



CBD-2 | OPPORTUNITY ZONE



OFFERING MEMORANDUM

FRENCH QUARTER HOTEL SITE

121 ROYAL STREET . NEW ORLEANS . LA 70130

FRENCH QUARTER HOTEL SITE

121 ROYAL STREET
NEW ORLEANS, LA 70130

LISTING AGENT:



Gordon McLeod

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THE McENERY COMPANY

810 UNION STREET, 4TH FLOOR
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FRENCH QUARTER HOTEL SITE

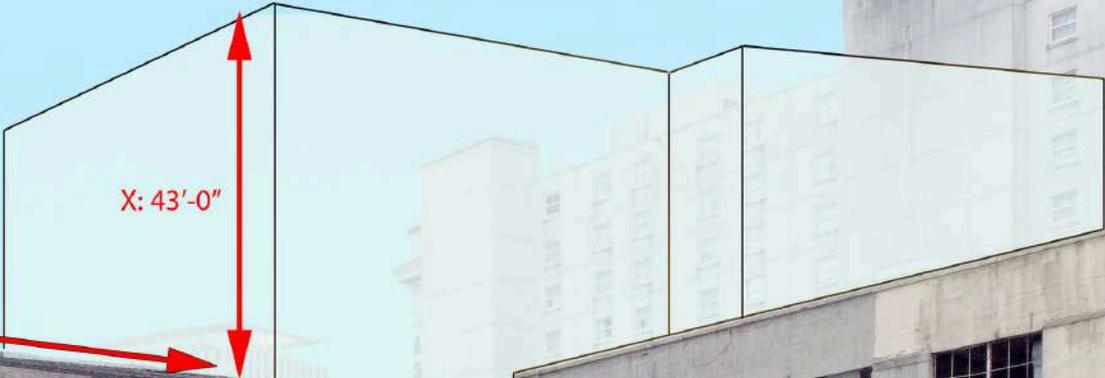
121 ROYAL STREET, NEW ORLEANS, LA, 70130

121 Royal is a 6,443 square foot development site located within a Qualified Opportunity Zone in the French Quarter of New Orleans. The property contains a 3,378 square foot clear vertical development site, and an 18,000+ square foot historic hotel building. Despite the enviable French Quarter location, the property enjoys permissive CBD-2 zoning that allows 12-stories / 120 foot massing, as well as hotel use as of right. A new 98-key / 203 bedroom hotel proposal by architect Walter Antin with advanced pre-development & design, entitlement processes, and underwriting coordination with a major hotel flag, is available to qualified parties with an executed NDA. The opportunity zone investment allows for tax-free growth along with strong projected cashflow at an estimated ~20% debt yield.

PRICE	\$6,850,000
SITE SIZE	6,443 SF
GBA	18,749 SF
KEYS	98 (proposed)
BEDROOMS	203 (proposed)
ZONING	CBD-2

RENDERING

WAAR DESIGN | W. ANTIN



Y: 68'-6" (1.6 X)

X: 43'-0"



