

# Canadian Hotel Investment Conference

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## CapEx: How Much is Enough?



2008

# CapEx 2007

**ISHC**  
International Society of  
Hospitality Consultants



**A study of capital expenditures  
in the hotel industry**

Presented by Brian Stanford, CMC, ISHC  
Director, PKF Consulting, Toronto

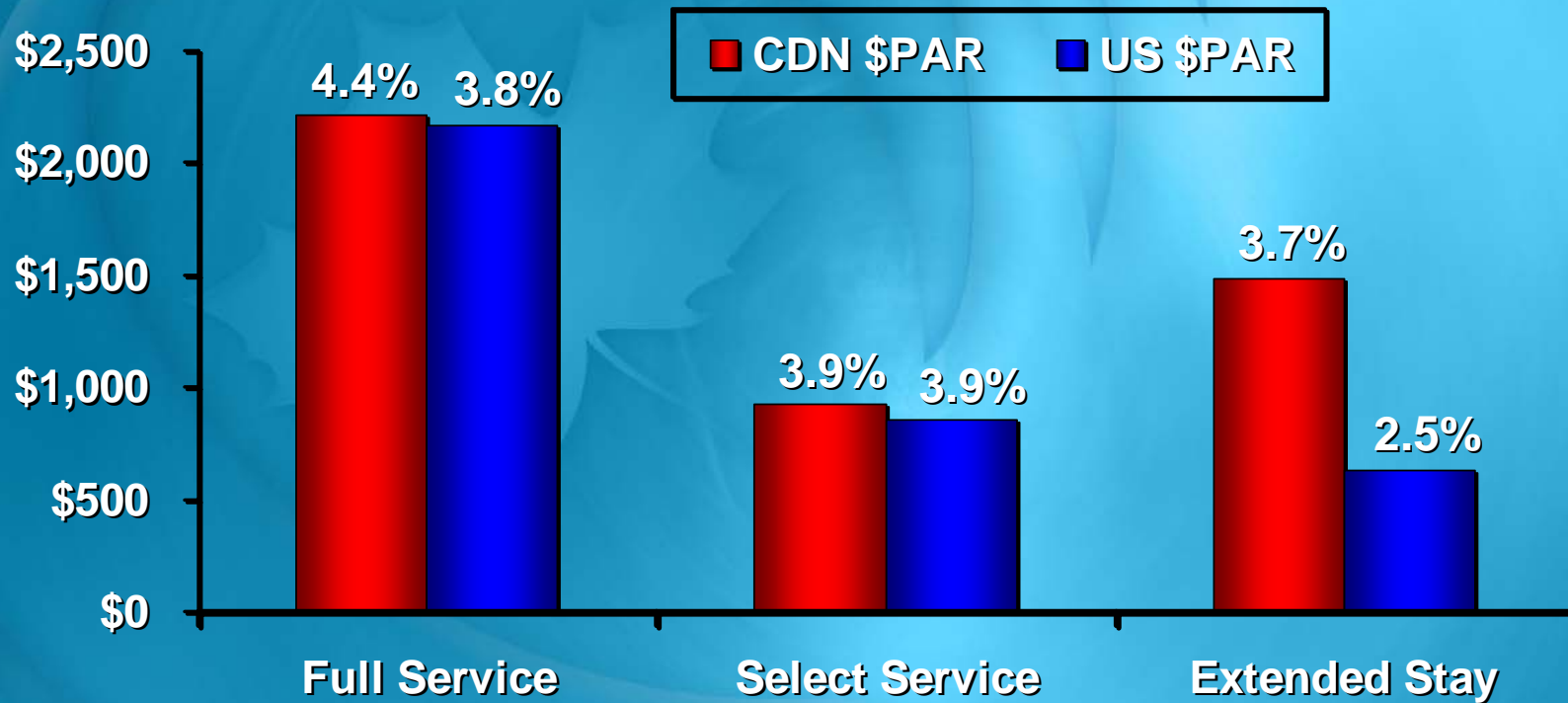
# CapEx 2007

- ISHC and the CapEx Study
- Operating R&M and FF&E Replacement
- CapEx- Replacement Guidelines

