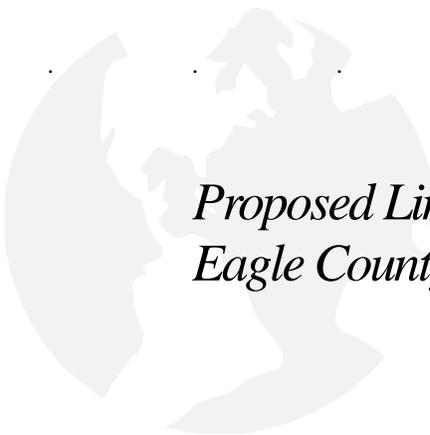




BRANDT HOSPITALITY CONSULTING, INC.

Market Feasibility Study for Town of Gypsum, Colorado



*Proposed Limited-Service Hotel
Eagle County Regional Airport, Gypsum, Colorado*

Prepared by Isabel B. Ackerman, ISHC
June 2, 2019

Isabel B. Ackerman, ISHC
BRANDT HOSPITALITY CONSULTING, INC.
8023 Kingsbury Blvd
St. Louis, MO 63105
(314) 899-9701
isabelackerman@gmail.com

June 2, 2019

Mr. Jeremy Rietmann
Town Manager
Town of Gypsum
50 Lundgren Boulevard
Gypsum, CO 81637 [370](http://www.townofgypsum.com)
Office: 970-524-1730
Cell: 970-343-9887
jeremy@townofgypsum.com

Dear Mr. Rietmann:

I have completed a feasibility study for the proposed limited-service hotel to be located near the Eagle County Regional Airport in Gypsum, Colorado. This study was completed in accordance with our contract letter dated March 13, 2019. My conclusions in this report are based upon facts gathered during the week of March 24, 2019, and changes in the market subsequent to this date have not been included in the report.

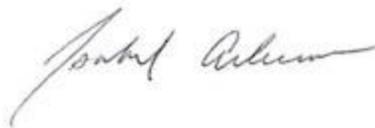
The accompanying projections are based on estimates and assumptions developed in connection with the market study. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the prospective financial analysis will vary from the estimates, and the variations may have a material impact on the proposed hotel.

I have not been engaged to evaluate the effectiveness of management; therefore, the projections are based upon competent and effective management.

All data and conclusions in this report are subject to the Assumptions and Limiting Conditions contained in the Exhibits of this report.

Sincerely,

BRANDT HOSPITALITY CONSULTING, INC.



Isabel B. Ackerman, ISHC

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Feasibility Study for a Limited-Service Hotel near the Eagle County Regional Airport in Gypsum, Colorado

EXECUTIVE SUMMARY

Number of Rooms:	60 - 80
Opening Date:	Calendar Year 2021
ADR (2018\$):	\$120-135
Occupancy (Stabilized):	55-60%
Stabilized Year:	Calendar Year 2024

5 Year Projections

Calendar Year	Occupancy *	ADR (2018 \$)	ADR Inflated **
2021	45-52%	\$120-135	\$124.854-140.45
2022	50-55%	\$120-135	127.34-143.26
2023	52-58%	\$120-135	129.89-146.13
2024	55-60%	\$120-135	132.49-149.05
2025	55-60%	\$120-135	135.14-152.03

* Specific occupancy and ADR will depend upon both site and brand selection

* Inflated at 2.0% per year; 2 years to opening for 4.04% to year one

Site Evaluation – Airport/Costco Location:

Visibility:	Good to Poor
Access:	Fair to Very Good (depending upon demand)
Proximity to Demand:	Fair to Very Good (depending upon demand)
Proximity to Amenities:	Fair; needs to improve to Very Good
Competitive Position:	Fair to Good

Competitive Supply:

<u>Primary Competitors</u>	<u>Rooms</u>
Quality Inn & Suites Vail Valley - Eagle	60
Best Western Plus Eagle Lodge & Suites	100
Hawthorne Suites - Eagle	114
Eagle River Lodge	<u>60</u>
Total	334

Secondary Competitors
12 Limited- and Select-Service Hotel
along I-70 east and west of Gypsum

913

Issues and Risks:

- Projections are based upon the hotel being developed with a major brand from either Marriott, Hilton or InterContinental Hotel Group.
- A hotel developed near the Airport needs to evaluate the impact of sound resulting from landings (and to a lesser degree, takeoffs). While takeoffs generate more sound, all of the sites are closer to the portion of the runway where planes land.
- Projections are based upon the development of at least one sit-down restaurant with dinner service near the hotel.
- A shuttle will be required to service both airline contracts and pilots from the Vail Valley Jet Center and should not only provide service to the Airport, but to local restaurants in Gypsum and Eagle.

AREA ANALYSIS

- Gypsum is in the west-central part of Colorado, 134 miles west of Denver, the state capital and 112 miles east of Grand Junction in Eagle County (see Exhibit A on page 20). It is located at the west end of an area known as the Vail Valley, which is clearly defined beginning at Vail Pass, 51 miles east, and by Glenwood Canyon, beginning 11 miles west of Gypsum.
- Gypsum is located immediately off I-70. I-70 traverses the United States in an east-west direction with its eastern terminus at I-695 near Baltimore MD and its western terminus at I-15 near Cove UT. Completion of I-70 through Glenwood Canyon did not occur until 1992 and is considered a feat of modern engineering and not only among the last segments completed of the original interstate system, but among the most expensive rural sections ever completed.
 - US 6 runs parallel and to the south of I-70 from Gypsum east through Eagle, continuing to parallel I-70 (both north and south), merging into I-70, 33 miles east between Avon and Vail.
- Gypsum had a 2016 population of 6,969 people, an increase of 7.6% from 2010 (see Exhibit B on page 21). The community has experienced strong growth rates and increased 77.3% from 3,654 in 2000 to 6,477 in 2010.
 - During this same time period, Eagle County, with a 2016 population of 53,989, increased 3.4% over the 2010 population of 52,197, which was a 25.3% increase from 41,659 in 2000.
 - The population in Eagle County is spread throughout the Vail Valley into several communities. Gypsum is the second largest community in Eagle County after Edwards (2010 population of 10,266), with several communities including Avon, Eagle and Vail, not far behind. All of these are located along to I-70.
 - Gypsum is primarily a bedroom community to communities both east and west along I-70 including the ski resorts to the east (including Vail and Beaver Creek) and Glenwood Springs (Glenwood Hot Springs and Sunlight Ski Resort) and its base of amenities.
- The region where Gypsum is located is very mountainous and known for a variety of outdoor activities. Colorado is well known as a skiing destination. There are several internationally known resorts located within 50 to 75 miles (see Exhibit C on page 22 for a list of Colorado Ski Resorts).

- **Vail Ski Resort**, located 37 miles east of Gypsum, is the largest largest single mountain ski resort in the US. It is owned and operated by Vail Resorts, which operates 19 ski resorts throughout the West as well as numerous hotels in these markets. It operates 3 additional resorts in Colorado; Beaver Creek, Breckenridge and Keystone, located 31 miles, 74 miles and 80 miles east of Gypsum, respectively. These resorts generate significant amounts of tourism to the region and generally operate from before Thanksgiving to after Spring Vacations, weather dependent. The winter of 2018/19 had higher than average snow falls, resulting in elevated levels of tourism.
- **Eagle County Regional Airport** (Airport), proximate to where the potential sites are located, is known as a “gateway into the heart of the Colorado Rocky Mountains”. It is the second busiest airport in Colorado due to its proximity to major ski destinations and the length of its runway which can handle large commercial aircraft. It offers both commercial and general aviation with American, Delta and United offering up to 14 flights per day (on weekends) during peak season dropping to 2 flights per day during the off-season. Air Canada operated in the market but left at the end of the 2017/18 season.
 - The airport experienced 178,641 enplanements (commercial traffic only) during 2018, a 1.0% increase compounded annually over 2012, although most of this growth was only experienced during 2018, likely as a result of the strong snows (see Exhibit D on page 23). During this same time period, traffic from private planes based elsewhere increased 2.8% compounded annually, while local civilian traffic increased 4.6% compounded annually¹.
 - A 36,000 SF passenger terminal was completed in 1996 and a \$2.2 million airport traffic control tower was opened in 2003. Further improvements were added in 2006 allowing for improved operation during periods of low visibility and a \$40 million runway expansion increased the length to 9,000 feet, allowing heavier aircraft, including 747s, to land. A security checkpoint expansion was completed in 2012 and a snow removal equipment building was completed in 2015.
 - There is currently a \$33 million expansion which will add 25,000 SF to the terminal. The project began construction in April 2018 and is planned for completion in November 2019. While it will not add any gates to the existing 6, it will allow for less crowding and allow for jet bridges. It is possible that they will be able to accommodate low-cost airlines and add more flights.

¹ Passenger counts are not available for private planes.

- A \$15 million new de-icer pad is planned to begin construction in May 2019 with an estimated 2-year construction timeline.
- There is a \$6 million apron² rehab which is planned for construction beginning in May 2019 with completion in October 2019.
- It is worth noting that all of the airplanes land from the east and take off to the west. While both landings and departures make noise along their respective paths, departures create significantly more noise.
- The **Vail Valley Jet Center** is located adjacent and east of the airport and uses the same runways. The Jet Center indicates that most of their traffic is during the winter months and estimate that they accommodate 8,400 flights between November and late March with up to 100 flights per day. While about 65% of the airplanes serviced by the Jet Center are privately owned, about 35% belong to jet taxi services (which offer private planes to individuals or corporations on a fractional or lease basis). Among the services offered at the Jet Center is an on-site customs office which is primarily used by visitors from Mexico.
 - Due to the distance most of these planes fly, the crew, including 2 pilots and possibly a flight attendant, spend one night in the area. The Jet Center has a concierge service that assists with accommodations into local hotels. While most of the crews are referred to hotels in Eagle, a significant number prefer to use hotels available in Glenwood Springs 25 miles west or Avon 31 miles east, in order to secure lodging at their preferred brands or quality level (see Exhibit D on page 21).
 - The Jet Center is currently expanding its hanger space which will add an \$8 million 30,000 SF hanger to their existing 600,000 SF of space which is planned for completion in July 2019.
- The U.S. Army operates a **High Altitude Army Training School** (HAATS) immediately adjacent and north of the Airport. This facility specifically teaches helicopter operations in high altitude and mountainous flying. The facility trains 350 to 400 people per year, including not only US Army, but limited foreign military as well, ranging from 1 week (most) but up to 3 weeks for 10.5 months per year (excluding October and the first half of November due to hunting season). The base offers 33 single rooms on site which accommodates most of their needs.

² An apron is the airplane parking lot.

