



Doubletree By Hilton



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Key Features:

» Location:

- **Highly Visible:** Situated in a prime location with **excellent visibility** that ensures the property stands out, attracting both leisure and business travelers.
- **Proximity to Loop 202 Freeway:** The property is just moments away from the **Loop 202 Freeway**, making it easily accessible for guests arriving from various parts of the city. This direct access to major highways enhances the property's **connectivity** and **convenience** for travelers.
- **High Traffic Counts:** The location benefits from **heavy foot and vehicle traffic**, which not only supports high occupancy but also provides exposure to surrounding businesses and residents.
- **Nearby Retail and Residential Areas:** With access to bustling retail hubs and well-established residential neighborhoods, the hotel is positioned in an area with both **local and transient demand**. This is ideal for attracting guests from within the community, as well as travelers.



Amenities:

» Guest Building:

- A **four-story hotel** with **121 rooms**, the property offers diverse accommodation options, ensuring comfort for both short-term and extended stays. Guests enjoy a welcoming and high-quality environment, with modern amenities tailored to various needs.

» Convention Center:

- The hotel boasts an impressive **10,000 sq ft convention center**, equipped with **seven ballrooms** and flexible meeting rooms. These facilities provide ample space for corporate meetings, conferences, and large-scale events. The center also includes:
 - A **full-size kitchen** to support catering for events.
 - A **3,000 sqft patio**, which enhances outdoor gatherings and events, is perfect for cocktails, meals, or social functions.



» Facilities:

- **Two Commercial Kitchens:** These large kitchens allow the hotel to cater to high-volume events, ensuring smooth service during large gatherings and banquets.
- **Lobby Bar:** A **stylish lobby bar** for socializing, offering a relaxed space for guests to unwind. It is currently operating at limited hours, with the potential for expansion.
- **Fitness Center:** A **state-of-the-art fitness center**, providing guests with the convenience of maintaining their fitness routines during their stay.
- **Pools and Spas:** The hotel features both **pools** and **spas**, enhancing the overall guest experience with opportunities for relaxation and recreation.
- **221 Parking Spaces:** The hotel offers ample parking spaces for both guests and event attendees, enhancing accessibility for visitors and making it a convenient option for business events.



» Recent Upgrades::

- A **\$25 million Property Improvement Plan (PIP)** was executed in **2021**, significantly enhancing the property. These upgrades were focused on **modernizing** the guest experience and improving operational efficiency, ensuring that the hotel remains competitive in a growing market.



Investment Highlights:

» Market Value:

- **As-Is Market Value:** The current market value is **\$25,900,000** as of **May 13, 2022**, reflecting its current state and the valuable upgrades recently made.

» Sale History:

- The land was last purchased for **\$3.64M in 2008**, and the hotel is now under **Letter of Intent (LOI)** for a **\$27M sale price** with **Awesome ROI Fund**, showing a significant appreciation in value.

» Entry & Exit Cap Rate:

- **Entry Cap Rate:** Estimated entry at **9.5%** based on the current income of the property, offering an attractive entry point for investors.
- **Exit Cap Rate:** The market cap rate for branded hotels like Doubletree is typically around **6.5%**, which reflects strong long-term value and investor returns as the property stabilizes.





» Upside Potential:

◦ Liquor Bar & Convention Center Enhancements

- The liquor bar currently operates at **limited hours** and does not serve food, presenting an opportunity for **significant revenue growth** by extending its hours and introducing food service.
- The **convention center**, at **10,000 sqft**, is vastly underutilized and is not marketed effectively. Proper management and marketing could generate up to **\$1M annually** from this space.
- **Projected Annual Increase:** These changes, along with operational efficiency improvements, are expected to result in an annual revenue increase of **\$1.5M to \$2M**.

Why Invest in DoubleTree by Hilton?

» Rebranding Opportunity:

- There is a **tangible opportunity** to rebrand the hotel under higher-end brands such as **Hilton Garden Inn** or **Hyatt**, which would significantly improve its **marketability** and increase the **RevPAR (Revenue per Available Room)**, thus enhancing the overall investment return.

» Revenue Growth:

- **Operational Enhancements:** With strategic upgrades and better management, including **short-term rental (STR) opportunities**, the property has immense potential for **increased cash flow**. These operational improvements will enhance the revenue-generating ability of the hotel in the short and long term.

» Management Cost Savings:

- Currently, the hotel is **managed by a third party**, but once the acquisition takes place, management will be handled internally, saving an estimated **\$500,000** annually in management fees, which will directly benefit investors.

» Proximity & Location Advantages:

- **Prime Location** near major highways, retail centers, and **Sky Harbor International Airport** places the hotel in a **high-demand area** for both tourists and business travelers.
- The growing **tourism demand** in the area, driven by Phoenix's status as a key convention and leisure destination, supports the ongoing need for lodging and accommodations, ensuring high occupancy rates.



Arizona Lodging Market Overview:

- According to **March 2022** data from the market research firm **Smith Travel Research (STR)**, Arizona's hotel industry experienced fluctuations in key performance metrics, similar to the U.S. average. In **February 2021**, the state faced declines in several important areas, including **occupancy, average daily rate (ADR), and revenue per available room (RevPAR)**, which is a critical financial performance indicator in the hotel industry.

However, the market has been rebounding strongly since those declines. The **Arizona Office of Tourism's** monthly lodging report shows significant recovery in the **first quarter of 2022**. Notably:

- **State of Arizona:** Occupancy levels reached 69.7%, with **ADR** at **\$174.34**, and **RevPAR** skyrocketing to **\$121.55-78.5% higher** compared to the same quarter in the previous year.
- **Metro Phoenix:** Occupancy reached **73.7%**, reflecting strong demand and recovery, while **RevPAR** continues to improve in line with increased demand.
- **Metro Tucson:** Achieved **71.9%** occupancy and saw healthy growth in both occupancy and RevPAR metrics.
- **Flagstaff:** While occupancy remained relatively lower at **65.9%**, it still represents a steady recovery from earlier setbacks.
- **Non-metro areas:** These regions reported **61.7%** occupancy, reflecting the broader market recovery across the state.



Supply and Demand Metrics:

- **Supply:** The supply of hotel rooms ranged from a **3.5% increase** in **Metro Phoenix** to a **-3.0% decline** in **Flagstaff**.
- **Demand:** Demand growth ranged from **40.6%** in **Metro Tucson** to a **-1.8% decline** in **Flagstaff**, showcasing varying recovery rates across Arizona's sub-markets.



Key Performance Metrics (Q1 2022):

- **RevPAR: \$121.55** (78.5% increase YoY)
- **ADR: \$174.34** for the State of Arizona
- **Occupancy: 69.7%** (Statewide Average)

This strong performance in Arizona's lodging market signals a robust recovery and growth potential for hotel investments, making **DoubleTree by Hilton** a valuable asset within this thriving market.



Risk Factors & Disclaimers:

» No Guarantees:

- All **financial targets** are projections based on **past performance** and assumptions, and there are **no guarantees** of achieving these targets. Variations from projected results are possible.

» Accredited Investors Only:

- The investment opportunity is only available to **accredited investors**, as defined by the SEC.

» Environmental & ADA Compliance:

- The appraisal assumes **no environmental hazards** or **non-compliance with ADA** (Americans with Disabilities Act) regulations. However, any unforeseen issues could potentially affect the value of the property.

