

Developing a Boutique Hotel: A case study in New Bern, North Carolina

By Robert O'Halloran

Introduction

A local entrepreneur has a goal of developing a boutique hotel in New Bern, North Carolina. His Colonial Place Inn and Spa plans call for 74 unique rooms with distinctive color schemes, 66,668 total square feet of meeting space, a full service spa and a restaurant in downtown New Bern within walking distance from the Convention Center and the waterfront. The five story hotel project includes a two building conversion and renovation. The hotel will have two entrances, one on each major street in downtown New Bern and will have a connecting hallway in the middle of the hotel. The boutique hotel will have a colonial American theme. The primary building is currently a furniture store and the second, connecting building, has a dance studio which would serve as ballroom and meeting space for the hotel. The question is: can all these facilities be assembled into a successful hotel?

Boutique Concept

Boutique hotels are hotels that appeal to their guests because of their unusual amenity and room configurations. There are nearly 700 boutique hotels in the United States (Smith Travel Research (STR), 2011). They are traditionally independent, smaller than 200 rooms, have a high average rate and offer high levels of service. Boutique hotels often provide authentic cultural or historic experiences and interesting services to guests. There are select chains that have "Boutique" brands as noted in the Smith Travel Research (STR) database, for example, the Autograph Collection (Marriott International), Dream Hotel (Wyndham Worldwide), Exclusive Hotels, Joie De Vivre, Kimpton Hotels, Melia Boutique (Grupo Sol Melia), Rosewood, and W Hotel (Starwood Hotels & Resorts), Hotel Indigo (InterContinental Hotel Group), and Aloft (Smith Travel Research, 2012). Additional chain and independent hotels are separately identified as "Boutique hotels" in the STR data base (Smith Travel Research, 2011).

Location

Marketing literature provided by the developer describes the location below. Colonial Place lies one block from the confluence of the Neuse and Trent Rivers, quaintly nestled in the heart of the "Beautifully Restored Business District," at 237 Craven & 309 Pollock Streets in Historic Downtown New Bern, NC. Everything you need is within one

block of Colonial Place: boutique clothing and shoe stores, a post office, banks, churches, upscale salons, unique hardware and furniture stores, a grocery store, fabulous restaurants and cafes, a bakery and coffee shops, jewelry stores, art galleries, florists, antique and gift shops, children's clothing and toy stores, wine shops, legal and financial services, ice cream and fudge shops, dry cleaners, marinas, bars and clubs, travel agencies, a library and book store, the New Bern Farmers Market, a gas station, civic theatres, and so much more (Blyth, 2010).

Objective

The developer of the boutique hotel reached out and asked for help from a small group of researchers to assist him in collecting the relevant and needed data to make development and operational decisions for a new boutique hotel in New Bern. Researchers organized their plans to collect data in the following format: site inspection, competitive supply, demand analysis, penetrating the market, average daily rate and estimated operating results. Their objective was to gather and present that data to the client and his partners so that they could make decisions going forward.

Competitive Supply Study

There are no boutique hotels in the New Bern market area. Researchers decided to identify two competitive sets for the proposed hotel, a destination competitive set and a local competitive set. These included competing hotels with the boutique style from the region and potentially competitive existing New Bern lodging operations. Hood (2011) noted it is common practice for hotels to select more than one competitive set.

A set of criteria was established to help in the selection of hotels that would be in each competitive set. Those criteria's included a restaurant, spa, and meeting space as well as the same or similar services and amenities. Local brand hotels were also selected for the competitive set because of their prominence in the area. A selection of local Bed and Breakfast Inns were also included because of their size and unique charm and similarity to the boutique style, rate and amenities offered. Destination properties were chosen in Annapolis, Maryland, Virginia Beach, Virginia and the Outer Banks and Wilmington in North Carolina. Properties from these areas were chosen because of geographic competitiveness and because they are considered independent boutique hotels, several having colonial themes.

