

**MEETING AGENDA**  
**ROOM TAX COMMISSION OF THE**  
**CITY OF PLYMOUTH, WISCONSIN**  
**THURSDAY DECEMBER 12, 2024 9:00 A.M.**  
**Plymouth City Hall**  
**Room 305**  
**128 Smith St**  
**Plymouth, WI 53073**

Members Present:

\_\_\_\_ Kaushik Patel  
\_\_\_\_ Mary Hauser  
\_\_\_\_ Mayor Pohlman  
\_\_\_\_ Diane Gilson  
\_\_\_\_ Tim Blakeslee

Other:

Anna Voigt \_\_\_\_

1. Call to order and roll call.
2. Approve minutes from meeting held June 20, 2024
3. Discussion on Room Tax Revenue
4. Discussion on Hotel Feasibility Study Results
5. Updates from the Chamber of Commerce
6. Adjournment.

**It is likely a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice.**

**Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request this service, please contact the City of Plymouth ADA Coordinator Leah Federwisch, located in the Plymouth Utilities office at 900 County Road PP, Plymouth, WI or call 920-893-3853.**

## MEETING AGENDA

### ROOM TAX COMMISSION OF THE CITY OF PLYMOUTH, WISCONSIN

THURSDAY JUNE 20, 2024

- 1. Call to order and roll call:** The Room Tax Commission was held on Thursday, June 20, 2024 at 9 AM. Commission members present were Mayor Pohlman, Diane Gilson, Tim Blakeslee, Kaushik Patel, and Mary Hauser. Also present were: Anna Voigt City Clerk/Deputy Treasurer.
- 2. Election of Chairperson:** Hauser nominated Pohlman for Chairperson. Motion was made by Blakeslee/Gilson to close nominations. A unanimous aye vote was cast. Motion was made by Blakeslee/Hauser to nominate Pohlman for Chairperson. A unanimous aye vote was cast. Motion carried.
- 3. Approve minutes from meeting held September 20, 2023:** Motion was made by Gilson/Hauser to approve the minutes from September 20, 2023. A unanimous aye vote was cast. Motion carried.
- 4. Discussion and Action on Hotel Feasibility Study:** Blakeslee explained that in 2019 a hotel feasibility study was completed. At the time, the study noted “that development of the 65 -room limited-service hotel is market justified and would be well suited for the Plymouth market.” A hotel project was almost completed as a result of that study, but due to the unknowns of COVID-19 in early 2020, the project was shelved by the developer. It has been five years since the study was completed. A hotel chain and a local developer have recently expressed interest in a hotel in the Plymouth Area. The interested hotel chain requires that a study be done. This study would benefit not just the hotel chain, but any developer or hotel chain in the future. Motion was made by Hauser/Gilson to approve Patek Consulting to do a hotel study. Upon the call of the roll, all voted aye. Motion carried.
- 5. Adjournment:** Motion was made by Gilson/Blakeslee to adjourn the meeting. A unanimous aye vote was cast. Motion carried.

**CITY OF PLYMOUTH, WISCONSIN**

**Market Feasibility Study for a Proposed  
Cobblestone Hotel & Suites In  
Plymouth, Wisconsin**

**September 2024**

**(Revised September 27, 2024)**

**Patek Hospitality Consultants, Inc.**  
N57 W27841 Walnut Grove Court  
Sussex, Wisconsin 53089  
(262) 538-0445

September 27, 2024

Mr. Tim Blakeslee  
City Administrator/Utilities Manager  
128 Smith Street  
Plymouth, Wisconsin 53073

Dear Tim:

In accordance with our agreement, Patek Hospitality Consultants, Inc. has completed a study of potential market demand and prepared a Financial Analysis for a proposed 54-room Cobblestone Hotel & Suites in Plymouth, Wisconsin. We originally conducted a study for the City of Plymouth in 2019 for development of a limited-service hotel.

**This revised report should be read in lieu of the report that was issued on September 9, 2024. The revision is the result of discussions with the City of Plymouth and Cobblestone Hotels & Suites regarding the competitive hotel set and the return on investment calculations in the Financial Analysis section. We have made some adjustments to the competitive hotel set, which resulted in an increase in average daily rate (ADR) for the proposed hotel and therefore, the entire financial analysis. The primary reason for the adjustment is that the Cobblestone Hotel & Suites proposed for Plymouth is the company's Main Street prototype that will be built with higher end finishes and construction, which has allowed the Main Street prototype in the company's portfolio to garner a higher ADR. The type of finished product as an upper midscale hotel should allow the Cobblestone Hotel & Suites to compete with other upper midscale hotels in Sheboygan County, i.e. hotel brands that typically achieve higher average daily rates.**

As in all studies of this type, the estimated results are based upon competent and efficient management and an effective marketing program and presume no significant change in the competitive position of the hotel industry from that set forth in this report. We have no responsibility to update this report for events and circumstances occurring after completion of our fieldwork and research conducted in August 2024. These projections are based upon estimates, assumptions and other information developed from our research and we do not warrant that they will be attained. We did not consider the legal and regulatory requirements applicable to this project, including zoning, permits, licenses and other state and local government regulations.

This report has been prepared for your use and guidance in determining whether hotel development should be pursued in Plymouth and to share with developers, hotel franchise companies, and potential lenders/investors. Neither our name nor the material submitted may be used in any prospectus or used in offerings or representations in connection with the sale of securities or participation interests without our express written permission.

When this study was issued in 2019, we did not anticipate that just one year later, the world would face a global pandemic, which ultimately had a devastating impact on the hospitality industry. It has been over four years now since the start of the pandemic, and much has changed for the hotel industry. There are several differences that have challenged and continue to challenge the hotel industry between when the 2019 report was issued and now in 2024.

- Corporate travel came to a standstill during the pandemic when offices shut down and employees were working remotely. Corporate travel has been much slower to return as virtual meetings became the norm during the pandemic. Industry experts believe corporate travel will return, likely not to pre-pandemic levels. Corporate travel impacts the weekday demand, particularly Tuesday and Wednesday nights, which are considered peak travel nights. During the pandemic, the short-term rental business like Airbnb and Vrbo grew rapidly as people realized they could work from anywhere and enjoy a change of scenery. This also had a detrimental impact on hotels.
- The next two years (2021-2022) saw leisure travel grow significantly as people wanted to get away. Hotel operators saw an opportunity to increase rates and hotels realized strong rate growth, which has subsided somewhat based on recent data as noted in the Hotel Industry Outlook section of this report.
- The pandemic had a negative impact on the supply chain and the cost of materials skyrocketed making many hotel projects economically unfeasible. Added to this was the significant increase in labor costs, and ultimately other hotel operating costs that have increased throughout this period. While some construction costs have declined, the overall effect on the bottom line has been impacted.
- For the past two plus years, interest rates have been very high, causing hotel development to slow to a crawl. While the federal government recently cut rates, the impact the cuts will have on hotel development will be more of a long-term gain than a short-term gain in increasing the hotel supply.
- During the last three years, it's not like hotels haven't been built, but those projects that have, have required more equity by the developer/investor, incentives by local government, and an experienced development/management team.
- Five years ago, hotel developers were interested in what incentives might be offered by a community. Today, city incentives are very relevant to hotel development in general

based on the bullet statements listed above; the proposed hotel project for Plymouth will be no exception.

Throughout the report, we have included comments, footnotes, and disclaimers regarding the pandemic's impact as it pertains to the local hotel market and the hotel industry in general. Industry sources such as CoStar Group, Inc., STR, Tourism Economics, and CBRE are deemed reliable as it pertains to our performance estimates and overall recommendations for the proposed Cobblestone Hotel & Suites.

While we have prepared this Feasibility study for the City of Plymouth, we recommend the developer/investor of the proposed Cobblestone Hotel & Suites have a good understanding of the lodging supply that is available in Sheboygan County, the performance of the competitive hotel market, and the seasonality of demand in this market, and we believe this report provides that information. For additional information regarding development/investment in hotels, we provide a section on the outlook for hotels, with information provided by the previously mentioned companies

Please do not hesitate to call if we may be of further assistance in the interpretation and application of our findings, recommendations and conclusions. We appreciate the cooperation you extended to us during our engagement and look forward to working with you again in the future.

Sincerely,

*Patek Hospitality Consultants, Inc.*

Patek Hospitality Consultants, Inc.

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## **EXECUTIVE SUMMARY**

The City of Plymouth, Wisconsin have retained Patek Hospitality Consultants, Inc. to provide consulting services to determine the potential market demand, estimate occupancy and average daily rate, and prepare Financial Analysis for a proposed 54-room Cobblestone Hotel & Suites in Plymouth, Wisconsin. The report that follows provides more information about the proposed site, an overview of Plymouth and Sheboygan County, the competition, and the proposed future market position of the proposed hotel. Below are bullet statements summarizing the project followed by the full report.

- Plymouth is in the west-central part of Sheboygan County, which is in east central Wisconsin between Lake Michigan and the Kettle Moraine State Forest. Sheboygan County is located about 55 miles north of Milwaukee and 60 miles south of Green Bay and is surrounded by Manitowoc and Calumet counties to the north, Fond du Lac County to the west, and Ozaukee and Washington counties to the south. There are 28 municipalities with three cities, 10 villages, and 15 towns in Sheboygan County.
- The proposed 1.9-acre site is on Eastern Avenue that is owned by a Plymouth-based company, Van Horn Automotive Group. The site is setback from Eastern Avenue with a Scooters drive-through coffee shop and a Jimmy John's sandwich shop in front of the proposed site. The surrounding area is commercial in nature.
- The proposed Cobblestone Hotel & Suites will be a new hotel with 54 rooms and suites that is estimated to open in early 2026. It will feature the Main Street style of Cobblestone Hotels and include an expanded guest wine and beer bar, standard (double queen and king rooms) guest rooms, two-room extended-stay suites, free hot breakfast, guest fitness room, guest laundry, meeting room, indoor pool, and an elevator.
- There are currently three lodging properties in Plymouth with a total of 129 rooms. Two of the hotels are franchised and one is an independent economy motel. The 62-room Baymont Inn & Suites is the most utilized hotel according to demand interviews. We understand that the 19-room 52 Stafford Inn has been closed, and together with the adjacent Laack building were purchased earlier in 2024 by Sargento's Gentine family. The family has plans to pursue historical restoration of the building and discussions continue to take place for the type of development including lodging. The 52 Stafford Inn closed in December 2023.
- We considered one property in Plymouth, the Baymont Inn & Suites and four properties in Sheboygan as potential competition to the proposed Cobblestone Hotel & Suites. The Sheboygan hotels are not considered to be direct competition to the Plymouth market, however, to commission a STR report, it was necessary



to include the properties that we did. These six competitors achieved occupancy of 59.1 percent, an average daily rate (ADR) of \$148.55, and RevPAR (revenue per available room) of \$87.77 at year-end 2023. Year-to-date through July, occupancy was 57.2 percent, ADR was \$149.79, and RevPAR was \$85.69.

- The Cobblestone Inn & Suites, Cobblestone Hotel & Suites, and Cobblestone Suites 2024 FDD provided performance information for a sample of 50 Cobblestone Inn & Suites® and Cobblestone Hotel & Suites® that have 45 or more guest rooms, were open for the entire 24-month period ended December 31, 2023, and for which they were able to receive detailed financial data in a consistent format. The sample accounts for 42.4 percent of these two brands, which consisted of 118 hotels as of December 31, 2023.

**Performance Data  
Period Ending December 31, 2022 and 2023**

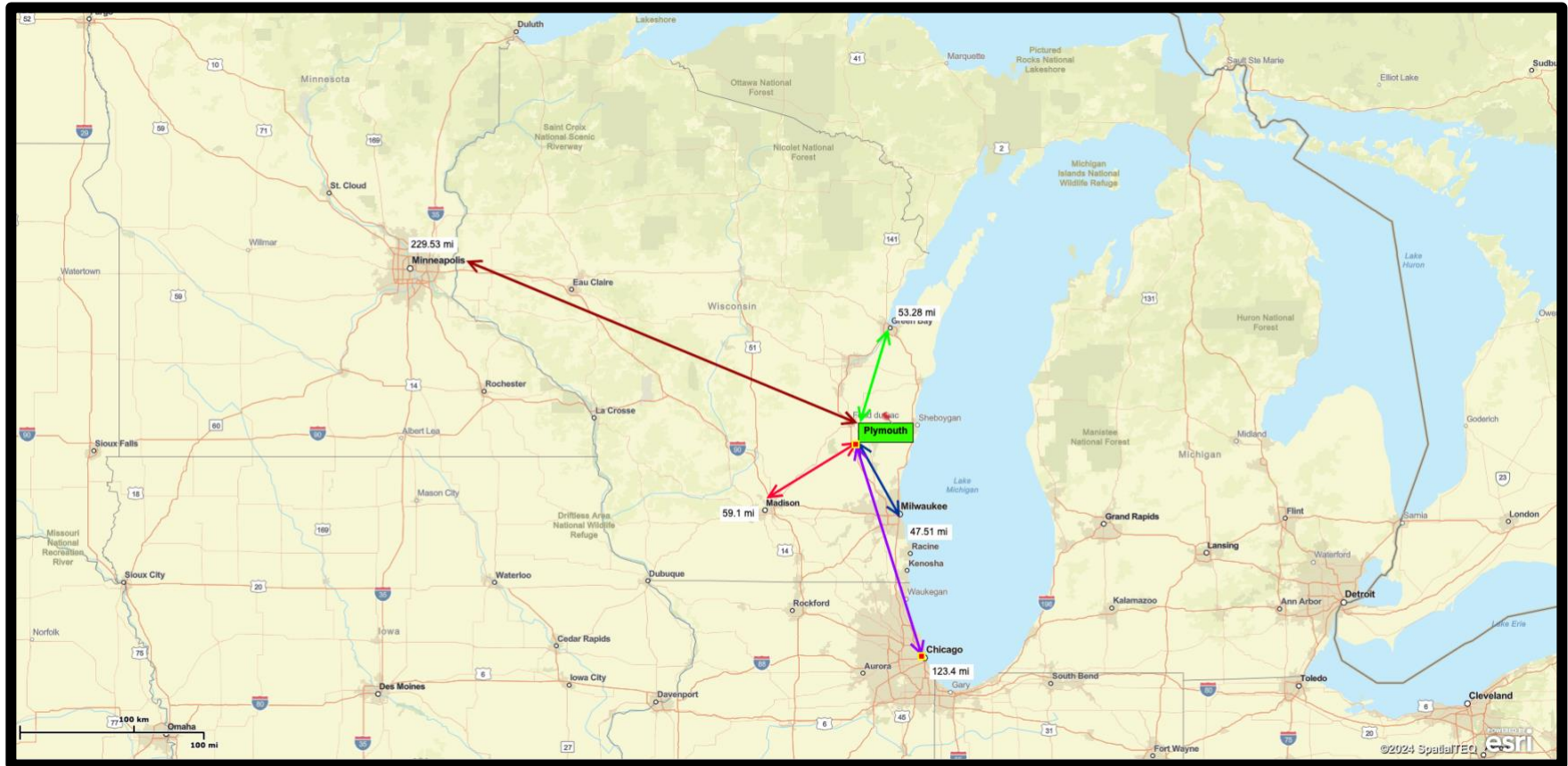
<b>Central Reservation System Contribution</b>		
<b>Fiscal Year</b>	<b>2022</b>	<b>2023</b>
<b>Average</b>	43.19%	46.00%
<b>Median</b>	43.93%	46.00%
<b>Average Daily Rate (ADR)</b>		
<b>Fiscal Year</b>	<b>2022</b>	<b>2023</b>
<b>Average</b>	\$112.27	\$118.42
<b>Median</b>	\$109.51	\$113.97
<b>Occupancy</b>		
<b>Fiscal Year</b>	<b>2022</b>	<b>2023</b>
<b>Average</b>	49.28%	50.00%
<b>Median</b>	50.83%	49.00%
<b>Revenue Per Available Room (RevPAR)</b>		
<b>Fiscal Year</b>	<b>2022</b>	<b>2023</b>
<b>Average</b>	\$55.36	\$58.76
<b>Median</b>	\$52.90	\$56.63

*Source: The Cobblestone Inn & Suites, Cobblestone Hotel & Suites, and Cobblestone Suites 2024 FDD issued March 2024*

We are not aware of the number of Main Street prototype properties that are included in the FDD data because it is not broken out. This table is provided for information purposes only on the Cobblestone brand.

A map of Plymouth's location within the region (Green Bay, Milwaukee, Madison, Minneapolis, and Chicago,) follows (**stated distances are not to scale**).

