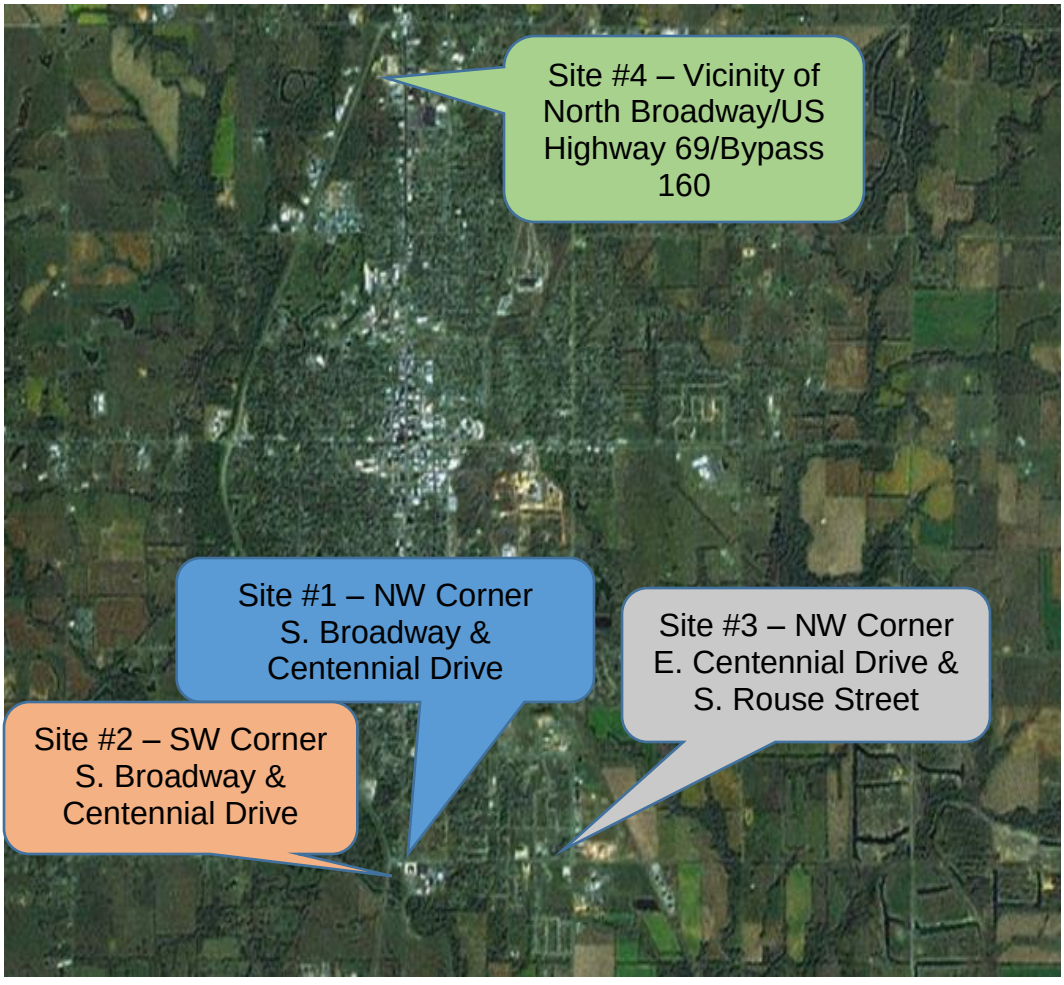
INTRODUCTION

Background. The City of Pittsburg, located in Crawford County in southeastern Kansas, was founded in 1876 as a coal mining camp. Pittsburg is now the home to Pittsburg State University, which has a strong manual and industrial arts program and has trained many of the area's public and private school teachers.

The City of Pittsburg has asked Hoffman Strategy Group/Jeff Green Partners to conduct both a retail and hotel feasibility study as described below:

- Retail and Restaurant Feasibility: Assessing the viability, timing, optimal retail format/tenant mix and likely sales generated by additional/supportable retail and restaurants in the Pittsburg market.
- Hotel Feasibility: Evaluating the feasibility of new hotels to the City of Pittsburg's hospitality sector, and the competitiveness of that mix relative to the local trade area.

As the map below highlights, we have identified four viable retail nodes that can support either new or additional retail or restaurants in the Pittsburg market. These are outlined below and are visually depicted on the subsequent map:



1. Site 1: The NW corner of S. Broadway and Centennial.
2. Site 2: The SW corner of S. Broadway and Centennial.
3. Site 3: The NW corner of S. Rouse and E. Centennial.
4. Site (Vicinity) 4: The retail found in the north side of Town in the vicinity of the Rte. 69 bypass and N. Broadway.

Issues and Methodology. The issues to be addressed and the methodology utilized for each potential use includes the following:

Retail & Restaurant (Food Service) Feasibility:

Issues:

- What is the existing retail and restaurant market in the greater Pittsburg area? How is this retail and restaurant landscape expected to change over the next five years?
- What trade area is currently being served by the existing retail and restaurant base in Pittsburg and to whom do the existing operators appeal? What, if any, will be the change in the trade area served, should the supportable retail and restaurants identified be developed in Pittsburg?
- What are the population, demographic and lifestyle characteristics of trade area **residents** projected for 2013 and 2018?
- What is the **daytime (worker) base** in the area? What impact will that segment have on the viability of retail and restaurants in Pittsburg?
- How many **students** are in the area that might provide an additional demand component for retail and restaurants in Pittsburg?
- How many **tourists** visit Pittsburg and the nearby area annually? To what extent can proposed retail in Pittsburg appeal to the tourists coming to the area?
- What is the projected growth for retail expenditures from 2013 through 2018, by 1) trade area resident, 2) nearby worker, 3) area college student and 4) tourists to the market?
- What retail and restaurant types are supportable in Pittsburg?
- What format(s) of retail (traditional, value, outlet) are supportable in Pittsburg?
- What specific retailers (includes restaurants and other entertainment components) are supportable, where should they be located, when should they be developed and what are their forecasted sales?

Methodology.

Step 1. Market Evaluation. We undertook a thorough evaluation of the Pittsburg market and the fours specific sites with respect to their physical configuration, visibility, accessibility, competitive shopping and eating facilities, ingress/egress, planned/proposed road improvements, etc.

Step 2. Competitive Analysis. While in the field evaluating the market, we also assessed all existing shopping centers, freestanding retailers and other retail concentrations in Pittsburg and the nearby surrounding markets (Ft. Scott and Joplin were included). These centers/concentrations were evaluated on their location, tenant mix, co-tenancy, price point and merchandising characteristics. We also identified any changes that are proposed for the retail environment in the area.

Step 3. Residential Trade Area Definition. Based on the accessibility characteristics of the site, location of competitors, distribution of population, population growth and demographic characteristics, as well as other appropriate factors, we defined a primary and total trade area by US Zip Code that serves the retail and restaurants in Pittsburg market.

Step 4. Resident and Worker Population. We collected the most recent population and household estimates, along with future projections from local planning agencies (and all other appropriate sources) for trade area residents.

We also assessed the number of daytime workers in the area.

Step 6. Demographics and Lifestyles of the Trade Area Residents. The most recent demographic information (i.e., income levels, age factors, household size, employment type, etc.) were gathered from local planning agencies (and all other appropriate sources). Further, we thoroughly drove the trade area to make visual observations to better acquaint ourselves with the demographic makeup of area consumers.

We also collected and analyzed the psychographic (lifestyle) data for trade area residents.

Step 7. Mapping. Using our MapInfo GIS (Geographic Information Systems) programs, we produced and provided numerous maps that visually depict the trade areas, retail competition, population density, population growth and various demographics.

Step 8. College Student and Tourist Assessment. We analyzed the number and types of students and tourists who live and visit the Pittsburg market and their impact on retail and restaurants in the Pittsburg market.

Step 9. Retail Expenditure Potential Determination and Sales Forecasts. During our subsequent in-office analysis, current and projected population levels, and the demographic characteristics of residents were determined. We also computed current and future estimates of trade area expenditure potential by retail type. Many of these estimates are derived using Jeff Green Partner's proprietary models of expenditure potential, developed for various retail types. We also utilized data from the *Census of Retail Trade*, sales tax information and trade area population levels, to determine trade area expenditure potentials for various retail types.

Expenditure potential by retail type were adjusted to reflect the purchasing habits of consumers within the trade area, as indicated by their unique demographic and socioeconomic characteristics. These calculations serve as the foundation from which our recommended tenant mix and sales forecasts are based.

Step 10. Recommend Category/Tenant Mix and Sales Forecasts. Finally, we developed a recommended category and tenant mix strategy with forecasted sales for each category and specific tenant at each of the four identified locations.

Hospitality Feasibility:

Issues.

- Is additional lodging viable in Pittsburg? If so, which site would be the optimal location for this facility?
- What type of lodging facility is supportable given market segmentation?
- What should be the size of this facility?
- Specifically, how many rooms are recommended for this property? To whom should this facility appeal?
- What is the facility's expected occupancy and recommended rate range?
- What is the economic impact of a new hotel facility in the City of Pittsburg?

Methodology.

Step 1. We defined the Market Area for a Proposed Lodging Facility

Step 2. Based on the market area, we identified the Source of Transient Visitors as:

- Vacation/recreation
- College or medical visitor
- Convention
- Business

Step 3. We identified the Demand Factors:

- Number of room nights per stay
- Number of persons per occupied room
- Seasonal variances
- Price tourist is willing to pay
- Recreation and telephone usage
- Convention space needed.

Step 4. We identified Competing Hotel/Motel Facilities by Type:

- Commercial/convention/resort, etc.
- Quality, image, etc.
- Competing occupancy levels of each type and class

Step 5. Size and Format of Recommended Facilities

Assumptions. As part of this study, we made the following assumptions:

- Population, household growth and demographic data supplied by national and local sources are accurate, reliable and reflect both the current and projected greater Pittsburg, Kansas market.

- Expenditure data estimated for the residential population base, as well as that provided by the International Council of Shopping Centers for the daytime worker population, the student population base and the tourist, also accurately reflect expenditure potential available to retailers within the defined trade area.

- The economic conditions of the greater Pittsburg area will remain as projected through 2016.

