

# MEMORANDUM



**TO:** MEMBERS OF THE PLANNING COMMISSION  
**FROM:** CHRISTIAN CARROLL, PLANNER  
**SUBJECT:** TEXT AMENDMENT - FACILITIES FOR HUMAN CARE  
**DATE:** AUGUST 5, 2020

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Attached is a proposed ordinance amendment that the Community Development Department received for the purpose of allowing facilities for human care on sites less than 5 acres. The applicant, Bowers and Associates, Inc., is primarily interested in reducing the minimum lot size requirement for facilities for human care due to a potential change in use on the TRU Hotel site, which is located east of M-5 and south of Thirteen Mile Road.

### Suggested Ordinance Amendment

The applicant's suggested Language for Text Amendment Change for Section 4.64, Facilities for Human Care is as follows:

1. Any such use shall be developed only on sites consisting of not less than **four and a half (4.5) acres** except that general hospitals shall be developed only on sites consisting of not less than twenty (20) acres.

### Uses currently allowed in the OST District

The TRU Hotel site is within the OST Zoning District (Office Service Technology). Below are the permitted uses within the OST Zoning District:

#### Principal Permitted Uses

- i. Professional office buildings, offices and office sales and service activities
- ii. Data processing and computer centers
- iii. Laboratories
- iv. Research, testing, design and development, technical training, and design of pilot or experimental products
- v. Hotels and business motels
- vi. Colleges, universities, and other such postsecondary institutions of higher learning, public or private, offering courses in general, technical, or religious education
- vii. Motion picture, television, radio and photographic production facilities
- viii. Medical offices, including laboratories and clinics
- ix. Facilities for human care**
- x. Off-street parking lots
- xi. Publicly owned and operated parks, parkways and outdoor recreational facilities

- xii. Publicly-owned buildings, telephone exchange buildings, and public utility offices, but not including storage yards, transformer stations, substations or gas regulator stations
- xiii. Financial institution uses with drive-in facilities as an accessory use only
- xiv. Public or private indoor and private outdoor recreational facilities
- xv. Day care centers and adult day care centers
- xvi. Secondary uses
- xvii. Sit down restaurants
- xviii. Other uses similar to the above uses and subject to the same conditions noted
- xix. Accessory buildings and uses customarily incidental and integral to any of the above permitted uses

#### Special Land Uses (Retail Service Overlay)

The following uses are permitted subject to Section 3.19:

- i. Retail businesses use
- ii. Retail business service uses
- iii. Restaurants, including sit down
- iv. Fast food drive-through restaurants

#### Definitions

Below is a definition from the Zoning Ordinance that may be relevant for this discussion:

**Assisted Living Facility:** A residential care facility for the transitional residency of elderly people usually consisting of individual living unit combined with facilities for assistance with daily activities, nursing services and limited medical care.

*The definition of Assisted Living Facility does not necessarily reflect the Building Code use/requirements that the site shall be in compliance with. Therefore, the Building code use will be determined during the site plan review process and will be addressed accordingly.*

#### Master Plan for Land Use

The Master Plan for Land Use designates the TRU Hotel as Office Research Development Technology. Areas surrounding the subject property are planned for Office Research Development Technology.

*Office Research Development Technology:*

This land use is designated for a variety of medium-scale and large-scale general and medical office buildings or complexes and research, development and technology facilities, with or without related manufacturing or warehouse facilities. The area may also include facilities for office, research and development support services, **human care**, hotels, motels, higher education and indoor or outdoor recreation. In addition, this designation incorporates the former Office, Research, Development, and Technology with Retail Service Overlay that may allow a limited amount of retail services in appropriate locations to serve the employees and visitors of these use areas, including but not limited to fuel stations, car

washes, restaurants (including drive-through) and convenience stores as implemented through the Zoning Ordinance.

### **History of the TRU Hotel Site**

The site plan for the TRU Hotel was approved in late 2018. Construction is nearing completion. However, the project has been put on hold until all of the approvals have been received to change the use of the site from a hotel to an assisted living facility. Currently, the site is approved for a 98 room hotel that is four stories in height.

### **Applicant Request Background**

The applicant is requesting a text amendment to Section 4.64 (Facilities for Human Care) of the Zoning Ordinance to reduce the minimum lot size requirement for facilities for human care from 5 acres to 4.5 acres in order to accommodate for an assisted living facility on the TRU Hotel site. The site is 4.61 acres. Below is the reasoning and background for this proposal.

Due to the COVID-19 pandemic, the hospitality industry has not performed well and it may take several years before the industry will recover. Between the recent development of many hotels within the six mile radius of the site and the uncertainty surrounding the hospitality industry, the applicant completed a Market Feasibility Study to determine the best type of use for the site and building.

Within the Market Feasibility Study report provided by the applicant, a shortage of facilities for human care within the local area was determined. The applicant determined that, after looking at the existing structure and working on a modification plan with the project's architect, the existing 98 room hotel could be converted into an 85-unit assisted living facility. The applicant states that the facility could achieve a stabilized occupancy of 92% within 18 months of opening.

"Hilltop Assisted Living of Novi" would provide board and care, social care, and personal care to individuals (typically 75 years of age or older) who require assistance with day-to-day living. These three services are explained in detail within the narrative provided by the applicant. The site would require 55 parking spaces per the Zoning Ordinance. Currently, the site has 103 parking spaces and the applicant would like to reduce parking on site by 30 spaces and provide additional landscaping if required. If this text amendment were to be approved, these items would be addressed as part of the site plan review process. The applicant notes that the assisted living facility would be more affordable (25%-30% less than the market rate) due to the efficient nature of the building.

### **Staff Review**

Currently, there are 315 parcels within the City of Novi that fall under the OS-1, OSC, OST, or EXO Overlay Zoning Districts. Of these parcels, 108 parcels are greater than 5 acres, which accounts for about 34% of the parcels. If the minimum acreage requirement for facilities for human care was to be lowered from 5 acres to 4.5 acres, 124 parcels, or an additional 16

parcels, would meet the ordinance requirement. If the minimum acreage requirement for facilities for human care was to be lowered from 5 acres to 3.5 acres, 150 parcels, or an additional 42 parcels, would meet the ordinance requirement.

Therefore, the reduction of this requirement would not lead to a significant change in parcels that could be developed for facilities for human care, but would allow for the applicant to adapt the TRU Hotel site to a new use. This proposed text amendment would allow facilities for human care to take on a smaller footprint within the City while maintaining quality form and design.

Upon review of surrounding jurisdictions requirements for assisted living facilities, most surrounding jurisdictions allow for assisted living facilities on sites less than 5 acres. Many surrounding jurisdictions have minimum lot sizes dependent upon the number of beds within the facility. One example would be the City of Livonia, which requires a minimum of one acre and 500 square feet per bed.

### **Intent of the Zoning Districts that allow Facilities for Human Care**

The Zoning Ordinance lists the intent of the various zoning districts that allow for the development of facilities for human care:

The intent of the **OS-1 District** is as follows:

*The OS-1, Office Service District is designed to accommodate uses such as offices, banks, facilities for human care and personal services which can serve as transitional areas between residential and commercial districts and to provide a transition between major thoroughfares and residential districts.*

The intent of the **OSC District** is as follows:

*The OSC, Office Service Commercial district is designed and intended to accommodate a large office building or, more particularly, a planned complex of office buildings with related commercial retail and service establishments which may serve the area beyond the confines of the office complex itself. [...]*

*The OSC district is designed to encourage the combining of mid-rise and low-rise office and office related uses in planned development and to encourage innovation and variety in type, design and arrangement of such uses.*

The intent of the **OST District** is as follows:

*The OST, Planned Office Service Technology district is intended to encourage and allow development of high tech, multi-use office/laboratory/production uses. The district is designed to permit the application of high tech, multi-use activities having accessory, warehousing, assembly, production and manufacturing activities. The goals of the OST district include the following specific purposes: [...]*

4. To protect the most desirable use of land in accordance with a well considered plan, to protect the character and established pattern of adjacent development, and in each area to conserve the value of land and buildings and other structures, and to protect the City's tax revenue.

The intent of the **EXO Overlay District** is as follows:

*The EXO, Exposition Overlay district is designed to accommodate the development of a planned exposition, convention, and conference facility, including exhibit halls; display floor area; meeting rooms; conference rooms; eating and lodging facilities; banquet, concession, and catering uses; museums; theaters; recreational facilities; space for school and civic affairs; warehousing accessory to principal uses; and offstreet parking and loading/unloading space, all for the purpose of supporting the growing high-tech business base within the city and regional demand for an exposition facility. [...]*

The EXO district is intended to be utilized exclusively in connection with the OST Planned Office Service Technology district as the underlying zoning district. [...]

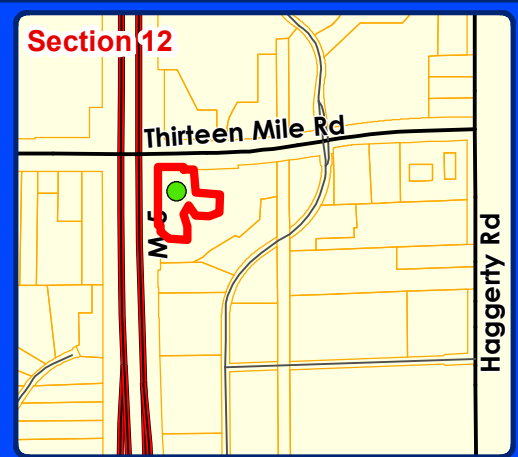
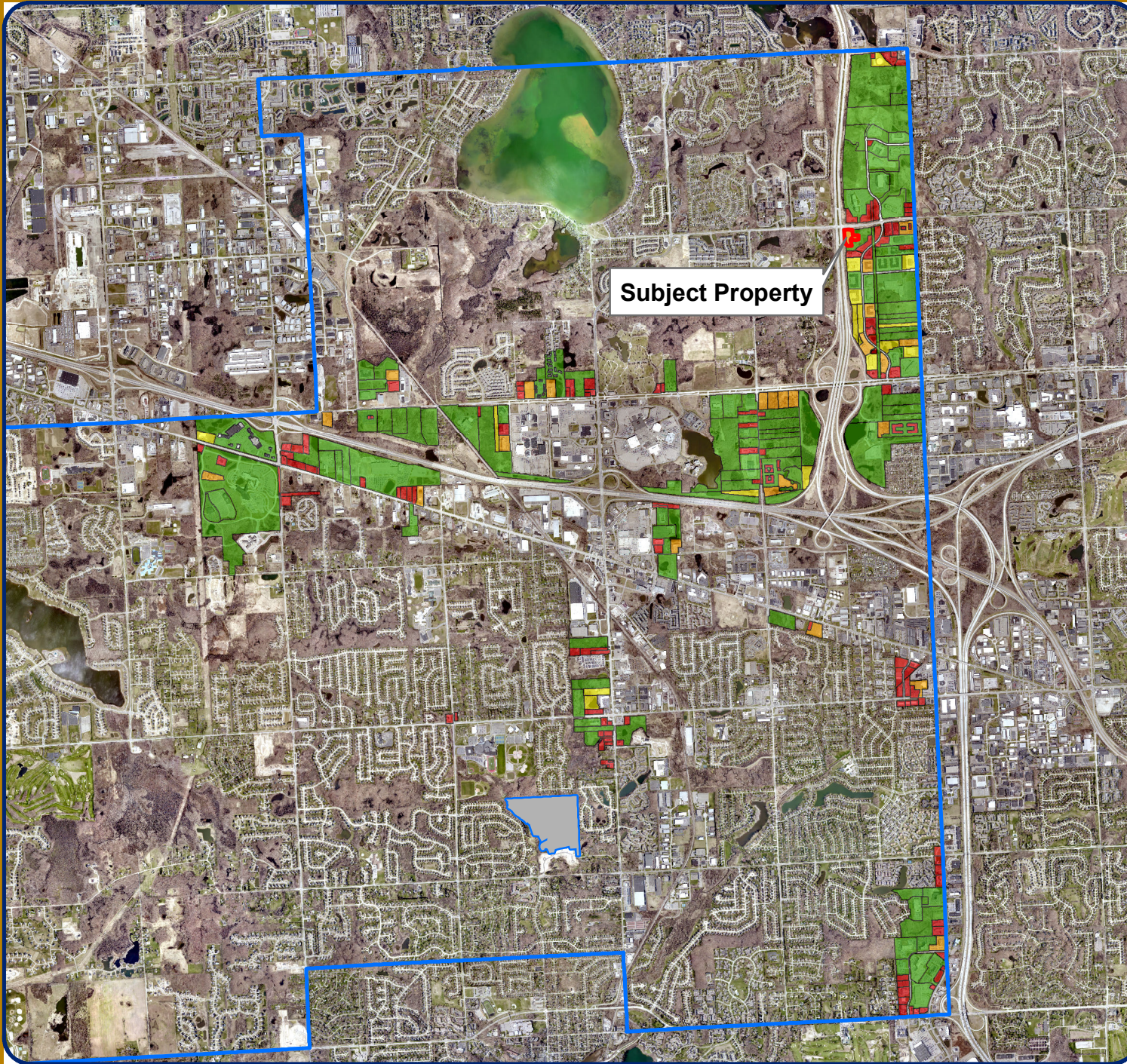
### **Staff Recommendation**

If the Planning Commission is inclined to support the text amendment as a means to accommodate facilities for human care on the TRU Hotel site and other OS-1, OSC, OST, and EXO Overlay zoned properties throughout the City, staff and the City Attorney's Office has put together a draft text amendment that will address this change prior to the public hearing. If this is the Planning Commission's preference, staff would recommend that **the minimum lot size requirement for Facilities for Human Care be lowered from 5 acres to 4.5 acres as the request aligns with the intent of the Zoning District and use of the site.**

**On August 12, 2020, the Planning Commission is asked to provide direction to staff on this request and to consider setting a Public Hearing for an upcoming Planning Commission meeting.** At that time the Planning Commission will hold the public hearing and forward a recommendation to the City Council, for reading and adoption.

ACREAGE MAP

# INTRODUCTION TO TEXT AMENDMENT - TRU HOTEL FACILITIES FOR HUMAN CARE PROPERTIES



## LEGEND

- 0 - 3.49 acres
- 3.5 - 4.49 acres
- 4.5 acres to 4.99 acres
- 5 acres +
- Subject Property

Total Parcels: 315  
 Parcels greater than 5 acres: 108  
 Parcels greater than 4.5 acres: 124  
 Parcels greater than 3.5 acres: 150



## City of Novi

Dept. of Community Development  
 City Hall / Civic Center  
 45175 W Ten Mile Rd  
 Novi, MI 48375  
[cityofnovi.org](http://cityofnovi.org)

Map Author: Christian Carroll  
 Date: 8/4/20  
 Project: TRU Hotel Text Amendment  
 Version #: 1



### MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

DRAFT ORDINANCE AMENDMENT

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STATE OF MICHIGAN  
COUNTY OF OAKLAND  
CITY OF NOVI  
ORDINANCE NO. XX – 18.294

AN ORDINANCE TO AMEND THE CITY OF NOVI ZONING ORDINANCE, AMENDING ARTICLE 4, USE STANDARDS, AT SECTION 4.64, FACILITIES FOR HUMAN CARE, TO REDUCE THE MINIMUM LOT SIZE REQUIREMENT.

THE CITY OF NOVI ORDAINS:

**Part I.** That The City of Novi Zoning Ordinance is amended, by amending Section 4.64, in Article 4, Use Standards, to read as follows:

In the OS-1, OSC, and OST districts and the EXO Overlay district, facilities for human care such as general hospitals, sanitariums, convalescent homes, hospice care facilities and assisted living facilities are a permitted use subject to the following requirements:

1. Any such use shall be developed only on sites consisting of not less than four and a half (4.5) five (5) acres except that general hospitals shall be developed only on sites consisting of not less than twenty (20) acres.
2. The minimum distance of any main or accessory building from any lot line or street shall be at least fifty (50) feet for all two (2) story structures. For every story above two (2), the minimum yard setback for any yard shall be increased by no less than twenty (20) feet for each floor over two (2), or the setback requirements of the particular zoning district wherein located, whichever is greater.
3. General hospitals may exceed the maximum height restrictions of the district provided that all structures shall be limited to five (5) stories and to sixty-five (65) feet in height.

**PART II.**

**Severability.** Should any section, subdivision, clause, or phrase of this Ordinance be declared by the courts to be invalid, the validity of the Ordinance as a whole, or in part, shall not be affected other than the part invalidated.

**PART III.**

**Savings Clause.** The amendment of the Novi Code of Ordinances set forth in this Ordinance does not affect or impair any act done, offense committed, or right accruing, accrued, or acquired or liability, penalty, forfeiture or punishment, pending or incurred prior to the amendment of the Novi Code of Ordinances set forth in this Ordinance.

**PART IV.**

**Repealer.** All other Ordinance or parts of Ordinance in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

**PART V.**

**Effective Date: Publication.** Public hearing having been held hereon pursuant to the provisions of Section 103 of Act 110 of the Public Acts of 2006, as amended, the provisions of this

Ordinance shall be published within fifteen (15) days of its adoption by publication of a brief notice in a newspaper circulated in the City of Novi stating the date of enactment and effective date, a brief statement as to its regulatory effect and that a complete copy of the Ordinance is available for public purchase, use and inspection at the office of the City Clerk during the hours of 8:00 A.M. to 5:00 P.M., Local Time. The provisions of this Ordinance shall become effective seven (7) days after its publication.

MADE, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, ON THE \_\_\_ DAY OF \_\_\_\_\_, 2020.

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ROBERT J. GATT, MAYOR

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CORTNEY HANSON, CITY CLERK

Ayes:

Nays:

Abstentions:

Absent:

STATE OF MICHIGAN  
COUNTY OF OAKLAND  
CITY OF NOVI  
ORDINANCE NO. XX – 18.294

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MADE, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, ON THE \_\_\_ DAY OF \_\_\_\_\_, 2020.

\_\_\_\_\_  
ROBERT J. GATT, MAYOR

\_\_\_\_\_  
CORTNEY HANSON, CITY CLERK

Ayes:

Nays:

Abstentions:

Absent:

APPLICANT NARRATIVE

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## **Request for change in minimum site area requirements for 'Facilities for Human Care' in Novi**

**Subject Property:** The subject property is located at the southeast corner of M-5 and Thirteen Mile Road. The construction is underway, and the building is currently fully framed with roof.



**Background:** Before the COVID19 crisis the subject property was constructed as limited service hotel; however, after COVID19, the hospitality industry has seen its worst performance in history, much more than the 911 attack and the 2009 recession combined. In fact, many hotels in the area are still experiencing single digit occupancy more than three months into the Pandemic. Many leading industry experts predict that it will take at least 5 years for the Hospitality Industry to recover to pre Covid-19 levels. Please see attached report by HVS.

**Current Challenges:** As a result of this dim forecast, the bank is having serious reservations and is considering pulling the construction loan. That would force us to deal with a framed structure for months or even years before getting a replacement bank.

In addition, within a 6-mile radius of the 13 mile and M5 location, there are 10 new hotels since our project started. The following properties have either already opened, are under construction, or are proposed to open: Holiday Inn- Farmington Hills, Residence Inn- Farmington, Courtyard- Farmington, Hampton Inn Wixom, Spring Hills- Wixom, Homewood- Novi, H2- Novi, Towne place- Commerce and the proposed Marriott hotel on M5- Pontiac trail.

