



MARKET STUDY

Proposed Convention Center Hotel Downtown Buffalo

BUFFALO, NEW YORK

SUBMITTED TO:

Mr. Patrick J. Kaler
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PREPARED BY:

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January 25, 2026

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HVS BUFFALO

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Re: Proposed Convention Center Hotel Downtown Buffalo
Buffalo, New York
HVS Reference: 2025020966

Dear Mr. Kaler:

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned proposed hotel. We have inspected analyzed the hotel market conditions in the Buffalo, New York, area. We have studied the potential for the proposed project, and the results of our fieldwork and analysis are presented in this report.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC

DRAFT DOCUMENT

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1. Executive Summary

Subject of the Market Study

A specific site was not evaluated, rather we considered the hotel would be located in downtown Buffalo, proximate to the convention center. The study assumed that the chosen site will be improved with a full-service, conference center lodging facility. The property, which is expected to open on May 1, 2027, will feature roughly 400 rooms, a restaurant with a bar, an indoor pool, a fitness center, and a gift shop. We note the exact room count will likely vary if/when the hotel is actually developed. We have analyzed the potential for a 400-room hotel; however, given the preliminary step of this study, the findings would likely be similar for a hotel ranging from 350 to 450 rooms. This study assumes the hotel will also contain the appropriate parking capacity and all necessary back-of-the-house space.

The subject site's location will be in Buffalo, New York.

Pertinent Dates

The date of the report is December 23, 2025. The subject area was inspected by Christian Cross on August 1, 2025. This study assumes a hypothetical opening date of May 1, 2027.

Ownership of the Subject Site

Visit Buffalo and the Buffalo Convention Center are looking to attract a developer to build a full-service hotel that can help address the shortage of available rooms required to attract larger events to the Buffalo market. A site has not been selected but it is assumed it will be located in Downtown Buffalo, proximate to the convention center.

Management and Franchise Assumptions

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

This study assumes the proposed subject hotel will operate as an upper-upscale, full-service lodging facility. A specific franchise affiliation and/or brand has yet to be determined, but we have considered several potential brands.

FIGURE 1-1 POTENTIAL HOTEL BRANDS

Brand	Parent Company	Royalty Fee	Marketing Fee	F&B Fee	Total Fee
Delta Hotels by Marriott	Marriott International, Inc.	5.0%	2.2%	0.0%	7.2%
Marriott	Marriott International, Inc.	6.0%	1.6%	3.0%	10.6%
Renaissance	Marriott International, Inc.	5.0%	2.1%	0.0%	7.1%
Sheraton	Marriott International, Inc.	6.0%	2.0%	2.0%	10.0%
Hilton	Hilton	5.0%	4.0%	3.0%	12.0%
Curio Collection by Hilton	Hilton	5.0%	4.0%	0.0%	9.0%
Crowne Plaza	InterContinental Hotels Group (IHG)	5.0%	3.0%	0.0%	8.0%
	Average	5.3%	2.7%	1.1%	9.1%
	Median	5.0%	2.2%	0.0%	9.0%
	Minimum	5.0%	1.6%	0.0%	7.1%
	Maximum	6.0%	4.0%	3.0%	12.0%

**This fee reflects various additional royalty fees applied to other revenue-generating departments*

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property’s development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the proposed subject property.

2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

This site is in the city of Buffalo, New York.

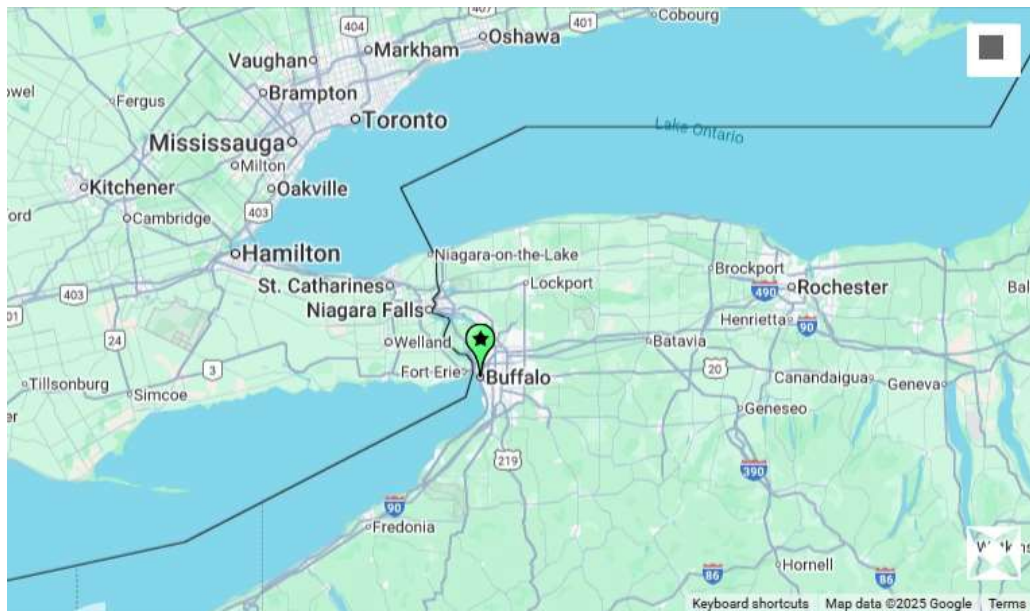
Physical Characteristics

A specific site was not evaluated, rather we considered the hotel would be located in downtown Buffalo, proximate to the convention center. The study assumed that the chosen site will be improved with a full-service, conference center lodging facility.

Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



This market is served by a variety of major routes, including interstates and highways, as illustrated on the map. Regional access to/from the city of Buffalo and the subject site, in particular, is considered very good.

The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the selected subject site should benefit from very good accessibility, and the proposed hotel is expected to enjoy very good visibility from within its local neighborhood.

Airport Access

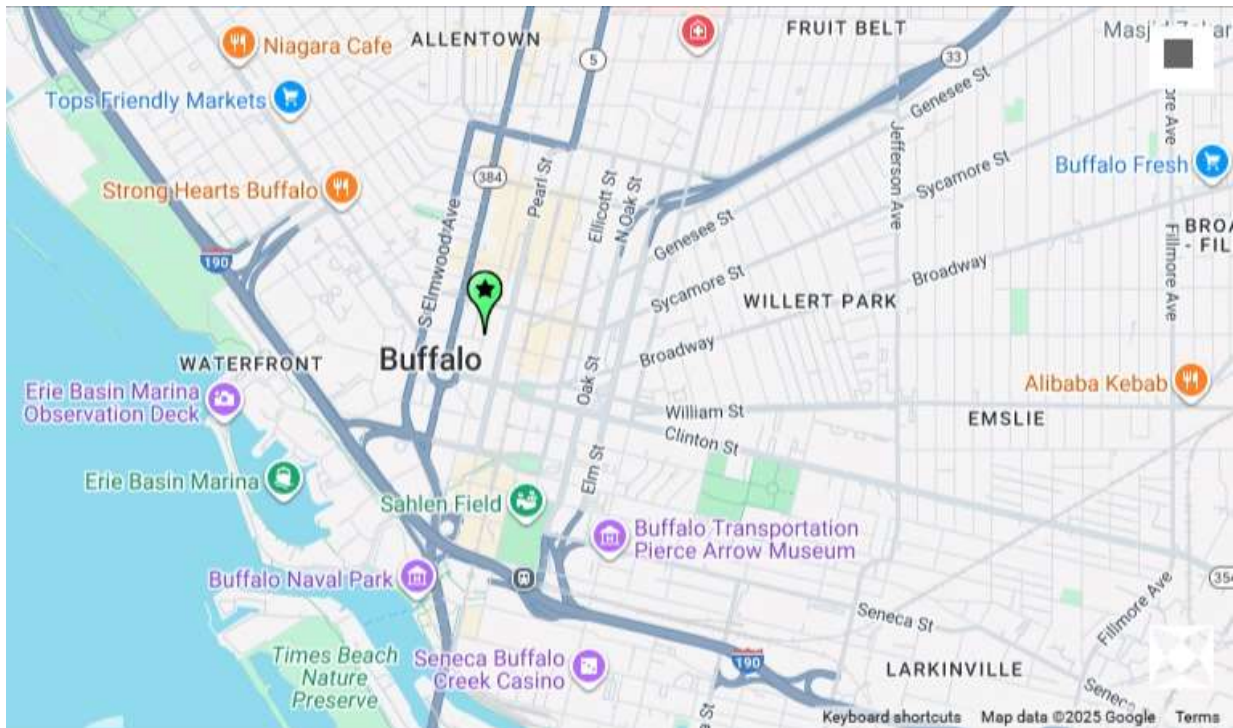
The proposed subject hotel will be served by the Buffalo Niagara International Airport, which is located approximately eight miles to the northeast of Downtown Buffalo.

Neighborhood

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The subject site is expected to be located in the neighborhood that is generally defined by Tupper to the north, Elmwood Avenue to the east, Buffalo River to the south, and Michigan to the west. The neighborhood is characterized by restaurants, office buildings, and retail shopping centers along the primary thoroughfares, with residential areas located along the secondary roadways. Some specific businesses and entities in the area include the Buffalo Convention Center and Buffalo City Hall; nearby hotels include the Hyatt Regency Buffalo, Embassy Suites by Hilton, and Hilton Garden Inn. Restaurants located in the neighborhood include Pearl Street Grill & Brewery, Chez Ami, Moura's New York Style Deli, and Osteria 166. In general, this neighborhood is in the stable stage of its life cycle. The proposed hotel's opening should be a positive influence on the area, and the property is expected to be in character with and to complement surrounding land uses.

MAP OF NEIGHBORHOOD



Utilities

The subject site is assumed to be served by all necessary utilities.

Zoning

We assumed the hotel will be developed on a site that meets all local zoning regulations for a full-service hotel. Furthermore, we assume that all necessary permits and approvals will be secured (including the appropriate liquor license) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. A zoning analysis should be conducted once a site is chosen and before any physical changes are made to the site.

Conclusion

We assume the selected site will be of an appropriate size, and have favorable topography, access, visibility, and the availability of utilities. In general, the site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

3. Description of the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The Proposed Convention Center Hotel Downtown Buffalo will be a full-service, conference center lodging facility containing roughly 400 rentable units. We note the exact room count will likely vary if/when the hotel is actually developed. We have analyzed the potential for a 400-room hotel; however, given the preliminary step of this study, the findings would likely be similar for a hotel ranging from 350 to 450 rooms. The study assumes an opening of May 1, 2027.

This study assumes the proposed subject hotel will operate as an upper-upscale, full-service lodging facility. A specific franchise affiliation and/or brand has yet to be determined, but we have considered several potential brands. The following presents some potential brands, but it should be noted this list is not exhaustive.

FIGURE 3-2 POTENTIAL HOTEL BRANDS

Brand	Parent Company	Royalty Fee	Marketing Fee	F&B Fee	Total Fee
Delta Hotels by Marriott	Marriott International, Inc.	5.0%	2.2%	0.0%	7.2%
Marriott	Marriott International, Inc.	6.0%	1.6%	3.0%	10.6%
Renaissance	Marriott International, Inc.	5.0%	2.1%	0.0%	7.1%
Sheraton	Marriott International, Inc.	6.0%	2.0%	2.0%	10.0%
Hilton	Hilton	5.0%	4.0%	3.0%	12.0%
Curio Collection by Hilton	Hilton	5.0%	4.0%	0.0%	9.0%
Crowne Plaza	InterContinental Hotels Group (IHG)	5.0%	3.0%	0.0%	8.0%
	Average	5.3%	2.7%	1.1%	9.1%
	Median	5.0%	2.2%	0.0%	9.0%
	Minimum	5.0%	1.6%	0.0%	7.1%
	Maximum	6.0%	4.0%	3.0%	12.0%

**This fee reflects various additional royalty fees applied to other revenue-generating departments*

Delta Hotels by Marriott

On March 31, 2015, Marriott International acquired Delta Hotels from BC Investment Management Corporation. Delta Hotels by Marriott is an upper-upscale,

full-service brand with properties located in city centers, near airports, and in resort destinations. Delta Hotels by Marriott creates a seamless travel experience in nearly 100 locations across North America, Asia, Europe, and the Middle East, as well as in Central America and the Caribbean. Per Marriott, the brand focuses on the details that truly matter, delivering a streamlined and flawless stay for its guests every time. The brand's simple and intuitively designed rooms, free Wi-Fi, exclusive Delta Pantry for Marriott Bonvoy Elite members, and convenient dining options offer travelers an effortlessly comfortable and stylish place to stay. While individual brand statistics for recent years were not available, for 2024, Marriott reported an overall occupancy of 68.1% and an average daily rate (ADR) of \$212.64 for its U.S. and Canadian upper-upscale hotels (as a composite), resulting in an average composite RevPAR level of \$144.81. As of year-end 2024, there were 92 Delta Hotels by Marriott properties (21,817 rooms) in operation across the United States and Canada.

Marriott

Marriott is the company's flagship brand of full-service hotels and resorts; as of year-end 2024, there were 336 hotels (131,983 rooms) operating under the brand in the United States and Canada. Each Marriott hotel features multiple restaurants and lounges, room service, a fitness center/health club, a swimming pool and whirlpool, a gift shop, a concierge, a business center, and meeting facilities. The properties also benefit from their participation in Marriott Bonvoy, a successful guest loyalty program. Primary competitors of the brand include Hilton, Embassy Suites by Hilton, DoubleTree by Hilton, Sheraton, Westin, Fairmont, Hyatt, and InterContinental, among others. In 2024, the brand's U.S. and Canadian hotels operated at an average occupancy level of 68.0% and an average daily rate (ADR) of \$208.88, resulting in an average RevPAR of \$142.05.

Renaissance Hotels

Renaissance Hotels is an upper-upscale lodging brand by Marriott. All Renaissance properties offer restaurants, business centers, concierge service, valet laundry service, fitness centers, meeting and banquet facilities, and complimentary coffee and weekday newspapers. Renaissance hotels also benefit from their participation in Marriott Bonvoy, a successful guest loyalty program. The main competitors of this brand include Hilton, Embassy Suites, Sheraton, Westin, Fairmont, Hyatt, and InterContinental hotels, among others. As of year-end 2024, there were 90 Renaissance properties (28,315 rooms) operating in the United States and Canada. While individual brand statistics for recent years were not available, for 2024, Marriott reported an overall occupancy of 68.1% and an average daily rate (ADR) of \$212.64 for its U.S. and Canadian upper-upscale hotels (as a composite), resulting in an average composite RevPAR level of \$144.81.

Sheraton

Sheraton is an upper-upscale, full-service hotel that serves the needs of both business and leisure travelers. Owned by Marriott International, properties are located in many of the world's most sought-after cities and resort destinations. The lobby provides welcoming seating areas, where guests come together to meet, connect, and relax. The Community Table serves as a communal workspace, offering power outlets, wireless charging capabilities, and ergonomic seating. Sheraton public spaces also feature The Booths (soundproof booths for taking phone calls), The Studios (small private meeting spaces that are rented hourly), and a market, coffee bar, and lounge known as &More. Guestrooms provide ample workspace and the comfort of a custom-designed hybrid mattress. As of year-end 2024, there were 166 Sheraton properties (64,254 rooms) operating in the United States and Canada. In 2024, the brand's U.S. and Canadian hotels operated at an average occupancy level of 66.9% and an average daily rate (ADR) of \$191.15, resulting in an average RevPAR of \$127.89.

Hilton

Hilton Hotels & Resorts, commonly known as simply Hilton, is the company's signature flagship brand. With over 90 years of history, the Hilton brand is one of the largest hotel brands in the world, with locations in major city centers, near airports and convention centers, and in popular vacation destinations. Hilton hotels cater to business, group, and leisure travelers, with most properties featuring swimming pools and whirlpools, fitness centers, business centers, restaurant facilities, and meeting space, among other amenities. The properties feature advanced technology to help personalize each stay. In addition, guests benefit from Hilton's worldwide reservations system and its highly acclaimed guest loyalty program, Hilton Honors. In 2024, the brand operated at an average occupancy level of 69.1%, with an average daily rate (ADR) of \$190.33 and an average RevPAR of \$131.60 globally. As of year-end 2024, there were 617 hotels (227,467 rooms) operating under the Hilton brand worldwide.

Curio Collection by Hilton

The Curio Collection by Hilton was created to offer high-personality, upper-upscale and luxury hotels to individuals who typically seek unique, independent hotels, but with the reassurance of the Hilton name. Launched in June 2014, Curio operates as a soft brand, allowing each hotel to maintain its independent identity while benefiting from the national sales and brand recognition associated with traditional hard brands. According to Hilton, each Curio hotel is chosen for its quality, distinct character, originality, and ability to impart local discoveries and authentic experiences in prime markets. Curio Collection by Hilton hotels range from urban

properties to large beachfront resorts, all providing a unique experience within the luxury hotel sector. Furthermore, as affiliates of the Hilton brand family, Curio Collection hotels participate in the award-winning Hilton Honors guest loyalty program. In 2024, Curio Collection hotels operated at an average occupancy level of 71.2%, with an average daily rate (ADR) of \$229.72 and an average RevPAR of \$163.47 globally. As of year-end 2024, there were 180 hotels (33,734 rooms) belonging to the Curio Collection by Hilton worldwide.

