

COLLEGE INNS™

STUDENT HOUSING REDEFINED

THE OPPORTUNITY

A hybrid lodging strategy for repositioning underperforming U.S. economy hotels — profit built on contracts and cost discipline, not rate increases

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THE INVESTMENT THESIS

Here is the play. Convert a substantial share of an existing economy hotel into competitively priced, furnished student housing for the academic year. Reserve a smaller block of rooms for public bookings. Then, each summer, return every room to conventional hotel operations. The economics are straightforward: stable academic-year occupancy, lean housekeeping, direct contracting and sharply lower distribution costs can lift gross operating profit — without relying on a single rate increase.

Why this matters to you: an owner holding an underperforming economy hotel near a campus may be able to nearly triple gross operating profit in the illustrative case — not by charging more, but by changing who fills the rooms and how they are sold.

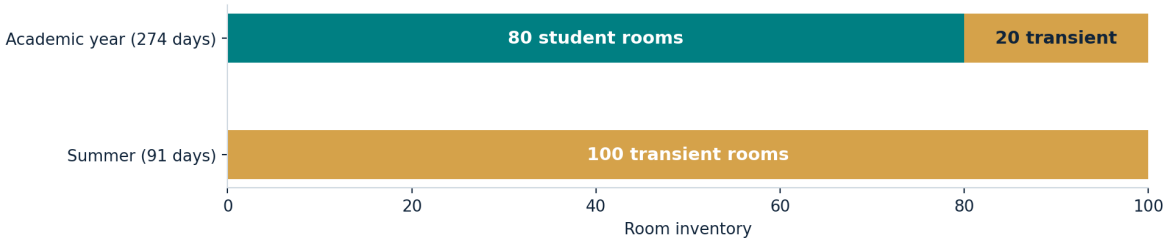


FIGURE 1 | Illustrative operating configuration: student and transient room inventory.

Executive summary: the profit is in the cost line

The 100-room illustration is simple. Eighty rooms are contracted to students for 274 days at a $30 daily-equivalent rate. The remaining 20 serve transient guests at a $45 ADR and 55% occupancy. Come summer, all 100 rooms return to conventional travelers for 91 days. Students receive complimentary monthly cleaning, and they supply — and launder — their own linens and toiletries.

Headline metric	Conventional economy hotel	Hybrid college inns
Annual room revenue	$903,375	$1,018,455
Annual operating expense	$714,756	$473,780
Annual GOP	$188,619	$544,675
GOP margin	20.9%	53.5%
Annual GOP uplift	—	+$356,056

One caveat before the numbers: these are illustrative management assumptions, not a forecast for an identified asset. The base case assumes 100% realization of contracted student-room nights. It assumes no summer ADR premium and no improvement in transient occupancy. All figures are in U.S. dollars.

The model targets selected underperforming U.S. economy hotels near colleges or universities with documented demand for private-room housing. During the academic year, a portion of the rooms is contracted to students while a transient inventory stays on the market. In summer, the entire property reverts to conventional hotel operations. The 100-room property used throughout is hypothetical — a modeling example, nothing more.

1 | Market proposition: the gap between hotels and dorms

The demand already exists. American colleges and universities generate substantial need for student accommodation, yet the hotel and student-housing sectors still operate as separate categories. A hybrid product need not imitate the campus dormitory. It can compete on its own terms: privacy, furnished room quality, private bathroom access, flexibility and predictable service.

Not every college town qualifies. Priority markets combine five conditions: unmet or inconvenient student housing demand, an underperforming existing hotel, compatible zoning, convenient campus access, and a summer transient market. And one test is non-negotiable: student pricing must hold up against local off-campus housing on an all-in, per-person basis.

Three customers, one building

- Students: a private furnished room and private bath, utilities and Wi-Fi, complimentary monthly cleaning, secure access, and optional self-service laundry.
- Universities: contracted room blocks for students, visiting researchers, overflow housing and short-term academic programs — subject to institutional approval.
- Travelers: conventional hotel inventory all year, with full access to all 100 rooms in summer.