Chances are existing hotels will struggle to pay their expenses, bank payments and property taxes.

**Max and Best Use of the facility:** After exploring many options, a Market Feasibility Study was conducted by Integra Realty Resources (IRR) a leading feasibility and appraisal company in the region for the Senior and Assisted Living Facilities. The report is attached to the narrative. The report shows, a need and shortage of the Senior living facilities. After looking closely into the existing structure, and working a modification plan with the Architect, it was determined the existing 98 room hotel could be converted into an 85-unit Senior facility with all the required amenities. The facility could achieve a stabilized occupancy of 92% with 18 months of opening.

## **What will the “Hilltop Assisted Living of Novi” provide:**

Our residents are typically individuals of 75 years of age and older who require assistance with day-to-day living. We provide three main services: board and care, social care, and personal care.

1. **Board and Care:** Our living arrangements for residents will include studio, one-bedroom, and two-bedroom units. Outdoor patios are provided and monitored by staff members for assistance. Meals are provided in a main dining room or on each floor of the building. Services include three meals a day, all utilities, and housekeeping.
2. **Social Care:** Community building is an important aspect of the care we will provide for the residents. Activity areas host planned events, programs, and social gatherings that encourage residents to interact and foster relationships. In addition to a spacious lobby and lounge area, there is an art and craft activity room with daily social activities, a Library and an indoor postal station and service. We are convenient to 12 oaks mall, medical facilities, and Sunday worship with complimentary transportation.
3. **Personal Care:** The facility will provide laundry and in-unit cleaning services to ensure our residents have clean, safe living spaces. We also will provide residents with a range of medical care and assistance. However, the event that an individual is no longer capable of self-preservation they will be moved to a facility capable of caring for their additional needs. We currently have relationships with several care facilities that are able to provide for these individuals. A plan of care is determined prior to a resident entering our community.

**Optional services:** Visiting Physician. Visiting Podiatrist. Limited medical care which includes nursing services. Personal Laundry. Guest breakfast, lunch and dinner and beauty shop.

**Minimum Parking:** Our facility will require 55 parking spaces. Currently, the majority of our residents are over the age of 78 and no longer drive. Our experience in this industry has determined that one (1) parking space per every two (2) residents and their guests, and one (1) parking space for every employee scheduled during the busiest shift is sufficient. The Novi Ordinance requires 1 space for every four beds and 1 space for each employee.

- A calculation of the required parking is included below:
- 85 units/occupants = 43 parking spaces
- 12 employees (@ peak shift) = 10 parking spaces
- Required parking = 55 spaces, Available parking =103  
Developer would like to land bank 30 spaces and converted to additional landscape area or future parking if required.

4. **Affordable:** due to the efficient nature of the building, we intend to offer a more affordable to assisted living facility at rate 25% to 30% less than the market rate which will reasonable option to many seniors who needs the service, but unable to afford it.

In conclusion, we are asking for your understanding of the current hardship presented by the COVID19 crisis and to allow us to convert an otherwise uncompleted construction project into an Assisted Living to serve the seniors of our community with a much needed affordable facility.

**Current Amendment Request:** Section 4.64 of Novi Zoning Ordinance requires a minimum of 5 acres for 'Facilities of Human Care'. Typically, the land area required for multi-story Assisted Living facilities is between two and a half (2.5) and three and a half (3.5) acres. This acreage is sufficient for the required parking, building footprint, and outdoor spaces.

We request to amend section 4.64 of the Ordinance to decrease the minimum required land area from five (5) to four and a half (4.5) acres for Assisted Living and Nursing Home projects in this zoning. Our site currently is 4.61 acres.

**Narrative Attachments:** The following documents are attached to the narrative for your reference.

1. HVS Hospitality outlook after COVID19.
2. Assisted Living Market Demand study by IRR.
3. Current Financial status of the Hospitality industry- Star report June of 2020.





**Integra Realty Resources**  
**Seniors Housing & Health Care Specialty Practice**

**Market Demand Study – Senior Housing:**  
Proposed Tru Hotel Conversion  
40255 13 Mile Road  
Novi, MI 48377

**Prepared for:**  
Basil Bacall  
Elite Hospitality  
2129 Orchard Lake Road  
Sylvan Lake, MI 48320

**Integra Realty Resources File Number:**  
File Number: 142-2020-0550





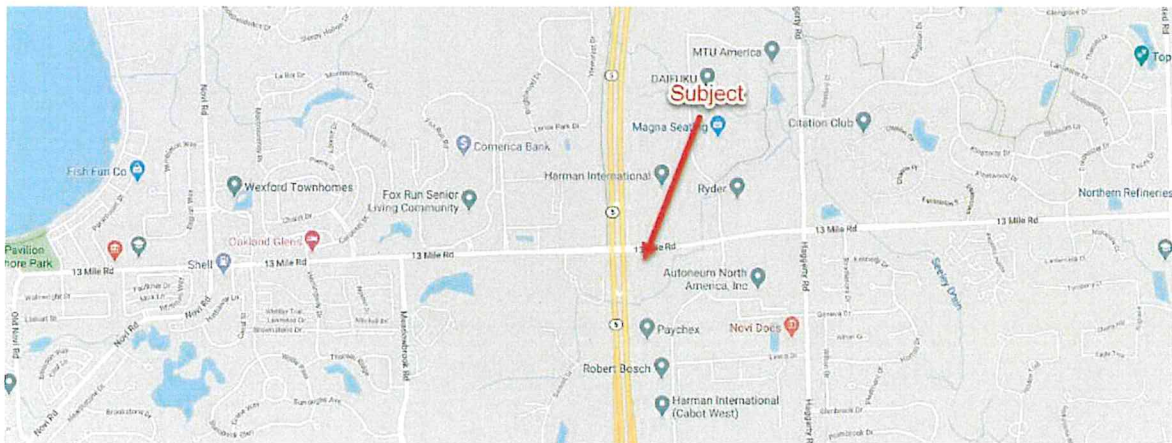
**Proposed Tru Hotel Conversion**  
40255 13 Mile Road  
Novi, MI

# General Information

## Identification of the Subject

The subject is a partially completed Tru Hotel located at 40255 13 Mile Road, Novi, Oakland County. The subject is situated at the southeast corner of 13 Mile Road and the M-5 Connector. The subject is surrounded by a mix of uses including light industrial and high-tech to the south, office and high-tech to the north and commercial uses to the east along 13 Mile Road. The subject has excellent visibility/exposure from both M-5 and 13 Mile Road. Moreover, M-5 connects with I-696 and I-96 less than two miles to the south. Thus, the subject is well-positioned in the market.

The subject is a four-story structure with two elevators. Due to the construction of the building, the first two floors can be licensed as home for the aged while the third and fourth floors have to be unlicensed. There have been preliminary plans drawn indicating that the subject would have 39 units on the first and second floors and 46 units on the third and fourth floors; a total of 85 units/beds.



## Pertinent Dates

Dates pertinent to this assignment are as follows:

Pertinent Dates	
Item	Date
Report Date	June 15, 2020
Effective Date	June 1, 2020

## Conclusions and Recommendations

### Market Area Description and Analysis

The subject's PMA is concluded to be the area within a five-mile radius from the site. The PMA includes all or portions of Novi, West Bloomfield Township, Commerce Township, Farmington Hills, Wixom, Walled Lake, and Wolverine Lake. The primary land use in the area is single-family and the area is approximately 90% developed. The PMA has a quality mix of uses including residential, multifamily, retail/services, office, general and high-tech industrial, and senior housing. The PMA is experiencing modest population growth and has above average income levels. The area is considered to be in a stage of growth.

In 2020, 18.76% of the PMA's total population was above the age of 65. This is higher than the national average of 16.64%. In addition, the 65+ cohort is expected to grow at an annual rate of 3.09% over the coming five years which surpasses the national rate of 3.02%. For those aged 75+, this segment represents 8.21% of the population, which is above the national percentage of 6.75%. The 75+ age segment is forecasted to grow at an annual rate of 1.40% over the next five years, which lags the national annual growth rate of 2.24%. The 85+ segment represents a higher percentage of the population versus the nation and is projected to lag in growth through 2025. Between 2020 and 2025, the market area is forecast to experience growth in demand for seniors housing at an average rate relative to the nation as a whole.

### Supply and Demand Analysis

The PMA is a modestly growing market. There are low barriers to entry within the PMA; there are land parcels appropriately zoned for senior housing, adequate utilities are present, and municipalities are typically receptive to this type of property. Our analysis shows that assisted living and memory care are under-supplied. This is supported by our occupancy survey which indicates an average occupancy of 93% to 91% respectively.

The subject's primary market area (PMA) is concluded to be a five-mile radius. Within the PMA, there are five assisted living/memory care facilities proposed or under construction. Our analysis shows that the market can support the addition of these units/beds.

### Marketability of Existing Property

The subject is a proposed Tru Hotel wherein the owner is investigating the marketability of converting the subject to senior housing. The building design is not contemporary in comparison with competitors in this market which are one- to three-story structures with a higher percentage of common area space. Moreover, most contemporary designs have community space on each floor.

The current re-design of the subject into senior housing has all of the community space including a living room, physical therapy room, activity, dining, and kitchen, on the ground floor. The units will not have kitchens; thus all meals are serviced on the ground floor requiring residents to walk or be transferred to the ground floor. The subject's design also limits the licensure as only the first two floors can be licensed while the upper floors has to be unlicensed. While the design of the subject is not contemporary, none of the issues with the building preclude the marketability of a potential conversion. We recommend the following:

- The unit sizes, particularly the studio and one-bedroom units, are smaller than the market average.
- A day room be added on each floor; the day room does not have to encumber significant space but allow for congregation on each floor versus requiring residents to go to ground floor for interactions.
- The lack of kitchens is not significant; the monthly rates will include all meals, which is typical in this market. The dining room does not appear to be large enough to accommodate all residents at one time, thus multiple sitting time is expected.
- The fastest growing segment of the market is assisted living and memory care; the second floor can be utilized as a secured wing designated for memory care or higher acuity assisted living.
- The third and fourth floors should be marketed as assisted living. The design of the building does not lend itself well to independent living due the lack of community space and full kitchens, however these floors can be occupied by lower acuity seniors with third party care provided from a care provider that can lease space within the building. Residents can age in place from the upper floors to the lower floors.
- A courtyard or outdoor area should be considered allowing residents to spend time outside.
- The subject was not originally designed to be senior housing and lack some of the amenities offered at competing properties in this market with below average unit sizes, thus the pricing of the subject's beds/units should be set at the middle of the market; lower than the newer projects but higher than the older facilities.
- The subject should implement care-based pricing; either based on levels or points which will allow the subject to be a cost leader, but also capture higher revenue from high-acuity residents. All meals should be included in the monthly rent.

Overall, the design flaws are not significant enough to preclude a successful transition. The subject should be positioned lower than newer projects, but higher than the older developments.

**Absorption Projection**

Based on the overall market conditions, we have forecasted a stabilization period of 18 months to achieve a stabilized occupancy of 92%. Overall, based on our analysis, we conclude there to be sufficient demand to support the development of the subject as proposed.

**Recommendation**

Based on our analysis, we conclude there to be sufficient demand to support the addition of new assisted living/memory care beds/units in this market. Given the subject's location and re-design, taking into account our recommendations, the subject could be successfully transitioned to senior housing. There is unmet demand in this market and based on current demographics and there is adequate demand to absorb the proposed development.

STR # 66038 / Created June 18, 2020

# Monthly STAR Report : Hampton Inn & Suites Detroit Wixom

For the Month of: May 2020

Currency: US Dollar / Competitive Set Data Excludes Subject Property



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Corporate North American Headquarters  
T: +1 (615) 824 8664  
support@str.com www.str.com

International Headquarters  
T: +44 (0) 207 922 1930  
hotelinfo@str.com www.str.com

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## Tab 2 - Monthly Performance at a Glance - My Property vs. Competitive Set

Hampton Inn & Suites Detroit Wixom 49025 Alpha Dr Wixom, MI 48393-3443 Phone: (248) 348-0170

STR # 66038 ChainID: 000047685 MgtCo: Namou Hotel Group Owner: Namou Hotel Group

For the Month of: May 2020 Date Created: June 18, 2020 Monthly Competitive Set Data Excludes Subject Property

### May 2020

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	11.1	19.2	57.9	100.35	69.24	144.9	11.12	13.26	83.9
Year To Date	27.8	36.3	76.5	113.43	99.36	114.2	31.50	36.07	87.3
Running 3 Month	13.6	21.7	62.8	108.78	86.07	126.4	14.83	18.68	79.4
Running 12 Month	48.6	53.5	91.0	118.70	108.68	109.2	57.74	58.11	99.4

### May 2020 vs. 2019 Percent Change (%)

	Occupancy			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	-84.2	-73.0	-41.4	-18.6	-39.4	34.3	-87.1	-83.6	-21.3
Year To Date	-54.2	-41.3	-21.9	-8.5	-14.2	6.7	-58.0	-49.7	-16.6
Running 3 Month	-79.2	-67.1	-36.8	-14.1	-26.5	17.0	-82.1	-75.8	-26.0
Running 12 Month	-22.1	-18.3	-4.6	-6.3	-5.8	-0.6	-27.0	-23.1	-5.1

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# Tab 3 - STAR Summary - My Property vs. Comp Set and Industry Segments

Hampton Inn & Suites Detroit Wixom 49025 Alpha Dr Wixom, MI 48393-3443 Phone: (248) 348-0170

STR # 66038 ChainID: 000047685 MgtCo: Namou Hotel Group Owner: Namou Hotel Group

For the Month of: May 2020 Date Created: June 18, 2020 Monthly Competitive Set Data Excludes Subject Property

Occupancy (%)								
Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	
Hampton Inn & Suites Detroit Wixom	11.1	-84.2	27.8	-54.2	13.6	-79.2	48.6	-22.1
Market: Detroit, MI	36.3	-46.0	43.0	-29.9	34.0	-47.7	58.0	-12.4
Market Class: Upper Midscale Class	27.6	-58.8	37.9	-38.8	26.7	-58.8	56.3	-16.1
Submarket: Livonia/West, MI	27.9	-59.5	40.3	-35.5	27.3	-58.8	57.6	-14.7
Submarket Scale: Midscale Chains	24.1	-63.0	34.6	-41.8	23.3	-62.9	52.9	-19.3
Competitive Set: Competitors	19.2	-73.0	36.3	-41.3	21.7	-67.1	53.5	-18.3

Supply			
Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
0.0	0.7	0.0	0.3
-6.3	-1.8	-3.7	-0.3
-1.0	2.4	1.0	3.2
-7.1	-0.7	-2.9	3.0
-4.1	1.2	0.3	5.0
-23.2	-9.4	-15.4	-3.9

Hampton Inn & Suites Detroit Wixom
Market: Detroit, MI
Market Class: Upper Midscale Class
Submarket: Livonia/West, MI
Submarket Scale: Midscale Chains
Competitive Set: Competitors

Average Daily Rate								
Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	
Hampton Inn & Suites Detroit Wixom	100.35	-18.6	113.43	-8.5	108.78	-14.1	118.70	-6.3
Market: Detroit, MI	69.78	-35.0	87.47	-17.4	75.35	-28.8	99.68	-5.8
Market Class: Upper Midscale Class	85.04	-20.9	95.68	-10.0	89.65	-16.5	103.56	-4.4
Submarket: Livonia/West, MI	66.35	-38.1	90.78	-14.8	77.84	-27.5	100.98	-6.0
Submarket Scale: Midscale Chains	76.94	-24.2	89.26	-11.1	82.89	-18.6	97.31	-3.9
Competitive Set: Competitors	69.24	-39.4	99.36	-14.2	86.07	-26.5	108.68	-5.8

Demand			
Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
-84.2	-53.9	-79.2	-21.9
-49.4	-31.1	-49.7	-12.7
-59.2	-37.3	-58.4	-13.4
-62.4	-35.9	-60.0	-12.1
-64.5	-41.2	-62.8	-15.2
-79.3	-46.8	-72.2	-21.5

Hampton Inn & Suites Detroit Wixom
Market: Detroit, MI
Market Class: Upper Midscale Class
Submarket: Livonia/West, MI
Submarket Scale: Midscale Chains
Competitive Set: Competitors

RevPAR								
Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	
Hampton Inn & Suites Detroit Wixom	11.12	-87.1	31.50	-58.0	14.83	-82.1	57.74	-27.0
Market: Detroit, MI	25.30	-64.9	37.61	-42.1	25.61	-62.8	57.86	-17.5
Market Class: Upper Midscale Class	23.45	-67.4	36.23	-44.9	23.98	-65.6	58.31	-19.8
Submarket: Livonia/West, MI	18.50	-74.9	36.54	-45.1	21.24	-70.2	58.17	-19.8
Submarket Scale: Midscale Chains	18.53	-71.9	30.88	-48.3	19.32	-69.8	51.49	-22.5
Competitive Set: Competitors	13.26	-83.6	36.07	-49.7	18.68	-75.8	58.11	-23.1

Revenue			
Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
-87.1	-57.8	-82.1	-26.8
-67.1	-43.1	-64.2	-17.8
-67.7	-43.6	-65.2	-17.2
-76.7	-45.4	-71.0	-17.4
-73.1	-47.7	-69.7	-18.6
-87.4	-54.4	-79.6	-26.0

Hampton Inn & Suites Detroit Wixom
Market: Detroit, MI
Market Class: Upper Midscale Class
Submarket: Livonia/West, MI
Submarket Scale: Midscale Chains
Competitive Set: Competitors

Census/Sample - Properties & Rooms						
Census		Sample		Sample %		
Properties	Rooms	Properties	Rooms	Rooms		
Market: Detroit, MI	397	41531	268	33459		80.6
Market Class: Upper Midscale Class	107	11056	100	10231		92.5
Submarket: Livonia/West, MI	47	5439	44	5162		94.9
Submarket Scale: Midscale Chains	24	2429	24	2429		100.0
Competitive Set: Competitors	4	416	4	416		100.0

Pipeline			
Market: Detroit, MI			
Under Construction		Planning	
Properties	Rooms	Properties	Rooms
25	2729	69	7736
See Help page for pipeline definitions.			

