

Executive  
Summary

# Hilton Garden Inn®

SUGAR LAND, TEXAS



**Schlumberger**

**Minute  
Maid.**

 **TEXAS  
INSTRUMENTS**

PRESENTED BY



**THE PLASENCIA GROUP**

Passion. Access. Certainty.





**THE PLASENCIA GROUP** is pleased to present for your consideration the Hilton Garden Inn located in Sugar Land, Fort Bend County, Texas, one of Houston's most popular corporate and residential communities. Major national and international corporations such as Schlumberger, Minute Maid, Texas Instruments, Aetna, Fluor, United Parcel Service, and Nalco Champion have either a headquarters or major office located in Sugar Land.

The six-story, 202-room Hilton Garden Inn opened in October 2008 and features 6,700 square feet of meeting and banquet space allowing the hotel to actively compete across all demand spectrums. Given the numerous corporations located specifically in Sugar Land as well as throughout Fort Bend County, all corporate segments including transient, training, and group are represented. Because the hotel has not received a comprehensive renovation since opening, the combination of a product upgrade and a resurgent energy sector should allow the next owner to meaningfully improve the Hilton Garden Inn's cash flow over the next few years.

## Investment Summary

<b>Address</b>	722 Bonaventure Way, Sugar Land, TX 77479
<b>Year Opened</b>	2008
<b>Guestrooms</b>	202
<b>Parcel Size</b>	4.4 Acres
<b>Building Height</b>	6 Stories
<b>Brand Affiliation</b>	Hilton Worldwide
<b>Management</b>	Currently Presidian Hotels and Resorts; offered unencumbered
<b>Food &amp; Beverage</b>	Garden Grille & Bar
<b>Total Meeting Space</b>	6,700 square feet, including the 2,590 square foot Post Oak ballroom
<b>Parking</b>	222 Spaces
<b>Property Amenities</b>	Business Center, Fitness Room, Pool, Coin Laundry, 24-Hour Pavilion Pantry, Self-Parking
<b>Additional Considerations</b>	Fee Simple; Non-Union



Lobby

# Investment Highlights

## PRIME HILTON FLAG

The Hilton Garden Inn benefits from its iconic, internationally recognized brand tied to Hilton Worldwide's dominant international platform, sales system, and rewards program. The Hilton network includes 14 lodging brands and over 5,100 properties in 103 countries. Hilton enjoys one of the largest and most powerful guest loyalty programs in the industry, with over 69 million members worldwide. Hilton Garden Inn is one of Hilton Worldwide's most popular lodging brands with guests, investors, lenders, and owners. This is especially true for Hilton Garden Inn hotels that are less than ten years old, offer a very competitive location, and were built to brand standards. The Hilton Garden Inn Sugar Land meets each of these criteria.

