



# Windsor Hotel

## Market Analysis & Future Demand\*



The Historic Windsor Hotel is in Garden City, in Finney County, Kansas. With a current population of 40,523, Finney County is the fastest growing county in Kansas and offers an interesting history with a variety of attractions. Garden City is the county seat and is a trade center for all of western Kansas, eastern Colorado, the Oklahoma Panhandle and part of the Texas Panhandle - more than 300,000 people. Garden City attracts rural families for weekend visits of shopping, dining and other entertainment.



**A Healthy, Growing Economy:** Since 1990 the region has had a positive Trade Pull Factor - outpacing statewide trends. More business is attracted to the area than is lost to other regions and retail sources (such as catalogs and the internet). Finney County's economy consists mainly of farming and ranching with some manufacturing.

**Transportation:** Garden City is served east-west by US 50 and north-south by US 83. There has been strong growth in traffic through the area since the late 1990's, accelerating through 2003. Garden City Regional Airport serves the region, providing service to Kansas City, Denver and Wichita.

**Area Attractions:** There are numerous historic structures in downtown Garden City, most within walking distance of the Windsor Hotel. Additional attractions in the Garden City area include:

- Lee Richardson Zoo
- Garden City Community College
- Garden City Shopping Plaza
- Lake Scott State Park
- Buffalo Game Reserve
- Finney County Historical Museum
- Finnup Park
- St. Catherine Hospital

Trade Pull Factor		
Year	Finney County	State of Kansas
1990	1.22	0.68
1995	1.22	0.67
2000	1.11	0.66
2003	1.00	0.63

Source: Kansas State University



\*Source: Market & Financial Analysis of the Historic Windsor Hotel  
Completed by Marvel & Associates, Jeffrey K. Marvel, ISHC, March 2005



Property	Rooms
Best Western Wheat Lands Hotel & Conference Center	107
Best Western Red Baron Hotel	68
Best Value Inn Garden City	76
Holiday Inn Express	69
Comfort Inn Garden City	56
Super 8 Garden City	56
Plaza Inn	109
Americinn Garden City	66
<b>Total Competitive Supply</b>	<b>607</b>

Lodging Demand Growth		
Percent Increase/Decrease of room demand compared to the same month of the prior year.		
Month	2003	2004
January	5%	-5%
February	-1%	-10%
March	11%	-10%
April	12%	-14%
May	9%	2%
June	16%	-1%
July	27%	-2%
August	23%	8%
September	12%	18%
October	10%	18%
November	22%	
December	24%	

2003 Demand by Segment		
	Annual Room-Nights	Percent
<b>Commercial</b>	<b>66,700</b>	<b>59%</b>
<b>Group</b>	<b>16,800</b>	<b>15%</b>
<b>Tourist</b>	<b>28,900</b>	<b>26%</b>
<b>TOTAL</b>	<b>112,400</b>	<b>100%</b>
<b>Rooms Available</b>	<b>607</b>	
<b>Occupancy</b>		<b>50.7%</b>

**Lodging Competitors:** There are eight properties (607 rooms) that will compete with a renovated Windsor Hotel. Competitors are identified based on location, size, amenities, rate structure and management. No competing properties are downtown, giving the Windsor an advantage for downtown events, hospital visits, as well as city and county government visits.

**Lodging Demand Increases:** Although there was a 21.7% increase in room supply early in 2003, demand has increased greater than the supply illustrating the market's strong absorption potential. Garden City's lodging market has experienced demand growth in 15 of the past 22 months including that associated with the supply expansion and post-expansion months.

## Estimated Demand by Segment

Future demand has been estimated based on current competitive market conditions and anticipated lodging demand growth. The attainable occupancy and room rate levels have been estimated for the Windsor Hotel's first five full years of operation, 2007 thru 2011. Demand estimates are provided for the following market segments:

**Commercial:** This segment includes salespeople, government employees, service representatives and employees of area companies. Current competitive market demand for this segment is approximately 59% of total lodging demand. Prospects for continued growth in this market are good due to moderate growth as evidenced by recent employment trends and lodging demand changes.

**Group:** Group demand is currently accommodated by the Plaza Inn and Best Western properties and includes business meetings, convention/association activity, training activity as well as social functions. In 2003, group demand equaled 15% of the total lodging demand. Growth in this segment is anticipated at a moderate base rate with additional increases during peak periods and use of the proposed banquet and conference facilities for the Windsor Hotel.