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Figure 1

Competitive Supply

Name of the Property	Daily Rooms	Days Open	Available Annual Rooms	% of Occupancy	Occupied Rooms	Average Room Rate	Annual Room Revenue	REVPAR	Commercial Demand	Occ. Rooms	Government Demand	Occ. Rooms	Tourist Demand	Occ. Rooms	Group Demand	Occ. Rooms
Hilton New Bern	171	365	62,415	75%	46,811	189	\$8,847,326	142	35%	16,384	25%	11,703	30%	14,043	10%	4,681
Hampton Inn	101	365	36,865	64%	23,409	129	\$3,019,796	82	25%	5,852	20%	4,682	45%	10,534	10%	2,341
Comfort Suites	100	365	36,500	70%	25,550	150	\$3,832,500	105	40%	10,220	20%	5,110	25%	6,388	15%	3,833
Bridgepointe Hotel	116	365	42,340	64%	26,886	120	\$3,226,308	76	25%	6,721	20%	5,377	45%	12,099	10%	2,689
Springhill Suites	109	365	39,785	68%	27,054	129	\$3,489,940	88	30%	8,116	20%	5,411	40%	10,822	10%	2,705
Bed & Breakfasts	58	365	21,170	64%	13,443	128	\$1,720,698	81	25%	3,361	20%	2,689	45%	6,049	10%	1,344
BB Hurricane Resort	7	365	2,555	70%	1,789	129	\$230,717	90	30%	537	10%	179	45%	805	15%	268
Sail Inn	6	365	2,190	64%	1,391	120	\$166,878	76	30%	417	10%	139	45%	626	15%	209
Candlewood Suites	81	365	29,565	64%	18,774	115	\$2,158,984	73	25%	4,693	20%	3,755	45%	8,448	10%	1,877
Holiday Inn Express	60	365	21,900	64%	13,907	120	\$1,668,780	76	25%	3,477	20%	2,781	45%	6,258	10%	1,391
Totals	809	3,650	295,285	67%	199,013	143	\$28,361,927	890	30%	59,778	21%	41,825	38%	76,071	11%	21,338

Once the two competitive sets had been selected, additional research was conducted to gather both primary and secondary data. Researchers began by contacting the hotels directly and utilizing data available from Smith Travel Research (STR) reports and hotel websites. Quantitative data collected included number of rooms, number of

days open per year, average daily rate (ADR), occupancy percentage and mix of demand. The market occupancy rate, average daily rate and RevPar were calculated for each of the competitive sets to get a better understanding of the competing businesses in the market.

