

# Budget Inn & Suites

OFFERING MEMORANDUM



3473 W. Hammer Lane , CA  
Stockton, CA 95219

**B**  
BUDGET INN  
& SUITES

3473

# Budget Inn & Suites

## CONTENTS

### 01 Executive Summary

- Investment Highlights
- Investment Summary
- Location Summary

### 02 Property Description

- Property Features
- Aerial Map 1
- Property Images

### 03 Financial Analysis

- Income & Expense Analysis
- Multi-Year Cash Flow Assumptions
- 5 year Hotel projection
- Financial Metrics

### 04 Comparables

- Comparables
- Comparables Map

### 05 Demographics

- Demographics
- Demographic Charts

### 06 Additional Information

- Market performance page
- Market sales chart
- Market review
- Guest room pic Budget Inn
- Market review page

### 07 Company Profile

- Company Bio

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# BUDGET INN & SUITES

## 01 Executive Summary

Investment Highlights  
Investment Summary  
Location Summary

# EXECUTIVE SUMMARY

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- A Value - Add opportunity, a modern, contemporary, 120 beautiful rooms, and manager's apartment with office, located off of I 5 highway exit in Stockton.
- Three, 3 story wood frame and stucco buildings with exterior corridors. Built in 1989.  
Gross building area: 32,700 Sq. Ft. Lot size: 64,804 Sq. Ft. or 1.5 acres. Amenities
  - include a heated swimming pool and a conference room.
  - Prime location in Stockton with lots of highway traffic.
- The property has been very well maintained and updated throughout. Every room is fully furnished and in perfect condition.
- The new buyer will have the opportunity to revamp the Hotel Revenue after repositioning with different approved Franchise including SureStay or Choice and Wyndham brand with an estimated PIP cost of \$700,000 , also significant upside is by employing a more aggressive revenue management strategy and strategic cost control initiatives. Revenue projection numbers are after completing PIP reflecting in year 2 and 3 and will be stabilized by 2027.



# INVESTMENT HIGHLIGHTS



Value-add Opportunity to purchase a **projected 11 + CAP rate** and healthy cash flow hotel in an area that is growing fast.



Opportunity to brand and reposition the Hotel to ramp up the revenue by 35% +



Boasting a strategic location and impressive facilities, this investment opportunity promises exceptional ROI for savvy investors.



Projected to generate \$ 2.4 Million revenue in 2025 after new PIP completed.



Projected to generate estimated \$920,000 in annual Net Operating Income (NOI) before debt service.



Annual Cash on Cash of about 12%



## Cap rate of 8.75%

New Management : New owner have the opportunity to bring on a new 3rd party manager to implement strategic change including optimizing operation and effectively manage cost.of operation.



# LOCATION HIGHLIGHTS

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The advantages of Stockton's central location are:

- **Access to transportation systems:** Stockton is centrally located with access to the Port of Stockton, an international deep-water port, the Amtrak railroad system, and the intrastate and interstate freeway systems. This provides convenient transportation options for both goods and people, making it an attractive location for businesses and residents.
- **Proximity to major cities:** Stockton is relatively close to both San Francisco and Sacramento. This proximity allows for easy access to the amenities and opportunities offered by these major cities, such as cultural events, employment opportunities, and higher education institutions.
- **Cost-effective land:** Stockton has comparatively inexpensive land costs compared to major cities like San Francisco and Sacramento. This makes it an attractive location for companies looking to establish regional operations or expand their business without the high costs associated with larger cities.
- **Diversified economy:** While historically an agricultural community, Stockton's economy has diversified into other industries, including telecommunications and manufacturing. The central location of Stockton has played a role in attracting companies from various sectors to establish their operations in the city.
- **Commercial activity and population density:** Stockton is located within a mixed commercial/residential area with high commercial activity and population density. This provides a ready customer base for businesses and contributes to the vibrancy of the local economy.
- **Shopping and amenities:** Stockton has two shopping malls, Weberstown Mall and Sherwood Mall, which offer a range of retail options. Additionally, the city has undergone revitalization projects, resulting in the construction or renovation of various buildings and amenities, including theaters, hotels, transit centers, and public art installations. These amenities contribute to the quality of life for residents and attract visitors to the city.

## OFFERING SUMMARY

ADDRESS	3473 W. Hammer Lane , CA Stockton CA 95219
COUNTY	San Joaquin
BUILDING SF	32,954 SF
LAND ACRES	1.49
TOTAL ROOMS	120
YEAR BUILT	1988
YEAR RENOVATED	2023
APN	071-180-16
OWNERSHIP TYPE	Fee Simple

## FINANCIAL SUMMARY

PRICE	\$8,700,000
PRICE PER KEY	\$72,500
PRICE PSF	\$264.00
OCCUPANCY	100.00 %
NOI (2024)	\$863,733
NOI (2025)	\$988,235
RRM (2024)	4.66
RRM (2025)	3.96
CAP RATE (2024)	9.93 %
CAP RATE (2025)	11.36 %
CASH ON CASH (2024)	11.85 %
CASH ON CASH (2025)	16.62 %

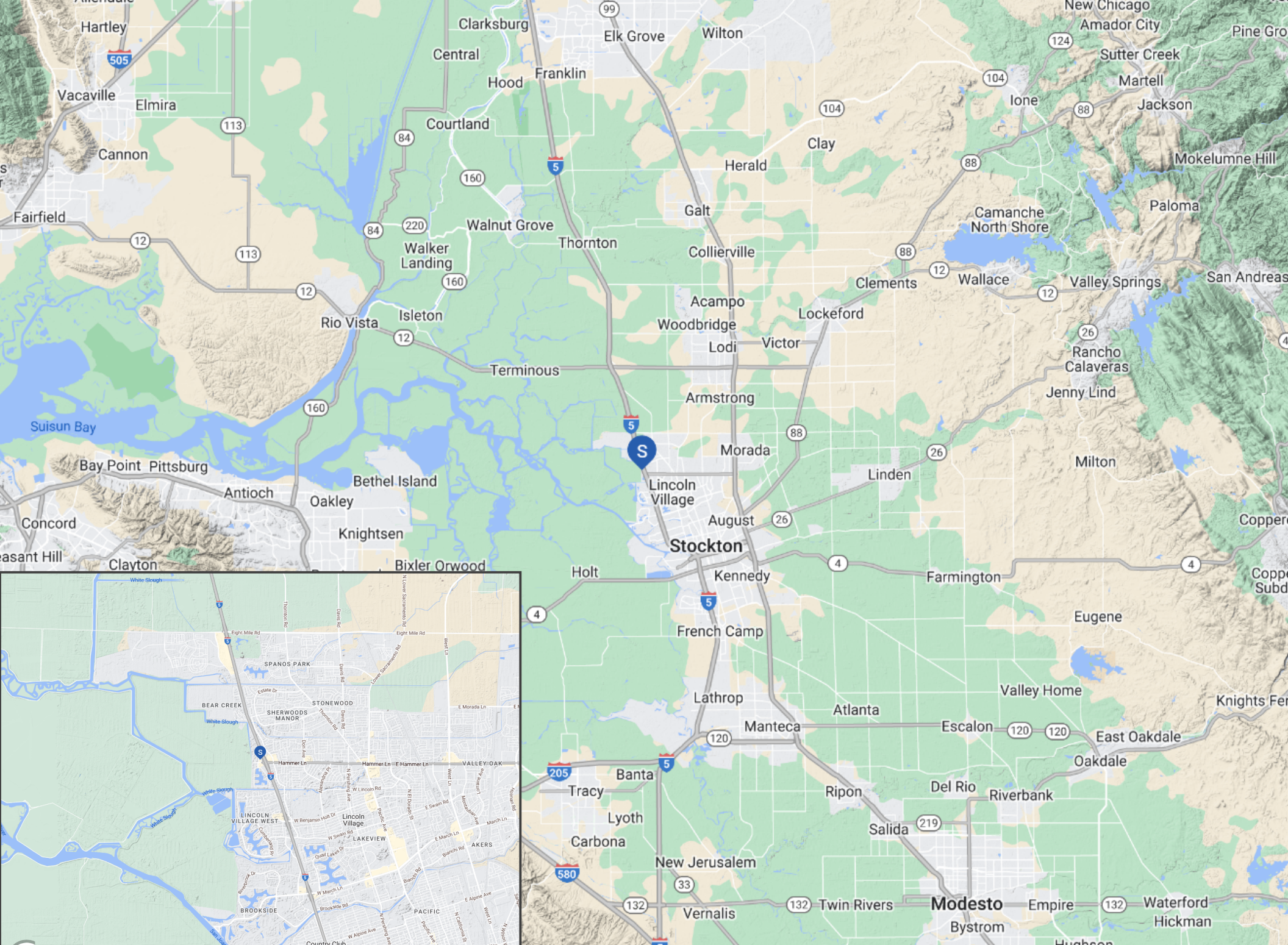
## PROPOSED FINANCING

Conventional	
LOAN TYPE	Amortized
DOWN PAYMENT	\$2,610,000
LOAN AMOUNT	\$6,090,000
INTEREST RATE	7.80 %
LOAN TERMS	25
ANNUAL DEBT SERVICE	\$554,412
LOAN TO VALUE	70 %
AMORTIZATION PERIOD	25 Years

## DEMOGRAPHICS 1 MILE 3 MILE 5 MILE

2023 Population	20,131	109,195	218,338
2023 Median HH Income	\$76,062	\$83,871	\$75,916
2023 Average HH Income	\$97,305	\$113,019	\$101,665

- » The new buyer will have the opportunity to revamp the Hotel Revenue after repositioning with different approved Franchise including SureStay or Choice brand with an estimated PIP cost of \$700,000 , also significant upside is by employing a more aggressive revenue management strategy and strategic cost control initiatives.





