

COOPER

REAL ESTATE CONSULTING AND VALUATIONS

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BRANSON AREA LODGING STUDY

Lodging: Currently, in excess of 6,000 motel units front on Highway 76 in the immediate Branson area. Fronting the nearby connector and parallel roads are another 9,000 units. The survey completed in the Spring of 1993 estimated a total room count of 15,804 by the end of 1993. Figures released in the Spring of 1994 indicate that the room count increased to 19,577 by the end of 1994. As of March 10, 2011 there were 18,808 units within the city limits.

There have been few additional motel units built in the Branson area since 1996. The supply of motel rooms has exploded in the early 1990s with the “Branson Boom”. This building boom was a direct result of the excessive demand and high occupancy figures reported by motel operators in 1992 and 1993.

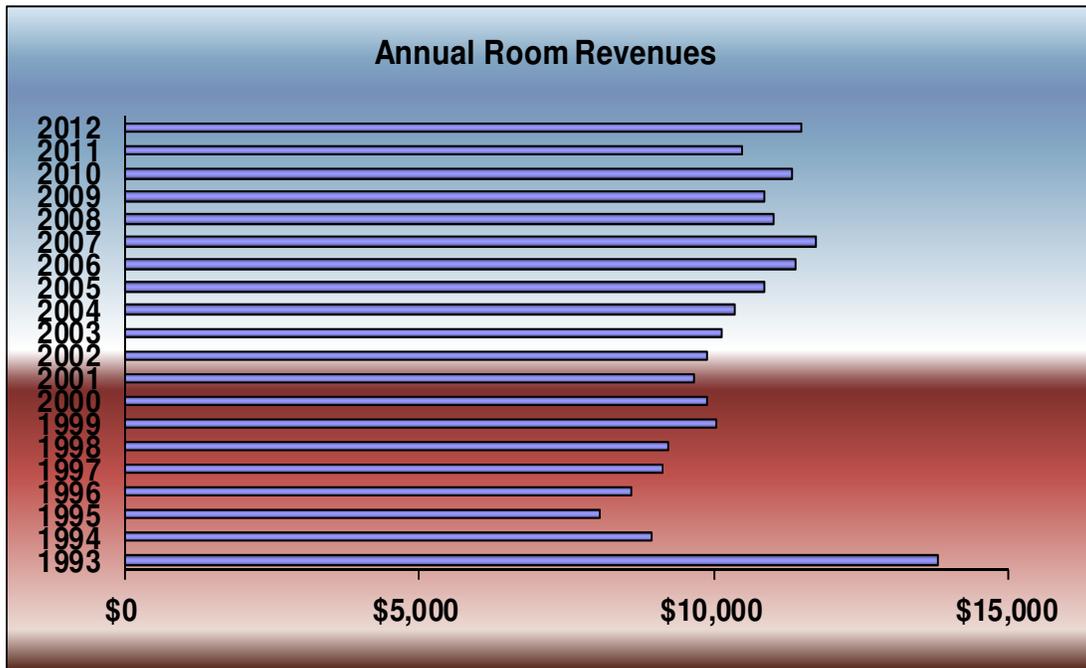
\$REV per room	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
JANUARY	\$202	\$130	\$83	\$80	\$179	\$246	\$240	\$270	\$315	\$243
FEBRUARY	\$148	\$152	\$229	\$137	\$176	\$217	\$269	\$280	\$350	\$262
MARCH	\$414	\$328	\$251	\$327	\$359	\$384	\$434	\$454	\$460	\$471
APRIL	\$1,015	\$817	\$546	\$608	\$599	\$557	\$649	\$621	\$609	\$626
MAY	\$1,763	\$1,096	\$856	\$888	\$886	\$863	\$907	\$904	\$838	\$866
JUNE	\$1,779	\$1,040	\$794	\$863	\$856	\$948	\$1,067	\$1,061	\$1,029	\$1,099
JULY	\$1,807	\$991	\$962	\$934	\$1,076	\$1,075	\$1,217	\$1,198	\$1,158	\$1,275
AUGUST	\$1,478	\$821	\$738	\$857	\$972	\$902	\$949	\$964	\$990	\$1,027
SEPTEMBER	\$1,794	\$1,060	\$971	\$926	\$1,003	\$974	\$1,009	\$1,000	\$897	\$910
OCTOBER	\$1,996	\$1,379	\$1,259	\$1,287	\$1,231	\$1,186	\$1,236	\$1,197	\$1,120	\$1,131
NOVEMBER	\$783	\$630	\$787	\$1,003	\$1,087	\$1,123	\$1,275	\$1,284	\$1,234	\$1,325
DECEMBER	\$602	\$497	\$560	\$687	\$704	\$741	\$764	\$634	\$640	\$643
TOTAL	\$13,783	\$8,939	\$8,036	\$8,596	\$9,128	\$9,217	\$10,018	\$9,867	\$9,643	\$9,878
% change			-10.1%	7.0%	6.2%	1.0%	8.7%	-1.5%	-2.3%	2.4%

The 1991 season started strong with many motel managers reporting 50 percent or more occupancy by March. By the end of April to early May, occupancy was reported in the 75 to 80 percent range, many exceeding 85 percent. From June through November, occupancy was near capacity. The 1992 season started stronger than 1991, partly due to a mild winter, but mainly because of the publicity the area received from the “60 Minutes” piece which gave the area national exposure in the media. The tourists came earlier, stayed longer, and basically expanded the season. Most motel managers reported gross sales increases from 25 to 30 percent. The 1993 season was approximately ten percent below 1992 rates, from an occupancy standpoint. The number of tourists grew by five percent, but with the increased number of rooms, the average occupancy rates fell. The following statistics derived from local motel data indicates the changes in per room

revenues between 1993 and 2012.

