

DPC Hospitality

Professionals in Advisory and Valuation



Market Study for the Proposed

Nationally Branded
Lifestyle Hotel

Seabrook, Texas

Prepared For:
City of Seabrook

April 6, 2020

10700 Richmond Ave. Suite 321
Houston, Texas 77042
713.900.2101

DPCHospitality.com

Table of Contents

Scope and Purpose	02
Economic Summary	02
Economy Overview	03
Corporate Economy	03
International Business	04
Top Industries	04
Major Employers	04
Transportation	05
Tourism	06
Demand Generators	07
Maritime - Panama Canal Expansion	07
Expansion of SH-146	07
Ellington Field - Houston Spaceport	08
NASA's Johnson Space Center	09
Bay Area/Clear Lake as a Leisure Destination, Recreational Boating	09
Subject Site	10
Proposed Hotel	11
Hotel Market Overview	12
Summary of Competitive Set	13
Sources of Market Demand	18
Competitive Set Historical Performance	19
New Supply	19
Future Estimated Market Supply and Demand	19
Aspirational Set	22
Financial Pro Forma	22
Feasibility Analysis	23
Limiting Conditions	24
DPC Hospitality - Qualifications	25
Addendum	26

Scope and Purpose

We have completed our analysis of the hotel market in Seabrook, Texas, for the proposed development of a nationally branded lifestyle hotel with approximately 150 guestrooms and 6,500 square feet of meeting space. The conclusions reached are based upon our present knowledge of the competitive market area resulting from our fieldwork completed February 28, 2020.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive position of the hotels from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the completion of our fieldwork. The estimates of property performance are based on an evaluation of the present general level of the area's economy and make no provision for the effect of any sharp rise or decline in local or general economic conditions.

In summary, it is our opinion that there is market justification for developing a proposed nationally branded lifestyle hotel with approximately 150 guestrooms and 6,500 square feet of meeting space. Our conclusions are summarized as follows:

Performance Summary			
	2023	2024	2025
Units	150	150	150
Stabilized Occupancy	67%	72%	74%
Average Daily Rate	\$209.50	\$220.25	\$229.00
Rooms Revenue	\$7,684,000	\$8,682,000	\$9,279,000
Net Operating Income	\$3,121,000	\$3,613,000	\$3,839,000

Economic Summary

The City of Seabrook is located in Harris County, Texas, approximately 30 miles southeast of downtown Houston and surrounded by numerous other edge cities in the Houston metro area. While Seabrook’s population is presently just under 14,000, more than 89,000 people reside within a five-mile radius of Seabrook City Hall. The population within the 5-mile radius has increased by nearly 50% since 2000. Seabrook is part of the Houston–Woodlands–Sugar Land MSA, which is the fifth-largest metropolitan statistical area (MSA) in the USA with a 7.0-million population. Houston MSA is a nine-county metropolitan area, which is frequently referred to as “Greater Houston”. The metro is one of the fastest-growing areas in the U.S., ranking third in the nation in overall population growth in 2018. From 2010-2018, the area grew by more than one million people.

Houston MSA Population		
County	2010	2018
Austin	28,412	29,989
Brazoria	313,123	370,200
Chambers	35,099	42,454
Fort Bend	584,690	787,858
Galveston	291,307	337,890
Harris	4,093,188	4,698,619
Liberty	75,641	86,323
Montgomery	455,750	590,925
Waller	43,277	53,126
Total	5,920,487	6,997,384

Source: U.S. Census Bureau

Economy Overview

Over the past decade, Houston has endured two economic downturns (the Great Recession and the Fracking Bust) and two major storms (Hurricanes Ike and Harvey), yet the region has demonstrated remarkable growth and resiliency over that same ten-year period. According to the Greater Houston Partnership, from 2008 to 2018, Houston gained 1.4 million residents, created more than 500,000 jobs, and added \$100 billion to its Gross Domestic Product (GDP). The U.S. Bureau of Economic Analysis estimated the Houston MSA's GDP at \$490.1 billion in 2017, making it the 7th largest U.S. metro economy.

Houston lost 120,000 jobs in the Great Recession but was among the first to recover, recouping all the jobs lost in less than two years. Houston went on to lead the nation in job growth, averaging 100,000 per year during the height of the fracking boom (2010-2014). Population growth even exceeded 170,000 new residents in some years.

Oil prices fell from over \$100 per barrel in June 2014 to \$26 per barrel in February 2016, and the energy industry proceeded to shed nearly 93,000 jobs. Construction, retail, health care, business and professional services and hospitality grew, but not enough to offset the layoffs in oil and gas. Houston lost 4,900 jobs in the downturn, by any standards a relatively mild recession. Population growth continued its ascent, adding around 93,000 new residents in 2017 and 92,000 in 2018, with most gains coming from the net natural increase and international migration. Job growth resumed mid-2017, aided by a healthy U.S. economy and strong ties to a growing global economy. The Brookings Institution estimates that 17.3 percent of Houston's GDP is now tied to exports, up from just 8.9 percent in 2003.

As of the end of February 2020, the price of oil had dropped back to the low \$20's per barrel as a result of international supply-demand imbalances. As other countries adjust their output, the near-term expectation is for pricing and production to return to levels that will eventually add to Houston's employment.

Corporate Economy

Prior to the COVID-19 pandemic, the economic outlook appeared bright for Houston. The region was on pace to add 71,000 jobs, build more than 30,000 single-family homes, and handle more than \$240 billion in foreign trade in 2019. Population growth always lags job growth by one to two years, so Houston is unlikely to return to its long-term average of 125,000 new residents per year until 2021 or later. Though population gains have slowed, Houston consistently ranks among the top five metros for growth. The Perryman Group calls for the region's population to hit 8.4 million, payroll employment to reach 4.0 million, and GDP to top \$1.0 trillion by the end of the next decade.

Metro Houston is home to 21 Fortune 500 headquarters and 44 Fortune 1000 headquarters, ranking 4th and 3rd in the nation respectively. Many other Fortune

firms maintain U.S. offices in Houston. The region ranked 6th on the 2018 Fortune Global 500 list, and 53 out of the 100 largest non-U.S. based corporations have a presence in Houston.

International Business

Houston is also the base of operations for the international oil and gas exploration and production industry as well as for many of the nation's largest international engineering and construction firms. As a key center of international finance, Houston leads the Southwest U.S. with 19 foreign banks from 10 nations. Houston's economy is deeply tied to global trade and foreign investment. The region has trading relationships with more than 200 countries. The Houston/Galveston Customs District handled 19.5 million metric tons in exports valued at \$140.5 billion in 2018, according to WISERTrade. The Brookings Institution estimated that in 2017, 17.3 percent of Houston's economy was tied to exports, and that exports supported more than 330,000 jobs (directly and indirectly).

Top Industries

Houston has long been known as the U.S. energy headquarters and a world center for virtually every segment of the oil and gas industry from exploration and production to marketing and technology. The region, however, has been striving to diversify its economy to increase resilience in economic downturns. Currently, Houston is also home to one of the most important industrial bases in the world, it ranks No. 2 in manufacturing GDP in the U.S., and houses the largest medical complex in the world. Other top industries include high-technology (computer, aerospace, environmental, etc.), international trade, commercial fishing, agriculture, education, film and media, and banking and finance.

Major Employers

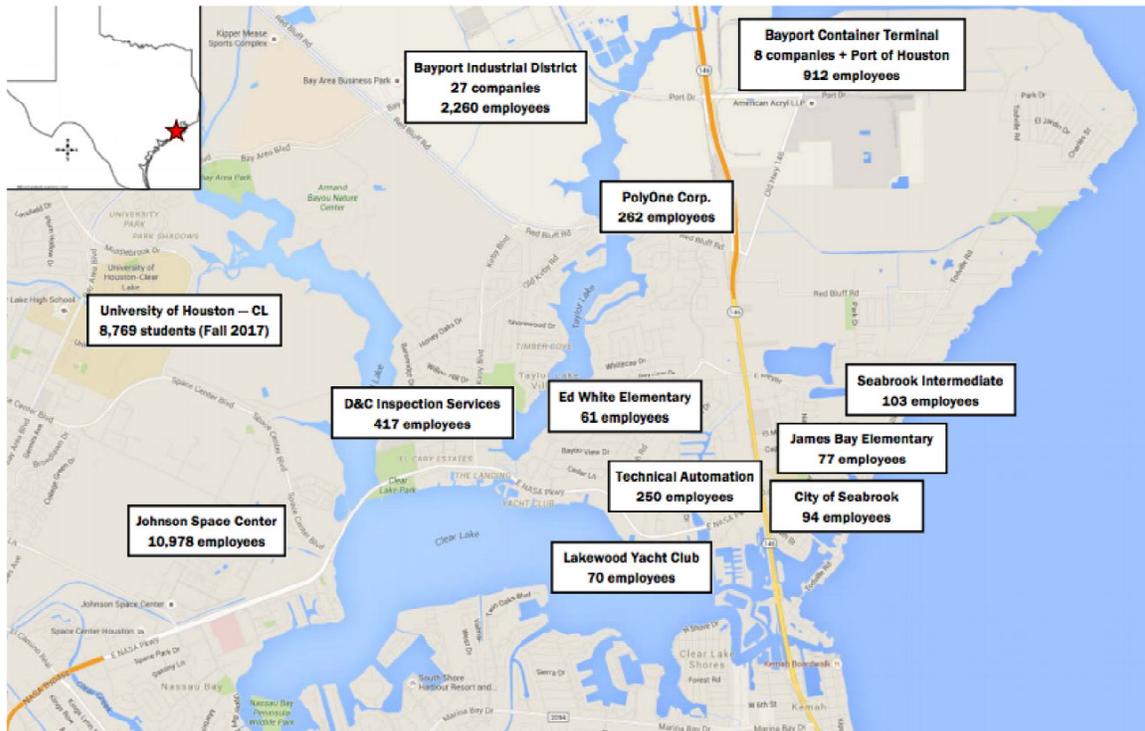
As with most communities, Greater Houston experienced high unemployment during the recession with an average unemployment rate of 8.3% in 2010. Houston's unemployment rate tracked below the U.S. rate for nearly a decade from December 2006 to early 2016. Since April 2016, Houston's unemployment rate has generally tracked above the national rate due to its higher-than-average reliance on the oil and gas industry. Nonetheless, Houston's unemployment rate has remained moderate through the energy downturn. It reached a high of 5.8 percent in January 2017 and as of October 2019, the 12-month average unemployment rate had dropped to 3.8% as a result of the strong Texas economy. COVID-19 will most certainly impact Houston in the near term.

The following table lists the largest private sector employers in the Greater Houston area. In addition to the companies listed in the table, 22 companies have 5,000 to 9,999 employees, and 56 companies/organizations employ 2,000 to 4,999 employees. These companies could drive hotel demand in varying degrees.

