



Hotel Investment and Feasibility Analysis: Valuation, Financing and Operator Agreements

2 – 6 November 2026

Paris - Right Bank business hotel



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Introduction:

Hotel investment decisions go wrong when room demand is assumed rather than measured, the operating forecast ignores how a hotel actually spends its revenue, and the operator agreement quietly shifts profit away from the owner. This Core Concept course gives owners, developers, investors and asset managers a method for hotel investment and feasibility analysis: market and fair share study, a USALI-based pro-forma, development and FF&E budgets, valuation, financing, operator economics and exit. Participants build a Hotel Investment Feasibility Model and an Owner Investment Memorandum for a hotel project.

Course Objectives:

- Assess a hotel market by segmenting room-night demand, mapping the competitive set and projecting fair share and penetration for a proposed or existing hotel
- Build a ten-year hotel pro-forma operating statement in USALI format from occupancy, ADR, departmental ratios and undistributed expense benchmarks
- Prepare a hotel development budget covering land, hard costs, soft costs, pre-opening expenses, working capital and FF&E with a reserve policy for replacement
- Value a hotel asset by discounted cash flow, capitalisation of stabilised net operating income and per-key and RevPAR multiple cross-checks
- Compare management contract, franchise and lease models and structure hotel debt, mezzanine and owner equity against the resulting cash flow to the owner
- Test hotel investment returns under demand, rate, cost and interest scenarios and select an exit route supported by an owner investment memorandum

Target Audience:

- Owner-side investment staff who screen hotel acquisitions and new-build proposals before board approval
 - Hotel developers and project sponsors who commission feasibility studies and negotiate with brands and operators
 - Hotel asset managers who oversee operator performance, budgets and capital expenditure on behalf of owners
 - Hospitality lending and credit staff who appraise hotel loans and monitor covenant performance
 - Investment fund and family office staff who hold hotels within a wider property or alternative asset portfolio
 - Advisory and valuation staff who prepare hotel market studies and appraisals for owners and lenders
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Course Outline:

Day 1: Hotel Investment Landscape and Market Demand Study

- Hotel as an Operating Business and a Property: Owner, Brand and Operator Roles
- Hotel Segments and Asset Classes: Full-Service, Select-Service, Resort and Serviced Apartments
- Room-Night Demand Segmentation: Corporate, Leisure, Group and Contract Demand
- Competitive Set Selection and Supply Pipeline Mapping for a Hotel Market Study
- Fair Share, Penetration Index and RevPAR Index Projection for a New Hotel

Day 2: USALI Pro-Forma and Hotel Development Budget

- USALI Operating Statement Structure: Departmental, Undistributed and Non-Operating Lines
- Occupancy and ADR Build-Up to Stabilisation with TRevPAR by Revenue Stream
- Departmental Cost Ratios, Fixed and Variable Expense Split and GOP Forecast
- Hotel Development Budget: Hard Costs, Soft Costs, Pre-Opening and Working Capital
- FF&E Budget per Key and FF&E Replacement Reserve Policy

Day 3: Hotel Valuation and Operator Agreement Economics

- Ten-Year Hotel DCF: EBITDA After Reserve, Terminal Value and Discount Rate Selection
- Capitalisation Rate Approach on Stabilised Hotel Net Operating Income
- Price per Key and RevPAR Multiple Cross-Checks Against Hotel Transaction Evidence
- Management Contract Economics: Base Fee, Incentive Fee, Owner Priority Return and Key Money
- Franchise Fee Structures and Hotel Lease Models: Fixed, Variable and Hybrid Rent

Day 4: Hotel Financing, Asset Management and Investment Risk

- Hotel Senior Debt Sizing: Loan to Value, Debt Yield and Debt Service Coverage
- Mezzanine Finance and Owner Equity Layers in a Hotel Acquisition or New Build
- Owner Asset Management: Operator Budget Review, Performance Test and Capital Expenditure Approval
- Hotel Sensitivity Tables for Occupancy, ADR, Payroll and Interest Rate Shocks
- Hotel Exit Options: Stabilised Sale, Sale and Manage-Back, Sale and Leaseback, Recapitalisation

Day 5: Modelling Build: Hotel Investment Feasibility Model and Owner Memorandum

- Hotel Project Data Pack Review and Feasibility Assumptions Register
 - Market Demand, Fair Share and USALI Pro-Forma Model Build
 - Development Budget, Valuation and Financing Structure Model Outputs
 - Operator Model Comparison and Owner Cash Flow Break-Even Test
 - Owner Investment Memorandum Drafting and Investment Panel Presentation
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Skills You Will Gain:

- Hotel Market Demand Analysis
- Fair Share and Penetration Modelling
- USALI Pro-Forma Forecasting
- Hotel Development Budgeting
- Hotel Asset Valuation
- Operator Agreement Evaluation
- Hotel Debt Structuring
- Owner-Side Asset Oversight

Why Attend This Course:

- Return with a Hotel Investment Feasibility Model and an Owner Investment Memorandum built on a hotel project and challenged by a peer panel
- Question a feasibility study or operator proposal by tracing each forecast line back to demand, fair share and USALI cost evidence
- Judge how base and incentive fees, franchise charges or lease rent change the cash flow left for lenders and equity
- Compare hotel investment practice with peers from owners, developers, lenders, funds and advisory firms across city, resort and mixed-use hotels

Conclusion:

A hotel is worth only the cash flow it can sustain after the operator, the brand and the lender have been paid. The course moves from market demand, fair share and the USALI pro-forma, through development and FF&E budgets, valuation and operator agreement economics, to financing, asset management, sensitivity testing and exit. The final day brings these elements together in a Hotel Investment Feasibility Model and an Owner Investment Memorandum ready for the next acquisition, development or refinancing decision.