b>29.1</b>	<b>1,198</b>	<b>29.1</b>	<b>1,234</b>	<b>29.1</b>
<b>GROSS HOUSE PROFIT</b>																				
	1,155	42.8	1,452	46.5	1,629	47.8	1,717	48.3	1,769	48.2	1,821	48.2	1,876	48.2	1,933	48.2	1,990	48.2	2,050	48.2
Management Fee	94	3.5	109	3.5	119	3.5	124	3.5	128	3.5	132	3.5	136	3.5	140	3.5	144	3.5	149	3.5
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>																				
	1,060	39.3	1,343	43.0	1,510	44.3	1,593	44.8	1,640	44.7	1,689	44.7	1,740	44.7	1,792	44.7	1,846	44.7	1,902	44.7
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	90	3.4	93	3.0	96	2.8	98	2.8	101	2.8	104	2.8	108	2.8	111	2.8	114	2.8	117	2.8
Insurance	41	1.5	42	1.4	44	1.3	45	1.3	46	1.3	48	1.3	49	1.3	50	1.3	52	1.3	54	1.3
Reserve for Replacement	54	2.0	94	3.0	136	4.0	142	4.0	147	4.0	151	4.0	155	4.0	160	4.0	165	4.0	170	4.0
<b>Total Expenses</b>	<b>185</b>	<b>6.9</b>	<b>229</b>	<b>7.4</b>	<b>275</b>	<b>8.1</b>	<b>285</b>	<b>8.1</b>	<b>294</b>	<b>8.1</b>	<b>303</b>	<b>8.1</b>	<b>312</b>	<b>8.1</b>	<b>321</b>	<b>8.1</b>	<b>331</b>	<b>8.1</b>	<b>341</b>	<b>8.1</b>
<b>EBITDA LESS RESERVE</b>																				
	\$875	32.4 %	\$1,114	35.6 %	\$1,234	36.2 %	\$1,307	36.7 %	\$1,346	36.6 %	\$1,386	36.6 %	\$1,428	36.6 %	\$1,471	36.6 %	\$1,515	36.6 %	\$1,561	36.6 %

As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

### Feasibility Conclusion

The Feasibility Analysis chapter of this report converts these cash flows into a net present value indication assuming set-forth debt and equity requirements. The conclusion of this analysis indicates that an equity investor contributing \$3,987,000 (roughly 30% of the \$13,300,000 development cost) could expect to receive a 20.0% internal rate of return over a ten-year holding period, assuming that the investor obtains financing at the time of the project's completion at the loan-to-value ratio and interest rate set forth. The proposed subject property has an opportunity to provide a lower-cost, limited-service lodging option in the Ridgeland market; currently, the limited-service properties closer to County Line Road are somewhat dated and do not benefit from the upscale shopping center at Colony Park, which will be expanding in future years. Based on our market analysis, there is sufficient market support for the proposed Holiday Inn Express & Suites. Our conclusions are based primarily on the performance of the existing Colony Park hotels and the shift of demand to that part of the Ridgeland market. Our review of investor surveys indicates equity returns ranging from 16.0% to 26.1%, with an average of 20.1%. Based on these parameters, it is our opinion that a market investor would require an equity return of 19.5%. The calculated return to the equity investor, 20.0%, is above the required return and within the range of market-level returns given the anticipated cost of \$13,300,000. As such, the project is considered to be feasible.

### Assignment Conditions

"Extraordinary Assumption" is defined in USPAP as follows:

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.<sup>1</sup>

The analysis is based on the extraordinary assumption that the described improvements have been completed as of the stated date of opening. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated

<sup>1</sup>The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2018–2019 ed.

date of opening. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed hotels in general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.

#### **Intended Use of the Feasibility Study**

This feasibility report is being prepared for use in the development of the proposed subject hotel.

#### **Identification of the Client and Intended User(s)**

The client for this engagement is Heritage Hospitality Group. This report is intended for the addressee firm and may not be distributed to or relied upon by other persons or entities.

#### **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*,<sup>2</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>3</sup> *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,<sup>4</sup> *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,<sup>5</sup> and *Hotels and Motels – Valuations and Market Studies*.<sup>6</sup>

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 site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.

<sup>2</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>3</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

<sup>4</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>5</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

<sup>6</sup> 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 sets forth the anticipated economic benefits of the proposed subject property.
9. A feasibility analysis is performed, in which the market equity yield that an investor would expect is compared to the equity yield that an investor must accept.



## 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.

The subject site is located in the Ridgeland suburb of Jackson, directly southeast of the intersection formed by West Ridgeland Avenue and Interstate 55.

### Physical Characteristics

The subject site measures approximately 3.24 acres, or 141,135 square feet. The parcel's adjacent uses are set forth in the following table.

**FIGURE 2-1 SUBJECT PARCEL'S ADJACENT USES**

<u>Direction</u>	<u>Adjacent Use</u>
North	West Ridgeland Avenue
South	Vacant Land
East	Vacant Land
West	Interstate 55 Frontage Road

## VIEW OF SUBJECT SITE

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### Topography and Site Utility

The topography of the site is generally flat, and the shape should permit efficient use of the site for building and site improvements, including ingress and egress. Upon completion of construction, 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.

## AERIAL PHOTOGRAPH

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**VIEW FROM SITE TO THE NORTH**



**VIEW FROM SITE TO THE SOUTH**



**VIEW FROM SITE TO THE EAST**



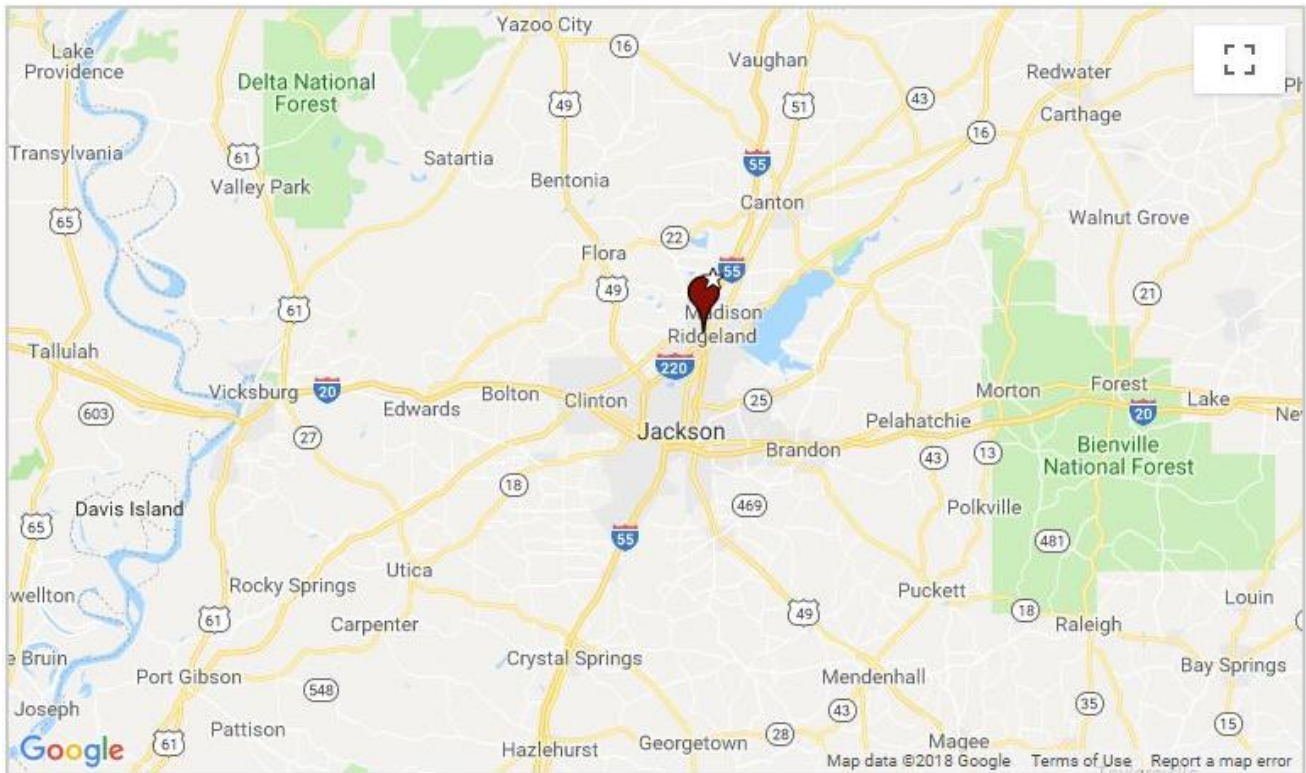
**VIEW FROM SITE TO THE WEST**



**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



Regional access to/from the city of Ridgeland and the subject site, in particular, is considered excellent. The subject market is served by a variety of additional local highways, which are illustrated on the map.

Primary vehicular access to the subject site will be provided by the north-bound Interstate 55 Frontage Road. Access will also be available from West Ridgeland Avenue. The subject site is located near a busy intersection and is relatively simple to locate from Interstate 55, which is the nearest major highway. Reportedly, the Mississippi Department of Transportation has approved a driveway that will allow access to the subject site from Frontage Road. The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the subject site benefits from excellent accessibility, and the proposed hotel is expected to enjoy excellent visibility from within its local neighborhood.

### Airport Access

The proposed subject property will be served by the Jackson-Medgar Wiley Evers International Airport, which is located approximately nine miles to the southeast 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 neighborhood that surrounds the subject site is generally defined by Carl Avenue to the north, Wheatley Street to the east, the intersection of Interstates 55 and 220 to the south, and Rolling Meadows and Richardson Roads to the west. The neighborhood is anchored by two large mixed-use developments, Township at Colony Park and Renaissance at Colony Park; the developments offer a mix of retail shopping, restaurants, offices, and hotels. Additional office, service, and retail uses, as well as residential areas, are located along the secondary roadways. Some specific businesses and entities in the area include Merrill Lynch Wealth Management, Butler Snow, Morgan White Group, and Holmes Community College; nearby hotels include Embassy Suites by Hilton, SpringHill Suites by Marriott, and TownePlace Suites by Marriott. Restaurants located near the subject site include Newk's Eatery, Sombra Mexican Kitchen, and Starbucks. In general, this neighborhood is in the growth stage of its life cycle. Notable changes in this neighborhood include the second phase of the Renaissance at Colony Park, which will include a Malco theater and a show fountain; this phase should be complete by the summer of 2019. In addition, a Hampton Inn & Suites by Hilton is under construction within the Township at Colony Park. The proposed subject property's opening should be a positive influence on the area; the hotel will be in character with and will complement surrounding land uses.

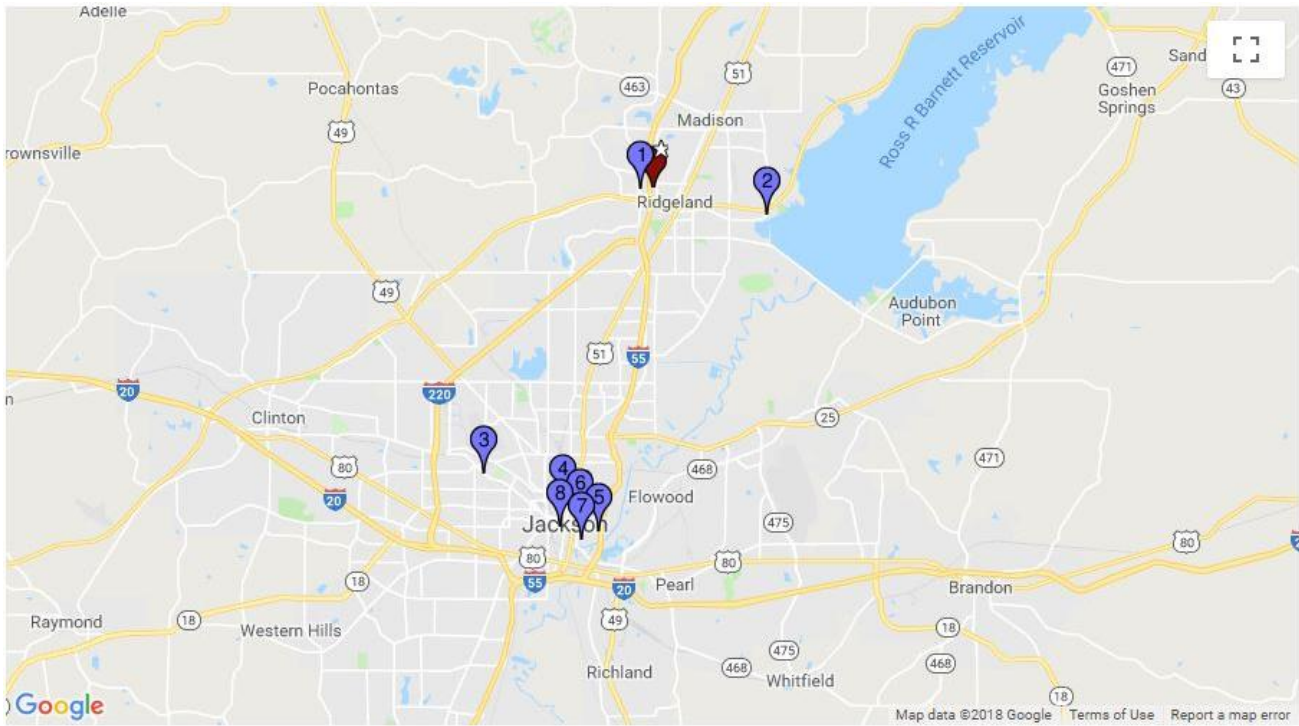
## MAP OF NEIGHBORHOOD



### Proximity to Local Demand Generators and Attractions

The subject site is located near the area's primary generators of lodging demand. A sample of these demand generators is reflected on the following map, including respective distances from and drive times to the subject site. Overall, the subject site is well situated with respect to demand generators.

## ACCESS TO DEMAND GENERATORS AND ATTRACTIONS



<u>Demand Generator</u>	<u>Approx. Driving Time from Subject Property</u>
Subject Property	
Renaissance at Colony Park	2 minutes
Mississippi Crafts Center	10 minutes
The Jackson Zoological Park	15 minutes
Mississippi State Capitol	15 minutes
Mississippi State Fairgrounds	13 minutes
Museum of Mississippi History	14 minutes
Mississippi Civil Rights Museum	14 minutes
Jackson Convention Complex	16 minutes

### Utilities

The subject site will reportedly be served by all necessary utilities.

**Soil and  
Subsoil Conditions**

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

**Nuisances  
and Hazards**

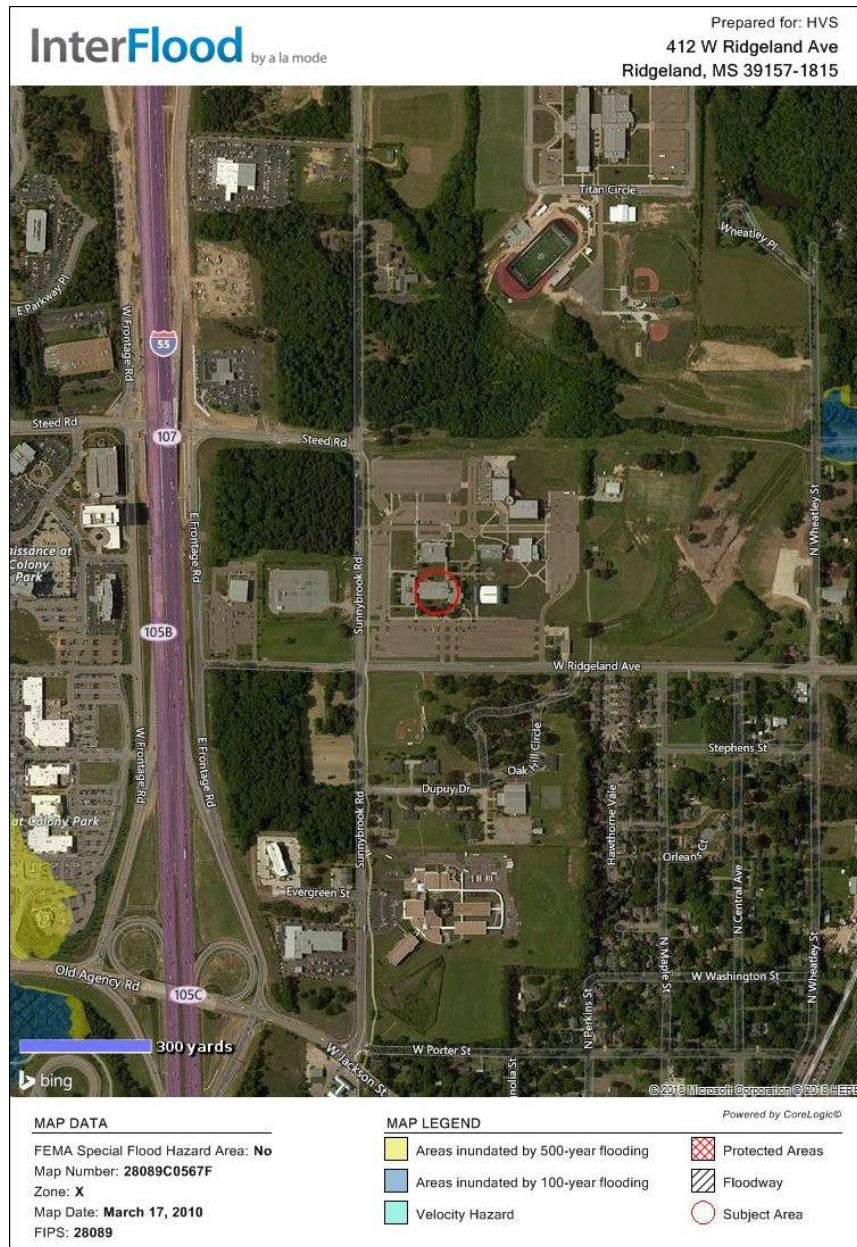
We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

**Flood Zone**

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in Zone X.



**COPY OF FLOOD MAP AND COVER**



The flood zone definition for the Zone X designation is as follows: areas outside the 500-year flood plain; areas of the 500-year flood; areas of the 100-year flood with

average depths of less than one foot or with drainage areas less than one square mile and areas protected by levees from the 100-year flood.

**Zoning**

According to the local planning office, the subject property is zoned as follows: MU-1 - Mixed Use District. Additional details pertaining to the proposed subject property’s zoning regulations are summarized in the following table.

<b>FIGURE 2-2 ZONING</b>	
Municipality Governing Zoning	The City of Ridgeland
Current Zoning	Mixed Use District
Current Use	Vacant Land
Is Current Use Permitted?	Yes
Is Change in Zoning Likely?	No
Permitted Uses	Shopping centers, hotels, healthcare facilities, residential developments
Hotel Allowed	Yes
Legally Non-Conforming	Not Applicable

**Easements and Encroachments**

We are not aware of any easements attached to the property that would significantly affect the utility of the site or marketability of this project.

**Conclusion**

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is favorably located near the interstate and a major interchange. In general, the site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

### 3. 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).

#### Market Area Definition

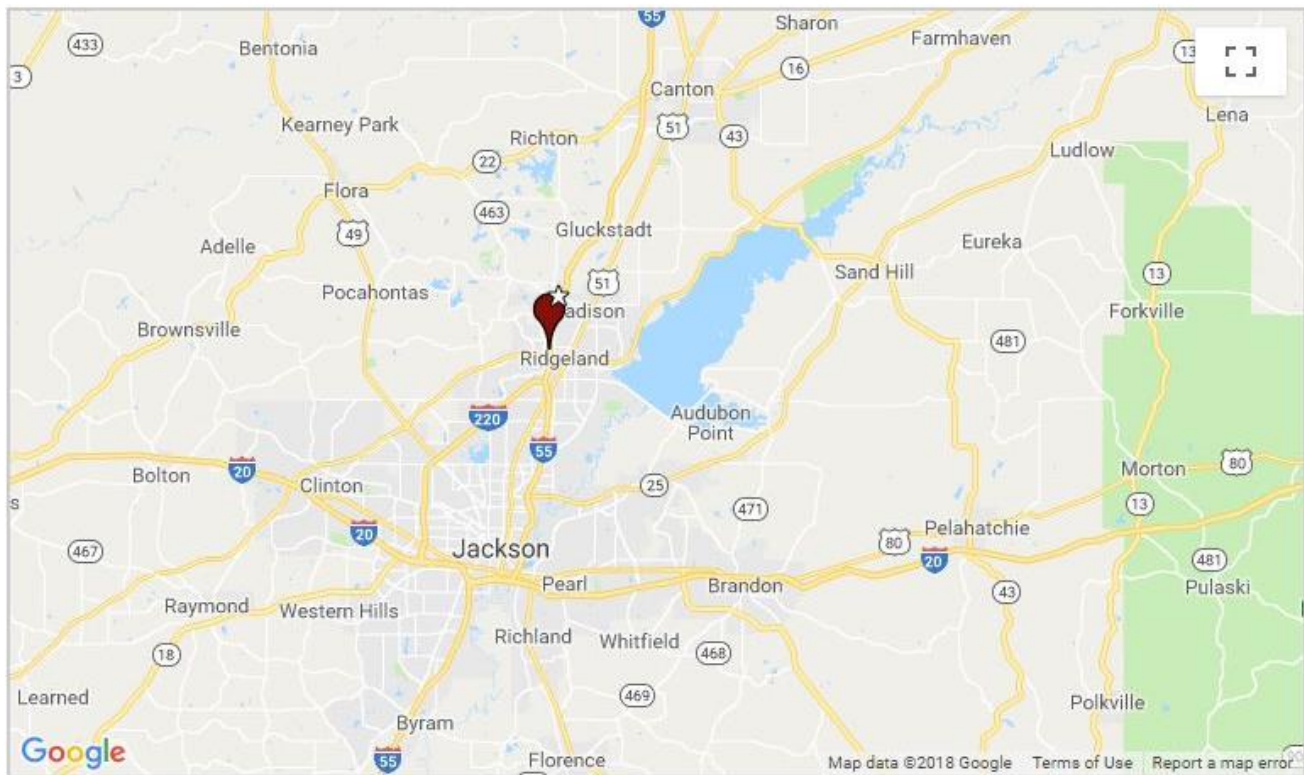
The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Ridgeland, the county of Madison, and the state of Mississippi. Ridgeland is a suburban community neighboring Jackson to the north. Growth of the community was first spurred by the 1984 opening of Northpark Mall, with recent expansions concentrated around Highland Colony Parkway. Located in Madison County and part of the greater Jackson economic area, Ridgeland is also home to Holmes Community College. The greater Jackson area is a major business hub in the southern United States due to the convergence of two major interstates, the presence of major educational institutions and healthcare facilities, and Jackson's position as the state capital. Jackson's rich history within the jazz, gospel, and R&B music cultures also contributes to its popularity as a leisure market. In addition, the capital city is known across the state as a focal point for regional healthcare facilities and services.

## JACKSON

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The subject property's market area can be defined by its Combined Statistical Area (CSA): Jackson-Vicksburg-Brookhaven, MS. 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 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY**

	2000	2010	2016	2020	Average Annual Compounded Change		
					2000-10	2010-16	2016-20
<b>Resident Population (Thousands)</b>							
Madison County	75.1	95.6	105.1	111.5	2.4 %	1.6 %	1.5 %
Jackson, MS MSA	526.3	568.8	579.2	597.0	0.8	0.3	0.8
Jackson-Vicksburg-Brookhaven, MS CSA	620.9	662.1	670.0	688.8	0.6	0.2	0.7
State of Mississippi	2,848.4	2,970.3	2,988.7	3,070.8	0.4	0.1	0.7
United States	282,162.4	309,348.1	323,132.3	335,057.8	0.9	0.7	0.9
<b>Per-Capita Personal Income*</b>							
Madison County	\$39,532	\$46,898	\$52,291	\$55,858	1.7	1.8	1.7
Jackson, MS MSA	30,727	35,125	38,187	41,065	1.3	1.4	1.8
Jackson-Vicksburg-Brookhaven, MS CSA	30,174	34,550	37,462	40,257	1.4	1.4	1.8
State of Mississippi	25,905	30,072	32,029	34,439	1.5	1.1	1.8
United States	36,812	39,622	44,450	47,348	0.7	1.9	1.6
<b>W&amp;P Wealth Index</b>							
Madison County	109.7	120.7	118.9	119.1	1.0	(0.2)	0.0
Jackson, MS MSA	84.9	89.0	86.0	86.6	0.5	(0.6)	0.2
Jackson-Vicksburg-Brookhaven, MS CSA	83.2	87.3	84.1	84.7	0.5	(0.6)	0.2
State of Mississippi	71.7	76.2	72.0	72.5	0.6	(0.9)	0.2
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
<b>Food and Beverage Sales (Millions)*</b>							
Madison County	\$108	\$164	\$228	\$244	4.3	5.6	1.7
Jackson, MS MSA	637	767	1,003	1,054	1.9	4.6	1.2
Jackson-Vicksburg-Brookhaven, MS CSA	730	869	1,132	1,185	1.8	4.5	1.2
State of Mississippi	2,527	3,176	4,176	4,341	2.3	4.7	1.0
United States	368,829	447,728	582,294	615,384	2.0	4.5	1.4
<b>Total Retail Sales (Millions)*</b>							
Madison County	\$1,129	\$1,497	\$1,925	\$2,101	2.9	4.3	2.2
Jackson, MS MSA	7,392	7,409	8,617	9,173	0.0	2.5	1.6
Jackson-Vicksburg-Brookhaven, MS CSA	8,563	8,567	9,892	10,502	0.0	2.4	1.5
State of Mississippi	31,961	35,349	40,867	43,369	1.0	2.4	1.5
United States	3,902,830	4,130,414	4,880,293	5,227,450	0.6	2.8	1.7

\* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population has grown at an average annual compounded rate of 0.7% from 2010 through 2016. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.6% between 2010 and 2016 reflects a gradually expanding area. Following this population trend, per-capita personal income increased slowly, at 1.8% on average annually for the county between 2010 and 2016. Local wealth indexes have remained stable in recent years, registering a relatively high 118.9 level for the county in 2016.

Food and beverage sales totaled \$228 million in the county in 2016, versus \$164 million in 2010. This reflects a 5.6% average annual change, which is stronger than the 4.3% pace recorded in the prior decade, the latter years of which were adversely affected by the recession. Over the long term, the pace of growth is forecast to moderate to a more sustainable level of 1.7%, which is forecast through 2020. The retail sales sector demonstrated an annual increase of 2.9% registered in the decade 2000 to 2010, followed by an increase of 4.3% in the period 2010 to 2016. An increase of 2.2% average annual change is expected in county retail sales through 2020.

### 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 2000, 2010, and 2016, as well as a forecast for 2020.

**FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)**

Industry	2000	Percent of Total	2010	Percent of Total	2016	Percent of Total	2020	Percent of Total	Average Annual Compounded Change		
									2000-2010	2010-2016	2016-2020
Farm	0.9	2.2 %	0.7	1.1 %	0.7	0.8 %	0.7	0.8 %	(1.7) %	(1.2) %	1.3 %
Forestry, Fishing, Related Activities And Other	0.3	0.7	0.3	0.5	0.4	0.4	0.4	0.5	1.4	1.5	3.4
Mining	0.3	0.8	1.3	2.0	2.2	2.7	2.3	2.6	15.4	8.8	1.3
Utilities	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	4.6	5.0	2.8
Construction	2.9	7.3	3.3	5.0	3.5	4.1	3.8	4.1	1.3	0.8	2.3
Manufacturing	2.9	7.2	6.4	9.7	9.5	11.4	10.3	11.2	8.4	6.8	1.8
Total Trade	7.7	19.3	9.8	14.8	11.1	13.3	12.2	13.3	2.5	2.0	2.4
Wholesale Trade	1.7	4.2	2.0	3.0	2.2	2.7	2.5	2.8	1.9	1.9	3.3
Retail Trade	6.0	15.1	7.8	11.8	8.8	10.6	9.6	10.5	2.7	2.1	2.2
Transportation And Warehousing	1.3	3.2	1.4	2.2	2.0	2.3	1.9	2.1	1.4	5.2	(0.7)
Information	1.0	2.6	1.9	2.8	2.1	2.5	2.3	2.5	6.4	1.4	2.6
Finance And Insurance	3.0	7.6	5.3	8.0	6.2	7.4	6.9	7.5	5.8	2.5	2.8
Real Estate And Rental And Lease	1.9	4.8	4.3	6.4	4.9	5.8	5.4	5.9	8.4	2.2	2.9
Total Services	13.3	33.6	26.3	39.6	35.7	42.7	39.6	43.3	7.0	5.2	2.7
Professional And Technical Services	2.6	6.5	5.1	7.7	6.3	7.5	6.7	7.3	7.2	3.3	1.8
Management Of Companies And Enterprises	0.7	1.8	1.5	2.3	1.7	2.0	1.9	2.0	8.1	1.7	2.6
Administrative And Waste Services	1.1	2.7	3.7	5.5	7.3	8.8	8.6	9.4	13.1	12.2	4.2
Educational Services	1.0	2.6	1.9	2.9	2.4	2.8	2.5	2.7	6.5	3.4	1.3
Health Care And Social Assistance	2.3	5.8	4.5	6.8	6.5	7.8	7.5	8.2	7.1	6.2	3.6
Arts, Entertainment, And Recreation	0.5	1.3	1.0	1.5	1.2	1.4	1.3	1.4	6.7	2.6	1.8
Accommodation And Food Services	2.9	7.4	5.4	8.1	6.4	7.7	6.9	7.6	6.2	3.0	2.1
Other Services, Except Public Administration	2.2	5.5	3.1	4.7	4.0	4.8	4.2	4.6	3.5	4.2	1.6
Total Government	4.2	10.6	5.2	7.8	5.4	6.5	5.7	6.2	2.1	0.8	1.3
Federal Civilian Government	0.2	0.5	0.2	0.4	0.2	0.3	0.2	0.2	1.2	(2.2)	1.0
Federal Military	0.5	1.2	0.6	0.9	0.6	0.7	0.6	0.7	1.9	0.5	0.1
State And Local Government	3.5	8.8	4.3	6.5	4.6	5.5	4.9	5.3	2.2	1.1	1.5
<b>TOTAL</b>	<b>39.6</b>	<b>100.0 %</b>	<b>66.4</b>	<b>100.0 %</b>	<b>83.6</b>	<b>100.0 %</b>	<b>91.6</b>	<b>100.0 %</b>	<b>5.3 %</b>	<b>3.9 %</b>	<b>2.3 %</b>
MSA	316.4	—	347.2	—	376.0	—	404.6	—	0.9 %	1.3 %	1.8 %
U.S.	165,372.0	—	173,034.7	—	193,668.4	—	208,570.0	—	1.0	1.9	1.9

Source: Woods & Poole Economics, Inc.



Woods & Poole Economics, Inc. reports that during the period from 2000 to 2010, total employment in the county grew at an average annual rate of 5.3%. This trend was above the growth rate recorded by the MSA and also outpaced the national average. More recently, the pace of total employment growth in the county slowed to 3.9% on an annual average from 2010 to 2016.

Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2010 to 2016, increasing by 9,405 people, or 35.8%, and rising from 39.6% to 42.7% of total employment. Of the various service sub-sectors, Administrative And Waste Services and Health Care And Social Assistance were the largest employers. Strong growth was also recorded in the Manufacturing sector, as well as the Total Trade sector, which expanded by 48.0% and 4.7%, respectively, in the period 2010 to 2016. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 2.3% on average annually through 2020. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

The following table illustrates historical employment, households, population, and average household income data, as provided by REIS for the overall Jackson market.