- The facility offers meeting space which is utilized by other organizations typically related to the military. It is estimated that off-base housing is needed 4 times per year for up to 50 people at the military per diem of \$94 (2019).
- Employment in Eagle County is strong, with the unemployment rate at 2.7% for year-end 2018, up 0.5 points from the prior year (see Exhibit E on page 24). These rates are below both the state and the nation, which for year-end 2018, were 3.3% and 3.9% respectively. Year-to-date through March, the unemployment rate is 2.2%, the same as it was at the same time period in 2018.
- Major employers in Gypsum include Costco and American Gypsum (see Exhibit F on page 25). Major employers in Eagle County are concentrated in the resort business and are primarily located in Avon (which is proximate to Beaver Creek) and Vail.
 - The 154,900 SF **Costco Wholesale**, located in the immediate area of the potential sites, opened in 2006 and is one of only a few Costco stores outside of major metropolitan areas. Despite its comparatively small size, management indicates that it has one of the highest per customer sales of all stores in the country. Further, it has one of the highest per bottle wine sales of any Costco. These unusual sales figures are a result of the store's location proximate to the Airport and the fact that high-income vacationers make very large purchases at the beginning of their vacations, even to the point of furnishing their second homes from Costco.
 - Colorado liquor laws are somewhat restrictive but recently allowed for the addition of the sale of liquor from within the stores. Of the 11 stores throughout Colorado, Costco chose to put its second liquor license into the Gypsum store (many of the stores operate dedicated liquor stores as outparcels).
 - **American Gypsum**, which is headquartered in Dallas TX, operates a mine and wallboard production line in Gypsum.
- There are several recreational amenities located in and near Gypsum.
 - **Glenwood Canyon Recreation Area** is located beginning approximately 11 miles west of Gypsum on I-70. The 14-mile canyon offers spectacular scenery as well as picnic areas, hiking and biking trails and boat access.

- **Sylvan Lake State Park**, located on 1,548 acres with a 42-acre lake, is located 18 miles southeast of Gypsum. Open all year, it offers 7 miles of hiking trails, snowshoeing, cross-country skiing, ice fishing, sledding and snowmobile trails, as well as 9 cabins, 3 yurts and 46 campsites. Since April 2018, the park has been mostly closed during the reconstruction of the main dam, but is expected to open in late summer, 2019.
- The **175-acre Dry Lake Moto Cross Park (MX Park)** opened in late summer 2018 by the Rocky Mountain Sport Riders. It offers a variety of rough-terrain motorcycle tracks including those geared for children to learn the sport. The park is located 5 miles north of Gypsum on Trail Gulch Road and is surrounded by BLM lands. It will be open from May through September.
- Additionally, Gypsum offers a large gun range, a large recreation centers, a sports complex and a variety of parks, as well as the 18-hole Gypsum Creek Golf Course.
- There is a significant amount of development going on in the Gypsum community, including 5 major residential projects and several roadwork projects.
 - An Ace Hardware, estimated at 15,000 SF, opened in February 2019 near the Costco and proximate to the potential sites.
 - There are plans for 5-acre development 2.8 to 3.7 miles northwest of the potential sites. The project includes development of up to 200,000 SF comprising 150 multi-family residential units with some retail and commercial space on the first level. The first building, which would likely include 35 – 50 residential units, is planned to begin construction in Spring 2020.
 - Stratton Flats is a 70-acre, 461-unit residential development located in the southeast quadrant of US6 and Jules Drive immediately north of the western edge of the Eagle County Airport. Nineteen percent of the project is complete with a 282-unit apartment project, known as Spring Creek Village, planned to start in the summer of 2019. Remaining units consist of 76 townhomes and 15 single-family homes. Plans also include a significant number of amenities including several park areas with a youth soccer field, playground, pickleball courts and clubhouse as well as community gardens and a dog park, and walking paths.

- The 600-acre Buckhorn Valley is a community approved for 899 residential units made up of several sub-communities providing various housing types. The project is near 50% buildout with accelerated building in Aspen Ridge (single-family units), Hawks Nest (duplex units), and Mountain Gateway (750 SF condominium units). Buckhorn Valley is adjacent to BLM recreational opportunities and includes a future school site.
- Siena Lake is a 170-acre community with a total of 591 residential units planned on the southeast side of Eagle County Regional Airport and very proximate to the potential sites. The project plans to include mixed use development along Cooley Mesa Road, with 332 55 and older residential community with an additional 227 units in a “mountain cottage” and high-end RV neighborhood, a clubhouse, community center and lake, as well as additional amenities. The project is to be phased over several years with the initial phase to include 81 cottage units.
- Villas at Cotton Ranch, located along the Gypsum Creek Golf Course about 4 miles west of the site, began construction on a total of 72 villas (priced from \$444,000 to \$660,000) in 2015 with completion anticipated by 2021. As of May, 2019, 41 units have been sold with an additional 11 units under contract.
- River Dance RV Resort , located 2.8 miles west Gypsum on US6 along the north shore of the Eagle River, is increasing from 40 pads to 221 pads and will offer water service and waste-water treatment, a convenience store, swimming pool and pavilion and additional amenities on its 71 acres. The existing facility was annexed to the town in early 2017.
- There is a significant amount of roadwork in the Gypsum area.
 - There are three intersections planned to be converted to round-a-bouts. The first of these, the Cooley Mesa Road Roundabout at Valley Road began construction in March 2019 and is expected to be complete in September 2019. Additional roundabouts are planned for US 6 and Valley Road and US 6 and Schoolside Street, although no timetable is available and likely to be at least a few years off.
 - The state turned over US 6 in Gypsum to the town for management, as well as \$10 million for long-term maintenance. This will allow the town more control over the roadway, allowing for the granting of access for future development.

- There are 3 large residential projects under development in Eagle, approximately 7 miles east along both I-70 and US 6. There is no time line for these projects and there are all in various phases of review by the town.
 - The Reserve at Hockett Gulch is a 30-acre + project which would include 500 residential units and 30,000 SF of commercial space.
 - The Haymeadow subdivision is planning on adding up to 837 residential units as well as a school and fire station.
 - The Red Mountain Ranch project would annex 130 acres into the town for the development of 153 residential units.
- The Lodge at Cordillera in Edwards was purchased in 2017 and renovated for a total of \$136 million by a group led by Concerted Care Group and converted it into a high-end, 72-room, 110-patient drug treatment facility which re-opened in February 2019. The facility is projected to employ 100 people.

LODGING MARKET ANALYSIS

- There are 59 hotels with 4,911 rooms in Eagle County. Of these, 4 hotels with 334 rooms are located in Eagle and are considered Primary Competitors, along with one hotel which was converted to apartments (see Exhibit G on page 26).
 - Secondary competitors include 12 hotels with 913 rooms. These are drawn from both east and west along I-70 and are selected to be in markets which have similar market conditions, specifically those located along I-70 in smaller markets with few hotels. This excludes the nearby larger markets of Vail³ and Glenwood Springs. Further, resort-oriented properties were also excluded due to their market positioning, although most of these are located within Vail and Beaver Creek.
 - Additionally, select hotels in the larger market of Glenwood Springs were included due to their specific brand affiliation, including Marriot, Hilton and InterContinental Hotel Group limited- and select-service brands that might be considered as competitors to a hotel built in Gypsum depending upon the final franchise selected.
- There have been significant changes to the primary competitive supply over the past several years.

³ Vail offers 38 hotels with 3,208 rooms, while Avon and Beaver Creek offer a combined 11 hotels with 1,464 rooms. Most of the hotels in these markets are upscale or luxury resorts.

- The **54-room AmericInn** operated in the market until June 2018 when it was purchased and converted to lease apartments. It is included in the Primary Competitive Supply through July 2018 when it stopped being a hotel.
- The **60-room Eagle River Lodge** operated as a Holiday Inn Express until August 2016 when it dropped its franchise.
- The **60-room Quality Inn & Suites Vail Valley Eagle** operated as a Comfort Inn until December 2018.
- According to Smith Travel Research, a competitive set comprised of hotels stretched along I-70⁴ achieved a 64.4% occupancy in 2018 at a \$116.59 Average Daily Rate⁵ (ADR) (see Exhibit H on page 27). Between 2013 and 2018, rooms supply increased 0.1% compounded annually while market demand increased 6.0% compounded annually, resulting in an increase in occupancy of 16.0 occupancy points. ADR increased 3.9% compounded annually during this time.
 - YTD through February, 2019, occupancy has increased 4.4 points, supply has declined 0.7%, demand has increased 8.3% and ADR has increased 16.3% from the same period in 2018. The increase in demand and occupancy in 2019 is primarily the result of heavy snowfalls in the region resulting in very strong ski demand which has pushed demand out of the primary ski markets. While this increase is expected to extend through March, it is not likely to continue through the remainder of the year.
 - Seasonality is strong in the market due to the unique characteristics of the leisure travel in the area. Collectively this is not as apparent as some portions of the market, particularly those in the east near ski area which are strong in winter, while those in the west are stronger in the summer due to their highway locations. Collectively, the hotels are achieving in excess of 80% occupancy in June and July with August and September achieving in excess of 70%. The other months are softer, with occupancy in the 60% range in January, February, March and May with April, October November and December being softer.

⁴ The STR competitive set does not include either the 60 rooms AmericInn or the 60-room Eagle River Lodge (former Holiday Inn Express)

⁵ Average Daily Rate is total rooms revenue divided by number of rooms occupied and averages out all of the rates including seasonal, special negotiated or contract rates.

- Day-of-week analysis shows fairly consistent demand throughout the week, demonstrating that although this is a leisure market, its demand is not necessarily concentrated on weekends. The strongest night is Saturday at 71.8% followed by Friday at 68.8%. This trails off to 61.2% on Monday with a soft, 50.8% on Sunday night. Most markets experience a significantly softer Sunday night and this reflects the longer stays of leisure travelers in the ski market and, to a lesser degree, the highway market associated with summer travelers. ADRs are in a much broader range with a high of \$126.04 on Saturday night, a slightly lower rate of \$121.37 on Friday night, but falling to between \$105.56 to \$108.59 for the remainder of the week.
- The **Primary Competitive Set** achieved a 65.0% occupancy in 2018 at a \$106.83 ADR (see Exhibit I on page 28). Between 2015 and 2018, rooms supply decreased 4.6% compounded annually while market demand increased 0.2% compounded annually, resulting in an increase in occupancy of 4.8 occupancy points. ADR increased 4.8% compounded annually during this time.
 - YTD through February, 2018, supply has decreased 13.2%, occupancy has increased 6.9%, demand has decreased 4.1% and ADR has increased 10.5% from the same period in 2017. Much of the changes in all measures are a result of the AmericInn leaving the market, although strong occupancies and ADR increases have been experienced by the hotels in Eagle and throughout the market.
- The market mix of the competitive site is comprised of 3% commercial business, 4% group business, 69% leisure business and 24% contract and extended-stay business (see Exhibit J on page 29).
- The full **Competitive Set** achieved a 65.4% occupancy in 2018 at a \$102.57 ADR. Between 2015 and 2018, rooms supply decreased 0.7% compounded annually while market demand increased 1.5% compounded annually, resulting in an increase in occupancy of 4.2 occupancy points. ADR increased 3.7% compounded annually during this time.
 - YTD through February, 2019, occupancy has increased 5.4%, demand has increased 4.5% and ADR has increased 11.8% from the same period in 2018.
- There are no other active hotel projects under development in either Gypsum or Eagle.

