

Accommodations Site Identification & Demand Study

Final Report

Prepared for Visit Central Florida
March 2023



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Executive Summary

Background

This study conducted for Visit Central Florida assesses the hotel supply and demand dynamics in Polk County, Florida. The **objective** is to identify potential opportunities for new hotel development in the county that addresses emerging travel and tourism trends and closes gaps in the county's hotel offering. The identification for new hotel development opportunities will tie into investment promotion efforts of Visit Central Florida.

Socio-economic Overview

Polk County has a relatively small **population** of 725,000 (2020) but this is forecasted to reach 1 million by 2045. In 2020, the county was ranked number one for having the most diversified economy in Florida. The **economy** is driven by manufacturing and is projected to grow at 3-3.5% per annum (pa) for the next five to six years. Affordable land, workforce and quality of life, and new industry are key drivers of future growth of the County.

The County's growing economy, combined with capital investment into key economic sectors such as manufacturing, logistics, medical facilities etc. will induce travel and **tourism demand**. Plans to revive direct domestic air routes to Lakeland Airport will divert latent passenger demand from other airports in Florida to the county and the planned airport expansion and upgrades will enhance the destination's appeal to visitors. **Improved air access** will likely benefit the business travel and conferencing markets the most but will also positively impact the leisure tourism market.

Florida and Polk County Tourism Market Analysis

Tourism growth to Florida has been consistently strong with domestic tourism being the mainstay of visitation to the State. Central Florida's share of domestic tourism was around 34% but it decreased in the three years prior to 2020.

Tourism to Polk County has recovered extremely well from the pandemic, reaching a high of 5.5 million visitors in 2021/22. Continued growth will likely drive hotel room night demand. However, less than half of overnight visitors to Polk County stay in hotels / motels and the percentage has been declining. New supply that caters to the needs and tastes of future visitors may help to address this decline.

International tourism to Florida increased in 2019 but the county's share is very small (1% for Lakeland). International tourists are unlikely to be the mainstay of visitation to the county unless a significant international corporate enters the market or an iconic tourism product is developed to appeal to the international market.

Leisure is the main purpose of visit of all visitors to the State with the recovery in leisure tourism following the pandemic being stronger. **Polk County** has its own **visitor attractions** base which serve to draw leisure tourists to the destination. It is unlikely (without tourism product interventions or meetings and convention-related strategies) that there will be a shift away from leisure tourism dominating in the future. **Sporting events** currently generate demand in the midscale and upper midscale hotel markets. An events strategy that increases sporting events held in the county, together with diversifying into new events of high caliber, could drive hotel demand.

Florida and Polk County Tourism Market Analysis continued

In the domestic market, hotel demand is highest for midscale to upscale properties and this is where future supply will likely be required. Polk County has a lower proportion of full-service hotels compared to economy and midscale hotels, possibly indicating a **supply gap**. Florida residents are the mainstay of tourism to Polk County. The existing market that prefers more affordable hotels is well served by current supply but the **absence of higher quality hotels** may be a deterrent to potential visitors. The proportion of affluent domestic visitors has increased and they are more likely to use full-service hotels.

In the international market, the move towards experiential travel has meant a shift in demand towards smaller hotels and full-service hotels. The county has small hotels but limited supply of **full-service** properties.

Hospitality Market Analysis

There are approximately **110 hotels offering 8,451 keys in Polk County, and most of the hotels (43%) are classified as economy**. There are **10 hotels in the Polk County development pipeline** with 1,139 keys in total. Three of the hotels are in construction (332 keys in total); four are in final planning; and three are in the planning stage. Of the chain hotel rooms, 10% will be midscale class, 69% will be upper midscale, 9% will be upscale, and 11% will be upper upscale.

Excluding proposed hotels that are unlikely to materialize, there will be eight hotels with 901 keys. This will leave one midscale hotel, many upper midscale hotels and one upscale property in the pipeline. **All of these will satisfy the existing market**. These are likely to compete for existing market share as they are classified as 'interceptor' rather than 'generator' hotels. There could be an opportunity for new generator hotels in the market.

Polk County has limited supply of upper upscale and luxury hotels (full-service hotels are lacking). Upper upscale and luxury demand will be driven by more affluent visitors (including the international market). The dominance of limited service / affordable hotels caters to visitors looking for more affordable options but **those seeking premium products are not catered to**.

Based on the occupancy performance, there is **existing capacity** in the economy and midscale hotels in the county. By comparison, occupancies of upper midscale and upscale hotels are in the 80s on weekends and mid-70s mid-week. This implies that new supply is required to meet market demand. There is limited supply of upper upscale and luxury hotels but occupancies are in the low-60s. This situation might change in the future given that the Peppa Pig theme park is new and it can take time for a new property to penetrate the market.

Market Analysis Conclusions

Polk County has a healthy tourism market with visitation reaching its highest levels ever in 2021/22 and marketwide hotel occupancies consistently growing pre-Covid, despite new supply entering the market.

Hotel occupancies recovered well in 2021 to reach an 8-year high of 65.2%, after dropping to just below 50% in 2020 due to the pandemic. Hotel supply in the county is dominated by **economy and midscale hotels** and the analysis demonstrates that occupancies in this segment are likely to remain in the 60s. It is recommended that the county does not actively pursue new hotel developments in this segment.

Hotel performance in the upper midscale and upscale classes has been strong with demand far exceeding supply. **Given that more affluent visitors are visiting the area, demand for this hotel segment, and upper upscale and luxury hotels is expected to grow**.

Executive Summary



Market Analysis Conclusions continued

Hotel performance in the upper upscale and luxury classes consistently increased pre-Covid despite new properties entering the market. This segment includes properties that are not traditional hotels which charge far lower rates compared to themed resorts such as Legoland, thus bringing down the ADR in this segment. However, **ADR growth** has been strong in this segment which signals the health of this market.

Given the dynamics of strong demand and limited supply in the upper midscale to luxury hotel classes, it is recommended that the county prioritizes the development of these classes, starting with upper midscale to upper upscale classes.

Based on the **hotel supply and demand projections**, there is room to develop 3,000 to 3,800 upper midscale and upscale hotel and 2,100 and 3,800 upper upscale and luxury rooms in the county in the next decade.

Hotel Development Sites Evaluation

Visit Central Florida provided JLL with a list of **14 potential locations** for new hotel development in the county. These have been assessed using desktop research and scoring each site based on eight criteria, i.e. site visibility; site physical features; appeal of surrounding area / neighborhood context; proximity to demand generators; access and connectivity; leisure appeal; and corporate appeal.

Recommendations on the appropriate target market and hotel class for each site are provided.

Additionally, **important factors for the county to consider for future hotel development** include:

- Natural tourism assets act as demand drivers; locate hotels close to or at natural tourism assets such as lakes.
- Attractions in the county act as demand drivers; locate hotels close to or at existing (or future planned) attractions. The county is a gateway to the attractions of Orlando; locate hotels on major transport routes as close to Orlando as possible.
- Sports tourism is a key driver of demand; locate hotels close to sports venues.
- The county has areas where significant economic development is taking place such as the Central Florida Innovation District. The 'rule of proximity' dictates that hotels should be in or nearby areas of economic development.
- Direct air access to Lakeland Airport is set to improve; locate hotels nearby the airport.

Following the site assessments, **the top five rated sites were identified to be in Lakeland, Auburndale and Haines City**. These are considered appropriate for upper midscale and upscale hotels. This is in line with the market analysis which found that immediate demand exists for these hotels, followed by upper upscale (full-service).

Whilst there is a gap for luxury hotels, the maturity of the market is not at the same level of readiness as for upper midscale to upper upscale hotels. Therefore, luxury hotels can be considered as the market matures and if suitable sites become available. Given the state of hotel performance currently, if the county was to pursue a luxury hotel, it would likely require public incentive at this time.

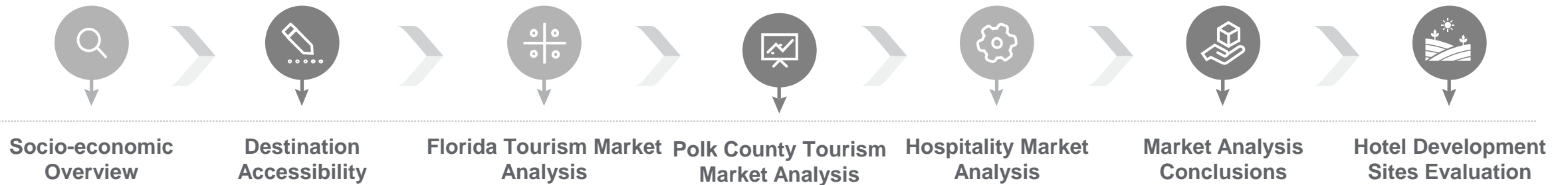
Introduction

Introduction

Background



- This study conducted for Visit Central Florida assesses the hotel supply and demand dynamics in Polk County, Florida. The objective is to identify potential opportunities for new hotel development in the county that addresses emerging travel and tourism trends and closes gaps in the county's hotel offering.
- The identification for new hotel development opportunities will tie into investment promotion efforts of Visit Central Florida.
- A site identification and evaluation process forms part of the study and aims to provide recommendations on appropriate sites where hotels of the appropriate size and market positioning could be developed. This will assist with investment promotion efforts as investors can be directed to sites that meet market demand needs.



Abbreviations & Definitions



The list below summarizes the abbreviations and definitions in this report:

- **ADR** – Average Daily Rate – Total rooms revenue net of commissions and taxes divided total number of rooms sold
- **ARO** – Average Room Occupancy – Total number of rooms sold divided by total number of rooms available
- **CAGR** – Compound Annual Growth Rate
- **CPI** – Consumer Price Inflation
- **GA** – General Aviation
- **GDP** – Gross Domestic Product
- **pa** – per annum
- **Sqf** – square feet
- **STR** – Smith Travel Research
- **USD** – US Dollar
- **VFR** – Visiting Friends and Relatives
- **YoY** – Year over year

Socio-economic Overview

Socio-economic Overview

Demographic Overview



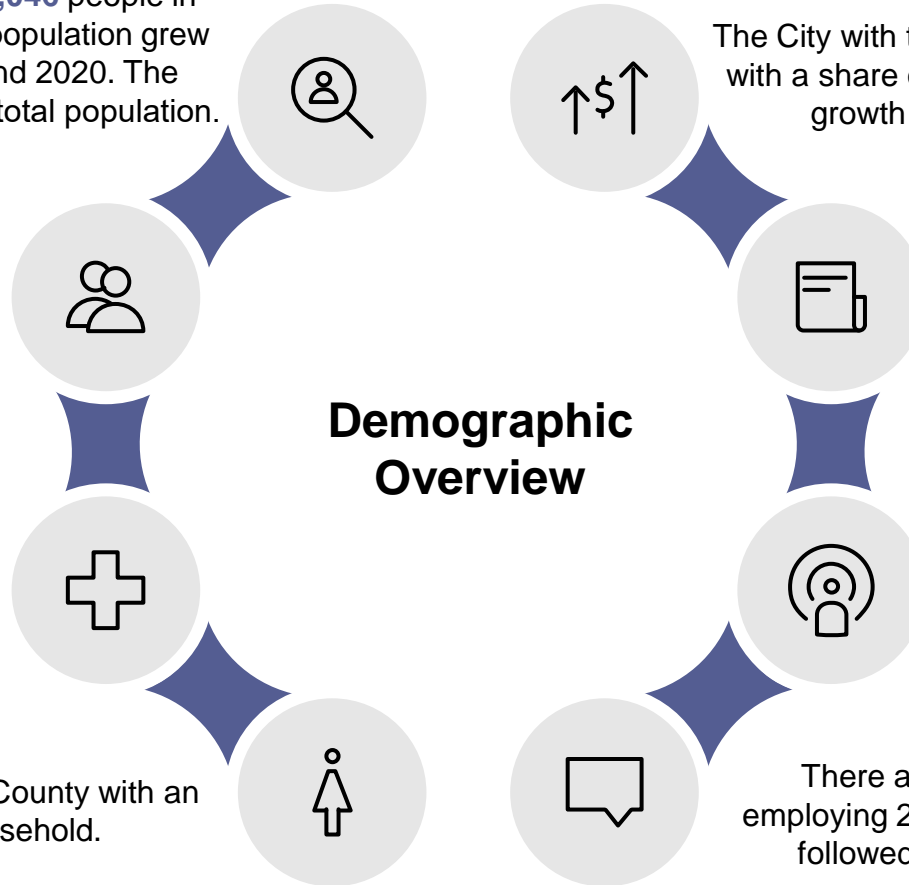
Polk County is a large geographic area of Central Florida comprising of 17 municipalities. The county is home to just over 700,000 people but this is forecasted to increase by 45% by 2045.

Polk County had a **population of 725,046** people in 2020 (less than 5% of the State). The population grew at a **CAGR of 1.9%** between 2010 and 2020. The county's population is 3.4% of Florida's total population.

Polk County has an average **population density of 403.3 people per square mile.**

More than half of Polk County's population is aged between **19 and 64 years** (52.5% of the population). This is similar to the State's population.

There are **240,879 households** in the County with an average of 2.88 persons per household.



The City with the largest population in the county is **Lakeland** with a share of 15.54% in 2019. Davenport has seen a 30% growth rate in population over the last 10 years.

20.60% of the adult population in Polk County holds a **Bachelor's Degree.**

The median **annual household income** in the county is \$51,535.

There are **12,491 employers in the county**, employing 296,000 people with the majority in Retail, followed by Health Care & Social Assistance.

Socio-economic Overview

Economic Overview



Polk County is well connected to the State of Florida and the rest of the US. Its central location makes it an ideal gateway destination to its neighboring destinations such as Orlando. In 2020, Polk County was ranked number one for having the most diversified economy in Florida.

KEY INDICATORS	2018	2019	2020	2021	2022F	2023F	2024F	2025F	2026F	2027F	2028F
GDP REAL GROWTH COUNTY	2.5%	3.8% ↑	1.4% ↓	1.9% ↑	5.0% ↑	3.5% ↓	3.3% ↓	3.4% ↑	3.5% ↑	3.5% →	3.4% ↓
GDP REAL GROWTH STATE	3.3%	3.0%	-2.8%				Not available				
GDP PER CAPITA (USD)	16,597	16,987	15,551	15,766	16,473	16,963	17,445	17,952	18,516	19,093	19,674
CPI INFLATION YoY (%)	3.7	1.8	1.2	9.8	5.3	4.8	2.7	3.6	3.9	3.8	3.7
UNEMPLOYMENT RATE (%)	3.7	3.0	4.2	4.4	4.3	3.9	3.8	3.8	3.7	3.6	3.5

- Polk County's economy grew at a compound annual growth rate (CAGR) of 2.5% between 2010 and 2020 (Florida grew at 2.0%). The economy is projected to grow at 3-3.5% pa for the next five to six years with tourism projected to grow at 3.3% pa for the next 10 years.
- The County's economy is driven by manufacturing; followed by real estate and rental and leasing with most capital investment being from the domestic market.
- The largest contributors to Florida's GDP are Miami-Dade, Broward, Orange, Hillsborough and Palm Beach, which contribute a combined 50% to total State GDP.
- Unemployment during the pandemic rose to its highest levels since the 2009/10 recession but has since improved to some of its lowest levels in over a decade.
- There was high inflationary pressure in 2021 as prices soared after the pandemic. Inflation is projected to decrease to more normalized levels by 2024.

Source: The Florida Legislature Office of Economic & Demographic Research, Central Florida Development Council, US Bureau of Economic Analysis 2022

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Socio-economic Overview

Retail & Office Market



Polk County's retail offerings currently cater to the local resident market.

- Polk County had 32.2 million SQF of retail space (as at November 2018) with 574,000 sqf under construction and 300,000 sqf proposed for the next two years.
- The vacancy rate was 2.7% in November 2018 with higher vacancies experienced in malls and power centers compared to other types of retail space.
- Polk County is a very liquid investment market, characterized by heavy trading (sales volumes peaked in Q2 2022 at \$364.8 million).
- Retail is characterized by chain stores with limited specialized entertainment offerings within malls and large retail tends to be located along major transport routes.
- There is one super-regional mall, two regional malls and one lifestyle center in the County. These tend to offer chain stores.



Polk County has 32.2 million sqf of retail building area (RBA), of which malls comprise 2.3 million sqf. The vacancy rate is 2.7% in the county, but higher at malls (9.1%).



574,000 sqf of retail space is under construction, of which 537,000 sqf is in general retail.

Office investors have shown a significant appetite for office assets in Polk County, making it one of the most heavily traded office submarkets in the region over the past several years.

- The office vacancy rate has been unchanged over the past year at 4.5%.
- The 53,000 sqf currently underway in Polk County is a small increase to the inventory and is a continuation of new development which had already added 290,000 sqf over the past three years.
- Annual sales volume has averaged \$65.4 million over the past five years, and the 12-month high in investment volume was \$105 million.

Socio-economic Overview

Comments from Economic Surveys



Source: Economic survey respondents, 2022

JLL developed survey questionnaires which were distributed to the various economic development agencies and Cities located in the County. Responses were received from the following representatives of Bartow Economic Development Council, City of Auburndale, Lakeland Economic Development Council, Central Florida Development Council, Haines City Economic Development Council and Winter Haven. The key findings are as follows.

Forecasts for economic activity



Polk County is expected to grow by 300,000 people by 2045 (40% population increase), assuming the current growth rate. The Hospitality and Tourism cluster is expected to experience 3.3% annual growth over the next 10 years.

Drivers of economic activity



The expected population growth will translate into the need to attract employers to hire an estimated 69,839 individuals by 2032 (2.3% annual growth for the next 10 years). Hospitality and tourism growth is expected to create additional demand for 11,557 workers in the sector. Affordable land, workforce and quality of life, and new industry are key drivers of future growth of the County.

Capital investment into the County



According to the Central Florida Economic Development Council, between 2013 and 2022, capital investment into the County totaled \$1.8 billion. This was mostly from the US but also Spain, Brazil and Turkey.

Risks to economic growth



Risks to economic development are bulk infrastructure capacity constraints (water), traffic congestion and multi-family housing (including apartments) deficit.

Development projects in the pipeline



Various housing, manufacturing, industrial, commercial, logistics, medical, tourism, aviation, engineering, technology, agribusiness and distribution projects are underway or in the development pipeline within the County. Please refer to the next slide for more information.

Socio-economic Overview

Inputs from Economic Surveys



Central Florida Innovation District

The Central Florida Innovation District is a shared vision developed by Polk County in partnership with the City of Auburndale and the City of Lakeland. The concept is anchored by Florida Polytechnic University and SunTrax to develop a 3,000 acre tract of land that would support research and development in areas such as advanced manufacturing, health sciences and technologies, information sciences and engineering, and mobility and innovation.



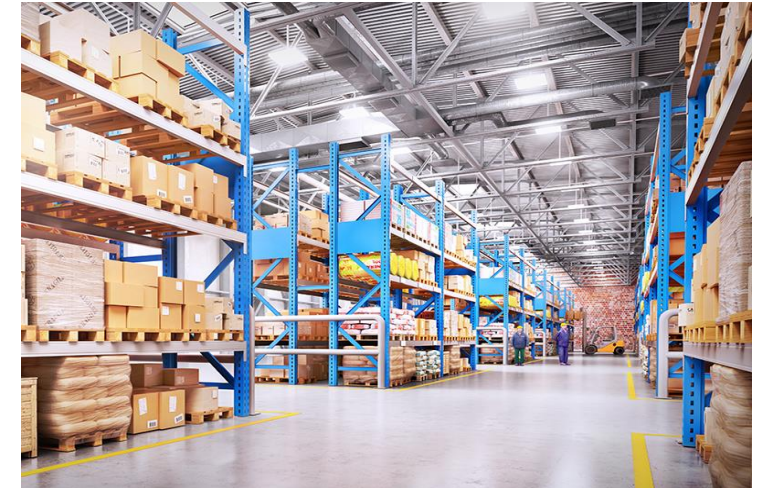
Lakeland Projects

Developments in Lakeland include a canned seafood manufacturing facility set for Q3 of 2023 (\$25-30 million capital investment), the expansion of Knight Station Rd, new extrusion press (\$10-12 million capital investment), new facility on Drane Field Rd (76,000 SF, \$24 million capital investment), major office HQ and manufacturing plant, Amazon Air 1.5 expansion to add 2 additional aircraft (4 total additional flights per day), and Publix will consolidate downtown.



Central Florida Private Sector Projects

The Central Florida Development Council is currently working 28 private sector projects in manufacturing; logistics, supply chain and distribution; aviation and aerospace; and agribusiness / agrotechnology. The estimated value is \$1.38 billion.



Socio-economic Overview

Inputs from Economic Surveys



Winter Haven Projects

Winter Haven's pipeline has multiple industrial projects including, Coca-Cola distribution center relocation and expansion, Florida Can Manufacturing opened a \$130 million facility and is already examining expansion plans, Project Mist is a \$400-500 million new manufacturing facility planned to open in 2023, Spec warehouse is a 1.2 million SQF warehouse to be complete in mid/late 2023, new 190 bed, 800 employee hospital in-design and will be under construction in 2023.

Bartow Projects

In Bartow, major developments include a \$20 million IV manufacturing facility opening in 2023, a \$120 million mineral development project, and the extension of the Polk Parkway at US 17 as a direct route to I-4.

Auburndale Projects

The City of Auburndale has Circuit Race Track, Lake Myrtle Water Ski Lake, several industrial parks, a large business park, Everest Hospital, two mini storage facilities, INSA medical marijuana facility and a Coca-Cola expansion.

Housing Projects

Various housing projects are in development in Bartow (1,500 units) and Auburndale (22,000 units).

Haines City Projects

Haines City is seeing interest in the rail served industry. Haines City has several projects in the pipeline: the Haines City Rail Spur will be activated in 2023; developers are investing in industrial land sites; manufacturing, distribution and technology are in the pipeline.



Socio-economic Overview

Summary

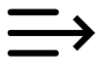


Demographic trends



- Polk County has a relatively small population of 725,000 (2020) and grew by a CAGR of 1.9% between 2010 and 2020. The population is forecasted to reach 1 million by 2045. Lakeland has the highest population in the County at 15.4%.
- Just over half of the population is between 19 and 64 years old.
- The median annual household income in the county is \$51,535.

The economy



- In 2020, Polk County was ranked number one for having the most diversified economy in Florida. Polk County's economy grew at a CAGR of 2.5% between 2010 and 2020 (Florida grew at 2.0%).
- The economy is projected to grow at 3-3.5% per annum (pa) for the next five to six years with tourism projected to grow at 3.3% per annum for the next 10 years.
- The County's economy is driven by manufacturing; followed by real estate and rental and leasing with most capital investment being from the domestic market.
- There are around 12,500 employers in the County, employing almost 300,000 people.
- Retail is characterized by chain stores with limited specialized entertainment offerings within malls and large retail tends to be located along major transport routes. Retail caters to local resident demand.
- The office market is very active with investor appetite being very strong.

Economic drivers & development



- Affordable land, workforce and quality of life, and new industry are key drivers of future growth of the County.
- Risks to economic development are bulk infrastructure capacity constraints (water), traffic congestion and multi-family housing (including apartments) deficit.
- A number of economic development projects are underway or planned for the County. The total capital investment is around \$1.4 billion.
- Investments are being made into housing projects to address the shortage of residential supply; manufacturing; health sciences; information sciences and technology; logistics, supply chain and distribution; aviation; agribusiness; medical facilities; and office facilities.

Socio-economic Overview

Implications

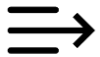


Population & VFR demand



- The growing population will likely stimulate investment in the economy as amenities, services and businesses will need to service additional household demand. This could in turn stimulate business travel demand with a knock-on effect for hotel demand.
- Growing population may generate VFR demand but a lower proportion of VFR visitors utilize hotels.

Economic development impacts on tourism



- The County's growing economy, combined with capital investment into key economic sectors such as manufacturing, logistics, medical facilities etc. will induce demand for housing as people move into the County for work (thereby increasing VFR demand), and business travel.
- The vibrancy of the office market in the county is another sign of the positive performance of the economy. Investor appetite for offices and new developments is strong. This shows promise for the business travel market especially in areas where there are high levels of investment such as Lakeland, Winter Haven and Auburndale.
- The retail market in the county is very active but caters to the local resident market and is not a major driver of visitor demand.

Hotel demand & site considerations



- VFR travelers will likely stay in unpaid accommodation. Depending on the life stage and income profiles of VFR travelers, those who stay in hotels will mostly prefer economy to upscale properties.
- Business travelers prefer upscale hotels, followed by midscale. Proximity to key business nodes and transport routes are key considerations for business travelers when selecting hotel location, thus informing potential site locations for new hotels.

Destination Accessibility

Destination Accessibility

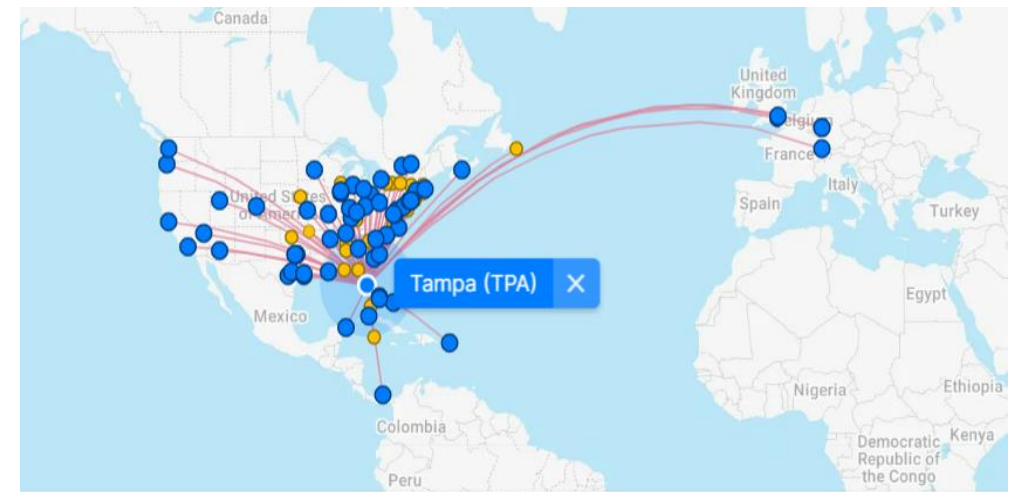
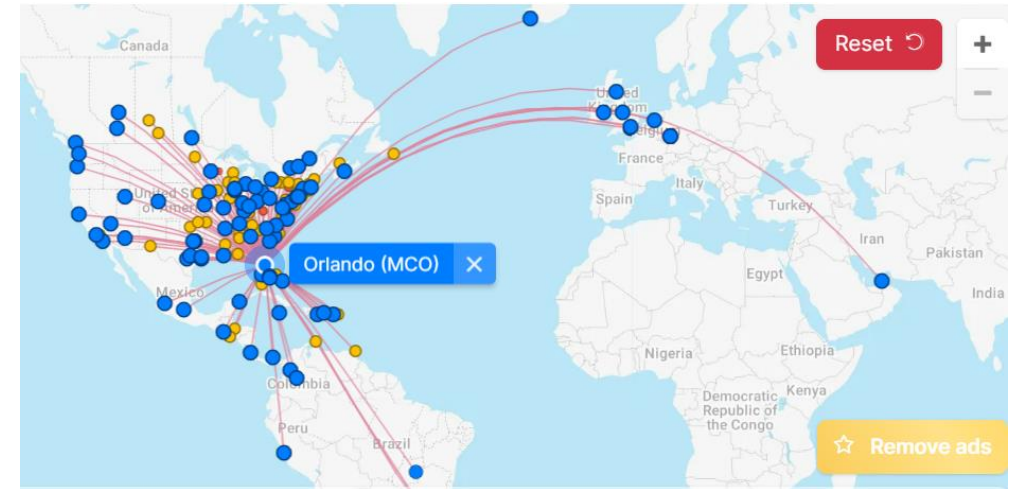
Air Access



- Polk County has an international airport in Lakeland. The County is located within 60 miles of Tampa International Airport, St. Pete-Clearwater International airport and 50 miles of Orlando International Airport. There are three general aviation (GA) airports in Bartow, Winter Haven and Lake Wales.
- Orlando and Tampa are well serviced with direct domestic and international air routes, including connections to central and South America, Europe and the Middle East.
- St. Pete-Clearwater is serviced by 65 domestic air routes.



Florida is well served by commercial and GA airports but Polk County is not well served



Destination Accessibility

Florida Air Passenger Demand



- Air arrivals comprised 47.1% of total arrivals to Florida in 2015 and they steadily decreased to 40.9% in 2019.

	2015	2016	2017	2018	2019
Air arrivals share	47.1%	44.2%	41.7%	40.2%	40.9%

- Total air arrivals was 94.1 million in 2018, increasing by 4.9% in 2019 to 98.8 million.** Four airports in the State handled 79% of air arrivals in 2019 (Orlando International with 25.2 million; Miami with 22.8 million; Fort Lauderdale with 18.4 million; and Tampa with 11.3 million).

Airport	2018	2019	% Change
Daytona	382,979	357,683	-6.6%
Destin-Fort Walton Beach	704,716	834,879	18.5%
Fort Lauderdale	18,008,451	18,370,526	2.0%
Fort Myers	4,719,568	5,144,467	9.0%
Gainesville	239,188	279,847	17.0%
Jacksonville	3,233,880	3,596,953	11.2%
Key West	439,971	486,139	10.5%
Melbourne	237,535	239,944	1.0%
Miami	22,427,424	22,794,940	1.6%
Orlando International	23,811,824	25,200,582	5.8%

Airport	2018	2019	% Change
Orlando Sanford	1,531,881	1,628,181	6.3%
Palm Beach	3,263,054	3,447,307	5.6%
Panama City	518,858	635,852	22.5%
Pensacola	986,766	1,118,983	13.4%
Punta Gorda	786,911	824,466	4.8%
Sarasota	688,090	979,810	42.4%
St. Petersburg-Clearwater	1,113,952	1,141,723	2.5%
Tallahassee	403,929	431,454	6.8%
Tampa	10,639,059	11,254,683	5.8%
Total	94,138,036	98,768,419	4.9%

Destination Accessibility

Air Access Development Plans



- Lakeland Linder International Airport was built in 1940 to replace the old municipal airport. Although the airport had direct air service routes from the 1940s until March 2012, GA and military air traffic continued to utilise the airport with 116,653 annual operations being recorded in 2017. Air carrier movements peaked between 2011 and 2012 when Direct Air operated direct scheduled routes to/from the airport. Direct Air ceased direct operations in 2012.

- Annual operations decreased at an annual average growth rate of -2.8% between 1998 and 2017.
- Refer to later slides for the county's route development plans.

Year	Air carrier	GA 000s	Military 000s	Annual operations 000s
1998	4	197	3.5	201
1999	0	216	3.6	219
2000	8	188	4.8	193
2001	4	201	3.0	204
2002	3	132	5.8	138
2003	4	138	2.6	141
2004	6	124	3.3	127
2005	0	98	2.4	101
2006	0	115	3.1	118
2007	34	131	2.1	133

Year	Air carrier	GA 000s	Military 000s	Annual operations 000s
2008	4	114	2.7	117
2009	16	86	4.2	90
2010	18	63	4.1	67
2011	453	60	3.3	64
2012	289	72	2.3	75
2013	109	82	1.7	84
2014	29	103	1.7	105
2015	24	104	1.6	106
2016	31	113	1.6	115
2017	14	113	2.7	116

Destination Accessibility

Air Access Development Plans



- The 2020 master plan provided updated aviation forecasts for Lakeland Airport. The forecasts estimate that annual operations will reach 223,200 by 2038 with 21,650 peak-month movements in 2038 (or 123 per peak hour).

	2017	2023	2028	2038
Based Aircraft				
Single-engine	162	179	193	223
Multi-engine	34	39	44	62
Jet	42	51	60	82
Rotocraft	9	12	17	23
Total	247	281	314	390
Operations				
Local	51,307	71,300	85,400	111,600
Iterant	65,346	80,400	92,500	111,600
Total	116,653	151,700	177,900	223,200
Instrument	19,277	27,300	33,800	44,600

	2017	2023	2028	2038
Operational Fleet				
Single-engine	86,323	104,700	121,000	149,500
Multi-engine	19,830	26,500	29,400	35,700
Jet	7,000	15,200	19,600	27,900
Rotocraft	3,500	5,300	7,900	10,100
Peak Operations				
Peak month	11,358	14,710	17,260	21,650
Average day of peak month	379	490	580	720
Peak hour of average day	64	83	98	123

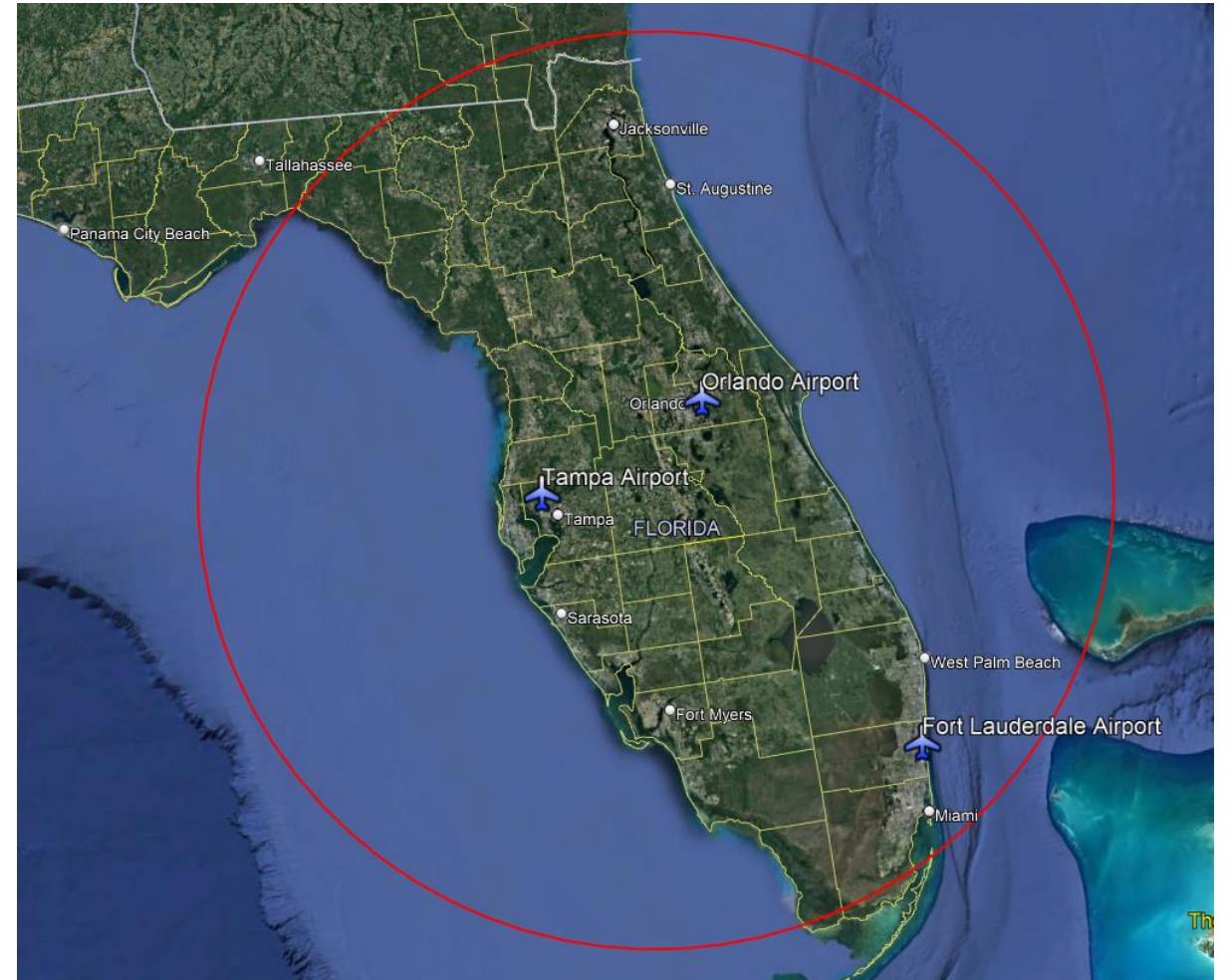
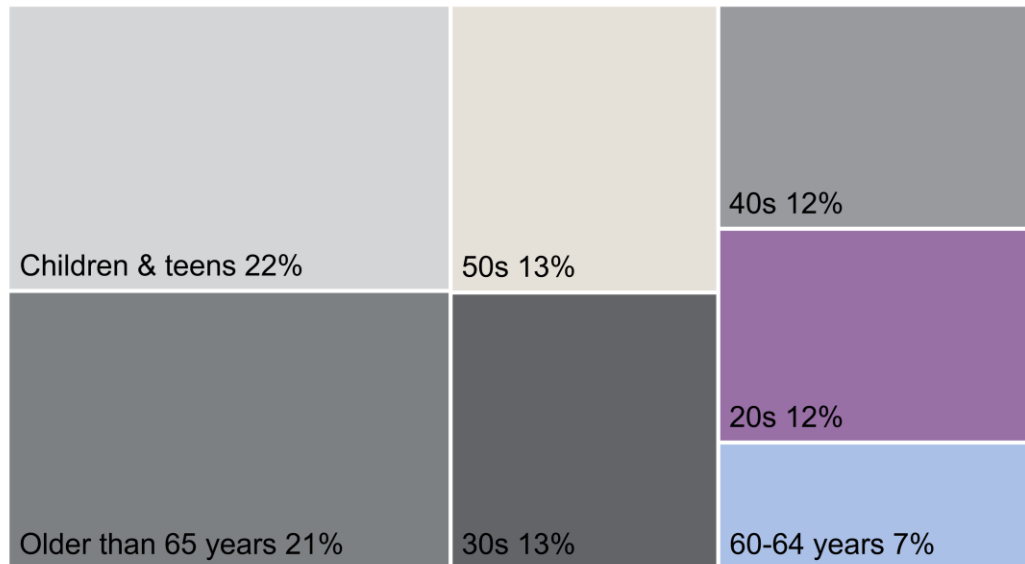
Destination Accessibility

Road Access



- Polk County can be easily accessed via major road networks in the state. It is intersected by Interstate 4, the Polk Parkway, State Road 60 and US Highway 27.
- Interstate 75 in the west and Interstate 95 in the east can both be easily accessed.
- Polk County has an estimated population of 20.4 million people within an easy drive of +-200 miles. Of this population, adults comprise just under 80%.

Population age profile - 200 miles of Polk County



Destination Accessibility

Summary

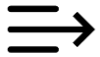


Air access



- Florida is well served by commercial and GA airports but direct air access to Polk County is limited.
- Lakeland International Airport does not currently have commercial flights so all visitors to the County must first fly to alternatives such as Orlando and Tampa to access the County.
- Tampa and Orlando are within 60 minutes drive which is a great positioning for the destination.

Lakeland Airport



- The City of Lakeland generated 52% of all passengers to and from the immediate catchment area of Lakeland Airport and it is estimated that 75% of Lakeland's air passenger demand is captured by Tampa.
- Based on inbound / outbound statistics on point of origin markets in the Lakeland catchment area, the main inbound markets to the County emanate from New York / Newark, Washington / Baltimore, Chicago, Nashville and Denver.
- Air traffic forecasts for Lakeland International Airport estimate that annual operations will increase from 116,000 per year in 2017 to 223,000 by 2038 (an increase of 92% over 21 years).
- There are plans underway to revive direct domestic air routes to Lakeland International Airport and to expand the airport to accommodate additional passenger demand.

Road access



- Polk County can be easily accessed via major road networks in the state. The County has an estimated population of 20.4 million people within an easy drive of +-200 miles.

Destination Accessibility

Implications

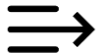


Improved air access
will induce tourism
demand



- There are no serious constraints in terms of domestic and international air routes to the airports that visitors use to access the county.
- The county is located within 50-60 miles of major airports such as Orlando but it adds inconvenience and additional costs to the journey for Polk County visitors to transit through these airports.
- The plans to revive direct domestic air routes to Lakeland Airport will improve access to the County and decrease the inconvenience and costs to visitors. Direct routes will divert latent passenger demand from other airports in Florida such as Tampa to Lakeland Airport, making the routes more sustainable.
- The planned expansion and upgrades to Lakeland Airport will enhance the destination's appeal to visitors.
- Improved air access will likely benefit the business travel and conferencing markets the most as these visitors are usually time poor and prefer shorter travel times when visiting a destination.
- Direct air access will benefit the leisure tourism market too. Events tourism packaged with direct air access will enhance the appeal of Polk County to potential visitors.

Self-drive
catchment area &
leisure tourism



- Population and income growth in the 200-mile drive radius could translate into increased visitation to Polk County especially for leisure tourism.

Hotel demand & site
considerations



- There are currently two hotels located close to Lakeland Airport, viz. Hilton Garden Inn Lakeland (109 keys, upscale class) and Staybridge Suites Lakeland West (79 keys, upscale class).
- If direct air access is improved, there could be potential for additional capacity around the airport for new hotels.

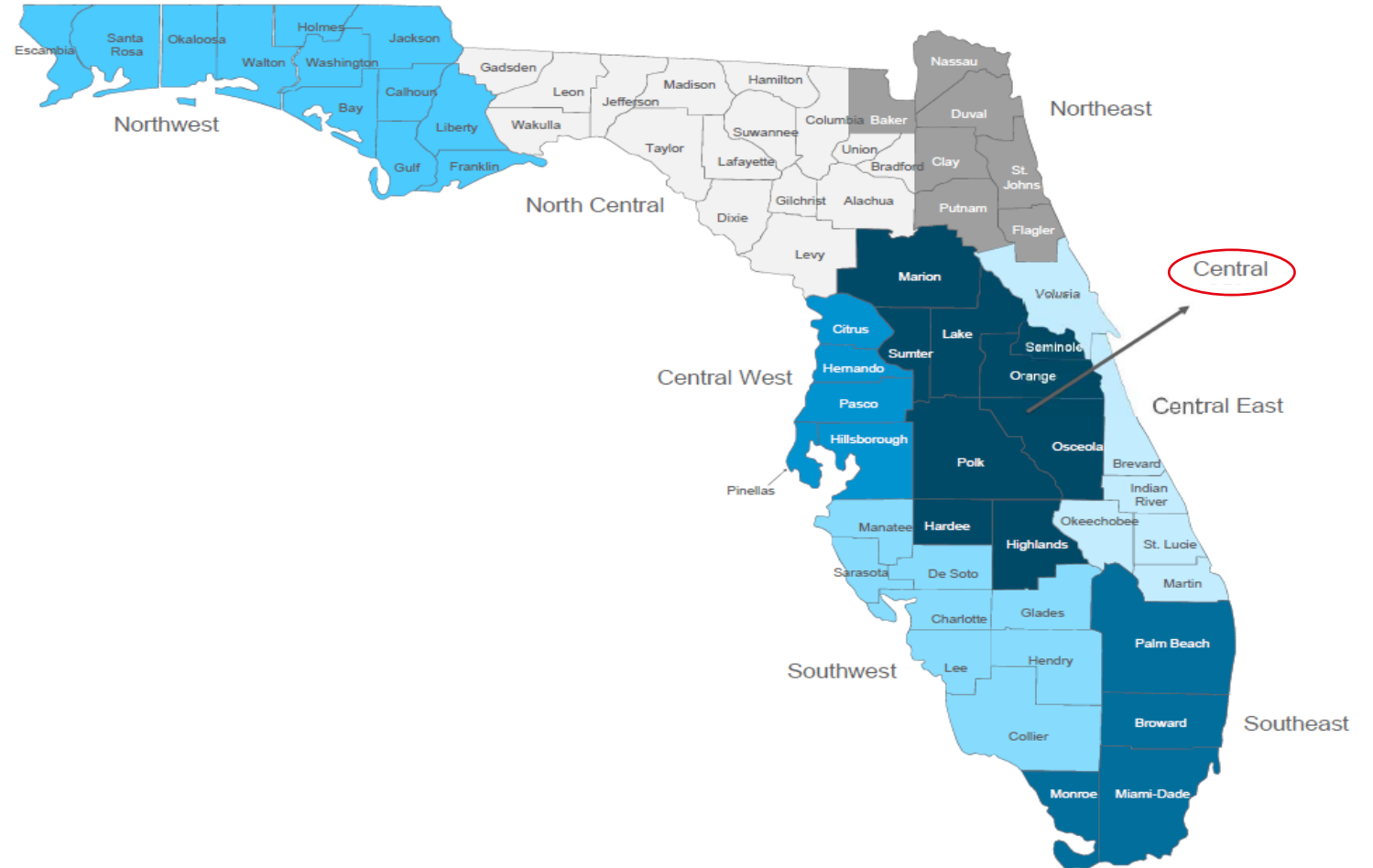
Florida Tourism Market Analysis

Florida Tourism Market Analysis

Note on Terminology



- This section provides a summary of tourism statistics for the State of Florida and its various destination regions with a specific focus on Central Florida.
- Polk County falls under the Central Florida region, which also includes eight other counties as shown on the map.



