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# HVS U.S. Hotel Franchise Development Cost Guide

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# HVS U.S. Hotel Franchise Development Cost Guide

The purpose of this U.S. Hotel Franchise Development Cost Guide, prepared by HVS, is to provide a summary of the total development cost ranges, exclusive of land, that are applicable to various hotel franchise brands as described in their respective Uniform Franchise Offering Circular (UFOC) documents. This guide can be utilized by real estate professionals as a supplement to the HVS Development Cost Survey in assessing total hotel development costs in the context of specific hotel franchise brands. Furthermore, it can also be utilized by hotel developers and investors as a supplement to the HVS U.S. Hotel Franchise Fee Guide to help them analyze the various costs involved in developing a hotel that is to be flagged with a franchised brand. We note that the cost ranges outlined herein apply only to hotel development in the United States.

## **Summary of Total Hotel Development Costs**

The total development cost ranges and corresponding calculated midpoints summarized in Tables 1, 2, and 3 were derived from information presented in the UFOC documents of each respective brand; these figures are exclusive of land cost, as land cost is too variable to estimate. Table 1 summarizes the data for hotel brands in the economy category, which includes brands classified as such by Smith Travel Research (STR). Table 2 presents data for hotel brands in the mid-rate category, which encompasses brands classified by STR as being in the mid-scale without food and beverage, and mid-scale with food and beverage categories. Table 3 summarizes data for hotels in the first-class category, which includes brands classified by STR as upscale, upper-upscale, or luxury brands. Our summary includes a total of 91 franchise brands, comprising 29 economy, 33 mid-rate, and 29 first-class brands. The overall total and the totals per segment include brand variants: for example, Comfort Inn & Suites is a variant of Comfort Inn, and Crowne Plaza Resort is a variant of Crowne Plaza.

We note that the total development cost ranges and corresponding midpoints, exclusive of land, were sourced from the most recently released UFOC documents available at the time of the guide's production; these documents were primarily released in 2006. However, four economy brands

(Motel 6, Studio 6, Red Roof Inns, and GuestHouse) reflect data from 2007 UFOC documents; these brands are referenced with a footnote within the guide. Aside from land cost, these total development cost ranges may also be exclusive of other development cost components that the franchisors have opted not to include due to the challenges involved in their estimation. Furthermore, the total hotel development cost ranges, exclusive of land, are based on cost estimates for the construction of new hotels. Therefore, these cost ranges cannot be utilized for evaluating the development costs involved in the conversion of independent hotels to certain hotel brands, or the conversion of branded hotels to other brands. The development cost ranges, exclusive of land, are also expressed on a per-room basis in the tables. The per-room ranges were computed by dividing the lower and upper limits of the ranges of the total development cost amounts by the corresponding number of rooms that were indicated by the respective franchisors in the UFOCs. These room counts were used by the respective franchisors as their basis for cost estimation. Some franchisors have opted to indicate a range of rooms instead of a specific room number. In these cases, we have divided both the lower and upper limits of the development cost ranges by the lower limits of the room ranges to derive the per-room ranges. This method results in more conservative computations that minimize the reflection of economies of scale. Finally, a midpoint figure, calculated from the summary per-room cost range data sourced from the UFOC documents, is given for each brand's corresponding development cost within each category.

The following table summarizes the total development cost ranges and corresponding midpoints, exclusive of land, for economy hotels.

**Table 1: Summary of Total Hotel Development Cost Ranges (Excluding Land Cost) – Economy Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
Days Inn	100	\$3,716,700	\$5,709,000	\$4,713,000	\$37,000	\$57,000	\$47,000
Downtown Inns/Inns and Suites	40	1,576,100	3,292,000	2,434,000	39,000	82,000	61,000
Econo Lodge/Econo Lodge Inn and Suites	69	1,929,719	3,089,204	2,509,000	28,000	45,000	37,000
GuestHouse**	70	2,758,660	4,790,487	3,775,000	39,000	68,000	54,000
Knights Inn	100	3,485,550	4,427,050	3,956,000	35,000	44,000	40,000
Master Hosts Inns/Master Hosts Resort	40	1,921,100	3,292,000	2,607,000	48,000	82,000	65,000
Microtel Inns and Suites	100	3,870,800	5,452,500	4,662,000	39,000	55,000	47,000
Microtel Suites	100	4,646,800	5,959,500	5,303,000	46,000	60,000	53,000
Motel 6**	63	2,488,500	3,091,650	2,790,000	40,000	49,000	45,000
Park Inn	70	2,094,720	4,987,720	3,541,000	30,000	71,000	51,000
Passport Inn/Passport Inn and Suites	40	1,256,100	2,792,000	2,024,000	31,000	70,000	51,000
Red Carpet Inn/Inn and Suites/Suites	40	1,576,100	3,292,000	2,434,000	39,000	82,000	61,000
Red Roof**	71	2,970,600	3,586,150	3,278,000	42,000	51,000	47,000
Rodeway Inn	75	2,050,335	3,341,304	2,696,000	27,000	45,000	36,000
Scottish Inns/Inns and Suites/Suites	40	1,256,100	2,792,000	2,024,000	31,000	70,000	51,000
Studio 6**	82	3,124,500	3,639,800	3,382,000	38,000	44,000	41,000
Suburban Extended Stay	100	3,723,271	5,263,047	4,493,000	37,000	53,000	45,000
Super 8	60	2,278,350	2,839,450	2,559,000	38,000	47,000	43,000
Travelodge	100	3,561,700	5,699,900	4,631,000	36,000	57,000	47,000
Vagabond Inn/Executive	100	3,896,300	6,995,200	5,446,000	39,000	70,000	55,000

