

Marcus & Millichap



OFFERING MEMORANDUM

# *The Donoho Hotel*

500 E Main St, Red Boiling Springs, TN 37150

Historical Property • Unique Opportunity • Entertainment Hall

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# INVESTMENT OVERVIEW

PROPERTY DETAILS

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PRICING SUMMARY

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PROPERTY OVERVIEW

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REGIONAL MAP

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RETAIL MAP

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SITE MAP

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# INVESTMENT OVERVIEW | PROPERTY DETAILS

## PROPERTY OVERVIEW

Marcus & Millichap is pleased to offer for sale the Donoho Hotel. Built in 1914, the hotel is listed in the National Register of Historic Places and was once visited by U.S. President Woodrow Wilson. It maintains the original structure along with many elements and characteristics perfectly preserved over the years. The two-story building features a mix of exterior and interior corridors, 37 guestrooms, a welcoming lobby and parlor, dining room, wrap around porches and plenty of outdoor space. The offering includes a 7,000 square foot separate entertainment center adjacent to the main building. The hotel is located in Red Boiling Springs, TN, popularized in the 1920's for its five different types of mineral and sulfur waters and their "therapeutic" properties. The area was a summer destination that drew thousands of visitors each year, and the Donoho Hotel is one of only three remaining hotels from the time. Now, the hotel is a popular getaway for folks to make the 1.5 hour drive from Nashville, 45 minutes from Cookeville or 30 minutes from Gainesboro, to escape the hustle and bustle and enjoy friendly accommodations, home cooked meals and live entertainment. With a 100-person dining room, separate event space, and abundant outdoor space, the property is also popular for weddings, retreats, and reunions.

The Donoho Hotel is perfect for a motivated investor who recognizes the charming and unique historic qualities and its untapped potential.



## PROPERTY SUMMARY

ADDRESS:	500 E Main St, Red Boiling Springs, TN 37150
YR BUILT:	1914
# OF ROOMS:	37 (2 stories)
BLDG SF:	+/- 20,040 SF
LOT AREA:	3.75 AC
RM REV 2021:	\$334,676 (estimated)
NOI 2021:	\$206,390 (estimated)
RevPAR 2021:	\$26.97 (estimated)

## PROPERTY HIGHLIGHTS

- Listed in National Register of Historic Places
- Separate +/- 7,000 SF Entertainment Center
- 100-person Dining Room in Main Building
- Interior and Exterior Corridors
- Recently Updated Bathrooms
- Roof Recently Repaired
- Upgraded Wi-Fi Throughout

**ALL SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**



# INVESTMENT OVERVIEW | PRICING SUMMARY

ACQUISITION PRICE: \$2,627,000

CURRENT		PRO FORMA*	
ROOM REVENUE:	\$334,676 (estimated)	RM REVENUE YR 1:	\$508,872
NOI:	\$206,390 (estimated)	NOI YEAR 1:	\$285,561
% of GR:	46% (estimated)	CAP YEAR 1:	10.87%
CAP:	7.86%		
\$/RM:	\$71,000		

\*Note: ProForma is based on Financial Projections and Assumptions, considering current market Conditions



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## INVESTMENT HIGHLIGHTS

- Includes 32 standard hotel rooms, three suites, and two day-rooms
- All rooms have updated bathrooms with a shower, or shower/tub, except day-rooms
- Upgraded Wi-Fi throughout property, and redundant Honeywell Firelite Alarm System with addressable control panels, POTS lines
- Excellent business opportunity for an on-site, hands-on manager
- Underutilized +/-7,000 SF entertainment hall with stage, bathrooms, and commercial kitchen
- Opportunity to increase revenue stream with targeted marketing strategies and dedicated sales personnel
- Located in a quiet town away from hustle and bustle, but close enough to visit for an evening event





# INVESTMENT OVERVIEW | PROPERTY OVERVIEW

Each of the 37 guestrooms is uniquely decorated with antique furniture, carefully curated art pieces, and inviting amenities. All bathrooms and plumbing have been recently updated, and two rooms are used as “dayrooms” as they do not have their own attached bathroom. Several of the guestrooms have direct access to the beautiful wrap-around porches lined with rocking chairs where guests sit, relax, read, and enjoy the quiet of this small town.

