



# OFFERING MEMORANDUM

HOLIDAY INN EXPRESS & SUITES  
CANDLEWOOD SUITES



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## EXECUTIVE SUMMARY

CBRE Hotels is pleased to present the opportunity to acquire the fee simple interest in two newer side-by-side hotels, the Holiday Inn Express & Suites and the Candlewood Suites located in Austintown, Ohio. The offering consists of the 86-room, three-story Holiday Inn Express & Suites, newly built in 2011, and the 77-room, four-story Candlewood Suites, which is currently achieving a robust Post-Covid re-ramp after being constructed in 2014. The hotels command a dominant location as they are ideally located just off Interstate 80 at the North Canfield Niles Road interchange, enabling guests of the hotels to have convenient local and interstate access. The interchange is the region's most popular junctions along I-80 as it is home to the area's most popular commercial transportation hub, the Pilot Travel Center, and numerous complimentary full-service and quick-service restaurants including Bob Evans, Salsitas, Dunkin' Donuts, Cracker Barrel Old Country Store, Quaker Steak and Lube, Perkins, and Starbucks among many others. Notable regional demand generators include Youngstown State University, General Motors Lordstown Battery Plant, Lordstown Motors, Hollywood Gaming & Mahoning Valley Race Course, Stambaugh Auditorium, The Butler Institute of American Art, The Coveli Center, and The Canfield Fairgrounds.

The hotels' ideal location and strong management have aided in each hotel realizing outstanding market penetration as the Holiday Inn Express & Suites and Candlewood Suites ended the May TTM period with RevPAR indexes of 139.9% and 210.3% respectively. Moreover, each hotel has a history of achieving high revenues and excellent flow through. The Candlewood Suites performance amid COVID was remarkable with revenue





up 36.3% May TTM. The performance here continues with the running 3 month revenue up 87%. Furthermore, the unique nature of the side-by-side offering presents a new owner the opportunity of implementing potential economies of scale from an operations standpoint, leading to future profit growth and a greater return on investment.

While there has been a recent softening in the world's economy due to COVID-19, revenues at both properties are up on a TTM basis. Forecasts for 2021 put the Candlewood Suites at an all-time high with revenues estimated to hit \$1.8M+. The same is true with the HIEx. Lordstown Energy Center developed another gas-fired power plant, the Trumbull Energy Center, which cost approximately \$853 million in 2018. This created roughly 240 permanent jobs, along with ongoing quarterly maintenance. Lordstown Motors, maker of all electric pickup trucks and delivery vans opened in the former GM plant employing 320. In addition, Home Goods recently opened a 1.2M square foot distribution facility across from Lordstown Motors. In addition, I-80 is a transient travel corridor uniquely positioning these hotels for rapid Restabilization. There is no doubt that the delivery of these demand generators combined with the easing of COVID restriction across the country will aid in the recovery and further growth of the broader regional economy which will likely translate into rising revenues for the area's lodging market.

Canadian travel restrictions will reportedly be lifted for vaccinated travelers in early August. Active border crossing will increase transient travel on the turnpike and positively affect the Austintown market.

# PORTFOLIO INVESTMENT SUMMARY

## Ideal Interstate Exchange Location

The Holiday Inn Express & Suites and Candlewood Suites are located in Austintown, Ohio in Mahoning County approximately 65 miles southeast of Cleveland and 61 miles northwest of Pittsburgh. For travelers driving between Chicago and New York, Austintown serves as the central point along Interstate 80. Moreover, the hotel is situated at one of the most frequented interchanges in the area as it is home to the Pilot Travel Center, a popular commercial transportation hub, and numerous complimentary full-service and quick-service restaurants including Bob Evans, Salsitas, Dunkin Donuts, Cracker Barrel Old Country Store, and Starbucks among many others. Additionally, the hotels benefit from popular regional demand generators including Youngstown State University, General Motors Battery Plant, Lordstown Motors, Home Goods Distribution, Planet Hollywood Gaming & Mahoning Valley Race Course, Stambaugh Auditorium, The Butler Institute of American Art, The Coveli Center, and The Canfield Fairgrounds.

## Robust Historical Revenues with Current Impressive RevPAR Indexes

The Holiday Inn Express & Suites has a history of achieving total revenues that have exceeded \$2.15M million, while the Candlewood Suites achieved total revenues in excess of \$1.6M for YE 2018. Although revenues have recently pulled back due to COVID-19, the assets have maintained impressive RevPAR indices relative to their respective competitive sets. For the TTM period ending May 2021 the Holiday Inn Express realized a 139.9% RevPAR index, representing a ranking of one of four competitors, while the Candlewood Suites achieved a 210.3% index for the same period, representing a ranking of one of five competitors. The Candlewood Suites is reporting its strongest revenue on a TTM basis since construction at \$1.73M May 21 TTM. Upon an expected near-term stabilization of corporate travel the Holiday Inn Express will likely return to historical revenue levels, while the Candlewood is expected to finished 2021 in excess of \$1.8M. is expected to finished 2021 in excess of \$1.8M.

## Two Side-by-Side New Purpose Built Hotels

A new owner will greatly benefit from both hotels being newer, side-by-side, purpose-built assets. The Holiday Inn Express and Suites delivered in 2011, while the Candlewood Suites opened in late 2014. The premium construction methods and care of the hotels since opening will aid in the longevity of each hotel and minimize near term infrastructure capital expenditures.



## Premium Branded Hotels with Economies of Scale

Under new ownership, the Holiday Inn Express & Suites and Candlewood Suites would be in the position to share resources such as a General Manager, sales and marketing efforts, among other undistributed operating expenses. In particular, in terms of sales and marketing, the ability to procure and allocate business from local demand generators, would enable the hotels to function as a much larger entity and “slot” various pieces of business based on rate and length of stay at the appropriate property.



# AREA MARKET OVERVIEW

## Economy

Oxford Economics estimates the Youngstown economy grew by 1.7% in 2019. The economy is estimated to have contracted by 5.0% in 2020, due to the effects of the coronavirus pandemic. However, they forecast a recovery in 2021, with GDP growth of 7.0%. By 2025 they estimate the economy will be 7.6% larger than in 2019, before the pandemic began. Following a decline of 7.7% in 2020, they forecast a return to jobs growth in 2021 as the economy recovers. Overall, employment will be 3.1% lower in 2025 than before the pandemic. This will be accompanied by a declining population.

FORECAST FOR YOUNGSTOWN (Annual percentage changes unless specified)							
	2019	2020	2021	2022	2023	2024	2025
GDP	1.7	-5.0	7.0	3.6	0.9	0.6	0.6
Personal Disposable Income	0.2	8.0	2.2	-6.2	0.5	0.4	0.4
Employment	-1.4	-7.7	2.7	2.8	0.3	-0.3	-0.5
Unemployment rate (%)	5.8	10.2	6.0	5.4	5.2	5.1	5.2
Population	-0.6	-0.6	-1.0	-0.7	-0.6	-0.6	-0.6
Consumer Spending	0.4	-3.3	7.0	3.5	0.4	0.3	0.7
Average Weekly Wage	1.0	6.5	5.3	2.7	2.7	2.9	2.8

Source: BEA, BLS, US Census Bureau, Oxford Economics

The healthcare industry remains strong in the area with an above average share of older residents. In addition to healthcare, distribution and the electric automobile industry is now a main focus of the region.



## Demand Generators

Higher education has historically been a significant demand generator with Youngstown State University located just a few minutes from the subject properties. The Youngstown area also includes numerous leisure and corporate demand generators including the General Motors Battery Plant, Lordstown Motors, Home Goods distribution, Hollywood Gaming & Mahoning Valley Race Course, Stambaugh Auditorium, The Butler Institute of American Art, The Coveli Center, and The Canfield Fairgrounds.