**FIGURE 3-3 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS**

Year	Total		Office		Industrial		Households	% Chg	Population	% Chg	Household	
	Employment	% Chg	Employment	% Chg	Employment	% Chg					Avg. Income	% Chg
2015	276,900	—	89,163	—	34,354	—	222,080	—	579,140	—	\$109,959	—
2016	278,770	0.7 %	88,520	(0.7) %	35,866	4.4 %	223,850	0.8 %	579,570	0.1 %	109,251	(0.6) %
2017	282,530	1.3	89,326	0.9	36,512	1.8	224,220	0.2	578,750	(0.1)	111,131	1.7

Source: REIS Report, 2nd Quarter, 2018

For the Jackson market, of the roughly 283,000 persons employed in 2017, 32% work in offices and are categorized as office employees, while 13% are categorized as industrial employees. Total employment increased by 1.3% from 2016 to 2017. By comparison, office employment reflected expansion of 0.9% from 2016 to 2017.

The number of households in this market in 2017 totaled 224,000, reflecting an increase of 0.2% from the level registered in 2016. Population contracted during this same time frame, at a rate of -0.1%. Household average income grew by 1.7% in 2017, ending the year at roughly \$111,000.

**Unemployment Statistics**

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

**FIGURE 3-4 UNEMPLOYMENT STATISTICS**

Year	County	MSA	State	U.S.
2008	5.1 %	5.4 %	6.6 %	5.8 %
2009	6.9	7.6	9.5	9.3
2010	7.4	8.7	10.4	9.6
2011	6.9	8.4	10.0	8.9
2012	6.2	7.7	9.0	8.1
2013	5.8	7.2	8.5	7.4
2014	5.3	6.3	7.5	6.2
2015	4.6	5.3	6.4	5.3
2016	4.3	4.9	5.8	4.9
2017	3.9	4.4	5.1	4.4
<i>Recent Month - Sep</i>				
2017	3.6 %	4.1 %	4.7 %	4.2 %
2018	3.4	4.0	4.5	3.7

Source: U.S. Bureau of Labor Statistics

Current U.S. unemployment levels are now firmly below the annual averages of the last economic cycle peak of 2006 and 2007, when annual averages were 4.6%. National unemployment registered 4.1% each month during the first quarter of 2018, as well as the last quarter of 2017, roughly six points below the October 2009 peak of 10.0%. In August, September, and October of 2018, the rate remained low at 3.9%, 3.7%, and 3.7%, respectively. Total nonfarm payroll employment increased by 118,000, 286,000, and 250,000 jobs in August, September, and October of 2018, respectively. Gains in October occurred in the health care, manufacturing, construction, transportation, and warehousing sectors. Unemployment has remained under the 5.0% mark since May 2016, reflecting a trend of relative stability and the overall strength of the U.S. economy. The unemployment rate fell to a 48-year low in September and October.

Locally, the unemployment rate was 3.9% in 2017; for this same area in 2018, the most recent month’s unemployment rate was registered at 3.4%, versus 3.6% for the same month in 2017. Unemployment rose in 2009 because of the national recession; this trend continued into 2010 given the number of manufacturing companies located in the area that downsized because of the overall economic

downturn. However, unemployment declined in 2011 as the economy rebounded, a trend that continued through 2017. The most recent comparative period illustrates improvement, indicated by the lower unemployment rate in the latest available data. The northern suburbs of Jackson are growing, with the continued expansion of several retail and office spaces attracting new firms to the area; this growth in the local market should allow the county to continue to register unemployment levels well below the state and national levels.

**Major Business and Industry**

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

**FIGURE 3-5 MAJOR EMPLOYERS**

Rank	Firm	Number of Employees
1	Nissan North America	6,400
2	Madison County School District	2,061
3	Peco Foods of MS, Inc.	1,300
4	Conduent	1,250
5	Vantec Hitachi Transport System	800
6	Kasai (MTEK)	700
7	Yates Services	656
8	C Spire	624
9	Calsonic Kansei	604
10	Faurecia	528

Source: Madison County Economic Development Authority

**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.

**FIGURE 3-6 OFFICE SPACE STATISTICS – MARKET OVERVIEW**

<u>Submarket</u>	<u>Year</u>	<u>Vacancy Rate</u>	<u>Average Asking Lease Rate</u>
Metro Area	2015	16.1 %	\$16.90
	2016	17.2	17.04
	2017	16.6	17.05
CBD	2015	22.5 %	\$17.08
	2016	24.1	17.11
	2017	20.7	17.07
Non-CBD	2015	12.4 %	\$16.79
	2016	13.3	17.00
	2017	14.4	17.04

Source: REIS Report, 2nd Quarter, 2018

In greater Jackson market, REIS reported a vacancy rate of 16.6% and an average asking rent of \$17.05 for 2017. The subject property is located in the Non-CBD submarket. The submarket's vacancy rate of 14.4% is below the overall market average. The average asking lease rate of \$17.04 is above the average for the broader market.

**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 of conventions, peripheral hotels may benefit from compression within the city as a whole.

The nearest convention center with significant capacity is located approximately ten miles to the southwest of this area. The Jackson Convention Complex is located in Downtown Jackson and opened in January 2009. The project was developed by the City of Jackson at a cost of \$65 million. The 330,000-square-foot facility offers 128,000 square feet of meeting space, encompassing a 60,000-square-foot exhibit hall, a 30,000-square-foot banquet hall, and 33,000 square feet including lobbies, pre-function areas, and a concourse. Convention demand is largely accommodated by downtown hotels, with minimal overflow demand to hotels outside the downtown market.

## CONVENTION CENTER



### 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.

Jackson-Medgar Wiley Evers International Airport (JAN) is a city-owned, public-use airport located in unincorporated Rankin County, Mississippi, five miles east of the Central Business District of Jackson. The airport, which is served by three major airlines, received its “International” moniker in the early 1990s to reflect the fact that it has the facilities to serve international flights, even though the airport does not currently do so. The airport, however, does contain a U.S. Customs office and has established a Foreign Trade Zone. In 2017, the airport received a \$5.17-million grant to complete necessary improvements to the airport’s runway, while in March 2016, the Jackson Municipal Airport Authority announced the “Strategic Plan 2021,” a five-year plan to improve the airport’s facilities. A legal battle is currently in place for control of the airport, with the case being decided by the federal courts. In 2016, a bill was passed to do away with the Jackson Municipal Airport Authority (JMAA) and replace it with a nine-member regional board, which would remove Jackson as the governing body over the airport. As of June 2018, the JMAA was marketing 1,200 acres of land surrounding the airport, following the opening of a major section of the East Metro Corridor in 2017; the East Metro Corridor is expected to play an important part in the future of the airport, as the loss of Southwest Airlines will continue to mitigate growth in operations.

The following table illustrates recent operating statistics for the Jackson- Medgar Wiley Evers International Airport, which is the primary airport facility serving the proposed subject hotel’s submarket.

**FIGURE 3-7 AIRPORT STATISTICS - JACKSON- MEDGAR WILEY EVERS INTERNATIONAL AIRPORT**

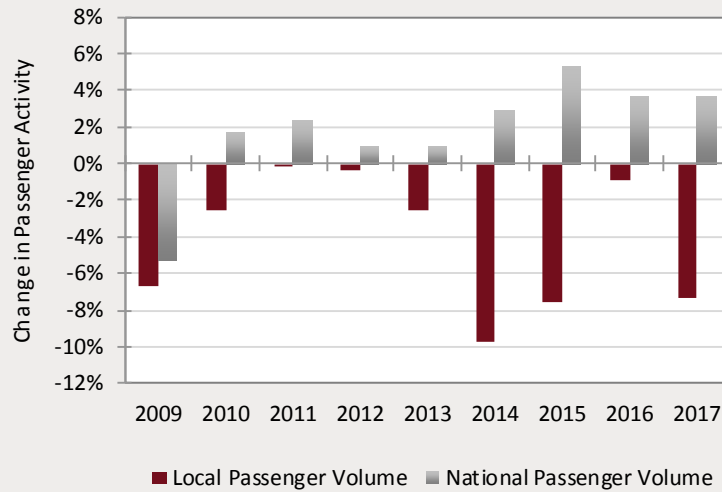
Year	Passenger Traffic	Percent Change*	Percent Change**
2008	1,352,008	—	—
2009	1,261,881	(6.7) %	(6.7) %
2010	1,229,340	(2.6)	(4.6)
2011	1,227,228	(0.2)	(3.2)
2012	1,222,608	(0.4)	(2.5)
2013	1,191,378	(2.6)	(2.5)
2014	1,075,608	(9.7)	(3.7)
2015	994,460	(7.5)	(4.3)
2016	985,450	(0.9)	(3.9)
2017	913,549	(7.3)	(4.3)
<i>Year-to-date, Sep</i>			
2017	655,844	—	—
2018	681,837	4.0 %	—

\*Annual average compounded percentage change from the previous year

\*\*Annual average compounded percentage change from first year of data

Source: Jackson- Medgar Wiley Evers International Airport

**FIGURE 3-8 LOCAL PASSENGER TRAFFIC VS. NATIONAL TREND**



Source: HVS, Local Airport Authority

This facility recorded 913,549 passengers in 2017. The change in passenger traffic between 2016 and 2017 was -7.3%. The average annual change during the period shown was -4.3%.

### Tourist Attractions

Ridgeland is located along the 144-mile scenic Natchez Trace Parkway. The Mississippi Craft Center is located along the parkway and displays the artwork of more than 400 juried artisans. Leisure demand generators in the greater Jackson area include the Jackson Zoo, the Mississippi State Capitol and Governor’s Mansion, the Old Capitol Museum, and the Mississippi State Fairgrounds Complex. Special events also play a role during key weekends, such as the Dixie National Rodeo. In December, the Museum of Mississippi History and Mississippi Civil Rights Museum opened in Downtown Jackson. No major changes related to these attributes of the market are expected in the near future.

## MUSEUM OF MISSISSIPPI HISTORY AND MISSISSIPPI CIVIL RIGHTS MUSEUM



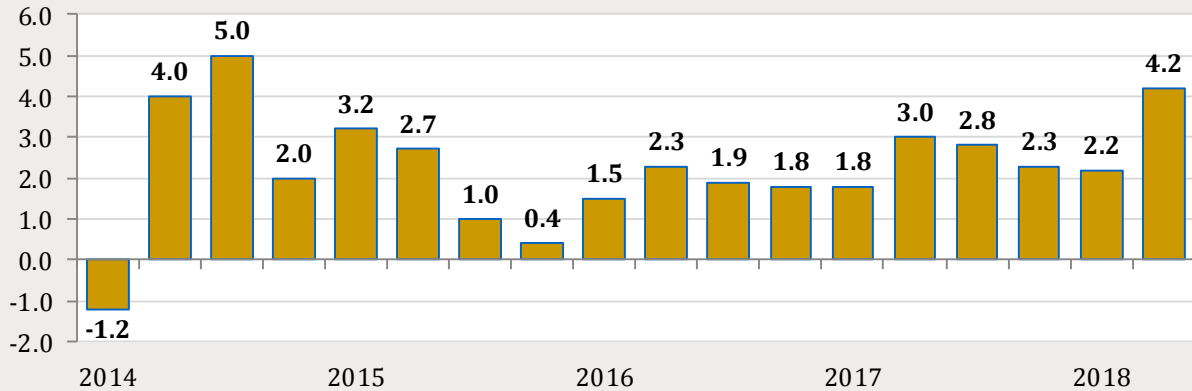
### Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. Madison County is experiencing a period of economic strength and expansion, primarily led by the growing upscale retail landscape and addition of high-quality office space helping draw new corporations. The area is also buoyed by automotive manufacturing, namely the Nissan manufacturing plant in Canton and ancillary services related to the industry. The significant presence of healthcare and governmental entities also supplies consistent economic benefits to the greater Jackson area.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded during the last three years, with a relatively low point in growth occurring during the fourth quarter of 2015. Most recently, the U.S. economy expanded by 2.2% and 4.2% in the first two quarters of 2018, respectively. The recent growth is the highest level since the third quarter of 2014. In the second quarter of 2018, non-residential fixed investment increased more than anticipated, primarily boosted by software and information processing equipment; conversely, imports fell, mainly related to petroleum.



**FIGURE 3-9 UNITED STATES GDP GROWTH RATE**



Source: tradingeconomics.com, Bureau of Economic Analysis

U.S. economic growth continues to support expansion of lodging demand. In 2018, demand growth through July registered 2.9%, stronger than the 2.7% level recorded in 2017. The economic growth, low unemployment, higher levels of personal income, and stability in the U.S. economy as of mid-year 2018 is helping to maintain strong interest in hotel investments by a diverse array of market participants.

## 4. 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

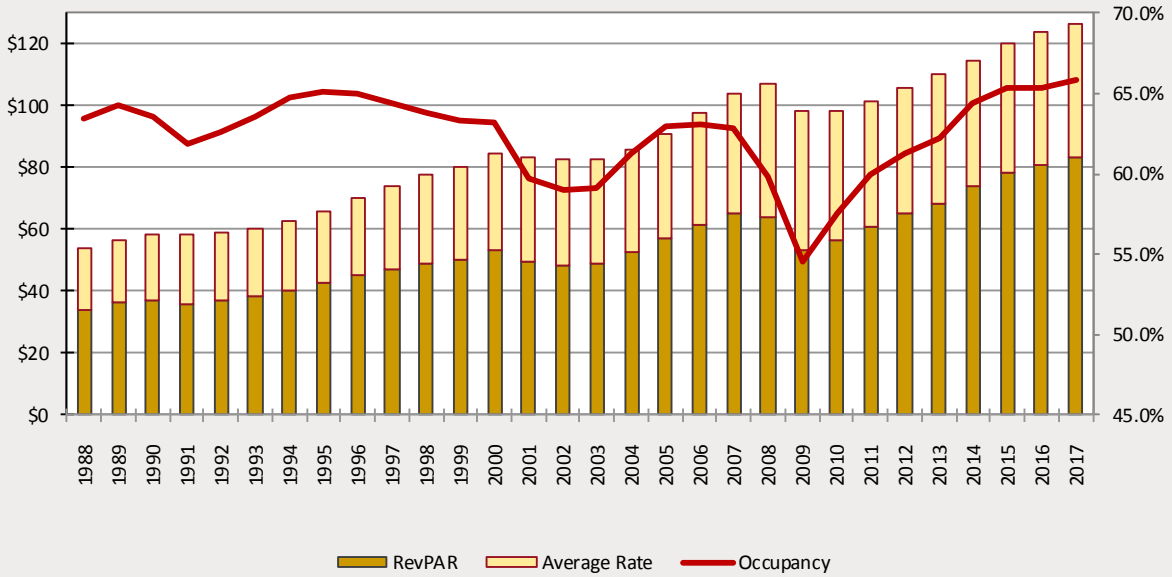
The subject site is located in the greater Jackson lodging market, which encompasses nearly 130 open and operating lodging facilities totaling roughly 11,000 guestrooms. Within this greater market, the direct submarket that will include the proposed subject hotel is known as Ridgeland. The proposed subject hotel is expected to compete with seven limited-service hotels on a primary level based on product offering. We have considered an additional six hotels as future secondary competitors given differences in product offering and price point.

### National Trends Overview

The subject property'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 and publishes data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy and ADR data since 1987. The next two tables contain information that is more recent; the data are categorized by geographical region, price point, type of location, and chain scale, and the statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

**FIGURE 4-1 NATIONAL OCCUPANCY, AVERAGE RATE, AND REVPAR TRENDS**



Source: STR

**FIGURE 4-2 NATIONAL OCCUPANCY AND ADR TRENDS – YEAR-TO-DATE DATA**

	Occupancy - YTD September			ADR - YTD September			RevPAR - YTD September			Percent Change	
	2017	2018	% Change	2017	2018	% Change	2017	2018	% Change	Rms. Avail.	Rms. Sold
United States	67.3 %	67.7 %	0.5 %	\$127.13	\$130.37	2.5 %	\$85.60	\$88.22	3.1 %	2.0 %	2.5 %
<b>Region</b>											
New England	65.6 %	67.0 %	2.0 %	\$156.10	\$158.44	1.5 %	\$102.44	\$106.11	3.6 %	2.0 %	4.1 %
Middle Atlantic	69.0	70.8	2.7	157.73	161.28	2.2	108.83	114.25	5.0	2.4	5.1
South Atlantic	69.1	69.2	0.2	124.56	127.90	2.7	86.11	88.56	2.8	1.7	1.9
E. North Central	63.1	63.4	0.5	110.14	112.90	2.5	69.49	71.57	3.0	2.0	2.5
E. South Central	63.0	63.0	0.0	98.20	100.87	2.7	61.82	63.53	2.8	2.1	2.1
W. North Central	59.8	59.6	(0.4)	98.48	100.21	1.7	58.93	59.70	1.3	2.1	1.7
W. South Central	63.1	64.0	1.4	100.05	102.83	2.8	63.09	65.77	4.3	2.7	4.1
Mountain	68.3	68.2	(0.1)	119.84	120.72	0.7	81.82	82.33	0.6	1.6	1.5
Pacific	75.7	75.5	(0.3)	164.40	170.54	3.7	124.52	128.84	3.5	1.9	1.6
<b>Class</b>											
Luxury	72.0 %	72.7 %	1.0 %	\$283.80	\$291.40	2.7 %	\$204.21	\$211.82	3.7 %	2.3 %	3.4 %
Upper-Upscale	74.2	74.2	0.1	181.62	185.28	2.0	134.78	137.57	2.1	2.3	2.3
Upscale	73.7	73.8	0.4	141.90	144.76	2.0	104.61	106.82	2.1	4.5	4.6
Upper-Midscale	69.2	69.4	0.2	116.34	118.36	1.7	80.55	82.15	2.0	3.8	4.1
Midscale	62.2	62.5	0.4	94.60	96.92	2.4	58.86	60.52	2.8	0.4	0.8
Economy	59.9	60.4	0.7	72.07	74.11	2.8	43.20	44.76	3.6	(0.4)	0.3
<b>Location</b>											
Urban	74.6 %	74.6 %	0.0 %	\$176.36	\$180.90	2.6 %	\$131.60	\$135.01	2.6 %	3.2 %	3.2 %
Suburban	68.4	68.5	0.1	108.94	111.44	2.3	74.47	76.28	2.4	2.3	2.5
Airport	74.9	75.3	0.5	116.81	119.29	2.1	87.51	89.85	2.7	1.6	2.2
Interstate	58.6	59.3	1.2	85.62	87.55	2.3	50.19	51.93	3.5	1.6	2.8
Resort	71.5	72.0	0.7	175.07	181.43	3.6	125.11	130.56	4.4	1.0	1.7
Small Town	58.9	59.6	1.1	104.13	106.21	2.0	61.34	63.27	3.1	1.4	2.5
<b>Chain Scale</b>											
Luxury	74.6 %	75.5 %	1.1 %	\$320.16	\$332.19	3.8 %	\$239.00	\$250.76	4.9 %	2.1 %	3.3 %
Upper-Upscale	75.5	75.5	0.0	182.12	185.97	2.1	137.56	140.48	2.1	2.5	2.5
Upscale	75.1	75.0	(0.1)	140.72	143.52	2.0	105.63	107.64	1.9	5.5	5.4
Upper-Midscale	69.4	69.4	0.1	113.92	115.82	1.7	79.05	80.42	1.7	4.1	4.2
Midscale	61.5	61.7	0.3	87.91	89.83	2.2	54.08	55.44	2.5	0.9	1.2
Economy	59.4	59.8	0.6	63.01	64.59	2.5	37.44	38.63	3.2	(0.4)	0.2
Independents	64.3	64.9	0.8	127.08	130.47	2.7	81.77	84.63	3.5	0.4	1.2

Source: STR - September 2018 Lodging Review

**FIGURE 4-3 NATIONAL OCCUPANCY AND ADR TRENDS – CALENDAR YEAR DATA**

	Occupancy			Average Rate			RevPAR			Percent Change	
	2016	2017	% Change	2016	2017	% Change	2016	2017	% Change	Rms. Avail.	Rms. Sold
United States	65.4 %	65.9 %	0.9 %	\$124.13	\$126.72	2.1 %	\$81.15	\$83.57	3.0 %	1.8 %	2.7 %
<b>Region</b>											
New England	64.1 %	64.8 %	1.1 %	\$151.20	\$153.78	1.7 %	\$96.96	\$99.67	2.8 %	1.5 %	2.6 %
Middle Atlantic	67.2	67.8	0.9	163.54	162.88	(0.4)	109.91	110.50	0.5	2.8	3.8
South Atlantic	67.1	68.0	1.4	119.92	123.40	2.9	80.45	83.91	4.3	1.5	2.9
E. North Central	61.0	61.4	0.5	108.32	109.53	1.1	66.12	67.20	1.6	1.9	2.4
E. South Central	61.3	61.5	0.3	94.88	98.23	3.5	58.15	60.37	3.8	1.9	2.2
W. North Central	59.0	58.0	(1.7)	96.10	97.47	1.4	56.71	56.54	(0.3)	1.4	(0.3)
W. South Central	61.4	62.5	1.9	98.73	100.32	1.6	60.57	62.70	3.5	3.0	4.9
Mountain	65.3	66.3	1.6	114.36	118.51	3.6	74.63	78.61	5.3	1.1	2.8
Pacific	73.8	73.9	0.3	158.63	162.60	2.5	116.99	120.23	2.8	1.6	1.9
<b>Class</b>											
Luxury	70.8 %	71.0 %	0.3 %	\$282.44	\$286.27	1.4 %	\$199.95	\$203.28	1.7 %	2.1 %	2.4 %
Upper-Upscale	72.5	72.7	0.3	178.13	181.00	1.6	129.17	131.67	1.9	1.7	2.0
Upscale	71.9	72.4	0.7	139.04	141.20	1.6	100.03	102.28	2.3	4.3	5.0
Upper-Midscale	67.1	67.6	0.8	114.07	115.86	1.6	76.54	78.34	2.3	4.0	4.8
Midscale	59.8	60.5	1.2	92.16	94.36	2.4	55.07	57.07	3.6	0.2	1.5
Economy	58.4	58.9	0.9	69.79	71.95	3.1	40.74	42.36	4.0	(0.4)	0.5
<b>Location</b>											
Urban	73.1 %	73.5 %	0.7 %	\$177.36	\$178.94	0.9 %	\$129.57	\$131.61	1.6 %	3.1 %	3.8 %
Suburban	66.7	67.0	0.4	105.74	108.10	2.2	70.57	72.47	2.7	1.9	2.4
Airport	73.3	73.7	0.6	113.60	116.17	2.3	83.27	85.67	2.9	1.4	2.0
Interstate	56.5	57.2	1.3	83.14	85.04	2.3	46.97	48.67	3.6	1.5	2.9
Resort	68.4	69.6	1.8	169.02	173.57	2.7	115.60	120.88	4.6	0.9	2.7
Small Town	56.7	57.3	1.0	99.91	102.23	2.3	56.70	58.59	3.3	1.5	2.5
<b>Chain Scale</b>											
Luxury	73.8 %	74.0 %	0.3 %	\$317.29	\$323.74	2.0 %	\$234.09	\$239.54	2.3 %	1.6 %	1.9 %
Upper-Upscale	74.2	74.2	0.0	179.54	182.04	1.4	133.25	135.15	1.4	2.1	2.1
Upscale	73.7	73.8	0.1	138.28	140.19	1.4	101.97	103.45	1.5	6.0	6.1
Upper-Midscale	67.5	67.9	0.7	111.43	113.09	1.5	75.18	76.84	2.2	3.3	4.0
Midscale	59.3	60.0	1.2	85.23	86.99	2.1	50.53	52.17	3.3	1.3	2.4
Economy	57.7	58.1	0.6	60.86	62.48	2.7	35.14	36.28	3.2	0.1	0.7
Independents	62.0	62.9	1.4	123.00	126.49	2.8	76.27	79.56	4.3	0.0	1.5

Source: STR - December 2017 Lodging Review

Following the significant RevPAR decline experienced during the last recession, demand growth resumed in 2010, led by select markets that had recorded growth trends in the fourth quarter of 2009. A return of business travel and some group activity contributed to these positive trends. The resurgence in demand was partly fueled by the significant price discounts that were widely available in the first half of 2010. These discounting policies were largely phased out in the latter half of the year, balancing much of the early rate loss. Demand growth remained strong, but decelerated from 2011 through 2013, increasing at rates of 4.7%, 2.8%, and 2.0%, respectively. Demand growth then surged to 4.0% in 2014, driven by a strong economy, a robust oil and gas sector, and limited new supply, among other factors. By 2014, occupancy had surpassed the 64% mark. Average rate rebounded similarly during this time, bracketing 4.0% annual gains from 2011 through 2014.

In 2015, demand growth continued to outpace supply growth, a relationship that has been in place since 2010. With a 2.9% increase in room nights, the nation's occupancy level reached a record high of 65.4% in 2015. Supply growth intensified modestly in 2015 (at 1.1%), following annual supply growth levels of 0.7% and 0.9% in 2013 and 2014, respectively. Average rate posted another strong year of growth, at 4.7% in 2015, in pace with the annual growth of the last four years. Robust job growth, heightened group and leisure travel, and waning price-sensitivity all contributed to the gains. In 2016, occupancy showed virtually no change, as demand growth kept pace with supply additions. Occupancy then moved even higher in 2017, to a new peak of 65.9%. Average rate increased roughly 3% and 2% in 2016 and 2017, respectively. By year-end 2017, the net change in RevPAR was 3.0%, reflecting a healthy lodging market overall. Year-to-date statistics through September reflect a 0.4-point occupancy increase, while average rate increased by just over \$3.00, resulting in a 3.1% upward change in RevPAR.

### Historical Supply and Demand Data

As previously noted, 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 hotel. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

**FIGURE 4-4 HISTORICAL SUPPLY AND DEMAND TRENDS**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2008	960	350,427	—	214,533	—	61.2 %	\$95.38	—	\$58.39	—
2009	1,187	433,255	23.6 %	230,562	7.5 %	53.2	94.92	(0.5) %	50.51	(13.5) %
2010	1,187	433,255	0.0	240,631	4.4	55.5	94.29	(0.7)	52.37	3.7
2011	1,187	433,255	0.0	248,967	3.5	57.5	96.24	2.1	55.30	5.6
2012	1,186	432,890	(0.1)	265,274	6.5	61.3	99.01	2.9	60.67	9.7
2013	1,257	458,712	6.0	292,297	10.2	63.7	100.53	1.5	64.06	5.6
2014	1,468	535,820	16.8	351,606	20.3	65.6	100.35	(0.2)	65.85	2.8
2015	1,468	535,820	0.0	339,895	(3.3)	63.4	102.03	1.7	64.72	(1.7)
2016	1,468	535,820	0.0	332,684	(2.1)	62.1	104.23	2.2	64.71	(0.0)
2017	1,466	535,152	(0.1)	333,046	0.1	62.2	104.44	0.2	65.00	0.4

**Year-to-Date Through September**

2017	1,466	400,280	—	254,587	—	63.6 %	\$104.16	—	\$66.25	—
2018	1,467	400,401	0.0 %	240,148	(5.7) %	60.0	105.36	1.1 %	63.19	(4.6) %

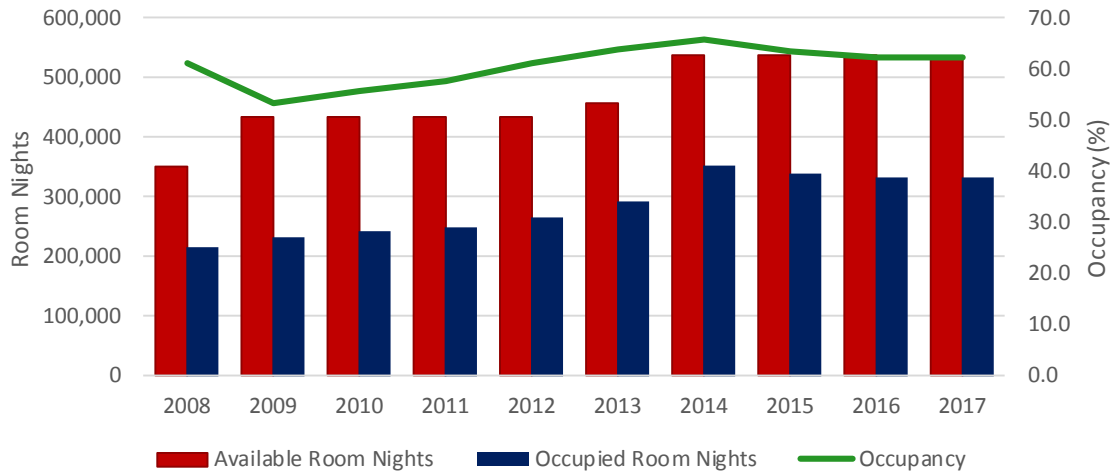
Average Annual Compounded Change:

2008 - 2017			4.8 %		5.0 %			1.0 %		1.2 %
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Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Comfort Inn Jackson	Upper Midscale Class	Primary	119	Mar 2016	Oct 1985
Courtyard Jackson Ridgeland	Upscale Class	Secondary	117	May 1995	May 1995
Holiday Inn Express & Suites Ridgeland	Upper Midscale Class	Primary	111	Oct 2010	Jul 1997
Fairfield Inn & Suites Jackson	Upper Midscale Class	Primary	78	Dec 1997	Dec 1997
Baymont Inn & Suites Jackson Ridgeland	Midscale Class	Primary	121	Jul 2010	Aug 2000
La Quinta Inns & Suites Jackson North	Midscale Class	Primary	60	Jun 2015	Jun 2001
Drury Inn & Suites Jackson Ridgeland	Upper Midscale Class	Primary	174	Sep 2002	Sep 2002
Hilton Garden Inn Jackson Madison	Upscale Class	Secondary	134	Jan 2006	Jan 2006
Hyatt Place Jackson Ridgeland	Upscale Class	Secondary	126	Oct 2008	Oct 2008
Embassy Suites Jackson North Ridgeland	Upper Upscale Class	Secondary	145	Dec 2008	Dec 2008
Home2 Suites Jackson Ridgeland	Upper Midscale Class	Secondary	92	Aug 2013	Aug 2013
Springhill Suites Jackson North Ridgeland	Upscale Class	Primary	96	Oct 2013	Oct 2013
TownePlace Suites Jackson Ridgeland	Upper Midscale Class	Secondary	94	Dec 2013	Dec 2013
<b>Total</b>			<b>1,467</b>		

Source: STR

**FIGURE 4-5 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 in the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2017 in 62.2%, which compares to 62.1% for 2016. The overall average occupancy level for the calendar years presented equates to 63.1%. The STR data for the competitive set reflect a market-wide ADR level of \$104.44 in 2017, which compares to \$104.23 For 2016. The average across all calendar years presented for ADR equates to \$101.87. These occupancy and average rate trends resulted in a RevPAR level of \$65.00 in 2017.

During the illustrated historical period, both occupancy and average rate first peaked for this selected set of competitive hotels in 2008, resulting in a RevPAR of over \$58, before declining to a low point of nearly \$50 by year-end 2009 because of the recession. A steady recovery began in 2010 that extended through 2012, at which time the prior RevPAR peak was exceeded. RevPAR continued to rise in 2013 and 2014, with growth driven largely by the introduction of higher-rated new supply in Ridgeland. Occupancy increased as the new hotels ramped up; however, it important to note that the La Quinta Inn & Suites and Comfort Inn underwent



extensive renovations and rebranding in 2015/16. The limited-stay hotels closer to County Line Road experienced a decline in occupancy as the higher-rated new supply farther north in Ridgeland ramped up. Concurrently, the dated Northpark Mall was losing stores because the Township at Colony Park offered more upscale shopping in a location closer to the newer offices and headquarters. Accordingly, as market occupancy declined to the 62% mark in 2016 and 2017, average rate increased over the \$104 mark. Year-to-date 2018 data illustrate a continued softening in occupancy and a roughly \$1 gain in average rate. The demand shift north to Ridgeland contributed to the latest trend. The near-term outlook is cautionary as supply should remain stable through 2018.