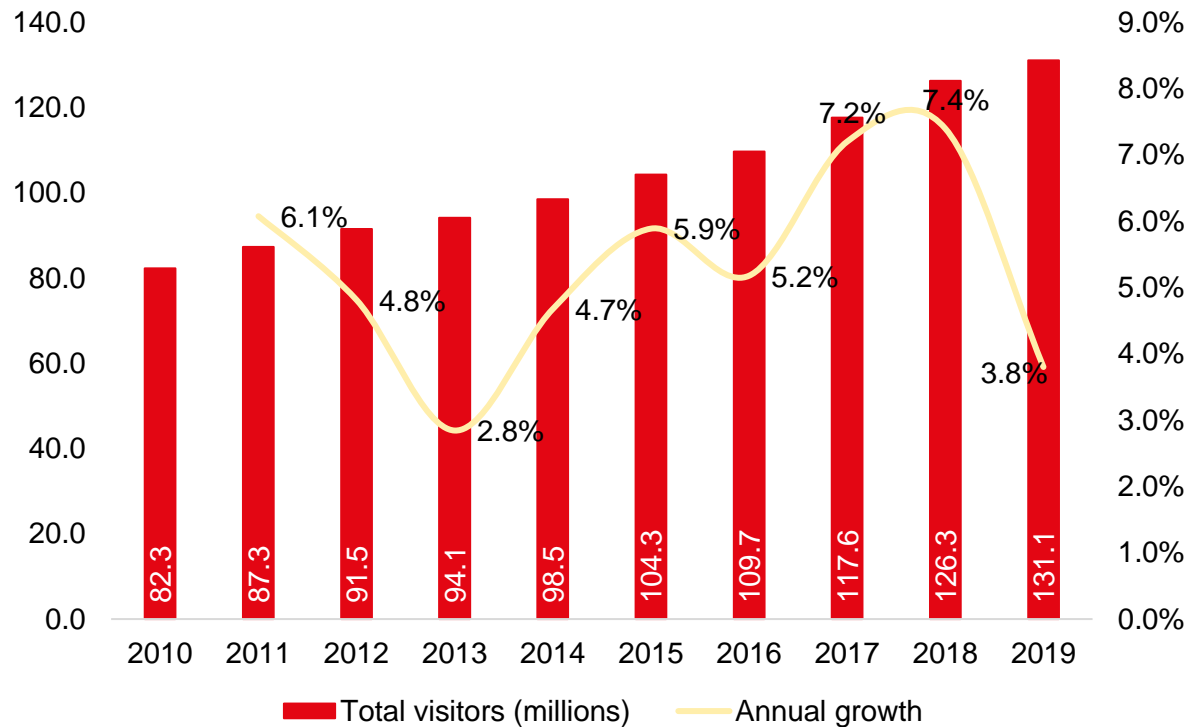
Florida Tourism Market Analysis

Florida Visitation Trends

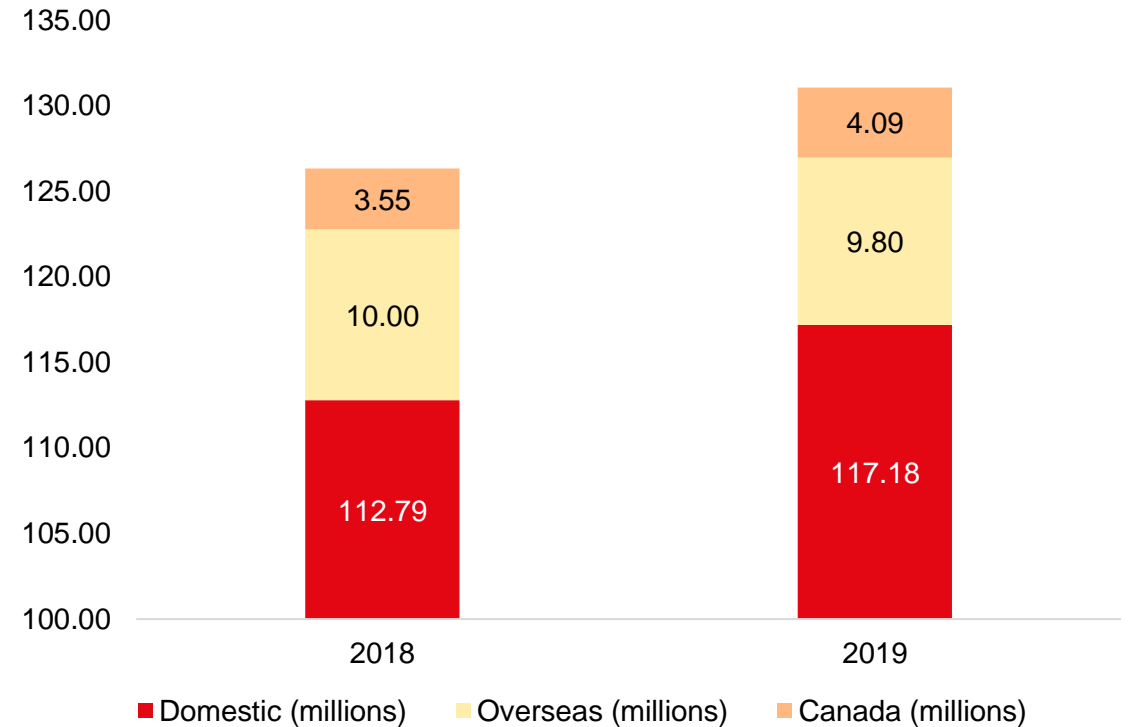


- Visitor arrivals to Florida reached 131.1 million in 2019, growing at a CAGR of 5.3% between 2010 and 2019. The highest increase in arrivals was 7.4% in 2018.
- Domestic tourism drives arrivals to Florida with the domestic share being 89.3% in 2018 and 89.4% 2019. Overseas arrivals comprised 7.9% of total arrivals in 2018 and 7.5% in 2019, while Canadian arrivals comprised 2.8% in 2018 and 3.1% in 2019.

Total visitors to Florida - 2010-2019



Domestic & international visitation to Florida



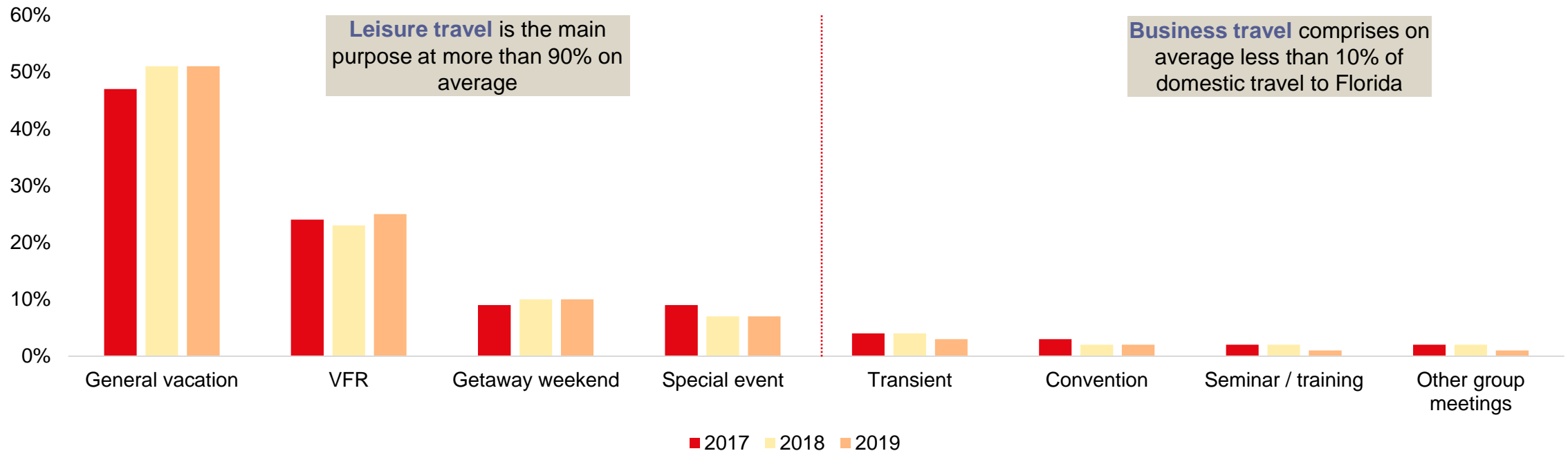
Florida Tourism Market Analysis

Florida Domestic Tourism



- The main purpose of visit of domestic visitors to Florida is leisure (89% in 2017, 91% in 2018 and 93% in 2019). Business comprised 11% in 2017, 9% in 2018 and 7% in 2019.
- Within leisure travel, the main purpose is general vacation (average of 50% between 2017 and 2019), followed by visiting friends and relatives (VFR) (average of 24% between 2017 and 2019).
- Within business travel, the main purpose is transient business (average of 4% between 2017 and 2019).

Purpose of visit - domestic tourists to Florida



Florida Tourism Market Analysis

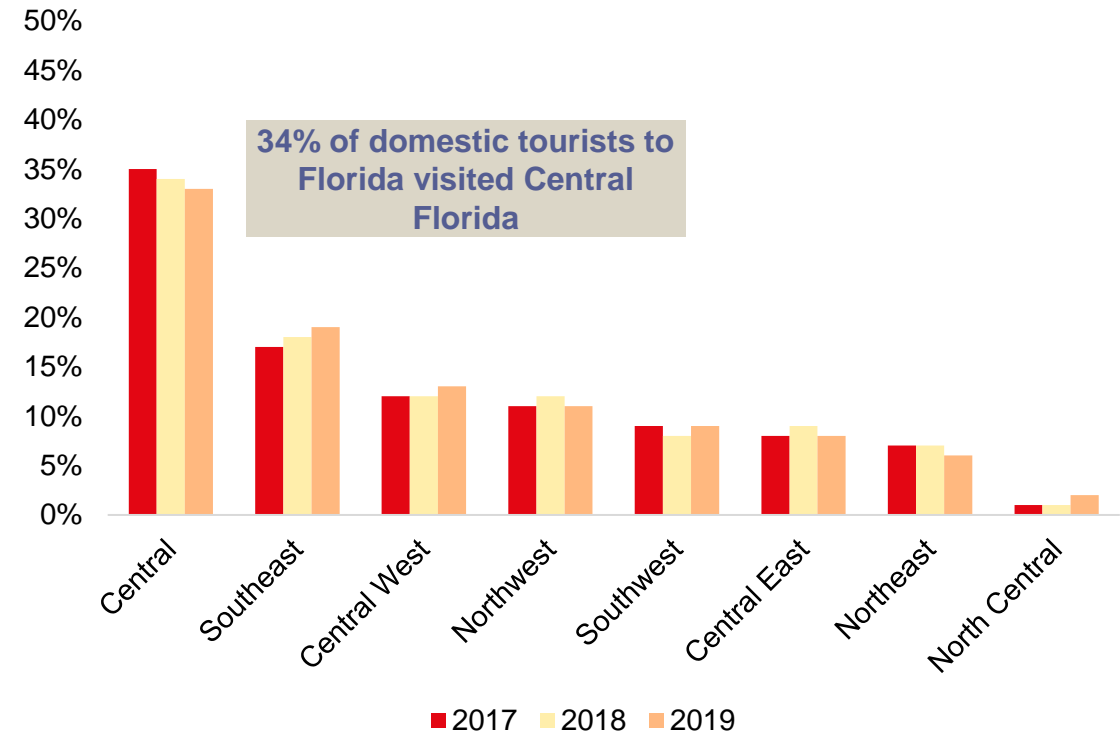
Florida Domestic Tourism



- The top 3 US source markets for Florida in 2019 were New York, Georgia and Texas. If the average share of arrivals is taken, then the top 3 source markets for 2017 to 2019 were Georgia (9.9%), New York (9.1%) and Pennsylvania (5.2%).
- Between 2017 and 2019, an average of 34% of Florida's domestic visitors visited Central Florida. Central Florida's share decreased from 35% in 2017 to 33% in 2019.

Top 10 Florida Source Markets	2017	2018	2019	3-year Average
New York	8.5%	8.9%	10.0%	9.1%
Georgia	9.6%	10.6%	9.4%	9.9%
Pennsylvania	5.3%	5.1%	5.1%	5.2%
Texas	5.5%	4.3%	5.6%	5.1%
Ohio	5.3%	4.3%	5.4%	5.0%
North Carolina	3.9%	4.7%	5.0%	4.5%
New Jersey	4.3%	4.2%	4.3%	4.3%
Tennessee	4.5%	4.1%	4.2%	4.3%
Illinois	3.7%	4.9%	4.1%	4.2%
Alabama	3.5%	4.8%	3.3%	3.9%

Geographic distribution of domestic visitors Florida



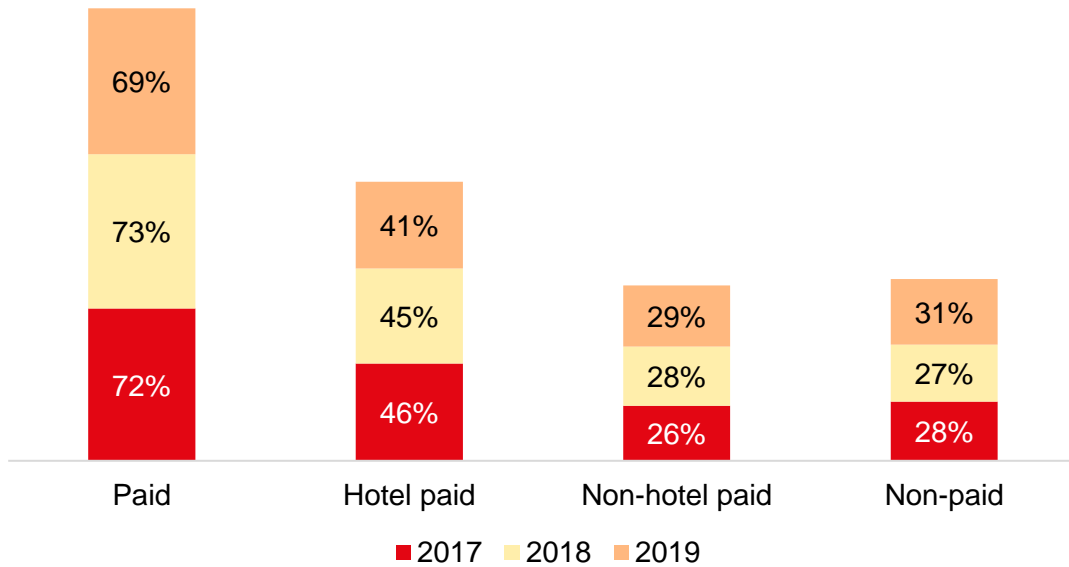
Florida Tourism Market Analysis

Florida Domestic Tourism

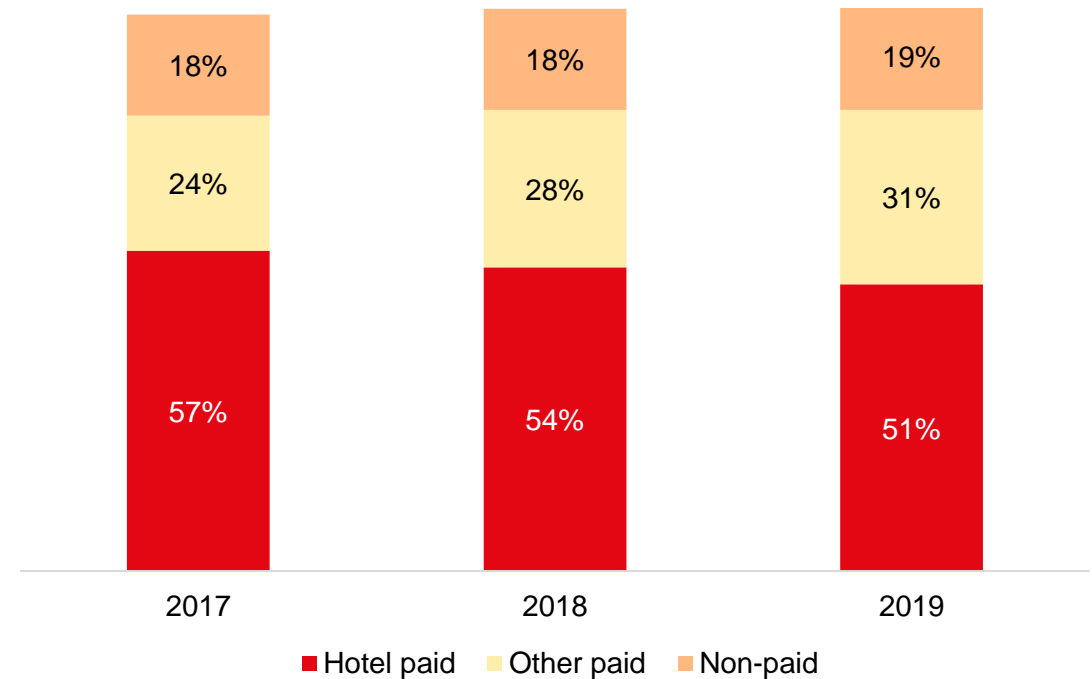


- Most domestic visitors to Florida stay in paid accommodation but the proportion decreased from 72% in 2017 to 69% in 2019. **46% of domestic visitors stayed in hotels in 2017, decreasing to 41% in 2019** (this is back to 2015 levels which were also 41%).
- For Central Florida, 57% of domestic visitors stayed in hotels in 2017, decreasing to 51% in 2019. The share of other paid accommodation increased between 2017 and 2019 (from 24% to 31%).

Paid & non-paid accommodation use by domestic visitors Florida



Hotel usage by Central Florida domestic visitors



Florida Tourism Market Analysis

Florida Domestic Tourism



- **Most domestic visitors to Florida who stay in hotels, prefer mid-level hotels** (48% on average for 2015 to 2019 with declining preference over time; compared to **37% who prefer high end hotels** with increasing preference over time). A lower proportion of domestic visitors to Central Florida prefer mid-level hotels. Domestic visitors to Central Florida prefer high end hotels (51% in 2017, 50% in 2018 and 48% in 2019).
- Leisure domestic visitors to Florida prefer mid-level hotels (47% in 2017, 45% in 2018 and 48% in 2019). In 2017, business visitors had equal preference for high end and mid-level hotels, while in 2018 mid-level hotels were preferred and in 2019, high end hotels were preferred.

Hotel Class	2017		2018		2019	
	Florida	Central Florida	Florida	Central Florida	Florida	Central Florida
High End	39%	51%	41%	50%	42%	48%
Luxury	9%	12%	10%	14%	11%	16%
Upscale	30%	39%	31%	36%	31%	32%
Mid-level	47%	39%	45%	39%	46%	41%
Upper moderate	17%	16%	16%	14%	18%	18%
Moderate	30%	22%	29%	25%	28%	23%
Economy	14%	10%	14%	11%	12%	10%
Lower moderate	7%	5%	7%	6%	7%	7%
Budget	7%	5%	6%	4%	5%	3%

Hotel Class	2017		2018		2019	
	Leisure	Business	Leisure	Business	Leisure	Business
High End	37%	45%	41%	44%	39%	57%
Luxury	10%	5%	11%	7%	11%	8%
Upscale	27%	40%	30%	36%	28%	50%
Mid-level	47%	45%	45%	48%	48%	35%
Upper moderate	16%	22%	16%	20%	18%	16%
Moderate	31%	23%	29%	29%	30%	19%
Economy	16%	10%	15%	8%	13%	8%
Lower moderate	7%	7%	8%	3%	8%	3%
Budget	8%	3%	7%	5%	5%	5%

Florida Tourism Market Analysis

Florida Domestic Tourism



- Most domestic visitors to Florida between 2017 and 2019 were 35-49 years old with an average age of 49 years. The median age to Florida increased from 46 years in 2017 to 48 years in 2019. Most domestic visitors to Central Florida were also in this age group with the average age being 47 years in 2017 and 2018, and 46 in 2019 (median was 45 years in 2017 and 2018, and 44 years in 2019).

Age Group	2017		2018		2019	
	Florida	Central Florida	Florida	Central Florida	Florida	Central Florida
18-34 years	23%	26%	21%	21%	24%	28%
35-49 years	28%	34%	32%	42%	28%	34%
50-64 years	27%	22%	27%	23%	28%	22%
65+ years	21%	18%	20%	15%	21%	17%
Average	49	47	49	47	49	46
Median	46	45	48	45	48	44

- Based on the 3-year average, most domestic visitors to Florida for 2017 to 2019 were in the moderate mature life stage, i.e. 55 or older, <\$100,000 and no children). This was followed by affluent families (35-54 years, \$75,000+ and children in the household).
- **Between 2015 and 2019, the proportion of young and free; affluent families; and affluent mature visitors increased while the others decreased.**

Life Stage Florida	2017	2018	2019	3-year Average
Young & free (18-34, any income, no kids)	13%	12%	15%	13%
Young family (18-34, any income, kids)	11%	11%	10%	11%
Maturing & free (35-54, any income, no kids)	16%	13%	15%	15%
Moderate family (35-54, <\$75,000, kids)	6%	8%	5%	6%
Affluent family (35-54, \$75,000+, kids)	16%	19%	18%	18%
Moderate mature (55+, <\$100,000, no kids)	21%	20%	18%	20%
Affluent mature (55+, \$100,000+, no kids)	17%	17%	18%	17%

Florida Tourism Market Analysis

Florida Domestic Tourism



- The household income of domestic visitors to Florida was between \$100,000 and \$149,999 for 2017 to 2019. **The proportion of visitors in the top two income brackets increased between 2015 and 2019** while all the other income brackets decreased.
- The average household income of domestic visitors to Florida was \$116,419 in 2019, which was lower than in 2017.

HH Income Florida	2017	2018	2019
Under \$35,000	11%	11%	11%
\$35,000-\$49,999	8%	9%	9%
\$50,000-\$74,999	18%	18%	15%
\$75,000-\$99,999	16%	17%	16%
\$100,000-\$149,999	24%	22%	22%
\$150,000-\$199,999	12%	15%	16%
\$200,000+	12%	8%	10%
Average	\$117,231	\$112,183	\$116,419
Median	\$95,456	\$92,603	\$96,761

- The household income of domestic visitors to Central Florida was between \$100,000 and \$149,999 in 2017 and 2018 but the proportion in this income bracket decreased from 25% in 2017 to 23% in 2018. In 2018, an equal proportion of visitors also had a household income of \$150,000 or more.
- In 2019, most visitors to Central Florida had a household income of more than \$150,000.
- The average household income of domestic visitors to Central Florida was \$121,000 in 2019, which was higher than the average for the State of Florida.

HH Income Central Florida	2017	2018	2019
Under \$50,000	17%	19%	18%
\$50,000-\$74,999	15%	18%	15%
\$75,000-\$99,999	17%	18%	15%
\$100,000-\$149,999	25%	23%	23%
\$150,000+	23%	23%	28%
Average	\$119,600	\$110,600	\$121,000
Median	\$97,500	\$93,600	\$103,200

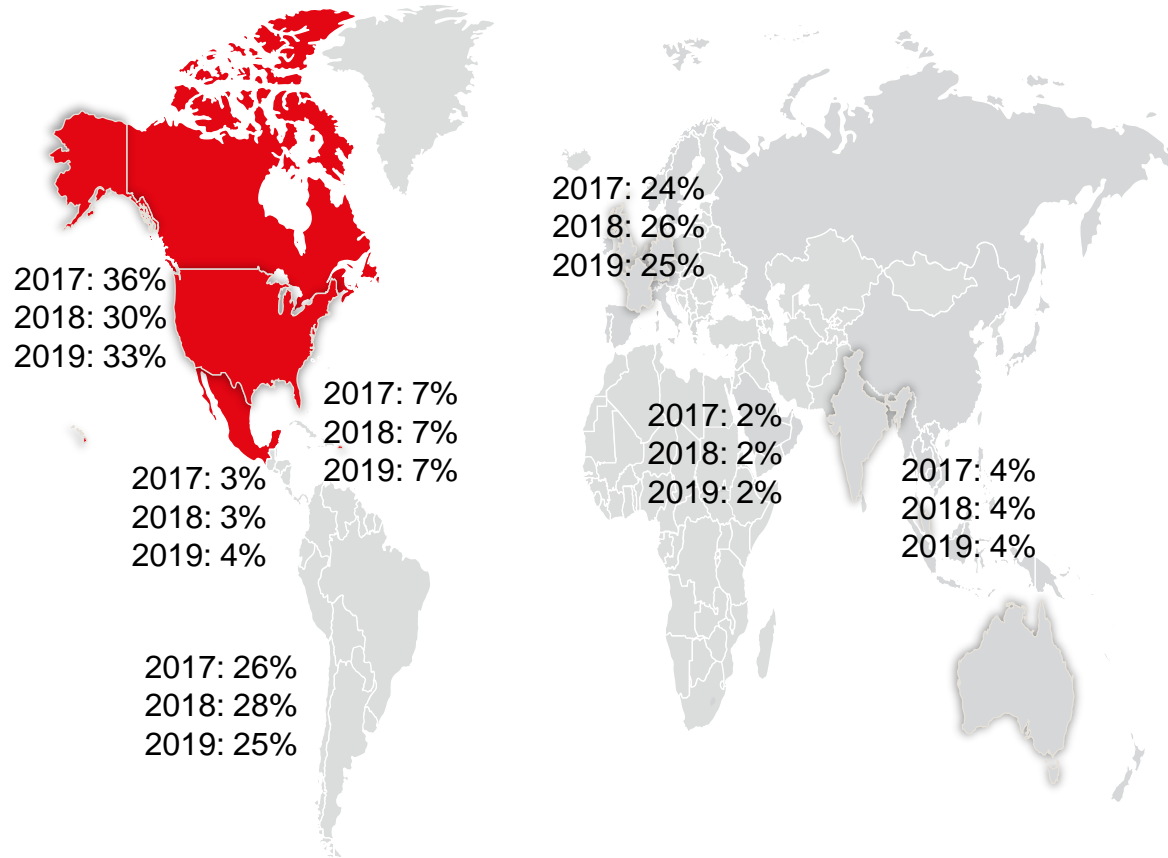
Florida Tourism Market Analysis

Florida International Tourism



- Most international arrivals to Florida between 2017 and 2019 came from North America, followed by South America and Europe.

- The highest number of international arrivals to Florida was from Canada between 2017 and 2019 with its share increasing from 26% in 2018 to 29% in 2019. The UK (10% in 2019) and Brazil (9% in 2019) were the second and third highest arrivals after Canada in 2019.



Country	2017	2018	2019
Canada	3,485,000	3,551,000	4,088,000
Brazil	1,180,000	1,371,000	1,304,000
UK	1,327,000	1,323,000	1,334,000
Argentina	736,000	695,000	559,000
Colombia	501,000	562,000	550,000
Mexico	432,000	467,000	499,000
Venezuela	413,000	424,000	320,000
Germany	462,000	392,000	378,000
France	271,000	289,000	307,000
Ecuador	249,000	260,000	246,000

Florida Tourism Market Analysis

Summary



Total visitor arrivals to Florida



- Visitor arrivals to Florida reached 131.1 million in 2019, growing at a CAGR of 5.3% between 2010 and 2019.
- The highest increase in arrivals was 7.4% in 2018.

Domestic & international tourism split



- Domestic tourism drives arrivals to Florida with the domestic share being 89.3% in 2018 and 89.4% in 2019.
- Overseas arrivals comprised 7.9% of total arrivals in 2018 and 7.5% in 2019, while Canadian arrivals comprised 2.8% in 2018 and 3.1% in 2019.

Domestic purpose of visit



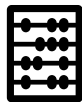
- The main purpose of visit of domestic visitors to Florida is leisure (89% in 2017, 91% in 2018 and 93% in 2019). Business comprised 11% in 2017, 9% in 2018 and 7% in 2019.
- Within leisure travel, the main purpose is general vacation (average of 43% between 2017 and 2019), followed by VFR (average of 24% between 2017 and 2019). Within business travel, the main purpose is transient business (average of 4% between 2017 and 2019).

Top domestic source markets



- The top 3 US source markets for Florida in 2019 were New York, Georgia and Texas.
- If the average share of arrivals is taken, then the top 3 source markets for 2017 to 2019 were Georgia (9.9%), New York (9.1%) and Pennsylvania (5.2%).

Central Florida's share of domestic tourism



- Between 2017 and 2019, an average of 34% of Florida's domestic visitors visited Central Florida.
- Central Florida's share decreased from 35% in 2017 to 33% in 2019.

Paid accommodation & hotels use by domestic visitors



- Most domestic visitors to Florida stay in paid accommodation but the proportion decreased from 72% in 2017 to 69% in 2019.
- 46% of domestic visitors stayed in hotels in 2017, decreasing to 41% in 2019.

Florida Tourism Market Analysis

Summary



Paid accommodation use Central Florida (domestic)



- For Central Florida, 57% of domestic visitors stayed in hotels in 2017, decreasing to 51% in 2019.
- The share of other paid accommodation increased between 2017 and 2019 (from 24% to 31%).

Preferred hotel standards (domestic)



- Most domestic visitors to Florida who stay in hotels, prefer mid-level hotels, but a lower proportion of domestic visitors to Central Florida prefer mid-level hotels. Domestic visitors to Central Florida prefer high end hotels. Leisure domestic visitors to Florida prefer mid-level hotels.
- In 2017, business visitors had equal preference for high end and mid-level hotels, while in 2018 mid-level hotels were preferred and in 2019, high end hotels were preferred.

Age of domestic visitors



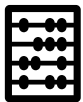
- Most domestic visitors to Florida between 2017 and 2019 were 35-49 years old.
- Most domestic visitors to Central Florida had an average age of 47 years in 2017 and 2018, and 46 in 2019.

Life stage of domestic visitors



- Based on the 3-year average, most domestic visitors to Florida for 2017 to 2019 were in the moderate mature life stage, i.e. 55 or older, <\$100,000 and no children). This was followed by affluent families (35-54 years, \$75,000+ and children in the household).
- The proportion of young and free, and affluent mature visitors increased over the 3-year period.

Generations of domestic visitors



- Most domestic visitors to Florida between 2017 and 2019 fell into the Boomers generation while those to Central Florida were Gen-X generation.
- The proportion of Millennial / Gen-Z visitors to Central Florida increased from 28% in 2017 to 35% in 2019.

Florida Tourism Market Analysis

Summary

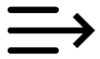


International source markets (Florida)



- Most international arrivals to Florida between 2017 and 2019 came from North America, followed by South America and Europe. The highest number of international arrivals to Florida was from Canada between 2017 and 2019 with its share increasing from 26% in 2018 to 29% in 2019.
- The UK (10% in 2019) and Brazil (9% in 2019) were the second and third highest arrivals after Canada in 2019.

Canadian purpose of visit



- The main purpose of visit of Canadian visitors to Florida is leisure (86% in 2017, 93% in 2018 and 2019). Business comprised 14% in 2017, and 7% in 2018 and 2019.
- Within leisure travel, the main purpose is vacation, followed by other personal reasons. Within business travel, transient business accounted for 4% in 2017 and 2019, and 2% in 2018, while conferences / conventions accounted for 8% in 2017, 2% in 2018 and 1% in 2019.

Canadian paid accommodation usage



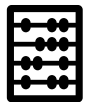
- 85% of Canadian visitors to Florida stayed in paid accommodation in 2018 and 77% in 2019 (most stayed in hotels / motels at 71% in 2018 and 61% in 2019).
- 16% of Canadian visitors to Florida stayed in private homes in 2018 and 2019.

Canadian visitors age



- Most Canadian visitors to Florida in 2018 and 2019 were 55 years or older with the proportion increasing from 40% to 42%.
- Middle-aged visitors comprised 27% in 2018 and 29% in 2019, while younger visitors (18-24 years) comprised the smallest proportion at 9% in 2018 and 2019.

Overseas purpose of visit



- The main purpose of visit of overseas visitors to Florida is leisure (around 90% on average), followed by business.
- Within leisure travel, the main purpose is general vacation (average of 74% between 2017 and 2019), followed by VFR (average of 14% between 2017 and 2019). Within business travel, the main purpose is transient business (average of 5% between 2017 and 2019).

Places visited by overseas visitors



- More than half of overseas visitors to Florida visited Miami between 2017 and 2019, and almost half visited Orlando.
- Lakeland was visited by only 1% of overseas visitors to Florida between 2017 and 2019.

Florida Tourism Market Analysis

Summary

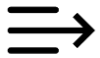


Overseas hotels usage



- Most overseas visitors to Florida stay in hotels / motels (72% in 2019), followed by private homes.

Overseas visitors age



- In 2017, 37% of overseas visitors to Florida were 18-34 years, 22% were 35-44 years, 21% were 45-54 years and 20% were 55 or older.
- The proportion of younger visitors (18-34 years) decreased to 34% in 2019, while the proportion of visitors aged 55 or older increased to 23%.

Florida Tourism Market Analysis

Implications



Growing tourism demand is positive



- Tourism growth to Florida has been consistently strong with domestic tourism being the mainstay of visitation to the State and it increased in 2019. Central Florida's share of domestic tourism was around 34% but it decreased in the three years prior to 2020.
- While the State and regional trends have some bearing on Polk County's performance, the county's relative share and growth trends are somewhat independent. It is, however, important to have a sense of the future growth trajectory at State and regional level to make informed assumptions on potential market share growth for the county.

Low interest from international tourists



- International tourism to the State increased in 2019 but the county's share is very small (1% for Lakeland).
- International tourists are unlikely to be the mainstay of visitation to the county unless a significant international corporate enters the market or an iconic tourism product is developed to appeal to the international market.

Leisure tourism will remain the main driver



- Leisure is the main purpose of visit of all visitors to the State. Future growth trends in leisure tourism demand can be used to project leisure tourism demand for Polk County.
- It is unlikely (without tourism product interventions or meetings and convention-related strategies) that there will be a shift away from leisure tourism dominating in the future.
- Recovery in leisure tourism following the pandemic has also been stronger and this trend is expected to continue. However, the economic headwinds globally and domestically may dampen the recovery.

County's domestic source markets mirror the State's



- The main domestic source markets to Polk County mirror those of the State. The most important source market for the hotel demand projections is Florida.
- Domestic hotel demand is closely correlated to economic growth which has been around 3% historically.

Florida Tourism Market Analysis

Implications

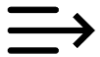


Hotel supply mix to consider market needs



- The proportion of domestic tourists staying in hotels in Florida decreased between 2017 and 2019. This could be related to affordability issues or other factors such as quality or competitiveness of alternative accommodation types.
- Hotel demand is highest for midscale to upscale properties and this is where future supply will likely be required.

Affluent visitors more likely to prefer high end hotels



- The life stage and generational profile of domestic visitors provides insight into potential preferences for hotel classes.
- The proportion of affluent domestic visitors has increased and they are more likely to use full-service hotels. Polk County has a lower proportion of full-service hotels compared to economy and midscale hotels, possibly indicating a supply gap.
- There was an increase in younger domestic travelers to the State prior to Covid-19, but this segment comprises a relatively small proportion of the market.

International visitors more likely to prefer hotels



- Most international visitors prefer to stay in hotels, therefore growth in this market is likely to result in increased hotel room night demand.
- The move towards experiential travel has meant a shift in demand towards smaller hotels and full-service hotels. The county has small hotels but limited supply of full-service properties.

Polk County Tourism Market Analysis

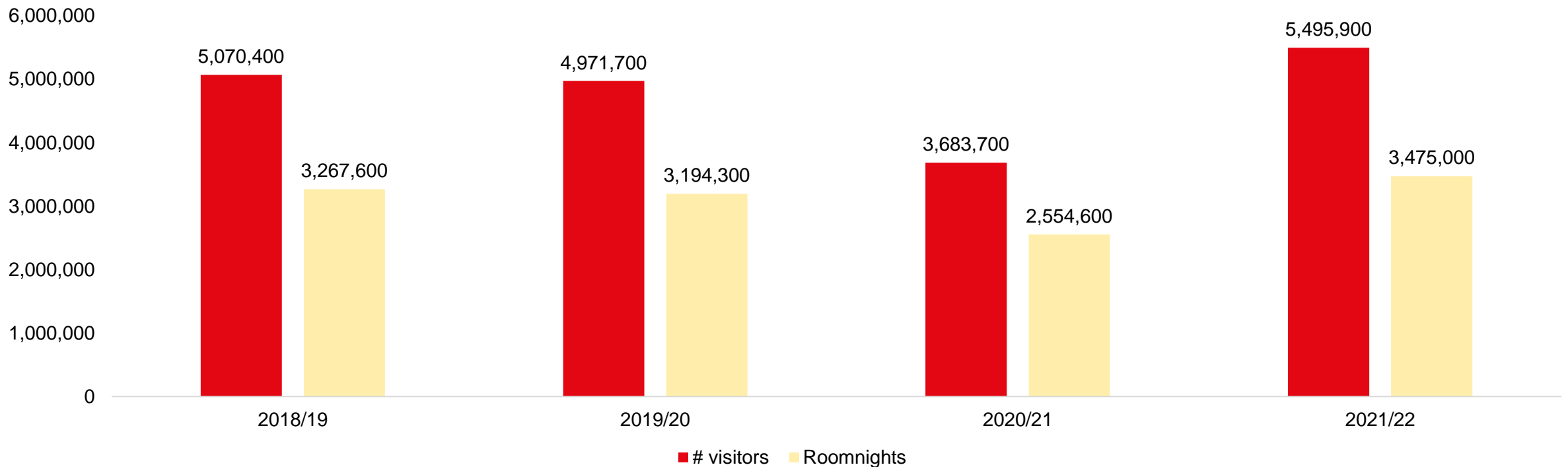
County Tourism Market Analysis

Polk County Visitation Trends



- **Visitor arrivals to Polk County exceeded pre-pandemic levels in 2021/22** (April to March), reaching almost 5.5 million visitors from 5.1 million in 2018/19 (+4.2% share of Florida's arrivals).
- The Covid-19 pandemic resulted in visitor arrivals decreasing to 3.7 million in 2020/21.
- The number of room nights generated by overnight visitors was 3.3 million in 2018/19, decreasing to 2.6 million during the peak of the pandemic, and recovering in 2021/22 to 3.5 million.

Number of visitors & room nights sold - Polk County

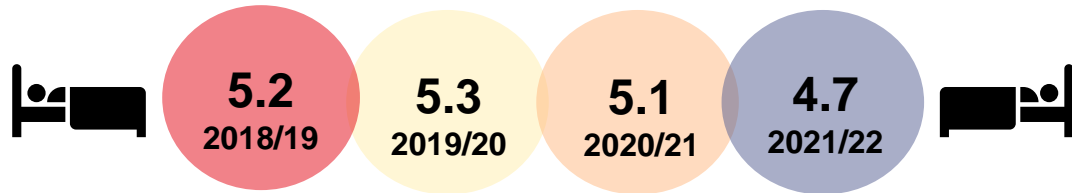


County Tourism Market Analysis

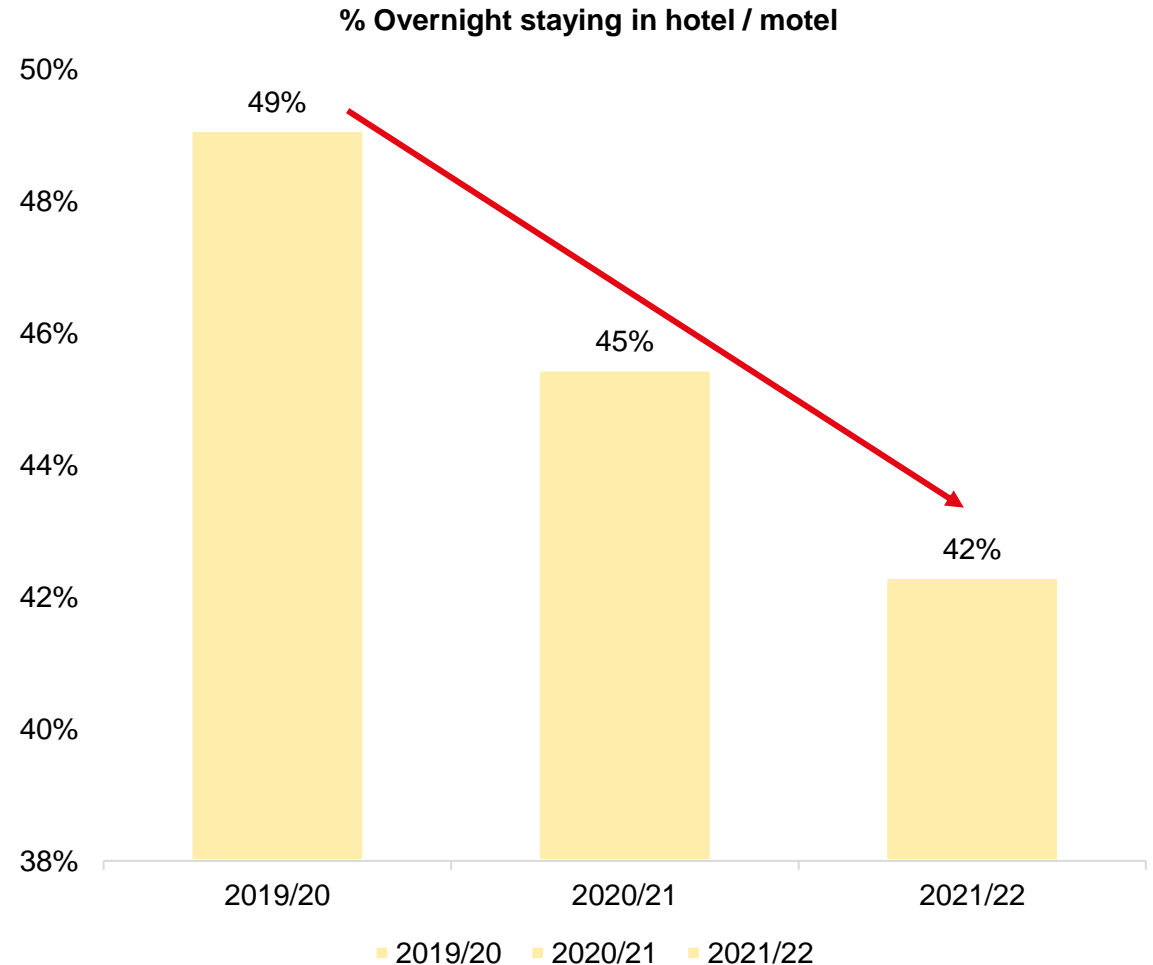
Polk County Visitation Trends



- The average length of stay of visitors to the county has been declining over time.
- The percentage of visitors staying in paid accommodation (e.g. hotels, vacation homes etc.) has declined since 2018/19 with 64% staying in paid accommodation in 2021/22.
- Less than half of overnight visitors to Polk County stay in hotels / motels and the percentage has been declining.



The **average length of stay** of visitors to Polk County was on the increase pre-Covid but since decreased to 4.7 nights in 2021/22.