DEMAND FOR THE PROPOSED HOTEL

Within the hotel industry, there are five basic types of demand; leisure transient, business transient, group, extended stay and contract. While there is some overlap between various segments, generally, they can be clearly identified.

- **Leisure-Transient travel** is comprised of individuals who patronize transient lodging facilities for various reasons including vacations at area tourist attractions, visits with family or friends, or stopovers en route to another destination. In most markets, this demand is typically experienced on weekends, however, in destination resort markets, this can extend into the weekday and is often seasonal.
 - Due to the proposed hotel's location in Gypsum, it is likely to experience a variety of leisure demand which will vary by season.
 - There is strong winter demand related to the ski resorts throughout the region. This demand prefers to be located as close to the amenities as possible, and there is a premium for those properties. While Gypsum is not a primary destination for skiers, the hotels in nearby Eagle clearly experience strong demand during the winter months. There are several reasons that demand may choose these secondary sites, including that it offers a better value to price-conscious guests. When the primary market fills, the hotels located further away become viable options. Due to the Airport location, private pilots (who are flying in and out and only stay one night) prefer to stay close to the airport.
 - During the summer and fall there are numerous outdoor activities that pull people into the region, including Sylvan Lake State Park, the new MX Park, Glenwood Canyon Recreation Area and the numerous hiking trails throughout the region.
 - I-70 serves as a major east-west interstate for the nation. There is significant demand along I-70 by travelers who are not stopping in the area, or necessarily even in Colorado. These travelers typically seek lodging adjacent to the interstate which offers amenities including restaurant and automotive service.
 - The Airport location, ranging from 3.1 to 4.3 miles from the closest highway exit, will have difficulty attracting motor traffic generated from along I-70. I-70 traffic is the primary source of demand during all season except winter. Further, due to the mountainous terrain, the interstate can be shut down during winter storms which generates its own demand, but easy access from the interstate is still a critical feature.

- In order to help attract this demand, any hotel developed should have a national franchise. Many brands and brand families (Marriott, Hilton and Intercontinental) have loyal followings and offering a brand not represented in the area or region may help to attract loyal patrons. Such brands might include Holiday Inn Express, Fairfield Inn, SpringHill Suites or Hampton Inn.
- **Business-Transient travel** is comprised of travelers in the area for business reasons that generally fall into two main categories: local industry-related and transient. In the Gypsum/Eagle market, it also includes those individuals who are paid to support the leisure travelers, especially pilots and crew.
 - There is a large number of private craft flying into the Eagle County Airport and Vail Valley Jet Center. All of these require two pilots with some larger craft also utilizing service attendants. Typically, these people fly in one day and return the next and prefer hotels affiliated with a strong national franchise, proximate to the airport with restaurants nearby, as well as local transportation. This does not include airline crews associated with commercial airlines, which are considered as “contract” and discussed in a later section.
 - Local industry-related demand consists of travelers affiliated with local firms who are in the area for consultations, meetings, inspections, interviews and training seminars. Because these individuals are usually on expense accounts, they generally have a lessened sensitivity to room rates and tend to choose higher quality lodgings offering proximity to business activity, access to transportation and substantial amenities. Conversely, because the area businesses use these facilities, they wish to establish volume discounts and will typically have accounts with area hotels which grant them lower rates and frequently negotiated amenities such as free breakfast (if not included) and preferential reservation status.
 - There are few companies in Gypsum which may use the facility. This would probably be limited to American Gypsum, Costco and medical offices.
 - Transient commercial demand is generated by travelers not directly associated with local industry. These travelers include vendors and sales representatives visiting area industry, commerce and retail outlets, or en route to other destinations or those covering a broad area within a region or city. These travelers generally are more rate-sensitive, have locational preferences near interstates and a base of amenities and stay at properties that are familiar to them and/or which are affiliated with major chains.

- Due to the high prices associated with hotels in the resort communities, some of these individuals may choose to stay in Eagle and Gypsum. Because of the distances between areas, this may be higher than typical since even those associated with regional or area offices need to drive greater distances as compared to being located in a metropolitan area.
- In addition to the private sector, the government is another source of commercial demand. Government-related demand is rate sensitive, and subject to established per diems set by the federal and state governments, with visitors preferring lodging facilities located near government centers. Government per diem for Eagle County is \$94 for 2019.
 - Little government demand is anticipated directly in Gypsum. A limited amount is likely to result from the HAATS, but this facility offers on-site housing.
- Commercial demand is realized primarily Monday through Thursday nights with Tuesday and Wednesday nights generally achieving the highest occupancies. Commercial demand is fairly consistent throughout the year, with the exception of holiday periods. Winters tend to be slightly slower than the balance of the year in most communities.
- Affiliating with a national franchise, as opposed to operating under an independent flag, may help to attract commercial demand for a variety of reasons. Most brands have a loyal following as consumers have come to expect a quality level and price range of specific brands. Some of this loyalty is related to frequency programs, but not all.
- **Group Demand** is comprised of those persons attending meetings (association, sales and corporate), conventions, educational seminars, training sessions and special events. Attendees usually patronize lodging properties that are close to meeting facilities and have adequate public space (meeting rooms, banquet facilities and hospitality suites) as well as other amenities.
 - Groups tend to be more price-conscious than commercial travelers and are typically granted rate discounts because of their numbers. Lodging needs for the larger groups usually fall into two categories: in-house meetings (where a single property is used exclusively by a convention or meeting); or city-wide meetings (where a very large group meets in the market and uses the facilities of a convention center and several hotels).

- The hotel is likely to attract a limited amount of commercial group demand. There is a limited amount of group demand related to the usage of the HAATS facilities by outside groups which tend to be government related and require military per diem. This group demand is limited and it is estimated that they only require housing occasionally; 3 – 4 times per year and not likely to be more than 20-25 rooms. A hotel in Gypsum is unlikely to attract much other commercial group demand.
- Other types of groups accommodated by hotels consist of social groups (weddings and family occasions), bus tours, religious and fraternal organizations. The hotel is likely to attract group demand related to special events for families in the area, including larger weddings or other events which require a block of rooms. This demand will be experienced primarily on weekends. It may also attract group demand related to various organizations in the community including those related to religious organizations or community events, but this is expected to be minimal.
- **Contract Demand** is comprised of groups who are in a market working for a specific reason or job function. It is distinguished from group demand in that it is for a specific number of rooms on a regular basis and direct billed to the company. This demand includes airline crews and other transportation companies and some types of ongoing training and is usually at very low rates.
 - There is expected to be demand directly related to airline crews. Three commercial airlines fly into the Eagle County Airport. Collectively, they range from 14 flights per day during the peak season on weekends, to 2 flights per day during the off-season. These airlines contract directly with hotels to provide a consistent number of rooms and generally require low rates, nearby foodservice and transportation.
- **Extended-Stay Demand** tends to be clearly identifiable and have clearly-definable needs, which are different than the traditional hotel guest. This category includes groups or individuals who are staying in a hotel for longer than normal periods of time, generally 5 - 7 days or more (and up to several months).
 - There are some short-term housing needs related to seasonal resort workers and construction crews. Typically, this demand is seeking minimal accommodations at very low rates (under \$40 per night) and do not stay in traditional hotels, or utilize hotels which are generally not considered competitive with the proposed hotel.

- Very little upscale extended-stay demand is anticipated in the Gypsum market. There may be other, on very rare occasions, some extended-stay demand resulting from those visiting for long-term consulting or installations and that related to disasters (e.g.: home fires) with people displaced from their homes.

SITE REVIEW

Location: (see Exhibit I on page 30)

- There are several potential sites in the area of the Airport and near existing retail. These are generally located south and west of the Airport and front Cooley Mesa Road. Each site is labeled on the map as 1 through 6.
- The neighborhood, located on the south side of US 6 and south of I-70, is dominated by the Eagle County Airport and its related organizations, the Vail Valley Jet Center and HAATS. On the eastern side of the neighborhood is a commercial center anchored by Costco with numerous outparcels. Some of these are developed with a variety of commercial and retail uses, including a strip center which offers Heidi's Deli, a coffee shop and a Domino's Pizza. Other uses include a recently opened Ace Hardware, an Auto Zone, a car wash, a dentist office and an elementary school. The town of Gypsum lies primarily to the west with the I-70 interchange 2.0 – 3.0 miles to the northwest. There is little development to the east for a few miles until the town of Eagle is reached.
- All of the sites at the Airport/Costco location may have an issue with sound as planes land overhead. Sites 1 through 4 and Site 6 are all proximate to the landing strip for the approach of airplanes. Site 5 may have slightly different issues as it relates to landings and takeoffs due to its proximity to the terminal and it is recommended that an evaluation be undergone prior to development of any of the sites.

Site Preference/Rankings:

- Site 2 - This is the overall preferred site due to its visibility and proximity to exiting amenities, with somewhat easier access from US 6.
- Site 3 or 4 – Either of these sites offer slightly lesser visibility and are slightly further from the existing amenities.
- Site 1 – While this site is proximate to both Costco and Ace Hardware, it is not near any traditional food outlets and will have little visibility from I-70 because Costco sites directly north of it, likely blocking the view.
- Site 6 – This site is not adjacent to any existing buildings and somewhat isolated.

- Site 5 – While directly adjacent to the two largest sources of commercial and contract demand in the market, it lacks proximity to any amenities and will likely lack any visibility from the interstate.

Visibility: Good to Poor

- Sites 1-4 and 6 may have some visibility from I-70, with Site 2 having the best visibility. Visibility will be impacted by each site's distance from the interstate which ranges from 0.5 mile for site 2 to 1.1 miles for site 5. Site 5 is unlikely to have any measurable visibility due to the distance and interference from the buildings at Airport.

