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THE OPPORTUNITY

Windber Borough is seeking a hotel developer to build a 50 - 75 room hotel in the community. A comprehensive market study concluded that the Windber Borough community could support a hotel with up to 75 rooms. Windber Borough will actively work with the hotel developer to secure a property for development and also provide tax incentives for the project.



INTRODUCTION

The following Comprehensive Market Study Report reviews the proposed development of a limited-service, mid to upper mid-priced hotel in Windber, Pennsylvania. Hospitality Marketers International, Inc., (HMI) was engaged by the Borough of

Windber, Pennsylvania to provide this Comprehensive Market Study Report for the proposed hotel in the Windber, Pennsylvania market.

Based upon the research completed for this Comprehensive Hotel Market Study, it was determined that a limited service, mid to upper mid-priced hotel could be added to the Borough of Windber.

For purposes of this report, this hotel will be researched as a 75-room property. At this time a downtown hotel site has been proposed for this hotel.

An opening date during 2019 was utilized for the proposed hotel in this report, with 2020 being the first full operational year.

Recommendations for the style, type and size of this hotel are based on the preliminary operational projections presented in this report. At this time, a brand affiliation has not been selected for this property.

At present, no food and beverage facilities will be provided at the proposed hotel. It will be a limited-service style hotel offering only a continental breakfast as part of the room rate. Restaurants are available throughout the city for hotel guests. Also, special features,

amenities and services were reviewed and recommendations were made accordingly in this report. This report provides additional recommendations for the market's ability to support the proposed hotel. The characteristics of the proposed hotel are also further defined in this market study.





PROPERTY RECOMMENDATIONS

The following Property Recommendations were based upon the research conducted in this report. The following are Property Recommendations for a 75-room, limited-service, mid to upper mid-priced hotel in the subject market. This type of hotel will address the Lodging Demand characteristics identified in the research performed for this market study. It will also address the Competitive Lodging Supply factors identified in this market study.

PROPERTY SIZE

The Property Size of the proposed hotel in this report is 75 rooms.

The average sized hotel in the Statistical Competitive Hotel Set is 94.3 rooms. Developing a hotel with 75 rooms allows for a size yield of 125.73% to the operating performance (Occupancy) of the Statistical Competitive Hotel Set. A portion of the total size yield, 123.0%, was utilized in these projections in order to cap the third year proposed Occupancy at 80%.

A 75-room hotel should perform well in the subject market. At this size, the proposed hotel should be able to achieve the operational projections presented above.

PROPERTY TYPE

The focus of this report was on developing a limited-service, mid-priced to upper-mid-priced hotel in Windber, Pennsylvania. Based upon the research performed, this type of hotel would be supported at the performance levels established in this report.

This type of hotel appears to match the Lodging Demand characteristics identified for this subject market area. This hotel would serve some of the strongest Lodging Demand generators in this market area.

GENERAL MARKET LOCATION

The general market for this hotel is the Borough of Windber, located in Western Pennsylvania approximately 76 miles east of Pittsburgh. Windber is in Somerset County, Pennsylvania. The borough is located along Highways 56 and 160 at the north central border of Somerset County, just south of Cambria County.

GENERAL MARKET CHARACTERISTICS

The immediate market for this proposed hotel will be the Borough of Windber however there is the potential for this hotel to serve the surrounding area, particularly to the east where Lodging Supply is more limited. There is also some potential to serve any overflow Lodging Demand generated from the Richland Center area located west of the borough.

The largest industry segment in Windber is the healthcare industry due to the presence of the Chan Soon-Shiong Medical Center at Windber, Windber Hospice, the Joyce Murtha Breast Care Center, and the Windber Research Institute. These facilities are ranked as some of the best in the country and world and include the world's largest breast cancer tissue bank. This industry segment will be discussed in greater detail later in this report.

The borough offers facilities for youth and amateur sports tournaments. Currently, many of these teams are staying 6 miles north of the borough in Richland Center. It was reported that if a quality hotel was added to the borough there may be the potential for growing these tournaments and events.