ELEVATION

WAAR DESIGN | W. ANTIN



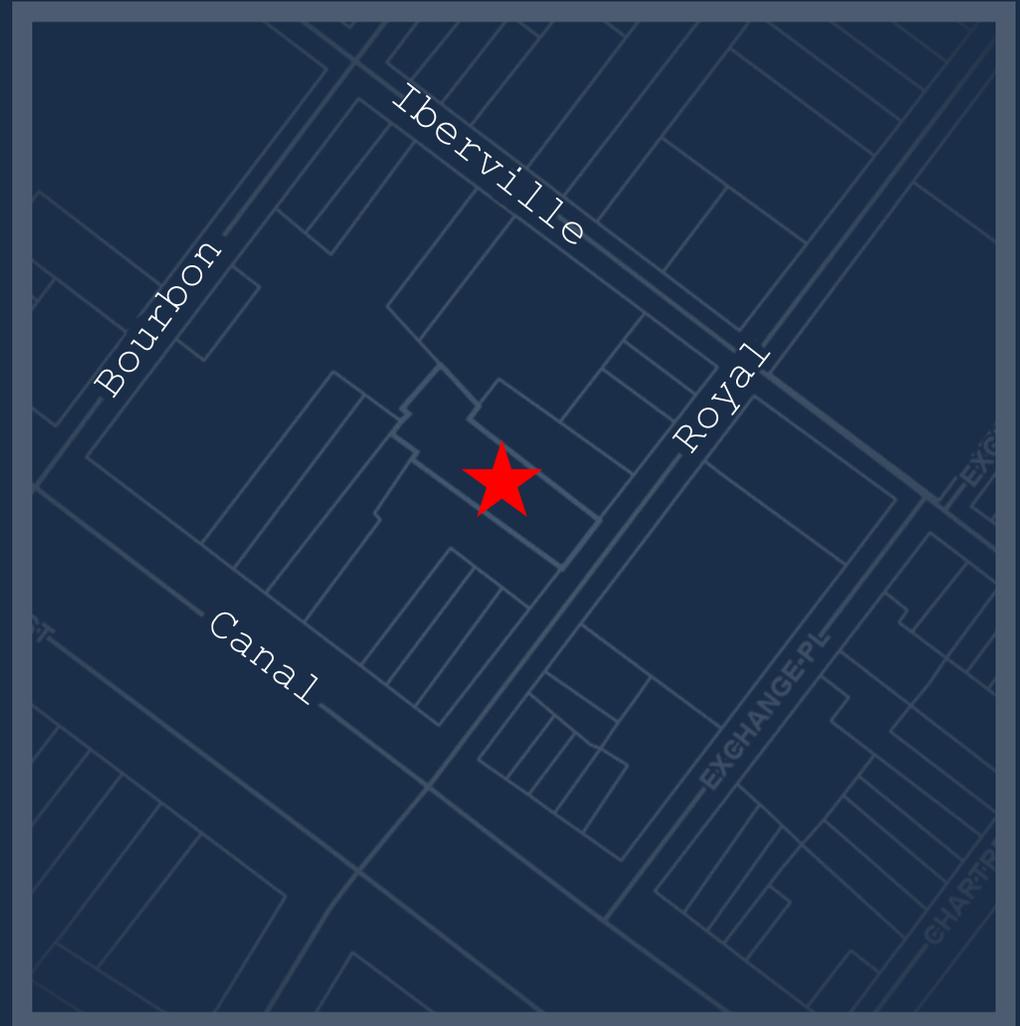
LOCATION

FRENCH QUARTER GATEWAY



Situated on Royal Street at the entrance to the French Quarter (attracting over 10 million visitors per year), the development site is immediately proximate to the highest demand generator in the region - world famous Bourbon Street - as well as notable attractions such as the newly branded Caesar's Casino, the newly expanded Audubon Aquarium, and the newly constructed Sazerac House, as well as the French Market, Jackson Square, and 100s of bars, restaurants, and entertainment venues.

The Main & Main location is further enhanced by a favorable zoning district and a tax-advantaged Qualified Opportunity Zone. The lack of a comprehensive development plan has prevented the site from achieving its full potential for decades, but the current proposal has more than doubled the site capacity.



