

Lodging Times

A Newsletter by Carey Commercial, Inc. since 1992

Q1
2014

CAREY COMMERCIAL BUSINESS & INVESTMENT PROPERTY | 146 MAIN STREET, HYANNIS MA 02601

SEVEN LODGING PROPERTIES SOLD IN 2013



Some of you may remember this old newsletter we used to put out at regular intervals. It started in 1992 on a computer printer out of a room in my house and here we are 150 lodging sales later.

The seven sold this year are strikingly distinct from one another. In fact, they span such a wide price range that I am taking a great liberty and commenting with opinion on each sale. Let me know if it works for you.

+	The Castle Dawn, West Yarmouth:	Sold 3/19	44 Units	\$742,000
+	EconoLodge, West Yarmouth:	Sold 6/3	48 Units	\$1.55M
+	The Chateau Motel, Provincetown:	Sold 5/17	57 Units	\$3.8M
+	Seven Seas Motel, Falmouth:	Sold 2/28	29 Units	\$1.032M
+	Harbor House, Hyannis:	Sold 5/6	18 Units	\$901,000
+	Hunter's Green Motel, S. Yarmouth:	Sold 3/31	74 Units	\$1.2M
+	Spring Garden Inn, Sandwich:	Sold 4/3	11 Units	\$525,000

May we be of service to you?

\$9.75M Total Lodging Sales closed in 2013

\$13k-66k High / Low Price Per Unit Sold

>> Continue reading on pg 2.

Are you tired of not being able to find hardworking, dependable and reliable hospitality workers who won't leave you stranded during your busiest times of the year? You have available to you a program designed specifically to fit your needs through the U.S.



Department of Labor to hire Temporary Foreign Seasonal Workers through the H-2B Visa Program. Thousands of hoteliers, resorts and restaurants throughout Cape Cod and the country already are taking advantage of it. This allows you to bring in

foreign workers for up to nine full months of your busiest time.

We provide the expertise and experience to process all the government paperwork for you.

Call Mark Carchidi of Antioch Associates to discuss the requirements and costs.

508-398-4895



7 LODGING PROPERTIES SOLD IN 2013

1. WEST YARMOUTH

CASTLE DAWN MOTEL
226 ROUTE 28 | \$ / Unit: \$13k

**SOLD 3-19-2013 FOR \$742,000
57 UNITS ON 2 ACRES OF LAND**

Known now as, "Castle Dawn," this property was originally part of the Thunderbird Motel until it was split and sold separately in 2003. The 2013 sale brought the two back together under the same ownership. At face value, the sales price equates to \$13,000 per key but as the usual Cape Cod sale goes, there is a lot more to the story. \$13,000 per key is a blended average of two strikingly different grade of rooms. 13 of the 57 are in poor condition built in the late 1950's, while the remaining 44 are average motel rooms built in the late 1970's. Operating revenue in the years prior to the sale was inordinately low and the property was in poor condition, further driving overall value down. A mortgage \$165,000 more than the sales price was recorded time of sale which suggests that further improvements of the structure and grounds will take place.

2. WEST YARMOUTH

ECONOLODGE
56 ROUTE 28 | \$ / Unit: \$13k

**SOLD 6-3-2013 FOR \$1.55m
48 UNITS ON 1 ACRE OF LAND**

EconoLodge Located on the Hyannis / Yarmouth line at 56 Route 28. Sold for \$1.55 M on June 3, 2013. Strong performing location with historically good revenue over a half million per year. The \$32,000 per unit sales price is low for the capability – 3 x gross – but it reflects the substantial renovations (including 20 renovated rooms) at the time of the sale. A \$1.402 M Mortgage was recorded at the time of the sale.



3. PROVINCETOWN

CHATEAU MOTEL | \$/Unit \$66k
105 BRADFORD STREET

**SOLD 4-17-2013 FOR \$3.80m
44 UNITS ON 2 ACRES OF LAND**

105 Bradford Street Ext Provincetown. Sold May 17, 2013 for \$3.8 M. This is the highest per unit sale of the year, \$66,000 per key. Provincetown has a greater value and the revenue did justify the price. There was a first mortgage of \$2.85 M placed on the property at the time of the sale.

