



2548 E Medina Rd,
Tucson, AZ
85756



Keys:
98



Build Date:
1997



Asking Price:
\$12,500,000

OFFERING MEMORANDUM

Holiday Inn Express Tucson Airport | Tucson, AZ

Fully renovated
Formula Blue 2.0 property!
Completed June 2025



Alex Rizk
Designated Broker

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Introduction:

PHC Hotel Advisors is pleased to present the Holiday Inn Express Tucson Airport, a fully renovated 98-key IHG Formula Blue 2.0 asset located steps from Tucson International Airport. Positioned at the junction of I-10 and I-19, the hotel benefits from strong corporate, government, and leisure demand. **This offering presents a rare opportunity to acquire a fully repositioned IHG asset in a stable and growing market.**

In 2024, ownership invested over \$2 million in a full IHG 2.0 renovation including guest rooms, public spaces, and back-of-house systems. The result is a turn-key, brand-aligned asset poised to outperform the submarket.

Performance was temporarily impacted from 2023-2025 due to room outages (15,000+) during renovation, which is reflected in the trailing financials. With renovations complete as of June 2025, the property enters a stabilizing phase with no deferred capex and clear upside through rate recovery and leaner operations.

2025 pro forma projections include \$2.94 million in gross room revenue and \$1.05 million in NOI, with additional upside from operational efficiencies.

The Tucson Airport corridor is supported by major demand drivers including Raytheon, Davis-Monthan Air Force Base, the University of Arizona, and Amazon and UPS logistics hubs. With new supply and consistent year-round demand, this submarket remains one of Arizona's most resilient. Just one mile from the hotel, the new Mosaic Quarter sports and entertainment complex is under development and expected to generate significant regional traffic and billions in economic impact.

Hotel Highlights

Property Overview

- ✓ 98-Key Hotel
- ✓ 2.65 Acres
- ✓ Interior Corridor
- ✓ 3 Stories

Property Amenities

- ✓ Extensive Sundry / Market
- ✓ Free High-Speed Wi-Fi
- ✓ Complimentary Hot Breakfast
- ✓ Business Center & Meeting Space

Market Evaluation

The Tucson Airport corridor is one of Arizona's most supply-constrained and demand-stable hospitality markets. Anchored by **Tucson International Airport, Raytheon, and Davis-Monthan AFB**, the area benefits from year-round government, corporate, and crew lodging.

Recent developments—like the **\$1.5B airport expansion, Mosaic Quarter sports complex, and I-10 industrial growth**—are transforming the area into a regional hub for logistics, defense, and travel.

With strong infrastructure investment, high barriers to entry, and consistent demand across sectors, this submarket offers long-term performance stability and clear upside.



New Exterior – Completed IHG 2.0 Formula Blue Renovation



Lobby & Common Area – Modernized with New FF&E



Breakfast Area – Refreshed Service and Seating Zones



Grab & Go Market – Snacks & Essentials



King Room – New Carpet, Furniture, and Lighting



Guest Bath – Walk-In Shower, LED Mirror, Upgraded Fixtures



Guest Laundry – On-Site Self-Serve Machines



Fitness Center – Cardio & Free Weights



Pool & Spa – Sun-Facing Amenity Deck



Historical Data and
Future Projections

- **\$2M+ IHG Formula Blue 2.0 renovation completed June 2025** — now fully reflected in brand visibility and guest experience
- **15,000+ Out-of-Order room nights between 2023–Mid-2025** suppressed revenue, creating a **clear rebound trajectory** into stabilization
- **2022 & 2023 Revenue: ~\$2.74M–\$2.79M** (pre-renovation baseline)
- **2024 Revenue: \$1.85M**, impacted by phased room closures from April through December
- **2025 Pro Forma: \$2.94M in Revenue | \$1.05M in NOI** (post-renovation, 74% OCC @ \$109 ADR)
- **5-Year NOI Outlook: ~\$1.08M stabilized**, with potential upside via lean operations and labor alignment
- **Margin expansion achievable** through hands-on ownership or experienced third-party management

