



October 16, 2018

Mr. David Gammon
Charlotte County Economic Development Partnership
18501 Murdock Circle, Suite 302
Port Charlotte, FL 33948

By email: Dave.Gammon@CharlotteCountyFL.gov

Dear Mr. Gammon,

We are pleased to present this report for a proposed 122-room Extended Stay Hotel to be developed near the Punta Gorda Airport in Charlotte County, Florida. We have worked to obtain accurate information for you. However, since we relied on interviews as well as other sources, some information may vary from actual. Conclusions are based on research that ended September 28, 2018 and we cannot be responsible for events occurring after that date, or not foreseen. Our projections are based on assumptions and we do not warrant that they will be achieved. This report has been prepared for the internal use of Charlotte County Economic Development Partnership and for presentation to select developers. It is restricted against inclusion in offering statements or wider distribution without our express written consent.

Please call if you have questions about the projections and underlying analysis.

Sincerely,

THE HIGHLAND GROUP HOTEL INVESTMENT ADVISORS, INC.

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Atlanta, GA 30327-2306
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Projections

Projected operating results for the proposed 122-room Airport Extended Stay Hotel are shown in the table following. We assume the hotel is affiliated with WoodSpring Suites or another comparable brand and that the hotel opens by January 1, 2020.

Projected Operating Results Airport Extended Stay Hotel			
Year (1)	Occupancy	Average Room Rate (2)	RevPar (2)
2020	75%	\$67	\$51
2021	90%	\$67	\$60
2022	88%	\$74	\$66
2023	84%	\$84	\$70
2024	86%	\$85	\$73
Note: (1) Assumes January 2020 opening			
Note: (2) Adjusted for inflation			
Source: The Highland Group			

Port Charlotte is a popular leisure destination on the southwest coast of Florida. Largely a retirement area, demand for accommodations has boomed in recent years with growth in destinations served by Allegiant Airlines. Between 2008 and 2017, demand increased at a compound average annual rate of 11.3 percent, while supply increased only 4.7 percent during the same period. While not located at an interstate interchange, the proposed Airport Extended Stay Hotel would be well located to the Punta Gorda Airport and accessible from major thoroughfares, providing access to points of interest, area amenities and demand generators.

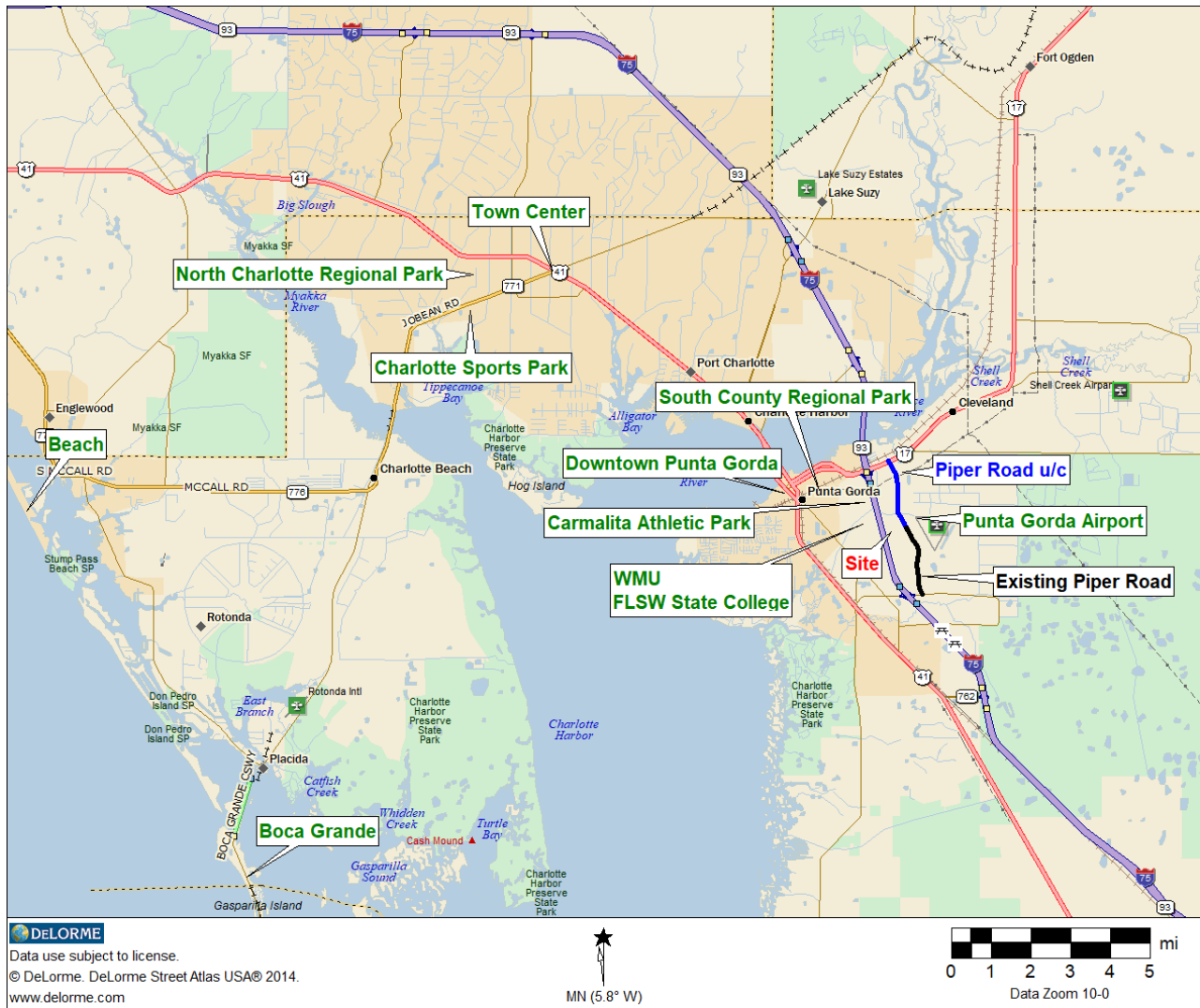
The Airport Extended Stay Hotel would be the only economy extended-stay hotel in the competitive market. It would appeal to business travelers and tourists, as well as students for housing at Western Michigan University. Major assumptions to the analysis assume large scale construction projects in the market occur as described, student enrollment at

WMU occurs as projected, and the proposed hotel be designed as student friendly with an emphasis on room design and security.

The proposed hotel is projected to achieve 75 percent occupancy at \$67 in its first full year. Occupancy is forecast to increase to 90 percent the following year before declining to 84 percent in 2023 as the proportion of rooms used for student housing declines. Rates for student housing are heavily discounted therefore overall average rate is projected to increase strongly in 2022 and 2023 as the hotel replaces student rooms with higher paying guests.