# ISHC and the CapEx Study

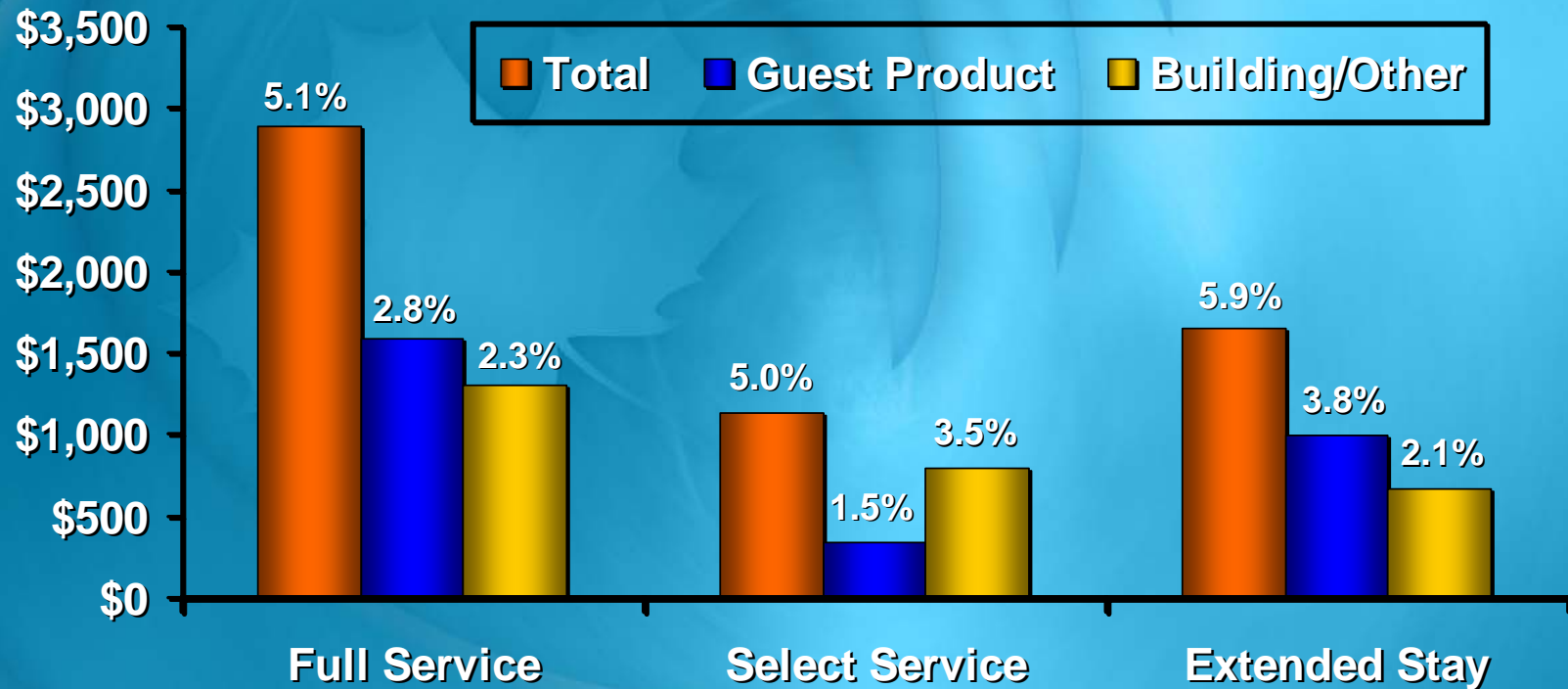
- ISHC- International Organization representing 200 leading hospitality advisors across all disciplines
- CapEx Study introduced in 1995, updated in 2000 & 2007
- Basic premise - Is the 3% reserve for replacement guideline in place for over 50 years really valid?
- 2007 study based on a detailed survey of 377 North American hotels
- Available through the American Hotel & Lodging Association