In the destination competitive set, the following hotels were in-

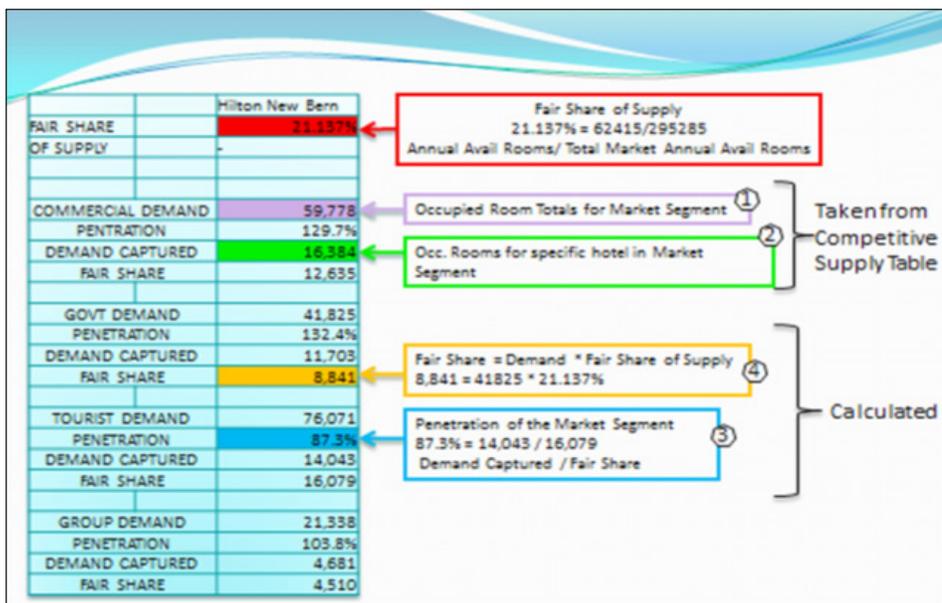
Figure 2

Growth of Demand Forecasts

Hotel group 1-Local				Govt				Demand totals			
Year	Demand	Growth	Mix of Demand	Year	Demand	Growth	Mix of Demand	Year	Demand	Growth	Mix of Demand
2009	59,778	2.03%	30.04%	2009	41825	1.34%	21.02%	2009	199012		
2010	60,992		30.08%	2010	42386		20.90%	2010	202764		
2011	62,230		30.12%	2011	42954		20.79%	2011	206588		
2012	63,493		30.16%	2012	43530		20.68%	2012	210486		
2013	64,782		30.21%	2013	44113		20.57%	2013	214458		
2014	66,097		30.25%	2014	44704		20.46%	2014	218507		
Tourist				Group							
2009	76,071	2.03%	38.22%	2009	21338	2.03%	10.72%				
2010	77,615		38.28%	2010	21771		10.74%				
2011	79,191		38.33%	2011	22213		10.75%				
2012	80,799		38.39%	2012	22664		10.77%				
2013	82,439		38.44%	2013	23124		10.78%				
2014	84,113		38.49%	2014	23593		10.80%				
Hotel group 2-Destination				Govt				Demand Totals			
Year	Demand	Growth	Mix of Demand	Year	Demand	Growth	Mix of Demand	Year	Demand	Growth	Mix of Demand
2009	21,884	2.03%	26.82%	2009	17250	1.34%	21.14%	2009	81606		
2010	22,328		26.85%	2010	17481		21.02%	2010	83144		
2011	22,781		26.89%	2011	17715		20.91%	2011	84711		
2012	23,244		26.93%	2012	17952		20.80%	2012	86309		
2013	23,716		26.97%	2013	18193		20.69%	2013	87938		
2014	24,197		27.01%	2014	18437		20.58%	2014	89597		
Tourist				Group							
2009	32,739	2.03%	40.12%	2009	9733	2.03%	11.93%				
2010	33,404		40.18%	2010	9931		11.94%				
2011	34,082		40.23%	2011	10133		11.96%				
2012	34,774		40.29%	2012	10339		11.98%				
2013	35,480		40.35%	2013	10549		12.00%				
2014	36,200		40.40%	2014	10763		12.01%				

Figure 3

Fair Share and Market Penetration



cluded: The Dolphin Inn, the Days in Market Street, First Colony B&B, the Maryland Inn, the Governor Calvert House, the Robert Johnson House and Wedmore Place. In the local New Bern competitive set, the Hilton (now Doubletree) New Bern, the Hampton Inn, Comfort Suites, Bridge Pointe Hotel, Springhill Suites, BB Hurricane Resort, Sail Inn, Candlewood Suites, Holiday Inn Express and a small number of bed and breakfast were combined to represent one type of competitor. Figure 1, Competitive Supply, illustrates the local market metrics that were collected and calculated.

Demand for Hotel Rooms

Researchers next gathered data to forecast the growth rates for the identified market segments: commercial, government, tourist and group segments. The growth of demand calculations illustrate that the market grows in the upcoming years and the significance of that growth. Demand generators were identified in New Bern and surrounding communities. Research was also conducted on the demographics, attractions, traffic and other indices in and of New Bern to forecast demand. Research revealed that there are a few attractions

and events that bring tourists to the area each year, Tryon Palace and the North Carolina History Center are expected to generate 200,000 travelers each year, as well as add a night to the average hotel length stay (City of New Bern, 2011). Annual events such as, Mum Fest and the Festival of Fun also bring travelers to the area. The North Carolina Department of Commerce's website, <http://www.nccommerce.com/tourism/research>, was used for research on the traffic counts of New Bern, visitor profiles and annual statistics for hotels in the state of North Carolina. The economic indicators selected include: traffic in New Bern, travel impact expenditures, Craven County (where New Bern is located) employment, Craven County unem-

ployment and North Carolina hotels' average occupancy rate, average daily rate, RevPar, room supply and room demand numbers. The North Carolina Department of Commerce provided data on all of these indicators from 2005 to 2009. Traffic, travel expenditures, ADR, RevPar and room supply were utilized to estimate growth factors. Researchers weighted economic indicators: traffic 30%, and travel expenditures 40%. Finally, the three North Carolina hotel statistics used (Occupancy, Room Supply and Revpar) were weighted 10% each, totaling 100%. See Figure 2, Growth of Demand Forecasts.