Crowne Plaza

Belonging to the InterContinental Hotels Group (IHG) family of brands, Crowne Plaza is a chain of full-service, upscale hotels catering to business travelers and the meetings and conventions market in major urban centers, gateway cities, and resort destinations. These hotels feature a 24-hour business center, a fitness center, a swimming pool (in most hotels), fine-dining restaurants, and concierge service, as well as ample meeting/event space, among other facilities and amenities. In 2024, the brand's hotels in the Americas operated at an average occupancy level of 62.4%, with an average daily rate (ADR) of \$150.15 and an average RevPAR of \$93.65. As of year-end 2024, there were 104 Crowne Plaza hotels (26,356 rooms) in operation across the Americas.

Summary of the Facilities

Given the preliminary stage of this project, construction details were not available for our review. We assume that the building components will be normal for a property of its type and will meet the standards for this market.

ADA and Environmental

We assume that the hotel will be built according to all pertinent codes and brand standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with the selected brand's standards. Thus, in keeping with industry standards, a reserve for replacement has been included in our forecast of income and expense to partially fund ongoing capital improvements.

Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of public areas, guestrooms, and back-of-the-house spaces. All typical and market-appropriate features and amenities are expected to be included in the hotel's design. We assume that the property will be constructed in accordance with modern standards for lodging facilities and that the furniture, fixtures, and finishes will be consistent with the property's anticipated positioning as an upper-upscale hotel; moreover, we assume that it will include the appropriate energy-efficient elements and be equipped with the requisite technology and building systems. We further assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes, as well as market and brand standards, and that the hotel staff will be adequately trained to allow for a successful opening, with pre-marketing efforts having introduced the product to the market at least six months in advance of the opening date.

4. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

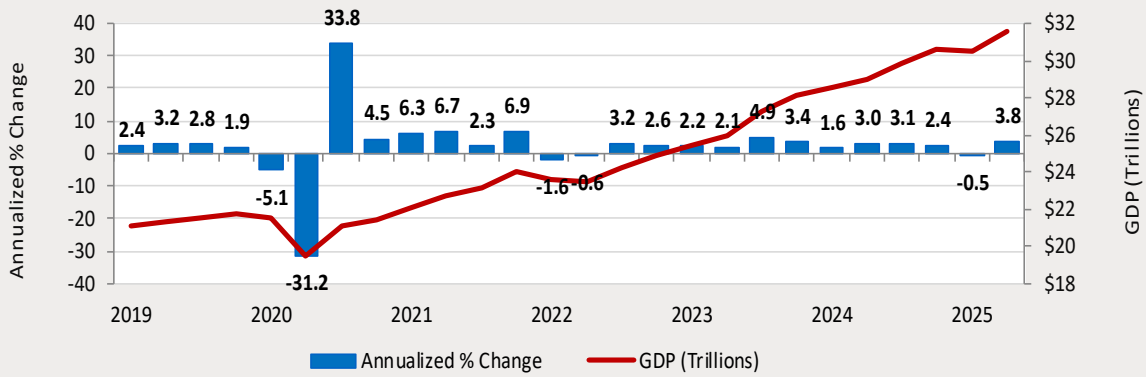
National Economic Overview

The local market and economy are influenced by national trends; thus, consideration of these trends is an important premise to this market-area analysis. The U.S. economy was severely affected by the COVID-19 pandemic, as illustrated in the following discussion. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including higher levels of unemployment. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. The shift of work locations from office environments to home offices also limited corporate transient and group travel. By all measures, the national economy had recovered from this downturn by year-end 2024, with notable growth recorded; however, some select markets and sectors experienced slower growth and, thus, were continuing to recover as of early 2025.

Gross domestic product (GDP) is a key measure of a country's economic health and trends. Research has also identified a high degree of correlation between GDP and lodging demand. For the eight quarters leading up to 2020, GDP quarterly growth ranged between 0.9% and 3.8%, reflecting moderate economic expansion. The impact of the pandemic was considerable in 2020. As shutdowns halted major components of the U.S. economy from mid-March through May, GDP contracted by an annualized rate of 31.2% in Q2 2020, the largest such decline in U.S. history. While shocking, this GDP decline was offset by a significant rebound in economic activity in Q3 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021, with GDP having surpassed the pre-pandemic peak by Q1 2021. A pullback during the

first half of 2022 was driven by the trade deficit and decreases in government spending and inventory investment, although the decline was offset by gains during the second half of the year.

FIGURE 4-1 UNITED STATES GDP GROWTH RATE



Sources: tradingeconomics.com, Bureau of Economic Analysis

The positive trend continued through 2023 and 2024, registering 2.5% and 2.4% increases for the year, respectively. GDP then declined slightly (-0.5%) and bounced back by 3.8% in the first two quarters of 2025, respectively. According to the July 30, 2025, report from the Bureau of Economic Analysis, "The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports." Within the hotel sector, 2025 was expected to bring a more active deal environment given this recent stability in growth; however, a pullback in international travel to the United States and the uncertainty surrounding what effect the tariffs would have on prices, trade, employment, and domestic travel prompted some buyers to retreat. As such, transaction activity has been relatively muted thus far in 2025. We will be closely monitoring how these changes impact employment, hotel demand, ADRs, transaction activity and, ultimately, hotel values.

The Wall Street Journal (WSJ) publishes an economic forecasting survey each quarter. Per the latest survey (October 2025), economists anticipate GDP to expand at a greater pace in 2026 than in 2025, by roughly 20 basis points, with a similar increase in activity likely to occur in 2027. Economists are somewhat optimistic that the United States will avoid a recession, reporting an average 33.0% probability that the country will experience a recession during the next twelve months (45.0% and

33.0% were the average probability levels for the same question in April 2025 and July 2025, respectively).

FIGURE 4-2 GDP, CPI, AND UNEMPLOYMENT PREDICTIONS

Real GDP, Quarterly Annualized Growth Rate

4th Quarter 2025	1.14 %
1st Quarter 2026	1.47
2nd Quarter 2026	1.91
3rd Quarter 2026	2.04

Real GDP, Year-Over-Year Growth Rate

2025	1.66 %
2026	1.87
2027	2.05
2028	2.09

CPI, Year-Over-Year Change

December 2025	3.05 %
June 2026	3.03
December 2026	2.64
June 2027	2.46

Unemployment, Annual Level

December 2025	4.45 %
June 2026	4.50
December 2026	4.41
June 2027	4.31

Source: Wall Street Journal Economic Forecasting Survey, October 2025

Driven by supply-chain disruptions and pent-up consumer demand, prices for most goods and services increased substantially in the wake of the pandemic; the CPI increased by 7.0% in 2021 and 6.5% in 2022. The Fed addressed inflation through successive interest-rate hikes (seven in 2022, and another four in 2023), and the pace of inflation decelerated, falling to the low 3.0% range by the end of 2023. While inflation increased to 3.5% by March 2024, it has since illustrated a slow and gradual decline, registering a relatively low 2.4% as of September 2024. That month, the Fed cut the federal funds rate for the first time since the COVID-19 pandemic, acknowledging the positive economic data and lower inflation in recent months, and two additional cuts followed in November and December 2024. The Fed approved three rate cuts in 2025, with the latest one occurring on December 10, 2025, when it lowered its key overnight borrowing rate by a quarter percentage point, putting it in a range between 3.5%–3.75%.

The successive increases in GDP, lower inflation levels, cuts to the Fed rate in 2024, and strong job growth through Q1 2025 painted a positive picture of the U.S. economy. However, the first week of April 2025 sparked a notable change for this picture with the announcement of significant tariffs. As the year has progressed, many have been revised downward; these revisions, combined with the continued resiliency of the U.S. economy and gains in employment, have bolstered markets. Over time, expectations have emerged that a recession in the near term is less likely, compared to the sentiment in March/April. Nevertheless, it remains unclear how the new policies of the current administration will ultimately impact the economy and the hotel sector.

Per the WSJ survey, unemployment levels are anticipated to remain relatively stable, hovering near the 4.3%–4.5% range over the course of the next twelve months. Economists surveyed anticipate the Fed funds rate to end 2026 at just over 3.0% (compared to the target rate-range expectation of 3.7%–4.0% at year-end 2025), implying that there will be three additional rate cuts between present day and December 2026. Moreover, inflation is anticipated to wane, falling to roughly 2.6% by year-end 2026.

Within the hospitality industry, labor availability and costs remain a concern for hotel operators, although these issues have diminished somewhat since the height of the pandemic. Inflation benefited the industry by supporting strong ADR growth in most markets but also resulted in increased expenses, which put pressure on profitability. Inflation moderated significantly and was approaching the Fed's target of 2.0% as of mid-year 2025, which was considered a positive factor; however, the impact of the newly announced tariffs in July 2025 may reverse this trend of inflation. We continue to closely monitor how these policy changes are affecting the U.S. lodging market and the local market analyzed within this report, as explained in the following chapter.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

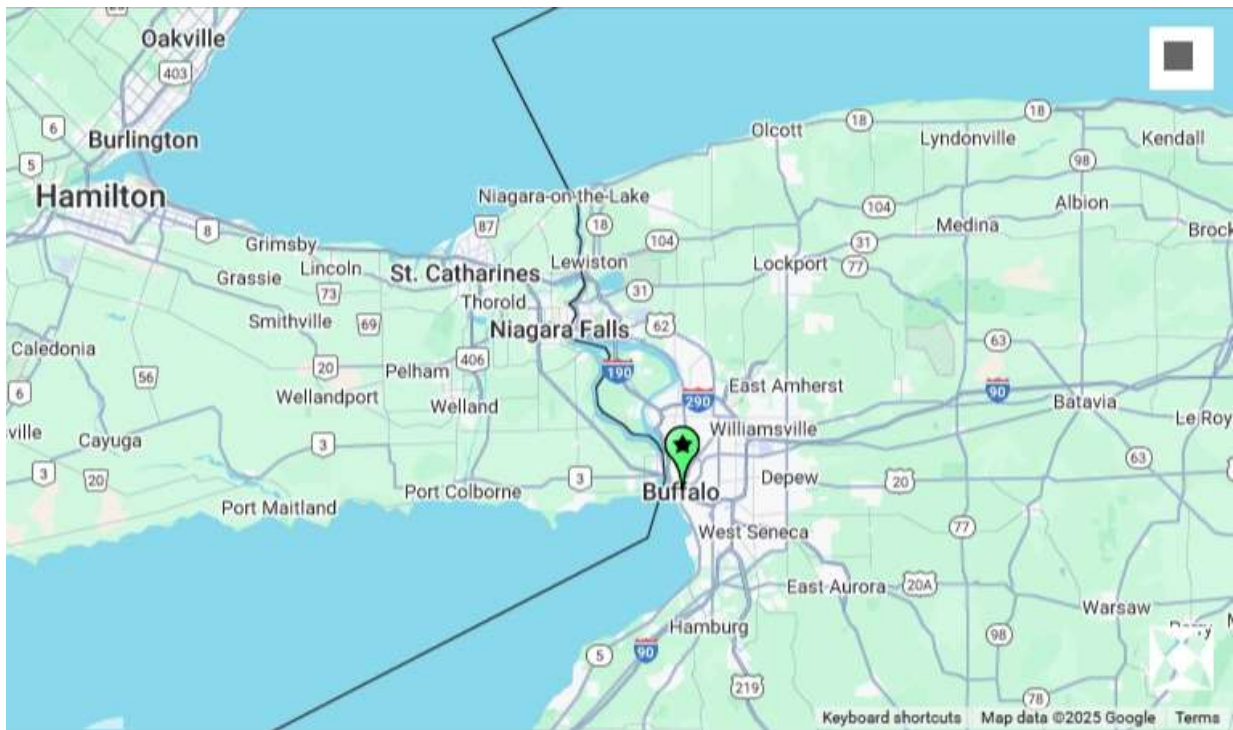
Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Buffalo, the county of Erie, and the state of New York.

The subject property's market area can be defined by its Combined Statistical Area (CSA): Buffalo-Cheektowaga-Olean, NY. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment

interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 4-3 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2010	2020	2024	2029	Avg. Annual Compounded Chg.		
					2010-20	2010-24	2024-29
Resident Population (Thousands)							
Erie County	920.1	952.3	946.3	945.3	0.3 %	0.2 %	(0.0) %
Buffalo-Cheektowaga, NY MSA	1,136.7	1,164.5	1,155.6	1,153.8	0.2	0.1	(0.0)
Buffalo-Cheektowaga-Olean, NY CSA	1,216.9	1,241.4	1,231.0	1,228.0	0.2	0.1	(0.0)
State of New York	19,419.9	20,104.7	19,616.5	19,814.9	0.3	0.1	0.2
United States	309,382.3	331,526.9	337,214.9	348,565.1	0.7	0.6	0.7
Per-Capita Personal Income*							
Erie County	\$43,358	\$52,671	\$52,822	\$57,321	2.0	1.4	1.6
Buffalo-Cheektowaga, NY MSA	42,417	51,818	51,711	56,061	2.0	1.4	1.6
Buffalo-Cheektowaga-Olean, NY CSA	42,033	51,247	51,108	55,407	2.0	1.4	1.6
State of New York	53,670	66,790	69,776	76,210	2.2	1.9	1.8
United States	44,807	56,530	59,191	63,789	2.4	2.0	1.5
W&P Wealth Index							
Erie County	93.1	89.8	86.5	87.1	(0.4)	(0.5)	0.1
Buffalo-Cheektowaga, NY MSA	91.0	88.1	84.6	85.0	(0.3)	(0.5)	0.1
Buffalo-Cheektowaga-Olean, NY CSA	90.2	87.2	83.6	84.1	(0.3)	(0.5)	0.1
State of New York	114.8	113.8	113.7	115.0	(0.1)	(0.1)	0.2
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Erie County	\$1,410	\$1,887	\$2,406	\$2,663	3.0	3.9	2.0
Buffalo-Cheektowaga, NY MSA	1,685	2,184	2,783	3,081	2.6	3.6	2.1
Buffalo-Cheektowaga-Olean, NY CSA	1,771	2,276	2,898	3,202	2.5	3.6	2.0
State of New York	34,723	44,218	54,158	59,693	2.4	3.2	2.0
United States	502,827	611,998	777,882	881,337	2.0	3.2	2.5
Total Retail Sales (Millions)*							
Erie County	\$13,254	\$16,081	\$18,306	\$19,438	2.0	2.3	1.2
Buffalo-Cheektowaga, NY MSA	15,918	19,155	21,788	23,122	1.9	2.3	1.2
Buffalo-Cheektowaga-Olean, NY CSA	17,079	20,370	23,156	24,555	1.8	2.2	1.2
State of New York	279,751	347,195	389,587	418,215	2.2	2.4	1.4
United States	4,638,710	5,826,739	6,781,526	7,456,593	2.3	2.7	1.9

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population grew at an average annual compounded rate of 0.6% from 2010 through 2024. The county's population has grown more slowly than the nation's population; the average annual growth rate of 0.2% between 2010 and 2024 reflects a gradually expanding area. Per-capita personal income increased slowly, at 1.4% on average annually for the county between 2010 and 2024. Local wealth indexes have remained stable in recent years, registering a modest 86.5 level for the county in 2024.

Food and beverage sales totaled \$2,406 million in the county in 2024, versus \$1,410 million in 2010. This reflects a 3.9% average annual change. The pace of growth is anticipated to be 2.0% through 2029. The retail sales sector demonstrated an annual increase of 2.3% from 2010 to 2024. An increase of 1.2% average annual change is expected in county retail sales through 2029.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2010, 2020, and 2024, as well as a forecast for 2029.