**Youngstown State University:** Located less than ten miles from the subject properties, Youngstown State University (YSU) is home to over 15,000 students. Established in 1908, YSU has nearly 100,000 living alumni and an endowment of approximately \$230 million. The university is comprised of six colleges including The College of Liberal Arts and Social Sciences (CLASS), The College of Science, Technology, Engineering, and Math (STEM), The Williamson College of Business, The Bitonte College of Health and Human Services, The College of Fine and Performing Arts (FPA), and the College of Education. Additionally, the college competes in NCAA Division I athletics in the FCS Horizon League in baseball, football, softball, golf, soccer, and track.

**General Motor's Battery Plant:** Located less than eight miles from the subject properties is General Motor's Lordstown Plant. Opened in 1966, the 6.2 million square foot facility sits on 905 acres. The plant has been re-purposed, with part of the facility sold to Lordstown Motors, with the remaining portion dedicated to zero emission vehicles. Ultium Cells LLC is a joint venture with LG Chem and GM, that is creating 1,100 new jobs manufacturing EV batteries. GM has contributed \$2.3B towards this JV. The plant is about the size of 30 football fields, with the capacity of 30 gigawatt hours and room for expansion.

**Lordstown Motors:** Located less than eight miles from the subject properties in part of the former GM plant. Lordstown Motors makes roughly 20,000 electric pickups annually with demand expected to rise as it has received over 100,000 pre-orders from commercial customers. GM owns roughly 11% of Lordstown Motors with Cincinnati based Workhorse also having an interest in the EV company, owning 10%.



## AREA MARKET OVERVIEW

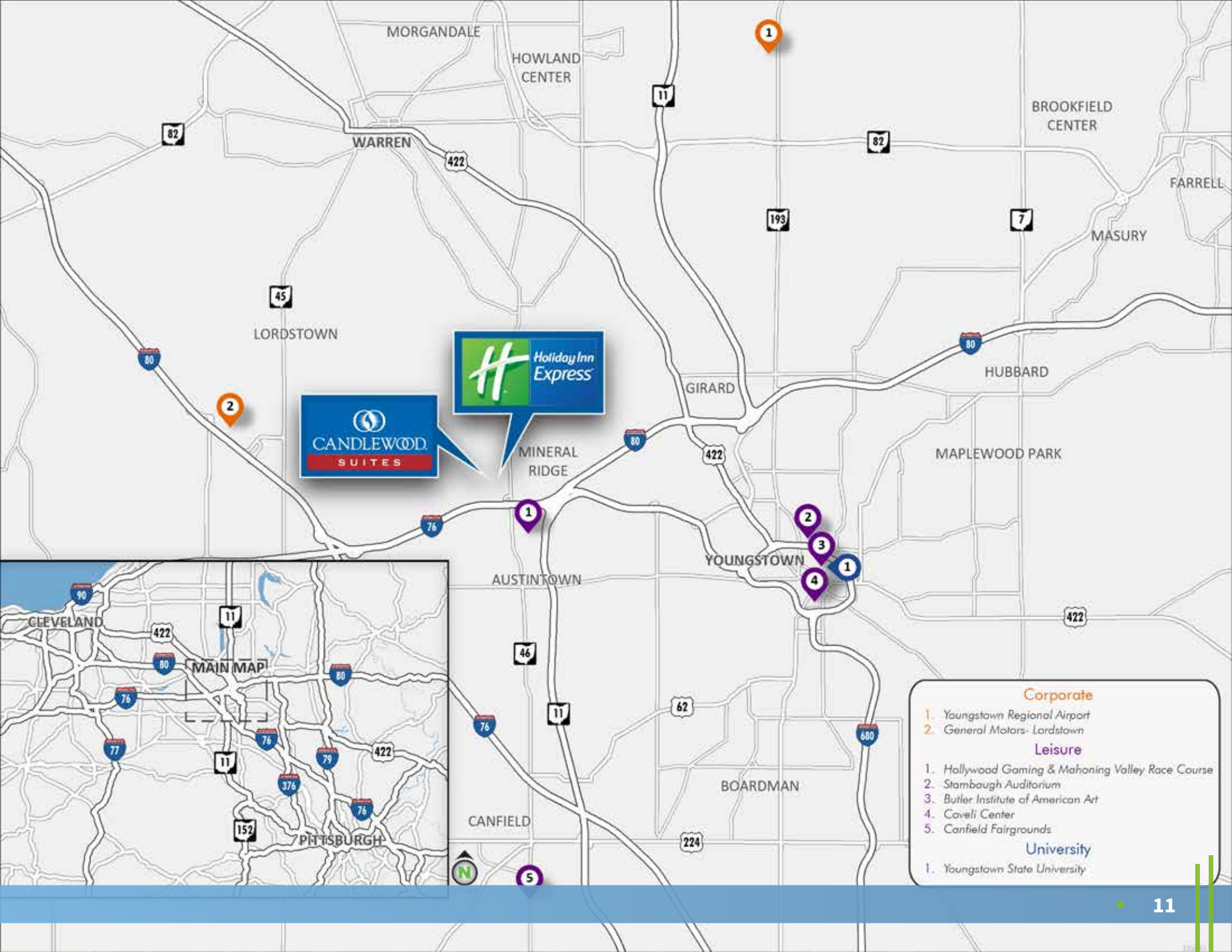
**Hollywood Gaming & Mahoning Valley Race Course:** The 100,000 square foot racino, Hollywood Gaming & Mahoning Valley Race Course, opened in 2014. The facility, which is owned by Gaming and Leisure Properties, a publically traded company comprised of 35 similar properties, features a one-mile oval racetrack and a casino with 850 video lottery terminals. Furthermore, the facility hosts various concerts, comedy shows, and other various entertainment acts throughout the year.

**Stambaugh Auditorium:** Opened in 1926, the Stambaugh Auditorium regularly hosts business events, seminars, weddings, graduations, and notable music and comedy acts. The facility received a full renovation that was completed in 2011 to all venues including the 2,553-person concert hall. Notable concerts in 2016 included Three Dog Night, Steven Curtis Champman, ZZ Top, Kenny Rogers and REO Speedwagon.

**Butler Institute of Art:** The Butler Institute of American Art was, at the time of its opening in 1919, the first museum exclusively dedicated to American Art. The venue is home to several iconic pieces including Rockwell's 'Lincoln the Railsplitter', Homer's 'Snap the Whip', and a unique collection of paintings featuring southwestern Native Americans. In recent years the museum has expanded by nearly 25,000 square feet to accommodate a growing collection of art and to accommodate increased foot traffic.

**The Covelli Centre:** The \$42 million Covelli Centre opened in 2005 and is one of the region's most popular multi-purpose arenas. In the past the venue has hosted a wide variety of events including music and comedy acts like Elton John and Steve Nicks, WWE Smackdown, WWE Raw Live, and regional playoff tournaments for basketball, ice hockey, and arena football. The venue has a maximum capacity of 7,000 people.

**The Canfield Fairgrounds:** The Canfield Fairgrounds is a 353-acre facility that hosts events throughout the year including dog shows, fireworks, 5k runs, hayrides, and the annual week-long Canfield Fair which occurs in the summer and draws up to 60,000 people per day.



- Corporate**
- 1. Youngstown Regional Airport
  - 2. General Motors- Lordstown
- Leisure**
- 1. Hollywood Gaming & Mahoning Valley Race Course
  - 2. Stambaugh Auditorium
  - 3. Butler Institute of American Art
  - 4. Coveli Center
  - 5. Canfield Fairgrounds
- University**
- 1. Youngstown State University

# HOLIDAY INN EXPRESS & SUITES OVERVIEW

## Property Summary

The 86-room Holiday Inn Express & Suites enjoys a highly desirable location as it is situated just off Interstate 80 at the North Canfield Niles Road interchange. The hotel is surrounded by a bustling commercial corridor that includes the Pilot Travel Center, the region’s most popular commercial transportation hub, and a wide variety of full-service and quick-service restaurants including Bob Evans, Salsitas, Dunkin Donuts, Cracker Barrel Old Country Store and Starbucks among many others. Moreover, the hotel’s ideal location provides business and leisure guests with a central point for navigating and exploring the region’s major corporate and leisure demand generators including Youngstown State University, General Motors Battery Plant & Lordstown Motors Plant, Hollywood Gaming & Mahoning Valley Race Course, Stambaugh Auditorium, The Butler Institute of American Art, The Coveli Center, and The Canfield Fairgrounds.

