

Feasibility Analysis for Collegetown Site

Site Location:

210-214 Dryden Rd, Ithaca, NY

Size/Type:

72 Keys, Boutique Hotel, Full-Service

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PROJECT VISION & INTRODUCTION

This report will cover and analyze the feasibility of developing a 72 key boutique hotel with full-service in Collegetown, Ithaca, NY. This project is in response to Contextual Development Group's (CDG) desire to expand into the Finger Lakes Region.

Key Demand Generators in Ithaca, NY

Ithaca, NY is located on the southern shore of Cayuga Lake and is home to two universities, Cornell University and Ithaca College. Due to its proximity to Cornell's campus and the countless restaurants, Collegetown is one of the most active and lively parts of Ithaca. Being situated close to Cornell is a major advantage, as much of the competition is located further away closer to The Commons. Ithaca's population almost doubles when classes are in session, and during the school year many business travelers who have ties to Cornell make their way to Ithaca. Furthermore, many events take place throughout the year that attract large amounts of leisure and group travelers like, Homecoming, Family Weekend, weddings, local festivities, and even unique events like a Dead & Company concert that bring huge influxes of people to Ithaca. Additional key demand generators in Ithaca include the natural beauty of the surrounding area. Ithaca is home to 150 waterfalls, with many notable hikes surrounding these falls. Cayuga Lake is also very accessible and attracts boat and water sport enthusiasts from around the area. For those that prefer a more relaxed leisure experience, Ithaca is home to some of the best wineries in the Finger Lakes region.

Hotel Concept

The hotel concept for the Collegetown location is a boutique hotel with full-service and 72 keys. The hotel's theme and architecture revolve around a more traditional and upscale feel. The exterior follows a Renaissance approach (Image 1), with much detail being found in the architectural sculptures on the faces of the stone walls. The vision is to elevate the existing Gothic or Romanesque buildings on Cornell's campus and bring that touch to Collegetown, which for the most part has newer buildings that don't follow the same feel as the nearby Cornell buildings. For the interior, there will be that same Renaissance feel like the exterior, except for a more modern and vibrant touch. For the rooftop, there will be space to either have venues like weddings—with a little cupola to get married—or lounging space with chairs and tables set up. There will also be a ballroom to host other events. Amenities on the first floor include, a small bar and restaurant as well as a concierge desk.

Target Market

The target market for this hotel is individuals with higher disposable income. Since this will be a more upscale full-service experience, we expect the prices to reflect that. No other competitor except for the Statler Inn has a four stars or above rating. Therefore, we believe there is very little barrier to entry with regards to competition, and the necessary amount of demand to make this project a success. Business, leisure, and group travelers who come to Ithaca for Cornell-specific reasons tend to have the means to afford a nice hotel room. The Statler Inn already prices their rooms at a high rate but can do so because of the convenience of being situated in the heart of campus. Bringing this boutique hotel, not far from campus, but with a more upscale feel, might be appealing to a lot of guests who already tend to choose the Statler Inn over any of the downtown full-service hotels. Even if you are not traveling to Ithaca with the intention of going for Cornell-specific reasons, people can find this boutique hotel a nice addition to their already amazing time while visiting the wineries or natural beauties of Ithaca.

Pictures representing
the project's vision:



Image 2: Bar and Restaurant Concept



Image 1: Exterior Concept



Image 3: Rooftop Concept

SUPPLY & DEMAND ANALYSIS SPREADSHEET

The spreadsheets below are a compilation of the supply, pipeline, demand, and project the growth data to determine the revenue and occupancy of the boutique hotel. The qualitative factors will be covered later in this report.

