



HOSPITALITY MARKETERS INTERNATIONAL, INC.

Sample Market Study Report Outline

This outline will highlight the key areas researched in our typical Market Studies and can be used as an outline for the information to be presented in our reports. At times, our reports may deviate from this outline and will be customized to include more topic areas or eliminate some, depending upon their relevance to the report.

In a Phase I Community Overview Market Study Report, these areas are thoroughly researched. However, the presentation of information is in an abbreviated format. Highlights and general overviews of this information are presented. Conclusions are presented as preliminary recommendations. Projected performance is often presented based upon current levels of operation in the market. Preliminary demand and supply growth is considered where appropriate. This style of market study report is intended for internal investing and development purposes. The intent of this style of report is to determine whether the market shows initial signs of being conducive to hotel development or operation.

In a Phase II Comprehensive Market Study, the following areas are presented with detailed supportive research data. The conclusions are more specific. Also, the projected performance is developed in a multi-year format. More specific analysis of demand and supply growth is factored into the performance projections. This report should be acceptable for both internal and external investing and financing purposes.

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Gregory R. Hanis, ISHC
President

Member of



2831 North Grandview Blvd.
Suite 209
Pewaukee, (Milwaukee) WI 53072
262-549-1770
800-657-0835
Fax — 262-549-1964
www.hospitalitymarketers.com



Introduction/Objective

This section will detail the specific details of the project to be addressed by this market study. Also, the anticipated components of the conclusions and recommendations presented in this report will be described.

General Market Description

The market will be described in an overview format. This will set the stage for more in-depth analysis of the market. Descriptions of the market will include residential, industrial, commercial, office, corporate, government, military, retail, recreation, entertainment, and traffic pattern components that will potentially affect the hotel. Observation of the growth of the market and the future of the market will be briefly addressed.

Site Analysis

This section focuses directly on the location of the planned hotel operation. Key components that will affect the operation of the hotel at this location will be addressed. At times, multiple sites can be compared in this section, and recommendations as to the preferred site location can be provided.

Key areas addressed in this section are as follows:

- **Subject Site Description**
Where is the site? What is the development condition and development potential of the site? This can include topography, environmental, zoning and architectural factors related to the site.
- **Visibility**
Is the site visible to travelers or how do travelers find the site? Is visibility an advantage or disadvantage?
- **Accessibility**
Similar to visibility, how accessible is the site? Is there traffic congestion?

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- **Support Services**
Restaurants, retail, entertainment, and recreational components are important to travelers. These include necessary items travelers look for which contributed to the destination uniqueness of the site.
- **Competitive Position**
Is this a competitive site in the market? Compared to other hotels in the market, how does this site compare to serving the demand markets?

Economic Overview

This section defines the market in a macro-economic overview of key components. The attempt here is to define the market as a growing market, stable market, or declining market. Where possible, micro-economic factors will be factored into this analysis.

The following sections will be addressed as to their past growth patterns and relations to other geographic areas. If possible, future projections will be reviewed.

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- **Population**
- **Effective Buying Income**
- **Retail Sales**
- **Eating and Drinking Place Sales**
- **Workforce Characteristics**
 - * **Workforce Distribution**
 - * **Unemployment Rates**
- **Transportation**
 - * **Automobile**
 - * **Air Transportation**
 - * **Other Methods of Travel to the Area**

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Lodging Demand

This section focuses directly on the demand sources identified for the proposed hotel operation and will become key in developing recommendations for the type of hotel. Also, the depth of the market will provide insight into the recommended size of the hotel to be developed. Special product services and amenities can also be identified by the demographics of the demand. Profile characteristics of the demand sources will also be defined. Rate sensitivity, demand potential, and seasonality patterns of demand will be reviewed.