# BUDGET INN & SUITES

## 02 Property Description

- Property Features
- Aerial Map 1
- Property Images

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## PROPERTY FEATURES

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TOTAL ROOMS	120
BUILDING SF	32,954
LAND ACRES	1.49
YEAR BUILT	1988
YEAR RENOVATED	2023
BUILDING CLASS	D
NUMBER OF STORIES	3
NUMBER OF BUILDINGS	3
NUMBER OF PARKING SPACES	120
PARKING RATIO	1:1

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## CONSTRUCTION

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FOUNDATION	Concrete
FRAMING	wood frame construction
EXTERIOR	Yes
ROOF	Flat
WINDOWS	Aluminum-Framed Glass Windows & Wood Panel Doors

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## AMENITIES

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POOL	1
COMPLIMENTARY BREAKFAST	Complimentary

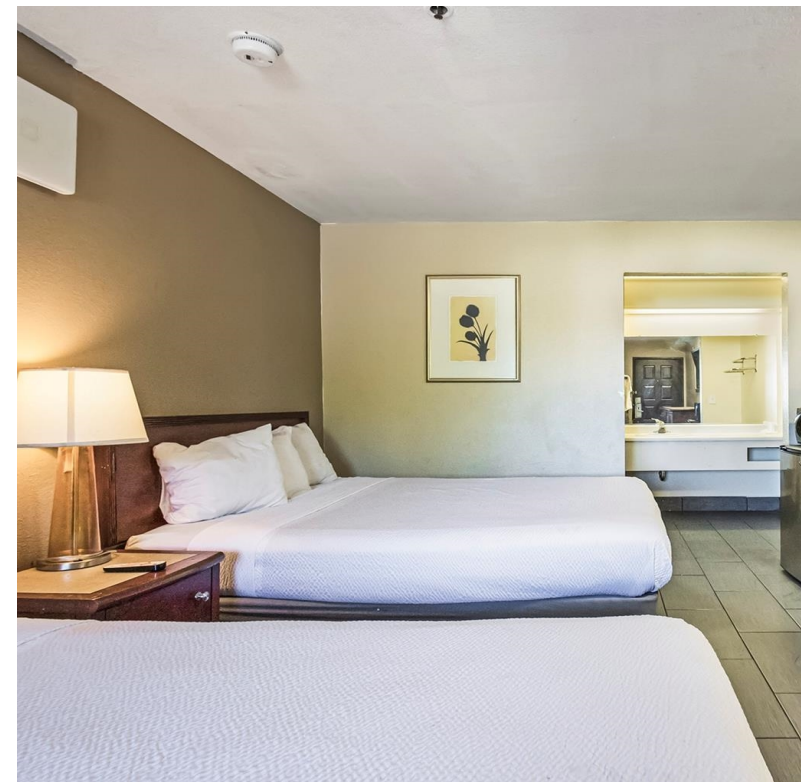
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Lobby and Rooms





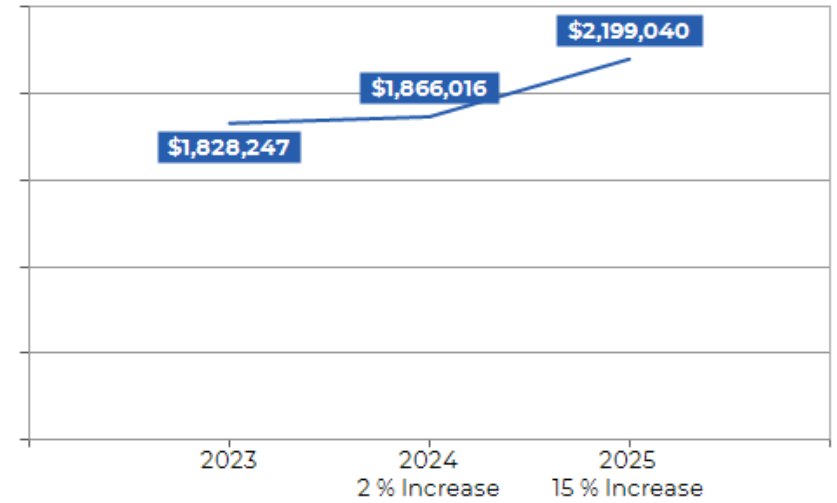
# BUDGET INN & SUITES

## 03 Financial Analysis

Income & Expense Analysis  
Multi-Year Cash Flow Assumptions  
5 year Hotel projection  
Financial Metrics

## GROSS REVENUE TREND

INCOME	2023	2024	2025
Gross Room Revenue	\$1,828,247	\$1,866,016	\$2,199,040
Other Income	\$18,756		
<b>Total Revenue</b>	<b>\$1,847,003</b>	<b>\$1,866,016</b>	<b>\$2,199,040</b>
Less Expenses	\$1,122,491	\$1,002,283	\$1,210,805
<b>Net Operating Income</b>	<b>\$724,512</b>	<b>\$863,733</b>	<b>\$988,235</b>
Annual Debt Service	\$554,412	\$554,412	\$554,412
<b>Cash flow</b>	<b>\$170,100</b>	<b>\$309,321</b>	<b>\$433,823</b>
Debt Coverage Ratio	1.31	1.56	1.78



EXPENSES	2023	2024	2025
Other Expenses	\$1,122,491	\$1,002,283	\$1,210,805
<b>Total Operating Expense</b>	<b>\$1,122,491</b>	<b>\$1,002,283</b>	<b>\$1,210,805</b>
Annual Debt Service	\$554,412	\$554,412	\$554,412
Expense / SF	\$34.06	\$30.41	\$36.74
% of EGI	60.77 %	53.71 %	55.06 %

## DISTRIBUTION OF EXPENSES

2024



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## GLOBAL

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Price	\$8,700,000
Analysis Period	5 year(s)
Exit Cap Rate	9.00 %

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## EXPENSES - Growth Rates

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Other Expenses	4.50 %
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## PROPOSED FINANCING

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Conventional	
Loan Type	Amortized
Down Payment	\$2,610,000
Loan Amount	\$6,090,000
Interest Rate	7.80 %
Loan Terms	25
Annual Debt Service	\$554,412
Loan to Value	70 %
Amortization Period	25 Years

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INCOME - Growth Rates	Year 3	Year 4	Year 5
Gross Room Revenue	5.50%	5.50%	5.50%

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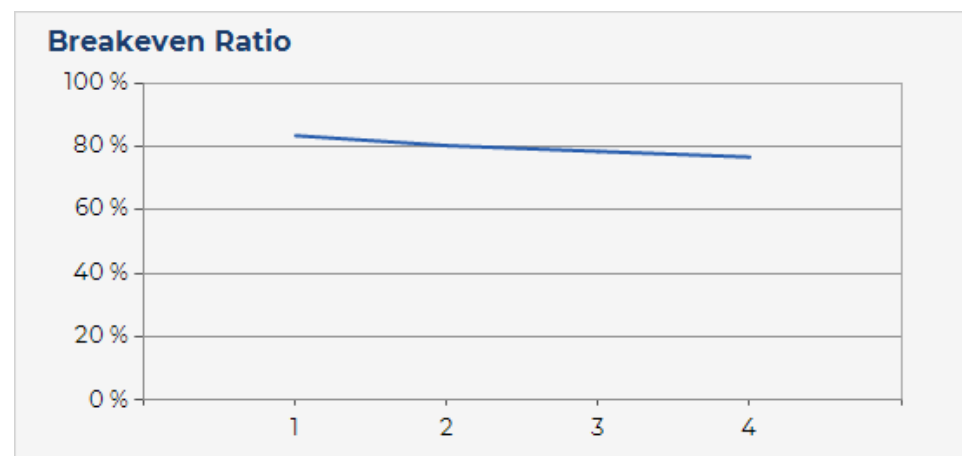
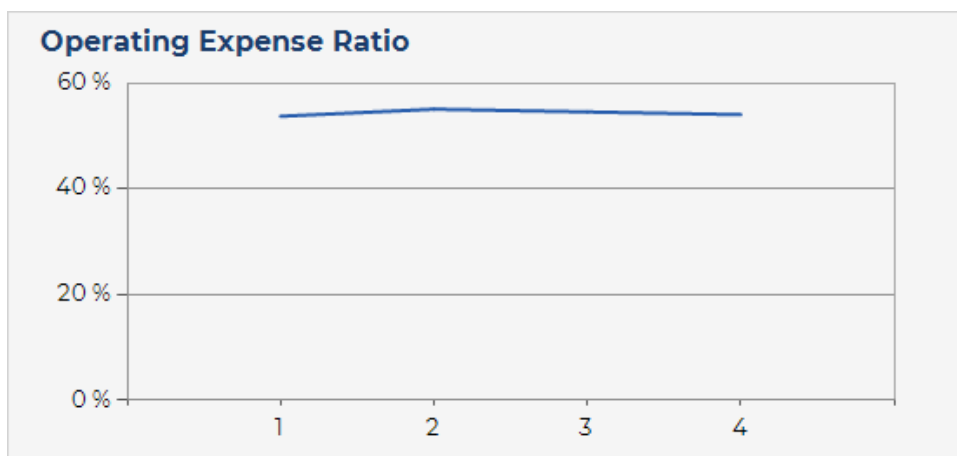
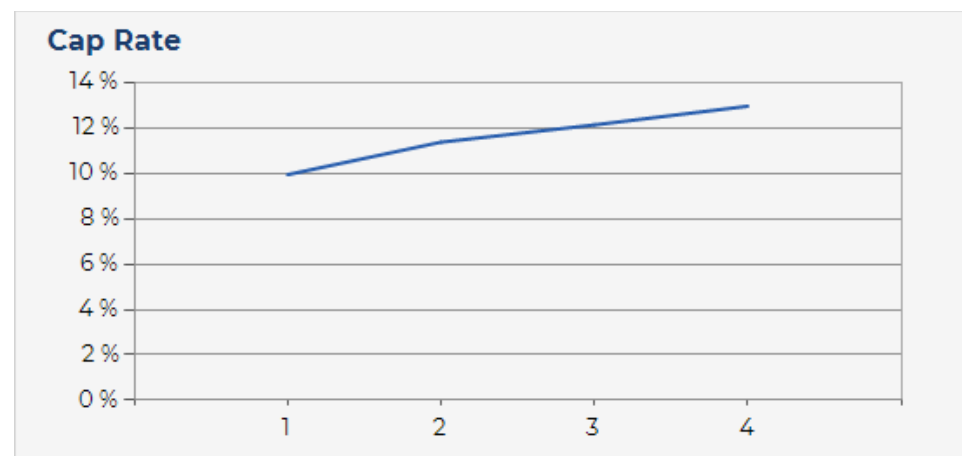
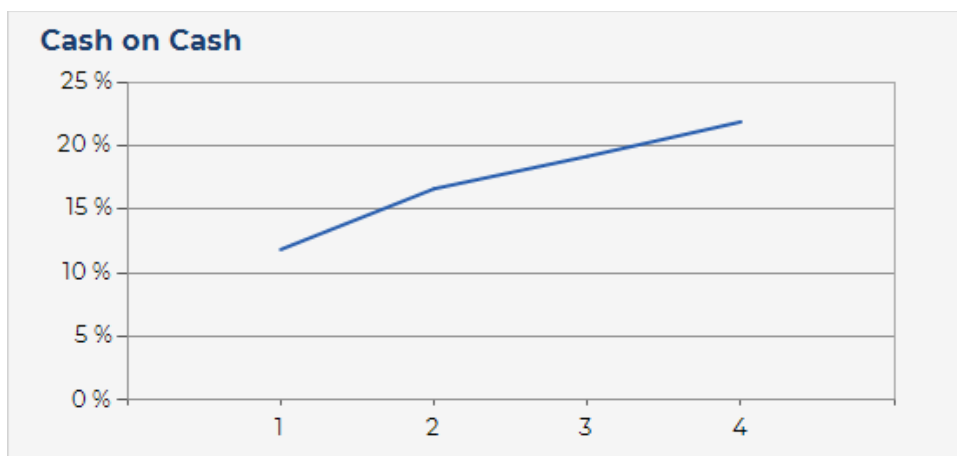
**Notes** Revenue projection numbers are after fully PIP done , which is reflected in year 2 through year 3 and will be fully stabilized by 2027.