FIGURE 4-4 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2010	Percent of Total	2020	Percent of Total	2024	Percent of Total	2029	Percent of Total	Avg. Annual Compounded Chg.		
									2010-2020	2020-2024	2024-2029
Farm	1.6	0.3 %	1.5	0.3 %	1.6	0.3 %	1.6	0.3 %	(0.2) %	1.0 %	(0.3) %
Forestry, Fishing, Related Activities And Other	0.3	0.1	0.4	0.1	0.4	0.1	0.4	0.1	2.2	0.5	(0.4)
Mining	1.0	0.2	0.5	0.1	0.5	0.1	0.5	0.1	(7.6)	(0.1)	1.5
Utilities	1.4	0.2	1.1	0.2	0.9	0.2	0.9	0.1	(2.3)	(3.0)	(1.0)
Construction	21.1	3.9	21.8	4.0	23.5	3.9	23.5	3.7	0.3	1.9	(0.0)
Manufacturing	42.6	7.8	42.3	7.7	47.0	7.8	47.8	7.6	(0.1)	2.7	0.4
Total Trade	79.6	14.6	73.6	13.5	76.7	12.7	76.2	12.1	(0.8)	1.0	(0.1)
Wholesale Trade	20.8	3.8	19.8	3.6	20.2	3.3	19.9	3.2	(0.5)	0.5	(0.3)
Retail Trade	58.9	10.8	53.8	9.8	56.5	9.4	56.3	8.9	(0.9)	1.2	(0.1)
Transportation And Warehousing	14.1	2.6	26.5	4.8	32.0	5.3	31.3	5.0	6.5	4.9	(0.4)
Information	8.2	1.5	6.4	1.2	7.1	1.2	7.1	1.1	(2.4)	2.7	(0.1)
Finance And Insurance	35.9	6.6	44.6	8.2	47.7	7.9	57.5	9.1	2.2	1.7	3.8
Real Estate And Rental And Lease	17.1	3.1	22.7	4.2	28.2	4.7	30.9	4.9	2.9	5.6	1.8
Total Services	243.4	44.6	232.5	42.5	263.9	43.8	278.8	44.3	(0.5)	3.2	1.1
Professional And Technical Services	36.4	6.7	36.4	6.7	38.7	6.4	40.8	6.5	(0.0)	1.6	1.0
Management Of Companies And Enterprises	11.5	2.1	13.1	2.4	14.0	2.3	15.5	2.5	1.3	1.7	2.1
Administrative And Waste Services	33.5	6.1	26.7	4.9	33.5	5.6	33.0	5.2	(2.2)	5.8	(0.3)
Educational Services	15.6	2.9	15.5	2.8	17.4	2.9	19.7	3.1	(0.1)	3.0	2.5
Health Care And Social Assistance	69.2	12.7	71.5	13.1	75.3	12.5	78.6	12.5	0.3	1.3	0.9
Arts, Entertainment, And Recreation	10.8	2.0	9.7	1.8	12.6	2.1	14.3	2.3	(1.0)	6.7	2.5
Accommodation And Food Services	41.0	7.5	33.7	6.2	44.0	7.3	47.7	7.6	(1.9)	6.9	1.6
Other Services, Except Public Administration	25.5	4.7	25.9	4.7	28.2	4.7	29.1	4.6	0.2	2.2	0.6
Total Government	80.0	14.6	72.6	13.3	73.0	12.1	73.2	11.6	(1.0)	0.1	0.1
Federal Civilian Government	9.4	1.7	8.9	1.6	8.8	1.5	8.7	1.4	(0.5)	(0.4)	(0.3)
Federal Military	1.7	0.3	1.6	0.3	1.6	0.3	1.6	0.3	(0.7)	(0.1)	0.0
State And Local Government	68.9	12.6	62.1	11.4	62.6	10.4	63.0	10.0	(1.0)	0.2	0.1
TOTAL	546.2	100.0 %	546.4	100.0 %	602.4	100.0 %	629.7	100.0 %	0.0 %	2.5 %	0.9 %
MSA	634.5	—	631.9	—	694.9	—	724.9	—	(0.0) %	2.4 %	0.8 %
U.S.	172,901.7	—	195,286.6	—	218,894.3	—	232,833.6	—	1.2	2.9	1.2

Source: Woods & Poole Economics, Inc.

The preceding data illustrate the long-term employment trends in this market, including the recent impact of the pandemic and the subsequent recovery. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 0.9% on average annually through 2029. The trend is below the forecast rate of change for the United States as a whole during the same period.

The following table illustrates historical and projected employment, households, population, and average household income data, as provided by REIS for the overall Buffalo market.

FIGURE 4-5 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total		Office		Industrial		Households	% Chg	Population	% Chg	Household	
	Employment	% Chg	Employment	% Chg	Employment	% Chg					Avg. Income	% Chg
2012	543,770	—	166,728	—	81,262	—	480,550	—	1,145,760	—	\$99,444	—
2013	549,230	1.0 %	166,621	(0.1) %	82,604	1.7 %	483,360	0.6 %	1,150,380	0.4 %	97,883	(1.6) %
2014	551,730	0.5	166,341	(0.2)	83,088	0.6	485,510	0.4	1,153,480	0.3	101,438	3.6
2015	558,530	1.2	168,115	1.1	83,227	0.2	487,160	0.3	1,154,690	0.1	103,691	2.2
2016	561,670	0.6	169,814	1.0	82,518	(0.9)	489,410	0.5	1,157,140	0.2	106,597	2.8
2017	566,100	0.8	172,546	1.6	82,394	(0.2)	491,710	0.5	1,161,310	0.4	111,439	4.5
2018	567,470	0.2	172,748	0.1	82,944	0.7	494,950	0.7	1,164,670	0.3	113,143	1.5
2019	565,700	(0.3)	173,126	0.2	82,385	(0.7)	496,250	0.3	1,164,860	0.0	117,474	3.8
2020	515,800	(8.8)	160,584	(7.2)	76,866	(6.7)	494,340	(0.4)	1,165,030	0.0	125,202	6.6
2021	537,200	4.1	163,904	2.1	80,043	4.1	503,330	1.8	1,162,220	(0.2)	127,516	1.8
2022	547,500	1.9	168,854	3.0	82,052	2.5	505,820	0.5	1,157,880	(0.4)	136,088	6.7
2023	553,000	1.0	169,383	0.3	81,690	(0.4)	507,220	0.3	1,159,070	0.1	141,719	4.1
2024	559,130	1.1	170,935	0.9	80,740	(1.2)	508,330	0.2	1,160,580	0.1	147,911	4.4
Forecasts												
2025	562,500	0.6 %	171,955	0.6 %	80,251	(0.6) %	506,900	(0.3) %	1,157,600	(0.3) %	154,477	4.4 %
2026	561,520	(0.2)	171,984	0.0	80,068	(0.2)	504,590	(0.5)	1,152,770	(0.4)	160,552	3.9
2027	561,010	(0.1)	172,225	0.1	79,953	(0.1)	501,850	(0.5)	1,147,060	(0.5)	165,969	3.4
2028	561,240	0.0	172,744	0.3	79,759	(0.2)	499,430	(0.5)	1,140,840	(0.5)	170,992	3.0
2029	562,140	0.2	173,458	0.4	79,550	(0.3)	497,560	(0.4)	1,134,890	(0.5)	176,264	3.1
Average Annual Compound Change												
2012 - 2024		0.2 %		0.2 %		(0.1) %		0.5 %		0.1 %		3.4 %
Forecast 2025 - 2029		(0.0) %		0.2 %		(0.2) %		(0.5) %		(0.5) %		3.4 %

Source: REIS Report, 2nd Quarter, 2025

For the Buffalo market, of the roughly 600,000 persons employed, 31% are categorized as office employees, while 14% are categorized as industrial employees. Total employment is expected to expand by 0.6% in 2025, while office employment is forecast to expand by 0.6% in 2025.

The number of households is forecast to contract by -0.5% on average annually between and 2024. Population is forecast to contract during this same period, at an average annual compounded rate of -0.5%. Household average income is forecast to grow by 3.4% on average annually from through 2024.

Radial Demographic Snapshot

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject site.

FIGURE 4-6 DEMOGRAPHICS BY RADIUS

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2030 Projection	19,427	113,712	283,144
2025 Estimate	18,665	111,926	281,734
2020 Census	17,776	110,940	283,470
Percent Change: 2025 to 2030	4.1%	1.6%	0.5%
Percent Change: 2020 to 2025	5.0%	0.9%	-0.6%
Households			
2030 Projection	10,286	51,681	122,224
2025 Estimate	9,786	50,678	121,452
2020 Census	9,140	49,928	121,994
Percent Change: 2025 to 2030	5.1%	2.0%	0.6%
Percent Change: 2020 to 2025	7.1%	1.5%	-0.4%
Income			
2025 Est. Average Household Income	\$70,476	\$72,106	\$71,548
2025 Est. Median Household Income	43,083	46,434	49,615
2025 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	314	881	2,063
Arts/Design/Entertainment/Sports/Media	188	1,132	2,254
Building/Grounds Cleaning/Maintenance	593	2,265	5,502
Business/Financial Operations	493	2,727	5,941
Community/Social Services	280	1,702	3,512
Computer/Mathematical	326	1,520	3,144
Construction/Extraction	132	1,325	3,562
Education/Training/Library	713	4,265	9,339
Farming/Fishing/Forestry	6	48	192
Food Preparation/Serving Related	622	3,954	9,690
Healthcare Practitioner/Technician	692	2,958	7,068
Healthcare Support	479	3,045	7,696
Installation/Maintenance/Repair	81	793	2,720
Legal	276	1,185	2,251
Life/Physical/Social Science	102	632	1,310
Management	916	4,897	10,602
Office/Administrative Support	525	4,403	14,488
Production	330	2,757	6,870
Protective Services	164	1,134	3,602
Sales/Related	567	4,165	11,082
Personal Care/Service	336	1,660	3,983
Transportation/Material Moving	517	3,249	9,449

Source: Environics Analytics

**Unemployment
Statistics**

This source reports a population of 281,734 and 121,452 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$71,548, while the median is \$49,615.

The following table presents historical unemployment rates for the proposed subject hotel’s market area.

FIGURE 4-7 UNEMPLOYMENT STATISTICS

Year	City	MSA	State	U.S.
2015	7.0 %	5.5 %	5.2 %	5.3 %
2016	5.9	5.0	4.9	4.9
2017	6.0	5.2	4.6	4.4
2018	5.1	4.4	4.1	3.9
2019	4.8	4.1	3.9	3.7
2020	11.4	9.1	9.8	8.1
2021	7.0	5.4	7.1	5.4
2022	4.5	3.6	4.3	3.6
2023	4.5	3.6	4.1	3.6
2024	4.8	3.9	4.3	4.0
<i>Recent Month - Jul</i>				
2024	5.4 %	4.3 %	4.8 %	4.2 %
2025	5.2	4.0	4.6	4.2

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The national unemployment rates during the months leading up to the COVID-19 pandemic were in the 3.5%–3.7% range, reflecting a trend of stability and strength. However, in April 2020, after the onset of the pandemic, unemployment rose to 14.7%, while employment dropped by 20.7 million. Steady gains in employment have generally been registered since that time; however, job gains have fluctuated in recent months. The national unemployment rate was 4.6% in November 2025; approximately 108,000 and 64,000 new jobs were registered in September and November, respectively (no report was issued in October due to the government shutdown). In November, gains in healthcare employment and construction were partially offset by losses in federal government employment.

Major Business and Industry

Locally, the unemployment rate was 4.8% in 2024; for this same area in 2025, the most recent month’s unemployment rate was registered at 5.2%, versus 5.4% for the same month in 2024. As illustrated in the foregoing table, unemployment was relatively low in 2019; however, the COVID-19 pandemic affected employment significantly in 2020. A period of recovery followed, and the local unemployment rate fell below the pre-pandemic level in 2022. Since that time unemployment levels have been fairly stable. The most recent comparative period shows where the local market stands in 2025, relative to the same month of 2024, reflecting a modest decrease but still overall stability.

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the proposed subject property's market.

FIGURE 4-8 MAJOR EMPLOYERS

Rank	Employer	Number of Employees
1	Kaleida Health	8,196
2	M&T Bank	7,656
3	Catholic Health Systems	7,600
4	Tops Markets, LLC	5,368
5	Roswell Park Cancer Institute	3,884
6	GEICO	3,750
7	MOOG	3,500
8	Wegmans Food Markets Inc.	3,299
9	Seneca Resorts & Casinos	3,000
10	General Motors	2,475

Source: Business First Book of Lists, WNY Largest Private Sector Employers, 2025

The economic base is diverse in this market, with strong employers in the fields of consumer goods, finance, health care, manufacturing, and education. The University at Buffalo (UB) is one of the largest employers in the area. UB is a coeducational public research institution with multiple campuses in Buffalo and Amherst. It is the largest and most comprehensive institution of the four university centers within the State University of New York (SUNY) system. Within the healthcare sector, Kaleida Health is the area's largest employer. Furthermore, the Buffalo Niagara Medical Campus is a key employer, and UB houses the largest state-operated medical school. Within the finance industry, notable regional employers include M&T Bank

Corporation, Bank of America, HSBC Bank, and Citigroup. M&T Bank Corporation, headquartered in Buffalo, is one of the largest commercial bank holding companies headquartered in the U.S. Although the local economy was negatively affected by the COVID-19 pandemic in 2020 and 2021, it has largely recovered since that time. We note that tourism rebounded more slowly in this market than others given its reliance on Canadian demand, which was negatively affected by pandemic-related border-crossing restrictions. On October 1, 2022, Canada lifted COVID-19-related requirements for border crossings. We note that following the rebound from the pandemic, Canadian tourism declined again in 2025 due to ongoing trade negotiations between Canada and the United States and rhetoric around Canada becoming the 51st state.

Office Space Statistics

Trends in occupied office space can be indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

FIGURE 4-9 OFFICE SPACE STATISTICS – MARKET OVERVIEW

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Airport	95	4,509,000	3,739,000	17.1 %	\$20.05
2 Amherst	77	3,476,000	3,014,000	13.3	18.51
3 Buffalo Submarket	106	10,012,000	8,126,000	18.8	18.13
4 Cheektowaga/W Seneca/South	39	1,863,000	1,681,000	9.8	16.89
5 Niagara Falls/Tonawanda	18	1,008,000	906,000	10.1	15.18
Totals and Averages	335	20,868,000	17,466,000	16.3 %	\$18.35

Source: REIS Report, 2nd Quarter, 2025

The greater Buffalo market comprises a total of 20.9 million square feet of office space. For the 2nd Quarter of 2025, the market reported a vacancy rate of 16.3% and an average asking rent of \$18.35. The subject property is located in the Buffalo submarket, which houses 10,012,000 square feet of office space. The submarket's vacancy rate of 18.8% is above the overall market average. The average asking lease rate of \$18.13 is on par with the average for the broader market.

The following table illustrates a trend of office space statistics for the overall Buffalo market and the Buffalo submarket.

FIGURE 4-10 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET

Year	Buffalo Market							Buffalo Submarket Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2012	20,204,000	—	17,242,000	—	14.7 %	\$16.93	—	9,515,000	—	7,974,000	—	16.2 %	\$17.40	—
2013	20,289,000	0.4 %	17,419,000	1.0 %	14.1	17.05	0.7 %	9,600,000	0.9 %	8,016,000	0.5 %	16.5	17.59	1.1 %
2014	20,951,000	3.3	17,337,000	(0.5)	17.2	17.11	0.4	10,223,000	6.5	7,882,000	(1.7)	22.9	17.46	(0.7)
2015	21,173,000	1.1	17,454,000	0.7	17.6	17.06	(0.3)	10,348,000	1.2	7,978,000	1.2	22.9	17.36	(0.6)
2016	21,387,000	1.0	17,755,000	1.7	17.0	17.22	0.9	10,586,000	2.3	8,183,000	2.6	22.7	17.35	(0.1)
2017	20,537,000	(4.0)	17,612,000	(0.8)	14.2	17.23	0.1	9,736,000	(8.0)	8,110,000	(0.9)	16.7	17.17	(1.0)
2018	20,537,000	0.0	17,331,000	(1.6)	15.6	17.39	0.9	9,736,000	0.0	7,945,000	(2.0)	18.4	17.27	0.6
2019	20,669,000	0.6	17,350,000	0.1	16.1	17.80	2.4	9,825,000	0.9	7,948,000	0.0	19.1	17.95	3.9
2020	20,782,000	0.5	17,782,000	2.5	14.4	18.01	1.2	9,938,000	1.2	8,363,000	5.2	15.8	18.46	2.8
2021	20,823,000	0.2	18,023,000	1.4	13.4	18.56	3.1	9,979,000	0.4	8,520,000	1.9	14.6	18.80	1.8
2022	20,823,000	0.0	17,879,000	(0.8)	14.1	18.50	(0.3)	9,979,000	0.0	8,355,000	(1.9)	16.3	18.64	(0.9)
2023	20,868,000	0.2	17,844,000	(0.2)	14.5	18.44	(0.3)	10,012,000	0.3	8,323,000	(0.4)	16.9	18.43	(1.1)
2024	20,868,000	0.0	17,464,000	(2.1)	16.3	18.32	(0.7)	10,012,000	0.0	8,101,000	(2.7)	19.1	18.20	(1.2)
Forecasts														
2025	20,868,000	0.0 %	17,439,000	(0.1) %	16.4 %	18.44	0.7 %	10,012,000	0.0 %	8,098,000	(0.0) %	19.1 %	18.25	0.3 %
2026	20,868,000	0.0	17,523,000	0.5	16.0	18.66	1.2	10,012,000	0.0	8,120,000	0.3	18.9	18.50	1.4
2027	20,918,000	0.2	17,728,000	1.2	15.2	18.97	1.7	10,022,000	0.1	8,200,000	1.0	18.2	18.90	2.2
2028	20,968,000	0.2	17,932,000	1.2	14.5	19.34	2.0	10,032,000	0.1	8,282,000	1.0	17.4	19.38	2.5
2029	21,018,000	0.2	18,113,000	1.0	13.8	19.74	2.1	10,042,000	0.1	8,350,000	0.8	16.8	19.90	2.7
Average Annual Compound Change														
2012 - 2024		0.3 %		0.1 %			0.7 %		0.4 %		0.1 %			0.4 %
Forecast 2025 - 2029		0.2 %		1.0 %			1.7 %		0.1 %		0.8 %			2.2 %

Source: REIS Report, 2nd Quarter, 2025

The level of occupied office space is forecast to decline in this Buffalo market, to roughly 8,100,000 square feet in 2025. Occupied office space is projected to be 8,400,000 in 2029.

