
Market Study

for a proposed

Hotel & Convention Center

Hutchinson, Kansas

Visit Hutch

April 2019

HREC[®]

Hospitality Real Estate CounselorsSM
Memphis, Tennessee



Hospitality Real Estate Counselors SM
Memphis, Tennessee

April 26, 2019

Debra Teufel
President/CEO
Visit Hutch
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Hutchinson, Kansas 67504
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office: 620.662.3391

Dear Ms. Teufel:

Enclosed is the market study for a Hotel and Convention Center (the "Hotel") proposed for development in Hutchinson, Kansas.

The objective of this study is to determine the market support for of the proposed Hotel/Convention Center. The research and these projections are based on certain assumptions and the interpretation of evolving events, which is inherently subject to uncertainty. Some assumptions and estimates will inevitably be inaccurate and unanticipated events may occur. Therefore, the actual results achieved during the forecast period may vary from these projections and the variations could be material.

There were no attempts to ascertain legal, ADA, regulatory, zoning, permit, license, signage or other development and related approvals. Existing and pending legislative or ecological matters were not considered. The author and HosplInvest, LLC, d/b/a HREC – Hospitality Real Estate Counselors will not be liable for errors in judgment, negligence or other fault in connection with this study except for acts of gross negligence, willful malfeasance and fraud. Key assumptions to these projections include the presence of a high level of expertise in the development and ongoing management of the proposed Hotel.

This report is intended for your use in support of franchise, development and funding considerations. Neither the report nor its contents may be included or quoted in any other document or be used in a bond, public or other offering/prospectus without prior written consent. Also, certain data and information collected for this study and presented in this report is confidential and not intended for public dissemination or disclosure to unrelated parties.

Sincerely,

HREC - Hospitality Real Estate Counselors

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Executive Summary

A 120-room Courtyard by Marriott, Hilton Garden Inn, or similar product is proposed for development in Hutchinson, Kansas. The subject facility is planned to include food and beverage service, business center, fitness center, possible indoor pool, and recommended shuttle to surrounding support services and demand generators. The facility is also planned to be adjacent, or connected to, a large complement of meeting space serving as a convention center; and, work in a partnership with this venue for conventions, meetings, and various social events. The proposed Hotel and Convention Center is projected to establish a premium competitive position and market distinction as the newest and most upscale property in the Hutchinson market. The projected performance of the proposed Hotel and Convention Center is presented in the following table.

PROJECTED PERFORMANCE			
PROPOSED HOTEL & CONVENTION CENTER			
HUTCHINSON, KANSAS			
		Average Rate	
Year	Occupancy	2018 Dollars	Inflated*
2022	62%	\$120	\$132
2023	64%	\$120	\$136
2024	66%	\$120	\$139
2025	70%	\$120	\$143
2026	72%	\$120	\$146

**Inflated at 2.5 percent annually*

Source: HREC – Hospitality Real Estate Counselors

The proposed Hotel and Convention Center would be the only Courtyard or Hilton Garden Inn lodging property of this type and scope in the Hutchinson market area. The Hotel and Convention Center is projected to establish a clearly superior competitive niche and be supported by the anticipated growth of convention demand; a nationally recognized brand affiliation; a competitive price position; general convenience to area corporate and leisure demand generators; proximity to support services; and, an easily accessible location within Hutchinson. A discussion of the proposed facility, subject site, area, national lodging market conditions, demand considerations, and the projected performance of the subject Hotel and Convention Center appears in the following sections of this report.

Proposed Facilities

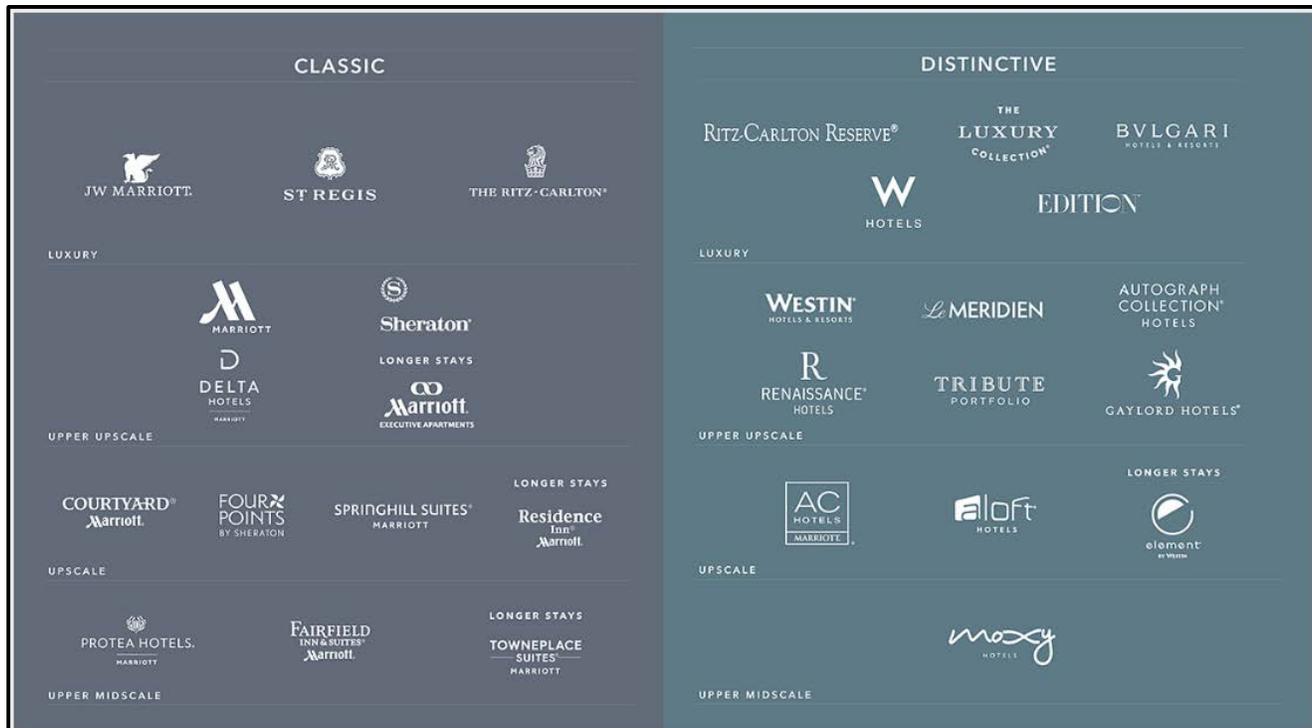
A 120-room Courtyard by Marriott, Hilton Garden Inn, or similar product is proposed for development in Hutchinson, Kansas. The Hotel and Convention Center is planned to include all standard guest amenities and services prototypical for the brand, along with a possible indoor pool, and a recommended shuttle to surrounding support services and demand generators.

Marriott International

In September 2016, Marriott International completed the acquisition of Starwood Hotels & Resorts Worldwide. The combined company is the world's largest hotel company with an estimated 1.1 million rooms in more than 6,000 hotels, spanning the globe in over 110 countries with 30 leading hotel brands. The transaction offers substantial economies of scale. Marriott now offers the most comprehensive portfolio of brands including leading lifestyle brands, a significant global footprint, and leadership in the luxury and select-service tiers as well as the convention and resort segment. There are presently an estimated 420,000 rooms in the global development pipeline.

Courtyard by Marriott is part of the Marriott family, which includes a multi-tier portfolio of 30 brands: Luxury (Bulgari Hotels & Resorts®, The Ritz-Carlton®, JW Marriott®, St. Regis, W Hotels, The Luxury Collection, EDITION); Premium (Marriott Hotels, Sheraton, Westin, Delta Hotels by Marriott, Marriott Executive Apartments, Marriott Vacation Club, Renaissance Hotels, Le Meridien, Autograph Collection Hotels, Gaylord Hotels, Tribute Portfolio, Design Hotels); and, Select (Courtyard by Marriott, Residence by Marriott, Fairfield Inn & Suites by Marriott, SpringHill Suites by Marriott, Four Points by Sheraton, TownePlace Suites by Marriott, Aloft Hotels, AC Hotels by Marriott, Protea Hotels by Marriott, Element Hotels, Moxy Hotels).

The following diagram further illustrates representation of the Marriott family of brands.



As a member of the Marriott family of hotels, Courtyard will have access to the numerous benefits and services offered including on-line distribution channels and the frequent traveler rewards program. Guests staying at any Marriott property can participate in the Marriott Rewards program. This program offers members points toward both free vacations and free airline travel. Members earn points for each dollar that is spent in any of the over 6,000 Marriott properties worldwide. Other benefits for Marriott Rewards members are priority check-in, room guarantee, a monthly newsletter, room discounts and other select member services. Members can redeem points online for merchandise and other vacation discounts. Marriott Rewards is one of the industry’s largest multi-brand frequent guest reward programs. Marriott effectively markets leisure stays, new hotels and business and social events through this system. There are an estimated 110 million Marriott Rewards program participants and the program is consistently rated among the best in the industry. Global strategic alliances offer cross-promotional packages and database marketing programs (at little or no cost to Marriott) including partnerships with 41 airlines, financial service companies, such as American Express and VISA, and consumer brands including AT&T and Hertz. In September 2016, Marriott announced that they will match membership status across Marriott Rewards, which now includes Starwood Preferred Guest. This will allow members to transfer points between the programs for travel and exclusive experiences when they link their accounts.

Marriott.com is one of the leading Internet lodging sites in the country. The additional online distribution channels include partnerships with Travelocity, Expedia and Orbitz, plus many smaller online agencies. The company maintains a long-term relationship with Priceline.com and strategic relationships with Site59.com and the Neat Group, as well as the Travel Group. Marriott.com also has a partnership with TravelCLICK for discounts on media placements and report products for individual hotels.

Courtyard by Marriott Brand

Courtyard by Marriott is one of the company's select-service lodging segment brands. Founded in the early 1980s, the brand, as of year-end 2017, has over 1,100 properties operating worldwide. The typical Courtyard by Marriott prototype is a four-story, 120-room property. Comparable system-wide North American properties in 2017 achieved a 73.3 percent occupancy, an average rate of \$139.45, and RevPAR of \$102.15.



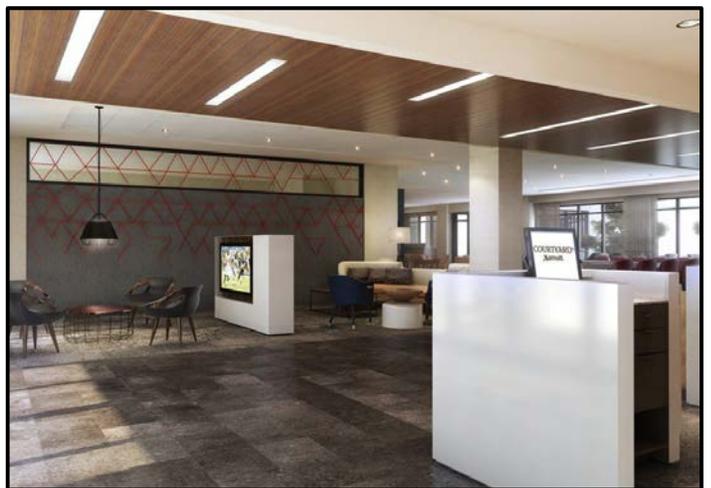
The Courtyard by Marriott features a newly designed lobby, which focuses on an elevated evening experience with special seating options to work and relax. The Bistro provides fresh, seasonal menu items for breakfast and dinner, as well as signature craft cocktails. As an extension of the lobby, the Bistro Terrace features a community fire pit and outdoor seating area. The new GoBroad touch screen pushes brand and hotel content to guests and provides access to curated local recommendations. The 24/7 Market offers “grab and go” options, which also creates additional revenue opportunities. The redesigned fitness center provides 1,000 square feet of space for cardio, stretching, and strength activities.

The smartly designed guest rooms feature a luggage drop, tech drop to charge and store your electronics, a hospitality cabinet, and movable workspace and outlets.

Additional guest room features include the following:

- Luxurious bedding with thick mattresses and cotton-rich linens;
- King-size beds in most rooms;
- Spacious guest rooms and suites with workspace and separate seating areas;
- A large work desk with no-glare lighting, outlets and an ergonomic chair;
- Phones with data port and voice mail;
- Large flat screen TV;
- In-room refrigerator and microwave;
- Walk-in showers in the bathrooms;
- Complimentary high-speed Internet access;
- Complimentary in-room coffee and tea;
- Iron and ironing board; and,
- Hair dryer.

Photographs of the current prototypical Courtyard design scheme follow.



Hilton Worldwide

Hilton Worldwide is headquartered in Tysons Corner, Virginia. As of December 2018, its portfolio includes more than 5,600 properties (including timeshare properties) with over 913,000 rooms in 113 countries and territories.

An additional 364,000 hotel rooms are in the development pipeline - one of the largest offerings in company history. Hilton Worldwide has 15 brands across different market segments including different scales and hotel classes.

Hilton Garden Inn is one of 15 brands of Hilton Worldwide. Other Hilton brands include: Conrad Hotels & Resorts, Canopy by Hilton, Curio - A Collection by Hilton, Hilton Hotels & Resorts, DoubleTree by Hilton, Embassy Suites Hotels, Hampton by Hilton, Homewood Suites by Hilton, Home2 Suites by Hilton, Hilton Grand Vacations, Waldorf Astoria Hotels & Resorts, Tru by Hilton, Tapestry Collection by Hilton, and Motto by Hilton.

The Hilton Garden Inn brand is supported by the Hilton infrastructure and distribution system which includes the Hilton Worldwide Reservation System and the Hilton HHonors™ rewards program designed for frequent business travelers who stay at any of the Hilton brand hotels. Hilton HHonors™ offers members the ability to earn both points and airline miles for their stays at Hilton properties worldwide. Gold and diamond members get complimentary room upgrades, Wi-Fi, bottled water, and breakfast at some properties. Hilton HHonors™ reportedly has over 57 million members and over 200 strategic partners.

The Hilton Garden Inn Brand

Hilton Garden Inn is an award-winning, mid-priced brand which provides guests such amenities as complimentary cable and Wi-Fi Internet access in all guest rooms, PrintSpot™ mobile printing, complimentary round-the-clock business center services, innovative Garden Sleep System™ beds and ergonomic Mirra® chairs designed by Herman Miller.



Prototypical Design Only

The Hilton Garden Inn brand is designed to appeal to the individual business traveler and weekend family segment in the upper tier of the mid-priced market. Hilton Garden Inns range in size from 80 to 365 guest rooms and are generally new construction. It is one of the fastest growing brands in the Hilton family. As of December 2016, there are more than 700 properties worldwide. The first Hilton

Garden Inn was opened in China in 2013 and was the fifth brand introduced to that market by Hilton Worldwide.

Hilton Garden Inns offer a full range of food and beverage facilities including a restaurant, bar and room service or, an alternate prototypical version that has more limited food and beverage facilities. This latter version is applicable in markets where there are numerous restaurant and bar options available in the immediate area. In either design, there are fewer square feet of food and beverage facilities than in a typical full-service property such as a Hilton or DoubleTree Hotel. A full cooked-to-order breakfast is available for purchase at all properties.



The brand finished the full year of 2018 with an occupancy of 75.5 percent at a \$133 average room rate; 2014 performance noted an occupancy of 75.3 percent with an average rate of \$131.

The Hilton Garden Inn brand benefits from a strong reservation system and reward program. The reservation system and Hilton HHonors™ reward program are key attributes of the brand. Other important components include the following:

- *The Pavilion* - Acting as the principal reception/lobby area that includes a restaurant, lounge, guest check-in, fireplace, outdoor patio, soft seating, cocktail tables and chairs, the Pavilion is the architectural signature item for Hilton Garden Inn. The Pavilion reflects the overall appearance of Hilton Garden Inn in the marketplace and invites guests to relax and unwind after a busy workday.

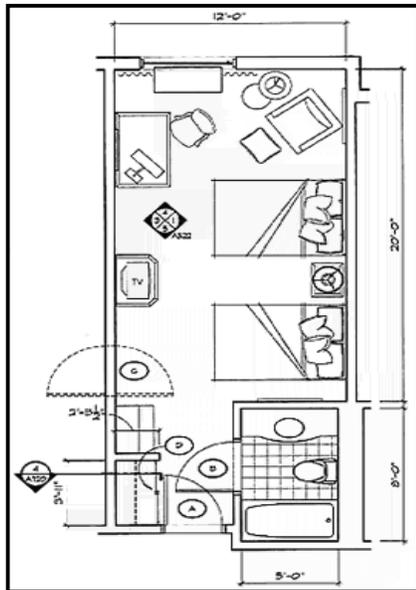


- *The Pavilion Pantry* - The retail market includes a selection of microwaveable packaged, refrigerated and frozen food items and an assortment of beverages, snacks, and sundries.
- *24-Hour Business Center* - Office equipment including an IBM-compatible personal computer, photocopy and fax machines, and printing capabilities are available to guests without charge.

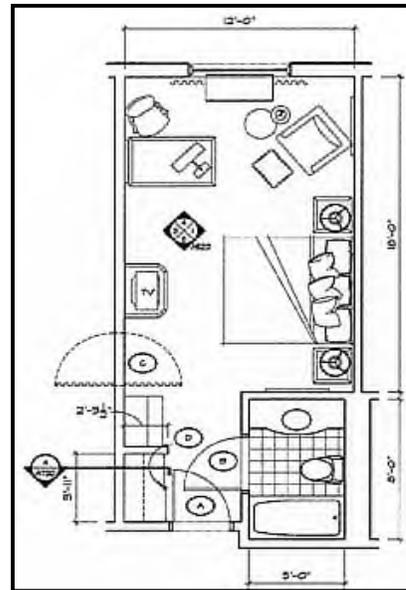
- *Fitness Center* - Each property is equipped with state-of-the-art aerobic and weightlifting equipment available to guests 24-hours a day. The hotels also offer a Stay Fit Kit® which combines a Pilates and yoga workout for use in the guest bedrooms.

Guest Rooms

Guest rooms are furnished as either queen-queen or king with adjustable Garden Sleep Systems, white duvets, crisp linens and a choice of hypoallergenic pillows. The nightstand, entertainment and hospitality center provide a more distinct residential feel while the matching work desk adds an element of business functionality. Complimentary Wi-Fi is available and the room is equipped with an Ergonomic Mirra desk chair by Herman Miller with 11 adjustable points to ensure comfort. An alarm clock with MP3 connectivity is provided.



**Prototypical
Queen/Queen**



Prototypical King

Guest Satisfaction Ratings

The 2018 J.D. Power & Associates North America Hotel Guest Satisfaction Index Study finds that guests experiencing problems during their stay is a highly important factor in their level of reported satisfaction.

Key findings include that nearly 80 percent of guests who experience a satisfactory stay will “definitely” recommend the [respective] brand to a friend. A recent survey of the overall satisfaction rating of

upscale segment brands appears in the following table.

UPSCALE SEGMENT	
OVERALL SATISFACTION INDEX	
(Based on a 1,000-point scale)	
Hilton Garden Inn	867
Hyatt Place	861
Courtyard	858
SpringHill Suites	858
DoubleTree	852
Upscale Average	852
Crowne Plaza	831
Aloft	827
Four Points by Sheraton	825
Radisson	821

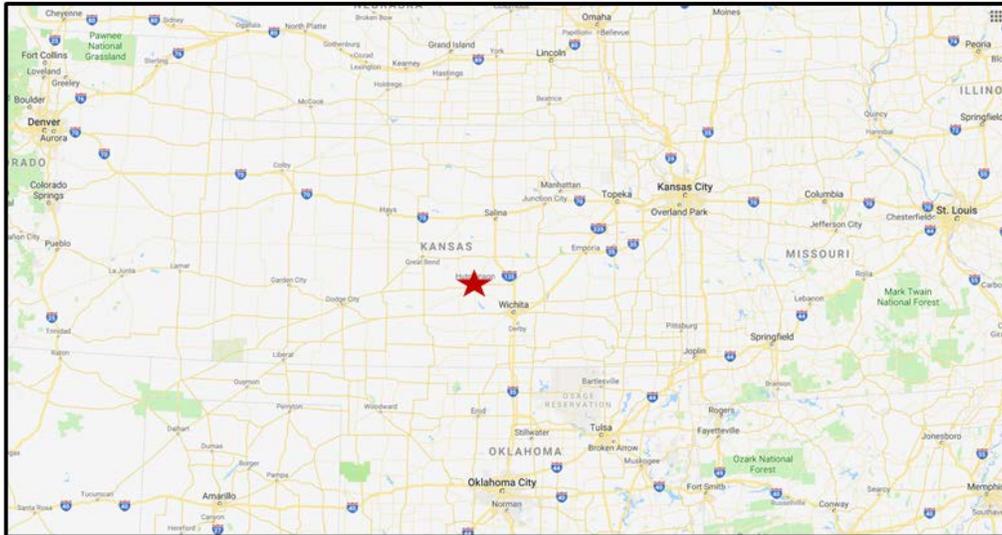
Source: J.D. Power & Associates

2018 North America Hotel Guest Satisfaction Index Study

The Courtyard brand scored above average for the upscale segment brands. The Hilton Garden Inn brand scored highest in the upscale segment.

