

Inns and Bed & Breakfasts For Sale

March 2009

A snapshot of the Inn and B&B Real Estate market
researched and compiled by
Inngenium LLC
Lodging Management Consultants

Inns and Bed & Breakfasts For Sale - 2009

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Forward

From Jay Karen, President & CEO of PAII

Information is the necessary ingredient when making good decisions about anything in business. In the innkeeping industry, there is a movement towards getting more and better information, and Inngenium's *Inns and Bed & Breakfasts For Sale Study* is another brick in the road towards the goal of having plentiful data in our industry.

People aspiring to own a bed and breakfast are thirsty for knowledge. This study helps quench the thirst by giving a comprehensive peek into the prices innkeepers around the country are asking with regards to selling prices. It is a great start in your journey to purchasing an inn that makes sense for aspiring innkeepers. Veteran innkeepers should have an understanding of what the right price might be for their inn and should the day come when they decide to sell, the *Inns and Bed & Breakfasts For Sale Study* can serve as a good benchmarking tool for that. This year, Inngenium has added some data on sale prices, which will allow for an interesting comparison between asking and actual prices.

I have the good fortune of speaking at various conferences of innkeepers and aspiring innkeepers all around the country. In my "state of the industry" speeches, I often provide a snapshot of the data inside this study that is relevant to the innkeepers in the state I'm visiting. Innkeepers and those who serve the innkeeping industry are very interested in hearing these kinds of stats. Thank you to Hilary Jones at Inngenium for contributing to the library of knowledge in our industry.

Jay Karen
President & CEO
Professional Association of Innkeepers International
www.paii.org

About Inngenium

Inngenium was founded in 2001, to offer specialized research capabilities, strategic and business planning services to the small lodging industry, specifically Bed and Breakfasts and Country Inns. Its main focus is on helping aspiring and current innkeepers develop comprehensive business plans to start or expand their businesses. The firm's experience extends over 25 years in the hospitality industry, across 3 continents, and with clients ranging from small, family run bed and breakfasts to large, corporate hotels. Contact us at www.inngenium.com or (207) 221-5635.



About The Study

First compiled in 2005 and fully published in 2006, the Inns and Bed and Breakfasts for Sale Study is the only complete, nationwide study of its kind in the industry. It was initially created to fulfill a need for statistical research to help brokers, consultants, current and aspiring innkeepers in the analysis and comparison of inns and bed and breakfasts being scrutinized for purchase, as well as providing background material in the production of marketing and business plans.

Like its predecessors, the 5th edition of the Inns and Bed & Breakfasts for Sale Study provides a snapshot of the market as taken during the first two months of the calendar year. The Study's results are compiled during March and have been published for the past four years during the Professional Association of Innkeepers International (PAII) annual conference.

For the first time this year, the Study delves deeper into the sales cycle and includes actual sales data for a sub-set of properties sold during 2008. Over 60 brokers from across the nation were asked to participate in the data collection, with over a third responding to our call for information. The comparisons between asking prices and selling prices in the jurisdictions where data was obtained have proved enlightening, especially in the difficult market and down sliding economy of the past year.

The research team at Inngenium LLC wishes to thank the following for their generous support of, and contributions to, the 2009 Inns and Bed & Breakfasts for Sale Study.

Sponsor:

"The B&B Team® is a full service inn consulting and brokerage firm that has been meeting the needs of the innkeeping industry since 1993. With offices in Virginia and Maine, The B&B Team offers seasoned advice to current and future innkeepers with the mission of helping their clients reach their personal and financial goals in the boutique lodging industry. We are pleased to be part of Inngenium's annual Inns For Sale Study."



Contact:

Peter Scherman (Virginia) scherman@bbteam.com (434) 286-4600

Rick Wolf (Maine) rick@bbteam.com (207) 967-1995

www.bbteam.com

Contributors:

California:

Greg Koert
Palmer Koert Company
greg_koert@yahoo.com
(530) 274-0337

California:

Michael Yovino-Young
Yovino-Young Valuation Consultants
myovino-young@yovino.com
(510) 548-1210

Florida:

Jeanette Moore
JM Properties
JM@BnBs4Sale.com
(904) 814-2600

Maine:

Kim Swan
The Swan Agency
kim@swanagency.com
(207) 288-5818

Maine:

Nicholas Wharton
Prudential Northeast Properties
Lodging Division
nick@lodgingspecialists.com
(207) 236-7300

Nationwide:

Bill Oates
Inn Consulting Partners
bill@innpartners.com
802-257-2360

New Hampshire:

David Cianciolo
Badger Realty
david@badgerrealty.com
(603) 356-5757

Pennsylvania

Eliot Dalton
Inn Sales Specialist and Consultant
eliot@eliotdalton.com
(610) 717-8083

Vermont:

Gary Gosselin
The Hearthside Group
gary.gosselin@myfairpoint.net
(802) 863-2150

Vermont:

Barbara Walowit
Barbara Walowit Realty Inc.
bwalowit@sover.net
(802) 464-5079

Virginia/Maine:

Peter Scherman
The B&B Team, Inc
scherman@bbteam.com
(434) 286-4600

Virginia:

Pete Holladay
TMG Inc. – Virginia Inn Brokers
tmg@virginiainnbroker.com
(540) 463-6688

What it is

The Study is written first and foremost to be the definitive price guide to B&Bs and Inns for sale in the United States. It is also designed as an information source to help those with an associated interest in the B&B property market, such as business planners, marketers, real estate professionals and appraisers. The intention of the Study is to show how asking prices compare across the country, by region and by state, and thereafter interpret the trends which develop over time. This year's Study also analyzes the first set of post-sales data, collected with the ultimate goal of drawing comparisons and determining possible trends between what is being asked for on the open market and what is actually being realized at time of transfer. One of the best uses of the Study is as a measure of these trends, and comparable numbers from past years are included where they are available.

What it's not

The Study does not profess at this time to offer reliable valuation metrics and should not be used as a determination of any particular inn's market *value* (as differentiated from price). The figures reported within, such as the average price per room, should only be used as a reference factor and not as the sole definitive yardstick to measure one inn's value against another during a comparative analysis. The only way to accurately assess an inn's true market value is through a formal appraisal by a licensed appraiser, or in consultation with an experienced broker or consultant with knowledge of both the small lodging property market and local area real estate conditions.

It should also be understood that real estate markets fluctuate, and that inn sales continue to be active. Whereas it can take a year or more for an inn or B&B to sell, what is represented in the Study at the time of publication is not necessarily what will be so at another point in time. Additionally, although the Study samples are large, approaching what we believe is the total population in some instances, the numbers of inns reflected in any series of data (e.g. those for sale) may not necessarily include every inn or B&B in that particular location or group.

Methodology

Data is compiled from researching the most popular and easily found databases of inns and bed and breakfasts for sale on the internet, and from individual broker sources nationwide. There was a notable increase in the number of websites advertising inns for sale this year, some of which were found to contain old and inaccurate information. This made it more difficult and time-consuming to ensure that the categories used in the research were mutually exclusive and exhaustive, meaning that every member in the sample must appear in one of the categories, but only in one (e.g. they were either for sale or they weren't). The results are therefore seen as a definitive representation of how the market stands at the point when the research is complete. Like last year, we believe an error factor in the 6 – 8% range is probable, to

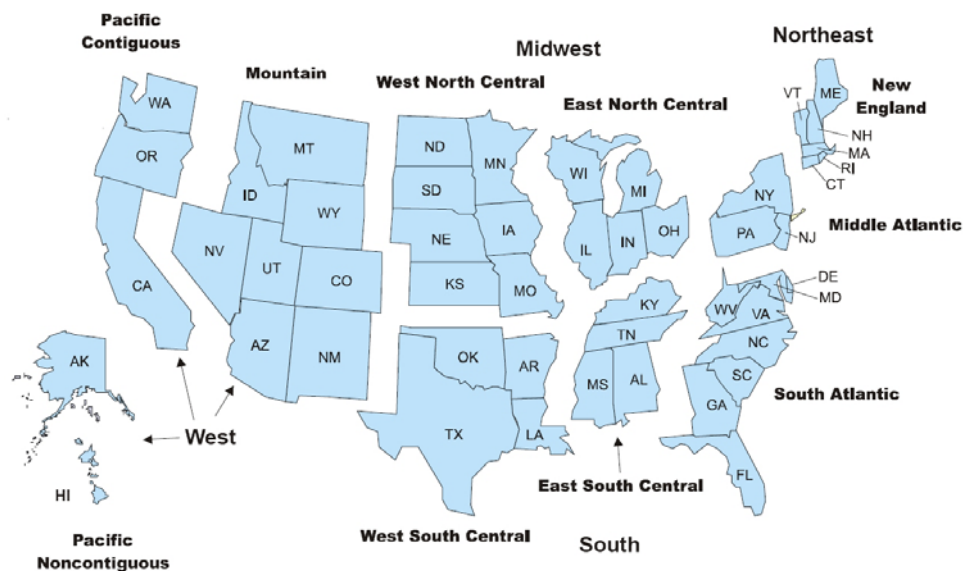
Like last year, an error factor in the 6 – 8% range is probable, to account for factors such as properties not being listed publicly, or being marketed solely as residential real estate, the latter of which was found to be more prevalent this year, especially among the smaller properties.

account for factors such as properties not being listed publicly, or being marketed solely as residential real estate, the latter of which was found to be more prevalent this year, especially among the smaller properties.