\*Unless noted, computation is based on 2006 data and is exclusive of land cost and other expenses not provided by franchisor.

\*\*Computation based on 2007 data

As indicated in the preceding table, the room counts used by franchisors of economy hotels for their basis in estimating total development cost, excluding land, range from 40 to 100 rooms. Expressed on a per-room basis, the total development cost, excluding land, for economy hotels range from \$27,000 to \$82,000, while the per-room midpoint calculations range from \$36,000 to \$65,000.

The following table sets forth the total development cost ranges, exclusive of land, for mid-rate hotels.

**Table 2: Summary of Total Hotel Development Cost Ranges (Excluding Land Cost) – Mid-Rate Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
AmericInn Hotel and Suites	78	\$5,262,714	- \$6,709,176	\$5,986,000	\$67,000	- \$86,000	\$77,000
AmericInn Lodge and Suites/Motel and Suites	49	3,437,612	- 4,332,648	3,885,000	70,000	- 88,000	79,000
Baymont Inn and Suites	67	3,750,600	- 4,906,500	4,329,000	56,000	- 73,000	65,000
Candlewood Suites	122	6,580,000	- 8,808,000	7,694,000	54,000	- 72,000	63,000
Clarion	125	7,355,783	- 11,741,966	9,549,000	59,000	- 94,000	77,000
Clarion Suites	125	7,439,843	- 11,902,563	9,671,000	60,000	- 95,000	78,000
Comfort Inn/Comfort Inn and Suites	84	3,846,001	- 5,416,575	4,631,000	46,000	- 64,000	55,000
Comfort Suites	87	4,359,652	- 6,010,362	5,185,000	50,000	- 69,000	60,000
Country Inn and Suites	70	3,187,755	- 5,476,755	4,332,000	46,000	- 78,000	62,000
Fairfield Inn**	80 to 110	5,037,050	- 7,852,125	6,445,000	63,000	- 98,000	81,000
Fairfield Inn and Suites							
Room count range of 80-110 rooms**	80 to 110	5,420,050	- 8,269,400	6,845,000	68,000	- 103,000	86,000
Room count range of 120-150 rooms***	120 to 150	7,689,800	- 10,909,500	9,300,000	64,000	- 91,000	78,000
Hampton Inn	81	4,875,154	- 7,633,651	6,254,000	60,000	- 94,000	77,000
Hampton Inn and Suites	102	6,419,565	- 10,598,715	8,509,000	63,000	- 104,000	84,000
Holiday Inn Express/Hotel and Suites	80	4,923,775	- 6,971,135	5,947,000	62,000	- 87,000	75,000
Holiday Inn Resort	250	18,055,949	- 26,467,459	22,262,000	72,000	- 106,000	89,000
Holiday Inn/Hotel & Suites	100	6,978,925	- 9,890,459	8,435,000	70,000	- 99,000	85,000
Howard Johnson	100	3,750,200	- 6,664,900	5,208,000	38,000	- 67,000	53,000
La Quinta Inn	100	4,478,300	- 6,098,400	5,288,000	45,000	- 61,000	53,000
La Quinta Inn & Suites	106	5,271,100	- 6,964,900	6,118,000	50,000	- 66,000	58,000
MainStay Suites	96	4,692,744	- 6,486,697	5,590,000	49,000	- 68,000	59,000
Quality Inn	100	3,926,440	- 6,192,175	5,059,000	39,000	- 62,000	51,000
Quality Inn and Suites	100	4,536,440	- 6,387,367	5,462,000	45,000	- 64,000	55,000
Quality Suites	100	4,923,572	- 6,937,321	5,930,000	49,000	- 69,000	59,000
Ramada	100	4,492,200	- 6,010,900	5,252,000	45,000	- 60,000	53,000
Ramada Plaza	150	8,617,470	- 10,086,020	9,352,000	57,000	- 67,000	62,000
Sleep Inn	80	3,558,001	- 4,950,839	4,254,000	44,000	- 62,000	53,000
Sleep Inn and Suites	80	3,467,606	- 4,895,444	4,182,000	43,000	- 61,000	52,000
TownePlace Suites****	100 to 130	6,305,600	- 9,181,425	7,744,000	63,000	- 92,000	78,000
Wingate Inn	100	5,930,700	- 6,484,400	6,208,000	59,000	- 65,000	62,000

As indicated in the preceding table, the room counts used by franchisors of mid-rate hotels for their basis in estimating total development cost, excluding land, range from 49 to 250 rooms. The total development cost, excluding land, for mid-rate hotels range from \$38,000 to \$106,000 per room, while the calculated midpoint range from \$51,000 to \$89,000 per room.

