



HVS Market Study Report

Georgia World Congress Center Authority

October 22, 2013

Purpose

To provide a market study with facility recommendation and data on a proposed convention center headquarters hotel.

Background

HVS was created in 1980 to satisfy the growing demand for reliable and well-documented hotel and motel valuations, market studies and feasibility reports. Since this time we have gained the respect of banking, investment, real estate and hotel industry professionals by providing the highest quality hotel appraisal and counseling services in the country.

Background (con't)

Over the past three decades, HVS has been expanding both our range of services and our geographical boundaries. Our firm-wide range of services has expanded into 13 divisions which consisting of Consulting and Valuation, Executive Search, Investment Banking, Hotel Management, Gaming Services, Hotel Parking Consulting, Food & Beverage Services, Asset Management & Strategic Advisory, Convention, Sports, and Entertainment Facilities Consulting, Golf Services, Marketing Communications, Interior Design, and Shared Ownership Services.

Background (con't)

With a staff of over 300 industry professionals, HVS has consulted for more than 20,000 hotels and resorts in all 50 states and more than 55 countries worldwide. We routinely evaluate more than 2,000 hotels each year. Our staff continuously monitors every major hotel market and is up-to-date with the latest economic trends. This experience and our database of information enable our firm to provide you with highly documented studies containing well-supported conclusions and detailed recommendations.

Objective

The objective of this assignment is to perform a market study with facility recommendation for the purpose of evaluating the market demand, analyzing the economics, recommending the size, quality and type of lodging facility, recommending a brand name for the hotel, projecting income and expense, quantifying cost, and determining the feasibility of a Proposed Convention Center Hotel in Atlanta, Georgia.

Scope of Work

- *The methodology used to develop the study is based on market research and valuation techniques established by the American Institute of Real Estate Appraisers and Appraisal Institute*
- *The project site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors*
- *The surrounding economic environment, on both area and neighborhood level, has been reviewed and identified specific hospitality related economic and demographic trends that may have an impact on future demands for hotels*

Scope of Work_(cont)

- *The market for hotel accommodations have been divided into individual segments to define specific market characteristics for the types of travelers expected to utilize the area's hotels.*
- *An analysis of existing and proposed competition to provide an indication of the current accommodation demand, along with market penetration and the degree of competitiveness*
- *Documentation for occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity*
- *A detail projection of income and expenses made in accordance with the Uniformed System of Accounts for the Lodging Industry*

HVS Study

The HVS study presents the following recommendation:

- Despite a positive trend in the Atlanta economy, the downtown hotel industry remains muted due to the underutilized Georgia World Congress Center, which lacks an adjacent hotel.
- A vibrant highly-utilized convention center typically servers as a vital component to a major city's downtown visitation and downtown hotel utilization levels
- The Georgia World Congress Center remains underutilized due in part to the lack of accessibility to the newer state of the art C-Building from the existing hotel.

Key Assumptions

The subject of the market study is an assumed 87,120-square-foot (2.00-acre) parcel to be improved with a full-service, convention headquarters lodging facility; the hotel's brand affiliation is undetermined, although we have placed emphasis on the InterContinental brand. The property is expected to open on July 1, 2017 and will feature 1,200 rooms, two restaurants, two lounges, a café, and a coffee kiosk, 110,000 square feet of meeting space, an outdoor pool, an outdoor whirlpool, a spa, a fitness center, a business center, a gift shop, retail outlets, and an airport shuttle. The hotel will also feature all necessary back-of-the-house space.

