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Hotel Service Network

COMPREHENSIVE MARKET STUDY REPORT

BOURBONNAIS, ILLINOIS SEPTEMBER, 2014

Prepared Exclusively For:

Village of Bourbonnais

Prepared By:

Hospitality Marketers International, Inc.

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- EXHIBIT 5 - Aerial View of the Subject Site
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Exhibit 1 – Geographic Relationship of the Bourbonnais Market within the Central United States

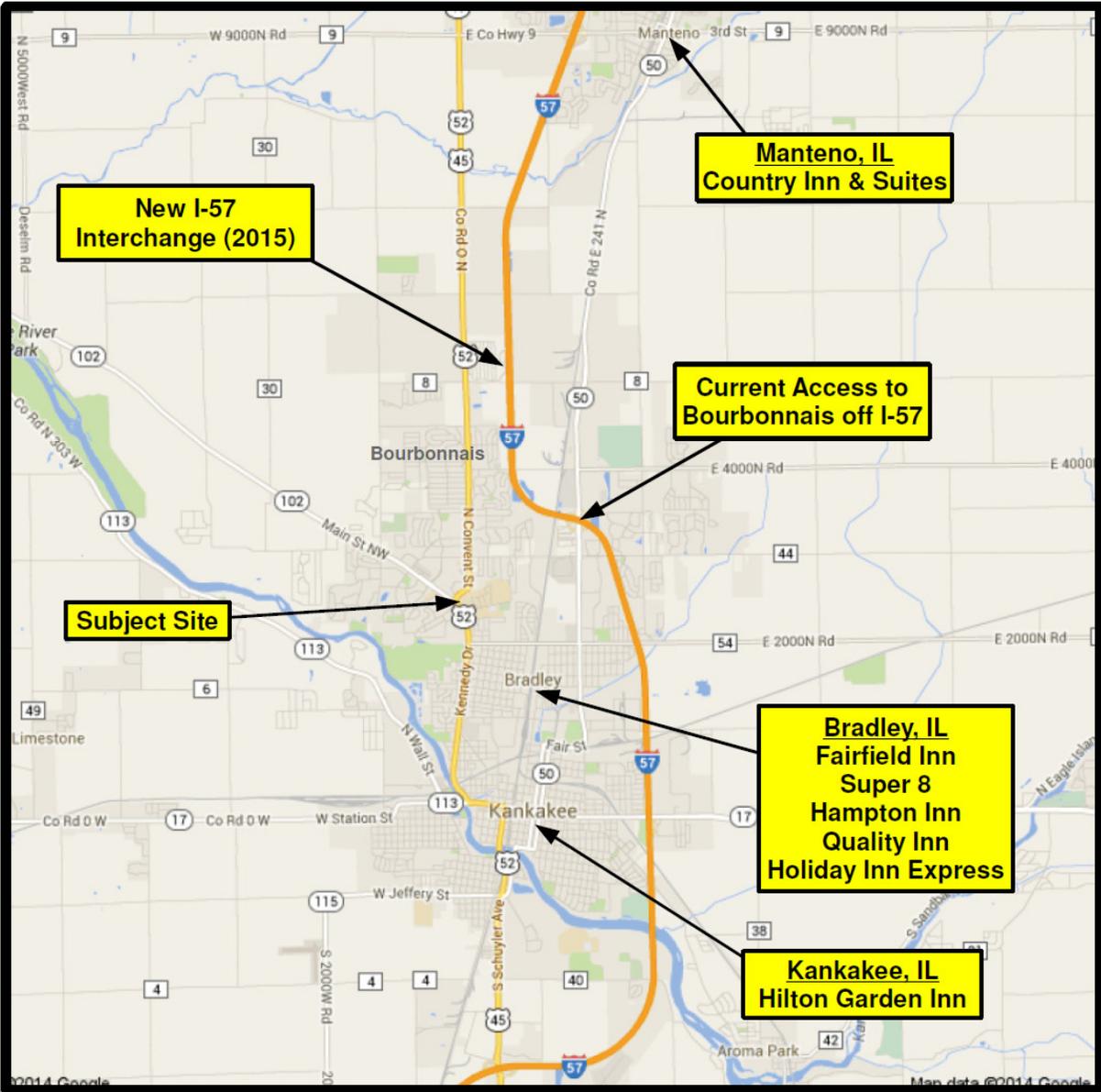


Exhibit 3 – Bourbonnais and the Surrounding Competitive Lodging Markets Including the Hotels in the Competitive Set as well as the Potential Lodging Demand Generators in the area

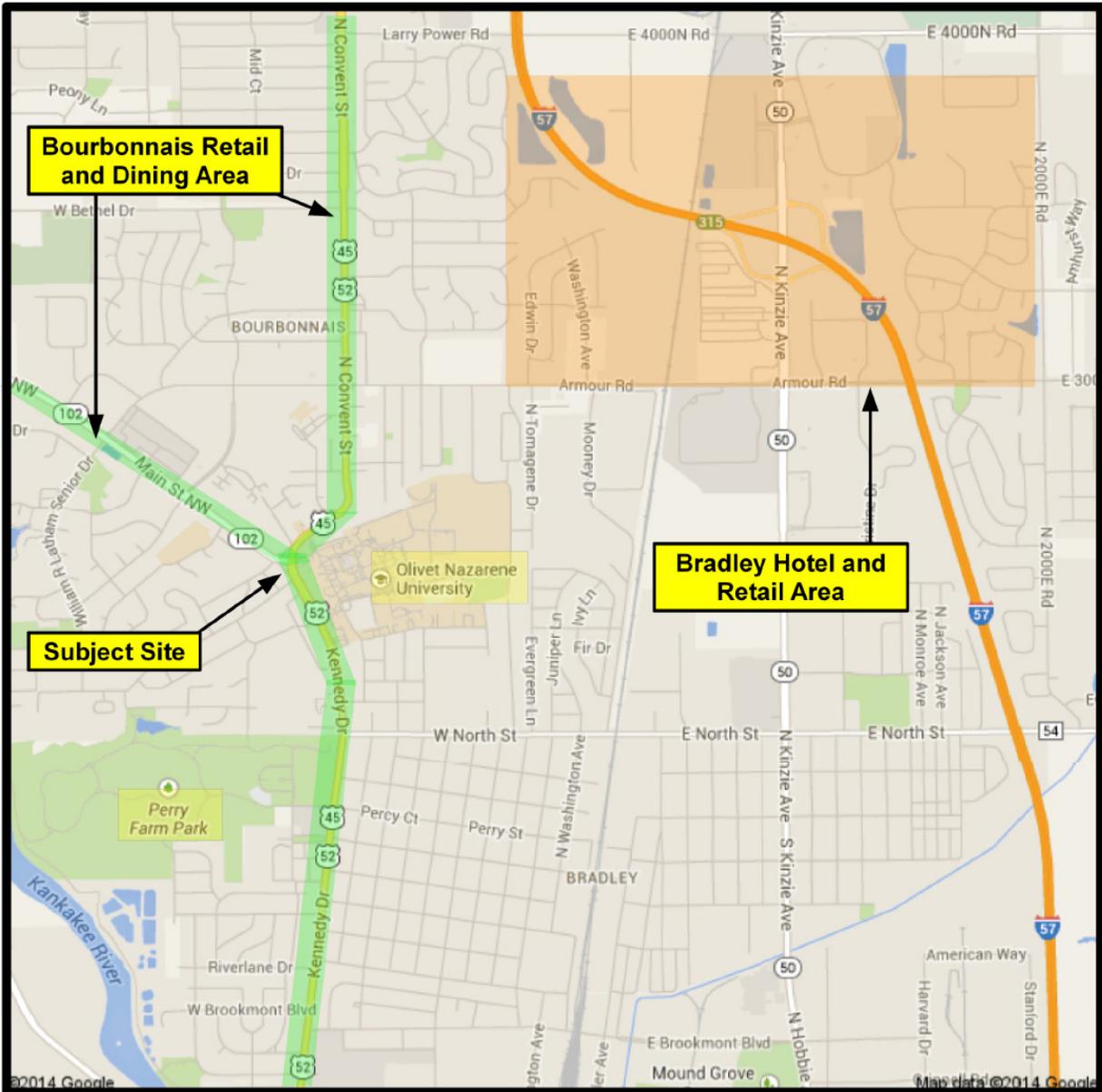


Exhibit 4 – Closer View of Bourbonnais and its Retail and Dining Areas



Exhibit 6 – Economic Radii Analyzed in this Report

INTRODUCTION

The following Comprehensive Market Study Report reviews the proposed development of a full-service, upper-mid-priced to upscale hotel property in Bourbonnais, Illinois. Hospitality Marketers International, Inc., (HMI), was engaged by the Village of Bourbonnais to provide this Comprehensive Market Study Report for the proposed hotel in the Bourbonnais, Illinois market.

Based upon the research completed for this Comprehensive Hotel Market Study, it was determined that a full-service, upper-mid-priced to upscale, traditional-style hotel could be added to the Village of Bourbonnais. For purposes of this report, the proposed hotel will be researched as a 90-room property.

It is also proposed that this property include a full-service restaurant and meeting and banquet space capable of seating up to 400 people. Recommendations for this food and beverage space will be provided in this report. Additional special features, amenities and services were reviewed and recommendations were made accordingly in this report.

An opening date of 2016 was utilized for the proposed hotel in this report.

Recommendations for the style, type and size of this hotel are based on the preliminary operational projections presented in this report.

There is one specific site being considered by the developer for this proposed hotel. It is located on three acres of land in the center of the village. This site is bordered by Illinois Route 45/52, just west of the main entrance to Olivet Nazarene University on University Avenue. The area immediately surrounding the site includes retail, local residential support services, and food and beverage venues. The specifics of this subject site will be reviewed in this report and recommendations will be provided to assist in determining the strength of this site for development. Information concerning the subject market for the proposed hotel is also included.

This report was written to verify this market's potential to support the proposed hotel. This Comprehensive Hotel Market Study is focused on developing a proposed hotel that will match the Lodging Demand characteristics and competitive hotel supply that serves this subject market.

Recommendations for brand selection will be provided in this market study. This report was written to project the strongest development in the village by verifying the feasibility of a hotel in the Bourbonnais market area. Recommendations for all development factors are provided in this report based on the market research performed.

Lindsey Kaptur, Midwest Regional Director of Hospitality Marketers International, Inc., met with representatives of the community and surrounding area to gather information pertinent to the proposed hotel's development and operation in the community. Comprehensive market research was performed and reviewed regarding the community's economic indicators, competitive Lodging Supply, and Lodging Demand generators. HMI conducted field research to determine the relationship between the community and the proposed facility's Lodging Supply competitors and Lodging Demand generators. Economic indicators were studied to determine the stability and future growth potential of the subject market area. The research conducted focused on a macro-and micro-market analysis of the Bourbonnais and Kankakee County markets to determine its ability to support the proposed hotel.

This Comprehensive Hotel Market Study Report presents operational projections for the proposed hotel's stabilized operation based upon current operating performance in the subject market. Multi-year Occupancy, Average Daily Room Rate, and Sales Revenue projections for the proposed hotel are presented in this report. They are based upon a detailed review of field research data and estimates of Average Daily Room Rate, Lodging Demand, and Lodging Supply Growth. Again, recommendations as to the site location, property type, property size, brand affiliation, and services and amenities are included in this Comprehensive Hotel Market Study. These projections and recommendations were based upon the market demand research performed for the proposed hotel facility.

This Comprehensive Hotel Market Study includes detailed statistics and narrative to formulate the Conclusions section regarding the subject market area's ability to support the proposed hotel. This report should be acceptable for external investing and/or lending purposes. Hospitality Marketers International, Inc. will be available to review the specific hotel development and perform any required revision to this Comprehensive Hotel Market Study. HMI will also be available to answer any questions relating to this Comprehensive Market Study Report.

This report is the property of the Village of Bourbonnais. The approval of the authorized representative of the Village of Bourbonnais must be obtained prior to any distribution or use of this Comprehensive Hotel Market Study by any other person, party, entity or organization. HMI cannot discuss this Comprehensive Hotel Market Study with any person, party, entity or organization without prior approval of the Village of Bourbonnais.

GENERAL MARKET OVERVIEW

This section of the report will highlight the general market characteristics of the Bourbonnais, Illinois area.

GENERAL MARKET LOCATION

- The general market for this hotel is the Village of Bourbonnais, Illinois located in the northeast section of the state. The village is approximately 57 miles south of Chicago, Illinois. The proposed hotel is intended to serve the Village of Bourbonnais as well as the village's close southern neighbor, the Village of Bradley. While these two communities serve unique and separate market segments, they are located in very close proximity to each other and along the same traffic routes which allows for many shared support services. The proposed hotel would also serve the overall market area which includes the cities of Kankakee to the south, and Manteno and Peotone to the north. The communities in the surrounding area are largely rural agricultural areas with limited lodging options.
- Currently, the Bourbonnais/Bradley market areas serve as a commercial hub providing retail and dining for the overall region. This area includes numerous big box retailers and nationally franchised restaurants.
- Bourbonnais is centrally located in Kankakee County on the west side of I-57 which is the main traffic route traveling north and south through the market area. I-57 begins north of the village in Chicago, Illinois where it joins I-94. This interstate travels as far south as Sikeston, Missouri where it joins I-55. It should be noted that there is currently a new interchange planned for I-57 on the northern edge of the village. This new interchange is planned to be completed by 2017 and would provide a direct route into the village. This would be unique as the current interchange located to the south of the village requires traffic to travel through Bradley in order to enter Bourbonnais.
- Local highways traveling east and west provide connections to I-55 located approximately 20 miles west of Bourbonnais.
- State Highway 45/52 travels north and south through the market area and serves as the main street and main commercial corridor in the village. The proposed subject site is located on the east side of Highway 45/52 across from the main entrance to Olivet Nazarene University.
- State Highway 50 travels north and south along the east side of I-57. The main access to Bourbonnais from I-57 is located where this highway intersects with I-57. This interchange is also the location of the hotels in Bradley.

GENERAL MARKET CHARACTERISTICS

- The immediate market for this proposed hotel will be the Village of Bourbonnais however there is the potential for this hotel to serve and be marketed to the areas located to the north and south of the village along I-57. Bourbonnais is a mix of residential, retail, agricultural and commercial land. The leading industries in the market include Education, Healthcare, Finance and Insurance, and Retail.
- The Educational segment is led by the Olivet Nazarene University located in the center of the village. This university has approximately 4,600 students, with all students under the age of 22 required to live on campus. Additional students were reported to live in off campus housing throughout the Bourbonnais and Bradley area. Olivet Nazarene is a private, Christian, liberal arts university offering a large selection of undergraduate degrees as well as numerous masters and doctoral programs.
- The medical sector is represented by one current hospital in the village, Riverside Hospital. A new St. Mary's Provena Hospital is proposed to be developed in the village once the new I-57 interchange is completed. There are numerous clinics and private practices in the village including Cigna Healthcare Insurance.
- The Insurance segment is led by Cigna Insurance which has a large facility in Bourbonnais. Cigna is one of the leading employers in the market and specializes in health insurance.
- The retail sector in this area is very well represented by the large number of big box retailers in the area. The majority of these retailers are located along the Highway 45/52 corridor.
- The Manufacturing industry is fairly strong in the county with numerous national and international headquarters in the market area.
- Bourbonnais and the surrounding communities have a large residential base, with a collection of single family and multi-family residences. It should also be noted that there is land available for new residential development.
- The strongest tourism draw in the village is during the five weeks in July and August when the Chicago Bears hold their summer training camp on the Olivet Nazarene campus. These practices were reported to draw thousands of spectators to the area. Additionally, the Friendship Festival, held in June, was reported to draw approximately 50,000 to 80,000 people over the course of the five-day event.

- The sports market is strong in the village and the surrounding communities with numerous tournaments held throughout the year.
- Outdoor recreation is popular in this market area due to the location along the Kankakee River, allowing for canoeing, kayaking, and fishing. Hunting and bird watching are also popular in this market area.
- The wedding, family reunion, funeral, and general family gathering market segments were reported to be very strong in this market. However, it was reported that the large group meeting space in the village was lacking and in need of a new offering. This type of space is also needed for events at the university as there is a lack of large meeting space on the campus.
- There is also the potential for Corporate/Commercial group events and meetings to be held in the village due to the companies in the area and the presence of national and international headquarters in the village. This segment was reported to be currently limited due to the minimal amount of meeting space in the area.
- The current lodging supply in the market is located in Bradley. It should be noted that while there are hotels with a Bourbonnais address, they are actually located within the borders of Bradley. Bourbonnais representatives said this was an issue as visitors assume that they will be staying in the heart of Bourbonnais, and instead find that their hotel is located outside of Bourbonnais. While the current properties are not overly distant from Bourbonnais, it has been noted as an inconvenience, especially for visitors of the area's largest lodging demand generator, Olivet Nazarene University. These guests are looking to stay close to the campus and there is currently no hotel in the area immediately surrounding the campus. The proposed subject site is within walking distance of the main entrance to the campus.
- There is currently a number of nationally branded hotels in Bradley surrounding the I-57/Highway 50 interchange. These hotels include a Quality Inn, Fairfield Inn, Hampton Inn, Holiday Inn Express, Comfort Inn and a Super 8.

EXHIBITS

- Exhibit 1 of this report shows the geographic location of the Bourbonnais market within the United States.
- Exhibit 2 relates the geographic location of Bourbonnais to the State of Illinois. The primary regional market area served by this market is also highlighted.
- Exhibit 3 is a map of Bourbonnais and the surrounding competitive lodging markets, with the hotels in the Competitive Set highlighted. The potential Lodging Demand generators are also highlighted.
- Exhibit 4 shows a closer view of Bourbonnais and its retail and dining areas.
- Exhibit 5 shows an aerial view of the subject site area.
- Exhibit 6 shows the economic radii analyzed in this report.

SITE ANALYSIS

This section of the report reviews the geographic subject site for the proposed hotel. Key elements of the subject site analysis are discussed including visibility, accessibility, land preparation, environmental aspects, support services, and competitive position. The location of the subject site is highlighted in Exhibits 3 and 4 of this report. This site is located along Highway 45/52, which serves as Main Street in the village. The site is centrally located in the village at the intersection of Highway 45/52 and University Avenue.

- The subject site consists of approximately 3 acres bordered by Highway 45/52 to the east, University Avenue to the south, Rivard Street to the west, and Harrison Street to the north.
- The main entrance to Olivet Nazarene University is located to the west of the site along University Avenue.
- Highway 45/52 is the main commercial corridor through the village and connects with Armour Road less than a mile north of the site, which travels east to Highway 50 where it provides access to I-57.
- The proposed new I-75 interchange would be located approximately four miles northeast of the proposed subject site.
- The site currently has a small number of residential style structures which would need to be removed prior to development. It was reported that these properties are currently owned by the university and could be easily removed.
- *Major utilities* were reported to be in place in the immediate area including water, sewer, electric, telephone, etc.
- *Zoning* was reported to be in place for commercial development in the subject site area and this would be compatible with other commercial development currently in the area. Additionally, architectural controls were reported to be within the normal guidelines of the community.
- At this time, there are three residential style structures on the subject site which would need to be removed prior to development. It was reported that the removal of these structures would not be difficult as they are currently owned by the University which is a supporter of this hotel development. The previous use of these structures should not cause great environmental concerns. The subject site is generally flat and would require minimal grading or fill.