The following table presents the total development cost ranges, exclusive of land, for first-class hotels.

**Table 3: Summary of Total Hotel Development Cost Ranges (Excluding Land Cost) – First-Class Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
aloft	136	\$10,337,000	- \$21,428,000	\$15,883,000	\$76,000	- \$158,000	\$117,000
Cambria Suites	129	8,525,252	- 11,772,178	10,149,000	66,000	- 91,000	79,000
Courtyard							
Room count range of 80-110 rooms**	80 to 110	6,441,900	- 10,373,525	8,408,000	81,000	- 130,000	106,000
Room count range of 120-150 rooms***	120 to 150	9,251,700	- 13,751,125	11,501,000	77,000	- 115,000	96,000
Crowne Plaza	300	26,062,025	- 48,407,535	37,235,000	87,000	- 161,000	124,000
Crowne Plaza Resort	250	25,419,775	- 43,432,535	34,426,000	102,000	- 174,000	138,000
Crowne Plaza Suites	300	28,591,025	- 49,657,535	39,124,000	95,000	- 166,000	131,000
Doubletree	250	24,895,450	- 36,112,650	30,504,000	100,000	- 144,000	122,000
Doubletree Guest Suites	250	27,603,950	- 39,265,150	33,435,000	110,000	- 157,000	134,000
Element	123	12,360,000	- 24,755,000	18,558,000	100,000	- 201,000	151,000
Embassy Suites							
Room count at 145 rooms	145	18,116,603	- 23,812,684	20,965,000	125,000	- 164,000	145,000
Room count at 156 rooms	156	18,769,403	- 24,615,484	21,692,000	120,000	- 158,000	139,000
Room count at 250 rooms	250	25,431,123	- 42,718,810	34,075,000	102,000	- 171,000	137,000
Four Points	150	12,750,000	- 26,435,000	19,593,000	85,000	- 176,000	131,000
Hawthorn Suites	84	6,365,500	- 7,163,900	6,765,000	76,000	- 85,000	81,000
Hilton	300	33,811,133	- 57,457,974	45,635,000	113,000	- 192,000	153,000
Hilton Garden Inn	135	9,758,528	- 16,320,686	13,040,000	72,000	- 121,000	97,000
Homewood Suites	123	9,368,072	- 14,547,394	11,958,000	76,000	- 118,000	97,000
Hotel Indigo	140	10,237,500	- 14,927,500	12,583,000	73,000	- 107,000	90,000
Hyatt Place	127	11,081,500	- 12,100,000	11,591,000	87,000	- 95,000	91,000
Hyatt Summerfield Suites	125	12,336,000	- 13,895,000	13,116,000	99,000	- 111,000	105,000
JW Marriott	300	51,549,100	- 82,142,200	66,846,000	172,000	- 274,000	223,000
Le Meridien	250	25,730,000	- 73,165,000	49,448,000	103,000	- 293,000	198,000
Luxury Collection	250	46,235,000	- 93,970,000	70,103,000	185,000	- 376,000	281,000
Marriott	300	42,414,100	- 66,707,200	54,561,000	141,000	- 222,000	182,000
Renaissance	300	42,406,600	- 67,964,700	55,186,000	141,000	- 227,000	184,000
Residence Inn							
Room count range of 80-110 rooms**	80 to 110	8,062,050	- 12,590,625	10,326,000	101,000	- 157,000	129,000
Room count range of 120-150 rooms***	120 to 150	11,699,300	- 16,861,475	14,280,000	97,000	- 141,000	119,000
Sheraton	250	25,730,000	- 61,280,000	43,505,000	103,000	- 245,000	174,000
SpringHill Suites							
Room count range of 80-110 rooms**	80 to 110	5,996,725	- 9,536,750	7,767,000	75,000	- 119,000	97,000
Room count range of 120-150 rooms***	120 to 150	8,475,275	- 12,488,400	10,482,000	71,000	- 104,000	88,000
Staybridge Suites	100	8,170,000	- 11,145,000	9,658,000	82,000	- 111,000	97,000
Westin	250	31,530,000	- 74,015,000	52,773,000	126,000	- 296,000	211,000
Wyndham****	300	29,207,200	- 52,085,800	40,647,000	97,000	- 174,000	136,000

As indicated in the preceding table, the room counts used by franchisors of first-class hotels for their basis in estimating total development cost, excluding land, ranged from 80 to 300 rooms. The total development cost, excluding land, range from \$66,000 to \$376,000 per room for first-class hotels, with corresponding calculated per-room midpoints ranging from \$79,000 to \$281,000.

