



# HOSPITALITY

Whether a conversion, renovation or new construction project, hospitality developments are unique: internal and external aesthetics are a critical component; additional logistical planning is necessary; interim and permanent financing is often challenging; and numerous parties are involved.

Altus Group helps you make the decisions to ensure a good night's sleep.



# FOCUS ON

## Hospitality

Procurement strategies, development costs and building functionality are all crucial elements in hospitality developments. These factors require careful management and cost control to ensure desired business solutions, and Altus is particularly qualified to provide the necessary comprehensive services.

We work closely with franchisors, franchisees, operators and suppliers in the industry to consistently and successfully guide clients throughout this complex development process. Our professionals closely monitor financial trends affecting key components of hotel capital expenditures including Furniture, Fixtures and Equipment (FF&E), Operating Supplies and Equipment (OS&E), hard and soft costs and more.

We have developed cross-divisional expertise and resources from our work on diverse, high-profile projects including mixed-use (condo/hotel) facilities, individual budget hotels, boutique hotels, large, luxury developments as well as sprawling casino resorts.

Our team consists of numerous professionals offering consulting solutions in a variety of areas including:

- **Pre-Construction Services:** Solid planning fundamentals are the foundation of a successful project and that is what we provide through our Pre-Construction Services. We assist clients with Feasibility Studies, setting up a Total Costing System; preparation of Program and Construction Schedules; creating and reviewing Tender Packages/ Trade Scopes of Work; and recommending appropriate Procurement Methods. Our mandate typically includes Defining Measurable Goals, Communicating, Implementing and Monitoring the Pre-Construction Phases of each project.
- **Cost Estimating and Planning:** For more than 50 years Altus has been a trusted source of accurate cost management consulting expertise, comprehensive capital cost analysis and planning, as well as market information. We go beyond the traditional cost consulting/quantity surveying role to provide our clients with a wide range of management advice on all aspects of capital expenditures. We maintain an extensive database to benchmark costs, and ensure that our past experience is applied to each new assignment.
- **Project Monitoring:** For more than three decades Altus has helped protect the interests of owners and financial stakeholders by providing them with timely and reliable information on the key risk parameters, financial feasibility and the status of their project throughout the development process. All project-related documentation and contracts are reviewed and verified on an ongoing basis to allow accurate cost-to-date and cost-to-complete reporting.
- **Scheduling:** The Altus approach to scheduling allows our clients to properly plan ahead, to analyze impending targets and to review cost and resource forecasts and any potential risks. Our schedule preparation services assist in addressing critical timelines that are vital to the success of your project. We'll help identify project goals and objectives and do all we can to help you achieve them. This proven method has been cultivated from our vast experience on a variety of projects.
- **Capital Planning:** Hotel owners and operators may have a portfolio of many properties, which means placing greater emphasis on the timing of their capital expenditure/cash flow requirements. Altus Capital Planning specializes in providing rapid, detailed, long-term capital plans for your assets. Using our Total Capital Planning Solution (TCPS)<sup>®</sup> system, we can assist in modelling the future capital needs of your portfolio over a long period (25 years+), enabling owners to clearly understand the required capital funding profile for renewal of systems and fabric. TCPS<sup>®</sup> can also rapidly compare and model options for upgraded functionality/quality. When hotel owners or operators investigate the economics of renovations, our unique modelling and decision – support tools can provide them with the graphic analysis necessary for their business case.

Street Smart. World Wise.

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■ **Tax Consulting:** Altus is one of North America's foremost property tax consulting firms specializing in the hospitality industry. For assessment and property tax purposes, hotels are valued using the income approach. Determining an appropriate assessment requires knowledge of hotel operations, market/performance trends and product/market positioning. The Altus team is qualified to provide strategic advice to help guide clients' business goals. We ask key questions such as:

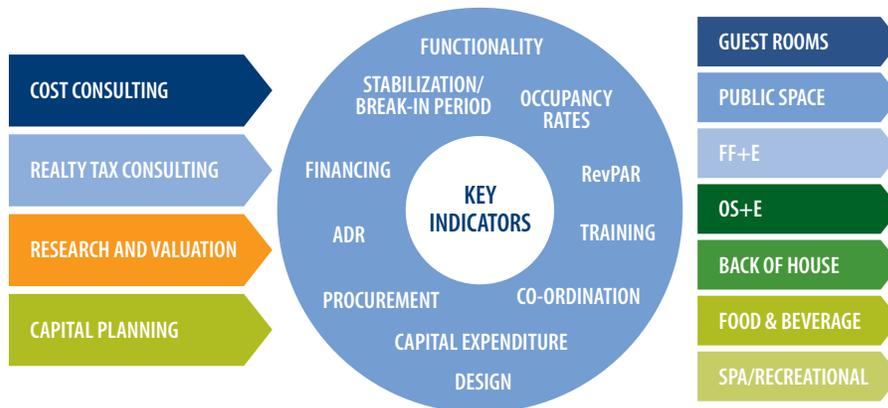
- Has the stabilization process been applied to consider relevant market factors?
- Does the valuation use reasonable revenue and expense parameters?
- Have sufficient allowances been provided for management and franchise fees?
- Does the valuation provide sufficient FF&E reserve?
- Are the capitalization rates used reasonable and reflective of the market?
- Are deductions for non-assessable personal property (FF&E) sufficient?

In applying this expertise, our overriding goal is to ensure that the tax burden levied against your property is the lowest possible one.