- *Environmental* concerns were not addressed in this market study however, it was reported that environmental testing has been performed on the site and presented no issues. Still, the developer should assess the environmental condition of the subject site being considered and complete any additional testing.
 - Issues concerning water drainage, seepage, or flood plains should also be investigated by the developer.
 - Toxic waste issues were not specifically addressed. This should be thoroughly investigated by the developer prior to beginning development.
- *Visibility* of the subject site was rated as Excellent because it has direct and clear visibility for travelers from both directions on Highway 45/52 as well as excellent visibility from the main entrance to the university. It should be noted that this site is located within the village and is therefore removed from I-57. The use of interstate signage and directional signage is highly recommended.
- *Accessibility* to the subject site is rated as Excellent due to the controlled intersection of University Avenue and Highway 45/52. Additionally, the central location of this site within the village makes this site accessible to the local retailers, restaurants, and area businesses. Being located away from the interstate does limit interstate accessibility however this site is in close proximity to the I-57 with good traffic routes connecting this site to the interstate. Additionally, the development of the new interchange on the north side of the village will improve access to the interstate from this site.
- The rating of *Parking Requirements* at the subject site is also Excellent. This is due to size of the overall site.
- The subject site would be included in a new Tax Incremental Financing District (TIF). The developer should contact the village for specific details about any potential TIF benefits available to this development.
- Currently, the closest *Support Services* are located north and south of the site along Highway 45/52. There are numerous nationally franchised restaurants in the village with Jimmy John's, Dairy Queen and Subway being the closest to the site. Wendy's and McDonald's are also in the nearby surrounding area. There are also a number of locally owned restaurants in close proximity to the site including Chicago Dough and Brickstone Brewery. It should be noted that there is the potential for this hotel development to include an onsite restaurant and meeting/banquet space. The Highway 45/52 corridor also has a number of national big box retailers, locally owned retailers and numerous local residential support services.

- It was reported that the Bourbonnais and Bradley area serves as a commercial hub for Kankakee County and the surrounding rural region.
- The *Competitive Position* of the subject site appears to be very positive. It would be located in the heart of the village, within walking distance of the main entrance to the Olivet Nazarene campus, and in very close proximity to the area's support services. Additionally, this site will be in a central location to offer accessibility to the local area businesses and large tourism events in the market.
- The proposed hotel will be the first hotel to be located within the Bourbonnais village limits. This will also give it a competitive advantage as the current lodging supply is located in Bradley.

The following chart rates the subject site reviewed for the proposed hotel development. It shows the subject site's ability to support hotel development.

SUBJECT SITE EVALUATION Bourbonnais, IL	
CATEGORY	RATING
Visibility	Very Good
Accessibility	Very Good
Parking	Excellent
Site Prep	Good
Environmental	Very Good-Investigate
Major Utilities	Excellent
Zoning	Excellent
Architectural Controls	Very Good-Investigate
Area Support Services	Excellent
Competitive Position	Excellent
Overall	Excellent
<i>Source: HMI</i>	

- The subject site has an overall Excellent rating. This rating is 4.83 on a 5 point scale. Therefore, it has a very high rating.
- Site Prep was given the lowest rating of Good because there are currently three structures on the site which would need to be removed prior to development.

- Zoning, Architectural Controls, and Environmental were all given a rating of Very Good-Investigate since this development area is still in the process of being finalized. It is very likely that these areas could achieve an Excellent rating once development begins.
- Visibility and Accessibility were rated as Very Good because of the distance between the site and the interstate. It should be noted that based on the location of the site relative to Highway 45/52, the site would have excellent Visibility and Accessibility.

ECONOMIC OVERVIEW

This section of the report provides a preliminary composite analysis of the economic environment in which the proposed hotel would operate. This economic analysis does not conclusively determine how successful the proposed hotel will be in the Bourbonnais market. However, it offers valuable insight into the economic stability and growth potential of the subject market. It will directly affect the Conclusions formulated later in this report.

The economic health of the community can be important to the success of the hotel. PKF Hospitality estimates that 80% of a hotel's operating performance is strongly influenced by the local market conditions. (*Hotel Management- July 15, 2013- PKF- Budgeting for a Local Affair, So Understand Your Market- Article*). Therefore, this section highlights several key components of the Bourbonnais market and the economics which drive this market.

- The economics of the subject market are supported by various factors. These include manufacturing, residential, educational, medical and agricultural segments.
- There is a well-established residential base in Bourbonnais with a mix of economic demographics, and a mix of single family and multi-family homes. This residential area also provides a portion of the housing for the university students.
- The Olivet Nazarene University serves as a source for many jobs in the village. It was reported that this school's enrollment is currently 4,600 undergraduate students with the majority of these students living on campus. The student body and the visitors attending events held at the university directly impact the area businesses
- The agriculture industry is led by the corn, soy, and wheat farms in the regional area. There is also a collection of agricultural related businesses in the area including seed and agricultural science companies.
- Manufacturing is supported by numerous large national and international companies in the village and surrounding county area. These companies manufacture a wide variety of products, generating good diversity in this market area.

- There is a medical presence in the village led by Riverside Hospital. There is also the potential for this industry to grow in the future since Provena St. Mary's Hospital is planned to be added to the village. There is also a number of private practice physician offices and specialty clinics in the village. A large Cigna Healthcare facility is located in the village. It specializes in health insurance.
- The retail industry in the village serves as a commercial hub to the surrounding regional area as there are numerous big box retailers in this market area as well as numerous smaller national retailers.
- Bourbonnais's economy is anticipated to remain stable with the potential for future growth because of the consistent strength and the national and international nature of the major employers in the village. Additionally, the future addition of a new interchange off of I-57 has the strong potential to assist in developing the northern sector of the village which is currently zoned to be largely industrial and commercial.

MARKET ECONOMIC DEMOGRAPHICS

The following section highlights the results of the new demographic data obtained from Claritas/Nielsen, a nationally known research data company. This data was set up in three radius areas around Bourbonnais. The radii chosen were 1 mile, 3 miles and 6 miles. This takes into account the immediate Village of Bourbonnais market as well as the surrounding Kankakee County market that could have an impact on Bourbonnais. These radii were determined to reflect the economic stability of the local and regional markets served by Bourbonnais. Exhibit 6 of this report shows these radii and the primary local market area. Highlights of each radius will be provided followed by an analysis of the overall economic trends seen in the subject market area.

1-Mile Radius

The following chart highlights the demographic characteristics within a 1-Mile Radius of the subject market area.

GENERAL MARKET DEMOGRAPHICS							
Bourbonnais, Illinois							
RADIUS: 1 Mile							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	12,386	12,044	-2.8%	-0.2%	11,686	-3.0%	-0.6%
HOUSEHOLDS	4,118	4,026	-2.2%	-0.2%	3,921	-2.6%	-0.5%
AVERAGE HOUSEHOLD SIZE	3.01	2.99			2.98		
AVERAGE HOUSEHOLD INCOME	\$54,711	\$58,560	7.0%	0.5%	\$62,967	7.5%	1.5%
MEDIAN HOUSEHOLD INCOME	\$43,491	\$43,702	0.5%	0.0%	\$45,912	5.1%	1.0%
AVERAGE PER CAPITA INCOME	\$18,190	\$19,575	7.6%	0.5%	\$21,127	7.9%	1.6%

Source: Claritas

- The Bourbonnais market area within the one-mile radius had an estimated *population* of 12,044 in 2014 versus a population of 12,386 in 2000. This was a decrease of (2.8%) or (0.2%) per year.
- The 2019 population is expected to be 11,686. This would be a decrease of (3.0%) or (0.6%) per year.
- The number of *households* is estimated to be 4,026 in 2014. This compares to 4,118 households in 2000 for a decrease of (2.2%) or (0.2%) per year.
- The number of households in 2019 is expected to be 3,921 and would be a decrease of (2.6%) or (0.5%) per year. This would be less than the decrease in population.
- The *average family size* is estimated to be 2.99 people in 2014. It was 3.01 in 2000. The 2019 average family size is expected to be 2.98 which would be similar to 2014.
- The *average per capita income* was estimated to be \$19,575 in 2014 compared to an average per capita income of \$18,190 in 2000. This is an increase of 7.6% or 0.5% per year.
- The 2019 per capita income is estimated to be \$21,127 for an increase of 7.9% from 2014 or 1.6% per year. This is greater than the annual rate of growth in 2014.

3-Mile Radius

The following chart highlights the demographic characteristics within a 3-Mile Radius of the subject market area.

GENERAL MARKET DEMOGRAPHICS							
Bourbonnais, Illinois							
RADIUS: 3 Miles							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	53,702	53,556	-0.3%	0.0%	53,412	-0.3%	-0.1%
HOUSEHOLDS	19,402	19,306	-0.5%	0.0%	19,240	-0.3%	-0.1%
AVERAGE HOUSEHOLD SIZE	2.77	2.77			2.78		
AVERAGE HOUSEHOLD INCOME	\$49,108	\$57,314	16.7%	1.2%	\$62,015	8.2%	1.6%
MEDIAN HOUSEHOLD INCOME	\$39,315	\$44,523	13.2%	0.9%	\$47,314	6.3%	1.3%
AVERAGE PER CAPITA INCOME	\$17,742	\$20,661	16.4%	1.2%	\$22,339	8.1%	1.6%

Source: Claritas

- The Bourbonnais market area in this 3-mile radius had an estimated *population* of 53,556 in 2014 compared to the 2000 population of 53,702. This is a decrease of (0.3%) or 0.0% per year. This decrease is slightly less than the decrease seen in the 1-mile radius.
- The estimated 2019 population is expected to be 53,412 for a decrease of (0.3%) or (0.1%) per year. This decrease in population is lower than the decrease seen in the 1-mile radius and similar to the decrease in 2014 in this radius.
- The number of *households* is estimated to be at 19,306 in 2014 compared to 19,402 households in 2000. This is a decrease of (0.5%) or 0.0% per year which is less than the decrease in the 1-mile radius.
- The number of households in 2019 is expected to be 19,240 for a decrease of (0.3%) or (0.1%) per year. This decrease would be less than the 1-mile radius and less than the 2014 rate of growth in this radius.
- The *average family size* is estimated to be 2.77 people in 2014. It was 2.77 in 2000. The 2019 average family size is expected to be 2.78 which is slightly higher than 2014. This radius has a family size that is less than the 1-mile radius.

- The *average per capita income* was estimated at \$20,661 in 2014 compared to an average per capita income of \$17,742 in 2000. This is an increase of 16.4% or 1.2% per year which is higher than the 1-mile radius. The actual dollar value is also higher than the 1-mile radius.
- The 2019 per capita income is estimated to be \$22,339 for a decrease of 8.1% from 2014 or 1.6% per year. This rate of growth and actual dollar amount are higher than in the 1-mile radius.

6-Mile Radius

The following chart highlights the demographic characteristics within a 6-Mile Radius of the subject market area.

GENERAL MARKET DEMOGRAPHICS							
Bourbonnais, Illinois							
RADIUS: 6 Miles							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	75,589	75,082	-0.7%	0.0%	74,559	-0.7%	-0.1%
HOUSEHOLDS	27,145	26,931	-0.8%	-0.1%	26,745	-0.7%	-0.1%
AVERAGE HOUSEHOLD SIZE	2.78	2.79			2.79		
AVERAGE HOUSEHOLD INCOME	\$49,540	\$57,505	16.1%	1.1%	\$62,621	8.9%	1.8%
MEDIAN HOUSEHOLD INCOME	\$39,928	\$44,621	11.8%	0.8%	\$47,689	6.9%	1.4%
AVERAGE PER CAPITA INCOME	\$17,790	\$20,626	15.9%	1.1%	\$22,463	8.9%	1.8%

Source: Claritas

- The Bourbonnais market area in this radius had an estimated *population* of 75,082 in 2014 as compared to the 2000 population of 75,589. This is a decrease of (0.7%) or 0.0% per year. It is less than the decrease seen in the 1-mile radius and slightly higher than the decrease seen in the 3-mile radius.
- The 2019 population is expected to be 74,559 for a decrease of (0.7%) or (0.1%) per year. This rate of growth is lower than the 1-mile radius and slightly higher than the 3-mile radius. It is similar to the 2014 rate of growth in this radius.

- The number of *households* is estimated to be 26,931 in 2014 compared to 27,145 households in 2000. This is a decrease of (0.8%) or (0.1%) per year which is less than the decrease seen in the 1-mile radius and slightly higher than the decrease seen in the 6-mile radius.
- The number of households in 2019 is expected to be 26,745 for a decrease of (0.7%) or (0.1%) per year. This decrease would be less than the decrease seen in the 1-mile and slightly greater than the decrease seen in the 6-mile radius. It is slightly less than the decrease seen in the 2014 rate of growth in this radius.
- The *average family size* is estimated to be 2.79 people in 2014. It was 2.78 in 2000. The 2019 average family size is expected to be 2.79. This radius has a lower family size than the 1-mile radius and a similar size to the 6-mile radii.
- The *average per capita income* was estimated at \$20,626 in 2014 compared to a per capita income of \$17,790 in 2000. This is an increase of 15.9% or 1.1% per year which is higher than the 1-mile radius and slightly lower than the 3-mile radius. The actual dollar amount is slightly higher than in the 1-mile radius and similar to the 3-mile radius.
- The 2019 per capita income is estimated to be \$22,463. This would be an increase of 8.9% from 2014 or 1.8% per year. The increase and actual dollar amount in this radius is greater than the increase seen in the 1-mile radius and similar to the increase seen in the 3-mile radius.

GENERAL OBSERVATIONS

- Population Growth – Population growth seems to be decreasing slightly in all radii and this appears to be projected to continue in 2019.
- Household Growth – Similar to Population Growth, Household Growth is also showing decreases in all areas. At the time of this report, there is still residential land available for new development and there is the potential for some new residential growth on the north side of the village near the new interstate interchange.
- Average Household Size – This category remained fairly consistent in all three radii. In the United States, the decreasing size of the average household is a common trend as Baby Boomers are getting older and their children are moving away from home. This trend will continue for several years however it does not appear to have a strong effect on this subject market.

- Per Capita Income - Per Capita Income showed strong growth rates in 2014 and projected 2019 in all radii. This demonstrates the strength of the employment and the high level of the companies in this market area.
- Overall, the economic data in these radii show the subject market immediately within the village is performing and growing well in recent years with future growth expected. The strength of this market area is found in its diversity of industry segments and the strong residential support services offered in close proximity to the metropolitan Chicago market area.

WORKFORCE CHARACTERISTICS

The following highlights the distribution of the labor force within the subject market area. It shows the employment base distribution and indicates this market's reliance on certain key industries. The charts below indicate Employment by Industry for the Village of Bourbonnais and Kankakee County.

The Employment Segmentation by Industry charts below specifically reflect the years 2006 and 2011. The top three employment industries in the village and the county are highlighted in Yellow, with the fourth and fifth largest employers highlighted in Bold. Additionally, industries with employment growth are highlighted in Green while industries with a decrease in employment area highlighted in Red.

EMPLOYMENT BY INDUSTRY					
Village of Bourbonnais, Illinois					
TYPE OF EMPLOYMENT	NUMBER OF PERSONS EMPLOYED 2006	PERCENT OF PERSONS EMPLOYED 2006	NUMBER OF PERSONS EMPLOYED 2011	PERCENT OF PERSONS EMPLOYED 2011	PERCENT CHANGE 2006 - 2011
Agriculture, Forestry, Fishing & Hunting	1	0.0%	1	0.0%	--
Mining, Quarrying, & Oil and Gas Extraction	0	0.0%	0	0.0%	--
Utilities	0	0.0%	0	0.0%	--
Construction	129	1.9%	74	0.9%	-42.6%
Manufacturing	487	7.2%	336	4.3%	-31.0%
Wholesale Trade	187	2.8%	246	3.1%	31.6%
Retail Trade	693	10.2%	950	12.1%	37.1%
Transportation and Warehousing	127	1.9%	216	2.8%	70.1%
Information	81	1.2%	62	0.8%	-23.5%
Finance and Insurance	1290	19.1%	1,232	15.7%	-4.5%
Real Estate, Rental & Leasing	50	0.7%	31	0.4%	-38.0%
Services	3,721	55.0%	4,677	59.8%	25.7%
- Professional, Scientific & Technical Services	97	1.4%	113	1.4%	16.5%
- Management of Companies and Enterprises	3	0.0%	7	0.1%	133.3%
- Administrative and Support and Waste Management and Remediation Services	393	5.8%	406	5.2%	3.3%
- Educational Services	871	12.9%	1,272	16.3%	46.0%
- Health and Social Assistance	1,297	19.2%	1,635	20.9%	26.1%
- Arts, Entertainment & Recreation	121	1.8%	141	1.8%	16.5%
- Accommodation & Food Services	739	10.9%	803	10.3%	8.7%
- Other Services	124	1.8%	206	2.6%	66.1%
- Public Administration	76	1.1%	94	1.2%	23.7%
TOTAL	6,766	100.0%	7,825	100.0%	15.7%

Source: U.S. Census

EMPLOYMENT BY INDUSTRY					
Kankakee County, Illinois					
TYPE OF EMPLOYMENT	NUMBER OF PERSONS EMPLOYED 2006	PERCENT OF PERSONS EMPLOYED 2006	NUMBER OF PERSONS EMPLOYED 2011	PERCENT OF PERSONS EMPLOYED 2011	PERCENT CHANGE 2006 - 2011
Agriculture, Forestry, Fishing & Hunting	819	1.9%	468	1.1%	-42.9%
Mining, Quarrying, & Oil and Gas Extraction	39	0.1%	28	0.1%	-28.2%
Utilities	141	0.3%	149	0.3%	5.7%
Construction	1,713	4.0%	1,192	2.7%	-30.4%
Manufacturing	4,937	11.5%	4,718	10.8%	-4.4%
Wholesale Trade	2,144	5.0%	2,326	5.3%	8.5%
Retail Trade	5,137	11.9%	5,301	12.2%	3.2%
Transportation and Warehousing	2,147	5.0%	1,883	4.3%	-12.3%
Information	626	1.5%	620	1.4%	-1.0%
Finance and Insurance	1,851	4.3%	1,766	4.0%	-4.6%
Real Estate, Rental & Leasing	261	0.6%	280	0.6%	7.3%
Services	23,240	54.0%	24,879	57.0%	7.1%
- Professional, Scientific & Technical Services	1,037	2.4%	991	2.3%	-4.4%
- Management of Companies and Enterprises	211	0.5%	249	0.6%	18.0%
- Administrative and Support and Waste Management and Remediation Services	2,330	5.4%	1,586	3.6%	-31.9%
- Educational Services	4,255	9.9%	4,784	11.0%	12.4%
- Health and Social Assistance	8,930	20.7%	10,648	24.4%	19.2%
- Arts, Entertainment & Recreation	552	1.3%	506	1.2%	-8.3%
- Accommodation & Food Services	3,341	7.8%	3,488	8.0%	4.4%
- Other Services	1,192	2.8%	1,350	3.1%	13.3%
- Public Administration	1,392	3.2%	1,277	2.9%	-8.3%
TOTAL	43,055	100.0%	43,610	100.0%	1.3%

Source: U.S. Census

- Bourbonnais's top three industries, (highlighted in yellow in the chart above), generated 52.9% of the employment base in 2011. This compares to 2006 when the top three industries made up 51.1% of the employment base. These percentages show a moderate level of diversity in the local industry base. It is preferable for the top three industries to be less than 50% to show good diversity.
- Kankakee County's top three industries, (highlighted in yellow in the chart above), generated 47.5% of the employment base in 2011. This compares to 2006 when the top three industries made up 42.6% of the employment base. These percentages show a good level of diversity in the local industry base. It is preferable for the top three industries to be less than 50% to show good diversity.
- In 2006 and 2011, the top three industries in Bourbonnais were: 1) Health and Social Assistance 2006 – 19.2%, 2011 – 20.9%; 2) Educational Services 2006 – 12.9%, 2011 – 16.3%; 3) and Finance and Insurance 2006 – 19.1%, 2011 – 15.7%.
- In Kankakee County in 2006 and 2011, the top three industries were: 1) Health and Social Assistance 2006 – 20.7%, 2011 – 24.4%; 2) Retail Trade 2006 – 11.9%, 2011 – 12.2%; and 3) Educational Services 2006 – 9.9%, 2011 – 11.0%. These top three industries totaled 47.5% of the overall employment in the county which shows strong diversity in the county.