8:02 AM
 11/15/23
 Accrual Basis

HOLIDAY INN EXPRESS TUCSON
 Profit & Loss
 January through December 2023

	Jan - Dec 23
Ordinary Revenues/Expenses	
Income	
Refund and Allowances	-6,283.00
Guest Laundry Revenue	31.50
Marketing Revenue	30,247.61
Meeting Room Rental	833.00
Miscellaneous Income	20,020.70
No-Show Revenue	1,153.14
Reserve	2,023,862.11
Total Income	<u>2,291,284.96</u>
Gross Profit	2,291,284.96
Expenses	
110 - Rooms Department	
110210 - Guest Supplies	70,719.37
110215 - Linen Supplies	79,429.84
110420 - Laundry and Cleaning Supplies	23,045.79
110220 - Cable Television	11,114.76
110240 - Contract Labor	203.50
110241 - Contract Laundry	27.50
110247 - Decorations	194.40
110255 - Room Protection	728.82
110260 - Reservation Agency & Equip Fees	20,661.25
110270 - Travel Agent Commission	94,824.37
110275 - Walked Guest Expense	477.54
110280 - Uniforms	261.50
110285 - Guest Satisfaction Expense	9,153.27
110290 - Guest Transportation	12,021.79
110295 - Small Equipment/Instruments/Tools	45,021.70
110300 - Complimentary Breakfast	139,903.47
110305 - Credit Card Commissions	-4,221.70
110 - Rooms Department - Other	1,869.76
Total 110 - Rooms Department	<u>330,237.71</u>
410 - Phone	
410410 - Local Services Costs	3,288.46
410430 - HSA (Internet, Wi-Fi)	17,322.54
410410 - Data & Repair - Phone System	1,188.32
Total 410 - Phone	<u>21,799.32</u>
505 - Other Operated Departments	
505410 - Meeting Cost	0.00
505450 - Misc. Misc. Costs	28.98
505450 - Miscellaneous Costs	10,916.55
Total 505 - Other Operated Departments	<u>10,945.53</u>
910 - Administration & General Exp	
910200 - Credit Card Fees and Interest	32,028.12
910255 - Miscellaneous	43.30
910260 - Accounting Expense	1,884.76
910230 - Printing & Stationery	2,043.21
910240 - Contract Labor	5,074.55
910250 - Travel Expenses	1,069.90
910210 - Credit Card Chargeback	32.55
910220 - Bank Charges	263.30
910225 - Postage	963.77
910245 - Office Supplies	3,925.24
910245 - Donations	2,763.89
910250 - Data Processing Fees	1,661.32
910225 - Other Professional Fees	2,010.00
910225 - Training	2,843.91
910275 - Associates Relations	11,016.38
910405 - License	1,203.30
910225 - Web Expense	10,703.91
	<u>\$1,108.31</u>
	\$1,108.31

Holiday Inn Express Tucson
 Airport P&L 2023 (3 Page)