Final reports indicate that year end 2012 had Room Demand -3.0%, Room Rate +2.6%, Room Occupancy +6.6%, Room Revenue -0.4%, and Rev Par +9.5%.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	\$REV per room
\$230	\$290	\$322	\$360	\$481	\$252	\$339	\$286	\$273	\$289	JANUARY
\$254	\$327	\$325	\$335	\$270	\$246	\$412	\$371	\$334	\$330	FEBRUARY
\$491	\$563	\$603	\$611	\$713	\$633	\$657	\$634	\$711	\$759	MARCH
\$570	\$665	\$696	\$667	\$720	\$678	\$652	\$693	\$600	\$687	APRIL
\$850	\$835	\$930	\$967	\$991	\$900	\$858	\$832	\$775	\$954	MAY
\$1,096	\$1,133	\$1,229	\$1,326	\$1,310	\$1,273	\$1,285	\$1,333	\$1,169	\$1,429	JUNE
\$1,301	\$1,365	\$1,468	\$1,522	\$1,596	\$1,560	\$1,577	\$1,742	\$1,513	\$1,531	JULY
\$1,115	\$988	\$1,057	\$1,082	\$1,131	\$1,209	\$1,043	\$1,161	\$995	\$1,088	AUGUST
\$951	\$1,009	\$958	\$1,079	\$1,088	\$1,030	\$989	\$1,072	\$986	\$1,089	SEPTEMBER
\$1,150	\$1,183	\$1,146	\$1,257	\$1,277	\$1,200	\$1,111	\$1,206	\$1,157	\$1,210	OCTOBER
\$1,389	\$1,271	\$1,356	\$1,423	\$1,473	\$1,332	\$1,267	\$1,282	\$1,224	\$1,319	NOVEMBER
\$708	\$700	\$735	\$734	\$673	\$688	\$650	\$693	\$715	\$795	DECEMBER
\$10,107	\$10,330	\$10,826	\$11,362	\$11,723	\$11,002	\$10,839	\$11,306	\$10,452	\$11,480	TOTAL
2.3%	2.2%	4.8%	5.0%	3.2%	-6.2%	-1.5%	4.3%	-7.6%	9.8%	% change



Revenue History 1993-1995: The 1993 motel occupancy rates were down by approximately 10-15 percent below the 1992 rates due to the building boom. A nearly 42 percent growth in the number of rooms when the visitation only grew by five percent is a perfect example of excessive profits breeding possibly ruinous competition. However, 1993 occupancies were still ten percent above 1991 rates which was a strong market by local and national standards. Following this “boom” period of 1993 and 1994, per room revenues reached a low in 1995 as the “demand” (measured by the amount of tourists) could not keep pace with the dramatic increase in the number (“supply”) of rooms created by the new construction.

Revenue History 1996-2007: Beginning in 1996 the revenues began to recover with a 7% increase in revenues in 1996, followed by a 6.2% increase in 1997, a 1% increase in 1998, and an 8.7% increase for 1999. Year 2000 saw a 1.51% drop from 1999, which had been attributed to an excessively hot summer and December's unusually icy conditions. '9-11" appears to have had an impact on Branson's Fall Season with an overall drop of 2.27% for Year 2001¹. With nationwide occupancies down nearly 6% due to the attacks, this 2.27% drop was considered to be fairly negligible, relatively speaking.

Year 2002 saw a 2.44% rise in room revenues with the 2003 numbers rising an additional 2.32%, 2004 revenues increasing another 2.2% and 2005 revenues up 4.8%. Year 2006 saw a rise in motel revenues of 7.6%. Much of this increase can be associated with the newly opened Branson Landing project which renewed interest to existing clientele as well as attracted a new demographic segment (slightly younger and more affluent). Year 2007 saw another 6.1% increase over 2006.

Revenue History 2008 – Present: With the nationwide economy beginning to decline in 2008 and further sliding in 2009, Branson area motel revenues were affected. Year end 2008 was down 6.2%. Occupancies were down but the rack rates (ADR) were up.

In 2009, the total revenues were down 1.5%. Occupancy was down 4.6% and the rack rates (ADR) up slightly.

2010 showed a rebound in revenues by 4.3%, an increase in occupancy by 2.9% and an increase in ADR by 2.7%. Overall 2010 was a good year for the Branson motel market with revenues per room rebounding to almost the 2007 level.

In 2011, the annual revenues per room dropped 7.6% down to the lowest point since 2004. Year end occupancy is down 7.9% and ADR is flat.

With the 2012 Leap Day Tornado we saw the number of rooms in the market drop and subsequently the revenue per room increased 9.8% to the second highest level since 1993. The occupancy increased 6.6% and the ADR increased by 2.6%. The tornado helped many properties that were not damaged but other properties that were damaged lost revenue.

Occupancy, ADR: The most recent market data in Branson indicates that the annual occupancies are down from almost 47% in 2007 to 41.1% in 2012. The average revenue per available room (REVPAR) is down from almost \$33 to \$32. The average ADR for the Branson market is up from \$70 to over \$78 between 2007 and 2012. It should be noted that these numbers are market wide averages and are often skewed by "franchise" motels with higher revenues, rates, and occupancies.

¹ Occupancies in New York, Chicago, and Orlando were down around 12% due to the 9/11 attacks. It is estimated that nationwide occupancy was down 6%.