## Summary of Improvements Costs

Improvements include all buildings and other relatively permanent structures located on, or attached to, a parcel. The cost of the improvements includes the cost of materials, fees, and labor to construct the hotel's improvements. Tables 4, 5, and 6, which follow, summarize the various building construction cost ranges as reflected in the UFOCs of hotel brands that we analyzed. We note that some building cost ranges, as provided by UFOCs, may or may not reflect the cost to construct site improvements, as well as other costs typically associated with the construction of building and site improvements. The same methodology and assumptions applied to the per-room computation of total hotel development costs, as summarized above, were applied to the per-room computation of improvements costs. Similarly, the costs summarized below reflect the estimates applicable for new hotel construction and are not necessarily applicable to brand conversion scenarios.

The following table summarizes the improvements cost ranges for economy hotels.

**Table 4: Summary of Improvements Cost Ranges – Economy Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
Days Inn	100	\$2,750,000	- \$4,200,000	\$3,475,000	\$28,000	- \$42,000	\$35,000
Downtown Inns/Inns and Suites	40	675,000	- 1,500,000	1,088,000	17,000	- 38,000	28,000
Econo Lodge/Econo Lodge Inn and Suites	69	1,380,000	- 2,070,000	1,725,000	20,000	- 30,000	25,000
GuestHouse**	70	2,200,000	- 3,640,000	2,920,000	31,000	- 52,000	42,000
Knights Inn	100	2,600,000	- 3,200,000	2,900,000	26,000	- 32,000	29,000
Master Hosts Inns/Master Hosts Resort	40	1,000,000	- 1,500,000	1,250,000	25,000	- 38,000	32,000
Microtel Inns and Suites	100	3,000,000	- 4,200,000	3,600,000	30,000	- 42,000	36,000
Microtel Suites	100	3,600,000	- 4,600,000	4,100,000	36,000	- 46,000	41,000
Motel 6**	63	1,550,000	- 1,890,000	1,720,000	25,000	- 30,000	28,000
Park Inn	70	1,400,000	- 3,640,000	2,520,000	20,000	- 52,000	36,000
Passport Inn/Passport Inn and Suites	40	600,000	- 1,250,000	925,000	15,000	- 31,000	23,000
Red Carpet Inn/Inn and Suites/Suites	40	675,000	- 1,500,000	1,088,000	17,000	- 38,000	28,000
Red Roof**	71	1,917,000	- 2,270,000	2,094,000	27,000	- 32,000	30,000
Rodeway Inn	75	1,500,000	- 2,250,000	1,875,000	20,000	- 30,000	25,000
Scottish Inns/Inns and Suites/Suites	40	600,000	- 1,250,000	925,000	15,000	- 31,000	23,000
Studio 6**	82	2,000,000	- 2,225,000	2,113,000	24,000	- 27,000	26,000
Suburban Extended Stay	100	2,800,000	- 3,800,000	3,300,000	28,000	- 38,000	33,000
Super 8	60	1,620,000	- 1,920,000	1,770,000	27,000	- 32,000	30,000
Travelodge	100	2,650,000	- 4,200,000	3,425,000	27,000	- 42,000	35,000
Vagabond Inn/Executive	100	3,000,000	- 5,000,000	4,000,000	30,000	- 50,000	40,000

As indicated in the preceding table, the room counts used by franchisors of economy hotels for their basis in estimating improvements cost ranged from 40 to 100 rooms. Expressed on a per-room basis, the improvements cost for economy hotels range from \$15,000 to \$52,000. The corresponding midpoints of these ranges vary from a low of \$23,000 per room to a high of \$42,000 per room.

The following table outlines the improvements cost ranges for mid-rate hotels.