Market: Detroit, MI
Market Class: Upper Midscale Class
Submarket: Livonia/West, MI
Submarket Scale: Midscale Chains
Competitive Set: Competitors

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# Tab 5 - Response Report

Hampton Inn & Suites Detroit Wixom 49025 Alpha Dr Wixom, MI 48393-3443 Phone: (248) 348-0170  
 STR # 66038 ChainID: 000047685 MgtCo: Namou Hotel Group Owner: Namou Hotel Group  
 For the Month of: May 2020 Date Created: June 18, 2020

## This Year

May 10th - Mother's Day  
 May 25th - Memorial Day

## May 2020 (This Year)

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## May 2019 (Last Year)

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## Last Year

May 5th - First Day of Ramadan  
 May 12th - Mother's Day  
 May 27th - Memorial Day

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
66038	Hampton Inn & Suites Detroit Wixom	Wixom, MI	48393-3443	(248) 348-0170	101	201706
39286	Courtyard Detroit Novi	Novi, MI	48375-1712	(248) 380-1234	122	199912
40346	Holiday Inn Express & Suites Wixom	Wixom, MI	48393-3450	(248) 735-2781	110	200104
55021	Comfort Suites Wixom	Wixom, MI	48393-3405	(248) 504-5080	92	200608
58255	Holiday Inn Express & Suites Detroit Novi	Novi, MI	48377-3605	(248) 344-8204	92	200906
59407	Hyatt Place Detroit Novi	Novi, MI	48374-1316	(248) 513-4111	0	201308
					517	

2018												2019												2020				
Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●					

Data received:

- = Monthly Only
- = Monthly & Daily



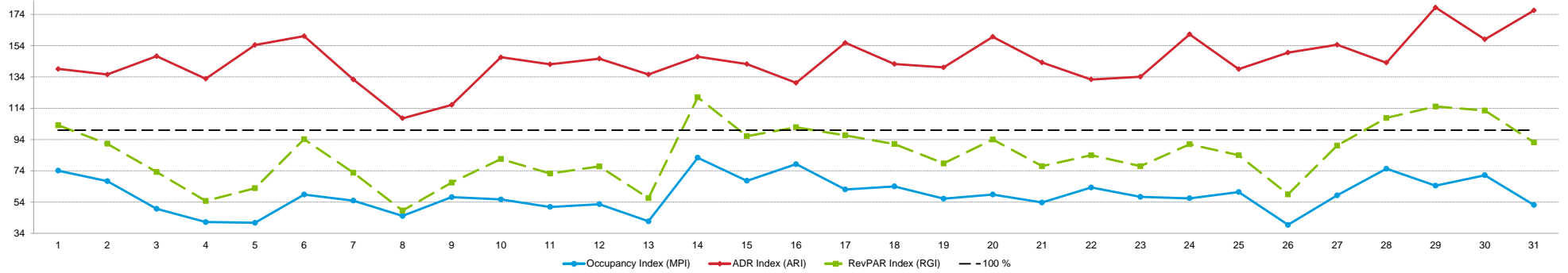
Tab 7 - Daily Data for the Month

Hampton Inn & Suites Detroit Wixom 49025 Alpha Dr Wixom, MI 48393-3443 Phone: (248) 348-0170

STR # 66038 ChainID: 000047685 MgtCo: Namou Hotel Group Owner: Namou Hotel Group

For the Month of: May 2020 Date Created: June 18, 2020 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of May



Occupancy (%)	May																														
	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
My Property	8.9	8.9	6.9	7.9	8.9	10.9	9.9	7.9	9.9	9.9	10.9	10.9	7.9	13.9	10.9	14.9	10.9	13.9	11.9	13.9	11.9	11.9	11.9	10.9	10.9	10.9	14.9	16.8	12.9	13.9	8.9
Competitive Set	12.0	13.2	13.9	19.2	21.9	18.5	18.0	17.5	17.3	17.8	21.4	20.7	19.0	16.8	16.1	19.0	17.5	21.6	21.2	23.6	22.1	18.8	19.0	17.5	18.0	27.6	25.5	22.4	20.0	19.5	17.1
Index (MPI)	74.1	67.4	49.7	41.2	40.7	58.8	54.9	45.1	57.2	55.7	50.9	52.7	41.7	82.4	67.6	78.2	62.1	64.1	56.2	58.8	53.7	63.4	57.4	56.4	60.4	39.4	58.3	75.3	64.5	71.2	52.2

% Chg	May																														
	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
My Property	-88.2	-89.7	-73.1	-88.2	-89.8	-88.9	-81.1	-87.9	-88.5	-72.2	-85.9	-89.1	-92.0	-82.9	-88.7	-84.8	-77.1	-85.4	-88.2	-82.5	-81.0	-74.5	-77.1	-63.0	-69.4	-87.9	-83.7	-70.7	-72.3	-73.1	-60.9
Competitive Set	-84.3	-83.9	-63.8	-71.6	-72.5	-80.5	-78.5	-78.7	-74.3	-52.7	-72.1	-78.6	-80.3	-80.6	-82.9	-80.3	-59.5	-70.9	-76.1	-70.5	-59.2	-50.9	-69.6	-61.6	-34.0	-64.3	-70.3	-64.0	-63.5	-70.4	-58.3
Index (MPI)	-24.7	-35.6	-25.5	-58.6	-62.8	-43.0	-12.1	-43.0	-55.3	-41.2	-49.5	-49.1	-59.4	-12.2	-33.9	-23.0	-43.4	-49.9	-50.7	-40.7	-53.3	-48.0	-24.5	-3.4	-53.7	-66.1	-45.1	-18.5	-24.3	-9.2	-6.1

ADR	May																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	89.89	93.78	95.71	94.00	108.44	112.18	90.30	72.88	79.50	99.10	103.27	105.27	98.00	98.71	98.54	88.62	105.93	106.68	110.04	113.10	98.92	90.67	87.55	104.50	86.64	106.91	110.33	100.76	119.38	104.57	114.67
Competitive Set	64.62	69.20	64.98	70.74	70.21	70.06	68.21	67.73	68.44	67.61	72.71	72.23	72.29	67.20	69.26	68.06	67.98	74.96	78.53	70.81	69.05	68.47	65.26	64.77	62.33	71.47	71.37	70.40	66.91	66.15	64.94
Index (ARI)	139.1	135.5	147.3	132.9	154.5	160.1	132.4	107.6	116.2	146.6	142.0	145.7	135.6	146.9	142.3	130.2	155.8	142.3	140.1	159.7	143.3	132.4	134.1	161.3	139.0	149.6	154.6	143.1	178.4	158.1	176.6

% Chg	May																														
	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
My Property	-17.1	-20.5	-16.0	-23.6	-16.2	-15.5	-27.3	-45.0	-45.2	-19.6	-17.9	-23.4	-30.9	-21.3	-24.1	-28.9	-13.8	-9.8	-15.3	-9.1	-13.1	-15.4	-16.6	-9.6	-16.6	-6.5	-3.8	-12.9	17.9	-3.5	-6.9
Competitive Set	-41.7	-37.1	-41.0	-36.8	-40.8	-43.2	-42.6	-45.1	-42.1	-41.5	-38.5	-41.7	-42.7	-39.5	-38.7	-40.4	-38.2	-38.0	-36.2	-39.7	-33.8	-30.6	-34.2	-35.5	-37.3	-37.8	-34.6	-32.6	-34.1	-33.7	-35.6
Index (ARI)	42.2	26.3	42.3	20.9	41.6	48.6	26.5	0.3	-5.4	37.4	33.4	31.5	20.7	30.3	23.8	19.3	39.4	45.6	32.8	50.6	31.3	21.9	26.8	40.1	32.9	50.2	47.2	29.2	79.0	45.6	44.6

RevPAR	May																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	8.01	8.36	6.63	7.45	9.66	12.22	8.94	5.77	7.87	9.81	11.25	11.47	7.76	13.68	10.73	13.16	11.54	14.79	13.07	15.68	11.75	10.77	9.53	10.35	9.44	11.64	16.39	16.96	15.37	14.50	10.22
Competitive Set	7.77	9.15	9.06	13.60	15.36	12.97	12.30	11.89	11.84	12.03	15.56	14.93	13.73	11.31	11.15	12.92	11.93	16.22	16.61	16.68	15.27	12.84	12.39	11.37	11.24	19.76	18.19	15.74	13.35	12.88	11.08
Index (RGI)	103.1	91.3	73.2	54.7	62.9	94.2	72.7	48.6	66.5	81.6	72.3	76.8	56.5	121.0	96.2	101.8	96.7	91.2	78.7	94.0	77.0	83.9	76.9	91.0	84.0	58.9	90.1	107.8	115.1	112.5	92.2

% Chg	May																														
	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
My Property	-90.2	-91.8	-77.4	-91.0	-91.4	-90.6	-86.3	-93.3	-93.7	-77.7	-88.4	-91.7	-94.5	-86.6	-91.4	-89.2	-80.2	-86.8	-90.0	-84.1	-83.4	-78.4	-80.9	-66.5	-74.5	-88.7	-84.3	-74.5	-67.4	-74.0	-63.6
Competitive Set	-90.8	-89.9	-78.7	-82.1	-83.7	-88.9	-87.7	-88.3	-85.1	-72.3	-82.8	-87.5	-88.7	-88.2	-89.5	-88.3	-75.0	-82.0	-84.8	-82.2	-73.0	-65.9	-80.0	-75.3	-58.6	-77.8	-80.6	-75.8	-75.9	-80.3	-73.2
Index (RGI)	7.0	-18.7	6.0	-49.9	-47.4	-15.2	11.1	-42.9	-57.7	-19.2	-32.7	-33.0	-50.9	14.4	-18.2	-8.2	-21.0	-27.0	-34.6	-10.6	-38.7	-36.6	-4.3	35.3	-38.5	-49.1	-19.2	5.3	35.5	32.2	35.8

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STR # 36848 / Created July 17, 2020

# Monthly STAR Report : Hampton Inn Detroit Auburn Hills South

For the Month of: June 2020

Currency: US Dollar / Competitive Set Data Excludes Subject Property



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Corporate North American Headquarters  
T: +1 (615) 824 8664  
support@str.com www.str.com

International Headquarters  
T: +44 (0) 207 922 1930  
hotelinfo@str.com www.str.com

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## Tab 2 - Monthly Performance at a Glance - My Property vs. Competitive Set

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324

STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None

For the Month of: June 2020 Date Created: July 17, 2020 Monthly Competitive Set Data Excludes Subject Property

### June 2020

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	17.9	16.4	109.1	91.77	88.38	103.8	16.44	14.50	113.3
Year To Date	33.7	31.1	108.2	95.61	102.91	92.9	32.19	32.04	100.5
Running 3 Month	10.7	9.9	107.3	72.58	83.01	87.4	7.74	8.25	93.8
Running 12 Month	53.9	51.8	104.2	104.72	106.40	98.4	56.48	55.09	102.5

### June 2020 vs. 2019 Percent Change (%)

	Occupancy			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	-79.1	-79.7	2.9	-18.3	-20.2	2.4	-82.9	-83.8	5.3
Year To Date	-56.3	-53.0	-7.0	-12.5	-6.0	-6.9	-61.8	-55.9	-13.4
Running 3 Month	-87.0	-86.1	-6.6	-33.8	-25.1	-11.7	-91.4	-89.6	-17.6
Running 12 Month	-30.2	-24.8	-7.1	-5.1	-3.6	-1.6	-33.7	-27.5	-8.5

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# Tab 3 - STAR Summary - My Property vs. Comp Set and Industry Segments

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324

STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None

For the Month of: June 2020 Date Created: July 17, 2020 Monthly Competitive Set Data Excludes Subject Property

	Occupancy (%)								Supply			
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Hampton Inn Detroit Auburn Hills South	17.9	-79.1	33.7	-56.3	10.7	-87.0	53.9	-30.2	0.0	0.6	0.0	0.3
Market: Detroit, MI	45.8	-36.8	43.4	-31.2	36.0	-47.1	55.8	-15.2	-2.3	-1.8	-4.9	-0.5
Market Class: Upper Midscale Class	41.7	-44.0	38.5	-39.8	28.9	-57.7	53.6	-19.7	1.6	2.5	0.4	3.0
Submarket: Auburn Hills/Madison Heights, M	47.4	-34.3	44.2	-27.2	37.3	-43.5	55.0	-14.8	-2.8	-3.4	-7.7	0.2
Submarket Scale: Midscale Chains	48.5	-32.8	40.4	-34.9	34.2	-48.9	52.1	-20.4	0.0	-0.6	-1.1	3.3
Competitive Set: Competitors	16.4	-79.7	31.1	-53.0	9.9	-86.1	51.8	-24.8	-22.3	-11.2	-22.3	-5.6

	Average Daily Rate								Demand			
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Hampton Inn Detroit Auburn Hills South	91.77	-18.3	95.61	-12.5	72.58	-33.8	104.72	-5.1	-79.1	-56.1	-87.0	-30.0
Market: Detroit, MI	78.13	-27.0	85.84	-19.1	72.11	-32.6	97.47	-7.8	-38.3	-32.5	-49.7	-15.7
Market Class: Upper Midscale Class	93.49	-13.2	95.27	-10.7	88.31	-18.2	102.43	-4.9	-43.1	-38.3	-57.5	-17.3
Submarket: Auburn Hills/Madison Heights, M	70.68	-29.8	79.78	-19.2	64.47	-35.2	91.01	-7.7	-36.2	-29.7	-47.9	-14.7
Submarket Scale: Midscale Chains	79.32	-22.0	84.29	-15.1	73.95	-26.0	93.14	-7.8	-32.8	-35.3	-49.4	-17.8
Competitive Set: Competitors	88.38	-20.2	102.91	-6.0	83.01	-25.1	106.40	-3.6	-84.2	-58.3	-89.2	-29.0

	RevPAR								Revenue			
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Hampton Inn Detroit Auburn Hills South	16.44	-82.9	32.19	-61.8	7.74	-91.4	56.48	-33.7	-82.9	-61.6	-91.4	-33.5
Market: Detroit, MI	35.79	-53.9	37.30	-44.3	25.95	-64.3	54.42	-21.8	-54.9	-45.3	-66.1	-22.2
Market Class: Upper Midscale Class	39.02	-51.4	36.67	-46.2	25.55	-65.4	54.89	-23.7	-50.6	-44.9	-65.3	-21.4
Submarket: Auburn Hills/Madison Heights, M	33.53	-53.9	35.25	-41.1	24.06	-63.4	50.09	-21.4	-55.2	-43.1	-66.2	-21.2
Submarket Scale: Midscale Chains	38.44	-47.6	34.02	-44.8	25.28	-62.2	48.55	-26.6	-47.6	-45.1	-62.6	-24.2
Competitive Set: Competitors	14.50	-83.8	32.04	-55.9	8.25	-89.6	55.09	-27.5	-87.4	-60.8	-91.9	-31.6

	Census/Sample - Properties & Rooms					Pipeline			
	Census		Sample		Sample %	Market: Detroit, MI			
	Properties	Rooms	Properties	Rooms	Rooms	Under Construction		Planning	
Market: Detroit, MI	408	43408	277	34919	80.4				
Market Class: Upper Midscale Class	109	11348	100	10093	88.9				
Submarket: Auburn Hills/Madison Heights, M	77	8655	59	7416	85.7				
Submarket Scale: Midscale Chains	26	2895	25	2830	97.8				
Competitive Set: Competitors	4	443	4	443	100.0	Properties	Rooms	Properties	Rooms
						25	2701	68	7635

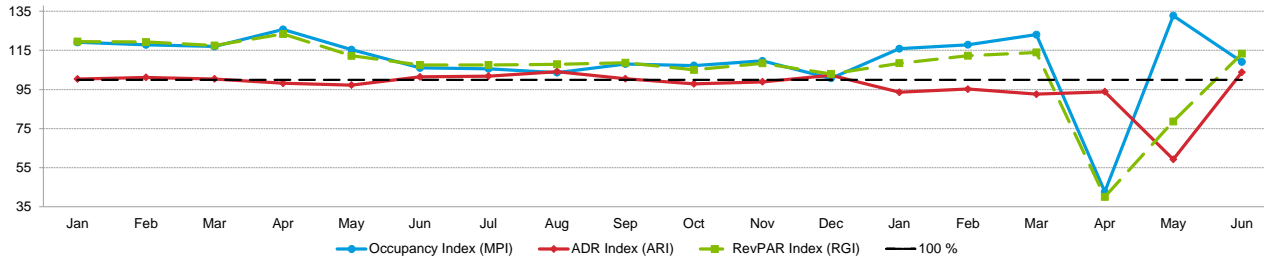
See Help page for pipeline definitions.

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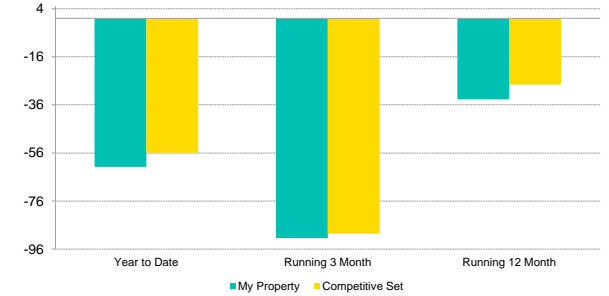
# Tab 4 - Competitive Set Report

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324  
 STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None  
 For the Month of: June 2020 Date Created: July 17, 2020 Monthly Competitive Set Data Excludes Subject Property

## Monthly Indexes



## RevPAR Percent Change



Occupancy (%)	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	66.1	73.9	76.2	80.1	80.8	85.7	79.6	83.5	80.4	78.8	71.9	49.9	61.0	80.4	30.2	1.8	12.2	17.9	79.0	77.1	33.7	84.6	82.2	10.7	78.0	77.2	53.9
Competitive Set	55.5	62.8	65.1	63.7	70.0	80.8	75.4	80.6	74.4	73.5	65.6	49.5	52.7	68.1	24.5	4.2	9.2	16.4	70.0	66.3	31.1	75.7	71.5	9.9	71.6	68.9	51.8
Index (MPI)	119.1	117.8	117.0	125.7	115.4	106.0	105.6	103.6	108.1	107.2	109.6	100.7	115.9	117.9	123.1	42.7	132.8	109.1	113.0	116.3	108.2	111.7	114.9	107.3	109.1	112.1	104.2
Rank	1 of 6	1 of 6	1 of 6	1 of 6	1 of 6	1 of 6	2 of 6	2 of 6	2 of 6	3 of 6	1 of 6	3 of 6	1 of 6	1 of 6	2 of 6	4 of 5	3 of 5	3 of 5	1 of 6	1 of 6	3 of 6	1 of 6	1 of 6	3 of 5	1 of 6	1 of 6	3 of 6

% Chg	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	8.5	-2.4	-9.1	-5.9	5.7	-7.4	2.9	-2.8	-3.5	-6.1	-3.9	-15.4	-7.6	8.7	-60.4	-97.8	-84.9	-79.1	1.6	-2.4	-56.3	6.6	-2.9	-87.0	1.4	-1.0	-30.2
Competitive Set	-6.1	1.0	-8.2	-13.5	2.6	-5.6	2.5	-2.4	-1.2	-5.0	-3.6	-4.7	-5.0	8.6	-62.3	-93.4	-86.8	-79.7	-2.1	-5.2	-53.0	1.5	-5.6	-86.1	-0.9	-3.7	-24.8
Index (MPI)	15.6	-3.3	-1.0	8.8	3.0	-1.9	0.3	-0.4	-2.3	-1.3	-0.3	-11.2	-2.7	0.1	5.2	-66.1	15.1	2.9	3.7	3.0	-7.0	5.0	2.9	-6.6	2.3	2.8	-7.1
Rank	1 of 6	4 of 6	5 of 6	2 of 6	3 of 6	4 of 6	3 of 6	4 of 6	4 of 6	4 of 6	3 of 6	5 of 6	4 of 6	4 of 6	2 of 6	5 of 5	3 of 5	3 of 5	2 of 6	3 of 6	4 of 6	2 of 6	2 of 6	3 of 5	2 of 6	2 of 6	6 of 6