Access: Fair to Very Good, depending upon demand

- Access to all of the sites from I-70 is neither direct nor obvious. Motorist on I-70 using the Gypsum exit 140 to access US 6 and will proceed south through the traffic circle, continuing 0.5 miles on US 6 to Valley Road (signaled, planned traffic circle), turn right and proceed 0.4 miles south to Cooley Mesa Road (near western terminus, traffic circle under construction), take the third exit and proceed east to the specific site which ranges from 2.0 miles to Site 6 to 3.5 miles for Site 2.
 - Alternatively, motorists exiting I-70 in Gypsum may stay on US 6, proceeding 3.9 miles from the traffic circle south and then east to Cooley Mesa Road (eastern terminus, signaled), turn right and proceed to the specific site, which ranges from less than 0.1 mile for Site 2 to 1.6 miles for Site 5.
 - Motorists approaching from Eagle (exit 147 on I-70) will proceed west from Eagle 3.9 miles, passing through three roundabouts, turn left at Cooley Mesa Road and proceed to the site as described above.
- Demand generated from the Airport and the Vail Valley Jet Center is direct and logical, although the proposed hotel will need a shuttle to service this demand. The sites range from 0.2 miles east of the Airport exit for Site 6 to 1.8 miles east along Cooley Mesa Road.

Proximity to Demand: Very Good to Fair

- All of the Airport sites are well-located to take advantage of demand generated from the Airport and the Vail Valley Jet Center. While some may prefer to be directly across from the Airport at Site 5, which would allow them to walk in favorable weather, Sites 2, 3, and 4, and to a lesser extent, Site 1, would be proximate to the limited amenities available at the strip center, which includes Heidi's Deli, a local coffee shop and a Domino's Pizza.

- The area is proximate to I-70 which drives most of the leisure traffic. All of the sites are accessible to area tourists visiting either the Glenwood Canyon Recreation Area or the MX Park. Access to anywhere in either the community or the region is very easy. Beaver Creek Ski Resort and Vail Ski Resort are located 21 miles and 34 miles east (from Site 5), respectively while Sunlight Ski Resort and Glenwood Springs are located 29 miles west.
 - All of the proposed sites will be less desirable for demand generated from I-70, including leisure demand that will comprise the bulk of the proposed hotel's demand. While the sites are proximate to the demand, interstate demand typically prefers hotels that are visible and easily accessible from the interstate exit. This issue is less important now that most motorists use GPS to assist in navigation.

Support Amenities: Fair, possibly improving to Very Good

- Currently, there is a limited restaurant selection located at a strip center which is most proximate to Sites 2, 3 and 4. These outlets include a Domino's Pizza, Heidi's Deli (breakfast and lunch) and a coffee shop. There is limited food-service available at Costco and at both the Airport and the Jet Center.
 - Development of the hotel may stimulate development of a sit-down restaurant nearby, although there is no activity at the current time. Most fast-food and fast service restaurants are likely to prefer a location close to a highway interchange.
 - Projections for the proposed hotel are based upon development of at least one sit-down restaurant with dinner service adjacent or near the site.

Competitive Position: Fair to Good (based upon restaurant development)

- The sites are not considered to be strong locations for a proposed hotel. Because of their distance to the interstate, they will have difficulty attracting demand from this major source. Conversely, the demand emanating from the Airport and the Jet Center can and do travel to the area hotels. While they would prefer a hotel closer to the Airport, the 2.8 miles distance is not seen as a significant obstacle, especially when shuttle service is provided. Additionally, there are limited amenities including a lack of dinner service in the Airport/Costco area.

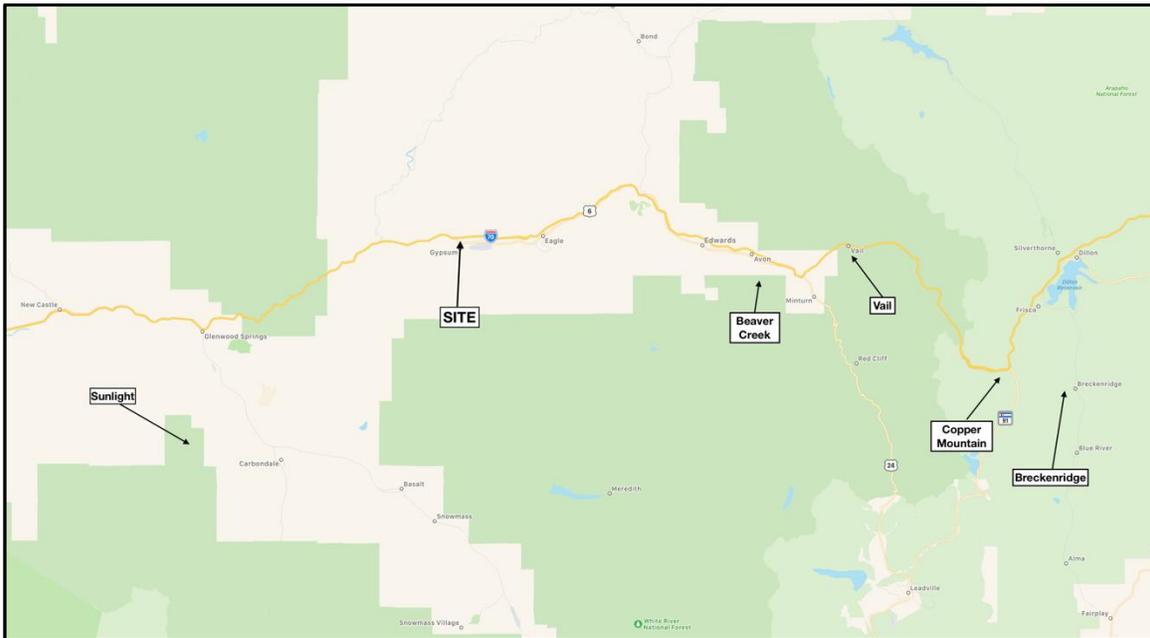
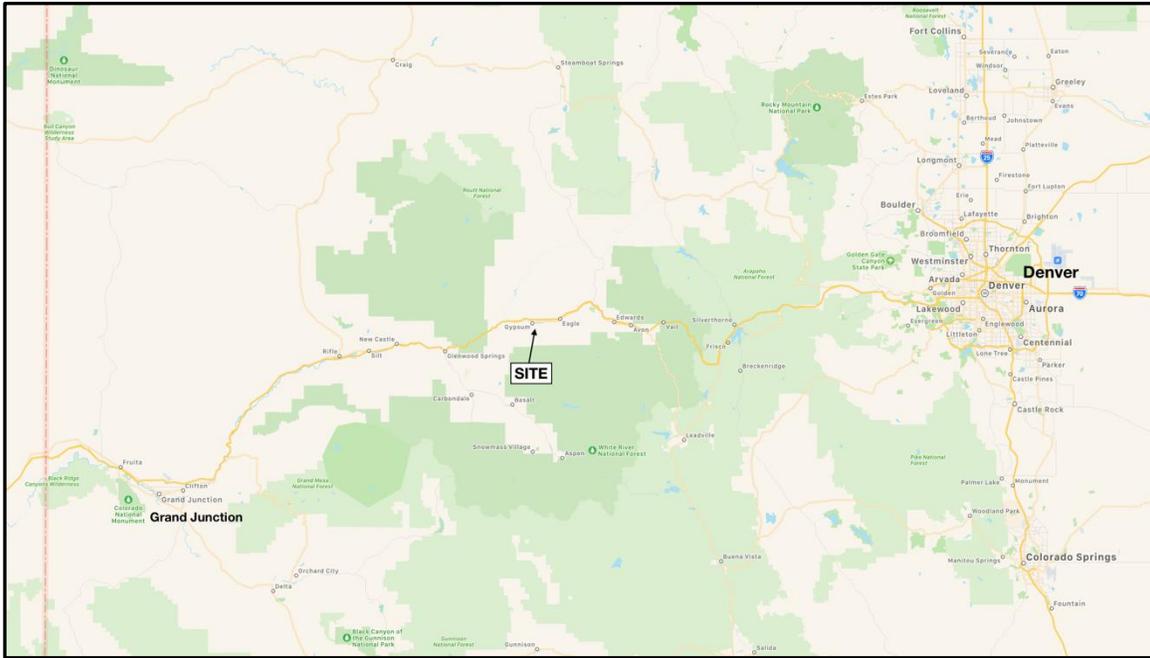
PROJECTIONS

- Future estimates of market performance are based upon historic performance of the market and the availability of new hotel rooms, including the addition of the proposed hotel (Subject) in 2021 (see Exhibit L on page 31). The overall market occupancy is projected to decrease to 63% in 2021 following the opening of the Subject and increase to 66% upon stabilization of the Subject and the market.
 - A natural growth rate of 1 to 2% is assumed in the market with induced growth resulting from the availability of the new hotel in the area.
 - It is expected that new hotels will be added in other markets which will accommodate growing demand and create some induced demand. It is possible that either the Gypsum or Eagle market may attract additional new hotels near the interstate. Should a new hotel be developed at either location, depending upon the franchise, the proposed hotel would likely be negatively impacted.
- The high projected stabilized occupancy of 60% for the proposed Subject is derived from the current occupancy levels experienced by the branded hotels in Eagle. It assumes a 90% penetration of fair market share for the proposed hotel upon stabilization. The projections reflect a four-year stabilization as a result of the nature of the market and the difficulty in attracting demand to the site location. Final occupancy levels will also be a function of both the final site and the brand that is chosen.
- The projected rate of the Subject is derived from analysis of the existing rates in the market, the quality level of the proposed Subject and the performance of limited service hotels on a regional and national level, with the ADR determined based upon the brand selected.

