

Hotel feasibility studies

Market and financial feasibility studies are major assessments carried out on behalf of investors and developers when a new hotel project is planned. They are also required by existing hotel owners who are planning a refurbishment or extension of their property.

At TRI, we conduct market and financial appraisals on a wide range of projects, from budget, city centre hotels to full-service, up-market properties, and from hotel leisure club expansions to major mixed-use resort developments. While much of our work involves Europe, the Middle East, Africa and the CIS region, we undertake this activity in any location worldwide.

How we do it

Our market and financial feasibility study typically starts with a client briefing and site visit. Here, we seek to identify the strengths and weaknesses of the project's location, in relation to the market in general and its suitability for the use proposed. We use this information to gauge how the hotel should be positioned in the context of the other hotels already in the market and those that are likely to be developed in the future. We also give a view on what the hotel should offer alongside its bedrooms – restaurants, bars, conference and event space, spa facilities and the like.

Our site assessment is followed by a full market appraisal. This looks at general socio-economic information on the project location, as well as a more specific assessment of the hotel market in general, including existing and future supply as well as demand characteristics. We will also carry out market research into potential demand generating sources, including corporate clients, conference and incentive houses, tour operators and others. It is also important to gauge the project's likely market acceptance and penetration.

Outcome

We ultimately provide our clients with a comprehensive financial appraisal, comprising full profit and loss projections up to the stabilised trading position of the hotel, as well as a ten-year cash flow statement on which our investment appraisal is based.

The broad scope and depth of our reports means that they are accepted and used by sources of finance, hotel operations, other professionals such as architects and valuers and other third parties.