



MARKET STUDY

Proposed Eagle Mountain City Hotel

EAGLE MOUNTAIN CITY, UTAH

SUBMITTED TO:

Mr. Evan Berrett
Eagle Mountain City
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PREPARED BY:

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May 17, 2024

Mr. Evan Berrett
Eagle Mountain City
1650 East Stagecoach Run
Eagle Mountain City, Utah 84005

Re: Proposed Eagle Mountain City Hotel
Eagle Mountain, Utah
HVS Reference: 2024250002, 2024020248

Dear Mr. Berrett:

HVS SALT LAKE CITY

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Pursuant to your request, we herewith submit our market study pertaining to the recommendations for a proposed hotel. We have analyzed the hotel market conditions in the Eagle Mountain City, Utah, area. The results of our fieldwork and analysis are presented in this report.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC



Lauren M. Reynolds, Director, Leader - Utah Region
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1. Executive Summary

Subject of the Market Study

Eagle Mountain City has hired HVS Salt Lake City to conduct a market study with the purpose of analyzing the growth of the local market, as well as the overall region, in order to provide recommendations for a hotel. Eagle Mountain City is one of the fastest growing municipalities in the nation, benefiting from its ample land area; its advantageous location that allows the city to benefit from leisure, commercial, and group demand generators; and its pro-business environment. Based on our findings, as well as our knowledge of the local market, region, and the state to Utah as a whole, we recommend the development of a branded, upper-midscale to upscale, extended-stay hotel with 120 to 140 guestrooms, a swimming pool, an expansive market pantry, a lobby workstation (or a small business center), a guest laundry area, a fitness room, and a breakfast dining area. Lastly, we recommend that the hotel include 1,000 to 2,000 square feet of meeting space that can accommodate up to 100 people. The support for these recommendations is outlined throughout this study.

It is important to note that the city code imposes some limitations on extended-stay hotel development; however, the city code was created long before the vast development of the area began, and is considered to be outdated. Moreover, the city code is reportedly changeable. As such, we do not anticipate challenges related to an extended-stay hotel development in Eagle Mountain City.

As noted previously, we recommend that the proposed subject hotel be affiliated with an upper-midscale, extended-stay brand. Brands that fit this description are listed below; however, for the purposes of our analysis, we have assumed a TownePlace Suites by Marriott.

- Staybridge Suites
- Hyatt Studios
- Home2 Suites by Hilton
- TownePlace Suites by Marriott
- Everhome Suites
- ECHO Suites by Wyndham

- Best Western Plus Executive Residency
- Atwell Suites
- LivSmart Studios by Hilton

Pertinent Dates

The effective date of the report is May 13, 2024. Lauren M. Reynolds participated in the research for this assignment, completed the analysis, and prepared the report. Kasia M. Russell, MAI, participated in the analysis and reviewed the findings.

Ownership of the Subject Site

The current owner of the subject site is the State of Utah.

Management and Franchise Assumptions

For the purposes of this study, we have assumed that the proposed hotel would be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

We recommend that the proposed subject hotel operate as an upper-midscale, extended-stay lodging facility. While we have placed heavy consideration on the TownePlace Suites by Marriott brand, a specific franchise affiliation and/or brand has yet to be determined. Our projections reflect a TownePlace Suites by Marriott or similar brand affiliation. The following list illustrates the potential brands that fit the upper-midscale, extended-stay classification.

Based on our review of the upper-midscale, extended-stay brands' franchise fees, the TownePlace Suites by Marriott franchise is reflected in our forecasts with a royalty fee of 5.5% of rooms revenue, and a marketing assessment of 2.0% of rooms revenue.

Summary of Hotel Market Trends

It's important to note that the subject market does not feature a hotel as of the date of this study. As such, the STR trend comprises hotels in Lehi given that displaced visitors to Eagle Mountain City often travel to Lehi for overnight accommodations.

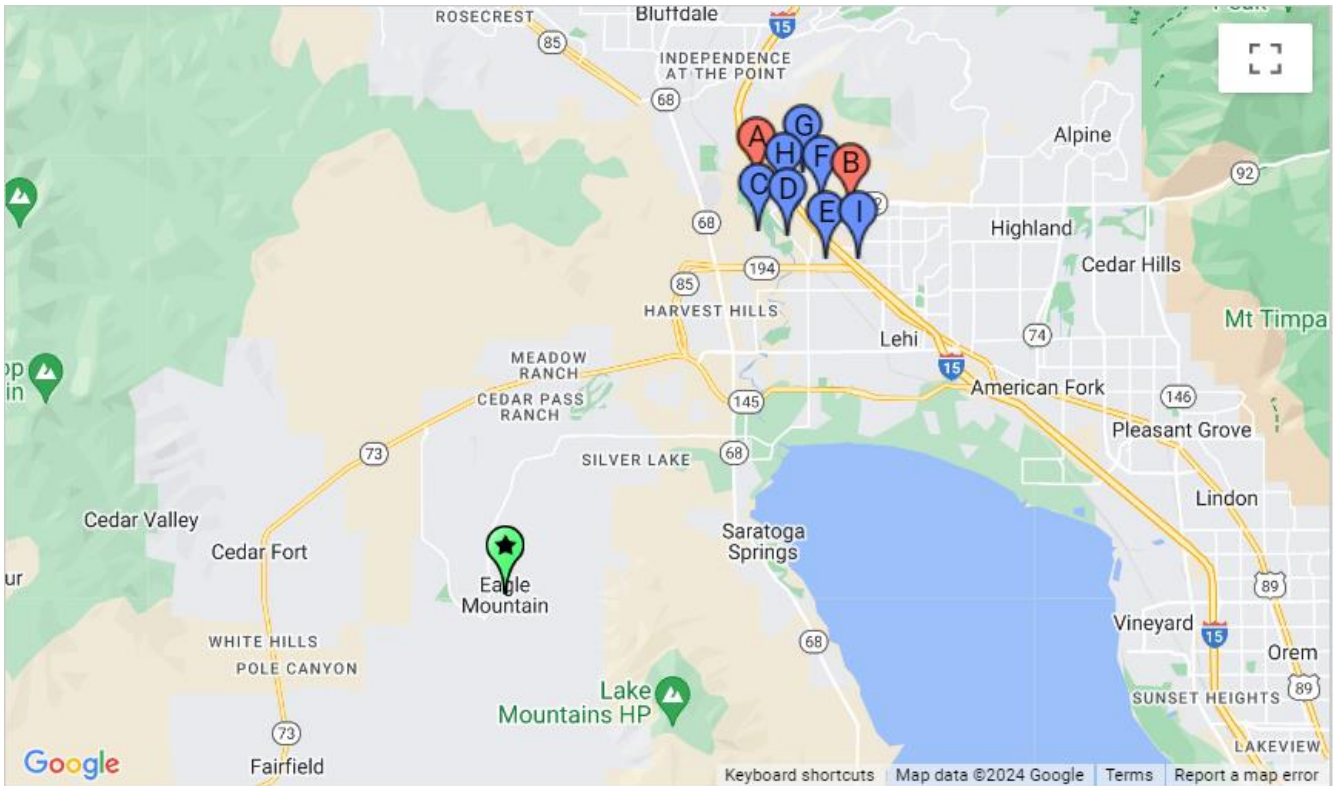
During the illustrated historical period, occupancy and ADR peaked in 2017 prior to the influx of new supply over the following few years. Overall occupied room nights continued to increase during that time, as the market benefited from favorable economic conditions and continued development. In 2020, the COVID-19 pandemic affected the market, similar to the rest of the nation; however, a rebound commenced in the third quarter of 2020, with the occupancy and ADR recovery extending through 2023. Heightened inflation in 2021, 2022, and 2023 also contributed to ADR growth for this competitive set. New ADR peak levels were











attained in 2022, while peak occupancy levels were achieved in 2023, attributed to the lack of new competitive supply, heightened levels of construction projects, and increased pent-up leisure demand along Interstate 15 and/or U.S. Highway 89. Moreover, it is important to note that, by year-end 2023, several local corporate companies began to host in-person trainings for the first time since before the pandemic. These trainings often bring a large number of employees into the market for at least one week at a time.

Reportedly, these groups often require at least one floor of the booked hotel for at least one week at a time, and these group gatherings occur throughout the year. The frequency increased in the year-to-date 2024 period; however, leisure travel dissipated at a greater rate during the same time, resulting in an overall decline in market occupancy. Nonetheless, ADR increased, as hotel operators were able to negotiate slightly higher room rates with major accounts, particularly at the newer, nationally recognized, brand-affiliated hotels. The target market has accepted modest increases to direct booking rates, as well. The overall outlook for the competitive market is optimistic due to ongoing construction projects in the greater area that are expected to induce demand into the greater Northwest Utah County market area.

The following map illustrates the locations of the hotels relative to Eagle Mountain City.

MAP OF HOTELS IN STR TREND



- | | | | |
|---|--|---|--|
|  | Proposed Eagle Mountain City Hotel |  | Hilton Garden Inn Lehi (Secondary) |
|  | Home2 Suites by Hilton Lehi Thanksgiving Point (Primary) |  | Hyatt Place Lehi (Secondary) |
|  | Staybridge Suites Lehi Traverse Ridge Center (Primary) |  | Hampton by Hilton Lehi Thanksgiving Point (Secondary) |
|  | SpringHill Suites by Marriott Lehi at Thanksgiving Point (Secondary) |  | Holiday Inn Express & Suites Lehi Thanksgiving Point (Secondary) |
|  | Courtyard by Marriott Lehi at Thanksgiving Point (Secondary) |  | Tru by Hilton Lehi (Secondary) |

The following table provides a historical perspective on the supply and demand trends for a selected set of hotels, as provided by STR.

FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2014	155	56,457	—	33,051	—	58.5 %	\$104.03	—	\$60.90	—
2015	391	142,676	152.7 %	102,340	209.6 %	71.7	107.74	3.6 %	77.28	26.9 %
2016	500	182,500	27.9	132,174	29.2	72.4	109.28	1.4	79.15	2.4
2017	500	182,500	0.0	139,428	5.5	76.4	113.29	3.7	86.55	9.4
2018	680	248,176	36.0	171,006	22.6	68.9	110.07	(2.8)	75.85	(12.4)
2019	844	307,936	24.1	204,671	19.7	66.5	103.04	(6.4)	68.49	(9.7)
2020	956	348,940	13.3	159,043	(22.3)	45.6	82.76	(19.7)	37.72	(44.9)
2021	956	348,940	0.0	225,681	41.9	64.7	100.32	21.2	64.88	72.0
2022	956	348,940	0.0	253,864	12.5	72.8	116.46	16.1	84.73	30.6
2023	956	348,940	0.0	267,916	5.5	76.8	120.44	3.4	92.47	9.1
Year-to-Date Through March										
2020	956	86,040	—	42,152	—	49.0 %	\$97.26	—	\$47.65	—
2021	956	86,040	0.0 %	46,213	9.6 %	53.7	76.28	(21.6) %	40.97	(14.0) %
2022	956	86,040	0.0	56,440	22.1	65.6	107.56	41.0	70.56	72.2
2023	956	86,040	0.0	62,827	11.3	73.0	114.71	6.6	83.76	18.7
2024	956	86,040	0.0	62,121	(1.1)	72.2	118.93	3.7	85.86	2.5
Average Annual Compounded Change:										
2014 – 2019			40.4 %		44.0 %			(0.2) %		2.4 %
2014 – 2023			22.4		26.2			1.6		4.8
Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments*				
Hampton by Hilton Inn Lehi-Thanksgiving Point	Upper Midscale Class	Secondary	75	May 2007	May 2007					
SpringHill Suites Lehi At Thanksgiving Point	Upscale Class	Secondary	94	Jun 2020	Mar 2008	S/O: April 2020; R/O: June 2020				
Courtyard Lehi At Thanksgiving Point	Upscale Class	Secondary	97	Jun 2020	May 2014	S/O: April 2020; R/O: June 2020				
Home2 Suites by Hilton Lehi/Thanksgiving Point	Upper Midscale Class	Primary	103	Jul 2014	Jul 2014					
Hyatt Place Salt Lake City Lehi	Upscale Class	Secondary	131	Nov 2015	Nov 2015					
Holiday Inn Express & Suites Lehi Thanksgiving Point	Upper Midscale Class	Secondary	96	Mar 2018	Mar 2018					
Hilton Garden Inn Lehi	Upscale Class	Secondary	132	Apr 2018	Apr 2018					
Staybridge Suites Lehi Travers Ridge Center	Upscale Class	Primary	116	Feb 2019	Feb 2019					
Tru by Hilton Lehi	Midscale Class	Secondary	112	Dec 2019	Dec 2019					
			Total	956						

*S/O = Suspended Operations; R/O = Reopened Operations

Source: STR

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in detail in the Supply and Demand Analysis chapter of this report.

FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation				Estimated 2022				Estimated 2023					
		Commercial	Leisure	Group	Extended Stay	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Home2 Suites by Hilton Lehi Thanksgiving Point	103	35 %	30 %	10 %	25 %	103	70 - 75 %	\$110 - \$115	\$80 - \$85	103	85 - 90 %	\$100 - \$105	\$90 - \$95	110 - 120 %	95 - 100 %
Staybridge Suites Lehi Traverse Ridge Center	116	35	30	10	25	116	65 - 70	110 - 115	75 - 80	116	70 - 75	115 - 120	85 - 90	95 - 100	90 - 95
Sub-Totals/Averages	219	35 %	30 %	10 %	25 %	219	71.3 %	\$111.52	\$79.50	219	80.6 %	\$110.90	\$89	104 %	96.7 %
Secondary Competitors	737	54 %	33 %	8 %	5 %	479	70.9 %	\$118.87	\$84.28	479	75.9 %	\$123.67	\$94	98 %	101.5 %
Totals/Averages	956	48 %	32 %	9 %	12 %	698	71.0 %	\$116.56	\$82.78	698	77.4 %	\$119.49	\$92	100 %	100.0 %

** Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

FIGURE 1-3 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation				Total Competitive Level	Estimated 2022			Estimated 2023				
		Commercial	Leisure	Group	Extended Stay		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
SpringHill Suites by Marriott Lehi at Thanksgiving Point	94	60 %	30 %	5 %	5 %	65 %	61	65 - 70 %	\$110 - \$115	\$75 - \$80	61	75 - 80 %	\$120 - \$125	\$95 - \$100
Courtyard by Marriott Lehi at Thanksgiving Point	97	55	30	10	5	65	63	80 - 85	130 - 140	105 - 110	63	75 - 80	130 - 140	105 - 110
Hilton Garden Inn Lehi	132	60	30	5	5	65	86	65 - 70	125 - 130	85 - 90	86	70 - 75	130 - 140	95 - 100
Hyatt Place Lehi	131	60	30	5	5	65	85	80 - 85	125 - 130	105 - 110	85	80 - 85	130 - 140	105 - 110
Hampton by Hilton Lehi Thanksgiving Point	75	50	35	10	5	65	49	50 - 55	105 - 110	55 - 60	49	65 - 70	105 - 110	70 - 75
Holiday Inn Express & Suites Lehi Thanksgiving Point	96	45	40	10	5	65	62	75 - 80	110 - 115	85 - 90	62	75 - 80	115 - 120	90 - 95
Tru by Hilton Lehi	112	40	40	15	5	65	73	55 - 60	100 - 105	60 - 65	73	65 - 70	100 - 105	70 - 75
Totals/Averages	737	54 %	33 %	8 %	5 %	65 %	479	70.9 %	\$118.87	\$84.28	479	75.9 %	\$123.67	\$93.87

** Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.*

**Summary of Forecast
Occupancy and
Average Rate**

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 83% and a base-year rate position of \$130.00 for the proposed subject hotel, with the occupancy and average daily rate (ADR) projections summarized below.

FIGURE 1-4 FORECAST OF OCCUPANCY AND AVERAGE RATE

<u>Year</u>	<u>Occupancy</u>	<u>Average Rate</u>
2026	58 %	\$140.68
2027	77	144.90
2028	83	149.24

**Summary of Forecast
Income and Expense
Statement**

Our positioning of each revenue and expense level is supported by comparable operations and trends specific to this region. Our forecast of income and expense is presented in the following table (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 1-5 DETAILED FORECAST OF INCOME AND EXPENSE

	2026 (Calendar Year)				2027				Stabilized				2029				2030			
Number of Rooms:	130				130				130				130				130			
Occupancy:	58%				77%				83%				83%				83%			
Average Rate:	\$140.68				\$144.90				\$149.24				\$153.72				\$158.33			
RevPAR:	\$81.59				\$111.57				\$123.87				\$127.59				\$131.42			
Days Open:	365				365				365				365				365			
Occupied Rooms:	27,521	%Gross	PAR	POR	36,537	%Gross	PAR	POR	39,384	%Gross	PAR	POR	39,384	%Gross	PAR	POR	39,384	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$3,872	96.8 %	\$29,785	\$140.69	\$5,294	97.4 %	\$40,723	\$144.90	\$5,878	97.5 %	\$45,215	\$149.25	\$6,054	97.5 %	\$46,569	\$153.72	\$6,236	97.5 %	\$47,969	\$158.34
Other Operated Departments	98	2.5	756	3.57	109	2.0	838	2.98	115	1.9	882	2.91	118	1.9	909	3.00	122	1.9	936	3.09
Miscellaneous Income	30	0.7	227	1.07	33	0.6	251	0.89	34	0.6	265	0.87	35	0.6	273	0.90	37	0.6	281	0.93
Total Operating Revenues	4,000	100.0	30,768	145.34	5,436	100.0	41,812	148.77	6,027	100.0	46,362	153.04	6,208	100.0	47,751	157.62	6,394	100.0	49,186	162.36
DEPARTMENTAL EXPENSES *																				
Rooms	975	25.2	7,497	35.41	1,108	20.9	8,525	30.33	1,176	20.0	9,043	29.85	1,211	20.0	9,314	30.74	1,247	20.0	9,593	31.67
Other Operated Departments	53	53.5	405	1.91	55	50.8	425	1.51	57	50.0	441	1.46	59	50.0	454	1.50	61	50.0	468	1.54
Total Expenses	1,027	25.7	7,901	37.32	1,164	21.4	8,951	31.85	1,233	20.5	9,484	31.30	1,270	20.5	9,768	32.24	1,308	20.5	10,061	33.21
DEPARTMENTAL INCOME	2,973	74.3	22,867	108.02	4,272	78.6	32,862	116.92	4,794	79.5	36,879	121.73	4,938	79.5	37,982	125.37	5,086	79.5	39,125	129.15
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	449	11.2	3,457	16.33	491	9.0	3,777	13.44	515	8.5	3,961	13.07	530	8.5	4,079	13.47	546	8.5	4,202	13.87
Info & Telecom Systems	53	1.3	407	1.92	58	1.1	444	1.58	61	1.0	466	1.54	62	1.0	480	1.58	64	1.0	494	1.63
Marketing	198	5.0	1,525	7.20	217	4.0	1,666	5.93	227	3.8	1,747	5.77	234	3.8	1,800	5.94	241	3.8	1,854	6.12
Franchise Fee	290	7.3	2,234	10.55	397	7.3	3,054	10.87	441	7.3	3,391	11.19	454	7.3	3,493	11.53	468	7.3	3,598	11.88
Prop. Operations & Maint.	251	6.3	1,932	9.13	274	5.0	2,111	7.51	288	4.8	2,213	7.31	296	4.8	2,280	7.53	305	4.8	2,348	7.75
Utilities	178	4.5	1,373	6.48	195	3.6	1,500	5.34	204	3.4	1,573	5.19	211	3.4	1,620	5.35	217	3.4	1,668	5.51
Total Expenses	1,421	35.6	10,928	51.62	1,632	30.0	12,552	44.66	1,736	28.8	13,351	44.07	1,788	28.8	13,751	45.39	1,841	28.8	14,164	46.75
GROSS OPERATING PROFIT	1,552	38.8	11,939	56.40	2,640	48.6	20,309	72.26	3,059	50.7	23,527	77.66	3,150	50.7	24,231	79.98	3,245	50.7	24,960	82.39
Management Fee	120	3.0	923	4.36	163	3.0	1,254	4.46	181	3.0	1,391	4.59	186	3.0	1,433	4.73	192	3.0	1,476	4.87
INCOME BEFORE NON-OPR. INC. & EXP.	1,432	35.8	11,016	52.04	2,477	45.6	19,055	67.80	2,878	47.7	22,137	73.07	2,964	47.7	22,798	75.25	3,053	47.7	23,485	77.52
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	148	3.7	1,141	5.39	153	2.8	1,175	4.18	157	2.6	1,210	4.00	162	2.6	1,247	4.12	167	2.6	1,284	4.24
Insurance	79	2.0	604	2.85	81	1.5	622	2.21	83	1.4	641	2.11	86	1.4	660	2.18	88	1.4	680	2.24
Total Expenses	227	5.7	1,745	8.24	234	4.3	1,797	6.39	241	4.0	1,851	6.11	248	4.0	1,907	6.29	255	4.0	1,964	6.48
EBITDA	1,205	30.1	9,271	43.80	2,244	41.3	17,258	61.40	2,637	43.7	20,285	66.96	2,716	43.7	20,892	68.96	2,798	43.7	21,521	71.04
Reserve for Replacement	80	2.0	615	2.91	163	3.0	1,254	4.46	241	4.0	1,854	6.12	248	4.0	1,910	6.30	256	4.0	1,967	6.49
EBITDA LESS RESERVE	\$1,125	28.1 %	\$8,656	\$40.89	\$2,080	38.3 %	\$16,003	\$56.94	\$2,396	39.8 %	\$18,431	\$60.84	\$2,468	39.8 %	\$18,982	\$62.66	\$2,542	39.8 %	\$19,554	\$64.54

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

FIGURE 1-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2026		2027		2028		2029		2030		2031		2032		2033		2034		2035	
Number of Rooms:	130		130		130		130		130		130		130		130		130		130	
Occupied Rooms:	27,521		36,537		39,384		39,384		39,384		39,384		39,384		39,384		39,384		39,384	
Occupancy:	58%		77%		83%		83%		83%		83%		83%		83%		83%		83%	
Average Rate:	\$140.68	% of	\$144.90	% of	\$149.24	% of	\$153.72	% of	\$158.33	% of	\$163.08	% of	\$167.97	% of	\$173.01	% of	\$178.20	% of	\$183.55	% of
RevPAR:	\$81.59	Gross	\$111.57	Gross	\$123.87	Gross	\$127.59	Gross	\$131.42	Gross	\$135.36	Gross	\$139.42	Gross	\$143.60	Gross	\$147.91	Gross	\$152.35	Gross
OPERATING REVENUE																				
Rooms	\$3,872	96.8 %	\$5,294	97.4 %	\$5,878	97.5 %	\$6,054	97.5 %	\$6,236	97.5 %	\$6,423	97.5 %	\$6,615	97.5 %	\$6,814	97.5 %	\$7,018	97.5 %	\$7,229	97.5 %
Other Operated Departments	98	2.5	109	2.0	115	1.9	118	1.9	122	1.9	125	1.9	129	1.9	133	1.9	137	1.9	141	1.9
Miscellaneous Income	30	0.7	33	0.6	34	0.6	35	0.6	37	0.6	38	0.6	39	0.6	40	0.6	41	0.6	42	0.6
Total Operating Revenues	4,000	100.0	5,436	100.0	6,027	100.0	6,208	100.0	6,394	100.0	6,586	100.0	6,783	100.0	6,987	100.0	7,196	100.0	7,412	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	975	25.2	1,108	20.9	1,176	20.0	1,211	20.0	1,247	20.0	1,285	20.0	1,323	20.0	1,363	20.0	1,404	20.0	1,446	20.0
Other Operated Departments	53	53.5	55	50.8	57	50.0	59	50.0	61	50.0	63	50.0	65	50.0	66	50.0	68	50.0	71	50.0
Total Expenses	1,027	25.7	1,164	21.4	1,233	20.5	1,270	20.5	1,308	20.5	1,347	20.5	1,388	20.5	1,429	20.5	1,472	20.5	1,516	20.5
DEPARTMENTAL INCOME																				
	2,973	74.3	4,272	78.6	4,794	79.5	4,938	79.5	5,086	79.5	5,239	79.5	5,395	79.5	5,558	79.5	5,724	79.5	5,896	79.5
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	449	11.2	491	9.0	515	8.5	530	8.5	546	8.5	563	8.5	580	8.5	597	8.5	615	8.5	633	8.5
Info & Telecom Systems	53	1.3	58	1.1	61	1.0	62	1.0	64	1.0	66	1.0	68	1.0	70	1.0	72	1.0	74	1.0
Marketing	198	5.0	217	4.0	227	3.8	234	3.8	241	3.8	248	3.8	256	3.8	263	3.8	271	3.8	279	3.8
Franchise Fee	290	7.3	397	7.3	441	7.3	454	7.3	468	7.3	482	7.3	496	7.3	511	7.3	526	7.3	542	7.3
Prop. Operations & Maint.	251	6.3	274	5.0	288	4.8	296	4.8	305	4.8	314	4.8	324	4.8	334	4.8	344	4.8	354	4.8
Utilities	178	4.5	195	3.6	204	3.4	211	3.4	217	3.4	223	3.4	230	3.4	237	3.4	244	3.4	251	3.4
Total Expenses	1,421	35.6	1,632	30.0	1,736	28.8	1,788	28.8	1,841	28.8	1,897	28.8	1,953	28.8	2,012	28.8	2,072	28.8	2,135	28.8
GROSS OPERATING PROFIT																				
	1,552	38.8	2,640	48.6	3,059	50.7	3,150	50.7	3,245	50.7	3,342	50.7	3,442	50.7	3,546	50.7	3,652	50.7	3,761	50.7
Management Fee	120	3.0	163	3.0	181	3.0	186	3.0	192	3.0	198	3.0	203	3.0	210	3.0	216	3.0	222	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	1,432	35.8	2,477	45.6	2,878	47.7	2,964	47.7	3,053	47.7	3,145	47.7	3,238	47.7	3,336	47.7	3,436	47.7	3,539	47.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	148	3.7	153	2.8	157	2.6	162	2.6	167	2.6	172	2.6	177	2.6	182	2.6	188	2.6	194	2.6
Insurance	79	2.0	81	1.5	83	1.4	86	1.4	88	1.4	91	1.4	94	1.4	97	1.4	99	1.4	102	1.4
Total Expenses	227	5.7	234	4.3	241	4.0	248	4.0	255	4.0	263	4.0	271	4.0	279	4.0	287	4.0	296	4.0
EBITDA																				
	1,205	30.1	2,244	41.3	2,637	43.7	2,716	43.7	2,798	43.7	2,882	43.7	2,967	43.7	3,057	43.7	3,148	43.7	3,243	43.7
Reserve for Replacement	80	2.0	163	3.0	241	4.0	248	4.0	256	4.0	263	4.0	271	4.0	279	4.0	288	4.0	296	4.0
EBITDA LESS RESERVE																				
	\$1,125	28.1 %	\$2,080	38.3 %	\$2,396	39.8 %	\$2,468	39.8 %	\$2,542	39.8 %	\$2,618	39.8 %	\$2,696	39.7 %	\$2,777	39.8 %	\$2,860	39.8 %	\$2,947	39.8 %

As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject 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.
3. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
4. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
5. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.