# Annual R&M Expenditures \$ PAR



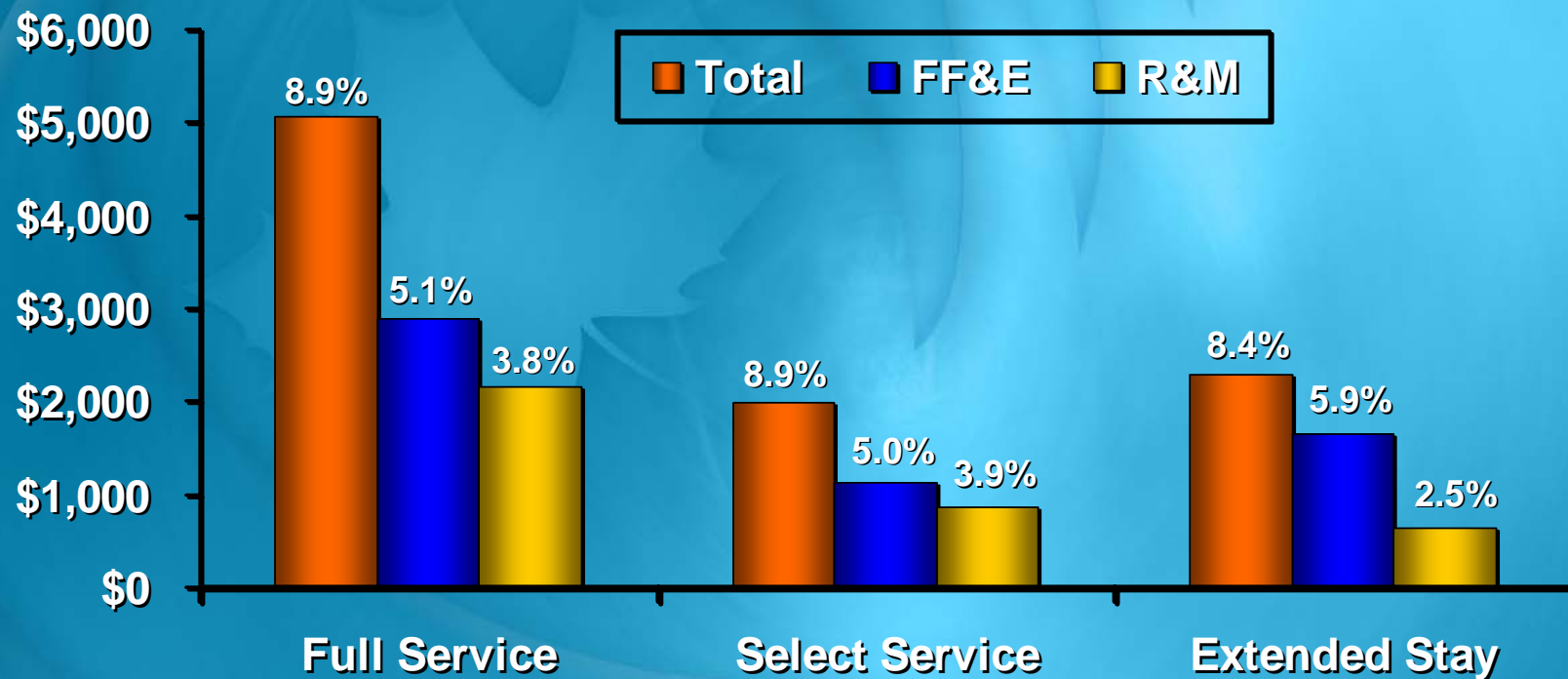
	\$ CDN	\$ US
Full Service	\$2,215	\$2,165
Select Service	\$927	\$856
Extended Stay	\$1,480	\$992

# Annual FF&E Expenditures \$PAR



	Guest Product	Building /Other	Total
Full Service	\$1,589	\$1,300	\$2,889
Select Service	\$340	\$794	\$1,134
Extended Stay	\$992	\$661	\$1,653

