Market Study & Feasibility Analysis

Hotel Lodging Assessment

Mauston Wisconsin

Prepared by:

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Submitted to:

City of Mauston Wisconsin

April 25, 2023

HOTEL R&D, LLC

May 4, 2023

Mr. Randy Reeg
City Administrator
City of Mauston
303 Mansion Street
Mauston, WI 53948

In accordance with your request, I have completed a hotel market and feasibility analysis of the City of Mauston Wisconsin. I have studied Mauston, Juneau County and the surrounding market area and the results of the fieldwork and analysis are presented in this report.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the competitive position of the lodging industry in the immediate area from that set forth in this report. The conclusions reached are based upon my present knowledge of the development plans and competitive area as of the completion of my fieldwork and research in April 2023. The terms of our engagement are such that I have no obligation to revise this report or the estimated operating results to reflect events or conditions, which occur subsequent to the date of completion. However, I am available to discuss the necessity for revisions in view of changes in the economic or market factors affecting the proposed development. In addition, Hotel R&D will provide revisions to the financial performance projections contained in this study based on final decisions regarding brand, size, and features. Request for changes to the financial analysis must be made within 12 months of the study completion to avoid additional fees.

Since the conclusions, projections, and recommendations are based upon estimates and assumptions, which are subject to uncertainty and variation, I do not include the possible impact of government restrictions or environmental regulations on the project except those set forth in this report.

This study has been specifically designed to address the development of new lodging project in Mauston Wisconsin.

I would like to thank you for the opportunity to provide assistance in this project. I would be pleased to hear from you if I can be of any further assistance in the interpretation and application of these findings and conclusions.

Sincerely,

Michael P. Lindner

Mauston Wisconsin Hotel Market Study

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Mauston Hotel Market Study

Executive Summary

Based on the analysis contained in this report, it is determined that the city of Mauston will support new lodging development. The community offers a balance of diversified hotel demand ranging from locally generated business activity to strong summer and weekend tourism throughout the year. The city's proximity to Wisconsin Dells and its position along a major interstate route provides further support in allowing a new hotel to capture overflow and highway-generated room demand.

The City of Mauston currently has 4 modern competitive hotels that offer a total of 222 rooms. The average age of a hotel room in the city is 23 years with the newest opening in 2019. Additional lodging in the area includes a small family-owned and operated roadside motel, a downtown bed & breakfast inn, and approximately 11 short-term marketplace rental units (Airbnb, VRBO, etc.) within the city limits.

The modern lodging operations within the city offer a mix of hotel classes including economy, midscale and upscale. Most are branded with nationally recognized franchises including Best Western, Quality Inn (Choice Hotels), and Super 8 (Wyndham Hotels). The newest hotel, The Lodge at Mauston is an independent upscale property with a restaurant, lounge, and event center.

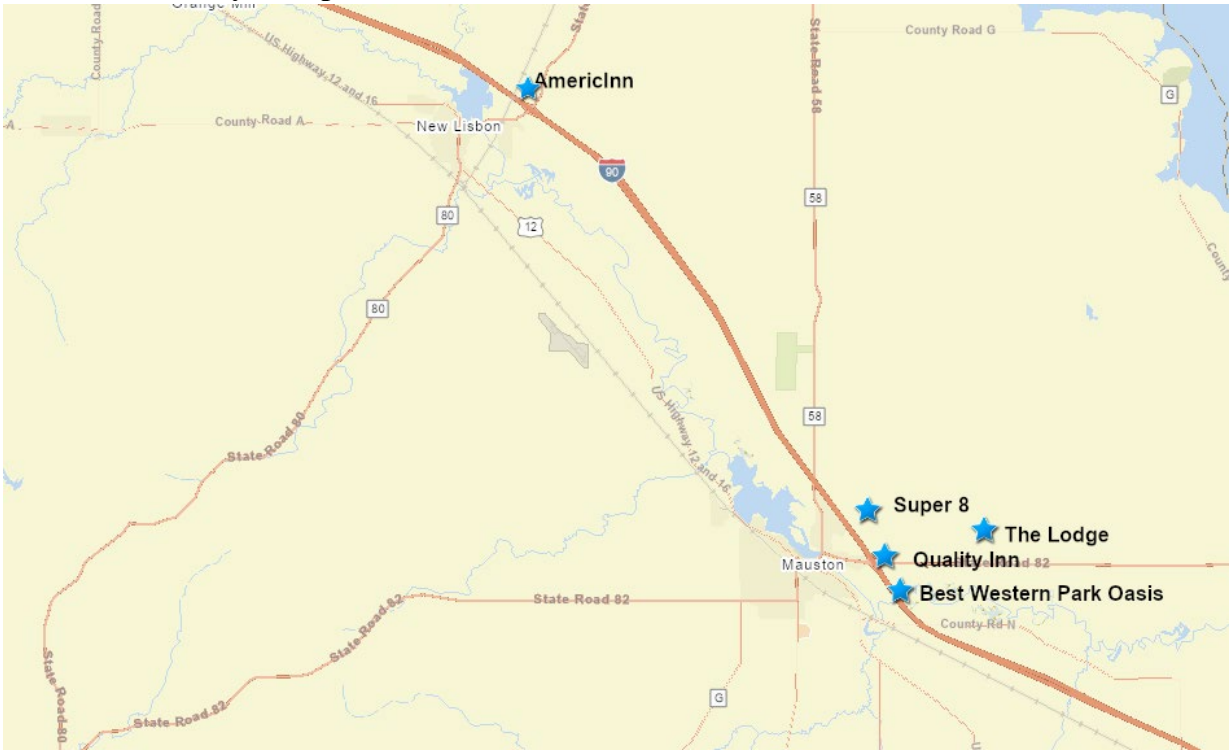
In addition to the Mauston competitive hotels, the recently converted AmericInn Hotel in New Lisbon, 8 miles north of Mauston is included in the primary competitive set of properties in this study. This is the next closest franchised hotel to the city and is located in a community with demand generators that are targeted by the hotels in Mauston.

Mauston Competitive Lodging

Property	Rooms	Class	Opened
The Lodge at Mauston	60	Upscale	2019
Quality Inn Mauston	60	Midscale	1990
Super 8 Mauston	49	Economy	1997
Best Western Park Oasis Inn	53	Midscale	1994
AmericInn New Lisbon	60	Midscale	2017
Total/Average	**282**		**2003**

A secondary competitive supply of properties included in this study includes The Woodside Ranch Resort, a unique lodging operation located 5 miles from Mauston and its sister property the Old Town Hotel. These destination resorts are part of the Woodside Sports Complex which is a significant seasonal hotel demand generator of youth and amateur baseball and softball tournaments. A host of short-term rental units in the region are also defined as secondary competition to a new hotel in Mauston. This study found 60 Airbnb and VRBO rental units located in the Mauston region that are evaluated in the supply analysis section of this study.

Mauston Primary Competitive Hotels



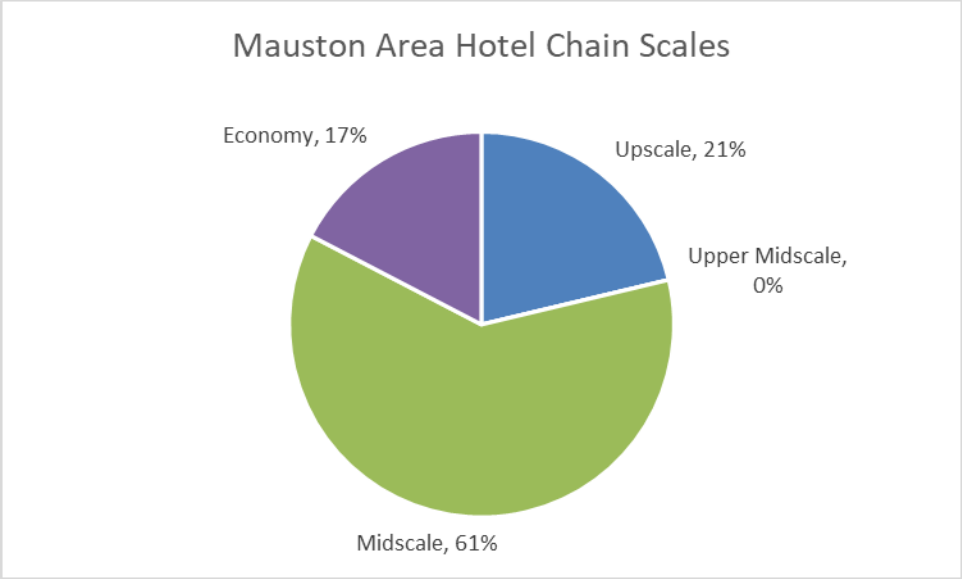
Gap in Lodging Class

(A more detailed definition of chain scales and service levels is contained in the glossary at the end of this study).

A noticeable gap in the class of hotels that are offered in Mauston is the upper midscale brand. The upper-midscale hotel segment has been the most popular among travelers and developers since its conception in the mid-1980s and has only accelerated during periods of new construction surges. Even during times of recessions and other economic downturns, upper-midscale hotels have often led all other classes in performance.

Chain Scales of the Lodging Industry

Class	Sample
Luxury	Four Seasons, JW Marriott, Ritz Carlton
Upper Upscale	Marriott, Hilton, Sheraton, Hyatt
Upscale	Courtyard, DoubleTree, aloft, Residence Inn, SpringhHill Suites
Upper Midscale	Holiday Inn (and Express), Hampton, Comfort Inn/Suites, Country Inn
Midscale	Sleep Inn, Avid, Candlewood Suites, La Quinta, Wingate
Economy	Super 8, Motel 6, Red Roof Inn



Hotel Demand

The demand for lodging in Mauston is greatly influenced by tourist events and attractions in the area. This includes overflow demand from Wisconsin Dells and all of central Wisconsin. Occupancy levels of the primary competitive hotels near or exceed 80% consistently from June through October in most years. Weekday occupancy levels also indicate moderate demand from April – November. Mauston and Juneau County are home to a variety of companies and organizations that bring business travelers to the area. Healthcare is particularly a dominant source of weekday demand with both Mile Bluff Medical Center and Sand Ridge Treatment Facility. As the governmental seat to Juneau County, Mauston also attracts visitors to regional, state, and several federal agencies. Neighboring communities such as New Lisbon and Necedah are also home to several medium to large manufacturing and other industrial companies.

Key Mauston Area Demand Generators

Corporate	Location	Employees
City/County Government	Mauston/Juneau	850
Mile Bluff Medical Ctr	Mauston	750
Sand Ridge Secure Treatment	Mauston	512
Walker Engineered Products	New Lisbon	450
CRTC/Volk Field	Camp Douglas	300
Freudenberg NOK	Necedah	260
Parker Refrigeration Specs Div	Mauston	250
Mastermold	Mauston	250
Leer Inc	New Lisbon	120

Tourist Attractions	Location	Activities
Woodside Sports Complex	Mauston	Youth and Amateur Baseball/Softball Tournaments
Woodside Ranch	Mauston	Horseback riding, ranch work, events
Wisconsin Dells	Wisconsin Dells	3+million annual visitors
Castle Rock Lake	Juneau/Adams	fishing tournaments, general water recreation 13 miles
Castle Rock Golf Course	Mauston	
Oh! Arts	Downtown	Shops, events, art classes
Gravity Box Brewing Company	Downtown	Brewery with events
Burr Oak Winery	New Lisbon	winery with events
State Snowmobile Trails	Juneau County	240 miles of trails
Elroy Sparta Bike Trail	Elroy	32.5 mile natioanlly recognized trails
Buckhorn State Park	Juneau County	est. 200,000 annual visitors
Necedah Wildlife Refuge	Necedah	43,000 acre wildlife region
Volk Field	Camp Douglas	Air and Army National Guard Training

Annual Events		
Woodside Sports Complex	April - October	Mauston
Juneau County Fair	August	Mauston
Waterfest	August	Castle Rock Park
Wa Du Shuda Days	August	New Lisbon
Arm Forces Day	May	Camp Douglas
Automotion Car Show	May	Wisconisn Dells
Adams County Fair	August	Friendship
Warren Cranberry Festival	September	Warrens

Local Hotel Performance

The reported 2022 occupancy level of 55.8% at an ADR of $94.96 (STR) is somewhat misleading after reviewing the complete lodging environment of Mauston. The Lodge at Mauston isn't included (doesn't participate in STR) in the report while room tax collection data indicates the property achieved over $1 million in sales in 2022. The Quality Inn and Super 8, to a lesser extent, lost room inventory due to storm damage in June 2022. The loss of room supply was not reported on the STR report yet double-digit decreases in room demand were reported from July – December.

Based on room tax collections for each property, including the AmericInn in New Lisbon, a 3.8% increase in hotel revenue was realized in 2022 after a 60.8% increase in 2021 (post-pandemic year). Pre-pandemic average occupancies ranged from 57.7% to 60.3% while rates have increased by 16.5% since 2019.

Average Monthly Occupancy Trends

The table below presents the average monthly occupancy trends of Mauston/New Lisbon hotels excluding The Lodge at Mauston. The bottom line represents the average without 2020 uncharacteristic decreased performance.

Mauston Area Monthly Occupancy Trends

Occupancy (%)													
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
2017										55.6%	54.9%	40.5%	0.0%
2018	41.3%	52.4%	55.4%	52.3%	65.2%	76.7%	77.6%	85.7%	66.8%	56.2%	51.5%	42.4%	60.3%
2019	43.5%	52.3%	51.1%	55.4%	58.7%	69.7%	80.8%	70.3%	60.0%	58.3%	49.0%	35.7%	57.1%
2020	33.3%	37.4%	32.5%	35.1%	31.4%	54.1%	69.2%	55.0%	45.5%	43.7%	35.4%	25.4%	41.5%
2021	31.0%	32.5%	34.6%	48.7%	55.1%	71.5%	80.2%	76.3%	79.5%	71.2%	62.3%	47.5%	57.7%
2022	47.1%	51.0%	47.6%	57.3%	58.3%	68.7%	72.5%	68.7%	61.7%	54.3%	46.8%	35.1%	55.8%
Avg	38.1%	45.1%	44.2%	49.8%	53.7%	68.2%	76.1%	71.2%	62.7%	56.6%	50.0%	37.8%	54.5%
Sans 2020	**40.7%**	**47.0%**	**47.2%**	**53.4%**	**59.3%**	**71.7%**	**77.8%**	**75.2%**	**67.0%**	**60.0%**	**52.4%**	**40.2%**	**57.7%**

As the table above illustrates, peak occupancy months occur during the summer travel season from June – September. Shoulder periods occur during April, May, October and into November.

Average Monthly ADR Trends

Similar to the occupancy trends illustrated above, the table below presents the average daily rate trends of Mauston and New Lisbon competitive hotels excluding The Lodge at Mauston. Average rates during 2020 remain in the bottom line average as they did not decrease to the unrealistic levels experienced in area occupancy rates.

Mauston Area Average Daily Rate Trends

ADR ($)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
2017										$ 75.06	$ 66.55	$ 64.84	
2018	$ 63.35	$ 66.93	$ 68.67	$ 70.48	$ 74.40	$ 90.68	$ 95.11	$ 88.85	$ 88.87	$ 70.40	$ 70.50	$ 67.23	$ 78.54
2019	$ 64.28	$ 70.13	$ 74.04	$ 75.98	$ 79.74	$ 92.41	$ 100.14	$ 95.56	$ 90.27	$ 70.95	$ 69.67	$ 68.69	$ 81.55
2020	$ 64.82	$ 71.61	$ 68.88	$ 70.94	$ 71.77	$ 83.32	$ 97.79	$ 87.31	$ 80.48	$ 72.29	$ 68.44	$ 64.06	$ 77.89
2021	$ 66.90	$ 70.36	$ 73.49	$ 82.74	$ 89.02	$ 99.76	$ 118.79	$ 101.24	$ 97.74	$ 89.56	$ 78.85	$ 76.54	$ 91.23
2022	$ 74.58	$ 76.17	$ 76.70	$ 89.68	$ 93.91	$ 112.58	$ 124.16	$ 103.89	$ 106.04	$ 91.26	$ 81.78	$ 74.58	$ 94.96
Avg	**$ 68.71**	**$ 71.03**	**$ 72.42**	**$ 78.59**	**$ 82.49**	**$ 96.19**	**$ 107.20**	**$ 95.49**	**$ 93.55**	**$ 78.86**	**$ 72.90**	**$ 69.77**	**$ 85.12**

Significant rate increases have been realized during peak summer months since 2021 resulting in a 16.5% annual rate increase since 2019. The introduction of The Lodge at Mauston may have an influence on area rates as the independent upscale hotel maintains rates in the $120 - $150 range.

Unaccommodated Demand

Perhaps the most telling factor in the strength of the Mauston hotel market is the potential unaccommodated demand reflected in the daily occupancy trends below. Unaccommodated demand refers to potential visitors to the area that are unable to secure accommodations in the market due to high occupancy at local hotels. Typically, areawide occupancy rates of 70% - 80% or higher indicate likely sell-out nights of competitive hotels.

The table highlights the days of the week for each month that area occupancy levels achieve 70% or higher (yellow) and 80% or higher (orange). The bottom line indicates the number of days represented for each month.

High Occupancy Periods of Mauston Area Hotels

Occupancy (%)	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Feb - 22	32.0	43.4	46.3	47.8	47.7	64.7	75.2	51.0
Mar - 22	33.1	52.2	50.7	49.6	40.8	52.0	54.9	47.6
Apr - 22	36.0	53.1	57.7	55.1	47.9	76.6	67.2	57.3
May - 22	37.6	54.2	60.1	57.6	57.2	68.7	78.1	58.3
Jun - 22	38.2	68.1	66.6	72.6	75.2	81.8	76.0	68.7
Jul - 22	43.8	62.5	73.5	77.6	81.1	82.3	87.9	72.5
Aug - 22	43.2	70.0	72.5	71.7	70.3	72.4	78.4	68.7
Sep - 22	43.2	52.6	61.2	63.9	64.4	64.8	80.3	61.7
Oct - 22	29.8	58.7	55.3	57.8	58.4	57.6	65.1	54.3
Nov - 22	31.6	45.1	50.5	45.5	43.8	54.8	56.0	46.8
Dec - 22	25.1	34.3	39.8	36.0	38.2	34.5	36.9	35.1
Jan - 23	21.2	30.7	32.1	39.2	33.1	34.6	40.7	32.6
Total Year	**34.5**	**52.2**	**55.3**	**56.5**	**54.8**	**62.2**	**66.2**	**54.5**
Number of Days/month	**4**	**9**	**13**	**13**	**17**	**26**		**82**

As the table above illustrates, there were a potential 82 nights that generated unaccommodated demand in the Mauston market. Determining the actual number of unaccommodated room nights cannot be calculated without understanding the amount of "turn-aways" per hotel, an unobtainable number. However, the days highlighted in the previous table indicate strong occupancy levels even with the additional 60 rooms added by The Lodge at Mauston. Thus, it is assumed that the new supply, added in late 2019, is being quickly absorbed by the market demand.

Based on the amount of unaccommodated room demand in the Mauston area and the current and projected growth of the various types of demand, the table below illustrates the trends in occupancy of area hotels with no future addition to lodging supply.

Mauston Projected Hotel Performance – No new supply

No new rooms			0	0	0	0	0
Total Supply	282	282	282	282	282	282	282
Available Rooms/Year	102,930	102,930	102,930	102,930	102,930	102,930	102,930
Market Occupancy	**55.9%**	**56.8%**	**57.9%**	**58.9%**	**59.9%**	**60.8%**	**61.6%**

As the table above illustrates, Mauston area hotel occupancy is expected to increase gradually during the next 5-6 years. This is largely due to the continued stabilization of The Lodge at Mauston as it captures more of the potential group room business in the area. This includes both leisure events and corporate activities.

Recommendations

The projections presented in this study are based on the development of a nationally recognized upper -midscale hotel. A range of 60 – 80 rooms was used in the calculations of occupancy and ADR for the subject hotel and its impact on existing competitive lodging operations.

Number of Rooms 70 - 80

The conclusions of this study recommend a range of 70 - 80 rooms to be developed in the city of Mauston. As the performance projections illustrate, a high volume of "unaccommodated" demand exists. A new hotel, as recommended, will capture a greater-than-fair share of this demand along with inducing new overnight visitors lured by customer loyalty to a nationally recognized franchise. Additionally, overall demand growth is projected as the industry continues its recovery from the pandemic year fallout.

The projections in this study present a 70-room hotel as the financial model for a new development in Mauston.

Room Types

Room mix is often dictated by franchise standards although much consideration is given to market demand. Mauston hotel demand is driven by tourist-related events with a particular focus on athletic team families and general family vacationers. Thus, rooms that accommodate 3 or more guests are highly recommended. Single-bedded rooms offered by existing Mauston hotels equal 15% of the daily supply while two-bedded rooms make up 74% of the units available.

Demand for extended stay suites (kitchenettes) was mentioned by local tourism officials and several key corporate demand generators as a desired product in the Mauston area. However, specific demand levels are unaccounted for as extended stay facilities are not available. Still, this study references the performance of area Airbnb and other marketplace rentals. These units achieve equal or stronger occupancy levels than area hotels with average rates that far exceed those of the competitive set of hotels.

Therefore, the recommended room mix includes suites and extended-stay suites. While franchises may also dictate room styles, this study offers 2 separate options that would provide both standard rooms and extended stay suites. The first option is a standard hotel design with a slightly greater number of suites and extended stay suites ("Inn & Suites"). The second option would be "dual branding" of one property. Dual brands have become popular selling tools for hotel franchises and developers in markets that cater to a variety of visitors. A dual-brand property houses two separate hotels under 1 roof. Possible dual brands as well as optimum hotel franchises for Mauston following this section. The recommended room mix of both styles is presented in the table below:

Recommendations of Room Mix

	King	2/Queen	Suites/Ext	Total
Standard Hotel	20	38	12	70
Ext Stay/Dual	10	22	38	70

Branding

Mauston visitors have the option of several strong economy and midscale franchises including Best Western, Quality Inn and Super 8. However, as previously stated, the popular upper-midscale class of hotels is absent from the market. The closest upper-midscale hotels are located in Wisconsin Dells, 17 – 21 miles away. The next closest is located in Tomah, 26 miles from Mauston. Wisconsin Dells offers 5 upper-midscale hotels with a combined 536 rooms while Tomah offers 3 upper-midscale properties with a combined 222 rooms. It is noted that Chula Vista Resort in Wisconsin Dells recently franchised with the upper-midscale Trademark by

Wyndham ("soft") brand. Due to the size (617 rooms) and resort environment of Chula Vista, this property is excluded from the list of Dell's upper-midscale hotels.

The limited number of franchised hotels within 20+ miles of Mauston creates an opportunity for nearly any brand to enter the market. This study provides several lists including 1) the largest franchises, 2) the most popular brands among business travelers, 3) the most popular among family vacationers, and 4) two regionally popular brands. Since franchise selection is based on developer/owner preference, the recommended franchises listed below are based on brands that were among the top on each list in this report. Consideration is also given only to those brands that would approve development in the Mauston market size and visitor demographics.

1) IHG (Holiday Inns)
    a. Holiday Inn Express
    b. Avid
    c. Candlewood Suites
2) Hilton
    a. Hampton Inn
    b. Tru by Hilton
    c. Home2Suites
3) Marriott
    a. Fairfield Inn
    b. TownePlace Suites
4) Choice Hotels
    a. Comfort Inn/Comfort Suites
    b. Sleep Inn
    c. Mainstay Suites
    d. Country Inn & Suites

Regional Brands

a. Cobblestone Hotels
b. GrandStay Suites

The recommended franchises to pursue for new development of a standard hotel in Mauston:

1. Holiday Inn Express
2. Hampton Inn & Suites
3. Comfort Suites

The recommended dual-brand franchises to pursue for the market:

1. Avid/Candlewood
2. Sleep Inn/Mainstay Suites

Discussions with brand representatives for each franchise resulted in tentative approval of the Mauston market. However, Hilton representatives (Hampton) indicated that approval of a Hampton may be difficult due to internal changes to the brand's chain scale position from upper-midscale to upscale. They are strongly suggesting Tru by Hilton. However, the current property design does not necessarily match the demand markets of Mauston. There is a Tru ready to open in Wisconsin Dells.

