



Marriott Houston Energy Corridor

EXECUTIVE SUMMARY



Marriott



Executive Summary

As exclusive agent for ownership, **THE PLASENCIA GROUP** is pleased to present for your investment consideration the Marriott Houston Energy Corridor. The 206-key hotel opened in 2010 and sits along a bustling stretch of Interstate 10 in Houston's booming Energy Corridor district. Benefiting from Marriott International's flagship brand, the hotel is poised to capitalize on the continued growth of the surrounding area and Houston market, especially with the execution of a comprehensive renovation.

INVESTMENT SUMMARY

Address	16011 Katy Freeway, Houston, Texas 77094
Guestrooms	206
Opened	2010
Parcel Size	3.0 Acres
Building Height	Ten stories
Brand Affiliation	Marriott (expires 1/8/2030)
Management	Texas Western Hospitality (unencumbered)
Food & Beverage Outlets	Petroleum Grill, The Derrick Bar, Starbucks
Meeting Space	5,488 square feet, including 3,906-square-foot tenth-floor ballroom
Parking	Complimentary onsite parking in adjacent surface lot and garage
Amenities	Pool and hot tub, fitness center, grab-and-go market
Additional Considerations	Non-union, fee-simple hotel, unencumbered of management



Booming West Houston Submarket

The Energy Corridor area in which the Marriott sits is one of the most dynamic commercial districts in Houston. Home to the offices of blue-chip companies, including eight Fortune 500 global or Americas headquarters, the Corridor is a major economic hub, especially in the oil and gas space. Major employers include BP, Baker Hughes, CITGO, ConocoPhillips, Shell, and MD Anderson Cancer Center. In addition to these mainstays, additional companies are moving to the district in droves. The corporate activity in the submarket along I-10, known locally as Katy Freeway, bodes very well for the Marriott and the local hotel environment.

*“Instead of moving into the more typical downtown offices, companies have begun moving out west to areas with newer buildings like the **Energy Corridor**”*

HOUSTON CHRONICLE

*“Construction and engineering giant **FLUOR** is moving its Houston-area hub to the **Energy Corridor**”*

HOUSTON CHRONICLE

*“Dutch geo data company **FUGRO** is moving its U.S. headquarters to **Energy Corridor**”*