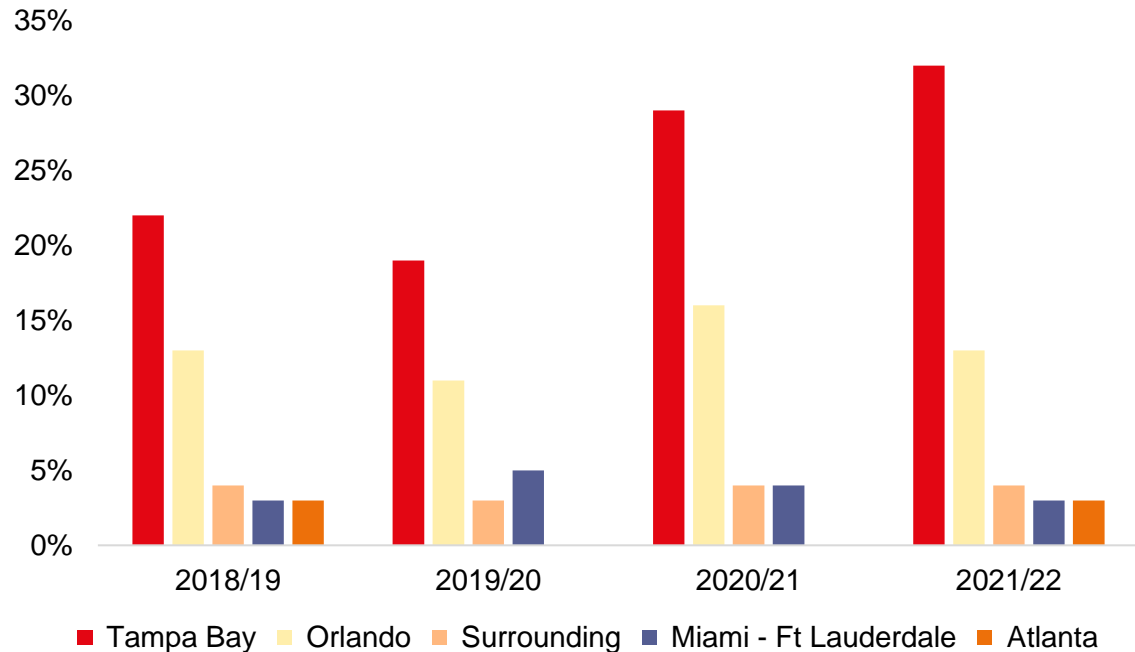
County Tourism Market Analysis

Polk County Visitation Trends

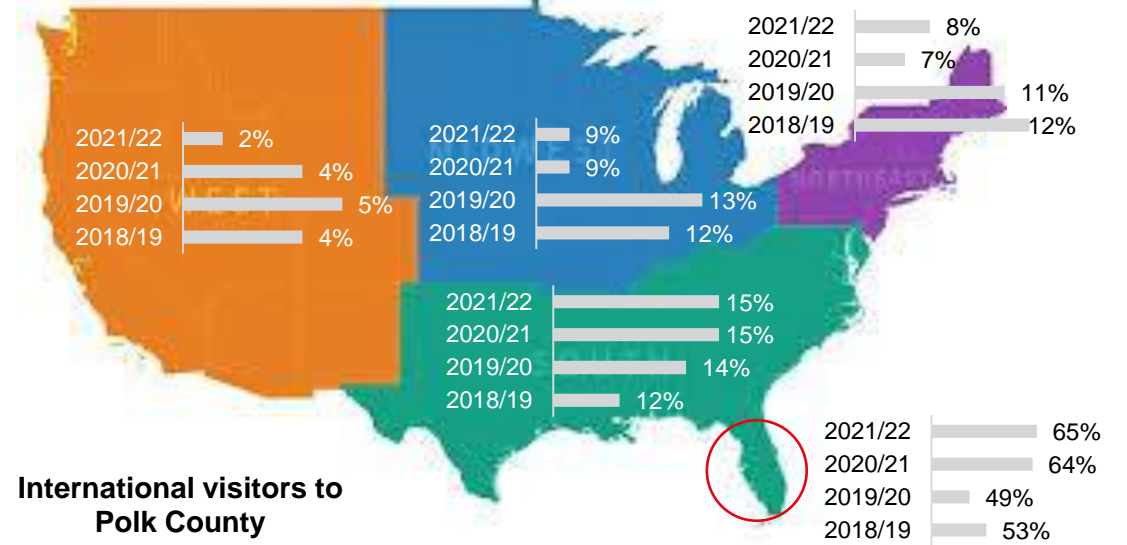


- The **Florida region is the main source market of domestic visitors to Polk County (i.e. from within about 200 miles)**, followed by the Southeast.
- The main cities that Polk County visitors come from are Tampa Bay, Orlando and Miami – Fort Lauderdale. The percentage of visitors from Tampa Bay increased from 22% in 2018/19 to 32% in 2021/22.

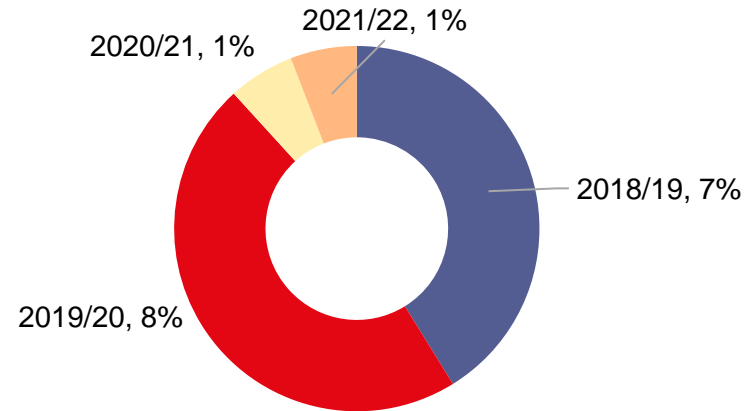
Origin by City



US source markets to Polk County



International visitors to Polk County



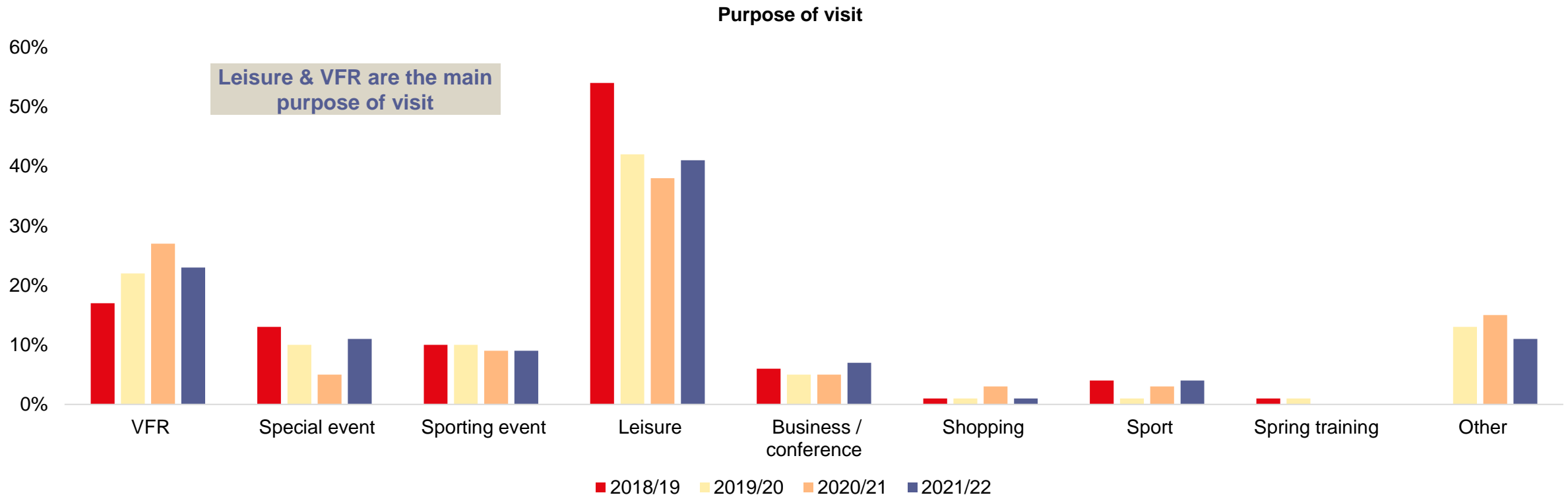
International visitors to Polk County comprise a small proportion of total visitors to the county and the proportion decreased significantly in 2020/21 and 2021/22 due to Covid-19.

County Tourism Market Analysis

Polk County Visitation Trends

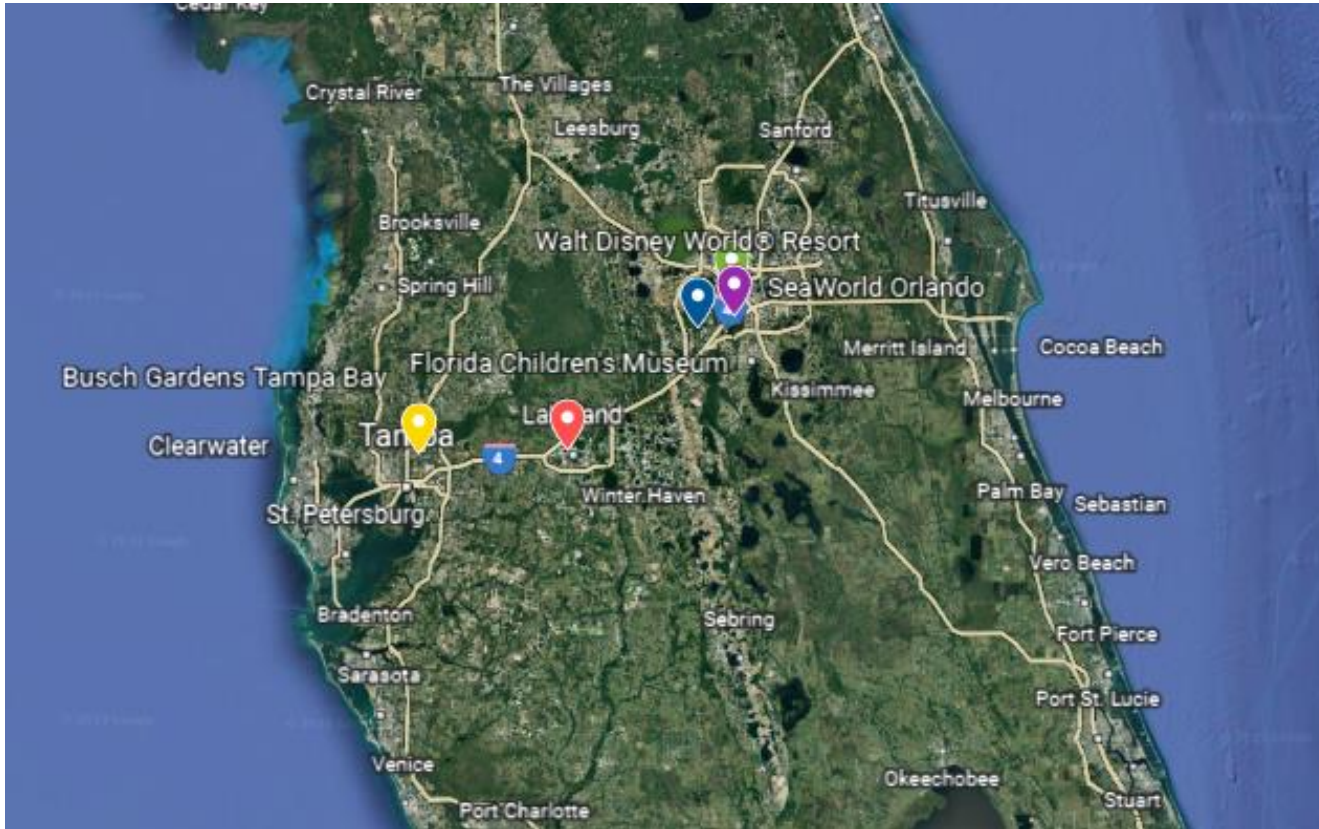


- The main purpose of visit to Polk County is leisure, followed by visiting friends and relatives (VFR).
- Leisure travel as the main purpose of visit decreased from 38% in 2018/19 to 25% in 2021/22.
- Business and conference travel as the main purpose has remained consistent at 5-7% between 2018/19 and 2021/22.
- Sport is an important generator of travel to Polk County with sporting events being the main reason for travel for 9% of visitors in 2021/22 and sport at 4%.



County Tourism Market Analysis

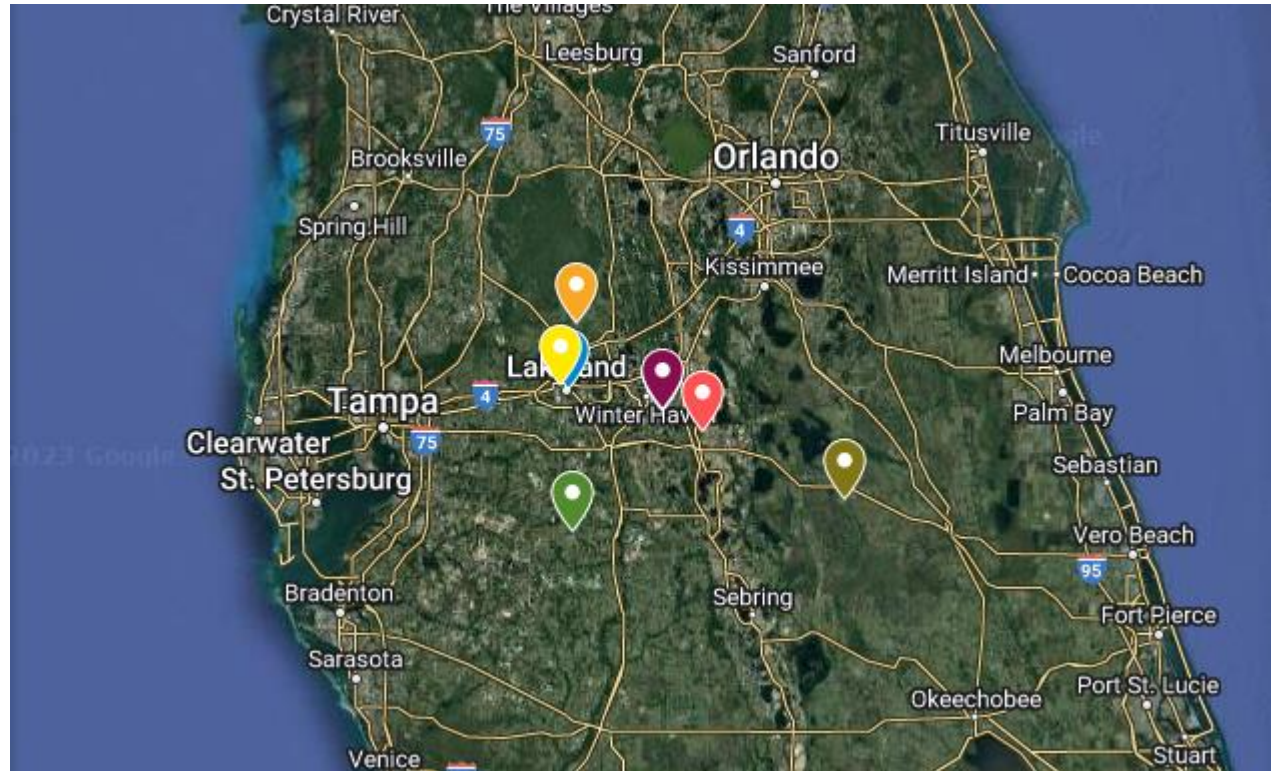
Orlando & Tampa Bay Visitor Attractions



- Polk County is strategically located between Orlando to the east and Tampa Bay to the west.
- Orlando is home to globally renowned attractions and theme parks such as Disney World, Universal Orlando and SeaWorld. Collectively, these three attractions received around 35 million visitors pre-Covid.

County Tourism Market Analysis

Polk County Visitor Attractions



- The county has its own base of visitor attractions, including themed resorts of Legoland and Peppa Pig.

County Tourism Market Analysis

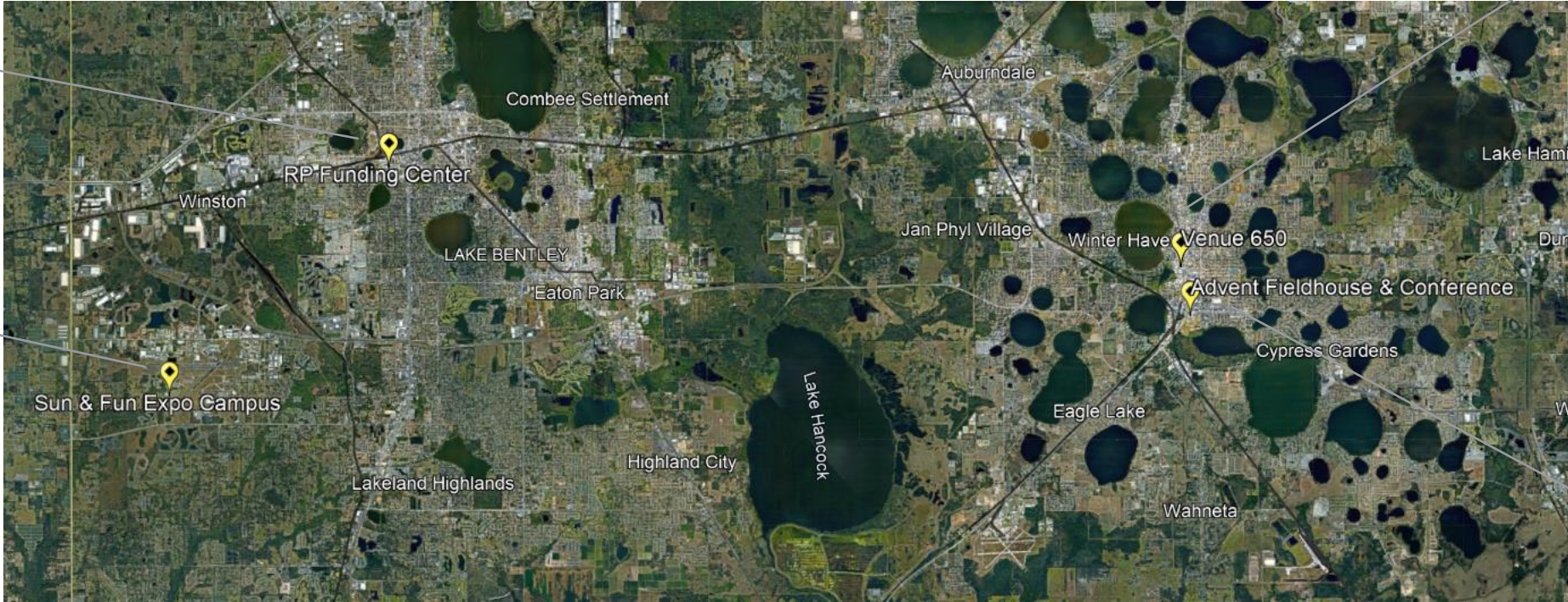
Polk County Conference Venues



- There are four conference venues in the county where the largest meeting space is more than 10,000 sqf.
- Many hotels in the county have meeting spaces but these are small.

Venue 650
 Total Space: 12,294 sqf
 Largest Space: 12,294 sqf
 No. of Event Spaces: 1

RP Funding Center
 Total Space: 100,000 sqf
 Largest Space: 27,848 sqf
 No. of Event Spaces: 22



Sun & Fun Expo
 Total Space: 42,700 sqf
 Largest Space: 20,000 sqf
 No. of Event Spaces: 9

AdventHealth Fieldhouse & Conference
 AdventHealth Fieldhouse & Conference Center
 Total Space: 58,400 sqf
 No. of Event Spaces: 13

Tourism Market Analysis

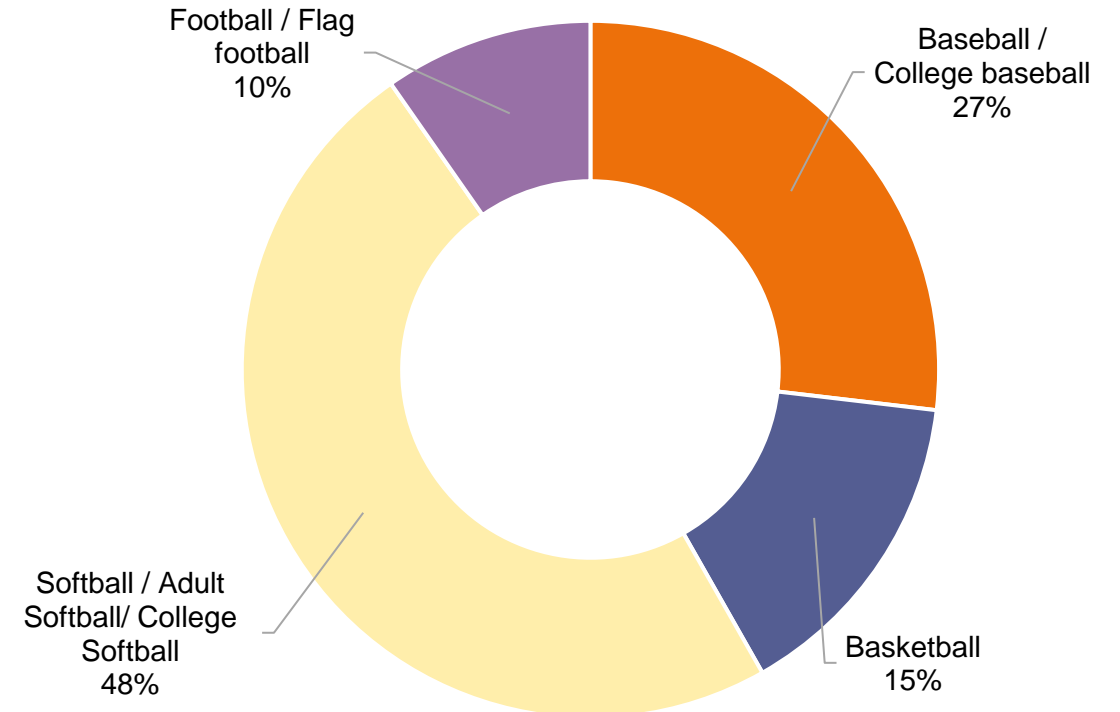
Polk County Events



Source: Visit Central Florida, 2022

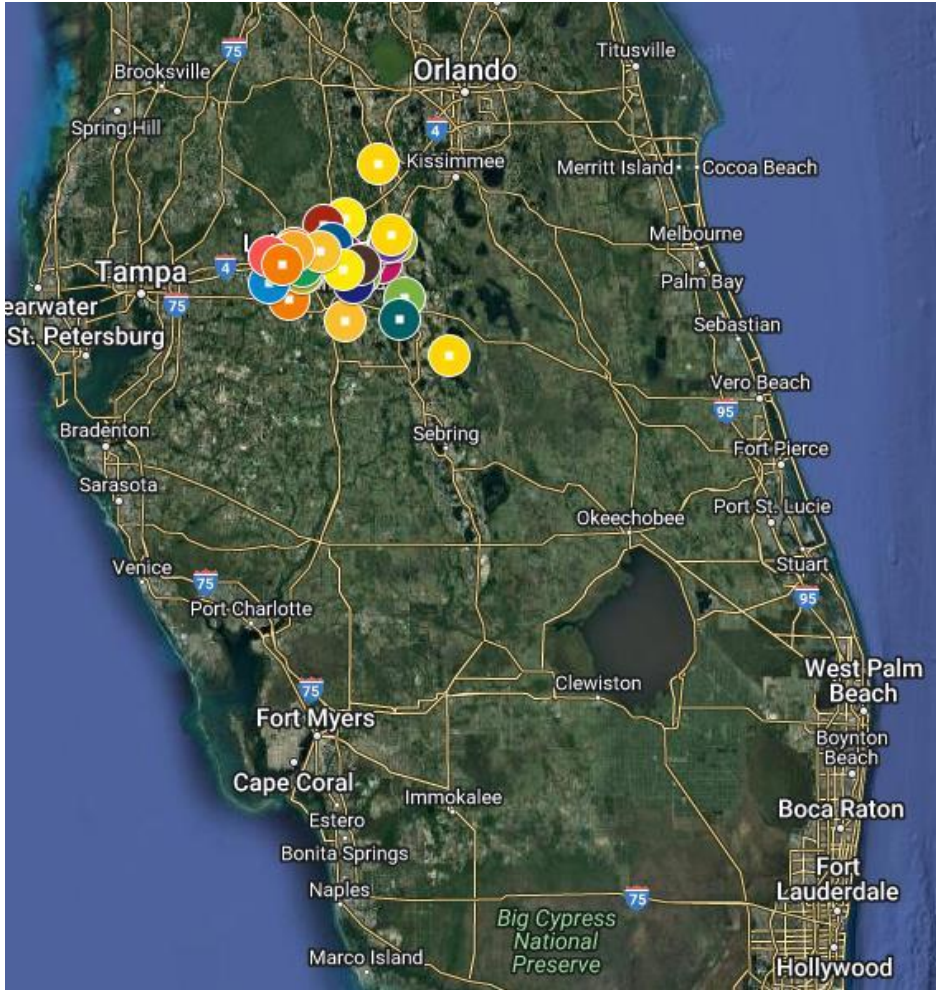
- There are 47 sport and recreation venues in the county.
- Around 250 events were held in 2021 and 2022.
- Most of the events were sports events with the dominant sporting codes being baseball, softball, soccer and basketball.
- A total of 359,102 visitors attended the events (note that attendance is not available for some events), with average event attendance being around 1,760.
- The largest annual event that takes place in the county is the Sun 'n Fun Fly-in which attracted 78,500 visitors over five days in 2022.

% of Events by Sporting Code – Top 4



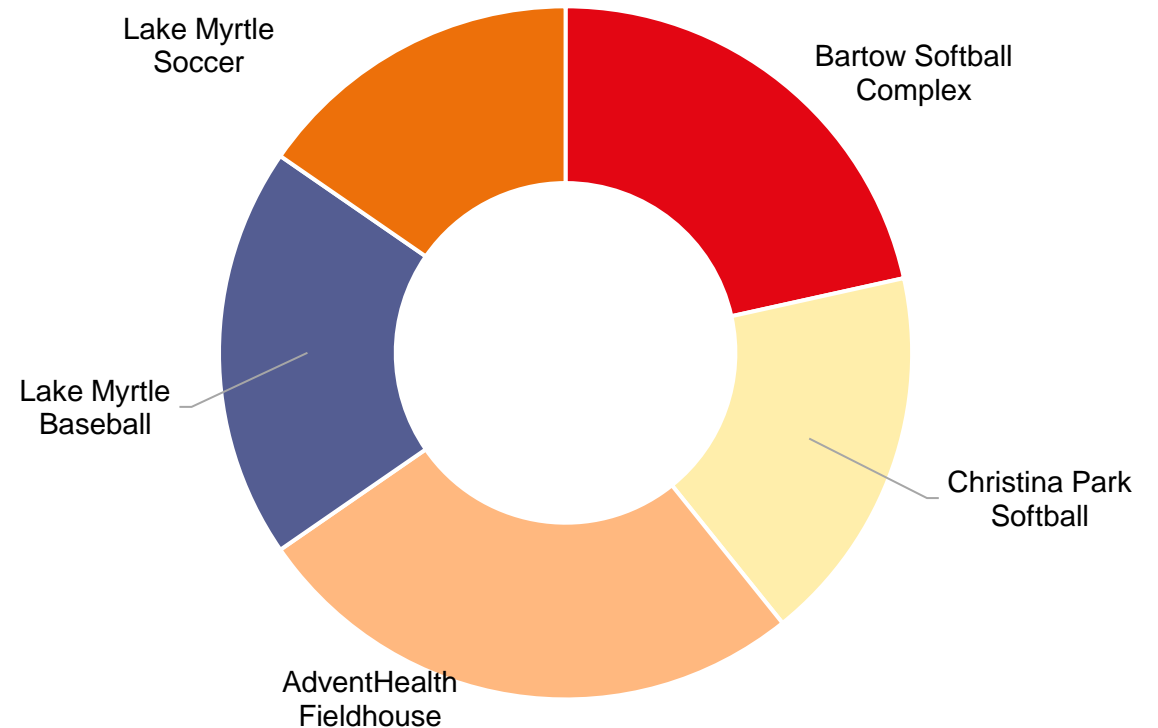
County Tourism Market Analysis

Polk County Sports Venues



AdventHealth Fieldhouse and Conference Center, located in the Chain of Lakes Complex, is the largest indoor multi-use sports facility in Polk County. The 83,000-square-foot complex is Phase 1 of a multi-phase project that will revamp the entire 69-plus-acre of Lakes site.

Sports venues that host the most events



County Tourism Market Analysis

Polk County Tourism Development Projects



- Apart from the opening of the Margaritaville RV Resort in Auburndale and the Peppa Pig theme park in Winter Haven in early 2022, there are no confirmed additional tourism development projects underway or in the pipeline in the county.



County Tourism Market Analysis

Summary

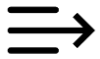


Tourist arrivals



- Tourism to Polk County has recovered well from the Covid-19 pandemic with visitor arrivals exceeding the 2018/19 and 2019/20 average by 9%. Almost 5.5 million visitors visited the county in 2021/22, up from 5.1 million in 2018/19.
- Polk County is a self-drive destination with an increasing percentage of visitors driving to the destination since 2018/19. In 2021/22, 48% of visitors were day visitors.

room nights



- Almost 3.5 million room nights were generated by overnight visitors to the county in 2021/22, up from 3.3 million in 2018/19. The percentage of visitors staying in paid accommodation was 64% in 2021/22, a declining trend.
- Less than half of overnight visitors to Polk County stay in hotels / motels and the percentage has been declining. The average length of stay of visitors to Polk County was on the increase pre-Covid (>5 days) but since decreased to 4.7 nights in 2021/22.

Source Markets



- The Florida region is the main source market of domestic visitors to Polk County, followed by the Southeast. The main cities that Polk County visitors come from are Tampa Bay, Orlando and Miami – Fort Lauderdale.
- International visitors to the county comprise a small proportion of total visitors with the proportion decreasing significantly in 2020/21 and 2021/22 due to Covid-19.

Purpose of Visit



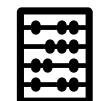
- The main purpose of visit to Polk County is leisure, followed by VFR. Business and conference travel as the main purpose has remained consistent at 5-7% between 2018/19 and 2021/22.
- Sport is an important generator of travel to Polk County with sporting events being the main reason for travel for 9% of visitors in 2021/22 and sport at 4%.

Visitor Attractions



- The most prominent visitor attractions in the county are Legoland, Peppa Pig Theme Park, Safari Wilderness, Bok Tower Gardens, Polk Museum of Art, Hollis Garden, and Westgate River Ranch. Nearby Orlando has the globally renowned theme parks of Disney World and Universal Orlando, and Sea World. Tampa Bay also has its own significant attractions such as Busch Gardens.

Meetings & Conferences



- There is limited information available on meetings and conference demand for the county but it is assumed to be relatively low based on the proportion of visitors who visit for business purposes and limited venue supply.
- There are few large conference venues which can host large conferences or events in the county.

County Tourism Market Analysis

Summary



Sports



- Polk County is a popular destination for sporting activities with supply of around 50 sports and recreation facilities.
- The county is a spring training destination with the Detroit Tigers having their spring training ground in the county.
- Around 250 sporting events took place in the county in 2021/22 with an attendance of around 360,000.

Tourism Development



- There are no significant tourism development projects underway or in the pipeline for the county.

County Tourism Market Analysis

Implications

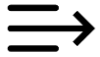


Tourism recovery underway



- Tourism to Polk County has recovered extremely well from the pandemic, reaching a high of 5.5 million visitors in 2021/22. Continued growth will likely drive hotel room night demand. However, less than half of overnight visitors to Polk County stay in hotels / motels and the percentage has been declining.
- New supply that caters to the needs and tastes of future visitors may help to address this decline but other factors impacting on tourism and affordability such as a possible US recession in 2023 also need to be factored into demand projections.

Socio-economic factors in Florida



- Florida residents are the mainstay of tourism to Polk County.
- The existing market that prefers more affordable hotels is well served by current supply but the absence of higher quality hotels may be a deterrent to potential visitors, i.e. latent demand might exist.
- Multi-generational groups tend to prefer short-term rentals and likely fall outside of the hotel market.

Population growth & VFR demand



- Leisure and VFR are the main reasons that tourists visit the county.
- Increasing population growth and in-migration may stimulate VFR visitation but not necessarily hotel demand as VFR tourists tend to stay in unpaid accommodation.

Attractions outside the county



- Polk County is treated as a gateway destination to some of the major attractions in nearby areas such as Orlando and Tampa.
- Growth in visitation to the attractions in these areas could have a positive impact on leisure tourism and hotel demand in the county.

Attractions in the county



- Polk County has its own visitor attractions base which serve to draw leisure tourists to the destination.
- Visitor numbers for these attractions are lacking but Legoland attracted 1.6 million visitors alone in 2019. The addition of Peppa Pig theme park in 2022 is likely to enhance the leisure tourism appeal.
- New attractions would serve as demand drivers for the county, thus potentially stimulating hotel demand.

County Tourism Market Analysis

Implications

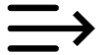


Leisure market & hotel demand



- The key drivers of leisure tourism to the county are the visitor attractions in the county such as Legoland, natural assets such as lakes, and visitor attractions outside of the county such as Disney World in Orlando. The potential exists to grow tourist arrivals by increasing visitation to existing assets and attractions (through marketing) and developing new attractions which act as generators of demand (demand drivers in their own right). Theme parks/resorts are an example, and assets that leverage the lakes and natural resources.

VFR market & hotel demand



- Leisure and VFR are the main reasons that tourists visit the county.
- Increasing population growth and in-migration may stimulate VFR visitation but not necessarily hotel demand as VFR tourists tend to stay in unpaid accommodation.

Business market & hotel demand



- The county's high economic growth rate, healthy pipeline of economic development and infrastructure projects will stimulate business travel demand.
- Convenience is the primary factor when business travelers choose hotels, therefore location will be important when assessing potential hotel sites that will serve the business market.

Conference market & hotel demand



- There is a gap in the conference and meetings industry in the county which could be closed with appropriate hotel development that includes meeting space.

Sports market & hotel demand



- Sporting events currently generate demand in the midscale and upper midscale hotel markets, with some potential for upscale hotels.
- An events strategy that increases sporting events held in the county, together with diversifying into new events of high caliber, could drive hotel demand.

Hospitality Market Analysis

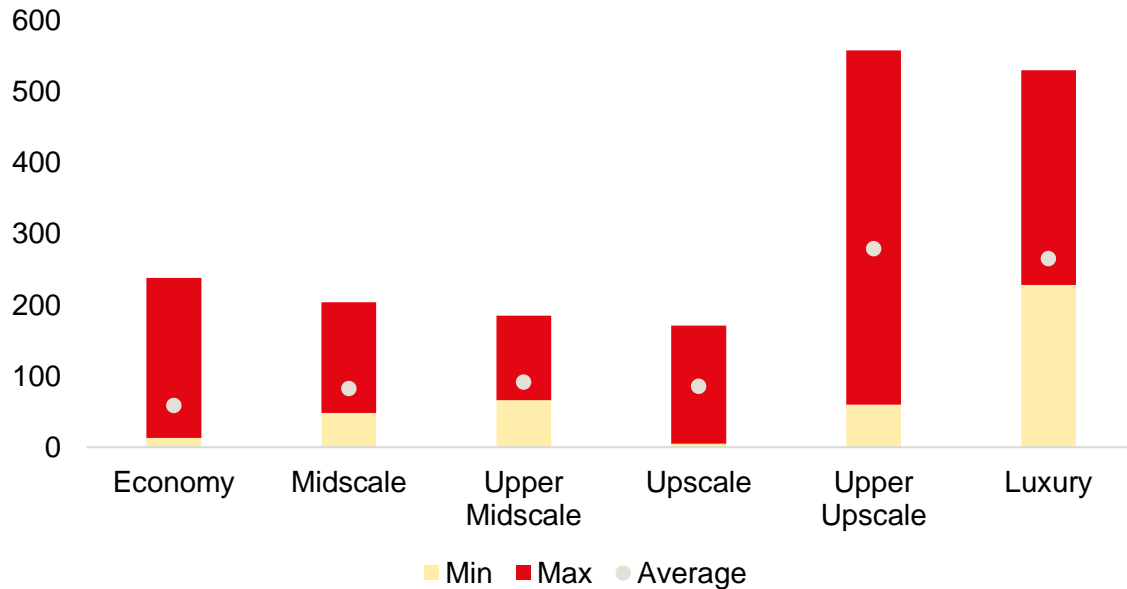
Hospitality Market Analysis

Existing Hotel Supply

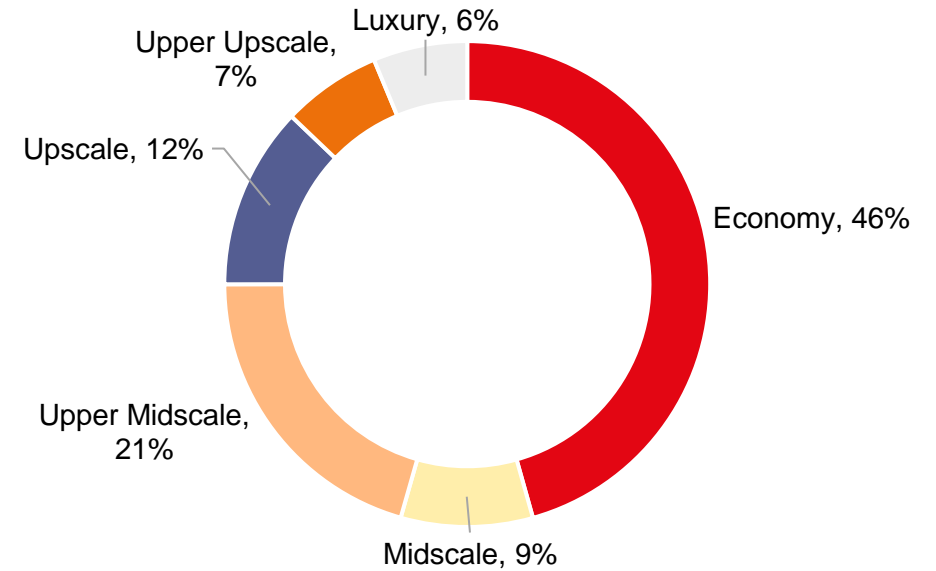


- There are approximately 110 hotels offering 8,451 keys in Polk County, averaging 77 keys per hotel. 55 of the properties are chain affiliated (50% of supply) and the rest are independent. Most of the hotels in Polk County (61%) are classified as economy. Upper upscale and luxury hotel comprise 4% of hotel supply.
- The average size of economy hotels in Polk County is 58 keys; 82 for midscale; 91 for upper midscale; 93 for upscale; 279 for upper upscale; and 265 for luxury.

Hotel size (keys) by class Polk County



Existing supply positioning (keys)



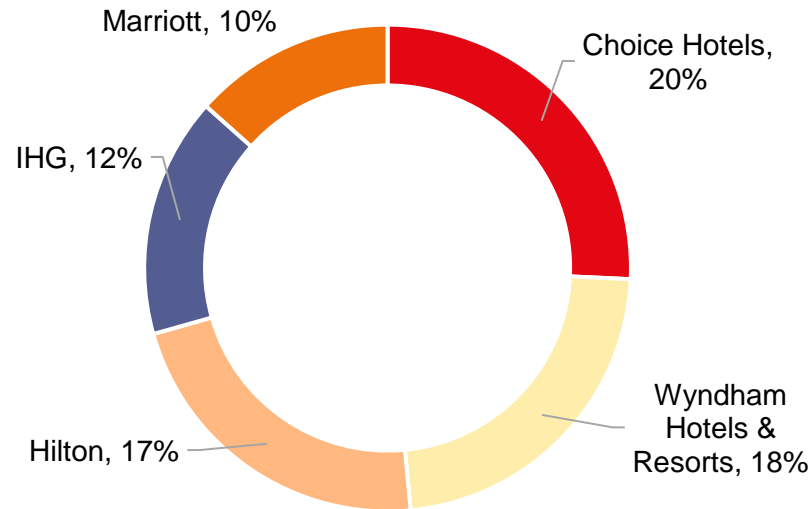
Hospitality Market Analysis

Existing Hotel Supply

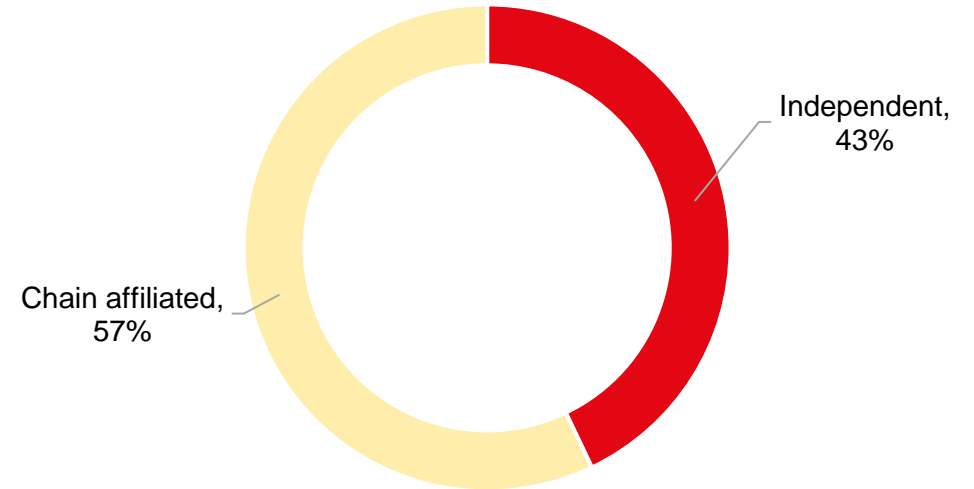


- The dominant hotel chain in Polk County is Choice Hotels (20% of keys). This is followed by Wyndham with 18% and Hilton with 17% of total keys.
- The chain hotels average 88 keys in size and independent hotels average 66 keys in size.

Top 5 hotel chains (keys)



Supply mix (existing keys)



Hospitality Market Analysis

STR Classification of Hotel Class

Source: STR

- STR has the following approach to categorizing hotel class. The classes provided in the following pages are based on the STR system.
- STR uses six chain scales and adjusts positioning annually based on prior year RevPAR performance.