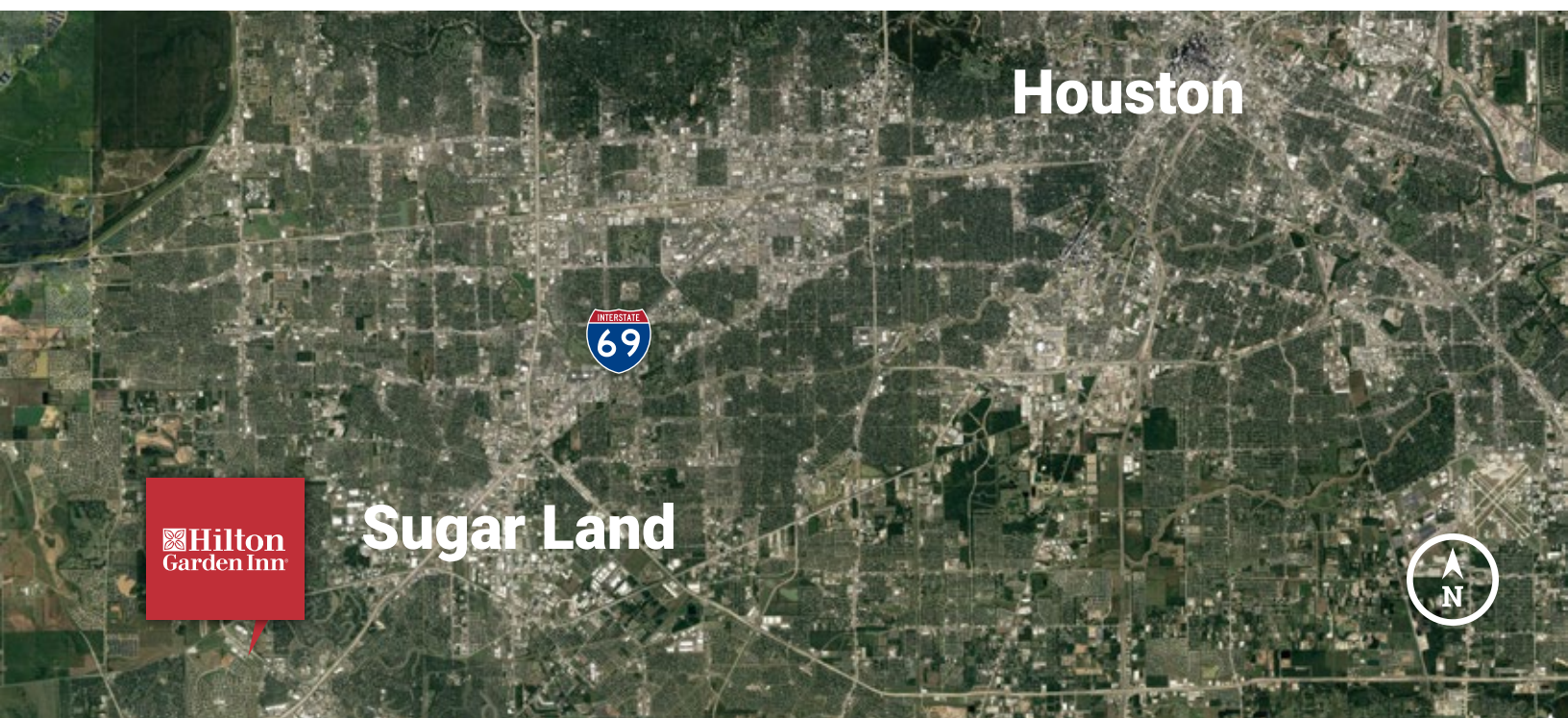
## UPSCALE HOUSTON SUBURBAN LOCATION

The Hilton Garden Inn is situated at the center of the Southwest Freeway Corridor in Sugar Land, one of Houston's most desirable suburban communities. Sugar Land is characterized by sprawling high end residential communities, shops, restaurants, and cultural attractions. Apart from its attractive residential environment and lifestyle, Sugar Land is a hotbed for commerce and is home to many major companies in the pharmaceutical, healthcare, energy, petrochemical, and manufacturing industries. This confluence of diverse demand generators provides the Hilton Garden Inn with myriad group and transient business opportunities within a few miles of the property.

The hotel greatly benefits from an outstanding location within Sugar Land and is located just off, and visible from, Texas State Highway 6, a major transportation artery within Sugar Land serving the surrounding communities.

## HOUSTON'S REEMERGENCE

The operational and financial restructuring of Houston's energy sector appears to have stabilized and it is clear that the recent down cycle in energy was not as devastating to the local Houston and regional economies as the one of the mid-1980s. This sets the stage for a rapid improvement to the regional economy, which has already started. Several energy and petrochemical companies have operations in Sugar Land, so the improvement in the oil and gas space will have direct and positive impacts on the Hilton Garden Inn.





**HOUSTON HOTELS ADVANCE PERFORMANCE**

Houston's hotel sector recorded the highest percentage RevPAR increase in 2017 among Smith Travel Research's Top 25 markets. Houston also enjoyed this top ranking in 2013 when the energy industry was once again on the move.

