



# ROSANO PARTNERS

commercial real estate services

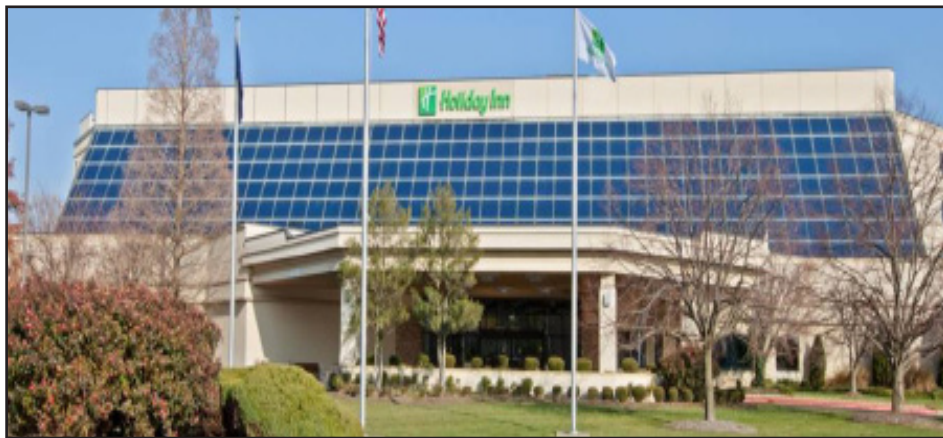


Confidential Offering Memorandum  
Holiday Inn Evansville Airport

Exclusively Offered By:  
**Rosano Partners**







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# Executive Summary



# Executive Summary

Price	Rooms	Price / Rm	Going-In Cap Rate
\$14,000,000	199	\$70,352	7.61%

Rosano Partners' Hotels & Hospitality Group, as exclusive representative of Omninet Hotel LP (the "Seller"), is pleased to offer for sale the 199-room Holiday Inn Evansville Airport (the "Hotel" or the "Property"). The Property is situated in the Evansville, IN-KY metropolitan statistical area ("MSA"), the regional hub for the Illinois-Indiana-Kentucky Tri-State Area. The Hotel is conveniently located within a 4-minute shuttle ride from Evansville Regional Airport and within close proximity to downtown Evansville and a variety of corporate, medical, manufacturing, and leisure demand generators.

This offering represents a unique opportunity to acquire a high-yielding, institutional-quality, full-service hotel, offering meaningful value enhancement opportunities.

Acquired in 2011, the Property was converted to the Holiday Inn Evansville Airport and underwent extensive renovations, earning it multiple awards including the 2012 Renovation Award by IHG. From acquisition to present, Seller has invested over \$3.3 million on guest room and facilities improvements.

The Hotel offers a high-quality dining experience in the award-winning Allegra Lounge and Bar, a large ballroom and flexible meeting facilities that can accommodate groups larger than 500 people. In total, the Hotel boasts 11,000 square feet of meeting and event space, which is frequently utilized to host corporate events, weddings, reunions and other large social events. The Hotel also offers a heated indoor swimming pool and whirlpool spa, and state-of-the-art fitness and business centers.

The Hotel's location, modern amenities and ample business meeting and event space make the Holiday Inn Evansville Airport the destination of choice for business travelers and groups. Corporate accounts include: Toyota, Whirlpool, General Motors, CLC Lodging, Gruma SA DE CV, Atlas Van Lines, Home Menders Inc., Tri State Aero Inc., and more.

<b>Property Name</b>	Holiday Inn Evansville Airport	
<b>Address</b>	7101 U.S. Highway 41 North, Evansville, IN 47725	
<b>Awards</b>	HG Renovation Award (2012); Trip Advisor Certificate of Excellence (2013); IHG HeartBeat Award for best increase in customer satisfaction scores for the ENTIRE region of 47 hotels (2013); Allegra Lounge voted Best Bar in a Hotel by News4U Magazine (2014); Trip Advisor Certificate of Excellence (2014).	
<b>Access</b>	<ul style="list-style-type: none"> <li>Interstate 64</li> <li>Interstate 164</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Highway 41</li> <li>Lloyd Expressway</li> </ul>
<b>Visibility</b>	Excellent visibility from U.S. Highway 41	
<b>Building Overview</b>	Five-story, Atrium-Style Hotel	
<b>Guest Rooms</b>	199 guest rooms Room Type Mix: King = 94   Queen / Queen = 105	
<b>Food &amp; Beverage</b>	<ul style="list-style-type: none"> <li>Allegra Lounge, full service restaurant, Hot Breakfast Buffet daily</li> <li>Full menu room service</li> </ul>	
<b>Meeting Facilities</b>	Flexible meeting space totaling 11,058 SF <ul style="list-style-type: none"> <li>Banquet Hall / Ballroom</li> <li>Boardrooms (3)</li> </ul>	<ul style="list-style-type: none"> <li>Lobby Atrium</li> <li>Breakfast Room</li> </ul>
<b>Other Amenities &amp; Services</b>	<ul style="list-style-type: none"> <li>Business centers</li> <li>Fitness center</li> <li>Indoor swimming pool</li> </ul>	<ul style="list-style-type: none"> <li>Indoor whirlpool spa</li> <li>Guest laundry facility</li> <li>Sundry shop</li> </ul>
<b>Year Built</b>	1988, Renovated 2012	
<b>Building Area</b>	160,000 SF	
<b>Land Area</b>	6.66 AC	
<b>Ownership</b>	Fee Simple	
<b>Parking</b>	Ample Parking	

### Key Investment Highlights

**Location.** 4 minute shuttle ride from Evansville Regional Airport; excellent visibility; and, situated on the main highway in Evansville. Major highways drive traffic from major Midwestern cities, including: Louisville, Cincinnati, Indianapolis, and Chicago. The Port of Evansville on the Ohio River also makes the City of Evansville a stopping point for large scale shipping operations. The Hotel's Tri-State location and easy access to major thoroughfares and three different regional expressways allow the Hotel to benefit from its close proximity to the business community and access to a large and diverse labor pool. Aside from its attractive Midwest location, the City of Evansville itself is a major sell-point. Due to its low crime rate, affordable housing, excellent public and private school systems, and engaging cultural and outdoor activities, Evansville has been voted the best city in the country "to live, work, and play."

**Fully Renovated.** \$3.3M in capital improvements since 2011, including a \$2.7M renovation in 2012, encompassing all common areas and 199-guest rooms including new FF&E throughout.

**Demand Generators.** Significant corporate and medical demand generators. The completion of a new \$61M state-of-the-art medical and research facility in downtown Evansville in 2018 will generate additional travel and hotel demand. The Hotel is well-positioned to capture much of this demand due to its airport location and the size of its meeting facilities.

**Large Corporate Accounts.** Toyota, Whirlpool, General Motors, CLC Lodging, Gruma SA DE CV, Atlas Van Lines, Home Menders Inc., Tri State Aero Inc., and more.

**ADR Growth.** Enormous upside to be realized through ADR growth. Occupancy rates have increased significantly as a result of the 2012 renovation and repositioning. Rate increases are likely now that occupancy is nearing stabilized levels. In recent years, the Hotel has outperformed the market. Additionally, a hotel investor can expect that the opening of the DoubleTree Convention Center Hotel in Downtown Evansville (with a significantly higher ADR) will raise the level the market can bear and thereby raise the competitive standard for the market.

**High Barriers to Entry.** The Hotel's airport location provides high barriers to entry for new hotel developments, wishing to compete directly with the Holiday Inn Evansville Airport. Furthermore, the current supply pipeline of competitive rooms is very limited, allowing an investor to increase ADR and displace lower-rated demand.

**Value-Add Opportunity.** With minimal low cost capital improvements, investors can expect to capture immediate cost savings. Departmental expenses, utilities and administrative costs are high. For this reason, and despite the solid room revenue generated by the hotel, it has historically underperformed its competitive set whose operating costs are much lower.

**Award Winning Facilities & Amenities.** IHG Renovation Award (2012); Trip Advisor Certificate of Excellence (2013); IHG HeartBeat Award for best increase in customer satisfaction scores for the Entire region of 47 hotels (2013); Allegra Lounge voted Best Bar in a Hotel by News4U Magazine (2014); Trip Advisor Certificate of Excellence (2014).