Conclusion

The proposed Hotel and Convention Center, with either brand option, is projected to offer a mix of modern high-quality facilities with a very competitive complement of amenities, services and features and an excellent brand affiliation. Both the Courtyard and Hilton Garden Inn prototype are considered very effective and competitive lodging products. This product profile is projected to support the achievement of a market penetration premium level within the subject market area. Features such as fitness facilities, business center, high-speed Internet access, all interior- corridors, a nationally recognized brand affiliation, limited food and beverage service, a possible indoor pool, and a recommended area shuttle are all projected to favorably differentiate this product.

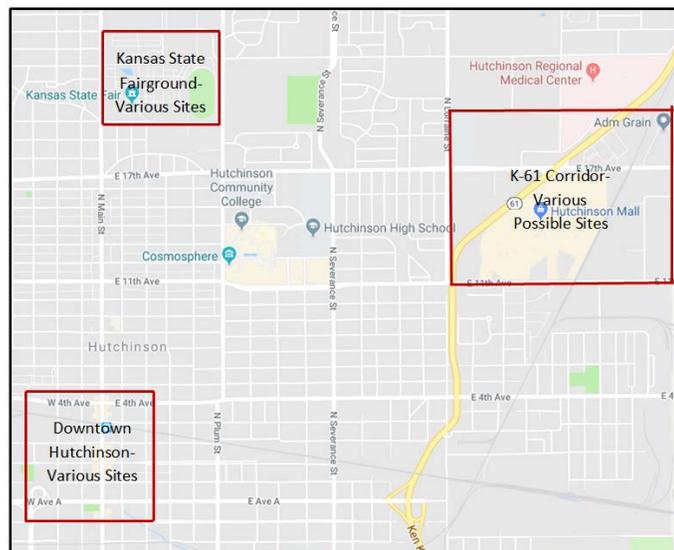


Site and Location Analysis

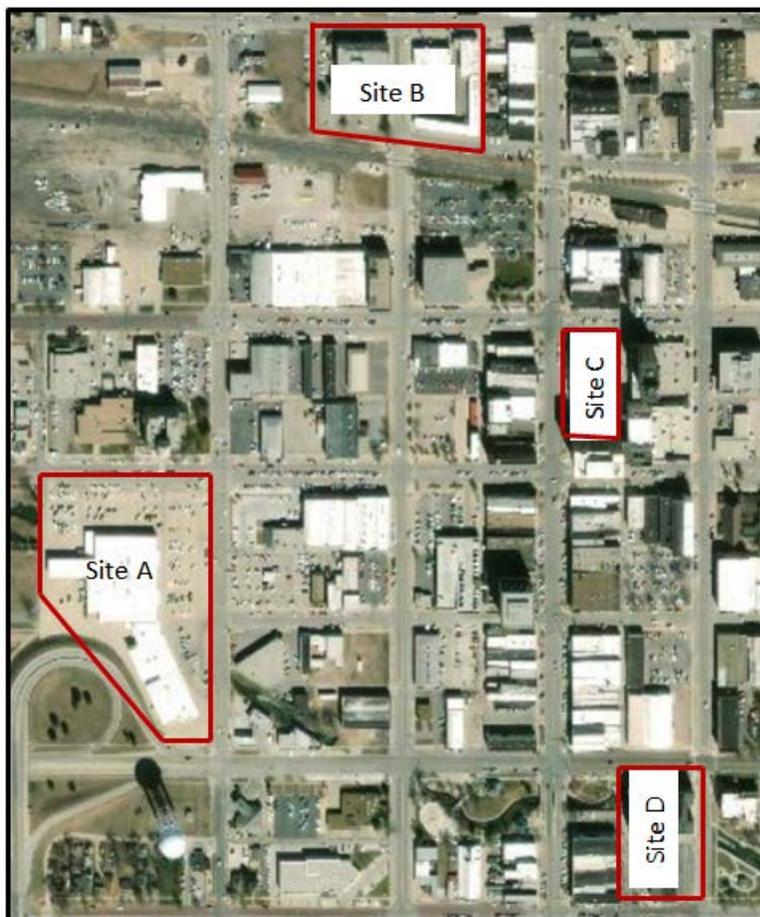
Location

The site of the proposed Hotel and Convention Center is in Hutchinson in Reno County Kansas. Hutchinson is the largest city and county seat of Reno County. Hutchinson is within a day’s drive of several larger cities in the region. Denver and St. Louis are just over seven hours away; Omaha is five hours north; and, Oklahoma City and Kansas City are three and a half hours away. Wichita is located approximately one hour southeast of Hutchinson. Given its central location within the state of Kansas, Hutchinson is within a three and a half hour drive from nearly anywhere in the state.

There are currently three areas within Hutchinson under consideration for the site of the proposed Hotel and Convention Center. There are four sites under consideration in downtown Hutchinson, several site options at the Kansas State Fairgrounds, various possible options located within the K-61 corridor.



The **downtown** sites are all within one mile of each other and include Sears Plaza at 15 N Adams Street (Site A); two buildings at Washington Street and W 4th Avenue (Site B); a site adjacent to the historic Fox Theater at 17 E 2nd Avenue (Site C); and, Memorial Hall at 101 S Walnut Street (Site D). All four sites have the potential for a hotel and complement of adjacent function space. Presented below are the four downtown sites relevant to each other.



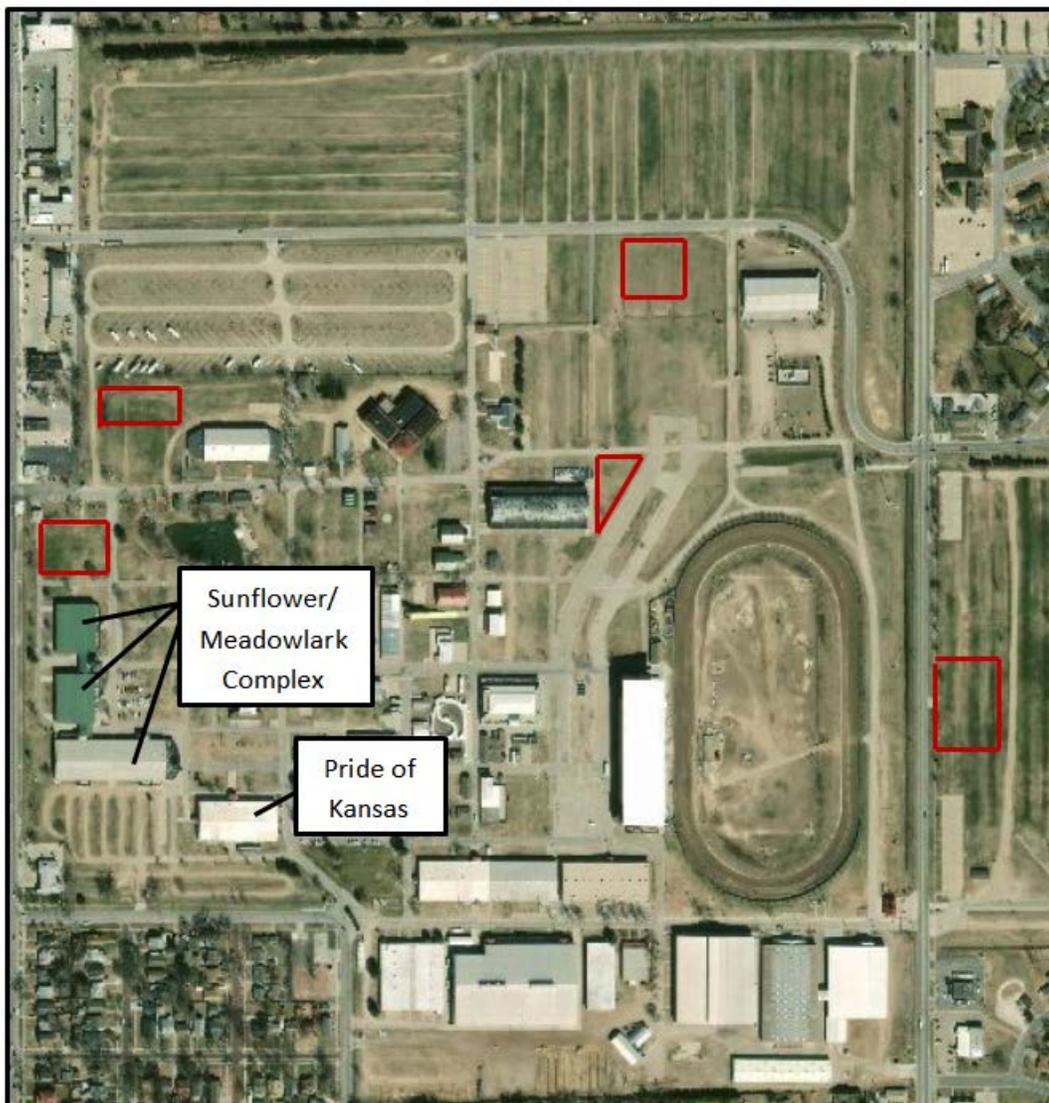
Site A, located at 15 N Adams Street, consists of two large parcels with ample square footage and parking to allow for a hotel and convention center. However, some teardown and reconstruction is anticipated.

Site B, located at Washington Street and W 4th Avenue, also consists of two buildings with adequate space for a hotel and convention center, although the two buildings are separated by N Washington Street; and, do not currently offer enough parking to support a convention center. It is anticipated that the existing structures on Site B that would have to be razed and rebuilt.

Site C, located at 17 E 2nd Avenue, is a 12-story building originally built as a convention hotel in 1958, although it was not utilized this way. This site could use the adjacent Fox Theater's underutilized floors as function space. In order to do this, it is anticipated that there would need to be walkways constructed for access from the theater to the Hotel. There is also currently not parking available at this site.

Site D, located at 101 S Walnut Street, consists of two buildings with space for a hotel and convention center. Memorial Hall currently offers rentals of its facilities and could be used as function space. It is anticipated that the other building at this site would have to be torn down and rebuilt. This site is proximate to current city parking lots, and has adjacent buildings that could potentially be acquired for additional parking.

There are currently five sites indicated within the **Kansas State Fairgrounds**. The fairgrounds currently have several venues available for rentals. Some of the larger buildings are the Sunflower/Meadowlark Complex and the Pride of Kansas building. Presented below are the various sites relevant to the Sunflower/Meadowlark Complex and Pride of Kansas building.

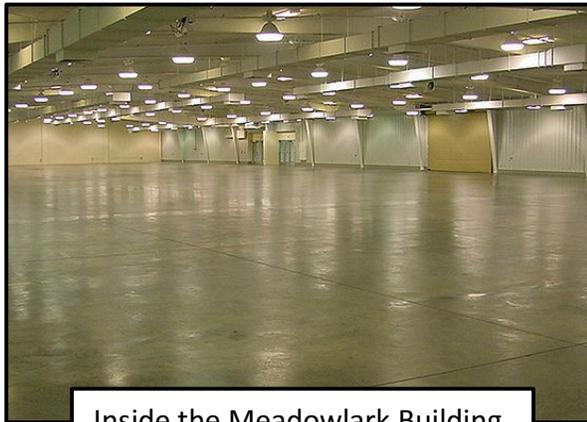


The Meadowlark building is connected to the Sunflower Complex and offers over 40,000 square feet of clear span exhibit space. It was renovated in 2003, has concrete floors, and overhead doors at both the north and south side. The Sunflower Complex consists of two buildings offering 18,000 square feet of clear span exhibit space a piece. These buildings are connected to each other and the Meadowlark

Building; forming the Meadowlark/Sunflower Complex. These buildings are not set up to offer breakout rooms within the large function space.

The Pride of Kansas Building is adjacent to the Meadowlark building and offers over 28,000 square feet of clear span exhibit space. The building is not equipped to offer breakout rooms within the exhibit space.

The fairgrounds offer ample parking for both a hotel and convention center. Presented below are pictures of the Meadowlark, Sunflower, and Pride of Kansas buildings.



Inside the Meadowlark Building



Inside one Sunflower Building



Inside Pride of Kansas Building

The **K-61 Corridor** is located on the eastern side of Hutchinson. This corridor is currently home to most of the existing lodging product in Hutchinson, along with several support services. There are various potential sites within the corridor. On the map below, two specific sites are indicated, although empty acreage throughout the corridor could potentially be developed.



The JCPenney at the Hutchinson Mall was recently closed, leaving a large vacant box on the southern end of the complex. This box is 50,000 square feet and is available as conversion to convention space. The proposed site of the hotel would be adjacent to the closed JCPenney. It is anticipated that the proposed Hotel would be connected to the convention space. There is ample parking in the existing lot to support both a hotel and convention center. Below is a map of the mall indicating the proposed Hotel site (shaded area) and identifying the area anticipated to be used as a convention center (former JCPenney).



There is acreage available directly behind the existing Buffalo Wild Wings. This BWW site sites in the northwest quadrant of K-61 and E 17th Avenue. The parcel is also bordered to the north by E 20th

Avenue, and the Hutchinson Regional Medical Center. There are currently no existing structures on the site.

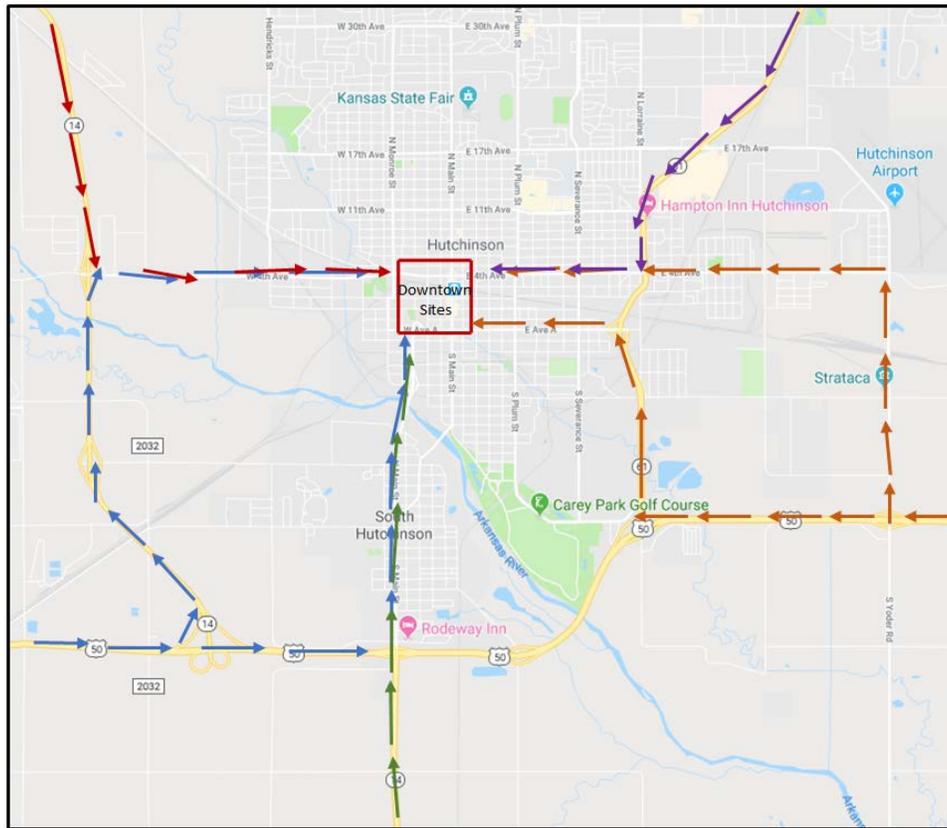
Access/Ingress/Egress

All potential sites within Hutchinson can be accessed by Kansas state highways K-96, K-14, and K-61; and, by U.S. Route 50. K-96 is a 300-mile-long state highway in central and southern Kansas. It begins at U.S. Route 54/U.S. Route 400 in eastern Wichita. It approaches Hutchinson from the south, where it joins with K-14. It then bypasses the city to the west and turns northwest, where it runs to the Colorado state line. K-96/K-14 also briefly join U.S. 50 and K-96 in South Hutchinson. From K-96/K-14, Main Street and W 4th Avenue can be accessed, which provide direct transportation into Hutchinson.

U.S. Route 50 is a major east–west route of the U.S. Highway system, stretching just over 3,000 miles from Sacramento, California, to Ocean City, Maryland. U.S. 50 intersects several major interstates along its route. In Kansas, U.S. Route 50 is a main east–west highway serving the southwest, central and northeastern parts of the state. Kansas City is the only metropolitan area the route serves in the state. It also serves Garden City, Dodge City, Hutchinson, Newton and Emporia. U.S. Route 50 runs just south of Hutchinson where it joins K-96/K-14 and K-61 for about two miles.

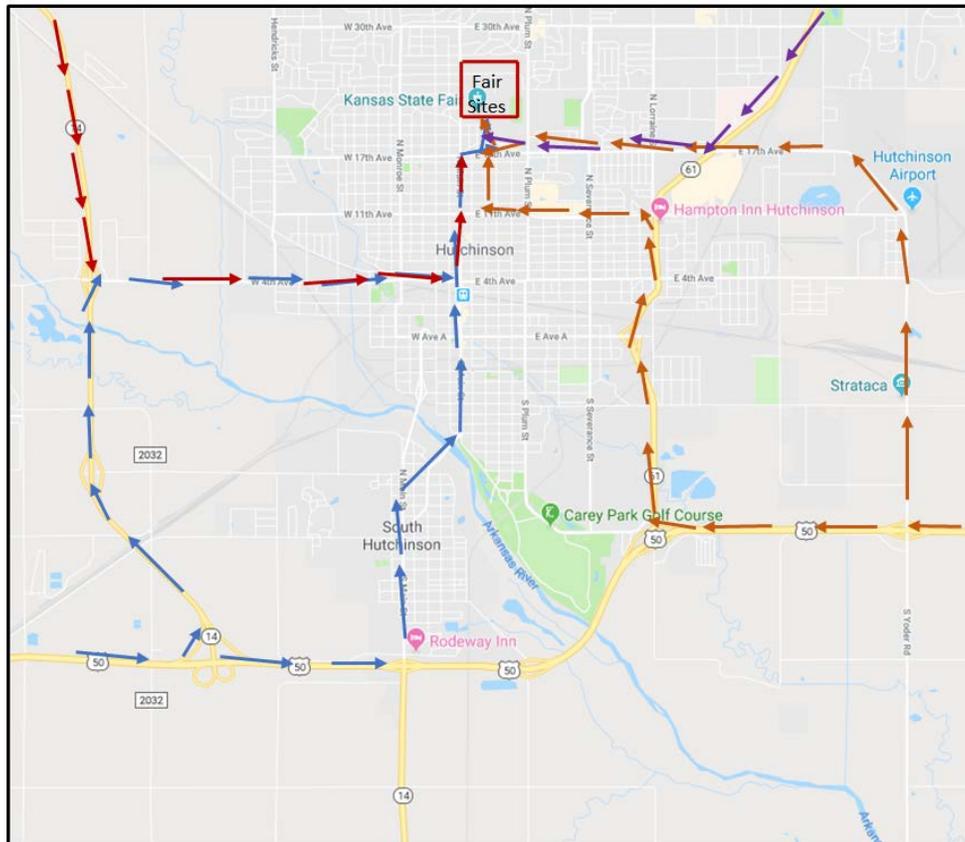
K-61 is signed as a north-south highway, and runs diagonally from southwest to northeast. It originates at U.S. Route 54 and U.S. Route 400 east of Pratt and ends south of McPherson at Interstate 135 and U.S. Route 81. It shares a short concurrency with K-14 and K-96 near South Hutchinson. After breaking to the northeast from U.S. Route 50, K-61 passes through the east side of Hutchinson (Where it is signed locally as the Ken Kennedy Freeway). Also after breaking away from U.S. Route 50, K-61 has controlled access interchanges at Avenue A in Hutchinson, 56th Avenue in Hutchinson, and 85th Avenue/Medora Road north of Hutchinson.

