

INTRODUCTION

Interim Hospitality Consultants was engaged to conduct an update of a Feasibility Study with Financial Projections for a proposed Hilton Garden Inn Hotel to be located at 601 U.S. 41 South in Inverness, Florida. The proposed hotel is to have all the amenities commensurate with a First-Class Select-Service Hotel.

Objectives of Study

The basic objectives of the study were to:

1. Evaluate the market potential for the proposed hotel based on an analysis of the market support for a lodging facility on the subject site.
2. Comment on the appropriate number, types, and sizes of guest rooms and other amenities which would best serve the needs of the market.
3. Project levels of market penetration, occupancy, and average room rate for the proposed hotel for the first five years of operations.
4. Prepare detailed projections of Cash Flow from operations before fixed charges for the hotel for the first five years of operations.
5. Provide a written report containing the conclusions of the Feasibility Study and present Financial Projections for the proposed hotel.

Scope of Study

The Feasibility Study included a variety of work steps which enabled us to evaluate historic trends and project the future competitive supply of and demand for lodging accommodations in the area. The scope of the work included, but was not necessarily limited to, the following:

1. An analysis and economic evaluation of the Inverness, Florida market area based on interviews with area businessmen and government officials, compilation of pertinent market data, and a review of those economic indices which would be most relevant to the success of the proposed project.
2. An inspection of the site and surrounding area to determine their suitability for the proposed hotel, taking into consideration such factors as accessibility, visibility, and proximity to demand generators.
3. An inspection and analysis of the hotels in Inverness Florida that would provide the primary competition to the proposed hotel. Our census of the competitive facilities included existing hotels as well as those under construction, planned, or rumored.
4. A determination of the current overall market demand and rooms in the subject area and the share of market demand that is generated by tourists, commercial travelers, and group meetings/ convention delegates.
5. A projection of growth rates for the various market segments based on the factors that should impact the future demand for hotel rooms.
6. An evaluation of the projected hotel supply and demand relationship in the market area to reach conclusions regarding the market support for the proposed hotel.
7. Comment on the proposed facilities in terms of number, mix, and type of guest rooms, and recreational amenities.
8. Comment on the proposed facilities in terms of style and size.
9. Projections of occupancy and average room rate for the proposed hotel, including projected market mix of guests.
10. Projections of cash flow from operations before fixed charges for the first five years of operations.