Convention Activity

A convention center serves as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center—up to three miles away—will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest conventions, peripheral hotels may benefit from compression within the city as a whole.

The Buffalo Niagara Convention Center contains over 107,000 square feet of meeting space. The exhibit hall comprises 64,410 square feet of space and can accommodate up to 366 booths. The center also features a ballroom, a registration lobby, a lounge, and 21 additional meeting rooms totaling 42,853 square feet of meeting space. The Buffalo Niagara Convention Center underwent \$7 million dollars in upgrades between 2022 and 2023. This investment oversaw upgrades the convention center's facade, entryway and lobby, and upgrades to the Wi-Fi. Despite these minor upgrades, the Buffalo Niagara Convention Center is the oldest convention center of its size without major renovations in the United States. Furthermore, the convention center is negatively affected by the lack of an upgraded full-service, convention-center hotel. Visit Buffalo, the Buffalo Convention Center, and the Buffalo Sports Commission work together to bring events to the Buffalo area. Collectively, the lack of rooms available to support events has led to over 30 pieces of meeting, event, and convention business not being able to be bid on. Visit Buffalo reports the lost potential business due to lack of room nights, had an estimated economic impact of over \$57 million lost through November of 2025.

FIGURE 4-11 EVENT TRACKING – VISIT BUFFALO

	2019	2020	2021	2022	2023	2024	2025 YTD
							(Thru Nov)
Leads Generated	738	403	329	558	549	554	498
Leads Room Nights	383,081	192,042	165,038	308,507	287,657	324,633	367,001
Leads Attendance	259,516	131,443	114,458	176,787	281,502	362,749	574,742
Leads EEI	\$192,097,129	\$179,204,066	\$148,261,892	\$236,904,456	\$267,760,007	\$284,443,745	\$356,288,178
Definite Bookings	495	243	185	332	325	312	288
Definite Room Nights	164,248	112,014	73,120	152,684	118,421	148,167	139,652
Definite Attendance	130,490	87,394	72,085	139,409	157,081	217,093	202,089
Definite EEI	\$128,053,162	\$85,827,724	\$58,211,345	\$131,849,408	\$91,814,070	\$125,467,352	\$116,263,422
Events Held	405	103	145	252	290	271	254
Events Held Hotel Rooms	244,984	41,114	52,169	109,755	125,099	110,549	104,839
Events Hold Attendance	166,941	46,420	44,958	95,300	160,806	159,461	173,261
Groups Serviced	Not Available	Not Available	60	155	170	140	145

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

The Buffalo Niagara International Airport (BUF) serves the western New York and southern Ontario area. Many commercial and regional carriers service the airport. In 2021, Niagara Frontier Transportation Authority completed an \$83-million airport expansion and renovation. It was the most extensive project undertaken since 1997 and added more gates and a luggage carousel, as well as revamped retail options.

The following table illustrates recent operating statistics for the Buffalo Niagara International Airport, which is the primary airport facility serving the proposed subject hotel’s submarket.

FIGURE 4-12 AIRPORT STATISTICS - BUFFALO NIAGARA INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2015	4,679,070	—	—
2016	4,618,748	(1.3) %	(1.3) %
2017	4,682,306	1.4	0.0
2018	5,059,555	8.1	2.6
2019	4,967,859	(1.8)	1.5
2020	1,434,080	(71.1)	(21.1)
2021	2,925,782	104.0	(7.5)
2022	4,048,306	38.4	(2.0)
2023	4,653,510	14.9	(0.1)
2024	5,087,046	9.3	0.9
Year-to-date, Aug			
2024	3,359,331	—	—
2025	3,423,732	1.9 %	—

*Annual average compounded percentage change from the previous year
 **Annual average compounded percentage change from first year of data

Source: Buffalo Niagara International Airport

This facility recorded 5,087,046 passengers in 2024. The change in passenger traffic between 2023 and 2024 was 9.3%. The average annual change during the period shown was 0.9%. From 2015 through 2019, passenger traffic fluctuated because of the changes in carriers and related flights to/from Buffalo Niagara International Airport. Data from 2020 illustrate a significant decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented; however, the 2021 data show a substantial rebound in passenger traffic, a trend that continued through 2024, at which time, passenger traffic exceeded pre-pandemic levels. The year-to-date 2025 data reflects continued growth.

Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area. Leisure demand generators include the Buffalo AKG Art Museum (formerly the Albright-Knox Art Gallery), Buffalo and Erie County Botanical Gardens, Buffalo & Erie County Naval and Military Park, Buffalo Transportation Pierce Arrow Museum, Buffalo Zoo, and Shea's Performing Arts Center. This market also benefits from its proximity to Niagara Falls. Special events play a role during key weekends, such as athletic and academic events at Buffalo State University and University at Buffalo, as well as athletic and entertainment events at Sahlen Field, the KeyBank Center,

and Highmark Stadium. Furthermore, the duty-free exemptions in the U.S. have historically made shopping in New York an attractive weekend getaway for Canadians; however, a strong US dollar has reduced this type of demand over the past decade. More recently, ongoing trade negotiations between Canada and the United States and rhetoric around Canada becoming the 51st state has led to a decline in Canadian visitors, which is an important feeder market for Buffalo tourism.

Conclusion

This section discussed a wide variety of economic indicators for the market area.

5. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

Definition of Subject Hotel Market

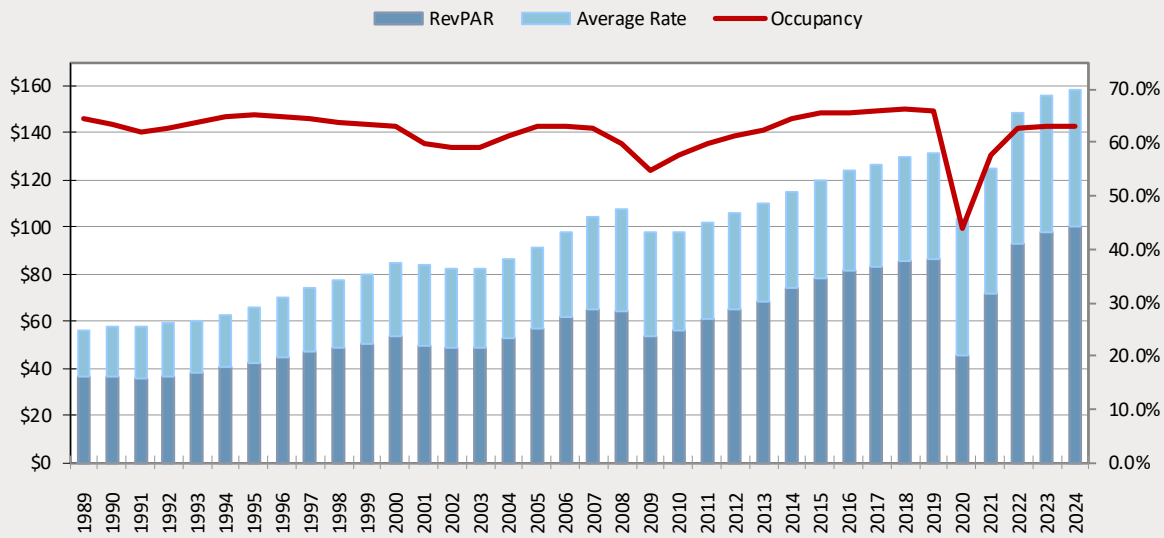
The subject site is located in the greater Buffalo lodging market. Within this greater market, the direct submarket that will include the proposed subject hotel is known as Downtown Buffalo. The proposed subject hotel is expected to compete with four hotels on a primary level based on their full-service product offering. We have considered an additional seven hotels as future secondary competitors given their respective locations in Downtown Buffalo; however, these hotels operate as either limited- or select-service hotels.

National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS



Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the 2020/21 pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 5-2 NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy					Average Rate					RevPAR				
	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024
United States	66.0 %	57.5 %	62.6 %	63.0 %	63.0 %	\$131.23	\$124.96	\$149.24	\$156.00	\$158.67	\$86.64	\$71.88	\$93.39	\$98.22	\$99.94
Region															
New England	64.7 %	55.5 %	63.4 %	63.3 %	64.1 %	\$161.08	\$155.80	\$179.29	\$190.86	\$195.48	\$104.25	\$86.54	\$113.78	\$120.86	\$125.36
Middle Atlantic	69.0	55.2	62.6	65.0	66.3	166.27	144.08	179.82	192.15	200.48	114.81	79.56	112.48	124.96	132.92
South Atlantic	67.5	59.8	64.7	64.5	64.9	128.41	130.45	152.61	156.33	157.87	86.68	77.95	98.70	100.89	102.51
E. North Central	61.1	52.3	57.2	57.5	57.9	112.64	105.25	123.33	129.12	133.91	68.82	55.09	70.52	74.26	77.48
E. South Central	62.4	59.5	61.0	61.0	59.1	103.58	104.70	119.73	126.05	127.25	64.61	62.30	73.04	76.88	75.17
W. North Central	58.3	51.0	55.3	56.1	55.7	99.28	97.34	109.00	115.04	118.30	57.88	49.68	60.27	64.51	65.89
W. South Central	62.6	58.1	59.9	60.2	60.2	101.84	95.75	112.13	116.19	119.69	63.77	55.64	67.20	69.92	72.09
Mountain	66.9	59.3	66.3	67.2	66.1	121.89	125.74	153.87	166.61	169.15	81.54	74.59	101.94	111.97	111.85
Pacific	73.6	60.2	66.9	66.6	66.7	171.40	157.79	190.58	196.22	194.67	126.16	95.00	127.42	130.67	129.89
Class															
Luxury	70.9 %	52.5 %	65.3 %	66.0 %	66.7 %	\$304.11	\$322.00	\$376.48	\$384.66	\$387.74	\$215.73	\$168.95	\$245.93	\$153.96	\$258.56
Upper-Upscale	72.6	50.0	63.4	67.1	67.6	188.24	175.05	213.96	221.11	223.88	136.67	87.49	135.70	148.29	151.46
Upscale	71.5	59.3	66.8	68.7	69.1	143.60	132.34	156.30	163.81	166.20	102.68	78.42	104.39	112.53	114.80
Upper-Midscale	67.5	61.2	65.7	65.8	65.7	115.91	114.14	128.53	133.40	135.01	78.20	69.83	84.50	87.73	88.68
Midscale	59.5	56.8	59.7	58.7	58.4	95.82	98.83	100.19	101.41	101.85	57.03	56.10	59.83	59.57	59.46
Economy	59.4	58.7	56.4	54.3	53.5	75.50	76.14	77.65	79.32	78.90	44.83	44.72	43.80	43.04	42.24
Location															
Urban	73.2 %	51.8 %	63.3 %	66.4 %	67.5 %	\$183.20	\$152.81	\$196.47	\$207.36	\$213.04	\$134.12	\$79.12	\$124.44	\$137.66	\$143.84
Suburban	66.7	59.9	63.8	63.4	63.6	111.26	104.93	126.13	126.32	127.97	74.24	62.90	80.45	80.06	81.34
Airport	73.7	60.3	67.9	69.5	69.4	119.22	104.82	126.57	134.50	135.87	87.85	63.18	85.91	93.43	94.36
Interstate	57.9	57.8	58.5	57.7	57.1	87.86	92.22	100.90	106.58	108.69	50.85	53.31	59.04	61.54	62.01
Resort	70.0	57.7	66.8	68.6	67.8	182.74	209.77	236.76	238.86	239.05	127.85	121.06	158.20	163.82	162.10
Small Town	57.8	56.7	57.5	55.8	55.4	107.26	116.96	124.72	133.63	136.86	61.98	66.34	71.72	74.63	75.86
Chain Scale															
Luxury	73.8 %	48.0 %	63.1 %	65.8 %	67.7 %	\$343.02	\$383.48	\$435.46	\$427.97	\$426.43	\$253.17	\$184.12	\$274.64	\$281.53	\$288.49
Upper-Upscale	73.9	48.7	63.9	67.7	68.5	189.25	176.66	215.96	223.19	226.90	139.80	86.11	138.05	151.12	155.53
Upscale	72.6	59.6	67.4	69.2	69.5	142.38	128.62	155.28	161.85	164.20	103.32	76.68	104.58	112.00	114.20
Upper-Midscale	67.5	61.6	65.8	66.1	66.0	112.80	111.14	127.56	132.16	133.95	76.14	68.47	83.93	87.34	88.44
Midscale	58.1	56.5	60.1	59.0	58.7	86.61	89.48	95.19	95.94	96.69	50.30	50.59	57.18	56.65	56.77
Economy	58.7	59.7	57.2	55.0	54.4	63.70	66.88	72.24	72.69	72.12	37.36	39.90	41.34	40.00	39.26
Independents	63.5	56.9	60.0	59.2	58.6	133.08	137.44	155.20	162.24	163.39	84.44	78.24	93.05	96.00	95.81

Source: Year-End STR Lodging Reviews

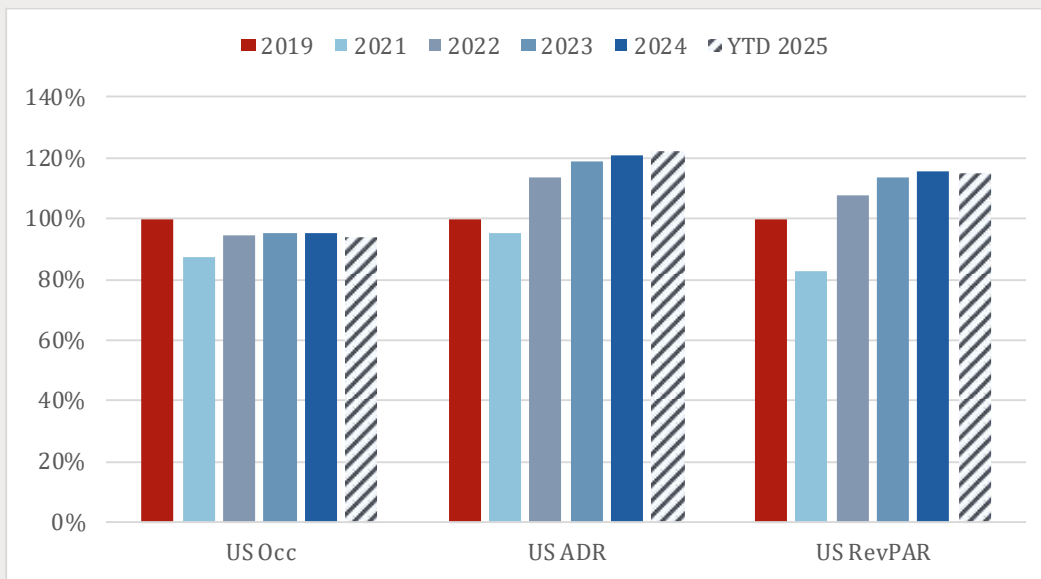
FIGURE 5-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD November			Average Rate - YTD November			RevPAR - YTD November			Percent Change	
	2024	2025	% Change	2024	2025	% Change	2024	2025	% Change	Rms. Avail.	Rms. Sold
United States	63.9 %	63.2 %	(1.2) %	\$159.21	\$160.70	0.9 %	\$101.79	\$101.49	(0.3) %	0.7 %	(0.5) %
Region											
New England	65.4 %	63.8 %	(2.4) %	\$199.08	\$200.58	0.8 %	\$130.14	\$128.02	(1.6) %	0.6 %	(1.8) %
Middle Atlantic	66.9	66.9	0.0	196.78	203.25	3.3	131.64	136.01	3.3	0.6	0.6
South Atlantic	65.4	64.4	(1.6)	157.93	160.92	1.9	103.35	103.67	0.3	0.9	(0.7)
E. North Central	59.0	59.7	1.0	135.14	136.26	0.8	79.80	81.29	1.9	0.8	1.8
E. South Central	60.1	59.5	(1.1)	128.40	128.01	(0.3)	77.22	76.16	(1.4)	2.2	1.1
W. North Central	56.8	56.8	0.0	119.10	120.72	1.4	67.69	68.60	1.3	0.1	0.0
W. South Central	61.2	59.4	(2.9)	120.36	120.85	0.4	73.61	71.76	(2.5)	0.8	(2.1)
Mountain	67.8	65.5	(3.4)	171.79	167.93	(2.2)	116.48	110.01	(5.6)	0.6	(2.8)
Pacific	67.6	67.6	(0.1)	195.36	197.33	1.0	132.13	133.34	0.9	0.5	0.4
Class											
Luxury	68.2 %	68.2 %	0.0 %	\$383.15	\$394.38	2.9 %	\$261.25	\$268.85	2.9 %	2.6 %	2.6 %
Upper-Upscale	68.5	67.9	(0.8)	223.67	226.53	1.3	153.26	153.91	0.4	0.7	(0.1)
Upscale	70.1	69.3	(1.0)	167.04	166.26	(0.5)	117.01	115.27	(1.5)	1.3	0.2
Upper-Midscale	66.8	65.8	(1.5)	135.89	135.42	(0.3)	90.75	89.05	(1.9)	1.7	0.1
Midscale	59.2	58.4	(1.3)	102.06	100.76	(1.3)	60.42	58.85	(2.6)	0.2	(1.1)
Economy	54.3	53.1	(2.2)	79.20	77.63	(2.0)	42.98	41.21	(4.1)	(0.9)	(3.0)
Location											
Urban	68.5 %	68.0 %	(0.6) %	\$212.56	\$216.60	1.9 %	\$145.58	\$147.40	1.2 %	1.2 %	0.6 %
Suburban	64.4	63.6	(1.4)	128.85	129.15	0.2	83.04	82.09	(1.1)	0.9	(0.5)
Airport	70.2	69.2	(1.5)	136.51	135.82	(0.5)	95.87	93.92	(2.0)	0.5	(1.1)
Interstate	58.1	57.5	(1.0)	109.22	109.77	0.5	63.43	63.09	(0.5)	0.8	(0.2)
Resort	68.9	67.6	(1.9)	238.74	241.31	1.1	164.40	163.03	(0.8)	0.1	(1.8)
Small Town	56.4	55.8	(1.0)	138.10	140.01	1.4	77.93	78.18	0.3	0.6	(0.5)
Chain Scale											
Luxury	68.5 %	68.6 %	0.1 %	\$417.90	\$437.74	4.7 %	\$286.22	\$300.18	4.9 %	4.4 %	4.5 %
Upper-Upscale	69.6	69.1	(0.7)	227.16	229.97	1.2	158.09	158.99	0.6	1.8	1.2
Upscale	70.5	69.7	(1.1)	164.90	164.80	(0.1)	116.32	114.95	(1.2)	1.6	0.5
Upper-Midscale	67.2	66.2	(1.4)	134.84	134.74	(0.1)	90.58	89.23	(1.5)	1.6	0.2
Midscale	59.6	59.0	(1.0)	97.27	96.80	(0.5)	57.96	57.10	(1.5)	2.6	1.5
Economy	55.1	54.1	(1.7)	72.38	71.16	(1.7)	39.87	38.53	(3.4)	(0.5)	(2.2)
Independents	59.6	58.5	(1.8)	164.54	165.32	0.5	98.03	96.68	(1.4)	(1.4)	(3.2)