## 5-Year Hotel Projection

	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028
Number of Rooms: <b>120</b>					
Available Rooms	43,800	43,800	43,800	39,055	39,055
Occupied Rooms	21,024	23,652	25,404	24,995	28,510
Occupancy	48.0%	54.0%	58.0%	64.0%	73.0%
ADR	\$84.00	\$88.62	\$93.49	\$98.64	\$104.06
RevPar	\$40.32	\$47.85	\$54.23	\$63.13	\$75.96
<b>REVENUE</b>					
Rooms	1,766,016	2,096,040	2,375,124	2,465,433	2,966,802
Other Income	100,000	103,000	106,090	109,273	112,551
<b>Total Operating Revenue</b>	<b>\$ 1,866,016</b>	<b>\$ 2,199,040</b>	<b>\$ 2,481,214</b>	<b>\$ 2,574,706</b>	<b>\$ 3,079,353</b>
<b>OPERATING EXPENSES</b>					
Payroll Expense	\$ 353,203	\$ 419,208	\$ 475,025	\$ 484,525	\$ 494,216
Marketing & Sales	\$ 75,000	\$ 85,000	\$ 94,000	\$ 48,000	\$ 48,000
Credit Card Fees	\$ 46,650	\$ 54,976	\$ 62,030	\$ 64,368	\$ 76,984
Dues & Subscriptions	\$ 6,000	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495
Office Expense	\$ 36,000	\$ 36,720	\$ 37,454	\$ 38,203	\$ 38,968
Operating Supplies	\$ 49,448	\$ 50,437	\$ 51,446	\$ 52,475	\$ 53,525
Repairs & Maintenance	\$ 60,000	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946
Uniforms	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989
Laundry	\$ 24,000	\$ 24,480	\$ 24,970	\$ 25,469	\$ 25,978
Utilities	\$ 80,000	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595
Franchise Fees and Other Fees	\$ -	\$ 104,802	\$ 118,756	\$ 271,198	\$ 326,348
Property Taxes	\$ 70,000	\$ 71,400	\$ 72,828	\$ 74,285	\$ 75,770
Insurance	\$ 96,000	\$ 97,920	\$ 99,878	\$ 101,876	\$ 103,913
Future Reserve for FF&E	\$ 52,980	\$ 62,881	\$ 71,254	\$ 73,963	\$ 89,004
<b>Total Operating Expenses</b>	<b>\$ 1,002,283</b>	<b>\$ 1,210,805</b>	<b>\$ 1,314,681</b>	<b>\$ 1,445,542</b>	<b>\$ 1,548,110</b>
<b>NET OPERATING INCOME</b>	<b>\$ 863,733</b>	<b>\$ 988,236</b>	<b>\$ 1,166,533</b>	<b>\$ 1,129,164</b>	<b>\$ 1,531,243</b>

Calendar Year	2024	2025	2026	2027	2028
Cash on Cash Return b/t	11.85 %	16.62 %	19.17 %	21.88 %	24.75 %
CAP Rate	9.93 %	11.36 %	12.12 %	12.94 %	13.80 %
Debt Coverage Ratio	1.56	1.78	1.90	2.03	2.17
Operating Expense Ratio	53.71 %	55.06 %	54.53 %	54.02 %	53.50 %
RRM	4.66	3.96	3.75	3.55	3.37
Loan to Value	70.01 %	69.06 %	68.02 %	66.95 %	65.74 %
Breakeven Ratio	83.42 %	80.27 %	78.44 %	76.67 %	74.98 %
Price / SF	\$264.00	\$264.00	\$264.00	\$264.00	\$264.00
Income / SF	\$56.62	\$66.73	\$70.40	\$74.27	\$78.35
Expense / SF	\$30.41	\$36.74	\$38.39	\$40.12	\$41.92



# BUDGET INN & SUITES

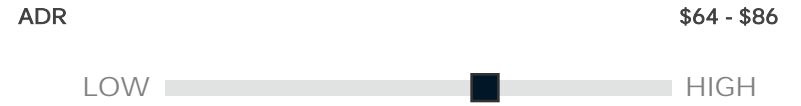
## 04 Comparables

- Comparables
- Comparables Map

04

1

# OF KEYS	76
YEAR BUILT	1982
ADR	\$78
BUILDING SF	20,438
93,654	Sq ft
DISTANCE	7.7 miles

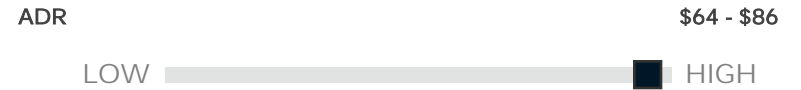


### Motel 6

817 Navy Drive, CA  
Stockton, 95206

2

YEAR BUILT	1978
SALE PRICE	\$8,250,000
SALE PSF	\$211.18
CAP RATE	7.20 %
ADR	\$85
BUILDING SF	39,066
91,476	Sq ft
DISTANCE	71.9 miles



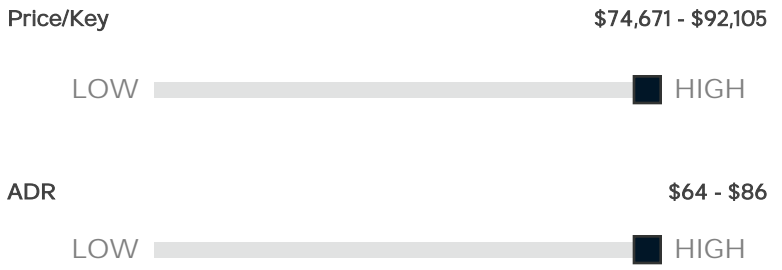
### Motel 6

12733 State Highway 33, CA  
Gustine, CA 95322

3

**Studio 6**  
3444 Coach Lane, CA  
Cameron park, 95682

# OF KEYS	57
YEAR BUILT	1987
SALE PRICE	\$5,250,000
SALE PSF	\$218.20
PRICE/KEY	\$92,105
ADR	\$86
BUILDING SF	24,060
80,150	SQ FT
DISTANCE	72.1 miles



4

**SureStay**  
1900 Canterbury Road, CA  
Sacramento, CA 95815

# OF KEYS	152
YEAR BUILT	1964
SALE PRICE	\$11,350,000
SALE PSF	\$183.59
CAP RATE	8.50 %
PRICE/KEY	\$74,671
ADR	\$64
BUILDING SF	61,823
143,748	Sq FT
DISTANCE	45.3 miles





