

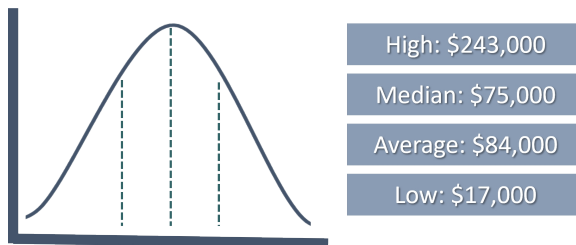
# Hotel Conversions to Residential Use Heat Up

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 Room 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 Room 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 is the President of HVS Americas. He is responsible for the overall direction, management, and ongoing success of 40+ offices across North and Latin America. Under his leadership, HVS Americas conducts over 3,500 valuation and consulting engagements annually. During his 30-year tenure, Rod has been instrumental in leading the growth of the firm; this includes significantly expanding the number of offices across the United States, as well as launching multiple divisions, including U.S. Hotel Appraisals, HVS Latin America, HVS Brokerage & Advisory, and HVS Asset Management & Advisory.

A frequent speaker at the nation's largest hotel conferences, Rod is a designated member of the Appraisal Institute (MAI) and a state-certified appraiser. He earned his BS from Cornell University's School of Hotel Administration and also holds a Colorado real estate broker's license. Furthermore, Rod is proudly Latino and gay, and his firm is welcoming of all races and colors, sexual orientations, ages, genders, and gender identities. Once associates join HVS, they tend to stay due to the extraordinary culture Rod has inspired—a culture defined by the ideals of balance, connectivity, efficiency, collaboration, honesty, integrity, kindness, and excellence, among others. Rod resides in Northern Colorado where he and his husband Jeff are raising their daughter, Rory. Contact Rod at (214) 629-1136 or [\[email protected\]](#).

## About Koby Kearney



Koby Kearney is an associate with the HVS Denver office. Koby started his career in hospitality in 1998 in Vail, Colorado, and held various positions, including Front Desk Manager and Reservation Manager, at several resorts in the area. He has over ten years of experience as a General Manager at several brands throughout the hotel industry. He is a Certified General Manager with Wyndham, Choice Hotels, and Radisson. Before starting his position as an analyst at HVS Denver, Koby spent five years with the HVS Asset & Hotel Management division, working as a General Manager of the Country Inn

& Suites Greeley. He graduated from Colorado State University in May 2011 with a Bachelor of Science in Business Management. Contact Koby at (970) 988-4382 or [\[email protected\]](#).