LOCATION

SURROUNDING AREA



LOCATION

IMMEDIATE VICINITY



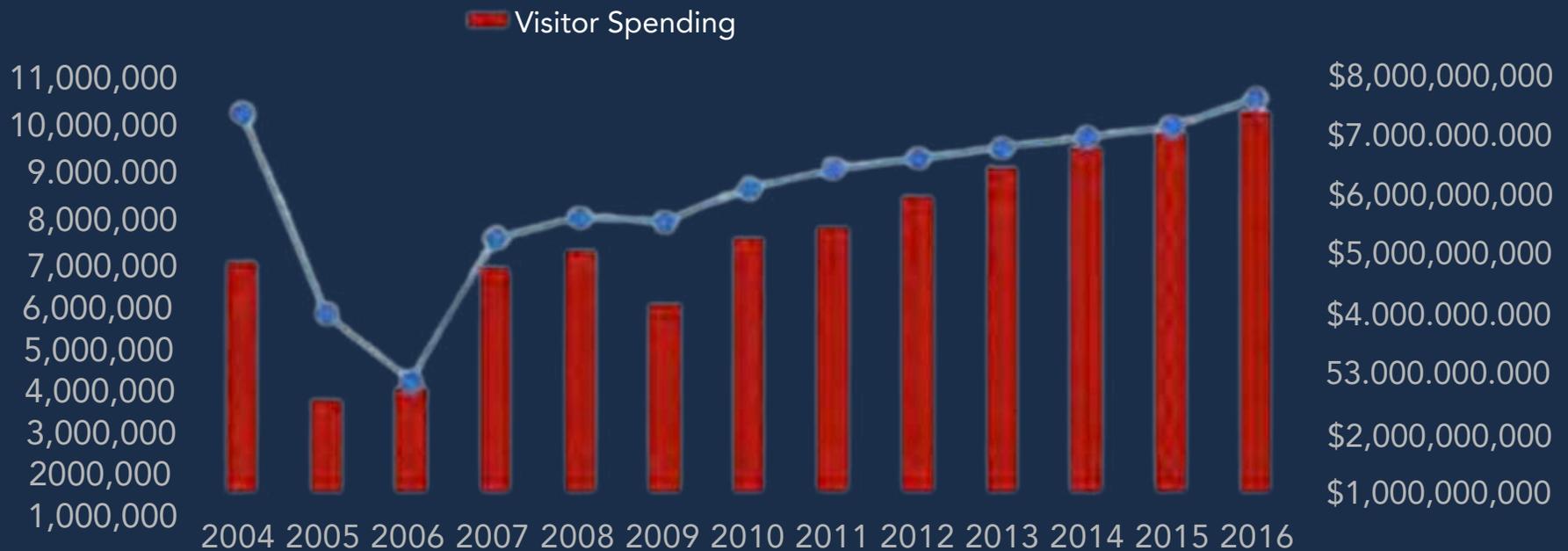
NEW ORLEANS TOURISM

The Economic Driver of the Crescent City



New Orleans has always been considered a top destination for its historic charm and vibrant music scene, but there has been a noteworthy boom in the tourism industry over the previous decades. Since 2009, New Orleans has witnessed a steady rise in both visitors and visitor spending, with each consecutive year outperforming the last. Through 2022 (the most recent data available), total visitor count and spending are approaching pre-pandemic levels. Clearly, local tourism demand has regained momentum and is well on its way to a full recovery. To highlight the strength of the pre-pandemic hospitality market, we point to the following historical visitor and spending data.

New Orleans Visitation Statistics



NEW ORLEANS TOURISM

On A Steady Rise



There are numerous factors, particularly the construction of new hotels, contributing to a positive tourism outlook. In addition to the hotel boom, the unveiling of the new airport terminal, which debuted in 2019, as well as, the run of major sporting and music events have also influenced the thriving market. A recent local [news report](#) points to post-pandemic visitor data presented by New Orleans & Company. We have summarized this data below.

REPORTED NEW ORLEANS VISITATION STATS		
YEAR	VISITORS	VISITOR SPENDING
2019	19.75 million	\$10 billion
2021	15.73 million	\$8.33 billion
2022	17.53 million	\$9.1 billion

In 2019, the city welcomed 19.75 million visitors, a 6.7% increase in visitors compared to the previous year. Visitors to New Orleans in 2019 spent \$10.05 billion, a 10.3% increase over 2018, supported by passenger statistics reported by Louis Armstrong N.O. International Airport.

MSY ENPLANED PASSENGER STATS					
YTD (TO SEP 2023)	2019	2020	2021	2022	2023
ENPLANED PASSENGERS	6,832,401	2,652,301	4,022,587	5,946,283	6,366,640
% CHANGE	n/a	-61.18%	51.66%	47.82%	7.07%

TAX INCENTIVES

Tax Free Growth | Putting your capital gains to work!



The 2017 Investing in Opportunities Act created a unique tax incentive for capital gains to be re-invested in economically challenged communities across the United States and US territories – identified as “Opportunity Zones.” As an investor, you can roll as much or as little of your gain into a qualified Opportunity Zone Fund and defer the capital gains tax.

3 TAX INCENTIVES UNDER FEDERAL IRS OZ REGULATIONS:

INTERIM DEFERRAL

To 12/31/2026

Defer the capital gain taxes to when you choose to sell off investment **OR** until the last day of 2026, whichever comes first.

STEP UP IN BASIS

5 Year Hold

The basis increases to **10%** if held for at least 5 years & and by an additional **+ 5%** if held for at least 7 years to **15%** of the original gain.

PERMANENT EXCLUSION

10 Year Hold

If held for at least 10 years, tax payer receives a **permanent exclusion** from capital gains tax applied to asset once sold.