As the Study is designed to be a snapshot of inns and B&Bs for sale that are currently “going concerns” (whether classed as lifestyle or investment grade businesses), it specifically excludes advertised properties in the following categories:

- Private homes listed and classed as “potential”;
- Former B&Bs and inns that have been private homes for more than a year;
- Foreclosed inns and B&Bs, unless still operating under a management contract. Two of these were included.

Study data is shown for inns and B&Bs for sale in the United States in total, then for each region and State where there was data to include. Regions are divided along U.S. Census divisions with two exceptions. Arizona and New Mexico are separated from the Mountain region and reported as the South West; Virginia, West Virginia, Maryland, Delaware and District of Columbia join their neighbors in the Mid Atlantic region.



The reallocations are made mostly to account for inn buyers’ perceptions (inns in Arizona and New Mexico, for example, show a wide variance in terms of desirability and often price range, from inns in other Mountain region states) and/or to group inns that are closer characteristically. The re-division also helps statistically in lowering the standard deviation of the affected data sets, meaning that any single property’s asking price is nearer to the average for that region, thus making the average price more representative. Inns in the Pacific region are kept as a group because although they show disparities in terms of climate and distance from each other, properties on the West Coast are mostly in highly desirable locations and with

a few exceptions, fall into a similar price range. Reallocating the northern five states from the South Atlantic region to the Mid Atlantic follows the accepted demarcation line within the industry, and helps to more evenly distribute the high concentration of advertised inns for sale on the eastern seaboard.

2009 Report Findings

Data Sources

As one of the aims of the Inns and Bed & Breakfasts for Sale Study has always been to use data that is readily available to the average person with limited research capabilities, the 5th edition of the Study again concentrated in collection from major industry websites and sources that routinely list commercial property for sale. These sources included but were not limited to:

- BBOonline.com
- Bedandbreakfast.com
- Bedandbreakfastforsale.com
- Innshopper.com
- Loopnet.com
- BnBfinder.com

Research was carried out during February and March 2009 and produced a total of 990 inns and bed and breakfasts for sale with 2 or more rooms, an increase on 2008 of 6.4%. Of the properties included in last year's Study, 441 dropped for 2009, although the percentage of these verifiably sold was small (18%). A staggering 500 new properties were found to replace them however, the largest increase so far using these data sources.

As in 2008, BBOonline.com was the most popular place to list a property for sale with 377 listings at the time of research. It was followed by bedandbreakfast.com (228), bedandbreakfastforsale.com (134) and innshopper.com (120). Contrary to last year's report, the vast majority of inns and B&Bs for sale were found to have listings on only one of the top sites (59.2%). Of these, 39% preferred BBOonline and 19% preferred bedandbreakfast.com, with the other sites all attracting around 7% of the remainder. 18% of inns and B&Bs for sale were found to be listed solely by their brokers or on other local and regional sites. As you might imagine, these properties are somewhat harder to find and therefore less visible to those looking to buy.

Post Sales Statistics

For the first time in the Study's history, a closer look was taken at the inns and B&Bs that had dropped from the main research lists. In prior years, it's simply been assumed that these properties have either sold, or been removed from the market for some other reason, but no further investigation has been carried out to determine what might have happened to them. This year, any property from a prior year that

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wasn't found during the main data collection process, was researched further and placed into one of the following 6 categories, based on the information found:

- **Foreclosed.** The property is either under foreclosure or was foreclosed upon recently. This category was assigned only where the foreclosure was clearly stated.
- **No Longer Operating (NLO).** Evidence conclusively points to the business being permanently closed. The property may well have been sold as a private residence or it may still be with the original owners, but this can't be determined.
- **Off Market.** The property is still operational under clearly the same owners as in past years. No evidence can be found that the property is listed for sale as an inn or B&B, either on the commercial or residential MLS (multiple listing service).
- **Sold.** The property was transferred as a lodging business and verified as sold via a broker's report or through information on the inn's own website.
- **Sold as Residence (SOLDR).** The property was sold as something other than an inn and the sale verified through a broker's report or other means.
- **Undetermined.** Unlike those categorized as Off Market, evidence suggests that the property *may* have transferred, however this can't be easily confirmed within the confines of the research parameters,

As part of this new exercise, we also attempted to collect actual sales data in response to an industry request to develop statistics across the complete sales cycle. The goal for this year was to show at least basic comparisons with the pre-sales data already gathered.

Over 60 inn brokers and consultants from across the nation were surveyed, chosen because of the number of active and past listings attributed to them in the Study over the years. All were asked if they would contribute information on their inn and B&B sales during 2008. As expected, many had nothing to report except to tell us that although interest is still there in several markets, potential buyers are either sitting on the sidelines biding their time, or attempting to raise capital and secure loans.

Where post-sales data was available for publishing, without compromising the confidentiality of specific inns, it has been included in the national, state and regional assessments. When available, GRM figures (Gross Revenue Multiplier) are given as a range. It should be noted that this metric is generally only significant when valuing an investment grade property (i.e. one that includes a sustainable business) rather than a lifestyle property where much, if not all of the value, is real-estate based.

National Statistics

Unsurprisingly, given the economic conditions in the latter half of 2008, there were many more inns and B&Bs for sale under \$400,000 than found in previous years. However, the downward trend at the bottom end of the market was not universal

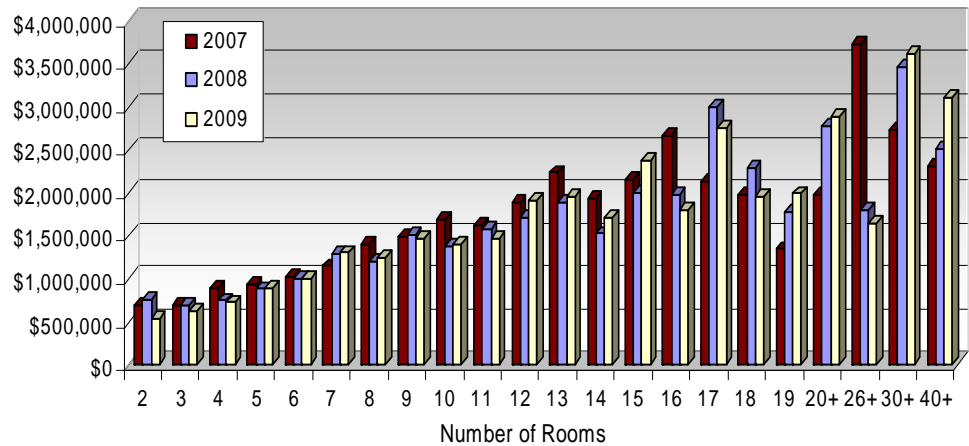
across the entire sample, and only created a wider spread of prices rather than demonstrated any specific decline in values.

Remarkably, the general statistics show that average asking prices for inns and B&Bs are rising, up from last year by a factor of 0.7% nationally across all classes, 1.5% in the 5 – 10 room class and 10.9% in the 12 – 15 room class. Prices did however drop for larger inns (17 – 40 rooms) by almost 2%.

The least expensive property found in the 2009 Study was in Arizona (\$120,000, 3 rooms). Although *not* a bank sale, this property seems to be an anomaly as B&Bs at this price level in that state, indeed anywhere, are extremely rare. Overall, the Midwest is still the most affordable part of the country in which to purchase an inn, with more than a dozen properties showing up this year under \$275,000. The highest priced inns and B&Bs are still to be found in states which traditionally have high real estate values, despite the heaviest declines in those values over the past year: Florida, New Jersey, California and Hawaii. The most expensive property included this year is a 22 room B&B (no restaurant) for sale in California for \$9M.

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National Average Price Of Inns



The average price of an inn or B&B in the 5 – 10 room class was calculated to be \$1.2M, up 1.5% from last year but still lower than the price seen at the same time in 2007. The average price of an inn in the 12 – 15 room class was \$1.9M, up 10.9% from 2008.

Average Price vs. Median Price

Many of the data sets this year contained one or two very large (or very small) values creating a situation where the average price was becoming heavily skewed and thus unrepresentative. The Median (or mid-point) value was therefore calculated for all regions and states where it was deemed more accurate, and shown alongside the average values for comparison. It is expected that in the future, median values will become the norm for statistical analysis in this Study. Average values were still

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considered to be relevant where the data set represented the number of rooms at a property.