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REGIONAL LOCATION MAP



POPULATION DATA

	Miles/Direction from Gypsum	1990	2000	Change 1990-2000	2010	Change 2000-2010	2016	Change 2010-2016
Colorado	--	3,294,394	4,301,262	23.4%	5,029,196	16.9%	5,695,564	13.2%
Eagle County	--	21,928	41,659	47.4%	52,197	25.3%	53,989	3.4%
Gypsum	--	1,750	3,654	52.1%	6,477	77.3%	6,969	7.6%
Eagle	7 East	1,580	3,032	47.9%	6,508	114.6%	6,739	3.5%
Edwards (CDP)	25 East	n/a	8,257	n/a	10,266	24.3%	n/a	n/a
Avon	28 East	1,798	5,561	67.7%	6,447	15.9%	6,252	-3.0%
Minturn	35 East	1,066	1,068	0.2%	1,027	-3.8%	1,033	0.6%
Vail	38 East	3,659	4,531	19.2%	5,305	17.1%	5,483	3.4%
Basalt	30+/- South	1,128	2,681	57.9%	3,857	43.9%	3,921	1.7%
El Jebel (CDP)	44 West then SE	2,605	4,488	42.0%	3,801	-15.3%	n/a	n/a
Nearby Cities along I-70 (listed from east to west)								
Silverthorne	68 East	1,768	3,196	44.7%	3,887	21.6%	4,505	15.9%
Dillon	68 East	553	802	31.0%	904	12.7%	961	6.3%
Glenwood Springs	25 West	6,561	7,736	15.2%	9,614	24.3%	9,997	4.0%
New Castle	37 West	679	1,984	65.8%	4,518	127.7%	4,753	5.2%
Silt	44 West	1,095	1,740	37.1%	2,930	68.4%	3,087	5.4%
Rifle	51 West	4,636	6,784	31.7%	9,172	35.2%	9,665	5.4%
Frisco	63 East	1,601	2,443	34.5%	2,683	9.8%	3,084	14.9%
Parachute	67 West	658	1,006	34.6%	1,085	7.9%	1,113	2.6%
De Beque	81 West	257	451	43.0%	504	11.8%	491	-2.6%
Palisade	100 West SW	1,871	2,579	27.5%	2,692	4.4%	2,644	-1.8%
Grand Junction	112 West SW	29,034	41,986	30.8%	58,566	39.5%	61,881	5.7%

SOURCE: US Census and Wikipedia (Wikipedia used for data prior to 2000)

Note: Limited data is available on Census Data Places (DCP), including no data beyond 2010

COLORADO SKI RESORTS

Name (ranked by distance to Gypsum)	Nearest city	Distance to Gypsum	Skiable area (acres)	Runs	Lifts	Top elevation (feet)	Base elevation (feet)	Vertical (feet)	Snowfall (in/year)
Beaver Creek	Avon	31 E	1,832	150	24	11,440	8,100	3,340	330
Vail	Vail	37 E	5,289	195	34	11,570	8,120	3,041	370
Sunlight	Glenwood Springs	38 W then S	470	67	4	9,895	7,885	2,010	252
Ski Cooper	Leadville	56 E then SE	400	39	4	11,700	10,500	1,200	260
Copper Mountain	Copper Mountain	58 E	2,490	150	23	12,313	9,712	2,601	305
Snowmass	Aspen	65 W then SE	3,128	88	21	12,510	8,104	4,030	300
Buttermilk	Aspen	66 W then SE	435	44	9	9,900	7,870	2,030	200
Aspen Mountain	Aspen	68 W then SE	675	76	8	11,212	7,945	3,267	300
Aspen Highlands	Aspen	68 W then SE	1,040	118	5	12,392	8,040	3,635	300
Breckenridge	Breckenridge	74 E	2,926	187	34	12,998	9,600	2,908	360
Loveland	Silverthorne	79 E	1,800	94	11	13,010	10,800	2,210	422
Arapahoe Basin	Keystone	79 E	1,428	145	9	13,050	10,780	2,270	350
Keystone	Keystone	80 E	3,087	127	20	12,408	9,280	2,362	235
Steamboat	Steamboat Springs	90 E then N	2,965	165	16	10,568	6,900	2,479	349
Howelsen	Steamboat Springs	92 E then N	50	17	1	7,136	6,696	440	170
Echo Mountain	Evergreen	111 E	60	13	3	10,650	10,050	600	275
Powderhorn	Grand Junction	112 W then S	1,600	37	4	9,850	8,200	1,650	250
Granby Ranch	Granby	117 E then NE	406	35	6	9,202	8,202	1,000	220
Winter Park	Winter Park	119 E	3,081	143	26	12,060	9,000	3,060	365
Eldora	Nederland	136 E then N	680	53	12	10,800	9,200	1,600	300
Monarch	Salida	139 E then S	800	54	5	11,960	10,790	1,170	375
Crested Butte	Crested Butte	212 E, S, N	1,547	121	15	12,162	9,375	2,785	300
Telluride	Telluride	213 W then S	2,000	148	18	12,570	8,725	3,830	280
Wolf Creek	Pagosa Springs	234 E then S	1,600	77	7	11,904	10,300	1,604	480
Hesperus	Hesperus	305 W then S	60	13	2	8,880	8,100	700	150
Purgatory	Durango	345 W then SE	1,525	94	11	10,822	8,793	2,029	260
Silverton Mountain	Silverton	364 W then S	1,819	69	1	12,300	10,400	3,087	460
Kendall	Silverton	364 W then S	16	11	1	9,540	9,300	240	200

SOURCE: Wikipedia and Brandt Hospitality Consulting, Inc.

Note: Those within 50 miles of Gypsum are bolded

AIRPORT DATA

Air Operations								
Enplanements	Large	Small (A)	Total	Private	Military	Local	Military Touch-N-Go	
2012	168,338	4,089	7,014	11,103	15,209	4,729	4,896	464
2013	167,490	3,469	7,853	11,322	15,138	3,589	6,491	521
2014	166,216	3,527	8,414	11,941	16,212	3,202	7,384	954
2015	158,405	3,608	8,697	12,305	16,544	2,407	7,088	1,095
2016	164,671	3,651	8,853	12,504	15,816	2,974	5,830	552
2017	159,234	3,643	8,564	12,207	15,787	2,695	5,262	1,347
2018	178,641	4,379	8,143	12,522	17,989	4,119	6,420	1,586
CAARC	1.0%	1.1%	2.5%	2.0%	2.8%	-2.3%	4.6%	22.7%

SOURCE: Eagle County Regional Airport

Notes: Compound Annual Average Rate of Change, 2012 - 2018

(A) Small carriers include United Express and similar

(B) Vail Valley Jet Center

**VAIL VALLEY JET CENTER
HOTEL HOUSING DATE
2018**

Location/Hotel	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Airplane Landings	796	881	1014	260	265	547	965	826	537	265	333	1045	7734
Glenwood Springs	66	74	51	26	14	32	10	55	7	8	1	15	359
Hampton Inn	6	2	6	8	-	19	-	15	3	-	-	1	60
Holiday Inn Express	-	3	-	-	-	-	-	-	-	-	-	-	3
Hotel Denver	-	10	8	10	-	4	-	3	-	-	-	-	35
Marriott Courtyard	38	23	24	8	10	6	7	37	4	-	1	-	158
Residence Inn	22	36	13	-	4	3	3	-	-	8	-	14	103
Eagle	124	265	187	34	24	52	99	146	56	15	27	122	1,151
Americinn	73	102	54	-	18	-	-	-	-	-	-	-	247
Best Western Eagle Lodge	36	60	50	11	4	27	57	96	25	9	25	78	478
Comfort Inn	13	95	74	23	2	19	42	45	30	6	2	44	395
Eagle River Lodge	2	8	6	-	-	4	-	5	1	-	-	-	26
Hawthorn Suites	-	-	3	-	-	2	-	-	-	-	-	-	5
Edwards	44	26	10	4	2	12	30	12	22	-	-	10	172
Inn at Riverwalk	44	26	10	4	2	12	30	12	22	-	-	10	172
Avon / Beaver Creek	59	17	22	6	23	34	53	22	8	4	12	2	262
Christie Lodge	-	-	-	-	-	-	-	14	8	-	-	-	22
Comfort Inn	12	-	-	-	-	-	-	-	-	-	-	-	12
Ritz Carlton BG	-	-	-	-	10	-	-	-	-	-	-	-	10
Westin	28	17	22	6	13	34	53	8	-	4	12	2	199
Beaver Creek Lodge	19	-	-	-	-	-	-	-	-	-	-	-	19
Vail	16	6	12	16	5	18	35	9	-	4	1	-	122
Marriott Lionshead	16	6	4	4	2	16	18	-	-	4	1	-	71
DoubleTree	-	-	8	12	3	2	17	9	-	-	-	-	51
TOTAL ROOM NIGHTS	309	388	282	86	68	148	227	244	93	31	41	149	2,066

SOURCE: Vail Valley Jet Center

**EMPLOYMENT DATA
EAGLE COUNTY, COLORADO**

	Labor Force	Employed	Unemployed	Unemployment Rate		
				Eagle County	Colorado	U.S. %
2000	25,631	25,014	617	2.4%	2.8%	4.0%
2001	26,096	25,294	802	3.1%	3.8%	4.7%
2002	26,693	25,561	1,132	4.2%	5.5%	5.8%
2003	26,188	24,960	1,228	4.7%	6.0%	6.0%
2004	27,314	26,136	1,178	4.3%	5.5%	5.5%
2005	28,407	27,325	1,082	3.8%	5.0%	5.1%
2006	29,827	28,823	1,004	3.4%	4.3%	4.6%
2007	30,929	30,053	876	2.8%	3.7%	4.6%
2008	31,666	30,535	1,131	3.6%	4.8%	5.8%
2009	30,521	28,382	2,139	7.0%	7.3%	9.3%
2010	32,447	29,697	2,750	8.5%	8.7%	9.6%
2011	32,147	29,624	2,523	7.8%	8.4%	8.9%
2012	32,349	30,032	2,317	7.2%	7.9%	8.1%
2013	31,874	29,947	1,927	6.0%	6.9%	7.4%
2014	32,403	31,051	1,352	4.2%	5.0%	6.2%
2015	32,784	31,768	1,024	3.1%	3.9%	4.9%
2016	33,758	32,864	912	2.7%	3.2%	4.9%
2017	34,895	34,067	778	2.2%	2.7%	4.4%
2018	36,207	35,218	989	2.7%	3.3%	3.9%
CAARC:						
2000 thru 2018:	1.8%	1.8%	1.5%	-0.1 point	0.5 points	-0.1 point
Mar-18	37,596	36,758	838	2.2%	3.1%	4.1%
Mar-19	38,691	37,858	833	2.2%	3.0%	3.9%
Change	2.9%	3.0%	-0.6%	0.0 points%	-0.1 point	-0.2 points

SOURCE: Bureau of Labor Statistics, revised 4/19/19

CAARC: Compound Annual Average Rate of Change

MAJOR EMPLOYERS

TOWN OF GYPSUM

Company or Organization	Industry	Employment
Eagle County School	Education	215
Costco Wholesale	Retail	162
American Gypsum	Wallboard	93
Colorado Mountain News Media	Newspaper	70
Town of Gypsum	Local Government	45

SOURCE: Town of Gypsum, 2014

EAGLE COUNTY

Company or Organization	Location	Industry	Employment
Eagle County Schools	Throughout	Education	500-1,000
Vail Health	Throughout, Main in Vail	Health Care	500-1,000
Vail Associates, Inc.	Vail	Ski Facilities	550
Eagle County Government	Eagle	Local Government	400-500
Hotel Talisa	Vail	Hotel	400-500
Sonnenalp Resort and Spa	Vail	Hotel	450
Colorado Mountain College	Edwards	(Elementary &	440
Ritz-Carlton Hotel	Vail	Hotel	385
Park Hyatt, Beaver Creek	Avon	Hotel	385
Eagle County Regional Airport	Gypsum	Airport Operations	359
American Renal	Avon	Physicians Offices & Treatment	300
Valley View Hospital Rehab Basalt/Eagle	Eagle	Hospital	300
Dundee Resort Development	Silverthorne	Hotel	280
Lodge at Vail	Vail	Hotel	276
Marriott-Vail Mountain Resort	Vail	Hotel	275
Mountain Temp Services, Inc.	Dillon	Employment Agency	275
Walmart	Avon	Retail	200-300
Town of Vail	Vail	Local Government	200-300

SOURCE: Town of Gypsum and Vail Valley Economic Development

Note: Where a specific number is stated, that information as been used.