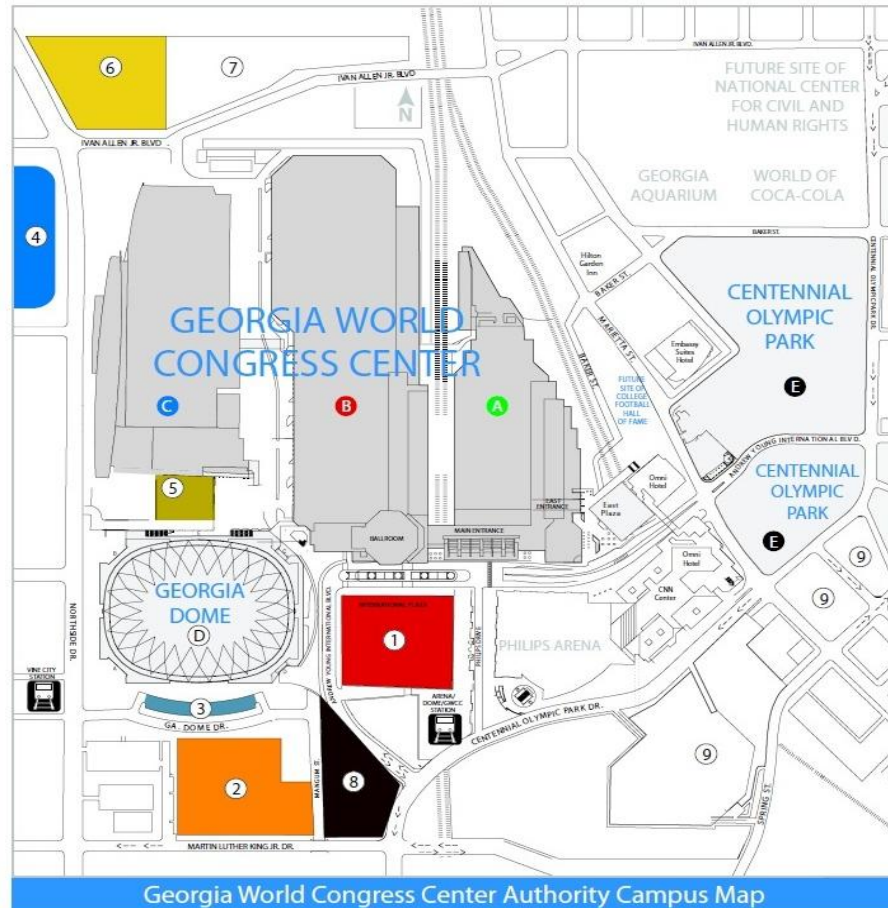
MAP OF POTENTIAL SITES

Campus Facilities

- A** **B** **C** GWCC
- D** Georgia Dome
- E** Centennial Olympic Park

Parking Key

	Number of Spaces		Number of Spaces
1 Red Deck	2,000	6 Yellow Lot	1,284
2 Orange Lot	580	7 Marshalling Yard	1,377
3 Silver Lot	82	8 Brown Lot	300
4 Blue Lot	722	9 Off Campus Lots	
5 Gold Deck	300		



Georgia World Congress Center Authority Campus Map

updated 5/2013

Key Assumptions (cont)

The proposed subject property is anticipated to serve in concert with the 1,070-room Omni at CNN Center as the city's second convention headquarters hotel. Given the relatively low levels of exhibit space occupancy at the GWCC and the limited activity in the center's newest facility, the state-of-the-art Building C, the proposed hotel is further expected to be integrated to a large degree with Building C, serving as a bookend to the GWCC with the Omni, which is located adjacent to Building A on the center's eastern end.

The Neighborhood

- *The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment.*
- *The recommended subject site is located in Downtown Atlanta, in the northeast quadrant of Northside Drive Northwest and Martin Luther King, Jr. Drive Southwest. The site is bounded by Buildings C and B of the GWCC to the north and east, respectively, the Georgia Dome to the south, and West Plaza to the west*

The Neighborhood^(cont)

The proposed subject property's Downtown Atlanta neighborhood is generally defined by Ivan Allen, Jr. Boulevard to the north, U.S. Highway 29/Northside Drive Northwest to the west, Interstate 20/Ralph David Abernathy Freeway to the south, and Interstate 75/85 to the east. This neighborhood is in the stable stage of its life cycle, with pockets of growth in the entertainment sector, and is characterized by the presence of a number of the area's major entertainment and meeting venues and attractions, including the GWCC, the Georgia Dome, Philips Arena, the Georgia Aquarium, and the World of Coca-Cola.

