



# STRATEGIC DEVELOPMENT PLANNING

**HCI Hotel Consulting International** provides strategic development planning and feasibility analysis for the development of hotel properties.

*On a macro level*, we analyze the overall economy of the region as it relates to tourism and commercial development; and *on a micro level*, we analyze several secondary markets or submarkets in the area to determine whether the existing and proposed supply and demand factors affecting the market for transient accommodations bode well for the development of proposed hotel development.

## METHOD OF STUDY

We use the following methodology:

- A macro overview of the region is presented.
- The concept under study is defined and evaluated in terms of facilities, construction, and design.
- Each market visited is evaluated from the viewpoint of its location in relation to commercially important routes, access to main cities within the and to bordering states or countries, additional infrastructure, and other relevant locational factors.
- The surrounding area and neighborhood of each location is reviewed to identify demand generators in the area, including economic, industrial, commercial, and recreational tourism facilities.
- General economic and demographic trends of each location are analyzed to determine their impact on current and future economic growth, and demand for lodging accommodations.
- An analysis of the existing and proposed hotel supply provides an indication of accommodated and latent demand, market penetration and the existing degree of future development in each market.
- The existing market for transient accommodations in each location is divided into individual segments, in order to define specific market characteristics of the types of travelers that utilize the area's hotels and motels. Some of these factors include purpose of the visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
- Based on our market findings, a detailed projection of income and expense made in accordance with the Uniform System of Accounts for hotels shows the anticipated economic benefits of the development of representative hotel properties in selected locations. A valuation of representative properties under multiple scenarios, taking into account the varying number of properties under operation and the economies of scale derived as the network of hotels increases, is performed to arrive at a feasibility conclusion.
- A development plan strategy is presented, according to each market's analysis and potential.
- Utilizing the forecast of income and expense under the various scenarios, and taking into account other applicable expenses including debt service, cash flow projections for the development overall are derived and the internal rate of return to the investors is calculated.