# PLYMOUTH, WISCONSIN



**EXECUTIVE SUMMARY cont'd**

<b>Brand Name:</b>	Cobblestone Hotel & Suites
<b>Number of Rooms:</b>	54
<b>Opening Date:</b>	January 2026
<b>Occupancy (Stabilized):</b>	63%
<b>ADR (2024 dollars):</b>	\$135.00
<b>Stabilized Year:</b>	2028

**Site Evaluation:**

<b>Access:</b>	Good
<b>Visibility:</b>	Good
<b>Proximity to Demand:</b>	Very Good
<b>Support Amenities:</b>	Very Good
<b>Competitive Position:</b>	Very Good

**Competitive Lodging Market Summary:**

Baymont Inn & Suites Plymouth	62
GrandStay Residential Suites Sheboygan	71
LaQuinta Inn Sheboygan	96
Holiday Inn Express Sheboygan	99
Fairfield Inn & Suites Sheboygan	<u>108</u>
Total Rooms	436

<b>Competitive Market Performance (STR)</b>	<b>Occup.</b>	<b>ADR</b>	<b>RevPAR</b>
<b>Year-End 2016</b>	61.2%	\$105.64	\$64.69
<b>Year-End 2017</b>	60.0%	\$109.10	\$65.48
<b>Year-End 2018</b>	61.9%	\$109.58	\$67.84
<b>Year-End 2019</b>	59.4%	\$111.33	\$66.17
<b>Year-End 2020</b>	42.2%	\$103.77	\$43.77
<b>Year-End 2021</b>	57.6%	\$131.46	\$75.72
<b>Year-End 2022</b>	61.5%	\$138.07	\$84.85
<b>Year-End 2023</b>	59.1%	\$148.55	\$87.77
<b>YTD July 2023</b>	56.7%	\$149.31	\$84.69
<b>YTD July 2024</b>	57.2%	\$149.79	\$85.69

Source: STR

**Projections – Cobblestone Hotel & Suites  
Plymouth, Wisconsin**

Year	Occupancy	ADR	RevPAR
2026*	55.0%	\$143.20	\$78.76
2027	60.0	147.50	88.50
2028	63.0	151.90	95.70
2029	63.0	156.50	98.60
2030	63.0	161.20	101.56

\*Estimated opening January 2026

Source: Patek Hospitality Consultants, Inc.

### Financial Analysis

Our assumptions regarding the economic feasibility of the project follow. The projected cost of development of the hotel is estimated to be \$10,221,000 (as provided by Cobblestone Hotels & Suites). Based on our research of the debt market and interest rates, we present the following investment scenario.

<b>35% Equity/65% Debt</b>	<b>Annual Interest Rate</b>	<b>7.25%</b>
\$3,577,350 (Equity)	<b>Amortization</b>	25 years
\$6,643,650 (Debt)	<b>Annual Payment</b>	\$576,200 (rounded)
<b>\$10,221,000</b> Total Project Cost		

**Proposed Cobblestone Hotel & Suites  
Economic Feasibility Analysis  
Project Cost - \$10,221,000  
35% Equity/65% Debt  
Plymouth, Wisconsin**

	2026	2027	2028	2029	2030
Cash Flow Available for Debt Service	\$576,000	\$650,100	\$710,600	\$734,500	\$758,800
Debt Service	\$576,200	\$576,200	\$576,200	\$576,200	\$576,200
Debt Service Coverage	1.00x	1.13x	1.23x	1.30x	1.32x
Cash Flow to Equity	(\$200)	\$73,900	\$134,400	\$158,300	\$182,600
Equity	\$3,577,350	\$3,577,350	\$3,577,350	\$3,577,350	\$3,577,350
Return on Investment (ROI)	0.0%	2.1%	3.8%	4.4%	5.1%

Source: Patek Hospitality Consultants, Inc. based on research and sources cited in the report

## **HOTEL INDUSTRY OUTLOOK**

### ***STR and Tourism Economics***

STR and Tourism Economics made significant downward adjustments to the 2024-2025 U.S. hotel forecast released at the 46<sup>th</sup> Annual NYU International Hospitality Industry Investment Conference held early June 2024. The latest revision reflects lower than expected performance thus far in 2024 as well as lessened growth projections for the remainder of the year.

For 2024, projected gains in ADR and RevPAR were downgraded 1.0 percentage points and 2.1 pts, respectively. Occupancy for the year is now expected to decline after the previous forecast projected year-over-year growth in the metric. For 2025, an occupancy growth projection was kept in place, but downward adjustments were once again made to ADR (-0.8 pts) and RevPAR (-0.9 pts)

According to Amanda Hite, STR president, they have seen a bifurcation in hotel performance over the first four months of the year, which they don't believe will abate soon. The increased cost of living is affecting lower to middle income households and their ability to travel, thus lessening demand for hotels in the lower price tier. The Upscale through Luxury tier is seeing healthy demand, but pricing power has waned given changes in mix and travel patterns, and to a lesser extent, economic conditions. Travel remains a priority for most Americans, but the volume has lessened as prices on goods and services continue to rise.

**2024 U.S. Hotel Industry Forecast**  
**US Hotel Key Performance Indicators, Year-over-Year Percent Change**

<b>Metric</b>	<b>2023 Actual</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>
<b>Occupancy</b>	63.0%	62.8%	63.2%
<b>ADR Change</b>	4.3%	2.1%	2.0%
<b>RevPAR Change</b>	5.0%	2.0%	2.6%
<b>Real RevPAR change versus 2019</b>	(4.9%)	(6.2%)	(6.1%)

*Source: STR, Tourism Economics, June 2024*

Director of industry studies for Tourism Economics, Aran Ryan, says still elevated interest rates and easing wage growth have contributed to cautious business investment and pinched spending by many middle- and lower-income consumers. Looking beyond this near-term pull-back for demand at lower tier properties, we expect moderate travel growth to resume, supported by a tempered economic expansion and the continued rebound of group, business, and international travel.

STR's president went on to say that higher operating expenses have led STR to forecast lower GOP margins. Labor costs are projected to be nearly 33 percent of total revenues through the remainder of 2024 and will have the greatest impact on GOP margins. Upper midscale chains are expected to maintain the lowest labor costs and the most competitive GOP margins for most of 2024, which follows pre-pandemic trends.

### ***CBRE***

As of August 15, 2024, CBRE reduced its forecast for U.S. hotel performance, as lodging demand softens due to weaker than expected leisure travel and slowing corporate profit growth. The company now projects a 1.2 percent increase in RevPAR (revenue per available room), down from the 2.0 percent estimated in May 2024. However, CBRE anticipates 2.0 percent year-over-year growth in RevPAR in the second half of 2024, up from 0.5 percent in the first half, driven by inbound international travel, election-related events, and an anticipated lower interest rate environment. Challenges including weakening consumer spending and increased competition from short-term rentals, cruise lines, and other lodging alternatives pose downside risks.

CBRE forecasts GDP growth of 2.3 percent and average inflation of 3.2 percent in 2024. The performance of the lodging industry is closely tied to the strength of the economy, as there is typically a strong correlation between GDP and RevPAR growth.

CBRE forecasts compound annual growth in supply under 1.0 percent over the next three years, as elevated financing and construction costs temper construction activity.

It should be noted that these forecasts and the comments herein by STR/CoStar, Tourism Economics, and CBRE reflect a national hotel industry outlook, which may not necessarily reflect trends in the local market. The data is provided for informational purposes regarding current trends in the hotel industry.

### ***Hotel Development and Financing of Hotels in Today's Marketplace***

Since the start of the Covid-19 pandemic in 2020, the hospitality industry had faced a decline in travel, offices closing, labor shortages, and rising construction costs and shortages of materials. More recently however, higher interest rates and banks scaling back on hotel lending is the biggest challenge for hotel development. Regional banks, the primary lenders to hotel and commercial real estate markets, continue to experience financial strain due to the banking crisis that began in March 2023. The capital requirements for regional banks are much higher than they've ever been, therefore, the banking system is not able to supply as much capital. According to a panel at the ALIS conference in January 2024, the group reiterated a wide assortment of issues facing the lending community: considerably higher rates for fixed- and floating-rate loans, stricter and more costly lending terms, tumbling property values, billions of dollars in looming debt maturities, and a more skittish banking

sector that is facing tighter regulatory scrutiny. As a result, refinancings and new loan originations have slowed to a crawl.

Adding to the financing challenge are continued labor shortages, which were exacerbated during the pandemic and resulted in rising labor costs, still high construction costs, and most recently, higher insurance premiums that are impacting the bottom line. Developers have been forced to postpone projects or explore alternative ways to raise capital. However, hotel projects are getting developed but are taking longer to come to fruition and require an experienced team that have the relationships to get a project developed. City incentives are going to continue to be an important topic of conversation for hotel development going forward.

## **PROJECT CONCEPT AND RECOMMENDATIONS**

The proposed Cobblestone Hotel & Suites would be a four-story limited-service hotel offering approximately 54 rooms that would include a mix of double queen and king standard guest rooms and two-room extended-stay suites.

### **Recommended Guest Room Configuration Cobblestone Hotel & Suites – Plymouth, Wisconsin**

<b>Type of Room</b>	<b>Number of Rooms</b>	<b>Percent of Total Rooms</b>
King	22	41.0%
Double Queen	26	48.0
Extended-Stay Suite	<u>6</u>	<u>11.0</u>
Total	54	100.0%

*Source: Patek Hospitality Consultants, Inc.*

All guest rooms will include digital key access, a desk and ergonomic chair, MP3 alarm clock radio, a wall-mounted LCD flat panel television with HD channels, coffee maker, hairdryer, free high speed internet access in all guest rooms and the lobby, microwave and refrigerator, iron/ironing board, and telephone with voice mail and data port. The hotel will offer an indoor pool, fitness room, complimentary hot breakfast, expanded wine and beer bar, business center, guest laundry, convenience store, and a small meeting room. Surface parking will be provided per local zoning regulations.

## **BRAND DEVELOPMENT**

There are currently no Cobblestone Hotels in Sheboygan County. At the present time, the hotel brands represented in Sheboygan County include the parent companies of Wyndham (6 properties), Choice (3), GrandStay (1), IHG (InterContinental Hotels Group (1), Marriott (1), and Hilton (1). These franchised properties are in Plymouth, Sheboygan, and Sheboygan Falls. Neither Elkhart Lake nor Kohler offers franchised hotels currently.

## **SITE ANALYSIS**

The proposed hotel site is a vacant 1.9-acre site owned by Van Horn Automotive Group. The site is just east of the Pick N' Save and the vacated K-Mart site and immediately adjacent to an Advanced Auto Parts store. A Scooters drive-through coffee shop and a Jimmy Johns sandwich shop front on Eastern Avenue in front of the proposed site.

Eastern Avenue (County Highway C) is a major east/west thoroughfare through Plymouth and is 0.3 miles west of State Route 57 and about one-half mile north of the State Highway 57 and 23 interchange. Support amenities are plentiful in the area including grocery, pharmacy, banks, Van Horn Chevy auto dealership, gas service station, fast food, golf course, Aurora Clinic, and Sartori's headquarters administrative building. This site is located about



one mile east of downtown Plymouth and the shops, restaurants, and activities offered there. The City of Plymouth is in the middle of creating a TID (Tax Increment District) that will include the proposed hotel site as well as a planned housing development that will include 90 single family homes just west of the K-Mart building along Pleasant View Road; the K-Mart building is also within the planned TID. There has been some interest by developers in the re-development of the K-Mart however no deal has been made as of the date of this report. It was suggested that the site could be redeveloped into commercial and/or housing if a deal could be struck with the owners.

### **Access - Good**

Access to the site from State Highways 57 or 23, the primary highways serving Plymouth, would be good. The entrance to the site would be east of Advanced Auto Parts and would line up with Carr Road north of Eastern Avenue. Discussions with city officials indicated there may be a stoplight installed at Carr Road, which would provide much easier access into and out of the proposed hotel site. Eastern Avenue is a well-traveled thoroughfare and while there is a lane to turn left, it can be a challenge to make a left turn into or out of the site.

### **Visibility - Good**

The four-story structure will have good visibility from Eastern Avenue but limited from State Highway 57, although the hotel will be visible once guests turn onto Eastern Avenue from Highway 57. With today's GPS systems on cellphones and in cars, visibility is not as critical as it once was for hotels.

### **Proximity to Demand - Very Good**

The proposed site will be positioned to capture demand from the local companies and organizations, as the site is proximate to major thoroughfares. Companies in Plymouth such as Sartori, Sargento, Masters Gallery, Great Lakes, Plymouth Foam, and the Sheboygan County Fairgrounds will find the location convenient. Located outside of Plymouth, businesses such as Johnsonville, Lakeland University, Wade House, Road America, and other tourist events and festivals will find the proposed site convenient.

### **Support Amenities - Very Good**

The site is proximate to support amenities such as restaurants and retail outlets, which is important for guests visiting an area. Immediately adjacent to the proposed site is Scooters and Jimmy Johns and along Eastern Avenue is Culvers, Kwik Trip, McDonalds, and Dairy Queen. There is a selection of restaurants and retail outlets located in downtown Plymouth, which is about one mile west of the Eastern Avenue site.

**Competitive Location – Very Good**

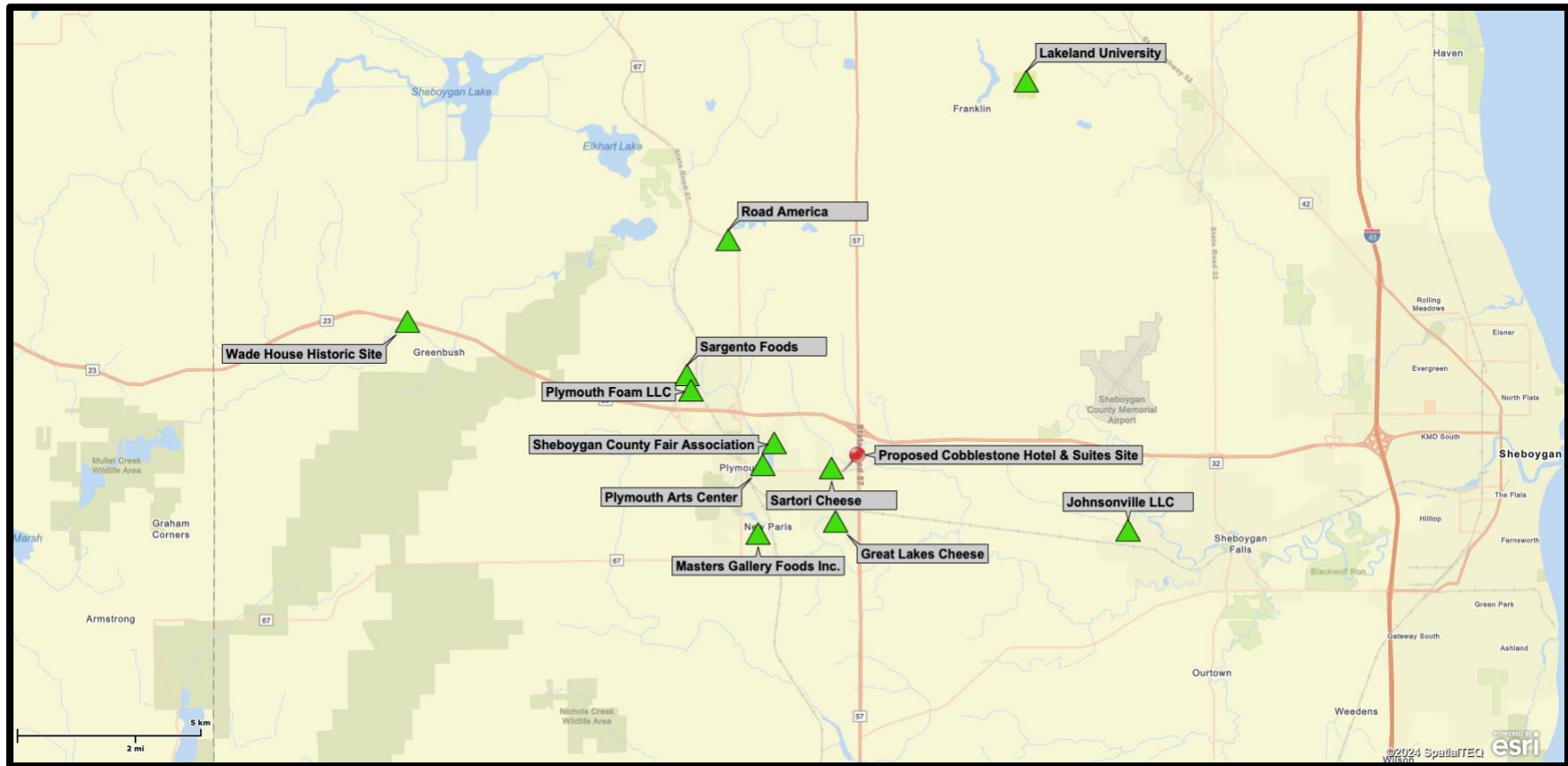
The proposed site is well positioned to capture area demand and is proximate to the State Highways 57 and 23 interchange and to downtown Plymouth, as well as support amenities.

A picture of the site is followed by a location map with the proposed site and area demand generators.



