



Core DISTINCTION GROUP

COMPREHENSIVE HOTEL MARKET FEASIBILITY STUDY

PREPARED FOR

WASEGA, MINNESOTA

PREPARED BY

Core Distinction Group, LLC

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Offices in Wisconsin

INCLUDES

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TAKING THE FIRST STEP TO DEVELOP A NEW HOTEL



Date Wednesday, October 25, 2023

Attn: Carl Sonnenberg - City Manager

Address 508 South State Street

City, State, Zip Waseca, MN 56093

In accordance with our agreement, Core Distinction Group, LLC. has completed a Comprehensive Hotel Market Feasibility Study to determine if Waseca, MN has the potential to support a new hotel. In addition, the aforementioned study includes a complete Pro Forma based on construction costs and operating costs provided by the brand(s) requested by you.

As in all studies of this type, the estimated results are based upon competent and efficient management and an effective marketing program and presume no significant change in the competitive position of the hotel industry from that set forth in this report. We have no responsibility to update this report for events and circumstances occurring after completion of our research conducted in September & October 2023. These projections are based upon estimates, assumptions and other information developed from our research and we do not warrant that they will be attained. We do not consider the legal and regulatory requirements applicable to this project, including zoning, permits, licenses and other state and local government regulations.

This report has been prepared for your use and guidance in determining whether hotel development should be pursued in your community and to share with developers, hotel franchise companies, and potential lenders/investors. Neither our name nor the material submitted may be used in any prospectus or used in offerings or representations in connection with the sale of securities or participation interests without our express written permission.

Please do not hesitate to call if Core Distinction Group can be of any further assistance in the interpretation and application of our findings, recommendations and conclusions. We appreciate the cooperation you extended to us during the course of our agreement and look forward to working with you again in the future.

Sincerely,

Jessica Junker
Partner



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Introduction

The following Comprehensive Lodging Feasibility Study Report will review the potential development of a hotel in Waseca, MN.

Intended Use - This report is to be used by the Client for determining feasibility and attracting a new hotel.

Intended User - Waseca, MN is the only intended user for this report.

Core Distinction Group LLC (CDG) has been engaged to provide this Comprehensive Lodging Feasibility Study Report for the Waseca, MN market area. This Lodging Feasibility Study provides an overview of information concerning the market area and the factors that would affect the possible development of a hotel facility in this community.

The consultant from Core Distinction Group LLC met with representatives of the community and the surrounding area to gather information pertinent to hotel development. Comprehensive research was performed and reviewed regarding the community's economic indicators, competitive lodging supply, and lodging demand generators. CDG performed field research to determine the relationship between the community and its lodging need. Economic indicators were studied to determine the stability and future growth potential of the general market. The research was conducted as a macro and micro market analysis of the Waseca, MN and the areas immediately surrounding area to determine their viability to support the potential of a hotel development.

This report will present projections for stabilized hotel operation based upon current operating performance in the market area. Occupancy, Average Daily Room Rate, and Sales Revenue projections for the hotel were based upon a detailed review of the field research data. Also, recommendations as to the property type, suggested property size, services, and amenities were included. These projections and recommendations were based upon the market demand research for a potential lodging facility.

This report provides statistical and highlighted narratives to support the conclusions regarding the market area and its ability to support potential hotel development.

General Assumptions - For the purpose of this assignment, we assumed the proposed property will be operated as an upper-mid scaled to upper scaled, franchised hotel with a central reservations system that is fully-integrated with a recognized marketing platform. If this or any of the following are not followed, it could affect the overall feasibility of subject property.



Introduction (continued)

Operational Assumptions - For the purpose of this assignment, we assume the subject property would be managed by a professional hotel management company at an industry standard fee between five and seven percent.

Franchise Fees - For the purpose of this assignment, we assume the subject property would pay franchise fees quoted to Core Distinction Group, LLC by either the developer or franchise representative. In the event that Core Distinction Group is not able to receive a quote, fees will be based on the franchise's registered Franchise Disclosure Document.



Community Overview

For the purpose of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group, LLC representatives gathered information and history about the market to give readers a brief summary. This section offers that Community Overview.



Community Overview and History

Waseca, Minnesota is a charming and historic city located in the southern part of the state. Situated in Waseca County, approximately 75 miles south of the Twin Cities, Minneapolis, and St. Paul. It is nestled in the heart of the Minnesota River Valley, which offers breathtaking natural beauty with rolling hills, lakes, and farmland.

Waseca has a fascinating history that dates back to its founding in the mid-19th century. The city's name is derived from the Dakota Sioux word "Waseca," which means "rich" or "fertile." It was initially settled as a milling and farming community, and its historical downtown area still retains much of its old-world charm.

Agriculture has played a significant role in Waseca's economy throughout its history, with a focus on corn and soybean farming. In recent years, the city has diversified its economy to include manufacturing, healthcare, and education sectors, making it a hub for employment opportunities in the region.

Waseca is home to the renowned Waseca Public Schools, which provide excellent educational opportunities for students. The community also hosts the Minnesota State Southern Agricultural Center of Excellence (SACOE), contributing to the agricultural education and research in the region.

The city's natural surroundings make it an ideal destination for outdoor enthusiasts. Waseca is home to several parks, including Clear Lake Park and Loon Lake Park, where residents and tourists can enjoy activities such as hiking, picnicking, fishing, and boating.

Waseca is known for its strong sense of community and hosts a range of annual events, including the Sleigh and Cutter Festival, which celebrates the city's history and winter traditions, and the Waseca County Fair, a popular summer event that draws visitors from across the region.

With its friendly atmosphere, low crime rate, and affordable housing options, Waseca offers a high quality of life for its residents. It's a close-knit community that takes pride in its heritage while embracing modern opportunities for growth and development.

In summary, Waseca, Minnesota, is a thriving city with a rich history, a diverse economy, and a strong sense of community. Its beautiful natural surroundings, cultural offerings, and commitment to education make it an attractive place to live and visit in southern Minnesota. Whether you're interested in exploring its history, enjoying outdoor activities, or becoming part of a welcoming community, Waseca has something to offer everyone.



Executive Summary

For the purpose of this Comprehensive Hotel Market Feasibility Study, an executive summary will provide an overview of the document to follow. The Executive Summary will contain the following information:



Methodology



Current Hotel Segment Recommendations for Market Studied



Current Hotel Size Recommendations for Market Studied



Current Hotel Room Configuration Recommendations for Market Studied



Current Economic Impact of Hotel for Market Studied

Further detailed information on findings from research analysis conducted will be highlighted throughout this report. Further detail on the projections and conclusions can be found in the Projections section of this report.



Executive Summary

It is the opinion of Core Distinction Group, that at the time of this study, the community of Waseca, Minnesota and the immediate surrounding areas within Waseca County, MN offers the current and future demand to support the proposed hotel development in this Comprehensive Hotel Market Feasibility Study . The conclusion and recommendations within this Comprehensive Hotel Market Feasibility Study was based on but not limited to the following criteria:

-  Overall Economic Condition of Community
-  Overall Market Demand Areas
-  Location of Proposed Property
-  Local Demand Generator Need
-  Lodging Demand in Community
-  Lodging Supply in Community
-  Trending Lodging Data of Current Lodging Supply
-  Impact of New Hotel Development on Current Lodging Supply
-  Cost of Construction of New Hotel Development
-  Potential Revenue of New Hotel Development
-  Cost of Operation of New Hotel Development



Executive Summary (continued)

Based on the information provided to Core Distinction Group at the time of researching the subject community, the following recommendations are made:

Property segment recommended for the potential development of a hotel is an Upper Midscale hotel. This type of hotel would allow the property to be positioned properly at the subject site. It is anticipated that a new hotel would capture displaced Lodging Demand currently staying in markets surrounding Waseca, MN. Additionally, the newness of the hotel should be well received in the marketplace. It's location will be ideal to serve Waseca and regional markets. This type of hotel would also be capable of adjusting rates to best fit the demand in the market and the seasonality of the area.

Property size recommendation of a newly developed hotel was researched to be between 45-55 guestrooms in this report. This would position it to be smaller in size to the average room size of 62-65 noted by the competitive set in the overall regional market surveyed. The size would assist the property in achieving the Occupancy projections listed in this report. It is not advisable to over-build in this market at this time. Expansion of the hotel in future years could be considered as the market's Lodging Demand grows. Adjusting the room count will modify Performance.

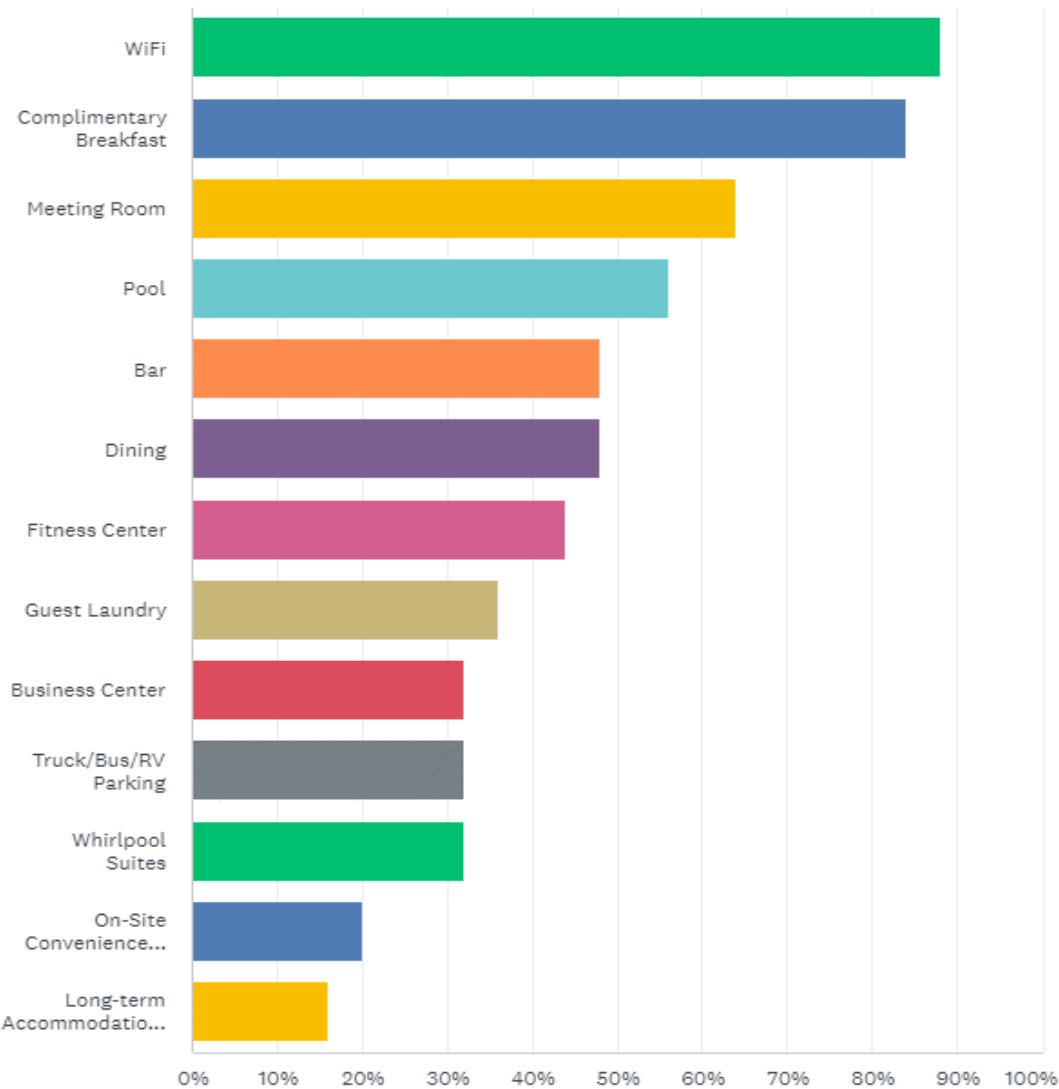
The recommended Sleeping Room Configuration should be compatible with the overall Market Segmentation of the area. The property should offer a comparable selection of guestrooms with both single occupancy king bedded rooms to double occupancy double queen bedded guestrooms.

Economic Impact Potential: There are multiple economic impacts of building and developing a new hotel in a community. Some direct impact drivers include projected hotel revenue including all room revenues, meeting room revenue, as well as vending/bar revenue. On average, this size property will create 8-12 full time jobs. Part-time employment varies by hotel need and hiring practices. Additional economic development will include taxes, which include all sales taxes collected on hotel revenue, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. Local governments will also collect new property taxes from the operation of the hotel. Indirect impact includes all jobs and income generated by businesses that supply goods and services to the hotel. A few examples of businesses that will indirectly benefit from the development of a hotel include suppliers of room related goods (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), utility companies, food and beverage suppliers, and other hotel related vendors.



Executive Summary

Property features, amenities, and services of the hotel should satisfy the market it is attempting to attract. Standard features and amenities required for a proposed hotel in this market should include:



Economic Overview

For the purpose of this Comprehensive Hotel Market Feasibility Study, an Economic Overview will provide an overview of the economic condition of the market studied. The Economic Overview will contain the following information:



Daytime Employment Report

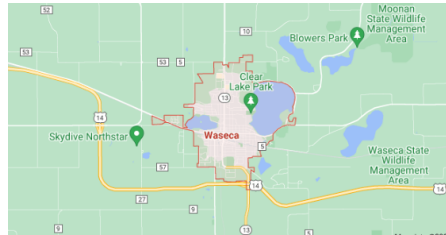


Demographic Detail Report

Daytime Employment Report

1 Mile Radius

WASECA, MN 56093

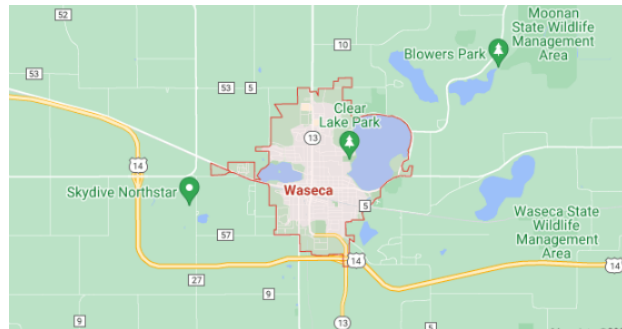


Business Employment by Type	# of Businesses	# Employees	#Emp/Bus
Total Businesses	113	1,558	14
Retail & Wholesale Trade	18	252	14
Hospitality & Food Service	11	201	18
Real Estate, Renting, Leasing	6	25	4
Finance & Insurance	12	42	4
Information	2	10	5
Scientific & Technology Services	8	29	4
Management of Companies	0	0	0
Health Care & Social Assistance	25	197	8
Educational Services	6	209	35
Public Administration & Sales	3	7	2
Arts, Entertainment, Recreation	2	9	5
Utilities & Waste Management	2	4	2
Construction	4	508	127
Manufacturing	2	19	10
Agriculture, Mining, Fishing	0	0	0
Other Services	12	46	4



Demographic Detail Report

WASECA, MN 56093



Radius	1 Mile		5 Mile		10 Mile	
Population						
2028 Projection	2,867		11,441		18,552	
2023 Estimate	2,815		11,258		18,324	
2010 Census	2,805		11,337		18,523	
Growth 2023 - 2028	1.85%		1.63%		1.24%	
Growth 2010 - 2023	0.36%		-0.70%		-1.07%	
2023 Population by Age	2,815		11,258		18,324	
Age 0 - 4	149	5.29%	667	5.92%	1,021	5.57%
Age 5 - 9	166	5.90%	714	6.34%	1,105	6.03%
Age 10 - 14	189	6.71%	762	6.77%	1,205	6.58%
Age 15 - 19	191	6.79%	737	6.55%	1,214	6.63%
Age 20 - 24	173	6.15%	660	5.86%	1,111	6.06%
Age 25 - 29	166	5.90%	648	5.76%	1,040	5.68%
Age 30 - 34	164	5.83%	687	6.10%	1,056	5.76%
Age 35 - 39	172	6.11%	775	6.88%	1,174	6.41%
Age 40 - 44	173	6.15%	793	7.04%	1,215	6.63%
Age 45 - 49	152	5.40%	689	6.12%	1,092	5.96%
Age 50 - 54	154	5.47%	657	5.84%	1,084	5.92%
Age 55 - 59	174	6.18%	688	6.11%	1,164	6.35%
Age 60 - 64	192	6.82%	713	6.33%	1,219	6.65%
Age 65 - 69	185	6.57%	657	5.84%	1,134	6.19%
Age 70 - 74	157	5.58%	553	4.91%	959	5.23%
Age 75 - 79	106	3.77%	373	3.31%	662	3.61%
Age 80 - 84	68	2.42%	233	2.07%	424	2.31%
Age 85+	83	2.95%	253	2.25%	448	2.44%
Age 65+	599	21.28%	2,069	18.38%	3,627	19.79%
Median Age	41.10		39.90		41.00	
Average Age	41.20		39.80		40.70	



Demographic Detail Report

WASECA, MN 56093						
Radius	1 Mile		5 Mile		10 Mile	
2023 Population By Race	2,815		11,258		18,324	
White	2,604	92.50%	10,323	91.69%	17,170	93.70%
Black	79	2.81%	405	3.60%	451	2.46%
Am. Indian & Alaskan	16	0.57%	141	1.25%	189	1.03%
Asian	56	1.99%	131	1.16%	158	0.86%
Hawaiian & Pacific Island	0	0.00%	9	0.08%	12	0.07%
Other	60	2.13%	248	2.20%	345	1.88%
Population by Hispanic Origin	2,815		11,258		18,324	
Non-Hispanic Origin	2,684	95.35%	10,121	89.90%	17,008	92.82%
Hispanic Origin	132	4.69%	1,137	10.10%	1,317	7.19%
2023 Median Age, Male	40.20		38.60		40.50	
2023 Average Age, Male	40.20		38.80		40.10	
2023 Median Age, Female	41.90		40.80		41.40	
2023 Average Age, Female	42.20		40.70		41.30	
2023 Population by Occupation Classification	2,274		8,971		14,756	
Civilian Employed	1,509	66.36%	5,392	60.10%	9,344	63.32%
Civilian Unemployed	31	1.36%	164	1.83%	268	1.82%
Civilian Non-Labor Force	734	32.28%	3,415	38.07%	5,144	34.86%
Armed Forces	0	0.00%	0	0.00%	0	0.00%
Households by Marital Status						
Married	579		2,160		3,803	
Married No Children	369		1,321		2,355	
Married w/Children	209		839		1,447	
2023 Population by Education	2,014		7,955		13,058	
Some High School, No Diploma	161	7.99%	617	7.76%	1,004	7.69%
High School Grad (Incl Equivalency)	754	37.44%	2,890	36.33%	4,720	36.15%
Some College, No Degree	645	32.03%	2,619	32.92%	4,249	32.54%
Associate Degree	67	3.33%	238	2.99%	390	2.99%
Bachelor Degree	216	10.72%	1,105	13.89%	1,892	14.49%
Advanced Degree	171	8.49%	486	6.11%	803	6.15%



Demographic Detail Report

WASECA, MN 56093							
Radius	1 Mile		5 Mile		10 Mile		
2023 Population by Occupation	2,830		10,110		17,502		
Real Estate & Finance	38	1.34%	272	2.69%	461	2.63%	
Professional & Management	516	18.23%	1,983	19.61%	3,488	19.93%	
Public Administration	69	2.44%	200	1.98%	339	1.94%	
Education & Health	368	13.00%	1,390	13.75%	2,388	13.64%	
Services	277	9.79%	853	8.44%	1,444	8.25%	
Information	26	0.92%	60	0.59%	132	0.75%	
Sales	376	13.29%	1,216	12.03%	1,930	11.03%	
Transportation	0	0.00%	15	0.15%	23	0.13%	
Retail	146	5.16%	533	5.27%	983	5.62%	
Wholesale	25	0.88%	78	0.77%	170	0.97%	
Manufacturing	452	15.97%	1,231	12.18%	1,973	11.27%	
Production	378	13.36%	1,147	11.35%	1,893	10.82%	
Construction	82	2.90%	508	5.02%	998	5.70%	
Utilities	28	0.99%	215	2.13%	356	2.03%	
Agriculture & Mining	5	0.18%	154	1.52%	416	2.38%	
Farming, Fishing, Forestry	0	0.00%	53	0.52%	133	0.76%	
Other Services	44	1.55%	202	2.00%	375	2.14%	
2023 Worker Travel Time to Job	1,491		5,207		8,955		
<30 Minutes	1,199	80.42%	4,013	77.07%	6,578	73.46%	
30-60 Minutes	242	16.23%	938	18.01%	1,850	20.66%	
60+ Minutes	50	3.35%	256	4.92%	527	5.88%	
2010 Households by HH Size	1,204		4,228		7,059		
1-Person Households	395	32.81%	1,264	29.90%	1,933	27.38%	
2-Person Households	427	35.47%	1,498	35.43%	2,607	36.93%	
3-Person Households	162	13.46%	580	13.72%	992	14.05%	
4-Person Households	125	10.38%	527	12.46%	910	12.89%	
5-Person Households	64	5.32%	234	5.53%	403	5.71%	
6-Person Households	20	1.66%	85	2.01%	151	2.14%	
7 or more Person Households	11	0.91%	40	0.95%	63	0.89%	
2023 Average Household Size	2.30		2.40		2.40		
Households							
2028 Projection	1,246		4,433		7,251		
2023 Estimate	1,223		4,345		7,146		
2010 Census	1,204		4,227		7,059		
Growth 2023 - 2028	1.88%		2.03%		1.47%		
Growth 2010 - 2023	1.58%		2.79%		1.23%		



Demographic Detail Report

WASECA, MN 56093				
Radius	1 Mile	5 Mile	10 Mile	
2023 Households by HH Income	1,224	4,344	7,145	
<\$25,000	218 17.81%	847 19.50%	1,205 16.86%	
\$25,000 - \$50,000	302 24.67%	989 22.77%	1,495 20.92%	
\$50,000 - \$75,000	235 19.20%	940 21.64%	1,475 20.64%	
\$75,000 - \$100,000	173 14.13%	588 13.54%	1,104 15.45%	
\$100,000 - \$125,000	81 6.62%	235 5.41%	619 8.66%	
\$125,000 - \$150,000	79 6.45%	274 6.31%	467 6.54%	
\$150,000 - \$200,000	63 5.15%	259 5.96%	410 5.74%	
\$200,000+	73 5.96%	212 4.88%	370 5.18%	
2023 Avg Household Income	\$80,529	\$76,927	\$81,559	
2023 Med Household Income	\$63,405	\$58,615	\$64,466	
2023 Occupied Housing	1,223	4,345	7,146	
Owner Occupied	841 68.77%	3,150 72.50%	5,503 77.01%	
Renter Occupied	382 31.23%	1,195 27.50%	1,643 22.99%	
2010 Housing Units	1,310	4,450	7,436	
1 Unit	988 75.42%	3,634 81.66%	6,339 85.25%	
2 - 4 Units	1 0.08%	207 4.65%	315 4.24%	
5 - 19 Units	115 8.78%	277 6.22%	383 5.15%	
20+ Units	206 15.73%	332 7.46%	399 5.37%	
2023 Housing Value	840	3,150	5,503	
<\$100,000	122 14.52%	696 22.10%	983 17.86%	
\$100,000 - \$200,000	425 50.60%	1,302 41.33%	2,125 38.62%	
\$200,000 - \$300,000	230 27.38%	769 24.41%	1,417 25.75%	
\$300,000 - \$400,000	30 3.57%	163 5.17%	495 9.00%	
\$400,000 - \$500,000	31 3.69%	151 4.79%	296 5.38%	
\$500,000 - \$1,000,000	2 0.24%	59 1.87%	157 2.85%	
\$1,000,000+	0 0.00%	10 0.32%	30 0.55%	
2023 Median Home Value	\$170,117	\$167,511	\$183,223	
2023 Housing Units by Yr Built	1,311	4,610	7,764	
Built 2010+	10 0.76%	47 1.02%	75 0.97%	
Built 2000 - 2010	171 13.04%	329 7.14%	584 7.52%	
Built 1990 - 1999	218 16.63%	457 9.91%	862 11.10%	
Built 1980 - 1989	217 16.55%	425 9.22%	679 8.75%	
Built 1970 - 1979	372 28.38%	877 19.02%	1,331 17.14%	
Built 1960 - 1969	71 5.42%	473 10.26%	710 9.14%	
Built 1950 - 1959	132 10.07%	514 11.15%	778 10.02%	
Built <1949	120 9.15%	1,488 32.28%	2,745 35.36%	
2023 Median Year Built	1978	1965	1964	

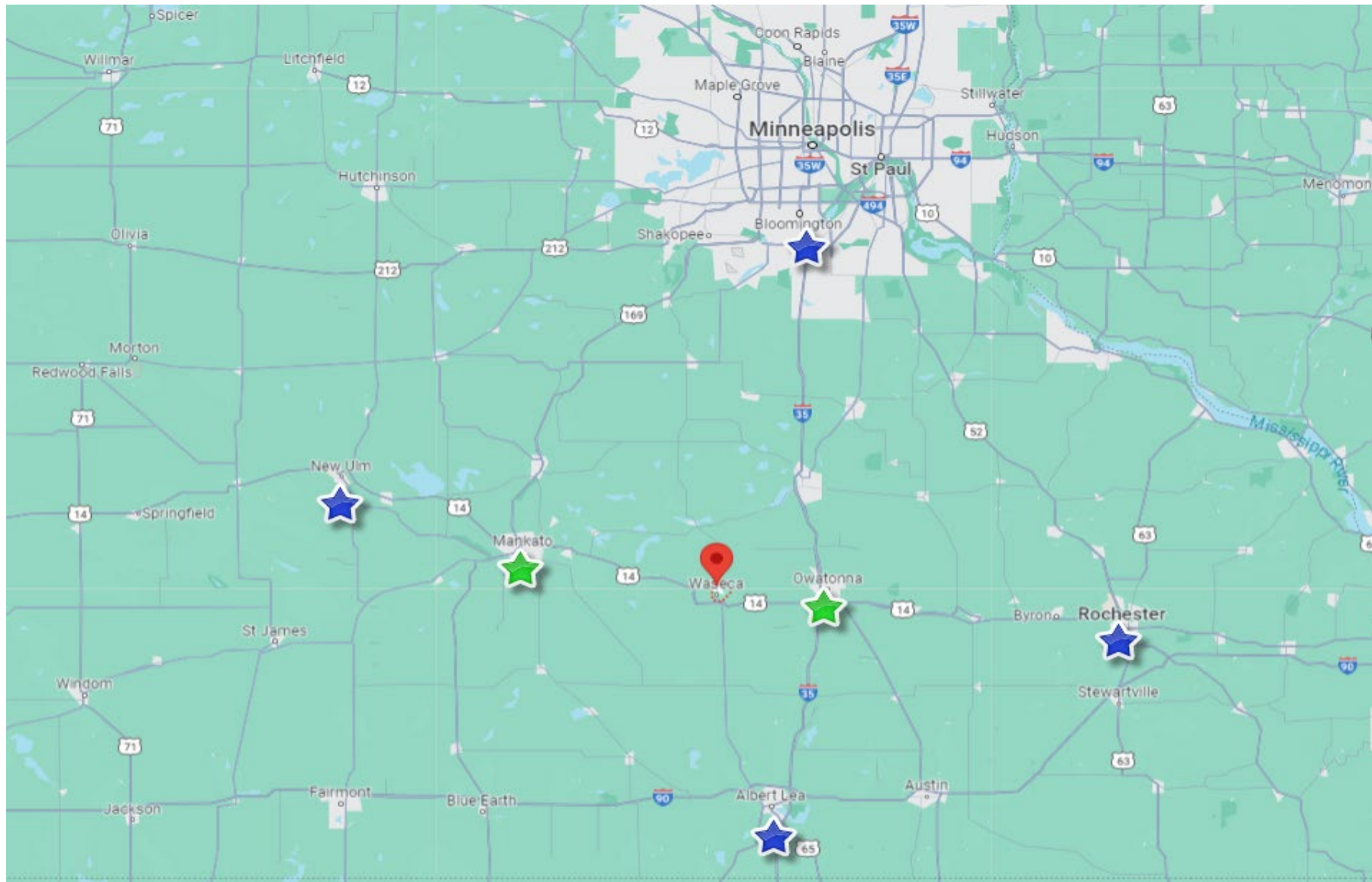


Market Demand

The economic vitality of the market and the surrounding markets or feeder markets, is an important consideration in forecasting lodging demand and future revenue potential. The market lodging demand area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. In the following document you will find a map of the estimated market lodging demand area for the subject market.



Market Lodging Demand Area: (Focus Area of Sales Efforts of Additional Lodging)



★ Immediate Feeder Market

★ Secondary Feeder Market

** Feeder Market = Outlying Community that feeds travelers into desired market (Sales Focus Area)

Source: Google Maps; Core Distinction Group, LLC.

Site Analysis

For the purposes of this Comprehensive Hotel Market Feasibility Study, a representative with Core Distinction Group LLC evaluated all sites and, although a site has not yet been selected, we recommend that all the selected sites will be improved with a limited-service lodging facility. The potential locations are detailed in the following pages including analysis of each site.



Site Rating, Location, Land



Frontage, Topography, Drainage



Environmental Hazards, Ground Stability, Utilities



Parking, Easements/Encroachments/Restrictions



Traffic Counts

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. A detail of traffic information will follow the individual site information in this report.



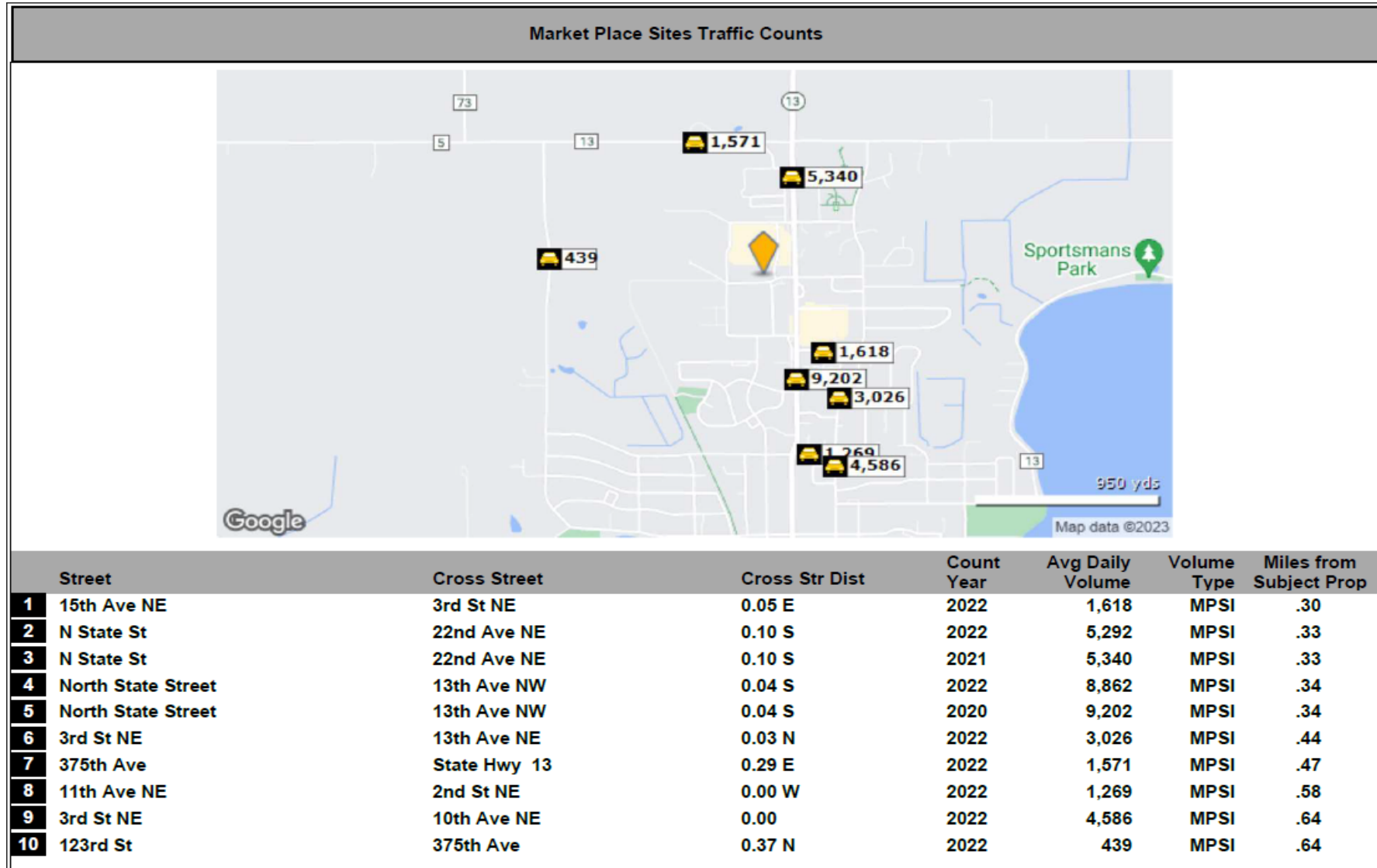
Marketplace Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			96%	43	45

Location	Located in North Waseca, MN located on the west side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affect this site.





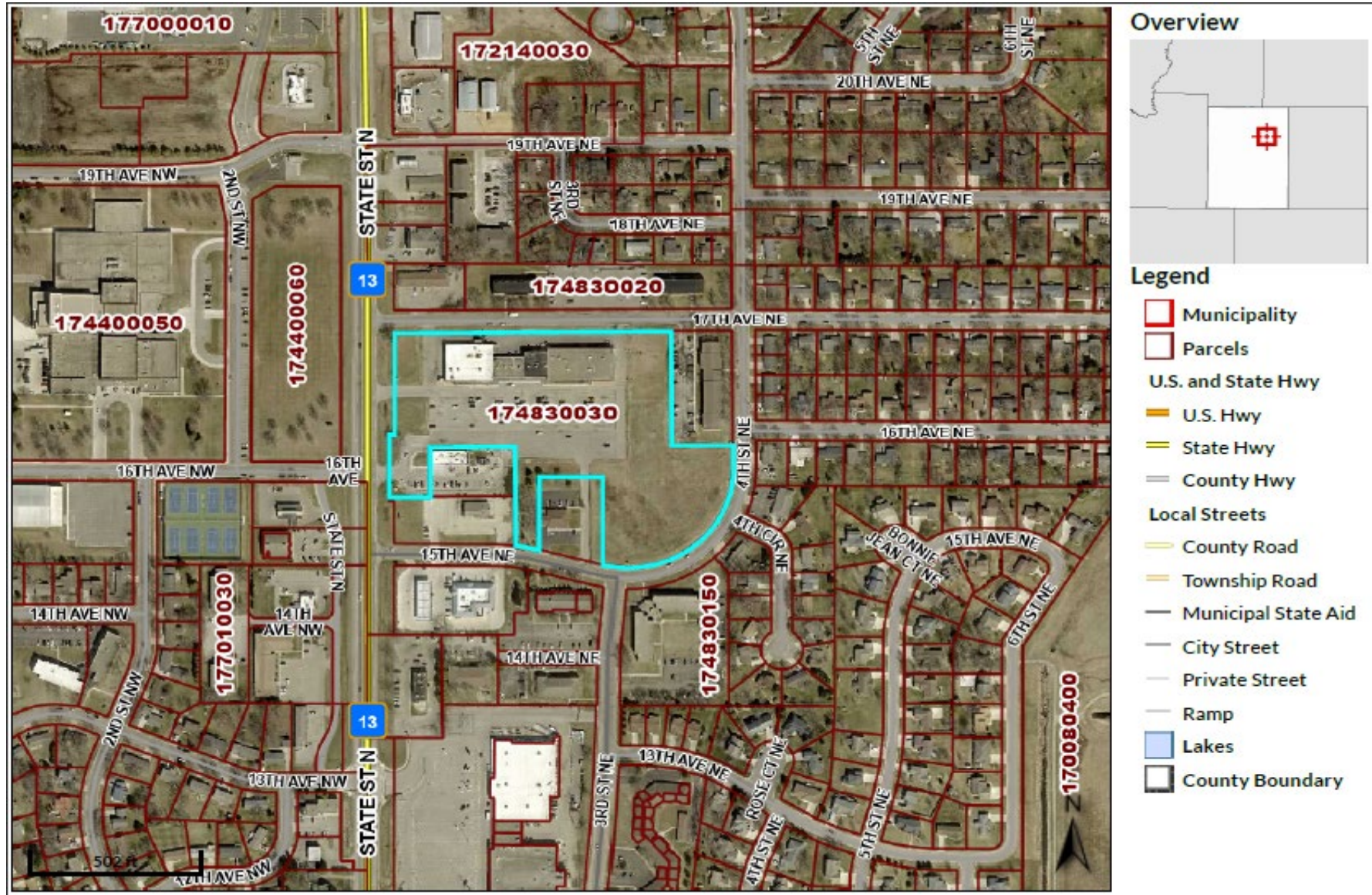


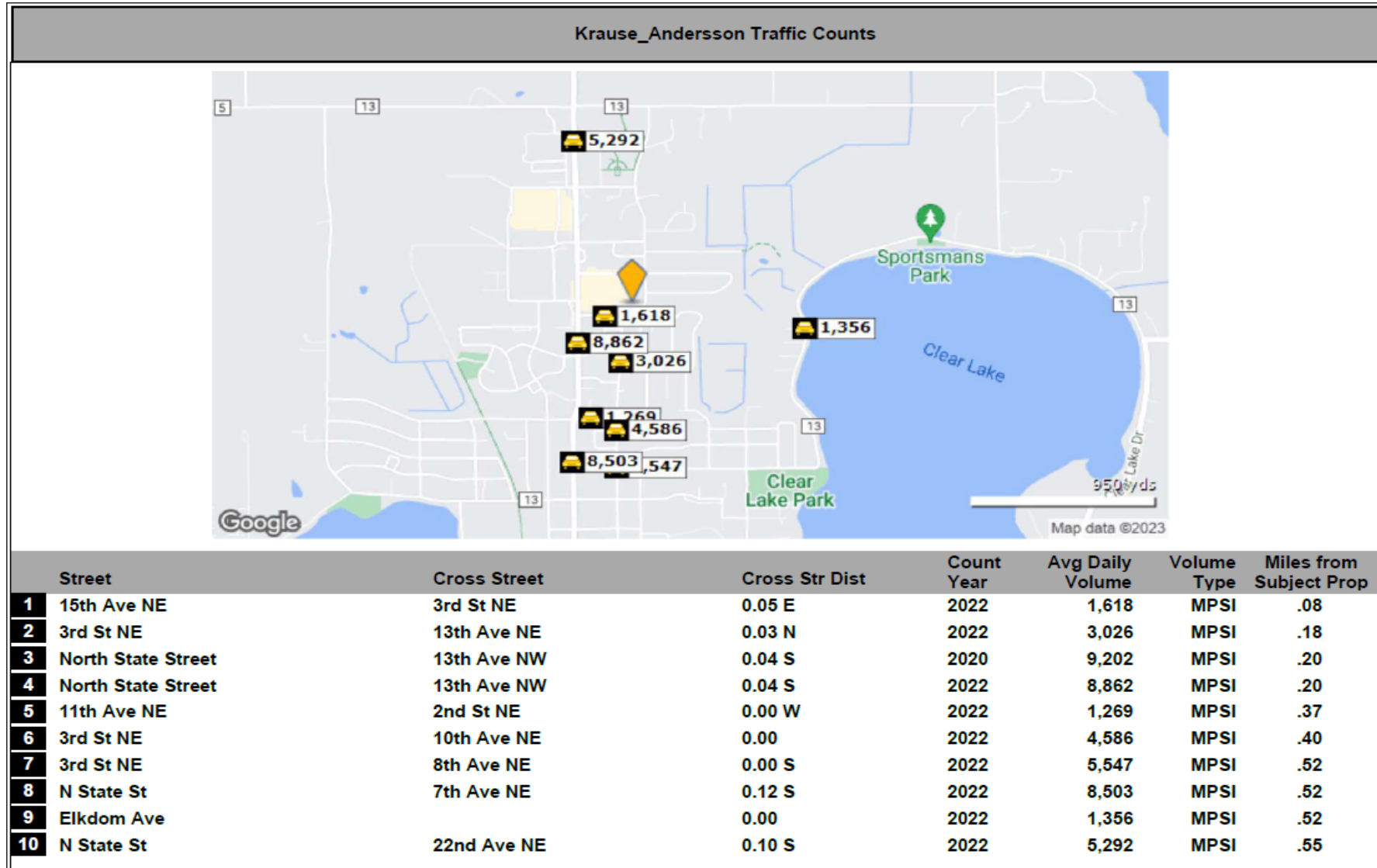


Krause Anderson Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			91%	41	45

Location	Located in North Waseca, MN located on the east side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affect this site.