**Table 5: Summary of Improvements Cost Ranges – Mid-Rate Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
AmericInn Hotel and Suites	78	\$4,446,000	- \$5,616,000	\$5,031,000	\$57,000	- \$72,000	\$65,000
AmericInn Lodge and Suites/Motel and Suites	49	2,891,000	- 3,626,000	3,259,000	59,000	- 74,000	67,000
Baymont Inn and Suites	67	2,800,000	- 3,600,000	3,200,000	42,000	- 54,000	48,000
Candlewood Suites	122	5,323,000	- 6,500,000	5,912,000	44,000	- 53,000	49,000
Clarion	125	5,625,000	- 8,750,000	7,188,000	45,000	- 70,000	58,000
Clarion Suites	125	5,625,000	- 8,750,000	7,188,000	45,000	- 70,000	58,000
Comfort Inn/Comfort Inn and Suites	84	2,940,000	- 3,780,000	3,360,000	35,000	- 45,000	40,000
Comfort Suites	87	3,480,000	- 4,350,000	3,915,000	40,000	- 50,000	45,000
Country Inn and Suites	70	2,310,000	- 3,920,000	3,115,000	33,000	- 56,000	45,000
Fairfield Inn**	80 to 110	3,520,000	- 4,160,000	3,840,000	44,000	- 52,000	48,000
Fairfield Inn and Suites							
Room count range of 80-110 rooms**	80 to 110	3,840,000	- 4,400,000	4,120,000	48,000	- 55,000	52,000
Room count range of 120-150 rooms***	120 to 150	5,640,000	- 6,480,000	6,060,000	47,000	- 54,000	51,000
Hampton Inn	81	3,500,000	- 5,000,000	4,250,000	43,000	- 62,000	53,000
Hampton Inn and Suites	102	4,600,000	- 7,200,000	5,900,000	45,000	- 71,000	58,000
Holiday Inn Express/Hotel and Suites	80	3,800,000	- 5,080,000	4,440,000	48,000	- 64,000	56,000
Holiday Inn Resort	250	15,150,000	- 20,885,000	18,018,000	61,000	- 84,000	73,000
Holiday Inn/Hotel & Suites	100	5,300,000	- 7,200,000	6,250,000	53,000	- 72,000	63,000
Howard Johnson	100	2,800,000	- 5,000,000	3,900,000	28,000	- 50,000	39,000
La Quinta Inn	100	3,320,000	- 4,500,000	3,910,000	33,000	- 45,000	39,000
La Quinta Inn & Suites	106	4,006,800	- 5,237,500	4,622,000	38,000	- 49,000	44,000
MainStay Suites	96	3,648,000	- 4,608,000	4,128,000	38,000	- 48,000	43,000
Quality Inn	100	3,000,000	- 4,500,000	3,750,000	30,000	- 45,000	38,000
Quality Inn and Suites	100	3,500,000	- 4,500,000	4,000,000	35,000	- 45,000	40,000
Quality Suites	100	3,500,000	- 5,000,000	4,250,000	35,000	- 50,000	43,000
Ramada	100	3,400,000	- 4,500,000	3,950,000	34,000	- 45,000	40,000
Ramada Plaza	150	6,500,000	- 7,500,000	7,000,000	43,000	- 50,000	47,000
Sleep Inn	80	2,800,000	- 3,600,000	3,200,000	35,000	- 45,000	40,000
Sleep Inn and Suites	80	2,640,000	- 3,440,000	3,040,000	33,000	- 43,000	38,000
TownePlace Suites****	100 to 130	4,300,000	- 4,900,000	4,600,000	43,000	- 49,000	46,000
Wingate Inn	100	4,550,000	- 4,850,000	4,700,000	46,000	- 49,000	48,000

The preceding table shows that the room counts used by franchisors of mid-rate hotels for their basis in estimating improvements cost range from 49 to 250 rooms. The improvements cost for mid-rate hotels range from \$28,000 to \$84,000 per room, while the calculated midpoints of these per-room development cost ranges vary from \$38,000 to \$73,000.

The following table presents the improvements cost ranges for first-class hotels.

**Table 6: Summary of Improvements Cost Ranges – First-Class Hotels**

Hotel	Rooms	Cost*			Cost Per Room*		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
aloft	136	\$7,000,000	- \$14,000,000	\$10,500,000	\$51,000	- \$103,000	\$77,000
Cambria Suites	129	6,450,000	- 8,385,000	7,418,000	50,000	- 65,000	58,000
Courtyard							
Room count range of 80-110 rooms**	80 to 110	4,320,000	- 5,200,000	4,760,000	54,000	- 65,000	60,000
Room count range of 120-150 rooms***	120 to 150	6,360,000	- 7,680,000	7,020,000	53,000	- 64,000	59,000
Crowne Plaza	300	21,325,000	- 39,750,000	30,538,000	71,000	- 133,000	102,000
Crowne Plaza Resort	250	20,728,750	- 35,000,000	27,864,000	83,000	- 140,000	112,000
Crowne Plaza Suites	300	23,750,000	- 41,000,000	32,375,000	79,000	- 137,000	108,000
Doubletree	250	17,500,000	- 25,000,000	21,250,000	70,000	- 100,000	85,000
Doubletree Guest Suites	250	20,000,000	- 27,500,000	23,750,000	80,000	- 110,000	95,000
Element	123	9,000,000	- 17,000,000	13,000,000	73,000	- 138,000	106,000
Embassy Suites							
Room count at 145 rooms	145	11,600,000	- 14,500,000	13,050,000	80,000	- 100,000	90,000
Room count at 156 rooms	156	12,000,000	- 15,000,000	13,500,000	77,000	- 96,000	87,000
Room count at 250 rooms	250	18,000,000	- 30,000,000	24,000,000	72,000	- 120,000	96,000
Four Points	150	9,000,000	- 20,000,000	14,500,000	60,000	- 133,000	97,000
Hawthorn Suites	84	4,848,500	- 5,221,400	5,035,000	58,000	- 62,000	60,000
Hilton	300	24,000,000	- 42,000,000	33,000,000	80,000	- 140,000	110,000
Hilton Garden Inn	135	7,000,000	- 12,000,000	9,500,000	52,000	- 89,000	71,000
Homewood Suites	123	6,800,000	- 10,150,000	8,475,000	55,000	- 83,000	69,000
Hotel Indigo	140	7,900,000	- 11,200,000	9,550,000	56,000	- 80,000	68,000
Hyatt Place	127	6,850,000	- 7,100,000	6,975,000	54,000	- 56,000	55,000
Hyatt Summerfield Suites	125	7,850,000	- 8,100,000	7,975,000	63,000	- 65,000	64,000
JW Marriott	300	35,700,000	- 61,500,000	48,600,000	119,000	- 205,000	162,000
Le Meridien	250	19,300,000	- 60,000,000	39,650,000	77,000	- 240,000	159,000
Luxury Collection	250	36,250,000	- 75,000,000	55,625,000	145,000	- 300,000	223,000
Marriott	300	28,500,000	- 48,300,000	38,400,000	95,000	- 161,000	128,000
Renaissance	300	28,500,000	- 49,500,000	39,000,000	95,000	- 165,000	130,000
Residence Inn							
Room count range of 80-10 rooms**	80 to 110	5,600,000	- 6,400,000	6,000,000	70,000	- 80,000	75,000
Room count range of 120-150 rooms***	120 to 150	8,280,000	- 9,480,000	8,880,000	69,000	- 79,000	74,000
Sheraton	250	19,300,000	- 48,300,000	33,800,000	77,000	- 193,000	135,000
SpringHill Suites							
Room count range of 80-110 rooms**	80 to 110	4,160,000	- 4,880,000	4,520,000	52,000	- 61,000	57,000
Room count range of 120-150 rooms***	120 to 150	6,000,000	- 7,080,000	6,540,000	50,000	- 59,000	55,000
Staybridge Suites	100	6,500,000	- 8,040,000	7,270,000	65,000	- 80,000	73,000
Westin	250	24,000,000	- 60,000,000	42,000,000	96,000	- 240,000	168,000
Wyndham****	300	21,750,000	- 39,450,000	30,600,000	72,500	- 131,500	102,000