Location and Property Description

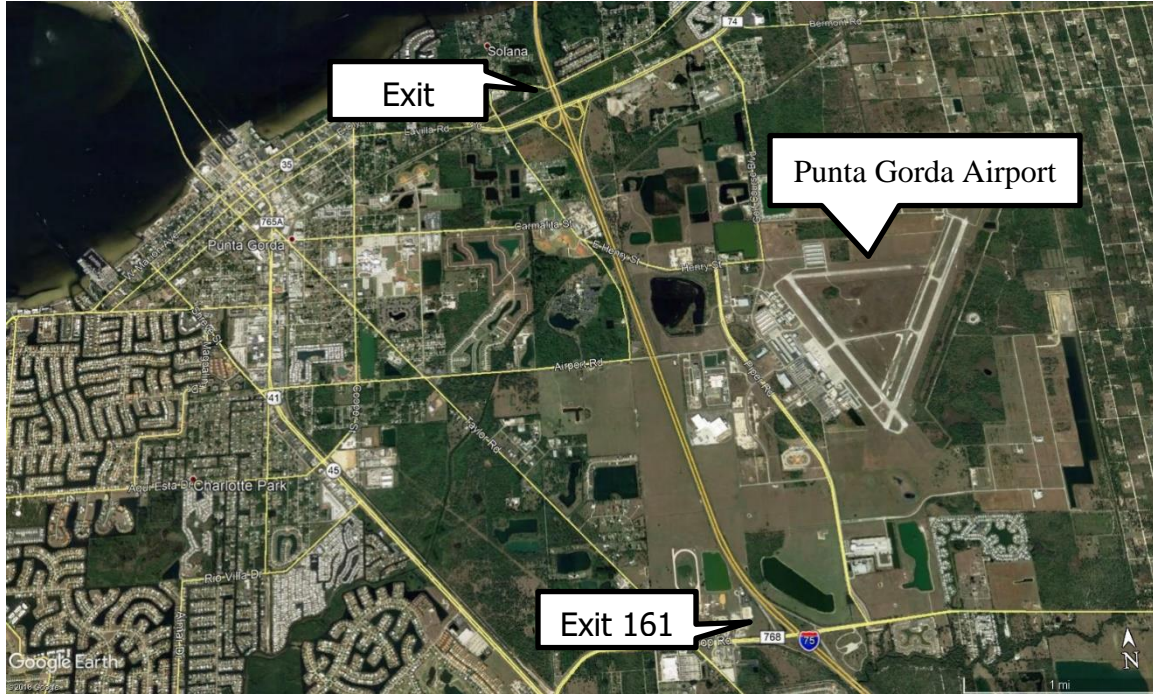
A site has yet to be determined; however, the underlying analysis assumes the Airport Extended Stay Hotel would be near Punta Gorda Airport around Airport Road and Piper Road. Land is available along both thoroughfares. The map following shows the locations of the proposed Airport Extended Stay Hotel and points of interest in Charlotte County.



Interstate 75 is the dominant thoroughfare along the west coast of Florida, with US Highway 41 providing the original access along a parallel route. Average annual daily traffic (AADT) along Interstate 75 near Punta Gorda Airport is 60,120 vehicles in 2017, according to the Florida Department of Transportation.

The Punta Gorda Airport is situated along Piper Road, midway between two interstate exits, Duncan Road (exit 164) and Jones Loop Road (exit 161). Jones Loop Road is the designated airport exit, with interstate highway directional signs; however, with the Piper Road extension to be completed in late 2018, access to the airport via Duncan Road will

be improved. An aerial photo of Punta Gorda Airport and surrounding area is presented below.



The Punta Gorda Airport is 1 mile from the Florida Southwestern State College campus, 1.8 miles from Carmalita Athletic Park, 3.2 miles from the South County Regional Park, 3.5 miles from downtown Punta Gorda, 11 miles from Port Charlotte Town Center, 13 miles from the Charlotte Sports Park and North Charlotte Regional Park, and 30 miles from the gulf coast beach and Boca Grande.

Developments near Punta Gorda Airport include the Interstate Airport Park, the Charlotte County Speedway, Charlotte County Jail and Florida Southwestern State College. Hotels, restaurants, and shopping (grocery and general merchandise) are around Interstate 75 and Jones Loop Road, approximately 2 miles south of the Airport, and at Interstate 75 and Kings Highway, approximately 10 miles north of the Airport. Additional hotels, restaurants, and shopping are available in downtown Punta Gorda, approximately 3.5 miles

west of the Airport. Residential developments are located to the north, south, and east of the Airport.

The proposed Airport Extended Stay Hotel will have an excellent location relative to Punta Gorda Airport, the Interstate Airport Park, and Florida Southwestern State College campus. The site is centrally located within Charlotte County, within an easy drive of restaurants, shopping, and local demand generators.

The proposed Airport Extended Stay Hotel is expected to open by January 2020. We assume the property is affiliated with WoodSpring Suites, or another similar brand. WoodSpring Suites hotels include the following principle features and amenities.

- 122 suites all with fully equipped kitchenette
 - 67 Queen suites
 - 46 Double Queen suites
 - 9 Queen Deluxe suites
- Fitness Center
- Guest Laundry
- Market (convenience center with foods, beverages and sundries)
- Complimentary high-speed internet access
- Other standards, services and features of the WoodSpring Suites (or other) brand

Guestroom count may vary slightly depending on final building configuration. To be attractive to students, we suggest the hotel offer an oversized lobby with soft seating and several communal tables equipped with charging stations. Also important is a convenience market with pantry items as restaurants and shopping are not within walking distance. With a focus on student housing, we also suggest approximately 12 Double Queen units be extended to accommodate two wardrobes and two desks. Depending on the number of students seeking housing, the ability to provide key card access to a specified wing(s) for additional security is necessary.

Market Area Overview

Charlotte County is in southwestern Florida at the confluence of the Peace and Myakka Rivers. Interstate 75 and US Highway 41 provide north-south access to the community. The Metropolitan Statistical Area (MSA) is comprised of Charlotte County. Port Charlotte is a place name in Charlotte County and the County seat is Punta Gorda which is also the only incorporated municipality in the County. Economic indicators for the Punta Gorda MSA and Charlotte County are presented in the table below.

Historic and Projected Economic Indicators						
	Punta Gorda, FL MSA			Charlotte County		
	2007	2017	2025	2007	2017	2025
Population (000's) CAG (I)	159.74	181.04 1.3%	204.02 1.5%	159.74	181.04 1.3%	204.02 1.5%
Employment (000's) CAG (I)	64.47	72.87 1.2%	86.05 2.1%	64.47	72.87 1.2%	86.05 2.1%
Accommodation & Food Services Employment (000's) CAG (I)	4.76	6.70 3.5%	7.86 2.0%	4.76	6.70 3.5%	7.86 2.0%
Gross Regional Product (\$ millions) (2) CAG (I)	\$3,505	\$3,710 0.6%	\$4,613 2.8%	\$3,505	\$3,710 0.6%	\$4,613 2.8%
Total Retail Sales (\$ millions) (2) CAG (I)	\$2,128.23	\$2,593.99 2.0%	\$3,040.59 2.0%	\$2,128.23	\$2,593.99 2.0%	\$3,040.59 2.0%
Wealth Index (3) CAG (I)	89.9%	82.9% -0.8%	83.6% 0.1%	89.9%	82.9% -0.8%	83.6% 0.1%
Note: (1) Compound Annual Change (2) 2005 constant dollars (3) US = 100%						
Source: Woods & Poole Economics						

Woods & Poole Economics (WPE) indicates Charlotte County posted growth in all economic areas except the wealth index between 2007 and 2017. Future growth in population, employment, and gross regional product through 2025 are projected to be stronger.