- Sites 1, 2, & 3 will be able to accommodate the newer prototypes of the recommended retailers. Adequate signage and parking facilities (at least 4.5 spaces per 1,000 square feet of retail and restaurant space) will be available for all recommended retailer and restaurants.

- Via Christi Hospital in Pittsburg broke ground Nov. 19, 2012, on its new 40,000-square-foot Surgery Center, to be located on the southeast lawn of the campus outside the chapel and cafeteria. The center will feature five operating rooms, two endoscopy rooms, pre- and post-operating and recovery rooms and a minor procedure room. There also will be a new family waiting area, which will put families closer to physicians, patients and nurses during surgeries. The Surgery Center is connected to the hospital's community entrance, so visitors have easy access to the cafeteria, pastoral care services, the patient tower and outpatient entrance. Completion of the project is expected by spring 2014.

- Pittsburg State University will be upgrading in the following way over the next few years:

  1. Adding a Performing Arts Center. The Center for the Arts, currently under construction will be located just south of the Weede Physical Education Building on the corner of Homer and Ford streets. Construction began in early 2013 and is expected to be completed in 2014. It is the university's first large, on-campus performance venue since Carney Hall closed in 1978. It will include two performance halls, a grand entrance lobby appropriate for receptions and other gatherings, an art gallery, a workspace for an artist-in-residence, a private reception room, a multi-use rehearsal space for large musical groups, and various technical and support spaces. Future plans call for a garden courtyard/reception area on the south side of building, along Ford Street.

  2. Expanding the Student Union. The 93,000 square foot Overman Student Center currently holds approximately 5,000 meetings and events each year. An additional 500 meetings throughout the year are possible with additional space. Plans are underway to add approximately 31,000 sq. ft. and renovate about the same to increase the area of student dining, accommodate a new student activities complex, and provide more student lounge space. A larger, column-free ballroom will accommodate larger events and project goals include additional meeting rooms. This $14 million project is scheduled to break-ground in mid-March 2014 and finish in July 2015.

  3. Addition of an Indoor Event Center. With the help of the City of Pittsburg and Crawford County, the university will construct an indoor event facility capable of holding athletic events, as well as events that will support convention and tourism.

- US Highway 69 will be expanded to four lanes between Ft. Scott and Pittsburg by the end of this decade.

- We have assumed no changes in the retail and hotel environment in the Pittsburg area.

CONCLUSIONS AND RECOMMENDATIONS

Retail Feasibility.

Conclusions. Hoffman Strategy Group/Jeff Green Partners concludes that the greater Pittsburg market is currently under-stored and there is potential for new retail and restaurant development. In total, we find 164,000 square feet of additional retail and restaurant space is supportable in Pittsburg. The recommended retail will address the retail voids in the market and will strengthen the existing retail in the area by increasing the consumer draw to the Pittsburg market and lessen leakage of retail dollars to other surrounding markets (most specifically Joplin, MO).

Retail Demand. The following tables highlight the total number of dollars available for retail and restaurants from 1) the primary, secondary and total trade area resident, 2) the area worker segment, 3) the college student base and 4) the tourist base.

These estimates have been derived using Jeff Green Partners' in-house proprietary models of expenditure potential, developed for various retail types. We also used data from the *Census of Retail Trade*, sales tax information and trade area population levels, to determine annual trade area expenditure potential for various retail types.

The following tables summarize the total available retail expenditure potential for the residential trade area, area employment base, college students and tourists to the area.

	Primary Trade Area		Secondary Trade Area		Total Trade Area	
	Current Year Estimate	5-Year Projection	Current Year Estimate	5-Year Projection	Current Year Estimate	5-Year Projection
Total Dept. & Disc Dept Stores	$125,236,200	$140,541,200	$295,449,000	$328,702,700	$420,685,300	$469,243,900
Total Apparel, Shoes & Access	$56,139,000	$63,539,500	$128,011,500	$143,704,600	$184,150,700	$207,244,000
Total Food & Restaurant	$171,427,700	$178,839,000	$405,380,700	$419,661,800	$576,808,400	$598,500,900
Total Other Retail	$235,220,200	$264,486,500	$560,247,500	$624,117,400	$795,467,800	$888,603,300
Total Identified Retail Expenditure	**$588,023,100**	**$647,406,200**	**$1,389,088,700**	**$1,516,186,500**	**$1,977,112,200**	**$2,163,592,100**

	Daytime Population Base			PSU Student Potential	Tourist Potential
	3-Mile Radius	5-Mile Radius	7-Mile Radius	2013 Enrollment	
Total Dept. & Disc Dept Stores	$3,144,710	$3,393,130	$3,431,813	$2,615,287	$123,084
Total Apparel, Shoes & Access	$5,231,105	$5,644,341	$5,708,689	$4,350,429	$204,746
Total Food & Restaurant	$32,229,062	$34,775,030	$35,171,477	$10,146,138	$2,395,404
Total Other Retail	$21,952,498	$23,686,658	$23,956,693	$18,256,715	$859,221
Total Identified Retail Expenditure	**$62,557,375**	**$67,499,159**	**$68,268,671**	**$35,368,569**	**$3,582,455**

	Total Available Potential	
	Current Year Estimate	5-Year Projection
Total Dept. & Disc Dept Stores	$426,855,484	$475,414,084
Total Apparel, Shoes & Access	$194,414,563	$217,507,863
Total Food & Restaurant	$624,521,419	$646,213,919
Total Other Retail	$838,540,429	$931,675,929
Total Identified Retail Expenditure	**$2,084,331,895**	**$2,270,811,795**

Tenant Mix and Sales Forecasts**.** We appropriated the total 164,000 additional retail square feet recommended and supportable in Pittsburg into the four specific sites evaluated. The tables below highlight these four sites along with the following:

1. The retail category in which the retailer is classified,
2. The recommended retailer's size,
3. Forecasted sales and sales per square foot for the first-year and fifth-year of operation.
4. The recommended retailer or restaurant.

- Site 1: NWC of S. Broadway and Centennial (3.5 acres). Because we are recommending the hotel be located here there is only room for a sit-down restaurant on the site, that being Ruby Tuesday. The following highlights our sales forecasts for the recommended restaurant on Site 1:

Sales Forecast Table						
Site 1: NWC of S. Broadway and Centennial Pittsburg, KS						
		Current Year	**Current Year**	**5-Year**	**5-Year**	
	Recommended	**Annual**	**Sales***	**Annual**	**Sales ***	
	Size	**Sales***	**Per Sq Ft**	**Sales***	**Per Sq Ft**	**Retailers Such As:**
Full-Service Restaurant	6,000	$2,850,000	$475	$3,277,500	$546	Ruby Tuesday
Total Food & Restaurant	**6,000**	**$2,850,000**	**$475**	**$3,277,500**	**$546**	
Total Identified Retail	**6,000**	**$2,850,000**	**$475**	**$3,277,500**	**$546**	
* *Sales stated in constant 2013 dollars - No adjustment has been made for potential inflation*						

- Site 2: SWC of S. Broadway and Centennial (4.1 acres). We have recommended a center of 43,000 square feet at Site 2 that will be anchored by a 10,000 square foot hardware store and both sit-down and fast casual restaurants. The following table highlights our sales forecasts and recommended retailers for Site 2:

Sales Forecast Table						
Site 2: SWC of S. Broadway and Centennial Pittsburg, KS						
		Current Year	**Current Year**	**5-Year**	**5-Year**	
	Recommended	**Annual**	**Sales***	**Annual**	**Sales ***	
	Size	**Sales***	**Per Sq Ft**	**Sales***	**Per Sq Ft**	**Retailers Such As:**
Fast Casual/Fast Food Restaurant	2,500	$937,500	$375	$1,078,125	$431	Starbucks or Dunkins Donuts
	3,000	$1,275,000	$425	$1,466,250	$489	Chipotle, Rubio's or Panchero's
	2,500	$1,000,000	$400	$1,150,000	$460	Fazoli's Pizza or Noodles & Company
	3,500	$1,575,000	$450	$1,811,250	$518	Panera Bread or Ingredient
	2,000	$900,000	$450	$1,035,000	$518	Potbelly or Firehouse Subs
	4,000	$1,900,000	$475	$2,185,000	$546	Pei Wei or Panda Express
	2,500	$937,500	$375	$1,078,125	$431	Smashburger or Five Guys
Full-Service Restaurant	4,000	$1,200,000	$300	$1,380,000	$345	International House of Pancakes or Bob Evans
	5,000	$2,750,000	$550	$3,162,500	$633	Buffalo Wild Wings
Total Food & Restaurant	**29,000**	**$12,475,000**	**$430**	**$14,346,250**	**$495**	
Appliances, Computers and Electronics	2,500	$1,000,000	$400	$1,150,000	$460	Wireless Store (ATT or similar)
Home Improvement	10,000	$2,750,000	$275	$3,162,500	$316	Ace Hardware or True-Valu Hardware
Personal or Professional & Services	1,500	$262,500	$175	$301,875	$201	Pak Mail or Postal Connections
Total Other Retail	**14,000**	**$4,012,500**	**$287**	**$4,614,375**	**$330**	
Total Identified Retail Expenditure	**43,000**	**$16,487,500**	**$383**	**$18,960,625**	**$441**	
* *Sales stated in constant 2013 dollars - No adjustment has been made for potential inflation*						

- Site 3: NWC of S. Rouse and E. Centennial (2.2 acres). We have recommended a center of 24,000 square feet at Site 3 that will be anchored by a 12,000 square foot Walgreen's as well as a number of professional medical service and a small café. The following table highlights our sales forecasts and recommended retailers for Site 3:

Sales Forecast Table						
Site 3: NWC of S Rouse and E Centennial						
Pittsburg, KS						
		Current Year	**Current Year**	**5-Year**	**5-Year**	
	Recommended	**Annual**	**Sales***	**Annual**	**Sales ***	
	Size	**Sales***	**Per Sq Ft**	**Sales***	**Per Sq Ft**	**Retailers Such As:**
Fast Casual/Fast Food Restaurant	2,000	$450,000	$225	$517,500	$259	Independent Café or Coffee Operator
Total Food & Restaurant	**2,000**	**$450,000**	**$225**	**$517,500**	**$259**	
Drugstore / Pharmaceutical	12,000	$6,600,000	$550	$7,590,000	$633	Walgreen's
Professional Medical Services	10,000	$3,000,000	$300	$3,450,000	$345	Dentist, Walk-in Emergency,
						Dialysis, Chiropractic, Etc.
Total Other Retail	**22,000**	**$9,600,000**	**$436**	**$11,040,000**	**$502**	
Total Identified Retail Expenditure	**24,000**	**$10,050,000**	**$419**	**$11,557,500**	**$482**	
* *Sales stated in constant 2013 dollars - No adjustment has been made for potential inflation*						