PROPOSED HOTEL					
# KEYS	72	BRAND AFILIATION	None (Boutique)	COMP SET SUPPLY	228,855
OPENING DATE	21-Oct-25	SERVICE LEVEL	Full-Service	MARKET ADR	\$ 198.20
	2023	2024	2025	2026	2027
PROPOSED HOTEL RN			5,184	26,280	26,280
TOTAL SUPPLY	228,855	228,855	234,039	255,135	255,135
PROJECTED MARKET WIDE DEMAND					
Segment Demand					
Business	79,000	81,291	83,648	86,074	88,570
Leisure	64,000	67,008	70,157	73,455	76,907
Group	32,000	32,608	33,228	33,859	34,502
TOTAL DEMAND	175,000	180,907	187,033	193,388	199,980
Average Daily Rate	\$ 198.20	\$ 205.73	\$ 213.55	\$ 221.66	\$ 230.09
Mkt-Wide Occupancy	76.5%	79.0%	79.9%	75.8%	78.4%
RevPAR	\$ 151.56	\$ 162.63	\$ 170.66	\$ 168.02	\$ 180.35
2027 PROPOSED HOTEL DEMAND					
Market Segment	2027 Mkt Demand	Fair Share %	FS Demand	Penetration %	Proj. Demand
Transient Business	88,570	10.3%	9,123	102%	9,285
Leisure	76,907	10.3%	7,922	111%	8,823
Group	34,502	10.3%	3,554	108%	3,822
RN TOTALS	199,980		20,599		21,930
			NET PENETRATION:	106%	
2027 PROPOSED HOTEL REVENUES					
Proposed Hotel RN	26,280		PROJECTED ROOMS REVENUE	\$ 4,393,609.85	
2027 Demand	21,930		Roomes Rev % of Total	56.8%	
2027 Occupancy	83.4%		TOTAL REVENUE	\$ 7,735,228.61	
2027 ADR	\$ 240.09		EBITDA % of Revenue	23.6%	
2027 RevPAR	\$ 200.35		EBITDA (Profit)	\$ 1,825,513.95	

Image 4: Calculations for supply, demand, revenue, occupancy, and other market metrics

2023 ACTUAL DEMAND IN ROOM NIGHTS		← Used for Projected Market Wide Demand Section					
SEGMENT DEMAND	Full Service						
Transient Business	79,000	45%					
Leisure	64,000	37%					
Group	32,000	18%					
TOTAL RN	175,000	100%					
PROJECTED ANNUAL GROWTH RATES PER SEGMENT			← Used for Projected Market Wide Demand Section				
	TTRANSIENT BUS	LEISURE	GROUP				
DEMAND GROWTH	2.9%	4.7%	1.9%				
EXPECTED ANNUAL ADR GROWTH:		3.8%	← Used for Projected Market Wide Demand Section				
FULL-SERVICE COMP SET	# KEYS	2023 RN SUPPLY	ADR				
Canopy by Hilton	130	47,450	\$ 175.00				
Hotel Ithaca	128	46,720	\$ 194.00				
La Tourelle	55	20,075	\$ 209.00				
Marriott Commons	161	58,765	\$ 178.00				
Statler Inn	153	55,845	\$ 235.00				
TOTAL	627	228,855	\$ 198.20				
2027 ACTUAL DEMAND IN ROOM NIGHTS		← Used for 2027 Proposed Hotel Demand Section					
SEGMENT DEMAND	Full Service						
Transient Business	88,570	44%					
Leisure	76,907	38%					
Group	34,502	17%					
TOTAL RN	199,980	100%					
2027 ACTUAL DEMAND IN ROOM NIGHTS FOR PROPOSED HOTEL			← Used for 2027 Proposed Hotel Demand Section				
SEGMENT DEMAND	Full Service						
Transient Business	10,022	43%					
Leisure	9,219	39%					
Group	4,114	18%					
TOTAL RN	23,355	100%					
ADR PREMIUM:	\$ 10.00	← Used for 2027 Proposed Hotel Revenues Section					

Image 5: Charts and tables used for calculations in Image 4

SPREADSHEET SUMMARY

This section will be discussing the different market metrics and calculations found in Image 4. Furthermore, this section will be looking at why the penetration factors were chosen and how the hotel's proposed differential advantage justifies why the hotel should capture more than its fair share. This section will conclude with examining the year 2027, and the hotel's proposed occupancy, RevPAR, and profits.

To get the number of proposed room nights in general, take the number of keys and multiply that by however many days the hotel is open for. Since the hotel opens on October 21st, multiply the number of keys the hotel has, 72, by 72 days because that is how many days there are until the end of the year at that point. 2026 and 2027 are more normal years because it is assumed that the hotel will be open for the whole 365 days. The proposed hotel room nights—which is the supply—is 26,280 for the hotel, so if every room was occupied all year long, that's the total amount of room nights.

Demand on the other hand, is more like the actual or projected number of room nights that were sold or occupied for the year. This tends to be less than the supply because it is unlikely that every single room will be occupied for the whole year, which would mean 100% occupancy.