Penetrating the Market

Every property that is associated with the market that the new property is entering was assessed. The competitive supply analysis includes the hotels that were judged to be comparable in both destination and local competitive set. Before the penetration rate can be estimated for a new hotel, the penetration rates and fair share of supply numbers for the existing hotels must be calculated. Once the leaders in each market segment were identified, the projected property was assessed in comparison to those leaders using a qualitative assessment.

Figure 4

Penetration Rates for Years 1-5

GOVT DEMAND	41,825	Fair Share 20.9%	42,386	20.9%	42,954	20.8%	43,530	20.7%	44,113	20.6%
PENETRATION	105.0%		115.0%		119.1%		119.1%		119.1%	
DEMAND CAPTURED	3,680	20.3%	4,085	21%	4,287	20%	4,345	20%	4,403	1.5%
FAIR SHARE of Demand	3,505		3,552		3,600		3,648		3,697	

Figure 5

Qualitative Assessment

QUALITATIVE ASSESSMENT OF PENETRATION BY MARKET SEGMENT				
COMMERCIAL DEMAND				
Factor	(Weight)	Our Rating	Comparison to Market	
Location	30	20	Slight disadvantage	
Breakfast	25	25	Equal or better	
Restaurant/Bar	20	15	Slight disadvantage	
Room Service	10	15	Advantage	
Fitness Center	15	15	Equal or better	
Pets	5	5	Equal or better	
Business Center	30	30	Equal or better	
Parking	10	0	Disadvantage	
Amenities	20	20	Equal or better	
Guest Services	5	5	Equal or better	
Spa	10	15	Advantage	
Meeting Space	20	10	Disadvantage	
Total	200	175	Slight disadvantage	0.875

was calculated using the total demand captured and the subjected property's annual room amount. The local and destination markets have differing occupancy rates. Shown below in Figures 3, 4 are examples of the competitive hotel penetration rate calculations and an example segment penetration analysis conducted by researchers.

The destination demand data rises at a slower rate than the local market. The local market, due to new development of demand generators, is projected to increase much more rapidly than the destination set. In addition to the quantitative analysis conducted by researchers a qualitative assessment was conducted to compare competitive factors in each market with the newly

Penetration Analysis for the Subject Hotel

After calculating and assessing all of the penetration rates, a total penetration rate for the year was forecasted. Researchers noted that some market factors can change the penetration rate year to year. These factors could include establishing reputations, gaining loyal customers, the physical aspects of the property, marketing and promotion efforts and more. The forecasted annual hotel occupancy for the new hotel

developed hotel. For example, illustrated below is a comparison of commercial segment factors and how the new hotel is projected to perform in this market. Factors include amenities and facilities offered by hotels operating in the market and their relative weight (importance) in that market segment. Researchers then compared the new hotel offering with the market and scored or rated the new hotel on

these factors. As an example, noted below in Figure 5, is Qualitative Assessment for Commercial Demand. The comparison to the market is expressed as Advantage, Equal or better, Disadvantage and either Slight advantage or Disadvantage.

A tally of the evaluation above notes that the new boutique will likely have a slight disadvantage with the commercial market. The scores for the boutique hotel totaled to 175 points of a possible 200 therefore yielding an 87.5% score. This exercise was conducted for all market segments. Ultimately, the qualitative and quantitative analyses were combined to forecast penetration for the new hotel. As illustrated below the hotel market leaders for each segment were identified, their penetration rate calculated from the current data. For example, as illustrated below in Figure 6, Market Comparison, the Hilton, identified as the leader

