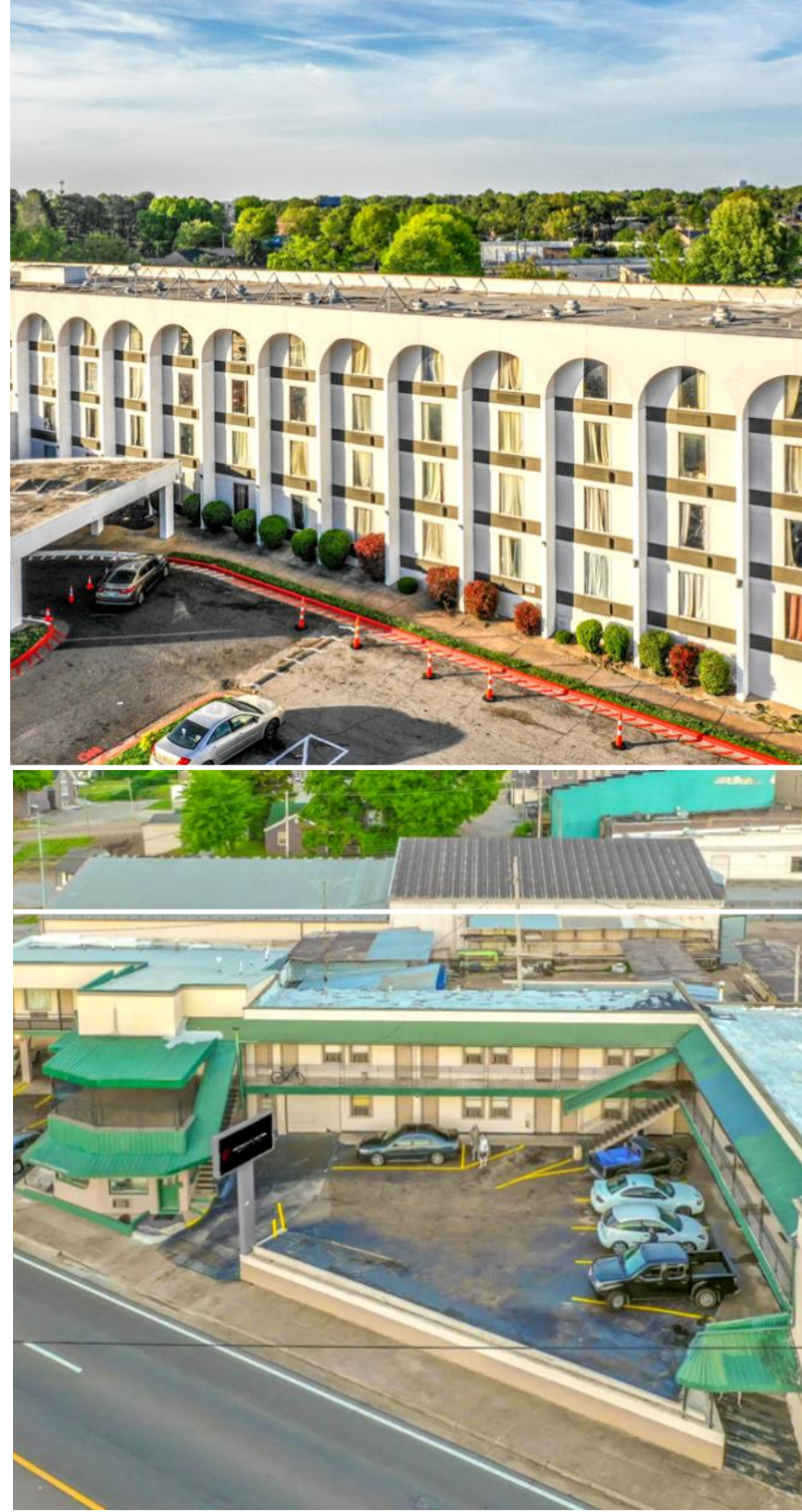


# AVISON YOUNG

## Offering Memorandum

Two Properties | 175 Total Guestrooms | Fee Simple  
Memphis and Covington, Tennessee



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## DISCLAIMER

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# CONFIDENTIALITY INFO & DISCLAIMER

Avison Young has been engaged by Ownership as the exclusive agent for the sale of the Economy Hotel Tennessee Portfolio located in **Memphis and Covington, Tennessee**.