- The Health and Social Assistance market in the village is led by Riverside Hospital. This industry is expected to grow as there are plans for a new St. Mary's Provena Hospital to be built in the village. There is currently a strong presence in the county from the St. Mary's Provena Hospital system with a hospital in Kankakee and clinics throughout the county. This industry also includes the area's private practice doctors and area nursing homes.
 - The Educational market in the village and the county is represented by the Olivet Nazarene University campus as well as the local public school system. The university was noted to be one of the largest employers in the village and has a current enrollment of approximately 4,600 undergraduate students with a large number of additional masters and doctorate program students also living throughout the area. There is also the Kankakee Community College with the main campus located in Kankakee.
 - In the county, the Retail Trade sector was the second highest employer and this is largely due to the large collection of retail in Bradley and Bourbonnais. There are also retail venues in Kankakee and Manteno.
 - Lastly, the Finance and Insurance sector is led by the Cigna numerous national and international companies located throughout the village. The largest family of companies is Superior Industries which was reported to be continuing to grow and hire new employees. Many companies, including Superior Industries, were noted to have national and international ties with a number of company headquarters in the village.
- In 2011, Retail Trade was the fourth largest employment sector in the village at 12.1%. This brings the top four employment sectors to a distribution of 65.0% of the village's total employment. This shows slightly lower diversity as it is preferred that the top four industries represent less than 60% of the total employment.
 - In 2011, the fourth largest employment sector in the county was Manufacturing at 10.8% which brings the county's top four employment sectors to a distribution of 58.4%, which is preferred as this is less than 60%.
 - Adding the fifth largest employment sector in the village, Accommodation and Food Services with 10.3% of the total distribution, increases the village's total to 75.3%. Preferably the top five industries should be 65% for good diversity.

- In 2011, the fifth largest employment sector in the county was also Accommodation and Food Services at 8.0% which brings the county's top five employment sectors to a distribution of 66.4%, which is slightly higher than the preferred 65%.
- The fourth and fifth largest employment sectors in 2006 in the village were Accommodation and Food Services at 10.9% and Retail Trade at 10.2%. This resulted in a total distribution of 72.3%. Again, it is preferable for the top five industries to be less than 65% for good diversity.
- The fourth and fifth largest employment sectors in 2006 in the county were Manufacturing at 11.5% and Accommodation and Food Services at 7.8%. This resulted in a total distribution of 61.8%. Again, it is preferable for the top five industries to be less than 65% for good diversity.
- In both the village and the county the percentage of employment distribution among the top industries shows that the local economy does have a strong reliance on these industries. Still, there is strength in this market due to the diverse products and markets served by these top industries as well as the stability of the education and health services industries.
- During the past years analyzed, which was during the recent Great Recession period the following results in employment change were noted:
 - In the village, thirteen industries increased their employment (highlighted in Green) and five industries decreased their employment (highlighted in Red). The industries with the largest increases were Transportation and Warehousing and Other Services. These increases in the chart above show some of the potential future economic growth of the overall subject market area. The Real Estate and Construction industries had some of the most notable decreases in employment in the subject market.
 - In the county, ten industries increased their employment (highlighted in Green) and eleven industries decreased their employment (highlighted in Red). The industries with the largest increases were Health and Social Services and Management of Companies. The Agriculture and Construction industries had some of the most notable decreases in employment in the subject market.
 - Again, it should be noted that this data covers a major recession period which could have had a major impact on several industries in the chart above.

UNEMPLOYMENT RATES

The following chart highlights the Unemployment trends in this subject market. This will assist in analyzing the employment health and the availability of labor supply in this market. Unemployment trends in Kankakee County, and the state will be compared. It should be noted that data specific to the Village of Bourbonnais was unavailable at the time of this report.

HISTORICAL UNEMPLOYMENT RATES		
YEAR	KANKAKEE COUNTY	STATE OF ILLINOIS
2014-YTD (June)	10.1%	8.1%
2013-YTD (June)	11.5%	9.5%
2013	11.3%	9.2%
2012	11.2%	8.9%
2011	12.0%	9.7%
2010	13.3%	10.5%
2009	12.0%	10.0%
2008	8.6%	6.4%
2007	6.6%	5.1%
2006	5.9%	4.6%
2005	6.6%	5.8%
2004	7.5%	6.2%

Source: U.S. Bureau of Labor Statistics, city-data.com

- Unemployment Rates in Kankakee County averaged higher than those in the State of Illinois over the past ten years. The average unemployment in the county is 9.3% compared to 7.5% for the state. The rates in the county and the state are higher than 4%-5% which is considered to be the range of maximized employment.
 - The highest rate of unemployment in the county occurred in 2010 at 13.3%, and this was likely due to the national recession. The rate in the state was 10.5% in 2010.
 - The lowest unemployment rate in the county was 5.9% in 2006 while the state rate was 4.6%
- The year to date unemployment through June, 2013 was 11.5% in the county and 9.5% in the state. This compares to the year to date unemployment in the county in 2014 are 10.1% and 8.1% in the state. The county and the state rates are higher than the national unemployment rate of 6.3%.

LABOR SUPPLY AND WAGES

- With the current unemployment figures indicating the general health of the labor market in the area, employment in the Service/Retail sector is not expected to be overly challenged. The current 10.1% unemployment rate is higher than the national rate of 6.3% and while there is a large number of jobs currently available in the service industry, the student population from university should assist in providing an additional employee supply. Additionally, as seen in the Employment by Industry analysis provided earlier in this section, the Retail Trade sector is a slightly lower employment sector in the village compared to the county. For this reason, it is not likely that employment would be a main concern for the proposed hotel.
- With the current supply of available workers, no unusual Wage Pressures were reported in the subject market. With improvement in the present unemployment rate, there could be a potential change in the wage scales of the subject market. This would be true if Service and Retail labor supply became tighter. At this time, no wage pressures were indicated, however, this should be monitored for accuracy and potential change in the future.

TRANSPORTATION

Highway Traffic

- Bourbonnais is on the west side of I-57 which is the main traffic route traveling north and south through the market area. I-57 travels from Chicago, IL where it connects with I-94, south to Miner, MO where it connects with I-55. It should be noted that there is currently a new interchange planned for I-57 on the northern edge of the village. This new interchange is planned to be completed by 2017 and would provide a direct route into the village. This would be unique as the current interchange located to the south of the village requires traffic to travel through Bradley in order to enter Bourbonnais.
- State Highway 45/52 travels north and south through the market area and serves as the main street and main commercial corridor in the village. The proposed subject site is located in the east side of Highway 45/52 across from the main entrance to Olivet Nazarene University.
- State Highway 50 travels north and south along the east side of I-57. The main access to Bourbonnais from I-57 is located where this highway intersects with I-57. This interchange is also the location of the hotels in Bradley.

TRAFFIC COUNTS Bourbonnais, Illinois				
LOCATION	YEAR	COUNT	CHANGE	
On Highway 52 - North of Main Street NW	2013	17,900	2.9%	
	2011	17,400	1.8%	
	2009	17,100	7.5%	
	2007	15,900	-16.8%	
	2005	19,100	--	
	- South of Main Street NW	2013	31,100	4.0%
		2011	29,900	2.0%
		2009	29,300	-5.8%
		2007	31,100	3.0%
		2005	30,200	--
On Main Street NW - West of Highway 52	2013	16,500	6.5%	
	2012	15,500	-0.6%	
	2009	15,600	-8.2%	
	2007	17,000	-1.2%	
	2005	17,200	--	

Source: IL Department of Transportation

- Traffic counts on Highway 52 increased both north and south of Main Street in 2011 and 2013. This demonstrates the strength of this commercial corridor.
- Main Street is located just north of the site and is also the location of a number of commercial and retail outlets. This traffic route saw some decreases from 2007 to 2012, but is now seeing an increase of 6.5% in 2013.
- Overall, the traffic activity in the area surrounding the subject site is very encouraging. The subject site will be located along one of the main traffic routes in the village giving the proposed property excellent visibility and accessibility.

Commercial Air Service

- While the Greater Kankakee Airport is located six miles south of Bourbonnais, the nearest commercial air service is provided by Chicago Midway International Airport located 54-miles north of Bourbonnais. This airport offers service from all major carriers and offers services to all major hub cities as well as service to smaller markets. Additionally, this airport includes international flight services.

LODGING DEMAND

This section of the report is a brief overview of the Lodging Demand identified in this subject market.

The preliminary Market Segmentation identified for the proposed hotel is in the Lodging Demand areas shown in the following chart.

MARKET SEGMENTATION					
	SUBJECT MARKET PROBABLE PERCENT OF MARKET	RANGE	PROPOSED PROPERTY PROBABLE MARKET	MARKET PENET.	RANGE
Individual Travel Markets	75.0%	72.5% 77.5%	70.0%	93.3%	67.5% 72.5%
Corporate/ Commercial	37.5%	35.0% 40.0%	30.0%	80.0%	27.5% 32.5%
Social/ Leisure	37.5%	35.0% 40.0%	35.0%	93.3%	32.5% 37.5%
Group Markets	25.0%	22.5% 27.5%	30.0%	120.0%	27.5% 32.5%
Business Related	5.0%	2.5% 7.5%	7.5%	150.0%	5.0% 10%
Social/ Leisure Related	20.0%	17.5% 22.5%	22.5%	112.5%	20.5% 25.5%
TOTAL	100.0%		100.0%		
<i>Source: HMI</i>					

- At this time, the proposed hotel is expected to have a different market segmentation from the Overall subject market. This is largely due to the proposed meeting and banquet space at the proposed hotel which will cause it to focus more heavily on the group markets. It should also be noted that while this proposed hotel will likely serve some of the same types of market segments, it will have an advantage as the newest hotel and the only hotel in the heart of the Village of Bourbonnais, allowing it to serve the demand generated specifically in Bourbonnais.
 - The Social/Leisure Lodging Demand in Bourbonnais consists mainly of visiting family and friends as well as visitors to the university. The area sites and events, as well as youth sports in the subject market area, also generate this demand. There is the potential for additional Lodging Demand to be generated from the tourism market and the youth sports market if a newer, higher quality hotel were added to the village.
 - The Individual Corporate/Commercial Lodging Demand in the market area will be generated mainly by its Manufacturing, Retail, Educational, and Healthcare industries.

- The Individual Social/Leisure market segment is projected to generate 35% of the Lodging Demand, with the Group Social/Leisure segment contributing an additional 22.5% mainly from weddings, family reunions, and other family gatherings.
- The Individual Corporate/Commercial segment is projected to generate 30% of the overall Lodging Demand. The Group Corporate/Commercial segment would add an estimated 7.5% to this demand segment. The proposed hotel may encourage more Corporate/Commercial Lodging Demand from visitors to companies and industries in Bourbonnais as this property will offer a new high quality facility in a market with fairly old hotels. At this time, it was reported that most Corporate/Commercial guests stay in the hotels near the interstate in Bradley. It was also noted that meeting space offered at these hotels is older and in need of many updates and higher quality food and beverage services. Adding a new hotel to Bourbonnais will help to bring these room nights into the village and out of Bradley.
- These Market Segmentation characteristics are explained briefly in the section below.

MARKET SEGMENTATION PROFILES

To further define the Market Segmentation of the area, profiles for each Market Segment were defined. The following outline provides a Market Segmentation Profile that corresponds with the proposed hotel's projected Market Segmentation. The rating of each segment in the chart below is an indication of how likely this category is to generate Lodging Demand, but is not an indication of the volume of Lodging Demand that may be generated. The volume of Lodging Demand could be further evaluated with a customized Lodging Demand Analysis.

MARKET SEGMENTATION PROFILES		
	Demand Potential	
	Transient = T Extended = E Group = G	Subject Property Potential
Social/Leisure Markets		
Visiting Friends & Relatives	T, E	Excellent
Bourbonnais Area Sites & General Tourism	T, G	Good
Chicago Bears Summer Training Camp	T, G	Excellent
Area Events and Festivals	T, G	Excellent
Area Recreation	T, G	Very Good
Olivet Nazarene University	T, G	Excellent
Visiting Family and Friends	T	Excellent
Special Events (ie. Move-In Weekend, Homecoming, Graduation, etc.)	T	Excellent
Sporting Events	T, G	Excellent
Retreats	T, G	Very Good
Distressed, Social Interim Housing & Relocation	T, E	Very Good
Transient Traffic	T	Good
Weddings	G	Excellent
Reunions	G	Excellent
Funerals	G	Excellent
Other	G	Excellent
Motorcoach Tours	G	Fair
Amateur and Youth Sports	G	Excellent
	Potential	Excellent
Corporate/Commercial Markets		
Agriculture	T	Very Good
Manufacturing	T, E, G	Excellent
Retail/Commercial	T	Excellent
Professional Services	T	Excellent
Government/Military	T	Good
Health Care	T, E, G	Excellent
Distribution	T	Good
Utilities	T, G, E	Good
Construction	T, G, E	Very Good
Real Estate	T, E	Very Good
Olivet Nazarene University	T, G	Excellent
Prospective Students and Families	T	Excellent
Vendors, Suppliers, and Technicians	T	Excellent
Visiting Professors and Speakers	T, E	Excellent
Board Members and Donors	T, G	Excellent
Riverside Hospital	T, E, G	Excellent
Visiting Doctors and Speakers	T, E	Excellent
Human Resources	T, E	Excellent
Visiting Patients and Families	T, E	Very Good
Chicago Bears Summer Training Camp	T, G	Excellent
Vendors & Suppliers to Local Market	T	Very Good
Transient Traffic	T, G	Good
Meetings and Seminars	G	Excellent
Corporate	G	Excellent
Association	G	Very Good
Government/Military	G	Good
Inventory and Auditing Companies	G, E	Very Good
	Potential	Very Good
	Overall Potential	Excellent
<i>Source: HMI</i>		

- The Market Segmentation presented earlier in this report is supported by the Market Segmentation Profiles listed above. The Social/Leisure Market Segment has a rating of Excellent, while the Corporate/Commercial Market Segment ranks high in the Very Good rating in the chart above. This shows the similar strength of both of these market segments. Additionally, it appears that both market segments offer a high level of diversity of demand generators.
- Based on a five point scale with 1 being Fair and 5 being Excellent, the Social/Leisure Market's estimated rating is 4.2 with Excellent running from 4 to 5.
- The Corporate/Commercial Market's estimated rating is also at 3.98 with Very Good running from 3.0 to 3.99. This rating is on the very high side of the Very Good rating.
- Overall, the Market Segmentation Profile has an Excellent rating. This is rated at an estimated 4.08.
- Lodging Demand in the above chart indicates that there is diversification in the subject market and this diversification appears to be spread throughout all market segments.
- It should be noted that there is the potential for additional Lodging Demand to be added to this market and this potential will be discussed later in this section of the report.

Social/Leisure Lodging Demand Highlights

This section highlights the main characteristics of the Social/Leisure Market in the Bourbonnais market.

- Social/Leisure Lodging Demand has ratings ranging from Excellent to Good with only one Fair rating. This Lodging Demand is produced by the following sources:
- At this time, one of the highest Lodging Demand generators predicted for this market segment is the five week period when the Chicago Bears football team hosts their summer training camp on the Olivet Nazarene University campus in July and August. The practices are held outdoors and attract thousands of spectators to the area. The proposed hotel would be in a prime location to serve these guests as it would be located across the campus from the practice area.

- Another area of lodging demand strength would be the continuous activities occurring on the Olivet Nazarene University campus. With approximately 4,600 undergraduate students living on campus and numerous masters and doctorate students living in the surrounding area, it is very likely that visiting family and friends will come into the area. Graduation, Homecoming, and move-in weekends are times when lodging could be in high demand in the regional area. The university is an NAIA Division II school, so sporting events will also require lodging as needed.
- Numerous retreats and seminars held on campus were also mentioned. It is likely that some of these events will house their guests in the on campus housing, while other events may require overnight rooms. Additionally, there are large concerts held on the campus showcasing national acts which reportedly draw thousands of attendees to the area.
- Visiting Friends and Families will be a strong lodging demand generator. The proposed hotel will have a competitive advantage in serving this demand as it will be the only hotel in the heart of Bourbonnais and it will be the newest hotel among slightly older properties in the market area.
- A variety of Festivals and Events are held in Bourbonnais and the surrounding Kankakee County area. The largest festival is the Friendship Festival held in June which reportedly attracts 50,000 to 80,000 people over five days. Being the only hotel in the immediate Bourbonnais market will give the proposed hotel a competitive advantage when attracting these guests
- The Tourism and Area Sites and Attractions segment has the potential to see growth if a new hotel was added to the village. There are a variety of small sites and attractions in the village and a new hotel located in the heart of the village would assist in capturing this demand. These smaller sites and attractions serve as valuable support demand to guests who are in the village for other events or purposes. Perry Farm was mentioned as a main attraction in the village. It offers a small hobby farm and petting farm, a children's exploration center, a playground and hiking trails. Additionally, events and exhibits are offered on a regular basis and a farm festival is held annually. Legends Sportsplex offers mini-golf, paintball, and go-karting on the north side of the village.
- Bourbonnais has a number of parks with hiking and biking trails, sports facilities, and access to the Kankakee River for fishing, kayaking and boating. Kankakee State Park is located approximately seven miles from the village. Hunting and bird watching areas are also available.