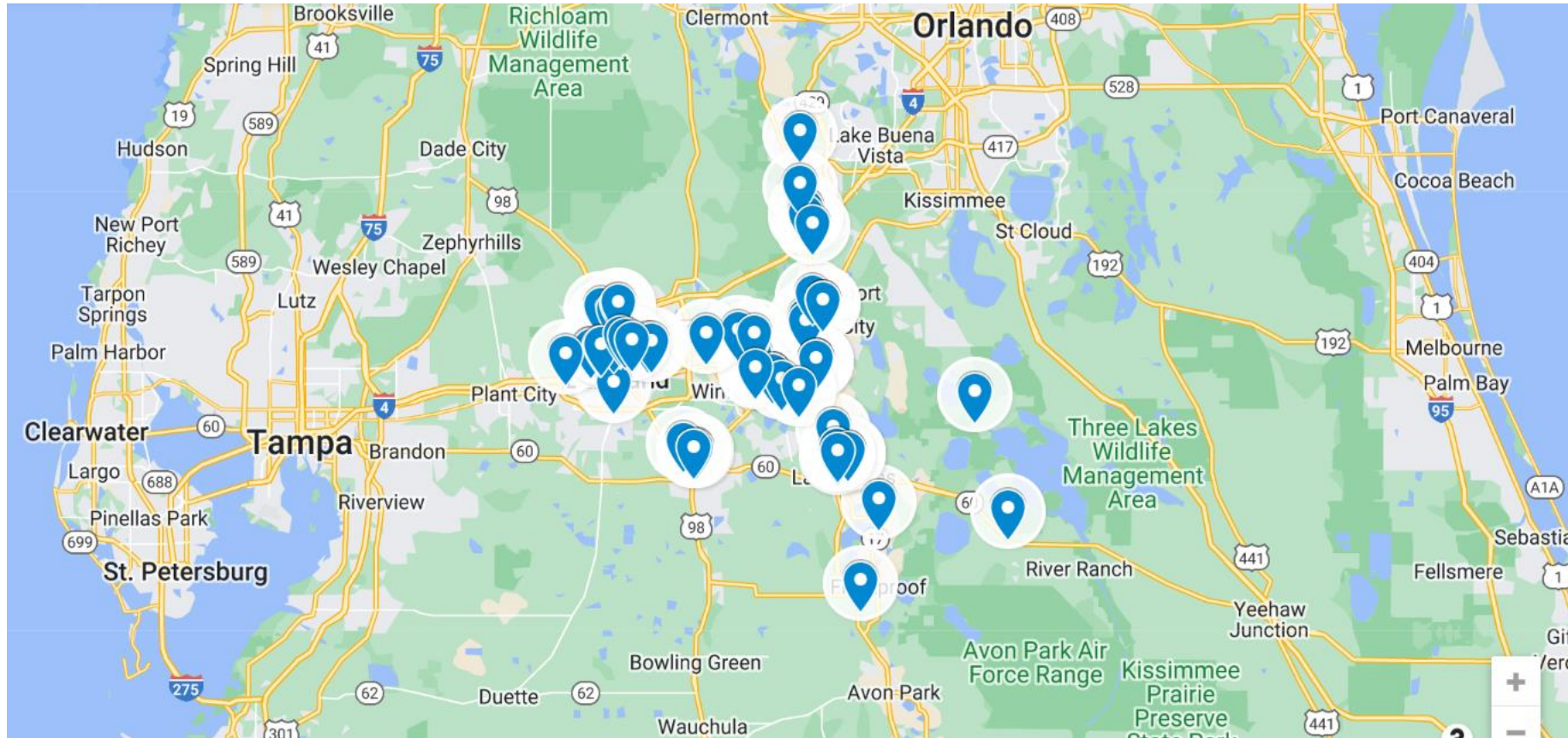


Hospitality Market Analysis

Map of Economy Hotels



Source: STR & Google Maps, 2022



- There are 67 economy class hotels in Polk County with 3,905 rooms in total and the average number of keys per hotel is 58.
- 75% of the economy class hotels are independent hotels. The rest of the hotels are affiliated to the following chains:

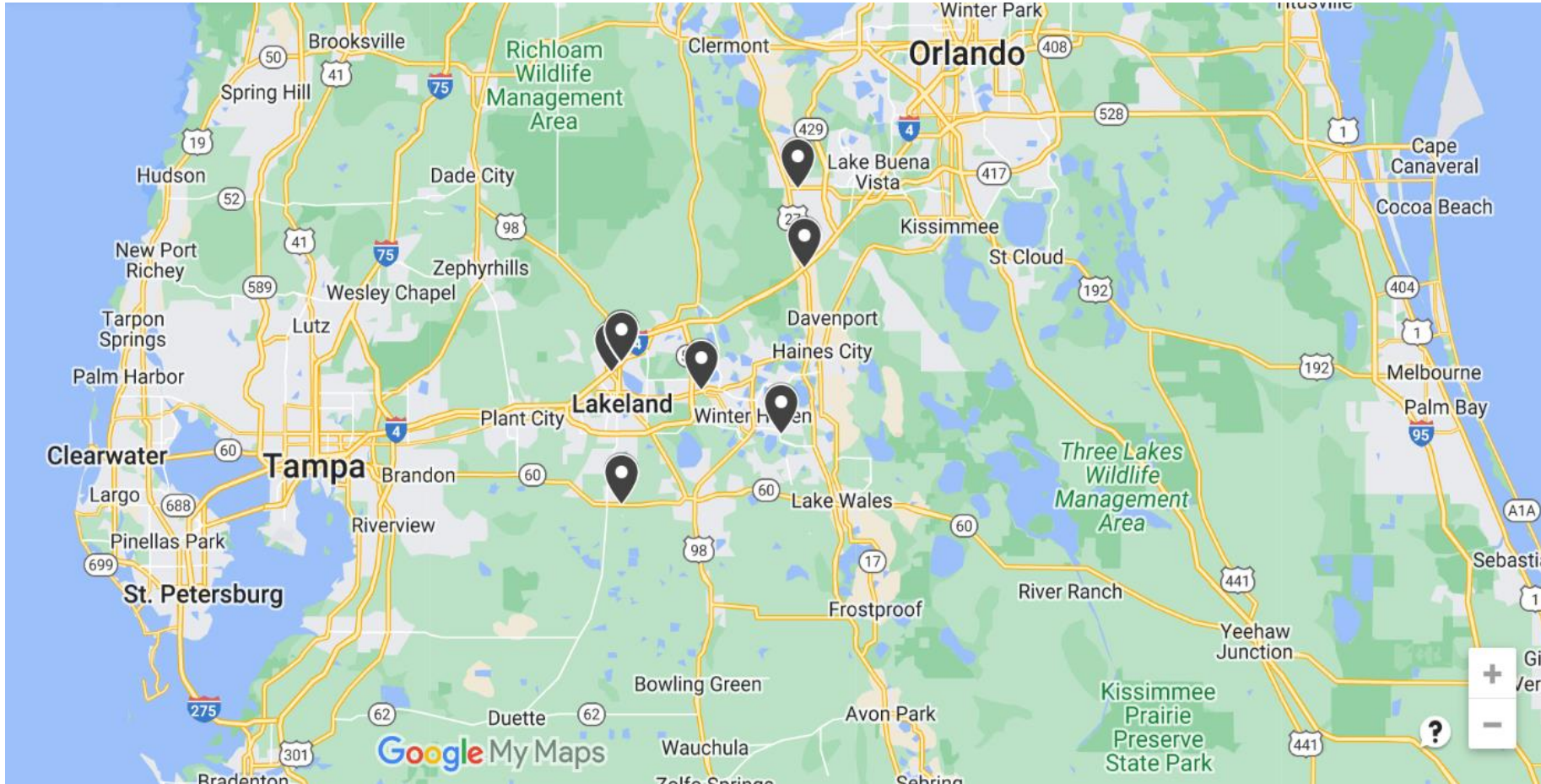


Hospitality Market Analysis

Map of Midscale Hotels



Source: STR & Google Maps, 2022



- There are nine midscale hotels in Polk County with 742 rooms in total and the average number of keys is 82.
- None of the midscale hotels are independent hotels. The hotels are affiliated to the following chains:

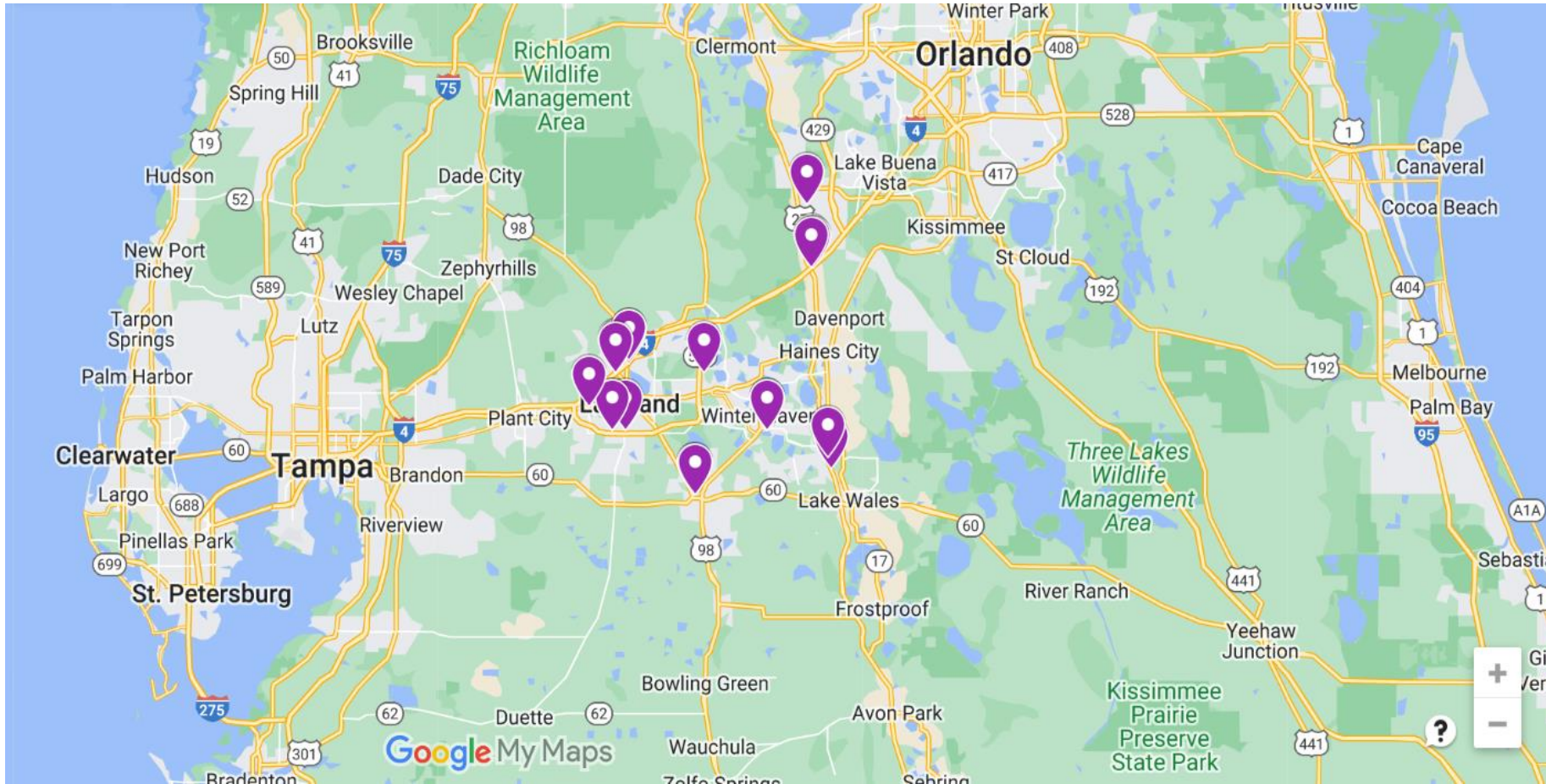


Hospitality Market Analysis

Map of Upper Midscale Hotels



Source: STR & Google Maps, 2022



- There are 19 upper midscale hotels in Polk County with 1,738 rooms in total and the average number of keys is 91.
- None of the upper midscale hotels are independent hotels. The hotels are affiliated to the following chains:

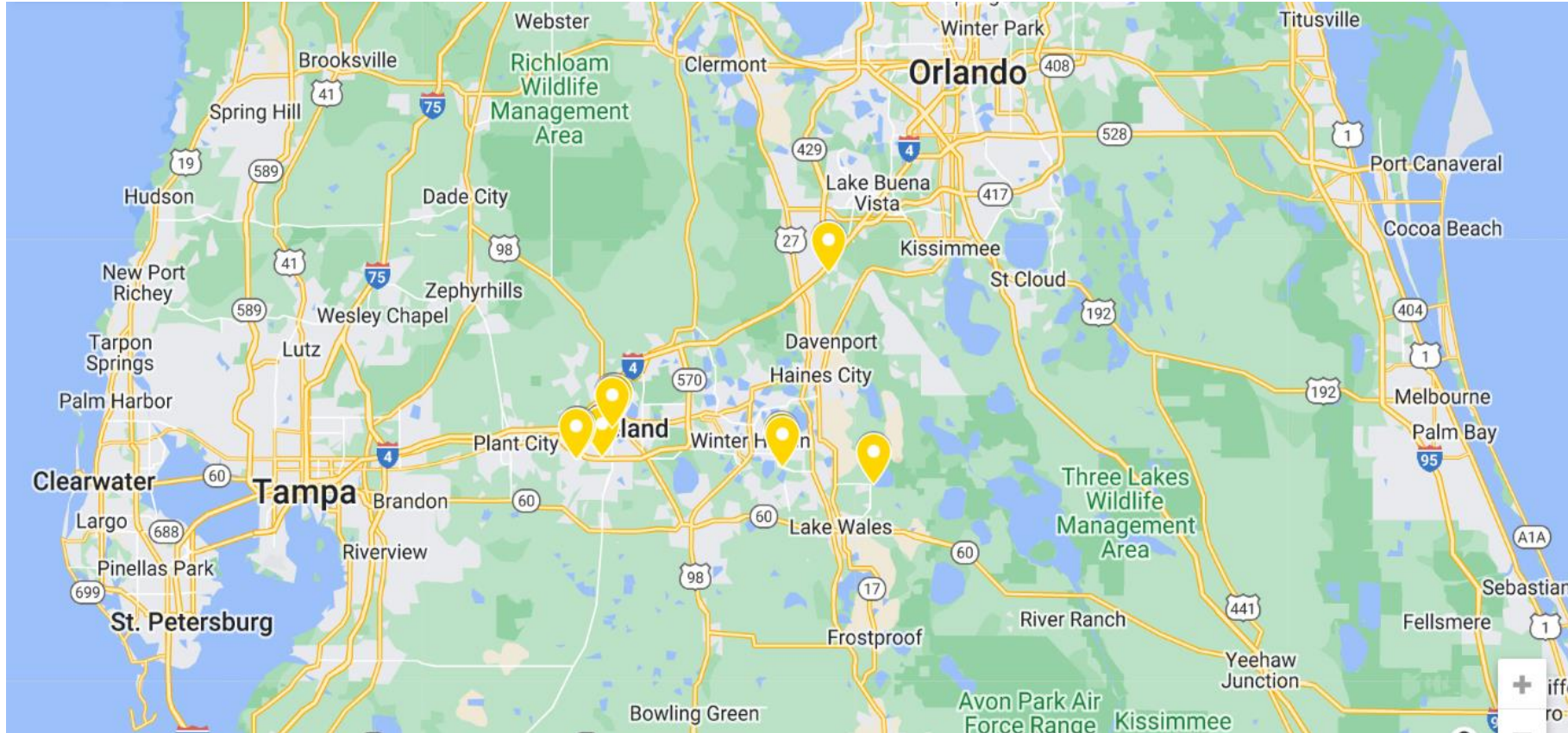


Hospitality Market Analysis

Map of Upscale Hotels



Source: STR & Google Maps, 2022



- There are 11 upscale hotels in Polk County with 978 rooms in total and the average number of keys is 89.
- Two (18%) of the upscale hotels are independent hotels. The rest of the hotels are affiliated to the following chains:

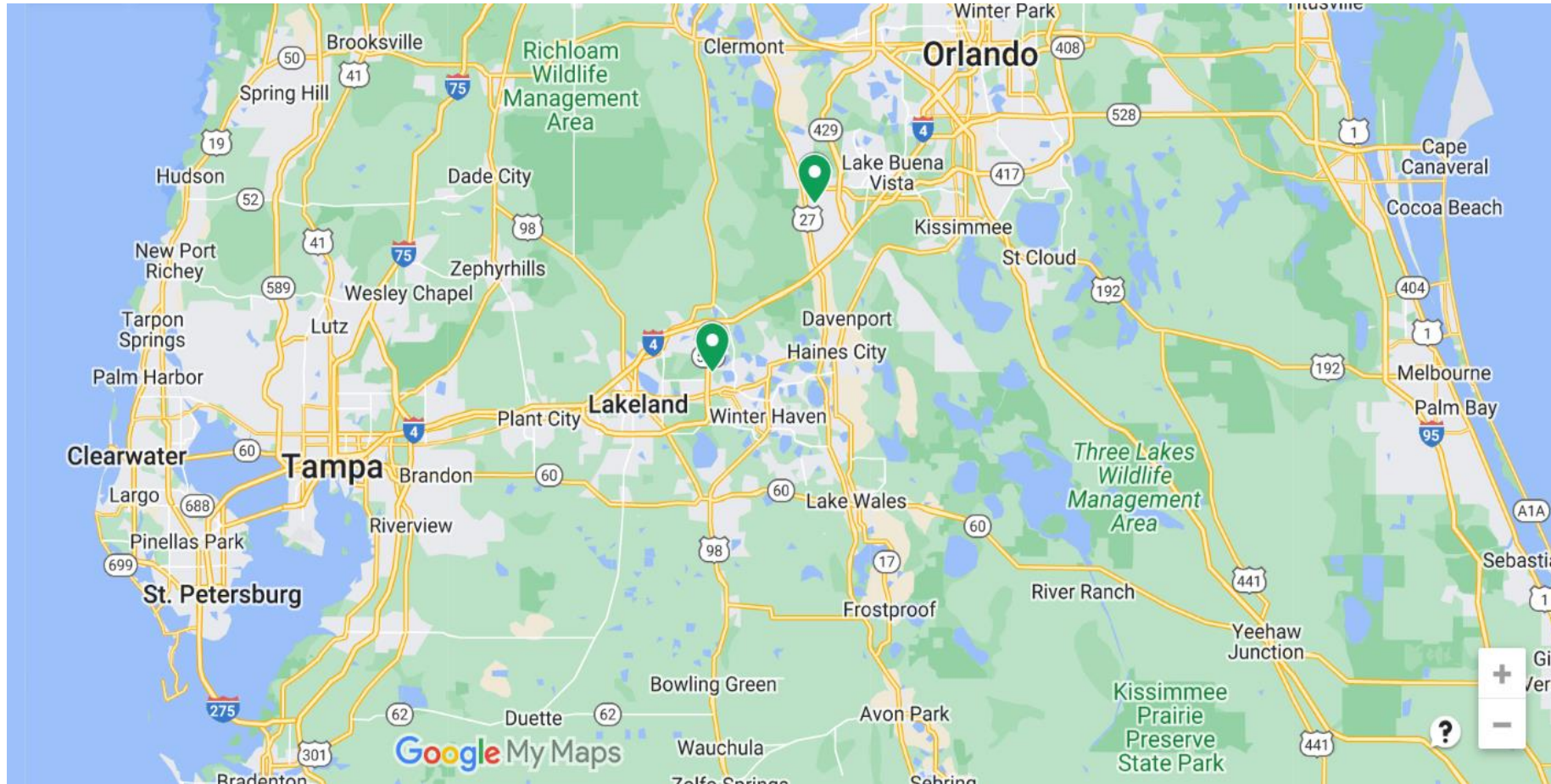


Hospitality Market Analysis

Map of Upper Upscale Hotels



Source: STR & Google Maps, 2022



- There are two upper upscale hotels in Polk County with 558 rooms in total and the average number of keys is 279.
- One hotel is affiliated to Wyndham Vacation Rentals and the other is affiliated to Margaritaville:

MARGARITAVILLE
Hotels & Resorts

WYNDHAM
VACATION CLUBS

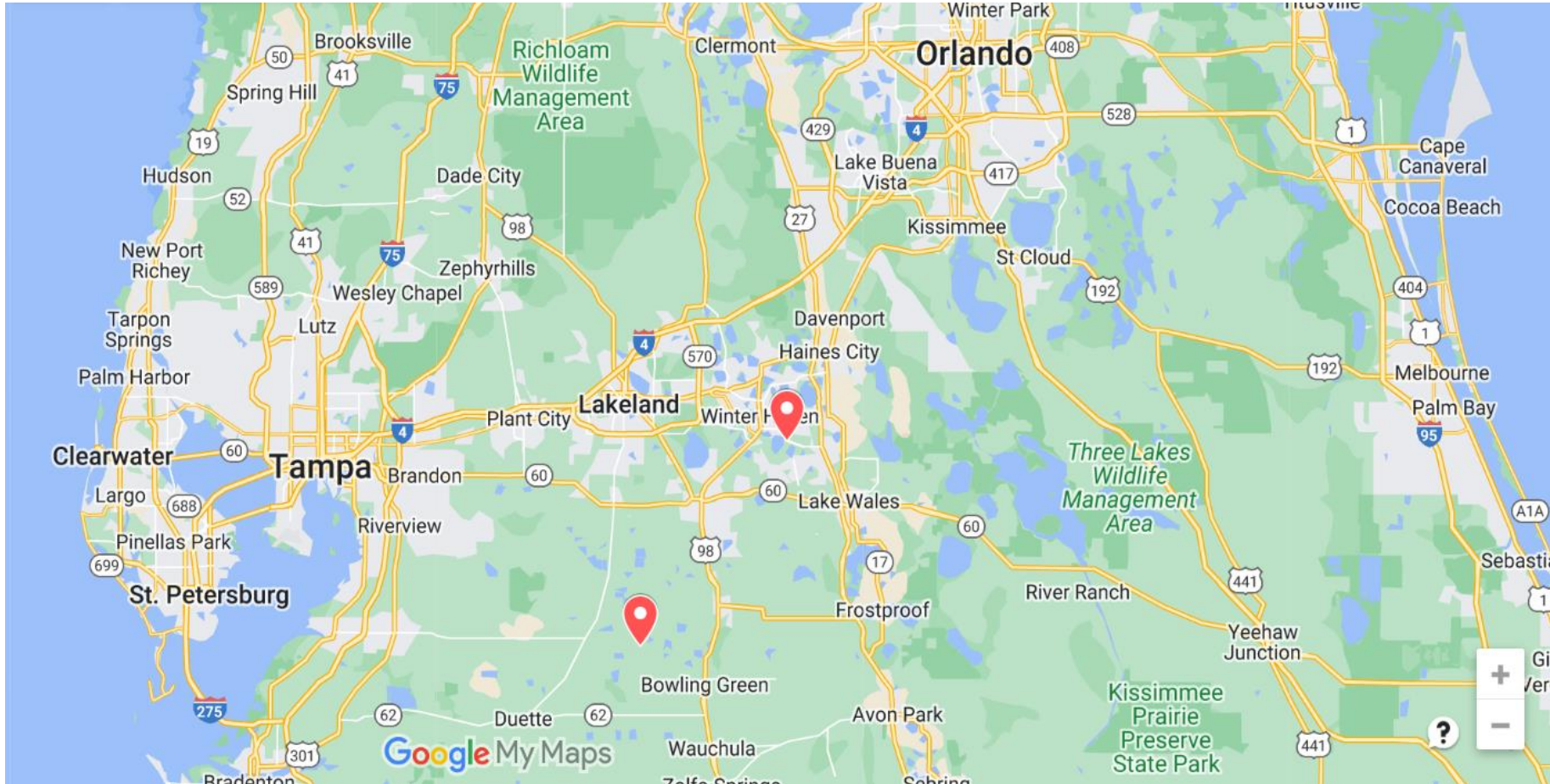
- Bahama Bay Resort (affiliated to Wyndham) offers condos and self-catering, and Margaritaville is an RV resort. Neither are considered traditional hotels, although they are classified by STR as hotels.

Hospitality Market Analysis

Map of Luxury Hotels



Source: STR & Google Maps, 2022

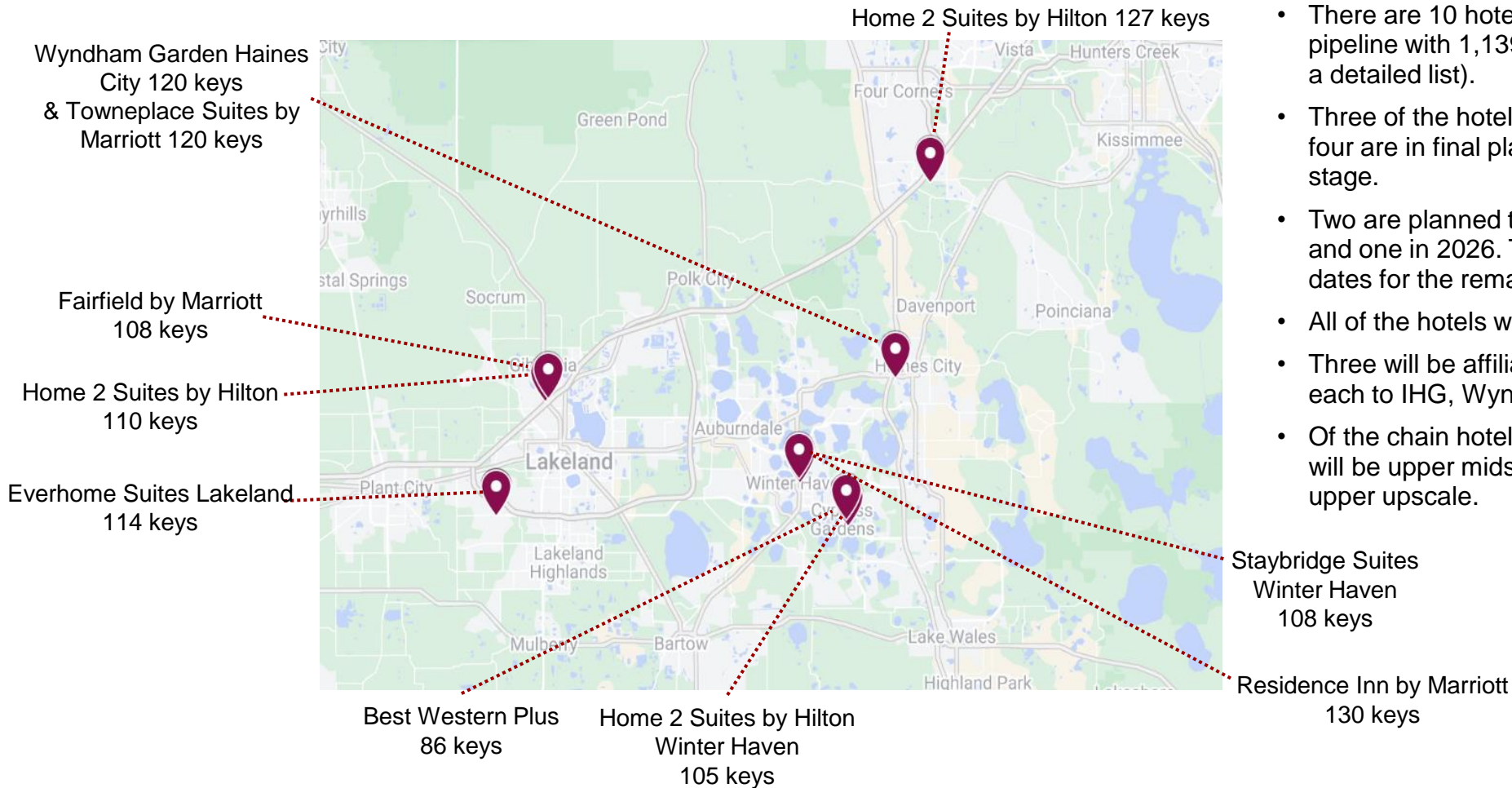


- There are two luxury hotels in Polk County (Streamsong Resort and Legoland resort) with 530 rooms in total and the average number of keys is 265.
- Both hotels are independent and are resort products offering a wider range of amenities compared to hotels.



Hospitality Market Analysis

Polk County Future Hotel Development Pipeline



- There are 10 hotels in the Polk County development pipeline with 1,139 keys in total (refer to the next page for a detailed list).
- Three of the hotels are in construction (332 keys in total); four are in final planning; and three are in the planning stage.
- Two are planned to open in 2023, four in 2024, two in 2025 and one in 2026. There is no information about opening dates for the remaining hotel.
- All of the hotels will be chain affiliated.
- Three will be affiliated to Hilton; three to Marriott; and one each to IHG, Wyndham, Choice Hotels and Best Western.
- Of the chain hotel rooms, 10% will be midscale class, 69% will be upper midscale, 9% will be upscale, and 11% will be upper upscale.

Hospitality Market Analysis

Future Hotel Development Pipeline



Project Name	Keys	Open Date	Development Phase	Affiliation	Class
Everhome Suites Lakeland	114	2026	Planning	Everhome Suites	Midscale Chain
Towneplace Suites by Marriott, Haines City	120	2025	Planning	Towneplace Suites	Upper Midscale Chain
Wyndham Garden Haines City	120	2025	Planning	Wyndham Garden	Upper Midscale Chain
Home2 Suites by Hilton Winter Haven	105	2024	Final Planning	Home2 Suites by Hilton	Upper Midscale Chain
Fairfield by Marriott Inn & Suites Lakeland	108	2024	Final Planning	Fairfield Inn	Upper Midscale Chain
Best Western Plus Winter Haven Inn & Suites	97	2023	In Construction	Best Western Plus	Upper Midscale Chain
Home2 Suites by Hilton Davenport Orlando I-4	127	2023	In Construction	Home2 Suites by Hilton	Upper Midscale Chain
Home2 Suites by Hilton Lakeland North I-4	110	2024	Final Planning	Home2 Suites by Hilton	Upper Midscale Chain
Staybridge Suites Winter Haven	108	2024	In Construction	Staybridge Suites	Upscale Chain
Residence Inn by Marriott Winter Haven	130	Not available	Final Planning	Tribute Portfolio	Upper Upscale Chain
	1,139				

It is unlikely that all the hotels in the pipeline will open. The Residence Inn and Fairfield developments are rated to have a low probability of opening. If these two hotels do not open, there will be eight hotels in the pipeline with 901 keys. This will leave one midscale hotel, many upper midscale hotels and one upscale property in the pipeline.

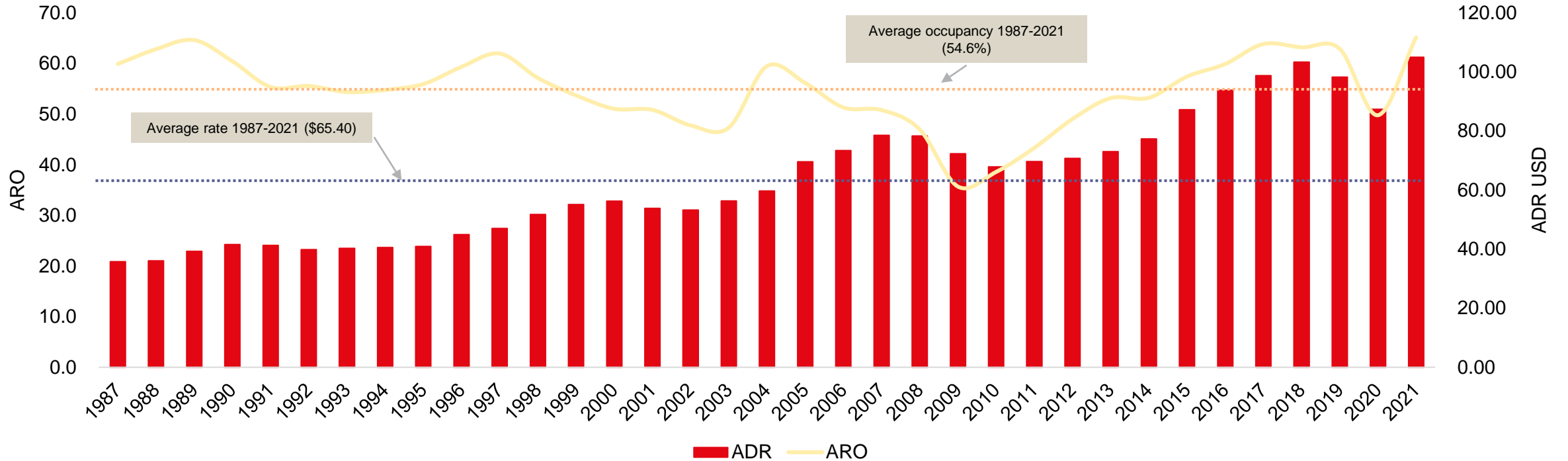
Hospitality Market Analysis

Polk County Annual Marketwide Hotel Performance



Source: JLL, STR, Macrotrends, 2022

Annual hotel market performance



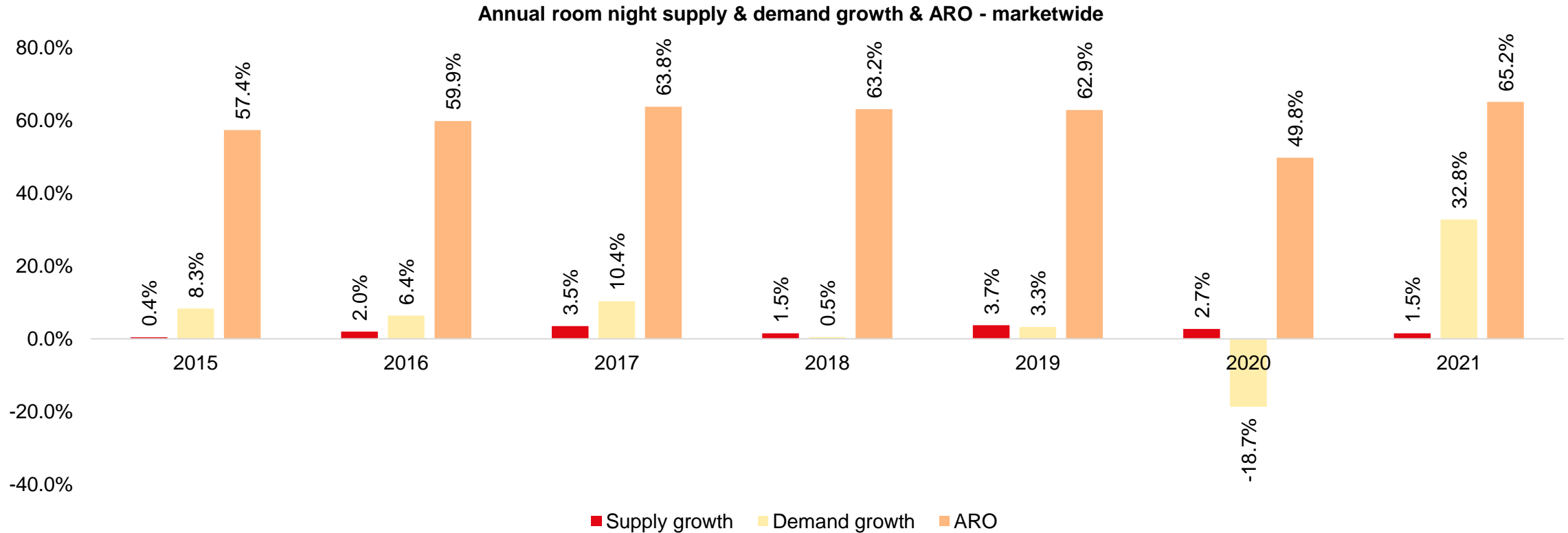
The average occupancy for 1987 to 2021 was 54.7%, peaking in 2021 at 65.2%. The 2009 financial crisis resulted in occupancies dropping to the high-30s, then recovering to the 50s by 2013. In 2016, occupancies reached 60% and remained in the mid-60s until the pandemic in 2020. ADR averaged \$65.40 for 1987 to 2021 and peaked in 2021 at \$104.95. ADR increased at a CAGR of 3.2% for the period, compared average inflation of 2.6% (ADR increased in real terms).

Hospitality Market Analysis

Polk County Supply vs Demand Growth



Source: JLL, STR, 2022



Between 2014 and 2021, room night demand outpaced supply every year except for 2018, 2019 and 2020 during the Covid-19 pandemic. The strong demand performance is shown by the occupancies which remained consistent between 2017 and 2018, despite new supply entering the market. In 2018 and 2019, demand growth for economy and midscale hotels was negative, while growth for other class hotels was slightly positive. The dominance of economy and midscale hotels in the market thus offset positive growth in other classes and resulted in occupancies decreasing in 2018 and 2019. In 2021, recovery from the pandemic was particularly strong with demand growth being 32.8% and occupancies reaching their highest levels ever in the last three decades.

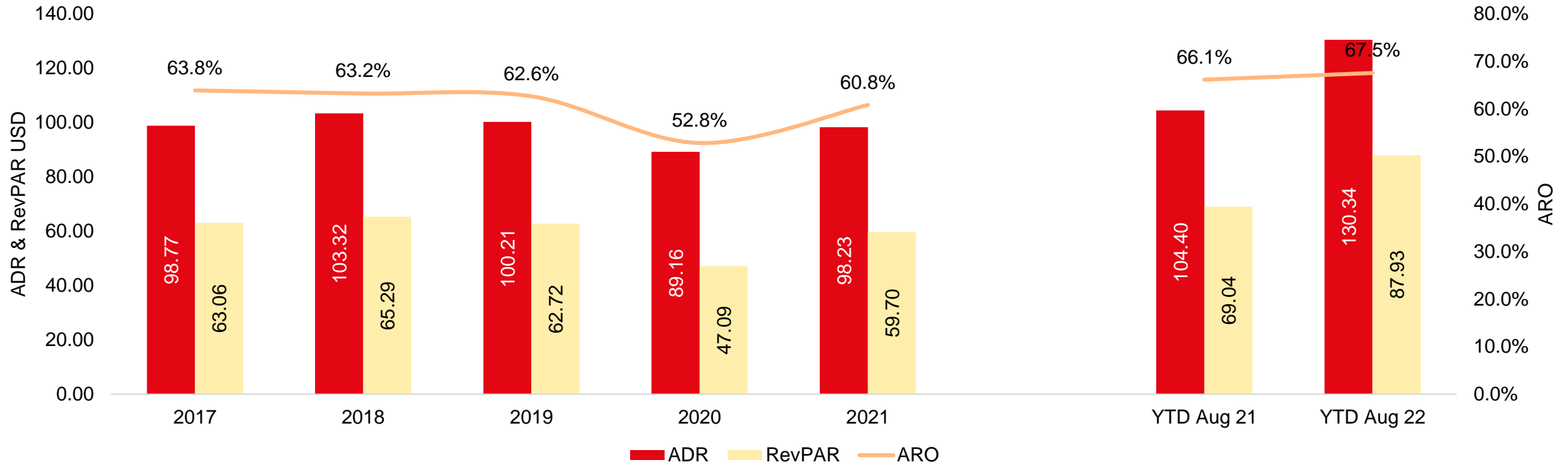
Hospitality Market Analysis

Polk County Annual Marketwide Hotel Performance



Source: JLL & STR, 2022

Hotel market performance - 2017-Aug 2022



Hotel occupancies were in the low 60s between 2017 and 2019, decreasing significantly to the low 50s in 2020 due to the pandemic. Occupancies recovered to almost 2019 levels in 2021 and for January to August 2022 they have slightly surpassed 2021 performance. ADR was almost \$100 in 2017 and increased to \$103 in 2018, it decreased to around \$100 in 2019, decreasing by about 10% during 2020 to just below \$90. In 2021, ADR recovered to almost reach 2017 levels and for January to August 2022, ADR has far exceeded 2021 performance. RevPAR collapsed to less than \$50 in 2020 and has since recovered significantly to its highest levels in three years for January to August 2022. Pent-up demand or ‘revenge travel’ could explain the excellent performance experienced to August 2022. The performance of rate and occupancy is positive considering the type of supply lends itself to lower end pricing.

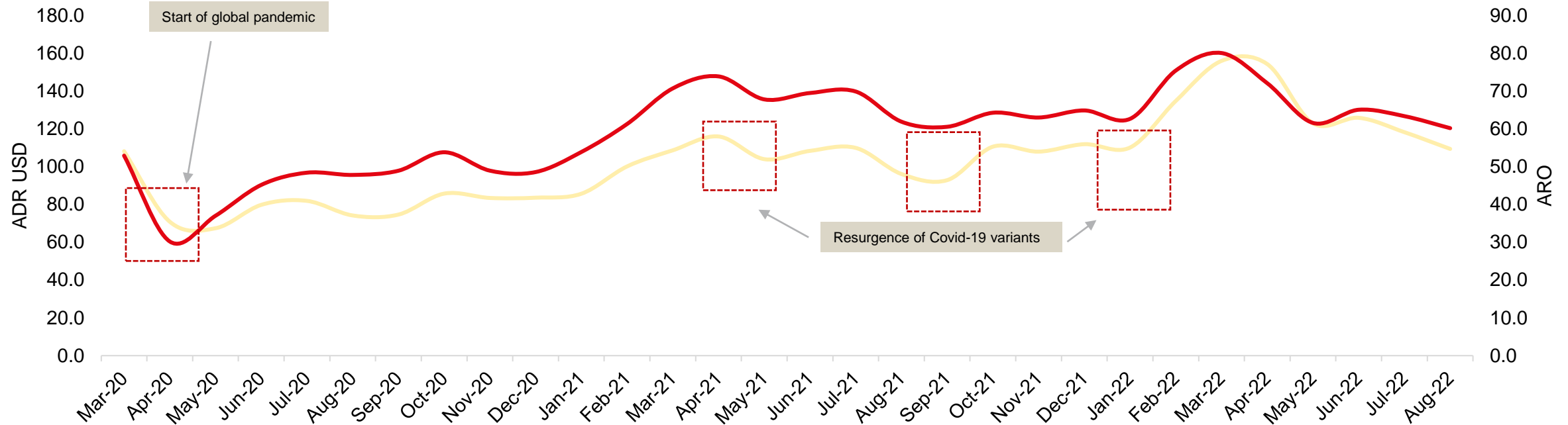
Hospitality Market Analysis

Polk County Monthly Marketwide Performance – Covid Impact



Source: JLL & STR, 2022

Marketwide monthly hotel occupancy & ADR – Covid-19 impact



In March 2020, the global pandemic closed travel and tourism and caused occupancies to decrease to 52.9% compared to the pre-Covid average of 77.6%. Rates also decreased significantly compared to the usual high experienced in March. Occupancies were lowest during Covid-19 in April and May 2020, but recovered to the 40s and 50s for the rest of 2020. By January 2021, occupancies had reached 53.9% and remained in the 60s and 70s for the rest of that year. Recovery in 2022 has been very good with a high of 80.0% being achieved in March 2022 (second highest recorded ARO in March since 2005). The highest declines in ADR were experienced in March to May 2020 and 2021 compared to the 5-year pre-Covid average (April rates decreased by almost 20%). For the rest of the year, rates increased in nominal terms in 2020 and 2021 compared to the 5-year pre-Covid average.

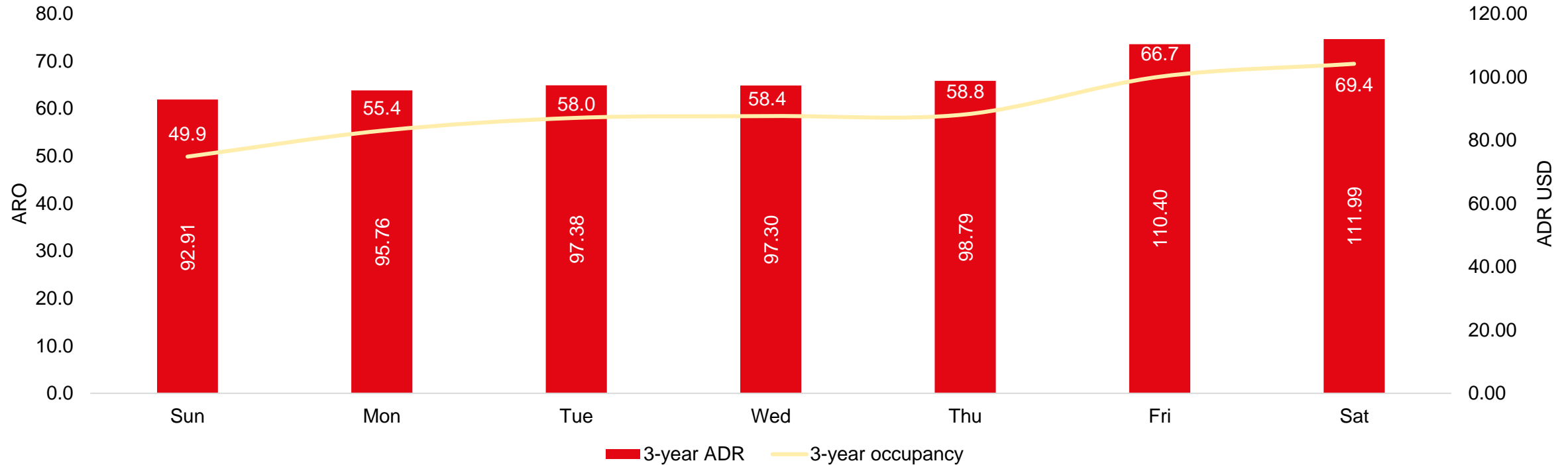
Hospitality Market Analysis

Polk County Occupancy & ADR Performance by Day of the Week



Source: JLL & STR, 2022

Occupancy & ADR by day of the week - May 2019-April 2022 3-year average



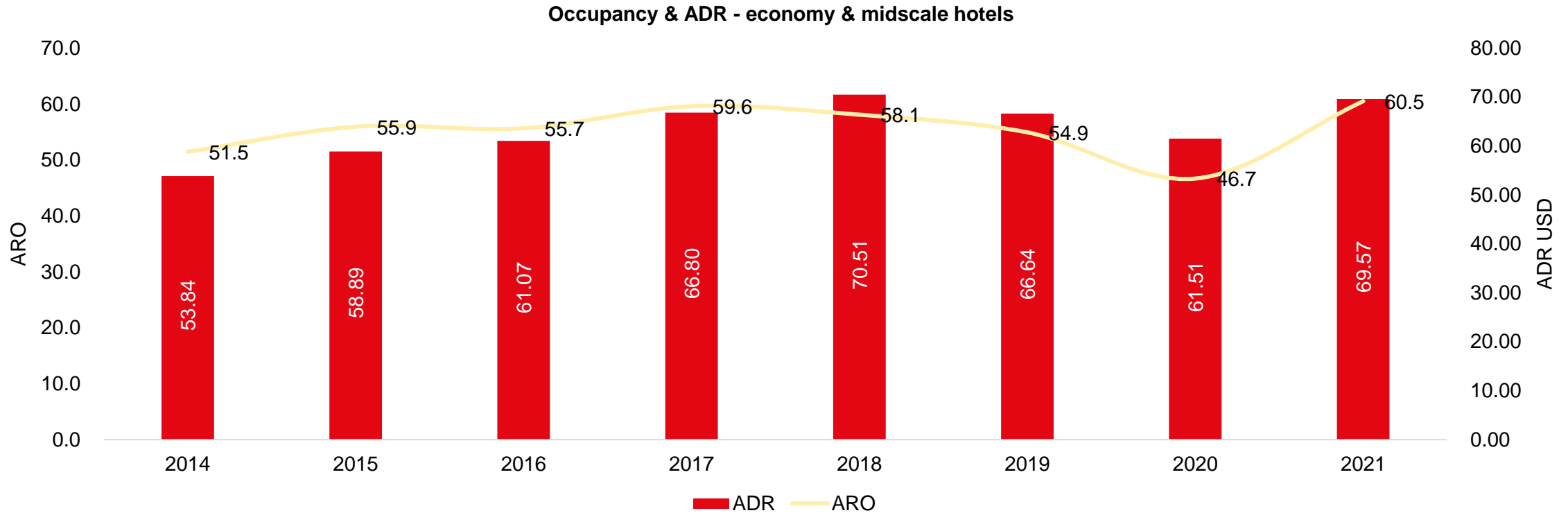
Occupancies peak on weekends with Friday averaging 66.7% and Saturday 69.4% between May 2019 and April 2022. Sunday nights achieve the lowest occupancies of the week, averaging at 49.9% over the three-year period from May 2019 to April 2022. The trend of higher weekend occupancies is consistent with the higher proportion of leisure trips undertaken to the county. ADR also peaks over weekends and averaged more than \$110 on Fridays and Saturdays for the three-year period. This is a 20% premium compared to ADR on Sundays.