Down the hallway from the lobby is a large dining room that seats up to 100 guests and includes dining tables from the original building. The room, with windows all around offering a generous amount of natural light, is used to serve family-style meals when the hotel is full and invites local residents to dine as well.

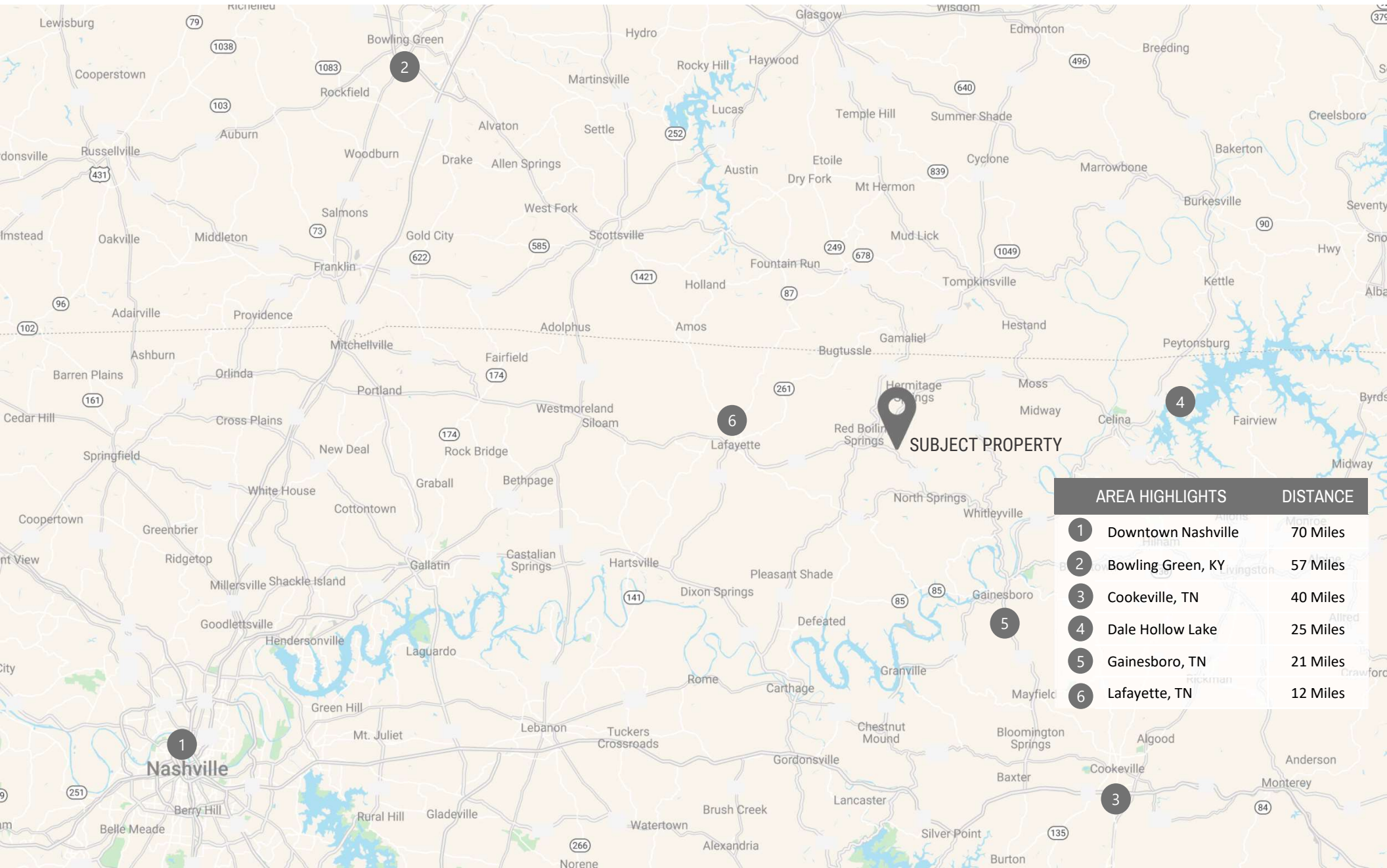
Within the 3.75 acre lot sits a +/-7,000 square foot Entertainment Center. Separate from the main building, the Center features a stage, bathrooms, commercial kitchen, and space to comfortably seat 200 people in rounds. The interior walls are lined with wood panels repurposed from the barn that used to stand there, creating an atmosphere for excellent acoustics. Currently, the space is used to live stream local artists and host events that attract guests from nearby towns, and can also be rented for private conferences or social gatherings.