TRADE AREA MAP COMPETITIVE SUPPLY GYPSUM, COLORADO



**SMITH TRAVEL RESEARCH – HISTORICAL TREND REPORT
I-70 in COLORADO
(West of Denver – Avon to East of Grand Junction)**

Year	Occupancy		ADR		RevPAR		% Change		% Change Demand
							RevPAR	Supply Demand	
2013	48.4%	\$	96.40	\$	46.62	--		977 472	--
2014	53.5%	\$	98.55	\$	52.77	13.2%		978 524	10.8%
2015	58.5%	\$	102.86	\$	60.13	13.9%		983 575	9.8%
2016	64.1%	\$	107.09	\$	68.65	14.2%		983 630	9.7%
2017	64.3%	\$	109.91	\$	70.67	2.9%		972 625	-0.9%
2018	64.4%	\$	116.59	\$	75.04	6.2%		981 631	1.1%
CAARC	16.0 points		3.9%		10.0%			0.1% 6.0%	
2018 thru Februa	59.6%	\$	117.23	\$	69.84	--		985 587	--
2019 thru Februa	64.0%	\$	126.96	\$	81.23	16.3%		978 626	6.6%
Change	4.4 points		8.3%		16.3%			-0.7% 6.6%	

SOURCE: Smith Travel Research including Quality I&S Eagle, Best Western Plus Eagle, Hawthorn Suites Eagle, Ascend The Inn @ Riverwalk Comfort Inn Avon, Hampton Inn Glenwood Springs, Holiday Inn Express Glenwood Springs, Courtyard Glenwood Springs, Hampton Inn & Suites Rifle, Comfort Inn & Suites Rifle, Holiday Inn Express & Suites Silt

CAARC: Compound Annual Average Rate of Change

MONTHLY PERFORMANCE

Month	Occupancy	ADR	RevPAR
January 2019	61.9%	\$125.64	\$77.81
February	66.3%	\$128.32	\$85.02
March 2018	67.8%	\$122.25	\$82.89
April	52.3%	\$93.04	\$48.67
May	60.8%	\$102.00	\$64.99
June	80.9%	\$121.51	\$98.30
July	85.4%	\$132.23	\$112.93
August	78.2%	\$125.38	\$98.06
September	73.5%	\$114.81	\$84.37
October	56.9%	\$105.96	\$60.25
November	44.0%	\$100.57	\$44.24
December	52.9%	\$128.72	\$68.11

SOURCE: Smith Travel Research, including eleven hotels with 978 rooms

Note: Most recent 12 months: March 2018 through February 2019

DAY OF WEEK PERFORMANCE

Prepared for Town of Gypsum, Colorado

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
Occupancy	50.8%	61.2%	65.7%	66.5%	65.3%	68.8%	71.8%	64.3%
ADR	\$ 108.59	\$ 105.56	\$ 105.87	\$ 106.41	\$ 108.20	\$ 121.37	\$ 126.04	\$ 112.12
RevPAR	\$ 55.19	\$ 64.62	\$ 69.56	\$ 70.82	\$ 70.62	\$ 83.44	\$ 90.53	\$ 72.11

SOURCE: Smith Travel Research, including eleven hotels with 978 rooms

Note: Most recent 36 months: March 2016 through February 2019

**COMPETITIVE SUPPLY
OCCUPANCY AND AVERAGE DAILY RATE**

Hotels	Current Count	Opened	OCCUPANCY					
			2015	2016	2017	2018	YTD February 2018	2019
PRIMARY COMPETITORS								
QUALITY INN & SUITES VAIL VALLEY - EAGLE (A)	60	Jul-98	50-55%	60-65%	60-65%	60-65%	60-65%	70-75%
BEST WESTERN PLUS EAGLE LODGE & SUITES	100	Jun-74	60-65%	65-70%	65-70%	70-75%	70-75%	75-80%
HAWTHORNE SUITES BY WYNDHAM - EAGLE	114	Jun-98	60-65%	65-70%	65-70%	65-70%	65-70%	70-75%
AMERICINN LODGE & SUITES - EAGLE (B)	51	Jun-98	60-65%	60-65%	60-65%	60-65%	60-65%	0.0%
EAGLE RIVER LODGE (C)	60	Sep-96	60-65%	60-65%	50-55%	50-55%	50-55%	60-65%
Subtotal	334		60.2%	62.8%	61.3%	65.0%	64.9%	71.8%
SECONDARY COMPETITORS - EAST ON I-70								
COMFORT INN NEAR VAIL BEAVER CREEK - AVON	146	May-88	70-75%	80-85%	80-85%	70-75%	75-80%	80-85%
ASCEND COLLECTION THE INN @ RIVERWALK - EDWARDS	68	Jun-96	40-45%	40-45%	40-45%	40-45%	50-55%	65-70%
SECONDARY COMPETITORS - WEST ON I-70								
HOLIDAY INN EXPRESS GLENWOOD SPRINGS ASPEN AREA	64	Jul-98	60-65%	65-70%	65-70%	65-70%	50-55%	35-40%
HAMPTON INN - GLENWOOD SPRINGS	70	Apr-98	70-75%	70-75%	75-80%	80-85%	70-75%	80-85%
ASCEND COLLECTION - GLENWOOD SUITES	56	Jun-07	80-85%	80-85%	75-80%	70-75%	60-65%	70-75%
QUALITY INN & SUITES ON THE RIVER - GLENWOOD SPRINGS	60	Feb-00	85-90%	80-85%	80-85%	80-85%	70-75%	70-75%
COURTYARD - GLENWOOD SPRINGS	101	Jun-10	55-60%	60-65%	65-70%	60-65%	60-65%	65-70%
RODEWAY INN - GLENWOOD SPRINGS	42	Jun-84	60-65%	65-70%	65-70%	65-70%	55-60%	65-70%
ECONO LODGE INN & SUITES - NEW CASTLE	51	Oct-02	65-70%	75-80%	70-75%	70-75%	65-70%	65-70%
HOLIDAY INN EXPRESS & SUITES - SILT	80	Sep-08	40-45%	45-50%	45-50%	45-50%	45-50%	30-35%
COMFORT INN & SUITES - RIFLE	83	May-09	50-55%	60-65%	50-55%	50-55%	35-40%	35-40%
HAMPTON INN & SUITES - RIFLE	92	Jul-09	55-60%	65-70%	70-75%	70-75%	45-50%	55-60%
Total	1,247		61.2%	65.9%	65.0%	65.4%	60.5%	65.9%
Change in Points of Occupancy			--	4.7%	-0.8%	0.4%	--	5.4%
Change in Demand (Accommodated Room Nights)			--	7.6%	-1.3%	-1.4%	--	4.6%

	AVERAGE DAILY RATE					
	2015	2016	2017	2018	YTD February 2018	2019
PRIMARY COMPETITORS						
QUALITY INN & SUITES VAIL VALLEY - EAGLE (A)	\$110-120	\$110-120	\$110-120	\$110-120	\$120-130	\$130-140
BEST WESTERN PLUS EAGLE LODGE & SUITES	\$100-110	\$110-120	\$110-120	\$110-120	\$120-130	\$130-140
HAWTHORNE SUITES BY WYNDHAM - EAGLE	\$80-85	\$85-90	\$85-90	\$95-100	\$85-90	\$90-95
AMERICINN LODGE & SUITES - EAGLE (B)	\$80-85	\$80-85	\$80-85	\$80-85	\$85-90	\$ -
EAGLE RIVER LODGE (C)	\$100-110	\$100-110	\$90-95	\$80-85	\$80-85	\$90-95
Subtotal	\$ 92.71	\$ 97.91	\$ 97.00	\$ 106.83	\$ 98.80	\$ 109.14
SECONDARY COMPETITORS - EAST ON I-70						
COMFORT INN NEAR VAIL BEAVER CREEK - AVON	\$70-75	\$85-90	\$75-80	\$70-75	\$75-80	\$80-85
ASCEND COLLECTION THE INN @ RIVERWALK - EDWARDS	\$150-160	\$150-160	\$150-160	\$150-160	\$220-230	\$220-230
SECONDARY COMPETITORS - WEST ON I-70						
HOLIDAY INN EXPRESS GLENWOOD SPRINGS ASPEN AREA	\$110-120	\$110-120	\$110-120	\$120-130	\$110-120	\$100-110
HAMPTON INN - GLENWOOD SPRINGS	\$120-130	\$130-140	\$130-140	\$140-150	\$120-130	\$130-140
ASCEND COLLECTION - GLENWOOD SUITES	\$85-90	\$90-95	\$100-110	\$110-120	\$80-85	\$100-110
QUALITY INN & SUITES ON THE RIVER - GLENWOOD SPRINGS	\$75-80	\$90-95	\$95-100	\$100-110	\$80-85	\$85-90
COURTYARD - GLENWOOD SPRINGS	\$130-140	\$130-140	\$120-130	\$130-140	\$120-130	\$120-130
RODEWAY INN - GLENWOOD SPRINGS	\$70-75	\$75-80	\$75-80	\$75-80	\$60-65	\$70-75
ECONO LODGE INN & SUITES - NEW CASTLE	\$45-50	\$45-50	\$55-60	\$55-60	\$40-45	\$50-55
HOLIDAY INN EXPRESS & SUITES - SILT	\$80-85	\$85-90	\$90-95	\$95-100	\$80-85	\$90-95
COMFORT INN & SUITES - RIFLE	\$65-70	\$70-75	\$75-80	\$80-85	\$60-65	\$75-80
HAMPTON INN & SUITES - RIFLE	\$90-95	\$90-95	\$90-95	\$100-110	\$90-95	\$90-95
Total	\$ 92.05	\$ 95.97	\$ 97.66	\$ 102.57	\$ 95.47	\$ 106.70
Change in ADR	--	4.3%	1.8%	5.0%	--	11.8%

NOTES: (A) The Quality Inn & Suites converted from a Comfort Inn & Suites in December 2018
 (B) The 51-room Americinn was converted to apartments in August 2018 and removed from the competitive supply at that time
 (C) The Eagle River Lodge operated as a Holiday Inn Express until August 2016