Don M  
Level 5  
Contributor

69 reviews  
3 hotel reviews  
16 helpful votes

## "Excellent overnigher!!"

Reviewed September 29, 2016

My wife and I stayed here because my 55th High School Class Reunion was booked at this hotel again. We flew in and called for the shuttle. The driver was very friendly, and the wait and trip were both short. The lobby of this place is very impressive! A large indoor pool and hot tub, with a huge bank of West facing windows makes an impressive entrance! Check-in was a breeze, and the person on the desk was very warm and friendly as well. As a matter of fact, every staff member we came into contact with had a big smile and a greeting! That included ALL the staff! Our room on the 4th floor was clean and spacious, very quiet, and the bed was one of the best we've experienced in a long time. The only negative in the room was the teensy bathroom. You had to partially close the door to get into the shower/tub, and the lighting was very dim unless you turned on the heat lamp. Forget getting two people in at the same time!! The large indoor pool and hot tub were very welcome after our flight! Our reunion was held in one of the meeting rooms, and had a very nice setup, including a dance floor. Our dinner was a buffet dinner that came from the hotel's kitchen, and was very very good! Chicken Cordon Bleu and a thinly sliced beef with mushroom gravy were the mains, and there were fresh green beans, potatoes, dinner rolls, a nice salad, and pecan pie, cheesecake, and something else... (I stopped looking after seeing pecan pie!) The buffet breakfast the next morning was much more than expected! There were 5 staff attending to the line and all the guests. They were coming around fairly frequently to check on how we were doing, taking away used plates, glasses, etc., filling coffee and juices and just being very friendly! In addition to the buffet, you could special order certain items! Check-out was effortless. All in all, we had a great experience at this location. I'd recommend it to anyone!

**Room Tip:** At least half of the rooms look over the huge lobby and pool area. We were on the back side, and ou...

[See more room tips](#)

Stayed September 2016, traveled with friends

Location Cleanliness Service



Cindy F  
Level 1  
Contributor

3 reviews  
3 hotel reviews

## "Very Nice!!"

Reviewed January 27, 2016 via mobile

My stay here has been very good! The front desk staff was very friendly and the hotel is very nice! And rooms were clean bed was awesome. I will definitely request this hotel everytime I come to Evansville.

Stayed January 2016, traveled on business



ToddSIndiana  
Indiana

Level 4 Contributor

29 reviews  
11 hotel reviews  
7 helpful votes

## "A Great Night's Stay"

Reviewed October 7, 2016

The first thing you notice when you walk in the front door is the view of the atrium. It is very warm and inviting. My room was large and had everything I needed. I was travelling on business, so I need a desk with a comfortable chair to get things done. One of the things that stood out to me was the cleanliness of the entire property. The hotel was clean from top to bottom, and of course so was my room. I went to the lounge for dinner and had the salmon BLT. It was delicious, and cooked perfectly. The breakfast buffet was well stocked with tasty choices as well. I can easily recommend staying here if you are coming to the Evansville area.

Stayed October 2016, traveled on business

Location Rooms Service



george g  
Allentown,  
Pennsylvania

Level 5  
Contributor

58 reviews  
16 hotel reviews

## "Very nice hotel, near airport"

Reviewed May 18, 2016

Full service hotel, very nice! Pool, fitness room, v good breakfast, bar, etc. Sarah at the front desk is exceptional - professional, helpful for restaurant ideas, etc. A/C and heating controls in room worked well. Good lighting.

Stayed May 2016, traveled on business

Value Cleanliness Service



Janet P  
Mulberry

Level 3  
Contributor

16 reviews  
12 hotel reviews

## "Really nice stay!"

Reviewed May 7, 2015

Needed an overnight stay, this hotel was recommended by business associates and did not disappoint. Very comfortable in all respects, spacious, modern room and furnishings, and exceptional business rate!

Stayed May 2015, traveled on business

Value Service Sleep Quality

## Executive Summary / Corporate Accounts

LNR Name	Actuals			Projections		
	2015 Room Nights	2015 ADR	2015 Revenue	2016 Room Nights	2016 ADR	2016 Revenue
Accounts w/<100 Room Nights	2023		\$182,229	3,682		\$280,122
CLC Lodging	4427	55.16	\$244,193	4,461	\$55.76	\$248,745
Gruma Sa De Cv	1358	96.21	\$130,653	941	\$94.00	\$88,454
UCI Holdings	456	89	\$40,584	640	\$95.60	\$61,184
Toyota	691	93.77	\$64,795	608	\$94.90	\$57,699
Atlas Van Lines	430	71.36	\$30,685	537	\$74.01	\$39,743
Berry Plastics	264	97.52	\$25,745	370	\$100.96	\$37,355
Norfolk Southern	667	65.05	\$43,388	485	\$65.17	\$31,607
Flanders Electric	328	85.69	\$28,106	291	\$88.87	\$25,861
Tri State Aero	302	71.85	\$21,699	241	\$79.86	\$19,246
Red Spot Paint	176	83.22	\$14,647	201	\$93.69	\$18,832
Anchor Industries	122	72.25	\$8,815	205	\$79.49	\$16,295
Nationwide Hospitality	346	92	\$31,832	162	\$98.98	\$16,035
Airline Distressed Passenger	210	84.57	\$17,760	141	\$92.15	\$12,993
Pittsburgh Glass Works	418	97.38	\$40,705	120	\$100.30	\$12,036
McDonald's	155	78.74	\$12,205	140	\$82.09	\$11,493
Tyson Foods	204	83.7	\$17,075	98	\$89.84	\$8,804
Pilot Travel Centers	146	89.61	\$13,083	22	\$91.18	\$2,006
Pepsico	15	81.86	\$1,228	12	\$95.83	\$1,150
Drew Company Inc	142	75.7	\$10,749	8	\$82.00	\$656

## Executive Summary / Site Analysis

### Rooms

The Hotel's guest rooms are located on all five floors of the facility. Levels one through five include guestrooms which are accessed via a double-loaded corridor. Upper level atrium-side guestrooms feature balconies that overlook the five-story atrium.

<b>Furnishings</b>	One or two beds, with headboards, nightstand(s), combination dresser/television stand, luggage bench, desk with chair, occasional chair, framed art, mirrors, and table lamps, wall-mounted lighting and/or floor lamps.
<b>Room Amenities / Kitchenettes</b>	Clock radio, telephone(s), ironing board, iron, hairdryer, coffee maker, and flat screen television(s).

### Restaurant / Lounge Facilities

<b>Allegra Lounge</b>	1,500 SF/ Approx. 73 seats	Breakfast, lunch, and dinner are served daily in the Allegra Restaurant and Lounge. Drink specials and food service are offered daily.
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### Meeting / Banquet Rooms

<b>Executive Board Room</b>	486 SF	Accommodates up to 15 seats.
<b>Gold Room</b>	300 SF	Accommodates up to 8 seats.
<b>Marquis Room</b>	300 SF	Accommodates up to 8 seats.
<b>Royale Ballroom</b>	7,872 SF	7,872 SF of flexible meeting space that can be re-arranged into 10 smaller meeting rooms ranging in size from 432 SF to 864 SF. Accommodates up to 500 + people.
<b>Lobby Atrium</b>	1,500 SF	Open space for meetings and banquets.
<b>Breakfast Room</b>	600 SF	Located off the Allegra Restaurant / Lounge. The space is rented for early afternoon and evening events that do not interfere with the morning breakfast buffet.

### Historical Capital Expenditures

The following table illustrates the capital expenditures at the Hotel from 2010 through 2016.

CapEx Items	Estimated Historical Capital Expenditures							
	2010	2011	2012	2013	2014	2015	2016	Total
Renovation Project	\$0	\$1,690,938	\$1,063,928	\$0	\$0	\$0	\$0	\$2,754,866
Plant & Equipment	\$38,500	\$6,440	\$96,310	\$5,124	\$4,549	\$24,164	\$0	\$175,087
Restaurant Equipment	\$0	\$0	\$131,056	\$0	\$0	\$0	\$0	\$131,056
Office Equipment	\$0	\$0	\$5,386	\$0	\$23,108	\$53,328	\$0	\$81,822
Bldg Improvements	\$0	\$0	\$0	\$0	\$7,400	\$16,870	\$44,845	\$69,115
Auto	\$0	\$3,000	\$33,000	\$0	\$1,205	\$28,918	\$0	\$66,123
Sign	\$0	\$44,008	\$0	\$0	\$0	\$0	\$0	\$44,008
Furnishing	\$0	\$0	\$0	\$13,351	\$5,799	\$0	\$4,661	\$23,811
<b>Total</b>	<b>\$38,500</b>	<b>\$1,744,386</b>	<b>\$1,329,680</b>	<b>\$18,475</b>	<b>\$42,062</b>	<b>\$123,280</b>	<b>\$49,506</b>	<b>\$3,345,888</b>





### Holiday Inn Evansville Airport: A Value Add Opportunity

- The Seller, an established investment firm based in Los Angeles, California, acquired the property as part of a portfolio of assets in 2011. The property is the only hotel asset in a portfolio of over 10 million sqft of office and retail properties.
- Higher than normal operating costs and expenses have limited annual NOI. The owner concedes that because Hotels are not part of its core strategy, this asset has unexpressed potential in expense reduction.
- This is a value add investment opportunity, whereby an experienced hotel operator can capture several high quality revenue streams and significant cost savings from improved operational efficiencies simply by self-managing and/or re-flagging. Also, implementation of the suggested lighting retrofit project below will create immediate cost savings in excess of \$131,730 annually.