There is a selection of tourism sites in the surrounding market area, including the Flight 93 Memorial site located 18.5 miles south of Windber.

In addition, the outdoor recreation market offers extensive biking and hiking trails, including a future connection to the Rails to Trails program. This area also offers kayaking, canoeing and fishing on the Stonycreek River and Clear Shade River and hunting is very popular in this market area. Additionally, there is a number of ski resorts in the regional area and a hotel in Windber could be a lodging option for these visitors.

The wedding and family gathering market segment was noted to currently generate overnight Lodging Demand and also is an area that has the potential to see growth if a quality hotel was offered in the borough. At this time, there are locations to hold weddings and events in the borough and surrounding area but guests have to stay in the Richland Twp and Bedford area.



PRELIMINARY PROJECTED OCCUPANCY OF THE PROPOSED HOTEL

	PROJECTED MARKET OCCUPANCY			PROJECTED MARKET	PROJECTED HOTEL OCCUPANCY			
YEAR	LOW	PROBABLE	HIGH	PENETRATION	LOW	PROBABLE	HIGH	
'20	60.0%	63.1%	63.3%	105.2%	63.1%	66.4%	69.7%	
′21	61.2%	64.4%	67.6%	116.9%	71.5%	75.3%	79.0%	
'22	61.8%	65.1%	68.3%	123.0%	76.0%	80.0%	84.0%	

SEASONALITY OF LODGING DEMAND

DEVIATION FROM AVERAGE MONTHLY DEMAND

	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
DEMAND	81.3%	80.6%	92.8%	94.6%	103.1%	116.3%	117.9%	120.0%	112.8%	122.7%	90.1%	75.7%
ADR	94.4%	96.6%	99.7%	97.3%	103.3%	105.0%	100.7%	101.5%	102.4%	99.5%	97.9%	92.0%
REVPAR	80.7%	83.4%	89.5%	92.0%	103.1%	122.1%	114.9%	117.9%	115.6%	118.2%	95.8%	73.2%

Italics = RevPAR Exceeds at Least One Factor
BOLD - RevPAR Exceeds Both Factors





SITE ANALYSIS

The preferred subject site for the proposed hotel in this report is located within the 1500 Somerset Avenue address. There is currently an older building located on this site. This property is located in the southeast quadrant of the intersection of Somerset Avenue and 15th Street. The subject site is in the center of the downtown area.

SUBJECT SITE EVALUATION

CATEGORY	RATING
VISIBILITY	VERY GOOD
ACCESSIBILITY	VERY GOOD
PARKING	GOOD - INVESTIGATE
SITE PREP	GOOD
ENVIRONMENTAL	GOOD - INVESTIGATE
MAJOR UTILITIES	VERY GOOD - INVESTIGATE
ZONING	EXCELLENT
ARCHITECTURAL CONTROLS	VERY GOOD - INVESTIGATE
AREA SUPPORT SERVICES	VERY GOOD
COMPETITIVE POSITION	VERY GOOD
OVERALL	VERY GOOD

VISIBILITY

Visibility of the subject site was rated as Very Good because the site is located in the heart of the downtown area in the midst of a wide variety of local support services. Additionally, this site offers a unique historic setting which assists in marketing the proposed hotel as well as the Windber market.

ACCESSIBILITY

Accessibility to the subject site is rated as Excellent since there would be minimal traffic congestion in this area and access points on Somerset Avenue and 15th Street.



PROJECTED AVERAGE DAILY ROOM RATE OF THE PROPOSED HOTEL

	PROJECTED MARKET ADR			PROJECTED MARKET	PROJECTED MARKET PROPERTY ADR*			
YEAR	LOW	PROBABLE	HIGH	YIELD	LOW	PROBABLE	HIGH	
'20	s101.71	⁵ 107.06	s112.41	94.6%	\$ 96.27	\$ 101.33	^{\$} 106.40	
′21	^{\$} 103.74	\$109.20	^{\$} 114.66	105.2%	\$109.10	^{\$} 114.84	\$120.59	
'22	^{\$} 105.82	s 111.39	⁵ 116.96	110.7%	^{\$} 117.14	s 123.31	^{\$} 129.47	

^{*} Net ADR equals room revenue plus restaurant, lounge, meeting & conference revenue.