Major Employers - Greater Houston	
Company	Industry / Product
More Than 20,000 Employees	
H-E-B	Grocery
Houston Methodist	Health Care
Memorial Hermann Health System	Health Care
UT MD Anderson Cancer Center	Health Care
Walmart	Retail
10,000 to 19,999 Employees	
ExxonMobil	Oil & Gas
HCA	Health Care
Kroger	Grocery
National Oilwell Varco	Oil & Gas
Schlumberger	Oil & Gas
Shell Oil Co.	Oil & Gas
Texas Children's Hospital	Health Care
United Airlines	Airline
UT Medical Branch Health System	Health Care

Source: Greater Houston Partnership Research, Feb 2019

The Clear Lake area is home to several companies of varying size as well. The business community of Seabrook is mainly concentrated around waterfront lifestyle, retail, and hospitality. Below is a map of major employers in the Seabrook area.



Transportation

Greater Houston is well connected to the rest of the nation and the world by multiple means of transportation. By land, there are 909 long-distance trucking establishments that operate in the region. Eleven mainline rail tracks radiate from Houston, transporting both cargo and passengers. According to the Texas Department of

Transportation Houston District, there are 3,306 centerline miles and 10,741 lane miles of freeways and expressways in operation. The Houston District only includes Brazoria, Fort Bend, Galveston, Harris, Montgomery, and Waller Counties. By water, the Houston region has four seaports which handled 224.8 million metric tons of trade in 2018. By air, the Houston Airport System (HAS) ranks as one of the largest multi-airport systems in the world. HAS served more than 58.2 million passengers in 2018, a 7.6 percent increase from the previous year. HAS also saw over 536,000 metric tons of air freight move through its gates, an increase of 16.1 percent over 2017. IAH flies to more than 185 destinations including more than 65 direct and nonstop international destinations. Houston is home to one of Southwest Airlines’ most important and active hubs, offering nonstop direct airline service to more than 60 destinations within the U.S., Mexico, Latin America and the Caribbean. While COVID-19 has negatively impacted passenger and freight metrics for the balance of 2020, long-term forecasts are anticipated to remain unchanged.

Houston Airport System (HAS)			
Passengers, Cargo and Aircraft Operations, 2018			
HAS Airports	Passengers	Air Freight (metric tons)	Aircraft Operations
George Bush Intercontinental Airport (IAH)	43,807,720	524,715	466,738
William P. Hobby Airport (HOU)	14,476,469	11,393	205,115
Ellington Airport (EFD)	0	0	75,216
Total	58,284,189	536,108	747,069

Source: HAS Statistical Dashboard, Houston Airport System

Tourism

Houston is not often considered a tourism destination. The impression, however, seems to be changing in recent years. According to Houston First, an estimated 22.3 million people visited Houston in 2018, which is up from a record 22 million visitors in 2017 and about 20 million in 2016. This marks a step closer towards a benchmark goal of 25 million visitors by 2020. While COVID-19 will certainly interrupt that rate of growth, the long-term visitation goals still seem attainable.

In 2018, the number of booked meetings and conventions in Houston rose from 429 in 2017 to 498. About 19 million of the visitors in 2018 lived in the U.S., 75 percent of whom stayed overnight. Roughly 72% of domestic visitors came to Houston for leisure activities, 18% came on business, and 10% came for other reasons. It is important to note that millennials continue to comprise most of Houston’s domestic visitors, a trend reported in both 2017 and 2018 by an Omnibus study conducted by Omnitrak. In fact, Houston was ranked among the top 20 cities every foodie should visit in their lifetime by Insider magazine, as well as among the top 10 cities for Millennials to love. This showcases Houston’s great potential as a travel destination. In addition to long-time events such as the Houston Livestock Show and Rodeo, the International Quilt Festival, and various sports games, one big draw for Houston in 2018 was Comicpalooza, which brought in a record 50,778 attendees from 47 states and 18 countries with an economic impact of more than \$20 million.

Demand Generators

In addition to area employment, the Proposed Hotel will derive most of its demand from businesses located in the Clear Lake, La Porte, Baytown and League City Markets. Seabrook is a Member City of the Bay Area Houston Economic Partnership (BAHEP), which is a regional economic development organization that encompasses 13 communities and two counties within the Houston metropolitan area (Harris and Galveston).

Bay Area Houston is home to five major industry clusters: Maritime, Aerospace, Specialty Chemical, Healthcare / Life Sciences, and Recreation and Tourism. Biotechnology, which already employs nearly 3,000 workers in the Houston area, is a smaller but growing industry enabled in large part by Johnson Space Center and the Texas Medical Center in Houston. Selected industry sectors that will serve the Proposed Hotel are described below.

Maritime - Panama Canal Expansion

Inaugurated on June 26, 2016, the Expanded Panama Canal has driven significantly more cargo to ports along the Texas coastline. One of the ports that received much of this increase in trade and traffic is the Port of Houston. The Port of Houston is a major economic driver for the area. It already is the No. 1 container port in the Gulf of Mexico and No. 6 nationwide in terms of containers handled.

The Panama Canal is a 51-mile canal that passes through the Isthmus of Panama connecting water traffic between the Pacific Ocean and Atlantic Ocean. A series of locks on the Atlantic side, called the 'Gatun Locks', raise vessels up to the level of the man-made Gatun Lake. Additional locks on the Pacific side lower vessels back down to sea level.

In addition, improvements have been made to widen and deepen The Houston Ship Channel to accommodate these larger and heavier vessels. Prior to this expansion, vessels were constrained in size by the width and length of the original locks, the depth of water in the canal, and the height of the bridges. Vessels that accommodated these dimensions were referred to as Panamax. The expansion of the canals and locks allow for 'Post-Panamax' size ships, which are approximately twice as large, and have the capacity to transport significantly more bulk cargo.

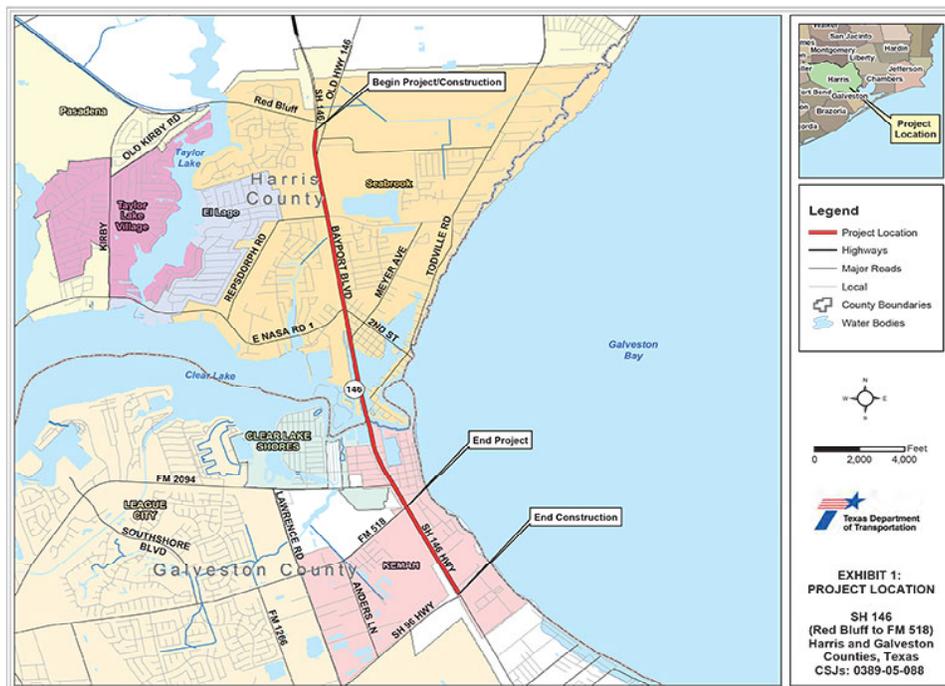
Expansion of SH-146

The Expansion of State Highway (SH) 146 encompasses a 3-mile section of highway running from Red Bluff Road to south of the Galveston/Harris county line. Currently, SH-146 is a multi-lane, paved highway with center turn lanes. The expansion of the SH-146 is greatly needed to alleviate daily traffic congestion and will also allow safe passage for motorists during hurricane evacuations, since it is an official hurricane evacuation corridor.

The project to be completed by TxDOT will expand the highway in a fashion similar to other parts of SH-146 that run through the city of La Porte. Beginning at Red Bluff Road, the highway will be expanded south through Seabrook. A new expressway bridge will be built west of, and parallel to, the existing Seabrook-Kemah Bridge. The current bridge will remain and serve as a frontage road for motorists. The construction started in the Spring of 2019 and is estimated to last up to five years.

Specifically, the project will consist of the following:

- Widen and restructure the existing highway to a six- to 12-lane freeway
- Add grade separations at major intersections
- Add access roads in selected locations
- Add express lanes over Clear Creek



While there will be displacement in the near term as existing businesses seek new locations, Seabrook as a whole is prime for new development due to its proximity to Houston, NASA, the petrochemical industry, and the Port of Houston. In addition, Seabrook is a gateway for tourists who visit Space Center Houston, Galveston, Kemah, and the new cruise terminal. The expanded freeway will increase Seabrook's connectivity to the rest of Houston.

Ellington Field – Houston Spaceport

Located just 17 miles, or approximately a 25-minute drive, from Seabrook is the Houston Spaceport. In June 2015, the Houston Airport System was awarded a license from the Federal Aviation Administration making Ellington Airport the 10th commercial spaceport in the United States and one of two such spaceports in the state of Texas.

The license makes Ellington Airport a potential launch and landing site for suborbital, reusable launch vehicles. Current committed partners to the program include the Houston Airport System, NASA, the Greater Houston Partnership, The Sierra Nevada Corp., the City of Houston, Rice Space Institute, Texas A&M Aerospace Technology, University of Houston College of Architecture, Bay Area Houston Economic Partnership, U.K.-based Catapult Satellite Applications, and Intuitive Machines.

In February of 2019, construction began on Phase I of the infrastructure improvements that will be needed to accommodate many of the proposed plans required by Intuitive Machines, which is owned by Steve Altemus, former Johnson Space Center deputy director.

Intuitive Machines is already housed in the Houston Aerospace Support Center and is developing advanced drone technology. It uses the spaceport to design, assemble and test liquid oxygen and liquid methane propulsion for the lunar lander that NASA could use to deliver payloads to the moon.

The Houston Spaceport and NASA will collaborate in providing access to a number of the unique capabilities at the Johnson Space Center, including things like safety-specific training, facilities, and technology capabilities, and support for suborbital operations and commercial spaceflight endeavors.

NASA's Johnson Space Center

NASA's Johnson Space Center (JSC) is an important pillar of the area economy. As of 2018 the center itself employed nearly 3,000 civil servants and over 7,800 engineering contractors. Businesses around this core include a broad range of high-tech development enterprises. JSC manages more than \$4 billion annually in aerospace contracts, and together with numerous private companies involved in space programs and related ventures, gives the area one of the highest concentrations of aerospace businesses and expertise in the nation.