Features

Similar to room mix, hotel franchises have a relatively set list of features and amenities that are required for new development. Most of these features and amenities have become standard expectations in the lodging industry. These include:

Public Space

- Enlarged lobby with gathering space, computer stations and adjacent to open breakfast area
- Complimentary breakfast, including hot items
- Meeting space equating to a minimum of two sleeping room bays (approximately 800 – 1,000 square feet)
- Guest pantry with expanded grab 'n go meal selections and personal care items with an option of beer & wine.
- Guest laundry facilities
- Indoor pool with whirlpool spa
- Fitness Room
- Business Center with multi-monitor connections, printer/fax, and supplies

In-room

- High-end brand beds and bedding
- Brand name personal care items
- In-room coffee/tea service
- Smart TV with streaming capabilities
- Strong internet (hard-wire and wireless) with secure passwords
- Smartphone Controls
    - Keyless room entry
    - Heating/cooling control
    - Check-in/check-out procedures
    - Area concierge information
- Connecting rooms

(*In-room features continued*)

- Full-size kitchen appliances (extended stay)
- Microwave, dorm-size refrigerator (standard rooms)

Projected Performance of Subject Hotel

The table below illustrates the projected performance of the subject hotel based on the findings and evaluation of the Mauston market. The assumption is made that the property will be opened for its first full year in 2025. The financial analysis contained in this study extends the performance, including revenues and expenses, through 10 years.

Performance Projections

	2025	2026	2027	2028	2029
Occupancy	57%	62%	68%	70%	72%
ADR	$ 127.89	$ 131.19	$ 134.37	$ 137.58	$ 140.48
Revpar	$ 63.61	$ 71.42	$ 80.33	$ 84.74	$ 88.88

Growth of occupancy each year is based on recent historic trends plus projections of demand growth offered by various demand generators and tourism officials. The table below presents the percentage of demand that each key market segment is projected to generate for the proposed hotel.

Demand Market Mix

	2023	2024	2025	2026	2027	2028	2029
Corp Individual	34%	34%	34%	33%	33%	33%	33%
Corp Group	6%	6%	6%	7%	7%	7%	7%
Leisure Individu	33%	33%	33%	34%	34%	34%	34%
Leisure Group	11%	11%	11%	11%	11%	12%	12%
Transient	16%	15%	15%	15%	15%	15%	15%

Impact on Local Competitive Lodging

The 70-room count is considered optimum for a new hotel in Mauston. The performance of a 70-room property results in financially health operations and provides a satisfactory return on investment to attract qualified investors and potential lending institutions. The 70-room count will also have a relatively minimal impact on the existing supply of hotels and may even improve the ability to command stronger rates and draw additional visitors to the market.

The table below illustrates the projected occupancy levels of the Mauston competitive hotel market beginning at the current (2023) year and extending 5 years beyond the opening of the planned hotel.

Mauston Projected Hotel Performance – With 70 New Rooms

New Supply			70	70	70	70	70
Total Supply	282	282	352	352	352	352	352
Available Rooms/Year	102,930	102,930	128,480	128,480	128,480	128,480	128,480
Market Occupancy	**55.9%**	**57.1%**	**50.9%**	**52.4%**	**53.7%**	**54.8%**	**55.8%**

Location

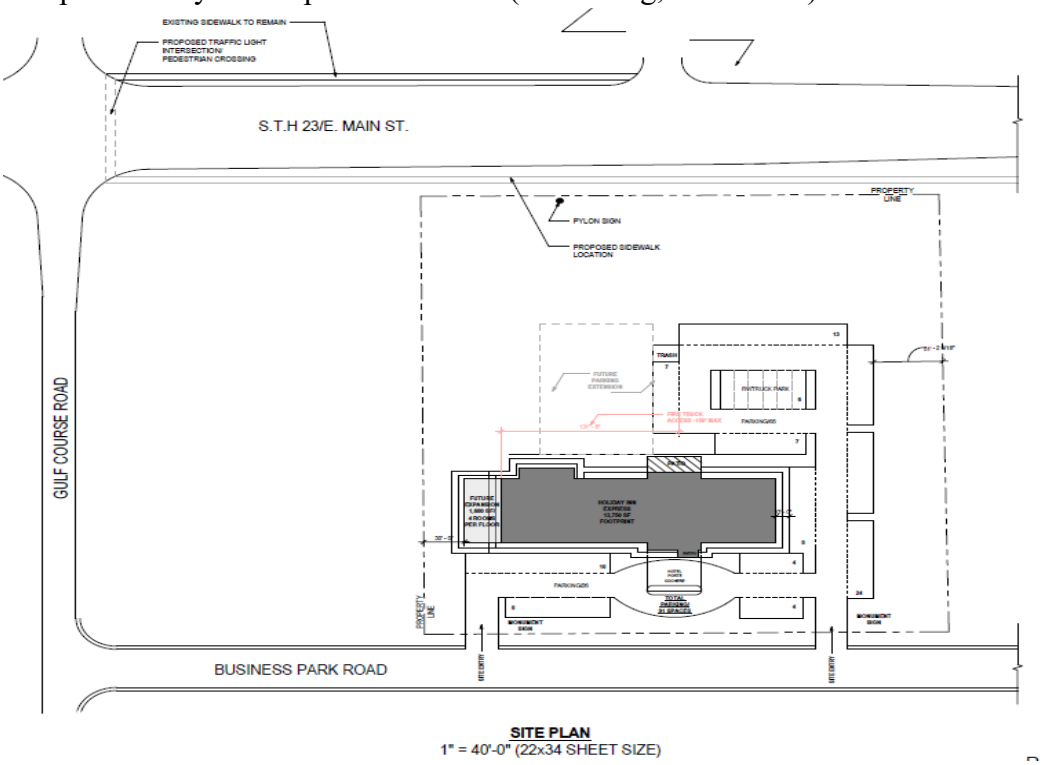
Multiple locations were identified during the fieldwork portion of this study with the conclusion that the optimum site for a new hotel in Mauston will have immediate access to I-94 and preferable visibility to interstate travelers. While the latter may not be available, nor required, a location with direct or near-direct access from Gateway Avenue (Highway 82) is recommended.

Development without significant restrictions is also highly recommended to avoid additional development expenses during this period of higher construction costs. Site work including demolition of existing buildings, the need for extensive infrastructure, and potential zoning conflicts can limit and/or extend the timeline of new lodging development.

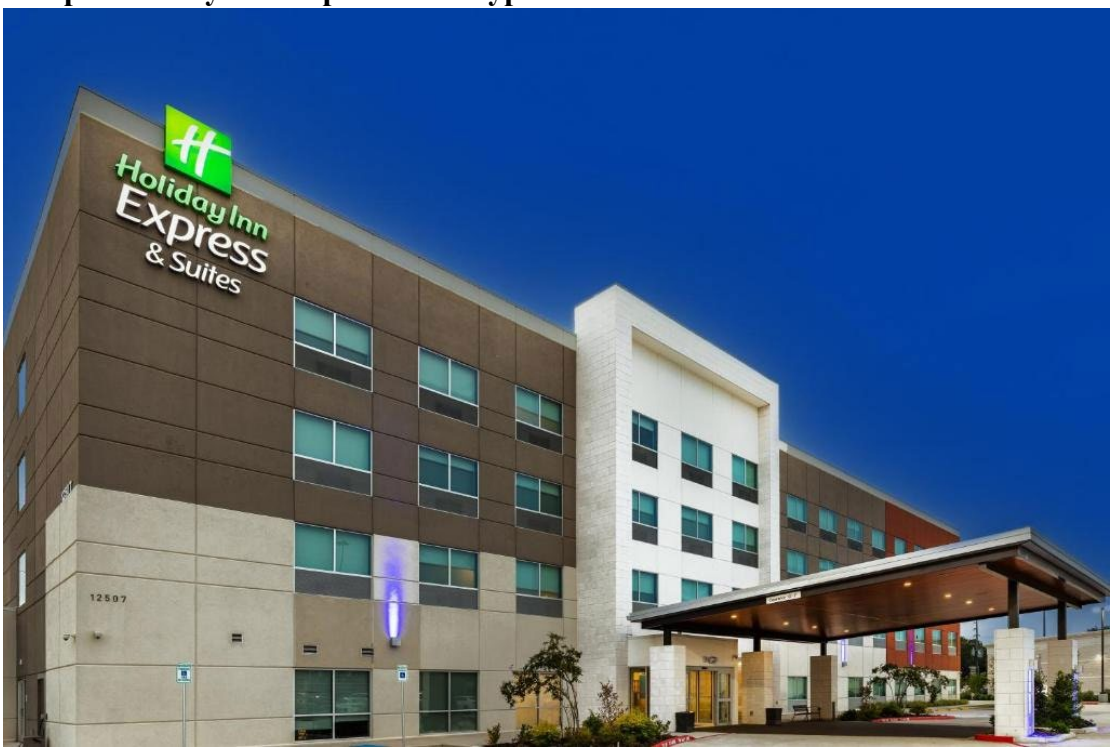
The City of Mauston has already established plans for a TIF district (#5) that encompasses a large section of the northeast quadrant of I-94 and Highway 82 (Gateway Avenue) as well as a portion of the northwest and southwest quadrants.

A typical hotel project will require approximately 2 – 2.5 acres to accommodate a 4-story 70-room hotel with required parking and landscaping. The image below shows a standard footprint of a 93-room hotel. The recommendation in this study suggests 70-room as the maximum number of units, so the actual floor plan will differ slightly.

Sample Holiday Inn Express Site Plan (Reedsburg, Wisconsin)



Sample Holiday Inn Express Prototype



IHG's Avid/Candlewood Dual-Brand Prototype

Market Area Description

The economic vitality of the market area and region surrounding the subject site is an important consideration in forecasting existing and future lodging demand. Economic and demographic trends that reflect the volume of visitations provide a basis from which lodging demand is projected.

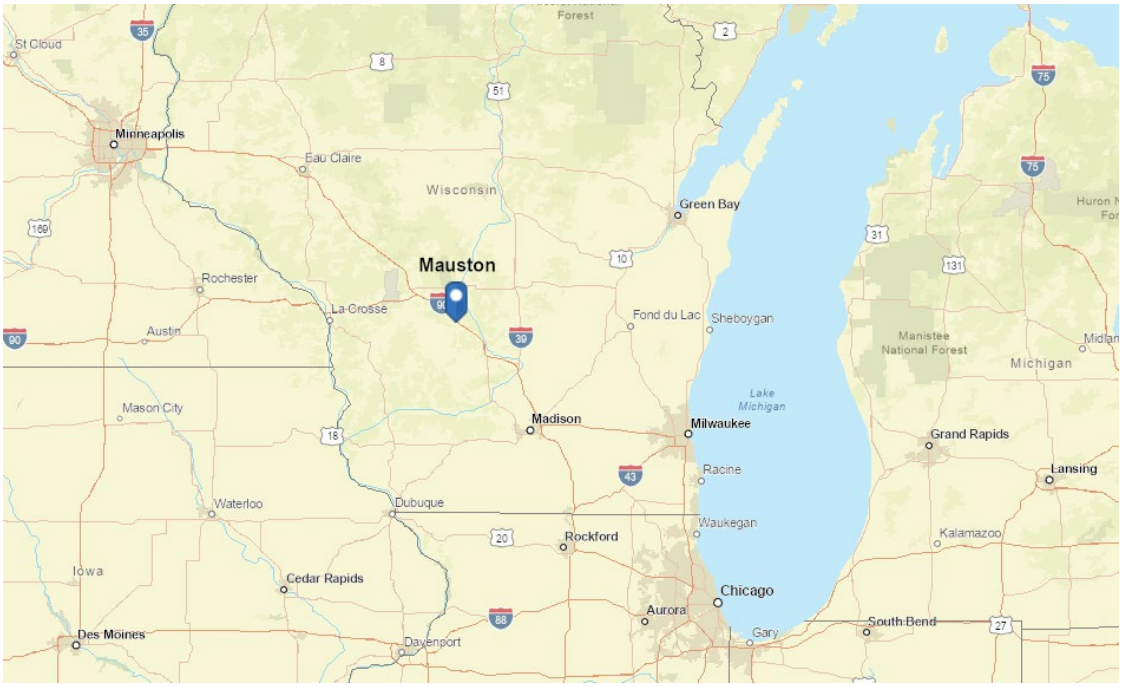
The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then 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, leisure, group, etc.

City of Mauston

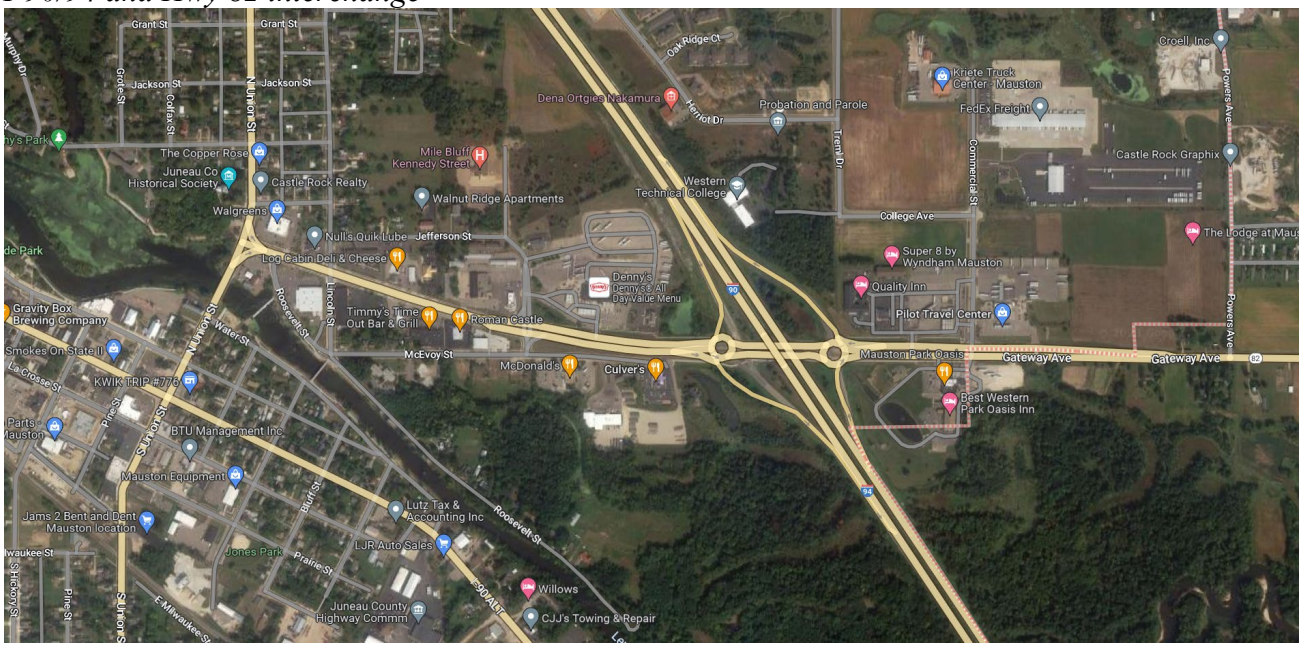
The City of Mauston is a community of approximately 4,347 people located in south central Wisconsin. It is the governmental seat of Juneau County and its population of nearly 27,000 residents. The city is positioned at the crossroads of I-90/94 and State Highway 82 creating a traveler's hub to over 35,000 vehicles per day along the freeway. This intersection is dotted with numerous automotive service stations, truck stops, retail businesses and a variety of restaurants. The city's four hotels are also located within blocks of the interstate. The popularity of the Mauston intersection can be attributed to the city's midway status between Chicago (210 miles south) and Minneapolis (198 miles north).

State Highway 82 is a secondary commuter route extending 28 miles east to I-39, a primary north-south route through the center of the state. Highway 82 connects to State Highway 23 at this intersection which extends east to Lake Michigan in the city of Sheboygan. West of Mauston, Highway 82 winds through southwestern Wisconsin's Driftless Region traveling 83 miles to the Mississippi River at the Iowa border.

Aside from the growing commercial corridor along the interstate, the City of Mauston has a retail and service sector in its downtown business district. Like many communities its size, Mauston is experiencing a growing interest in the revitalization of its historic downtown. The Lemonweir River and Decorah Lake create a scenic backdrop at the northern boundary of the downtown district while State Highway 12 (State Street) and Highway 82 (Union Street) intersect at the center of a grid of roadways offering a variety of shops, services, governmental buildings and numerous eating and drinking places.



I-90/94 and Hwy 82 interchange



Downtown Mauston

Downtown Mauston

Source: Google

Away from the two distinct business districts of Mauston, the city is surrounded by natural resources that provide year-round recreational opportunities. The previously mentioned Lemonweir River is a tributary of the Wisconsin River and offers fishing, canoeing and kayaking with various access points around the Mauston area including Riverside Park located downtown. Castle Rock Lake, the 4th largest in the state, is approximately 15 miles north of Mauston. This 13,500-acre waterway is a major destination for recreational boating and fishing and is surrounded by state forests and natural areas as well as Buckhorn State Park.

A variety of man-made attractions are also within 15 – 20 miles of Mauston. Wisconsin Dells, the proclaimed waterpark capital of the world, is located 15 miles south of Mauston. Consistently ranked among the top 10 U.S. family vacation destinations, "the Dells" offers considerably more than indoor and outdoor waterparks. The Dells has a plethora of natural and man-made attractions with a growing focus on youth and amateur athletic events. The growth of tournament venues in the city has spread to communities outside of the Dells including Mauston. Just east of the I-90/94 interchange on Highway 82 is the Woodside Sports Complex, a 245-acre themed facility consisting of 8 synthetic turf baseball/softball fields and a retail center. Across from the sports complex is Woodside Ranch, a historic guest ranch providing horseback riding trails and outings along with other more typical resort activities.

While tourism is a thriving force behind the Mauston economy, industry is also well versed. The manufacturing sector provides the most jobs in the county while healthcare, education and governmental agencies offer a strong employment base. This includes Camp Douglas and Volk Field Air National Guard Base, 13 miles north of Mauston. Key employers in the Mauston/Juneau County region include:

Company	Location	Employment
Walker Engineered Products	New Lisbon	500
Mile Bluff Medical Ctr	Mauston	472
Sand Ridge Secure Treatment	Mauston	439
CRTC	Camp Douglas	300
Parker Refrigeration Specs Div	Mauston	160
Leer Inc	New Lisbon	116
Freudenberg-NOK Gp	Necedah	102
Mastermold	Mauston	110

Accessibility

One of the greatest attributes of Mauston may be its' accessibility. The city is located along I-90/94 in central Wisconsin. Mauston is approximately 24 miles south of the I-90 and I-94 eastbound merger and westbound split. An estimated 35,000 vehicles per day are recorded at the Highway 82 interchange on the interstate. \

350-Mile Radius of Mauston

Distance to Mauston

Market	*Miles*
Wisconsin Dells	24
Madison	72
La Crosse	75
Eau Claire	107
Wausau	113
Green Bay	137
Rockford	140
Milwaukee	141
Minneapolis	198
Chicago	220

Travel Alternatives

While the interstate system and several state highway routes provide the majority of travel in and out of Mauston, there are several alternatives. The Mauston-New Lisbon Union Airport is a joint city-owned facility located approximately 6 miles north of Mauston. The airport provides a 3,688-foot paved runway and fuel service. Local private aircraft and general aviation make up the estimated 30 daily operations. There is also an active EAA club based at the airport. The closest commercial airport service is provided in Madison, 70 miles south. Amtrak and Greyhound Bus services are available in Wisconsin Dells.

Market Economic Indicators

Economy

Perhaps one of the most recognizable landmarks along I-90/94 in Wisconsin is the big rig Kwik Trip sign at the Highway 82 intersection. The sign well represents the automotive and trucker services that have established the area as a stopover for interstate travelers in route from one destination to another. These businesses, visible and easily accessible from the interstate, have provided a strong retail and service-based economy for Mauston for decades. However, the city and county's true economy is supported by a stable manufacturing sector as well as healthcare, government and traditional agriculture-related businesses.

Juneau County Industry

As this study presents, tourism plays a significant role in the Mauston and Juneau County economies. Local natural resources, regional events and attractions and the overall growing popularity of southcentral Wisconsin have turned Mauston from a stopover point to a visitor destination. Yet, more visitors are staying in the area for business (and leisure) purposes including those doing business and visiting attractions outside of the Mauston area. As a commercial hub, Mauston attracts visitors from neighboring communities and counties that either have limited overnight accommodations, limited availability or rates and qualities that do not satisfy these guests.

Secondary Business Demand Markets

Employment by Industry

While it is difficult to correlate hotel room demand and local employment, larger companies tend to attract more visitors especially if those companies are primary or regional headquarters. However, even small employing businesses can attract customers, relocating staff, salespersons, and technical and other support personnel.

Juneau County reported an unemployment rate of 2.8% in December 2022 after a record high of 15.9% in April of 2020. A labor force of 12,845 was reported in December 2022.

The table on the following page presents the number of jobs in Juneau County by primary employment sector.

Juneau County Wisconsin Employment by Industry

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CAGR	% of Total
Total employment	12,203	12,328	12,145	12,215	12,346	12,607	12,487	12,601	12,539	12,636	12,044	12,368	0.1%	100%
Farm employment	957	974	950	992	959	939	927	906	933	935	909	928	-0.3%	8%
Forestry, fishing, and related activities	101	96	106	105	103	98	86	82	88	75	77	77	-2.4%	1%
Mining, quarrying, and oil and gas extraction	25	18	37	32	32	40	1	26	22	17	20	19	-2.5%	0%
Utilities	24	28	29	28	32	34	35	33	34	30	31	30	2.0%	0%
Construction	579	564	571	560	527	535	569	542	556	572	576	610	0.5%	5%
Manufacturing	1,928	2,013	2,026	2,118	2,203	2,273	2,170	2,219	2,202	2,182	1,972	2,003	0.3%	16%
Wholesale trade	253	281	303	331	339	317	235	200	194	200	138	136	-5.5%	1%
Retail trade	1,285	1,309	1,330	1,338	1,380	1,396	1,373	1,347	1,341	1,370	1,344	1,372	0.6%	11%
Transportation and warehousing	497	504	520	489	534	583	540	548	575	579	547	557	1.0%	5%
Information	58	55	57	56	62	59	68	70	65	63	61	55	-0.5%	0%
Finance and insurance	318	352	313	311	262	267	275	287	274	284	278	293	-0.7%	2%
Real estate and rental and leasing	331	340	311	309	300	320	321	397	359	334	347	365	0.9%	3%
Professional, scientific, and technical services	191	191	208	207	203	264	258	272	267	268	262	303	4.3%	2%
Management of companies and enterprises	116	116	121	122	128	135	138	140	132	139	138	118	0.2%	1%
Administrative support and waste management	314	304	254	221	226	226	297	288	276	320	279	285	-0.9%	2%
Educational services	56	(D)	(D)	(D)	(D)	(D)	(D)	147	155	(D)	126	130	8.0%	1%
Health care and social assistance	1,269	(D)	(D)	(D)	(D)	(D)	(D)	1,273	1,258	(D)	1,257	1,325	0.4%	11%
Arts, entertainment, and recreation	153	157	158	168	162	161	174	165	164	170	139	144	-0.5%	1%
Accommodation and food services	927	912	849	875	830	827	917	995	943	961	916	982	0.5%	8%
Other services (except government)	622	644	605	575	565	581	560	560	569	590	544	538	-1.3%	4%
Government and government enterprises	2,317	2,221	2,169	2,097	2,125	2,116	2,110	2,104	2,132	2,155	2,083	2,098	-0.9%	17%
Federal civilian	288	267	256	247	254	258	258	245	252	239	225	207	-3.0%	2%
Military	72	73	76	80	91	93	67	65	65	64	65	63	-1.2%	1%
State and local	1,957	1,881	1,837	1,770	1,780	1,765	1,785	1,794	1,815	1,852	1,793	1,828	-0.6%	15%
State government	632	570	532	498	508	508	507	513	506	535	534	535	-1.5%	4%
Local government	1,325	1,311	1,305	1,272	1,272	1,257	1,278	1,281	1,309	1,317	1,259	1,293	-0.2%	10%

As the table above illustrates, the majority of jobs in Juneau County are generated by the Government sector. While city and county agencies make up the majority of these jobs, state, federal and military departments add to the sector. State, federal and military agencies can generate a considerable amount of demand for overnight accommodations in their region. The key government agencies in Juneau County that can generate hotel demand include:

Business	Location	Employment
Sand Ridge Secure Treatment Center	Mauston	439
Operated by Wisconsin Health & Human Services		
Juneau County	Mauston/Others	468
Estimate of all county offices/agencies		
Volk Field – CRTC	Camp Douglas	440

2015 estimate. Also reported 35,000 room nights generated by out-of-state military visitors and 26,000 room nights from in-state military. The majority of these guests are housed at the hotel and conference center on base. A reported 3,300 civilian visitors per year stay at area hotels.