Hospitality Market Analysis

Polk County Occupancy & ADR Performance Economy & Midscale Hotels



Source: JLL & STR, 2022



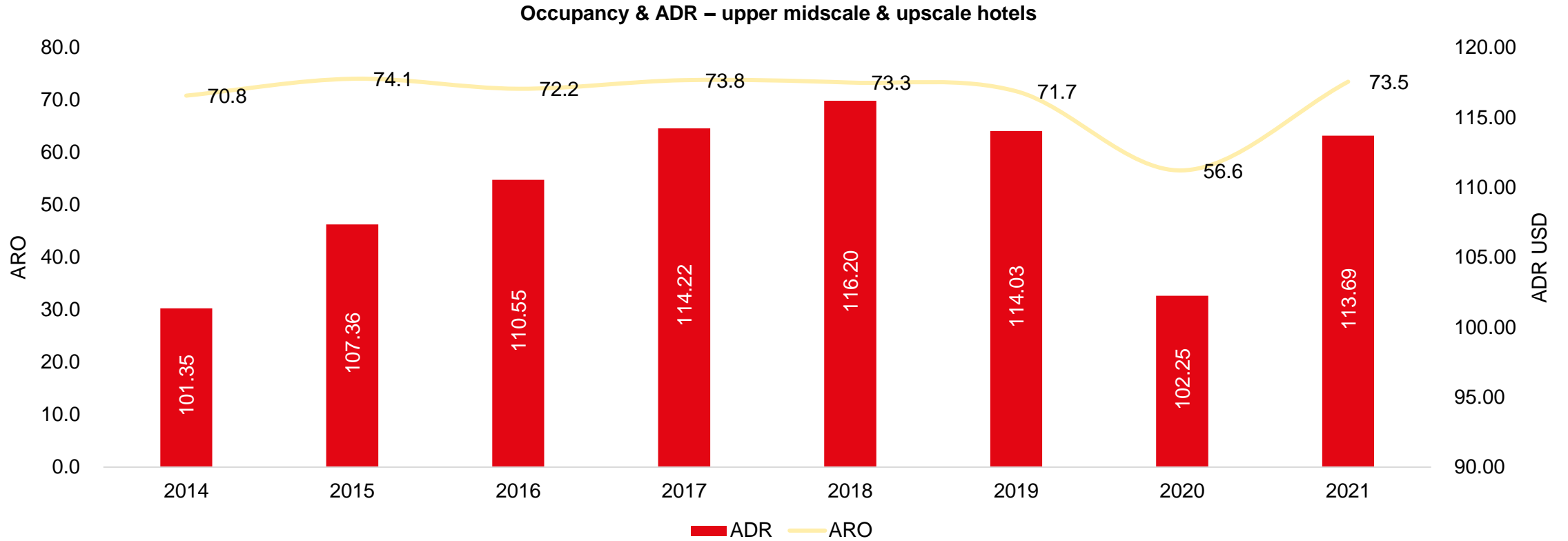
Economy and midscale hotels achieved an average occupancy of 51.5% in 2014, peaking at 59.6% in 2017. From 2018, occupancies decreased to 58.1% in 2018 and 54.9% in 2019. The pandemic resulted in ARO declining to the mid-40s but recovery was strong in 2021 as occupancies reached their highest levels since 2017 at 60.5%. **Economy and midscale hotels' occupancy performance was consistently below the overall market average between 2014 and 2021.** In 2018, room night supply increased by 0.2% but demand decreased by 2.3%. In 2019, room night supply increased by 3.1% and demand decreased by 2.5%. This suggests that there may have been some oversupply in 2019 but that decreases in demand were the main drivers of declining occupancies, rather than supply increasing too fast relative to demand. Demand increased by 30.8% in 2021 while supply remained consistent, resulting in occupancies increasing. The highest ADR achieved pre-Covid was \$70.51 in 2018 (returning close to this level in 2021). **ADRs in economy and midscale hotels are about 30-35% lower than the market average.**

Hospitality Market Analysis

Polk County Occupancy & ADR Performance Upper Midscale & Upscale Hotels



Source: JLL & STR, 2022



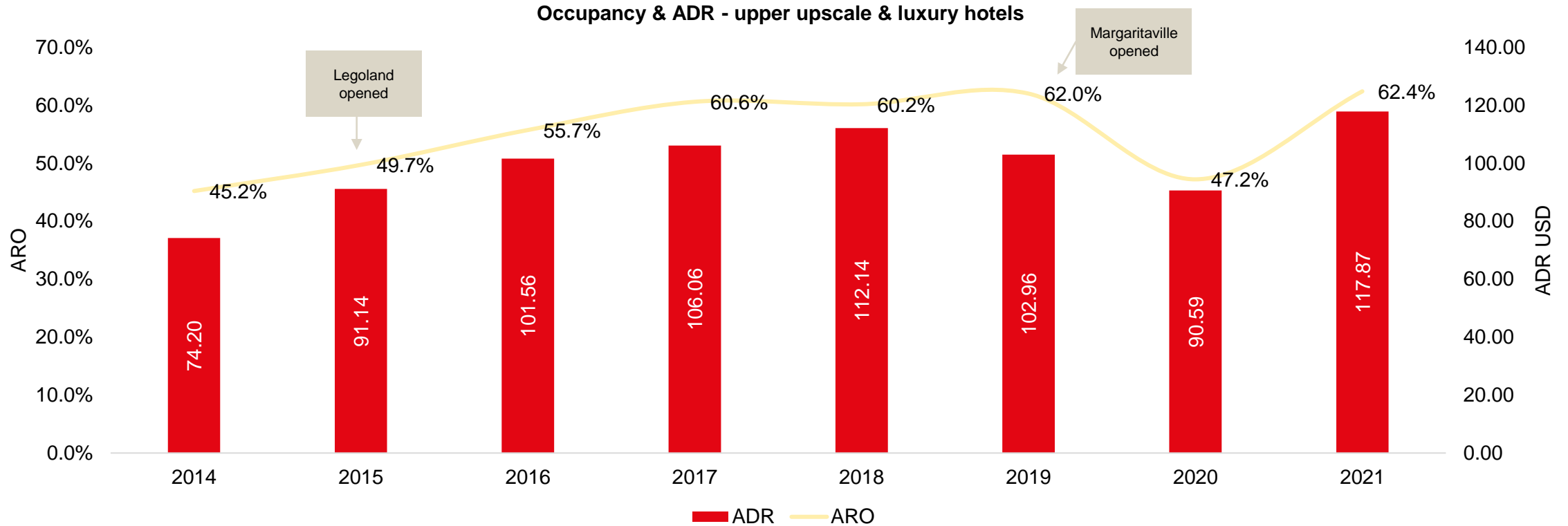
Between 2014 and 2019, occupancies of upscale hotels averaged in the low-70s (decreasing to 56.6% during the pandemic in 2020). Upscale hotels consistently outperform the market average but the differential has been declining since 2015. room night demand for upscale hotels is strong given that occupancies remained in the 70s (demand increased by 45%) despite a 40% increase in room night supply between 2014 and 2021. **Upscale hotel ADRs achieved an average rate premium of 18% compared to the market average for 2014 to 2021.**

Hospitality Market Analysis

Polk County Occupancy & ADR Performance Upper Upscale & Luxury Hotels



Source: JLL & STR, 2022



Demand increased by average of 12% in the 3 years after the opening of Legoland in 2015 and occupancies still increased in 2019 when Margaritaville opened. The CAGR in ADR for 2014 to 2021 was 6.8% compared to 3.7% for economy and midscale hotels, and 1.7% for upper midscale and upscale hotels. It should be noted that there is a high room pricing differential between hotels in this segment as some properties are not traditional hotels. For example, Margaritaville is not a traditional hotel and has rates far lower than Legoland. This brings down the overall market ADR in this segment.

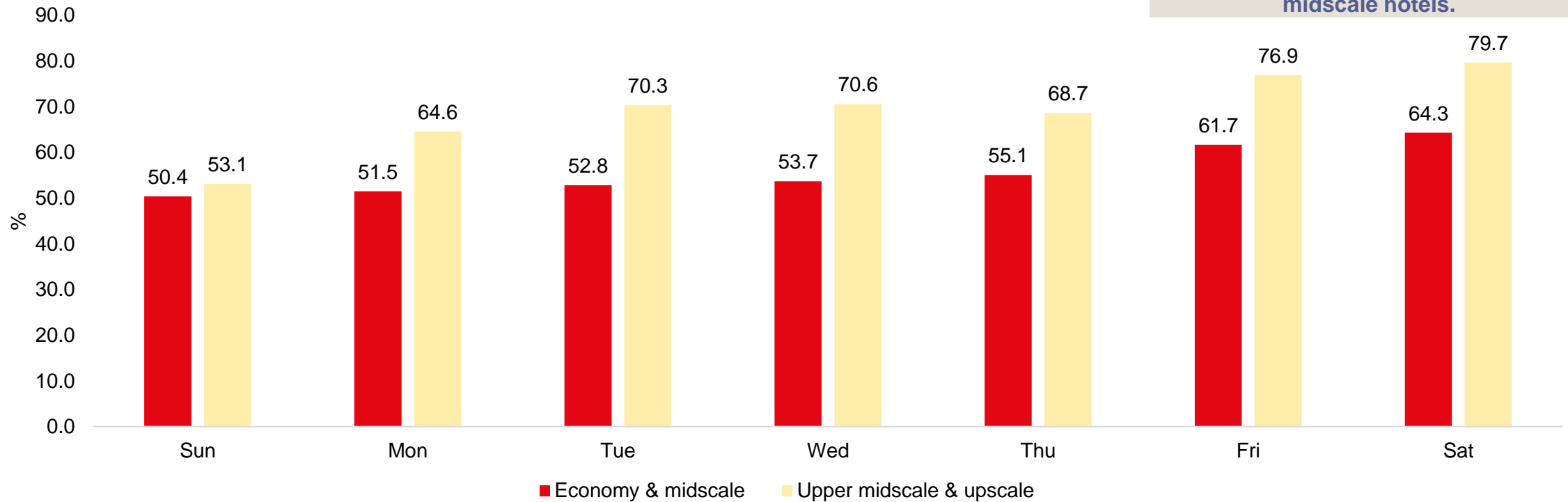
Hospitality Market Analysis

Polk County Daily Occupancies by Hotel Class



If 2020 is excluded, Friday ARO averages 83.4% and Saturday 86.0% at upper midscale and upscale hotels, compared to 66.4% and 69.2% for economy and midscale hotels.

Daily ARO (3-year average) by hotel class



Analysis of daily room occupancies reveals **higher levels of capacity constraints in upper midscale and upscale hotels in the county**. Weekend occupancies in these hotels averaged in the mid-70s to 80% between December 2019 and November 2022, while economy and midscale hotels averaged in the low to mid-60s. Occupancies are also in the 70s mid-week for upper midscale and upscale hotels, thus indicating the preferences of the market for these classes. If 2020 is excluded from the data then it reveals more severe capacity issues with weekend occupancies averaging in the low to mid-80s for upper midscale and upscale hotels.

Hospitality Market Analysis

Summary



Total hotel supply



- There are approximately 110 hotels offering 8,451 keys in Polk County, averaging 77 keys per hotel. 55 of the properties are chain affiliated (50% of supply) and the rest are independent.
- Most of the hotels in Polk County (61%) are classified as economy. Upper upscale and luxury hotel comprise 4% of hotel supply.
- The dominant hotel chain in Polk County is Choice Hotels (20% of keys). This is followed by Wyndham with 18% and Hilton with 17% of total keys.

Hotel supply over the decades



- Around half of the hotels in Polk County opened before 1990 and all but two of these were economy class hotels. Two midscale hotels in the early 1970s and it was not until 1994 that the first upper midscale hotel opened. The most hotels that opened in a decade was in the 2000s when 21 new hotels opened, offering 2,215 keys. Another 14 hotels opened between 2010 and 2019, adding 1,584 keys to the market.

Economy class hotels



- There are 67 economy class hotels in Polk County with 3,905 rooms in total and the average number of keys per is 58.
- 75% of the economy class hotels are independent hotels.

Midscale & upper midscale hotels



- There are nine midscale hotels in Polk County with 742 rooms in total and the average number of keys is 82. None of the midscale hotels are independent hotels.
- There are 19 upper midscale hotels in Polk County with 1,738 rooms in total and the average number of keys is 91. None of the upper midscale hotels are independent hotels.

Upscale & upper upscale hotels



- There are 11 upscale hotels in Polk County with 978 rooms in total and the average number of keys is 89. Two (17%) of the upscale hotels are independent hotels.
- There are two upper upscale hotels in Polk County with 558 rooms in total and the average number of keys is 279. One hotel is affiliated to Wyndham Vacation Rentals and the other is affiliated to Margaritaville. Both upper upscale hotels are not considered traditional hotels.

Hospitality Market Analysis

Summary



Luxury hotels



- There are two luxury hotels in Polk County (Streamsong Resort and Legoland resort) with 530 rooms in total and the average number of keys is 265.
- Both hotels are independent and are resort products.

Hotel development pipeline status & profile



- There are 10 hotels in the Polk County development pipeline with 1,139 keys in total.
- Three of the hotels are in construction (332 keys in total); four are in final planning; and three are in the planning stage.
- Two are planned to open in 2023, four in 2024, two in 2025 and one in 2026. There is no information about opening dates for the remaining hotel.
- All of the hotels will be chain affiliated.
- Three will be affiliated to Hilton; three to Marriott; and one each to IHG, Wyndham, Choice Hotels and Best Western.
- Of the chain hotel rooms, 10% will be midscale class, 69% will be upper midscale, 9% will be upscale, and 11% will be upper upscale.

Hotel market performance pre-Covid



- The average occupancy for 1987 to 2021 was 54.7%, peaking in 2021 at 65.2%. The 2009 financial crisis resulted in occupancies dropping to the high-30s, then recovering to the 50s by 2013.
- In 2016, occupancies reached 60% and remained in the mid-60s until the pandemic in 2020. ADR averaged \$65.40 for 1987 to 2021 and peaked in 2021 at \$104.95. ADR increased at a CAGR of 3.2% for the period, compared average inflation of 2.6% (ADR increased in real terms).

Covid-19 impacts on hotel market performance



- Hotel occupancies were in the low 60s between 2017 and 2019, decreasing significantly to the low 50s in 2020 due to the pandemic. Occupancies recovered to almost 2019 levels in 2021 and for January to August 2022 they have slightly surpassed 2021 performance.
- ADR was almost \$100 in 2017 and increased to \$103 in 2018, it decreased to around \$100 in 2019, decreasing by about 10% during 2020 to just below \$90.
- In 2021, ADR recovered to almost reach 2017 levels and for January to August 2022, ADR has far exceeded 2021 performance.
- Pent-up demand or 'revenge travel' could explain the excellent performance experienced to August 2022.

Hospitality Market Analysis

Summary

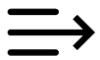


Seasonality



- For the five years leading up to Covid-19, occupancies peaked in February (73% on average) and March (78% on average). Spring break usually occurs around March which explains the higher occupancies in that period. The lowest occupancies were recorded in August and September months (both around 54% on average). In the five years pre-Covid, ADR peaked in February to April, coinciding with peak occupancies. The lowest rates were achieved in August and September months with these being around 20-30% less than peak months.

Covid-19 impact on seasonality



- In March 2020, the global pandemic closed travel and tourism and caused occupancies to decrease to 52.9% compared to the pre-Covid average of 77.6%. Rates also decreased significantly compared to the usual high experienced in March. Occupancies were lowest during Covid-19 in April and May 2020, but recovered to the 40s and 50s for the rest of 2020. By January 2021, occupancies had reached 53.9% and remained in the 60s and 70s for the rest of that year. Recovery in 2022 has been very good with a high of 80.0% being achieved in March 2022 (second highest recorded ARO in March since 2005). The highest declines in ADR were experienced in March to May 2020 and 2021 compared to the 5-year pre-Covid average (April rates decreased by almost 20%). For the rest of the year, rates increased in nominal terms in 2020 and 2021 compared to the 5-year pre-Covid average.

Daily market performance



- Occupancies peak on weekends with Friday averaging 66.7% and Saturday 69.4% between May 2019 and April 2022. Sunday nights achieve the lowest occupancies of the week, averaging at 49.9% over the three-year period from May 2019 to April 2022. The trend of higher weekend occupancies is consistent with the higher proportion of leisure trips undertaken to the county. ADR also peaks over weekends and averaged more than \$110 on Fridays and Saturdays for the three-year period. This is a 20% premium compared to ADR on Sundays.

Hotel supply vs demand trends



- Between 2014 and 2021, room night demand outstripped supply every year except for 2018 and 2020 during the Covid-19 pandemic.
- The strong demand performance is shown by the occupancies which remained consistent between 2017 and 2018, despite new supply entering the market.
- In 2021, recovery from the pandemic was particularly strong with demand growth being 32.8% and occupancies reaching their highest levels ever in the last three decades.

Hospitality Market Analysis

Summary



Hotel performance by class



- Economy and midscale hotels' occupancy performance was consistently below the overall market average between 2014 and 2021. Occupancy averaged in the high 50s between 2014 and 2019. ADRs in economy and midscale hotels are about 30-35% lower than the market average.
- Between 2014 and 2019, occupancies of upper midscale and upscale hotels averaged in the low-70s. These hotels consistently outperform the market average. Room night demand for upper midscale and upscale hotels is strong given that occupancies remained in the 70s despite a 40% increase in room night supply between 2014 and 2021. Upscale hotel ADRs achieved an average rate premium of 18% compared to the market average for 2014 to 2021.
- Demand for upper upscale and luxury hotels increased by average of 12% in the 3 years after the opening of Legoland in 2015 and occupancies still increased in 2019 when Margaritaville opened. The CAGR in ADR for 2014 to 2021 was 6.8% compared to 3.7% for economy and midscale hotels, and 1.7% for upper midscale and upscale hotels. It should be noted that there is a high room pricing differential between hotels in this segment as some properties are not traditional hotels.

Daily occupancies by hotel class



- Analysis of daily room occupancies reveals higher levels of capacity constraints in upper midscale and upscale hotels in the county. Weekend occupancies in these hotels averaged in the mid-70s to 80% between December 2019 and November 2022, while economy and midscale hotels averaged in the low to mid-60s.
- If 2020 is excluded from the data then it reveals more severe capacity issues with weekend occupancies averaging in the low to mid-80s for upper midscale and upscale hotels.

Short-term rental market performance



- Polk County had around 13,000 short-term rental listings available as at November 2022 on AirBNB and Vrbo platforms. The average occupancy for January 2016 to November 2022 was 50.2%. Occupancy was 46.3% in 2016, peaking in 2018 at 57.3%, then declining significantly to 38.5% in 2020 due to Covid-19. The ADR for short-term rentals in the County was \$204 in 2021, an increase from around \$125 in 2016. Rates still increased by 9.0% in 2020 despite the Covid-19 pandemic. In 2021, ADR recovered significantly by 29.1% compared to 2020 rates. ADR averaged \$160 for 2016 to 2022.

Hospitality Market Analysis

Implications

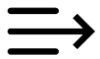


Mix of hotel standards



- Polk County has limited supply of upper upscale and luxury hotels (full-service hotels are lacking). Upper upscale and luxury demand will be driven by more affluent visitors (including the international market).
- The dominance of limited service / affordable hotels caters to visitors looking for more affordable options but those seeking premium products are not catered to.

Chain affiliation



- The traditional hotel supply in the County is lower to mid tiers of national and international brands.
- There are no exciting or unique brands in the market and there is a dominance of limited service and extended stay brands which lends itself to a particular market such as families or transit business visitors.

Hotel pipeline



- Margaritaville RV Resort is a new entrant to the Polk County market but it does not cater to visitors who prefer hotels.
- Excluding proposed hotels that are unlikely to materialize, there will be eight hotels with 901 keys. This will leave one midscale hotel, many upper midscale hotels and one upscale property in the pipeline. All of these will satisfy the existing market. These are likely to compete for existing market share as they are classified as 'interceptor' rather than 'generator' hotels.
- There could be an opportunity for new generator hotels in the market.

Hotel occupancy performance



- Hotel occupancies in the County peaked in 2021 at 65.2% and remained in the mid-60s prior to the pandemic. This implies that there are currently no supply constraints in the market as the rule of thumb is that new hotels should be developed once occupancies average at least 70% per year.
- However, the market average does not reflect nuances in different classes of hotels or periods of high demand such as weekends where supply-side constraints might exist.
- Although the tourism research shows a decreasing tendency of visitors to use hotels, this is not reflected in the occupancy trends, i.e. new supply has been absorbed without impacting negatively on occupancies.
- The trends in room night supply and demand indicate that there is room for new hotel supply in the county given that demand has outpaced supply for almost a decade.

Hospitality Market Analysis

Implications



Hotel rate performance



- ADR has increased by 36% in the last decade across the market with upper upscale and luxury driving the premium over economy and midscale classes. As a gateway to Orlando and Tampa, Polk County attracts a more price conscious leisure traveler, however, demand for the upper midscale, upscale, upper upscale and luxury product continues to grow.

Short-term rentals



- The average occupancy of 50.2% for 2016 to 2022 indicates that there is spare capacity in this market.
- Occupancies were increasing until 2018 and then decreased but the data to show if this was supply or demand related are not available.
- Average rates in short-term rentals are significantly better than hotels but they are not comparable since short-term rental rates are based on unit charges and not room charges.

Hotel class



- Based on the occupancy performance, there is existing capacity in the economy and midscale hotels in the county.
- By comparison, occupancies of upper midscale and upscale hotels are in the 80s on weekends and mid-70s mid-week. This implies that new supply is required to meet market demand.
- There is limited supply of upper upscale and luxury hotels in the county but occupancies are in the low-60s. This situation might change in the future given that the Peppa Pig theme park is new and it can take time for a new property to penetrate the market.
- Based on room nights sold, economy and midscale hotels had a 23% market share in 2021, compared to 35% for upper midscale and upscale hotels, and 42% for upper upscale and luxury hotels. Although upper upscale and luxury hotels have lower occupancies, these hotels are larger than the other classes of hotels, therefore capturing most of the market share.

Market Analysis Conclusions

Market Analysis Conclusions

Supply & Demand Dynamics by Hotel Class

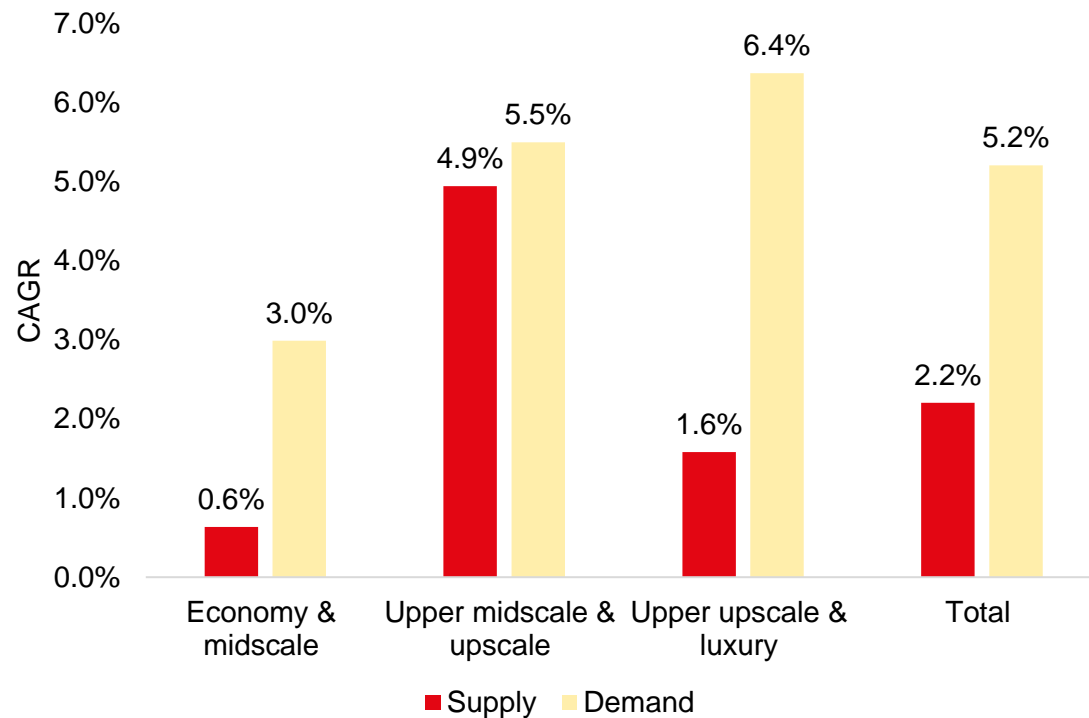


Annual room night demand growth exceeded room night supply growth for 2014 to 2021

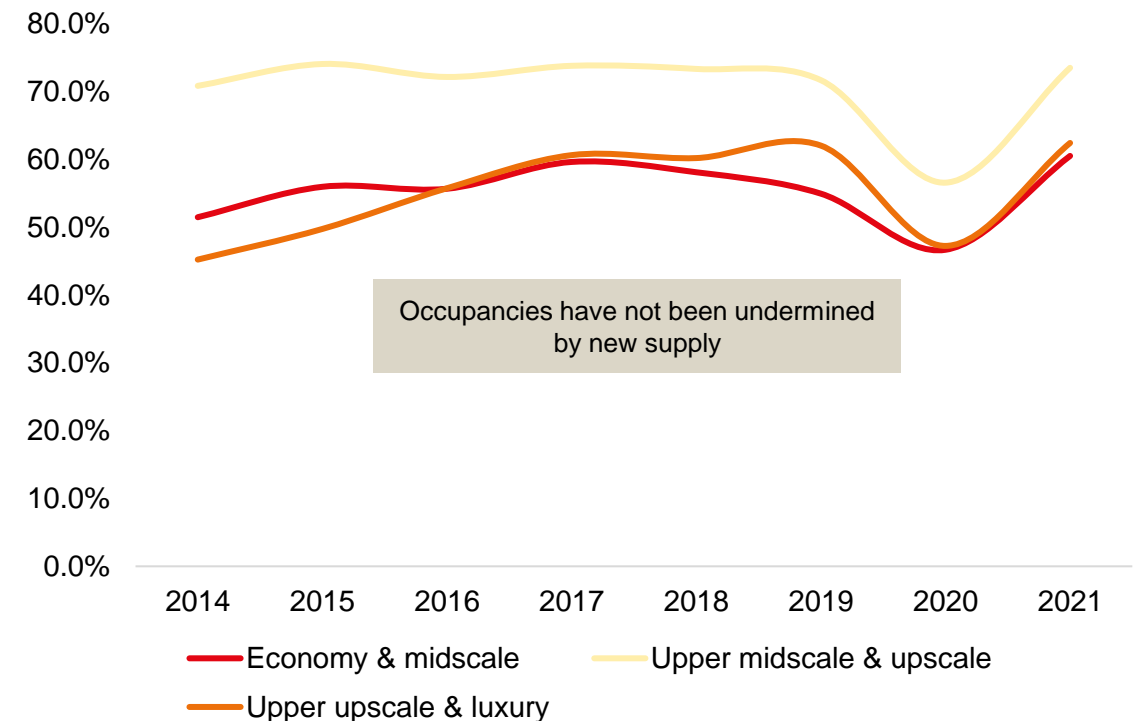
- The market has been absorbing new supply without undermining occupancies
- The highest differential between demand and supply is in upper upscale and luxury hotel classes (supply increased at 1.6% compared to 6.4% CAGR in demand)

✓ **There is an opportunity for additional room supply – but which hotel classes to prioritize?**

CAGR room night supply vs demand - 2014-2021



Room occupancies by hotel class



Market Analysis Conclusions

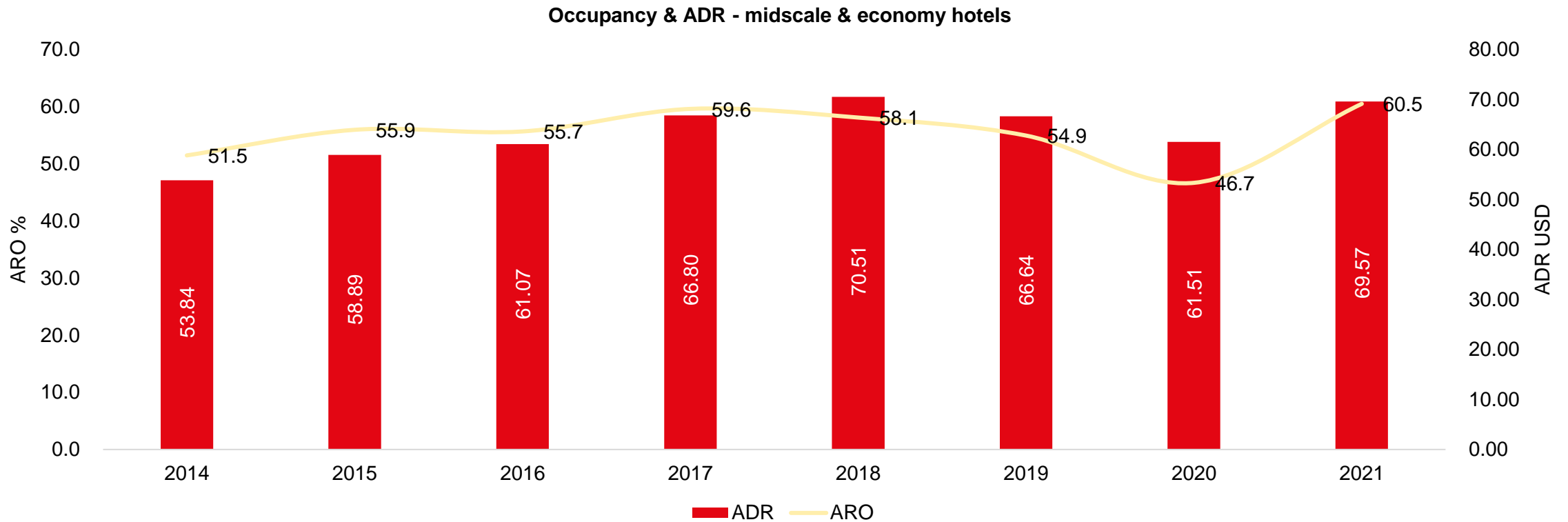
County Occupancy & ADR Performance Economy/Midscale Hotels



Source: JLL & STR, 2022

Occupancies of economy and midscale hotels were in the 50s for 6 years prior to Covid-19 - peaking at 60% in 2021 and 2022

✓ No need for additional supply in this segment



Market Analysis Conclusions

County Occupancy & ADR Performance Upper Midscale/Upscale Hotels

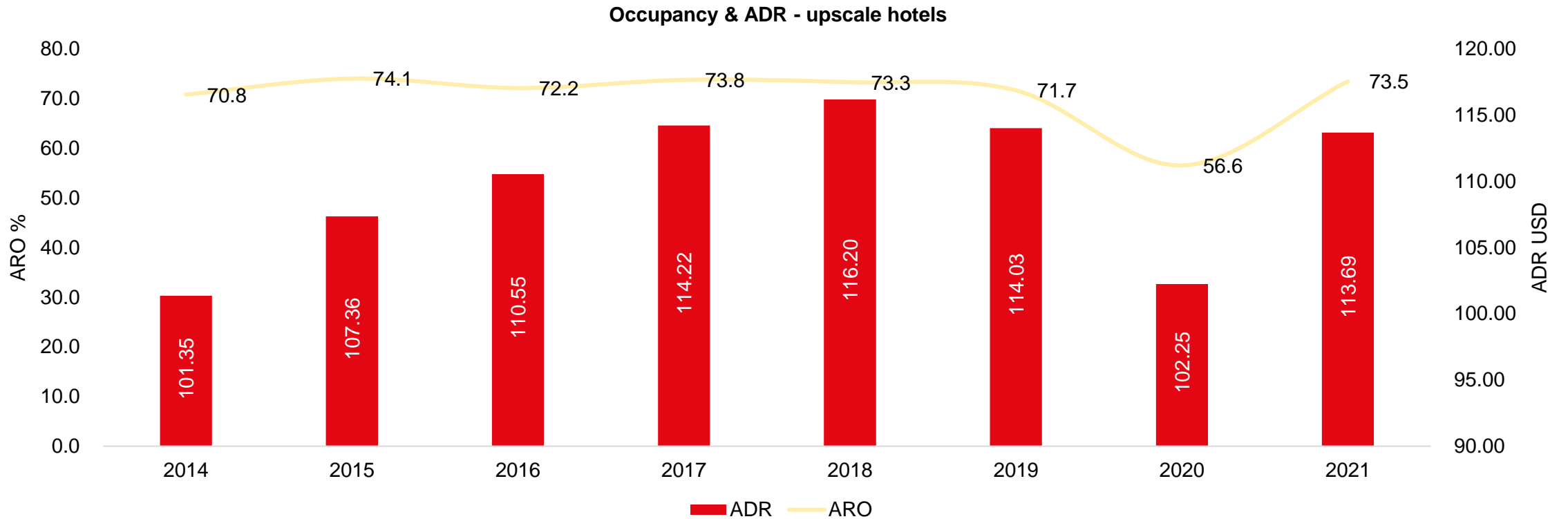


Source: JLL & STR, 2022

Occupancies of upper midscale and upscale hotels were in the 70s since 2014 (excluding 2020)

✓ Opportunity for additional supply in this segment

- 79% of the proposed development pipeline is in this segment, equating to an additional 895 keys or 32% increase in current supply



Market Analysis Conclusions

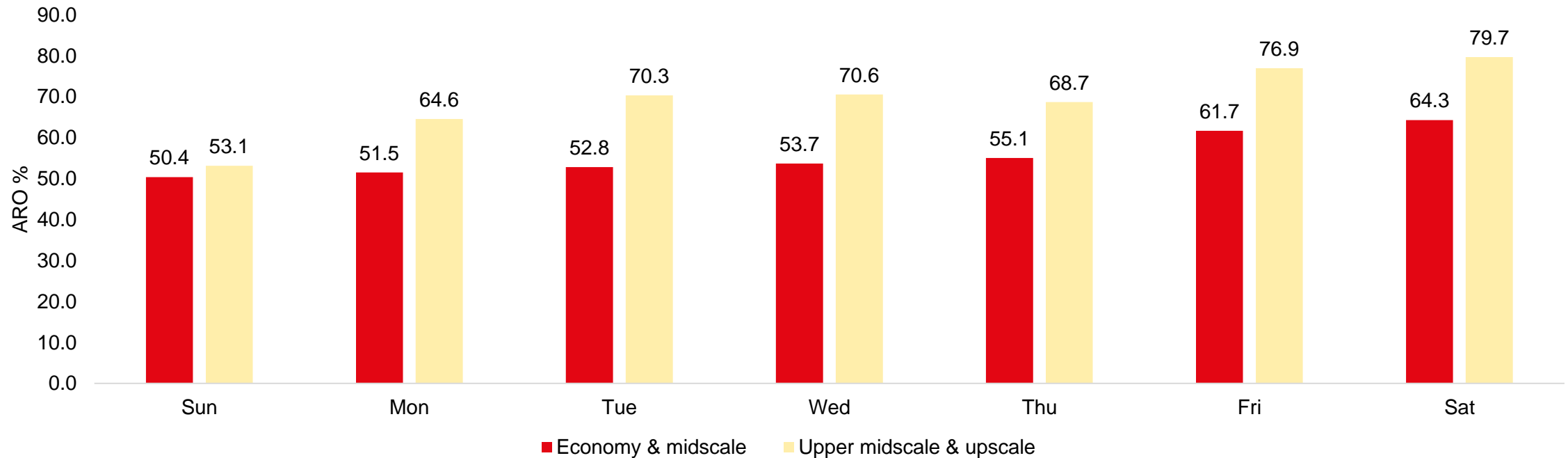
County Daily Occupancies by Hotel Class



Occupancies of upper midscale and upscale hotels are very high on weekends

- Friday occupancy averages 83.4% and Saturdays 86.0% if 2020 is excluded
 - ✓ Re-affirms that there is no need for additional supply in economy and midscale hotels
 - ✓ Further highlights capacity constraints in upper midscale and upscale hotels

Daily ARO (3-year average 2020-2022) by hotel class



Market Analysis Conclusions

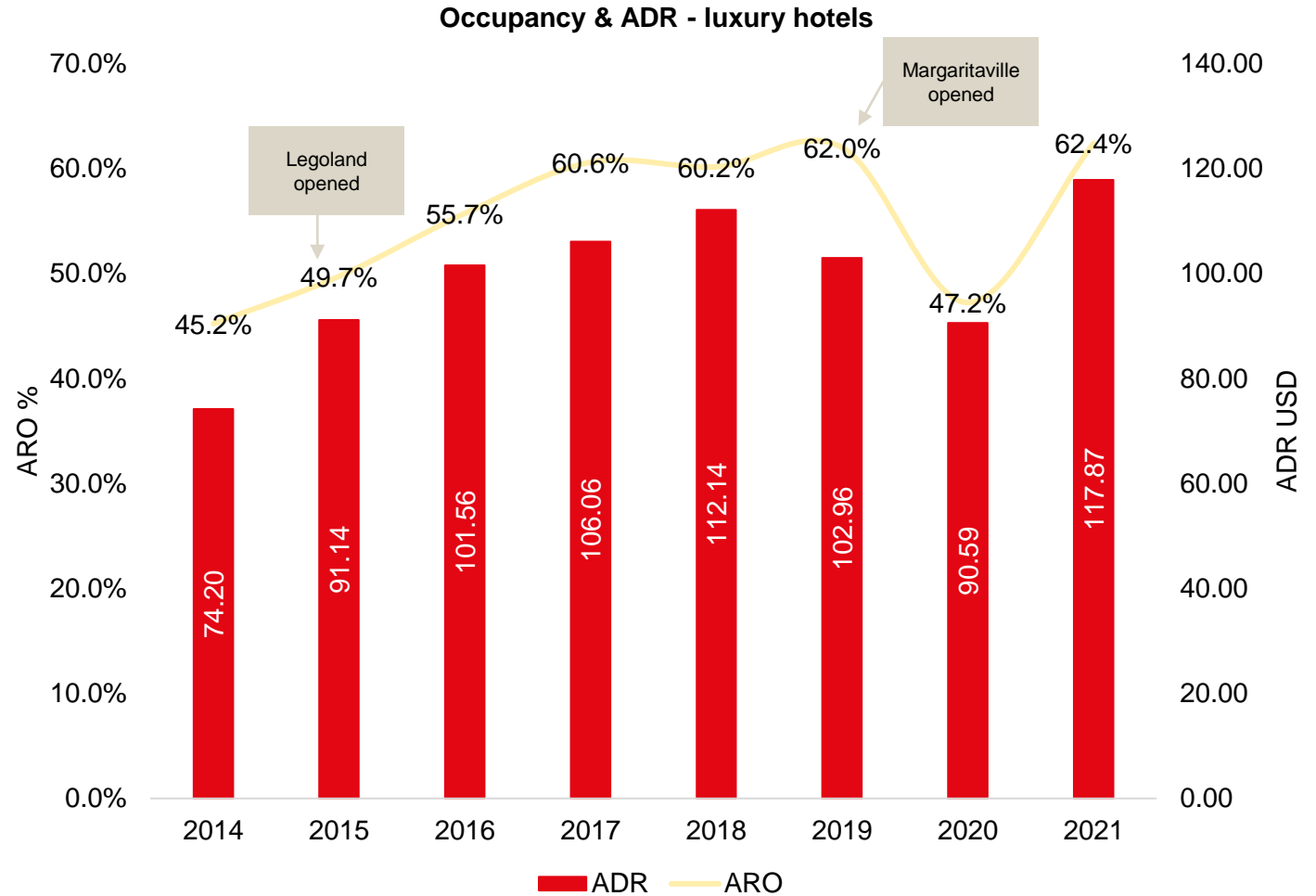
County Occupancy & ADR Performance Upper Upscale/Luxury Hotels



Source: JLL & STR, 2022

Occupancies in the 60s suggests no need for additional supply in this segment, but ...

- Demand increased by average of 12% in the 3 years after the opening of Legoland in 2015
- ARO still increased in 2019 when Margaritaville opened
- ADR CAGR 2014-2021 for upper upscale and luxury hotels was 6.8% compared to 3.7% for economy and midscale hotels, and 1.7% in upper midscale and upscale hotels
- There is a high room pricing differential between hotels in this segment
 - Margaritaville is not a traditional hotel with rack rates being much lower than Legoland
 - This brings down the overall market ADR
- Strong growth in ADR is appealing to investors
 - ✓ **A supply gap exists in the upper upscale and luxury hotel segment (full-service) and in the future development pipeline**
 - Only one upper upscale hotel in the pipeline but it has a low probability of materializing



Market Analysis Conclusions

Demand Drivers & Implications for Hotels



- The table below considers trends in demand drivers of tourism to the county and the implications for hotel development.