- Due to the residential population in the village and surrounding area, there is the potential for the proposed hotel to gain some Lodging Demand from the Distressed, Social Interim Housing & Relocation market segment. Being the newest and highest quality hotel in the village will give the proposed hotel a competitive edge in this market.
- There is some potential for the proposed hotel to gain Social/Leisure Lodging Demand from traffic passing through the area. However, being removed from the interstate will limit this demand source.
- The Wedding, Reunion and Funeral markets were reported to have strong Lodging Demand. However, there is limited meeting and banquet space available in the village. Meeting space is available at some of the hotels located near I-57, however these were reported to be older and in need of slightly higher food quality. Additionally, it was reported that there is very limited meeting and banquet space available on the university campus. In order to serve these market segments and gain a competitive advantage in this market, it is recommended that the potential hotel provide meeting and banquet space. The details of this amenity will be explained in more detail later in this report.
- The Youth Sports market was mentioned as a Lodging Demand generator mainly because of the Legends Sportsplex located on the north side of the village. This facility provides numerous outdoor baseball and softball fields, soccer fields, and outdoor batting cages. There are also indoor batting cages, soccer turf, and a large number of basketball and volleyball courts. This facility also offers a wide variety of leagues and clinics for children and adults. The Legends is a popular location for large regional and national tournaments as well as a number of sports camps and high level training. It was noted that the village could host larger, multi-day events if a hotel was added to the heart of the village in closer proximity to the sports fields. The proposed hotel would be the closest hotel to this sports facility and the addition of meeting space would assist in attracting this demand as it would offer teams space for meetings and dining.
- Additionally, as mentioned earlier in this section, Legends offers outdoor recreation such as mini-golf, paintball and go-karting.
 - As previously mentioned, Olivet Nazarene University is an NAIA Division II athletic program which draws spectators, visiting teams, and alumni to the subject market area. Being the newest hotel in the village and being located immediately outside the main entrance to the campus would provide a competitive advantage for this hotel to capture this demand.

- It should be noted that the motor coach market received a Fair rating due to the current lack of a high quality hotel in the village and the lack of suitable meeting space for these groups. There is the potential for this lodging demand segment to grow if a new hotel with meeting space was developed in the village.

Corporate/Commercial Lodging Demand Highlights

This section highlights the main characteristics of the Corporate/Commercial market in the Bourbonnais area.

- Corporate/Commercial Lodging Demand is ranked very similarly to the Social/Leisure Lodging Demand and has strong diversification in Bourbonnais and the surrounding area.
- This market segment has ratings ranging from Excellent to Good with no segments receiving a Fair rating. These are represented by the following Lodging Demand sources:
- Manufacturing
 - The Manufacturing market segment is located throughout Kankakee County with a significant amount of manufacturing companies in Bradley which is in close proximity to the subject site. Many of these companies have national and international ties with a number of headquarters located in the market area. It was reported that the overall economy in the area remained very stable throughout the recent national recession due to the diversity and nature of the companies in this market. The leading employers in the county are listed in the following chart:

MAJOR EMPLOYERS Kankakee County, IL		
COMPANY	SERVICE OR PRODUCT	EMPLOYEES
Riverside Medical Center	Hospital	2100
Shapiro Developmental Center	State Mental Health Facility	1240
Provena St. Mary's Hospital	Hospital	800
Cigna Healthcare	Healthcare	778
Baker and Taylor	Book Distributor	736
CSL Behring L.L.C.	Pharmaceuticals	575
Kankakee Community College	Education	551
Peddinghaus Corporation	Steel Fabrication	400
Sears Logistics Services, Inc.	Distribution	393
Van Drunen Farms	Freeze Dried Foods	370

Source: Kankakee County Economic Development

- The list below highlights the major employers specifically in Bourbonnais. The proposed hotel would have a strong competitive advantage being situated in the heart of Bourbonnais. It would be the most centrally located hotel serving the village companies.

MAJOR EMPLOYERS Village of Bourbonnais
COMPANY
Cigna
Riverside
Olivet
Provena
Nucor Steel
Alabama Steel
<i>Source: Village of Bourbonnais</i>

- There is the strong potential for area companies to regularly draw suppliers, customers, sales teams, technicians, and administrators to the subject market for an overnight stay. The potential for this demand is strengthened by the national and international ties these companies maintain. This also results in the strong potential for some extended stay visitors to come to this market. Being the newest hotel in the village and the most centrally located property should provide a competitive advantage for the proposed hotel.
- There is also the potential for this demand to increase in the near future when the new I-57 interchange is constructed on the north side of the village in 2017. Much of the land on the north side of the village is currently vacant and zoned Industrial and Commercial with plans to draw companies offering 200-300 jobs each. The potential new businesses developed on this land would assist in increasing Corporate/Commercial demand.
- Currently, visitors of area companies were reported to stay at the hotels around the interchange of I-57 and Highway 50. However, it was reported that some of these hotels are older and are they are removed from the central village area.

- Education
 - Lodging demand from the education market will likely be the strongest demand generator for the proposed hotel due mainly to the subject site being located directly across from the main entrance of Olivet Nazarene University. This university has the potential to generate demand from prospective students and their families as they come to visit the school.
 - Students who apply to the university frequently make several visits to the campus as they decide and go through orientation. Due to the national and international draw of this university, it is likely that many of the prospective families will require an overnight stay. It was reported that university visitors and the admission office would prefer a higher quality hotel in close proximity to the university as it would play a large role in marketing the university and creating a favorable experience for prospective students and their families.
 - As an industry standard, approximately four accepted prospective student applications are required to obtain one enrolled student at a university or college. This does not include those who visit but do not apply. Applying this standard to Olivet Nazarene University with an approximate freshman class of 1,150 students, there is the potential for 4,600 potential students to apply. The typical applicant makes at least 2-3 campus visits before applying. This equals 9,200 to 13,800 visits which average approximately 1.5 nights for a total of 13,800 to 20,700 potential room nights per year. Any students applying from the local area could lessen this number slightly however this university was reported to have a strong national and international draw. Additionally, once students have applied and enrolled, Orientation Weekends, Move-in/out periods, parent weekends, graduation, and homecoming events generate a significant amount of lodging demand.
 - Due to the religious affiliation of the university, there is the potential for demand to be generated by visiting speakers, religious leaders and officials. Additionally, there is the potential for board members, donors, vendors, and suppliers to visit the campus. Again, it was reported that there was a need for a hotel in close proximity to the university with a food and beverage amenity to service these high status guests.

- Agriculture
 - The agriculture industry is present throughout the area surrounding the village. This area focuses on producing corn, soy, and wheat as well as some focus on the seed industry. Agriculture related business including insurance, seed and feed dealers, service technicians and implement dealers could bring some lodging demand to the area. Being slightly removed from the main traffic route of I-57 may limit this demand slightly.

- Healthcare
 - Currently, Riverside Hospital Bourbonnais is located on the north side of the village and is one of the largest employers in this market with a location in Kankakee as well. This is a full-service hospital offering a cancer center and an Alzheimer's center on site. There is also an extensive plan in place for a new Provena St. Mary's Hospital to be added to the village near the new I-57 interchange. This strong medical presence in the village offers the potential for lodging demand to be generated by visiting physicians, speakers, donors, board members, technicians, vendors, and suppliers.

- Professional Services
 - In addition to the manufacturing industry in the market area, there is also the presence of corporate professional jobs in the village. The large Cigna Healthcare facility (health insurance) is one of the leading employers in the village. There are numerous other corporate offices in the village and this industry segment has the potential to draw clients, vendors, board members, and auditors to the market for an overnight stay.

- Construction
 - The construction of the new I-57 interchange on the north side of the village will have the potential to generate some lodging demand from the construction industry. There is some potential for the proposed hotel to draw some of this demand, however, this may be slightly limited by the recommended select-service, higher quality style of the proposed hotel. It is likely that any lodging demand generated by this industry would utilize the hotels located near Bradley at the I-57 and Highway 50 interchange.

- While there is the potential for the Bourbonnais market to draw some demand from transient traffic in the area, this will be slightly limited since the subject site is slightly removed from I-57 and lacks any visibility from this major traffic route.

- The Group Corporate/Commercial market segment will have the potential to generate Lodging Demand because of the industry in the subject market. The Manufacturing, Education, and Professional industries will have the potential to attract meetings, seminars, training, and administrative groups to the subject market. Adding a new, centrally located hotel with meeting and banquet space in Bourbonnais could potentially generate Lodging Demand since some companies may not currently hold group events because of the lack of a quality hotel and meeting space in the village.
- Additionally, the vendors and event set-up crews for Corporate/Commercial and Social/Leisure events have the potential to generate lodging demand. Event-related personnel could potentially require room nights before and after events for set-up and removal of stages, booths, and equipment.
- It was reported that there is the potential for the village to attract government meetings due to its central location within the state and its close proximity to the Chicago area. Currently this demand is limited by the lack of a new, high quality hotel with meeting and banquet space in the village. If the proposed hotel were added to the village, there would be the potential for the village to be marketed to this segment.
- Lastly, due to the number of large companies and big box retailers in the village, there is a high potential for inventory and auditing teams to come to the area. These teams generally consist of more than 3 people and typically require more than a 3-night stay. These teams may come into the area to service the manufacturing, financial, retail, and warehousing companies in the village.

LODGING DEMAND POTENTIAL INDEX

The Lodging Demand Potential for the proposed hotel was also analyzed. This analysis relates Lodging Demand Potential to the Market Segmentation previously projected for the proposed hotel and this area's industry distribution. This is a rating based on a scale of 0 to 5, with 5 indicating excellent Lodging Demand Potential and 2.5 indicating average Lodging Demand Potential. The following section explains the results of this preliminary Lodging Demand Potential Index analysis. Again, the rating in each segment is an indication of how likely this category is to generate Lodging Demand, but is not an indication of the volume of demand that may be generated. The volume of Lodging Demand could be further evaluated with a customized Lodging Demand Analysis.

LODGING DEMAND POTENTIAL INDEX		
MARKET SEGMENTATION	PERCENT OF MARKET	LODGING DEMAND POTENTIAL INDEX
Individual Travel Markets		
- Corporate/Commercial Markets	30.0%	3.5
- Social/Leisure Markets	35.0%	3.0
Group Markets		
- Business Related	7.5%	2.6
- Social Leisure Related	22.5%	2.8
TOTAL	95.0%	2.9
INDUSTRY DISTRIBUTION	PERCENT OF MARKET	LODGING DEMAND POTENTIAL INDEX
Agriculture, Forestry, Fishing & Hunting	0.0%	0.0
Mining, Quarrying, & Oil and Gas Extraction	0.0%	0.0
Utilities	0.0%	0.0
Construction	0.9%	1.0
Manufacturing	4.3%	3.5
Wholesale Trade	3.1%	3.0
Retail Trade	12.1%	3.5
Transportation and Warehousing	2.8%	1.0
Information	0.8%	1.0
Finance and Insurance	15.7%	4.0
Real Estate, Rental & Leasing	0.4%	1.0
Services	59.8%	
- Professional, Scientific & Technical Services	1.4%	1.0
- Management of Companies and Enterprises	0.1%	0.0
- Administrative and Support and Waste Management and Remediation Services	5.2%	2.5
- Educational Services	16.3%	4.0
- Health and Social Assistance	20.9%	4.0
- Arts, Entertainment & Recreation	1.8%	1.0
- Accommodation & Food Services	10.3%	4.0
- Other Services	2.6%	2.0
- Public Administration	1.2%	1.0
Total:	100.0%	3.5
<i>Source: HMI, Inc.</i>		

- Based upon the research performed, the subject market demonstrated the potential for above average Lodging Demand. The above average rating was estimated at 2.9, yielding 116% to the average.
 - The strength of this subject market is in the Individual Corporate/Commercial segment. This segment was estimated to yield 140% to average with an estimated 3.5 rating.
 - The Individual Social/Leisure segment was rated at 3.0 for a 120% yield to average.
 - The Group Corporate/Commercial and Social/Leisure market segments were also estimated to have slightly above average ratings of 2.6 in the Corporate/Commercial and 2.8 in the Social/Leisure with the Lodging Demand Potential of 104.0% and 112.0% yield to the average, respectively.
 - It is encouraging that the Individual segments are estimated to be average or above average in Lodging Demand Potential. While the Group segments have a slightly lower rating, there is the strong potential for these market segments to be strengthened by adding a new, higher quality hotel to the village. It was reported that these segments have been limited in growth due to the older age and lower quality of the current hotels. This has forced much of this demand to leave the subject market.
 - These estimated ratings support the Market Segmentation and the Market Segmentation Profiles previously presented in this market study.

SEASONALITY OF LODGING DEMAND

Seasonality of Lodging Demand was reviewed for the subject market. This analysis shows the market's potential to attract Lodging Demand during various seasons. It will help to determine the proposed hotel's strengths and weaknesses during its operational year.

In order to research the seasonality and historical performance trends of the subject market area, a Competitive Set of hotels was established. The Competitive Set for this report consists of eight hotels in the Bourbonnais/Bradley area, Manteno, and Kankakee. A listing of these properties is shown below.

Hilton Garden Inn Kankakee	Kankakee, IL
Hampton Inn Bradley Kankakee	Bourbonnais, IL
Holiday Inn Express & Suites Bourbonnais Kankakee Bra	Bourbonnais, IL
Fairfield Inn Kankakee Bourbonnais	Bourbonnais, IL
Comfort Inn Bourbonnais	Bourbonnais, IL
Super 8 Bourbonnais Kankakee Area	Bourbonnais, IL
Quality Inn Bradley	Bradley, IL
Country Inn & Suites Manteno	Manteno, IL

Source: Smith Travel Research

These hotels were selected because they were reportedly the hotels most frequently used by visitors to Bourbonnais. Additionally, the majority of the hotels listed above are similar in style with some properties offering food and beverage service, meeting space and suite style rooms. Additionally, most of the hotels in this Competitive Set are in the mid-priced category. These hotels will provide the best service to the overall demand characteristics in the region. It should be noted that while the chart above shows that there are a number of hotels in Bourbonnais, these properties are all located in Bradley while maintaining a Bourbonnais mailing address. The hotels included in the Competitive Set will be explained in detail in the Lodging Supply section of this report.

The following chart shows the Seasonality of the subject market's Lodging Demand, ADR, and Revenue potential. It also reflects Seasonality in the surrounding regional market areas.

SEASONALITY OF LODGING DEMAND			
Deviation From Average Monthly Demand			
MONTH	DEMAND	ADR	REVPAR
January	78.2%	93.9%	72.1%
February	81.2%	96.0%	84.8%
March	98.7%	97.6%	94.5%
April	96.5%	99.0%	96.9%
May	106.5%	103.0%	107.7%
June	116.2%	107.4%	126.7%
July	118.2%	104.6%	121.4%
August	120.1%	102.6%	120.9%
September	111.7%	102.7%	116.3%
October	112.2%	101.2%	111.4%
November	91.7%	99.4%	92.5%
December	78.8%	95.1%	73.6%
<i>ITALICS = RevPAR Exceeds at Least One Factor</i>			
BOLD = RevPAR Exceeds Both Factors			
<i>Source: Smith Travel Research and HMI</i>			

In analyzing the Seasonality of Lodging Demand in this subject market, it appears that the subject market follows the seasonal demand pattern of the region. The strongest Lodging Demand occurs in the summer months with additional strong demand occurring in late spring and early fall. The winter months have typically lower demand in this region.

- The subject market performs above average in demand from May through October. Five months with above average demand indicates a good seasonal demand pattern for this market with six months of the year above average in Lodging Demand.
- The six-month period from May through October has the highest Lodging Demand and generates 57.1% of the annual Lodging Demand, which is slightly above average.
- The strongest months are August and July with 10.0% and 9.9% of the annual Lodging Demand, respectively. This is followed by June with 9.7% of the annual Lodging Demand.

- The period from June through August is the strongest quarter of the year with 29.5% of the annual Lodging Demand, which is slightly above average.
- The weakest months are January with 6.5% and December with 6.6%. December to February is the weakest quarter of the year with 19.9% of the annual Lodging Demand, which is slightly below average.
- Revenue is maximized five months of the year from May through September with above average Lodging Demand. There is the potential for additional revenue maximization from May through October when the gap is more than 5 percentage points. This indicates that ADR is conservative and Lodging Demand is strong. Overall it appears this subject market maintains a strong rate structure throughout the year and increases rates relative to the increases in demand.
- ADR is fairly high in January, February, November and December when Lodging Demand is lowest. However, it should be noted that lower rates do not always generate additional Lodging Demand or Revenue.
- Throughout the year, it appears the subject market holds rates relatively steady with little fluctuation when lodging demand is rising or falling. During the year, there is more of a swing in Lodging Demand than in ADR. Lodging Demand fluctuates 41.9 percentage points while ADR fluctuates only 13.5 percentage points. This fluctuation in ADR is considerably lower than that of the overall industry. While this indicates that a higher rate structure is maintained during the slower demand periods, it also indicates that there may be the potential to increase rates during higher demand periods.
- On a three-year average, Weekends generate higher Occupancies than Weekdays. Weekdays are averaging about 60.0% Occupancy while Weekends are averaging about 62.0%. The chart below shows the weekly pattern of three-year average Occupancy rates for the Competitive Set.

Three Year Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Jul 11 - Jun 12	32.2	49.9	58.5	57.7	52.0	56.8	61.3	52.7
Jul 12 - Jun 13	36.3	58.8	64.9	65.5	58.4	61.0	64.8	58.5
Jul 13 - Jun 14	39.1	60.4	66.9	66.5	60.1	63.8	64.6	60.2
Total 3 Yr	35.9	56.4	63.4	63.2	56.8	60.5	63.5	57.1

Source: Smith Travel Research

- ADR is slightly higher on Weekends with a three-year average ADR of \$76.40, while the three-year average ADR on Weekends is \$83.80. The chart below shows the three-year average weekly pattern in ADR for the Competitive Set.

Three Year ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Jul 11 - Jun 12	72.03	72.86	73.83	73.18	72.49	78.37	82.20	75.37
Jul 12 - Jun 13	75.32	75.69	76.26	76.10	75.55	82.05	85.04	78.21
Jul 13 - Jun 14	79.22	79.55	80.39	79.94	79.25	85.55	89.34	82.07
Total 3 Yr	75.74	76.25	76.96	76.55	75.91	82.10	85.56	78.69

Source: Smith Travel Research

- The following charts show the Seasonality of Lodging Demand and ADR.