# Rms	# Inns for Sale			Average Price per Inn/B&B			Average Price per Room		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
2	11	14	11	\$538,709	\$757,779	\$699,264	\$269,355	\$378,890	\$349,632
3	75	73	51	\$635,039	\$683,940	\$689,555	\$211,680	\$227,980	\$229,852
4	134	122	99	\$726,006	\$748,232	\$890,608	\$181,502	\$187,058	\$222,652
5	186	178	143	\$892,909	\$881,028	\$932,114	\$178,582	\$176,206	\$186,423
6	124	109	85	\$1,003,622	\$997,043	\$1,022,325	\$167,270	\$166,174	\$170,388
7	82	89	68	\$1,303,302	\$1,296,182	\$1,148,143	\$186,186	\$185,169	\$164,020
8	73	64	59	\$1,252,645	\$1,197,436	\$1,396,057	\$156,581	\$149,680	\$174,507
9	52	40	34	\$1,477,033	\$1,518,898	\$1,484,726	\$164,115	\$168,766	\$164,970
10	65	60	45	\$1,408,315	\$1,378,315	\$1,687,153	\$140,832	\$137,832	\$168,715
11	28	22	23	\$1,460,107	\$1,569,909	\$1,629,739	\$132,737	\$142,719	\$148,158
12	28	34	24	\$1,907,704	\$1,719,729	\$1,894,917	\$158,975	\$143,311	\$157,910
13	19	12	9	\$1,953,842	\$1,897,417	\$2,231,667	\$150,296	\$145,955	\$171,667
14	19	19	17	\$1,707,368	\$1,522,526	\$1,940,412	\$121,955	\$108,752	\$138,601
15	9	10	11	\$2,370,556	\$1,997,900	\$2,164,000	\$158,037	\$133,193	\$144,267
16	12	10	8	\$1,792,908	\$1,969,800	\$2,655,750	\$112,057	\$123,113	\$165,984
17	9	16	8	\$2,747,222	\$2,988,688	\$2,128,125	\$161,601	\$175,805	\$125,184
18	8	8	10	\$1,965,000	\$2,292,375	\$1,980,000	\$109,167	\$127,354	\$110,000
19	4	4	2	\$1,990,000	\$1,776,250	\$1,347,500	\$104,737	\$93,487	\$70,921
20+	29	29	16	\$2,882,790	\$2,770,068	\$1,976,188	\$129,389	\$122,353	\$89,582
26+	9	10	6	\$1,655,225	\$1,804,990	\$3,720,000	\$61,808	\$65,876	\$136,114
30+	10	5	6	\$3,611,000	\$3,465,000	\$2,724,167	\$110,091	\$99,712	\$81,733
40+	4	3	4	\$3,100,000	\$2,500,000	\$2,313,750	\$72,515	\$59,060	\$53,190
	990	931	739						

Number of inns for sale 2009:
990

Asking price range:
\$120,000 (3 rooms, Arizona) to \$9M (22 rooms, California)

Average price:
\$1,222,377

Median price:
\$895,000

Price range with highest % of inns:
\$750K - \$1M (21.4%)

Average/Median price 5 - 10 rooms:
\$1,129,193/
\$895,000

Average/Median price 12 - 15 rooms:
\$1,924,183/
\$1,600,000

Inns on the market from 2008:
444 (48.0%)

Inns on the market from 2007:
208 (28.0%)

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 1

No longer operating (NLO): 91

Off Market: 148

Sold: 76

Sold as Residence: 6

Undetermined: 119

Aggregated Post-Sales Data:

Sample Size: 35

Av. # rooms: 11

Av. asking price: \$1,792,451

Av. transfer price: \$1,533,111

% transfer of asking price: 85.5%

Median # rooms: 10

Median asking price: \$1,300,000

Median transfer price: \$1,200,000

% transfer of asking price: 92.3%

Rev/Room Range (B&B only): \$5,250 - \$37,961

Rev/Room Range (Other): \$10,941 - \$94,364

GRM: 2.1 - 17.1

Comparisons with 2008

Length of time on market

With a deep seated recession now firmly in place, longer selling cycles are now the norm with 48% (444) of the properties on the 2008 Study, and 28% (208) of the properties on the 2007 Study, still advertised for sale during the same period in 2009. These percentages are up from last year from 43.6% and 24.2% respectively. Overall, including the large number of properties new to the Study this year, 21% of inns and B&Bs found at the time of this research have been on the market for two or more years and 5% have been there for three or more.

What does this mean? Well for now, buyers should expect to have more bargaining power as the pool of available properties increases and gets older, and sellers should expect to have to hold onto their inns for longer than in the past. Obviously there are exceptions. Of the post-sales data received, 6 inns did not match with any on the last Study, implying that those properties were listed and transferred between March and December 2008, i.e. within the year. As more actual sales data is able to be collected in the future, we expect to be able to track the length of time on market with better accuracy.

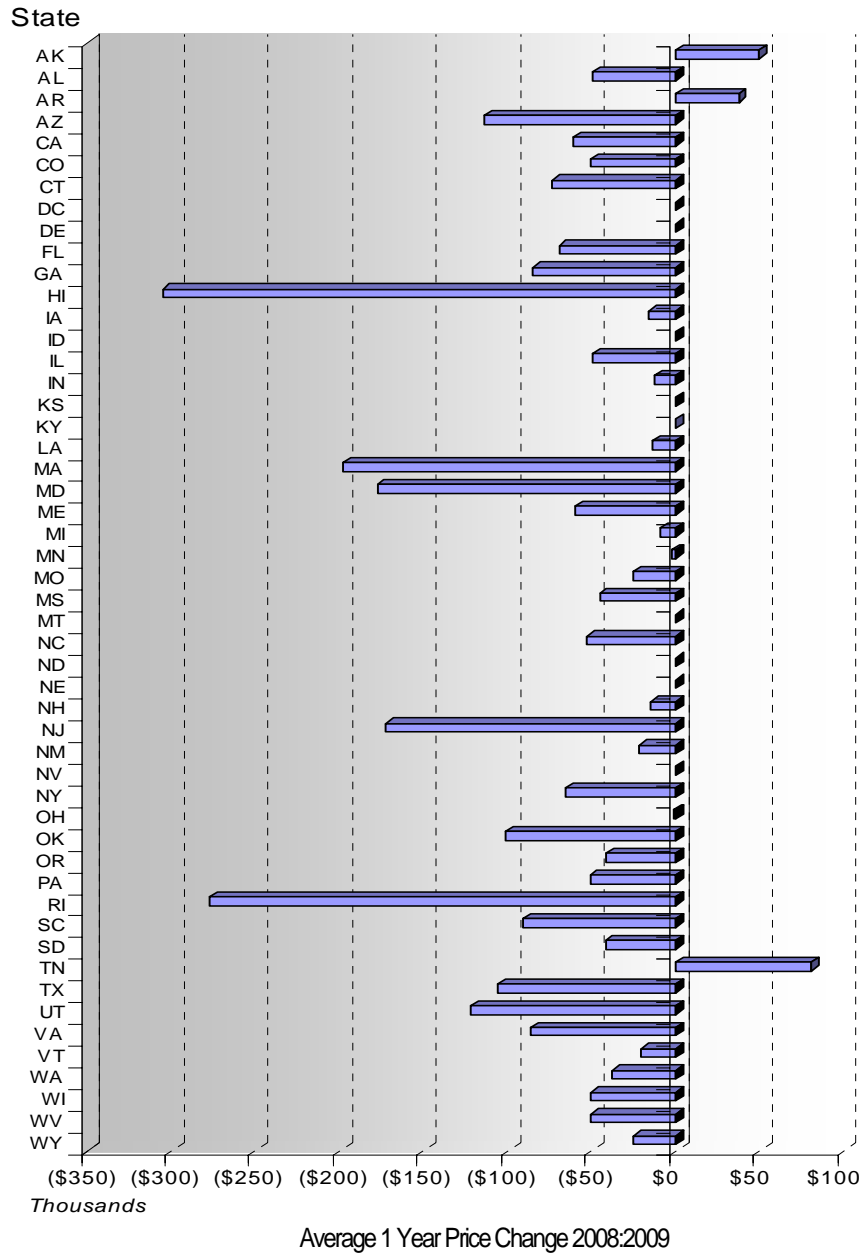
Representation

Trying to sell your own inn is still a popular option, and as in previous studies, over a third of inns and B&Bs are For Sale By Owner (FSBO). Although many of these are located in areas not well served by an industry real estate specialist, nearly half are located in states where professional representation is available, such as North Carolina, Florida and Colorado.

It's unclear whether inns and B&Bs listed with a major real estate company stay on the market for a shorter time than those without professional representation. However, 38% of the inns and B&Bs reported in 2007 and still listed in 2009 are FSBO properties. Of inns that were verifiably sold during 2008, just 13 out of 82 (15.9%) were FSBO transactions.

Asking Prices

Properties still for sale one year on fall into all classes from 2 rooms up to 43 rooms. Asking prices range from \$150,000 to \$8M. Despite falling real estate values, a glut of inns for sale and a buyers market, a number of property owners decided that for whatever reasons, their inns are worth more than in prior years. 37 properties are for sale at more than their 2008 asking price by an average of \$246,652 or 21.1%, a greater amount even than that seen from 2007 to 2008 (18.8%). On the flip side, 174 inns are less expensive by an average \$197,113 (14.3%). The most popular amount by which to increase or decrease a price was \$50,000. 233 inn owners made no change from last year.



37 properties are for sale at more than their 2008 asking price by an average of \$246,652 or 21.1%

... the upper end of the market (more than \$3M) is still moving and inns in this category are finding buyers despite wider credit and funding issues.