Bay Area/Clear Lake as a Leisure Destination, Recreational Boating

Lastly, Clear Lake is relatively affluent and is home to one of the largest concentrations of recreational boats and marinas in the nation. More specifically, Bay Area Houston's 19 marinas have more than 7,000 boat slips, which ranks as the third largest concentration of pleasure boats in the United States. Recreational boating is sometimes an overlooked driver of economic activity, but in Clear Lake, recreational boating accounts for approximately 10 percent of all gross sales in the Bay Area, estimated to be more than \$200 million annually. Recreational boating is significant to tourism as many of the owners of the boats stored in Clear Lake live elsewhere in Texas and often seek lodging in conjunction with their water activity.



Bay Area's tourism industry attracts an estimated one million visitors each year to its attractions ranging from Kemah Boardwalk to Space Center Houston, and to the bay itself. The Kemah Boardwalk (pictured above) is located one mile south of Seabrook and has maintained a reputation as one of the regions premiere restaurant and entertainment destinations for tourists.

Launched in 1992, the \$68 million Space Center Houston attracts nearly one million visitors every year, more than 80% of which are from outside the greater Houston area. Ecotourism, in particular, is a growing sector with destinations such as the Armand Bayou Nature Center, one of the largest urban wilderness preserves in the nation, and the Seabrook Trail System, which is part of the Great Texas Coastal Birding Trail.

Subject Site

The Subject Site has a waterfront location on East NASA Parkway, next to the **Admiral Endeavour Marina**, and appears large enough for a mixed-use development containing the Proposed Hotel, numerous eating and drinking retail establishments that would be positioned along a boardwalk fronting Clear Lake, and a Class A multifamily project that would further boost foot traffic to the retail.

To access the site, travelers from William P. Hobby Airport would find their way to I-45 S, take exit 24 toward NASA Road 1, and proceed for approximately six miles to find the entrance of the site on the right. The satellite photo below shows the location of the subject waterfront development site and its surroundings.



Proposed Hotel

The market calls for the Proposed Hotel (the subject of this report) to have enough meeting space to serve approximately 300 people in a banquet setting and to accommodate smaller groups in breakout rooms. We estimate this will require approximately 12,000 square feet of gross square footage, with as much as 6,500 square feet configured as a ballroom, and the balance of the space to include two break out rooms totaling 2,500 square feet, and pre-function areas.

As for guestrooms, we have based our analysis on 150 guestrooms having 50% kings with walk-in showers, and 50% double-queens with tubs. This ratio should achieve the right balance of market segmentation between Individual Business Traveler (IBT), Leisure, and Group.

As the nationally branded lifestyle hotels have very little representation in the Clear Lake sub-market, there are numerous options available to prospective developers, which include any of the following national brands, based on the strength of their reservation system and reputation among travelers:

- Hilton Canopy (Upper Upscale)
- Marriott Tribute Portfolio (Upper Upscale)
- Hyatt Centric (Upper Upscale)
- Margaritaville Compass Hotel (Upper Upscale)
- Hilton Tapestry Collection (Upscale)
- Marriott AC Hotels (Upscale)
- IHG Hotel Indigo (Upscale)

The market appears ready for this level of hotel development. Many of the large-scale projects, such as the Panama Canal Expansion, SH-146 freeway expansion, and the Ellington Field Spaceport, will have a long-lasting impact on the local economy and will create numerous permanent jobs, increases to inbound travel, and the need for training space. In addition, the water front location on Clear Lake will be popular for social gatherings.

Depending on the chosen brand, styles and amenities may vary. In general, we suggest that the Proposed Hotel to include but not be limited to the following features:

- Open-concept living lounge and bright, airy atmosphere.
- Ample indoor and outdoor space for travelers to relax and socialize.
- A daily happy hour that serves drinks and snacks.
- Access to printing services and high-speed Wi-Fi.
- An on-site waterfront restaurant with a landscaped outdoor deck and patio area.
- Modern guestrooms with locally inspired design and convenient amenities.

Hotel Market Overview

The greater Houston hotel market contains over 940 hotels with more than 92,600 guestrooms of varying quality. The following table summarizes the performance of the metro area.

Houston MSA Annual Hotel Performance										
Year	Occupancy	% Change	ADR	% Change	RevPAR	% Change	Supply	% Change	Demand	% Change
2008	66.9%		\$100.05		\$66.93		64,690		43,288	
2009	55.3%	-17.3%	\$91.89	-8.2%	\$50.82	-24.1%	68,377	5.7%	37,831	-12.6%
2010	55.1%	-0.4%	\$87.96	-4.3%	\$48.47	-4.6%	72,501	6.0%	39,951	5.6%
2011	60.0%	8.9%	\$90.13	2.5%	\$54.08	11.6%	73,847	1.9%	44,305	10.9%
2012	65.6%	9.3%	\$93.62	3.9%	\$61.41	13.6%	74,538	0.9%	48,894	10.4%
2013	69.3%	5.6%	\$100.94	7.8%	\$69.95	13.9%	74,950	0.6%	51,968	6.3%
2014	72.0%	3.9%	\$107.13	6.1%	\$77.13	10.3%	76,011	1.4%	54,699	5.3%
2015	68.5%	-4.9%	\$108.71	1.5%	\$74.47	-3.5%	77,749	2.3%	53,257	-2.6%
2016	62.2%	-9.2%	\$104.62	-3.8%	\$65.07	-12.6%	82,232	5.8%	51,181	-3.9%
2017	66.6%	7.1%	\$108.03	3.3%	\$71.95	10.6%	86,132	4.7%	57,373	12.1%
2018	63.2%	-5.1%	\$105.49	-2.4%	\$66.67	-7.3%	89,146	3.5%	56,314	-1.8%
2019F	62.4%	-1.3%	\$103.58	-1.8%	\$64.63	-3.1%	92,605	3.9%	57,786	2.6%
CAC*		1.4%		1.8%		3.3%		2.8%		4.2%

Source: STR, CBRE Hotels *2010(trough) to 2019 Forecast (present)

Beginning in 2008, most of the country entered a severe economic recession, which had a direct impact on the hotel industry. Houston's recession was delayed one year due to the short-term benefit of Hurricane Ike, which made landfall in September of 2008. By the end of 2009, the Houston market occupancy declined 11.6 points, (11.8 points including 2010). Simultaneous to the drop in demand was the increase in supply. Prior to 2008, there were numerous projects under development that began construction and opened in 2009 and 2010. Supply increased 5.7% in 2009 and 6.0% in 2010. The supply and demand imbalance impacted the market ADR, which dropped \$12.09 from the high in 2008 to the lowest point in 2010.

Recovery from the 2009 Recession for Houston's hotel market began in 2011. The rate of increase to supply slowed significantly, and year over year increases to occupancy exceeded 4.0 points for 2011 and 2012. By the end of 2014, the Houston market occupancy increased 16.9 points above the low of 2010, thereby completing the trough to peak cycle in occupancy.

Once general managers started experiencing sold out nights mid-week, they pushed ADRs higher and achieved year over year increases above 5% per year. Starting in 2013, the ADR exceeded the previous high of 2008 to complete the ADR trough to peak cycle in five years. While early indications showed some softening in performance for the first six months of 2017, which was slightly lower compared to 2016, the last six months was much stronger, partly due to the recovery efforts following Hurricane Harvey, but also due to the continued metro economic recovery.

2018 saw a decline in both occupancy and ADR because of two major reasons. Demand generated from post-Harvey activities started to cease after the first quarter of 2018, while supply increased by 3.5%. The trend continued in 2019 with metro-wide supply increasing by an additional 3.9%, which outpaced demand's rate of increase at 2.6%.

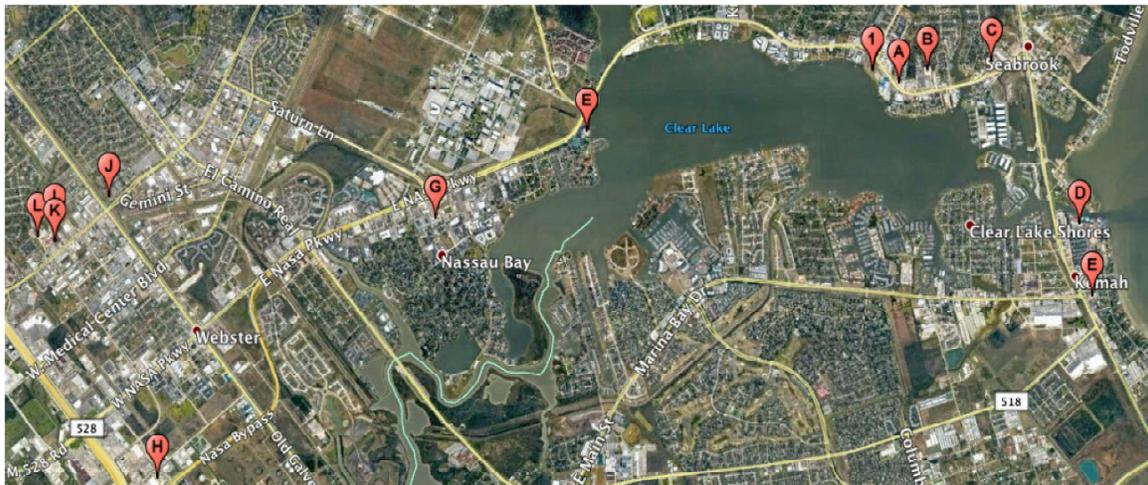
The recession induced by the COVID-19 pandemic, which required shelter-in-place orders and travel restrictions to achieve social distancing, will likely show much deeper declines in hotel demand for the first half of 2020, but will be followed by a recovery that could be almost as steep. While past recessions were brought on by imbalances from local industries, COVID-19 was purely external. In addition, while previous cycles had recovery times that were twice as long as their decent into the trough, the rapid decent and likely shorter duration of this cycle should limit the long-term impact to ADR, which typically lags behind the recovery in demand. As will be seen in our assessment of the local competitive set, we attempted to forecast the impact of the current recession without the benefit of knowing the total duration.

Summary of Competitive Set

According to CBRE Hotels, the East/Baytown submarket includes approximately 150 hotels with over 8,800 hotel rooms. We identified 12 hotels having 1,349 guestrooms as being competitive in varying degrees with the Proposed Hotel, which are listed in the following table. After the Proposed Hotel is open, the competitive set will comprise 13 hotels with 1,499 guestrooms.