### Seasonality

Monthly occupancy and average rate trends are presented in the following tables.

**FIGURE 4-6 MONTHLY OCCUPANCY TRENDS**

Month	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	57.1 %	42.1 %	48.3 %	48.4 %	49.5 %	57.2 %	50.7 %	54.0 %	53.0 %	52.3 %	48.9 %
February	67.5	54.8	60.2	61.2	61.1	72.3	71.3	68.1	65.5	64.3	60.7
March	68.5	55.8	63.2	60.9	68.5	76.8	69.8	74.3	65.6	69.7	62.1
April	66.7	52.3	56.3	56.5	61.4	73.3	63.3	61.0	69.7	64.4	61.5
May	61.5	55.0	59.3	63.8	62.7	67.4	73.0	65.8	64.1	64.6	61.5
June	74.0	62.7	64.4	71.6	70.9	72.0	76.9	71.9	71.2	71.4	67.2
July	67.7	58.7	56.2	63.2	63.2	67.5	68.7	70.0	67.3	69.1	62.6
August	58.5	47.0	49.2	53.2	58.7	61.0	64.7	62.6	61.4	59.3	60.1
September	69.2	50.7	55.8	51.5	60.7	57.7	58.8	57.5	55.3	57.6	55.4
October	55.6	57.7	59.6	59.5	69.5	63.0	72.2	64.5	67.1	65.9	—
November	51.8	54.0	51.2	54.4	57.5	56.7	65.9	61.2	56.3	60.1	—
December	44.5	48.3	43.3	46.0	51.7	46.7	52.7	50.7	48.9	48.6	—
<b>Annual Occupancy</b>	<b>61.2 %</b>	<b>53.2 %</b>	<b>55.5 %</b>	<b>57.5 %</b>	<b>61.3 %</b>	<b>63.7 %</b>	<b>65.6 %</b>	<b>63.4 %</b>	<b>62.1 %</b>	<b>62.2 %</b>	<b>—</b>
<b>Year-to-Date</b>	<b>65.6 %</b>	<b>53.2 %</b>	<b>56.9 %</b>	<b>58.9 %</b>	<b>61.8 %</b>	<b>67.0 %</b>	<b>66.3 %</b>	<b>65.0 %</b>	<b>63.6 %</b>	<b>63.6 %</b>	<b>60.0 %</b>

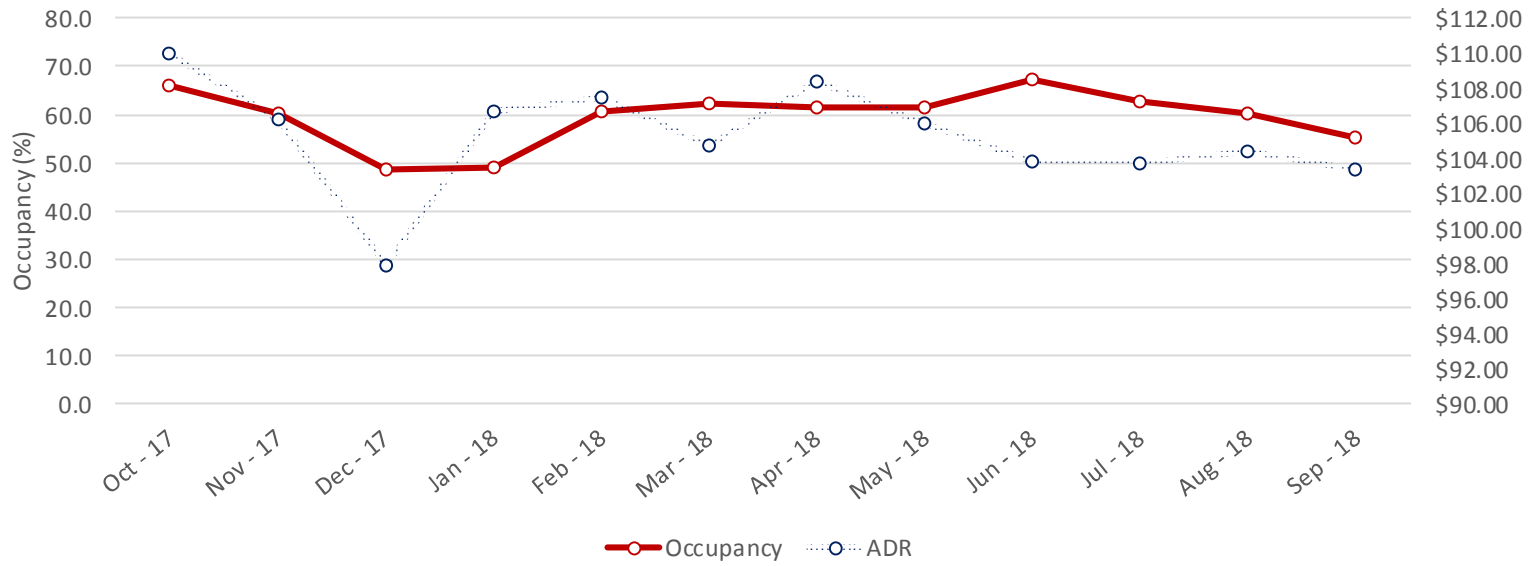
Source: STR

**FIGURE 4-7 MONTHLY ADR TRENDS**

Month	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	\$95.46	\$97.05	\$93.98	\$96.56	\$98.43	\$101.51	\$100.11	\$102.76	\$106.34	\$105.06	\$106.67
February	94.32	97.70	93.66	95.88	97.95	102.38	101.87	101.78	107.82	104.52	107.46
March	93.73	96.12	94.25	96.99	97.66	99.80	99.60	102.16	103.79	103.10	104.72
April	97.47	97.06	95.73	96.92	99.34	101.97	101.78	102.66	103.57	101.55	108.41
May	92.97	94.74	94.02	95.36	98.81	99.27	99.91	100.05	104.70	103.92	105.99
June	93.40	95.73	93.84	95.62	98.82	99.40	99.12	103.26	104.41	104.87	103.80
July	94.63	93.47	93.22	95.31	99.95	101.02	99.42	100.66	102.54	104.44	103.76
August	94.89	94.57	95.97	98.20	101.01	100.86	100.31	102.70	105.47	105.46	104.43
September	101.03	94.47	94.32	96.07	101.17	99.95	100.40	102.42	102.14	104.87	103.41
October	96.82	95.96	96.63	99.36	102.09	104.39	105.40	102.91	108.63	110.01	—
November	94.17	92.29	94.58	96.68	97.54	99.15	98.78	103.14	103.14	106.26	—
December	95.44	89.91	90.61	91.36	94.18	95.76	96.58	99.71	96.41	97.93	—
<b>Annual Average Rate</b>	<b>\$95.38</b>	<b>\$94.92</b>	<b>\$94.29</b>	<b>\$96.24</b>	<b>\$99.01</b>	<b>\$100.53</b>	<b>\$100.35</b>	<b>\$102.03</b>	<b>\$104.23</b>	<b>\$104.44</b>	<b>—</b>
<b>Year-to-Date</b>	<b>\$95.33</b>	<b>\$95.60</b>	<b>\$94.30</b>	<b>\$96.27</b>	<b>\$99.23</b>	<b>\$100.66</b>	<b>\$100.24</b>	<b>\$102.02</b>	<b>\$104.49</b>	<b>\$104.16</b>	<b>\$105.36</b>

Source: STR

**FIGURE 4-8 MONTHLY OCCUPANCY AND ADR TRENDS (TRAILING 12 MONTHS)**



The illustrated monthly 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.

### **Patterns of Demand**

A review of the trends in occupancy and average rate 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 4-9 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Oct - 17	38.9 %	61.7 %	71.0 %	80.9 %	63.9 %	71.9 %	79.2 %	65.9 %
Nov - 17	35.4	57.4	63.8	66.3	58.8	68.9	69.0	60.1
Dec - 17	32.6	52.0	56.5	56.2	46.6	50.5	49.2	48.6
Jan - 18	33.6	50.1	60.4	61.9	46.8	41.1	41.9	48.9
Feb - 18	36.6	64.7	73.1	72.0	60.1	57.7	60.7	60.7
Mar - 18	41.1	64.6	71.9	69.4	54.1	65.6	67.8	62.1
Apr - 18	33.3	57.8	70.5	75.4	59.7	72.6	68.9	61.5
May - 18	36.9	53.8	67.3	71.5	59.3	68.7	69.7	61.5
Jun - 18	40.6	65.3	74.5	75.6	66.6	73.5	71.4	67.2
Jul - 18	40.8	59.7	66.6	67.4	63.3	75.3	70.3	62.6
Aug - 18	35.5	60.6	70.3	67.9	55.5	64.9	64.2	60.1
Sep - 18	34.7	54.0	63.9	67.7	57.1	57.3	57.5	55.4
<b>Average</b>	<b>36.6 %</b>	<b>58.4 %</b>	<b>67.4 %</b>	<b>69.2 %</b>	<b>57.6 %</b>	<b>64.0 %</b>	<b>63.9 %</b>	<b>59.5 %</b>

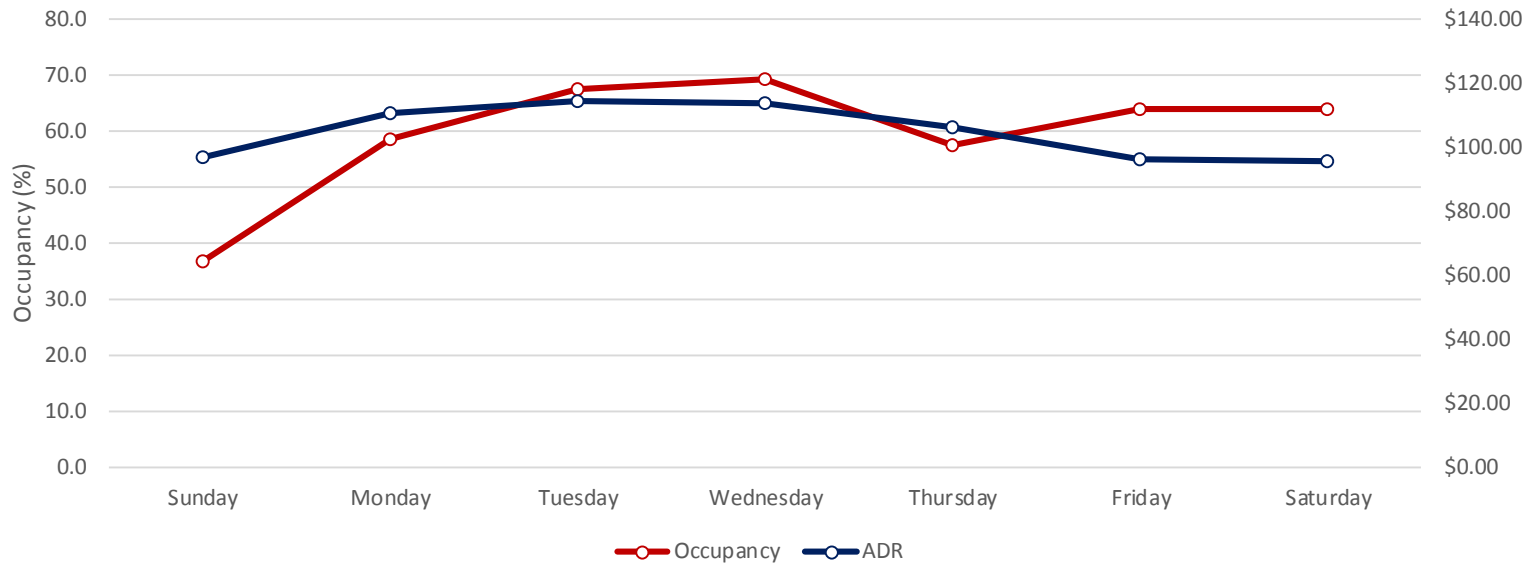
Source: STR

**FIGURE 4-10 AVERAGE RATE BY DAY OF WEEK (TRAILING 12 MONTHS)**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Oct - 17	\$100.68	\$112.01	\$116.25	\$113.57	\$109.14	\$106.08	\$107.46	\$110.01
Nov - 17	94.48	109.36	112.63	113.14	105.37	99.31	103.49	106.26
Dec - 17	92.38	104.42	107.11	104.70	99.29	89.63	89.00	97.93
Jan - 18	101.65	109.74	114.18	114.45	105.64	93.20	92.54	106.67
Feb - 18	98.37	112.99	116.22	116.61	108.93	95.54	95.56	107.46
Mar - 18	96.85	113.72	118.24	114.76	105.46	92.49	93.25	104.72
Apr - 18	99.52	112.38	118.21	116.46	110.93	99.59	97.87	108.41
May - 18	97.66	109.02	115.81	114.29	107.42	95.36	94.52	105.99
Jun - 18	95.09	111.07	114.85	112.95	103.57	96.20	93.49	103.80
Jul - 18	93.59	108.70	112.95	112.27	103.74	97.02	94.08	103.76
Aug - 18	98.12	110.82	113.77	113.61	105.48	94.68	90.73	104.43
Sep - 18	94.66	111.02	112.95	113.65	107.68	91.02	91.35	103.41
<b>Average</b>	<b>\$96.83</b>	<b>\$110.58</b>	<b>\$114.62</b>	<b>\$113.56</b>	<b>\$106.16</b>	<b>\$96.05</b>	<b>\$95.50</b>	<b>\$105.35</b>

Source: STR

**FIGURE 4-11 OCCUPANCY AND AVERAGE RATE BY DAY OF WEEK (TRAILING 12 MONTHS)**



**FIGURE 4-12 OCCUPANCY, AVERAGE RATE, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)**

<b>Occupancy (%)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Oct 15 - Sep 16	38.9 %	61.6 %	71.8 %	72.8 %	61.0 %	65.9 %	64.8 %	62.4 %
Oct 16 - Sep 17	39.7	59.4	70.2	72.3	59.7	66.7	66.2	62.1
Oct 17 - Sep 18	36.6	58.4	67.4	69.2	57.6	64.0	63.9	59.5
<b><u>Change (Occupancy Points)</u></b>								
FY 15 - FY 16	0.8	(2.2)	(1.6)	(0.5)	(1.3)	0.8	1.4	(0.4)
FY 16 - FY 17	(3.1)	(1.0)	(2.8)	(3.2)	(2.1)	(2.8)	(2.3)	(2.5)
<b>ADR (\$)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Oct 15 - Sep 16	\$96.51	\$109.46	\$113.82	\$112.63	\$104.00	\$93.23	\$93.27	\$103.91
Oct 16 - Sep 17	95.06	109.00	114.09	112.71	103.61	94.03	95.08	103.98
Oct 17 - Sep 18	96.83	110.58	114.62	113.56	106.16	96.05	95.50	105.35
<b><u>Change (Dollars)</u></b>								
FY 15 - FY 16	(\$1.44)	(\$0.46)	\$0.27	\$0.08	(\$0.39)	\$0.79	\$1.80	\$0.07
FY 16 - FY 17	1.77	1.58	0.53	0.85	2.55	2.02	0.42	1.38
<b><u>Change (Percent)</u></b>								
FY 15 - FY 16	(1.5) %	(0.4) %	0.2 %	0.1 %	(0.4) %	0.9 %	1.9 %	0.1 %
FY 16 - FY 17	1.9	1.5	0.5	0.8	2.5	2.2	0.4	1.3
<b>RevPAR (\$)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Oct 15 - Sep 16	\$37.58	\$67.44	\$81.77	\$81.97	\$63.43	\$61.44	\$60.43	\$64.85
Oct 16 - Sep 17	37.73	64.78	80.11	81.50	61.86	62.74	62.97	64.52
Oct 17 - Sep 18	35.46	64.58	77.26	78.54	61.13	61.45	61.07	62.71
<b><u>Change (Dollars)</u></b>								
FY 15 - FY 16	\$0.15	(\$2.66)	(\$1.66)	(\$0.46)	(\$1.57)	\$1.30	\$2.54	(\$0.33)
FY 16 - FY 17	(2.27)	(0.20)	(2.85)	(2.97)	(0.72)	(1.29)	(1.90)	(1.81)
<b><u>Change (Percent)</u></b>								
FY 15 - FY 16	0.4 %	(3.9) %	(2.0) %	(0.6) %	(2.5) %	2.1 %	4.2 %	(0.5) %
FY 16 - FY 17	(6.0)	(0.3)	(3.6)	(3.6)	(1.2)	(2.1)	(3.0)	(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 several properties that are expected to be primarily competitive with the proposed subject hotel. If applicable, additional lodging facilities may be judged only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primary competitive supply, they are expected to compete with the proposed subject hotel to some extent.

**Primary Competition**

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (if applicable). This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data.



**FIGURE 4-13 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation				Estimated 2016				Estimated 2017					
	Number of Rooms	Commercial	Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	96	60 %	15 %	25 %	96	75 - 80 %	\$115 - \$120	\$90 - \$95	96	75 - 80 %	\$115 - \$120	\$90 - \$95	120 - 130 %	130 - 140 %
Home2 Suites by Hilton Jackson Ridgeland	92	65	15	20	92	80 - 85	105 - 110	85 - 90	92	70 - 75	105 - 110	80 - 85	110 - 120	110 - 120
TownePlace Suites Jackson Ridgeland at Colony Park	94	65	15	20	94	75 - 80	100 - 105	80 - 85	94	75 - 80	105 - 110	85 - 90	120 - 130	120 - 130
Hyatt Place Jackson Ridgeland	126	50	25	25	126	65 - 70	105 - 110	70 - 75	126	65 - 70	105 - 110	70 - 75	100 - 110	100 - 110
Hilton Garden Inn Jackson Madison	134	65	20	15	134	65 - 70	125 - 130	85 - 90	134	65 - 70	125 - 130	85 - 90	100 - 110	120 - 130
Fairfield Inn & Suites by Marriott Jackson	77	65	30	5	79	45 - 50	75 - 80	35 - 40	77	55 - 60	70 - 75	40 - 45	85 - 90	55 - 60
Holiday Inn Express Ridgeland Jackson North	111	65	20	15	111	50 - 55	95 - 100	50 - 55	111	50 - 55	95 - 100	50 - 55	80 - 85	75 - 80
<b>Sub-Totals/Averages</b>	<b>730</b>	<b>62 %</b>	<b>20 %</b>	<b>19 %</b>	<b>732</b>	<b>68.4 %</b>	<b>\$107.54</b>	<b>\$73.52</b>	<b>730</b>	<b>68.5 %</b>	<b>\$108.26</b>	<b>\$74.20</b>	<b>107.2 %</b>	<b>109.2 %</b>
Secondary Competitors	736	62 %	25 %	13 %	444	56.5 %	\$102.53	\$57.92	444	56.4 %	\$102.30	\$57.74	88.2 %	84.9 %
<b>Totals/Averages</b>	<b>1,466</b>	<b>62 %</b>	<b>21 %</b>	<b>17 %</b>	<b>1,176</b>	<b>63.9 %</b>	<b>\$105.86</b>	<b>\$67.63</b>	<b>1,174</b>	<b>64.0 %</b>	<b>\$106.27</b>	<b>\$67.97</b>	<b>100.0 %</b>	<b>100.0 %</b>

\* 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 4-14 PRIMARY COMPETITORS – FACILITY PROFILES**

Property	Number of Rooms	Year Opened	Last Major Renovation(s)	Approx. Miles To Subject Property	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities	Renovation
SpringHill Suites by Marriott Jackson Ridgeland 121 Southtowne Avenue	96	2013	—	2.2	Breakfast Dining Area	367	3.8	Business Center; Guest Laundry Area; Outdoor Swimming Pool; Fitness Center; Indoor Whirlpool; Market Pantry	0
Home2 Suites by Hilton Jackson Ridgeland 526 Evergreen Street	92	2013	—	0.1	Breakfast Dining Area	0	—	Guest Laundry Area; Outdoor Swimming Pool; Fitness Room; Lobby Workstation; Outdoor Patio & Barbecue Area	0
TownePlace Suites Jackson Ridgeland at Colony 310 Southlake Avenue	94	2013	—	0.8	Breakfast Dining Area	0	—	Business Center; Guest Laundry Area; Fitness Center	0
Hyatt Place Jackson Ridgeland 1016 Highland Colony Parkway	126	2008	—	0.6	Breakfast Dining Area; Coffee to Cocktails Bar	1,600	12.7	Business Center; Guest Laundry Area; Indoor Swimming Pool; Fitness Room	0
Hilton Garden Inn Jackson Madison 320 New Mannsdale Road	134	2006	2017	2.6	Pavilion Lounge	1,032	7.7	Guest Laundry Area; Indoor Swimming Pool; Fitness Room; Lobby Workstation; Market Pantry; Outdoor Patio & Fire Pit	0
Fairfield Inn & Suites by Marriott Jackson 5723 Interstate 55 North	77	1997	2008	3.4	Breakfast Dining Area	0	—	Guest Laundry Area; Indoor Swimming Pool; Fitness Room; Market Pantry; Vending Area(s)	0
Holiday Inn Express Ridgeland Jackson North 6485 Frontage Road	111	1997	2012	0.6	Breakfast Dining Area	850	7.7	Guest Laundry Area; Outdoor Swimming Pool; Fitness Room; Lobby Workstation; Market Pantry	0

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

**MAP OF COMPETITION**



- |   |  |   |   |
|---|--|---|---|
|  | Proposed Dual-Branded Tru and Holiday Inn Express Ridgeland              |  | Holiday Inn Express Ridgeland Jackson North (Primary) |
|  | SpringHill Suites by Marriott Jackson Ridgeland at Colony Park (Primary) |  | Embassy Suites Jackson North Ridgeland (Secondary)    |
|  | Home2 Suites by Hilton Jackson Ridgeland (Primary)                       |  | La Quinta Inn & Suites Jackson North (Secondary)      |
|  | TownePlace Suites Jackson Ridgeland at Colony Park (Primary)             |  | Comfort Inn Jackson (Secondary)                       |
|  | Hyatt Place Jackson Ridgeland (Primary)                                  |  | Baymont Inn & Suites Jackson (Secondary)              |
|  | Hilton Garden Inn Jackson Madison (Primary)                              |  | Drury Inn & Suites Ridgeland (Secondary)              |
|  | Fairfield Inn & Suites by Marriott Jackson (Primary)                     |  | Courtyard by Marriott Jackson Ridgeland (Secondary)   |

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 - SPRINGHILL SUITES BY MARRIOTT JACKSON  
RIDGELAND AT COLONY PARK**



**SpringHill Suites by  
Marriott Jackson  
Ridgeland at Colony  
Park  
121 Southtowne  
Avenue  
Ridgeland, MS**

**FIGURE 4-15 ESTIMATED HISTORICAL OPERATING STATISTICS**

<u>Year</u>	<u>Wtd. Annual Room Count</u>	<u>Occupancy</u>	<u>Average Rate</u>	<u>RevPAR</u>	<u>Occupancy Penetration</u>	<u>Yield Penetration</u>
Est. 2015	96	70 - 75 %	\$110 - \$115	\$80 - \$85	110 - 120 %	120 - 130 %
Est. 2016	96	75 - 80	115 - 120	90 - 95	120 - 130	130 - 140
Est. 2017	96	75 - 80	115 - 120	90 - 95	120 - 130	130 - 140

This hotel benefits from its strong Marriott affiliation, location within Township at Colony Park, and suite-style guestroom product. Overall, the property appeared to be in very good condition. Its accessibility is similar to that of the subject site, and its visibility is inferior to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**PRIMARY COMPETITOR #2 - HOME2 SUITES BY HILTON JACKSON RIDGELAND**



**Home2 Suites by Hilton  
Jackson Ridgeland  
526 Evergreen Street  
Ridgeland, MS**

**FIGURE 4-16 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual			RevPAR	Occupancy		Yield	
	Room Count	Occupancy	Average Rate		Penetration	Penetration		
Est. 2015	92	70 - 75 %	\$100 - \$105	\$75 - \$80	110 - 120 %	110 - 120 %		
Est. 2016	92	80 - 85	105 - 110	85 - 90	120 - 130	120 - 130		
Est. 2017	92	70 - 75	105 - 110	80 - 85	110 - 120	110 - 120		

This benefits from its status as the newest Hilton brand -affiliated hotel near Colony Park; however, it is important to note that the hotel is across the highway from the major shopping centers and offices in the area, and the hotel's main entrance is located on a secondary roadway. Overall, the property appeared to be in excellent condition. Its accessibility is inferior to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**PRIMARY COMPETITOR #3 - TOWNEPLACE SUITES JACKSON RIDGELAND AT COLONY PARK**



**TownePlace Suites  
Jackson Ridgeland at  
Colony Park  
310 Southlake Avenue  
Ridgeland, MS**

**FIGURE 4-17 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual		Average Rate	RevPAR	Occupancy	Yield
	Room Count	Occupancy			Penetration	Penetration
Est. 2015	94	70 - 75 %	\$95 - \$100	\$70 - \$75	110 - 120 %	100 - 110 %
Est. 2016	94	75 - 80	100 - 105	80 - 85	120 - 130	120 - 130
Est. 2017	94	75 - 80	105 - 110	85 - 90	120 - 130	120 - 130

This hotel benefits from its strong Marriott affiliation, location within Township at Colony Park, and extended-stay guestroom suites. Overall, the property appeared to be in very good condition. Its accessibility is similar to that of the subject site, and its visibility is inferior to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**PRIMARY COMPETITOR #4 - HYATT PLACE JACKSON RIDGELAND**



**Hyatt Place Jackson  
Ridgeland  
1016 Highland Colony  
Parkway  
Ridgeland, MS**

**FIGURE 4-18 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual			RevPAR	Occupancy	Yield
	Room Count	Occupancy	Average Rate		Penetration	Penetration
Est. 2015	126	65 - 70 %	\$115 - \$120	\$75 - \$80	100 - 110 %	110 - 120 %
Est. 2016	126	65 - 70	105 - 110	70 - 75	100 - 110	100 - 110
Est. 2017	126	65 - 70	105 - 110	70 - 75	100 - 110	100 - 110

This hotel benefits from its status as the only Hyatt brand-affiliated hotel in the greater Jackson area. Overall, the property appeared to be in good condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**PRIMARY COMPETITOR #5 - HILTON GARDEN INN JACKSON MADISON**



**Hilton Garden Inn  
Jackson Madison  
320 New Mansdale  
Road  
Madison, MS**

**FIGURE 4-19 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual			RevPAR	Occupancy	Yield
	Room Count	Occupancy	Average Rate		Penetration	Penetration
Est. 2015	134	70 - 75 %	\$125 - \$130	\$90 - \$95	110 - 120 %	130 - 140 %
Est. 2016	134	65 - 70	125 - 130	85 - 90	100 - 110	120 - 130
Est. 2017	134	65 - 70	125 - 130	85 - 90	100 - 110	120 - 130

This hotel benefits from its status as the only hotel in the city of Madison. Overall, the property appeared to be in good condition. Its accessibility is similar to the accessibility attributes of the subject site, while its visibility is inferior to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.



**PRIMARY COMPETITOR #6 - FAIRFIELD INN & SUITES BY MARRIOTT JACKSON**



**Fairfield Inn & Suites  
by Marriott Jackson  
5723 Interstate 55  
North  
Jackson, MS**

**FIGURE 4-20 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	79	50 - 55 %	\$70 - \$75	\$40 - \$45	80 - 85 %	55 - 60 %
Est. 2016	79	45 - 50	75 - 80	35 - 40	70 - 75	50 - 55
Est. 2017	77	55 - 60	70 - 75	40 - 45	85 - 90	55 - 60

This hotel is somewhat disadvantaged by a lack of recent renovations. Overall, the property appeared to be in fair condition. Its accessibility is similar to the accessibility attributes of the subject site, while its visibility is similar to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**PRIMARY COMPETITOR #7 - HOLIDAY INN EXPRESS RIDGELAND JACKSON NORTH**



**Holiday Inn Express  
Ridgeland Jackson  
North  
6485 Frontage Road  
Ridgeland, MS**

**FIGURE 4-21 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual			RevPAR	Occupancy	Yield
	Room Count	Occupancy	Average Rate		Penetration	Penetration
Est. 2015	111	50 - 55 %	\$90 - \$95	\$45 - \$50	80 - 85 %	70 - 75 %
Est. 2016	111	50 - 55	95 - 100	50 - 55	80 - 85	70 - 75
Est. 2017	111	50 - 55	95 - 100	50 - 55	80 - 85	75 - 80

This hotel is somewhat disadvantaged by a lack of renovations; reportedly, this hotel will lose its brand affiliation when the proposed subject property opens in 2020. Overall, the property appeared to be in fair condition. Its accessibility is inferior to the accessibility attributes of the subject site, while its visibility is similar to the expected visibility of the Proposed Holiday Inn Express & Suites Ridgeland.

**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 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 4-22 SECONDARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation					Estimated 2016				Estimated 2017			
	Number of Rooms	Commercial	Group	Leisure	Total Competitive Level	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Embassy Suites Jackson North Ridgeland	145	55 %	25 %	20 %	70 %	102	75 - 80 %	\$140 - \$150	\$110 - \$115	102	75 - 80 %	\$140 - \$150	\$110 - \$115
La Quinta Inn & Suites Jackson North	60	65	30	5	60	36	50 - 55	80 - 85	40 - 45	36	50 - 55	80 - 85	45 - 50
Comfort Inn Jackson	119	65	30	5	60	71	45 - 50	75 - 80	35 - 40	71	45 - 50	70 - 75	35 - 40
Baymont Inn & Suites Jackson	121	65	30	5	60	73	45 - 50	65 - 70	30 - 35	73	45 - 50	65 - 70	30 - 35
Drury Inn & Suites Ridgeland	174	65	20	15	60	104	45 - 50	90 - 95	40 - 45	104	45 - 50	90 - 95	40 - 45
Courtyard by Marriott Jackson Ridgeland	117	65	20	15	50	59	55 - 60	90 - 95	50 - 55	59	55 - 60	90 - 95	50 - 55
<b>Totals/Averages</b>	<b>736</b>	<b>62 %</b>	<b>25 %</b>	<b>13 %</b>	<b>60 %</b>	<b>444</b>	<b>56.5 %</b>	<b>\$102.53</b>	<b>\$57.92</b>	<b>444</b>	<b>56.4 %</b>	<b>\$102.30</b>	<b>\$57.74</b>

\* 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 six hotels that are expected to compete with the proposed subject hotel on a secondary level. The Embassy Suites by Hilton is competitive with the subject hotel based on its location in north Ridgeland; however, this hotel operates at a higher price point given its full-service product offering. The La Quinta Inn & Suites, Comfort Inn Jackson, and Baymont Inn & Suites are anticipated to be competitive based on their locations in south Ridgeland; however, these limited-service hotels operate at lower price points since they were reaffiliated with midscale brands. The Drury Inn & Suites and Courtyard by Marriott Jackson are competitive based on their locations in the Ridgeland market; however, these hotels are located along the inferior County Line Road neighborhood and offer a more dated guestroom product.