HVS Study Results

Year	Average Daily Available Room			Occupied Room			Average			
	Room Count	Nights	Change	Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2001	7,797	2,845,905	—	1,749,328	—	61.5 %	\$141.63	—	\$87.06	—
2002	7,797	2,845,905	0.0	1,765,558	0.9	62.0	137.45	(3.0)	85.27	(2.1)
2003	7,797	2,845,905	0.0	1,702,371	(3.6)	59.8	128.52	(6.5)	76.88	(9.8)
2004	8,397	3,064,905	7.7	1,890,098	11.0	61.7	130.98	1.9	80.77	5.1
2005	8,397	3,064,905	0.0	1,966,973	4.1	64.2	134.42	2.6	86.27	6.8
2006	8,388	3,061,720	(0.1)	2,030,842	3.2	66.3	145.14	8.0	96.27	11.6
2007	8,384	3,060,160	(0.1)	2,088,328	2.8	68.2	150.16	3.5	102.48	6.4
2008	8,588	3,134,488	2.4	1,980,394	(5.2)	63.2	150.99	0.6	95.40	(6.9)
2009	8,874	3,239,034	3.3	1,795,482	(9.3)	55.4	142.73	(5.5)	79.12	(17.1)
2010	8,882	3,241,930	0.1	2,061,559	14.8	63.6	145.44	1.9	92.48	16.9
2011	8,882	3,241,930	0.0	2,010,819	(2.5)	62.0	138.64	(4.7)	85.99	(7.0)
2012	8,883	3,242,390	0.0	2,102,842	4.6	64.9	144.64	4.3	93.81	9.1

Average Annual Compounded Change:

2000-2012 1.1 % 1.5 % 0.2 % 0.6 %

Year-to-Date Through June

2012	8,882	1,607,642	—	1,083,880	—	67.4 %	\$144.72	—	\$97.57	—
2013	8,887	1,608,547	0.1 %	1,060,192	(2.2) %	65.9	143.24	(1.0) %	94.41	(3.2) %

Hotels Included in Sample	Number of Rooms	Year Affiliated	Year Opened
DoubleTree Atlanta Downtown	312	Apr 2013	Jun 1962
Sheraton Hotel Atlanta	763	Mar 1999	Jun 1965
Hyatt Regency Atlanta	1,260	Jun 1967	Jun 1967
Omni Hotel @ CNN Center	1,070	Jun 1974	Jun 1974
Westin Peachtree Plaza Atlanta	1,073	Jun 1976	Jun 1976
Hilton Atlanta	1,242	Aug 1976	Aug 1976
Ritz-Carlton Atlanta	444	Apr 1984	Apr 1984
Holiday Inn Atlanta Downtown Centennial Park	260	Mar 1999	Jun 1985
Marriott Atlanta Marquis	1,663	Jul 1985	Jul 1985
Embassy Suites Atlanta @ Cent Olympic Park	321	Jun 1999	Jun 1999
Hilton Garden Inn Atlanta Downtown	242	Mar 2008	Mar 2008
W Hotel Atlanta Downtown	237	Jan 2009	Jan 2009
Total	8,887		