**Budget Inn & Suites**

3473 W. Hammer Lane , CA  
Stockton, CA 95219

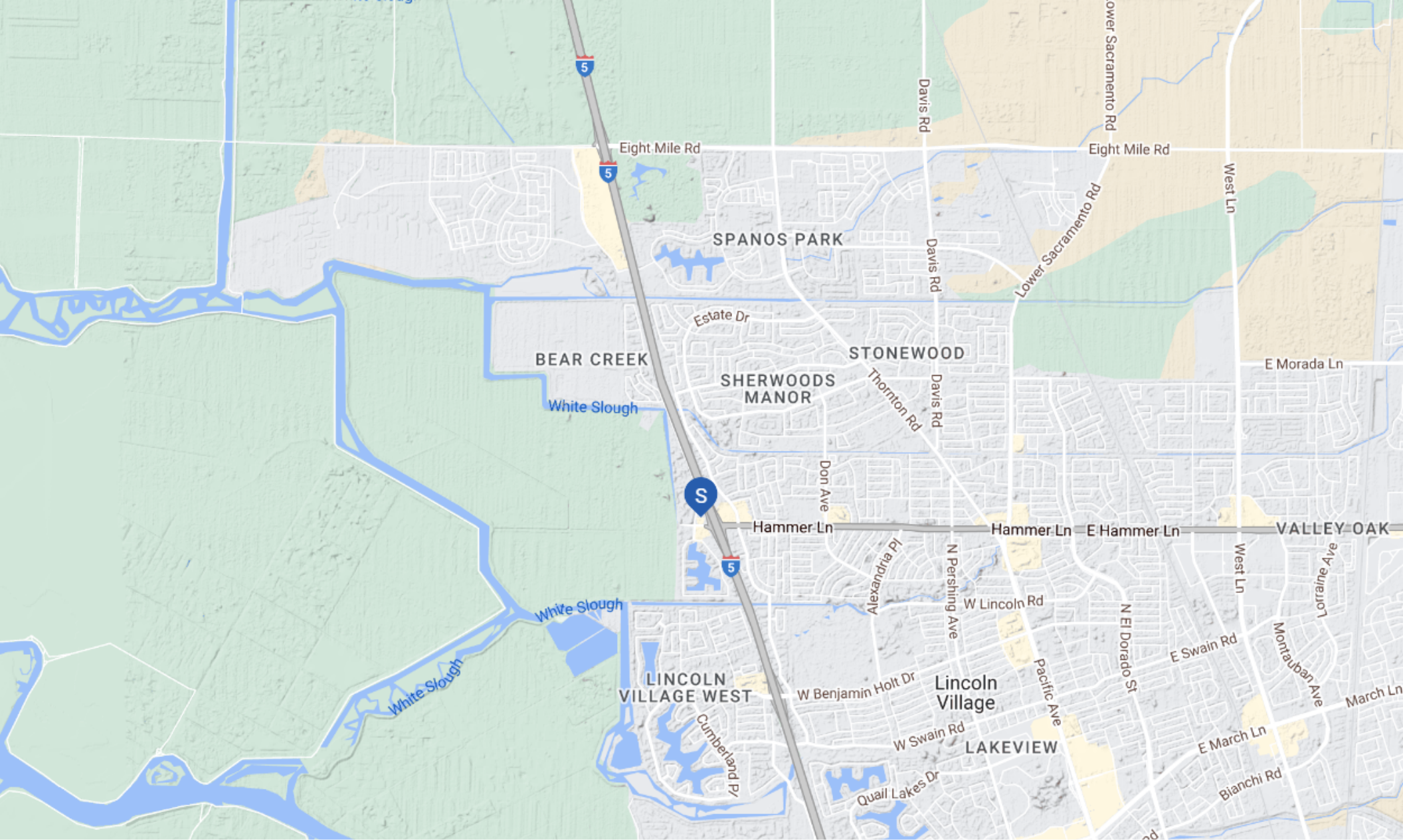
# OF KEYS	120
YEAR BUILT	1988
SALE PRICE	\$8,700,000
CAP RATE	9.93 %
RRM	4.66
PRICE/KEY	\$72,500
OCCUPANCY	100 %
BUILDING SF	32,954
LAND ACRES	1.49

Cap Rate Range 7.20 % - 8.50 %



Price/Key \$74,671 - \$92,105





#	Property Name	Address	City
S	Budget Inn & Suites	3473 W. Hammer Lane , CA	Stockton
1	Motel 6	817 Navy Drive, CA	Stockton
2	Motel 6	12733 State Highway 33, CA	Gustine
3	Studio 6	3444 Coach Lane, CA	Cameron park
4	SureStay	1900 Canterbury Road, CA	Sacramento

# BUDGET INN & SUITES

## 05 Demographics

Demographics

Demographic Charts

05



<b>POPULATION</b>	<b>1 MILE</b>	<b>3 MILE</b>	<b>5 MILE</b>
2000 Population	19,577	85,428	176,700
2010 Population	18,561	101,238	198,459
2023 Population	20,131	109,195	218,338
2028 Population	20,331	111,825	223,658
2023 African American	3,303	13,608	26,534
2023 American Indian	272	1,465	3,443
2023 Asian	3,196	23,272	50,473
2023 Hispanic	7,636	38,954	82,968
2023 Other Race	3,942	19,125	42,952
2023 White	6,323	34,665	61,894
2023 Multiracial	2,948	16,192	31,144
2023-2028: Population: Growth Rate	1.00 %	2.40 %	2.40 %

<b>2023 HOUSEHOLD INCOME</b>	<b>1 MILE</b>	<b>3 MILE</b>	<b>5 MILE</b>
less than \$15,000	571	2,475	6,522
\$15,000-\$24,999	359	1,686	4,005
\$25,000-\$34,999	501	2,199	4,931
\$35,000-\$49,999	626	3,293	6,889
\$50,000-\$74,999	1,166	6,038	12,683
\$75,000-\$99,999	1,078	6,368	11,136
\$100,000-\$149,999	1,376	7,257	12,875
\$150,000-\$199,999	434	3,620	6,133
\$200,000 or greater	461	3,942	6,001
Median HH Income	\$76,062	\$83,871	\$75,916
Average HH Income	\$97,305	\$113,019	\$101,665

<b>HOUSEHOLDS</b>	<b>1 MILE</b>	<b>3 MILE</b>	<b>5 MILE</b>
2000 Total Housing	6,781	31,843	62,634
2010 Total Households	6,535	35,569	66,695
2023 Total Households	6,570	36,879	71,175
2028 Total Households	6,622	37,617	72,694
2023 Average Household Size	2.97	2.92	2.99
2000 Owner Occupied Housing	3,005	17,258	33,183
2000 Renter Occupied Housing	3,587	13,569	27,286
2023 Owner Occupied Housing	2,951	21,137	38,546
2023 Renter Occupied Housing	3,619	15,742	32,629
2023 Vacant Housing	226	1,230	2,654
2023 Total Housing	6,796	38,109	73,829
2028 Owner Occupied Housing	3,018	21,862	40,070
2028 Renter Occupied Housing	3,604	15,755	32,624
2028 Vacant Housing	225	1,230	2,656
2028 Total Housing	6,847	38,847	75,350
2023-2028: Households: Growth Rate	0.80 %	2.00 %	2.10 %

Source: esri

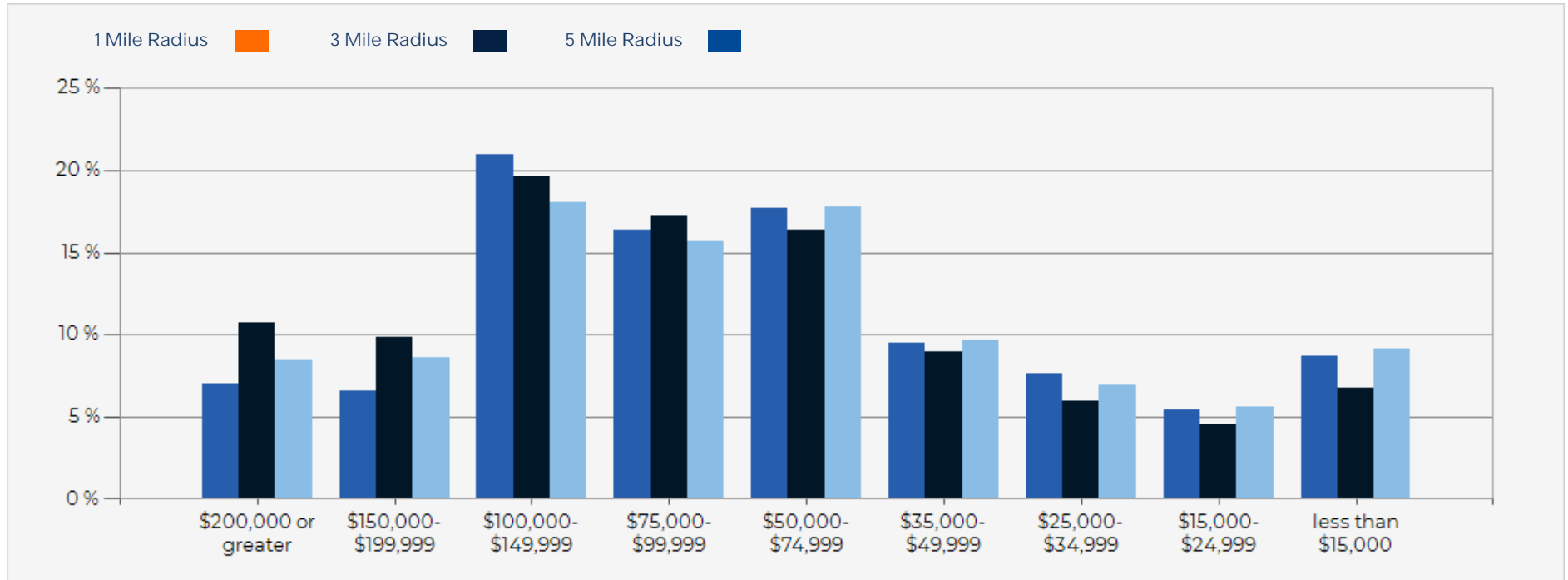
2023 POPULATION BY AGE	1 MILE	3 MILE	5 MILE
2023 Population Age 30-34	1,455	8,127	16,831
2023 Population Age 35-39	1,314	6,943	14,003
2023 Population Age 40-44	1,107	6,564	12,636
2023 Population Age 45-49	989	5,946	11,198
2023 Population Age 50-54	1,016	5,940	11,341
2023 Population Age 55-59	1,048	6,018	11,493
2023 Population Age 60-64	1,068	6,247	11,933
2023 Population Age 65-69	1,101	5,975	11,188
2023 Population Age 70-74	886	5,038	9,190
2023 Population Age 75-79	668	3,458	6,341
2023 Population Age 80-84	414	2,097	3,948
2023 Population Age 85+	608	2,252	4,440
2023 Population Age 18+	15,455	83,491	164,672
2023 Median Age	36	36	35