- Site/Vicinity 4: N. Broadway/US 69 Bypass Area. In the north end of Pittsburg we recommended an additional 91,000 square feet of retail. In this area we were dealing with a vicinity rather than any specific site. That being said, we believe that the former Goody's space can support either a Marshall's or Ross Dress for Less, Hobby Lobby or Slumberland Furniture, all three of which can be supported in the north end and should be pursued. The following table highlights our sales forecasts and recommended retailers for Site/Vicinity 4:

Sales Forecast Table						
Site/Vicinity 4: N Broadway/US 69 Bypass Area						
Pittsburg, KS						
		Current Year	**Current Year**	**5-Year**	**5-Year**	
	Recommended	**Annual**	**Sales***	**Annual**	**Sales ***	
	Size	**Sales***	**Per Sq Ft**	**Sales***	**Per Sq Ft**	**Retailers Such As:**
Discount Department Stores	25,000	$5,625,000	$225	$6,468,750	$259	Marshalls or Ross Dress For Less
Total Apparel, Shoes & Accessories	**25,000**	**$5,625,000**	**$225**	**$6,468,750**	**$259**	
Grocery Stores	0	$0	$0	$0	$0	
Specialty Food Stores	0	$0	$0	$0	$0	
Alcoholic Beverages	0	$0	$0	$0	$0	
Fast Casual/Fast Food Restaurant	2,500	$750,000	$300	$862,500	$345	Dunkin Donuts
	2,000	$550,000	$275	$632,500	$316	Waffle House or Huddle House
	4,000	$1,400,000	$350	$1,610,000	$403	Culver's
	2,500	$500,000	$200	$575,000	$230	Dairy Queen
Full-Service Restaurant	5,000	$2,250,000	$450	$2,587,500	$518	Logan's Roadhouse
Total Food & Restaurant	**16,000**	**$5,450,000**	**$341**	**$6,267,500**	**$392**	
Art, Craft & Sewing Stores	25,000	$4,375,000	$175	$5,031,250	$201	Hobby Lobby
Furniture, Home Decor & Accessories	25,000	$3,750,000	$150	$4,312,500	$173	Slumberland Furniture
Total Other Retail	**50,000**	**$8,125,000**	**$163**	**$9,343,750**	**$187**	
Total Identified Retail Expenditure	**91,000**	**$24,825,000**	**$273**	**$28,548,750**	**$314**	
* *Sales stated in constant 2013 dollars - No adjustment has been made for potential inflation*						

Rationale to The Retail and Restaurants Recommendations Noted Above. The following presents our rationale for our conclusions and recommendations (*these are also described in more detail in the analysis portion of the report)*:

- Good Site Characteristics. All sites evaluated had adequate visibility. All sites but Site 3 had good regional access.

- Strong Trade Area Population and Household Base. Within the defined *primary* residential trade area, the 2013 projected population is 45,802 persons. The *secondary* trade area offers an additional 111,824 persons for a *total* trade area base of 157,626 persons.

- Moderate Trade Area Incomes. Incomes are moderate throughout the total trade area (average income of $49,668). These incomes are fairly similar between the primary, secondary and total trade areas.

- Conservative Prizm NE Lifestyles. Households within the trade area are overwhelmingly middle-class and rural in nature. The moderate income is one unifying feature of all the identified lifestyles. Purchasing habits tend to be conservative and the standard of living is modest and easy-going.

- Limited Existing Retail Base Results in Leakage of Retail Dollars to Other Surrounding Markets. Because the market is under-stored (given the conclusion that the market can support an additional 164,000 feet) some of the retail dollars have been leaking and continue to leak out of the Pittsburg market primarily to Joplin, but also to the Springfield, Tulsa and Kansas City markets. The recommended retail will help stem a portion of this leakage,

- Adequate Retail Residential Expenditure Potential. Based on the trade area's population base, demographics, income levels and socioeconomic characteristics, we estimate the trade area's expenditure potential created by the residential base is as follows:

	Primary Trade Area		Secondary Trade Area		Total Trade Area	
	Current Year Estimate	5-Year Projection	Current Year Estimate	5-Year Projection	Current Year Estimate	5-Year Projection
Total Dept. & Disc Dept Stores	$125,236,200	$140,541,200	$295,449,000	$328,702,700	$420,685,300	$469,243,900
Total Apparel, Shoes & Access	$56,139,000	$63,539,500	$128,011,500	$143,704,600	$184,150,700	$207,244,000
Total Food & Restaurant	$171,427,700	$178,839,000	$405,380,700	$419,661,800	$576,808,400	$598,500,900
Total Other Retail	$235,220,200	$264,486,500	$560,247,500	$624,117,400	$795,467,800	$888,603,300
Total Identified Retail Expenditure	**$588,023,100**	**$647,406,200**	**$1,389,088,700**	**$1,516,186,500**	**$1,977,112,200**	**$2,163,592,100**

- Fairly Strong Worker Population. Using downtown Pittsburg as the centroid for the worker population, there are 14,064 persons employed within 3-miles, 15,175 workers within 5-miles and 15,348 workers within 7-miles of downtown. Close-in workers are primarily employed in service positions (47% in 3-miles and 46% in 5 miles).

- Strong Student Population. Based on data collected by Pittsburg State University, there were 7,425 students enrolled at the University in October, 2013.

- Moderate Tourist Base. There is little tourist data that has been compiled locally on the Pittsburg market. However, it appears, based on data compiled by the Convention & Visitors Bureau that the number of overnight visitors to Pittsburg has leveled off following a spike from the nearby Joplin tornado in 2011. In 2012, the number of overnight visitors was 78,902.

Hospitality Feasibility:

<u>Conclusion</u>. Hoffman Strategy Group/Jeff Green Partners concludes that one new lodging facility is supportable in the Pittsburg market. We recommend a limited service suite hotel of 80 rooms such as a Hampton Inn or a better quality limited service hotel of 60 Rooms such as Summerfield Suites (also known as Hyatt House). The best vacant site in Pittsburg that would accommodate either hotel is the NW Corner of S. Broadway and Centennial, former site of Econo-Lodge.

Our sales forecasts are found below for a limited-service suite hotel of 60 rooms such as Summerfield Suites (also known as Hyatt House), an upscale chain, or a better quality upper midscale chain such as an 80-room Hampton Inn. We investigated potential properties by traveling throughout the trade area, including the nearby metropolitan area of Joplin, Missouri.

The following tables present estimates of five-year performance results for each of the recommended properties. These estimates are based on competitor's performance in Pittsburg's primary trade area, and similar competitive sets in other markets such as Joplin, Missouri. Comprehensive evaluation of competitive performance, supply and demand characteristics are presented in the Analysis Section to this report.

Forecasts are based on Hoffman Strategy Group's proprietary models that consider performance measures of competitor properties, market share, and multiple regression of demand and supply characteristics, occupancy rates of competitor properties, and transient guest tax receipts.

Sales Forecasts: 60-Room Hyatt House/Summerfield

We have selected a stabilized occupancy level of 75 percent in Year 5 because of the upscale product quality/brand of the Hyatt House/Summerfield. Stabilization is achieved incrementally as assumed occupancy levels are 65 percent in Year 1, 70 percent in Year 2, and 75 percent in Year 5. This is intended to reflect the anticipated performance over its remaining economic lifecycle, subject to market vacillations.

Five Year Sales Forecasts: 60-Room Hyatt House			
	Year 1	Year 3	Year 5
No. of Rooms (NOR)	60	60	60
Days Open (DO)	365	365	365
Total Room Nights	21,900	21,900	21,900
Occupied Rooms (OR)	14,235	15,768	16,425
Occupancy (Occ)	65%	72%	75%
Average Rate (AR)	$125	$129	$133
Est. Revenue (AR*OR)	$ 1,779,375	$ 2,030,130	$ 2,178,160
Est. RevPAR (Est. Rev/Total Room Nights)	$ 81.25	$ 92.70	$ 99.46
Est. RevPAR (Occ x AR)	$ 81.25	$ 92.70	$ 99.46
Average rate is adjusted for estimated operating cost-infation of 1.5% annually.			

Hyatt House estimated revenue is based on a sample of average room rates for properties located throughout the U.S., and stays that are both weekend and during the week, as booked through the central online reservation system. The average room rate is subject to an estimated cost-inflation factor of 1.5 percent per year.

Assuming an average rate of $125 in Year 1, occupancy of 65 percent on total room nights of 21,900, the estimated revenue is $1,779,375. The estimated revenue forecast reaches a stabilization point of $2,178,160 in Year 5.

Hyatt House's assumed estimated average rate is $19 above the Pittsburg Holiday Inn Express's average rate of $106. This reflects the product quality/price point difference between an upscale brand chain and a upper midscale brand chain.

Our recommended property was selected, too, because of the meeting room and conference facility capacity of the Hyatt House/Summerfield. The first floor may accommodate meeting and event space for up to 55 people with catering capacity. Please note that our estimated sales forecast does not consider meeting and event space revenues. Actual operating income and expenses for existing hotel properties was unavailable.

Sales Forecasts: 80-Room Hampton Inn

As with the Hyatt House/Summerfield, we selected a stabilized occupancy level of 75 percent in year five because of the upper midscale product quality/brand of the Hampton Inn. Stabilization is achieved incrementally as assumed occupancy levels are 65 percent

Five Year Sales Forecasts: 80-Room Hampton Inn			
	Year 1	Year 3	Year 5
No. of Rooms (NOR)	80	80	80
Days Open (DO)	365	365	365
Total Room Nights	29,200	29,200	29,200
Occupied Rooms (OR)	18,980	21,024	21,900
Occupancy (Occ)	65%	72%	75%
Average Rate (AR)	$115	$118	$122
Est. Revenue (AR*OR)	$2,182,700	$2,490,293	$2,671,877
Est. RevPAR (Est. Rev/Total Room Nights)	$ 74.75	$ 85.28	$ 91.50
Est. RevPAR (Occ x AR)	$ 74.75	$ 85.28	$ 91.50
Average rate is adjusted for estimated operating cost-infation of 1.5% annually.			

in Year 1, 70 percent in Year 2, and 75 percent in Year 5. This reflects the anticipated performance over its remaining economic lifecycle, subject to market vacillations.