**Address:** 5555 Cerni Place, Austintown, Ohio 44515

**Opening Year:** 2011

**Number of Rooms:** 86

**Building Layout:** Three-story building

**Meeting Space:** 1,100 sq. ft. with room for up to 50 people

**Amenities:** Fitness center, indoor pool and whirlpool, business center, complimentary breakfast

**Management:** The hotel is being offered unencumbered by management

## GUEST ROOM BREAKDOWN

Room Type	Count
Standard King	27
Standard Queen/Queen	31
ADA King	2
Hearing Acc. King	1
Hearing Acc. Queen/Queen	1
ADA Roll In Shower Queen/Queen	1
King Suites	8
Queen/Queen Suite	10
ADA King Suite	1
ADA Queen/Queen Suite	1
Hearing Acc. Queen/Queen Suite	1
King Jacuzzi Suite	1
Hearing Acc. King Jacuzzi Suite	1
<b>TOTAL</b>	<b>86</b>









## Property Summary

<b>Building Footprint Area:</b>	16,914 sq.ft.
<b>Lot Size:</b>	2.4 acres
<b>Parking:</b>	102 parking spaces
<b>Foundation:</b>	Concrete and block
<b>Structural Frame:</b>	Wood frame
<b>Exterior Walls:</b>	Stone and EIFS
<b>Elevators:</b>	Two
<b>Roofing:</b>	Pitched roof with asphalt shingles
<b>Exterior Windows:</b>	Insulated pane, aluminum frame
<b>HVAC – Guestroom:</b>	PTAC
<b>Public Space:</b>	Central cooling and heating
<b>Fire Protection:</b>	Fully sprinklered, hardwired CO2 detectors and smoke detectors throughout

## Franchise Summary

<b>Licensor:</b>	IHG expected to award new licenses to franchisee. Formula Blue renovations to the Express and Suites are required.
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## Real Estate Taxes

The property currently pays real estate taxes to Mahoning County. The property is assessed every year and pays property taxes in arrears on a semi-annual basis in March and August.

**Taxing Jurisdiction:** Mahoning County

**Parcel Number:** 48-049-0-003.04-0

**2020 Taxes, Payable 2021:** \$102,609.58

## Capital Expenditures

Due to the young age of the hotel no major Capital Expenditures have been necessary.

## AUDITOR CURRENT VALUE

Land	\$313,630
Improvements	\$3,623,200
Total	\$3,936,860



## Investment Highlights

### Outstanding Lodging Market Penetration

The Holiday Inn Express & Suites has maintained a RevPAR ranking of one of four competitors for the May 21 TTM period. The \$51.12 RevPAR for this period represents an impressive index of 139.9% which is driven by both the hotel's ADR index of 114%, a ranking of one of four competitors, and occupancy index of 122.6%, also ranking one of four.

### Opportunity Following Change of Ownership PIP

Upon the sale of the hotel, the asset will undergo a change of ownership PIP. As the leader among its lodging market competitive set, any improvements to the hotel will likely position the asset to gain further market share resulting in improved revenues which currently lead the market. Furthermore, the change of ownership PIP combined with the asset's relatively new construction and current excellent condition will enable a new owner to minimize additional near-term capital expenditures.





## Excellent Brand Recognition

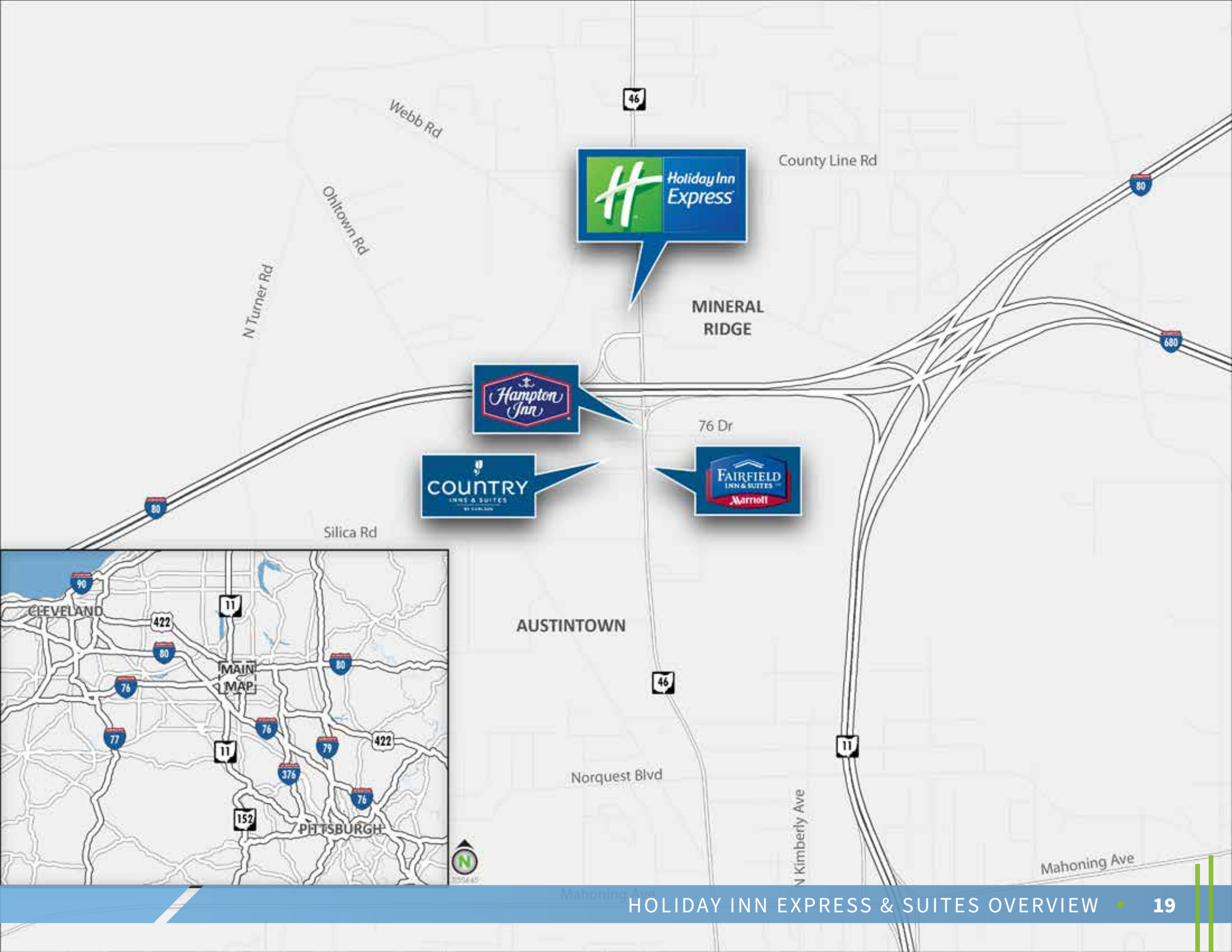
The Holiday Inn Express brand is one of the most recognizable upper-midscale hotel brands in the country. Part of the InterContinental Hotels Group family, the brand has a loyal and dedicated following thanks to the flag's complimentary Express Start © breakfast bar, free Wi-Fi, and a streamlined amenity base including a business center and fitness center. Holiday Inn Express currently has over 2,450 hotels featuring more than 250,000 rooms worldwide.



## Competitive Lodging Market

The Holiday Inn Express & Suites has a competitive set comprised of three other hotels with a combined 308 guestrooms including the subject hotel. The limited-service competitive set competes for similar demand by offering efficient services, convenient locations, and national recognition. Furthermore, while not in the Candlewood Suites' direct competitive set, it should be noted that the nearby 250-room California Palms hotel changed use and converted to a medical treatment facility.