The table below presents economic activity over the past six years.

Recent Historic Economic Indicators							
Charlotte County							
	2012	2013	2014	2015	2016	2017	CAG 12-17 (1)
Population (000's) <i>CAG (I)</i>	162.94	165.02 <i>1.3%</i>	168.60 <i>2.2%</i>	173.19 <i>2.7%</i>	178.47 <i>3.0%</i>	181.04 <i>1.4%</i>	<i>2.1%</i>
Employment (000's) <i>CAG (I)</i>	61.91	63.49 <i>2.6%</i>	65.60 <i>3.3%</i>	68.16 <i>3.9%</i>	70.25 <i>3.1%</i>	72.87 <i>3.7%</i>	<i>3.3%</i>
Accommodation & Food Services Employment (000's) <i>CAG (I)</i>	5.60	5.45 <i>-2.7%</i>	5.53 <i>1.5%</i>	6.01 <i>8.7%</i>	6.44 <i>7.2%</i>	6.70 <i>4.0%</i>	<i>3.7%</i>
Gross Regional Product (\$ millions) (2) <i>CAG (I)</i>	\$3,247	\$3,067 <i>-5.5%</i>	\$3,303 <i>7.7%</i>	\$3,593 <i>8.8%</i>	\$3,715 <i>3.4%</i>	\$3,710 <i>-0.1%</i>	<i>2.7%</i>
Total Retail Sales (\$ millions) (2) <i>CAG (I)</i>	\$2,162.11	\$2,222.25 <i>2.8%</i>	\$2,313.92 <i>4.1%</i>	\$2,412.03 <i>4.2%</i>	\$2,517.10 <i>4.4%</i>	\$2,593.99 <i>3.1%</i>	<i>3.7%</i>
Note: (1) Compound Annual Change (2) 2005 constant dollars (3) US = 100%							
<i>Source: Woods & Poole Economics</i>							

As illustrated, all sectors posted significant gains between 2012 and 2017. There is a good correlation between growth in these areas and increases in hotel demand.

The Charlotte County Economic Development office indicates the county has an economy largely based on service industries. WPE indicates the service industry represents 48 percent of employment in Charlotte County, followed by trade (17 percent) and finance, insurance, and real estate (15 percent). Top employers in Charlotte County are presented in the table below.

Charlotte County Major Employers		
Employer	Employees	Industry Sector
Publix Super Markets	1,665	Grocery Stores
Wal-Mart Stores	1,500	Department Stores
St. Joseph Preferred Healthcare	1,400	Hospital Management
Millennium Physicians Group	1,326	Health Practitioners
Punta Gorda/Port Charlotte HMA	1,080	Hospitals
Fawcett Memorial Hospital	895	Hospitals
Palm Motor Cars Company	595	Motor Vehicle & Parts Dealer
Cheney Brothers	500	Warehouse/Distribution
Sun Coast Media Group	493	Publishing
Winn-Dixie Stores	474	Grocery Stores

Source: Charlotte County Economic Development

The Punta Gorda Airport (PGD) is a powerful economic engine for Charlotte County. Allegiant Airlines operates one of its most successful service operations from PGD and approximately 400 general aviation aircraft are based at the airport. Allegiant Airlines entered the Punta Gorda market in 2009 with two destinations. It presently serves 40 markets and recently added Nashville to its service. Markets served are sometimes seasonal and largely have bi-weekly flights. Exceptions are Cincinnati and Indianapolis which have daily flight service. At present, Allegiant is the sole carrier operating from Punta Gorda Airport. The table below presents passenger movements at the Punta Gorda Airport.

Punta Gorda Airport - Passenger Volumes									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	129,025	182,423	291,626	219,357	333,611	628,075	836,472	1,118,303	1,293,337
<i>Annual Change</i>	-	<i>41.4%</i>	<i>59.9%</i>	<i>-24.8%</i>	<i>52.1%</i>	<i>88.3%</i>	<i>33.2%</i>	<i>33.7%</i>	<i>15.7%</i>
<i>CAG (1)</i>	<i>33.4%</i>								
Note: (1) Compound Annual Growth 2009-2017									
<i>Source: Charlotte County Airport Authority</i>									

Between 2009 and 2017, the number of passenger movements in Punta Gorda increased at a compound average annual rate of 33.4 percent per year. The Charlotte County Airport Authority, in conjunction with Allegiant Airlines, estimates passenger growth between 2018 and 2022 will average 11.2 percent, as illustrated in the table below.

Punta Gorda Airport - Projected Passenger Growth					
Year	2018	2019	2020	2021	2022
Passengers	1,573,991	1,810,090	1,991,099	2,190,209	2,409,230
Annual Change	21.7%	15.0%	10.0%	10.0%	10.0%
CAG (1)	11.2%				
Note (1) Compound Annual Growth 2018-2022					
<i>Source: Charlotte County Airport Authority</i>					

The 4,300-acre Punta Gorda Interstate Airport Park is adjacent to the Punta Gorda Airport. Major employers at the Park are listed in the table below.

Punta Gorda Interstate Airport Park	
Employer	Employees
Cheney Brothers	500
Pulsa Feeder	80
CC Airport Authority	78
Peace River Distributors	77
Southeastern Freight	62
Airtek	50
APG	35
Built Right Pool Heaters	30
Blue Bell Ice Cream	20
Suncoast Trucking Academy	17
<i>Source: Charlotte County Economic Development</i>	

In June 2018, the Charlotte County Economic Development Partnership announced two new tenants at the Punta Gorda Interstate Airport Park. Amigo Pallets, a vendor to Cheney Brothers, will open a 10,000 square foot facility in 2019 and initially employ 12 people. MetalCraft Marine, builder of high-speed fire/rescue, patrol and work boats, will open its Charlotte County production facility in mid-2020, initially employing 30 to 40 people. Other significant changes to the Punta Gorda Interstate Airport Park include the Piper Road extension which will create a second main entrance to the Punta Gorda Airport and open hundreds of acres to new development.

In 2017, Western Michigan University (WMU) opened a satellite campus in Punta Gorda in alliance with Florida Southwestern State College. The campus is across Interstate 75 from the Punta Gorda Airport. At present, WMU offers 13 under graduate degree programs and 13 graduate degree programs through a combination of on-campus and online classes. The impetus behind WMU choosing Punta Gorda for its satellite location are its aviation flight science and aviation maintenance technology programs. According to Charlotte County Economic Development, the Punta Gorda Airport provides an excellent base of operations for students to acquire real-life experience.

The Charlotte County campus of WMU has a current enrollment of 23 students in its undergraduate aviation programs. The greatest challenge to growing enrollment is student housing. As a retirement area, growth in residential housing in Charlotte County has primarily been in second and vacation homes, with few apartment complexes available. In addition, home rentals are either not available during the peak winter months or are exorbitantly expensive during the peak winter months. In either case, the lack of appropriate student housing is a detriment to growth of the programs at WMU.

The table below illustrates WMU’s projected undergraduate aviation programs enrollment by school year, with and without available student housing. In addition to the traditional Fall and Spring semesters, local and Michigan based students are expected to use the Summer sessions to log required flight hours.

