

Transition and GOP Margin Improvement vs Underwriting

Holiday Inn Express New Orleans, LA

129 Rooms
600 SF Meeting Space
Brand Affiliation – IHG



OPPORTUNITY	<ul style="list-style-type: none"> HP worked with JMI Realty to purchase and transition the asset from Garisson in December 2017. Opportunity to raise ADR and RevPAR through Revenue management Rightsize Rooms Department expenses Solidify a LOCAL sales team with LOCAL knowledge of the market
STRATEGY	<ul style="list-style-type: none"> Re-segment the mix to a higher Group mix (from 4% to 8%) Reduce Housekeeping and Breakfast (-\$3 POR) cost Eliminate vanity site and bring in in-house sales team (was outsourced)
RESULTS	<ul style="list-style-type: none"> A \$3.3 increase in rate and new segmentation mix +\$500K in GOP with a 2.7% improvement to GOP margin

Action:

HP took over management in December 2017 after observing an opportunity to increase rate after a light renovation.

Immediately upon transition HP instated a local sales team with an intimate knowledge of the New Orleans market. The sales team worked under HP’s corporate sales experts to increase group mix and raise rate in collaboration with HP Hotels’ revenue management team. See results in chart 8.

From an expense perspective, HP took steps to right-size the operation and maximize the hotel’s efficiency. Rooms Department saw a significant reduction in expenses through HP’s economies of scale and staff training. HP’s actions resulted in a 2.7% increase in GOP, surpassing the goal set by HP’s underwriting (chart 9).

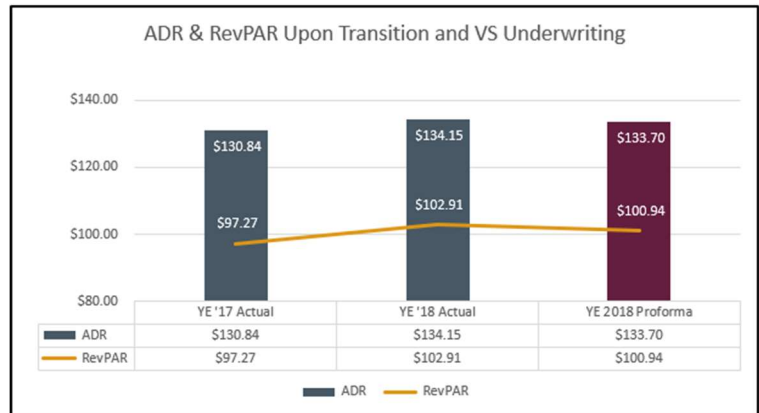


Chart 8

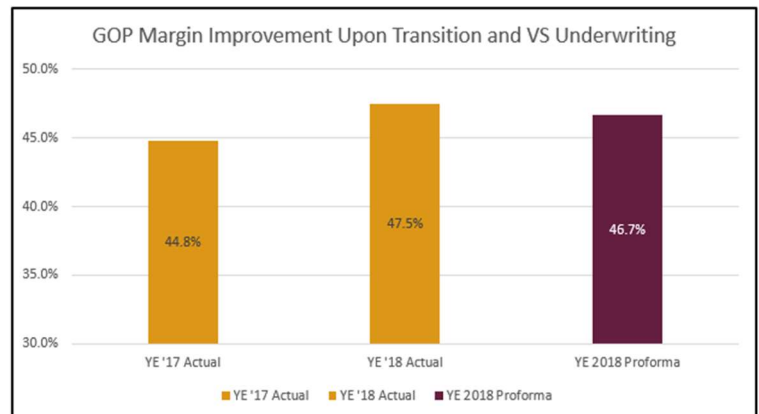


Chart 9