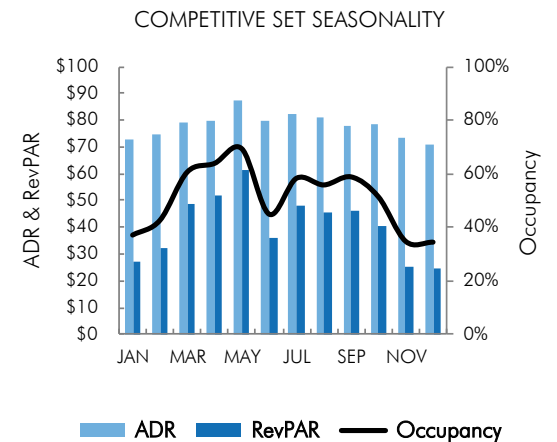
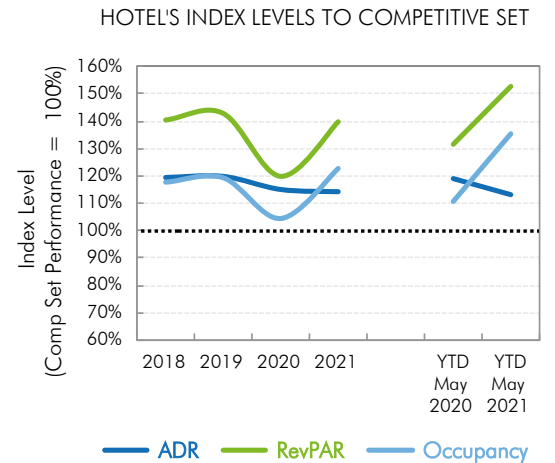
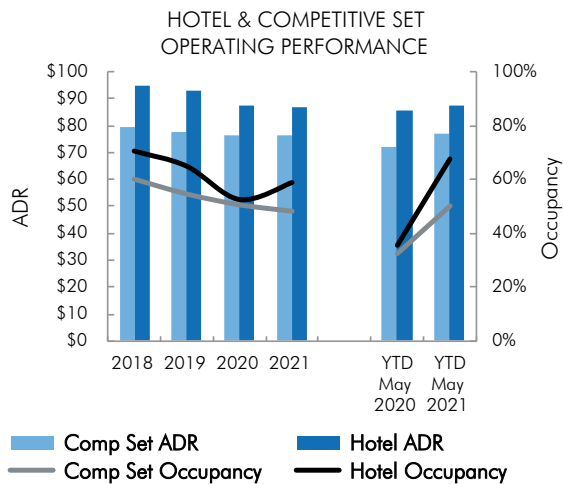
HOTEL	HOLIDAY INN EXPRESS & SUITES YOUNGSTOWN WEST AUSTINTOWN	HAMPTON INN YOUNGSTOWN WEST I 80	FAIRFIELD INN & SUITES YOUNGSTOWN AUSTINTOWN	COUNTRY INN & SUITES YOUNGSTOWN WEST
Address	5575 Cerni Place	880 N Canfield Niles Road	801 N Canfield Niles Road	5570 Interstate Blvd
City, State	Austintown, OH	Youngstown, OH	Youngstown, OH	Youngstown, OH
Opening	2011	1996	2003	2005
Number of Rooms	86	82	75	65
Restaurant/Lounge				
	Complimentary Breakfast	Complimentary Breakfast	Complimentary Breakfast	Complimentary Breakfast
Meeting Space				
Total Meeting Space (SF)	1,100	408	550	Up to 80 people
Amenities				
Swimming Pool	Indoor	Indoor	Indoor	Indoor
Fitness Room	✓	✓	✓	✓
Business Center	✓	✓	✓	✓



## Lodging Market

While 2020 hammered most hospitality markets, TTM May 2021, the competitive set's occupancy has only declined 4.8% ending at 48.1%. Competitive set ADR declined by only .03%, with competitive set RevPAR being down 5%. During the same period, the Holiday Inn Express & Suites realized an occupancy increase of 12%, ending at 58.9%, with RevPAR up 11% for the same period, well ahead of the market.

HOLIDAY INN EXPRESS & SUITES YOUNGSTOWN WEST AUSTINTOWN & COMPETITIVE SET OPERATING STATISTICS												
TTM as of May 2021	Competitive Set		Competitive Set				Holiday Inn Express & Suites Youngstown West Austintown					
	Occupancy	% Change	ADR	% Change	RevPAR	% Change	Occupancy	% Change	ADR	% Change	RevPAR	% Change
2018	60.1%	---	\$79.44	---	\$47.71	---	70.6%	---	\$94.95	---	\$67.03	---
2019	54.5%	(9.2%)	\$77.53	(2.4%)	\$42.26	(11.4%)	65.0%	(8.0%)	\$92.99	(2.1%)	\$60.41	(9.9%)
2020	50.5%	(7.4%)	\$76.25	(1.7%)	\$38.49	(8.9%)	52.6%	(19.0%)	\$87.64	(5.8%)	\$46.11	(23.7%)
2021	48.1%	(4.8%)	\$76.03	(0.3%)	\$36.55	(5.0%)	58.9%	12.0%	\$86.75	(1.0%)	\$51.12	10.9%
COMPOUND ANNUAL GROWTH RATE FROM TTM 2018 - TTM 2021												
	(7.2%)		(1.5%)		(8.5%)		(5.8%)		(3.0%)		(8.6%)	
YTD 5, 2019	44.0%	---	\$76.90	---	\$33.80	---	52.5%	---	\$90.79	---	\$47.65	---
YTD 5, 2020	32.2%	(26.6%)	\$71.79	(6.6%)	\$23.15	(31.5%)	35.6%	(32.1%)	\$85.51	(5.8%)	\$30.46	(36.1%)
YTD 5, 2021	50.0%	55.1%	\$77.16	7.5%	\$38.60	66.7%	67.7%	90.0%	\$87.17	1.9%	\$59.00	93.7%