HOUSTON BUSINESS JOURNAL

*“**KIEWIT ENGINEERING** expands offices in major **Energy Corridor** deal”*

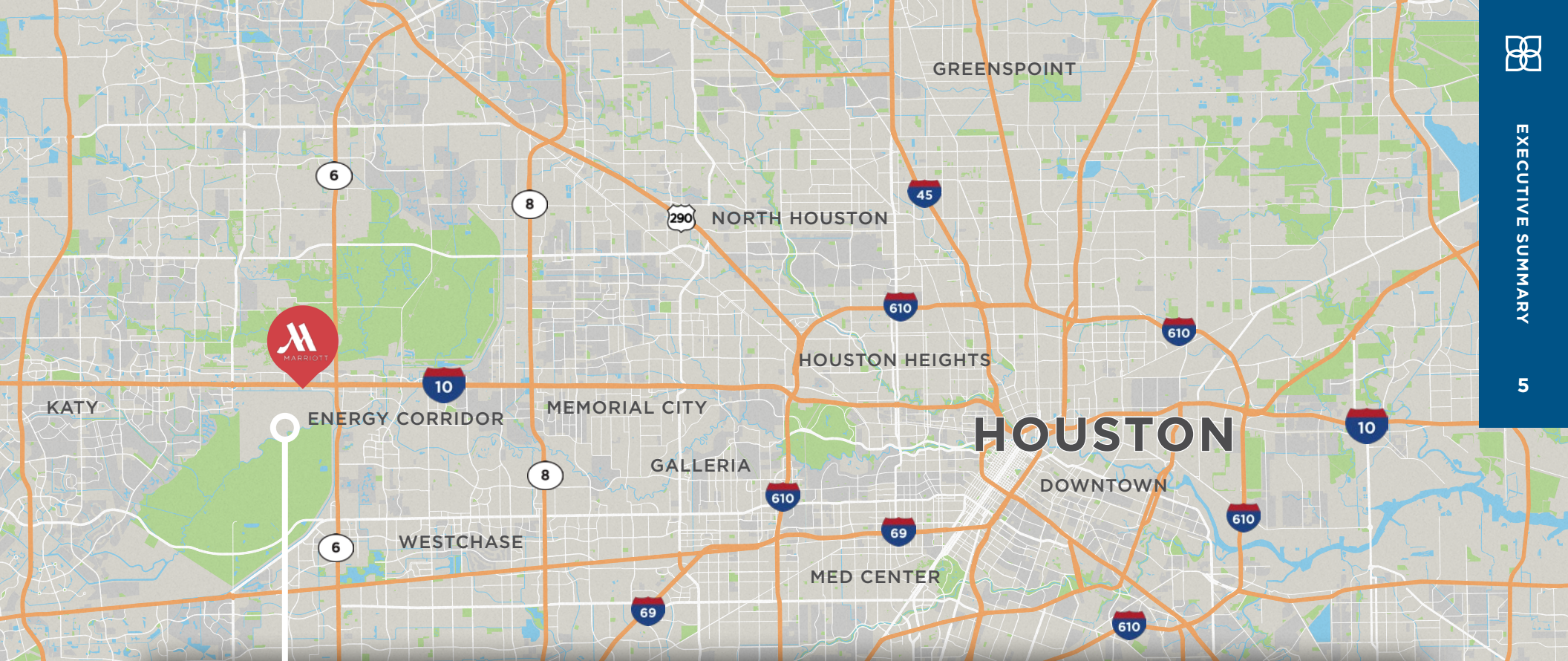
HOUSTON CHRONICLE

*“**R.G. Miller DCCM** inks headquarters lease in Houston’s **Energy Corridor**”*