4. FALMOUTH

SEVEN SEAS MOTEL
24 SCRANTON AVE | \$/Unit: \$35k

**SOLD 2-28-2013 FOR \$1.032m
29 UNITS ON 1.23 ACRES**

Flagship / Seven Seas Motel 1.23 acres at 24 Scranton Avenue, Falmouth, MA sold February 28, 2013 for \$1,032,000. Being a 29 unit motel, some would say this sale equates to \$35 K per unit, but in actuality, the buyer, Cape Cod Five, intends to tear down the existing buildings and the sale was for redevelopment and the value to this buyer was not in the motel. We would definitely not call this a Motel Sale but neither would I call it a land sale representative of the market.

6. HYANNIS

HARBOR HOUSE MOTEL
OCEAN STREET | \$/Unit: \$21k

**SOLD 6-6-2013 FOR \$901,000
18 GUEST ROOMS**

Ocean Street, Hyannis 18 Unit Motel sold for \$901,000 on June 6, 2013. This was an interesting situation. The broker priced the property a little too low and but the market response was so strong it produced multiple bids which pushed the price up \$50 K. This is not a motel sale in the sense that the price was based on revenue. This was a condo association and the 18 unit owners decided to all sell to one buyer. The "walk to harbor and Main St" Hyannis location makes the capability excellent. The \$50,000 per unit sales price is a purely function of the capability as the units were in extremely dated condition at the time of the sale.



5. SOUTH YARMOUTH

HUNTERS GREEN MOTEL
553 ROUTE 28 | \$ / Unit: \$21k

**SOLD 3-31-2013 FOR \$1,200,000
74 UNITS ON 2 ACRES OF LAND**

There is always a question with every Motel offering – will it sell for more than the present figures justify or will the sale price reflect capability? In this case, the price was 4 times gross which some observers may call high but the revenue capability is much greater. This sale could be termed somewhere in the middle. The Seller replaced the septic system at a cost of \$250,000 prior to the sale. 2012 revenue was in the \$400 K range but the capability was much greater.

7. EAST SANDWICH

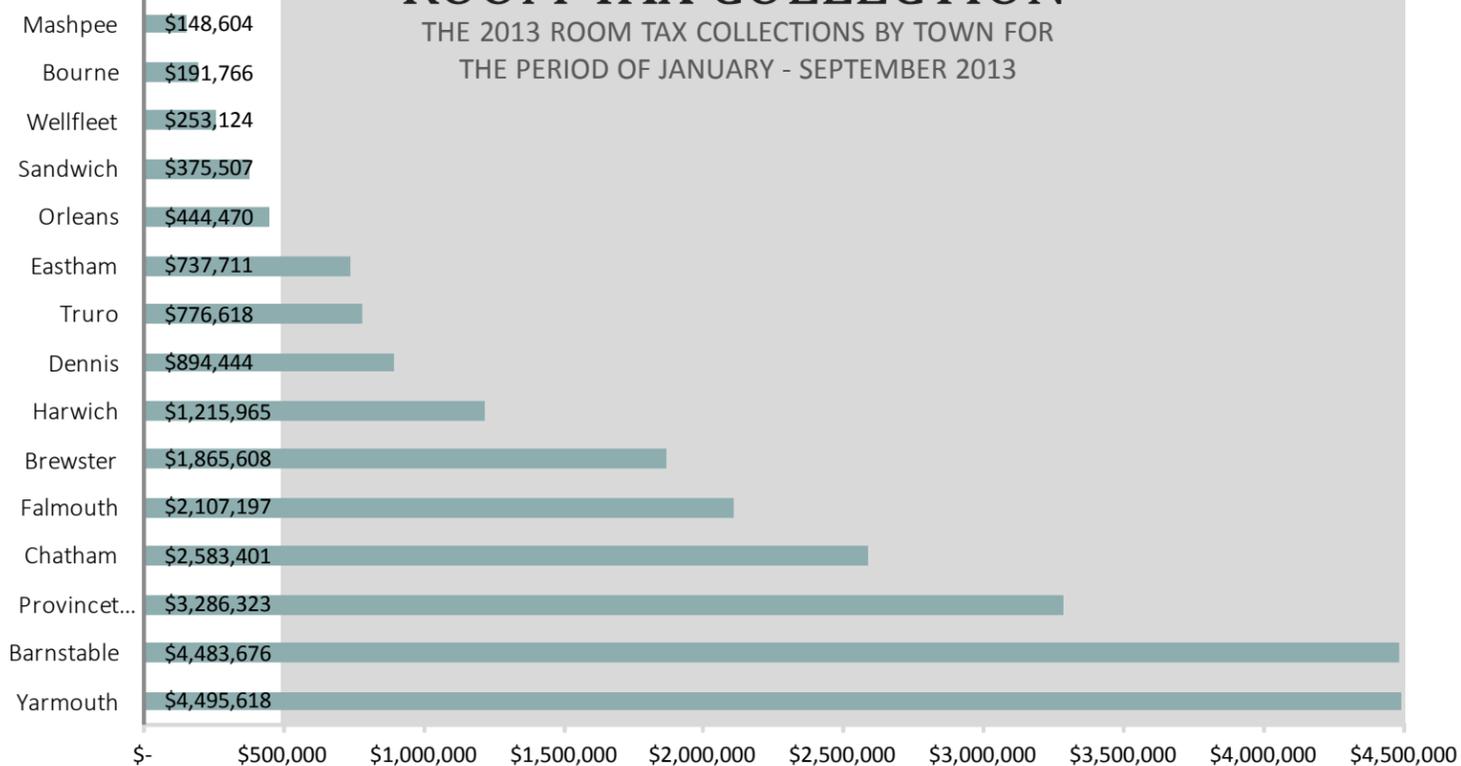
SPRING GARDEN INN
578 ROUTE 6A | \$/Unit: \$47k