Source: Smith Travel Research, May 2021



# Property Financials

## HISTORICAL PROFIT AND LOSS STATEMENTS

Holiday Inn Express & Suites Youngstown West Austintown	Actual 2018		Actual 2019		Actual 2020	
	\$	%	\$	%	\$	%
Rooms	86		86		86	
Days in Period	365		365		366	
Rooms Available	31,390		31,390		31,476	
Rooms Sold	22,538		18,708		14,353	
Occupancy	71.8%		59.6%		45.6%	
ADR	\$93.14		\$89.38		\$86.17	
RevPAR	\$66.87		\$53.27		\$39.29	
RevPAR Growth	---		(20.3%)		(26.2%)	
<b>Operating Revenue</b>						
Rooms	\$2,099,143	97.5%	\$1,672,209	97.1%	\$1,236,760	97.0%
Other Operating Departments	48,407	2.2%	45,369	2.6%	34,216	2.7%
Miscellaneous Income	5,113	0.2%	4,101	0.2%	3,920	0.3%
<b>Total Operating Revenue</b>	<b>\$2,152,662</b>	<b>100.0%</b>	<b>\$1,721,679</b>	<b>100.0%</b>	<b>\$1,274,895</b>	<b>100.0%</b>
<b>Departmental Expenses</b>						
Rooms	\$501,633	23.9%	\$407,090	24.3%	\$259,275	21.0%
Other Operating Departments	12,312	25.4%	11,984	26.4%	9,802	28.6%
<b>Total Departmental Expenses</b>	<b>\$513,944</b>	<b>23.9%</b>	<b>\$419,074</b>	<b>24.3%</b>	<b>\$269,077</b>	<b>21.1%</b>
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>\$1,638,718</b>	<b>76.1%</b>	<b>\$1,302,605</b>	<b>75.7%</b>	<b>\$1,005,818</b>	<b>78.9%</b>
<b>Undistributed Operating Expenses</b>						
Administrative & General	\$199,888	9.3%	\$222,399	12.9%	\$225,481	17.7%
Information & Telecommunications Systems	40,169	1.9%	48,677	2.8%	38,602	3.0%
Sales & Marketing	47,572	2.2%	40,883	2.4%	34,014	2.7%
Franchise Fees	334,623	15.5%	270,652	15.7%	204,361	16.0%
Property Operation & Maintenance	94,383	4.4%	96,395	5.6%	95,235	7.5%
Utilities	107,979	5.0%	108,226	6.3%	88,490	6.9%
<b>Total Undistributed Expenses</b>	<b>\$824,613</b>	<b>38.3%</b>	<b>\$787,232</b>	<b>45.7%</b>	<b>\$686,182</b>	<b>53.8%</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$814,105</b>	<b>37.8%</b>	<b>\$515,374</b>	<b>29.9%</b>	<b>\$319,636</b>	<b>25.1%</b>
Management Fee	\$64,580	3.0%	\$51,650	3.0%	\$38,247	3.0%
<b>INCOME BEFORE NON-OP. INCOME &amp; EXP.</b>	<b>\$749,525</b>	<b>34.8%</b>	<b>\$463,723</b>	<b>26.9%</b>	<b>\$281,389</b>	<b>22.1%</b>
<b>Non-Operating Income and Expenses</b>						
Property & Other Taxes	\$106,649	5.0%	\$107,098	6.2%	\$106,013	8.3%
Insurance	14,050	0.7%	23,165	1.3%	6,829	0.5%
Equipment Lease	7,087	0.3%	8,169	0.5%	13,888	1.1%
<b>Total Non-Operating Income &amp; Expenses</b>	<b>\$127,785</b>	<b>5.9%</b>	<b>\$138,432</b>	<b>8.0%</b>	<b>\$126,729</b>	<b>9.9%</b>
<b>EBITDA</b>	<b>\$621,739</b>	<b>28.9%</b>	<b>\$325,291</b>	<b>18.9%</b>	<b>\$154,660</b>	<b>12.1%</b>
Replacement Reserve	\$86,106	4.0%	\$68,867	4.0%	\$50,996	4.0%
<b>NET OPERATING INCOME</b>	<b>\$535,633</b>	<b>24.9%</b>	<b>\$256,424</b>	<b>14.9%</b>	<b>\$103,664</b>	<b>8.1%</b>

1 Per industry standards, a 3% management fee and 4% replacement reserve have been deducted.

2 Property taxes per Mahoning County Auditor

PROSPECTIVE FINANCIAL ANALYSIS

Holiday Inn Express & Suites Youngstown West Austintown	2021		2022		2023	
	\$	%	\$	%	\$	%
Rooms	86		86		86	
Days in Period	365		365		365	
Rooms Available	31,390		31,390		31,390	
Rooms Sold	21,973		23,543		23,543	
Occupancy	70.0%		75.0%		75.0%	
ADR	\$90.00		\$95.00		\$100.00	
RevPAR	\$63.00		\$71.25		\$75.00	
RevPAR Growth	---		13.1%		5.3%	
<b>Operating Revenue</b>						
Rooms	\$1,977,570	97.0%	\$2,236,538	97.1%	\$2,354,250	97.2%
Other Operating Departments	54,722	2.7%	59,540	2.6%	61,326	2.5%
Miscellaneous Income	6,402	0.3%	6,821	0.3%	7,026	0.3%
Total Operating Revenue	\$2,038,694	100.0%	\$2,302,898	100.0%	\$2,422,602	100.0%
<b>Departmental Expenses</b>						
Rooms	\$494,393	25.0%	\$559,134	25.0%	\$588,563	25.0%
Other Operating Departments	9,776	17.9%	10,333	17.4%	10,711	17.5%
Total Departmental Expenses	\$504,168	24.7%	\$569,467	24.7%	\$599,274	24.7%
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>\$1,534,526</b>	<b>75.3%</b>	<b>\$1,733,431</b>	<b>75.3%</b>	<b>\$1,823,328</b>	<b>75.3%</b>
<b>Undistributed Operating Expenses</b>						
Administrative & General	\$203,869	10.0%	\$207,261	9.0%	\$218,034	9.0%
Information & Telecommunications Systems	38,076	1.9%	40,605	1.8%	42,181	1.7%
Sales & Marketing	265,030	13.0%	299,377	13.0%	314,938	13.0%
Franchise Fees	-	-	-	-	-	-
Property Operation & Maintenance	101,935	5.0%	115,145	5.0%	121,130	5.0%
Utilities	81,548	4.0%	92,116	4.0%	96,904	4.0%
Total Undistributed Expenses	\$690,458	33.9%	\$754,503	32.8%	\$793,188	32.7%
<b>GROSS OPERATING PROFIT</b>	<b>\$844,068</b>	<b>41.4%</b>	<b>\$978,928</b>	<b>42.5%</b>	<b>\$1,030,140</b>	<b>42.5%</b>
Management Fee	\$61,161	3.0%	\$69,087	3.0%	\$72,678	3.0%
<b>INCOME BEFORE NON-OP. INCOME &amp; EXP.</b>	<b>\$782,907</b>	<b>38.4%</b>	<b>\$909,841</b>	<b>39.5%</b>	<b>\$957,462</b>	<b>39.5%</b>
<b>Non-Operating Income and Expenses</b>						
Property & Other Taxes	\$109,193	5.4%	\$112,469	4.9%	\$115,843	4.8%
Insurance	7,034	0.3%	7,245	0.3%	7,462	0.3%
Equipment Lease	14,304	0.7%	14,733	0.6%	15,175	0.6%
<b>Total Non-Operating Income &amp; Expenses</b>	<b>\$130,531</b>	<b>6.4%</b>	<b>\$134,447</b>	<b>5.8%</b>	<b>\$138,481</b>	<b>5.7%</b>
<b>EBITDA</b>	<b>\$652,376</b>	<b>32.0%</b>	<b>\$775,394</b>	<b>33.7%</b>	<b>\$818,982</b>	<b>33.8%</b>
Replacement Reserve	\$81,548	4.0%	\$92,116	4.0%	\$96,904	4.0%
<b>NET OPERATING INCOME</b>	<b>\$570,828</b>	<b>28.0%</b>	<b>\$683,278</b>	<b>29.7%</b>	<b>\$722,078</b>	<b>29.8%</b>

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# CANDLEWOOD SUITES OVERVIEW

## Property Summary

The Candlewood Suites is a seven year-old, 77-room extended stay hotel boasting an excellent location as it is located just off North Canfield Niles Road at the Interstate 80 junction, one of the most utilized area exits along the highly trafficked thoroughfare. The hotel is nestled among a vibrant commercial corridor that includes highly frequented venues such as the Pilot Travel Center, the region’s most popular commercial transportation hub, and a broad spectrum of restaurant types including Bob Evans, Salsitas, Dunkin Donuts, Cracker Barrel Old Country Store, and Starbucks among many others. Additionally, the hotel’s central location enables hotel guests to easily access notable regional demand generators include Youngstown State University, General Motors Battery Plant, Lordstown Motors, Hollywood Gaming & Mahoning Valley Race Course, Stambaugh Auditorium, The Butler Institute of American Art, The Coveli Center, and The Canfield Fairgrounds.