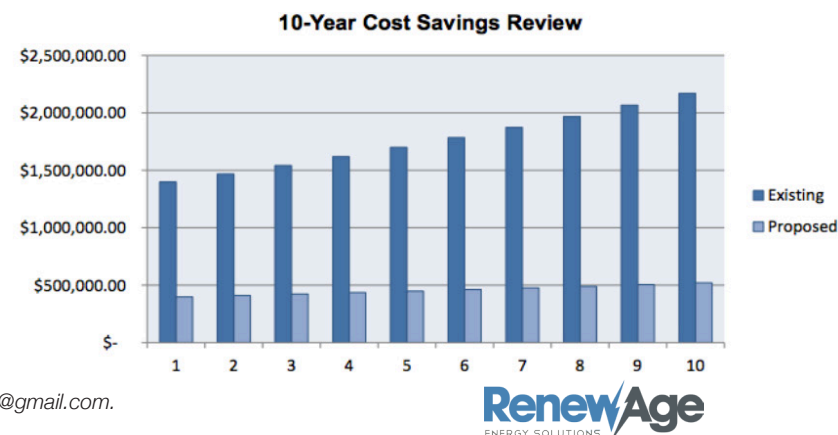
**Annual Savings (\$)**  
**\$131,730**

**Internal Rate of Return (IRR)**  
**49.9%**

**Net Present Value (NPV)**  
**\$747,366**

**Savings-to-Investment Ratio**  
**4.5**

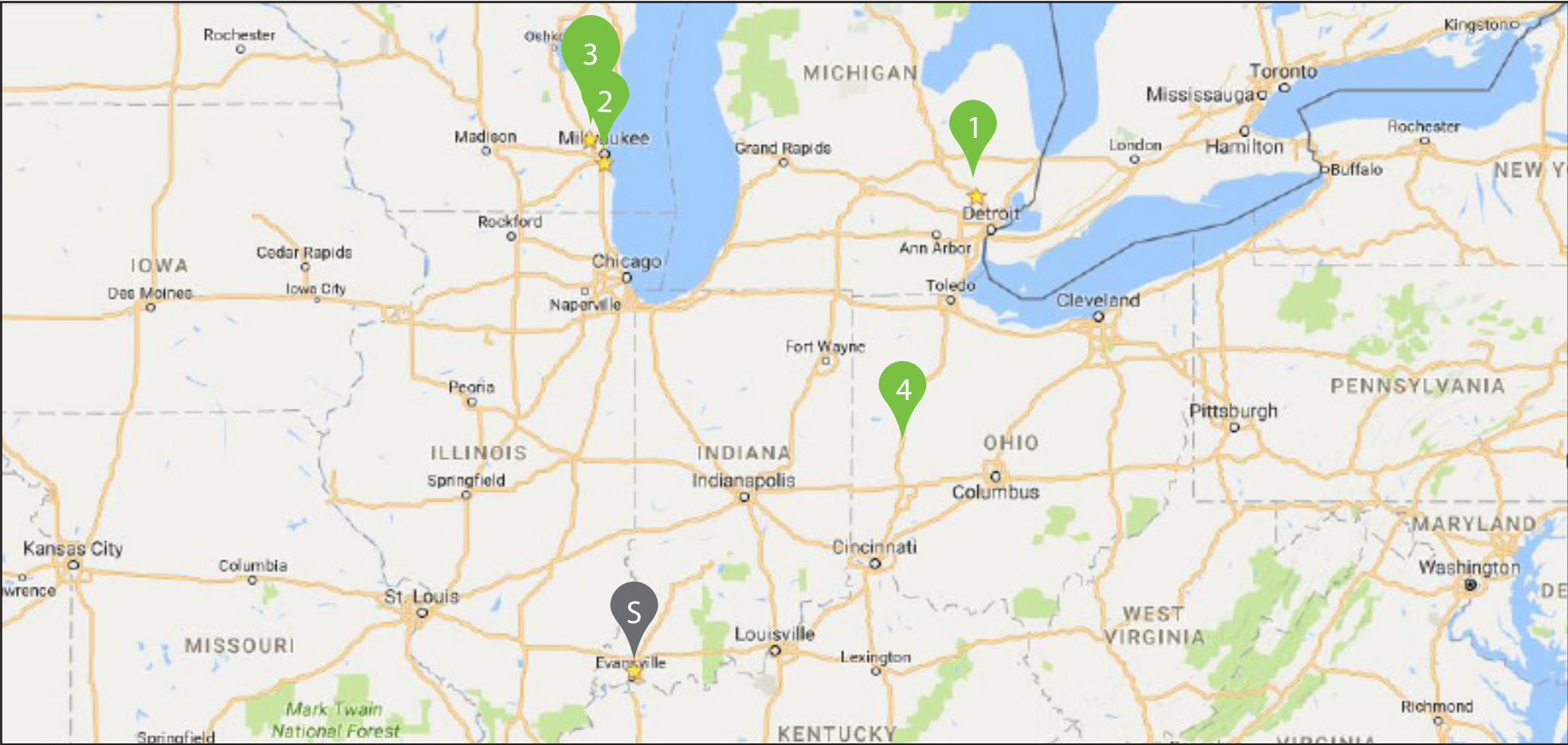
*\* Lighting retrofit analysis provided by RenewAGE. For more information contact Patrick Breaux at [reilly.breaux@gmail.com](mailto:reilly.breaux@gmail.com).*



- In sum, there is tremendous value in the property that can be unlocked by a specialized hotel operator with the right expertise.

# Sales Comparables & Financials





Price / Room



\* Represents Average Price Per Room as adjusted for inflation. All other figures represent the actual price obtained at the time of sale.





Closing Date	12/2014
Building Size	184,500 SF
Lot SF	299,693
Price Per Key	\$93,750
Year Built	1889
Sale Price	\$21,000,000
Price/SF	\$113.82
Cap Rate	8.20%
No. Rooms	224

The 224-unit Hilton Suites full-service hotel located in Auburn Hills, Michigan sold in December 2014. The property is located in a high-tech/office park proximate to Interstate 75. The property was built in 1989 and was in average condition at the time of sale. The Hilton Suites is an all-suite hotel, and each room features a separate living room. The property has approximately 2,900 SF of meeting space. Additional amenities include a restaurant lounge, sundry shop, indoor pool, exercise facilities, and a business center. The property had been recently renovated at the time of sale, and no significant renovation costs were expected immediately after the sale. The property sold for \$21,000,000, or approximately \$93,750 per room. The overall capitalization rate derived from the transaction was approximately 8.2%, based on the actual/forecast calendar year 2014 net operating income



Closing Date	10/2014
Building Size	84,033 SF
Lot SF	117,612 SF
Price Per Key	\$62,500
Year Built	2011
Sale Price	\$8,500,000
Price/SF	\$101.15
Cap Rate	4.43%
No. Rooms	136

The Radisson Hotel Menomonee Falls sold in October 2014. The hotel is located approximately 14 miles from Milwaukee. Opened in 2011, the hotel was in good condition at the time of sale. Property amenities include a restaurant with a lounge, approximately 4,289 SF of meeting space, an indoor swimming pool, a fitness center and a business center. A receiver was appointed in November 2011; the title was not held by the seller at the time of the sale. However, the property was openly marketed by JLL. A total of 12 offers were received and six parties continued to the second round of proposals. As a result, the purchase price is deemed to be reflective of market value. The hotel sold for \$8.5 million or \$62,500 per room. The implied OAR was 4.43%.



<b>Closing Date</b>	01/2014
<b>Building Size</b>	76,900 SF
<b>Lot SF</b>	189,573 SF
<b>Price Per Key</b>	\$59,231
<b>Year Built</b>	2000
<b>Sale Price</b>	\$7,700,000
<b>Price/SF</b>	\$100.13
<b>Cap Rate</b>	10.17%
<b>No. Rooms</b>	130

The 130-room full service Holiday Inn & Suites is located at 545 West Layton Avenue, Milwaukee, Wisconsin. The hotel is located approximately one mile from Milwaukee's General Mitchell International Airport. The improvements were constructed in 2000 and the property was in average condition at the time of sale. Amenities include a bistro offering breakfast and dinner, approximately 475 SF of meeting space, a fitness center, indoor pool and spa, business center, gift shop and shuttle service to local area businesses and to the airport. The transaction occurred in June 2014 for \$7,700,000, or \$59,231 per room. The implied OAR was 10.17%.





Closing Date	06/2016
Building Size	73,949 SF
Lot SF	131,116 SF
Price Per Key	\$94,828
Year Built	2009
Sale Price	\$11,000,000
Price/SF	\$148.75
Cap Rate	11.2%
No. Rooms	116

The 116-unit Holiday Inn & Suites full-service hotel located in Lima, Ohio sold in June 2016. The property was built in 2009 and was in good condition at the time of sale. The property has approximately 2,100 SF of meeting space. Additional amenities include a cocktail lounge, an indoor pool and whirlpool spa, exercise facilities, and a business center. The property sold for \$11,000,000 or \$94,828 per room. The overall capitalization rate derived from the transaction was 11.2%.