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 8/1/2024
 Actual Data

HOLIDAY INN EXPRESS TUCSON
 Profit & Loss
 January through December 2023

	Jan - Dec 23	
610025 - Dues & Subscriptions	5,704.53	
610028 - Equipment Maintenance	200.27	
610030 - Express Mail Charges	114.31	
610035 - Telephones	3,074.41	
Total 600 - Administrative & General Exp	105,641.76	
710 - Sales & Marketing Expense		
710020 - miscellaneous	1,000.00	
710025 - Travel & Entertainment	45,799.00	\$15,291.67
710030 - Entertainment	2,154.23	\$2,131.23
710040 - Billboard Advertising	4,200.00	
710045 - Franchise Fees	167,156.24	
710050 - Franchise Advertising Fees	110,041.21	
710055 - Franchise Stockholder Fees	21,208.15	
710060 - Franchise Club Fees	21,011.36	
Total 710 - Sales & Marketing Expense	401,677.20	
810 - Maintenance & Repairs		
810010 - Small Tools, Parts, and Supplies	5,394.34	
810015 - Air Conditioning Repairs	100.23	
810020 - Building Repairs	269.34	
810025 - Electrical & Mechanical	3,512.27	
810030 - Elevator	3,762.41	
810035 - Insect Extermination	109.94	
810040 - Fire Protection	6,771.12	
810045 - Mold Removal	9,252.73	
810050 - Furniture & Fixtures	153.89	
810055 - Landscaping and Groundskeeping	17,084.20	
810060 - Lawns	190.93	
810065 - Lighting	150.26	
810070 - Pest Control	1,000.35	
810075 - Painting & Heating	5,672.42	
810080 - Swimming Pool Repair	6,854.93	
810085 - Signs	904.40	
810090 - Automotive Repairs	1,008.16	\$1,900.15
Total 810 - Maintenance & Repairs	90,550.64	
910 - Utilities		
910010 - Electricity	74,907.94	
910020 - Gas and Fuel	20,617.31	
910030 - Water and Sewer	61,613.34	
Total 910 - Utilities	157,138.60	
010 - Other Expenses		
010000 - Depreciation Cost	17,404.20	\$17,454.20
010010 - Depreciation Expense	211,228.20	\$21,122.61
010020 - Insurance Expense		
010025 - Automobile	2,198.00	\$2,199.72
010030 - Commercial Insurance	32,285.77	
010035 - Auto Insurance	3,838.10	\$3,839.10
010040 - Insurance Expense - Other	2,332.84	\$2,363.94
Total Insurance Expense	42,365.51	
010050 - Interest Expense	148,811.88	\$148,811.88
010060 - Real Estate Property Tax	37,822.29	
Total 010 - Other Expenses	507,610.76	

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03/19/24
Annual Report

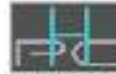
HOLIDAY INN EXPRESS TUCSON
Profit & Loss
January through December 2023

	Jan - Dec 23
SG - Payroll Expenses	
Payroll Tax	11,693.47
Licensed Labor	899,247.99
SG - Officers Compensation	149,500.00
SG - Payroll Expenses - Other	2,201.46
Total SG - Payroll Expenses	1,062,642.92
Total Expenses	2,519,620.43
Net Ordinary Income	271,814.29
Other Income/Expense	
Other Income	
Insurance Claim Income	44,827.14
Interest Income	11,236.18
Total Other Income	56,063.32
Net Other Income	56,063.32
Net Income	327,877.61
Adjustments	\$57,110.78
Adjusted NOI	\$1,015,146.77

Please note: Payroll expense is exceptionally high and should be approximately 20% to 25% lower than it is.

