



Inn Development & Management

May 10, 2013

Greg McDanel, City Manager  
City of Maryville  
415 N. Market Street  
Maryville, MO 64468

Dear Greg,

The City of Maryville engaged this market study update to produce a report for the potential development of a lodging facility and necessary supportive services in the Mozingo Lake Park area. The purpose of the study is to analyze the surrounding community and nearby cities to determine feasibility of this project and understand the risks and benefits associated with a development of this nature. The market study is a supply-and-demand based analysis, reliant on interviews with local demand generators, and is used to determine the feasibility of a hotel development.

The report summarizes our updated analysis of the market, conducted in accordance with the work steps outlined in all phases of our July 11, 2011, engagement. The report includes our understanding of (1) current competitive lodging market conditions, (2) supply of and demand for lodging, meeting, and event facilities in the competitive region, and (3) our recommendation of the size, type, and characteristics of the hotel, meeting, banquet, and conference facilities best suited to respond to the market demand anticipated in the future.

The report details projections of the potential occupancy and average daily rate performance for the first 10 years of operation of the subject facility and options for an event center; these are based both on the detailed analysis of the demand and supply as well as a subjective analysis of the proposed properties characteristics compared with those of competitive properties. It also projects utilization levels that could be expected for meeting and banquet space associated with the subject development.

Finally, using our projections of revenues, we provided detailed projections of income and expenses for the proposed development, arriving at detailed estimates of income available for debt service using generally accepted income available for debt service ratios to revenue for the region and our operating knowledge of similar Midwest facilities. Utilizing these net income estimates, the estimates of construction cost for the hotel and meeting facility, as well as certain other key assumptions detailed in this report, we estimated the feasibility of the project, determining the level of public support required to attract private developers to the project. All key assumptions are detailed in the body of the report.

The findings of this report are subject to and should be considered in terms of the detailed conditions of service detailed at the end of the attached report.

We appreciate this opportunity to be of service to the City of Maryville and would welcome the opportunity to work additionally with you and other interested parties to identify possible incentives available to the project, further architectural work necessary, and additional site planning that would be necessary to the development of the hotel.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sean Skellie".

Sean Skellie  
VP of Business Analysis  
IDM Group, LLC

131 East Wisconsin Avenue  
Suite 101  
Pewaukee, WI  
608.819.3091

## Executive Summary Overview

- Maryville is located in northwest Missouri and has central access from the region's corridors and accessibility from the Quad State area and Western Missouri, including St. Joseph and Kansas City, Omaha and Lincoln (NE), and Des Moines (IA). Easy access from the region's southern corridors offers a good location for residential and commuter housing.
- Tourism is a regional industry in which travelers are driven based on value, location, price, and amenities. Total tourism-related spending and revenues from travel in Missouri is estimated to have been \$11.2 billion during FY11.
- The combined tourism impact of Nodaway County is estimated at \$23 million in the area, ranking 7th in the Northwestern Region of the state for spending in 2011, an increase of 2% from 2010.
- Maryville is perceived as an affordable setting from its housing market, employment base, and retail positioning. The community is a rural suburban market at a value, and the area has seen significant retail growth.
- Tourism is a key sector of Missouri's economy, comparable to agriculture in its contribution to the gross state product.
- Maryville is the county seat located near the center of the county. It is a destination and the central retail shopping district for county residents and travelers to the county. Maryville and Nodaway County communities host a variety of sports-related tournaments and special events year-round, attracting visitors to the county. Mozingo Lake Park has an acknowledged history as a tourist destination.
- In 2005, the market area opened a modern hotel, the Holiday Inn Express, which is the direct competition to the subject facility today. There are no facilities in the area that can service the needs of groups and events, whether corporate or social. The lodging facilities are several decades old and reportedly no longer competitive, based upon feedback from the surveys and interviews during the course of the study. The market area has seen group business move to other locations within the state.
- The Maryville Community Center and Younger Auction Barn are available for groups seeking a social venue in the market area. Neither of these properties have a professional lodging facility adjacent to the event space. Both facilities have limited configuration of space, and meetings and events are not their primary use.
- Surveys conducted as part of this study in the Market Area indicate Maryville and Mozingo would be considered an attractive location to hold meetings and conference events if a modern, appropriate facility were available.
- 2012 competitive market performances showed strong lodging demand increases after recent years' decreasing occupancies and reported 66.7% occupancy and an ADR of 75.18, up 3%.

- The combined average growth rate of occupancy from 2007 to 2012 has remained flat at an average of 66.3%, which relatively speaking is a consistent market occupancy.
- The combined average growth rate of the market daily rate has seen significant increases in ADR from 2007 to 2012 up 4.2% over that period. This market has driven its ADR every year from 2007 through 2012.
- Our analysis of the market resulted in a recommendation of a 70-room select service lodging facility, with event space located at a new golf course clubhouse offering 5,500 net square feet of flexible meeting space. The facility would respond to the majority of market demand currently displaced by the lack of a quality facility.
- The community has currently established a new rebranding of the Mozingo Park which has included a new website, brand mark, and signage throughout the park.. the marketing efforts of this rebranding will assist in consumer awareness and allow for an increased level of marketing.
- The proposed location leverages the destination and resort appeal of the Mozingo Park and the popularity it already enjoys.