Due to its secluded location and rich history, this property has the qualities to naturally transform into a luxury getaway, a creative artist retreat, unique Bed & Breakfast or something similar.





# INVESTMENT OVERVIEW | REGIONAL MAP



AREA HIGHLIGHTS		DISTANCE
1	Downtown Nashville	70 Miles
2	Bowling Green, KY	57 Miles
3	Cookeville, TN	40 Miles
4	Dale Hollow Lake	25 Miles
5	Gainesboro, TN	21 Miles
6	Lafayette, TN	12 Miles



# INVESTMENT OVERVIEW | RETAIL MAP





# INVESTMENT OVERVIEW | SITE MAP







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**Donoho**  
**Hotel**

For Reservations Call: 1-800-799-1705  
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**RONNIE MCDOWELL**  
**615-699-3141**  
Visit our website @ [www.donohohotel.com](http://www.donohohotel.com)



# FINANCIAL ANALYSIS



PROPERTY HISTORY

PROPERTY PRO FORMA



# FINANCIAL ANALYSIS | HISTORY & PRO FORMA

NOTE: All operational, income and expense statements are estimates based on industry averages and informed assumptions.

OPERATING STATEMENT						Pro Forma							
		2020		2021		2022		2023		2024		2025	
Rooms		34		34		34		34		34		34	
Available Rooms		12,410		12,410		12,410		12,410		12,410		12,410	
Rooms Sold		1,432		2,635		3,165		3,661		4,344		4,468	
ADR		\$127.00		\$127.00		\$135.00		\$139.00		\$141.00		\$145.00	
Occupancy		11.54%		21.23%		25.50%		29.50%		35.00%		36.00%	
RevPAR		\$14.65		\$26.97		\$34.43		\$41.01		\$49.35		\$52.20	
Revenue Per Room		\$5,347.12		\$9,843.40		\$12,565.13		\$14,966.83		\$18,012.75		\$19,053.00	
Income													
Rental Income		181,802	75%	334,676	75%	427,214	75%	508,872	74%	612,434	75%	647,802	75%
Food & Beverage + Other		60,601	33%	111,559	33%	145,253	34%	178,105	35%	208,227	34%	210,536	33%
Total Revenue		242,403	100%	446,234	100%	572,467	100%	686,977	100%	820,661	100%	858,338	100%
		2020		2021		2022		2023		2024		2025	
Departmental Expenses													
Rooms		52,727	22%	92,373	21%	125,943	22%	151,135	22%	180,545	22%	197,418	23%
Food & Beverage		18,180	8%	33,468	8%	50,838	9%	62,337	9%	74,962	9%	75,793	9%
Total Departmental Expenses		70,908	29%	125,840	28%	176,781	31%	213,472	31%	255,507	31%	273,210	32%
Undistributed Operating Expenses													
Administration & General		6,063	3%	11,641	3%	17,174	3%	27,479	4%	32,826	4%	34,334	4%
Marketing		100	0%	100	0%	3,500	1%	3,500	1%	3,500	0%	3,500	0%
Franchise Fees		-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Utility Costs		33,573	14%	61,803	14%	80,145	14%	96,177	14%	114,893	14%	120,167	14%
Property Operations & Maintenance		16,956	7%	27,974	6%	40,073	7%	48,088	7%	57,446	7%	60,084	7%
Total Undistributed Operating Expenses		56,692	23%	101,519	23%	140,892	25%	175,244	26%	208,665	25%	218,084	25%
Fixed Expenses													
Property Taxes		5,148	2%	5,148	1%	8,220	1%	8,220	1%	8,631	1%	8,631	1%
Insurance		7,300	3%	7,400	2%	7,500	1%	7,500	1%	7,700	1%	7,700	1%
Total Fixed Expenses		12,448	5%	12,548	3%	15,720	3%	15,720	2%	16,331	2%	16,331	2%
Amount Available for Debt Service & Other Fixed Charges		102,356	42%	206,327	46%	239,074	42%	282,541	41%	340,157	41%	350,712	41%
Capital Replacement Reserve		-	0%	-	0%	22,899	4%	27,479	4%	32,826	4%	34,334	4%
Management Fee		-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Net Operating Income (NOI)		102,356	42%	206,327	46%	239,074	42%	282,541	41%	340,157	41%	350,712	41%