The Property is being offered for sale in an “as-is, where-is” condition and Seller and Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include highly confidential information and are being furnished solely for the purpose of review by prospective purchasers of the interest described herein. Neither the enclosed materials nor any information contained herein is to be used for any other purpose or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed, should be registered with Avison Young as a “Registered Potential Investor” or as “Buyer’s Agent” for an identified “Registered Potential Investor”. The use of this Offering Memorandum and the information provided herein is subject to the terms, provisions and limitations of the confidentiality agreement furnished by Agent prior to delivery of this Offering Memorandum.

The enclosed materials are being provided solely to facilitate the prospective investor’s own due diligence, for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by Agent or Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners and directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Agent nor the Seller shall have any liability whatsoever for the accuracy or completeness of the information contained herein or any other written or oral communication or information transmitted or made available or any action taken or decision made by the recipient with respect to the Property. Interested parties are to make their own investigations, projections and conclusions without reliance upon the material contained herein.

Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from being marketed for sale at any time and for any reason. Seller and Agent each expressly reserves the right at their sole and absolute discretion, to reject any and all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time, with or without notice. This offering is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. Agent is not authorized to make any representations or agreements on behalf of Seller. Seller shall have no legal commitment or obligation to any interested party reviewing the enclosed materials, performing additional investigation and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by owner and any conditions to owner’s obligations there under have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents are of a highly confidential nature and will be held and treated in a strictest confidence and shall be returned to Agent or Seller promptly upon request; and (b) the recipient shall not contact employees or tenants of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of Seller or Agent or as otherwise provided in the Confidentiality and/or Registration Agreement executed and delivered by the recipient(s) to Avison Young. Seller will be responsible for any commission due to Agent in Connection with the sale of the Property. Each prospective purchaser will be responsible for any claims for commissions by any other broker or agent in connection with a sale of the Property if such claims arise from acts of such prospective purchaser or its broker/agent’s authority to act on its behalf. If you have no interest in the property at this time, please return this Offering Memorandum immediately to:

**AVISON YOUNG | HOSPITALITY GROUP**  
**Attn: Keith Thompson | Principal**  
**280 Country Club Drive, Suite 200**  
**Stockbridge, GA 30281**  
**770.692.1605**  
**Hospitality.group@avisonyoung.com**

The information contained herein was obtained from sources believed reliable; however, Avison Young makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this property is submitted subject to errors, omissions, change of price or conditions, prior to sale or lease, or withdrawal without notice.