Source: STR Global

National Competition

Year	Average Daily	Available Room	Occupied Room			Average		RevPAR	Change	
	Room Count	Nights	Change	Nights	Change	Occupancy	Rate			
2001	17,434	6,363,393	—	4,156,796	—	65.3 %	\$166.62	—	\$108.84	—
2002	17,454	6,370,752	0.1	4,138,553	(0.4)	65.0	164.69	(1.2)	106.99	(1.7)
2003	17,832	6,508,838	2.2	4,212,886	1.8	64.7	161.67	(1.8)	104.64	(2.2)
2004	18,274	6,670,010	2.5	4,518,299	7.2	67.7	162.13	0.3	109.83	5.0
2005	18,198	6,642,254	(0.4)	4,572,859	1.2	68.8	168.32	3.8	115.88	5.5
2006	19,372	7,070,750	6.5	4,912,630	7.4	69.5	173.26	2.9	120.38	3.9
2007	19,626	7,163,580	1.3	5,082,660	3.5	71.0	181.61	4.8	128.85	7.0
2008	21,292	7,771,739	8.5	5,284,647	4.0	68.0	187.06	3.0	127.20	(1.3)
2009	23,034	8,407,274	8.2	5,352,924	1.3	63.7	170.93	(8.6)	108.83	(14.4)
2010	24,228	8,843,105	5.2	5,939,820	11.0	67.2	166.93	(2.3)	112.12	3.0
2011	24,894	9,086,416	2.8	6,227,240	4.8	68.5	174.08	4.3	119.30	6.4
2012	25,729	9,391,086	3.4	6,469,383	3.9	68.9	177.59	2.0	122.34	2.5
Average Annual Compounded Change:										
2000-2012			3.3 %		3.8 %			0.5 %		1.0 %
Year-to-Date Through June										
2012	25,728	4,656,768	—	3,285,222	—	70.5 %	\$182.46	—	\$128.72	—
2013	25,836	4,676,308	0.4 %	3,382,773	3.0 %	72.3	188.76	3.5 %	136.55	6.1 %
Hotels Included in Sample					Number	Year	Year			
					of Rooms	Affiliated	Opened			
Sheraton Hotel Dallas					1,840	Apr 2008	Jun 1959			
Hilton San Francisco Union Square					1,908	Aug 1964	Aug 1964			
Hilton New Orleans Riverside					1,622	Oct 2005	Sep 1977			
Hyatt Regency Dallas					1,120	May 1978	May 1978			
Sheraton Seattle Hotel					1,258	Jun 1982	Jun 1982			
Marriott San Diego Marquis & Marina					1,360	Jun 1984	Jun 1984			
Preferred The Peabody Orlando					1,641	Nov 1986	Nov 1986			
Grand Hyatt Washington					897	Jun 1987	Jun 1987			
Renaissance Nashville Hotel					673	Jun 1995	Aug 1987			
Marriott San Antonio Rivercenter					1,001	Sep 1988	Sep 1988			
Renaissance Washington DC Downtown Hotel					807	Mar 1989	Mar 1989			
Marriott San Francisco Marquis					1,499	Oct 1989	Oct 1989			
Grand Hyatt Manchester San Diego					1,628	Dec 1992	Dec 1992			
Marriott Philadelphia Downtown					1,408	Feb 1995	Feb 1995			
Hyatt Regency McCormick Place					1,098	Jun 1998	Jun 1998			
Hyatt Regency Denver Convention Ctr					1,100	Dec 2005	Dec 2005			
Grand Hyatt San Antonio					1,003	Mar 2008	Mar 2008			
Hilton Baltimore					757	Aug 2008	Aug 2008			
Sheraton Hotel Phoenix Downtown					1,000	Sep 2008	Sep 2008			
Hilton Orlando Orange County Convention Center					1,417	Sep 2009	Sep 2009			
Omni Dallas Convention Center Hotel					1,001	Nov 2011	Nov 2011			
Total					26,038					

Source: STR Global

HVS Study Results

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Meeting and Group	2,992,828	68 %
Commercial	887,067	20
Leisure	538,175	12
Total	4,418,070	100 %

HVS Study Results

	2017	2018	2019	2020	2021
Meeting and Group					
Base Demand	3,304,085	3,337,126	3,353,812	3,370,581	3,387,434
Induced Demand	24,355	97,421	146,131	194,842	194,842
Total Demand	3,328,440	3,434,547	3,499,943	3,565,422	3,582,275
Growth Rate	3.3 %	3.2 %	1.9 %	1.9 %	0.5 %
Commercial					
Base Demand	923,108	927,724	932,362	937,024	941,709
Total Demand	923,108	927,724	932,362	937,024	941,709
Growth Rate	1.0 %	0.5 %	0.5 %	0.5 %	0.5 %
Leisure					
Base Demand	591,233	597,145	600,131	603,132	606,147
Total Demand	591,233	597,145	600,131	603,132	606,147
Growth Rate	1.5 %	1.0 %	0.5 %	0.5 %	0.5 %
Totals					
Base Demand	4,818,426	4,861,995	4,886,305	4,910,736	4,935,290
Induced Demand	24,355	97,421	146,131	194,842	194,842
Total Demand	4,842,781	4,959,416	5,032,436	5,105,578	5,130,132
less: Residual Demand	0	0	0	0	481
Total Accommodated Demand	4,842,781	4,959,416	5,032,436	5,105,578	5,129,651
Overall Demand Growth	2.6 %	2.4 %	1.5 %	1.5 %	0.5 %
Market Mix					
Meeting and Group	68.7 %	69.3 %	69.5 %	69.8 %	69.8 %
Commercial	19.1	18.7	18.5	18.4	18.4
Leisure	12.2	12.0	11.9	11.8	11.8
Existing Hotel Supply	17,890	17,890	17,890	17,890	17,890
Proposed Hotels					
Proposed Hotel Georgia World Congress Center	¹ 605	1,200	1,200	1,200	1,200
Omni Nashville Hotel	² 360	360	360	360	360
Washington Marriott Marquis	³ 411	411	411	411	411
McCormick Place Convention Hotel	⁴ 300	300	300	300	300
Seattle Convention Hotel	⁵ 155	155	155	155	155
Available Rooms per Night	7,276,396	7,493,596	7,493,596	7,493,596	7,493,596
Nights per Year	365	365	365	365	365
Total Supply	19,935	20,530	20,530	20,530	20,530
Rooms Supply Growth	4.0 %	3.0 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	66.6 %	66.2 %	67.2 %	68.1 %	68.5 %