Source: STR - November 2025 Lodging Review

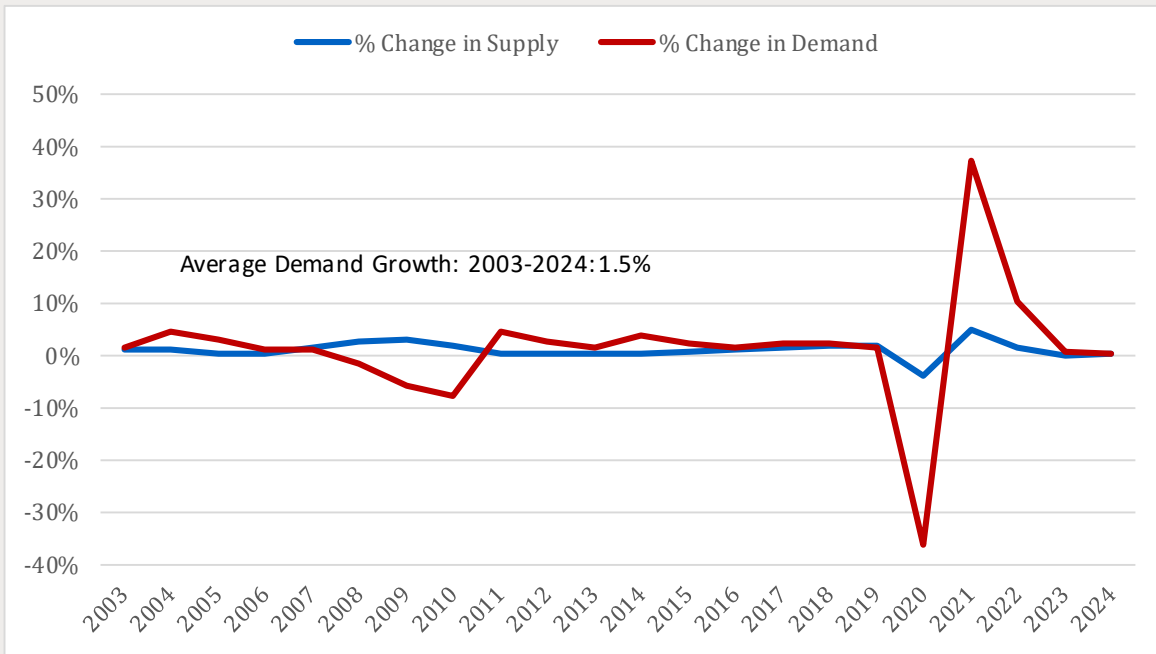
The following graph illustrates the performance of the U.S. lodging industry from 2019 through year-to-date 2025, expressed as a percentage of the occupancy, ADR and RevPAR levels attained in 2019, demonstrating the pace and pattern of the recovery.

FIGURE 5-4 NATIONAL PERFORMANCE COMPARED TO 2019 LEVELS



A lodging market’s performance is influenced by changes in supply and demand levels. The following graph illustrates the percentage change in these two metrics for the U.S. lodging industry as a whole since 2003, as reported by STR.

FIGURE 5-5 HISTORICAL CHANGES IN SUPPLY AND DEMAND – U.S. LODGING INDUSTRY



Source: STR

Excluding fluctuations due to the Great Recession in 2008/09 and the pandemic from 2020 to 2022, supply growth ranged between 0.4% to 2.0%, averaging 1.1% in these years. The pace of supply growth slowed significantly in the two to three years following the downturns in 2001/02, 2008/09, and 2020/21, reflecting the decline in new project-starts during these periods. As the market moved out of these cycles, supply growth accelerated. The impact of the pandemic caused a decline in supply, as hotels temporarily suspended operations or closed, in many cases for conversion to alternate use. The reopening of the temporarily closed properties caused an artificial spike in supply growth. Supply growth in 2023 through early 2025 reflects the high cost of construction, as well as the limited availability of financing for new construction. Thus, the pace of supply growth is expected to remain muted through 2026.

The changes in demand, as measured by the number of occupied rooms, display similar patterns. The years following the noted recessionary periods reflect relatively strong growth, as the market recovered from these downturns. Excluding the years of downturn and recovery, demand growth ranged from 1.0% to 4.6%.

Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotels. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

The second chart presents the monthly data for 2019 through the year-to-date 2025 period, illustrating the fluctuations in occupancy and ADR. The impact of the pandemic and the timing and pace of the subsequent recovery are reflected in the data.

FIGURE 5-6 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change	
2017	1,507	550,158	—	417,372	—	75.9 %	\$142.09	—	\$107.80	—	
2018	1,535	560,275	1.8 %	417,493	0.0 %	74.5	149.12	4.9 %	111.12	3.1 %	
2019	1,618	590,525	5.4	431,229	3.3	73.0	148.95	(0.1)	108.77	(2.1)	
2020	1,279	466,785	(21.0)	158,641	(63.2)	34.0	128.64	(13.6)	43.72	(59.8)	
2021	1,392	508,078	8.8	283,270	78.6	55.8	147.59	14.7	82.29	88.2	
2022	1,622	592,030	16.5	386,206	36.3	65.2	163.90	11.1	106.92	29.9	
2023	1,622	592,030	0.0	397,768	3.0	67.2	178.20	8.7	119.73	12.0	
2024	1,612	588,431	(0.6)	394,373	(0.9)	67.0	188.56	5.8	126.37	5.6	
Year-to-Date Through July											
2024	1,622	343,864	—	226,475	—	65.9	\$184.29	—	\$121.37	—	
2025	1,563	331,356	(3.6) %	218,641	(3.5) %	66.0	187.76	1.9 %	123.89	2.1 %	
Average Annual Compounded Change:											
2017 – 2019			3.6 %	2017 – 2024			1.6 %	2019 – 2024			2.4 %
2017 – 2024			1.0	2019 – 2024			(0.8)	2021 – 2024			4.1
2019 – 2024			(0.1) %	2021 – 2024			(1.8) %				4.8 %
2021 – 2024			5.0				11.7				8.5
											15.4
Hotels Included in Sample				Class		Competitive Status		Number of Rooms	Year Affiliated	Year Opened	
Hyatt Regency Buffalo				Upper Upscale Class		Primary		396	Aug 2021	Feb 1984	
Hampton Inn & Suites Buffalo Downtown				Upper Midscale Class		Secondary		140	May 2020	May 2001	
Embassy Suites by Hilton Buffalo				Upper Upscale Class		Primary		123	Jul 2009	Jul 2009	
Curtiss Hotel, Ascend Hotel Collection				Upscale Class		Secondary		68	Jun 2017	Jun 2017	
The Westin Buffalo				Upper Upscale Class		Primary		115	Jun 2020	Sep 2016	
aloft Hotel Buffalo Downtown				Upscale Class		Secondary		110	Apr 2019	Apr 2019	
Holiday Inn Express & Suites Buffalo Downtown Medical CTR				Upper Midscale Class		Secondary		146	Mar 2016	Apr 1980	
Hotel at the Lafayette, Trademark Collection by Wyndham				Upper Midscale Class		Secondary		34	Jul 2020	Jun 1904	
Courtyard Buffalo Downtown/Canalside				Upscale Class		Secondary		102	Jun 2020	May 2014	
Hilton Garden Inn Buffalo Downtown				Upscale Class		Secondary		124	Oct 2014	Oct 2014	
Marriott Buffalo at LECOM HARBORCENTER				Upper Upscale Class		Primary		205	Aug 2015	Aug 2015	
Total								1,563			

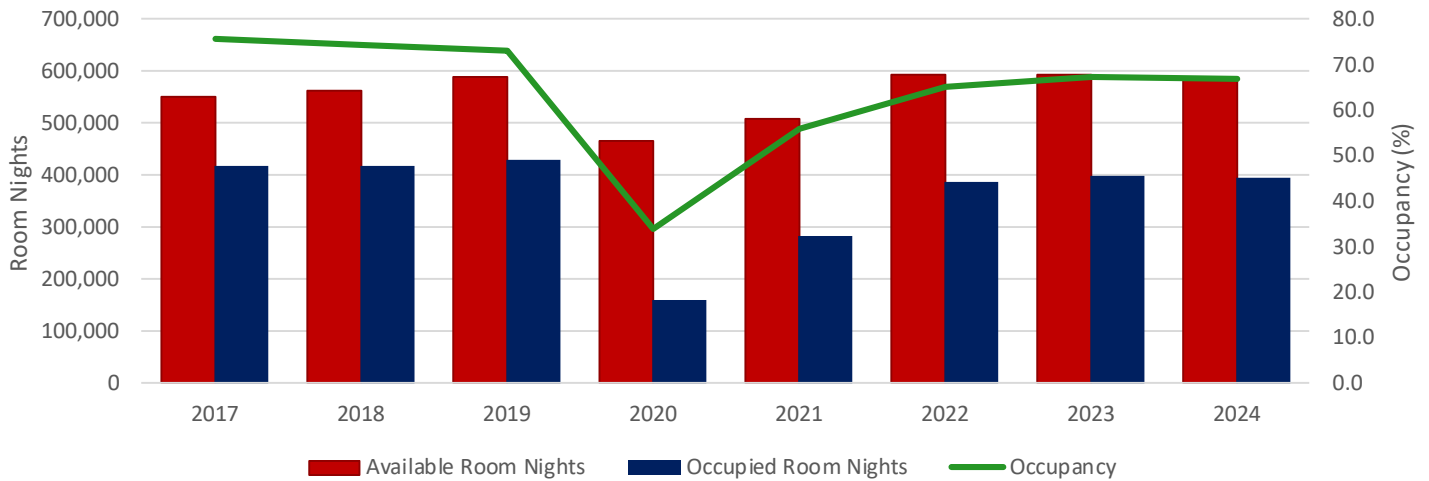
Source: STR

FIGURE 5-7 HISTORICAL SUPPLY AND DEMAND TRENDS (MONTHLY)

Month	2017			2018			2019			2020			2021			2022			2023			2024			2025			
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	
January	49.7 %	\$126.14	\$62.6 %	\$136.38	55.0 %	\$137.39	\$75.52	55.3 %	\$135.95	\$75.24	27.3 %	\$123.41	\$33.66	44.8 %	\$136.28	\$61.07	53.8 %	\$169.06	\$90.93	49.7 %	\$169.71	\$84.38	53.6 %	\$195.86	\$105.04			
February	70.4	136.87	69.7	137.02	70.8	143.43	101.50	66.8	140.08	93.59	25.3	130.97	33.11	57.1	140.55	80.31	58.4	160.56	93.75	62.0	174.39	108.17	55.6	186.11	103.53			
March	68.6	140.75	69.6	136.50	73.3	143.15	104.90	27.6	132.58	36.62	34.1	123.60	42.18	62.1	152.06	94.35	64.3	171.13	110.02	64.1	166.54	106.80	68.2	174.56	119.04			
April	74.1	136.17	70.9	142.79	70.9	150.35	106.66	8.7	101.22	8.84	38.5	128.16	49.39	66.7	147.47	98.37	63.1	159.24	100.46	70.4	193.46	136.16	67.2	180.62	121.41			
May	74.0	138.83	74.5	148.41	76.6	149.85	114.81	13.9	107.16	14.90	47.6	138.28	65.85	65.5	168.16	110.14	60.5	167.69	101.43	61.7	177.40	109.43	66.0	185.08	122.16			
June	84.6	145.20	84.8	151.55	75.6	151.78	114.69	18.0	121.80	21.91	65.2	148.02	96.51	67.3	167.61	112.77	73.4	179.49	131.78	76.3	189.29	144.38	74.2	195.48	145.07			
July	85.5	157.95	82.4	162.59	81.4	160.83	130.90	33.8	124.00	41.96	79.3	156.59	124.12	73.5	183.13	134.66	77.3	192.87	149.09	76.9	208.31	160.25	76.3	196.06	149.61			
August	85.7	146.49	85.9	157.38	86.1	151.71	130.59	39.4	129.49	50.98	75.7	165.22	125.00	76.9	175.92	132.95	76.7	185.07	141.94	72.3	191.60	138.61	—	—	#VALUE!			
September	84.3	146.23	83.0	162.92	77.9	156.01	120.70	40.1	125.74	50.46	62.5	159.39	99.62	77.0	175.46	135.13	81.0	187.55	151.84	73.6	197.29	145.26	—	—	#VALUE!			
October	84.2	142.95	82.5	162.66	80.5	156.51	125.98	35.3	118.54	41.84	72.8	148.19	107.85	74.0	179.86	133.14	77.0	197.60	152.11	70.5	194.97	137.39	—	—	#VALUE!			
November	73.4	135.94	68.9	140.61	68.3	140.74	96.16	25.9	114.98	29.79	61.4	145.00	89.04	59.7	161.61	96.49	64.0	176.98	113.25	66.6	206.90	137.90	—	—	#VALUE!			
December	73.9	139.91	59.3	136.48	58.5	135.68	79.35	16.9	118.81	20.04	59.6	144.07	85.81	57.7	158.75	91.56	56.4	174.03	98.19	59.9	179.71	107.59	—	—	#VALUE!			
Annual Averages	75.9 %	\$142.09	74.5 %	\$149.12	73.0 %	\$148.95	\$108.77	34.0 %	\$128.64	\$43.72	55.8 %	\$147.59	\$82.29	65.2 %	\$163.90	\$106.92	67.2 %	\$178.20	\$119.73	67.0 %	\$188.56	\$126.37	—	—	#VALUE!			
Year-to-Date	72.5 %	\$141.70	73.5 %	\$145.91	72.1 %	\$148.99	\$107.43	35.6 %	\$132.26	\$47.14	45.6 %	\$140.25	\$63.89	62.5 %	\$158.51	\$99.01	64.4 %	\$172.65	\$111.26	65.9 %	\$184.29	\$121.37	66.0 %	\$187.76	\$123.89			
Change from Prior Year	2017			2018			2019			2020			2021			2022			2023			2024			2025			
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	
January	—	—	—	26.0 %	8.1	55.0 pts	119.6 %	— %	— %	0.4 pts	-1.0 %	— %	-28.1 pts	-9.2 %	-55.3 %	17.5 pts	10.4 %	81.4 %	9.0 pts	24.1 %	48.9 %	-4.1 pts	0.4 %	-7.2 %	3.9 pts	15.4 %	24.5 %	
February	—	—	—	-0.9	0.1	70.8	105.6	—	—	-3.9	-2.3	—	-41.5	-6.5	-64.6	31.9	7.3	142.6	1.2	14.2	16.7	3.6	8.6	15.4	-6.4	6.7	-4.3	
March	—	—	—	1.4	-3.0	73.3	105.8	—	—	-45.7	-7.4	—	6.5	-6.8	15.2	27.9	23.0	123.7	2.2	12.5	16.6	-0.2	-2.7	-2.9	4.1	4.8	11.5	
April	—	—	—	-4.4	4.9	70.9	112.2	—	—	-62.2	-32.7	—	-29.8	26.6	458.6	28.2	15.1	99.2	-3.6	8.0	2.1	7.3	21.5	35.5	-3.2	-6.6	-10.8	
May	—	—	—	0.7	6.9	76.6	101.1	—	—	-62.7	-28.5	—	33.7	29.0	341.9	17.9	21.6	67.3	-5.0	-0.3	-7.9	1.2	5.8	7.9	4.3	4.3	11.6	
June	—	—	—	0.2	4.4	75.6	79.0	—	—	-57.6	-19.7	—	47.2	21.5	340.5	2.1	13.2	16.9	6.1	7.1	16.9	2.9	5.5	9.6	-2.1	3.3	0.5	
July	—	—	—	-3.6	2.9	81.4	95.2	—	—	-47.6	-22.9	—	45.4	26.3	195.8	-5.7	16.9	8.5	3.8	5.3	10.7	-0.4	8.0	7.5	-0.6	-5.9	-6.6	
August	—	—	—	0.1	7.4	86.1	76.7	—	—	-46.7	-14.6	—	36.3	27.6	145.2	1.2	4.7	6.4	-0.2	7.0	6.8	-4.4	3.5	-2.3	—	—	—	
September	—	—	—	-1.5	11.4	77.9	86.7	—	—	-37.7	-18.9	—	22.4	26.8	97.4	14.5	10.1	35.6	3.9	6.9	12.4	-7.3	5.2	-4.3	—	—	—	
October	—	—	—	-2.1	13.8	80.5	89.8	—	—	-45.2	-24.3	—	37.5	25.0	157.8	1.2	21.4	23.5	3.0	9.9	14.3	-6.5	-1.3	-9.7	—	—	—	
November	—	—	—	-6.1	3.4	68.3	104.1	—	—	-42.4	-18.3	—	35.5	26.1	198.8	-1.7	11.5	8.4	4.3	9.5	17.4	2.7	16.9	21.8	—	—	—	
December	—	—	—	-19.8	-2.5	58.5	128.9	—	—	-41.6	-12.4	—	42.7	21.3	328.2	-1.9	10.2	6.7	-1.3	9.6	7.2	3.5	3.3	9.6	—	—	—	
Annual Change	—	—	—	-1.8 %	5.0	73.0 pts	99.9 %	— %	— %	-39.0 pts	-13.6 %	— %	21.8 pts	14.7 %	88.2 %	9.5 pts	11.1 %	29.9 %	2.0 pts	8.7 %	12.0 %	-0.2 pts	5.8 %	5.6 %	—	—	—	
Year-to-Date	—	—	—	—	—	72.1	102.7 %	— %	— %	-36.5	-11.2 %	— %	9.9	6.0 %	35.5 %	16.9	13.0	55.0	2.0	8.9	12.4	1.4	6.7	9.1	0.1 pts	1.9 %	2.1 %	