## Financial Analysis / Operating Performance

	Historical Operating Performance						Forecasted Operating Performance						CAGR						
	2012	2013	2014	2015	2016F	2017	2018	2019	2020	2021	2017-2021								
Occupancy		50.3%	53.4%	66.6%	64.4%	66.0%	68.0%	70.0%	72.0%	72.0%	1.76%								
Average daily rate	\$	87.25	\$	90.26	\$	87.48	\$	92.29	\$	94.14	\$	100.90	2.19%						
RevPAR	\$	43.88	\$	48.20	\$	58.26	\$	56.77	\$	59.77	\$	62.76	\$	65.89	\$	69.19	\$	72.65	3.98%
Room Revenue	\$ 2,720,792	\$ 3,187,842	\$ 3,501,049	\$ 4,232,024	\$ 4,134,543	\$ 4,341,270	\$ 4,558,334	\$ 4,786,250	\$ 5,025,563	\$ 5,276,841	3.98%								
F&B Revenue	\$ 793,606	\$ 1,043,173	\$ 989,040	\$ 1,198,710	\$ 1,197,834	\$ 1,245,747	\$ 1,295,577	\$ 1,347,400	\$ 1,401,296	\$ 1,457,348									
Other Revenue	\$ 42,593	\$ 33,063	\$ 47,615	\$ 42,299	\$ 34,529	\$ 34,702	\$ 34,875	\$ 35,050	\$ 35,225	\$ 35,401									
Total Revenue	\$ 3,556,991	\$ 4,264,078	\$ 4,537,704	\$ 5,473,033	\$ 5,366,906	\$ 5,621,719	\$ 5,888,786	\$ 6,168,700	\$ 6,462,084	\$ 6,769,590	3.79%								
Room Expense	\$ 859,395	\$ 919,015	\$ 1,150,872	\$ 1,295,506	\$ 1,257,791	\$ 1,308,103	\$ 1,360,427	\$ 1,414,844	\$ 1,471,438	\$ 1,530,295									
Food & Beverage Expense	\$ 835,744	\$ 894,495	\$ 774,933	\$ 938,181	\$ 980,707	\$ 1,010,128	\$ 1,040,432	\$ 1,071,645	\$ 1,103,794	\$ 1,136,908									
Other Departmental Expenses	\$ 68,505	\$ 58,679	\$ 17,841	\$ 18,000	\$ 14,909	\$ 15,058	\$ 15,209	\$ 15,361	\$ 15,514	\$ 15,670									
Operating Expenses	\$ 1,317,336	\$ 1,622,630	\$ 1,761,116	\$ 1,879,982	\$ 1,808,404	\$ 1,933,828	\$ 2,068,031	\$ 2,081,063	\$ 2,095,008	\$ 2,109,928	1.76%								
Management Fees	\$ 88,926	\$ 106,570	\$ 115,008	\$ 137,020	\$ 134,173	\$ 140,543	\$ 141,331	\$ 141,880	\$ 142,166	\$ 135,392	-0.74%								
Total Expense	\$ 3,169,906	\$ 3,601,389	\$ 3,819,770	\$ 4,268,689	\$ 4,195,984	\$ 4,407,660	\$ 4,625,430	\$ 4,724,793	\$ 4,827,920	\$ 4,928,193	2.26%								
Total Fixed Expenses	\$ 106,941	\$ 121,046	\$ 110,109	\$ 145,428	\$ 163,654	\$ 180,019	\$ 198,021	\$ 217,823	\$ 239,606	\$ 263,566									
NOI	\$ 280,144	\$ 541,643	\$ 607,825	\$ 1,058,916	\$ 1,007,268	\$ 1,034,040	\$ 1,065,335	\$ 1,226,084	\$ 1,394,558	\$ 1,577,831									
NOI Margin	7.88%	12.70%	13.39%	19.35%	18.77%	18.39%	18.09%	19.88%	21.58%	23.31%									
										Exit Cap rate	8.50%								
										Project sale price	\$ 18,562,714.47								
										5 YR IRR	16.51%								

# Competitors





## Competitors / Summary

	Holiday Inn Evansville Airport	Hilton Garden Inn	Courtyard by Marriott	Hampton Inn Evansville Airport	Comfort Inn & Suites Evansville Airport
Name					
Address	7101 US Hwy 41 N	220 Eagle Crest Dr.	8105 E Walnut St.	5701 US Hwy 41 N	3803 US Hwy 41 N
	Evansville, IN	Evansville, IN	Evansville, IN	Evansville, IN	Evansville, IN
Type	Full Service	Full Service	Limited Service	Limited Service	Limited Service
Distance	-	10 Miles South	10 Miles South	1 Mile North	7 Miles South
Year Built	1998	2008	2013	2011	1980
# of Rooms	199	112	109	116	133
Meeting Space (SF)	11,058 SF	1,400 SF	1,400 SF	1,215 SF	1,700 SF
Restaurant	Y	N	Y	N	N
Lounge	Y	N	Y	N	N
Business Center	Y	Y	Y	Y	Y
Pool	Y	Y	Y	Y	Y
Exercise Facilities	Y	Y	Y	Y	Y

As shown above, no other hotel can offer comparable meeting facilities and the same level of amenities.

During 2015 the hotel made significant gains in both Occupancy and RevPAR in comparison to its competitors. December 2015 trailing 3 months and 12 months % change in occupancy for the Hotel was 16% and 24.5% respectively. Its competitors averaged 1.7% and 6.1% respectively. December 2015 trailing 3 months and 12 months % change in RevPAR for the Hotel was 10.2% and 21% respectively. Its competitors averaged 7.3% and 8% respectively.

## Competitors / Competitive Set



The Hilton Garden Inn was built in 2008 and is the only competing full-service hotel in Evansville. The hotel has 122 guest rooms and a restaurant lounge. The Hilton Garden Inn only offers 1,400 square feet of meeting space and can only accommodate 60 people. The hotel rents this space exclusively to corporate clients. This is a major comparative disadvantage and limits the Hilton Garden Inn's ability to attract large groups. Moreover, the hotel does not offer airport shuttle service, which limits the number of transient travelers it can attract.



Located on the city's east side, the limited-service Courtyard by Marriott is Evansville's newest hotel. The hotel has 109 guest rooms and a small restaurant lounge. The hotel does not offer airport shuttle service, which limits the hotel's ability to attract transient business. Rooms at the Courtyard Marriott are priced higher than the others in its competitive set, which pushes price conscious customers to other hotels. And, with only 1,614 square feet of meeting space, the hotel is further limited by its inability to accommodate large groups.



Renovated in 2011, the limited-service Hampton Inn Airport has 116 guest rooms. It is located on airport property, which is convenient for travelers passing through. The hotel, however, lacks amenities and does not have a restaurant or lounge. There is no onsite catering and the only food service provided by the hotel is a continental breakfast. The meeting space available is small and has limited setup options.



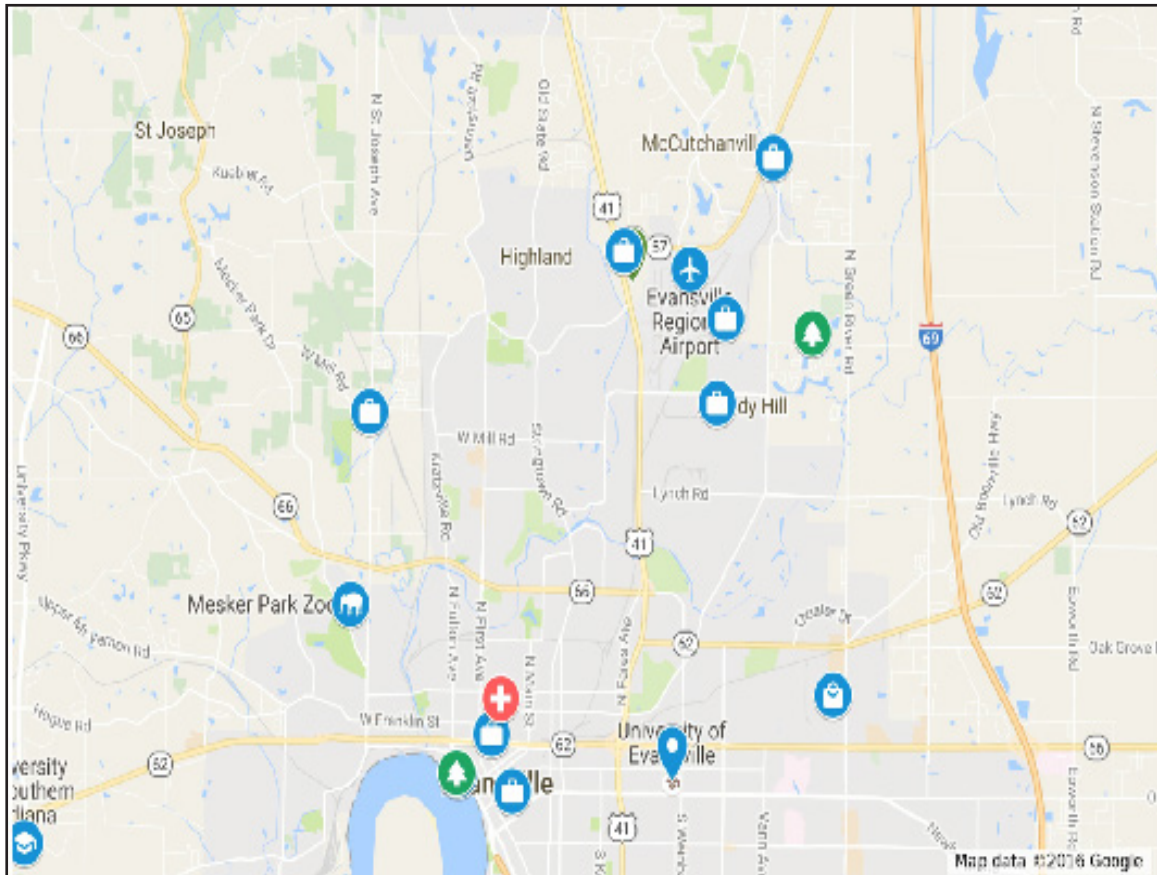
Built in 1995, the limited service is in good condition. It offers complimentary breakfast and a happy hour with free food and cocktails from 5:30pm to 7:30pm Monday through Friday. The hotel has only 1,700 SF of meeting space, which is located on different floors. Consequently, it does not compete for corporate or group travel business.