The fair share percentage is the basis of how the hotel is performing relative to the market. It is calculated by looking only at the supply. For 2027 the proposed supply of the hotel is 26,280 room nights and the proposed supply of the market is 255,135 room nights, so dividing the hotel room nights by the market room nights equals 10.30% which is the fair share percentage. However, based on Image 4's projected demand for the hotel in 2027, it is higher than the fair share of demand which is the hotel's proportionate share of the aggregate market demand. That is because the penetration factors are all over 100% and therefore that gives a greater projected demand. The leisure group has the highest penetration factor because of the hotel's main goal of offering an unforgettable experience. Visitors coming to Ithaca to stay in the hotel's upscale environment will feel like they are not simply paying for a room, but an experience. The penetration factor was lower for the group segment, but still high, because of our offerings for weddings and meeting spaces. The reason why it isn't as high as the leisure segment is because there is direct competition with the Statler Inn when it comes to weddings and other groups. Transient business has the lowest penetration factor because business travelers tend to have the least amount of time when they come to Ithaca, so they may not want to pay that premium price if they can't take full advantage of the experience.

As mentioned earlier, the projected demand for 2027 is higher than the fair share of demand because of those elevated penetration factors, which will positively affect the occupancy of the hotel. To find the actual occupancy of the hotel, take the projected demand of 2027 and divide it by the proposed supply of 2027, which equals 83.4% occupancy. This is higher than the market-

wide occupancy by 5.0%. The RevPAR for the hotel is also greater than the ones for the market because there is that premium on the ADR. Overall, this hotel is raising the average of the market-wide metrics because it is a more upscale business model than other competitors. The estimated profit (EBITDA) for 2027 is \$1,825,513.95 which was calculated by using rooms revenue and EBITDA percentage of revenue (23.6%) from Smith Travel Research (STR) reports.

QUALITATIVE SITE ANALYSIS

This section's sole focus is on the qualitative analysis of the site to examine if there are any development implications. Different criteria will be considered for this analysis including current conditions, size & configuration, topography, visibility, access, orientation & views, proximity pros & cons, utilities, and context. Images of the site are included at the very end of this section.

Current Conditions

Since the parcels of land in Collegetown have existing structures, we would have to demolish them and build on this brownfield site. The soil therefore wouldn't be ideal because the construction equipment would cause erosion from demolishing and building. There is no significant ecological or vegetation concern because this site was developed and there isn't a considerable amount of green space to begin with because there is already some paved portions.

Size & Configuration

Fortunately, the site has a rectangular shape which makes it easier for planning and utilizing usable space. The size of the site is $(52.1 + 50) \times 96.5 = 9,852$ sq. ft. More on size and configuration can be found in the test fit section of this report.

Topography

This site is built on a fairly steep incline, so that is one factor that will need to be taken into consideration for costs. The parcel has multiple areas with different elevation, it doesn't follow a linear incline, so some excavation will need to be done. The existing buildings have retaining walls, and it may be a good idea to have those for the hotel as well. This will be costly to do, since the more we excavate and add retaining walls, the higher the costs.

Visibility

Based on the project vision and the type of hotel we anticipate developing, this will be a unique build compared to surrounding buildings in Collegetown. The zoning requirements in Collegetown don't allow for nearly as high of a maximum height as the Mixed Unit 2 district does, so that alone will help the hotel stand out because we plan on having 6 stories to form a height of 80 ft. The Renaissance architecture will definitely make a statement, but it coincides well with the service and experience that will be offered: upscale and luxurious.

Access

This site has great road and public transportation access. Dryden Rd is one of the main and busiest roads in Collegetown, so there is always a TCAT bus along that road. Parking will not be offered by the hotel, but guests can find parking up and down Dryden Rd. Many roads in Ithaca are one way, but Dryden Rd has two-way traffic flow which adds to the hotel's accessibility. There is a small alley along the west side of the site for ease of service and deliveries, and there will also be a 10 ft. rear yard setback behind the hotel to again, give access to deliveries. In addition to access to the actual site, the hotel will have access to demand generators. There are so many restaurants and nightlife in Collegetown, and the hotel would be a 5-minute walk to Cornell's campus.

Orientation & Views

The principal façade would be facing south, which tends to be the most favorable orientation for buildings in the Northern Hemisphere because of the amount of sunlight it receives. This will be especially good for the winter since Ithaca's winters tend to be very cold and the principle will be maximizing heat gain with the sun being lower in the sky. Directly west of the site is a tall building with 5 stories which will cast some shadows and block some views. Given the site and Collegetown though, there are not really any views of Ithaca's natural beauty since it is a bit more urban. On the rooftop however, there will be a view of some of the Cornell buildings.