Estimated WMU Undergraduate Enrollment		
FY Year (1)	w/o Housing	w/Housing
2019/20	50	100
2020/21	75	150
2021/22	100	200
2022/23	100	200
2023/24	100	200
2024/25	100	200
<i>Note (1) Fiscal Year August-July</i>		
<i>Source: WMU</i>		

In addition to its undergraduate programs, WMU will begin an international flight school (a 12 to 18-month program) next fall with the following enrollment projections.

Estimated WMU International Flight School Enrollment		
FY Year (1)	w/o Housing	w/Housing
2019/20	50	100
2020/21	75	150
2021/22	100	200
2022/23	100	200
2023/24	100	200
2024/25	100	200
<i>Note (1) Fiscal Year August-July</i>		
<i>Source: WMU</i>		

Officials at WMU indicate the greatest challenge to the success and growth of the programs at the Charlotte County satellite campus is housing. WMU reports the lack of dedicated student housing at Florida Southwestern State College and a small and unusually tight apartment market in the area are hampering their ability to attract students to Charlotte County. Without housing, the programs would remain relatively small, but WMU projects enrollment would double if student housing were available. WMU further reports that development of student housing at Florida Southwestern State College depends on actual demonstrated need. As a temporary measure, an extended-stay hotel proximate to the airport and campus that can provide housing services for students would bridge the gap WMU and Florida Southwestern State College have in the development of student apartments or dormitories.

Tourism in Charlotte County has increased with the addition of Allegiant Airlines. According to the Charlotte County Visitors Bureau, approximately 418,000 people visit overnight in Charlotte County annually, nearly half of those in hotels. The average length of stay is 6.4 nights and the average size party is 2.7 people. Tourists are attracted to Charlotte County for its world-renowned sport fishing, gulf beaches, Peace and Myakka Rivers, golfing, spring training baseball (Sarasota, Port Charlotte, and Fort Myers), and other outdoor activities.

The Charlotte County Visitors Bureau reports regional soccer and baseball/softball tournaments occur in Charlotte County, as well as other athletic events. Facilities utilized include:

- North Charlotte Regional Park
The 120-acre North Charlotte Regional Park lies within Murdoch Village. It features two adult baseball fields, three youth baseball fields, one softball field, 18-hole disc golf course, and four soccer fields. The Park is home to the Snowbird Classic College Baseball Tournament held annually in March. Also available at the park are walking trails, fishing and a nature preserve. A 30,000 square foot recreation center is proposed to be developed at the Park. It would feature a multi-purpose gymnasium, multi-purpose classrooms, administrative offices, a 50-meter swimming pool and community garden. The new facility is expected to be open in 2019.
- Charlotte Sports Park
The 82-acre Charlotte Sports Park is the spring-training facility of the Tampa Bay Rays and the home field for the Rays' affiliate Charlotte Stone Crabs. Facilities feature a 7,500-seat stadium, pedestrian concourse, outfield bar, children's play area, batting cages, five practice fields, a covered pavilion, and a meeting room. The facility was fully renovated in 2009 at a cost of \$27 million. The Charlotte Sports Park, in conjunction with parks throughout Charlotte County, is utilized in regional baseball/softball tournaments, particularly in the winter and spring.
- Carmalita Athletic Park
Carmalita Athletic Park is in Punta Gorda at Carmelita, Florida and Henry Streets, west of Interstate 75. This park includes 5 baseball/softball fields, a BMX bike track, two football fields, a multi-purpose field, a skate park, and a horse arena.
- South County Regional Park
The 84-acre South County Regional Park is situated west of Interstate 75 at Cooper and Grant Streets in Punta Gorda. The South County Regional Park features five baseball/softball fields, four soccer fields, a radio control car track, swimming pool with diving well and four tennis courts. The facility also has a multi-purpose recreation center featuring basketball/volleyball courts, and an 18-hole disk golf course.

Charlotte County Economic Development reports several significant projects that are expected to have considerable impact on Charlotte County over the next 10 to 20 years, if developed. Projects are summarized in the following paragraphs.

- SunSeeker Resort

Allegiant Airlines announced they will develop a self-contained resort complex on 25 acres along the Charlotte Harbor. The 842 condos and 277-room hotel will be developed with a 1,000-foot swimming pool, two marinas, 15 restaurants and bars, a medical clinic, pharmacy, and additional retail. Charlotte County Economic Development indicates construction on the hotel and several condo buildings will reportedly begin in early 2019 and open by the third quarter 2020. This project will be Allegiant Airlines first destination resort and will be supported by the 40 origination cities it flies from to Punta Gorda Airport.

- Murdoch Village

The Murdoch Village Community Redevelopment Area (CRA) was established in 2004 to redefine the antiquated land use patterns of the 1950's and 1960's that presently governed an 870-acre area in the unincorporated Port Charlotte area. Murdoch Village has excellent access to both US Highway 41 and FL Hwy 776. In its present iteration, Murdoch Village is poised to be developed as three distinct projects.

- Murdoch Village – a +/- 460-acre development west of Flamingo Boulevard surrounding the existing 120-acre North Charlotte Regional Park. This project is proposed and master planned by Private Equity Group (PEG), which indicates Murdoch Village will have 2,400 residential units, 200,000 square feet of commercial/retail space and a 120-room hotel. Within the Village, a variety of housing types would be available, including single family homes, patio homes, townhomes, and apartments. Charlotte County Economic Development indicated PEG is expected to close on the land in January 2019 and begin infrastructure improvements immediately. Home building and retail construction would begin soon after. PEG estimates a 10-year build-out for Murdoch Village.
- Arredondo Point (aka Project Hills) is a +/- 170-acre entertainment project incorporating a water park (Lost Lagoon), golf experience, amphitheater, other entertainment venues, restaurants, retail, office, up to seven hotels and conference center facilities to be located between Toledo Blade and Collingswood Boulevards. The project would be developed in phases as described below. Charlotte County Economic Development indicates Arredondo is expected to close on the Phase 1 land in October 2019 with the intention to open the hotel and water park by May 2020. A representative with Arredondo Point indicated the project will be fully developed internally and completed in seven years from start.
 - Phase 1 – will include a water park, 150-room hotel and 20,000-30,000 square foot conference center, and a retail complex on ~ 60 acres. A Comfort Suites license has executed with a TBD location and opening date.
 - Phase 2 – will include additions to the water park and a music venue/amphitheater on ~ 5 acres.

- Phase 3 – will include additions to the water park, two hotels and additional parking on ~ 20 acres
 - Phase 4 – will include additional entertainment venues such as a golf experience like Top Golf and indoor sky diving on ~ 32 acres.
 - Phase 5 – plans TBD
- Business & Technology Park – situated between Flamingo Boulevard and Toledo Blade Boulevard and fronting along FL Highway 776. The 100-acre park would be developed by the Charlotte County Redevelopment Agency following the Murdoch Village residential development and Arredondo Point entertainment development.
- Babcock Ranch
The 18,000-acre Babcock Ranch will be the first solar-powered community in the United States. Babcock Ranch in conjunction with Florida Power & Light has constructed a 440-acre solar panel farm to provide electricity to this sustainable community. Babcock Ranch is site planned for 19,500 residences and 6 million square feet of commercial space. It is in eastern Charlotte County and welcomed its first residents in early 2018. The first phase will include 1,100 residences, a 70,000 square foot Founder’s Square town center, Babcock Neighborhood School for grades K-6 and medical clinics.