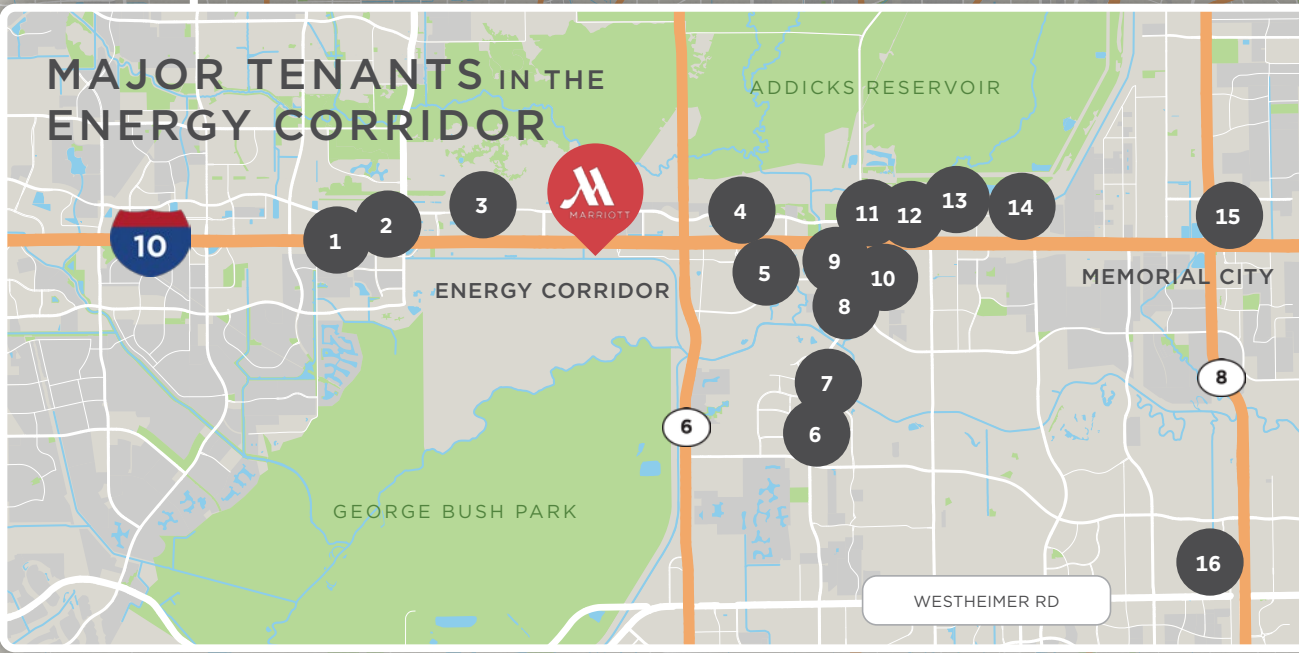
THE REAL DEAL


*“Offshore energy services company **MODEC** signs major lease in **Energy Corridor**”*

HOUSTON CHRONICLE



MAJOR TENANTS IN THE ENERGY CORRIDOR



-  **Marriott Houston Energy Corridor**
- 1 Houston Methodist Hospital
- 2 Texas Children's Hospital
- 3 Saudi Aramco
- 4 MD Anderson West Houston
- 5 BP
- 6 Dow
- 7 CITGO
- 8 Fluor
- 9 Conoco Phillips
- 10 Enbridge
- 11 Kiewit
- 12 Baker Hughes
- 13 Shell
- 14 BASF
- 15 CITYCENTRE
- 16 Phillips 66



HIGH REVPAR LODGING ENVIRONMENT

Houston's "West Side" lodging market essentially begins at the Galleria and proceeds west along Interstate 10 for approximately 25 miles, ending west of Katy.

Active real estate pods along this corridor include Memorial City (home to the Westin and Hotel ZaZa), CITYCENTRE (Moran Hotel), Westchase (Hilton and Marriott), Energy Corridor (Embassy Suites, Hilton Garden Inn, and Hyatt Regency), and West/Katy (Marriott and Embassy Suites). The table on the following page notes the major full-service hotels on the west side of Houston and highlights those along the I-10 corridor west of the Galleria. These western hotels are well represented towards the top of the table.