**Proposed Site looking south with Pick N' Save building to the right (west).  
Scooters and Jimmy John's are directly north of the site.**

# PROPOSED SITE WITH LOCAL DEMAND GENERATORS PLYMOUTH, WISCONSIN



## **MARKET AREA OVERVIEW**

### **Plymouth, Wisconsin and Sheboygan County**

Plymouth is in the west-central part of Sheboygan County, which is in east central Wisconsin between Lake Michigan and the Kettle Moraine State Forest. Plymouth is known as the “Cheese Capital of the World” and is home to four major cheese-processing plants, Sargento, Sartori, Masters Gallery, and Great Lakes. The historic downtown, listed on both the National Register and State Register of historic places is a tourism draw as is the city’s location proximate to the Kettle Moraine State Forest. Sheboygan County is located about 55 miles north of Milwaukee and 60 miles south of Green Bay and is surrounded by Manitowoc and Calumet counties to the north, Fond du Lac County to the west, and Ozaukee and Washington counties to the south. There are 28 municipalities that include three cities, 10 villages, and 15 towns in Sheboygan County.

#### **Demographics, Business, and Economic Base**

Although there is no correlation between the size of an area’s population and its level of transient visitation, historical and projected population trends often reflect the economic climate of a locale. Population trends for the four largest communities in the county, Sheboygan County, and the state of Wisconsin follows:

#### **Population Estimates**

<b>Community</b>	<b>April 2000 Census</b>	<b>April 2010 Census</b>	<b>April 2020 Census</b>	<b>% Change 2010-2020</b>	<b>2022 Median HH Income</b>
<b>City of Plymouth</b>	<b>7,781</b>	<b>8,445</b>	<b>8,932</b>	<b>5.8%</b>	<b>\$65,893</b>
City of Sheboygan	50,792	49,288	49,929	1.3%	\$59,861
City of Sheboygan Falls	6,772	7,775	8,210	5.6%	\$66,416
Town of Sheboygan	5,874	7,271	8,136	11.9%	\$77,946
Sheboygan County	112,646	115,507	118,032	2.2%	\$68,969
State of Wisconsin	5,363,675	5,686,986	5,893,718	3.6%	\$72,458

*Source: US Census Bureau*

Between 2010 and 2020, the city of Plymouth’s population outpaced that of the County, the State, and the communities shown in the table, except for the Town of Sheboygan.

#### **Employment Trends**

The labor force estimates for Sheboygan County, the state of Wisconsin, and the Bay Area WDA (Workforce Development Area) for the month of July 2022-2024 is presented in the table on the following page. The Bay Area WDA encompasses the 11 counties of Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano, and **Sheboygan** counties.

**Labor Force Estimates  
Sheboygan County, State of Wisconsin, and Bay Area WDA  
Month of July 2022-2024**

Area	Labor Force	Employed	Unemployed	Unemployment Rate
<b>July 2022</b>				
Sheboygan Cty.	63,029	61,428	1,601	2.5%
State of WI	3,129,012	3,032,469	96,543	3.1%
Bay Area WDA	443,844	431,211	12,633	2.8%
<b>July 2023</b>				
Sheboygan Cty.	64,519	62,788	1,731	2.7%
State of WI	3,178,837	3,076,324	102,513	3.2%
Bay Area WDA	450,490	436,941	13,549	3.0%
<b>July 2024</b>				
Sheboygan Cty.	64,562	62,779	1,783	2.8%
State of WI	3,190,531	3,085,531	104,691	3.3%
Bay Area WDA	453,305	439,763	13,542	3.0%

Source: Wisconsin Department of Workforce Development

The average quarterly employment for Sheboygan County as of fourth quarter 2023 is presented in the following table.

**Quarterly Census of Employment  
Average Monthly Employment – Fourth Quarter 2023  
Sheboygan County, Wisconsin**

Industry	4 <sup>th</sup> Quarter 2023	
	Average Employment	Percent of Total
Manufacturing	21,663	35.9%
Trade, Transportation, Utilities	8,966	14.8
Education & Health Services	7,722	12.8
Government	5,832	9.7
Leisure & Hospitality	5,103	8.4
Professional & Business Services	3,554	5.9
Financial Activities	2,951	4.9
Construction	2,516	4.2
Other Services	1,262	2.1
Natural Resources & Mining	640	1.1
Information	210	0.3
<b>Total</b>	<b>60,419</b>	<b>100.0%</b>

Numbers may not add due to rounding

Source: Wisconsin Department of Workforce Development

The top three industries, Manufacturing, Education & Health Services and Trade/Transportation/Utilities, make up over two-thirds of the overall employment in Sheboygan County.

According to Wisconsin Department of Workforce Development, the top employers in Sheboygan County are as follows.

**Top Employers  
Sheboygan County, Wisconsin**

<b>Company</b>	<b>Location</b>	<b>Employment</b>
Acuity	Sheboygan	1000-4999
Johnsonville Sausage	Sheboygan Falls	1000-4999
Kohler Co.	Sheboygan	1000-4999
<b>Sargento Foods</b>	<b>Plymouth</b>	<b>1000-4999</b>
Bemis Manufacturing Inc.	Sheboygan Falls	1000-4999
Aurora Health Center	Sheboygan	500-999
Vollrath Co., LLC	Sheboygan	500-999
Old Wisconsin Sausage	Sheboygan	500-999
Piggly Wiggly Midwest	Sheboygan	500-999
Nemak	Sheboygan	500-999
American Orthodontics	Sheboygan	500-999
Curt G. Joa Inc.	Sheboygan Falls	250-499
Plastics Engineering	Sheboygan	250-499
Pentair Filtration Inc.	Sheboygan	250-499
MILLIPORE Sigma	Sheboygan Falls	250-499

*Source: Wisconsin Department of Workforce Development*

## **Transportation**

### *Highway*

Plymouth is located along State Highways 57, 67, and 23. State Highway 57 is a north-south highway that runs parallel with Interstate 43 for 191 miles between Milwaukee and Sister Bay in Door County. SH57 is one of only two routes to serve Door County, a popular destination in northeast Wisconsin.

State Highway 23 runs for 211 miles from the southwest section of the state to the northeast. In the area of Plymouth and Sheboygan County, the highway runs east/west and provides interchanges in Plymouth with Highways C, 67 and 57. Expansion of a 19-mile stretch of Highway 23 between Highway 151 in Fond du Lac County and County Highway P in Plymouth was completed in fall 2022. Traffic counts along State Highway 23 were taken in 2021. The average daily traffic (ADT) on SH 23 was 18,900 vehicles west of SH 57 and 20,700 vehicles east of SH 57. South of SH 23 on SH 57, there were an average of 16,100 vehicles recorded daily.

State Highway 67 runs north south and travels through Plymouth on the west side of the city. The highway runs for about 160 miles passing through much of southeastern Wisconsin including the north and south end of the Kettle Moraine State Forest. Interstate 43 is approximately 14 miles east of the State Highways interchange of 57 and 23. Interstate 43 travels between Beloit and Green Bay for a total of 191 miles and provides convenient access to the Milwaukee metropolitan area.

### *Airport*

The Sheboygan County Memorial Airport is county owned and located in the Town of Sheboygan Falls. The airport mainly serves as a corporate aviation base for several county businesses. The airport was upgraded to allow a customs presence in advance of the 2021 Ryder Cup held at Kohler's Whistling Strait's Golf Course. The airport also serves as a major link to local attractions like Road America and the county's golf courses like Blackwolf Run and Whistling Straits in Kohler. As of June 2023, the airport had 22,600 aircraft operations, an average of 62 per day; 89 percent were for general aviation, 11 percent for air taxi, and less than 1 percent for military. In July 2024, there were 65 aircraft based at this airport.

Commercial air travel is served by Milwaukee Mitchell International Airport located on the south side of Milwaukee. The Airport is served by nine airlines including Alaska, American, Delta, Frontier, Jet Blue, Southwest, Spirit, Sun Country, and United, as well as two vacation Charter Operators of Apple Vacations and Funjet Vacations. Milwaukee offers non-stop flights to 35 destinations coast-to-coast. At year-end 2023, there were 6,015,731 passengers served, an increase of 10.6 percent over the 2022 figure of 5,439,055. Through July 2024, the number of passengers is up 10.1 percent over the same period in 2023.

### **Economic Development and Tourism**

Sheboygan County offers a diverse economy; the County's largest employers are a mix of goods producers, service producers, private sector, and government owned establishments. There are a considerable number of family-owned companies.

Sheboygan County ranks near the top of the state's dairy processing industry with several dairy processors; four cheese processing facilities are all located in Plymouth and include Sargento, Masters Gallery, Sartori, and Great Lakes Cheese. Nationally, 14 percent of all retail cheese goes through the city of Plymouth, which is known as the Cheese Capital of the World. Cheese makers started in 1918, and Plymouth was the location of the National Cheese Exchange where cheese commodity prices were set. Two sausage makers are in the County and include Johnsonville Sausage in Sheboygan Falls and Old Wisconsin Sausage in Sheboygan have helped to designate Sheboygan as the Brat Capital of the World.

Major medical providers in Sheboygan County include Aurora, Prevea, and Froedtert and The Medical College of Wisconsin. Currently two hospitals exist in the city of Sheboygan, HSHS St.

Nicholas Hospital and Aurora Medical Center. The new 113-bed Aurora Medical Center opened in 2022; the former Aurora facility was torn down in 2023. Froedtert and The Medical College of Wisconsin has plans to build a \$70 million, 165,000 square foot hospital on 26 acres on the west side of Sheboygan, across from St. Nicholas Hospital. Construction is estimated to begin in 2024 with an 18–20-month construction period. All three healthcare networks mentioned here have clinics in Plymouth.

Sheboygan County offers a variety of post-secondary education that includes the University of Wisconsin-Sheboygan, Lakeland University in Plymouth, and Lakeshore Technical College in Cleveland. Lakeland University’s enrollment is nearly 2,500+ students from 24 countries and offers more than 30 majors.

Based on our interviews and research in Plymouth economic development activity over the past few years includes the following:

- The \$2.8 million Cheese Counter and Dairy Heritage Center opened in 2017 in downtown Plymouth. This was a collaboration of the four Plymouth-based cheese companies (Sargento, Sartori, Masters Gallery, and Great Lakes) and features interactive videos, local cheese sampling, retail sales, and a small café. This Center is now run by a non-profit, which formed a Board.
- Both the middle school and high school underwent a combined \$32 million expansion project several years ago.
- The South Industrial Park in the southwest quadrant of SH 57 and County Highway PP is an older park with no lots currently available.
- East Side Industrial Park is newer with several cold storage/warehouse developments, an industry, which has grown significantly in Plymouth and continues to be a factor. The park is located on Highway PP, east of SH 57. Lot sizes of 1-25 acres are available. Future expansion plans appear to be in the works for this industrial park.
- Van Horn Automotive Group started in 1966 and is based in Plymouth. There are 18 locations primarily in Wisconsin with two locations added to the automotive family in Iowa in 2017 and 2018.
- Plymouth’s first distillery opened in 2019 in a former blacksmith shop on Eastern Avenue. This hometown destination features handcrafted spirits
- The former K-Mart west of the proposed hotel site is a frequent discussion for redevelopment. So far, there are no plans to redevelop the former store, although the City would like to see commercial development take place and possibly additional housing would be appropriate since it is adjacent to the SCEDC’s planned housing project.

Two housing projects have been announced for Plymouth. The Sheboygan County Economic Development Corporation (SCEDC) submitted a rezoning request for 32 acres in Plymouth. This proposed subdivision of the SCEDC Housing Initiative was funded by the Forward Fund, a fund that was capitalized by various firms in Sheboygan County. The 32-acre site will feature a



variety of single-family homes that would be made available to third-party developers. The Forward Fund will only allow development of single-family homes. The project is scheduled to begin in late 2025/early 2026. This development is west of Pleasant View Road and the former K-Mart building and will connect with the existing Briarwood Subdivision. This development including the proposed hotel site will be in a new TID to be established by the City of Plymouth.

The second housing development is being planned for behind the Wal-Mart near the southwest corner of Carr Road and Kiley Way in the northeast sector of Plymouth. Plans include 180-210 multi-family and townhomes completed in phases. The Plymouth Plan Commission approved the first phase of the The Landing at Hub City in July. The project is estimated to start in 2025.

### **Sheboygan County Tourism**

Tourism had a \$25.0 billion impact on Wisconsin's economy in 2023, up 5.4 percent from the 2022 figure of \$23.7 billion. Sheboygan County's tourism sales were \$465.0 million in 2023, an increase of 5.7 percent over the 2022 figure of \$440.0 million. Tourism directly and indirectly supports over 3,300 jobs in Sheboygan County. Direct visitor spending in Sheboygan County totaled \$281.1 million in 2023, an increase of 5.5 percent over the 2022 figure, which ranks it the 17<sup>th</sup> largest county in visitor spending of the 72 Wisconsin counties in 2023.

Total economic impact and direct visitor spending for Sheboygan County and other lakeshore counties along the shore of Lake Michigan between Milwaukee and Green Bay are as follows.

### **Lake Michigan Counties Total Economic Impact and Direct Visitor Spending 2022-2023**

County	Total Economic Impact (millions)			Direct Visitor Spending (millions)		
	2022	2023	% Change	2022	2023	% Change
Milwaukee	\$3,922	\$4,167	6.2%	\$2,200.6	\$2,342.3	6.4%
Brown	\$1,275	\$1,335	4.7%	\$768.1	\$798.2	3.9%
Door	\$587	\$620	5.7%	\$470.7	\$497.0	5.6%
Racine	\$487	\$525	7.7%	\$274.1	\$298.7	9.0%
Sheboygan	\$440	\$465	5.7%	\$266.4	\$281.1	5.5%
Kenosha	\$425	\$434	2.2%	\$271.0	\$271.8	0.3%
Ozaukee	\$230	\$240	4.2%	\$120.6	\$124.0	2.8%
Manitowoc	\$217	\$226	4.2%	\$127.8	\$131.6	3.0%
Kewaunee	\$48	\$52	6.5%	\$31.9	\$34.0	6.7%

Source: Visit Sheboygan; Wisconsin Department of Tourism; Tourism Economics

According to the 2024 Discover Plymouth Visitor and Resident Guide, there are ten “must sees” in Plymouth for visitors to enjoy.

- 30 murals throughout downtown Plymouth, many of which were completed in 2011 to depict Plymouth’s business history; five more murals were added in 2021.
- Antoinette the Cow – this 20-foot fiberglass cow represents the area’s legacy of dairy production and is a photo favorite
- Cheese Counter and Dairy Heritage Center – Plymouth is the “Cheese Capital of the World”, and this center was a collaboration of the four cheese companies in Plymouth
- Plymouth Arts Center – gallery exhibits, live musical and theatrical performances, art classes and more
- Plymouth Historical Society Museum –located in an 1876 cream city brick building depicting Plymouth’s history.
- Historic Downtown Plymouth – downtown Plymouth is listed on both the National Register and State Register of Historic Places
- Kettle Moraine State Forest – is just a short drive from Plymouth and offers trails for hiking, biking, camping, fishing, horseback riding, skiing, and snowshoeing.
- Wade House – is an historical site located in Greenbush, west of Plymouth. Wade House also offers indoor and outdoor settings for weddings. The Meadow is an outdoor setting that has a capacity for 350+ guests. The Walnut Room is an indoor venue that can seat up to 180 people for a banquet style reception.
- Activity venues – Tom & Jerry’s mini golf and batting cages, Aquatic Center, Evergreen golf course, Mill Pond Dam, Disc golf at Meyer Nature Park, public parks, and bike trails, Old Plank Road Trail. The Old Plank Road Trail is a 17-mile trail starting in Sheboygan and traveling west to the hamlet of Greenbush with a trailhead on Plymouth’s east side.

Festivals that draw visitors to Plymouth include Cheese Capital Cheese Festival, Mill Street Festival (160 vendors in 2024), Cheese Capital Wine Walk (only 200 tickets sold and attract visitors from outside the area), Annual Arts and Crafts Fair, Wade House, and Sheboygan County Fair.

Sheboygan County is home to several major golf courses. Whistling Straits Golf Course in Kohler has hosted the 2004, 2010, and 2015 PGA Championships, as well as the 2021 Ryder Cup. Blackwolf Run was host to the 1998 and 2012 U.S. Women’s Open. The Bull at Pinehurst Farms is the only Jack Nicklaus signature course in the state. These courses are all located in or near the Village of Kohler, which is located between the cities of Sheboygan and Sheboygan Falls in the east-central sector of the County.

Road America in Elkhart Lake hosts over 500 events and attracts over 800,000 visitors annually to its four-mile road course that is considered one of the best in the country by the motorsports’ community. Road America offers year-round events, with most of the events occurring between May and September. The facility generates about \$254 million in economic impact annually for Sheboygan County. We understand there are 1,000 campsites

and 12 mini cabins available on the grounds. Located on State Highway 67 between Plymouth and Elkhart Lake, the facility also offers venues for weddings, reunions, company outings, and other types of social events.