Hampton Inn estimated revenue is based on a sample of average room rates for properties located throughout the U.S., and stays that are both weekend and during the week, as booked through the central online reservation system. The average room rate is subject to an estimated cost-inflation factor of 1.5 percent per year.

Assuming an average rate of $115 in Year 1, occupancy of 65 percent on total room nights of 18,980, the estimated revenue is $2,182,700. The estimated revenue forecast reaches a stabilization point of $2,671,877 in Year 5.

Hampton Inn's assumed estimated average rate is $9 above the Pittsburg Holiday Inn Express's average rate of $106. This reflects the product quality/price point difference between two upper midscale brand chains, with Hampton Inn a grade above.

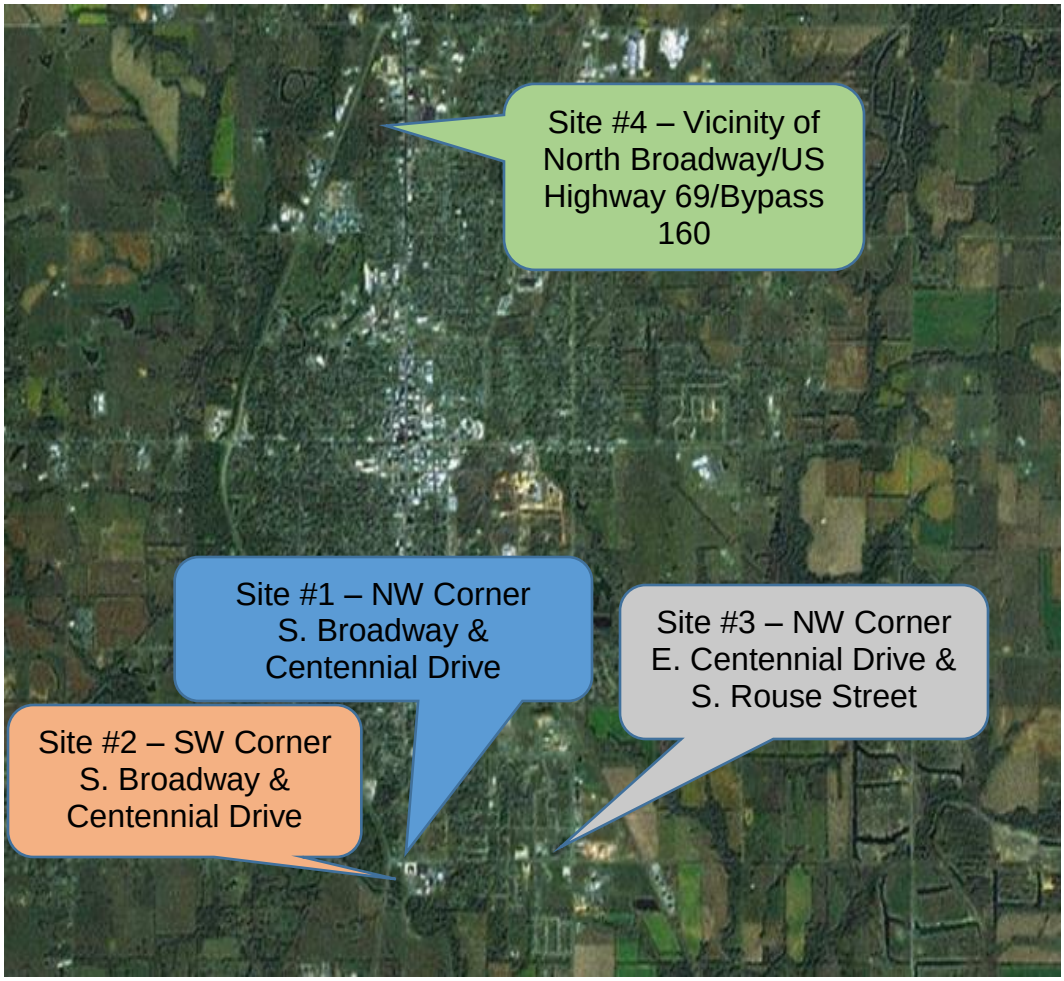
Our recommended property was selected, too, because of the meeting room and conference facility capacity of the Hampton Inn. The first floor may accommodate meeting and event space for up to 70 people with catering capacity. Please note that our estimated sales forecast does not consider meeting and event space revenues. Actual operating income and expenses for existing hotel properties was unavailable.

ANALYSIS

Retail Feasibility

The Sites. As the map below highlights, we have identified four viable retail nodes that can support either new or additional retail or restaurants in the Pittsburg market. These are outlined below and are visually depicted on the subsequent map:

5. Site 1: The NW corner of S. Broadway and Centennial.
6. Site 2: The SW corner of S. Broadway and Centennial.
7. Site 3: The NW corner of S. Rouse and E. Centennial.
8. Site (Vicinity) 4: The retail found in the north side of Town in the vicinity of the Rte. 69 bypass and N. Broadway.



Site 1: The NW corner of S. Broadway and Centennial. This is a 3.5-acre site, which is comprised of the 2.9 vacant acres and the used car lot (.6 acres). It has, along with Site 2, the best regional accessibility in the southern portion of the Pittsburg market as it is located at the junction of the Hwy 69 bypass and Centennial Dr.

The most recent traffic counts at this site are highlighted below:

Location	***2009 Traffic Count***
Centennial east of Broadway	10,865
Centennial west of Broadway	8,390
Broadway north of Centennial	7,630
US 69 Bypass north of Centennial	10,800
US 69 Bypass south of Centennial	12,200

It appears, based on our field analysis that ingress/egress to Site 1 would likely be off of S. Broadway rather than Centennial as the site narrows considerably the closer it gets to Centennial. The site, however has excellent visibility from S Broadway, Centennial and the US 69 bypass.

Site 2: The SW corner of S. Broadway and Centennial. This site is directly south of Site 1 and west of the Meadowbrook Shopping Mall. The site is 4.1 acres and also benefits from the best regional accessibility in the southern portion of the Pittsburg market as it is located at the junction of the Hwy 69 bypass and Centennial Dr.

The traffic counts at this site are the same as they are in the table in Site 1 above.

Ingress/egress to this site would be viable from both S Broadway and Centennial. The site has excellent visibility from S Broadway, Centennial and the US 69 bypass.

Site 3: The NW corner of S. Rouse and E. Centennial. This former nursing home site is 2.2 acres and is located kitty-corner from Via Christi Hospital. It is located in a much less congested portion of Pittsburg. Traffic counts are highlighted below:

Location	***2009 Traffic Count***
Centennial east of Rouse	5,525
Centennial west of Rouse	8,200
Rouse north of Centennial	9,205
Rouse south of Centennial	5,015

It appears, based on our field inspection that Site 3 would have ingress/egress points from both E Centennial and S Rouse. Visibility is assumed to be adequate.

Site (Vicinity) 4: The retail found in the north side of Town in the vicinity of the Rte. 69 bypass and N. Broadway. There is no specific location we are evaluating here, but rather the retail concentration located on the north side of Pittsburg, which is centered around the N. Broadway retail corridor which is anchored by the following three retail centers as well as other smaller and freestanding retail locations:

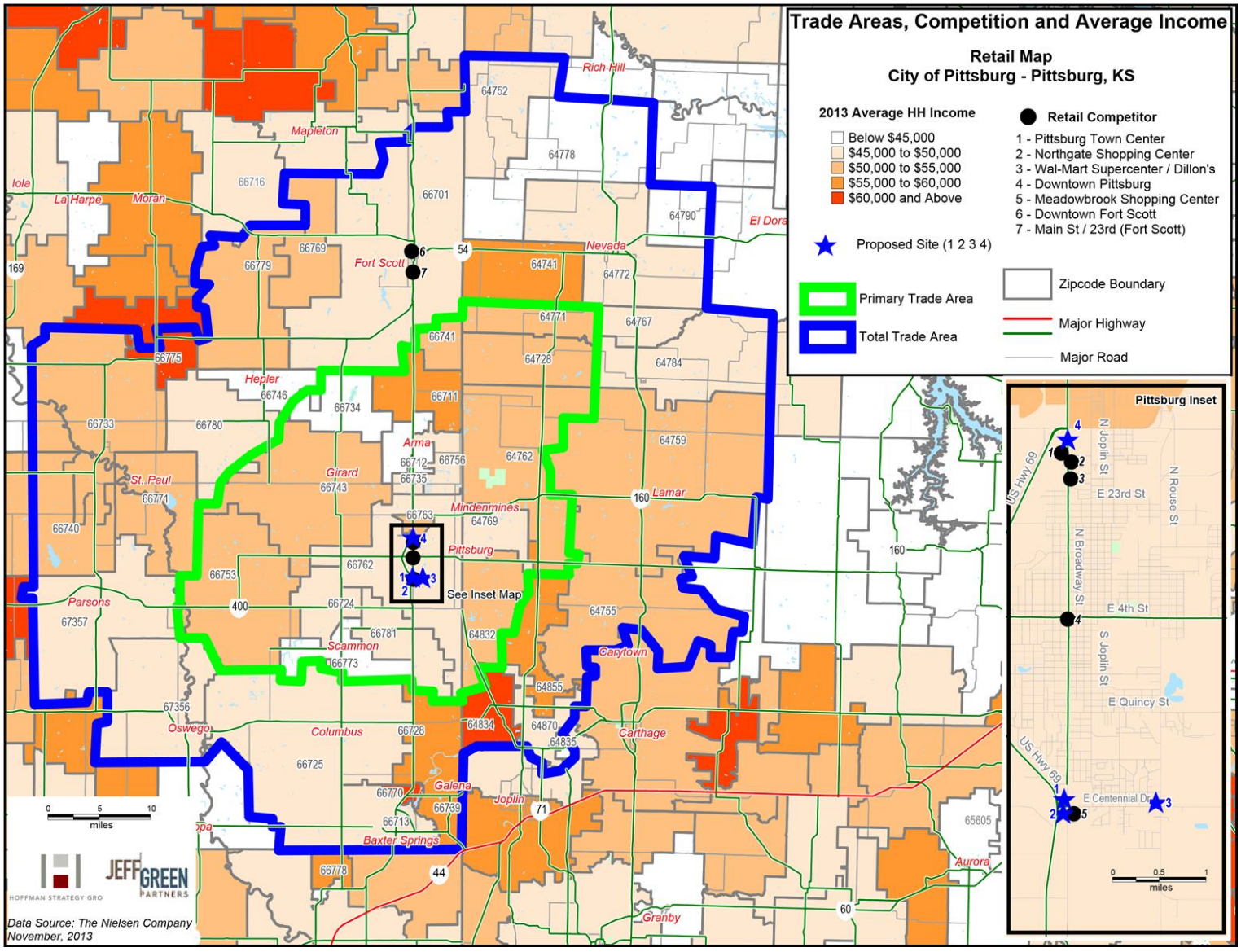
1. Pittsburg Town Center (NWC of N. Broadway and West 29th).
2. Northgate Shopping Center (SEC of N. Broadway and West 29th).
3. Wal-Mart Supercenter/Dillon's (SEC N. Broadway and W 27th).