The economic climate in Charlotte County appears to be very good and poised for additional growth. It has a strong retiree and second-home component and high visitor levels supported by Allegiant Airlines. The local economy is largely driven by the population and visitor base, with service and trade industries the largest sectors of employment. The outlook is very good for further increases in the demand for lodging in Charlotte County, providing developments such as SunSeeker Resort, Murdoch Village, Arredondo Point, and Babcock Ranch develop as outlined above. Future strong growth is also predicated on the assumption that Allegiant Airlines maintains a large presence in Charlotte County and continues to add markets served.

Port Charlotte Hotel Market Operating Performance

STR, Inc. reports Charlotte County has 18 hotels with 1,449 hotel rooms. We examined performance of nine hotels with 879 rooms. Criteria included location in the Interstate 75 corridor or downtown Punta Gorda, midscale or better lodging class, and continuous participation in STR. Selected competitors are presented in the table below.

Charlotte County, FL Select Competitors			
Hotel	Lodging Class	Open Date	Rooms
Springhill Suites Punta Gorda Harborside	Upscale Class	Jul 2018	104
Four Points by Sheraton Punta Gorda Harborside	Upscale Class	May 2009	106
Holiday Inn Express & Suites Punta Gorda	Upper Midscale Class	Mar 2018	94
PG Waterfront Hotel & Suites	Midscale Class	Dec 1967	184
Country Inn & Suites Port Charlotte	Upper Midscale Class	Feb 2009	93
Sleep Inn & Suites Port Charlotte	Midscale Class	Nov 2007	78
La Quinta Inns & Suites Port Charlotte	Midscale Class	Jul 2008	81
Holiday Inn Express & Suites Port Charlotte	Upper Midscale Class	Mar 2000	68
Hampton Inn Port Charlotte	Upper Midscale Class	Mar 1997	71
Number of Hotels / Number of Rooms		9	879
<i>Source: STR, Inc.</i>			

The table following illustrates performance of the lodging market comprised of the hotels presented in the table above.

Charlotte County, FL Select Competitors - Lodging Market Operating History									
Year	Room Supply	Change in Supply	Occupancy	Room Night Demand	Change in Demand	Average Rate	Change in Rate	RevPar	Change in RevPar
2008	163,824	-	42.0%	68,738	-	\$102.34	-	\$42.94	-
2009	235,517	43.8%	38.6%	90,867	32.2%	\$85.32	-16.6%	\$32.92	-23.3%
2010	251,120	6.6%	42.7%	107,180	18.0%	\$79.30	-7.1%	\$33.84	2.8%
2011	251,120	0.0%	47.8%	120,050	12.0%	\$78.29	-1.3%	\$37.42	10.6%
2012	251,120	0.0%	49.6%	124,676	3.9%	\$80.95	3.4%	\$40.19	7.4%
2013	251,120	0.0%	49.0%	123,148	-1.2%	\$85.43	5.5%	\$41.90	4.2%
2014	248,930	-0.9%	60.1%	149,599	21.5%	\$90.44	5.9%	\$54.35	29.7%
2015	248,930	0.0%	66.4%	165,208	10.4%	\$98.59	9.0%	\$65.43	20.4%
2016	248,930	0.0%	68.4%	170,279	3.1%	\$99.85	1.3%	\$68.30	4.4%
2017	248,624	-0.1%	72.5%	180,278	5.9%	\$104.61	4.8%	\$75.86	11.1%
YTD 2017 (Aug)	165,542		70.7%	117,077		\$111.56		\$78.90	
YTD 2018 (Aug)	189,227	14.3%	63.9%	121,004	3.4%	\$118.97	6.6%	\$76.08	-3.6%
CAG (1)		4.7%			11.3%		0.2%		6.5%
Note: (1) Compound Annual Growth 2008 - 2017									
<i>Source: STR, Inc.</i>									

Due to reporting restrictions, the table above does not present statistics relating to demand following Hurricane Charley in 2004 and the resulting growth in supply, which more than doubled between 2007 and 2009. By 2009, four new hotels were open, demand increased with the availability of new high-quality rooms in the market, but occupancy rates remained below 50 percent through 2013, partially influenced by the national recession that hurt leisure travel throughout the United States. In 2014, Allegiant Airlines increased passenger movements by 88 percent and room night demand in the market increased by 21.5 percent. Much of the growth in demand in Charlotte County can be attributed to the rise of Allegiant Airlines as it opens new markets to the region. Between 2008 and 2017, demand increased at a compound average annual rate of 11.3 percent, resulting in a record 73 percent occupancy in 2017. Contributing to the strong growth in 2017 was Hurricane Irma.

Average rate in the market has remained low, increasing only 0.2 percent per year between 2008 and 2017. However, the compound average annual growth in average rate between 2012 and 2017 was 5.3 percent. Year-to-date through August 2018, both demand and average rate exhibited additional growth; however, change in occupancy for the year 2018 is expected to be negative as the market re-stabilizes following the after-effects of Hurricane Irma and additional new rooms in the market results in lower occupancy.

The influx of demand from Hurricane Irma during some of the slowest demand months of the year would typically distort day of the week demand patterns in 2017. However, the increase in demand related to Hurricane Irma in the most recent 12-month period is off-set by additions to supply in 2018, resulting in fairly typical day of the week patterns September 2017 through August 2018.

Charlotte County, FL Select Competitors - Lodging Market Operating Performance by Day of Week							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Occupancy	53.7%	63.3%	69.1%	71.4%	68.6%	71.9%	75.4%
ADR	\$105.14	\$106.82	\$110.17	\$110.06	\$110.18	\$112.33	\$111.17
RevPar	\$56.48	\$67.65	\$76.17	\$78.55	\$75.59	\$80.81	\$83.78
<i>Source: STR, Inc.</i>							

As illustrated in the table above, occupancy and average rate peak on weekends, achieving on average an eight occupancy point and \$11 premium over weekday performance.