West Houston Full-Service Hotel RevPAR

Hotel	Rooms	Market	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Jun '24 TTM
Post Oak	270	Galleria	N/A	N/A	N/A	N/A	N/A	\$122.11	\$234.50	\$170.53	\$325.59	\$407.78	\$425.10	\$455.23
Houstonian	287	Galleria	\$181.46	\$179.46	\$163.98	\$152.27	\$154.82	\$177.36	\$143.07	\$48.15	\$98.86	\$113.92	\$166.63	\$182.28
Hotel ZaZa	159	West	N/A	N/A	N/A	N/A	\$80.63	\$114.53	\$126.77	\$61.06	\$110.26	\$164.95	\$172.81	\$181.27
St. Regis	232	Galleria	\$226.28	\$233.31	\$212.64	\$205.96	\$195.26	\$182.39	\$173.09	\$90.45	\$102.35	\$152.44	\$159.51	\$162.69
Moran Hotel	244	West	\$167.45	\$162.10	\$143.48	\$131.75	\$136.00	\$139.52	\$144.93	\$48.38	\$89.16	\$154.04	\$167.21	\$159.08
Granduca	122	Galleria	\$266.95	\$276.76	\$342.17	\$257.37	\$262.77	\$223.07	\$164.73	\$79.31	\$153.94	\$148.83	\$143.53	\$150.89
Westin	289	West	\$145.66	\$146.59	\$138.92	\$131.25	\$142.24	\$130.60	\$124.03	\$47.69	\$84.83	\$136.67	\$146.56	\$149.75
Hyatt Regency	325	Galleria	N/A	N/A	\$84.38	\$101.24	\$118.18	\$115.33	\$121.08	\$50.69	\$94.48	\$119.35	\$139.76	\$143.99
JW Marriott	515	Galleria	\$151.84	\$140.25	\$123.99	\$122.74	\$113.42	\$112.64	\$115.27	\$42.75	\$79.04	\$99.25	\$128.58	\$136.00
Westin Galleria	487	Galleria	\$140.22	\$149.63	\$135.67	\$113.31	\$112.73	\$119.69	\$120.72	\$65.35	\$87.13	\$113.48	\$127.02	\$134.85
Westin Oaks	406	Galleria	\$138.70	\$146.86	\$133.81	\$112.62	\$110.54	\$97.11	\$115.26	\$49.12	\$90.65	\$101.60	\$120.61	\$128.26
Embassy Suites	216	Energy	\$125.91	\$137.38	\$130.58	\$120.66	\$125.05	\$116.92	\$108.34	\$40.43	\$86.44	\$112.77	\$122.66	\$127.27
Embassy Suites	208	West	N/A	N/A	N/A	N/A	N/A	\$77.37	\$96.30	\$51.99	\$91.66	\$104.50	\$114.86	\$123.93
Marriott	300	Sugar Land	\$117.64	\$126.22	\$123.72	\$111.43	\$121.91	\$114.45	\$113.49	\$50.45	\$83.21	\$110.57	\$130.15	\$116.59
Hilton	448	Galleria	\$132.46	\$137.10	\$127.12	\$103.54	\$113.01	\$111.52	\$110.47	\$41.82	\$63.90	\$98.16	\$111.21	\$115.36
Embassy Suites	150	Galleria	\$143.26	\$142.80	\$139.39	\$114.97	\$126.24	\$122.24	\$118.20	\$54.00	\$87.24	\$98.70	\$104.89	\$105.36
Omni	378	Galleria	\$131.52	\$133.66	\$105.59	\$106.61	\$93.98	\$49.02	\$80.78	\$32.98	\$63.86	\$87.58	\$96.33	\$102.44
Tribute - Vesper	131	Galleria	\$95.75	\$105.14	\$102.47	\$91.65	\$99.52	\$97.11	\$94.37	\$40.07	\$61.94	\$78.56	\$69.27	\$92.33
Royal Sonesta	485	Galleria	\$81.55	\$99.37	\$93.97	\$83.68	\$87.87	\$86.04	\$88.80	\$33.48	\$44.56	\$70.90	\$86.14	\$91.32
Marriott	301	Galleria	\$102.09	\$111.65	\$113.17	\$101.01	\$95.75	\$92.07	\$92.59	\$35.78	\$43.93	\$74.37	\$90.45	\$88.96
Marriott	206	Energy	\$103.96	\$110.02	\$93.90	\$72.24	\$80.92	\$71.05	\$74.60	\$29.12	\$38.47	\$54.28	\$75.48	\$84.48
Chifley - Tapestry	281	Galleria	\$103.40	\$121.77	\$114.69	\$92.82	\$97.26	\$89.03	\$83.00	\$32.72	\$37.87	\$42.15	\$66.00	\$84.31
Hilton Garden Inn	190	Energy	\$102.12	\$107.86	\$88.96	\$75.08	\$81.88	\$73.48	\$69.27	\$25.53	\$35.64	\$50.28	\$74.17	\$79.46
DoubleTree Suites	476	Galleria	\$116.28	\$129.34	\$112.97	\$91.89	\$105.48	\$94.31	\$90.94	\$41.22	\$51.63	\$57.99	\$75.43	\$78.84
Hilton	297	Westchase	\$103.91	\$120.89	\$117.03	\$96.49	\$91.58	\$86.39	\$85.09	\$30.25	\$53.90	\$63.30	\$72.16	\$76.24
Marriott	600	Westchase	\$95.04	\$99.90	\$95.41	\$78.14	\$80.62	\$82.86	\$86.63	\$26.27	\$36.62	\$57.14	\$74.27	\$69.68
Hyatt Regency	400	West	\$108.91	\$110.06	\$90.32	\$87.44	\$66.80	\$77.93	\$61.24	\$51.35	\$36.03	\$38.84	\$58.83	\$69.16
Derek (Pending Autograph)	314	Galleria	\$118.54	\$125.12	\$126.40	\$100.41	\$90.48	\$82.05	\$70.48	\$46.56	\$61.84	\$43.12	\$41.77	\$39.31
Hilton	291	Southwest	\$72.16	\$77.80	\$58.57	\$69.50	\$76.39	\$74.43	\$61.95	\$53.95	Closed	Closed	Closed	Closed