**Address:** 5575 Cerni Place, Austintown, Ohio 44515

**Opening Year:** 2014

**Number of Rooms:** 77

**Building Layout:** Four-story building

**Amenities:** Fitness center, indoor pool, Candlewood Cupboard ©, business center, guest laundry, Grilling Gazebo ©, complimentary breakfast

**Management:** The hotel is being offered unencumbered by management

## GUEST ROOM BREAKDOWN

Room Type	Count
Single Queens	38
Single Queen Roll In Shower	1
Hearing Acc. Single Queen	2
Single King	11
ADA Single King	3
Queen	11
Hearing Acc. Queen/Queen	4
One Bedroom	3
ADA One Bedroom	1
Hearing Acc. One Bedroom	2
<b>TOTAL</b>	<b>76</b>







## Property Summary

<b>Building Footprint Area:</b>	12,882 sq.ft.
<b>Lot Size:</b>	2.05 acres
<b>Parking:</b>	78 parking spaces
<b>Foundation:</b>	Concrete and block
<b>Structural Frame:</b>	Wood frame
<b>Exterior Walls:</b>	Stone and EIFS
<b>Elevators:</b>	Two
<b>Roofing:</b>	Pitched roof with asphalt shingles
<b>Exterior Windows:</b>	Insulated pane in aluminum frames
<b>HVAC – Guestroom:</b>	PTAC
<b>Public Space:</b>	Central cooling and heating
<b>Fire Protection:</b>	Fully sprinklered, hardwired CO2 detectors and smoke detectors throughout

## Franchise Summary

<b>Licensor:</b>	IHG expected to award new license term to buyer; Nominal PIP expected due to age
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## Real Estate Taxes

The property currently pays real estate taxes to Mahoning County. The property is assessed every year and pays property taxes in arrears on a semi-annual basis in March and August.

**Taxing Jurisdiction:** Mahoning County

**Parcel Number:** 48-049-0-003.05-0

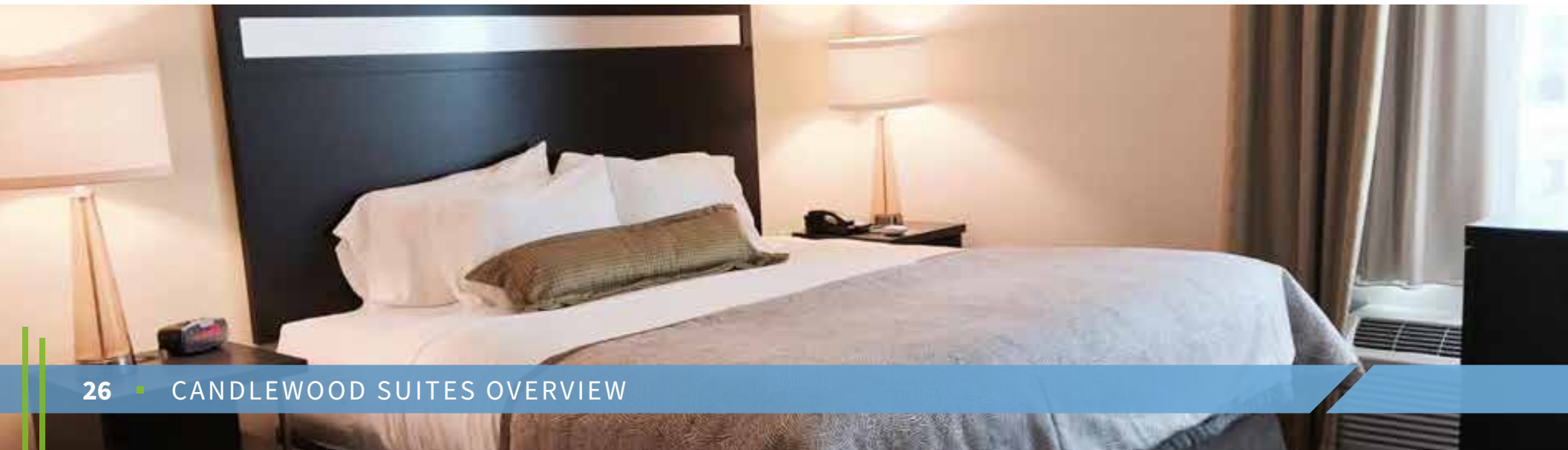
**2020 Taxes, Payable 2021:** \$104,279.10

## Capital Expenditures

Due to the young age of the hotel no major Capital Expenditures have been necessary.

### ASSESSED VALUE

Land	\$267,890
Improvements	\$3,716,160
Total	\$3,984,050



## Investment Highlights

### Newer Built Hotel Requiring Minimal Capital Expenditures

The Candlewood Inn & Suites is a newer purpose-built hotel that was delivered in September 2014. A new owner will benefit from the high-quality development and construction methods executed throughout the asset including the superstructure such as concrete and block foundation, the exterior including natural stone and EFIS, and the interior which contains high-quality finishes like solid core doors, an enhanced lobby area, and premium decorative finishes.

### Strong Ramp to Market

The hotel has proven to be a strong competitor in the lodging market as it finished May 2021 TTM with a 210.3% RevPAR index representing a ranking of one of five competitors. By year-end 2021, the property is on pace to finish at its strongest performance yet realizing total room revenue in excess of \$1.8M. As the hotel continues to impress post COVID, it will likely continue to lead the competitive set.





## Small Presence of Dedicated Extended Stay Hotels in Lodging Market

Aside from the newly built Home2Suites located just south of the subject hotel, the Candlewood Suites is the only other dedicated extended stay hotel in the region. This market positioning greatly benefits the hotel by streamlining the assets ability to attract customers looking for a long-term suite product within the greater lodging market. Furthermore, as evidenced by the Candlewood Suites' recent revenue performance, the Candlewood Suites is expected to maintain its current market dominance within the lodging market.

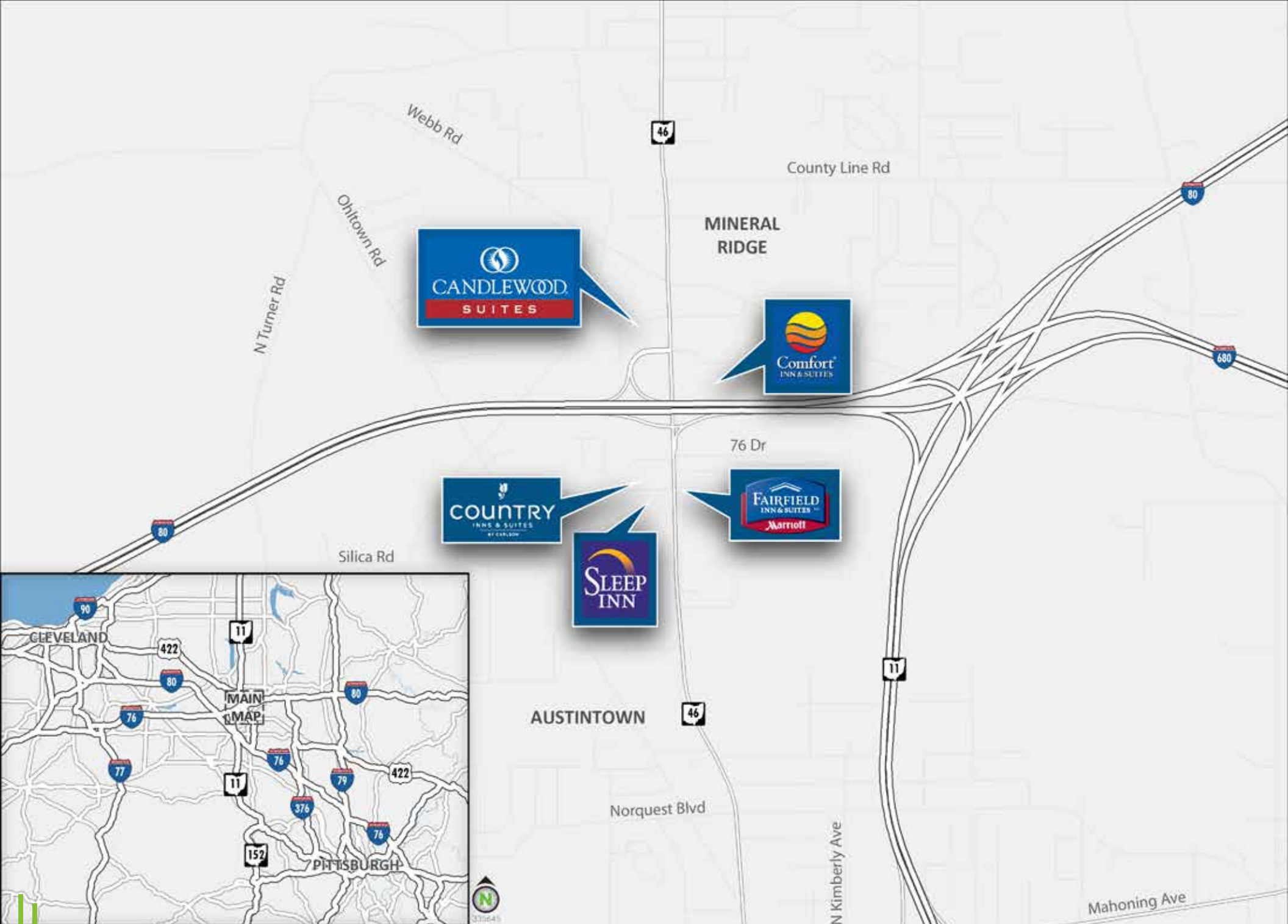




## Competitive Lodging Market

The Candlewood Suites has a competitive set comprised of five hotels with a combined 383 guestrooms including the subject hotel. The limited-service competitive set competes for similar demand by offering efficient services, convenient locations, and national recognition. Furthermore, while not in the Candlewood Suites' direct competitive set, it should be noted that the nearby 250-room California Palms hotel changed use and converted to a medical treatment facility.