Figure 6

Market Comparison

Compare to Market Leaders						
	Hilton New Bern		Comfort Suites		BB Hurricane	
FAIR SHARE OF SUPPLY	21.137%		12.361%		0.865%	
	-	Qual	-	Qual	-	Qual
				87.5%		
COMMERCIAL DEMAND	59,778		59,778		59,778	
PENETRATION	129.7%		138.3%	121.0%	103.9%	
DEMAND CAPTURED	16,384		10,220		597	
FAIR SHARE	12,635		7,389		517	
		90.0%				
GOVT DEMAND	41,825		41,825		41,825	
PENETRATION	132.4%	119.1%	98.8%		49.4%	
DEMAND CAPTURED	11,703		5,110		179	
FAIR SHARE	8,841	= 132.4% * 90%	5,170		362	
						115%
TOURIST DEMAND	76,071		76,071		76,071	
PENETRATION	87.3%		67.9%		122.3%	140.7%
DEMAND CAPTURED	14,043		6,388		805	
FAIR SHARE	16,079		9,403		658	
				82.5%		
GROUP DEMAND	21,338		21,338		21,338	
PENETRATION	103.8%		145.3%	119.9%	144.9%	
DEMAND CAPTURED	4,681		3,833		268	
FAIR SHARE	4,510		2,638		185	

Figure 7

Forecasted Hotel Occupancy

NEW BERN	2010	2011	2012	2013	2014
PROJECTED HOTEL OCCUPANCY	67.2%	72.6%	77.8%	80.7%	82.2%
DESTINATION					
PROJECTED HOTEL OCCUPANCY	52.0%	53.5%	54.8%	55.9%	57.3%

in the government segment had a penetration rate in the government sector of 132.4%. On the qualitative assessment the Hilton scored 90%. Researchers combined these two factors by multiplying the 132.4 x 90% and calculated a potential penetration of approximately 119%.

Figure 7, Forecasted Hotel Occupancy, illustrates the forecasted occupancy rates for the boutique hotel in each competitive set for the first five years of operation. The destination market forecast is lower due to more targeted competition in this market.

Average Daily Rate

To determine an average daily rate for the new boutique hotel, it was important to look into what competitors were charging per segment in the local market economy and leading destination locations. Average daily rate analysis indicated that local, New Bern location figures provide slightly greater total revenue. Further research on ADR indicated the percentage of customers within each segment willing to pay rack rates versus discounted prices. In the commercial segment estimates are that, 55% will be willing to pay the rack rate and 45% will pay discounted prices. In the group segment estimates are that 40% will pay rack rates and 60% at a discount. In the government segment, forecasts indicate that 90% would pay rack rate and only 10% would be discounted. Finally, tourists are estimated to have 70% pay rack rate and 30% will be given a discounted rate. Forecasted ADR for the local market

Figure 8

Revenues

REVENUES	AMOUNT	RATIO
ROOMS	\$ 3,056,244.16	65.7%
FOOD	\$ 752,478.57	16.2%
BEVERAGE	\$ 322,490.82	6.9%
OTHER F&B	\$ 325,000.00	7.0%
SPA	\$ 89,318.00	1.9%
TELECOMMUNICATIONS	\$ 22,484.74	0.5%
RENTALS AND OTHER INCOME	\$ 86,997.05	1.9%
TOTAL REVENUES	\$ 4,655,013.35	100.0%

Figure 9

Departmental Expenses

DEPARTMENTAL EXPENSES	AMOUNT	RATIO
ROOMS	\$ 797,472.95	26.1%
FOOD AND BEVERAGE	\$ 914,729.84	65.3%
SPA	\$ 11,120.09	12.5%
TELECOMMUNICATIONS	\$ 32,151.08	143.0%
RENTALS AND OTHER INCOME	\$ 149,618.11	172.0%
TOTAL DEPARTMENTAL EXPENSES	\$ 1,905,092.08	40.9%

was \$145.44 and for the destination market is forecast to be \$141.92. These figures were forecasted using current dollars and the forecasted demand figures previously calculated. Finally, researchers offered a forecast of operating results for a representative year, in this case the third year of operation for the boutique hotel.