The four sites in **downtown** Hutchinson are all within a mile of one another. They will have similar access routes. Heading eastbound on U.S. Route 50, travelers can exit to Main Street and head north into downtown Hutchinson; or, travelers can exit north to K-14/K-96, then exit east to W 4th Avenue, which leads to downtown. Heading westbound on U.S. Route 50, travelers may exit north onto K-61, then turn westbound on E Avenue A, which leads to downtown Hutchinson; or, travelers may exit north onto Yoder Road, then turn westbound onto E 4th Avenue, leading to downtown. When heading south on K-61, travelers will exit onto westbound E 4th Avenue heading into downtown Hutchinson. When heading south on K-14/K-96, travelers will exit eastbound onto W 4th Avenue, leading into downtown Hutchinson. When traveling north on K-14/K-96, travelers will continue north onto Main Street at the junction with U.S. Route 50, heading into downtown Hutchinson. Below is a map of access routes to the downtown sites. Each direction is represented by different colored arrows.



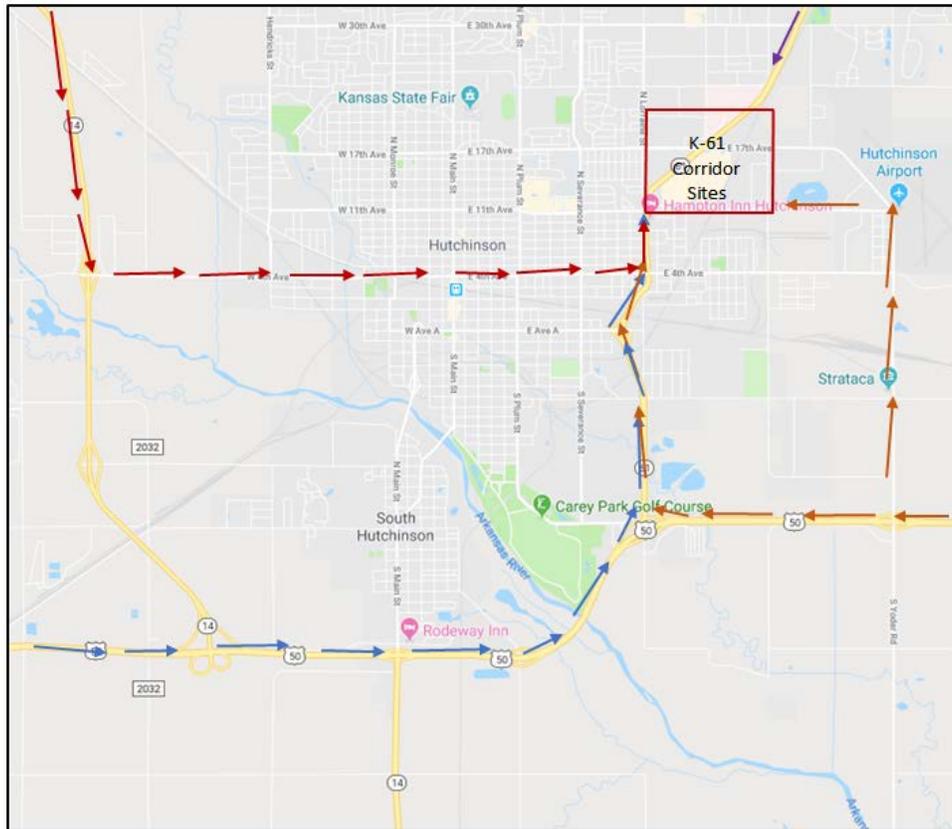
All four sites will have accessible ingress and egress. This may differ depending on future parking structures or lots. The sites are currently accessible from the following points: Site A from N Adams Street and W 1st Avenue; Site B from N Washington Avenue and W 4th Avenue; Site C from E 2nd Avenue and N Main Street; and, Site D from S Walnut Street, E Avenue B, and E Avenue A.

The **Kansas State Fairgrounds** is accessible from various entry points. The two main entrances are located off W Poplar Street to the south, and State Fair Road to the north. The W Poplar Street entrance is directly accessible from E 20th Avenue via N Main Street and N Plum Street. However, W Poplar Street runs the length from downtown Hutchinson to the Kansas State Fairgrounds, and can be accessed through a variety of routes. The entrance off State Fair Road is directly accessible via N Plum Street to the east and N Main Street to the west. From eastbound U.S. Route 50, travelers may exit north onto Main Street, then east onto E 17th Avenue, then north on N Poplar Street, taking them directly to the fairground entrance. Eastbound travelers can also exit north onto K-14/K-96, exit east onto W 4th Avenue, and access N Poplar Street via N Main Street and E 17th Avenue. From westbound U.S. Route 50, travelers may exit north on Yoder Road, travel west on E 17th Avenue, then north on N Poplar Street. Westbound travelers can also exit north onto K-61, then exit west onto E 11th Avenue, and then north on N Poplar Street. When using southbound K-61, travelers will exit west onto E 17th Avenue and then north on N Poplar Street. Heading south on K-14/K-96, travelers will exit east onto W 4th Avenue and access N Poplar Street via N Main Street and E 17th Avenue. Below is a map of access routes to the Kansas State Fairgrounds. Each direction is represented by different colored arrows.



It is anticipated that the various sites within the fairgrounds will have ingress and egress from several points, as there are multiple roadways that run through the fairgrounds.

The **K-61 Corridor** is directly accessible from U.S. Route 50. When heading eastbound on U.S. Route 50, travelers will exit north onto K-61 and continue until the site is reached. From westbound U.S. Route 50, travelers can exit north onto Yoder Road, then travel west on E 11th Avenue to reach K-61; or, travelers can directly exit north onto K-61 and continue to the site. Travelers on southbound K-61 will simply continue to the access/egress/ingress point. From southbound K-14/K-96, travelers will exit east onto W 4th Avenue, then head north on K-61 and continue until the site is reached. Below is a map of access routes to the K-61 corridor. Each direction is represented by different colored arrows.

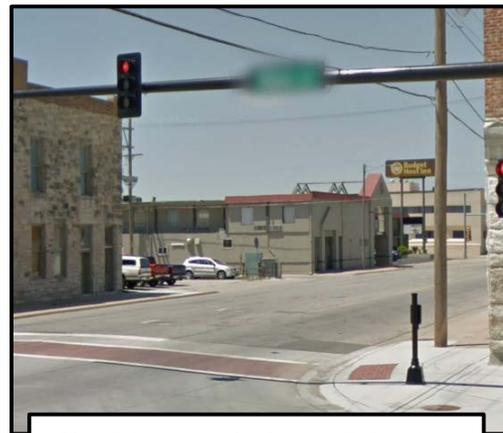


Visibility

The **downtown Hutchinson** sites would not be visible from U.S. Route 50, K-14/K-96, or K-61, the most traveled access routes into Hutchinson. Sites B, C, and D do offer visibility from Main Street, one of the highly traveled local routes through town. Sites A and D offer visibility from Avenue A, another highly traveled route through town; and, E Avenue A is the access point to downtown from K-61 to the east of town.



Site A from W Ave A



Site B from Main St and E 4th Ave



Site C from Main St and E 2nd Ave



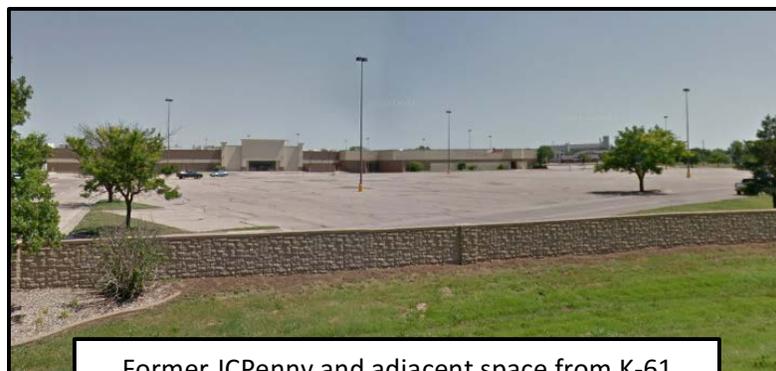
Site D from Main St and E Ave A

The **Kansas State Fairgrounds** also offers no visibility from U.S. Route 50, K-14/K-96, or K-61. However, the Fairgrounds, as a whole, is visible from Main Street; although, some of the potential sites within the fairgrounds would not be visible from Main Street.



Sunflower/Meadowlark from Main Street

The **K-61 Corridor** sites offer no visibility from U.S. Route 50 or K-14/K-96. However, the Hutchinson Mall sits directly on K-61 and would be highly visible for travelers heading either direction on the highway.



Former JCPenny and adjacent space from K-61

The BWW site also offers direct visibility for both north and south travelers along K-61. Though the proposed Hotel will be directly behind the Buffalo Wild Wings, it will stand taller than the free-standing

restaurant and surrounding buildings, thus making it visible. The site also sits at the major intersection of K-61 and E 17th Avenue.



Surrounding Land Uses

The area surrounding the **downtown** Hutchinson sites is used for restaurants, retail, and entertainment options, along with government buildings and residential areas.

The **Kansas State Fairgrounds** is surrounded nearly entirely by residential neighborhoods, although Main Street does offer some restaurant options.

The **K-61 Corridor** is surrounded by several dining and retail outlets, lodging, and is proximate to entertainment options. The surrounding area also includes residential areas, and industrial areas.

Proximity to Demand Generators

The sites are proximate to a variety of corporate and leisure demand generators.

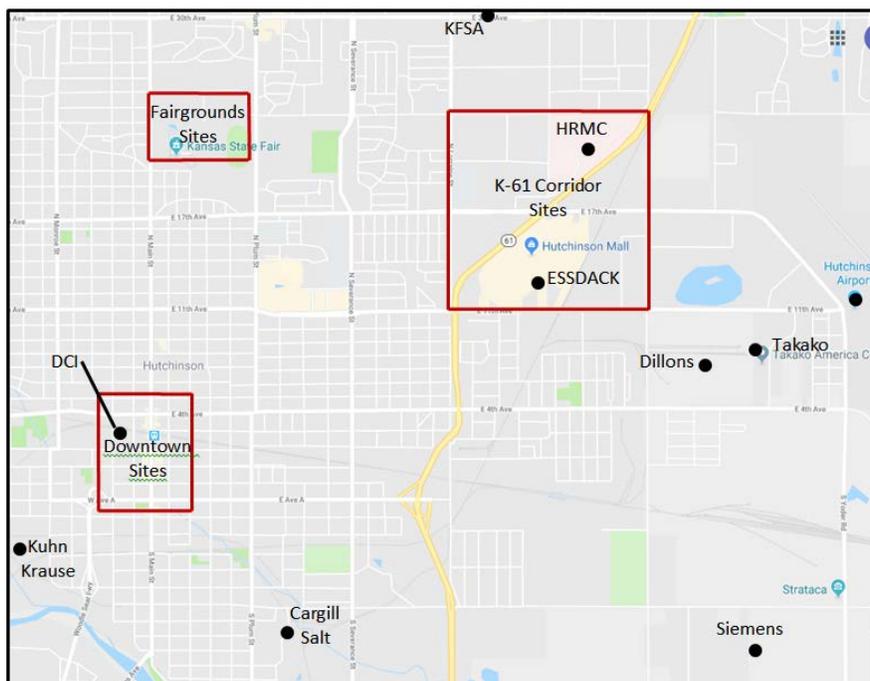
Corporate demand generators in the area include Takako, KFSA, DCI, Kuhn Krause, Dillons, Hutchinson Regional Medical Center, Siemens, Cargill Salt, ESSDACK, and the Hutchinson Airport.

The **downtown** Hutchinson sites are approximately four miles from all corporate demand generators mentioned above; with the exception of DCI and Kuhn Krause, which are within a mile of the sites; and, Cargill Salt which is two miles from the sites.

The **Kansas State Fairgrounds** is approximately two to four miles from all corporate demand generators mentioned above.

The **K-61 Corridor** is approximately two to four miles from all corporate demand generators mentioned above; with the exception of Hutchinson Regional Medical Center, which is directly on K-61 within the proposed site area; and, ESSDACK which is located within the Hutchinson Mall.

Below is a map of the corporate demand generators mentioned above as relevant to the proposed sites.



There are also numerous leisure demand generators throughout Hutchinson. These include various sports facilities, leisure attractions, and recreational sites. Hutchinson Sports Arena, Gowans Stadium, Hobart-Detter Field, and Fun Valley Sports Complex are sports venues in Hutchinson which host large events that bring demand into the area.

The Hutchinson Sports Arena is home to the NJCAA D1 Basketball Tournament, bringing 24 teams, and the NJCAA D1 Volleyball Tournament, bringing 16 teams. Gowans Stadium has hosted the KJCCC Regional Track & Field Meet, Kansas State High School Class 3A Championship, and NJCAA D1 Track & Field Championship. Hobart-Detter Field and Fun Valley Sports Complex have hosted several USSSA events, as well as collegiate softball and baseball events. Also, Prairie Dunes Country Club in Hutchinson is frequently ranked among the best golf courses in the U.S. and has hosted several USGA events, as well as collegiate tournaments.

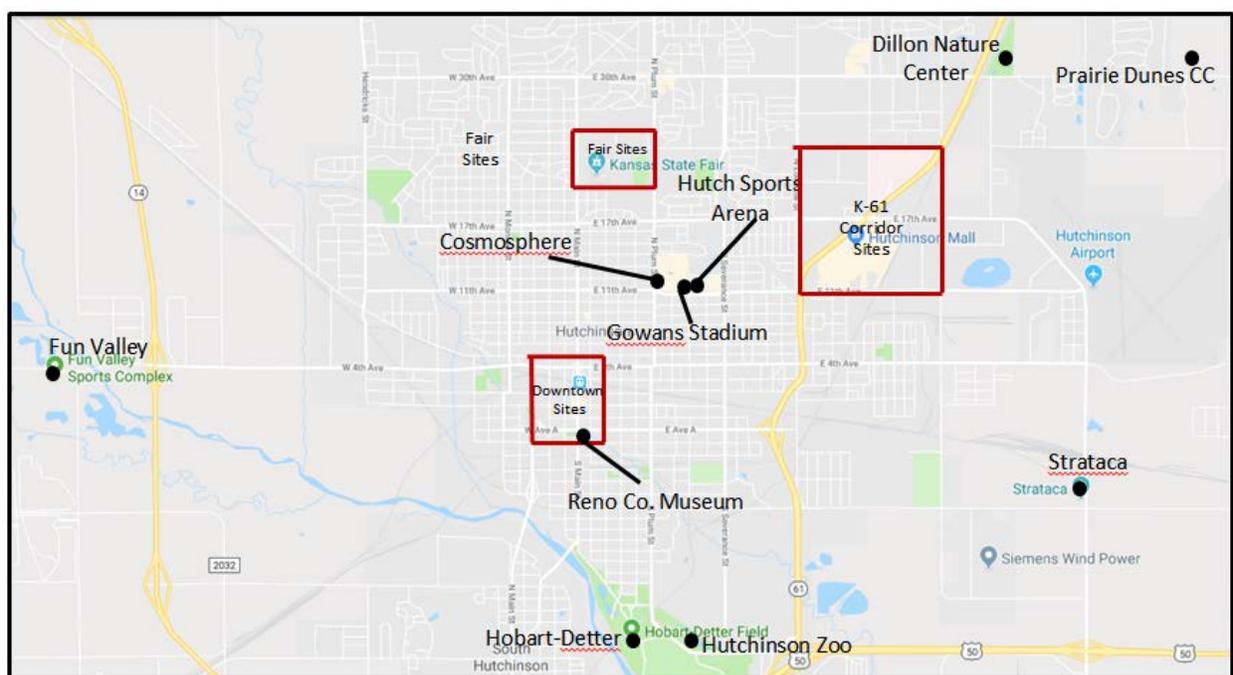
There are two major attractions in Hutchinson, the Cosmosphere, which brings in approximately 100,000 visitors annually; and, the Strataca/KS Underground Salt Museum, which has approximately 50,000 visitors annually. Other attractions in the Hutchinson area include Dillon Nature Museum, Reno County Museum, and the Hutchinson Zoo.

The Kansas State Fairgrounds brings in approximately 500 events a year including SkillsUSA events, horse shows, dog shows, and various livestock shows and sales. These non-fair events are estimated to

have over 200,000 attendees. The Kansas State Fair attracts approximately 330,000 people to Hutchinson every year.

The Hedrick Exotic Animal Farm is located approximately 11 miles northwest of Hutchinson and features zebras, camels, ostriches, giraffes, kangaroos and other exotic creatures. Yoder, Kansas is approximately 11 miles south of Hutchinson and is the largest Amish community in Kansas. Visitors can experience what life is like for the Amish, and how little has changed since the 1800s. Visitors from throughout the country come to purchase their handmade quilts, jams, smoked meats, made-from-scratch desserts and crafts.

Presented below is a map of the leisure demand generators located within Hutchinson as relative to the various potential sites.



Proximity to Support Services

The **downtown** Hutchinson sites are all located within one mile of each other, and offer numerous support services. The Antique District downtown is home to several owner-operated shops including Armstrong's Antiques, Salt City Coin, Maxine's Doll Museum & Giftshop, Toy Depot, and Memory Lane boutiques. Most of these shops feature home décor, collectibles, and furniture. Other retail options include bookstores, boutique clothing stores, jewelry stores, thrift shops, and home good stores. Some of these retailers include: Bluebird Books, Bookends, Tesori Boutique, Brick House Boutiques, Amelia Beadalia's, and Westphal Jewelers. Downtown is also home to the historic Fox Theater, Stage 9 theater, and the Hutchinson Art Center. There are also several dining options in downtown Hutchinson ranging from upscale dining, casual family restaurants, bar/lounge, and fast food. Jillian's is an upscale Italian option; Anchor Inn, El Rodeo, and PiZaaco's are some casual restaurants; Smedley's Tavern, Carl's Bar, 21 Santa Fe are various bar/lounges; and fast food outlets include Burger King, Subway,

Wendy's, Dairy Queen, KFC, McDonald's, Sonic, Pizza Hut, Taco Bell, and Spangles. Most of these various retail, dining, and entertainment options are within walking distance of the sites. There are also numerous parks within the downtown area that increase the walkability of the area.

The **Kansas State Fairgrounds** is proximate to several fast food dining options including A&W, Long John Silver's, Braum's Ice Cream, Burger King, Dairy Queen, Domino's Pizza, Hog Wild BBQ, Arby's, Jimmy John's, Bogey's, Firehouse Subs, Subway, Taco John's, Little Caesar's, McDonald's, Papa John's, and Subway. Other non-fast food dining options include Cancun Mexican Grill, El Potrillo, and Polo Bar & Grill. There are not many retail options proximate to the fairgrounds. There is a Walgreen's and Dillon's Marketplace, along with some local specialty shops.

The **K-61 Corridor** is home to several retail, dining, and entertainment options. The Hutchinson Mall itself provides numerous options. The Hutchinson Mall clothing retailers include: White Lily, Maurice's, Famous Footwear, Buckle, and TJ Maxx. Ulta Beauty and Bath and Body Works offer beauty products within the Mall; and Regis Salon, Nails-n-Spa, and Liane Massage offer beauty services. Other retailers, immediately surrounding the Mall, include Dunham's Sporting Goods, Hibbet Sports, Cindy Lou's, Sharp n Shiny, Your Wireless World, Game On, Harbor Freight Tools, Dollar Tree, and Hobby Lobby. The Mall is also home to companies and businesses including ESSDACK, Almont Green, Ameritime, and Hutchinson Gymnastics Academy. B&B Theater, a nine-screen movie theater offering current movies is also in the Mall. Other retail outlets throughout the K-61 Corridor include Kohl's, Home Depot, Wal-Mart, Lowe's, Petco, Verizon Wireless. Dining options include: Pizza Ranch, Chili's, Subway, McDonald's, Freddy's, Buffalo Wild Wings, Olive Garden, Panda Express, Qdoba, Starbucks, IHOP, Applebee's, Arby's, China Star, and AJ's Sports Bar & Grill. Entertainment options nearby include The Alley, a full-service bowling alley; and, Hutch Putt, a putt-putt course.