Given the projections for Occupancy and ADR, the proposed hotel should achieve projected revenue levels that are above the current subject market. If the proposed hotel performs better than the Occupancy projected in this report, the RevPAR yield could potentially improve to a yield higher than the market RevPAR.

PROJECTED SALES REVENUE

YEAR	PROBABLE ROOM REVENUE	PROJECTED REVPAR	MARKET REVPAR YIELD
'20	^{\$} 1,842,181	⁵ 67.29	99.5%
′21	\$2,366,179	\$86.44	122.9%
'22	\$2,700,984	\$98.67	136.2%

^{**} Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Lodging Demand growth levels used to formulate these projections.



TAKE A CLOSER LOOK AT OUR COMMUNITY

Windber, Pennsylvania is the perfect location for your next hotel. Windber and its surrounding areas are the home of impressive stadiums, many major employers, appealing attractions, exciting events, prestigious universities, innovative healthcare facilities, and thriving businesses including intriguing restaurants and lively social clubs. Rich in history and scenic views, Windber truly has something for everyone.

These are just some of the many places and events of interest drawing more and more people to Windber every year.

WINDBER STADIUM

Windber Stadium was completely redesigned in August of 2016. The new facility features an artificial turf football/soccer field surrounded by an 8-lane track, state-of-the-art field house, training room, concession stand, handicap facilities, and three locker rooms. Windber Stadium has the only 8-lane track between Latrobe and Harrisburg, making it an ideal venue for regional and state track and field tournaments that draw thousands into the community each year.











The recently awarded "Kraft Hockeyville" arena is the current home of the Johnstown Tomahawks. The War Memorial Arena hosts sporting events, conferences, concerts, comedy performances, and other forms of entertainment for all ages.





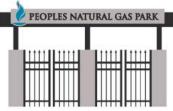




Iron Horse Sports Complex is conveniently located near Windber and features indoor and outdoor facilities. The massive indoor training complex houses a full size basketball court, a large multi-use area, and a complete baseball and softball field. The outdoor area features 4 fully turfed fields to accommodate Little League to college level games. All fields include stadium style seating. The facility draws thousands of individuals to the area every year.







Since its 2012 opening, Peoples Natural Gas Park has been host to a wide range of annual concert and festival events. Private events are also held at the park including weddings, company picnics, class reunions, church meetings, and more.





MAJOR EMPLOYERS

1st Summit Bank

AK Coal Resources Inc.

Alleghenies Unlimited Care Provider

American Red Cross

API Systems Inc.

Atlantic Broadband

BCL Manufacturing Inc.

Boswell Pharmacy Services

Cambria County

Chan Soon-Shiong Institute of Molecular Medicine at Windber

Chan Soon-Shiong Medical Center at Windber

Concurrent Technologies Corporation

CVS PA Distribution Inc.

Devilbiss Healthcare LLC

Duke LifePoint Healthcare

Federal Government

Galliker Dairy Co

Gautier Steel

Giant Eagle Inc.

Goodwill of Southern Alleghenies

Guy Chemical Company Inc.

Highland Tank & Manufacturing Co

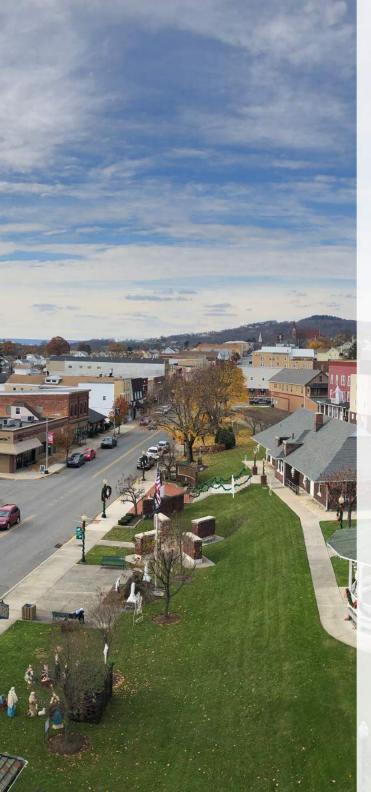
Johnstown Welding & Fabrication Inc.