The second larger employing sector in Juneau County is manufacturing. The manufacturing sector generates 16% of the county's employment and has shown slight growth during the past 10 years. Manufacturing operations tend to attract a strong volume of visitors, especially headquarters or regional headquarters operations. The top manufacturing companies in Juneau County are:

Business	Location	Employment
Wabash/Walker	New Lisbon	550
Westrock	Adams	325
Parker Refrigeration	Mauston	160
Leer Inc	New Lisbon	116
Mastermold	Mauston	110
Freudenberg-NOK	Necedah	102
NTM Inc	Elroy	70
Tailor Made Products	Elroy	65
WM Sprinkman Services	Elroy	50
Brenner Tank (Wabash)	Mauston	30
Brunner Manufacturing	Mauston	35
Carr Valley Cheese	Mauston	30
Mauston Tool	Mauston	35

Both the Retail and Healthcare sectors generate the third-highest number of jobs in Juneau County. Mile Bluff Medical Center in Mauston creates the highest number of jobs employing an estimated 472 people. Several area assisted living facilities including Fairview Nursing Home in Mauston and Crest View Center in New Lisbon each create approximately 80 jobs in the healthcare industry. The healthcare centers such as Mile Bluff tend to generate strong demand for overnight accommodations including extended stays for training, relocating staff and visiting personnel.

The Retail sector of employment typically generates modest levels of hotel room demand. However, unique shops in specialized districts (such as historic downtowns) tend to attract a stronger share of leisure demand. Festival Foods in Mauston is the area's largest retail employer, creating approximately 150 jobs. However, the study found a total of 269 retail establishments in Juneau County of which 47 were national franchises (including gas stations and restaurants) and 222 independently owned and operated shops.

The remaining sectors of employment in Juneau County are relatively balanced with construction, transportation and other services all generating approximately 5% each of county-wide jobs. Businesses involved in Educational Services reported the highest level of growth in jobs of all sectors between 2010 and 2021, yet only makes up 1% of total employment.

Other Market Indicators

The following section reviews key economic and demographic indicators that can influence the lodging industry, either directly or indirectly.

Population

Local population and trends typically have a minor impact on the local lodging industry. However, growth or decline in population can provide an indicator to the economic strength of a community. Yet more variables can influence demand for overnight accommodations. Tourist destinations, for example, may attract seasonal residents as well as leisure-oriented visitors.

The city of Mauston has a current population of 4,316 within the Juneau County population of 26,802. The US Census indicates the city population has decreased by 2.3% from 2010 to 2021 while the county population has increased by 0.5% during the same period. Future growth, however, indicates a reversal in trends as the City of Mauston is expected to experience a population increase of 23% between 2021 and 2040. This growth projection is provided by the Wisconsin Demographic Service Center while historic trends are provided by the US Census Bureau.

Projections of growth in Mauston are further supported by a recent Housing Study & Needs Assessment performed by Vierbicher Associates in 2023. This study indicates the need for newer single and multi-family housing due to extremely low vacancy levels (0% for rental housing). The study recommends 106 new housing units are required just to maintain the existing vacancy levels.

Perhaps more important to the lodging industry, nearly all of the feeder markets to Mauston, illustrated in the table below, experienced good to impressive growth from 2010 to 2021. This includes the Metropolitan Madison which experienced phenomenal growth during the past two decades as well as Metropolitan Minneapolis/St. Paul area that was the fastest growing major metropolitan region in the country during the 2010's.

The table below presents the population growth trends of the Mauston region and key feeder markets.

Population Trends Mauston and Key Markets

Geographic Area	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	% Change 2010 - 2021	CAGR
Mauston	4,418	4,444	4,497	4,435	4,369	4,372	4,366	4,362	4,358	4,355	4,338	4,316	-2.3%	-0.2%
Juneau County	26,675	26,705	26,775	26,571	26,349	26,319	26,345	26,474	26,599	26,688	26,908	26,802	0.5%	0.0%
New Lisbon	2,251	2,541	2,548	2,526	2,492	2,483	2,495	2,508	2,517	2,545	1,743	1,744	-22.5%	-2.3%
Adams County	20,878	20,767	20,411	20,407	20,120	20,027	19,984	19,905	20,386	20,268	20,498	20,875	0.0%	0.0%
Metropolitan Markets														
Madison	404,000	412,000	420,000	428,000	437,000	446,000	455,000	464,000	473,000	480,000	487,000	501,000	24.0%	2.0%
Milwaukee	1,378,000	1,385,000	1,392,000	1,399,000	1,406,000	1,413,000	1,420,000	1,428,000	1,435,000	1,436,000	1,439,000	1,443,000	4.7%	0.4%
Minneapolis	2,658,000	2,686,000	2,714,000	2,742,000	2,771,000	2,800,000	2,829,000	2,859,000	2,889,000	2,907,000	2,926,000	2,946,000	10.8%	0.9%
Chicago	8,616,000	8,646,000	8,677,000	8,708,000	8,739,000	8,770,000	8,801,000	8,833,000	8,864,000	8,862,000	8,865,000	8,877,000	3.0%	0.3%
Minnesota	5,310,828	5,346,143	5,376,643	5,413,479	5,451,079	5,482,032	5,522,744	5,566,230	5,606,249	5,639,632	5,707,165	5,707,390	7.5%	0.7%
Iowa	3,050,745	3,066,336	3,076,190	3,092,997	3,109,350	3,120,960	3,131,371	3,141,550	3,148,618	3,155,070	3,188,669	3,193,079	4.7%	0.4%
Illinois	12,840,503	12,867,454	12,882,510	12,895,129	12,884,493	12,858,913	12,820,527	12,778,828	12,723,071	12,671,821	12,785,245	12,671,469	-1.3%	-0.1%
North Dakota	674,715	685,225	701,176	722,036	737,401	754,066	754,434	754,942	758,080	762,062	778,962	774,948	14.9%	1.3%
South Dakota	816,166	823,579	833,566	842,316	849,129	853,988	862,996	872,868	878,698	884,659	887,099	895,376	9.7%	0.8%
Wisconsin	5,690,475	5,705,288	5,719,960	5,736,754	5,751,525	5,760,940	5,772,628	5,790,186	5,807,406	5,822,434	5,892,323	5,895,908	3.6%	0.3%

Source: US Census Bureau

Personal Per Capita Income

Similar to population trends, the personal per capita income (PPCI) of the subject market has less influence on a new lodging operation's success than those of the feeder markets. However, growth in PPCI in the local area can indicate overall economic health. The growth of PPCI in feeder markets can represent the financial strength of potential visitors. Annual growth can also be used to project annual rate and other fee increases. However, most often the indicator is a simple measure of the financial strength of a given area.

The table below offers the trends of Personal Per Capita Income for Juneau and neighboring Adams County as well as key feeder metro markets. Similar to population trends, the Madison metropolitan area has experienced strong personal income growth second only to the greater Chicago metropolitan market.

Personal Per Capita Income Local and Metro Feeder Markets

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CAGR
Juneau County	$ 34,006	$ 33,434	$ 34,393	$ 35,853	$ 35,834	$ 37,086	$ 38,451	$ 40,189	$ 42,982	$ 46,040	3.4%
Adams County	$ 33,845	$ 34,109	$ 35,147	$ 36,579	$ 37,275	$ 38,342	$ 39,082	$ 41,638	$ 44,057	$ 46,002	3.5%
Metro Madison	$ 49,102	$ 50,029	$ 51,649	$ 54,426	$ 55,760	$ 57,393	$ 60,357	$ 63,668	$ 66,677	$ 71,062	4.2%
Minneapolis-St. Paul	$ 51,574	$ 51,657	$ 54,409	$ 56,717	$ 57,806	$ 59,555	$ 62,161	$ 64,496	$ 67,688	$ 71,912	3.8%
Metro Milwaukee	$ 47,930	$ 47,657	$ 49,288	$ 51,392	$ 52,260	$ 53,842	$ 56,394	$ 58,192	$ 61,378	$ 65,803	3.6%
Chicago	$ 48,804	$ 49,647	$ 52,501	$ 55,170	$ 55,800	$ 57,586	$ 60,938	$ 63,024	$ 66,474	$ 71,992	4.4%

Source: US Census Bureau

Retail and Travel Industry Sales

This section provides a correlation between retail and key service industry sales trends and the population and income trends of a county's residents. While unscientific, this correlation can expose the potential strength of outside influence (non-residents) on local sales. The previous tables illustrate stagnant population growth in the county and a compounded annual growth rate per capita personal income of 3.4% between 2010 and 2021. The table below illustrates the compounded annual growth rate of key retail sectors during the same period for Juneau County.

Retail Sales Per Capita Juneau County

	2010	2015	2019	2020	2021	CAGR
Motor Vehicle and Parts Dealers	$ 1,449	$ 1,978	$ 2,462	$ 2,773	$ 3,107	7.2%
Furniture and Home Furnishings Stores	$ 31	$ 59	$ 95	$ 120	$ 149	15.2%
Electronics and Appliance Stores	$ 75	$ 58	$ 86	$ 159	$ 185	8.5%
Building Material and Garden Equipment ar	$ 423	$ 479	$ 625	$ 562	$ 721	5.0%
Food and Beverage Stores	$ 323	$ 370	$ 306	$ 626	$ 658	6.7%
Gasoline Stations	$ 898	$ 1,116	$ 1,044	$ 501	$ 557	-4.3%
Clothing and Clothing Accessories Stores	$ 37	$ 50	$ 56	$ 95	$ 115	10.8%
Miscellaneous Store Retailers	$ 475	$ 571	$ 519	$ 155	$ 208	-7.2%
Nonstore Retailers	$ 126	$ 257	$ 645	$ 1,253	$ 1,559	25.7%
Total Retail Sales	**$ 4,620**	**$ 5,691**	**$ 6,771**	**$ 8,126**	**$ 9,447**	**6.7%**

With the exception of gasoline sales, which fluctuates greatly with price per gallon and miscellaneous (department store) sales, the retail sector in Juneau County has experienced strong annual growth trends compared to the growth of local, personal income. Of particular interest are the growth trends from 2019 to the pandemic year of 2020. While gasoline sales in 2020 declined by over 50% from the previous year, non-retailer (online) and food and beverage store sales increased by a collective 98% year-over-year.

Traveler-related Industry Sales

The next table illustrates the sales trends of industries closely associated with the travel sector. It is noted that per capita sales trends of accommodations are not a standard measure of the lodging industry to determine strengths or weaknesses. However, the data in this table is presented for comparison purposes. The table also compares Juneau County sales to the Wisconsin statewide average per capita sales. This comparison is highlighted on the *Juneau to State Index* line of the table.

Juneau County and State Per Capita Sales Comparison

Accommodations	**2010**	**2015**	**2019**	**2020**	**2021**	**CAGR**
Juneau County	$ 252.19	$ 344.89	$ 419.71	$ 416.28	$ 467.99	
		36.8%	21.7%	-0.8%	12.4%	5.8%
Wisconsin	$ 238.46	$ 310.85	$ 366.83	$ 165.10	$ 274.47	
		30.4%	18.0%	-55.0%	66.2%	1.3%
Juneau to State Index	*106%*	*111%*	*114%*	*252%*	*171%*	*449.2%*
Eating and Drinking Places	**2010**	**2015**	**2019**	**2020**	**2021**	**CAGR**
Juneau County	$ 830.69	$ 995.94	$ 1,266.01	$ 1,255.66	$1,452.92	
		19.9%	27.1%	-0.8%	15.7%	5.2%
Wisconsin	$ 1,096.49	$1,322.22	$ 1,602.18	$ 1,099.80	$1,428.44	
		20.6%	21.2%	-31.4%	29.9%	2.4%
Juneau to State Index	*76%*	*75%*	*79%*	*114%*	*102%*	*214.3%*
Gasoline Stations	**2010**	**2015**	**2019**	**2020**	**2021**	**CAGR**
Juneau County	$ 898.24	$1,116.08	$ 1,044.43	$ 500.86	$ 557.01	
		24.3%	-6.4%	-52.0%	11.2%	-4.3%
Wisconsin	$ 308.72	$ 356.29	$ 180.88	$ 184.59	$ 195.03	
		15.4%	-49.2%	2.1%	5.7%	-4.1%
Juneau to State Index	*291%*	*313%*	*577%*	*271%*	*286%*	*104.0%*

The table above further supports Mauston's (and Juneau County's) position as a service/retail hub to the traveling public. Lodging sales in the county have more than doubled the per capita sales of the state since 2020. According to the sales revenue data, Juneau County lodging revenue experienced a relatively minor decrease during the pandemic year 2020 compared to the state average. Although occupancy level of Mauston area hotels did decrease sharply in 2020 (presented in the demand analysis section of this report), significant increases in average rates and growth in non-traditional lodging (short-term rentals) revenues provided a greater cushion in the sales decline.

It is noted that county accommodations revenue differs from the hotel room tax collections for the county. Hotel room tax is collected by 4 communities while sales and use tax collections include any and all lodging operations throughout the county.

Lodging Revenue Trends - Mauston and New Lisbon

	2017	2018	2019	2020	2021	2022
Mauston	$ 2,354,166	$ 2,958,568	$ 2,921,695	$ 2,517,699	$ 3,859,904	$ 4,109,030
% Chg		25.7%	-1.2%	-13.8%	53.3%	6.5%
New Lisbon	$ 464,576	$ 808,893	$ 721,713	$ 434,348	$ 899,895	$ 806,228
% Chg		74.1%	-10.8%	-39.8%	107.2%	-10.4%
Lemonweir	$ 700,820	$ 791,000	$ 735,000	$ 516,180	$ 717,200	$ -
% Chg		12.9%	-7.1%	-29.8%	38.9%	
Union Center	$ 32,880	$ 21,260	$ 18,420	$ 14,040	$ 13,980	$ -
		-35.3%	-13.4%	-23.8%	-0.4%	
Combined	$ 3,552,441	$ 4,579,722	$ 4,396,828	$ 3,482,267	$ 5,490,979	$ 4,915,258
% Chg		28.9%	-4.0%	-20.8%	57.7%	

Source: Wis Dept of Revenue; City of Mauston; City of New Lisbon

The table above illustrates the lodging revenue and annual changes for communities that collect a room tax in Juneau County. This revenue includes taxes collected from short-term rental units (Airbnb, VRBO, etc). Significant changes in recent years include the addition of The Lodge (60-units) in late 2019 in Mauston and the conversion of the AmericInn in New Lisbon (2017) from an independent operation. Data for Lemonweir and Union Center were not available for 2022.

Per capita eating and drinking place sales in Juneau County traditionally lagged behind state averages by 20 – 25% prior to 2020. During the past two years, per capita sales in the county outperformed the state averages. Compounded annual growth in eating and drinking place sales increased by over double that of the state.

Lastly, gasoline sales per capita in the county have always far exceeded the state average. Even after the pandemic-year decline of 52% from the previous year, gasoline sales in Juneau County had an index of 271% over the per capita state average. The increase reported in the county for 2021 nearly doubled that of the state.

Highway Traffic Counts

Highway traffic volume can be directly correlated with lodging performance in a market such as Mauston where transient hotel demand is evident. Although an exact comparison is not feasible, increases and declines in traffic volume tend to mirror those of lodging demand. The table below illustrates the changes in highway traffic counts along I-90/94 both east and west of the Highway 82 intersection.

Highway Traffic Counts	2010	2015	2019	2020	2021	CAGR
I-90/94 NW of Hwy 82	30,500	33,100	34,100	28,800	35,100	1.3%
I-90/94 SE of Hwy 82	31,800	35,300	34,700	30,536	40,918	2.3%
Average	31,150	34,200	34,400	29,668	38,009	1.8%
Percent Change		10%	1%	-14%	28%	

As the table above illustrates, traffic volume along the interstate near Mauston has grown at a compounded annual rate of 1.8% with 2021 reporting the highest traffic counts in the historic timeline.

Exit ramp volume in the table below also illustrates the strength of the Mauston interchange compared to the first service exits west and east of Highway 82.

I-90/94 Exit Ramp Traffic Counts

Hwy 82	Northbound	3,900
	Southbound	3,900
New Lisbon		
	Northbound	1,200
	Southbound	1,800
Lyndon Station		
	Northbound	1,700
	Southbound	700

Source: Wisconsin Dept of Transportation

Visitor Spending

Each year the Wisconsin Department of Tourism gathers visitor spending data for each county in the state. Visitor spending is defined as day and overnight visitors' support of businesses in accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel. Since 2010, Juneau County has ranked between 40th and 42nd of the 72 counties in the state. The table below illustrates Juneau County visitor spending per capita compared to the state totals.

Per Capita Income	2010	2015	2019	2020	2021	CAGR
Juneau County	$ 31,042	$ 35,853	$ 40,189	$ 42,982	$ 46,040	3.6%
		15.5%	12.1%	6.9%	7.1%	
Wisconsin	$ 39,175	$ 46,548	$ 52,893	$ 55,904	$ 59,787	3.9%
Percent Change		18.8%	13.6%	5.7%	6.9%	
Juneau to State Index	*79%*	*77%*	*76%*	*77%*	*77%*	

Conclusions

Nearly every indicator presented in this section illustrates a strong economic environment for the lodging industry. Although population growth trends have been somewhat stagnant, future projections indicate a cycle of growth. More important to a new hotel, the growth of Mauston's feeder markets assures a strong potential customer base. The city's status as a transient stopover is evident in the retail and service industry sales trends that far exceed the personal income of local residents. Those statistics plus the approximate 9 million travelers that pass along the interstate each year further support the city's likely economic stability. However, there is evidence beyond the visibility of the interstate that indicates growing strength in demand for overnight accommodations as well as other visitor services. Growth of employment by key sectors including manufacturing, construction, and retail often results in greater hotel demand as reflected by the need for these industries.

The extreme demand for new housing, as referenced in this section, offers another solid indicator that the need for temporary accommodations will continue to exist. New residents awaiting completion of their homes can result in demand for extended-stay lodging as will relocating personnel to local companies.

Still, reliance on an uncontrollable source of economic strength such as daily traffic volume is a positive source of support for area businesses. Mauston and Juneau County lodging operations proved that, even during a "stay-at-home" pandemic, there were overnight visitors and highway travelers that continued to utilize these businesses. Whether essential travel or those seeking recreational opportunities that offered a level of social distancing, overnight visitors sought and still seek destinations in a more rural setting yet close enough to areas of interest. Wisconsin Dells is one of these destinations and Mauston businesses benefit greatly from this top destination's continued popularity.

LODGING SUPPLY

The city of Mauston currently has 4 hotels that offer a total of 222 rooms to overnight visitors. There is also a bed & breakfast inn located in the downtown business district. The average age of Mauston hotels is 23 years, and the average size is 56 rooms. Midscale hotel chains provide 51% of the available rooms in the area while the only economy brand provides 22% of the available rooms. An independent upscale hotel offers 27% of the area's room supply.

Mauston Competitive Hotel Supply			
Property	**Rooms**	**Class**	**Opened**
The Lodge at Mauston	60	Upscale	2019
Quality Inn Mauston	60	Midscale	1990
Super 8 Mauston	49	Economy	1997
Best Western Park Oasis Inn	53	Midscale	1994
Total/Average	**222**		**2000**

In addition to the Mauston properties, a 5th competitive hotel is located in New Lisbon, 7 miles north, is defined within the primary competitive set of hotels in the Mauston market. The 60-room AmericInn in New Lisbon is the next closest franchised hotel to the city. Several key demand generators for Mauston hotels are located in New Lisbon. Thus, AmericInn is considered primary competition. This increases the number of competitive rooms to 282 with an average age of 20 years. The AmericInn was originally built in 2003 as an independent hotel and converted to its current franchise in 2017.

Primary Competitive Hotels			
Property	**Rooms**	**Class**	**Opened**
The Lodge at Mauston	60	Upscale	2019
Quality Inn Mauston	60	Midscale	1990
Super 8 Mauston	49	Economy	1997
Best Western Park Oasis Inn	53	Midscale	1994
AmericInn Hotel & Suites New Lisbon	60	Midscale	2017
Total/Average	**282**		**2003**

The Woodside Old Towne and Woodside Ranch Resort are also within 5-6 miles of Mauston and provide a total of 124 additional lodging units to the market. However, these are two unique destination properties that have limited competitive qualities to a newer modern franchised hotel. These resorts along with a relatively large number of marketplace rentals (Airbnb, VRBO, etc.) are evaluated as secondary competitive lodging later in this study.

Primary Competitive Hotels - Mauston

The next section provides details of the primary competitive set of hotels. Estimates of occupancy and ADR as well as the percentages of demand by market segment is included. This information was compiled from personal interviews, inspections, online resources, and individuals knowledgeable of the local lodging market and/or brands. The performance projections are also compared to the STR report and evaluation of lodging tax collections by the city and county.

The Lodge at Mauston

104 Lodge Lane

Owner/Mgmt	Ron and Barb Brunner	***Projected Performance***	
Rooms	60	Estimated Occupancy	**50% - 60%**
Year Opened	2019	Estimated ADR	$112 - $118
Room Mix		***Estimated Market Mix***	
Single Bed	8	Corp Individual	30%
2 Queen	36	Corp Group	10%
Suites	16	Leisure Individual	35%
Other	0	Leisure Group	20%
Meeting Space (sq ft)	20,000	Transient/Retail	5%

Unique Features and Amenities

Free full breakfast
Indoor pool
Hot Tub
Fitness center
Unique northwoods room dccor
Restaurant/Lounge/
Large Conference Center

In-room

Microwave/Refrigerator
Connecting rooms
Suites include:
wet bar
some kitchenettes
some sleeper sofas
balcony or patio
large rooms

Walkable

Wendy's
Taco Bell

Notes

New hotel with upscale restaurant and lounge. Property receives mostly positive reviews with several exceptions regarding staff and price. This is the only upscale hotel in the region. There is evidence of a lack of training standards of a professional management company. The hotel is not visible from the interstate yet is on the main Gateway route.

Best Western Park Oasis

1004 Gateway Avenue

Owner/Mgmt	HMV Motel Inc
Rooms	53
Year Opened	1993

Room Mix

King	14
2Queen	32
Suites	7
Other	0
Meeting Space - sf	1,300

Projected Performance

Est Occupancy	65% - 70%
Est ADR	$115 - $120

Estimated Market Mix

Estimated Demand Mix	
Corp Individual	35%
Corp Group	5%
Leisure Individual	40%
Leisure Group	10%
Transient/Retail	10%

Unique Features and Amenities

Grab 'n go breakfast
Indoor pool
Outdoor pool (seasonal)

In Room

Microwave
Refrigerator
Suites contain:
wet bar
sleeper sofa

Walkable

On-site restaurant, lounge, gift shop
Carr Valley Cheese Store
Dairy Queen
Other fast food
hiking/snowmobile trail access

Notes:
History of being top property in Mauston with well kept rooms and public space. Full service features of separately owned restaurant and lounge.

