



Sandy, OR Hotel Study Report

Healthy Sustainable Communities

May, 2026

Executive Summary

- **Sandy is positioned within one of Oregon's strongest tourism regions.** The Mt. Hood/Gorge region recently reached a record \$523M in travel spending, with accommodations serving as the fastest-growing spending category and maintaining the highest occupancy rates in Oregon.
- **Sandy has a clear lodging capture opportunity.** The city records approximately 29,200 overnight trips and 88,900 visit nights annually, yet its standardized commercial lodging supply remains limited to a single 45-room hotel, causing many visitors to stay elsewhere along the Mt. Hood corridor or in the Portland metro area.
- **Sandy faces a strategic choice:** pursue a 90-key select-service hotel that maximizes long-term impact (~\$113M economic impact; 82 jobs/year) or a 90-unit outdoor hospitality model that offers a lower-capital, lower-risk path (~\$87M economic impact; 43 jobs/year).

Agenda



Healthy Sustainable Communities partners with cities and counties to win critical funding, deliver actionable plans, and see projects through to completion—built on real results, local expertise, and deep commitment to Oregon’s future.

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Regional Overview

01

Hotel performance is closely tied to growth, inflation, and employment

GDP Growth (Oregon)

Slightly under national, but slow and positive growth still supports baseline travel demand.

0.9%

Inflation (West Region)

While consumer inflation is moderate, rising operational costs for hotels may outpace modest room rate growth.

3.5%

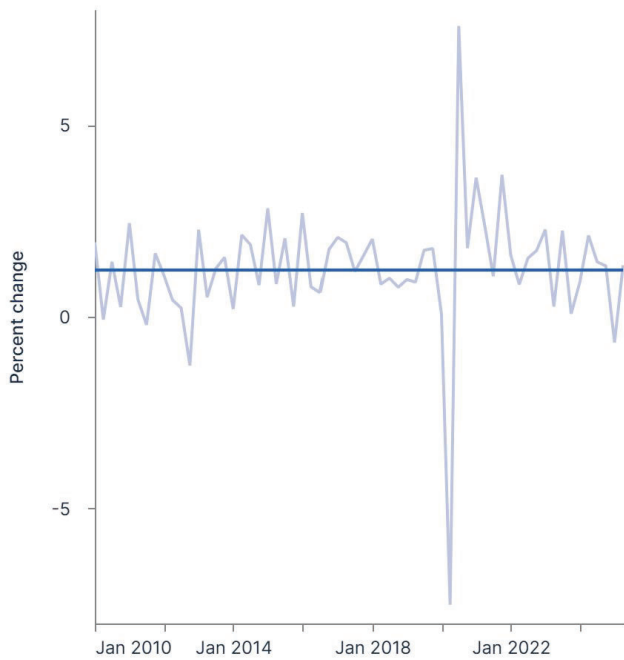
Unemployment (Oregon)

The labor market is showing signs of cooling which could soften leisure demand but may ease the tight labor market for staffing