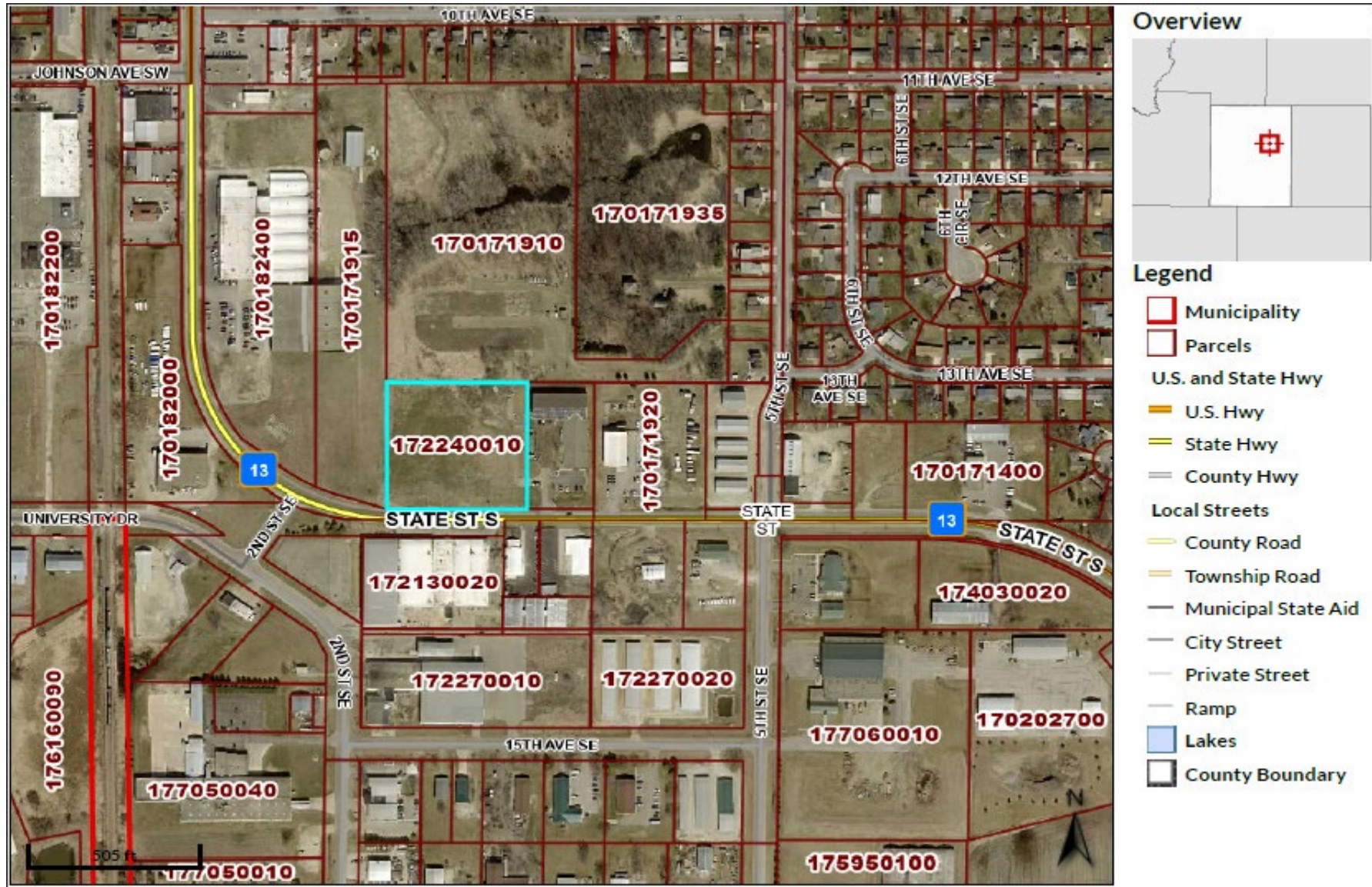


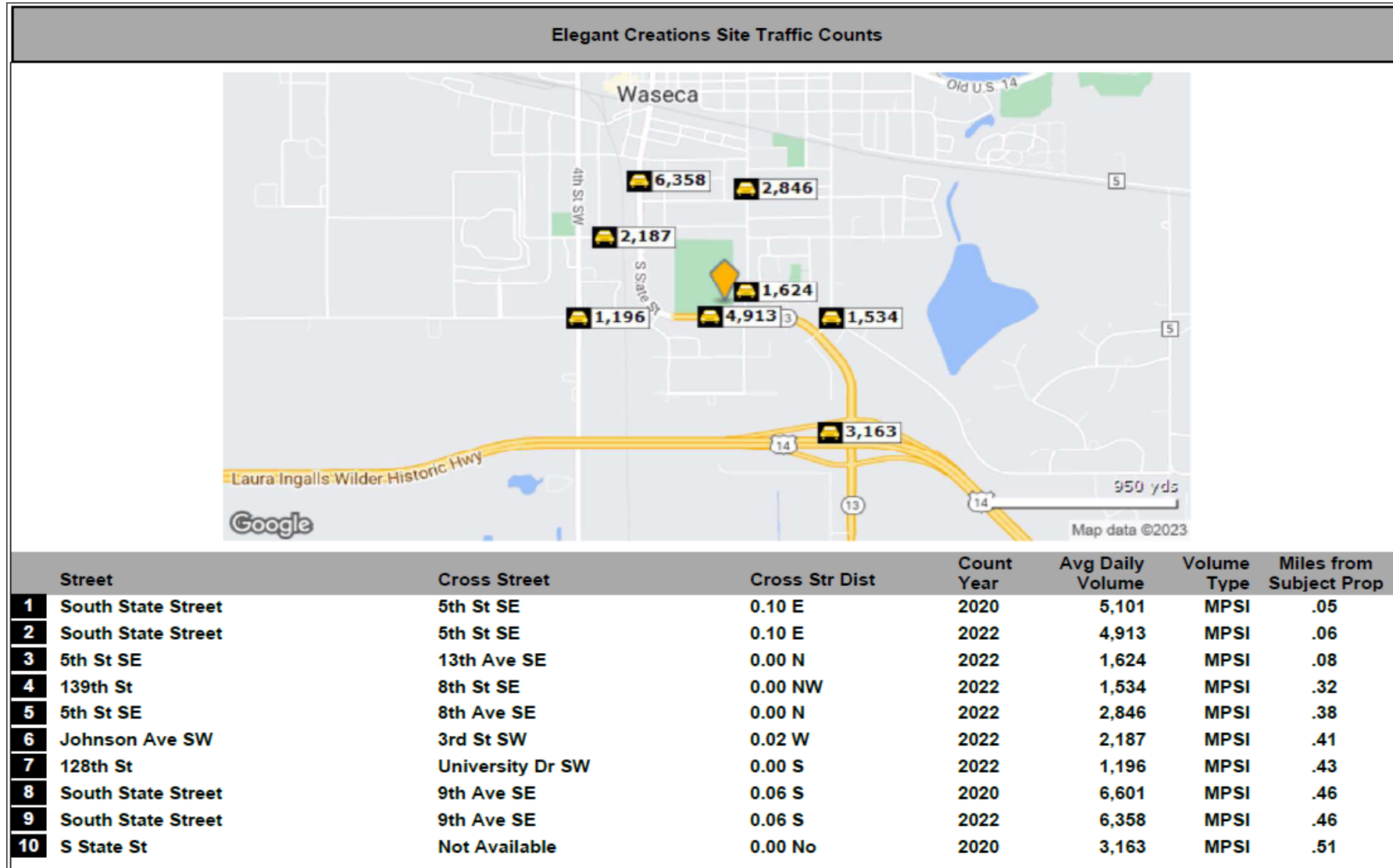




Elegant Creations Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			89%	40	45
Location	Located in North Waseca, MN located on the north side of Highway 13.				
Land Area	The recommended site size for proposed property is a minimum of 2 acres.				
Frontage	This proposed would offer frontage or high visibility from Highway 13.				
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.				
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.				
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.				
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.				
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.				
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.				
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affect this site.				





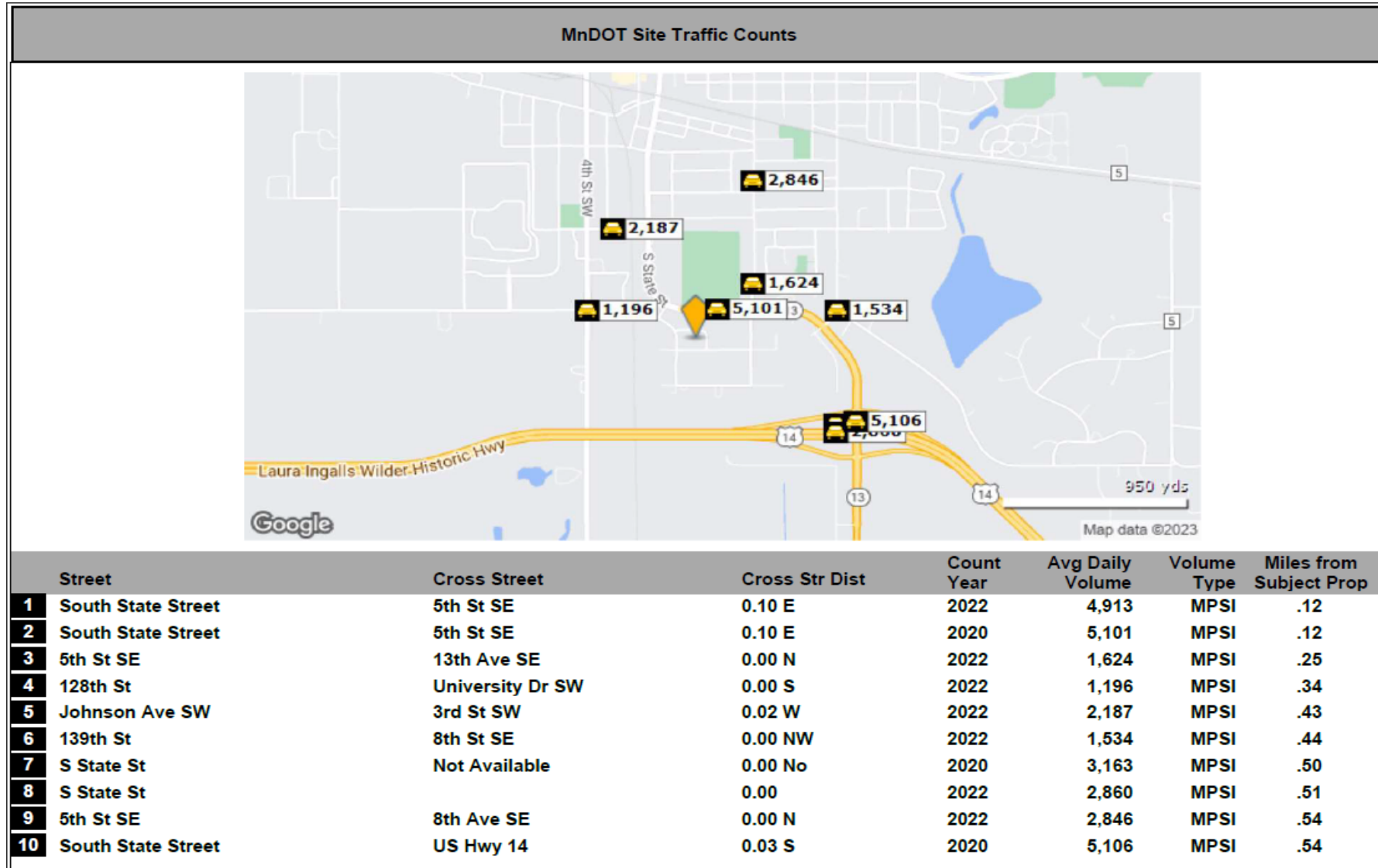


MNDOT Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			89%	40	45

Location	Located in South Waseca, MN located on the northeast side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
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Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.



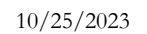


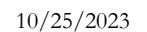


Phoenix Investors Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			89%	40	45

Location	Located in South Waseca, MN located on the west side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
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Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.







Prange Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			84%	38	45

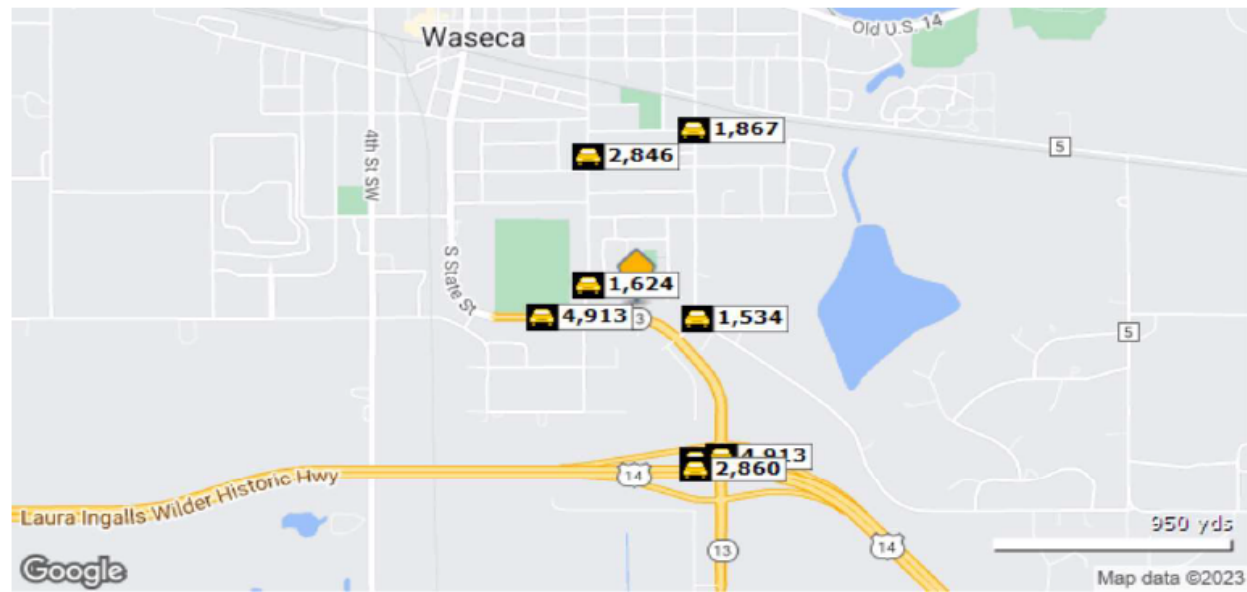
Location	Located in South Waseca, MN located on the west side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.





Traffic Count Report

Prange Site Traffic Counts

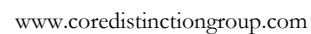


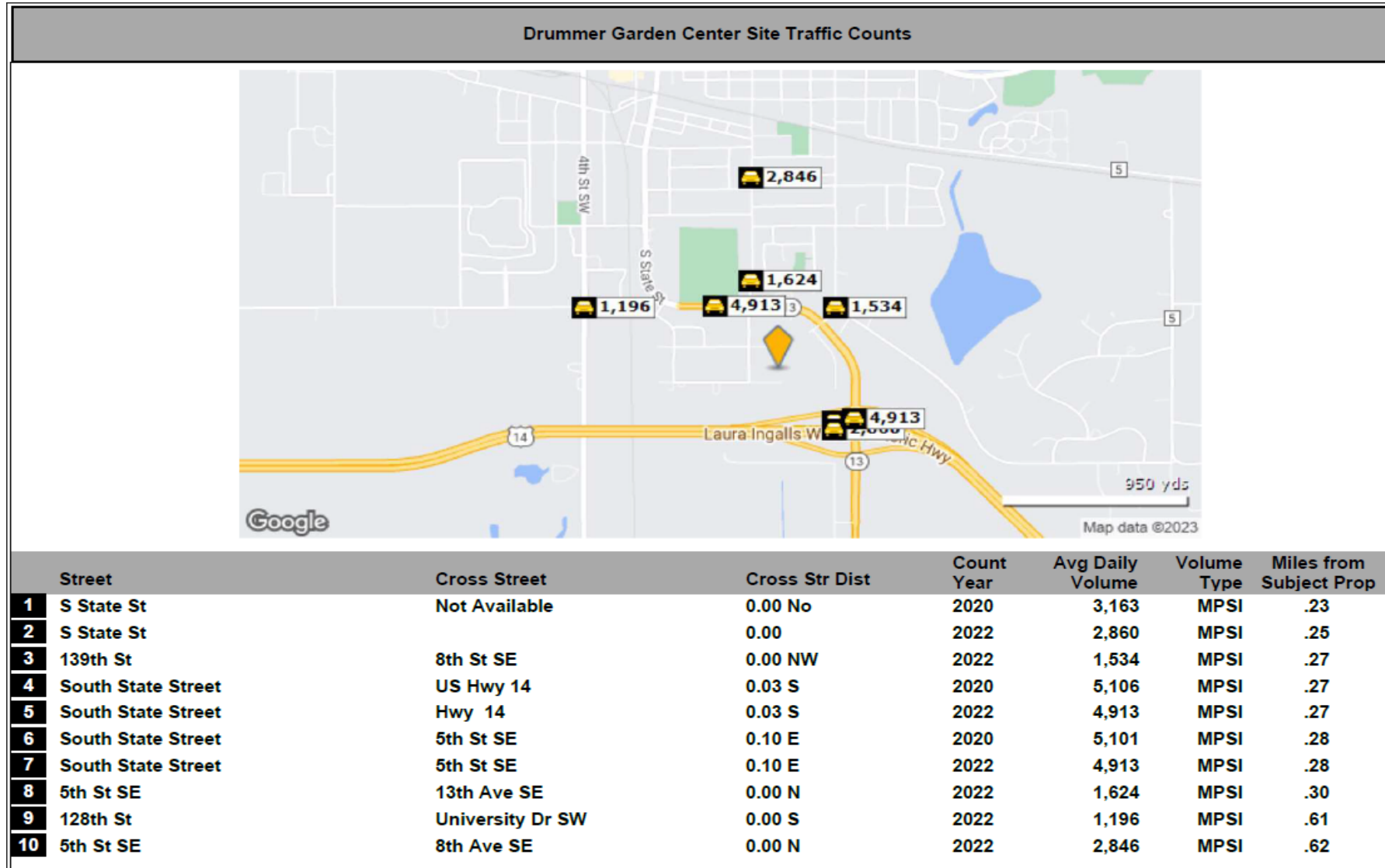
	Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1	5th St SE	13th Ave SE	0.00 N	2022	1,624	MPSI	.12
2	139th St	8th St SE	0.00 NW	2022	1,534	MPSI	.15
3	South State Street	5th St SE	0.10 E	2020	5,101	MPSI	.21
4	South State Street	5th St SE	0.10 E	2022	4,913	MPSI	.21
5	5th St SE	8th Ave SE	0.00 N	2022	2,846	MPSI	.40
6	S State St	Not Available	0.00 No	2020	3,163	MPSI	.42
7	South State Street	US Hwy 14	0.03 S	2020	5,106	MPSI	.43
8	South State Street	Hwy 14	0.03 S	2022	4,913	MPSI	.43
9	S State St		0.00	2022	2,860	MPSI	.44
10	7th Ave SE	8th St SE	0.01 E	2022	1,867	MPSI	.47

Drummer Garden Center Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			80%	36	45

Location	Located in South Waseca, MN located on the Southwest side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would not offer frontage or high visibility from Highway 13, depending in future development of that specific area.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
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Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.





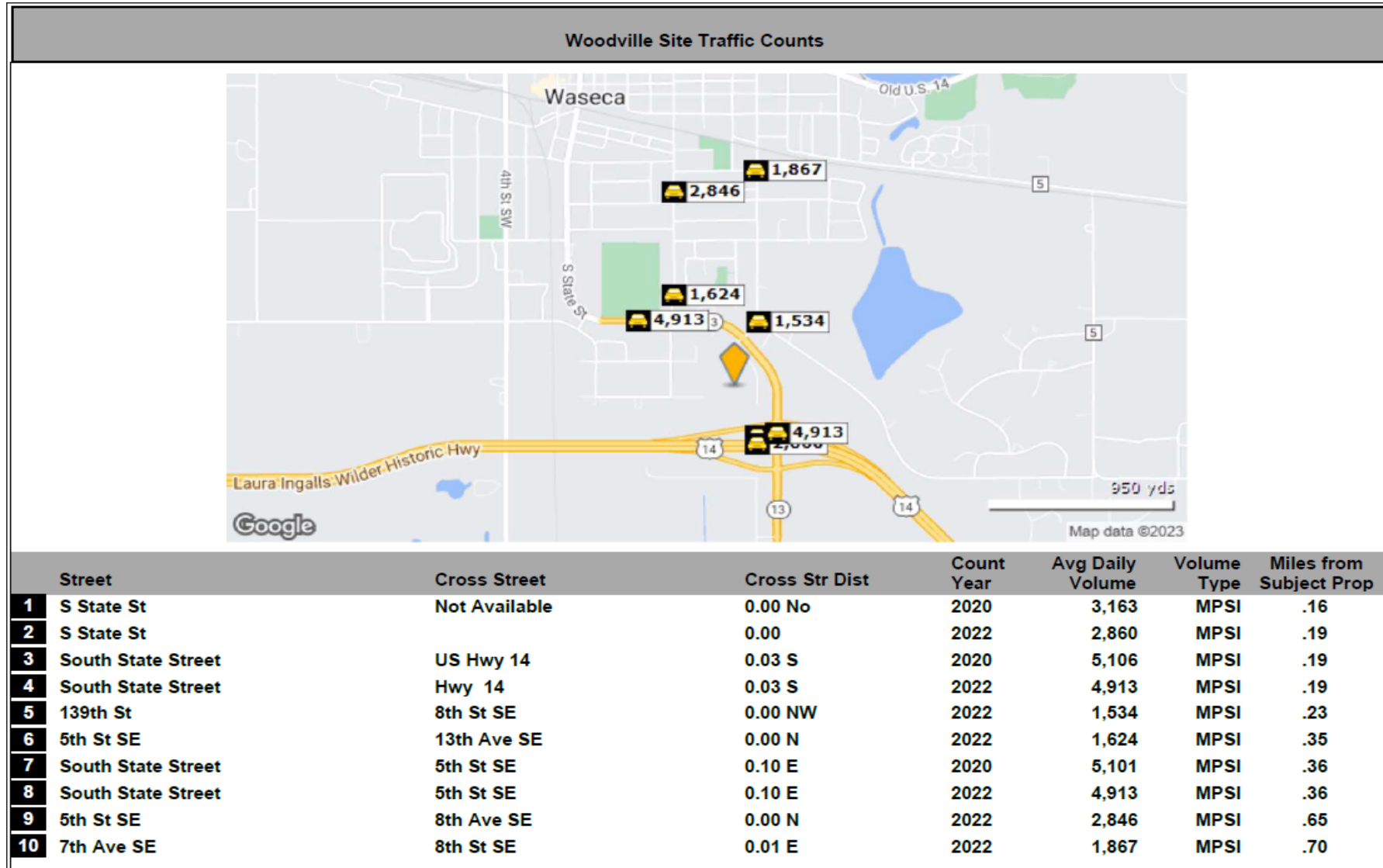


Woodville Site					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			80%	36	45

Location	Located in South Waseca, MN located on the West side of Highway 13.
Land Area	The recommended site size for proposed property is a minimum of 2 acres.
Frontage	This proposed would offer frontage or high visibility from Highway 13.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
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Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.







Community Interviews

A representative with Core Distinction Group LLC met with representatives of the community and the surrounding area to gather information pertinent to hotel development. In addition, Core Distinction Group, LLC conducted phone interviews and an online survey to better understand the overall market need. The research was conducted as a macro and micro market analysis of the market and areas immediately surrounding the area to determine their viability to support the potential of a hotel development. The following key points were discussed and analyzed for the purpose of this Comprehensive Hotel Market Feasibility Study:



Current and Potential Future Need for Lodging in the Market Studied



Current Hotel Being Utilized by Interviewee



Current Essential Amenities Being Utilized by Interviewee



Scale or Quality Preferences of Interviewees



Community Interview Question Summary

During the research phase of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group asked demand generators and leaders within the community all or some of the following *questions:



Does your business or organization have a need for overnight accommodations?



If yes, what is the approximate weekly or monthly need?



Does your business or organization have a need for long-term or extended stay overnight accommodations?



If yes, what is the approximate length of stay and how many guests per month/year?



Where do you currently recommend these individuals to stay?



In your opinion, do you believe the community in question would benefit from a new, branded hotel?



If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.



In your opinion, what amenities does this hotel offer that are important to your clients?



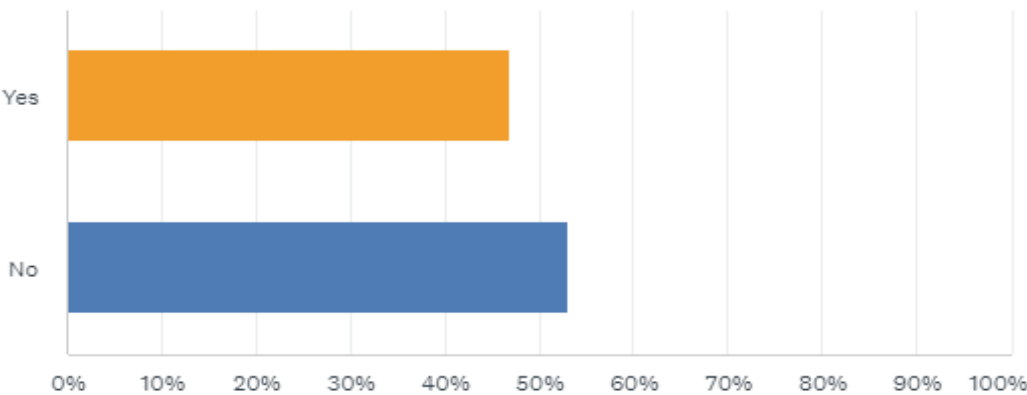
Do you have additional comments or contacts you would recommend we speak to?

**Questions are not limited to the above questions. Representatives from Core Distinction Group look to expand on each question, if needed, to identify all lodging needs in the community.*

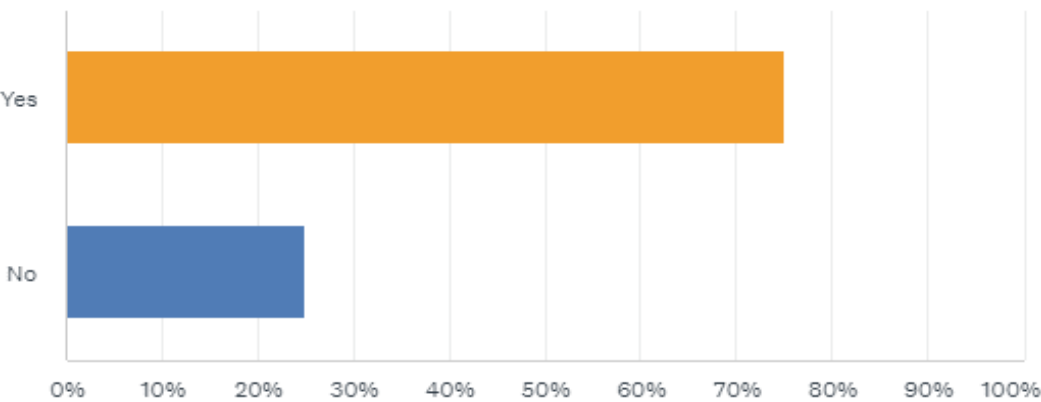


Community Interviews Overall Key Responses

When Core Distinction Group asked individual businesses in the area if they had a need for new, quality accommodations in the community, 47% identified a specific need:



When Core Distinction Group asked individuals and businesses in the area if there is a need in Waseca, MN for a new hotel, nearly 75% stated yes:



Lodging Demand

For the purposes of this Comprehensive Hotel Market Feasibility Study, it is important to understand the overall demand of lodging in the market as well as surrounding markets. This section reviews need in the areas based on the following market segments:



Market Segmentation Projection



Employer Overview



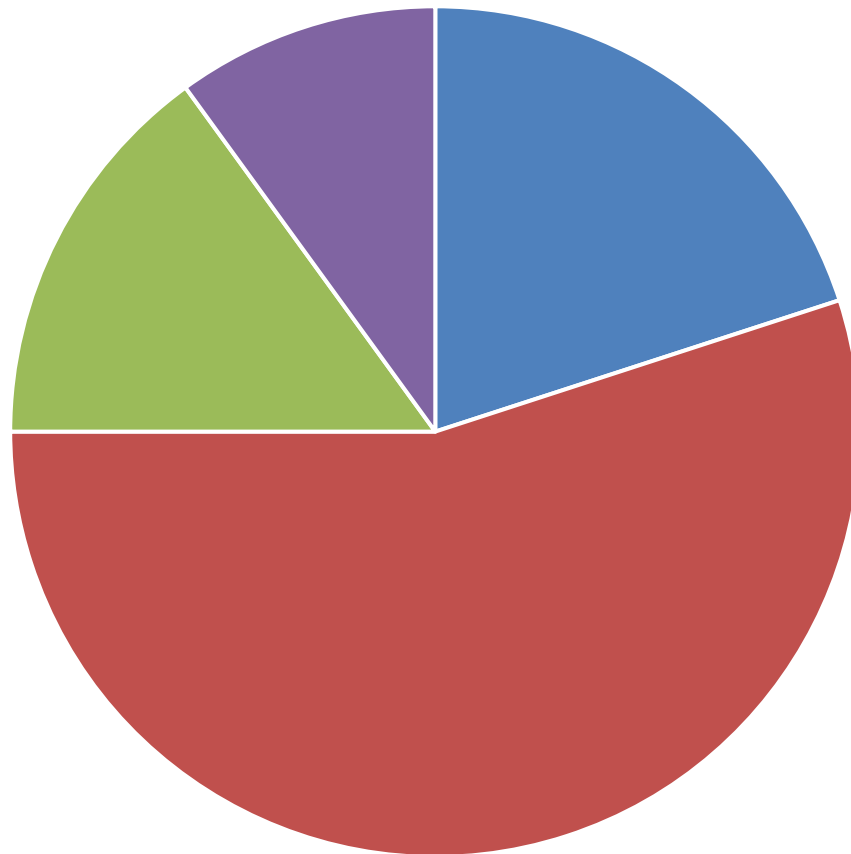
Demand Generators and Attractions

In addition to a breakdown and overview of the market's lodging demand segmentation, this sections also details the sources of said lodging demand and in some cases, identifies when the demand peaks.

Market Segmentation Projection for Waseca, MN are as follows:

Local Business / Corporate Demand:	55%
Area Events & Attractions:	20%
SMERF Demand:	15%
Transient/Walk-In Demand:	10%
Total Need:	100%

Demand Driver Share



■ Area Events & Attractions ■ Local Business/Corporate
■ SMERF ■ Transient/Walk-In Demand



SMERF Demand - SMERF stands for social, military, education, religious and fraternal meetings. In communities where corporate meetings and business travelers keep hotels occupied on weekdays, SMERF business, which is predominantly weekend business, can fill rooms Friday through Sunday.

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

Area Events & Attractions/Leisure Demand: Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel.

Transient/Walk-In Demand: This demand can peak during any day of the week depending on the market. transient/walk-in demand is based on many factors including traffic through the area and potential overflow from feeder markets. This demand may include business and leisure travelers.

Identifying which segments have the potential to produce 80 percent of your hotel’s revenue is imperative to the success of developing these segments to ensure hotel is achieving fair market share. This starts with understanding the market in which any given hotel operates. A fundamental understanding of the competitive environment, key economic drivers and historical trends are essential to understanding which market segments are relevant. At this time, the proposed hotel should experience the same Market Segmentation as the overall market. The proposed hotel in Waseca, MN would be the newest hotel in the immediate regional area and would be positioned to serve a wide variety of Lodging Demand. Also, as a proposed upper midscale hotel, it would be able to flex rates and services to accommodate a full range of Lodging Demand.



Employer/Economy Overview:

Agriculture remains a vital part of Waseca's economy. The surrounding farmland is known for its production of corn and soybeans, contributing significantly to the region's agricultural output. Several local businesses support the thriving farming community.

Waseca has a robust manufacturing sector that plays a pivotal role in the city's economic landscape. The city is home to various manufacturing companies specializing in industries such as metal fabrication, machinery, and food processing. These businesses provide a substantial number of jobs for the local workforce and contribute to the city's economic stability.

The healthcare sector is another critical component of Waseca's economy. The Mayo Clinic Health System in Waseca is a prominent healthcare provider in the region, offering a wide range of medical services. This institution not only provides essential healthcare services to residents but also employs a significant portion of the local workforce.

Waseca boasts a variety of retail businesses, restaurants, and service providers that cater to the needs of its residents and visitors. The local retail sector includes grocery stores, clothing shops, and specialty stores, offering both convenience and choice to the community.

Small businesses are the backbone of Waseca's economy, with many entrepreneurs and locally owned establishments contributing to the city's character and economic diversity. These businesses encompass a wide range of industries, from boutique shops to professional services.

Given its strategic location along major transportation routes, Waseca has a role in the transportation and logistics sector. Warehousing and distribution centers facilitate the movement of goods within the region, creating jobs and supporting commerce.

In summary, Waseca, Minnesota, maintains a balanced and diversified economy that combines its agricultural heritage with a growing manufacturing sector, healthcare institutions, education opportunities, and a vibrant small business community. These economic pillars contribute to the city's stability and provide residents with employment opportunities across various industries. The city's economy continues to evolve, fostering growth and prosperity for its residents and businesses alike.



Attractions & Demand Generators:

Clear Lake: This 652-acre lake is located on the east side of Waseca along Highway 14. The very popular fishing lake provides a variety of species, including bluegills, crappies, bass, northern pike, and walleye. Bass are catch and release only.

Loon Lake: This 80-acre lake is located on the west side of Waseca along Highway 14. This shallow lake provides a variety of fish including bluegills, crappies, bass, northern pike, and bullhead.

Waseca Arts Center: This cultural hub hosts a variety of art exhibitions, performances, and workshops throughout the year. It's a great place to explore local artistic talent and engage with the creative community.

Waseca County Historical Society: Learn about the history of Waseca and the surrounding region at this museum. It features exhibits, artifacts, and educational programs that provide insight into the city's past.

Schara Park: This park hosts the Waseca Water Park, making it a great place for families to cool off during the summer months. It features water slides, pools, and other aquatic attractions.

Waseca Lakeside Club: Golf enthusiasts can enjoy a round of golf at this 18-hole public golf course, which offers beautiful views of Clear Lake.

Sakatah Singing Hills State Trail: While not located directly in Waseca, this nearby state trail is popular among cyclists, hikers, and nature enthusiasts. It stretches for over 39 miles and provides a scenic route through the countryside.



Attractions & Demand Generators:

Waseca Sleigh & Cutter Festival (Annually in January & February) is a fun escape from winter after the holidays are over. If you like horses, curling, ice sculptures and parades, this event is for you.

Waseca County Free Fair (Annually in July) The County Fair provides entertainment, education, agricultural experiences and information and sharing of ideas as well as a gathering place for the area public to enjoy and mingle with each other. The Midway will provide larger, more exciting rides for all ages and a wide variety of games of skill and chance, not to mention delicious food that will be added to our over 70 different foods currently at the fair.

Lakefest Music Festival (Annually in July) The elements add up to a wonderful way to spend the day. Friends and family gather in a terrific park setting just to relax, enjoy the entertainment and to be together. That's Lakefest. Everyone is welcome to share in the Fourth of July festivities at Waseca's beautiful Clear Lake Park. It is becoming a family tradition!

Waseca Garden Walk (Annually in July) Hosted by the Waseca Garden Club. Come spend the day in Waseca visiting specialty shops, enjoying our many restaurants and finding new ideas at the different gardens.

Annual Waseca Marching Classic (Annually in September) High school marching bands from around the region (Minnesota, Iowa, South Dakota, and Wisconsin) display their color and musical abilities in parade and field show competitions.

Farm America Fall Festival (Annually in September) Fun fall activities for the entire family. Take a tram ride, race through the corn maze and visit the historic farm site plus more.



Lodging Supply - Primary

For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation. There are many instances where independent and/or economy hotels do not report to the reporting agency.

In some cases, Core Distinction Group must access data from surrounding or Secondary market hotels to obtain a Smith Travel Research (STR)/CoStar report. This can also include a Secondary Competitive Set. The following information will be presented in Lodging Supply:



Property Map Overview



Property Summary Reports

For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation.



STR/COSTAR Global Data



Upper Upscale Competitive Hotel Properties Data Summary



Key Performance Indicators



Supply & Demand/Supply & Demand Changes



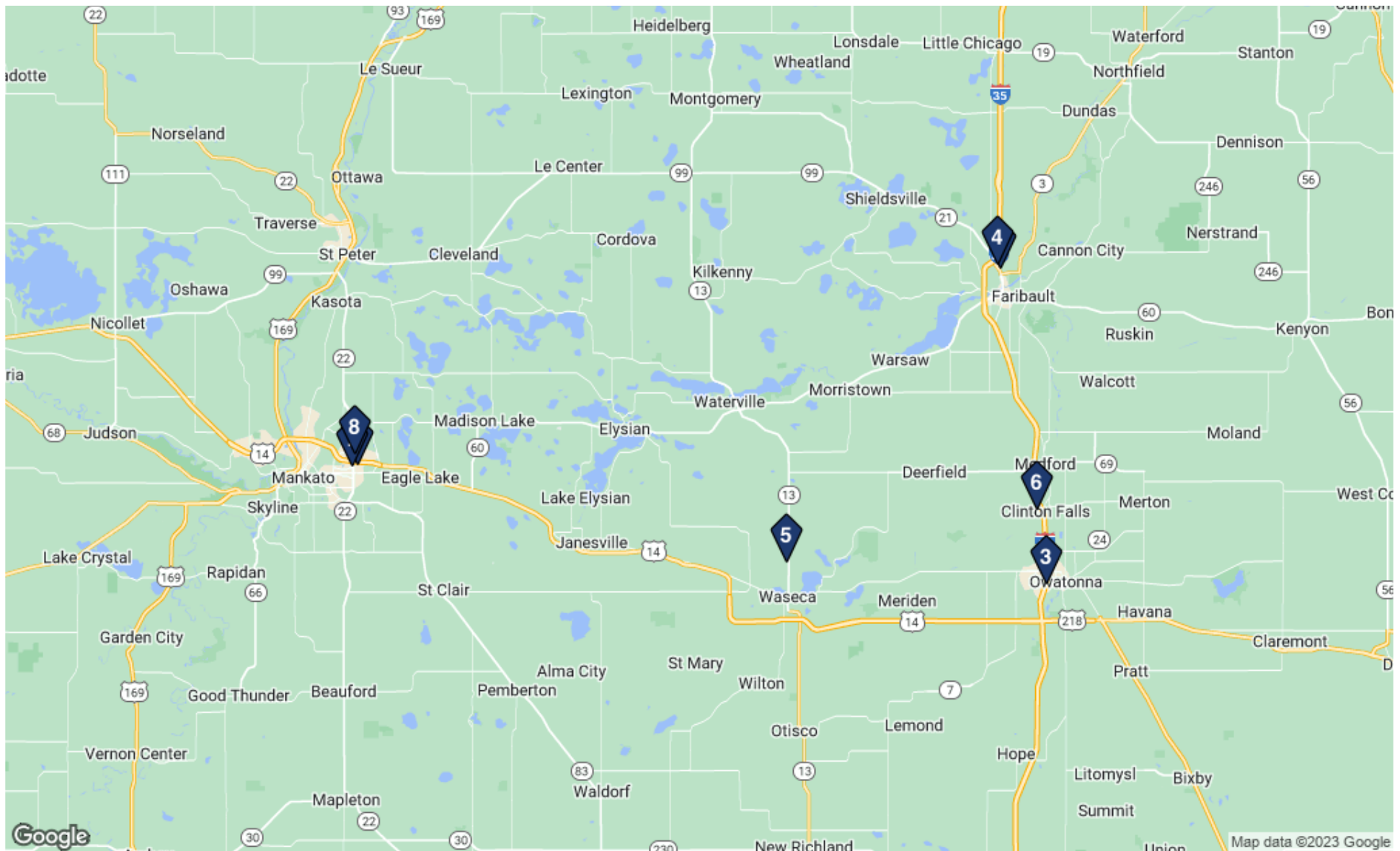
Average Daily Rate/Average Daily Rate Changes



Key Metrics: Inventory, Sales Past Year, Performance Trends



Property Map Overview



Property Summary Report

GrandStay Residential Suites Faribault

1500 20th St NW
Faribault, MN 55021 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	GrandStay Hotels
Hotel Opened	Aug 2009
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	Aug 2009
Rooms	59
Location	Suburban
Stories	3
Primary Corridors	Interior
Meeting Space	300 SF

LAND

Land Acres	3.50 AC
Zoning	C-2
Parcels	18.25.1.25.002

EXPENSES

Taxes	\$1,227.49/Room (2021)
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BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool

TRANSPORTATION

Walk Score®	Car-Dependent (41)
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PROPERTY CONTACTS

True Owner	GSES Of Faribault LLC 1505 30th St NW Faribault, MN 55021 (507) 334-6417 (p)	Recorded Owner	Gses Of Faribault Llc 1505 30th St NW Faribault, MN 55021
Architect	Cole Group Architects 216 Park Ave Saint Cloud, MN 56301 (320) 654-6570 (p)	Parent Company	Grandstay Hospitality, LLC



Property Summary Report

Holiday Inn Express & Suites Mankato East

2051 Adams St
Mankato, MN 56001 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Holiday Inn Express
Hotel Opened	Jun 2009
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	2008
Rooms	88
Location	Suburban
Stories	5
Primary Corridors	Interior
Meeting Space	408 SF

LAND

Land Acres	3.55 AC
Zoning	C-3A
Parcels	R01-09-10-376-001, R01-09-10-376-003

EXPENSES

Taxes	\$1,576.68/Room (2021)
-------	------------------------

BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool

SALE

Sold Price	\$9,500,100 (\$107,956/Room)
Date	Mar 2020
Sale Type	Investment
Cap Rate	9.30%

TRANSPORTATION

Walk Score®	Car-Dependent (45)
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Property Summary Report

Country Inn & Suites Owatonna

130 Allan Ave
Owatonna, MN 55060 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Country Inn & Suites by Choice
Hotel Opened	May 1995
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1994
Rooms	48
Location	Suburban
Stories	3
Primary Corridors	Interior

LAND

Land Acres	1.06 AC
Zoning	B
Parcels	17-465-0102

EXPENSES

Taxes	\$1,168.29/Room (2021)
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PARKING

Spaces	49 Surface
Ratio	1.02/Room

BUILDING AMENITIES

- Business Center
- Fitness Center
- Hot Tub
- Pool

TRANSPORTATION

Parking	49 available (Surface);Ratio of 1.02/Room
Walk Score®	Car-Dependent (45)

PROPERTY CONTACTS

True Owner	Starwood Capital Group 2340 Collins Ave Miami Beach, FL 33139 (305) 695-5800 (p)
Previous True Owner	Starwood Property Trust 591 W Putnam Ave Greenwich, CT 06830 (203) 422-7700 (p) (203) 422-8159 (f)

Recorded Owner	Midwest Heritage Inn Of Owat
Parent Company	Choice Hotels International, Inc.