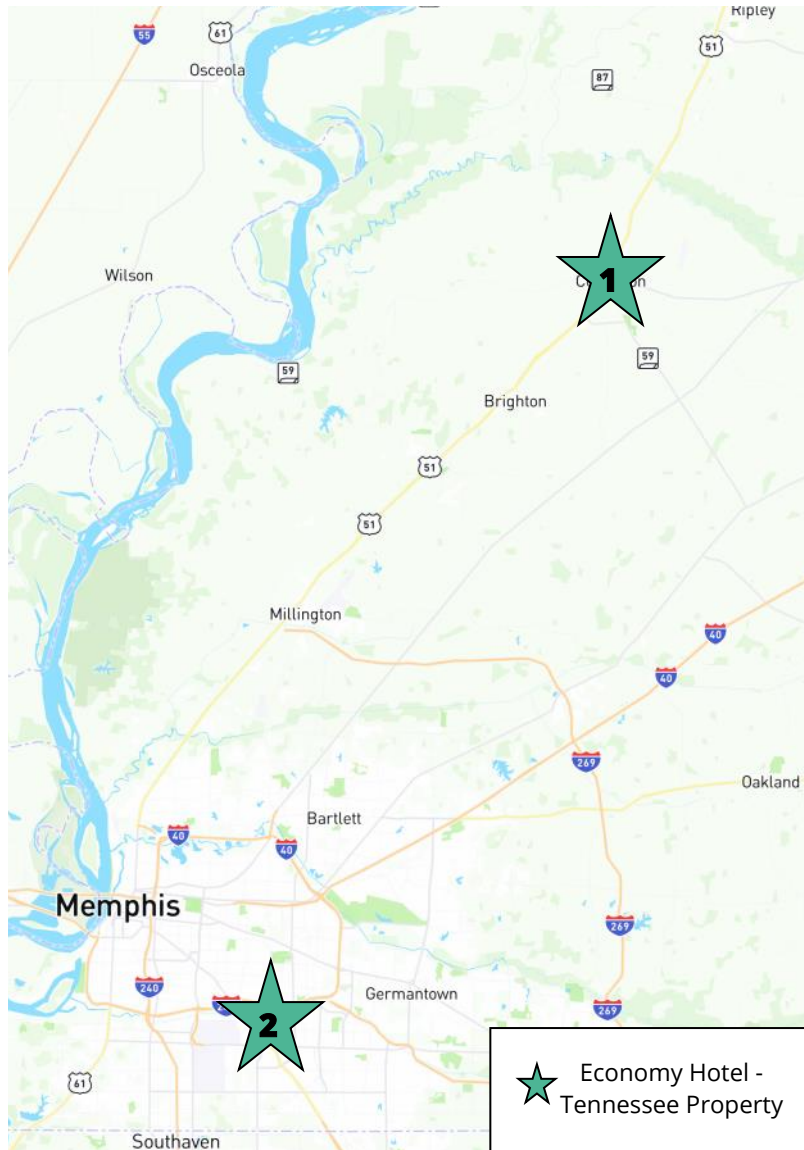


01

## PORTFOLIO EXECUTIVE SUMMARY

## ECONOMY HOTEL PORTFOLIO

Two Properties | 175 Guestrooms | Fee Simple  
Memphis and Covington, Tennessee



### PROPERTY LOCATIONS

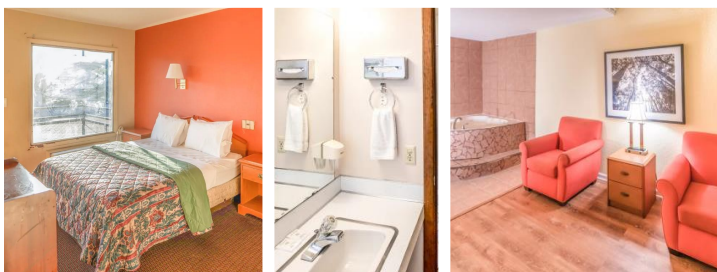
		Address	City, State	Rooms
1	Economy Hotel - Covington	112 Hwy 51 North	Covington, TN	30
2	Economy Hotel - Memphis	3896 Lamar Avenue	Memphis, TN	145
Total Guestrooms				175





# ECONOMY HOTEL PORTFOLIO

Avison Young Hospitality Group, as exclusive agent for the Seller, is pleased to present for your consideration the Economy Hotel Tennessee Portfolio totaling 175 guestrooms. The Portfolio is being sold fully unencumbered of management and debt and presents investors with the opportunity to acquire a regionally concentrated Portfolio of economy hotels. The Portfolio contains two hotels in Tennessee and is comprised entirely of an independent brand. The pages that follow detail this exciting investment opportunity.



## INDEPENDENT ECONOMY HOTEL PORTFOLIO

The Portfolio is comprised solely of independently branded economy hotels in Memphis and Covington, Tennessee.



## UNENCUMBERED OF DEBT & MANAGEMENT

The Portfolio is being offered fully unencumbered of existing management or debt, allowing for a new owner to come in with fresh capital and an opportunity to retool the property-level operations.

## DISCOUNT TO REPLACEMENT COST

Over the last several years as the economy has continued to grow, both labor and materials have reached all-time peaks leading to soaring construction costs for new build projects. Conversely, this portfolio is being offered at a substantial discount compared to the price to replicate the same assets today, offering a new investor immediate value from day one.