Properties above \$3M

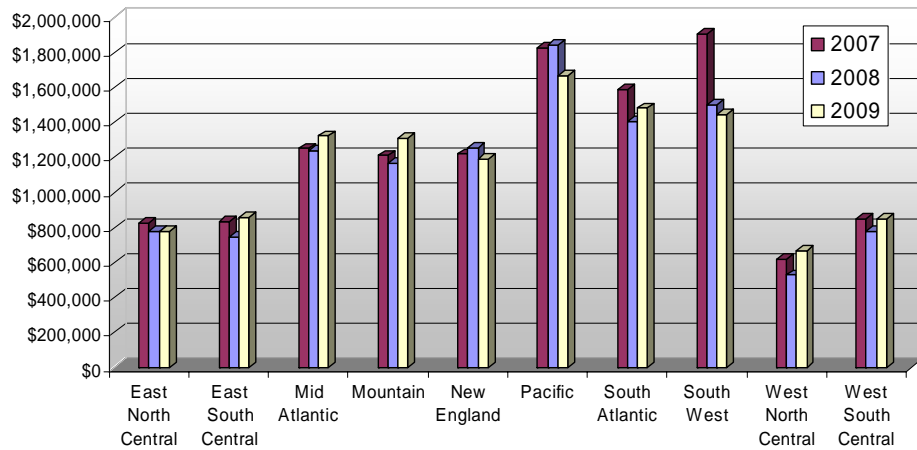
18 of the inns priced at \$3M or higher remain on the market from last year. Two reduced their price in 2008 sufficiently to be dropped from the class and of the remainder, 7 are still for sale from 2007 and 2 from 2006. 23 inns were either sold or removed from the market during 2008, a total of 48%. As seen last year, this suggests that the upper end of the market is still moving and inns in this class are finding buyers despite wider credit and funding issues. Eight inns reduced their asking prices, 4 increased them (two substantially - more than \$1M), and 4 remained the same.

Regional Statistics

The country was divided into regions along U.S. Census divisions with exceptions as described earlier.

As expected, the Pacific region again showed the highest average and median asking prices, with the South Atlantic and the South West in second and third positions. Surprisingly, despite some speculation in the industry that asking prices are dropping as real estate values fall and sellers and their brokers adjust to a smaller and generally less enabled pool of buyers, only the New England, Pacific and South West regions actually showed this. In every other region, except East North Central which remained static, average asking prices actually *increased*, between 5.4% and 26.3%. The most affordable region in which to look for a B&B or inn is still the West North Central (the Dakotas, Nebraska, Kansas, Minnesota, Iowa and Missouri) where the highest percentage of properties for sale are listed under \$500K.

Regional Average Asking Price per Inn



Region	Median Price	Average Price		
		2009	2008	% Change
East North Central	\$599,000	\$779,878	\$779,505	0.0%
East South Central	\$710,000	\$855,543	\$747,774	14.4%
Mid Atlantic	\$1,087,500	\$1,321,725	\$1,238,759	6.7%
Mountain	\$887,000	\$1,311,363	\$1,164,953	12.6%
New England	\$890,000	\$1,190,006	\$1,255,236	-5.2%
Pacific	\$1,300,000	\$1,665,969	\$1,843,011	-9.6%
South Atlantic	\$1,024,000	\$1,481,039	\$1,404,990	5.4%
South West	\$1,187,500	\$1,443,869	\$1,501,074	-3.8%
West North Central	\$514,000	\$664,723	\$526,463	26.3%
West South Central	\$550,000	\$846,559	\$779,646	8.6%

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Pacific

States represented:

Hawaii, Alaska, Washington, Oregon, California

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	2	3	\$907,500	\$1,436,667	\$453,750	\$718,334
3	12	11	\$906,833	\$1,062,091	\$302,278	\$354,030
4	18	12	\$1,074,161	\$1,190,325	\$268,540	\$297,581
5	20	22	\$1,387,770	\$1,462,523	\$277,554	\$292,505
6	20	11	\$1,385,685	\$1,431,354	\$230,948	\$238,559
7	12	10	\$1,868,417	\$1,926,200	\$266,917	\$275,171
8	6	7	\$1,681,500	\$1,573,000	\$210,188	\$196,625
9	3	1	\$2,653,000	\$1,995,000	\$294,778	\$221,667
10	9	13	\$1,524,778	\$1,950,692	\$152,478	\$195,069
11	6	3	\$1,590,833	\$2,258,333	\$144,621	\$205,303
12	5	5	\$2,160,000	\$2,685,000	\$180,000	\$223,750
13	1		\$2,490,000		\$191,538	
14	2		\$1,437,500		\$102,679	
15	1	2	\$5,500,000	\$3,850,000	\$366,667	\$256,667
16	1	1	\$1,925,000	\$3,000,000	\$120,313	\$187,500
17	3	4	\$3,616,667	\$3,800,000	\$212,745	\$223,529
18		2		\$2,495,000		\$138,611
19						
20+	6	6	\$3,731,500	\$3,291,667	\$169,614	\$142,127
26+	3		\$2,441,667		\$91,792	
30+		1		\$2,950,000		\$81,944
40+	1	1	\$2,850,000	\$3,400,000	\$67,857	\$80,952
	131	115				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

Sold: 4

No longer operating (NLO): 7

Sold as Residence: 0

Off Market: 23

Undetermined: 20

Aggregated Post-Sales Data:

Sample Size: 1

Av. # Rooms: Insufficient Data

Median # rooms: Insufficient Data

Av. asking price: Insufficient Data

Median asking price: Insufficient Data

Av. transfer price: Insufficient Data

Median transfer price: Insufficient Data

% transfer of asking price: 97.4%

% transfer of asking price: 97.4%

Rev/Room Range (B&B only): Insufficient Data

Rev/Room Range (Other): Insufficient Data

GRM Range: Insufficient Data

Number of inns for sale 2009:

131

Asking price range:

\$449,900 (6 rooms, Washington) to \$9M (22 rooms, California)

Average price:

\$1,665,969

Median price:

\$1,300,000

Price range with highest % of inns:

\$1M - \$1.5M

(21.4%)

Average/Median

price 5 - 10 rooms:

\$1,566,587/

\$1,422,000

Average/Median

price 12 - 15 rooms:

\$2,407,222/

\$1,900,000

Inns on the

market from 2008:

56 (42.7%)

Inns on the

market from 2007:

18 (13.7%)

Mountain

States represented:

Montana, Idaho, Wyoming, Nevada, Utah, Colorado

	# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
		2009	2008	2009	2008	2009	2008
<i>Number of inns for sale 2009:</i>	2						
56	3	4	2	\$524,725	\$634,500	\$174,908	\$211,500
	4	10	7	\$762,850	\$832,786	\$190,713	\$208,197
<i>Asking price range:</i>	5	12	13	\$1,239,250	\$1,036,062	\$247,850	\$207,212
<i>\$325,000 (3 rooms,</i>	6	3	6	\$494,000	\$872,833	\$82,333	\$145,472
<i>Wyoming) to \$4.3M</i>	7	3	8	\$1,196,333	\$1,344,875	\$170,905	\$192,125
<i>(5 rooms, Colorado)</i>	8	6	3	\$1,434,833	\$696,667	\$179,354	\$87,083
	9	3	3	\$1,423,000	\$1,456,333	\$158,111	\$161,815
<i>Average price:</i>	10	4	6	\$1,848,750	\$1,474,167	\$184,875	\$147,417
<i>\$1,311,363</i>	11	2	1	\$1,899,500	\$1,390,000	\$172,682	\$126,364
	12	1	4	\$1,500,000	\$1,585,000	\$125,000	\$132,083
<i>Median price:</i>	13	2	1	\$2,550,000	\$1,450,000	\$196,154	\$111,538
<i>\$887,000</i>	14	2	1	\$2,500,000	\$1,500,000	\$178,571	\$107,143
	15		3		\$1,866,667		\$124,444
	16						
<i>Price range with highest % of inns:</i>	17		1		\$1,250,000		\$73,529
<i>\$500K - \$750K</i>	18	2		\$2,647,500		\$147,083	
<i>(21.4%)</i>	19	1		\$2,200,000		\$115,789	
	20+			\$0		\$0	
<i>Average/Median price</i>	26+	1	1	\$499,900	\$499,900	\$18,515	\$18,515
<i>5 – 10 rooms:</i>	30+						
<i>\$1,297,258/\$899,000</i>	40+						
		56	60				

*Average/Median price
12 – 15 rooms:
\$2,340,000/
\$1,500,000*

*# Inns on the market
from 2008:
21 (37.5%)*

*# Inns on the market
from 2007:
7 (12.5%)*

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

No longer operating (NLO): 2

Off Market: 13

Sold: 8

Sold as Residence: 1

Undetermined: 9

Aggregated Post-Sales Data:

Sample Size: 0

Av. # Rooms: No Data

Av. asking price: No Data

Av. transfer price: No Data

% transfer of asking price: No Data

Median # rooms: No Data

Median asking price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

South West

States represented:

Arizona, New Mexico

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2						
3	2	4	\$279,950	\$956,225	\$93,317	\$318,742
4	4	8	\$897,475	\$1,099,250	\$224,369	\$274,813
5	5	8	\$1,498,200	\$995,500	\$299,640	\$199,100
6	4	3	\$1,635,000	\$1,465,000	\$272,500	\$244,167
7	2	5	\$1,772,500	\$2,247,000	\$253,214	\$321,000
8						
9	4	2	\$1,354,500	\$1,492,450	\$150,500	\$165,828
10	1	1	\$1,470,000	\$1,470,000	\$147,000	\$147,000
11	2	2	\$895,000	\$2,347,500	\$81,364	\$213,409
12	1	1	\$1,175,000	\$800,000	\$97,917	\$66,667
13	2		\$2,050,000		\$157,692	
14	3	2	\$2,716,667	\$2,874,500	\$194,048	\$205,321
15						
16	1	1	\$625,000	\$3,379,000	\$39,063	\$211,188
17						
18						
19						
20+	1	1	\$1,750,000	\$1,750,000	\$72,917	\$72,917
26+						
30+						
40+						
	32	38				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

Sold: 3

No longer operating (NLO): 0

Sold as Residence: 0

Off Market: 1

Undetermined: 16

Aggregated Post-Sales Data:

Sample Size: 0

Av. # Rooms: No Data

Median # rooms: No Data

Av. asking price: No Data

Median asking price: No Data

Av. transfer price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

Number of inns for sale 2009:

32

Asking price range:

\$120,000 (3 rooms, Arizona) to \$3.4M

(14 rooms, Arizona)

Average price:

\$1,443,869

Median price:

\$1,187,500

Price range with highest % of inns:

\$750K - \$1M

(28.1%)

Average/Median price 5 - 10 rooms:

\$1,529,000/

\$1,347,000

Average/Median price 12 - 15 rooms:

\$2,237,500/

\$2,325,000

Inns on the market from 2008:

15 (43.8%)

Inns on the market from 2007:

8 (25.3%)

West North Central

States represented:

North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri

Number of inns for sale 2009:
47

Asking price range: \$169,900 (3 rooms, Iowa) to \$2.3M (5 rooms, Minnesota)

Average price: \$664,723

Median price: \$514,000

Price range with highest % of inns: Under \$500K (51.1%)

Average/Median price 5 – 10 rooms: \$761,385/\$649,000

Average/Median price 12 – 15 rooms: \$1,194,500/\$1,194,500

Inns on the market from 2008: 21 (44.7%)

Inns on the market from 2007: 18 (38.3%)

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	1	1	\$475,000	\$297,500	\$237,500	\$148,750
3	4	4	\$380,475	\$293,950	\$126,825	\$97,983
4	13	7	\$461,415	\$399,418	\$115,354	\$99,855
5	10	11	\$742,323	\$631,627	\$148,465	\$126,325
6	3	3	\$617,667	\$493,333	\$102,945	\$82,222
7	5	6	\$629,000	\$886,500	\$89,857	\$126,643
8	3	2	\$1,365,000	\$1,124,500	\$170,625	\$140,563
9	4	5	\$580,963	\$615,600	\$64,551	\$68,400
10	1	1	\$975,000	\$935,000	\$97,500	\$93,500
11	1	2	\$965,000	\$1,057,500	\$87,727	\$96,136
12	1	1	\$889,000	\$1,100,000	\$74,083	\$91,667
13		1		\$450,000		\$34,615
14						
15	1		\$1,500,000		\$100,000	
16						
17						
18						
19						
20+						
26+						
30+						
40+						
	47	44				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

Sold: 0

No longer operating (NLO): 5

Sold as Residence: 0

Off Market: 11

Undetermined: 6

Aggregated Post-Sales Data:

Sample Size: 0

Av. # Rooms: No Data

Median # rooms: No Data

Av. asking price: No Data

Median asking price: No Data

Av. transfer price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

East North Central

States represented:

Wisconsin, Illinois, Indiana, Michigan, Ohio

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	2	2	\$489,000	\$822,500	\$244,500	\$411,250
3	12	7	\$410,233	\$465,986	\$136,744	\$155,329
4	17	18	\$542,626	\$494,694	\$135,657	\$123,674
5	30	20	\$536,077	\$607,770	\$107,215	\$121,554
6	11	11	\$761,718	\$610,255	\$126,953	\$101,709
7	9	8	\$938,233	\$1,014,225	\$134,033	\$144,889
8	9	8	\$1,171,500	\$894,800	\$146,438	\$111,850
9	5	2	\$1,417,975	\$2,465,000	\$157,553	\$273,889
10	9	9	\$803,656	\$704,767	\$80,366	\$70,477
11		1		\$634,000		\$57,636
12	4	5	\$1,549,975	\$1,183,560	\$129,165	\$98,630
13						
14	1	1	\$2,200,000	\$2,200,000	\$157,143	\$157,143
15	1		\$1,250,000		\$83,333	
16	1	2	\$895,000	\$1,175,000	\$55,938	\$73,438
17	1	1	\$2,750,000	\$1,200,000	\$161,765	\$70,588
18						
19		1		\$2,950,000		\$155,263
20+	1	1	\$1,725,000	\$990,000	\$78,409	\$47,143
26+	1	1	\$989,126	\$925,000	\$36,634	\$34,259
30+						
40+						
	114	98				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 1

No longer operating (NLO): 12

Off Market: 14

Sold: 4

Sold as Residence: 1

Undetermined: 8

Aggregated Post-Sales Data:

Sample Size: 0

Av. # Rooms: No Data

Av. asking price: No Data

Av. transfer price: No Data

% transfer of asking price: No Data

Median # rooms: No Data

Median asking price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

Number of inns for sale 2009:

114

Asking price range:

\$135,000 (3 rooms, Illinois) to \$4.5M (9 rooms, Michigan)

Average price:

\$779,878

Median price:

\$599,000

Price range with highest % of inns:

Under \$500K (39.5%)

Average/Median price 5 – 10 rooms:

\$791,391/\$650,000

Average/Median price 12 – 15 rooms:

\$1,608,317/\$1,350,000

Inns on the market from 2008:

52 (45.6%)

Inns on the market from 2007:

27 (23.7%)

West South Central

States represented:

Texas, Oklahoma, Arkansas, Louisiana

Number of inns for sale 2009:
77

Asking price range:
\$235,000 (11 rooms, Texas) to \$4.6M (12 rooms, Texas)

Average price:
\$846,559

Median price:
\$550,000

Price range with highest % of inns:
Under \$500K (41.6%)

Average/Median price 5 – 10 rooms:
\$772,919/\$574,500

Average/Median price 12 – 15 rooms:
\$2,161,832/
\$1,800,000

Inns on the market from 2008:
34 (44.1%)

Inns on the market from 2007:
14 (18.2%)

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	2	2	\$484,500	\$472,000	\$242,250	\$236,000
3	5	5	\$437,380	\$409,700	\$145,793	\$136,567
4	12	14	\$603,433	\$546,800	\$150,858	\$136,700
5	24	12	\$638,533	\$625,658	\$127,707	\$125,132
6	6	11	\$641,483	\$695,345	\$106,914	\$115,891
7	7	5	\$997,843	\$720,980	\$142,549	\$102,997
8	4	6	\$958,625	\$1,084,000	\$119,828	\$135,500
9	4	3	\$1,111,250	\$1,040,000	\$123,472	\$115,556
10	3	3	\$894,333	\$859,333	\$89,433	\$85,933
11	2	1	\$365,000	\$550,000	\$33,182	\$50,000
12	5	1	\$2,387,565	\$2,900,000	\$198,964	\$241,667
13	2	3	\$1,597,500	\$1,816,667	\$122,885	\$139,744
14		1		\$1,725,000		\$123,214
15						
16						
17						
18						
19						
20+	1		\$1,825,000		\$82,955	
26+						
30+						
40+						
	77	67				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

No longer operating (NLO): 10

Off Market: 8

Sold: 3

Sold as Residence: 0

Undetermined: 6

Aggregated Post-Sales Data:

Sample Size: 0

Av. # Rooms: No Data

Av. asking price: No Data

Av. transfer price: No Data

% transfer of asking price: No Data

Median # rooms: No Data

Median asking price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

East South Central

States represented:

Mississippi, Alabama, Tennessee, Kentucky

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	2	2	\$309,450	\$459,000	\$154,725	\$229,500
3	4	4	\$576,000	\$579,750	\$192,000	\$193,250
4	7	9	\$627,828	\$772,444	\$156,957	\$193,111
5	8	11	\$639,638	\$545,691	\$127,928	\$109,138
6	4	5	\$942,250	\$916,000	\$157,042	\$152,667
7	2	3	\$1,299,950	\$1,031,633	\$185,707	\$147,376
8	2	2	\$1,122,375	\$1,175,000	\$140,297	\$146,875
9	1	1	\$695,000	\$695,000	\$77,222	\$77,222
10	1	2	\$1,250,000	\$900,000	\$125,000	\$90,000
11	1		\$1,200,000		\$109,091	
12		1		\$975,000		\$81,250
13						
14						
15						
16						
17						
18						
19						
20+	1		\$995,000		\$47,381	
26+		1		\$995,000		\$35,536
30+	1		\$3,900,000		\$118,182	
40+			\$0			
	34	41				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