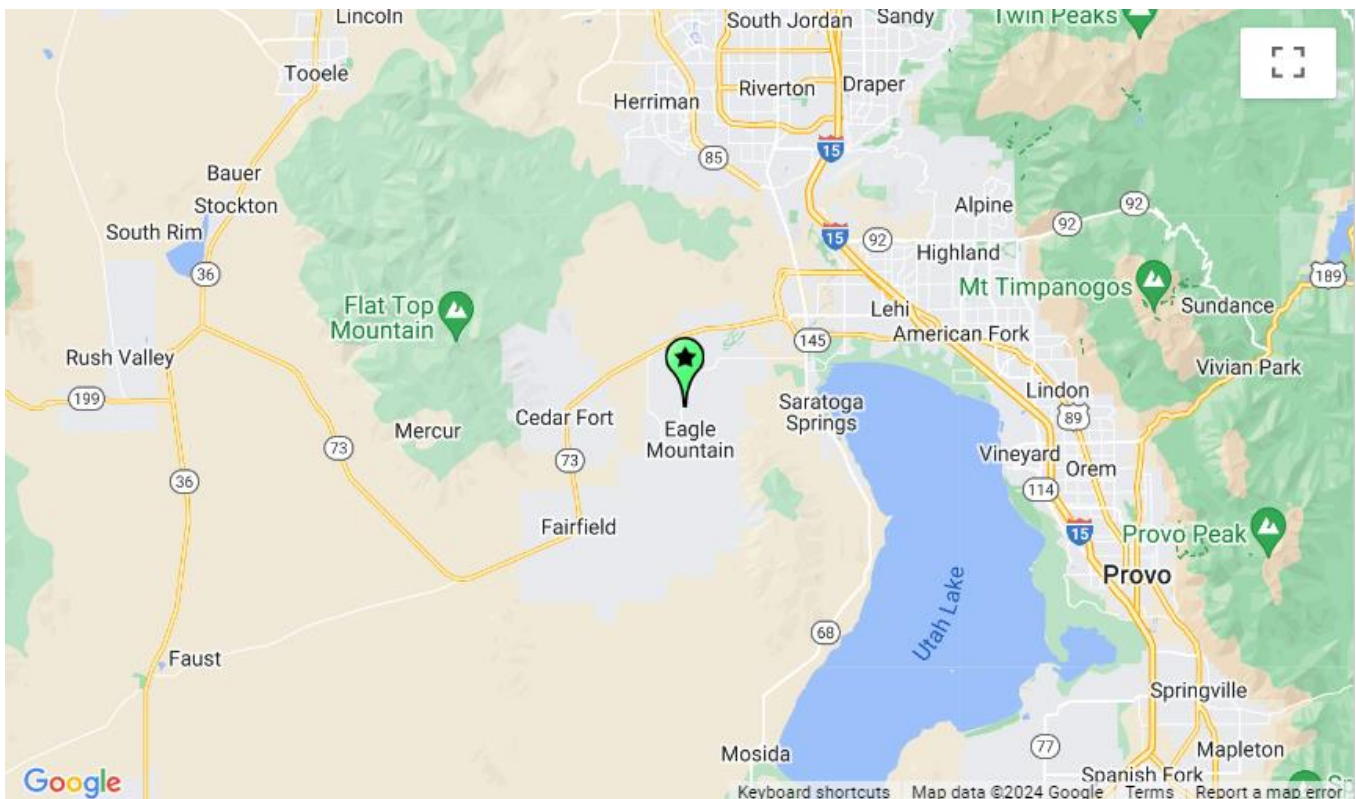
6. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
7. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the proposed subject property.

2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

We note that the client, Eagle Mountain City, has identified three potential hotel sites within the city. For the purposes of this study, we have placed heavy consideration on the downtown site, basing our analysis on this particular site. This site is located in the future Downtown Eagle Mountain City location, east of the intersection formed by East Mid Valley Road and North Pony Express Parkway. Moreover, this area is slated for significant mixed-use developments, as well as roadway improvements that will make the area highly traveled.

LOCATION MAP



Physical Characteristics

The parcel's adjacent uses are set forth in the following table.

FIGURE 2-1 SUBJECT PARCEL'S ADJACENT USES

Direction	Boundary	Adjacent Use
North:	Property Line	Vacant Land
East:	Property Line	Vacant Land
West:	Pony Express Parkway	Cory Wride Memorial Park
South:	Property Line	Vacant Land

Topography and Site Utility

It is important to note that the subject site (the downtown site) measures nearly 50 acres; however, the site will be subdivided for a variety of development types, including retail, grocery, a potential theatre, and more. The topography of the site is generally flat, and its shape should permit efficient use of the site for the building and other improvements, as well as ingress and egress. Upon completion of all construction efforts, the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. It is expected that the site will be developed fully with building and site improvements, thus contributing to the overall profitability of the hotel.

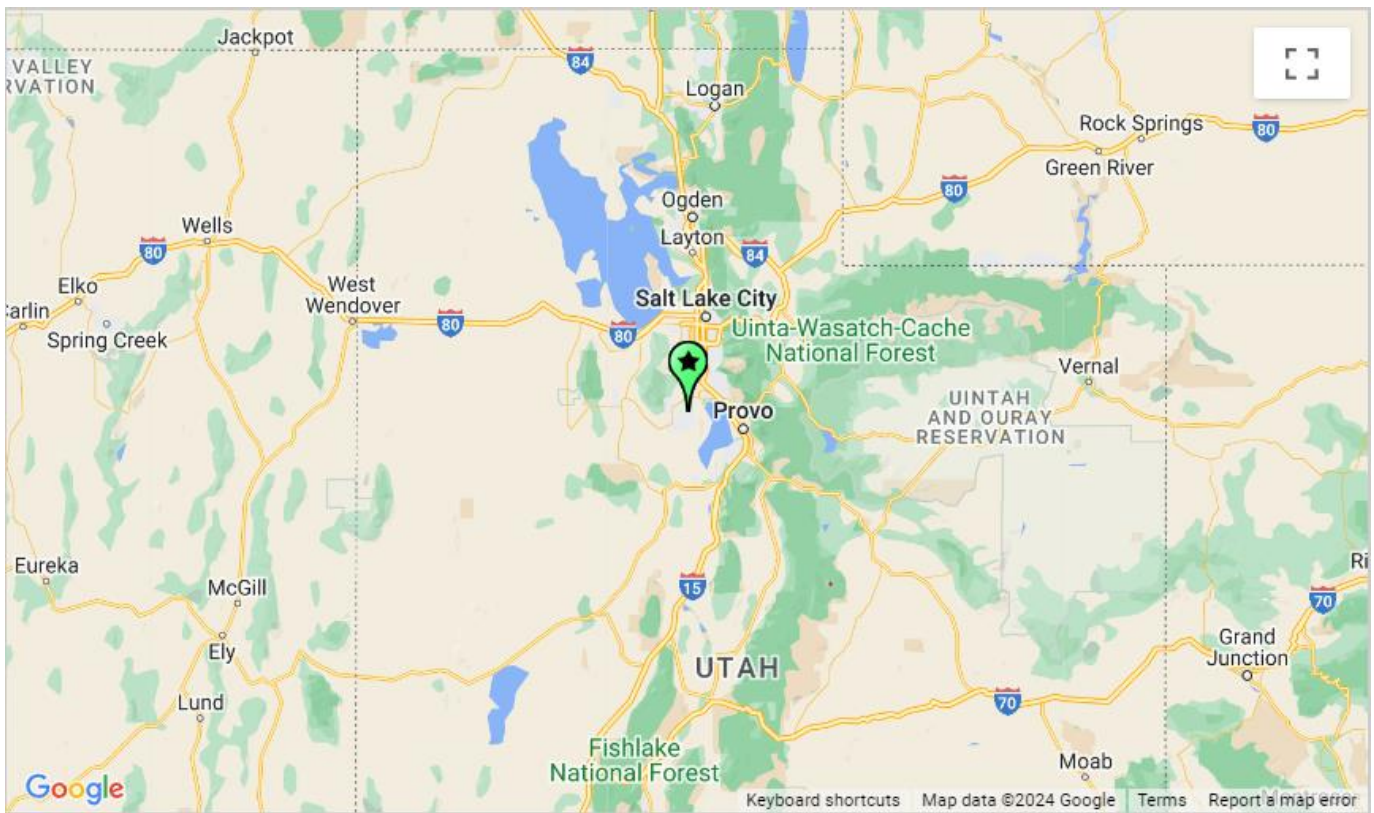
AERIAL PHOTOGRAPH



Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



This market is served by two main thoroughfares that connect to Interstate 15, as illustrated on the map. Regional access to/from the city of Eagle Mountain City and the subject site, in particular, is considered good. However, it is important to note that significant road improvements are slated for completion in the next five to six years, with other notable improvements slated for completion by 2050; the projects include a freeway, an expressway, a major arterial, a minor arterial, a major collector, and a minor collector. It is important to note that the City of Eagle Mountain City has hired a lobbyist to work with the State of Utah in order to speed up the process of the aforementioned road improvements and developments. Additionally, nearby Saratoga Springs is planning additional transportation developments that will connect the northern part of the city to the southern part of

the city. The future road developments in both Eagle Mountain City and Saratoga Springs City will further support the unprecedented growth occurring throughout the greater area. The following map illustrates the planned road improvements, which will make routes through Eagle Mountain City popular alternatives for those heading south. The chart following the map illustrates all planned road improvements.

Primary vehicular access to the subject site is expected to be provided by either East Mid Valley Road or Pony Express Parkway. The subject site is located at a busy intersection and is relatively simple to locate from State Highway 73/Cory B Wride Memorial Highway, which is the nearest major thoroughfare. Furthermore, the site is located in an area that is designated as the future Downtown core for Eagle Mountain City, with development to commence by late 2024 or early 2025; it is planned to include more than 50 acres of retail and commercial uses, including a new grocery store. Moreover, the City is pursuing the development of a theatre, in addition to other amenities, to service this future downtown area. Additionally, the area will feature a walkable main street directly south of the 50-acre development, which will be home to the future City Hall, a recreation center, a public-safety building, and a library, among other typical downtown offerings.

Airport Access

The proposed subject hotel will be served by the multiple airports in the greater Utah County and Salt Lake County regions. The primary airport, however, will likely be the Salt Lake City International Airport, located approximately 30 miles to the north of the subject site. Additionally, the proposed subject hotel will be served by the Provo Municipal Airport, located approximately 15 miles to the southeast of the subject site. We note that this airport is slated for significant expansion to become an international airport.

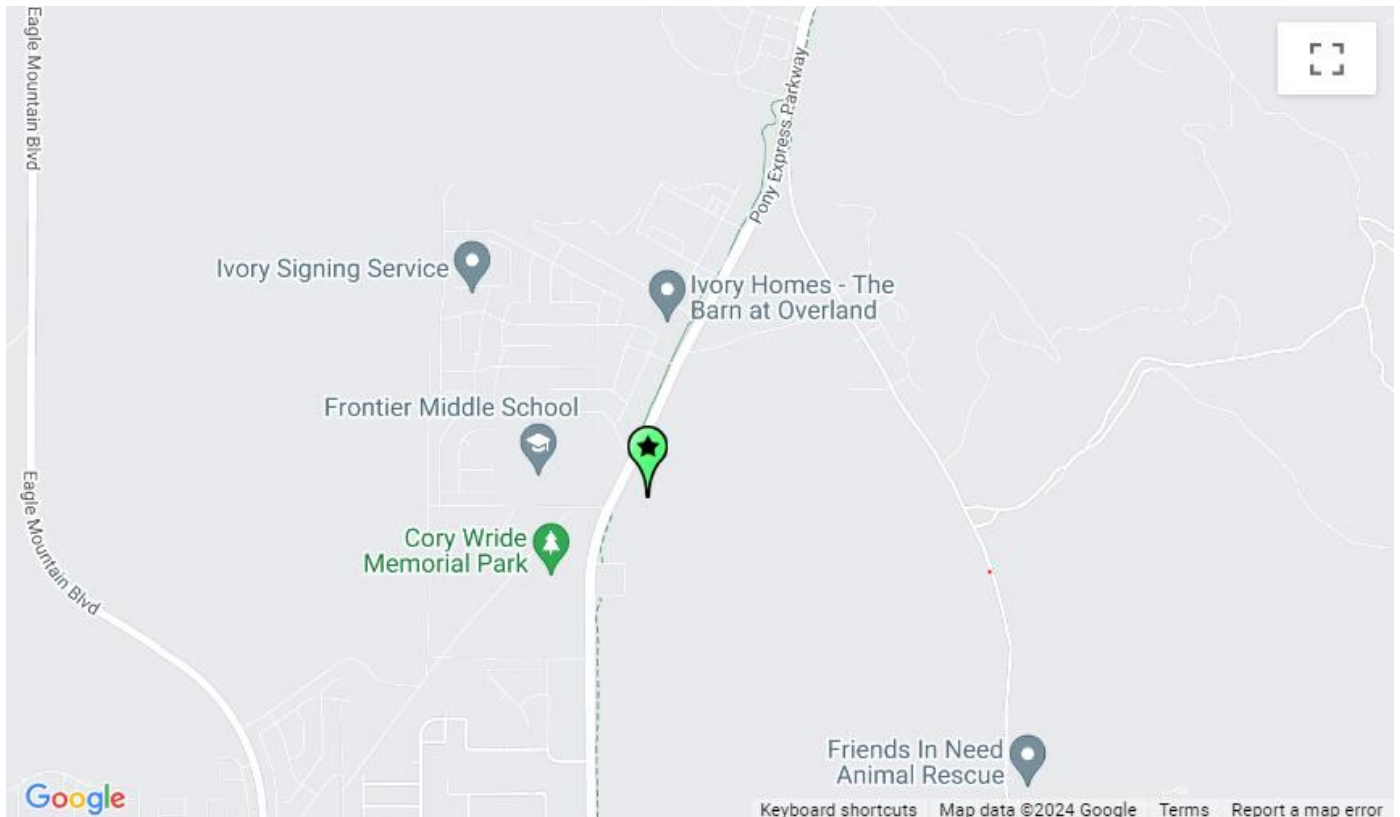
Neighborhood

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. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

Development of the Eagle Mountain City land area is significant, as the city is one of the fastest growing municipalities in the nation. As such, parts of the city are slated for development in the near term, including the subject neighborhood around the Pony Express Parkway, bordered by East Oquirrh Ranch Parkway to the north and Eagle Mountain Boulevard to the south. This neighborhood is characterized by a variety of small to midscale businesses, sports fields, schools, and homes, as would be expected for an area that has experienced significant residential growth in recent years. As noted previously, this neighborhood has been designated as the future Downtown core for Eagle Mountain City, with development to commence by late

2024 or early 2025; it is planned to include more than 50 acres of retail and commercial uses, including a new grocery store. Moreover, the City is pursuing the development of a theatre, in addition to other amenities, to service this future downtown area. Additionally, the area will feature a walkable main street directly south of the 50-acre development, which will be home to the future City Hall, a recreation center, a public-safety building, and a library, among other typical downtown offerings. Lastly, it is important to note that both Eagle Mountain City and nearby Saratoga Springs City do not offer a hotel. However, Saratoga Springs City is also undergoing significant development, thus complementing the subject market. Further details pertaining the growth occurring in both cities will be outlined in greater detail later in this study.

MAP OF NEIGHBORHOOD



Utilities

The subject site will reportedly be served by all necessary utilities.

**Soil and
Subsoil Conditions**

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

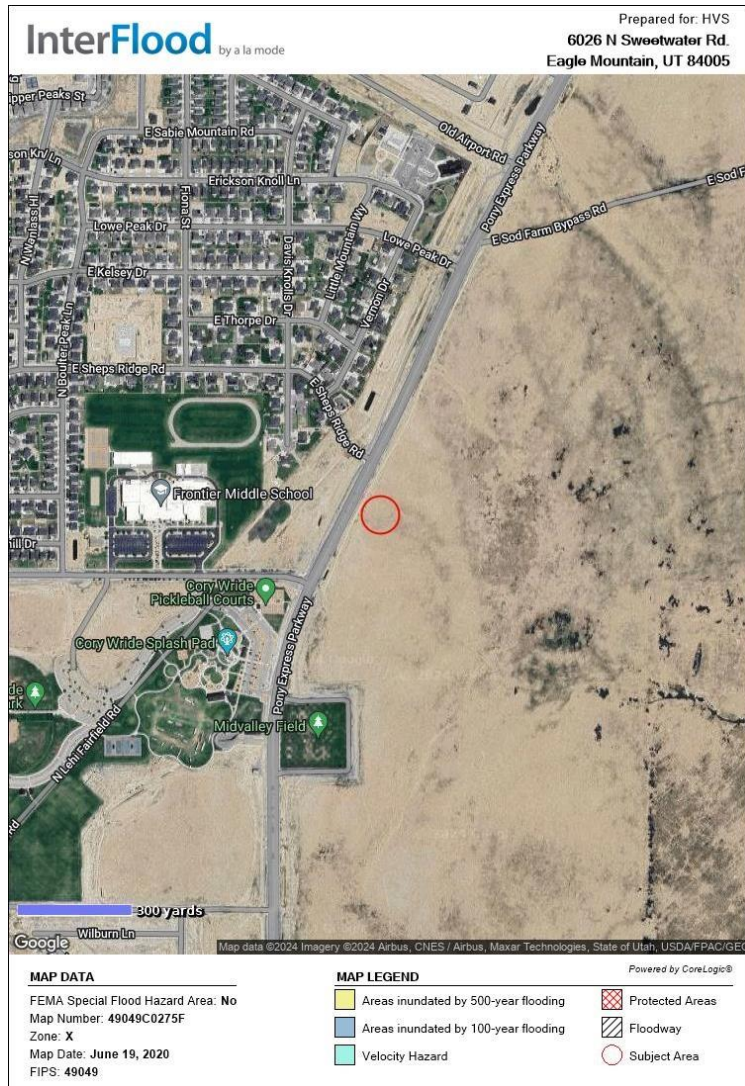
**Nuisances
and Hazards**

We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

Flood Zone

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in Zone X500.

COPY OF FLOOD MAP AND COVER



The flood zone definition for the Zone X500 designation is as follows: areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood. An area inundated by 0.2% annual chance flooding.

Zoning

It is important to note that the city code imposes some limitations on extended-stay hotel development; however, the city code was created long before the vast development of the area began, and is considered to be outdated. Moreover, the city code is reportedly changeable. As such, we do not anticipate challenges related to an extended-stay hotel development in Eagle Mountain City.

Details pertaining to the proposed subject property’s zoning regulations are summarized in the following table.

FIGURE 2-2 ZONING

Municipality Governing Zoning	Eagle Mountain City
Current Zoning	Commercial
Current Use	Vacant Land
Is Current Use Permitted?	Not Applicable
Is Change in Zoning Likely?	No
Permitted Uses	Hotel, Restaurant, & Retail
Hotel Allowed	Yes
Legally Non-Conforming	Not Applicable

We assume that all necessary permits and approvals will be secured and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the site.

Easements and Encroachments

We are not aware of any easements attached to the property that would significantly affect the utility of the site or marketability of this project.

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is favorably located along a well-traveled commercial corridor. In general, the site is well suited for hotel use, with acceptable access, visibility, and topography for an effective operation.

3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

National Economic Overview

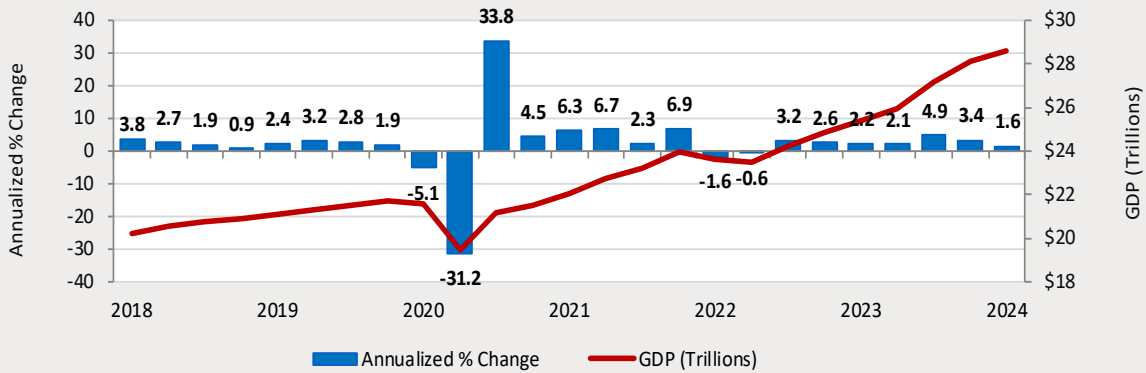
The local market and economy are influenced by national trends; thus, consideration of these trends is an important premise to this market-area analysis.

The U.S. economy was severely affected by the COVID-19 pandemic, as illustrated in the following discussion. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including higher levels of unemployment. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. By all measures, the national economy has recovered from this downturn, having recorded notable subsequent growth, while some select markets and sectors have recorded slower growth and are continuing to recover.

Gross Domestic Product (GDP) is a key measure of a country's economic health and trends. Research has also identified a high degree of correlation between GDP and lodging demand. For the eight quarters leading up to 2020, GDP quarterly growth ranged between 0.9% and 3.8%, reflecting moderate economic expansion. The impact of the pandemic was considerable in 2020. As shutdowns halted major components of the U.S. economy from mid-March through May, GDP contracted by an annualized rate of 31.2% in the second quarter of 2020, the largest such decline in U.S. history. While shocking, this GDP decline was offset by a significant rebound in economic activity in the third quarter of 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021, with GDP having surpassed the pre-pandemic peak by the first quarter of 2021. A pullback during the first half of 2022 was driven by the trade

deficit and decreases in government spending and inventory investment, although the decline was offset by gains during the second half of the year.

FIGURE 3-1 UNITED STATES GDP GROWTH RATE



Sources: tradingeconomics.com, Bureau of Economic Analysis

The positive trend continued through 2023, registering a 2.5% increase for the year, with 4.9% and 3.4% increases recorded in the third and fourth quarters, respectively. According to the report from the Bureau of Economic Analysis, "The increase in real GDP in 2023 primarily reflected increases in consumer spending, nonresidential fixed investment, state and local government spending, exports, and federal government spending that were partly offset by decreases in residential fixed investment and inventory investment. The increase in consumer spending reflected increases in services (led by health care) and goods (led by recreational goods and vehicles). The increase in nonresidential fixed investment reflected increases in structures and intellectual property products. The increase in state and local government spending reflected increases in gross investment in structures and in compensation of state and local government employees." Despite this favorable economic news, transaction activity has been curtailed by high borrowing costs and stricter lending requirements. While the possibility of the economy slowing in the near term remains a concern, the long-term outlook for the industry is optimistic.

The Wall Street Journal (WSJ) publishes an economy forecasting survey each quarter. Per the latest survey, economists are optimistic that the United States will avoid a recession, with only 10.0% of respondents expecting the country to experience a quarter of GDP contraction. The economy continues to perform well, despite the aggressive Fed rate increases of 2022 and 2023. On average, economists

anticipate the economy to be at its slowest in the third quarter of this year, with an expectation of 1.35% in growth. Instead of four to five Fed rate adjustments, economists now predict three, with an ultimate rate of 4.67% by year-end 2024, down from its current 5.25% to 5.5% position. Key averages from the latest release are illustrated in the following table.

FIGURE 3-2 GDP, CPI, AND UNEMPLOYMENT PREDICTIONS

Real GDP, Quarterly Annualized Growth Rate	
2nd Quarter 2024	1.60
3rd Quarter 2024	1.35
4th Quarter 2024	1.47
1st Quarter 2025	1.77
Real GDP, Year-Over-Year Growth Rate	
2024	1.72
2025	1.90
2026	2.01
CPI, Year-Over-Year Change	
June 2024	3.11
December 2024	2.73
June 2025	2.32
December 2025	2.29
Unemployment, Annual Level	
June 2024	3.89
December 2024	4.11
June 2025	4.17
December 2025	4.17

Source: Wall Street Journal Economic Forecasting Survey, April 2024

Driven by supply-chain disruptions and pent-up consumer demand, prices for most goods and services increased substantially in the wake of the pandemic; the CPI increased by 7.0% in 2021 and 6.5% in 2022. The Federal Reserve has addressed inflation through successive interest-rate hikes (seven in 2022, and another four in 2023), and the pace of inflation has decelerated, falling to the low 3.0% range by the end of 2023. The Fed has indicated that it will begin to cut rates in 2024, with the first of these cuts expected to occur at some point this summer.

The recent successive increases in GDP, decelerating inflation, and continued strong job growth paint a positive picture of the U.S. economy, but the continuing Russia-

Ukraine war and events in the Middle East have resulted in a lack of overall clarity. The specter of a recession remains, although much diminished from peak concerns that characterized most of 2023.

In the latest survey from April 2024, 29.0% of economists surveyed predicted a recession in the next twelve months (down from 39.0% in the prior quarter's survey). Joe Brusuelas, chief economist at RSM, noted "We think that the American economy has entered a virtuous cycle where strong productivity results in growth above the long-term trend, inflation between 2.0% and 2.5%, and an unemployment rate between 3.5% and 4.0%." Whether the U.S. economy can achieve the expected growth levels forecast with inflation below the 2.5% mark remains the unknown factor. Price trends continue to be above this point, although most economists expect a modest cooling in the coming months as of the date of the April survey.