ADR	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	108.50	109.05	108.58	110.26	106.47	112.33	111.77	112.94	112.11	109.07	103.56	99.01	99.21	101.24	98.17	71.09	45.61	91.77	111.22	109.24	95.61	111.97	109.70	72.58	110.89	110.32	104.72
Competitive Set	108.11	107.74	108.13	112.28	109.47	110.73	109.70	108.44	111.51	111.37	104.67	96.84	106.02	106.34	106.04	75.73	76.98	88.38	111.91	109.50	102.91	114.16	110.77	83.01	111.56	110.35	106.40
Index (ARI)	100.4	101.2	100.4	98.2	97.3	101.4	101.9	104.2	100.5	97.9	98.9	102.2	93.6	95.2	92.6	93.9	59.3	103.8	99.4	99.8	92.9	98.1	99.0	87.4	99.4	100.0	98.4
Rank	3 of 6	3 of 6	2 of 6	4 of 6	4 of 6	2 of 6	3 of 6	2 of 6	3 of 6	4 of 6	5 of 6	3 of 6	5 of 6	5 of 6	5 of 6	3 of 5	5 of 5	2 of 5	3 of 6	2 of 6	5 of 6	4 of 6	3 of 6	4 of 5	3 of 6	2 of 6	5 of 6

% Chg	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	-6.5	0.4	0.9	-0.1	-4.1	-1.7	-1.6	-4.9	0.5	-3.3	-2.4	-3.0	-8.6	-7.2	-9.6	-35.5	-57.2	-18.3	0.7	-1.8	-12.5	1.3	-2.0	-33.8	1.1	-0.5	-5.1
Competitive Set	-3.1	0.1	-0.3	0.6	-4.1	-4.8	0.4	-5.4	-1.9	-3.4	-3.3	-5.0	-1.9	-1.3	-1.9	-32.6	-29.7	-20.2	1.3	-2.2	-6.0	1.9	-3.0	-25.1	1.6	-1.1	-3.6
Index (ARI)	-3.5	0.2	1.2	-0.7	0.1	3.3	-1.9	0.5	2.5	0.1	1.0	2.1	-6.8	-5.9	-7.8	-4.4	-39.1	2.4	-0.5	0.4	-6.9	-0.5	1.0	-11.7	-0.5	0.6	-1.6
Rank	5 of 6	2 of 6	5 of 6	4 of 6	5 of 6	2 of 6	3 of 6	2 of 6	3 of 6	3 of 6	3 of 6	2 of 6	6 of 6	6 of 6	5 of 6	3 of 5	5 of 5	2 of 5	4 of 6	5 of 6	5 of 6	4 of 6	5 of 6	4 of 5	4 of 6	4 of 6	4 of 6

RevPAR	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	71.68	80.64	82.69	88.28	86.04	96.21	89.01	94.29	90.13	85.92	74.42	49.38	60.56	81.35	29.62	1.28	5.58	16.44	87.90	84.23	32.19	94.72	90.13	7.74	86.54	85.20	56.48
Competitive Set	59.97	67.62	70.40	71.53	76.67	89.44	82.73	87.36	82.94	81.81	68.63	47.96	55.84	72.47	26.00	3.19	7.10	14.50	78.30	72.60	32.04	86.47	79.18	8.25	79.83	76.02	55.09
Index (RGI)	119.5	119.2	117.5	123.4	112.2	107.6	107.6	107.9	108.7	105.0	108.4	103.0	108.4	112.3	113.9	40.0	78.7	113.3	112.3	116.0	100.5	109.5	113.8	93.8	108.4	112.1	102.5
Rank	1 of 6	2 of 6	2 of 6	1 of 6	2 of 6	2 of 6	2 of 6	2 of 6	3 of 6	3 of 6	3 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 5	3 of 5	3 of 5	2 of 6	2 of 6	3 of 6	2 of 6	2 of 6	3 of 5	2 of 6	2 of 6	2 of 6

% Chg	2019												2020						Year To Date			Running 3 Month			Running 12 Month		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018	2019	2020	2018	2019	2020	2018	2019	2020
My Property	1.5	-2.1	-8.3	-6.0	1.4	-9.0	1.3	-7.6	-2.9	-9.2	-6.2	-17.9	-15.5	0.9	-64.2	-98.6	-93.5	-82.9	2.3	-4.2	-61.8	8.0	-4.8	-91.4	2.6	-1.6	-33.7
Competitive Set	-9.1	1.1	-8.5	-13.0	-1.7	-10.1	2.9	-7.7	-3.1	-8.2	-6.8	-9.5	-6.9	7.2	-63.1	-95.5	-90.7	-83.8	-0.8	-7.3	-55.9	3.4	-8.4	-89.6	0.8	-4.8	-27.5
Index (RGI)	11.6	-3.1	0.3	8.0	3.1	1.3	-1.6	0.2	0.1	-1.1	0.6	-9.3	-9.3	-5.9	-3.0	-67.6	-29.9	5.3	3.2	3.3	-13.4	4.4	3.9	-17.6	1.8	3.4	-8.5
Rank	1 of 6	4 of 6	5 of 6	2 of 6	3 of 6	4 of 6	3 of 6	5 of 6	5 of 6	4 of 6	3 of 6	5 of 6	5 of 6	4 of 6	4 of 6	5 of 5	3 of 5	3 of 5	2 of 6	4 of 6	6 of 6	2 of 6	2 of 6	3 of 5	3 of 6	3 of 6	6 of 6

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# Tab 5 - Response Report

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324  
 STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None  
 For the Month of: June 2020 Date Created: July 17, 2020

## This Year

Jun 21st - Father's Day

## June 2020 (This Year)

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## June 2019 (Last Year)

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## Last Year

Jun 16th - Father's Day

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
36848	Hampton Inn Detroit Auburn Hills South	Auburn Hills, MI	48326-2806	(248) 334-3324	102	199807
25834	Courtyard Detroit Auburn Hills	Auburn Hills, MI	48326	(248) 373-4100	148	198910
31366	Hyatt Place Detroit Auburn Hills	Auburn Hills, MI	48326-2654	(248) 475-9393	0	199605
35701	Courtyard Detroit Pontiac Bloomfield Auburn Hills	Pontiac, MI	48341-3158	(248) 858-9595	110	199803
57101	SpringHill Suites Detroit Auburn Hills	Lake Orion, MI	48359-2439	(248) 475-4700	102	200906
63015	Holiday Inn Express & Suites Rochester Hills Detr	Rochester Hills, MI	48309-5512	(248) 733-4228	83	201510
					545	

2018		2019												2020										
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Data received:

- = Monthly Only
- = Monthly & Daily

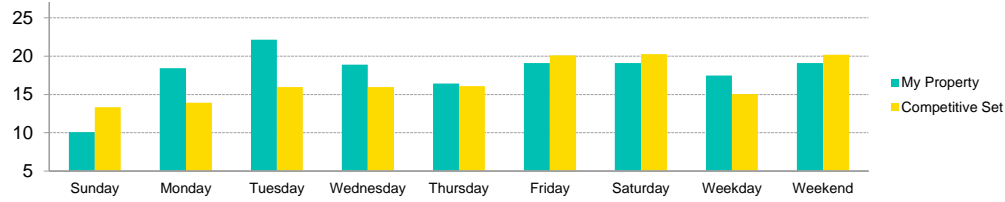
## Tab 6 - Day of Week and Weekday/Weekend Report

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324

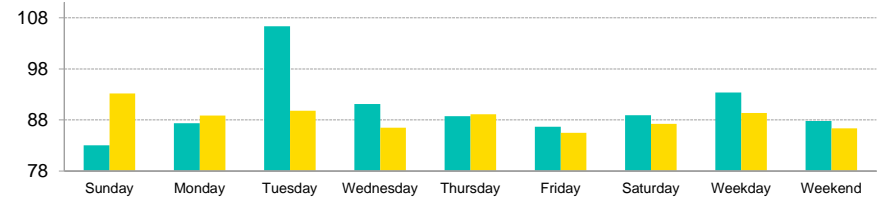
STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None

For the Month of: June 2020 Date Created: July 17, 2020 Monthly Competitive Set Data Excludes Subject Property

### Current Month Occupancy



### Current Month ADR



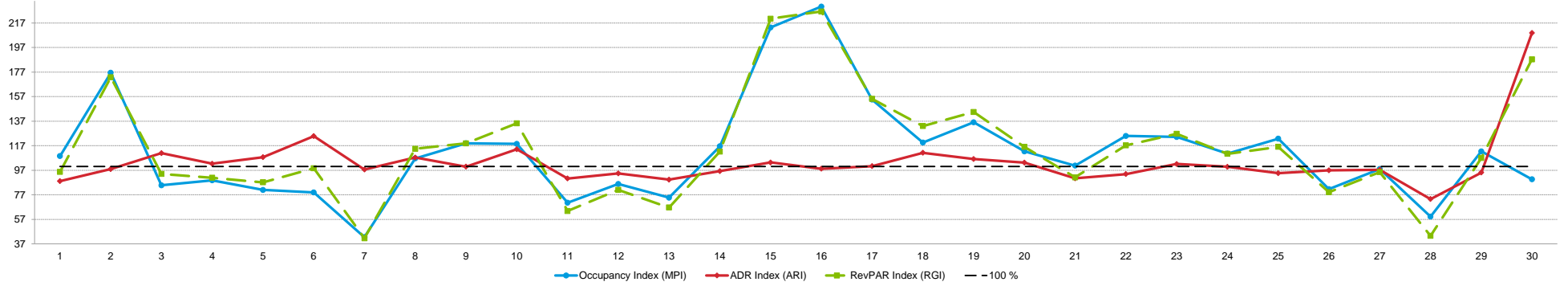
Day of Week	Time Period	Occupancy (%)			Average Daily Rate			RevPAR											
		My Property	Competitive Set	Index (MPI)	My Property	Competitive Set	Index (ARI)	My Property	Competitive Set	Index (RGI)									
Sunday	Current Month	10.0	-82.0	13.3	-72.9	75.5	-33.4	83.03	-22.6	93.19	-7.2	89.1	-16.6	8.34	-86.0	12.41	-74.8	67.2	-44.5
	Year To Date	25.5	-51.5	20.7	-50.2	122.7	-2.8	87.97	-15.2	98.81	-2.1	89.0	-13.4	22.40	-58.9	20.50	-51.2	109.3	-15.8
	Running 3 Month	8.2	-84.6	8.3	-80.7	99.4	-20.2	59.36	-42.3	85.33	-15.2	69.6	-31.9	4.87	-91.1	7.04	-83.6	69.1	-45.7
	Running 12 Month	38.5	-30.5	33.4	-23.9	115.3	-8.7	98.40	-4.9	98.36	-3.0	100.0	-1.9	37.85	-33.9	32.82	-26.1	115.3	-10.5
Monday	Current Month	18.4	-81.3	13.9	-83.8	132.6	15.8	87.35	-26.0	88.85	-23.1	98.3	-3.9	16.10	-86.2	12.35	-87.6	130.3	11.3
	Year To Date	37.7	-59.7	32.7	-53.7	115.3	-12.9	100.36	-12.2	108.79	-5.5	92.3	-7.2	37.80	-64.6	35.53	-56.2	106.4	-19.1
	Running 3 Month	10.8	-88.2	8.9	-87.6	121.5	-4.9	71.64	-37.3	83.52	-27.5	85.8	-13.4	7.72	-92.6	7.40	-91.0	104.2	-17.6
	Running 12 Month	59.0	-34.4	53.2	-26.2	111.0	-11.1	109.59	-5.2	111.87	-3.1	98.0	-2.2	64.67	-37.8	59.49	-28.4	108.7	-13.1
Tuesday	Current Month	22.2	-77.5	16.0	-83.5	138.6	36.1	106.36	-12.5	89.78	-27.0	118.5	19.8	23.57	-80.3	14.35	-87.9	164.2	63.0
	Year To Date	42.9	-55.1	38.1	-53.2	112.4	-4.0	105.55	-10.2	116.10	-4.0	90.9	-6.4	45.25	-59.7	44.27	-55.1	102.2	-10.1
	Running 3 Month	13.3	-86.6	9.9	-88.6	134.5	17.4	90.25	-24.8	85.87	-29.5	105.1	6.7	11.97	-89.9	8.47	-92.0	141.3	25.3
	Running 12 Month	64.9	-29.9	60.6	-26.7	107.1	-4.4	112.30	-6.3	118.71	-2.9	94.6	-3.5	72.86	-34.3	71.91	-28.8	101.3	-7.8
Wednesday	Current Month	18.9	-80.8	16.0	-83.4	118.2	15.3	91.14	-24.0	86.51	-29.2	105.4	7.3	17.20	-85.4	13.82	-88.2	124.5	23.7
	Year To Date	39.7	-58.3	36.8	-53.5	108.0	-10.3	104.58	-9.6	112.93	-5.5	92.6	-4.3	41.52	-62.3	41.50	-56.1	100.1	-14.1
	Running 3 Month	10.2	-89.7	9.2	-89.1	111.0	-5.1	77.39	-33.6	82.01	-32.3	94.4	-2.0	7.88	-93.2	7.53	-92.6	104.7	-7.1
	Running 12 Month	62.0	-32.7	58.7	-27.2	105.8	-7.6	111.78	-5.3	116.44	-3.2	96.0	-2.1	69.34	-36.3	68.30	-29.6	101.5	-9.5
Thursday	Current Month	16.4	-79.9	16.1	-79.4	102.1	-2.8	88.73	-20.2	89.09	-17.4	99.6	-3.3	14.57	-84.0	14.33	-83.0	101.7	-6.0
	Year To Date	34.2	-51.9	28.0	-54.9	122.1	6.5	91.79	-16.2	97.55	-9.0	94.1	-7.9	31.39	-59.7	27.31	-58.9	114.9	-1.9
	Running 3 Month	10.0	-87.1	9.8	-85.5	102.2	-10.7	68.05	-37.3	80.99	-25.4	84.0	-15.9	6.80	-91.9	7.91	-89.2	85.9	-24.9
	Running 12 Month	52.6	-27.6	49.6	-23.7	106.1	-5.2	102.90	-5.8	102.25	-5.0	100.6	-0.9	54.13	-31.9	50.71	-27.5	106.7	-6.0
Friday	Current Month	19.1	-77.7	20.1	-75.5	95.2	-9.0	86.64	-19.9	85.45	-14.4	101.4	-6.5	16.56	-82.1	17.17	-79.0	96.5	-14.9
	Year To Date	25.8	-59.5	28.8	-52.4	89.6	-14.8	82.89	-15.8	89.37	-8.0	92.8	-8.5	21.36	-65.9	25.70	-56.2	83.1	-22.1
	Running 3 Month	10.9	-85.3	11.6	-83.3	93.7	-12.3	63.74	-36.3	80.26	-19.3	79.4	-21.0	6.94	-90.7	9.33	-86.5	74.4	-30.7
	Running 12 Month	47.4	-28.3	50.1	-22.9	94.5	-7.0	95.88	-4.3	94.80	-4.2	101.1	-0.2	45.44	-31.4	47.54	-26.1	95.6	-7.1
Saturday	Current Month	19.1	-78.3	20.3	-76.1	94.4	-9.1	88.94	-10.5	87.23	-14.4	102.0	4.5	17.00	-80.6	17.67	-79.5	96.2	-5.0
	Year To Date	28.1	-59.3	32.9	-52.4	85.4	-14.6	80.93	-15.7	89.58	-7.7	90.3	-8.7	22.74	-65.7	29.47	-56.0	77.2	-22.1
	Running 3 Month	10.8	-86.6	12.0	-84.6	90.3	-13.1	64.80	-34.0	83.77	-16.8	77.4	-20.6	7.03	-91.1	10.07	-87.2	69.8	-31.0
	Running 12 Month	51.6	-28.6	56.7	-23.0	91.0	-7.2	94.29	-3.1	95.97	-3.1	98.2	0.0	48.67	-30.8	54.46	-25.4	89.4	-7.3
Weekday/Weekend	Current Month	17.5	-79.5	15.0	-81.1	116.1	8.6	93.36	-19.7	89.37	-22.4	104.5	3.4	16.31	-83.5	13.44	-85.3	121.3	12.3
	Year To Date	36.2	-55.5	31.3	-53.3	115.9	-4.7	99.49	-12.1	108.21	-5.4	91.9	-7.1	36.05	-60.9	33.82	-55.8	106.6	-11.5
	Running 3 Month	10.6	-87.4	9.2	-87.0	115.3	-3.1	75.66	-33.4	83.51	-27.5	90.6	-8.2	8.01	-91.6	7.67	-90.6	104.5	-11.0
	Running 12 Month	55.7	-30.8	51.1	-25.6	108.9	-7.0	108.05	-5.5	110.95	-3.5	97.4	-2.1	60.13	-34.6	56.72	-28.2	106.0	-9.0
Weekend (Fri-Sat)	Current Month	19.1	-78.0	20.2	-75.8	94.8	-9.0	87.79	-14.9	86.34	-14.5	101.7	-0.6	16.78	-81.3	17.42	-79.3	96.3	-9.5
	Year To Date	26.9	-59.4	30.8	-52.4	87.4	-14.7	81.86	-15.8	89.48	-7.8	91.5	-8.6	22.05	-65.8	27.58	-56.1	79.9	-22.1
	Running 3 Month	10.9	-86.0	11.8	-84.0	91.9	-12.6	64.28	-35.1	82.04	-18.1	78.4	-20.8	6.99	-90.9	9.70	-86.9	72.0	-30.8
	Running 12 Month	49.5	-28.4	53.4	-23.0	92.6	-7.1	95.05	-3.7	95.42	-3.6	99.6	-0.1	47.05	-31.1	51.00	-25.7	92.3	-7.2
Total	Current Month	17.9	-79.1	16.4	-79.7	109.1	2.9	91.77	-18.3	88.38	-20.2	103.8	2.4	16.44	-82.9	14.50	-83.8	113.3	5.3
	Year To Date	33.7	-56.3	31.1	-53.0	108.2	-7.0	95.61	-12.5	102.91	-6.0	92.9	-6.9	32.19	-61.8	32.04	-55.9	100.5	-13.4
	Running 3 Month	10.7	-87.0	9.9	-86.1	107.3	-6.6	72.58	-33.8	83.01	-25.1	87.4	-11.7	7.74	-91.4	8.25	-89.6	93.8	-17.6
	Running 12 Month	53.9	-30.2	51.8	-24.8	104.2	-7.1	104.72	-5.1	106.40	-3.6	98.4	-1.6	56.48	-33.7	55.09	-27.5	102.5	-8.5



Tab 7 - Daily Data for the Month

Hampton Inn Detroit Auburn Hills South 2200 Featherstone Rd Auburn Hills, MI 48326-2806 Phone: (248) 334-3324  
 STR # 36848 ChainID: 000046422 MgtCo: Great Lakes Hospitality Group Owner: None  
 For the Month of: June 2020 Date Created: July 17, 2020 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of June



	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>Occupancy (%)</b>	<b>June</b>																													
My Property	8.8	12.7	7.8	8.8	10.8	9.8	4.9	13.7	19.6	20.6	12.7	15.7	10.8	10.8	27.5	34.3	20.6	18.6	25.5	21.6	12.7	20.6	25.5	26.5	25.5	24.5	34.3	11.8	21.6	18.6
Competitive Set	8.1	7.2	9.3	9.9	13.3	12.4	11.5	12.9	16.5	17.4	18.1	18.3	14.4	9.3	12.9	14.9	13.3	15.6	18.7	19.2	12.6	16.5	20.5	23.9	20.8	30.0	35.0	19.9	19.2	20.8
Index (MPI)	108.6	176.4	84.7	88.8	81.0	79.0	42.6	106.7	119.0	118.4	70.6	85.8	74.6	116.5	213.3	230.3	154.6	119.6	136.1	112.4	100.8	124.9	124.1	110.6	122.7	81.6	98.1	59.2	112.4	89.7