No longer operating (NLO): 11

Off Market: 7

Sold: 1

Sold as Residence: 0

Undetermined: 4

Aggregated Post-Sales Data:

Sample Size: 0

Av # Rooms: No Data

Av. asking price: No Data

Av. transfer price: No Data

% transfer of asking price: No Data

Median # rooms: No Data

Median asking price: No Data

Median transfer price: No Data

% transfer of asking price: No Data

Rev/Room Range (B&B only): No Data

Rev/Room Range (Other): No Data

GRM Range: No Data

Number of inns for sale 2009:

34

Asking price range:

\$185,000 (5 rooms,

Mississippi) to

\$3.9M (33 rooms,

Mississippi)

Average price:

\$855,543

Median price:

\$710,000

Price range with highest % of inns:

Under \$500K &

\$750K - \$1M

(29.4%)

Average/Median

price 5 - 10 rooms:

\$870,875/\$747,350

Average/Median

price 12 - 15 rooms:

No data

Inns on the

market from 2008:

19 (55.9%)

Inns on the

market from 2007:

9 (26.5%)

South Atlantic

States represented:

Florida, Georgia, South Carolina, North Carolina

Number of inns for sale 2009:
163

Asking price range:
\$239,900 (16 rooms, Georgia) to \$8M (25 rooms, Florida)

Average price:
\$1,481,039

Median price:
\$1,024,000

Price range with highest % of inns:
\$500K - \$750K,
\$750K - \$1M &
\$1.5M - \$2M
(18.4%)

Average/Median price 5 – 10 rooms:
\$1,407,337/
\$1,125,000

Average/Median price 12 – 15 rooms:
\$1,742,636/
\$1,500,000

Inns on the market from 2008:
71 (43.6%)

Inns on the market from 2007:
37 (22.7%)

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2		3		\$758,133		\$379,067
3	11	12	\$706,091	\$700,900	\$235,364	\$233,633
4	21	17	\$691,424	\$693,729	\$172,856	\$173,432
5	33	32	\$1,123,482	\$952,881	\$224,696	\$190,576
6	24	16	\$996,613	\$1,156,806	\$166,102	\$192,801
7	13	10	\$1,716,692	\$1,411,300	\$245,242	\$201,614
8	12	7	\$1,641,167	\$1,243,429	\$205,146	\$155,429
9	8	7	\$1,996,875	\$1,927,000	\$221,875	\$214,111
10	13	10	\$1,998,160	\$1,729,600	\$199,816	\$172,960
11	3	3	\$2,266,667	\$2,833,000	\$206,061	\$257,545
12	4	5	\$1,797,250	\$1,694,000	\$149,771	\$141,167
13	5	2	\$1,816,000	\$1,847,500	\$139,692	\$142,115
14	2	2	\$1,450,000	\$1,497,500	\$103,571	\$106,964
15		1		\$1,950,000		\$130,000
16	3	1	\$1,161,633	\$1,920,000	\$72,602	\$120,000
17	1	3	\$3,950,000	\$5,183,333	\$232,353	\$304,902
18	2	3	\$2,532,500	\$3,146,667	\$140,694	\$174,815
19						
20+	7	6	\$4,606,843	\$3,182,983	\$203,843	\$141,466
26+						
30+	1		\$3,450,000			
40+						
	163	140				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

Sold: 11

No longer operating (NLO): 17

Sold as Residence: 1

Off Market: 21

Undetermined: 13

Aggregated Post-Sales Data:

Sample Size: 6

Av. # Rooms: 13

Median # rooms: 13

Av. asking price: \$2,349,583

Median asking price: \$2,600,000

Av. transfer price: \$1,983,563

Median transfer price: \$2,091,939

% transfer of asking price: 84.4%

% transfer of asking price: 80.5%

Rev/Room Range (B&B only): \$22,000 - \$37,961

Rev/Room Range (Other): Insufficient Data

GRM Range: 2.5 – 8.4

Mid Atlantic

States represented:

Virginia, W. Virginia, Maryland, Delaware, DC, Pennsylvania, New York, New Jersey

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	1	1	\$850,000	\$220,000	\$425,000	\$110,000
3	13	17	\$743,808	\$654,576	\$247,936	\$218,192
4	13	20	\$787,738	\$775,700	\$196,935	\$193,925
5	16	31	\$915,692	\$813,877	\$183,138	\$162,775
6	21	16	\$1,132,522	\$1,167,194	\$188,754	\$194,532
7	12	16	\$1,478,250	\$1,319,113	\$211,179	\$188,445
8	13	15	\$955,192	\$1,282,300	\$119,399	\$160,288
9	4	11	\$2,861,000	\$1,943,727	\$317,889	\$215,970
10	13	10	\$1,524,538	\$1,491,000	\$152,454	\$149,100
11	4	3	\$1,610,000	\$1,448,333	\$146,364	\$131,667
12	2	6	\$2,222,500	\$1,800,667	\$185,208	\$150,056
13	2	1	\$1,860,000	\$2,395,000	\$143,077	\$184,231
14	3	3	\$1,323,333	\$908,000	\$94,524	\$64,857
15	4	2	\$2,358,750	\$1,450,000	\$157,250	\$96,667
16	2	1	\$2,725,000	\$2,500,000	\$170,313	\$156,250
17	1	1	\$2,500,000	\$4,500,000	\$147,059	\$264,706
18	1	1	\$1,650,000	\$750,000	\$91,667	\$41,667
19		1	\$0	\$1,800,000	\$0	\$94,737
20+	2	6	\$2,400,000	\$3,115,667	\$102,128	\$140,599
26+		1	\$0	\$2,400,000	\$0	\$82,759
30+	3	1	\$2,933,333	\$2,500,000	\$90,731	\$71,429
40+			\$0			
	130	164				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

No longer operating (NLO): 6

Off Market: 12

Sold: 11

Sold as Residence: 0

Undetermined: 25

Aggregated Post-Sales Data:

Sample Size: 9

Av. # Rooms: 6

Av. asking price: \$1,104,267

Av. transfer price: \$871,111

% transfer of asking price: 78.9%

Median # rooms: 5

Median asking price: \$699,900

Median transfer price: \$640,000

% transfer of asking price: 91.4%

Rev/Room Range (B&B only): \$5,250 - \$37,500

Rev/Room Range (Other): Insufficient Data

GRM Range: 4.2 - 17.1

Number of inns for sale 2009:

130

Asking price range:

\$219,000 (8 rooms,

Pennsylvania) to

\$5.6M (9 rooms,

New Jersey)

Average price:

\$1,321,725

Median price:

\$1,087,500

Price range with

highest % of inns:

\$1M - \$1.5M

(21.5%)

Average/Median

price 5 - 10 rooms:

\$1,263,977/

\$1,100,000

Average/Median

price 12 - 15 rooms:

\$1,960,909/

\$1,600,000

Inns on the

market from 2008:

81 (62.3%)

Inns on the

market from 2007:

32 (24.6%)

New England

States represented:

Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine

Number of inns for sale 2009: 205

Asking price range: \$189,000 (4 rooms, Maine) to \$4.5M (36 rooms, Vermont)

Average price: \$1,190,006

Median price: \$890,000

Price range with highest % of inns: \$750K - \$1M (24.9%)

Average/Median price 5 – 10 rooms: \$913,979/\$799,900

Average/Median price 12 – 15 rooms: \$1,645,167/\$1,775,000

Inns on the market from 2008: 75 (36.6%)

Inns on the market from 2007: 38 (18.5%)

# Rooms	Number of Inns		Average Price/Inn		Average Price/Room	
	2009	2008	2009	2008	2009	2008
2	1		\$219,900		\$109,950	
3	8	7	\$714,375	\$686,700	\$238,125	\$228,900
4	19	10	\$795,363	\$876,190	\$198,841	\$219,048
5	27	16	\$724,000	\$820,531	\$144,800	\$164,106
6	28	25	\$827,189	\$944,648	\$137,865	\$157,441
7	17	18	\$947,465	\$1,041,822	\$135,352	\$148,832
8	18	14	\$1,106,433	\$1,238,214	\$138,304	\$154,777
9	16	5	\$1,074,188	\$942,800	\$119,354	\$104,756
10	11	5	\$1,001,500	\$632,600	\$100,150	\$63,260
11	7	6	\$1,373,429	\$922,500	\$124,857	\$83,864
12	5	5	\$1,856,000	\$1,547,800	\$154,667	\$128,983
13	5	4	\$1,887,600	\$2,332,250	\$145,200	\$179,404
14	6	8	\$1,207,500	\$1,373,125	\$86,250	\$98,080
15	2	2	\$1,825,000	\$914,500	\$121,667	\$60,967
16	4	4	\$2,283,750	\$1,622,250	\$142,734	\$101,391
17	3	6	\$1,588,333	\$1,686,500	\$93,431	\$99,206
18	3	2	\$1,236,667	\$1,579,500	\$68,704	\$87,750
19	3	2	\$1,920,000	\$1,177,500	\$101,053	\$61,974
20+	10	8	\$1,786,900	\$2,160,000	\$81,223	\$95,449
26+	4	6	\$1,520,750	\$2,205,000	\$56,850	\$81,305
30+	5	3	\$3,992,000	\$3,966,667	\$123,975	\$116,667
40+	3	2	\$3,183,333	\$2,050,000	\$74,031	\$48,235
	205	158				

2008 vs. 2009:

Inns/B&Bs from 2008 Study found to be:

Foreclosed: 0

No longer operating (NLO): 21

Off Market: 38

Sold: 31

Sold as Residence: 3

Undetermined: 12

Aggregated Post-Sales Data:

Sample Size: 19

Av. # Rooms: 13

Av. asking price: \$1,834,205

Av. transfer price: \$1,587,763

% transfer of asking price: 86.6%

Median # rooms: 11

Median asking price: \$1,300,000

Median transfer price: \$1,200,000

% transfer of asking price: 92.3%

Rev/Room Range (B&B only): \$10,000 - \$52,684

Rev/Room Range (Other): \$16,741 - \$60,300

GRM Range: 2.1 – 8.8

State Statistics

Average Price per Inn/B&B

A total of 49 states had inns or B&Bs for sale during the 2009 research period against 48 found during the research for 2008. Once again, there were no determinable listings for the District of Columbia.