SUMMARY OF COMPETITIVE HOTELS Seabrook/Clear Lake Area, Texas				
Properties	Rooms	Year Opened	Property Type	Miles from Subject
A Hampton Inn Houston NASA Johnson Space Center	70	Jul 2017	Limited Service	0.2
B Holiday Inn Express & Suites Houston NASA - Seabrook	80	Jul 2019	Limited Service	0.6
C SpringHill Suites Houston NASA/Seabrook	88	2010	Limited Service	0.9
D Boardwalk Inn Kemah Boardwalk	58	1998	Limited Service/ Boutique	3.0
E Holiday Inn Kemah Boardwalk	128	2010	Select Service	2.8
F Hilton Houston NASA Clear Lake	242	1983	Full Service	2.7
G Courtyard Houston NASA Clear Lake	124	2012	Select Service	3.8
H SpringHill Suites Houston NASA/Webster	121	2009	Limited Service	6.8
I Staybridge Suites Houston - NASA/Clear Lake	112	2009	Extended Stay	7.1
J Homewood Suites by Hilton Clear Lake	92	1995	Extended Stay	6.4
K Hampton by Hilton Inn & Suites Houston/Clear Lake - NASA Area	108	2000	Limited Service	7.0
L Hilton Garden Inn Houston/Clear Lake NASA	126	2009	Select Service	7.1
Total Hotel Rooms - 2020	1,349			
New Hotels				
1 Subject - Proposed Nationally Branded Lifestyle Hotel	150	2023	Select Service	--
Total Hotel Rooms	1,499			

A summary listing of the competitive hotels is provided in the following table, and more detailed information is provided in **Exhibit A**.



The competitive set is made up of nationally-branded limited-service, select-service, and full-service hotels in the Seabrook/Clear Lake area. One exception is the Boardwalk Inn in Kemah, an independent boutique hotel that is part of the Kemah Boardwalk, which is owned and operated by Landry’s Inc. We note that a number of hotels have been excluded from the competitive set due to their performing considerably below the competitive hotels. The satellite photo that follows shows the location of the Subject Site (1) and each of the competitive hotels.

Three of the newest hotels in the competitive set are located in Seabrook, less than a mile away from the Subject Site. The 70-unit **Hampton Inn Houston NASA Johnson Space Center (A)** opened in July 2017, the 80-unit **Holiday Inn Express & Suites Houston NASA – Seabrook (B)** opened in July 2019, and the 88-unit **SpringHill Suites Houston NASA/Seabrook** opened in 2010 but was recently remodeled. They are all



limited-service brands from the three major hotel groups, Hilton, IHG, and Marriott, respectively. They offer similar amenities such as free hot breakfast, a fitness center, an outdoor pool, and a divisible meeting room. The SpringHill Suites is slightly different than the other two because it is an all-suite hotel with studio-style guestrooms featuring a separate sitting area.



The only boutique hotel in the competitive set is the 54-unit **Boardwalk Inn (F)** built in 1998. As an independent hotel, its location on the Kemah Boardwalk and its small room count helped push up its ADR and made it highly competitive in the leisure and small group markets. All guestrooms of this hotel face the Kemah Boardwalk and guests can enjoy the view from their balconies.

The Boardwalk Inn does not serve any meals, but is within walking distance to numerous quality restaurants, many of which are under the same umbrella of the hotel's operator, Landry's. As a limited-service independent hotel, the Boardwalk Inn has been able to consistently achieve an annual ADR of approximately \$200. This can be largely attributed to its waterfront location and it being part of a mix-used development comprising restaurants, retail, and entertainment. In that sense, the Boardwalk Inn is fairly comparable to what is envisioned for the Subject Site, with the exception that the Proposed Hotel should attract more business travelers and small- to mid-sized corporate meetings.

Another competitive hotel in Kemah is the 128-unit **Holiday Inn Kemah Boardwalk (E)** built in 2010. This hotel is more similar to the Proposed Hotel in terms of room count. It also has an on-site restaurant, but breakfast is not complimentary. Amenities include a fitness center, an outdoor swimming pool, and 2,200-sq. ft. of meeting space. Despite its good location, the hotel has been mildly underperforming in terms of RevPAR, potentially because of its lack of character for a hotel at a seaside leisure destination.



The **Hilton Houston NASA Clear Lake (E)** was built in 1983 with 242 guestrooms. This hotel is the only full-service hotel in the competitive set. This waterfront hotel is located on the banks of Clear Lake and next door to Johnson Space Center. Its on-site Luna restaurant has a view overlooking Clear Lake and offers room service. However, there are no other restaurants within walking

distance, which makes it less appealing to certain transient travelers. This hotel has a total of approximately 15,000 square feet of meeting space, including a 5,000-sq. ft. ballroom. Although the total meeting space is much more than what is required in the Proposed Hotel, the ballroom setup should be comparable.

The 124-unit **Courtyard Houston NASA Clear Lake (G)** opened in 2012 and is located in Nassau Bay by NASA Road 1. As Marriott's popular select-service brand, this Courtyard has been outperforming its competitors in RevPAR despite its slightly outdated interior. This hotel features an on-site restaurant serving breakfast, dinner, Starbucks coffee, and alcoholic beverages in the evening. There are also several inexpensive restaurants within walking distance. This hotel features a fitness center, an outdoor swimming pool and splash pad, and two meeting rooms totaling 1,593 square feet.





The second SpringHill Suites in the competitive set is the 121-unit **SpringHill Suites Houston NASA/Webster (H)** built in 2009, which is located at I-45 and NASA Road 1. This hotel sits next to a Main Event amusement center, a movie theater, and a collection of table service chain restaurants. More dining options and shopping are just across the highway. This newly renovated hotel features a fitness center, an outdoor pool, and two small meeting rooms totaling 1,170 square feet.

A cluster of four competitive hotels are located further north along I-45. They are the 112-unit **Staybridge Suites Houston – NASA/Clear Lake (I)** opened in 2009, the 92-unit **Homewood Suites by Hilton Clear Lake (J)** opened in 1995, the 108-unit **Hampton Inn by Hilton Inn & Suites Houston/Clear Lake – NASA Area (K)** opened in 2000, and the 126-unit **Hilton Garden Inn Houston/Clear Lake NASA (L)** opened in 2009. They are located in a mixed-development of quality shopping and dining and are very close to the HCA Houston Healthcare Clear Lake. Staybridge and Homewood are both extended-stay brands with all-suite guestrooms and a fully-equipped kitchen in each suite. They both offer free breakfast daily and free evening drinks and snacks on select work days. They also both have an outdoor pool and gathering area, a fitness center, and a small meeting



room. It is important to note that although the Homewood is the oldest hotel in the competitive set, the guestrooms are freshly renovated. The Hampton is a limited-service hotel and the Hilton Garden Inn (HGI) is a select-service hotel, which features

an on-site restaurant serving cooked-to-order breakfasts and dinner. In terms of meeting space, the Hampton has two meeting rooms totaling 1,624 square feet and the HGI has 2,338 square feet of meeting space. Both hotels appear to be somewhat dated, but are still competitive due to their Hilton affiliation.

Sources of Market Demand

Through our research of the competitive set and observation of hotel operations in the market, we were able to develop the following analysis that quantifies the primary sources of demand for the competitive set.

Market Mix - Annual Room Nights of Demand 2019		
Demand Segments	Room Nights	% Mix
IBT	154,600	48%
Group	48,300	15%
Leisure	119,200	37%
Total Occupied Room Nights	322,100	100%

The competitive hotels classify approximately 48% of their demand as **Individual Business Travelers (IBT)**. IBT demand is generated when sales people, consultants, and bankers call on area companies, or when area companies bring employees and customers in for meetings. Much of the IBT demand generated in this market is related to oil & gas, retail distribution, service companies, and law firms.

Each of the hotels maintains a roster of negotiated corporate rates with companies that need rooms on a more frequent basis. These rates often come with commitments for a minimum number of room nights.

Group and Convention demand in this market consists primarily of small- to mid-sized corporate meetings and social events. While hotels with larger room counts and meeting space host more corporate meetings and events, smaller hotels with less meeting space mainly cater to small social gatherings. The full-service Hilton contributes to much of the Group demand in this competitive set given its higher service level, larger room count and meeting space, as well as its waterfront location. We estimate Group demand to comprise 15% of the overall demand for the competitive hotels.

Leisure demand for the competitive hotels represents approximately 37% of their occupied room nights, which primarily occurs on weekends and during special events. Leisure travelers in this market typically choose the competitive set hotels for their proximity to attractions such as NASA, Kemah Boardwalk, and Clear Lake. Leisure travel to the competitive set also includes those attending sports tournaments, local events, as well as those remodeling their homes or needing temporary housing when a new house is not yet finished.

Competitive Set Historical Performance

DPC Hospitality assembled occupancy and ADR information for each competitor for year-end 2015 through 2019 and derived estimated levels of total supply and demand expressed as room nights per year.

The following table summarizes the historical performance of the competitive hotels. Two hotels with a total of 150 rooms opened during the five-year study period, which increased the supply by 2.3% per year from 2015 to 2019. By comparison, demand has been essentially flat with a net change of 0.2% per year. This has caused occupancy to drop from 73.4% in 2015 to 70.5% in 2016 due to the fall of energy prices, while also caused ADR to decline by \$2.38. Hurricane Harvey served as a boon to hotels in 2017, increasing occupancy by nearly 5 points to 75.3% and ADR to over \$125. In 2018, as the demand generated by Hurricane Harvey started to wane, as the market occupancy fell back to low the 70%'s. During this time, however, hotel managers were able to hold their rates. Starting in 2019, the market started showing softness as the Hurricane Harvey effect had ended, and energy-related hotel demand had not yet returned, leaving 2019 with a 67.4% occupancy and ADR slightly below \$120. The decrease had been deepened by the opening of the 80-unit hotel Holiday Inn Express.

HISTORICAL MARKET CONDITIONS - ANNUAL ROOM NIGHTS						
Clear Lake Area - Houston, TX						
	2015	2016	2017	2018	2019	CAC*
Supply - Guestrooms	1,193	1,193	1,229	1,269	1,309	
Supply - Annual Rooms Nights (x 365)	435,445	435,445	448,585	463,185	477,785	2.3%
Demand						
I B T	159,800	153,500	135,100	148,600	154,600	-0.8%
Group	47,900	46,000	50,700	49,500	48,300	0.2%
Leisure	111,900	107,400	101,300	99,100	119,200	1.6%
Hurricane Harvey	0	0	50,700	33,000	0	n/a
Total Occupied Room Nights	319,600	306,900	337,800	330,200	322,100	0.2%
Occupancy	73.4%	70.5%	75.3%	71.3%	67.4%	
Average Daily Rate	\$124.65	\$122.27	\$125.68	\$124.75	\$119.68	-1.0%
Revenue per Available Room	\$91.49	\$86.18	\$94.64	\$88.93	\$80.68	-3.1%
Change in Supply	--	0.0%	3.0%	3.3%	3.2%	
Change in Demand	--	-4.0%	10.1%	-2.2%	-2.5%	

*Compounded annual change

New Supply

This pro forma analysis assumes no future additions to supply, other than the Proposed Hotel with 150 guestrooms, which we have assumed will complete its first calendar year in 2023. In the event one or more competitive hotels open, the projections that follow could be affected.