Key lodging demand component areas addressed in this section are as follows:

- **Market Segmentation**
- **Market Segmentation Profiles**
 - * **Corporate/Commercial**
 - * **Major Employers**
 - * **Government**
 - * **Medical**
 - * **Military**
 - * **Education**
 - * **Social**
 - * **Fraternal**
 - * **Religious**
 - * **Entertainment**
 - * **Recreation**
 - * **Tourist Attractions**
 - * **Tours**
 - * **Retail Shopping**
 - * **Events and Festivals**
 - * **Highway Traffic**
- **Seasonality of Lodging Demand**
- **Lodging Demand Potential Index**
- **Rate Sensitivity Index**
- **Feeder Markets**
- **Unaccommodated Lodging Demand**

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Lodging Supply

This section addresses the competitive environment the hotel will operate in. An overview of the entire hotel product is identified. The inventory of competitive hotels is then researched to identify the primary competitive hotels that the proposed hotel will compete with, which will establish product positioning in the market. The degree of competition from these hotels will be addressed. Factors including age, brand, rate, facilities, and competition for similar demand profiles will be researched. The current and historic performance of these hotels will be studied.

Key areas researched include the following:

- **Lodging Supply Distribution**
 - * **Primary Market Area**
 - * **Secondary Market Area**
- **Estimated Operational Performance**
 - * **Occupancy**
 - * **Average Daily Room Rates**
- **Competitive Factor Analysis**
 - * **Rate**
 - * **Brand**
 - * **Facilities**
 - * **Market Segmentation**
 - * **Location**
- **Competitive Lodging Performance**
 - * **Occupancy**
 - * **Lodging Demand Growth**
 - * **Lodging Supply Growth**
 - * **Proposed Properties**
 - * **Average Daily Room Rates**
 - * **Revenue Per Available Room (RevPAR)**

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Issues and Risks

This section of the report identifies areas that could be a factor in developing or operating a hotel in this market. These areas may be a concern based upon the research performed. This section will also provide guidance for the developer in conducting additional research as required.

At times, some of these areas may be eliminated. At other times, other areas may be added. Again, the research of this market will dictate the needed areas in these sections. Many times, these areas are addressed with the statement that they do not have an identified impact on the proposed hotel development or operation.

The following list highlights typical areas addressed:

- **Competitive Pricing Pressures**
- **Growth in Lodging Supply**
- **Growth in Lodging Demand**
- **Property Taxes**
- **Political Climate**
- **Zoning and Architectural Controls**
- **Environmental Concerns**
- **Labor Market Supply and Wages**
- **Area of Franchise Protection**
- **Other Areas Related to Development**

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Conclusions

This section of the study brings together recommendations based upon the research performed in the report. All of the previous sections are reviewed and recommendations are provided.

This section begins with product development recommendations. Based upon the research presented, these are recommendations for the best fit for the hotel to serve the market. This will position the hotel with other competitive hotel products and with the recommended product offerings to serve the demand market identified.

Development recommendations are then followed by projected performance recommendations. In this area, growth factors are considered for demand and supply growth. The impact of the proposed hotel on the market is factored into these projections. From these projections, financial sales revenue operational projections can be developed.

The last part of this section provides some benchmark guidelines for development costs and preliminary property valuations of the project. These projections require fine-tuning as the project progresses. However, the information provided will assist in addressing the feasibility of the project to meet the objectives of the developer.

The following are the key components addressed in most reports:

- **Property Recommendations**
 - * **Property Type Recommendations**
 - * **Food & Beverage Recommendations**
 - * **Recommended Property Size**
 - * **Recommended Property Amenities**
 - * **Recommended Sleeping Room Configuration**
 - * **Recommended Brand Affiliation**
 - * **Recommended Rate Strategy**
 - * **Recommended Opening Date**
- **Projected Property Performance**
 - * **Occupancy**
 - * **Average Daily Room Rate**
 - * **Projected Sales Revenue**
- **Maximum Allowable Development Costs**
 - * **Preliminary Valuation Models at Stabilized Operation**

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EXHIBITS

The following are sample descriptions of the exhibits provided in a typical market study report. Where possible, the primary market area is also identified on the appropriate exhibit. This will assist in identifying the geographic area where most demand will come from.

EXHIBIT 1 - Geographic Relationship of Market to Greater United States

EXHIBIT 2 - Geographic Relationship of Market and Subject Site to the State

EXHIBIT 3 - Geographic Relationship of Subject Site Within City - Including Primary Competitive Hotels

OTHER EXHIBITS - As Needed

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