02

## INDIVIDUAL PROPERTY DETAILS

# MEMPHIS, TN MARKET SUMMARY

## ECONOMY & TOURISM

- Memphis is home to several “Fortune 1000” companies such as Federal Express, International Paper, AutoZone, ServiceMaster, Muller Industries, and others
- The Memphis metro is slowly transitioning into a high-tech healthcare hub for the mid-South region
- Memphis International Airport is the largest economic driver in the state, creating approximately \$20 billion in annual economic impact. The airport is one of the busiest cargo airports in the world, thanks in part to the FedEx global headquarters located in Memphis

## BUSINESS

MAJOR EMPLOYERS LOCATED  
IN/NEAR MEMPHIS, TENNESSEE



## HEALTHCARE

- Regional One Health Medical Center
- Le Bonheur Children’s Hospital
- Methodist University Hospital
- Baptist Memorial Health Care
- The University of Tennessee Health Science Center
- St. Francis Hospital—Memphis

## EDUCATION

- University of Memphis (14,500+ students)
- Northwest Mississippi Community College (6,500+ students)
- Southwest Tennessee Community College (5,500+ students)
- Strayer University (2,500+ students)

## TRANSPORTATION

- Interstates 22, 40, 55, 69, and 240
- U.S. Routes 51, 61, 64, 70, and 72
- Memphis International Airport (MEM)
- Memphis Area Transit Authority (MATA Transit)

## POPULATION & DEMOGRAPHICS

MSA Population

1.33M

Median Household Income

\$64,008

Income Per Capita

\$35,527



# ECONOMY HOTEL

Memphis, Tennessee



## PROPERTY HIGHLIGHTS

<b>Address</b>	3896 Lamar Ave Memphis, TN 38118
<b>Renovation Date</b>	2020
<b>Stories</b>	4
<b>Guestrooms</b>	145
<b>Amenities</b>	Elevator, Guest Laundry Facilities, Cable TV, Queen and King Beds, Mini Fridge, Microwave, High Speed Internet
<b>Area Demand Generators</b>	<ul style="list-style-type: none"> <li>– FedEx</li> <li>– Methodist Le Bonheur Healthcare</li> <li>– Tennessee State Government</li> <li>– Baptist Memorial Healthcare</li> </ul>
<b>Ownership Interest</b>	Fee Simple



# PROPERTY AERIAL

**Economy Hotel Memphis**  
3896 Lamar Ave  
Memphis, TN 38118





# FINANCIAL PERFORMANCE

**Economy Hotel Memphis**  
3896 Lamar Ave  
Memphis, TN 38118

	Year Ending December 2022				Year Ending December 2023				Estimated YTD September 2024				Estimated YE December 2024			
Operating Statistics																
Occupancy	66.7%				56.8%				55.9%				56.0%			
Average Daily Rate	\$20.79				\$29.03				\$29.91				\$29.88			
RevPAR	\$13.86				\$16.48				\$16.73				\$16.73			
Number of Rooms	145				145				145				145			
Days In Period	365				365				274				366			
Available Rooms	52,925				52,925				39,730				53,070			
Occupied Rooms	35,290				30,046				22,225				29,719			
Revenue	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR
Rooms	\$733,641	100.0%	\$21	\$14	\$872,110	100.0%	\$29	\$16	\$664,741	97.9%	\$30	\$17	\$887,939	97.9%	\$30	\$17
Other	-	0.0%	\$0	\$0	-	0.0%	\$0	\$0	\$14,255	2.1%	\$1	\$0	\$19,041	2.1%	\$1	\$0
Total Revenue	733,641	100.0%	21	14	872,110	100.0%	29	16	\$678,996	100.0%	31	17	\$906,980	100.0%	31	17
Departmental Expenses																
Rooms	379,953	51.8%	\$11	\$7	373,930	42.9%	\$12	\$7	\$266,311	40.1%	\$12	\$7	\$355,730	40.1%	\$12	\$7
Total Departmental Expenses	379,953	51.8%	11	7	373,930	42.9%	12	7	\$266,311	39.2%	12	7	\$355,730	39.2%	12	7
Gross Operating Income	353,688	48.2%	10	7	498,181	57.1%	17	9	\$412,685	60.8%	19	10	\$551,250	60.8%	19	10
Undistributed Oper. Expenses																
Admin. and Gen.	46,948	6.4%	\$1	\$1	62,077	7.1%	\$2	\$1	\$66,876	9.8%	\$3	\$2	\$89,331	9.8%	\$3	\$2
Marketing	19,857	2.7%	\$1	\$0	-	0.0%	\$0	\$0	\$982	0.1%	\$0	\$0	\$1,312	0.1%	\$0	\$0
Utility Costs	104,934	14.3%	\$3	\$2	175,281	20.1%	\$6	\$3	\$139,436	20.5%	\$6	\$4	\$186,253	20.5%	\$6	\$4
Property Oper. and Maint.	219,076	29.9%	\$6	\$4	104,986	12.0%	\$3	\$2	\$88,747	13.1%	\$4	\$2	\$118,545	13.1%	\$4	\$2
Total Undistributed Oper. Expenses	390,815	53.3%	11	7	342,344	39.3%	11	6	\$296,041	43.6%	13	7	\$395,442	43.6%	13	7
Gross Operating Profit	(37,127)	-5.1%	(1)	(1)	155,837	17.9%	5	3	\$116,644	17.2%	5	3	\$155,809	17.2%	5	3
Fixed Charges																
Insurance	79,075	10.8%	\$2	\$1	36,167	4.1%	\$1	\$1	\$71,025	10.5%	\$3	\$2	\$94,873	10.5%	\$3	\$2
Property Taxes	10,000	1.4%	\$0	\$0	25,631	2.9%	\$1	\$0	\$24,077	3.5%	\$1	\$1	\$32,161	3.5%	\$1	\$1
Total Fixed Charges	89,075	12.1%	3	2	61,798	7.1%	2	1	\$95,102	14.0%	4	2	\$127,034	14.0%	4	2
Operating Income	(126,202)	-17.2%	(\$4)	(\$2)	94,039	10.8%	\$3	\$2	\$21,541	3.2%	\$1	\$1	\$28,774	3.2%	\$1	\$1