	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>% Chg</b>																														
My Property	-90.6	-86.9	-92.1	-91.1	-86.1	-90.1	-91.5	-86.3	-79.8	-79.0	-84.5	-84.2	-88.9	-76.6	-72.8	-65.7	-79.0	-75.9	-74.3	-64.5	-81.9	-79.2	-74.5	-73.0	-62.9	-63.2	-59.3	-63.6	-52.2	-57.8
Competitive Set	-89.5	-92.4	-90.1	-88.4	-81.9	-87.4	-81.5	-86.7	-83.5	-82.5	-74.6	-79.7	-83.4	-83.5	-85.8	-85.0	-86.5	-81.5	-79.2	-76.6	-73.0	-79.2	-78.0	-74.0	-70.6	-59.2	-53.5	-47.1	-53.1	-49.4
Index (MPI)	-10.5	72.2	-20.1	-22.9	-23.1	-21.7	-54.3	3.1	22.2	20.2	-39.1	-21.9	-33.1	42.0	91.6	128.3	56.0	29.8	23.9	51.8	-33.1	0.1	15.8	3.7	26.1	-10.0	-12.5	-31.3	1.9	-16.5

	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>ADR</b>	<b>June</b>																													
My Property	76.67	96.77	91.75	87.11	85.36	103.00	87.60	87.57	87.00	92.24	81.46	80.69	76.18	93.36	90.11	90.46	92.24	97.16	92.85	94.86	86.62	88.52	92.12	89.26	86.77	84.56	85.20	67.75	86.95	182.11
Competitive Set	86.98	98.82	82.70	85.14	79.27	82.47	89.77	81.58	87.06	80.79	90.16	85.46	85.28	96.95	87.19	92.05	91.87	87.34	87.44	91.85	95.76	94.26	90.22	89.43	91.72	87.24	87.43	92.11	91.37	87.18
Index (ARI)	88.1	97.9	110.9	102.3	107.7	124.9	97.6	107.3	99.9	114.2	90.4	94.4	89.3	96.3	103.3	98.3	100.4	111.2	106.2	103.3	90.5	93.9	102.1	99.8	94.6	96.9	97.4	73.6	95.2	208.9

	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>% Chg</b>																														
My Property	-33.7	-20.4	-25.6	-27.4	-20.8	-2.7	-23.4	-27.4	-30.0	-22.5	-22.6	-29.1	-30.1	-14.1	-25.7	-25.7	-21.0	-12.1	-17.9	-5.2	-21.1	-24.4	-23.9	-27.3	-20.1	-11.8	-8.2	-29.6	-4.9	114.5
Competitive Set	-23.0	-21.3	-33.8	-24.5	-18.8	-23.3	-12.2	-32.3	-29.6	-35.7	-16.4	-16.7	-15.4	-7.3	-23.9	-24.0	-22.2	-20.8	-15.9	-8.1	-7.0	-16.2	-25.8	-25.1	-7.3	-6.4	-7.1	6.4	-2.3	-0.2
Index (ARI)	-13.8	1.1	12.5	-3.8	-2.5	26.9	-12.7	7.4	-0.7	20.6	-7.4	-14.8	-17.3	-7.2	-2.4	-2.3	1.5	10.9	-2.4	3.1	-15.2	-9.7	2.5	-2.9	-13.8	-5.7	-1.1	-33.9	-2.7	114.9

	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>RevPAR</b>	<b>June</b>																													
My Property	6.76	12.33	7.20	7.69	9.21	10.10	4.29	12.02	17.06	18.99	10.38	12.66	8.22	10.07	24.74	31.04	18.99	18.10	23.67	20.46	11.04	18.23	23.48	23.63	22.12	20.73	29.24	7.97	18.75	33.92
Competitive Set	7.07	7.14	7.65	8.46	10.56	10.24	10.33	10.50	14.35	14.04	16.28	15.63	12.32	8.97	11.22	13.71	12.24	13.60	16.38	17.62	12.10	15.53	18.53	21.40	19.05	26.19	30.59	18.30	17.53	18.11
Index (RGI)	95.7	172.8	94.0	90.9	87.2	98.6	41.6	114.5	118.9	135.2	63.8	81.0	66.7	112.2	220.5	226.3	155.2	133.0	144.5	116.1	91.2	117.3	126.7	110.4	116.1	79.1	95.6	43.6	107.0	187.4

	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu
<b>% Chg</b>																														
My Property	-93.8	-89.6	-94.1	-93.5	-89.0	-90.4	-93.5	-90.0	-85.9	-83.7	-88.0	-88.8	-92.2	-79.9	-79.8	-74.5	-83.4	-78.9	-78.9	-66.4	-85.8	-84.3	-80.6	-80.4	-70.3	-67.6	-62.6	-74.4	-54.5	-9.4
Competitive Set	-91.9	-94.0	-93.4	-91.3	-85.3	-90.3	-83.7	-91.0	-88.4	-88.8	-78.8	-83.1	-86.0	-84.7	-89.2	-88.6	-89.5	-85.3	-82.5	-78.5	-74.9	-82.6	-83.7	-80.5	-72.7	-61.8	-56.8	-43.7	-54.1	-49.5
Index (RGI)	-22.9	74.2	-10.2	-25.8	-25.1	-0.6	-60.1	10.7	21.3	45.0	-43.6	-33.5	-44.7	31.7	87.1	123.1	58.3	44.0	21.0	56.6	-43.3	-9.7	18.7	0.7	8.8	-15.1	-13.5	-54.5	-0.8	79.3

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# Outlook for the Hotel Industry

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The impact of current events on  
hotel performance and values

April 2020



## Introduction



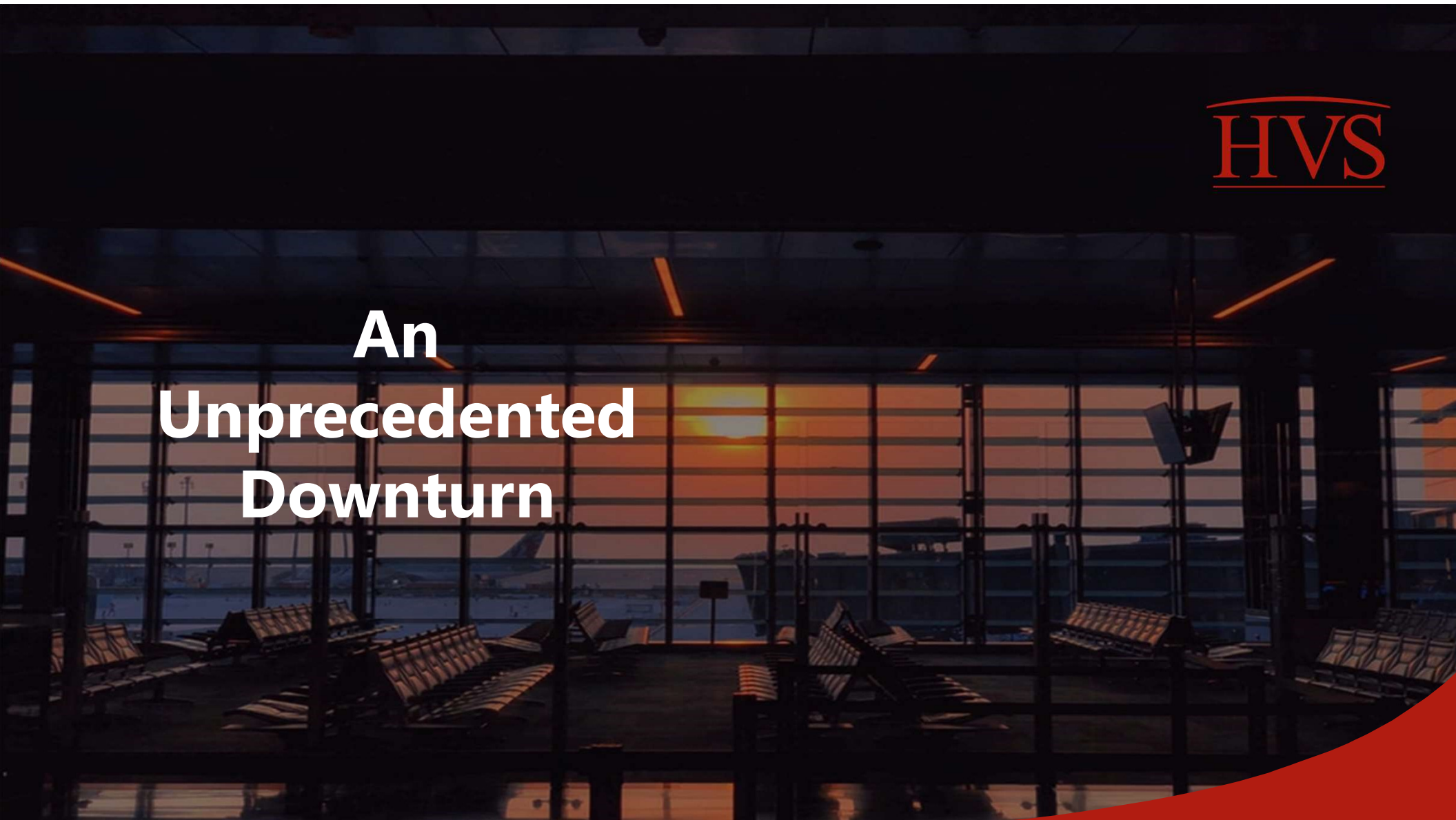
The COVID-19 pandemic and the related restrictions on travel, business activity, and individual movement are having a significant impact on our industry. We don't know how long the pandemic will last, how long the related restrictions will be in place, or how much worse this could get for our industry. We also don't know the final, net impact on the economy.

We do know that the hospitality industry is extraordinarily resilient. Past "shock" events and downturns have caused business to plummet; however, the industry performance has always recovered. Even though the pace and degree of the COVID-19 downturn is unprecedented, market participants believe that the hospitality industry will recover and, as in the past, this cycle will create the opportunity for strong returns through well-timed and well-executed investment strategies.

Owners, operators, lenders, and investors are all facing greater challenges than ever anticipated. HVS is here to help. We have a strong team of senior leaders who have been through numerous prior cycles. With the knowledge and expertise gleaned from past downturns, HVS is available to support you, your hotels, and your investors as we navigate these challenging times.

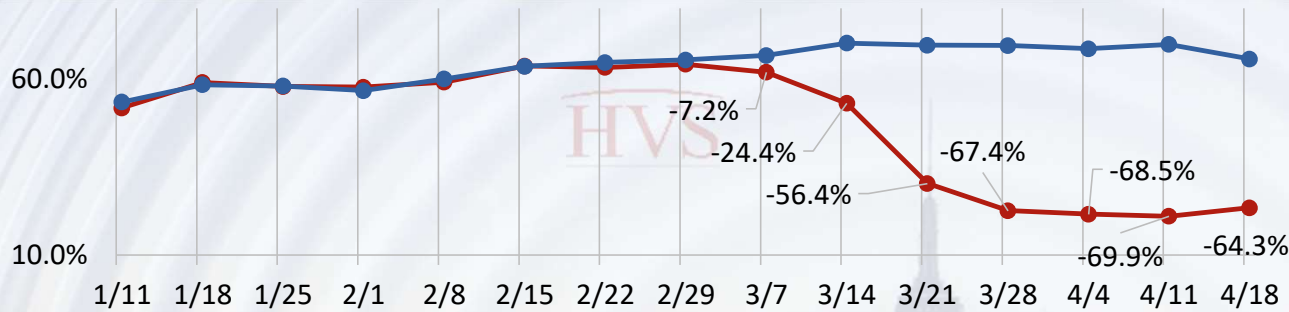


# An Unprecedented Downturn



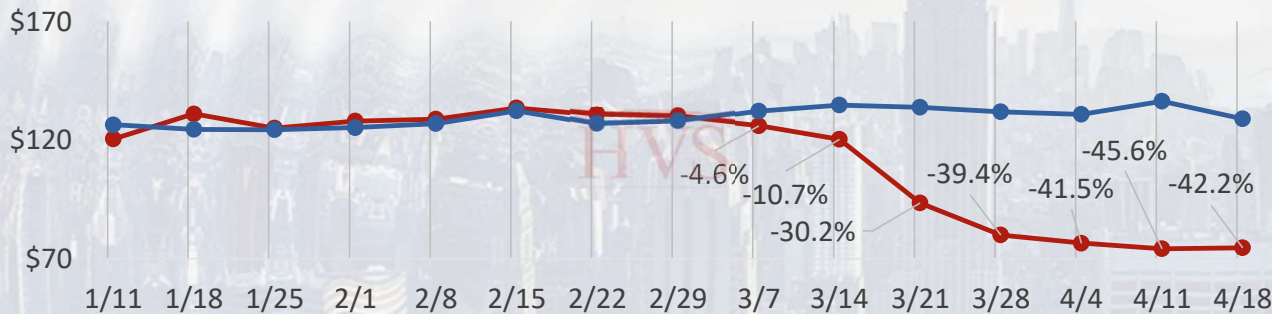
### Hotel Occupancy

● 2020 ● 2019



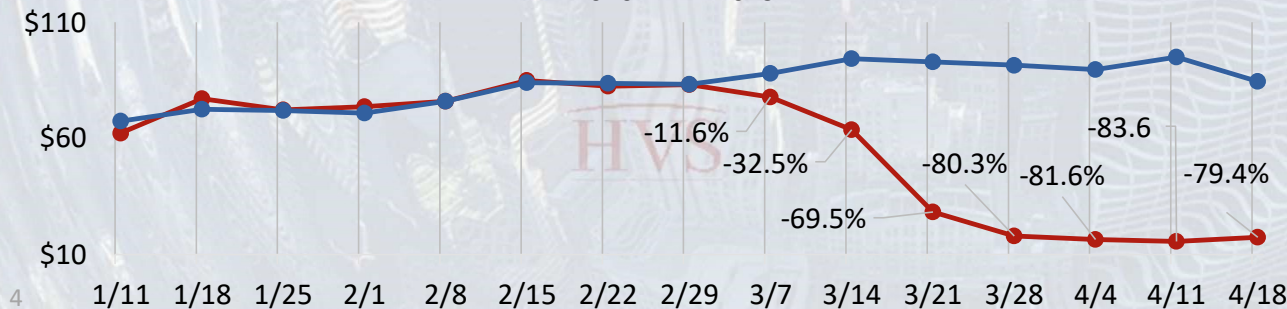
### Hotel ADR

● 2020 ● 2019



### Hotel RevPAR

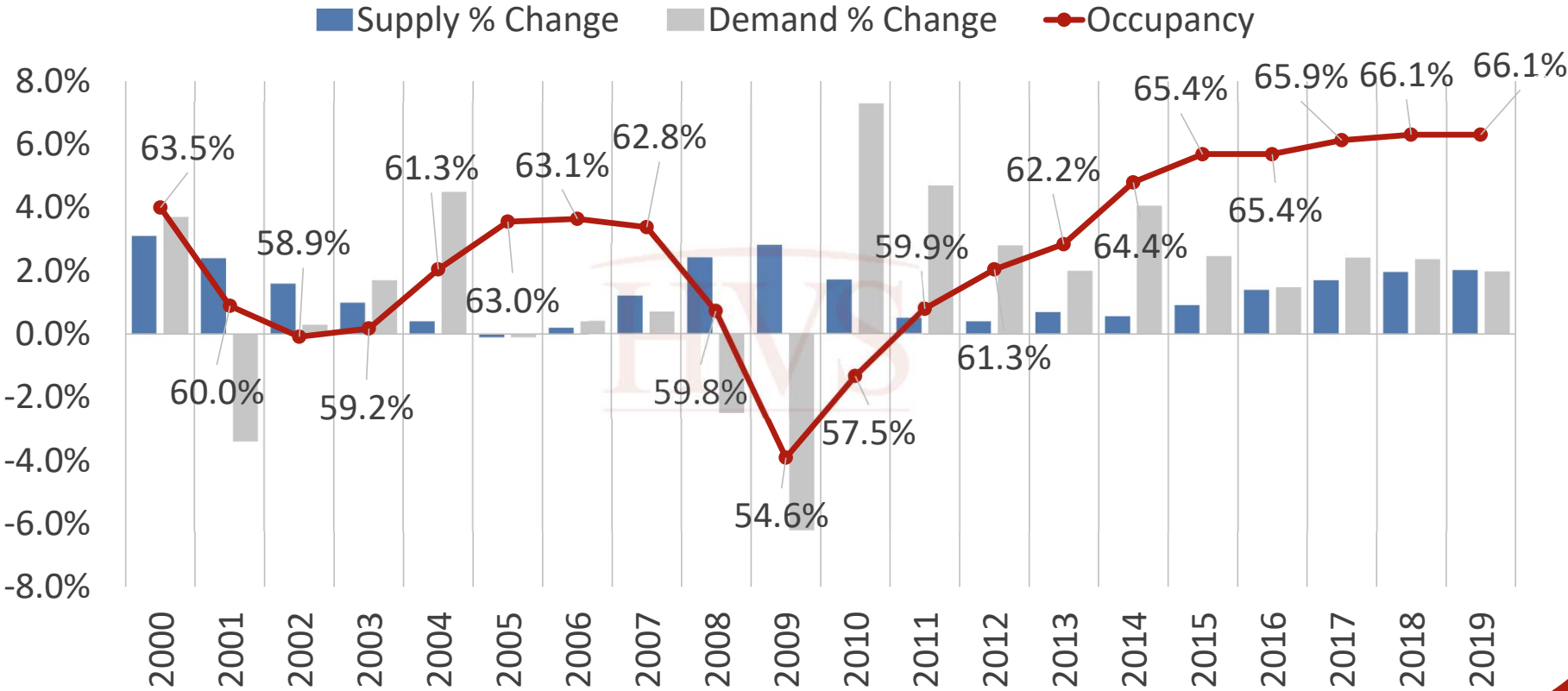
● 2020 ● 2019



The data for the U.S. show substantial declines; however appears to have bottomed out last week.