Property Summary Report

Boarders Inn & Suites Fairbault

1801 Lavender Dr
Faribault, MN 55021 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Boarders Inn & Suites
Hotel Opened	Dec 1994
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1994
Rooms	62
Location	Suburban
Stories	2
Primary Corridors	Interior
Meeting Space	500 SF

LAND

Land Acres	1.39 AC
Zoning	C-2
Parcels	18.24.3.76.019

EXPENSES

Taxes	\$700.81/Room (2021)
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PARKING

Spaces	85 Surface
Ratio	1.37/Room

BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool

SALE

Sold Price	\$2,885,000 (\$46,532/Room)
Date	Aug 2023
Sale Type	Investment

TRANSPORTATION

Parking	85 available (Surface);Ratio of 1.37/Room
Walk Score®	Car-Dependent (41)

PROPERTY CONTACTS

True Owner	Cannon Valley Hospitality 1801 Lavendar Dr Faribault, MN 55021 (507) 334-9464 (p)	Recorded Owner	Cannon Valley Hospitality 1801 Lavendar Dr Faribault, MN 55021 (507) 334-9464 (p)
Parent Company	Cobblestone Hotels, LLC		



Property Summary Report

GrandStay Hotel & Suites Waseca

2201 State St N
Waseca, MN 56093 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	GrandStay Hotels
Hotel Opened	May 1997
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1997
Rooms	37
Location	Suburban
Stories	2
Primary Corridors	Interior
Meeting Space	240 SF

LAND

Land Acres	2.00 AC
Zoning	B-2
Parcels	17.620.0030

EXPENSES

Taxes	\$1,064.43/Room (2021)
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BUILDING AMENITIES

- Business Center
- Pool

SALE

Sold Price	\$1,500,000 (\$40,541/Room)
Date	Jun 2015
Sale Type	Investment

TRANSPORTATION

Walk Score®	Car-Dependent (45)
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PROPERTY CONTACTS

True Owner	Matthew Cohen 19411 West Campbell Rd Bend, OR 97702 (612) 850-6276 (p)	Recorded Owner	Waseca Lodging Inc 19411 Westcampbell Rd Bend, OR 97702
Parent Company	Grandstay Hospitality, LLC		



Property Summary Report

Comfort Inn Owatonna Near Medical Center

2345 NW 43rd St
Owatonna, MN 55060 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Comfort Inn
Hotel Opened	Nov 1998
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1998
Rooms	62
Location	Suburban
Stories	3
Primary Corridors	Interior
Meeting Space	700 SF

LAND

Land Acres	2.12 AC
Zoning	C
Parcels	17-509-0101

EXPENSES

Taxes	\$1,074.19/Room (2021)
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BUILDING AMENITIES

- Fitness Center
- Pool
- Smoke-Free
- Meeting Event Space
- Public Access Wifi

TRANSPORTATION

Walk Score®	Car-Dependent (14)
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TENANTS

Ww (weight Watchers)	500 SF
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PROPERTY CONTACTS

True Owner	Central Group Co 215 Park Ave S Saint Cloud, MN 56301 (320) 654-6307 (p)	Recorded Owner	Sai Hospitality LLC 1418 Oak Ave Owatonna, MN 55060 (507) 444-0358 (p)
Previous True Owner	Atul S Bhatnagar 1418 S Oak Ave Owatonna, MN 55060 (507) 444-0358 (p)	Parent Company	Choice Hotels International, Inc.



Property Summary Report

Fairfield Inn & Suites Mankato

141 Apache Pl
Mankato, MN 56001 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Fairfield Inn
Hotel Opened	Apr 1997
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1997
Year Renov	2004
Rooms	61
Location	Suburban
Stories	3
Primary Corridors	Interior

LAND

Land Acres	1.76 AC
Zoning	B-3
Parcels	R01-09-09-478-006

EXPENSES

Taxes	\$1,069.34/Room (2021)
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BUILDING AMENITIES

- Business Center
- Pool

SALE

Sold Price	\$1,100,000,000 (\$109,268/Room) - Portfolio Price
Date	Jan 2015
Sale Type	Investment
Properties	143

TRANSPORTATION

Walk Score®	Somewhat Walkable (54)
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PROPERTY CONTACTS

True Owner	Starwood Capital Group 2340 Collins Ave Miami Beach, FL 33139 (305) 695-5800 (p)	Recorded Owner	F I Management Of Mankato Lp
Parent Company	Marriott International		



Property Summary Report

Country Inn & Suites Mankato Hotel & Conference Center

1900 Premier Dr
Mankato, MN 56001 - Minnesota South Area Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Country Inn & Suites by Choice
Hotel Opened	Jun 1998
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1998
Rooms	101
Location	Suburban
Stories	3
Primary Corridors	Interior
Meeting Space	4,552 SF

LAND

Land Acres	3.11 AC
Zoning	B-3
Parcels	R01-09-10-104-008

EXPENSES

Taxes	\$1,032.51/Room (2021)
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BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool
- Restaurant

TRANSPORTATION

Walk Score®	Car-Dependent (37)
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PROPERTY CONTACTS

True Owner	Sand Companies, Inc. 366 10th Ave S Waite Park, MN 56387 (320) 202-3100 (p) (320) 202-3139 (f)
Parent Company	Choice Hotels International, Inc.

Recorded Owner	Mankato Lodging LLC PO Box 727 Waite Park, MN 56387
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STR Global - CoStar - Data by Measure - Primary Comp Set

Occupancy (%)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	45.1%	55.0%	50.2%	55.5%	59.7%	66.8%	68.1%	69.1%	66.2%	66.1%	50.5%	43.9%	58.0%
2020	42.6%	49.2%	29.5%	19.3%	27.4%	42.6%	47.8%	51.9%	50.4%	49.4%	34.0%	27.6%	39.3%
2021	30.5%	36.5%	43.7%	49.6%	55.3%	69.2%	71.0%	69.1%	66.6%	66.1%	53.8%	47.9%	55.0%
2022	44.3%	49.8%	52.0%	58.8%	66.6%	72.7%	71.6%	72.3%	71.1%	68.7%	54.7%	47.8%	60.9%
2023	47.5%	48.9%	50.3%	53.5%	61.5%	72.3%	68.3%	70.4%					59.2%
Avg	40.6%	47.6%	43.9%	45.8%	52.3%	62.8%	64.6%	65.6%	63.6%	62.6%	48.3%	41.8%	53.3%

ADR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$103.95	\$104.55	\$104.58	\$106.29	\$110.95	\$117.39	\$116.94	\$117.23	\$115.26	\$113.69	\$106.73	\$106.72	\$110.36
2020	\$106.66	\$108.52	\$101.97	\$90.56	\$91.63	\$97.12	\$102.30	\$103.79	\$102.14	\$99.88	\$93.23	\$90.30	\$99.01
2021	\$91.29	\$93.78	\$94.58	\$96.52	\$103.98	\$113.95	\$119.76	\$119.22	\$117.29	\$117.34	\$108.40	\$107.94	\$109.51
2022	\$108.30	\$110.54	\$108.13	\$111.79	\$121.33	\$130.66	\$134.06	\$132.06	\$129.67	\$129.07	\$121.44	\$119.74	\$122.85
2023	\$118.67	\$120.84	\$121.34	\$121.58	\$127.40	\$136.85	\$135.16	\$133.76					\$128.11
Avg	\$102.55	\$104.35	\$102.32	\$101.29	\$106.97	\$114.78	\$118.27	\$118.08	\$116.09	\$115.00	\$107.45	\$106.18	\$110.43

RevPAR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$46.88	\$57.53	\$52.48	\$59.03	\$66.28	\$78.45	\$79.64	\$81.05	\$76.31	\$75.17	\$53.89	\$46.81	\$64.46
2020	\$45.44	\$53.34	\$30.07	\$17.49	\$25.11	\$41.41	\$48.90	\$53.83	\$51.51	\$49.35	\$31.74	\$24.93	\$39.43
2021	\$27.80	\$34.20	\$41.37	\$47.85	\$57.49	\$78.87	\$85.07	\$82.36	\$78.08	\$77.55	\$58.27	\$51.71	\$60.99
2022	\$47.95	\$55.01	\$56.26	\$65.70	\$80.84	\$95.02	\$96.04	\$95.48	\$92.18	\$88.71	\$66.48	\$57.28	\$74.85
2023	\$56.42	\$59.10	\$60.98	\$65.10	\$78.41	\$98.95	\$92.35	\$94.10					\$75.83
Avg	\$42.02	\$50.02	\$45.05	\$47.52	\$57.43	\$73.44	\$77.41	\$78.18	\$74.52	\$72.70	\$52.60	\$45.18	\$59.93

Revenue (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$752,832	\$834,427	\$842,689	\$917,320	\$1,064,384	\$1,219,098	\$1,278,904	\$1,301,476	\$1,185,787	\$1,207,005	\$837,503	\$751,615	\$12,193,040
2020	\$729,739	\$773,607	\$482,932	\$271,759	\$403,165	\$643,536	\$785,234	\$864,478	\$800,503	\$792,525	\$493,287	\$400,378	\$7,441,143
2021	\$446,427	\$495,996	\$664,339	\$743,558	\$923,239	\$1,225,576	\$1,366,036	\$1,322,608	\$1,213,368	\$1,245,247	\$905,583	\$830,357	\$11,382,334
2022	\$770,013	\$797,794	\$903,414	\$1,020,955	\$1,298,188	\$1,476,680	\$1,542,186	\$1,533,262	\$1,432,470	\$1,424,554	\$1,033,057	\$919,881	\$14,152,454
2023	\$906,055	\$857,121	\$979,234	\$1,011,580	\$1,259,112	\$1,537,608	\$1,482,946	\$1,511,137					\$9,544,793
Avg	\$642,999	\$701,343	\$663,320	\$644,212	\$796,929	\$1,029,403	\$1,143,391	\$1,162,854	\$1,066,553	\$1,081,592	\$745,458	\$660,783	\$10,338,839

STR Global - CoStar - 12 Month Moving Average - Primary Comp Set

Occupancy (%)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	60.2%	60.5%	60.4%	60.3%	60.1%	59.3%	59.0%	58.6%	58.3%	58.4%	58.2%	58.0%
2020	57.8%	57.4%	55.6%	52.6%	49.9%	47.9%	46.2%	44.7%	43.4%	42.0%	40.6%	39.3%
2021	38.2%	37.3%	38.5%	41.0%	43.3%	45.5%	47.5%	48.9%	50.3%	51.7%	53.3%	55.0%
2022	47.0%	57.2%	57.9%	58.7%	59.6%	59.9%	60.0%	60.3%	60.6%	60.9%	60.9%	60.9%
2023	61.2%	61.1%	61.0%	60.6%	60.1%	60.1%	59.8%	59.6%				
Avg	52.1%	51.7%	51.5%	51.3%	51.1%	50.9%	50.9%	50.7%	50.7%	50.7%	50.7%	50.8%

ADR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$109.95	\$109.65	\$109.65	\$109.73	\$109.95	\$109.91	\$110.13	\$110.21	\$110.33	\$110.65	\$110.93	\$111.13
2020	\$111.32	\$111.64	\$111.74	\$111.57	\$110.71	\$108.95	\$107.36	\$105.71	\$104.18	\$102.47	\$101.40	\$100.24
2021	\$99.02	\$97.67	\$97.09	\$97.29	\$98.32	\$100.36	\$102.66	\$104.55	\$106.13	\$107.86	\$108.67	\$109.40
2022	\$110.16	\$110.98	\$111.82	\$112.88	\$114.38	\$116.04	\$117.50	\$118.81	\$120.00	\$121.11	\$122.06	\$122.85
2023	\$123.47	\$124.11	\$125.07	\$125.88	\$126.44	\$127.05	\$127.13	\$127.28				
Avg	\$106.76	\$106.32	\$106.16	\$106.20	\$106.33	\$106.41	\$106.72	\$106.82	\$106.88	\$106.99	\$107.00	\$106.92

RevPAR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$66.16	\$66.32	\$66.21	\$66.16	\$66.08	\$65.20	\$64.95	\$64.59	\$64.30	\$64.63	\$64.58	\$64.49
2020	\$64.37	\$64.05	\$62.14	\$58.73	\$55.23	\$52.19	\$49.58	\$47.26	\$45.23	\$43.03	\$41.21	\$39.36
2021	\$37.86	\$36.39	\$37.35	\$39.84	\$42.60	\$45.67	\$48.75	\$51.17	\$53.35	\$55.75	\$57.93	\$60.20
2022	\$61.91	\$63.51	\$64.77	\$66.24	\$68.22	\$69.55	\$70.48	\$71.60	\$72.76	\$73.71	\$74.38	\$74.85
2023	\$75.57	\$75.89	\$76.29	\$76.24	\$76.03	\$76.35	\$76.04	\$75.92				
Avg	\$56.13	\$55.59	\$55.23	\$54.91	\$54.64	\$54.35	\$54.43	\$54.34	\$54.29	\$54.47	\$54.57	\$54.68

Revenue (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$12,509,489	\$12,538,469	\$12,518,032	\$12,509,247	\$12,494,304	\$12,327,410	\$12,279,559	\$12,211,989	\$12,157,716	\$12,218,764	\$12,210,151	\$12,193,042
2020	\$12,169,949	\$12,109,129	\$11,749,372	\$11,103,810	\$10,442,591	\$9,867,029	\$9,373,358	\$8,936,360	\$8,551,076	\$8,136,596	\$7,792,380	\$7,441,142
2021	\$7,157,829	\$6,880,218	\$7,061,624	\$7,533,423	\$8,053,497	\$8,635,537	\$9,216,340	\$9,674,470	\$10,087,335	\$10,540,057	\$10,952,353	\$11,382,333
2022	\$11,705,920	\$12,007,717	\$12,246,793	\$12,524,190	\$12,899,140	\$13,150,243	\$13,326,394	\$13,537,047	\$13,756,149	\$13,935,456	\$14,062,929	\$14,152,453
2023	\$14,288,495	\$14,347,822	\$14,423,643	\$14,414,267	\$14,375,191	\$14,436,119	\$14,376,879	\$14,354,754				
Avg	\$10,612,422	\$10,509,272	\$10,443,009	\$10,382,160	\$10,330,131	\$10,276,659	\$10,289,752	\$10,274,273	\$10,265,376	\$10,298,472	\$10,318,295	\$10,338,839

Primary Competitive Hotel Properties Data Summary

Primary Competitive Set			
Property Name	Industry Segment	Open Date	Room Count
GrandStay Residential Suites Faribault	Upper Midscale	2009	59
Holiday Inn Express Mankato East	Upper Midscale	2009	88
Country Inn & Suites Owatonna	Upper Midscale	1995	48
Boarders Inn & Suites Faribault	Upper Midscale	1994	62
GrandStay Hotel & Suites Waseca	Upper Midscale	1997	37
Comfort Inn Owatonna Near Medical Center	Upper Midscale	1998	62
Fairfield Inn & Suites Mankato	Upper Midscale	1997	61
Country Inn & Suites Mankato HCC	Upper Midscale	1998	101
Primary Competitive Set Room Count Average			65
Source: CoStar/STR Core Distinction Group, LLC			

Primary Competitive Set Current			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	59.2%	\$128.10	\$75.83
3 Month Average	70.3%	\$135.25	\$95.09
12 Month Average	59.6%	\$127.28	\$75.92
Source: CoStar/STR Core Distinction Group, LLC			

Primary Competitive Set Prior Year			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
12 Month Average	60.2%	\$118.00	\$71.00
Source: CoStar/STR Core Distinction Group, LLC			

Primary Competitive Set Year Over Year Percentage Change			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
Percent of Change	-0.8%	7.6%	6.6%
Source: CoStar/STR Core Distinction Group, LLC			



Primary Competitive Hotel Quoted Rates

Primary Competitive Set Listed Rates - Weekday				
Property Name	OCT	DEC	FEB	ARP
GrandStay Residential Suites Faribault	\$120	\$120	\$170	\$180
Holiday Inn Express Mankato East	\$135	\$115	\$125	\$130
Country Inn & Suites Owatonna	\$120	\$130	\$135	\$160
Boarders Inn & Suites Faribault	\$100	\$100	\$110	\$110
GrandStay Hotel & Suites Waseca	\$80	\$80	\$95	\$95
Comfort Inn Owatonna Near Medical Center	\$120	\$105	\$125	\$125
Fairfield Inn & Suites Mankato	\$135	\$100	\$115	\$100
Country Inn & Suites Mankato HCC	\$125	\$95	\$120	\$120
Primary Competitive Set Average	\$117	\$106	\$124	\$128
Primary Competitive Set Rate Average				\$119
Source: CoStar/STR Core Distinction Group, LLC				

Primary Competitive Set Listed Rates - Weekend				
Property Name	OCT	DEC	FEB	ARP
GrandStay Residential Suites Faribault	\$215	\$175	\$180	\$190
Holiday Inn Express Mankato East	\$200	\$150	\$165	\$175
Country Inn & Suites Owatonna	\$125	\$135	\$150	\$160
Boarders Inn & Suites Faribault	\$130	\$130	\$130	\$130
GrandStay Hotel & Suites Waseca	\$130	\$125	\$135	\$135
Comfort Inn Owatonna Near Medical Center	\$140	\$125	\$150	\$150
Fairfield Inn & Suites Mankato	\$215	\$135	\$135	\$145
Country Inn & Suites Mankato HCC	\$175	\$120	\$155	\$155
Primary Competitive Set Average	\$166	\$137	\$150	\$155
Primary Competitive Set Rate Average				\$152
Source: CoStar/STR Core Distinction Group, LLC				



Primary Competitive Hotel Quoted Rates

Primary Competitive Set Trend			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	59.2%	\$128.10	\$75.83
3 Month Average	70.3%	\$135.25	\$95.09
12 Month Average	59.6%	\$127.28	\$75.92
Source: CoStar/STR Core Distinction Group, LLC			

Projected Primary Competitive Set Rates	
Time Frame	Average Daily Rate
3 Month Average	\$135.25
12 Month Average	\$127.28
Future Quoted Rate Average	\$128.15
Projected Average Daily Rates	\$130.23
Source: Google Travel/ CoStar/STR Core Distinction Group, LLC	



Search Analytics

INVENTORY ROOMS

518 +0%

Prior Period 518

UNDER CONSTRUCTION ROOMS

0 -

Prior Period 0

12 MO OCC RATE

59.6% -0.8%

Prior Period 60.2%

12 MO ADR

\$127 +7.6%

Prior Period \$118

12 MO REVPAR

\$76 +6.6%

Prior Period \$71

MARKET SALE PRICE/ROOM

\$103K +6.7%

Prior Period \$96.4K

MARKET CAP RATE

9.1% +0.3%

Prior Period 8.8%

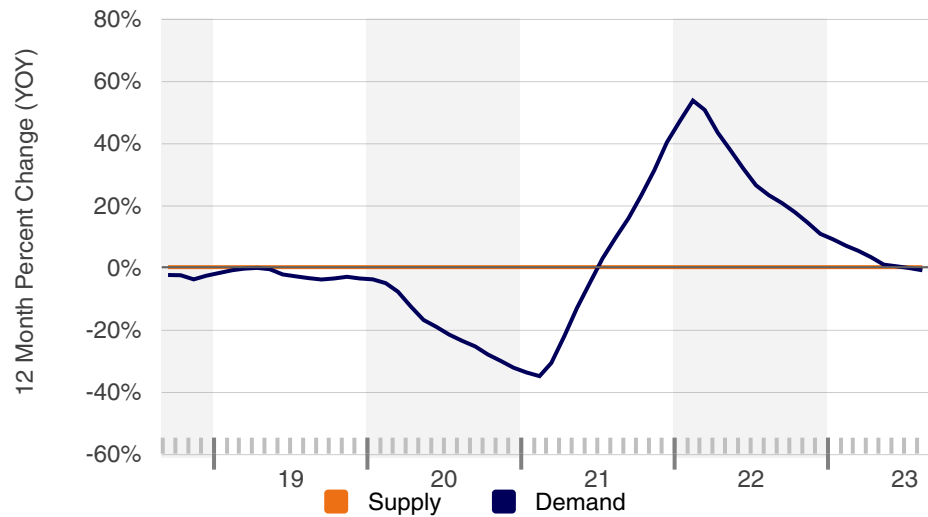
Key Metrics

Inventory		Sales Past Year	
Existing Properties	8	Sales Volume	\$2.9M
12 Mo Delivered Rooms	0	Properties Sold	1
12 Mo Delivered Properties	0	Months to Sale	-
12 Mo Recently Opened Rooms	0	Average Price Per Building	\$2.9M
12 Mo Recently Opened Properties	0	Market Price Per Room	\$103K
Under Construction Properties	0	Market Cap Rate	9.0%

Performance Trend	
Occupancy Rate	70.4%
Average Daily Rate	\$133.76
Revenue Per Available Room	\$94.10
YTD Occupancy Rate	59.2%
YTD Average Daily Rate	\$128.11
YTD RevPAR	\$75.83
3 Mo Occupancy Rate	70.3%
3 Mo Average Daily Rate	\$135.25
3 Mo RevPAR	\$95.09
12 Mo Occupancy Rate	59.6%
12 Mo Average Daily Rate	\$127.28
12 Mo RevPAR	\$75.92

Search Analytics

Supply & Demand Change



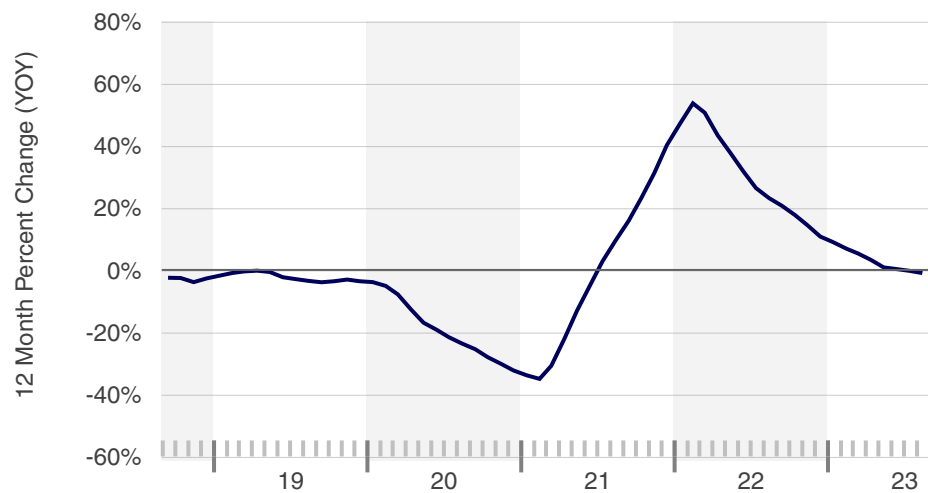
Supply Change

No Data Available

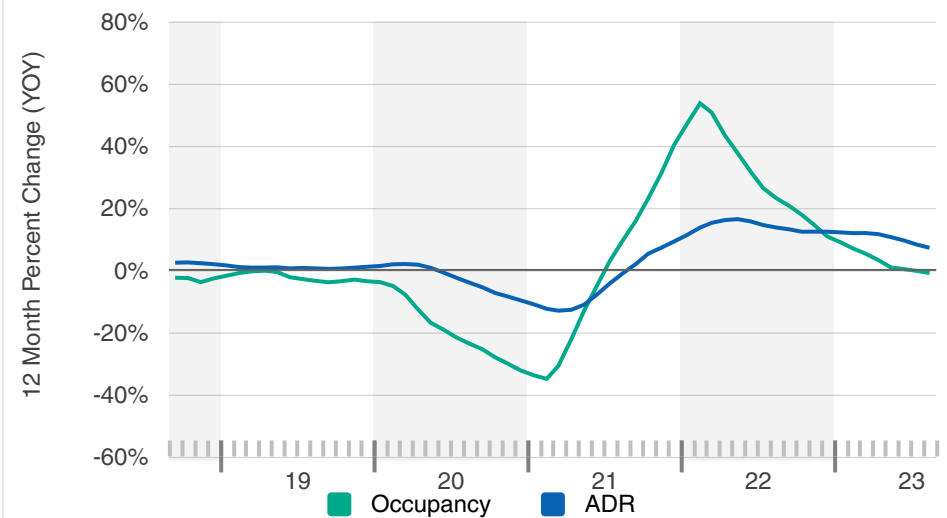


No data available for the current selection

Demand Change

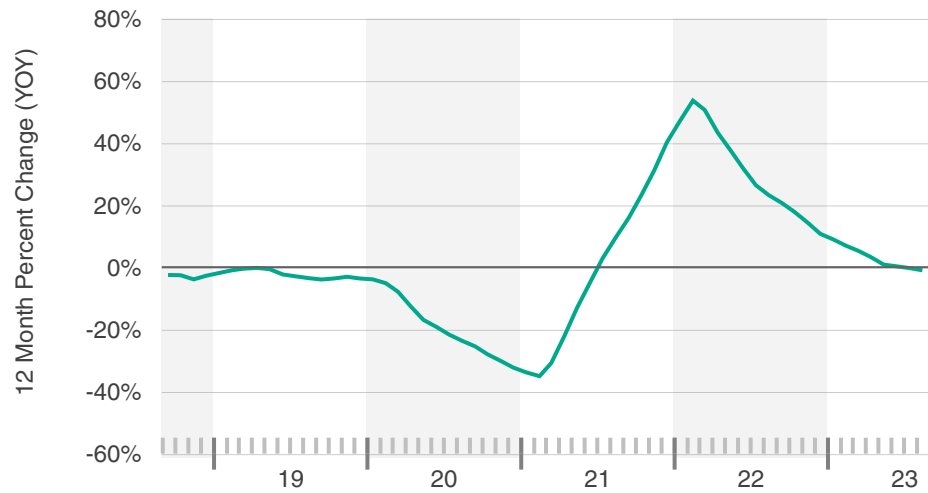


Occupancy & ADR Change

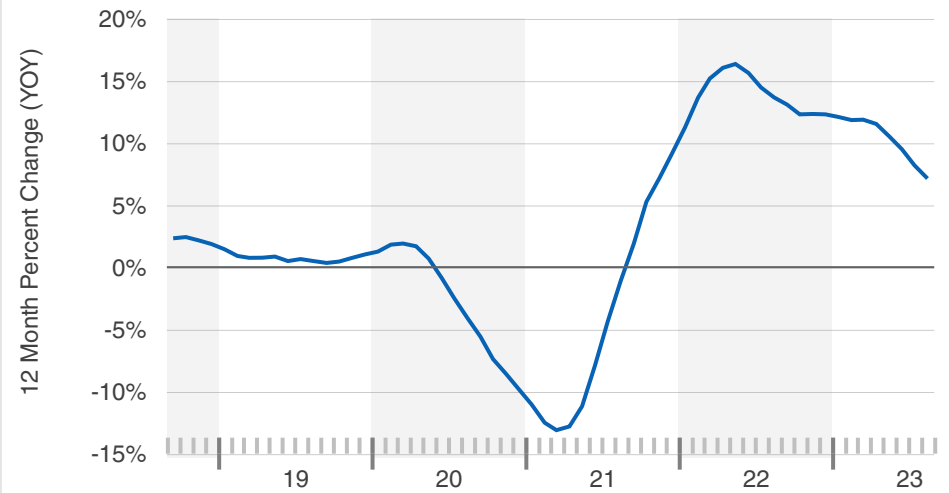


Search Analytics

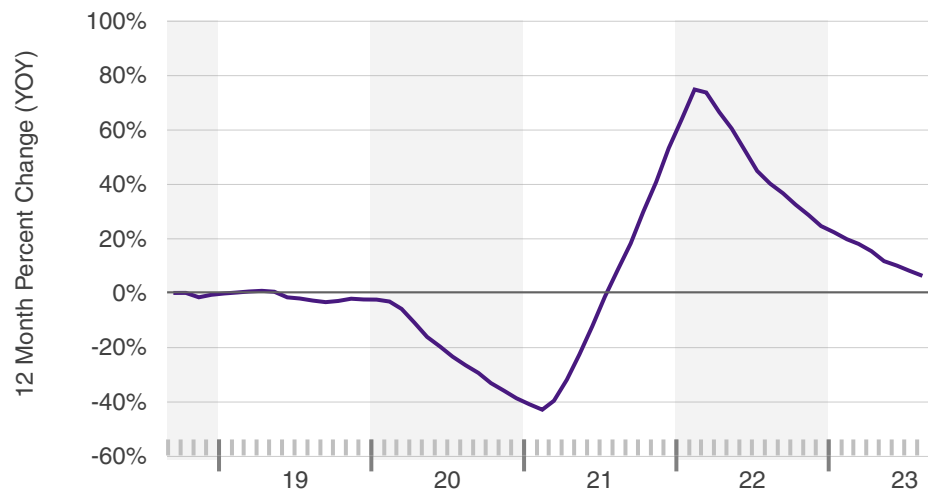
Occupancy Change



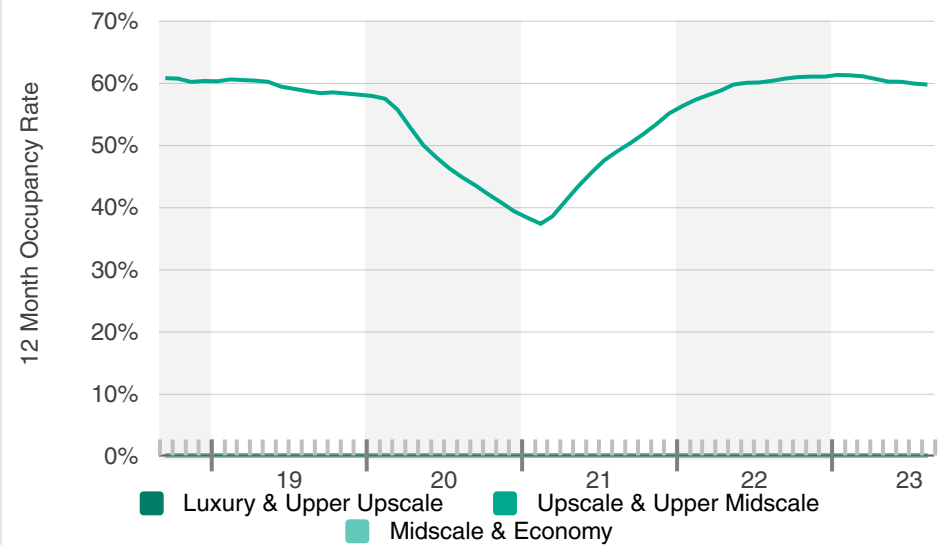
ADR Change



RevPAR Change

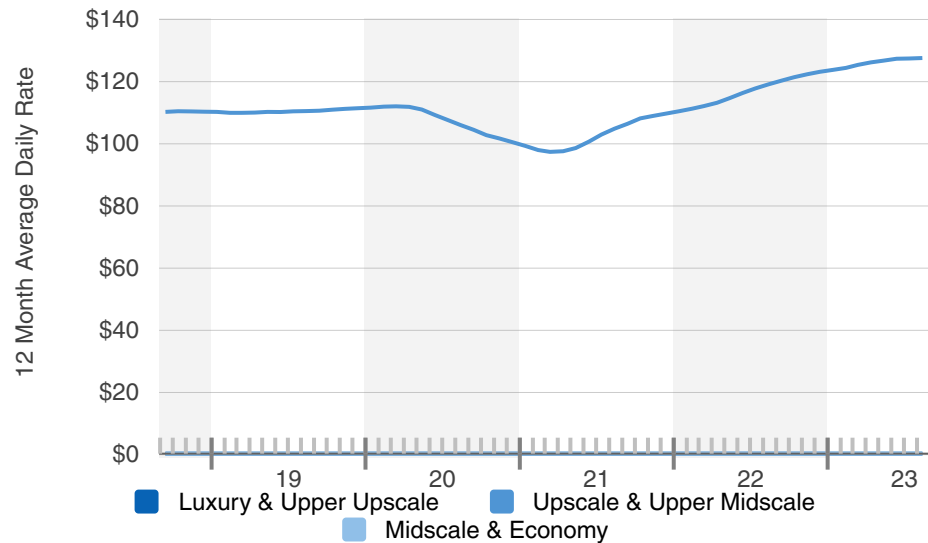


Occupancy By Class

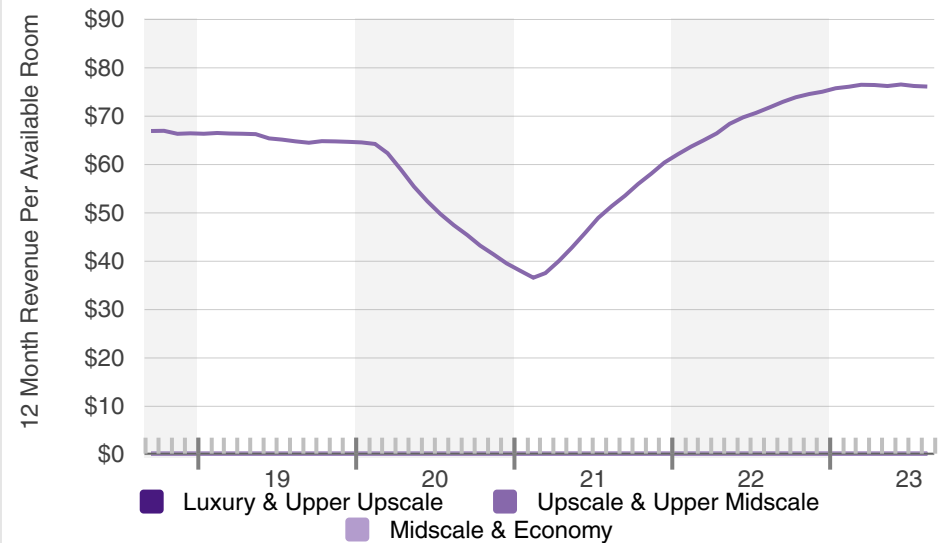


Search Analytics

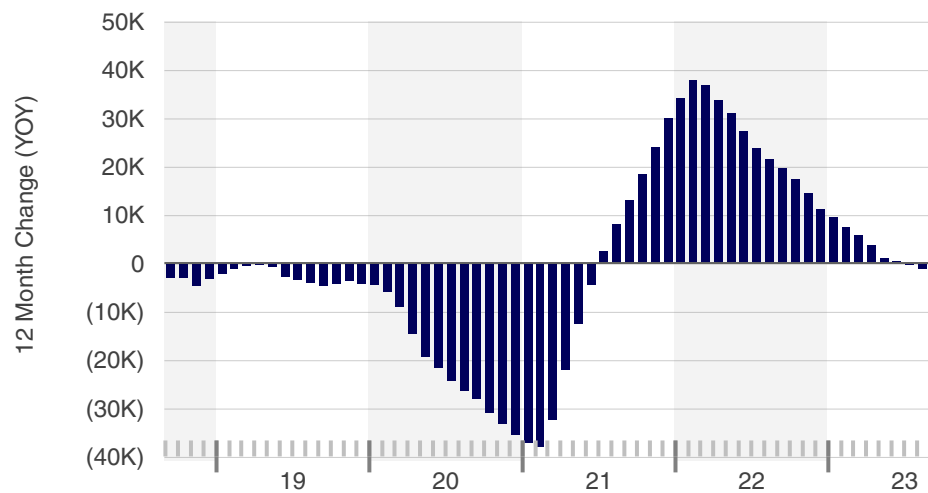
ADR By Class



RevPAR By Class



Demand Change



Supply Change

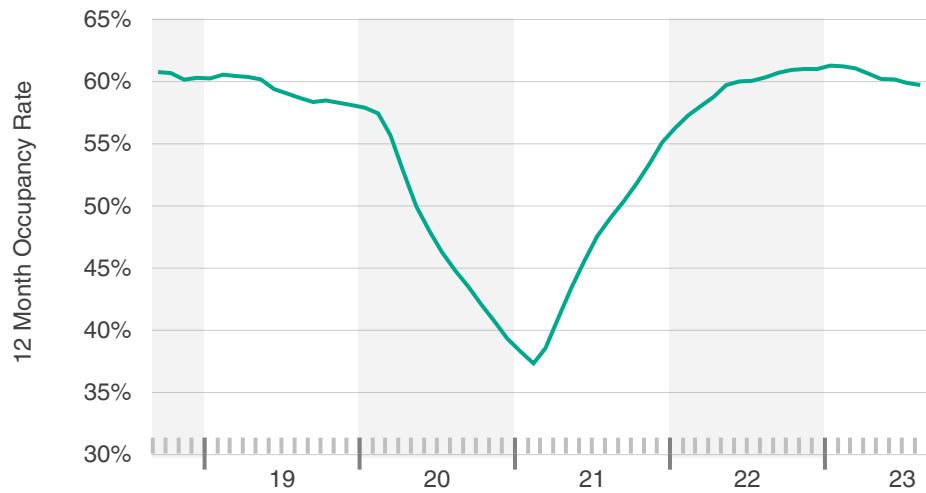
No Data Available



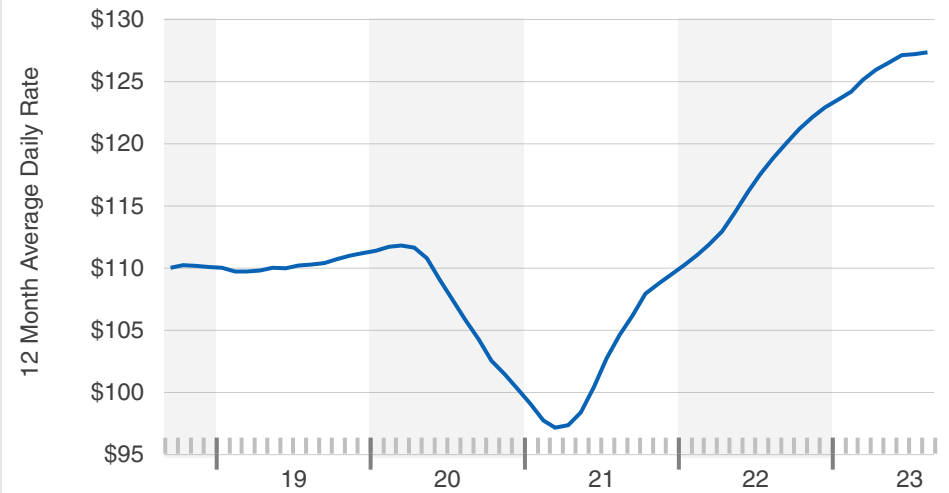
No data available for the current selection