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Jul - 13	50.7	66.8	72.1	73.3	68.1	79.3	86.4	70.9
Aug - 13	48.0	77.4	77.3	75.2	70.1	73.1	81.8	72.2
Sep - 13	56.9	72.7	80.8	77.7	70.8	79.2	82.1	73.7
Oct - 13	35.4	57.6	68.9	69.7	59.1	72.7	77.3	63.2
Nov - 13	32.0	55.3	58.8	58.1	55.4	57.3	54.2	53.2
Dec - 13	26.5	41.3	48.0	48.8	44.3	40.7	38.3	40.9
Jan - 14	33.5	47.0	53.3	48.6	42.3	40.1	36.8	43.1
Feb - 14	28.2	59.1	64.9	61.6	59.8	61.6	46.6	54.5
Mar - 14	36.6	64.1	72.2	74.1	62.0	56.6	52.0	58.8
Apr - 14	33.8	59.7	66.5	64.8	58.2	59.2	66.4	58.9
May - 14	43.6	55.4	66.7	70.9	61.1	69.0	68.9	62.6
Jun - 14	42.0	66.4	76.3	77.6	72.2	80.1	84.5	70.1
Total Year	39.1	60.4	66.9	66.5	60.1	63.8	64.6	60.2

Source: Smith Travel Research

ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Jul - 13	80.36	77.93	79.42	80.47	80.87	84.92	92.46	82.48
Aug - 13	78.41	79.55	80.19	80.33	78.43	84.01	87.67	81.68
Sep - 13	81.44	80.02	83.13	81.97	80.87	86.13	90.36	83.45
Oct - 13	77.60	80.00	80.12	79.44	78.43	82.84	86.91	81.02
Nov - 13	82.56	80.20	79.89	81.84	83.21	85.99	88.64	83.47
Dec - 13	73.81	77.90	78.83	76.14	74.10	75.87	78.23	76.63
Jan - 14	78.02	76.24	77.64	77.21	76.22	77.96	81.50	77.65
Feb - 14	75.48	75.74	77.45	75.43	75.29	82.39	85.25	78.12
Mar - 14	79.27	77.57	79.37	77.77	76.40	82.09	85.44	79.59
Apr - 14	74.99	78.74	78.61	77.99	80.09	88.30	91.66	81.69
May - 14	82.71	84.56	80.81	83.16	80.54	91.76	93.05	85.83
Jun - 14	80.88	84.70	87.77	85.33	83.96	95.25	98.12	88.52
Total Year	79.22	79.55	80.39	79.94	79.25	85.55	89.34	82.07

Source: Smith Travel Research

RATE SENSITIVITY

Similar to the Lodging Demand Potential Index, a preliminary *Rate Sensitivity* analysis was performed. This ranks the Market Segmentation planned for the proposed hotel and the anticipated Rate Sensitivity within the Market Segments. It utilizes a 5-point scale, with 5 indicating extreme sensitivity and 2.5 indicating average sensitivity. The following chart shows the results of this analysis.

RATE SENSITIVITY FACTOR		
Market Segmentation	% of Market	Rate Sensitivity Factor
Individual Travel Markets		
- Corporate/Commercial	30.0%	3.2
- Social/Leisure	35.0%	3.1
Group Markets		
- Business Related	7.5%	3.2
- Social/Leisure Related	22.5%	3.1
TOTAL	95.0%	3.0
<i>Source: HMI</i>		

- The overall preliminary Rate Sensitivity will be 3.0 yielding 120.0% to the average in this subject market. This above average Rate Sensitivity is present in all market segments.
- This above average rate sensitivity is generated by the market averaging an ADR of \$82.43 while advertising a rate of \$100.88.
- As previously identified in the ADR analysis of the subject market, the Corporate/ Commercial market segment's ADR (Weekdays) is slightly lower than the Social/Leisure market segment's (Weekends) ADR indicating slightly higher rate sensitivity.
- The three year average ADR of \$76.40 in the market on weekdays is lower than the weekend ADR of \$83.80.

- Typically, Social/Leisure market segments are more Rate Sensitive than Corporate/Commercial market segments. Discounting and packaging are common practices in attracting the Social/Leisure market segment. In the subject market, the Social/Leisure segment may be offering packages and weekend discounts. The discounts offered to the Corporate/Commercial segment appear to be slightly greater since Weekday ADR averages are 91.2% of the Weekend ADR averages. This indicates that there is likely considerable competition for Corporate/Commercial business in this market.
 - The Social/Leisure market segments, both Individual and Group, will generate Rate Sensitivity yielding 124.0% to average. The Individual and Group Social/Leisure market segments will each have a rating of 3.1.
 - The Corporate/Commercial market segment, both Individual and Group, will generate Rate Sensitivity yielding 128.0% to average. The Individual and Group Corporate/Commercial market segments will each have a rating of 3.2.
 - Despite the higher rate sensitivity in the Corporate/Commercial market segments, the consistent ADR level indicated in the seasonality analysis presented earlier in this report is encouraging. There is also the strong potential that the older nature of the current lodging supply and the lack of a high quality meeting facility may be contributing to this sensitivity. A newer, high quality hotel with full-service food and beverage offerings could potentially drive a stronger rate structure.

FEEDER MARKETS

- Corporate/Commercial and Social/Leisure *Feeder Markets* will differ in content for the proposed hotel. The primary regional Feeder Market identified for the subject market will be the State of Illinois and the eastern edge of Indiana as well as southern Wisconsin. The secondary regional Feeder Market will be the entire United States as well as some international markets.
- In general, the Feeder Markets for Corporate/Commercial demand will be regional, national, and international because of Bourbonnais's focus on manufacturing, agriculture, education and healthcare. These industries have national and international ties. Vendors, suppliers, technicians, corporate offices, and clients will dictate the Feeder Market sources.
- Social/Leisure Market Lodging Demand will be determined mostly by the cities where friends and relatives of students of the university reside. While some of this demand will be generated by the primary regional market area of Illinois, there will also be a large segment from the United States overall. Olivet Nazarene University will be a market segment drawing visitors from the United States as well as from some international markets due to the hometowns of the student body. It should be noted that the Chicago Bears Summer Training Camp will also have the potential to draw demand from national and international feeder markets.

UNACCOMMODATED LODGING DEMAND

- *Unaccommodated Lodging Demand* is described as Lodging Demand that prefers to stay in the subject market area but currently uses hotels in other locations. At the time of this report, this is occurring in Bourbonnais on a regular basis as visitors there are technically no hotels CONFUSING? located within the Village of Bourbonnais. There are a number of hotels with a Bourbonnais mailing address but they are actually located within the city limits of Bradley. While this is not a great distance from the subject site, it has been reported that Bourbonnais visitors were disappointed when they realized their hotel was removed from the heart of Bourbonnais. Additionally, this type of unaccommodated lodging demand is very prevalent among visitors to the university who are currently staying in the Bradley hotels but would very much prefer a hotel within walking distance of the campus.
- It should also be noted that the meeting space available at the area hotels was reported to be older and lacking in high quality, full-service food and beverage options. This then requires village groups to hold their large events in other market areas.

Primary Unaccommodated Lodging Demand

The following chart highlights the Unaccommodated Lodging Demand in the subject market within the same Competitive Hotel Set used earlier in this report.

Occupancy (%)								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Jul - 13	50.7	66.8	72.1	73.3	68.1	79.3	86.4	70.9
Aug - 13	48.0	77.4	77.3	75.2	70.1	73.1	81.8	72.2
Sep - 13	56.9	72.7	80.8	77.7	70.8	79.2	82.1	73.7
Oct - 13	35.4	57.6	68.9	69.7	59.1	72.7	77.3	63.2
Nov - 13	32.0	55.3	58.8	58.1	55.4	57.3	54.2	53.2
Dec - 13	26.5	41.3	48.0	48.8	44.3	40.7	38.3	40.9
Jan - 14	33.5	47.0	53.3	48.6	42.3	40.1	36.8	43.1
Feb - 14	28.2	59.1	64.9	61.6	59.8	61.6	46.6	54.5
Mar - 14	36.6	64.1	72.2	74.1	62.0	56.6	52.0	58.8
Apr - 14	33.8	59.7	66.5	64.8	58.2	59.2	66.4	58.9
May - 14	43.6	55.4	66.7	70.9	61.1	69.0	68.9	62.6
Jun - 14	42.0	66.4	76.3	77.6	72.2	80.1	84.5	70.1
Total Year	39.1	60.4	66.9	66.5	60.1	63.8	64.6	60.2

Source: Smith Travel Research

- In this Seasonal Analysis of Lodging Demand, there was an average of 110.5 nights when Occupancy was above 70%. These nights are shaded in Yellow and Blue in the chart above. 70% is the Occupancy rate at which newer and better hotels are typically at capacity. These 110.5 nights account for 30.3% of the year. As the majority of the hotels in this Competitive Set are located in close proximity from the subject site, there is a strong potential for the proposed hotel to receive some of this Unaccommodated Lodging Demand. This would draw some demand away from the hotels in the Competitive Set.
- It should be noted that of the 110.5 nights when Occupancy was above 70%, there were 25.5 nights per year when Occupancies averaged above 80%. These nights are shaded in Yellow in the chart above. At this stage, the Competitive Set hotels maximize Occupancy and potentially displace Lodging Demand to other areas. At these high levels of Occupancy, there is a stronger potential for the Bourbonnais market to receive some of this demand if a new hotel was developed in the village.
- With the recent United States economic recession, Occupancies dropped from historic levels. In conducting this analysis, 17 nights were identified as having 67.5% to 70% Occupancy. These nights are shaded in Green in the chart above. With the improvement of the overall economy, these nights should approach, if not exceed, the 70% level in the near future. With these additional nights, there would be a total of 127.5 nights or 34.9% of the annual nights that could potentially have higher than 70% Occupancy.

- The majority of these nights occur Tuesday through Saturday from May to October.
- Marketing the proposed hotel throughout the region is strongly recommended since guests in this subject market area will likely be in need of lodging during these higher Occupancy periods. Also, the subject site is slightly removed from the main interstate traffic routes in the region and will require directional signage and marketing to bring guests to the proposed hotel.

Secondary Unaccommodated Lodging Demand

- The secondary definition of Unaccommodated Lodging Demand is Lodging Demand that is currently staying in the existing market area but preferring hotel accommodations in other hotel markets. There is the potential for this to be occurring in the Bourbonnais/Bradley market since it serves as one of the main commercial and retail hubs in the overall market area. Additionally, this market area offers the largest cluster of hotels within this region.

LODGING SUPPLY

This section of the report describes in more detail the Competitive Hotel Set used in the previous Lodging Demand section. There is an emphasis on how the competitive Lodging Supply will affect the proposed hotel, particularly for hotel room usage.

- Currently there is no nationally branded hotel in the Village of Bourbonnais. It should be noted that there are a number of hotels with a Bourbonnais mailing address, however these properties are actually located within the Village of Bradley. These properties immediately surround the interchange of I-57 and Highway 50 which is removed from the heart of the Village of Bourbonnais. This was reported to be an issue for visitors to Bourbonnais as they prefer a hotel located within the village and located in close proximity to the major lodging demand generators in the village as well as the Bourbonnais support services.
- The hotels nearest to the subject site include a Super 8, Quality Inn, Holiday Inn Express and Suites, Hampton Inn, Fairfield Inn and a Comfort Inn. These hotels were reported to be in relatively good condition despite the older age of some of the properties. Still, a newer, select-service style hotel was reported to be needed to serve this market area.
- Outside the Bourbonnais/Bradley area, there is a Hilton Garden Inn located in Kankakee approximately 6 miles south of the site and a Country Inn and Suites in Manteno, approximately 9.5 miles north of the subject site. Once the new interchange is developed on the north side of the village, there is the potential for the Manteno hotel to offer slightly more competition because the interchange will offer a more direct route between the north side of Bourbonnais and the Manteno area.
- There are also several independently owned, older hotels in the market area. These were not reported to be heavily used by this market's leading lodging demand generators.
- The six hotels in the Bourbonnais/Bradley area, the one hotel in Manteno, and the one hotel in Kankakee make up the Overall Competitive Set for this market study.
- The Overall Competitive Set of hotels will also be used for the Statistical Competitive Set in this market study. All of these hotels were reported to be most commonly used by visitors to Bourbonnais and all report their performance to the Smith Travel Research firm.

The following chart highlights the hotels in Bourbonnais's Overall Competitive Set.

PRIMARY COMPETITIVE HOTELS				
Number of Hotels:	8			
Number of Hotel Rooms:	641			
Chain Related:	Hotels:	8	%Overall Marke	100.0%
	Rooms:	641	%Overall Marke	100.0%
Non-Chain Related:	Hotels:	0	%Overall Marke	0.0%
	Rooms:	0	%Overall Marke	0.0%
PRODUCT DIFFERENTIATION ANALYSIS				
CATEGORY	NUMBER OF HOTELS	PERCENT OF MARKET	NUMBER OF ROOMS	PERCENT OF MARKET
Budget	0	0.0%	0	0.0%
Economy <i>Bourbonnais - Super 8 - 41 ms.</i>	1	12.5%	41	6.4%
Economy Suite	0	0.0%	0	0.0%
Mid-Priced (Limited-Service) <i>Bourbonnais- Fairfield Inn - 57 ms., Comfort Inn - 114 ms., Hampton Inn - 58 ms.</i>	3	37.5%	229	35.7%
Mid-Priced (Full-Service) <i>Bradley - Quality Inn - 85 ms.</i>	1	12.5%	85	13.3%
Mid-Priced Suite (Limited-Service) <i>Bourbonnais- Holiday Inn and Suites - 104 ms. Manteno - Country Inn and Suites - 72 ms.</i>	2	25.0%	176	27.5%
Mid-Priced Extended Stay	0	0.0%	0	0.0%
Upscale (Select-Service) <i>Kankakee- Hilton Garden Inn - 110 ms.</i>	1	12.5%	110	17.2%
Upscale (Boutique)	0	0.0%	0	0.0%
Upscale Suite (Full-Service)	0	0.0%	0	0.0%
Upscale Extended Stay	0	0.0%	0	0.0%
TOTALS	8	100.0%	641	100.0%
Average Room Size:			80.1	
<i>Source: HMI</i>				

- The following are some of the highlights from the above chart.
 - The Overall Competitive Set is largely focused on mid-priced hotels with the addition of one economy hotel and one upscale select-service hotel. The mid-priced category makes up 76.4% of the available rooms in the Overall/Statistical Competitive Set. The economy and upscale hotels make up 6.4% and 17.2% of the available rooms in the Overall Competitive Set, respectively.
 - There is a mix of suite-style properties in the mid-priced category.
 - The average sized hotel in the Overall Competitive Set has 80.1 rooms.
- Exhibit 3 of this report shows the location of hotels identified in the Overall Competitive Set for the Bourbonnais market.

PRIMARY COMPETITIVE PROPERTIES – PROJECTED OCCUPANCY and AVERAGE DAILY ROOM RATES
Overall Competitive Set

The following chart highlights hotel rates and preliminary anticipated Occupancy and ADR performance for the Overall/Statistical Competitive Set properties in the Bourbonnais market area. It should be noted that while the chart below shows that there are a number of properties in Bourbonnais, these hotels are technically in Bradley but they have Bourbonnais mailing addresses.

COMPETITIVE HOTEL OCCUPANCY & RATES					
PROPERTY	Occ. Perform.	RATE ANALYSIS			PROJECTED ADR
		SINGLE	DOUBLE	WEEKEND	
<u>Bradley, IL</u>					
Quality Inn	Average	\$90-\$100	\$90-\$100	\$95-\$115	\$70.50
<u>Bourbonnais, IL</u>					
Comfort Inn	Average	\$99-\$119	\$99-\$119	\$119-\$139	\$86.87
Fairfield Inn	Average	\$110-\$120	\$110-\$120	\$110-\$120	\$83.95
Hampton Inn	Above	\$119-\$128	\$119-\$128	\$119-\$128	\$90.89
Holiday Inn Express	Above	\$110-\$125	\$110-\$125	\$134-\$140	\$93.53
Super 8	Below	\$66-\$76	\$66-\$76	\$76-\$86	\$47.12
<u>Kankakee, IL</u>					
Hilton Garden Inn	Above	\$114-\$134	\$114-\$134	\$114-\$134	\$90.52
<u>Manteno, IL</u>					
Country Inn & Suites	Average	\$99-\$115	\$99-\$115	\$108-\$145	\$82.89
COMPETITIVE MARKET AVERAGE DAILY ROOM RATE (ADR):					\$83.52
<i>Source: HMI</i>					

- There are basically three rate tiers operating in the subject market.
 - The highest tier consists of the Hampton Inn and the Holiday Inn Express in Bradley/Bourbonnais and the Hilton Garden Inn in Kankakee with an ADR range of \$90.52 to \$93.53. This is generated by a rate range of \$110 to \$134 for single and double occupancy rooms.
 - The second ADR tier is represented by the Comfort Inn, Fairfield Inn, and the Quality Inn in Bradley/Bourbonnais, and the Country Inn and Suites in Manteno. These properties have an ADR range of \$70.50 to \$86.87 and a rate range of \$90 to \$120.
 - The third and lowest ADR tier is represented by the Super 8 in Bradley/Bourbonnais. This property has a \$66 to \$76 rate range and an ADR of \$47.12.
 - These rate ranges and ADR's justify the discounting in this market and the Rate Sensitivity presented earlier in this report.

- The hotels in the Overall/Statistical Competitive Set are expected to have a fairly balanced mix of single occupancies and multiple occupancies. The Social/Leisure market segment is expected to be slightly stronger in Bourbonnais due to the university lodging demand and the wedding markets. The Corporate/Commercial market segments will also play a strong role in this market with the strength of the healthcare, insurance, and education market segments.

- Therefore, guests at the proposed hotel in Bourbonnais will likely require a balance of double-queen beds and king-bedded rooms. Additional double-queen bedded rooms could be considered as these rooms can accommodate single as well as double occupancies.

Rate Positioning – Competitive Set

The following chart highlights hotel rates and preliminary anticipated Occupancy and ADR performance for the hotels used to establish rate positioning for the proposed hotel. The hotels listed in the chart below offer meeting and banquet space (Quality Inn and Hilton Garden Inn) and/or represent the rate leaders in the market (Holiday Inn Express and Hampton Inn).