Conclusion

The three different areas indicated as the potential site for the proposed Hotel and Convention Center are all within three miles of each other. The specific sites indicated within these areas are also close in proximity. The specific sites within the larger areas generally offer the same advantages and disadvantages. The Kansas State Fairgrounds sites provide ample parking and existing structures for a convention center. However, there is no visibility from main routes, and access is not convenient. These sites are also further away from support services. The downtown sites offer walkability to unique, local boutique stores and restaurants, and are easily accessed from main streets through Hutchinson. Downtown lacks necessary existing parking space to support a convention center. Also, all sites indicated within downtown Hutchinson are anticipated to require significant reconstruction to existing structures in order to achieve an upscale hotel and convention center. The K-61 corridor offers the only visibility from a major highway that runs through the state of Kansas. The corridor is also home to nationally-branded retailers and restaurants, and all other quality lodging options within the Hutchinson market. The BWW Site requires new construction for both a hotel and convention center, as well as possible paved parking to support these structures. The site at the Hutchinson Mall already has an existing structure for a convention center, as well as ample paved surface parking, and the space to newly construct an upscale hotel. All sites are relatively proximate to both leisure and corporate demand generators.



Area Review

Overview

Hutchinson is located on the Arkansas River in south-central Kansas approximately 45 minutes northwest of Wichita. It is the largest city and county seat in Reno County. It has historically been the site of numerous salt mines and is nicknamed “Salt City.” Locally, the city is known as “Hutch.”

Population: Presented in the following table are population trends for Hutchinson; Reno County; the state of Kansas and the nation.

	POPULATION			Percentage Change	
	2000	2010	2017	2000 -2010	2010-2017
Hutchinson	40,787	42,080	40,772	3.2%	-3.1%
Reno County	64,790	64,511	62,510	-0.4%	-3.1%
Kansas	2,688,418	2,853,118	2,913,123	6.1%	2.1%
Nation*	281,421	308,758	325,719	9.7%	5.5%

*In Thousands

Source: US Census Bureau

Hutchinson is the 11th largest city in Kansas and is the largest city in Reno County. Both the city and county have lost population since 2010 at the same rate (3.1 percent).

Employment: Presented in the following table are employment trends Hutchinson; Reno County; the state of Kansas and the nation.

EMPLOYMENT

Year	Hutchinson	Reno		
		County	Kansas	Nation*
2010	19,561	30,800	1,394,958	139,064
2011	19,467	30,664	1,394,082	139,869
2012	19,236	30,318	1,400,122	142,469
2013	18,969	29,930	1,407,217	143,929
2014	18,898	29,809	1,424,439	146,305
2015	18,701	29,515	1,428,557	148,833
2016	18,284	28,812	1,425,433	151,436
2017	18,319	28,867	1,424,724	153,337
2018	18,341	28,901	1,432,387	155,761

*In thousands

Source: Bureau of Labor Statistics

Employment in the area has slowly decreased since 2010; city employment has decreased 6.3 percent since 2010; the county 6.2 percent over the same period. State employment since 2010 has grown 2.7 percent; while national employment has grown 12.0 percent. However, the rate of decrease has leveled off for the city and county; and the county showed a very slight increase in 2018.

Unemployment: Presented in the following table are estimated unemployment rates for Hutchinson; Reno County; the state of Kansas and the nation.

UNEMPLOYMENT RATE

Year	Hutchinson	Reno		
		County	Kansas	Nation
2010	7.1%	6.4%	7.1%	9.6%
2011	6.7%	6.0%	6.5%	8.9%
2012	6.1%	5.5%	5.7%	8.1%
2103	5.6%	5.3%	5.3%	7.4%
2014	4.7%	4.4%	4.5%	6.2%
2015	4.5%	4.3%	4.2%	5.3%
2016	4.7%	4.4%	4.0%	4.9%
2017	4.1%	3.9%	3.7%	4.4%
2018	4.2%	3.6%	3.4%	3.9%

Source: Bureau of Labor Statistics

According to household survey data, the unemployment rate for Hutchinson has fallen from a high of 7.1 percent in 2010 to 4.2 percent in 2018. The city has trended with the county, state and nation.

Economy: Hutchinson serves as a regional hub for a primary trade, education and healthcare area that includes approximately 100,000 people. The city is home to a major medical facility, a community college, a corrections facility and a regional mall.

A recent retail report concludes that region creates retail purchasing power of over \$1.1 billion and has a current retail demand for over 300,000 square feet of additional retail.

Largest Employers: The city's largest employers are noted in the following table.

MAJOR EMPLOYERS HUTCHINSON KANSAS		
<u>Employer</u>	<u>Industry</u>	<u>Employment</u>
Hutchinson Regional Healthcare System	Healthcare	1,200
Hutchinson Public Schools	Education	878
Hutchinson Community College	Education	877
Hutchinson Clinic	Healthcare	609
Dillons	Grocery Store	548
Tyson Prepared Foods	Food Processing	548
Hutchinson Correctional Facility	Prison	507
City of Hutchinson	Government	430
Reno County	Government	395
Siemens Gamesa Renewable Energy	Utility	360
Buhler Public Schools	Education	331
Kroger Accounting Services	Financial Services	319
Wal-Mart Supercenter	Retail	300
Portfolio Recovery Associates	Collection Agency	281
Lowen Corporation	Signs and Graphics	275
Wesley Towers	Retirement Community	268
Nickerson Public Schools	Education	245
Collins Bus Corporation	Transportation	230
Mennonite Friendship Communities	Retirement Community	225
Kuhn Krause, Inc	Agricultural Machinery	208

Source: Hutchinson/Reno County Chamber of Commerce; HREC

The ten largest employers in the area are a mix of healthcare, education, and government entities, as well as a grocery store, a food processing plant, a prison and a utility.

Healthcare: The Hutchinson Regional Healthcare System is an integrated healthcare organization which serves a wide geographical area in South-Central Kansas. The Hutchinson Regional Medical Center is a not-for-profit, 199-bed license and accredited acute care hospital. The campus also includes centers for cancer treatment and mental health. The facility recently added 10,000-square-feet of space to the emergency department, bringing the total square footage up to 16,000, and more than doubling the size of HRMC's previous emergency department. The facility is the area's largest employer.

Higher Education: Hutchinson Community College has its main campus in Hutchinson with satellite campuses in McPherson and Newton. The college offers more than 70 different academic programs leading to Associates in Arts and Associates in Science degrees and 50 technical programs. It is one of the city's largest employers.

Tourism: Hutchinson is host to a number of nationally known facilities, events and festivals that draw in more than 1.5 million visitors each year such as the Kansas State Fair. The 5,559-seat Hutchinson Sports Arena, on the campus of Hutchinson Community College, recently underwent a \$30 million renovation. In 2016, the NJCAA signed a 25-year contract to hold the National Junior College Athletic Association (NJCAA) Division I Men's Basketball Championship at the arena until 2041. The arena also hosts the Kansas State High School Activities Association (KSHSAA) boys and girls 3A state basketball tournaments.

Hutchinson also has first-class museums such as the Cosmosphere and Strataca.

Transportation: Hutchinson is strategically located in South Central Kansas approximately 45 minutes from Wichita and US Interstate 35 with access via K-61, K-96 or US-50.



Commercial air service is provided at Wichita Dwight D. Eisenhower National Airport. The facility is the largest in Kansas and is served by six airlines: Alaska Airlines, Allegiant Air, American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines.

Summary

Hutchinson serves as a regional healthcare, education and service hub for an area of about 100,000. Population and employment have both decreased since 2010. Employment losses have slowed for the city and county, and the county showed a slight increase in employment for 2018. Unemployment is down to near record levels. Forecasts call for stabilization of economic indicators.

Macro Lodging Overview

The Historic Perspective

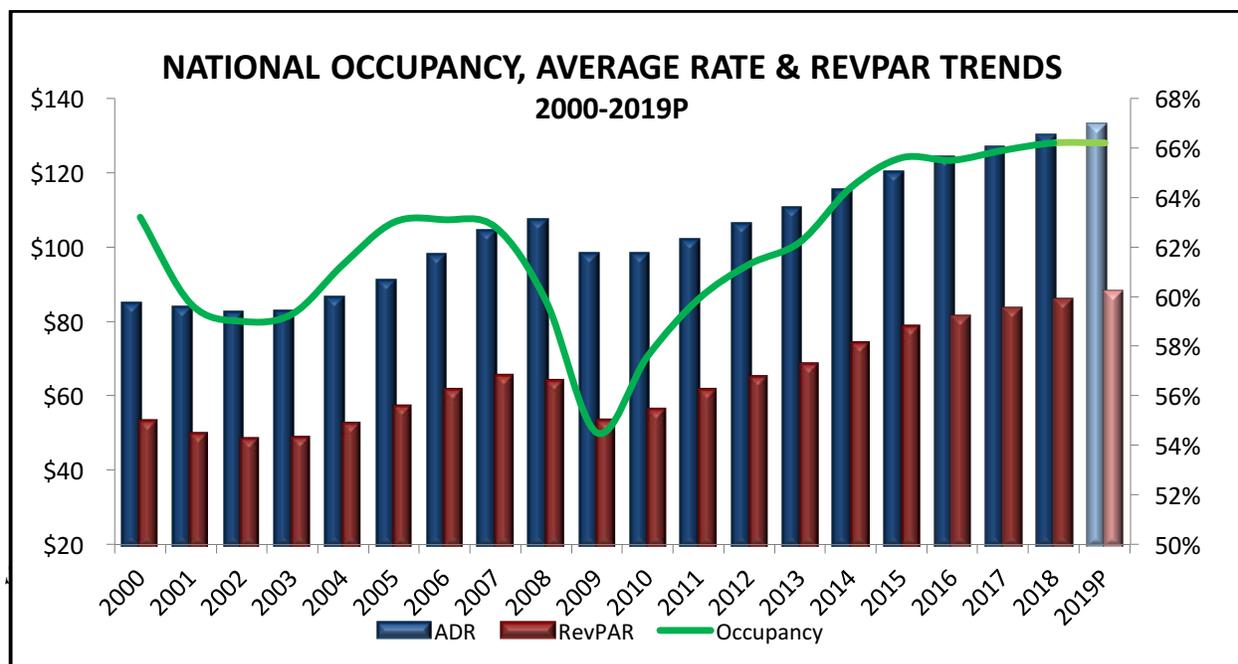
The performance of the U.S. lodging industry tends to follow cycles that begin or end due to a single major event, or several factors coming together within a very short period of time. Presented in the following charts are trends in occupancy, average room rate and RevPAR for the industry nationwide.

U.S. LODGING INDUSTRY TRENDS			
Year	Occupancy	ADR	RevPAR
2000	63.2%	\$84.66	\$53.49
2001	59.7%	\$83.61	\$49.91
2002	59.0%	\$82.53	\$48.70
2003	59.3%	\$82.71	\$49.03
2004	61.3%	\$86.18	\$52.80
2005	63.0%	\$91.03	\$57.35
2006	63.1%	\$97.82	\$61.75
2007	62.8%	\$104.32	\$65.52
2008	59.8%	\$107.34	\$64.18
2009	54.5%	\$98.17	\$53.51
2010	57.6%	\$98.06	\$56.46
2011	59.9%	\$101.85	\$61.82
2012	61.3%	\$106.25	\$65.15
2013	62.2%	\$110.30	\$68.58
2014	64.4%	\$115.32	\$74.28
2015	65.6%	\$120.01	\$78.67
2016	65.5%	\$123.97	\$81.19
2017	65.9%	\$126.72	\$83.57
2018	66.2%	\$129.83	\$85.96
2019P	66.2%	\$132.81	\$87.94

Sources: STR; HREC– Hospitality Real Estate Counselors

The most recent full cycle of the U.S. lodging industry is defined by the period between the events of September 11, 2001, and the economic crisis that started in October of 2008. Total RevPAR growth between 2002 and 2007 was an impressive 35 percent over five years. Prior to that growth period,

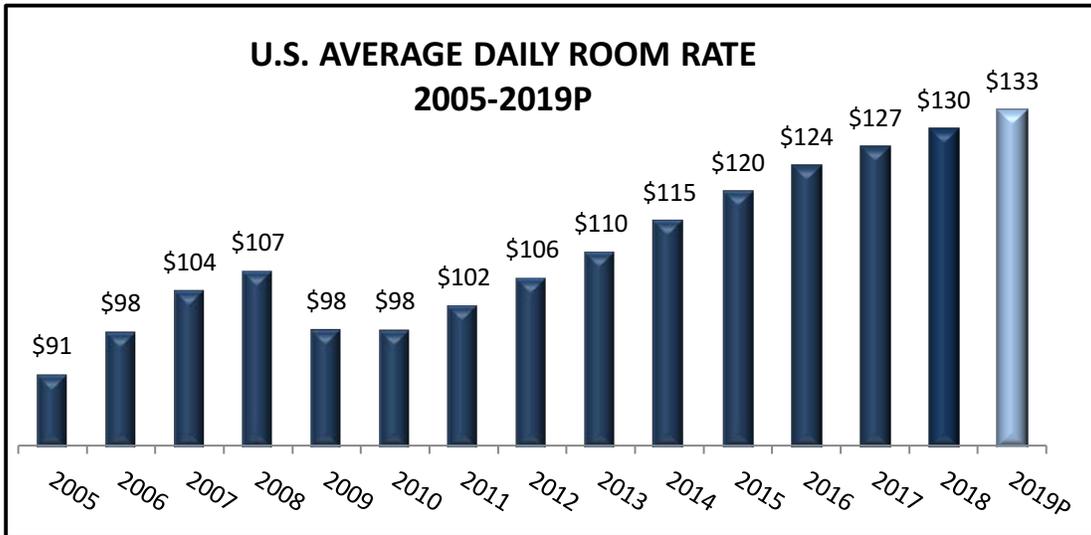
RevPAR had declined approximately nine percent between 2000 and 2002. RevPAR decreased 18 percent between 2007 and 2009, and 2009 established a new low point in industry occupancy. RevPAR reached an all-time high in 2018 and is projected to continue growing in 2019.



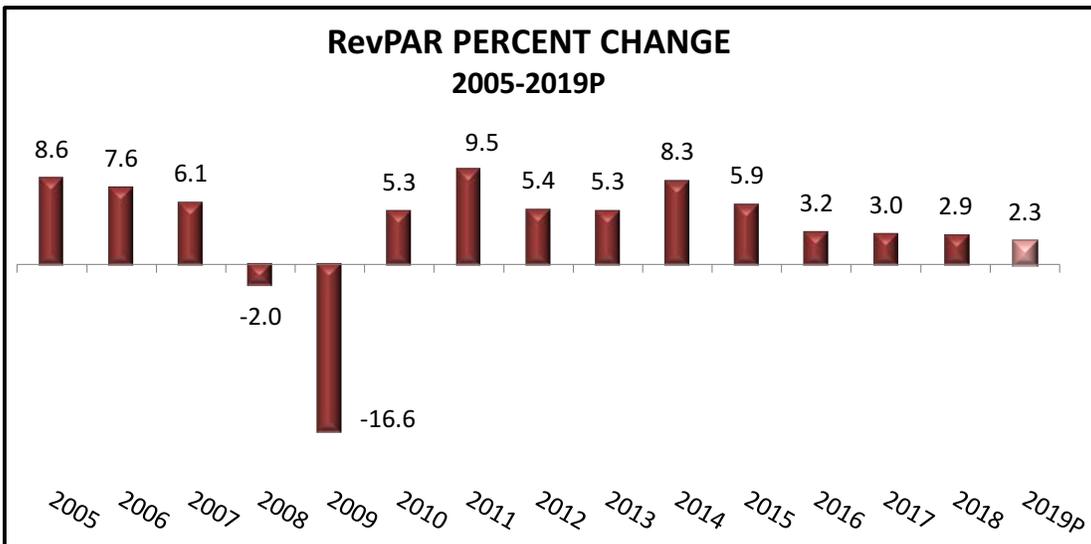
Source: Smith Travel Research

This previous cycle is clearly identified by pre- and post-2001 performance. The year 2000 was a banner year for the industry. Then, 2001 started with a growing economic contraction in the first quarter. This, in addition to the terrorist attacks of September 11, 2001, resulted in several percentage points drop in occupancy for 2001 as compared to 2000. At that time, it was one of the largest one-year drops in occupancy in the history of the modern U.S. lodging industry. Perhaps not surprisingly, the average rate dropped as well. The growth and recovery phase of the cycle lasted until 2008. The latest industry cycle started at a new low established in 2009. The current cycle has shown growth in occupancy, average rate, and RevPAR, as well as supply and demand. While occupancy is projected to remain flat in 2018, average rate and RevPAR are projected to increase.

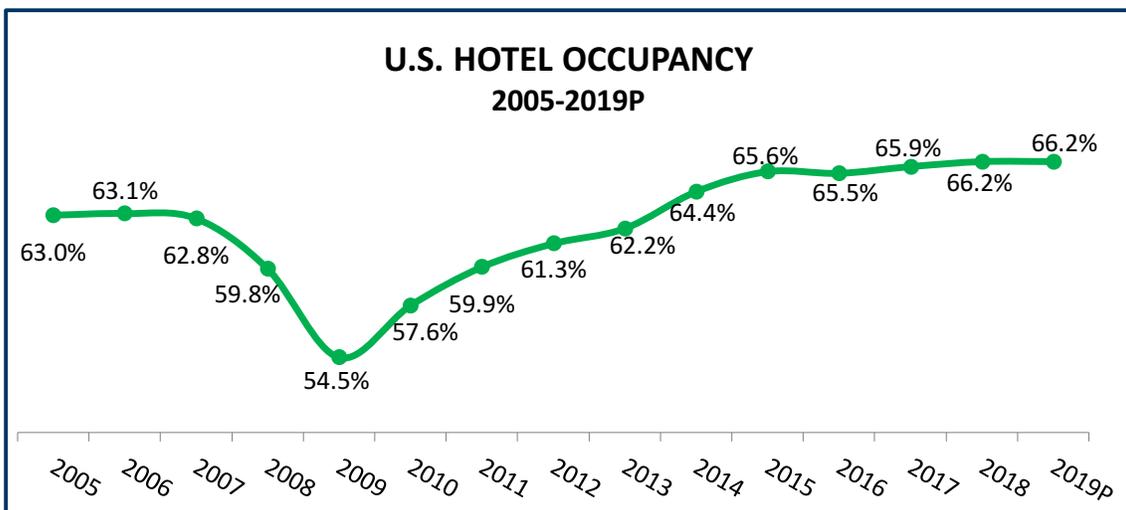
In 2008, significant supply growth coupled with national and international monetary turmoil and rapidly deteriorating global and U.S. economic fundamentals resulted in the first significant industry-wide decline since 2001. RevPAR declined approximately two percent for the year which consisted of about a 4.8 percentage point decline in occupancy and a three percent increase in average rate.



Source: Smith Travel Research



Source: Smith Travel Research



Source: Smith Travel Research

The largest single year decline in occupancy, average rate, RevPAR, and demand was posted in 2009. This was the first full year of operation since the onset of the international economic and monetary crises. The scope of the decline exceeded all prior years of the recorded modern history of the U.S. lodging industry. The almost 17 percent single year decline in RevPAR quickly erased several years of real growth. The economic turmoil also came at a time when an approximate three percent increase in the available supply of guest rooms occurred. This was well above the 20-year average of about two percent per year.

The declines of 2009 were followed by a 7.7 percent increase in accommodated demand and 5.3 percent increase in RevPAR in 2010. Occupancy increased 5.3 percentage points while the average rate continued to lag inflation. The 8.2 percent RevPAR gain in 2011 was significantly above the gain seen in 2010, and additional confirmation of the continued recovery of the industry. RevPAR increased 6.8 percent in 2012. RevPAR increased by 8.3 percent in 2014 due to strong economic growth, which boosted consumer spending.

Despite a year that was marked by macroeconomic uncertainty, and resulting shaky consumer and business confidence, hotels in the U.S. ended 2011 on a strong note. Lodging performance exceeded expectations in the fourth quarter, in part due to a short-term uptick in economic activity. Hotels across the spectrum of price segments posted occupancy and average daily rate gains in 2011 reflecting the breadth of the recovery. Overall, hotel occupancy in 2011 recovered to 59.9 percent, comparable to its ten-year average of 60 percent.

TOTAL U.S. PIPELINE CHAIN SCALE SEGMENT				
ACTIVE DEVELOPMENT PIPELINE				
AUGUST 2017 COMPARED TO AUGUST 2016				
	<u>In Construction</u>		<u>Under Contract</u>	
Chain Scale	Total Rooms	Aug-17 Change	Total Rooms	Aug-17 Change
Luxury	8,928	46.4%	14,944	24.9%
Upper Upscale	26,391	27.3%	58,099	19.3%
Upscale	61,258	6.0%	163,478	5.9%
Upper Midscale	63,021	14.0%	193,239	6.9%
Midscale	9,881	47.4%	59,205	44.8%
Economy	2,498	68.6%	11,400	28.9%
Unaffiliated	<u>20,155</u>	<u>-8.9%</u>	<u>89,715</u>	<u>-7.4%</u>
Total	<u>192,132</u>	<u>12.9%</u>	<u>590,080</u>	<u>8.8%</u>

Source: STR

The U.S. hotel industry reported positive year-over-year results in the three key performance metrics during 2018. Average rate reached a new high at \$129.83 for 2018, a 2.4 percent gain from 2017. Occupancy went up 0.5 percent to 66.2 percent. As a result, the industry showed positive RevPAR growth in 2018 with an increase of 2.9 percent to \$85.96. RevPAR growth was just below the 30-year U.S. average (3.3 percent). According to STR, the period from 2010 to 2018 saw demand outpacing supply. This trend is projected to change in the coming years, and a 1.9 percent supply and demand growth is anticipated for 2019.