Johnstown Wire Technologies

Kitron

Kongsberg Protech Systems Laurel Technologies





MAJOR EMPLOYERS (CONTINUED)

Laurel View Village LCT Energy LP

Learning Lamp Inc.

Lockheed Martin AeroParts

Martin-Baker America Inc.

McAneny Brothers Inc.

McIlwain School Bus Lines Inc.

Memorial Highway Chevrolet

North American Hoganas

PA State Government

Peerstar LLC

Pennsylvania Highlands Community College

Pepsi Bottling Group LLC

Riggs Industries

Saint Francis University

Seven Spring Mountain Resort

Sheetz Inc.

Somerset County

Somerset Hospital

Somerset Trust Company

Somerset Welding & Steel

Wal-Mart Associates Inc.

Wheeler Brothers Inc.

Wilson Creek Energy LLC

Windber Area School District

Windber Woods Senior Living & Rehabilitation Center





Arcadía Theater

The Arcadia Theater provides a variety of quality, professional and cultural entertainment for the communities in the Laurel Highlands.









FLIGHT 93

The Flight 93 National Memorial is located at the site of the crash of United Airlines Flight 93, which was hijacked in the September 11 attacks, in Stonycreek Township, Somerset County, Pennsylvania. A hotel developed in Windber would be the closest one to the memorial site.











Johnstown, Pennsylvania is known as the "Flood City" after reviving from three devastating floods, but it offers much more. The area is also famous for being the home of the world's steepest vehicular inclined plane. The scenic Allegheny Mountains are a great place for biking, hiking, and all outdoor activities, and with the Stonycreek and Quemahoning Lake, there's plenty to do on water as well.

