

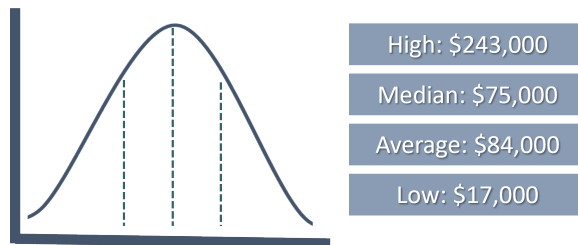
# Hotel Conversions to Residential Use Heat Up

April 11, 2023 / By Rod Clough, MAI, Koby Kearney



As economy and budget hotels are nearing the end of their economic life, some properties are finding new capital for renovations from buyers seeking to convert properties to residential use. We have compiled a sample list of hotels that have gone through this metamorphosis, illustrated at the bottom of this article. These transactions reflect the following range of prices per room.

## Price Per Key for Hotel to Residential Conversions



Source: HVS

We want to caution buyers, particularly municipalities that may not be savvy hotel buyers, not to overpay for these assets, as these dated hotels should be available at a relatively good price. Municipalities, city managers, housing authorities, and the like should partner with a firm like **HVS** to negotiate the best possible deal.

The upside of a residential conversion can be significant, particularly for a budget hotel operating at a below-market occupancy and average room rate whose owner is paying a significant portion of the limited rooms revenue to maintain a brand affiliation that is not providing much benefit. Not only could a struggling lodging property transition to a much higher occupancy with residential use, but the buyer could also eliminate significant brand affiliation and other overhead costs. Of course, an important box for a buyer to check before considering a project like this is confirming that this type of conversion is legally permissible by the zoning designation, building codes, and other local regulations, among other factors. A feasibility analysis should also be undertaken once a renovation project cost has been determined.

## Summary

As economy and budget hotels are nearing the end of their economic life, some properties are finding new capital for renovations from buyers seeking to convert properties to residential use. In this article, we provide a sample list of hotels that have gone through this metamorphosis.

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## Latest Residential Conversions



### Northeast

By Conversion Use

134 Rooms to Timeshare Property  
259 Rooms to Senior Housing  
263 Rooms to Apartments  
291 Rooms to Residential Housing  
299 Rooms to Office Building  
655 Rooms to Residential/Student Housing  
876 Rooms to Mixed-use Multi-Family Development  
1,152 Rooms to Multi-Family/Apartments/Condos  
1,207 Rooms to Low Income/Emergency Housing

TOTAL: 5,139 Rooms



### Southeast

By Conversion Use

200 Rooms to Veteran Housing  
476 Rooms to Apartments



TOTAL: 676 Rooms



## Midwest

### *By Conversion Use*

117 Rooms to Mental Health Care  
127 Rooms to Multi-Family Housing  
203 Rooms to Senior Housing  
218 Rooms to Affordable Housing (estimated)  
263 Rooms to Apartments

TOTAL: 928 Rooms



## Texas

### *By Conversion Use*

121 Rooms to City Supportive Housing  
126 Rooms to Assisted Living  
214 Rooms to Vivo Living Multi-Family  
232 Rooms to Apartments  
308 Rooms to Low-Income/Emergency Housing

TOTAL: 1,001 Rooms



## West

### *By Conversion Use*

N/A Rooms to County Shelter  
21 Rooms to Women's Shelter  
49 Rooms to Student Housing  
76 Rooms to Temporary Housing  
148 Rooms to Housing  
211 Rooms to Affordable Housing  
223 Rooms to Apartments  
312 Rooms to Low-Income/Emergency Housing  
477 Rooms to Interim Housing  
512 Rooms to Multi-Family Housing  
1,035 Rooms to Interim to Permanent Housing  
1,349 Rooms to Other (Information not Available)  
2,531 Rooms to Permanent Housing

TOTAL: 6,796 Rooms

*Source: HVS*

***If you are in the market for a lodging property to convert to residential use, I urge you to contact **HVS** to help you with the acquisition of your property.*** We have experts who can assist you in avoiding the pitfalls that can turn a good idea into an unfortunate outcome.

## About Rod Clough, MAI



Rod Clough, MAI, President – Americas, is in his 30th year with HVS and leads the Americas region from its headquarters office in Colorado. As President, Rod has developed the vision and strategy for the Americas and oversees its execution throughout the Americas' 40 locations. He has cultivated a firm that thrives with an extraordinary culture and remains the thought leader in the hospitality consulting space. He is proud to lead a group of 175 exceptional team members that execute thousands of engagements annually. Rod also has a passion for speaking, regularly sharing the insights and thought leadership of HVS at the nation's leading hospitality conferences. Rod is a graduate of Cornell's School of Hotel Administration, a Designated Member of the Appraisal Institute (MAI), a state-certified general appraiser, and a licensed hotel broker. Contact Rod at (214) 629-1136 or [\[email protected\]](#).