Within the hospitality industry, labor availability and costs remain a concern for hotel operators, although these issues have diminished somewhat since the height of the pandemic. Inflation has benefited the industry by supporting strong ADR growth in most markets but has also resulted in increased expenses, which has put pressure on profitability. While inflation remains somewhat elevated over the Fed's target of 2.0%, the declines noted in recent months are a positive factor. Lastly, the more positive outlook on the economy as a whole should support continued growth in lodging demand, particularly in the commercial and group segments.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

Market Area Definition

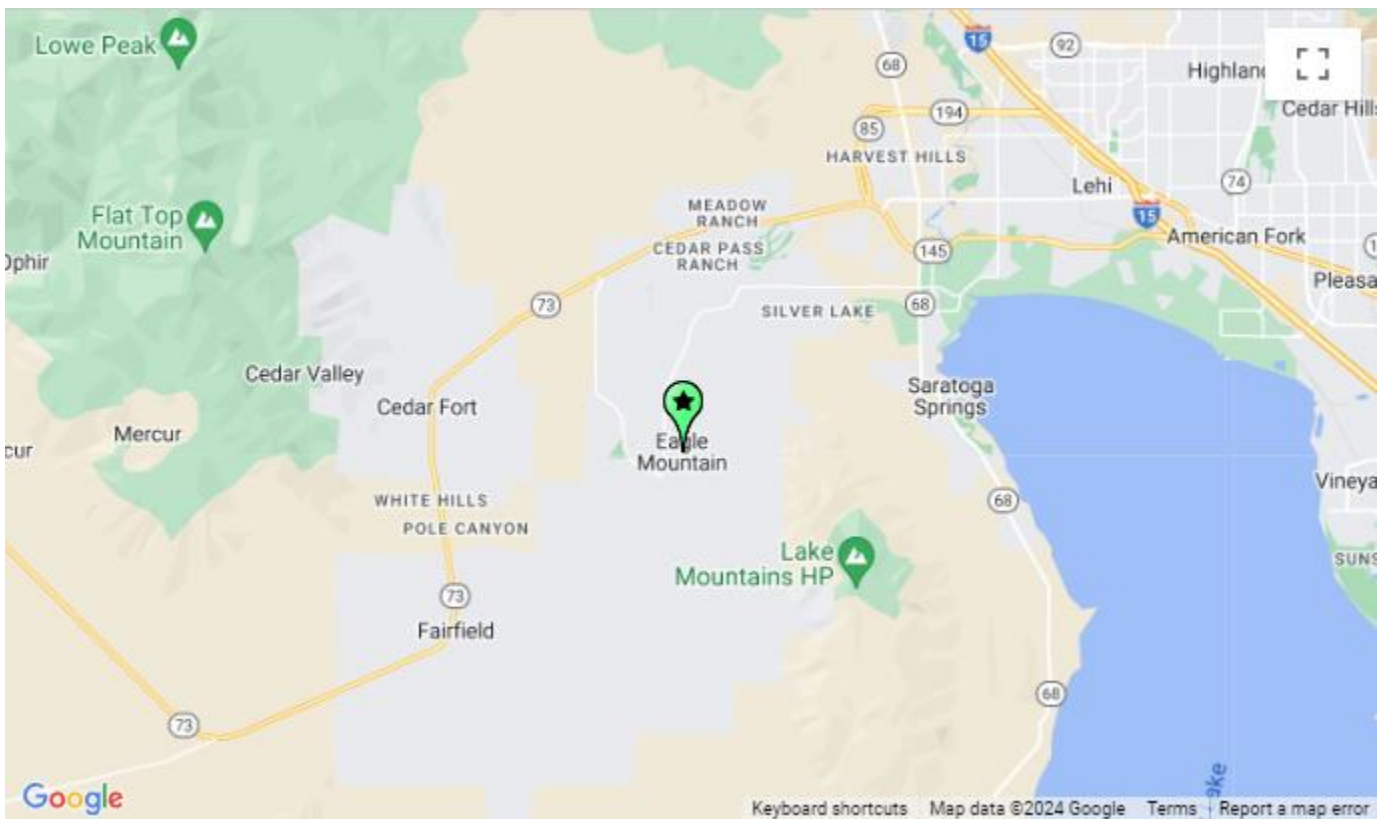
The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Eagle Mountain City, the county of Utah, and the state of Utah.

Incorporated on December 3, 1996, Eagle Mountain City is located in Utah County. The city is widely known for its rapid growth and has been recognized by a number of third-party reporters. WalletHub recognized Eagle Mountain City as the "12th Best Small City for Starting a Business in 2024," while HomeSnacks recognized Eagle Mountain City as the fourth-fastest-growing city in Utah. Moreover, the city is widely recognized as one of the fastest growing cities in the nation, having surpassed 50,000 residents for the first time in 2022, officially classifying it as a large city. The projected population is anticipated to surpass 200,000 residents by 2060, and the city is expected to be one of the top five cities in the state of Utah. As such, the local government has intentionally created a pro-business environment, working ahead

of the unprecedented population growth, in preparation for a tripling of the local population.

The following exhibit illustrates the market area.

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 3-3 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2010	2020	2023	2028	Avg. Annual Compounded Chg.		
					2010-20	2010-23	2023-28
Resident Population (Thousands)							
Utah County	520.0	663.1	709.7	773.7	2.5 %	2.4 %	1.7 %
State of Utah	2,775.4	3,281.7	3,426.7	3,653.8	1.7	1.6	1.3
United States	309,327.1	331,501.1	336,451.7	347,672.0	0.7	0.6	0.7
Per-Capita Personal Income*							
Utah County	\$27,578	\$41,014	\$40,826	\$44,315	4.0	3.1	1.7
State of Utah	33,657	46,481	47,209	51,690	3.3	2.6	1.8
United States	42,497	53,178	54,550	59,222	2.3	1.9	1.7
W&P Wealth Index							
Utah County	72.8	87.0	84.4	84.2	1.8	1.1	(0.0)
State of Utah	85.9	95.0	93.5	94.0	1.0	0.7	0.1
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Utah County	\$448	\$680	\$954	\$1,129	4.3	6.0	3.4
State of Utah	3,278	4,283	5,918	6,856	2.7	4.6	3.0
United States	475,345	571,525	767,434	861,699	1.9	3.8	2.3
Total Retail Sales (Millions)*							
Utah County	\$6,199	\$9,084	\$10,519	\$11,823	3.9	4.2	2.4
State of Utah	39,206	55,451	63,664	69,853	3.5	3.8	1.9
United States	4,385,184	5,481,467	6,204,424	6,599,722	2.3	2.7	1.2

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population grew at an average annual compounded rate of 0.6% from 2010 through 2023. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 2.4% between 2010 and 2023 reflects a rapidly expanding area. Per-capita personal income increased strongly, at 3.1% on average annually for the county between 2010 and 2023. Local wealth indexes have remained stable in recent years, registering a modest 84.4 level for the county in 2023.

Food and beverage sales totaled \$954 million in the county in 2023, versus \$448 million in 2010. This reflects a 6.0% average annual change. The pace of growth is anticipated to be 3.4% through 2028. The retail sales sector demonstrated an annual increase of 4.2% from 2010 to 2023. An increase of 2.4% average annual change is expected in county retail sales through 2028.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2010, 2020, and 2023, as well as a forecast for 2028.

FIGURE 3-4 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2010	Percent of Total	2020	Percent of Total	2023	Percent of Total	2028	Percent of Total	Avg. Annual Compounded Chg.		
									2010-2020	2020-2023	2023-2028
Farm	2.9	1.1 %	3.0	0.8 %	3.1	0.7 %	3.2	0.7 %	0.5 %	0.6 %	0.8 %
Forestry, Fishing, Related Activities And Other	0.5	0.2	0.6	0.2	0.6	0.2	0.6	0.1	1.9	(0.2)	0.3
Mining	0.7	0.3	0.6	0.2	0.7	0.2	0.7	0.2	(0.9)	1.3	1.9
Utilities	0.3	0.1	0.6	0.2	0.6	0.1	0.6	0.1	6.7	(1.0)	1.0
Construction	14.6	5.7	31.7	8.5	32.6	7.9	34.7	7.4	8.1	0.9	1.3
Manufacturing	17.3	6.8	21.6	5.8	22.8	5.5	23.9	5.1	2.2	1.9	0.9
Total Trade	34.8	13.7	51.7	13.8	55.1	13.3	61.3	13.1	4.0	2.1	2.1
Wholesale Trade	5.9	2.3	8.5	2.3	8.9	2.2	9.9	2.1	3.6	1.6	2.1
Retail Trade	28.9	11.3	43.2	11.6	46.2	11.2	51.4	11.0	4.1	2.2	2.2
Transportation And Warehousing	3.0	1.2	7.6	2.0	8.7	2.1	10.9	2.3	9.7	5.0	4.4
Information	9.6	3.8	15.5	4.1	16.7	4.0	18.0	3.9	4.9	2.5	1.5
Finance And Insurance	16.1	6.3	20.7	5.5	20.6	5.0	23.5	5.0	2.6	(0.3)	2.7
Real Estate And Rental And Lease	15.1	5.9	20.1	5.4	24.5	5.9	29.2	6.3	2.9	6.8	3.6
Total Services	110.4	43.3	165.9	44.3	190.6	46.1	220.7	47.2	4.2	4.7	3.0
Professional And Technical Services	20.4	8.0	35.8	9.6	41.6	10.1	49.9	10.7	5.8	5.1	3.7
Management Of Companies And Enterprises	3.0	1.2	5.4	1.5	5.6	1.3	6.1	1.3	6.2	0.8	1.8
Administrative And Waste Services	13.3	5.2	20.5	5.5	22.3	5.4	25.1	5.4	4.4	2.9	2.4
Educational Services	20.4	8.0	25.1	6.7	28.3	6.8	31.3	6.7	2.1	4.1	2.1
Health Care And Social Assistance	22.3	8.7	34.3	9.2	39.1	9.5	47.0	10.1	4.4	4.4	3.7
Arts, Entertainment, And Recreation	5.1	2.0	7.1	1.9	9.2	2.2	10.7	2.3	3.3	9.2	2.9
Accommodation And Food Services	12.9	5.1	19.7	5.3	24.0	5.8	27.9	6.0	4.3	6.8	3.0
Other Services, Except Public Administration	13.1	5.1	18.0	4.8	20.5	5.0	22.8	4.9	3.2	4.4	2.1
Total Government	29.6	11.6	34.4	9.2	36.9	8.9	40.0	8.6	1.5	2.3	1.6
Federal Civilian Government	1.2	0.5	1.2	0.3	1.1	0.3	1.1	0.2	0.2	(3.7)	(0.0)
Federal Military	2.3	0.9	2.5	0.7	2.5	0.6	2.5	0.5	0.7	0.0	0.0
State And Local Government	26.1	10.2	30.8	8.2	33.3	8.1	36.4	7.8	1.7	2.7	1.8
TOTAL	255.0	100.0 %	374.2	100.0 %	413.5	100.0 %	467.4	100.0 %	3.9 %	3.4 %	2.5 %
U.S.	172,901.7	—	190,776.8	—	212,472.4	—	226,480.4	—	1.0	3.7	1.3

Source: Woods & Poole Economics, Inc.

**Unemployment
Statistics**

The preceding data illustrate the long-term employment trends in this market, including the recent impact of the pandemic and the subsequent recovery. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 2.5% on average annually through 2028. The trend is above the forecast rate of change for the United States as a whole during the same period.

The following table presents historical unemployment rates for the proposed subject hotel’s market area.

FIGURE 3-5 UNEMPLOYMENT STATISTICS

<u>Year</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2014	3.5 %	3.8 %	6.2 %
2015	3.3	3.6	5.3
2016	3.1	3.4	4.9
2017	2.9	3.3	4.4
2018	2.8	3.0	3.9
2019	2.4	2.6	3.7
2020	3.9	4.8	8.1
2021	2.4	2.8	5.4
2022	2.2	2.4	3.6
2023	2.6	2.6	3.6
<i>Recent Month - Feb</i>			
2023	2.6 %	2.8 %	3.6 %
2024	3.2	3.3	3.9

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The unemployment rate for February 2020 was 3.5%. The unemployment rate had remained in the 3.5% to 3.7% range since April 2019, reflecting a trend of stability and strength. However, in April 2020, unemployment rose to 14.7%, and employment dropped by 20.7 million because of the pandemic. Steady gains in employment have been registered since that time; most recently, the national unemployment rate was 3.9% in April 2024. A 236,000-, 315,000-, and 175,000-person rise in employment was registered in February, March, and April, respectively. In April, the most significant gains were reported in the health care, social assistance, and transportation and warehousing sectors.

Locally, the unemployment rate was 2.6% in 2023; for this same area in 2024, the most recent month's unemployment rate was registered at 3.2%, versus 2.6% for the same month in 2023. As illustrated in the foregoing table, unemployment declined in 2015, and this positive trend generally continued through 2019. However, unemployment data from 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included furloughs/layoffs. Unemployment then declined in 2021 and 2022 as the economy rebounded, with the unemployment rate stabilizing in 2023. The most recent comparative period shows where the local market stands in 2024 relative to the same month of 2023, per the latest available data. While the latest statistics represent an increase in unemployment related to a changing macro-economic environment, including higher interest rates, it is important to note that Eagle Mountain City continues to grow at unprecedented levels.

Demand Generators Overview

The subject site is advantageously located in an area that is slated for extraordinary growth and development. Additionally, the site is located near a number of prominent attractions and demand generators. The existing and planned demand generators are discussed in the following paragraphs. Overall, the subject site is well situated with respect to existing and future demand generators.

Eagle Mountain City is one of the fastest growing cities in the nation, both from a population and business development perspective; moreover, the surrounding Cedar Valley is one of the last remaining valleys in the region that has not yet been built out extensively. The amount of development occurring and in the pipeline for the city is almost too much to list and include residential, retail/restaurants, commercial, recreational, industrial, and other uses. Within the residential category, there are a total of 17,276 lots that are ready for residential development, of which 15,751 of the lots are permitted; as of March 2024, 14,226 of the lots had been developed, resulting in an overall buildout of 90.0%. Furthermore, Candlelight Homes is developing a master-planned community (one of the biggest in the country as of the date of this study), featuring 9,000 additional homes over the next 15 years on the northern side of Eagle Mountain City. The site includes 2,200 acres for residential use and 800 acres for industrial use; reportedly, construction on the first 500 homes has already begun. This community is expected to bring an additional 45,000 people to the market alone. Part of the master plan includes four athletic soccer fields to attract soccer tournaments to the area. Market participants noted that the current lack of a hotel limits the proposed venue's full potential; however, if a hotel were to be built in the market, it would allow for more teams to play here, as the sports field would be striped for soccer, but could ultimately be used for a number of sports or to host other events.

Additionally, the land owned by Candlelight Homes and the adjacent BLM land will be home to a National Interscholastic Cycling Association (NICA)-sanctioned mountain-biking course, as Utah has the largest high-school mountain-biking population in the nation. The goal is to eventually host a state championship event; however, hotels are needed before this can happen. The project is anticipated to be completed in 2026 given the extensive permitting process related to the BLM portion of the site. A downhill mountain-biking course, including several trails of differing difficulties, is currently under construction near the site and is slated for completion in the summer of 2024; the only other comparable course is in Park City, Utah. Moreover, a new skateboard park with pump track is currently being developed by a well-known Montana-based group that creates world-class parks for this purpose. Set to open in 2024, the park is expected to be an additional regional draw. The master-planned community will also feature an Event Hosting & Training Facility for rodeo. Reportedly, the top professional rodeo riders in the nation come out of Cedar Valley. The facility will draw tournaments at the high-school level throughout the region, including neighboring states. The facility is roughly eight years away from being completed; however, it is important to note that it will host events throughout the week, not just on the weekends. Notably, the existing, award-winning rodeo facility is anticipated to be expanded and relocated, as it has become too small.

As noted previously, 400 acres of the greater site are under contract for an industrial use. While the plans are confidential, market participants reported that the industrial development will likely house a Texas Instruments (TI) subsidiary. In addition, Tyson Foods, which currently occupies 80 acres, is looking to expand with a second facility on the land. Reportedly, there has been a delay related to insufficient employee housing; as such, Candlelight Homes is working to solve this issue in order to foster continued development. Given the lack of meeting space in the market, meeting space is also in high demand; thus, the master-planned development will feature several outdoor meeting spaces for families to host large events. It is important to note that a large number of out-of-state construction workers and professionals are staying in Eagle Mountain City for three to four months at a time to work on the aforementioned projects; however, they are staying in VRBO/Airbnb units given the lack of a hotel in the market. Reportedly, these workers are accustomed to staying in hotels but are unable to do so; it is a unique situation created by the significant, fast-paced growth in the area, but without hotel supply. While a small number of workers reside in Eagle Mountain City, those that are not from out of the state reportedly live within a 45-minute drive of the construction site; however, most workers are from out of state. In addition to the Candlelight Homes development, we note that Perry Homes is developing 800 homes to the northeast

To complement the fast-growing population, a large number of retail, restaurants, and other supporting facilities and venues have entered the market or are in the pipeline. The Real Estate Group is developing a vertical building that will feature retail on the first floor and residential on the second and third floors. Rush Creek Development is constructing a WeWork-type space as part of a larger mixed-use development that will include additional retail offerings, such as a Nothing Bundt Cakes. It should be mentioned that, when McDonald's opened, the fast-food restaurant ran out of fries and chicken nuggets twice in the first week given the high demand. Additional developments that are currently under construction include Gamer's Inn (retail), Ramen Hero, Mountain America Credit Union, Salt City Fitness, Eagle Mountain Pet Care, and Pre-Loved Thrift. Furthermore, in April 2024, ground was broken on the development of a Walmart, located north of State Highway 73 in an area known as The Ranches. Additional developments that are under site-plan review include a Wendy's restaurant, Mountainland Supply, and a mixed-use retail development named Stonebridge.

Multiple other developments are being discussed for the City Center and The Ranches. The ones planned for the City Center district include Brylee Commercial, which would include medical offices, restaurants, and general commercial uses; Eagle Mountain Marketplace, to include general merchandise retail, restaurants, and office space; Overland Commercial, to include general merchandise retail, restaurants, and office space; and Ranches Crossing, to include restaurants, small retail, and a potential hotel. Porter's Crossing Town Center, to be located at The Ranches, would include general merchandise retail, restaurants, office space, and a possible hotel, while the Ranches & SR-73 project, to be located at The Ranches, would include office space and general commercial uses.

Healthcare and life sciences are also key sectors here, and new medical office developments are in the pipeline. The development of a medical office campus near a 20-acre commercial site, which was split into several parcels, is currently under permit review. A medical office group purchased most of the available parcels, which are now planned for the development of the Utah Health Department and related medical offices along Eagle Mountain Boulevard, and are expected to be completed in the next couple of years. Furthermore, Intermountain Health purchased a 40-acre site farther north along Eagle Mountain Boulevard with the intention to hold for future development of a hospital. The 40-acre site was part of a larger 200-acre site. The owner of the remaining 160 acres is working with the City to develop additional commercial and residential projects. While development has been delayed because of the lack of onsite utilities, the owner has offered to have the utilities installed for both Intermountain Health and the remainder of the site in order to allow development to move forward; the installation of the utilities is currently pending approval, at which time work will begin immediately. Moreover, the future Intermountain Health hospital is likely to have satellite clinics throughout

the city. While Intermountain Health opened an emergency clinic in nearby Saratoga Springs, it is reportedly unlikely to build a hospital there given the lack of available land.

Eagle Mountain City benefits from its ample land availability and higher-capacity utilities, unique attributes. As of the date of this study, the city was only 20.0% built out. With the significant growth that is occurring across the state, growth is moving south from Salt Lake City into Utah County, where there is available land, especially around Eagle Mountain. As such, the area has become a focal point for large-scale developments and expansions in the high-tech sector. In 2021, Google purchased 300 acres of land in Eagle Mountain City for the future development of a data center; it is now planning to pull permits in the summer of 2024, with construction to start this year, representing more than a \$3-billion investment. Moreover, Tract, a Denver-based developer of master-planned data-center parks, purchased 668 acres of land in Eagle Mountain City in January 2024. Reportedly, Tract is also planning to pull permits in the summer of 2024, with two locations targeted. Construction efforts at both sites should begin in 2025, with each site representing more than an \$8-billion investment. Representing a \$2-billion investment, a QTS data center is in permit review for development near the existing Meta property. While site work has already begun, plans changed earlier this year to consolidate the number of planned buildings to allow for future expansion; thus, a final timeline for this project is not available. Reportedly, each data-center site will employ 500 to 1,000 employees over the next ten to twenty years for project phasing alone.

Additionally, the \$1.5-billion, 700,00-square-foot expansion of the existing 2.5-million-square-foot Meta campus began in late 2023, and an additional expansion may occur next to this expansion in the future. Given Meta's work with AI, high levels of visitation occur on a monthly basis, with 40 to 60 people visiting the campus monthly; over time, visitation is anticipated to decline to roughly 30 to 40 visitors per month. Reportedly, these visitors stay for the entire work week and book through corporate booking sites that allow for higher-rated stays. As such, these visitors are not staying in vacation rentals, rather, they are traveling to either Lehi or Downtown Salt Lake City and staying in higher-end hotels. In Downtown Salt Lake City, the most popular options are reportedly Marriott or Hilton properties. The following map illustrates the locations of the aforementioned developments.

Meta has also contributed roughly \$250,000 toward the development of a business lab in conjunction with a recently awarded grant for a business incubator. The goal is to provide a business incubator that will help small businesses with social media, podcasting, and prototype development. Eagle Mountain City has 900 licensed businesses, of which, roughly 80.0% are home based; notably, a third of these licenses were issued in 2023 alone, demonstrating the area's rapidly growing popularity as a pro-business city. Also, there are 400- and 200-acre sites on each

side of Airport Road planned for additional residential and commercial developments, with attempts by the City to add more industrial land in this area, as well. Furthermore, land in this area has been set aside for aerospace and defense contractors. An additional benefit of the vast availability of land here is that the city can accommodate university expansions. Land has been set aside for a future satellite university north of State Highway 73, along Spring Run Parkway. While initial discussions with the University of Utah have taken place, the university is busy with a large number of other ongoing projects; as such, the timeline for a satellite campus is likely to take longer than the City desires. Therefore, a search for another university option has begun, with the hope of obtaining a faster timeline to accommodate the incredibly fast population growth between both Saratoga Springs and Eagle Mountain City. Moreover, the land owner is offering the site at 50.0% of its appraised value to attract a satellite campus to the site.

In addition to the aforementioned economic factors, nearby Bluffdale is home to Camp W.G. Williams, also known as Army Garrison Camp Williams, a national guard training site that is operated by the Utah Army National Guard. Camp Williams is the primary training site for every Utah Army National Guard unit. The site contains 24,000 acres of combat-training area, small-weapons firing ranges, artillery-firing points, and demolition areas, as well as grenade weapon ranges, while support facilities include mess halls, classrooms, administration buildings, warehouses facilities, maintenance facilities, and workshops. Notably, the Utah National Guard has requested \$2,150,000 in order to fund the West Traverse Sentinel Landscape program. Given the unprecedented growth in Eagle Mountain, the West Traverse Sentinel Landscape program will enable Camp Williams to preserve the land surrounding the site in order to keep the land consistent with compatible uses for military training, still maintaining tranquility in the neighboring communities. While those that come to Camp Williams stay on site, its existence here demonstrates the breadth and diversity of the local economy.

Lastly, transportation has become a topic of discussion given the unprecedented growth in Eagle Mountain City. Currently, the city is accessed by one main highway, State Highway 73, which connects from Interstate 15 to State Highway 36, leading to Tooele. In order to accommodate further growth, several plans are underway for the addition of several thoroughfares. In fact, the most expensive road project in the state of Utah will be the construction of the Mountain View Corridor, which will connect Utah County and Salt Lake County and act as an alternative to Interstate 15, costing roughly \$466 million. The next segment of the corridor is slated for completion in 2026, which will connect nearby Lehi to Herriman. As of April 2024, UDOT and contract employees were reportedly working on site work for the highly anticipated corridor. When completed, the corridor will comprise 35 miles of freeway, 27 miles of multi-use walking and biking trails, and 22 pedestrian bridges and crossings. Phase I will include a two-lane highway; however, representatives

noted that there is potential for the project to be expanded to a four-lane highway in the future due to the robust growth of Eagle Mountain City. Phase II will include a new freeway near Eagle Mountain City, and with funding already set aside for the project, construction is slated to begin in 2027.

Additionally, the process to expand State Highway 73 is expected to begin shortly, as funding for the project was obtained in early May 2024. A timeline for completion is not available as of the date of this report; however, this should be available by year-end 2024. The State of Utah has completed an alignment and environmental study for the widening, and UDOT has purchased the effected homes, as well. Eagle Mountain City is making significant efforts to jump start this project as soon as possible, having hired a lobbyist in order to help make this a top priority for the State of Utah. As soon as this project is completed, the City will shift its efforts to developing the Cedar Valley Highway. Moreover, the Airport Road extension is already underway.

We note that the following map does not feature the latest alignment details; however, the map gives an overview of the transportation improvements expected in the near term and over the long term.

Convention Activity

The Venue at the Ranches is a recently opened facility adjacent to the Ranches Golf Course. The property features a 2,467-square-foot banquet hall, a 1,175-square-foot dining hall, and a soon-to-be 1,175-square-foot courtyard, slated for completion in 2024. Moreover, office space is offered, as well as a lounge, which is available upon reservation. The facility provides in-house catering with its own chef. While the facility does not have a liquor license, it has partnered with bartenders that can arrive as vendors with their own liquor licenses. Notably, it is the only formal venue in the area for events such as large family gatherings and weddings. Facility ownership estimates roughly 100 weddings per year, with the peak season occurring between April and October. Moreover, the venue has already hosted the Chamber of Commerce Gala and plans to host the "Grown-Up Prom" in 2024, which is a popular event in the state of Utah.

As noted previously, meeting space in Eagle Mountain City, apart from the Venue at the Ranches, is virtually nonexistent. According to market participants, the Chamber of Commerce offices are being used to host events, such as a comedy show that included more than 70 attendees. Moreover, the American Legion uses the space, and the Eagle Mountain Orchestra rehearses there, as well, with its performances held at schools or churches. The Community Theatre also performs at schools or churches. Market participants noted that meeting/event space is needed to accommodate local, typical events, not just the larger events that are not as frequent.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

Salt Lake City International Airport (SLC) is located five miles northwest of Downtown Salt Lake City. The airport is a large hub for Delta Air Lines and is served by a variety of commercial airlines. In 2014, construction began on a ten-year, multi-billion redevelopment program for the terminals, concourses, parking garage, and support facilities, with development occurring in several phases until 2025. Phase I of the redevelopment project, inclusive of the parking garage, terminal, and South Concourse-West, was completed in September 2020. In October of that year, construction began on Phase II of the development, including a 22-gate extension of Concourse A for Delta Air Lines, as well as the creation of 19 additional retail and restaurant spaces; five gates opened in May 2023, four gates opened in August 2023, and the remaining thirteen gates opened in November 2023. Construction on Phase III, including the construction of the Central Tunnel to connect the A and B concourses, as well as an art installation, began in the fall of 2023 and is slated for

completion in the fall of 2024. Despite the notable expansion efforts, experts predict that the airport will still experience congestion given the unprecedented growth occurring in the state. Nonetheless, the redevelopment project is allowing the airport the accommodate more passengers than ever, further supporting the local economy and travel to/from Utah.