# Market Overview





## Market Overview / Location



The Holiday Inn Evansville Airport is conveniently located just minutes from Evansville Regional Airport. Because the Hotel is easily accessible via major transportation corridors I-64 and I-164, and is highly visible from U.S. Highway 41, the main highway dividing the city of Evansville, the Hotel attracts a significant amount of transient business.

Independent travelers can take advantage of the hotel's close proximity to an abundance of entertainment options, like Casino Aztar, Mesker Park Zoo and Botanic Gardens, the USS LST Warship Memorial, and the Children's Museum of Evansville.

Located 5 miles from Evansville's central business district, the Hotel benefits from its close proximity to the business community and access to a large and diverse labor pool. Some of the Hotel's larger corporate clients include: Bristol-Myers, Toyota, Whirlpool, and General Motors.

## Location Overview / City of Evansville

The City of Evansville is the county seat of Vanderburgh County and regional hub for the Illinois-Indiana-Kentucky Tri-state Area. It is also the largest city in the IN-KY metropolitan statistical area ("MSA"), which consists of four Indiana and two Kentucky counties. The broad economic base of the region has helped build an economy known for its stability, diversity, and vitality. In 2008, Evansville was voted best city in the country "to live, work, and play" by Kiplinger, for its low crime rates, affordable housing, education system, and cultural and outdoor activities.

### A GREAT PLACE TO DO BUSINESS

- Right-to-work state as of February, 2012
- Ranked Best Place for Business in the Midwest
- 5th best place to do business in the nation
- 11th lowest electric utility costs
- 2nd lowest worker comp rates in U.S.
- No Inventory Tax
- No Sales Tax on manufacturing equipment

### TOP TAX CLIMATE

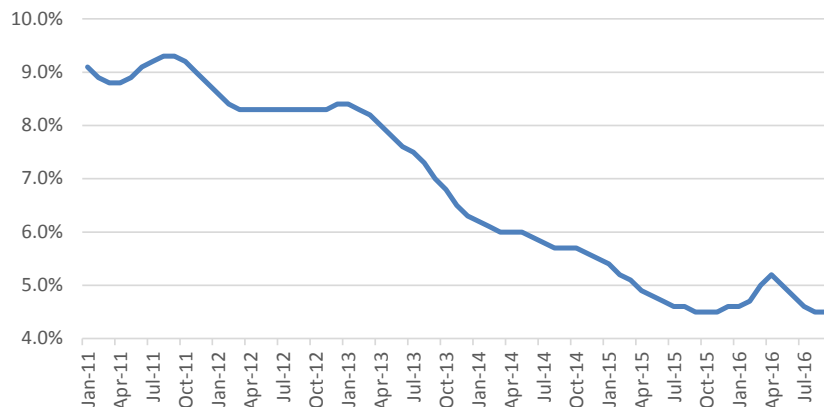
- Indiana ranks 1st in the Midwest and 8th nationally in the Tax Foundation's 2015 State Business Tax Climate Index.
- Indiana's corporate income tax rate steadily decreasing from the current 7% to 4.9% by 2021.
- Business Property Tax Rate Capped at 3%.

### GROSS STATE PRODUCT

Indiana boasts a strong Gross State Product (GSP) of \$336.41 Billion. In recent years, Indiana has posted impressive GSP growth figures. GSP has increased 3.7% since 2014 and an astounding 8.3% since 2013.

### State Unemployment

Indiana also maintains very strong employment. The state's unemployment rate is only 4.5%, well below the national average.



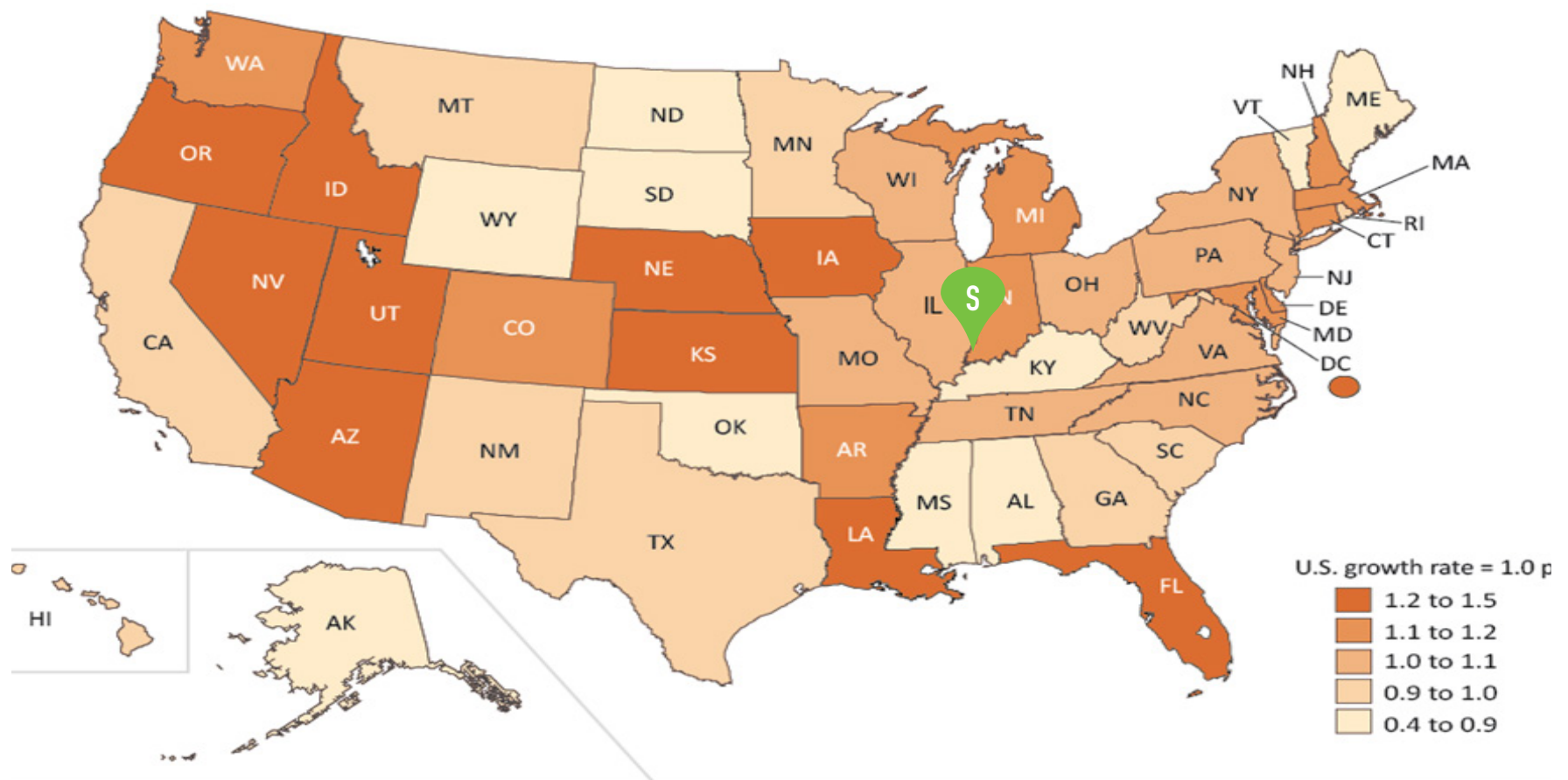
### Indiana's Great Southwest

Southwest Indiana has a pro-business climate with a low cost of doing business versus other regions in the U.S. The region has the 2nd lowest unemployment insurance and property tax rates among Midwest states, along with competitive energy rates.