TAX INCENTIVES

Restoration Tax Abatement | Frozen Property Taxes



Under normal circumstances, if an owner improves, renovates or adds on to a building, the assessed value goes up and so do the property taxes. Under the recently expanded Restoration Tax Abatement Program, the assessed value and the property assessment can be frozen at the pre-improvement level for five years, resulting in substantial tax savings. In many parishes, RTA contracts may be renewed for a second 5-year term.

TAXES WOULD REMAIN AT \$16,603.65 FOR AT LEAST 5 YEARS

2025
Land Assessment
\$451,000

2025
Building Assessment
\$459,000

2025
Property Taxes
\$16,603

VALUATION

2024 Appraised Values



A discounted cash flow analysis yields an “as completed” valuation of \$51.15mm. And, after a projected one-year stabilization period, the DCFA reconciles an “as stabilized” value of \$57.8 million, derived from the quantity and quality of the income generated, with a debt coverage ratio of 1.25, inclusive of interest and holding cost during a 24 month development period.

MARKET VALUE CONCLUSIONS

DATE OF VALUE

VALUE CONCLUSION

PROSPECTIVE MARKET VALUE (AS COMPLETE)

2/1/2026

\$48,020,000

PROSPECTIVE MARKET VALUE (AS STABILIZED)

2/1/2027

\$54,160,000

INVESTMENT VALUE CONCLUSIONS

PROSPECTIVE INVESTMENT VALUE (AS COMPLETE)

2/1/2026

\$51,150,000

PROSPECTIVE INVESTMENT VALUE (AS STABILIZED)

2/1/2027

\$57,815,000

To review appraisal please contact broker.

UNDERWRITING SNAPSHOT

Reside-Wyndham Model | Hotel Component Only @ Only 72 Units



	Y1	Y2	Y3	Y4	Y5
PERFORMANCE METRICS	2027	2028	2029	2030	2031
Total Units	72	72	72	72	72
Hotel ADR	\$450	\$466	\$481	\$498	\$515
Avg. Overall Occ.	70%	70%	70%	70%	70%
Implied RevPar	\$315	\$326	\$337	\$348	\$360
REVENUE					
Reside Hotel Revenue	\$8,252,469	\$8,558,473	\$8,823,176	\$9,123,164	\$9,433,352
Ancillary Revenue	\$132,042	\$135,423	\$138,221	\$141,470	\$144,832
TOTAL REVENUE	\$8,384,510	\$8,693,896	\$8,961,397	\$9,264,635	\$9,578,184
DIRECT COST OF SALES					
Supplies	\$63,693	\$66,197	\$68,758	\$71,439	\$74,225
Utilities	\$167,798	\$169,476	\$171,171	\$172,882	\$174,611
Credit Card Fees	\$14,681	\$15,223	\$15,691	\$16,222	\$16,771
TOTAL COST OF SALES	\$246,172	\$250,896	\$255,619	\$260,543	\$265,607
GROSS PROFIT	\$8,138,338	\$8,443,000	\$8,705,778	\$9,004,091	\$9,312,577
DIRECT OPEX					
Staffing Expenses	\$739,299	\$768,689	\$799,246	\$831,020	\$864,057
Property Tax & Insurance	\$230,000	\$235,200	\$240,518	\$245,958	\$251,521
TOTAL DIRECT OPEX	\$969,299	\$1,003,888	\$1,039,765	\$1,076,978	\$1,115,579
SG&A EXPENSES					
Licenses & Fees	\$64,800	\$66,355	\$67,948	\$69,578	\$71,248
Reside/Wyndham Fees	\$1,479,651	\$1,531,476	\$1,576,691	\$1,627,668	\$1,680,358
TOTAL OPEX	\$2,513,750	\$2,601,720	\$2,684,403	\$2,774,225	\$2,867,185
NOI	\$5,624,588	\$5,841,280	\$6,021,375	\$6,229,867	\$6,445,391