Search Analytics

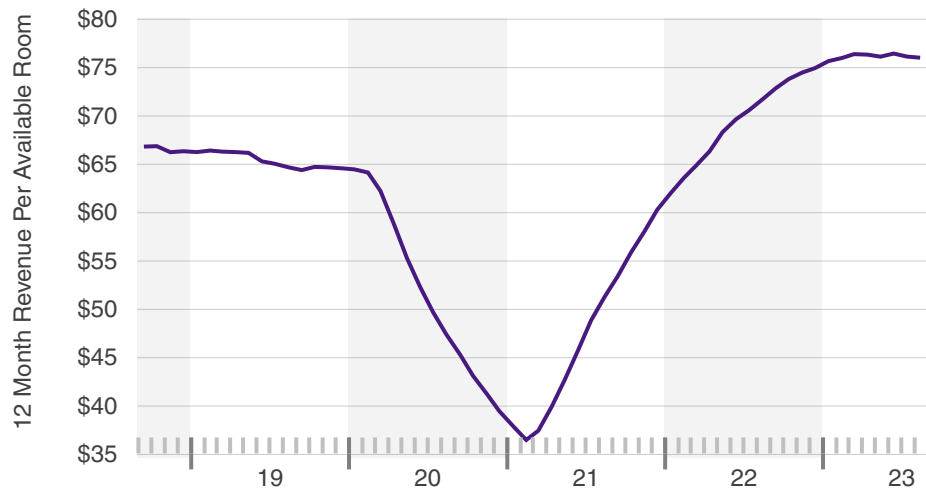
Occupancy



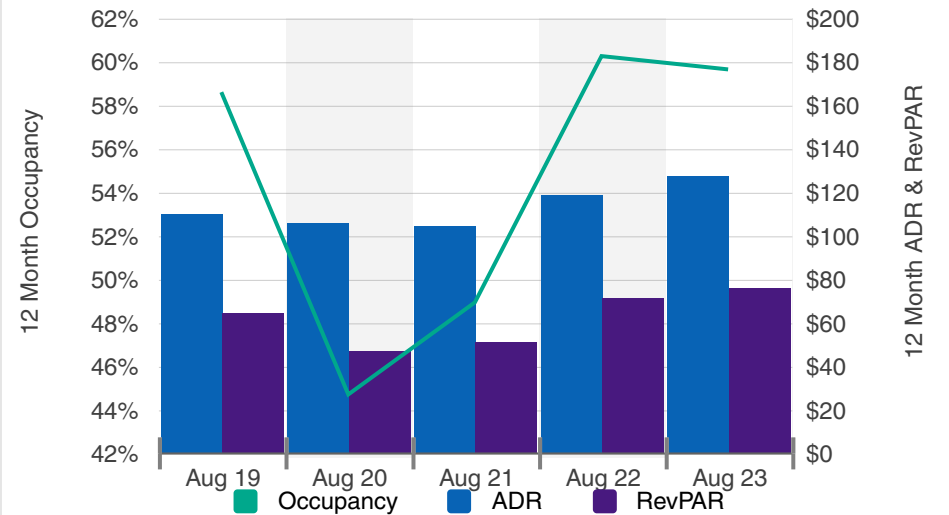
ADR



RevPAR

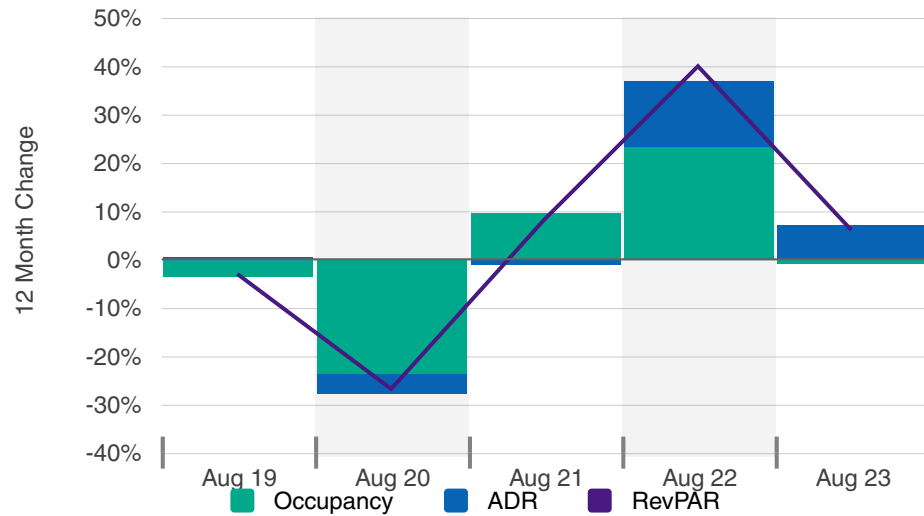


Occupancy, ADR & RevPAR

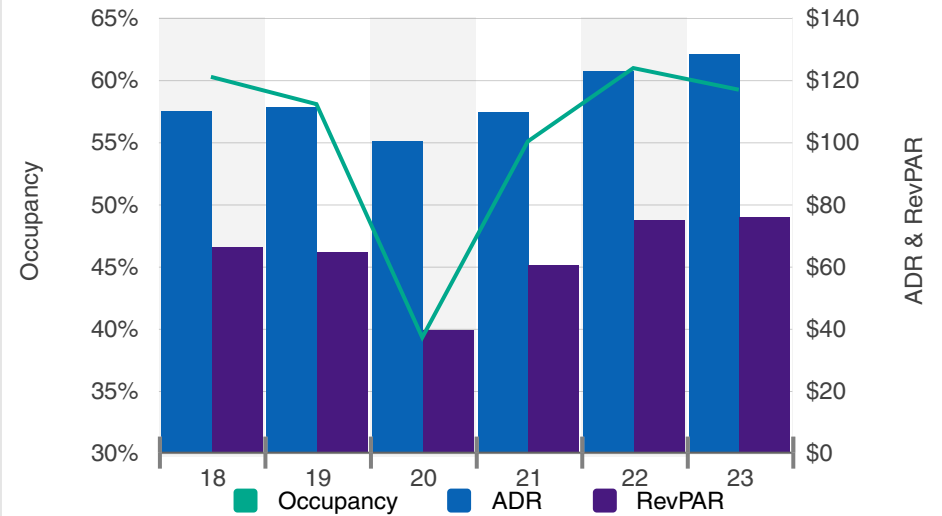


Search Analytics

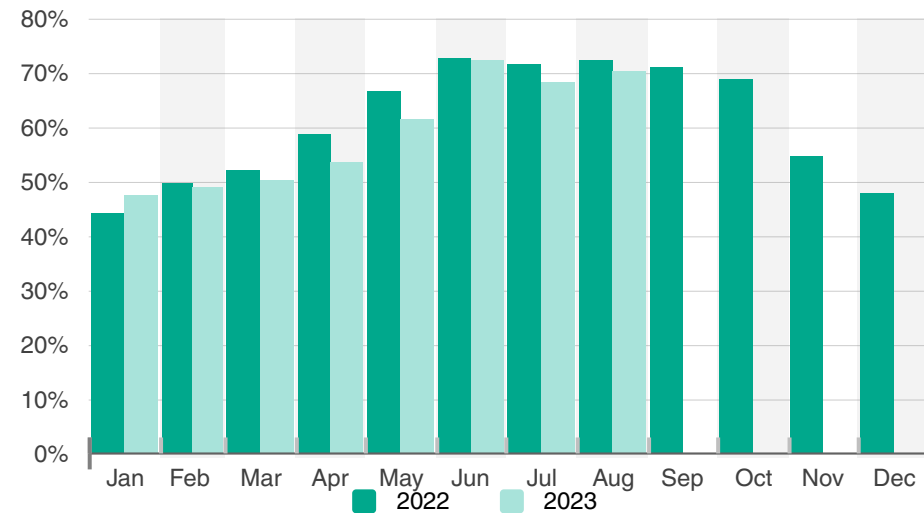
RevPAR Growth Composition



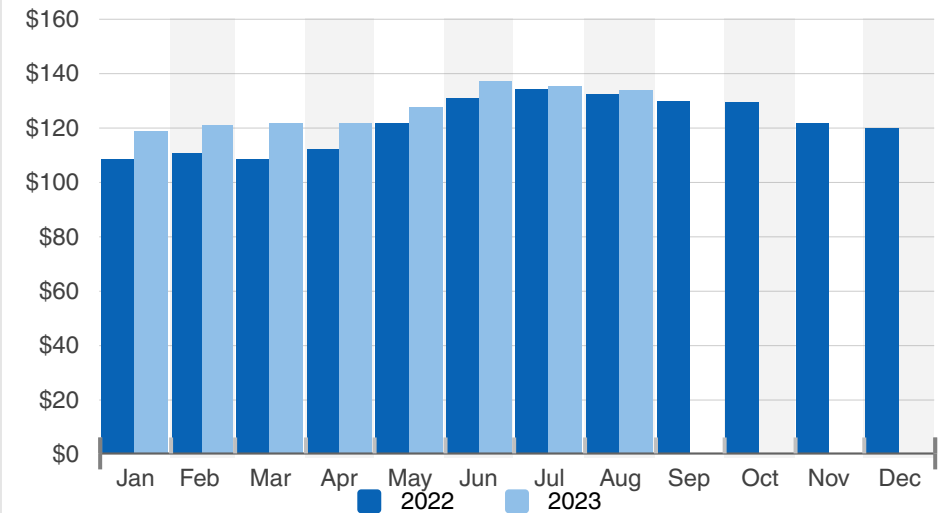
Occupancy, ADR & RevPAR Annualized vs YTD



Occupancy Monthly

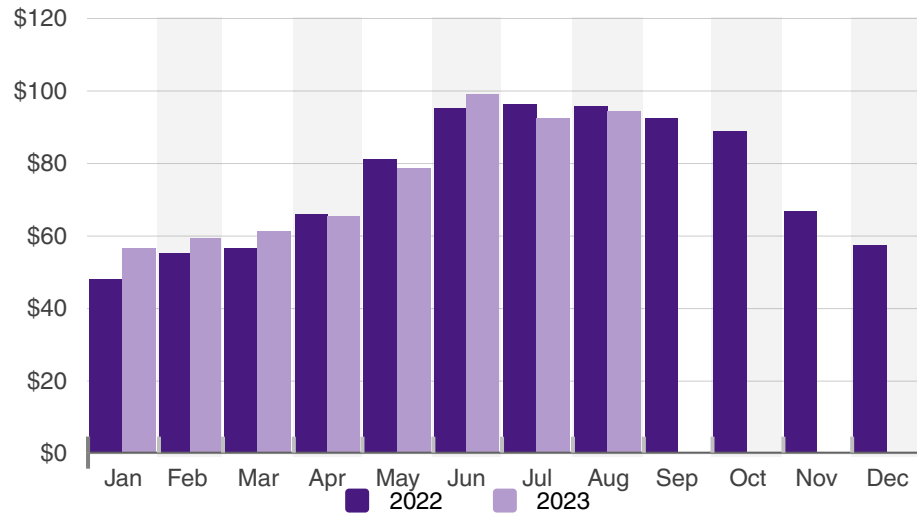


ADR Monthly



Search Analytics

RevPAR Monthly



Rooms Delivered

No Data Available



No data available for the past 5 years

Rooms Under Construction

No Data Available



No data available for the past 5 years

Delivered, Demolished & Net Delivered Rooms

No Data Available



No data available for the past 5 years

Search Analytics

Rooms Delivered By Class

No Data Available



No data available for the past 5 years

Demolished Rooms

No Data Available



No data available for the past 5 years

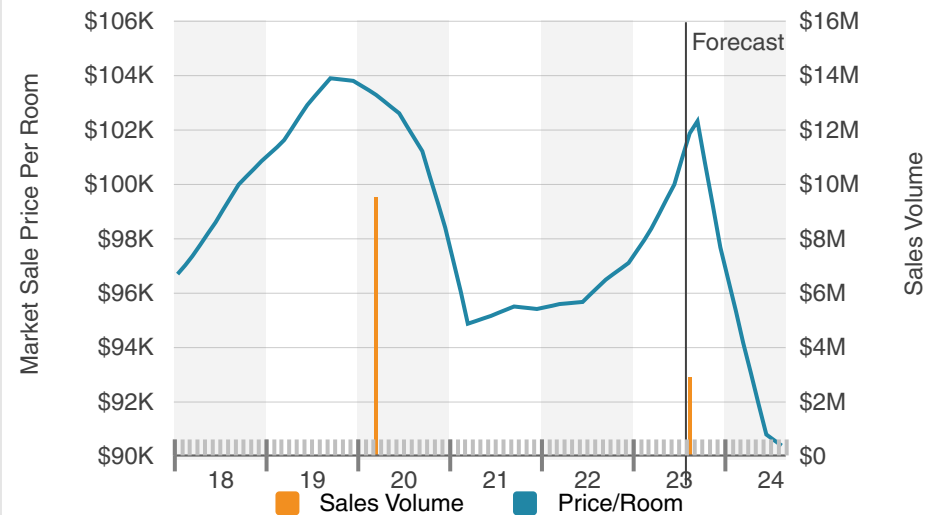
Rooms Under Construction % of Inventory

No Data Available



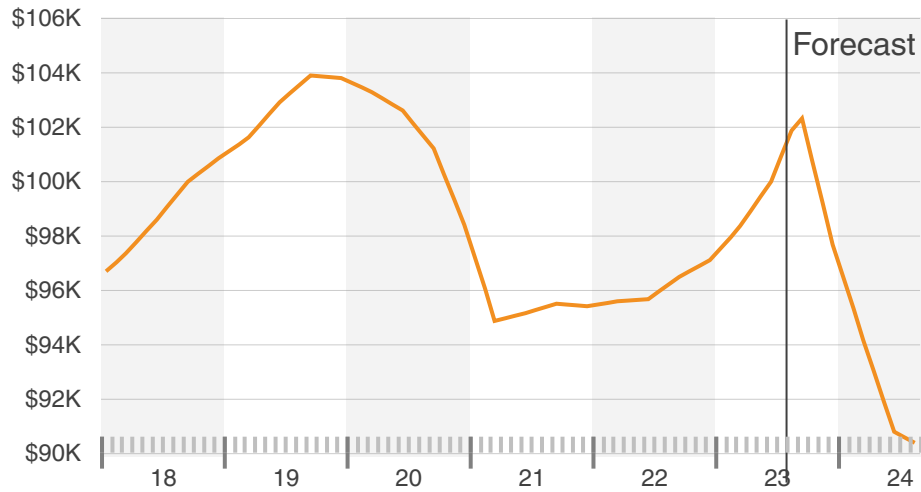
No data available for the past 5 years

Sales Volume & Market Sale Price Per Room

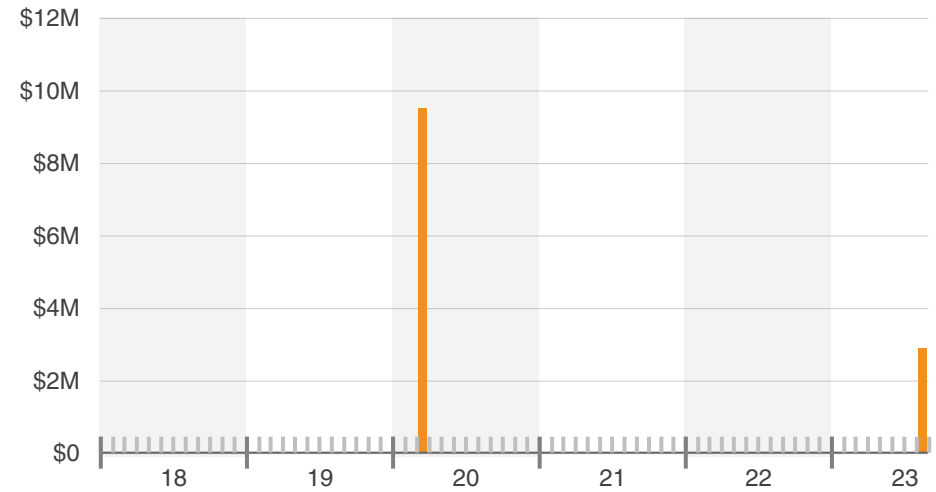


Search Analytics

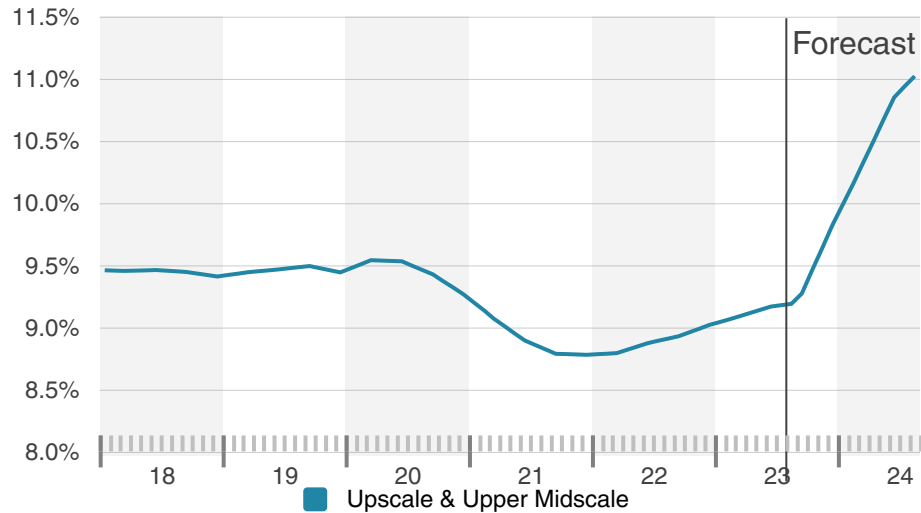
Market Sale Price Per Room



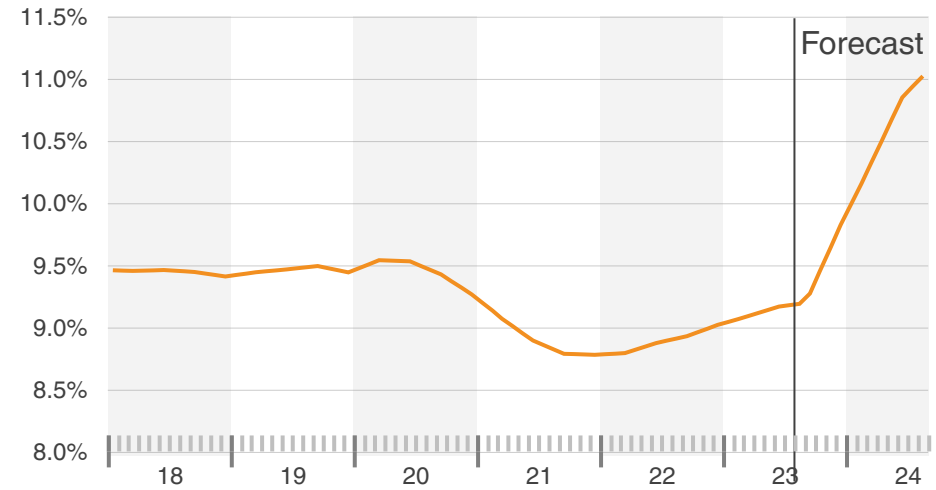
Sales Volume



Market Cap Rate By Class



Market Cap Rate



Search Analytics

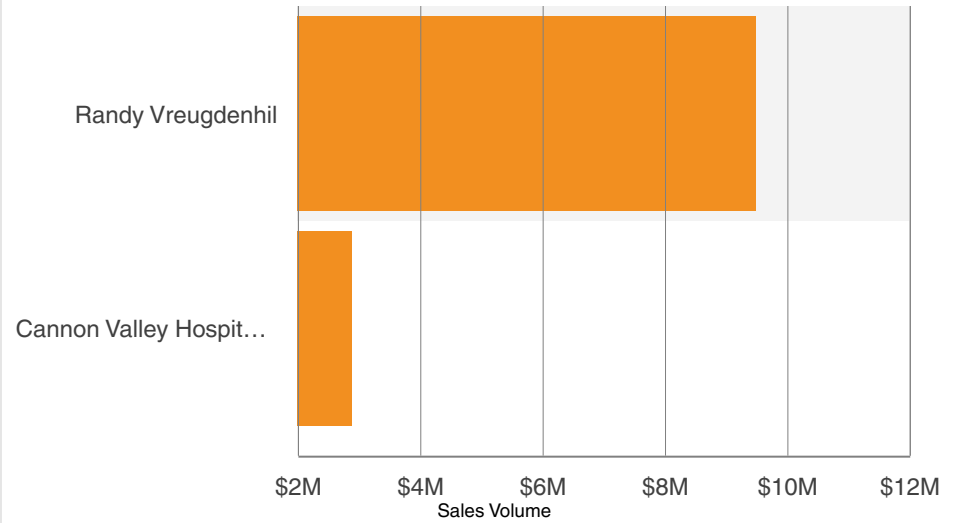
Top Brand Delivered

No Data Available

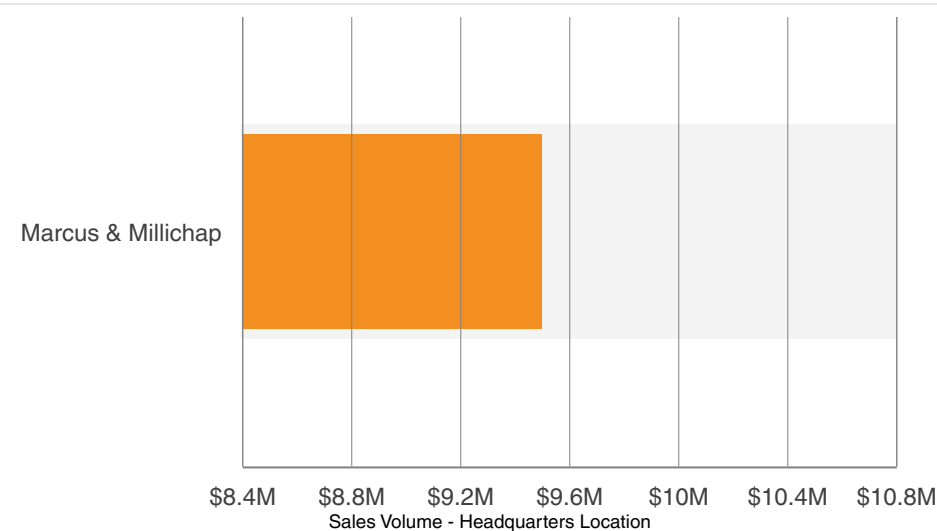


No data available for the current selection

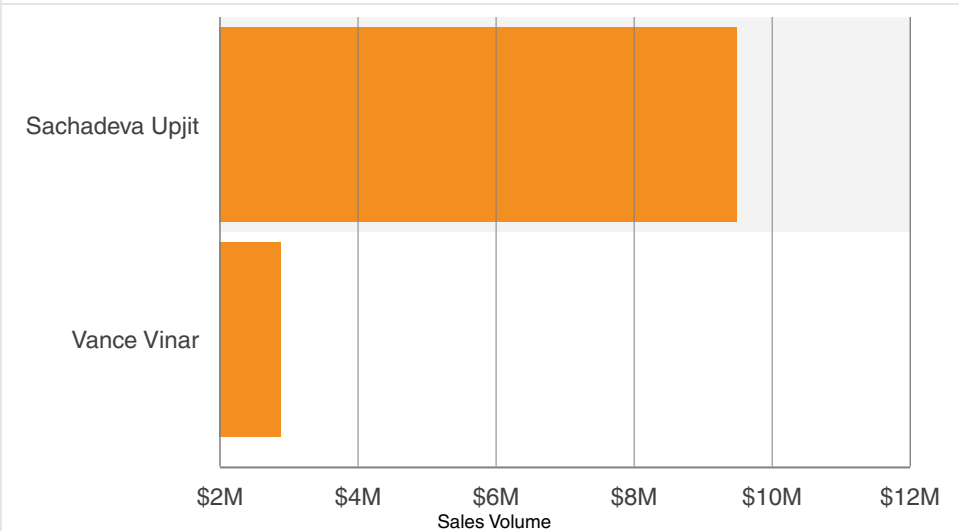
Top Sellers



Top Seller Brokers



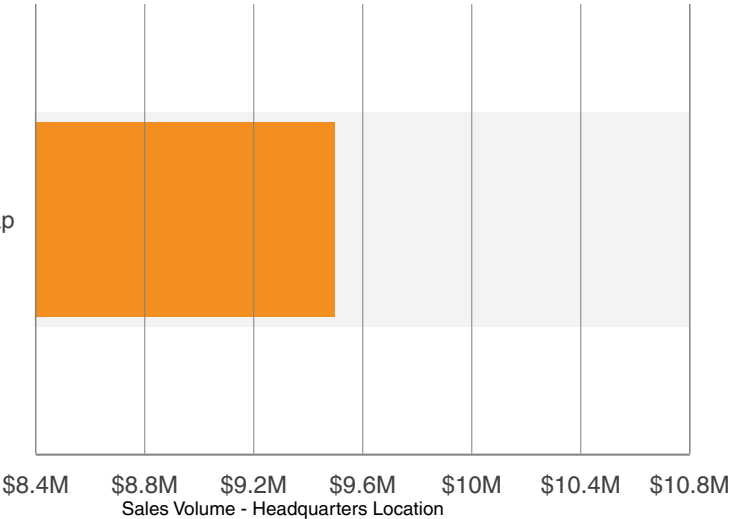
Top Buyers



Search Analytics

Top Buyer Brokers

Marcus & Millichap



Lodging Supply - Secondary

For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation. There are many instances where independent and/or economy hotels do not report to the reporting agency.

In some cases, Core Distinction Group must access data from surrounding or Secondary market hotels to obtain a Smith Travel Research (STR)/CoStar report. This can also include a Secondary Competitive Set. The following information will be presented in Lodging Supply:



Property Map Overview



Property Summary Reports

For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation.



STR/COSTAR Global Data



Upper Upscale Competitive Hotel Properties Data Summary



Key Performance Indicators



Supply & Demand/Supply & Demand Changes



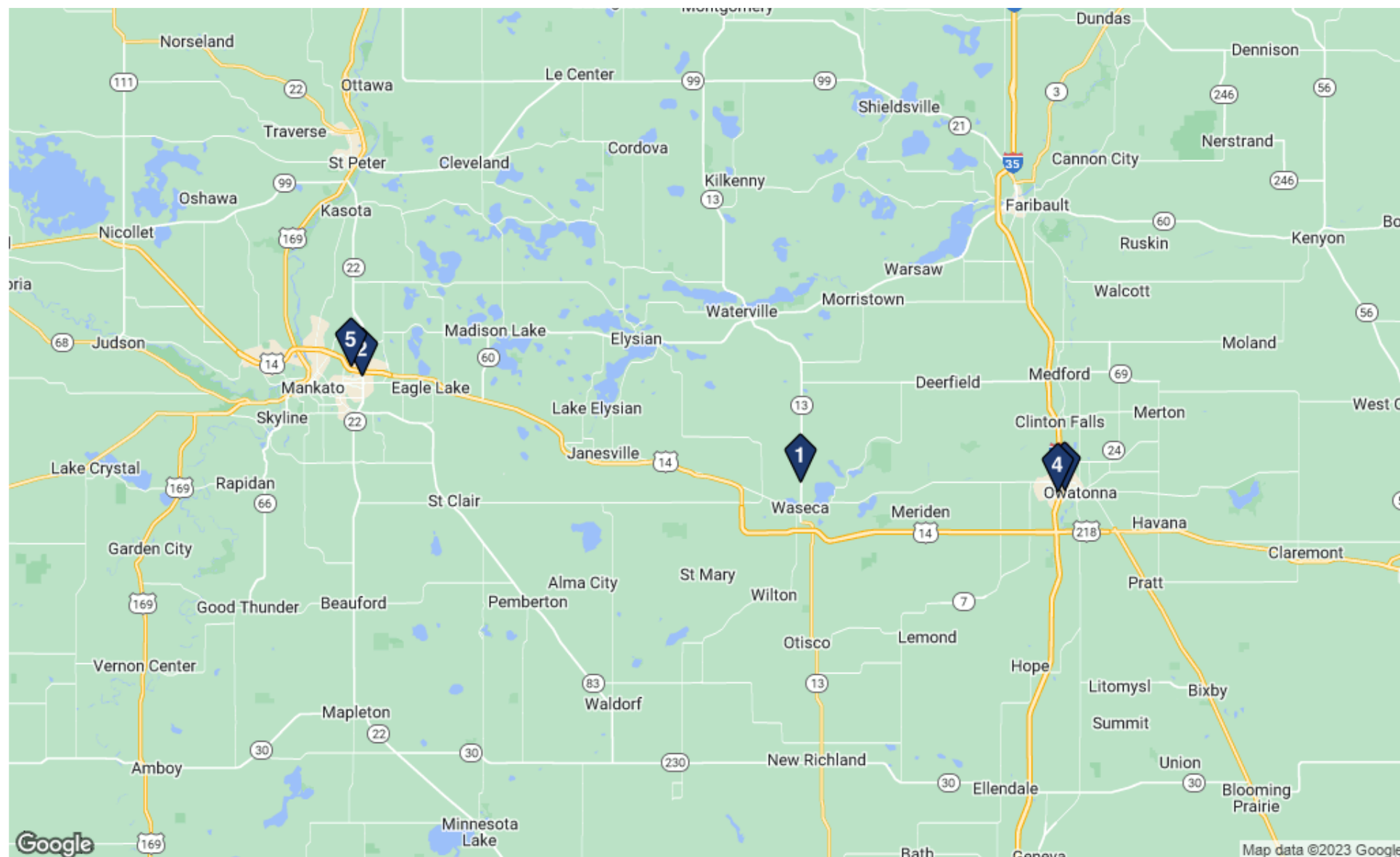
Average Daily Rate/Average Daily Rate Changes



Key Metrics: Inventory, Sales Past Year, Performance Trends



Property Map Overview



Property Summary Report

American Motel

1313 State St
Waseca, MN 56093 - Minnesota South Area Submarket

Economy
Class



HOSPITALITY

Hotel Opened	Jun 1987
Operation Type	Independent
Operation Status	Open

BUILDING

Type	Hotel
Year Built	Jun 1987
Rooms	51
Location	Suburban
Stories	2
Primary Corridors	Interior

LAND

Land Acres	0.69 AC
Zoning	H
Parcels	17.701.0020

EXPENSES

Taxes	\$671.88/Room (2021)
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SALE

For Sale	\$1,400,000 (\$27,451/Room)
Sale Type	Investment
Status	Active

TRANSPORTATION

Walk Score®	Somewhat Walkable (67)
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PROPERTY CONTACTS

Sales Company	American Motel 1313 State St N Waseca, MN 56093 (507) 835-4300 (p)
Recorded Owner	North State Associates Ltd 201 Broad St Mankato, MN 56001

True Owner	Security Management & Realty 201 N Broad St Mankato, MN 56001 (507) 345-1290 (p) (507) 387-6843 (f)
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Property Summary Report

Quality Inn & Suites Mankato

131 Apache Pl
Mankato, MN 56001 - Minnesota South Area Submarket

Midscale
Class



HOSPITALITY

Brand	Quality Inn
Hotel Opened	Jul 1994
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1994
Rooms	53
Location	Suburban
Stories	2
Primary Corridors	Interior

LAND

Land Acres	1.16 AC
Zoning	Commercial
Parcels	R01-09-09-478-007

EXPENSES

Taxes	\$824.64/Room (2021)
-------	----------------------

PARKING

Spaces	50 Surface
Ratio	0.94/Room

BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool

SALE

Sold Price	\$1,875,000 (\$35,377/Room)
Date	Jan 2019
Sale Type	Investment
Financing	1st Mortgage Bal/Pmt: \$1,688,000/-

TRANSPORTATION

Parking	50 available (Surface);Ratio of 0.94/Room
Walk Score®	Somewhat Walkable (55)



Property Summary Report

Baymont by Wyndham Owatonna

245 Florence Ave
Owatonna, MN 55060 - Minnesota South Area Submarket

Midscale
Class



HOSPITALITY

Brand	Baymont
Hotel Opened	Jun 1992
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	1992
Rooms	90
Location	Suburban
Stories	2
Primary Corridors	Interior
Meeting Space	3,150 SF

LAND

Land Acres	2.71 AC
Zoning	C
Parcels	17-515-0103

EXPENSES

Taxes	\$1,134.56/Room (2021)
-------	---------------------------

PARKING

Spaces	91 Surface
Ratio	1.01/Room

BUILDING AMENITIES

- Business Center
- Hot Tub
- On-Site Bar
- Public Access Wifi
- Smoke-Free
- Fitness Center
- Meeting Event Space
- Pool
- Restaurant

TRANSPORTATION

Parking	91 available (Surface);Ratio of 1.01/Room
Walk Score®	Somewhat Walkable (52)

PROPERTY CONTACTS

True Owner	Lasson Management, Inc. 345 Florence Ave Owatonna, MN 55060 (507) 451-0055 (p)	Recorded Owner	Innkeeper Lodging Llc 345 Florence Ave Owatonna, MN 55060 (507) 451-0055 (p)
Parent Company	Wyndham Hotels & Resorts		



Property Summary Report

Quality Inn Owatonna

150 Saint John Dr
Owatonna, MN 55060 - Minnesota South Area Submarket

Midscale
Class



HOSPITALITY

Brand	Quality Inn
Hotel Opened	Jun 2000
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	2000
Rooms	62
Location	Suburban
Stories	3
Primary Corridors	Interior

LAND

Land Acres	1.51 AC
Zoning	Commercial
Parcels	17-338-0208

EXPENSES

Taxes	\$795.29/Room (2021)
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BUILDING AMENITIES

- Business Center
- Fitness Center

SALE

Sold Price	\$2,600,000 (\$41,935/Room)
Date	Jul 2023
Sale Type	Investment

TRANSPORTATION

Walk Score®	Car-Dependent (27)
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PROPERTY CONTACTS

True Owner	Patel, Jay 150 Saint John Dr Owatonna, MN 55060 (507) 446-0228 (p)	Recorded Owner	Ans Hospitality Llc
Parent Company	Choice Hotels International, Inc.		



Property Summary Report

River Hills Hotel & Suites

1000 Raintree Rd
Mankato, MN 56001 - Minnesota South Area Submarket

Midscale
Class



HOSPITALITY

Hotel Opened	Aug 2003
Operation Type	Independent
Operation Status	Open

BUILDING

Type	Hotel
Year Built	2003
Rooms	53
Location	Suburban
Stories	3
Primary Corridors	Interior
Meeting Space	324 SF

LAND

Land Acres	2.68 AC
Zoning	Commercial
Parcels	R01-09-09-176-012

EXPENSES

Taxes	\$1,106.08/Room (2021)
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BUILDING AMENITIES

- Business Center
- Fitness Center
- Pool

TRANSPORTATION

Walk Score®	Car-Dependent (34)
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PROPERTY CONTACTS

True Owner	Gail Flohrs 111 W Lind Ct Mankato, MN 56001 (507) 345-8800 (p)	Recorded Owner	Riverhills Suites Llc 603 2nd St Mankato, MN 56001
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STR Global - CoStar - Data by Measure - Secondary Comp Set

Occupancy (%)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	36.8%	45.2%	42.8%	47.2%	53.1%	64.2%	67.2%	67.6%	62.1%	60.4%	46.2%	39.2%	52.7%
2020	39.8%	45.3%	29.6%	22.1%	30.1%	41.3%	49.1%	52.0%	51.7%	51.0%	36.6%	30.4%	39.9%
2021	32.2%	34.3%	38.5%	45.6%	50.3%	65.0%	67.4%	65.3%	60.4%	59.6%	45.0%	41.0%	51.4%
2022	35.8%	39.6%	40.2%	45.6%	52.7%	62.2%	63.5%	64.1%	59.5%	56.2%	43.3%	39.6%	50.2%
2023	37.9%	39.3%	41.9%	45.0%	50.2%	61.6%	63.1%	63.1%					50.4%
Avg	36.3%	41.6%	37.0%	38.3%	44.5%	56.8%	61.2%	61.6%	58.1%	57.0%	42.6%	36.9%	47.7%

ADR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$84.22	\$84.97	\$85.54	\$85.08	\$89.26	\$92.60	\$94.08	\$94.93	\$91.88	\$90.47	\$82.90	\$85.75	\$88.47
2020	\$84.94	\$85.68	\$80.77	\$71.39	\$73.08	\$81.12	\$86.10	\$88.14	\$85.84	\$84.75	\$77.98	\$75.71	\$81.29
2021	\$79.42	\$81.21	\$81.79	\$83.28	\$87.71	\$96.26	\$102.64	\$101.82	\$99.14	\$98.45	\$89.90	\$92.83	\$93.09
2022	\$89.70	\$93.45	\$91.30	\$93.27	\$98.05	\$106.91	\$111.90	\$109.91	\$108.10	\$105.77	\$96.16	\$96.46	\$101.58
2023	\$97.96	\$99.26	\$96.77	\$93.61	\$103.70	\$114.74	\$114.72	\$113.58					\$105.91
Avg	\$82.86	\$83.95	\$82.70	\$79.92	\$83.35	\$89.99	\$94.27	\$94.96	\$92.29	\$91.22	\$83.59	\$84.76	\$86.99

RevPAR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$30.98	\$38.41	\$36.58	\$40.17	\$47.39	\$59.42	\$63.26	\$64.15	\$57.08	\$54.65	\$38.30	\$33.58	\$47.00
2020	\$33.82	\$38.83	\$23.92	\$15.75	\$22.03	\$33.50	\$42.27	\$45.82	\$44.37	\$43.26	\$28.51	\$23.04	\$32.93
2021	\$25.56	\$27.87	\$31.49	\$37.97	\$44.15	\$62.59	\$69.17	\$66.48	\$59.87	\$58.72	\$40.49	\$38.07	\$47.82
2022	\$32.12	\$37.01	\$36.71	\$42.57	\$51.69	\$66.51	\$71.11	\$70.49	\$64.30	\$59.45	\$41.66	\$38.24	\$51.05
2023	\$37.15	\$38.99	\$40.58	\$42.13	\$52.04	\$70.67	\$72.35	\$71.70					\$53.35
Avg	\$30.12	\$35.04	\$30.66	\$31.30	\$37.86	\$51.84	\$58.23	\$58.82	\$53.77	\$52.21	\$35.77	\$31.56	\$42.26

Revenue (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	\$302,527	\$338,777	\$357,195	\$379,641	\$462,802	\$561,499	\$617,739	\$626,458	\$539,441	\$533,662	\$361,928	\$327,896	\$5,409,565
2020	\$330,246	\$342,471	\$233,601	\$148,856	\$215,077	\$316,534	\$408,788	\$443,153	\$415,295	\$418,422	\$266,839	\$222,825	\$3,762,107
2021	\$247,226	\$243,473	\$304,584	\$355,437	\$427,037	\$585,856	\$669,015	\$643,025	\$560,367	\$567,970	\$379,027	\$368,261	\$5,351,278
2022	\$310,620	\$323,324	\$351,598	\$394,612	\$495,130	\$616,576	\$681,135	\$675,178	\$596,088	\$569,491	\$386,199	\$366,255	\$5,766,206
2023	\$355,886	\$337,371	\$388,715	\$390,552	\$498,508	\$655,157	\$693,036	\$686,815					\$4,006,040
Avg	\$293,333	\$308,240	\$298,460	\$294,645	\$368,305	\$487,963	\$565,181	\$570,879	\$505,034	\$506,685	\$335,931	\$306,327	\$4,840,983

STR Global - CoStar - 12 Month Moving Average - Secondary Comp Set

Occupancy (%)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	51.7%	52.0%	52.0%	52.0%	52.1%	52.1%	52.5%	52.7%	52.7%	52.6%	52.7%	52.7%
2020	53.0%	53.0%	51.8%	49.8%	47.8%	46.0%	44.4%	43.1%	42.2%	41.4%	40.6%	39.9%
2021	39.2%	38.4%	39.1%	41.1%	42.8%	44.8%	46.3%	47.4%	48.2%	48.9%	49.6%	50.5%
2022	50.8%	51.2%	51.4%	51.4%	51.6%	51.3%	51.0%	50.9%	50.8%	50.5%	50.4%	50.2%
2023	50.4%	50.4%	50.6%	50.5%	50.3%	50.3%	50.2%	50.1%				
Avg	48.0%	47.8%	47.6%	47.6%	47.6%	47.6%	47.7%	47.7%	47.7%	47.6%	47.6%	47.7%

ADR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$88.96	\$88.80	\$88.82	\$88.82	\$88.89	\$88.71	\$88.70	\$88.83	\$88.82	\$89.12	\$89.19	\$89.28
2020	\$89.30	\$89.35	\$89.20	\$88.87	\$87.99	\$86.95	\$85.96	\$84.98	\$84.23	\$83.51	\$83.16	\$82.46
2021	\$82.03	\$81.65	\$81.71	\$82.32	\$83.41	\$85.12	\$87.20	\$88.82	\$90.15	\$91.49	\$92.19	\$93.07
2022	\$93.61	\$94.23	\$94.83	\$95.57	\$96.43	\$97.49	\$98.42	\$99.27	\$100.13	\$100.84	\$101.32	\$101.58
2023	\$102.08	\$102.43	\$102.78	\$102.82	\$103.32	\$104.10	\$104.40	\$104.78				
Avg	\$86.76	\$86.60	\$86.58	\$86.67	\$86.76	\$86.93	\$87.29	\$87.54	\$87.73	\$88.04	\$88.18	\$88.27

RevPAR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$45.99	\$46.15	\$46.14	\$46.21	\$46.27	\$46.23	\$46.54	\$46.78	\$46.77	\$46.87	\$46.99	\$47.05
2020	\$47.29	\$47.32	\$46.25	\$44.24	\$42.09	\$39.96	\$38.17	\$36.60	\$35.55	\$34.57	\$33.77	\$32.88
2021	\$32.18	\$31.34	\$31.98	\$33.82	\$35.71	\$38.10	\$40.39	\$42.14	\$43.42	\$44.73	\$45.71	\$46.99
2022	\$47.55	\$48.25	\$48.70	\$49.08	\$49.72	\$50.03	\$50.18	\$50.51	\$50.86	\$50.92	\$51.02	\$51.05
2023	\$51.49	\$51.65	\$51.98	\$51.94	\$51.97	\$52.32	\$52.42	\$52.53				
Avg	\$41.82	\$41.60	\$41.46	\$41.42	\$41.36	\$41.43	\$41.70	\$41.84	\$41.91	\$42.06	\$42.16	\$42.31

Revenue (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$5,287,569	\$5,306,440	\$5,305,455	\$5,313,135	\$5,320,447	\$5,315,381	\$5,350,948	\$5,378,662	\$5,377,488	\$5,388,870	\$5,402,195	\$5,409,563
2020	\$5,437,281	\$5,440,975	\$5,317,381	\$5,086,596	\$4,838,871	\$4,593,907	\$4,384,956	\$4,201,652	\$4,077,506	\$3,962,265	\$3,867,177	\$3,762,107
2021	\$3,679,087	\$3,580,089	\$3,651,073	\$3,857,655	\$4,069,614	\$4,338,936	\$4,599,162	\$4,799,034	\$4,944,105	\$5,093,654	\$5,205,842	\$5,351,278
2022	\$5,414,672	\$5,494,522	\$5,541,536	\$5,580,711	\$5,648,805	\$5,679,525	\$5,691,645	\$5,723,799	\$5,759,520	\$5,761,040	\$5,768,212	\$5,766,205
2023	\$5,811,472	\$5,825,519	\$5,862,636	\$5,858,576	\$5,861,954	\$5,900,535	\$5,912,436	\$5,924,072				
Avg	\$4,801,312	\$4,775,835	\$4,757,970	\$4,752,462	\$4,742,977	\$4,749,408	\$4,778,355	\$4,793,116	\$4,799,700	\$4,814,930	\$4,825,071	\$4,840,983

Secondary Competitive Hotel Properties Data Summary

Secondary Competitive Set			
Property Name	Industry Segment	Open Date	Room Count
American Motel	Economy	1987	51
Quality Inn & Suites Mankato	Midscale	1994	53
Baymont Owatonna	Midscale	1992	90
Quality Inn Owatonna	Midscale	2000	62
River Hills Hotel & Suites	Midscale	2003	53
Secondary Competitive Set Room Count Average			62
Source: CoStar/STR Core Distinction Group, LLC			

Secondary Competitive Set Current			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	50.4%	\$105.91	\$53.35
3 Month Average	62.6%	\$114.34	\$71.58
12 Month Average	50.1%	\$104.78	\$52.53
Source: CoStar/STR Core Distinction Group, LLC			

Secondary Competitive Set Prior Year			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
12 Month Average	50.9%	\$99.00	\$50.00
Source: CoStar/STR Core Distinction Group, LLC			

Secondary Competitive Set Year Over Year Percentage Change			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
Percent of Change	-1.5%	5.9%	4.2%
Source: CoStar/STR Core Distinction Group, LLC			



Secondary Competitive Hotel Quoted Rates

Secondary Competitive Set Listed Rates - Weekday				
Property Name	OCT	DEC	FEB	APR
American Motel	\$110	\$70	\$95	\$90
Quality Inn & Suites Mankato	\$75	\$55	\$65	\$65
Baymont Owatonna	\$125	\$135	\$140	\$90
Quality Inn Owatonna	\$125	\$105	\$125	\$125
River Hills Hotel & Suites	\$165	\$120	\$120	\$165
Secondary Competitive Set Average	\$120	\$97	\$109	\$107
Secondary Competitive Set Rate Average				\$108
Source: Google Travel				