# MARKET OVERVIEW

The background image shows a courtyard between two-story white buildings with horizontal siding. A large wooden deck occupies the foreground and middle ground. On the left, there are some potted plants. In the center, there is a small table with four chairs. The sky is blue with some clouds. A semi-transparent white box with blue horizontal lines is overlaid on the image, containing the text.

RED BOILING SPRINGS, TN

DEMOGRAPHICS

AREA HIGHLIGHTS



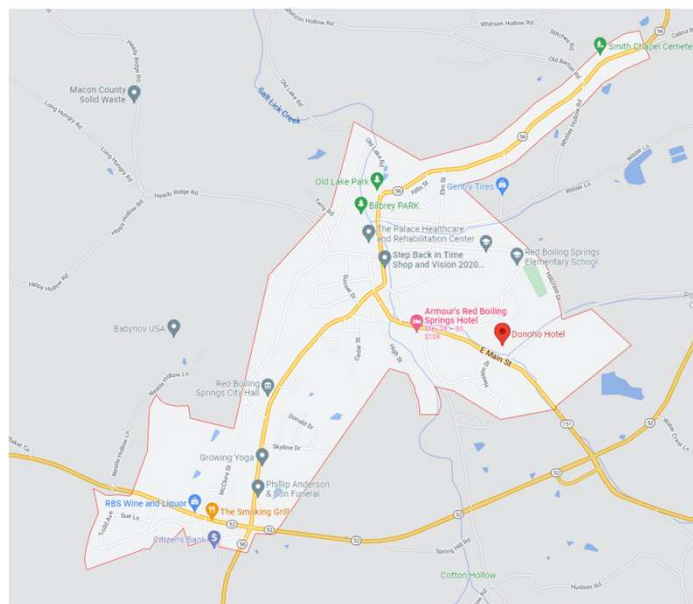
# MARKET OVERVIEW | RED BOILING SPRINGS, TN

## CITY OF RED BOILING SPRINGS HOME OF THE BULLDOGS



Red Boiling Springs is a city in Macon County named for its unique mineral springs. The town first became famous in the 1800s when a traveler named Shepherd Kirby claimed the water cured his infected eyes and talk of his miraculous healing in the sulfur water spread fast. Before long, travelers began to arrive seeking cures for all sorts of ailments. Settlers soon noticed the water sometimes had a red tint, and it looked as if it were boiling. So, in 1847, the town was named Red Boiling Springs. In its 1920s heyday, Red Boiling Springs was home to numerous boarding houses and 11 grand hotels with bath houses, pools, bowling alleys and dance halls. The popularity has faded through the years, and mineral water doesn't flow in the open creek, but visitors can still sample mineral water from some private wells and the residents are intent on resorting Main Street and preserving the history. The town of about 2,000 people is much quieter these days, but the three remaining historic hotels – Thomas House Bed & Breakfast, Armour's Hotel and The Donoho Hotel – offer a peaceful glimpse of the town's resort history.

The City of Red Boiling Springs' leaders, business owners and citizenry interact and cooperate with each other effectively, which has led to a strong sense of unity. The City's economic focus is tourism development, retaining existing industry and retail/service industries and the infrastructure has kept pace with the ever-changing economic environment. The roads are in excellent condition and the community has good access to the interstate. Sidewalks allow pedestrians to explore the city safely and tourists to enjoy the entertainment.