2023 INCOME BY AGE	1 MILE	3 MILE	5 MILE
Median Household Income 25-34	\$75,970	\$84,022	\$76,750
Average Household Income 25-34	\$91,457	\$107,464	\$95,788
Median Household Income 35-44	\$80,902	\$95,565	\$84,741
Average Household Income 35-44	\$100,099	\$127,509	\$113,456
Median Household Income 45-54	\$89,313	\$102,312	\$91,305
Average Household Income 45-54	\$111,757	\$133,730	\$120,505
Median Household Income 55-64	\$80,498	\$90,775	\$81,946
Average Household Income 55-64	\$104,057	\$122,162	\$111,625
Median Household Income 65-74	\$75,340	\$76,216	\$67,361
Average Household Income 65-74	\$104,320	\$105,771	\$96,008
Average Household Income 75+	\$82,502	\$82,509	\$75,125

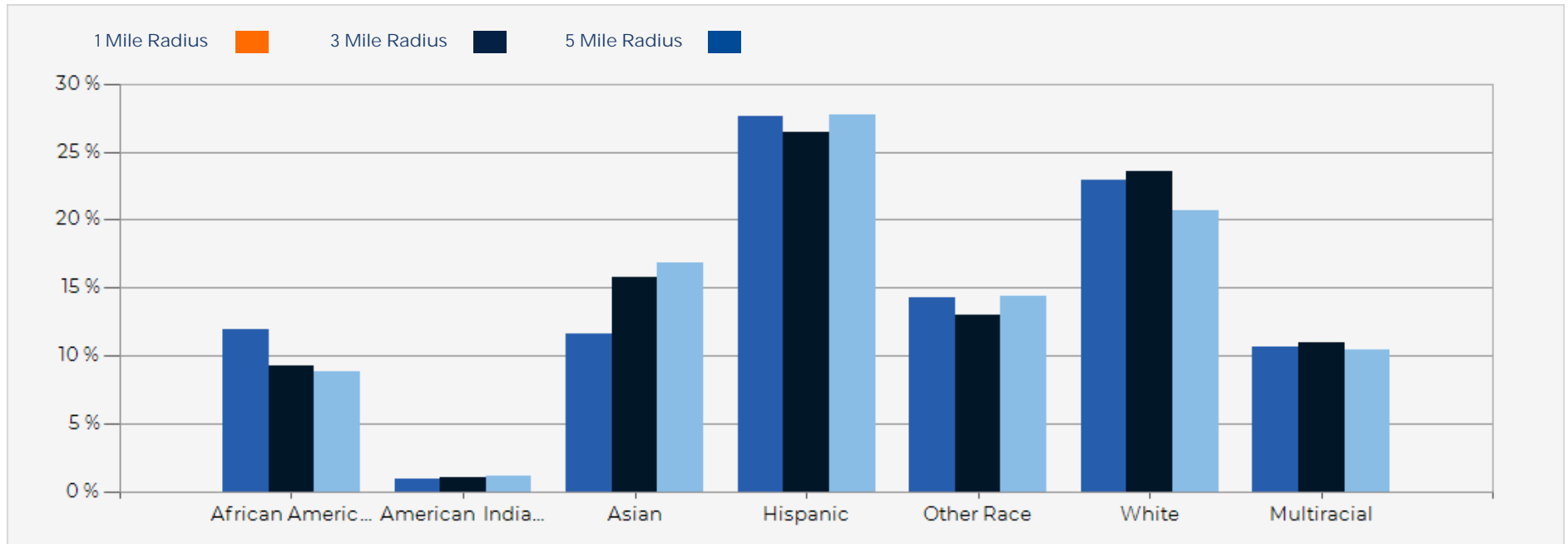
2028 POPULATION BY AGE	1 MILE	3 MILE	5 MILE
2028 Population Age 30-34	1,534	9,698	18,564
2028 Population Age 35-39	1,383	8,480	17,102
2028 Population Age 40-44	1,228	6,780	13,612
2028 Population Age 45-49	1,063	6,246	12,094
2028 Population Age 50-54	964	5,590	10,655
2028 Population Age 55-59	942	5,465	10,578
2028 Population Age 60-64	965	5,420	10,359
2028 Population Age 65-69	960	5,514	10,485
2028 Population Age 70-74	959	5,065	9,520
2028 Population Age 75-79	744	4,112	7,490
2028 Population Age 80-84	557	2,712	5,010
2028 Population Age 85+	636	2,482	4,765
2028 Population Age 18+	15,709	85,606	168,533
2028 Median Age	36	36	35

2028 INCOME BY AGE	1 MILE	3 MILE	5 MILE
Median Household Income 25-34	\$81,719	\$91,955	\$84,797
Average Household Income 25-34	\$101,625	\$123,323	\$110,820
Median Household Income 35-44	\$92,719	\$105,636	\$94,462
Average Household Income 35-44	\$116,900	\$145,738	\$128,927
Median Household Income 45-54	\$100,239	\$110,028	\$101,187
Average Household Income 45-54	\$126,663	\$149,785	\$134,973
Median Household Income 55-64	\$89,992	\$102,044	\$92,495
Average Household Income 55-64	\$119,517	\$139,798	\$127,717
Median Household Income 65-74	\$84,471	\$85,864	\$78,807
Average Household Income 65-74	\$120,999	\$123,422	\$112,030
Average Household Income 75+	\$98,864	\$99,532	\$90,621