PROJECT COST

ROM Pricing by Woodward Design + Build

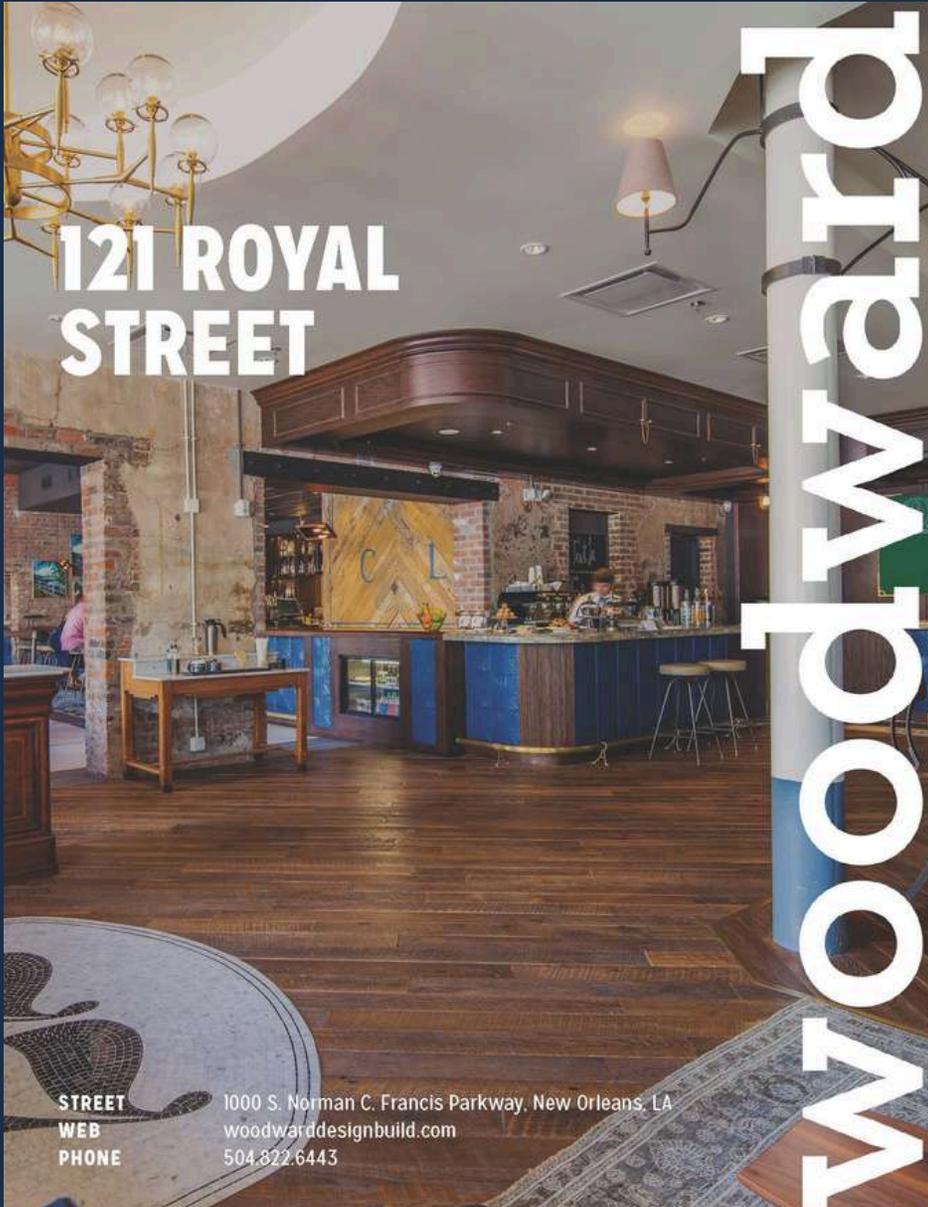


At an attractive reset basis, the QOZ Fund can be used to finance approximately \$44.5 million (\$443,877/key; \$214,607/room; including acquisition) to develop the French Quarter's first new, vertically oriented hotel since 1970, with a either a 5 or 10 year (or longer) hold, eliminating gains on gains taxes from the eventual sale.

ACQUISITION	<i>Preferred equity returned via cashout-refi upon completion</i>	\$6,875,000
CONSTRUCTION COST	<i>Woodward Design Group : 01 05 24 ROM [\$393 / SF]</i>	\$29,228,805
CONTINGENCY	<i>5% construction</i>	\$1,461,440
SOFT COSTS	<i>Interest, professional fees, insurances, utilities, taxes, etc.</i>	\$4,000,000
FF&E		\$3,000,000
TOTAL PROJECT COST		\$44,565,245

CONSTRUCTION COST

Woodward Design + Build's ROM



STREET 1000 S. Norman C. Francis Parkway, New Orleans, LA
WEB woodwarddesignbuild.com
PHONE 504.822.6443