Future Estimated Market Supply and Demand

The following analysis shows the addition of the Proposed Hotel with 150 guestrooms, which will increase the size of the market from 1,349 to 1,499, or 2.7% per year when expressed as a compound average from 2019 to 2024.

We estimate the future growth rates for demand based on the following analysis. Increases to base demand are stated in compound average growth rates and reflect the external changes in the market if no other hotels were built. Conversely, increases to created demand are derived by whole numbers and account for the room nights that are sold to guests who were previously displaced to non-competitive hotels during peak periods.

In terms of changes to the level of base demand, we have considered the potential impact of COVID-19, which is affecting the hospitality industry disproportionately. In our estimation, demand from IBT, Group, and Leisure will drop by as much as 80% for the second quarter of 2020. We expect much of IBT and Leisure demand will come back by year-end, leaving the net change in room night demand from all segments down by 36.0% and the year-end market occupancy at 41.9%. Just as base demand will likely have an aggressive recovery during the second half of 2020, the trend will continue into 2021 as IBT, Group, and Leisure travel return to normal levels with annual increases to base demand of 2% per year.

At the same time that base demand will be fluctuating from COVID-19, created demand will result from the addition to new supply from the Proposed Hotel in 2023. Absorption in this market will be the result of guests seeking a waterfront experience that will be provided by the Proposed Hotel, which we estimate to be 60% of the annual room nights created by the new hotel. We allocated 40% of the created demand to the IBT segment, and 20% to the Group segment, which leaves 40% allocated to the Leisure segment. As the Proposed Hotel will likely after the shock of COVID-19 has normalized, there should be no direct impact from COVID-19 on the performance of the Proposed Hotel.

FUTURE MARKET CONDITIONS - ANNUAL ROOM NIGHTS							
Clear Lake Area - Houston, TX							
	2019	2020	2021	2022	2023	2024	CAC*
Supply - Guestrooms	1,309	1,349	1,349	1,349	1,499	1,499	
Supply - Annual Rooms Nights (x 365)	477,785	492,385	492,385	492,385	547,135	547,135	2.7%
Demand							
Individual Business Traveler - Base	154,600	92,700	148,400	152,800	155,900	159,000	0.6%
Individual Business Traveler - Created	-	-	-	-	13,100	13,100	-
	154,600	92,700	148,400	152,800	169,000	172,100	2.2%
Group/Convention - Base	48,300	24,200	45,900	47,300	48,200	49,200	0.4%
Group/Convention - Created	-	-	-	-	6,600	6,600	-
	48,300	24,200	45,900	47,300	54,800	55,800	2.9%
Leisure - Base	119,200	89,400	134,000	138,100	140,800	143,600	3.8%
Leisure - Created	-	-	-	-	13,100	13,100	-
	119,200	89,400	134,000	138,100	153,900	156,700	5.6%
Total Occupied Room Nights	322,100	206,300	328,300	338,200	377,700	384,600	3.6%
Occupancy	67.4%	41.9%	66.7%	68.7%	69.0%	70.3%	-
Change in Supply	3.2%	3.1%	0.0%	0.0%	11.1%	0.0%	-
Change in Demand	-2.5%	-36.0%	59.1%	3.0%	11.7%	1.8%	-

*Compounded annual change

In summary, we estimate an extreme drop in market occupancy to the low 40%'s in 2020 resulting from the impact of COVID-19. As the market recovers, occupancy should return to high 60%'s and is likely to stabilize in low 70%'s by 2024. The following table displays the room nights sold in the market, the fair share of room nights that could be occupied in the Proposed Hotel, and our adjustments to its fair share based on its competitive advantages shown as the Estimated Market Penetration. As a nationally-branded lifestyle hotel with a waterfront location and more meeting space than most of its competitors, it will likely achieve its highest penetration in the Group segment, followed by the Leisure segment. As the expected price point of the Proposed Hotel may be too high for many IBT travelers in this market, we expect the IBT segment will likely stabilize below its fair share. Based on this analysis, we estimate the resulting occupancy for the Proposed Hotel to finish its first full operating year at 67% and stabilize at +/-74% in the third year, with an overall penetration of 105% of its fair share.

Proposed Nationally Branded Lifestyle Hotel - Seabrook, TX - 150 Units									
Year	Market Segment	Estimated Market Demand	Fair Market Share ¹		Estimated Market Penetration ²		Occupancy		Average Room Rate Constant \$
			Percent	Demand	Percent	Demand	Market	Subject	
2023	IB T	169,000	10.0%	16,900	85%	14,400			165.00
	Group	54,800	10.0%	5,500	120%	6,600			185.00
	Leisure	153,900	10.0%	15,400	105%	16,200			225.00
	Total	377,700		37,800	98%	37,200	69%	67%	194.68
2024	IB T	172,100	10.0%	17,200	90%	15,500			165.00
	Group	55,800	10.0%	5,600	130%	7,300			185.00
	Leisure	156,700	10.0%	15,700	110%	17,300			225.00
	Total	384,600		38,500	104%	40,100	69%	72%	194.53
2025	IB T	175,300	10.0%	17,500	90%	15,800			165.00
	Group	56,800	10.0%	5,700	135%	7,700			185.00
	Leisure	159,600	10.0%	16,000	110%	17,600			225.00
	Total	391,700		39,200	105%	41,100	70%	74%	194.44

¹ Fair Market Share = 150 Units (Subject) divided by 1,499 Rooms (in the Market in 2023) = 10.0%

² Subject penetration into Market above 100% indicates Subject has competitive advantages.

In estimating the Average Daily Rate (ADR), we gathered rack rates for each of the competitive hotels, which is presented in **Exhibit A**. We also collected estimated individual ADR's and compared them to the market average of 2019. Based on our observations of the market, we estimated the average rate anticipated for each demand segment, as shown in the previous table. Leisure travelers, for example, will pay the highest rate because they tend to travel during peak periods, which will be on weekends for the Proposed Hotel. Group travelers will lie in between because they book well in advance and often enjoy negotiated rates. IBT travelers in this area will likely pay the least for its dependence on negotiated contract rates (including government per diem).

The previous table calculates a weighted average based on our analysis stated in 2019 dollars. The following table uses a 3.0% per year rate of inflation to express the ADR in future dollars and the resulting rooms revenue. Other adjustments were made to reflect the discounting that is likely to occur during ramp up.

Average Daily Rate and Rooms Revenues				
Fiscal Year	Occupancy	Average Daily Rate		Rooms Revenue
		2019 Dollars	Inflated Dollars	
2023	67%	\$194.00	\$209.50	\$7,684,460
2024	72%	\$194.00	\$220.25	\$8,682,255
2025	74%	\$194.00	\$229.00	\$9,279,080

Aspirational Set

Based on our assessment that the Proposed Hotel should follow a proven trend of being the anchor of a mixed-used development comprising entertainment-oriented retail on a waterfront boardwalk, we consulted the performance of other hotels in Greater Houston with similar surroundings, hereafter referred to as the Aspirational Set. As confirmation that hotels located within highly amenitized locations can achieve strong ADR's, the hotels listed in the following table achieved an ADR of \$201 in 2019. Similar to the Proposed Hotel, the aspirational hotels are located in or near quality mixed-use developments with numerous dining and entertaining options, which supports our estimation of strong ADR's for the Proposed Hotel.

SUMMARY OF ASPIRATIONAL HOTELS Greater Houston Area, Texas				
Properties	Rooms	Year Open	Property Type	Submarket/Amenities
1 Valencia Group Hotel Alessandra	223	2017	Full Service/Boutique	Downtown Houston
2 The Moran Hotel CITYCENTRE	244	2009	Full Service/Boutique	CityCentre
3 Hotel ZaZa Houston Memorial City	159	2017	Full Service/Boutique	Memorial City
4 Hotel Granduca Houston	122	2006	Full Service/Boutique	Uptown Houston
5 Wyndham Hotel Galvez & Spa	224	1998	Full Service	Galveston Island
6 Hilton Galveston Island Resort	239	1996	Full Service	Galveston Island
7 San Luis On Galveston Island	242	1985	Full Service/Boutique	Galveston Island
Total Hotel Rooms - 2020	1,453	¹ 2019 Market ADR: \$201 / Market Occupancy: 69.9%		

¹ Source: Smith Travel Research

Financial Pro Forma

Exhibit B located in the Addendum summarizes our departmental operating expenses for the Proposed Hotel. In preparing this analysis, we consulted expense ratios for comparable hotels as found in the USA Edition of Trends in the Hotel Industry by CBRE Hotels. The data presented by CBRE Hotels is expressed in ratios to total revenue as well as dollars per available room. Exhibit B is expressed in 2019 dollars based on the stabilized occupancy that is estimated for 2025.

Exhibits C-1 and C-2 restate these stabilized estimates into stated year (inflated) dollars starting 2023 to 2032, making assumptions for operational inefficiencies that result from the early years that the hotel operates below the stabilized occupancy. The following table is stated using inflated dollars and summarizes all the analysis contained herein.

Summary Income Statement *				
	2023	2024	2025	2026
Occupancy	67%	72%	74%	74%
Average Daily Rate *	\$210.75	\$221.25	\$230.25	\$237.25
Rooms Revenue	7,730,000	8,722,000	9,330,000	9,613,000
Other Income	<u>4,301,000</u>	<u>4,621,000</u>	<u>4,786,000</u>	<u>4,929,000</u>
Total Revenues	12,031,000	13,343,000	14,116,000	14,542,000
Departmental Expenses	4,455,000	4,733,000	4,914,000	5,061,000
Undistributed Expenses	3,115,000	3,336,000	3,480,000	3,585,000
Other Fixed Expenses	1,169,000	1,308,000	1,353,000	1,387,000
Reserve for Replacement	<u>241,000</u>	<u>400,000</u>	<u>565,000</u>	<u>582,000</u>
Net Operating Income	3,051,000	3,566,000	3,804,000	3,927,000

* Inflated Dollars.

Feasibility Analysis

A project is said to be feasible if investment objectives can be met using reasonable financing assumptions. In **Exhibit D**, we make assumptions as to the likely cost of developing and financing the project. By comparing the project cost to the potential operating results, we can calculate the potential return on the equity investment. It is important to note that while this feasibility analysis focuses specifically on the hotel, the operating performance anticipated for the hotel will only be achievable if surrounded by complimentary developments. The total project budget is summarized in the following table.

Cost Assumptions			
	\$ / Unit	Units	Amount *
Hotel Rooms Tower	\$250,000/Key	150 Keys	37,500,000
Conference Center	\$300/SF	12,000 SF	3,600,000
Structured Parking	\$25,000/Space	300 Space	7,500,000
Site Improvements			<u>2,000,000</u>
Total Project Budget *			50,600,000

* Includes all soft costs, developer fees, and prorata land cost

We based the amount of the construction loan on 60% of cost, or \$30.4 million (rounded), and the loan terms based on a 25-year amortization schedule (starting in the third year of operation) at an interest rate of 5.0% per annum. This leaves an equity requirement of \$20.2 million, of which the City and/or the City's Economic Development Corporation could potentially incentivize infrastructure or site improvements within a Planned Unit Development, leaving the private sector to sponsor the construction loan and to commit the remaining equity to fund the Proposed Hotel.