### Supply Changes

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

**FIGURE 4-23 AREA DEVELOPMENT ACTIVITY**

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Proposed Courtyard by Marriott Madison	125	Upscale	Under Construction	Q4 '18	601 Baptist Drive, Madison
Proposed Hampton Inn & Suites Ridgeland	98	Upper-Midscale	Under Construction	Q1 '19	600 Steed Rd, Ridgeland
Homewood Suites by Hilton Fondren	125	Upscale	Broke Ground	Q3 '19	2819 North State Street, Jackson
TownePlace Suites Market Street Flowood	100	Upper-Midscale	Early Development	Q3 '19	Lakeland Drive & East Metro Parkway, Flowood
Home2 Suites by Hilton Pearl	105	Upper-Midscale	Broke Ground	Q1 '19	Riverwind Drive, Pearl
Proposed Holiday Inn Express & Suites Ridgeland	108	Upper-Midscale	Broke Ground	Q1 '20	Frontage Road & West Ridgeland Avenue, Ridgeland
Proposed Tru by Hilton Ridgeland	98	Midscale	Broke Ground	Q1 '20	Frontage Road & West Ridgeland Avenue, Ridgeland
Proposed AC Hotel by Marriott Ridgeland	112	Upscale	Approved	Q1 '20	221 Township Avenue, Ridgeland
Proposed Autograph Collection Ridgeland	115	Upper-Upscale	Approved	Q3 '20	220 Township Avenue, Ridgeland
Hampton Inn by Hilton Whitney Place	111	Upper-Midscale	Early Development	TBD	3111 North State Street, Jackson
The Fondren Aloft	100	Upscale	Early Development	TBD	2800 North State Street, Jackson
Flowood Hotel and Conference Center	200	Luxury	Early Development	TBD	The Refuge Golf Course, Flowood
Airport Hotel	100	TBD	Rumored	TBD	100 International Drive, Jackson
Downtown Jackson Convention Hotel	300	TBD	Rumored	TBD	Adjacent to Convention Complex, Jackson

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 4-24 NEW SUPPLY**

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer	Development Stage
Proposed Holiday Inn Express & Suites Ridgeland	108	100 %	108	February 1, 2020	Heritage Hospitality	Broke Ground
Proposed Tru by Hilton Ridgeland	98	100	98	February 1, 2020	Heritage Hospitality	Broke Ground
Proposed Courtyard by Marriott Madison	125	100	125	December 1, 2018	InterMountain Management	Under Construction
Proposed Hampton Inn & Suites Ridgeland	98	100	98	January 1, 2019	Desai Hotel Group	Under Construction
Proposed AC Hotel by Marriott Ridgeland	112	100	112	March 1, 2020	Kerioth Corporation	Approved
Proposed Autograph Collection Ridgeland	115	70	81	September 1, 2020	Kerioth Corporation	Approved
<b>Totals/Averages</b>	<b>656</b>		<b>622</b>			

A Tru by Hilton will be developed at the same time as the subject Proposed Holiday Inn Express & Suites; this limited-service property will be fully competitive given its location adjacent to the subject hotel. The proposed Courtyard by Marriott will be similar to the proposed subject hotel based on its location in Madison, which is a similar market to Ridgeland in terms of proximate commercial demand generators and upscale shopping. A Hampton Inn & Suites by Hilton is under construction in the Township at Colony Park; this hotel will be competitive based on its location and limited-service product offering. An AC Hotel by Marriott and an Autograph Collection hotel have been proposed for the Township at Colony Park mixed-use development; the AC Hotel by Marriott will be fully competitive, while the Autograph Collection hotel is expected to be secondarily competitive given its full-service product offering.

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 in the market will be. Depending on the outcome of current and future projects, the future 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 average rate 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 Ridgeland submarket. The Proposed Holiday Inn Express & Suites Ridgeland 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 in some cases 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 4-25 HISTORICAL MARKET TRENDS**

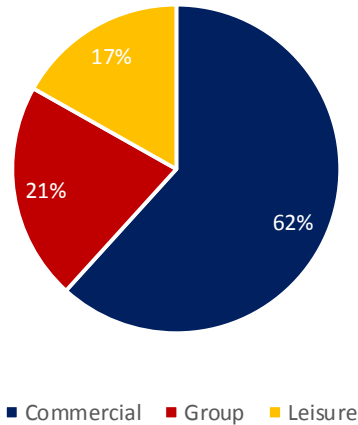
Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2015	277,188	—	429,386	—	64.6 %	\$103.77	—	\$66.99	—
Est. 2016	274,292	(1.0) %	429,386	0.0 %	63.9	105.86	2.0 %	67.63	1.0 %
Est. 2017	274,183	(0.0)	428,656	(0.2)	64.0	106.27	0.4	67.97	0.5
Avg. Annual Compounded Chg., Est. 2015-Est. 2017:		(0.5) %		(0.1) %			1.2 %		0.7 %

## 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 2017 distribution of accommodated-room-night demand as follows.

**FIGURE 4-26 ACCOMMODATED-ROOM-NIGHT DEMAND**

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Commercial	169,277	62 %
Group	58,696	21
Leisure	46,211	17
<b>Total</b>	<b>274,183</b>	<b>100 %</b>

**FIGURE 4-27 MARKET-WIDE ACCOMMODATED-ROOM-NIGHT DEMAND**

The market's demand mix comprises commercial demand, with this segment representing roughly 62% of the accommodated room nights in this Ridgeland submarket. The group segment comprises 21% of the total, with the final portions leisure in nature, reflecting 17%.

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 Nissan and ancillary services, contractors, area utility companies, government and healthcare entities, and area retailers. According to market participants, Ridgeland is attracting new corporate tenants because of the submarket's complement of upscale retail.



**Group Segment**

In the limited-service sector, group demand is most commonly generated by groups that require ten or more room nights, but need little to no meeting space within the hotel. Examples of these groups include family reunions, sports teams, and bus tours. In some markets, limited-service hotels may also accommodate demand from groups or individuals attending events at the local convention center or at one of the larger convention hotels in the area.

Training groups from nearby companies and area retailers generate group demand for local hotels. The growing amount of retail operations in Ridgeland creates demand for training sessions related to store openings.

**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 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 in the area is primarily generated by attractions in the greater Jackson area and local higher education campuses. The vast retail landscape in Ridgeland influences travelers to stay in Madison County hotels.

**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 subject property'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 4-28 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES**

Market Segment	Annual Growth Rate						
	2018	2019	2020	2021	2022	2023	2024
Commercial	-6.0 %	4.0 %	5.0 %	3.5 %	2.0 %	0.0 %	0.0 %
Group	-5.0	3.0	5.0	4.0	2.0	0.0	0.0
Leisure	-5.0	3.0	4.0	3.0	1.0	0.0	0.0
<b>Base Demand Growth</b>	<b>-5.6 %</b>	<b>3.6 %</b>	<b>4.8 %</b>	<b>3.5 %</b>	<b>1.8 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

**Latent Demand**

A table presented earlier in this section illustrated the accommodated-room-night demand in the subject property’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%, 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 4-29 OCCUPANCY BY NIGHT OF THE WEEK**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Oct - 17	38.9 %	61.7 %	71.0 %	80.9 %	63.9 %	71.9 %	79.2 %	65.9 %
Nov - 17	35.4	57.4	63.8	66.3	58.8	68.9	69.0	60.1
Dec - 17	32.6	52.0	56.5	56.2	46.6	50.5	49.2	48.6
Jan - 18	33.6	50.1	60.4	61.9	46.8	41.1	41.9	48.9
Feb - 18	36.6	64.7	73.1	72.0	60.1	57.7	60.7	60.7
Mar - 18	41.1	64.6	71.9	69.4	54.1	65.6	67.8	62.1
Apr - 18	33.3	57.8	70.5	75.4	59.7	72.6	68.9	61.5
May - 18	36.9	53.8	67.3	71.5	59.3	68.7	69.7	61.5
Jun - 18	40.6	65.3	74.5	75.6	66.6	73.5	71.4	67.2
Jul - 18	40.8	59.7	66.6	67.4	63.3	75.3	70.3	62.6
Aug - 18	35.5	60.6	70.3	67.9	55.5	64.9	64.2	60.1
Sep - 18	34.7	54.0	63.9	67.7	57.1	57.3	57.5	55.4
<b>Average</b>	<b>36.6 %</b>	<b>58.4 %</b>	<b>67.4 %</b>	<b>69.2 %</b>	<b>57.6 %</b>	<b>64.0 %</b>	<b>63.9 %</b>	<b>59.5 %</b>

Source: STR

The following table presents our estimate of unaccommodated demand in the subject market.

**FIGURE 4-30 UNACCOMMODATED DEMAND ESTIMATE**

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Commercial	169,277	4.8 %	8,155
Group	58,696	3.2	1,868
Leisure	46,211	3.9	1,805
<b>Total</b>	<b>274,183</b>	<b>4.3 %</b>	<b>11,828</b>

Accordingly, we have forecast unaccommodated demand equivalent to 4.3% 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. The following table summarizes our estimate of induced demand.

**FIGURE 4-31 INDUCED DEMAND CALCULATION**

Market Segment	Induced Room Nights						
	2018	2019	2020	2021	2022	2023	2024
Commercial	0	14,017	33,638	43,906	46,080	46,314	46,286
Group	0	6,185	15,988	22,557	23,704	23,762	23,751
Leisure	0	5,907	11,644	14,396	15,053	15,118	15,101
<b>Total</b>	<b>0</b>	<b>26,109</b>	<b>61,270</b>	<b>80,858</b>	<b>84,836</b>	<b>85,193</b>	<b>85,139</b>

Accordingly, we have incorporated **Error! Not a valid link.** room nights (rounded) into our analysis, phased in over an appropriate ramp-up period.

**Accommodated Demand and Market-wide Occupancy**

Based upon a review of the market dynamics in the subject property’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 4-32 FORECAST OF MARKET OCCUPANCY**

	2018	2019	2020	2021	2022	2023	2024
<b>Commercial</b>							
Base Demand	159,120	165,485	173,759	179,841	183,438	183,438	183,438
Unaccommodated Demand	7,665	7,972	8,371	8,664	8,837	8,837	8,837
Induced Demand	0	14,017	33,638	43,906	46,080	46,314	46,286
Total Demand	166,786	187,474	215,768	232,410	238,354	238,588	238,561
Growth Rate	(1.5) %	12.4 %	15.1 %	7.7 %	2.6 %	0.1 %	(0.0) %
<b>Group</b>							
Base Demand	55,761	57,434	60,305	62,717	63,972	63,972	63,972
Unaccommodated Demand	1,774	1,827	1,919	1,995	2,035	2,035	2,035
Induced Demand	0	6,185	15,988	22,557	23,704	23,762	23,751
Total Demand	57,535	65,446	78,212	87,269	89,711	89,769	89,758
Growth Rate	(2.0) %	13.7 %	19.5 %	11.6 %	2.8 %	0.1 %	(0.0) %
<b>Leisure</b>							
Base Demand	43,900	45,217	47,026	48,437	48,921	48,921	48,921
Unaccommodated Demand	1,715	1,766	1,837	1,892	1,911	1,911	1,911
Induced Demand	0	5,907	11,644	14,396	15,053	15,118	15,101
Total Demand	45,615	52,890	60,507	64,725	65,885	65,950	65,934
Growth Rate	(1.3) %	15.9 %	14.4 %	7.0 %	1.8 %	0.1 %	(0.0) %
<b>Totals</b>							
Base Demand	258,781	268,136	281,090	290,995	296,330	296,330	296,330
Unaccommodated Demand	11,155	11,566	12,126	12,551	12,783	12,783	12,783
Induced Demand	0	26,109	61,270	80,858	84,836	85,193	85,139
Total Demand	269,936	305,811	354,487	384,404	393,950	394,307	394,252
less: Residual Demand	10,973	7,393	1,426	0	0	0	0
Total Accommodated Demand	258,963	298,418	353,060	384,404	393,950	394,307	394,252
Overall Demand Growth	(5.6) %	15.2 %	18.3 %	8.9 %	2.5 %	0.1 %	(0.0) %
<b>Market Mix</b>							
Commercial	61.8 %	61.3 %	60.9 %	60.5 %	60.5 %	60.5 %	60.5 %
Group	21.3	21.4	22.1	22.7	22.8	22.8	22.8
Leisure	16.9	17.3	17.1	16.8	16.7	16.7	16.7
Existing Hotel Supply	1,174	1,174	1,174	1,174	1,174	1,174	1,174
<b>Proposed Hotels</b>							
Proposed Holiday Inn Express & Suites Ridgeland <sup>1</sup>			99	108	108	108	108
Proposed Tru by Hilton Ridgeland <sup>2</sup>			90	98	98	98	98
Proposed Courtyard by Marriott Madison <sup>3</sup>	11	125	125	125	125	125	125
Proposed Hampton Inn & Suites Ridgeland <sup>4</sup>		98	98	98	98	98	98
Proposed AC Hotel by Marriott Ridgeland <sup>5</sup>			94	112	112	112	112
Proposed Autograph Collection Ridgeland <sup>6</sup>			27	81	81	81	81
<b>Change to Existing Hotels</b>							
Fairfield Inn & Suites by Marriott Jackson <sup>A</sup>	1	1	1	1	1	1	1
Available Room Nights per Year	432,896	510,416	623,313	655,869	655,869	655,869	655,869
Nights per Year	365	365	365	365	365	365	365
Total Supply	1,186	1,398	1,708	1,797	1,797	1,797	1,797
Rooms Supply Growth	1.0 %	17.9 %	22.1 %	5.2 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	59.8 %	58.5 %	56.6 %	58.6 %	60.1 %	60.1 %	60.1 %

<sup>1</sup> Opening in February 2020 of the 100% competitive, 108-room Proposed Holiday Inn Express & Suites Ridgeland

<sup>2</sup> Opening in February 2020 of the 100% competitive, 98-room Proposed Tru by Hilton Ridgeland

<sup>3</sup> Opening in December 2018 of the 100% competitive, 125-room Proposed Courtyard by Marriott Madison

<sup>4</sup> Opening in January 2019 of the 100% competitive, 98-room Proposed Hampton Inn & Suites Ridgeland

<sup>5</sup> Opening in March 2020 of the 100% competitive, 112-room Proposed AC Hotel by Marriott Ridgeland

<sup>6</sup> Opening in September 2020 of the 70% competitive, 115-room Proposed Autograph Collection Ridgeland

<sup>A</sup> Change of room count in January 2018 of the 100% competitive, Fairfield Inn & Suites by Marriott Jackson

In addition to a continued softening in demand as a result of new supply opening in the greater Jackson market, the opening of the Tru by Hilton, Courtyard by Marriott, the Hampton Inn & Suites by Hilton, and the proposed subject hotel will result in occupancy contractions in the first three projection years. Based on historical occupancy levels in this market, and taking into consideration typical supply and demand cyclicalities, market occupancy is forecast to stabilize in the low 60s.

## 5. 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 Holiday Inn Express & Suites Ridgeland will be a limited-service lodging facility containing 108 rentable units. The four-story property will open on February 1, 2020. The proposed subject property will be developed at the same time as a Tru by Hilton on an adjacent parcel.

Holiday Inn Express (and Holiday Inn Express & Suites) is an upper-midscale, limited-service hotel brand by InterContinental Hotels Group (IHG). According to IHG, Holiday Inn Express is its largest hotel brand, and one of the fastest growing brands in its segment. Holiday Inn Express offers competitive rates for both business and leisure travelers. All locations provide the complimentary "Express Start" breakfast bar, and many locations offer recreational amenities such as a swimming pool and/or fitness room. As of year-end 2017, there were 2,217 Holiday Inn Express properties (199,410 rooms) in the Americas, inclusive of the Holiday Inn Express Hotel & Suites brand. In 2017, the brand's hotels in the Americas operated at an average occupancy level of 68.7%, with an average daily rate of \$112.64 and an average RevPAR of \$77.43.

**PROPOSED HOLIDAY INN EXPRESS EXTERIOR**



**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 5-1 PROPOSED FACILITIES SUMMARY**

<b>Guestroom Configuration</b>		<b>Number of Units</b>
King		60
Queen/Queen		19
Accessible King		5
Accessible Queen		2
King Suite		14
Queen Suite		8
Total		108
<b>Food &amp; Beverage Facilities</b>		<b>Seating Capacity</b>
Breakfast Dining Area		48
<b>Indoor Meeting &amp; Banquet Facilities</b>		<b>Square Footage</b>
Divisible Meeting Room		1,936
Boardroom		240
Total		2,176
<b>Amenities &amp; Services</b>		
Outdoor Swimming Pool	Market Pantry	
Fitness Room	Guest Laundry Area	
Lobby Workstation	Outdoor Patio & Barbecue Area	
<b>Infrastructure</b>		
Parking Spaces		135 Surface
Elevators		2 Guest
Life-Safety Systems		Sprinklers, Smoke Detectors
Construction Details		Wood Framing, Poured Concrete

**Site Improvements and Hotel Structure**

The proposed subject property will comprise a four-story Holiday Inn Express & Suites. Surface parking will be located around the building. Other site improvements will include freestanding signage, located at the main entrance to the site, as well as landscaping and sidewalks. Additional signage is expected to be placed on the exterior of the buildings. The hotel's main entrance will lead directly into its lobby, and the first (ground) floor will house the public areas and the back-of-the-house spaces. Guestrooms are planned to be located on the first through fourth floors of the structure. The site and building components are expected to be normal for a hotel of this type and should meet the standards for this highway-adjacent Ridgeland submarket.

## Public Areas

The Holiday Inn Express & Suites will offer a breakfast dining area near the lobby. The size and layout of this facility should be appropriate for the hotel. The furnishings of this space are expected to be of a similar style and finish as lobby and guestroom furnishings. The subject property is planned to offer one boardroom and a divisible meeting room, which will be located on the first floor; this meeting space should be adequate and appropriate for a hotel of this type. The hotel also features an outdoor pool with sundeck and grilling area. In addition, the hotel is expected to offer a fitness room as a recreational facility. Other amenities for this hotel are likely to include a lobby workstation, a market pantry, and a guest laundry room. Overall, the supporting facilities should be appropriate for this type of hotel, and we assume that they will meet brand standards.

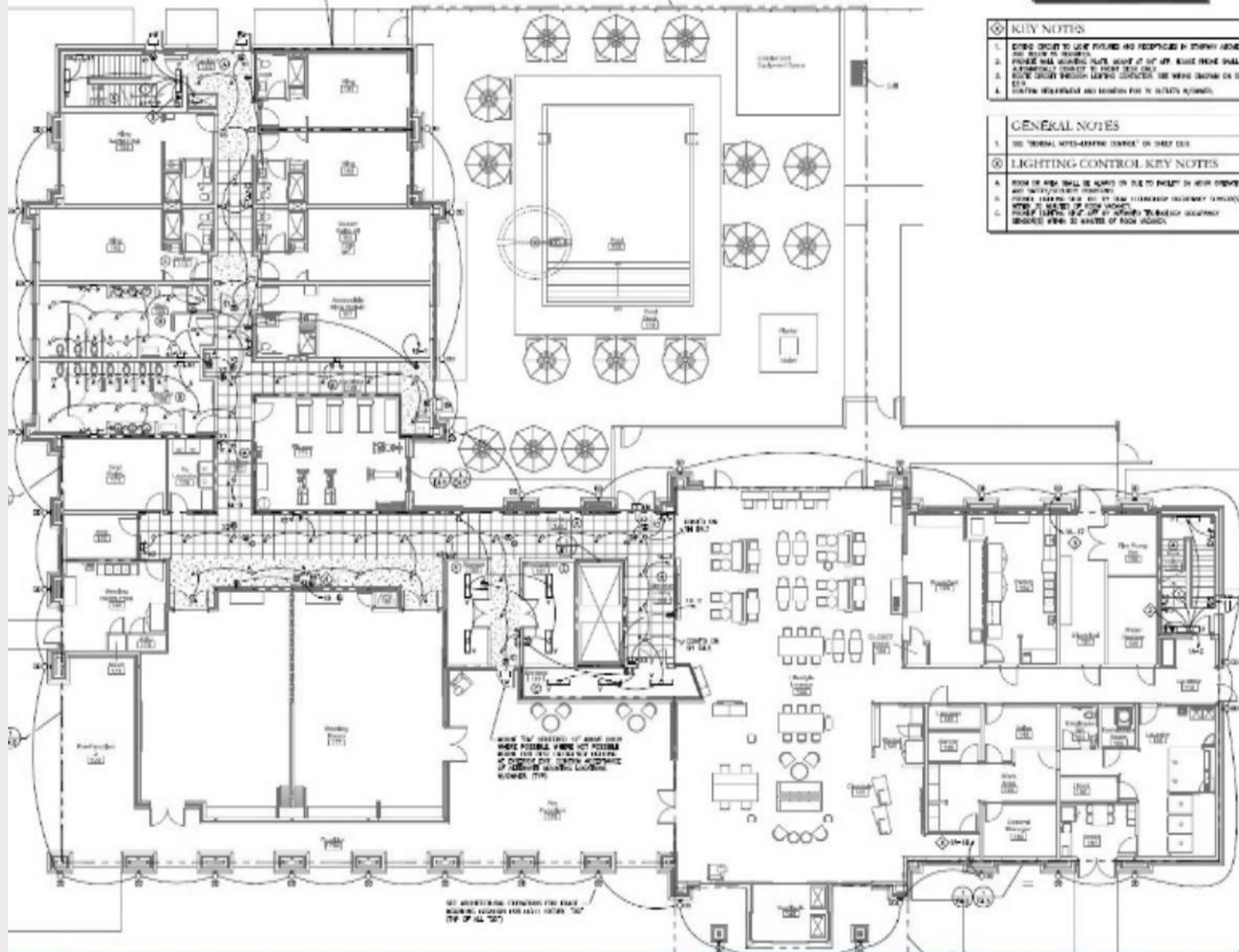
### PROPOSED HOLIDAY INN EXPRESS OUTDOOR AMENITIES



## Guestrooms

The Holiday Inn Express & Suites is expected to feature standard and suite-style room configurations; guestrooms are anticipated to be present on all levels of the building. The standard guestrooms and suites should offer typical amenities for this product type. The guestroom bathrooms are anticipated to be of a standard size, with a shower-in-tub or stand-alone shower, commode, and single sink with vanity area, featuring a stone countertop. The floors are expected to be finished with tile, and the walls will likely be finished with knockdown texture (consistent with brand standards). Overall, the guestrooms should offer a competitive product for this Ridgeland market.

FIRST FLOOR PLAN



**Back-of-the-House**

The hotel is expected to be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a prep kitchen to service the needs of the breakfast dining area. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

**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, after its opening, the hotel will require ongoing upgrades and periodic renovations 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 a successful, ongoing preventive-maintenance program is employed by hotel staff.

**Construction Budget**

The construction budget for the 108-room subject hotel, as provided by the project developer, is illustrated in the following table.

**FIGURE 5-2 SUBJECT PROPERTY CONSTRUCTION BUDGET**

<b>Component</b>	<b>Cost</b>	<b>Cost per Room</b>
<b>Hard Costs &amp; Site Improvements</b>		
Construction Cost	\$8,450,000	\$78,241
Permits, Licenses & Fees	100,000	926
Contingency	150,000	1,389
Water Sewer Tap Fee	50,000	463
Loan Fees	50,000	463
<b>Subtotal Hard Cost &amp; Site Improvements</b>	<b>\$8,800,000</b>	<b>\$81,481</b>
<b>FF&amp;E</b>		
Furniture Fixtures & Equipment	\$1,800,000	\$16,667
<b>Subtotal FFE &amp; OS&amp;E</b>	<b>1,800,000</b>	<b>\$16,667</b>
<b>Pre-Opening Costs and Working Capital</b>		
Pre-Operating Expenses/Supplies	\$125,000	\$1,157
Opening Cash Balance	100,000	926
Sales and Marketing	75,000	694
<b>Subtotal Pre-Opening and Working Capital</b>	<b>\$300,000</b>	<b>\$2,778</b>
<b>Soft Costs</b>		
Capitalized Interest	\$225,000	\$2,083
Design & Engineering	150,000	1,389
Franchise License	75,000	694
Financial, Taxes & Legal	60,000	556
Insurance and bonds	75,000	694
Special Inspections	15,000	139
<b>Subtotal Soft Costs</b>	<b>\$600,000</b>	<b>\$5,556</b>
<b>Subtotal (without Land and Developer's Fee)</b>	<b>\$11,500,000</b>	<b>\$106,481</b>
<b>Site Cost</b>	<b>\$1,200,000</b>	<b>\$11,111</b>
<b>Subtotal (without Developer's Fee)</b>	<b>\$12,700,000</b>	<b>\$117,593</b>
<b>Developer's Fee</b>	<b>\$500,000</b>	<b>\$4,630</b>
<b>Total</b>	<b>\$13,200,000</b>	<b>\$122,222</b>

**Conclusion**

Overall, the proposed subject hotel should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate features and amenities appear to be included in the hotel's design. We assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes and brand standards. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-

marketing efforts will have introduced the product to major local accounts at least six months in advance of the opening date.

## 6. Projection of Occupancy and Average Rate

Along with ADR results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food, beverages, other operated departments, and rentals and other income) are driven by the number of guests, and many expense levels 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 an 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 subject property'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 property's market share to its fair share.

### Historical Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year.

**FIGURE 6-1 HISTORICAL PENETRATION RATES**

Property	Commercial	Group	Leisure	Overall
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	119 %	85 %	181 %	122 %
Home2 Suites by Hilton Jackson Ridgeland	123	82	139	117
TownePlace Suites Jackson Ridgeland at Colony Park	130	87	147	124
Hyatt Place Jackson Ridgeland	87	126	160	108
Hilton Garden Inn Jackson Madison	112	99	95	106
Fairfield Inn & Suites by Marriott Jackson	92	123	26	88
Holiday Inn Express Ridgeland Jackson North	91	80	77	86
Secondary Competition	89	104	68	88

The TownePlace Suites Jackson Ridgeland at Colony Park achieved the highest penetration rate within the commercial segment. The highest penetration rate in the group segment was achieved by the Hyatt Place Jackson Ridgeland, while the

SpringHill Suites by Marriott Jackson Ridgeland at Colony Park led the market with the highest leisure penetration rate.

**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 subject property 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 6-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

<b>Market Segment</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Commercial</b>					
Demand	214,784	232,410	238,354	238,588	238,561
Market Share	5.6 %	6.2 %	6.4 %	6.4 %	6.4 %
Capture	11,962	14,458	15,351	15,327	15,325
Penetration	96 %	104 %	107 %	107 %	107 %
<b>Group</b>					
Demand	77,986	87,269	89,711	89,769	89,758
Market Share	7.9 %	8.5 %	8.7 %	8.9 %	8.9 %
Capture	6,146	7,418	7,801	8,018	8,017
Penetration	136 %	141 %	145 %	149 %	149 %
<b>Leisure</b>					
Demand	60,291	64,725	65,885	65,950	65,934
Market Share	4.4 %	4.9 %	5.1 %	5.1 %	5.1 %
Capture	2,639	3,159	3,364	3,361	3,360
Penetration	76 %	81 %	85 %	85 %	85 %
<b>Total Room Nights Captured</b>	<b>20,747</b>	<b>25,036</b>	<b>26,516</b>	<b>26,705</b>	<b>26,701</b>
Available Room Nights	36,072	39,420	39,420	39,420	39,420
<b>Subject Occupancy</b>	<b>58 %</b>	<b>64 %</b>	<b>67 %</b>	<b>68 %</b>	<b>68 %</b>
Market-wide Available Room Nights	623,313	655,869	655,869	655,869	655,869
<b>Fair Share</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>
Market-wide Occupied Room Nights	353,060	384,404	393,950	394,307	394,252
<b>Market Share</b>	<b>6 %</b>	<b>7 %</b>	<b>7 %</b>	<b>7 %</b>	<b>7 %</b>
<b>Market-wide Occupancy</b>	<b>57 %</b>	<b>59 %</b>	<b>60 %</b>	<b>60 %</b>	<b>60 %</b>
<b>Total Penetration</b>	<b>102 %</b>	<b>108 %</b>	<b>112 %</b>	<b>113 %</b>	<b>113 %</b>

Within the commercial segment, the proposed Holiday Inn Express & Suites' occupancy penetration is positioned below the SpringHill Suites by Marriott given that hotel's location adjacent to the Township at Colony Park and the offices and headquarters located on the west side of Interstate 55. The subject property is located on the east side of the interstate, which is a slightly inferior location in Ridgeland; however, this location north of Colony Line Road is closer to new and expanding offices than the limited-service hotels in North Jackson and southern Ridgeland. The proposed Holiday Inn Express & Suites' occupancy penetration in the group segment is positioned above the existing primary competitors given its offering of a boardroom, a divisible meeting room, and pre-function space. Within the leisure segment, this proposed hotel's occupancy penetration is positioned

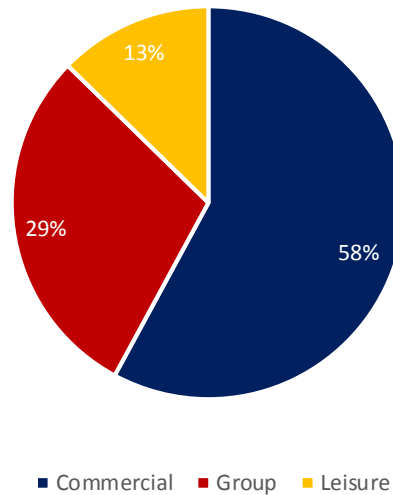
below that of the competitors located on the west side of Interstate 55, which are within walking distance of the Township at Colony Park shopping center.

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

**FIGURE 6-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2020	2021	2022	2023	2024
Commercial	58 %	58 %	58 %	57 %	57 %
Group	30	30	29	30	30
Leisure	13	13	13	13	13
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

**FIGURE 6-4 STABILIZED MARKET SEGMENTATION– SUBJECT PROPERTY**



Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 68%. 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 subject property 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 value of a lodging facility is a supportable forecast of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate 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 average rate 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; one cannot project occupancy without making specific assumptions regarding average rate. 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 average rate, RevPAR, and respective ADR and RevPAR penetration levels for the proposed subject property's competitors. The stabilized average rate and RevPAR levels that have been projected for the proposed subject hotel, expressed in base-year dollars, are also presented to understand the ADR positioning anticipated for the property upon stabilization. The basis for our ADR projection follows later in this section of the report.

**FIGURE 6-5 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS**

<b>Property</b>	<b>Estimated 2017 Average Room Rate</b>	<b>Average Room Rate Penetration</b>	<b>Rooms Revenue Per Available Room (RevPAR)</b>	<b>RevPAR Penetration</b>
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	\$115 - \$120	110 - 120 %	\$90 - \$95	130 - 140 %
Home2 Suites by Hilton Jackson Ridgeland	105 - 110	100 - 110	80 - 85	110 - 120
TownePlace Suites Jackson Ridgeland at Colony Park	105 - 110	100 - 110	85 - 90	120 - 130
Hyatt Place Jackson Ridgeland	105 - 110	100 - 110	70 - 75	100 - 110
Hilton Garden Inn Jackson Madison	125 - 130	110 - 120	85 - 90	120 - 130
Fairfield Inn & Suites by Marriott Jackson	70 - 75	65 - 70	40 - 45	55 - 60
Holiday Inn Express Ridgeland Jackson North	95 - 100	85 - 90	50 - 55	75 - 80
Average - Primary Competitors	\$108.26	101.9 %	\$74.20	109.2 %
Average - Secondary Competitors	102.30	96.3	57.74	84.9
<b>Overall Average</b>	<b>\$106.27</b>	<b>100.0 %</b>	<b>\$67.97</b>	<b>100.0 %</b>
Subject As If Stabilized (In 2017 Dollars)	\$110.00	103.5 %	\$79.28	116.6 %

The defined primarily competitive market realized an overall average rate of \$108.26 in the 2017 base year, improving from the 2016 level of \$107.54. We have selected the rate position of \$110.00, in base-year dollars, for the proposed subject hotel.