The following table illustrates recent operating statistics for the Salt Lake City International Airport, which is the primary airport facility serving the proposed subject hotel’s submarket.

FIGURE 3-6 AIRPORT STATISTICS - SALT LAKE CITY INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2014	21,141,610	—	—
2015	22,152,498	4.8 %	4.8 %
2016	23,155,527	4.5	4.7
2017	24,198,816	4.5	4.6
2018	25,554,244	5.6	4.9
2019	26,808,014	4.9	4.9
2020	12,559,026	(53.2)	(8.3)
2021	22,378,989	78.2	0.8
2022	25,752,783	15.1	2.5
2023	26,952,754	4.7	2.7
Year-to-date, Feb			
2023	4,137,608	—	—
2024	4,427,286	7.0 %	—

*Annual average compounded percentage change from the previous year
 **Annual average compounded percentage change from first year of data

Source: Salt Lake City International Airport

This facility recorded 26,952,754 passengers in 2023. The change in passenger traffic between 2022 and 2023 was 4.7%. The average annual change during the period shown was 2.7%. Data from 2020 illustrate a significant decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented; however, the 2021 data show a substantial rebound in passenger traffic, a trend that continued through 2022 and 2023, per the latest statistics. Year-to-date 2024 data illustrate a continuation of this upward trend, supported by the opening of nine additional gates in 2023.

The Provo Municipal Airport (PVU) has experienced unprecedented growth in recent years, having become the second-busiest airport in the state of Utah behind Salt Lake City International Airport. Notably, the airport was expected to reach one million passengers by the mid-2030s; however, this was accomplished by December 2023, only counting enplanements, as the total passenger count is roughly double that figure, with only Allegiant Airlines and Breeze Airways operating out of PVU. In 2022, the airport opened a new, \$65-million terminal with four gates, at which time Allegiant Airlines and Breeze Airways decided to base their operations here. These two airlines have had an economic impact of roughly \$130 million annually, including more than \$90 million in visitor spending. While Allegiant Airlines has partnered with the airport since 2013, Breeze Airways commenced operations in 2022. American Airlines is set to begin nonstop flight service to/from Dallas-Fort Worth and Phoenix beginning in October 2024. The facility that was constructed to accommodate four commercial aircrafts has been accommodating seven because of high demand, which has in turn led to the construction of extra apron space that will allow for the addition of twelve new gates. The initial phase of the expansion will take place on the south end of the facility, adding three gates, two of which will be equipped to accommodate international flights.

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Tourist Attractions

Eagle Mountain City features ample and vast outdoor spaces that benefit from relatively mild weather, attracting those who enjoy hiking, mountain biking, and trail running. Notably, the city features a trail system that is recognized as one of the top 100 in a list of trails around the world for mountain biking. As noted previously, there are two mountain-biking courses under construction. The land owned by Candlelight Homes, which is slated for a master-planned community, and the adjacent BLM land will be home to a National Interscholastic Cycling Association (NICA)-sanctioned mountain-biking course, as Utah has the largest high-school mountain-biking population in the nation. The goal is to eventually host a state championship event; however, hotels are needed before this can happen. The project is anticipated to be completed in 2026 given the extensive permitting process related to the BLM portion of the site. A downhill mountain-biking course, including several trails of differing difficulties, is currently under construction near the site and is slated for completion in the summer of 2024; the only other comparable course is in Park City, Utah. This course is expected to be a regional draw, as there are few courses on par with the planned course.

Last year, Eagle Mountain City hosted three NICA races, which brought roughly 6,000 people to the market over the course of two days per race. The NICA League prefers to race on BLM property, as this provides a stark contrast to using resort properties, where navigating the courses and restrictions are too difficult to navigate. As such, places such as Eagle Mountain City are considered to be prime real estate for the sport not only for the aforementioned factor, but also because of the ample parking located near the course. In addition, while Park City is a better option in the summer, as it is not so warm, the Eagle Mountain City courses are considered ideal during the other parts of the year, as the weather is much more mild compared to Park City. Moreover, a new skateboard park with pump track is currently being developed by a well-known Montana-based group that creates world-class parks for this purpose. Set to open in 2024, the park is expected to be an additional regional draw.

Wasatch Wing & Clay is an outdoor recreation and event center that features 7,000 acres of hunting and shooting grounds, along with event/meeting space and a small campground. Notable events that are held at the facility include the Utah State Sporting Clay & Shoot, the State Youth Shoot (which draws people from as far as Logan and St. George, Utah), as well as more than ten multi-day events per year spanning corporate, government/association, and social groups, such as weddings. Notably, attendees fly in to attend the Utah State Sporting Clay & Shoot and four to five large multi-day events that occur annually. Most attendees who fly in are from Texas and California. A select number of these events cater to highly affluent groups in nature, in which case the attendees opt to stay in Park City for their overnight stays. However, those visiting for the remaining events are forced to either use the campground or drive to Lehi. Onsite staff noted that the lack of hotels in the market

is one of the biggest complaints they receive from visitors. If a hotel were present in the market, more multi-day events could be held during the year; however, the lack of a lodging facility restricts the property's capacity to host these events.

Conclusion

This section discussed a wide variety of economic indicators for the market area. The local market area benefits from a strengthening economy that has been primarily led by the notable population growth and the expanding high-technology, retail/restaurant, and life-sciences sectors. Additionally, tourism is booming given the popular trail system, including the addition of more hiking/running trails and state-of-the-art mountain biking trails. Thus, the near-term market outlook is positive.

4. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

Definition of Subject Hotel Market

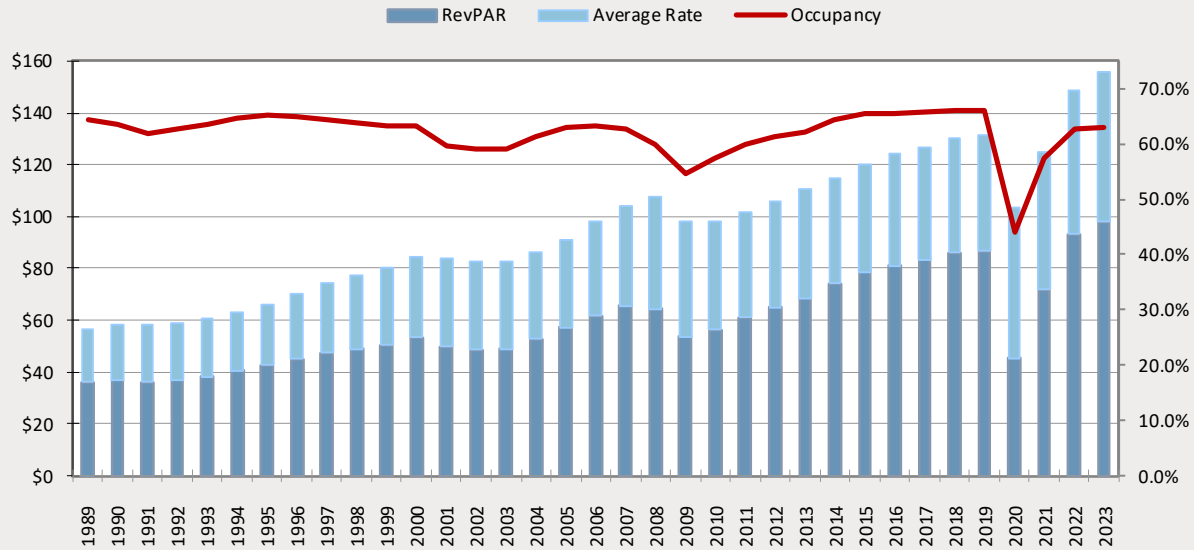
The subject site is located in Eagle Mountain City, part of the greater Northwest Utah County lodging market. It is important to note that Eagle Mountain City does not currently feature a hotel. Given that local lodging demand is typically accommodated in Lehi or through use of vacation rental units, we have chosen to analyze hotel trends in nearby Lehi. As such, the illustrated competitive supply is located in Lehi; however, these hotels will not be true competitors of the proposed subject hotel due to the differences in location. Nonetheless, these two markets benefit from some select demand overlap, and the performance trend reflects the high levels of unaccommodated demand in the area.

National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.

FIGURE 4-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS



Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the recent pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 4-2 NATIONAL OCCUPANCY AND ADR TRENDS: 2019 THROUGH 2023

	Occupancy					Average Rate					RevPAR				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
United States	66.0 %	44.0 %	57.5 %	62.6 %	63.0 %	\$131.23	\$103.25	\$124.96	\$149.24	\$155.62	\$86.64	\$45.48	\$71.88	\$93.39	\$97.97
Region															
New England	64.7 %	38.8 %	55.5 %	63.4 %	63.7 %	\$161.08	\$123.17	\$155.80	\$179.29	\$188.79	\$104.25	\$47.77	\$86.54	\$113.78	\$120.22
Middle Atlantic	69.0	41.3	55.2	62.6	65.0	166.27	115.26	144.08	179.82	192.02	114.81	47.65	79.56	112.48	124.80
South Atlantic	67.5	45.7	59.8	64.7	64.5	128.41	107.99	130.45	152.61	156.17	86.68	49.40	77.95	98.70	100.75
E. North Central	61.1	39.1	52.3	57.2	57.5	112.64	86.72	105.25	123.33	128.91	68.82	33.93	55.09	70.52	74.13
E. South Central	62.4	45.7	59.5	61.0	61.0	103.58	85.74	104.70	119.73	125.79	64.61	39.18	62.30	73.04	76.74
W. North Central	58.3	39.1	51.0	55.3	56.1	99.28	83.65	97.34	109.00	114.93	57.88	32.72	49.68	60.27	64.49
W. South Central	62.6	44.9	58.1	59.9	60.2	101.84	82.88	95.75	112.13	116.07	63.77	37.25	55.64	67.20	69.84
Mountain	66.9	46.7	59.3	66.3	67.1	121.89	105.70	125.74	153.87	165.08	81.54	49.39	74.59	101.94	110.81
Pacific	73.6	47.1	60.2	66.9	66.6	171.40	129.57	157.79	190.58	196.17	126.16	61.01	95.00	127.42	130.67
Class															
Luxury	70.9 %	36.8 %	52.5 %	65.3 %	66.9 %	\$304.11	\$285.78	\$322.00	\$376.48	\$377.58	\$215.73	\$105.29	\$168.95	\$245.93	\$252.76
Upper-Upscale	72.6	34.8	50.0	63.4	66.7	188.24	159.14	175.05	213.96	220.78	136.67	55.30	87.49	135.70	147.21
Upscale	71.5	42.8	59.3	66.8	68.5	143.60	117.80	132.34	156.30	163.77	102.68	50.45	78.42	104.39	112.14
Upper-Midscale	67.5	45.3	61.2	65.7	66.1	115.91	98.80	114.14	128.53	133.17	78.20	44.72	69.83	84.50	87.97
Midscale	59.5	44.4	56.8	59.7	58.8	95.82	84.47	98.83	100.19	101.88	57.03	37.52	56.10	59.83	59.91
Economy	59.4	49.2	58.7	56.4	54.2	75.50	65.45	76.14	77.65	78.62	44.83	32.30	44.72	43.80	42.59
Location															
Urban	73.2 %	37.9 %	51.8 %	63.3 %	66.4 %	\$183.20	\$127.80	\$152.81	\$196.47	\$206.62	\$134.12	\$48.47	\$79.12	\$124.44	\$137.26
Suburban	66.7	46.4	59.9	63.8	64.1	111.26	88.81	104.93	126.13	131.93	74.24	41.24	62.90	80.45	84.54
Airport	73.7	44.5	60.3	67.9	68.4	119.22	93.71	104.82	126.57	133.02	87.85	41.72	63.18	85.91	90.93
Interstate	57.9	44.8	57.8	58.5	57.4	87.86	79.05	92.22	100.90	104.59	50.85	35.39	53.31	59.04	59.99
Resort	70.0	42.9	57.7	66.8	67.1	182.74	170.36	209.77	236.76	239.12	127.85	73.13	121.06	158.20	160.53
Small Town	57.8	44.4	56.7	57.5	56.5	107.26	96.95	116.96	124.72	128.86	61.98	43.07	66.34	71.72	72.79
Chain Scale															
Luxury	73.8 %	32.0 %	48.0 %	63.1 %	65.8 %	\$343.02	\$329.54	\$383.48	\$435.46	\$429.14	\$253.17	\$105.40	\$184.12	\$274.64	\$282.58
Upper-Upscale	73.9	33.4	48.7	63.9	67.7	189.25	158.86	176.66	215.96	223.27	139.80	53.10	86.11	138.05	151.05
Upscale	72.6	43.0	59.6	67.4	69.2	142.38	115.11	128.62	155.28	162.28	103.32	49.52	76.68	104.58	112.31
Upper-Midscale	67.5	45.4	61.6	65.8	66.2	112.80	96.04	111.14	127.56	132.16	76.14	43.61	68.47	83.93	87.45
Midscale	58.1	44.2	56.5	60.1	59.2	86.61	77.29	89.48	95.19	96.54	50.30	34.19	50.59	57.18	57.11
Economy	58.7	50.9	59.7	57.2	55.0	63.70	58.21	66.88	72.24	72.79	37.36	29.64	39.90	41.34	40.06
Independents	63.5	44.8	56.9	60.0	59.2	133.08	110.74	137.44	155.20	161.46	84.44	49.56	78.24	93.05	95.55

Source: Year-End STR Lodging Reviews

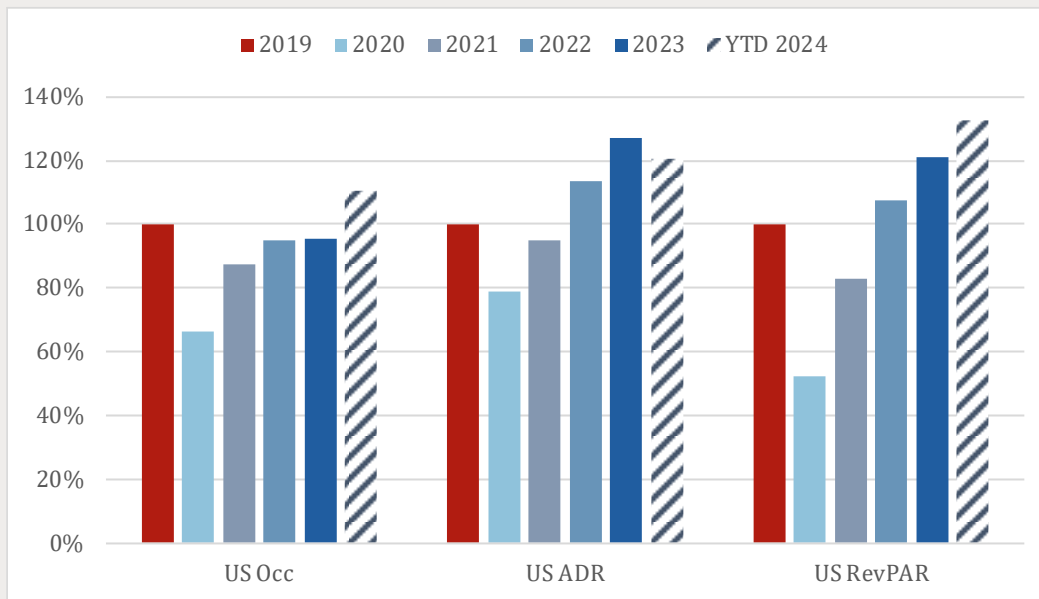
FIGURE 4-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD March			Average Rate - YTD March			RevPAR - YTD March			Percent Change	
	2023	2024	% Change	2023	2024	% Change	2023	2024	% Change	Rms. Avail.	Rms. Sold
United States	59.4 %	58.2 %	(2.0) %	\$151.89	\$155.21	2.2 %	\$90.15	\$90.30	0.2 %	0.6 %	(1.4) %
Region											
New England	52.7 %	53.3 %	1.1 %	\$147.99	\$151.14	2.1 %	\$78.06	\$80.58	3.2 %	(1.2) %	(0.2) %
Middle Atlantic	55.4	56.5	2.1	155.07	160.78	3.7	85.84	90.87	5.9	(0.9)	1.2
South Atlantic	64.9	63.7	(1.9)	166.56	168.30	1.0	108.16	107.19	(0.9)	1.0	(0.9)
E. North Central	49.5	47.9	(3.2)	112.43	113.83	1.3	55.65	54.54	(2.0)	0.7	(2.5)
E. South Central	57.8	54.8	(5.2)	116.43	117.74	1.1	67.32	64.52	(4.2)	1.2	(4.1)
W. North Central	48.3	46.4	(4.0)	105.67	108.60	2.8	51.06	50.40	(1.3)	(0.1)	(4.1)
W. South Central	60.5	58.8	(2.9)	117.05	119.15	1.8	70.82	70.02	(1.1)	0.6	(2.3)
Mountain	65.0	63.4	(2.6)	180.67	190.94	5.7	117.49	120.99	3.0	0.9	(1.6)
Pacific	62.4	61.8	(1.0)	189.64	189.86	0.1	118.42	117.34	(0.9)	0.9	(0.1)
Class											
Luxury	62.5 %	63.4 %	1.4 %	\$393.69	\$399.65	1.5 %	\$246.20	\$253.34	2.9 %	3.2 %	4.6 %
Upper-Upscale	63.5	63.9	0.6	219.95	222.96	1.4	139.57	142.36	2.0	1.3	1.9
Upscale	65.0	64.6	(0.7)	157.14	158.87	1.1	102.16	102.57	0.4	1.0	0.3
Upper-Midscale	62.0	60.2	(2.8)	126.64	127.34	0.6	78.47	76.71	(2.2)	1.0	(1.8)
Midscale	54.6	52.8	(3.3)	95.78	94.88	(0.9)	52.34	50.13	(4.2)	(0.2)	(3.5)
Economy	51.2	48.5	(5.2)	78.09	73.54	(2.1)	38.45	35.68	(7.2)	(0.9)	(6.1)
Location											
Urban	61.2 %	61.8 %	0.9 %	\$188.10	\$191.35	1.7 %	\$115.20	\$118.20	2.6 %	0.8 %	1.6 %
Suburban	60.3	58.8	(2.4)	121.34	121.91	0.5	73.12	71.70	(1.9)	0.5	(1.9)
Airport	67.5	66.0	(2.2)	133.79	134.78	0.7	90.34	88.98	(1.5)	0.3	(1.9)
Interstate	52.9	50.5	(4.4)	99.68	100.71	1.0	52.70	50.88	(3.5)	0.3	(4.2)
Resort	69.4	68.9	(0.8)	263.41	271.05	2.9	182.80	186.62	2.1	1.5	0.7
Small Town	49.8	47.8	(4.0)	118.01	120.62	2.2	58.75	57.64	(1.9)	0.3	(3.7)
Chain Scale											
Luxury	63.8 %	65.2 %	2.1 %	\$451.87	\$441.04	(2.4) %	\$288.34	\$287.44	(0.3) %	6.7 %	9.0 %
Upper-Upscale	64.2	64.8	0.9	221.85	226.14	1.9	142.35	146.45	2.9	2.1	3.0
Upscale	65.6	65.0	(0.9)	155.73	157.39	1.1	102.11	102.25	0.1	1.1	0.2
Upper-Midscale	62.2	60.6	(2.7)	125.81	126.56	0.6	78.31	76.66	(2.1)	1.8	(0.9)
Midscale	55.1	53.2	(3.6)	91.00	90.12	(1.0)	50.18	47.93	(4.5)	(0.7)	(4.2)
Economy	52.0	49.9	(4.0)	69.69	67.62	(3.0)	36.22	33.74	(6.9)	0.7	(4.7)
Independents	55.4	53.7	(3.2)	156.36	161.22	3.1	86.68	86.54	(0.2)	(0.9)	(4.0)

Source: STR - March 2024 Lodging Review

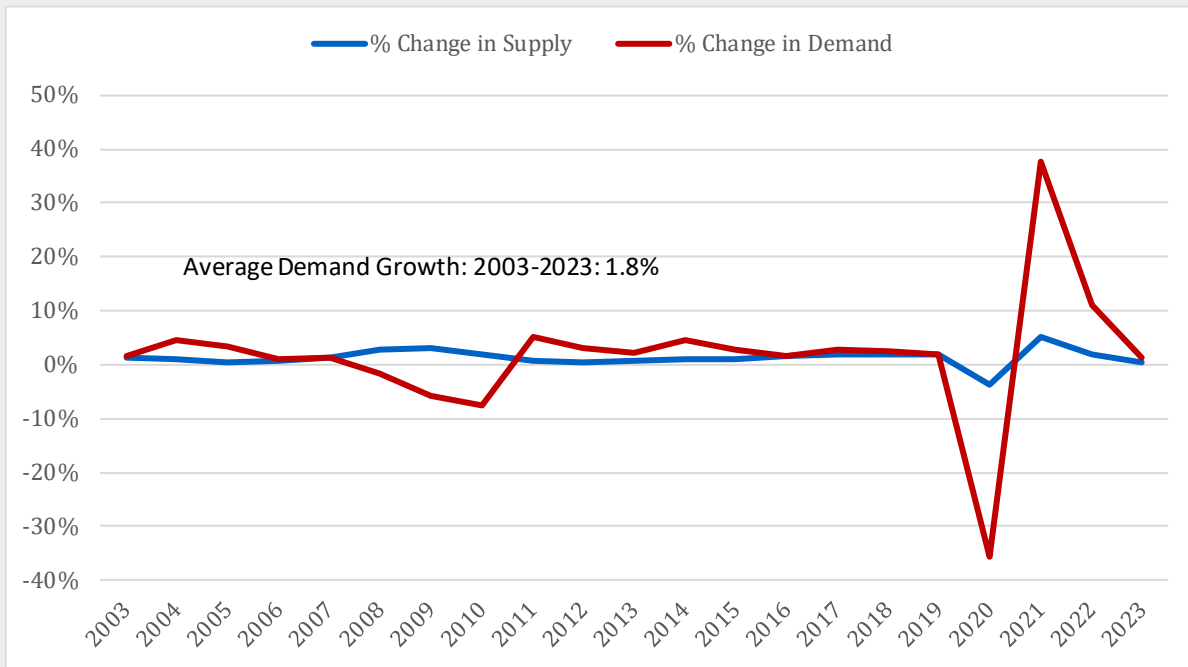
The following graph illustrates the performance of the U.S. lodging industry from 2019 through 2023, expressed as a percentage of 2019 levels of occupancy, ADR and RevPAR, demonstrating the pace and pattern of the recovery.

FIGURE 4-4 NATIONAL PERFORMANCE COMPARED TO 2019 LEVELS



A lodging market’s performance is influenced by changes in supply and demand levels. The following graph illustrates the percentage change in these two metrics for the U.S. lodging industry as a whole since 2003, as reported by STR.

FIGURE 4-5 HISTORICAL CHANGES IN SUPPLY AND DEMAND – U.S. LODGING INDUSTRY



Source: STR

Excluding fluctuations due to the Great Recession in 2008/09 and the pandemic from 2020 to 2022, supply growth ranged between 0.4% to 2.0%, averaging 1.1% in these years. The pace of supply growth slowed significantly in the two to three years following the downturns in 2001/02, 2008/09, and 2020/21, reflecting the decline in new project-starts during these periods. As the market moved out of these cycles, supply growth accelerated. The impact of the pandemic caused a decline in supply, as hotels temporarily suspended operations or closed, in many cases for conversion to alternate use. The reopening of the temporarily closed properties caused an artificial spike in supply growth. Supply growth in 2023 and 2024 reflects the constraints imposed by the pandemic, as well as the limited availability of financing for new construction, which particularly affected the market in 2023 and early 2024. Thus, the pace of supply growth is expected to remain muted through 2026.

The changes in demand, as measured by the number of occupied rooms, display similar patterns. The years following the noted recessionary periods reflect relatively strong growth, as the market recovered from these downturns. Excluding the years of downturn and recovery, demand growth ranged from 1.0% to 4.6%.

**U.S. Lodging
Industry Forecast**

Based on the historical trends and current outlook, HVS has developed a forecast for the national lodging market. This forecast considers anticipated trends in supply and demand, as well as inflationary trends. These forecasts are summarized in the following chart.

FIGURE 4-6 U.S. LODGING INDUSTRY FORECAST

Year	Supply % Chg	Demand % Chg	Occ	ADR	% Chg	RevPAR	% Chg
Forecasts							
2024	1.5%	2.2%	63.4 %	\$158.73	2.0 %	\$100.67	2.7 %
2025	1.0%	1.5%	63.7	162.70	2.5	103.70	3.0
2026	1.2%	1.5%	63.9	167.58	3.0	107.12	3.3
2027	1.4%	1.5%	64.0	172.61	3.0	110.45	3.1
2028	1.5%	1.5%	64.0	177.79	3.0	113.76	3.0

**Historical Supply and
Demand Data**

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotel. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. Two hotels in the competitive subject market suspended operations because of the COVID-19 pandemic; however, both have since reopened. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations.

The second chart presents the monthly data for 2019 through the year-to-date 2024 period, illustrating the fluctuations in occupancy and ADR. The impact of the pandemic and the timing and pace of the subsequent recovery are reflected in the data.