**SOLD 4-3-2013 FOR \$525,000
11 MARSHFRONT GUEST ROOMS**

The small but attractive building has wide, sweeping views over a picturesque marsh. Does that mean all motels would be valued in the same range? A rhetorical question if there ever was one. This sale had all of the elements of the 'Cape Cod lifestyle buyer' situation. Route 6A is extremely attractive to this kind of Buyer. The capability of these particular properties is great even if they are not performing well at the time of the sale. The seller financed \$450,000 of the sales price. This helped enable the "lifestyle buyer price." Conventional lending may not have been that generous as the gross revenue was only around \$70,000.

ROOM TAX COLLECTION

THE 2013 ROOM TAX COLLECTIONS BY TOWN FOR THE PERIOD OF JANUARY - SEPTEMBER 2013



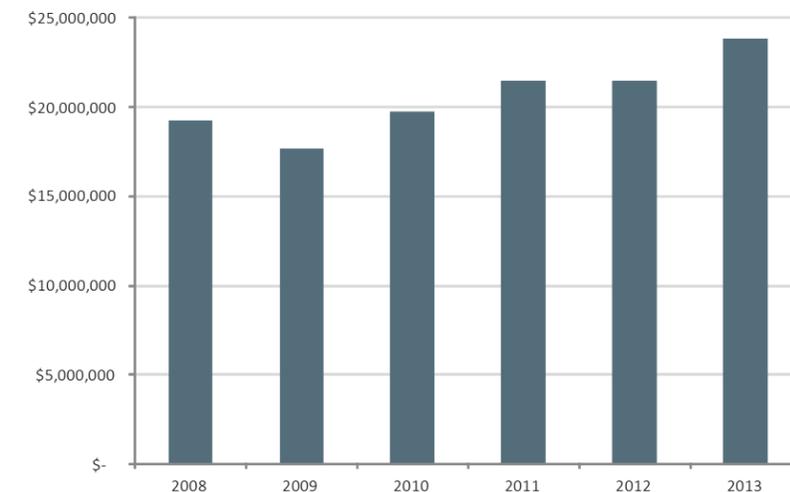
The Town of Barnstable reports 2,232 lodging units while Yarmouth has an estimated 3,674 units.



The Cape Cod Room Tax collections of \$24 million indicate that just the "rooms only" portion of tourism (generally estimated at 25% of a tourists expenditure) is a \$240,000,000 business. Some experts say that would make tourism is a billion dollar business on Cape Cod.

... and, since the Room Tax Collections are astoundingly level from year to year that means the billion dollar hospitality business on Cape Cod is irrefutably stable.

ANNUAL ROOM TAX COLLECTIONS FOR ALL OF BARNSTABLE COUNTY BY YEAR



The Room Tax was increased from 5.7% to 9.7% in 1987 by giving each town the perogative to add on 4%.

In 2009, the State gave each town the right to add on another 2%.

Most Cape Towns took advantage in 2010.

GROWTH INCENTIVE ZONE:

Properties Exempt from the Cape Cod Commission

On November 1, 2008, 34 specific properties on the the 5.5 mile stretch between the Bass River Bridge and the Yarmouth/ Hyannis town line became **exempt from the Cape Cod Commision**. The first property to step forward was the Hampton Inn. This 99 room modern hotel replaced the dated 1960's Americana Holiday Hotel with all permits granted by the Town of Yarmouth.