Quality Inn

1001 Hwy 82

Owner/Mgmt	Jay Shree Ganesh
Rooms	60
Year Opened	1990

Room Mix

King	12
2Queen	45
Suites	3
Other	0
Meeting Space - sf	0

Unique Features and Amenities

Free breakfast
on-site bar
Indoor pool/spa/fitness center
Pet friendly
some poolside rooms

In Room

Microwave
Refrigerator
Suites contain:
1 Whirlpool
1 - 3 double beds

Projected Performance

Est Occupancy	45% - 55%
Est ADR	$85 - $90

Estimated Market Mix

Estimated Demand Mix	
Corp Individual	40%
Corp Group	5%
Leisure Individual	30%
Leisure Group	10%
Transient/Retail	15%
Other	0%

Nearby

China Buffet
Pilot Travel Center
Wendy's
BP/C-Store

Notes:

Former Country Inn with same physical features. Good visibility and access off freeway. Traditional strong performer although it appears to have declined. Some rooms have updated FF&E. Mostly good reviews on travel sites although ranked 4th of 4 area hotels.

Super 8

1001 A Hwy 82E

Owner/Mgmt	Jay Shree Ganesh
Rooms	49
Year Opened	1997

Room Mix

King	5
2Queen	42
Suites	2
Other	0
Meeting Space - sf	0

Projected Performance

Est Occupancy	60% - 70%
Est ADR	$82 - $86

Estimated Market Mix

Estimated Demand Mix	
Corp Individual	35%
Corp Group	5%
Leisure Individual	30%
Leisure Group	5%
Transient/Retail	25%

Unique Features and Amenities

Free breakfast
Indoor pool/spa/sauna
Pet friendly

Nearby

China Buffet
Pilot Travel Center
BP/C-store
Wendy's

In Room

Microwave
Refrigerator
Suites contain:
1 Whirlpool

Notes:

Slightly above average Super 8 with mostly good reviews. Visible sign but hotel is located behind Quality Inn blocking view of building from the road. Strong performer.

AmericInn - New Lisbon

1702 E Bridge Street New Lisbon

Owner/Mgmt	Lal Patel and Mahesh Patel
Rooms	60
Year Opened	2002/2017

Room Mix

King	3
2Queen	53
Suites	23
Other	0
Meeting Space - sf	30,000

Projected Performance

Est Occupancy	40% - 50%
Est ADR	$80 - $85

Estimated Market Mix

Estimated Demand Mix	
Corp Individual	30%
Corp Group	5%
Leisure Individual	30%
Leisure Group	10%
Transient/Retail	25%

Unique Features and Amenities

Free breakfast
Indoor pool/spa/sauna
Pet friendly

Nearby

BP Travel Mart
McDonalds
Real Taste Garden

In Room

Microwave
Refrigerator
Suites contain:
1 Whirlpool

Notes:

Conversion from independent hotel. Room upgrades in 2017 but some public space shows age. Large banquet area appears unused and unmarketed.

Secondary Competitive Supply

As stated previously, a secondary competitive supply of hotel rooms was examined in this study. The Woodside Old Towne Hotel is located approximately 5 miles east of Mauston and is situated within the Woodside Sports Complex, a large leisure demand generator for the entire region. The property offers 84 modern hotel units in a western themed environment. The hotels' primary audience consists of teams and families participating in softball and baseball tournaments from April – October each year.

Woodside Old Towne Hotel

The Old Towne Hotel sister property, the Woodside Ranch is also located approximately 5 miles from Mauston along Highway 82. Woodside Ranch is a historic guest ranch offering rustic cabins and a lodge within an environment of horseback riding and other outdoor recreation. Operations are seasonal and the ranch serves more as a minor demand generator than a competitive lodging facility to Mauston hotels.

Woodside Ranch

Airbnb and other Marketplace Rentals

Short-term rental units or marketplace rentals have grown from niche to mainstream in the 15 short years since Airbnb introduced its uniform format of booking homes and other individual residential or vacation units. Initially designed to attract leisure travelers, marketplace rentals have steadily entered the business-travel demand sector. While unit locations tend to center around recreational destinations, more properties are becoming available in urban neighborhoods and downtown business districts.

Mauston Marketplace Rentals

AirDNA, a research platform for marketplace rental performance, lists 60 active rentals in the Mauston area. Active rentals are defined as those that had at least one reserved or available day in the last month of analysis. While the similar hotel industry terms of "occupancy" and "average daily rate" are reported in AirDNA, the comparable use of these terms somewhat differs. Occupancy rates for marketplace rentals, for example, are not always based on a full-year cycle. Still, the data provided illustrates the strength of demand for such accommodations and more important to lodging performance projections, the average daily rates guests are willing to pay.

Unit Size of Mauston Rentals

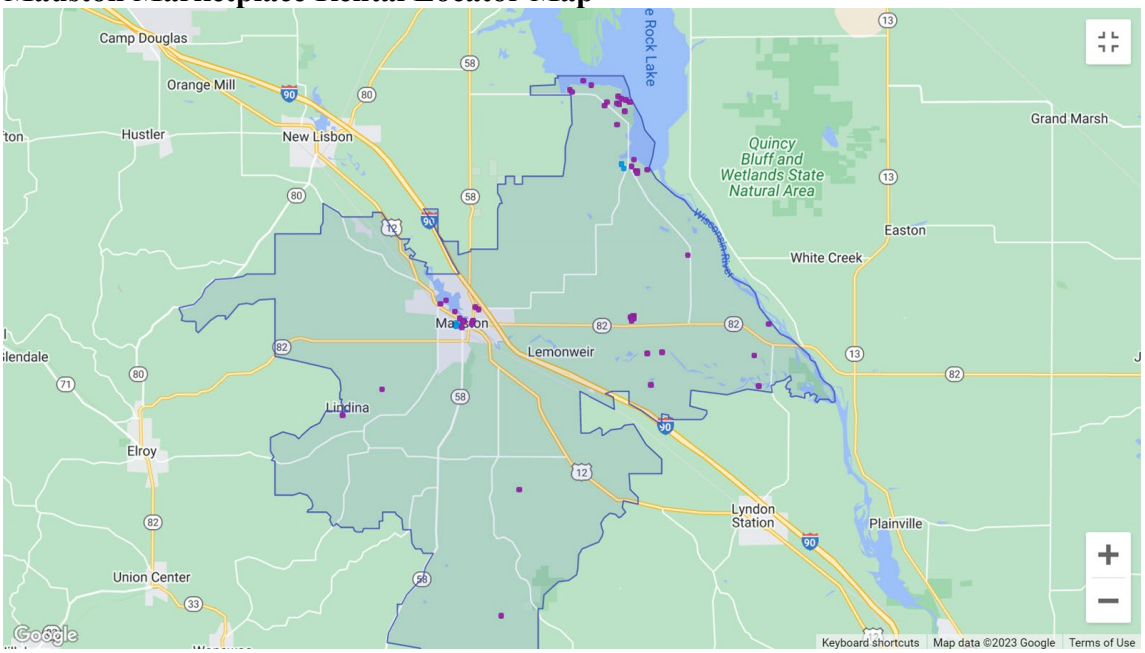
The table below presents the number of units by the number of bedrooms for rental properties in the Mauston area.

Short-term Rentals	
Studio	2
1 BR	6
2 BR	19
3 BR	15
4 BR	12
5+ BR	6
Total	**60**

As the table above illustrates, rental units with 2 bedrooms or more dominate the market. Many of these units are positioned along or near Castle Rock Lake or the Lemonweir River. The performance analysis section of this report will focus on non-waterfront properties, especially those located downtown Mauston.

The overall performance of the 60 available units in the Mauston area, during a 12-month running cycle (as of April 19, 2023) is 58% occupancy at a $311 average daily rate.

Mauston Marketplace Rental Locator Map



Competitive Supply Recap

Mauston area hotels provide an array of lodging types including economy, midscale and upscale accommodations. However, a noticeable gap in chainscales missing in the market is upper midscale lodging. Upper-midscale hotel chains such as Holiday Inn Express, Hampton Inn, Comfort Suites and a host of other national and regional brands have been the most popular choices of developers and travelers alike.

Technically, while the Best Western core brand is defined as midscale, the Best Western Park Oasis Inn fills the gap of upper-midscale lodging with its current rate structure and rate performance. However, at 30 years of age, the property has exceeded the typical franchise life of a brand hotel. The property has been very well maintained and continues to receive high rankings in online guest satisfaction surveys. The hotel is also made popular by the connected restaurant, lounge and cheese retailer. Still, the hotel is likely to face decline in its infrastructure as industry technology and design continues to advance.

The Lodge at Mauston was a significant recent addition to the area's lodging supply. This property bypassed the upper midscale sector and introduced high-end upscale accommodations and full-service hotel amenities to the region. Its lack of impact on occupancy levels of existing hotels in the area (presented later in this study) suggests pent-up demand for higher-quality accommodations. With its sizeable meeting and banquet facilities, the hotel is capable of inducing its own demand by targeting corporate and leisure groups.

Yet, as an independent name, The Lodge lacks the appeal of national and global guest loyalty programs and recognition. While the elimination of rising franchise fees offers a

great benefit to the hotels' bottom line, it is conceivable that the owners will ultimately opt for a national franchise or "soft brand" franchise in the future. Soft branding is a growing product of most well-established franchises including Marriott, Hilton, IHG and Choice Hotels. Even if a franchise is selected in the future, The Lodge will most likely maintain its upscale status and performance.

The balance of hotels in Mauston and New Lisbon represents lodging products that appeal to a high percentage of highway-generated transient customers. All of the well-operated hotels in the city took advantage of the rate structure of The Lodge and were capable of increasing their own rates. The ADR of the competitive set of hotels, defined previously in this section, increased by over 16% over the pre-pandemic levels in 2019.

Similar to the minimal impact The Lodge had on area occupancy levels, a new upper-midscale nationally recognized hotel brand in Mauston could induce more demand than it would capture from the existing hotels. Brand recognition and customer loyalty programs are important factors among all travelers when selecting a hotel. While each of the franchised properties in Mauston possesses both of these features, the area is without representation of the top 3 performing brands, Marriott, Hilton and IHG (Holiday Inns).

Based on the research and evaluation of the area's market demand (demand analysis section) nearly any recognizable upper midscale hotel franchise would operate successfully in Mauston. However, when a top-performing brand is available, the likelihood of attracting developers and investors can be much stronger. More importantly, a top franchise is more likely to attract overnight visitors from surrounding markets, including those with an adequate supply. As an example, most national hotel franchises are now represented in Wisconsin Dells (a relatively new trend). When a particular franchise sells out, brand websites and reservation centers direct potential visitors to the next closest same brand.

The next section of this report describes the various sources of hotel demand for Mauston and the surrounding region.

DEMAND FOR LODGING

Demand and potential demand for lodging in Mauston is generated by a variety of sources ranging from visitors to area businesses and attractions to strong highway transient traffic volume. Visibility and accessibility to more than 30,000 travelers per day along I-90/94 coupled with the city's midway location between Chicago and Minneapolis/St. Paul creates a natural stopover point for travelers along route as well as the location of businesses that rely on interstate connectivity.

This analysis investigates likely sources of the key demand market segments of

1. Corporate Individuals
2. Corporate Group
3. Leisure Individual
4. Leisure Group
5. Transient/Retail

Corporate Individuals

Commercial or corporate demand consists of individuals who travel to a market to conduct business. Corporate demand tends to be strongest Monday through Thursday and decreases sharply during the weekend. Corporate individual demand is relatively constant throughout the year, although some declines are noticeable in late December and other holiday periods.

Lodging choices are heavily influenced by brand loyalty, and frequent traveler programs. Loyalty rewards programs are popular with commercial travelers, who often collect the "points/rewards" for personal use. A location convenient to businesses and amenities also greatly increases the appeal of a hotel to commercial travelers.

Corporate demand in Mauston and the surrounding area provides vital weekday occupancy levels for local hotels throughout the year. A growing segment of demand, corporate activity is estimated to generate slightly less occupancy than the dominating leisure demand markets.

Individual corporate demand is also the largest segment local hotels are losing to other nearby lodging districts. The aforementioned brand loyalty and recognition factors are particularly important to business travelers. During interviews with area demand generators, several company representatives stated visitor preferences for other markets including Madison (over an hour away) and Wisconsin Dells. While the entertainment and diversion available in these distant markets are difficult to match, options of lodging brands are also a factor.

Key generators of individual corporate demand in the area include:

Mile Bluff Medical Center is the largest employer in Mauston and is one of the most active corporate demand generators. While recruitment and training lodging needs vary greatly, visiting technical support vendors, visiting medical personnel and patient-related visits are frequent.

Walker Engineered Products/Wabash (New Lisbon) is the largest employer in Juneau County and generates individual and group meeting demand in the area. Until The Lodge opened, the majority of the company's business utilized hotels in Wisconsin Dells. The majority of their visitors make their own reservations and often select major brands. Company contacts stated a desire for a higher-end well-known hotel chain in the area.

Sand Ridge Treatment Center. As a state-run operation, many of the visitors to Sand Ridge originate in Madison and tend to commute. However, visitors that control their own reservations, including auditors (multi-day), training and vendors stay at local hotels. Many reservations are made through the Wisconsin Department of Health and book at the per diem rate of $90, which is accepted at most local hotels.

Parker Refrigeration – currently use Best Western and The Lodge as well as SpringHill Suites and Fairfield Inn in Wisconsin Dells. Parker-Hannifin company personnel, suppliers and tech support staff among numerous visitors throughout the year.

Camp Douglas/Critical Response Training Center generated military and civilian lodging demand during the year. The facility has its own hotel and conference center resulting in decreased outside hotel stays. However, civilian demand during annual events and other periodic visits usually select Mauston area hotels.

Other potential corporate demand generators that were unavailable for interviews or were unsure of their hotel needs include:

Company	Location
Freudenberg-NOK Gp	Necedah
Leer Inc	New Lisbon
Mastermold	Mauston
Purina Animal Nutrition	Mauston
Vp Vacuum Platers LLC	Mauston
Mauston Tool Corp	Mauston
Mcelroy Metal	Mauston
School District of Mauston	Mauston
Western Wisconsin Technical	Mauston
Juneau County Government	Mauston
Alliant Energy	Mauston

Corporate/Commercial Group

Commercial group demand consists of attendees of meetings, training, and other group functions. Commercial groups can include local or regional companies as well as state, regional and national associations. Non-corporate commercial groups are usually referred to as the "SMERFE" market (social, military, ethnic, religious, fraternal, and educational).

The Lodge at Mauston offers the largest corporate meeting venue in and around the area. The property is still within a ramp-up phase of the gradually rebounding group meetings segment of demand. Several state association conferences are booked at the property in 2023 and the number of events is expected to grow. The hotel is able to host an event for 500 people yet only provides 60 rooms. The likelihood of overflow demand from events is expected to generate additional demand for area hotels.

Leisure Individual

Leisure demand consists of individuals, couples, and families drawn to the region by events and attractions. Tourism is heaviest on weekends, holidays, and throughout most of the summer months. Leisure visitors often seek lodging with recreational features and on-site or nearby food & beverage outlets. This segment tends to pay more for accommodations and stay two or more days during their visit.

Mauston offers an abundance of recreational and cultural activities that attract individual tourists to the area during summer months as well as winter and fall weekends. Among the key events and attractions in the area include:

Area Tourist Attractions and Events

Buckhorn State Park
Castle Rock/Petenwell Lakes
Lemonweir River/Decorah Lake
Woodside Ranch
Woodside Sports Complex
Elroy-Sparta and "400" Bike Trails
Rock Castle Golf Course
Burr Oak Winery
Gravity Box Brewery

Annual Events

Juneau County Fair
The Elroy Fair
Waterfest - Castle Rock Lake
Camp Douglas Bluff Mudder
Warren Cranberry Fest

A significant source of demand for lodging in Mauston is created by overflow and alternative lodging demand from events and attractions located in Wisconsin Dells. Local tourism officials report over 4 million visitors traveled to "The Dells" in 2022. Monthly performance tracking of Mauston hotels clearly presents the impact from Wisconsin Dells as rates nearly double during peak summer months.

Leisure Group

Leisure groups have similar traits as individuals in their preference for overnight accommodations. Groups can include organized room reservations (rooming lists) or can be part of a room block created by event planners. Leisure group demand is frequently sub-categorized as SMERFE markets similar to corporate groups.

Youth and amateur sports provide strong seasonal occupancy levels for Mauston area hotels. Woodside Sports Complex, located 5 miles east of Mauston, hosts large baseball and softball tournaments from April – October each year. Tournaments researched for this report found a peak number of 66 teams playing in several events. This study calculated 42 baseball and softball tournaments scheduled for Woodside and other parks in Wisconsin Dells and Mauston for 2023. Even if the average number of teams per tournament was the lowest count of 18 teams, the events will attract over 24,000 hotel room nights to the area this year.

In addition to baseball, Wisconsin Dells, and regional park tournaments include volleyball, basketball, soccer, and hockey as well as gymnastics, dance, cheerleading, and a host of other sporting activities.

Transient/Retail

Transient demand often refers to spontaneous, unplanned visits by corporate or leisure travelers without advanced reservations or defined reasons for staying. The plethora of internet travel sites and mobile applications allowing travelers to seek and review hotels prior to visiting has resulted in an industry-wide increase in transient demand.

Transient demand is often associated with highway traffic volume as there are few other sources that can offer a comparable measure of transient hotel demand. As reviewed earlier in this report, the subject location of Highway 82 and I-90/94 sees an average of 38,000 vehicles per day along the interstate. This intersection also generates the highest egress and ingress traffic counts of the next closest service-providing interchanges both east and west.

Extended Stay

Extended stay demand typically consists of individuals requiring accommodations for five or more nights. The industry-average length of stay has increased to 7 nights since the 2020 pandemic, according to *The Highland Group*. This is largely due to an increase in remote working and "bleisure" travel. Bleisure demand is the growing trend of business travelers combining leisure activities during their visits.

Traditionally, 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 fuel 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-stay demand in the Mauston area is generated primarily by businesses in the healthcare industry but is evident in other sectors as well. There is an ongoing attempt by many of the area employers to attract additional employees. This has caused a high demand for both rental and owner housing. Temporary housing is at a premium which will undoubtedly create greater demand for extended-stay hotels. Although the marketplace rental supply continues to grow, hotels can provide preferred accommodations to local companies by offering

more desired features and services. Daily housekeeping (optional), indoor recreation, breakfast, and meeting space are among the hotel amenities that are rarely found at marketplace rentals. Twenty-four-hour staffing (security) and easy booking processes also benefit hotels over competitive rental units.

Each of these general classifications can be further detailed with subcategories and various definitions. Still, the segments of demand listed above are the main categories utilized in this Demand Analysis.

Recap

Demand for overnight accommodations in Mauston is generated by a diverse and stable manufacturing, healthcare, government and tourism sector. Local companies and organizations provide an occupancy base that usually remains consistent throughout the year with a typical slowdown during peak summer months.

Leisure demand is also expected to continue to provide strong occupancy support for area hotels. Youth athletic events, local festivals and the attraction of area lakes tend to maintain the ability to draw out-of-town visitors even during times of economic downturns. Proximity to the state's largest tourist destination, Wisconsin Dells, and its' continued growth in attracting and expanding its demographic of visitors also benefits hotels and other tourist services in Mauston and throughout Juneau County.

The next section provides trends in local demand and leads to the projections of occupancy and ADR for the subject hotel.

Lodging Performance

Until 2020, the U.S. lodging industry was enjoying record occupancies and average daily rates with annual increases in both factors nearly every year since 2010, the beginning of recovery from the previous global recession. Hotels reached 66.2% occupancy in 2019 at a record $131.21 ADR (Average Daily Rate). The U.S. hotel industry also set records for lodging supply (more than 1.9 billion room nights available) and demand (roughly 1.3 billion room nights sold). Based on percentage growth for the year, demand (+2.5%) outpaced supply (+2.0%).

The table below presents the performance trends of US hotels from 2010 –2022. Along with the reported occupancy and average daily rate (ADR), the chart provides trends in Revenue per Available Room (RevPar). RevPAR is a performance metric used in the hotel industry. It is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total room revenue by the total number of available rooms in the period being measured.

U.S. Lodging Performance Trends

Year	Occupancy	% Chg	ADR	% Chg	RevPar	% Chg
2010	57.5%		$ 98.06		$ 56.43	
2011	59.9%	4.2%	$ 101.85	3.9%	$ 61.02	8.1%
2012	61.3%	2.3%	$ 106.25	4.3%	$ 65.15	6.8%
2013	62.2%	1.5%	$ 110.30	3.8%	$ 68.58	5.3%
2014	64.4%	3.5%	$ 114.92	4.2%	$ 74.07	8.0%
2015	65.4%	1.6%	$ 120.30	4.7%	$ 78.68	6.2%
2016	65.4%	0.0%	$ 124.13	3.2%	$ 81.15	3.1%
2017	65.9%	0.8%	$ 126.77	2.1%	$ 83.53	2.9%
2018	66.1%	0.3%	$ 129.97	2.5%	$ 85.96	2.9%
2019	66.4%	0.5%	$ 131.21	1.0%	$ 86.76	0.9%
2020	44.0%	-33.7%	$ 103.25	-21.3%	$ 45.48	-47.6%
2021	57.9%	31.6%	$ 108.31	4.9%	$ 71.88	58.0%
2022	62.7%	8.3%	$148.83	37.4%	$93.27	29.8%

Source: Smith Travel Research

The somewhat abrupt halt to RevPar growth in 2019 was largely due to an increase in supply as demand and rate continued to grow. In contrast, the U.S. saw 780 new hotel openings in 2020 according to *Lodging Econometrics*, a commercial construction monitoring company. This is the fewest openings since 2009. A reported 1,288 hotels opened in the U.S. in 2019. Projected new hotel openings in 2022 are expected to nearly match or exceed the pre-2020 year developments while demand is expected to make a slower upward trend into 2023.

Local and Regional Performance Trends

In general, Mauston hotels have outperformed statewide averages in occupancy during the past 5 years. Average rates of area hotels, in contrast, run approximately 25% below the state average. During the pandemic year of 2020, Mauston hotels experienced a lesser occupancy decrease than the state average. However, average rates of local hotels declined by a mere 4.5% compared to the 16.4% statewide average during the pandemic year.

Both the state average and Mauston area hotels have rebounded solidly from the pandemic in both rate and occupancy. Mauston properties reported a slight decrease in occupancy in 2022. However, this is most likely the stabilized impact of the new supply created by the 60-room Lodge at Mauston. While the property opened in mid-2019, its impact on areawide supply was not felt until 2021 and 2022.

Mauston's position along I-90/94 most likely softened the negative impact of Covid-19 as leisure and highway transient demand remained relatively strong. The city's proximity to Wisconsin Dells also helped local properties maintain profitable rate structures. In 2021, Wisconsin Dells hotels experienced a strong rebound in occupancy levels and an even stronger rebound in rates. Dells properties achieve the highest average rates in the state and most of the Midwest.

The table below presents the performance trends of Mauston, Wisconsin Dells and Wisconsin hotels from 2018 – 2022.

Primary Competitive Mauston Hotels

Year	Occupancy	% Chg	ADR	% Chg	RevPar	% Chg
2018	60.3%		$ 78.54		$ 47.39	
2019	57.1%	-5.4%	$ 81.55	3.8%	$ 46.56	-1.8%
2020	41.5%	-27.2%	$ 77.89	-4.5%	$ 32.35	-30.5%
2021	57.7%	38.8%	$ 91.23	17.1%	$ 52.61	62.6%
2022	55.8%	-3.3%	$ 94.96	4.1%	$ 52.96	0.7%

Wisconsin Dells

Year	Occupancy	% Chg	ADR	% Chg	RevPar	% Chg
2018						
2019	51.3%		$ 107.94		$ 55.37	
2020	36.5%	-28.8%	$ 100.10	-7.3%	$ 36.54	-34.0%
2021	49.5%	35.6%	$ 164.13	64.0%	$ 81.24	122.4%
2022	53.8%	8.7%	$ 176.96	7.8%	$ 95.20	17.2%

Wisconsin

Year	Occupancy	% Chg	ADR	% Chg	RevPar	% Chg
2018	58.4%		$ 102.34		$ 59.77	
2019	56.5%	-3.3%	$ 109.97	7.5%	$ 62.13	4.0%
2020	36.2%	-35.9%	$ 91.91	-16.4%	$ 33.27	-46.5%
2021	49.3%	36.2%	$ 112.36	22.3%	$ 55.39	66.5%
2022	55.3%	12.2%	$ 124.12	10.5%	$ 68.64	23.9%

Seasonality

The table below presents the monthly occupancy trends of Mauston area hotels as reported by STR Analytics. The bottom line presents the annual trends excluding the pandemic year. It is noted that The Lodge at Mauston is not included in the tabulations as it does not participate in STR reporting.