Traffic counts in the vicinity are highlighted below.

Location	***2009 Traffic Count***
Broadway south of US 69 Bypass	12,200
US 69 north of Atkinson	16,100
US 69 Bypass south of Atkinson	10,400
Atkinson east of Broadway	5,350
Atkinson west of Broadway	1,615

Residential Retail Trade Areas. Based on our detailed field analysis of the Pittsburg, Kansas market and surrounding communities along with our experience defining trade areas for similar retail concentrations, we defined both a primary and total residential retail trade area, by US Zip Code, that serves the retailers and restaurants in Pittsburg. The primary residential trade area accounts for an estimated 55-60% of sales for the retail/restaurants in the City, while the secondary residential trade area accounts for an additional 20-25% of retail sales. The daytime workers and students (students do not show up in the census data) in the market likely account for another 10-15% of sales. The balance of the retail sales (5-10% of sales) will come from residents traveling from beyond the trade area and tourists to the market.

The trade areas are highlighted in the following map.



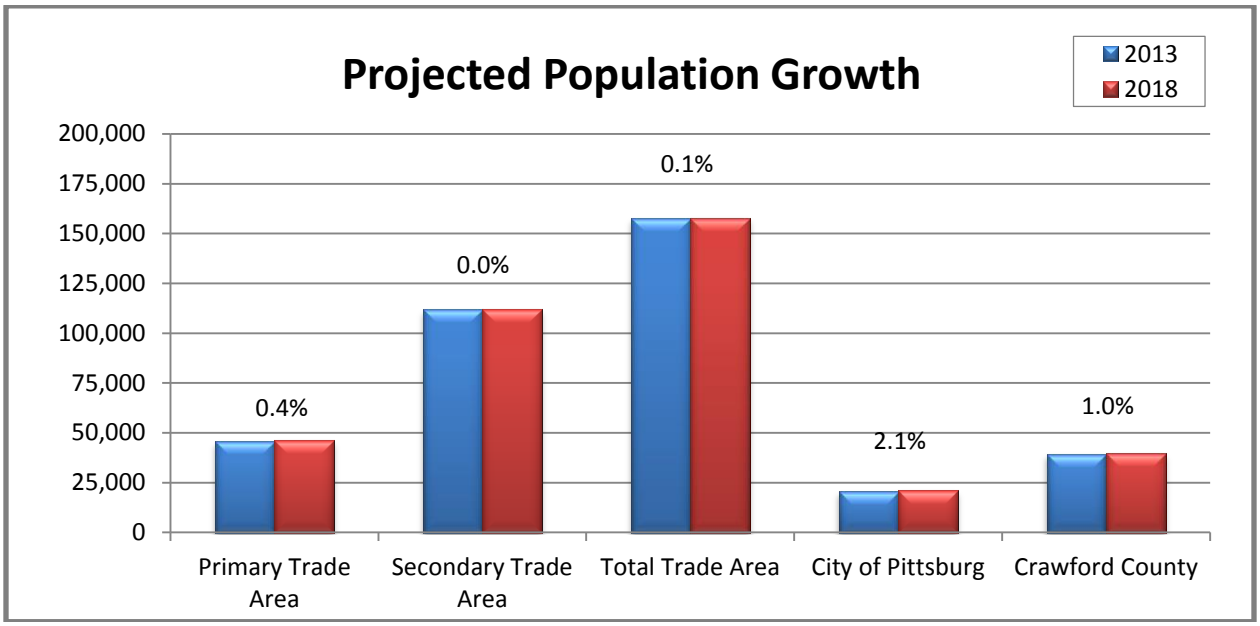
Population and Demographic Characteristics: Based on the trade area defined, we collected relevant residential population, demographic and psychographic data on a trade area basis, as well as on a disaggregate basis (zip code).

Within the defined *primary* residential trade area, the 2013 projected population is 45,802 persons. This population is expected to grow a slight 0.4% to 45,978 over the next five years. The *secondary* trade area offers an additional 111,824 persons for a *total* trade area base of 157,626 persons. There is no population growth in the secondary trade area. As a result the total trade area is seeing just a 0.1% growth in population over the next five years.

The home zip code of 66762, has a current estimated population of 25,168 persons that is projected to grow 1.8% to 25,608 persons by 2018. By radius, there are 25,583 persons within three miles of downtown Pittsburg, growing to 35,388 persons within ten

miles. This base is projected to grow 1.8% to 26,055 and 1.0% to 35,727 persons, respectively by 2018.

The following table details the projected population growth for the defined primary, secondary and total trade areas compared to the City of Pittsburg and Crawford County, KS.



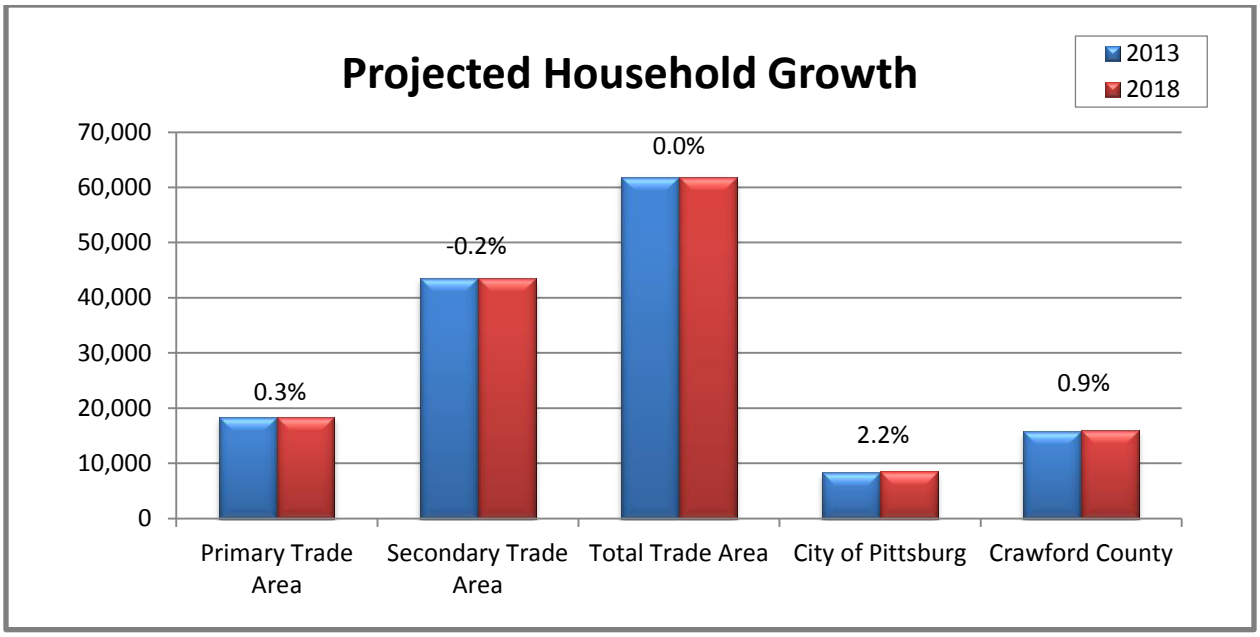
A visual depiction of the projected population growth within the defined trade areas can be found on the Population Growth map under ***Appendix 1****.*

Households within the defined primary trade area are currently estimated to be 18,298. This base is expected to grow by 0.3% over the next five years to 18,349 households. The secondary trade area has an additional 43,614 households for a combined total trade area household base of 61,912. This base is projected to decline slightly to 61,897 households by 2018.

The home zip code has 10,065 households that is projected to grow 1.8% to 10,242 households in 2018.

Persons per household in the primary trade area are reported as 2.41 persons (compared to 2.5 persons in the state of Kansas). The secondary trade area has a higher persons per household (2.51 persons) for a total trade area persons per household of 2.48.