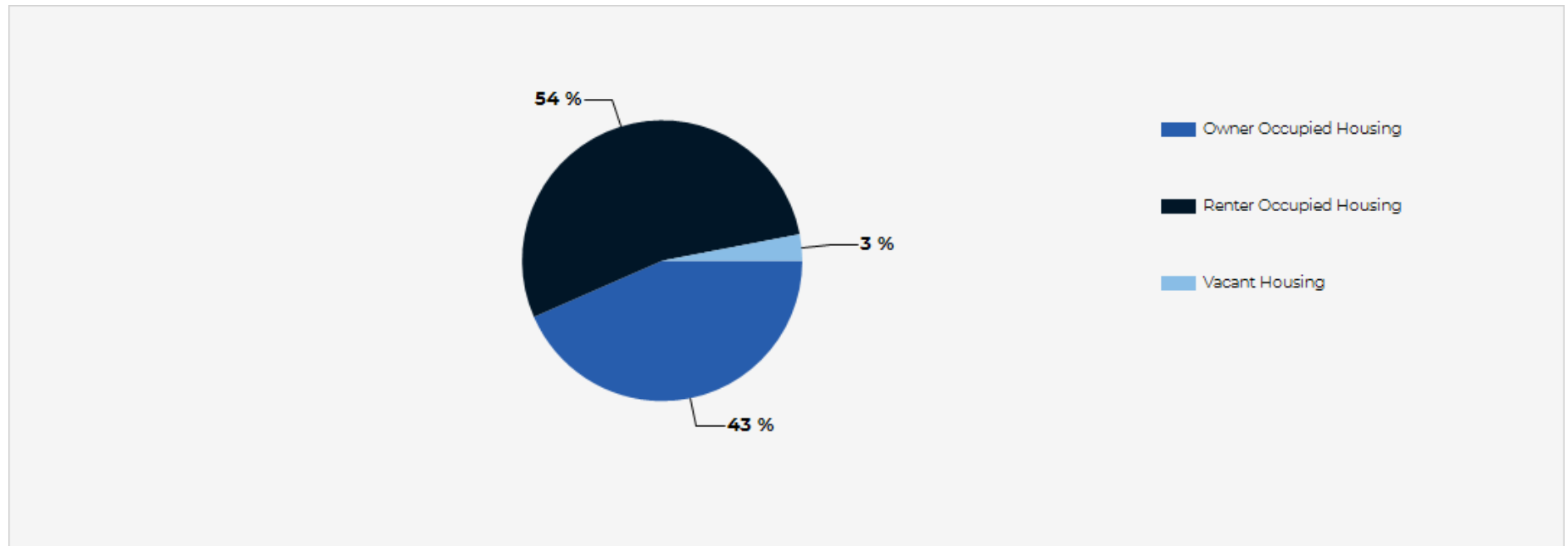
## 2023 Household Income



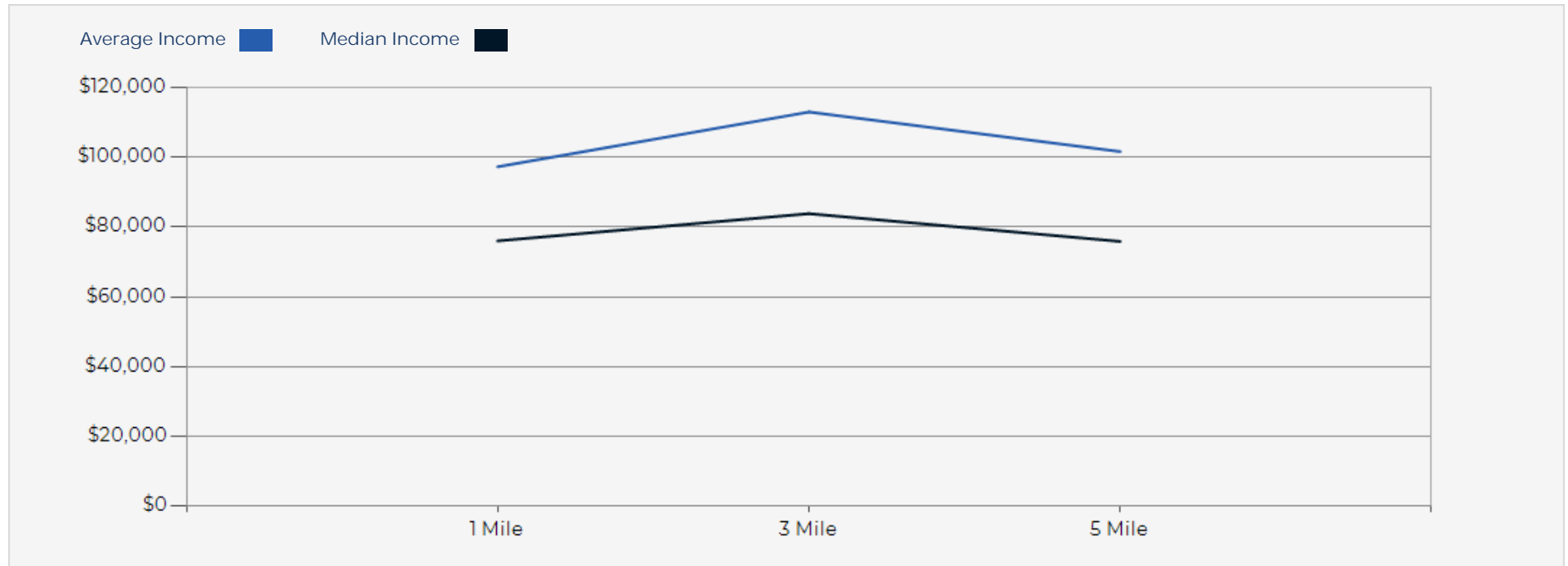
## 2023 Population by Race



## 2023 Household Occupancy - 1 Mile Radius



## 2023 Household Income Average and Median

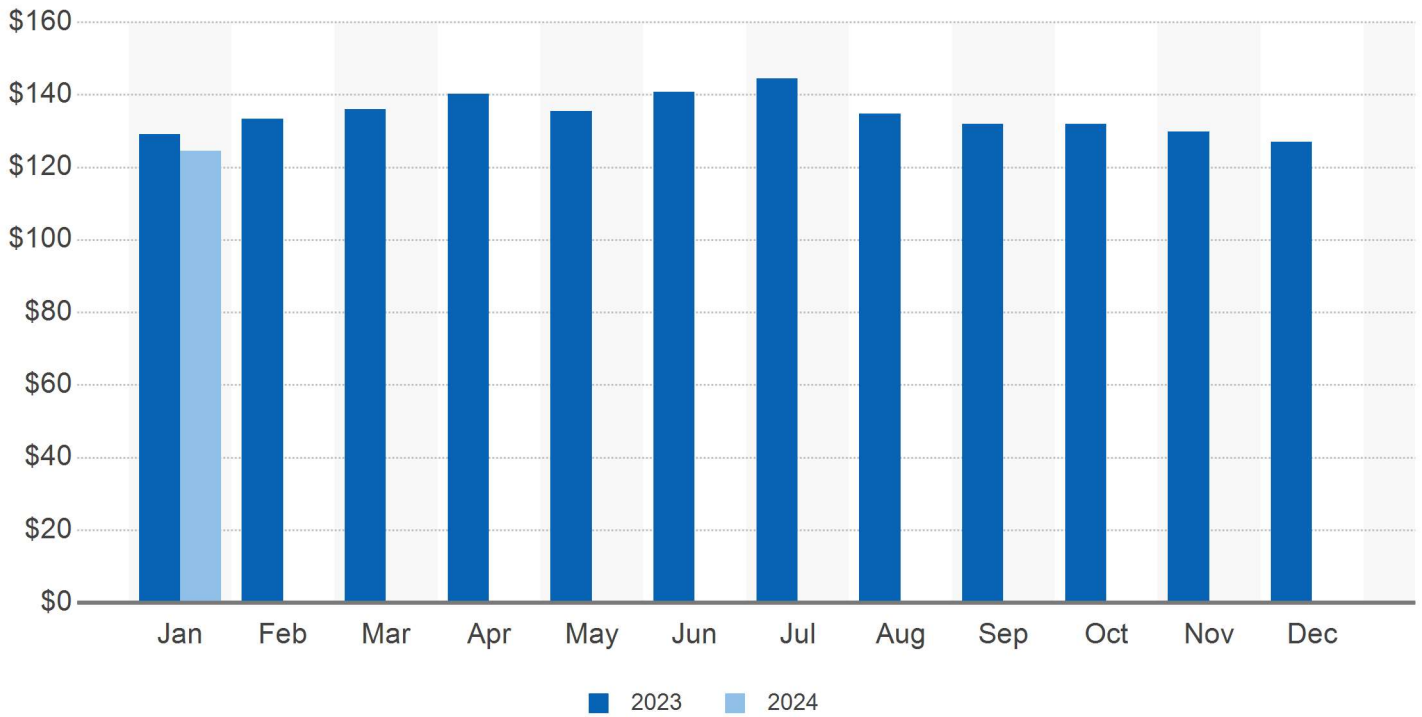


# BUDGET INN & SUITES

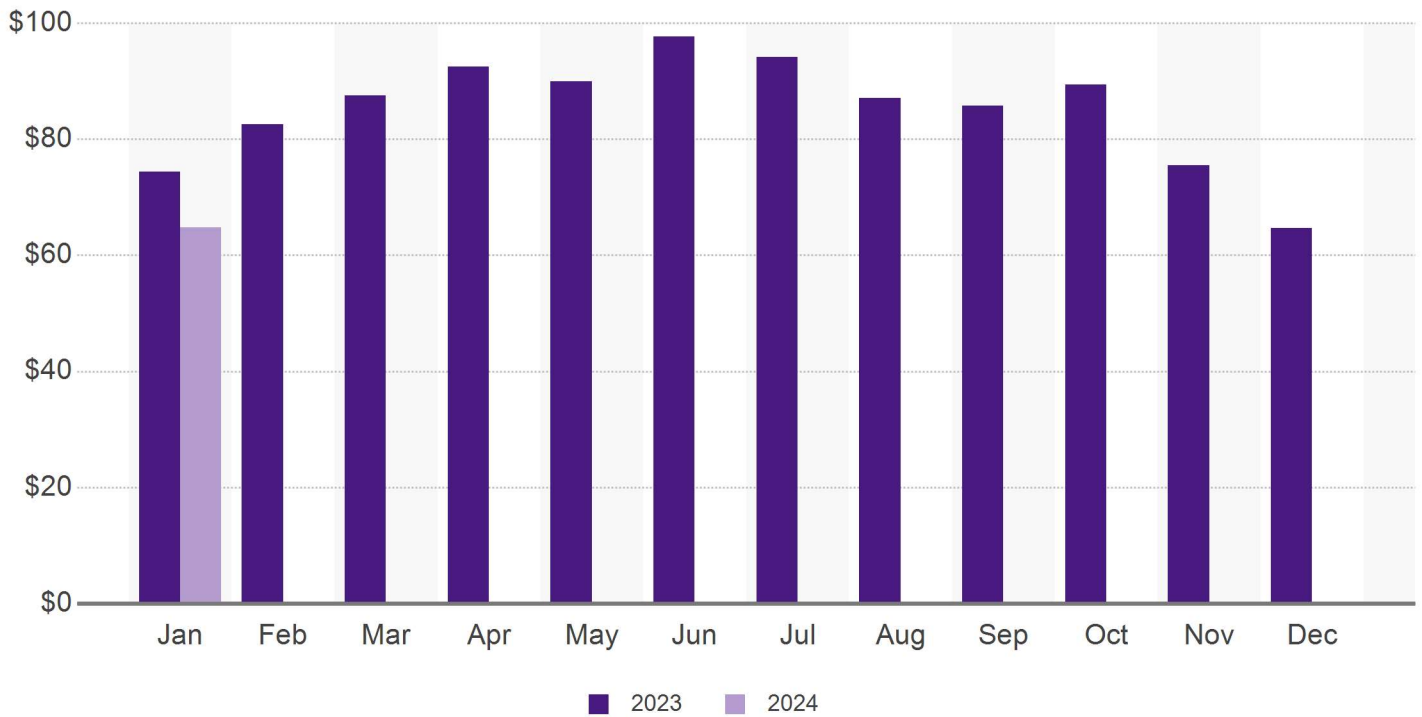
## 06 Additional Information

- Market performance page
- Market sales chart
- Market review
- Guest room pic Budget Inn
- Market review page