We further assumed the private sector financing would benefit from a hotel occupancy tax (HOT) rebate of the 7% collected by the City of Seabrook. These assumptions calculate a debt coverage ratio starting at 2.4 and stabilizing at 2.2 when the loan starts to amortize. These financing assumptions will likely produce a potential cash on cash returns between 13% and 16%.

Because an Internal Rate of Return (IRR) is an expression of equity return over the life of the investment, our analysis shows an assumed sale of the hotel in the fifth year based on a reversion analysis. The sales value is based on a theoretical terminal cap rate of 7.0%. From the projected sales price, we deduct a real estate commission and the outstanding debt at the time of sale. The resulting proceeds of the sale are added to the distributable cash flow for that year for potential distribution.

The IRR is then calculated over the life of the investment showing cash being invested in 2020 prior to the start of construction of the Proposed Hotel, dividends being paid starting in 2023 once the hotel is open, and the hotel being sold hypothetically in 2027 to calculate a final distribution being paid. This analysis is based on inflated dollars (at 3.0% per year) and the occupancy estimates derived in our report. Using these assumptions, the levered internal rate of return (IRR) is calculated to be 20.5%.

Limiting Conditions

The conclusions in this report are based upon review of published information and information provided by the general managers and/or owners at the competing hotels, and an analysis of historical market area data. The report is based on estimates, assumptions, and other information developed from our analysis of the local hotel market area and characteristics of the proposed property. Since the projections in this letter are based upon estimates and assumptions, which inherently are subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

THE PRO FORMA ANALYSIS IN THIS STUDY DEPICTS ESTIMATES OF PROJECT COSTS DERIVED FROM VARIOUS UNIFORM OFFERING CIRCULAR DOCUMENTS. IN ORDER TO RELY ON THE RESULTING ESTIMATES OF CASH ON CASH RETURN AND INTERNAL RATE OF RETURN, POTENTIAL INVESTORS MUST CONDUCT THEIR OWN INVESTIGATION AS TO THE RELIABILITY AND COMPLETENESS OF THE COSTS OF DEVELOPING THIS HOTEL.

FURTHERMORE, THE TERMINAL CAP RATE WAS NOT DERIVED BY AN APPRAISAL OF RECENT MARKET SALES. A MARKET DERIVATION OF CAP RATES BY A CERTIFIED APPRAISER IS NEEDED IN ORDER TO ACCURATELY EXPRESS POTENTIAL RETURNS.

This report has been prepared primarily for your use and guidance in determining the risk in developing the Subject Site. As is customary in assignments of this nature, neither our name nor the material submitted may be included in any prospectus, in newspaper publicity, or as part of any printed material; or used in public offerings or representations in connection with the sale of securities to the general public. You may, however, include this document in a private placement memorandum that is directed to qualified investors.

DPC Hospitality – Qualifications

DPC Hospitality is a hotel, tourism, and real estate-oriented consulting and advisory firm. We have developed a wide range of expertise that includes limited-service hotels, extended-stay hotels, convention and full-service hotels, and resorts. The principals of DPC Hospitality have completed over 500 combined hotel consulting and valuation assignments located across the United States.

The President of DPC Hospitality, David Parker, has over 30 years of experience in the hotel industry, including more than 25 years in hotel consulting and development. Prior to forming DP Consulting in 2001, Mr. Parker was employed by PKF Consulting for nearly a decade, where he developed numerous methodologies for collecting market information on hotels and meeting facilities, and developed multiple modeling techniques for projecting utilization, income and expense.

Senior Vice President Christian Abbate has nearly 15 years of experience in the hospitality industry including more than 10 years in hospitality advisory and consulting. Prior to joining DPC Hospitality, Mr. Abbate served nearly 11 years in various roles including Director at CBRE Hotels and Vice President at PKF Consulting. Mr. Abbate’s previous experience also includes management positions with Accor Hotels and Hilton Hotels.

DPC Hospitality (rebranded from DP Consulting) has completed a variety of projects, a summary of which are listed in Exhibit E in the Addendum.



Attest: _____
David Parker - President

Addendum

Competitive Set Table – Exhibit A
Financial Pro Forma – Stabilized Year– Exhibit B
Financial Pro Forma – 2023 to 2032 – Exhibits C-1 and C-2
Return on Equity Investment – Exhibit D
Projects Completed by DPC Hospitality – Exhibit E

SUMMARY OF COMPETITIVE HOTELS
Seabrook/Clear Lake Area, Texas

Exhibit A

Properties	Rooms	Year Opened	2020 Rack Rates ¹				Property Type	Miles from Subject	Amenities ²
			Weekday	Weekend	Summer Weekday	Summer Weekend			
A Hampton Inn Houston NASA Johnson Space Center 3000 NASA Road 1, Seabrook	70	Jul 2017	\$105 - \$150	\$110 - \$160	\$110 - \$130	\$115 - \$165	Limited Service	0.2	FHB, SP, FC, MR
B Holiday Inn Express & Suites Houston NASA - Seabrook 2710 E NASA Pkwy, Seabrook	80	Jul 2019	\$70 - \$80	\$80 - \$90	\$80 - \$90	\$100 - \$125	Limited Service	0.6	FHB, SP, FC, LF, MR
C SpringHill Suites Houston NASA/Seabrook 2120 E NASA Pkwy, Seabrook	88	2010	\$105 - \$125	\$125 - \$140	\$90 - \$135	\$125 - \$140	Limited Service	0.9	FHB, WB, SP, FC, LF, MR
D Boardwalk Inn Kemah Boardwalk 8 11th Ave, Kemah	58	1998	\$130 - \$160	\$200 - \$270	\$180 - \$330	\$300 - \$330	Limited Service/ Boutique	3.0	SP, MR
E Holiday Inn Kemah Boardwalk 805 Harris Ave, Kemah	128	2010	\$120 - \$170	\$120 - \$135	\$125 - \$170	\$165 - \$180	Select Service	2.8	FB, WB*, SP, FC, LF, MR
F Hilton Houston NASA Clear Lake 3000 E NASA Pkwy, Houston	242	1983	\$90 - \$210	\$95 - \$210	\$100 - \$160	\$100 - \$150	Full Service	2.7	FB, SP, FC, MMS
G Courtyard Houston NASA Clear Lake 18100 Saturn Ln, Nassau Bay	124	2012	\$110 - 200	\$105 - \$200	\$135 - \$190	\$115 - \$135	Select Service	3.8	FB, SP, FC, MR
H SpringHill Suites Houston NASA/Webster 1101 Magnolia Ave, Webster	121	2009	\$105 - \$150	\$100 - \$145	\$120 - \$135	\$125 - \$160	Limited Service	6.8	FHB, WB, SP, FC, LF, MR
I Staybridge Suites Houston - NASA/Clear Lake 501 W Texas Ave, Webster	112	2009	\$115 - \$145	\$120 - \$140	\$120 - \$170	\$135 - \$160	Extended Stay	7.1	FHB, FK, SP, FC, LF, MR
J Homewood Suites by Hilton Clear Lake 401 Bay Area Blvd, Houston	92	1995	\$120 - \$160	\$120 - \$145	\$130 - \$160	\$130 - \$155	Extended Stay	6.4	FHB, FK, SP, FC, LF, MR
K Hampton by Hilton Inn & Suites Houston/Clear Lake - NASA Area 506 Bay Area Blvd, Webster	108	2000	\$115 - \$145	\$120 - \$140	\$120 - \$170	\$135 - \$160	Limited Service	7.0	FHB, FK*, SP, FC, LF, MR
L Hilton Garden Inn Houston/Clear Lake NASA 750 W Texas Ave, Webster	126	2009	\$115 - \$170	\$90 - \$160	\$120 - \$150	\$115 - \$150	Select Service	7.1	FB, SP, FC, MR
Total Hotel Rooms - 2020	1,349		2019 Market ADR: \$120 / Market Occupancy: 67.4%						
New Hotels									
1 Subject - Proposed Nationally Branded Lifestyle Hotel NASA Parkway at Repsdorff	150	2023	n/a	n/a	n/a	n/a	Select Service	--	n/a
Total Hotel Rooms	1,499								

¹ Ranged of Published Rates. n/s - Not Shown on Map.

² Amenity Codes: FB - Food and Beverage Outlets, FHB - Full Hot Breakfast, CB - Continental Breakfast, FK - Full Kitchen, WB - Wet Bar, SP - Swimming Pool, FC - Fitness Center, LF - Laundry Facility, MMS - Major Meeting Space, MR - Meeting Room.

* In Selected Units

Proposed Nationally Branded Lifestyle Hotel - Seabrook
 Representative Year of Operation

Exhibit B

	Full Service Hotels 150 to 300 Rooms			Stabilized Operating Year (2025) Stated in 2019 Dollars			
Number of Units:		212				150	
Number of Annual Rooms Available:		77,380				54,750	
Number of Rooms Occupied:		57,184				40,515	
Annual Occupancy:		73.9%				74.0%	
Average Daily Rate:		168.35				\$194.00	
Revenue Per Available Room:		\$124.41				\$143.56	
	Ratio	Per Room	P.O.R.	Amount	Ratio	Per Room	P.O.R.
Revenues							
Rooms	72.2%	45,410	\$168.35	\$7,860,000	63.7%	\$52,400	\$194.00
Food & Beverage	23.7%	14,890	55.20	3,668,000	29.7%	24,453	90.53
Other Operated Departments	4.2%	2,621	9.72	810,000	6.6%	5,400	19.99
Total Revenues	100.0%	62,921	233.27	12,338,000	100.0%	82,253	304.53
Departmental Expenses							
Rooms	25.2%	11,423	42.35	1,621,000	20.6%	10,807	40.01
Food & Beverage	76.3%	11,358	42.11	2,384,000	65.0%	15,893	58.84
Other Operated Departments	59.7%	1,564	5.80	405,000	50.0%	2,700	10.00
Total Departmental Expenses	38.7%	24,345	90.26	4,410,000	35.7%	29,400	108.85
Departmental Profit	61.3%	38,576	143.01	7,928,000	64.3%	52,853	195.68
Undistributed Expenses							
Administrative & General	9.1%	5,721	21.21	1,116,000	9.0%	7,440	27.55
Marketing & Franchise	8.8%	5,515	20.45	1,110,000	9.0%	7,400	27.40
Property Operation and Maintenance	4.3%	2,732	10.13	420,000	3.4%	2,800	10.37
Utility Costs	3.6%	2,286	8.47	345,000	2.8%	2,300	8.52
Total Undistributed Operating Expenses	25.8%	16,254	60.26	2,991,000	24.2%	19,940	73.82
Gross Operating Profit	35.5%	22,322	82.76	4,937,000	40.0%	32,913	121.86
Fixed Expenses							
Base Management Fee	3.6%	2,264	8.39	432,000	3.5%	2,880	10.66
Property Taxes	3.3%	2,055	7.62	604,000	4.9%	4,027	14.91
Insurance	0.9%	575	2.13	128,000	1.0%	853	3.16
Total Fixed Expenses	7.8%	4,894	18.14	1,164,000	9.4%	7,760	28.73
Net Operating Income	27.7%	17,428	64.61	3,773,000	30.6%	25,153	93.13
FF&E Reserve	4.0%	2,517	9.33	494,000	4.0%	3,293	12.19
Net Operating Income After Reserve	23.7%	14,911	55.28	\$3,279,000	26.6%	\$21,860	\$80.93
			Source: CBRE Hotels				Estimated by DPC Hospitality