Mauston Area Hotel Occupancy Trends 2018 - 2022

Occupancy (%)													
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
2017										55.6%	54.9%	40.5%	0.0%
2018	41.3%	52.4%	55.4%	52.3%	65.2%	76.7%	77.6%	85.7%	66.8%	56.2%	51.5%	42.4%	60.3%
2019	43.5%	52.3%	51.1%	55.4%	58.7%	69.7%	80.8%	70.3%	60.0%	58.3%	49.0%	35.7%	57.1%
2020	33.3%	37.4%	32.5%	35.1%	31.4%	54.1%	69.2%	55.0%	45.5%	43.7%	35.4%	25.4%	41.5%
2021	31.0%	32.5%	34.6%	48.7%	55.1%	71.5%	80.2%	76.3%	79.5%	71.2%	62.3%	47.5%	57.7%
2022	47.1%	51.0%	47.6%	57.3%	58.3%	68.7%	72.5%	68.7%	61.7%	54.3%	46.8%	35.1%	55.8%
Avg	38.1%	45.1%	44.2%	49.8%	53.7%	68.2%	76.1%	71.2%	62.7%	56.6%	50.0%	37.8%	54.5%
Sans 2020	**40.7%**	**47.0%**	**47.2%**	**53.4%**	**59.3%**	**71.7%**	**77.8%**	**75.2%**	**67.0%**	**60.0%**	**52.4%**	**40.2%**	**57.7%**

Source: STR

As the table above illustrates, summer months generate the highest occupancy levels as expected in a leisure-oriented destination. However, there isn't a significant change in occupancy levels during the traditional shoulder and off-season months compared to other leisure dominated markets. Again, this can be attributed to strong year-round highway transient demand and a stable corporate business base.

The next table presents the average daily rates of Mauston hotels during the same periods as the previous table. Again, The Lodge at Mauston is not included in the tabulations.

Mauston Area Hotel Average Rate Trends 2018 - 2022

ADR ($)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
2017										$ 75.06	$ 66.55	$ 64.84	
2018	$ 63.35	$ 66.93	$ 68.67	$ 70.48	$ 74.40	$ 90.68	$ 95.11	$ 88.85	$ 88.87	$ 70.40	$ 70.50	$ 67.23	$ 78.54
2019	$ 64.28	$ 70.13	$ 74.04	$ 75.98	$ 79.74	$ 92.41	$ 100.14	$ 95.56	$ 90.27	$ 70.95	$ 69.67	$ 68.69	$ 81.55
2020	$ 64.82	$ 71.61	$ 68.88	$ 70.94	$ 71.77	$ 83.32	$ 97.79	$ 87.31	$ 80.48	$ 72.29	$ 68.44	$ 64.06	$ 77.89
2021	$ 66.90	$ 70.36	$ 73.49	$ 82.74	$ 89.02	$ 99.76	$ 118.79	$ 101.24	$ 97.74	$ 89.56	$ 78.85	$ 76.54	$ 91.23
2022	$ 74.58	$ 76.17	$ 76.70	$ 89.68	$ 93.91	$ 112.58	$ 124.16	$ 103.89	$ 106.04	$ 91.26	$ 81.78	$ 74.58	$ 94.96
Avg	**$ 68.71**	**$ 71.03**	**$ 72.42**	**$ 78.59**	**$ 82.49**	**$ 96.19**	**$ 107.20**	**$ 95.49**	**$ 93.55**	**$ 78.86**	**$ 72.90**	**$ 69.77**	**$ 85.12**

Source: STR

As the table above illustrates, average rates follow similar monthly trends as occupancy levels. However, peak summer months, especially during the past two years, have reported record high rates. Shoulder and off-season rates, in contrast, drop considerably lower. This may be the influence of the high number of economy and midscale rooms coupled with the potential rate sensitivity of highway transient demand.

Tertiary Competition - Marketplace Rental Trends

The 60 marketplace rentals (Airbnb, VRBO) in the Mauston area follow similar summer monthly trends in occupancy as area hotels. However, prior to 2020, shoulder and off-season periods were considerably lower. Since 2021, however, occupancy levels closely match local hotel levels to the point of near-equal.

Mauston Area Marketplace Rental Occupancy Trends

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
2018			38%	33%	47%	55%	77%	52%	29%	30%	19%	32%	
2019	24%	17%	26%	20%	49%	42%	62%	58%	25%	25%	27%	26%	33%
2020	25%	46%	18%	15%	43%	56%	74%	66%	50%	45%	30%	35%	42%
2021	28%	54%	57%	56%	65%	76%	88%	75%	59%	48%	50%	47%	59%
2022	43%	52%	50%	45%	53%	66%	81%	74%	52%	55%	47%	44%	55%
Avg	30%	42%	38%	34%	51%	59%	76%	65%	43%	40%	34%	37%	47%

Source: AirDNA

The next table presents the average daily rate trends of the marketplace rentals in the Mauston area. Only rentals with studio, 1 bedroom and 2-bedroom units are included in this tabulation.

Mauston Area Marketplace Rental Occupancy Trends

	January	February	March	April	May	June	July	August	September	October	November	Decembe	Total Year
2018			$ 116.69	$ 188.91	$240.50	$162.90	$149.05	$158.37	$ 155.70	$ 139.56	$ 190.75	$219.44	
2019	$ 186.59	$ 226.35	$ 171.72	$ 119.03	$178.66	$237.93	$212.73	$220.10	$ 181.53	$ 170.76	$ 183.82	$188.25	$ 189.79
2020	$ 164.09	$ 134.96	$ 140.70	$ 133.73	$175.80	$195.96	$195.45	$218.28	$ 190.04	$ 195.97	$ 172.26	$191.27	$ 175.71
2021	$ 201.24	$ 193.00	$ 196.94	$ 193.34	$184.96	$171.08	$180.46	$175.95	$ 175.56	$ 166.94	$ 178.26	$201.78	$ 184.96
2022	$ 161.93	$ 142.91	$ 158.25	$ 194.42	$195.39	$220.64	$213.66	$223.44	$ 226.76	$ 201.66	$ 203.73	$211.18	$ 196.16
Avg	$ 178.46	$ 174.31	$ 156.86	$ 165.89	$195.06	$197.70	$190.27	$199.23	$ 185.92	$ 174.98	$ 185.76	$202.38	$ 186.66

Source: AirDNA

Although rates are significantly higher at marketplace rentals compared to local hotels, the seasonality of rates are similar. Marketplace rental monthly and annual average rates are also increasing at a much greater pace than local hotels.

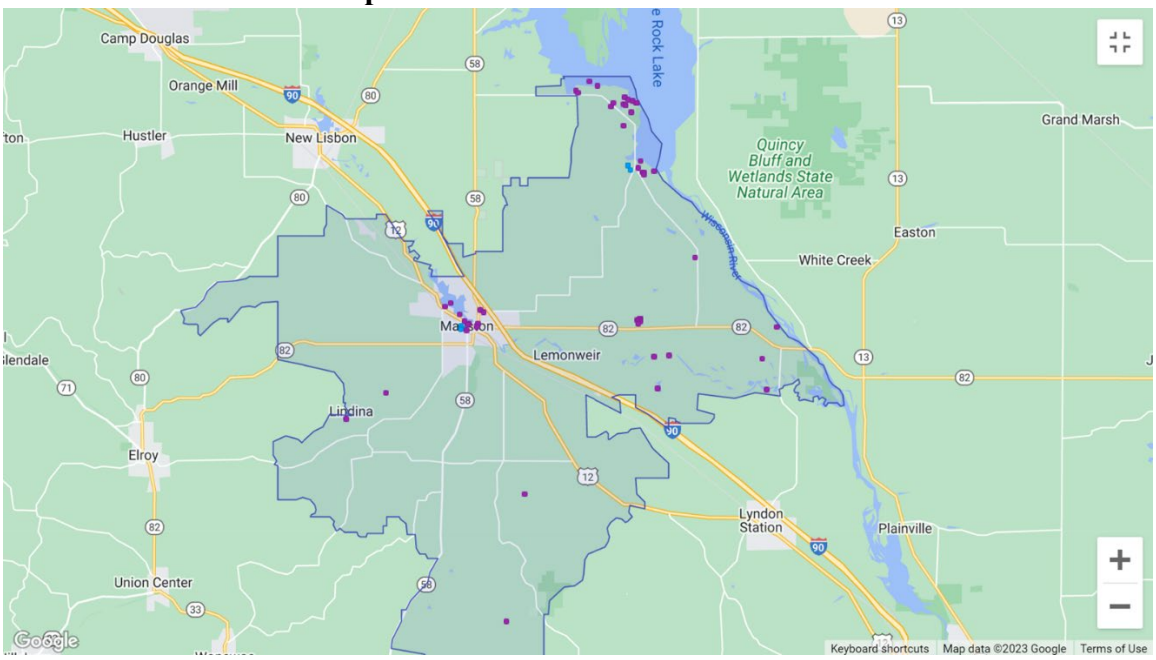
Competitiveness of Marketplace Rentals and Standard Hotels

While the competitiveness between short-term rentals and standard hotels is debatable, the increasing occupancy and average rates trends of marketplace units can indicate the growing preference of Mauston area visitors for the features and amenities of these properties. It can also illustrate a general increase in demand.

Increasing occupancy levels of marketplace rentals during shoulder and off-season months can also indicate increasing use by individual and group business travelers. This was proven during conversations with area commercial demand generators (Walker, Mile Bluff) that stated the occasional use of local rental homes for longer-term guest visits.

Still, key features of both lodging types create a sizeable gap in the competitive arena. Many of the marketplace rentals in the Mauston area are located along lake and riverfronts. Despite strong average rates, it is also common for short-term rental fees to be split among guests which ultimately lowers the per-person costs compared to standard hotels. Hotel features that offer a competitive advantage over single-unit rentals include an indoor pool and other recreational amenities, meeting space, 24-hour desk staff (security), complimentary breakfast, and consistently strong Wi-Fi throughout the property.

Location of Active Marketplace Rentals in Mauston



Comparisons between standard hotel performance and marketplace rentals can be flawed due to the variable number of days of the year a rental unit is available. However, the monthly trends can indicate the overall preference for rental housing during certain periods. The trends of marketplace rentals are included in this study since several large employers stated consistent use for extended stay visitors.

Average Daily Performance and Unaccommodated Hotel Demand

A review of the trends in occupancy and average rate by day of the week provides a comparison of daily performance of the competitive hotels in Mauston. Typically, weekday occupancies coincide with business travel while weekend performance can represent leisure. The two are more likely to be interwoven during the peak travel months of May – October. The data, as provided by STR, are illustrated in the following table.

The yellow highlighted occupancy data in the table below represent days that exceed 70% occupancy while the orange (darker) highlights indicate occupancy levels above 80%. This is often used as an indicator of "unaccommodated" demand. Unaccommodated demand is defined as visitors, or potential visitors, that are not able to find accommodations due to high areawide sell-outs. The bottom line of the table presents the number of days each month that the highlighted dates represent.

Day of Week Occupancy Trends Mauston Competitive Hotels

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Feb - 22	32.0	43.4	46.3	47.8	47.7	64.7	75.2	51.0
Mar - 22	33.1	52.2	50.7	49.6	40.8	52.0	54.9	47.6
Apr - 22	36.0	53.1	57.7	55.1	47.9	76.6	67.2	57.3
May - 22	37.6	54.2	60.1	57.6	57.2	68.7	78.1	58.3
Jun - 22	38.2	68.1	66.6	72.6	75.2	81.8	76.0	68.7
Jul - 22	43.8	62.5	73.5	77.6	81.1	82.3	87.9	72.5
Aug - 22	43.2	70.0	72.5	71.7	70.3	72.4	78.4	68.7
Sep - 22	43.2	52.6	61.2	63.9	64.4	64.8	80.3	61.7
Oct - 22	29.8	58.7	55.3	57.8	58.4	57.6	65.1	54.3
Nov - 22	31.6	45.1	50.5	45.5	43.8	54.8	56.0	46.8
Dec - 22	25.1	34.3	39.8	36.0	38.2	34.5	36.9	35.1
Jan - 23	21.2	30.7	32.1	39.2	33.1	34.6	40.7	32.6
Total Year	**34.5**	**52.2**	**55.3**	**56.5**	**54.8**	**62.2**	**66.2**	**54.5**
Number of Days/month		**4**	**9**	**13**	**13**	**17**	**26**	**82**

Based on the monthly total of days of the week, 82 days in the represented running 12 months table above exceeded 70% occupancy indicating likely areawide sell-outs of the competitive hotels in Mauston. When the factor is raised to days exceeding 80% occupancy, the number of potential sell-out days changes to 22. Theoretically, 82 sell-out dates would calculate to 23,127 lost room nights per year using the current number of hotel rooms in the city.

Primary Competitive Set Performance

The supply and demand sections of this study determined that the four hotels in Mauston and 1 property in New Lisbon are the primary competitive set of the proposed new development. Although the focus is on opening the first upper-midscale hotel in the region, current and future demand projections are based on visitor volume. This volume is then classified as commercial, leisure, transient, and group/other.

The following hotels represent the primary competitive set to the proposed hotel in Albert Lea:

Primary Competitive Hotels			
Property	**Rooms**	**Class**	**Opened**
The Lodge at Mauston	60	Upscale	2019
Quality Inn Mauston	60	Midscale	1990
Super 8 Mauston	49	Economy	1997
Best Western Park Oasis Inn	53	Midscale	1994
AmericInn Hotel & Suites New Lisbon	60	Midscale	2017
Total/Average	**282**		**2003**

Although considerably less impactful to a new franchised hotel, two unique lodges and the previously stated marketplace rentals provide a secondary competitive set of lodging operations to the Mauston market. These properties are presented as a secondary competitive set and include:

Secondary Competitive Supply

Property	Rooms	Class	Opened
Woodside Ranch Resort	40	Independent	1926
Woodside Old Towne Hotel	84	Upper Mid	2016
Marketplace Rentals	60	Vairies	Varies
Total/Average	**184**		**2003**

Individual Property Performance

The following table presents the estimated performance of each individual hotel in the various competitive sets. Estimates are made using data contained in the Mauston STR report, individual property room tax collection data, and from interviews with property staff, or management and franchise representatives. Performance estimates are vital in determining each competitive hotel's strengths and weaknesses in capturing its share of each demand segment. While these projections may not represent actual performance for the subject year, they are deemed to be accurate representations of each property's operations. These estimates represent projected year-end 2023 based on current 2022 performance.

Primary Competitive Supply

Property	Rooms	Annual Rooms	Occupancy Estimate Low	High	Average	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
The Lodge at Mauston	60	21,900	50%	60%	**55%**	12,045	$116.00	$ 1,397,220	$ 63.80
Quality Inn Mauston	60	21,900	45%	55%	**50%**	10,950	$ 88.00	$ 963,600	$ 44.00
Super 8 Mauston	49	17,885	60%	70%	**65%**	11,625	$ 84.00	$ 976,521	$ 54.60
Best Western Park Oasis Inn	53	19,345	65%	70%	**68%**	13,058	$ 118.00	$ 1,540,829	$ 79.65
AmericInn Hotel & New Lisbor	60	21,900	40%	50%	**45%**	9,855	$ 85.00	$ 837,675	$ 38.25
Total/Average	**282**	**102,930**	**52%**	**61%**	**55.9%**	**57,533**	**$ 99.35**	**$ 5,715,845**	**$ 55.53**
2022 Actual per STR (w/o The Lodge)					***55.8%***	***45,189***	***$94.96***	***$ 4,291,249***	***$52.96***

As the table above illustrates, the 5 primary competitive hotels in the Mauston area collectively are projected to achieve an estimated average occupancy level of 55.9%, a slight increase over a current level of 55.8%. The collective average rate for the competitive market is expected to reach $99.35, a 4.6% increase over the current rates.

A unique secondary competitive supply of lodging operations is defined in this study for the purpose of illustrating total demand for overnight accommodations. This set includes the performance of marketplace rentals and the lodging provided at the Woodside Ranch and

associated property, Woodside Old Hotel at Woodside Sports Complex. The two later properties generate their own demand from hosted events and activities. These two properties are not considered competitive in attracting the majority of the general demand for lodging in Mauston. purposes. The portion of the projections of occupancy/annual rooms sold may be included in the total market demand projections later in this section.

Secondary Competitive Supply

Property	Rooms	Annual Rooms	Occupancy Estimate Low	High	Average	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
Woodside Ranch Resort	40	14,600	30%	40%	35.0%	5,110	$150.00	$ 766,500	$ 52.50
Woodside Old Towne Hotel	84	30,660	35%	45%	40.0%	12,264	$140.00	$ 1,716,960	$ 56.00
Marketplace Rentals	60	21,900	55%	64%	59.5%	13,031	$196.19	$ 2,556,454	$ 116.73
Total/Average	**184**	**67,160**	**24%**	**30%**	**45.3%**	**30,405**	**$ 165.76**	**$ 5,039,914**	**$ 75.04**

Demand Market Segmentation

The next table presents the demand market segments captured by the primary and secondary competitive hotels to the subject hotel in Albert Lea. Understanding market segmentation is vital in projecting the potential growth of demand in the subject market area.

Primary Competitive Supply

Property	Rooms	Annual Rooms	Occupancy Estimate Low	High	Average	Rooms Sold	Estimated ADR	Projected Revenue	RevPar	Demand Market Segmentation: Corporate Individual	Corporate Group	Leisure Individual	Leisure Group	Transient/ Other	Rooms Sold: Commercial Individual	Commercial Group	Leisure Individual	Leisure Group	Transient Other
The Lodge at Mauston	60	21,900	50%	60%	**55%**	12,045	$116.00	$ 1,397,220	$ 63.80	30%	10%	35%	20%	5%	3,614	1,205	4,216	2,409	602
Quality Inn Mauston	60	21,900	45%	55%	**50%**	10,950	$ 88.00	$ 963,600	$ 44.00	40%	5%	30%	10%	15%	4,380	548	3,285	1,095	1,643
Super 8 Mauston	49	17,885	60%	70%	**65%**	11,625	$ 84.00	$ 976,521	$ 54.60	35%	5%	30%	5%	25%	4,069	581	3,488	581	2,906
Best Western Park Oasis Inn	53	19,345	65%	70%	**68%**	13,058	$ 118.00	$ 1,540,829	$ 79.65	35%	5%	40%	10%	10%	4,570	653	5,223	1,306	1,306
AmericInn Hotel & New Lisbor	60	21,900	40%	50%	**45%**	9,855	$ 85.00	$ 837,675	$ 38.25	30%	5%	30%	10%	25%	2,957	493	2,957	986	2,464
Total/Average	**282**	**102,930**	**52%**	**61%**	**55.9%**	**57,533**	**$ 99.35**	**$ 5,715,845**	**$ 55.53**	**34%**	**6%**	**33%**	**11%**	**16%**	**19,589**	**3,479**	**19,168**	**6,377**	**8,921**
2022 Actual per STR (w/o The Lodge)					***55.8%***	***45,189***	***$94.96***	***$ 4,291,249***	***$52.96***										

Secondary Competitive Supply

Property	Rooms	Annual Rooms	Occupancy Estimate Low	High	Average	Rooms Sold	Estimated ADR	Projected Revenue	RevPar	Demand Market Segmentation: Corporate Individual	Corporate Group	Leisure Individual	Leisure Group	Transient/ Other	Rooms Sold: Commercial Individual	Commercial Group	Leisure Individual	Leisure Group	Transient/ Other
Woodside Ranch Resort	40	14,600	30%	40%	35.0%	5,110	$150.00	$ 766,500	$ 52.50	0%	10%	40%	40%	10%	-	511	2,044	2,044	511
Woodside Old Towne Hotel	84	30,660	35%	45%	40.0%	12,264	$140.00	$ 1,716,960	$ 56.00	0%	5%	30%	60%	5%	-	613	3,679	7,358	613
Marketplace Rentals	60	21,900	55%	64%	59.5%	13,031	$196.19	$ 2,556,454	$ 116.73	15%	5%	55%	10%	15%	1,955	652	7,167	1,303	1,955
Total/Average	**184**	**67,160**	**24%**	**30%**	**45.3%**	**30,405**	**$ 165.76**	**$ 5,039,914**	**$ 75.04**	**6%**	**6%**	**42%**	**10%**	**10%**	**1,955**	**1,776**	**12,890**	**10,705**	**3,079**

Combined Markets

Rooms	Annual Rooms	Estimated Occupancy	Rooms Sold	Estimated ADR	Projected Revenue	RevPar	Demand Market Segmentation: Corporate Individual	Corporate Group	Leisure Individual	Leisure Group	Transient	Rooms Sold: Commercial Individual	Commercial Group	Leisure Individual	Leisure Group	Transient
466	**170,090**	**51.7%**	**87,938**	**$ 122.31**	**$ 10,755,759**	**$ 63.24**	**24%**	**6%**	**36%**	**19%**	**14%**	**21,544**	**5,255**	**32,058**	**17,082**	**11,999**

As the table above illustrates, demand for lodging in Mauston is diverse with slightly more leisure occupancy than commercial or transient. When the secondary competitive supply is included, leisure demand makes up over 50% of the total occupancy in the region. Still, corporate room demand and highway transient activity provide greater year-round demand.

Penetration of Demand Market Segments by Property

Once the structure of each competitive hotel's occupancy is understood, the penetration by demand market segment is calculated. The subject property'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 property's market share to its fair share.

The table below presents the penetration of each demand market segment that each competitive property is estimated to achieve. In this illustration, total regional demand (primary and secondary) is used to compare the penetration of each property's demand share.

Penetration of Occupancy by Market Segment

				Commercial					Leisure				Transient	
				Individual		Group			Individual		Group		Other	
Primary Competitive Set	**Rooms**	**OCCUPANCY**	**Penetration**	**Percent**	**Penetration**	**Percent**	**Penetration**		**Percent**	**Penetration**	**Percent**	**Penetration**	**Percent**	**Penetration**
The Lodge at Mauston	60	55.0%	106%	30%	122%	35%	143%		35%	96%	5%	14%	5%	37%
Quality Inn Mauston	60	50.0%	97%	40%	163%	30%	122%		30%	82%	15%	41%	15%	110%
Super 8 Mauston	49	65.0%	126%	35%	143%	30%	122%		30%	82%	25%	69%	25%	183%
Best Western Park Oasis Inn	53	67.5%	131%	35%	143%	40%	163%		40%	110%	10%	27%	10%	73%
AmericInn Hotel & New Lisbon	60	45.0%	87%	30%	122%	30%	122%		30%	82%	25%	69%	25%	183%
Total	**282**	**55.9%**	**108%**	**34%**	**139%**	**33%**	**136%**		**33%**	**91%**	**16%**	**43%**	**16%**	**114%**
Secondary Competitive Set														
Woodside Ranch Resort	40	35.0%	68%	0%	0%	10%	41%		40%	163%	40%	163%	10%	41%
Woodside Old Towne Hotel	84	40.0%	77%	0%	0%	5%	20%		30%	122%	60%	245%	5%	20%
Marketplace Rentals	60	59.5%	115%	15%	61%	5%	20%		55%	225%	10%	41%	15%	61%
Total	**184**	**45.3%**	**88%**	**6%**	**26%**	**6%**	**24%**		**42%**	**173%**	**10%**	**41%**	**10%**	**41%**
Primary	**282**	**55.9%**	**108%**	**34%**	**139%**	**6%**	**25%**		**33%**	**91%**	**11%**	**30%**	**16%**	**114%**
Secondary	**184**	**45.3%**	**88%**	**6%**	**26%**	**6%**	**24%**		**42%**	**116%**	**10%**	**28%**	**10%**	**74%**
REGIONAL	**466**	**51.7%**	**100%**	**24%**	**100%**	**6%**	**100%**		**36%**	**100%**	**19%**	**53%**	**14%**	**100%**

As the table above illustrates, the primary competitive hotels in Mauston capture the greatest share of corporate and transient demand. The secondary competitive properties, in contrast, attract the greatest share of leisure demand.