As indicated in the preceding table, the room counts used by franchisors of first-class hotels for their basis in estimating improvements cost range from 80 to 300 rooms. Improvements cost range from \$50,000 to \$300,000 per room for first-class hotels, and the calculated midpoints of the per-room cost ranges varies from \$55,000 to \$223,000.

**Summary of Furniture, Fixtures, and Equipment Costs**

Furniture, fixtures, and equipment (FF&E) include all non-permanent, removable items at a hotel, such as guestroom furnishings, kitchen equipment, and items of decor. The cost of the FF&E, and all the fees associated with installing and furnishing the items in a hotel, constitute the total cost of the furniture, fixtures, and equipment. Tables 7, 8, and 9, which follow, summarize the various FF&E cost ranges as reflected in the UFOCs of hotel brands that we analyzed. We note that some FF&E cost range estimates may or may not reflect all the various types of FF&E, as well as some costs that are typically associated with installing and furnishing the FF&E items. This is attributable to the fact that FF&E is not standard from brand to brand, and certain brands choose to outsource laundry or kitchen operations, for example, and therefore do not include such equipment in their FF&E cost estimates. The same methodology and assumptions applied to the per-room computation of total hotel development costs, as summarized above, were applied to the per-room computation of FF&E costs. Similarly, the costs summarized below reflect the estimates applicable for new hotel construction and are not necessarily applicable to brand conversion scenarios.

The following table summarizes the FF&E cost ranges for economy hotels.

**Table 7: Summary of FF&E Cost Ranges – Economy Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
Days Inn	100	\$440,000	- \$675,000	\$558,000	\$4,000	- \$7,000	\$6,000
Downtowner Inns/Inns and Suites	40	500,000	- 700,000	600,000	13,000	- 18,000	16,000
Econo Lodge/Econo Lodge Inn and Suites	69	207,000	- 276,000	242,000	3,000	- 4,000	4,000
GuestHouse**	70	200,000	- 546,000	373,000	3,000	- 8,000	6,000
Knights Inn	100	425,000	- 500,000	463,000	4,000	- 5,000	5,000
Master Hosts Inns/Master Hosts Resort	40	400,000	- 700,000	550,000	10,000	- 18,000	14,000
Microtel Inns and Suites	100	438,000	- 529,000	484,000	4,000	- 5,000	5,000
Microtel Suites	100	619,000	- 645,000	632,000	6,000	- 6,000	6,000
Motel 6**	63	420,000	- 520,000	470,000	7,000	- 8,000	8,000
Park Inn	70	280,000	- 560,000	420,000	4,000	- 8,000	6,000
Passport Inn/Passport Inn and Suites	40	265,000	- 500,000	383,000	7,000	- 13,000	10,000
Red Carpet Inn/Inn and Suites/Suites	40	500,000	- 700,000	600,000	13,000	- 18,000	16,000
Red Roof**	71	475,000	- 550,000	513,000	7,000	- 8,000	8,000
Rodeway Inn	75	225,000	- 300,000	263,000	3,000	- 4,000	4,000
Scottish Inns/Inns and Suites/Suites	40	265,000	- 500,000	383,000	7,000	- 13,000	10,000
Studio 6**	82	525,000	- 650,000	588,000	6,000	- 8,000	7,000
Suburban Extended Stay	100	400,000	- 400,000	400,000	4,000	- 4,000	4,000
Super 8	60	260,000	- 305,000	283,000	4,000	- 5,000	5,000
Travelodge	100	425,000	- 675,000	550,000	4,000	- 7,000	6,000
Vagabond Inn/Executive	100	700,000	- 1,600,000	1,150,000	7,000	- 16,000	12,000

This table illustrates that the room counts used by franchisors of economy hotels for their basis in estimating FF&E cost range from 40 to 100 rooms. Expressed on a per-room basis, the FF&E cost for economy hotels range from \$3,000 to \$18,000, with a midpoint range of \$4,000 to \$16,000.