Based on these considerations, the following table sets forth the basis for our projection of the proposed subject hotel's average rate. We have positioned the proposed subject hotel's stabilized average rate in base-year dollars at \$110.00 which reflects an ADR penetration of 103.5%. Based on our review of the proposed improvements and the anticipated profile of the product and its operation, it is our opinion that the ADR penetration level should be achievable with appropriate management and marketing. The positioned stabilized average rate is projected to

increase at the same rate as the overall market’s average rate, prior to consideration of any ADR discounting during the hotel’s ramp-up period. Note that we have assumed an underlying inflation rate of 2.5% in the first projection year, 2.5% in the second projection year, and 3.0% in the third projection year (and thereafter) in our forecast of income and expense, which follows later in this report.

The proposed subject hotel’s projected average rate (as if stabilized) is then fiscalized to correspond with the hotel’s anticipated date of opening for each forecast year. Discounts of 3% 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.

The following table presents the proposed subject hotel’s ADR penetration level, followed by the average rate deflated to base-year dollars by the assumed underlying inflation rate, for each year of the forecast.

**FIGURE 6-6 ADR FORECAST - MARKET AND PROPOSED SUBJECT PROPERTY**

<b>Calendar Year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Market ADR	\$106.27	\$107.86	\$110.02	\$113.32	\$116.72	\$120.22	\$123.83	\$127.54	\$131.37
Projected Market ADR Growth Rate	—	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	<b>\$110.00</b>	\$111.65	\$113.88	\$117.30	\$120.82	\$124.44	\$128.18	\$132.02	\$135.98
ADR Growth Rate	—	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration	104%	104%	104%	104%	104%	104%	104%	104%	103.5%
<b>Fiscal Year</b>									
				<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Proposed Subject Property Average Rate				\$117.60	\$121.13	\$124.76	\$128.50	\$132.36	\$136.33
Opening Discount				3.0%	1.0%	0.0%	0.0%	0.0%	0.0%
<b>Average Rate After Discount</b>				<b>\$114.07</b>	<b>\$119.92</b>	<b>\$124.76</b>	<b>\$128.50</b>	<b>\$132.36</b>	<b>\$136.33</b>
Real Average Rate Growth				—	5.1%	4.0%	3.0%	3.0%	3.0%
Market ADR				\$113.61	\$117.02	\$120.53	\$124.14	\$127.87	\$131.70
Proposed Subject ADR Penetration (After Discount)				100%	102%	104%	104%	104%	104%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$105.41	\$107.58	\$108.67	\$108.67	\$108.67	\$108.67

The Ridgeland market should experience ADR growth through the near term. The proposed hotel’s rate position should reflect growth similar to market trends because of the proposed property’s new facility, service level, and brand affiliation. The proposed subject hotel’s ADR penetration level is forecast to reach 103.5% by the stabilized period, consistent with our stabilized ADR positioning.

The following table sets forth our concluding forecast of the proposed subject hotel’s occupancy, average rate, and RevPAR, with corresponding penetration

levels, for the first projection year through the stabilized year of operation. The market's historical and projected occupancy, average rate, and RevPAR are presented for comparison, with the projections fiscalized to correspond with the proposed subject hotel's forecast, as appropriate.

**FIGURE 6-7 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, AVERAGE RATE, AND REVPAR – PROPOSED SUBJECT PROPERTY AND MARKET**

	2015	2016	2017	Projected					
				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Proposed Holiday Inn Express &amp; Suites Ridgeland</b>									
Occupancy				—	—	58.0 %	63.8 %	67.3 %	67.7 %
Change in Points				—	—	—	5.8	3.5	0.4
Occupancy Penetration				—	—	102.1 %	108.7 %	112.0 %	112.7 %
Average Rate			\$110.00	\$111.84	\$114.17	\$114.07	\$119.92	\$124.76	\$128.50
Change				—	2.1 %	(0.1) %	5.1 %	4.0 %	3.0 %
Average Rate Penetration				103.5 %	103.5 %	100.4 %	102.5 %	103.5 %	103.5 %
RevPAR				—	—	\$66.19	\$76.54	\$83.97	\$87.05
Change				—	—	—	15.6 %	9.7 %	3.7 %
RevPAR Penetration				—	—	102.6 %	111.4 %	116.0 %	116.6 %
	Historical (Estimated)			Projected					
	2016	2016	2017	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Ridgeland Submarket</b>									
Occupancy	64.6 %	63.9 %	64.0 %	59.7 %	58.3 %	56.8 %	58.7 %	60.1 %	60.1 %
Change in Points	—	(0.7)	0.1	(4.3)	(1.4)	(1.5)	1.9	1.3	0.0
Average Rate	\$103.77	\$105.86	\$106.27	\$108.05	\$110.30	\$113.61	\$117.02	\$120.53	\$124.14
Change	—	2.0 %	0.4 %	1.7 %	2.1 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$66.99	\$67.63	\$67.97	\$64.51	\$64.32	\$64.54	\$68.73	\$72.40	\$74.63
Change	—	1.0 %	0.5 %	(5.1) %	(0.3) %	0.3 %	6.5 %	5.3 %	3.1 %

\* The forecast for the proposed subject property does not include rate discounts that are expected to occur during the initial year(s) of operation.

The final forecast reflects years beginning on February 1, 2020 and corresponds with our financial projections, as shown below.

The following occupancies and average rates will be used to proposed subject hotel's rooms revenue; this forecast reflects years beginning on February 1, 2020, which correspond with our financial projections.

**FIGURE 6-8 FORECASTS OF OCCUPANCY AND AVERAGE RATE**

Year	Occupancy	Average Rate		Average Rate After Discount
		Before Discount	Discount	
2020/21	58 %	\$117.60	3.0 %	\$114.07
2021/22	64	121.13	1.0	119.92
2022/23	67	124.76	0.0	124.76
2023/24	68	128.50	0.0	128.50



## 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 average rate 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.

**FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2017/18	2017/18	2016/17	2016/17	2016	2017
Edition:	11	11	11	11	11	11
Number of Rooms:	70 to 100	70 to 90	70 to 100	70 to 100	80 to 100	108
Days Open:	365	365	365	365	365	365
Occupancy:	76%	76%	74%	70%	68%	68%
Average Rate:	\$113	\$111	\$118	\$104	\$124	\$108
RevPAR:	\$85	\$85	\$88	\$73	\$85	\$74
<b>REVENUE</b>						
Rooms	97.1 %	98.7 %	97.9 %	96.5 %	100.0 %	96.9 %
Other Operated Departments	1.3	0.6	1.3	3.5	0.0	2.7
Miscellaneous Income	1.6	0.7	0.8	0.0	0.0	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>DEPARTMENTAL EXPENSES*</b>						
Rooms	25.5	20.8	20.5	19.8	31.2	22.0
Other Operated Departments	36.8	56.4	38.1	21.8	0.0	50.0
Total	25.3	20.8	20.6	19.9	31.4	22.7
<b>DEPARTMENTAL INCOME</b>						
	74.7	79.2	79.4	80.1	68.6	77.3
<b>OPERATING EXPENSES</b>						
Administrative & General	6.8	8.6	8.8	8.7	10.7	8.1
Info. and Telecom. Systems	1.9	1.0	0.7	1.6	1.2	0.9
Marketing	5.9	4.4	10.5	7.9	2.9	4.5
Franchise Fee	9.8	9.0	4.7	2.4	8.3	8.7
Property Operations & Maintenance	4.1	3.3	3.9	4.2	6.8	3.2
Utilities	3.4	3.5	3.4	3.1	3.8	3.6
Total	31.9	29.8	32.1	27.9	33.7	29.1
<b>HOUSE PROFIT</b>						
	42.8	49.4	47.3	52.2	34.9	48.3
Management Fee	4.0	4.0	6.0	3.3	0.0	3.5
<b>INCOME BEFORE FIXED CHARGES</b>						
	38.8	45.4	41.2	48.9	34.9	44.8

\* 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:	2017/18	2017/18	2016/17	2016/17	2016	2017
Edition:	11	11	11	11	11	11
Number of Rooms:	70 to 100	70 to 90	70 to 100	70 to 100	80 to 100	108
Days Open:	365	365	365	365	365	365
Occupancy:	76%	76%	74%	70%	68%	68%
Average Rate:	\$113	\$111	\$118	\$104	\$124	\$108
RevPAR:	\$85	\$85	\$88	\$73	\$85	\$74
<b>REVENUE</b>						
Rooms	\$31,076	\$30,878	\$31,980	\$26,613	\$30,963	\$26,906
Other Operated Departments	422	192	440	960	0	745
Miscellaneous Income	508	221	256	0	0	124
Total	32,006	31,291	32,677	27,573	30,963	27,775
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	7,928	6,414	6,569	5,272	9,668	5,919
Other Operated Departments	156	108	168	209	42	372
Total	8,084	6,523	6,737	5,481	9,710	6,292
<b>DEPARTMENTAL INCOME</b>						
	23,923	24,768	25,940	22,092	21,253	21,483
<b>OPERATING EXPENSES</b>						
Administrative & General	2,177	2,694	2,889	2,398	3,328	2,250
Info. and Telecom. Systems	621	307	242	441	357	250
Marketing	1,874	1,376	3,447	2,172	898	1,250
Franchise Fee	3,130	2,813	1,552	671	2,575	2,422
Property Operations & Maintenance	1,308	1,033	1,270	1,160	2,098	900
Utilities	1,099	1,097	1,102	864	1,187	1,000
Total	10,209	9,321	10,502	7,706	10,443	8,072
<b>HOUSE PROFIT</b>						
	13,714	15,447	15,438	14,386	10,810	13,411
Management Fee	1,280	1,257	1,961	913	0	972
<b>INCOME BEFORE FIXED CHARGES</b>						
	12,433	14,191	13,476	13,473	10,810	12,439

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

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2017/18	2017/18	2016/17	2016/17	2016	2017
Edition:	11	11	11	11	11	11
Number of Rooms:	70 to 100	70 to 90	70 to 100	70 to 100	80 to 100	108
Days Open:	365	365	365	365	365	365
Occupancy:	76%	76%	74%	70%	68%	68%
Average Rate:	\$113	\$111	\$118	\$104	\$124	\$108
RevPAR:	\$85	\$85	\$88	\$73	\$85	\$74
<b>REVENUE</b>						
Rooms	\$112.62	\$110.91	\$117.70	\$103.98	\$124.44	\$108.40
Other Operated Departments	1.53	0.69	1.62	3.75	0.00	3.00
Miscellaneous Income	1.84	0.79	0.94	0.00	0.00	0.50
Total	116.00	112.40	120.26	107.73	124.44	111.90
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	28.73	23.04	24.18	20.60	38.85	23.85
Other Operated Departments	0.56	0.39	0.62	0.82	0.17	1.50
Total	29.30	23.43	24.79	21.41	39.02	25.35
<b>DEPARTMENTAL INCOME</b>						
	86.70	88.97	95.47	86.31	85.42	86.56
<b>OPERATING EXPENSES</b>						
Administrative & General	7.89	9.68	10.63	9.37	13.38	9.07
Info. and Telecom. Systems	2.25	1.10	0.89	1.72	1.43	1.01
Marketing	6.79	4.94	12.69	8.48	3.61	5.04
Franchise Fee	11.34	10.11	5.71	2.62	10.35	9.76
Property Operations & Maintenance	4.74	3.71	4.67	4.53	8.43	3.63
Utilities	3.98	3.94	4.06	3.38	4.77	4.03
Total	37.00	33.48	38.65	30.11	41.97	32.52
<b>HOUSE PROFIT</b>						
	49.70	55.49	56.82	56.21	43.45	54.03
Management Fee	4.64	4.51	7.22	3.57	0.00	3.92
<b>INCOME BEFORE FIXED CHARGES</b>						
	45.06	50.97	49.60	52.64	43.45	50.12

The departmental income of the comparable properties ranged from 68.6% to 80.1% of total revenue. The comparable properties achieved a house profit ranging from 34.9% to 52.2% 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*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

### **Inflation Assumption**

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied underlying inflation rates of 2.5%, 2.5%, and 3.0% thereafter for each respective year following the base year of 2017. This stabilized inflation rate takes into account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate are discussed in our write-up 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 forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on February 1, 2020, expressed in inflated dollars for each year.

**FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE**

	2020/21 Begins February				2021/22				2022/23				Stabilized				2024/25			
Number of Rooms:	108				108				108				108				108			
Occupancy:	58%				64%				67%				68%				68%			
Average Rate:	\$114.07				\$119.92				\$124.76				\$128.50				\$132.36			
RevPAR:	\$66.16				\$76.75				\$83.59				\$87.38				\$90.00			
Days Open:	365				365				365				365				365			
Occupied Rooms:	22,864	%Gross	PAR	POR	25,229	%Gross	PAR	POR	26,411	%Gross	PAR	POR	26,806	%Gross	PAR	POR	26,806	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$2,608	96.7 %	\$24,148	\$114.07	\$3,025	96.8 %	\$28,009	\$119.90	\$3,295	96.8 %	\$30,509	\$124.76	\$3,445	96.9 %	\$31,898	\$128.52	\$3,548	96.9 %	\$32,852	\$132.36
Other Operated Departments	77	2.8	710	3.36	87	2.8	801	3.43	92	2.7	853	3.49	95	2.7	883	3.56	98	2.7	909	3.66
Miscellaneous Income	13	0.5	118	0.56	14	0.5	133	0.57	15	0.5	142	0.58	16	0.4	147	0.59	16	0.4	152	0.61
<b>Total Operating Revenues</b>	<b>2,698</b>	<b>100.0</b>	<b>24,977</b>	<b>117.98</b>	<b>3,126</b>	<b>100.0</b>	<b>28,944</b>	<b>123.90</b>	<b>3,402</b>	<b>100.0</b>	<b>31,505</b>	<b>128.83</b>	<b>3,556</b>	<b>100.0</b>	<b>32,928</b>	<b>132.67</b>	<b>3,663</b>	<b>100.0</b>	<b>33,913</b>	<b>136.63</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	653	25.0	6,044	28.55	698	23.1	6,458	27.65	731	22.2	6,772	27.69	758	22.0	7,017	28.27	781	22.0	7,227	29.12
Other Operated Departments	42	54.8	389	1.84	44	51.4	411	1.76	46	50.2	428	1.75	48	50.0	441	1.78	49	50.0	455	1.83
<b>Total Expenses</b>	<b>695</b>	<b>25.8</b>	<b>6,433</b>	<b>30.39</b>	<b>742</b>	<b>23.7</b>	<b>6,870</b>	<b>29.41</b>	<b>778</b>	<b>22.9</b>	<b>7,200</b>	<b>29.44</b>	<b>805</b>	<b>22.6</b>	<b>7,458</b>	<b>30.05</b>	<b>830</b>	<b>22.7</b>	<b>7,682</b>	<b>30.95</b>
<b>DEPARTMENTAL INCOME</b>	<b>2,003</b>	<b>74.2</b>	<b>18,544</b>	<b>87.60</b>	<b>2,384</b>	<b>76.3</b>	<b>22,074</b>	<b>94.49</b>	<b>2,625</b>	<b>77.1</b>	<b>24,304</b>	<b>99.38</b>	<b>2,751</b>	<b>77.4</b>	<b>25,470</b>	<b>102.62</b>	<b>2,833</b>	<b>77.3</b>	<b>26,231</b>	<b>105.68</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	252	9.4	2,336	11.04	267	8.5	2,472	10.58	279	8.2	2,580	10.55	288	8.1	2,667	10.75	297	8.1	2,747	11.07
Info & Telecom Systems	28	1.0	260	1.23	30	0.9	275	1.18	31	0.9	287	1.17	32	0.9	296	1.19	33	0.9	305	1.23
Marketing	140	5.2	1,298	6.13	148	4.7	1,373	5.88	155	4.5	1,433	5.86	160	4.5	1,482	5.97	165	4.5	1,526	6.15
Franchise Fee	235	8.7	2,173	10.27	272	8.7	2,521	10.79	297	8.7	2,746	11.23	310	8.7	2,871	11.57	319	8.7	2,957	11.91
Prop. Operations & Maint.	81	3.0	748	3.53	96	3.1	890	3.81	111	3.3	1,032	4.22	115	3.2	1,067	4.30	119	3.2	1,099	4.43
Utilities	112	4.2	1,038	4.91	119	3.8	1,099	4.70	124	3.6	1,147	4.69	128	3.6	1,185	4.78	132	3.6	1,221	4.92
<b>Total Expenses</b>	<b>848</b>	<b>31.5</b>	<b>7,854</b>	<b>37.10</b>	<b>932</b>	<b>29.7</b>	<b>8,629</b>	<b>36.94</b>	<b>996</b>	<b>29.2</b>	<b>9,225</b>	<b>37.72</b>	<b>1,033</b>	<b>29.0</b>	<b>9,569</b>	<b>38.55</b>	<b>1,064</b>	<b>29.0</b>	<b>9,855</b>	<b>39.71</b>
<b>GROSS HOUSE PROFIT</b>	<b>1,155</b>	<b>42.7</b>	<b>10,690</b>	<b>50.50</b>	<b>1,452</b>	<b>46.6</b>	<b>13,445</b>	<b>57.56</b>	<b>1,629</b>	<b>47.9</b>	<b>15,080</b>	<b>61.66</b>	<b>1,717</b>	<b>48.4</b>	<b>15,901</b>	<b>64.07</b>	<b>1,769</b>	<b>48.3</b>	<b>16,376</b>	<b>65.98</b>
Management Fee	94	3.5	874	4.13	109	3.5	1,013	4.34	119	3.5	1,103	4.51	124	3.5	1,152	4.64	128	3.5	1,187	4.78
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>1,060</b>	<b>39.2</b>	<b>9,816</b>	<b>46.37</b>	<b>1,343</b>	<b>43.1</b>	<b>12,432</b>	<b>53.22</b>	<b>1,510</b>	<b>44.4</b>	<b>13,977</b>	<b>57.15</b>	<b>1,593</b>	<b>44.9</b>	<b>14,749</b>	<b>59.42</b>	<b>1,640</b>	<b>44.8</b>	<b>15,189</b>	<b>61.19</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	90	3.4	838	3.96	93	3.0	859	3.68	96	2.8	885	3.62	98	2.8	911	3.67	101	2.8	938	3.78
Insurance	41	1.5	380	1.79	42	1.4	391	1.67	44	1.3	403	1.65	45	1.3	415	1.67	46	1.3	427	1.72
Reserve for Replacement	54	2.0	500	2.36	94	3.0	868	3.72	136	4.0	1,260	5.15	142	4.0	1,317	5.31	147	4.0	1,357	5.47
<b>Total Expenses</b>	<b>185</b>	<b>6.9</b>	<b>1,717</b>	<b>8.11</b>	<b>229</b>	<b>7.4</b>	<b>2,118</b>	<b>9.07</b>	<b>275</b>	<b>8.1</b>	<b>2,547</b>	<b>10.42</b>	<b>285</b>	<b>8.1</b>	<b>2,643</b>	<b>10.65</b>	<b>294</b>	<b>8.1</b>	<b>2,722</b>	<b>10.97</b>
<b>EBITDA LESS RESERVE</b>	<b>\$875</b>	<b>32.3 %</b>	<b>\$8,099</b>	<b>\$38.26</b>	<b>\$1,114</b>	<b>35.7 %</b>	<b>\$10,314</b>	<b>\$44.15</b>	<b>\$1,234</b>	<b>36.3 %</b>	<b>\$11,429</b>	<b>\$46.74</b>	<b>\$1,307</b>	<b>36.8 %</b>	<b>\$12,106</b>	<b>\$48.77</b>	<b>\$1,346</b>	<b>36.7 %</b>	<b>\$12,466</b>	<b>\$50.23</b>

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

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

	2020/21		2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29		2029/30	
<b>Number of Rooms:</b>	<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>		<b>108</b>	
<b>Occupied Rooms:</b>	<b>22,864</b>		<b>25,229</b>		<b>26,411</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>		<b>26,806</b>	
<b>Occupancy:</b>	<b>58%</b>		<b>64%</b>		<b>67%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>		<b>68%</b>	
<b>Average Rate:</b>	<b>\$114.07</b>	<b>% of</b>	<b>\$119.92</b>	<b>% of</b>	<b>\$124.76</b>	<b>% of</b>	<b>\$128.50</b>	<b>% of</b>	<b>\$132.36</b>	<b>% of</b>	<b>\$136.33</b>	<b>% of</b>	<b>\$140.42</b>	<b>% of</b>	<b>\$144.63</b>	<b>% of</b>	<b>\$148.97</b>	<b>% of</b>	<b>\$153.44</b>	<b>% of</b>
<b>RevPAR:</b>	<b>\$66.16</b>	<b>Gross</b>	<b>\$76.75</b>	<b>Gross</b>	<b>\$83.59</b>	<b>Gross</b>	<b>\$87.38</b>	<b>Gross</b>	<b>\$90.00</b>	<b>Gross</b>	<b>\$92.70</b>	<b>Gross</b>	<b>\$95.48</b>	<b>Gross</b>	<b>\$98.35</b>	<b>Gross</b>	<b>\$101.30</b>	<b>Gross</b>	<b>\$104.34</b>	<b>Gross</b>
<b>OPERATING REVENUE</b>																				
Rooms	\$2,608	96.7 %	\$3,025	96.8 %	\$3,295	96.8 %	\$3,445	96.9 %	\$3,548	96.9 %	\$3,654	96.9 %	\$3,764	96.9 %	\$3,877	96.9 %	\$3,993	96.9 %	\$4,113	96.9 %
Other Operated Departments	77	2.8	87	2.8	92	2.7	95	2.7	98	2.7	101	2.7	104	2.7	107	2.7	111	2.7	114	2.7
Miscellaneous Income	13	0.5	14	0.5	15	0.5	16	0.4	16	0.4	17	0.4	17	0.4	18	0.4	18	0.4	19	0.4
<b>Total Operating Revenues</b>	<b>2,698</b>	<b>100.0</b>	<b>3,126</b>	<b>100.0</b>	<b>3,402</b>	<b>100.0</b>	<b>3,556</b>	<b>100.0</b>	<b>3,663</b>	<b>100.0</b>	<b>3,772</b>	<b>100.0</b>	<b>3,886</b>	<b>100.0</b>	<b>4,002</b>	<b>100.0</b>	<b>4,122</b>	<b>100.0</b>	<b>4,246</b>	<b>100.0</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	653	25.0	698	23.1	731	22.2	758	22.0	781	22.0	804	22.0	828	22.0	853	22.0	879	22.0	905	22.0
Other Operated Departments	42	54.8	44	51.4	46	50.2	48	50.0	49	50.0	51	50.0	52	50.0	54	50.0	55	50.0	57	50.0
<b>Total Expenses</b>	<b>695</b>	<b>25.8</b>	<b>742</b>	<b>23.7</b>	<b>778</b>	<b>22.9</b>	<b>805</b>	<b>22.6</b>	<b>830</b>	<b>22.7</b>	<b>855</b>	<b>22.7</b>	<b>880</b>	<b>22.7</b>	<b>907</b>	<b>22.7</b>	<b>934</b>	<b>22.7</b>	<b>962</b>	<b>22.7</b>
<b>DEPARTMENTAL INCOME</b>																				
	2,003	74.2	2,384	76.3	2,625	77.1	2,751	77.4	2,833	77.3	2,917	77.3	3,005	77.3	3,096	77.3	3,188	77.3	3,284	77.3
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	252	9.4	267	8.5	279	8.2	288	8.1	297	8.1	306	8.1	315	8.1	324	8.1	334	8.1	344	8.1
Info & Telecom Systems	28	1.0	30	0.9	31	0.9	32	0.9	33	0.9	34	0.9	35	0.9	36	0.9	37	0.9	38	0.9
Marketing	140	5.2	148	4.7	155	4.6	160	4.5	165	4.5	170	4.5	175	4.5	180	4.5	186	4.5	191	4.5
Franchise Fee	235	8.7	272	8.7	297	8.7	310	8.7	319	8.7	329	8.7	339	8.7	349	8.7	359	8.7	370	8.7
Prop. Operations & Maint.	81	3.0	96	3.1	111	3.3	115	3.2	119	3.2	122	3.2	126	3.2	130	3.2	134	3.2	138	3.2
Utilities	112	4.2	119	3.8	124	3.6	128	3.6	132	3.6	136	3.6	140	3.6	144	3.6	148	3.6	153	3.6
<b>Total Expenses</b>	<b>848</b>	<b>31.4</b>	<b>932</b>	<b>29.8</b>	<b>996</b>	<b>29.3</b>	<b>1,033</b>	<b>29.1</b>	<b>1,064</b>	<b>29.1</b>	<b>1,096</b>	<b>29.1</b>	<b>1,129</b>	<b>29.1</b>	<b>1,163</b>	<b>29.1</b>	<b>1,198</b>	<b>29.1</b>	<b>1,234</b>	<b>29.1</b>
<b>GROSS HOUSE PROFIT</b>																				
	1,155	42.8	1,452	46.5	1,629	47.8	1,717	48.3	1,769	48.2	1,821	48.2	1,876	48.2	1,933	48.2	1,990	48.2	2,050	48.2
Management Fee	94	3.5	109	3.5	119	3.5	124	3.5	128	3.5	132	3.5	136	3.5	140	3.5	144	3.5	149	3.5
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>1,060</b>	<b>39.3</b>	<b>1,343</b>	<b>43.0</b>	<b>1,510</b>	<b>44.3</b>	<b>1,593</b>	<b>44.8</b>	<b>1,640</b>	<b>44.7</b>	<b>1,689</b>	<b>44.7</b>	<b>1,740</b>	<b>44.7</b>	<b>1,792</b>	<b>44.7</b>	<b>1,846</b>	<b>44.7</b>	<b>1,902</b>	<b>44.7</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	90	3.4	93	3.0	96	2.8	98	2.8	101	2.8	104	2.8	108	2.8	111	2.8	114	2.8	117	2.8
Insurance	41	1.5	42	1.4	44	1.3	45	1.3	46	1.3	48	1.3	49	1.3	50	1.3	52	1.3	54	1.3
Reserve for Replacement	54	2.0	94	3.0	136	4.0	142	4.0	147	4.0	151	4.0	155	4.0	160	4.0	165	4.0	170	4.0
<b>Total Expenses</b>	<b>185</b>	<b>6.9</b>	<b>229</b>	<b>7.4</b>	<b>275</b>	<b>8.1</b>	<b>285</b>	<b>8.1</b>	<b>294</b>	<b>8.1</b>	<b>303</b>	<b>8.1</b>	<b>312</b>	<b>8.1</b>	<b>321</b>	<b>8.1</b>	<b>331</b>	<b>8.1</b>	<b>341</b>	<b>8.1</b>
<b>EBITDA LESS RESERVE</b>	<b>\$875</b>	<b>32.4 %</b>	<b>\$1,114</b>	<b>35.6 %</b>	<b>\$1,234</b>	<b>36.2 %</b>	<b>\$1,307</b>	<b>36.7 %</b>	<b>\$1,346</b>	<b>36.6 %</b>	<b>\$1,386</b>	<b>36.6 %</b>	<b>\$1,428</b>	<b>36.6 %</b>	<b>\$1,471</b>	<b>36.6 %</b>	<b>\$1,515</b>	<b>36.6 %</b>	<b>\$1,561</b>	<b>36.6 %</b>

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take four 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 February 1, 2020, expressed in inflated dollars for each year.

### Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 68% with an average rate of \$128.50 in 2023/24. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

### Other Operated Departments Revenue

According to the Uniform System of Accounts, other operated departments include any major or minor operated department other than rooms and food and beverage.

**FIGURE 7-6 OTHER OPERATED DEPARTMENTS REVENUE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	1.3 %	0.6 %	1.3 %	3.5 %	0.0 %	2.8 %	2.7 %
Per Available Room	\$422	\$192	\$440	\$960	\$0	\$710	\$745
Per Occupied Room	\$1.53	\$0.69	\$1.62	\$3.75	\$0.00	\$3.36	\$3.00

### Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, food and beverage, and the other operated departments. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

**FIGURE 7-7 MISCELLANEOUS INCOME**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	1.6 %	0.7 %	0.8 %	0.0 %	0.0 %	0.5 %	0.4 %
Per Available Room	\$508	\$221	\$256	\$0	\$0	\$118	\$124
Per Occupied Room	\$1.84	\$0.79	\$0.94	\$0.00	\$0.00	\$0.56	\$0.50



### 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 average rate. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

**FIGURE 7-8 ROOMS EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	25.5 %	20.8 %	20.5 %	19.8 %	31.2 %	25.0 %	22.0 %
Per Available Room	\$7,928	\$6,414	\$6,569	\$5,272	\$9,668	\$6,044	\$5,919
Per Occupied Room	\$28.73	\$23.04	\$24.18	\$20.60	\$38.85	\$28.55	\$23.85

### Other Operated Departments Expense

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories. This was previously discussed in this chapter.

**FIGURE 7-9 OTHER OPERATED DEPARTMENTS EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	36.8 %	56.4 %	38.1 %	21.8 %	0.0 %	54.8 %	50.0 %
Per Available Room	\$156	\$108	\$168	\$209	\$42	\$389	\$372
Per Occupied Room	\$0.56	\$0.39	\$0.62	\$0.82	\$0.17	\$1.84	\$1.50

### Administrative and 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.

**FIGURE 7-10 ADMINISTRATIVE AND GENERAL EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	6.8 %	8.6 %	8.8 %	8.7 %	10.7 %	9.4 %	8.1 %
Per Available Room	\$2,177	\$2,694	\$2,889	\$2,398	\$3,328	\$2,336	\$2,250
Per Occupied Room	\$7.89	\$9.68	\$10.63	\$9.37	\$13.38	\$11.04	\$9.07

**Information and 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 benefitting from the technology solution.

**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.

**FIGURE 7-11 MARKETING EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	5.9 %	4.4 %	10.5 %	7.9 %	2.9 %	5.2 %	4.5 %
Per Available Room	\$1,874	\$1,376	\$3,447	\$2,172	\$898	\$1,298	\$1,250
Per Occupied Room	\$6.79	\$4.94	\$12.69	\$8.48	\$3.61	\$6.13	\$5.04

**Franchise Fee**

Holiday Inn Express (and Holiday Inn Express & Suites) is an upper-midscale, limited-service hotel brand by InterContinental Hotels Group (IHG). According to IHG, Holiday Inn Express is its largest hotel brand, and one of the fastest growing brands in its segment. Holiday Inn Express offers competitive rates for both business and leisure travelers. All locations provide the complimentary "Express Start" breakfast bar, and many locations offer recreational amenities such as a swimming pool and/or fitness room. As of year-end 2017, there were 2,217 Holiday Inn Express properties (199,410 rooms) in the Americas, inclusive of the Holiday Inn Express Hotel & Suites brand. In 2017, the brand's hotels in the Americas operated at an average occupancy level of 68.7%, with an average daily rate of \$112.64 and an average RevPAR of \$77.43.

**Property Operations and 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, they have not eliminated or saved the expenditure; they have only deferred payment 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.

Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

**FIGURE 7-12 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	4.1 %	3.3 %	3.9 %	4.2 %	6.8 %	3.0 %	3.2 %
Per Available Room	\$1,308	\$1,033	\$1,270	\$1,160	\$2,098	\$748	\$900
Per Occupied Room	\$4.74	\$3.71	\$4.67	\$4.53	\$8.43	\$3.53	\$3.63

**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 7-13 UTILITIES EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	3.4 %	3.5 %	3.4 %	3.1 %	3.8 %	4.2 %	3.6 %
Per Available Room	\$1,099	\$1,097	\$1,102	\$864	\$1,187	\$1,038	\$1,000
Per Occupied Room	\$3.98	\$3.94	\$4.06	\$3.38	\$4.77	\$4.91	\$4.03

**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% to 4% 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 3.5% 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 7-14 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS**

Hotel	Year Open	Land	Improvements	Personal	Total
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	2013	\$67,040	\$642,637	\$79,660	789,337
Holiday Inn Express Ridgeland Jackson North	1997	137,214	582,501	85,091	804,806
Drury Inn & Suites Ridgeland	2002	298,440	1,205,078	69,845	1,573,363
La Quinta Inn & Suites Jackson North	2001	56,976	118,550	0	175,526
Comfort Inn Jackson	1985	105,198	160,898	0	266,096
Baymont Inn & Suites Jackson	2000	69,866	120,342	0	190,208
Hilton Garden Inn Jackson Madison	2006	250,905	1,023,024	133,330	1,407,259
Courtyard by Marriott Jackson Ridgeland	1995	162,304	392,310	0	554,614
Hyatt Place Jackson Ridgeland	2008	199,155	1,215,276	78,490	1,492,921
Home2 Suites by Hilton Jackson Ridgeland	2013	52,272	605,172	104,670	762,114
TownePlace Suites Jackson Ridgeland at Colony Park	2013	30,971	700,481	147,420	878,872
Embassy Suites Jackson North Ridgeland	2008	117,612	1,922,493	215,810	2,255,915
<i>Assessments per Room</i>	<i># of Rms</i>				
SpringHill Suites by Marriott Jackson Ridgeland at Colony Park	96	698	6,694	830	7,392
Holiday Inn Express Ridgeland Jackson North	111	1,236	5,248	767	6,484
Drury Inn & Suites Ridgeland	175	1,705	6,886	399	8,592
La Quinta Inn & Suites Jackson North	60	950	1,976	0	2,925
Comfort Inn Jackson	115	915	1,399	0	2,314
Baymont Inn & Suites Jackson	121	577	995	0	1,572
Courtyard by Marriott Jackson Ridgeland	117	1,387	3,353	0	4,740
Hyatt Place Jackson Ridgeland	126	1,581	9,645	623	11,226
Home2 Suites by Hilton Jackson Ridgeland	92	568	6,578	1,138	7,146
TownePlace Suites Jackson Ridgeland at Colony Park	94	\$329	\$7,452	\$1,568	\$7,781
Embassy Suites Jackson North Ridgeland	145	811	13,259	1,488	14,070
<b>Positioned Subject - Per Room</b>	<b>108</b>	<b>\$600</b>	<b>\$6,000</b>	<b>\$800</b>	<b>\$7,400</b>
<b>Positioned Subject - Total</b>		<b>\$64,800</b>	<b>\$648,000</b>	<b>\$86,400</b>	<b>\$799,200</b>

Source: Madison County Assessor

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 that of the SpringHill Suites by Marriott and the existing Holiday Inn Express because of the similarities, including product type; 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 107.76%. The following table shows changes in the tax rate during the last several years.

**FIGURE 7-15 COUNTY TAX RATES**

Year	Real Property Millage Rate	Personal Property Millage Rate
2015	107.76	107.76
2016	107.76	107.76
2017	107.76	107.76
2018	107.76	107.76

Source: Madison County Assessor

Based on comparable assessments and the tax rate information, the proposed subject property's projected property tax expense levels are calculated as follows.

**FIGURE 7-16 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)**

	Real Property			Personal Property
	Land	Real Property	Total	
Positioned (Assessed Value)	\$64,800	\$648,000	\$712,800	\$86,400
Millage Rate			107.76	107.76
Tax Burden as of Base Year			\$76,811	\$9,310

**FIGURE 7-17 PROJECTED PROPERTY TAX EXPENSE - REAL PROPERTY**

Year	Real Property		
	Total Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	Taxes Payable
Positioned	\$76,811	—	\$76,811
2020/21	\$76,811	5.1 %	\$80,700
2021/22	80,700	2.5	82,717
2022/23	82,717	3.0	85,199
2023/24	85,199	3.0	87,755

**FIGURE 7-18 PROJECTED PROPERTY TAX EXPENSE – PERSONAL PROPERTY**

Year	Personal Property		
	Personal Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	Taxes Payable
Positioned	\$9,310	—	\$9,310
2020/21	\$9,310	5.1 %	\$9,782
2021/22	9,782	2.5	10,026
2022/23	10,026	3.0	10,327
2023/24	10,327	3.0	10,637

**FIGURE 7-19 PROJECTED PROPERTY TAX EXPENSE – SUMMARY**

Year	Taxes Payable		
	Real	Personal	Total
Positioned	\$76,811	\$9,310	\$86,122
2020/21	\$80,700	\$9,782	\$90,482
2021/22	82,717	10,026	92,744
2022/23	85,199	10,327	95,526
2023/24	87,755	10,637	98,392

**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 7-20 INSURANCE EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020/21	Deflated Stabilized
Percentage of Revenue	1.2 %	0.8 %	1.7 %	1.9 %	2.1 %	1.5 %	1.3 %
Per Available Room	\$371	\$255	\$562	\$526	\$660	\$380	\$350
Per Occupied Room	\$1.35	\$0.91	\$2.07	\$2.05	\$2.65	\$1.79	\$1.41



## Reserve for Replacement

Furniture, fixtures, and equipment 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 furniture, fixtures, and equipment 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 furniture, fixtures, and equipment 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 2014.<sup>7</sup> 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% to 5% of total revenue.

Based on the results of our analysis and on our review of the proposed subject asset and comparable lodging facilities, as well as on our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment. This amount has been ramped up during the initial projection period.

## Forecast of Revenue and Expense Conclusion

Projected total revenue, House profit, and EBITDA less replacement reserves are set forth in the following table.

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<sup>7</sup> The International Society of Hotel Consultants, *CapEx 2014, A Study of Capital Expenditure in the U.S. Hotel Industry*.

**FIGURE 7-21 FORECAST OF REVENUE AND EXPENSE CONCLUSION**

	Year	Total Revenue		House Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
<b>Projected</b>	2020/21	\$2,698,000	—	\$1,155,000	—	42.7 %	\$875,000	—	32.3 %
	2021/22	3,126,000	15.9 %	1,452,000	25.7 %	46.6	1,114,000	27.3 %	35.7
	2022/23	3,402,000	8.8	1,629,000	12.2	47.9	1,234,000	10.8	36.3
	2023/24	3,556,000	4.5	1,717,000	5.4	48.4	1,307,000	5.9	36.8
	2024/25	3,663,000	3.0	1,769,000	3.0	48.3	1,346,000	3.0	36.7

## 8. Feasibility Analysis

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

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

### Construction Cost Estimate

Because the subject property is a proposed hotel, we have relied upon the actual development budget for the proposed subject hotel in performing a cost analysis. As this budget takes into consideration all of the physical, structural, and design elements specific to the property, it is believed to be the most accurate assessment of the actual cost of developing a hotel facility of this type. The details of this budget, prepared by the developers of the Proposed Holiday Inn Express & Suites Ridgeland, are presented in the following table.

**FIGURE 8-1 SUBJECT PROPERTY CONSTRUCTION BUDGET**

<b>Component</b>	<b>Cost</b>	<b>Cost per Room</b>
<b>Hard Costs &amp; Site Improvements</b>		
Construction Cost	\$8,450,000	\$78,241
Permits, Licenses & Fees	100,000	926
Contingency	150,000	1,389
Water Sewer Tap Fee	50,000	463
Loan Fees	50,000	463
<b>Subtotal Hard Cost &amp; Site Improvements</b>	<b>\$8,800,000</b>	<b>\$81,481</b>
<b>FF&amp;E</b>		
Furniture Fixtures & Equipment	\$1,800,000	\$16,667
<b>Subtotal FFE &amp; OS&amp;E</b>	<b>1,800,000</b>	<b>\$16,667</b>
<b>Pre-Opening Costs and Working Capital</b>		
Pre-Operating Expenses/Supplies	\$125,000	\$1,157
Opening Cash Balance	100,000	926
Sales and Marketing	75,000	694
<b>Subtotal Pre-Opening and Working Capital</b>	<b>\$300,000</b>	<b>\$2,778</b>
<b>Soft Costs</b>		
Capitalized Interest	\$225,000	\$2,083
Design & Engineering	150,000	1,389
Franchise License	75,000	694
Financial, Taxes & Legal	60,000	556
Insurance and bonds	75,000	694
Special Inspections	15,000	139
<b>Subtotal Soft Costs</b>	<b>\$600,000</b>	<b>\$5,556</b>
<b>Subtotal (without Land and Developer's Fee)</b>	<b>\$11,500,000</b>	<b>\$106,481</b>
<b>Site Cost</b>	<b>\$1,200,000</b>	<b>\$11,111</b>
<b>Subtotal (without Developer's Fee)</b>	<b>\$12,700,000</b>	<b>\$117,593</b>
<b>Developer's Fee</b>	<b>\$500,000</b>	<b>\$4,630</b>
<b>Total</b>	<b>\$13,200,000</b>	<b>\$122,222</b>

**FIGURE 8-2 HVS COST ESTIMATE**

<b>Item</b>	<b>Cost</b>
Building, Pre-Opening & Working Capital, Soft Costs	\$9,774,000
Furniture, Fixtures, & Equipment	1,728,000
Land	1,200,000
Entrepreneurial Incentive	635,100
<b>Total Cost New Estimate (Rounded)</b>	<b>\$13,300,000</b>

**Mortgage Component**

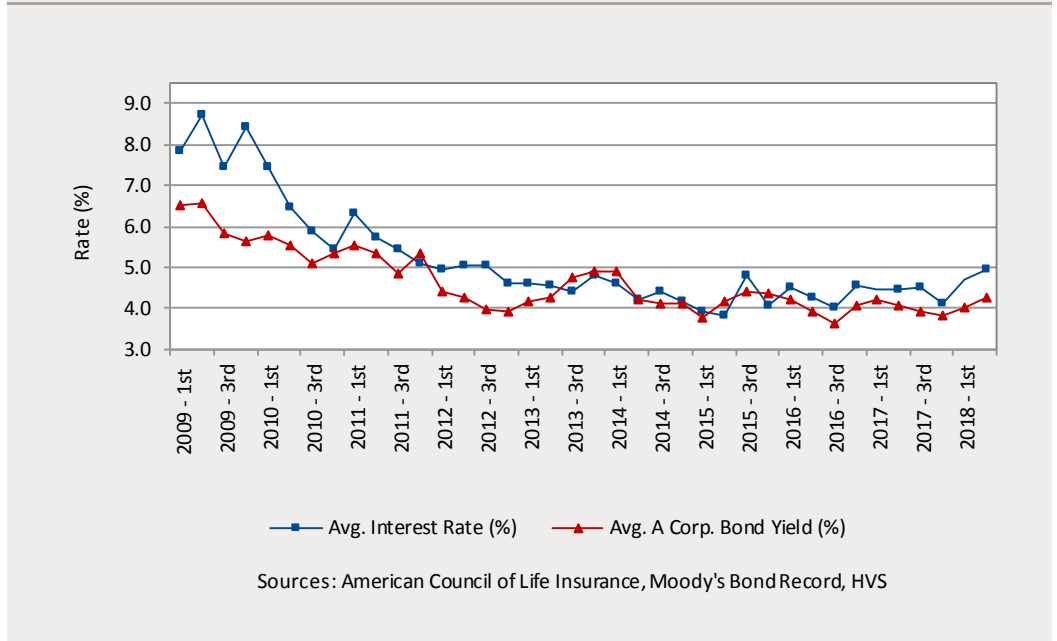
Hotel financing is available for most tiers of the lodging industry from a variety of lender types. The CMBS market is in a phase of strong activity, including lending in the hospitality sector. While many lenders remain active, underwriting standards are more stringent than ten years ago, and loan-to-value ratios remain in the 60% to 70% range. Lenders continue to be attracted to the lodging industry because of the higher yields generated by hotel financing relative to other commercial real estate, and the industry continues to perform strongly in most markets. Commercial banks, mortgage REITs, insurance companies, and CMBS and mezzanine lenders continue to pursue deals.

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

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

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

**FIGURE 8-3 AVERAGE MORTGAGE INTEREST RATES AND AVERAGE-A CORPORATE BOND YIELDS**



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

$$Y = 0.95736040 X + 0.75768730$$

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

The November 7, 2018, average yield on average-A corporate bonds, as reported by Moody's Investors Service, was 4.55%. When used in the previously presented equation, a factor of 4.55 produces an estimated hotel/motel interest rate of 5.11% (rounded).

Despite the recent interest-rate increases, hotel debt remains available at favorable interest rates from a variety of lender types as of late 2018 (e.g., CMBS, balance-sheet lenders, insurance companies, SBA lenders, and other sources). The most prevalent interest rates for single hotel assets are currently ranging from 5.0% to 7.0%, depending on the type of debt, loan-to-value ratio, and the quality of the asset and its market.

In addition to the mortgage interest rate estimate derived from this regression analysis, HVS constantly monitors the terms of hotel mortgage loans made by our institutional lending clients. Fixed-rate debt is being priced at roughly 250 to 500 basis points over the corresponding yield on treasury notes. As of November 7, 2018, the yield on the ten-year T-bill was 3.20%, indicating an interest rate range from 5.7% to 8.2%. The hotel investment market has been very active given the strong performance of this sector and low interest rates in recent years. The Federal Reserve raised the federal funds rate by 25 basis points in December 2016, March 2017, June 2017, March 2018, and June 2018; the Fed increased rates again in September 2018 to a range between 2.0% and 2.25%. Hotel mortgage interest rates have been affected modestly by the recent rate increases given the contraction in interest-rate spreads; however, future increases by the Fed raises the prospect of a higher cost of debt capital for hotel investors in late 2018 and 2019. Hotel values have not yet been affected by the rise in the Fed rate; furthermore, debt capital is expected to remain available at favorable interest rates in the near term. At present, we find that lenders that are active in the market are using loan-to-value ratios of 60% to 70%, and amortization periods of 20 to 30 years. Loan-to-value ratios in 2018 are not as robust as those from a couple of years ago, when ratios as high as 75% were available.

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the Ridgeland hotel market, it is our opinion that a 5.25% interest, 30-year amortization mortgage with a 0.066264 constant is appropriate for the proposed subject hotel. In the mortgage-equity analysis, we have applied a loan-to-cost ratio of 70%, which is reasonable to expect based on this interest rate and current parameters.

## Equity Component

The remaining capital required for a hotel investment generally comes from the equity investor. The rate of return that an equity investor expects over a ten-year holding period is known as the equity yield. Unlike the equity dividend, which is a short-term rate of return, the equity yield specifically considers a long-term holding period (generally ten years), annual inflation-adjusted cash flows, property appreciation, mortgage amortization, and proceeds from a sale at the end of the holding period. To establish an appropriate equity yield rate, we have used two sources of data: past appraisals and investor interviews.

**Hotel Sales** – Each appraisal performed by HVS uses a mortgage-equity approach in which income is projected and then discounted to a current value at rates reflecting the cost of debt and equity capital. In the case of hotels that were sold near the date of our valuation, we were able to derive the equity yield rate and unlevered discount rate by inserting the ten-year projection, total investment (purchase price and estimated capital expenditure and/or PIP) and debt assumptions into a

valuation model and solving for the equity yield. The overall capitalization rates for the historical income and projected first-year income are based on the sales price “as is.” The following table shows a representative sample of hotels that were sold on or about the time that we appraised them, along with the derived equity return and discount rates based on the purchase price and our forecast.



**FIGURE 8-4 SAMPLE OF HOTELS SOLD – BUDGET/ECONOMY**

Hotel	Location	Number of Rooms	Date of Sale	Total Property Yield	Equity Yield	Overall Rate Based on Sales Price		Gross Room Revenue Multiplier	
						Historical Year	Projected Year One	Historical Year	Projected Year One
Quality Inn & Suites	Santa Rosa, CA	68	Jul-18	10.2 %	17.0 %	13.9 %	9.2 %	4.5	4.7
Comfort Inn	Kokomo, IN	63	Jun-18	12.2	20.6	4.9	9.7	2.4	2.4
Baymont Inn & Suites	Kissimmee, FL	130	Jun-18	11.6	19.4	14.3	9.2	2.5	3.0
Suburban Extended Stay	Columbia, SC	120	May-18	13.4	23.2	10.6	9.3	3.1	2.6
Comfort Inn & Suites	Ft. Walton Beach, FL	75	May-18	11.9	19.7	7.3	8.3	4.0	3.7
Quality Inn	Colorado Springs, CO	88	May-18	12.6	21.8	9.8	10.1	3.4	3.4
Sanborn Inn	Salinas, CA	59	May-18	13.8	21.8	10.7	11.9	4.5	4.3
Holiday Inn Express & Suites	Andover, KS	77	May-18	10.9	19.5	2.3	7.0	3.3	3.2
Quality Inn & Suites	Austell, GA	71	May-18	12.4	21.0	7.7	9.4	3.4	3.3
Holiday Inn Express	Sandy, UT	88	May-18	11.9	20.7	8.7	10.2	3.4	3.4
Country Inn & Suites	Spring Lake, NC	85	Apr-18	12.7	23.9	9.8	10.1	3.4	3.2
Red Lion Inn & Suites	Bend, OR	75	Apr-18	10.9	18.8	14.3	12.1	2.3	2.2
Holiday Inn Express & Suites	Englewood, CO	92	Apr-18	10.8	18.6	5.9	4.1	3.8	4.3
Comfort Inn	Greenville, OH	55	Mar-18	12.1	19.7	9.5	9.7	2.7	2.7
Motel 6	Windsor Locks, CT	99	Mar-18	12.5	21.7	9.2	9.9	2.5	2.4
Fairfield Inn & Suites	North Charleston, SC	102	Mar-18	10.5	19.4	8.6	8.1	4.4	4.5
Comfort Suites	South Bend, IN	135	Mar-18	12.5	19.9	5.1	9.2	2.6	2.5
Holiday Inn Express & Suites	Marysville, WA	100	Mar-18	11.3	19.5	9.7	9.5	4.3	4.2
Sleep Inn SeaTac Airport	SeaTac, WA	105	Mar-18	10.8	18.6	7.2	8.3	5.1	4.7
AmericInn Lodge & Suites	New London, WI	49	Mar-18	10.7	17.9	6.9	8.6	3.4	3.3
Brookstone Lodge	Asheville, NC	73	Feb-18	11.2	19.4	6.9	9.4	4.4	4.1
Days Inn Danville	Danville, IL	102	Feb-18	13.0	22.3	9.4	10.7	3.1	2.8
Fairfield Inn & Suites	Indianapolis, IN	78	Feb-18	9.8	16.0	9.2	9.2	3.7	3.6
Best Western Plus	Madison, FL	58	Feb-18	12.6	21.3	10.8	10.7	3.3	3.2
Stay-Over Suites	Hopewell, VA	107	Feb-18	10.4	17.1	8.8	8.2	4.5	4.5
Fireside Inn & Suites	Auburn, ME	98	Feb-18	13.9	24.1	9.1	10.2	2.9	2.6
Motel 6 Indianapolis East	Indianapolis, IN	117	Feb-18	12.2	20.5	9.1	10.4	2.1	2.1
Econo Lodge Inn & Suites	Mesa, AZ	92	Jan-18	12.4	21.1	6.4	10.5	3.5	3.2
Quality Inn at Albany Mall	Albany, GA	82	Jan-18	11.5	19.2	13.4	9.1	2.8	3.2
Holiday Inn Express & Suites	Trinity, FL	87	Jan-18	10.4	18.8	8.4	9.1	4.4	4.2
Fairfield Inn & Suites Visalia	Tulare, CA	79	Jan-18	11.3	19.2	9.5	9.2	2.7	2.5
Best Western Hotel & Suites	Moreno Valley, CA	116	Dec-17	11.7	19.7	9.1	9.1	4.3	4.2
Candlewood Suites	South Bend, IN	72	Dec-17	12.6	21.3	9.9	10.3	2.9	2.8
Comfort Suites	Elkhart, IN	62	Dec-17	10.7	17.5	5.5	9.2	3.4	3.3
Days Inn	Yuba City, CA	50	Dec-17	10.4	18.6	7.7	8.7	4.6	3.7
Comfort Inn & Suites	Warsaw, IN	71	Dec-17	11.5	20.1	12.0	13.3	2.9	2.7
Howard Johnson Inn & Suites	Vallejo, CA	78	Dec-17	10.5	19.9	—	7.2	6.2	4.7
Fairfield Inn by Marriott	Tallahassee, FL	79	Dec-17	13.6	26.1	5.8	12.4	3.3	2.6

Source: HVS

**FIGURE 8-5 SAMPLE OF HOTELS SOLD - SELECT-SERVICE/EXTENDED-STAY**

Hotel	Location	Number of Rooms	Date of Sale	Total		Overall Rate Based on Sales Price	
				Property Yield	Equity Yield	Historical Year	Projected Year One
Courtyard by Marriott	Myrtle Beach, SC	157	Jun-18	11.3 %	19.4 %	8.9 %	9.2 %
SpringHill Suites	Fairfax, VA	140	Jun-18	9.3	17.9	6.7	7.0
Hampton Inn & Suites	Harrison, NJ	165	May-18	10.1	18.1	7.9	7.1
Aloft Silicon Valley	Newark, CA	174	May-18	10.0	17.0	7.3	7.6
SpringHill Suites	Centreville, VA	136	May-18	10.3	18.6	7.3	8.0
Staybridge Suites	Wilmington, NC	93	Apr-18	11.5	21.4	9.6	9.6
Aloft Harlem	New York, NY	124	Mar-18	9.8	15.5	6.0	3.8
Hampton Inn Financial District	New York, NY	81	Mar-18	8.3	12.7	4.5	5.0
Residence Inn by Marriott	Sacramento, CA	126	Feb-18	10.5	18.9	8.7	9.6
Hampton Inn Denver Southwest	Lakewood, CO	150	Feb-18	12.7	21.3	10.7	13.9
Hyatt Place	Chandler, AZ	129	Jan-18	9.4	15.7	7.5	6.8
Wyndham Garden	Greenville, SC	139	Jan-18	14.2	24.2	6.0	7.7
Hampton Inn Cincinnati	Fairfield, OH	100	Jan-18	12.2	20.9	10.5	10.7
Hampton Inn Atlanta	College Park, GA	127	Jan-18	9.3	15.0	10.1	10.0
Hampton Inn Atlanta Northwest	Atlanta, GA	127	Jan-18	14.9	26.1	11.0	10.0
Hilton Garden Inn Allentown West	Breinigsville, PA	111	Nov-17	10.8	18.9	8.1	8.6
Courtyard by Marriott Tucson Airport	Tucson, AZ	149	Nov-17	9.7	16.1	8.9	8.3
Hampton Inn Saint Augustine I-95	Saint Augustine, FL	67	Sep-17	11.9	21.0	11.3	10.8
Hampton Inn & Suites Palm Coast	Palm Coast, FL	94	Sep-17	12.5	21.2	10.2	10.6
Element Denver Park Meadows	Lone Tree, CO	123	Aug-17	10.3	18.7	5.9	8.1
SpringHill Suites by Marriott	Savannah, GA	79	Aug-17	12.1	20.8	4.0	9.3
TownePlace Suites by Marriott	Waco, TX	93	Aug-17	11.2	20.7	8.5	7.8
Courtyard SeaWorld Lackland	San Antonio, TX	96	Aug-17	11.0	18.9	7.9	7.8
Courtyard Kaua'i at Coconut Beach	Kapa'a, HI	311	Aug-17	11.5	19.4	6.4	4.1
Hampton Inn by Hilton Norfolk	Virginia Beach, VA	120	Jul-17	11.4	21.2	12.4	12.6
TownePlace Suites by Marriott	Tallahassee, FL	94	Jul-17	10.5	16.1	14.5	7.9
Hyatt Place US Capitol	Washington, D.C.	200	Jun-17	10.3	20.0	6.1	7.2
Hyatt Place San Jose Downtown	San Jose, CA	234	Jun-17	12.2	21.4	8.1	8.5
Courtyard by Marriott Boston	Cambridge, MA	207	Jun-17	9.0	14.9	5.5	6.0
Hilton Garden Inn Philadelphia	Fort Washington, PA	146	May-17	10.9	19.7	7.6	8.3
Hampton Inn Northlake	Atlanta, GA	121	May-17	11.5	20.0	9.4	9.6
Hyatt House Denver Airport	Denver, CO	123	May-17	11.5	21.9	7.0	8.7
Courtyard by Marriott Maui	Kahului, HI	138	May-17	8.1	12.7	6.0	6.0
Courtyard by Marriott	Rock Hill, SC	90	Apr-17	12.5	23.6	15.2	11.1
Hampton Inn	DeKalb, IL	80	Mar-17	10.7	19.1	6.9	8.1
Hampton Inn	Ridgefield Park, NJ	83	Mar-17	9.8	17.1	6.4	6.6
Courtyard by Marriott	Tulsa, OK	122	Mar-17	12.3	21.4	12.3	10.3
Hilton Garden Inn	Overland Park, KS	125	Feb-17	10.6	19.4	8.1	8.5

Source: HVS

**Investor Interviews** - During the course of our work, we continuously monitor investor equity-yield requirements through discussions with hotel investors and brokers. We find that equity yield rates currently range from a low in the low-to-mid teens for high-barrier-to-entry "trophy assets"; the upper teens for high quality, institutional-grade assets in strong markets; and the upper teens to low 20s for quality assets in more typical markets. Equity yield rates tend to exceed 20% for aging assets with functional obsolescence and/or other challenging property- or market-related issues. Equity return requirements also vary with an investment's level of leverage.

The following table summarizes the range of equity yields indicated by hotel sales and investor interviews. We note that there tends to be a lag between the sales data and current market conditions, and thus, the full effect of the change in the economy and capital markets may not yet be reflected.

**FIGURE 8-6 SUMMARY OF EQUITY YIELD OR INTERNAL RATE OF RETURN REQUIREMENTS**

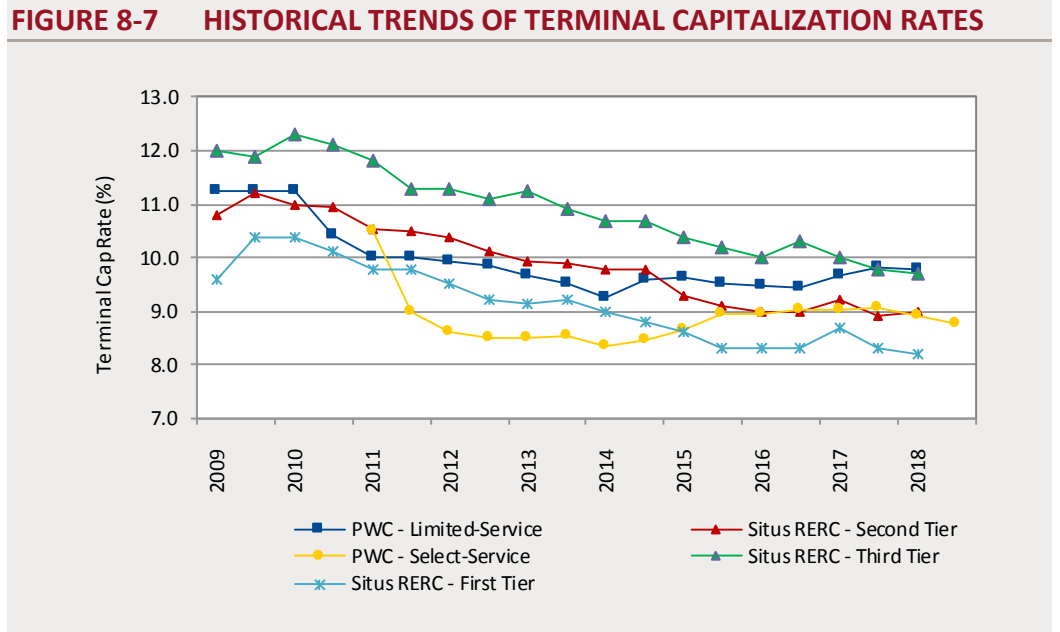
Source	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	12.7% - 22.9%	17.2%
HVS Hotel Sales - Select-Service & Extended-Stay	12.7% - 26.1%	19.1%
HVS Hotel Sales - Limited-Service	16% - 26.1%	20.1%
HVS Investor Interviews	13% - 25%	

Based on the assumed 70% loan-to-cost ratio, the risk inherent in achieving the projected income stream, and the anticipated market position of the subject property, it is our opinion that an equity investor could expect to receive a 19.5% internal rate of return over a 10-year holding period, assuming that the investor obtains financing at the time of the project's completion at the loan-to-cost ratio and interest rate set forth.

**Terminal Capitalization Rate**

Inherent in this valuation process is the assumption of a sale at the end of the ten-year holding period. The estimated reversionary sale price as of that date is calculated by capitalizing the projected eleventh-year net income by an overall terminal capitalization rate. An allocation for the selling expenses is deducted from this sale price, and the net proceeds to the equity interest (also known as the equity residual) are calculated by deducting the outstanding mortgage balance from the reversion.

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



**FIGURE 8-8 TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS**

<b>Source</b>	<b>Data Point Range</b>	<b>Average</b>
<i>HVS Brokers Survey - Fall 2018</i>		
Limited-Service & Economy Hotels	5.0% - 11.0%	8.8%
Select-Service Hotels	4.5% - 10.0%	8.3%
Full-Service Hotels	4.5% - 10.0%	7.7%
Luxury & Upper Upscale Hotels	5.0% - 10.0%	7.0%
<i>PWC Real Estate Investor Survey - 3rd Quarter 2018</i>		
Limited-Service Hotels	7.75% - 11.0%	9.4%
Select-Service Hotels	7.0% - 10.0%	8.8%
Full-Service Hotels	7.0% - 10.0%	8.4%
Luxury Hotels	5.5% - 9.5%	7.3%
<i>USRC Hotel Investment Survey - Mid-Year 2018</i>		
Full-Service Hotels	7.5% - 9.5%	8.3%
Limited-Service Hotels	8.0% - 9.5%	9.0%
<i>Situs RERC Real Estate Report - 2nd Quarter 2018</i>		
First Tier Hotels	7.0% - 11.3%	8.4%
Second Tier Hotels	7.5% - 12.0%	9.4%
Third Tier Hotels	7.3% - 13.0%	10.0%

For purposes of this analysis, we have applied a terminal capitalization rate of 9.50%. Our final position for the terminal capitalization rate reflects the current market for hotel investments and also considers the subject property's attributes. Terminal capitalization rates, in general, have remained stable over the past few years. Terminal cap rates are at the low end of the range for quality hotel assets in markets with high barriers to entry and at the high end of the range for older assets or for those suffering from functional obsolescence and/or weak market conditions, reflecting the market's recognition that certain assets have less opportunity for significant appreciation.

**Mortgage-Equity Method**

As the two participants in a real estate investment, investors and lenders must evaluate their equity and debt contributions based on their particular return requirements. After carefully weighing the risk associated with the projected economic benefits of a lodging investment, the participants will typically make their decision whether or not to invest in a hotel or resort by determining if their investment will provide an adequate yield over an established period. For the lender, this yield will typically reflect the interest rate required for a hotel mortgage over a period of what can range from seven to ten years. The yield to the equity

participant may consider not only the requirements of a particular investor, but also the potential payments to cooperative or ancillary entities such as limited partner payouts, stockholder dividends, and management company incentive fees.

The return on investment analysis in a hotel acquisition would not be complete without recognizing and reflecting the yield requirements of both the equity and debt participants. The analysis will now calculate the yields to the mortgage and equity participants during a ten-year projection period.

The annual debt service is calculated by multiplying the mortgage component by the mortgage constant.

Mortgage Component	\$9,304,000
Mortgage Constant	<u>0.066264</u>
Annual Debt Service	\$617,000

The yield to the lender based on a 70% debt contribution equates to an interest rate of 5.25%, which is calculated as follows.