General Conditions	\$3,160,381
Structural Demo	\$540,016
Concrete	\$5,041,658
Masonry	\$200,531
Metals	\$476,843
Woods & Plastics	\$981,048
Therm-Moist. Protection	\$822,191
Openings	\$2,615,872
Finishes	\$4,183,788
Specialties	\$218,382
Equipment	\$736,306
Special Construction (Pool)	\$258,303
Conveying Equipment (Elevator)	\$503,691
Fire Supression	\$566,383
Plumbing	\$2,692,587
Electrical	\$2,692,587
Earthwork	\$1,812,940
Hoisting and Lifting	\$1,548,248
TOTAL COSTS	\$29,228,806
per sf	\$393
per unit (98)	\$298,253
per bedroom (203)	\$143,948

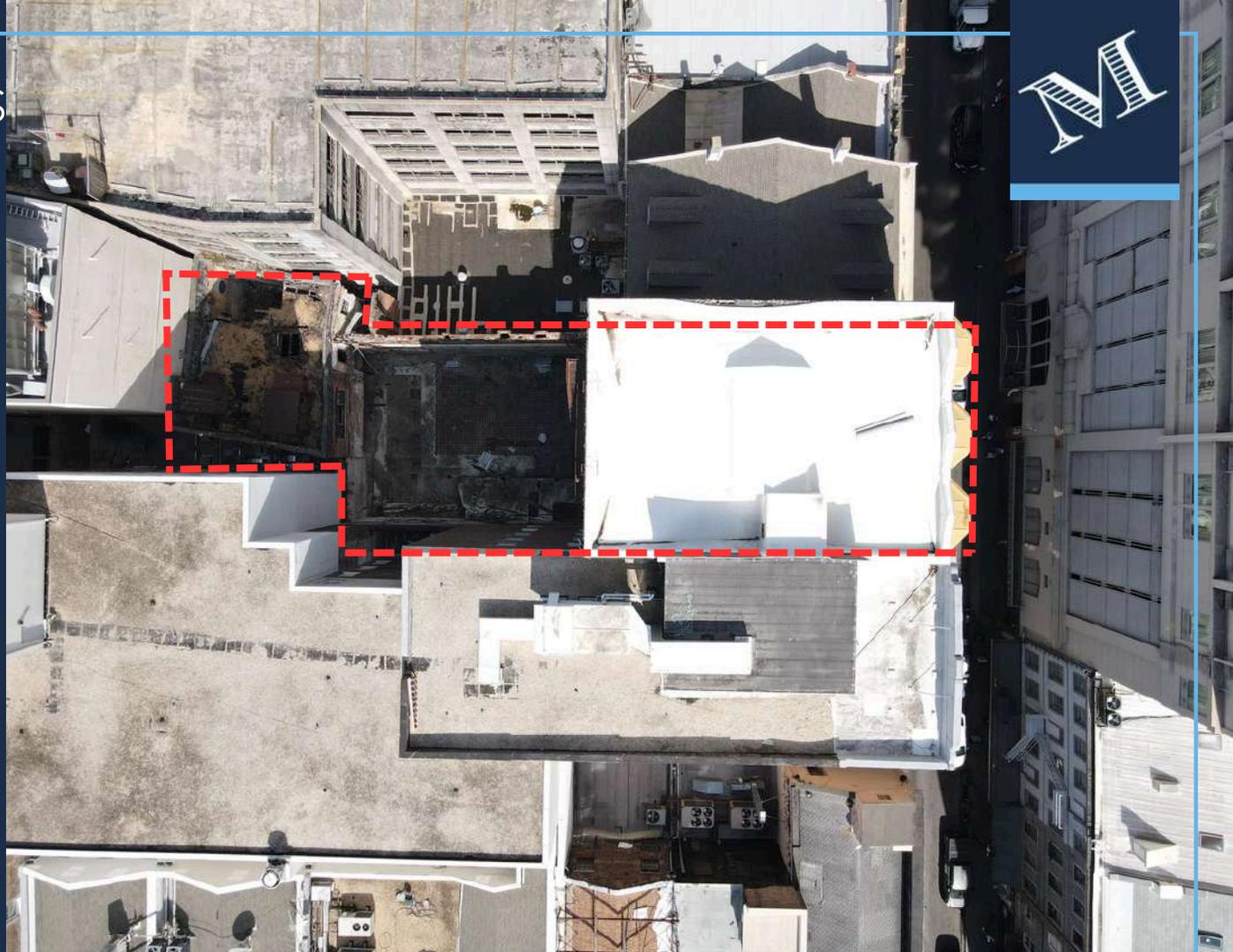
PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