## RED BOILING SPRINGS, TN

### POPULATION

#### 2026 Projection

3-MILE	5-MILES	10-MILES
2,862	4,623	15,027

#### 2021 Population

3-MILE	5-MILES	10-MILES
2,755	4,477	14,638



### INCOME

#### Average

3-MILE	5-MILES	10-MILES
\$62,810	\$63,517	\$57,497

#### Median

3-MILE	5-MILES	10-MILES
\$49,783	\$49,673	\$45,666



### HOUSEHOLDS

#### 2026 Projection

3-MILE	5-MILES	10-MILES
1,052	1,690	5,865

#### 2021 Households

3-MILE	5-MILES	10-MILES
1,013	1,690	5,682





# MARKET OVERVIEW | AREA HIGHLIGHTS

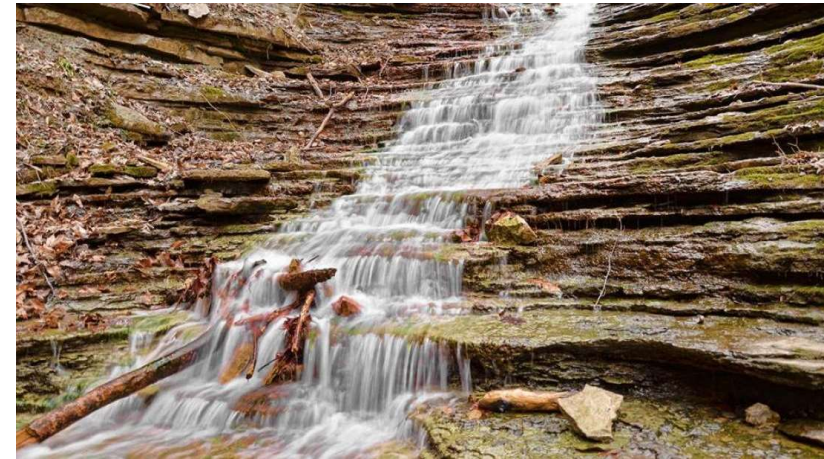
## WALKING QUILT TRAIL

Red Boiling Springs Walking Quilt Trail is located throughout its city parks. The trail begins at the gazebo in front of the Donoho Hotel on the corner of East Main Street and Witcher Hollow Road. Each shadow box display contains a painted representation of a quilt block from a quilt design of the 1920s to 1940s and a plaque describing the design and why the sponsor chose it. The quilts are painted and crafted by local artists, with the display boxes built by local carpenters. The first of its kind, the Walking Quilt Trail honors the heritage of the town, provides a pleasant addition to the existing walking trail in the city parks and encourages citizens and guests to walk the trail to add a few more steps to their lives.



## WINDING STAIRS PARK AND NATURE TRAIL

The Cascade and waterfalls extend over a distance of 400 feet. Because of the numerous drops and cascades in a winding pattern, this geologic feature is well-known to the residents of Macon County as “Winding Stairs”. The gorge itself is formed of steeply sloped, and in several places, vertical walls that have been eroded into the Fort Payne Formation. Differential erosion of the cherty limestone by the stream flowing down the winding gorge has created a series of numerous, small stream drops or cascades resembling stair steps. This stream that eroded this gorge forms the headwater of Goose Creek, a south-flowing tributary of Cumberland River.



## LAFAYETTE, TN

Lafayette is about 1.15 hr northeast of Nashville, and just ten miles west of Red Boiling Springs. The city has a municipal airport, two amenity rich local parks, and is home to the Red Barn Winery & Vineyards. The city also hosts the week-long Macon County Fair each year, filled with beauty pageants, a petting zoo, sheep and goat shows, and nightly events. Lafayette has the small-town atmosphere with many locally owned shops and businesses.









# BROKER OF RECORD

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## Jody McKibben

6 Cadillac Dr. Ste 100  
Brentwood, TN 37027  
Direct: 615.997.2900  
License: TN #307639  
ACT ID: ZAD0480052



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