COMPETITIVE HOTEL OCCUPANCY & RATES					
PROPERTY	Occ. Perform.	RATE ANALYSIS			PROJECTED ADR
		SINGLE	DOUBLE	WEEKEND	
<u>Bradley, IL</u> Quality Inn	Average	\$90-\$100	\$90-\$100	\$95-\$115	\$70.50
<u>Bourbonnais, IL</u> Hampton Inn	Above	\$119-\$128	\$119-\$128	\$119-\$128	\$90.89
Holiday Inn Express	Above	\$110-\$125	\$110-\$125	\$134-\$140	\$93.53
<u>Kankakee, IL</u> Hilton Garden Inn	Above	\$114-\$134	\$114-\$134	\$114-\$134	\$88.04
COMPETITIVE MARKET AVERAGE DAILY ROOM RATE (ADR):					\$85.92
<i>Source: HMI</i>					

- The Average ADR of this Competitive Set increases to \$85.92 due to the removal of the lower priced properties in the market area. This Competitive Set yields 102.9% to the Overall/Statistical Competitive Set.
- This Competitive Set consists of two rate tiers with the highest tier including the Hampton Inn, Holiday Inn Express and the Hilton Garden Inn and the lower tier including the Quality Inn.
- It was determined that the proposed hotel should be able to attain a rate structure similar to the Holiday Inn Express which is the rate leader in the market. The Holiday Inn Express currently yields 111.98% to the Overall/Statistical Competitive Set with an ADR of \$93.53.
- Due to the newness of the proposed hotel, its central location in the village, and the proposed full-service food and beverage offerings and meeting space, a 5% premium was added to the 111.98% yield of the Holiday Inn Express. This results in the proposed hotel yielding 117.6% to the Overall Statistical Competitive Set by the third year of operation and an ADR of \$105.01 making it the new rate leader in the market

- It is felt that the proposed hotel, being the highest mid-priced property in the market, should still have a competitive advantage even with a higher proposed rate positioning. This is because it will be the newest hotel in an area of older hotels. Additionally, offering new, full-service meeting and banquet space with the capability of formal sit-down dining and buffets should provide a banquet option that is not currently present in this market. The meeting space quality in the area immediately surrounding the site was also reported to be low. Being the closest hotel to the university will be a competitive advantage for the proposed hotel.
- Being associated with a strong national or regional brand would also assist in driving this rate positioning.

COMPETITIVE FACTOR ANALYSIS

To further understand the hotels in the Statistical Competitive Set, a *Competitive Factor Analysis* was performed. This analysis is based upon a scale of 0 to 5, with 5 indicating strong competitive factors and 2.5 being average. The following chart highlights the analysis of the primary competitive hotels in the categories of *Rate, Facility, Brand, Location, and Market Segmentation*. It also highlights the Overall Competitive Factor for each hotel and the subject market area. This report provides an overview of the respective competitive position each hotel occupies within this market.

COMPETITIVE FACTOR ANALYSIS									
PROPERTY NAME	AGE (Yrs.)	# OF ROOMS	AAA RATING	RATE	FACILITY	BRAND	LOCAT.	MKT. SEG.	COMP. FACTOR
<u>Bradley, IL</u> Quality Inn	46	85	NR	3.0	2.0	3.0	3.0	3.0	2.8
<u>Bourbonnais, IL</u> Comfort Inn	24	114	NR	2.4	2.0	3.0	3.0	2.5	2.6
Fairfield Inn	20	57	2	2.5	3.0	3.5	3.0	2.5	2.9
Hampton Inn	18	58	3	2.3	3.5	3.5	3.0	2.5	3.0
Holiday Inn Express	16	104	3	2.2	3.5	3.5	3.0	2.5	2.9
Super 8	22	41	NR	4.4	1.0	1.5	3.0	1.5	2.3
<u>Kankakee, IL</u> Hilton Garden Inn	10	110	3	2.3	3.0	3.0	1.5	3.0	2.6
<u>Manteno, IL</u> Country Inn & Suites	11	72	3	2.5	3.0	3.0	1.5	2.0	2.4
COMBINED RATING	20.9		2.8	2.7	2.6	3.0	2.6	2.4	2.7
<i>Source: HMI</i>									

- The average Age of the Overall Competitive Hotel Set is 20.9 years with an age span of 10 to 46 years.

- The newest hotel in this subject market is the 10-year old Hilton Garden Inn in Kankakee.
 - The first major renovation period normally occurs at 5 to 7 years. There are no hotels in the Competitive Set that are in this stage.
 - The second major renovation period of 12 to 15 years includes the Hilton Garden Inn and the Country Inn and Suites. At this stage, soft and hard goods are replaced and some major mechanical and maintenance issues need to be addressed.
 - After this stage, on-going renovation is required to remain competitive. All of the remaining hotels in the Overall Competitive Set are beyond the second major renovation period. The Quality Inn in Bradley is the oldest property at 46 years.
- Quality Assurance Ratings by AAA indicate that of the hotels that are AAA-rated, most are in the 2 and 3-diamond range. A 3-diamond rating would be preferable for the proposed hotel in Bourbonnais to have a competitive advantage.
- Rate Competition was addressed previously in the Rate Positioning section. The hotels in the chart above are a mix of above average to below average in rate competition. Overall, these hotels will offer slightly above average rate competition as a set. Previously in this report, Rate Sensitivity was shown to be above average. The Super 8 and the Quality Inn in Bourbonnais/Bradley offer the lowest rates in this set. However, the lower quality and older style of these hotels negates much of the advantage of these lower rates. The other hotels have a higher rate structure and therefore will offer less competition. Overall, rates are competitive and proper rate positioning of the proposed hotel should be analyzed as was noted in the previous section. Still, being a new, upper-mid-priced to upscale, full-service hotel should help to mitigate this competition. This would be because the current lodging supply is older and the proposed hotel would be the newest full-service, upper-mid-priced to upscale hotel in the market. It would also be the first hotel located in the heart of the village. The proposed meeting and banquet space will also offer the new hotel a competitive advantage.

- The Facilities of these hotels are generally rated as above average mainly because numerous older properties in this market are affiliated with national brands which maintain higher facility standards. The Holiday Inn Express, the Hampton Inn, and the Hilton Garden Inn will likely offer the highest level of competition in this area. A new hotel with a national or regional brand should also maintain a high rating in this category. The overall Facilities rating from AAA reflects the Quality Assurance Ratings of the franchise brands represented. The proposed hotel should compete well in this category especially due to the older age and lower quality of the hotels in the Bourbonnais/Bradley market area.
- Brand Competition will be present in the subject market because of strong brands like Hampton Inn, Fairfield Inn, Holiday Inn Express, and Hilton Garden Inn. These will offer competition in this market as they all have above average brand recognition. It is recommended that the proposed hotel be affiliated with a well-represented regional or national brand as it may be critical to the proposed hotel's success. Affiliation with a well-recognized brand will assist in achieving the Rate Positioning and Operational Projections presented in this market study.
- Location will be just slightly above average since all of the hotels in the Statistical Competitive Set are located outside of the Village of Bourbonnais. It should be noted that the hotels in the chart that are listed as being in Bourbonnais merely have a Bourbonnais mailing address but are actually located in Bradley. Being the first hotel located in the heart of the village will give this hotel a competitive advantage.
- In regard to Market Segmentation, a new full-service, upper-mid-priced to upscale hotel will cater to market segments slightly different from the hotels currently in the Bourbonnais/Bradley market area. The proposed hotel will likely be the highest quality property in the immediate market with the opportunity to cater to the university market segment and the companies located away from I-57. Additionally, if it offers meeting and banquet space, the proposed hotel will cater to a specific market segment currently underserved in this market area.
- The hotels in this analysis will produce an above average overall competitive factor rating. The Hampton Inn, Fairfield Inn, and the Holiday Inn Express in Bradley/Bourbonnais will be the most competitive with the proposed hotel. The Super 8 in Bradley/Bourbonnais will offer the least competition. Brand will be the most competitive factor for the proposed hotel.

COMPETITIVE LODGING PERFORMANCE

The following section highlights the Competitive Lodging Performance of the subject market. This Competitive Lodging Performance is based upon the Statistical Competitive Set Hotels identified in this report. The Competitive Lodging Performance of Occupancy, Lodging Demand Growth, Lodging Supply Growth, Average Daily Room Rate, and Revenue Per Available Room (RevPAR) are analyzed below.

Lodging Supply Growth

The following chart highlights the Lodging Supply Growth that has occurred in the Competitive Set defined in this section.

COMPETITIVE LODGING PERFORMANCE								
Lodging Supply Growth								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Lodging Supply - Percentage Change	N/A	0.0%	0.0%	0.0%	-0.3%	-0.4%	-0.6%	-0.1%
2008-2013 - Annualized Growth Rate: -0.1%								
<i>Source: Smith Travel Research & HMI</i>								

- The subject market has not had any new Lodging Supply since August, 2004 when the Hilton Garden Inn was added to Kankakee. In 2012 and 2013, this market area had a slight decrease in Lodging Supply with rates of (-0.3%) and (-0.4%), respectively. These small decreases were likely due to a change in room counts in the existing hotels during renovations and updates.
- At the time of this report, there was no additional new Lodging Supply identified for Bourbonnais or the surrounding market areas.

Lodging Demand Growth

The following chart highlights the Lodging Demand Growth that occurred in the Overall/Statistical Competitive Hotel Set defined in this section.

COMPETITIVE LODGING PERFORMANCE								
Lodging Demand Growth								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Lodging Demand - Percentage Change	N/A	-9.2%	3.3%	2.2%	4.3%	8.8%	13.9%	0.9%
2008-2013 - Annualized Growth Rate:								1.9%
<i>Source: Smith Travel Research & HMI</i>								

- The Statistical Competitive Set has seen a steady increase in Lodging Demand starting in 2010. This growth was preceded by a decrease of (-9.2%) in 2009. The largest growth was seen in 2013 with a growth rate of 8.8%.
- The average annual Lodging Demand growth from 2008 through 2013 was 1.9%. Currently, year-to-date 2014 is slightly lower with a rate of 0.9%

Absorption of Lodging Supply

The historic Lodging Supply growth absorption rate for the subject market could not be calculated as no new Lodging Supply has been added to the market in the years analyzed in the charts above. However, due to the pattern of consistent growth in Lodging Demand and the older age of some of the current Lodging Supply, it is estimated that the absorption of new Lodging Supply in this market will be within the three-year acceptable range established in the industry.

Occupancy

The following chart highlights the Occupancy that has occurred in the Statistical Competitive Set defined in this section.

COMPETITIVE LODGING PERFORMANCE								
Occupancy								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Hotels	54.7%	49.6%	51.3%	52.4%	54.8%	59.9%	57.4%	58.0%
<i>Source: Smith Travel Research & HMI</i>								

- Occupancy decreased in 2009 to a rate of 49.6% followed by an increase to 51.3% in 2010. From 2011 through 2013, this market saw a steady increase in Occupancy reaching its highest point in 2013 with an Occupancy rate of 59.9%.
- This is encouraging for the proposed hotel as the year-to-date numbers for 2014 are higher than the numbers for year-to-date 2013. This market has also surpassed the Occupancy rate of 54.7% seen prior to the national recession in 2008.
- It can be anticipated that the projected Lodging Demand growth will continue to increase Occupancy rates. Occupancy growth will also be assisted by the absence of any other new hotels entering the immediate Bourbonnais subject market.

Average Daily Room Rates

The following chart highlights the Average Daily Room Rate trends that have occurred in the Overall Statistical Competitive Hotel Set defined in this section.

COMPETITIVE LODGING PERFORMANCE								
Average Daily Room Rates								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Average Daily Room Rates	\$74.81	\$73.64	\$73.99	\$75.12	\$77.29	\$79.96	\$77.98	\$82.43
Percentage Change	N/A	-1.6%	0.5%	1.5%	2.9%	3.5%	2.7%	5.7%
2008-2013 - Annualized Growth Rate: 1.4%								
<i>Source: Smith Travel Research & HMI</i>								

- ADR decreased slightly in 2009 due to the national recession resulting in an ADR of \$73.64. ADR has grown every year since 2009, with its highest growth rate of 3.5% in 2013 and its highest ADR of \$79.96. This is a higher ADR rate than the pre-recession ADR of \$74.81 in 2008. This is very encouraging for the proposed hotel development.
- In 2014 year-to-date, ADR is \$82.43 compared to \$77.98 for the same period last year. It has increased by 5.7%.
- There is the potential for the Bourbonnais market to maintain the higher rate structure as it will have a strong competitive advantage being located immediately across from the university and in close proximity to the major corporate lodging demand generators in the village. Additionally, it will be the newest hotel in the market area with the highest quality amenities.
- The annual average ADR growth from 2008 through 2013 was 1.4% which includes the lower performing years during the recession. This includes the recession period and indicates the ADR strength of this market area.
- Previously in this report, it was noted that this market has above average rate sensitivity. Average weekday rates are historically lower than average weekend rates in this market. This indicates the likelihood of above average discounted corporate rates in this market. Still, due to the ADR growth in this market, it appears that these rates are regularly modified and increased. ADR is showing a pattern of growth and this is expected to continue.

Revenue Per Available Room (RevPAR)

The following chart highlights the Average Daily Room Rate trends that have occurred in the Competitive Hotel Set defined in this section.

COMPETITIVE LODGING PERFORMANCE								
Revenue Per Available Room								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Revenue Per Available Room (RevPAR)	\$40.88	\$36.56	\$37.95	\$39.37	\$42.37	\$47.90	\$44.79	\$47.81
Percentage Change	N/A	-10.6%	3.8%	3.7%	7.6%	13.0%	17.7%	6.8%
2008-2013 - Annualized Growth Rate: 3.5%								
<i>Source: Smith Travel Research & HMI</i>								

- RevPAR is showing an average annual increase of 3.5% with one year, 2009, of negative growth at (3.8%).
- Following 2009, RevPAR grew with its highest growth rate in 2013 at 13.0% resulting in a RevPAR of \$47.90. Similar to ADR, RevPAR in 2013 and year-to-date 2014 has surpassed the RevPAR seen prior to the recession. Year-to-date 2014, RevPAR is at \$47.81 while it was at \$44.79 year to date 2013.

FUNCTION SPACE - MEETINGS and BANQUETS

This section of the report is an analysis of the function space for the hotel. This analysis presents industry standards for function space at a select-service hotel. These standards will depend upon the subject market’s function space needs. The types of events that could be held at the proposed hotel will fine-tune the function space requirements.

INDUSTRY STANDARDS

Function space research was performed by members of the International Society of Hospitality Consultants. The author of this report is a long-standing member of this organization. Individuals within the ISHC who are familiar with function space requirements presented the following research:

- The range in function space is 35 square-feet to 98 square-feet per available room.
- The average square footage per available room is 47.9 square-feet.

BOURBONNAIS/BRADLEY AREA FUNCTION SPACE

Representatives of the Bourbonnais area indicated that the hotels near the intersection of I-57 and State Highway 50 would be direct potential competitors of the proposed hotel. There are four hotels identified in this area with meeting space including, the Hampton Inn, Holiday Inn Express, Comfort Inn, and the Quality Inn.

The Quality Inn was noted to have the most significant function space at 10,000 square-feet. However, it was noted that this facility is older and a higher quality venue with higher quality food service would be preferred.

The other hotels in this area offer smaller space suitable for smaller seminars, board meetings and family gatherings. These properties also did not report offering on-site food service.

There is also a Hilton Garden Inn in Kankakee, 6 miles from the site, which is connected to the Riverstone Conference Center. This facility could also be a competitor for meeting space in this area due to its large facilities and its newness. Still, this property is removed from Bourbonnais.

Olivet Nazarene University is located immediately across from the subject site and offers three meeting facilities including a smaller meeting room, a large banquet hall, and a large auditorium with fixed theater seating. On-site food service is offered through the university's food service. It should be noted that since the university is a "dry campus," no alcohol is allowed at any events held at these facilities. The booking website for these spaces indicated that a 6-month advance reservation is suggested as most dates are booked at least one year in advance.

As stated earlier in this section, the age of the Quality Inn space will be a factor. The location of these competitive properties will also be a strong factor. At this time, the only meeting space in the heart of the village is located at the Olivet Nazarene University campus. All other space is removed from the heart of the village and the area businesses and events. While the university campus offers meeting space in the right location, its popularity, difficulty to book, and "no alcohol " restriction result in many events and meetings being booked elsewhere.

It should be noted that there are also a few area restaurants that offer small meeting rooms capable of seating less than 100 guests. These smaller spaces were not included in the analysis of this market area.

The following chart highlights the function space available in the surrounding market area.

BOURBONNAIS AREA EVENT SPACE							
Hotel Name	Location	Miles From Site	# of Sleeping Rooms	# of Meeting Rooms	Total Sq. Footage Meeting Space	Meeting Room Size (Range of Sq. Ft.)	Sq. Ft. of Meeting Space Per Available Room
Comfort Inn	Bourbonnais/Bradley	3.0	196	2	1,058	378-1,068	5.40
Hampton Inn	Bourbonnais/Bradley	3.0	58	1	500	500	8.62
Hilton Garden Inn	Kankakee	6.0	110	9	9,000	286-7086	81.82
Holiday Inn Express	Bourbonnais/Bradley	3.0	104	3	2,297	648-999	22.09
Olivet Nazarene University	Bourbonnais	0.0	NA	3	31,711	2,081-19,630*	NA
Quality Inn	Bourbonnais/Bradley	3.0	85	5	10,000	500-6,000	117.65
AVERAGES			110.6		9,094		82.2

*The 19,630 sqft space is an auditorium with fixed theater seating

- As indicated in the above chart, the average number of sleeping rooms at the hotels offering meeting and banquet space is 110.6 rooms. They have an average of 9,094 square-feet of function space in a range of 1 to 9 rooms. The function space is between 286 square-feet and 19,630 total square-feet.
- The average square footage per available room is 82.2 square-feet with a range of 5.40 square-feet per available room - 117.65 square-feet per available room.

The following chart highlights the function space at the two primary competitive hotels which offer meeting space in this market area, the Hilton Garden Inn in Kankakee and the Quality Inn in Bradley. These two hotels were selected due to the fact that they offer in-house food and beverage service while the other competitive hotels in the Competitive Set do not offer in-house food and beverage service. The Olivet Nazarene University meeting space was also removed from the chart below as this meeting space is not associated with a hotel and was reported to not offer sit down meal service.

BOURBONNAIS AREA EVENT SPACE							
Hotel Name	Location	Miles From Site	# of Sleeping Rooms	# of Meeting Rooms	Total Sq. Footage Meeting Space	Meeting Room Size (Range of Sq. Ft.)	Sq. Ft. of Meeting Space Per Available Room
Hilton Garden Inn	Kankakee	6.0	110	9	9,000	286-7086	81.82
Quality Inn	Bourbonnais/Bradley	3.0	85	5	10,000	500-6,000	117.65
AVERAGES			97.5		9,500		97.4

- As indicated in the above chart, the average number of sleeping rooms at these two hotels is 97.5 rooms. They have an average of 9,500 square-feet of function space in a range of 5 to 9 rooms. The size of the function room space is from 286 square-feet to 7,086 total square-feet.

- The average square footage per available room is 97.4 square-feet with a range of 81.82 square-feet per available room to 117.65 square-feet per available room.
- It should be noted that the amount of meeting space at these two competitive hotels is above average based on the industry standards presented earlier in this section.