The Kettle Moraine State Forest Northern Unit is one of six units of the Kettle Moraine State Forest and a unit of the Ice Age National Scientific Reserve. The Kettle Moraine is known for its famous glacial features and diversity of plants and animals. The Northern Unit is 30,000 acres that can be explored by foot, horseback, cross-country skis, bikes, or snowmobiles on more than 132 miles of trails. Within or bordering the forest are 12 lakes. Fall colors are a huge draw for the area.

The Sheboygan County Fair Park is located on the north side of Plymouth and hosts the annual County Fair over Labor Day weekend, and it also hosts Plymouth Dirt Track Racing every weekend from April to September.

### **Hotel/Motel Tax Collections – City of Plymouth**

Hotel/motel tax collections were provided by the City of Plymouth for the period 2019-2023 and two quarters of 2024. The room tax throughout this period was 8.0 percent. The breakdown of the hotel tax is 70 percent of the tax collected is distributed to the Room Tax Commission and 30 percent is distributed to the City of Plymouth. The Plymouth Area Chamber of Commerce receives a flat fee of \$21,250 per quarter. The properties that pay room tax include hotels and short-term rentals. It should be noted that the properties that contribute can change from year to year, which could also affect the room tax collected. It is usually the short-term rental facilities that fluctuate the most.

### **Quarterly Room Tax 2019-2024 City of Plymouth, Wisconsin**

<b>Year</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Total</b>	<b>% Change</b>
2019	\$25,549	\$57,003	\$76,109	\$35,534	\$194,196	--%
2020*	25,126	25,635	62,140	28,213	141,115	(27.3)
2021	19,421	72,836	127,456	34,585	254,297	80.2
2022	24,876	81,180	107,728	41,978	255,761	0.5
2023	34,852	74,601	106,876	32,815	246,411	(3.7)
2024*	29,901	72,501	--	--	--	--

*\*Covid-19 pandemic  
Figures are rounded  
Source: City of Plymouth*

## **HOTEL SUPPLY AND DEMAND ANALYSIS**

The Plymouth lodging market is comprised of three lodging properties: the 62-room Baymont Inn & Suites, the 38-room AmericInn, and the 29-room Plymouth Inn. 52 Stafford Inn, a 19-room property in downtown Plymouth closed in December 2023. The Baymont Inn & Suites is the most utilized property in Plymouth based on our demand interviews.

Following is a table identifying the current lodging supply located in Sheboygan County according to STR, which includes 23 properties with 1,937 rooms. Of the 23 properties, 10 properties are independent and not affiliated with a national brand. The remaining 13 properties are dominated by brands affiliated with Wyndham and Choice; there are six Wyndham properties including two AmericInns, Baymont Inn & Suites, Days Inn, Super 8, and LaQuinta Inn. There are three Choice brands including Ascend Collection, Quality Inn, and Sleep Inn & Suites. In addition, there is a Holiday Inn Express (IHG parent company), GrandStay Residential Suites (GrandStay), Fairfield Inn & Suites (Marriott), and Home2 Suites (Hilton).

Of the 23 properties, five properties opened prior to 1980, four properties opened in the 1980s, seven properties opened in the 1990s, and seven properties opened in the 2000s.

**Lodging Supply  
Sheboygan County, Wisconsin**

<b>Hotel</b>	<b>Parent Company</b>	<b>Class of Property</b>	<b>Number of Rooms</b>	<b>Year Open/Change</b>
<b>Elkhart Lake</b>				
Ascend Collection – The Shore Club WI	Choice	Upscale	66	1986/2020
Siebkens Resort	Independent	Midscale	60	1916
The Osthoff Resort	Independent	Upper Upscale	<u>222</u>	1995
<b>Sub-Total</b>			<b>348</b>	
<b>Kohler</b>				
The American Club	Independent	Luxury	241	1981
Inn on Woodlake	Independent	Luxury	<u>138</u>	1994
<b>Sub-Total</b>			<b>379</b>	
<b>Plymouth</b>				
Plymouth Inn	Independent	Economy	29	1995
AmericInn	Wyndham	Midscale	38	1978
Baymont Inn & Suites	Wyndham	Midscale	<u>62</u>	2004
<b>Sub-Total</b>			<b>129</b>	
<b>Sheboygan</b>				
AmericInn Hotel & Suites	Wyndham	Midscale	60	1997
Blue Harbor Resort & Conference Center	Independent	Luxury	179	2004
Harbor Winds Hotel	Independent	Economy	28	1999
Sleep Inn & Suites	Choice	Midscale	60	2003
GrandStay Residential Suites	GrandStay	Upper Midscale	71	2008
LaQuinta Inn	Wyndham	Upper Midscale	96	1975/2006
Wingate	Wyndham	Midscale	52	1964/2024
Super 8	Wyndham	Economy	55	1986/2011
Inn of Sheboygan	Independent	Economy	51	1961/2002
Holiday Inn Express	IHG	Upper Midscale	99	1996
Quality Inn	Choice	Midscale	59	1991/2011
Fairfield Inn & Suites	Marriott	Upper Midscale	108	2020
Watershed Hotel	Independent	Midscale	25	2022
Home2 Suites	Hilton	Upper Midscale	<u>93</u>	2024
<b>Sub-Total</b>			<b>1036</b>	
<b>Sheboygan Falls</b>				
AmeriVu Inn & Suites	Independent	Economy	<u>45</u>	1988/2022
<b>Sub-Total</b>			<b>45</b>	
<b>Total</b>			<b>1937</b>	

Source: STR and Patek Hospitality Consultants, Inc.

The newest hotels to enter the greater market area between 2020-2024 were the Fairfield Inn & Suites by Marriott (2020) and the Watershed Hotel (2022) in the city of Sheboygan and the Home2 Suites by Hilton (2024) in the Town of Sheboygan.

### **Alternative Accommodations**

Besides traditional hotel lodging, there are alternative types of lodging offered in Sheboygan County including short-term rentals, bed & breakfast, and townhomes in Elkhart Lake that cater to Road America participants/attendees. Airbnb and Vrbo short-term rentals are very prevalent in the City of Sheboygan, with many of these properties along Lake Michigan or proximate to it. In Elkhart Lake, Trackside Townhomes offers 24 individual townhomes (12 individual duplex buildings). The townhomes feature nearly 1,700 square feet of garage space and nearly 1,500 square feet of living space. Also, on the grounds of Road America, 1,000 campsites and 12 cabins have been added. Alternative lodging can provide competition to the traditional hotel concept and should not be overlooked.

### **Competitive Hotel Supply**

We included five hotels in our competitive set. The competitive set includes one midscale and four upper midscale properties that we determined could be competitive with the proposed Cobblestone Hotel & Suites based on either their location, brand affiliation, facilities and amenities offered, rate structure, and/or market orientation. We did not include independent, economy or upscale to luxury hotels in our comp set, as this is not the market segment we would anticipate this proposed hotel in Plymouth would compete with.

#### **Competitive Hotel Supply Proposed Cobblestone Hotel & Suites Plymouth, Wisconsin**

<b>Hotel</b>	<b>Location</b>	<b>Parent Company</b>	<b>Number of Rooms</b>	<b>Year Open/Changed</b>
Baymont Inn & Suites	Plymouth	Wyndham	62	2004
La Quinta Inn	Sheboygan	Wyndham	96	1975/2006
GrandStay Residential Suites	Sheboygan	GrandStay	71	2008
Holiday Inn Express	Sheboygan	IHG	99	1996
Fairfield Inn & Suites	Sheboygan	Marriott	<u>108</u>	2020
<b>Total</b>			436	

Source: Patek Hospitality Consultants, Inc. and STR

There are only two franchised hotels in Plymouth. To obtain a Smith Travel Research (STR) report that would give us an overall performance of the competitive hotel market, we needed to include properties in Sheboygan. However, the hotel operators we spoke to indicate the two markets don't really compete for weekday business and probably only do so during the peak summer months when there are events going on around the area. We would expect the proposed Cobblestone Hotel & Suites in Plymouth would compete directly with the Baymont Inn & Suites and to a lesser extent those properties listed in the table above only because of the distance to Sheboygan.

The resorts in Kohler and Elkhart Lake will continue to capture the high-end travelers and those visitors looking for the amenities and facilities offered at these resorts. We would not anticipate the proposed hotel competing for the resort guest or those seeking a high-end product like these resorts offer such as a lake location, golf course (s), spa, in-house food and beverage outlets, and meeting and banquet facilities.

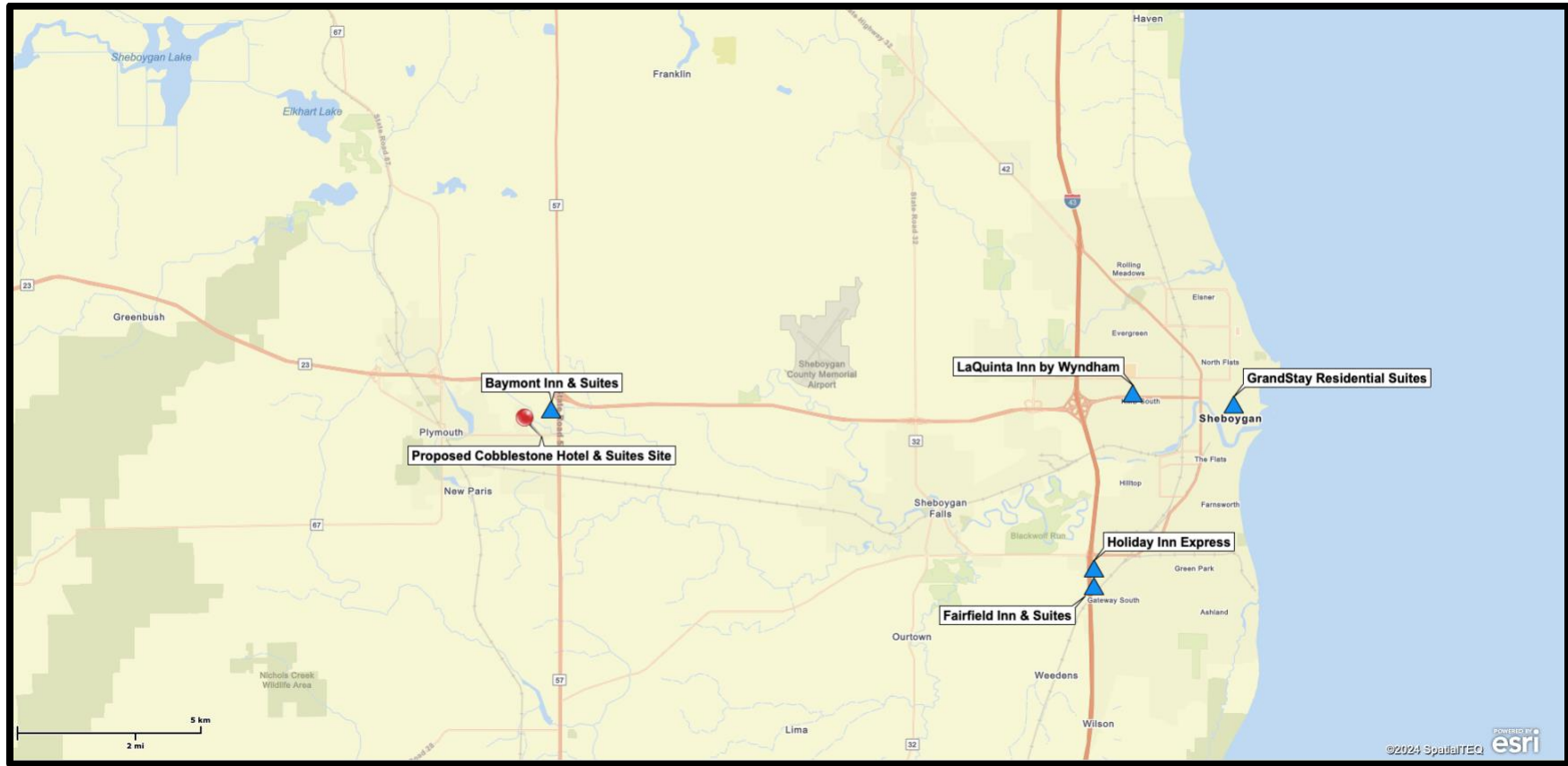
A competitive property profile, map of the competitive hotels, and pictures of the properties follows.

**PLYMOUTH, WISCONSIN  
PROPOSED COBBLESTONE HOTEL & SUITES  
COMPETITIVE PROPERTY PROFILE**

	<b>Baymont Inn &amp; Suites</b>	<b>La Quinta Inn</b>	<b>GrandStay Residential Suites</b>	<b>Holiday Inn Express</b>	<b>Fairfield Inn &amp; Suites</b>
<b>Location</b>	Plymouth	Sheboygan	Sheboygan	Sheboygan	Sheboygan
<b># Of Rooms</b>	62	96	71	99	108
<b>Year Opened/Changed</b>	2004	1975/2006	2008	1996	2020
<b>FACILITIES/AMENITIES</b>					
Suites	yes	no	71	8	yes
Complimentary Breakfast	yes	yes	yes	yes	yes
Restaurant/Lounge	None	none	none	none	Bar
Meeting Space SF	504 SF	None	25 people	1,200 SF	none
Other Features	Indoor pool, hot tub, fitness, bus. center, bus/truck/RV parking, mini fridge all rooms	Fitness center, bus/truck parking business center	Indoor pool, outdoor sport court, grill area, fitness, extended-stay hotel with full kitchens	Indoor pool, fitness, business center, EV chargers	Indoor pool, fitness, business center, outdoor firepit/patio, EV chargers, Corner Market
<b>2024-2025 Published Rates - 2 Queen Beds</b>					
Weekday, October 2024	\$139.00	\$120.00	\$169.00	\$199.00	\$329.00
Weekday, December 2024	\$130.00	\$105.00	\$159.00	\$174.00	\$209.00
Weekend, April 2025	NA	\$131.00	\$179.00	\$299.00	\$299.00
<i>Note: Published rates as of Friday, September 20, 2024 for Tuesday, 10/8/24; Wednesday, 12/11/24; and Saturday, 4/19/25</i>					
<i>NA: Not Available. 2025 rates for the Baymont Inn &amp; Suites was not available online.</i>					
<i>Source: Patek Hospitality Consultants, Inc. , Hotel Interviews, and Internet</i>					



# COMPETITIVE HOTEL SUPPLY PLYMOUTH, WISCONSIN





**Baymont Inn & Suites – 678 Walton Drive, Plymouth**



**LaQuinta Inn by Wyndham – 2932 Kohler Memorial Drive, Sheboygan**



**GrandStay Residential Suites – 708 Niagara Avenue, Sheboygan**



**Holiday Inn Express – 3823 Germaine Avenue, Sheboygan**



**Fairfield Inn & Suites – 4117 S. Taylor Drive, Sheboygan**

### **Additions to Supply**

We learned during fieldwork that one of the options being considered for the historical renovation of the 52 Stafford Inn could be lodging, in addition to other commercial development. Because this is a possibility, we believe it is prudent to include 35 rooms in addition to the 54-room Cobblestone Hotel & Suites in our additions to supply.

A 93-Home2 Suites by Hilton opened in late July 2024 in the northeast quadrant of I-43 and State Highway 42 in the Town of Sheboygan. The hotel is part of a larger development referred to as North Town, a 99-acre mixed-use development to include apartments, condo/townhome units, a town square, retail, assisted living facility, and commercial space. We understand a 95-room Hampton Inn & Suites has been approved for this same location by the same development team. It is anticipated that the Hampton Inn & Suites could open sometime during 2026, although an opening date has not been announced.

We did not include either of the recently opened or announced hotels in the Town of Sheboygan nor potential hotel additions we are aware of for the greater Sheboygan area in our analysis. It is our opinion that if the Cobblestone Hotel & Suites and another hotel were to open in Plymouth, that would further divide these two lodging markets. The only overlap we would see going forward between these two markets would be during peak events like Road America or golf tournaments at Whistling Straits, when many of the hotels throughout the county and beyond are filling rooms. The Sheboygan market is different from Plymouth in that Sheboygan is a larger community with more and larger employers and it is located on Interstate 43 and Lake Michigan.

Based on the opening of the subject 54-room Cobblestone Hotel & Suites in January 2026 and a 35-room hotel estimated to open in fourth quarter 2026, it is estimated a compound annual growth rate of 2.7 percent in supply will be realized between 2023 and 2030. On an annual basis, supply is estimated to increase 14.4 percent in 2026 and 5.3 percent in 2027. The base number of competitive rooms would increase from 436 to 525 or 89 rooms. Demand during this same period is also estimated to increase at a compound annual growth rate of 3.3 percent.