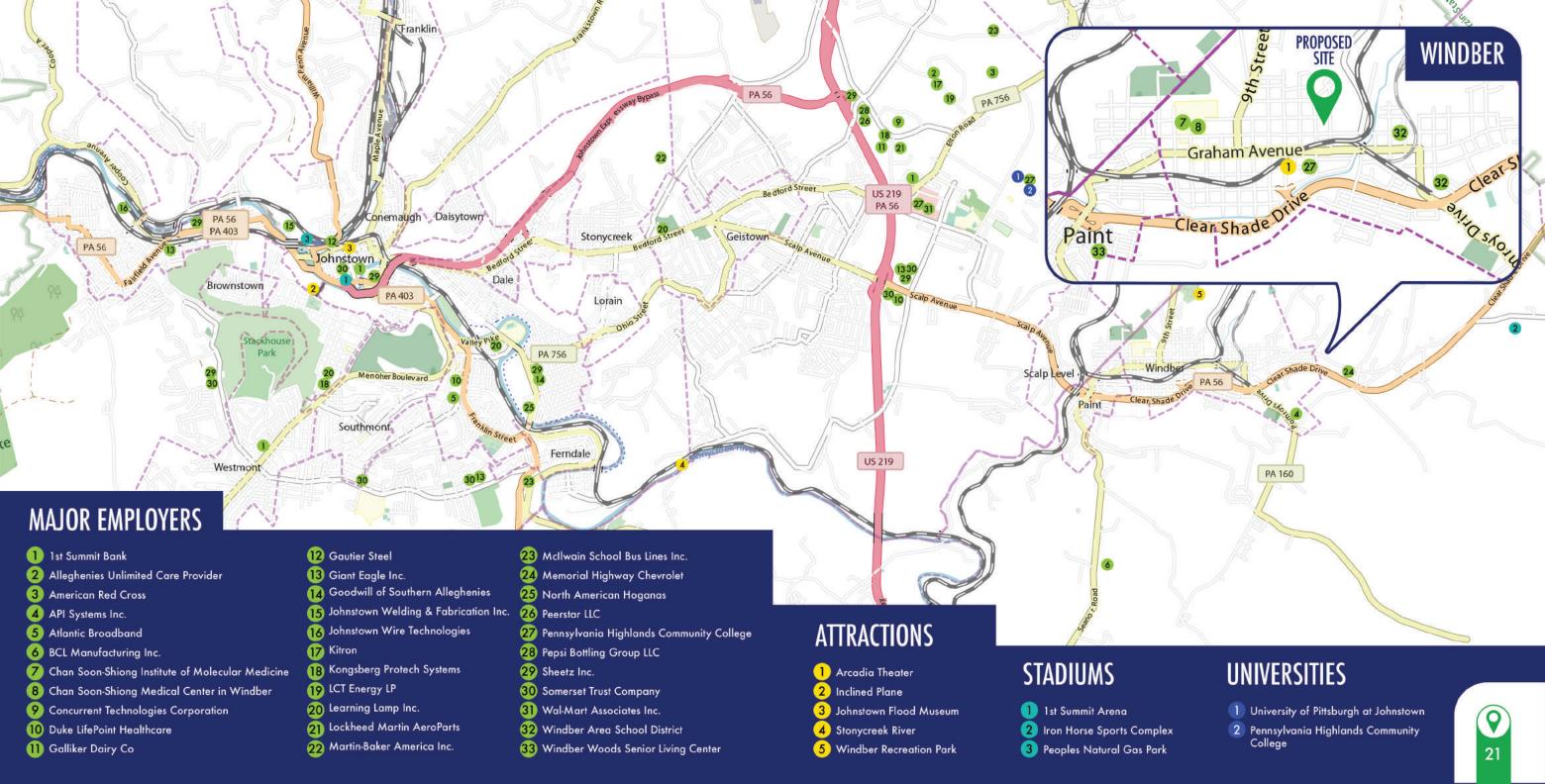


Whispering Hollow Estate is an elegant venue located in Alum Bank, less than a 20-minute drive from Windber. This beautiful outdoor and indoor venue offers five-star amenities, perfect for weddings, corporate retreats, family reunions, or any special gathering any time of the year. This facility has created an increased demand for a hotel to accommodate out-of-town guests.









EVENTS

AAABA National Tournament
AmeriServ Flood City Music Festival
Blues & Brews in the Valley
For The Fallen Motorcycle Run
Holiday High School Shootout
Tournament

Jehovah's Witness Convention
Johnstown Ethnic Festival
Miners' Memorial Day Festival
PA Junior Wrestling State Championships
Pitt-Johnstown Mountain Cat Tournament
Polkafest

Richland Community Days
Sandyvale Wine Festival
Showcase for Commerce
Slapshot Cup Hockey Tournament
Stonycreek Rendezvous
Sunnehanna Amateur Tournament
The Surge Wrestling Tournament
Thunder in the Valley









The AmeriServ Flood City Music Festival is a celebration of American music attracting thousands of enthusiastic music fans to Johnstown, Pennsylvania every summer. The festival is held the first weekend in August.





Johnstown's annual Thunder in the Valley® motorcycle rally is held the fourth weekend in June. While the City of Johnstown serves as the hub of the rally, related events take place throughout the entire Johnstown region, including Graham Avenue of Windber. Over 100,000 people attend this 4-day event.













The All American Amateur Baseball Association (AAABA) Tournament has been a summer tradition for more than seven decades. The AAABA Tournament is played each August in Johnstown, Pennsylvania. The annual event, which includes 16 teams representing cities throughout the Eastern, Southeastern and Midwest regions of the United States, receives over 7,500 fans and spectators every year.



SUNNEHANNA

AMATEUR TOURNAMENT

OF CHAMPIONS

Founded in 1954, the Sunnehanna Amateur continues to be ranked as one of the elite amateur tournaments in the United States and the world. Many current and former PGA Tour, Champions Tour, Walker Cup and Ryder Cup players have competed in the 4-day tournament, included Tiger Woods and Arnold Palmer.









University of Pittsburgh Johnstown

The Johnstown branch, the first and largest regional campus of the University of Pittsburgh, is just a short drive away from Windber.