FUNCTION SPACE RECOMMENDATIONS

In reviewing the above research, the two primary competitive event hotels have above average square footage per available room as shown by industry standards. The two hotels have 97.4 square-feet per available room.

- It is recommended that the proposed hotel should offer function space square footage per available room that is in-line with industry standard averages. Based upon a 90-room hotel, this would be 4,311 to 4,581 square-feet, or an average of 4,446 square-feet. This equates to 47.9 square-feet per available room to 50.9 square-feet per available room for an average of 49.4 square-feet per available room. This would be in-line with the industry standard's range.

FOOD AND BEVERAGE

This section provides a preliminary overview of the food and beverage operation planned for the proposed hotel. The planned select-service hotel will feature a variety of food and beverage options. The following is a recap of the preliminary plans for the food and beverage operation at the proposed hotel. These plans were used to project preliminary food and beverage revenue from these facilities. Once a definite food and beverage concept is developed for this hotel, these elements and projections can be fine-tuned.

OVERVIEW OF FOOD AND BEVERAGE FACILITIES

Based upon information provided by the developer at the time of this report, the preliminary scope of the food and beverage facilities includes the following elements. These elements are subject to change and would be updated for the specific hotel when they are fully determined. This would be completed as a separate report and presented as an addendum to this Comprehensive Hotel Market Study.

- The food and beverage venues will include:
 - Retail Food and Beverage Space – It is estimated that there will be 10,000 square-feet of retail food and beverage space for the restaurant and bar facility. Allocation of this space was not determined at this time. This space would be on the first floor of the proposed hotel.
 - Restaurant – The proposed restaurant at the proposed hotel is intended to be a destination restaurant designed to serve hotel guests, area residents, area tourists, and other patrons coming to the hotel to dine. The exact size of the restaurant has not been allocated within the 10,000 square-feet stated above. It is anticipated to be a higher-end, possibly theme-style restaurant that will provide an upscale dining experience. The exact theme, menu, and pricing have not been determined at this time.
 - Bar/Lounge – There is the potential for the proposed hotel to include a bar/lounge. It should be noted that the Olivet Nazarene Campus prides itself on being a “dry” campus and currently there are only two bars and one liquor store in the village. It was reported by the village that a liquor license is available if the proposed hotel includes a bar/lounge area and that there is strong demand for an additional bar/lounge in the village. If this amenity was included it would likely be designed as a destination entertainment bar that will serve hotel guests, area residents, tourists and other patrons coming to the area for entertainment. This bar/lounge is also intended to be an upscale venue which would serve as a contrast to the existing casual bars in the village. The exact size of the bar/lounge has not been allocated within the 10,000 square-feet stated above. The exact theme, bar beverage menu, and pricing have not been determined at this time.

- Conference Facilities – It is anticipated that there will be a main function room of 4,500 to 5,000 square-feet at the proposed hotel. This room is expected to hold 350 to 400 people in a banquet setting. This room should be sub-dividable into at least three sections. There will be a pre-function area for the main function room and additional conference rooms will be featured.

FOOD AND BEVERAGE DEMAND

This section highlights preliminary elements of the demand for Food and Beverage venues associated with the proposed hotel. More details about the food and beverage demand could be presented when the food and beverage concepts are fully defined. This would be completed as an addendum to this Comprehensive Hotel Market Study for this property.

Restaurant Demand

- As stated above, the proposed on-property restaurant will support the proposed hotel's guests with breakfast, lunch and dinner service. It is possible that the design of these facilities would attract area residents, business patrons, and tourists to the hotel for these dining options.
- This restaurant will be a destination-style, themed food operation. It will be used mostly for destination lunch and dinner dining. The restaurant operation will be marketed as a specialty restaurant with its own identity. It will also be marketed as an integral part of the hotel.
- The characteristics of the proposed restaurant's clientele will match those of the proposed hotel's guests. Destination diners tend to be more upscale and will seek a special dining experience at their restaurants.
- The proposed restaurant is expected to be one of the most upscale dining venues in the Bourbonnais area. The closest competitors would be the destination-oriented dining options in the downtown area such as the Brickstone Restaurant and Brewery which would be the main competition in the downtown area. This restaurant offers a comprehensive lunch and dinner menu and a selection of beers which are brewed onsite.

Beverage Demand

- Again, the planned beverage outlet will support the proposed hotel's guests. It will also attract a local market consisting of area residents, business patrons, and tourists.
- It is anticipated that the beverage outlet will offer a unique environment and attract a destination market. This will be an entertainment venue in the Bourbonnais market as there are currently only two casual bars and one liquor store in the village.
- The proposed bar will tend to attract a more upscale and trendy clientele. The closest competitor for this outlet would be offered at the Brickstone Restaurant and Brewery. There are very few upscale and exclusive venues in the Bourbonnais area that would also compete with the proposed hotel bar.

Conference and Banquet Facilities

The following chart highlights the preliminary characteristics of the demand that could be expected at the proposed hotel's conference and banquet facilities. These are preliminary estimates and would be enhanced as these facilities are more defined. This would be completed as an addendum to this Comprehensive Hotel Market Study for this property. In the chart below under each event category, there is a profile of the types of groups that might be attracted to these conference and banquet facilities. These sales revenue estimates are for the first year of operation. The sleeping rooms generated are for the stabilized year of operation. Also highlighted are the preliminary estimates for Food and Beverage Revenue and potential sleeping room usage by these groups. Characteristics of the various Group Demand segments are highlighted below.

PROJECTED MEETING/BANQUET AND SLEEPING ROOM USAGE - Full-Service Hotel							
MARKET	# OF FUNCTIONS	% OF BUSINESS	TOTAL # OF ATTENDEES	% OF BUSINESS	PROJ. F & B REV.	# OF SLEEPING ROOMS	% OF BUSINESS
Business Markets							
<i>Corporate</i>	40	14.3%	1,000	5.1%	\$75,000	750	12.1%
(Average = 25 people for 1.5 days at \$50/person/day F&B, 50% require rooms for 1.5 nights)							
- Strategic Planning							Breaks \$15.00/Meals-\$20.00/Beverage-\$5.00/Other-\$10.00
- Sales/Marketing							
- Training							
- Administrative/Board Meetings							
<i>Government Meetings</i>	15	5.4%	225	1.1%	\$7,875	90	1.5%
(Average = 25 people for 1.0 days at \$35/person/day F&B, 40% require rooms for 1.0 nights)							
- Regional Conferences/Seminars							Breaks-\$10.00/Meals-\$15.00/Beverage-\$5.00/Other-\$5.00
<i>Association Markets</i>	30	10.7%	600	3.0%	\$24,000	240	3.9%
(Average = 20 people for 1.0 days at \$40/person/day F&B, Rooms - 40% require rooms for 1.0 nights)							
- Regional Conference/Seminars							Breaks \$10.00/Meals-\$20.00/Beverage-\$5.00/Other-\$5.00
<i>Other</i>	20	7.1%	500	2.5%	\$17,500	250	4.0%
(Average = 25 people for 1.0 days at \$35/person/day F&B, Rooms - .50% require rooms for 1.0 nights)							
- Seminars							Breaks \$15.00/Meals-\$20.00/Beverage-\$5.00/Other-\$5.00
- Conferences							
SUB TOTAL	105	37.5%	2,325	11.8%	\$106,875	1,330	21.5%
Social/Leisure Markets							
<i>Weddings@ Hotel</i>	50	17.9%	13,750	69.5%	\$962,500	2,750	44.4%
(Average = 275 people per wedding, 30% require rooms for 1.5 nights @ 2.25 people/room)							
\$70 per person, F&B)							
							Meals-\$40.00/Beverage-\$20.00/Other-\$10.00
<i>Weddings In Area</i>	40	14.3%	1,800	9.1%	\$0	1,200	19.4%
(Average = 150 people per wedding- 30% require rooms for 1.5 nights @ 2.25 people/room)							
							Meals- \$0/ Beverage-\$0
<i>Tour Groups</i>	10	3.6%	400	2.0%	\$8,000	200	3.2%
(Average = 40 people per Tour Group, 100% require rooms for 1.0 night@ 2.0 people/room, \$20.00 per person)							
							Meals-\$15.00/Beverage-\$5.00
							(Number of Teams Hosted/Year)
<i>Youth/Amateur Sports</i>	50	17.9%	1,000	5.1%	\$20,000	615	9.9%
(Average = 20 people/Team for 2.0 days- 100% require rooms for 2.0 nights @ 3.25 people/room, \$20 per person, F&B)							
							Meals- \$15.00/Beverage-\$5.00
<i>Other Functions</i>	25	8.9%	500	2.5%	\$15,000	100	1.6%
(Average = 20 people for function at \$40/person F&B, Rooms - 10.0% require rooms for 2.0 nights)							
- Charity Events							Meals- \$20.00/Beverage- \$10.00
- Religious Events							
- Rehearsal Dinners							
- Family Reunions							
- Retirement Parties							
- Holiday Season Events							
- Social/Leisure Events- Show ers, Birthdays, Anniversaries							
SUB TOTAL	175	62.5%	17,450	88.2%	\$1,005,500	4,865	78.5%
TOTALS	280	100.0%	19,775	100.0%	\$1,112,375	6,195	100.0%

Source: HMI

- As indicated in the above chart, the Business Market is estimated to generate 105 events representing 37.5% of all events; 11.8% of the Group Food and Beverage Revenue; and 21.5% of the Group Room Nights sold at the proposed hotel. This segment will be led by Corporate Group Markets, followed by Association and Government Group Markets.
- The Social/Leisure Market will generate an estimated 175 events representing 62.5% of all events; 88.2% of the Group Food and Beverage Revenue; and 78.5% of the Group Room Nights sold at the proposed hotel. This segment will be led by weddings which will generate the highest number of Group Room Nights from in-house and area weddings. Weddings will also be the main source of Group food and beverage revenue in this segment. The proposed hotel will have the potential of being one of the premier wedding facilities in the Bourbonnais/Bradley area.
- It should be noted that the above chart does not take into account group events which are held outside of the hotel and do not require group food and beverage service. Family reunions held in a local park or training seminars held onsite at local companies are examples of when this group demand could occur. This additional demand was included in the overall market segmentation presented in the Lodging Demand section of this report.

PROJECTED FOOD AND BEVERAGE REVENUE

- The following chart highlights the preliminary projections for food and beverage revenues. These are based on the preliminary operational projections estimated for the proposed hotel. These projections will be explained in more detail in the Conclusions section of this report. They are preliminary projections that are subject to revision in a more comprehensive Food and Beverage market study.

PROJECTED FOOD & BEVERAGE REVENUE						
YEAR	PERCENT OF HOTEL SALES	PROBABLE F&B YIELD	TOTAL FOOD & BEVERAGE	FOOD	BEVERAGE	OTHER
2016	51.8%	197.2%	\$1,731,943	\$1,216,805	\$336,001	\$179,138
2017	50.2%	191.3%	\$2,105,972	\$1,494,303	\$412,628	\$199,042
2018	48.1%	182.9%	\$2,235,190	\$1,579,963	\$436,282	\$218,946
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.						
Source: HMI						

- The Food and Beverage sector is expected to generate 51.8% of the proposed hotel's total revenue in the first year and 48.1% of the hotel's total revenue in the third year. This is a balanced performance of food and beverage revenues to the proposed hotel's total revenue. The industry average for food and beverage sales to total hotel revenue is 26.7%. The proposed hotel will have food and beverage sales that represent 52.2% of the hotel sales in the first year to 48.4% of the hotel sales by the third year. The proposed hotel will have yields to industry averages ranging from 198.7% in the first year to 184.5% in the third year. This indicates that the food and beverage volume at this hotel will be a significant factor in the overall operation of the proposed hotel. Being a destination-designed food and beverage venue with group function capabilities, this yield to industry average is reasonable. Normally, these venues will generate higher than average food and beverage participation.
- Preliminary in-house hotel guest food and beverage revenue estimates were determined. This involved estimated average per night checks from in-house guests. Breakfast was estimated at \$10.00, lunch at \$10.00, dinner at \$20.00, and beverage at \$7.50. Usage factors were determined for each segment with 20% for breakfast, 5% for lunch, 45% for dinner and 60% for beverage. Based upon these usage factors, average per night food and beverage revenue was estimated at \$47.50. It was estimated that there would be a preliminary average of 1.25 guests per room. An inflation factor of 2.0% was added to projected sales.
- Group food and beverage was estimated to generate 58.1% of total food and beverage revenue the first year, decreasing to 71.0% by the third year.
- External food and beverage revenue generated by destination patrons to the proposed restaurant and bar will generate 24.0% in the first year and increase to 34.8% by the third year.

- The following series of charts highlight the projected food and beverage revenue for key segments of this proposed operation.

PROJECTED FOOD REVENUE				
YEAR	EXTERNAL FOOD REVENUE	HOTEL FOOD REVENUE	GROUP FOOD REVENUE	TOTAL FOOD REVENUE
2016	\$325,620	\$247,052	\$644,133	\$1,216,805
2017	\$489,508	\$289,092	\$715,703	\$1,494,303
2018	\$472,208	\$320,481	\$787,274	\$1,579,963
* Projected performance is +/- 5 percentage points				
Source: HMI				

PROJECTED BEVERAGE REVENUE				
YEAR	EXTERNAL BEVERAGE REVENUE	HOTEL BEVERAGE REVENUE	GROUP BEVERAGE REVENUE	TOTAL BEVERAGE REVENUE
2016	\$89,915	\$68,219	\$177,867	\$336,001
2017	\$135,170	\$79,828	\$197,630	\$412,628
2018	\$130,393	\$88,496	\$217,393	\$436,282
* Projected performance is +/- 5 percentage points				
Source: HMI				

PROJECTED OTHER REVENUE				
YEAR	EXTERNAL OTHER REVENUE	HOTEL OTHER REVENUE	GROUP OTHER REVENUE	TOTAL OTHER REVENUE
2016	\$0.00	\$0.00	\$179,138	\$179,138
2017	\$0.00	\$0.00	\$199,042	\$199,042
2018	\$0.00	\$0.00	\$218,946	\$218,946
* Projected performance is +/- 5 percentage points				
Source: HMI				

PROJECTED TOTAL FOOD AND BEVERAGE REVENUE				
YEAR	EXTERNAL TOTAL F&B REVENUE	HOTEL TOTAL F&B REVENUE	GROUP TOTAL F&B REVENUE	TOTAL F&B REVENUE
2016	\$415,535	\$383,978	\$1,001,138	\$1,731,943
2017	\$624,677	\$449,318	\$1,112,375	\$2,105,972
2018	\$602,601	\$498,105	\$1,223,613	\$2,235,190
<i>* Projected performance is +/- 5 percentage points</i>				
<i>Source: HMI</i>				

ISSUES, RISKS AND OPPORTUNITIES

The following section deals with topics that should be addressed when developing a hotel project such as the one studied in this report. Many of these topics are common to hotel development and are addressed here as a matter of due diligence in evaluating the subject market and subject site for the proposed hotel. Also highlighted in this section are any concerns which may have arisen during the research portion of this report that would have a direct effect on the hotel development. These may require additional research by the developer when pursuing the development of the proposed hotel.

COMPETITIVE PRICING PRESSURES

- There is an indication of above average Rate Sensitivity in the subject market. This Rate Sensitivity is occurring in all market segments. Weekday ADR is slightly lower than Weekend ADR, with a yield of 91.2%.
- Above average Rate Sensitivity in the Corporate/Commercial market segments indicates the likelihood of corporate or negotiated rates in this market area. Still, this market appears to hold a very strong rate structure throughout the year and has shown very strong historical growth each year since 2010.
- The rate structure in the subject market also reflects this Rate Sensitivity. The average ADR is 81.7% of the average low single advertised rate in this market. This indicates that the advertised rates are higher than the actual rate attained.
- As a result, while the proposed hotel's management will need to be aware of Rate Sensitivity and some of the slightly lower rate structures of the older hotels in the area, it should be able to achieve a strong rate position in this market. Being the newest property in a market with older competitive properties should help to give this hotel a competitive advantage and justify a slightly higher rate in the mid-priced market segment. Offering new meeting and banquet space with full-service formal dining options will also assist in achieving a higher rate. The proposed hotel should look to increase rates during peak demand periods and possibly offer a slightly lower rate during slower Lodging Demand periods.
- The proposed hotel should be positioned just above the Holiday Inn Express which is the current rate leader in the market. This was addressed in the *Lodging Supply* section of this market study report. This positioning would provide a yield of 117.6% to the average ADR of the Overall Statistical Competitive Set. This includes a 5% ADR premium for the proposed hotel being the newest property in the subject market area and offering the newest and highest quality meeting and banquet space.

GROWTH IN LODGING SUPPLY

- At this time, no future *Growth in Lodging Supply* is expected in the Village of Bourbonnais or the Village of Bradley.
- An impact factor of 65.2% was applied to the Overall/Statistical Competitive Set when the proposed hotel's rooms are added. This impact factor was applied to represent the 223 rooms located at the Country Inn and Suites in Manteno, and the Hilton Garden Inn in Kankakee. These two properties are located outside of the Bradley/Bourbonnais area and therefore will not see as much impact from the new hotel. The Super 8 in Bradley/Bourbonnais was also removed from the impact factor due to the economy style of the property which would serve a different market segment than the proposed full-service, upper mid-priced hotel. The remaining 418 rooms in the Competitive Set currently serve a portion of the lodging demand which could potentially stay at the proposed hotel. These rooms account for 65.2% of the total 641 rooms in the Competitive Set.

GROWTH IN LODGING DEMAND

- The subject market appears to be growing at this time with the potential for continuing future growth. Lodging Demand in recent years, including the years of the national recession, has shown a 1.9% average annual growth rate from 2008-2014 and 4.66% from 2009-2014.
- The subject market has had steady increases since 2010 with the largest increase in 2013 at an 8.8% rate of growth. 2014 year-to-date Lodging Demand growth is 0.9% compared to 13.9% for the same period last year and a 2.94% growth rate is projected for 2014. While the 2014 year-to-date growth rate is lower than 2013, this is not overly concerning as the pattern has been strong and the total year growth rate in 2014 of 2.94% is still a considerable amount of growth.
- Overall, this shows that the subject market is very stable and the recent national recession had very little effect on Lodging Demand in this market area.
- There are many factors that will contribute to Lodging Demand growth in Bourbonnais. These include the consistently growing manufacturing and healthcare markets as well as the stability of the education market. This is added to the strength of the retail and commercial markets.
- The Social/Leisure markets are also anticipated to grow since the wedding and youth sports markets are currently limited due to the lack of a high quality hotel in the village to host these types of group events.

- This economic growth will assist in absorbing any new rooms that enter the regional market, including a new hotel in Bourbonnais. The Historic Lodging Supply growth absorption rate of the Statistical Competitive Set could not be calculated as no new hotels have been added to this market during the sample period. Based on the Lodging Demand growth pattern in recent years and the economic stability of the market area, it is likely that any new Lodging Supply would be absorbed rather quickly.