Locally, the Quality Inn appears to capture the strongest share of corporate demand with Best Western and Super 8 tied for the second strongest share. This illustrates the diversity in corporate demand as both economy and midscale property attract similar shares. The Best Western attracts a large share of corporate group demand which consists of work crews and smaller, rooms only local company functions. As The Lodge at Mauston continues to increase its market presence as

a regional conference facility, it is likely that this property will dominate the corporate group segment.

When the secondary competition is omitted, Best Western captures the greatest share of individual leisure demand and The Lodge captures the greatest share of group leisure activity. In contrast, properties with the lowest room rates (Super 8 and AmericInn in New Lisbon) capture the greatest share of transient demand, illustrating this segment's favor towards rate sensitivity.

Demand Growth by Market Segment

This section projects lodging demand growth in Mauston using historic occupancy trends for the local market and region. Input by local company officials (demand generators) and tourism officials is also considered. Projecting demand growth can be subjective, yet our projections are believed to be accurate and conservative.

Growth projections are also influenced by the proposed hotel capture rate of current and projected unaccommodated demand. Unaccommodated demand, as determined earlier in this section, assumes that sell-out dates (70% or greater) will remain strong even with the addition of new rooms recommended in this study.

General Growth Trends

The compounded annual growth rate for hotel occupancies in Mauston was 1.4% from 2014 – 2022, when the estimated data for The Lodge is included. This compares to a -2% growth rate of the initial competitive hotels in the city without The Lodge.

As The Lodge continues to ramp up to stabilized occupancy levels and a new nationally recognized hotel franchise is introduced (as recommended) room night demand is expected to increase with greater consistency. Assuming the subject hotel opens in the year 2025, the combination of the new brand and the stabilization of The Lodge, especially with group activity, is expected to result in a surge in room demand for the first 2 years. Even with the previously defined rate-sensitive transient demand is expected to increase substantially with the introduction of a popular national franchise.

Mauston Area Occupancy Projections – No New Supply

The table below accumulates the demand growth projections determined previously in this section to illustrate the areawide occupancy levels of Mauston competitive hotels with no new additions to supply. Despite the recent decline in occupancy in 2022, the impact of The Lodge at Mauston and its ability to capture group room business is still in the property's ramp-up stages.

Therefore, growth in group room demand, both corporate and leisure, is expected to result in slightly higher areawide occupancy levels in the next 5 years. However, growth in other demand segments is expected to be modest. The last line of the table presents the projected areawide occupancy.

Lodging Demand Growth - No New Supply

			Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Commercial Individual	19,589	19,785	19,983	20,183	20,384	20,588	20,794
Unaccommodated	7,873	8,031	8,191	8,355	8,522	8,693	8,867
Adjusted Unaccommodated		8,031	8,191	8,355	8,522	8,693	8,867
Total Accommodated	**19,589**	**19,785**	**19,983**	**20,183**	**20,384**	**20,588**	**20,794**
Growth Rate		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Commercial Group	3,479	3,653	3,835	3,989	4,129	4,252	4,380
Unaccommodated	1,398	1,412	1,426	1,441	1,455	1,470	1,484
Adjusted Unaccommodated			1,426	1,441	1,455	1,470	1,484
Total Accommodated	3,479	**3,653**	**3,835**	**3,989**	**4,129**	**4,252**	**4,380**
Growth Rate		5.0%	5.0%	4.0%	3.5%	3.0%	3.0%
Leisure Individual	19,168	19,551	19,942	20,341	20,748	21,163	21,375
Unaccommodated	7,704	7,858	8,015	8,176	8,339	8,506	8,676
Adjusted Unaccommodated		7,858	8,015	8,176	8,339	8,506	8,676
Total Accommodated	**19,168**	**19,551**	**19,942**	**20,341**	**20,748**	**21,163**	**21,375**
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.0%	1.0%
Leisure Group	6,377	6,504	6,764	6,933	7,072	7,213	7,358
Unaccommodated	2,563	2,614	2,666	2,720	2,774	2,830	2,886
Adjusted Unaccommodated		2,614	2,666	2,720	2,774	2,830	2,886
Total Accommodated	**6,377**	**6,504**	**6,764**	**6,933**	**7,072**	**7,213**	**7,358**
Growth Rate		2.0%	4.0%	2.5%	2.0%	2.0%	2.0%
Transient Base	8,921	9,099	9,281	9,467	9,656	9,897	10,145
Unaccommodated	3,585	3,657	3,730	3,805	3,881	3,959	4,038
Adjusted Unaccommodated		3,657	3,730	3,805	3,881	3,959	4,038
Total Accommodated	**8,921**	**9,099**	**9,281**	**9,467**	**9,656**	**9,897**	**10,145**
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.5%	2.5%
Total Base	57,533	58,592	59,806	60,913	61,989	63,115	64,051
Total Unaccommodated	23,124	23,572	24,030	24,496	24,972	25,457	25,951
Adjusted Unaccommodated		22,160	24,030	24,496	24,972	25,457	25,951
Total Accommodated	57,533	58,592	59,806	60,913	61,989	63,115	64,051
Growth Rate		**1.9%**	**2.0%**	**1.9%**	**1.8%**	**1.9%**	**1.6%**

No new rooms			0	0	0	0	0
Total Supply	282	282	282	282	282	282	282
Available Rooms/Year	102,930	102,930	102,930	102,930	102,930	102,930	102,930
Market Occupancy	**55.9%**	**56.9%**	**58.1%**	**59.2%**	**60.2%**	**61.3%**	**62.2%**

The previous table determines that the "unaccommodated" demand calculated earlier in this section remains high growing at an approximate 2% per year.

The next table presents the impact 70 new rooms, as recommended, would have on areawide occupancy. Aside from capturing a greater-than-fair share of areawide demand, a new nationally franchised hotel will capture a consistent portion of unaccommodated demand.

Lodging Demand Growth - New Supply - 70 rooms

			Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Commercial Individual	19,589	19,981	20,380	20,788	21,204	21,628	22,061
Unaccommodated	7,873	8,031	8,191	8,355	8,522	8,693	8,867
Adjusted Unaccommodated			6,553	6,684	6,818	6,954	7,093
Total Accommodated	**19,589**	**19,981**	**22,019**	**22,459**	**22,908**	**23,367**	**23,834**
Growth Rate		2.0%	10.2%	2.0%	2.0%	2.0%	2.0%
Commercial Group	**3,479**	3,653	3,835	3,989	4,129	4,252	4,380
Unaccommodated	**1398**	1,412	1,426	1,441	1,455	1,470	1,484
Adjusted Unaccommodated			1,144	1,155	1,167	1,179	1,190
Total Accommodated	**3,479**	**3,653**	**4,118**	**4,274**	**4,417**	**4,543**	**4,674**
Growth Rate		5.0%	5.0%	4.0%	3.5%	3.0%	3.0%
Leisure Individual	19,168	19,551	19,942	20,740	21,259	21,684	21,901
Unaccommodated	7,704	7,858	8,015	8,176	8,339	8,506	8,676
Adjusted Unaccommodated			6,412	6,541	6,671	6,805	6,941
Total Accommodated	**19,168**	**19,551**	**21,545**	**22,375**	**22,926**	**23,385**	**23,636**
Growth Rate		2.0%	10.2%	3.9%	2.5%	2.0%	1.1%
Leisure Group	**6377**	6,504	6,764	6,933	7,072	7,213	7,358
Unaccommodated	**2563**	2,614	2,666	2,720	2,774	2,830	2,886
Adjusted Unaccommodated			2,133	2,176	2,219	2,264	2,309
Total Accommodated	**6,377**	**6,504**	**7,298**	**7,477**	**7,627**	**7,779**	**7,935**
Growth Rate		2.0%	12.2%	2.5%	2.0%	2.0%	2.0%
Transient Base	8,921	9,099	9,645	10,031	10,332	10,590	10,855
Unaccommodated	3,585	3,657	3,730	3,805	3,881	3,959	4,038
Adjusted Unaccommodated			2,984	3,044	3,105	3,167	3,230
Total Accommodated	**8,921**	**9,099**	**10,391**	**10,792**	**11,108**	**11,382**	**11,662**
Growth Rate		2.0%	14.2%	3.9%	2.9%	2.5%	2.5%
Total Base	57,533	58,788	60,568	62,481	63,995	65,367	66,553
Total Unaccommodated	23,124	23,572	24,030	24,496	24,972	25,457	25,951
Adjusted Unaccommodated			19,227	19,600	19,980	20,368	20,764
Total Accommodated	57,533	58,788	65,371	67,378	68,986	70,456	71,741
Growth Rate		**2.1%**	**2.7%**	**2.8%**	**2.3%**	**2.1%**	**1.9%**

New Supply			70	70	70	70	70
Total Supply	282	282	352	352	352	352	352
Available Rooms/Year	102,930	102,930	128,480	128,480	128,480	128,480	128,480
Market Occupancy	**55.9%**	**57.1%**	**50.9%**	**52.4%**	**53.7%**	**54.8%**	**55.8%**

As the table above illustrates, the impact a new hotel will have on areawide occupancy is relatively short-term due to a national brand's ability to capture unaccommodated demand. Coupled with the projected growth of The Lodge group demand segments, hotels in the Mauston market area are not expected to experience a significant decline.

Rate Performance

The following table illustrates the monthly (and weekday vs. weekend) rate structures for 2022/2023 of the primary competitive hotels defined in this report. The key purpose of this exercise is to define the general discount of rates between BAR (Best Available Rates or Retail Rates) versus projected Average Daily Rates. This comparison offers insight into the level of discounting that competitive hotels practice. In most cases, ADR is lower than BAR due to corporate negotiated rates, package discounts, and off-season rate specials.

Key findings presented in the following table include:

- Average Published Rates of hotels in the competitive sets equal $108.47
- Average brand ADR of the combined respective franchises equals $94.11
- ADR based on STR report is $94.96

Weekend rates are $132.22 or 34% higher than weekday rates of $98.40.
The highest Weekend rates occur in the following order:

July	$187.20
August	$172.00
September	$148.80
October	$133.00

Highest Weekday rates occur in the following order:

July	$121.00
June	$115.60
August/October	$106.40
November	$100.80

Rate quotes in the following table are based on the same day (two-day stays) of the month for each property. Holidays are excluded as are sell-out dates of one or more properties. Confidence in rate projections is strongest in the months closest to this report date (March – October) and wanes with later dates.

The BAR rates represent published non-discounted prices. Holidays and special events dates were avoided. It is noted that there were approximately 26 weekend days and 14 weekdays that were unavailable for reservations during this exercise.

Mauston Area Best Available Rate (B.A.R.) 2022 - 2023

2022/2023		The Lodge BAR	Best Western BAR	Quality Inn BAR	Super 8 BAR	AmericInn BAR	Combined	Index to Combined	Weekend	Weekday
JANUARY	weekday	$ 115.00	$ 89.00	$ 88.00	$ 80.00	$ 80.00	$ 90.40	97%	*	*
JANUARY	weekend	$ 115.00	$ 99.00	$ 93.00	$ 84.00	$ 97.00	$ 97.60	95%	*	*
FEBRUARY	weekday	$ 115.00	$ 89.00	$ 88.00	$ 80.00	$ 97.00	$ 93.80	94%	*	*
FEBRUARY	weekend	$ 115.00	$ 99.00	$ 113.00	$ 90.00	$ 113.00	$ 106.00	107%	*	*
MARCH	weekday	$ 122.00	$ 93.00	$ 74.00	$ 62.00	$ 73.00	$ 84.80	87%	*	*
MARCH	weekend	$ 144.00	$ 145.00	$ 84.00	$ 86.00	$ 88.00	$ 109.40	77%	*	*
APRIL	weekday	$ 112.00	$ 39.00	$ 74.00	$ 68.00	$ 67.00	$ 72.00	103%	*	*
APRIL	weekend	$ 126.00	$ 150.00	$ 94.00	$ 90.00	$ 75.00	$ 107.00	88%	*	*
MAY	weekday	$ 136.00	$ 117.00	$ 87.00	$ 90.00	$ 73.00	$ 100.60	86%	*	*
MAY	weekend	$ 163.00	$ 179.00	$ 102.00	$ 139.00	$ 85.00	$ 133.60	76%	*	*
JUNE	weekday	$ 145.00	$ 147.00	$ 86.00	$ 115.00	$ 85.00	$ 115.60	74%	*	*
JUNE	weekend	$ 208.00	$ 234.00	$ 145.00	$ 195.00	$ 89.00	$ 174.20	83%	*	*
JULY	weekday	$ 145.00	$ 156.00	$ 77.00	$ 123.00	$ 104.00	$ 121.00	64%	*	*
JULY	weekend	$ 185.00	$ 216.00	$ 160.00	$ 195.00	$ 180.00	$ 187.20	85%	*	*
AUGUST	weekday	$ 145.00	$ 122.00	$ 75.00	$ 97.00	$ 93.00	$ 106.40	70%	*	*
AUGUST	weekend	$ 181.00	$ 159.00	$ 160.00	$ 195.00	$ 165.00	$ 172.00	93%	*	*
SEPTEMBER	weekday	$ 125.00	$ 98.00	$ 75.00	$ 95.00	$ 79.00	$ 94.40	79%	*	*
SEPTEMBER	weekend	$ 136.00	$ 185.00	$ 99.00	$ 165.00	$ 159.00	$ 148.80	67%	*	*
OCTOBER	weekday	$ 125.00	$ 105.00	$ 113.00	$ 92.00	$ 97.00	$ 106.40	106%	*	*
OCTOBER	weekend	$ 145.00	$ 140.00	$ 130.00	$ 120.00	$ 130.00	$ 133.00	98%	*	*
NOVEMBER	weekday	$ 125.00	$ 105.00	$ 97.00	$ 80.00	$ 97.00	$ 100.80	96%	*	*
NOVEMBER	weekend	$ 125.00	$ 140.00	$ 97.00	$ 83.00	$ 113.00	$ 111.60	87%	*	*
DECEMBER	weekday	$ 115.00	$ 100.00	$ 97.00	$ 81.00	$ 80.00	$ 94.60	103%	*	*
DECEMBER	weekend	$ 125.00	$ 130.00	$ 97.00	$ 82.00	$ 97.00	$ 106.20	91%	*	*
Average Published *		**$ 133.29**	**$ 120.22**	**$ 94.44**	**$ 100.12**	**$ 94.28**	**$ 108.47**		**$ 98.40**	**$ 132.22**
Brand Average		***$ -***	***$ 100.81***	***$ 90.64***	***$ 78.00***	***$ 107.00***	***$ 94.11***			
Index		*0.0%*	*119.3%*	*104.2%*	*128.4%*	*88.1%*	*115.3%*	***102%***		
Competitive Set		$ 94.96	$ 94.96	$ 94.96	$ 94.96	$ 94.96	$ 94.96	88%	$ 82.41	$ 121.90
STR Index		140%	127%	99%	105%	99%	114%	100%	119%	108%

**** Average Published Rates***

Line Legend

1 Primary Competitive Set and Marketplace Rentals
2 BAR is Best Available Rates as quoted by property websites
3 - 26 Monthly weekday and weekend rates; Column 9 calculates the monthly average index to annual average
27 Average of all monthly rates weekday and weekend; Column 10 and 11 present average weekday and weekend
28 Respective brand average based on 2022 data
29 BAR rates index to respective brand averages
30 STR reported ADR for 2022 weekday and weekend average rates
31 BAR rates index to STR reported ADR

The table above indicates local hotels discount 12% from their respective BAR rates. However, peak summer rates increase by an average of 35% to nearly double the average rate. The franchised hotels collectively achieve average daily rates that are slightly above their respective brand averages.

Rate projections later in this section will be based on the average brand rate structures of similar franchises as recommended in this study. This includes midscale and upper-midscale brands. Localized discounting practices are also taken into consideration.

Projections of Occupancy and Average Daily Rates

The average rate and occupancy levels achieved by a hotel are the basis of the property's financial performance and overall market value. While average rate levels can be dictated by brand, competitive environment, and expectations of demand generators, occupancy performance can be driven by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. The following forecasts of performance reflect an operating strategy that represents a typical, professionally managed hotel operation using practices that will achieve an optimal mix of occupancy and average rate.

Optimum Number of Rooms

The difference between the optimum number of new rooms and the actual number of new rooms recommended for the market can be considerably vast. The optimum number of rooms is based on existing and projected room demand as well as the limited impact on existing supply. The actual number of rooms can be based on the financial ability and expectations of the owner as well as franchise requirements and site restrictions.

The average number of rooms of the hotels in Mauston is 56. The average age is 20 years. With projected occupancy levels reaching 57% in 2023 and an estimated 82 annual room nights exceeding 70% occupancy, it is determined that 70 - 80 new hotel rooms in the subject market will not have an extreme negative impact on local hotel occupancies.

Based on the data provided in the recommendations earlier in this study, the projections of performance in this section use 70 rooms as the optimum sample. This number of rooms should also ensure a developer’s ability to secure a strong national franchise that may have restrictions in the number of rooms.

Occupancy and Rate Performance Projections

The table below presents a five-year projection of occupancy and average daily rate by demand market segment. Suggested first year rates and subsequent increases are based on current (2022) rate structures of the primary competitive hotels quoted by market segment.

Subject Hotel Penetration percentages are based on the penetration of market share illustrated in previous tables in this section and include assumptions based on the stability of the Albert Lea market and the strength of the recommended extended-stay hotel franchises.

PROJECTED PERFORMANCE OF SUBJECT 70 ROOM HOTEL

Corporate Individual

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Corporate Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Projected Rooms Sold	Percentage of Occupancy	Projected Average Rate
YEAR 1	352	70	19.9%	22,019	4,379	125%	5,473	38%	$ 116.00
YEAR 2	352	70	19.9%	22,459	4,466	135%	6,030	38%	$ 119.48
YEAR 3	352	70	19.9%	22,908	4,556	145%	6,606	38%	$ 122.47
YEAR 4	352	70	19.9%	23,367	4,647	145%	6,738	37%	$ 125.53
YEAR 5	352	70	19.9%	23,834	4,740	145%	6,873	37%	$ 128.04

Corporate Group

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Corporate Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Projected Rooms Sold	Percentage of Occupancy	Projected Average Rate
YEAR 1	352	70	19.9%	4,118	819	100%	819	6%	$ 112.00
YEAR 2	352	70	19.9%	4,274	850	110%	935	6%	$ 115.36
YEAR 3	352	70	19.9%	4,417	878	120%	1,054	7%	$ 118.24
YEAR 4	352	70	19.9%	4,543	904	125%	1,129	8%	$ 121.20
YEAR 5	352	70	19.9%	4,674	929	130%	1,208	8%	$ 123.62

Leisure Individual

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Leisure Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy	**Projected Average Rate**
YEAR 1	352	70	19.9%	21,545	4,285	110%	4,713	32%	$ 139.00
YEAR 2	352	70	19.9%	22,375	4,450	115%	5,117	32%	$ 142.48
YEAR 3	352	70	19.9%	22,926	4,559	125%	5,699	33%	$ 146.04
YEAR 4	352	70	19.9%	23,385	4,650	125%	5,813	32%	$ 149.69
YEAR 5	352	70	19.9%	23,636	4,700	125%	5,875	32%	$ 153.43

Leisure Group

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Leisure Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy	**Projected Average Rate**
YEAR 1	352	70	19.9%	7,298	1,451	100%	1,451	10%	$ 144.00
YEAR 2	352	70	19.9%	7,477	1,487	105%	1,561	11%	$ 148.32
YEAR 3	352	70	19.9%	7,627	1,517	110%	1,668	11%	$ 152.03
YEAR 4	352	70	19.9%	7,779	1,547	110%	1,702	12%	$ 155.83
YEAR 5	352	70	19.9%	7,935	1,578	110%	1,736	12%	$ 158.95

Transient - Retail

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Transient Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy	**Projected Average Rate**
YEAR 1	352	70	19.9%	10,391	2,066	100%	2,066	14%	$ 129.00
YEAR 2	352	70	19.9%	10,792	2,146	105%	2,253	14%	$ 131.58
YEAR 3	352	70	19.9%	11,108	2,209	110%	2,430	14%	$ 134.21
YEAR 4	352	70	19.9%	11,382	2,263	115%	2,603	14%	$ 136.90
YEAR 5	352	70	19.9%	11,662	2,319	120%	2,783	15%	$ 139.63

The final table on the following page offers the combined occupancy and average daily rate projections for years 1 – 5 for the proposed hotel.

PROJECTED PERFORMANCE OF SUBJECT HOTEL

		Commercial		Leisure						
		Individual	Group	Individual	Group	Transient	Total	Occupancy	ADR	RevPar
Year 1	Fair Share	4,379	819	4,285	1,451	2,066	13,000	51%		
	Projected	5,473	819	4,713	1,451	2,066	**14,523**	**57%**	**$ 127.89**	$ 63.61
Year 2	Fair Share	4,466	850	4,450	1,487	2,146	13,399	52%		
	Projected	6,030	935	5,117	1,561	2,253	**15,896**	**62%**	**$ 131.19**	$ 71.42
Year 3	Fair Share	4,556	878	4,559	1,517	2,146	13,656	53%		
	Projected	6,606	1,054	5,699	1,668	2,430	**17,457**	**68%**	**$ 134.37**	$ 80.33
Year 4	Fair Share	4,647	904	4,650	1,547	2,263	14,011	55%		
	Projected	6,738	1,129	5,813	1,702	2,603	**17,985**	**70%**	**$ 137.58**	$ 84.74
Year 5	Fair Share	4,740	929	4,700	1,578	2,319	14,267	56%		
	Projected	6,873	1,208	5,875	1,736	2,783	**18,475**	**72%**	**$ 140.48**	$ 88.88

These projections of occupancy and ADR are expanded in the financial analysis in the following section.

HOTEL R&D, LLC

Financial Projections
70 - Room Upper Midscale Hotel
Mauston Wisconsin

The following financial projections incorporate the occupancy and average daily rate determined in the Hotel Market Study for Mauston Wisconsin performed in April 2023. Expenses are based on local wages, tax estimates and regional performance data for comparable size and branded hotels.

Development cost estimates are based on comparable size properties and current construction estimates provided by franchise operators and general contractors received in November 2023.

Franchise fees and other costs are based on Marriot, Hilton and IHG upper midscale hotel franchises.

Land prices and development costs are based on similar projects in Wisconsin markets. Return on Investment scenarios are based on recent Sources and Use estimates for similar projects and may change significantly depending on construction costs and financing.

Projections of Income and Expenses

This section presents a scenario of project revenues based on the research and data contained in the Hotel Market and Feasibility Study.

Projections of expenses for the subject hotel are based on actual current performance statements of existing similar hotels. In some instances, industry benchmarks provided by the annual STR Host Report and CBRE annual operating data comparisons.

Wages, taxes, utilities and other localized expenses are based on research performed in the subject market during the fieldwork portion of this study.