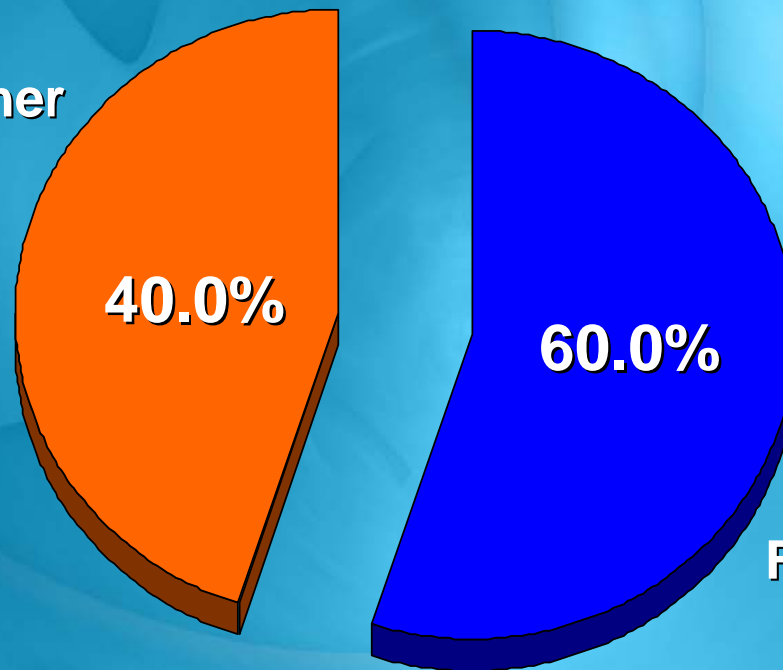
# Total R&M and FF&E Expenditures \$PAR



	R&M	FF&E	Total
Full Service	\$2,165	\$2,889	\$5,054
Select Service	\$856	\$1,134	\$1,990
Extended Stay	\$632	\$1,653	\$2,285