# ECONOMY HOTEL

Covington, Tennessee



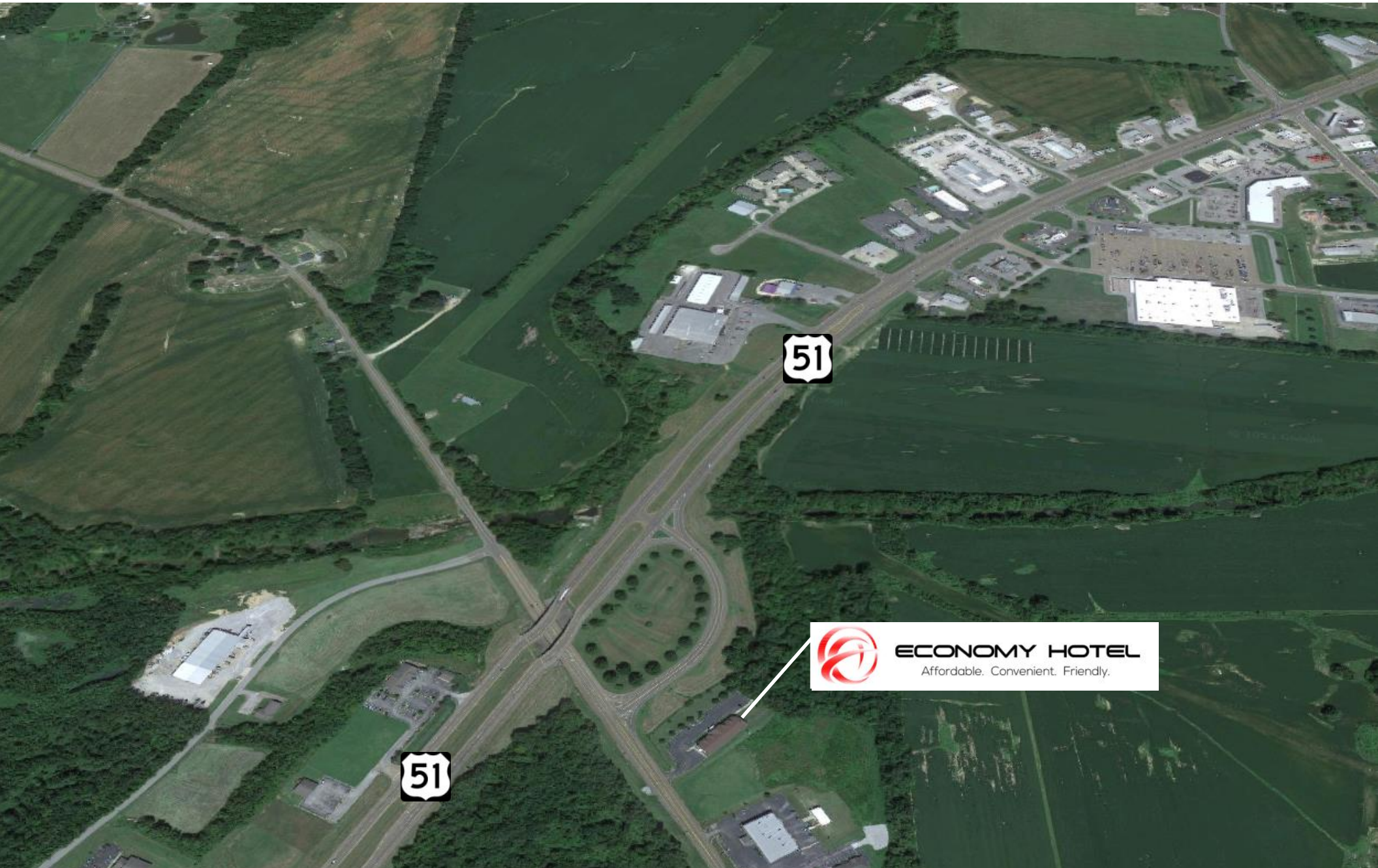
## PROPERTY HIGHLIGHTS

<b>Address</b>	112 Hwy 51 North Covington, TN 38019
<b>Renovation Date</b>	2021
<b>Stories</b>	2
<b>Guestrooms</b>	30
<b>Amenities</b>	Mini Refrigerator, Cable TV, Queen and King Beds, Work Desk, Free Wi-Fi
<b>Area Demand Generators</b>	<ul style="list-style-type: none"> <li>– FedEx</li> <li>– Methodist Le Bonheur Healthcare</li> <li>– Tennessee State Government</li> <li>– Baptist Memorial Healthcare</li> </ul>
<b>Ownership Interest</b>	Fee Simple



# PROPERTY AERIAL

**Economy Hotel Covington**  
112 Hwy 51 North  
Covington, TN 38019





# FINANCIAL PERFORMANCE

**Economy Hotel Covington**  
112 Hwy 51 North  
Covington, TN 38019

	Year Ending December 2022				Year Ending December 2023				Estimated YTD September 2024				Estimated YE December 2024			
Operating Statistics																
Occupancy	47.0%				88.5%				87.2%				88.0%			
Average Daily Rate	\$28.03				\$30.59				\$27.89				\$27.63			
RevPAR	\$13.18				\$27.06				\$24.32				\$24.32			
Number of Rooms	30				30				30				30			
Days In Period	365				365				274				366			
Available Rooms	10,950				10,950				8,220				10,980			
Occupied Rooms	5,148				9,686				7,166				9,662			
Revenue	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR	Amount	Ratio	POR	PAR
Rooms	\$144,314	100.0%	\$28	\$13	\$296,262	100.0%	\$31	\$27	\$199,883	99.4%	\$28	\$24	\$266,997	99.4%	\$28	\$24
Other	64	0.0%	\$0	\$0	-	0.0%	\$0	\$0	\$1,225	0.6%	\$0	\$0	\$1,636	0.6%	\$0	\$0