For 2019, STR and Tourism Economics projects the U.S. hotel industry will maintain a flat occupancy at 66.2 percent occupancy; a 2.3 percent increase in average daily rate (ADR) to \$132.81; and, a 2.3 percent lift in revenue per available room (RevPAR) to \$87.94. RevPAR grew at least three percent for each year from 2010 to 2018.

Supply Growth

The 29-year average change in net supply for the U.S. hotel industry is two percent. Net supply has been below two percent since 2009 when it registered the most recent high of 2.8 percent. This has been the longest period of below average supply since Smith Travel Research began compiling statistics in 1987. The previous streak was six years from 2002 to 2007. Following a 1.6 percent increase in 2016 and a two percent increase in 2017 net supply is projected to increase another two percent in 2018 and decline slightly to 1.9 percent in 2019.

Presented in the following table is a summary of lodging supply growth by chain scale in August 2017 as compared to August 2016.

The total U.S. hotel development pipeline, as of August 2017, is comprised of a total of 782,212 rooms. This represents a 12.9 percent increase in the number of rooms In Construction as compared with August 2016; and an 8.8 percent increase in rooms Under Contract. Under Contract data includes projects in the In Construction, Final Planning and Planning stages but does not include projects in the Unconfirmed stage. Among the Chain Scale segments, Upper Midscale accounted for the most rooms In Construction followed by Upscale. The Economy segment reported the largest year-over-year percentage increase in rooms In Construction with 68.6 percent; the Midscale segment reported the largest percentage increase in rooms Under Contract with 44.8 percent. Overall the increase in activity spans across the board. Every segment outside of Unaffiliated at -7.4 percent reported a positive lift in Under Contract pipeline supply.

Conclusion

The industry fundamentals are anticipated to remain favorable long-term. Real rate gains are projected to continue and RevPAR growth is projected to remain above two percent. The timing implications of the current industry cycle suggest that entering the market during this period of continued recovery and new growth could create a favorable economic benefit long-term. The introduction of potentially significant levels of new supply is projected to eventually move sector occupancies towards historic averages.

Supply

A competitive set of six hotels with 434 total guest rooms was considered in this analysis. These properties are all located within the trade area and are of the type, brand, quality, and affiliation considered competitive with the potential development. The summary of these hotels is presented in the following table.

COMPETITIVE SET HUTCHINSON, KANSAS		
<u>Property</u>	<u>Year Opened</u>	<u>Available Rooms</u>
Super 8	1981	63
Comfort Inn & Suites	1997	69
Days Inn	1999	67
Hampton Inn	2002	70
Fairfield Inn & Suites	2012	89
Holiday Inn Express	2015	76
Total		<u>434</u>

Sources: STR; HREC - Hospitality Real Estate Counselors

This competitive set was estimated to have completed 2018 with 59 percent occupancy at a \$95 average room rate. A summary of the historic occupancy and average rate for these same hotels since 2013 appears in the chart below.

COMPETITIVE SET HISTORIC PERFORMANCE			
<u>Year</u>	<u>Occupancy</u>	<u>Average Rate</u>	<u>RevPAR</u>
2013	67%	\$91	\$61
2014	66%	\$91	\$60
2015	63%	\$96	\$61
2016	59%	\$92	\$54
2017	58%	\$95	\$55
2018	59%	\$95	\$56

Source: Smith Travel Research

A summary overview of the competitive set follows by the order in which the property opened from oldest to newest.

Super 8: This 63-room hotel opened in 1981 and is located across from the Hutchinson Mall. Room amenities include free Wi-Fi, Direct TV, and a coffee maker. The hotel has a business center, outdoor pool, guest laundry services, and complimentary SuperHot breakfast.



Comfort Inn & Suites: This 69-room hotel opened in 1997 and is located across from the Hutchinson Mall. The hotel offers free hot breakfast and a complimentary manager’s reception Monday through Thursday evening. Other amenities include free Wi-Fi, fitness center, heated indoor pool and whirlpool, and business center. Room amenities include coffee maker, mini-refrigerator, and microwave.

Days Inn: This 67-room hotel opened in 1999 and is also located across from the Hutchinson Mall. The hotel offers free breakfast, complimentary Wi-Fi, outdoor pool and hot tub, and fitness center. Room amenities include a microwave, mini-refrigerator, and coffee maker.





Hampton Inn: The 70-room Hampton Inn opened in 2002 and is located directly south of the Hutchinson Mall. It is the only Hilton product in the competitive set. The hotel offers free hot breakfast, complimentary Wi-Fi, fitness center, business center, and an indoor pool. Room amenities include microwave, mini-refrigerator, and coffee maker.

Fairfield Inn & Suites: The 89-room Fairfield Inn & Suites opened in 2012, and is the only Marriott product in the competitive set. The hotel is located across from the Hutchinson Mall. The property offers free hot breakfast, complimentary Wi-Fi, fitness room, business center, indoor pool and whirlpool, and a 1,200square foot meeting room. Room amenities include a microwave, mini-refrigerator, and coffee maker.



Holiday Inn Express: This 76-room property opened in 2015, and is the newest hotel in the competitive set. The Holiday Inn is located directly south of the Hutchinson Mall. The hotel features free hot breakfast, complimentary Wi-Fi, business center, fitness center, heated indoor pool and whirlpool, and an 800 square foot meeting room. Room amenities include a microwave, mini-refrigerator, and coffee maker.

Supply Additions

There are no other hotels presently under construction in the market. Local developers and current hotel owners have, at different times, expressed an interest in possibly developing various lodging products in Hutchinson. No formal plans have been recently submitted to the City for approval. There have been discussions of other projects; including a small, boutique hotel in downtown Hutchinson.

Other Supply

There are other hotels in the Hutchinson market that are not considered directly competitive with the subject Hotel and Convention Center due to quality, size, or location. A summary overview of these properties appears below.

Atrium Hotel and Conference Center: The Atrium Hotel and Conference Center was built in 1972 and has 215 guest rooms, making it the largest hotel in Hutchinson. It is located directly across from the Hutchinson Mall on K-61. The hotel and attached conference center offers a total of 35,000 square feet of meeting space. The hotel features a pool and hot tub and free Wi-Fi.



Red Coach Inn & Suites: The Red Coach Inn opened in 1985 and has 40 rooms. The hotel is located directly across from the Hampton Inn on K-61. Amenities include: free breakfast, free Wi-Fi, and microwaves and refrigerators in guest rooms.

Sunflower Inn: The Sunflower Inn, opened in 1985, is located on the east edge of downtown Hutchinson and has 47 guest rooms. Each guest room is furnished with a refrigerator, oversized work desk and a tub/shower combination in the bathroom. Free Wireless Internet Access, microwave, fax service, non-smoking rooms and guest laundry facilities are also available.





Budget Host Inn: Located in downtown Hutchinson, the Budget Host Inn opened in 1970 and has 97 rooms. Amenities include free breakfast, free Wi-Fi in the lobby, and microwaves and refrigerators in guest rooms. The property also has an outdoor pool.

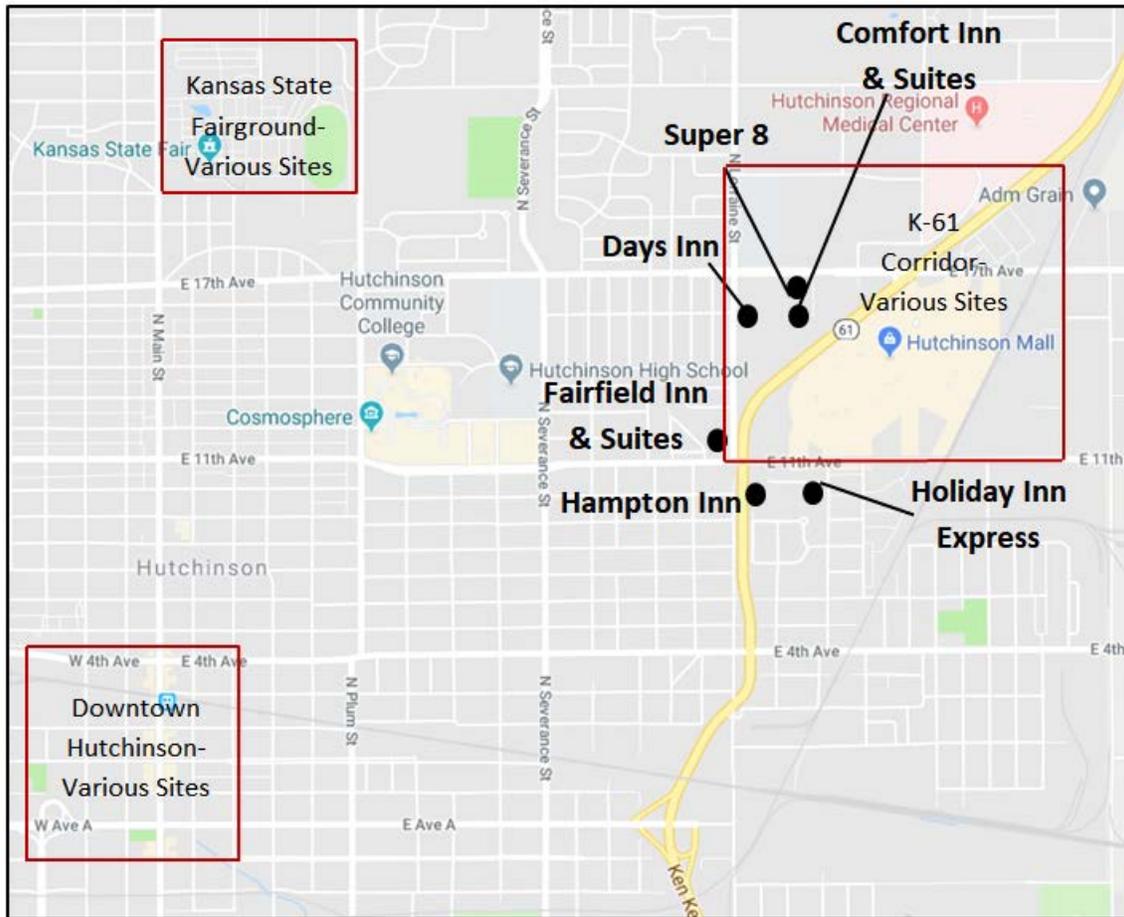
Rodeway Inn: Located in South Hutchinson, approximately five miles south of Hutchinson, the former Quality Inn opened in 1985 with 95 rooms. The hotel offers free Wi-Fi and microwaves and refrigerators in every room.



Conclusion

The competitive set includes only one Marriott product, the Fairfield Inn & Suites; and one Hilton product, the Hampton Inn. The subject Hotel is anticipated to be a superior product with regard to amenities and services, and it will be the newest full-service hotel within the Hutchinson market.

Presented below is a map of the competitive set as relative to multiple sites under consideration.



Demand

The Competitive Set

Presented in the following table is the summary of historic growth in accommodated demand among the competitive set.

COMPETITIVE SET					
HISTORIC SUPPLY & DEMAND TRENDS					
Year	Supply		Demand		Occupancy
	Amount	Change	Amount	Change	
2013	358	-	240	-	67%
2014	358	0%	238	-1%	66%
2015	421	18%	265	12%	63%
2016	434	3%	255	-4%	59%
2017	434	0%	253	-1%	58%
2018	434	0%	257	2%	59%

Sources: Smith Travel Research; HREC - Hospitality Real Estate Counselors

The approximate composition of accommodated demand among the competitive set is presented in the following table.

COMPETITIVE SET	
ESTIMATED DEMAND MIX	
Corporate Transient	40%
Group	20%
Leisure	40%
Total	<u>100%</u>

Source: HREC – Hospitality Real Estate Counselors

Group demand is made up of both corporate and leisure travelers. Most properties reported high corporate demand during the week and high leisure demand on the weekends. They also reported an increase in leisure demand in the spring and summer months.

Corporate Transient Demand: The corporate transient demand makes up approximately 40 percent of the demand in the expanded market area. Customers include both traditional corporate individuals traveling to the area on a corporate expense account, as well as individuals visiting the market to conduct business related to other segments of the economy including retail, development, insurance, and medical, or to multiple corporate accounts during one trip to the region. The competitive set

serves a broad geographic area because of the general convenience to downtown and the expanded market area. There are numerous companies located throughout the sector that drive demand. Comments and insights from many of these companies directly appear in the following section of this report. There are different areas of the expanded market that are anticipated to drive demand.

Group Demand: This segment is comprised of leisure events or corporate groups coming to the area. For the competitive set, group business is estimated to make up approximately 20 percent of total demand. Leisure group business is comprised of groups meeting for social purposes and includes gatherings such as reunions, weddings, amateur athletic sporting events, and other social functions.

Group demand has also been driven by large corporate conventions, conferences, and meetings that take place in Hutchinson due to its central location within the state of Kansas. The frequency of these events has rapidly declined in recent years due to the condition of the current hotel and conference center. A detailed look at other meeting facilities throughout the state, and potential group demand for Hutchinson appears later in this report.

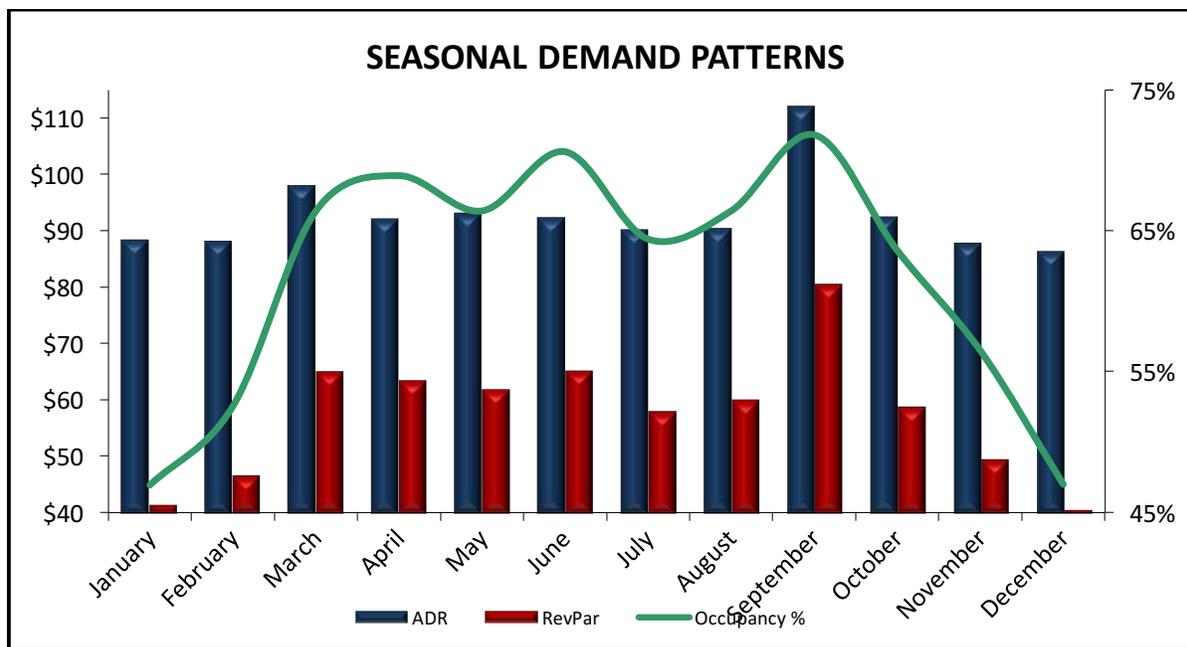
Individual Leisure: Individuals traveling for pleasure, recreation or other non-business reasons are estimated to comprise about 40 percent of the total accommodated demand among the expanded competitive set. This demand is heaviest on the weekends, during the spring and summer months, and when there are large events in the area.

Latent Demand: Latent demand is demand attracted and accommodated in the market area most often by virtue of a new product, brand or price position. The development of the subject full-service Hotel and Convention Center is projected to attract and accommodate corporate and group demand, as well as leisure customers who otherwise might not have been accommodated among the competitive set of hotels. This includes some guests who may stay or extend a stay as a result of an enhanced amenity package. Latent demand also considers customers who trade-up or are otherwise accommodated among the competitive set, but previously may have stayed among hotels located outside of the competitive set.

Deterred Demand: Demand that is turned away from the market due primarily to lack of capacity is referred to as deterred demand. The increase of accommodated demand is often attributed to the capture of additional demand during peak periods because of the availability of new lodging product and competitive room rates. The subject Hotel and Convention Center will benefit from deterred demand of the surrounding lodging market. The addition of new supply enables the market to capture more of this demand that would otherwise be turned away from the market.

Seasonal Fluctuations

Presented in the following chart is a summary of the six year average rate, occupancy and RevPAR by month for the expanded competitive set for the period ended December 2018.



Source: Smith Travel Research

The months with the highest occupancies are April, June, and September with occupancy rates in the high-sixties to low-seventies. Occupancy is typically at the lowest from November to February, ranging from mid-forties to mid-fifties. Average rate remains virtually consistent throughout the off and shoulder months, ranging from high-\$80s to low-\$90s, but peaking in March and September \$98 and \$112 respectively.

There are several events in Hutchinson throughout the year that bring demand into the area. Youth sports are a major demand driver in the area, as well as events at the fairgrounds. Youth and collegiate baseball, softball, and soccer contribute to the overall seasonality of the market. Typically baseball and softball season runs from April through October, and brings several tournaments into the area of varying sizes. Spring Break and summer vacation also bring more leisure demand into the area. Both the Cosmosphere and Strataca Mine report a much higher volume of visitors during these periods.

Off-season: The off-season is November through February. Occupancy and average rate are lowest during this period, but there are still some events that bring demand into the area. The NJCAA D1 Volleyball championship takes place annually in November, and brings in 16 teams. The Class 3A High School State Football Championship is annually held in Hutchinson in November. The NJCAA Salt City Bowl, one of the NJCAA collegiate bowl games, is held annually on the first Saturday of December, at Gowans Stadium in Hutchinson. The Kansas State Fairgrounds hosts the Kansas Beef Expo in December and MacDon’s training clinic annually in January. The Kansas Beef Expo is anticipated to bring about 1,200 people needing about 300 hotel rooms. The MacDon training clinic brings about 150 people in from Canada needing approximately 60 rooms. The Strataca 5K Mine Run takes place in February and has approximately 400 participants representing over 20 states.

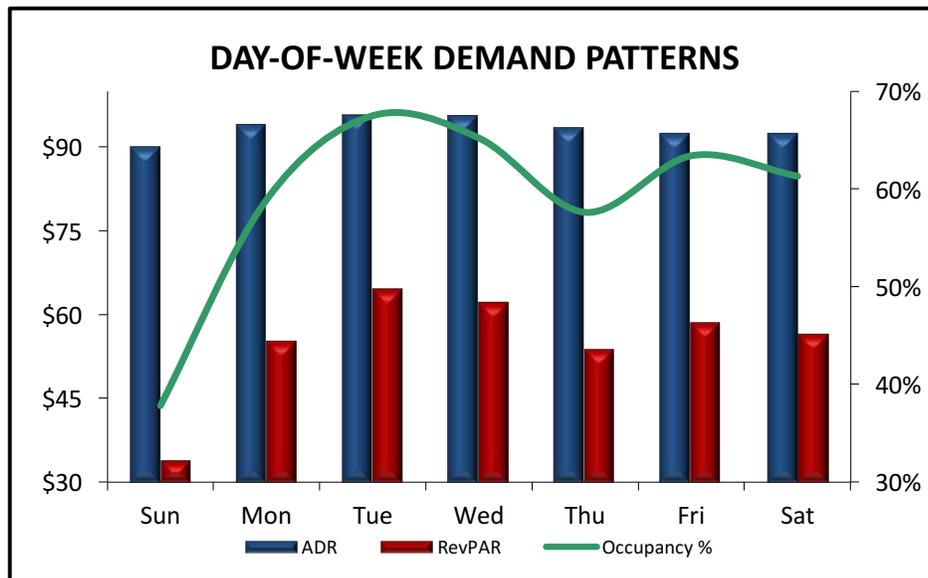
Shoulder season: Shoulder months are March, May, July, August, and October. Occupancy rates during these months are in the mid-sixties, and rates are low to mid-\$90s. Average rate is at \$98 in March due to the NJCAA D1 Basketball Championship. This tournament sells out the Hutchinson market, with

overflow going to neighboring areas. The week-long, single-elimination tournament hosts 24 teams with about 20 people coming in per team. There are also families and fans that come for the event. In May, Gowans Stadium hosts the KJCCC Regional Track & Field event and a NJCAA D1 Track & Field event. The Celebrate Kansas Horse Show takes place at the fairgrounds in May, and brings about 250 participants. In July and August the fairgrounds hosts the Reno County Fair, the All-American Sheep Show, and Hutch Grand National Auto Races. The sheep show was in Hutchinson in 2014 and 2019, and takes place over four days, and has over 1,000 attendees. Hutch Nationals is a two day event with over 4,000 attendees. The Brandenburg Toy Show takes place at the fairgrounds every July, and brings in over 500 attendees. The Salty Dog Triathlon has over 300 participants and takes place annually every August. 60 percent of these participants come from out of town for the one day event. The Pretty Prairie Rodeo takes place over four days in July in Pretty Prairie, Kansas, just 30 minutes south of Hutchinson. The event attracts thousands of people annually.