## Smith Travel Research Top 25 Markets 2017 Operating Metrics Ranked by % Change in RevPAR

Market	RevPAR	% Change	ADR	% Change	Occ.	% Change
<b>Houston</b>	<b>\$71.97</b>	<b>10.5%</b>	<b>\$107.93</b>	<b>3.2%</b>	<b>66.7%</b>	<b>7.1%</b>
Orlando	\$96.40	10.0%	\$121.53	4.8%	79.3%	4.9%
Detroit	\$67.96	6.0%	\$102.11	4.7%	66.6%	1.2%
Tampa/St. Petersburg	\$92.28	5.5%	\$127.13	4.0%	72.6%	1.4%
Nashville	\$105.87	5.4%	\$142.82	6.2%	74.1%	(0.8%)
Seattle	\$122.72	5.3%	\$159.79	4.0%	76.8%	1.3%
Norfolk/Virginia Beach	\$62.64	4.9%	\$101.10	1.5%	62.0%	3.4%
Phoenix	\$85.89	4.1%	\$126.87	3.2%	67.7%	0.8%
Washington, D.C.	\$115.06	3.9%	\$159.63	4.0%	72.1%	(0.1%)
Atlanta	\$75.08	3.8%	\$107.12	3.4%	70.1%	0.4%
San Diego	\$123.74	3.6%	\$160.08	3.3%	77.3%	0.3%
Anaheim/Santa Ana	\$121.88	3.5%	\$156.54	3.9%	77.9%	(0.4%)
St. Louis	\$68.30	2.8%	\$104.63	3.8%	65.3%	(0.9%)
Denver	\$96.34	2.6%	\$131.29	3.0%	73.4%	(0.3%)
Boston	\$145.41	1.8%	\$195.86	1.7%	74.2%	0.1%
Oahu Island	\$194.08	1.7%	\$233.11	2.5%	83.3%	(0.8%)
Miami	\$144.78	0.8%	\$188.81	(0.6%)	76.7%	1.4%
Los Angeles/Long Beach	\$140.85	0.7%	\$175.98	2.1%	80.0%	(1.3%)
New York	\$221.60	(0.3%)	\$255.54	(1.4%)	86.7%	1.1%
Dallas	\$73.60	(0.4%)	\$105.79	2.2%	69.6%	(2.5%)
New Orleans	\$101.61	(0.5%)	\$149.12	0.3%	68.1%	(0.8%)
Chicago	\$98.09	(1.7%)	\$143.65	(0.6%)	68.3%	(1.1%)
San Francisco	\$189.73	(2.4%)	\$229.24	(0.7%)	82.8%	(1.8%)
Philadelphia	\$89.11	(2.7%)	\$129.98	(1.7%)	68.6%	(1.0%)
Minneapolis/St. Paul	\$77.59	(3.6%)	\$115.89	(2.1%)	67.0%	(1.6%)
<b>Top 25 Markets</b>	<b>\$113.41</b>	<b>2.2%</b>	<b>\$153.81</b>	<b>1.7%</b>	<b>73.7%</b>	<b>0.6%</b>
<b>All Other Markets</b>	<b>\$69.62</b>	<b>3.4%</b>	<b>\$111.73</b>	<b>2.3%</b>	<b>62.3%</b>	<b>1.0%</b>
<b>Total United States</b>	<b>\$83.57</b>	<b>3.0%</b>	<b>\$126.72</b>	<b>2.1%</b>	<b>65.9%</b>	<b>0.9%</b>

Source: Smith Travel Research

On a percentage change basis, Houston's 2017 RevPAR performance topped the balance of the state as well.