■ **Valuation:** Altus has built a solid reputation in the valuation of hotel properties by successfully completing assignments in major cities across North America. We offer our clients a number of valuation services including:

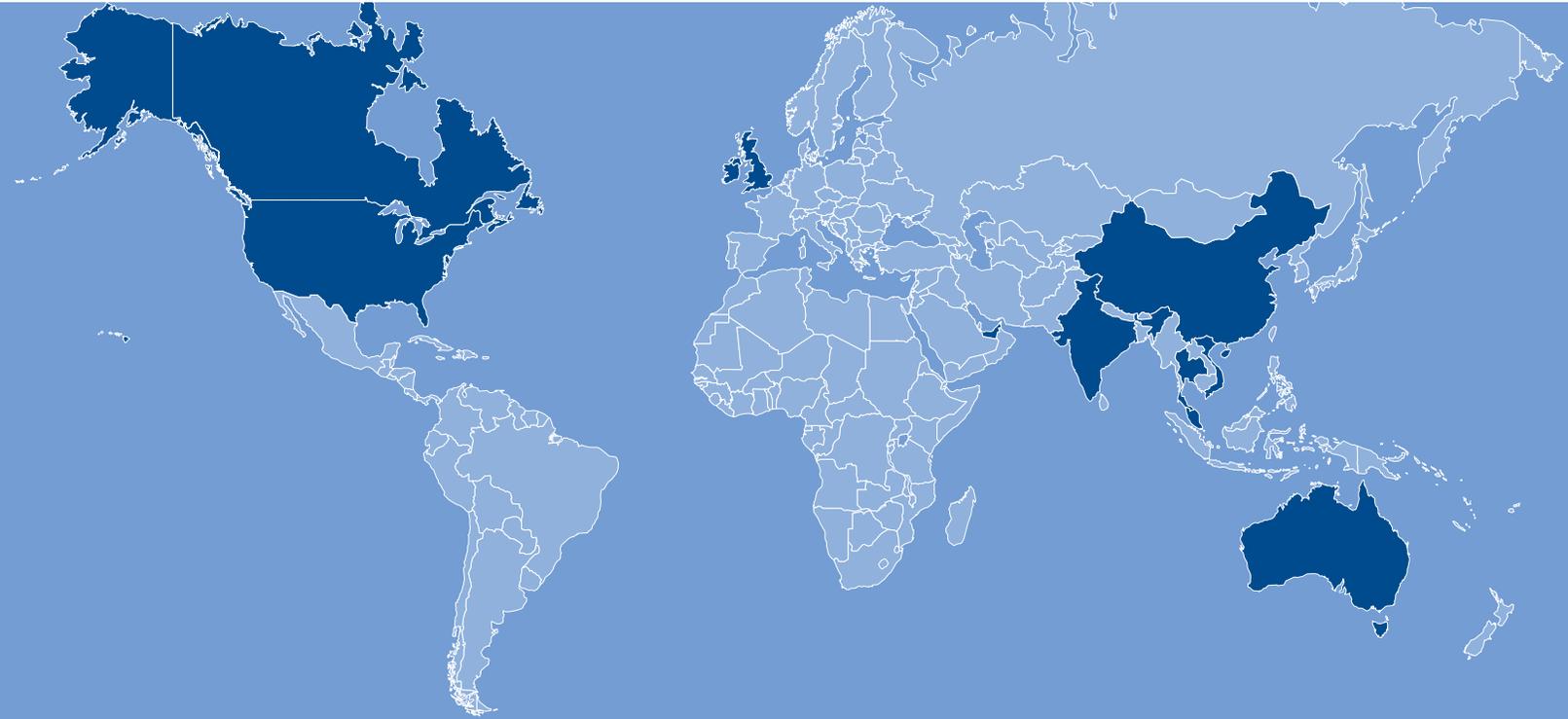
- Appraisal reports for internal or financing reporting purposes.
- Redevelopment or development analysis such as:
  - Determining the number of rooms and quality of the hotel (3, 4, 5 Stars/Diamonds), in compliance with the site's zoning, location and surrounding competition, and creating the highest value and hotel brands proposal to maximize the property market value.
- Hotel feasibility studies such as:
  - Positioning of a new hotel project in its micro and macro market.
  - Estimating new hotel project ADR, Occupancy Rate and RevPAR.
  - Determining a new hotel's break-in period.
  - Estimating projected hotel EBITDA over a period of five years.
- Market studies and market penetration analysis
- Yearly appraisal reports, in conformity with IFRS Accounting standards.

### Key Indicators Affecting Hotel Developments





## Our Network



Altus offers diversified services and unparalleled expertise to a broad range of clients, in various industries across Canada and internationally.

### About Altus Group

Altus Group is the leading multidisciplinary provider of independent real estate consulting and professional advisory services worldwide. With a staff of over 1,500, Altus Group has a network of over 50 offices in 11 countries worldwide, including Canada, UK, Australia, Asia, USA and the Middle East. We operate four interrelated Business Units, bringing years of expertise together into one comprehensive platform: Research, Valuation and Advisory; Cost Consulting and Project Management; Realty Tax Consulting and Geomatics services. Our business units work independently or in cooperation to provide clients with the benefit of combined expertise. Our distinctive approach allows for decisions based on independent, carefully reviewed conclusions.

Altus Group provides services to some of the most prominent businesses, including banking institutions, pension funds, insurance companies, accounting firms, law firms, public real estate organizations (including REITs), industrial companies, private investors, asset and fund managers, real estate developers, governmental institutions, and oil and gas companies.



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