Proposed Nationally Branded Lifestyle Hotel - Seabrook

Exhibit C-1

Projected Operating Results
Calendar Years

	2023		2024		2025		2026		2027	
Number of Units:	150		150		150		150		150	
Number of Annual Rooms Available:	54,750		54,750		54,750		54,750		54,750	
Number of Rooms Occupied:	36,680		39,420		40,520		40,520		40,520	
Annual Occupancy:	67.0%		72.0%		74.0%		74.0%		74.0%	
Average Daily Rate:	\$209.50		\$220.25		\$229.00		\$238.25		\$245.50	
Revenue Per Available Room:	\$140.37		\$158.58		\$169.46		\$176.31		\$181.67	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	\$7,684,000	61.2%	\$8,682,000	62.8%	\$9,279,000	63.6%	\$9,654,000	63.8%	\$9,948,000	63.8%
Food & Beverage	4,042,000	32.2%	4,227,000	30.6%	4,354,000	29.8%	4,484,000	29.6%	4,619,000	29.6%
Other Operated Departments	826,000	6.6%	914,000	6.6%	968,000	6.6%	997,000	6.6%	1,027,000	6.6%
Total Revenues	12,552,000	100.0%	13,823,000	100.0%	14,601,000	100.0%	15,135,000	100.0%	15,594,000	100.0%
Departmental Expenses										
Rooms	1,738,000	22.6%	1,853,000	21.3%	1,935,000	20.9%	1,993,000	20.6%	2,053,000	20.6%
Food & Beverage	2,650,000	65.6%	2,754,000	65.2%	2,837,000	65.2%	2,922,000	65.2%	3,009,000	65.1%
Other Operated Departments	413,000	50.0%	457,000	50.0%	484,000	50.0%	498,000	49.9%	513,000	50.0%
Total Departmental Expenses	4,801,000	38.2%	5,064,000	36.6%	5,256,000	36.0%	5,413,000	35.8%	5,575,000	35.8%
Departmental Profit	7,751,000	61.8%	8,759,000	63.4%	9,345,000	64.0%	9,722,000	64.2%	10,019,000	64.2%
Undistributed Expenses										
Administrative & General	1,178,000	9.4%	1,265,000	9.2%	1,324,000	9.1%	1,370,000	9.1%	1,411,000	9.0%
Marketing & Franchise	1,130,000	9.0%	1,244,000	9.0%	1,314,000	9.0%	1,362,000	9.0%	1,403,000	9.0%
Property Operation and Maintenance	496,000	4.0%	497,000	3.6%	502,000	3.4%	517,000	3.4%	532,000	3.4%
Utility Costs	388,000	3.1%	400,000	2.9%	412,000	2.8%	424,000	2.8%	437,000	2.8%
Total Undistributed Operating Expenses	3,192,000	25.4%	3,406,000	24.6%	3,552,000	24.3%	3,673,000	24.3%	3,783,000	24.3%
Gross Operating Profit	4,559,000	36.3%	5,353,000	38.7%	5,793,000	39.7%	6,049,000	40.0%	6,236,000	40.0%
Fixed Expenses										
Base Management Fee	439,000	3.5%	484,000	3.5%	511,000	3.5%	530,000	3.5%	546,000	3.5%
Property Taxes	604,000	4.8%	693,000	5.0%	707,000	4.8%	721,000	4.8%	736,000	4.7%
Insurance	144,000	1.1%	148,000	1.1%	152,000	1.0%	157,000	1.0%	162,000	1.0%
Total Fixed Expenses	1,187,000	9.5%	1,325,000	9.6%	1,370,000	9.4%	1,408,000	9.3%	1,444,000	9.3%
Net Operating Income	3,372,000	26.9%	4,028,000	29.1%	4,423,000	30.3%	4,641,000	30.7%	4,792,000	30.7%
FF&E Reserve	251,000	2.0%	415,000	3.0%	584,000	4.0%	605,000	4.0%	624,000	4.0%
Net Operating Income After Reserve	\$3,121,000	24.9%	\$3,613,000	26.1%	\$3,839,000	26.3%	\$4,036,000	26.7%	\$4,168,000	26.7%
Estimated by DPC Hospitality	Full Year of Operation									

Proposed Nationally Branded Lifestyle Hotel - Seabrook

Exhibit D

Project Description	
Keys:	150
Net On Site Meeting Space SF	6,500
Gross Conference Center SF	12,000
Pool	Resort Style
Hotel Employees (Approx.)	120
Amenities: Mixed-Use Location with Boardwalk, Resort-Style Pool, Structured Parking, Food and Beverage outlets, Health Club and Spa.	

Cost Assumptions			
	\$ / Unit	Units	Amount *
Hotel Rooms Tower	\$250,000/Key	150 Keys	37,500,000
Conference Center	\$300/SF	12,000 SF	3,600,000
Structured Parking	\$25,000/Space	300 Space	7,500,000
Site Improvements			<u>2,000,000</u>
Total Project Budget *			50,600,000

* Includes all soft costs, developer fees, and prorata land cost

Debt Assumptions	
Term	25
Interest	5.00%
Loan to Costs (Estimate)	60%
Loan Amount (Hotel)	30,400,000
Monthly Loan Payment	177,715
Annual Debt Service	2,132,584
Equity Requirement	20,200,000
380 Agreement / Grants	
Site Improvements	(2,000,000)
Unspecified City Incentives	(2,000,000)
Total Private Capital Stack	16,200,000

Project EBITA	Today's Dollars	Year 1	Year 2	Year 3	Year 4	Year 5
Full Year of Operation	2019	2023	2024	2025	2026	2027
Hotel and Conference Center						
Occ%	74%	67%	72%	74%	74%	74%
ADR	\$194.00	\$209.50	\$220.25	\$229.00	\$238.25	\$245.50
Room Revenue	7,860,000	7,684,000	8,682,000	9,279,000	9,654,000	9,948,000
Food and Beverage	3,668,000	4,042,000	4,227,000	4,354,000	4,484,000	4,619,000
Other Income	810,000	826,000	914,000	968,000	997,000	1,027,000
Total	12,338,000	12,552,000	13,823,000	14,601,000	15,135,000	15,594,000
Less: Total Expenses	(9,059,000)	(9,431,000)	(10,210,000)	(10,762,000)	(11,099,000)	(11,426,000)
Net Operating Income	3,279,000	3,121,000	3,613,000	3,839,000	4,036,000	4,168,000
Distribution Summary						
Hotel NOI		3,121,000	3,613,000	3,839,000	4,036,000	4,168,000
POTENTIAL Hotel Occupancy Tax Rebate (City)	7%	537,880	607,740	649,530	675,780	696,360
Less: Project Debt Service (Year 1 & 2 Interest Only)		(1,520,000)	(1,520,000)	(2,132,584)	(2,132,584)	(2,132,584)
POTENTIAL Project Distributions		2,138,880	2,700,740	2,355,946	2,579,196	2,731,776
Subtotal of Potential City Incentives (HOT and Sales Tax)						
		537,880	607,740	649,530	675,780	696,360
POTENTIAL City Incentives as Percent of Distributions		25%	23%	28%	26%	25%
Debt Coverage Ratio (with City Incentives)		2.41	2.78	2.10	2.21	2.28

Internal Rate of Return	Investment	Construction		Operation -->				Reversion	IRR	Total Return
	2020	2021	2022	2023	2024	2025	2026	2027		
Initial Equity Investment	(16,200,000)									
POTENTIAL Project Distributions		-	-	2,138,880	2,700,740	2,355,946	2,579,196	2,731,776		
Reversion								<u>41,111,341</u>		
Total Equity Return	(16,200,000)	-	-	2,138,880	2,700,740	2,355,946	2,579,196	43,843,117	20.5%	53,617,878
Cash on Cash Return - by Year				13%	17%	15%	16%	271%		Multiple: 3.31

Reversion Analysis of Hotel Tower	
Year 5 NOI + HOT Rebate	4,864,360
Terminal Cap Rate	7.0%
Reversion Value (Sales Price)	69,500,000
Sales Costs: RE Comm / Title Ins.	1.0%
Less Sales Cost	(695,000)
Net Proceeds of Sale	68,805,000
Less Outstanding Debt	(27,693,659)
Net Proceeds to Equity	41,111,341

NOTE: DPC Hospitality made no attempt to verify the estimates of project costs provided by the developer and have no opinion on their validity. In order to rely on the resulting estimates of cash on cash return and internal rate of return, potential investors must conduct their own investigation as to the reliability and completeness of the costs of developing this project. Furthermore, the terminal cap rate was not derived by an appraisal of recent market sales. A market derivation of cap rates by a certified appraiser is needed in order to accurately express potential returns.