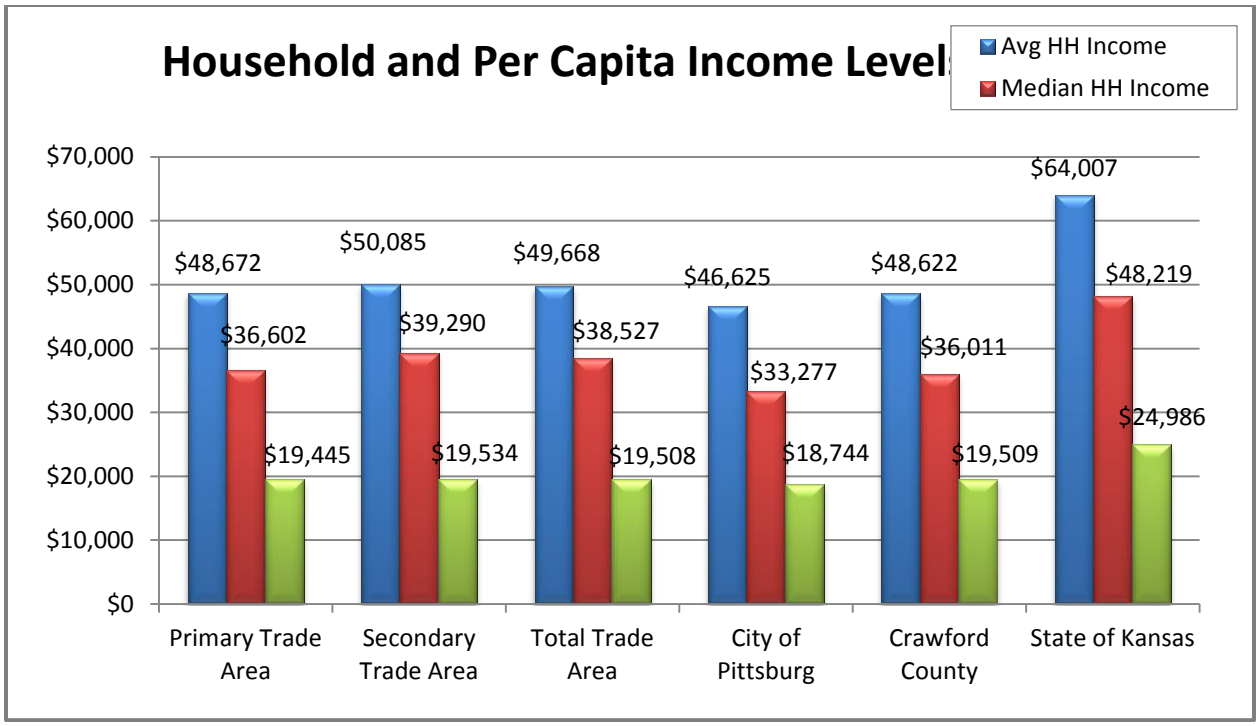
The following table details the projected household growth for the residential trade areas, as well as for the City of Pittsburg and Crawford County, KS:



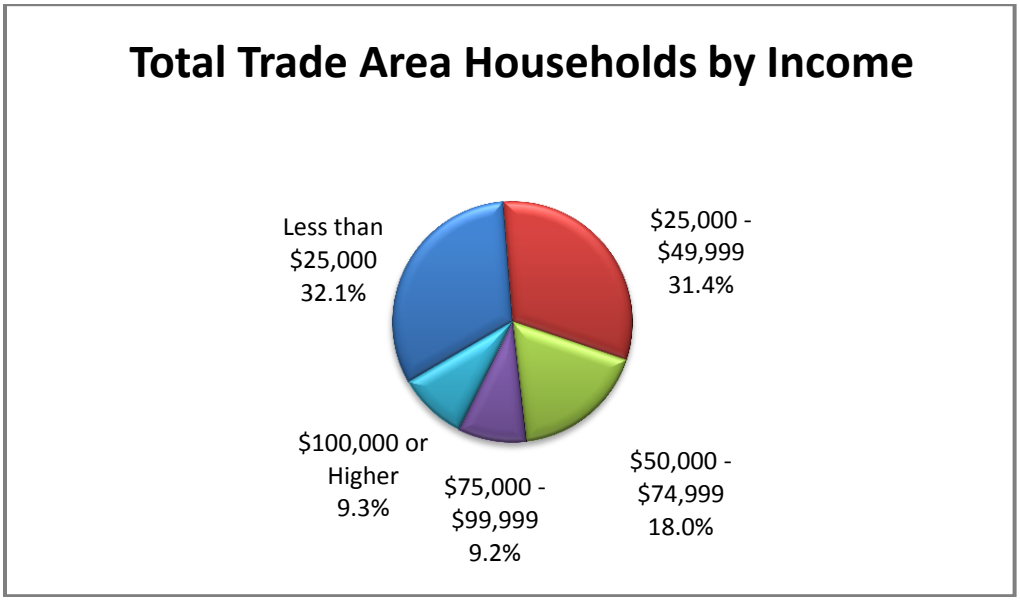
Average Incomes (estimated 2013) in the primary trade area are moderate, estimated at $48,672. Incomes are slightly higher in the secondary trade area (average household income of $50,085) resulting in a total trade area average income of $49,668. In the home zip code of 66762 the average household income is similar to the primary trade area average, estimated at $48,366.

Year 2013 projected average household incomes by radius, within three and five miles of downtown Pittsburg are $47,942 and $48,608, respectively.

The following table details the average, median and per capita incomes for the primary, secondary and total residential trade areas, the City of Pittsburg, Crawford County and the State of Kansas:



The following chart shows the breakdown of households by income in the total trade area:



Other Demographics: The *total trade area* offers average aged customer (median age of 36.8 years) with only moderate white-collar employment (53%) and education levels (19% of those age 25 years and older have a college degree).

The *primary trade area* demographics reflect a younger consumer (median age of 34.1 years). White-collar employment and education levels are also higher in the primary trade area (54% and 24%, respectively).

*Please refer to **Appendix 1** for a detailed population and demographic table by zip code along with a demographic profile of the trade area and by radius (for the three-, five-, seven-, ten- and twenty-mile radii around the site) as well as a map of the trade area showing income distribution by zip code.*

Daytime Employment Base. The daytime employment base in the primary and total trade area is favorable for the recommended tenant mix. Using downtown Pittsburg as the centroid for the worker population, there are 14,064 persons employed within 3-miles, 15,175 workers within 5-miles and 15,348 workers within 7-miles of downtown. Close-in workers are primarily employed in service positions (47% in 3-miles and 46% in 5 miles)

The following table details the breakdown of the daytime population base by employment type within 3-, 5- and 7-miles of downtown Pittsburg:

	3 Mile Radius		5 Mile Radius		7 Mile Radius	
Employment Type	# Employees	% of Total	# Employees	% of Total	# Employees	% of Total
Retail	1,849	13.1%	1,925	12.7%	1,934	12.6%
Finance, Insurance, Real Estate	654	4.7%	716	4.7%	727	4.7%
Service	6,667	47.4%	6,953	45.8%	7,043	45.9%
Public Administration	592	4.2%	647	4.3%	667	4.3%
Agriculture	8	0.1%	10	0.1%	14	0.1%
Mining	0	0.0%	0	0.0%	2	0.0%
Construction	399	2.8%	493	3.2%	503	3.3%
Manufacturing	1,565	11.1%	1,740	11.5%	1,747	11.5%
Transportation/Communication/Public Utilities	1,510	10.7%	1,548	10.2%	1,568	10.2%
Wholesale Trade	820	5.8%	1,143	7.5%	1,143	7.5%
Total	**14,064**		**15,175**		**15,348**	

The ten largest employers in the region are noted below:

Employer	***Number of Employees***
Pittsburg State University	1,035
Via Christi (hospital and health care)	794
Pittsburg Unified School District	538
Wal-Mart Supercenter	380
Pitt Plastics (polyethylene bags)	330

Miller's Inc. (photo finishing)	238
Pitsco/Lego Education (education systems)	204
Watco Companies (Shortline Railroad)	175
Names and Numbers (phone directories)	135
NPC International (call center)	135

Based on the above, we estimate that the daytime population base increases the retail expenditure potential in Pittsburg by:

	Daytime Population Base		
	3-Mile Radius	**5-Mile Radius**	**7-Mile Radius**
Total Dept. & Disc Dept Stores	$3,144,710	$3,393,130	$3,431,813
Total Apparel, Shoes & Access	$5,231,105	$5,644,341	$5,708,689
Total Food & Restaurant	$32,229,062	$34,775,030	$35,171,477
Total Other Retail	$21,952,498	$23,686,658	$23,956,693
Total Identified Retail Expenditure	**$62,557,375**	**$67,499,159**	**$68,268,671**

Pittsburg State University Student. Based on data collected by Pittsburg State University, there were 7,425 students enrolled at the University in October, 2013. Most on campus students are from the State of Kansas and most of the Kansas students are from Johnson County, KS and other areas in and around Kansas City, KS.

Based on the above, we estimate that the student population base increases the retail expenditure potential in Pittsburg by:

	PSU Student Potential
	2013 Enrollment
Total Dept. & Disc Dept Stores	$2,615,287
Total Apparel, Shoes & Access	$4,350,429
Total Food & Restaurant	$10,146,138

Total Other Retail	$18,256,715
Total Identified Retail Expenditure	**$35,368,569**

Tourist Potential. Based on data from the Convention & Visitors Bureau, they estimate that, when determining economic impact, they use $125 per day as the amount spent by overnight visitors. This takes into account an average rate of $75 per room, $50 for food, retail, entertainment, fuel, etc. This compares to the State of Kansas research that shows that a traveler to Kansas spends $236 per trip/per day, so this number may be conservative.

As such, we estimate that the area's tourist potential for the Pittsburg area as:

	Tourist Potential
Total Dept. & Disc Dept Stores	$123,084
Total Apparel, Shoes & Access	$204,746
Total Food & Restaurant	$2,395,404
Total Other Retail	$859,221
Total Identified Retail Expenditure	**$3,582,455**

Retail Market Competition.

Our site evaluation and in-house analysis of Pittsburg's retail market by store type and merchandise line, and the available retailers and restaurants in nearby markets of Fort Scott, rural Crawford County, and Joplin, MO, supports the recommendation that the Pittsburg market has potential for 164,000 square feet of additional retail and restaurant space. Of the nearby markets, Pittsburg residents are more likely to frequent shopping malls in Joplin, MO for items not currently available locally. Fort Scott and rural Crawford County are more natural secondary markets for Pittsburg retailers and restaurants.

The recommendation for new retailers and restaurants in Pittsburg is based on:

A) Void in the present Pittsburg retail market.

B) Supportable retailers and food establishments relative to the dominant consumer segmentation profile of Pittsburg's primary and secondary trade areas; and

C) Retention of consumer expenditures now leaving Pittsburg for Joplin, MO by local substitution of external competitors.

Market Void

Pittsburg's strongest retail market competition is in Joplin, Missouri (pop. 50,150). Joplin has a slightly more diverse set of price-points and tenant mix than the Pittsburg market. The following table presents the primary existing retailers located in both Pittsburg and Joplin.