Total Revenue	144,378	100.0%	28	13	296,262	100.0%	31	27	\$201,108	100.0%	28	24	\$268,633	100.0%	28	24
Departmental Expenses																
Rooms	93,110	64.5%	\$18	\$9	109,819	37.1%	\$11	\$10	\$58,618	29.3%	\$8	\$7	\$78,300	29.3%	\$8	\$7
Total Departmental Expenses	93,110	64.5%	18	9	109,819	37.1%	11	10	\$58,618	29.1%	8	7	\$78,300	29.1%	8	7
Gross Operating Income	51,268	35.5%	10	5	186,443	62.9%	19	17	\$142,490	70.9%	20	17	\$190,333	70.9%	20	17
Undistributed Oper. Expenses																
Admin. and Gen.	50,559	35.0%	\$10	\$5	25,686	8.7%	\$3	\$2	\$23,293	11.6%	\$3	\$3	\$31,114	11.6%	\$3	\$3
Marketing	1,762	1.2%	\$0	\$0	-	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0
Utility Costs	28,666	19.9%	\$6	\$3	41,087	13.9%	\$4	\$4	\$34,241	17.0%	\$5	\$4	\$45,738	17.0%	\$5	\$4
Property Oper. and Maint.	23,275	16.1%	\$5	\$2	7,184	2.4%	\$1	\$1	\$8,101	4.0%	\$1	\$1	\$10,822	4.0%	\$1	\$1
Total Undistributed Oper. Expenses	104,261	72.2%	20	10	73,956	25.0%	8	7	\$65,635	32.6%	9	8	\$87,673	32.6%	9	8
Gross Operating Profit	(52,994)	-36.7%	(10)	(5)	112,487	38.0%	12	10	\$76,855	38.2%	11	9	\$102,660	38.2%	11	9
Fixed Charges																
Insurance	13,301	9.2%	\$3	\$1	7,605	2.6%	\$1	\$1	\$1,995	1.0%	\$0	\$0	\$2,665	1.0%	\$0	\$0
Property Taxes	2,168	1.5%	\$0	\$0	2,168	0.7%	\$0	\$0	\$1,627	0.8%	\$0	\$0	\$1,712	0.6%	\$0	\$0
Total Fixed Charges	15,469	10.7%	3	1	9,773	3.3%	1	1	\$3,622	1.8%	1	0	\$4,377	1.6%	0	0
Operating Income	(68,463)	-47.4%	(\$13)	(\$6)	102,714	34.7%	\$11	\$9	\$73,232	36.4%	\$10	\$9	\$98,283	36.6%	\$10	\$9