**Holiday Inn Express Tucson Airport
Tucson AZ
Pro Forma Financial Statements**

	Year 1				Year 2				Year 3				Year 4				Year 5			
Rooms Available	38				38				38				38				38			
Rooms Sold	35,770				35,770				35,770				35,770				35,770			
Occupancy	94.0%				94.0%				94.0%				94.0%				94.0%			
ADR	\$109.00				\$117.82				\$116.75				\$120.37				\$123.87			
RevPAR	\$30.60				\$34.05				\$37.57				\$36.44				\$38.15			
RevPAR % Change	-				4.2%				3.0%				3.3%				3.0%			
Revenue																				
Rooms	\$2,835,300	98.2%	\$29,441	\$100.00	\$2,835,307	98.2%	\$33,977	\$112.82	\$2,132,475	98.2%	\$21,584	\$106.70	\$2,252,053	98.2%	\$23,011	\$103.27	\$2,332,103	98.2%	\$34,301	\$123.87
Food & Beverage	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Other Revenue	\$32,940	1.8%	\$942	\$2.82	\$94,630	1.8%	\$957	\$2.08	\$96,371	1.8%	\$973	\$2.10	\$97,930	1.8%	\$971	\$2.19	\$98,363	1.8%	\$996	\$2.21
Telephone	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Total Revenue	\$2,938,140	100.0%	\$30,383	\$111.00	\$3,029,937	100.0%	\$35,934	\$114.87	\$2,228,846	100.0%	\$23,557	\$108.87	\$2,350,083	100.0%	\$26,982	\$122.42	\$2,430,466	100.0%	\$35,297	\$128.08
Departmental Expenses																				
Rooms	\$900,148	30.6%	\$9,658	\$31.50	\$900,660	30.2%	\$10,173	\$32.41	\$1,028,770	32.6%	\$10,488	\$33.35	\$1,067,267	32.7%	\$10,768	\$33.31	\$1,088,748	32.5%	\$11,356	\$40.29
Food & Beverage	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Other Expense	\$15,882	0.5%	\$162	\$0.80	\$16,389	0.5%	\$167	\$0.82	\$16,911	0.5%	\$173	\$0.83	\$17,380	0.5%	\$177	\$0.85	\$17,815	0.5%	\$182	\$0.88
Telephone	\$27,735	0.9%	\$284	\$1.05	\$27,981	0.9%	\$286	\$1.05	\$28,169	0.9%	\$287	\$1.05	\$28,244	0.9%	\$288	\$1.05	\$28,244	0.9%	\$288	\$1.05
Total Expenses	\$1,203,823	41.0%	\$10,384	\$36.15	\$1,044,989	34.5%	\$10,626	\$35.08	\$1,273,850	35.1%	\$10,948	\$48.23	\$1,102,951	33.5%	\$11,254	\$41.00	\$1,128,750	33.2%	\$11,529	\$42.00
Gross Operating Income	\$1,734,317	59.0%	\$19,999	\$74.85	\$1,984,948	65.5%	\$25,308	\$79.79	\$1,005,000	45.3%	\$12,609	\$56.64	\$1,247,132	53.1%	\$15,728	\$66.42	\$1,301,716	53.5%	\$19,768	\$79.08
Undistributed Operating Expenses																				
Administrative & General	\$127,400	4.3%	\$1,300	\$4.81	\$151,222	4.3%	\$1,339	\$4.92	\$135,199	4.2%	\$1,379	\$5.34	\$138,213	4.2%	\$1,421	\$5.19	\$143,306	4.2%	\$1,465	\$5.53
Franchise Fees	\$293,999	8.8%	\$2,650	\$9.81	\$270,573	8.8%	\$2,761	\$10.15	\$281,823	8.8%	\$2,877	\$10.51	\$291,155	8.8%	\$2,971	\$10.82	\$296,880	8.8%	\$3,080	\$11.15
Sales & Marketing	\$124,798	4.2%	\$1,267	\$4.69	\$127,210	4.2%	\$1,299	\$4.78	\$130,452	4.1%	\$1,331	\$4.89	\$133,713	4.1%	\$1,364	\$4.97	\$137,066	4.0%	\$1,399	\$5.10
Repairs & Maintenance	\$46,550	1.6%	\$475	\$1.70	\$47,947	1.6%	\$489	\$1.80	\$49,385	1.5%	\$504	\$1.84	\$50,860	1.5%	\$519	\$1.88	\$52,362	1.5%	\$535	\$1.85
Energy Costs	\$148,231	5.0%	\$1,513	\$5.60	\$152,063	5.0%	\$1,561	\$5.74	\$157,840	4.9%	\$1,611	\$5.88	\$162,217	4.8%	\$1,655	\$5.93	\$166,272	4.8%	\$1,697	\$6.18
Total Undistributed Operating Expenses	\$748,978	25.5%	\$7,554	\$25.87	\$728,515	23.9%	\$7,449	\$27.38	\$754,758	25.7%	\$7,702	\$33.73	\$779,758	23.6%	\$7,955	\$33.89	\$796,836	23.8%	\$8,185	\$33.79
Gross Operating Profit	\$1,222,309	41.6%	\$12,445	\$48.98	\$1,288,680	42.1%	\$13,859	\$48.40	\$1,280,231	42.7%	\$13,880	\$50.70	\$1,412,880	42.9%	\$14,417	\$52.53	\$1,462,680	43.1%	\$14,325	\$54.38
Fixed Charges																				
Insurance	\$35,200	1.2%	\$400	\$1.40	\$40,180	1.3%	\$410	\$1.51	\$41,185	1.3%	\$420	\$1.54	\$42,214	1.3%	\$431	\$1.57	\$43,266	1.3%	\$442	\$1.61
Property Taxes	\$87,830	3.0%	\$896	\$3.32	\$90,434	3.0%	\$923	\$3.39	\$92,895	2.9%	\$948	\$3.46	\$95,012	2.9%	\$970	\$3.53	\$97,288	2.9%	\$994	\$3.62
Management Fees	\$88,144	3.0%	\$899	\$3.33	\$91,830	3.0%	\$937	\$3.45	\$95,695	3.0%	\$978	\$3.57	\$98,750	3.0%	\$1,008	\$3.67	\$101,745	3.0%	\$1,038	\$3.78
Total Fixed Charges	\$211,174	7.2%	\$2,195	\$8.13	\$222,444	7.3%	\$2,349	\$8.35	\$239,775	7.2%	\$2,446	\$8.51	\$235,976	7.1%	\$2,439	\$8.77	\$242,299	7.1%	\$2,474	\$8.87
EBITDA	\$1,007,135	34.3%	\$10,250	\$38.05	\$1,066,236	34.9%	\$10,510	\$40.08	\$1,040,456	36.5%	\$11,434	\$42.15	\$1,176,904	35.7%	\$12,000	\$43.75	\$1,220,381	36.0%	\$12,492	\$45.37
Reserve for Replacement	\$0	0.0%	\$0	\$0.00	\$30,610	1.0%	\$312	\$1.15	\$63,777	2.0%	\$651	\$2.38	\$96,750	3.0%	\$1,008	\$3.67	\$138,850	4.0%	\$1,394	\$5.04
Net Operating Income	\$1,007,135	34.3%	\$10,250	\$38.05	\$1,035,626	33.9%	\$10,198	\$36.93	\$1,006,679	35.2%	\$10,783	\$39.77	\$1,080,154	32.7%	\$11,000	\$40.88	\$1,081,531	32.0%	\$11,098	\$44.33