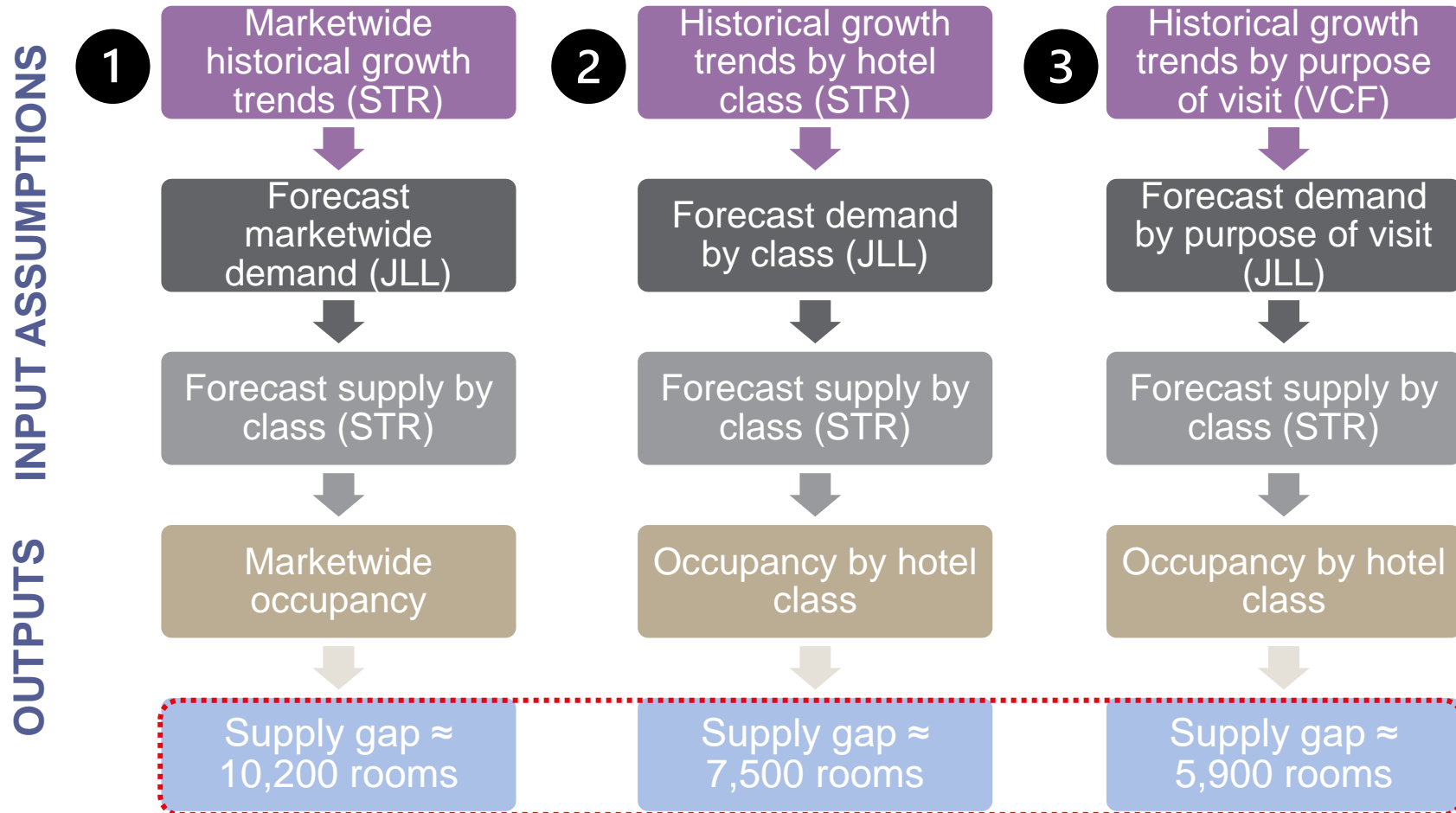
Trends	Implications
<p>The luxury travel market showed resilience during the pandemic with continued high growth expected as tourism recovers from the Covid-19 pandemic.</p>	<p>There is an opportunity to harness demand for full-service hotels to serve these growing markets and address the current supply gap in the county.</p>
<p>The number of affluent visitors to Florida has been growing with a higher proportion of visitors to Central Florida emanating from the top income bands.</p>	
<p>International visitors prefer full-service hotels.</p>	
<p>The current hotel pipeline will serve the existing markets to the county as interceptor hotels are being developed. These hotels will compete for existing market share rather than generating demand. Orlando is an example of where iconic attractions function as demand generators rather than interceptors. The supply of full-service hotels, which are associated with Orlando's attractions, is far higher in Orlando at 26%, compared to 4% in Polk County.</p>	<p>The county should prioritize the development of generator hotels such as resorts.</p>
<p>The current profile of events held in the county generates demand for economy and midscale properties.</p>	<p>An events strategy aimed at bringing high caliber events to the county could drive demand for high end / full-service hotels.</p>
<p>The county has a gap in conference and meeting product.</p>	<p>A full-service hotel with meeting space could develop the county's conference market.</p>
<p>Improved air access via Lakeland Airport could generate demand for tourism to the county,</p>	<p>room night demand could be generated for hotels in the long-term.</p>

Approaches to Supply & Demand

3 Scenarios to Assess Potential for Additional Hotel Rooms



- The following section provides three scenarios for future hotel supply and demand in the county. The approach to the scenarios is summarized below and explained in more detail in the pages which follow.



The 70% 'rule-of-thumb' for hotel occupancies

- The industry guideline is that room capacity should start increasing when occupancies reach 70%.
- This circumvents a misalignment between room supply and demand in growing markets.
- The 70% occupancy guideline is referred to in the scenarios as the "new supply threshold" and the additional supply needed to stabilize occupancies at 70% is referred to as the "supply gap".

✓ **There is room for additional hotel supply**

Approaches to Supply & Demand

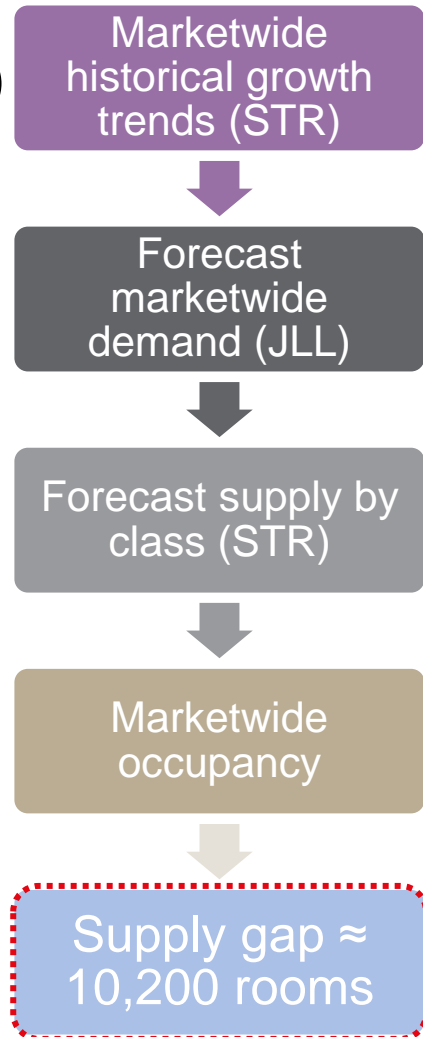
Scenario 1 Marketwide Approach



INPUT ASSUMPTIONS

OUTPUTS

1



Step 1: Calculate historical room night demand growth rate

- Based on STR data, total room night demand for the county increased at a CAGR of 4.4% between 2014 and 2022.

Step 2: Forecast future marketwide demand

- Assuming future room night demand growth averages at 4.4% pa to 2032, it is projected that room night demand will increase from 2.070 million in 2022 to 3.171 million in 2032.

Step 3: Forecast future marketwide supply

- Based on STR data, total room night supply for the county increased at a CAGR of 1.7% between 2014 and 2022.
- Assuming the existing pipeline of 213 keys materializes in 2023 and 443 keys in 2024, room night supply will increase by 2.5% in 2023 and 5.1% in 2024. The current pipeline only consists of hotels in the upper midscale and upscale classes and excludes those identified as being unlikely to materialize.

Step 4: Calculate the resultant marketwide room occupancies

- The scenario assumes that no additional supply will enter the market after 2024 and projects the resultant room occupancies based on total room night demand of 3.171 million and total room night supply of 3.333 million in 2023.
- The marketwide occupancy for the county is therefore projected to reach 91.6% in 2032.

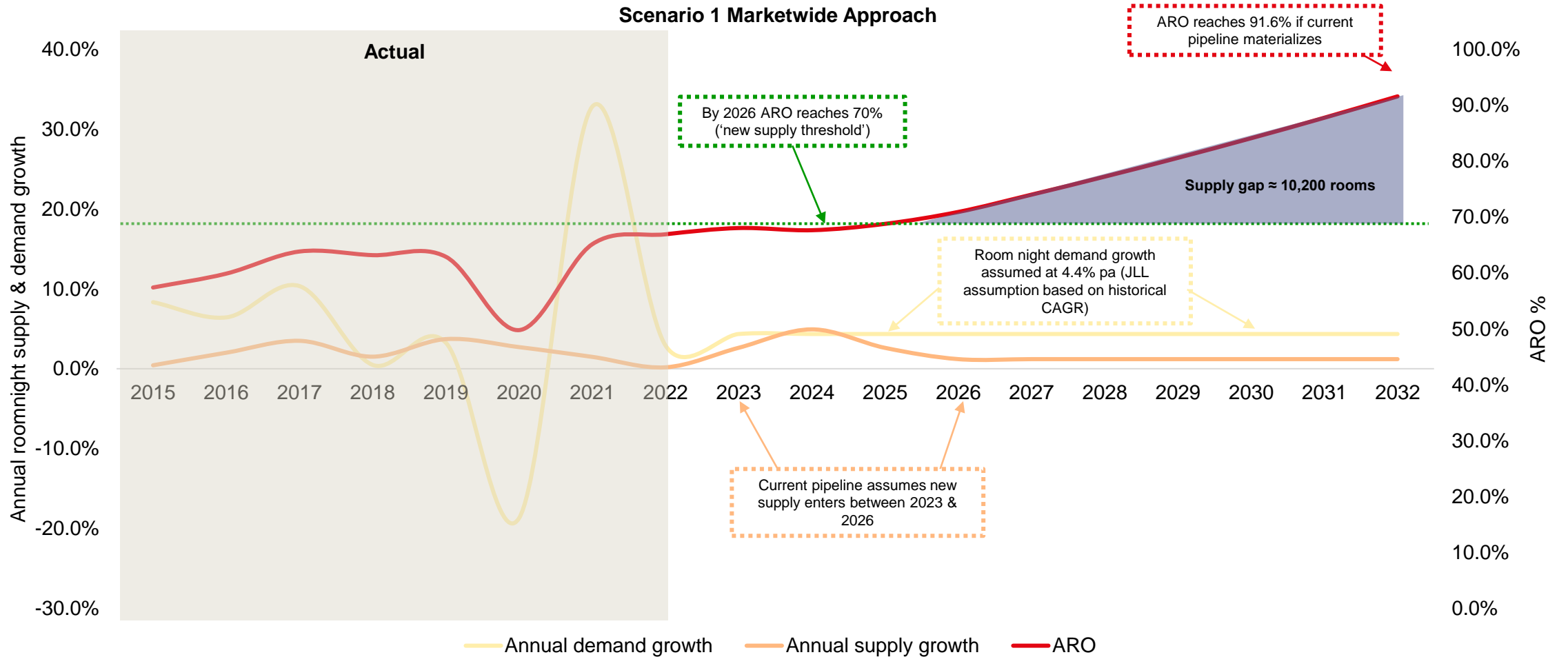
Step 5: Forecast additional room supply required to stabilize occupancies at 70%

- The new supply threshold of 70% marketwide occupancy is then used to determine how many additional rooms will be required to stabilize occupancies at 70%.

✓ **The supply gap is therefore projected at 10,200 rooms between 2023 & 2032 in Scenario 1**

Approaches to Supply & Demand

Scenario 1 Marketwide Assumptions & Results



Approaches to Supply & Demand

Scenario 2 Hotel Class Approach



INPUT ASSUMPTIONS

2

Historical growth trends by hotel class (STR)



Forecast demand by class (JLL)



Forecast supply by class (STR)



Occupancy by hotel class



Supply gap ≈ 7,500 rooms

OUTPUTS

Step 1: Calculate historical room night demand growth rate by hotel class

- Based on STR data, total room night demand for economy and midscale hotels was negative prior to 2020; upper midscale and upscale demand grew at a CAGR of 5.5% between 2014 and 2021; and upper upscale and luxury demand grew at a CAGR of 6.4% between 2014 and 2021.

Step 2: Forecast future marketwide demand

- Assuming future room night demand growth for economy and midscale hotels averages at 1.0% pa to 2032, it is projected that room night demand in this segment will increase from 477,000 in 2022 to 527,00 in 2032.
- Future demand growth for upper midscale and upscale hotels is assumed at 5.0% pa and 3.5% pa for upper upscale and luxury hotels. It is projected that room night demand for upper midscale and upscale hotels will increase from 716,000 in 2022 to 1.167 million in 2032. Demand for upper upscale and luxury hotels will increase from 876,000 in 2022 to 1.234 million in 2032.

Step 3: Forecast future marketwide supply

- Based on STR data, total room night supply for the county increased at a CAGR of 1.7% between 2014 and 2022.
- Assume that the existing pipeline of 224 keys materializes in 2023, 431 keys in 2024, 240 keys in 2025, and 114 in 2026, room night supply will increase by 2.6% in 2023, 5.0% in 2024, 2.6% in 2025 and 1.2% in 2026.

Step 4: Calculate the resultant room occupancies by hotel class

- The scenario assumes that no additional supply will enter the market after 2026.
- The resultant room occupancies for economy and midscale hotels by 2032 is projected at 63.1%; 93.1% for upper midscale and upscale hotels; and 89.9% for upper upscale and luxury hotels.

See following page for Step 5 and conclusion.

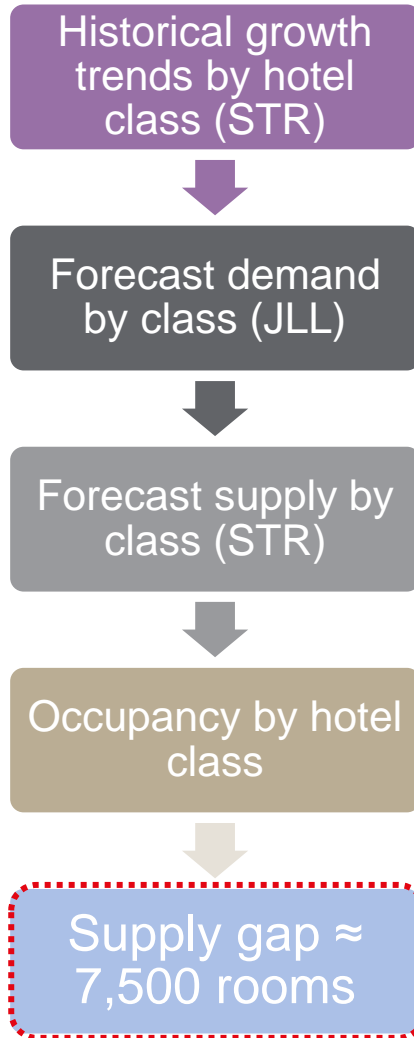
Approaches to Supply & Demand

Scenario 2 Hotel Class Approach



INPUT ASSUMPTIONS

2



OUTPUTS

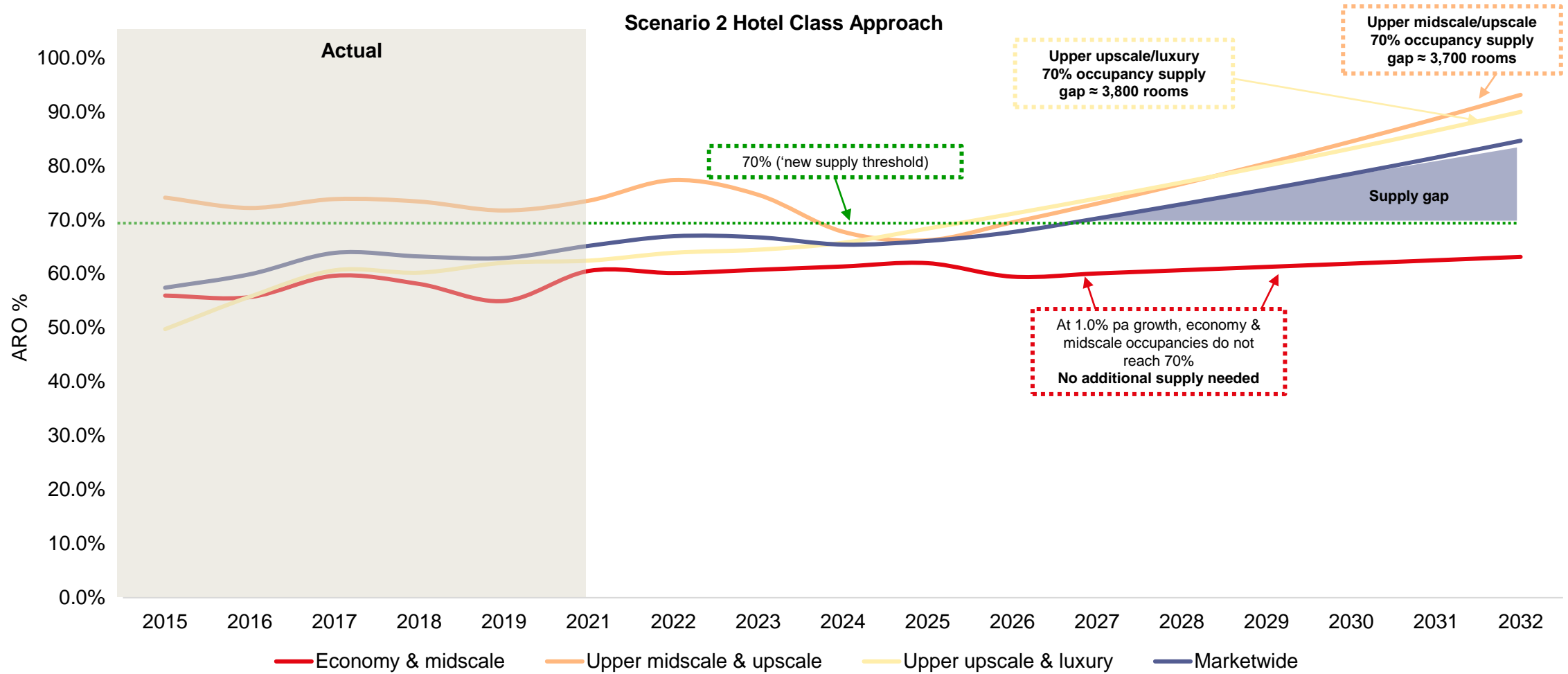
Step 5: Forecast additional room supply required to stabilize occupancies at 70%

- The new supply threshold of 70% occupancy is not projected to be reached in the economy and midscale segment, therefore no new additional rooms are factored into the projections.
- For upper midscale and upscale hotels, +3,700 rooms will be required up to 2032 to stabilize occupancies at 70%, while for upper upscale and luxury hotels, +3,800 rooms will be required.

✓ The supply gap is therefore projected at 3,700 rooms for upper midscale & upscale hotels; & 3,800 rooms for upper upscale & luxury hotels, i.e. 7,500 rooms in total in Scenario 2.

Approaches to Supply & Demand

Scenario 2 Hotel Class Assumptions & Results



Approaches to Supply & Demand

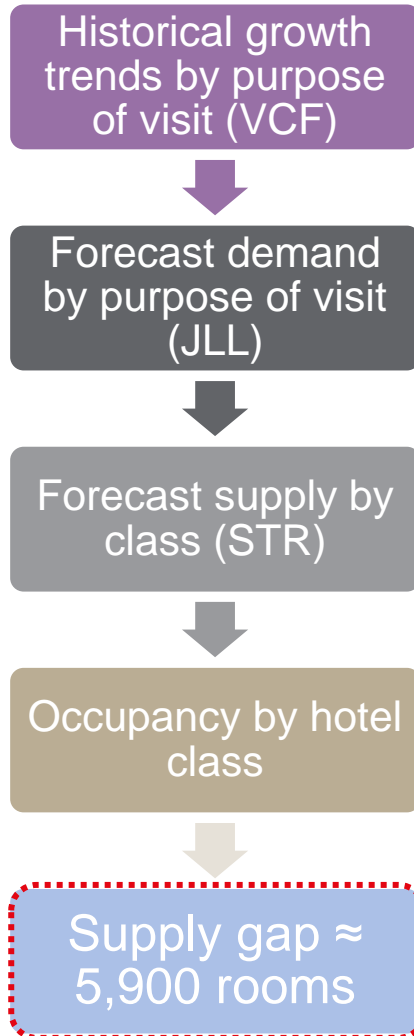
Scenario 3 Hotel room night Purpose of Visit Approach



INPUT ASSUMPTIONS

OUTPUTS

3



Step 1: Calculate historical market demand growth rate by purpose of visit

- Based on historical tourism data for the county, the split between VFR, leisure, business and other purposes of visit was calculated at 23%, 41%, 7% and 29% respectively.
- Leisure visitors decreased at a CAGR of 4.4% between 2018/19 and 2021/22, while VFR increased at 10.0%, business at 6.0% and other at 7.7%.

Step 2: Forecast future demand by purpose of visit & hotel class

- Future demand growth by purpose of visit for 2023 to 2032 is assumed at 1.9% pa for the VFR market and is aligned to the county's projected population growth; 2.0% pa for leisure to assume recovery in leisure tourism; between 3.0 and 3.5% pa for business and is aligned to the county's projected GDP growth; and 5.0% pa for other purposes to be more conservative on future growth compared to historical growth.
- Future room night demand is therefore projected to increase from 2.070 million in 2022 to 2.787 million in 2032.
- The resultant room night demand is then allocated by market share to each of the three hotel segments. In 2022, economy and midscale hotels' share was 23%, upper midscale and upscale hotels' share was 35% and upper upscale and luxury hotels' share was 42%. From 2027, the share to economy and midscale hotels was decreased to stabilize occupancies at 2026 levels. Thus, this segment's share was 23% in 2026, decreasing to 19% in 2032.
- Upper midscale and upscale hotels were stabilized at 35% share to 2032 and upper upscale and luxury hotels were stabilized at 42% share.

Step 3: Forecast future supply by hotel class

- Assume that the existing pipeline of 224 keys materializes in 2023, 431 keys in 2024, 240 keys in 2025, and 114 in 2026, room night supply will increase by 2.6% in 2023, 5.0% in 2024, 2.6% in 2025 and 1.2% in 2026.
- The total projected supply is therefore assumed at 1,009 keys between 2023 and 2026.

See following page for Steps 4 and 5.

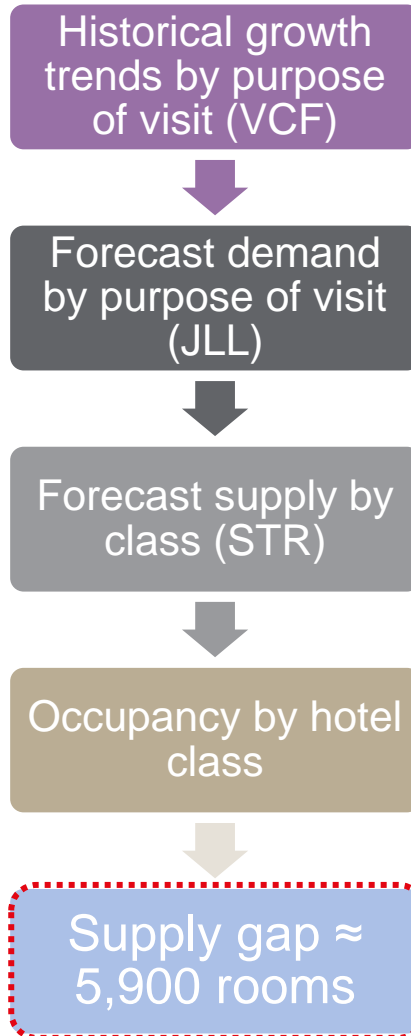
Approaches to Supply & Demand

Scenario 3 Hotel room night Purpose of Visit Approach



INPUT ASSUMPTIONS

3



OUTPUTS

Step 4: Calculate the resultant room occupancies by hotel class

- The scenario assumes that no additional supply will enter the market after 2026.
- The resultant room occupancies for economy and midscale hotels by 2032 is projected at 67.4%; 80.7% for upper midscale and upscale hotels; and 87.3% for upper upscale and luxury hotels.

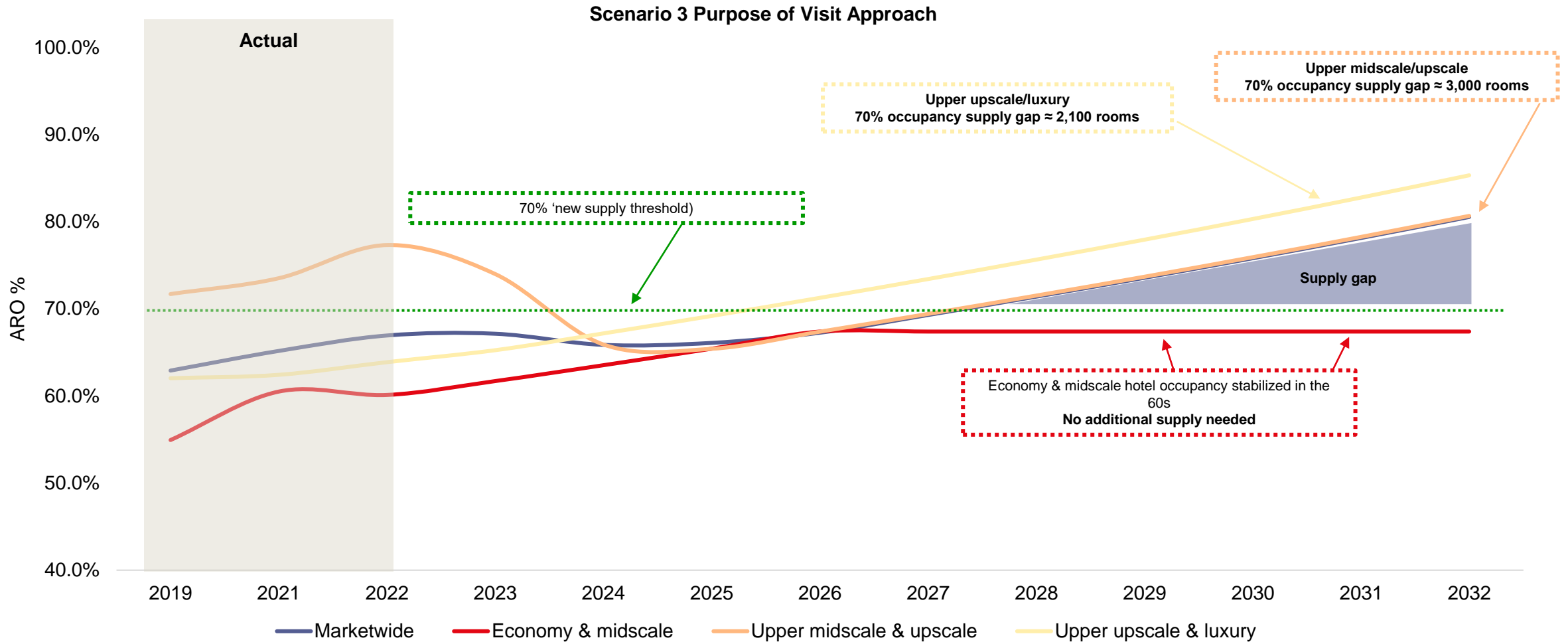
Step 5: Forecast additional room supply required to stabilize occupancies at 70%

- The new supply threshold of 70% occupancy is not projected to be reached in the economy and midscale segment, therefore no new additional rooms are factored into the projections.
- For upper midscale and upscale hotels, +-2,100 rooms will be required up to 2032 to stabilize occupancies at 70%, while for upper upscale and luxury hotels, +-3,000 rooms will be required.

✓ The supply gap is therefore projected at 2,100 rooms for upper midscale & upscale hotels; & 3,000 rooms for upper upscale & luxury hotels, i.e. 5,900 rooms in total in Scenario 3.

Approaches to Supply & Demand

Scenario 3 Hotel room night Purpose of Visit Assumptions & Results



Market Analysis Conclusion

Recommendations



- Polk County has a healthy tourism market with visitation reaching its highest levels ever in 2021/22 and marketwide hotel occupancies consistently growing pre-Covid, despite new supply entering the market.
- Hotel occupancies recovered well in 2021 to reach an 8-year high of 65.2%, after dropping to just below 50% in 2020 due to the pandemic.
- Hotel supply in the county is dominated by economy and midscale hotels and the analysis demonstrates that occupancies in this segment are likely to remain in the 60s. It is recommended that the county does not actively pursue new hotel developments in this segment.
- Hotel performance in the upper midscale and upscale classes has been strong with demand far exceeding supply. Occupancies in this segment were in the low to mid 70s prior to the pandemic and recovered to 73.5% in 2021. Given that more affluent visitors are visiting the area, demand for this hotel segment, and upper upscale and luxury hotels is expected to grow.
- Hotel performance in the upper upscale and luxury classes consistently increased pre-Covid, from 45.2% in 2014 to 62.0% in 2019, despite new properties entering the market. This segment as per STR reporting, includes properties that are not traditional hotels, e.g. Margaritaville. Properties such as Margaritaville charge far lower rates compared to themed resorts such as Legoland, thus bringing down the ADR in this segment. However, ADR growth has been strong in this segment which signals the health of this market.
- Given the dynamics of strong demand and limited supply in the upper midscale to luxury hotel classes, it is recommended that the county prioritizes the development of these classes.
- **Based on the hotel supply and demand projections, there is room to develop 3,000 to 3,800 upper midscale and upscale hotel and 2,100 and 3,800 upper upscale and luxury rooms in the county in the next decade.**

Hotel Development Sites Evaluation

Hotel Development Sites Evaluation

Introduction



Visit Central Florida provided JLL with a list of potential locations for new hotel development in the county. These have been assessed using desktop research and eight criteria (refer to the brown box for the criteria) and a site score has been determined for each one. Recommendations on the appropriate target market and hotel class for each site are provided.

Important factors for the county to consider for future hotel development include:

- **Natural tourism assets** act as **demand drivers**
 - ✓ Locate hotels close to or at natural tourism assets, e.g. lakes
 - ☉ Primary target market segment is leisure
 - ☉ Secondary target market segment is conference
- **Attractions in the county** act as **demand drivers**
 - ✓ Locate hotels close to or at existing (or future planned) attractions
 - ☉ Primary target market segment is leisure
- Additionally, the **county is a gateway** to the attractions of Orlando
 - ✓ Locate hotels on major transport routes as close to Orlando as possible
 - ☉ Primary target market segment is leisure
- **Sports tourism** is a key driver of demand
 - ✓ Locate hotels close to sports venues
 - ☉ Primary target market segment is sports and events

- The county has areas where significant **economic development** is taking place
 - ✓ These act as demand drivers
 - ✓ 'Rule of **proximity**' dictates that hotels should be in or nearby areas of economic development
 - ☉ Primary target market segment is business
- Direct **air access** to Lakeland Airport is set to improve
 - ✓ Locate hotels nearby the **airport**
 - ☉ Primary target market segment is business

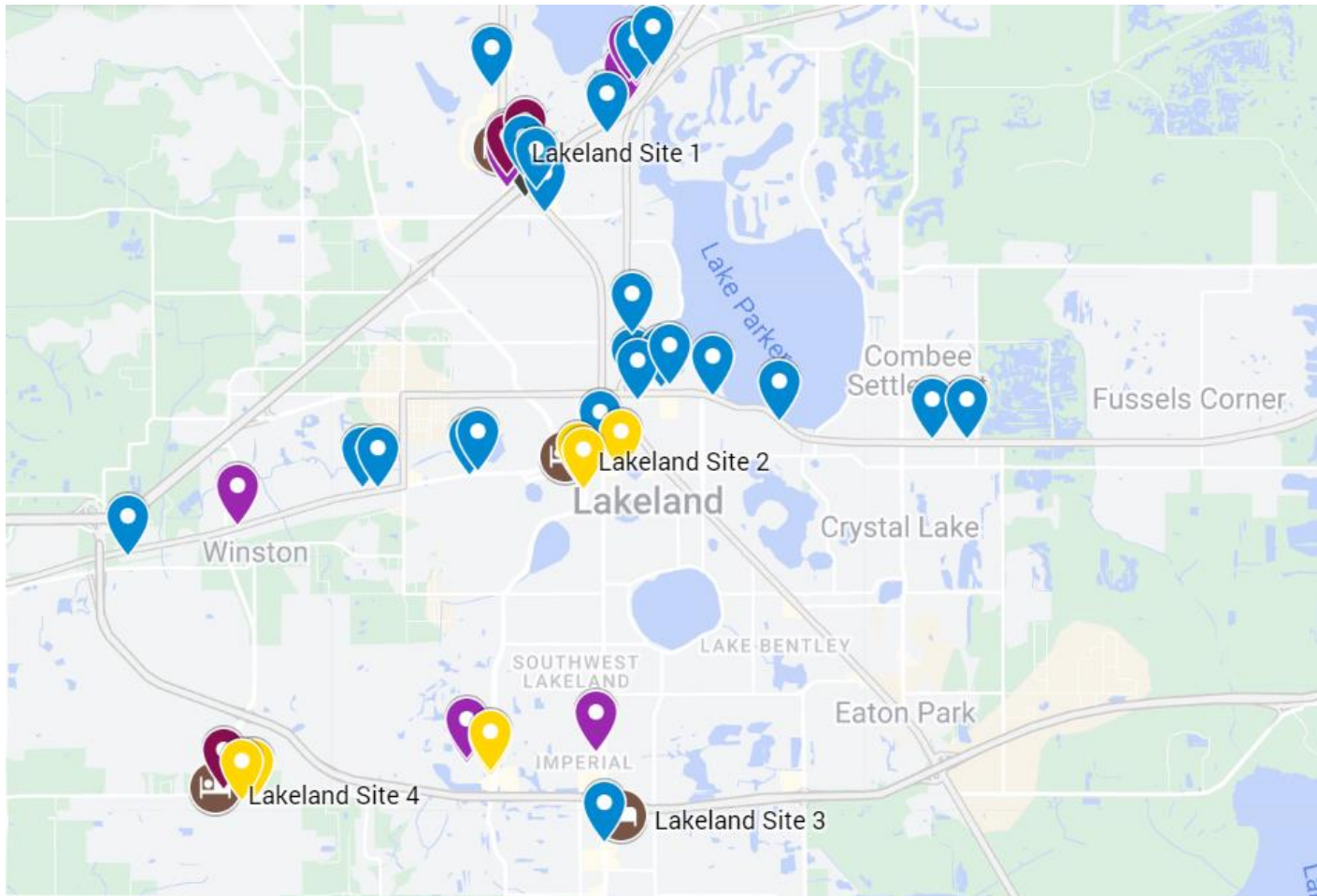
Sites that are appropriate for the development of hotel classes from upper midscale to luxury should be prioritized first.

The criteria used to assess the site suitability for hotel development are as follows (each is assigned a score out of 4 and the total available score per site is 32):

- Site visibility
- Site physical features
- Appeal of surrounding area / neighborhood context
 - Proximity to demand generators
 - Access and connectivity
 - Leisure appeal
 - Corporate appeal

Hotel Development Sites Evaluation

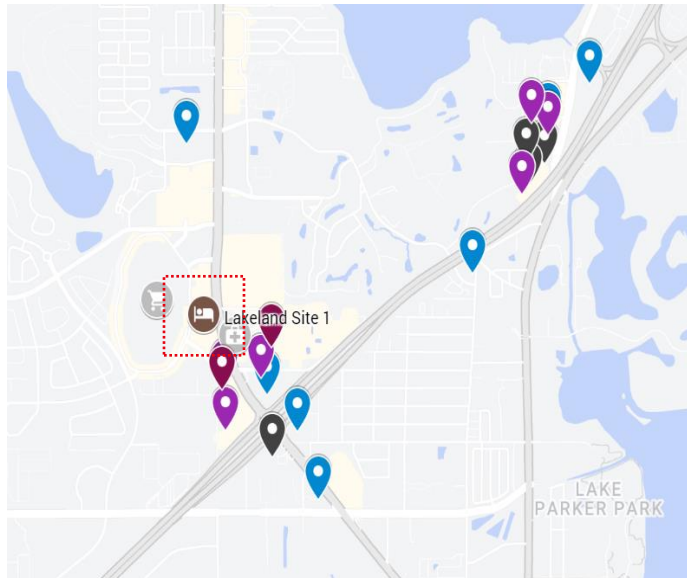
Lakeland Area



- Economy
- Midscale
- Upper mid-scale
- Upscale
- Upper upscale
- Luxury
- Hotel pipeline
- Proposed hotel site

Hotel Development Sites Evaluation

Lakeland Site 1



Site Context

- Location: Close to the I-4 & Route 98 intersection, close to Lakeland Mall, specific site has not been identified
- Neighborhood features: Commercial and retail node bordered by residential

This site is suitable for the corporate market and an upper midscale hotel

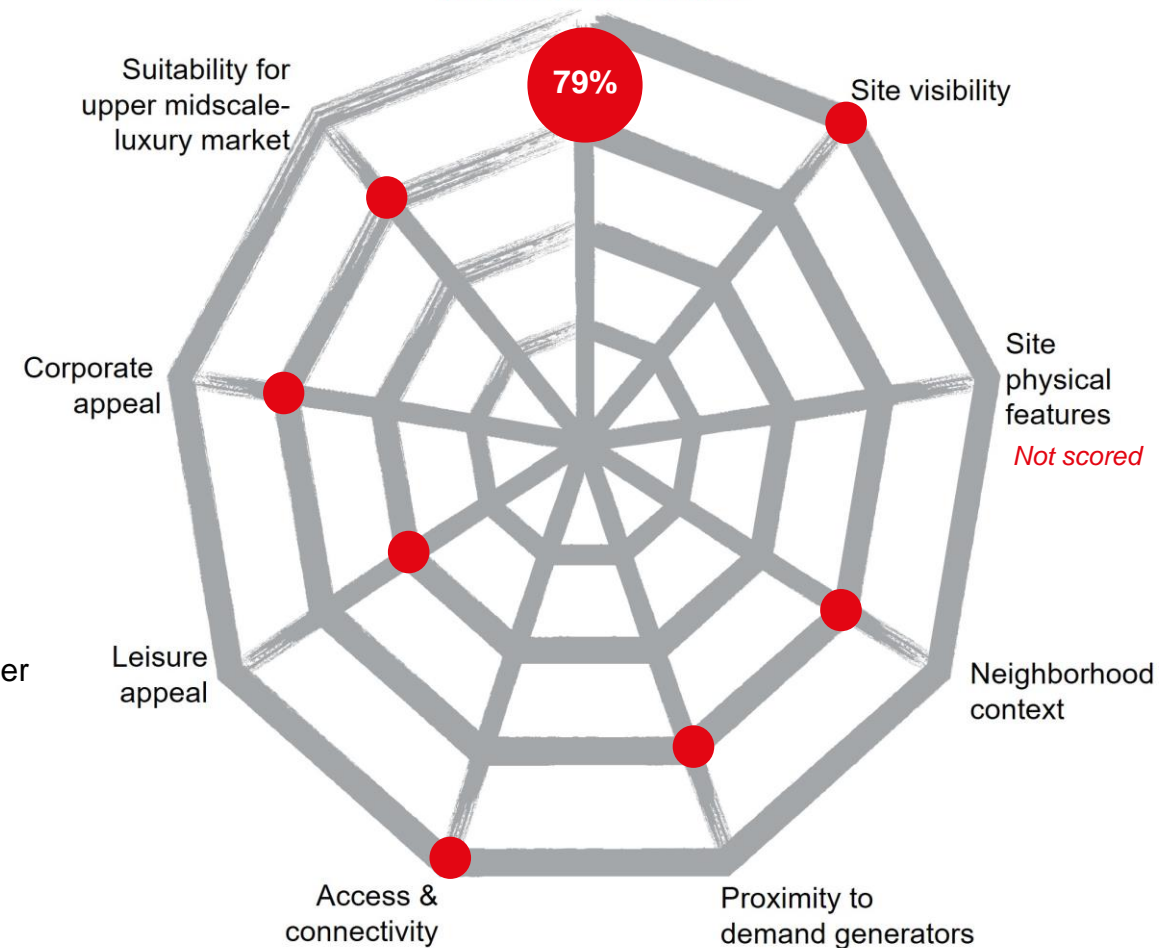
Pros

- Proximity to Lakeland Mall (super regional mall)
- Area of commercial and retail activity
- Located at major transport junction
- High visibility for transient traffic
- Proximity to airport (+-7 miles)
- Proximity to AdventHealth hospital (<1 mile)
- Proximity to downtown Lakeland (+-5 miles)

Cons

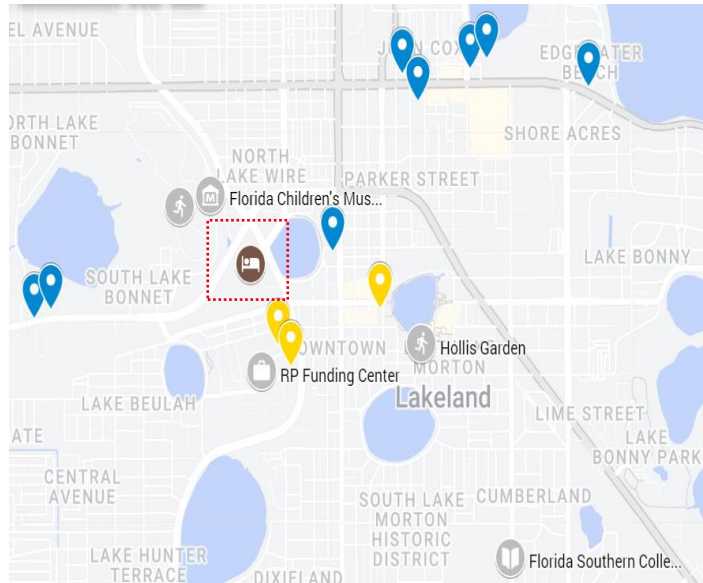
- Area well supplied with economy to upper midscale hotels
- Lakeland Mall of average quality (not a significant demand driver)
- Potential noise from I-4 & Route 98

Overall Assessment



Hotel Development Sites Evaluation

Lakeland Site 2



Site Context

- Location: The site is in the Lake Wire mixed-use development across from Bonnet Springs Park
- Neighborhood features: Downtown Lakeland with commercial and retail areas

This site is suitable for the corporate, conference and leisure markets and an upscale / upper upscale hotel

Pros

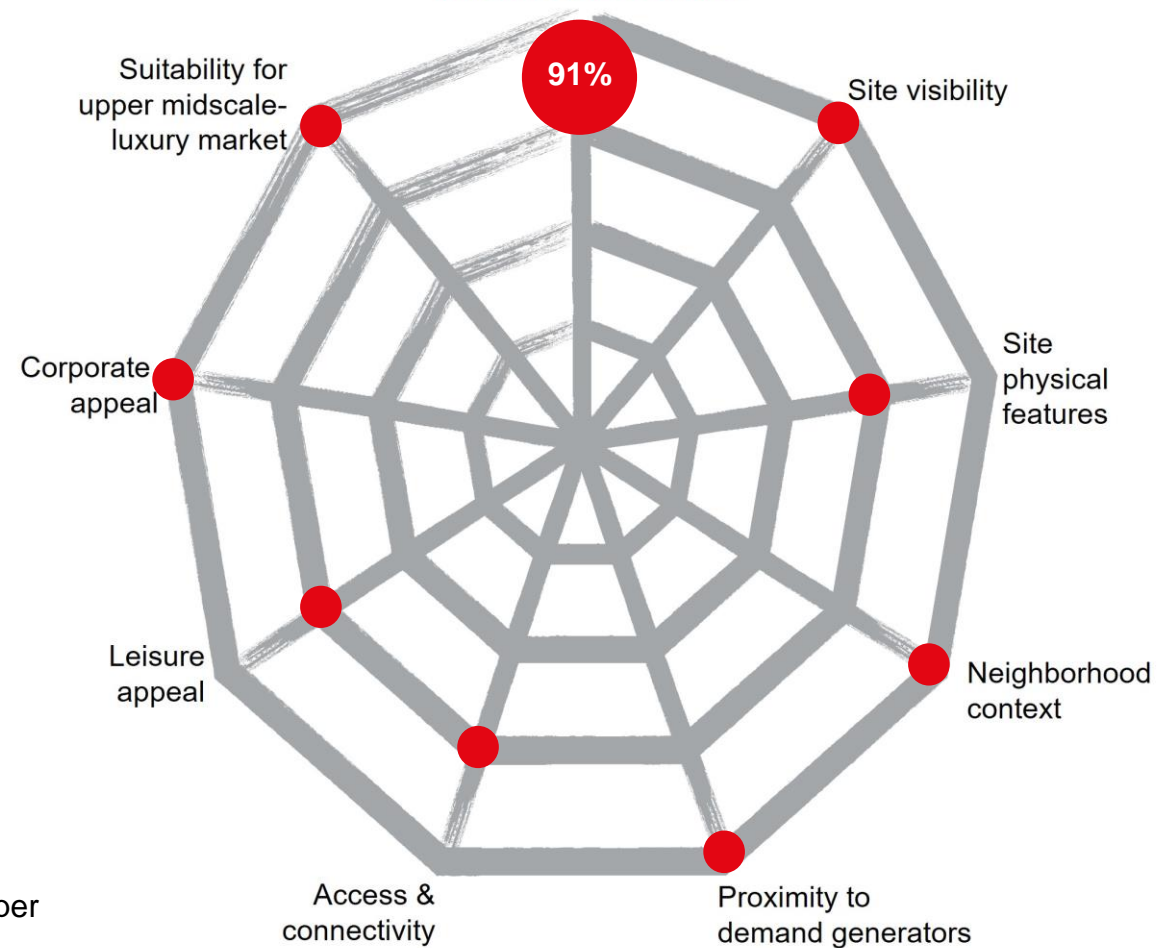
- Proximity to demand generators / activities (Lake Wire, Bonnet Springs Park, Florida Children's Museum, various mixed-use & multi-family developments)
- High visibility from main road
- Limited supply of hotels in targeted classes (3 upscale hotels within +/- 1 mile)
- Proximity to downtown Lakeland which is growing