Secondary Competitive Set Listed Rates - Weekend				
Property Name	OCT	DEC	FEB	APR
American Motel	\$200	\$120	\$135	\$130
Quality Inn & Suites Mankato	\$150	\$100	\$115	\$135
Baymont Owatonna	\$140	\$200	\$155	\$155
Quality Inn Owatonna	\$140	\$120	\$150	\$150
River Hills Hotel & Suites	\$175	\$125	\$125	\$175
Secondary Competitive Set Average	\$161	\$133	\$136	\$149
Secondary Competitive Set Rate Average				\$145
Source: Google Travel				



Secondary Competitive Hotel Quoted Rates

Secondary Competitive Set Trend			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	50.4%	\$105.91	\$53.35
3 Month Average	62.6%	\$114.34	\$71.58
12 Month Average	50.1%	\$104.78	\$52.53
Source: CoStar/STR Core Distinction Group, LLC			

Projected Secondary Competitive Set Rates	
Time Frame	Average Daily Rate
3 Month Average	\$114.34
12 Month Average	\$104.78
Future Quoted Rate Average	\$123.89
Projected Average Daily Rates	\$114.34
Source: Google Travel/ CoStar/STR Core Distinction Group, LLC	



Search Analytics

INVENTORY ROOMS 309 +0% Prior Period 309	UNDER CONSTRUCTION ROOMS 0 - Prior Period 0	12 MO OCC RATE 50.1% -1.5% Prior Period 50.9%	12 MO ADR \$105 +5.9% Prior Period \$99	12 MO REVPAR \$53 +4.2% Prior Period \$50	MARKET SALE PRICE/ROOM \$42.7K +5.2% Prior Period \$40.6K	MARKET CAP RATE 10.2% +0.3% Prior Period 9.9%
--	---	---	---	---	---	---

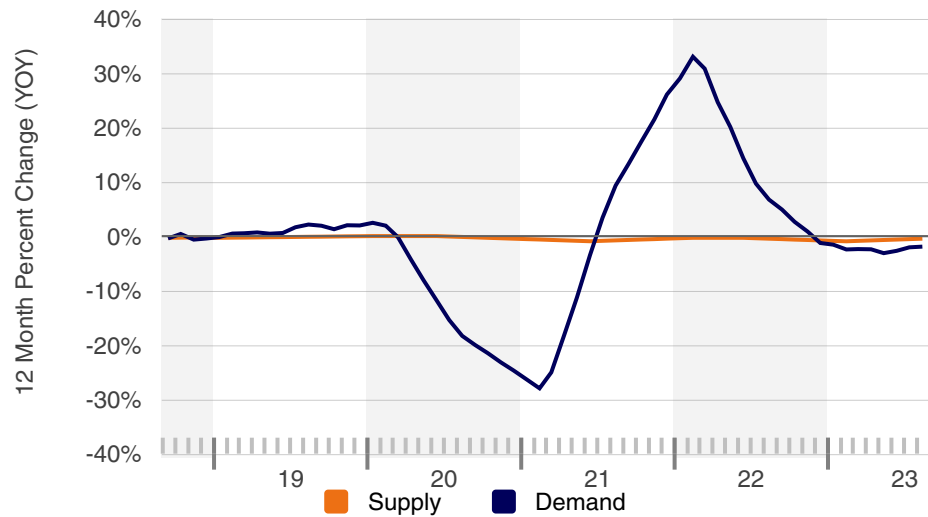
Key Metrics

Inventory		Sales Past Year	
Existing Properties	5 ↕	Sales Volume	\$2.6M ↑
12 Mo Delivered Rooms	0 ↕	Properties Sold	1 ↑
12 Mo Delivered Properties	0 ↕	Months to Sale	-
12 Mo Recently Opened Rooms	0 ↕	Average Price Per Building	\$2.6M
12 Mo Recently Opened Properties	0 ↕	Market Price Per Room	\$42.7K ↑
Under Construction Properties	0 ↕	Market Cap Rate	10.1% ↑

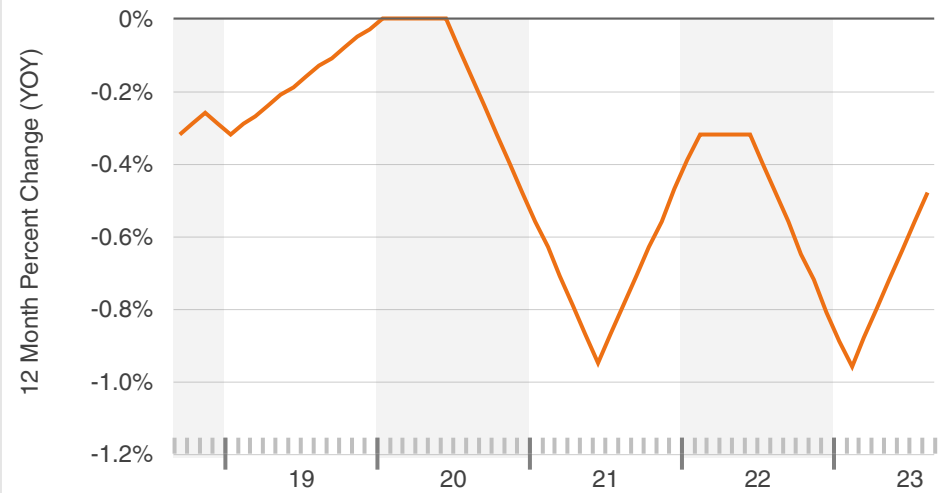
Performance Trend	
Occupancy Rate	63.1% ↓
Average Daily Rate	\$113.58 ↑
Revenue Per Available Room	\$71.70 ↑
YTD Occupancy Rate	50.4% ↓
YTD Average Daily Rate	\$105.91 ↑
YTD RevPAR	\$53.35 ↑
3 Mo Occupancy Rate	62.6% ↓
3 Mo Average Daily Rate	\$114.34 ↑
3 Mo RevPAR	\$71.58 ↑
12 Mo Occupancy Rate	50.1% ↓
12 Mo Average Daily Rate	\$104.78 ↑
12 Mo RevPAR	\$52.53 ↑

Search Analytics

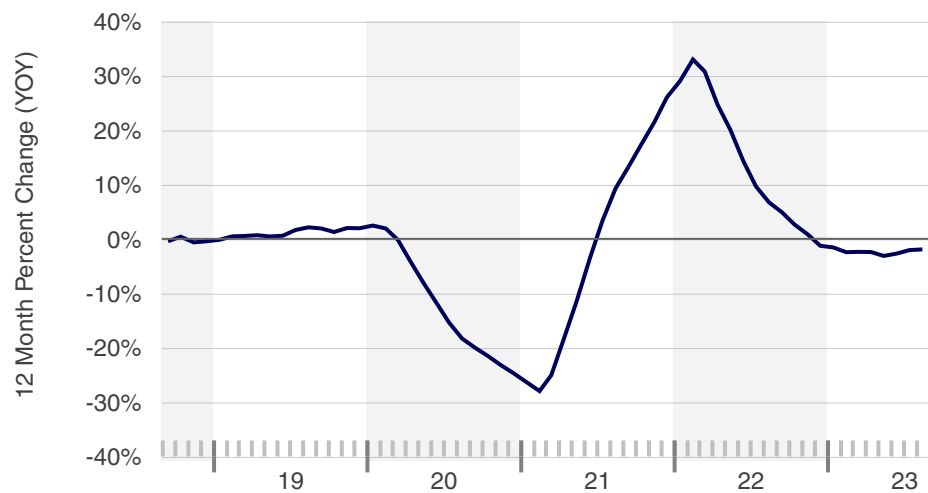
Supply & Demand Change



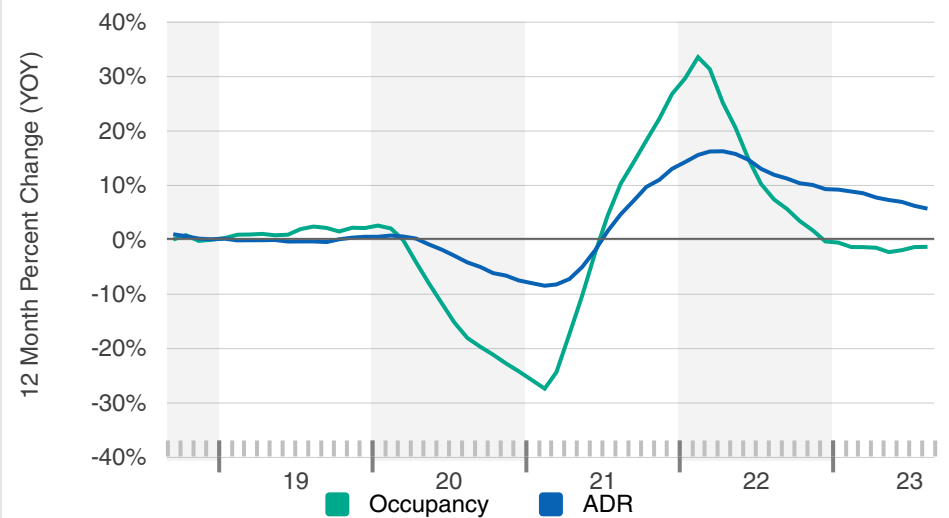
Supply Change



Demand Change

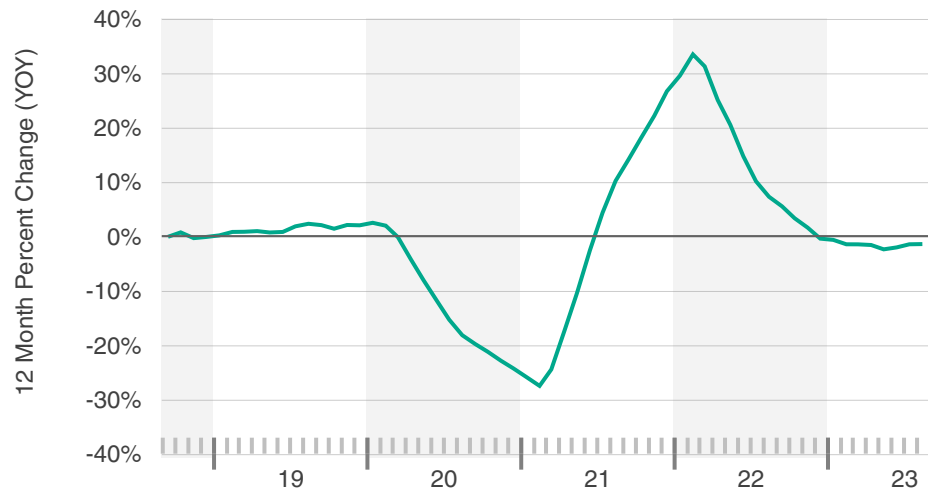


Occupancy & ADR Change

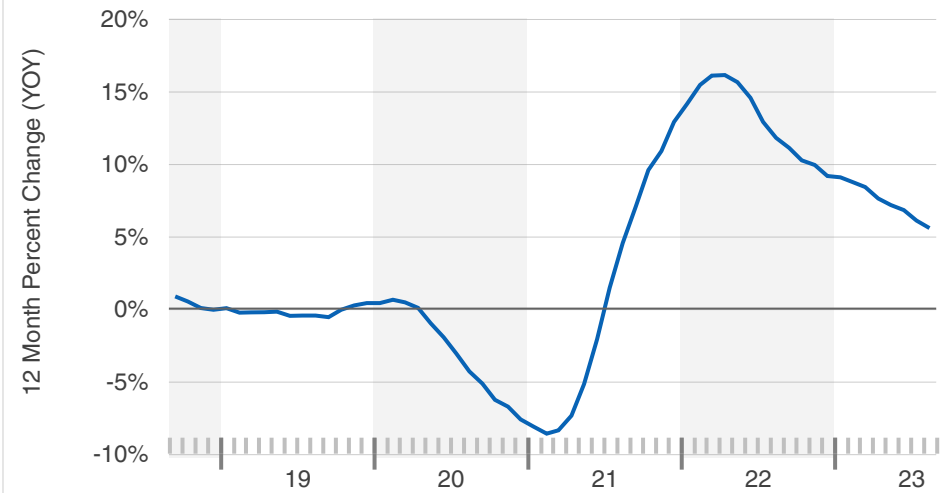


Search Analytics

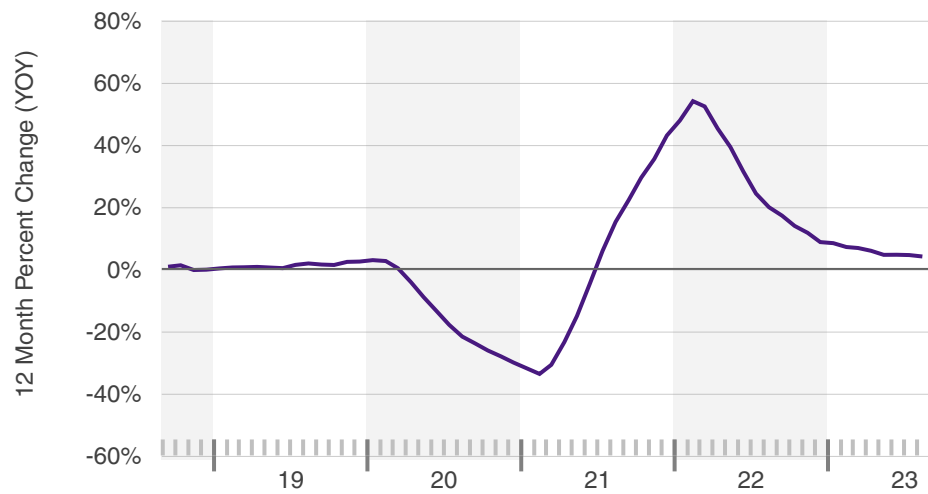
Occupancy Change



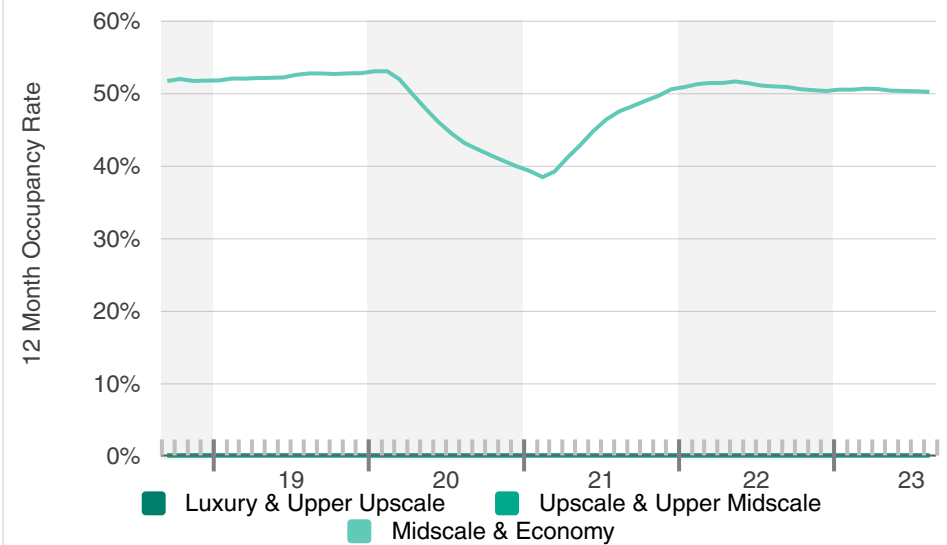
ADR Change



RevPAR Change

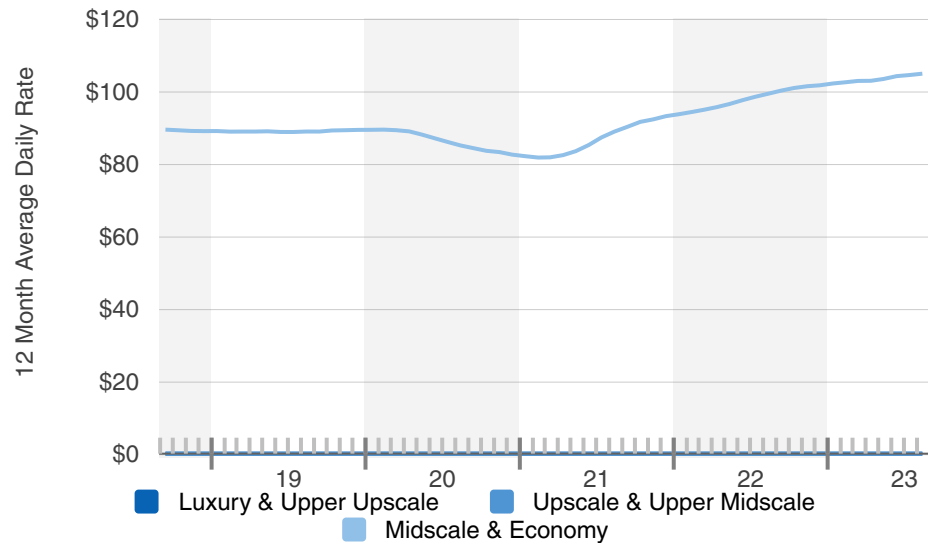


Occupancy By Class

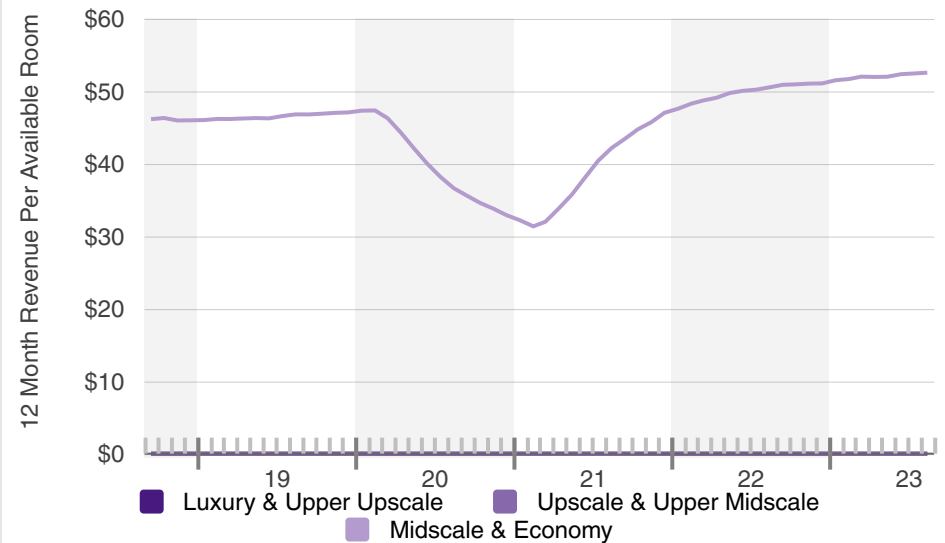


Search Analytics

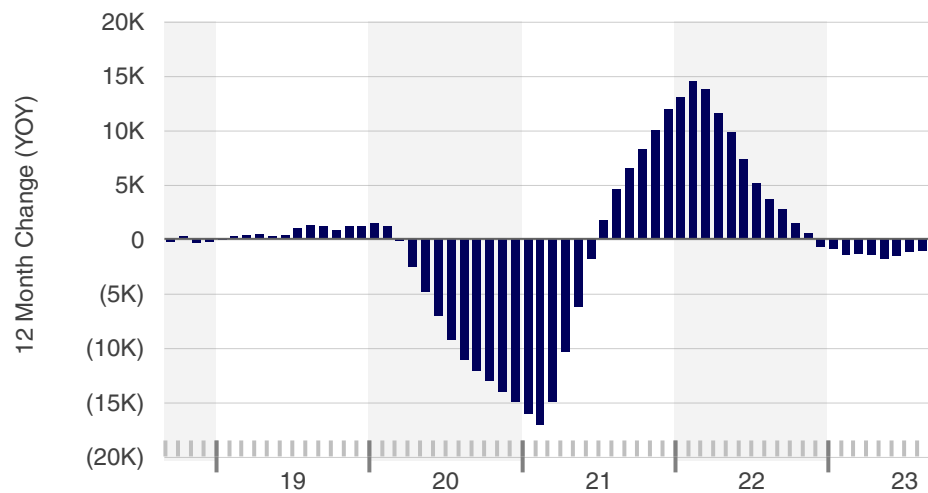
ADR By Class



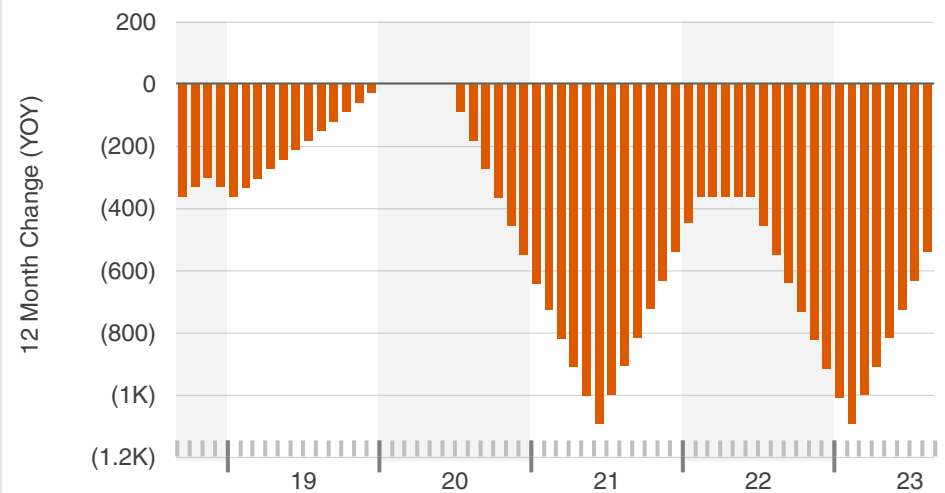
RevPAR By Class



Demand Change

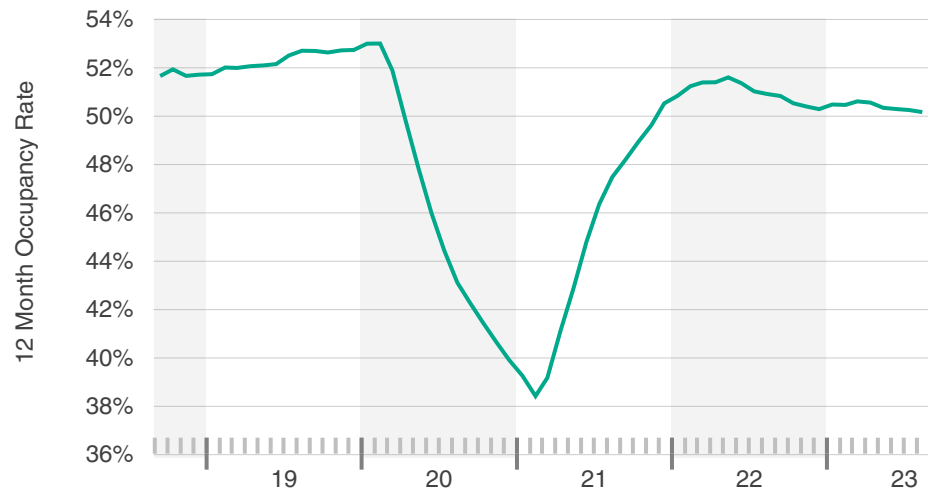


Supply Change

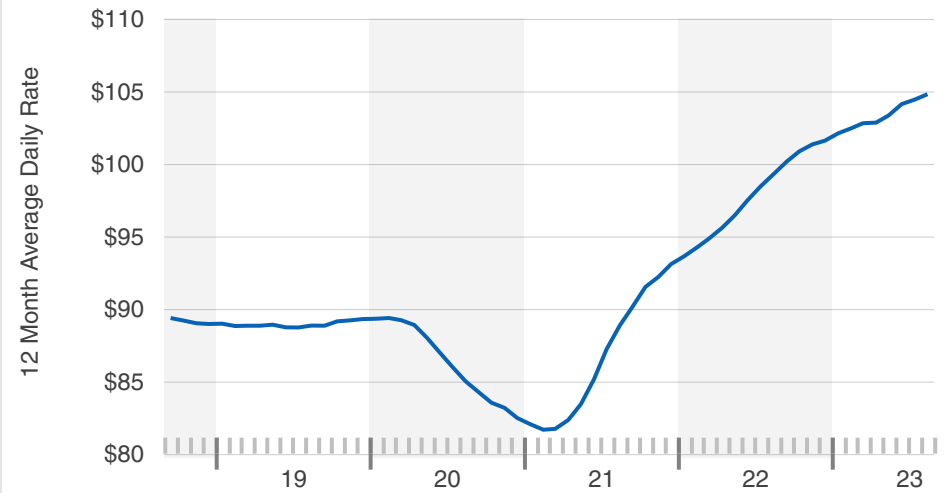


Search Analytics

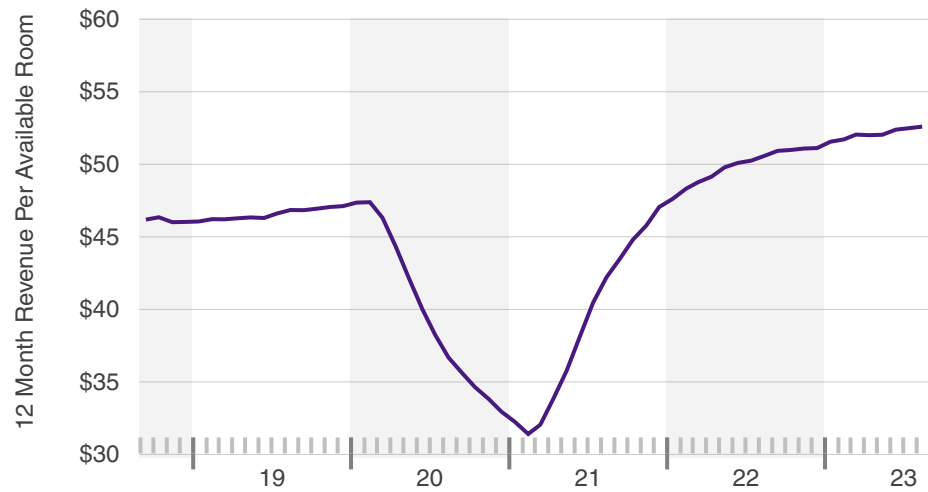
Occupancy



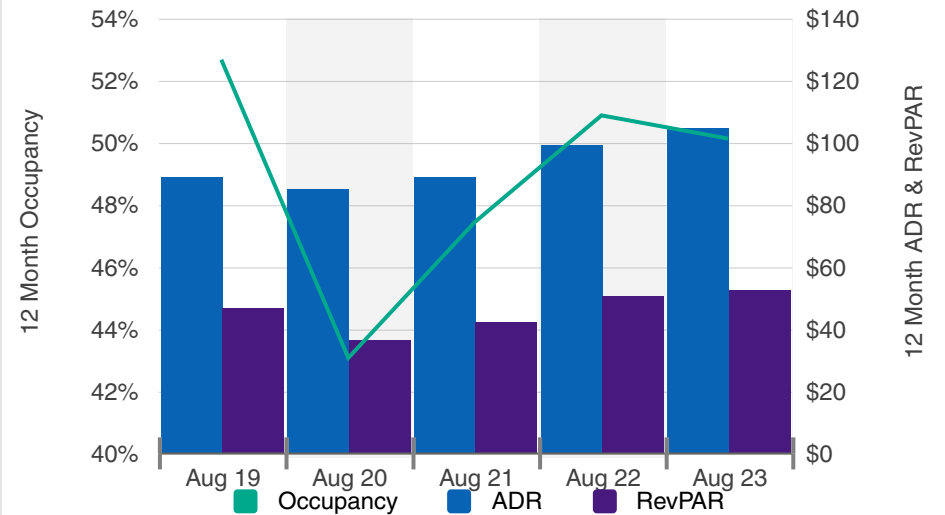
ADR



RevPAR

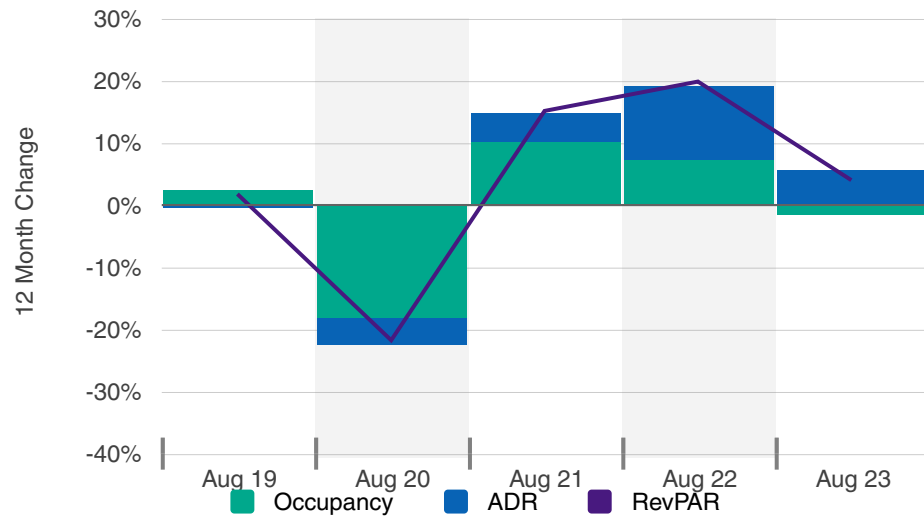


Occupancy, ADR & RevPAR

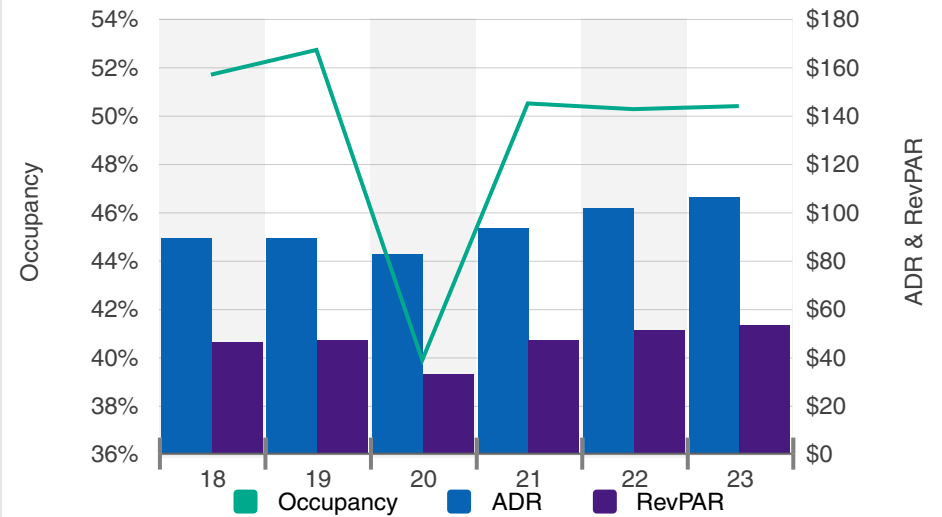


Search Analytics

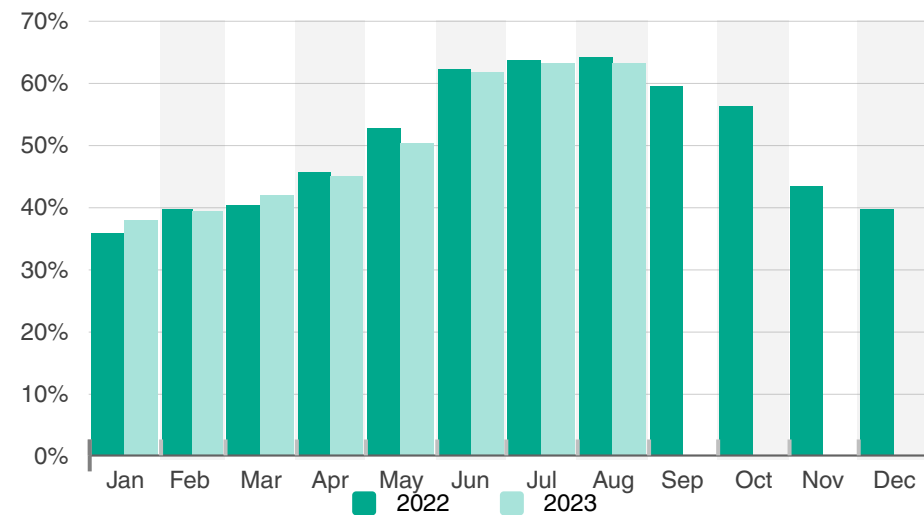
RevPAR Growth Composition



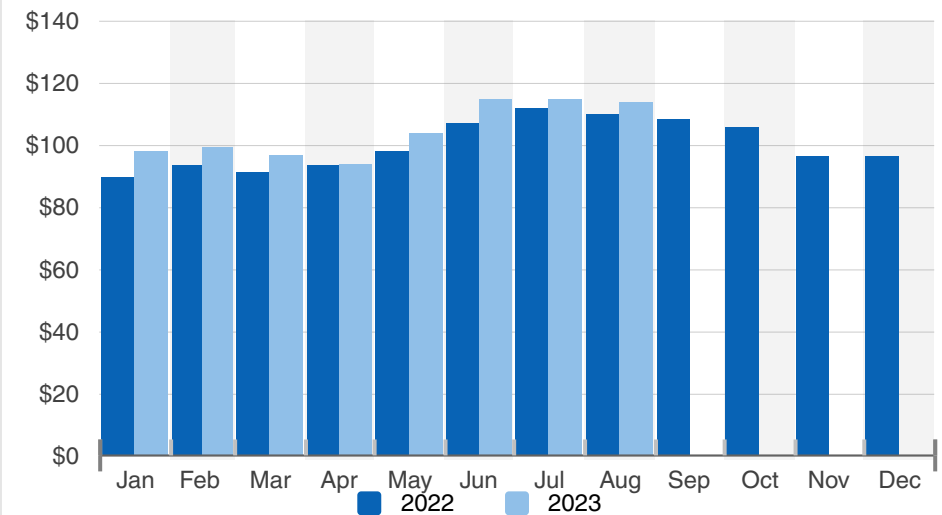
Occupancy, ADR & RevPAR Annualized vs YTD



Occupancy Monthly

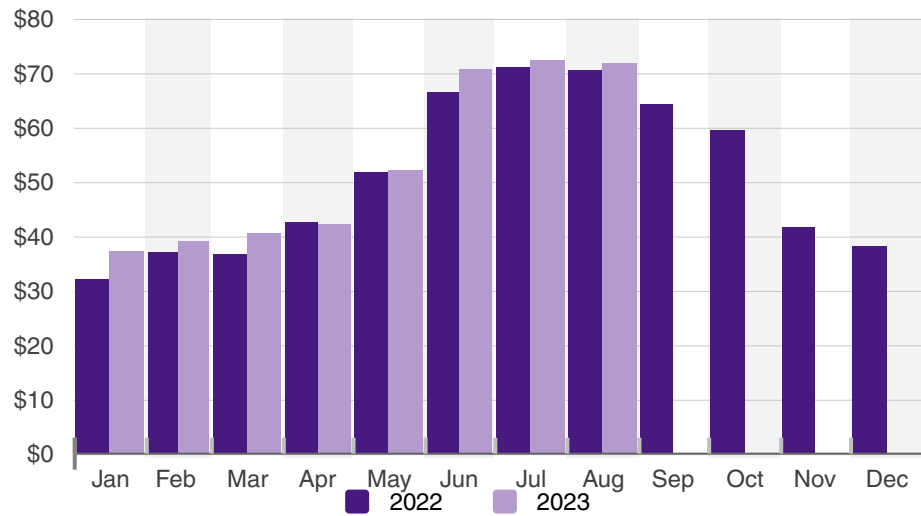


ADR Monthly



Search Analytics

RevPAR Monthly



Rooms Delivered

No Data Available



No data available for the past 5 years

Rooms Under Construction

No Data Available



No data available for the past 5 years

Delivered, Demolished & Net Delivered Rooms

No Data Available



No data available for the past 5 years

Search Analytics

Rooms Delivered By Class

No Data Available



No data available for the past 5 years

Demolished Rooms

No Data Available



No data available for the past 5 years

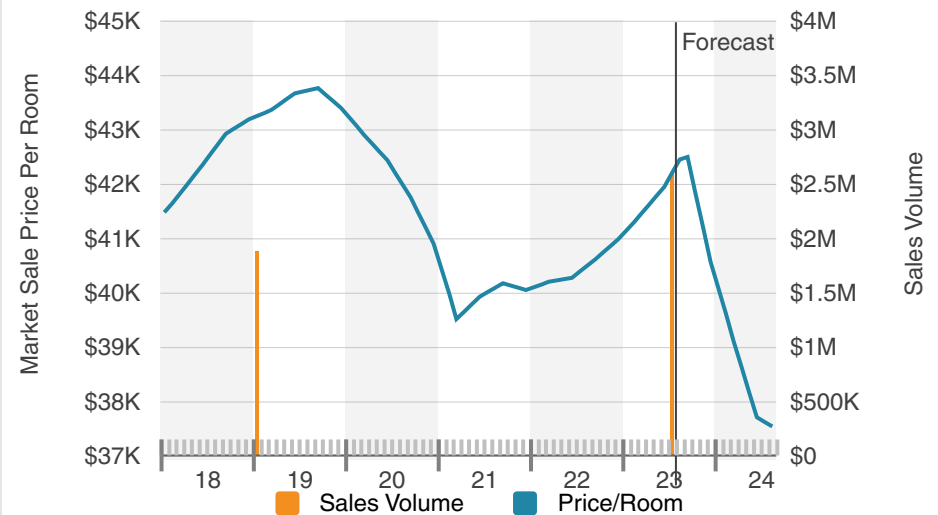
Rooms Under Construction % of Inventory

No Data Available



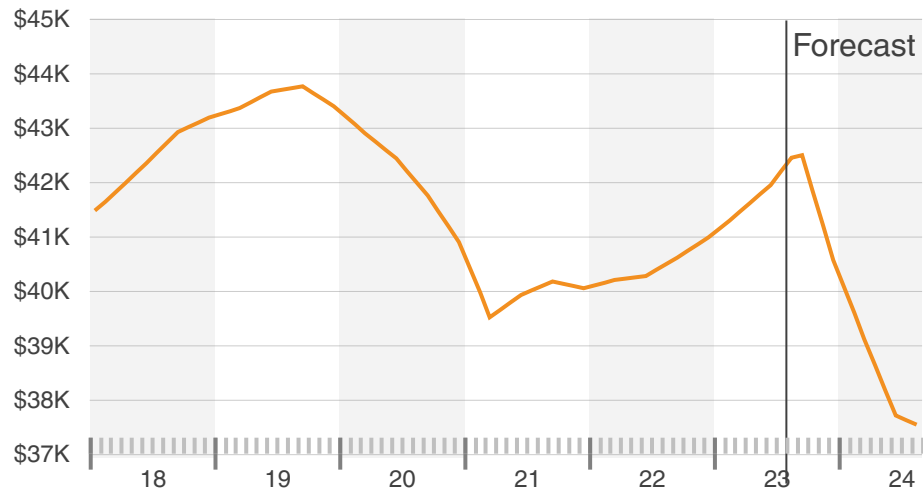
No data available for the past 5 years

Sales Volume & Market Sale Price Per Room

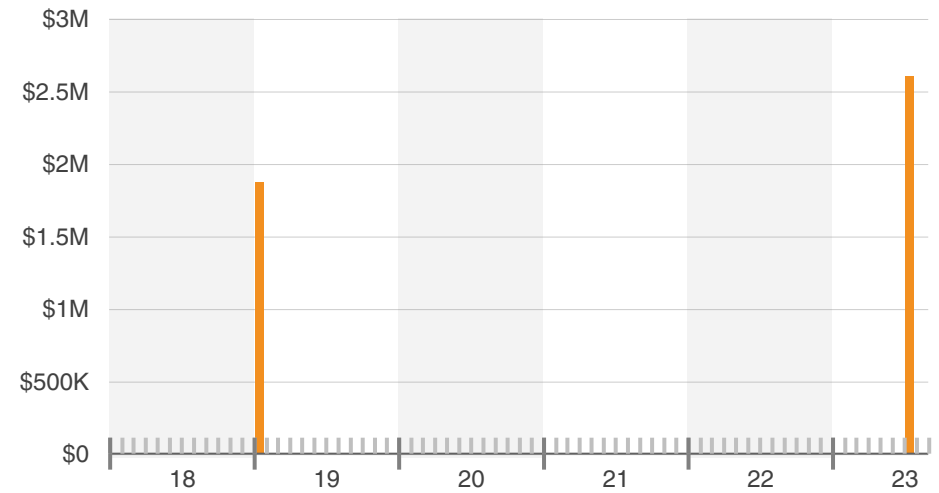


Search Analytics

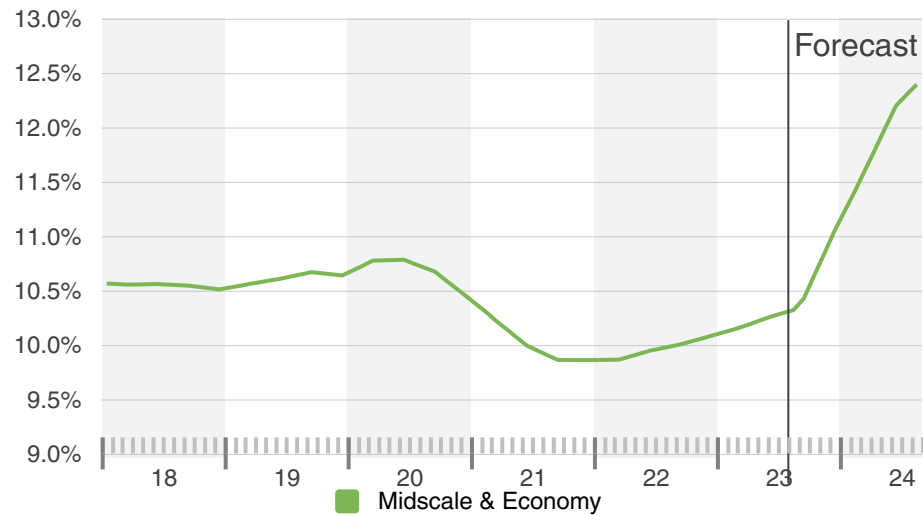
Market Sale Price Per Room



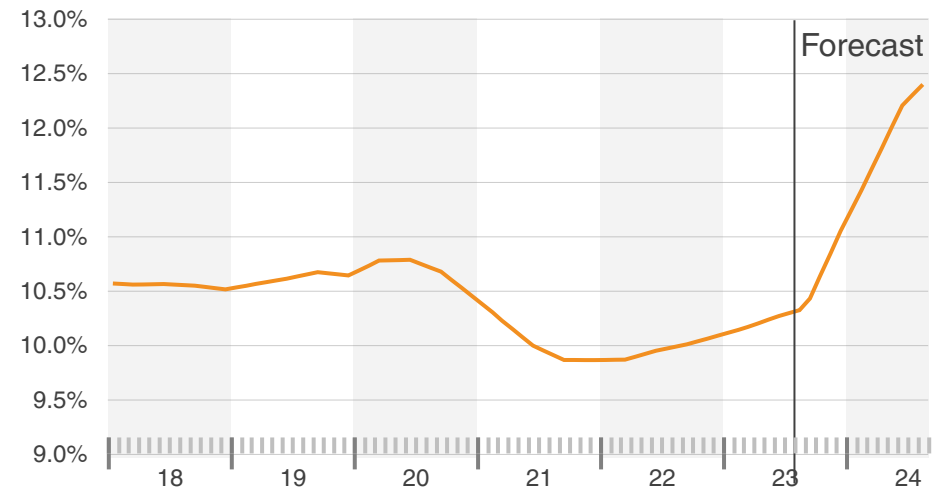
Sales Volume



Market Cap Rate By Class



Market Cap Rate



Search Analytics

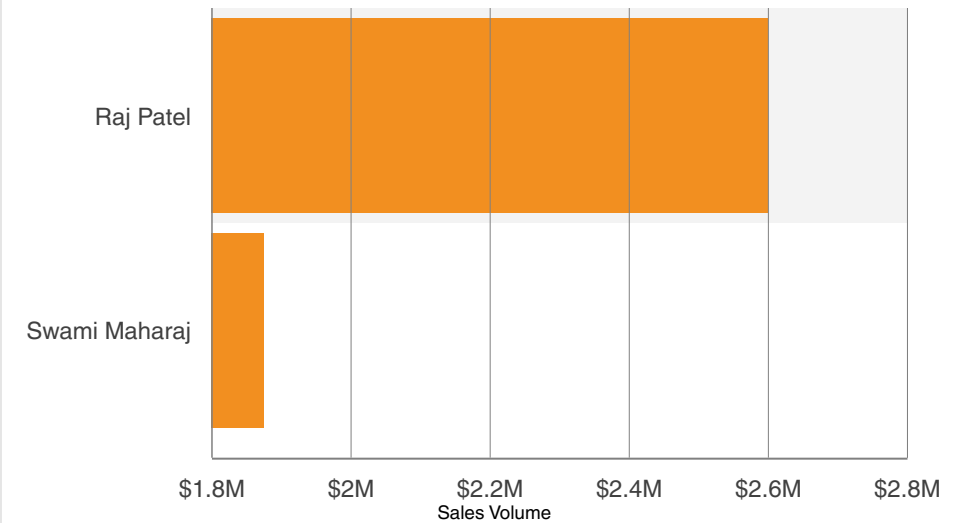
Top Brand Delivered

No Data Available



No data available for the current selection

Top Sellers



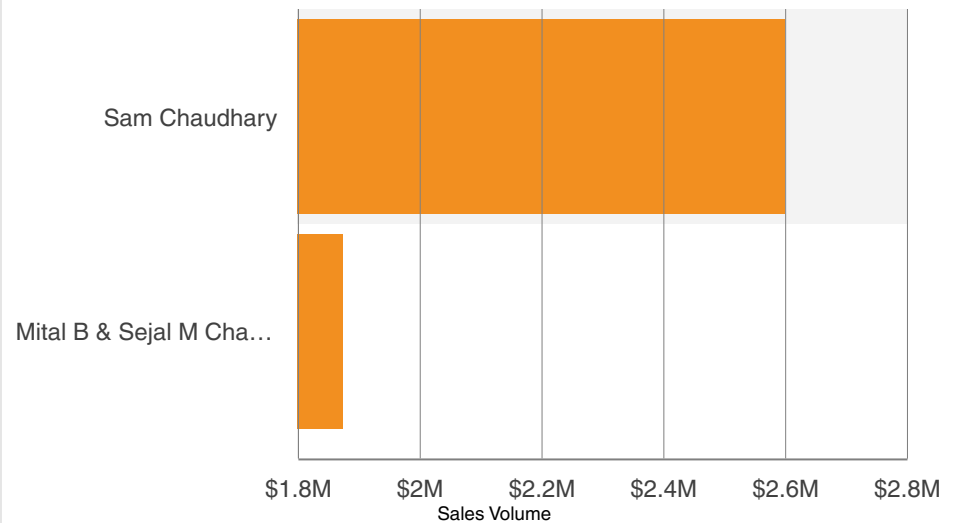
Top Seller Brokers

No Data Available



No data available for the current selection

Top Buyers



Regional Industry Overview

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group reviewed Regional/Market/Submarket data to help gain knowledge of the market and surrounding areas. The following information will be analyzed in Regional Industry Overview Data:



Regional Competitive Hotel Properties Data Summary



Market Overview



Performance Data



Past Construction Data



Under Construction Data



Sales Data



Economy Data



Submarket Data

Regional Competitive Hotel Properties Data Summary Minnesota South Area

Regional Submarket Competitive Set Performance			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	52.0%	\$108.51	\$56.37
3 Month Average	63.5%	\$115.70	\$73.68
12 Month Average	52.1%	\$107.33	\$55.86
Source: CoStar/STR Core Distinction Group, LLC			

Regional Submarket Performance by Class (Running 12 Months)			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
Upscale & Upper Midscale	60.4%	\$130.98	\$79.10
Midscale & Economy	48.6%	\$94.32	\$45.81
Source: CoStar/STR Core Distinction Group, LLC			



Overview

Minnesota South Area Hospitality

12 Mo Occupancy

52.1%

12 Mo ADR

\$107.33

12 Mo RevPAR

\$55.86

12 Mo Supply

3.8M

12 Mo Demand

2M

Minnesota South Area is a large submarket, and contains around 10,000 rooms spread over 195 properties. Like the market, Minnesota South Area is characterized by small hotels and inns. The average hotel has 53 rooms, not far from the market average, but easily below the national norm of about 90 rooms per building.

With trailing 12-month occupancies at 52.0%, Minnesota South Area is within striking distance to the market average of 54.5% for the same period. This marks a significant recovery, as the COVID-19 shock severely impacted this submarket. Here, monthly occupancies fell to 22.1%, and annualized occupancy dropped to 37.4% in the initial wake of the pandemic.

As of August, twelve-month average RevPAR in the Minnesota South Area hotel submarket was climbing at an annual rate of 6.3%. That's in the green, if somewhat

below the 8.7% increase observed in the broader Minnesota market.

Minnesota South Area doesn't face supply-side pressures on occupancies or room rates in the near-term. Nothing is under construction in the submarket itself, or even in the broader market. But the submarket has seen recent development. In the past three years, 2 projects containing around 170 rooms came on line. That development was offset somewhat by a number of demolitions, which took around 63 rooms off the market over the same timeframe.

Minnesota South Area houses a robust market for hotel investment, and recorded about 12 hotel trades over the past year—consistent with the number of trades that typically close in a given year.

KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	81				0	0
Upscale & Upper Midscale	2,989	60.4%	\$130.98	\$79.10	0	0
Midscale & Economy	7,283	48.6%	\$94.32	\$45.81	0	0
Total	10,353	52.0%	\$107.33	\$55.86	0	0

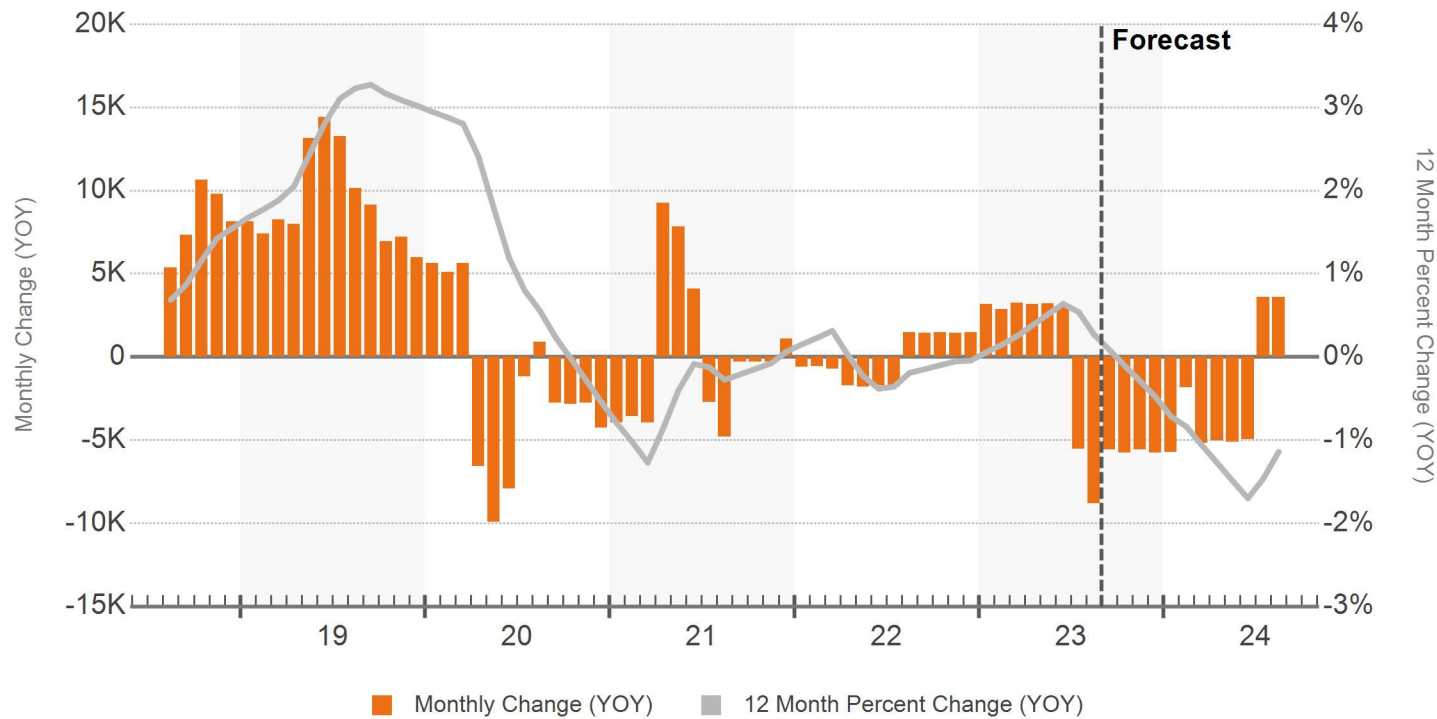
Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	63.7%	63.5%	52.0%	52.1%	49.4%	53.4%
Occupancy Change	-2.9%	-2.6%	-1.3%	-1.0%	-0.4%	0.7%
ADR	\$115.70	\$116.10	\$108.51	\$107.33	\$95.05	\$117.55
ADR Change	4.4%	5.1%	6.1%	7.4%	3.4%	3.2%
RevPAR	\$73.68	\$73.75	\$56.37	\$55.86	\$46.91	\$62.74
RevPAR Change	1.4%	2.4%	4.8%	6.3%	3.1%	4.0%