# FF&E Expenditures- Extended Stay

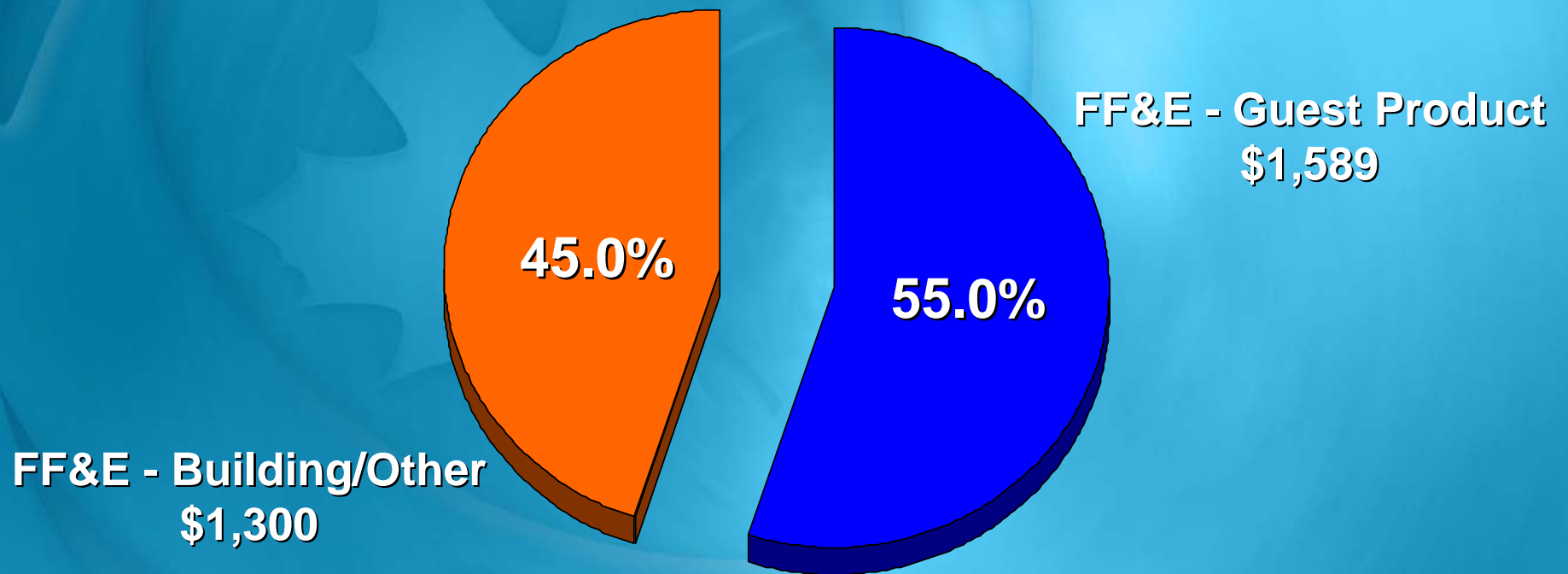
FF&E - Building/Other  
\$661



FF&E - Guest Product  
\$992

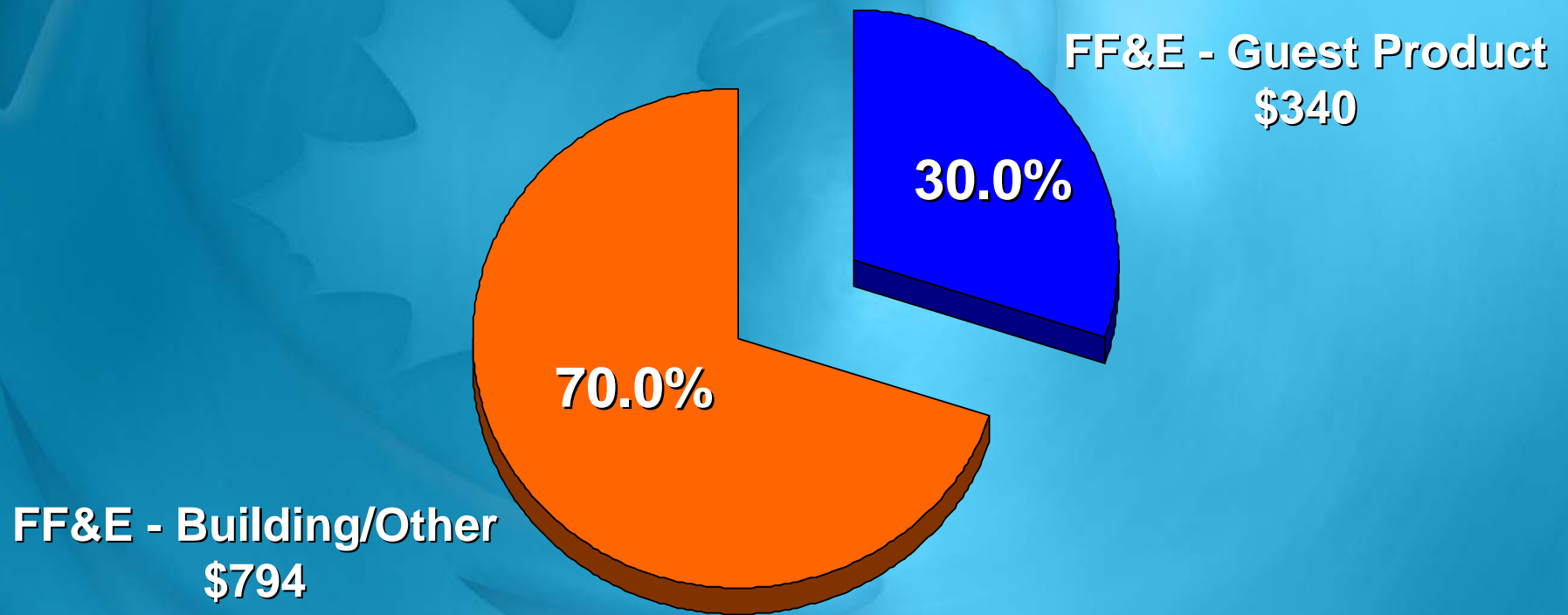
FF&E – \$1,653  
PAR/5.9%

# FF&E Expenditures- Full Service



**FF&E – \$2,889  
PAR/5.1%**