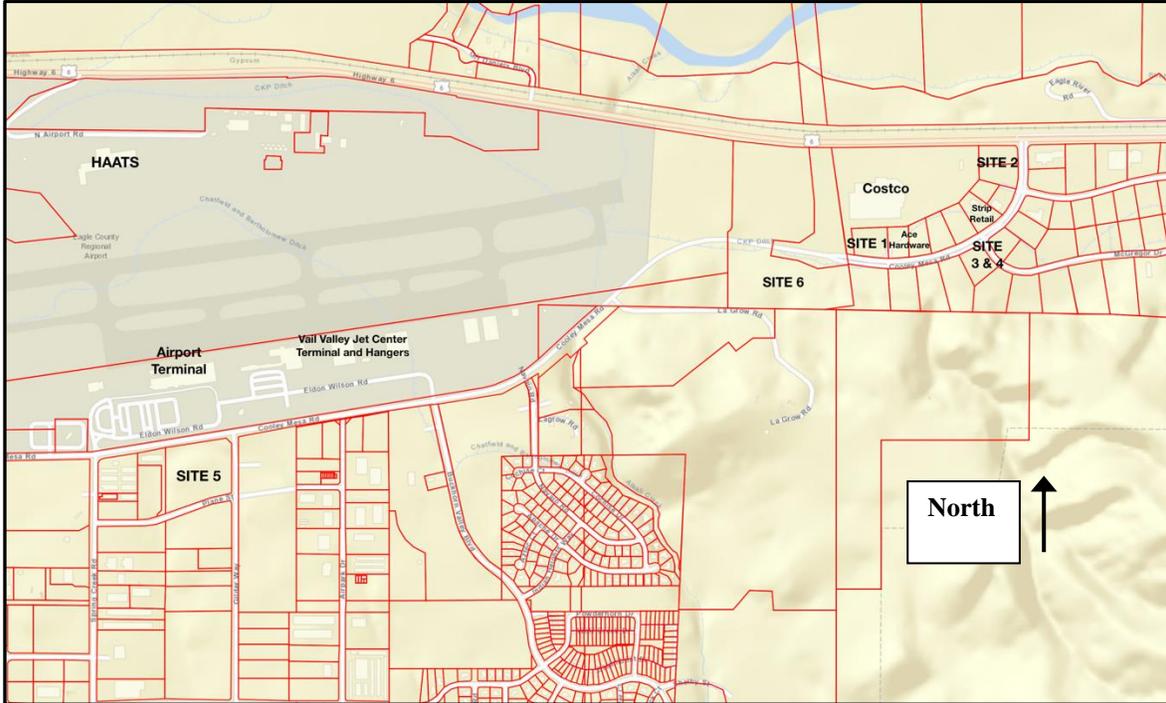
**COMPETITIVE SUPPLY
MARKET MIX, QUOTED RATES AND FACILITIES
PRIMARY COMPETITIVE SUPPLY**

	MARKET SEGMENTATION (2018)				2019 - 20 RATES			
	Commercial Transient	Group	Indv. Leisure	Ext. Stay Contract	Internet			
					Winter		Summer	
					Weekday	Weekend	Weekday	Weekend
PRIMARY COMPETITORS								
QUALITY INN & SUITES VAIL VALLEY - EAGLE	2%	2%	71%	25%	\$125-179	\$125-179	\$125-143	\$161-177
BEST WESTERN PLUS EAGLE LODGE & SUITES	5%	10%	65%	20%	\$123-128	\$123-184	\$114-151	\$174-206
HAWTHORNE SUITES BY WYNDHAM - EAGLE	2%	0%	68%	30%	\$288.00	\$288.00	\$98-114	\$98-197
EAGLE RIVER LODGE	<u>2%</u>	<u>2%</u>	<u>76%</u>	<u>20%</u>	n/a	na/	\$89-99	\$133.00
TOTAL	3%	4%	69%	24%				

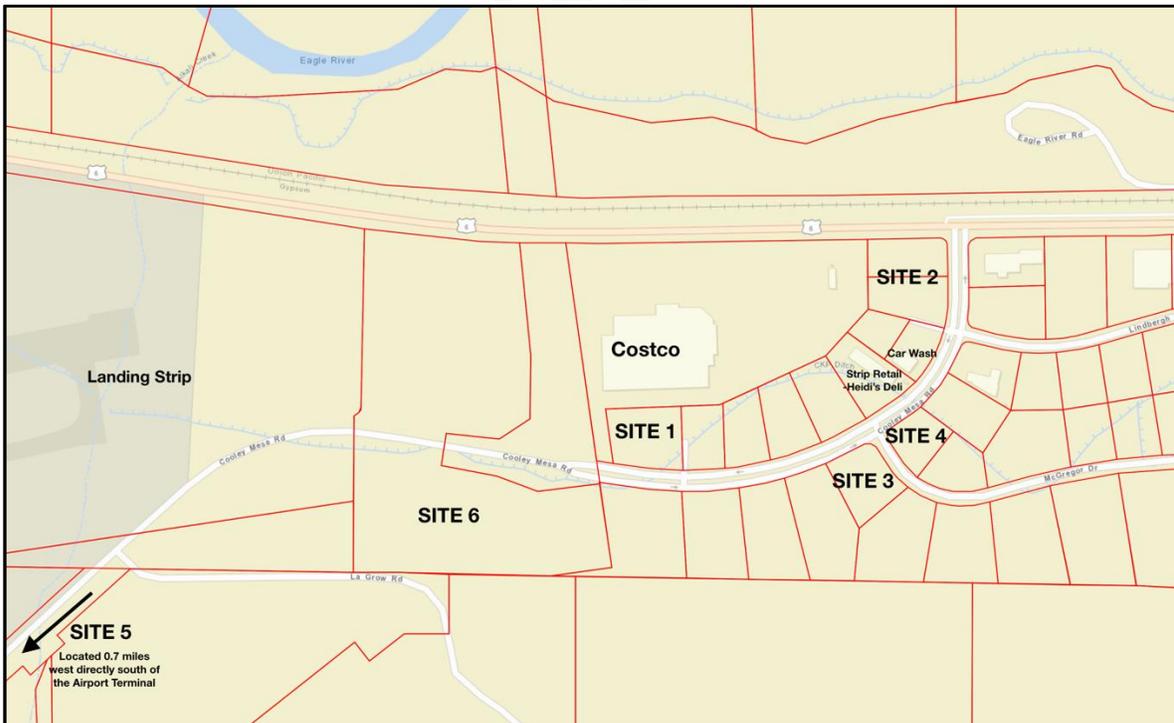
	EXISTING FACILITIES						
	Total Meeting Space	Micro/Fridge	Free Breakfast	Free WiFi	Guest Laundry	Pool/Exercise Facility	Free Shuttle
PRIMARY COMPETITORS							
QUALITY INN & SUITES VAIL VALLEY - EAGLE	No	Both-some rooms	Yes, Hot	Yes	Yes	Indoor/No	Yes
BEST WESTERN PLUS EAGLE LODGE & SUITES	1849	Both-all rooms	Yes, Hot	Yes	Yes	Indoor/Yes	Yes
HAWTHORNE SUITES BY WYNDHAM - EAGLE	250	Kitchenettes-some	Yes	Yes	Yes	No/Yes	No
EAGLE RIVER LODGE	No	No	Yes	Yes	Yes	Indoor/Yes	Yes

	SITE EVALUATION					
	Distance to Site	Visibility	Access	Proximity to Amenities	Proximity to Demand	Overall Evaluation
PRIMARY COMPETITORS						
QUALITY INN & SUITES VAIL VALLEY - EAGLE	8.2 E	Very Good	Good	Fair	Very Good	Good to Very Good
BEST WESTERN PLUS EAGLE LODGE & SUITES	7.7 E	Very Good	Good	Good	Very Good	Very Good to Good
HAWTHORNE SUITES BY WYNDHAM - EAGLE	7.7 E	Good	Good	Good	Very Good	Good to Very Good
EAGLE RIVER LODGE	7.6 E	Very Good	Very Good	Fair	Very Good	Good to Very Good

SITE LOCATION MAP



CLOSER VIEW



HISTORICAL AND PROJECTED SUPPLY AND DEMAND MODEL

	Year	Ave. Daily Occupied Rooms	Demand Growth	Average Rate	ADR Growth	Ave. Daily Available Rooms	Supply Growth	Market Occupancy	Subject Occupancy	Subject Penetration
Historical										
	2015	794	--	\$ 92.05	--	1298	--	61.2%		
	2016	855	7.6%	\$ 95.97	4.3%	1298	0%	65.9%		
	2017	844	-1.3%	\$ 97.66	1.8%	1298	0%	65.0%		
	2018	832	-1.4%	\$ 102.57	5.0%	1272	-2%	65.4%	(A)	
CAARC *	15-18		1.5%		3.7%		0.7%			
YTD February										
	2018	786	--	\$ 95.47	--	1298	--	60.5%		
	2019	822	4.6%	\$ 106.70	11.8%	1247	-3.9%	65.9%		
Projected										
	2019	840	1%			1,247	-2.0%	67%	(B)	
	2020	815	-3%			1,247	0%	65%		
	2021	834	2%			1,317	5.6%	63%	(C)	50%
	2022	853	2%			1,317	0%	65%		55%
	2023	859	1%			1,317	0%	65%		58%
	2024	866	1%			1,317	0%	66%		60%
	2025	875	1%			1,317	0%	66%		60%
CAARC * (2014 - 2023)			5.1%				6.2%			
CAARC * (2017 - 2023)			6.9%				7.8%			

* CAARC Compound Annual Average Rate of Change

(A) The reduction of 26 rooms from the conversion of the 51-room AmericInn to apartments

(B) The reduction of the remaining 25 rooms from the conversion of the AmericInn to apartments

(C) The 70-room +/- proposed hotel (Subject)

ASSUMPTIONS AND LIMITING CONDITIONS

1. The value or values presented in this report are based upon the premises outlined herein and are valid only for the purpose or purposes stated. Any values which are indicated are to be used for internal comparison purposes only, and the resulting numbers are not to be considered an appraisal. The consultant is not a qualified appraiser nor a member or candidate of the Appraisal Institute.
2. I have no present or contemplated future interest in the properties being analyzed nor any personal interest or bias on the subject matter or the parties involved in potential development. My compensation was not contingent in any way upon the conclusion drawn herein.
3. To the best of my knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources and checked insofar as possible, no guarantee is made nor liability assumed for the accuracy of any data, opinions or estimates identified as being furnished by others which have been used in formulating this analysis.
4. Land areas and descriptions used in this analysis were obtained from management and public records, or as otherwise noted, and have not been verified by legal counsel or a licensed surveyor. The land description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney. Plats, maps and other exhibits in this report are used merely to help the reader visualize the property and its surroundings, and no responsibility is assumed for their cartographic accuracy.
5. No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, coal or other subsurface mineral and use rights or conditions investigated. Because improvements in the area appear to be structurally sound, we assume that soil and subsoil conditions are stable. Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes or other potentially hazardous materials could, if present, adversely affect the development potential of the site. No responsibility is assumed for any such conditions, and the client has been advised that the consultant is not qualified to detect such substances, quantify the impact on development values or develop the remedial cost. The client is urged to retain an expert in this field if desired.
6. It is assumed that the property will be efficiently managed and that ownership is in responsible hands.
7. Full compliance with all applicable federal, state and local environmental regulations is assumed, as well as all applicable zoning, use and occupancy regulations and restrictions as stated and considered in this report.
8. Any projections, forecasts, etc., regarding future patterns of income and/or expenses, prices/values, etc., represent the analyst's best estimates of investor anticipation's with respect to these items, based on information available at the date of the analysis. Such information includes forecasts/projections published by recognized sources such as economists, financial publications, investor surveys, etc.
9. Economic trends can affect future behavior of income, expenses, values, etc. Changes in these items caused by future occurrences could result in values different from those established in this report. I cannot accept responsibility for economic variables in the future which could not have been known or anticipated at the date of analysis (inflation rates, economic upswings or downturns, fiscal policy changes, etc.).
10. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report shall be disseminated to the public through prospectus, advertising, public relations, news or any other means of communication without the written consent and approval of Isabel A. Brandt.
11. You agree to indemnify and hold Isabel A. Brandt harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which I may become subject in connection with this engagement. You will not be held liable for my negligence. Your obligation for indemnification and reimbursement shall be limited to Isabel A. Brandt.
12. I reserve the right to include your company/firm name in my client list but will maintain the confidentiality of all conversations, documents provided me and the contents of this report, subject to legal or administrative process or proceedings.
13. These conditions can only be modified by written documents executed by both parties.