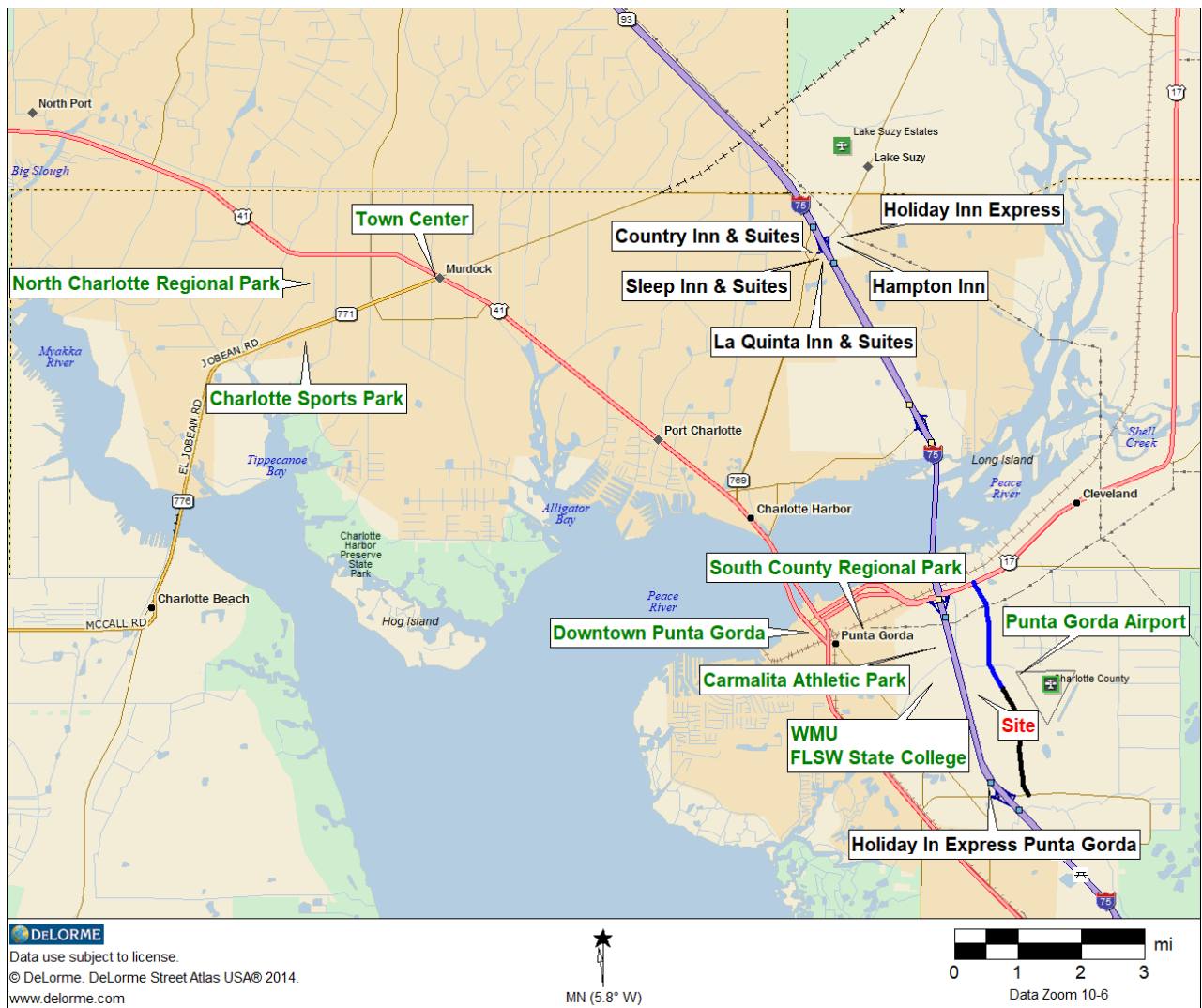
The table below illustrates the wide fluctuations in occupancy, average rate and RevPar by month in the most recent 12-month period. Occupancy September through December is unusually high from Hurricane Irma. In the previous year, occupancy rates in these months ranged between 56 and 68 percent. Average rate was likewise higher than typical in these months, increasing an average of \$9 over the same months the year prior.

Charlotte County, FL Select Competitors			
Seasonality of Demand (September 2017-August 2018)			
Month	Occupancy	Average Rate	RevPAR
September	74.3%	\$90.78	\$67.43
October	80.7%	\$90.88	\$73.37
November	74.9%	\$90.53	\$67.80
December	74.3%	\$94.80	\$70.42
January	79.3%	\$113.58	\$90.08
February	82.2%	\$166.28	\$136.70
March	86.7%	\$170.64	\$147.90
April	67.3%	\$103.59	\$69.73
May	56.0%	\$91.40	\$51.17
June	59.1%	\$92.75	\$54.78
July	47.1%	\$89.32	\$42.02
August	44.4%	\$87.99	\$39.10
12-month Average	67.6%	\$109.63	\$74.16
<i>Source: STR, Inc.</i>			

Hoteliers report an average of 80 to 90 fill nights annually, usually related to peak leisure months of January, February and March.

Competitive Set of Hotels

The proposed Airport Extended Stay Hotel would be directly competitive with the Sleep Inn & Suites, La Quinta Inn & Suites and Country Inn & Suites in Port Charlotte. These hotels are on the Interstate 75 corridor at Kings Highway and accommodate a large amount of extended-stay demand. Other competitive hotels include the remaining hotels at the Interstate 75 and Kings Highway interchange, the Hampton Inn & Suites and Holiday Inn Express, as well as the Holiday Inn Express in Punta Gorda at Interstate 75 and Jones Loop Road. A map detailing the location of the competitive hotels in relation to points of interest and the proposed hotel site is presented in the map below.



The table below presents operating ranges and historical performance of the competitive set of hotels.

Competitive Market Summary									
Direct Competitors	Total Rooms	Occupancy				Average Daily Rate			
		2015	2016	2017	2018	2015	2016	2017	2018
Sleep Inn & Suites	78	65-69%	80-84%	85-89%	75-79%	\$80-84	\$80-84	\$85-89	\$90-94
La Quinta Inn & Suites	81	70-74%	75-79%	85-89%	80-84%	\$90-94	\$95-99	\$95-99	\$95-99
Country Inn & Suites	93	70-74%	70-74%	75-79%	65-69%	\$90-94	\$90-94	\$95-99	\$105-109
Subtotal	252	70%	76%	82%	75%	\$89	\$90	\$93	\$98
Indirect Competitors	Total Rooms	Occupancy				Average Daily Rate			
		2015	2016	2017	2018	2015	2016	2017	2018
Hampton Inn PC	71	70-74%	75-79%	75-79%	75-79%	\$105-109	\$110-114	\$125-129	\$130-134
Holiday Inn Express PC	68	65-69%	65-69%	60-64%	60-64%	\$100-104	\$100-104	\$110-114	\$110-114
Holiday Inn Express PG	94				45-49%				\$100-104
Subtotal	233	71%	70%	71%	60%	\$105	\$107	\$120	\$117
TOTAL	485	70%	74%	78%	68%	\$95	\$96	\$102	\$106

Source: The Highland Group

The directly competitive hotels accommodate extended-stay demand in the market, resulting in stronger occupancy and lower average rate than the indirect competitors. While 2017 occupancy was artificially inflated due to the hurricane, the estimated 2018 occupancy reflects rooms out of order at the Country Inn & Suites for a significant renovation. However, an occupancy in the mid to high 70 percent range is most likely near capacity given seasonality of demand in the market. Indirect competitors are significantly higher rated because of their brands and targeted clientele. A protracted renovation at the Holiday Inn Express Port Charlotte in 2017 and 2018 negatively affected its performance those years and the addition of a new hotel in 2018 will result in a lower occupancy and average rate this year. As such, Hurricane Irma seemingly did not affect the indirect competitors. Overall, occupancy in 2018 is expected to drop 10 occupancy points due to the addition of the Holiday Inn Express Punta Gorda in March and the unusually high occupancy in 2017.

New Supply

In addition to the proposed Airport Extended Stay Hotel, we are aware of several possible new hotels in the market, but only one is included as competitive. Below is a brief description of each.