### **AREA ROOM DEMAND**

Hotel room demand is categorized as “demonstrated” demand, or that demand which can be quantified by examining occupancies at existing hotels; “unsatisfied” demand, or that demand which is turned away or denied at existing hotels because of capacity limits and finding accommodations outside the defined competitive market; and “induced” demand, defined as that demand which does not now seek accommodations in the market but which would, given an acceptable quality hotel, the proper sales efforts and the availability of additional rooms supply. In this market, all three types of demand have been evaluated.

Demand for hotel rooms in any given area is measured by occupancy percentages and average daily rates (ADR). Although these statistics vary between properties because of age, location, condition, marketing efforts and seasonality, area averages are useful in analyzing historical trends and projecting future conditions as they relate to the market potential of a proposed

project. Smith Travel Research (STR) tracks room supply and demand characteristics in markets across the country, maintains an up-to-date inventory of all hotels and receives actual operating statistics from a large sample in each market. The following table shows occupancy, average daily rate, demand, supply and revenue on an annual basis for the period 2016-2023, as well as year-to-date July for 2023-2024 for the five competitive hotels identified previously. The complete STR report has been retained in our files. It should be noted that the opening of the 93-room Home2 Suites in July 2024 is reflected in the growth in Room Supply, however, it is not reflected in any of the other metrics because the hotel did not report as it had just opened.

**Standard Historical Trend  
Select Competitive Set  
Plymouth/Sheboygan, Wisconsin**

Year	Room Supply	% Change	Room Demand	% Change	Occupancy	ADR <sup>1</sup>	RevPAR <sup>2</sup>
2016	119,720	--%	73,314	--%	61.2%	\$105.64	\$64.69
2017	119,720	0.0	71,857	(2.0)	60.0	109.10	65.46
2018	119,720	0.0	74,116	3.1	61.9	109.58	67.84
2019	119,720	0.0	71,159	(4.0)	59.4	111.33	66.17
2020	153,932	28.6	64,922	(8.8)	42.2	103.77	43.77
2021	159,140	3.4	91,667	41.2	57.6	131.46	75.72
2022	159,140	0.0	97,799	6.7	61.5	138.07	84.85
2023	159,140	0.0	94,027	(3.9)	59.1	148.55	87.77
2023*	92,432	--	52,428	--	56.7	149.31	84.69
2024*	95,315	3.1	54,524	4.0	57.2	149.79	85.69

<sup>1</sup> Average Daily Rate

<sup>2</sup> RevPAR (Revenue Per Available Room) = occupancy x average daily rate

\*Through July and reflects the opening of the Home2 Suites in the Town of Sheboygan in 2024

Source: STR

The five hotels with 436 rooms were included in our competitive set. We utilized the STR report data as the basis for our analysis going forward. The competitive set is made up of midscale and upper midscale brands. It is our opinion that some of the properties perform at levels below this market average while other properties perform above the market average. A competitive set's performance can be impacted based on product quality, age, management/ownership, brand affiliation, reputation, availability, and whether the product is meeting the guest's needs or they are choosing to stay outside the competitive set because their needs are not being met or the rooms are not available.

The competitive set has performed at a consistent level over the past six years with occupancy ranging from the high 50s percent to the low 60s percent. On average, occupancy increased 1.1 percent over the eight-year period. Average daily rate (ADR) has increased, on average, 5.4 percent during this same period resulting in RevPAR growth of 8.1 percent. RevPAR's growth is all due to the increase in average daily rates.

It is our opinion that the opening of the 108-room Fairfield Inn & Suites in February 2020 had a significant positive impact on this competitive set. The increase in ADR of approximately \$28.00 in 2021 was a combination of aggressive pricing by hotel operators in general and the Fairfield's management with a new hotel offering in the market. It is our opinion the Marriott branded hotel will be most competitive with the Home2 Suites by Hilton and the Hampton Inn & Suites by Hilton once it opens, as well as the Holiday Inn Express, just north of the Fairfield.

The STR report presents analysis for the day of week, weekday versus weekend that is presented in the following tables for the competitive set. The three-year trailing twelve-month period starts August 2021 and ends July 2024.

**Day of Week Analysis  
Select Competitive Set  
Plymouth/Sheboygan, Wisconsin**

Period	Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Avg.
<b>8/21-7/22</b>								
Occupancy	46.6%	60.3%	66.9%	68.0%	61.3%	63.0%	71.3%	<b>62.4%</b>
ADR	\$136.44	\$125.63	\$130.14	\$134.75	\$144.03	\$156.86	\$157.06	<b>\$141.08</b>
RevPAR	\$63.63	\$75.74	\$87.07	\$91.64	\$88.25	\$98.81	\$111.96	<b>\$88.09</b>
<b>8/22-7/23</b>								
Occupancy	43.4%	60.0%	66.3%	66.6%	56.9%	54.4%	62.5%	<b>58.6%</b>
ADR	\$136.88	\$139.54	\$138.60	\$141.98	\$144.89	\$156.61	\$159.26	<b>\$145.50</b>
RevPAR	\$59.36	\$83.79	\$91.89	\$94.61	\$82.49	\$85.25	\$99.60	<b>\$85.28</b>
<b>8/23-7/24</b>								
Occupancy	41.4%	60.4%	68.2%	67.8%	57.7%	56.8%	62.5%	<b>59.3%</b>
ADR	\$132.73	\$140.80	\$146.99	\$148.70	\$147.03	\$159.99	\$161.07	<b>\$148.84</b>
RevPAR	\$54.97	\$85.11	\$100.27	\$100.83	\$84.79	\$90.87	\$100.73	<b>\$88.30</b>
<b>3-yr Avg.</b>								
Occupancy	<b>43.8%</b>	<b>60.3%</b>	<b>67.2%</b>	<b>67.5%</b>	<b>58.6%</b>	<b>58.1%</b>	<b>65.4%</b>	<b>60.1%</b>
ADR	<b>\$135.41</b>	<b>\$135.38</b>	<b>\$138.74</b>	<b>\$141.89</b>	<b>\$145.30</b>	<b>\$157.82</b>	<b>\$159.05</b>	<b>\$145.09</b>
RevPAR	<b>\$59.33</b>	<b>\$81.58</b>	<b>\$93.17</b>	<b>\$95.76</b>	<b>\$85.18</b>	<b>\$91.64</b>	<b>\$104.08</b>	<b>\$87.23</b>

Source: STR

The figures in this table reflect both a local and national trend for the hotel industry. Our discussion with local hotel operators indicated that the business traveler has been slower to return since the pandemic, and this is a trend that is occurring on a national level too. While business travel has improved, it has still not reached pre-pandemic levels. This impacts the weekday demand (Monday to Thursday), particularly Tuesday and Wednesday nights that are typically peak nights for business travel. Weekend demand (Friday and Saturday nights) has been very consistent throughout this three-year period, and we would not expect this pattern to change going forward.

The following tables show monthly occupancies, ADRs, and RevPARs from 2016-2024. The yellow box highlights the lowest metric achieved for this period and the green box highlights the highest metric achieved during the same period. The lowest metrics were found to occur in March and April 2020 due to the start of the pandemic.

**Select Competitive Set  
Monthly Occupancy  
Plymouth/Sheboygan, Wisconsin**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg.
2016	42.1%	51.1%	53.4%	61.3%	63.0%	73.3%	81.0%	78.6%	71.8%	72.0%	47.6%	39.2%	61.2%
2017	44.1	48.1	51.4	52.9	59.7	79.6	80.4	78.1	71.5	65.1	47.9	40.6	60.0
2018	41.6	49.5	61.0	66.0	66.4	76.6	76.2	78.5	70.5	68.7	45.4	41.7	61.9
2019	40.8	49.3	52.7	60.4	66.3	73.0	75.6	76.3	67.5	62.6	48.2	40.0	59.4
2020	39.1	38.9	23.3	17.9	29.1	43.9	59.0	59.7	54.3	62.4	37.6	36.1	42.2
2021	33.4	40.1	43.7	43.2	53.4	73.0	85.2	78.4	76.0	68.1	50.9	44.4	57.6
2022	43.3	47.8	56.5	53.4	66.1	81.4	82.8	75.6	69.5	67.9	49.4	43.7	61.5
2023	41.2	45.3	42.3	53.0	66.3	73.6	74.8	77.2	76.1	61.4	51.7	42.5	59.1
2024	45.1	44.6	47.5	52.4	58.2	75.8	72.7	--	--	--	--	--	--
<b>Avg.</b>	41.1%	45.7%	47.0%	50.6%	58.1%	71.8%	76.1%	74.9%	69.6%	65.9%	47.3%	41.6%	57.5%

NOTE: The Covid-19 pandemic began in March 2020 and travel was significantly impacted starting in April 2020.

Source: STR

**Select Competitive Set  
Monthly Average Daily Rate (ADR)  
Plymouth/Sheboygan, Wisconsin**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg.
2016	\$94.36	\$94.65	\$94.07	\$93.32	\$100.59	\$127.50	\$119.19	\$123.49	\$108.58	\$100.88	\$93.36	\$91.39	\$105.64
2017	97.94	96.14	97.45	96.40	103.61	125.27	119.62	131.34	110.67	104.26	98.96	96.40	109.10
2018	96.97	94.60	91.79	92.47	108.04	133.35	123.84	132.15	116.81	104.82	95.96	92.46	109.58
2019	94.10	94.88	93.26	93.15	108.08	132.20	128.82	131.54	117.81	110.87	99.88	97.93	111.33
2020	99.64	100.67	102.23	90.36	90.40	108.31	123.96	118.42	105.53	101.22	88.06	84.95	103.77
2021	85.92	90.80	92.00	94.05	109.62	142.74	150.16	154.64	219.78	118.13	108.99	103.46	131.46
2022	106.50	103.46	110.64	113.83	133.28	166.91	173.23	170.75	145.65	132.24	122.50	113.46	138.07
2023	118.75	121.11	121.20	119.31	144.64	186.21	186.98	189.48	154.47	140.74	114.22	111.23	148.55
2024	118.73	123.78	124.18	128.98	148.71	182.92	176.45	--	--	--	--	--	--
<b>Avg.</b>	\$102.80	\$103.81	\$103.60	\$104.37	\$119.83	\$149.01	\$148.53	\$146.81	\$139.90	\$115.20	\$104.33	\$100.16	\$121.91

NOTE: The Ryder Cup was held at Whistling Straits in Kohler in September 2021 that significantly increased the competitive set's ADR for that month.

Source: STR



**Select Competitive Set**  
**Monthly Revenue per Available Room (RevPAR)**  
**Plymouth/Sheboygan, Wisconsin**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg.
2016	\$69.68	\$48.37	\$50.23	\$57.16	\$63.33	\$93.46	\$96.52	\$97.04	\$76.48	\$72.59	\$44.44	\$35.86	\$64.69
2017	43.21	46.29	50.11	51.02	61.84	99.72	96.22	102.52	79.09	67.87	47.38	39.17	65.48
2018	40.35	46.84	55.95	61.02	71.69	102.13	94.32	103.78	82.36	72.05	43.55	35.56	67.64
2019	38.39	46.80	49.13	56.26	71.62	96.53	97.45	100.31	79.52	69.38	48.10	39.18	66.17
2020	38.98	39.17	23.77	16.21	26.35	46.62	73.16	70.71	57.26	63.12	33.07	30.67	43.77
2021	28.73	36.39	40.22	40.60	58.56	104.19	127.90	121.31	167.12	80.50	55.43	45.98	75.72
2022	46.10	49.50	61.36	60.83	88.15	135.80	143.45	129.15	101.29	89.73	60.46	49.54	84.85
2023	48.87	54.81	51.27	63.18	95.93	137.05	139.82	146.37	117.56	86.42	58.99	50.60	87.77
2024	53.49	55.19	59.01	67.61	88.60	138.63	128.36	--	--	--	--	--	--
<b>Avg.</b>	\$42.27	\$47.04	\$48.72	\$52.85	\$69.62	\$107.01	\$113.02	\$110.03	\$97.31	\$75.87	\$49.36	\$41.62	\$70.15

*NOTE: The Ryder Cup was held at Whistling Straits in Kohler in September 2021 that significantly increased the competitive set's RevPAR for that month due to significantly higher ADRs.*

*Source: STR*

## **Demand Mix and Projected Growth in Demand**

We estimate the 2023 market mix of the competitive supply to be 61 percent Corporate Individual, 5 percent Group/SMERF, 30 percent Tourist/Other, and 4 percent Extended-Stay.

**Corporate Individual** generated 57,100 room nights for the competitive market in 2023. This segment includes executives, salespeople, vendors, buyers, consultants and other types of people doing business with the corporations and institutions located in Plymouth and the surrounding communities. This demand segment is typically strongest on Tuesday and Wednesday nights. The Covid-19 pandemic had a significant impact on this segment of demand nationally in 2020 and 2021. Corporate travel basically came to a halt and has returned, albeit more slowly from 2022 to the present. Even as companies continue to return to the office, business travel has not returned to pre-pandemic levels. The ability to conduct virtual meetings via Zoom, Teams, and other platforms has changed how business can be conducted.

Based on our current knowledge of the markets and discussions with local officials and local hotel operators, we estimated that this market segment could experience a compound annual growth rate of 2.7 percent over the period 2023-2030. Our estimates reflect the opening of the additions to supply which could attract demand that has not previously been accommodated in any of the competitive hotels, induced demand which is demand that is loyal to the franchises entering the market and/or that previously did not patronize the hotels in the competitive supply because they did not meet their needs. The estimated growth in corporate individual should vary by year.

**Group/SMERF** – The Group/SMERF segment with 4,700 room nights is comprised primarily of SMERF (social, military, education, religious, fraternal) groups, sports groups, and weddings. Typically, this segment's room nights are booked as a block of rooms from the various groups identified here. The competitive hotels are limited in the amount of meeting space they currently offer therefore it is not the typical conference, convention, or tradeshow groups. We estimated this market segment could experience a compound annual growth rate of 1.7 percent annually from 2023-2030.

In 2020, this segment was impacted significantly as weddings were cancelled or postponed, as were a variety of sporting and other social events. Re-booking of weddings and other social events in 2021-2023 has had a positive impact on this segment's growth and in 2024, the return of conferences, conventions, and corporate groups has been realized across the country, which is a positive trend.

The **Tourist/Other** segment with 28,700 room nights is comprised of those travelers visiting the attractions, events, and festivals in Plymouth and greater Sheboygan County. Interstate 43 is also a potential demand generator as is State Highway 57 that travels between Green Bay and Milwaukee. This segment would also include those individuals attending weddings or sports tournaments but are not part of a block of rooms.

The pandemic had a significant impact on the tourism industry in 2020 where communities were forced to cancel or postpone festivals, events such as weddings, and other community related gatherings. However, both locally and nationally leisure travel returned in 2021 and contributed significantly to a stronger performance in 2021-2023 and this trend should continue in 2024 and beyond, albeit at a slightly slower pace as compared to the last three years, according to the latest data. We estimated a compound annual growth rate of 4.9 percent over the period 2023-2030.

Transient traffic typically grows at lower rates unless there is a new attraction or major development or other specific reason for significant increases in visitation. A new hotel will typically induce demand that has previously not been accommodated by the competitive properties. This is often because of loyalty to a chain, a more desirable location or simply the availability of a new property. This demand segment is the most volatile because visitation can be dependent on the weather, scheduled activities, nation-wide economic conditions and such.

The **Extended-Stay** segment is typically defined as those stays of five nights or longer for people that are visiting the area such as consultants working on projects, relocation, training, traveling doctors/nurses, or for other reasons such as displaced homeowners or new home buyers or for other reasons. We also included some corporate lodging and contract/crew demand in this segment.

This segment of demand is primarily served by the GrandStay Residential Suites in downtown Sheboygan. This property offers all guest rooms as extended-stay suites. We recommend the Cobblestone Hotel & Suites offer six extended-stay suites as there are no similar guest rooms offered in the Plymouth market. We estimated this segment captured 3,900 room nights in 2023. We estimate growth in the extended-stay segment to be 2.4 percent over the period 2023-2030.

The following table summarizes our estimates regarding market supply and demand during the projection period.

**Total Competitive Market  
Proposed Cobblestone Hotel & Suites  
Plymouth, Wisconsin**

Year	Annual Avail. Rooms	Annual Growth Supply	Annual Occupied Rooms	Annual Growth Demand	Market Occupancy
2023	159,140	--%	94,400	--%	59.0%
2024	159,140	0.0	96,300	2.0	60.5
2025	159,140	0.0	98,600	2.4	62.0
2026	182,044	14.4	106,300	7.8	58.0
2027	191,625	5.3	111,700	5.1	58.0
2028	191,625	0.0	114,700	2.7	60.0
2029	191,625	0.0	117,400	2.4	61.0
2030	191,625	0.0	118,700	1.1	62.0
CAG		2.7%		3.3%	

*Note: Numbers have been rounded. Additions to supply include the Subject 54-room Cobblestone Hotel & Suites and a 35-room Generic Hotel*

*CAG – Compound Annual Growth*

*Source: Patek Hospitality Consultants, Inc.*

Between 2023 and 2030, supply is estimated to grow at a compound annual growth rate of 2.7 percent while demand is estimated to grow 3.3 percent during this same period. While we believe that occupancies can exceed our estimates stated above, we also know that unforeseen circumstances can cause occupancies to fall below our estimates. From an historical perspective we believe a stabilized occupancy of 62.0 percent for the competitive set is reasonable.