FIGURE 4-7 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2014	155	56,457	—	33,051	—	58.5 %	\$104.03	—	\$60.90	—
2015	391	142,676	152.7 %	102,340	209.6 %	71.7	107.74	3.6 %	77.28	26.9 %
2016	500	182,500	27.9	132,174	29.2	72.4	109.28	1.4	79.15	2.4
2017	500	182,500	0.0	139,428	5.5	76.4	113.29	3.7	86.55	9.4
2018	680	248,176	36.0	171,006	22.6	68.9	110.07	(2.8)	75.85	(12.4)
2019	844	307,936	24.1	204,671	19.7	66.5	103.04	(6.4)	68.49	(9.7)
2020	956	348,940	13.3	159,043	(22.3)	45.6	82.76	(19.7)	37.72	(44.9)
2021	956	348,940	0.0	225,681	41.9	64.7	100.32	21.2	64.88	72.0
2022	956	348,940	0.0	253,864	12.5	72.8	116.46	16.1	84.73	30.6
2023	956	348,940	0.0	267,916	5.5	76.8	120.44	3.4	92.47	9.1
Year-to-Date Through March										
2020	956	86,040	—	42,152	—	49.0 %	\$97.26	—	\$47.65	—
2021	956	86,040	0.0 %	46,213	9.6 %	53.7	76.28	(21.6) %	40.97	(14.0) %
2022	956	86,040	0.0	56,440	22.1	65.6	107.56	41.0	70.56	72.2
2023	956	86,040	0.0	62,827	11.3	73.0	114.71	6.6	83.76	18.7
2024	956	86,040	0.0	62,121	(1.1)	72.2	118.93	3.7	85.86	2.5
Average Annual Compounded Change:										
2014 – 2019			40.4 %	44.0 %			(0.2) %			2.4 %
2014 – 2023			22.4	26.2			1.6			4.8

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments*
Hampton by Hilton Inn Lehi-Thanksgiving Point	Upper Midscale Class	Secondary	75	May 2007	May 2007	
SpringHill Suites Lehi At Thanksgiving Point	Upscale Class	Secondary	94	Jun 2020	Mar 2008	S/O: April 2020; R/O: June 2020
Courtyard Lehi At Thanksgiviing Point	Upscale Class	Secondary	97	Jun 2020	May 2014	S/O: April 2020; R/O: June 2020
Home2 Suites by Hilton Lehi/Thanksgiving Point	Upper Midscale Class	Primary	103	Jul 2014	Jul 2014	
Hyatt Place Salt Lake City Lehi	Upscale Class	Secondary	131	Nov 2015	Nov 2015	
Holiday Inn Express & Suites Lehi Thanksgiving Point	Upper Midscale Class	Secondary	96	Mar 2018	Mar 2018	
Hilton Garden Inn Lehi	Upscale Class	Secondary	132	Apr 2018	Apr 2018	
Staybridge Suites Lehi Travers Ridge Center	Upscale Class	Primary	116	Feb 2019	Feb 2019	
Tru by Hilton Lehi	Midscale Class	Secondary	112	Dec 2019	Dec 2019	
			Total	956		

*S/O = Suspended Operations; R/O = Reopened Operations

Source: STR

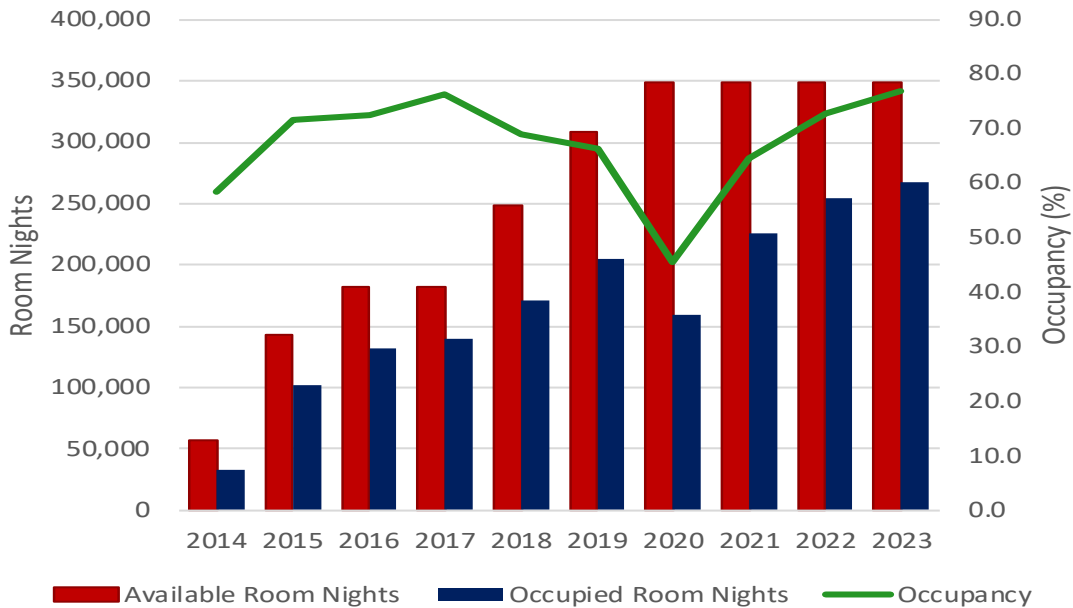
FIGURE 4-8 HISTORICAL SUPPLY AND DEMAND TRENDS (MONTHLY)

Month	2019		2020		2021		2022		2023		2024	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	55.0 %	\$99.97	53.8 %	\$97.56	44.3 %	\$73.26	55.7 %	\$99.97	66.1 %	\$107.88	64.4 %	\$115.48
February	54.4	101.99	59.9	98.21	54.5	74.77	64.6	102.95	76.4	115.86	75.8	121.06
March	67.0	103.11	34.4	95.30	62.4	79.61	76.4	116.62	76.9	119.54	76.8	119.91
April	68.7	103.97	10.4	79.47	60.3	86.23	76.1	116.66	76.5	120.14	—	—
May	69.7	100.61	20.3	77.84	63.6	93.55	75.5	117.67	81.1	123.92	—	—
June	79.6	106.21	46.8	78.89	76.0	105.23	84.1	128.37	87.8	129.29	—	—
July	80.6	108.48	60.8	79.47	81.8	113.90	80.0	125.19	85.9	122.44	—	—
August	79.0	104.81	65.2	79.28	77.3	117.67	81.8	124.96	83.2	125.76	—	—
September	71.3	110.80	58.7	78.88	69.4	115.36	78.2	120.69	80.6	130.77	—	—
October	64.9	104.01	56.0	77.93	69.1	111.80	74.9	116.66	75.8	123.38	—	—
November	57.8	96.45	39.3	73.19	59.8	104.76	64.9	108.72	69.2	111.60	—	—
December	49.6	89.63	42.0	71.51	56.9	102.56	60.4	106.11	62.1	106.75	—	—
Annual Averages	66.5 %	\$103.04	45.6 %	\$82.76	64.7 %	\$100.32	72.8 %	\$116.46	76.8 %	\$120.44	—	—
Year-to-Date	59.1 %	\$101.87	49.0 %	\$97.26	53.7 %	\$76.28	65.6 %	\$107.56	73.0 %	\$114.71	72.2 %	\$118.93

Change from Prior Year	2019		2020		2021		2022		2023		2024	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	-17.9 pts	-9.1 %	-1.2 pts	-2.4 %	-9.4 pts	-24.9 %	11.4 pts	36.5 %	10.4 pts	7.9 %	-1.7 pts	7.0 %
February	-27.9	-10.8	5.5	-3.7	-5.4	-23.9	10.1	37.7	11.8	12.5	-0.7	4.5
March	-15.7	-8.5	-32.6	-7.6	28.0	-16.5	14.0	46.5	0.5	2.5	-0.1	0.3
April	-4.6	-8.6	-58.3	-23.6	49.9	8.5	15.8	35.3	0.4	3.0	—	—
May	3.0	-11.4	-49.3	-22.6	43.2	20.2	11.9	25.8	5.6	5.3	—	—
June	2.3	-10.7	-32.9	-25.7	29.3	33.4	8.1	22.0	3.7	0.7	—	—
July	13.2	-3.5	-19.8	-26.7	21.0	43.3	-1.7	9.9	5.9	-2.2	—	—
August	7.3	-5.8	-13.8	-24.4	12.1	48.4	4.5	6.2	1.4	0.6	—	—
September	3.8	1.6	-12.6	-28.8	10.7	46.2	8.8	4.6	2.4	8.4	—	—
October	0.6	-2.5	-8.9	-25.1	13.1	43.5	5.9	4.3	0.8	5.8	—	—
November	0.7	-3.2	-18.5	-24.1	20.5	43.1	5.0	3.8	4.3	2.7	—	—
December	-2.9	-3.0	-7.6	-20.2	14.9	43.4	3.5	3.5	1.6	0.6	—	—
Annual Change	-2.4 pts	-6.4 %	-20.9 pts	-19.7 %	19.1 pts	21.2 %	8.1 pts	16.1 %	4.0 pts	3.4 %	—	—
Year-to-Date	-20.3	-9.4 %	-10.1	-4.5 %	4.7	-21.6	11.9	41.0	7.4	6.6	-0.8 pts	3.7 %

Source: STR

FIGURE 4-9 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel on the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2023 in 76.8%, which compares to 72.8% for 2022. The STR data for the competitive set reflect a market-wide ADR level of \$120.44 in 2023, which compares to \$116.46 for 2022. These occupancy and ADR trends resulted in a RevPAR level of \$92.47 in 2023.

During the illustrated historical period, occupancy and ADR peaked in 2017 prior to the influx of new supply over the following few years. Overall occupied room nights continued to increase during that time, as the market benefited from favorable economic conditions and continued development. In 2020, the COVID-19 pandemic affected the market, similar to the rest of the nation; however, a rebound commenced in the third quarter of 2020, with the occupancy and ADR recovery

extending through 2023. Heightened inflation in 2021, 2022, and 2023 also contributed to ADR growth for this competitive set. New ADR peak levels were attained in 2022, while peak occupancy levels were achieved in 2023, attributed to the lack of new competitive supply, heightened levels of construction projects, and increased pent-up leisure demand along Interstate 15 and/or U.S Highway 89. Moreover, it is important to note that, by year-end 2023, several local corporate companies began to host in-person trainings for the first time since before the pandemic. These trainings often bring a large number of employees into the market for at least one week at a time.

The following table illustrates the monthly occupancy, ADR, and RevPAR for the competitive set measured as a percentage of 2019 levels.

FIGURE 4-10 OCCUPANCY, ADR, AND REVPAR AS A PERCENTAGE OF 2019 LEVELS

	2021			2022			2023			2024		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
<i>January</i>	80.7 %	73.3 %	59.1 %	101.3 %	100.0 %	101.3 %	120.2 %	107.9 %	129.7 %	117.2 %	115.5 %	135.4 %
<i>February</i>	100.1	73.3	73.4	118.7	100.9	119.8	140.4	113.6	159.5	139.2	118.7	165.2
<i>March</i>	93.1	77.2	71.9	114.0	113.1	129.0	114.8	115.9	133.1	114.6	116.3	133.3
<i>April</i>	87.8	82.9	72.8	110.8	112.2	124.3	111.4	115.6	128.7	—	—	—
<i>May</i>	91.2	93.0	84.8	108.4	117.0	126.7	116.5	123.2	143.4	—	—	—
<i>June</i>	95.5	99.1	94.6	105.6	120.9	127.6	110.3	121.7	134.3	—	—	—
<i>July</i>	101.4	105.0	106.5	99.3	115.4	114.6	106.6	112.9	120.3	—	—	—
<i>August</i>	97.8	112.3	109.8	103.6	119.2	123.5	105.3	120.0	126.4	—	—	—
<i>September</i>	97.3	104.1	101.3	109.7	108.9	119.4	113.0	118.0	133.3	—	—	—
<i>October</i>	106.4	107.5	114.4	115.5	112.2	129.5	116.7	118.6	138.5	—	—	—
<i>November</i>	103.6	108.6	112.5	112.3	112.7	126.6	119.8	115.7	138.6	—	—	—
<i>December</i>	114.8	114.4	131.4	121.9	118.4	144.3	125.2	119.1	149.1	—	—	—
Annual Averages	97.3 %	97.4 %	94.7 %	109.5 %	113.0 %	123.7 %	115.5 %	116.9 %	135.0 %	—	—	—
Year-to-Date	90.8	74.9	68.0	110.9	105.6	117.1	123.5	112.6	139.0	122.1 %	116.7 %	142.5 %

Source: STR

Seasonality

The market’s seasonal trends are presented in the following table.

FIGURE 4-11 SEASONALITY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
High Season - June, July, August, September										
Occupancy	63.3 %	83.6 %	80.9 %	85.0 %	71.0 %	77.7 %	57.9 %	76.2 %	81.0 %	84.4 %
Average Rate	\$110.30	\$112.46	\$112.90	\$117.23	\$113.06	\$107.48	\$79.16	\$113.07	\$124.87	\$126.98
RevPAR	69.86	93.99	91.29	99.64	80.25	83.47	45.87	86.13	101.18	107.15
Shoulder Season - February, March, April, May, October										
Occupancy	61.0 %	75.1 %	73.2 %	76.8 %	72.8 %	65.1 %	35.9 %	62.1 %	73.7 %	77.4 %
Average Rate	\$103.71	\$106.05	\$108.47	\$111.63	\$112.17	\$102.75	\$87.70	\$90.38	\$114.63	\$120.70
RevPAR	63.30	79.63	79.35	85.79	81.63	66.91	31.48	56.15	84.45	93.38
Low Season - January, November, December										
Occupancy	52.5 %	54.5 %	60.0 %	64.3 %	59.4 %	53.8 %	45.1 %	53.6 %	60.3 %	65.7 %
Average Rate	\$96.66	\$103.08	\$104.44	\$109.63	\$100.52	\$95.10	\$82.45	\$95.20	\$105.11	\$108.80
RevPAR	50.72	56.22	62.71	70.44	59.72	51.17	37.17	51.04	63.36	71.52

Source: STR

The illustrated occupancy and ADR patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate.

Patterns of Demand

A review of the trends in occupancy and ADR by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following tables.

FIGURE 4-12 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Apr - 23	51.8 %	72.2 %	83.1 %	85.1 %	86.0 %	90.4 %	73.7 %	76.5 %
May - 23	60.3	74.0	85.9	89.6	88.9	92.2	75.4	81.1
Jun - 23	68.0	92.9	98.2	96.9	88.5	89.5	80.3	87.8
Jul - 23	71.4	84.1	88.2	93.0	92.5	92.6	84.2	85.9
Aug - 23	57.5	82.4	92.0	91.5	84.6	91.4	78.3	83.2
Sep - 23	61.7	75.9	85.4	87.3	82.5	88.7	80.3	80.6
Oct - 23	49.6	73.1	84.7	89.0	81.2	86.0	71.7	75.8
Nov - 23	41.7	64.5	76.7	77.8	73.5	80.4	66.6	69.2
Dec - 23	42.3	64.0	71.2	68.4	62.3	71.5	58.2	62.1
Jan - 24	41.3	60.0	75.0	79.3	69.4	68.0	52.6	64.4
Feb - 24	56.6	81.1	87.3	82.6	73.2	82.5	67.5	75.8
Mar - 24	51.0	82.3	90.1	87.4	79.1	86.5	67.5	76.8
Average	54.3 %	75.3 %	84.8 %	85.6 %	80.2 %	84.9 %	71.5 %	76.6 %

Source: STR

FIGURE 4-13 ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Apr - 23	\$107.08	\$115.65	\$120.10	\$121.81	\$124.34	\$131.84	\$115.96	\$120.14
May - 23	109.89	120.08	123.91	126.28	127.91	133.04	120.52	123.92
Jun - 23	112.60	129.83	138.62	138.25	125.98	132.77	120.30	129.29
Jul - 23	109.96	120.79	125.56	125.63	123.20	131.53	120.55	122.44
Aug - 23	110.75	127.72	130.07	131.00	122.44	129.37	121.00	125.76
Sep - 23	114.26	135.71	141.71	138.95	131.61	129.89	121.01	130.77
Oct - 23	107.93	123.56	131.61	134.07	121.67	121.56	115.24	123.38
Nov - 23	103.69	112.94	119.59	118.09	108.56	108.10	105.00	111.60
Dec - 23	98.91	111.46	113.58	112.41	104.40	104.49	101.08	106.75
Jan - 24	103.81	116.76	122.81	124.68	117.03	106.39	102.13	115.48
Feb - 24	112.77	124.54	130.67	124.80	121.85	117.44	110.17	121.06
Mar - 24	104.72	122.52	131.30	127.72	120.34	117.81	110.90	119.91
Average	\$108.42	\$122.21	\$127.90	\$127.33	\$121.30	\$122.86	\$114.56	\$121.43

Source: STR

FIGURE 4-14 OCCUPANCY AND ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

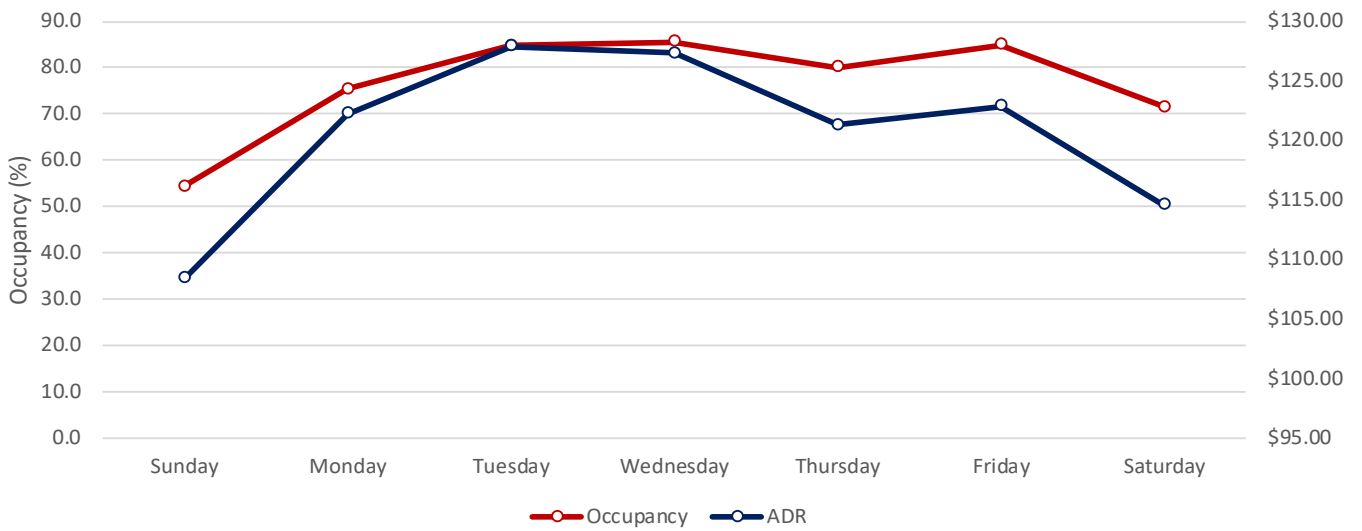


FIGURE 4-15 OCCUPANCY, ADR, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 21 - Mar 22	49.5 %	58.7 %	66.7 %	68.2 %	70.6 %	84.3 %	75.3 %	67.6 %
Apr 22 - Mar 23	53.0	70.2	80.4	81.2	78.4	85.0	73.8	74.6
Apr 23 - Mar 24	54.3	75.3	84.8	85.6	80.2	84.9	71.5	76.6
Change (Occupancy Points)								
FY 21 - FY 22	3.5	11.5	13.7	13.0	7.8	0.7	(1.5)	7.0
FY 22 - FY 23	1.4	5.2	4.4	4.3	1.8	(0.0)	(2.3)	2.0
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 21 - Mar 22	\$98.65	\$106.01	\$109.12	\$109.25	\$106.60	\$110.70	\$104.08	\$106.76
Apr 22 - Mar 23	104.83	117.46	124.45	122.89	118.33	121.35	111.01	117.96
Apr 23 - Mar 24	108.42	122.21	127.90	127.33	121.30	122.86	114.56	121.43
Change (Dollars)								
FY 21 - FY 22	\$6.18	\$11.45	\$15.33	\$13.64	\$11.73	\$10.65	\$6.93	\$11.20
FY 22 - FY 23	3.59	4.76	3.45	4.44	2.97	1.50	3.55	3.47
Change (Percent)								
FY 21 - FY 22	6.3 %	10.8 %	14.0 %	12.5 %	11.0 %	9.6 %	6.7 %	10.5 %
FY 22 - FY 23	3.4	4.0	2.8	3.6	2.5	1.2	3.2	2.9
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 21 - Mar 22	\$48.79	\$62.23	\$72.76	\$74.53	\$75.22	\$93.28	\$78.38	\$72.18
Apr 22 - Mar 23	55.51	82.41	100.07	99.83	92.75	103.09	81.91	87.98
Apr 23 - Mar 24	58.88	92.06	108.43	108.98	97.22	104.32	81.92	92.99
Change (Dollars)								
FY 21 - FY 22	\$6.72	\$20.18	\$27.31	\$25.30	\$17.53	\$9.81	\$3.53	\$15.80
FY 22 - FY 23	3.37	9.65	8.37	9.14	4.47	1.23	0.00	5.01
Change (Percent)								
FY 21 - FY 22	13.8 %	32.4 %	37.5 %	33.9 %	23.3 %	10.5 %	4.5 %	21.9 %
FY 22 - FY 23	6.1	11.7	8.4	9.2	4.8	1.2	0.0	5.7

Source: STR

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights.

Trends in Short-Term Rentals

The term “short-term rental” is used to describe the availability of rooms, or entire residences, for short-term stays as an alternative to traditional lodging. These accommodations are available from online platforms, such as Airbnb and VRBO, and are becoming increasingly available on the more traditional online booking sites, such as *Hotels.com*. AirDNA is an independent research firm that collects and publishes data on the short-term rental accommodations industry. HVS has subscribed to this service and analyzed provided data on all listing categories. This information is presented in the following tables and charts.

FIGURE 4-16 SHORT-TERM RENTAL ACCOMMODATIONS TRENDS (AIRDNA) – ALL LISTING TYPES

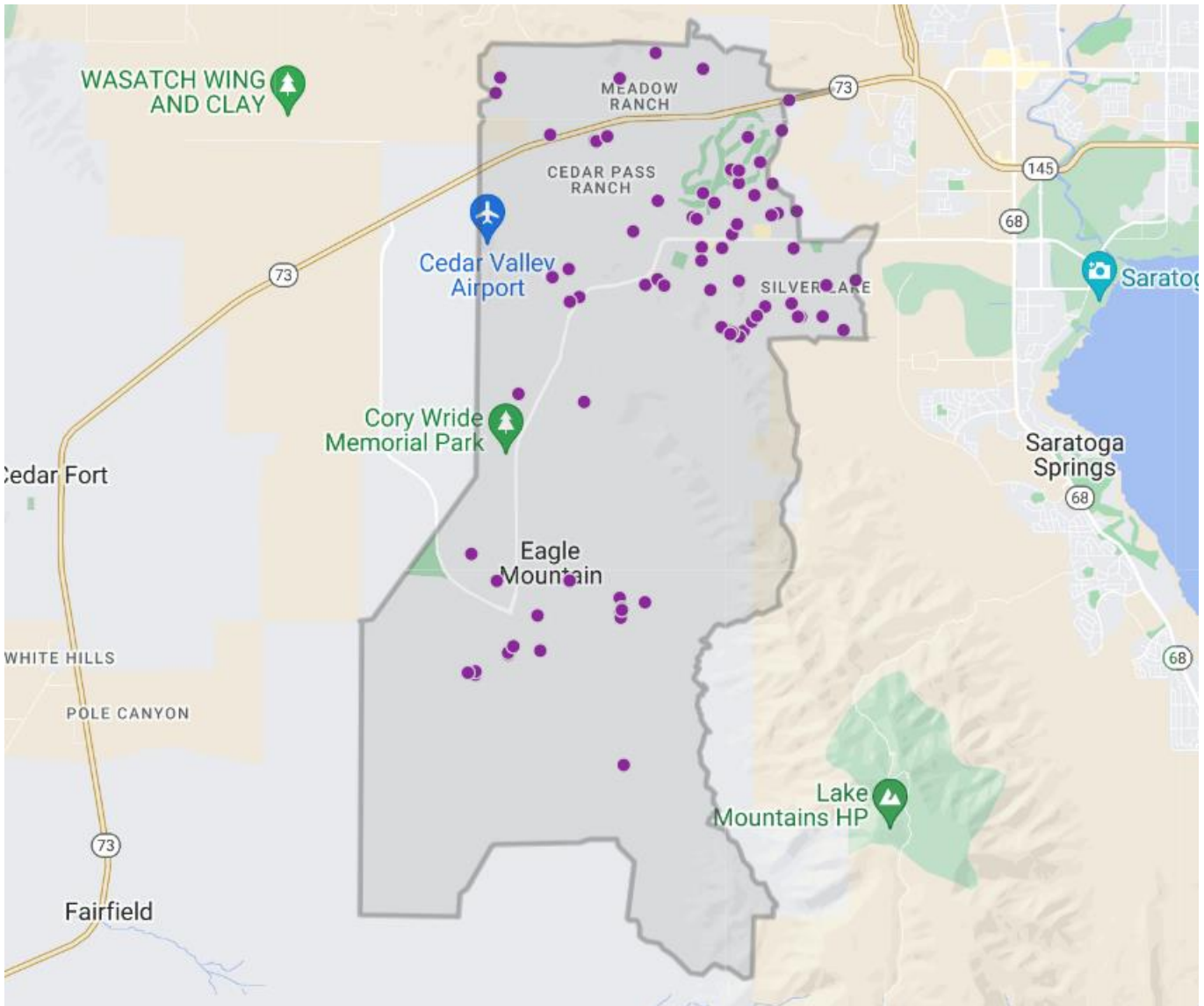
	Year	Available Listing Nights	Percent Change	Listing Nights- Entire Place:	Percent Change	Occupancy	ADR	Percent Change	RevPAR	Percent Change
<i>Beg. April</i>	2021	4,430	—	2,725	—	61.5 %	\$218.17	—	\$134.20	—
	2022	9,750	120.1 %	5,213	91.3 %	53.5	174.64	-20.0 %	93.38	-30.4 %
	2023	12,478	28.0	6,071	16.5	48.7	152.47	-12.7	74.18	-20.6
<i>Year-to-date through April</i>										
	2023	3,964	—	1,767	—	44.6 %	\$154.35	—	\$68.80	—
	2024	4,207	6.1 %	1,970	11.5 %	46.8	144.09	-6.6 %	67.47	-1.9 %

Source: AirDNA

It’s important to note that, according to market participants, construction crews, visitors, and other transient demand, are staying in local short-term rentals. Moreover, feedback from the market is that those visiting or staying in the market are also disappointed in the limited availability of the short-term rentals.