The following table sets forth the FF&E cost ranges for mid-rate hotels.

**Table 8: Summary of FF&E Cost Ranges – Mid-Rate Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
AmericInn Hotel and Suites	78	\$546,000	- \$702,000	\$624,000	\$7,000	- \$9,000	\$8,000
AmericInn Lodge and Suites/Motel and Suites	49	343,000	- 392,000	368,000	7,000	- 8,000	8,000
Baymont Inn and Suites	67	440,000	- 540,000	490,000	7,000	- 8,000	8,000
Candlewood Suites	122	800,000	- 925,000	863,000	7,000	- 8,000	8,000
Clarion	125	1,000,000	- 1,250,000	1,125,000	8,000	- 10,000	9,000
Clarion Suites	125	1,000,000	- 1,250,000	1,125,000	8,000	- 10,000	9,000
Comfort Inn/Comfort Inn and Suites	84	420,000	- 588,000	504,000	5,000	- 7,000	6,000
Comfort Suites	87	435,000	- 696,000	566,000	5,000	- 8,000	7,000
Country Inn and Suites	70	420,000	- 700,000	560,000	6,000	- 10,000	8,000
Fairfield Inn**	80 to 110	480,000	- 480,000	480,000	6,000	- 6,000	6,000
Fairfield Inn and Suites							
Room count range of 80-110 rooms**	80 to 110	480,000	- 560,000	520,000	6,000	- 7,000	7,000
Room count range of 120-150 rooms***	120 to 150	720,000	- 840,000	780,000	6,000	- 7,000	7,000
Hampton Inn	81	600,000	- 900,000	750,000	7,000	- 11,000	9,000
Hampton Inn and Suites	102	800,000	- 1,200,000	1,000,000	8,000	- 12,000	10,000
Holiday Inn Express/Hotel and Suites	80	650,000	- 900,000	775,000	8,000	- 11,000	10,000
Holiday Inn Resort	250	2,000,000	- 4,000,000	3,000,000	8,000	- 16,000	12,000
Holiday Inn/Hotel & Suites	100	1,100,000	- 1,550,000	1,325,000	11,000	- 16,000	14,000
Howard Johnson	100	450,000	- 800,000	625,000	5,000	- 8,000	7,000
La Quinta Inn	100	500,000	- 755,600	628,000	5,000	- 8,000	7,000
La Quinta Inn & Suites	106	583,000	- 755,600	669,000	6,000	- 7,000	7,000
MainStay Suites	96	480,000	- 672,000	576,000	5,000	- 7,000	6,000
Quality Inn	100	400,000	- 500,000	450,000	4,000	- 5,000	5,000
Quality Inn and Suites	100	500,000	- 600,000	550,000	5,000	- 6,000	6,000
Quality Suites	100	500,000	- 600,000	550,000	5,000	- 6,000	6,000
Ramada	100	545,000	- 700,000	623,000	5,000	- 7,000	6,000
Ramada Plaza	150	1,300,000	- 1,500,000	1,400,000	9,000	- 10,000	10,000
Sleep Inn	80	320,000	- 400,000	360,000	4,000	- 5,000	5,000
Sleep Inn and Suites	80	400,000	- 480,000	440,000	5,000	- 6,000	6,000
TownePlace Suites****	100 to 130	600,000	- 700,000	650,000	6,000	- 7,000	7,000
Wingate Inn	100	725,000	- 775,000	750,000	7,000	- 8,000	8,000

As indicated in the preceding table, the room counts used by franchisors of mid-rate hotels for their basis in estimating FF&E cost range from 49 to 250 rooms. The FF&E cost for mid-rate hotels range from \$4,000 to \$16,000 per room, and the per-room calculated midpoints range from \$5,000 to \$14,000.

The following table outlines the FF&E cost ranges for first-class hotels.