## Market Overview / Indiana

Indiana boasts strong personal income for its residents. Indiana's personal income growth has significantly outpaced almost all of its neighboring states, registering some of the highest personal income growth in the Great Lakes area.

Personal Income: Percent Change, 2016:Q1–2016:Q2



Bureau of Economic Analysis



### LIVE

The city is known for its low crime rates, affordable housing, education system, and cultural and outdoor activities. The city also hosts a variety of different conventions, both professional and leisure related, such as:

- Tri-Con (hosted by Holiday Inn Evansville Airport) – a large convention for those interested in gaming, Sci-Fi, anime, and pop culture.
- Indiana Society of Association Executives - a meet and greet for business professionals in Indiana.



### WORK

#### Manufacturing

Evansville's factory sector is adding jobs at nearly twice the U.S. rate and will continue to attract new investment. Plans are already underway for expansion by local plastics and auto parts producers. Berry Plastics, Evansville's largest manufacturing employer will spend \$31 million to consolidate production from several states at its local facilities and Fischer Dynamics, a major supplier to the auto industry, will invest heavily to expand local production.

#### Healthcare

A \$61 million, four story, 140,570 sq. ft. medical facility is expected to open in early 2018. The Evansville Multi-Institutional Academic Health Science Education and Research Campus will house medical education programs for Indiana University, the University of Evansville, and the University of Southern Indiana. The facility will house a simulation center, dental clinic, amphitheater, clinical research area, teaching classrooms, and offices. The facility is expected to add a large number of jobs and is projected to have a \$340 million annual impact by 2020.

Holiday Inn Evansville Airport is the only hotel with meeting facilities that can accommodate groups of 500+ people and is well positioned to capitalize on increases in convention business and group travel.



### PLAY

There is a lot to see and do in the City of Evansville. A few of the main attractions include:

- U.S.S. LST Ship Memorial – the oldest Navy monument capable of independent movement from World War II.
- Dream Car Museum – a large, privately owned collection of classic and exotic cars.
- Mesker Zoo and Botanic Garden – a 50-acre park, opened in 1928, that is home to over 200 species and 700 different animals.



## Market Overview / Demand Generators & Employers

### Demand Generators

Evansville Regional Airport  
 Toyota  
 Gruma Corporation  
 Corporate Lodging  
 Time Warner  
 Atlas Van Lines  
 Alcoa  
 Toyota  
 Berry Plastics Corporation  
 Mead Johnson  
 Casino Aztar  
 The Ford Center  
 University of Southern Indiana  
 Deaconess Sports Park  
 Goebel Soccer Complex

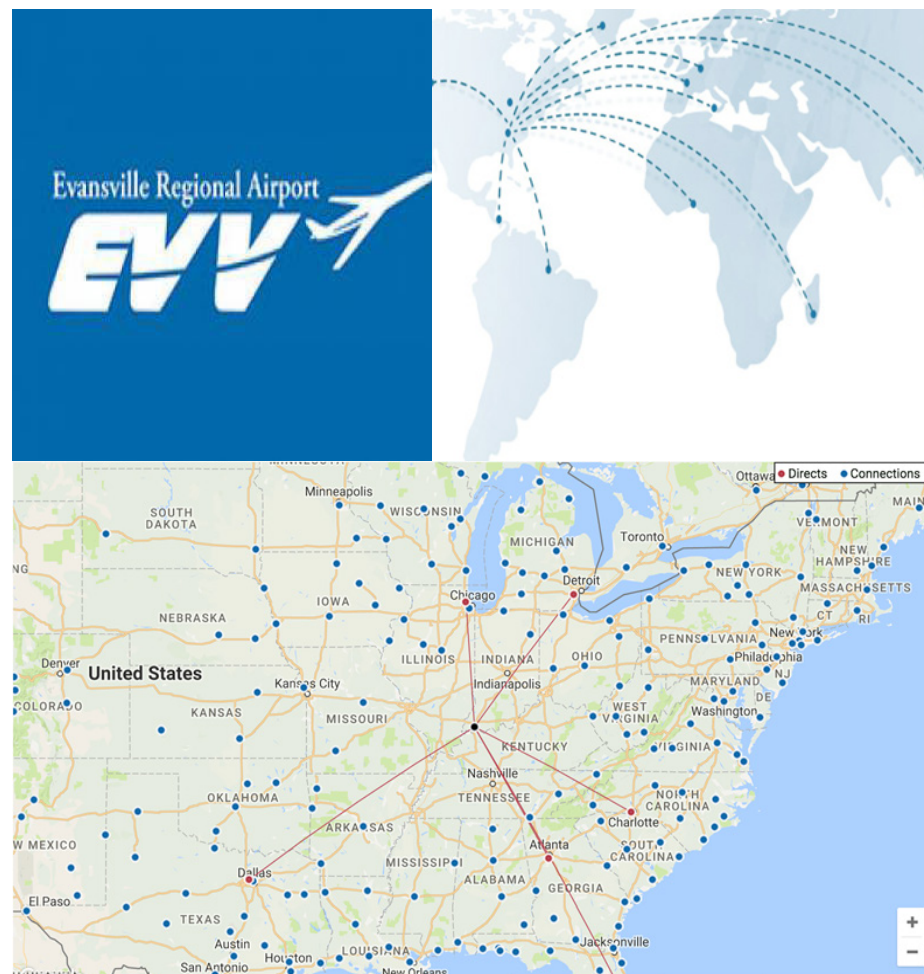


Top Employers	# Employees
Deaconess Hospital	5600
St. Mary's Medical Center	3638
Evansville Vanderburgh School Corporation	3214
University of Southern Indiana	2895
Berry Plastics	2699
Industrial Contractors	2425
Alcoa	1925
Koch-Enterprises Inc	1409
T.J. Maxx	1400
Vectren	1200
Sabic Innovative Plastics	1200
Springleaf Financial Services	1160
Old National Bancorp	1022
Mead Johnson & Co.	925
Tropicana Evansville	860
Toyota Boshoku Indiana	800
AT&T	800
Peabody Energy Midwest	745
Bristol-Myers Squibb	657
Vuteq Corp.	652

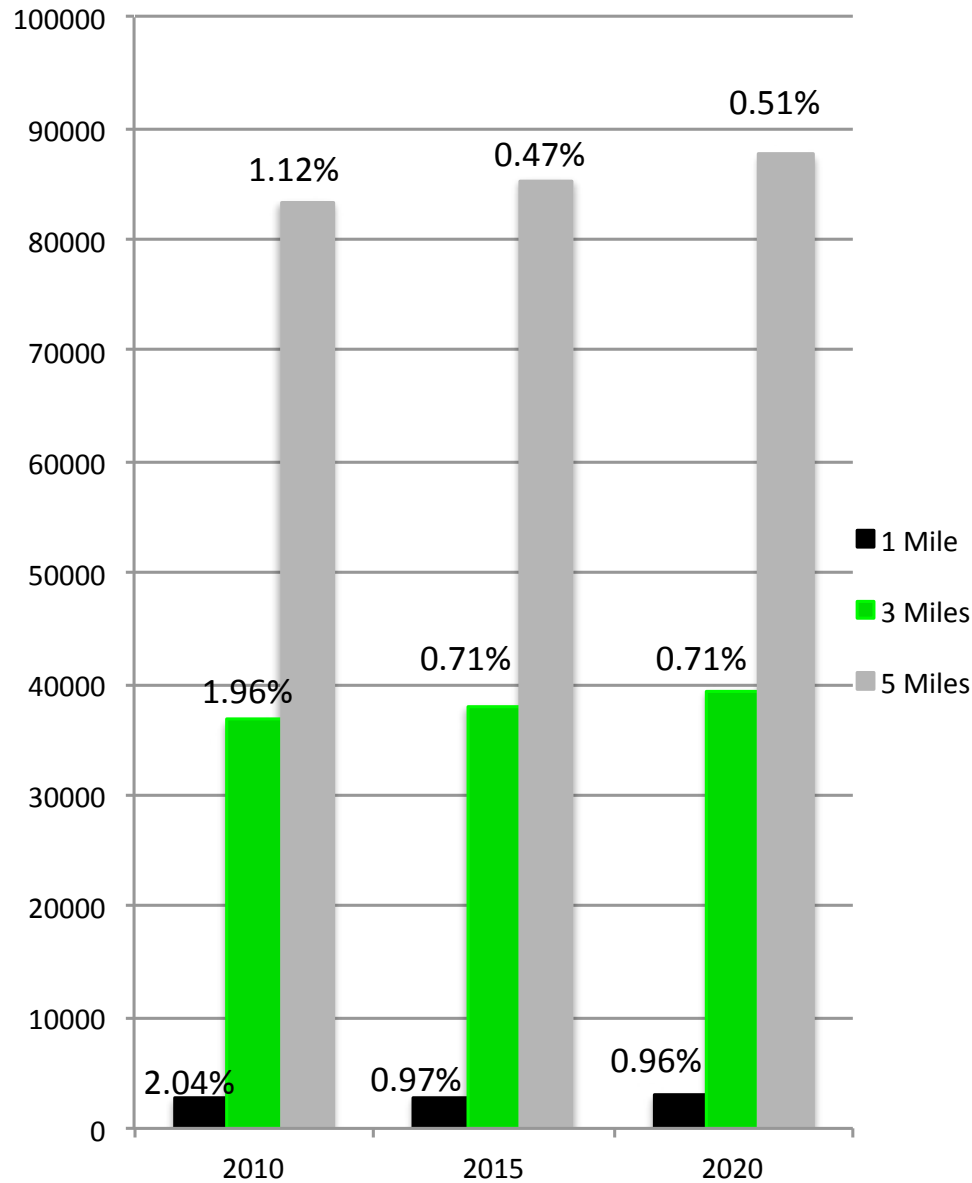
Evansville Regional Airport offers competitive-priced connectivity to hundreds of domestic and international destinations with frequent daily flights to five top-rated, major hub cities - Atlanta, Dallas, Detroit, Charlotte and Chicago, as well as non-stop, low-cost flights to Orlando. Served by [Allegiant](#), [American Airlines](#), [Delta](#) and [United](#), Evansville Regional Airport is an easy and welcoming gateway to and from southwest Indiana, western Kentucky and eastern Illinois.