VIEW FROM THE TOP



HOTEL RENDERINGS





THE FRENCH QUARTER

New Orleans has always been considered a top destination for its historic charm and vibrant music scene, but there has been a noteworthy boom in the tourism industry over the previous decade. Often called the Crown Jewel of New Orleans, the French Quarter is one of the country's most historic neighborhoods. but you'll find plenty of new mixed in with the old. There's a reimagined French Market, modern boutiques and artisan cocktails mix with beloved antique stores and old restaurants. (Antoine's. Arnaud's. Galatoire's. Brennan's – the world would be far less flavorful without you!)

Like the Creole aristocrats lining the galleries of the Historic New Orleans Collection, the French Quarter is a timeless portrait – especially come dusk when swallows glide above the fortunetellers on Jackson Square and St. Louis Cathedral's butter-crème-colored walls reflect the fiery sunset. Ghost tours troop past mad Madame LaLaurie's mansion while neon signs stutter to life on Bourbon Street where syrupy red Hurricanes, slosh in famed 'go cups'– those plastic tumblers responsible for uncountable curbside parties. Night falls. Horse hooves clop, music throbs and gaslights flicker in a place full of long-told legends and those waiting to be born. (www.neworleans.com)

The National Historic Landmark French Quarter is the only remaining intact French Colonial and Spanish settlement in the United States. It has been a residential neighborhood since 1718 and has withstood many challenges, including hurricanes, floods, fires, and war. It is home to many individual historic landmarks, including the Ursuline Convent (1752), Cabildo (1795), Old Absinthe House, Pontalba Buildings, Jackson Square, Madame John's Legacy (1788).



NEW ORLEANS, LA



New Orleans is a city celebrated not just for its unique architecture but also for its rich cultural tapestry, vibrant music scene, and deep historical roots. Known as the birthplace of jazz, the city pulsates with live music, particularly in districts like Frenchmen Street and the French Quarter, where visitors and locals alike enjoy performances in intimate clubs and on bustling streets. Major annual events like Mardi Gras and the New Orleans Jazz & Heritage Festival highlight the city's festive spirit and draw visitors from around the world.

Economically, New Orleans has experienced a resurgence, with tourism, technology, a robust port economy and creative industries playing vital roles in its recovery post-Hurricane Katrina. The city's real estate market is equally diverse, from luxury homes in the Garden District to more affordable housing in up-and-coming neighborhoods like Bywater and Mid-City. With strict preservation laws protecting its historic districts, New Orleans has maintained its architectural integrity while fostering a dynamic environment for new development, making it an attractive market for both homeowners and investors. The combination of cultural richness, historic preservation, and economic revival makes New Orleans a vibrant and resilient city, full of opportunities.



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EXCLUSIVELY LISTED BY

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DISCLOSURE AND CONSENT TO DUAL AGENT DESIGNATED AGENCY



This document serves three purposes:

- It discloses that a real estate licensee may potentially act as a disclosed dual agent who represents more than one party to the transaction.
• It explains the concept of disclosed dual agency.
• It seeks your consent to allow the real estate agent to act as a disclosed dual agent.

A LICENSEE MAY LEGALLY ACT AS A DUAL AGENT ONLY WITH YOUR CONSENT. BY CHOOSING TO SIGN THIS DOCUMENT, YOUR CONSENT TO DUAL AGENCY REPRESENTATION IS PRESUMED. BEFORE SIGNING THIS DOCUMENT, PLEASE READ THE FOLLOWING:

The undersigned designated agent(s) (Insert name(s) of licensee(s) undertaking dual representation) and any subsequent designated agent(s) may undertake a dual representation represent both the buyer (or lessee) and the seller (or lessor) for the sale or lease of property described as (List address of property, if known)

The undersigned buyer (or lessee) and seller (or lessor) acknowledge that they were informed of the possibility of this type of representation. The licensee(s) will undertake this representation only with the written consent of ALL clients in the transaction.