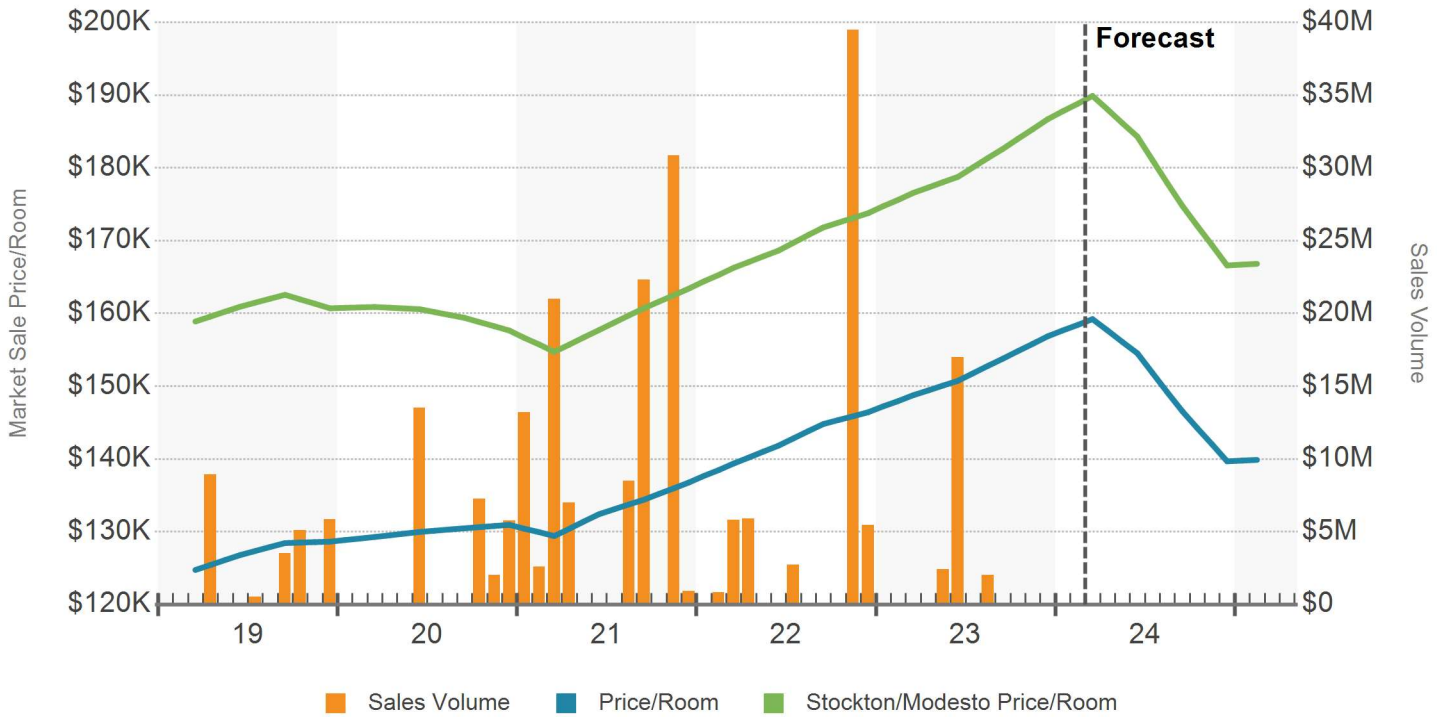
### ADR MONTHLY



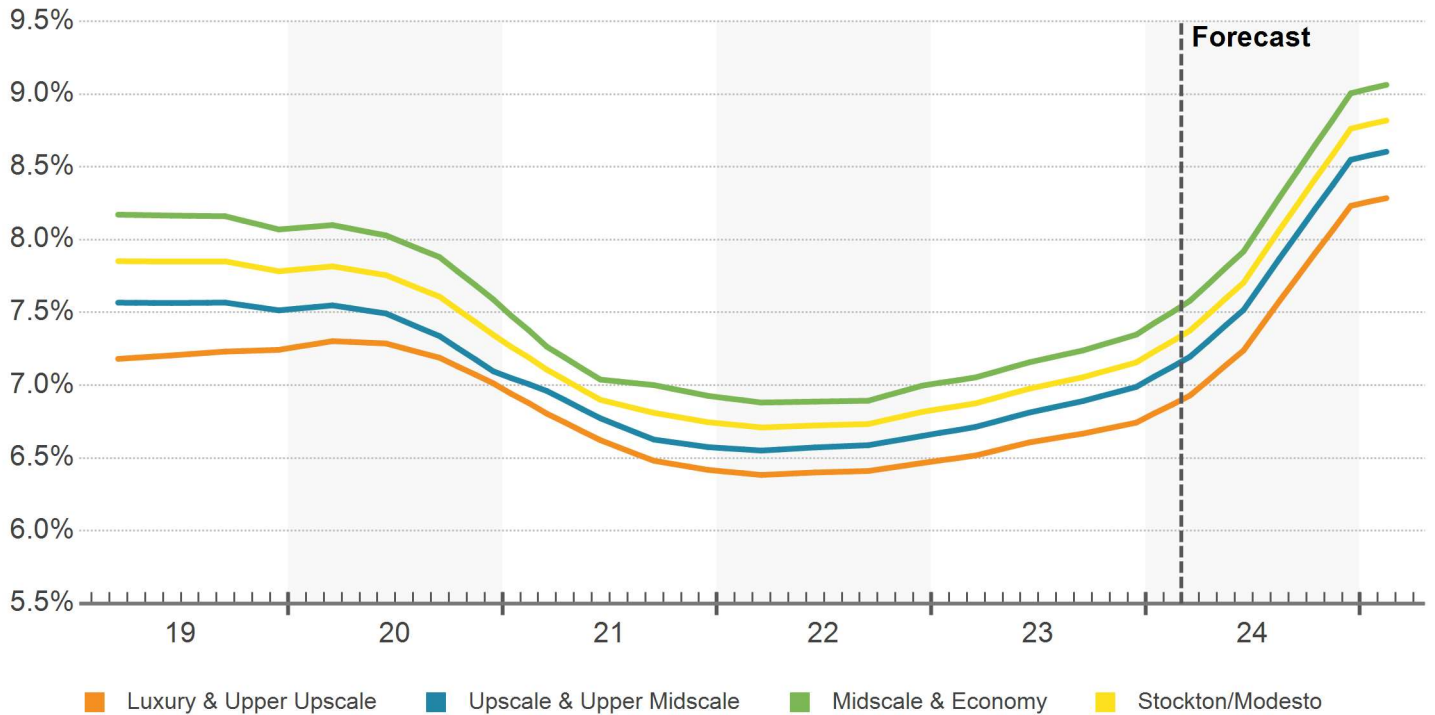
### REVPAR MONTHLY



### SALES VOLUME & MARKET SALE PRICE PER ROOM



### MARKET CAP RATE



## **MARKET REVIEW**

### **Demand Drivers:**

- The property is in the Hammer Ranch area of Stockton, a well-established neighborhood known for its mix of residential, commercial, and recreational spaces.
- Nearby amenities include Hammer Ranch Park, a popular community park with green spaces, playgrounds, and sports facilities.
- The property is situated in close proximity to retail centers such as Hammer Ranch Shopping Center, offering a variety of shopping and dining options for residents and visitors.
- The area enjoys convenient access to major transportation routes, including Interstate 5 and Highway 99, enhancing connectivity for businesses and customers alike.
- The area is home to several medical facilities, including St. Joseph's Medical Center and Kaiser Permanente, catering to the healthcare needs of the community.
- Schools like Colonial Heights Elementary School and Lincoln High School serve the neighborhood, making the area attractive for families and potential employees.



## SITE DATA

### Location

The subject is located on an interior site of a secondary commercial/residential street in Stockton, a city in San Joaquin County, California.



### Gross Site Area

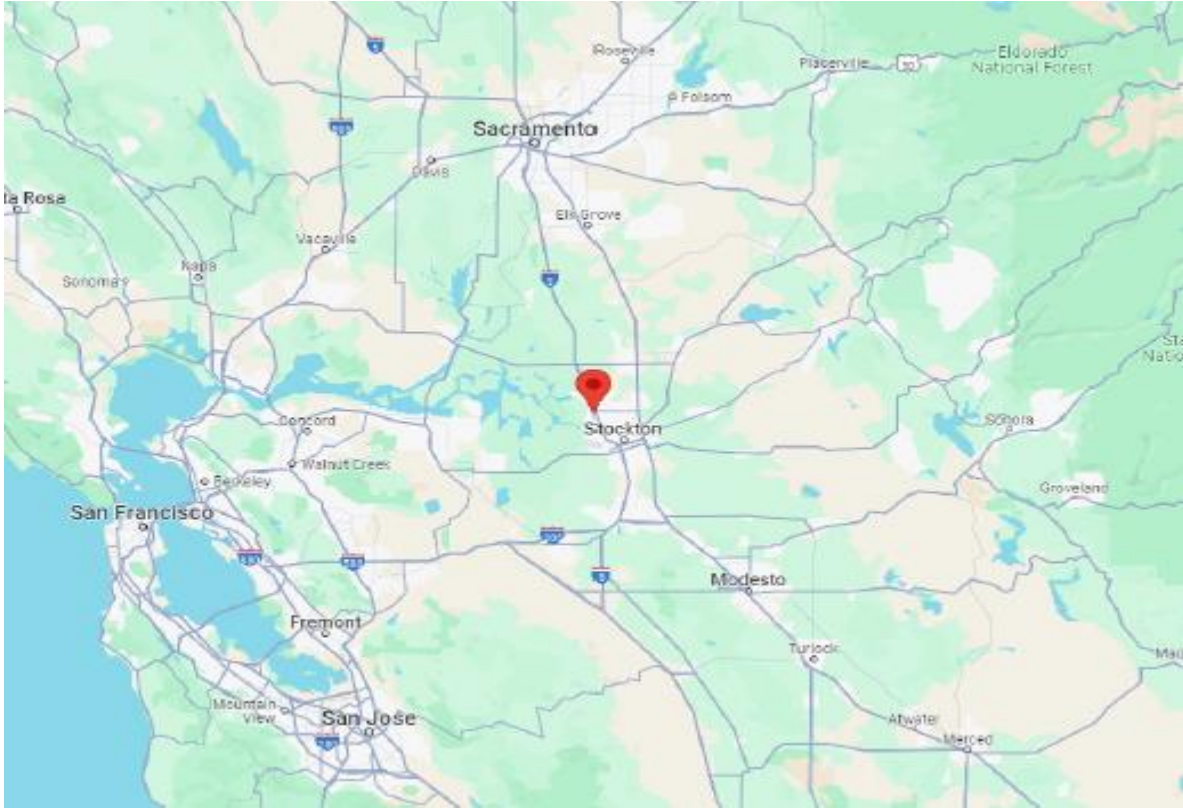
The subject property's site consists of one legal parcel with approximately 64,904 square feet (approximately 1.49 acres) per the San Joaquin County Assessor's records.