New Jersey and Florida were the two most expensive states in which to purchase an inn, the average prices being \$2,264,158 and \$1,992,308 respectively. Last year's most expensive state, California, was third. Kansas was the most affordable state with an average price of \$436,113. As can be seen from the table below, average prices at the top end of the market have increased, bearing out the trend seen throughout the Study this year, while prices at the lower end have decreased or remained somewhat similar to last year. The exception is Iowa where the average price has been steadily increasing over the last 3 years. As with all the data in this report, it should be remembered that these are *average* asking prices across a state and are therefore influenced in some cases, by very high or very low values.

New Jersey and Florida were the two most expensive states in which to purchase an inn, the average prices being \$2,264,158 and \$1,992,308 respectively. Kansas was the most affordable state with an average price of \$436,113.

State	# for Sale	Average Price per Inn				Rank	
		2009	2008	2007	2006	2008	2007
NJ	19	\$2,264,158	\$1,980,312	\$4,399,857	\$2,198,300	3	1
FL	44	\$1,992,308	\$1,894,348	\$2,033,205	\$1,718,052	4	5
CA	66	\$1,988,302	\$2,179,873	\$2,133,170	\$2,005,455	1	4
HI	2	\$1,847,500	\$1,518,250	\$1,712,571	\$1,440,000	12	9
UT	8	\$1,752,375	\$889,857	\$1,186,800	\$918,000	30	21
MD	18	\$1,536,294	\$1,676,400	\$1,656,390	\$1,548,429	7	10
AZ	20	\$1,531,245	\$1,601,363	\$2,268,579	\$1,500,389	9	3
RI	6	\$1,453,550	\$1,541,333			11	49
MA	27	\$1,446,252	\$1,428,811	\$1,354,205	\$1,484,795	13	14
OR	21	\$1,433,852	\$1,321,193	\$1,590,962	\$1,174,500	15	11
OK	4	\$1,429,750	\$1,098,200	\$1,106,333	\$414,500	24	23
SC	16	\$1,385,556	\$1,184,300	\$996,355	\$679,949	19	26
MS	7	\$1,337,471	\$774,363	\$481,225	\$609,000	34	45
NC	69	\$1,329,181	\$1,388,600	\$1,476,336	\$1,199,609	14	12
VT	40	\$1,302,148	\$1,259,798	\$1,353,686	\$1,175,897	16	15
NM	12	\$1,298,242	\$1,254,909	\$1,216,500	\$1,199,741	17	19
CO	36	\$1,295,258	\$1,137,234	\$1,179,320	\$1,091,512	21	22
WA	35	\$1,282,691	\$1,543,952	\$1,255,524	\$1,348,976	10	18
DE	4	\$1,218,500	\$1,134,500	\$3,149,500	\$2,014,450	22	2
AK	7	\$1,187,714	\$905,143	\$1,380,000	\$495,600	29	13
ME	56	\$1,179,294	\$1,064,876	\$1,085,903	\$1,180,106	25	24
GA	34	\$1,172,512	\$983,579	\$1,291,581	\$1,415,236	26	17
VA	42	\$1,150,562	\$1,118,920	\$1,193,255	\$926,298	23	20
WY	4	\$1,150,500	\$649,500	\$1,929,750	\$875,000	40	7
NH	24	\$1,142,621	\$1,220,211	\$1,309,713	\$963,627	18	16
MT	3	\$1,115,667	\$1,623,500	\$729,278	\$450,833	8	40

State	# for Sale	Average Price per Inn				Rank	
		2009	2008	2007	2006	2008	2007
PA	43	\$1,046,637	\$1,171,069	\$1,031,309	\$750,286	20	25
ID	4	\$1,034,750	\$1,771,000	\$1,912,500	\$1,364,333	6	8
AL	5	\$1,007,920	\$816,744	\$872,850	\$583,407	32	34
NY	50	\$964,045	\$928,359	\$926,615	\$758,627	28	29
CT	5	\$958,740	\$1,803,767	\$911,614	\$1,139,975	5	30
TX	43	\$896,805	\$797,457	\$846,907	\$817,904	33	35
MO	10	\$848,165	\$610,822	\$656,024	\$743,895	43	42
MI	47	\$844,517	\$969,543	\$927,382	\$749,062	27	28
WI	27	\$835,330	\$708,209	\$993,605	\$821,500	39	27
NE	4	\$819,238	\$642,975	\$750,000	\$275,000	41	38
MN	13	\$759,723	\$765,600	\$786,082	\$748,707	35	37
AR	15	\$750,800	\$602,333	\$739,688	\$543,750	46	39
WV	4	\$737,250	\$733,333	\$374,500	\$620,000	36	46
TN	11	\$737,068	\$719,393	\$879,417	\$955,413	38	33
OH	19	\$700,766	\$835,030	\$610,207	\$583,570	31	43
NV	1	\$700,000	\$1,999,900	\$1,999,000		2	6
IN	11	\$647,945	\$604,430	\$577,880	\$611,188	45	44
LA	15	\$642,760	\$640,633	\$884,800	\$393,625	42	32
IL	10	\$621,790	\$606,600	\$796,558	\$557,692	44	36
KY	11	\$598,073	\$724,545	\$909,322	\$572,727	37	31
IA	9	\$524,422	<u>\$437,986</u>	\$374,356	\$396,500	48	47
SD	4	\$515,750	\$553,000	\$667,500	\$350,000	47	41
KS	8	<u>\$436,113</u>		<u>\$270,450</u>	<u>\$280,750</u>	49	48

Median Price per Inn/B&B

Using the median price to calculate rankings, made little difference in the top or bottom four, however Utah notably moved from 5th most expensive by average price to 27th when ranking by median price. As can be seen, there were some significant differences when comparing average prices to median prices. As mentioned earlier, because of the emerging disparity in values on some of the data sets, it is expected that future Studies will have to use the median value rather than the average value to accurately describe any trends.

	# for Sale	Average Price	Median Price	Difference
NJ	19	\$2,264,158	\$2,095,000	\$169,158
HI	2	\$1,847,500	\$1,847,500	\$0
FL	44	\$1,992,308	\$1,700,000	\$292,309
CA	66	\$1,988,302	\$1,699,950	\$288,352
OK	4	\$1,429,750	\$1,399,500	\$30,250
MD	18	\$1,536,294	\$1,396,750	\$139,544
MT	3	\$1,115,667	\$1,252,000	(\$136,333)
AZ	20	\$1,531,245	\$1,249,500	\$281,745
AK	7	\$1,187,714	\$1,200,000	(\$12,286)
MA	27	\$1,446,252	\$1,175,000	\$271,252

Inns and Bed & Breakfasts for Sale - 2009

	# for Sale	Average Price	Median Price	Difference
OR	21	\$1,433,852	\$1,150,000	\$283,852
WA	35	\$1,282,691	\$1,140,000	\$142,691
VT	40	\$1,302,148	\$1,097,500	\$204,648
VA	42	\$1,150,562	\$1,087,500	\$63,062
NM	12	\$1,298,242	\$1,085,000	\$213,242
DE	4	\$1,218,500	\$1,050,000	\$168,501
NC	69	\$1,329,181	\$999,000	\$330,181
SC	16	\$1,385,556	\$995,000	\$390,556
CO	36	\$1,295,258	\$962,500	\$332,758
RI	6	\$1,453,550	\$935,000	\$518,550
NH	24	\$1,142,621	\$924,500	\$218,121
AL	5	\$1,007,920	\$879,000	\$128,920
MS	7	\$1,337,471	\$878,400	\$459,071
GA	34	\$1,172,512	\$872,500	\$300,012
NE	4	\$819,238	\$871,000	(\$51,762)
PA	43	\$1,046,637	\$845,000	\$201,637
UT	8	\$1,752,375	\$842,500	\$909,875
ME	56	\$1,179,294	\$827,500	\$351,794
NY	47	\$964,045	\$792,000	\$172,045
ID	4	\$1,034,750	\$787,000	\$247,750
MO	10	\$848,165	\$711,500	\$136,665
NV	1	\$700,000	\$700,000	\$0
AR	15	\$750,800	\$699,000	\$51,800
TN	11	\$737,068	\$677,000	\$60,068
MI	47	\$844,517	\$675,000	\$169,517
CT	5	\$958,740	\$649,900	\$308,840
WI	27	\$835,330	\$599,900	\$235,430
IN	11	\$647,945	\$599,000	\$48,945
MN	13	\$759,723	\$599,000	\$160,723
OH	19	\$700,766	\$595,000	\$105,766
WV	4	\$737,250	\$575,000	\$162,250
TX	43	\$896,805	\$549,900	\$346,905
WY	4	\$1,150,500	\$538,500	\$612,000
IL	10	\$621,790	\$532,000	\$89,790
LA	15	\$642,760	\$499,900	\$142,860
SD	4	\$515,750	\$489,500	\$26,250
KY	11	\$598,073	\$475,000	\$123,073
IA	9	\$524,422	\$349,000	\$175,422
KS	8	\$434,113	\$347,500	\$86,613

Average Price per Room

As rating an inn or B&B by its price per room figure alone is not an adequate reflection of its value, these figures are calculated more for interest than for any significant valuation purposes. Still, both buyers and current owners have in the past expressed an interest in comparing the price per room of their inns with the average for their resident state.