Peak Season: April, June, and September have the highest occupancy rates and are considered “peak” months. Some of the larger events at the fairgrounds take place in April. The MCC fundraising event takes place over the course of two days and attracts over 8,000 people. The event raises over \$500,000. SkillsUSA is a three day event every April that brings in over 1,700 attendees from the region. The event is growing every year. The Salt City Quarter Horse show and Appaloosa Horse Show also take place in April. In June 2018, the fairgrounds hosted the National Junior Red Angus show, which took place over the course of a week and had over 500 attendees. This event generated approximately 1,000 room nights. HCC Field Ops Training takes place at the fairgrounds every June. This event has over 350 attendees from over 90 cities across seven states. Smallville ComicCon is a large, popular event in Hutchinson. This event takes place over two days at the fairgrounds and has over 5,000 attendees. Every September, the Kansas State Fair brings in over 330,000 people over the course of ten days. This is, by far, the largest event in the region. In September, the fairgrounds also hosts the Kansas Junior Livestock Show (KJLS). This annual, three day event brings in over 4,000 attendees.

Day-of-Week Demand Fluctuations

Presented in the following chart is a summary of the three year average rate, occupancy and RevPAR by day-of-week for the expanded competitive set for the period ended December 2018.



Source: Smith Travel Research

Occupancy is highest on Tuesday and Wednesday at 68 percent and 65 percent respectively. Friday and Saturday have occupancy rates at 63 and 61 percent respectively. Monday and Thursday show occupancy in the high-fifties and Sunday’s occupancy is in the high-thirties. Average rate and RevPAR are both highest on Tuesday and Wednesday. This reflects composition of demand as being nearly equal corporate and leisure.

Conclusion

There are several large annual events bringing significant demand into Hutchinson. The addition of quality rooms is anticipated to bring demand back into the area that has previously been turned away from the market due to lack of product.

Demand Generator Survey

Hutchinson and the surrounding area are home to numerous demand generators in manufacturing, agriculture, technology, mining, and distribution sectors of commerce. The region provides an attractive destination for the leisure market as well as commercial travelers. Lodging demand includes management personnel, trainees, consultants, project specialists, interviewees, customers, laborers, vendors, and others traveling to the area on business.

Several area demand generators were previously interviewed to gain an understanding as to the type and extent of their need for lodging. A survey of this type does not provide a quantitative basis for an analysis, but is used to support or question subjective feelings or conclusions regarding the proposed location, product and price position. It is also important to recognize that survey comments and self-estimates of lodging demand are usually much less than that which is accommodated among area hotels. It is very difficult for any individual within a company to accurately gauge the amount of demand generated by corporate guests. Company estimates are typically far less than actual demand generated by and because of the company. A summary of selected area demand generator comments, the list of companies surveyed, and select interview questions follow.

**Demand Generator Interview
Proposed Hotel & Convention Center**

Hutchinson, Kansas

March/April 2019

Name of Company: _____

Phone Number: _____

Receptionist: May I speak with the person responsible for securing hotel accommodations for your company?

Notes: _____

Contact: Hello, my name is Jordan Canfield and I am with HREC – Hospitality Real Estate Counselors in Memphis, Tennessee. The development of a new Hotel and Convention Center is under consideration for development in Hutchinson. There are several potential sites for the proposed Hotel and Convention Center in various areas throughout Hutchinson. We are interested in what you think. I was wondering if you could take just a minute to give me your thoughts on the current and anticipated lodging needs of your company?

Name: _____ Title: _____

Location: What do you generally think about Hutchinson for a possible hotel development? If you are familiar with Hutchinson, do you think the downtown area, fairgrounds, or the K-61 corridor would be better suited for your clients’ needs?

Lodging Needs: Do you ever need to book or recommend a hotel for guests visiting the Hutchinson area? _____ If so, how often? _____

How long do these guests stay on average? _____

Types of lodging guests: _____ (Demand estimate _____)
(management, meetings, training, customers)

Which hotels do you currently use? Reason: (Price, Facilities, Service, Corporate Directive, Amenities, Location)

Rate you are currently paying/comments:

_____ P F S CD A L Other _____/_____

_____ P F S CD A L Other _____/_____

_____ P F S CD A L Other _____/_____

What facilities are used in the surrounding market area?

Potential Use of Proposed Hotel(s): Do you think the following property would gain consideration as a preferred lodging option?

Product Type	Suggested Rate(s)	Likelihood of Use (Likely/Not Likely/Don't Know) & Why
<p>Courtyard by Marriott or Hilton Garden Inn Approximately 120 guest rooms</p> <ul style="list-style-type: none"> • Complimentary breakfast • Sundry Shop • Lobby level lounge area • Possible Indoor Pool and Fitness Room • Business Center • Laundry Facilities • Wireless capabilities throughout • Possible Area Shuttle • Large Complement of Meeting Space 	<p>\$115 - \$125 Rack Range</p>	

And would you say that the recommendation to use the Hotel would be more accurately described as low _____, average _____, or high _____? Basis: _____

Which brand recommendation would likely gain your consideration? _____
 Why? _____

Convention Center Needs: Do you ever need to book or recommend a large space to hold meetings, conventions, or banquets for guests visiting the Hutchinson area? _____ If so, how often?

How long do these guests stay on average? _____

Types of lodging guests: _____ (Demand estimate _____)
 (management, meetings, training, customers)

Which facilities do you currently use? Reason: (Price, Facilities, Service, Corporate Directive, Amenities, Location)
 Rate you are currently paying/comments:

_____ P F S CD A L Other _____/_____

_____ P F S CD A L Other _____/_____

_____ P F S CD A L Other _____/_____

What facilities are used in the surrounding market area?

Company Profile: Product/Service _____

Total Employment: _____ Employment at this Location: _____

How many locations in this area? _____ Locations: _____

Is employment _____ stable, or are you expected to _____ increase / _____ decrease over the next year?

Do you anticipate any short- or long-term changes in your lodging needs? _____

Is there anyone else in the company you would recommend I speak with? _____

Additional Comments: _____

Commercial Demand Generator Comments

ESSDACK

Educational Consultant

Since 1982, ESSDACK has provided leadership, innovation, services, products, and solutions to educators in Kansas, across the country, and around the world with a focus on preparing learners for their future. They offer professional learning opportunities for educators, coaching for adults, and a host of services ranging from group health insurance to technology support.



Perceived Need for Lodging/Convention Center:

- Hosts multiple conferences annually; includes career expos, workshops, fundraisers, etc.
- Annual career expo brings over 6,000 students to the area with approximately 200 vendors/exhibitors; takes place over two days
- Hosts a technology conference annually with 325 vendors and exhibitors
- Hosts at least three other large conferences throughout the year

Hotels/Facilities Used, Rate and Criteria:

- Uses Hutchinson for annual career expo; the Mall has empty space that is currently utilized for the actual expo
 - Does not want to use current convention center in town due to condition of facilities and equipment
- When people come in they are put at the Fairfield, Holiday Inn Express, or Hampton in Hutchinson
 - Best quality hotels; wouldn't want to put them anywhere else
- Hosts technology conference in Wichita- use the Hyatt
- Hosts three different conferences at the Hilton in Manhattan, KS

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Hutchinson is centrally located and ideal for conferences
- If there was a decent place to hold a convention or conference in Hutchinson, some of their events would be moved to Hutchinson, or Hutchinson would be added to the rotation

Brand Preference, Rate Considerations, Amenities/Services:

- Not sure brand matters, quality is the most important thing
- The rate needs to be reasonable, hotels in Hutchinson are not expensive, so cannot be too high over current rates
- Convention space would need to be large enough to hold 500 people with the possibility of seven to eight breakout rooms
- Pricing of renting the convention space and price of using equipment is extremely important

Location:

- The current hotel and convention center is hard to get to and would probably need to be torn down and rebuilt; plus, there is no walkability
- The fairgrounds currently rent out their facilities for large events, but there is no possibility for breakout rooms; they are just large open spaces; there are also not a lot of dining options or entertainment near the fairgrounds
- Downtown is an interesting idea; would be nice to see growth downtown; but parking would be an issue
- The mall/K-61 corridor is where everything is; it is where the new restaurants are coming in; excellent highway location; there is just no walkability

Additional Comments:

- Guests like the conference center in Wichita due to Old Town

Kansas State Highway Patrol

Law Enforcement

The Kansas Highway Patrol is a law enforcement agency dedicated to the *Service, Courtesy, and Protection*, which was first established when the agency was formed in 1937. The Patrol's Kansas state troopers, Capitol Police officers, motor carrier inspectors, and civilian workers are devoted to improving the quality of life for citizens and travelers in Kansas. They currently provide security for the Kansas State Fair.

**Perceived Need for Lodging/Convention Center:**

- For the duration of the Kansas State Fair, troopers come from all over the state
- 30 nights for all ten days of the Fair are needed
- There had been talks in the past about using Hutchinson for a statewide convention; but has not heard anything recently

Hotels/Facilities Used, Rate and Criteria:

- Atrium Hotel was used one year but is not used anymore
 - Conditions of rooms were too poor
 - Had too many problems
- Holiday Inn Express was used one year
 - The property was too small
- Currently use Fairfield
 - Offer a discounted rate
 - Allows them to set up a "hospitality room" in current meeting room

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Definitely needs more room- been in dyer straights the last couple of years

Brand Preference, Rate Considerations, Amenities/Services:

- Brand does not necessarily matter; just needs to be large enough
- Currently has a year to year contract- would need to go through the state bidding process in order to get contract with the new hotel

Location:

- Does not think the fairgrounds is the best location- too noisy; not just during the week of the fair; there are always events there
- K-61 has the highway traffic and all the restaurants; close to the Cosmosphere

Additional Comments:

- McPherson has expressed interest in getting their business; but the discount is not worth it once you consider drive time and overtime

Dillons

Grocery- Retail, Manufacturing, Distribution

Dillons is a grocery supermarket chain based in Hutchinson, Kansas, and is a division of The Kroger Company. Other banners under Dillon Stores Division include Gerbes in Missouri, Baker's in Omaha, Nebraska, and a Food 4 Less store in Fremont, Nebraska. Dillons operates grocery stores throughout Kansas with major influences in and around Wichita, Topeka and Lawrence. Dillons operates a dry grocery warehouse in Goddard, near Wichita, in addition to frozen foods and perishable warehouses in Hutchinson. A bakery manufacturing plant and dairy are also in Hutchinson.

**Perceived Need for Lodging/Convention Center:**

- Constantly has people coming in throughout the year
 - Some stay weeks at a time
 - Others stay one to three nights
- Currently has one large meeting a year with about 300 people
- There are several smaller meetings throughout the year with about 20 to 50 people

Hotels/Facilities Used, Rate and Criteria:

- There is no decent space to hold meetings in Hutchinson; currently goes outside of the market
- Hampton and Holiday Inn Express in Hutchinson are currently used

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Would absolutely use a new hotel and convention center for all needs

Brand Preference, Rate Considerations, Amenities/Services:

- Brand was not mentioned

- Currently gets a corporate discounted rate; unsure of exact amount; but \$130 would probably be too high
- Bar/restaurant and fitness room would be nice to have as amenities

Location:

- Downtown would be an interesting location; would like to see what could be done there
- K-61 by the mall is suitable for all of their needs; location does not sway them one way or another

Kuhn Krause

Agriculture, Manufacturing

Kuhn Krause offers specialized agricultural machinery to meet customers' specific needs. Kuhn Krause is a leading innovator in agricultural and industrial equipment, specializing in spreaders, mixers, hay tools and tillage tools. Kuhn Krause products are sold by farm equipment dealers throughout the United States, Canada and many other countries.

**Perceived Need for Lodging/Convention Center:**

- Groups from out of the country are coming in year round
 - Usually about eight people per group
- Hosts two territory manager meetings a year
 - Typically 50 to 55 people
- If given the choice, would like to host an event in Hutchinson
- More events are a possibility if there was more space

Hotels/Facilities Used, Rate and Criteria:

- The Fairfield Inn in Hutchinson is currently used for people coming in
 - Offer a discounted rate of \$80 to \$90
- The plant is currently used for meetings
 - It is convenient; moving heavy equipment to a different space isn't practical

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Would more than likely use a new hotel and convention center for all needs

Brand Preference, Rate Considerations, Amenities/Services:

- Brand was not mentioned
- Currently gets a corporate discounted rate of \$89 to \$90
- Amenities are important- Bar/restaurant; pool/whirlpool; fitness center

Location:

- Does not have a preference; Hutchinson is not a very big place

Hutchinson Regional Medical Center

Hospital

Hutchinson Regional Medical Center is a not-for-profit, 199-licensed bed medical facility serving the health needs of more than 65,000 residents of Hutchinson, Reno County and the surrounding Central Kansas region.



Perceived Need for Lodging/Convention Center:

- Does not have a lot of people coming in that have a need for a hotel
- Physicians sometimes come, but not often
- Currently hosts three conferences a year with about 200 people

Hotels/Facilities Used, Rate and Criteria:

- Currently use the Atrium for the conferences
 - Have been disappointed in the past
 - Had problems with connectivity
- Church auditoriums, schools, and a space downtown are also used

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Satellite connections and internet are important
- In need of good, quality facilities

Brand Preference, Rate Considerations, Amenities/Services:

- Catering is an important necessity

Location:

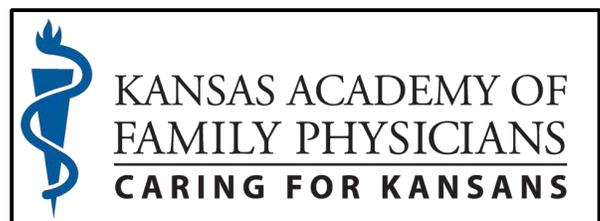
- Utilizing the space by the mall seems to be the most logical- there is existing space already there
- Would love to see revitalization of downtown; parking is a challenge though
- Fairgrounds seems like least likely scenario

State Association Comments

Kansas Academy of Family Physicians (KAFP)

State Organization

The Kansas Academy of Family Physicians (KAFP) represents 1,760 physicians and medical students statewide. It is the only medical society in Kansas devoted solely to primary care. Today, family physicians provide more care for the underserved and rural populations than any other medical specialty. Family physicians conduct approximately one in five office visits.



Perceived Need for a Convention Center:

- One major tradeshow annually
 - Three and a half day event
 - Over 200 people; 50 exhibitors

Facilities Used and Criteria:

- Currently rotate between Wichita, Kansas City, and Manhattan, KS
 - Have been disappointed in the past
 - Had problems with connectivity

Likelihood of Use of the proposed Convention Center and Criteria: Considerable

- Hutchinson would be considered if there was a new, high quality hotel and convention center

Additional Comments:

- They tend to spoil their members- want high quality facilities; space for everything within the hotel
- The existing hotel and convention center in Hutchinson is not appropriate for them

Kansas Bankers Association (KBA)

Currently supports its member banks and bankers with leadership, advocacy and education to benefit the communities and customers they serve.



Perceived Need for a Convention Center:

- Two meetings per year
 - About 50 to 85 people
 - One day seminar

Facilities Used and Criteria:

- Currently use Atrium Hotel for convention space only
- Fairfield Inn and Hampton are used for any lodging needs

Likelihood of Use of the proposed Convention Center and Criteria: Extremely Likely

- Would absolutely use new hotel and convention center in Hutchinson
- Would need space for large general sessions, breakout rooms, and catering
- It would be possible to get larger, multi-day events with better facilities

Additional Comments:

- Currently no discounted rates offered at hotels
- Off the highway would be the best location

Kansas Motor Carriers Association (KMCA)

Chartered by the State of Kansas as a non-profit corporation in 1936, KMCA consistently has provided leadership that has helped the transportation industry improve its services to the public and to achieve its present stature. With its membership of more than 900 companies, representing all types of motor carrier operations and allied enterprises, KMCA is able to speak with authority as the voice of the transportation industry.



Perceived Need for a Convention Center:

- One large convention per year
 - Takes place in September
 - Usually 150 people

Facilities Used and Criteria:

- Currently uses facilities in Wichita, Manhattan, Salina, and Topeka
- These cities are used in a rotation
- Would need breakout rooms, A/V equipment

Likelihood of Use of the proposed Convention Center and Criteria: Considerable

- Would consider using Hutchinson if the price was right

Additional Comments:

- Hosts a “Spouse Event”; while one spouse is at the convention, the others go on a group outing together; there would need to be an attraction or opportunity for a tour nearby

Kansas Press Association (KPA)

Kansas Press Association was organized in 1863 to serve, improve and promote the newspaper industry, and to protect the rights of a free press. Today, KPA continues its efforts by providing newspapers with marketing and educational services, legal and technology hotlines, legislative representation and a forum for the exchange

of ideas. KPA represents more than 225 newspapers throughout the state, including 28 dailies, 168 non-dailies, 26 college and high school newspapers and seven Spanish language newspapers.



Perceived Need for a Convention Center:

- One large event per year
 - About 300 people
- Other smaller events through the year
 - About 20 to 40 people

Facilities Used and Criteria:

- Has used Topeka the last two years
- Needs a general session room, breakout rooms- all with a nice flow
- Needs a hotel on site with a restaurant/bar

Likelihood of Use of the proposed Convention Center and Criteria: Likely

- Hutchinson would be a great spot given its central location

Additional Comments:

- Downtown Hutchinson seems like an interesting location- retail and breweries
- K-61 is not really a draw anymore
- Brand of hotel is not really a factor

Petroleum Marketers and Convenience Store Association of Kansas (PMCA)

PMCA provides services that reflect current business needs and represents the business interests of the independent energy marketers and convenience store owners of Kansas. PMCA provide their members tools to help manage their energy marketing and retail businesses.

**Perceived Need for a Convention Center:**

- Hosts two to three meetings per year in Hutchinson
- Has one large convention per year
 - About 125 to 150 people
 - Location changes every year

Facilities Used and Criteria:

- Currently uses Atrium for meeting space
- Uses Hampton in Hutchinson for any lodging needs
- Would need breakout rooms
- Uses 50 hotel rooms
- Hotel needs to have restaurant/bar, fitness room, and free Wi-Fi

Likelihood of Use of the proposed Convention Center and Criteria: Extremely Likely

- Would absolutely use a new hotel and convention center in Hutchinson

Additional Comments:

- Would need a discounted rate for hotel rooms and for food and beverage services at convention center

Leisure Demand Generator Comments

Kansas State Fairgrounds

Kansas State Fairgrounds hosts many activities and events year-round. These include tractor pulls, livestock exhibitions and shows, equipment exhibitions, dog shows, festivals, and auctions. The facility also provides numerous options for building rentals for family reunions, weddings, and other corporate or social events. Many of these events bring visitors from all over the region, as well as vendors.