The airport generates more than \$900 million in annual economic benefits to the area. Passenger counts in 2015 were reported to be 208,296, a 19.25% increase over 2014 levels.

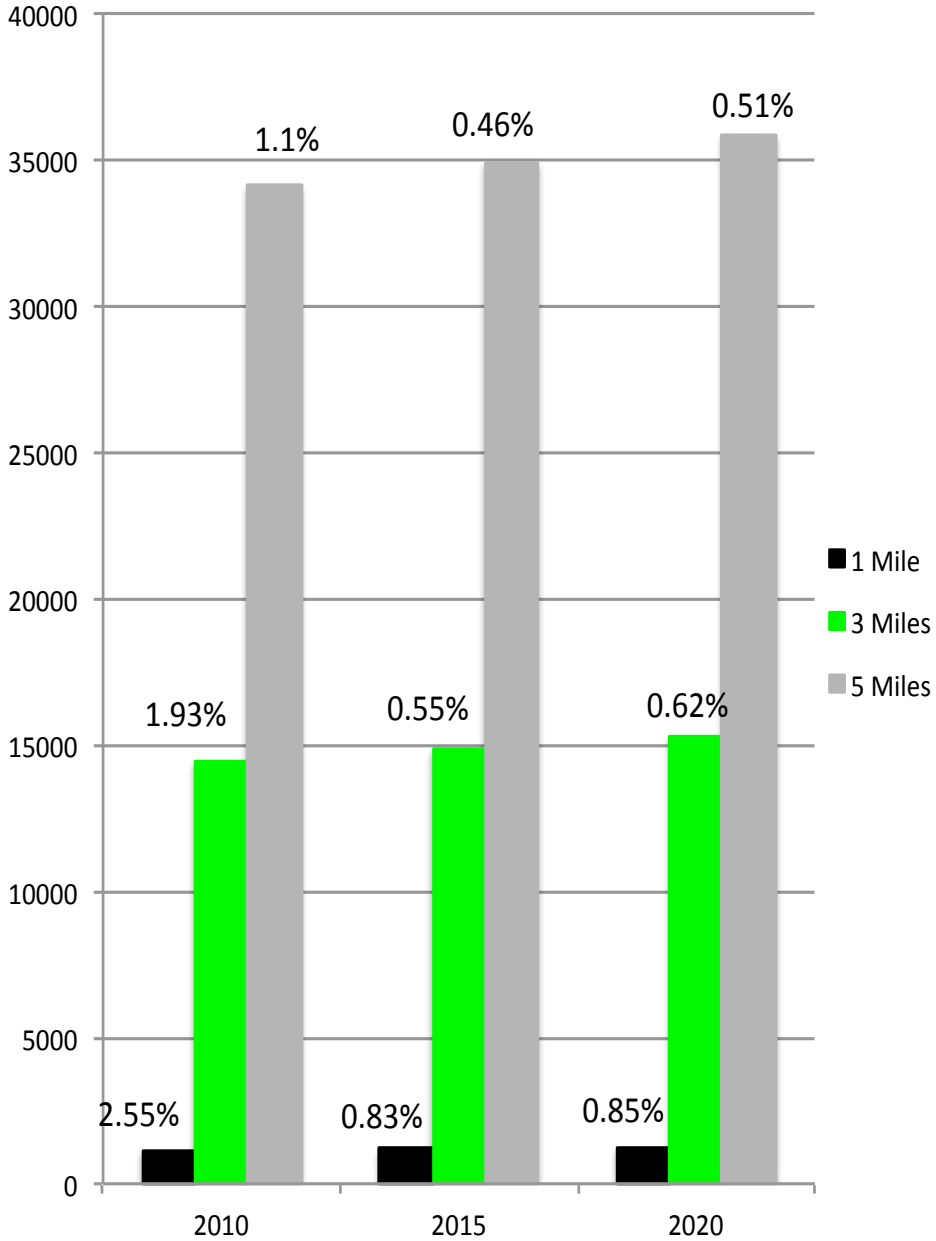
In 2016, the airport commenced a \$10 million terminal renovation project which will include a centralized screening area to provide access to the restaurant and other terminal amenities.