## **PROJECTED MARKET POSITION AND PENETRATION OF THE PROPOSED HOTEL**

### **Methodology and Assumptions**

We assessed the prospective competitive status of the Subject hotel as compared to the defined competitive lodging supply and as it will be affected by such factors as location, setting, nature and quality of facilities and the extent to which the hotel could capture each demand segment by performing a fair share/penetration analysis. A hotel's fair share of the market is defined as the number of rooms in the hotel divided by the total supply of rooms in the market including the subject hotel. In 2029, the year the property is estimated to reach stabilization, there will be 525 available rooms in the competitive market. Accordingly, the subject's fair share is 54 divided by 525 or 10.3 percent.

The methodology used in this analysis considered the factors that we believe influence the prospective success of the proposed limited-service hotel.

- Our recommendation for new hotel development in Plymouth is based on previous demand interviews we conducted, as well as our knowledge of Sheboygan County and the lodging product offered throughout.
- The Baymont Inn & Suites has been very well maintained and managed; the rest of the hotel supply in Plymouth is old and likely not meeting guest's needs of today, forcing them to stay outside of Plymouth. The AmericInn is owned and operated by the same group as the Baymont Inn & Suites, however, the property caters more to contract and construction workers. The Plymouth Inn is not a factor currently.
- The proposed hotel will be new construction and will be affiliated with a national hotel brand. The inclusion of extended-stay suites will fill a void in the market, as none of the existing product offers this type of suite. Cobblestone Hotels has grown to 170 properties in 29 states since the company's first hotel opened in 2008 (this figure includes all brands under the Cobblestone Hotels umbrella). The Main Street prototype of Cobblestone Hotels is attractive to corporate, leisure and extended-stay travelers.

To project occupancy for the proposed Cobblestone Hotel & Suites, we considered the property's recommended facilities, services, and amenities; the site's location; the competitive properties; and the competitive environment in which the hotel will operate. The advantages and disadvantages of the site were discussed in the Site Analysis section of this report. Our assumptions together with other advantages and disadvantages, as well as other factors that will influence the property's ability to capture market demand (and therefore provide the ability to achieve the projected occupancy and ADR levels) are:

1. The Subject hotel will be affiliated with Cobblestone Hotel & Suites that offers a reputable and recognizable reservation system, guest loyalty program, and national marketing program.
2. The Subject Hotel will be open on or before January 2026. If the hotel opening is delayed, our estimates regarding future performance could be affected. Our estimates were based on a calendar year.
3. The Subject Hotel will feature 54 rooms and will include the amenities and facilities discussed in the Project Concept section of this report.
4. Ownership of the proposed hotel is to be determined, as is the management company. We assume that the entities will be familiar with the development and operation of the Cobblestone Hotel & Suites concept.
5. The additions to supply have been considered in our analysis. If additional hotels enter the market during our projection period, our occupancy and average daily rate estimates for the proposed hotel could be impacted.

## **Penetration Analysis**

Factors indicating that a hotel would possess competitive advantages suggest a market penetration rate of more than 100 percent of fair share while competitive weaknesses are reflected in penetration levels of less than 100 percent. There is usually a period of time required after opening for a new hotel to reach its full market penetration. We estimate that the proposed hotel will achieve a stabilized penetration of 106 percent of fair share that is higher than its fair share. Stabilization is estimated to occur in the hotel's third year of operation in 2028. The projected penetration levels reflect the following advantages and disadvantages.

**Corporate Individual** - We estimate the subject hotel would achieve its fair share in this segment primarily due to the recommended product concept that will appeal to corporate travelers, the facilities and amenities offered, the central location within Plymouth, and the affiliation with Cobblestone Hotels. Proximity to food and beverage establishments within walking distance or a short drive is a positive factor. We estimated the penetration rates to range between 88 percent and 100 percent throughout the projection period. Our projections for this demand segment are for approximately 6,900 room nights to be accommodated at the Subject hotel in the stabilized year of operation, which represents 55.0 percent of the hotel's overall captured room nights. The demand is estimated to be consistent throughout the projection period.

**Group/SMERF** - The proposed Cobblestone Hotel & Suites is estimated to capture approximately 500 room nights in the stabilized year of operation that is estimated to account for 4.0 percent of total demand. We estimated the penetration rates to range between 85 percent and 90 percent throughout the projection period. This demand is likely to be generated from SMERF groups, weddings, and sports groups.

**Tourist/Other** - We estimate the Subject hotel will achieve above its fair share in this segment based on the facilities and amenities offered. Individuals attending festivals and events in Plymouth and throughout Sheboygan County at the various venues will find the proposed hotel well positioned in Plymouth. We estimate penetration rates to range from 110 percent to 120 percent from 2026-2030. The proposed hotel is expected to accommodate approximately 4,800 room nights in the stabilized year of operation and that figure remains constant for the remainder of the projection period. These room nights represent approximately 38.0 percent of total demand.

**Extended-Stay** - The recommendation of six extended-stay suites will include spacious studio suites and fully equipped kitchens. The complimentary breakfast and the 24/7 pantry that offers food, beverages, and other essentials are popular features for the long-term guest. We estimate this segment would penetrate at 75 percent throughout the projection period that correlates to approximately 300 room nights in the stabilized year of operation, which

represents approximately 3.0 percent of total demand; that figure remains constant throughout the projection period.

We estimate the penetration and segmentation of demand for the Cobblestone Hotel & Suites over the five-year period 2026-2030 to be as follows:

**Estimated Penetration and Market Segmentation  
Proposed Cobblestone Hotel & Suites  
Plymouth, Wisconsin**

<b>Year/Category</b>	<b>Corporate/ Individual</b>	<b>Group/ SMERF</b>	<b>Tourist/ Other</b>	<b>Extended- Stay</b>	<b>Total</b>
<b>2026</b>					
Penetration	88%	90%	110%	75%	95%
Room Nights	6,000	500	4,100	300	10,900
Segmentation %	40%	3%	53%	4%	100%
<b>2027</b>					
Penetration	95%	90%	120%	75%	103%
Room Nights	6,400	500	4,600	300	11,800
Segmentation %	40%	3%	53%	4%	100%
<b>2028</b>					
Penetration	100%	90%	120%	75%	106%
Room Nights	6,900	500	4,800	300	12,500
Segmentation %	40%	3%	53%	4%	100%
<b>2029</b>					
Penetration	100%	85%	115%	75%	104%
Room Nights	7,000	500	4,700	300	12,500
Segmentation %	38%	2%	54%	5%	100%
<b>2030</b>					
Penetration	98%	85%	115%	75%	102%
Room Nights	6,900	500	4,700	400	12,500
Segmentation %	38%	2%	54%	5%	100%

*Source: Patek Hospitality Consultants, Inc.*

### **PROJECTED PERFORMANCE**

We have chosen to use a stabilized occupancy of 63 percent, which we believe will be achieved in the third year of operation (2028). The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given all changes in the life cycle of the hotel. Therefore, the stabilized occupancy excludes from consideration any abnormal relation of supply and demand as well as any favorable or unfavorable non-recurring conditions that may result in unusually high or low occupancies. Although the Subject hotel

may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this anticipated stabilized level.

Based on the rate structures at the competitive facilities and their locations, quality levels, chain affiliations, services and facilities offered in comparison to the proposed hotel, we estimate the proposed Cobblestone Hotel & Suites will be able to achieve an average room rate of \$135.00 in 2024 value dollars. This rate is below the competitive set, however, we believe it is appropriate for the Plymouth market.

The projected rate considers rack rates, discounted rates offered to preferred customers, transient discounted rates, and franchise corporate rates. It also considers the mix of demand and achievable rate by market segment. The proposed hotel's ADR will be influenced by the mix of demand and can be maximized by careful balance of room availability and corporate, group/SMERF, tourist/other, and extended-stay demand. Rack rates for the proposed hotel are estimated to range from \$99-\$169 depending on the demand segment, time of year, and room type. Rates can be set higher or lower based on what is going on in the market and what the market will bear at any one time. The lower end of the rate range is estimated to be for extended-stay demand that would stay for 30+ nights.

Based on the local, regional, and national economic recessionary trends and average rate growth for the comp set as shown in the STR report, we forecast the rate increase to be 3.0 percent throughout the projection period. This growth level is intended to reflect the long-term average growth in ADR; actual year-to-year changes may vary. Assuming a January 2026 opening date, the following occupancy and average daily rates are projected for the proposed hotel based on a calendar year.

**Prospective Performance  
Proposed Cobblestone Hotel & Suites  
Plymouth, Wisconsin**

Year	Market Occupancy	Hotel Occupancy	Average Daily Rate	RevPAR
2023	59.0%			
2024	60.5			
2025	62.0			
2026*	58.0	55.0%	\$143.20	\$78.76
2027	58.0	60.0	147.50	88.50
2028	60.0	63.0	151.90	95.70
2029	61.0	63.0	156.50	98.60
2030	62.0	63.0	161.20	101.56

\*Hotel opening estimated to be January 2026

Source: Patek Hospitality Consultants, Inc.



## **CONCLUSION**

Based on our market research and the information presented in this report, it is our opinion that development of the Cobblestone Hotel & Suites is market justified and would be well suited for the Plymouth market. Our assumptions are based on the hotel being affiliated with a national hotel company with a strong reservation system and frequent guest program. It is also assumed an aggressive sales effort will be in place prior to the hotel's opening and aggressive and competent management will be retained once the hotel is open. It is assumed the hotel will be developed as described in the Project Concept section of this report.

Throughout this report, we have discussed the Covid-19 pandemic's impact on the hotel industry. While the hospitality industry has experienced and survived 9/11 and the 2008-09 recession, this pandemic had taken a much greater toll on hotels. Our recommendation for the development of the proposed hotel is based on our years of experience and that of the resources available to us at the time of this report writing.

We have assumed that the local economy will continue to experience steady growth that will continue to bring both corporate and leisure visitors to the surrounding area. Should any of these assumptions not occur as projected or if unforeseen circumstances occur locally or on a national level, our estimates could be negatively affected.

The following pages present the Financial Analysis for the proposed Cobblestone Hotel & Suites.

## **PROJECTIONS OF INCOME AND EXPENSE**

### **Methodology**

To project financial operating results for the proposed Cobblestone Hotel & Suites, we utilized financial operating results for Limited-Service Hotels as reported by STR, LLC/STR Global, Ltd. (STR) 2024 Global Hotel Profitability Review (2023 data) and by CBRE's Trends In the Hotel Industry 2024 (2023 data). We also referred to actual financial operating statements in our files for limited-service hotels.

The comparable information that is presented in the following tables was provided by STR and includes All Chain Affiliated Hotels from across the country, East North Central Region that includes the state of Wisconsin, Small Metro/Town Location, and the Upper Midscale Class segment. The CBRE Trends included categories in All Limited-Service Hotels, North Central Region, Rate (\$100-\$150), and Size (< 100 rooms).

The following paragraphs provide a brief explanation of the basis used to prepare the projection for each line item. Data is presented as various input forms such as Per Available Room (PAR), Per Occupied Room (POR), or Ratio to Sales. Critical factors for the various properties were taken into consideration when reviewing the comparable data and adjustments for the subject hotel were made based on location, facility, occupancy and rate, and other relevant operational issues.

All amounts have been rounded to the nearest thousand dollars and account classifications for the hotel component conform to the definitions prescribed by the 11<sup>th</sup> revised edition of the *Uniform System of Accounts for the Lodging Industry*.

### **Inflation and Growth in Revenues and Expenses**

Our projections incorporate an estimate of general price inflation based upon econometric projections from various sources, tempered by our observations and expectations based on historical perspectives both locally and nationally.

To portray price level changes, we have assumed an inflation rate of 3.0 percent throughout our projection period. Overall, the 3.0 percent rate reflects our long-term outlook for the future movement of prices in the area and is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time. Our growth assumptions for average rate have been presented previously in this report, and all other line-item expenses are projected to increase at the level of general inflation.

## Departmental Revenues and Expenses

**Rooms Department:** Room revenue is estimated by multiplying the occupancy rate by the average daily rate (ADR) projected in the Hotel Supply and Demand section of the report. The occupancies, average daily rates and resulting room revenue projected for the hotel are summarized as follows:

### Proposed Cobblestone Hotel & Suites Plymouth, Wisconsin Projected Performance

Year	Occupancy	ADR	RevPAR	Room Revenue
2026*	55.0%	\$143.20	\$78.76	\$1,522,400
2027	60.0	147.50	88.50	1,744,300
2028	63.0	151.90	95.70	1,886,200
2029	63.0	156.50	98.60	1,943,300
2030	63.0	161.20	101.56	2,001,700

\*Estimated opening January 2026

Source: Patek Hospitality Consultants, Inc.

**Rooms Department expenses** include payroll and related costs associated with the front desk and housekeeping, operating supplies, laundry, linens, cable television, and other items necessary to maintain guest rooms. Based on the available information from STR and the characteristics of the subject hotel, we have estimated rooms department expense to be \$39.49 per occupied room or 26.0 percent in the stabilized year (2028) and range from \$37.23 and \$41.91 per occupied room over the five-year period, which equates to approximately 26 percent of room revenue.

### Rooms Expense

STR 2023 Data	Limited-Service Hotels		CBRE Trends 2023 Data	Limited-Service Hotels	
Category	POR	Ratio to Sales	Category	POR	Ratio to Sales
Chain Affiliated	\$59.16	27.4%	All Hotels	\$41.54	27.6%
East North Central Region	\$37.13	28.2%	North Central Region	\$37.59	28.8%
Small Metro/Town	\$41.44	29.8%	Rate (\$100-\$150)	\$36.51	29.1%
Upper Midscale Class	\$42.30	30.3%	Size (<100 rooms)	\$37.41	28.6%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$39.49</b>	<b>26.0%</b>

Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.

**Food & Beverage Department:** The proposed Cobblestone Hotel & Suites will offer complimentary breakfast and an expanded wine and beer bar. These expenses are included in the Rooms Department Expense and Miscellaneous Income and Expense, respectively.

**Miscellaneous Income and Expense:** This category is comprised of food and beverage sales from the expanded wine and beer bar, sales from the sundry/convenience shop, interest income, meeting room rental, vending machine commissions, guest laundry, and other miscellaneous income. We estimated Miscellaneous Revenue of approximately \$58,300 or \$4.70 per occupied room in the stabilized year (2028).

Corresponding expenses were estimated to be 50.0 percent of departmental revenue or \$29,200 in the stabilized year. This category does not include telephone expense, which is in the line-item Information & Telecommunication Systems.

### **Undistributed Operating Expenses**

Operating expenses that are not chargeable to a particular operating department are presented as undistributed operating expenses in accordance with the 11<sup>th</sup> Revised Edition of the *Uniform System of Accounts for the Lodging Industry*. These expenses are discussed below.

**Administrative and General (A&G):** This category covers expenses such as salaries and wages for management staff, bookkeeping, credit card commissions, data processing charges, corporate office charges, office supplies, legal, accounting, allowance for bad debts, travel expenses, licenses and permits, and similar items.

We estimated \$3,289 per available room (PAR) to be sufficient to cover administrative expenses in the stabilized year of operation that equates to 9.1 percent of total revenue. A&G was estimated to range between 9.1 and 10.4 percent over the five years or \$3,100 to \$3,489 per available room.

### **A&G Expense**

<b>STR 2023 Data</b>	<b>Limited-Service Hotels</b>		<b>CBRE Trends 2023 Data</b>	<b>Limited-Service Hotels</b>	
<b>Category</b>	<b>PAR</b>	<b>Ratio to Sales</b>	<b>Category</b>	<b>PAR</b>	<b>Ratio to Sales</b>
Chain Affiliated	\$6,981	8.8%	All Hotels	\$3,584	8.8%
East North Central Region	\$3,756	11.3%	North Central Region	\$3,191	9.8%
Small Metro/Town	\$4,242	11.5%	Rate (\$100-\$150)	\$3,215	9.9%
Upper Midscale Class	\$4,083	10.9%	Size (<100 rooms)	\$3,633	10.8%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$3,289</b>	<b>9.1%</b>

Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.

**Information & Telecommunication Systems:** This category includes the cost of management information system services, supplies, and equipment as well as the expenses associated with maintaining these systems. These systems also include telecommunication systems such as local, long distance, and Internet communications. In the stabilized year of operation, we estimated this expense to be \$360 per available room or 1.0 percent of total revenue.

**Sales and Marketing:** Sales and Marketing expenses include payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff and civic and community projects”. The STR data does not include franchise royalties, marketing assessments and guest loyalty programs whereas the CBRE Trends report does. The STR data includes these items in Franchise Fees.