Hawaii returned to the top three this year with the most expensive average price per room valuation, followed by South Carolina and Florida. As has been seen in previous Study years, there really is no consistency with these valuations; they can fluctuate wildly year to year depending on what is on the market at any one time and unlike the average price per property data, there appears to be no significant trend developing. The possible exception is with South Dakota and Iowa which over the past couple of years have consistently offered the lowest price per room valuation.

	Average # Rooms				Average Price per Room				Rank	
	2009	2008	2007	2006	2009	2008	2007	2006	2008	2007
AK	6	7	10	5	\$197,952	\$129,306	\$145,263	\$107,739	27	25
AL	5	5	4	5	\$209,983	\$163,349	\$218,213	\$120,113	16	11
AR	6	5	8	6	\$130,953	\$120,467	\$98,625	\$87,000	33	41
AZ	7	6	9	7	\$218,749	\$282,593	\$262,823	\$205,089	2	5
CA	10	9	9	9	\$198,830	\$242,208	\$237,019	\$221,880	6	9
CO	8	8	9	7	\$161,907	\$142,154	\$131,768	\$160,516	20	28
CT	5	8	5	8	\$191,748	\$225,471	\$172,468	\$142,497	9	17
DE	6	6	12	12	\$203,083	\$189,083	\$262,458	\$164,445	12	6
FL	9	8	8	8	\$221,368	\$235,285	\$252,532	\$209,342	8	7
GA	8	7	9	9	\$146,564	\$140,511	\$146,524	\$155,179	21	24
HI	6	6	5	6	\$307,917	\$253,042	\$342,514	\$254,118	5	2
IA	6	5	6	5	\$87,404	\$87,597	\$58,090	\$84,106	45	47
ID	5	9	9	6	\$206,950	\$208,353	\$225,000	\$227,389	10	10
IL	6	7	6	6	\$103,632	\$86,657	\$132,760	\$90,625	46	27
IN	6	7	5	6	\$107,991	\$86,347	\$125,626	\$95,873	47	30
KS	4	0	5	7	\$108,528		\$54,090	\$43,192	49	48
KY	5	5	5	6	\$119,615	\$133,080	\$167,018	\$94,030	24	19
LA	6	5	5	6	\$107,127	\$123,199	\$170,154	\$68,457	30	18
MA	10	9	7	9	\$144,625	\$158,757	\$184,664	\$163,543	17	15
MD	7	7	6	8	\$219,471	\$239,486	\$271,539	\$204,509	7	4
ME	10	9	9	9	\$117,929	\$113,670	\$124,471	\$130,826	37	31
MI	7	8	7	7	\$120,645	\$121,193	\$124,138	\$111,347	32	32
MN	5	6	6	5	\$151,945	\$129,563	\$133,029	\$153,844	26	26
MO	6	6	6	6	\$141,361	\$104,889	\$112,651	\$127,857	41	37
MS	10	7	6	9	\$133,747	\$110,623	\$87,495	\$70,269	38	44
MT	6	6	9	8	\$185,945	\$270,583	\$83,082	\$58,804	3	45
NC	8	8	8	7	\$166,148	\$168,641	\$179,297	\$162,723	15	16
NE	8	6	8	6	\$102,405	\$107,163	\$100,000	\$45,833	40	40
NH	12	13	11	9	\$95,218	\$93,862	\$121,465	\$104,085	43	34
NJ	13	11	15	10	\$174,166	\$180,028	\$303,438	\$222,300	14	3
NM	10	9	10	10	\$129,824	\$139,434	\$120,446	\$116,104	22	36
NV	6	5	8		\$116,667	\$399,980	\$249,875		1	8
NY	7	7	7	7	\$137,721	\$127,275	\$127,036	\$112,799	29	29
OH	6	7	6	5	\$116,794	\$119,290	\$98,194	\$119,096	35	42
OK	8	8	9	6	\$178,719	\$137,275	\$122,926	\$69,083	23	33
OR	7	7	7	6	\$204,836	\$180,795	\$217,711	\$184,753	13	12

	Average # Rooms				Average Price per Room				Rank	
	2009	2008	2007	2006	2009	2008	2007	2006	2008	2007
PA	9	8	7	7	\$116,293	\$146,384	\$147,330	\$111,153	19	23
RI	8	6			\$181,694	\$256,889			4	49
SC	6	9	6	6	\$230,926	\$131,589	\$154,989	\$113,325	25	22
SD	6	8	6	7	\$85,958	\$69,125	\$121,364	\$50,000	48	35
TN	6	6	6	6	\$122,845	\$119,899	\$159,894	\$164,726	34	21
TX	7	7	8	6	\$128,115	\$113,922	\$112,386	\$127,650	36	38
UT	8	6	7	8	\$219,047	\$148,310	\$164,833	\$114,750	18	20
VA	6	6	6	5	\$191,760	\$189,229	\$201,801	\$186,816	11	13
VT	13	14	14	12	\$100,165	\$89,802	\$96,495	\$101,872	44	43
WA	6	12	6	7	\$213,782	\$128,663	\$195,816	\$205,951	28	14
WI	7	7	9	7	\$119,333	\$101,173	\$110,401	\$126,385	42	39
WV	8	6	6	6	\$92,156	\$122,222	\$62,417	\$103,333	31	46
WY	6	6	5	12	\$191,750	\$108,250	\$385,950	\$72,917	39	1

Conclusions

The most surprising factor of this year's Study was the evidence showing that asking prices for inns and B&Bs throughout most of the country are increasing. With the credit industry in a state of flux as it reorganizes itself, and the residential housing market still flat or falling, it is perhaps remarkable that inns and B&Bs are continuing to hold or even raise their prices, at least on the open market.

As expected, 2008 wasn't a great year for actual sales. With the exception of a handful of states in the North East, Atlantic and Mountain regions, brokers reported little activity over the year. Even for a first-time run, the post-sales data sample was disappointingly small, however it was representative of all price points and types of inns.

Transfer prices across the sample were on average 85.5% of asking prices. When calculating the same statistic using median values, the market looked a little healthier with inns selling for 92.3% of their asking prices. The difference between the two can be accounted for by the slightly larger number of less expensive inns and B&Bs contained in the sample. Owners with these types of properties, generally offered at under \$1M, did the best in achieving their asking prices with most selling for within 10% of what was being asked. Those with inns in the higher price ranges (\$2M plus) often did much worse however, with more than a third, including some successful and highly profitable inns, transferring for over 20% less by the end of the sales process.

It seems then that negotiation is the name of the game with serious and able buyers having no qualms about making offers below what is being asked, and sellers willing to climb down to meet them, sometimes considerably. The length of time on the market doesn't appear to be affecting the selling price; there were as many inns that

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New entries onto the market this past year were unprecedented in number (500 properties in the sample), as many innkeepers looked to off-load their businesses. Why there were so many at this particular time is unknown and open only to speculation, especially as it would seem more sensible to hold onto an asset as the market continues to fall. Regardless, the total number of inns available for sale appears to be less than expected by many industry experts. Almost a quarter of the new “stock” in the Study was offset by the high number of B&Bs and inns which ceased operating over the course of the year, inns that had either gone under, closed for other reasons or just reverted to private homes. Without this depletion, together with the other 148 inns that no longer showed evidence that they were still for sale, the number of inns and bed and breakfasts found for the 2009 Study sample could easily have topped 1,200.

As 2009 shows increasing uncertainty, it’s hard to forecast from past statistics how many of our inns and B&Bs will transfer or otherwise leave the sales market in the coming year. Much depends on economic factors and the ability of innkeepers to weather the storm and remain in business. Undisputedly, there’s a large inventory out there, but not nearly enough buyers to absorb it who are willing and able to risk buying a small business at this time. Optimism seems to be prevailing however, with many industry professionals surveyed this year confident of more movement in the market, and predicting more promising results for buyers and sellers alike in 2009.


Lodging Management Consultants
27 Elm Street
Fryeburg, Maine 04037
(207) 221-5635
www.inngenium.com