Projects Completed by David Parker

Market Studies of Limited-Service Hotels:

Dallas Area:

Market Study of Proposed Best Western Premier – Denton, Texas (Open 2009)
Market Study of Proposed Fairfield Inn – Decatur, Texas
Market Study and Valuation of Proposed Comfort Suites – Grapevine, Texas (Open 2005)
Market Study of a Hampton Inn and Suites – Alliance Airport, Fort Worth Texas (Open 1999)
Due Diligence Analysis of five hotels (Holiday Inn Expresses and Quality Suites) – Dallas, Texas
Market Study of Proposed Hampton Inn and Suites – Hurst, Texas (Open 2004)
Due Diligence Analysis Wyndham Garden Hotel Los Colinas – Irving, Texas
Due Diligence Analysis Wyndham Garden Hotel Market Center – Dallas, Texas

Houston Area:

Market Study of Proposed Hampton Inn & Suites – Bush Intercontinental Airport – Houston, Texas (Open 2015)
Market Study of Proposed Comfort Suites (Westchase) – Houston, Texas (Open 2013)
Market Study of Proposed Hampton Inn & Suites – Missouri City, Texas (Open 2013)
Market Study of Proposed Courtyard & TownePlace Suites – Galveston, Texas (Open 2013)
Market Study of Proposed SpringHill Suites – Houston, Texas
Market Study of Proposed Sleep Inn – Clute/Lack Jackson, Texas
Market Study of Proposed Microtel Inn & Suites – Port Arthur, Texas
Market Study of Proposed SpringHill Suites – Seabrook, Texas
Market Study of Proposed La Quinta – West Chase - Houston, TX (Open 2007)
Market Study of Proposed Best Western Mini Suites – Texas City, Texas (Open 2005)
Market Study of Proposed Bed & Breakfast – Kemah, Texas (Open 2004)
Market Study of a Proposed TownePlace Suite – College Station, Texas (Open 1999)
Market Study of a Proposed TownePlace Suite – Clear Lake, Texas (Open 1999)
Market Evaluations of four Baymont Inns – Houston, Texas
Market Study of Proposed Hampton Inn & Suites – League City, Texas (Open 2010)

Central Texas:

Market Study of Proposed Homewood Suites – (Parmer Lane) Austin, Texas (Open 2015)
Market Study of Proposed Home2 Suites – Round Rock, Texas (Open 2015)
Market Study of Proposed Bed and Breakfast Cabins – Fredericksburg, Texas (Open 2013)
Market Study of Proposed Hampton Inn & Suites – Downtown Austin, Texas (Open 2012)
Market Study of Proposed Homewood Suites – Round Rock, Texas (Open 2010)
Market Study of Proposed Sleep Inn & Suites – Manor, Texas (Open 2012)
Market Study of Proposed Limited-Service Hotel – Marble Falls, Texas
Market Study of Proposed Microtel Inn & Suites – Austin, Texas (Airport) (Open 2010)
Market Study of Proposed Staybridge Suites – San Antonio, Texas (Open 2008)
Market Study of Proposed La Quinta - Medical Center - San Antonio, Texas (Open 2007)

South Texas:

Market Study of Proposed Microtel – Gonzales, Texas (Open 2013)
Market Study of Proposed Home2 Suites – Mission, Texas
Market Study of Proposed Holiday Inn Express – South Padre Island, Texas (Open 2005)



North Texas:

- Market Study of Proposed Hampton Inn – Vernon, Texas (Open 2011)
- Market Study of Proposed Holiday Inn Express – Vernon, Texas (Open 2006)

West Texas:

- Market Study of Proposed Microtel – San Angelo, Texas (Open 2010)
- Market Study of Proposed Hawthorn Suites – Lubbock, Texas (Open 2008)
- Market Study of Proposed Best Western – Hamilton, Texas (Open 2007)
- Market Study of Proposed La Quinta – Lubbock, Texas (Open 2006)

East Texas:

- Market Study of Proposed Microtel Inn & Suites – Texarkana, Texas
- Market Study of Proposed Hampton Inn – Sulphur Springs, Texas (Open 2010)
- Market Study of Proposed Best Western – Mt. Vernon, Texas

Outside of Texas:

- Market Study of Proposed Home2 Suites – Tallahassee, Florida (Open 2016)
- Market Study of Proposed Home2 Suites – Stillwater, Oklahoma (Open 2016)
- Market Study of Proposed Home2 Suites – Tuscaloosa, Alabama (Open 2015)
- Market Study of Proposed Home2 Suites – Lexington, Kentucky (Open 2015)
- Market Study of Proposed Hilton Garden Inn & Homewood Suites – Oklahoma City, Oklahoma (Open 2014)
- Market Study of Proposed Hampton Inn & Suites - Mulvane, Kansas (Open 2012)
- Market Study of Proposed Hampton Inn & Suites – Dodge City, Kansas (Open 2012)
- Market Study of Proposed Homewood Suites – Nashville, Tennessee (Open 2013)
- Market Study of Proposed Fairfield Inn – Maize, KS (Open 2011)
- Market Study of Proposed La Quinta Inn & Suites – Olathe, Kansas (Open 2008)
- Market Study of Proposed Holiday Inn Express & Suites – Bloomington, Indiana (Open 2006)
- Market Study of Converting historic buildings into Residence Inn and Courtyard by Marriott – Omaha, NE (Open 1999)
- Market Study of Proposed Sleep Inn Limited-Service hotel – Thornton, Colorado (Open 1998)
- Market Study and Valuation of Proposed All-Suite Hotel at Isle of Capri Casino – Lake Charles, Louisiana (Open 1998)
- Market Study and Valuation of Proposed Limited-Service Hotel at Isle of Capri Casino – Lake Charles, Louisiana (Open 1997)

Market Studies Select and Full-Service Hotels:

Dallas Area:

- Market Study of Proposed Hilton Garden Inn – Hurst, Texas (Open 2016)
- Market Study of Proposed Hilton Dallas/Plano Granite Park – Plano, TX (Open 2014)
- Market Study of Proposed Cambria Suites – Plano, Texas (Open 2014)
- Market Study of Proposed Courtyard Hotel & Conference Center – Carrollton, Texas
- Market Study of Renovating the Historic Blackstone Hotel into a Courtyard by Marriott – Fort Worth, Texas (Open 1999)



Market Study of Proposed Embassy Suites Galleria – Dallas, Texas (Open 1998)
Evaluation of Converting the Employers Life Insurance Building into a Headquarters Hotel – Dallas, Texas
Market Study of Proposed Holiday Inn – McKinney, Texas (Open 2008)
Market Study of Proposed Resort Hotel and Water Park – Frisco, Texas
Impact Assessment of Converting Ramada Plaza into Holiday Inn Select (Presently The Sheraton) – Fort Worth, Texas

Houston Area:

Market Study of Proposed Courtyard & TownePlace Suites – Galveston, Texas (Open 2013)
Market Study of Proposed Courtyard by Marriott – Galveston, TX (Open 2013)
Market Study of Proposed Embassy Suites & Water Park – Beaumont, Texas
Market Study of Proposed Embassy Suites – Texas Medical Center – Houston, TX
Market Study of Proposed Holiday Inn – Shenandoah, Texas
Market Study of Proposed Hilton Garden Inn Galleria – Houston, Texas (Open 2005)
Market Study and Economic Impact Assessment of 1,200-Room Hilton Americas
– Downtown Houston, Texas (Open 2004)
Market Study of Converting the Medical Towers into the Marriott Medical Center Expansion – Houston, Texas
Market Study of Converting Historic Texas State Hotel into Sheraton Suites – Downtown Houston, Texas
Market Study and Valuation of Omni Galleria – Houston, Texas
Market Study and Valuation of Red Lion Hotel Galleria – Houston, Texas

Central Texas:

Market Study of Proposed SoCo Hotel – (South Congress) Austin, Texas (Open 2015)
Economic Impact Study of Proposed Hilton Garden Inn – Live Oak, Texas
Market Study of Proposed Select-Service Hotel & Conference Center – Boerne, Texas
Market Study of Proposed Four Points (Now Wyndham Garden Inn Near La Cantera) – San Antonio, Texas (Open 2009)
Market Study of Proposed Boutique Hotel – Fredericksburg, Texas
Market Study of Proposed Cambria Suites – Medical Center – San Antonio, Texas
Market Study of Proposed Westin Riverwalk – San Antonio, Texas (Open 1999)
Market Study of Proposed Full-Service Hotel – New Braunfels, Texas
Market Study and Valuation of St. Anthony Hotel – San Antonio, Texas

South Texas:

Market Study of Proposed Hotel & Conference Center – Port Aransas, Texas
Market Study of Proposed Full-Service Hotel Adjacent to McAllen Convention Center – McAllen, Texas
Market Study of Proposed All-Suite Hotel and Resort on North Padre Island – Corpus Christi, Texas
Market Study, Economic Impact Study, and Financing Recommendations of Proposed Full-Service Hotel
– South Padre Island, Texas
Market Study of Proposed Executive Conference Center – North Padre Island, Corpus Christi, Texas

North Texas:

Market Study of Proposed Hotel Conversion to a Full-Service Wyndham Hotel – Wichita Falls, Texas

West Texas:

Market Study of Proposed Full-Service Hotel & Conference Center – Odessa, Texas

Outside of Texas:

Market Study of Proposed Full-Service Resort with Golf – Franklin, Tennessee
Market Study of Proposed Hilton Garden Inn & Homewood Suites – Oklahoma City, Oklahoma (Open 2014)
Market Study of Proposed Conversion of the Fulton Hotel to a Holiday Inn – Alexandria, Louisiana



Market Study of Proposed Office Building Conversion into Hilton Garden Inn –
Airport - Phoenix, Arizona (Open 2009)
Market Study of Proposed Hilton Garden Inn (Converted Office Building) – Phoenix, AZ at Airport (Open 2008)
Market Study of Proposed Full-Service Hotel – Colorado Springs, Colorado
Performance Review of Operating Standards – Radisson Fort McDowell Resort & Casino – Scottsdale, Arizona
Market Study of Proposed Holiday Inn – Colorado Springs, Colorado
Market Study and Valuation of Cypress Bend Golf Resort and Conference Center – Sabine Parish, Louisiana

Market Study of Converting historic buildings into Residence Inn and Courtyard by Marriott
– Omaha, NE (Open 1999)
Market Study of Proposed Full-Service Hotel – Sandy City, Utah
Market Study of Proposed Full-Service Hotel adjacent to Jazz Land Theme Park – New Orleans, LA
Market Study and Valuation of 780-room Regal Riverfront – St. Louis, Missouri

Public Assembly Facility Studies:

Dallas Area:

Market Study of Proposed Dallas County School District Meeting Facility – Dallas, Texas
Market Study of Proposed 500,000-Square foot Exhibition Center – Grapevine, Texas
Market Study of Proposed Conference Center – Hurst, Texas (Open 2007)
Management RFP of Proposed Conference Center – Hurst, Texas

Houston Area:

Market Study of Proposed Convention Center – Stafford, Texas (Open 2003)
Market Study of Proposed Performing Arts Theater – Stafford, Texas (Open 2003)
Market Study and Economic Impact of Proposed Waterway Convention Center –
The Woodlands, Texas (Open 2002)
Citywide occupancy tax collection forecast for City of Houston, used in securing \$700 million in bonds for the purpose of
expanding the George R. Brown Convention Center, constructing the 1,200-room Hilton Hotel, parking garage, and
NBA basketball arena – Houston, Texas
Market Study and Economic Impact Study of Expanding the George R. Brown Convention Center
– Downtown Houston, Texas
Market Study of Proposed Convention Center, Mall Conversion – Baytown, Texas
Market Study of Proposed Natatorium – Stafford, Texas
Market Study of Repositioning a portion of Greenspoint Mall into a Convention Center – Houston, Texas
Market Study of Proposed Civic Center – Kemah, Texas
Market Study of Proposed Civic Center – Freeport, Texas

Central Texas:

Market Study of Proposed Convention Center – New Braunfels, Texas
Market Study of Proposed Civic Center & Exhibit Hall – Gonzales, Texas

South Texas:

Market Study of Expanding the Bayfront Convention Center – Corpus Christi, Texas (Completed 1999)

East Texas:

Market Study of Proposed Convention Center – Lufkin, Texas