Estimated Results: Local segment

Based on the previous discussed research and analysis, researcher estimated operating results for a representative year for both New Bern and the destination segment. Room revenue is based on 74 rooms available, the 77.8% projected hotel occupancy and an ADR of \$145.44. Food and beverage revenues are estimated based on rooms occupied. Mandelbaum and Lerner (2008) citing a Pannell Ken Forester (PKF) study (2008) state the revenue per available room for the spa department is \$1,207. To estimate telecommunications and rentals and other income revenues, the 2009 Smith Travel Research (STR) Host Study was used. Since revenues are often associated with variable costs, amounts per occupied room (POR) were utilized for full service hotels. Rate/price segment comparable were used because they reflected the uniqueness of the hotel better than geographic region, size, or location comparable figures. The new hotel's forecasted average daily rate qualifies it as an upscale property under the price

Figure 10

Undistributed Expenses

UNDISTRIBUTED OPERATING EXPENSES	AMOUNT	RATIO
ADMINISTRATIVE AND GENERAL	\$287,490.00	6.2%
MANAGEMENT FEE	\$162,922.00	3.5%
MARKETING	\$185,000.00	4.0%
PROPERTY OPERATION & MAINTENANCE	\$151,330.00	3.3%
ENERGY	\$141,562.00	3.0%
TOTAL UNDISTRIBUTED OPERATING EXPENSES	\$928,304.00	19.9%

Figure 11

Fixed Charges

FIXED CHARGES	AMOUNT	RATIO
REAL ESTATE AND PROPERTY TAXES	\$81,548.00	1.8%
BUILDING AND CONTENTS INSURANCE	\$60,000.00	1.3%
<i>TOTAL FIXED CHARGES</i>	<i>\$141,548.00</i>	<i>3.0%</i>
<i>INCOME BEFORE RESERVE</i>	<i>\$1,680,069.26</i>	<i>36.1%</i>
RESERVE FOR REPLACEMENT	\$139,650.40	3.0%

category. Figures 8-13 illustrate forecasted revenues and expenses for the new boutique hotel for both New Bern and destination segments.

Since departmental expenses are usually associated with variable costs, the upscale classification of price category for full service hotels as dollars (POR) was used. These figures were used to calculate the

expenses for the rooms, food and beverage, telecommunications, and rentals and other income departments. To calculate the expenses for the spa department, PKF's guideline of 12.5% of spa revenue was used.

Undistributed operating expenses are typically fixed costs therefore amounts per available room (PAR) from the STR Host Study were utilized to calculate these figures. The STR size category, "under a 150 rooms" was utilized as it best represents the scope of the subject hotel. Estimations reflect the administration and general, marketing, utility, and property and maintenance expenses for average hotels that have fewer than 150 rooms. The management fee was determined using the client's figures.

The fixed cost estimations include taxes and insurance figures. The figures used were given by the client. Both undistributed and fixed cost estimated operating results were calculated upon a per available room scale. For the reserve for replacement, 3% of total revenues were allocated.

Figure 12

Local Revenues/Expenses

LOCAL REVENUES	AMOUNT	RATIO
ROOMS	\$3,056,244.16	65.7%
FOOD	\$752,478.57	16.2%
BEVERAGE	\$322,490.82	6.9%
OTHER F&B	\$325,000.00	7.0%
SPA	\$89,318.00	1.9%
TELECOMMUNICATIONS	\$22,484.74	0.5%
RENTALS AND OTHER INCOME	\$86,997.05	1.9%
<i>TOTAL REVENUES</i>	<i>\$4,655,013.35</i>	<i>100.0%</i>
DEPARTMENTAL EXPENSES		
ROOMS	\$797,472.95	26.1%
FOOD AND BEVERAGE	\$914,729.84	65.3%
SPA	\$11,120.09	12.5%
TELECOMMUNICATIONS	\$32,151.08	143.0%
RENTALS AND OTHER INCOME	\$149,618.11	172.0%
<i>TOTAL DEPARTMENTAL EXPENSES</i>	<i>\$1,905,092.08</i>	<i>40.9%</i>
<i>TOTAL OPERATED DEPARTMENTAL INCOME</i>	<i>\$2,749,921.26</i>	<i>59.1%</i>
UNDISTRIBUTED OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL	\$287,490.00	6.2%
MANAGEMENT FEE	\$162,922.00	3.5%
MARKETING	\$185,000.00	4.0%
PROPERTY OPERATION & MAINTENANCE	\$151,330.00	3.3%
ENERGY	\$141,562.00	3.0%
<i>TOTAL UNDISTRIBUTED OPERATING EXPENSES</i>	<i>\$928,304.00</i>	<i>19.9%</i>
<i>INCOME BEFORE FIXED CHARGES</i>	<i>\$1,821,617.26</i>	<i>39.1%</i>
FIXED CHARGES		
REAL ESTATE AND PROPERTY TAXES	\$81,548.00	1.8%
BUILDING AND CONTENTS INSURANCE	\$60,000.00	1.3%
<i>TOTAL FIXED CHARGES</i>	<i>\$141,548.00</i>	<i>3.0%</i>
<i>INCOME BEFORE RESERVE</i>	<i>\$1,680,069.26</i>	<i>36.1%</i>
RESERVE FOR REPLACEMENT	\$139,650.40	3.0%
<i>INCOME BEFORE OTHER FIXED CHARGES</i>	<i>\$1,540,418.86</i>	<i>33.1%</i>