# FF&E Expenditures- Select Service



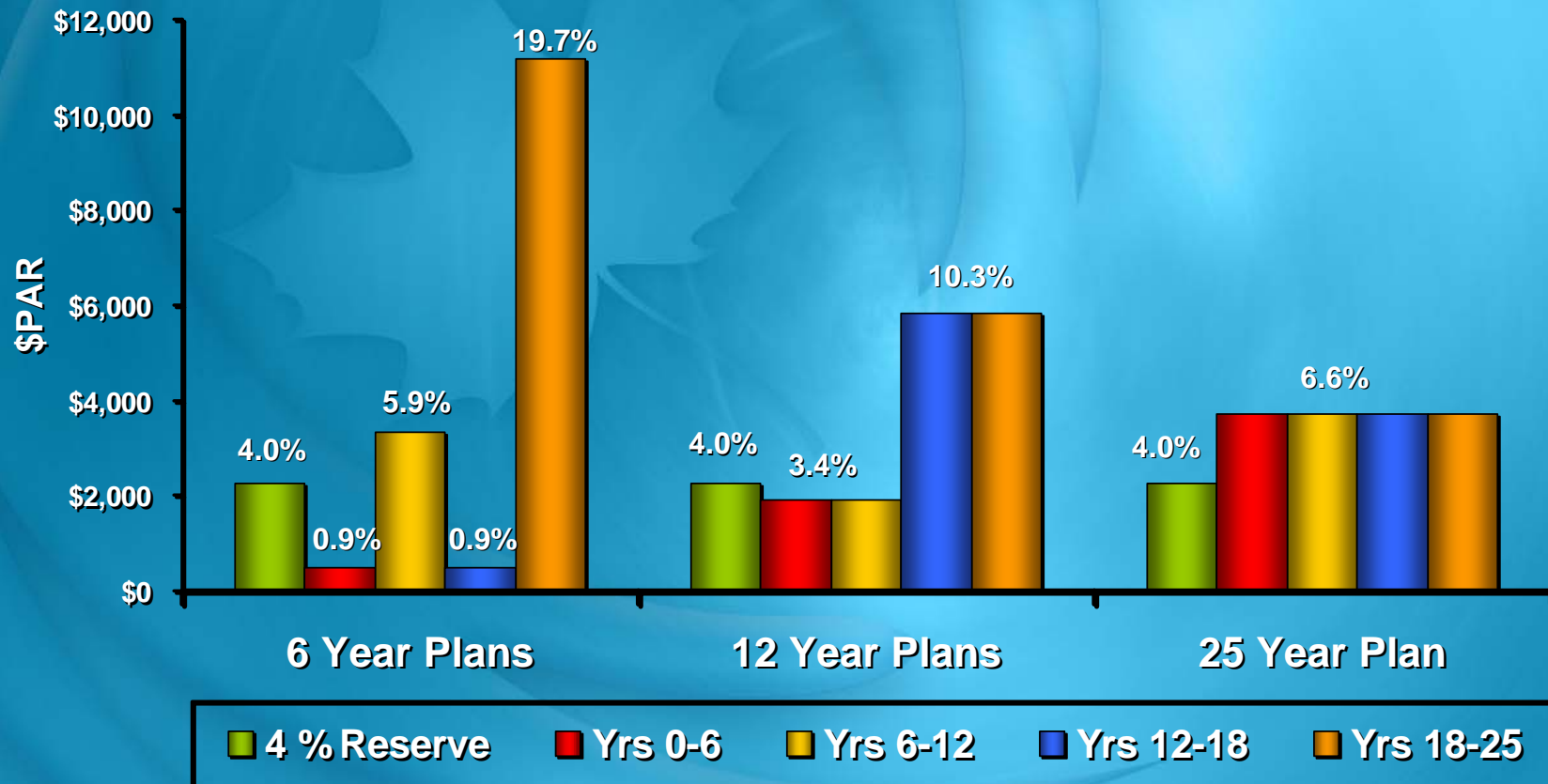
**FF&E – \$1,134  
PAR/5.0%**

# Capital Replacement Guidelines

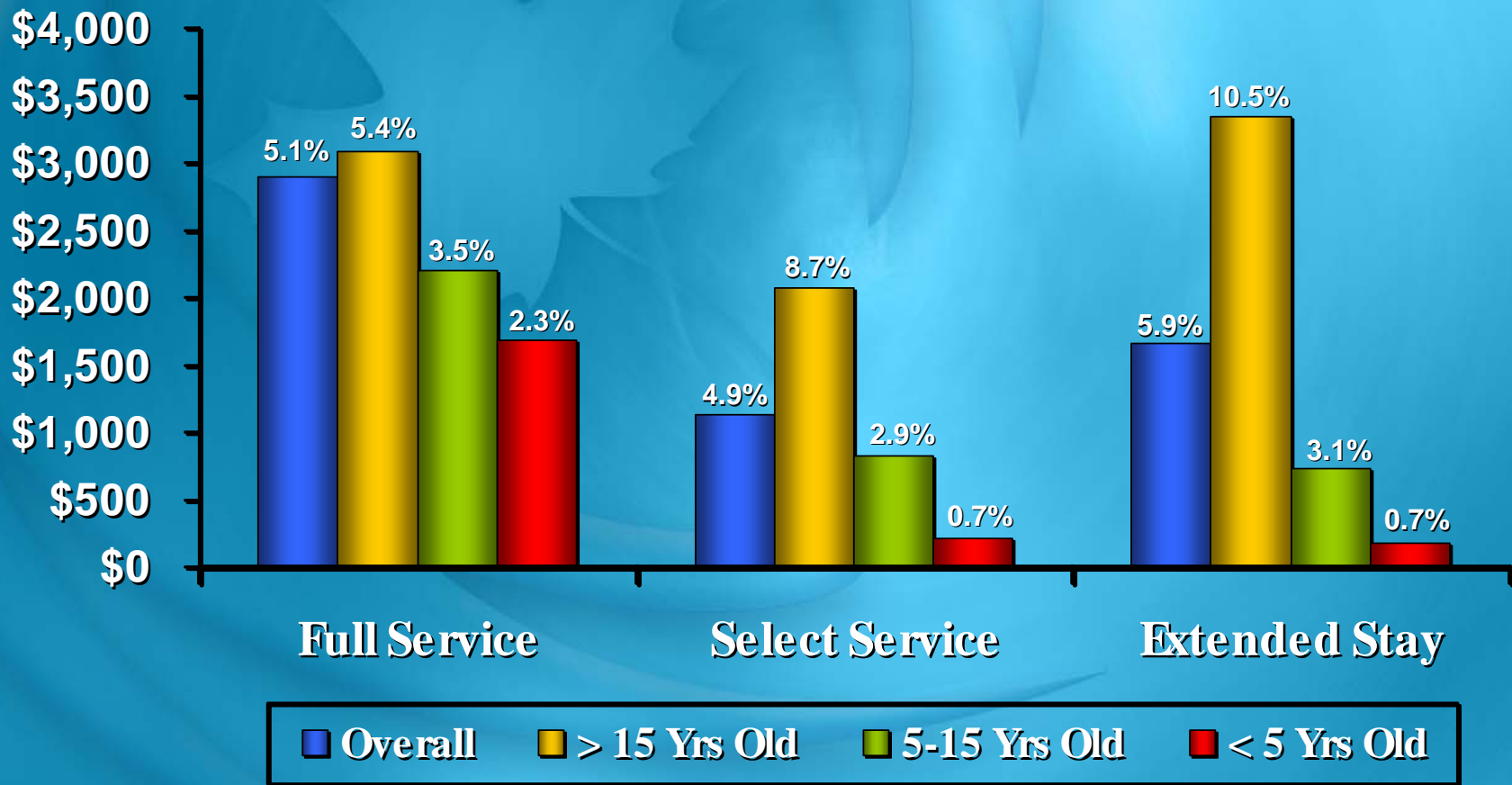
## Full Service Hotels

Area	Years	Cost Per Room
Guest Room Soft Goods	6-8	\$3,000
Guest Room Case Goods	12-13	\$7,000
Bathrooms	12-13	\$3,000
F&B/Public Areas	12-13	\$7,000
Building/Back of House	25	\$47,000

# How Much is Enough?



# FF&E Expenditures by Property Age



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