Perceived Need for Lodging:

- Kansas State Fair
 - Takes place over 10 days in September
 - Has over 330,000 in attendance
- Over 500 non-fair events throughout the year
 - Livestock Shows/Auctions- 15 to 20 throughout the year-vary greatly in size
 - Cattle Shows- several recurring annually; some returning every couple of years; usually produce room nights—largest is KJLS, brings 1,000s into the area needing rooms annually- last weekend in September
 - KS Rabbit Breeders- need about 50 hotel rooms, over 700 rabbits entered into show
 - Goat sale- brings over 100 people- approximately 20 rooms
 - All-American Sheep Show- every July- 1,300 attendees over a 4-day event- definitely need rooms
 - Horse Shows- 24-30 throughout the year
 - Wild Wind- over 100 people from five different states- 20 rooms
 - Celebrate Kansas- 250 people- about 60 rooms
 - SkillsUSA- event growing every year
 - 1,700 attendees from throughout the region
 - MCC Fundraiser- occurs annually over two days
 - 8,000-10,000 attendees over duration
 - Raise over \$500,000 usually
 - 80 hotel rooms (may be room nights, unclear)
 - Smallville ComicCon- every June
 - Anywhere from 3,000 to 5,000 attendees
 - Event is growing every year
 - MacDon training event
 - Bring in about 150 people from Canada
 - Hutch Nationals Auto Races- end of July/beginning of August
 - Two day event, over 4,000 attendees
 - HCC annual field-ops training
 - Every June

- Over 350 attendees from seven states
- Hosts numerous social events including banquets, birthdays, and weddings

Hotels Used/Criteria:

- Does not book rooms for people; would imagine they use the Fairfield, Hampton, or Holiday Inn

Likelihood of Use of the Proposed Hotel:

- Assume a new hotel and convention center would get used; especially with some of the large events in town

Additional Comments:

- Knows of groups wanting to hold events at the fairgrounds, but won't due to lack of quality rooms in town
- Obviously would want a hotel at the fairgrounds to accommodate demand there
- If the hotel was not at the fairgrounds, K-61 makes sense, everything is already there

Hutchinson Recreation Commission**Perceived Need for Lodging/Convention Center:**

- Youth Sports
 - Over 20 events spanning April through July
 - These events bring over 400 teams total
 - Baseball/softball tournaments bring anywhere from 20 to 45 teams each
 - These tournaments are still in the build-up phase
 - Fall and winter bring basketball and volleyball teams
 - Basketball typically brings 20 to 25 teams
 - Volleyball brings about 40 teams
 - Annual softball tournament in October brings 50 teams
- Kansas Parks and Recreation hosts large convention annually
 - Lasts three days
 - About 500 people attend
 - Is in a rotation with various cities in Kansas
 - A new hotel and convention center would allow Hutchinson to be in rotation
- The Salty Dog Triathlon
 - Second weekend in August
 - One day event
 - About 300 participants; 60 percent from out of town
- The Salt City Half Marathon
 - First weekend in October
 - One day event
 - About 200 participants; 60 percent from out of town



Hotels and Facilities Used, Rate, and Criteria:

- Currently uses Fairfield Inn and Holiday Inn Express in Hutchinson
 - Holiday Inn in full for about half the tournaments
 - Currently there is a deal worked out with hotels- umpires in town for tournaments have comped rooms, in exchange HutchRec promotes these hotels as the “tournament hotels”

Likelihood of Use of the Proposed Hotel/Convention Center: Extremely Likely

- Extremely likely to use new hotel in Hutchinson
- More quality rooms are needed
- Youth sports teams don’t really have a need for large convention space
- The new convention center would allow Hutchinson to be in rotation for the Kansas Parks and Recreation convention
- A new convention center would also allow possible future opportunities
 - Potential for umpire training, coaching clinics; these are not currently being aggressively pursued due to the condition of the current convention center

Location:

- K-61 is a good location for the youth sports teams; but no walkability
- Downtown offers walkability, unique restaurants and retail

NJCAA

The National Junior College Athletic Association (NJCAA) is the governing association of community college, state college and junior college athletics throughout the United States. Currently the NJCAA holds 24 separate regions across 24 states and is divided into 3 divisions. The NJCAA currently holds the state men’s basketball championship and the state women’s volleyball tournament in Hutchinson every year.

**Perceived Need for Lodging/Convention Center:**

- The basketball tournament currently has 24 teams
 - There can be up to 20 people per team
 - Families and fans of teams flood the town
 - Tournament is single elimination, so once you lose you go home
- Currently there is no need for a convention center

Hotels/Facilities Used, Rate and Criteria:

- Every hotel in town is used
 - Some teams may even end up in McPherson due to condition of rooms or certain hotels in the market

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- A new hotel in Hutchinson would definitely be used

Brand Preference, Rate Considerations, Amenities/Services:

- Good quality, clean rooms
- Extra amenities are nice, but not a necessity for tournament needs
- Fans may like to have a shuttle to/from arena during the tournament

Location:

- Does not think the location of the hotel matters

Cosmosphere

The Cosmosphere started as a planetarium established on the Kansas State Fairgrounds in 1962. The 105,000-square-foot facility houses the largest collection of Russian space artifacts outside of Moscow, and a collection of U.S. space artifacts second only to the National Air and Space Museum in Washington, D.C.. The Cosmosphere has four venues: The Hall of Space Museum, The Justice Planetarium, The Carey Digital Dome Theater, and Dr. Goddard's Lab (an explosive live science presentation on the history of rocketry). The Cosmosphere is the only Smithsonian affiliate museum in Kansas.



Perceived Need for Lodging/Convention Center:

- Has 100,000+ visitors per year
 - Busiest during sports events in town, summer, spring break, and the week between Christmas and New Year's Eve
- Hosts an event once a year with 200 to 400 people

Hotels/Facilities Used, Rate and Criteria:

- For some special events, a room at the museum is rented out
- If there is a need to rent space outside the museum, the fair is used
- Usually recommends the Fairfield to outside visitors
- Used to use the Hampton, but it is too dated now
- Will sometimes suggest that people stay in Wichita

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- A new hotel in Hutchinson would definitely be used

Brand Preference, Rate Considerations, Amenities/Services:

- No mention of brand
- Hotel would need a restaurant/bar, shuttle, suites, and room service

Location:

- Thinks the K-61 corridor would be the preferred location, followed by downtown, and then the fairgrounds

Strataca

Strataca, previously known as the Kansas Underground Salt Museum, was built within one of the world's largest deposits of rock salt and provides the opportunity to go 650 feet beneath the Earth's surface. The museum is located in the Hutchinson Salt Company mine which began operation in 1923 as Carey Salt Company. There are 14 other salt mines in the United States, but none of them are accessible to tourists.

**Perceived Need for Lodging/Convention Center:**

- Has 50,000+ visitors per year
- Busiest during sports events in town, summer, spring break
- 5K Mine Run- 400 people from 21 states
- Bike Ride- 170 people, most from out of town; October

Hotels/Facilities Used, Rate and Criteria:

- Usually suggest hotels that are members of the CVB
- Strataca has a room that can hold 250 people, so no need for meeting space

Likelihood of Use of the proposed Hotel/Convention Center: Extremely Likely

- Would suggest it if it were a member of the CVB

Brand Preference, Rate Considerations, Amenities/Services:

- Hotel would need a restaurant/bar, shuttle, suites, and room service

Location:

- Location isn't that important; kind of on the outskirts so all visitors would have to drive to them

Other Demand Generator Considerations**Prairie Dunes Country Club:**

- Currently has some lodging on site; 16 bedrooms (28 beds total); expanding in the next couple of years
- Very seasonal, mostly people just coming to play golf
- Has tournaments every couple of years or so
- Currently not shopping for business, sometimes organizations come to them (PGA, NCAA, USGA)
- Hosting the Big 12 Tournament in 2021

- Hutchinson could host larger events with more rooms available

Findings

Corporate demand generators interviewed are located within the immediate market of Hutchinson. State associations interviewed are located throughout the state of Kansas. Leisure demand generators are located within the Hutchinson market, or surrounding communities, varying by distance. Most demand drivers are very familiar with the proposed location. Collective responses appear favorable for future use and utilization of the proposed Hotel.

- **Location:** Most of those interviewed indicated that the K-61 corridor, by the mall, would be the preferred or most logical location for a new hotel and convention center. However, a number of responders also indicated that location was not a factor to them. Downtown is typically the second preferred location, with the fairgrounds not being an option.
- **Likelihood of Use of Hotel:** Nearly all those corporate and leisure demand generators interviewed indicated that a new hotel in Hutchinson would be extremely likely to be used.
- **Likelihood of Use of Convention Center:** A number of demand generators and state associations interviewed indicated that they would likely use a new convention center in Hutchinson. However, there was also some indication that Hutchinson would only be considered for use, and possibly be added into a rotation for larger events.

Additional demand generators and state associations with potential for demand were surveyed; however, elected to not participate. A summary of these entities appears in the table below.

<u>Company</u>
Takako
KFSA
DCI
Cargill Salt
Lowen
KS Chiropractic Association
KS Crop Improvement Association
KS Dental Association
KS Foundation for Medical Care
KS Independent Oil & Gas Association
KS Hospital Association
KS Nurses Association
Kearney & Associates

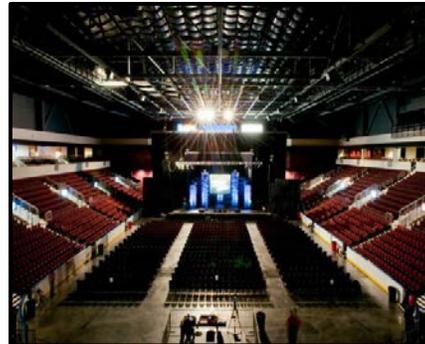
Meeting Space Considerations

Regional Venues

Throughout the state of Kansas, there are several venues available to host everything from large conventions to smaller meetings. Below are profiles of some of the facilities within two hours of Hutchinson.

Dodge City: Located approximately two hours west of Hutchinson.

- *United Wireless Arena:* Built in 2011, United Wireless Arena hosts concerts, sporting events, family shows, motorsports, trade shows, equestrian events, ice hockey, graduations, meetings and conferences. The main floor provides approximately 20,000+ square feet of trade show space, allowing for adequate space for an ‘all under one roof’ approach. The arena has a seating capacity of 4,300 for sporting events and 6,000 for stage events. United Wireless Arena is adjacent to Boot Hill Casino & Resort Conference Center.



- *Boot Hill Casino & Resort Conference Center:* Boot Hill Casino & Resort Conference Center, boasts 7,000 square feet of versatile column free meeting space and includes onsite catering services, seating capacity from 10 to 700 attendee meetings, moveable wall systems to create one single large room or six smaller rooms, production/audiovisual equipment, IT support, event coordination, and close proximity to area historical attractions, entertainment, and lodging.



- Western Bank Expo Center:* Western State Bank Expo Center is a multi-purpose facility with the ability to host a wide range of events such as training and education seminars, trade shows, implement expos, farm & ranch shows, equipment and product demonstrations, private parties, banquets and meetings, equestrian events, livestock sales and livestock shows. The Expo also boasts a 90,000 square feet heated concrete expo floor, and a 76,500 square feet dirt floor with a regulation arena space. In addition, there is 1,000,000 square feet of outdoor hard surface that can be used as exhibit space or for parking. This facility offers a ground level loading dock, available to load out semi-trucks, and all areas are equipped with electric hookups.



- Dodge House Hotel & Convention Center:* This is the only conference hotel in Dodge City. The Dodge House Hotel & Convention Center ballroom is 4,300 square feet and can be split to accommodate up to 300 people. The ballroom can be opened up into the dome area to accommodate up to 700 people. Some other amenities include: saloon, lounge, group rates, shuttle service, and western flair.



- The Civic Center:* The Civic Center is a 15,000 square feet, multi-functional facility that has been host to thousands of activities from concerts, basketball games, foreign dignitaries, and much more. The arena features 1,800 fixed seats and concert setting for 2,700. For banquets, the civic center can seat 800. In addition, there are two multi-purpose rooms and locker rooms are included for athletic events. Other amenities include; ground level loading docks, Peavy Hi-Fidelity sound system, fixed spotlights, lighting for televising events, and a fully equipped stage.



Manhattan: Located approximately two hours northeast of Hutchinson.

- *Manhattan Conference Center:* The Manhattan Conference Center is attached to the 122-room Hilton Garden Inn. The conference center offers 12 event rooms spanning 25,000 square feet. The largest space is the Grand Ballroom at just over 14,500 square feet; and, the smallest space is the Little Apple with just over 400 square feet. Amenities include: built-in sound systems, LCD projectors and screens, on-site catering, high-speed Wi-Fi, and on-site event planner. Expansion of the conference center has been approved, but it appears no timeline has been set.



Hilton Garden Inn with Manhattan Conference Center to the left





Rendering of Manhattan Conference Center expansion

- *Four Points by Sheraton:* The Four Points by Sheraton offers over 26,000 square feet of meeting space. The largest space is the 6,800 square foot Regency Ballroom that can accommodate up to 850 people. The smallest space is the 336 square foot executive boardroom.



- *Holiday Inn at The Campus:* The Holiday Inn is located directly across from the Kansas State University. The hotel offers over 9,000 square feet of meeting space. The largest room is just over 5,700 square feet and can accommodate up to 300 people. The smallest room is 1,100 square feet. The hotel offers on-site catering.

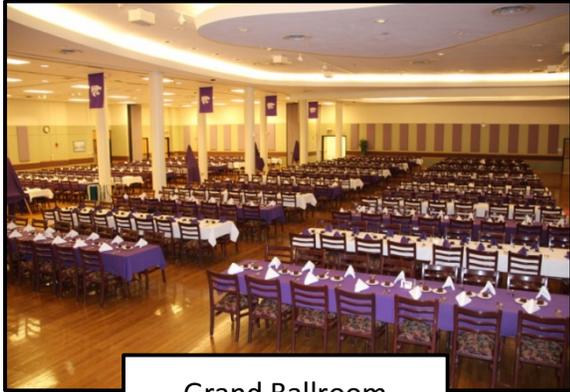


- *Bluemont Hotel*- The 112-room hotel offers over 7,000 square feet of event space, all on the fifth floor. The largest space available is the main ballroom, The Hartford, at 3,456 square feet. The smallest space is the boardroom at 273 square feet. Catering is offered from a vendor off a preferred catering list.

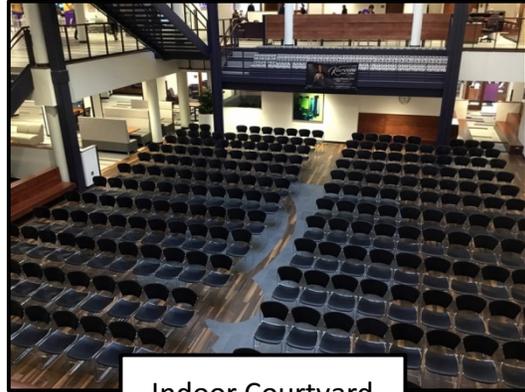


- *Kansas State Student Union*- As part of the campus of Kansas State University, the student union offers a variety of spaces available for rent for social, academic, and professional functions. The spaces can be rented to the public or students and faculty. Facilities include: Two

auditoriums; six banquet rooms; a spacious ballroom that can be divided in a variety of configurations; dozens of conference and meeting rooms; an indoor courtyard; and, numerous lounges. The student union is also connected to the 90,000 square foot, outdoor, Bosco Student Plaza. The largest room is the Grand Ballroom at over 9,000 square feet, and can accommodate up to 1,000 people. The smaller boardrooms range in size from 160 to 575 square feet. These events can be catered from a preferred list of caterers.



Grand Ballroom



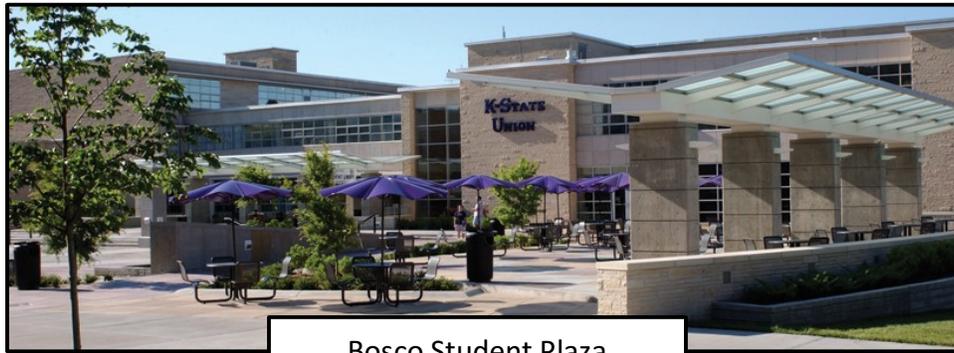
Indoor Courtyard



Forum Hall Auditorium

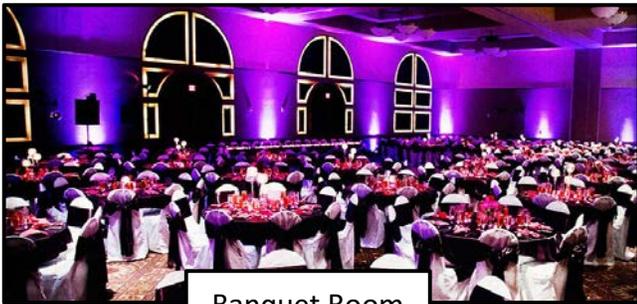


Room 206- 350 square feet



Bosco Student Plaza

- *Kansas State Alumni Center*- The Kansas State Alumni Center houses the Alumni Association offices, and offers meeting and banquet facilities for the university and community. The centers offers a 5,152 square foot Banquet Room that can hold up to 750 people; and, several conference rooms that range in size from 110 to over 1,500 square feet and can hold anywhere from four to 100 people.



Banquet Room



Tadtman Board room- 1,564 square feet

- *Flint Hills Discovery Center*- The Flint Hills Discovery Center has more than 7,000 square feet of exhibit space. There are various rental options within the discovery center. A full-building rental can accommodate up to 500 guests and includes: the outdoor rooftop terrace, two private dressing/meeting rooms, all exhibit spaces, children’s play area, entry atrium, and balconies. Exhibit space rental can also accommodate up to 500 people and includes: all exhibit spaces, children’s play area, entry atrium, and second floor balcony. Two private rooms, the Blue Earth Room and Flint Hills Room, can each accommodate up to 50 people and are typically used for meetings, presentations, and numerous social functions. The uncovered rooftop terrace can accommodate up to 150 people.





- *Houston Street Ballroom-* The Houston Street Ballroom features a 9,000 square foot ballroom with permanent dance floor and stage, a variety of room setups and ample parking.



Emporia: Located approximately two hours east of Hutchinson.

- *ESU Memorial Union-* Located on Emporia State University’s campus, the ESU Memorial Union offers over 35,000 square feet of meeting space, and can accommodate groups of up to 800 comfortably. The KSTC Colonial Ballroom and Webb Hall are surrounded by a constellation of break-out meeting rooms.



- *Anderson Hall*- Anderson Hall is located on the Lyon County Fairgrounds and hosts a variety of events. With 12,000 square-feet to use, common events would include large meetings or receptions, trade shows, and 4H club events. Recent renovations include an executive meeting room and a new expansive patio. Seat 750 at tables and chairs or 1,680 in theatre-style seating.

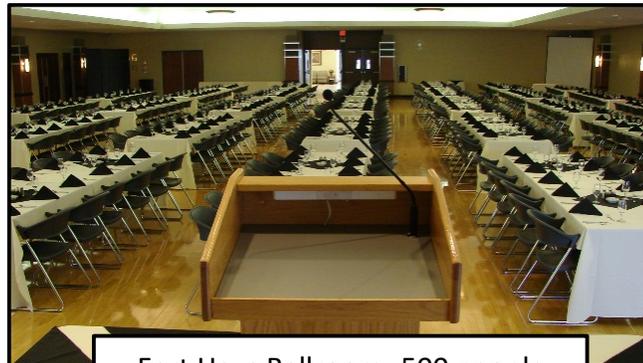


Hays: Approximately two hours northwest of Hutchinson.

- *Fort Hays State*- Offers ten meeting rooms that can hold anywhere from ten to 500 people.



Meadowlark Room – 10 people



Fort Hays Ballroom- 500 people

- *Hilton Garden Inn*- A 96-room Hilton Garden Inn is currently under development, and is anticipated to have approximately 8,500 square feet of convention space. The project is expected to be completed by late 2019.



Junction City: Located approximately one hour and forty-five minutes northeast of Hutchinson.

- *Geary County Convention Center-* The Geary County Convention Center is connected to the Courtyard by Marriott in Junction City. The convention center offers approximately 15,500 square feet of function space over 13 meeting rooms. The full ballroom offers 12,000 square feet of space and can accommodate up to 1,200 people. The full ballroom can also be broken out into six separate rooms. The smallest space is the Flint Hills Boardroom with 290 square feet and can accommodate 12 people. Catering is offered through the Courtyard.