QUALIFICATIONS OF THE CONSULTANT

Isabel Ackerman, ISHC

8023 Kingsbury Blvd.

St. Louis, MO 63105

(314) 899-9701

isabelackerman@gmail.com

brandthospitality.com

EXPERIENCE

BRANDT HOSPITALITY CONSULTING, INC.

Hospitality Consultant, 1992 - Present

St. Louis, MO and Oak Park, IL

REAL ESTATE ADVISOR GROUP OF AMERICAN APPRAISAL ASSOCIATES

Senior Consultant, 1991 - 1992

Chicago, IL

McCORMICK CENTER HOTEL

Director of Convention Services, 1990 - 1991

Chicago, IL

MARRIOTT CORPORATION

Manager, Market Planning and Feasibility, 1988 - 1990

Regional and Corporate Offices

Chicago, IL, and Washington, DC

Catering Sales Manager, 1985 - 1988

New York Marriott Marquis

New York, NY

EDUCATION

APPRAISAL INSTITUTE

Chicago, IL

NEW YORK UNIVERSITY GRADUATE SCHOOL OF BUSINESS

Master of Business Administration, 1988

New York, NY

CORNELL UNIVERSITY SCHOOL OF HOTEL ADMINISTRATION

Bachelor of Science, 1981

Ithaca, NY

MEMBERSHIP

INTERNATIONAL SOCIETY OF HOSPITALITY CONSULTANTS

SUMMARY OF APPRAISAL AND CONSULTING EXPERIENCE

FEASIBILITY STUDIES

HOTEL PRODUCTS

Ascend Collection
Best Western
Comfort Inn
Courtyard by Marriott
Embassy Suites
Fairfield Inn by Marriott
Hampton Inn & Suites
Hilton Garden Inn
Holiday Inn
Holiday Inn Express
Home2 Suites
Hyatt Place
La Quinta Inns
Quality Inn
Residence Inn by Marriott
SpringHill Suites
Super 8
TownPlace Suites

MARKETS

Altamonte Springs, FL
Atlanta, GA
Altoona, PA
Albany, NY
Arlington Heights, IL
Augusta, GA
Austin, TX
Bloomington, IL
Blue Springs, MO
Bloomington, IL
Brookings, SD
Bowling Green, KY
Carol Stream, IL
Cedar Rapids, IA
Chesterfield, MO
Chicago, IL
Cincinnati, OH
Clackamas, OR
Cleveland, OH
Collinsville, IL
Colorado Springs, CO
Columbia, MO
Columbus, OH
Daytona Beach, FL
Devens, MA
Dublin, OH
Edmond, OK
Emporia, IS
Euclid, OH
Falmouth, MA
Fishkill, NY
Frankfurt, KY
Fremont, CA
Glenview, IL
Grapevine, TX
Greenville, SC
Golden Valley, MN
Hamburg, NY
Hays, KS
Hoffman Estates, IL
Houston, TX
Indianapolis, IN
Jacksonville, FL
Johnson, IA
Kansas City, KS
Kansas City, MO
King of Prussia, PA
Kingsville, TX
Kissimmee, FL

Knoxville, TN
Kokomo, IN
Lakeland, FL
Lake Mary, FL
Lawrence, KS
Lombard, IL
Lansing, IL
Madison, WI
Manhattan, KS
Malta, NY
Marlborough
Mattoon, IL
Miami Springs, FL
Milwaukee, WI
Moscow, ID
Moses Lake, WA
Newburgh, NY
Naperville, IL
Nashville, TN
New Orleans, LA
N. Kentucky (Cincinnati, OH)
Norfolk, NE
Norwich, CT
Orlando, FL
Ottumwa, IA
Overland Park, KS
Pahrump, NV
Phoenix, AZ
Plainfield, IN
Portland, OR
Poughkeepsie, NY
Pullman, WA
Richmond, VA
Rockford, IL
Rolling Meadows, IL
Rosslyn, VA
Salem, OR
Salina, KS
Schaumburg, IL
Spearfish, SD
Springfield, IL
St. Robert, MO
Terre Haute, IN
Tucson, AZ
Vaughan, Canada
Versailles State Park, IN
Wareham, MA
Warsaw, IN
Waterbury, CT
Waukegan, IL
Wausau, WI
Westford, MA
Williamsville, NY
Willoughby, OH
Wheeling, WV
Yonkers, NY
Yuma, AZ

APPRAISALS

Santa Monica Beach Hotel, Santa Monica, CA
Sheraton Prescott Resort (& Casino), Prescott, AZ
Red Lion, Medford, OR
Red Lion, Klamath Falls, OR
Hilton, Fayetteville, AR
Holiday Inn, Oak Brook Terrace, IL
Days Inn - Crabtree, Raleigh, NC
Embassy Suites, Washington, DC
Holiday Inn, Mundelein, IL
Innkeeper Motor Lodge, Winston-Salem, NC
Holiday Inn, Crystal Lake, IL
The Herrington Hotel, Geneva, IL
Holiday Inn, Willowbrook, IL
Amerihost Inn, Allen, TX
Amerihost Inn, Muskegon, MI
Amerihost Inn, Birch Run, MI
Hampton Inn - Miami Beach, FL

CONSULTING ENGAGEMENTS

(Impact, Loan Underwriting, Conversion, Market Overviews and Expert Witness)

Ashland, WI
Atlantic City, NJ
Austin, TX
Birmingham, AL
Buffalo, NY
Chicago (downtown), IL
Chase Park Plaza, St. Louis, MO
Eastlake, OH
Forest Park Hotel, St. Louis, MO
Helena, MT
Little Rock, AR
Maryland Heights, MO
Mattoon, IL
Naperville, IL
Okawville, IL
Omaha, NE
Overland Park, KS
Palm Springs, CA
Providence, RI
Portage, IN
Rosemont (O'Hare), IL
St. Louis Airport
Scottsdale, AZ
Spokane, WA
Springfield, MO
S. Kingston, RI
The Elms Spa and Resort; Excelsior Springs, MO
The Royalton; Manhattan, NY
Warwick, RI
Wenatchee WA
West Des Moines, IA
Winston-Salem, NC

CLIENTS SERVED

Bank of New York
Best Western International
Century Pacific/Le Baron Hotels
Choice Hotels International
CNA Insurance
debis Financial Services, Inc.
Denlow and Henry
Ferguson Properties
Holiday Inn Worldwide
HFS/Cendant
Iowa Nation of Oklahoma
J.B. Chambers Foundation
KMK Investments, Inc.
Landauer Real Estate
La Quinta Inns
Leisure Development
Lerner Renovations
Manor Care
Marriott International
McHugh Enterprises
NationsCredit Commercial
Port Authority of Kansas City
Resolution Trust Company
Rockgate Inns, Inc.
Rosenblum, Goldenhersh, Silvestein & Zafft
RHW Companies, Inc.
SBA of Kansas
True North Hotel Group

ISABEL B. ACKERMAN

Isabel B. Ackerman, ISHC is president and founder of Brandt Hospitality Consulting, Inc. (BHC). BHC is a hospitality and real estate consulting firm which specializes exclusively in hotel real estate including financial analysis, feasibility, valuation, market analysis, appraisal services, impact, strategic development and other related services to the hospitality industry. Ms. Ackerman's recent clients represent major hotel franchise organizations, management companies, banks and state and city government.

Ms. Ackerman has completed over 400 hospitality related projects in over 150 markets in over 40 states. She has experience in a variety of location types ranging from large downtown and suburban markets in New York, Chicago and Los Angeles, medium sized communities such as Waterbury CT and Wausau, WI, and smaller and rural communities like Spearfish, SD (population 5,000) and Versailles, IN (population 1,800). Ms. Ackerman has experience with a variety of hotel products ranging from 50-room limited-service hotels, 400+ room deluxe hotels, extended-stay and all-suite hotels, as well as those involving historic renovations. This list includes hotels considered budget properties to luxury properties with ADR's in excess of \$250.

Ms. Ackerman acted as Senior Hospitality Consultant for American Appraisal Associates Real Estate Advisory Group in Rolling Meadows, IL. She supervised and conducted appraisals and valuations throughout the United States. She worked with a variety of real estate assets including office and industrial projects.

Prior to this experience, Ms. Ackerman served as a Manager of Hotel Development and Market Planning with Marriott Corporation's both in the Washington, DC headquarters and Midwest Region development office in suburban Chicago, IL. She conducted market feasibility analysis, impact studies, and financial projections for Marriott Hotels, Courtyard, Residence Inn, and Fairfield Inn in markets throughout the United States. She also developed market models used throughout the department.

Ms. Ackerman has an extensive background in hotel operations. She served as Director of Convention Services of the 614-room McCormick Center Hotel in Chicago IL. Due to the hotel's location adjacent to McCormick Place Convention Center, she gained extensive exposure to large-scale conventions and trade shows. Ms. Brandt was part of the opening team of the New York Marriott Marquis, where she served as a Catering Manager for this 1876-room hotel.

Ms. Ackerman is a graduate of the School of Hotel Administration at Cornell University and holds a Master of Business Administration with International Marketing major from the New York University Graduate School of Business Administration (Stern School of Business). She is an active member with the International Society of Hospitality Consultants.