Destination Segment

The destination market was calculated in a very similar fashion as the local market. Departmental expenses for the destination segment utilized the South Atlantic geographic region per occupied room figures to determine the remaining variable cost(s) that the hotel would incur in involving expenses for the rooms, food and beverage, telecommunications, rentals and all other departmental information. Below are the total estimated operating results tables for both the local and destination market segments.

Summary

Researchers provided a report which included all the quantitative forecasts. The developers see the opportunity for this development as great. The question becomes one of financing and incentives available from the community to make the project work. The preliminary study

described above sees a forecasted profit under both scenarios. The developer's project activity status includes:

- Several years into the development process.
- Working with the City of New Bern Historic Preservation Commission for Certificate of Appropriateness and departmental reviews.
- Working with NC State Historic Preservation Office & National Park Service for state and federal tax credits.
- Working with US Green Building Council for LEED Certification.
- Working with NC State Energy Office for Renewable Energy tax credits and grants, and
- Researching other tax credit or grant opportunities (Blyth, 2010).

However, many view the renovation and development of the hotel is a long way off. The developer, an entrepreneur, is ready to start but the city and potential investors still have doubts. Further input

Figure 13

Destination Revenues / Expenses

DESTINATION REVENUES	AMOUNT	RATIO	
ROOMS	\$2,196,457.52	62.7%	
FOOD	\$544,438.57	15.5%	
BEVERAGE	\$237,616.53	6.8%	
OTHER F&B	\$325,000.00	9.3%	
SPA	\$89,318.00	2.5%	
TELECOMMUNICATIONS	\$27,858.11	0.8%	
RENTALS AND OTHER INCOME	\$82,955.27	2.4%	
TOTAL REVENUES	\$3,503,644.01	100.0%	
DEPARTMENTAL EXPENSES			
ROOMS	\$586,258.53	26.7%	
FOOD AND BEVERAGE	\$822,433.43	74.3%	
SPA	\$11,164.75	12.5%	
TELEPHONE	\$28,786.72	103.3%	
RENTALS AND OTHER INCOME	\$135,576.15	163.4%	
TOTAL DEPARTMENTAL EXPENSES	\$1,584,219.59	45.2%	
TOTAL OPERATED DEPARTMENTAL INCOME	\$1,919,424.42	54.8%	
UNDISTRIBUTED OPERATING EXPENSES			
ADMINISTRATIVE AND GENERAL	\$393,310.00	11.2%	
MANAGEMENT FEE	\$162,922.00	4.7%	
MARKETING	\$309,838.00	8.8%	
PROPERTY OPERATION & MAINTENANCE	\$209,494.00	6.0%	
ENERGY	\$193,140.00	5.5%	
TOTAL UNDISTRIBUTED OPERATING EXPENSES	\$1,268,704.00	36.2%	
INCOME BEFORE FIXED CHARGES	\$650,720.42	18.6%	
FIXED CHARGES			
REAL ESTATE AND PROPERTY TAXES	\$81,548.00	2.3%	
BUILDING AND CONTENTS INSURANCE	\$60,000.00	1.7%	
TOTAL FIXED CHARGES	\$141,548.00	4.0%	
INCOME BEFORE RESERVE	\$509,172.42	14.5%	
RESERVE FOR REPLACEMENT	\$105,109.32	3.0%	
INCOME BEFORE OTHER FIXED CHARGES	\$404,063.10	11.5%	

(recommendations) may be required from consultants and or other lodging professionals to make a final decision to support the project or not. The stakeholders ponder the project's viability and would like some additional analysis and input.

References

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