2 | Revenue model: contracts first, transient second

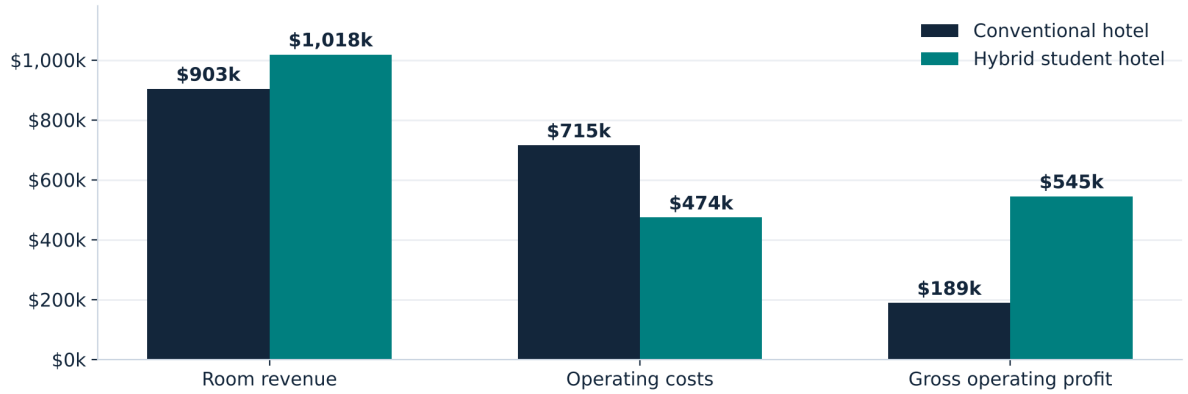


FIGURE 2 | Annual revenue, expense and GOP comparison for a 100-room property.

Segment / period	Calculation	Annual revenue
Students, 274-day term	80 rooms × 274 days × $30	$657,600
Transient, academic year	20 × 274 × 55% × $45	$135,630
Transient, summer	100 × 91 × 55% × $45	$225,225
Hybrid room revenue	Total	$1,018,455
Conventional comparison	100 × 365 × 55% × $45	$903,375

Advance contracting is the engine of the model. Management should open university block negotiations and direct student leasing well before the school year, set nonrefundable or refundable terms as the law permits, and run a transparent inventory release schedule. Executed student contracts establish a forward occupancy base. The remaining transient rooms are then priced by market forces — real-time demand and displacement value.

A caution on the transient side. A smaller pool may reduce the number of nightly reservations required, but it guarantees neither a higher ADR nor higher occupancy. Summer performance depends on local market demand — and on room readiness after the academic-year transition.

3 | Service model: a leaner operation by design

Student-season operating standards

- Complimentary monthly housekeeping for every occupied student room, backed by inspection and additional paid service where appropriate.
- Residents bring their own towels, bedding and toiletries; on-site coin/app laundry replaces routine hotel linen processing for student rooms.
- Digital-first check-in, billing, communication, maintenance tickets and access management. Adequately staffed emergency response stays mandatory.
- A dedicated resident agreement, clear conduct and guest policies, documented maintenance-response standards, and deposits and payment collection aligned with local law.

Summer operating standards

When academic contracts end, the changeover begins. Every room receives a scheduled inspection, repairs, turnover cleaning and a hotel-readiness check. Normal transient housekeeping, guest supplies, laundry, front-desk staffing and summer sales channels then resume. The model budgets $10,000 a year for transition and deep cleaning, separate from ongoing housekeeping and linen expense.

4 | The GOP forecast: where the $356,056 comes from

Annual P&L (USD)	Conventional	Hybrid
Room revenue	$903,375	$1,018,455
Labor and payroll burden	$271,013	$157,174
Franchise / loyalty / distribution	$198,743	$78,106
Guest supplies	$16,000	$1,500
Linen and laundry	$24,000	$1,000
Repairs and maintenance	$40,000	$30,000
Utilities	$90,000	$120,000
Administration and general	$45,000	$42,000
Information technology	$12,000	$24,000
Other marketing	$18,000	$10,000
Seasonal transition	—	$10,000
TOTAL OPERATING EXPENSE	$714,756	$473,780
GROSS OPERATING PROFIT	$188,619	$544,675
GOP MARGIN	20.9%	53.5%

Start with payroll. The hybrid budget sets labor at roughly 13% of academic-period revenue and 24% of summer revenue — $157,174 a year, or 15.4% of annual revenue. The conventional property runs payroll at 30% of revenue. The hybrid figure already carries monthly student housekeeping and full summer hotel operations.