Yellow rows indicate hotels located west of the Galleria. **Source:** Source Strategies, Inc.

Note: Source Strategies, Inc., compiles data from Texas State Comptroller records of hotel room revenues that are publicly available. Certain revenue types that are not taxable may not necessarily be reflected in this data, which may lead to minor variances from actual results. Source Strategies publications are released on a quarterly basis with a reporting delay. June 2024 reflects the latest available public data.



MODERN VINTAGE, RIGHT-SIZED FULL-SERVICE HOTEL

The Marriott, which opened in 2010, benefits from an efficient physical plant and offers the amenities and atmosphere of a modern full-service hotel. At 206 keys, the property is ideally sized to capture the full gamut of local demand generators, while not being burdened by excess rooms to fill during shoulder periods. The Marriott's 5,488 square feet of total meeting space and 3,906-square-foot ballroom are also perfectly sized to complement the hotel's rooms operation.



PETROLEUM GRILL



DERRICK BAR AND STARBUCKS



OUTDOOR FIRE PIT



SIGNIFICANT RENOVATION OPPORTUNITY AND LIMITLESS REVPAR POTENTIAL

The Marriott will doubtlessly benefit from a comprehensive renovation, as it has not received meaningful guest-facing capital expenditures since its opening. Once renovated, the property should compete with the upper echelon of full-service hotels in West Houston, as opposed to its current competitive set that generally consists of lower RevPAR, older full- and select-service hotels. The significantly higher RevPAR of an updated set is indicative of the Marriott's potential once renovated, as shown in the tables below.

Current Competitive Set

Hotel	Rooms	Market	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Jun '24 TTM
Embassy Suites	208	West/Katy	N/A	N/A	N/A	N/A	N/A	\$77.37	\$96.30	\$51.99	\$91.66	\$104.50	\$114.86	\$123.93
Hilton Garden Inn	190	Energy	\$102.12	\$107.86	\$88.96	\$75.08	\$81.88	\$73.48	\$69.27	\$25.53	\$35.64	\$50.28	\$74.17	\$79.46
Hyatt Place	400	West	\$108.91	\$110.06	\$90.32	\$87.44	\$66.80	\$77.93	\$61.24	\$51.35	\$36.03	\$38.84	\$58.83	\$69.16
Hyatt Regency	130	Katy	N/A	N/A	N/A	\$30.76	\$58.34	\$51.22	\$47.03	\$30.17	\$59.71	\$56.00	\$61.85	\$66.52
Four Points	134	West/Katy	\$29.96	\$35.06	\$33.67	\$34.66	\$32.08	\$32.07	\$28.73	\$23.69	\$41.57	\$48.13	\$59.64	\$62.61
Courtyard	176	West	\$85.56	\$86.87	\$71.98	\$53.05	\$63.32	\$57.96	\$61.34	\$23.27	\$37.42	\$43.34	\$46.66	\$44.04
Holiday Inn	122	Energy	\$89.37	\$100.92	\$87.52	\$73.49	\$68.04	\$46.70	\$43.54	\$21.91	\$23.15	\$26.19	\$41.12	\$45.48
Competitive Set	1,360	N/A	\$90.94	\$94.73	\$70.22	\$66.13	\$63.89	\$64.77	\$61.59	\$36.82	\$46.32	\$52.48	\$66.75	\$72.70
Marriott	206	West/Katy	\$103.96	\$110.02	\$93.90	\$72.24	\$80.92	\$71.05	\$74.60	\$29.12	\$38.47	\$54.28	\$75.48	\$84.48
<i>Marriott RevPAR Index</i>	<i>N/A</i>	<i>N/A</i>	<i>114.3%</i>	<i>116.1%</i>	<i>133.7%</i>	<i>109.2%</i>	<i>126.6%</i>	<i>109.7%</i>	<i>121.1%</i>	<i>79.1%</i>	<i>83.1%</i>	<i>103.4%</i>	<i>113.1%</i>	<i>116.2%</i>