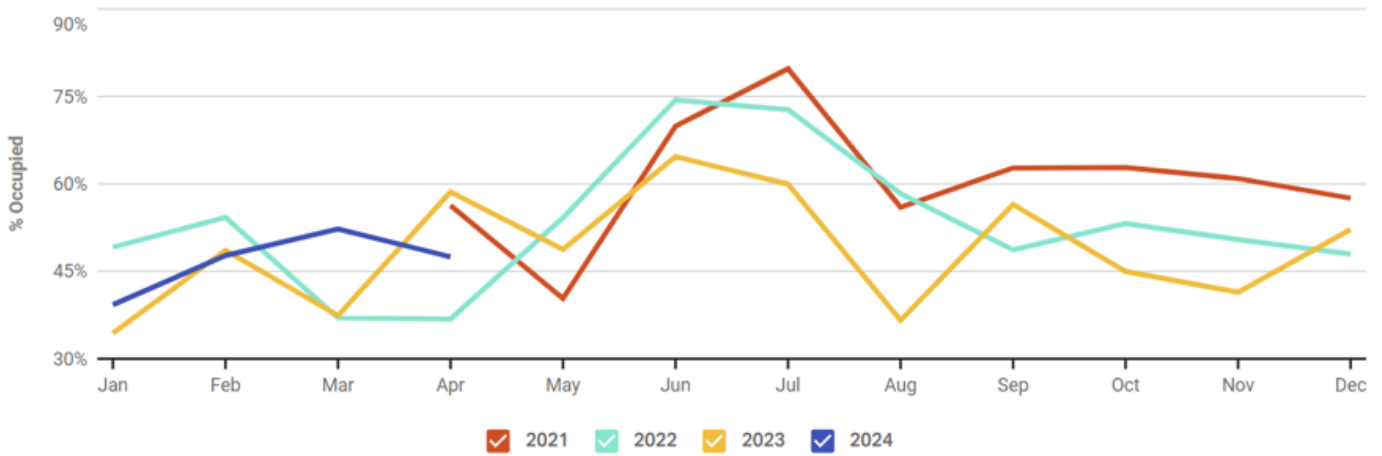
The following map illustrates the general locations of the available short-term rental properties.

FIGURE 4-17 EAGLE MOUNTAIN CITY SHORT-TERM RENTAL PROPERTIES



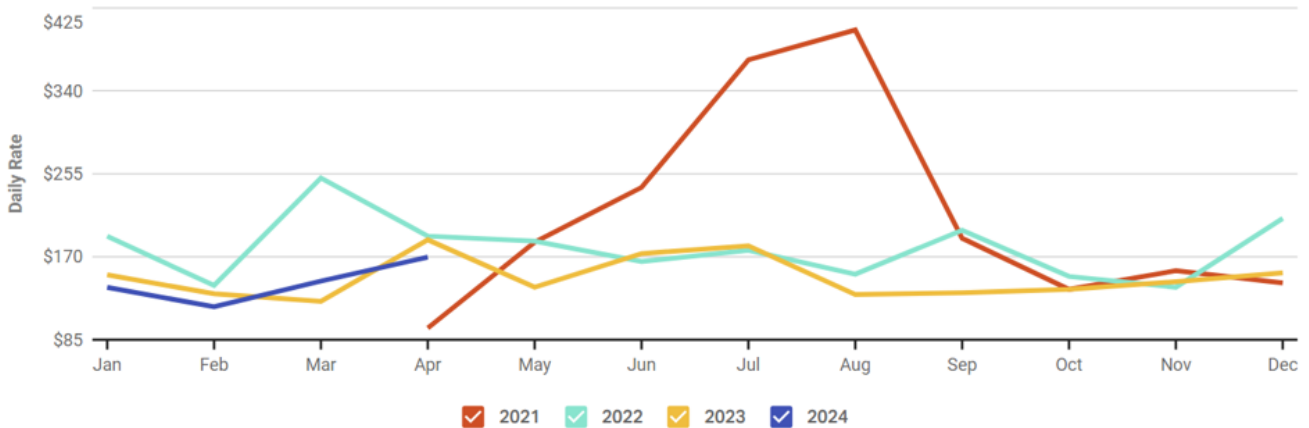
The following charts are provided by AirDNA.

FIGURE 4-18 EAGLE MOUNTAIN CITY – STR DEMAND SEASONALITY



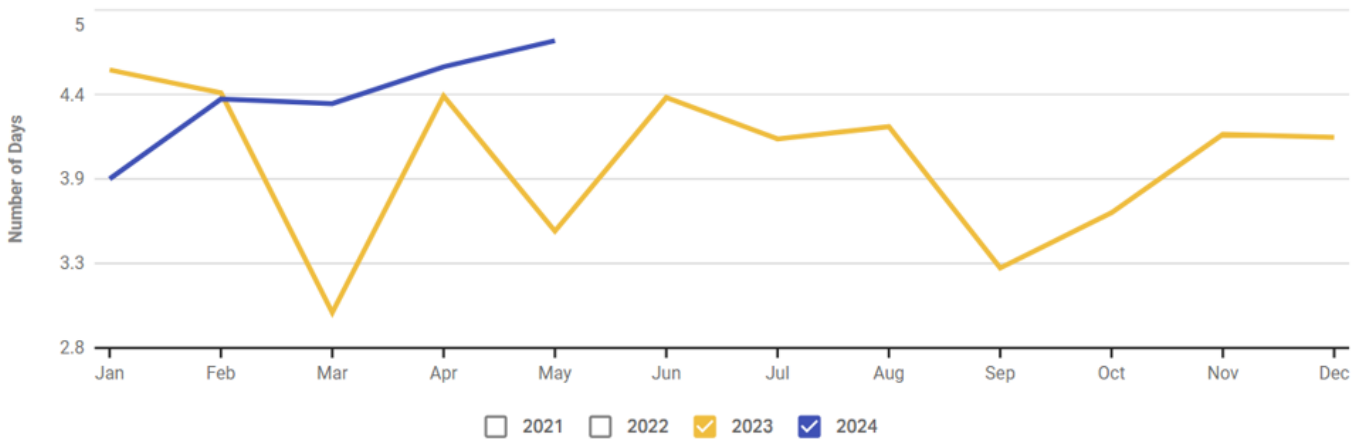
Source: AirDNA

FIGURE 4-19 EAGLE MOUNTAIN CITY – STR ADR SEASONALITY



Source: AirDNA

FIGURE 4-20 EAGLE MOUNTAIN CITY – AVERAGE LENGTH OF STAY



Source: AirDNA

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified two properties that are expected to be primarily competitive with the Proposed Eagle Mountain City Hotel. Moreover, it is important to note that given the lack of other hotels in the local submarket, these hotels have been considered to be primarily competitive for the purposes of the analysis; however, they are located in a different market. As such, the differences in the market have been considered in our analysis.

Primary Competition

Given that the subject market of Eagle Mountain City does not feature a hotel, and based on our research and interviews, including feedback from market participants that visitors either stay in nearby Lehi or rent local vacation units, we have opted to order an STR trend that illustrates the overall trends of Lehi hotels. While none of these hotels will be directly competitive with the proposed subject hotel given the locational differences and distance between the two cities, we have opted to focus on the product offering. As such, the primary set comprises two hotels that each offer an extended-stay product, similar to that recommended for the proposed subject hotel, and the secondary set comprises a mix of branded limited- and select-service properties, but without the extended-stay component; therefore, the secondary competitors are deemed less competitive than the primary competitors based on these hotels' respective product types.

The following table summarizes the important operating characteristics of the future primary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

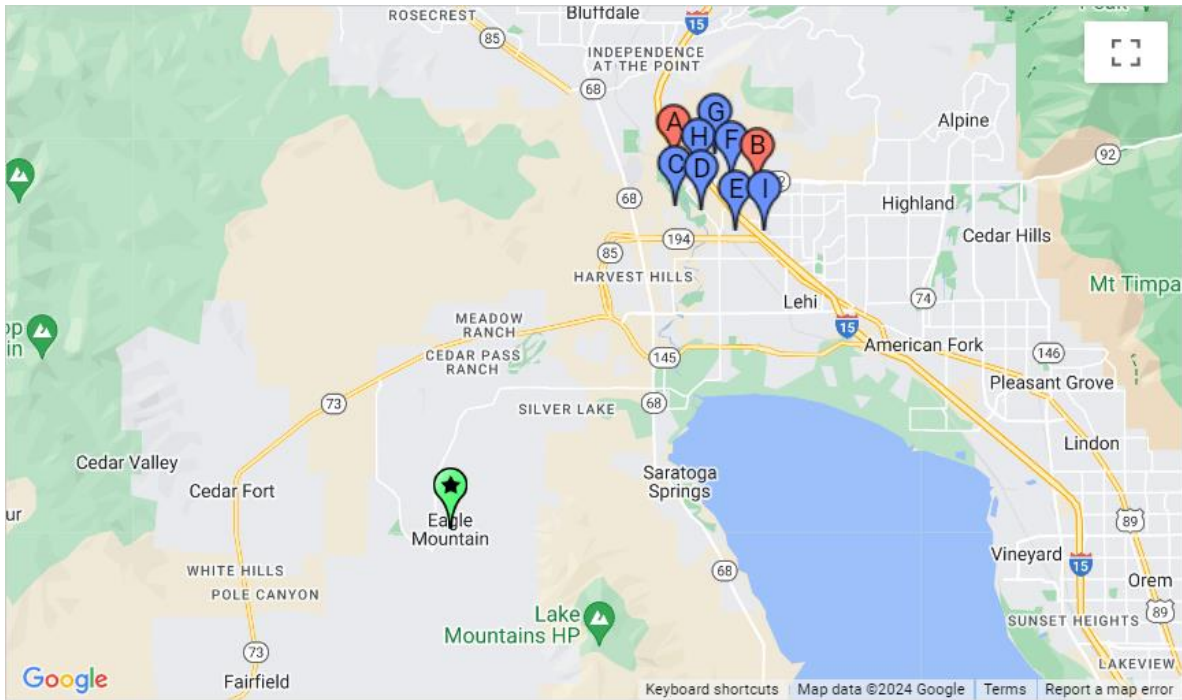
FIGURE 4-21 PRIMARY COMPETITORS – OPERATING PERFORMANCE











Property	Number of Rooms	Est. Segmentation				Estimated 2022				Estimated 2023					
		Commercial	Leisure	Group	Extended-Stay	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Home2 Suites by Hilton Lehi Thanksgiving Point	103	35 %	30 %	10 %	25 %	103	70 - 75 %	\$110 - \$115	\$80 - \$85	103	85 - 90 %	\$100 - \$105	\$90 - \$95	110 - 120 %	95 - 100 %
Staybridge Suites Lehi Traverse Ridge Center	116	35	30	10	25	116	65 - 70	110 - 115	75 - 80	116	70 - 75	115 - 120	85 - 90	95 - 100	90 - 95
Sub-Totals/Averages	219	35 %	30 %	10 %	25 %	219	71.3 %	\$111.52	\$79.50	219	80.6 %	\$110.90	\$89	104 %	96.7 %
Secondary Competitors	737	54 %	33 %	8 %	5 %	479	70.9 %	\$118.87	\$84.28	479	75.9 %	\$123.67	\$94	98 %	101.5 %
Totals/Averages	956	48 %	32 %	9 %	12 %	698	71.0 %	\$116.56	\$82.78	698	77.4 %	\$119.49	\$92	100 %	100.0 %

* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

The following map illustrates the locations of the proposed subject property and its future competitors.

MAP OF COMPETITION



- | | | | |
|---|--|---|--|
|  | Proposed Eagle Mountain City Hotel |  | Hilton Garden Inn Lehi (Secondary) |
|  | Home2 Suites by Hilton Lehi Thanksgiving Point (Primary) |  | Hyatt Place Lehi (Secondary) |
|  | Staybridge Suites Lehi Traverse Ridge Center (Primary) |  | Hampton by Hilton Lehi Thanksgiving Point (Secondary) |
|  | SpringHill Suites by Marriott Lehi at Thanksgiving Point (Secondary) |  | Holiday Inn Express & Suites Lehi Thanksgiving Point (Secondary) |
|  | Courtyard by Marriott Lehi at Thanksgiving Point (Secondary) |  | Tru by Hilton Lehi (Secondary) |

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each competitor was evaluated. Descriptions of our findings for the primary competitors are presented below.

PRIMARY COMPETITOR #1 - HOME2 SUITES BY HILTON LEHI THANKSGIVING POINT



**Home2 Suites by Hilton
Lehi Thanksgiving Point**

FIGURE 4-22 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	103	70 - 75 %	\$95 - \$100	\$70 - \$75	100 - 110 %	100 - 110 %
Est. 2020	103	45 - 50	80 - 85	40 - 45	100 - 110	100 - 110
Est. 2021	103	70 - 75	90 - 95	65 - 70	110 - 120	100 - 110
Est. 2022	103	70 - 75	110 - 115	80 - 85	100 - 110	95 - 100
Est. 2023	103	85 - 90	100 - 105	90 - 95	110 - 120	95 - 100

PRIMARY COMPETITOR #2 - STAYBRIDGE SUITES LEHI TRAVERSE RIDGE CENTER



Staybridge Suites Lehi Traverse Ridge Center

FIGURE 4-23 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Wtd. Annual Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	97	45 - 50 %	\$95 - \$100	\$45 - \$50	70 - 75 %	65 - 70 %
Est. 2020	116	45 - 50	90 - 95	40 - 45	95 - 100	100 - 110
Est. 2021	116	65 - 70	95 - 100	65 - 70	100 - 110	100 - 110
Est. 2022	116	65 - 70	110 - 115	75 - 80	90 - 95	90 - 95
Est. 2023	116	70 - 75	115 - 120	85 - 90	95 - 100	90 - 95

FIGURE 4-24 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation				Total Competitive Level	Estimated 2022				Estimated 2023			
		Commercial	Leisure	Group	Extended-Stay		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
SpringHill Suites by Marriott Lehi at Thanksgiving Point	94	60 %	30 %	5 %	5 %	65 %	61	65 - 70 %	\$110 - \$115	\$75 - \$80	61	75 - 80 %	\$120 - \$125	\$95 - \$100
Courtyard by Marriott Lehi at Thanksgiving Point	97	55	30	10	5	65	63	80 - 85	130 - 140	105 - 110	63	75 - 80	130 - 140	105 - 110
Hilton Garden Inn Lehi	132	60	30	5	5	65	86	65 - 70	125 - 130	85 - 90	86	70 - 75	130 - 140	95 - 100
Hyatt Place Lehi	131	60	30	5	5	65	85	80 - 85	125 - 130	105 - 110	85	80 - 85	130 - 140	105 - 110
Hampton by Hilton Lehi Thanksgiving Point	75	50	35	10	5	65	49	50 - 55	105 - 110	55 - 60	49	65 - 70	105 - 110	70 - 75
Holiday Inn Express & Suites Lehi Thanksgiving Point	96	45	40	10	5	65	62	75 - 80	110 - 115	85 - 90	62	75 - 80	115 - 120	90 - 95
Tru by Hilton Lehi	112	40	40	15	5	65	73	55 - 60	100 - 105	60 - 65	73	65 - 70	100 - 105	70 - 75
Totals/Averages	737	54 %	33 %	8 %	5 %	65 %	479	70.9 %	\$118.87	\$84.28	479	75.9 %	\$123.67	\$93.87

** Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.*

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel’s operating performance. Hotels that have recently opened, are under construction, or that may be in the early development stages in the greater market are noted below.

FIGURE 4-25 AREA DEVELOPMENT ACTIVITY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening
<i>Saratoga Springs</i>				
Proposed Home2 Suites & Hampton by Hilton Dual Brand	140	Upper-Midscale	Early Development	Q1 '26
Proposed Atwell Suites	TBD	Midscale	Early Development	TBD

Of the hotels listed in the preceding table, we have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile. Moreover, we illustrate the proposed subject hotel.

FIGURE 4-26 NEW SUPPLY

Proposed Property Name	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date
Proposed Eagle Mountain City Hotel	130	100 %	130	January 1, 2026
Proposed Home2 Suites & Hampton by Hilton Dual Brand	140	65	91	January 1, 2026
Totals/Averages	270		221	

A 140-room, dual-branded Home2 Suites and Hampton by Hilton property is planned for development in nearby Saratoga Springs, which is another rapidly growing market in the area, but is also one without a hotel. This proposed lodging facility is scheduled for completion by January 2026. Additionally, an Atwell Suites is reportedly in the early planning stages of development; however, this project would be best described as speculative at this time. We have considered the proposed dual-branded Home2 Suites and Hampton by Hilton as secondarily competitive new supply in our analysis given the differences in location and overall product type (the Hampton by Hilton is a limited-service brand that targets transient demand).

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in the greater Eagle Mountain City market. The Proposed Eagle Mountain City Hotel should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 4-27 HISTORICAL MARKET TRENDS

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2019	148,771	—	225,813	—	65.9 %	\$102.78	—	\$67.72	—
Est. 2020	121,384	(18.4) %	254,788	12.8 %	47.6	83.21	(19.0) %	39.64	(41.5) %
Est. 2021	166,157	36.9	254,788	0.0	65.2	99.62	19.7	64.96	63.9
Est. 2022	180,963	8.9	254,788	0.0	71.0	116.56	17.0	82.78	27.4
Est. 2023	197,187	9.0	254,788	0.0	77.4	119.49	2.5	92.48	11.7
Avg. Annual Compounded Chg., Est. 2019-Est. 2023:		5.8 %		2.4 %			3.1 %		6.4 %

Although not shown in the preceding table, as a point of comparison, the year-to-date 2024 STR trend data indicates a market occupancy level of 72.2% versus 73.0% for the same period of time in 2023. Moreover, ADR registered \$118.93 for the year-to-date 2024 period, reflecting a change of 3.7 % when compared with the ADR for the same period of time in 2023.

**Demand Analysis
Using Market
Segmentation**

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2023 distribution of accommodated-room-night demand as follows.

FIGURE 4-28 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2023 Marketwide	
	Accommodated Demand	Percentage of Total
Commercial	93,775	48 %
Leisure	63,362	32
Group	17,298	9
Extended-Stay	22,752	12
Total	197,187	100 %

In the base year, the market’s demand mix comprised commercial demand, with this segment representing roughly 48% of the accommodated room nights in this Eagle Mountain City submarket. The leisure demand comprises 32% of the total, group demand comprises 9%, and the extended-stay demand comprises 12%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as “preferred” accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Primary commercial demand generators for this market include Meta, the planned data centers, and existing and planned industrial developments. Additionally, commercial demand is induced by other local businesses and a variety of professional service providers, such as engineers, architects, consultants, and

attorneys working on projects throughout the region. As the market continues to benefit from the completed industrial and commercial projects, demand within this segment will continue to increase.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand for this market is generated by the local outdoor recreational opportunities, rodeo events, and the local shooting range, as well as by those visiting friends and family in the area. Notably, the area's trail system is recognized as one of the top 100 trail systems in the world. This market will continue to remain a prominent outdoor-recreation market, which will be further bolstered by the addition of two sophisticated mountain biking courses that are slated for completion in the summer of 2024.

Group Segment

In the limited-service sector, group demand is most commonly generated by groups that require ten or more room nights, but which need little to no meeting space within the hotel. Examples of these groups include family reunions, sports teams, and bus tours. In some markets, limited-service hotels may also accommodate demand from groups or individuals attending events at the local convention center or at one of the larger convention hotels in the area.

Youth sporting groups represent a notable portion of group demand for the market; furthermore, social groups represent primary sources of demand during weekend and holiday periods. In addition, there are a number of events that occur throughout the year, especially ones associated with the shooting range, which bring groups to the area for days at a time. This demand is expected to continue concurrent with the rapid development occurring throughout the area.

Extended-Stay Segment

Extended-stay demand consists of individuals who require accommodations for more than five nights; typically, the length of stay ranges from ten to fourteen nights, but can stretch to a month or more. The three principal categories of extended-stay demand are business-related (typically associated with long-term projects), family-oriented, and relocation demand. Extended-stay patrons usually prefer hotels located near shopping centers, restaurants, entertainment venues, and service-retail uses such as grocery stores, dry cleaners, and fueling stations. Extended-stay demand tends to trend in line with an area’s corporate expansion and/or population growth; commercial growth has a direct correlation with longer-term training activities that may be occurring in the area, while changes in population typically support related relocation demand. Large-scale construction projects, prevalent in growing metropolitan areas, also generate significant levels of extended-stay demand.

Extended construction projects associated with the significant ongoing development in the area, as well as relocations to the market, generate steady levels of extended-stay demand in Eagle Mountain City. This demand is further bolstered by the rapid population increases and significant new home development, causing those moving to the area to often seek lodging as they wait for their homes to be constructed and completed. This demand also includes salespeople, construction managers, and others related to the ongoing development; as such, extended-stay demand is expected to increase steadily.

Base Demand Growth Rates

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, four segments were defined as representing the proposed subject hotel’s lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 4-29 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate				
	2024	2025	2026	2027	2028
Commercial	2.0 %	1.0 %	9.0 %	4.0 %	2.0 %
Leisure	-3.5	0.0	6.0	2.0	1.0
Group	3.0	1.0	15.0	10.0	3.0
Extended-Stay	5.0	1.0	70.0	20.0	5.0
Base Demand Growth	0.7 %	0.7 %	16.0 %	6.8 %	2.4 %

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in demand are expected in the local market, we have accounted for this growth in the determination of market-segment growth rates rather than induced demand.

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the proposed subject hotel's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 4-30 FORECAST OF MARKET OCCUPANCY

	2023	2024	2025	2026	2027	2028
Commercial						
Total Demand	93,775	95,651	96,607	105,302	109,514	111,704
Growth Rate		2.0 %	1.0 %	9.0 %	4.0 %	2.0 %
Leisure						
Total Demand	63,362	61,144	61,144	64,813	66,109	66,771
Growth Rate		(3.5) %	0.0 %	6.0 %	2.0 %	1.0 %
Group						
Total Demand	17,298	17,817	17,995	20,694	22,764	23,446
Growth Rate		3.0 %	1.0 %	15.0 %	10.0 %	3.0 %
Extended-Stay						
Total Demand	22,752	23,889	24,128	41,018	49,222	51,683
Growth Rate		5.0 %	1.0 %	70.0 %	20.0 %	5.0 %
Totals						
Base Demand	197,187	198,501	199,875	231,827	247,609	253,604
Total Demand	197,187	198,501	199,875	231,827	247,609	253,604
Overall Demand Growth	9.0 %	0.7 %	0.7 %	16.0 %	6.8 %	2.4 %
Market Mix						
Commercial	47.6 %	48.2 %	48.3 %	45.4 %	44.2 %	44.0 %
Leisure	32.1	30.8	30.6	28.0	26.7	26.3
Group	8.8	9.0	9.0	8.9	9.2	9.2
Extended-Stay	11.5	12.0	12.1	17.7	19.9	20.4
Existing Hotel Supply	698	698	698	698	698	698
Proposed Hotels						
Proposed Eagle Mountain City Hotel				130	130	130
Proposed Home2 Suites & Hampton by Hilton Dual Brand				91	91	91
Available Room Nights per Year	254,788	254,788	254,788	335,453	335,453	335,453
Nights per Year	365	365	365	365	365	365
Total Supply	698	698	698	919	919	919
Rooms Supply Growth		0.0 %	0.0 %	31.7 %	0.0 %	0.0 %
Marketwide Occupancy	77.4 %	77.9 %	78.4 %	69.1 %	73.8 %	75.6 %

¹ Opening in January 2026 of the 100% competitive, 130-room Proposed Eagle Mountain City Hotel

² Opening in January 2026 of the 65% competitive, 140-room Proposed Home2 Suites & Hampton by Hilton Dual Brand

The defined competitive market of hotels has experienced new peak levels of demand and ADR, with occupancy nearly reaching 77.0%, and ADR surpassing the \$120 mark. This reflects an overall healthy market, with demand generated by the nearby corporations in Lehi, coupled with high levels of demand from youth sporting groups, representing important contributors. For Eagle Mountain City, we expect a significant portion of induced demand given that the proposed subject hotel will be the first hotel in this market. Moreover, a large amount of unaccommodated demand related to relocations, construction groups, youth

sporting groups, and business travel currently exists. Year-to-date 2024 trends reflect some continued ADR growth; however, the hotels in Lehi have been experiencing a slight normalization given the dissipation of leisure demand. Nonetheless, leisure demand is being supplemented by a notable increase in training groups related to nearby corporations, which has reportedly picked up sharply in the second quarter of 2024. As such, the demand decline through March 2024 is not expected to continue.

5. Recommendations for the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section outlines the finishes, facilities, and qualities of a product of the recommended caliber in the subject market area.

Project Overview

Eagle Mountain City has hired HVS Salt Lake City to conduct a market study with the purpose of analyzing the growth of the local market, as well as the overall region, in order to provide recommendations for a hotel. Eagle Mountain City is one of the fastest growing municipalities in the nation, benefiting from its ample land area; its advantageous location that allows the city to benefit from leisure, commercial, and group demand generators; and its pro-business environment. Based on our findings, as well as our knowledge of the local market, region, and the state to Utah as a whole, we recommend the development of a branded, upper-midscale to upscale, extended-stay hotel with 120 to 140 guestrooms, a swimming pool, an expansive market pantry, a lobby workstation (or a small business center), a guest laundry area, a fitness room, and a breakfast dining area. Lastly, we recommend that the hotel include 1,000 to 2,000 square feet of meeting space that can accommodate up to 100 people. The support for these recommendations is outlined throughout this study.

Summary of the Facilities

The following table summarizes the our recommendations for the proposed subject hotel.

FIGURE 5-1 RECOMMENDED FACILITIES SUMMARY

Recommended Guestroom Configuration	Recommended Number of Units
Queen/Queen	45–65
King/King	35–55
King	25–35
Family Suite (including a bunk bed)	5–10
Total	120–140
Recommended Food & Beverage Facilities	
Breakfast Dining Area	
Recommended Indoor Meeting Facilities	Recommended Square Footage
Meeting Space	1,000 to 2,000
Recommended Amenities & Services	
Swimming Pool	Expansive Market Pantry
Fitness Room	Guest Laundry Area
Lobby Workstation/Small Business Center	

Site Improvements and Hotel Structure

The proposed hotel should comprise one building, ideally, four stories in height. Surface parking should be located around the building. Other site improvements should include freestanding signage, located at the main entrance to the site, as well as landscaping and sidewalks. Additional signage should also be placed on the exterior of the building. It is recommended that the hotel's main entrance lead directly into the lobby and that the first (ground) floor house the public areas and the back-of-the-house space. Guestrooms should be located on all floors. The site and building components would be expected to be normal for an upper-midscale to upscale, extended-stay hotel, meeting the standards for this growing market.

Recommended Facilities

We recommend that the hotel feature a breakfast dining area off the lobby; its size and layout should be appropriate for the hotel, and the furnishings should be of a similar style and finish as lobby and guestroom furnishings. We recommend that the proposed hotel offer one 1,000-to-2,000-square-foot meeting room, which should be located on the first floor. This meeting space should be adequate and appropriate for a hotel of this type. We also recommend that the hotel offer a fitness room and a swimming pool as a recreational facilities, as well as other amenities such as a lobby workstation (or a small business center), an expansive market pantry near the front

desk, and a guest laundry area. Overall, the supporting facilities should be appropriate for an upper-midscale to upscale, extended-stay hotel and should meet the chosen brand's standards.