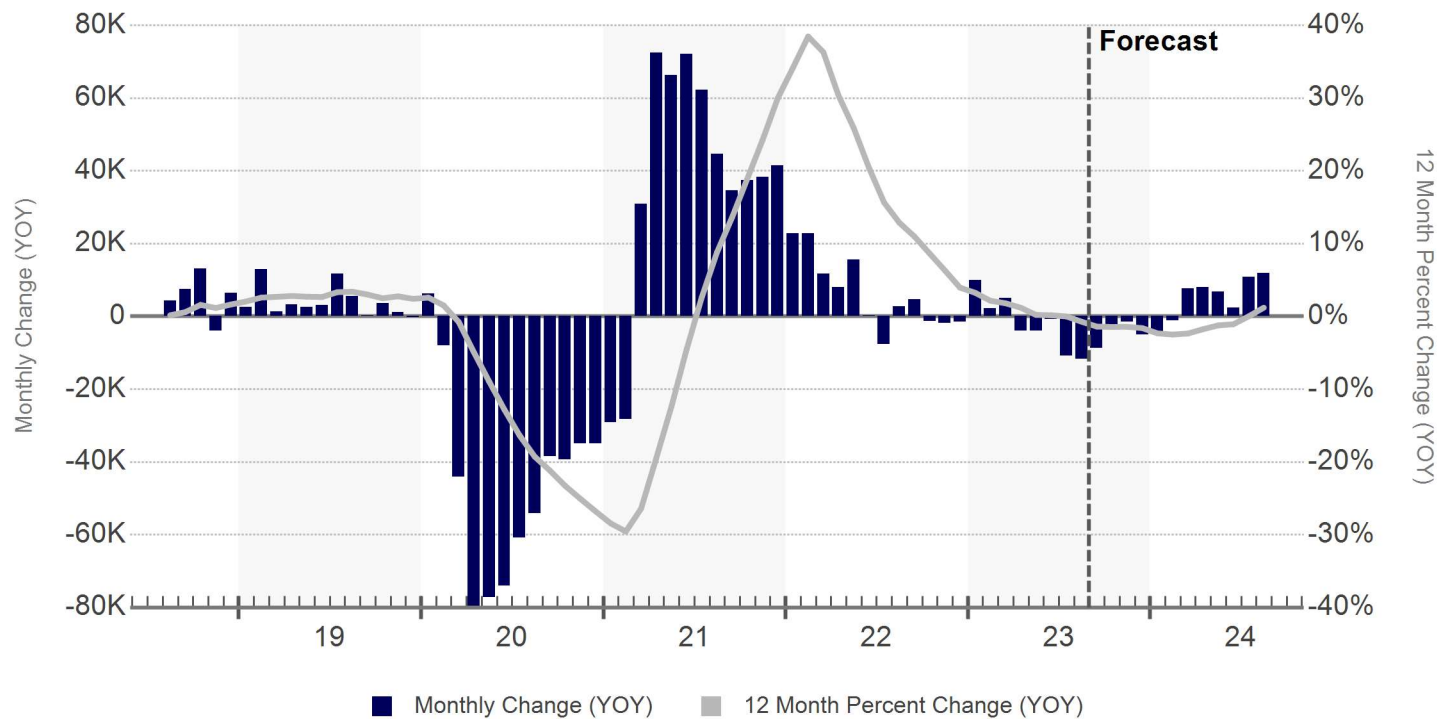
Performance

Minnesota South Area Hospitality

SUPPLY CHANGE



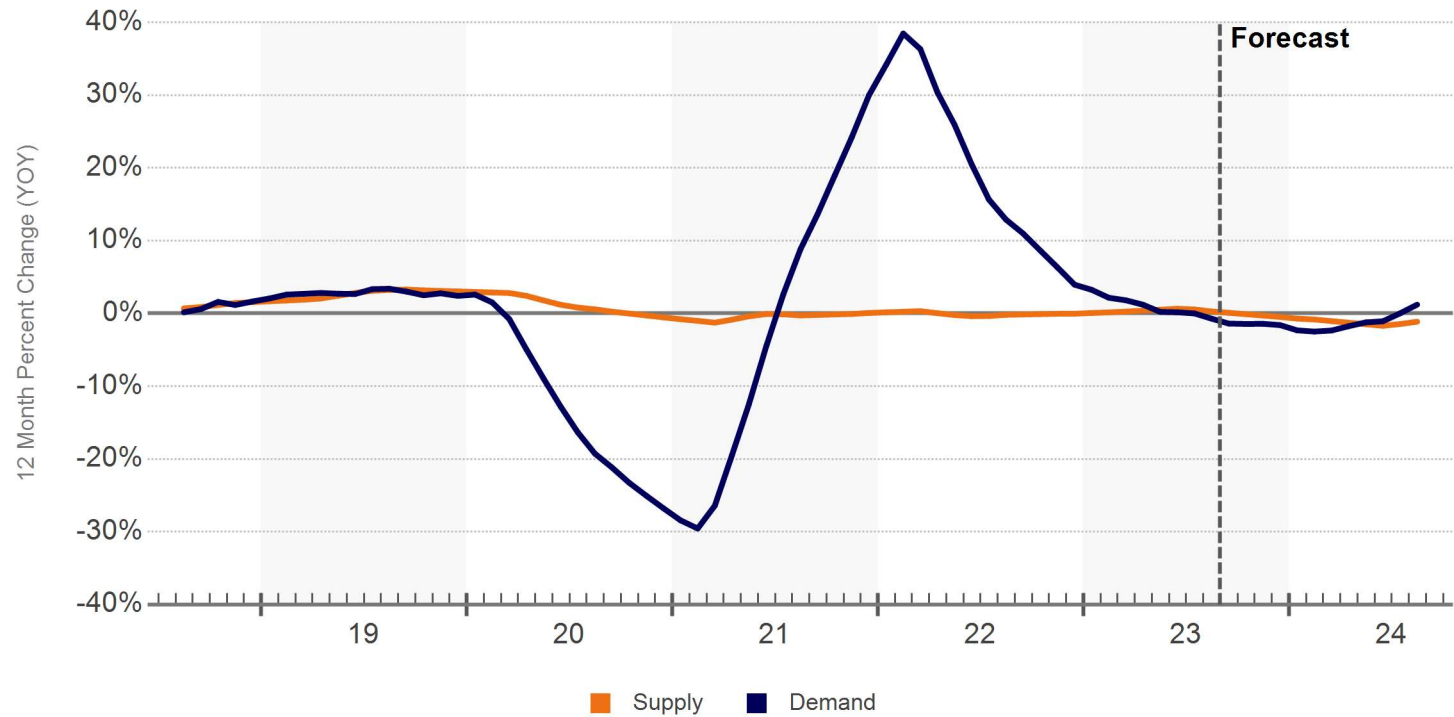
DEMAND CHANGE



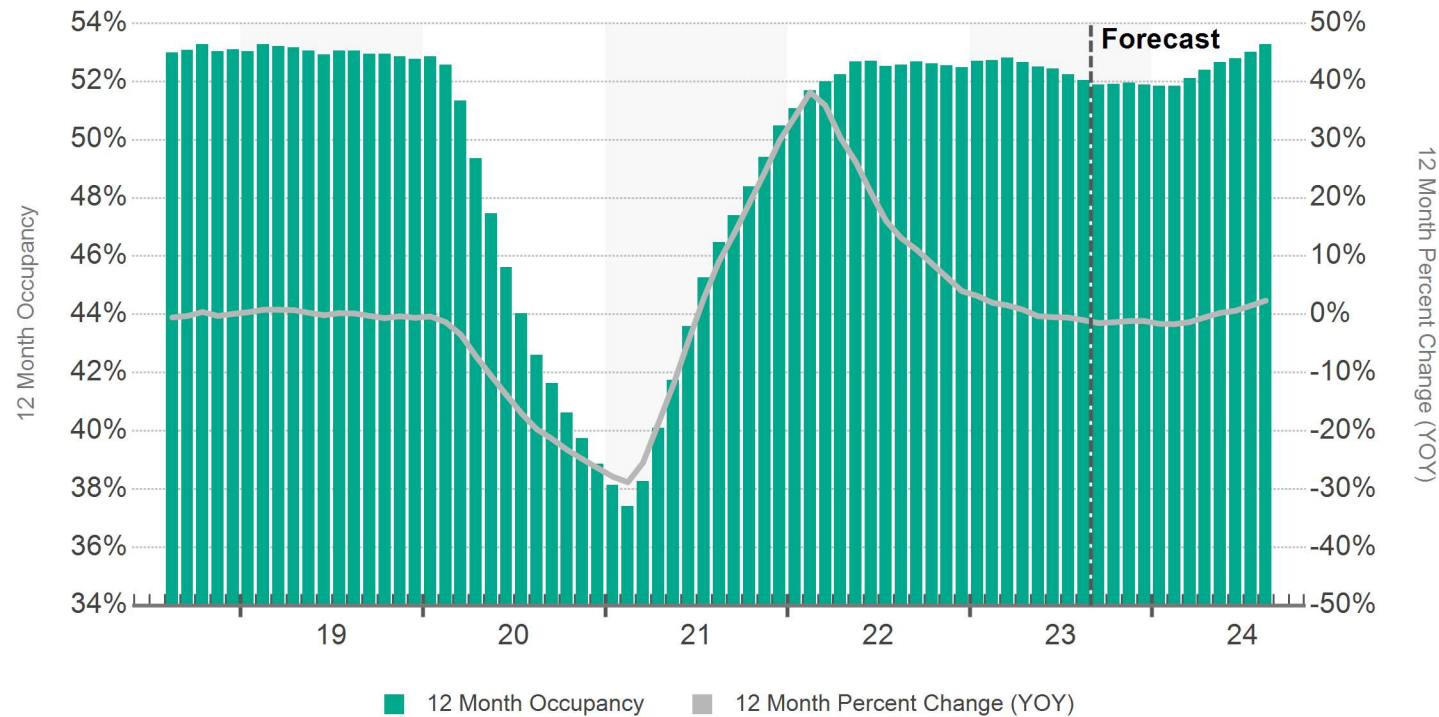
Performance

Minnesota South Area Hospitality

SUPPLY & DEMAND CHANGE



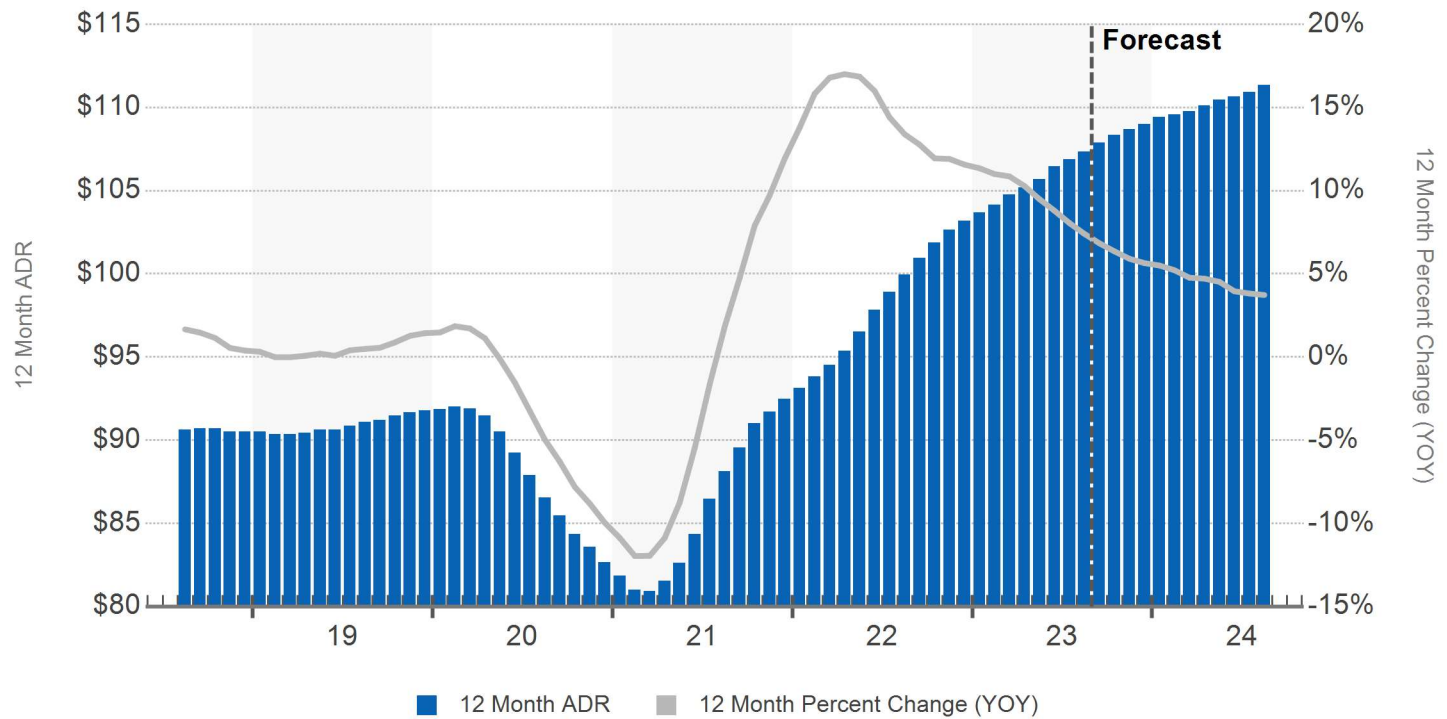
OCCUPANCY



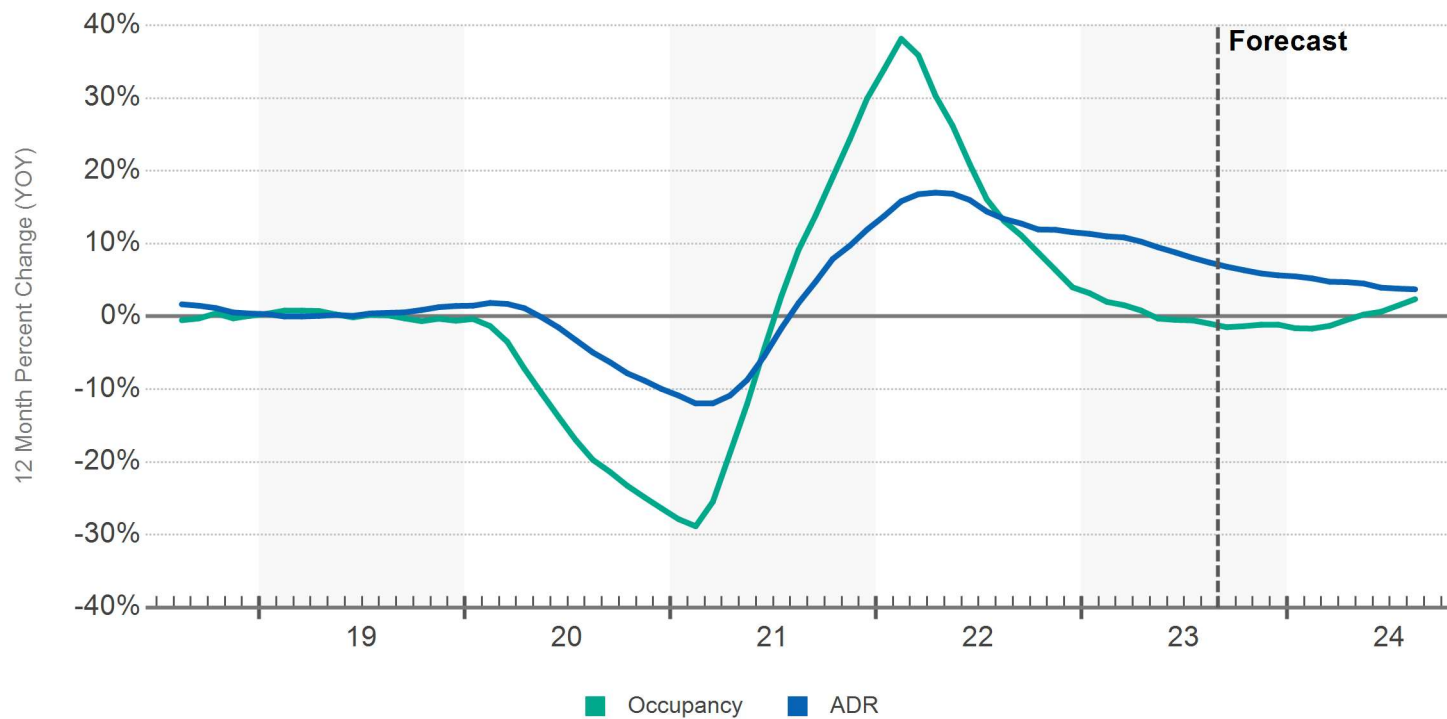
Performance

Minnesota South Area Hospitality

ADR



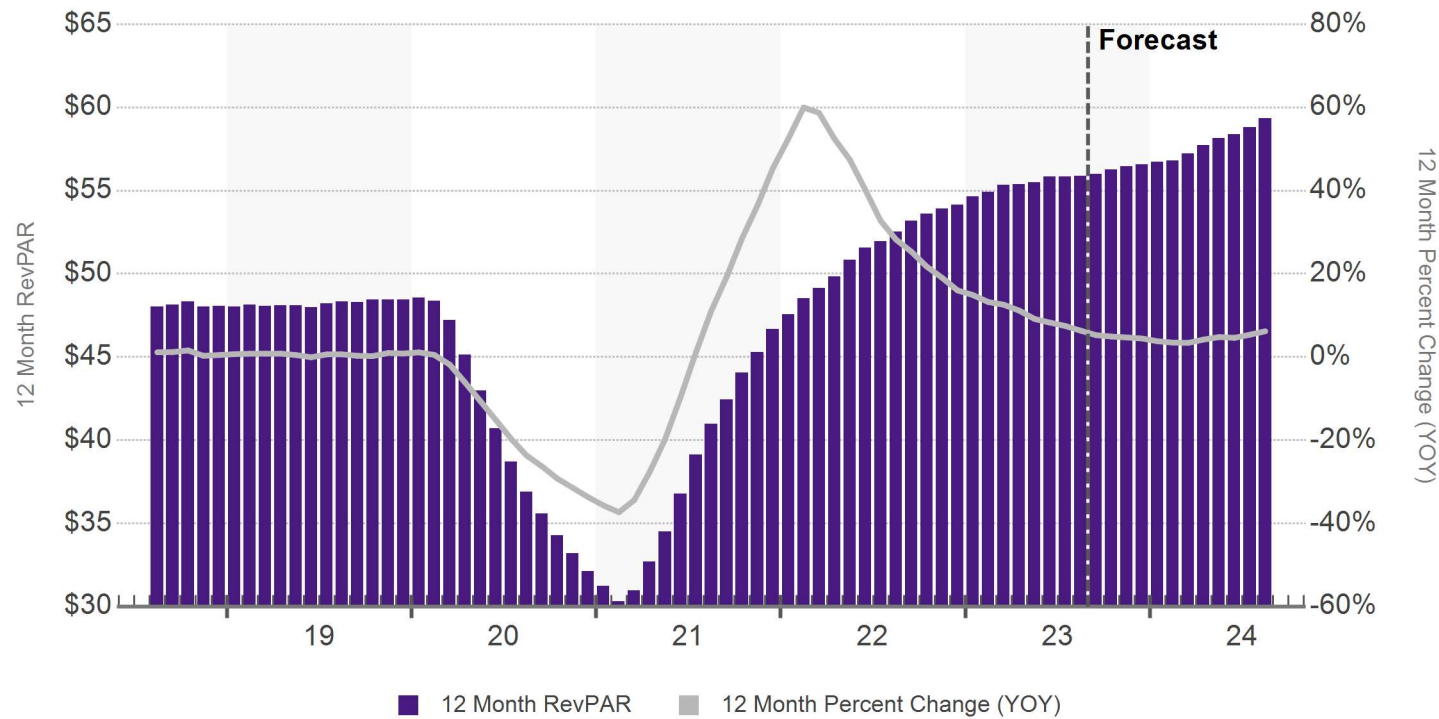
OCCUPANCY & ADR CHANGE



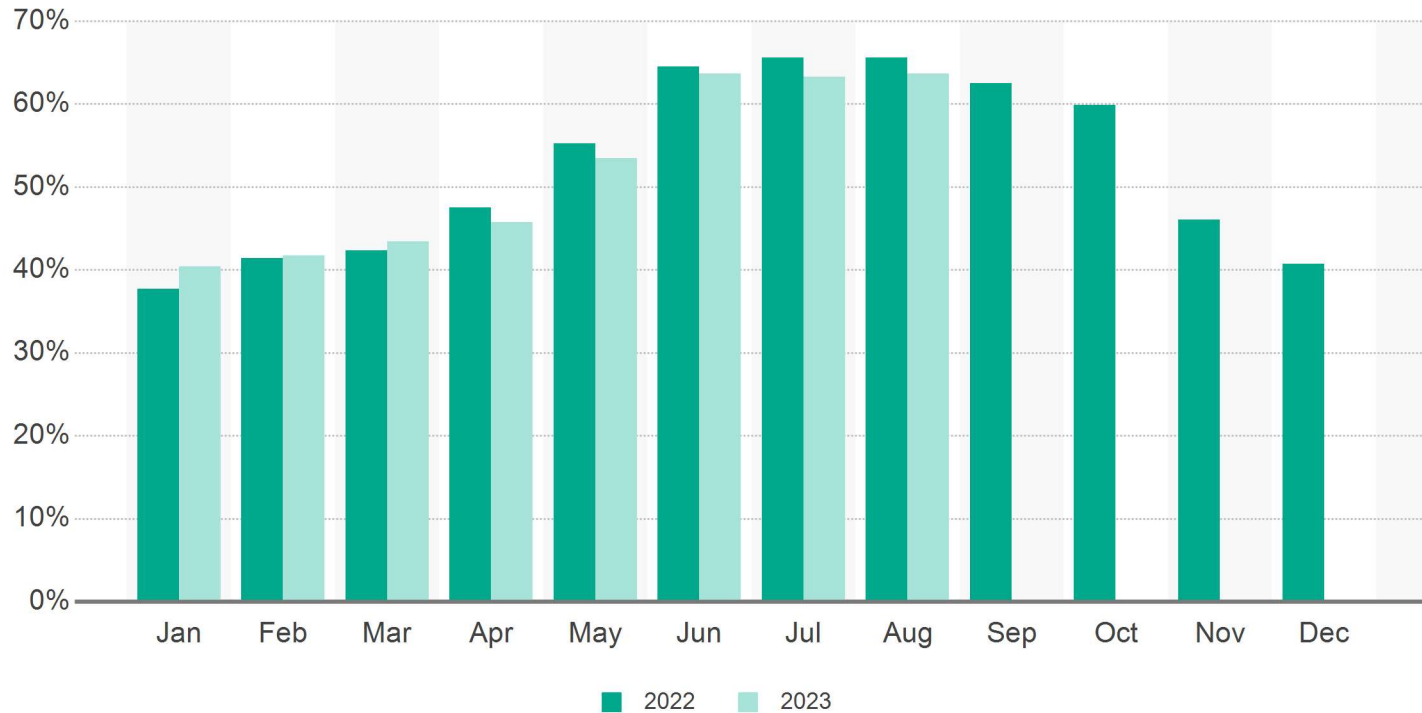
Performance

Minnesota South Area Hospitality

REVPAR



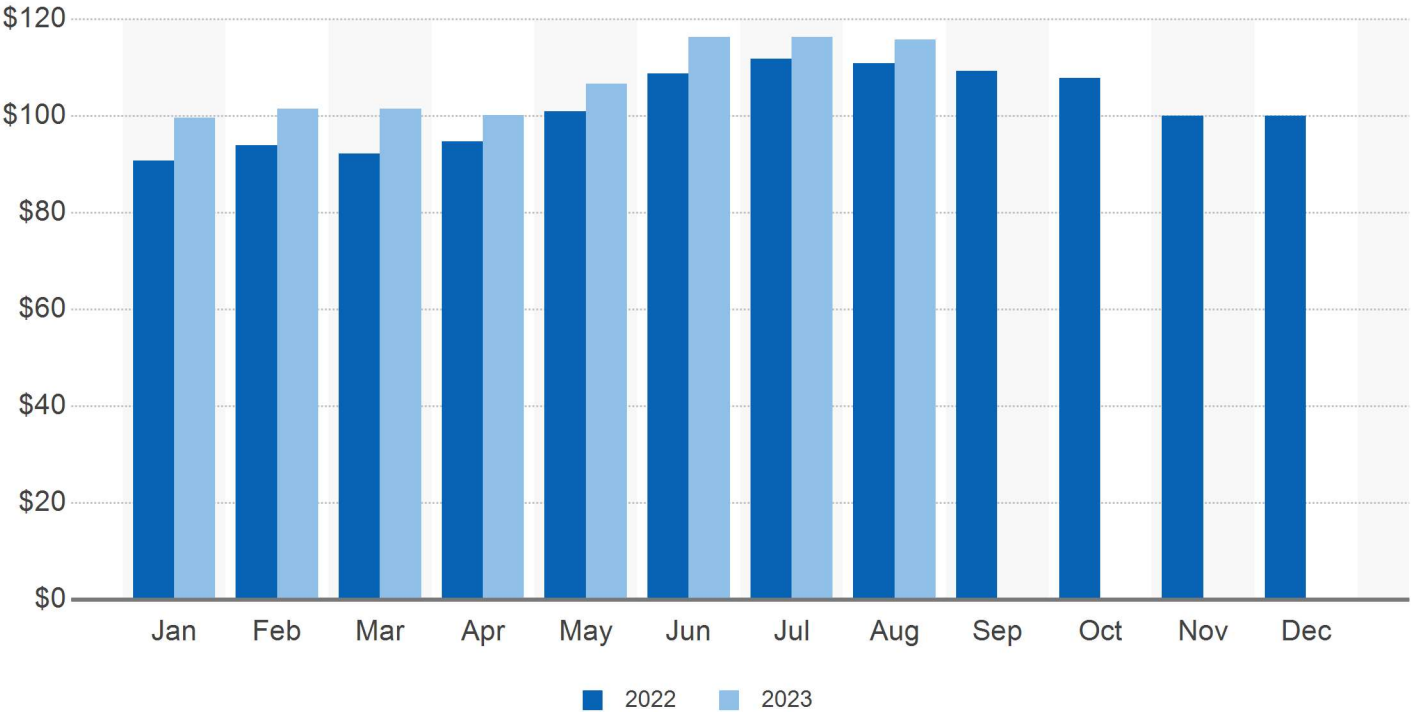
OCCUPANCY MONTHLY



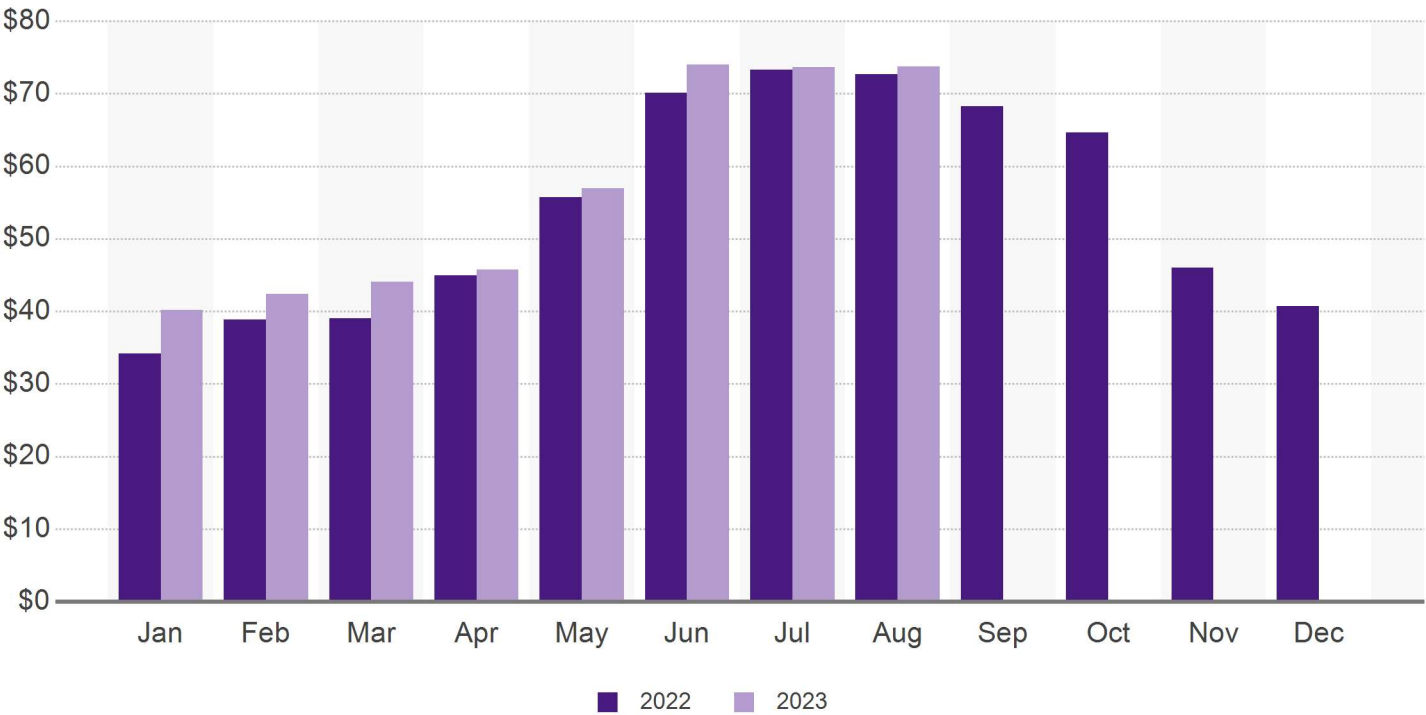
Performance

Minnesota South Area Hospitality

ADR MONTHLY



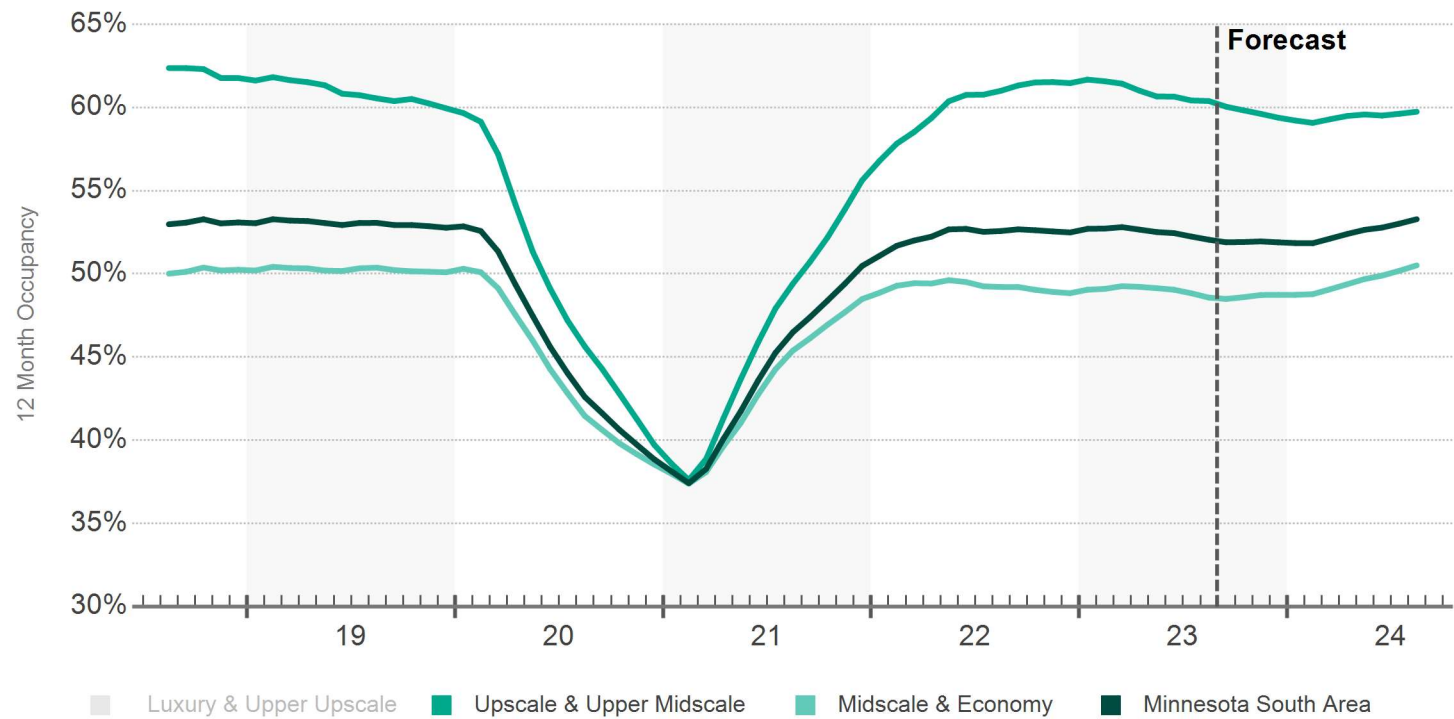
REVPAR MONTHLY



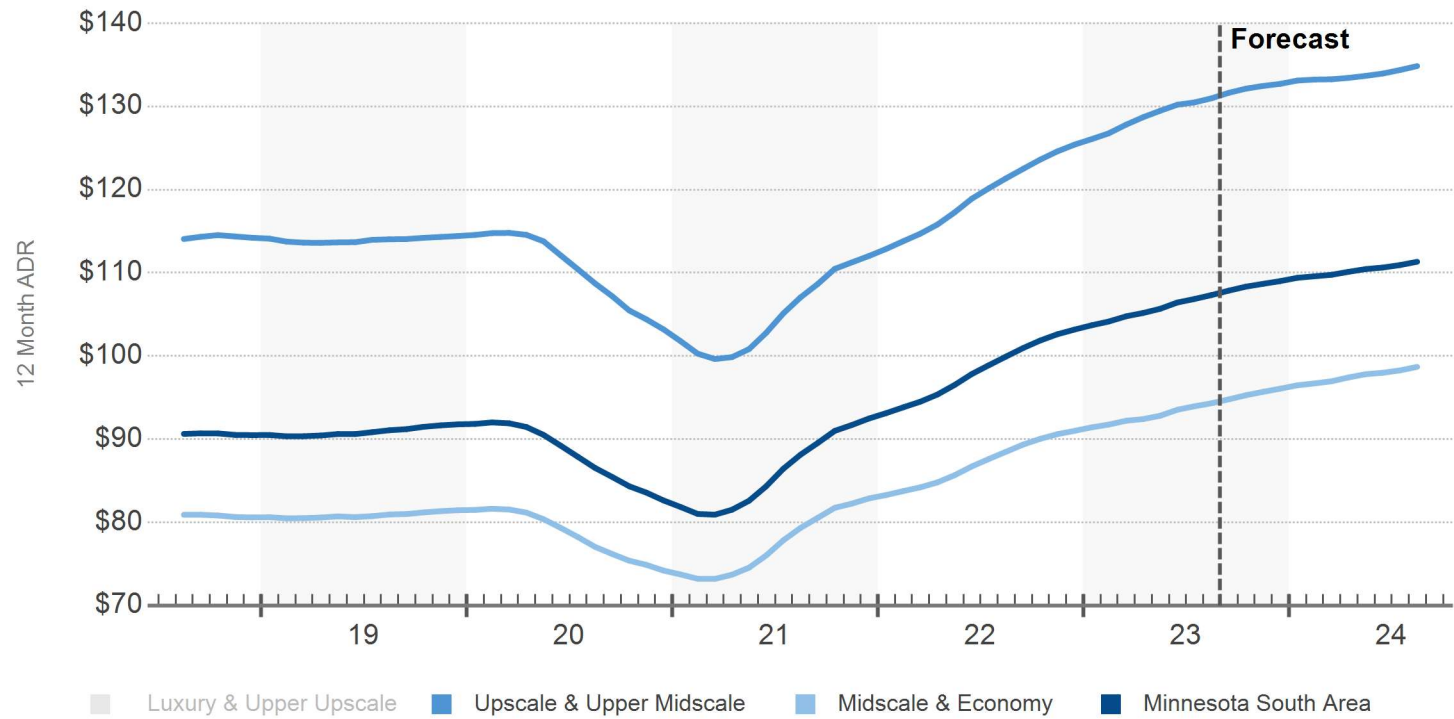
Performance

Minnesota South Area Hospitality

OCCUPANCY BY CLASS



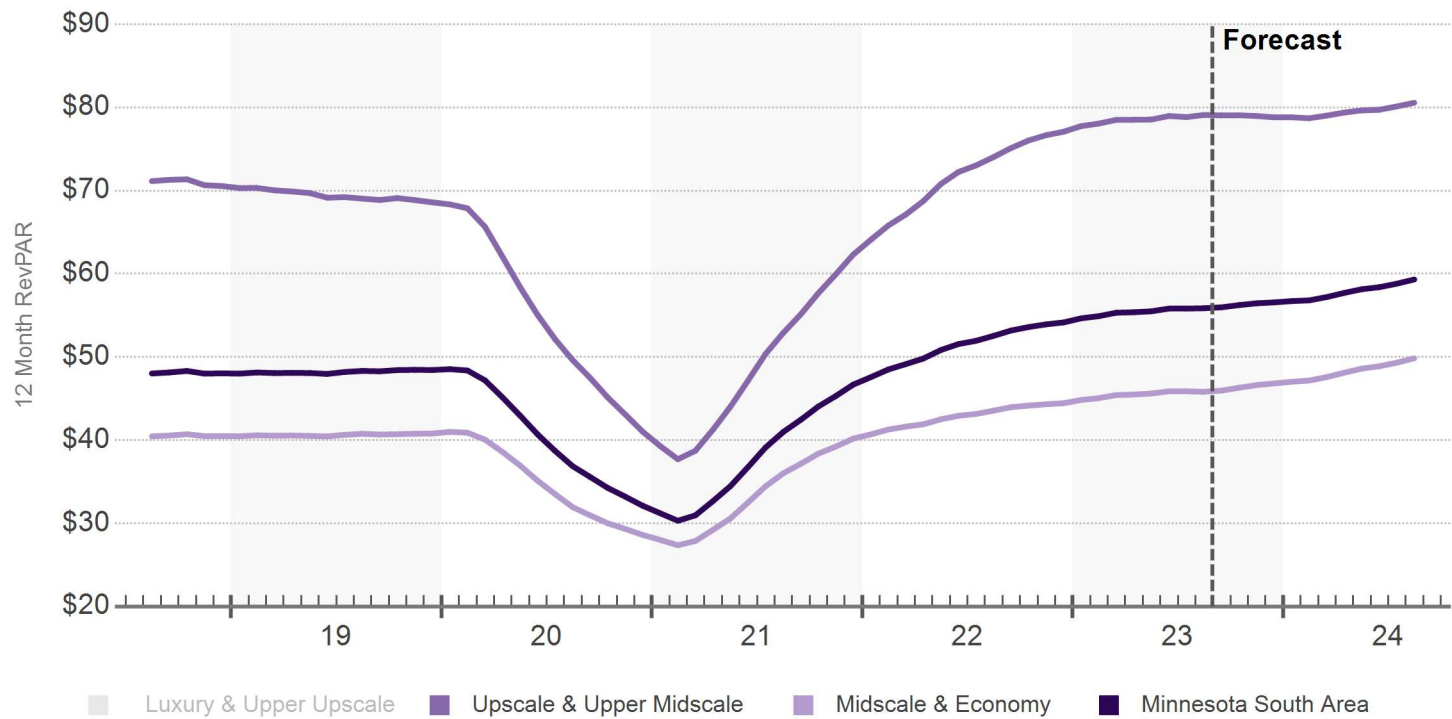
ADR BY CLASS



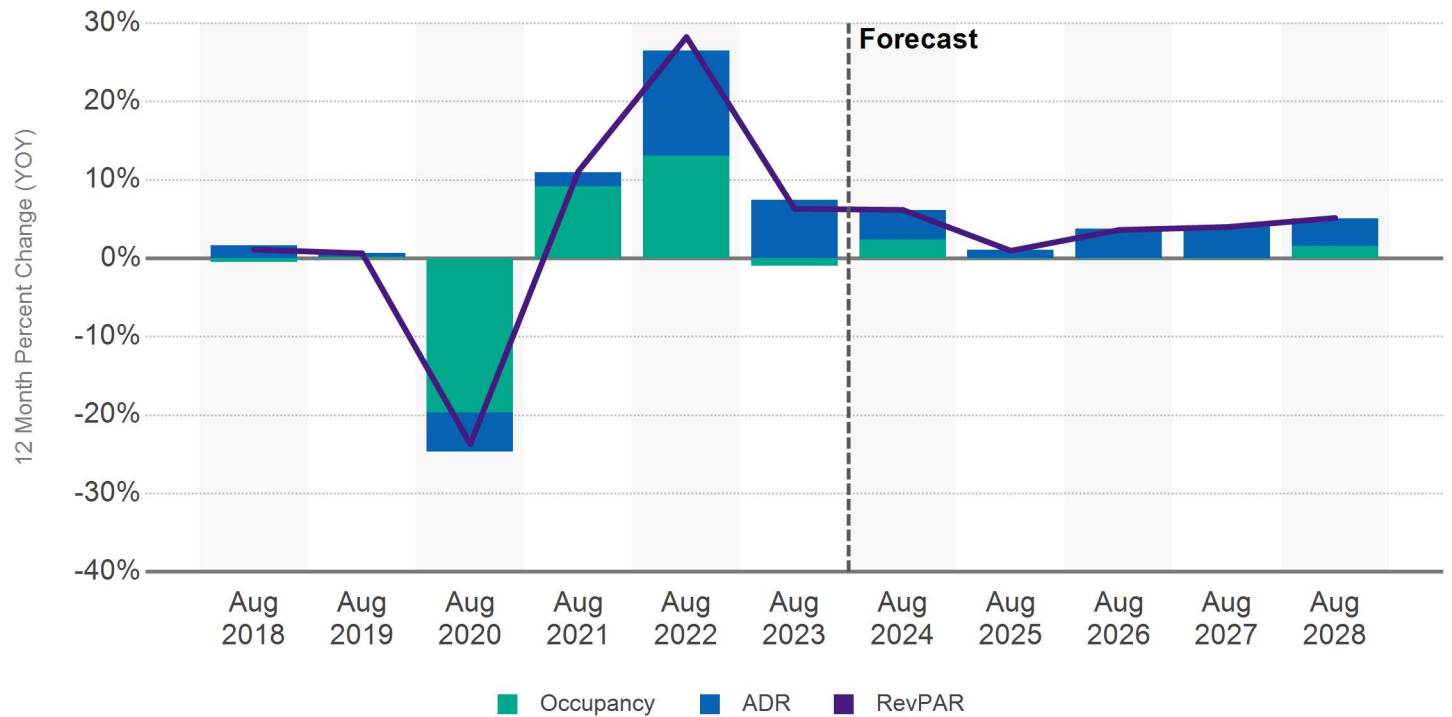
Performance

Minnesota South Area Hospitality

REVPAR BY CLASS



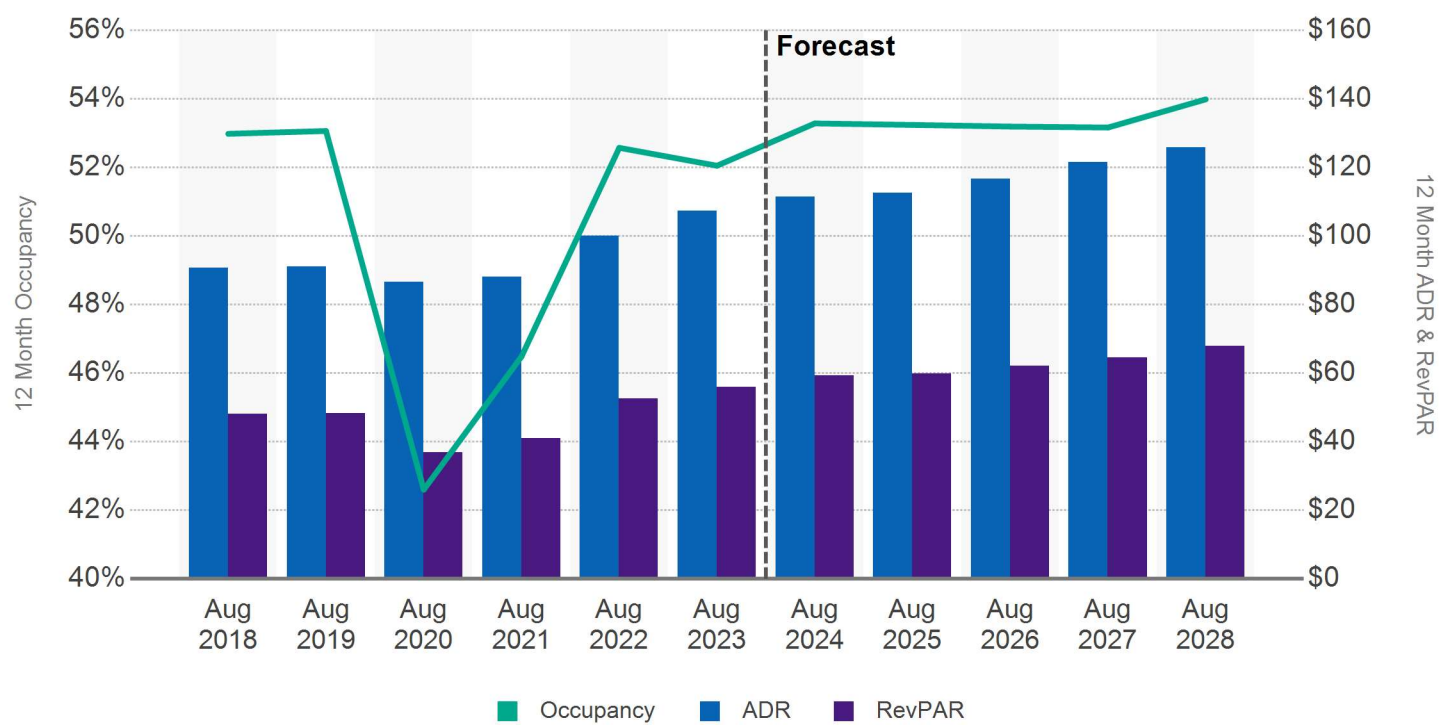
REVPAR GROWTH COMPOSITION



Performance

Minnesota South Area Hospitality

OCCUPANCY, ADR & REVPAR



Performance

Minnesota South Area Hospitality

FULL-SERVICE HOTELS PROFITABILITY (ANNUAL)

Market	2022			2021-2022 % Change	
	% of Revenues	PAR	POR	PAR	POR
Revenue					
Rooms					
Food					
Beverage					
Other F&B					
Other Departments					
Miscellaneous Income					
Total Revenue					
Operating Expenses					
Rooms					
Food & Beverage					
Other Departments					
Administrative & General					
Information & Telecommunication Systems					
Sales & Marketing					
Property Operations & Maintenance					
Utilities					
Gross Operating Profit					
Management Fees					
Rent					
Property Taxes					
Insurance					
EBITDA					
Total Labor Costs					

(1) For Annual P&L, the current year exchange rate is used for each year going back in time. This current year exchange rate is the average of all 12 monthly rates for that year.

(2) Percentage of Revenues for departmental expenses (Rooms, Food & Beverage, and Other Departments) are based on their respective departmental revenues. All other expense percentages are based on Total Revenue.

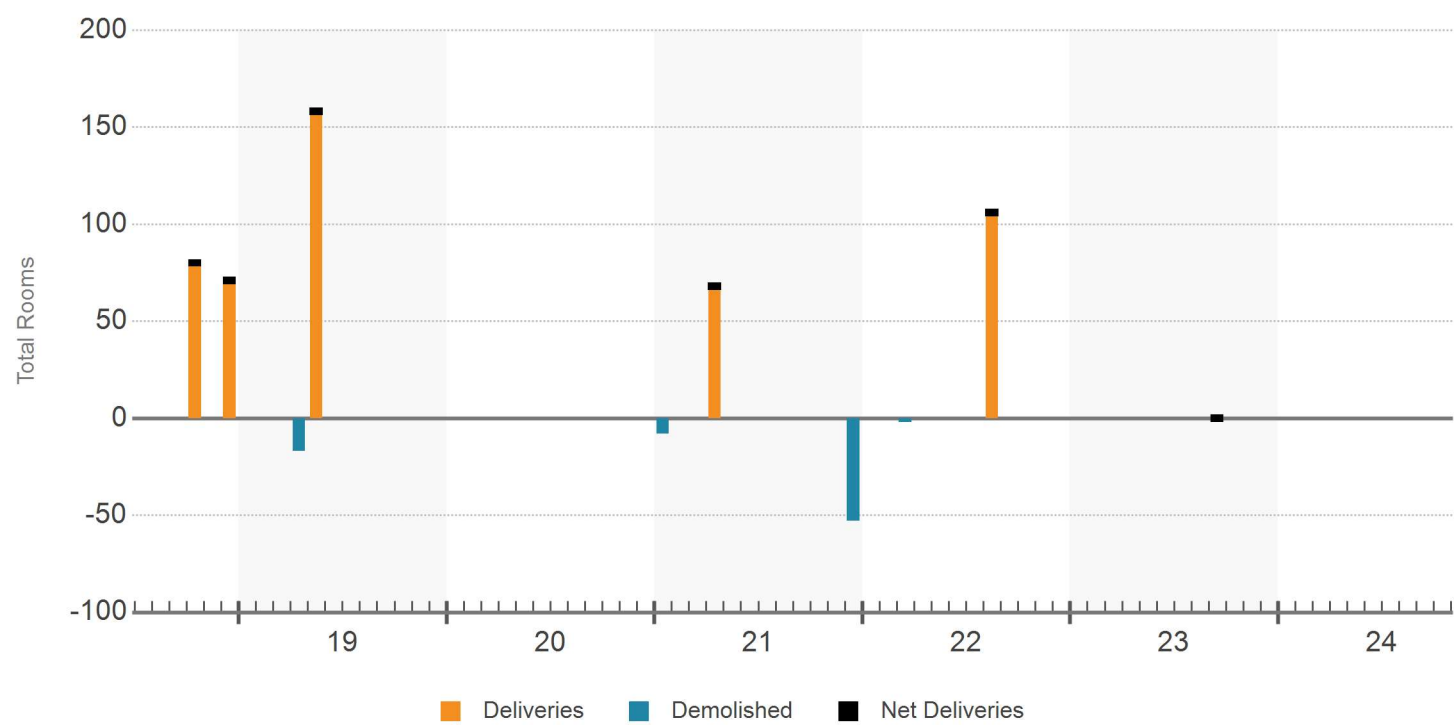
(3) Labor costs are already included in the operating expenses above. Amounts shown in Total Labor Costs are for additional detail only.



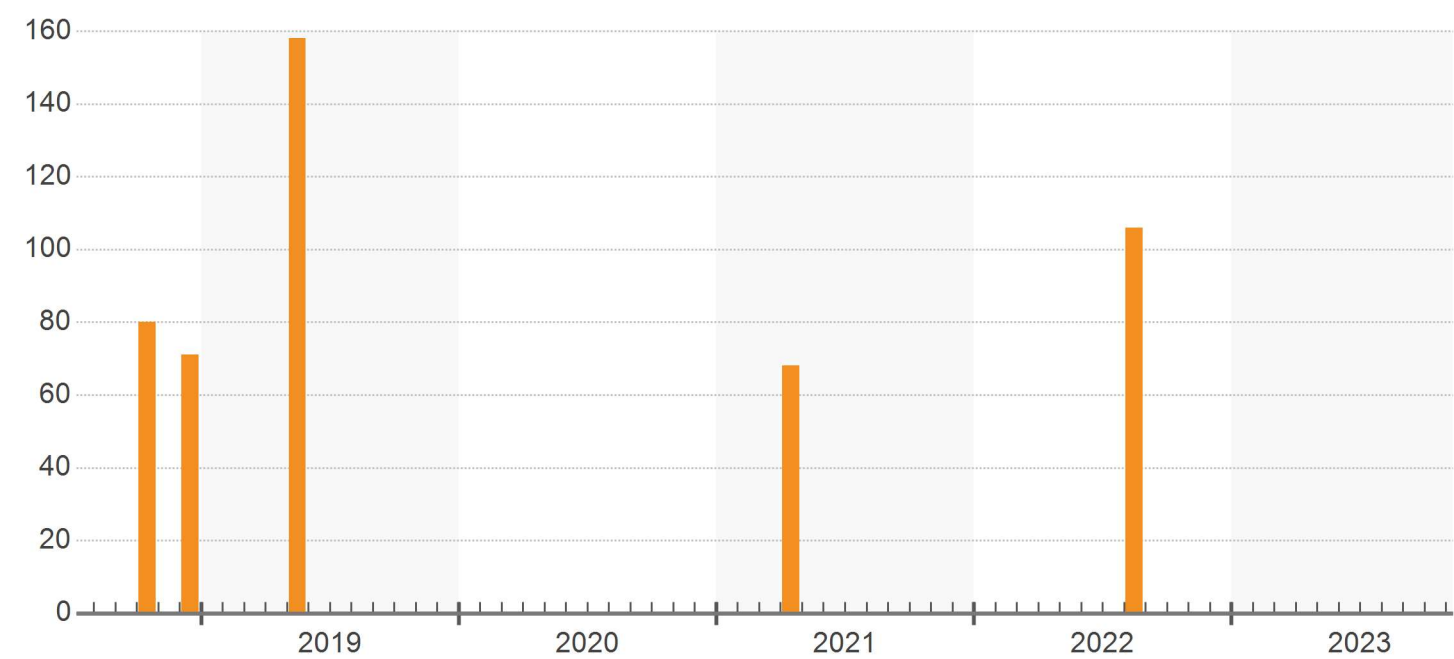
Construction

Minnesota South Area Hospitality

DELIVERIES & DEMOLITIONS



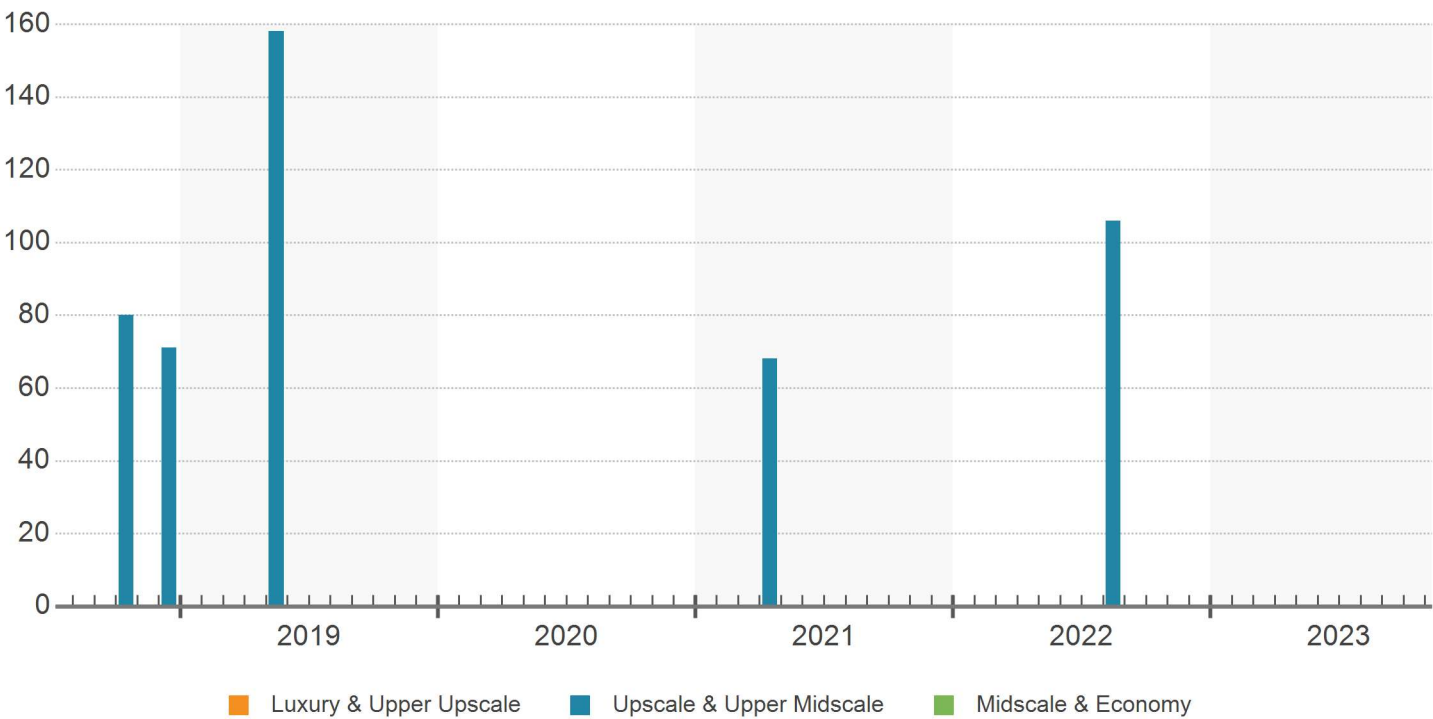
ROOMS DELIVERED



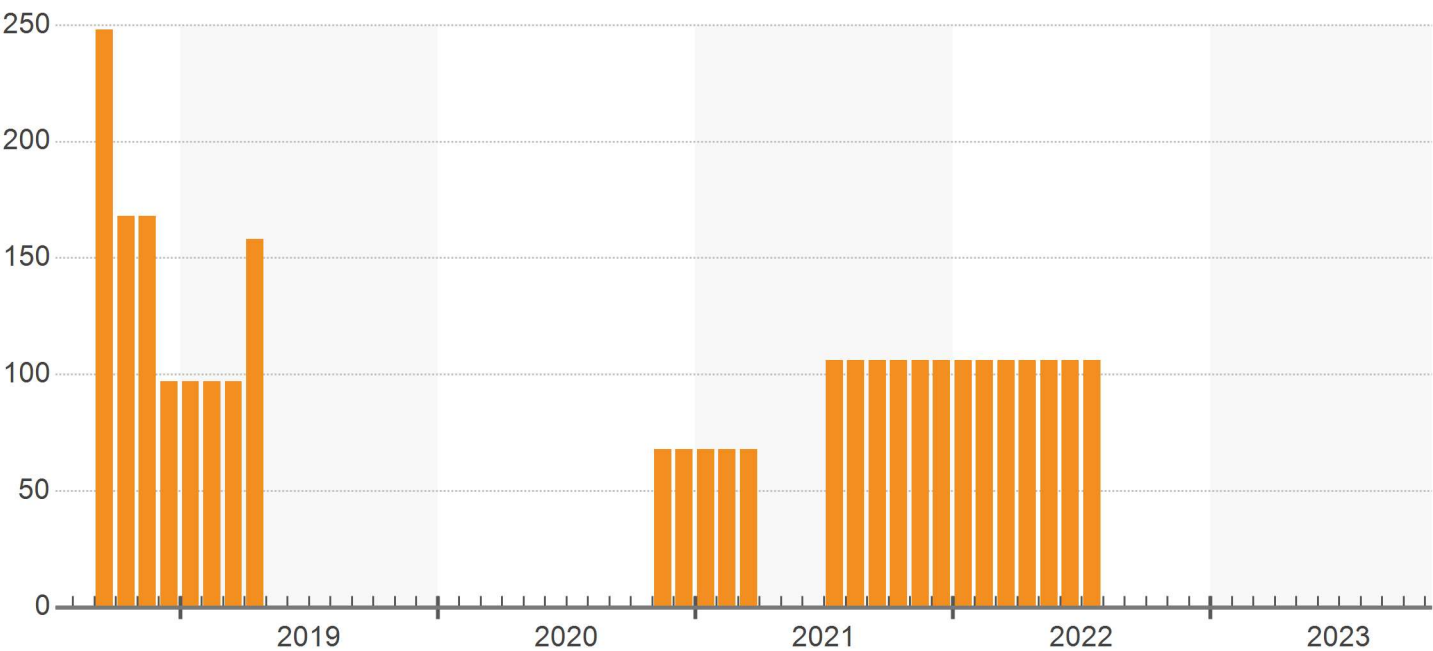
Construction

Minnesota South Area Hospitality

ROOMS DELIVERED BY CLASS



ROOMS UNDER CONSTRUCTION

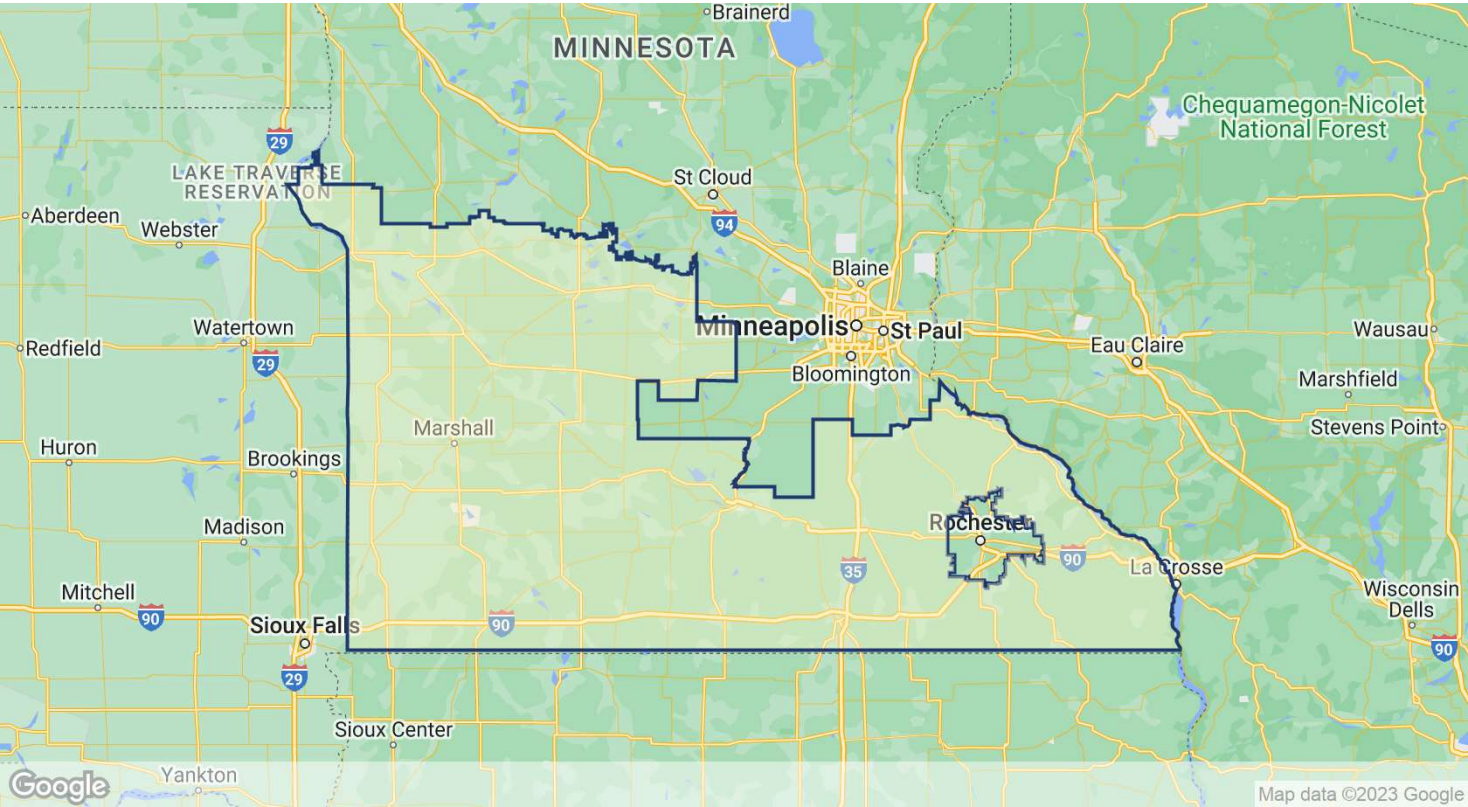


Under Construction Properties

Minnesota South Area Hospitality

Properties	Rooms	Percent of Inventory	Average Rooms
0	0	-	-

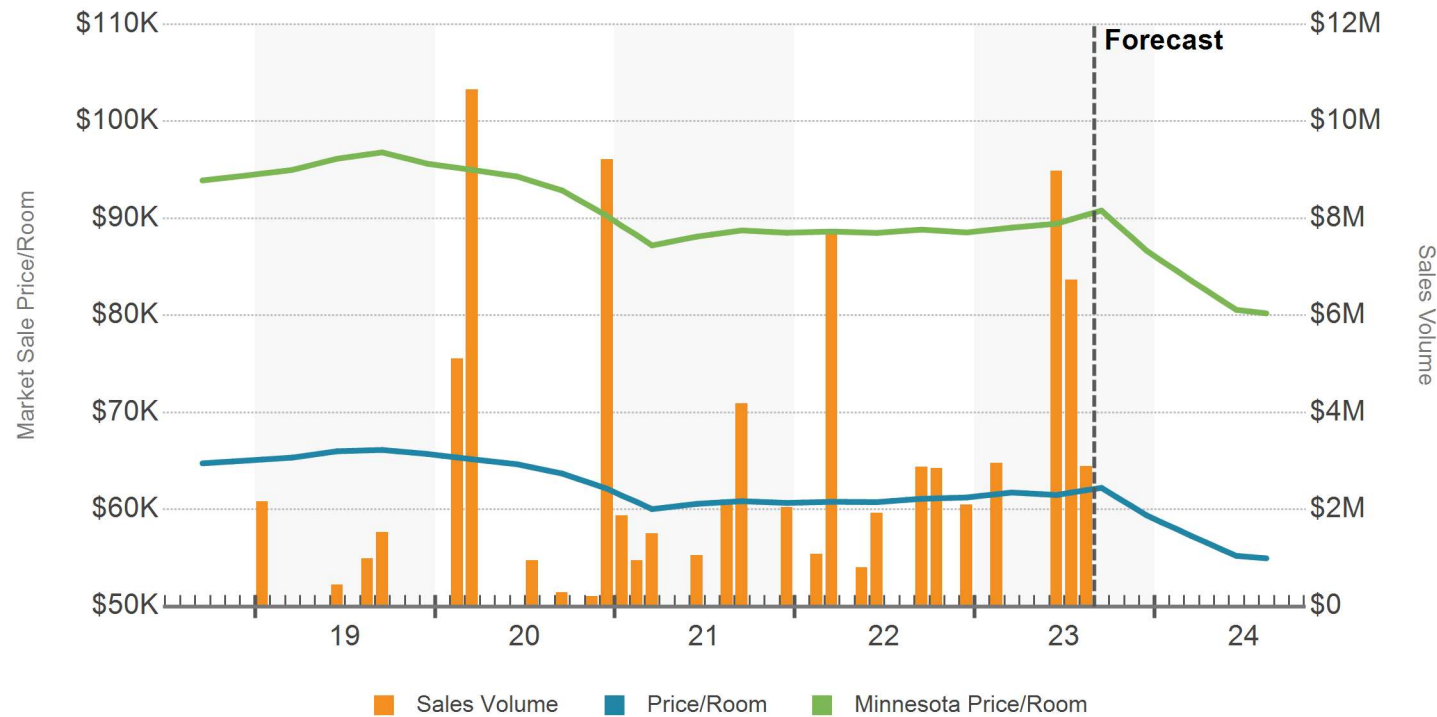
UNDER CONSTRUCTION PROPERTIES



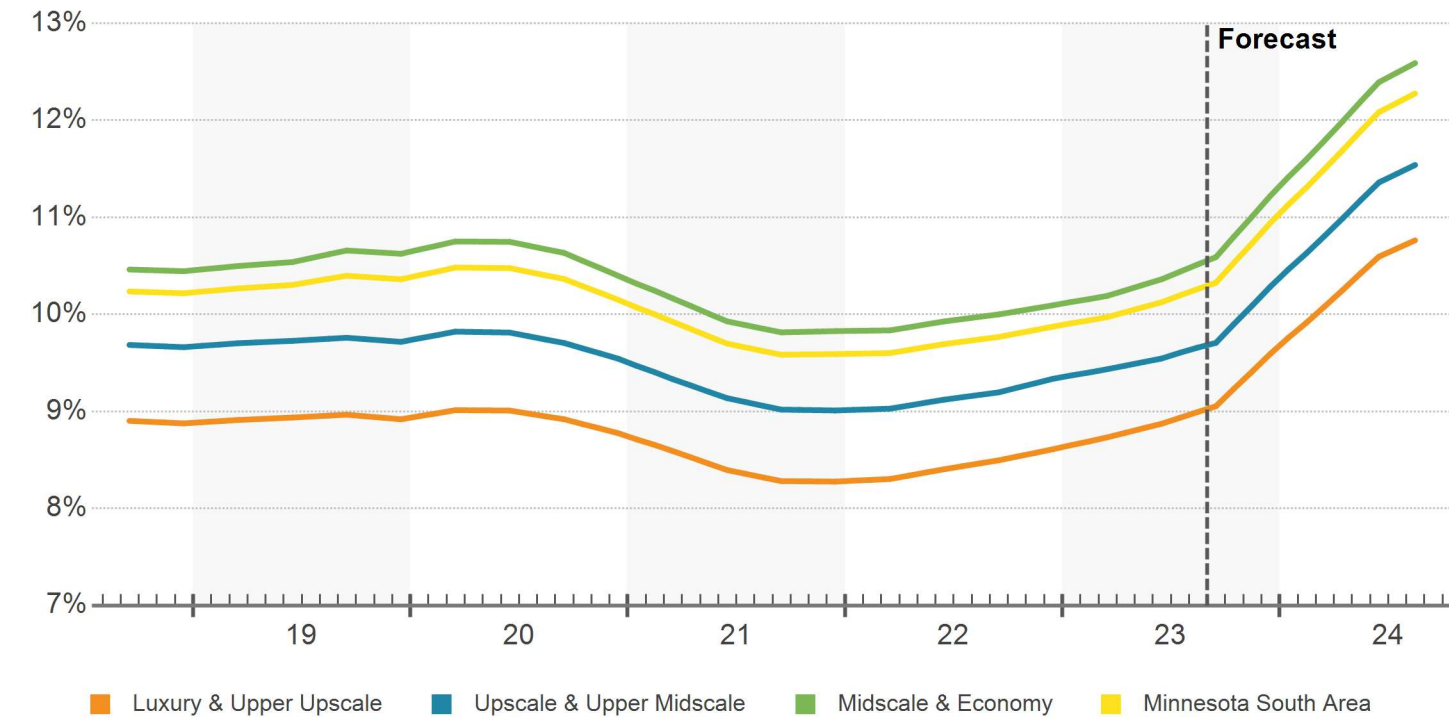
Sales

Minnesota South Area Hospitality

SALES VOLUME & MARKET SALE PRICE PER ROOM



MARKET CAP RATE



Sales Past 12 Months

Minnesota South Area Hospitality

Sale Comparables

Average Price/Room

Average Price

Average Cap Rate

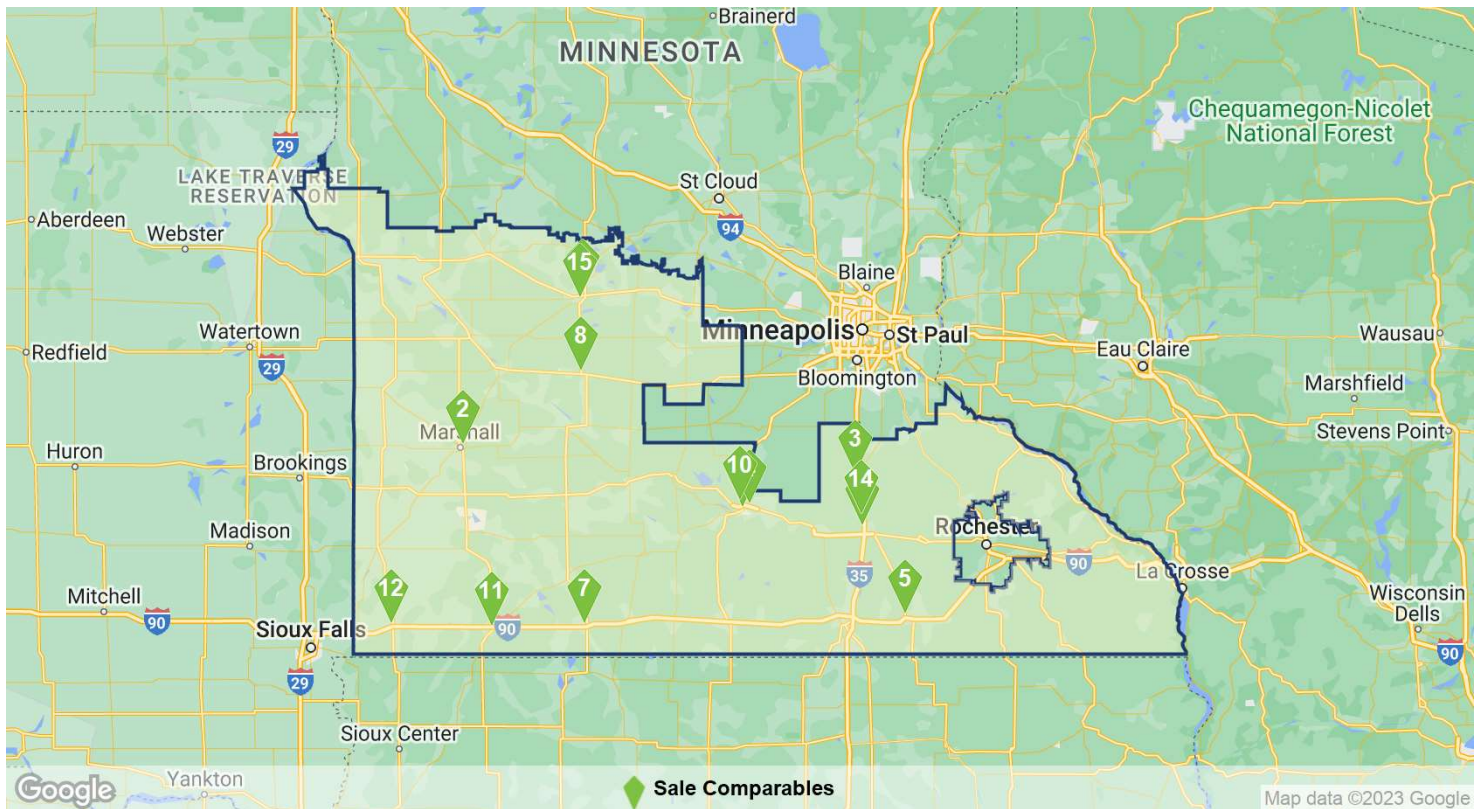
15

\$40K

\$2.3M

10.3%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sale Attributes	Low	Average	Median	High
Sale Price	\$305,000	\$2,267,500	\$2,100,000	\$5,400,000
Price/Room	\$8,472	\$39,781	\$41,935	\$65,500
Cap Rate	10.3%	10.3%	10.3%	10.3%
Time Since Sale in Months	0.5	4.8	3.1	11.7
Property Attributes	Low	Average	Median	High
Property Size in Rooms	23	56	52	151
Number of Floors	2	2	2	4
Total Meeting Space	360	2,500	2,500	10,000
Year Built	1963	1989	1990	2005
Class	Economy	Midscale	Economy	Upper Midscale