Updated Competitive Set

Hotel	Rooms	Market	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Jun '24 TTM
Moran Hotel	244	West	\$167.45	\$162.10	\$143.48	\$131.75	\$136.00	\$139.52	\$144.93	\$48.38	\$89.16	\$154.04	\$167.21	\$159.08
Westin	289	West	\$145.66	\$146.59	\$138.92	\$131.25	\$142.24	\$130.60	\$124.03	\$47.69	\$84.83	\$136.67	\$146.56	\$149.75
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Hilton Garden Inn	190	Energy	\$102.12	\$107.86	\$88.96	\$75.08	\$81.88	\$73.48	\$69.27	\$25.53	\$35.64	\$50.28	\$74.17	\$79.46
Hyatt Regency	400	West	\$108.91	\$110.06	\$90.32	\$87.44	\$66.80	\$77.93	\$61.24	\$51.35	\$36.03	\$38.84	\$58.83	\$69.16
Competitive Set	1,547	N/A	\$129.29	\$131.52	\$116.80	\$108.58	\$107.23	\$102.31	\$98.45	\$45.59	\$68.00	\$95.84	\$110.64	\$115.14
Marriott	206	West/Katy	\$103.96	\$110.02	\$93.90	\$72.24	\$80.92	\$71.05	\$74.60	\$29.12	\$38.47	\$54.28	\$75.48	\$84.48
<i>Marriott RevPAR Index</i>	<i>N/A</i>	<i>N/A</i>	<i>80.4%</i>	<i>83.7%</i>	<i>80.4%</i>	<i>66.5%</i>	<i>75.5%</i>	<i>69.4%</i>	<i>75.8%</i>	<i>63.9%</i>	<i>56.6%</i>	<i>56.6%</i>	<i>68.2%</i>	<i>73.4%</i>

Source: Source Strategies, Inc.

Note: Source Strategies, Inc., compiles data from Texas State Comptroller records of hotel room revenues that are publicly available. Certain revenue types that are not taxable may not necessarily be reflected in this data, which may lead to minor variances from actual results. Source Strategies publications are released on a quarterly basis with a reporting delay. June 2024 reflects the latest available public data.