**Tourist:** The Tourist segment is largely accommodated by the limited service properties in the region and is the most rate-sensitive. Currently representing approximately 26% of total lodging demand, this segment is expected to increase at a moderate base rate.



## Market Penetration

Market Penetration potential for each sector was evaluated by comparing anticipated advantages and disadvantages of the renovated Windsor Hotel to the competitive properties. Factors considered were location, accessibility, property size, room rates, food/beverage facilities, amenities, physical appearance, age, management, affiliation and local reputation.

Estimated penetrations are considered in relation to the Windsor Hotel's Fair Market Share. If demand were distributed evenly by the ratio of room quantity to total supply, the Windsor Hotel's Fair Market Share will be 9.1%.

Estimated Market Penetration					
	2007	2008	2009	2010	2011
<b>Fair Share</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>
<b>Commercial</b>	<b>70%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>
<b>Group</b>	<b>145%</b>	<b>150%</b>	<b>150%</b>	<b>150%</b>	<b>150%</b>
<b>Tourist</b>	<b>62%</b>	<b>67%</b>	<b>67%</b>	<b>67%</b>	<b>67%</b>

Market Penetration expressed as a percentage of Fair Share

## Captured Demand & Occupancy

Following is a summary of estimated demand by market segment to be captured by the Windsor Hotel with attainable occupancies for the first five years of operation – 2007-2011. Competitive properties attained occupancies in 2003 ranging from 88.8%-110.5% of market average occupancy.

Demand Captured (Room Nights)					
	2007	2008	2009	2010	2011
<b>Commercial</b>	<b>5,100</b>	<b>5,800</b>	<b>6,000</b>	<b>6,200</b>	<b>6,300</b>
<b>Group</b>	<b>2,800</b>	<b>3,200</b>	<b>3,400</b>	<b>3,500</b>	<b>3,600</b>
<b>Tourist</b>	<b>2,00</b>	<b>2,200</b>	<b>2,300</b>	<b>2,400</b>	<b>2,500</b>
<b>TOTAL</b>	<b>9,900</b>	<b>11,200</b>	<b>11,700</b>	<b>12,100</b>	<b>12,400</b>
<b>Occupancy</b>	<b>44%</b>	<b>49%</b>	<b>52%</b>	<b>53%</b>	<b>55%</b>
<b>Percentage of Market Average</b>	<b>79%</b>	<b>84%</b>	<b>88%</b>	<b>87%</b>	<b>87%</b>

Garden City's Major Employers	Number of Employees
Tyson Fresh Meats	3100
St. Catherine Hospital	677
Garden City Community College	500
WalMart Super Center	450
Finney County	325
City of Garden City	290
Dillon's Superstore	260
Beef Products Inc.	216
Brookover Company	200
Sunflower Electric	180
Garden Medical Clinic	146
Northern Natural Gas	134
Garden Valley Retirement	130
Cheyenne Drilling	120
Home Depot	120
Palmer Manufacturing	115
Mosaic	100
Applebee's	100

Source: Garden City Chamber of Commerce





## Estimated Average Daily Rate

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Estimated average daily rates for competitive market hotels for 2003 ranged between \$50 and \$75, resulting in a market average of approximately \$69. We estimate that the Windsor Hotel can attain an \$88 average rate by its third year of operation (in 2003 dollars).

## Revenues

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Guest room revenues are based on prospective occupancy levels and average room rates (see above). For purposes of this analysis, 54% is used as the maximum stabilized occupancy for the Windsor Hotel.

Year	Occupancy	Rooms Occupied	Average Rate	Room Revenue
2007	44%	9,900	\$93.75	\$928
2008	49%	11,200	\$99.50	\$1,114
2009	52%	11,700	\$102.00	\$1,193
2010	53%	12,100	\$104.50	\$1,264
2011	54%	12,400	\$107.25	\$1,330

**Food & Beverage Revenue:** Our recommendation is to recruit a destination/specialty restaurant to be located on the first floor of the Windsor Hotel and that it would have a specialized theme with local color, features and attractions – such as “Best Little Steak House on the Plains”. Revenues are presented with a modest provision for food and beverage volume and direct departmental expenses for this type of operation. Options would also include leased operations.

For more detailed projected revenue with expenses, please request a copy of the *Market & Financial Analysis of the Windsor Hotel* prepared by Marvel & Associates. To request a copy of this report please contact Rick Kready at the Pioneer Group at 785.232.1122 or by email at Rick\_Kready@juno.com.