- Comfort Suites – 150 rooms to be developed in conjunction with Lost Lagoon. This project is not considered an addition to supply at this time as the developer does not control the land.
- Extended Stay America – 120 rooms proposed for the Veterans and Peachland Boulevards intersection. While this project recently received site plan approval, the building permit application has not been submitted. Furthermore, ESA has been actively seeking franchisees to assume development of projects it initiates, further postponing the development timeline. Due to the continued uncertainty of this hotel it is not included as new supply in our projections.
- SunSeeker Resort – 277 rooms built in conjunction with a large condominium resort complex by Allegiant Airlines. This project is Allegiant Airlines first venture into the lodging and vacation home industries. If it moves forward, it will cement Allegiant’s commitment to Punta Gorda and limit the possibility that the airline will decrease its operations in the market. The hotel is not expected to be competitive with an Airport Extended Stay Hotel as the two products would appeal to different travelers.
- Home2 Suites – 80 rooms proposed for development in the southeast quadrant of the Interstate 75 and Kings Highway interchange. This hotel would share ownership and management with the Hampton Inn Port Charlotte. A franchise application has been submitted but not yet approved. However, given the developer’s track record in the market, we assume the Home2 Suites is developed and open by January 2020. As an extended-stay brand, the Home2 Suites would be competitive with the Airport Extended Stay Hotel. There will, however, be a significant difference in accommodated demand and average rate at the two properties.

If any other hotels are developed, projections for the Airport Extended Stay Hotel could be materially impacted.

The charts on the following pages summarize the facilities, services, strengths and weaknesses at directly competitive hotels. The direct competitors were ranked “Superior, Similar or Inferior” to the Airport Extended Stay Hotel, with regards to their location relative to demand generators and area attractions, ease of access to the hotel, physical appeal with regards to arrival experience and quality of finishes, and brand strength.

Competitive Hotels: Summary of Facilities and Services										
Hotel	Year Open	Rooms / Suites	Weekday	Weekend	Weekly	Total Meeting Sq. Footage	Largest Meeting Room	Pool	F&B	Trip Advisor Rating
Sleep Inn & Suites 806 Kings Highway Port Charlotte, FL 33980 (941) 613-6300	2007	65 Rooms / 13 Suites	\$90-110	\$90-110	\$89-103	1,320 s.f. / 2 rooms	720 s.f.	Outdoor	Complimentary Breakfast	4 of 8
La Quinta Inn & Suites 812 Kings Highway Port Charlotte, FL 33980 (941) 979-4200	2008	66 Rooms / 15 Suites	\$95-125	\$95-125	\$84-111	637 s.f. / 1 room	637 s.f.	Outdoor	Complimentary Breakfast	1 of 8
Country Inn & Suites 24244 Corporate Court Port Charlotte, FL 33980 (941) 235-1035	2009	65 Rooms / 28 Suites	\$99-164	\$101-200	\$98-157	625 s.f. / 1 room	625 s.f.	Outdoor	Complimentary Breakfast	5 of 8
<i>Sources: Competitive Hotels, The Highland Group; Trip Advisor rankings in Port Charlotte, FL as of 10/14/18</i>										

Competitive Hotels: Summary of Strengths and Weaknesses Relative to Subject Hotel

Hotel	Distance From Subject Hotel	Last Renovation	Location	Access	Arrival Experience	Interior Finishes	Brand Strength	Overall Assessment	Comments
Sleep Inn & Suites 806 Kings Highway Port Charlotte, FL 33980 (941) 613-6300	NA	Full Renovation 2018	Superior	Superior	Similar	Similar	Similar	Superior	Managed by Shaner Hotels
La Quinta Inn & Suites 812 Kings Highway Port Charlotte, FL 33980 (941) 979-4200	NA	Significant renovations have occurred since 2014, resulting in a fully renovated hotel	Superior	Superior	Similar	Similar	Similar	Superior	Jointly owned and operated with Four Points
Country Inn & Suites 24244 Corporate Court Port Charlotte, FL 33980 (941) 235-1035	NA	Hotel will undergo a complete renovation in 2018	Superior	Superior	Similar	Similar	Similar	Superior	Jointly owned and operated with Holiday Inn Express Punta Gorda

Sources: DeLorme Maps, Competitive Hotels, The Highland Group

The proposed Airport Extended Stay Hotel is expected to have a good location and good access relative to the Punta Gorda Airport but its direct competitors would have superior locations with regards to traveler services such as restaurants and shopping. The direct competitors also have superior access given their locations along Kings Highway and proximity to Interstate 75. In terms of arrival experience, brand strength and interior finishes, the direct competitors would be very similar to a WoodSpring Suites but WoodSpring Suites' guest room kitchenette would be a significant advantage for extended-stay guests. However, the direct competitors would offer more amenities such as swimming pools, business centers, and complimentary breakfast than the proposed hotel, indicating an overall assessment that is superior to the Airport Extended Stay Hotel.

Competitive Supply and Demand Projections

The table following shows projected supply and demand for the competitive hotel market through 2024.

Projection of Supply and Demand by Segment										
Segment	Actual			Projected						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Corporate</i>	35,587	37,008	38,709	42,121	45,490	52,314	54,930	56,577	58,275	58,275
Percent Change		4%	5%	9%	8%	15%	5%	3%	3%	0%
Segment Demand	35,587	37,008	38,709	42,121	45,490	52,314	54,930	56,577	58,275	58,275
<i>Leisure/Group</i>	41,398	43,438	45,711	47,758	52,534	63,040	68,084	70,126	72,230	72,230
Percent Change		5%	5%	4%	10%	20%	8%	3%	3%	0%
Segment Demand	41,398	43,438	45,711	47,758	52,534	63,040	68,084	70,126	72,230	72,230
<i>Extended Stay</i>	23,560	25,141	26,654	26,758	33,448	50,171	60,206	63,216	65,745	65,745
Percent Change		7%	6%	0%	25%	50%	20%	5%	4%	0%
Segment Demand	23,560	25,141	26,654	26,758	33,448	50,171	60,206	63,216	65,745	65,745
<i>Student</i>	0	0	0	0	0	0	0	0	0	0
Induced					0	7,700	14,600	9,300	2,100	2,100
Segment Demand	0	0	0	0	0	7,700	14,600	9,300	2,100	2,100
Total Demand	100,545	105,587	111,074	116,637	131,472	173,226	197,819	199,220	198,349	198,349
Total Supply	142,715	142,715	142,715	171,479	177,025	250,755	250,755	250,755	250,755	250,755
Total Demand Percent Change		5%	5%	5%	13%	32%	14%	1%	0%	0%
Total Supply Percent Change		0%	0%	20%	3%	42%	0%	0%	0%	0%
Competitive Set Occupancy	70%	74%	78%	68%	74%	69%	79%	79%	79%	79%

Source: The Highland Group

The opening of the Holiday Inn Express Punta Gorda in March 2018 increased the competitive supply 20 percent that year. The addition of the Airport Extended Stay Hotel and Home2 Suites in January 2020 are expected to increase supply by 42 percent that year, resulting in a compound average annual increase in supply of 6.5 percent between 2018 and 2024.