Acquisition Scenario

Asking Price: \$12,500,000

Potential Purchase Price: \$12,000,000

Basic Information

Keys: 98 Units

Built: 1997

Price Per Key: \$120,408

Comp PPK Avg: \$105,360

2023 Room Revenue: \$2,791,000

Sundry Sales: \$25,000

Projected 2025 Revenue: \$2,938,148

Projected 2025 NOI: **\$1,055,187**

Projected Cap Rate: **8.9%**

GRRM: 4.09x

Lending Scenario:

Down Payment: \$3,600,000

Loan Amount: \$8,400,000

Terms: SBA 504 / 282 Mo

7.5% Interest Rate

Debt Service: \$62,000 Mo / \$745,000/YR

Projected Cash on Cash: **8.6**

Projected DSR: 1.42%

STR/ CoStar: Tucson Airport Submarket-Midscale

Metrics

Midscale Avg Cap Rate: 8.3%

Midscale Cap Rate Range: 7.5%-9.5%

Price Per Key Range: \$94,000-\$125,000

Avg GRR Multiplier: 4.05x

Transaction Comparables



La Quinta Inn & Suites
– Tucson Airport



Residence Inn
Tucson Williams Centre

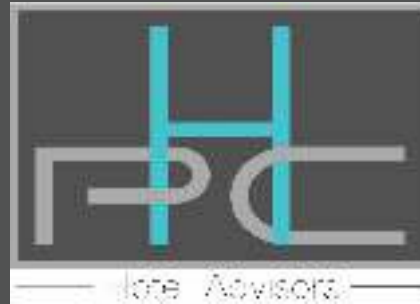


Sonesta Select Tucson
Airport

Year Built	1996	2004	1997/2018
No. Rooms	143	120	120
Sale Date	06/2023	11/2021	05/2023
Sale Price	\$13,600,000	\$13,511,000	\$10,200,000
Sale Price/ Room	\$95,000	\$112,592	\$85,000
Cap Rate	8.0%	10.8%	11%
Buyer	Govind J Patel	Kohlberg Kravis Roberts & Co. L.P.	MSDS MGT, INC.
Seller	Highgate Hotels	DigitalBridge	Hanumant Hospitality LLC
Multiplier	4.6	3.42	2.5

Thank You

Merci
Dziekuje



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