Source: STR

FIGURE 5-8 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel on the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2024 in 67.0%, which compares to 67.2% for 2023. The STR data for the competitive set reflect a market-wide ADR level of \$188.56 in 2024, which compares to \$178.20 for 2023. These occupancy and ADR trends resulted in a RevPAR level of \$126.37 in 2024.

In the latter years of last decade, occupancy remained in the mid-70s, with ADR having approached the \$150 mark, as the market benefited from favorable economic conditions and heightened travel. In 2020, the COVID-19 pandemic affected the market, similar to the rest of the nation; however, a rebound commenced in the third quarter of 2020, with the occupancy and ADR recovery extending through 2023. Heightened inflation in 2021 and 2022 also contributed to ADR growth for this competitive set. Occupancy remained stable in 2024 while ADR continued to trend upwards. Year-to-date 2025 data show continued modest ADR growth, while occupancy remained the same despite a decline in demand due to

reduced inventory. Positive RevPAR growth in 2025, despite both declines in Canadian tourism and negative impacts of larger events being lost due limited room supply, suggest an overall positive outlook for the competitive market.

SUPPLY

The following table summarizes the important operating characteristics of the primary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. The room count of each secondary competitor has been weighted based on its assumed degree of competitiveness with the Proposed Convention Center Hotel Downtown Buffalo.

In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

FIGURE 5-9 COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Estimated 2023				Estimated 2024					
		Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Hyatt Regency Buffalo Hotel & Conference Center	396	50 %	35 %	15 %	396	50 - 55 %	\$140 - \$150	\$80 - \$85	396	55 - 60 %	\$150 - \$160	\$85 - \$90	80 - 85 %	65 - 70 %
Buffalo Marriott LECOM Harborcenter	205	60	20	20	205	70 - 75	200 - 210	140 - 150	205	70 - 75	220 - 230	150 - 160	100 - 110	120 - 130
Embassy Suites Buffalo	182	65	10	25	182	60 - 65	180 - 190	115 - 120	182	60 - 65	190 - 200	125 - 130	95 - 100	100 - 110
Westin Buffalo	115	60	25	15	115	70 - 75	250 - 260	180 - 190	115	80 - 85	250 - 260	210 - 220	120 - 130	160 - 170
Sub-Totals/Averages	898	57 %	25 %	18 %	898	63.3 %	\$183.62	\$116.30	898	64.7 %	\$197.08	\$128	97 %	100.7 %
Secondary Competitors	724	57 %	13 %	30 %	527	72.1 %	\$173.34	\$125.02	527	69.7 %	\$179.47	\$125	105 %	98.8 %
Totals/Averages	1,622	57 %	20 %	23 %	1,425	66.6 %	\$179.50	\$119.53	1,425	66.6 %	\$190.26	\$127	100 %	100.0 %

* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

FIGURE 5-10 PRIMARY COMPETITORS – FACILITY PROFILES

Property	Number of Rooms	Year Opened	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities
Hyatt Regency Buffalo Hotel & Conference Center 2 Fountain Plaza	396	1984	Johnny D's Restaurant; Starbucks; Genesee Public House	18,840	47.6	Indoor Pool; Gift Shop; Fitness Center
Buffalo Marriott LECOM Harborcenter 95 Main Street	205	2015	Panorama on Seven; M Club Lounge	7,363	35.9	Club Lounge; Guest Laundry; Gift Shop; Fitness Center
Embassy Suites Buffalo 200 Delaware Avenue	182	2009	Bella Ciao	6,440	35.4	Business Center; Guest Laundry Area; Indoor Swimming Pool; Fitness Center
Westin Buffalo 250 Delaware Avenue	115	2016	Patina 250; Jake's Café	8,052	70.0	Fitness Center; Gift Shop

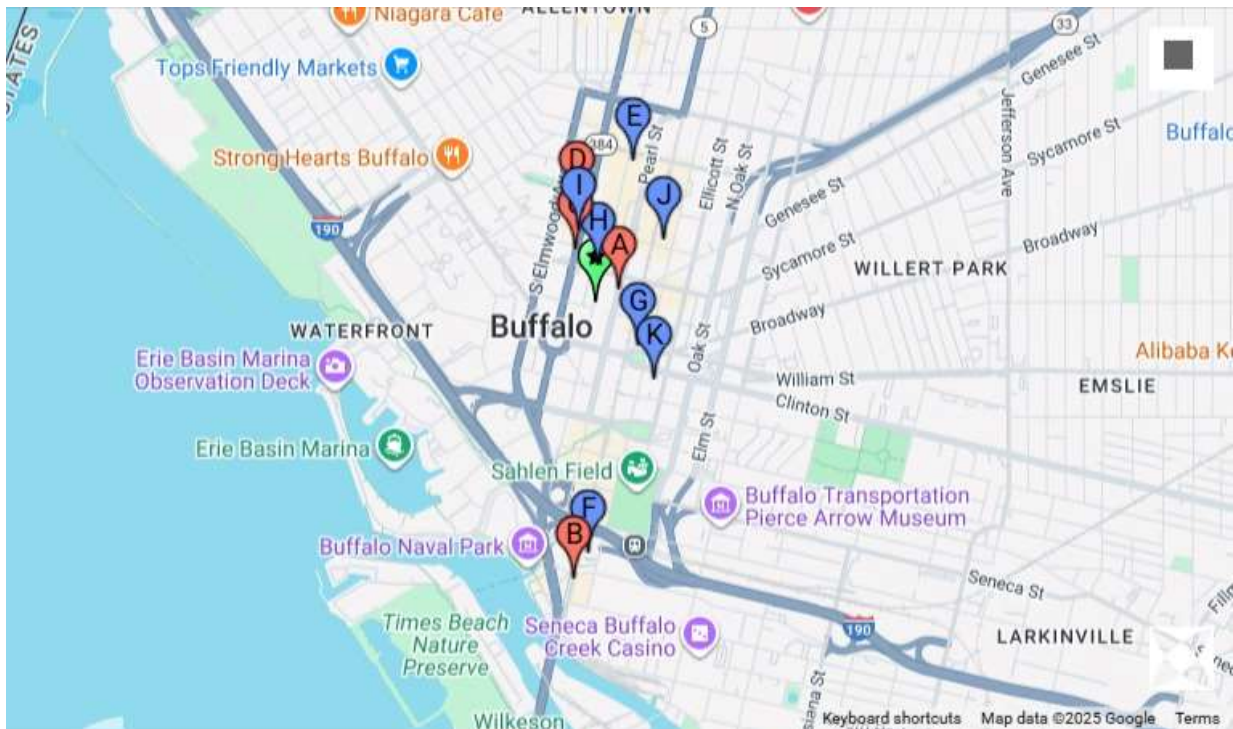
FIGURE 5-11 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Weighted Annual Room Count	Estimated 2023			Estimated 2024			
		Commercial	Meeting and Group	Leisure			Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Aloft Buffalo Downtown	110	50 %	25 %	25 %	75 %	83	75 - 80 %	\$200 - \$210	\$150 - \$160	83	65 - 70 %	\$170 - \$180	\$115 - \$120
Courtyard by Marriott Buffalo Downtown Canalside	102	65	10	25	75	77	70 - 75	200 - 210	150 - 160	77	70 - 75	210 - 220	150 - 160
Hilton Garden Inn Buffalo Downtown	124	65	10	25	75	93	65 - 70	170 - 180	120 - 125	93	60 - 65	180 - 190	110 - 115
Curtiss Hotel, an Ascend Hotel Collection	68	50	10	40	75	51	70 - 75	200 - 210	140 - 150	51	70 - 75	230 - 240	170 - 180
Hampton by Hilton Buffalo Downtown	140	60	10	30	70	98	75 - 80	150 - 160	115 - 120	98	70 - 75	160 - 170	120 - 125
Holiday Inn Express & Suites Buffalo Downtown	146	55	10	35	70	102	65 - 70	115 - 120	80 - 85	102	70 - 75	130 - 140	95 - 100
Hotel at the Lafayette A Trademark Collection Hotel	34	45	20	35	70	24	50 - 55	190 - 200	100 - 105	24	55 - 60	210 - 220	120 - 125
Totals/Averages	724	57 %	13 %	30 %	73 %	527	72.1 %	\$173.34	\$125.02	527	69.7 %	\$179.47	\$125.14

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

The following map illustrates the locations of the proposed subject hotel and its future competitors.

MAP OF COMPETITION



Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel’s operating performance. In addition to the subject hotel, there have been plans for a new hotel to open within the Statler building. The proposed Statler hotel has been in the planning stages for several years and several delays have occurred in the renovation/conversion starting; as such, this hotel has only been considered qualitatively in our analysis. Furthermore, the Buffalo Grand hotel, a large big-box hotel located in Buffalo, has been closed for several years. There were plans to reopen this hotel; however, after it sat vacant for many years, the City of Buffalo has taken steps to take ownership of the building through a file an abandonment proceeding in court. This litigation is ongoing; however, even if this hotel reopens, it is expected to target lower-rated demand and attract a different customer base than the subject hotel will. As such, it has also only been considered qualitatively in our analysis.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in this Buffalo submarket. The Proposed Convention Center Hotel Downtown Buffalo should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 5-12 HISTORICAL MARKET TRENDS

Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2019	370,078	—	505,789	—	73.2 %	\$150.03	—	\$109.78	—
Est. 2020	157,905	(57.3) %	505,789	0.0 %	31.2	129.47	(13.7) %	40.42	(63.2) %
Est. 2021	289,401	83.3	520,125	2.8	55.6	148.41	14.6	82.58	104.3
Est. 2022	336,786	16.4	520,125	0.0	64.8	164.43	10.8	106.47	28.9
Est. 2023	346,341	2.8	520,125	0.0	66.6	179.50	9.2	119.53	12.3
Est. 2024	346,212	(0.0)	520,125	0.0	66.6	190.26	6.0	126.64	6.0
Avg. Annual Compounded									
Chg., Est. 2019-Est. 2024:		(1.3) %		0.6 %			4.9 %		2.9 %

Although not shown in the preceding table, as a point of comparison, the year-to-date 2025 STR trend data indicates a market occupancy level of 66.0% versus 65.9% for the same period of time in 2024. Moreover, ADR registered \$187.76 for the year-to-date 2025 period, reflecting a change of 1.9 % when compared with the ADR for the same period of time in 2024.

**Demand Analysis
Using Market
Segmentation**

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2024 distribution of accommodated-room-night demand as follows.

FIGURE 5-13 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2019 Marketwide		2024 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	203,543	55 %	198,391	57 %
Meeting and Group	74,016	20	68,971	20
Leisure	92,520	25	78,851	23
Total	370,078	100 %	346,212	100 %

In the base year, the market’s demand mix comprised commercial demand, with this segment representing roughly 57% of the accommodated room nights in this Buffalo submarket. The meeting and group segment comprised 20% of the total, with the final portion leisure in nature, reflecting 23%.

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel’s lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 5-14 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2025	2026	2027	2028	2029	2030
Commercial	0.0 %	2.0 %	5.0 %	3.0 %	1.0 %	0.0 %
Meeting and Group	0.0	2.0	15.0	20.0	5.0	0.0
Leisure	0.0	2.0	10.0	5.0	3.0	0.0
Base Demand Growth	0.0 %	2.0 %	8.1 %	7.1 %	2.4 %	0.0 %

Latent Demand

A table presented earlier in this section illustrated the accommodated-room-night demand in the proposed subject hotel’s competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70.0%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

FIGURE 5-15 OCCUPANCY BY NIGHT OF THE WEEK

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 24	52.0 %	65.8 %	71.2 %	71.6 %	68.7 %	81.6 %	89.7 %	72.3 %
Sep - 24	64.9	69.3	74.6	77.6	71.2	75.9	85.2	73.6
Oct - 24	67.4	77.4	72.5	61.0	57.1	75.1	88.1	70.5
Nov - 24	60.6	50.5	60.2	63.0	63.9	73.9	87.5	66.6
Dec - 24	59.3	47.2	52.7	51.0	56.7	77.0	80.1	59.9
Jan - 25	46.3	45.7	57.4	46.6	48.9	59.3	72.6	53.6
Feb - 25	38.0	52.9	61.2	53.1	51.7	64.0	68.5	55.6
Mar - 25	40.6	72.1	77.9	72.3	64.2	71.5	81.4	68.2
Apr - 25	53.0	70.4	77.3	67.2	57.7	75.9	66.6	67.2
May - 25	46.7	55.7	68.0	72.5	62.7	69.8	82.5	66.0
Jun - 25	53.2	72.3	86.4	78.9	70.9	79.3	84.2	74.2
Jul - 25	58.7	79.7	77.2	76.5	70.2	85.9	87.2	76.3
Average	53.6 %	63.5 %	69.8 %	65.7 %	62.0 %	73.9 %	81.5 %	67.1 %

Source: STR

The following table presents our estimate of unaccommodated demand in the subject market.

FIGURE 5-16 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Commercial	198,391	0.0 %	0
Meeting and Group	68,971	1.9	1,296
Leisure	78,851	6.6	5,183
Total	346,212	1.9 %	6,479

Accordingly, we have forecast unaccommodated demand equivalent to 1.9% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in demand are expected in the local market, we have accounted for this growth in the determination of market-segment growth rates rather than induced demand.