Proximity Pros & Cons

Pros

210-214 Dryden Rd is an ideal location for all segments of travelers because being in the heart of Collegetown provides proximity to so many different demand generators. Cornell's campus is within walkable distance, which is what many business travelers come to Ithaca for. Leisure travelers have quick and easy access to all that Collegetown has to offer, and they are also within walking distance of one of Ithaca's most notable gorges and trails: Cascadilla Gorge Trail. Since the hotel will be offering space for weddings and small conferences, group travelers who are looking for a more upscale experience may look at staying at the boutique hotel.

Cons

Collegetown is known to have a very active nightlife on weekends because of the proximity to Cornell’s campus, meaning a lot of students find housing in Collegetown and therefore have gatherings and parties. The noise might be an issue for guests who are paying a premium on the rooms at the hotel. Groups may find the noise to be particularly disturbing as well, especially if it is a wedding. Younger travelers may not mind the noise because, but our target market is not younger people in their 20s.

Utilities

All the utilities that the hotel will need—electricity, natural gas, water, sewage system—run parallel to the street, and since there are residential buildings at the site currently, it is known that utilities are existent and functioning, so there will be no significant costs in adding new utilities.

Context

In terms of context and the building’s relationship to its immediate environment, this boutique hotel will contrast quite differently with the surrounding buildings. The architecture and level of luxury that will be brought to this property will make it stand out, but that is the type of experience that will be offered at the hotel.

Images of Site



Image 6: Back portion of site



Image 7: front of site view



Image 8: Sidewalk view

ZONING

This section will be focusing on the zoning requirement that apply to the Collegetown site. As part of zoning, lot coverage, setbacks, zoning districts, height limitations, and other requirements will be analyzed.

Lot Coverage and Setbacks

The percentage of lot coverage is 100%, except for a required rear yard of at least 10 ft. No minimum green space is required. There is another setback for buildings in this area, but it applies only to corner lots, which is not the case for the parcels of land being studied in this report. There are no front yard or side yard setback requirements as well.

Zoning District

210-214 Dryden Rd are both located in the Mixed Use 2 district. This district offers a variety of different uses. Retail, officer, hotel, service, and residential uses all can be found in the Mixed Unit district. The purpose of this type of district is to provide a diverse and dynamic environment that creates an urban feel. The priority of Mixed Use is to create a walkable neighborhood and give priority to pedestrians to encourage more commercial activity. A hotel is a permitted use for this Collegetown site.

Height Limitations

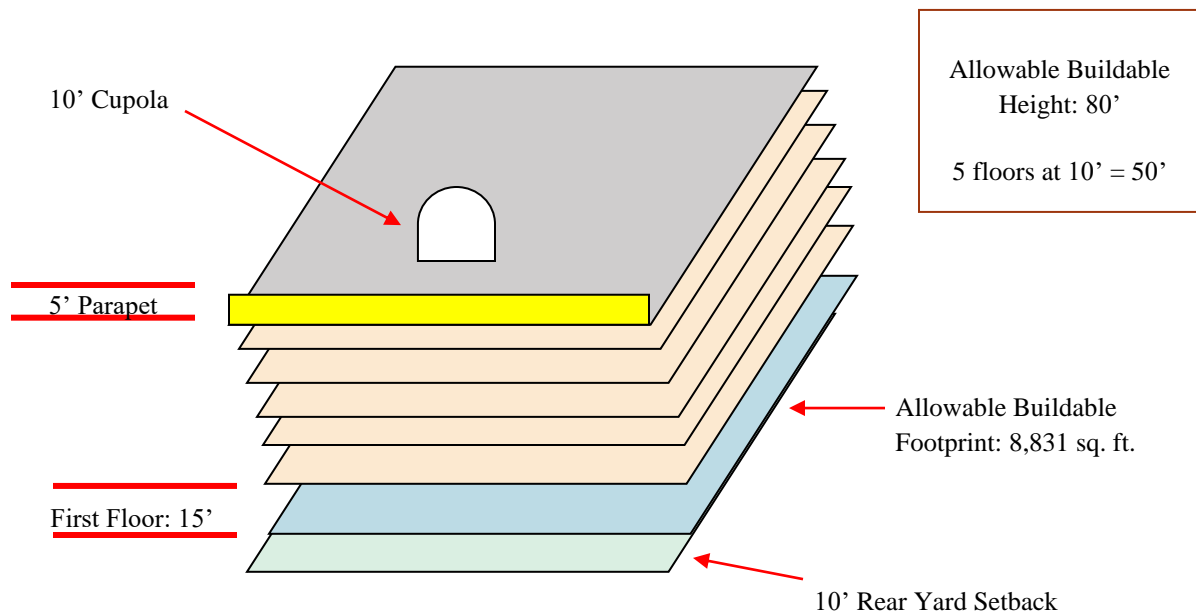
For the Mixed Unit 2 district there is a height minimum of 45 ft. or 4 stories, and a height limit of 80 ft. or 6 stories. It is possible to design a building with more than 6 stories while also maintaining the height limit, but the regulation is to meet both requirements. For floor-to-floor height requirements, the street level must be 12 ft. minimum and every floor thereafter must be 10 ft. minimum.