HOTEL R&D, LLC

Financial Analysis with Operating Proforma Upper Midscale Mauston Wisconsin

SUMMARY

NUMBER OF ROOMS	70
SAMPLE DEVELOPMENT COSTS	$11,022,000
3-4 story, stamdard rooms with suites	
indoor pool, fitness, gathering space in lobby	
1,000 square feet meeting space/lounge	
TOTAL INVESTMENT	**$11,022,000**

SAMPLE DEVELOPMENT COSTS

		Per Room		Total $	
Land with Improvements	$	7,143	$	500,000	calculated average of select sites based on 2.5 acres
Hard Construction	$	114,286	$	8,000,000	Estimated from average FDD projections
Permits and Fees	$	357	$	25,000	Local estimate
FF&E/OS&E Hotel	$	21,714	$	1,520,000	Furniture, Fixtures, Equipment, Operating Supplies
Architectural & Engineering	$	1,786	$	125,000	Assumes franchise based design w/feature additions
Appraisal	$	71	$	5,000	Industry Benchmark
Surveys	$	143	$	10,000	Industry Benchmark
Construction Interest/Loan fees/Closing	$	-	$	-	Open
Legal & Accounting Fees	$	143	$	10,000	Industry Benchmark
Franchise Fees (Application & Fees)	$	714	$	50,000	Average of Upper Midscale brands
Insurance & Taxes	$	314	$	22,000	Estimated, during construction period
Project Contingency funds	$	3,571	$	250,000	Average of Upper Midscale brands
Working Capital	$	2,143	$	150,000	Average of Upper Midscale brands
Pre-Opening Marketing, Staff & Training	$	786	$	55,000	Average of Upper Midscale brands
Development Support/Other	$	4,286	$	300,000	Average of Upper Midscale brands
Total Development Costs	**$**	**157,457**	**$**	**11,022,000**	

STANDARD PROJECT SOURCES

	% of Total	$$$
Total Debt	70%	$ 7,715,400
Equity	30%	$ 3,306,600
Total Project	100%	#########

SAMPLE DEBT STRUCTURE

Interest Rate:	6.25%
Interest Only Period:	0
Amortization Schedule:	25 Years

I/O Debt Service (if any):	$610,754
Amortizing Debt Service:	$610,754

PROJECTED OPERATING REVENUES

Based on a basic 30% equity/70% LTV

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
PROJECTED OCCUPANCY	57%	62%	68%	70%	72%	72%	72%	72%	72%	72%	
ANNUAL ROOMS SOLD	14,564	15,841	17,422	17,885	18,396	18,396	18,396	18,396	18,396	18,396	
PROJECTED AVERAGE DAILY RATE	$127.80	$131.00	$134.25	$137.60	$140.35	$143.10	$146.00	$148.50	$150.75	$153.00	
GROSS REVENUE (Rooms only)	$1,914,955	$2,133,624	$2,403,136	$2,526,972	$2,649,760	$2,701,292	$2,755,606	$2,802,587	$2,844,993	$2,887,425	
CASH AVAILABLE FOR DEBT	$509,357	$625,209	$781,473	$834,244	$893,875	$956,660	$973,357	$982,864	$988,259	$993,311	
DEBT SERVICE COVERAGE at 70% LTV	0.83	1.02	1.28	1.37	1.46	1.57	1.59	1.61	1.62	1.63	-

Employment Projections

Department	Position	Annual Hours	FTE	Wage	Payroll
Rooms Department	Front Desk Salary & Wages	7,300	5.4	$ 25.07	#########
Rooms Department	Housekeeping Salary & Wage	9,642	6.9	$ 22.53	#########
Marketing	Sales	1,200	1.0	$ 39.33	$ 47,200.00
General & Administration	General Manager	2,040	1.0	$ 24.51	$ 50,000.00
Maintenance	Maintenance	4,080	2.0	$ 10.48	$ 42,767.92
Total/Average		**24,262**	**16.3**	**$ 22.27**	##########

Projected Economic Impact

Fiscal	Factors/Multipliers	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	***TOTAL***
Annual Room Revenue		$ 1,914,955	$ 2,133,624	########	$ 2,526,972	########	########	########	########	########	########	
Projected Property Tax		$ 110,000	$ 111,650	$ 113,325	$ 115,025	$ 116,750	$ 118,501	$ 120,279	$ 122,083	$ 123,914	$ 125,773	########
City Lodging Tax	5.0%	$ 95,748	$ 106,681	$ 120,157	$ 126,349	$ 132,488	$ 135,065	$ 137,780	$ 140,129	$ 142,250	$ 144,371	########
County Sales Tax	0.5%	$ 9,575	$ 10,668	$ 12,016	$ 12,635	$ 13,249	$ 13,506	$ 13,778	$ 14,013	$ 14,225	$ 14,437	$ 142,62

Upper Midscale

Mauston

CASH FLOW PROJECTIONS

Analysis Year	**2025**		**2026**		**2027**		**2028**		**2029**		**2030**		**2031**		**2032**		**2033**		**2034**	
ADR	**$127.80**		**$131.00**		**$134.25**		**$137.60**		**$140.35**		**$143.10**		**$146.00**		**$148.50**		**$150.75**		**$153.00**	
% Increase			2.5%		2.5%		2.5%		2.0%		2.0%		2.0%		1.7%		1.5%		1.5%	
Occupancy	**57%**		**62%**		**68%**		**70%**		**72%**		**72%**		**72%**		**72%**		**72%**		**72%**	
Rooms Available	**25,550**		**25,550**		**25,620**		**25,550**		**25,550**		**25,550**		**25,620**		**25,550**		**25,550**		**25,550**	
Rooms Sold	**14,564**		**15,841**		**17,374**		**17,885**		**18,396**		**18,396**		**18,396**		**18,396**		**18,396**		**18,396**	
% Increase			**8.8%**		**9.7%**		**2.9%**		**2.9%**		**0.0%**		**0.0%**		**0.0%**		**0.0%**		**0.0%**	
RevPar	**$ 72.85**		**$ 81.22**		**$ 91.29**		**$ 96.32**		**$ 101.05**		**$ 103.03**		**$ 105.12**		**$ 106.92**		**$ 108.54**		**$ 110.16**	
% Increase			**11.5%**		**12.4%**		**5.5%**		**4.9%**		**2.0%**		**2.0%**		**1.7%**		**1.5%**		**1.5%**	
Revenues *(% of Total Revenue)*																				
Room	$1,861,215	*97.2%*	$2,075,171	*97.3%*	$2,338,850	*97.3%*	$2,460,976	*97.4%*	$2,581,879	*97.4%*	$2,632,468	*97.5%*	$2,685,816	*97.5%*	$2,731,806	*97.5%*	$2,773,197	*97.5%*	$2,814,588	*97.5%*
Meeting Room Rental & Commissions	$29,855	*1.6%*	$32,474	*1.5%*	$35,714	*1.5%*	$36,664	*1.5%*	$37,712	*1.4%*	$38,655	*1.4%*	$39,621	*1.4%*	$40,611	*1.4%*	$41,627	*1.5%*	$42,667	*1.5%*
Other Miscellaneous Income	$23,884	*1.2%*	$25,979	*1.2%*	$28,571	*1.2%*	$29,331	*1.2%*	$30,169	*1.1%*	$30,169	*1.1%*	$30,169	*1.1%*	$30,169	*1.1%*	$30,169	*1.1%*	$30,169	*1.0%*
Total Revenue	**$1,914,955**	***100.0%***	**$2,133,624**	***100.0%***	**$2,403,136**	***100.0%***	**$2,526,972**	***100.0%***	**$2,649,760**	***100.0%***	$2,701,292	*100.0%*	$2,755,606	*100.0%*	$2,802,587	*100.0%*	$2,844,993	*100.0%*	$2,887,425	*100.0%*
Departmental Expenses *(% of Total Revenue)*																				
Rooms	$620,324	*32.4%*	$662,594	*31.1%*	$712,965	*29.7%*	$738,866	*29.2%*	$766,172	*28.9%*	$728,329	*27.0%*	$743,930	*27.0%*	$759,560	*27.1%*	$775,340	*27.3%*	$791,459	*27.4%*
Meeting Room & Commissions	$9,903	*0.5%*	$10,772	*0.5%*	$11,847	*0.5%*	$12,162	*0.5%*	$12,509	*0.5%*	$12,509	*0.5%*	$12,509	*0.5%*	$12,509	*0.4%*	$12,509	*0.4%*	$12,509	*0.4%*
Other Miscellaneous	$12,670	*0.7%*	$13,782	*0.6%*	$15,157	*0.6%*	$15,560	*0.6%*	$16,005	*0.6%*	$16,005	*0.6%*	$16,005	*0.6%*	$16,005	*0.6%*	$16,005	*0.6%*	$16,005	*0.6%*
Total Departmental Expenses	$642,898	*33.6%*	$687,147	*32.2%*	$739,968	*30.8%*	$766,587	*30.3%*	$794,686	*30.0%*	$756,843	*28.0%*	$772,443	*28.0%*	$788,074	*28.1%*	$803,854	*28.3%*	$819,973	*28.4%*
GROSS OPERATING INCOME	**$1,272,057**	***66.4%***	**$1,446,477**	***67.8%***	**$1,663,167**	***69.2%***	**$1,760,384**	***69.7%***	**$1,855,074**	***70.0%***	**$1,944,449**	***72.0%***	**$1,983,163**	***72.0%***	**$2,014,513**	***71.9%***	**$2,041,140**	***71.7%***	**$2,067,452**	***71.6%***
Undistributed Operating Expenses *(% of Total Revenue)*																				
General & Administrative	$171,106	*8.9%*	$181,032	*8.5%*	$192,507	*8.0%*	$199,418	*7.9%*	$206,380	*7.8%*	$211,118	*7.8%*	$216,022	*7.8%*	$220,777	*7.9%*	$225,472	*7.9%*	$230,253	*8.0%*
Information & Technology	$25,641	*1.3%*	$27,186	*1.3%*	$28,496	*1.2%*	$28,966	*1.1%*	$29,441	*1.1%*	$29,921	*1.1%*	$30,164	*1.1%*	$30,412	*1.1%*	$30,665	*1.1%*	$30,923	*1.1%*
Franchise Fees	$166,833	*8.7%*	$192,540	*9.0%*	$215,427	*9.0%*	$237,549	*9.4%*	$249,725	*9.4%*	$259,706	*9.6%*	$264,847	*9.6%*	$269,961	*9.6%*	$274,422	*9.6%*	$278,561	*9.6%*
Sales & Marketing	$67,831	*3.5%*	$70,213	*3.3%*	$72,837	*3.0%*	$74,919	*3.0%*	$77,035	*2.9%*	$78,904	*2.9%*	$80,825	*2.9%*	$82,759	*3.0%*	$84,718	*3.0%*	$86,721	*3.0%*
Utilities	$65,532	*3.4%*	$73,063	*3.4%*	$82,361	*3.4%*	$86,666	*3.4%*	$91,371	*3.4%*	$93,655	*3.5%*	$95,996	*3.5%*	$98,396	*3.5%*	$100,856	*3.5%*	$103,378	*3.6%*
Repairs & Maintenance	$77,808	*4.1%*	$80,574	*3.8%*	$82,588	*3.4%*	$84,653	*3.3%*	$86,770	*3.3%*	$88,939	*3.3%*	$91,162	*3.3%*	$93,441	*3.3%*	$95,777	*3.4%*	$98,172	*3.4%*
Total Undistributed Operating Expenses	$574,751	*30.0%*	$624,609	*29.3%*	$674,217	*28.1%*	$712,171	*28.2%*	$740,722	*28.0%*	$762,242	*28.2%*	$779,017	*28.3%*	$795,747	*28.4%*	$811,911	*28.5%*	$828,008	*28.7%*
INCOME BEFORE FIXED CHARGES	**$697,305**	***36.4%***	**$821,868**	***38.5%***	**$988,950**	***41.2%***	**$1,048,214**	***41.5%***	**$1,114,352**	***42.1%***	**$1,182,207**	***43.8%***	**$1,204,146**	***43.7%***	**$1,218,765**	***43.5%***	**$1,229,229**	***43.2%***	**$1,239,444**	***42.9%***
Fixed Operating Expenses *(% of Total Revenue)*																				
Real Estate Taxes	$110,000	*5.7%*	$111,650	*5.2%*	$113,883	*4.7%*	$116,161	*4.6%*	$118,484	*4.5%*	$121,446	*4.5%*	$124,482	*4.5%*	$127,594	*4.6%*	$130,784	*4.6%*	$134,054	*4.6%*
Management and ServicesFee	$57,449	*3.0%*	$64,009	*3.0%*	$72,094	*3.0%*	$75,809	*3.0%*	$79,493	*3.0%*	$81,039	*3.0%*	$82,668	*3.0%*	$84,078	*3.0%*	$85,350	*3.0%*	$86,623	*3.0%*
Insurance	$20,500	*1.1%*	$21,000	*1.0%*	$21,500	*0.9%*	$22,000	*0.9%*	$22,500	*0.8%*	$23,063	*0.9%*	$23,639	*0.9%*	$24,230	*0.9%*	$24,836	*0.9%*	$25,457	*0.9%*
FF&E Lease	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*
Total Fixed Operating Expenses	$187,949	*9.8%*	$196,659	*9.2%*	$207,477	*8.6%*	$213,970	*8.5%*	$220,477	*8.3%*	$225,547	*8.3%*	$230,789	*8.4%*	$235,902	*8.4%*	$240,970	*8.5%*	$246,133	*8.5%*
Reserve for Replacement	$19,150	*1.0%*	$42,672	*2.0%*	$72,094	*3.0%*	$101,079	*4.0%*	$132,488	*5.0%*	$135,065	*5.0%*	$137,780	*5.0%*	$140,129	*5.0%*	$142,250	*5.0%*	$144,371	*5.0%*
CASH FLOW BEFORE DEBT SERVICE	**$509,357**	***26.6%***	**$625,209**	***29.3%***	**$781,473**	***32.5%***	**$834,244**	***33.0%***	**$893,875**	***33.7%***	**$956,660**	***35.4%***	**$973,357**	***35.3%***	**$982,864**	***35.1%***	**$988,259**	***34.7%***	**$993,311**	***34.4%***

***Disclaimer** : The first year projection of occupancy and ADR assume 1 full year of operations. The above proforma statement of cash flow from operations and debt service coverage represents a compilation of data and information gathered from historical data and industry statistics for similar types of properties. The preparer does not guarantee the data, and assumes no liability for any errors in fact, omissions, analysis or judgement. The data is based on the best judgements of the preparer and client. We make no guarantees or assurances that the projections will be realized as stated.*

Investor Page

Upper Midscale

Mauston

SAMPLE RETURN ANALYSIS - Ten Year

Analysis Year	**Pre-Open**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Entire Analysis Cash Flow Before Debt Service		**$509,357**	**$625,209**	**$781,473**	**$834,244**	**$893,875**	**$956,660**	**$973,357**	**$982,864**	**$988,259**	**$993,311**
Project Cost	($11,022,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Flow Before Debt Service	$0	$509,357	$625,209	$781,473	$834,244	$893,875	$956,660	$973,357	$982,864	$988,259	$993,311
Residual Sale Price	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,455,901
Loan Funding	$7,715,400	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Debt Service - Interest	$0	($478,466)	($469,957)	($460,900)	($451,262)	($441,003)	($430,084)	($418,463)	($406,095)	($392,930)	($378,920)
Debt Service - Principal	$0	($132,288)	($140,797)	($149,853)	($159,492)	($169,751)	($180,670)	($192,291)	($204,659)	($217,823)	($231,834)
Loan Payoff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($5,935,943)
TIF Funding and Distribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NET CASH FLOW	**($3,306,600)**	**($101,397)**	**$14,456**	**$170,720**	**$223,490**	**$283,122**	**$345,906**	**$362,603**	**$372,110**	**$377,506**	**$4,902,515**
Leveraged Deal IRR (Equity + Debt)	**8.7%**										
Profit (10 Year Total)	**$3,644,431**										
Equity Multiple	**2.10x**										
Return on Equity											
Leveraged Net Cash Return		**-3.1%**	**0.4%**	**5.2%**	**6.8%**	**8.6%**	**10.5%**	**11.0%**	**11.3%**	**11.4%**	**148.3%**
Cumulative Average Leveraged Net Cash Return			**-1.3%**	**0.8%**	**2.3%**	**3.6%**	**4.7%**	**5.6%**	**6.3%**	**6.9%**	**21.0%**
Debt Service		**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**	**($610,754)**
Total Net Cash Flow		**$509,357**	**$625,209**	**$781,473**	**$834,244**	**$893,875**	**$956,660**	**$973,357**	**$982,864**	**$988,259**	**$993,311**
Debt Service Coverage Ratio		**0.83**	**1.02**	**1.28**	**1.37**	**1.46**	**1.57**	**1.59**	**1.61**	**1.62**	**1.63**

Disclaimer: The first year projection of occupancy and ADR assume 1 full year of operations. The above proforma statement of cash flow from operations and debt service coverage represents a compilation of data and information gathered from historical data and industry statistics for similar types of properties. The preparer does not guarantee the data, and assumes no liability for any errors in fact, omissions, analysis or judgement. The data is based on the best judgements of the preparer and client. We make no guarantees or assurances that the projections will be realized as stated.

PRIMARY AND MISCELLANEOUS REVENUE CENTERS

Room Revenue

Rooms Revenue is determined by the two variables of occupancy and average daily rate. These were projected in the previous section of this report. Occupancy trends reflect a rebounding from the 2020 pandemic year. Stabilization is expected to occur by Year 5 as the introduction of a new nationally franchised hotel continues to draw growing occupancies from commercial and leisure demand growth in Mauston and the surrounding region. Continued modest occupancy growth is expected into Year 5 as new businesses and group demand rebounds from pandemic 2020. ADR will be more influenced by regional competitive growth. ADR is expected to increase along inflationary levels after stablization in Year 5.

Rooms	Per Occupied Room	Annual Increase	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rooms in Hotel	70		70	70	70	70	70	70	70	70	70	70
ADR	$127.80		$127.80	$131.00	$134.25	$137.60	$140.35	$143.10	$146.00	$148.50	$150.75	$153.00
Rooms Avail.	25,550		25,550	25,550	25,620	25,550	25,550	25,550	25,550	25,550	25,550	25,550
Occupancy	57.0%		57.0%	62.0%	68.0%	70.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%
Occupied Rooms	14,564		14,564	15,841	17,422	17,885	18,396	18,396	18,396	18,396	18,396	18,396
Revenue	1,861,215		1,861,215	2,075,171	2,338,850	2,460,976	2,581,879	2,632,468	2,685,816	2,731,806	2,773,197	2,814,588
RevPar			$ 72.85	$ 81.22	$ 91.29	$ 96.32	$ 101.05	$ 103.03	$ 105.12	$ 106.92	$ 108.54	$ 110.16

Food & Beverage

The recommendation of a lobby bar assumes a full-service lounge including minor food services. Per occupied room revenue for food & beverage is the low-end of a range o upper midscale extended stay hotels including TownePlace Suites, Staybridge Suites and Homewood Suites. Expenses include 1 additional staff per shift with operations running 6 hours per day.

Revenue	$0.00	2.5%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Expense	0%	2.5%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Profit	$0.00		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Meeting Room Rental

This analysis assumes a meeting room equal to approximately 2 room bays is included in the development. Rental revenue and expenses (supplies) are the low end of the inc benchmark

Revenue	$2.05	2.5%	$29,855	$32,474	$35,714	$36,664	$37,712	$37,712	$37,712	$37,712	$37,712	$37,712
Expense	$0.68	2.5%	$9,903	$10,772	$11,847	$12,162	$12,509	$12,509	$12,509	$12,509	$12,509	$12,509
Profit	$1.37		$19,952	$21,702	$23,868	$24,502	$25,203	$25,203	$25,203	$25,203	$25,203	$25,203

Miscellaneous

Miscellaneous income includes revenues generated by services other than guestrooms and include the following:

Guest Laundry
Internet upgrades
Audio/Visual
Fax/Copy
Vending Commissions
Pet Fee
Cancellation Fees
Miscellaneous Fees

Revenues and expenses are based on actual performance data from upper midscale extended stay hotels compiled by Hotel R&D and industry benchmarks.

Revenue	**$1.64**	2.5%	$23,884	$25,979	$28,571	$29,331	$30,169	$30,169	$30,169	$30,169	$30,169	$30,169
Expense	**$0.87**	2.5%	$12,670	$13,782	$15,157	$15,560	$16,005	$16,005	$16,005	$16,005	$16,005	$16,005
Profit	$0.77		$11,214	$12,198	$13,415	$13,771	$14,165	$14,165	$14,165	$14,165	$14,165	$14,165

Fixed Expenses

The following fixed expenses relate to the Cash Flow Statement and do not pertain to the complete calculation of fixed expenses in a Breakeven Analysis.

Management Fees

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brandname 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 3% to 6% 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 5.0% of total revenue.

Property Taxes

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 nearby communities.

Selected 2022 examples

Property	Address	Assessed	Taxes	Rooms	Asses/rm	Tax/Room
The Lodge@Maus	**104 Lodge**	$4,595,100	$102,139	60	$76,585.00	$1,702.32
Quality Inn	**Gateway**	$ 1,950,000	$ 43,290	60	$32,500.00	$721.50
Best Western Plus	**Gateway**	$ 1,144,000	$ 25,369	53	$21,584.91	$478.66
Super 8	**Gateway**	$ 452,200	$ 33,708	49	$9,228.57	$687.92
Average		**$2,035,325**	**$51,127**	**56**	**$34,974.62**	**$897.60**
Subject Hotel		**$5,000,000**	**$110,000**	**70**	$71,428.57	

Capital Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all nonreal estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment 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 furniture, fixtures, and equipment 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.

ROOMS/DEPARTMENTAL EXPENSES

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages and benefits account for the majority of expenses a with the rooms department. Although payroll can vary with occupancy, and managers can generally provide support to the service staff in order to meet an expected level, much of the hotels' payroll is fixed. A base level of front desk staff, housekeepers and supervisors must be maintained at all times. As a result, salaries, wages moderately sensitive to changes in occupancy.