Data Source: STR

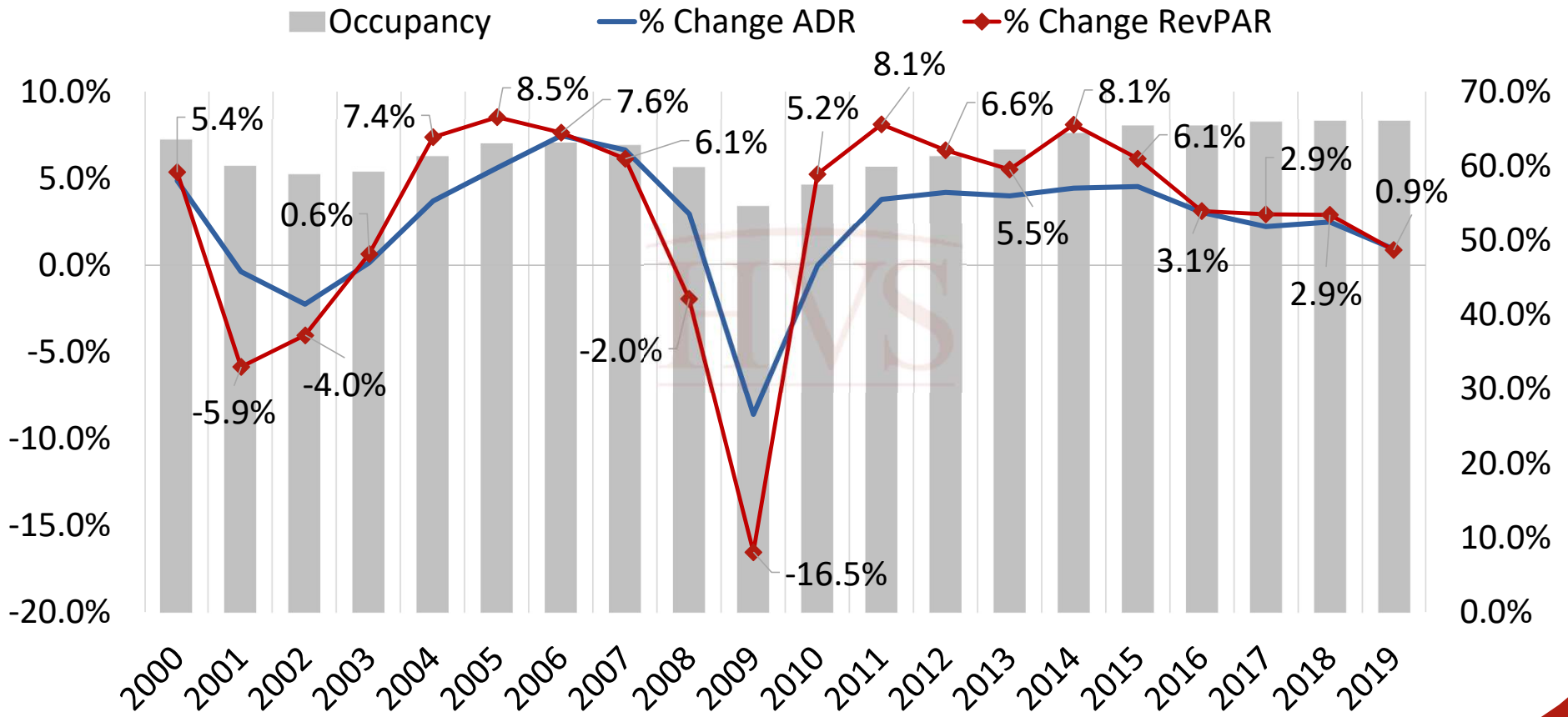
# U.S. Lodging Market Trends Through Prior Cycles



Source: STR



# U.S. Lodging Market Trends through Prior Cycles



Source: STR



# Outlook for the U.S. Lodging Industry



The following forecasts for the U.S. lodging industry reflect the current outlook of market participants, assuming recovery from COVID-19 begins in the second half of 2020.

	Historical		Forecast				
	2018	2019	2020	2021	2022	2023	2024
Occupancy	66.1%	66.1%	43.1%	59.7%	62.9%	64.5%	65.0%
<i>Percent Change</i>		0.0%	-34.7%	38.5%	5.3%	2.5%	0.8%
Average Rate	\$129.97	\$131.17	\$111.61	\$117.45	\$123.42	\$128.36	\$132.21
<i>Percent Change</i>		0.9%	-14.9%	5.2%	5.1%	4.0%	3.0%
RevPAR	\$85.96	\$86.76	\$48.15	\$70.17	\$77.68	\$82.79	\$85.94
<i>Percent Change</i>		0.9%	-44.5%	45.7%	10.7%	6.6%	3.8%

This represents the current expectation for the timing and pattern of recovery, with occupancy expected to recover first, followed by ADR. All forecasts are in current dollars.

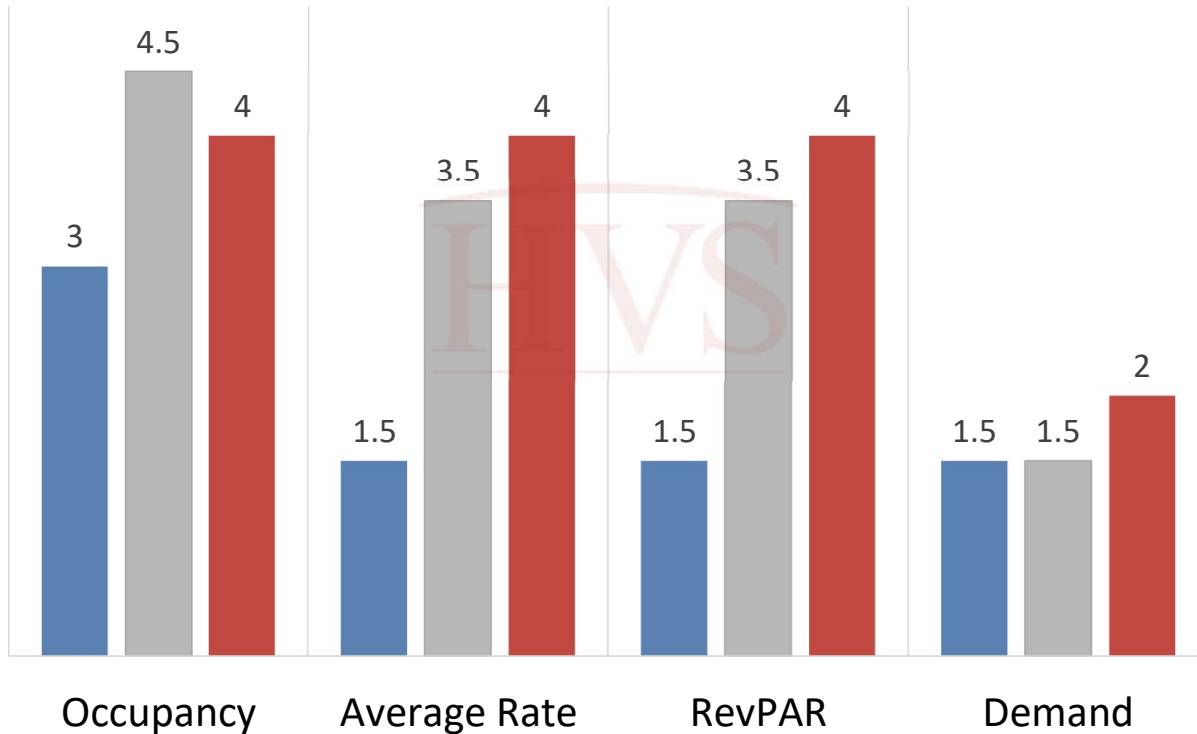
Source: STR, HVS

# Current Forecasts in a Historical Context



## Years to Recovery

■ 2001 Recession ■ 2009 Recession ■ Current Forecast



The years to recovery reflect the time from the trough year to the peak (i.e., a return to prior levels).

HVS's occupancy forecast anticipates a rebound in demand once travel restrictions are lifted, the COVID-19 virus is contained, and consumers resume business and leisure travel.

HVS anticipates that ADR will take longer to recover than in prior cycles given the magnitude of the rate declines. This reflects our expectation that rate will be a key marketing tool used to stimulate demand recovery. The availability of the shadow supply (Airbnb, Sonder, etc.), which was not a factor in prior cycles, will also influence ADR recovery.

# Outlook for Supply Growth

As of January 2020, supply was forecast to increase by roughly 2.0% in 2020 and 2021. Given the recent events, supply growth is now expected to be lower, and at a slower pace, than previously anticipated.



Under-construction projects may face delays with materials/FF&E, which will push back planned opening dates.



Market conditions will likely lead to delayed openings; some projects may be placed on hold.



Financing challenges will delay construction start dates.



Changes in market conditions may render proposed projects infeasible; as a result, some projects may be postponed or canceled.



Some properties may close and not reopen, resulting in negative supply growth.



# Hotel Operating Leverage



# Impact of Operating Leverage During a Downturn and Recovery

When evaluating whether to suspend a hotel's operations and/or preparing a forecast of a hotel's future performance, consideration is given to a hotel's operating leverage.

Hotels operate with a high level of fixed expenses. These expenses remain in place regardless of the hotel's revenue level.

Variable expenses can be adjusted in tandem with occupancy levels.

Hotel EBITDA rises significantly during a time of revenue growth because of the positive operating leverage afforded by a hotel's fixed and variable expenses.

Positive operating leverage turns negative when revenue declines or grows at a slower rate than expenses. For this reason, EBITDA can decline significantly during revenue contraction.

Below a break-even RevPAR level, a hotel's EBITDA will turn negative, as is currently the case for many hotels.

Once RevPAR rebounds, hotel EBITDA can increase significantly as positive operating leverage returns. This explains why hotels are extremely popular investments once EBITDA bottoms out and revenue begins to recover.

To illustrate the influence of operating leverage on hotel EBITDAs, we have evaluated the impact of the 2008/09 downturn on hotel revenues and profit levels, using data from the STR Host Report.

# Full-Service Hotel Operating Leverage Analysis



Full-Service Hotels	2007	2009	2014	2018
<b>Occupancy</b>	70.0%	62.5%	73.9%	74.4%
<b>Average Rate</b>	\$167	\$147	\$181	\$202
<b>RevPAR</b>	\$117	\$92	\$134	\$151
<b>% Change</b>		<b>-21%</b>	<b>46%</b>	<b>13%</b>
<b>Revenue PAR</b>	\$67,301	\$52,650	74,975	85,412
<b>% Change</b>		<b>-22%</b>	<b>42%</b>	<b>14%</b>
<b>Expenses PAR</b>	\$50,298	\$43,143	\$55,911	64,292
<b>% Change</b>		<b>-14%</b>	<b>30%</b>	<b>15%</b>
<b>EBITDA PAR</b>	\$17,003	\$9,507	19,064	21,120
<b>% Change</b>		<b>-44%</b>	<b>101%</b>	<b>11%</b>
<b>EBITDA Ratio</b>	25.3%	18.1%	25.4%	24.7%
<b>Multiple of EBITDA Change to Revenue Change:</b>		<b>2.0 X</b>	<b>2.4 X</b>	<b>0.8 X</b>

# Limited-Service Hotel Operating Leverage Analysis



Limited-Service Hotels	2007	2009	2014	2018
<b>Occupancy</b>	69.2%	63.3%	74.2%	75.5%
<b>Average Rate</b>	\$95	\$85	\$102	\$128
<b>RevPAR</b>	\$66	\$54	\$76	\$97
<b>% Change</b>		<b>-18%</b>	<b>41%</b>	<b>27%</b>
<b>Revenue PAR</b>	\$24,349	\$20,128	28,516	36,835
<b>% Change</b>		<b>-17%</b>	<b>42%</b>	<b>29%</b>
<b>Expenses PAR</b>	\$14,606	\$13,583	\$17,710	23,677
<b>% Change</b>		<b>-7%</b>	<b>30%</b>	<b>34%</b>
<b>EBITDA PAR</b>	\$9,743	\$6,545	10,806	13,158
<b>% Change</b>		<b>-33%</b>	<b>65%</b>	<b>22%</b>
<b>EBITDA PAR</b>	40.0%	32.5%	37.9%	35.7%
<b>Multiple of EBITDA Change to RevPAR Change:</b>		<b>1.9 X</b>	<b>1.6 X</b>	<b>0.7 X</b>

# When a Hotel Suspends Operations

While the market has been talking about hotels “closing,” in most cases, hotels are really just temporarily suspending operations until demand warrants resuming operations.

In evaluating the option to suspend operations, hoteliers should consider:

- What is the outlook for occupancy and revenues?
  - How consistent (or inconsistent) are occupancy levels? They may be too volatile to reduce even variable expenses low enough to sustain efficient/profitable operations.
  - Which is the better option to minimize losses?
    - Suspended Operations: fixed costs and some operational costs, such as utilities and skeleton staff, will remain, regardless of operational status, vs.
    - Continued Operations: revenue less operating costs less fixed costs
- >

v
- What are your franchisor’s and manager’s policies/procedures/requirements concerning suspending operations?
  - Consider applicable terms of any loans; what is your lender’s perspective?
  - Consider SBA loans and other federal programs for which the business may qualify
- ✓ Establish a strategy for maintaining a market presence and pursuing future business
  - ✓ Develop a plan for resuming operations

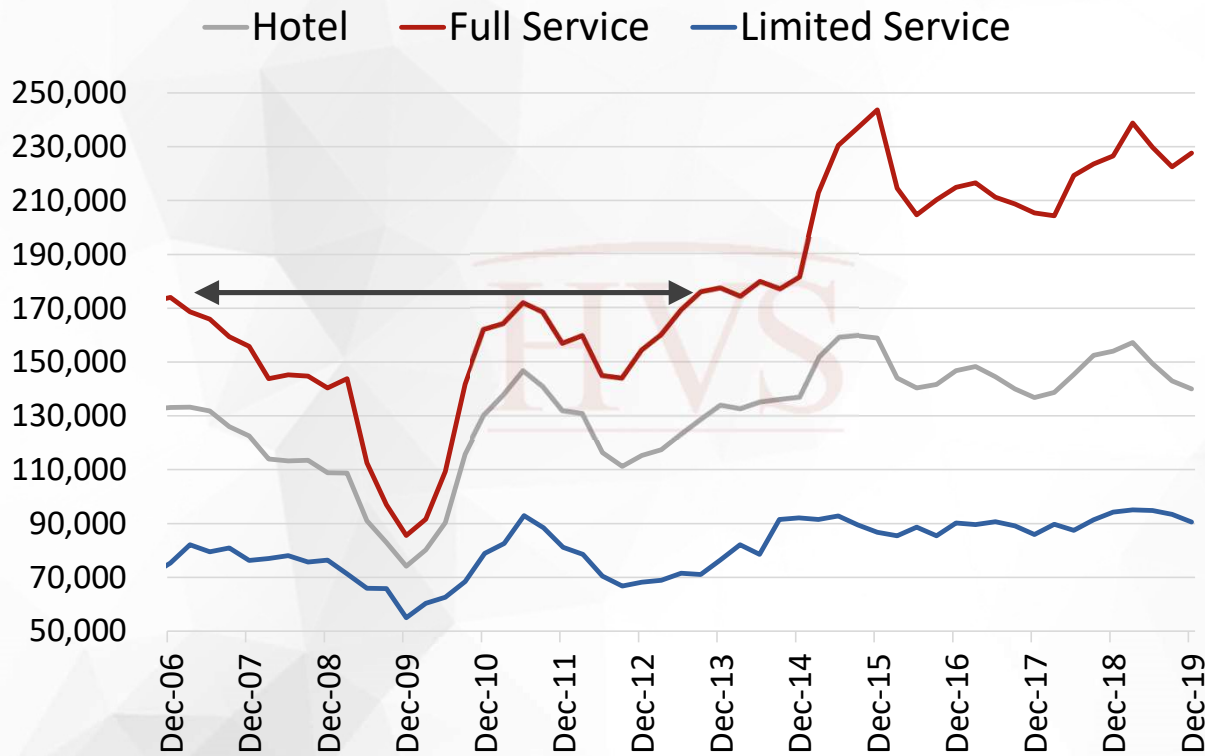




# Hotel Values & Transactions



# U.S. Average Price Per Key in the Past Investment Cycle

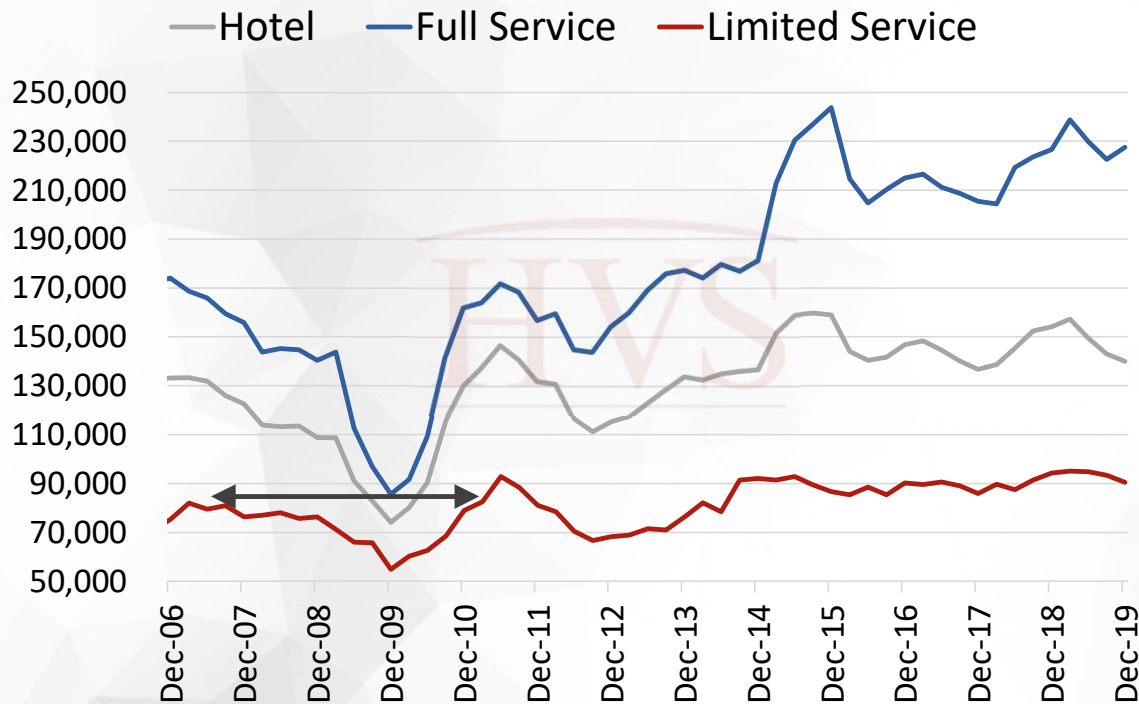


Source: RCA

## Full-Service Hotels

- Full-service hotel asset pricing is more volatile than that of limited-service hotels during the course of an economic cycle.
- Prices began to decline late in the cycle following their peak in late 2006.
- The average price decline of approximately 50% reflects substantial impact to EBITDA during the downturn, as well as the profile of assets transacted.
- Fewer large, high-priced hotels owned by well-capitalized owners sell toward the end of the cycle as prices come under pressure.
- Once hotel performance bottoms out, investors jump in to reap high returns on the recovery.