Approximately 3,000 students are enrolled in nearly 50 majors. UPJ's excellence is reflected by the record of achievements of more than 22,000 alumni.



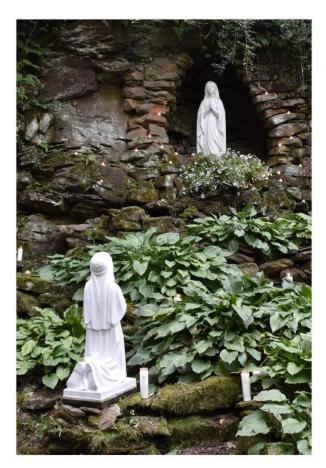






Pennsylvania Highlands
Community College is a
two-year educational institution
that provides access to
affordable education to
residents of the Southern
Alleghenies.







Founded in 1847, Saint Francis University is one of the oldest Catholic universities in the country. With over 50 majors and programs, over 2,000 students enroll each year. Campus is located in Loretto, Pennsylvania, just a 35-minute drive from Windber.











Chan Soon-Shiong Medical Center at Windber is a nonprofit, community healthcare provider dedicated to providing excellence in personalized, quality healthcare services through innovation, research and education in response to community needs.





The Chan Soon-Shiong Institute of Molecular Medicine at Windber (CSSIMMW) is a private, non-profit biomedical research institute established in 2000 as the Windber Research Institute, with two distinct but complementary programs: Translational Research and Health Promotion/Disease Prevention.





The Joyce Murtha Breast Care
Center is focused on the
prevention, detection, and
treatment of Breast Cancer. The
facility is currently part of the
Chan Soon-Shiong Medical
Center. It is located in Windber,
and it positively impacts the lives
of countless women through the
region every year.





One of the early founders of the Joyce Murtha Breast Care Center was Jeanne Wolford McKelvey. McKelvey was an accomplished attorney and business woman, having earned numerous degrees including a Juris Doctorate from the Pennsylvania State University's Dickinson School of Law.

In 1984, then Governor of Pennsylvania, Richard Thornburg, appointed her to the Board of Medical Education and Licensure for the Commonwealth of Pennsylvania. McKelvey's true passion other than her family, was cancer research. She herself survived Stage 4 breast cancer in 2008.

McKelvey received the 2013 Windber Research Institute's Taunia Oechslin Community Advocate for Breast Cancer Research Award at the fifth annual Pink Tie Affair to celebrate breast cancer awareness month. Unfortunately, Jeanne Wolford McKelvey, Esq., succumbed to cancer on June 29, 2015. This page is dedicated in her memory by her husband of 37 years, William McKelvey.



LOCAL BUSINESSES

14th on Graham Bakery

A-1 Vending Co

Absolute Animals

AmeriSery Financial

API Systems Inc.

Arcadia Theatre

Bantley Insurance Agency

BCL Manufacturing Inc.

Berwind Natural Resources

Chan Soon-Shiong Institute of Molecular Medicine at Windber

Chan Soon-Shiong Medical Center at Windber

Chester's Flowers

Conjelko's Dairy Store

Crousey's

David Horsefield Insurance

Dollar General

East End Auto

East Hills Engineering

FastFreight Express

First Commonwealth Bank

First National Bank

Grey Medical Associates

Grey Medical Supply

Guy Roofing Co.

Jerley's Auto Body

Keystone Natural Gas Cooperative

Laurel Asphalt

Leone's Market

Martella's Pharmacy

McKelvey Oil

LOCAL BUSINESSES (CONTINUED)

Media Xchange

Meek Dallavalle Funeral Home

Memorial Highway Chevrolet

Mervac Plumbing & Heating

NAPA Auto Parts

Northern EMS

Ophthalmic Associates

PA Public Safety

Petrunak Paving

Petrunaks Clearance Outlet

Pomroy's

ProMed Inc.

Randy's BiLo

RiteAid Pharmacy

Sheetz

Silverman, Tokarsky and Forman, Attorneys at Law

Skeeter's Hair Salon

Slovenian Savings & Loan

Something Xtra Special Floral

Stock's 50 Six Pack

Team Force

Thomas Amoco Inc.