## Smith Travel Research Major Texas Markets 2017 Operating Metrics Ranked by % Change in RevPAR

Market	RevPAR	% Change	ADR	% Change	Occ.	% Change
<b>Houston</b>	<b>\$71.97</b>	<b>10.5%</b>	<b>\$107.93</b>	<b>3.2%</b>	<b>66.7%</b>	<b>7.1%</b>
San Antonio	\$72.46	3.2%	\$111.41	2.7%	65.0%	0.5%
Dallas	\$73.60	-0.4%	\$105.79	2.2%	69.6%	-2.5%
Austin	\$99.86	-0.4%	\$139.16	0.2%	71.8%	-0.6%

Source: Smith Travel Research

Data recently released by Smith Travel Research (STR) for the 12-month period ending March 2018 indicates Houston is continuing to advance RevPAR, primarily via increased occupancy.

## Smith Travel Research Major Texas Markets March 2018 T-12 Operating Metrics Ranked by % Change in RevPAR

Market	RevPAR	% Change	ADR	% Change	Occ.	% Change
<b>Houston</b>	<b>\$72.51</b>	<b>10.5%</b>	<b>\$106.65</b>	<b>0.4%</b>	<b>68.0%</b>	<b>10.1%</b>
San Antonio	\$73.20	1.9%	\$112.92	2.7%	64.8%	-0.8%
Dallas	\$73.94	-0.3%	\$106.64	2.1%	69.3%	-2.3%
Austin	\$98.94	-2.4%	\$138.98	-0.9%	71.6%	-1.6%

Source: Smith Travel Research



Boardroom





King Guestroom



Dining Area





Lobby Bar

### **IMPRESSIVE FINANCIAL HISTORY**

In 2014, when the Hilton Garden Inn was six years old and still in very good physical condition, Presidian's management team generated an NOI of over \$2,800,000, an NOI margin of over 32%, and RevPAR bettering \$96. Between 2015 and 2017, management generated an average annual NOI of approximately \$2,268,000, despite aging furnishings and an unsettled energy sector. These more recent operating results, which illustrate this hotel's ability to maintain a relatively high NOI level despite market challenges, reconfirm why the Hilton Garden Inn brand remains a very popular investment for institutional and individual investors as well as public entities.

### **RENOVATION/UPGRADE OPPORTUNITY**

The next owner of the Hilton Garden Inn will enter Houston's commercial real estate market at a time of increasing confidence in one of the region's primary economic hubs. Combined with a property upgrade strategy, this will position the hotel for a period of extended and expanded financial performance. In addition to these regional economic and property-level improvements, previous and pending brand changes in the area could also open additional avenues for enhanced financial returns, both near- and long-term.

Notwithstanding the historically steady performance of the Hilton Garden Inn, ample upside opportunities exist. The hotel has not been comprehensively renovated since its opening in 2008. A sweeping update to the property will generate meaningful operational improvements, specifically in revenues. The hotel currently achieves an adequate RevPAR index, but with a renovated product, has the opportunity to improve room revenue performance in terms of both occupancy and ADR. An update of meeting spaces and the restaurant outlet would also likely yield increased food and beverage revenues.

### **MANAGEMENT AVAILABILITY**

While the existing operator has an excellent track record at the Hilton Garden Inn, the property is offered free and clear of management. New ownership has the flexibility to directly control operations by introducing its management partner of choice or retaining current management.





Pool Deck

## CONTACT INFORMATION

For additional information regarding the Hilton Garden Inn Sugar Land investment opportunity, please contact:

**ROBERT WIEMER**

Houston, Texas

[rwiemer@tpghotels.com](mailto:rwiemer@tpghotels.com)

(281) 379-2613

**JOE CORCORAN**

Dallas, Texas

[jcorcoran@tpghotels.com](mailto:jcorcoran@tpghotels.com)

(214) 289-8128



**THE PLASCENCIA GROUP**

Passion. Access. Certainty.

One North Dale Mabry Highway, Suite 1000, Tampa, FL 33609

(813) 932-1234

[tpghotels.com](http://tpghotels.com)

© Copyright 2018, United States of America