**Table 9: Summary of FF&E Cost Ranges – First-Class Hotels**

Hotel	Rooms	Cost*			Cost Per Room		
		Lower	Upper	Midpoint	Lower	Upper	Midpoint
aloft	136	\$1,750,000	- \$3,750,000	\$2,750,000	\$13,000	- \$28,000	\$21,000
Cambria Suites	129	1,161,000	- 1,548,000	1,355,000	9,000	- 12,000	11,000
Courtyard							
Room count range of 80-110 rooms**	80 to 110	712,000	- 832,000	772,000	8,900	- 10,400	10,000
Room count range of 20-150 rooms***	120 to 150	1,068,000	- 1,248,000	1,158,000	8,900	- 10,400	10,000
Crowne Plaza	300	3,000,000	- 5,500,000	4,250,000	10,000	- 18,000	14,000
Crowne Plaza Resort	250	3,000,000	- 5,850,000	4,425,000	12,000	- 23,000	18,000
Crowne Plaza Suites	300	3,000,000	- 5,500,000	4,250,000	10,000	- 18,000	14,000
Doubletree	250	4,500,000	- 6,000,000	5,250,000	18,000	- 24,000	21,000
Doubletree Guest Suites	250	5,000,000	- 7,000,000	6,000,000	20,000	- 28,000	24,000
Element	123	1,750,000	- 4,000,000	2,875,000	14,000	- 33,000	24,000
Embassy Suites							
Room count at 145 rooms	145	3,300,000	- 4,500,000	3,900,000	23,000	- 31,000	27,000
Room count at 156 rooms	156	3,550,000	- 4,800,000	4,175,000	23,000	- 31,000	27,000
Room count at 250 rooms	250	5,000,000	- 7,500,000	6,250,000	20,000	- 30,000	25,000
Four Points	150	2,250,000	- 3,750,000	3,000,000	15,000	- 25,000	20,000
Hawthorn Suites	84	887,000	- 942,500	915,000	11,000	- 11,000	11,000
Hilton	300	6,000,000	- 8,000,000	7,000,000	20,000	- 27,000	24,000
Hilton Garden Inn	135	1,500,000	- 2,000,000	1,750,000	11,000	- 15,000	13,000
Homewood Suites	123	1,400,000	- 1,800,000	1,600,000	11,000	- 15,000	13,000
Hotel Indigo	140	1,250,000	- 1,850,000	1,550,000	9,000	- 13,000	11,000
Hyatt Place	127	2,900,000	- 3,100,000	3,000,000	23,000	- 24,000	24,000
Hyatt Summerfield Suites	125	2,930,000	- 3,380,000	3,155,000	23,000	- 27,000	25,000
JW Marriott	300	6,000,000	- 7,200,000	6,600,000	20,000	- 24,000	22,000
Le Meridien	250	4,500,000	- 8,750,000	6,625,000	18,000	- 35,000	27,000
Luxury Collection	250	7,500,000	- 15,000,000	11,250,000	30,000	- 60,000	45,000
Marriott	300	4,500,000	- 5,700,000	5,100,000	15,000	- 19,000	17,000
Renaissance	300	4,500,000	- 5,700,000	5,100,000	15,000	- 19,000	17,000
Residence Inn							
Room count range of 80-110 rooms**	80 to 110	880,000	- 1,080,000	980,000	11,000	- 13,500	12,000
Room count range of 120-150 rooms***	120 to 150	1,320,000	- 1,620,000	1,470,000	11,000	- 13,500	12,000
Sheraton	250	4,500,000	- 8,750,000	6,625,000	18,000	- 35,000	27,000
SpringHill Suites							
Room count range of 80-110 rooms**	80 to 110	656,000	- 760,000	708,000	8,200	- 9,500	9,000
Room count range of 120-150 rooms***	120 to 150	972,000	- 1,128,000	1,050,000	8,100	- 9,400	9,000
Staybridge Suites	100	1,225,000	- 1,650,000	1,438,000	12,000	- 17,000	15,000
Westin	250	5,500,000	- 10,000,000	7,750,000	22,000	- 40,000	31,000
Wyndham****	300	4,050,000	- 7,950,000	6,000,000	13,500	- 26,500	20,000

As indicated in the preceding table, the room counts used by franchisors of first-class hotels for their basis in estimating FF&E cost range from 80 to 300 rooms. FF&E cost range from \$8,100 to \$60,000 per room for first-class hotels, and corresponding per-room midpoints range from \$9,000 to \$45,000.

**Conclusion**

The budgeting process for the development costs involved in the construction of new franchised hotels is a very crucial phase in conducting feasibility studies for proposed development projects of branded hotels. This document is one of the resources involving development cost for the construction of new franchised hotels that are available to the public. Using the information in this document as a preparatory guide, developers can further research the more detailed cost estimates that are pertinent to their particular proposed development project and determine its overall estimated development cost.

Estimating total development costs for a proposed branded hotel involves exhaustive research and investigation by a developer. The HVS U.S. Hotel Franchise Development Cost Guide was developed with the intention of providing a summarized reference of development cost ranges as illustrated in various UFOCs that were released in 2006. This document does not provide detailed descriptions and explanations of the various items that constitute the development cost of newly constructed branded hotels. Therefore, the document should be relied upon only as a preliminary resource. We advise developers and other users of this data to contact the respective franchise representatives and request the most updated and detailed information regarding development cost. We do not warrant the accuracy of the data contained in this summary. The data were obtained from the various UFOCs prepared by each franchisor, and these documents are assumed to contain accurate information.