Demand in the market is expected to increase 13 percent in 2019, as the market recovers from the addition of the Holiday Inn Express Punta Gorda. An increase of 32 percent is projected in 2020, reflecting the addition of two extended-stay hotels that year. Growth in extended stay demand is

projected to be particularly strong with projects such as SunSeeker Resort, Murdoch Village, Arredondo Point and Babcock Ranch to be under construction.

With the addition of the Airport Extended Stay Hotel, students attending WMU will also have a housing option beginning in 2020. That year, student demand is expected to reach 7,700 room nights, peaking at 14,600 room nights the following year as enrollment at WMU ramps up. Student demand is expected to decrease beginning in 2022, with the assumption that student apartments or dormitories will be built at the Florida Southwestern State College campus. A small amount of student demand, 2,100 room nights, is expected to remain in the market through the remainder of the projection period. This demand represents students utilizing the hotel during the summer session and before/after semester terms. Overall, demand in the market is projected to increase at a compound average annual rate of 9.3 percent between 2018 and 2024.

Occupancy in the competitive set is projected to decrease 10 points in 2018 to 68 percent and begin to recover in 2019 as the Holiday Inn Express Punta Gorda is absorbed. However, occupancy is projected to decrease again in 2020 with the addition of two new hotels. Strong growth in 2021, predicated on student enrollment at WMU and significant construction projects in Charlotte County, is expected to bring occupancy to 79 percent. It is projected to remain at that level through the remainder of the projection period, albeit with mix of demand shifting away from student to growth in other segments.

From 2018 through 2024, competitive hotel supply and demand are projected to increase by compound annual averages of 6.5 percent and 9.3 percent, respectively. Historically, growth in Charlotte County has been similarly strong with supply increasing at a compound average annual rate of 4.7 percent, and demand increasing at 11.3 percent, as presented on page 16.

Penetration Analysis

The table on the following page shows projected market penetration for the proposed Airport Extended Stay Hotel.

Airport Extended Stay Hotel Penetration Analysis					
Segment	2020	2021	2022	2023	2024
Airport Extended Stay Hotel	122	122	122	122	122
Fair Share Demand	18%	18%	18%	18%	18%
<i>Corporate</i>					
Fair Share Demand	9,290	9,755	10,047	10,349	10,349
Penetration	50%	40%	55%	55%	55%
Capture	4,645	3,902	5,526	5,692	5,692
Mix	14%	10%	14%	15%	15%
<i>Leisure/Group</i>					
Fair Share Demand	11,195	12,091	12,453	12,827	12,827
Penetration	30%	20%	35%	50%	50%
Capture	3,358	2,418	4,359	6,413	6,413
Mix	10%	6%	11%	17%	17%
<i>Extended Stay</i>					
Fair Share Demand	8,910	10,692	11,226	11,675	11,675
Penetration	200%	180%	180%	200%	205%
Capture	17,819	19,245	20,207	23,350	23,934
Mix	53%	48%	51%	62%	63%
<i>Student</i>					
Fair Share Demand	1,367	2,593	1,652	373	373
Penetration	563%	563%	563%	563%	563%
Capture	7,700	14,600	9,300	2,100	2,100
Mix	23%	36%	24%	6%	6%
Total					
Fair Share Demand	30,762	35,129	35,378	35,224	35,224
Penetration	109%	114%	111%	107%	108%
Capture	33,523	40,164	39,391	37,555	38,139
Occupancy	75%	90%	88%	84%	86%
<i>Source: The Highland Group</i>					

The proposed Airport Extended Stay Hotel will be conveniently located to the Punta Gorda Airport, WMU and Florida Southwestern State College; however, it would not be as convenient to Interstate 75 and area amenities as its competitors. As an economy extended-stay hotel, it is expected to achieve well below its fair share of corporate and leisure/group demand. However, for the same reasons the property is expected to attract twice its fair share of extended-stay demand, and all the student demand generated by WMU. The result is projected 75 percent occupancy in its first year, increasing to 90 percent in 2021 due to the large amount of student demand projected to be captured. As the student demand decreases, it will be replaced largely by other extended-stay and leisure/group demand.

Average Rate

The table following shows average rate by demand segment projected for the proposed Airport Extended Stay Hotel.

Airport Extended Stay Hotel Average Rate by Segment					
Segment	2020	2021	2022	2023	2024
<i>Corporate</i>					
Room Nights	4,645	3,902	5,526	5,692	5,692
Rate	\$87	\$90	\$90	\$90	\$90
<i>Leisure/Group</i>					
Room Nights	3,358	2,418	4,359	6,413	6,413
Rate	\$105	\$110	\$110	\$110	\$110
<i>Extended Stay</i>					
Room Nights	17,819	19,245	20,207	23,350	23,934
Rate	\$60	\$65	\$65	\$65	\$65
<i>Student</i>					
Room Nights	7,700	14,600	9,300	2,100	2,100
Rate	\$45	\$45	\$45	\$50	\$50
Current Dollar Average Rate	\$65	\$63	\$69	\$76	\$75
Inflation	2%	2%	2%	2%	2%
Inflated Average Rate	\$67	\$67	\$74	\$84	\$85
<i>Source: The Highland Group</i>					

The corporate and leisure/group segments are the highest rated at the Airport Extended Stay Hotel. Significant discounts are made for extended-stay guests and student rates are even lower to be competitive for students. While more expensive than apartment rentals, the hotel would offer convenience and an attractive, safe location. The advantage for the owner/operator of the Airport Extended Stay Hotel is student housing is based on contracts and can be prepaid by semester, guaranteeing an income stream throughout the year.

Real rate increases are forecast in corporate, leisure/group and extended-stay segments in 2021 as opening discounts are phased out. Overall real rate increases are projected from 2022 as lower rated students move out and the remaining students pay higher rates for single occupancy. Rates in future dollars are projected to grow at an inflation rate of two percent annually throughout the projection period.

The table following shows projected average rate of the competitive set of hotels compared to the proposed Airport Extended Stay Hotel.

Competitive Hotel Average Rate Projections								
Hotel	2017	2018	2019	2020	2021	2022	2023	2024
Hampton Inn PC	\$125-129	\$130-134	\$135-139	\$135-139	\$140-144	\$145-149	\$145-149	\$150-154
Holiday Inn Express PC	\$110-114	\$110-114	\$115-119	\$120-124	\$120-124	\$125-129	\$125-129	\$130-134
Country Inn & Suites	\$95-99	\$105-109	\$110-114	\$110-114	\$115-119	\$115-119	\$115-119	\$120-124
Holiday Inn Express PG		\$100-104	\$100-104	\$105-109	\$105-109	\$110-114	\$110-114	\$115-119
La Quinta Inn & Suites	\$95-99	\$95-99	\$100-104	\$105-109	\$105-109	\$105-109	\$110-114	\$110-114
Sleep Inn & Suites	\$85-89	\$90-94	\$90-94	\$95-99	\$95-99	\$100-104	\$100-104	\$105-109
Airport Extended Stay Hotel				\$67	\$67	\$74	\$84	\$85

Source: The Highland Group

Rates at the proposed Airport Extended Stay Hotel would be positioned well below the competitive hotels, typical of an economy extended-stay property.

ADDENDUM

DIRECTLY COMPETITIVE HOTEL PHOTOS



Sleep Inn & Suites



La Quinta Inn & Suites



Country Inn & Suites