HOTEL	CANDLEWOOD SUITES YOUNGSTOWN WEST AUSTINTOWN	COMFORT INN & SUITES AUSTINTOWN	SLEEP INN AUSTINTOWN	FAIRFIELD INN & SUITES YOUNGSTOWN AUSTINTOWN	COUNTRY INN & SUITES YOUNGSTOWN WEST
Address	5575 Cerni Place	5425 Clarkins Drive	5555 Interstate Blvd	801 N Canfield Niles Road	5570 Interstate Blvd
City, State	Austintown, OH	Austintown, OH	Austintown, OH	Youngstown, OH	Youngstown, OH
Opening	2014	1998	1998	2003	2005
Number of Rooms	77	109	57	75	65
Restaurant/Lounge	Complimentary Break- fast	Complimentary Break- fast	Complimentary Break- fast	Complimentary Break- fast	Complimentary Break- fast
Meeting Space					
Total Meeting Space (SF)	Up to 12 people	1,036	-	550	Up to 80 people
Amenities					
Swimming Pool	Indoor	Outdoor	Indoor	Indoor	Indoor
Fitness Room	✓	✓	✓	✓	✓
Business Center	✓	✓	✓	✓	✓

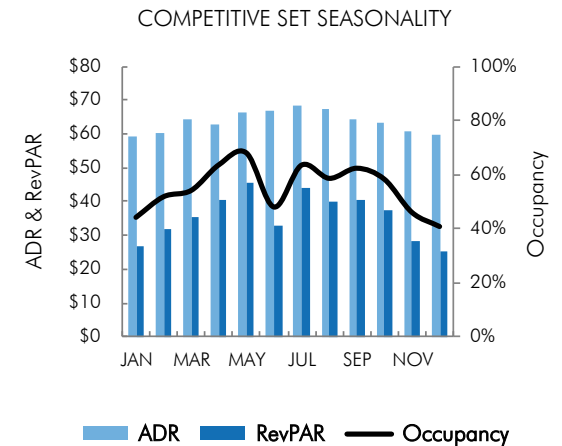
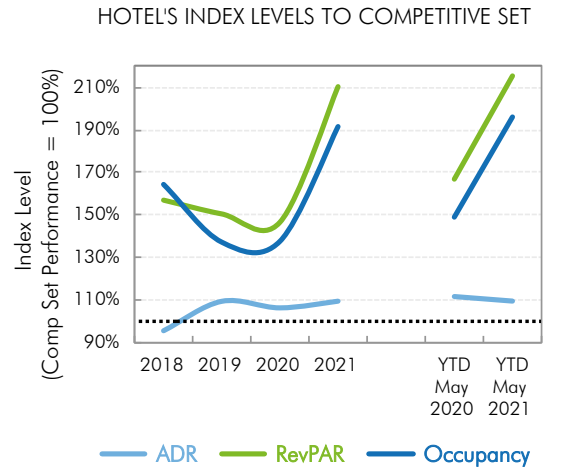
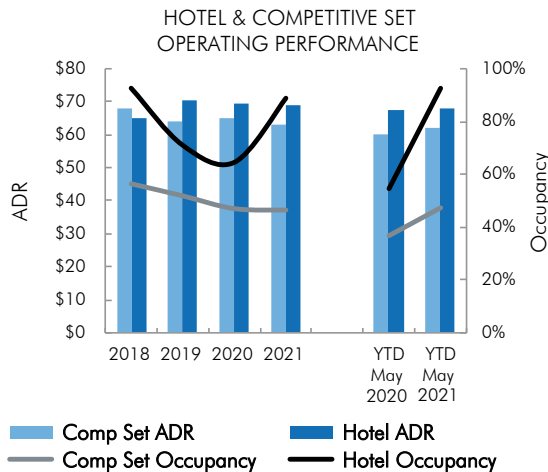


## Lodging Market

While 2020 hammered most hospitality markets, TTM May 2021, the competitive set's occupancy has only declined 1.1% ending at 46.5%. Competitive set ADR declined by only 3.6%, with competitive set RevPAR being down 4.8%. During the same period, the Candlewood Suites realized an occupancy increase of 37.6%, ending at 89%, with RevPAR up 36.6% for the same period, well ahead of the market.

### CANDLEWOOD SUITES YOUNGSTOWN WEST AUSTINTOWN & COMPETITIVE SET OPERATING STATISTICS

TTM as of May 2021	Competitive Set		Candlewood Suites Youngstown West Austintown									
	Occupancy	% Change	ADR	% Change	RevPAR	% Change	Occupancy	% Change	ADR	% Change	RevPAR	% Change
2018	56.5%	---	\$67.99	---	\$38.39	---	92.8%	---	\$64.93	---	\$60.28	---
2019	51.9%	(8.2%)	\$64.06	(5.8%)	\$33.23	(13.5%)	71.2%	(23.3%)	\$70.26	8.2%	\$50.02	(17.0%)
2020	47.0%	(9.4%)	\$65.24	1.8%	\$30.66	(7.7%)	64.7%	(9.1%)	\$69.49	(1.1%)	\$44.95	(10.1%)
2021	46.5%	(1.1%)	\$62.86	(3.6%)	\$29.21	(4.8%)	89.0%	37.6%	\$68.98	(0.7%)	\$61.42	36.6%
COMPOUND ANNUAL GROWTH RATE FROM TTM 2018 - TTM 2021												
		(6.3%)		(2.6%)		(8.7%)		(1.4%)		2.0%		0.6%
YTD 5, 2019	44.5%	---	\$62.37	---	\$27.78	---	60.5%	---	\$70.45	---	\$42.64	---
YTD 5, 2020	36.7%	(17.6%)	\$60.27	(3.4%)	\$22.13	(20.3%)	54.7%	(9.6%)	\$67.48	(4.2%)	\$36.93	(13.4%)
YTD 5, 2021	47.3%	28.9%	\$61.88	2.7%	\$29.28	32.3%	92.8%	69.6%	\$67.94	0.7%	\$63.06	70.8%