Sales Past 12 Months

Minnesota South Area Hospitality

RECENT SIGNIFICANT SALES

	Property Name/Address	Property Information				Sale Information		
		Class	Yr Built	Rooms	Brand	Sale Date	Price	Price/Room
1	Mankato City Center Hotel 101 E Main St	Midscale	1979	151	-	6/30/2023	\$5,400,000	\$35,762
2	Quality Inn Marshall 1511 E College Dr	Midscale	1990	50	Quality Inn	6/15/2023	\$3,275,000	\$65,500
3	Boarders Inn & Suites Fairbault 1801 Lavender Dr	Upper Midscale	1994	62	Boarders Inn & Suites	8/9/2023	\$2,885,000	\$46,532
4	Microtel Inn & Suites by Wyndham... 200 Saint Andrews Dr	Economy	2005	59	Microtel Inn & Suites by Wyndham	10/5/2022	\$2,850,000	\$48,305
5	AmericInn Lodge & Suites Austin 1700 NW 8th St	Midscale	1999	53	AmericInn	7/27/2023	\$2,825,000	\$53,302
6	Quality Inn Owatonna 150 Saint John Dr	Midscale	2000	62	Quality Inn	7/21/2023	\$2,600,000	\$41,935
7	AmericInn Lodge & Suites Jackson 110 Belmont Ln	Midscale	2005	52	AmericInn	12/14/2022	\$2,100,000	\$40,385
8	The Sheep Shedde Inn 2425 W Lincoln Ave	Economy	1976	33	-	2/22/2023	\$1,650,000	\$50,000
9	AmericInn Willmar 2404 E Highway 12	Midscale	1989	30	AmericInn	7/21/2023	\$1,300,000	\$43,333
10	Super 8 Mankato 51578 US Highway 169	Economy	1976	60	Super 8	2/23/2023	\$1,300,000	\$21,667
11	Sunset Inn 1923 Dover St	Economy	1963	36	-	9/30/2022	\$720,000	\$20,000
12	Super 8 Luverne 1202 S Kniss Ave	Economy	1979	36	Super 8	6/19/2023	\$305,000	\$8,472
13	Motel 6 Owatonna - Near Medical... 2365 NW 43rd St	Economy	1999	107	Motel 6	9/6/2023	-	-
14	Studio 6 Owatonna - Near Medical... 2365 NW 43rd St NW	Economy	1999	23	Studio 6	9/6/2023	-	-
15	Cozy Inn 1501 19th Ave SE	Economy	1990	32	-	12/19/2022	-	-



Appendix

Minnesota South Area Hospitality

OVERALL SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2027	3,761,323	0	0%	2,001,326	4,256	0.2%
2026	3,761,323	0	0%	1,997,070	(354)	0%
2025	3,761,323	0	0%	1,997,424	(14,470)	-0.7%
2024	3,761,323	(20,696)	-0.5%	2,011,894	49,289	2.5%
2023	3,782,019	(18,308)	-0.5%	1,962,605	(32,081)	-1.6%
YTD	2,526,707	4,384	0.2%	1,312,588	(14,353)	-1.1%
2022	3,800,327	(1,625)	0%	1,994,686	75,749	3.9%
2021	3,801,952	2,374	0.1%	1,918,937	442,648	30.0%
2020	3,799,578	(20,959)	-0.5%	1,476,288	(539,828)	-26.8%
2019	3,820,537	112,055	3.0%	2,016,116	47,409	2.4%
2018	3,708,482	56,546	1.5%	1,968,707	31,734	1.6%
2017	3,651,936	16,004	0.4%	1,936,974	11,264	0.6%
2016	3,635,932	(16,093)	-0.4%	1,925,710	(78,639)	-3.9%
2015	3,652,025	(31,063)	-0.8%	2,004,349	19,377	1.0%
2014	3,683,088	16,392	0.4%	1,984,972	52,718	2.7%
2013	3,666,696	5,713	0.2%	1,932,254	46,700	2.5%

LUXURY & UPPER UPSCALE SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2027	-	-	-			
2026	-	-	-			
2025	-	-	-			
2024	-	-	-			
2023	-	-	-			
YTD	-	-	-			
2022	-	-	-			
2021	-	-	-			
2020	-	-	-			
2019	-	-	-			
2018	-	-	-			
2017	-	-	-			
2016	-	-	-			
2015	-	-	-			
2014	-	-	-			
2013	-	-	-			



Appendix

Minnesota South Area Hospitality

UPSCALE & UPPER MIDSACLE SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2027	1,091,947	0	0%	635,330	(1,961)	-0.3%
2026	1,091,947	0	0%	637,291	(5,495)	-0.9%
2025	1,091,947	0	0%	642,786	(10,050)	-1.5%
2024	1,091,947	962	0.1%	652,836	4,923	0.8%
2023	1,090,985	22,472	2.1%	647,913	(8,827)	-1.3%
YTD	726,327	22,472	3.2%	438,183	2,085	0.5%
2022	1,068,513	22,338	2.1%	656,740	74,883	12.9%
2021	1,046,175	29,753	2.9%	581,857	178,037	44.1%
2020	1,016,422	28,282	2.9%	403,820	(188,556)	-31.8%
2019	988,140	117,724	13.5%	592,376	54,729	10.2%
2018	870,416	48,385	5.9%	537,647	16,442	3.2%
2017	822,031	13,468	1.7%	521,205	16,412	3.3%
2016	808,563	(1,272)	-0.2%	504,793	(7,921)	-1.5%
2015	809,835	(5,987)	-0.7%	512,714	30,054	6.2%
2014	815,822	19,704	2.5%	482,660	24,367	5.3%
2013	796,118	57,116	7.7%	458,293	20,230	4.6%

MIDSCALE & ECONOMY SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2027	2,642,757	0	0%	1,349,045	6,160	0.5%
2026	2,642,757	0	0%	1,342,885	5,033	0.4%
2025	2,642,757	0	0%	1,337,852	(4,270)	-0.3%
2024	2,642,757	(21,680)	-0.8%	1,342,122	43,549	3.4%
2023	2,664,437	(40,780)	-1.5%	1,298,572	(22,527)	-1.7%
YTD	1,782,377	(18,088)	-1.0%	863,852	(15,886)	-1.8%
2022	2,705,217	(23,963)	-0.9%	1,321,099	(2,081)	-0.2%
2021	2,729,180	(33,543)	-1.2%	1,323,180	258,345	24.3%
2020	2,762,723	(43,077)	-1.5%	1,064,834	(340,631)	-24.2%
2019	2,805,800	(5,669)	-0.2%	1,405,466	(7,066)	-0.5%
2018	2,811,469	8,161	0.3%	1,412,532	14,583	1.0%
2017	2,803,308	1,630	0.1%	1,397,949	(5,909)	-0.4%
2016	2,801,678	(16,105)	-0.6%	1,403,858	(71,208)	-4.8%
2015	2,817,783	(25,076)	-0.9%	1,475,066	(11,614)	-0.8%
2014	2,842,859	(4,902)	-0.2%	1,486,680	27,829	1.9%
2013	2,847,761	(49,813)	-1.7%	1,458,851	26,940	1.9%



Appendix

Minnesota South Area Hospitality

OVERALL PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027	53.2%	0.2%	\$123.11	4.2%	\$65.50	4.4%
2026	53.1%	0%	\$118.17	3.9%	\$62.74	3.9%
2025	53.1%	-0.7%	\$113.73	2.1%	\$60.40	1.4%
2024	53.5%	3.1%	\$111.39	2.2%	\$59.58	5.3%
2023	51.9%	-1.1%	\$109	5.6%	\$56.56	4.4%
YTD	51.9%	-1.3%	\$108.51	6.1%	\$56.37	4.8%
2022	52.5%	4.0%	\$103.18	11.6%	\$54.16	16.0%
2021	50.5%	29.9%	\$92.49	11.9%	\$46.68	45.4%
2020	38.9%	-26.4%	\$82.64	-10.0%	\$32.11	-33.7%
2019	52.8%	-0.6%	\$91.78	1.4%	\$48.43	0.8%
2018	53.1%	0.1%	\$90.49	0.4%	\$48.04	0.5%
2017	53.0%	0.1%	\$90.14	2.8%	\$47.81	3.0%
2016	53.0%	-3.5%	\$87.65	4.3%	\$46.42	0.7%
2015	54.9%	1.8%	\$84.03	5.1%	\$46.12	7.1%
2014	53.9%	2.3%	\$79.93	3.2%	\$43.08	5.5%
2013	52.7%	2.3%	\$77.49	3.1%	\$40.83	5.5%

LUXURY & UPPER UPSCALE PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027						
2026						
2025						
2024						
2023						
YTD	-		-		-	
2022						
2021						
2020						
2019						
2018						
2017						
2016						
2015						
2014						
2013						



Appendix

Minnesota South Area Hospitality

UPSCALE & UPPER MIDSACLE PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027	58.2%	-0.3%	\$148.01	3.8%	\$86.12	3.5%
2026	58.4%	-0.9%	\$142.53	3.4%	\$83.18	2.5%
2025	58.9%	-1.5%	\$137.85	2.0%	\$81.14	0.4%
2024	59.8%	0.7%	\$135.15	1.8%	\$80.80	2.5%
2023	59.4%	-3.4%	\$132.72	5.8%	\$78.82	2.3%
YTD	60.3%	-2.6%	\$132.23	6.8%	\$79.77	4.0%
2022	61.5%	10.5%	\$125.41	11.9%	\$77.08	23.7%
2021	55.6%	40.0%	\$112.03	8.6%	\$62.31	52.0%
2020	39.7%	-33.7%	\$103.20	-9.8%	\$41	-40.2%
2019	59.9%	-2.9%	\$114.42	0.2%	\$68.59	-2.8%
2018	61.8%	-2.6%	\$114.21	1.8%	\$70.55	-0.8%
2017	63.4%	1.6%	\$112.17	2.0%	\$71.12	3.6%
2016	62.4%	-1.4%	\$109.97	3.3%	\$68.66	1.8%
2015	63.3%	7.0%	\$106.48	4.0%	\$67.42	11.3%
2014	59.2%	2.8%	\$102.35	3.7%	\$60.55	6.6%
2013	57.6%	-2.9%	\$98.65	3.8%	\$56.79	0.8%

MIDSCALE & ECONOMY PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027	51.0%	0.5%	\$110.26	4.5%	\$56.28	5.0%
2026	50.8%	0.4%	\$105.51	4.4%	\$53.61	4.8%
2025	50.6%	-0.3%	\$101.06	2.4%	\$51.16	2.1%
2024	50.8%	4.2%	\$98.72	2.8%	\$50.13	7.1%
2023	48.7%	-0.2%	\$96.07	5.6%	\$46.82	5.4%
YTD	48.5%	-0.8%	\$95.42	5.5%	\$46.25	4.7%
2022	48.8%	0.7%	\$91	9.8%	\$44.44	10.6%
2021	48.5%	25.8%	\$82.88	11.7%	\$40.18	40.5%
2020	38.5%	-23.1%	\$74.20	-8.9%	\$28.60	-29.9%
2019	50.1%	-0.3%	\$81.45	1.1%	\$40.80	0.8%
2018	50.2%	0.7%	\$80.60	-0.2%	\$40.49	0.5%
2017	49.9%	-0.5%	\$80.77	2.8%	\$40.28	2.3%
2016	50.1%	-4.3%	\$78.55	4.2%	\$39.36	-0.2%
2015	52.3%	0.1%	\$75.35	4.5%	\$39.45	4.6%
2014	52.3%	2.1%	\$72.10	2.6%	\$37.71	4.7%
2013	51.2%	3.7%	\$70.30	2.5%	\$36.01	6.3%



Appendix

Minnesota South Area Hospitality

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$69,023	205	11.5%
2026	-	-	-	-	-	-	\$64,567	192	11.8%
2025	-	-	-	-	-	-	\$58,680	175	12.3%
2024	-	-	-	-	-	-	\$55,502	165	12.4%
2023	-	-	-	-	-	-	\$59,403	177	10.9%
YTD	9	\$21.5M	5.2%	\$2,393,333	\$40,112	-	\$62,527	186	10.2%
2022	12	\$19.4M	5.0%	\$1,617,038	\$36,891	10.3%	\$61,237	182	9.9%
2021	12	\$13.8M	5.4%	\$1,150,417	\$24,608	12.4%	\$60,673	181	9.6%
2020	12	\$26.4M	7.2%	\$2,202,421	\$35,428	9.3%	\$62,140	185	10.1%
2019	6	\$5.1M	2.4%	\$854,834	\$20,193	-	\$65,724	196	10.4%
2018	3	\$2.9M	0.6%	\$956,667	\$47,049	4.8%	\$65,044	194	10.2%
2017	3	\$11.1M	2.6%	\$3,691,667	\$42,926	11.1%	\$62,981	187	10.2%
2016	10	\$16.5M	5.5%	\$1,646,500	\$29,774	10.5%	\$61,097	182	10.1%
2015	4	\$6.3M	1.7%	\$1,586,500	\$36,895	11.9%	\$60,588	180	9.7%
2014	7	\$6M	3.9%	\$854,143	\$15,098	13.4%	\$57,729	172	9.4%
2013	2	\$1.2M	1.1%	\$612,500	\$11,239	-	\$53,600	160	9.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

LUXURY & UPPER UPSCALE SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$284,756	198	10.0%
2026	-	-	-	-	-	-	\$266,370	185	10.3%
2025	-	-	-	-	-	-	\$242,084	168	10.8%
2024	-	-	-	-	-	-	\$228,976	159	10.9%
2023	-	-	-	-	-	-	\$245,067	170	9.6%
YTD	-	-	-	-	-	-	\$257,956	179	9.0%
2022	-	-	-	-	-	-	\$255,743	177	8.6%
2021	-	-	-	-	-	-	\$258,167	179	8.3%
2020	1	\$1.1M	17.3%	\$1,100,000	\$78,571	-	\$263,685	183	8.8%
2019	-	-	-	-	-	-	\$281,334	195	8.9%
2018	-	-	-	-	-	-	\$276,252	192	8.9%
2017	-	-	-	-	-	-	\$273,278	190	8.8%
2016	-	-	-	-	-	-	\$267,069	185	8.6%
2015	-	-	-	-	-	-	\$264,485	183	8.3%
2014	-	-	-	-	-	-	\$253,892	176	8.1%
2013	-	-	-	-	-	-	\$234,852	163	8.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



Appendix

Minnesota South Area Hospitality

UPSCALE & UPPER MIDSACLE SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$113,321	213	10.8%
2026	-	-	-	-	-	-	\$106,004	200	11.1%
2025	-	-	-	-	-	-	\$96,339	181	11.6%
2024	-	-	-	-	-	-	\$91,122	172	11.7%
2023	-	-	-	-	-	-	\$97,526	184	10.3%
YTD	1	\$2.9M	2.1%	\$2,885,000	\$46,532	-	\$102,655	193	9.6%
2022	1	\$800.3K	0.7%	\$800,250	\$38,107	-	\$99,553	187	9.3%
2021	-	-	-	-	-	-	\$99,538	187	9.0%
2020	1	\$9.5M	3.1%	\$9,500,100	\$107,956	9.3%	\$101,960	192	9.5%
2019	-	-	-	-	-	-	\$108,072	203	9.7%
2018	-	-	-	-	-	-	\$105,860	199	9.7%
2017	1	\$8.7M	5.1%	\$8,700,000	\$73,729	10.6%	\$102,380	193	9.6%
2016	1	\$5.1M	3.5%	\$5,100,000	\$66,234	-	\$98,593	186	9.6%
2015	2	\$1.7M	2.7%	\$850,000	\$28,814	-	\$98,234	185	9.1%
2014	-	-	-	-	-	-	\$93,012	175	9.0%
2013	-	-	-	-	-	-	\$86,022	162	9.0%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

MIDSCALE & ECONOMY SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$49,030	196	11.8%
2026	-	-	-	-	-	-	\$45,864	183	12.1%
2025	-	-	-	-	-	-	\$41,683	167	12.6%
2024	-	-	-	-	-	-	\$39,425	158	12.7%
2023	-	-	-	-	-	-	\$42,196	169	11.2%
YTD	8	\$18.7M	6.5%	\$2,331,875	\$39,274	-	\$44,415	177	10.5%
2022	11	\$18.6M	6.8%	\$1,691,292	\$36,840	10.3%	\$44,640	178	10.1%
2021	12	\$13.8M	7.5%	\$1,150,417	\$24,608	12.4%	\$43,836	175	9.8%
2020	10	\$15.8M	8.6%	\$1,582,895	\$24,579	-	\$44,896	179	10.4%
2019	6	\$5.1M	3.3%	\$854,834	\$20,193	-	\$47,374	189	10.6%
2018	3	\$2.9M	0.8%	\$956,667	\$47,049	4.8%	\$47,328	189	10.4%
2017	2	\$2.4M	1.8%	\$1,187,500	\$16,964	11.5%	\$45,822	183	10.4%
2016	9	\$11.4M	6.2%	\$1,262,778	\$23,876	10.5%	\$44,713	179	10.3%
2015	2	\$4.6M	1.5%	\$2,323,000	\$41,115	11.9%	\$44,164	176	9.9%
2014	7	\$6M	5.1%	\$854,143	\$15,098	13.4%	\$42,291	169	9.6%
2013	2	\$1.2M	1.4%	\$612,500	\$11,239	-	\$39,405	157	9.7%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



Appendix

Minnesota South Area Hospitality

DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Rooms	% Change	Bldgs	Rooms	Bldgs	Rooms	Bldgs	Rooms
YTD	195	10,353	-1.3%	0	0	0	0	0	0
2022	197	10,486	0.5%	1	106	0	104	-	-
2021	197	10,438	0.3%	1	68	(1)	7	1	106
2020	197	10,403	-1.3%	-	-	-	-	1	68
2019	199	10,541	1.9%	2	158	1	141	-	-
2018	197	10,348	2.6%	4	258	3	216	1	97
2017	191	10,085	0.8%	4	233	3	188	2	140
2016	189	10,006	-0.2%	-	-	-	-	3	187
2015	190	10,025	-0.6%	-	-	-	-	-	-
2014	192	10,081	-0.4%	3	134	(2)	6	-	-
2013	194	10,119	-0.4%	2	126	(1)	(25)	2	80



Economic Impact Summary

In this section of the report, Core Distinction Group has compiled a summary of what the potential direct and indirect economic impact could be for the proposed hotel development. This projection offers revenue and job creation information based on this hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected.

 **Direct Economic Impact**

 **Indirect Economic Impact**



Direct Economic Impact

When considering the potential Direct Economic Impact of a new hotel in the community, you look at the direct tax revenue the community is gaining from the project. This takes into consideration Lodging/Bed Taxes when applicable, Sales Taxes and Real Estate Taxes. Below you will find the estimated tax revenue of this project broken down in each category:

Sales Tax Revenue Per Year	
Year	Sales Tax
Ramp Up Year	\$116,530
Year One	\$136,069
Year Two	\$144,224
Year Three	\$152,872
Year Four	\$162,042
Year Five	\$168,494

Based on the minimum combined 2023 sales tax rate for Waseca, Minnesota is 7.375% This is the total of state, county and town sales tax rates. State of Minnesota 6.875%, Waseca County .5%, and city of Waseca 0%.

Lodging/Bed Tax Revenue Per Year	
Year	Lodging/Bed Tax
Ramp Up Year	\$47,402
Year One	\$55,350
Year Two	\$58,667
Year Three	\$62,185
Year Four	\$65,916
Year Five	\$68,540

Based on a current minimum 3% Transient Lodging Tax in the state of Minnesota.

Real Estate Tax Revenue Per Year (Based on Estimates)	
Year	Real Estate Tax
Ramp Up Year	\$247,231
Year One	\$247,231
Year Two	\$247,231
Year Three	\$247,231
Year Four	\$247,231
Year Five	\$247,231

This information does not account for the collateral economic impact as well. There are many collateral economic impacts that can be accounted for. Additional revenue (and usage) from your sewer, water, trash disposal, utilities and so on all noted in the Pro Forma. The construction period can also promote additional economic growth. All of these add up and vary.



Indirect Economic Impact Estimates

When considering the potential Indirect Economic Impact of a new hotel in the community, you look at the spending of the guest within the community. For the purpose of this summary, we have identified the potential spending on food/dining. This does not take into consideration any taxes increased by said purchases. Below you will find the average rooms sold each year for the potential hotel project:

Rooms Sold Per Year Average		
Year	Occupancy	Rooms Sold
Ramp Up Year	58.5%	11,524
Year One	65.0%	12,804
Year Two	66.9%	13,188
Year Three	68.9%	13,584
Year Four	71.0%	13,991
Year Five	72.4%	14,271

Taking this into consideration, the estimates of rooms sold each day can be found below:

Average Rooms Per Night Sold	
Ramp Up Year	32
Year One	35
Year Two	36
Year Three	37
Year Four	38
Year Five	39



Indirect Economic Impact Estimates (continued)

The average cost of food in the United States of America is \$45 per day. Based on the spending habits of previous travelers, when dining out an average meal in the United States of America should cost around \$18 per person. Breakfast prices are usually a little cheaper than lunch or dinner. The price of food in sit-down restaurants in the United States of America is often higher than fast food prices or street food prices. The total estimated indirect food revenue in your community is estimated* to be around:

Average Indirect Food Revenue Per Day	
Ramp Up Year	\$1,421
Year One	\$1,579
Year Two	\$1,626
Year Three	\$1,675
Year Four	\$1,725
Year Five	\$1,759

Average Indirect Food Revenue Per Year	
Ramp Up Year	\$518,565
Year One	\$576,183
Year Two	\$593,469
Year Three	\$611,273
Year Four	\$629,611
Year Five	\$642,203

** Based on the assumption of one person per room night sold.*

Based on this information, it can be assumed this additional revenue will also create indirect food service jobs. When considering the additional food revenue into your community, industry standards states that around 30% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Food Service Jobs Needed	
Ramp Up Year	8.4
Year One	9.3
Year Two	9.6
Year Three	9.9
Year Four	10.2
Year Five	10.4

** Based on 32 hours a week and the median average base hourly rate of Food Service Workers of \$11.12 per hour, at the time of this report according to www.payscale.com.*



Indirect Economic Impact Estimates (continued)

Entertainment and activities in the United States of America typically cost an average of \$45 per person, per day. This includes fees paid for admission tickets to museums and attractions, day tours, and other sightseeing expense.

Average Indirect Entertainment/Activities Revenue Per Day	
Ramp Up Year	\$1,421
Year One	\$1,579
Year Two	\$1,626
Year Three	\$1,675
Year Four	\$1,725
Year Five	\$1,759

Average Indirect Entertainment/Activities Revenue Per Year	
Ramp Up Year	\$518,565
Year One	\$576,183
Year Two	\$593,469
Year Three	\$611,273
Year Four	\$629,611
Year Five	\$642,203

** Based on the assumption of one person per room night sold.*

Based on this information, it can be assumed this additional revenue will also create indirect tour guide or tourism industry jobs. When considering the additional food revenue into your community, industry standards states that around 25% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Entertainment/Activities Jobs Needed	
Ramp Up Year	5.2
Year One	5.8
Year Two	5.9
Year Three	6.1
Year Four	6.3
Year Five	6.4

** Based on 32 hours a week and the median average base hourly rate of Tour Guide of \$15 per hour, at the time of this report according to www.salary.com.*



Indirect Economic Impact Estimates (continued)

The average person spends about \$21 on alcoholic beverages in the United States of America per day.

Average Indirect Alcoholic Beverages Revenue Per Day	
Ramp Up Year	\$663
Year One	\$737
Year Two	\$759
Year Three	\$782
Year Four	\$805
Year Five	\$821

Average Indirect Alcoholic Beverages Revenue Per Year	
Ramp Up Year	\$241,997
Year One	\$268,885
Year Two	\$276,952
Year Three	\$285,261
Year Four	\$293,818
Year Five	\$299,695

** Based on the assumption of one person per room night sold.*

Based on this information, it can be assumed this additional revenue will also create indirect bartender jobs. When considering the additional alcoholic beverage revenue into your community, industry standards states that around 30% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Bartender Jobs Needed	
Ramp Up Year	4.0
Year One	4.4
Year Two	4.5
Year Three	4.7
Year Four	4.8
Year Five	4.9

** Based on 32 hours a week and the median average base hourly rate of a bartender of \$11 per hour, at the time of this report according to www.salary.com.*



Indirect Economic Impact Estimates (continued)

The average price for Tips and Handouts in the United States of America is \$12 per day. The usual amount for a tip in the United States of America is 10% - 20%.

Average Indirect Tips/Handouts Revenue Per Day	
Ramp Up Year	\$379
Year One	\$421
Year Two	\$434
Year Three	\$447
Year Four	\$460
Year Five	\$469

Average Indirect Tips/Handouts Revenue Per Year	
Ramp Up Year	\$138,284
Year One	\$153,649
Year Two	\$158,258
Year Three	\$163,006
Year Four	\$167,896
Year Five	\$171,254

** Based on the assumption of one person per room night sold.*

Based on this additional revenue being paid, the increase in both food, beverage, and entertainment/activity, service worker's hourly wage would increase substantially in the market.

Source: BudgetYourTravel.com



Conclusion

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group LLC offers an overview and overall description of the conclusion and recommendations found through its research and analysis. This section will contain:

-  **Current Hotel Segment Recommendations for Market Studied**
-  **Current Hotel Size Recommendations for Market Studied**
-  **Recommended Sleeping Room Configuration for Market Studied**
-  **Current Economic Impact of Hotel for Market Studied**

Conclusion and Recommendations

Property segment recommended for the potential development of a hotel is an Upper Midscale hotel. This type of hotel would allow the property to be positioned properly at the subject site. It is anticipated that a new hotel would capture displaced Lodging Demand currently staying in markets surrounding Waseca, MN. Additionally, the newness of the hotel should be well received in the marketplace. It's location will be ideal to serve Waseca and regional markets. This type of hotel would also be capable of adjusting rates to best fit the demand in the market and the seasonality of the area.

Property size recommendation of a newly developed hotel was researched to be between 45-55 guestrooms in this report. This would position it to be smaller in size to the average room size of 62-65 noted by the competitive set in the overall regional market surveyed. The size would assist the property in achieving the Occupancy projections listed in this report. It is not advisable to over-build in this market at this time. Expansion of the hotel in future years could be considered as the market's Lodging Demand grows. Adjusting the room count will modify Performance.

The recommended Sleeping Room Configuration should be compatible with the overall Market Segmentation of the area. The property should offer a comparable selection of guestrooms with both single occupancy king bedded rooms to double occupancy double queen bedded guestrooms.

Economic Impact Potential: There are multiple economic impacts of building and developing a new hotel in a community. Some direct impact drivers include projected hotel revenue including all room revenues, meeting room revenue, as well as vending/bar revenue. On average, this size property will create 8-12 full time jobs. Part-time employment varies by hotel need and hiring practices. Additional economic development will include taxes, which include all sales taxes collected on hotel revenue, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. Local governments will also collect new property taxes from the operation of the hotel. Indirect impact includes all jobs and income generated by businesses that supply goods and services to the hotel. A few examples of businesses that will indirectly benefit from the development of a hotel include suppliers of room related goods (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), utility companies, food and beverage suppliers, and other hotel related vendors.



Understanding Terms

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group, LLC has taken the time to offer detailed definitions of words and terms highlighted throughout this report. This section contains the information to help readers navigate industry terms.



Understanding Terms:

Below you will find definitions of industry terms used throughout this report to help the reader gain an understanding of certain phrases and indicators:

Average Daily Rate (ADR)

A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold. $ADR = \text{Room Revenue} / \text{Rooms Sold}$

Chain Scale

Chain Scale segments are grouped primarily according to actual average room rates. An independent hotel, regardless of average room rate, is included as a separate Chain Scale category. The Chain Scale segments are: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy and Independent.

Competitive Set (Comp Set)

A peer group of hotels that competes for business and is selected to benchmark the subject property's performance.

Date-To-Date Comparison

Comparison of daily performance by actual calendar date (1st of January this year vs. 1st of January last year).

Day-To-Day Comparison

Comparison of daily performance by day of week (Monday this year vs. Monday last year).

Demand

The number of rooms sold in a specified time period (excludes complimentary rooms).

Group Rooms

Typically defined as 10 or more rooms per night sold, pursuant to a signed agreement. Refer to Data Reporting Guidelines for more specific application.



Understanding Terms (Continued):

Index

Measures a hotel's performance relative to an aggregated grouping of hotels (i.e., competitive set, market or submarket). We utilize indexes to measure performance in three key areas: Occupancy, ADR and RevPAR. An index of 100 means a hotel is capturing a fair share compared to the aggregated group of hotels. An index greater than 100 represents more than a fair share of the aggregated group's performance. Conversely, an index below 100 reflects less than a fair share of the aggregated group's performance.

Occupancy (OCC)

Percentage of available rooms sold during a specified time period.

Occupancy is calculated by dividing the number of rooms sold by rooms available. $\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available}$

Revenue Per Available Room (RevPAR)

Total room revenue divided by the total number of available rooms. $\text{Room Revenue} / \text{Rooms Available} = \text{RevPAR}$

Total Revenue

Revenue from all hotel operations - including rooms, Food and Beverage, other revenue departments (i.e., spa, golf, parking) and miscellaneous revenue (i.e., rentals, leases, resort fees and cancellation fees).

Year to Date

Period starting at the beginning of the current year and ending on the current date.



Understanding Terms (Continued):

Hotel Types - Hotel classifications are driven primarily by building structure and, secondarily, by service level. Hotel types include:



All-Inclusive: Property with rooms sold only as a complete package, bundling overnight accommodations and value-added amenities and services (i.e., food, beverage, activities and gratuities, etc.)



All-Suite: Property with guestroom inventory that exclusively consists of rooms offering more space and furniture than a typical hotel room, including a designated living area or multiple rooms.



B&B/Inn: Independently owned and operated properties that typically include breakfast in the room rates, 20 rooms or fewer and a resident/owner innkeeper.



Boutique: Hotel that appeals to guests because of its atypical amenity and room configurations. Boutiques are normally independent (with fewer than 200 rooms), have a high average rate and offer high levels of service. Boutique hotels often provide authentic cultural, historic experiences and interesting guest services.



Condo: Individually and wholly-owned condominium units. Inventory is included in a rental pool operated and serviced by a management company.



Conference Center: Lodging hotel with a major focus on conference facilities.



Convention Center: Property with a minimum of 300 rooms and large meeting facilities (minimum of 20,000 square feet).



Destination Resort: Property that appeals to leisure travelers, typically located in resort markets, and considered a destination in and of themselves with extensive amenity offerings. These properties are typically larger and full-service.



Extended Stay: Properties typically focused on attracting guests for extended periods. These properties quote weekly rates. The typical length of stay average for guests is four to seven nights.



Full Service Hotel: Typically Upscale, Upper Upscale and Luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas.



Gaming/Casino: Property with a major focus on casino operations.



Understanding Terms (Continued):

Hotel Types - Hotel classifications are driven primarily by building structure and, secondarily, by service level. Hotel types include:



Golf: Property that includes a golf course amenity as part of its operations. A property does not qualify if it only has privileges on a nearby course.



Hotel/Motel: Standard hotel or motel operation.



Limited Service: Property that offers limited facilities and amenities, typically without a full-service restaurant. These hotels are often in the Economy, Midscale or Upper Midscale class.



Lifestyle Brand: Group of hotels operating under the same brand that is adapted to reflect current trends.



New Build: Property built from the ground up, not a conversion of a building that was not previously a hotel.



Ski: Property with onsite access to ski slopes.



Soft Brand: Collection of hotels that allows owners and operators to affiliate with a major chain while retaining their unique name, design and orientation.



Spa: Property with an onsite spa facility and full-time staff offering spa treatments.



Timeshare: Property that typically is a resort condominium unit, in which multiple parties hold property use rights, and each timeshare owner is allotted a period of time when the property may be used.



Waterpark: An indoor or outdoor waterpark resort with a lodging establishment containing an aquatic facility.

LEADERSHIP

LISA PENNAU

Mrs. Pennau offers more than 25 years of hospitality industry experience. She began in the industry as a rental car agent at the airport in Oshkosh, Wisconsin where she worked while completing her degrees in both hospitality management and sales & marketing at the local college. Lisa moved on to work as a manager in training for Super 8 hotels in Wichita, Kansas and quickly was promoted to general manager of a Super 8 in Omaha, Nebraska. She was recruited by Baymont to become a traveling manager and served several distressed Midwest properties until moving on to work for Hilton as a General Manager at a Hampton Inn Minnetonka, MN. When that hotel sold, Lisa was promoted by the new owners to Regional Director of Operations for Pillar Hotels overseeing 25+ Midwest hotels, in both both rural and metropolitan markets, including Minnesota, Wisconsin, Illinois, Iowa, North Dakota, and South Dakota. During her 10 years as Regional Director of Operations, Lisa oversaw multiple brands such as: Choice, Hilton, Hyatt, IHG, and Marriott. In her final year with Pillar she received the highest honor of Regional Director of the Year for Highest Performing Hotels in all capacities including, revenue, operations, guest service score, turnover, etc.



JESSICA JUNKER

Miss Junker offers more than 18 years of hospitality industry experience. From her beginning in the industry as a banquet server at a full-service hotel in downtown Green Bay, Wisconsin, to overseeing that very property as the manager in only a couple of years. Jessica moved on to work as a Director of Sales at a Residence Inn by Marriott, Area Director of Sales with Interstate Hotels, and Regional Director of Sales and Marketing with Pillar Hotels working on Sales, Marketing, and Revenue Management of anywhere between 15 and 52 hotels with every major and not so major brand in the country. After learning everything she needed about running a hotel, she set her sights on what happens before a hotel is built. She worked in many separate executive roles within an up-and-coming hotel franchise. Miss Junker offers hands-on expert knowledge in hotel operations, sales, marketing, training, contracting, development, construction, really all things hotels. She gained this knowledge from industry leaders like Marriott, Hilton, InterContinental Hotels Group, Choice Hotels, TMI Hospitality, Interstate Hotels, Pillar Hotels & Resorts, Cobblestone Hotels, Wyndham Hotels & Resorts, and many more.



SCOPE OF WORK

Core Distinction Group takes immense pride in the work we do. Throughout each phase of our projects we communicate with our clients regularly. This ensures everyone involved in the project is up-to-date on the progress. We also keep a very tight timeline on our projects. Each phase is well thoughtout and followed consistently. The objective of our studies are to identify and determine the need for lodging in the community, the loss of lodging to the area due to lack of quality or amount of lodging, as well as determine if there is enough need to justify a new hotel. A new hotel that makes good business sense. Below you will find each part and its timing in the process:

RESEARCH & COMMUNITY OUTREACH

This phase involves speaking with community leaders to compile a list of potential demand generators in the local and regional community. Research and Community Outreach is conducted within the first one to two weeks following receipt of the retainer.

SITE VISIT & COMMUNITY INTERVIEWS

This phase involves an in-depth local tour given by community leaders to help Core Distinction understand said community and need for lodging. The tour also includes a detailed analysis of potential sites for the project.

COMMUNITY INTERVIEWS

This phase involves conducting online and phone interviews with potential demand generators gathered during the Research and Community Outreach of the study process. This phase will take place in the first two weeks of the study process.

DATA COMPILATION

This phase of the process involves compiling all the data gathered during our visit to gain the overall picture of what is needed for the community. This phase is conducted in the two weeks following our community visit completion.

*DATA RECEIVING & REPORTING

Once all the demand generator information is gathered, Core Distinction Group begins pulling industry data for target market as well as industry trends to help us gain a better understanding of the local and regional opportunity areas.

COST GATHERING

This involves all things cost. Core Distinction Group gathers actual cost for the development, construction, financing, taxes, and all other ongoing costs associated with the specific project.

PROJECT PRO FORMA

Immediately following Development and Operational Cost Gathering, Core Distinction Group will construct a project, brand, market, and scale specific Pro Forma that is bank, investor, brand and developer friendly.

DRAFT COMPLETION/SUBMITTAL

After Core Distinction has conducted all previous phases, we complete a draft of the study and financial pro forma and submit it for review by the contracted entity. Changes to the study may be made at this point but are limited to spelling and grammar updates.

FINAL

After all requested changes are made and final payment is received, Core Distinction Group will submit a final draft of the Hotel Market Feasibility Study and Brand Specific Pro Forma to the community for distribution.

*If at this point, Core Distinction Group does not feel there is enough need for lodging to merit the costs of a new build hotel, we will stop the process, communicate with the community and offer alternative options for accommodations. If this happens, the contracted entity is not responsible for the remaining study costs highlighted in (Cost) and will receive a report indicating the reasoning behind the decision.



DISCLAIMER

Thank you for the opportunity to complete this market and feasibility study for the proposed hotel project located in Waseca, MN. We have studied the market area for additional demand for a lodging facility and the results of our fieldwork and analysis are presented in this report. We have also made recommendations for the scope of the proposed project, including general site location, size of hotel, and brand segment.

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

The conclusions presented in this report are based upon the information available and received at the time the report was filed. Core Distinction Group, LLC (CDG) has taken every possible precaution to evaluate this information for its complete accuracy and reliability. Parts of this report were prepared or arranged by third-party contributors, as indicated throughout the document. While third-party contributions have been reviewed by CDG for reasonableness and consistency to be included in this report, third-party information has not been fully audited or sought to be verified by CDG. CDG does not provide financial advice.

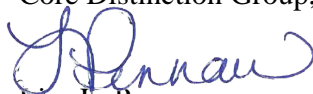
It should be understood that economic and marketplace conditions are in constant change. The results presented in this report are the professional opinion of CDG and are based on information available at the time of the report preparation. These opinions infer that market conditions do not change the information received upon which those opinions have been based. CDG assumes no responsibility for changes in the marketplace. CDG assumes no responsibility for information that becomes outdated once this report is written; nor are we responsible for keeping this information current after the date of the final document presentation.

CDG makes no express or implied representation or warranty that the contents of this report are verified, accurate, suitably qualified, reasonable or free from errors, omissions or other defects of any kind or nature. Those who rely on this report do so at their own risk and CDG disclaims all liability, damages or loss with respect to such reliance.

It is presumed that those reading this report understand the contents and recommendations. If this reader is unclear of understanding the contents, clarification can be received directly from a representative of CDG. While the terms of CDG's engagement do not require that revisions be made to this report to reflect events or conditions which occur subsequent to the date of completion of fieldwork, we are available to discuss the necessity for revisions in view of changes in the economic climate or market factors affecting the proposed hotel project.

Please do not hesitate to call should you have any comments or questions.

Sincerely,
Core Distinction Group, LLC



Lisa L. Pennau
Owner