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the proposed subject hotel’s competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 5-17 FORECAST OF MARKET OCCUPANCY

	2019	2024	2025	2026	2027	2028	2029	2030
Commercial								
Total Demand	203,543	198,391	198,391	202,359	212,477	218,851	221,039	221,039
Growth Rate		(2.5) %	0.0 %	2.0 %	5.0 %	3.0 %	1.0 %	0.0 %
Meeting and Group								
Base Demand	74,016	68,971	68,971	70,350	80,902	97,083	101,937	101,937
Unaccommodated Demand		1,296	1,296	1,322	1,520	1,824	1,915	1,915
Total Demand	74,016	70,266	70,266	71,672	82,422	98,907	103,852	103,852
Growth Rate		(5.1) %	0.0 %	2.0 %	15.0 %	20.0 %	5.0 %	0.0 %
Leisure								
Base Demand	92,520	78,851	78,851	80,428	88,470	92,894	95,681	95,681
Unaccommodated Demand		5,183	5,183	5,287	5,816	6,106	6,290	6,290
Total Demand	92,520	84,034	84,034	85,714	94,286	99,000	101,970	101,970
Growth Rate		(9.2) %	0.0 %	2.0 %	10.0 %	5.0 %	3.0 %	0.0 %
Totals								
Base Demand	370,078	346,212	346,212	353,136	381,849	408,828	418,657	418,657
Unaccommodated Demand		6,479	6,479	6,609	7,336	7,930	8,205	8,205
Total Demand	370,078	352,691	352,691	359,745	389,185	416,758	426,862	426,862
less: Residual Demand		6,479	7,600	8,076	3,632	0	0	0
Total Accommodated Demand	370,078	346,212	345,091	351,668	385,553	416,758	426,862	426,862
Overall Demand Growth	—	(0.0) %	(0.3) %	1.9 %	9.6 %	8.1 %	2.4 %	0.0 %
Market Mix								
Commercial	55.0 %	57.3 %	56.3 %	56.3 %	54.6 %	52.5 %	51.8 %	51.8 %
Meeting and Group	20.0	19.9	19.9	19.9	21.2	23.7	24.3	24.3
Leisure	25.0	22.8	23.8	23.8	24.2	23.8	23.9	23.9
Existing Hotel Supply	1,386	1,425	1,425	1,425	1,425	1,425	1,425	1,425
Proposed Hotels								
Proposed Convention Center Hotel Downtown Buffalo ¹					268	400	400	400
Change to Existing Hotels								
EmbassySuites Buffalo ^A			-59	-59	-59	-59	-59	-59
Available Room Nights per Year	505,789	520,125	498,590	498,590	596,590	644,590	644,590	644,590
Nights per Year	365	365	365	365	365	365	365	365
Total Supply	1,386	1,425	1,366	1,366	1,634	1,766	1,766	1,766
Rooms Supply Growth			-4.1 %	0.0 %	19.7 %	8.0 %	0.0 %	0.0 %
Marketwide Occupancy	73.2 %	66.6 %	69.2 %	70.5 %	64.6 %	64.7 %	66.2 %	66.2 %

¹ Opening in May 2027 of the 100% competitive, 400-room Proposed Convention Center Hotel Downtown Buffalo

^A Change of room count in November 2024 of the 100% competitive, EmbassySuites Buffalo

While still lagging behind pre-pandemic levels, the defined competitive market of hotels experienced a favorable trend of demand year-over-year between 2020 and 2023. Both available room nights and occupied room nights declined in 2024 and in the year-to-date 2025 period. These offsetting changes have led to stable occupancy levels in 2025. Based on historical occupancy levels in this market, taking into consideration typical supply and demand cyclicity, and assuming the entrance of the 400-room subject hotel, the market occupancy is anticipated to stabilize in the mid-60s.

6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels also vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect the operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Forecast of Subject Property's Occupancy

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 6-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2027	2028	2029	2030
Commercial				
Demand	212,477	218,851	221,039	221,039
Market Share	12.0 %	18.1 %	18.7 %	18.7 %
Capture	25,559	39,560	41,255	41,255
Penetration	74 %	80 %	82 %	82 %
Meeting and Group				
Demand	82,422	98,907	103,852	103,852
Market Share	19.8 %	30.1 %	30.8 %	30.8 %
Capture	16,331	29,730	31,937	31,937
Penetration	122 %	133 %	136 %	136 %
Leisure				
Demand	94,286	99,000	101,970	101,970
Market Share	15.6 %	22.4 %	22.4 %	22.4 %
Capture	14,741	22,129	22,792	22,792
Penetration	96 %	99 %	99 %	99 %
Total Room Nights Captured	56,631	91,419	95,985	95,985
Available Room Nights	98,000	146,000	146,000	146,000
Subject Occupancy	58 %	63 %	66 %	66 %
Market-wide Available Room Nights	596,590	644,590	644,590	644,590
Fair Share	16 %	23 %	23 %	23 %
Market-wide Occupied Room Nights	385,553	416,758	426,862	426,862
Market Share	15 %	22 %	22 %	22 %
Market-wide Occupancy	65 %	65 %	66 %	66 %
Total Penetration	89 %	97 %	99 %	99 %

Within the commercial segment, the proposed subject hotel’s occupancy penetration is positioned below the market-average level as management is expected to prioritize meeting and group demand, as well as support demand generated by the convention center. The proposed subject hotel's occupancy penetration in the meeting and group segment is positioned well above the market-average level given the proposed hotel's larger room count, expected amount of meeting space, and partnerships with the convention center to provide accommodations for large events hosted there. Within the leisure segment, the proposed subject hotel's occupancy penetration is positioned appropriately within the range of existing competitors, largely attributed to its assumed location in Downtown Buffalo and its anticipated strong brand affiliation.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 6-2 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2027	2028	2029	2030
Commercial	45 %	43 %	43 %	43 %
Meeting and Group	29	33	33	33
Leisure	26	24	24	24
Total	100 %	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 66%. 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. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed 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 selected point of stability.

Average Rate Analysis

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel’s future primary competitors.

FIGURE 6-3 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2024 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Hyatt Regency Buffalo Hotel & Conference Center	\$150 - \$160	80 - 85 %	55 - 60 %	80 - 85 %	\$85 - \$90	65 - 70 %
Buffalo Marriott LECOM Harborcenter	220 - 230	110 - 120	70 - 75	100 - 110	150 - 160	120 - 130
Embassy Suites Buffalo	190 - 200	100 - 110	60 - 65	95 - 100	125 - 130	100 - 110
Westin Buffalo	250 - 260	130 - 140	80 - 85	120 - 130	210 - 220	160 - 170
Average - Primary Competitors	\$197.08	103.6 %	64.7 %	97.2 %	\$127.52	100.7 %
Average - Secondary Competitors	179.47	94.3	69.7	104.8	125.14	98.8
Overall Average	\$190.26	100.0 %	66.6 %	100.0 %	\$126.64	100.0 %
Subject As If Stabilized (In 2024 Dollars)	\$190.00	99.9 %	66.1 %	99.3 %	\$125.56	99.1 %

We have selected the rate position of \$190.00, in base-year dollars (2024), for the proposed subject hotel. We have positioned the proposed subject hotel's stabilized ADR in the 2024 base year in consideration of its new facility, strong brand affiliation, and its positioned business mix. Average rates for this competitive market are anticipated to increase in 2025 based on the available year-to-date data; thereafter, ADR growth is expected to trend in line with inflation through the stabilized year.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year. Discounts of 3% and 1% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

FIGURE 6-4 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	Historical		2025	2026	2027	2028	2029	2030	2031	2032
	2019	2024								
Market ADR	\$150.03	\$190.26	\$195.01	\$200.86	\$206.89	\$213.10	\$219.49	\$226.07	\$232.86	\$239.84
Projected Market ADR Growth Rate	—		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$190.00	\$194.75	\$200.59	\$206.61	\$212.81	\$219.19	\$225.77	\$232.54	\$239.52
ADR Growth Rate			2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		100%	100%	100%	100%	100%	100%	100%	100%	100%
Fiscal Year					2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Proposed Subject Property Average Rate					\$208.65	\$214.91	\$221.35	\$228.00	\$234.84	\$241.88
Opening Discount					3.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount					\$202.39	\$212.76	\$221.35	\$228.00	\$234.84	\$241.88
Real Average Rate Growth					—	5.1%	4.0%	3.0%	3.0%	3.0%
Market ADR					\$208.93	\$215.20	\$221.65	\$228.30	\$235.15	\$242.21
Proposed Subject ADR Penetration (After Discount)					97%	99%	100%	100%	100%	100%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$183.40	\$187.18	\$189.07	\$189.07	\$189.07	\$189.07

The proposed subject hotel’s ADR penetration level is forecast to reach 100% by the stabilized period, consistent with our stabilized ADR positioning. The following occupancies and average rates will be used to project the proposed subject hotel’s rooms revenue; this forecast reflects years beginning on May 1, 2027, which correspond with our financial projections.

FIGURE 6-5 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate		Average Rate After Discount	RevPAR	RevPAR % Change
		Before Discount	Discount			
2027/28	59 %	\$208.65	3.0 %	\$202.39	\$119.41	
2028/29	64	214.91	1.0	212.76	136.17	14.0 %
2029/30	66	221.35	0.0	221.35	146.09	7.3

7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2024 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Number of Rooms:	330 to 410	260 to 330	350 to 430	270 to 330	280 to 360	400
Days Open:	365	365	365	365	365	365
Occupancy:	68%	71%	69%	72%	66%	66%
Average Rate:	\$176	\$186	\$169	\$199	\$207	\$189
RevPAR:	\$119	\$132	\$116	\$143	\$138	\$125
REVENUE						
Rooms	51.1 %	67.4 %	72.4 %	58.9 %	66.5 %	63.9 %
Food & Beverage	47.6	29.9	24.4	37.8	24.0	32.1
Other Operated Departments	0.2	2.7	2.6	0.2	6.4	2.7
Miscellaneous Income	1.0	0.0	0.5	3.1	3.0	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	22.7	23.1	22.1	23.9	25.6	23.0
Food & Beverage	45.7	49.8	50.7	56.7	64.8	50.0
Other Operated Departments	81.0	13.7	47.7	0.0	3.1	50.0
Total	33.5	30.8	29.6	35.5	32.8	32.1
DEPARTMENTAL INCOME						
	66.5	69.2	70.4	64.5	67.2	67.9
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	5.5	8.3	9.2	7.0	9.3	7.7
Info. and Telecom. Systems	1.6	1.4	2.4	1.8	2.0	2.0
Marketing	5.8	12.4	7.3	7.2	6.9	6.3
Franchise Fee	5.7	0.0	7.3	0.0	1.0	6.1
Property Operations & Maintenance	2.8	5.1	3.6	4.6	4.1	3.9
Utilities	3.2	4.7	5.4	2.7	4.8	4.2
Total	24.7	31.9	35.2	23.3	28.1	30.2
GROSS OPERATING PROFIT						
	41.8	37.3	35.2	41.2	39.1	37.7
Management Fee	2.0	2.9	2.5	3.0	1.9	3.0
INCOME BEFORE NON-OPER. INC. & EXP.						
	39.8	34.4	32.8	38.2	37.2	34.7
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	2.2	3.4	3.5	0.2	5.1	3.8
Insurance	1.1	1.2	0.4	0.9	1.6	1.2
Total	3.3	4.7	6.5	1.1	6.7	5.1
EBITDA						
	36.5	29.7	26.3	37.1	30.5	29.7
Reserve for Replacement	4.0	4.0	4.1	5.0	3.9	4.0
EBITDA LESS RESERVE						
	32.5 %	25.7 %	22.2 %	32.1 %	26.6 %	25.7 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Number of Rooms:	330 to 410	260 to 330	350 to 430	270 to 330	280 to 360	400
Days Open:	365	365	365	365	365	365
Occupancy:	68%	71%	69%	72%	66%	66%
Average Rate:	\$176	\$186	\$169	\$199	\$207	\$189
RevPAR:	\$119	\$132	\$116	\$143	\$138	\$125
REVENUE						
Rooms	\$43,364	\$48,176	\$42,348	\$52,267	\$50,217	\$45,547
Food & Beverage	40,395	21,342	14,294	33,532	18,107	22,886
Other Operated Departments	149	1,962	1,532	216	4,856	1,927
Miscellaneous Income	876	0	292	2,733	2,298	964
Total	84,783	71,479	58,467	88,748	75,478	71,323
DEPARTMENTAL EXPENSES						
Rooms	9,842	11,106	9,349	12,500	12,864	10,476
Food & Beverage	18,476	10,620	7,241	19,012	11,736	11,443
Other Operated Departments	120	269	730	0	149	964
Total	28,438	21,994	17,321	31,512	24,749	22,882
DEPARTMENTAL INCOME	56,345	49,485	41,146	57,236	50,729	48,441
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	4,702	5,959	5,407	6,226	6,999	5,500
Info. and Telecom. Systems	1,374	965	1,389	1,587	1,542	1,400
Marketing	4,945	8,872	4,257	6,368	5,206	4,500
Franchise Fee	4,792	0	4,283	0	772	4,330
Property Operations & Maintenance	2,412	3,665	2,080	4,127	3,062	2,800
Utilities	2,719	3,340	3,139	2,400	3,620	3,000
Total	20,945	22,801	20,554	20,708	21,200	21,530
GROSS OPERATING PROFIT	35,400	26,684	20,592	36,528	29,529	26,911
Management Fee	1,694	2,103	1,433	2,662	1,461	2,140
INCOME BEFORE NON-OPER. INC. & EXP.	33,706	24,581	19,160	33,865	28,067	24,771
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	1,840	2,454	2,062	152	3,869	2,729
Insurance	946	871	245	822	1,173	880
Total	2,785	3,423	3,834	975	5,041	3,609
EBITDA	30,921	21,158	15,326	32,890	23,026	21,163
Reserve for Replacement	3,389	2,859	2,416	4,437	2,923	2,853
EBITDA LESS RESERVE	\$27,532	\$18,299	\$12,910	\$28,453	\$20,103	\$18,310

FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Number of Rooms:	330 to 410	260 to 330	350 to 430	270 to 330	280 to 360	400
Days Open:	365	365	365	365	365	365
Occupancy:	68%	71%	69%	72%	66%	66%
Average Rate:	\$176	\$186	\$169	\$199	\$207	\$189
RevPAR:	\$119	\$132	\$116	\$143	\$138	\$125
REVENUE						
Rooms	\$175.68	\$186.26	\$168.52	\$198.84	\$207.20	\$189.07
Food & Beverage	163.66	82.51	56.88	127.57	74.71	95.00
Other Operated Departments	0.60	7.58	6.10	0.82	20.03	8.00
Miscellaneous Income	3.55	0.00	1.16	10.40	9.48	4.00
Total	343.49	276.35	232.66	337.63	311.43	296.07
DEPARTMENTAL EXPENSES						
Rooms	39.87	42.94	37.20	47.55	53.08	43.49
Food & Beverage	74.85	41.06	28.82	72.33	48.42	47.50
Other Operated Departments	0.49	1.04	2.91	0.00	0.61	4.00
Total	115.21	85.03	68.93	119.88	102.12	94.99
DEPARTMENTAL INCOME	228.28	191.32	163.74	217.75	209.31	201.08
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	19.05	23.04	21.52	23.69	28.88	22.83
Info. and Telecom. Systems	5.57	3.73	5.53	6.04	6.36	5.81
Marketing	20.03	34.30	16.94	24.23	21.48	18.68
Franchise Fee	19.42	0.00	17.04	0.00	3.19	17.98
Property Operations & Maintenance	9.77	14.17	8.28	15.70	12.63	11.62
Utilities	11.02	12.91	12.49	9.13	14.94	12.45
Total	84.86	88.15	81.79	78.78	87.47	89.37
GROSS OPERATING PROFIT	143.42	103.17	81.94	138.97	121.84	111.71
Management Fee	6.86	8.13	5.70	10.13	6.03	8.88
INCOME BEFORE NON-OPER. INC. & EXP.	136.56	95.03	76.24	128.84	115.81	102.83
NON-OPERATING INCOME AND EXPENSE						
Property Taxes	7.45	9.49	8.21	0.58	15.96	11.33
Insurance	3.83	3.37	0.98	3.13	4.84	3.65
Total	11.29	13.24	15.25	3.71	20.80	14.98
EBITDA	125.27	81.79	60.99	125.13	95.01	87.85
Reserve for Replacement	13.73	11.05	9.62	16.88	12.06	11.84
EBITDA LESS RESERVE	\$111.54	\$70.74	\$51.37	\$108.25	\$82.95	\$76.01

The departmental income of the comparable properties ranged from 64.5% to 70.4% of total revenue. Our forecast anticipates that the proposed subject hotel's departmental income will stabilize at 67.9%. The comparable properties achieved a gross operating profit (GOP) ranging from 35.2% to 41.8% of total revenue. Our forecast anticipates a stabilized GOP margin of 37.7% of total revenue.

**Inflation and
Appreciation
Assumptions**

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied a 3.0% underlying inflation rate in our analysis.

This annual rate of growth is applied to income and expenses after the stabilized year to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (e.g., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-ups of individual income and expense items.

