



FEASIBILITY STUDY

with

FINANCIAL PROJECTIONS

for the proposed



in

Hallandale Beach

For



Hallandale Beach, Florida



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CONCLUSIONS

The Market research and analysis, as described in this report, indicate that the composition, strength, and projected demand for lodging accommodations in Hallandale Beach, Florida are sufficient to support the Hotel Indigo. The following comments highlight the findings that support this market conclusion.

Market Area Analysis (Section C)

The greater area of Hallandale Beach features Fort Lauderdale that was once known as a spring break getaway, but no more. Now, the Fort Lauderdale Area is a year-round mecca for world-class shopping, dining and entertainment, from the Galleria Mall and Westfield Broward to cultural attractions like the NSU Art Museum Fort Lauderdale, Museum of Discovery and Science, and the Bonnet House Museum and Gardens. The City features a laid-back beach, high end dining, energetic nightlife and is also known as the “Venice of America.”

Hallandale Beach on the southern end of Greater Fort Lauderdale, is best known for the condo canyons along the beach and for two of South Florida’s premier “racinos.” Gulfstream Park is a venerable venue to watch the thoroughbreds run especially during the Florida Derby, held every spring. Mardi Gras Casino is a player’s paradise with 1,100 Vegas-style slot machines.

The tropical outdoors is the main feature of Hallandale Beach with a wide array of sports from golf and ocean swimming to boating and salt-water fishing.

The Hallandale Beach Community Redevelopment Agency (HBCRA) as of Mid 2017, has identified 27 new developments valued at \$1,878,000,000. Approvals have been granted to 16 projects worth \$1,277,850,000; with 11 projects estimated at \$600,150,000 in Planning and Zoning Reviews.

Hallandale Beach, though only four square miles, is positioning its great attributes to expand in the 21st century.

Site and Area Evaluation

(Section D)

The site of the proposed Market Driven Hotel is located in Hallandale Beach, Florida.

A specific site was not identified by the City of Hallandale Beach Community Redevelopment Agency (HBCRA). Interim Hospitality Consultants has identified the following locations that are suitable for development of an upscale mixed use — Retail / Class A Office / Hotel – Development.

A prospective hotel developer, in conjunction with the HBCRA, would acquire the site with the possibility of providing street access to the existing retail establishments in the completed development.

Site 1

Northeast quadrant of the intersection of Hallandale Beach Boulevard (south) and Federal Highway US 1 (west), NE 8th Avenue (east) and NE 1st Street (north).

Site 2

Bounded by --

North -- NW 1st Street

South -- Hallandale Beach boulevard

East -- 4th Avenue

West -- 5th Avenue

Both of these sites are on Hallandale Beach Boulevard and are within reasonable distance to the Gulfstream Race Park and Casino along with future development in the Gold Coast Public Rail Transportation Initiatives in the next few years.

Supply and Demand Analysis
(Section E)

Four upper midscale hotels plus an upscale and an upper upscale hotel within the Greater Hallandale Beach area, reporting their hotel data to Smith Travel Research, were selected by Interim Hospitality Consultants as an indication of Potential Market Demand for the Hotel Indigo.

Hotel Name	City	Class	Franchise Date Opened	Number of Rooms
Hampton Inn	Hallandale Beach	Upper Midscale Class	Dec 2002	151
Best Western Plus	Hallandale Beach	Upper Midscale Class	Jun 1970	104
Marriott	Hollywood	Upper Upscale Class	Jun 2005	229
Crowne Plaza	Hollywood	Upscale Class	Sep 2007	311
Holiday Inn	Hollywood	Upper Midscale Class	Dec 1995	150
Hampton Inn	Hollywood	Upper Midscale Class	Mar 1996	104
Total Properties: 6				1,049

Source: Smith Travel Research, Hendersonville, Tennessee

Note: Room counts in the Smith Travel Research Occupancy Data may vary from the room count reported by Individual hotels due to usage of the rooms by the hotel management.

It has long been reported in the Hotel Industry that the key gage of Hotel Profitability is Hotel Occupancy percentage regardless of the size of the property.

- 40% Hotel loses money
- 50% Hotel breaks even
- 60% Hotel makes money
- 70% Hotel makes more money and is ready for new competition
- 80% Hotel has exceeded expectations
- 90% The hotel market is under supplied

The six competitive hotels have produced the following Annual Data.