¹ Opening in July 2017 of the 100% competitive, Proposed Rooms-room Proposed Hotel Georgia World Congress Center

² Opening in October 2013 of the 45% competitive, 1200-room Omni Nashville Hotel

³ Opening in May 2014 of the 35% competitive, 800-room Washington Marriott Marquis

⁴ Opening in January 2015 of the 25% competitive, 1175-room McCormick Place Convention Hotel

⁵ Opening in January 2017 of the 10% competitive, 1200-room Seattle Convention Hotel

^A Change of room count in October 2012 of the 100% competitive, Westin Peachtree Plaza Atlanta

^B Change of room count in June 2013 of the 45% competitive, Hyatt Regency McCormick Place

^C Change of room count in July 2013 of the 45% competitive, Manchester Grand Hyatt San Diego

HVS Study Results

Property	Estimated 2012 Average Room Rate
DoubleTree By Hilton Hotel Atlanta Downtown	\$139 - 149
Embassy Suites Atlanta Centennial Olympic Park	164 - 174
Hilton Atlanta	117 - 127
Hilton Garden Inn Atlanta Downtown	146 - 156
Holiday Inn Atlanta Downtown Centennial Park	102 - 112
Hyatt Regency Atlanta	135 - 145
Marriott Marquis Atlanta	140 - 150
Omni Atlanta at CNN Center	159 - 169
Ritz-Carlton Atlanta	178 - 188
Sheraton Atlanta	119 - 129
W Atlanta Downtown	190 - 200
Westin Peachtree Plaza Atlanta	140 - 150
Average - Primary Competitors	\$144.58
Average - Secondary Competitors	179.54
Overall Average	\$162.89



HVS Study Results

Market Segment	2017	2018	2019	2020	2021
Meeting and Group					
Demand	3,328,440	3,434,547	3,499,943	3,565,422	3,581,938
Market Share	3.2 %	6.5 %	6.6 %	6.7 %	6.7 %
Capture	106,660	222,358	232,030	238,207	239,311
Penetration	106 %	111 %	113 %	114 %	114 %
Commercial					
Demand	923,108	927,724	932,362	937,024	941,622
Market Share	2.1 %	4.3 %	4.5 %	4.5 %	4.5 %
Capture	19,597	40,341	41,580	42,310	42,518
Penetration	70 %	74 %	76 %	77 %	77 %
Leisure					
Demand	591,233	597,145	600,131	603,132	606,091
Market Share	2.3 %	4.8 %	5.0 %	5.1 %	5.1 %
Capture	13,602	28,936	30,058	30,536	30,686
Penetration	76 %	83 %	86 %	87 %	87 %
Total Room Nights Captured	139,860	291,635	303,669	311,053	312,514
Available Room Nights	220,799	438,000	438,000	438,000	438,000
Subject Occupancy	63 %	67 %	69 %	71 %	71 %
Marketwide Available Room Nights	7,276,396	7,493,596	7,493,596	7,493,596	7,493,596
Fair Share	3 %	6 %	6 %	6 %	6 %
Marketwide Occupied Room Nights	4,842,781	4,959,416	5,032,436	5,105,578	5,129,651
Market Share	3 %	6 %	6 %	6 %	6 %
Marketwide Occupancy	67 %	66 %	67 %	68 %	68 %
Total Penetration	95 %	101 %	103 %	104 %	104 %