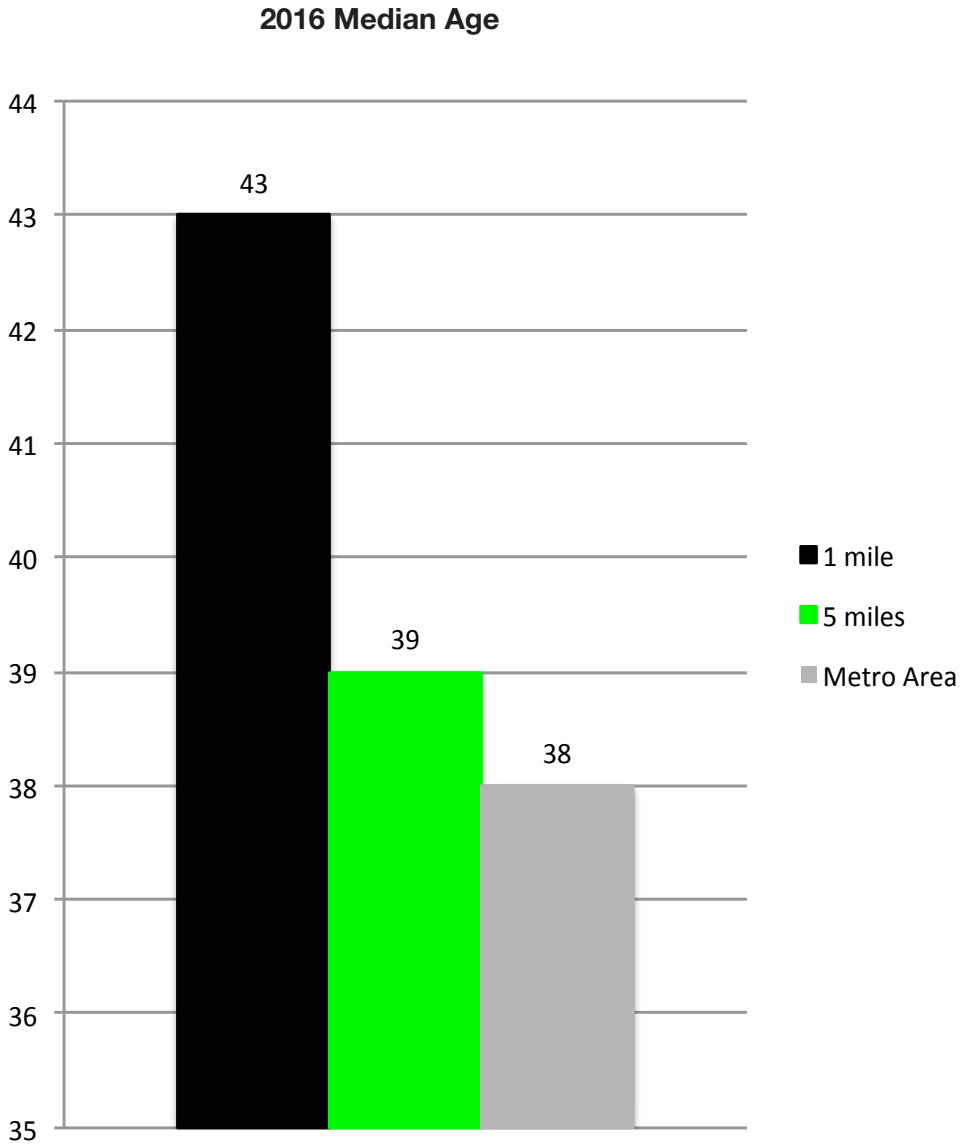
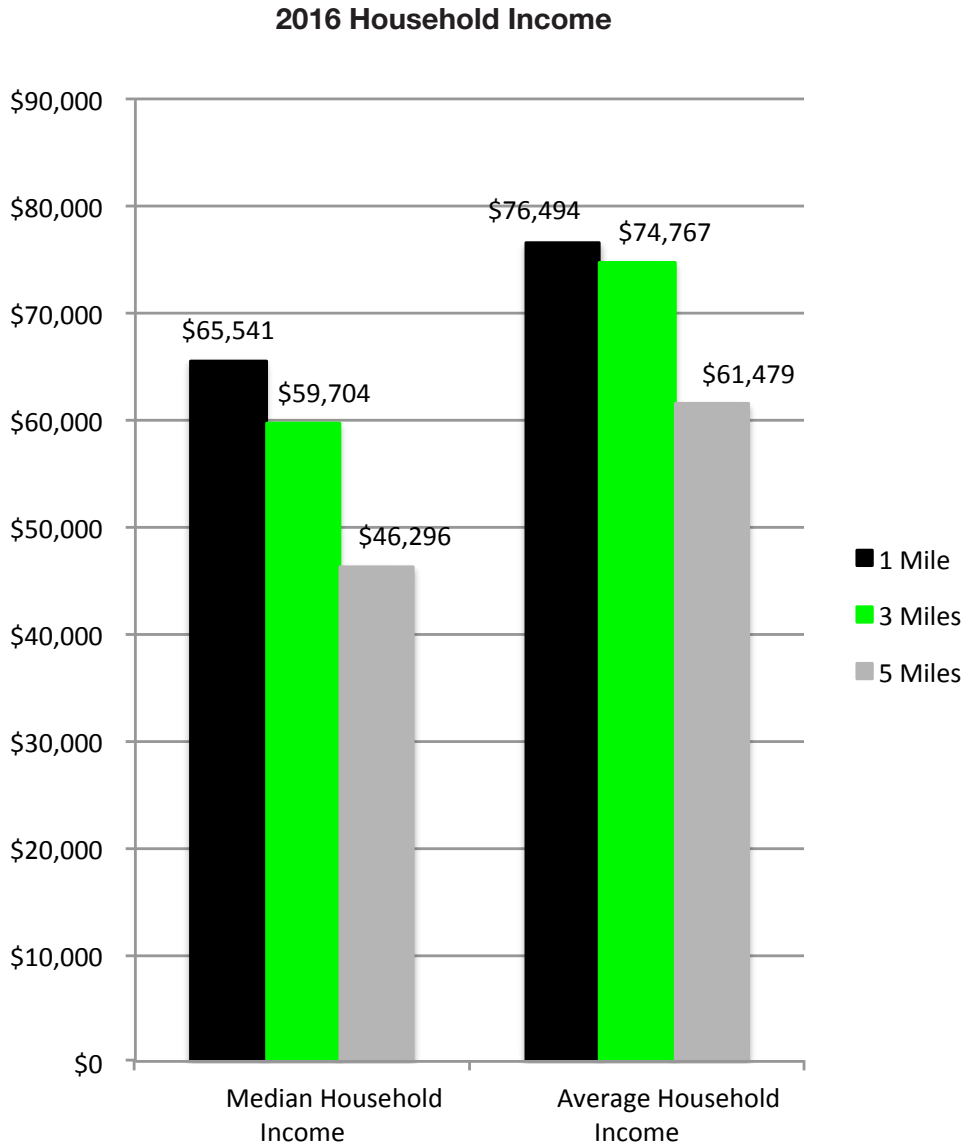


Population Growth



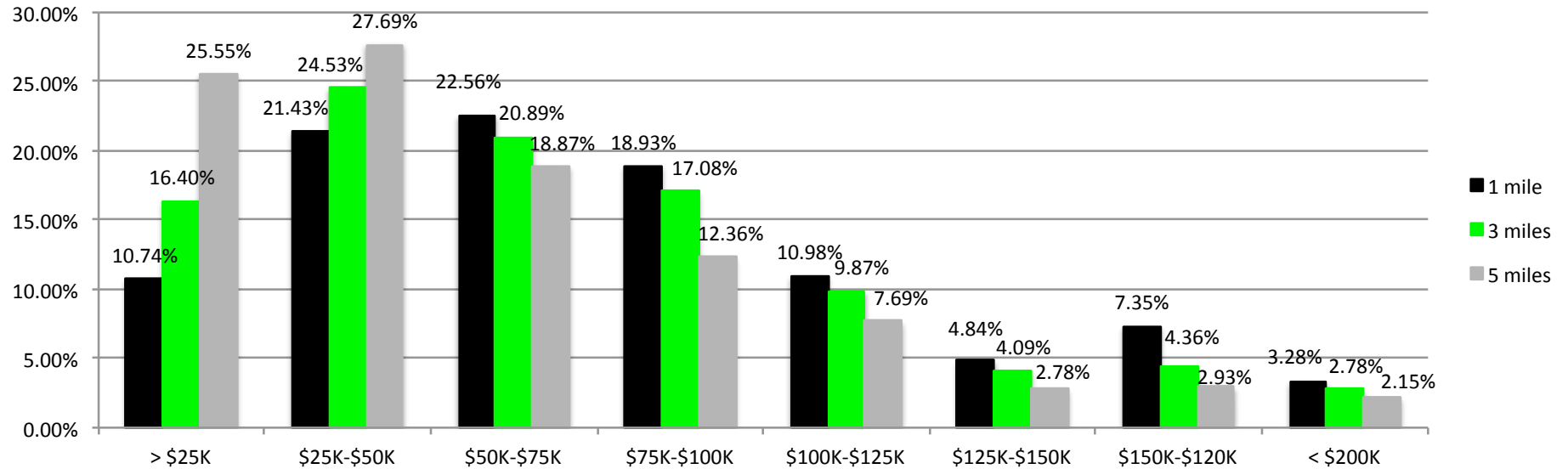
Household Growth



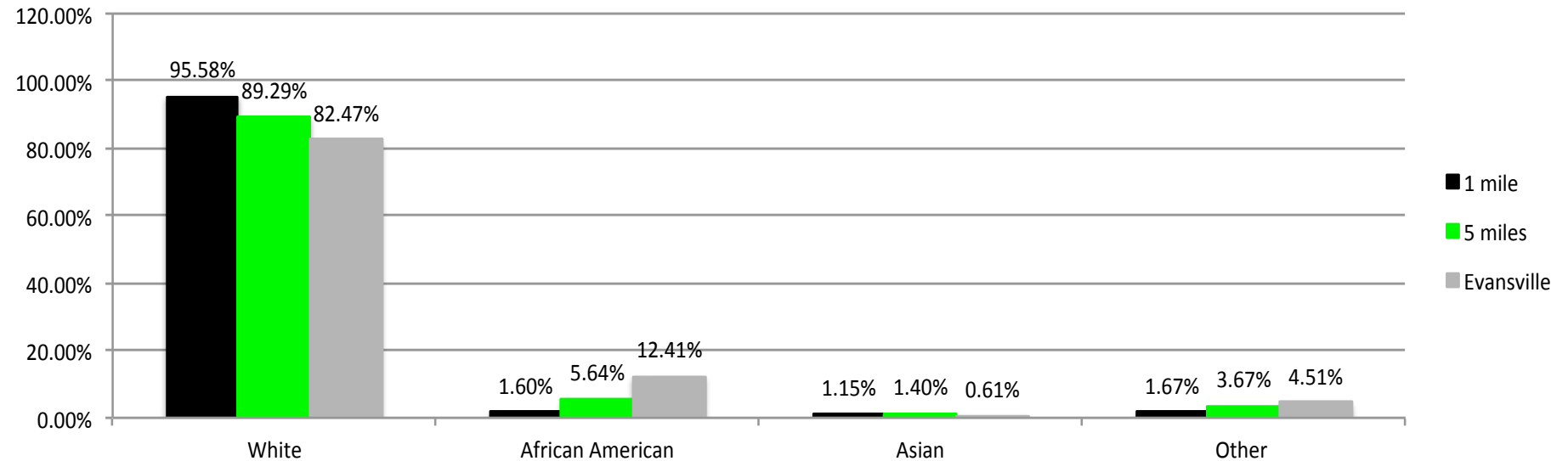




## 2016 Households by Household Income



## 2016 Population by Race



*The information contained in this Offering Memorandum is confidential, furnished solely for the purpose of review by a prospective purchaser of the Property, and is not to be used for any other purpose or made available to any other person without the express written consent of the Seller or Advisor. Prospective purchasers should also conduct their own due diligence, including, but not limited to, engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Property or used in the construction or maintenance of the building(s) at the Property.*



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