Any agreement between the clients as to a final contract price and other terms is a result of negotiations between the clients acting in their own best interests and on their own behalf. The undersigned buyer (or lessee) and seller (or lessor) acknowledge that the licensee(s) has explained the implications of dual representation, including the risks involved. The undersigned buyer (or lessee) and seller (or lessor) acknowledge that they have been advised to seek independent advice from their advisors or attorneys before signing any documents in this transaction.

WHAT A LICENSEE CAN DO FOR CLIENTS WHEN ACTING AS A DUAL AGENT

- Treat all clients honestly.
• Provide information about the property to the buyer (or lessee).
• Disclose all latent material defects in the property that are known to the licensee(s).
• Disclose financial qualifications of the buyer (or lessee) to the seller (or lessor).
• Explain real estate terms.
• Help the buyer (or lessee) to arrange for property inspections.
• Explain closing costs and procedures.
• Help the buyer compare financing alternatives.
• Provide information about comparable properties that have sold so that both clients may make educated decisions on what price to accept or offer.

WHAT A LICENSEE CANNOT DISCLOSE TO CLIENTS WHEN ACTING AS A DUAL AGENT

- Confidential information that the licensee may know about the clients, without that client's permission.
• The price the seller (or lessor) will take other than the listing price without permission of the seller (or lessor).
• The price the buyer (or lessee) is willing to pay without permission of the buyer (or lessee).

You are not required to sign this document unless you want to allow the licensee(s) to proceed as a dual agent(s), representing BOTH the buyer (or lessee) and the seller (or lessor) in this transaction. If you do not want the licensee(s) to proceed as a dual agent(s) and do not want to sign this document, please inform the licensee(s).

By signing below, you acknowledge that you have read and understand this form and voluntarily consent to the licensee(s) acting as a dual agent(s), representing BOTH the buyer (or lessee) and the seller (or lessor) should that become necessary.

Signature lines for Buyer or Lessee, Seller or Lessor, Date, Licensee, and Date for both parties.

Customer Information Form

What Customers Need to Know When Working With Real Estate Brokers or Licensees

This document describes the various types of agency relationships that can exist in real estate transactions.

AGENCY means a relationship in which a real estate broker or licensee represents a client by the client's consent, whether expressed or implied, in an immovable property transaction. An agency relationship is formed when a real estate licensee works for you in your best interest and represents you. Agency relationships can be formed with buyers/sellers and lessors/lessees.

DESIGNATED AGENCY means the agency relationship that shall be presumed to exist when a licensee engaged in any real estate transaction, except as otherwise provided in LA R.S. 9:3891, is working with a client, unless there is a written agreement providing for a different relationship.

- The law presumes that the real estate licensee you work with is your designated agent, unless you have a written agreement otherwise.
• No other licensees in the office work for you, unless disclosed and approved by you.
• You should confine your discussions of buying/selling to your designated agent or agents only.

DUAL AGENCY means an agency relationship in which a licensee is working with both buyer and seller or both landlord and tenant in the same transaction. Such a relationship shall not constitute dual agency if the licensee is the seller of property that he/she owns or if the property is owned by a real estate business of which the licensee is the sole proprietor and agent. A dual agency relationship shall not be construed to exist in a circumstance in which the licensee is working with both landlord and tenant as to a lease that does not exceed a term of three years and the licensee is the landlord. Dual agency is allowed only when informed consent is presumed to have been given by any client who signed the dual agency disclosure form prescribed by the Louisiana Real Estate Commission. Specific duties owed to both buyer/seller and lessor/lessee are:

- To treat all clients honestly.
• To provide factual information about the property.
• To disclose all latent material defects in the property that are known to them.
• To help the buyer compare financing options.
• To provide information about comparable properties that have sold, so that both clients may make educated buying/selling decisions.
• To disclose financial qualifications to the buyer/lessee to the seller/lessor.
• To explain real estate terms.
• To help buyers/lessees arrange for property inspections
• To explain closing costs and procedures.

CONFIDENTIAL INFORMATION means information obtained by a licensee from a client during the term of a brokerage agreement that was made confidential by the written request or written instruction of the client or is information the disclosure of which could materially harm the position of the client, unless at any time any of the following occur:

- The client permits the disclosure by word or conduct.
• The disclosure is required by law or would reveal serious defect.
• The information became public from a source other than the licensee.

By signing below you acknowledge that you have read and understand this form and that you are authorized to sign this form in the capacity in which you have signed.

Signature lines for Buyer/Lessee and Seller/Lessor, including fields for By, Title, Date, and Licensee.