PROPERTY TAXES

- A detailed analysis of the *Property Tax* structure in Bourbonnais was not within the scope of this report. From preliminary indications, these taxes were not excessive. The developer should analyze the property tax structure within the village and county accordingly.

POLITICAL CLIMATE

- The *Political Climate* and attitude of the subject market was defined as very pro-growth. Bourbonnais is actively seeking new commercial growth in all areas.
- The local government agencies are reported to be supportive and encouraging to growth that will further diversify and expand this market.
- No unusual local government hurdles or requirements for approval/development of a new hotel in the subject market were reported.
- It should be noted that at the time of this report, the subject site would be located in a TIF district within the village. The hotel developer should consult the village for the full details of this TIF district.

ZONING AND ARCHITECTURAL (BUILDING CODES) CONTROLS

- *Zoning* in the subject site area was reported to be in place to support hotel development. The subject site area appears to be zoned for commercial use. This should be verified by the hotel developer.
- *Architectural Controls (Building Codes)* should not be a problem for the subject site area. The village appears to have standard building codes, design, and construction requirements in this area. These should be verified by the hotel developer.

ENVIRONMENTAL CONCERNS

- There do not appear to be any *Environmental Concerns* reported for development of the subject site. Still, topics to be evaluated by the developer include, but are not limited to, land preparation, water drainage, water seepage, flood plain, wetland, previous use, soil integrity, etc.
- Toxic waste issues were not within the scope of this study. The developer should conduct necessary environmental impact testing to make sure the subject site is in compliance with ordinances and regulations for the area.
- It should be noted that there are buildings currently on the subject site which will need to be removed prior to development. It was reported that the removal of these structures should be fairly uncomplicated.

LABOR MARKET, SUPPLY AND WAGES

- At this time, no *Labor Supply* problems were reported for this subject market. Adequate labor supply is apparent in the Service and Retail areas. Unemployment rates in the county historically have been higher than the state.
- At the time of this report, *Wage Scales* in Bourbonnais could be considered competitive with other service and retail businesses. However, if labor supply issues arise, there could be increased wage pressure as competition for available labor occurs. This could have an impact on the proposed hotel's operating costs.

AREA OF FRANCHISE PROTECTION

- An *Area of Franchise Protection* is advisable to ensure that there is no encroachment on the subject market by a similarly branded property. Having protection within the close neighboring communities is recommended. Bourbonnais, being located in fairly close proximity to Kankakee and Manteno and in the immediate vicinity of Bradley, may have impact issues with the current hotel properties. These impact issues would be analyzed by the developer with any franchise being considered for the subject site.

SUBJECT SITE LOCATION

- The *Subject Site Location* in the Village of Bourbonnais is considered to serve the overall needs of the village very well. The subject site, being located in the heart of the village, immediately across from the main entrance to the university, and with excellent access to the main commercial and retail areas of the village should have a competitive advantage in this market. Additionally, this site will have good access to the new I-57 interchange planned to be developed on the north side of the village by 2015.

CONCLUSIONS

The following *Conclusions* are based upon the analysis of the research performed for this market study in relation to the construction of the proposed hotel at the subject site. These conclusions project performance of an upper mid-priced to upscale, full-service hotel with 90 rooms and meeting and banquet space that will serve the subject market. It will compete for traditional Lodging Demand sources identified in the subject market area. These recommendations are based upon the research performed for this Comprehensive Hotel Market Study report.

These projections are provided for the consideration of the developer in determining the size of the proposed hotel to be developed at the subject site. Effects of Occupancy, Average Daily Room Rates and Hotel Room Sales Revenue are reported accordingly.

Information regarding the proposed hotel's type and size is detailed in the *Property Recommendations* section of this report. These projections are based upon developing a 90-room full-service, upper mid-priced to upscale hotel at the subject site. This property is also proposed to include meeting and banquet space capable of servicing events of 350 to 400 people.

The proposed hotel would have the features recommended in this section. Also, it would be Rate Positioned as suggested in this market study. Any variations to these recommendations may potentially require revisions to these Operational Projections.

PROJECTED PROPERTY PERFORMANCE

The following series of charts show the preliminary projected hotel's performance, specifically in Occupancy, Average Daily Room Rates, and Projected Revenue.

Occupancy

The following chart shows the preliminary *Projected Occupancy* of the proposed hotel.

PROJECTED OCCUPANCY							
YEAR	PROJECTED MARKET OCCUPANCY			PROJ. MKT. PENET.	PROJECTED HOTEL OCCUPANCY		
	Low	Probable	High		Low	Probable	High
2016	57.2%	60.2%	63.2%	91.3%	52.2%	55.0%	57.7%
2017	59.1%	62.2%	65.3%	101.5%	59.9%	63.1%	66.2%
2018	61.0%	64.2%	67.4%	106.8%	65.1%	68.6%	72.0%
<i>*Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Demand growth levels used to formulate these projections.</i>							
<i>Source: HMI</i>							

- The above data is based on a 90-room, upper mid-priced to upscale, full-service hotel in the subject market.
- A 65.2% impact factor is assumed for the proposed hotel's effect on the Overall/Statistical Competitive Set. This indicates that 65.2% of the annual room nights generated by the proposed hotel will have direct impact on these hotels in Bradley/Bourbonnais. These impacted room nights represent the room nights that are currently being serviced by the hotels located in Bradley/Bourbonnais. The Hilton Garden Inn in Kankakee and the Country Inn and Suites in Manteno were removed due to their distance from the subject site and the Super 8 in Bradley was removed due to the economy style of this property. The remaining hotels represent 418 rooms or 65.2% of the 641 total rooms in the Competitive Set.
- The proposed 90-room hotel will be 12.4% larger than the 80-room average sized hotel in the Overall/Statistical Competitive Hotel Set. However, this room count will be similar to the average room size of the hotels in the market which offer meeting and banquet space. The average size of these properties is 89.1 rooms.

- A 90-room hotel will yield an 89.0% size adjustment to the average size hotel in the Overall Statistical Competitive Set. Despite having more rooms to sell, the proposed hotel should outperform the Competitive Hotel Set in Occupancy. An increase in the proposed hotel's room count would potentially decrease its Occupancy performance.
- An Occupancy performance yield premium of 15% was added for the proposed hotel in Bourbonnais at this time. This was done to account for the newness of the proposed hotel in a market where the average age of the current properties is over 20 years. An additional 5% yield was added to account for the offering of new meeting and banquet space at the proposed property. This 20% premium would result in a 106.8% yield and would allow for an average Occupancy of 68.6% in the third year of operation.
- At this time, no new hotels are anticipated for the Village of Bourbonnais or the Bradley area. No new properties were included in the projections presented in this report.
- The 2.94% Lodging Demand growth rate projected for 2014 was factored into these projections and was followed by a 3.25% Lodging Demand growth rate in each year from 2015 to 2018. The estimated annual Lodging Demand growth rate from 2014 through 2018 is 3.40%. This rate of growth is higher than the average annual historic growth rate of 1.9% from 2008 to 2014 and slightly lower than the average annual historic growth rate of 4.66% from 2009 to 2014. The projected growth rates were considered to be conservative and attainable if normal market conditions prevail.
- Based on these projections, the future absorption rate of the new Lodging Supply would be 6.5 months with the Lodging Demand Growth projected. This is well within the 3-year acceptable absorption rate.
- The increase in Occupancy was staged from the first year to the third year. Yield adjustment factors of 90% and 95% of the third year projected Occupancy were utilized for the first and second years, respectively. This will generate yields of 91.3% the first year and 101.5% the second year to reach a 106.8% yield by the third, or stabilized, year of operation. It is anticipated that a new hotel in Bourbonnais will ramp-up its Occupancy rather quickly.

- The proposed hotel is anticipated to be well-positioned to serve the Lodging Demand of the immediate Bourbonnais market. It would have good access to surrounding support services as well as the commercial, retail and education markets in the village. Being the newest hotel in a market of older properties as well as being the only full-service property offering significant meeting and banquet space will help to support these Occupancy projections.
- The subject site's location will allow the proposed hotel to handle the Unaccommodated Lodging Demand generated by the subject market's demand sources identified in this report.

Average Daily Room Rate

The following chart highlights the preliminary *Projected Average Daily Room Rate* for the proposed hotel.

PROJECTED AVERAGE DAILY ROOM RATE			
YEAR PROBABLE	PROJECTED MARKET ADR	PROJECTED MARKET YIELD	PROJECTED SUBJECT PROPERTY ADR*
High	\$91.24		\$91.74
2016	\$86.89	100.5%	\$87.37
Low	\$82.55		\$83.00
High	\$92.61		\$103.46
2017	\$88.20	111.7%	\$98.53
Low	\$83.79		\$93.61
High	\$93.76		\$110.27
2018	\$89.30	117.6%	\$105.01
Low	\$84.83		\$99.76
<p>* Net ADR equals room revenue plus restaurant, lounge, meeting & conference revenue. ** Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Lodging Demand growth levels used to formulate these projections.</p>			
<p>Source: HMI</p>			

- ADR growth in 2014 is projected to be 4.45% for the year. The historic ADR growth rate was 1.94% per year from 2008 to 2014 and 2.68% from 2009-2014. The recent national recession had little effect on ADR's in this subject market and this growth is anticipated to continue.

- In this report, the future annual ADR growth rate was conservatively estimated at 2.34%. This was factoring an estimated conservative ADR growth of 4.45% in 2014, 2.00% in 2015, 2.00% in 2016, 1.50% in 2017, and 1.25% in 2018. This is conservatively below the historic 2.68% annual growth seen from 2009-2014.
- The rate positioning strategy outlined in this report was utilized to position the proposed hotel with these projections. This would yield a projected ADR of 102.9% to the Competitive Set by the third year of operation. It was determined that the proposed hotel should be the rate leader in this market and was therefore positioned similar to the rate structure seen at the Holiday Inn Express which yields 112.0% to the Competitive Set. An additional 5% premium was added to this positioning to account for the proposed hotel being the newest hotel in the market and the only hotel in the village. The meeting and banquet space offered at the proposed hotel will also assist in driving this higher rate.
- The increase in ADR was staged from the first year to the third year. It utilized a 97.5% yield factor in the first and second years based on the third year projected ADR.
- The proposed hotel, being positioned as an upper mid-priced to upscale, full-service limited-service hotel, should be the rate leader in the market.

Projected Sales Revenue

The following chart depicts the preliminary *Projected Sales Revenue* based upon the Occupancy and Average Daily Room Rates established in this report.

PROJECTED ROOM REVENUE			
YEAR	PROBABLE ROOM REVENUE	PROJECTED RevPAR	MARKET RevPAR YIELD
2016	\$1,578,256	\$48.04	91.8%
2017	\$2,041,966	\$62.16	113.4%
2018	\$2,365,301	\$72.00	125.6%
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.			
Source: HMI			

- Given the projections for Occupancy and ADR, the proposed hotel should achieve projected revenue levels that yield substantially higher than the current subject market.

The following chart depicts the estimated *Projected Sales Revenue* based upon the Occupancy, Average Daily Room Rates and Food and Beverage Revenue established in this report.

PROJECTED TOTAL REVENUE					
YEAR	PROBABLE ROOM REVENUE	TOTAL FOOD & BEVERAGE	TOTAL REVENUE	NET ADR	NET RevPAR
2016	\$1,578,256	\$1,722,868	\$3,301,124	\$182.74	\$100.49
2017	\$2,041,966	\$2,094,406	\$4,136,372	\$199.59	\$125.92
2018	\$2,365,301	\$2,222,893	\$4,588,194	\$203.71	\$139.67
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.					
Source: HMI					

PROPERTY RECOMMENDATIONS

The following *Property Recommendations* were based upon the research conducted in this report. The following are Property Recommendations for a 90-room, upper mid-priced to upscale, full-service hotel in the subject market. This type of hotel will meet the Lodging Demand characteristics as well as the Competitive Lodging Supply factors identified in the research for this market study.

Property Type

- The focus of this report was the building of a hotel as described above. Based upon the research performed, this type of hotel would be supported at the performance levels established in this report.
- This type of property appears to match the Lodging Demand characteristics identified for this area. There are other limited-service and select-service, mid-priced hotels in the market area. This proposed hotel should compete well with these hotels. It would be a new upper mid-priced to upscale hotel in the subject market where the current supply is older. Additionally, the meeting and banquet space in the market is limited and reported to be of lower quality. The meeting and banquet space and level of service will give this proposed hotel a competitive advantage in this market.

- This positioning should allow for maximizing rate potential by best serving the demand characteristics of the market. It will allow the proposed hotel to raise rates in high demand periods and lower rates during softer demand periods. This will address the seasonality of the regional market well.

Property Size

- The *Property Size* utilized in this report was 90 rooms. This is larger than the average size of all the hotels in the Overall Statistical Competitive Set at 80.1-rooms. It is approximately the same size as the average-size of the hotels which offer meeting and banquet space at 89.1-rooms.
- While the proposed 90-room hotel is larger than the average sized property in the market, it is felt that an Occupancy performance yield premium of 15% should be added to account for the newness of the proposed hotel in a market where the average age of the current properties is over 20 years. An additional 5% yield was added to account for the offering of new meeting and banquet space at the proposed hotel. This 20% premium would result in a 106.8% yield and would allow for an average Occupancy of 68.6% in the third year of operation.

Property Amenities

Recommended *Property Amenities* should be compatible with the product type and the requirements of any brand affiliation. Additional amenities to consider for the proposed hotel are listed below.

- A full-service restaurant and bar/lounge is planned to be included at the proposed hotel. This restaurant would offer breakfast, lunch and dinner service. Village representatives reported that the proposed restaurant and bar/lounge is intended to be one of the most upscale restaurants in the village. These food and beverage services are planned to serve the hotel guests as well as the residential and commercial markets.
- A swimming pool should be considered for the proposed hotel. This will assist in attracting the Social/Leisure market. Given the market's Lodging Demand characteristics, especially for the Social/Leisure market segment, this type of amenity would provide a competitive advantage for this hotel. The Social/Leisure market segment is expected to generate 57.5% of the Lodging Demand in this market.

- The function space developed for the proposed hotel should follow the recommendations made in this report. These recommendations ranged from 47.9 square-feet per available room to 50.9 square-feet per available room. The average was 97.4 square-feet per available room at the Hilton Garden Inn and the Quality Inn, which are the most competitive hotels offering meeting space. These recommendations would justify 4,300 to 4,500 square-feet of function space.
- Typically, it is estimated that function space can comfortably service 10 to 12 people per square foot. To accommodate the largest average group identified in the event demand section, 275 people for a wedding, the largest room should be approximately 3,000 to 3,500 square-feet. This room should be sub-dividable into at least three if not four sections (one of the 3 rooms would be divided in half). The remaining square footage should be offered in smaller conference rooms and it should include a possible pre-set board room. Larger events could be hosted and marketed if function space larger than 3,000 to 3,500 square-feet were offered at the proposed hotel.
- A small retail gift shop or sundry area could be considered to service guest needs.
- A fitness center could also be included at the proposed hotel as this will serve all market segments.
- Parking for busses, recreational vehicles and trailers could be considered due to the recreation in the area.

Sleeping Room Configuration

- The proposed hotel's recommended *Sleeping Room Configuration* should be compatible with the area's overall Market Segmentation. Given the fact that this proposed hotel will have more Social/Leisure Lodging Demand, (42.5% Corporate/Commercial and 57.5% Social/Leisure), including more double queen-bedded rooms would allow for more flexibility. A mix of 60% double queen-bedded rooms and 40% king-bedded rooms should be considered.
 - Suite-style rooms could also be considered for the proposed hotel. At this time, it is suggested that approximately 15% of the total rooms be configured as suites.
 - There is the potential for some extended stay demand in this market area and therefore it is recommended that a small number of the suites could include a sitting area, a separate sleeping area, and a small kitchen area. There is currently no other extended-stay lodging in the village and it is recommended that a strong marketing effort be made to area businesses to raise awareness of this offering.

Brand Affiliation

- It is suggested that *Brand Affiliation* be considered for the proposed hotel to enhance its marketability. The focus of this report was on developing an upper mid-priced hotel concept. A national or regional brand within this product category is suggested. The stronger the brand recognition, the more competitive the proposed hotel will be in the subject market.
- Operating the proposed hotel without a national or regional brand is not recommended.
- Impact issues will be present due to the strong brands in Bradley, Kankakee and Manteno.

Rate Strategy

- The *Room Rate Strategy* for the proposed hotel should be compatible with the attainment of the Average Daily Room Rate projections indicated in this report. The preliminary room rate positioning strategy of this hotel was outlined previously in the Lodging Supply section.
- Seasonality of Room Rates will also need to be considered at this proposed hotel.
- Given the Average Daily Room Rate research performed for this report and the projections subsequently established, it appears that the proposed hotel could compete directly and become the rate leader in the market if it were positioned with a 117.6% yield to the Statistical Competitive Set as defined in this report. This would be the preliminary recommended rate positioning for the proposed hotel and it includes a 5% premium above the rate structure of the Holiday Inn Express, the current rate leader in this market. This premium was added to account for this property being the newest hotel in the subject market area, the only hotel in the center of the village, and offering the highest level of food and beverage service.

Opening Date

- Based on the Seasonality of Lodging Demand, an *Opening Date* in mid-to-late winter is recommended for the proposed hotel as Lodging Demand begins to increase in March with a strong increase seen in May. This would correlate with the improvement of Lodging Demand in the subject market on a seasonal basis and the opportunity to maximize revenue prior to entering the softer, off-season months beginning in November.



DISCLAIMER

The decisions presented herein were based upon the information available and received at the time this report was compiled. Hospitality Marketers International, Inc., (HMI) has taken every possible precaution to evaluate this information for its completeness, accuracy and reliability. To the best of its knowledge, HMI feels the information and decisions presented herein are sound and reliable.

At the present time of this report, the United States and world economies are in the midst of a recovery from a major recessionary period that ran from 2008 - 2010. This recovery appears to be continuing according to current news reports with most economic indicators indicating growth since 2011.

HMI is not responsible for effects that occur from future political, economic or social events that ultimately alter these projections. These events should be monitored accordingly and potentially the results of this report may require updating to respond to future events.

Also, it should be understood that normal economic and marketplace conditions change constantly. HMI assumes no responsibility for information that becomes outdated once this report is written; nor is it responsible for keeping this information current after September, 2014.

It should be understood that the results presented in this report are the professional opinion of HMI and are based upon the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon which those opinions have been based. HMI assumes no responsibility for changes in the marketplace.

Furthermore, it is presumed that those reading this report completely understand its contents and recommendations. If the reader is unclear of the understanding of the contents, clarification should be received from its writer, HMI.

Lastly, HMI assumes that those who receive this report act in accordance with its recommendations. Any deviation from these recommendations is solely the responsibility of those receiving this report.

Further questions concerning this report should be directed to HMI.

Sincerely,
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