



SMITH TRAVEL RESEARCH

Hotel Development Cost Survey 2009

*By Elaine Sahlins, Senior Vice President - HVS San Francisco
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Each year HVS Consulting and Valuation researches development costs from our database of actual hotel construction budgets, industry reports, and uniform franchise offering circulars. These sources provide the basis for our range of component cost per room. New project construction cost data collected each year may increase the range and/or impact the mean and median of the construction cost components derived from published sources and information from architects, contractors, developers, lenders and other professionals involved with hotel development projects.

The survey is not meant to be a comparative tool to calculate changes from year to year but represents the true costs of building hotels across the United States. As with previous years' data, the data represent a wide variety of geographical locations from tertiary markets in the Southwest to mid-Manhattan. The development costs of the same hotel product, say a select-service Fairfield Inn or Holiday Inn Express, can be more than triple the amount from one locale to the other. ►

You can read the complete article here [2009 Hotel Development Cost Survey](#)

HVS Hotel Development Cost Survey 2009

Hotel Development Cost Survey Per-Room Range of Costs for 2006 – 2008/09

	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening and Working Capital	Total
<u>2008/09</u>						
Budget/Economy Hotels	\$4,300 - \$30,400	\$30,100 - \$94,500	\$600 - \$13,000	\$4,600 - \$17,100	\$1,400 - \$7,100	\$39,300 - \$141,000
Midscale Hotels w/o F&B	4,200 - 86,000	45,000 - 168,800	2,100 - 61,200	5,700 - 26,400	900 - 25,700	59,600 - 381,800
Extended Stay Hotels	2,600 - 46,400	51,200 - 158,900	2,300 - 84,200	3,600 - 24,500	700 - 25,300	69,800 - 265,000
Midscale Hotels w/ F&B	3,900 - 64,100	45,300 - 145,900	3,400 - 63,100	6,900 - 37,400	300 - 18,900	73,200 - 296,800
Full Service Hotels	3,900 - 111,200	60,800 - 350,300	2,300 - 118,300	8,600 - 54,600	1,900 - 85,500	96,100 - 585,600
Luxury Hotels and Resorts	13,500 - 247,500	180,200 - 1,383,900	24,800 - 229,400	34,400 - 121,900	10,400 - 80,600	411,300 - 1,466,900
<u>2007</u>						
Budget/Economy Hotels	\$4,800 - \$32,000	\$30,100 - \$95,100	\$600 - \$14,200	\$4,900 - \$18,000	\$1,400 - \$7,500	\$43,700 - \$156,700
Midscale Hotels w/o F&B	4,600 - 93,100	52,000 - 187,500	2,300 - 64,700	6,000 - 27,800	1,000 - 26,800	68,000 - 433,900
Extended Stay Hotels	2,900 - 51,500	58,300 - 186,900	2,500 - 93,500	3,800 - 26,100	700 - 26,800	78,600 - 301,100
Midscale Hotels w/ F&B	4,200 - 72,800	52,200 - 162,000	3,700 - 65,600	7,500 - 39,400	300 - 19,900	81,600 - 337,300
Full Service Hotels	4,300 - 126,400	53,100 - 412,100	2,600 - 131,400	9,100 - 57,500	2,000 - 90,000	109,700 - 665,400
Luxury Hotels and Resorts	15,300 - 271,100	206,000 - 1,537,700	28,400 - 254,900	37,000 - 128,300	11,300 - 86,600	462,700 - 1,725,800
<u>2006</u>						
Budget/Economy Hotels	\$4,900 - \$32,000	\$28,700 - \$89,700	\$600 - \$13,900	\$4,800 - \$17,900	\$1,400 - \$7,300	\$42,800 - \$149,200
Midscale Hotels w/o F&B	4,500 - 93,100	49,500 - 176,900	2,300 - 63,400	5,800 - 26,500	1,000 - 26,000	66,700 - 413,200
Extended Stay Hotels	2,900 - 51,500	55,500 - 176,300	2,400 - 91,700	3,700 - 24,900	700 - 26,000	74,900 - 286,800
Midscale Hotels w/ F&B	4,200 - 72,800	49,700 - 154,300	3,600 - 64,300	7,300 - 37,500	300 - 19,300	77,700 - 321,200
Full Service Hotels	4,400 - 123,900	50,600 - 392,500	2,500 - 128,800	8,800 - 55,300	1,900 - 87,400	104,500 - 633,700
Luxury Hotels and Resorts	15,100 - 268,400	196,200 - 1,478,600	27,600 - 249,900	35,900 - 123,400	11,000 - 84,100	440,700 - 1,659,400