Guestrooms

We recommend that the hotel feature 120 to 140 guestrooms in suite-style configurations, with guestrooms present on all levels of the property's proposed single building. Furthermore, we recommend that the largest proportion of the guestroom inventory offer double-queen-bedded configurations, followed by double-king-bedded configurations. These guestroom configurations should make up the majority of the available room types in order for the proposed hotel to capture the demand associated with youth sporting events, large construction groups, and families traveling to the subject market or through the area en route to other destinations in Utah or eastern Nevada. Furthermore, we recommend that the single-king-bedded guestrooms include a sleeper sofa in the living area, and that the hotel also provide a small number of family-like suites that include a bunk bed. The guestrooms should offer typical amenities for an upper-midscale to upscale, extended-stay hotel, inclusive of a kitchen (or kitchenette) with a full-sized refrigerator, a stovetop, a microwave, a dishwasher, a sink, eating/cooking utensils, and a coffeemaker. Other in-room amenities should include an iron and ironing board, HD television(s), and high-speed Internet access. Overall, the guestrooms should offer a competitive product for the greater west Utah County market.

Back-of-the-House, ADA, and Environmental

The hotel is expected to be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a prep kitchen to service the needs of the breakfast dining area. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

We assume that the property will be built according to all pertinent codes and the chosen brand's standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with the chosen brand's standards. These costs should be adequately funded by the forecasted reserve for replacement, as long as hotel staff employs a successful, ongoing preventive-maintenance program.

Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of support areas and guestrooms; all typical and market-appropriate features and amenities should be included in the hotel's design. We assume that the building will be fully open and operational on the stipulated opening date and will meet all

local building codes and the chosen brand's standards. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-marketing efforts will have introduced the product to major local and regional accounts at least six months in advance of the opening date.

6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Penetration Rate Analysis

The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a hotel's market share to its fair share.

Base-Year Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year.

FIGURE 6-1 HISTORICAL PENETRATION RATES

Property	Commercial	Leisure	Group	Extended-Stay	Overall
Home2 Suites by Hilton Lehi Thanksgiving Point	83 %	105 %	128 %	244 %	112 %
Staybridge Suites Lehi Traverse Ridge Center	71	90	110	210	97
Secondary Competition	111	101	91	43	98

The secondary competition achieved the highest penetration rate within the commercial segment. The highest penetration rate in the leisure segment was achieved by the Home2 Suites by Hilton Lehi Thanksgiving Point, and the Home2 Suites by Hilton Lehi Thanksgiving Point also led the market with the highest group penetration rate. The Home2 Suites by Hilton Lehi Thanksgiving Point achieved the highest penetration rate within the extended-stay segment.

**Forecast of Subject
Property's Occupancy**

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market and, consequently, upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture, and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more hotels in the competitive market. Our projections of penetration, demand capture, and occupancy performance for the proposed subject hotel account for these types of adjustments to market share within the defined competitive market.

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 6-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2026	2027	2028
Commercial			
Demand	105,302	109,514	111,704
Market Share	9.5 %	10.8 %	11.3 %
Capture	9,998	11,813	12,675
Penetration	67 %	76 %	80 %
Leisure			
Demand	64,813	66,109	66,771
Market Share	12.5 %	14.7 %	15.7 %
Capture	8,084	9,702	10,483
Penetration	88 %	104 %	111 %
Group			
Demand	20,694	22,764	23,446
Market Share	12.5 %	13.7 %	14.7 %
Capture	2,595	3,112	3,458
Penetration	89 %	97 %	104 %
Extended-Stay			
Demand	41,018	49,222	51,683
Market Share	16.5 %	24.0 %	25.1 %
Capture	6,771	11,790	12,967
Penetration	117 %	169 %	177 %
Total Room Nights Captured	27,447	36,417	39,583
Available Room Nights	47,450	47,450	47,450
Subject Occupancy	58 %	77 %	83 %
Market-wide Available Room Nights	335,453	335,453	335,453
Fair Share	14 %	14 %	14 %
Market-wide Occupied Room Nights	231,827	247,609	253,604
Market Share	12 %	15 %	16 %
Market-wide Occupancy	69 %	74 %	76 %
Total Penetration	84 %	104 %	110 %

Within the commercial segment, the proposed subject hotel’s occupancy penetration is positioned appropriately within the range of existing competitors, supported by the major businesses in the area, such as Meta. The proposed subject hotel's occupancy penetration in the leisure segment is positioned above the market-average level given the proposed hotel's location in a popular recreational area, coupled with the presence of certain businesses that are geared toward leisure

demand, including the nearby shooting range. Within the group segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, largely attributed to the recommended meeting space at the proposed subject property, as described earlier in this report. Lastly, within the extended-stay segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level due to the recommended product offering, particularly in consideration of the construction and design groups that are currently staying in vacation rental units because of the lack of hotel supply in Eagle Mountain City. Additionally, the average length of stay for some travelers visiting the market is five days, and relocations to the area typically result in month-long stays, if not longer. Overall, we expect the proposed subject hotel to accommodate a large amount of unaccommodated demand within this segment.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 6-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2026	2027	2028
Commercial	36 %	32 %	32 %
Leisure	29	27	26
Group	9	9	9
Extended-Stay	25	32	33
Total	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 83%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

One of the most important considerations in estimating the value of a lodging facility is a supportable forecast of its attainable average rate (ADR), which is more formally defined as the average rate per occupied room; ADR can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms

sold during the same period. The projected ADR and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel's future primary competitors.

FIGURE 6-4 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2023 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Home2 Suites by Hilton Lehi Thanksgiving Point	\$100 - \$105	75 - 80 %	85 - 90 %	110 - 120 %	\$90 - \$95	95 - 100 %
Staybridge Suites Lehi Traverse Ridge Center	115 - 120	85 - 90	70 - 75	95 - 100	85 - 90	90 - 95
Average - Primary Competitors	\$110.90	92.8 %	80.6 %	104.2 %	\$89.43	96.7 %
Average - Secondary Competitors	123.67	103.5	75.9	98.1	93.87	101.5
Overall Average	\$119.49	100.0 %	77.4 %	100.0 %	\$92.48	100.0 %
Subject As If Stabilized (In 2023 Dollars)	\$130.00	108.8 %	85.4 %	110.3 %	\$111.02	120.0 %

The Courtyard by Marriott (a secondary competitor) achieved the highest estimated ADR in the local competitive market, by a modest margin. Of the primary competitive set, the Staybridge Suites achieved the highest estimated ADR. The selected rate position for the proposed subject hotel, in base-year dollars, takes into consideration factors such as the high levels of unaccommodated demand that exist, which will enable hotel management to successfully implement yield-management strategies; the recommended extended-stay, all-suite product offering; and the strong location of the site in the up-and-coming Downtown district.

We have selected the rate position of \$130.00, in base-year dollars (2023), for the proposed subject hotel. We have positioned the proposed subject hotel's stabilized ADR in the 2023 base year in consideration of its new facility, assumed strong brand affiliation, and central location. Average rates for this competitive market are

anticipated to continue to increase through the first projection year; thereafter, ADR growth is expected to increase in line with inflation through the stabilized year.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year.

FIGURE 6-5 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	Historical									
	2019	2023	2024	2025	2026	2027	2028	2029	2030	2031
Market ADR	\$102.78	\$119.49	\$121.88	\$125.54	\$129.30	\$133.18	\$137.18	\$141.29	\$145.53	\$149.90
Projected Market ADR Growth Rate	—	—	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$130.00	\$132.60	\$136.58	\$140.68	\$144.90	\$149.24	\$153.72	\$158.33	\$163.08
ADR Growth Rate		—	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		109%	109%	109%	109%	109%	109%	109%	109%	109%
Fiscal Year					2026	2027	2028	2029	2030	2031
Average Rate					\$140.68	\$144.90	\$149.24	\$153.72	\$158.33	\$163.08
Real Average Rate Growth					—	3.0%	3.0%	3.0%	3.0%	3.0%
Market ADR					\$129.30	\$133.18	\$137.18	\$141.29	\$145.53	\$149.90
Proposed Subject ADR Penetration					109%	109%	109%	109%	109%	109%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$128.12	\$128.12	\$128.12	\$128.12	\$128.12	\$128.12

Market-wide rates began to stabilize in 2019, before decreasing in 2020 because of the COVID-19 pandemic. ADR began to recover in 2021, although remaining below the level achieved in 2019. Gains in ADR intensified as 2022 progressed, surpassing prior peak levels by year end. As forecast, the competitive market's ADR for 2023 reflects the year-to-date trends and the influx of corporate demand related to training groups in the "Silicon Slopes" (Lehi). While the first projection year depicts below-inflationary ADR growth, ADR growth is expected to increase in line with inflation thereafter, through the stabilized year.

The proposed subject hotel's ADR penetration level is forecast to reach 109% by the stabilized period, consistent with our stabilized ADR positioning. Based on our review of the proposed improvements and the anticipated profile of the hotel product and its operation, it is our opinion that the ADR penetration level should be achievable with appropriate management and marketing. The proposed hotel's positioned stabilized ADR is projected to increase at the same rate as the overall market's ADR, prior to consideration of any ADR discounting during the hotel's ramp-up period.

The following table sets forth our concluding forecast of the proposed subject hotel’s occupancy, ADR, and RevPAR, with corresponding penetration levels, for the first projection year through the stabilized year of operation. The competitive market’s historical and projected occupancy, ADR, and RevPAR levels are presented for comparison, with the projections fiscalized to correspond with the proposed subject hotel’s forecast, as appropriate.

FIGURE 6-6 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, ADR, AND REVPAR – PROPOSED SUBJECT PROPERTY AND MARKET

	2019	2020	2021	2022	2023	Projected				
						2024	2025	2026	2027	2028
Proposed Eagle Mountain City Hotel										
Occupancy						—	—	57.8 %	76.7 %	83.4 %
Change in Points						—	—	—	18.9	6.7
Occupancy Penetration						—	—	83.7 %	104.0 %	110.3 %
Average Rate					\$130.00	\$132.60	\$136.58	\$140.68	\$144.90	\$149.24
Change						—	3.0 %	3.0 %	3.0 %	3.0 %
Average Rate Penetration						108.8 %	108.8 %	108.8 %	108.8 %	108.8 %
RevPAR						—	—	\$81.37	\$111.20	\$124.50
Change						—	—	—	36.7 %	12.0 %
RevPAR Penetration						—	—	91.1 %	113.1 %	120.0 %
	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Competitive Set										
Occupancy	65.9 %	47.6 %	65.2 %	71.0 %	77.4 %	77.9 %	78.4 %	69.1 %	73.8 %	75.6 %
Change in Points	—	(18.2)	17.6	5.8	6.4	0.5	0.5	(9.3)	4.7	1.8
Average Rate	\$102.78	\$83.21	\$99.62	\$116.56	\$119.49	\$121.88	\$125.54	\$129.30	\$133.18	\$137.18
Change	—	(19.0) %	19.7 %	17.0 %	2.5 %	2.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$67.72	\$39.64	\$64.96	\$82.78	\$92.48	\$94.96	\$98.48	\$89.36	\$98.31	\$103.71
Change	—	(41.5) %	63.9 %	27.4 %	11.7 %	2.7 %	3.7 %	(9.3) %	10.0 %	5.5 %

The following occupancies and average rates will be used to project the proposed subject hotel’s rooms revenue; this forecast reflects years beginning on January 1, 2026, which correspond with our financial projections.

FIGURE 6-7 FORECASTS OF OCCUPANCY AND AVERAGE RATE

<u>Year</u>	<u>Occupancy</u>	<u>Average Rate</u>
2026	58 %	\$140.68
2027	77	144.90
2028	83	149.24

7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2023 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Year:	2022/23	2022/23	2022	2021/22	2019	2023
Number of Rooms:	90 to 120	140 to 180	90 to 120	80 to 110	120 to 160	130
Days Open:	365	365	365	365	365	365
Occupancy:	89%	84%	89%	73%	72%	83%
Average Rate:	\$135	\$149	\$127	\$132	\$126	\$128
RevPAR:	\$121	\$125	\$113	\$96	\$90	\$106
REVENUE						
Rooms	98.8 %	99.1 %	98.9 %	99.4 %	96.9 %	97.5 %
Other Operated Departments	0.6	0.5	0.6	0.6	3.1	1.9
Miscellaneous Income	0.5	0.4	0.5	0.0	0.0	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	20.2	19.7	21.7	21.6	22.6	20.0
Other Operated Departments	144.2	63.7	160.2	93.5	48.1	50.0
Total	20.8	19.8	22.4	22.0	23.4	20.5
DEPARTMENTAL INCOME	79.2	80.2	77.6	78.0	76.6	79.5
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.4	6.2	7.9	11.0	10.3	8.5
Info. and Telecom. Systems	1.2	0.9	1.2	0.7	1.1	1.0
Marketing	3.1	2.1	3.2	2.8	7.4	3.8
Franchise Fee	8.5	8.4	8.5	8.5	0.0	7.3
Property Operations & Maintenance	4.0	4.7	4.7	5.6	4.0	4.8
Utilities	2.8	3.5	2.9	4.6	3.0	3.4
Total	27.0	25.9	28.3	33.1	25.8	28.8
GROSS OPERATING PROFIT	52.2	54.3	49.3	44.9	50.8	50.7
Management Fee	3.4	3.3	3.5	3.0	7.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	48.8	50.9	45.7	41.8	43.8	47.7
EBITDA LESS RESERVE	41.0 %	42.8 %	37.0 %	29.2 %	34.6 %	39.8 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2022/23	2022/23	2022	2021/22	2019	2023
Number of Rooms:	90 to 120	140 to 180	90 to 120	80 to 110	120 to 160	130
Days Open:	365	365	365	365	365	365
Occupancy:	89%	84%	89%	73%	72%	83%
Average Rate:	\$135	\$149	\$127	\$132	\$126	\$128
RevPAR:	\$121	\$125	\$113	\$96	\$90	\$106
REVENUE						
Rooms	\$44,006	\$45,667	\$41,107	\$35,129	\$32,940	\$38,813
Other Operated Departments	277	247	244	214	1,053	757
Miscellaneous Income	236	176	226	(6)	0	227
Total	44,520	46,091	41,578	35,337	33,993	39,797
DEPARTMENTAL EXPENSES						
Rooms	8,881	8,980	8,933	7,590	7,441	7,763
Other Operated Departments	400	157	391	200	506	379
Total	9,281	9,138	9,324	7,790	7,948	8,141
DEPARTMENTAL INCOME						
	35,239	36,953	32,253	27,547	26,046	31,656
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	3,307	2,877	3,273	3,887	3,495	3,400
Info. and Telecom. Systems	531	407	503	245	362	400
Marketing	1,389	978	1,312	987	2,518	1,500
Franchise Fee	3,762	3,888	3,517	2,992	0	2,911
Property Operations & Maintenance	1,791	2,184	1,957	1,976	1,367	1,900
Utilities	1,239	1,605	1,217	1,621	1,032	1,350
Total	12,019	11,940	11,778	11,707	8,773	11,461
GROSS OPERATING PROFIT						
	23,220	25,013	20,475	15,840	17,273	20,195
Management Fee	1,492	1,538	1,470	1,060	2,380	1,194
INCOME BEFORE NON-OPER. INC. & EXP.						
	21,728	23,475	19,006	14,780	14,893	19,001
EBITDA LESS RESERVE						
	\$18,264	\$19,739	\$15,352	\$10,338	\$11,744	\$15,820

FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2022/23	2022/23	2022	2021/22	2019	2023
Number of Rooms:	90 to 120	140 to 180	90 to 120	80 to 110	120 to 160	130
Days Open:	365	365	365	365	365	365
Occupancy:	89%	84%	89%	73%	72%	83%
Average Rate:	\$135	\$149	\$127	\$132	\$126	\$128
RevPAR:	\$121	\$125	\$113	\$96	\$90	\$106
REVENUE						
Rooms	\$134.89	\$149.11	\$127.25	\$132.49	\$125.87	\$128.12
Other Operated Departments	0.85	0.81	0.76	0.81	4.02	2.50
Miscellaneous Income	0.72	0.58	0.70	(0.02)	0.00	0.75
Total	136.46	150.49	128.71	133.27	129.89	131.37
DEPARTMENTAL EXPENSES						
Rooms	27.22	29.32	27.65	28.62	28.43	25.62
Other Operated Departments	1.23	0.51	1.21	0.75	1.93	1.25
Total	28.45	29.84	28.87	29.38	30.37	26.87
DEPARTMENTAL INCOME						
	108.01	120.66	99.85	103.89	99.52	104.49
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	10.14	9.40	10.13	14.66	13.35	11.22
Info. and Telecom. Systems	1.63	1.33	1.56	0.93	1.38	1.32
Marketing	4.26	3.19	4.06	3.72	9.62	4.95
Franchise Fee	11.53	12.70	10.89	11.28	0.00	9.61
Property Operations & Maintenance	5.49	7.13	6.06	7.45	5.22	6.27
Utilities	3.80	5.24	3.77	6.11	3.94	4.46
Total	36.84	38.99	36.46	44.15	33.52	37.83
GROSS OPERATING PROFIT						
	71.17	81.67	63.39	59.74	66.00	66.66
Management Fee	4.57	5.02	4.55	4.00	9.09	3.94
INCOME BEFORE NON-OPER. INC. & EXP.						
	66.60	76.65	58.84	55.74	56.91	62.72
EBITDA LESS RESERVE						
	\$55.98	\$64.45	\$47.53	\$38.99	\$44.88	\$52.22

The departmental income of the comparable properties ranged from 76.6% to 80.2% of total revenue. The comparable properties achieved a gross operating profit ranging from 44.9% to 54.3% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

**Fixed and Variable
Component Analysis**

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed

component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the Uniform System of Accounts for the Lodging Industry (USALI). Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

**Inflation and
Appreciation
Assumptions**

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied a 3.0% underlying inflation rate in our analysis.

This annual rate of growth is applied to income and expenses after the stabilized year to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (e.g., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-ups of individual income and expense items.

**Forecast of Revenue
and Expense**

Based on an analysis that will be detailed throughout this section, we have formulated a revenue-and-expense forecast through the fifth projection year, including amounts per available room and per occupied room, as illustrated in the following table. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on January 1, 2026, expressed in inflated dollars for each year (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2026 (Calendar Year)				2027				Stabilized				2029				2030			
Number of Rooms:	130				130				130				130				130			
Occupancy:	58%				77%				83%				83%				83%			
Average Rate:	\$140.68				\$144.90				\$149.24				\$153.72				\$158.33			
RevPAR:	\$81.59				\$111.57				\$123.87				\$127.59				\$131.42			
Days Open:	365				365				365				365				365			
Occupied Rooms:	27,521	%Gross	PAR	POR	36,537	%Gross	PAR	POR	39,384	%Gross	PAR	POR	39,384	%Gross	PAR	POR	39,384	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$3,872	96.8 %	\$29,785	\$140.69	\$5,294	97.4 %	\$40,723	\$144.90	\$5,878	97.5 %	\$45,215	\$149.25	\$6,054	97.5 %	\$46,569	\$153.72	\$6,236	97.5 %	\$47,969	\$158.34
Other Operated Departments	98	2.5	756	3.57	109	2.0	838	2.98	115	1.9	882	2.91	118	1.9	909	3.00	122	1.9	936	3.09
Miscellaneous Income	30	0.7	227	1.07	33	0.6	251	0.89	34	0.6	265	0.87	35	0.6	273	0.90	37	0.6	281	0.93
Total Operating Revenues	4,000	100.0	30,768	145.34	5,436	100.0	41,812	148.77	6,027	100.0	46,362	153.04	6,208	100.0	47,751	157.62	6,394	100.0	49,186	162.36
DEPARTMENTAL EXPENSES *																				
Rooms	975	25.2	7,497	35.41	1,108	20.9	8,525	30.33	1,176	20.0	9,043	29.85	1,211	20.0	9,314	30.74	1,247	20.0	9,593	31.67
Other Operated Departments	53	53.5	405	1.91	55	50.8	425	1.51	57	50.0	441	1.46	59	50.0	454	1.50	61	50.0	468	1.54
Total Expenses	1,027	25.7	7,901	37.32	1,164	21.4	8,951	31.85	1,233	20.5	9,484	31.30	1,270	20.5	9,768	32.24	1,308	20.5	10,061	33.21
DEPARTMENTAL INCOME	2,973	74.3	22,867	108.02	4,272	78.6	32,862	116.92	4,794	79.5	36,879	121.73	4,938	79.5	37,982	125.37	5,086	79.5	39,125	129.15
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	449	11.2	3,457	16.33	491	9.0	3,777	13.44	515	8.5	3,961	13.07	530	8.5	4,079	13.47	546	8.5	4,202	13.87
Info & Telecom Systems	53	1.3	407	1.92	58	1.1	444	1.58	61	1.0	466	1.54	62	1.0	480	1.58	64	1.0	494	1.63
Marketing	198	5.0	1,525	7.20	217	4.0	1,666	5.93	227	3.8	1,747	5.77	234	3.8	1,800	5.94	241	3.8	1,854	6.12
Franchise Fee	290	7.3	2,234	10.55	397	7.3	3,054	10.87	441	7.3	3,391	11.19	454	7.3	3,493	11.53	468	7.3	3,598	11.88
Prop. Operations & Maint.	251	6.3	1,932	9.13	274	5.0	2,111	7.51	288	4.8	2,213	7.31	296	4.8	2,280	7.53	305	4.8	2,348	7.75
Utilities	178	4.5	1,373	6.48	195	3.6	1,500	5.34	204	3.4	1,573	5.19	211	3.4	1,620	5.35	217	3.4	1,668	5.51
Total Expenses	1,421	35.6	10,928	51.62	1,632	30.0	12,552	44.66	1,736	28.8	13,351	44.07	1,788	28.8	13,751	45.39	1,841	28.8	14,164	46.75
GROSS OPERATING PROFIT	1,552	38.8	11,939	56.40	2,640	48.6	20,309	72.26	3,059	50.7	23,527	77.66	3,150	50.7	24,231	79.98	3,245	50.7	24,960	82.39
Management Fee	120	3.0	923	4.36	163	3.0	1,254	4.46	181	3.0	1,391	4.59	186	3.0	1,433	4.73	192	3.0	1,476	4.87
INCOME BEFORE NON-OPR. INC. & EXP.	1,432	35.8	11,016	52.04	2,477	45.6	19,055	67.80	2,878	47.7	22,137	73.07	2,964	47.7	22,798	75.25	3,053	47.7	23,485	77.52
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	148	3.7	1,141	5.39	153	2.8	1,175	4.18	157	2.6	1,210	4.00	162	2.6	1,247	4.12	167	2.6	1,284	4.24
Insurance	79	2.0	604	2.85	81	1.5	622	2.21	83	1.4	641	2.11	86	1.4	660	2.18	88	1.4	680	2.24
Total Expenses	227	5.7	1,745	8.24	234	4.3	1,797	6.39	241	4.0	1,851	6.11	248	4.0	1,907	6.29	255	4.0	1,964	6.48
EBITDA	1,205	30.1	9,271	43.80	2,244	41.3	17,258	61.40	2,637	43.7	20,285	66.96	2,716	43.7	20,892	68.96	2,798	43.7	21,521	71.04
Reserve for Replacement	80	2.0	615	2.91	163	3.0	1,254	4.46	241	4.0	1,854	6.12	248	4.0	1,910	6.30	256	4.0	1,967	6.49
EBITDA LESS RESERVE	\$1,125	28.1 %	\$8,656	\$40.89	\$2,080	38.3 %	\$16,003	\$56.94	\$2,396	39.8 %	\$18,431	\$60.84	\$2,468	39.8 %	\$18,982	\$62.66	\$2,542	39.8 %	\$19,554	\$64.54

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

FIGURE 7-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2026		2027		2028		2029		2030		2031		2032		2033		2034		2035	
Number of Rooms:	130		130		130		130		130		130		130		130		130		130	
Occupied Rooms:	27,521		36,537		39,384		39,384		39,384		39,384		39,384		39,384		39,384		39,384	
Occupancy:	58%		77%		83%		83%		83%		83%		83%		83%		83%		83%	
Average Rate:	\$140.68	% of	\$144.90	% of	\$149.24	% of	\$153.72	% of	\$158.33	% of	\$163.08	% of	\$167.97	% of	\$173.01	% of	\$178.20	% of	\$183.55	% of
RevPAR:	\$81.59	Gross	\$111.57	Gross	\$123.87	Gross	\$127.59	Gross	\$131.42	Gross	\$135.36	Gross	\$139.42	Gross	\$143.60	Gross	\$147.91	Gross	\$152.35	Gross
OPERATING REVENUE																				
Rooms	\$3,872	96.8 %	\$5,294	97.4 %	\$5,878	97.5 %	\$6,054	97.5 %	\$6,236	97.5 %	\$6,423	97.5 %	\$6,615	97.5 %	\$6,814	97.5 %	\$7,018	97.5 %	\$7,229	97.5 %
Other Operated Departments	98	2.5	109	2.0	115	1.9	118	1.9	122	1.9	125	1.9	129	1.9	133	1.9	137	1.9	141	1.9
Miscellaneous Income	30	0.7	33	0.6	34	0.6	35	0.6	37	0.6	38	0.6	39	0.6	40	0.6	41	0.6	42	0.6
Total Operating Revenues	4,000	100.0	5,436	100.0	6,027	100.0	6,208	100.0	6,394	100.0	6,586	100.0	6,783	100.0	6,987	100.0	7,196	100.0	7,412	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	975	25.2	1,108	20.9	1,176	20.0	1,211	20.0	1,247	20.0	1,285	20.0	1,323	20.0	1,363	20.0	1,404	20.0	1,446	20.0
Other Operated Departments	53	53.5	55	50.8	57	50.0	59	50.0	61	50.0	63	50.0	65	50.0	66	50.0	68	50.0	71	50.0
Total Expenses	1,027	25.7	1,164	21.4	1,233	20.5	1,270	20.5	1,308	20.5	1,347	20.5	1,388	20.5	1,429	20.5	1,472	20.5	1,516	20.5
DEPARTMENTAL INCOME																				
	2,973	74.3	4,272	78.6	4,794	79.5	4,938	79.5	5,086	79.5	5,239	79.5	5,395	79.5	5,558	79.5	5,724	79.5	5,896	79.5
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	449	11.2	491	9.0	515	8.5	530	8.5	546	8.5	563	8.5	580	8.5	597	8.5	615	8.5	633	8.5
Info & Telecom Systems	53	1.3	58	1.1	61	1.0	62	1.0	64	1.0	66	1.0	68	1.0	70	1.0	72	1.0	74	1.0
Marketing	198	5.0	217	4.0	227	3.8	234	3.8	241	3.8	248	3.8	256	3.8	263	3.8	271	3.8	279	3.8
Franchise Fee	290	7.3	397	7.3	441	7.3	454	7.3	468	7.3	482	7.3	496	7.3	511	7.3	526	7.3	542	7.3
Prop. Operations & Maint.	251	6.3	274	5.0	288	4.8	296	4.8	305	4.8	314	4.8	324	4.8	334	4.8	344	4.8	354	4.8
Utilities	178	4.5	195	3.6	204	3.4	211	3.4	217	3.4	223	3.4	230	3.4	237	3.4	244	3.4	251	3.4
Total Expenses	1,421	35.6	1,632	30.0	1,736	28.8	1,788	28.8	1,841	28.8	1,897	28.8	1,953	28.8	2,012	28.8	2,072	28.8	2,135	28.8
GROSS OPERATING PROFIT	1,552	38.8	2,640	48.6	3,059	50.7	3,150	50.7	3,245	50.7	3,342	50.7	3,442	50.7	3,546	50.7	3,652	50.7	3,761	50.7
Management Fee	120	3.0	163	3.0	181	3.0	186	3.0	192	3.0	198	3.0	203	3.0	210	3.0	216	3.0	222	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	1,432	35.8	2,477	45.6	2,878	47.7	2,964	47.7	3,053	47.7	3,145	47.7	3,238	47.7	3,336	47.7	3,436	47.7	3,539	47.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	148	3.7	153	2.8	157	2.6	162	2.6	167	2.6	172	2.6	177	2.6	182	2.6	188	2.6	194	2.6
Insurance	79	2.0	81	1.5	83	1.4	86	1.4	88	1.4	91	1.4	94	1.4	97	1.4	99	1.4	102	1.4
Total Expenses	227	5.7	234	4.3	241	4.0	248	4.0	255	4.0	263	4.0	271	4.0	279	4.0	287	4.0	296	4.0
EBITDA	1,205	30.1	2,244	41.3	2,637	43.7	2,716	43.7	2,798	43.7	2,882	43.7	2,967	43.7	3,057	43.7	3,148	43.7	3,243	43.7
Reserve for Replacement	80	2.0	163	3.0	241	4.0	248	4.0	256	4.0	263	4.0	271	4.0	279	4.0	288	4.0	296	4.0
EBITDA LESS RESERVE	\$1,125	28.1 %	\$2,080	38.3 %	\$2,396	39.8 %	\$2,468	39.8 %	\$2,542	39.8 %	\$2,618	39.8 %	\$2,696	39.7 %	\$2,777	39.8 %	\$2,860	39.8 %	\$2,947	39.8 %

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon calendar years beginning January 1, 2026, expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 83% with an ADR of \$149.24 in 2028. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

Other Operated Departments Revenue

According to the USALI, other operated departments include any major or minor operated department other than rooms and F&B.