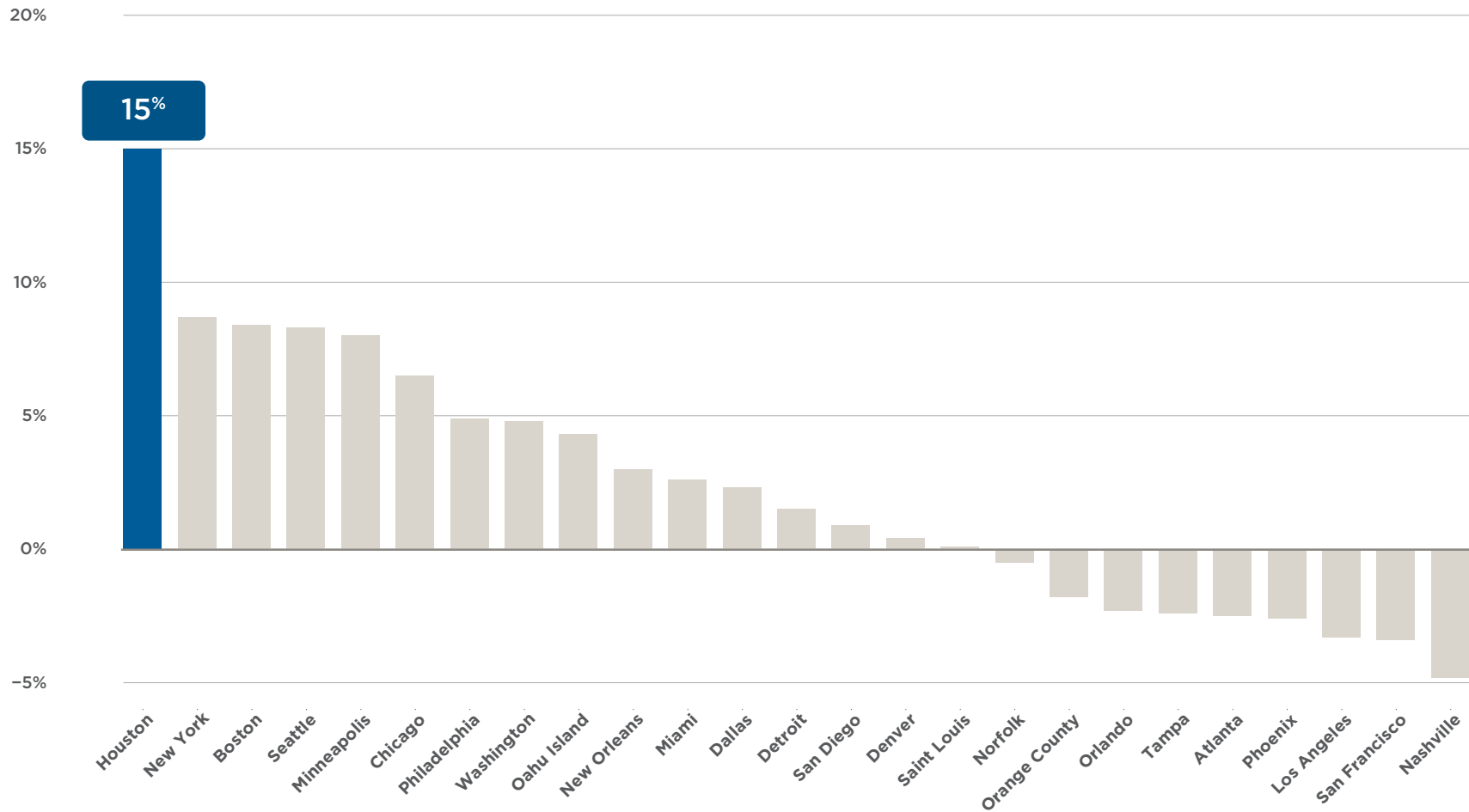




HOUSTON'S ONGOING LODGING RECOVERY

The Houston lodging market is improving at a rate that convincingly surpasses that of all other STR Top 25 markets, with RevPAR increasing over 15% in the August 2024 YTD period. This precipitous improvement is driven by the continued migration of corporations and residents to the area and the expansion of energy-related activities in the market, among other reasons. In the wake of a comprehensive renovation, the Marriott should be well positioned to take advantage of the area's continued rise and the RevPAR gains that come with it.

Top 25 Markets - July 2024 YTD RevPAR Change







In 1993, The Plasencia Group was formed to provide hotel and resort owners investment advisory services at a personal level. Thirty-one years and hundreds of engagements later, we still have the privilege of making our clients successful with the passion, access, and certainty they've come to expect. Our firm offers investment sales, asset management, development and renovation management, debt and equity sourcing, and advisory services to hotel and resort owners throughout North America.

CONTACT INFORMATION

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