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October 2009	Number of Rooms	Occupancy Rate (%)		Average Room Rates (in \$CAD)		RevPAR (in \$CAD)		Room Supply % chg	Room Demand % chg
		2009	2008	2009	2008	2009	2008		
Nova Scotia Area	1,378	52.4%	61.8%	\$100.16	\$97.13	\$52.48	\$60.03	0.9%	-14.4%
Halifax, NS	3,950	67.8%	68.5%	\$127.76	\$134.31	\$86.62	\$92.00	1.3%	0.2%
Montreal Downtown	10,315	73.4%	72.6%	\$157.06	\$159.33	\$115.28	\$115.67	1.7%	2.9%
Montreal Area	2,335	53.3%	58.8%	\$106.22	\$106.65	\$56.62	\$62.71	-0.3%	-9.5%
Quebec City, QC	4,139	64.4%	79.4%	\$145.20	\$178.01	\$93.51	\$141.34	0.0%	-18.9%
Quebec Area	4,498	56.8%	56.7%	\$129.28	\$129.88	\$73.43	\$73.64	0.0%	0.2%
Toronto Downtown	14,496	76.4%	78.0%	\$155.08	\$178.23	\$118.48	\$139.02	1.1%	-0.9%
Toronto North/East	6,748	63.3%	66.4%	\$110.04	\$122.14	\$69.66	\$81.10	0.0%	-4.7%
Toronto Airport/West	8,643	57.9%	65.0%	\$107.25	\$121.23	\$62.10	\$78.80	5.0%	-6.5%
Ottawa, ON	7,516	72.3%	76.9%	\$137.08	\$141.48	\$99.11	\$108.80	0.9%	-5.2%
Ontario East	5,032	56.1%	61.7%	\$105.19	\$110.04	\$59.01	\$67.89	2.2%	-7.1%
Windsor/ Ontario SW	1,951	45.7%	53.5%	\$98.28	\$115.91	\$44.91	\$62.01	-2.0%	-16.3%
London/ Kitchener	2,838	58.8%	61.7%	\$103.76	\$107.91	\$61.01	\$66.58	-1.1%	-5.7%
Ontario North/ Thunder Bay	2,314	68.3%	69.6%	\$97.52	\$99.63	\$66.61	\$69.34	1.0%	-0.8%
Ontario NC/ Sudbury	4,839	62.8%	64.4%	\$108.22	\$109.91	\$67.96	\$70.78	3.1%	0.6%
Niagara Falls, ON	9,304	52.7%	59.5%	\$121.92	\$128.08	\$64.25	\$76.21	0.2%	-11.2%
Ontario Central	3,952	56.6%	58.6%	\$106.28	\$110.60	\$60.15	\$64.81	2.3%	-1.3%
Mississauga, ON	4,595	58.8%	63.9%	\$104.41	\$113.91	\$61.39	\$72.79	0.0%	-8.0%
Winnipeg, MB	3,486	69.9%	72.6%	\$109.86	\$113.83	\$76.79	\$82.64	0.5%	-3.3%
Regina/Saskatoon, SK	2,454	74.7%	76.4%	\$116.84	\$118.80	\$87.28	\$90.76	3.2%	0.8%
Calgary, AB	8,601	66.0%	73.4%	\$146.84	\$155.04	\$96.91	\$113.80	2.8%	-7.5%
Edmonton, AB	8,898	68.5%	76.7%	\$124.99	\$132.99	\$85.62	\$102.00	3.3%	-7.7%
Alberta North Area	3,918	43.3%	59.8%	\$133.50	\$153.98	\$57.81	\$92.08	3.4%	-25.1%
Alberta South Area	8,074	48.7%	61.2%	\$116.36	\$122.26	\$56.67	\$74.82	3.0%	-18.1%
Vancouver Downtown	8,419	65.7%	71.5%	\$148.74	\$161.23	\$97.72	\$115.28	1.0%	-7.2%
Vancouver/ Burnaby Area	2,060	63.9%	67.6%	\$110.61	\$113.59	\$70.68	\$76.79	4.9%	-0.8%
Richmond-Surrey/ East Area	3,993	63.2%	65.6%	\$115.47	\$120.77	\$72.98	\$79.23	-0.5%	-4.2%
British Columbia Area	5,715	47.6%	48.9%	\$123.28	\$129.85	\$58.68	\$63.50	0.1%	-2.7%
Kamloops/ Kelowna Area	4,918	43.4%	52.7%	\$105.07	\$107.69	\$45.60	\$56.75	1.9%	-16.2%
Vancouver Island	4,774	57.2%	63.5%	\$112.13	\$113.59	\$64.14	\$72.13	1.4%	-8.6%
Provinces									
Alberta	32,877	56.0%	65.8%	\$126.00	\$133.46	\$70.56	\$87.82	2.9%	-12.4%
British Columbia	31,951	53.6%	58.6%	\$113.76	\$119.12	\$60.98	\$69.80	1.0%	-7.5%
Manitoba	4,376	62.2%	64.6%	\$96.68	\$98.42	\$60.13	\$63.58	0.4%	-3.3%
New Brunswick	4,855	54.0%	55.9%	\$108.41	\$111.20	\$58.54	\$62.16	0.0%	-3.4%
Newfoundland	1,833	77.5%	80.7%	\$124.94	\$133.73	\$96.83	\$107.92	0.0%	-4.0%
Nova Scotia	5,328	60.9%	61.9%	\$116.29	\$120.88	\$70.82	\$74.82	1.0%	-0.5%
Northwest Territories	325	55.9%	47.1%	\$146.92	\$148.79	\$82.13	\$70.08	0.0%	18.7%
Ontario	79,414	59.8%	63.8%	\$115.66	\$124.02	\$69.16	\$79.12	1.5%	-5.0%
Prince Edward Island	949	44.7%	54.1%	\$89.08	\$90.72	\$39.82	\$49.08	0.0%	-17.4%
Quebec	27,087	61.4%	67.1%	\$129.46	\$135.37	\$79.49	\$90.83	1.0%	-7.6%
Saskatchewan	6,888	70.4%	76.9%	\$111.02	\$109.28	\$78.16	\$84.04	2.2%	-6.4%
Yukon Territory	332	INS	INS	INS	INS	INS	INS	INS	INS
Canada	196,215	57.9%	63.1%	\$116.20	\$122.28	\$67.28	\$77.16	1.4%	-7.0%