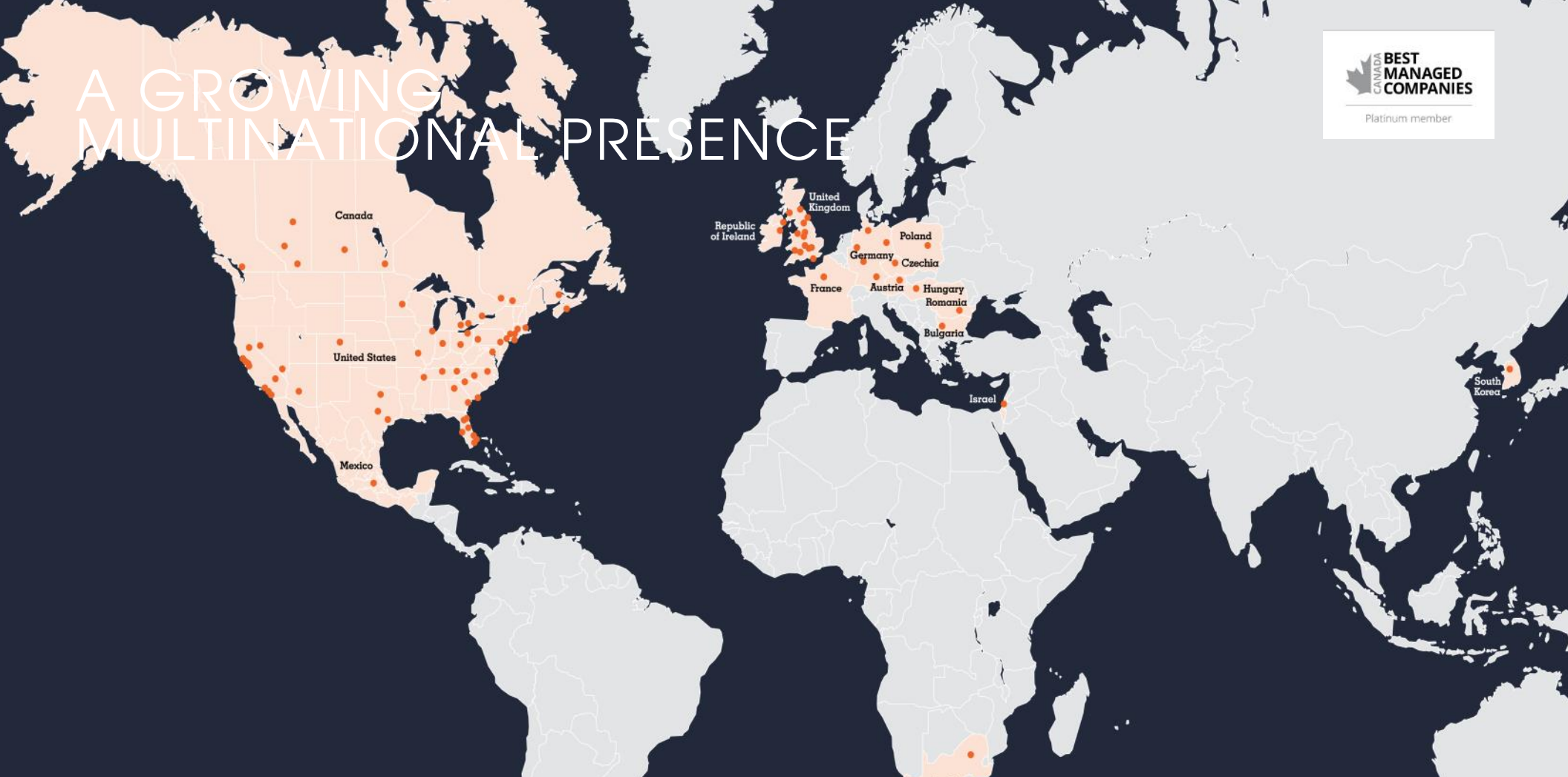


03

## ABOUT AVISON YOUNG



# A GROWING MULTINATIONAL PRESENCE



## AVISON YOUNG AT A GLANCE

<b>Founded:</b>	1978
<b>Total Real Estate Professionals:</b>	5,000
<b>Offices:</b>	100+
<b>Countries:</b>	16
<b>Brokerage Professionals:</b>	1,600+
<b>Property Under Management</b>	225 million sf

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its Principals. Founded in 1978, with legacies dating back more than 200 years, the company comprises approximately 