**Summary of
Projections**

Based on an analysis that will be detailed throughout this section, we have formulated a revenue-and-expense forecast through the fifth projection year, including amounts per available room and per occupied room, as illustrated in the following table. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on May 1, 2027, expressed in inflated dollars for each year (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2027/28 Begins May			2028/29			Stabilized			2030/31						
Number of Rooms:	400			400			400			400						
Occupancy:	59%			64%			66%			66%						
Average Rate:	\$202.39			\$212.76			\$221.35			\$228.00						
RevPAR:	\$119.41			\$136.17			\$146.09			\$150.48						
Days Open:	365			365			365			365						
Occupied Rooms:	86,140	%Gross	PAR	POR	93,440	%Gross	PAR	POR	96,360	%Gross	PAR	POR	96,360	%Gross	PAR	POR
OPERATING REVENUE																
Rooms	\$17,434	62.3 %	\$43,584	\$202.39	\$19,880	63.4 %	\$49,700	\$212.76	\$21,330	63.9 %	\$53,324	\$221.35	\$21,970	63.9 %	\$54,924	\$228.00
Food & Beverage	9,299	33.2	23,246	107.95	10,169	32.4	25,422	108.83	10,717	32.1	26,793	111.22	11,039	32.1	27,597	114.56
Other Operated Departments	824	2.9	2,059	9.56	868	2.8	2,171	9.29	903	2.7	2,256	9.37	930	2.7	2,324	9.65
Miscellaneous Income	412	1.5	1,030	4.78	434	1.4	1,085	4.65	451	1.4	1,128	4.68	465	1.4	1,162	4.82
Total Operating Revenues	27,968	100.0	69,919	324.68	31,351	100.0	78,378	335.52	33,401	100.0	83,502	346.63	34,403	100.0	86,007	357.02
DEPARTMENTAL EXPENSES *																
Rooms	4,428	25.4	11,070	51.41	4,705	23.7	11,763	50.36	4,906	23.0	12,265	50.91	5,053	23.0	12,633	52.44
Food & Beverage	4,870	52.4	12,176	56.54	5,149	50.6	12,873	55.11	5,359	50.0	13,397	55.61	5,519	50.0	13,799	57.28
Other Operated Departments	421	51.2	1,053	4.89	437	50.3	1,092	4.68	451	50.0	1,128	4.68	465	50.0	1,162	4.82
Total Expenses	9,720	34.8	24,299	112.83	10,292	32.8	25,729	110.14	10,716	32.1	26,789	111.21	11,037	32.1	27,593	114.54
DEPARTMENTAL INCOME	18,248	65.2	45,620	211.84	21,060	67.2	52,649	225.38	22,685	67.9	56,713	235.42	23,366	67.9	58,414	242.48
UNDISTRIBUTED OPERATING EXPENSES																
Administrative & General	2,360	8.4	5,900	27.40	2,480	7.9	6,200	26.54	2,576	7.7	6,439	26.73	2,653	7.7	6,632	27.53
Info & Telecom Systems	601	2.1	1,502	6.97	631	2.0	1,578	6.76	656	2.0	1,639	6.80	675	2.0	1,688	7.01
Marketing	1,931	6.9	4,827	22.42	2,029	6.5	5,072	21.71	2,107	6.3	5,268	21.87	2,171	6.3	5,426	22.53
Franchise Fee	1,674	6.0	4,184	19.43	1,895	6.0	4,739	20.29	2,028	6.1	5,070	21.05	2,089	6.1	5,222	21.68
Prop. Operations & Maint.	1,201	4.3	3,004	13.95	1,262	4.0	3,156	13.51	1,311	3.9	3,278	13.61	1,351	3.9	3,376	14.02
Utilities	1,287	4.6	3,218	14.94	1,353	4.3	3,382	14.48	1,405	4.2	3,512	14.58	1,447	4.2	3,618	15.02
Total Expenses	9,054	32.3	22,635	105.11	9,651	30.7	24,127	103.28	10,083	30.2	25,207	104.64	10,385	30.2	25,963	107.77
GROSS OPERATING PROFIT	9,194	32.9	22,985	106.73	11,409	36.4	28,522	122.10	12,602	37.7	31,506	130.78	12,980	37.7	32,451	134.71
Management Fee	839	3.0	2,098	9.74	941	3.0	2,351	10.07	1,002	3.0	2,505	10.40	1,032	3.0	2,580	10.71
INCOME BEFORE NON-OPR. INC. & EXP.	8,355	29.9	20,888	96.99	10,468	33.4	26,171	112.03	11,600	34.7	29,001	120.39	11,948	34.7	29,871	124.00
NON-OPERATING INCOME & EXPENSE																
Property Taxes	1,204	4.3	3,011	13.98	1,241	4.0	3,101	13.28	1,278	3.8	3,194	13.26	1,316	3.8	3,290	13.66
Insurance	388	1.4	971	4.51	400	1.3	1,000	4.28	412	1.2	1,030	4.28	424	1.2	1,061	4.41
Total Expenses	1,593	5.7	3,982	18.49	1,641	5.3	4,102	17.56	1,690	5.0	4,225	17.54	1,741	5.0	4,351	18.06
EBITDA	6,762	24.2	16,905	78.50	8,828	28.1	22,069	94.48	9,910	29.7	24,776	102.85	10,208	29.7	25,519	105.93
Reserve for Replacement	559	2.0	1,398	6.49	941	3.0	2,351	10.07	1,336	4.0	3,340	13.87	1,376	4.0	3,440	14.28
EBITDA LESS RESERVE	\$6,203	22.2 %	\$15,507	\$72.01	\$7,887	25.2 %	\$19,718	\$84.41	\$8,574	25.7 %	\$21,436	\$88.98	\$8,832	25.7 %	\$22,079	\$91.65

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 7-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35		2035/36		2036/37	
Number of Rooms:	400		400		400		400		400		400		400		400		400		400	
Occupied Rooms:	86,140		93,440		96,360		96,360		96,360		96,360		96,360		96,360		96,360		96,360	
Occupancy:	59%		64%		66%		66%		66%		66%		66%		66%		66%		66%	
Average Rate:	\$202.39		\$212.76		\$221.35		\$228.00		\$234.84		\$241.88		\$249.14		\$256.61		\$264.31		\$272.24	
RevPAR:	\$119.41	% of Gross	\$136.17	% of Gross	\$146.09	% of Gross	\$150.48	% of Gross	\$154.99	% of Gross	\$159.64	% of Gross	\$164.43	% of Gross	\$169.36	% of Gross	\$174.44	% of Gross	\$179.68	% of Gross
OPERATING REVENUE																				
Rooms	\$17,434	62.3 %	\$19,880	63.4 %	\$21,330	63.9 %	\$21,970	63.9 %	\$22,629	63.9 %	\$23,308	63.9 %	\$24,007	63.9 %	\$24,727	63.9 %	\$25,469	63.9 %	\$26,233	63.9 %
Food & Beverage	9,299	33.2	10,169	32.4	10,717	32.1	11,039	32.1	11,370	32.1	11,711	32.1	12,062	32.1	12,424	32.1	12,797	32.1	13,181	32.1
Other Operated Departments	824	2.9	868	2.8	903	2.7	930	2.7	957	2.7	986	2.7	1,016	2.7	1,046	2.7	1,078	2.7	1,110	2.7
Miscellaneous Income	412	1.5	434	1.4	451	1.4	465	1.4	479	1.4	493	1.4	508	1.4	523	1.4	539	1.4	555	1.4
Total Operating Revenues	27,968	100.0	31,351	100.0	33,401	100.0	34,403	100.0	35,435	100.0	36,498	100.0	37,593	100.0	38,721	100.0	39,882	100.0	41,079	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	4,428	25.4	4,705	23.7	4,906	23.0	5,053	23.0	5,205	23.0	5,361	23.0	5,522	23.0	5,687	23.0	5,858	23.0	6,034	23.0
Food & Beverage	4,870	52.4	5,149	50.6	5,359	50.0	5,519	50.0	5,685	50.0	5,856	50.0	6,031	50.0	6,212	50.0	6,399	50.0	6,590	50.0
Other Operated Departments	421	51.2	437	50.3	451	50.0	465	50.0	479	50.0	493	50.0	508	50.0	523	50.0	539	50.0	555	50.0
Total Expenses	9,720	34.8	10,292	32.8	10,716	32.1	11,037	32.1	11,368	32.1	11,709	32.1	12,061	32.1	12,422	32.1	12,795	32.1	13,179	32.1
DEPARTMENTAL INCOME	18,248	65.2	21,060	67.2	22,685	67.9	23,366	67.9	24,067	67.9	24,789	67.9	25,532	67.9	26,298	67.9	27,087	67.9	27,900	67.9
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	2,360	8.4	2,480	7.9	2,576	7.7	2,653	7.7	2,733	7.7	2,814	7.7	2,899	7.7	2,986	7.7	3,075	7.7	3,168	7.7
Info & Telecom Systems	601	2.1	631	2.0	656	2.0	675	2.0	696	2.0	716	2.0	738	2.0	760	2.0	783	2.0	806	2.0
Marketing	1,931	6.9	2,029	6.5	2,107	6.3	2,171	6.3	2,236	6.3	2,303	6.3	2,372	6.3	2,443	6.3	2,516	6.3	2,592	6.3
Franchise Fee	1,674	6.0	1,895	6.0	2,028	6.1	2,089	6.1	2,151	6.1	2,216	6.1	2,282	6.1	2,351	6.1	2,421	6.1	2,494	6.1
Prop. Operations & Maint.	1,201	4.3	1,262	4.0	1,311	3.9	1,351	3.9	1,391	3.9	1,433	3.9	1,476	3.9	1,520	3.9	1,566	3.9	1,613	3.9
Utilities	1,287	4.6	1,353	4.3	1,405	4.2	1,447	4.2	1,490	4.2	1,535	4.2	1,581	4.2	1,629	4.2	1,678	4.2	1,728	4.2
Total Expenses	9,054	32.3	9,651	30.7	10,083	30.2	10,385	30.2	10,697	30.2	11,018	30.2	11,348	30.2	11,689	30.2	12,039	30.2	12,400	30.2
GROSS OPERATING PROFIT	9,194	32.9	11,409	36.4	12,602	37.7	12,980	37.7	13,370	37.7	13,771	37.7	14,184	37.7	14,610	37.7	15,048	37.7	15,499	37.7
Management Fee	839	3.0	941	3.0	1,002	3.0	1,032	3.0	1,063	3.0	1,095	3.0	1,128	3.0	1,162	3.0	1,196	3.0	1,232	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	8,355	29.9	10,468	33.4	11,600	34.7	11,948	34.7	12,307	34.7	12,676	34.7	13,056	34.7	13,448	34.7	13,851	34.7	14,267	34.7
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	1,204	4.3	1,241	4.0	1,278	3.8	1,316	3.8	1,356	3.8	1,396	3.8	1,438	3.8	1,481	3.8	1,526	3.8	1,572	3.8
Insurance	388	1.4	400	1.3	412	1.2	424	1.2	437	1.2	450	1.2	464	1.2	478	1.2	492	1.2	507	1.2
Total Expenses	1,593	5.7	1,641	5.3	1,690	5.0	1,741	5.0	1,793	5.0	1,847	5.0	1,902	5.0	1,959	5.0	2,018	5.0	2,078	5.0
EBITDA	6,762	24.2	8,828	28.1	9,910	29.7	10,208	29.7	10,514	29.7	10,829	29.7	11,154	29.7	11,489	29.7	11,834	29.7	12,189	29.7
Reserve for Replacement	559	2.0	941	3.0	1,336	4.0	1,376	4.0	1,417	4.0	1,460	4.0	1,504	4.0	1,549	4.0	1,595	4.0	1,643	4.0
EBITDA LESS RESERVE	\$6,203	22.2 %	\$7,887	25.2 %	\$8,574	25.7 %	\$8,832	25.7 %	\$9,097	25.7 %	\$9,370	25.7 %	\$9,651	25.7 %	\$9,940	25.7 %	\$10,238	25.7 %	\$10,545	25.7 %

Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning May 1, 2027, expressed in inflated dollars for each year.

Revenues associated with the proposed subject hotel's food and beverage (F&B) department, other operated departments, and miscellaneous income category have been forecast to reflect the hotel's assumed facilities and amenities. Expense levels fall within a range of reasonableness given the provided comparable operating statements; furthermore, management fees are set forth in accordance with our assumptions provided earlier in our report.

Brand Affiliation and Forecast Franchise Fees

As mentioned previously, this study assumes the proposed subject hotel will operate as an upper-upscale, full-service lodging facility. A specific franchise affiliation and/or brand has yet to be determined, but we have considered several potential brands. The following presents some potential brands, but it should be noted this list is not exhaustive.

FIGURE 7-3 POTENTIAL HOTEL BRANDS

Brand	Parent Company	Royalty Fee	Marketing Fee	F&B Fee	Total Fee
Delta Hotels by Marriott	Marriott International, Inc.	5.0%	2.2%	0.0%	7.2%
Marriott	Marriott International, Inc.	6.0%	1.6%	3.0%	10.6%
Renaissance	Marriott International, Inc.	5.0%	2.1%	0.0%	7.1%
Sheraton	Marriott International, Inc.	6.0%	2.0%	2.0%	10.0%
Hilton	Hilton	5.0%	4.0%	3.0%	12.0%
Curio Collection by Hilton	Hilton	5.0%	4.0%	0.0%	9.0%
Crowne Plaza	InterContinental Hotels Group (IHG)	5.0%	3.0%	0.0%	8.0%
	Average	5.3%	2.7%	1.1%	9.1%
	Median	5.0%	2.2%	0.0%	9.0%
	Minimum	5.0%	1.6%	0.0%	7.1%
	Maximum	6.0%	4.0%	3.0%	12.0%

**This fee reflects various additional royalty fees applied to other revenue-generating departments*

FIGURE 7-4 FORECAST FRANCHISE FEES

Hotel Types	Average of Royalty Fee	Min of Royalty Fee	Max of Royalty Fee	Average of Marketing Fee	Min of Marketing Fee	Max of Marketing Fee	Average of Total Fee
Upper Upscale							
Select Service	6.00%	5.00%	7.00%	2.75%	2.00%	3.50%	8.75%
Full Service	5.50%	5.00%	7.00%	2.84%	1.50%	4.00%	9.18%
Upscale							
Select Service	5.41%	5.00%	6.00%	3.34%	2.75%	4.00%	8.44%
Full Service	5.14%	5.00%	6.00%	3.36%	2.16%	4.00%	8.50%
Grand Total	5.51%	5.00%	6.50%	3.07%	2.10%	3.88%	8.72%

Based on the above data, the franchise fees reflected in our forecast, comprise a 5.0% royalty fee and a 3.0% advertising assessment (percentage of rooms revenue). Other charges related to the affiliation, such as frequent guest programs, are reflected in the appropriate departmental expenses, consistent with the Uniform System of Accounts for the Lodging Industry (USALI).

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments. Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. In New York State personal property is not taxed. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.

FIGURE 7-6 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS AND SUBJECT HOTEL POSITIONING

Hotel	Year Open	Land	Improvements	Total
Hyatt Regency Buffalo Hotel & Conference Center	1984	\$1,283,300	\$17,416,700	\$18,700,000
Embassy Suites Buffalo	2009	2,067,600	27,794,400	29,862,000
Courtyard by Marriott Buffalo Downtown Canalside	2014	1,270,500	18,135,100	19,405,600
Hilton Garden Inn Buffalo Downtown	2014	267,000	11,733,000	12,000,000
Curtiss Hotel, an Ascend Hotel Collection	2017	580,400	8,419,600	9,000,000
Hampton by Hilton Buffalo Downtown	2001	1,330,700	9,381,300	10,712,000
Holiday Inn Express & Suites Buffalo Downtown	1980	759,100	8,240,900	9,000,000
Hotel at the Lafayette A Trademark Collection Hotel	1904	877,400	6,972,600	7,850,000
<i>Assessments per Room</i>				
	<i># of Rms</i>			
Hyatt Regency Buffalo Hotel & Conference Center	396	\$3,241	\$43,982	\$47,222
Embassy Suites Buffalo	182	11,360	152,716	164,077
Courtyard by Marriott Buffalo Downtown Canalside	102	12,456	177,795	190,251
Hilton Garden Inn Buffalo Downtown	124	2,153	94,621	96,774
Curtiss Hotel, an Ascend Hotel Collection	68	8,535	123,818	132,353
Hampton by Hilton Buffalo Downtown	140	9,505	67,009	76,514
Holiday Inn Express & Suites Buffalo Downtown	146	5,199	56,445	61,644
Hotel at the Lafayette A Trademark Collection Hotel	57	15,393	122,326	137,719
Positioned Subject - Per Room	400	\$10,000	\$120,000	\$130,000
Positioned Subject - Total		\$4,000,000	\$48,000,000	\$52,000,000

Source: City of Buffalo

We have positioned the future assessment levels of the subject site and proposed improvements, based upon the illustrated comparable data. Overall, the positioned assessments are well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 19.98000%. The following table shows changes in the tax rate during the last several years.

FIGURE 7-7 COUNTY TAX RATES

Year	Real Property Millage Rate
2023	25.49110
2024	28.10810
2025	19.98000

Source: City of Buffalo

Based on comparable assessments and the tax rate information, the following table illustrates the proposed subject property's projected property tax expense levels.

FIGURE 7-8 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Real Property		
	Land	Improvements	Total
Positioned (Assessed Value)	\$4,000,000	\$48,000,000	\$52,000,000
Millage Rate			19.98000
Tax Burden as of Current Assessment Year			\$1,038,960

FIGURE 7-9 PROJECTED PROPERTY TAX EXPENSE – REAL PROPERTY

Year	Real Property			
	Real Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	Taxes Payable
Positioned	\$1,038,960	—		\$1,038,960
2027/28	\$1,038,960	15.9 %	100 %	\$1,204,439
2028/29	1,204,439	3.0	100	1,240,573
2029/30	1,240,573	3.0	100	1,277,790
2030/31	1,277,790	3.0	100	1,316,123
2031/32	1,316,123	3.0	100	1,355,607
2032/33	1,355,607	3.0	100	1,396,275
2033/34	1,396,275	3.0	100	1,438,164

Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 25.7% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms and food and beverage (F&B) revenue, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 32.1% of revenue by the stabilized year, while undistributed operating expenses total 30.2% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 5.0% of total revenues in fixed expenses, a net income ratio of 25.7% is forecast by the stabilized year.

8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part; furthermore, all statements of assumptions and limiting conditions apply to the entire report, including any additional forms or addenda items presented.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements; the property is evaluated as free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC, are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses,

permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not guarantee that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out internally to many decimal places. In the interest of simplicity,

most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by our staff as company employees, rather than as individuals.