Based on the marketing expenses reflected in the compiled STR data and information on limited-service hotels in our files, we estimated marketing expenses in the stabilized year of operation at \$688 per available room, an amount that represents 1.9 percent of total revenue. The expense is estimated to range between 1.9 and 2.2 percent during the five-year projection period or \$648 to \$729 per available room.

### Sales and Marketing Expense

STR 2023 data	Limited-Service Hotels		CBRE Trends 2023 data	Limited-Service Hotels	
Category	PAR	Ratio to Sales	Category	PAR	Ratio to Sales
Chain Affiliated	\$4,476	5.6%	All Hotels	\$5,200	12.8%
East North Central Region	\$841	2.5%	North Central Region	\$4,542	14.0%
Small Metro/Town	\$1,524	4.1%	Rate (\$100-\$150)	\$4,477	13.8%
Upper Midscale	\$1,075	2.9%	Size (<100 rooms)	\$4,388	13.0%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$688</b>	<b>1.9%</b>

Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.

**Franchise Fees:** This category includes the Franchise Royalty fee that is charged by national hotel companies. All franchisors collect a royalty fee, which represents compensation for the use of the brand’s trade name; service marks and associated logos; goodwill; and other franchise services. Royalty fees represent a major source of revenue for a franchisor and are calculated based on a percentage of rooms revenue. Based on information provided from Cobblestone Hotel & Suites, the franchise fee is calculated based as follows: \$3.75 per day per room ( $\$3.75 \times 54 \times 365 \text{ days} = \$73,913$ ); we rounded this figure to \$73,900 throughout the projection period, which equates to a range of 3.6 percent to 4.6 percent of total revenue.

**Utilities:** We estimated the Utilities expense at 3.5 percent of total sales or about \$1,273 per available room in the stabilized year of operation. This expense is estimated to range from 3.5 and 4.0 percent over the five-year projection period or \$1,200 to \$1,351 per available room.

### Utilities Expense

STR 2023 Data	Limited-Service Hotels		CBRE Trends 2023 Data	Limited-Service Hotels	
Category	PAR	Ratio to Sales	Category	PAR	Ratio to Sales
Chain Affiliated	\$2,407	3.0%	All Hotels	\$1,492	3.7%
East North Central Region	\$1,255	3.8%	North Central Region	\$1,267	3.9%
Small Metro/Town	\$1,345	3.6%	Rate (\$100-\$150)	\$1,332	4.1%
Upper Midscale Class	\$1,319	3.5%	Size (<100 rooms)	\$1,455	3.7%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$1,273</b>	<b>3.5%</b>

Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.

**Property Operations and Maintenance:** Property Operations and Maintenance expenses include salaries and wages, employee benefits, other payroll costs, normal maintenance of the building and grounds, landscaping, and electrical and mechanical equipment. Based on the comparable information, we estimated approximately \$1,591 per available room or 4.4 percent of total sales for the stabilized year of operation. This category is estimated to range from 4.4 and 5.0 percent during the projection period or \$1,500 and \$1,688 per available room.

### Property Operations & Maintenance Expense

STR 2023 Data	Limited-Service Hotels		CBRE Trends 2023 Data	Limited-Service Hotels	
Category	PAR	Ratio to Sales	Category	PAR	Ratio to Sales
Chain Affiliated	\$3,582	4.5%	All Hotels	\$1,935	4.8%
East North Central Region	\$1,872	5.7%	North Central Region	\$1,680	5.2%
Small Metro/Town	\$2,089	5.6%	Rate (\$100-\$150)	\$1,701	5.2%
Upper Midscale Class	\$2,084	5.6%	Size (<100 rooms)	\$1,738	5.2%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$1,591</b>	<b>4.4%</b>

Source: STR HOST Almanac, CBRE Trends, Patek Hospitality Consultants, Inc.

**Management Fees:** A management fee of 6.0 percent of gross sales has been used throughout the projection period based on information provided by Cobblestone Hotel & Suites.

### Fixed Charges

**Property Taxes:** We utilized property tax information for two properties in Plymouth as the basis for the proposed Cobblestone Hotel & Suites. The following table shows 2023 real estate taxes, payable in 2024, for the Baymont Inn & Suites and the AmericInn.

**Property Taxes  
Plymouth, Wisconsin**

Property Name	Number of Rooms	2023 Property Tax	Per Available Room
Baymont Inn & Suites	62	\$53,601	\$864
AmericInn	38	\$22,678	\$597

*Figures are rounded*

*Source: Sheboygan County Treasurer's website*

We estimated property taxes would be less in Year 1 (2026) because the hotel would have been under construction in 2025. The figure of \$48,000 was included in Year 2 (2027). For purposes of our analysis, we estimated taxes would increase 3.0 percent throughout the projection period. The annual expense is estimated to range from \$24,000 in 2026 to \$52,500 in 2030.

**Insurance:** This insurance category covers the cost of building and contents insurance as well as liability insurance. Based on the experience of similar properties, we estimated this expense to be \$503 per available room or a total of \$27,200 in the stabilized year of operation or 1.4 percent. Insurance was estimated to range from \$25,600 in 2026 to \$28,800 in 2030.

**Insurance Expense**

STR 2023 Data	Limited-Service Hotels		CBRE Trends 2023 Data	Limited-Service Hotels	
Category	PAR	Ratio to Sales	Category	PAR	Ratio to Sales
Chain Affiliated	\$1,240	1.6%	All Hotels	\$695	1.7%
East North Central Region	\$484	1.5%	North Central Region	\$460	1.4%
Small Metro/Town	\$773	2.1%	Rate (\$100-\$150)	\$589	1.8%
Upper Midscale Class	\$775	2.1%	Size (<100 rooms)	\$605	1.8%
<b>PHC Estimate (Stabilized Year - 2028)</b>				<b>\$503</b>	<b>1.4%</b>

*Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.*

**Reserve for Replacement:** As is standard for income-producing properties, provision has been made for a reserve for replacement for furniture, fixtures, and equipment, as well as other long-lived items. Because the proposed Cobblestone Hotel & Suites will be new construction, we used a "step-up" approach whereas in the first year of operation, the reserve was estimated to be 1.0 percent, in year two it was 2.0 percent and in subsequent years the reserve for replacement was estimated to be 3.0 percent of total sales and that is estimated to provide sufficient funds for future capital improvements. In the stabilized year in 2028, this figure is estimated to be \$58,300.

## **Cash Flow Projections**

Our projections for the subject property, before deductions for debt service, amortization, depreciation, and income taxes, are presented in the following table. We project that, after reserve for replacement, the subject hotel would have a net operating income or EBITDA equal to 32.0 percent of total sales in the stabilized year of operation (2028); the EBITDA ranges between 31.1 percent and 32.2 percent of total sales throughout the projection period. It should be noted that the CBRE Trends data does not include a Reserve for Replacement.

### **Net Operating Income (EBITDA) (Earnings Before Taxes, Interest, Depreciation, and Amortization)**

<b>STR 2023 Data</b>	<b>Limited-Service Hotels</b>	<b>CBRE Trends 2023m Data</b>	<b>Limited-Service Hotels</b>
<b>Category</b>	<b>Ratio to Sales</b>	<b>Category</b>	<b>Ratio to Sales</b>
Chain Affiliated	25.1%	All Hotels	26.5%
East North Central Region	29.0%	North Central Region	25.9%
Small Metro/Town	27.6%	Rate (\$100-\$150)	23.6%
Upper Midscale Class	28.3%	Size (<100 rooms)	23.9%
<b>PHC Estimate (Years 1-5)</b>			<b>35.8%-36.8%</b>

*Source: STR, CBRE Trends, Patek Hospitality Consultants, Inc.*

The Statement of Estimated Annual Operating Results for the proposed 54-room Cobblestone Hotel & Suites in Plymouth, Wisconsin for the period 2026-2030 is shown on the following page, followed by a Break-even Analysis.

We present the following financial feasibility section with a debt and equity scenario based on 65% debt and 35% equity. Our research conducted the week of September 16, 2024, on debt markets discussed 65% had been what banks were leveraging. Based on research this same week, the interest rate used is 7.25 percent.



PROPOSED COBBLESTONE HOTEL & SUITES - PLYMOUTH, WISCONSIN															
STATEMENT OF ESTIMATED ANNUAL OPERATING RESULTS															
	2026			2027			2028			2029			2030		
	RevPAR		RevPAR	RevPAR		RevPAR		RevPAR		RevPAR		RevPAR		RevPAR	
TOTAL ROOMS/YEAR	19,710		\$78.76	19,710		\$88.50	19,710		\$95.70	19,710		\$98.60	19,710		\$101.56
OCC. ROOMS/OCCUPANCY/ADR	10,841	55.0%	\$143.20	11,826	60.0%	\$147.50	12,417	63.0%	\$151.90	12,417	63.0%	\$156.50	12,417	63.0%	\$161.20
54 ROOMS	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's
<b>REVENUES</b>															
Rooms	\$1,552.4	96.6%	\$143.20	\$1,744.3	96.9%	\$147.50	\$1,886.2	97.0%	\$151.90	\$1,943.3	97.0%	\$156.50	\$2,001.7	97.0%	\$161.20
Food & Beverage	0.0	0.0%	0.00	\$0.0	0.0%	0.00	\$0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Other Operated Income	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Miscellaneous Income	<u>\$55.0</u>	<u>3.4%</u>	<u>\$5.07</u>	<u>\$56.7</u>	<u>3.1%</u>	<u>\$4.79</u>	<u>\$58.3</u>	<u>3.0%</u>	<u>\$4.70</u>	<u>\$60.1</u>	<u>3.0%</u>	<u>\$4.84</u>	<u>\$61.9</u>	<u>3.0%</u>	<u>\$4.99</u>
<b>TOTAL REVENUES</b>	<b>\$1,607.4</b>	<b>100.0%</b>	<b>\$148.27</b>	<b>\$1,801.0</b>	<b>100.0%</b>	<b>\$152.29</b>	<b>\$1,944.5</b>	<b>100.0%</b>	<b>\$156.60</b>	<b>\$2,003.4</b>	<b>100.0%</b>	<b>\$161.34</b>	<b>\$2,063.6</b>	<b>100.0%</b>	<b>\$166.19</b>
<b>DEPARTMENTAL EXPENSES</b>															
Rooms	\$403.6	26.0%	\$37.23	\$453.5	26.0%	\$38.35	\$490.4	26.0%	\$39.49	\$505.3	26.0%	\$40.69	\$520.4	26.0%	\$41.91
Food & Beverage	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Miscellaneous Expense	<u>\$27.5</u>	<u>50.0%</u>	<u>\$2.54</u>	<u>\$28.3</u>	<u>50.0%</u>	<u>\$2.40</u>	<u>\$29.2</u>	<u>50.0%</u>	<u>\$2.35</u>	<u>\$30.0</u>	<u>50.0%</u>	<u>\$2.42</u>	<u>\$31.0</u>	<u>50.0%</u>	<u>\$2.49</u>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$431.1</b>	<b>26.8%</b>	<b>\$39.77</b>	<b>\$481.9</b>	<b>26.8%</b>	<b>\$40.75</b>	<b>\$519.6</b>	<b>26.7%</b>	<b>\$41.84</b>	<b>\$535.3</b>	<b>26.7%</b>	<b>\$43.11</b>	<b>\$551.4</b>	<b>26.7%</b>	<b>\$44.40</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$1,176.2</b>	<b>73.2%</b>	<b>\$108.50</b>	<b>\$1,319.1</b>	<b>73.2%</b>	<b>\$111.55</b>	<b>\$1,425.0</b>	<b>73.3%</b>	<b>\$114.76</b>	<b>\$1,468.1</b>	<b>73.3%</b>	<b>\$118.23</b>	<b>\$1,512.2</b>	<b>73.3%</b>	<b>\$121.78</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>															
Administrative & General	\$167.4	10.4%	\$3,100	\$172.4	9.6%	\$3,193	\$177.6	9.1%	\$3,289	\$182.9	9.1%	\$3,387	\$188.4	9.1%	\$3,489
Information & Telecomm. Systems	\$16.1	1.0%	\$298	\$18.0	1.0%	\$334	\$19.4	1.0%	\$360	\$20.0	1.0%	\$371	\$20.6	1.0%	\$382
Marketing	\$35.0	2.2%	\$648	\$36.1	2.0%	\$668	\$37.1	1.9%	\$688	\$38.2	1.9%	\$708	\$39.4	1.9%	\$729
Franchise Fee	\$73.9	4.6%	\$1,369	\$73.9	4.1%	\$1,369	\$73.9	3.8%	\$1,369	\$73.9	3.7%	\$1,369	\$73.9	3.6%	\$1,369
Utility Costs	\$64.8	4.0%	\$1,200	\$66.7	3.7%	\$1,236	\$68.7	3.5%	\$1,273	\$70.8	3.5%	\$1,311	\$72.9	3.5%	\$1,351
Property Operations & Maintenance	<u>\$81.0</u>	<u>5.0%</u>	<u>\$1,500</u>	<u>\$83.4</u>	<u>4.6%</u>	<u>\$1,545</u>	<u>\$85.9</u>	<u>4.4%</u>	<u>\$1,591</u>	<u>\$88.5</u>	<u>4.4%</u>	<u>\$1,639</u>	<u>\$91.2</u>	<u>4.4%</u>	<u>\$1,688</u>
<b>TOTAL UNDISTRIBUTED</b>	<b>\$438.2</b>	<b>27.3%</b>	<b>\$8,114</b>	<b>\$450.6</b>	<b>25.0%</b>	<b>\$8,344</b>	<b>\$462.8</b>	<b>23.8%</b>	<b>\$8,569</b>	<b>\$474.4</b>	<b>23.7%</b>	<b>\$8,786</b>	<b>\$486.4</b>	<b>23.6%</b>	<b>\$9,008</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$738.1</b>	<b>45.9%</b>	<b>\$13,668</b>	<b>\$868.6</b>	<b>48.2%</b>	<b>\$16,085</b>	<b>\$962.2</b>	<b>49.5%</b>	<b>\$17,819</b>	<b>\$993.7</b>	<b>49.6%</b>	<b>\$18,401</b>	<b>\$1,025.7</b>	<b>49.7%</b>	<b>\$18,995</b>
Management Fee	<u>\$96.4</u>	<u>6.0%</u>	<u>\$1,786</u>	<u>\$108.1</u>	<u>6.0%</u>	<u>\$2,001</u>	<u>\$116.7</u>	<u>6.0%</u>	<u>\$2,161</u>	<u>\$120.2</u>	<u>6.0%</u>	<u>\$2,226</u>	<u>\$123.8</u>	<u>6.0%</u>	<u>\$2,293</u>
<b>INCOME BEFORE FIXED CHARGES</b>	<b>\$641.6</b>	<b>39.9%</b>	<b>\$11,882</b>	<b>\$760.5</b>	<b>42.2%</b>	<b>\$14,084</b>	<b>\$845.5</b>	<b>43.5%</b>	<b>\$15,658</b>	<b>\$873.5</b>	<b>43.6%</b>	<b>\$16,175</b>	<b>\$901.9</b>	<b>43.7%</b>	<b>\$16,702</b>
<b>FIXED CHARGES</b>															
Real Estate Taxes (Estimate)	\$24.0	1.5%	\$444	\$48.0	2.7%	\$889	\$49.4	2.5%	\$916	\$50.9	2.5%	\$943	\$52.5	2.5%	\$971
Insurance	<u>\$25.6</u>	<u>1.6%</u>	<u>\$474</u>	<u>\$26.4</u>	<u>1.5%</u>	<u>\$488</u>	<u>\$27.2</u>	<u>1.4%</u>	<u>\$503</u>	<u>\$28.0</u>	<u>1.4%</u>	<u>\$518</u>	<u>\$28.8</u>	<u>1.4%</u>	<u>\$534</u>
<b>TOTAL FIXED CHARGES</b>	<b>\$49.6</b>	<b>3.1%</b>	<b>\$919</b>	<b>\$74.4</b>	<b>4.1%</b>	<b>\$1,377</b>	<b>\$76.6</b>	<b>3.9%</b>	<b>\$1,419</b>	<b>\$78.9</b>	<b>3.9%</b>	<b>\$1,461</b>	<b>\$81.3</b>	<b>3.9%</b>	<b>\$1,505</b>
<b>EBITDA*</b>	<b>\$592.0</b>	<b>36.8%</b>	<b>\$10,964</b>	<b>\$686.1</b>	<b>38.1%</b>	<b>\$12,706</b>	<b>\$768.9</b>	<b>39.5%</b>	<b>\$14,239</b>	<b>\$794.6</b>	<b>39.7%</b>	<b>\$14,714</b>	<b>\$820.7</b>	<b>39.8%</b>	<b>\$15,198</b>
Reserve for Capital Replacement	<u>\$16.1</u>	<u>1.0%</u>	<u>\$298</u>	<u>\$36.0</u>	<u>2.0%</u>	<u>\$667</u>	<u>\$58.3</u>	<u>3.0%</u>	<u>\$1,080</u>	<u>\$60.1</u>	<u>3.0%</u>	<u>\$1,113</u>	<u>\$61.9</u>	<u>3.0%</u>	<u>\$1,146</u>
<b>INCOME AVAILABLE FOR DEBT SERVICE</b>	<b>\$576.0</b>	<b>35.8%</b>	<b>\$10,666</b>	<b>\$650.1</b>	<b>36.1%</b>	<b>\$12,039</b>	<b>\$710.6</b>	<b>36.5%</b>	<b>\$13,159</b>	<b>\$734.5</b>	<b>36.7%</b>	<b>\$13,601</b>	<b>\$758.8</b>	<b>36.8%</b>	<b>\$14,051</b>

**This statement should be read subject to the comments contained in the attached report**

\*EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization

NUMBERS MAY NOT ADD DUE TO ROUNDING

SOURCE: PATEK HOSPITALITY CONSULTANTS, INC.