5,000 real estate professionals in 100+ offices in 16 countries. The firm's experts provide value-added, client-centric investment sales, leasing, advisory, management, and financing services to clients across the office, retail, industrial, multi-family, and hospitality sectors.



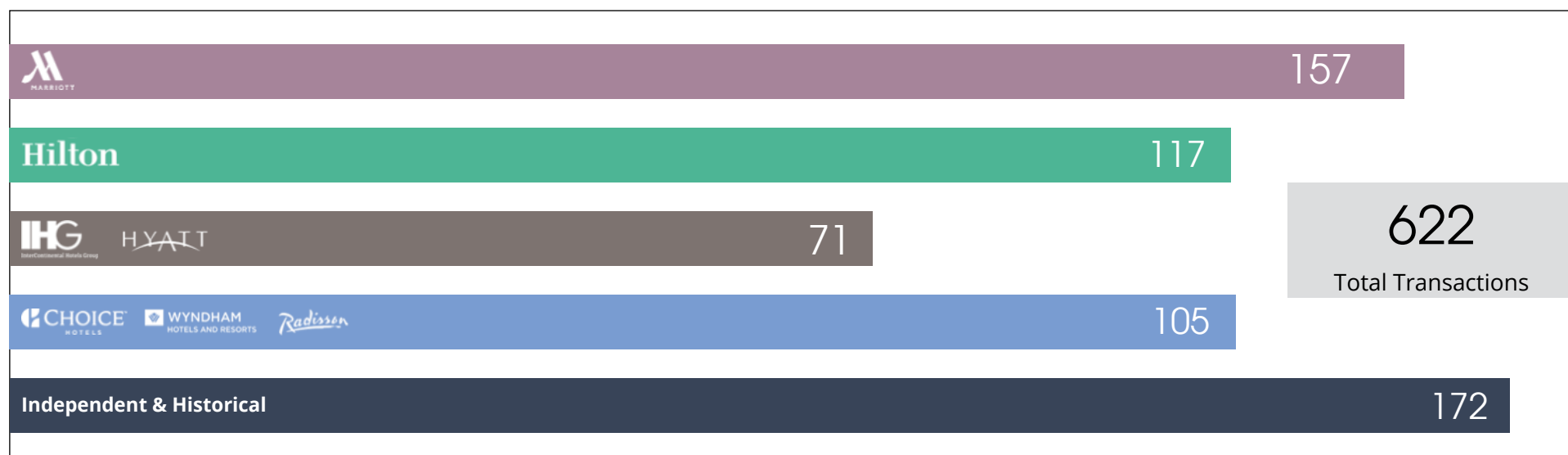
# OUR HOSPITALITY EXPERIENCE

## Sales Performance



*\*Current as of 10/01/2024*

## Sales by Brand Since 2012





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