Guest room supplies are highly sensitive to occupancy levels while linens and other operating expenses are only slightly affected. Rooms expenses are calculated ba room cost with several noted expenses.
Reservation Expenses, often classified as a Rooms Expense is located in the Sales & Marketing Expense page as part of the Franchise Fees.
Wages and salaries listed for Year 1 are based on the high-end of an average for each position using limited or select service hotels in Mauston as the comparable m Industry average expenses are the average of upper midscale hotels in the midwest from actual operating data compiled by Hotel R&D and support from the annual

FRONT DESK RELATED			Annual Increase	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Front Desk Supervisor	$ 40,000		2.5%	40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Front Desk Staff	365	Days											
and Reservations	12	Hours per Day											
	4,380												
	$ 15.00	Rate per Hour	2.5%	15.00	15.38	15.76	16.15	16.56	16.97	17.40	17.83	18.28	18.73
	65,700			65,700	67,343	69,026	70,752	72,521	74,334	76,192	78,097	80,049	82,050
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Night Auditor and	365	Days											
Security/front desk	8	Hours per Day											
	2,920												
	$ 16.50	Rate per Hour	2.5%	16.91	17.34	17.77	18.21	18.67	19.13	19.61	20.10	20.61	21.12
	48,180			49,385	50,619	51,885	53,182	54,511	55,874	57,271	58,703	60,170	61,674
Subtotal-Wages				155,085	158,962	162,936	167,009	171,184	175,464	179,850	184,347	188,955	193,679
Taxes & Benefits	18.0%			27,915	28,613	29,328	30,062	30,813	31,583	32,373	33,182	34,012	34,862
Total Wages & Benefits				**183,000**	**187,575**	**192,264**	**197,071**	**201,997**	**207,047**	**212,224**	**217,529**	**222,967**	**228,542**

Miscellaneous				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Printing/material	$0.06	per Occupied Room	2.5%	866	965	1,088	1,145	1,207	1,067	1,067	1,067	1,067	1,067
Office Supplies	$125	per Month	2.5%	1,538	1,576	1,615	1,656	1,697	1,500	1,500	1,500	1,500	1,500
Van Lease/Operations	**$0**	**per month**	2.5%	-	-	-	-	-	-	-	-	-	-
OTA's and PMS Reservations	4.0%	of Room Revenue		74,449	83,007	93,554	98,439	103,275	105,299	107,433	109,272	110,928	112,584
Total Expenses				76,852	85,548	96,257	101,240	106,179	107,866	110,000	111,839	113,495	115,150
Total Front Desk - Operations				**259,852**	**273,123**	**288,522**	**298,310**	**308,177**	**314,913**	**322,223**	**329,368**	**336,462**	**343,692**

HOUSEKEEPING RELATED				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Executive Housekeeper	35,000		2.5%	35,875	36,772	37,691	38,633	39,599					
Laundry and Breakfast Attendant	365	Days											
	8.00	Hours per Day											
	2,920												
	$ 15.00	Rate per Hour	2.5%	15.38	15.76	16.15	16.56	16.97	17.40	17.83	18.28	18.73	19.20
	43,800			44,895	46,017	47,168	48,347	49,556	50,795	52,064	53,366	54,700	56,068
Housekeepers	14,564	# of Occupied rooms		14,564	15,841	17,422	17,885	18,396	18,396	18,396	18,396	18,396	18,396
	13	Rooms cleaned/Housekeeper day		13	13	13	13	13	13	13	13	13	13
	1,120	# of Housekeeper Days		1,120	1,219	1,340	1,376	1,415	1,415	1,415	1,415	1,415	1,415
	6	Hours per Day		6	6	6	6	6	6	6	6	6	6
	6,722			6,722	7,311	8,041	8,255	8,490	8,490	8,490	8,490	8,490	8,490
	$ 15.00	Rate per Hour	2.5%	15.38	15.76	16.15	16.56	16.97	17.40	17.83	18.28	18.73	19.20
				103,345	115,220	129,885	136,673	144,093	147,695	151,387	155,172	159,051	163,028
Subtotal-Housekeeping Wages				184,115	198,010	214,744	223,654	233,248	198,490	203,452	208,538	213,752	219,095
Taxes & Benefits	18.0%			33,141	35,642	38,654	40,258	41,985	35,728	36,621	37,537	38,475	39,437
Total Wages & Benefits				217,256	233,651	253,398	263,911	275,232	234,218	240,073	246,075	252,227	258,532

Miscellaneous				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
INDUSTRY AVERAGE EXPENSES													
Room Equipment & Supplies	$0.66	POR	2.5%	9,612	10,455	11,498	11,804	12,141	12,141	12,141	12,141	12,141	12,141
License & Permits	$200	Annual	2.0%	200	204	208	212	216	221	225	230	234	239
Linen	$0.62	POR	2.5%	9,029	10,319	11,632	12,240	12,904	11,406	11,406	11,406	11,406	11,406
Printed Material	$0.09	POR	2.5%	1,343	1,498	1,689	1,777	1,873	1,656	1,656	1,656	1,656	1,656
Paper Products	$0.11	POR	2.5%	1,642	1,831	2,064	2,172	2,289	2,024	2,024	2,024	2,024	2,024
Soap	$0.06	POR	2.5%	896	999	1,126	1,185	1,249	1,104	1,104	1,104	1,104	1,104
In-room and lobby coffee	$0.35	POR	2.5%	5,225	5,825	6,566	6,910	7,285	6,439	6,439	6,439	6,439	6,439
Cleaning Supplies	$0.27	POR	2.5%	4,030	4,494	5,066	5,330	5,620	4,967	4,967	4,967	4,967	4,967
Laundry Supplies	$0.92	POR	2.5%	13,733	15,312	17,260	18,162	19,148	16,924	16,924	16,924	16,924	16,924
General Maintenance	$50.00	per month	2.5%	615	630	646	662	679	600	600	600	600	600
Training and Other	$15.00	per month	2.5%	185	189	194	199	204	180	180	180	180	180
Miscellaneous	$0.00	per occupied room	2.5%	-	-	-	-	-	-	-	-	-	-
Total Miscellaneous				46,510	51,754	57,948	60,652	63,609	57,660	57,665	57,669	57,674	57,679
Total Housekeeping				263,766	285,406	311,346	324,564	338,841	291,878	297,738	303,744	309,901	316,211

COMPLIMENTARY GOODS AND SERVICES					2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Complimentary Breakfast/Reception		Factor												
	Continental Breakfast	$5.50	POR		$ 80,099	$ 87,126	$ 95,819	$ 98,368	$ 101,178	$ 103,202	$105,266	$107,371	$109,518	$111,709
	In-room Media Entertainme	$0.65	PAR		$ 16,608	$ 16,940	$ 17,278	$ 17,624	$ 17,976	$ 18,336	$ 18,703	$ 19,077	$ 19,458	$ 19,847
	Total				**$ 96,707**	**$ 104,065**	**$113,097**	**$ 115,992**	**$ 119,154**	**$ 121,538**	**$123,968**	**$126,448**	**$128,977**	**$131,556**

TOTAL ROOMS EXPENSE	620,324	662,594	712,965	738,866	766,172	728,329	743,930	759,560	775,340	791,459

INFORMATION AND TECHNOLOGY

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

Systems Expenses are based on data collected from the upper-midscale hotel information and current data from existing franchises. This assumes the subject hotel will utilize the systems and equipment provided by the franchises or their suppliers. These are standard expenses including those by third party systems and equipment providers.

					2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
COST OF SERVICE														
Cell Phone Expense		**$100**	per month	2.0%	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434
Internet Expense	**$**	**800.00**	per month	2.5%	9,600	9,792	9,988	10,188	10,391	10,599	10,811	11,027	11,248	11,473
Telephone	**$**	**200.00**	per month	2.5%	2,400	2,405	2,410	2,414	2,419	2,424	2,429	2,434	2,439	2,444
Long Distance Expense	**$**	**-**	per occupied room	2.5%	-	-	-	-	-	-	-	-	-	-
Total Cost of Service					**13,200**	**13,421**	**13,646**	**13,875**	**14,110**	**14,348**	**14,591**	**14,840**	**15,093**	**15,351**
SYSTEMS EXPENSE														
Property Management System	**$**	**4.50**	per room/month fee		2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Technology Interface Fee		**$7.00**	per room/per month	0.0%	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Information Systems	**$**	**-**	per occupied room	2.5%	-	-	-	-	-	-	-	-	-	-
Property Op & Maintenance	**$**	**-**	per occupied room	2.5%	-	-	-	-	-	-	-	-	-	-
Sales & Marketing Systems	**$**	**-**	per occupied room	2.5%	-	-	-	-	-	-	-	-	-	-
Telecommunications Systems	**$**	**0.66**	per occupied room	2.5%	5,541	6,866	7,950	8,191	8,432	8,672	8,672	8,672	8,672	8,672
TOTAL SYSTEMS EXPENSE					**12,441**	**13,766**	**14,850**	**15,091**	**15,332**	**15,572**	**15,572**	**15,572**	**15,572**	**15,572**

TOTAL INFORMATION &	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
TECHNOLOGY EXPENSE	**$ 25,641**	**$ 27,186**	**$ 28,496**	**$ 28,966**	**$ 29,441**	**$ 29,921**	**$ 30,164**	**$ 30,412**	**$ 30,665**	**$ 30,923**

GENERAL AND ADMINISTRATIVE

General and Administrative expenses include costs associated with administering the hotel such as key personnel salaries, office supplies bad debt, credit card and other costs.
General Manager wages are based on local properties in Mauston and Wisconsin. First Year wage level assume pre-opening hiring.

Lodging:	Cost of participating in franchise meetings and other related events
Mileage:	monthly allow for hotel related travel using $0.50/mile
Insurance:	Insurance-general comprises the premiums for policies that cover liability, life insurance, and liability insurance that covers third-party actions involving bodily injury and personal property demand.
Office Expenses:	general front office and general manager expenses not covered in Rooms Expense
Telephone	front office communication expenses (cell phone allowance)
Credit Card Commission	Standard industry expense that fluctuates with occupancy/revenues
Licenses	annual license for occupancy, elevator and food service
Accounting Fees	Assuming Profressional accounting or other services

			Annual Increase	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*
General Manager	**$ 65,000**		2.5%	66,625	68,291	69,998	71,748	73,542	75,380	77,265	79,196	81,176	83,205
Front Desk Mgr	**$ -**		2.5%	-	-	-	-	-	-	-	-	-	-
Bonus	**5.0%**			3,331	3,415	3,500	3,587	3,677	3,769	3,863	3,960	4,059	4,160
Subtotal - Wages				69,956	71,705	73,498	75,335	77,219	79,149	81,128	83,156	85,235	87,366
Taxes & Benefits	**18.0%**			12,592	12,907	13,230	13,560	13,899	14,247	14,603	14,968	15,342	15,726
Total Wages & Benefits				**82,548**	**84,612**	**86,727**	**88,896**	**91,118**	**93,396**	**95,731**	**98,124**	**100,577**	**103,092**

Miscellaneous Expenses based on Industry Averages				*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*
				-	-	-	-	-	-	-	-	-	-
Misc. Benefits	**150**	per month	2.5%	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Uniform Cleaning	**-**	per month	2.5%	-	-	-	-	-	-	-	-	-	-
Franchise Meetings	**2,500**	1	2.5%	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122	3,200
Travel	**2,500**	1	5.0%	500	525	551	579	608	638	670	704	739	776
Reimbursements	**250**	per month	2.5%	3,000	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840
Insurance	**250**	per month	2.5%	3,000	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840
Office Supplies	**0.18**	per occupied room	2.5%	2,687	2,996	3,377	3,554	3,746	3,840	3,936	4,034	4,135	4,239
Accounting and Payroll	**750.00**	per month	2.5%	9,225	9,456	9,692	9,934	10,183	10,437	10,698	10,966	11,240	11,521
Credit Card Commission	**2.5%**	of room revenue		46,530	51,879	58,471	61,524	64,547	65,812	67,145	68,295	69,330	70,365
Licenses	**700**		2.5%	718	735	754	773	792	812	832	853	874	896
Bank Fees & chargebacks	**0.63%**	GRR	2.5%	11,726	13,074	14,735	15,504	16,266	16,585	16,921	17,210	17,471	17,732
Training	**500**	per month	2.5%	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493	7,681
Dues & Subscriptions	**50**	per month	2.5%	615	630	646	662	679	696	713	731	749	768
				88,558	96,420	105,780	110,522	115,262	117,722	120,291	122,653	124,895	127,161
Total General & Administrative				**171,106**	**181,032**	**192,507**	**199,418**	**206,380**	**211,118**	**216,022**	**220,777**	**225,472**	**230,253**

SALES AND MARKETING DEPARTMENTAL EXPENSES

Marketing expense consists of all costs associated with advertising, sales, and promotions.
Sources for the projections below include:

Recommendation of a part-time sales coordinator in monitoring negotiated and group room demand markets assuming the hotel management company will oversee key sales and marketing efforts.

A part-time sales person and coordinator is recommended (and budgeted).
Management company is responsible for sales call activity and correspondance.

Billboards includee State highway signs placement if available.
Dues include Chamber of Commerce and/or Convention Bureau membership.
Franchise Fees are based on average published rates for upper midscale franchises. This excludes any initial fees, application fees, and other service fees that may be charged by the franchise company.
Travel website commissions are based on group reservations only and include commissions to cvent, eventective, etc

		Annual Increase	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Director of Sales	$ -	2.5%	-	-	-	-	-	-	-	-	-	-
Sales Coordinator (Part-time)	40,000	2.5%	40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Subtotal - Wages			40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Taxes & Benefits 18.0%			7,200	7,380	7,565	7,754	7,947	8,146	8,350	8,559	8,773	8,992
			47,200	48,380	49,590	50,829	52,100	53,402	54,738	56,106	57,509	58,946

Expenses		Annual Increase	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Highway Signage (2)	500 per month	2.5%	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
Direct Mail	75 per month	2.5%	900	923	946	969	993	1,018	1,044	1,070	1,097	1,124
Collateral Material	25 per month	2.5%	300	308	315	323	331	339	348	357	366	375
Other Advertising	250 per month	2.5%	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
Dues	400	2.5%	400	410	420	431	442	453	464	475	487	500
Web site marketing/commissic	0.41% GRR	2.5%	7,631	8,508	9,589	10,090	10,586	10,793	11,012	11,200	11,370	11,540
Travel, Meals	200 per month	2.5%	2,400	2,460	2,522	2,585	2,649	2,715	2,783	2,853	2,924	2,997
Travel, Meals	- per month	2.5%	-	-	-	-	-	-	-	-	-	-
Gifts	-	2.5%	-	-	-	-	-	-	-	-	-	-
Total Sales & Marketing			**67,831**	**70,213**	**72,837**	**74,919**	**77,035**	**78,904**	**80,825**	**82,759**	**84,718**	**86,721**

FRANCHISE FEES

	Standard Upper-Midscale Hotel	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Royalty Fee	5% gross room revenue	$93,060.77	$93,060.77	$103,758.55	$116,942.49	$123,048.80	$129,093.93	$131,623.38	$134,290.80	$136,590.30	$138,659.85
Marketing/Loyalty Program Fees	3% gross room revenue	$55,836.46	$62,255.13	$70,165.49	$73,829.28	$77,456.36	$78,974.03	$80,574.48	$81,954.18	$83,195.91	$84,437.64
Services Contribution	2% gross room revenue	$17,936.10	$37,224.31	$41,503.42	$46,777.00	$49,219.52	$51,637.57	$52,649.35	$53,716.32	$54,636.12	$55,463.94
TOTAL ANNUAL FRANCHISE COSTS		**$166,833.32**	**$192,540.20**	**$215,427.46**	**$237,548.77**	**$249,724.68**	**$259,705.53**	**$264,847.21**	**$269,961.30**	**$274,422.33**	**$278,561.43**

Other franchise related fees are included in the Information and Technology Section. Associated fees related to the specific franchise may be included throughout this financial report.

PROPERTY OPERATIONS AND MAINTENANCE

Repairs and Maintenance, also referred to as Property Operations and Maintenance, is another expense that is largely controlled by management
Repairs can be a deferred or accumulating expense and usually depend on the age of the hotel and the practice of preventive maintenance.

Maintenance payroll listed is based on 1 full- time, lawncare/snow removal, minor repairs
Miscellaneous fees are industry standards.

Utility expenses are based on similar size properties in the northern US average.

Salaries & Wages			***Increase/Year***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***	***2034***
Head Maintenance	**$ -**		2.5%	-	-	-	-	-	-	-	-	-	-
Maintenance Workers	**2,080**	Hours per year											
	$ 17.00	Rate per Hour	2.5%	17.43	17.86	18.31	18.76	19.23	19.71	20.21	20.71	21.23	21.76
	35,360			36,244	37,150	38,079	39,031	40,007	41,007	42,032	43,083	44,160	45,264
Subtotal - Salaries & Wages				36,244	37,150	38,079	39,031	40,007	41,007	42,032	43,083	44,160	45,264
Taxes & Benefits	**18.0%**			6,524	6,687	6,854	7,026	7,201	7,381	7,566	7,755	7,949	8,147
Total Salaries & Wages				42,768	43,837	44,933	46,056	47,208	48,388	49,598	50,838	52,109	53,411

Expenses based on Industry Averages				***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***	***2034***
Building Repairs	**150**	per month	2.5%	1,800	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Electrical & Mechanical (inc. HVAC	**50**	per month	2.5%	600	630	646	662	679	696	713	731	749	768
Tools & Supplies	**500**	per month	2.5%	6,000	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493	7,681
Pool/Spa/Fitness Equpment	**6,000**	per year	2.5%	6,000	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493	7,681
Lawn care	**1,500**	per year	2.5%	1,500	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	1,920
Parking Lot/Snow Removal	**3,000**	per year	2.5%	3,000	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840
Pest Control	**25**	per month	2.5%	300	315	323	331	339	348	357	366	375	384
Light Bulbs	**10**	per month	2.5%	120	126	129	132	136	139	143	146	150	154
Key Lock system	**25**	per month	2.5%	300	315	323	331	339	348	357	366	375	384
Elevators	**650**	per month	2.5%	7,800	8,195	8,400	8,610	8,825	9,046	9,272	9,504	9,741	9,985
Contract services	**250**	per month	2.5%	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
Trash	**385**	per month	2.5%	4,620	4,854	4,975	5,100	5,227	5,358	5,492	5,629	5,770	5,914
Total Other Expenses				35,040	36,737	37,655	38,597	39,562	40,551	41,565	42,604	43,669	44,760
Total Repairs & Maintenance				**77,808**	**80,574**	**82,588**	**84,653**	**86,770**	**88,939**	**91,162**	**93,441**	**95,777**	**98,172**

UTILITIES

				2025	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***	***2034***
Electric, Gas, Water/Sewer	**4.39**	per occupied room	2.5%	65,532	73,063	82,361	86,666	91,371	93,655	95,996	98,396	100,856	103,378

HOTEL R&D, LLC

SYNOPSIS OF EXPERIENCE

944 Evans Street
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Telephone: (414)-379-2105

Michael P. Lindner

A 40-year veteran of the lodging industry, I began my career in hotel operations working at our family-owned independent motel in the Milwaukee area. During this time, I joined the management team of a 400-room **Marriott Convention Hotel** and oversaw the front office operations and was ultimately promoted to the National Sales Manager position.

Five years later, I joined a fellow Marriott-alum to expand **Hospitality Marketers, Intl.,** a hotel consulting firm specializing in the creation and implementation of sales and marketing strategies for independent resorts and hotels. HMI soon expanded into a market research and feasibility analysis firm providing services to national franchises, investment groups, institutional lenders and government agencies including Small Business Administration and U.S. Department of Agriculture.

I formed **Hotel R&D, LLC** in 1993 to pursue greater involvement in the hotel development process. I utilize my experience in research and development to assist hotel investors, owners and operators in creating optimum performing lodging and other tourism operations. I specialize in unique and specific market-driven properties that are designed by the demographic and economic strengths of the region.

Research services were expanded in 2010 with a focus on free-standing event venues including waterparks, conference centers, entertainment venues, and athletic complexes. The addition of Travel Plaza/C-Stores, Senior Housing and Self-Storage market and feasibility studies began in 2019 with a series of projects in Minnesota, Illinois and Missouri.

Through these consulting services, I've accumulated a vast and diverse portfolio of successful projects and positions including:

Co-founder of **Award Hospitality**: hotel management company overseeing the turn-around strategies and successful implementation of 12 bank-owned limited-service hotels. The goal of reinvigorating each property including brand conversions, property renovations and aggressive staff training resulted in the successful sale of each property within a 2-year span.

Other significant projects and assignments include:

Consulting Director of Operations for a 300-room **Holiday Inn Convention Center and Expo** (Stevens Point, Wisconsin**)** during its transformation from the national franchise to an independent resort brand. Initial involvement including feasibility of owners' vision leading to one year of daily management of operations and renovations.

Co-owner and manager of former **Raintree Resort**, a 156-room, full-service waterpark hotel in **Wisconsin Dells**. The goals of rebounding this distressed resort and attracting new investors was met within 1 year of ownership ultimately leading to the sale of the property to local investors.

Received Certification of General Management from Hilton Hotels during General Manager assignment at a 130-room **Hilton Garden Inn** in Oshkosh, Wisconsin.

In addition to these consulting projects, I have performed over **500 market and/or feasibility studies** in 39 states, Canada and Europe. Projects have ranged from limited-service brands to extensive golf and waterpark resorts. To date, studies have included 14 hotel waterparks or the expansion of existing properties to include waterpark and other recreational features.

Synopsis

Hotel/Resort Management

- Family -owned independent roadside motel in Milwaukee
- National Sales Manager of Marriott Hotel Brookfield, Wisconsin
- Co-owner and manager of Raintree Waterpark Resort Wisconsin Dells
- Director of Operations Country Springs Resort Stevens Point, Wisconsin
- Interim (consulting) General Manager, Hilton Garden Inn
- Interim General Manager, Lake of the Wood Resort in Wisconsin

Development

- Hearthside Extended Stay Hotel – Shakopee, Minnesota
- Amerihost Inn brands (now Wyndham), 22 Midwest and West Coast markets
- Comfort Inn & Suites northern Wisconsin
- Independent Resort Hotel in Door County region of Wisconsin

Feasibility and Market Research

- Performed over 500 hotel and resort studies in 39 states, Canada and Europe including infrastructure analysis in 4 urban markets of Poland.
- Community Demand Analysis and “State of the Local Lodging Industry” reports for individual organizations
- Collaborated on *Hotel Research and Market Analysis Strategies*, an independent study guide and text supplement for the University of Wisconsin - Extension.
- Co-hosted "Attracting Hotel Development after the Pandemic" webinar to Midwest community economic development directors in 2022.

Glossary

Average Daily Rate (ADR): A statistical unit that represents the total guest room revenue divided by the total number of occupied rooms.

Chain Scales: According to Smith Travel Research, hotel brands are categorized under the following chain scale segments: Luxury, Upper-Upscale, Upscale, Mid-Scale with Food and Beverage, Mid-Scale without Food and Beverage, and Economy. Chain scales are based primarily on the average rate achieved across a particular hotel brand.

Fair Share: That portion of total supply accounted for by the same property.

Limited-Service Operation: A hotel operation without a food and beverage department, which provides basic amenities at a reasonable price to guests.

Market Share: That portion of a market's total demand accommodated by a given property.

Penetration Factor (By Segment): A rating factor that shows how well each property in the market area competes for a particular market segment, calculated by dividing a given hotel's market share by its fair share.

Per Available Room (PAR): A basis of comparison that is calculated by dividing a revenue or expense category's total dollar amount by the hotel's room count. This point of comparison is most useful when reviewing operating and fixed expense categories.

Per Occupied Room (POR): A basis of comparison that is calculated by dividing a revenue or expense category's total dollar amount by the number of occupied rooms in a given year. This point of comparison is most useful when reviewing revenue and departmental expense categories.

RevPAR (Revenue Per Available Room): A unit of comparison applied in the appraisal of lodging facilities, RevPAR is calculated by multiplying a property's percentage of occupancy by its average room rate. RevPAR is used throughout the lodging industry to compare the revenue of competing facilities

Financials

Rooms - Revenues derived from the rental of sleeping rooms at the hotel, net of any rebates and discounts.

Food - Revenues derived from the sale of food, including coffee, milk, tea, and soft drinks.

Beverage - Revenues derived from the sale of beverages, including beer, wine and liquors. Also includes banquet beverage revenues.

Other Food and Beverage - Revenues derived from other sources such as meeting room rentals, cover

or service charges, or revenues derived from the sale of goods or services made in connection with banquets, such as equipment rental, music, decorations and souvenirs. Also includes banquet service charges.

Telecommunications - Revenues derived from guest-use of telephones in the hotel, including local and long distance calls, service charges, high speed or wireless internet and commissions received from pay phones.

Other Operated Departments - Revenues generated from garage and parking, guest laundry, golf and tennis, health club, spa, swimming pool, barber/beauty shop, gift shop, newsstand, etc., when operated by the hotel.

Rentals and Other - Income from rentals of space for business purposes, including concessions in any of the departments mentioned under other operated departments. Also includes income generated from sources not included elsewhere, but excludes investment income.

Departmental Expenses

Rooms - Rooms departmental expenses include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff, and laundry, plus employee benefits. Other operating expenses in the rooms department include linen, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees, equipment leases, and travel agent commissions.

Food and Beverage (F&B) - Food and Beverage departmental expenses include the cost of goods sold (food and beverages), labor and related benefits, and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff, and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions.

Telecommunications - Telecommunications departmental expenses include costs of calls, cost of internet service and other related expenses, but exclude capital lease payments.

Other Operated Departments & Rentals - Other departmental expenses would comprise those expenses (labor and other) which offset the revenue generated by other operated departments such as garage, guest laundry, athletic facilities, and gift shop, as well as rental activity.

Undistributed Operating Expenses

Administrative and General (A&G) - Included in this category are the payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller, and accounting staff including night auditors,. Other A&G expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment.

Sales & Marketing - Marketing expense includes payroll and related expenses for the sales and marketing staff,direct sales expenses, advertising and promotion, travel expenses for the sales staff, and civic and community projects. Includes national advertising fee or assessment paid to franchise company plus cost of frequent guest stay programs.

Utility Costs - Utility expenses typically include electricity, fuel (oil, gas, and coal), purchased steam, and water. Includes central plant and energy management systems.

Property Operations and Maintenance - This category includes payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds, and the removal of waste matter.

Franchise Fee - Includes the royalty fees and set marketing costs charged by franchise companies.

Management Fees - Fees charged by management organizations for management services or supervision. Excludes incentives and other established charges.

Fixed Charges

Property Taxes - Typically include taxes on real estate, business and occupation, personal property, utilities, and other municipal taxes.

Insurance - Cost of insuring the hotel building and contents against fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, or other perils such as terrorism. Includes all insurance except workers' compensation.

Land and Building Rent - Includes charges for lease of land and/or building.

Equipment Rental - Includes capital leases for rental of data processing equipment, telephone equipment and other major items.

Interest - Includes all interest expenses on any obligations such as mortgages, notes payable, bonds, debentures, taxes in arrears, or any other indebtedness on which interest is charged.

Depreciation and Amortization - Deductions on the building, leaseholds and leasehold improvements, furnishings and equipment, and assets held under capital leases.

Other Fixed Charges - Includes any other expenses that relate to the ownership of the hotel and gains or losses from any sale of assets.