- High site visibility from main road
- Conference market potential due to proximity to conference facilities
- Views of Lake Wire
- Proximity to airport (+5 miles)

Cons

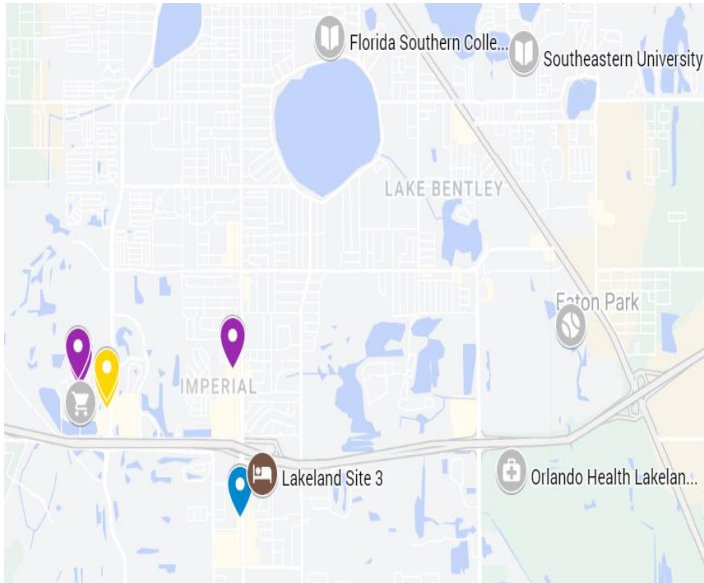
- Area well supplied with economy to upper midscale hotels
- Lakeland Mall of average quality (not a significant demand driver)

Overall Assessment



Hotel Development Sites Evaluation

Lakeland Site 3



Site Context

- Location: Polk Parkway & Lakelands Highland Road
- Neighborhood features: Bordered by golf course and residential areas, the site will be an Orlando Health Hospital

This site is suitable for the leisure market and an upper midscale or upscale hotel

Pros

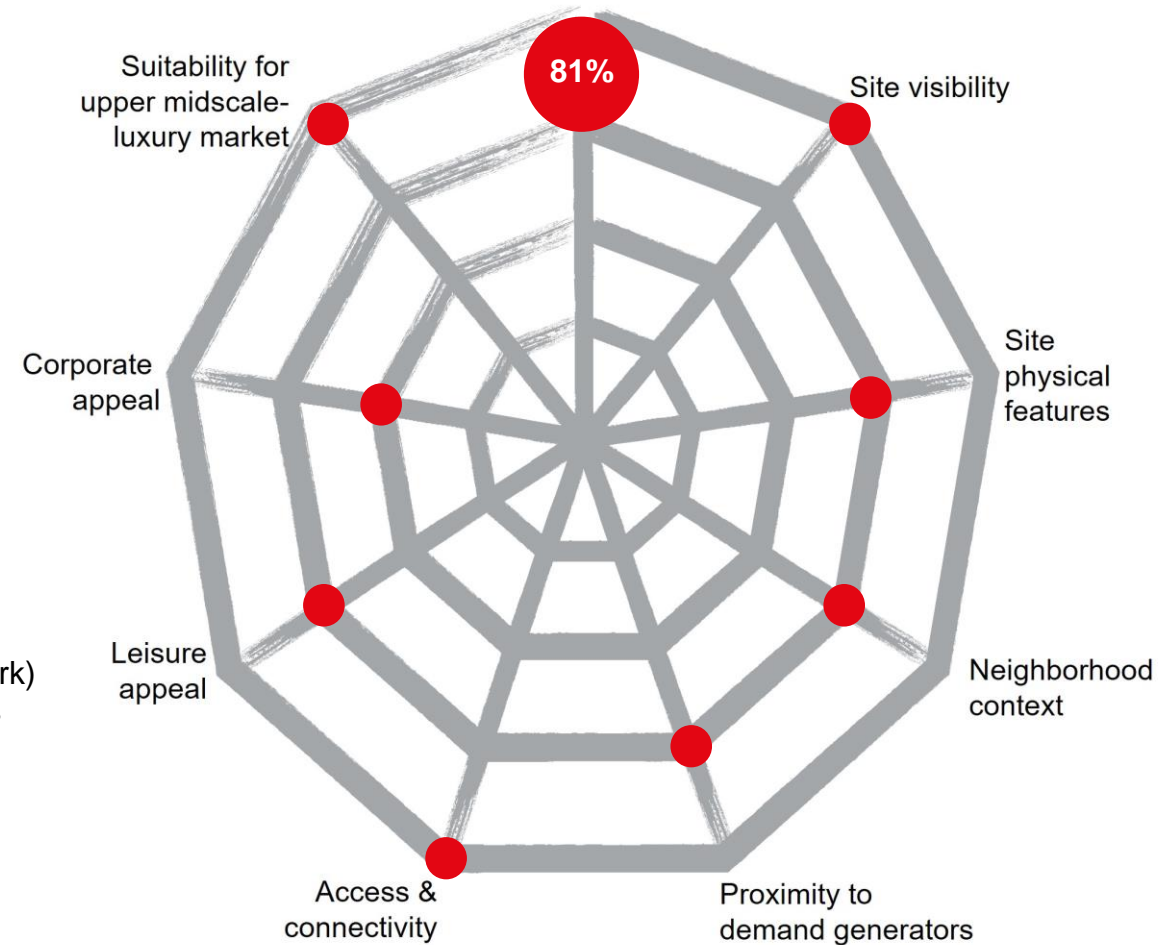
- Location on 570, high site visibility and proximity to Polk Parkway
- No hotels within 2 miles
- Proximity to two golf courses
- Proximity to Lakeland Airport (+-5 miles)
- Limited upscale to luxury hotels nearby (3 upper midscale, 4 upscale hotels within +-5 miles)

- Proximity to demand generators and activities (Lake Hancock, Holloway Park)
- Proximity to hospital (Orlando Health's hospital under construction)
- Proximity to college campuses

Cons

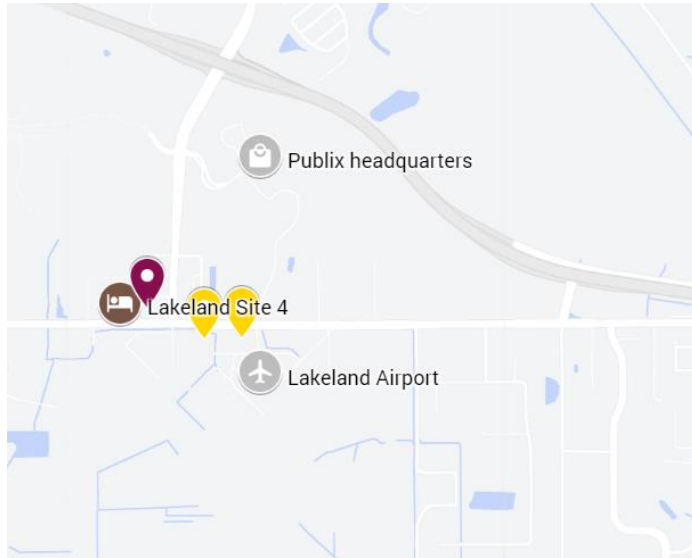
- Limited economic activity taking place nearby
- Potential noise from the Polk Parkway

Overall Assessment



Hotel Development Sites Evaluation

Lakeland Site 4



Site Context

- Location: At Lakeland Airport, specific site has not been identified
- Neighborhood features: Airport with industrial sites, close to Publix office headquarters (commercial)

This site is suitable for the corporate market and an upper midscale hotel

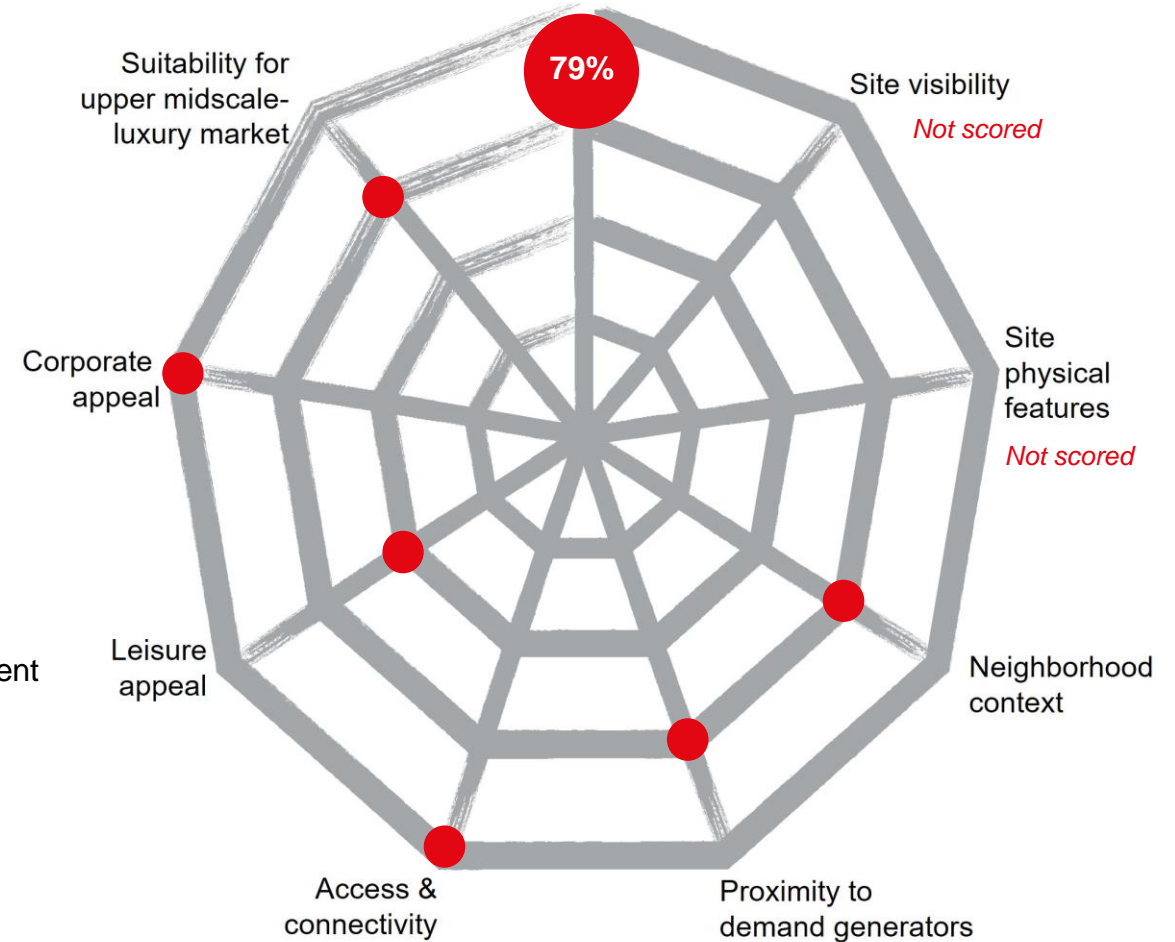
Pros

- Proximity to Lakeland Airport
- Limited supply of hotels in targeted classes (2 upscale hotels nearby)
- Proximity to Public office headquarters (corporate market)
- Conference market potential due to proximity to conference facilities
- Proximity to upscale mall (Lakeside Village; regional mall)

Cons

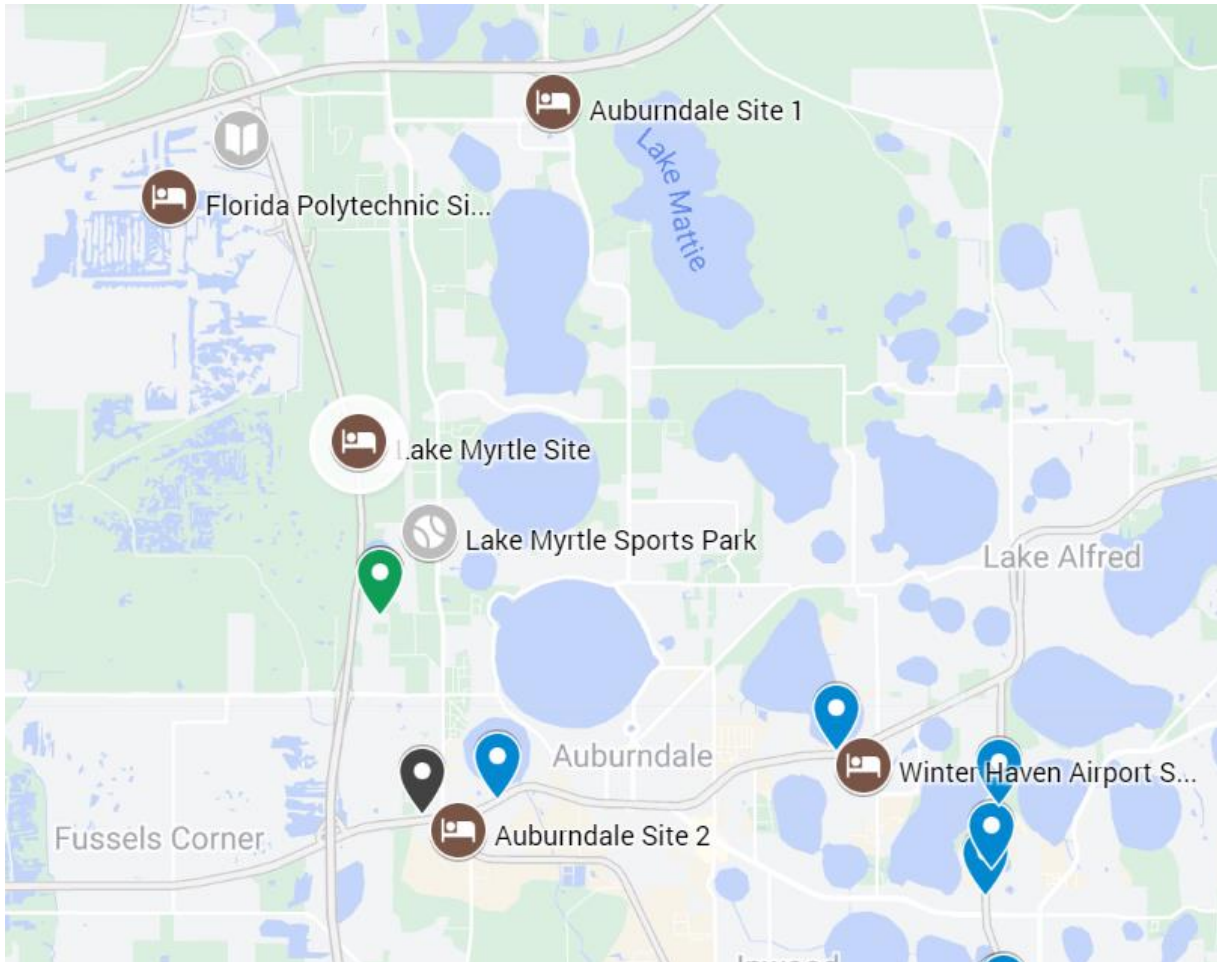
- Competition from new hotel development around the airport

Overall Assessment



Hotel Development Sites Evaluation

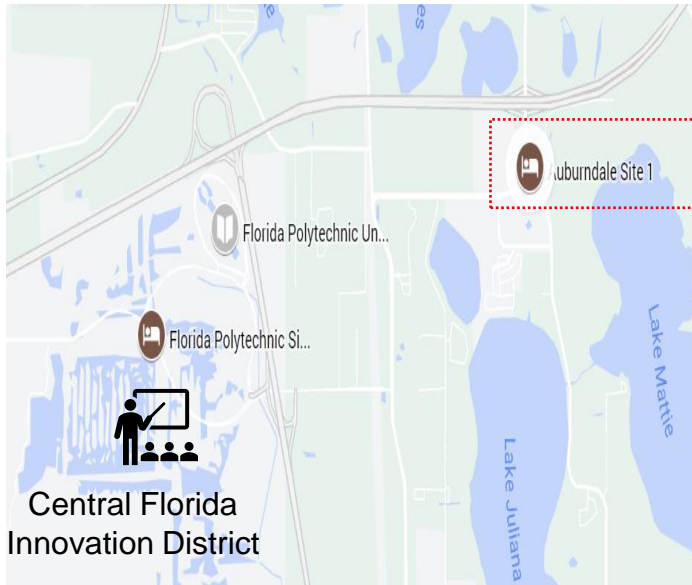
Auburndale Area



- Economy
- Midscale
- Upper mid-scale
- Upscale
- Upper upscale
- Luxury
- Hotel pipeline
- Proposed hotel site

Hotel Development Sites Evaluation

Auburndale Site 1



Site Context

- Location: Close to the I-4 & Route 98 intersection in the Central Florida Innovation District
- Neighborhood features: Mixed-use district with education, industrial, aviation, tourism, health & logistics

This site is suitable for the corporate market and an upper midscale hotel

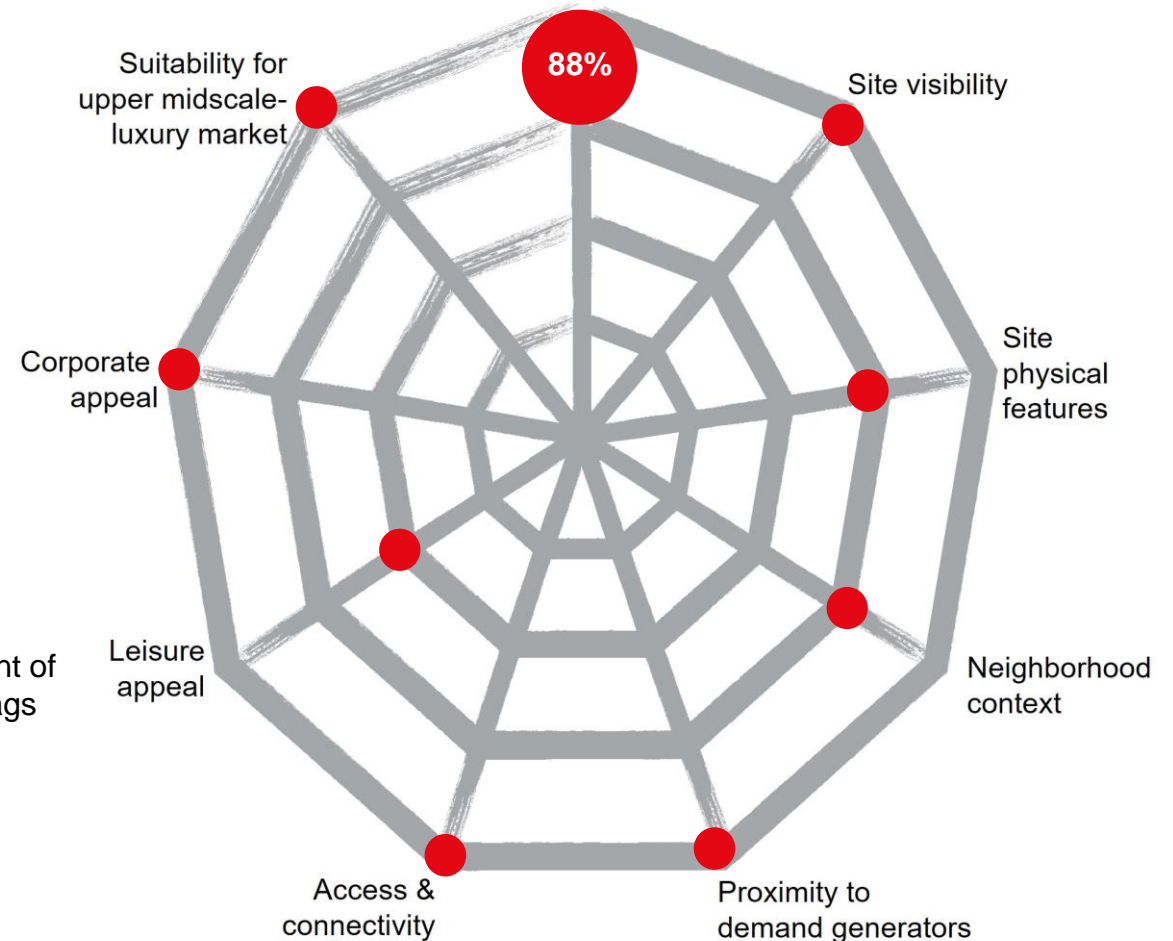
Pros

- Location in Central Florida Innovation District
- Proximity to Amazon facilities & SunTrax
- Proximity & visible from major transport routes
- Limited supply of hotels in targeted classes (1 upper upscale within +-4 miles)

Cons

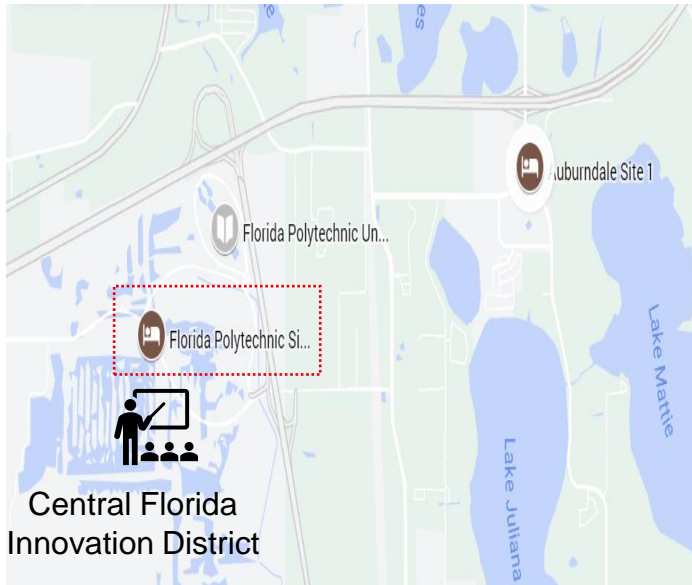
- Any potential delays in the development of the Innovation District could result in lags in demand for a potential hotel

Overall Assessment



Hotel Development Sites Evaluation

Florida Polytechnic Site



Site Context

- Location: Close to the I-4 & Route 98 intersection in the Central Florida Innovation District
- Neighborhood features: Mixed-use district with education, industrial, aviation, tourism, health & logistics

This site is suitable for the corporate and conference markets and an upscale hotel

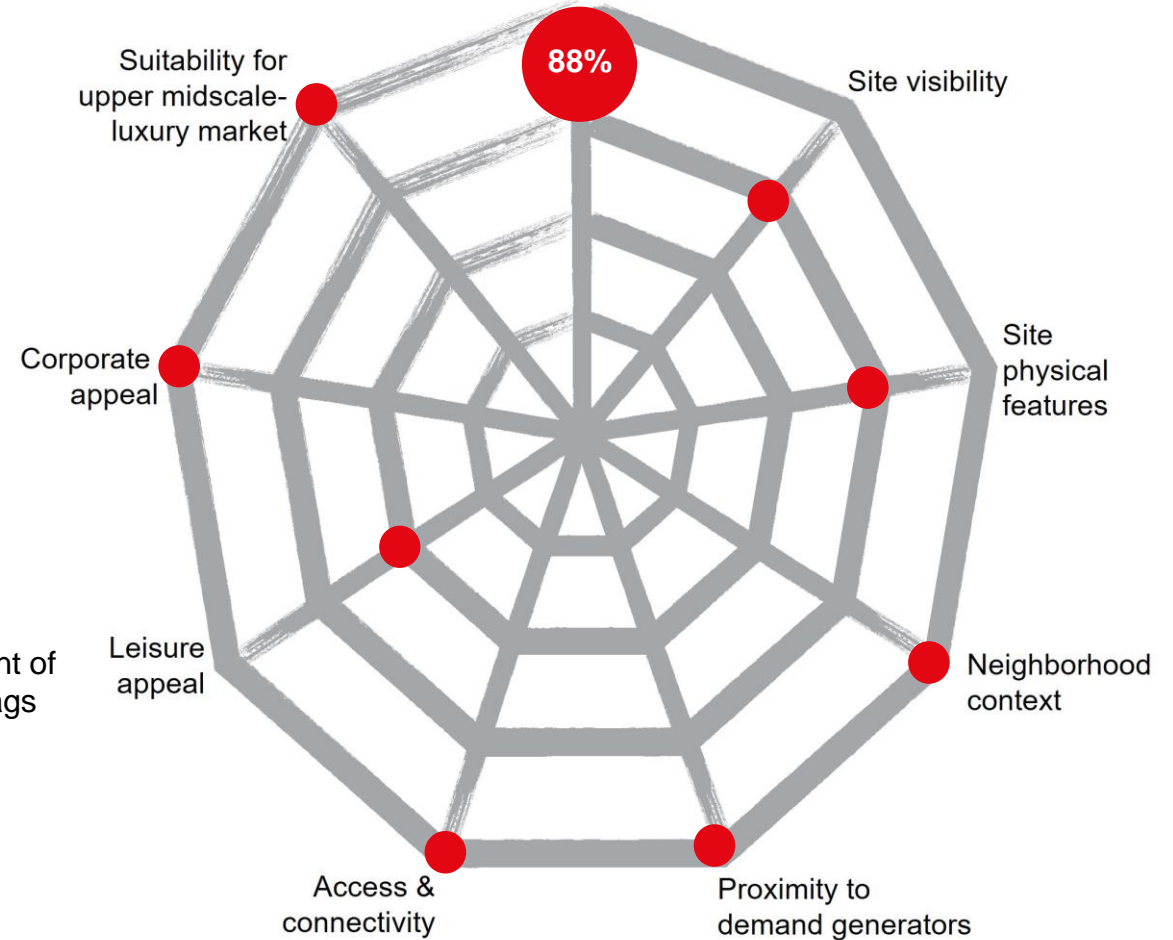
Pros

- Location in Central Florida Innovation District
- Proximity to Florida Polytechnic University & SunTrax
- Proximity & visible from major transport routes
- Limited supply of hotels in targeted classes (1 upper upscale within +/-4 miles)

Cons

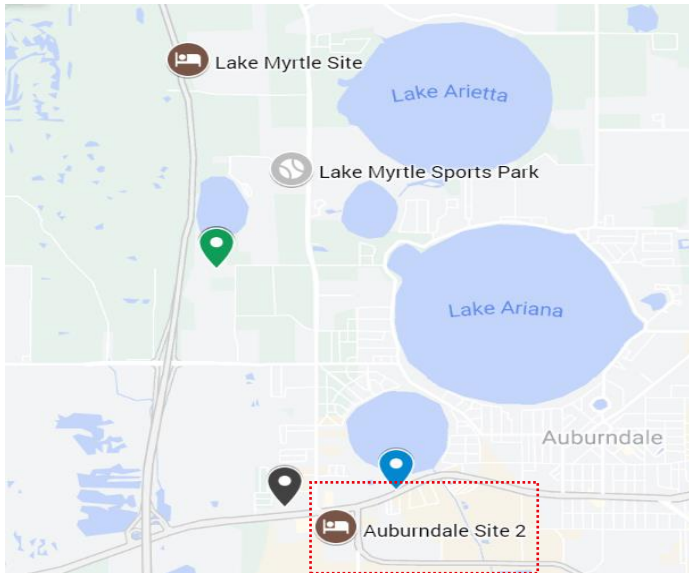
- Any potential delays in the development of the Innovation District could result in lags in demand for a potential hotel

Overall Assessment



Hotel Development Sites Evaluation

Auburndale Site 2



Site Context

- Location: Off Route 92 south of Lake Lena
- Neighborhood features: Commercial and retail node

This site is suitable for the leisure and corporate markets and an upper midscale or upscale hotel

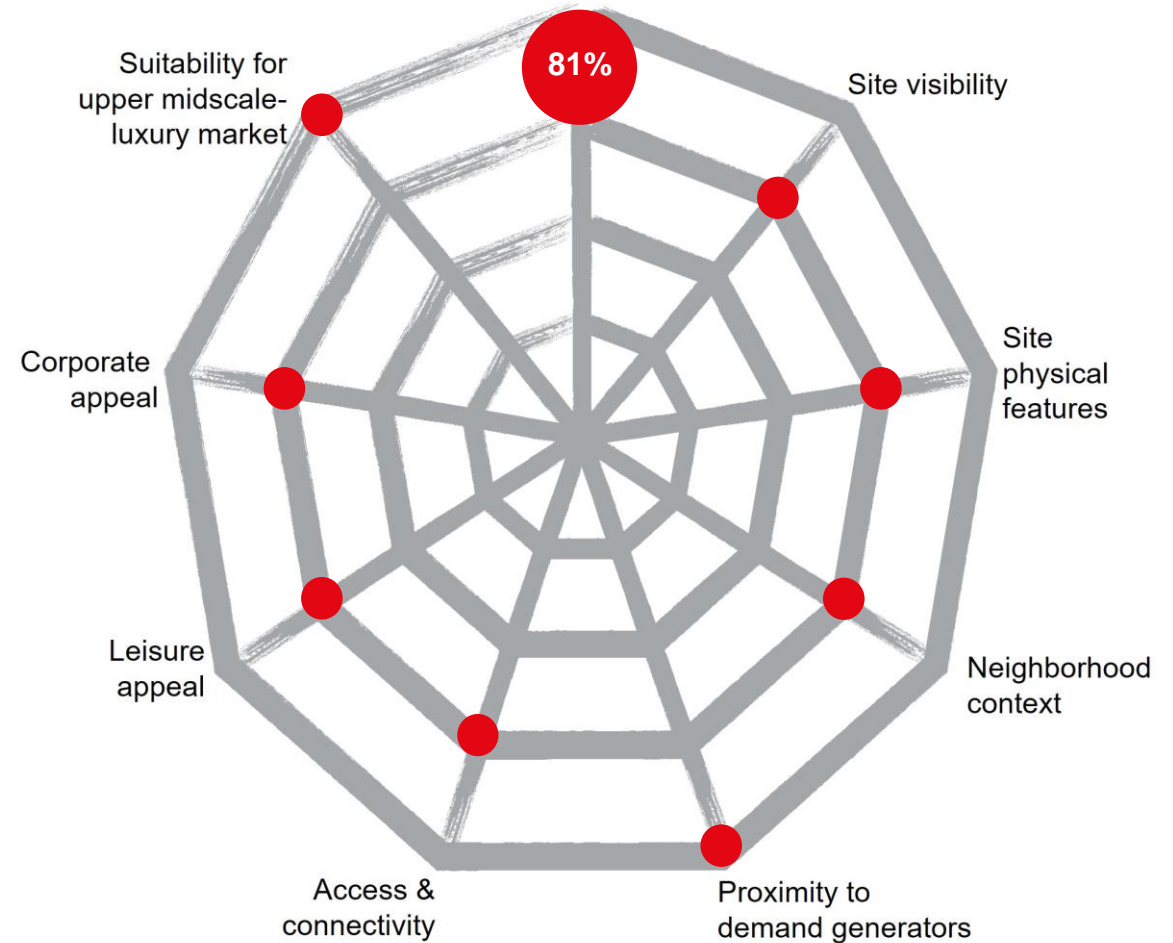
Pros

- Limited supply of hotels in targeted classes (1 upper upscale +-2.5 miles)
- Proximity to major transport route (Polk Parkway & Route 92)
- Good site visibility
- Proximity to Auburndale activity nodes
- A hotel at this site would appeal to the hotel market which is not served by the nearby Camp Margaritaville

Cons

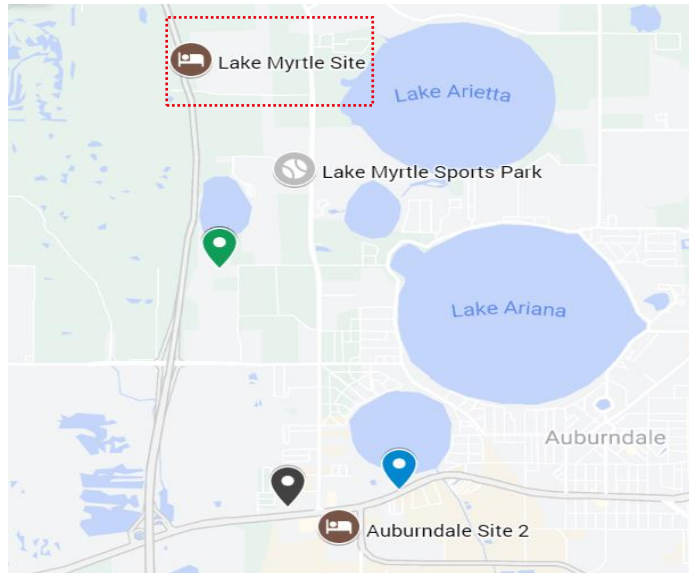
- Potential noise and traffic from Route 92

Overall Assessment



Hotel Development Sites Evaluation

Lake Myrtle Site



Site Context

- Location: Off Route 570 / Spring Road
- Neighborhood features: Lake Myrtle sports park is the main feature with residential area and small lakes in the vicinity

This site is suitable for the leisure and corporate markets and an upper midscale or upscale hotel

Pros

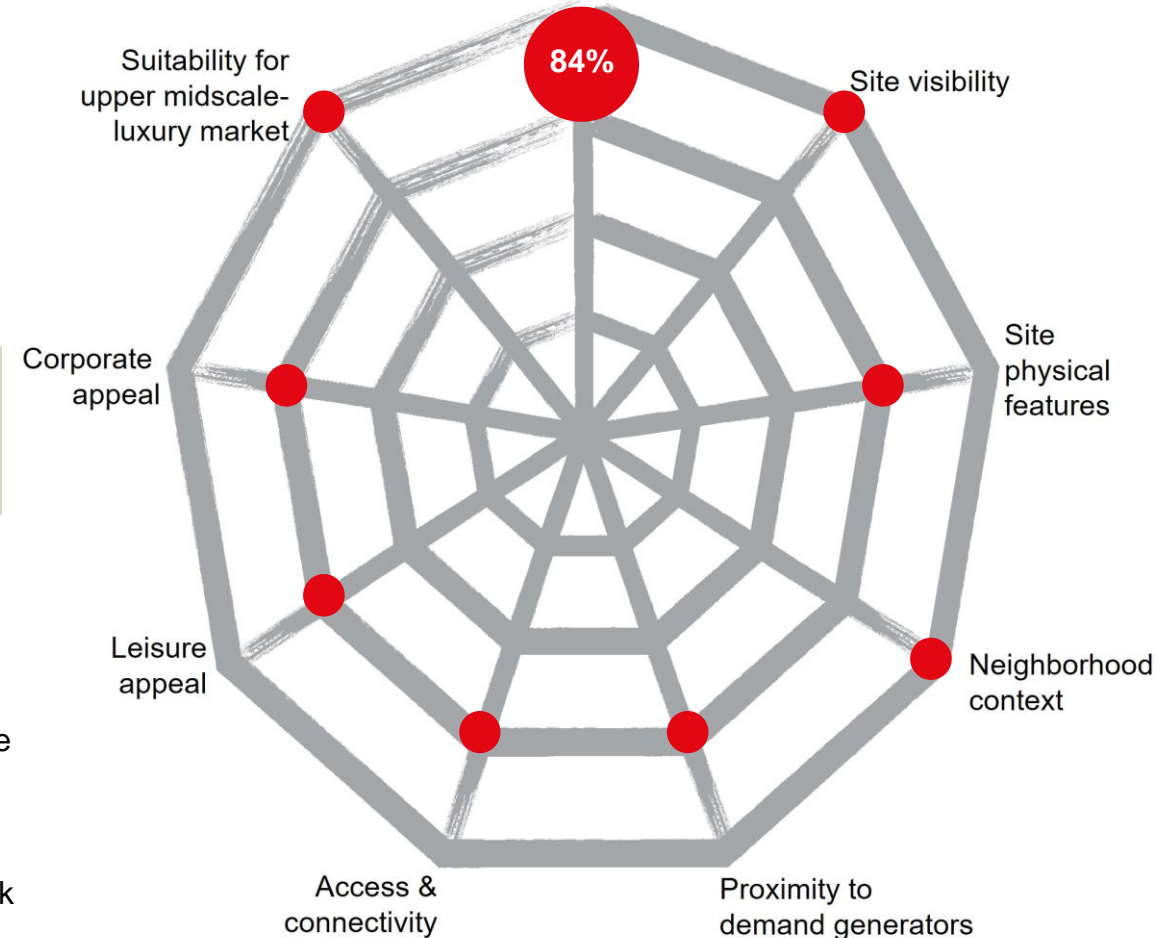
- Proximity to various lakes (demand generators / activities)
- Limited supply of hotels in targeted classes (1 upper upscale +-2.5 miles)
- Proximity to major transport route (Polk Parkway)
- Proximity to sports facilities (demand generators)

- Proximity to Central Florida Innovation District (<5 miles)
- A hotel at this site would appeal to the hotel market which is not served by the nearby Camp Margaritaville

Cons

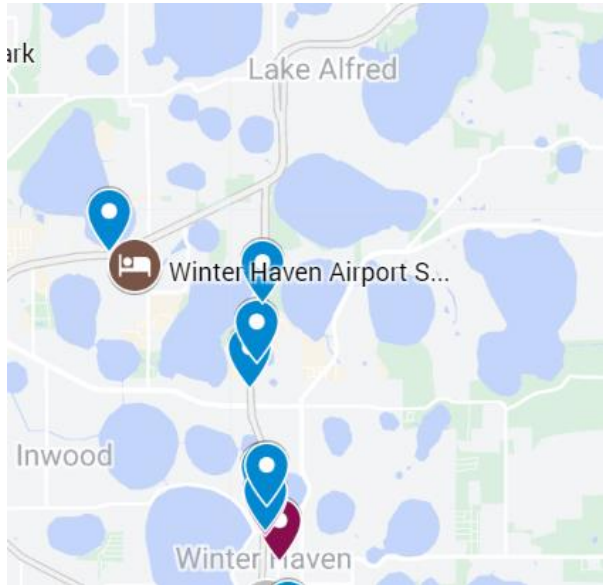
- Potential noise and traffic from the Polk Parkway

Overall Assessment



Hotel Development Sites Evaluation

Winter Haven Airport Site



Site Context

- Location: Within the Winter Haven Airport node
- Neighborhood features: The airport is the main feature which is bordered by Highway 92 and residential areas

This site is suitable for the corporate market and a midscale hotel

Pros

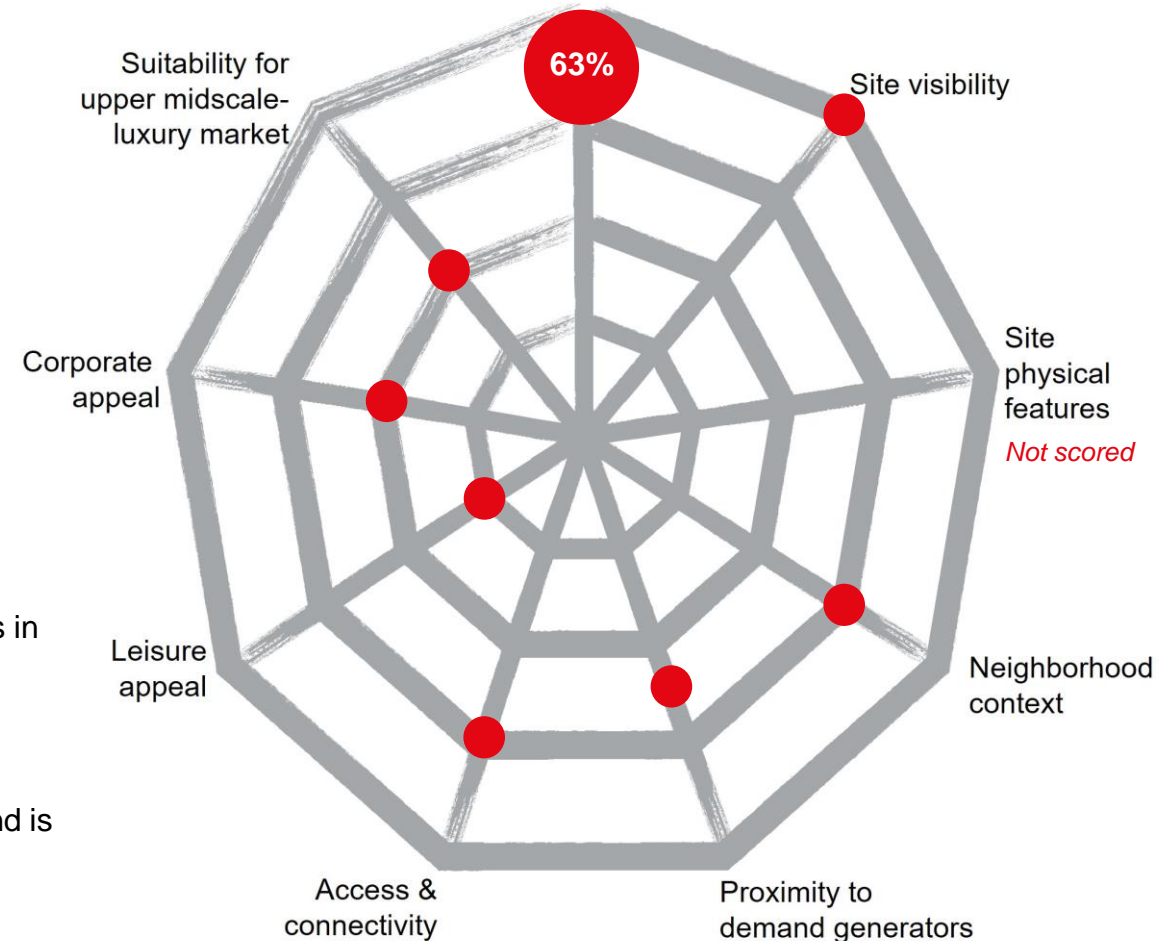
- Proximity to Winter Haven Airport
- Proximity to Winter Haven downtown (within +-5 miles)
- Proximity to Auburndale downtown (within +-5 miles)
- Proximity to sports facilities such as Lake Myrtle Sports Park (demand generators within +-10 miles)
- Proximity to major transport routes