Other Requirements

If parking is to be added to the mix, then there needs to be a parking setback, from the front façade, of at least 30 ft. This restriction would greatly impact the total allowable buildable area. Fortunately, parking will not be built for this project, so this requirement is not as relevant. However, there is also the possibility of adding underground garage parking.

TEST FIT

This section analyzes the test fit, meaning the buildable footprint and how many keys would be suitable for this parcel of land and the build. Below is a stacking diagram displaying the total building height and total allowable building area (TABA).



Square footage was calculated by adding the width of both parcels of land (52.1 and 50) and multiplying that by the length (96.5). Therefore, the total parcel size is $(52.1 + 50) \times 96.5 = 9,852$ sq. ft. However, because of a 10 ft rear yard setback, we must subtract 10 from 96.5 to get 86.5 ft. The allowable buildable area or “footprint” is $(52.1 + 50) \times 86.5 = 8,831$ sq. ft and then multiply that by 6 because we have 6 stories to get $6 \times 8,831 = 52,986$ sq. ft. which is the TABA. The allowable buildable height is 80 ft. or 6 stories. Since the first floor’s height is 15 ft. and we have a parapet of 5 ft., that equals 20 ft. and leaves us 60 ft. to work with. There are only 5 more floors that can be built, and they have a floor-to-floor height of 10 ft. each. With the first floor’s height of 15 ft. and the parapet of 5 ft with 5 floors each being 10 ft., there is still 10 ft. left. That is where we plan on installing a 10 ft. cupola on the roof for the weddings—refer to Image 3 for cupola inspiration.

Since this boutique hotel falls into the category of an upscale full-service hotel, the square feet per key is 700. Therefore, to see if the hotel fits the site with the intention of having 72 keys, we must divide the TABA by 700 sq. ft. When calculated, we get $52,986 / 700 = 75$ keys, which is more than what we are proposing, so the boutique hotel will fit this site with the 72 keys.

CONCLUSION & RECOMMENDATIONS

Based on this feasibility analysis of the Collegetown site, it is recommended that CDG moves forward in developing the 72 key boutique hotel with full-service. From test fit calculations, the site would be able to have 75 keys, therefore 72 keys are perfect because it is actually implementable. This is taking into account the floor-to-floor heights of the first floor and every floor thereafter with the 700 sq. ft. rooms. The zoning requirements for the site also allow a hotel with our requests to be built so there is no barrier there. TABA is less than 10% over the required area of the proposed hotel—sitting at around 5.1%—so there is no need to provide alternative revenue generating ideas. In terms of the costs of building the hotel on the existing land, the topography seems to be the only thing that will be costly. Furthermore, based on projected demands and occupancy, the hotel will make healthy profit margins within its first few years of operations. Overall, this hotel will have a lot to offer for its location and for CDG, that is why plans should be made to start developing this project.

WORKS CITED

§325-45 *Collegetown Area Form Districts Ithaca, New York - City of Ithaca*,
www.cityofithaca.org/DocumentCenter/View/1766/Collegetown-Area-Form-Districts-September-3-2014-PDF?bidId=. Accessed 12 Oct. 2023.

SECTION 325-45.2: DISTRICT REGULATIONS for MU-2 USE DISTRICT USE PERMITTED PRIMARY USES PERMITTED ACCESSORY USES OFF-STREET PARKING OFF-STREET LOADING. www.cityofithaca.org/DocumentCenter/View/1752/MU-2?bidId=. Accessed 12 Oct. 2023.