HVS Study Results

Year	Area-wide Market (Calendar Year)			Subject Property (Calendar Year)			
	Occupancy	Average Rate Growth	Average Rate	Occupancy	Average Rate Growth	Average Rate	Average Rate Penetration
Base Year	67.7 %	—	\$162.89	—	—	\$152.00	93.3 %
2013	67.6	2.5 %	166.97	—	1.5 %	154.28	92.4
2014	66.5	4.0	173.65	—	2.5	158.14	91.1
2015	66.4	3.5	179.72	—	3.0	162.88	90.6
2016	67.4	3.5	186.01	—	3.5	168.58	90.6
2017	66.6	3.0	191.59	63.0 %	4.5	176.17	91.9
2018	66.2	3.0	197.34	67.0	3.5	182.33	92.4
2019	67.2	3.0	203.26	69.0	3.0	187.80	92.4
2020	68.1	3.0	209.36	71.0	3.0	193.44	92.4
2021	68.5	3.0	215.64	71.0	3.0	199.24	92.4

HVS Study Results

Year	Occupancy	Average Rate Before Discount	Discount	Average Rate After Discount
2017/18	65 %	\$179.23	3.0 %	\$173.85
2018/19	68	185.05	1.0	183.20
2019/20	70	190.60	0.0	190.60
2020/21	71	196.32	0.0	196.32

HVS Study Results

	2017/18 Begins July				2018/19				2019/20				Stabilized				2021/22			
Number of Rooms:	1200				1200				1200				1200				1200			
Occupancy:	65%				68%				70%				71%				71%			
Average Rate:	\$173.85				\$183.20				\$190.60				\$196.32				\$202.21			
RevPAR:	\$113.00				\$124.57				\$133.42				\$139.38				\$143.57			
Days Open:	365				365				365				365				365			
Occupied Rooms:	284,700	%Gross	PAR	POR	297,840	%Gross	PAR	POR	306,600	%Gross	PAR	POR	310,980	%Gross	PAR	POR	310,980	%Gross	PAR	POR
REVENUE																				
Rooms	\$49,495	59.5 %	\$41,246	\$173.85	\$54,563	60.4 %	\$45,469	\$183.20	\$58,437	60.9 %	\$48,698	\$190.60	\$61,050	61.0 %	\$50,875	\$196.31	\$62,882	61.0 %	\$52,402	\$202.21
Food	22,059	26.5	18,383	77.48	23,490	26.0	19,575	78.87	24,722	25.8	20,602	80.63	25,736	25.7	21,446	82.76	26,508	25.7	22,090	85.24
Beverage	6,902	8.3	5,752	24.24	7,287	8.1	6,072	24.47	7,627	7.9	6,356	24.88	7,919	7.9	6,599	25.46	8,156	7.9	6,797	26.23
Other Operated Departments	3,002	3.6	2,501	10.54	3,132	3.5	2,610	10.52	3,254	3.4	2,711	10.61	3,365	3.4	2,805	10.82	3,466	3.4	2,889	11.15
Rentals & Other Income	1,766	2.1	1,471	6.20	1,842	2.0	1,535	6.19	1,914	2.0	1,595	6.24	1,980	2.0	1,650	6.37	2,039	2.0	1,699	6.56
Total Revenues	83,224	100.0	69,353	292.32	90,314	100.0	75,261	303.23	95,954	100.0	79,961	312.96	100,049	100.0	83,375	321.72	103,051	100.0	85,876	331.38
DEPARTMENTAL EXPENSES *																				
Rooms	12,955	26.2	10,796	45.51	13,578	24.9	11,315	45.59	14,145	24.2	11,788	46.14	14,652	24.0	12,210	47.12	15,092	24.0	12,576	48.53
Food & Beverage	17,983	62.1	14,986	63.16	18,778	61.0	15,648	63.05	19,517	60.3	16,264	63.66	20,193	60.0	16,827	64.93	20,798	60.0	17,332	66.88
Other Operated Departments	2,812	93.7	2,343	9.88	2,907	92.8	2,423	9.76	3,002	92.3	2,502	9.79	3,096	92.0	2,580	9.96	3,189	92.0	2,658	10.25
Total	33,750	40.6	28,125	118.55	35,263	39.0	29,386	118.40	36,664	38.2	30,553	119.58	37,941	37.9	31,617	122.00	39,079	37.9	32,566	125.66
DEPARTMENTAL INCOME	49,473	59.4	41,228	173.77	55,051	61.0	45,876	184.83	59,290	61.8	49,408	193.38	62,109	62.1	51,757	199.72	63,972	62.1	53,310	205.71
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	5,807	7.0	4,839	20.40	6,056	6.7	5,046	20.33	6,285	6.5	5,237	20.50	6,493	6.5	5,411	20.88	6,688	6.5	5,573	21.51