- No supply of hotels in targeted classes in close proximity

Cons

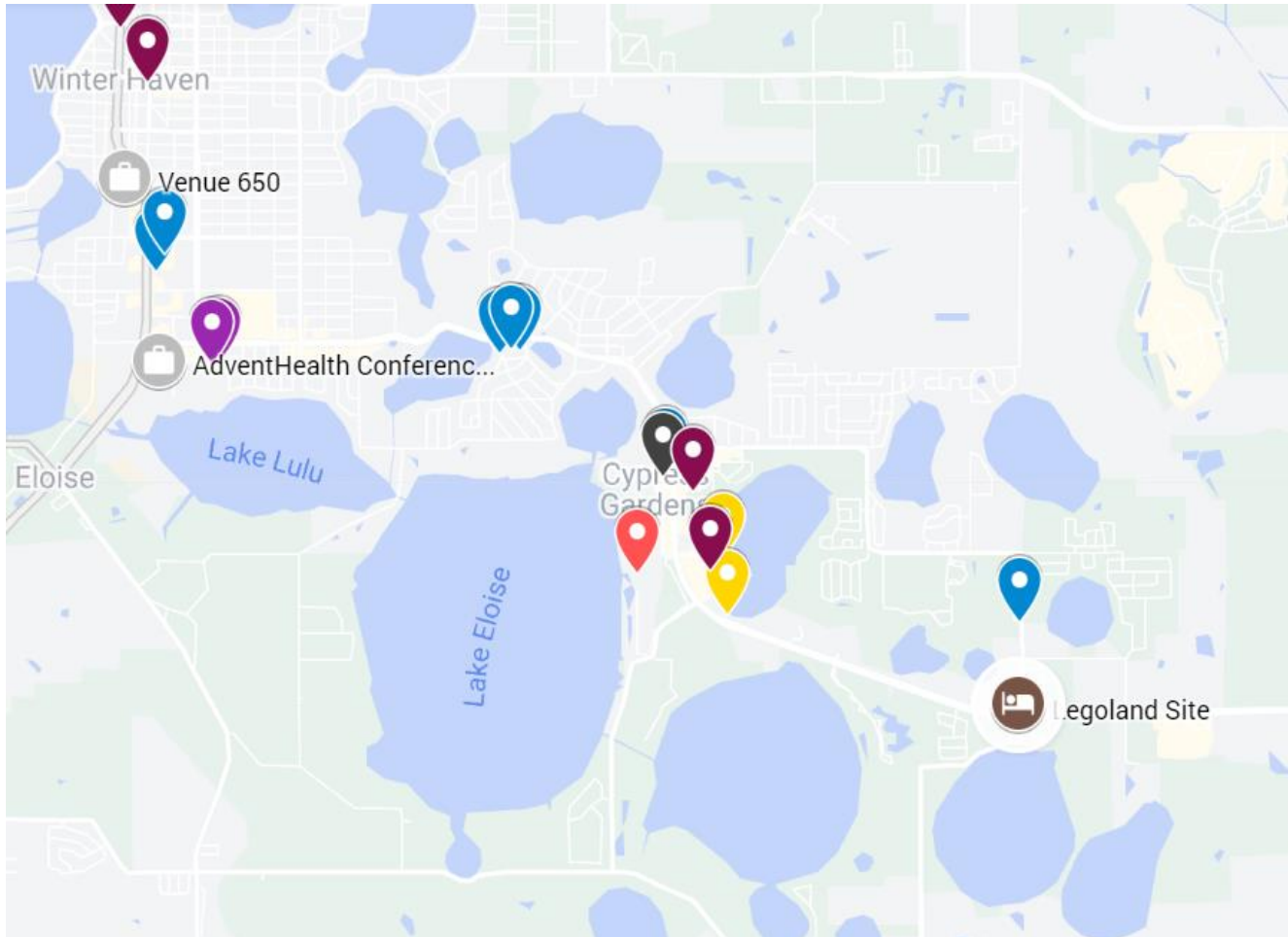
- Winter Haven Airport serves as a GA airport, therefore air passenger demand is limited

Overall Assessment



Hotel Development Sites Evaluation

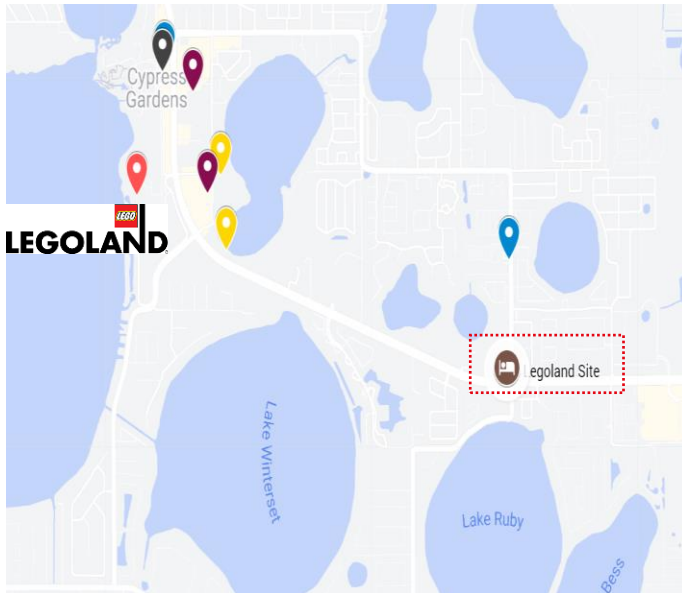
Legoland Area



-  Economy
-  Midscale
-  Upper mid-scale
-  Upscale
-  Upper upscale
-  Luxury
-  Hotel pipeline
-  Proposed hotel site

Hotel Development Sites Evaluation

Legoland Site



Site Context

- Location: Off Route 540, close to River Lake
- Neighborhood features: Residential neighborhood

This site is suitable for the leisure market and an upscale / upper upscale hotel

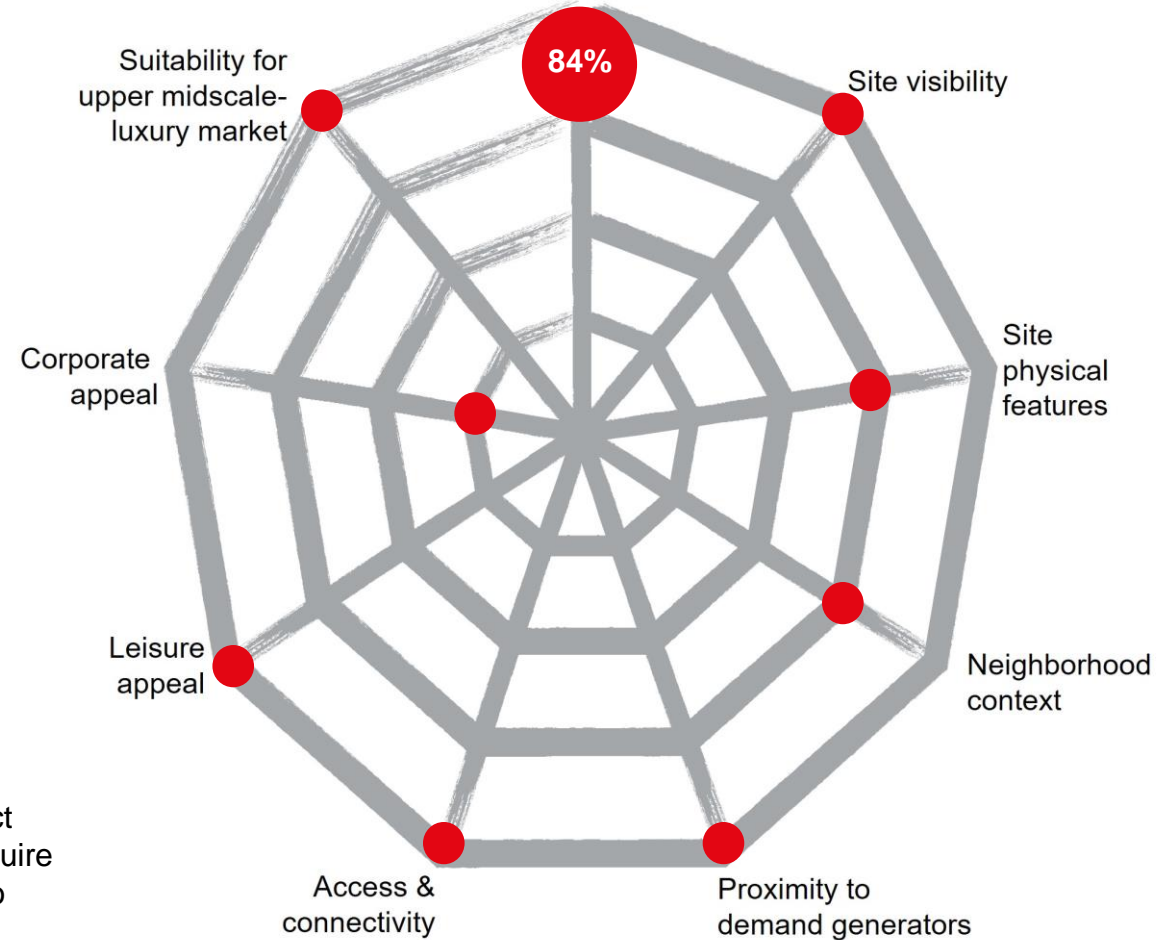
Pros

- Proximity to Legoland (demand generator)
- Proximity to various lakes
- Proximity to major transport routes
- Limited supply of hotels in targeted classes (2 upscale & 1 luxury within +/- 2 miles))
- Proximity to AdventHealth Hospital

Cons

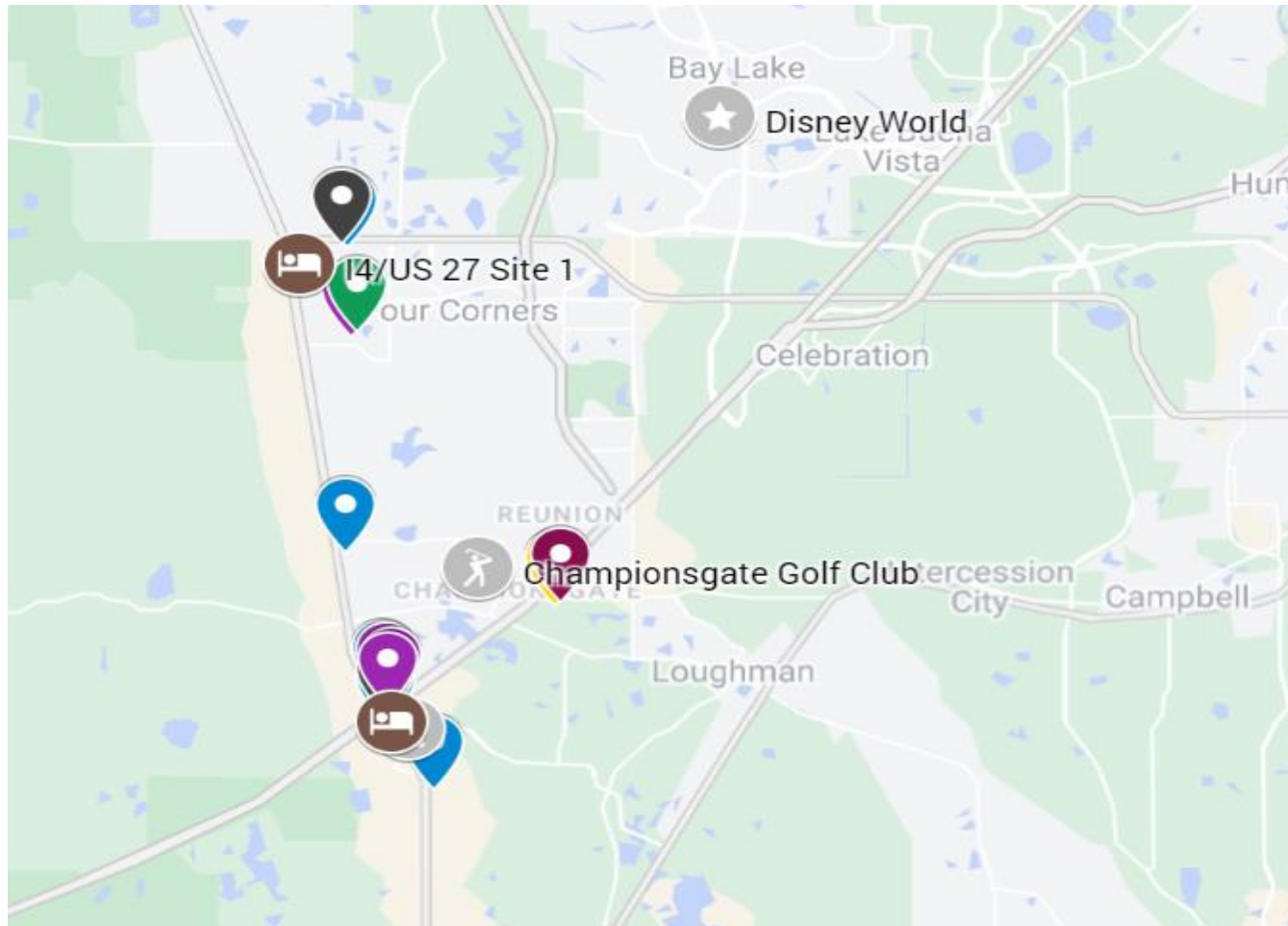
- Small lake on site limits activity base
- Site size potentially too small for large resort
- Noise & traffic on Route 540
- Commercial activity on site may detract from leisure appeal – may need to acquire the existing infrastructure on the site to develop to full extent

Overall Assessment



Hotel Development Sites Evaluation

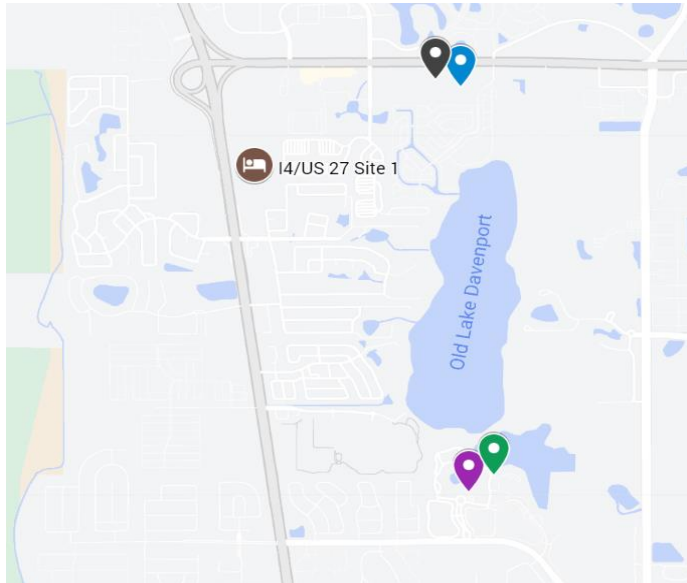
I-4 / US 27 Area



-  Economy
-  Midscale
-  Upper mid-scale
-  Upscale
-  Upper upscale
-  Luxury
-  Hotel pipeline
-  Proposed hotel site

Hotel Development Sites Evaluation

I-4 / US 27 Area Site 1



Site Context

- Location: Off Route 27
- Neighborhood features: Residential area

This site is suitable for the leisure market and an upper midscale or upscale hotel

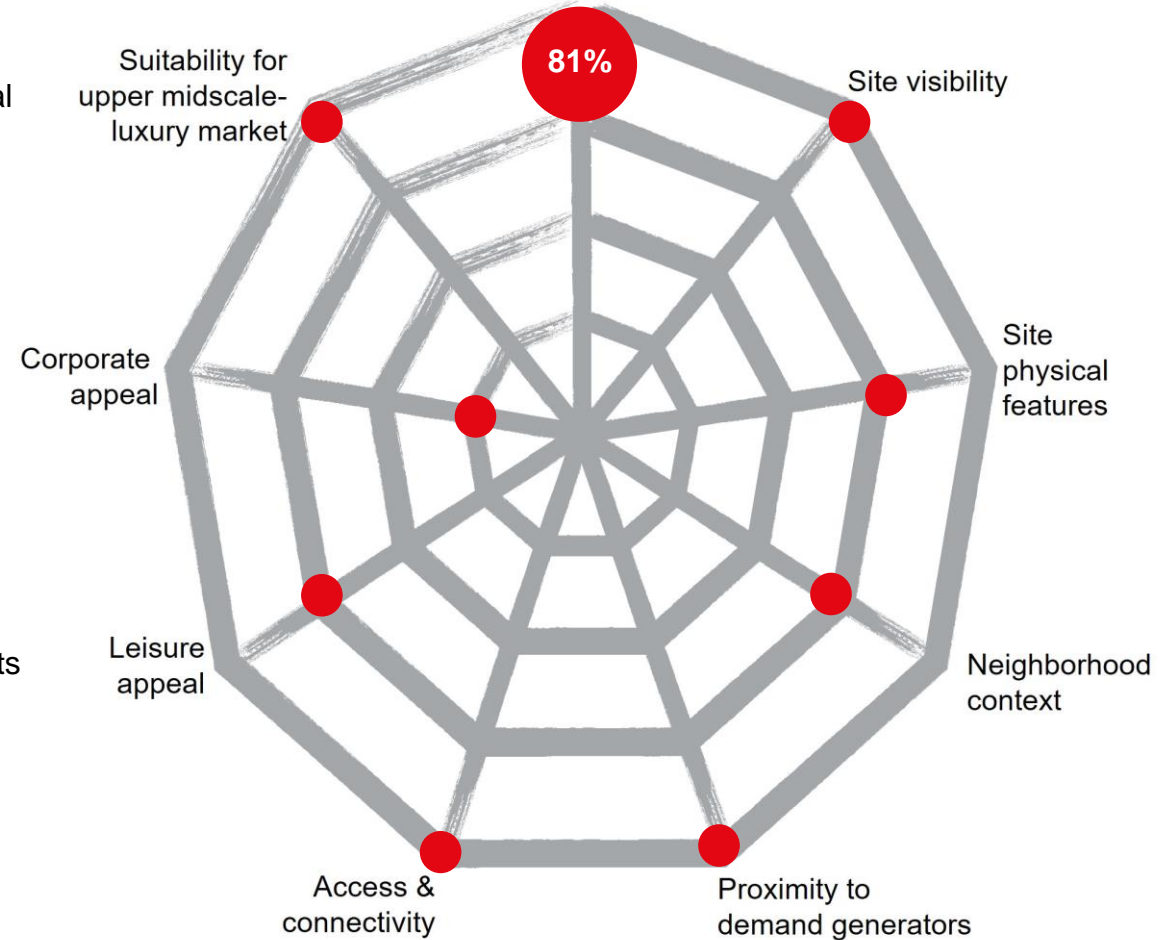
Pros

- Proximity to major transport routes
- Proximity to Orlando's major attractions (within +-15 miles)
- Proximity to golf (Highlands Reserve) (+-3 miles)
- Most hotels nearby in the county are economy class to upper midscale but of poor quality

Cons

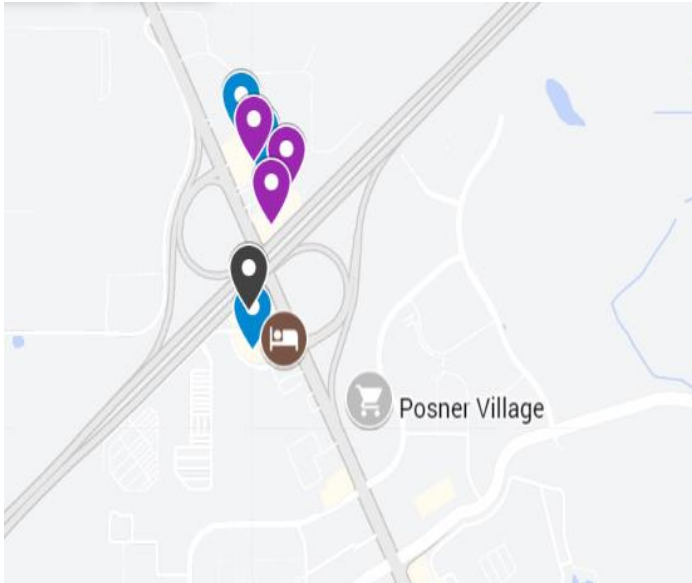
- High concentration of hotels and resorts within 15 miles (outside the county boundary)
- Noise & traffic on Route 27

Overall Assessment



Hotel Development Sites Evaluation

I-4 / US 27 Area Site 2



Site Context

- Location: Close to the I-4 & Route 27 intersection
- Neighborhood features: Commercial and residential node

This site is suitable for the leisure market and an upper midscale hotel

Pros

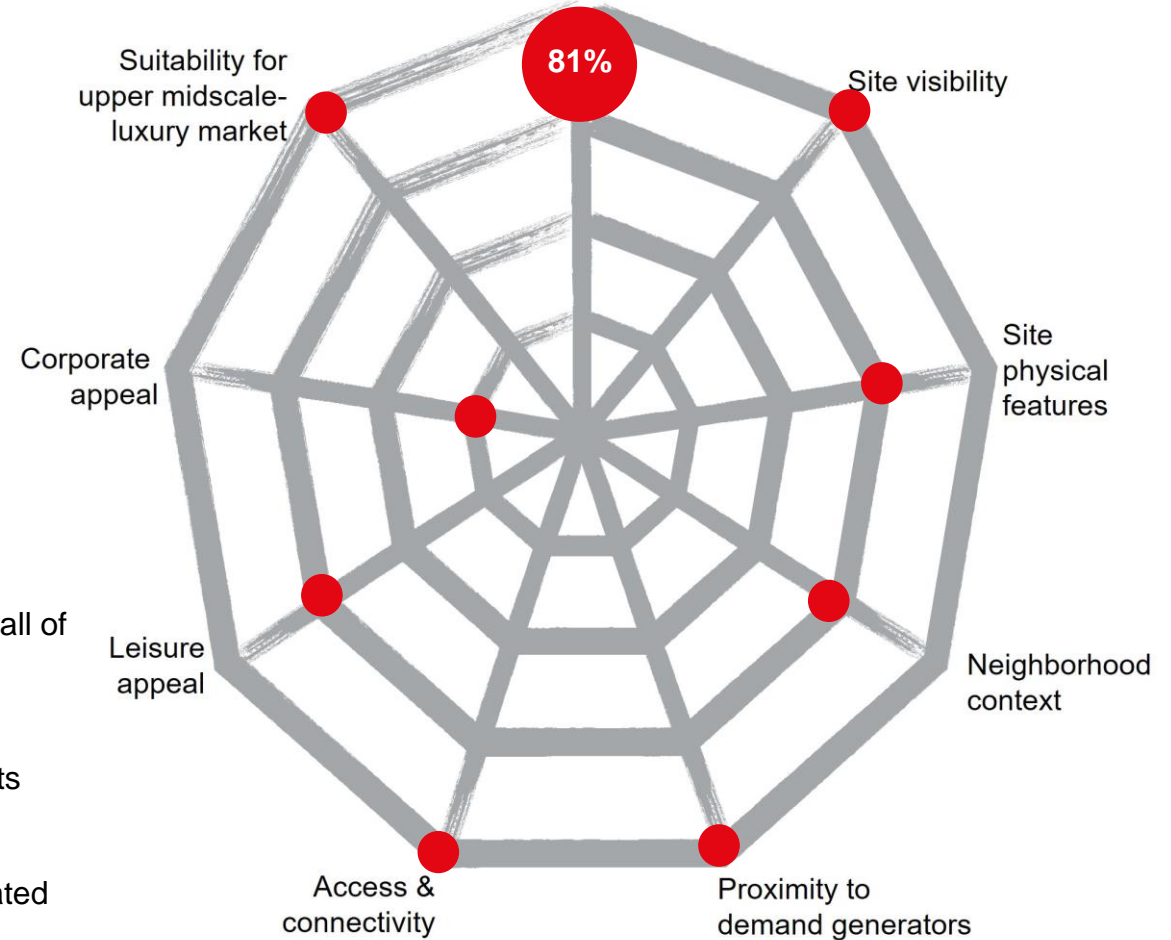
- Proximity to major transport routes
- Proximity to Orlando's major attractions (within +-15 miles)
- Proximity to golf (Highlands Reserve & Championsgate)
- Most hotels nearby in the county are economy class to upper midscale but of poor quality (3 upper midscale hotels within +-1 mile)

- Proximity to Posner Park (+-1 mile) (mall of average quality)

Cons

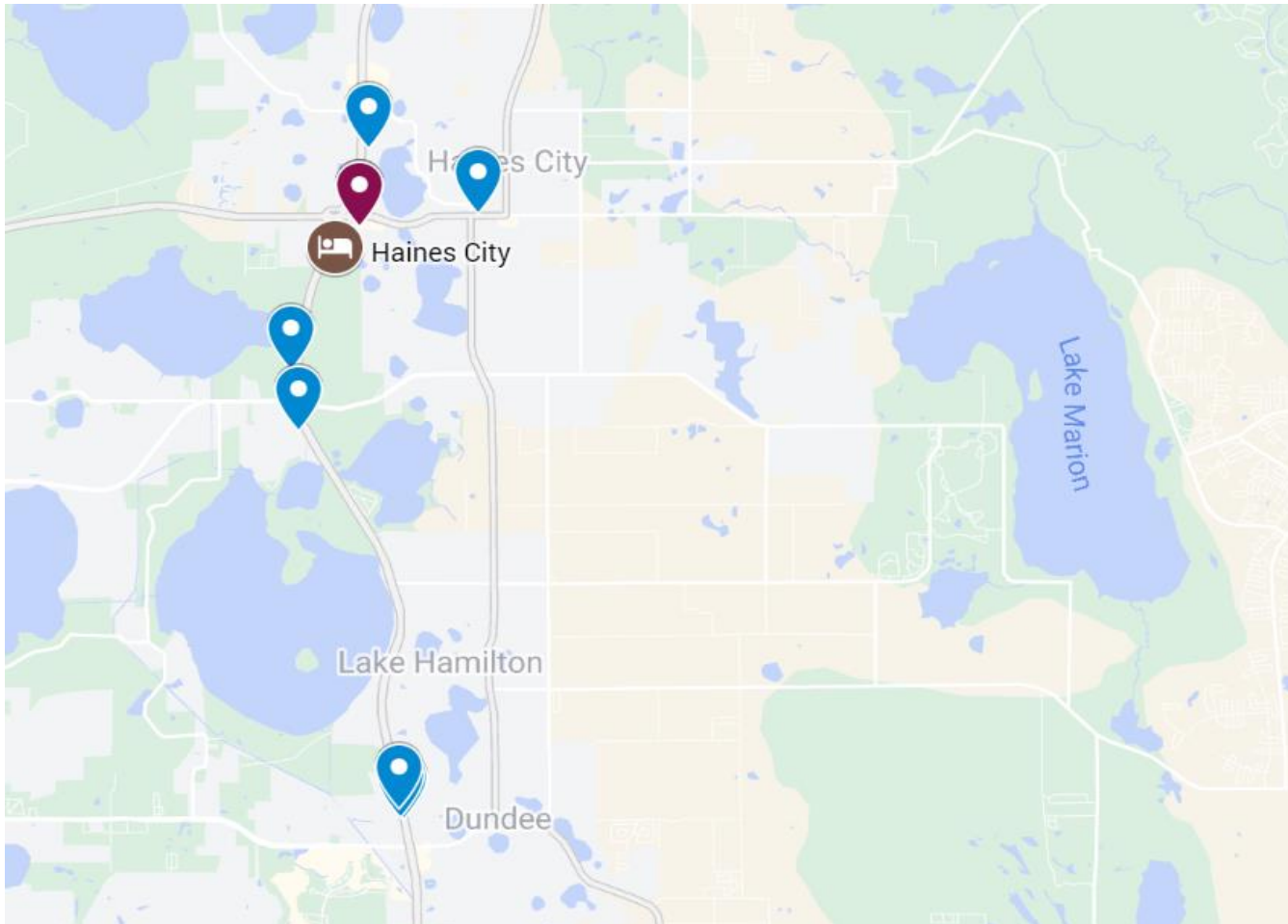
- High concentration of hotels and resorts within 15 miles (outside the county boundary)
- Majority of vacation rental stock is located in this area (competition)
- Noise & traffic from the I-4 & Route 27

Overall Assessment



Hotel Development Sites Evaluation

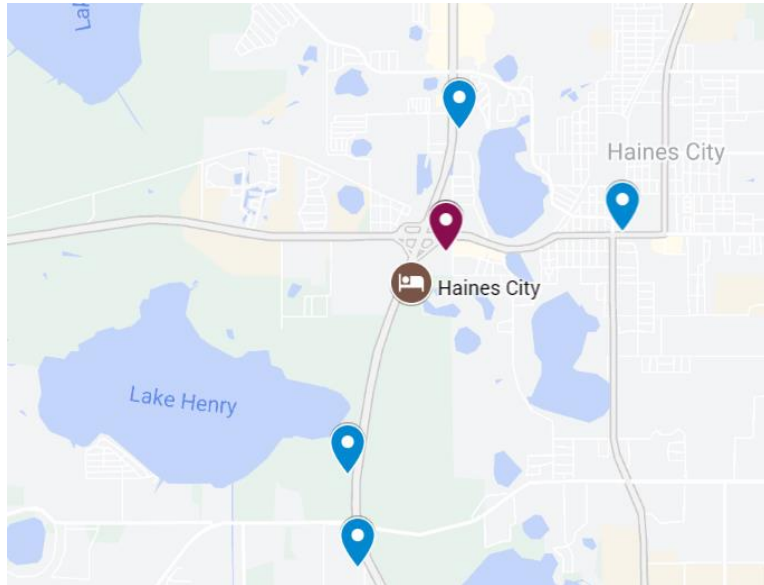
Haines City



- Economy
- Midscale
- Upper mid-scale
- Upscale
- Upper upscale
- Luxury
- Hotel pipeline
- Proposed hotel site

Hotel Development Sites Evaluation

Haines City



Site Context

- Location: Crossroads Village Center off the US 27
- Neighborhood features: Crossroads is an upscale mixed-use development that will include townhouses, patio homes, offices, restaurants and two hotels (Unconfirmed Towneplace Suites by Marriott and confirmed Wyndham Garden)

This site is suitable for the corporate market and upper midscale or upscale hotel/s

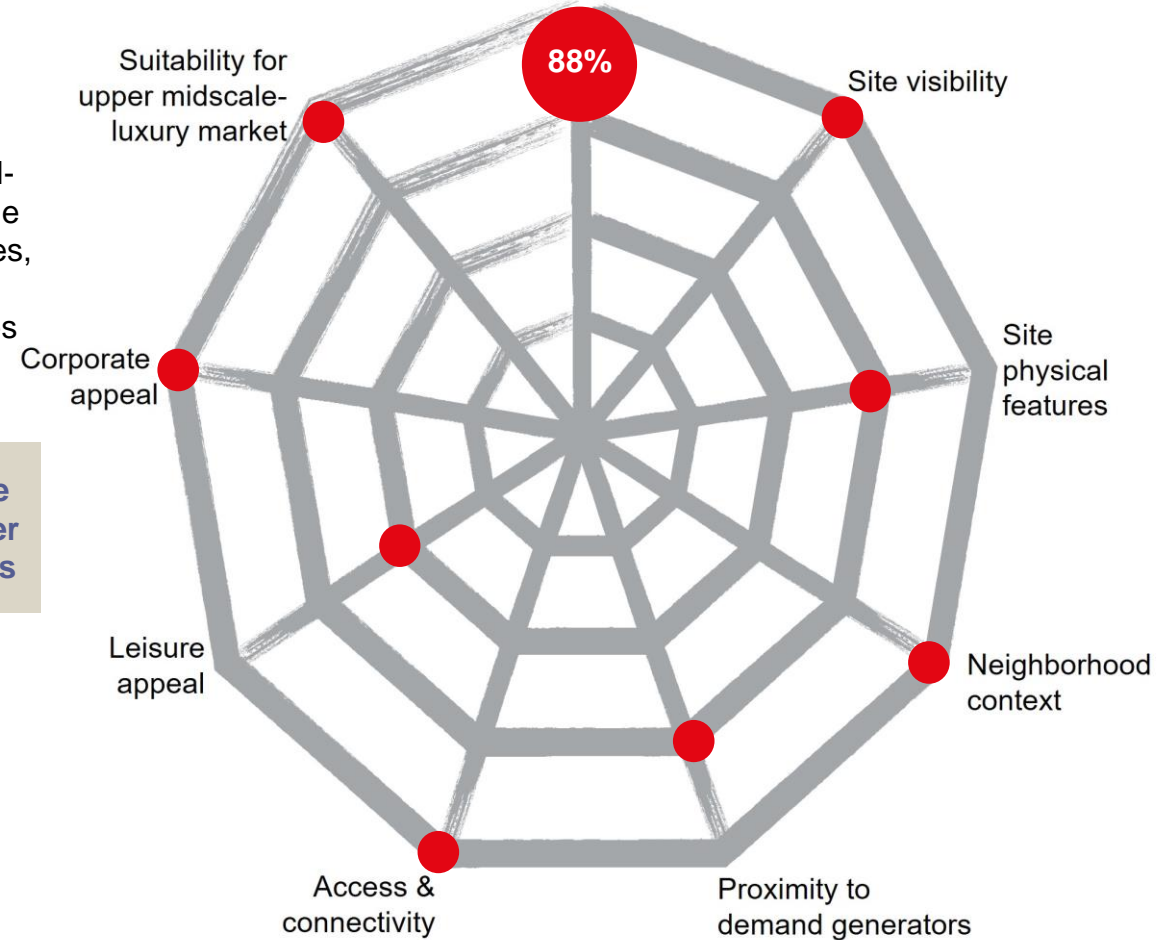
Pros

- Proximity to major transport routes
- Lack of hotel supply nearby (4 economy class hotels)
- Proximity to Haines City and Davenport

Cons

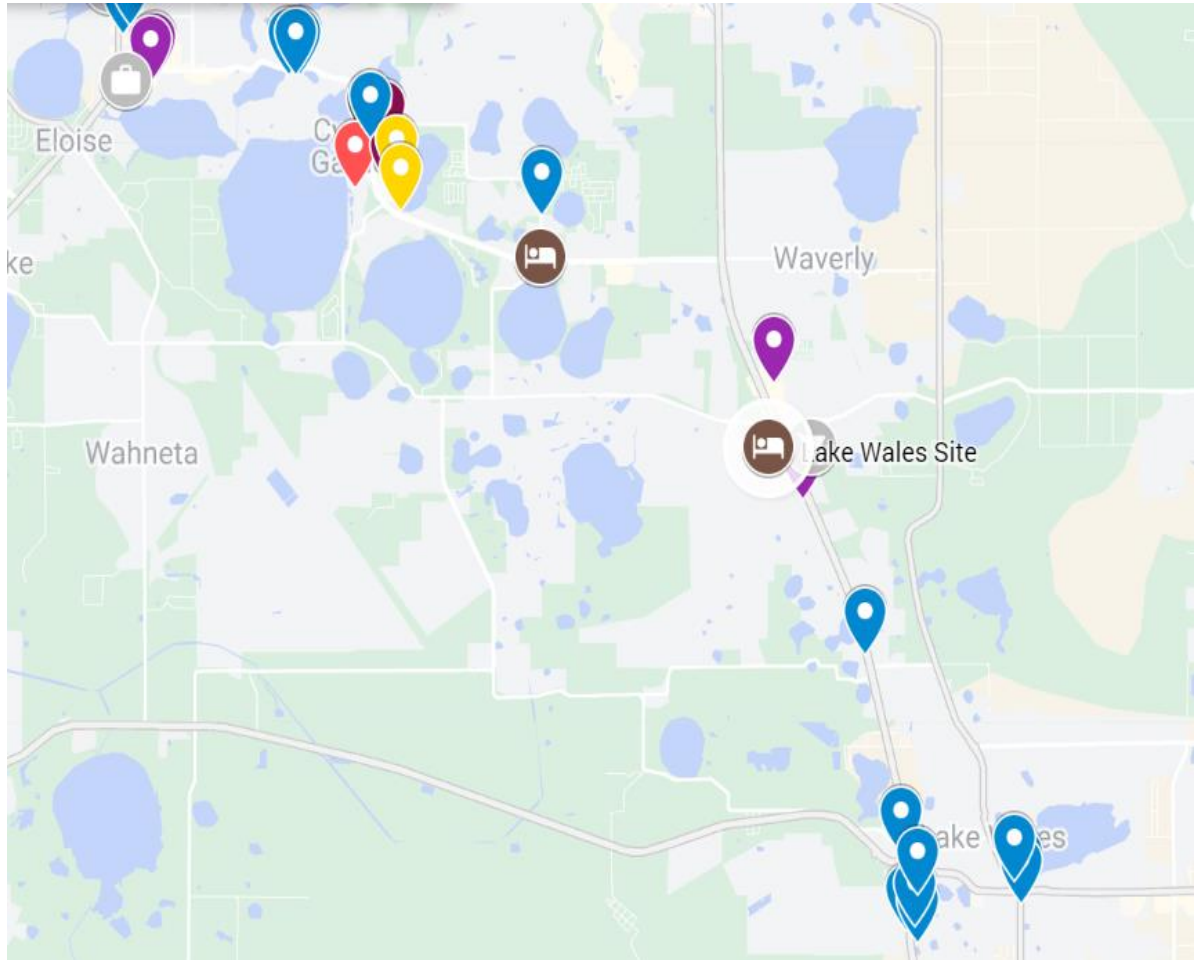
- Potential noise from US 27

Overall Assessment



Hotel Development Sites Evaluation

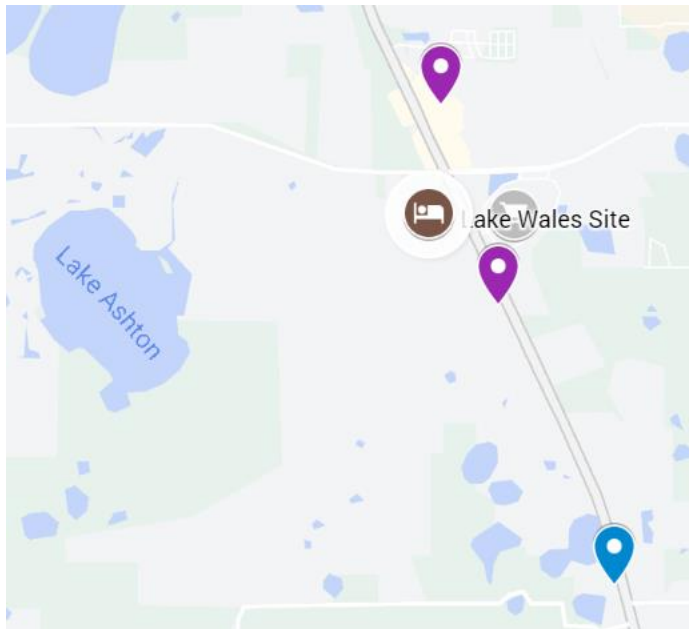
Lake Wales



-  Economy
-  Midscale
-  Upper mid-scale
-  Upscale
-  Upper upscale
-  Luxury
-  Hotel pipeline
-  Proposed hotel site

Hotel Development Sites Evaluation

Lake Wales Site



Site Context

- Location: Off the US 27, west of Lake Ashton (specific site has not been identified)
- Neighborhood features: Rural setting along US 27 with retail centers such as Eagle Ridge Mall (regional mall)

This site is suitable for the leisure market and an upper midscale hotel

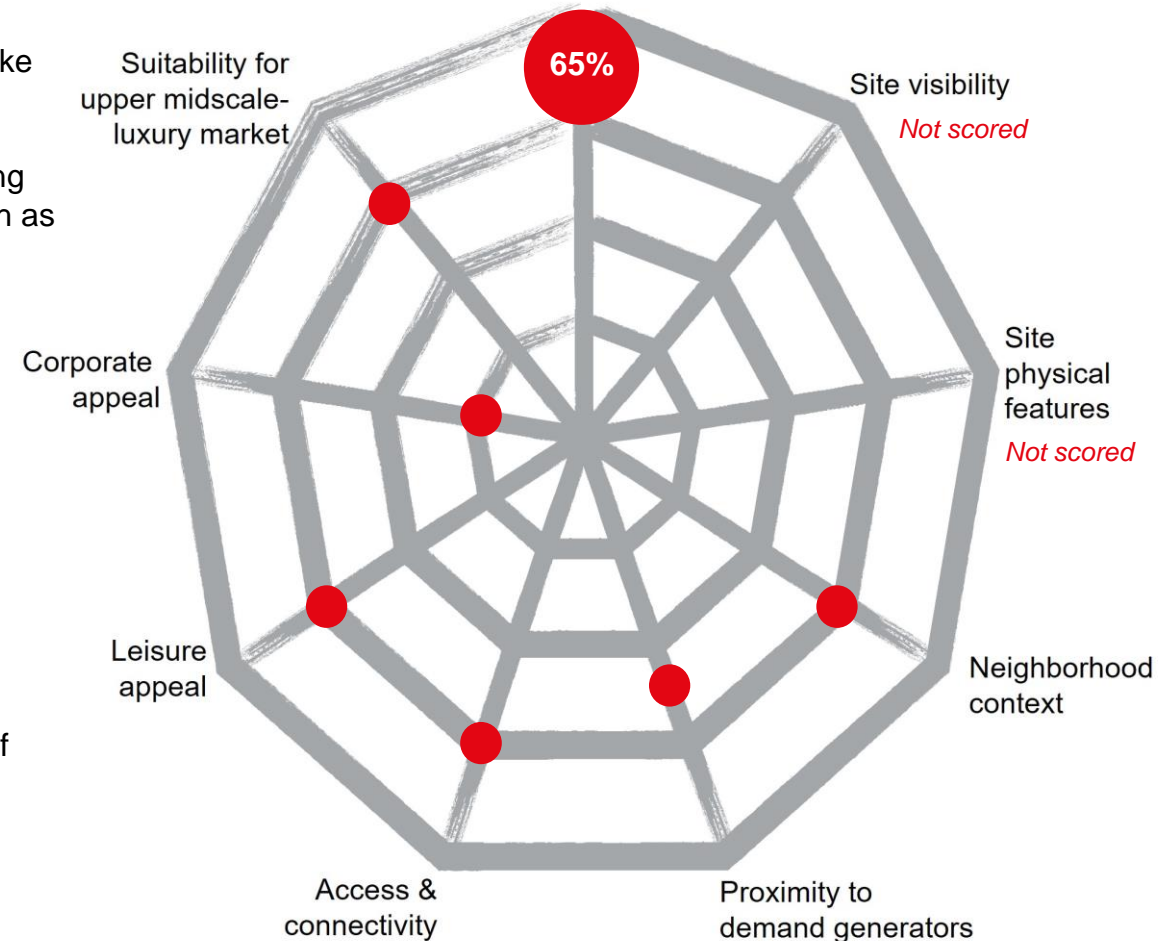
Pros

- Lack of hotel supply nearby (1 economy class hotel and 2 upper midscale hotels)
- Proximity to Legoland (within +/-5 miles)
- Inter-modal logistics hub located nearby
- Proximity to Route 60 which is a major east-west transport corridor in the county
- Proximity to Eagle Ridge Mall which is a regional mall

Cons

- Potential noise from US 27
- Relatively far out from urban centers of activity
- Distance from Lakeland Airport

Overall Assessment



Hotel Development Sites Evaluation

Conclusion



The table summarizes the scores calculated for each site and the recommended target market and hotel class, ranked by score. **Based on the market analysis, immediate demand exists for upper midscale and upscale hotels, followed by upper upscale (full-service) hotels. These should be prioritized first.**

There is a gap for luxury hotels but the maturity of the market is not at the same level of readiness as for upper midscale to upper upscale hotels.

Therefore, luxury hotels can be considered as the market matures and if suitable sites become available. Given the state of hotel performance currently, if the county was to pursue a luxury hotel, it would likely require public incentive at this time.

Site Name	Site Suitability Score	Recommended Target Market			Recommended Hotel Class			
		Leisure	Corporate	Conference	Upper Midscale	Upscale	Upper Upscale	Luxury
Lakeland Site 2	91%	✓	✓	✓	✓	✓		
Auburndale Site 1	88%		✓		✓			
Florida Polytechnic Site	88%		✓	✓		✓		
Haines City	88%		✓		✓	✓		
Lake Myrtle Site	84%	✓	✓		✓	✓		
Legoland Site	84%	✓				✓	✓	
Lakeland Site 3	81%	✓			✓	✓		
Auburndale Site 2	81%	✓	✓		✓	✓		
I-4 / US 27 Area Site 1	81%	✓			✓	✓		
I-4 / US 27 Site 2	81%	✓			✓			
Lakeland Site 1	79%		✓		✓			
Lakeland Site 4	79%		✓		✓			
Lake Wales Site	65%	✓			✓			
Winter Haven Airport	63%		✓					