Pittsburg	*Dominant Retailers in Pittsburg*	*Joplin*
Meadow Brook Mall	JC Penney	Yes
	Claire's Accessories	Yes
	The Buckle	Yes
	Bath & Body Works	Yes
	Hibbett Sports	Yes
	FedEx Kinkos	Yes
	GNC	Yes
	Hallmark	Yes
	Hibbett Sports	Yes
	Goody's	Yes
	Maurice's	Yes
	Regis Salon	Yes
	Sally Beauty	Yes
	US Cellular	Yes
	The Mall Deli	No
	Café Del Rio	No
Pittsburg Town Center	The UPS Store	Yes
	Sprint	Yes
	Papa Murphy's	Yes
	Shoe Show	Yes
Northgate Shopping Center	Cato Fashions	Yes
	Hastings Books	Closed in Joplin
	Big Lots	No (Webb City)
	Dollar General	Yes
	Aaron's Furniture	Yes
	Payless Shoes	Yes
	Starbucks	Yes
	Applebees	Yes
		Yes
	Home Depot	Yes

Wal-Mart Supercenter	Yes
Dillon's Supermarket	Yes

Northpark Mall, Joplin's 809,166 square foot super-regional mall, includes the following key retailers not located in Pittsburg:

- Aeropostale
- American Eagle Outfitters
- Charlotte Russe
- The Children's Place
- Express
- Gymboree
- Journey's
- Macy's
- Old Navy
- PacSun
- Rue21
- Victoria's Secret

The above listed Joplin retailers do not necessarily fit well with Pittsburg's overall price-conscious and conservative buying behavior of Pittsburg's household consumer. Further, many of those noted above need a larger trade area population to be successful. There are competitors to Joplin's retailers that offer a better fit with Pittsburg's consumers.

Supportable Retailers based on Consumer Segmentation

Pittsburg households, the student population associated with Pittsburg State University, and the daytime population are generally characterized in the previous report section as price-conscious consumers. The demographic of the two dominant consumer groups is:

- 45 years of age and older that value discount clothiers, bargains-before-name-brands, hobbies, do-it-yourself projects, and sports and outdoor activities.
    - A majority own their own home, which was built pre-1979. Home improvement projects, home furnishings, and arts and crafts are predominant activities of this consumer segment.
- Under 35 years of age value shopping for clothes, new places to eat, and evenings out with friends.
    - Of the college students in this demographic group, a majority come from Johnson County, KS, which is Overland Park, KS area. They import a set of tastes, preferences, and buying behavior that is more global, diverse, and reflects suburban spending traits.

Co-tenancy, location, tenant mix, price points, and merchandising characteristics (e.g., matching brands and product lines with target consumer) for the existing inventory of retailers and restaurants, and those soon to open (e.g., Fuzzy's Taco Shop across from PSU campus), are driven by these two dominant consumer profiles. Knowing the

unique buying propensities of Pittsburg households improve the competitive retail market analysis from which changes in the Pittsburg retail market are proposed.

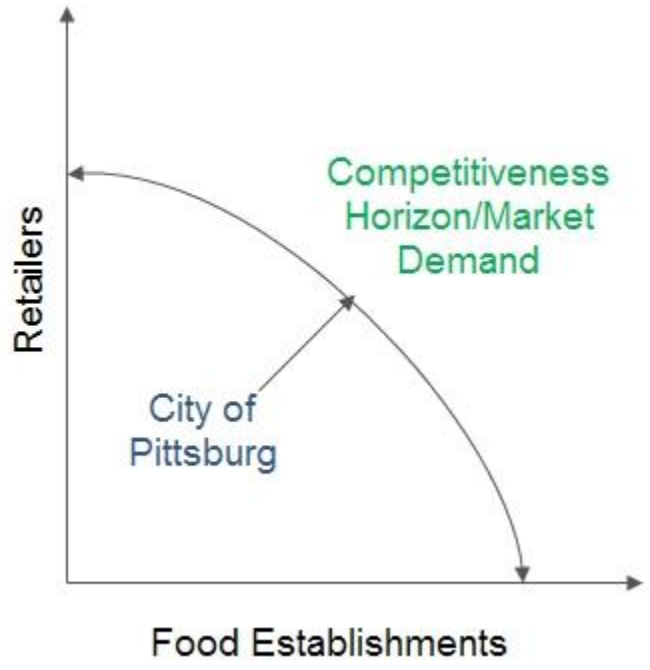
The table below lists each recommended retailer and restaurant for the Pittsburg market by store type. Competitor stores are listed along with the nearest location of that store. Fast casual and full service restaurants are competitors that primarily differentiate by product/menu type (e.g., Asian and Mexican cuisine). There will not be a separate listing of competitors for this retailer type.

Retail Type	*Recommend*	*Competitor*	*Location*
Clothing	Marshall's	Kohl's	Joplin
		Macy's	Joplin
		Target	Joplin
	Ross Dress for Less (also in Joplin)	TJ Maxx	Joplin
Hardware	True Value (also in Joplin)	Ace Hardware	Webb City, MO
Furniture	Slumberland (also in Joplin)	Ashley Furniture	Joplin
Home Furnishings	Hobby Lobby (also in Joplin)	JoAnn	Joplin
		Michael's	Joplin
Quick Service/Fast Casual Food	Dunkin Donuts	Dairy Queen	Joplin
		Starbucks	Joplin & Pittsburg
	Buffalo Wild Wings		Joplin
	Smashburger		Overland Park, KS
	Five Guys		Joplin
	Panera		Joplin
	Chipotle		Joplin & Overland Park
	Rubio's		Not available
	Panchero's		Kansas City, MO
	Noodle & Co.		Overland Park, KS
	Ingredient		Overland
	Potbelly		Park/Leawood
	Firehouse Subs		Overland Park
	Pei Wei		Overland Park
	Panda Express		Overland Park
			Overland Park
Full Service Food	Bob Evans		Joplin
	IHOP		Joplin
	Ruby Tuesday		Joplin

Retention of Retail Spending

As the previous report section presented, the total available retail expenditure potential for Pittsburg's total trade area is currently estimated at $1.9 billion. That includes the residential trade area, area employment base, college students and tourists. This is projected to $2.1 billion over the next five years.

Of that, the inclusion of our recommended retailers and restaurants in the Pittsburg trade area will capture over $62 million in consumer expenditures. The Pittsburg retail market becomes more competitive relative to nearby markets such as Joplin through this import substitution development strategy. That is, by introducing a new set of retail stores and restaurants that offer brand appeal to the Pittsburg consumer profiles (e.g., residents, daytime population, students, and visitors), the competitiveness of Pittsburg's total trade area shifts toward the optimal level as measured by retail expenditure potential.



Assuming a sales tax rate of six (6) percent, the City of Pittsburg has the potential to generate an estimated $3.9 million annually in revenue from the new retail and restaurant expenditures.

Hotel Feasibility

The Pittsburg trade area has capacity to support one additional hotel in either the upscale or upper midscale brand chains. There is especially a supply void in the south Pittsburg sub-market where demand is generated by nearby Pittsburg State University, Via Christi Hospital, and other major employers. This would be the only hotel in south Pittsburg.

Research suggests that Pittsburg's lodging sector is losing overnight visitors to nearby Joplin, MO. In Joplin, 30-minutes south on U.S. Highway 69, overnight visitors will find a more varietal mix of upscale and upper midscale hotel properties.

Our recommended property brands for the Pittsburg trade area are:

- 60-room Hyatt House/Summerfield w/first floor meeting space that accommodates up to 55 persons requires 1.2 to 1.5 acres, based on like size properties; or

- 80-room Hampton Inn w/first floor meeting space that accommodates up to 70 persons requires 1.7 to 2 acres, based on like size properties.

Location Recommendation

Both the Hyatt House/Summerfield and Hampton Inn provide a small footprint hotel suitable for development on less than four (4) acres. The best vacant site in Pittsburg that would accommodate either hotel is the property on NW Corner of S. Broadway and Centennial, location of former Econo-Lodge.

This corner property has the following characteristics of accessibility, traffic, parking, signage and visibility:

- Located on the 160/U.S. Highway 69 Bypass
- U.S. Highway 69 used by commuters and tourists driving between Kanas City, KS to the north and Tulsa, OK to the south
- Traffic light at intersection of Bypass and Centennial
- Ingress/egress is available on S. Broadway and Centennial
- Average daily traffic count at this intersection is 12,200
- Adjacent to the JC Penney-anchored Meadow Mall; and Ron's Supermarket
- A 3-minute drive to Pittsburg State University
- A 3-minute drive to Via Christi Hospital
- Prominent signage on the 160/U.S.
- 3.5 acre property accommodates either an 60-room or 80-room with a 1:1 parking space-to-room ratio

Consumer Segmentation

Either hotel brand – Hyatt House or Hampton Inn -- appeals to an overnight visitor that is less price-sensitive than the overnight visitor at one of the economy scale hotels. These visitors are most likely:

- Conducting business with area employers
- Participating in a conference associated with Pittsburg State University, Via Christi, and other major employers
- Attending an event at the new Performing Arts Center
- Visiting relatives and friends

These two brands appeal to a travel consumer that comes from a broader range of ages, socio-economics, and is more global. Having either brand property in Pittsburg will offer a wider variety of price points and accommodation qualities that now is missing in the trade area.

As such, an upscale or upper midscale extended stay hotel fits this segmentation profile. These type of visitors are more likely to stay two-nights or more and during the week. They expect to stay in a quality facility that is clean, well-managed, places a premium on customer service, and offers important amenities such as free wi-fi throughout the property.

Our sales forecasts reflect a market strategy focused on achieving an optimal mix of occupancy and average rates across a diverse spectrum of brand scales.

Supply and Demand

Residents of Pittsburg, Kansas, experienced a tornado on February 28, 2012 that destroyed the 66-room, two-level Economy Inn & Suites (Econo-Lodge) at 2408 S. Broadway (Site #1 NWC of S. Broadway and Centennial). The property was razed to the ground in October, 2013.

This economy-scale hotel supplied 24,090 to the total of 163,885 available room nights in the Pittsburg market. The Economy Inn (also labeled as University Park Inn in Figure 1) was the sole supplier of available room nights in the southern Pittsburg sub-market affording opportunity for travelers along the 160/69 bypass.

The vacancy now brings hotel supply to 139,795 total room nights provided by a competitive set of six hotel properties. These properties, clustered in north Pittsburg, are listed below by total number of rooms and STR Chain Scales[1]:

- 100-Room Lamplighter (#10 – Parkview) – Economy
- 72-Room Holiday Inn Express (#9 – Pittsburg Lodging) – Upper Midscale

[1] Copyright 2013 Smith Travel Research, Inc. (STR). Brands/chains are slotted by Chain Scale based on the previous year's annual system wide (global) Average Daily Rate. Rate ranges defining each Chain Scale are determined by STR and STR Global. The U.S. Chain Scale list is a subset of the larger Global Chain Scale list.