# U.S. Average Price Per Key in the Past Investment Cycle



Source: RCA

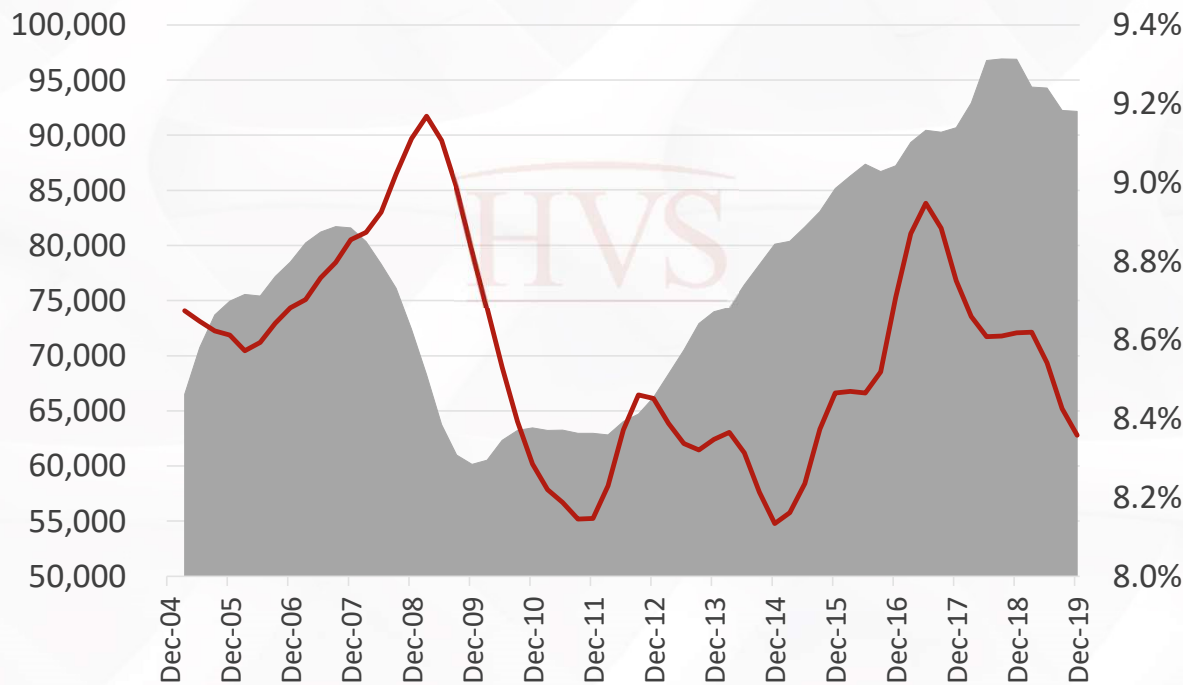
## Limited-Service Hotels

- ▶ Limited-service hotel values are less volatile due to their lower operating leverage, which lessens EBITDA fluctuations during an economic cycle.
- ▶ Transactions are less impacted by the capital markets due to the smaller size and lower value of these assets, as well as the entrepreneurial profile of the typical buyer/owner operator.

# A Look at U.S. Historic Price Per Key\* and Cap Rate\* Trends



■ U.S. Price Per Key    — Cap Rate



Source: RCA

## Timeline of the Investment Cycle

**Market Peak** – Prices peaked in Q3 2007 and began to slide prior to the market shock in Q3 2008.

**Market Trough** – Prices bottomed out in Q4 2009, and once hotel performance bottomed out, investors jumped in. Hedonic average price per key declined by 27% from peak to trough.

**Recovery** – Prices reached prior peak in Q2 2015, reflecting a five-year recovery from trough (2009) to peak (2015).

**Cap Rates** – Cap rates began to rise in Q2 2006 and peaked in Q1 2009 following the financial crisis shock. Cap rates began to rapidly decline once hotel performance bottomed out, as cap rates were based on depressed TTM EBITDA.

\*PPK based on the RCA Hedonic Series (RCA HS), which reflects pricing for the average property rather than an average of the prices of properties that have transacted. The cap rate data are also based on the RCA HS and reflect cap rates for the average property, not the average for the properties transacted.



## How Will Hotel Values Be Affected in the Current Downturn?



The current downturn will have a significant impact on hotel values.



Sharp revenue declines result in even more significant decreases in EBITDA, with the real possibility of negative EBITDA in the near term.



The debt market has pulled back from the hotel sector, with lenders reporting lower loan-to-value ratios and/or higher spreads that could result in higher interest rates, despite the cuts by the Federal Reserve.



Capital market disruption may lead to all-cash transactions, seller financing, and other capital solutions that could put downward pressure on values.

# How Will Individual Hotels and Markets Be Affected?

## More Vulnerable

- Full-service hotels, dependent on group business
- Gateway markets that depend on international travel
- “Fly to” markets that depend on air travel
- Airport markets
- Independent properties
- Markets influenced by the energy sector

Secondary and tertiary markets are expected to hold up better and trade at a smaller discount to 2019 values.

Gateway and the top 10 metro markets will be more volatile; larger value declines are anticipated in the near term, with greater potential for accelerated appreciation thereafter.

## Less Vulnerable

- Hotels that primarily rely on transient segments
- Economy and midscale properties
- Suburban, small metro town properties
- “Drive to” resorts
- Extended-stay hotels
- Drive-to markets, which can be expected to recover faster than those dependent on air travel
- Properties affiliated with strong brands

# How Will Hotel Values Be Affected in the Current Downturn?

HVS has modeled three scenarios, addressing the range of potential impact of hotel values. The model considers a base scenario and three alternate scenarios, which reflect the range of potential impact. This model is intended to reflect the potential range and degree of impact on hotel values. The impact of current conditions on an individual property would depend on the characteristics of the property, its market, and its location.

## Base Case

Reflects the anticipated values over time, based on stable market conditions; this case assumes that the capital market conditions as of 1/1/2020 remain in place.

## Best Case

Anticipates moderate declines in RevPAR and EBITDA. The degree of the impact and declines is assumed to diminish over time as the market recovers.

## Most Likely Case

Assumes more significant impact in the first year (breakeven EBITDA). The degree of the impact and declines is assumed to diminish over time as the market recovers.

## Worst Case

Assumes greater negative EBITDA in the first year, followed by diminishing negative impact as the market recovers. This case assumes a longer recovery period.

**In all scenarios**, the capital market is assumed to result in higher discount and terminal capitalization rates in 2020, diminishing as the market recovers.

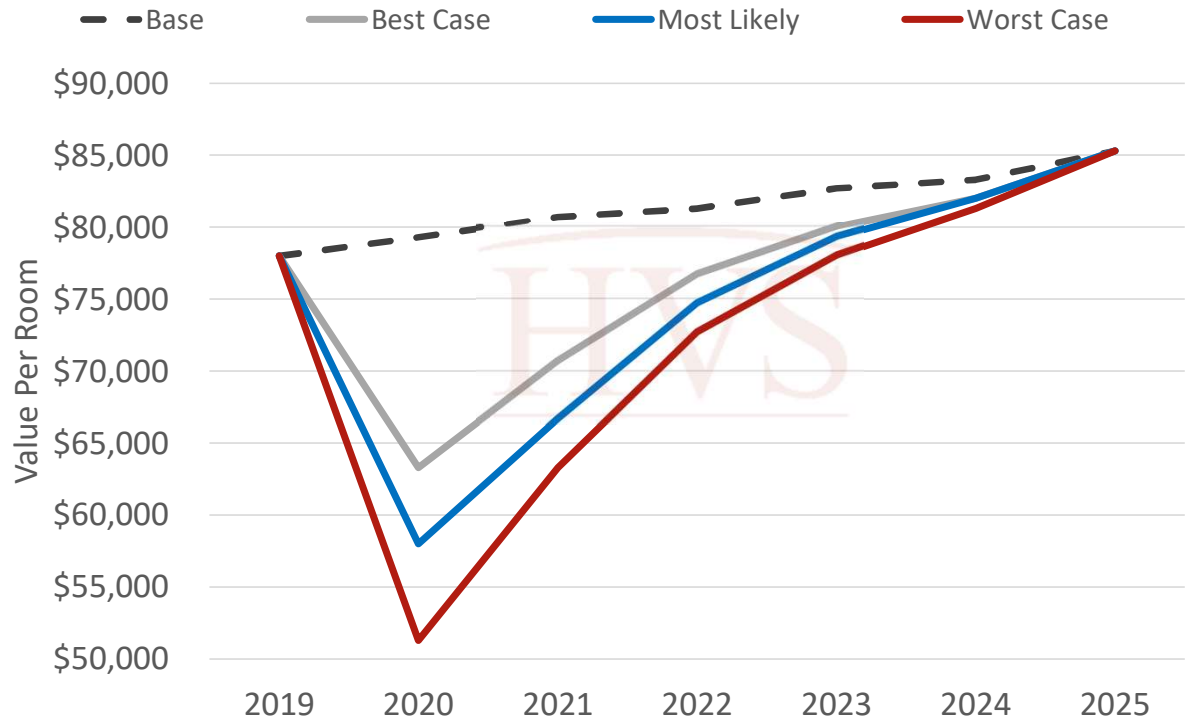
**Best Case** – the value decline is **20%** as of 2020. EBITDA recovers to base-case levels by 2024.

**Most Likely Case** – the value decline is **27%** as of 2020. EBITDA recovers to base-case levels by 2024.

**Worst Case** – the value decline is **35%** as of 2020. EBITDA recovers to base-case levels by 2025.

For context, according to the RCA hedonic data, the value of an average hotel declined by **27%** in the last downturn.

## Anticipated Pattern of Value Decline and Recovery



Source: HVS

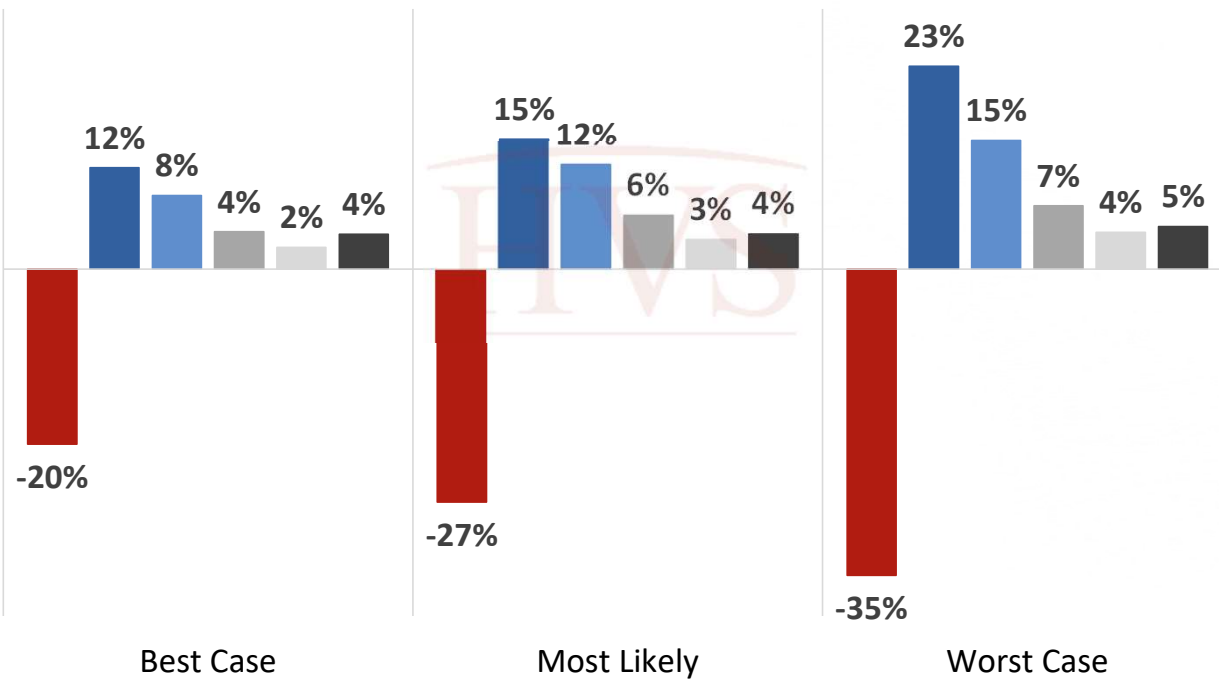


# Current Expectations for Market Values



## Annual Percent Change in Value

■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024 ■ 2025

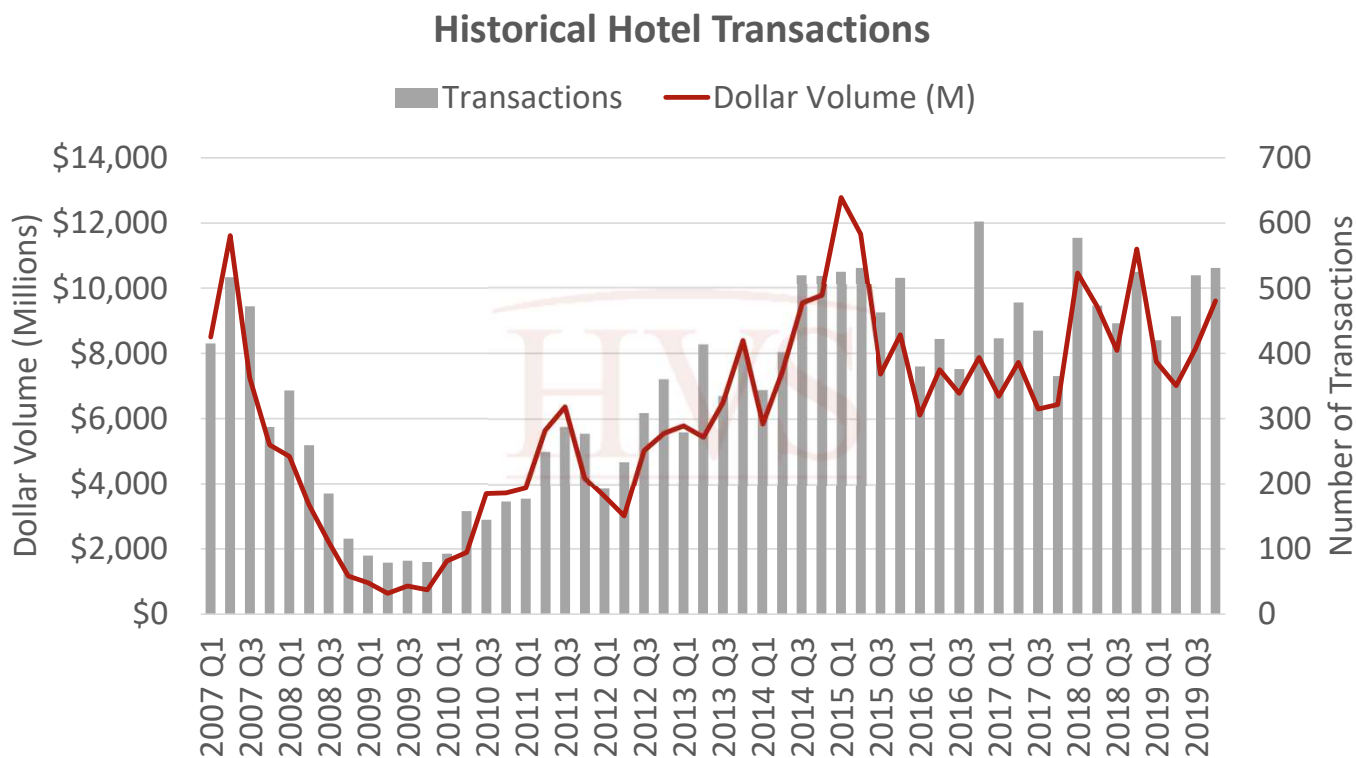


Relationship to 2019 Value			
	Best Case	Most Likely	Worst Case
2020	81%	74%	66%
2021	91%	86%	81%
2022	98%	96%	93%
2023	103%	102%	100%
2024	105%	105%	104%
2025	109%	109%	109%

*Value is forecast to recover to and exceed 2019 value by 2023*

Source: HVS

# What About the Transaction Market?



Source: RCA

- ▶ Transaction volume in this cycle is expected to mirror the 2008/09 downturn and recovery.
- ▶ Volume of transactions will be low in 2020, with deal volume expected to accelerate in 2021.
- ▶ Pending deals may close but are likely to be re-traded. The closing of some pending sales is being extended to allow the parties to evaluate the transaction as market conditions evolve.

## The Transaction Market (cont.)

- | We anticipate that most hotel owners will not sell unless necessary.
- | Prices will be driven down for those assets that have to sell in the current environment.
- | Financing options are constrained as lenders pull back from the hotel sector:
  - CMBS market is currently closed to the hotel sector
  - Lenders who are still active are decreasing loan-to-value ratios and increasing spreads
  - SBA lenders have temporarily paused new originations in anticipation of new guidelines related to higher government guarantees (not to be confused with the SBA disaster loans, which are still active)
- | Conditions create opportunities for all-cash buyers, which will put downward pressure on prices as sellers seek certainty of execution.
- | All-cash and low-leverage buyers will anticipate refinancing when conditions improve, enhancing the ROI potential.

# Capitalization Rates

While industry participants look for a cap rate to apply to hotel EBITDA when formulating their investment decisions, now, more than ever, cap rates are not a useful metric in the valuation process.

Cap rates derived from sales transactions are generally backward looking (i.e., based on TTM EBITDA divided by current price) and thus do not reflect forward-looking factors.

Cap rates based on TTM EBITDA will and should be high, reflecting the disconnect between the 2019 actual performance and the depressed near-term outlook.

Cap rates based on Year One EBITDA should be quite low, as near-term EBITDA will be depressed and will not reflect the upside that a buyer would anticipate.

Deflated stabilized cap rates (derived by dividing the deflated projected stabilized EBITDA by the current value) should return to typical ranges but may be on the high side.

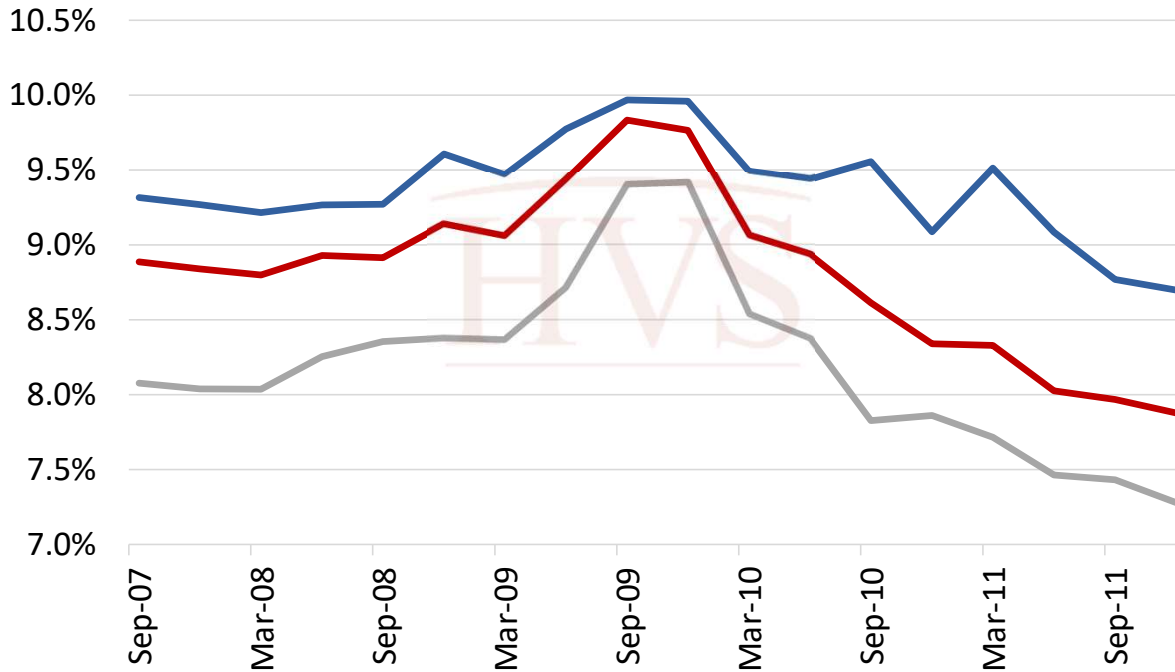
GRRMs will be similarly, but inversely, skewed.