Year	Occupancy	Average Daily Rate	Revenue per Available Room
2011	79.1%	129.96	102.81
2012	79.3%	137.05	108.66
2013	79.5%	148.58	117.94
2014	83.8%	154.56	129.44
2015	83.2%	167.42	139.23
2016	83.1%	164.17	136.41

Source: Smith Travel Research, Hendersonville, Tennessee Trend Report, Tab 4, Presented in Section E Supply and Demand

Day of the Week Analysis

When hotels achieve an occupancy of 85% and above, an approaching Sold Out Condition is achieved. The Data reflects 38 days of the week, at 4.3 weeks per month, for a total of 163 days of over 85% occupancy or nearly 45% of the past twelve months in a Sold Out Condition.

Tab 7 also reveals 74 days x 4.3 weeks per month for 318 days or nearly 87% of the past year of occupancy above 70%.

With the Hotel Indigo the success of this hotel development seems to be very positive as the findings of the Hotel Market Feasibility Study come to fruition.

Tab 7 of the Smith Travel Research Trend Report is represented on the following page.

Group 1 is comprised of the hotels listed on the previous page.

Group 2 is a list of 140 hotels representing 10,484 hotel rooms within a six mile radius of Hallandale Beach, Florida.

Facilities and Services - Hotel Indigo
(Section F)

The Market Research for this Feasibility Study has revealed that there is sufficient demand for a 150-room upscale, select-service, lifestyle hotel. There are several franchises that would be appropriate to the site such as AC by Marriott Hotels, Curio by Hilton, and Radisson Blue by Carlson Hotels.

For the purposes of this study, Interim Hospitality Consultants has chosen Hotel Indigo by IHG International Hotels Group due to the repositioning of the existing Crowne Plaza of Hollywood, Florida to a Doubletree Hotel by Hilton in 2018.

The Market Research reveals that the hotel should incorporate an outdoor swimming pool, Fitness Center and a 100-person Meeting Room, along with complimentary transportation every 30 minutes to the Hallandale Public Beach at the Atlantic Ocean.

Hotel Indigo Hallandale Beach, Florida Proposed Room Mix	
<i>Room Type</i>	<i>Number</i>
King Studio	25
King Sofa Studio Suite	35
Queen/Queen Studio Room	25
Queen/Queen Executive Suite	30
King One Bedroom Executive Suite	25
King Celebration Studio Room	10
Total Rooms	150

Source: Interim Hospitality Consultants

Projected Utilization of the Hotel
(Section G)

Based upon the occupancy of the Hotel Indigo, the proposed hotel’s Total Market Penetration and underlying assumptions are summarized as follows:

1. *Leisure:* Due to the hotel’s being marketed as the number one quality product in the upscale transient hotel classification, its’ projected penetration of fair market share will range from 109.6% to 109.1% over the five-year projection period. If for any reason, the leisure business declines through seasonality or energy shortages, state and local commercial solicitation must be made to offset the decline.

2. *Commercial:* The fair market share of commercial business is projected to run from 109.6% to 109.1%. This can be achieved with a professional sales marketing effort enhanced by the uniqueness of this new type of hotel.

3. *Occupancy:* The projected occupancy should be attainable if the property is professionally operated in all facets, and business of the area continues to be positive. In years 3 to 5, additional competition may materialize to substantially reduce the projections.

These projections are based on estimates and assumptions are developed in connection with the Feasibility Study. However, certain assumptions may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period may vary from the forecasts, and the variations may be material.

Hotel Indigo Hallandale Beach, Florida Projected Average Room Revenue (Current Year Dollars)			
Year	Occupancy	Average Daily Rate	Room Revenue
2020	80%	175.00	7,686,000
2021	81%	182.00	8,071,250
2022	82%	189.00	8,485,160
2023	83%	197.00	8,952,170
2024	84%	205.00	9,453,780

Source: Interim Hospitality Consultants

Financial Analysis
(Section H)

Projections of annual operating returns for the proposed hotel were prepared for five years, 2020 through 2024. The projections are based on the results of operations of comparable facilities and our conclusions regarding the environment in which the proposed hotel would operate.

Hotel Indigo Hallandale Beach, Florida			
Year	Total Revenue	Net Operating Income Before Debt Service	
2020	\$8,770,670	\$4,172,880	47.6%
2021	\$9,203,810	\$4,510,700	49.0%
2022	\$9,668,110	\$4,894,280	50.6%
2023	\$10,187,100	\$5,237,510	51.4%
2024	\$10,564,980	\$5,610,230	53.1%

Source: Interim Hospitality Consultants

Information on InterContinental Hotels Group (IHG)

Information on InterContinental Hotels Group (IHG) is presented at the end of Section B of this Feasibility Study.