### Net Site Area

The net site area is the same as the gross site area.

## MARKET ANALYSES

The subject is located in a mixed commercial/residential area adjacent to West Side Freeway (I-5) in northwestern Stockton, which is a city in the San Joaquin County.

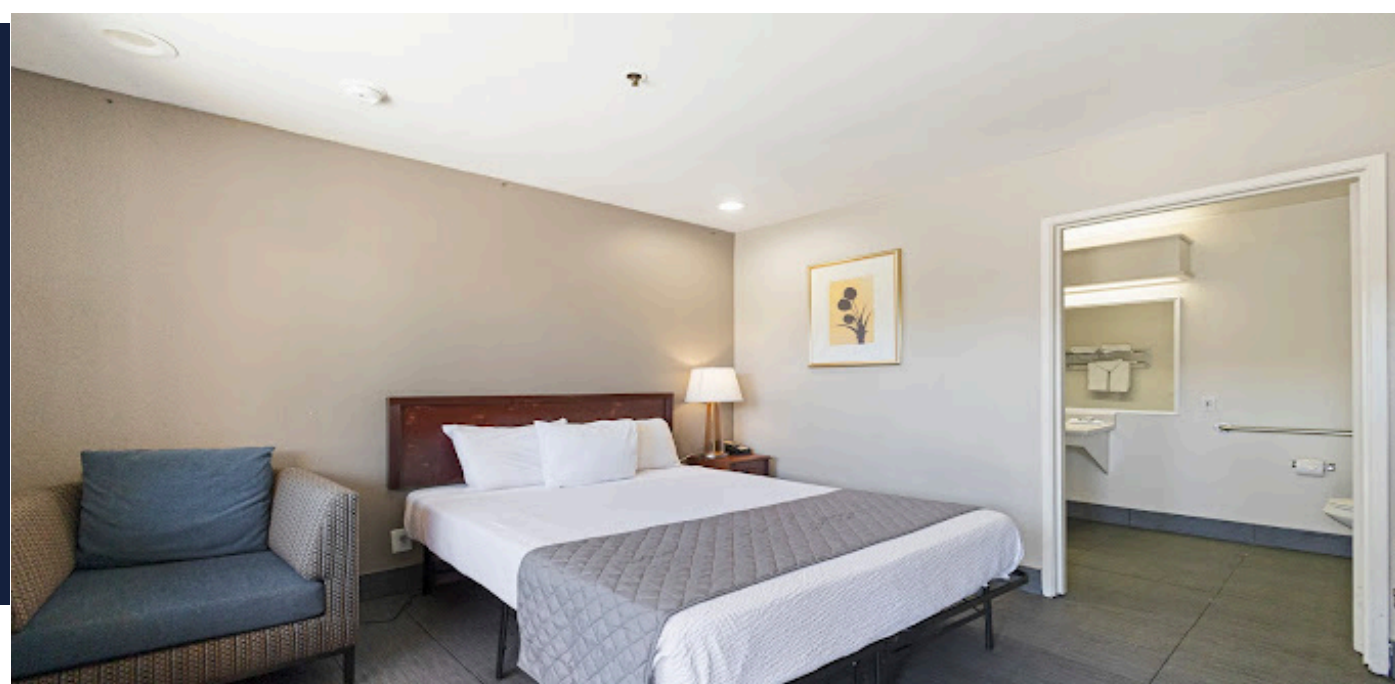


### City of Stockton

Stockton is a city in and the county seat of San Joaquin County in the Central Valley of the U.S. state of California. Stockton is the most populous city in the county, the 11th-most populous city in California and the 58th-most populous city in the United States. Stockton's population in 2020 was 320,804. It was named an All-America City in 1999, 2004, 2015, and again in 2017 and 2018. The city is located on the San Joaquin River in the northern San Joaquin Valley. It lies at the southeastern corner of a large inland river delta that isolates it from other nearby cities such as Sacramento and those of the San Francisco Bay Area.

# Guestrooms

The hotel features standard guestrooms that average size of 275 sq. ft. to The guestrooms are well sized and the interiors of the guestrooms have overall similar layouts . Each guestroom provides a flat-screen HDTV, telephone, desk, chairs, microwave, mini refrigerator, etc. Each bathroom features a washstand, bathtub, and a toilet. The televisions feature cable channels. All rooms are equipped with wall-mounted air conditioning/heating units. Housekeeping is offered



GUESTROOM TYPE	NO. OF GUESTROOMS	GUESTROOM SF (GROSS)
King	14	275
Double Queen	22	275
Double Queen Suite	7	275
Single Queen	77	275
<b>Subtotal / Average</b>	<b>120</b>	

# Market Overview

## Stockton/Modesto Hospitality

12 Mo Occupancy

**62.6%**

12 Mo ADR

**\$134.52**

12 Mo RevPAR

**\$84.21**

12 Mo Supply

**3.1M**

12 Mo Demand

**2M**

The Stockton/Modesto submarket comprises 8,800 rooms spread across 127 hotels. That adds up to roughly a third of the California North Central (USA) market's total room inventory. Like the market, Stockton/Modesto is characterized by smaller hotels. This aspect isn't quite as pronounced in the Stockton/Modesto submarket, where hotels have 70 rooms per building, versus the 62-room-per-building California North Central (USA) average. The national average is about 90 rooms-per-building.

Over the past 12 months, occupancy has averaged 62.6%, above the California North Central (USA) average of 61.0% for the same period.

Like the market, twelve-month RevPAR is down on a year-over-year basis, most recently by 6.1% as of

January. That's roughly in line with the decrease observed market-wide.

The construction pipeline is highly active: The 700 rooms currently underway in the Stockton/Modesto submarket represent a 8.0% expansion to the existing inventory. This marks a continuation of new development in the submarket: About 1,100 rooms delivered within the past three years, sufficient to drive a sizable percentage expansion of the existing inventory—even after factoring in a comparatively small amount of demolition activity.

Stockton/Modesto has an active investment market, but recorded far fewer trades in the past twelve-months than it has in recent years.

### KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	746				0	0
Upscale & Upper Midscale	3,422	68.0%	\$145.47	\$98.85	374	381
Midscale & Economy	4,710	57.4%	\$100.12	\$57.52	0	324
<b>Total</b>	<b>8,878</b>	<b>62.6%</b>	<b>\$134.52</b>	<b>\$84.21</b>	<b>374</b>	<b>705</b>

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	52.0%	53.6%	52.0%	62.6%	67.3%	57.8%
Occupancy Change	-9.7%	-6.3%	-9.7%	-5.5%	-2.5%	-1.7%
ADR	\$124.56	\$127.19	\$124.56	\$134.52	\$119.00	\$149.80
ADR Change	-3.6%	-3.2%	-3.6%	-0.6%	6.5%	3.5%
RevPAR	\$64.73	\$68.20	\$64.73	\$84.21	\$80.04	\$86.57
RevPAR Change	-13.0%	-9.2%	-13.0%	-6.1%	3.8%	1.8%

## CONFIDENTIALITY and DISCLAIMER

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Rad Capital Group LLC and it should not be made available to any other person or entity without the written consent of Rad Capital Group LLC.

By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property, please promptly return this offering memorandum to Rad Capital Group LLC. This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property.

The information contained herein is not a substitute for a thorough due diligence investigation. Rad Capital Group LLC has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this offering memorandum has been obtained from sources we believe reliable; however, Rad Capital Group LLC has not verified, and will not verify, any of the information contained herein, nor has Rad Capital Group LLC conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

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# BUDGET INN & SUITES

07 Company Profile

Company Bio





## **Our SERVICES**

Rad Hospitality Group is a boutique hotel realty group with over 15 years of hospitality experience in closing and financing over \$200 million in transactions.

Our clients are institutional investors, family-based offices, high-net-worth individuals, and hotel portfolio owners across America, Dubai, China and Singapore.

Services include:

### **BUYER REPRESENTATION**

We work with over 40 clients nationwide to acquire and identify the right asset that matches their acquisition criteria. Our specialization is working with clients in 1031 exchange.

### **SELLER REPRESENTATION**

We offer exclusive or non-exclusive seller representation for six months or shorter. We often sell properties off the market to our network of highly qualified buyers and exchange clients with the solid financial capability to close the transaction.

### **LEASING SERVICES**

Our leasing services offer clients favorable terms. We also upgrade hotels with our own capital investment for five to 10 years.

### **HOTEL MANAGEMENT**

Our comprehensive hotel management capabilities involve various services, including operations management, sales plans, accounting, budgeting, marketing, and HR.

## **HOTEL ACQUISITION**

Our financial analyst team helps our clients to acquire more hotel opportunities and grow their portfolios.

## **DEBT AND EQUITY FINANCING**

We facilitate debt financing and equity financing to close transactions smoothly, with a 100% success rating

## **DEBT REFINANCING OR RESTRUCTURING**

We assist our clients in refinancing or restructure their debt and reposition their equity after stabilizing properties.

Please register your info for hotel opportunities and buying criteria on our website below or if you are looking to sell or lease or finance:

[www.radhospitalitygroup.com](http://www.radhospitalitygroup.com)

[www.radcapgroup.com](http://www.radcapgroup.com)