**FIGURE 8-9 RETURN TO THE LENDER**

Year	Total Annual Debt Service		Present Worth of \$1 Factor at 5.2%	=	Discounted Cash Flow
2020/21	\$617,000	x	0.950484	=	\$586,000
2021/22	617,000	x	0.903419	=	557,000
2022/23	617,000	x	0.858685	=	530,000
2023/24	617,000	x	0.816166	=	504,000
2024/25	617,000	x	0.775753	=	479,000
2025/26	617,000	x	0.737341	=	455,000
2026/27	617,000	x	0.700830	=	432,000
2027/28	617,000	x	0.666128	=	411,000
2028/29	617,000	x	0.633144	=	391,000
2029/30	8,241,000 *	x	0.601793	=	<u>4,959,000</u>
			Value of Mortgage Component		\$9,304,000

\*10th year debt service of \$617,000 plus outstanding mortgage balance of \$7,625,000

The following table illustrates the cash flow available to the equity position, after deducting the debt service from the projected net income.

**FIGURE 8-10 NET INCOME TO EQUITY**

Year	Net Income Available for Debt Service	Total Annual Debt Service		Net Income to Equity
2020/21	\$875,000	-	\$617,000 =	\$258,000
2021/22	\$1,114,000	-	617,000 =	\$497,000
2022/23	\$1,234,000	-	617,000 =	\$617,000
2023/24	\$1,307,000	-	617,000 =	\$690,000
2024/25	\$1,346,000	-	617,000 =	\$729,000
2025/26	\$1,386,000	-	617,000 =	\$769,000
2026/27	\$1,428,000	-	617,000 =	\$811,000
2027/28	\$1,471,000	-	617,000 =	\$854,000
2028/29	\$1,515,000	-	617,000 =	\$898,000
2029/30	\$1,561,000	-	617,000 =	\$944,000

In order for the present value of the equity investment to equate to the \$3,987,000 capital outlay, the investor must accept a 20.0% return, as shown in the following table.

**FIGURE 8-11 EQUITY COMPONENT YIELD**

Year	Net Income to Equity		Present Worth of \$1 Factor at 20.0%		Discounted Cash Flow
2020/21	\$258,000	x	0.833389	=	\$215,000
2021/22	\$497,000	x	0.694538	=	345,000
2022/23	\$617,000	x	0.578821	=	357,000
2023/24	\$690,000	x	0.482383	=	333,000
2024/25	\$729,000	x	0.402013	=	293,000
2025/26	\$769,000	x	0.335033	=	258,000
2026/27	\$811,000	x	0.279213	=	226,000
2027/28	\$854,000	x	0.232693	=	199,000
2028/29	\$898,000	x	0.193924	=	174,000
2029/30	\$9,818,000 *	x	0.161614	=	1,587,000
Value of Equity Component					\$3,987,000

\*10th year net income to equity of \$943,727 plus sales proceeds of \$8,874,000

**Conclusion**

In determining the potential feasibility of the Proposed Holiday Inn Express & Suites Ridgeland, we analyzed the lodging market, researched the area’s economics,

reviewed the estimated development cost, and prepared a ten-year forecast of income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expense statements.

The conclusion of this analysis indicates that an equity investor contributing \$3,987,000 (roughly 30% of the \$13,300,000 development cost) could expect to receive a 20.0% internal rate of return over a ten-year holding period, assuming that the investor obtains financing at the time of the project's completion at the loan-to-value ratio and interest rate set forth. The proposed subject property has an opportunity to provide a lower-cost, limited-service lodging option in the Ridgeland market; currently, the limited-service properties closer to County Line Road are somewhat dated and do not benefit from the upscale shopping center at Colony Park, which will be expanding in future years. Based on our market analysis, there is sufficient market support for the proposed Holiday Inn Express & Suites. Our conclusions are based primarily on the performance of the existing Colony Park hotels and the shift of demand to that part of the Ridgeland market. Our review of investor surveys indicates equity returns ranging from 16.0% to 26.1%, with an average of 20.1%. Based on these parameters, it is our opinion that a market investor would require an equity return of 19.5%. The calculated return to the equity investor, 20.0%, is above the required return and within the range of market-level returns given the anticipated cost of \$13,300,000. As such, the project is considered to be feasible.

The analysis is based on the extraordinary assumption that the described improvements have been completed as of the stated date of opening. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed hotels in general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.



## 9. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a feasibility study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
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. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our 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 warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, 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 HVS, a division of TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

## 10. Certification

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

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Lauren Hock personally inspected the property described in this report; Adam R. Lair, MAI, and J. Carter Allen, MAI, participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. Lauren Hock provided significant assistance to Adam R. Lair, MAI, and J. Carter Allen, MAI, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report; neither Adam R. Lair, MAI, nor J. Carter Allen, MAI, has performed services, as an appraiser or in any other capacity, on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
10. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;

11. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
12. as of the date of this report, Adam R. Lair, MAI, and J. Carter Allen, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



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J. Carter Allen, MAI  
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## Adam Lair, MAI

### EMPLOYMENT

2011 to present

HVS CONSULTING AND VALUATION SERVICES  
San Francisco, California

2007 – 2011

AXIA VALUATION  
New Orleans, Louisiana

### EDUCATION AND OTHER TRAINING

BA – Louisiana State University

Litigation Professional Development Program, Appraisal Institute

*Other Specialized Training Classes Completed:*

National USPAP Course – 15 hours

National USPAP Course Updates (2012, 2014, 2016, 2017) – 7 hours

Basic Appraisal Principles – 30 hours

Basic Appraisal Procedures – 30 hours

Real Estate Finance, Statistics, Valuation Modeling – 15 hours

General Appraiser Market Analysis and Highest & Best Use – 30 hours

General Appraiser Sales Comparison Approach – 30 hours

General Appraiser Site Valuation and Cost Approach – 30 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Report Writing and Case Studies – 30 hours

Advanced Sales Comparison and Cost Approaches – 40 hours

Business Practices and Ethics – 7 hours

Advanced Concepts and Case Studies – 40 hours

Advanced Income Capitalization – 40 hours

Business Ethics – 5 hours

Supervisor Trainee – 4 hours

Florida Law Class – 3 hours

REO and Foreclosures – 5 hours

Basic Hotel Appraising – 7 hours

California Law Class – 4 hours

Nevada Law Class – 3 hours

Advanced Hotel Appraising – 7 hours

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**EDUCATION AND OTHER TRAINING (CONT'D)**

Risky Business – 5 hours  
 Mortgage Fraud – Protect Yourself – 7 hours  
 Even Odder – More Oddball Appraisals – 7 hours  
 Appraiser as an Expert Witness – 15 hours  
 Litigation Appraising – Specialized Topics – 15 hours  
 Condemnation Appraising – 21 hours  
 Appraisal of Ground Lease – 7 hours

**STATE CERTIFICATIONS**

Arizona, California, Hawaii, Louisiana, Mississippi, Nevada, Oregon

**PROFESSIONAL AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)

**SPEAKING AND LECTURE APPEARANCES**

The Lodging Conference 2017 – *Industry Overview, Hotel Market Insight Think Tank*  
 Trigild Lender Conference 2017 – *Property Update: Hotels*  
 Bisnow BLIS West 2017 – *The Future of Hotel Development*  
 Southern California 14<sup>th</sup> Chief Appraisers Meeting (2016) – *Hospitality Loan Appraisals – Assessing Real Risk*  
 The Lodging Conference 2016 – *Industry Overview, Hotel Market Insight Think Tank*  
 HP Hotels National Convention 2016 – *Industry Beat Panel*  
 Fishing for Solutions Conference 2016 – *Hotel Valuation Update*  
 The Lodging Conference 2015 – *Industry Overview, Hotel Market Insight Think Tank*  
 HVS Hotel Market Connections – *Atlanta 2013; New Orleans 2014, 2015, 2016; Los Angeles 2016*

**PUBLISHED ARTICLES**

*In Focus – New Orleans, Louisiana*

*HVS Journal*

“Five Key Takeaways – The Lodging Conference 2015,” co-authored with Brett Russell and Ryan Wall, October 2015

*HVS Journal*

“In Focus: 2014 HVS Greater New Orleans Lodging Report,” September 2014

*HVS Journal*

“Market Intelligence Report: 2013 New Orleans,” August 2013

*HVS Journal*

“HVS Hotel Market Intelligence Report: New Orleans, Louisiana,” January 2012

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**PORTFOLIO ANALYSIS**

Alliance Bank of AZ Portfolio of 9, Various Locations  
 Ashford Portfolio Valuation, Various Locations  
 Deutsche Bank Portfolio of 106, Various Locations  
 GE Franchise Finance Portfolio of 5, Georgia and South Carolina  
 GE Franchise Finance Portfolio of 10, Various Locations  
 GE Franchise Finance Portfolio of 7, Various Locations  
 JPMorgan Chase Portfolio of 18, Various Locations

**ALABAMA**

Holiday Inn Express, Auburn  
 Comfort Inn & Suites, Birmingham  
 Empire Hotel Autograph Collection, Birmingham  
 Hilton, Birmingham  
 Proposed Hotel, Birmingham  
 Best Western Daphne  
 City Lodge, Florence  
 Best Western, Gadsden  
 Country Inn & Suites, Homewood  
 Homewood Suites, Huntsville  
 Admiral Semmes Hotel, Mobile  
 Ashbury Hotel Conversion, Mobile  
 Comfort Inn, Mobile  
 Homewood Suites, Mobile  
 La Quinta Inn & Suites, Mobile  
 Proposed Tru by Hilton, Mobile  
 Best Western, Montgomery  
 Holiday Inn Express Auburn Opelika, Opelika  
 Proposed Hotel Village Tannin, Orange Beach  
 Proposed Courtyard, Phenix City  
 Quality Inn, Phenix City  
 Days Inn, Saraland

**ALASKA**

Courtyard by Marriott Anchorage Airport, Anchorage  
 Residence Inn by Marriott Anchorage Midtown, Anchorage  
 SpringHill Suites by Marriott Anchorage Midtown, Anchorage  
 SpringHill Suites by Marriott Anchorage University Lake, Anchorage

**ARIZONA**

Hilton Garden Inn, Avondale  
 Homewood Suites by Hilton, Avondale  
 Home2 Suites by Hilton Phoenix Chandler, Chandler  
 Proposed Holiday Inn Express Gilbert, Gilbert  
 Staybridge Suites Phoenix Glendale, Glendale  
 Proposed Fairfield Inn & Suites, Phoenix  
 Hotel San Carlos, Phoenix  
 Marriott Phoenix Airport, Phoenix  
 Courtyard by Marriott Scottsdale Old Town, Scottsdale  
 Hampton Inn, Surprise  
 Aloft Tucson University, Tucson  
 Downtown Clifton Hotel, Tucson  
 Palm Inn, Yuma

**ARKANSAS**

Candlewood Suites Rogers Bentonville, Bentonville  
 TownePlace Suites by Marriott Bentonville, Bentonville  
 Proposed Hotel Indigo, El Dorado  
 Candlewood Suites, Little Rock

**CALIFORNIA**

Hilton, Anaheim  
 Hotel Menage, Anaheim

Proposed Hotel Platinum Triangle, Anaheim  
 Sheraton Park Hotel, Anaheim  
 Proposed Hotel Antioch, Antioch  
 Quality Inn, Arcata  
 Hotel Metropole, Avalon  
 Claremont Resort & Spa, Berkeley  
 Embassy Suites, Brea  
 Proposed Hampton Inn, Brea  
 Proposed Hilton Garden Inn, Burbank  
 Proposed Staybridge Suites Cathedral City, Cathedral City  
 Staybridge Suites Cathedral City Golf Resort, Cathedral City  
 Sheraton, Cerritos  
 Radisson, Chatsworth  
 Proposed Holiday Inn Express, Chico  
 Proposed TownePlace Suites by Marriott, Chino Hills  
 Howard Johnson Inn & Suites, Chula Vista  
 Proposed WoodSpring Suites, Chula Vista  
 The GlenRoy, Coachella  
 Hyatt House Coachella, Coachella  
 Marriott Laguna Cliffs Resort & Spa, Dana Point  
 Proposed Five-Star Hotel at the Strand at Headlands, Dana Point  
 Proposed Four-Star Hotel at the Strand at Headlands, Dana Point  
 Proposed Luxury Hotel, Dana Point  
 Hallmark Inn UC Davis, Davis  
 Proposed Hotel, Duarte  
 Proposed Full-Service Hotel Dublin, Dublin  
 Courtyard by Marriott San Diego El Cajon, El Cajon  
 Hampton Inn & Suites LAX El Segundo, El Segundo  
 Proposed Hotel, Fairfield  
 Proposed Select-Service Hotel Foster City, Foster City  
 Hyatt Regency Orange County, Garden Grove  
 Marriott Suites, Garden Grove  
 Quality Inn & Suites, Gilroy



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Bacara Resort and Spa, Goleta	Proposed Hampton Inn & Suites Koreatown, Los Angeles	Tova Hotel & Beach Club, Palm Springs
The Goodland Hotel, Goleta	Proposed Hyatt Place & Hyatt House, Los Angeles	Element Palmdale, Palmdale
Proposed Grass Valley Hotel, Grass Valley	Proposed Morrison Hotel & Residences, Los Angeles	dusitD2 Hotel Constance, Pasadena
Proposed Lodge on Russian River, Guerneville	Proposed Spring Street Hotel, Los Angeles	Best Way Inn, Paso Robles
Proposed Home2 Suites by Hilton, Hanford	Mammoth Creek Inn, Mammoth Lakes	Sheraton Sonoma County Petaluma, Petaluma
Proposed Dual-Branded Hotel, Hawthorne	Proposed Hampton Inn & Suites, Marina	Proposed Limited-Service Hotel, Placerville
Proposed Healdsburg Suites, Healdsburg	SpringHill Suites by Marriott The Dunes On Monterey Bay, Marina	Proposed Hampton Inn & Suites, Rancho Cucamonga
Paséa Hotel & Spa, Huntington Beach	DoubleTree by Hilton, Monrovia	Proposed Holiday Inn Express Redwood City, Redwood City
Rodeway Inn, Imperial	Hotel Pacific, Monterey	Pullman San Francisco Bay Hotel, Redwood City
Proposed Tru by Hilton, Inglewood	Monterey Hotel, Monterey	Marina Bay Inn & Suites, Richmond
Homewood Suites by Hilton Irvine John Wayne Airport, Irvine	Proposed Ameswell Hotel, Mountain View	Proposed Hampton Inn Riverside, Riverside
Hyatt House Irvine John Wayne Airport, Irvine	Proposed Luxury Hotel, Mountain View	Proposed Hilton Garden Inn, Rohnert Park
Marriott, Irvine	Proposed Fairfield Inn Mule Creek, Mule Creek	Proposed Crowne Plaza, Rowland Heights
Proposed Element Hotel, Irvine	Residence Inn by Marriott Temecula Murrieta, Murrieta	Courtyard by Marriott, Sacramento
Best Western, Kettleman City	Hampton Inn & Suites Napa, Napa	Hampton Inn & Suites Sacramento at CSUS, Sacramento
Proposed Hotel, Kingsburg	Proposed Stanly Ranch, Napa	Proposed Hampton Inn & Suites, Sacramento
Hilton Torrey Pines, La Jolla	River Terrace Inn, Napa	Proposed Hilton Garden Inn, Sacramento
Coast Inn, Laguna Beach	SpringHill Suites by Marriott Napa Valley, Napa	TownePlace Suites by Marriott Cal Expo, Sacramento
Laguna Beach Motor Inn, Laguna Beach	Best Western Plus Marina Gateway, National City	Las Alcobas Hotel & Spa, Saint Helena
Montage Resort & Spa, Laguna Beach	Proposed Lankershim Hotel, North Hollywood	Fairmont Grand Del Mar, San Diego
Embassy Suites La Quinta Hotel & Spa, La Quinta	Proposed Select-Service Hotel, Northridge	Holiday Inn Express San Diego Seaworld Beach Area, San Diego
Proposed Extended-Stay Hotel Laguna Beach, Laguna Beach	Homewood Suites by Hilton Oakland, Oakland	Hotel Palomar, San Diego
Proposed Midscale Hotel Laguna Beach, Laguna Beach	Homewood Suites by Hilton Oakland Waterfront, Oakland	Proposed 2 Hotels Manchester Gateway, San Diego
Proposed Upscale Hotel Laguna Beach, Laguna Beach	Marriott Oakland City Center, Oakland	Proposed Manchester Gateway (Two Hotels), San Diego
Proposed La Quinta Inn, Lake Elsinore	Proposed Moxy, Oakland	Proposed Moxy San Diego, San Diego
Proposed Motel 6, Livingston	Proposed West Elm Hotel, Oakland	SpringHill Suites by Marriott San Diego Mission Valley, San Diego
Proposed Candlewood Suites, Lodi	Ojai Valley Inn & Spa, Ojai	The US Grant, a Luxury Collection Hotel, San Diego
Breakers Hotel, Long Beach	Embassy Suites Anaheim Orange, Orange	The Buchanan, San Francisco
Concourse Hotel at LAX, Los Angeles	Days Inn & Suites, Palmdale	Courtyard by Marriott San Francisco Downtown, San Francisco
Hyatt Regency Los Angeles International Airport, Los Angeles	L' Horizon Hotel and Spa, Palm Springs	
Proposed Broadway Hotel, Los Angeles		
Proposed Dual-Branded Hyatt Place/Hyatt House, Los Angeles		

Da Vinci Villa Hotel, San Francisco  
 Executive Hotel Vintage Court San Francisco, San Francisco  
 Hilton Parc 55, San Francisco  
 Hilton San Francisco Union Square, San Francisco  
 Hotel Diva, San Francisco  
 Hotel Triton San Francisco, San Francisco  
 Hotel Union Square, San Francisco  
 Hotel Zelos San Francisco, San Francisco  
 Marines Memorial Club & Hotel, San Francisco  
 Proposed Hotel 744 Harrison, San Francisco  
 Proposed Hyatt Place, San Francisco  
 Proposed Meininger San Francisco, San Francisco  
 Proposed Signature Inn San Francisco, San Francisco  
 Proposed SoMa Hotel, San Francisco  
 Proposed Yotel, San Francisco  
 Ritz-Carlton, San Francisco  
 Dual-Branded Residence Inn/SpringHill Suites by Marriott San Jose Airport, San Jose  
 Fairmont San Jose, San Jose  
 Proposed Cambria Hotel & Suites, San Jose  
 Proposed Wingate Hotel, San Jose  
 Residence Inn by Marriott San Jose Airport, San Jose  
 Embassy Suites San Luis Obispo, San Luis Obispo  
 DoubleTree by Hilton Club Orange County Airport, Santa Ana  
 Embassy Suites Santa Ana Orange County Airport North, Santa Ana  
 Hotel In Development, Santa Clara  
 Proposed Dual-Brand Hotel, Santa Clara  
 Proposed Hampton Inn & Suites Santa Ana, Santa Ana  
 Dream Inn, Santa Cruz  
 Hyatt Place, Santa Cruz  
 Proposed La Bahia Hotel, Santa Cruz

Quality Inn & Suites, Santa Maria  
 Proposed La Quinta, Santa Maria  
 Proposed Hyatt Place, Santa Rosa  
 Proposed Hotel, Santa Rosa  
 Proposed La Quinta, Santa Rosa  
 Proposed Hotel Santee, Santee  
 Magic Carpet Lodge, Seaside  
 Proposed Dual-Branded Simi Valley Hotel, Simi Valley  
 The Landsby, Solvang  
 MacArthur Place, Sonoma  
 Proposed B&B, Sonoma  
 Lake Tahoe Resort, South Lake Tahoe  
 Proposed Hampton Inn & Suites, Sunnyvale  
 Quality Inn & Suites, Sunnyvale  
 Proposed Hotel Mount Palomar Winery, Temecula  
 Proposed Upscale Suites Temecula, Temecula  
 Fairfield Inn & Suites Visalia Tulare, Tulare  
 Hampton Inn, Union City  
 Great Western Inn (Conversion to Scottish Inn), Vallejo  
 Marriott Ventura Beach, Ventura  
 Proposed Hampton Inn, Walnut Creek  
 Proposed Home2 Suites by Hilton, Walnut Creek  
 Proposed Hyatt Place Walnut Creek, Walnut Creek  
 Proposed Residence Inn Walnut Creek, Walnut Creek  
 Renaissance ClubSport, Walnut Creek  
 The Charlie Hotel, West Hollywood  
 Radisson, Whittier  
 Proposed Extended Stay Hotel, Woodland  
 Proposed Select-Service Hotel, Woodland Hills

#### **COLORADO**

Proposed Hotel Glacier Club, Durango  
 Fairfield Inn by Marriott, Steamboat Springs  
 The Peaks Resort and Spa, Telluride

#### **DISTRICT OF COLUMBIA**

Proposed Cambria Suites

#### **FLORIDA**

Proposed Hotel Florida Atlantic University, Boca Raton  
 Proposed Select-Service Hotel, Boca Raton  
 Wyndham Hotel, Boca Raton  
 Proposed Dual-Branded Residence Inn/SpringHill Suites by Marriott, Clearwater Beach  
 Hampton Inn, Clermont  
 Proposed Ascend Hotel, Dania Beach  
 Daytona Beach Resort, Daytona Beach  
 Westin, Daytona Beach  
 Hampton Inn Miami Airport West, Doral  
 Proposed Hotel, Hallandale Beach  
 Proposed Radisson Blu, Hallandale Beach  
 Hampton Inn & Suites Fort Lauderdale Airport, Hollywood  
 Hyatt Regency Jacksonville Riverfront, Jacksonville  
 Ramada Baymeadows Hotel & Conference Center, Jacksonville  
 Comfort Inn, Jupiter  
 La Quinta Inn & Suites, Jupiter  
 Proposed Hotel, Key Largo  
 Magnuson Grand Hotel Maingate West, Kissimmee  
 Proposed TownePlace Suites by Marriott, Lakeland  
 Hilton Garden Inn, Lake Mary  
 Hampton Inn & Suites, Largo  
 Holiday Inn Express Hotel & Suites, Largo  
 Courtyard by Marriott, Madeira Beach  
 Proposed Courtyard by Marriott, Marathon  
 Candlewood Suites, Melbourne  
 Proposed Hotel Dadeland Mall, Miami  
 Turnberry Isle, Miami

Proposed Hyatt Place Grand  
 Boulevard, Miramar Beach  
 Proposed Hotel Indigo Grand  
 Boulevard, Miramar Beach  
 Proposed Downtown Hotel, Naples  
 DoubleTree by Hilton at SeaWorld,  
 Orlando  
 Fairfield Inn, Orlando  
 Proposed Candlewood Suites, Orlando  
 Proposed Dual-Brand Hotel (Lake  
 Buena Vista), Orlando  
 Proposed Residence Inn by Marriott,  
 Orlando  
 Proposed Resort Hotel (Bonnet Creek),  
 Orlando  
 Proposed Wyndham Garden Inn  
 Orlando International Airport,  
 Orlando  
 Marriott, Palm Beach Gardens  
 Microtel Inn & Suites, Panama City  
 Proposed Hotel, Panama City  
 Wyndham Bay Point Resort, Panama  
 City Beach  
 Proposed Hotel, Pensacola  
 PG Waterfront Hotel & Suites, Punta  
 Gorda  
 Hilton Garden Inn Tampa Southeast,  
 Riverview  
 SpringHill Suites by Marriott, Sarasota  
 Hilton Garden Inn, Tallahassee  
 Proposed Hyatt Place, Tallahassee  
 Westin Harbor Island, Tampa

## GEORGIA

Clermont Hotel, Atlanta  
 Comfort Inn, Atlanta  
 Country Inn, Atlanta  
 Crowne Plaza Ravinia, Atlanta  
 Hampton Inn Atlanta Northlake,  
 Atlanta  
 Hampton Inn & Suites by Hilton  
 Atlanta Perimeter Dunwoody,  
 Atlanta  
 Proposed Convention Center Hotel,  
 Atlanta  
 Proposed Element, Atlanta

Proposed Hotel, Atlanta  
 Quality Inn, Atlanta  
 Ritz-Carlton Downtown, Atlanta  
 Savannah Suites, Atlanta  
 Westin Perimeter North, Atlanta  
 Proposed Home2 Suites, Augusta  
 Proposed Residence Inn by Marriott,  
 Augusta  
 Hilton Garden Inn, College Park  
 Proposed Hotel, College Park  
 Quality Inn & Suites, College Park  
 Proposed Convention Hotel, Columbus  
 Best Western Plus, Conyers  
 Proposed Hotel UNG, Dahlonega  
 Proposed Residence Inn by Marriott,  
 Decatur  
 Proposed Boutique Hotel, Douglas  
 County  
 Proposed Lodge & Villas at Foxhall,  
 Douglas County  
 Proposed Westin Foxhall, Douglas  
 County  
 Proposed Home2 Suites, Hindsville  
 Proposed Hotel, Marietta  
 Radisson Hotel, Marietta  
 Cambria Suites, Savannah  
 Quality Inn, Savannah  
 Proposed Fairfield Inn & Suites,  
 Stockbridge  
 Fairfield Inn & Suites, Valdosta

## HAWAII

Grand Naniloa Hotel Hilo a DoubleTree  
 by Hilton, Hilo  
 Hawaii Prince Hotel Waikiki & Golf  
 Club, Honolulu  
 Hilton Hawaiian Village Waikiki Beach  
 Resort, Honolulu  
 Hyatt Centric Waikiki Beach, Honolulu  
 Polynesian Plaza, Honolulu  
 Turtle Bay Resort, Kahuku  
 Courtyard by Marriott Maui Kahului  
 Airport, Kahului  
 Coco Palms Resort, Kapa'a  
 Ritz-Carlton, Kapalua  
 Fairmont Orchid Hawaii Hotel, Kohala

Montage Kapalua Bay, Lahaina  
 Westin Maui Resort & Spa Ka'anapali,  
 Lahaina  
 Westin Maui Resort & Spa Ka'anapali,  
 Lahaina  
 Four Seasons Resort Maui at Wailea,  
 Wailea-Makena  
 Hapuna Beach Prince Hotel, Waimea  
 Mauna Kea Beach Hotel, Autograph  
 Collection, Waimea

## ILLINOIS

Allegro, Chicago  
 InterContinental Chicago Magnificent  
 Mile, Chicago  
 Hampton Inn, Rockford  
 Country Inn & Suites by Carlson,  
 Romeoville

## INDIANA

Hilton, Indianapolis  
 Holiday Inn Express, Indianapolis  
 Proposed Hyatt-Branded Hotel,  
 Indianapolis  
 Proposed Embassy Suites, Noblesville  
 Comfort Suites University Area, South  
 Bend  
 Hampton Inn, Warsaw

## IOWA

Proposed Courtyard by Marriott at  
 Mid-America Center, Council Bluffs  
 Fairfield Inn by Marriott, West Des  
 Moines  
 SpringHill Suites by Marriott, West Des  
 Moines

## KANSAS

Proposed Crowne Plaza, Aquatic  
 Center, and Sports Complex,  
 Goddard  
 Proposed Element WSU Innovation  
 Campus, Wichita

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**KENTUCKY**

Comfort Inn, Glasgow  
 Comfort Inn, Harlan

**LOUISIANA**

Best Western Richmond Suites, Baton Rouge  
 Crestwood Suites, Baton Rouge  
 Holiday Inn, Baton Rouge  
 Knights Inn, Baton Rouge  
 Radisson, Baton Rouge  
 Country Inn & Suites by Carlson, Covington  
 Proposed Holiday Inn Express, Donaldsonville  
 Holiday Inn Express, Eunice  
 Proposed Crowne Plaza and Sports Complex, Goddard  
 La Quinta Inn & Suites, Gonzales  
 TownePlace Suites by Marriott, Gonzales  
 Proposed Hotel, Hackberry  
 Proposed Home2 Suites by Hilton, Harvey  
 Sun Suites, Harvey  
 Travelodge, Harvey  
 Courtyard by Marriott, Houma  
 Holiday Inn, Houma  
 Proposed Holiday Inn Express, Houma  
 Days Inn, Jennings  
 Hampton Inn & Suites, Jennings  
 Crowne Plaza, Kenner  
 Proposed WoodSpring Suites, Kenner  
 America's Best Suites, Lake Charles  
 Comfort Inn, Lake Charles  
 Courtyard by Marriott, Lake Charles  
 Proposed Staybridge Suites, Lake Charles  
 Super 8, Lake Charles  
 Wingate Inn, Lake Charles  
 Holiday Inn Express Hotel & Suites, LaPlace  
 Proposed Hotel at Belle Terre, LaPlace

Proposed TownePlace Suites by Marriott, LaPlace  
 Courtyard by Marriott, Metairie  
 Residence Inn by Marriott, Metairie  
 Sun Suites, Metairie  
 Proposed Hotel Monroe, Monroe  
 Comfort Inn & Suites Downtown New Orleans, New Orleans  
 Country Inn & Suites by Carlson French Quarter, New Orleans  
 Courtyard by Marriott Convention Center, New Orleans  
 Courtyard by Marriott French Quarter, New Orleans  
 Courtyard by Marriott Monroe Airport, Monroe  
 DoubleTree by Hilton, New Orleans  
 Days Inn Canal Street Historic District, New Orleans  
 Historic Street Car Inn, New Orleans  
 Hotel Modern, New Orleans  
 Hyatt Regency, New Orleans  
 InterContinental, New Orleans  
 Maison St. Charles Hotel, New Orleans  
 Marriott New Orleans at the Convention Center, New Orleans  
 O'Keefe Plaza Hotel, New Orleans  
 NOPSI Hotel, New Orleans  
 Pontchartrain Hotel, New Orleans  
 Proposed Alder Hotel, New Orleans  
 Proposed BioDistrict Hotel, New Orleans  
 Proposed Boutique Hotel, New Orleans  
 Proposed Extended-Stay Hotel, New Orleans  
 Proposed Hotel, New Orleans  
 Proposed Hotel Reconcile, New Orleans  
 Proposed Hotel St. Vincent, New Orleans  
 Proposed Hyatt House, New Orleans  
 Proposed Luxury Boutique Hotel, New Orleans  
 Proposed Maestri Hotel, New Orleans  
 Proposed Moxy, New Orleans  
 Proposed Residence Inn by Marriott, New Orleans

Proposed Thompson, New Orleans  
 Proposed TownePlace Suites by Marriott, New Orleans  
 Roosevelt Hotel, New Orleans  
 Royal St Charles Hotel, New Orleans  
 SpringHill Suites Convention Center, New Orleans  
 Westin New Orleans Canal Place, New Orleans  
 Whitney Hotel, New Orleans  
 Windsor Court Hotel, New Orleans  
 Wyndham Riverfront, New Orleans  
 Proposed La Quinta Inn & Suites, Port Allen  
 Proposed Boutique Hotel at The Bluffs, St. Francisville  
 Comfort Inn & Suites, Slidell  
 Proposed SpringHill Suites by Marriott, Slidell,  
 Proposed TownePlace Suites by Marriott, Slidell  
 Holiday Inn Lake Charles West Sulphur, Sulphur  
 Hampton Inn & Suites, Thibodaux

**MAINE**

Econo Lodge, Freeport

**MARYLAND**

Holiday Inn Express Hunt Valley, Hunt Valley  
 Proposed Aloft Hotel, Ocean City  
 Ramada Inn, Perryville  
 Comfort Inn Beacon Marina, Solomons  
 Quality Inn Econo Lodge, Takoma Park