Then distribution — the line where franchise economics bite hardest. The conventional property carries a combined franchise and guest-acquisition burden of 22% of room revenue. The hybrid pays 2% on student acquisition and collection, and 18% on transient bookings. All three rates are scenario inputs, not national benchmarks. The model also assumes the hybrid may operate without an ongoing hotel franchise.

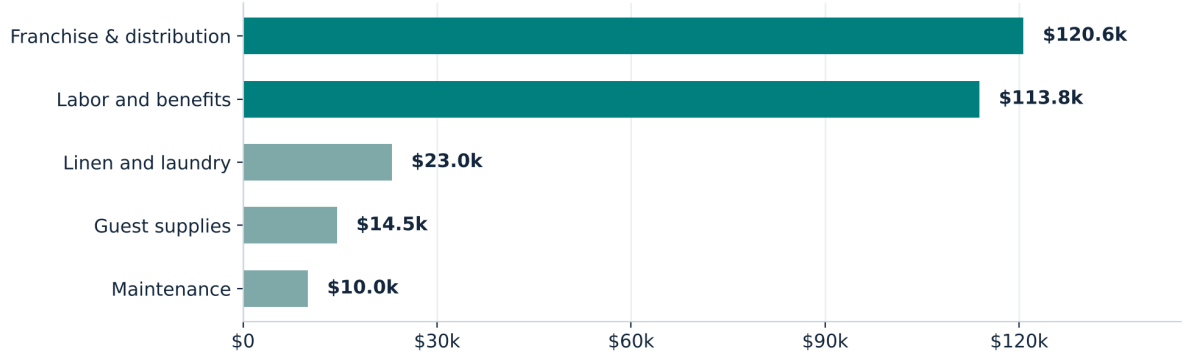


FIGURE 3 | Five major expense lines with lower modeled annual cost under the hybrid model.

5 | Underwriting sensitivity: what if students pay less?

Two variables carry this model: student demand and achievable rate. The sensitivity below stresses both — the effective student rate and the share of contracted student room-nights actually paid. Transient revenue and other modeled costs hold

constant, while the 2% student acquisition/collection charge scales with realized student revenue. Labor, bad debt and tenant turnover are not separately adjusted for lower realization.

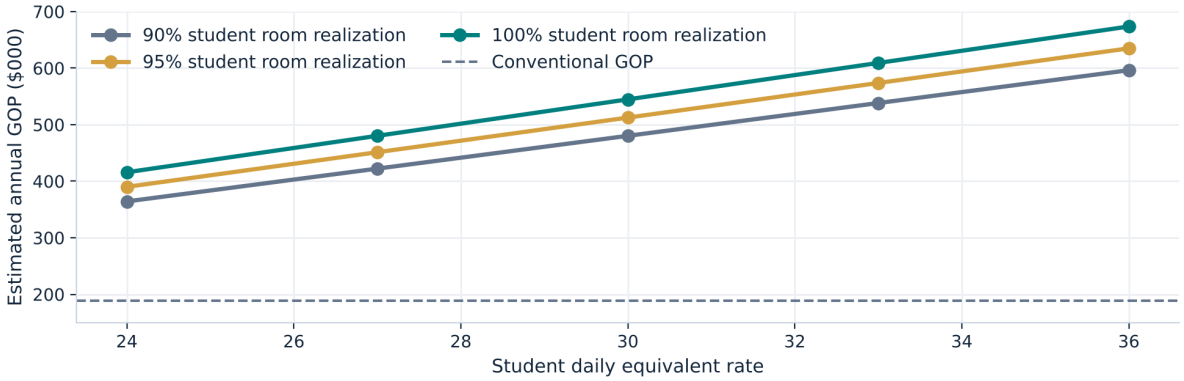


FIGURE 4 | Hybrid GOP sensitivity to student pricing and paid occupancy realization.