The following chart illustrates the cycle of cap rates in the last downturn. Note that, beginning in 2010, opportunistic buyers created competition that contributed to downward pressure on cap rates.

# Capitalization Rates During Previous Downturn



— U.S. Hotel — Limited Service — Full Service



Source: RCA

- During healthy economic periods, full-service hotel cap rates generally average 150 basis points (bps) below those of limited-service hotel cap rates.
- During the Great Recession, this differential decreased to 50 bps.
- Full-service cap rates increased by almost 150 bps from Q1 2008 to Q4 2009, while limited-service cap rates increased by only 75 bps, reflecting the greater impact on full-service EBITDA during the downturn.
- Once the recovery commenced, full-service cap rates declined more rapidly and to a greater degree than limited-service cap rates, reflecting buyers' expectations of significant full-service hotel EBITDA rebound because of positive operating leverage.
- The traditional differential between full-service and limited-service cap rates resumed post recession.

# Investor Strategies in the Current Environment

In the current market, hotel acquisitions will be motivated by the opportunity to buy at depressed prices, as both cash flows and debt availability are well below prior norms. The expected EBITDA recovery following the downturn should enable buyers to achieve high returns.

With debt less readily available, transactions may require one – or a combination – of the following options:



%

Third-party financing at lower leverage and a higher interest rate



Seller financing



All-cash purchase

Buyers acquiring hotels in the current environment do so with the expectation that the hotel's cash flow will improve and that the availability of debt for hotels will return to prior levels. At that point, the buyer would either sell or refinance the hotel.

## Example of Valuation Assuming Refinancing Following Recovery



	DCF Investment Parameters	
	Current Valuation	Stabilized Valuation
Interest Rate	5%	5%
Loan-to-Value	50%	65%
Equity Yield Rate	16%	17%
Terminal Cap Rate	8.5%	8.5%
Derived Discount Rate	12%	10.25%
Refinancing Year		End of Year 4

	Conclusion Assuming Refinancing
Value Conclusion	\$33,400,000
Derived Discount Rate	10.9%
Cap Rate - TTM EBITDA	11.8%
Cap Rate - 1st Yr. EBITDA	-7.3%
Cap Rate - Deflated Stab. EBITDA	9.7%

- Initial purchase is assumed at reduced 50% LTV, with equity requiring a 16% IRR, reflecting low leverage.
- The unlevered discount rate derived from a value, assuming low leverage throughout a 10-year holding period, equates to 12%.
- The refinancing model assumes that the hotel is refinanced at the end of Year 4. A normalized LTV of 65% and equity IRR of 17% are assumed; the unlevered 10-year DCF discount rate equates to 10.25% based on these parameters as of that point in time.
- A 10-year DCF based on four years of low leverage, a refinancing, and six years of higher leverage results in a blended unlevered discount rate of 10.9%, which reflects an investor's overall return expectations.
- The cap rates derived from the concluded value reflect the challenge of using a cap rate to value hotels at this time.

# Example of Refinancing Following EBITDA Recovery



Year	EBITDA Available for Debt Service		EBITDA After Debt Service	Plus Refi/Sales Proceeds	Total Cash Flow to Equity	Equity Yield Rate	Discounted Cash Flow to Equity
2020	-1,397,000	-	1,091,000	=	-2,488,000	0.86207	(2,145,000)
2021	1,667,000	-	1,091,000	=	576,000	0.74316	428,000
2022	2,923,000	-	1,091,000	=	1,832,000	0.64066	1,174,000
2023	3,534,000	-	1,091,000	=	2,443,000	0.55229	10,040,000
2024	3,640,000	-	2,132,000	=	1,508,000	0.45611	688,000
2025	3,749,000	-	2,132,000	=	1,617,000	0.38984	630,000
2026	3,862,000	-	2,132,000	=	1,730,000	0.33320	576,000
2027	3,978,000	-	2,132,000	=	1,846,000	0.28478	526,000
2028	4,097,000	-	2,132,000	=	1,965,000	0.24340	478,000
2029	4,220,000	-	2,132,000	=	2,088,000	0.20804	5,427,000
						Equity Value	17,822,000
						Value of Initial Mortgage	15,547,000
						Total Property Value	<u>33,400,000</u>

Unlevered Discount Rate Equating EBITDA Before Debt Service to Property Value: 10.9%



# U.S. Hotel Market Conclusion



RevPAR levels will continue to be substantially depressed until travel and other restrictions are lifted and individuals are comfortable traveling again.

We anticipate that occupancy will recover faster than average rate, as hotels use price as a marketing tool to stimulate demand recovery and attract guests.

The pace of supply growth is expected to slow, as projects under construction are delayed and as new projects are postponed or abandoned.

In the interim, hotel owners may choose to suspend operations to minimize EBITDA losses.

As in prior cycles, hotel values have declined sharply and will remain depressed until EBITDAs "hit bottom" and there is evidence of a recovery.

Hotel discount rates will be elevated in the near term; the degree of elevation will vary based on location, market, and property specifics.

The opportunity to refinance or sell a hotel offsets the current constrained capital market; as a result, discount rates will not increase as significantly as current metrics would suggest.

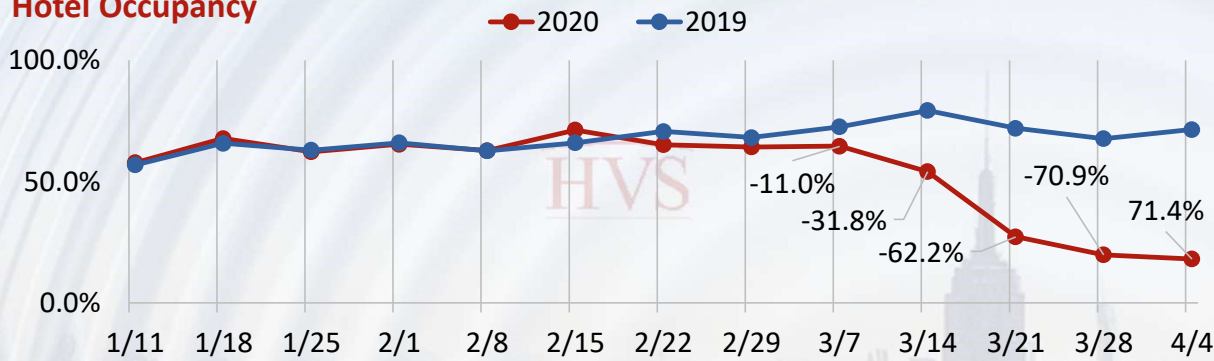
Over the longer term, values will recover as cash flows improve and capital markets return to more traditional parameters.

Well-capitalized buyers should be in a position to acquire hotels at prices well below both replacement cost and recent norms, creating an opportunity for high returns.

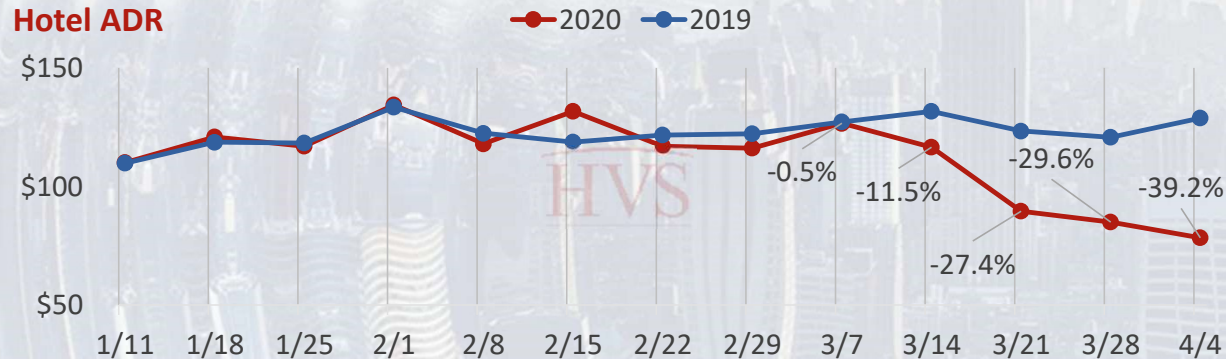


# Denver Hotel Industry Impact

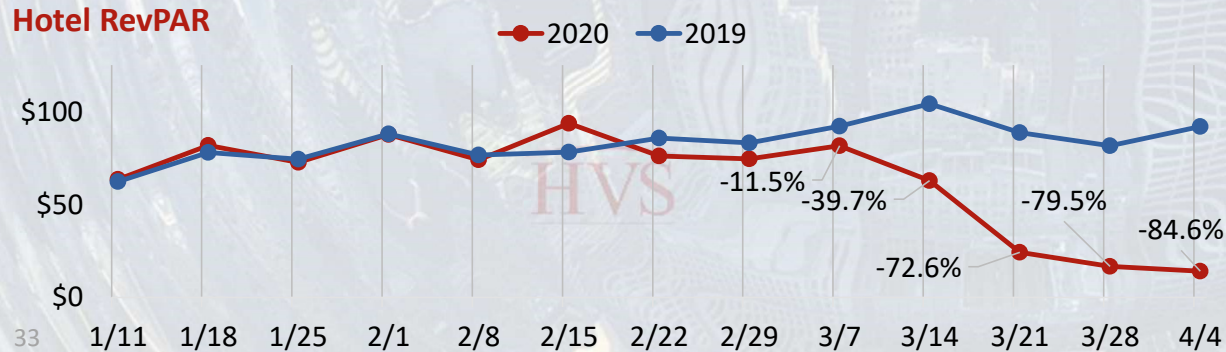
### Hotel Occupancy



### Hotel ADR



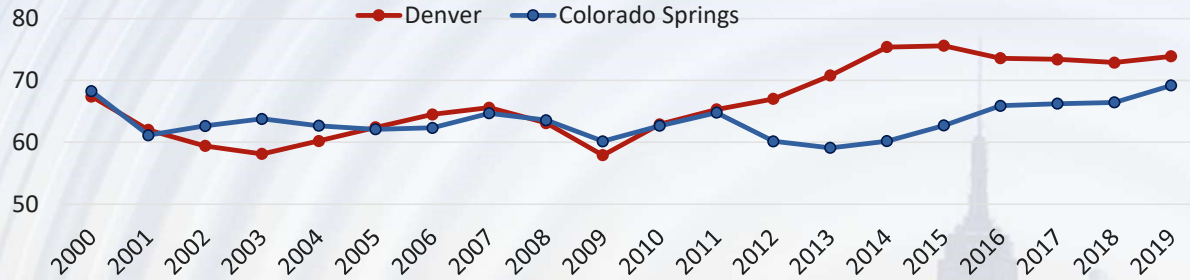
### Hotel RevPAR



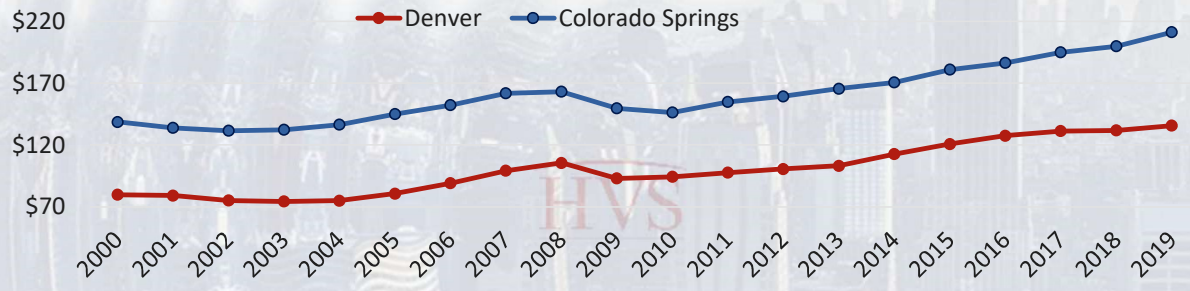
Data for Denver show devastating declines and will continue to worsen over the next several weeks.

Data Source: STR

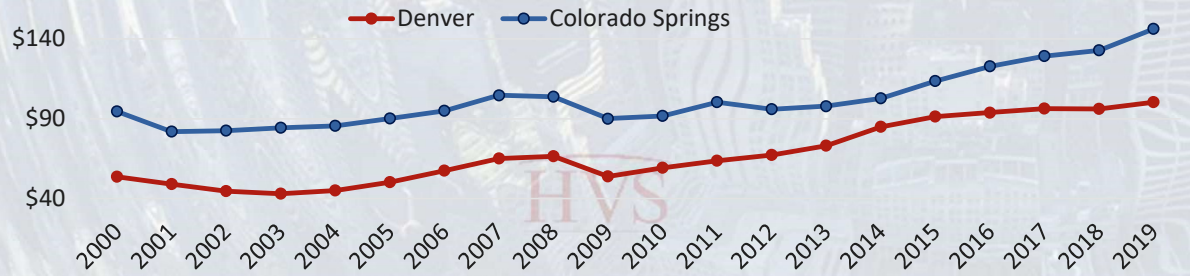
### Hotel Occupancy



### Hotel ADR



### Hotel RevPAR



Colorado Springs has shown similar RevPAR trends through downturns.

Data Source: STR

## Key points for your market



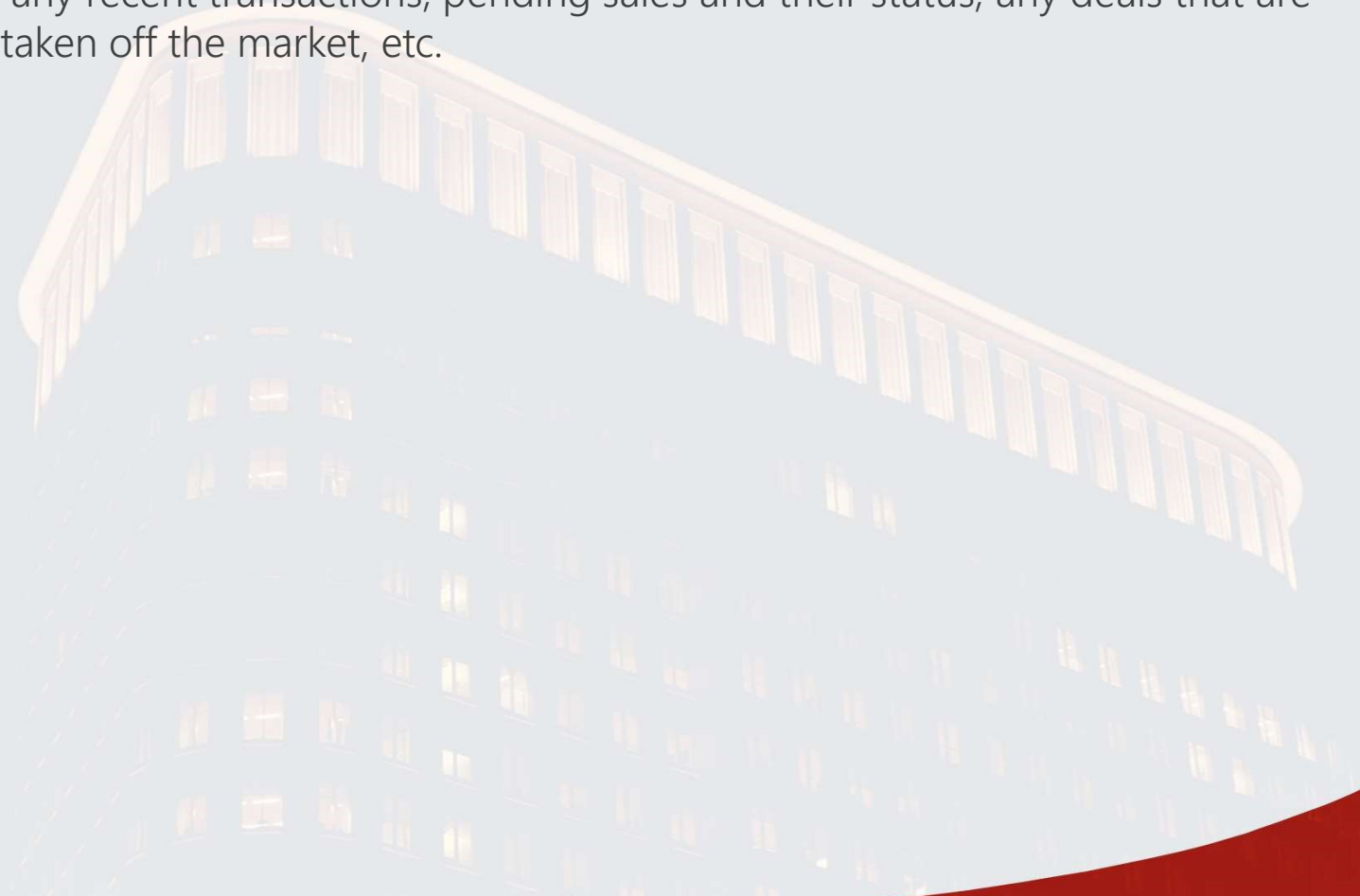
Due to the impact of COVID-19, four full-service hotels and one select-service hotel have temporarily closed. These hotels include the Broadmoor, Cheyenne Mountain Resort, Great Wolf Lodge, Downtown Hilton Garden Inn, and Mining Exchange. These hotels will be closed through at least April.

Olympic Museum opening will likely be delayed according to Visit Colorado Springs. This grand opening was slated for late May.

# What About Local Transactions?



Opportunity to discuss any recent transactions, pending sales and their status, any deals that are being re-traded, deals taken off the market, etc.



## Final Thoughts

1

This cycle is unique in terms of the rapid and dramatic decline of demand, but there are similarities to other cycles that provide insight as to how this cycle will unfold.

2

Franchisors are providing some relief to hotels, lifting select brand and service standards and offering concessions concerning reserves for replacement and PIP requirements.

3

Historically, lenders who take back hotels and hold onto them until values recover typically made out far better than those who looked for a quick sale.

4

If borrowers are staying in contact with their lenders, maintaining their properties, and paying taxes and insurance, lenders may be willing to work with borrowers.

5

A hotel that suspends operations is not the same as a closed hotel and should not have the stigma that has historically been associated with closed hotels.

6

Lending has been more disciplined with generally lower leverage and stricter due diligence, resulting in a stronger financial position for both owners and lenders than was the case in prior cycles.

## Superior Results Through Unrivaled Hospitality Intelligence. Everywhere.

HVS has been supporting the hospitality industry in the U.S. and around the world for over 40 years. Our senior staff represents a collective 300+ years of experience advising our industry, including through multiple prior cycles and events.

Our expertise covers the full range of hospitality assets and spans the full lifecycle of a hotel, including services that support developers, owners, operators, lenders, and investors. With 40+ offices in markets across the U.S., we offer local insights on a real-time basis.

This knowledge and experience is available to support you as you navigate these challenging times. Our platform is fully functional on a remote basis, so even though we are not currently traveling, our staff can access the full resources of HVS on your behalf.

Let us know how we can assist you.

**Brett Russell**

brussell@HVS.COM | +1 720 877-1376