PROPOSED COBBLESTONE HOTEL & SUITES - PLYMOUTH, WISCONSIN															
BREAKEVEN ANALYSIS															
	2026			2027			2028			2029			2030		
	RevPAR			RevPAR			RevPAR			RevPAR			RevPAR		
TOTAL ROOMS/YEAR	19,710		\$78.04	19,710		\$82.60	19,710		\$85.67	19,710		\$86.86	19,710		\$88.18
OCC. ROOMS/OCCUPANCY/ADR	10,742	54.5%	\$143.20	11,038	56.0%	\$147.50	11,116	56.4%	\$151.90	10,939	55.5%	\$156.50	10,781	54.7%	\$161.20
54 ROOMS	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's
<b>REVENUES</b>															
Rooms	\$1,538.2	95.7%	\$143.20	\$1,628.0	90.4%	\$147.50	\$1,688.6	86.8%	\$151.90	\$1,712.0	85.5%	\$156.50	\$1,738.0	84.2%	\$161.20
Food & Beverage	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Other Operated Income	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Miscellaneous Income	\$52.0	3.2%	\$4.80	\$53.6	3.0%	\$4.53	\$55.2	2.8%	\$4.44	\$56.8	2.8%	\$4.58	\$58.5	2.8%	\$4.71
<b>TOTAL REVENUES</b>	\$1,590.2	98.9%	\$146.70	\$1,681.6	93.4%	\$142.20	\$1,743.8	89.7%	\$140.43	\$1,768.8	88.3%	\$142.45	\$1,796.5	87.1%	\$144.68
<b>DEPARTMENTAL EXPENSES</b>															
Rooms	\$399.9	26.0%	\$36.89	\$423.3	26.0%	\$35.79	\$439.0	26.0%	\$35.36	\$445.1	26.0%	\$35.85	\$451.9	26.0%	\$36.39
Food & Beverage	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
Miscellaneous Expense	\$26.0	50.0%	\$2.40	\$26.8	50.0%	\$2.26	\$27.6	50.0%	\$2.22	\$28.4	50.0%	\$2.29	\$29.3	50.0%	\$2.36
<b>TOTAL DEPARTMENTAL EXPENSES</b>	\$425.9	26.5%	\$39.29	\$450.1	25.0%	\$38.06	\$466.6	24.0%	\$37.58	\$473.5	23.6%	\$38.13	\$481.1	23.3%	\$38.75
<b>DEPARTMENTAL PROFIT</b>	\$1,164.3	72.4%	\$107.40	\$1,231.5	68.4%	\$104.14	\$1,277.1	65.7%	\$102.85	\$1,295.3	64.7%	\$104.31	\$1,315.4	63.7%	\$105.93
<b>UNDISTRIBUTED OPERATING EXPENSES</b>															
Administrative & General	\$162.0	10.2%	\$3,000	\$166.9	9.9%	\$3,090	\$171.9	9.9%	\$3,183	\$177.0	10.0%	\$3,278	\$182.3	10.0%	\$3,377
Information & Telecomm. Systems	\$16.1	1.0%	\$298	\$18.0	1.0%	\$334	\$19.4	1.0%	\$360	\$20.0	1.0%	\$371	\$20.6	1.0%	\$382
Marketing	\$30.0	1.9%	\$556	\$30.9	1.8%	\$572	\$31.8	1.8%	\$589	\$32.8	1.9%	\$607	\$33.8	1.9%	\$625
Franchise Fee	\$73.9	4.6%	\$1,369	\$73.9	4.4%	\$1,369	\$73.9	4.2%	\$1,369	\$73.9	4.2%	\$1,369	\$73.9	4.1%	\$1,369
Utility Costs	\$64.8	4.1%	\$1,200	\$66.7	4.0%	\$1,236	\$68.7	3.9%	\$1,273	\$70.8	4.0%	\$1,311	\$72.9	4.1%	\$1,351
Property Operations & Maintenance	\$81.0	5.1%	\$1,500	\$83.4	5.0%	\$1,545	\$85.9	4.9%	\$1,591	\$88.5	5.0%	\$1,639	\$91.2	5.1%	\$1,688
<b>TOTAL UNDISTRIBUTED OPERATING EXPENSES</b>	\$427.8	26.6%	\$7,922	\$439.8	24.4%	\$8,145	\$451.7	23.2%	\$8,365	\$463.1	23.1%	\$8,575	\$474.7	23.0%	\$8,791
<b>GROSS OPERATING PROFIT</b>	\$736.5	45.8%	\$13,639	\$791.7	44.0%	\$14,661	\$825.4	42.4%	\$15,286	\$832.2	41.5%	\$15,411	\$840.6	40.7%	\$15,567
Management Fee	\$96.4	6.0%	\$1,786	\$108.1	6.0%	\$2,001	\$116.7	6.0%	\$2,161	\$120.2	6.0%	\$2,226	\$123.8	6.0%	\$2,293
<b>INCOME BEFORE FIXED CHARGES</b>	\$640.1	39.8%	\$11,853	\$683.6	38.0%	\$12,660	\$708.7	36.4%	\$13,125	\$712.0	35.5%	\$13,185	\$716.8	34.7%	\$13,274
<b>FIXED CHARGES</b>															
Real Estate Taxes (Estimate)	\$24.0	1.5%	\$444	\$48.0	2.9%	\$889	\$49.4	2.8%	\$916	\$50.9	2.9%	\$943	\$52.5	2.9%	\$971
Insurance	\$21.6	1.4%	\$400	\$22.2	1.3%	\$412	\$22.9	1.3%	\$424	\$23.6	1.3%	\$437	\$24.3	1.4%	\$450
<b>TOTAL FIXED CHARGES</b>	\$45.6	2.8%	\$844	\$70.2	3.9%	\$1,301	\$72.4	3.7%	\$1,340	\$74.5	3.7%	\$1,380	\$76.8	3.7%	\$1,422
<b>EBITDA*</b>	\$594.5	37.0%	\$11,009	\$613.4	34.1%	\$11,359	\$636.4	32.7%	\$11,785	\$637.5	31.8%	\$11,805	\$640.0	31.0%	\$11,853
Reserve for Capital Replacement	\$16.1	1.0%	\$298	\$36.0	2.0%	\$667	\$58.3	3.0%	\$1,080	\$60.1	3.0%	\$1,113	\$61.9	3.0%	\$1,146
<b>INCOME AVAILABLE FOR DEBT SERVICE</b>	\$578.4	36.4%	\$10,711	\$577.4	34.3%	\$10,692	\$578.1	33.2%	\$10,705	\$577.4	32.6%	\$10,692	\$578.1	32.2%	\$10,706
Loan Payment	\$576.2	36.2%	\$10,670	\$576.2	34.3%	\$10,670	\$576.2	33.0%	\$10,670	\$576.2	32.6%	\$10,670	\$576.2	32.1%	\$10,670
<b>NET CASH FLOW</b>	\$2.2	0.1%	\$41	\$1.2	0.1%	\$22	\$1.9	0.1%	\$34	\$1.2	0.1%	\$22	\$1.9	0.1%	\$36

This statement should be read subject to the comments contained in the attached report

\*EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization

NUMBERS MAY NOT ADD DUE TO ROUNDING

SOURCE: PATEK HOSPITALITY CONSULTANTS, INC.

## **ECONOMIC FINANCIAL FEASIBILITY**

Earlier in this report, we presented a Hotel Industry Outlook based on current information from STR, Tourism Economics, and CBRE. We believe this outlook presents good data regarding the continued challenges that affect the hotel industry including financing of hotel projects. Interest rates have been high in all of 2023 and 2024 to date, which has been a real challenge for hotel development. Interest rate cuts are estimated to occur in mid-September; however, industry experts don't see these rate cuts affecting short-term development as much as long-term.

### **Development Budget**

A development budget has been prepared by Cobblestone Hotel & Suites based on the 54 rooms and the Main Street prototype facilities and amenities. This is only an estimate, and the figures could likely vary based on the timing of the development and the economic situation at the time.

For purposes of our analysis, it is estimated the development cost for a 54-room Cobblestone Hotel & Suites Main Street prototype (no restaurant) would be approximately \$10,221,000 or \$189,278 per available room.

**Cobblestone Hotel & Suites Development Budget  
Plymouth, Wisconsin**

Building Specifications include a 54 unit, 4-story Main Street Style Hotel & Suites with an expanded guest wine and beer bar, standard (king and queen/queen) rooms, 2-room extended-stay suites, free hot breakfast for all guests, guest fitness room, guest laundry room, meeting room, pool, and elevator.

<b>Land &amp; Site Prep</b>	<b>\$1,500,000</b>
Raw Land	\$400,000
Permit & Community (plan review/permit/inspect/tap fees/etc.)	\$450,000
Excav & Utilities. (sewer/water/elec/gas/grade/drainage/landscape/etc.)	\$600,000
<i>Per Room</i>	<i>\$27,778</i>
 <b>Building Construction</b>	 <b>\$6,910,000</b>
<i>Per Room</i>	<i>\$127,963</i>
 <b>Fixtures, Furnishings &amp; Equipment (FF&amp;E)</b>	 <b>\$967,500</b>
<i>Per Room</i>	<i>\$17,917</i>
 <b>Indirect Costs</b>	
Appraisal	\$6,000
Architectural/Engineering	\$120,000
Cobblestone Franchise Fee	\$4,000
Surveys	\$15,000
Pre-Opening Services	\$40,000
Working Capital	\$170,000
Legal and Accounting Fees	\$10,000
Construction Period Interest/Loan Fees/Closing	\$250,000
Insurance and Taxes during Construction	\$30,000
Project Contingency	<u>\$150,000</u>
<b>Total Indirect Costs</b>	<b>\$843,500</b>
<i>Per Room</i>	<i>\$15,620</i>
 <b>Total Projected Costs</b>	 <b>\$10,221,000</b>
<i>Per Room</i>	<i>\$189,278</i>

*NOTE: Development cost breakdown and price structure is valid for 30 days and could be subject to change before, due to any economic changes in the community or region. Brimark Builders, LLC and its representatives make no projected financial representations based on this specific or any other markets as it relates to this hotel and or development cost as shown above.*

*Source: Cobblestone Hotel & Suites*

## Financing Assumptions

Our assumptions regarding the economic feasibility of the project including debt and equity follow. As noted above, the projected cost of development of the hotel is estimated to be \$10,221,000. Based on our research of the debt market and interest rates, we present the following investment scenario.

<b>35% Equity/65% Debt</b>	<b>Annual Interest Rate</b>	<b>7.25%</b>
\$3,577,350 (Equity)	<b>Amortization</b>	25 years
\$6,643,650 (Debt)	<b>Annual Payment</b>	\$576,200 (rounded)
<b>\$10,221,000</b> Total Project Cost		

**Proposed Cobblestone Hotel & Suites**  
**Economic Feasibility Analysis**  
**Project Cost - \$10,221,000**  
**35% Equity/65% Debt**  
**Plymouth, Wisconsin**

	2026	2027	2028	2029	2030
Cash Flow Available for Debt Service	\$576,000	\$650,100	\$710,600	\$734,500	\$758,800
Debt Service	\$576,200	\$576,200	\$576,200	\$576,200	\$576,200
Debt Service Coverage	1.00x	1.13x	1.23x	1.30x	1.32x
Cash Flow to Equity	(\$200)	\$73,900	\$134,400	\$158,300	\$182,600
Equity	\$3,577,350	\$3,577,350	\$3,577,350	\$3,577,350	\$3,577,350
Return on Investment (ROI)	0.0%	2.1%	3.8%	4.4%	5.1%

Source: Patek Hospitality Consultants, Inc. based on research and sources cited in the report

This analysis shows the cash-on-cash return on investment, which measures the net income produced by a property, relative to the initial cash investment that was made to develop the property. The cash-on-cash return tells how much of the out-of-pocket investment is being earned each year. The cash-on-cash return is a simple metric and can vary, based on property type, location, and various economic factors that are currently going on as this report is being written. The figures presented in this analysis are as of the date of this report and could likely differ at the time the hotel is in its development stage.

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This document is to be used in whole and not in part.
2. Our conclusions are explicitly based upon the assumption that the proposed hotel will be developed and constructed to competitive standards, operated in a manner typical of a high-quality hotel, and include the assumed facilities and amenities as set forth in this report. It is expressly understood that the conclusions of this analysis could change upon any deviation from this assumption. Furthermore, the changes that might arise could be material. For the purposes of this engagement, we have assumed that the proposed Cobblestone Hotel & Suites will open in January 2026, and contain approximately 54 rooms, will operate as a chain affiliated hotel, be operated by competent management and be effectively marketed to the appropriate demand segments identified in this report. We have no obligation to update our findings regarding changes to the scope of the proposed development including (but not limited to) changes in the guestroom inventory, ancillary facilities program, and lodging product concept.
3. As in all studies of this type, the estimated annual operating results are based upon competent and efficient management and assume no significant change in the competitive position of the lodging industry in the immediate area from that set forth in the study.
4. Estimated results are also based on an evaluation of the present general economy of the area and do not consider, or make provision for, the effect of any sharp rise or decline in local or general economic conditions, which may occur. There usually will be differences between the estimated and actual results, because events and circumstances frequently do not occur as expected. Such differences may be material.
5. We do not warrant that our estimates will be attained; they will be developed based upon information obtained during our market research and are intended to reflect the expectations of a typical hotel developer/investor as of the report date.
6. We have no obligation to update our findings regarding changes to the scope of the proposed development or changes in market conditions after the completion of our fieldwork. The information gathered during the fieldwork and used in this analysis is assumed to be accurate, although we cannot guarantee its accuracy.
7. Neither all nor part of the contents of this report shall be disseminated to the public through advertising media, news media, sales media, or any public means of communication without the prior written consent and approval of PHC.
8. The Client (City of Plymouth, Wisconsin) has disclosed to Patek Hospitality Consultants, Inc. (PHC) all relevant information, conditions, data, and other information that Client deems relevant to PHC's production of the Report. Unless specifically brought to the attention of PHC, PHC will assume that there are no hidden or unexpected conditions or information

that would adversely or otherwise affect the study and analysis leading to the Report. PHC expresses no opinion and gives no advice concerning matters that require legal or specialized expertise, investigation or knowledge such as, without limitation, engineering, tax, accounting, zoning, signage, hazardous substance/waste, wetlands, franchise or other technical or developmental matters. Market studies involve the interpretation of evolving events and the research and review of highly confidential information, the accuracy of which cannot be assured. The risk of unknown or unanticipated events or conditions is an additional variable for which there is no remedy. Client understands these limitations and interprets all research, analysis, and projections accordingly.

9. It is expressly understood that the scope of our study and report thereon does not include the possible impact of zoning or environmental regulations, licensing requirements or other such restrictions concerning the project except where such matters have been brought to our attention and disclosed in the report.
10. No liability is assumed for matters legal in nature. Patek Hospitality Consultants, Inc. cannot be held liable in any cause of action concerning this assignment for any compensatory dollar amount over and above the total fees collected from this engagement.
11. All legal expenses incurred in the defense or representation of Patek Hospitality Consultants, Inc., its principals, and its employees will be the responsibility of the client.
12. We are not required to give testimony or attendance in court by reason of this assignment, with reference to the property in question, unless prior arrangements have been made and agreed to in writing.
13. Patek Hospitality Consultants, Inc. is not obligated, or qualified, to predict future political, economic, or social trends, which may or may not occur as a result. The World Health Organization (WHO) declared the Novel Coronavirus (Covid-19) a global pandemic on March 11, 2020. The global pandemic along with other more recent challenges have been discussed and the affect they have had on the industry and the economy in general; factors such as inflation, higher interest rates, supply chain, higher construction costs, labor costs and shortages, and the wars in Ukraine and the Middle East. Data resource companies like STR, CBRE, and AirDNA continually update their future performance data as new information becomes available. Our recommendations are partially based on this data and research that is available as of the date of this report. We are not responsible for events that occur after the date of this report and the potential impact on hotel development going forward.