Thomas Feed Mill

Top Hat Cleaners

Town Tayern

Traco Business Systems

United Welding & Fabrication

William Kisiel Funeral Home

Windber Beverage

Yeager's Heating Service

Windber Woods Senior Living Center



DINING

Bella's at Coal Heritage Center

Bella's is an Italian pizzeria and restaurant located inside the Coal Heritage Center on 15th Street in Windber. Bella's menu features everything from pizza, to stromboli, lasagna, a variety of pasta dishes, salads, and everything in between. Patrons can dine-in, carry-out, or use the drive thru.





Carlyn's AMERICAN Cuisine

Carlyn's Restaurant prepares delicious traditional Italian-American meals for lunch and dinner, available for take out or dining in. Two newly renovated banquet rooms are available to cater to any special event.



D'Arc's Pizza has been creating home made Abruzzo style pizzas, strombolis, sandwiches, soups, salads, and other Italian foods since 1960. The quality of Windber's oldest pizza shop has stood the test of time and continues to thrive.





After 35 tasty years, Mimo's Pizza Company continues to serve a wide variety of delicious, freshly made food including their



pizza made with homemade sauces and all-natural ingredients, paired with craft beers, wines, and authentic Italian beverages.

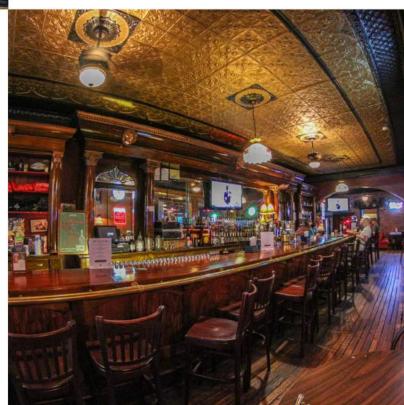




Since 1965 Rizzo's Restaurant in Windber, Pennsylvania has offered fine Italian dining. As well as serving dinner and drinks in their main dining room and bar, they can also accommodate parties up to 80 people in their largest of four banquet rooms.



The Windber Hotel is a family friendly eatery with a craft beer focus, housed in a uniquely restored 110+ year old hotel and featuring 14 rotating taps and a large menu.



CLUBS

Windber, Pennsylvania is home to many social clubs - Polish Falcons Nest 97, Windber American



ABOUT WINDBER

Windber, Pennsylvania was founded in 1897 by the Berwinds, a family of entrepreneurs who made a fortune in the coal industry. They used this fortune to systematically design a town complete with houses, churches, banks, schools, company stores, theaters and recreational areas. Today, Windber is a quaint community situated 8 miles south of Johnstown. The community has reinvented itself from a mining mecca to a world class healthcare and technology hub.

Windber is host to the Chan Soon-Shiong
Institute of Molecular Medicine, Chan
Soon-Shiong Medical Center, API Technologies,
and JWF Industries. The Chan Soon-Shiong
Institute of Molecular Medicine houses the
largest number of breast tissue samples in the
world and is leading the fight towards a cure for
breast cancer.

Windber is a wonderful community to live, work, and raise a family. Like many rustbelt towns throughout west-central Pennsylvania, Windber has seen a population decline over the past 30 years. Many people who were born and raised in Windber, as well as Johnstown, are now living elsewhere. However, these people still

return to their roots on a regular basis, visiting relatives throughout the year.

This is just one more reason why a hotel is needed in Windber.







CONTACT

If you are interested in learning more about the proposed hotel project in Windber Borough, site plans, tax incentives, or any additional information, please contact:

Jim Furmanchik, Borough Manager

Office: (814) 467-9014

Mobile: (814) 525-1460

WindberManager@comcast.net

1401 Graham Avenue Windber, PA 15963

Windber Borough is a very progressive municipality that actively engages in economic development activities. We will work with your organization in any way possible to guarantee the success of this project. We look forward to hearing from you in the near future.

To read and/or download the full study that was conducted by Hospitality Marketers International, Inc. please visit www.windberboro.com/hotel-study.