**MICHIGAN**

Comfort Inn, Lansing

**MINNESOTA**

Proposed Hampton Inn, St. Paul

**MISSISSIPPI**

Proposed Tru by Hilton, Biloxi  
 Hampton Inn, Canton  
 Proposed Cotton House Hotel,  
 Cleveland  
 Proposed Statesman Hotel, Cleveland  
 Home2 Suites by Hilton, D'Iberville  
 Proposed Hotel, Flowood  
 Best Western Seaway, Gulfport  
 Proposed Hampton Inn & Suites,  
 Gulfport  
 Sun Suites, Gulfport  
 Sun Suites, Hattiesburg  
 Hampton Inn Jackson North, Jackson  
 Proposed Hotel University of  
 Mississippi Medical Center, Jackson  
 Proposed Boutique Hotel, Kosciusko  
 Comfort Inn, Laurel  
 Hampton Inn & Suites, McComb  
 Super 8, Moss Point  
 Graduate Oxford, Oxford  
 Home2 Suites by Hilton, Oxford  
 Proposed Home2 Suites by Hilton,  
 Oxford  
 Proposed Hyatt Place, Oxford  
 Proposed WoodSpring Suites, Pearl  
 America's Best Inns & Suites, Tupelo

#### **MONTANA**

Holiday Inn, Billings  
 Super 8, Billings  
 TownePlace Suites by Marriott,  
 Billings  
 Proposed Residence Inn by Marriott  
 Missoula Merc, Missoula

#### **NEVADA**

Proposed Tru by Hilton and Home2  
 Suites, Henderson  
 SpringHill Suites and TownePlace  
 Suites by Marriott, Henderson  
 Holiday Inn Express Nellis, Las Vegas  
 Howard Johnson on East Tropicana,  
 Las Vegas

#### **NEW HAMPSHIRE**

Country Inn & Suites, New Bedford

#### **NEW JERSEY**

Ramada, Bordentown  
 Motel 6, Brooklawn  
 Comfort Inn, Princeton  
 Proposed Courtyard by Marriott,  
 Wayne

#### **NEW MEXICO**

TownePlace Suites by Marriott,  
 Roswell  
 Hyatt Regency Tamaya Resort & Spa,  
 Santa Ana Pueblo

#### **NEW YORK**

Comfort Inn, Jamaica  
 Proposed DoubleTree, Niagara Falls  
 Proposed Comfort Inn, Scotia  
 Best Western New Baltimore Inn, West  
 Coxsackie

#### **NORTH CAROLINA**

Proposed Hotel – Biltmore Estate,  
 Asheville  
 Sheraton, Atlantic Beach  
 Proposed Autograph by Marriott,  
 Brights Creek  
 Proposed Radisson Blu, Brights Creek  
 Proposed TownePlace Suites by  
 Marriott, Boone  
 Carowinds Proposed Hotel, Charlotte  
 Comfort Suites, Greensboro  
 Proposed Wyndham, Greensboro  
 Courtyard by Marriott, Raleigh  
 Proposed Indigo, Wilmington  
 Proposed Hotel, Winston-Salem

#### **OHIO**

Holiday Inn Youngstown South,  
 Boardman  
 Econo Lodge, Columbus  
 Hampton Inn, Streetsboro

#### **OKLAHOMA**

Proposed Dual-Brand Hotel,  
 Tahlequah

#### **OREGON**

Proposed 930 SW Third Avenue Hotel,  
 Portland  
 Proposed Hotel Chamberlain, Portland  
 Proposed Hyatt-Branded Hotel,  
 Portland

#### **PENNSYLVANIA**

Comfort Suites, Monaca  
 Aloft Philadelphia Airport,  
 Philadelphia  
 Four Points by Sheraton Philadelphia  
 Airport, Philadelphia  
 Proposed Aloft Liberty Building,  
 Philadelphia  
 Hilton, Scranton  
 Crowne Plaza, Trevoise  
 Comfort Inn & Suites, Washington

#### **RHODE ISLAND**

NYLO Hotel, Warwick

#### **SOUTH CAROLINA**

Charleston Place, Charleston  
 Comfort Inn, Charleston  
 Proposed Limelight Hotel at Seven  
 Calhoun, Charleston  
 Proposed Radisson Hotel, Charleston  
 Comfort Suites, Lexington  
 Crown Reef Resort, Myrtle Beach  
 Proposed Full-Service Hotel, North  
 Charleston  
 Proposed Hyatt Place, Rock Hill

Proposed Hotel, Seabrook Island

**SOUTH DAKOTA**

Days Inn Sioux Falls North, Sioux Falls

**TENNESSEE**

Sheraton Road House, Chattanooga  
 Wingate by Wyndham, Cordova  
 Comfort Inn & Suites, Germantown  
 Proposed Marriott-Branded Hotel, Lebanon  
 Proposed Hotel & Conference Center, Memphis  
 Proposed Tapestry Collection at Overton Square, Memphis  
 Holston House, Nashville  
 Proposed Hyatt Collection, Nashville  
 Proposed Lifestyle Hotel, Nashville

**TEXAS**

Proposed Holiday Inn Express, Baytown  
 Days Inn, Beaumont  
 Howard Johnson, Beaumont  
 Homewood Suites by Hilton, College Station  
 Fairfield Inn & Suites Dallas North Galleria, Dallas  
 Proposed 1401 Elm Street Hotel, Dallas  
 Ramada, Dallas  
 Days Inn, Decatur  
 Hampton Inn, Eagle Pass  
 La Quinta Inn El Paso Cielo Vista, El Paso  
 Candlewood Suites DFW Airport South, Fort Worth  
 Holiday Inn DFW Airport South, Fort Worth  
 Best Western, Houston  
 Proposed Staybridge Suites, Houston  
 NYLO Dallas Las Colinas, Irving  
 Residence Inn by Marriott, Irving

Proposed Home2 Suites by Hilton, Kingwood  
 Homewood Suites by Hilton, Longview  
 Home2 Suites by Hilton, Lubbock  
 Comfort Suites, Midland  
 Quality Suites, Midland  
 Hampton Inn & Suites, Pasadena  
 Proposed Residence Inn by Marriott, Pasadena  
 NYLO Hotel, Plano  
 Staybridge Suites, Plano  
 Hyatt Place NW Medical Center, San Antonio  
 Quality Inn, San Antonio  
 Proposed Holiday Inn, The Colony  
 Proposed Residence Inn by Marriott, Waco  
 Proposed Tru by Hilton, Waco

**UTAH**

Hilton Garden Inn, Layton  
 Home2 Suites by Hilton, Layton  
 Proposed Homewood Suites by Hilton, Moab  
 Hampton Inn & Suites Salt Lake City Airport, Salt Lake City

**VIRGINIA**

Alexandria Monaco, Alexandria  
 Morrison House, Alexandria  
 Comfort Suites, Manassas  
 Proposed Hampton Inn/Homewood Suites, Richmond  
 Quality Inn West End, Richmond  
 Sheraton Roanoke Hotel & Conference Center, Roanoke

**WASHINGTON**

The Roosevelt, Seattle  
 Candlewood Suites Vancouver-Camas, Vancouver

**WISCONSIN**

Ramada, Fond du Lac

**WYOMING**

Holiday Inn, Cheyenne

# State of Mississippi

## Mississippi Real Estate Appraiser Licensing and Certification Board

*This is to certify that* ADAM ROSS LAIR  
*Whose place of business* 8134 BIG BEND BLVD  
*is located at* WEBSTER GROVES, MO 63119

*License Number* GA-1294  
ORIGINALLY LICENSED N-R  
09/13/2018

is duly licensed as a **State Certified General Real Estate Appraiser** in the State of Mississippi from the date of issuance. The license will remain in force when properly supported by a current pocket identification card. In witness thereof, the **MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD** has caused this license to be issued by virtue of the authority vested in it by Section 73-74 of the Mississippi Code of 1972 annotated.

In witness thereof, we have caused the Official Seal to be affixed,  
this the 13th day of September, 2018.

Mississippi Real Estate Appraisal Board

  
ADMINISTRATOR



## J. Carter Allen, MAI

### EMPLOYMENT

2011 to present	HVS CONSULTING AND VALUATION SERVICES Houston, Texas
2010 – 2011	PI KAPPA PHI PROPERTIES, INC. Charlotte, North Carolina
2009	CENTERPOINTE HOTELS Houston, Texas
2008	THE HOUSTONIAN Houston, Texas

### EDUCATION AND OTHER TRAINING

BS –Hilton College of Hotel and Restaurant Management, University of Houston

#### *Other Specialized Training Classes Completed:*

Uniform Standards of Professional Appraisal Practice – 15 hours  
 Basic Appraisal Procedures – 30 hours  
 Basic Appraisal Principles – 30 hours  
 General Appraiser Income Approach (Parts I and II) – 60 hours  
 General Appraiser Market Analysis and HBU – 30 hours  
 General Appraiser Site Valuation and Cost Approach – 30 hours  
 General Appraiser Sales Comparison Approach – 30 hours  
 Statistics, Modeling and Finance – 15 hours  
 Business Practices and Ethics – 7 hours  
 General Appraiser Report Writing and Case Studies – 30 hours  
 Advanced Income Capitalization – 30 hours  
 Advanced Market Analysis and HBU – 35 hours  
 Advanced Concepts & Case Studies – 40 hours  
 Quantitative Analysis – 35 hours  
 General Comp Writing – 7 hours  
 General Demonstration Report – Capstone Program  
 FL Law – 3 hours  
 Appraiser as an Expert Witness – 15 hours  
 Advanced Hotel Appraising – 7 hours  
 Basic Hotel Appraising – 7 hours  
 TX Supervisor/Trainee – 4 hours  
 USPAP Update – 2014, 2016



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**STATE CERTIFICATION**

Arkansas, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Ohio, Texas

**PROFESSIONAL  
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)  
Urban Land Institute

**PUBLISHED ARTICLES**

*HVS Journal* “Market Pulse: Houston, TX,” February 2017

*HVS Journal* “In Focus: Nashville, TN,” August 2016

*HVS Journal* “Four Key Takeaways: 2015 Hotel Data Conference,” August 2015

*HVS Journal* “In Focus: Nashville, TN,” co-authored with Jai Patel, September 2014

*HVS Journal* “In Focus: Galveston, TX,” co-authored with Priscilla Huynh, May 2014

*HVS Journal* “Eagle Ford Shale Brings Hotel Demand, Development to South Texas,” April 2013

*HVS Journal* “HVS Market Intelligence Report: Frisco, Texas,” January 2012

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**ALABAMA**

Hampton Inn by Hilton Mobile, Daphne  
 Hilton Garden Inn, Daphne  
 Homewood Suites by Hilton, Daphne  
 Hampton Inn by Hilton Bellingrath Gardens, Mobile  
 Comfort Inn & Suites, Montgomery  
 Wingate Inn, Montgomery  
 Proposed Home2 Suites by Hilton, Oxford

**ARIZONA**

Desert Rose Inn, Benson  
 Proposed Home2 Suites, Tempe  
 Best Western Tombstone  
 Western Inn, Tucson  
 Motel 6, Tucson  
 Windemere Hotel, Tucson

**ARKANSAS**

Comfort Inn & Suites, Fayetteville  
 La Quinta Inns & Suites, Fayetteville

**CALIFORNIA**

Proposed Cambria Suites, El Segundo  
 La Quinta Inn & Suites, Fresno  
 Embassy Suites, Lompoc  
 Proposed Hotel, Merced  
 Best Western Ivy, Napa  
 River Terrace Inn, Napa  
 Holiday Inn Airport, San Francisco  
 Embassy Suites San Luis Obispo, San Luis Obispo  
 Embassy Suites Santa Ana Orange County Airport North, Santa Ana  
 Mission Inn, Santa Cruz  
 Embassy Suites Temecula Valley Wine Country, Temecula  
 Marriott, Walnut Creek

Motel 6, Yreka

**COLORADO**

Proposed Gaylord Rockies Hotel & Convention Center, Aurora  
 Element by Westin, Basalt  
 Quality Inn & Suites, Denver  
 Inverness Resort and Conference Center, Englewood  
 Hampton Inn & Suites by Hilton, Silverthorne

**CONNECTICUT**

Proposed Steelpointe Harbor Hotel, Bridgeport

**DELAWARE**

Proposed Marriott SpringHill Suites, Newark

**DISTRICT OF COLUMBIA**

Proposed Courtyard by Marriott  
 Proposed Residence Inn by Marriott  
 Residence Inn by Marriott Washington DC Vermont Avenue

**FLORIDA**

Tween Waters Inn, Captiva  
 JW Marriott (Redevelopment of the Wyndham Garden), Clearwater Beach  
 Proposed Dual-Branded Residence Inn/SpringHill Suites, Clearwater Beach  
 Value Place, Clermont  
 Hyatt Place, Fort Lauderdale  
 Renaissance Fort Lauderdale Cruise Port Hotel, Fort Lauderdale  
 Crestwood Suites, Fort Myers  
 Holiday Inn Express, Fort Myers  
 Proposed Hilton, Miami Beach

Fairfield Inn & Suites by Marriott, Ocoee  
 Crestwood Suites of Orlando Disney, Orlando  
 Crestwood Suites of Orlando UCF, Orlando  
 Proposed Best Western GLo, Orlando  
 Value Place Clarcona, Orlando  
 Days Inn, Pensacola  
 Saint Augustine Beachfront Resort, Saint Augustine  
 Proposed Hotel, St. Petersburg  
 Beachview Cottages, Sanibel Island  
 Castaways Beach & Bay Cottages, Sanibel Island  
 West Wind Inn, Sanibel Island  
 Comfort Inn, Sarasota  
 Days Inn, Sarasota  
 Holiday Inn Express, Sarasota  
 Proposed Extended-Stay Hotel, Surfside  
 Courtyard by Marriott North, Tampa  
 Marriott Waterside Hotel & Marina, Tampa  
 Staybridge Suites, Tampa  
 Wingate by Wyndham, Tampa  
 Marriott, West Palm Beach

**GEORGIA**

Proposed Courtyard by Marriott, Alpharetta  
 Georgia Tech Hotel & Conference Center, Atlanta  
 Hilton Garden Inn Atlanta Airport/Millennium Center, College Park  
 Proposed Home2 Suites by Hilton, Jekyll Island  
 Proposed Hampton Inn & Suites, Kennesaw  
 Residence Inn by Marriott Savannah Downtown Historic District, Savannah  
 Best Western, Union City

**HAWAII**

Marriott Waikoloa Beach Resort & Spa,  
Waikoloa

**ILLINOIS**

Proposed Extended-Stay Hotel,  
Bolingbrook  
Proposed Residence Inn by Marriott,  
Bolingbrook  
Proposed Holiday Inn Express,  
Bridgeview  
Le Méridien, Indianapolis

**KANSAS**

Baymont Inn & Suites, Lawrence  
Value Place, Lenexa

**KENTUCKY**

Proposed Home2 Suites, Bowling  
Green  
Holiday Inn Express, Campbellsville  
Value Place, Fairdale  
Home Towne Suites, Bowling Green  
Proposed Home2 Suites by Hilton,  
Bowling Green  
Galt House Hotel, Louisville  
Hilton Garden Inn Northeast,  
Louisville  
Proposed Dual-Branded Hampton  
Inn/Home2 Suites by Hilton,  
Louisville  
Proposed Home2 Suites by Hilton,  
Louisville  
Proposed Tru by Hilton, Louisville

**LOUISIANA**

Comfort Suites, Baton Rouge  
Holiday Inn, Houma  
Hilton New Orleans Airport, Kenner  
Best Suites, Lake Charles  
Holiday Inn & Suites, Lake Charles  
Holiday Inn Express Hotel & Suites,  
LaPlace  
Bourbon Orleans, New Orleans

Hilton Garden Inn French  
Quarter/CBD, New Orleans  
Knights Inn, New Orleans  
Proposed Cambria Hotel & Suites, New  
Orleans  
Proposed Canopy, New Orleans  
Proposed Extended-Stay Hotel, New  
Orleans  
Proposed Hotel, New Orleans  
Candlewood Suites, Sulphur

**MARYLAND**

Proposed Hotel Sorella, Rockville

**MASSACHUSETTS**

Hotel Commonwealth, Boston

**MICHIGAN**

Marriott Detroit Troy, Troy

**MISSISSIPPI**

Proposed Holiday Inn, Biloxi  
Proposed SpringHill Suites, Biloxi  
South Beach Biloxi Beach Hotel, Biloxi  
Best Western, Canton  
Comfort Inn, Columbia  
Comfort Inn, Hattiesburg  
Comfort Suites, Hattiesburg  
Holiday Inn & Suites, Hattiesburg  
Hampton Inn by Hilton, Meridian  
Hilton Garden Inn, Meridian  
Proposed Oxford Boutique Hotel &  
Spa, Oxford  
Proposed TownePlace Suites by  
Marriott, Southaven  
Hampton Inn & Suites by Hilton,  
Vicksburg

**MISSOURI**

Hilton Branson Convention Center,  
Branson  
Hilton Kansas City Airport, Kansas City

Super 8, Kansas City  
Proposed Homewood Suites,  
Springfield

**NEVADA**

Embassy Suites Convention Center Las  
Vegas, Las Vegas  
Motel 6, Las Vegas

**NEW MEXICO**

Proposed Boutique Hotel, Santa Fe

**NEW YORK**

Days Inn, Batavia  
Super 8, Batavia  
Proposed Hampton Inn, Dewitt  
Microtel Inn, East Syracuse  
Motel 6, Niagara Falls  
Econo Lodge, Tonawanda

**NORTH CAROLINA**

Marriott Charlotte SouthPark,  
Charlotte  
Renaissance Charlotte SouthPark,  
Charlotte

**OHIO**

Hampton Inn, Athens  
Embassy Suites, Blue Ash  
Wingate by Wyndham, Blue Ash  
Comfort Inn & Suites, Cincinnati  
Fairfield Inn, Cincinnati  
Renaissance, Columbus  
Residence Inn, Dayton  
DoubleTree Guest Suites, Sharonville

**SOUTH CAROLINA**

Proposed Holiday Inn Express,  
Richburg

**TENNESSEE**

Homewood Suites Brentwood-  
 Nashville, Brentwood  
 Hyatt Place, Brentwood  
 Home Towne Suites, Clarksville  
 Comfort Inn & Suites, Germantown  
 Hyatt Place, Germantown  
 Courtyard by Marriott, Jackson  
 Value Place, Lebanon  
 Crestwood Suites, Madison  
 Courtyard by Marriott, Memphis  
 Marriott Memphis East, Memphis  
 Proposed Boutique Hotel, Memphis  
 Proposed Central Station Hotel,  
 Memphis  
 Country Inn & Suites, Murfreesboro  
 Crestwood Suites, Murfreesboro  
 Courtyard by Marriott Nashville  
 Airport, Nashville  
 Courtyard by Marriott Nashville  
 Downtown, Nashville  
 DoubleTree by Hilton, Nashville  
 Embassy Suites, Nashville  
 Hampton Inn & Suites Nashville  
 Vanderbilt, Nashville  
 Hampton Inn Nashville Vanderbilt,  
 Nashville  
 Homewood Suites Nashville Airport,  
 Nashville  
 Hotel Indigo, Nashville  
 Hotel Preston, Nashville  
 Hyatt Place Opryland, Nashville  
 Land Appraisal, Nashville  
 Marriott Vanderbilt, Nashville  
 Proposed Aloft, Nashville  
 Proposed Element, Nashville  
 Proposed Embassy Suites, Nashville  
 Proposed Hyatt Collection, Nashville  
 Proposed Lifestyle Hotel, Nashville  
 Proposed Staybridge Suites, Nashville  
 Holiday Inn Express, White House

**TEXAS**

Hilton Austin Airport, Austin  
 Hilton Garden Inn, Austin  
 Proposed 21c Hotel, Austin

Holiday Inn, Beaumont  
 Hilton Garden Inn, Bryan  
 Proposed Hilton Garden  
 Inn/Homewood Suites, Corpus  
 Christi  
 International Training and Conference  
 Center, Crosby  
 Proposed Hall Arts Hotel, Dallas  
 Proposed Marriott Autograph Hotel,  
 Grapevine  
 Holiday Inn Downtown, Houston  
 Holiday Inn Express Northwest,  
 Houston  
 Homewood Suites by Hilton Houston-  
 Westchase, Houston  
 Proposed Crowne Plaza Katy Freeway,  
 Houston  
 Proposed Hampton/Homewood  
 Downtown, Houston  
 Proposed Hampton Inn, Houston  
 Proposed Hotel Granduca, Austin  
 Proposed Luxury Boutique Hotel,  
 Austin  
 Proposed Marriott-Branded Hotel,  
 Houston  
 Proposed Thompson Hotel, Houston  
 SpringHill Suites by Marriott Houston  
 Hobby Airport, Houston  
 TownePlace Suites by Marriott  
 Houston I 10 West Energy Corridor,  
 Houston  
 Quality Inn & Suites, Beaumont  
 Sleep Inn, Center  
 Courtyard by Marriott, Corpus Christi  
 Proposed Schlitterbahn Resort, Corpus  
 Christi  
 Best Western, Cuero  
 Proposed Hall Arts Hotel, Dallas  
 Renaissance Dallas Market Center,  
 Dallas  
 Best Western, Deer Park  
 Candlewood Suites, Deer Park  
 Embassy Suites, El Paso  
 Holiday Inn Express, Frisco  
 Proposed NYLO Hotel, Frisco  
 Westin Stonebriar, Frisco  
 Courtyard by Marriott, Galveston

TownePlace Suites by Marriott,  
 Galveston  
 Deluxe Inn, Houston  
 Americas Best Value Inn, Houston  
 Comfort Suites, Houston  
 Crowne Plaza, Houston  
 Hilton Garden Inn Galleria, Houston  
 Proposed Aloft, Houston  
 Proposed Hampton Inn/Homewood  
 Suites Downtown, Houston  
 Proposed Hotel Alessandra, Houston  
 Proposed Hyatt Place, Houston  
 Proposed JW Marriott, Houston  
 Proposed Marriott Marquis, Houston  
 Proposed SpringHill Suites, Houston  
 Sheraton Houston West, Houston  
 Country Inn & Suites by Carlson  
 Houston Intercontinental Airport  
 East, Humble  
 Holiday Inn Express & Suites Houston  
 Intercontinental East, Humble  
 Holiday Inn Express Hotel & Suites,  
 Huntsville  
 Marriott DFW Airport, Irving  
 Holiday Inn Express, Kingwood  
 Courtyard by Marriott, Lufkin  
 Proposed Margaritaville Hotel Palmilla  
 Beach Port, Aransas  
 La Quinta, Port Arthur  
 Proposed Hotel, Roanoke  
 Sleep Inn, Roanoke  
 Hampton Inn San Antonio  
 Northwoods, San Antonio  
 Homewood Suites San Antonio  
 Riverwalk, San Antonio  
 Fairfield Inn & Suites by Marriott San  
 Antonio Northeast, Schertz  
 Hampton Inn & Suites, Schertz  
 Schlitterbahn Resort, South Padre  
 Island  
 Proposed Home2 Suites, Stafford  
 Econo Lodge, Stephenville  
 Holiday Inn Express Houston  
 Southwest Sugar Land, Sugar Land  
 Proposed Limited-Service Hotel,  
 Sweeny  
 Candlewood Suites, Texarkana

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Baymont Inn & Suites, Victoria  
Western Inn, West Columbia

**UTAH**

Holiday Inn Express & Suites, Sandy

**WISCONSIN**

Holiday Inn, Milwaukee

**WYOMING**

Ramada Plaza Riverside Hotel &  
Convention Center, Casper

**INTERNATIONAL**

Proposed Hotel Carepa, Carepa,  
Colombia

Proposed Hotel Monteria, Monteria,  
Colombia

Proposed Hotel Medellin, Medellin,  
Colombia

Proposed Hotel Quibdo, Quibdo,  
Colombia

Proposed Hyatt Place, Lima, Peru

# State of Mississippi

## Mississippi Real Estate Appraiser Licensing and Certification Board

*This is to certify that* JERROD CARTER ALLEN  
*Whose place of business* 3000 WESTLAYAN STREET  
*is located at* SUITE 385  
HOUSTON, TX 77027

*License Number* GA-1231  
**ORIGINALLY LICENSED** N-R  
04/04/2017

*is duly licensed as a State Certified General Real Estate Appraiser in the State of Mississippi from the date of issuance. The license will remain in force when properly supported by a current pocket identification card. In witness thereof, the MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD has caused this license to be issued by virtue of the authority vested in it by Section 73-74 of the Mississippi Code of 1972 annotated.*

*In witness thereof, we have caused the Official Seal to be affixed,  
this the 4th day of April, 2017.*

Mississippi Real Estate Appraisal Board

  
ADMINISTRATOR



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# Lauren Hock

## EMPLOYMENT

2014 to present	HVS CONSULTING AND VALUATION SERVICES New Orleans, Louisiana
2007 – 2014	THE CLIFFS RESORT Shell Beach, California
2004 – 2007	THE SANCTUARY AT KIAWAH ISLAND Kiawah Island, South Carolina

## EDUCATION AND OTHER TRAINING

BS – School of Hotel Administration, Cornell University

*Other Specialized Training Classes Completed:*

- National USPAP Course – 15 hours
- Basic Appraisal Principles – 30 hours
- Basic Appraisal Procedures – 30 hours
- General Appraiser Income Approach (Parts I and II) – 60 hours
- General Appraiser Market Analysis and HBU – 30 hours
- General Appraiser Sales Comparison Approach – 30 hours
- Supervisor/Trainee Course for Louisiana – 4 hours
- Supervisor/Trainee Course for Mississippi – 4 hours
- Statistics, Modeling and Finance – 15 hours
- General Appraiser Report Writing and Case Studies – 30 hours
- Expert Witness – 15 hours
- Commercial Appraisal Review – 15 hours

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**ALABAMA**

Courtyard by Marriott, Dothan  
 Hampton Inn & Suites, Dothan  
 Proposed Fairfield Inn & Suites by Marriott, Enterprise  
 Value Place, Huntsville  
 Value Place, Madison  
 Admiral Semmes Hotel, Mobile  
 Ashbury Hotel Conversion, Mobile  
 Holiday Inn, Mobile  
 Proposed Hotel Village Tannin, Orange Beach

**ARKANSAS**

Candlewood Suites Rogers Bentonville, Bentonville  
 TownePlace Suites by Marriott, Bentonville  
 Proposed Hotel Indigo, El Dorado  
 Hampton Inn, Magnolia  
 Holiday Inn Express, Magnolia  
 Comfort Suites (Conversion to Hampton Inn), Searcy

**CALIFORNIA**

Pasadena Inn (Red Lion Conversion), Pasadena

**FLORIDA**

Fairfield Inn & Suites, Delray Beach  
 Seabreeze Inn, Fort Walton  
 Proposed Courtyard by Marriott Downtown Jacksonville, Jacksonville  
 Proposed Hotel, Jacksonville  
 Proposed Hyatt Place Jacksonville Downtown, Jacksonville  
 Proposed Hotel Indigo Grand Boulevard, Miramar Beach  
 Proposed Hyatt Place Grand Boulevard, Miramar Beach

Days Inn Neptune Jacksonville Beach  
 Mayport Mayo Clinic, Neptune Beach  
 Microtel Inn & Suites, Panama City  
 Proposed Hotel, Pensacola  
 Proposed SpringHill Suites by Marriott, Winter Park

**GEORGIA**

Hilton Garden Inn Atlanta Windward, Alpharetta  
 Georgia Tech Hotel & Conference Center, Atlanta  
 Country Inn & Suites, Braselton

**ILLINOIS**

Quality Inn, Waukegan

**KENTUCKY**

Hyatt Place Louisville East, Louisville  
 Proposed Hotel Indigo, Louisville  
 Proposed Independent Hotel, Louisville

**LOUISIANA**

Courtyard by Marriott, Alexandria  
 Americas Best Value Inn, Baton Rouge  
 Best Western Richmond Suites, Baton Rouge  
 Comfort Suites, Baton Rouge  
 DoubleTree by Hilton, Baton Rouge  
 Fairfield Inn by Marriott Baton Rouge South, Baton Rouge  
 Hyatt Place Baton Rouge I-10, Baton Rouge  
 Microtel Inn & Suites, Baton Rouge  
 SpringHill Suites by Marriott Baton Rouge, Baton Rouge  
 TownePlace Suites by Marriott South, Baton Rouge  
 SpringHill Suites by Marriott Shreveport Bossier City, Bossier City  
 Value Place, Bossier City

Proposed Holiday Inn Express, Donaldsonville  
 Holiday Inn Express, Eunice  
 La Quinta Inn & Suites, Gonzales  
 TownePlace Suites by Marriott, Gonzales  
 Hampton Inn & Suites, Harvey  
 Proposed Home2 Suites by Hilton, Harvey  
 Proposed WoodSpring Suites, Kenner  
 Comfort Inn & Suites, Lafayette  
 Proposed TownePlace Suites, LaPlace  
 TownePlace Suites, LaPlace  
 Courtyard by Marriott Monroe Airport, Monroe  
 Proposed Hotel, Monroe  
 TownePlace Suites by Marriott, Monroe  
 Holiday Inn Express Hotel & Suites, New Iberia  
 Clarion Inn & Suites (Conversion to Boutique), New Orleans  
 Country Inn & Suites French Quarter, New Orleans  
 Hotel Modern, New Orleans  
 Land Appraisal, New Orleans  
 NOPSI Hotel, New Orleans  
 O'Keefe Plaza Hotel, New Orleans  
 Old No 77 Hotel & Chandlery, New Orleans  
 Proposed Alder Hotel, New Orleans  
 Proposed BioDistrict Hotel, New Orleans  
 Proposed Cambria Suites, New Orleans  
 Proposed Canopy, New Orleans  
 Proposed Extended-Stay Hotel at UMC, New Orleans  
 Proposed Hotel, New Orleans  
 Proposed Hotel Reconcile, New Orleans  
 Proposed Luxury Boutique Hotel, New Orleans  
 Proposed Moxy by Marriott, New Orleans  
 Proposed Thompson, New Orleans  
 Proposed Virgin Hotel, New Orleans



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SpringHill Suites by Marriott New Orleans Downtown, New Orleans  
Whitney Hotel, New Orleans  
Westin New Orleans Canal Place, New Orleans  
Comfort Inn & Suites, Slidell  
Super 8, Slidell  
Hilton Garden Inn, West Monroe

**MISSISSIPPI**

Value Place, Byram  
Hampton Inn, Canton  
Proposed Cotton House Hotel, Cleveland  
Proposed Statesman Hotel, Cleveland  
Home2 Suites by Hilton, D'Iberville  
Best Western Seaway, Gulfport  
Proposed Hampton Inn, Gulfport  
Value Place, Gulfport  
Comfort Inn & Suites, Jackson  
Courtyard by Marriott Jackson Ridgeland, Jackson  
Holiday Inn Express Hotel & Suites Jackson-Coliseum, Jackson  
Hampton Inn Jackson North, Jackson  
Hampton Inn & Suites, McComb  
Hampton Inn, Meridian  
Hilton Garden Inn, Meridian  
Graduate, Oxford  
Proposed Oxford Boutique Hotel & Spa, Oxford  
Candlewood Suites, Pearl  
Hampton Inn by Hilton, Richland  
Homewood Suites by Hilton Jackson Ridgeland, Ridgeland  
Residence Inn by Marriott Jackson Ridgeland, Ridgeland  
Staybridge Suites, Ridgeland  
Senatobia Inn, Senatobia  
Proposed TownePlace Suites, Southaven  
Hampton Inn & Suites, Vicksburg

**OHIO**

Hyatt Place Cleveland/Independence, Independence  
Comfort Suites, Perrysburg  
Country Inn, Rossford

**SOUTH CAROLINA**

Days Inn, Greenwood

**TEXAS**

Holiday Inn Beaumont Plaza, Beaumont  
Hampton Inn & Suites, Pasadena