Source: Smith Travel Research, May 2021

# Property Financials

## HISTORICAL PROFIT AND LOSS STATEMENTS

Candlewood Suites Youngstown West Austintown	Actual 2018		Actual 2019		Actual 2020	
	\$	%	\$	%	\$	%
Rooms	77		77		77	
Days in Period	365		365		366	
Rooms Available	28,105		28,105		28,182	
Rooms Sold	23,805		18,858		20,629	
Occupancy	84.7%		67.1%		73.2%	
ADR	\$66.43		\$69.35		\$67.84	
RevPAR	\$56.27		\$46.53		\$49.66	
RevPAR Growth	---		(17.3%)		6.7%	
<b>Operating Revenue</b>						
Rooms	\$1,581,392	96.9%	\$1,307,841	96.6%	\$1,399,545	96.1%
Other Operating Departments	22,624	1.4%	19,444	1.4%	22,774	1.6%
Miscellaneous Income	28,547	1.7%	26,882	2.0%	33,890	2.3%
Total Operating Revenue	\$1,632,563	100.0%	\$1,354,167	100.0%	\$1,456,209	100.0%
<b>Departmental Expenses</b>						
Rooms	\$226,587	14.3%	\$225,109	17.2%	\$230,907	16.5%
Other Operating Departments	11,417	50.5%	14,452	74.3%	13,487	59.2%
Total Departmental Expenses	\$238,004	14.6%	\$239,561	17.7%	\$244,394	16.8%
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>\$1,394,559</b>	<b>85.4%</b>	<b>\$1,114,606</b>	<b>82.3%</b>	<b>\$1,211,815</b>	<b>83.2%</b>
<b>Undistributed Operating Expenses</b>						
Administrative & General	\$216,160	13.2%	\$212,038	15.7%	\$207,488	14.2%
Information & Telecommunications Systems	55,459	3.4%	63,162	4.7%	40,336	2.8%
Sales & Marketing	28,642	1.8%	37,955	2.8%	24,421	1.7%
Franchise Fees	198,527	12.2%	170,975	12.6%	158,824	10.9%
Property Operation & Maintenance	93,426	5.7%	90,241	6.7%	91,574	6.3%
Utilities	96,710	5.9%	87,787	6.5%	96,789	6.6%
Total Undistributed Expenses	\$688,923	42.2%	\$662,158	48.9%	\$619,432	42.5%
<b>GROSS OPERATING PROFIT</b>	<b>\$705,636</b>	<b>43.2%</b>	<b>\$452,448</b>	<b>33.4%</b>	<b>\$592,384</b>	<b>40.7%</b>
Management Fee	\$48,977	3.0%	\$40,625	3.0%	\$43,686	3.0%
<b>INCOME BEFORE NON-OP. INCOME &amp; EXP.</b>	<b>\$656,659</b>	<b>40.2%</b>	<b>\$411,823</b>	<b>30.4%</b>	<b>\$548,698</b>	<b>37.7%</b>
<b>Non-Operating Income and Expenses</b>						
Property & Other Taxes	\$107,608	6.6%	\$107,108	7.9%	\$105,798	7.3%
Insurance	14,253	0.9%	6,843	0.5%	27,927	1.9%
Equipment Lease	5,573	0.3%	7,925	0.6%	15,340	1.1%
<b>Total Non-Operating Income &amp; Expenses</b>	<b>\$127,433</b>	<b>7.8%</b>	<b>\$121,875</b>	<b>9.0%</b>	<b>\$149,065</b>	<b>10.2%</b>
<b>EBITDA</b>	<b>\$529,226</b>	<b>32.4%</b>	<b>\$289,948</b>	<b>21.4%</b>	<b>\$399,632</b>	<b>27.4%</b>
Replacement Reserve	\$65,303	4.0%	\$54,167	4.0%	\$58,248	4.0%
<b>NET OPERATING INCOME</b>	<b>\$463,923</b>	<b>28.4%</b>	<b>\$235,781</b>	<b>17.4%</b>	<b>\$341,384</b>	<b>23.4%</b>

1 Per industry standards, a 3% management fee and 4% replacement reserve have been deducted.



PROSPECTIVE FINANCIAL ANALYSIS

Candlewood Suites Youngstown West Austintown	2021		2022		2023	
	\$	%	\$	%	\$	%
Rooms	77		77		77	
Days in Period	365		365		365	
Rooms Available	28,105		28,105		28,105	
Rooms Sold	25,295		25,295		25,295	
Occupancy	90.0%		90.0%		90.0%	
ADR	\$70.00		\$75.00		\$80.00	
RevPAR	\$63.00		\$67.50		\$72.00	
RevPAR Growth	---		7.1%		6.7%	
<b>Operating Revenue</b>						
Rooms	\$1,770,615	96.1%	\$1,897,088	96.3%	\$2,023,560	96.4%
Other Operating Departments	28,762	1.6%	29,625	1.5%	30,513	1.5%
Miscellaneous Income	42,801	2.3%	44,085	2.2%	45,408	2.2%
Total Operating Revenue	\$1,842,178	100.0%	\$1,970,798	100.0%	\$2,099,481	100.0%
<b>Departmental Expenses</b>						
Rooms	\$318,711	18.0%	\$341,476	18.0%	\$364,241	18.0%
Other Operating Departments	13,604	47.3%	14,167	47.8%	14,738	48.3%
Total Departmental Expenses	\$332,314	18.0%	\$355,643	18.0%	\$378,978	18.1%
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>\$1,509,864</b>	<b>82.0%</b>	<b>\$1,615,155</b>	<b>82.0%</b>	<b>\$1,720,503</b>	<b>81.9%</b>
<b>Undistributed Operating Expenses</b>						
Administrative & General	\$175,007	9.5%	\$187,226	9.5%	\$188,953	9.0%
Information & Telecommunications Systems	23,948	1.3%	25,620	1.3%	27,293	1.3%
Sales & Marketing	230,272	12.5%	236,496	12.0%	251,938	12.0%
Franchise Fees	-	-	-	-	-	-
Property Operation & Maintenance	82,898	4.5%	88,686	4.5%	94,477	4.5%
Utilities	73,687	4.0%	78,832	4.0%	83,979	4.0%
Total Undistributed Expenses	\$585,813	31.8%	\$616,860	31.3%	\$646,640	30.8%
<b>GROSS OPERATING PROFIT</b>	<b>\$924,051</b>	<b>50.2%</b>	<b>\$998,295</b>	<b>50.7%</b>	<b>\$1,073,863</b>	<b>51.1%</b>
Management Fee	\$55,265	3.0%	\$59,124	3.0%	\$62,984	3.0%
<b>INCOME BEFORE NON-OP. INCOME &amp; EXP.</b>	<b>\$868,786</b>	<b>47.2%</b>	<b>\$939,171</b>	<b>47.7%</b>	<b>\$1,010,878</b>	<b>48.1%</b>
<b>Non-Operating Income and Expenses</b>						
Property & Other Taxes	\$108,972	5.9%	\$112,241	5.7%	\$115,609	5.5%
Insurance	28,765	1.6%	29,628	1.5%	30,517	1.5%
Equipment Lease	15,800	0.9%	16,274	0.8%	16,762	0.8%
<b>Total Non-Operating Income &amp; Expenses</b>	<b>\$153,537</b>	<b>8.3%</b>	<b>\$158,143</b>	<b>8.0%</b>	<b>\$162,888</b>	<b>7.8%</b>
<b>EBITDA</b>	<b>\$715,249</b>	<b>38.8%</b>	<b>\$781,028</b>	<b>39.6%</b>	<b>\$847,991</b>	<b>40.4%</b>
Replacement Reserve	\$73,687	4.0%	\$78,832	4.0%	\$83,979	4.0%
<b>NET OPERATING INCOME</b>	<b>\$641,561</b>	<b>34.8%</b>	<b>\$702,196</b>	<b>35.6%</b>	<b>\$764,011</b>	<b>36.4%</b>

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**Important Warning - Material Uncertainty from Novel Coronavirus**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on March 11, 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented strict travel restrictions and a range of quarantine and “social distancing” measures.

Market activity is being impacted in most sectors, and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgment. As of the date of the broker’s price opinion, we believe that comparable transactions occurring before this time are likely to be less reliable for purposes of determining the price of this property.

The uncertainty around COVID-19 is having a direct impact on the commercial real estate market, particularly the Hotel sector, and its full impact is unknown and will largely depend on both the scale and longevity of the pandemic. While we have taken reasonable steps to estimate the effect of COVID-19 on the property, due to the significant uncertainty in the economy, capital markets and the rapid unfolding of these events, it is difficult to quantify and assess the impact that the pandemic has had and will have on the value of the property. Consequently, the broker’s price opinion is subject to much more uncertainty, and a higher degree of caution should be exercised than would normally be the case. Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you frequently re-assess the value of this property.