Great Bend: Located approximately one hour west of Hutchinson.

- *Great Bend Events Center-* Owned and operated by the City of Great Bend, the events center boasts over 14,000 square feet of meeting space. It can accommodate up to 1,200 people for the ultimate in banquet dining. It is also ideal for auctions, exhibits, and dances. The largest space is just over 13,000 square feet and can hold up to 1,300 people. The smallest space is 208 square feet and can accommodate 20 people. The events center is currently undergoing renovations.

Salina: Located approximately one hour north of Hutchinson.

- *Tony's Pizza Events Center-* This newly renovated, multi-purpose center (arena, exhibition hall & meeting rooms) for sports events, concerts, meetings and conventions, workshops and tradeshows, ballet and rodeo, family shows, banquets, concerts, wrestling and motor sports, and headliners and sports tournaments. The venue offers 45,000 square feet of function space, and can hold over 7,500 people.



- *Hilton Garden Inn*- The hotel offers over 10,000 square feet of convention space, comprising of six flexible meeting rooms and a grand ballroom, which can cater to events with up to 550 guests. On-site catering is provided.



Wichita: Located approximately an hour south of Hutchinson.

- *Century II Convention Center & Hyatt Regency-* Century II Performing Arts & Convention Center boasts more than 200,000 square feet of exhibition and meeting space. Century II connects to the 303-room Hyatt Regency Wichita. The two facilities combined have 28 meeting rooms and ballrooms.
 - A total of 195,500 square feet of open floor space
 - Rooms range in size from 900 to 7,750 square feet
 - Open main floor space for more than 700 booths
 - 8-bay loading dock
 - In-house electrical and telephone service
 - Three professional stages
 - On-site parking
 - In-house catering and concessions provided by Hyatt Regency Wichita or Premier Catering: Food service capabilities for ten to 3,500

The Concert Hall seats 2,178 people.

The Carl A. Bell, Jr. Convention Hall provides tiered seating with removable risers for both presentations and exhibitions. The hall can seat 5,012 people for presentations or stage productions. Remove all risers for 32,000 square feet of exhibit space. Open the wall to the adjacent Exhibition Hall, and you'll have a total of 94,500 square feet of exhibit space.

The Exhibition Hall provides 45,000 square feet of exhibit or banquet space. There is an additional 17,500 square feet on the mezzanine that can also be utilized. This provides enough space for 2,000 people.

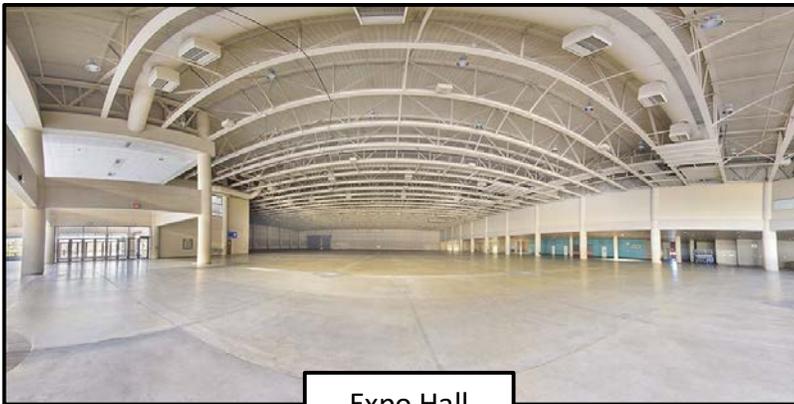
Bob Brown Expo Hall offers 93,000 square feet of exhibit space and adjoins the 8,000 square foot Connecting Lobby.



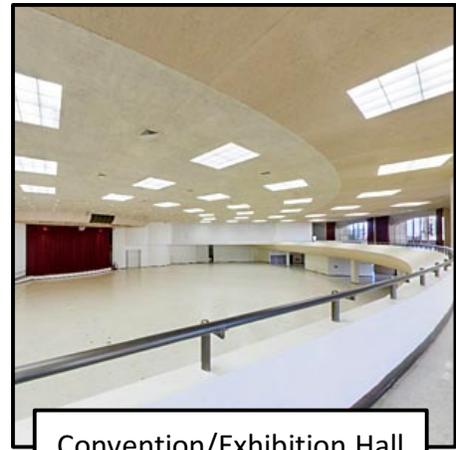
Century II (right) and Hyatt Regency (left)



Concert Hall



Expo Hall



Convention/Exhibition Hall

- *Drury Plaza Hotel:* Drury Plaza Hotel features over 11,000 square feet of meeting space over five rooms. The Large Ballroom is the largest space with 9,204 square feet, and the smallest space is a 408 square foot boardroom. The hotel uses an outside caterer for events.



- *Wichita Marriott:* The Wichita Marriott has over 26,000 square feet of meeting space over 16 rooms, and the ability to have 14 breakout rooms. The largest space is the Kansas Grand Ballroom with over 7,000 square feet, and can hold up to 1,000 people. The smallest space is the Executive Boardroom with 480 square feet and a capacity of 12 people. The hotel offers on-site catering.



- *DoubleTree*: The DoubleTree by Hilton at the Wichita airport, offers over 25,000 square feet of function space. The largest space is the Emerald Ballroom, which can accommodate up to 1,000 people. There are three small boardrooms with 336 square feet that can accommodate up to 10 people. The hotel offers on-site catering.



Potential Meeting Space Demand- Hutchinson

Several local, regional, and statewide companies and organizations expressed interest in using the Hutchinson market for various meetings, conferences, and conventions. Below is a table showing possible different events in the Hutchinson market. The information below is a sample of potential convention center use.

Company/Organization	No. of Attendees	Likelihood/Frequency of Hutch Use	Market Used	Other Comments
KRPA	500+	Likely/Every 4-5 years	-	3-day convention
ESSDACK	300+	Extremely Likely/Annually	Wichita	Has two other conferences annually- use Manhattan, KS
KPA	300+	Extremely Likely	Topeka	General session and breakout rooms need to flow together
Dillons	20-40	Extremely Likely	Topeka	Various smaller events throughout the year
	300+	Extremely Likely/Annually	Wichita	Currently use Hyatt in Wichita; no decent place in Hutch
	20-50	Extremely Likely/several times annually	Wichita	
Cosmosphere	200-400	Extremely Likely/ Annually	Hutch	Uses a room at Cosmo or the Fair
HRMC	200+	Extremely Likely/Three times annually	Hutch	Currently uses various places in Hutch; needs catering
KAFP	200+	Possible/in rotation	Various	3.5 day event; 55 exhibitors
KMCA	150+	Likely/ In rotation every few years	Various	Needs breakout rooms; price has to be right
PMCA	125-150	Likely/In rotation every few years	Various	needs breakout rooms; 50 hotel rooms per night
	40-60	Extremely Likely/Annually	Hutch	2-3 meetings annually with 40-60 people
KBA	50-85	Extremely Likely/ Twice a year	Hutch	General sessions, breakouts, catering; larger events are a possibility

Source: Subject companies; HREC

Most of the events above are in a rotation with various other cities in Kansas. These cities include Wichita, Topeka, Manhattan, and Salina. Most companies stated they would be extremely likely to use Hutchinson as either the host city annually or in a rotation basis for events.

The table on the following page reflects additional potential convention center demand. This chart was prepared by Visit Hutch and is presented here to provide additional insight into market demand.

Organization	No. of Attendees (Approx.)	Event	Month	Market Used	Approx. Room Nights	Hutchinson Use	Comments
KS Association of Insurance Agents	600	Rural & Small Agents Conference	January	Wichita	600-640	Hosted for five years	
KS Emergency Medical Technicians Association	150-200	Annual Conference	February-April	Salina		Hosted for at least 10 years	Month changes
SkillsUSA Kansas	1,000	State Competition	April	Hutchinson	550-600	Hosted for past four years	Signed contract through 2023
Kansas Groundwater Association	250	Annual Conference	January	Mulvane		Hosted for at least 12 years	
Gideon's International - Kansas Chapter	450	Annual Conference	Spring			Hosted in 2005, 2012 and 2017	Rotates Location
d-America Regional Convention of Narcotics Anonymc	500-600	Annual Conference	Spring	Lawrence		Hosted in 2011 and 2016	Rotates Location
KS Sheriff's Association	400-450	Annual Conference	November	Dodge City		Hosted in 2007, 2009, 2011, 2012, 2013	95 vendors last time in Hutch; Atrium sold out, need overflow
KS Association of Chiefs of Police	200-250	Fall Conference and Training	Fall	Lawrence		Hosted in 2005, 2009, and 2011	Trade show & conference
KS Department of Labor	500-600	KS Health & Safety Conference	Fall	Wichita/Topeka	700-750	Never hosted	Won't consider Hutchinson with current hotels; Will need overflow rooms
NAIA Wrestling Championship	240 athletes (thousands of fans)	National Championship	March	Wichita	850 (athletes only)	Bid on 2020 and 2021	Lost bid due to Atrium quality
Kansas Beef Expo	1,200	Winter Expo	December	Hutchinson	300	Hosted since 2018	
Kansas Grain & Feed Association	1,100	KS Agribusiness Expo	Winter	Wichita		Never hosted	Large tradeshow
KS Organization of Recyclers	200	Annual Conference	March	Lindsborg		Hosted in 2010 and 2018	Rotates Location
KS Criminal Justice Information System	150-200	Annual Conference	June	Topeka		Hosted in 2008, 2010, 2012, 2014, 2016	Used to be in rotation with Topeka
American Maine-Anjou Association	1,000	National Jr. Show	Summer	Des Moines, IA	1,200	Hosted in 2017 for the first time	Wants to return to Hutchinson; currently rotates
International Brangus Breeders Association	500-600	National Jr. Show	Summer	Texarkana	1,000	Hosted in 2018 for the first time	Wants to return to Hutchinson; currently rotates
NJCAA DI Outdoor Track & Field Championship	750 athletes	National Championship	May	Hobbs, NM	650-700	Hosted 2009-2013 and 2015, 2017	Will host again in 2020
KS Shrine Bowl	600 students (thousands of spectators)	Football Championship	Summer	Dodge City	800-1,000	Hosting in 2021	Rotates Location
NJCAA DI Basketball Championship	350 (teams only)	Basketball Championship	March	Hutchinson	1,200-1,300	Contract through 2041	Hutch needs hotel rooms to replace the lost business
NJCAA DI Volleyball Championship	240 (teams only)	Volleyball Championship	November	Hutchinson	500-600	Hosted 2017-2019, contracted for 2021 and 2023	Will rotate with West Plains, MO
All-American Jr. Sheep Show	1,300	National Jr. Show	July	Hutchinson	550	Hosted in 2014, will host in 2019	Rotates around the country
North American Jr. Red Angus	600	National Jr. Show	Summer	Grand Island, NE	700	Hosted in 2012, 2013 and 2018	Rotates around the country
National Jr. Limousin Show	800	National Jr. Show	Summer	Springfield, MO	1,200-1,300	Hosted in 2010	
Ducks Unlimited	200	Kansas State Convention	February			Hosted for 9 years	Lost because of Atrium
Kansas American Legion	400-500	Mid-Year Conference	May	Hutchinson		Hosted in 2014-2016, 2018. Contracted 2019-2021	
Kansas Livestock Association		Annual Meeting and Expo	November	Wichita		Never hosted	
Association of Public Communication Officers		Kansas Spring Conference	April	Mulvane		Never hosted	
Kansas VFW	250	Annual Conference	June	Hutchinson		Hosted in 2016. Contracted for 2019	
KS Cattlemen's Association	100-150	Annual Conference	Fall	Newton		Hosted in 2011 and 2012	Lost because of Atrium

Source: Subject companies; Visit Hutch

Recommendation

It is recommended that the proposed convention center have at least 20,000 square feet. There are at least five events with 1,000+ attendees who would potentially use Hutchinson for an event. In addition to these five events, there are eight potential events with 500+ attendees; six with 300+ attendees; over 10 events with 200+ attendees; and three events with 100-150 attendees. There are also other smaller events (less than 100 attendees) anticipated to take place annually in Hutchinson. It is proposed that the convention center have a space large enough for a trade show with 1,000 attendees, as well as the capability for multiple breakout rooms.

Projected Performance

Projected Relationship of Supply to Demand

The competitive set finished 2018 at a 58 percent occupancy and a \$95 average rate. Presented in the following table is the projected outlook for the competitive set.

PROJECTED PERFORMANCE COMPETITIVE SET						
Year	Supply		Demand		Occupancy	ADR
	Amount	Change	Amount	Change		
2019	434	0%	260	1%	60%	\$96
2020	434	0%	267	2%	61%	\$97
2021	434	0%	271	2%	62%	\$99
2022	554	28%	316	17%	57%	\$104
2023	554	0%	327	4%	59%	\$107
2024	554	0%	332	2%	60%	\$110
2025	554	0%	349	5%	63%	\$112
2026	554	0%	360	3%	65%	\$115

Sources: Smith Travel Research; HREC – Hospitality Real Estate Counselors

The average room rate is projected to continue to improve near-term as local and national economic conditions remain favorable, demand growth continues, and a new hotel is developed that is projected to achieve a premium rate. Presented as an exhibit to this report is the historic and projected growth of supply and demand.

Projected Average Rate

Presented in the following table is the projected average rate for the proposed Hotel.

PROJECTED AVERAGE RATE PROPOSED HOTEL & CONVENTION CENTER HUTCHINSON, KANSAS		
Year	Average Rate	
	2018 Dollars	Inflated*

2022	\$120	\$132
2023	\$120	\$136
2024	\$120	\$139
2025	\$120	\$143
2026	\$120	\$146

**Inflated at 2.5 percent annually*

Source: HREC – Hospitality Real Estate Counselors

Presented below are average rate comparables for the competitive set and national brand averages, as compared to the subject Hotel and Convention Center.

ESTIMATED 2018 AVERAGE RATE COMPARABLES	
Property/Brand	Estimated 2018 Average Daily Rate
Courtyard Brand	\$139
Hilton Garden Inn Brand	\$133
Hampton Inn Brand	\$124
Holiday Inn Express Brand	\$114
Fairfield Inn & Suites Brand (2017)	\$113
Hampton Inn	\$100-\$110
Fairfield Inn & Suites	\$100-\$110
Holiday Inn Express	\$100-\$110
Comfort Inn & Suites Brand (2017)	\$97
Comfort Inn & Suites	\$95-\$105
Days Inn	\$65-\$75
Super 8	\$45-\$55

Source: HREC - Hospitality Real Estate Counselors

Presented in the following table is an Internet rate shop of the expanded competitive set.

RATE SHOP			
HUTCHINSON, KANSAS			
Property	Weekday 6/11-6/13	Weekend 6/14-6/16	Peak- Kansas State Fair
Holiday Inn Express	\$158	\$124	Sold Out
Fairfield Inn & Suites	\$152	\$114	\$497
Hampton Inn	\$119	\$104	\$300
Comfort Inn & Suites	\$110	\$108	Sold Out
Days Inn	\$64	\$62	\$200
Super 8	\$51	\$62	\$127
Average	\$109	\$96	\$281

Sources: Kayak.com

The published rate positioning of these hotels appears appropriate for the various brands and consistent with expectations as to the annual average ADR.

Projected Occupancy

The projected occupancy for the proposed 120-room Hotel and Convention Center is presented in the following table. The proposed Hotel and Convention Center is projected to achieve a start-up occupancy in the low- to mid-sixties and stabilize in the low-seventies.

PROJECTED OCCUPANCY PROPOSED HOTEL & CONVENTION CENTER	
Year	Occupancy
2022	62%
2023	64%
2024	66%
2025	70%
2026	72%

*Source: HREC – Hospitality Real Estate
Counselors*

The property is projected to stabilize at a premium penetration rate of roughly 105 to 110 percent. Effective yield management and project timing are projected to create the potential to achieve both a faster ramp-up and major stabilized occupancy level.

Other competitive considerations of the proposed Hotel and Convention Center follow.

- *Location:* The location of the proposed Hotel and Convention Center, recommended along the K-61 corridor, is projected to be very competitive short- and long-term. It is readily convenient to most demand generators and has ample support services available including many within a reasonable walking distance or short shuttle ride.
- *Competitive Price Position:* The proposed Hotel and Convention Center is projected to be very competitively priced relative to other lodging options in the area. Major price-value considerations, such as location, quality, scope of amenities and services, newness, and the overall appeal of a nationally-affiliated brand contribute to a value perception among the consumers. These factors in total are projected to create a superior value perception for customers at the subject Hotel and Convention Center and further support a premium stabilized penetration rate relative to the overall market.
- *Marriott/Hilton Brand Affiliation and Membership Rewards Program:* The subject property will be affiliated with the nationally-recognized Marriott International or Hilton Worldwide, and as such, will participate in the Marriott Rewards or Hilton Honors program. This affiliation is projected to support the penetration of the corporate and leisure demand throughout the market. Frequent traveler programs have grown to become an important and competitive

attribute particularly among corporate travelers. These customers will often travel out of their way for a preferred brand and will pay premium rates as well.

- *Product Niche:* The subject facility is projected to be of quality and scope of amenities and services to compete for the majority of individual and group demand in the market. The proposed Hotel will offer high-quality facilities, amenities and services for the corporate traveler, as well as be the new convention hotel in town. The guest room product and scope of guest services and amenities are projected to be clearly superior within the market. The proposed Hotel is projected to be among the first choice for many repeat travelers to the market who prefer a hotel experience afforded by locational advantages and also enjoy the benefits of brand-affiliation including rewards points, reservation system and brand standards.
- *Function Space and Group Demand:* The subject market area maintains a significant mix of group leisure demand including: reunions; weddings; sports teams; religious functions; and, other social events. The availability of a significant amount of function space, proximity to food services, and a possible indoor pool recreational amenity in total are projected to create a preferred lodging choice for many of these leisure groups.

The proposed Hotel and Convention Center is projected to create and capture a significant amount of demand that would otherwise not choose to stay or meet in Hutchinson due to its expected quality, national brand affiliation, compliment of function space, and scope of services, amenities, and features.

Projected Mix of Demand

The mix of accommodated demand at the subject property is projected to approximate 40 percent corporate transient, 25 percent group and 35 percent individual leisure travelers on an annual basis. The accommodated mix of demand may vary from year-to-year, but overall, the proposed Hotel and Convention Center is projected to be predominantly commercial with strong group and individual leisure appeal.

Attached Exhibit

The following exhibit presents a summary of the historic and projected relationship of supply to demand among the defined competitive set. Also included in this exhibit are the projected occupancy, average rate and competitive position of the proposed Hotel and Convention Center relative to the market averages.

**Proposed Hotel & Convention Center
Supply/Demand & Penetration Summary
Hutchinson, Kansas**

	Supply			Demand		Competitive Set*			Proposed Hotel			
	Year	Amount	Change	Amount	Change	Occ	ADR	Change	Occ	Pen Rate	ADR	Change
Historic:	2013	358	-	240	-	67%	\$91	-				
	2014	358	0%	238	-1%	66%	\$91	-0.1%	-	-	-	-
	2015	421	18%	265	12%	63%	\$96	5.6%	-	-	-	-
	2016	434	3%	255	-4%	59%	\$92	-4.1%	-	-	-	-
	2017	434	0%	253	-1%	58%	\$95	2.7%	-	-	-	-
	2018	434	0%	257	2%	59%	\$95	0.1%	-	-	-	-
Projected:	2019	434	0%	260	1%	60%	\$96	1.4%	-	-	-	-
	2020	434	0%	267	2%	61%	\$97	1.5%	-	-	-	-
	2021	434	0%	271	2%	62%	\$99	1.5%	-	-	-	-
	2022	554	28%	316	17%	57%	\$104	5.0%	62%	109%	\$132	-
	2023	554	0%	327	4%	59%	\$107	3.0%	64%	108%	\$136	2.5%
	2024	554	0%	332	2%	60%	\$110	2.5%	66%	110%	\$139	2.5%
	2025	554	0%	349	5%	63%	\$112	2.5%	70%	111%	\$143	2.5%
	2026	554	0%	360	3%	65%	\$115	2.5%	72%	111%	\$146	2.5%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024-2026</u>
Base Supply	358	358	358	358	358	358	358	358	358	358	358	358
Holiday Inn Express			63	76	76	76	76	76	76	76	76	76
Proposed Hotel										120	120	120
Total	<u>358</u>	<u>358</u>	<u>421</u>	<u>434</u>	<u>434</u>	<u>434</u>	<u>434</u>	<u>434</u>	<u>434</u>	<u>554</u>	<u>554</u>	<u>554</u>

*Competitive Set includes only properties reporting information to STR