October 2009 Year-To-Date	Number of Rooms	Occupancy Rate (%)		Average Room Rates (in \$CAD)		RevPAR (in \$CAD)		Room Supply % chg	Room Demand % chg
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Halifax, NS	3,950	66.3%	70.1%	\$125.54	\$132.04	\$83.23	\$92.56	3.0%	-2.6%
Montreal Downtown	10,315	62.7%	65.3%	\$140.28	\$153.13	\$87.96	\$99.99	1.4%	-2.7%
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Yukon Territory	332	56.6%	56.2%	\$103.62	\$104.87	\$58.65	\$58.94	0.2%	0.9%
Canada	196,215	58.1%	63.0%	\$118.53	\$122.93	\$68.87	\$77.45	1.4%	-6.4%

DEFINITIONS

Occupancy:	Rooms sold divided by rooms available.
Room Revenue:	Total room revenue generated from the sale or rental of rooms.
Average Daily Rate (ADR):	Room revenue divided by rooms sold.
Room Revenue Per Available Room (RevPAR):	Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

*If you have any questions regarding this publication please send a message to bmacdonald@hvs.com
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Vancouver Office
Suite 400 - 145 West 17th Street
North Vancouver, BC
Canada BC V7M 3G4
(604) 988-9743
(604) 988-4625 fax

Toronto Office
6 Victoria Street
Toronto, ON
Canada M5E 1L4
(416) 686-2260
(416) 686-2264 fax

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OFFICE:
735 E. Main St.,
Hendersonville, TN 37075
(615) 824-8664



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OFFICE:
Anthony Pollard,
1206-130 Albert Street,
Ottawa, Ontario K1P 5G4
(613) 237-7149