FIGURE 7-6 OTHER OPERATED DEPARTMENTS REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	0.6 %	0.5 %	0.6 %	0.6 %	3.1 %	2.5 %	1.9 %
Per Available Room	\$277	\$247	\$244	\$214	\$1,053	\$756	\$757
Per Occupied Room	\$0.85	\$0.81	\$0.76	\$0.81	\$4.02	\$3.57	\$2.50

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-7 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	0.5 %	0.4 %	0.5 %	0.0 %	0.0 %	0.7 %	0.6 %
Per Available Room	\$236	\$176	\$226	-\$6	\$0	\$227	\$227
Per Occupied Room	\$0.72	\$0.58	\$0.70	-\$0.02	\$0.00	\$1.07	\$0.75

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy, and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

FIGURE 7-8 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	20.2 %	19.7 %	21.7 %	21.6 %	22.6 %	25.2 %	20.0 %
Per Available Room	\$8,881	\$8,980	\$8,933	\$7,590	\$7,441	\$7,497	\$7,763
Per Occupied Room	\$27.22	\$29.32	\$27.65	\$28.62	\$28.43	\$35.41	\$25.62

Other Operated Departments Expense

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter.

FIGURE 7-9 OTHER OPERATED DEPARTMENTS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	144.2 %	63.7 %	160.2 %	93.5 %	48.1 %	53.5 %	50.0 %
Per Available Room	\$400	\$157	\$391	\$200	\$506	\$405	\$379
Per Occupied Room	\$1.23	\$0.51	\$1.21	\$0.75	\$1.93	\$1.91	\$1.25

Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for

doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

FIGURE 7-10 ADMINISTRATIVE AND GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	7.4 %	6.2 %	7.9 %	11.0 %	10.3 %	11.2 %	8.5 %
Per Available Room	\$3,307	\$2,877	\$3,273	\$3,887	\$3,495	\$3,457	\$3,400
Per Occupied Room	\$10.14	\$9.40	\$10.13	\$14.66	\$13.35	\$16.33	\$11.22

Information and Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel’s technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution.

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property’s various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

FIGURE 7-11 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	3.1 %	2.1 %	3.2 %	2.8 %	7.4 %	5.0 %	3.8 %
Per Available Room	\$1,389	\$978	\$1,312	\$987	\$2,518	\$1,525	\$1,500
Per Occupied Room	\$4.26	\$3.19	\$4.06	\$3.72	\$9.62	\$7.20	\$4.95

Franchise Fee

As discussed previously, the proposed subject property is recommended to be franchised under an upper-midscale, extended-stay brand. Costs associated with this franchise, assuming a TownePlace Suites by Marriott for the purposes of this analysis only, are summarized in the introductory chapter in this report.

Marketing expense and franchise fees are often analyzed in total because hotels may account for some components of franchise expense in the marketing expense category. The subject property’s total marketing and franchise expense has been forecast at 11.1% of total revenue on a stabilized basis; the comparable operating statements show a range from 7.4% to 11.7% of total revenue.

Property Operations and Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, the expenditure has not been eliminated, only deferred until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-12 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	4.0 %	4.7 %	4.7 %	5.6 %	4.0 %	6.3 %	4.8 %
Per Available Room	\$1,791	\$2,184	\$1,957	\$1,976	\$1,367	\$1,932	\$1,900
Per Occupied Room	\$5.49	\$7.13	\$6.06	\$7.45	\$5.22	\$9.13	\$6.27

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-13 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	2.8 %	3.5 %	2.9 %	4.6 %	3.0 %	4.5 %	3.4 %
Per Available Room	\$1,239	\$1,605	\$1,217	\$1,621	\$1,032	\$1,373	\$1,350
Per Occupied Room	\$3.80	\$5.24	\$3.77	\$6.11	\$3.94	\$6.48	\$4.46

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base

fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the region.

FIGURE 7-14 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Year Open	Land	Improvements	Total
Staybridge Suites Lehi Traverse Ridge Center	2019	\$2,852,800	\$7,205,420	\$10,058,220
SpringHill Suites by Marriott Lehi at Thanksgiving Point	2007	2,255,000	8,132,400	10,387,400
Courtyard by Marriott Lehi at Thanksgiving Point	2014	2,322,200	8,137,800	10,460,000
Hilton Garden Inn Lehi	2017	3,017,000	15,386,200	18,403,200
Hyatt Place Lehi	2015	5,192,100	11,797,700	16,989,800
Hampton by Hilton Lehi Thanksgiving Point	2007	1,579,300	4,004,800	5,584,100
Holiday Inn Express & Suites Lehi Thanksgiving Point	2018	1,949,400	7,513,200	9,462,600
Tru by Hilton Lehi	2019	1,448,400	7,251,600	8,700,000
Home2 Suites by Hilton	2014	1,912,700	8,340,300	10,253,000
<i>Assessments per Room</i>	<i># of Rms</i>			
Staybridge Suites Lehi Traverse Ridge Center	116	\$24,593	\$62,116	\$86,709
SpringHill Suites by Marriott Lehi at Thanksgiving Point	94	23,989	86,515	110,504
Courtyard by Marriott Lehi at Thanksgiving Point	97	23,940	83,895	107,835
Hilton Garden Inn Lehi	132	22,856	116,562	139,418
Hyatt Place Lehi	131	39,634	90,059	129,693
Hampton by Hilton Lehi Thanksgiving Point	75	21,057	53,397	74,455
Holiday Inn Express & Suites Lehi Thanksgiving Point	96	20,306	78,263	98,569
Tru by Hilton Lehi	112	12,932	64,746	77,679
Home2 Suites by Hilton	103	18,570	80,974	99,544
Positioned Subject - Per Room	130	\$25,000	\$85,000	\$110,000
Positioned Subject - Total		\$3,250,000	\$11,050,000	\$14,300,000

Source: Utah County Assessor

We have positioned the future assessment levels of the subject site and proposed improvements based upon the illustrated comparable data. We have positioned these assessments closest to the SpringHill Suites by Marriott, Staybridge Suites, and Home2 Suites by Hilton because of the similarities in the all-suite product type and/or extended-stay product offering; overall, the positioned assessments are well supported by the market data. Additionally, while personal property taxable amounts could not be obtained for hotels in Utah County as a point of comparison, we have referenced the available personal property data in Salt Lake County, including similar product offerings, in order to estimate personal property assessments for the proposed subject hotel.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 8.569%. The following table shows changes in the tax rate during the last several years.

FIGURE 7-15 COUNTY TAX RATES

Year	Real Property Millage Rate
2023	8.569

Source: Utah County Assessor

Based on comparable assessments and the tax rate information, the following table illustrates the proposed subject property's projected property tax expense levels.

FIGURE 7-16 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Real Property		
	Land	Improvements	Total
Positioned (Assessed Value)	\$3,250,000	\$11,050,000	\$14,300,000
Millage Rate			8.569
Tax Burden as of Current Assessment Year			\$122,537

FIGURE 7-17 PROJECTED PROPERTY TAX EXPENSE – REAL PROPERTY

Year	Real Property			
	Real Tax Burden (Positioned Prior to	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	Taxes Payable
Positioned	\$122,537	—		\$122,537
2026	\$122,537	9.8 %	100 %	\$134,549
2027	134,549	3.0	100	138,586
2028	138,586	3.0	100	142,743
2029	142,743	3.0	100	147,025
2030	147,025	3.0	100	151,436
2031	151,436	3.0	100	155,979
2032	155,979	3.0	100	160,659

FIGURE 7-18 PROJECTED PROPERTY TAX EXPENSE – PERSONAL PROPERTY

Year	Personal Property			Taxes Payable
	Personal Tax Burden (Positioned Prior to	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	
Positioned	\$12,544	—		\$12,544
2026	\$12,544	9.8 %	100 %	\$13,774
2027	13,774	3.0	100	14,187
2028	14,187	3.0	100	14,612
2029	14,612	3.0	100	15,051
2030	15,051	3.0	100	15,502
2031	15,502	3.0	100	15,967
2032	15,967	3.0	100	16,446

FIGURE 7-19 PROJECTED PROPERTY TAX EXPENSE – SUMMARY

Year	Taxes Payable			Total Tax Payable
	Real	Personal	Total	
Positioned	\$122,537	\$12,544	\$135,081	\$135,081
2026	\$134,549	\$13,774	\$148,323	\$148,323
2027	138,586	14,187	152,773	152,773
2028	142,743	14,612	157,356	157,356
2029	147,025	15,051	162,076	162,076
2030	151,436	15,502	166,939	166,939
2031	155,979	15,967	171,947	171,947
2032	160,659	16,446	177,105	177,105

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

FIGURE 7-20 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026	Deflated Stabilized
Percentage of Revenue	1.5 %	1.5 %	1.6 %	1.0 %	0.7 %	2.0 %	1.4 %
Per Available Room	\$670	\$696	\$663	\$347	\$252	\$604	\$550
Per Occupied Room	\$2.05	\$2.27	\$2.05	\$1.31	\$0.96	\$2.85	\$1.82

Reserve for Replacement

Furniture, fixtures, and equipment (FF&E) are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The FF&E of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of FF&E is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2023.⁶ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4.0% to 5.0% of total revenue.

Based upon the results of our analysis, our review of the proposed subject asset, and current industry norms, a reserve for replacement equal to 4.0% of total revenues has been factored into our forecast of revenue and expense for funding the periodic

⁶ The International Society of Hotel Consultants, *CapEx 2023, A Study of Capital Expenditures in the U.S. Hotel Industry*.

replacement of the proposed subject property's FF&E. This amount has been ramped up during the initial projection period.

Forecast of Revenue and Expense Conclusion

Projected total revenue, gross operating profit, and EBITDA Less Replacement Reserve are set forth in the following table.

FIGURE 7-21 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2026	\$4,000,000	—	\$1,552,000	—	38.8 %	\$1,125,000	—	28.1 %
	2027	5,436,000	35.9 %	2,640,000	70.1 %	48.6	2,080,000	84.9 %	38.3
	2028	6,027,000	10.9	3,059,000	15.9	50.7	2,396,000	15.2	39.8
	2029	6,208,000	3.0	3,150,000	3.0	50.7	2,468,000	3.0	39.8
	2030	6,394,000	3.0	3,245,000	3.0	50.7	2,542,000	3.0	39.8

8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements; the property is evaluated as free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC, are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not guarantee that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out internally to many decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by our staff as company employees, rather than as individuals.

Lauren Reynolds

EMPLOYMENT

<i>February 2023 to present</i>	HVS CONSULTING AND VALUATION SERVICES Salt Lake City, Utah
<i>January 2019–February 2023</i>	HVS CONSULTING AND VALUATION SERVICES Portland, Oregon
<i>June 2018–August 2018</i>	<i>Internship</i> – HVS CONSULTING AND VALUATION SERVICES Portland, Oregon
<i>May 2017–August 2017</i>	HYATT AT OLIVE 8 CORPORATE ROOMS INTERN Seattle, Washington
<i>2014–2018</i>	MICHIGAN STATE UNIVERSITY East Lansing, Michigan

EDUCATION AND OTHER TRAINING

BS – The School of Hospitality Business, Michigan State University
Specialization in Real Estate Investment Management
Smith Travel Research (STR) Certification in Hotel Industry Analytics (CHIA)

Other Specialized Training Classes Completed:

MAI - Advanced Income Capitalization
Uniform Standards of Professional Appraisal Practice
Basic Appraisal Principles
Basic Appraisal Procedures
General Appraiser Income Approach (Parts I and II)
General Appraiser Market Analysis and HBU
General Appraiser Site Valuation and Cost Approach
Real Estate Finance, Statistics, and Valuation Modeling
General Appraiser Report Writing and Case Studies
General Appraiser Sales Comparison Approach
Expert Witness for Commercial Appraisers
Commercial Appraisal Review
Small Hotel Valuation
Biennial USPAP Updates

STATE CERTIFICATION

Arizona, California, Colorado, Idaho, Montana, Utah, Washington, Wyoming

**PUBLISHED ARTICLES
AND PRESS COVERAGE**

<i>Utah Business – NAIOP 2023</i>	“Utah’s Stunning Horizon,” pp. 42–45
<i>HVS Journal</i>	“Boise’s Rise: Small Big City in the Convention Landscape,” co-authored with Eileen Bosworth, April 2023
<i>HVS Journal</i>	“Southwestern Utah is Booming, Attracting National Investor Interest,” January 2023
<i>HVS Journal</i>	“Salt Lake City Development Spurs Additional Investor Interest in This Emerging Hotel Market”, co-authored with Ryan Mark, December 2022
<i>HVS Journal</i>	“Lodging Market Overview: Bend, Oregon,” co-authored with HVS Portland, December 2021
<i>HVS Journal</i>	“COVID-19’s Impact on the Portland Lodging Market,” co-authored with HVS Portland, February 2021
<i>HVS Journal</i>	“COVID-19’s Impact on the Seattle Lodging Market,” co-authored with HVS Portland, December 2020
<i>HVS Journal</i>	“HVS Market Pulse: Wyoming & Montana,” co-authored with Katy Black, December 2020
<i>HVS Journal</i>	“HVS Market Pulse: Kalispell and Whitefish, Montana,” January 2020
<i>HVS Journal</i>	“HVS Market Pulse: Interstate 5 Corridor Tourism Destinations in Oregon,” co-authored with Breanna S. Smith, November 2019

**SAMPLE LIST OF PROPERTIES
APPRAISED OR EVALUATED**

ARKANSAS

Hot Springs Treehouses, Hot Springs
Hot Springs Treehouses Land
Appraisal, Hot Springs
Hotel Hot Springs, Hot Springs
Motel 6, Little Rock

ARIZONA

Grand Canyon Inn & Motel, Williams
Proposed Resort, Marble Canyon
Proposed Holiday Inn, Page
La Quinta Inn & Suites by Wyndham,
Holbrook
Hampton by Hilton, Carefree
Gila Bend Lodge, Gila Bend
Motel 6, Tempe
Best Western Plus, Tucson
Motel 6, Tempe
Gila Bend Lodge, Gila Bend

CALIFORNIA

Proposed Outbound Hotel Yosemite,
Oakhurst
Proposed Hotel Yosemite, Oakhurst
Proposed Terra Vi Resort Yosemite,
Groveland
Sierra Nevada Resort & Spa, Mammoth
Lakes
Proposed Hotel Mammoth Village,
Mammoth Lakes
Proposed Hyatt Caption, Mammoth
Lakes
Jeffrey Hotel, South Lake Tahoe
Firelite Lodge, Tahoe Vista
Black Bear Lodge, Big Bear Lake
Creekside Lodge, Markleeville
Proposed Glamping Resort, Malibu
Proposed Hotel Downtown Lodi, Lodi
Baymont Inn & Suites, Anderson
Embassy Suites Arcadia Pasadena,
Arcadia
Best Western, Auburn
Best Western Plus, El Cajon

Quality Inn & Suites, El Cajon
Fairfield Inn by Marriott, Elk Grove
University Inn, Fresno
Fullerton Lodge, Fullerton
Lompoc Inn, Lompoc
Residence Inn by Marriott, Manhattan
Beach
Ayres Inn, Ontario
Motel 6, Ontario
Proposed Oroville Hotel, Oroville
Proposed Sanctity Hotel, Rancho
Cucamonga
Orange Show Inn, San Bernardino
Proposed Home2 Suites by Hilton, San
Bernardino
Mark Twain/Tilden Hotel, San
Francisco
Marriott San Diego Mission Valley, San
Diego
Embassy Suites by Hilton, Temecula
Fairfield Inn by Marriott, Tulare
Proposed Avid Hotel Victorville,
Victorville
Proposed Fairfield Inn by Marriott,
Victorville
Quality Inn & Suites, Weed
Holiday Inn Express, Westley
Hilton Garden Inn, Bakersfield
Hilton Garden Inn, East Lake Forest
Hampton by Hilton East Lake Forest

COLORADO

Holiday Inn Express, Cortez

IDAHO

Hotel 43, Boise
The Grove Hotel, Boise
Anniversary Inn, Boise
Courtyard by Marriott Boise
Downtown, Boise
Ashley Inn, Cascade
Proposed Staybridge Suites, Idaho
Falls
Proposed Everhome Suites, Nampa
Lava Hot Springs Inn, Lava Hot Springs

ILLINOIS

Westin Northwest, Chicago

MONTANA

Cedar Creek Lodge, Columbia Falls
Proposed Terra Vi Resort, Columbia
Falls
Wonderstone Hotel, Columbia Falls
Under Canvas Glacier, Coram
Holiday Inn Express, Kalispell
Motel 6, Kalispell
Izaak Walton Inn Conversion to LOGE
Hotel, Essex
Proposed Whitefish Hotel, Whitefish
Under Canvas Yellowstone, West
Yellowstone
Dreamcatcher Tipi Hotel, Gardiner
Roosevelt Hotel, Gardiner
Proposed AC by Marriott, Bozeman
Proposed Everhome Suites, Bozeman
Quality Inn & Suites, Bozeman
Proposed Four Corners Hotel, Four
Corners
Proposed Four Corners Hotel, Four
Corners
Proposed Glamping Resort, Gallatin
Gateway
Proposed Camp Satori Glamping
Resort, Silver Star
Proposed Hotel, Missoula
Hilton Garden Inn Missoula, Missoula
Tamarack Inn, Missoula
Proposed Greystone Inn, an Ascend
Collection Hotel, Great Falls
Days Inn by Wyndham, Helena
Holiday Inn Express, Helena

NEVADA

Hampton by Hilton Las Vegas Airport,
Las Vegas
Holiday Inn Express & Suites, Ely

NEW MEXICO

Proposed Baymont Inn & Suites by
Wyndham, Carlsbad

OHIO

Hampton by Hilton, Akron

OREGON

Sunriver Resort, Sunriver
 Fairfield Inn by Marriott, Klamath Falls
 Best Western Plus Olympic Inn,
 Klamath Falls
 Proposed Home2 Suites by Hilton,
 Klamath Falls
 Plaza Inn & Suites at Ashland Creek,
 Ashland
 SunView Motel & Resort, Terrebonne
 Home2 Suites by Hilton, Bend
 Hampton by Hilton, Redmond
 Proposed Hampton by Hilton
 Redmond, Redmond
 Columbia Gorge Resort and Spa, Hood
 River
 Columbia Gorge Resort and Spa
 Expansion, Hood River
 Proposed Gilbert Block Hotel, Seaside
 Proposed Cave Junction Hotel, Cave
 Junction
 Home2 Suites by Hilton, Eugene
 Proposed Takelma Lodge, Grants Pass
 Proposed Hotel, Boardman
 Proposed MyPlace, Boardman
 Bed & Breakfast, Independence
 Best Western, Lakeview
 Inn at Wecoma, Lincoln City
 McMinnville Airbnb, McMinnville
 Clarion Inn & Suites, Medford
 Proposed SpringHill Suites by
 Marriott, Medford
 Best Western, Oakridge
 Surf & Sand Inn, Pacific City
 Country Inn & Suites by Radisson,
 Portland
 Hilton Portland Downtown, Portland
 Comfort Suites, Springfield
 Hampton by Hilton, Sherwood
 Shady Oaks Motel, Roseburg
 Oregon Motor Motel, The Dalles

PENNSYLVANIA

Proposed Split Rock Resort & Golf Club
 Glamping Expansion, Lake Harmony

SOUTH DAKOTA

Under Canvas Mount Rushmore,
 Keystone
 Proposed Hyatt Place Rapid City,
 Rapid City

TENNESSEE

Under Canvas Great Smoky Mountains,
 Pigeon Forge
 Proposed Yonder Resort Great Smokey
 Mountains, Townsend

UTAH

Red Mountain Resort, Ivins
 LaFave Expansion, Springdale
 Proposed Camp Kaia, an Outdoor
 Citizen Resort, Kanab
 Proposed Elderberry Resort,
 Orderville, UT
 Proposed Hot Springs Resort, La
 Verkin
 Goulding's Lodge, Monument Valley
 Proposed Gateway Lodge Zion, Mount
 Carmel
 Proposed East Gate Lodge Zion,
 Orderville
 Proposed Luxury Hotel at Highground
 Zion, Orderville
 Proposed Candlewood Suites, St.
 George
 Proposed Avid Hotel, St. George
 Proposed Homewood Suites by Hilton,
 Bryce Canyon City
 Proposed Hampton by Hilton, Bryce
 Canyon City
 Best Western Canyonlands, Moab
 Virginian Motel, Moab
 Moab Market Studies, Moab
 Proposed Pendry Park City, Park City
 Sheraton, Park City
 Fairfield by Marriott, Richfield

Strawberry Bay Marina Expansion,
 Heber City
 Hampton by Hilton, Tremonton
 Holiday Inn Express, Price
 Best Western Holiday Hills, Coalville
 Proposed Dual-Brand Hotel, Draper
 Proposed Everhome Suites, Draper
 Proposed Hotel, Herriman
 Proposed Everhome Suites,
 Farmington
 Beaver Creek Lodge, Garden City
 Oquirrh Mountain Inn, Lake Point
 Proposed Fairfield by Marriott,
 Fillmore
 Proposed WoodSpring Suites, Lindon
 Proposed WoodSpring Suites, Saratoga
 Springs
 Holiday Inn Express, Vernal
 Proposed WoodSpring Suites, West
 Jordan
 Proposed WoodSpring Suites, West
 Valley City
 Proposed Cobblestone Inn & Suites,
 Ephraim

VERMONT

Purchase Price Allocation Town &
 Country, Stowe

WASHINGTON

Alta Crystal Resort Mount Rainier,
 Enumclaw
 Nisqually Lodge Mount Rainier,
 Ashford
 Cowlitz River Lodge Mount Rainier,
 Packwood
 Proposed Dual-Brand Hotel,
 Leavenworth
 River Run Inn & Cabins North
 Cascades, Winthrop
 Cascade Mountain Lodge North
 Cascades, Concrete
 Bellis Inn, Bellingham
 Days Inn by Wyndham Bellingham,
 Bellingham
 Morning Glory Inn, Bellingham

Motel 6, Bellingham
 Sterling Motor Inn, Burlington
 Sequim Bay Lodge, Sequim
 Proposed Marina Hotel, Des Moines
 Proposed Home2 Suites Ellensburg,
 Ellensburg
 Red Lion, Wenatchee
 Red Lion, Wenatchee
 Proposed Paine Field Hotel, Everett
 Proposed Hotel, Federal Way
 Ocean Crest Resort, Moclips
 Old Alcohol Plant Hotel, Port Hadlock
 Hilton Garden Inn, Redmond
 Courtyard by Marriott Downtown
 Seattle, Seattle
 Proposed Little Creek Casino Resort
 Expansion, Shelton
 DoubleTree by Hilton Spokane City
 Center, Spokane
 Holiday Inn Express, Auburn
 Camas Hotel, Camas
 Comfort Inn Colville, Colville
 Best Western Liberty Inn, DuPont
 Mill Village Motel, Eatonville
 GuestHouse Hotel, Enumclaw
 Best Western, Ephrata
 New Horizon Motel, Federal Way
 Hampton by Hilton, Kennewick
 Red Lion, Kennewick
 Comfort Inn, Lacey
 Proposed Hilton Garden Inn
 Lynnwood, Lynnwood
 Crest Trail Lodge, Randle
 Courtyard by Marriott, Richland
 Holiday Inn Express, Spokane
 Quality Inn SeaTac Airport, SeaTac
 SureStay Plus SeaTac Airport, SeaTac
 Motel 6 Seattle Airport, Seattle
 Seattle Airport Marriott, Seattle
 Proposed Stanwood Hotel, Stanwood
 Hampton by Hilton Seattle
 Southcenter, Tukwila
 Proposed La Quinta Inn & Suites,
 Yakima
 Red Roof Inn, Yakima

WYOMING

Amangani Resort, Jackson
 Cloudveil, an Autograph Collection
 Hotel, Jackson
 Homewood Suites by Hilton, Jackson
 Mountain Modern Hotel, Jackson
 Spring Creek Ranch, Jackson
 SpringHill Suites by Marriott, Jackson
 Buffalo Inn, Buffalo