Marketing	6,558	7.9	5,465	23.04	6,839	7.6	5,699	22.96	7,098	7.4	5,915	23.15	7,334	7.3	6,111	23.58	7,554	7.3	6,295	24.29
Prop. Operations & Maint.	2,787	3.3	2,323	9.79	3,270	3.6	2,725	10.98	3,771	3.9	3,142	12.30	3,896	3.9	3,247	12.53	4,013	3.9	3,344	12.90
Utilities	3,826	4.6	3,188	13.44	3,990	4.4	3,325	13.40	4,141	4.3	3,451	13.51	4,278	4.3	3,565	13.76	4,406	4.3	3,672	14.17
Total	18,979	22.8	15,815	66.66	20,155	22.3	16,796	67.67	21,295	22.1	17,746	69.45	22,001	22.0	18,334	70.75	22,661	22.0	18,884	72.87
HOUSE PROFIT	30,495	36.6	25,412	107.11	34,896	38.7	29,080	117.16	37,995	39.7	31,662	123.92	40,108	40.1	33,423	128.97	41,312	40.1	34,426	132.84
Management Fee	2,497	3.0	2,081	8.77	2,709	3.0	2,258	9.10	2,879	3.0	2,399	9.39	3,001	3.0	2,501	9.65	3,092	3.0	2,576	9.94
INCOME BEFORE FIXED CHARGES	27,998	33.6	23,332	98.34	32,187	35.7	26,822	108.07	35,116	36.7	29,264	114.53	37,107	37.1	30,922	119.32	38,220	37.1	31,850	122.90
FIXED EXPENSES																				
Property Taxes	2,455	2.9	2,046	8.62	2,516	2.8	2,097	8.45	2,592	2.7	2,160	8.45	2,670	2.7	2,225	8.58	2,750	2.7	2,291	8.84
Insurance	839	1.0	699	2.95	864	1.0	720	2.90	890	0.9	742	2.90	917	0.9	764	2.95	944	0.9	787	3.04
Reserve for Replacement	1,664	2.0	1,387	5.85	2,709	3.0	2,258	9.10	3,838	4.0	3,198	12.52	4,002	4.0	3,335	12.87	4,122	4.0	3,435	13.26
Total	4,958	5.9	4,132	17.42	6,090	6.8	5,075	20.45	7,320	7.6	6,100	23.87	7,588	7.6	6,324	24.40	7,816	7.6	6,513	25.13
NET INCOME	\$23,040	27.7 %	\$19,200	\$80.93	\$26,097	28.9 %	\$21,747	\$87.62	\$27,796	29.1 %	\$23,164	\$90.66	\$29,518	29.5 %	\$24,599	\$94.92	\$30,404	29.5 %	\$25,337	\$97.77

*Departmental expenses are expressed as a percentage of departmental revenues.



Previous Convention Center Hotel Projects

Omni Dallas Convention Headquarters Hotel

Austin Proposed Fairmont Convention Hotel

Marriott Marquis Convention Center
Headquarters Hotel, Washington DC

Conclusion

Our report assumes that the pre-selling of the hotel will begin no later than early 2015 and that a certain pre-booking pace will be maintained between this time and the opening of the hotel. Additionally, our projections assume that management will sell the guestrooms of the hotel at a price point commensurate with a first-class, full-service hotel, at the rate levels set forth in the average rate subsection of our report. Should a strategy of considerable rate discounting be employed, our operating projections would be impacted.

Conclusion

We assume that the relationship between the hotel, the Georgia World Congress Center, and the Atlanta Convention and Visitors Bureau will be a positive and effective one, as the GWCC would serve as the hotel's primary demand generator.

Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 29.5% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms and food and beverage revenue, with a secondary portion derived from other income sources.

Conclusion

On the cost side, departmental expenses total 37.9% of revenue by the stabilized year, while undistributed operating expenses total 22.0% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 7.6% of total revenues in fixed expenses, a net income ratio of 29.5% is forecast by the stabilized year.