Core underwriting safeguards: four non-negotiables

- Demand proof of market pricing and a meaningful share of executed student contracts or enforceable university master leases before financing the conversion.
- Underwrite a downside case below 100% student realization. Count only contractual guarantees backed by creditworthy counterparties.
- Obtain summer booking curves and local ADR seasonality. Do not assume a summer premium.
- Validate every labor, housekeeping, utility, security and resident-support cost against a property-specific staffing plan.

6 | Legal, capital and risk: the fine print that decides the deal

A hybrid conversion is not a rate-plan change, and the regulatory exposure deserves respect. Long-term student occupancy may trigger residential tenancy protections, permitting and zoning requirements, fire and life-safety standards, accessibility obligations, licensing or taxes, and distinct insurance coverage. Student deposits must conform to applicable law. And the entire conversion must rest on a legally reliable process for returning rooms to hotel use every summer.

Brand affiliation and property-improvement-plan obligations must be reviewed before anyone projects capital savings. Dropping a franchise may sidestep future brand-standard renovation expense, but termination fees and mandatory code or asset-condition improvements can survive the exit. PIP avoidance is a capital consideration — not recurring GOP.

Lower litigation and maintenance costs are possible. They have not been established here as demonstrated outcomes. Before investment approval, obtain a property-level legal review, an insurance quotation, a physical-condition assessment and a conversion budget.

The bottom line: no conversion proceeds until the chosen structure and operating procedures are confirmed to comply fully with every applicable local ordinance, law and regulation governing tenancy, room-return rights, deposits, zoning, life safety and insurance. Treat compliance as a gating condition — on equal footing with demand validation and CapEx budgeting.

7 | Implementation: phase by phase, metric by metric

Phase	Primary decision / deliverable
1. Feasibility	University demand study, student rate survey, transit access, legal use review
3. Capital readiness	Life-safety audit, laundry capacity, access control, furnishing plan, summer turnover scope
5. Pilot operations	Track academic occupancy, paid room-nights, labor %, complaints, student retention, damage, GOPPAR

6. Summer conversion	Move-out compliance, inspections, deep cleaning, repairs, transient room release and pricing

Governance means watching the numbers that matter: paid student room-night realization, student acquisition cost, academic-year occupancy, transient contribution, labor as a percentage of total revenue, utility expense per occupied room, room-turnover cost, delinquency, resident incidents, monthly cleaning compliance, summer readiness days and GOPPAR.

8 | Investment conclusion: worth a controlled pilot

The verdict: the hybrid college inns is a defensible repositioning hypothesis for selected distressed or underperforming U.S. economy hotels. In the illustrative 100-room case, annual revenue climbs 12.7%, modeled operating expense falls 33.7%, and GOP rises from $188,619 to $544,675. That is strong enough to justify a controlled pilot. It is not an assured return — and it is not a replicable industry average.

Capital should move only where five conditions hold: (1) contracted demand is independently documented, (2) student pricing competes favorably with nearby accommodation, (3) academic-year and summer uses are legally compatible, (4) franchise exit and conversion costs are quantified, and (5) the GOP forecast survives conservative downside sensitivity. Skip any one, and the 53.5% margin stays on paper.

Methodology and source notes

Primary financial source: the operating assumptions supplied for this concept. Room revenue = rooms × days × achieved occupancy × ADR. Operating costs are illustrative line-item estimates, rounded to the nearest dollar. The conventional budget totals $714,756; the hybrid, $473,780. The figures exclude ancillary revenue, management fees, property taxes, insurance, FF&E reserve, rent, debt service and conversion capital outlays. In short, GOP here is neither owner cash flow nor NOI.

External references: CBRE Hotels Research, The Cost of Franchising – Core and Soft (Aug. 2025); CBRE Hotels Research, For Hotel Owners Loyalty Program Benefits and Costs Continue to Rise (Oct. 2025); Matthews Hotel Markets, Gross Operating Profit: definition (Oct. 2026). These sources inform classification and industry context — not the property-level forecast.

Publication note: an illustrative business plan for strategic discussion. No specific property, university partnership, occupancy guarantee, insurance coverage, regulatory approval or investment return has been verified.

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