- 70-Room Comfort Inn (#8) – Upper Midscale
- 64-Room Super 8 (#5 – Supertel Hospitality) -- Economy
- 55-Room Regency Inn (#6 – Extra Inn) -- Economy
- 22-Room Holiday Lodge (#4) -- Economy

Lamplighter is the only property that has meeting rooms (five) and banquet facilities. In total, there are 4,216 square feet of exhibitor/conference space with full on-site catering services available.

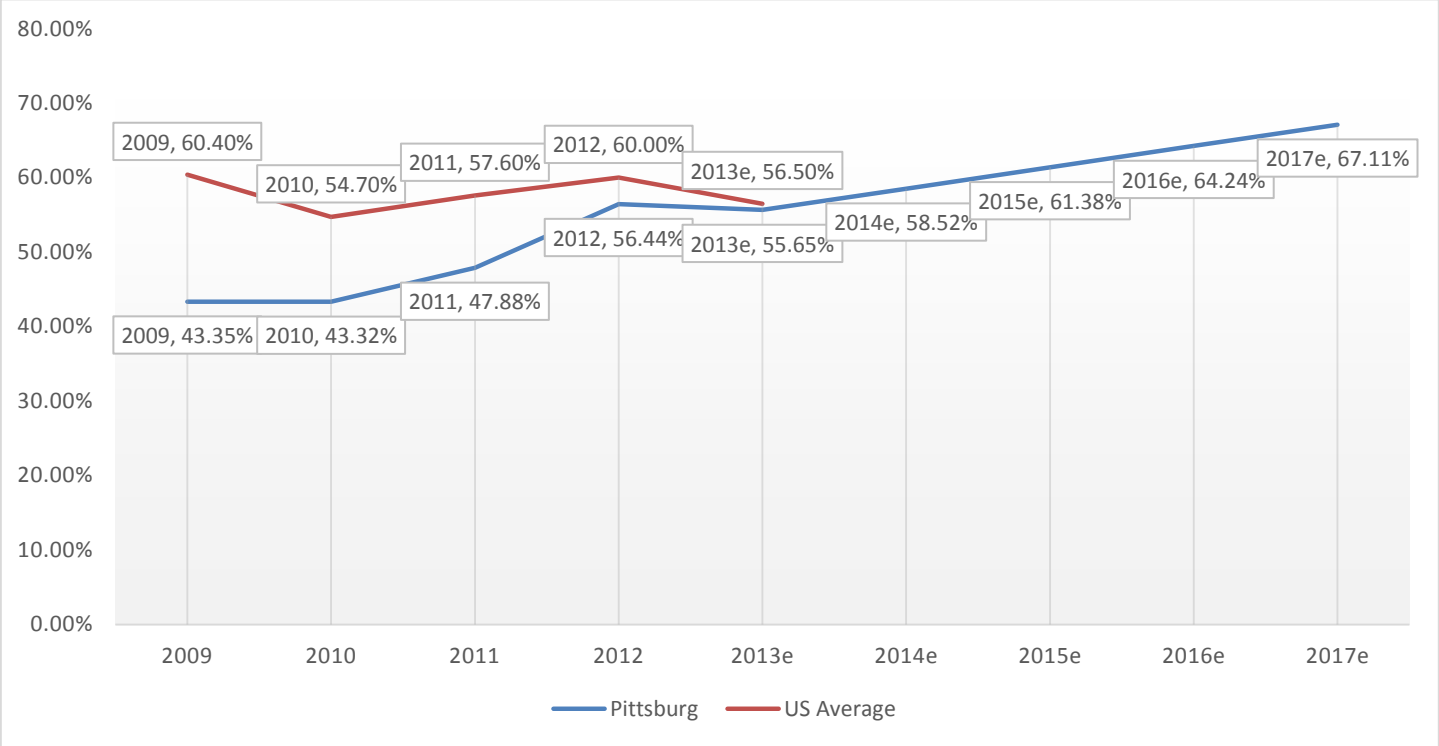
Our review of the market and forecast of sales for a new hotel is based on the calendar year 2012.

For the calendar year 2012, Crawford County had 78,902 overnight visitors. Of that, 55,596 (63%) stayed in the upper midscale and the larger economy-scale properties: Holiday Inn Express, Comfort Inn, and Lamplighter. The 23,306 stayed at the economy-scale properties of Super 8, Regency and Holiday Lodge.

The graph below presents:

  - Four (4) year average hotel occupancy for Pittsburg and the U.S. (2009 – 2012).
  - Occupancy estimate for 2013 based on January – September data.
  - Trend line forecast of occupancy for 2014 – 2017.

Given the 139,795 total available room nights for the year 2012, the average hotel occupancy rate was 56.4 percent. At the time of this analysis, Pittsburg's lodging market showed signs of recovery from the 2008-09 recession. Demand is being driven upward by activities associated with market-anchor employers: Via Christi, Pittsburg State University, Pittsburg Unified School District, Pitt Plastics, Miller Inc., Pitsco/Lego Education, City of Pittsburg, and Watco Companies; and tourism events.



Trend line forecast for the four-year period 2014 to 2017 is adjusted to reflect the following demand drivers scheduled and proposed for 2014:

- SAE Baja Kansas (May 21 – 26): More than 500 competitors
- US Open Clay Shooting Championship (June 2 – 8): More than 1,000 competitors
- Four State Farm Show (July 18 – 20): More than 700 exhibitors for a min. of 3 nights
- Kansas Shrine Bowl All-Star Football Game (July 25 – 27): Hotel to be fully-booked
- Kansas American Legion AAA State Championships (July 30 – Aug 2): Proposed

About the Data

Please note the following:

- The hotel feasibility analysis is based on aggregate hotel property performance data such as occupancy; competitive set data such as average rates; and local tax revenue generated by the transient guest tax (4% prior to April 2013 and 6% since April 2013).

- Estimated revenue, revenue per available room (RevPAR), and competitive set market share for each hotel/motel establishment was derived using Hoffman Strategy Group's modeling based on the aggregate data provided.

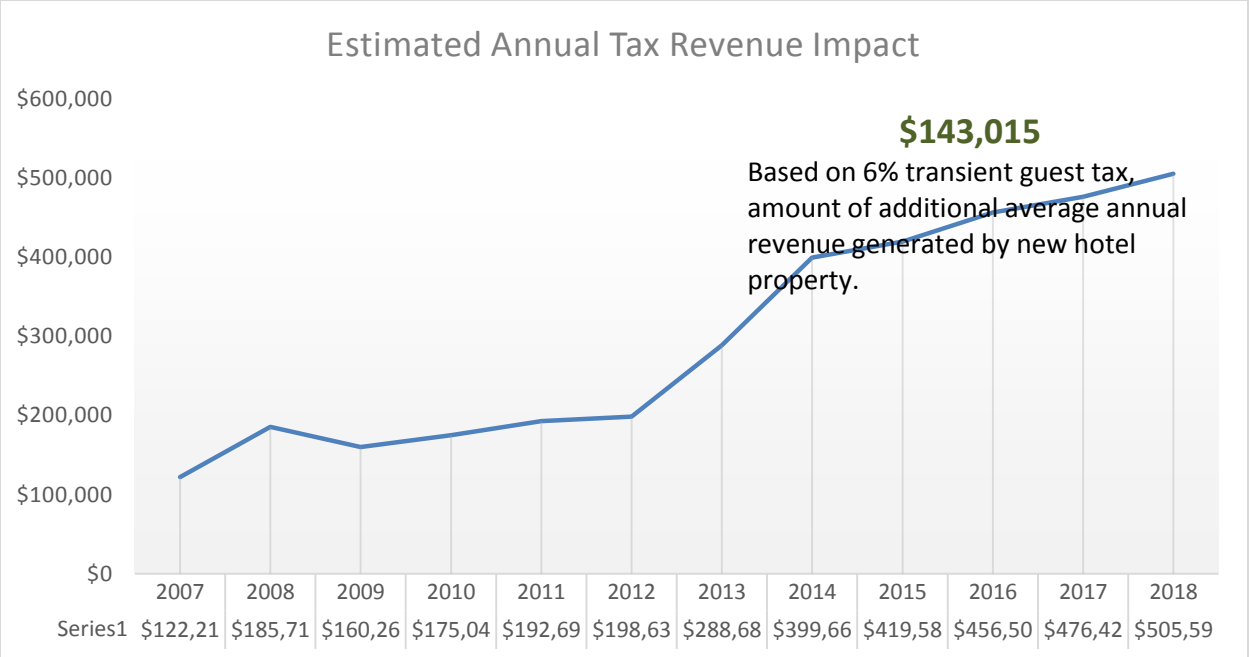
- Operating income and expense data for each operator were not available.

Either of the two recommended hotel brands – Hyatt House/Summerfield or Hampton Inn – will fill a lodging void in Pittsburg and show performance similar to the national trends.

Economic Impact: Tax Revenues

Whether the Hyatt House or Hampton Inn opens in Pittsburg, both will have a positive impact on Pittsburg's tax revenue generated from the transient guest tax.
The Estimated Annual Tax Revenue Impact chart is based on:

- Annual transient guest tax revenue data for the period 2007 to 2012.
- Monthly transient guest tax revenue data for January 2013 through September 2013.
- Estimated annual transient guest tax revenue for 2013.
- Forecast of annual transient guest tax revenue for 2014 through 2018 using line estimate linear regression.
- Forecast of additional annual transient guest tax revenue for 2014 through 2018 based on estimated new hotel sales revenue:
  - 2014 – $130,962



  - 2015 – $139,464

- 2016 – $147,967
- 2017 – $152,591
- 2018 – $157,215

Economic Impact: Employment and Payroll

Using County Business Patterns data, US. Census Bureau (2011), the estimated impact on jobs and payroll for each new hotel:

- Hyatt House
  - Annual Employment: 15 employees based on 3.8 rooms per one paid employee
  - Total Annual Payroll: $179,505

- Hampton Inn
  - Annual Employment: 21 employees based on 3.8 rooms per one paid employee
  - Total Annual Payroll: $251,307