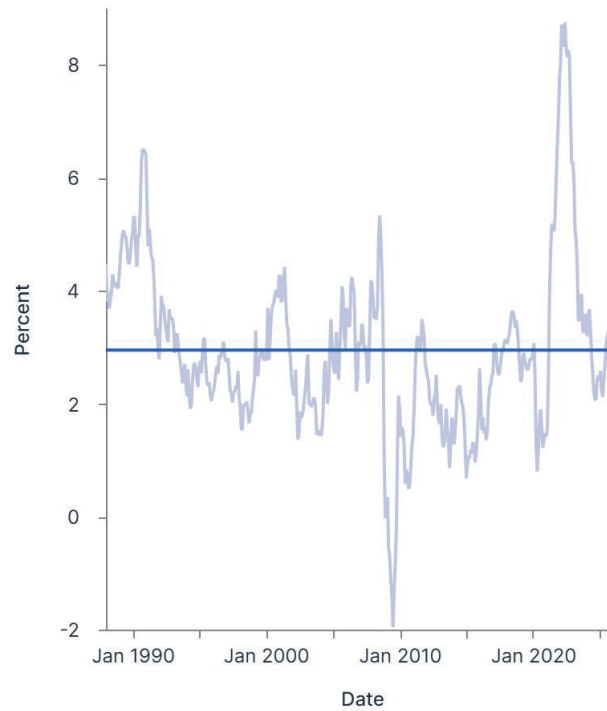
5.2%

Macro conditions near average levels support our long-term assumptions

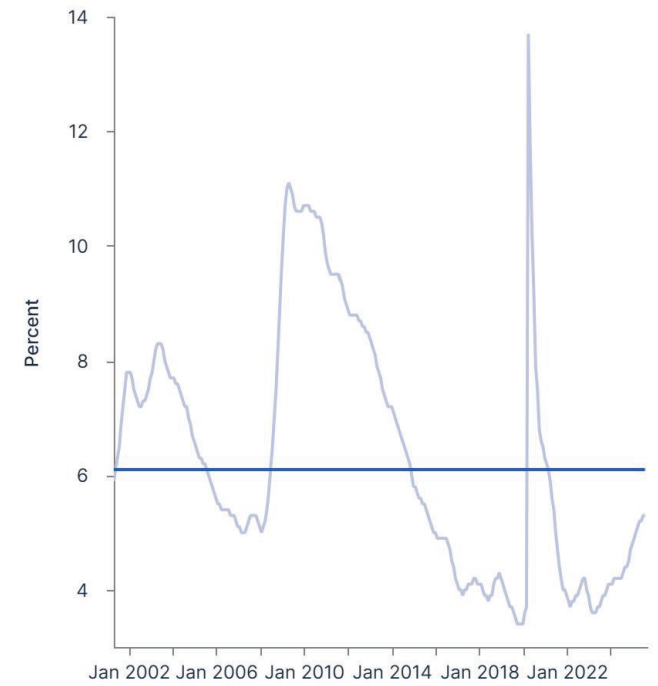
GDP Growth (Oregon)



Inflation



Unemployment Rates in Oregon



The local economic impact of travel is clear

In the Mt. Hood / Gorge Region:

\$523.2 M

Total travel spending in 2024

\$201.1M

Annual earnings

5,880

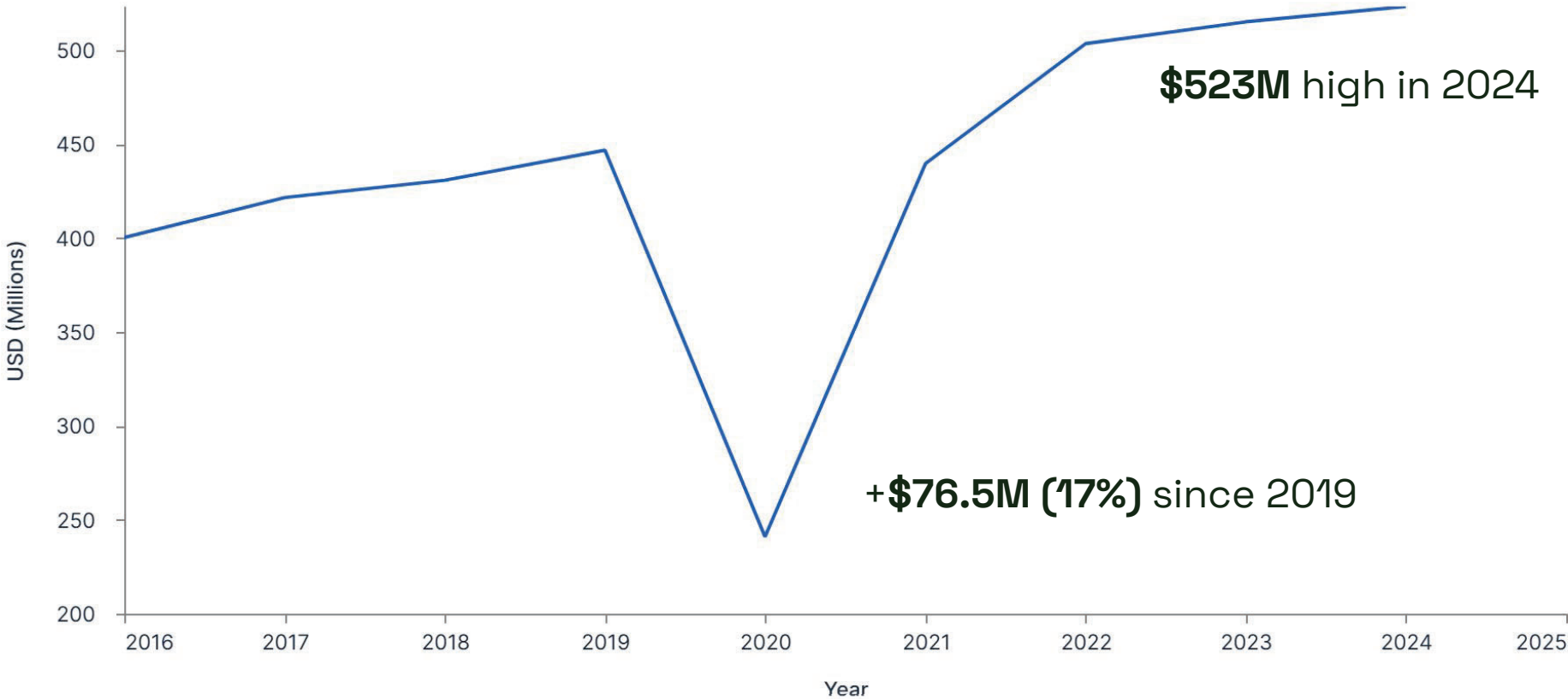
Jobs supported

\$27.3 M

Annual tax revenues

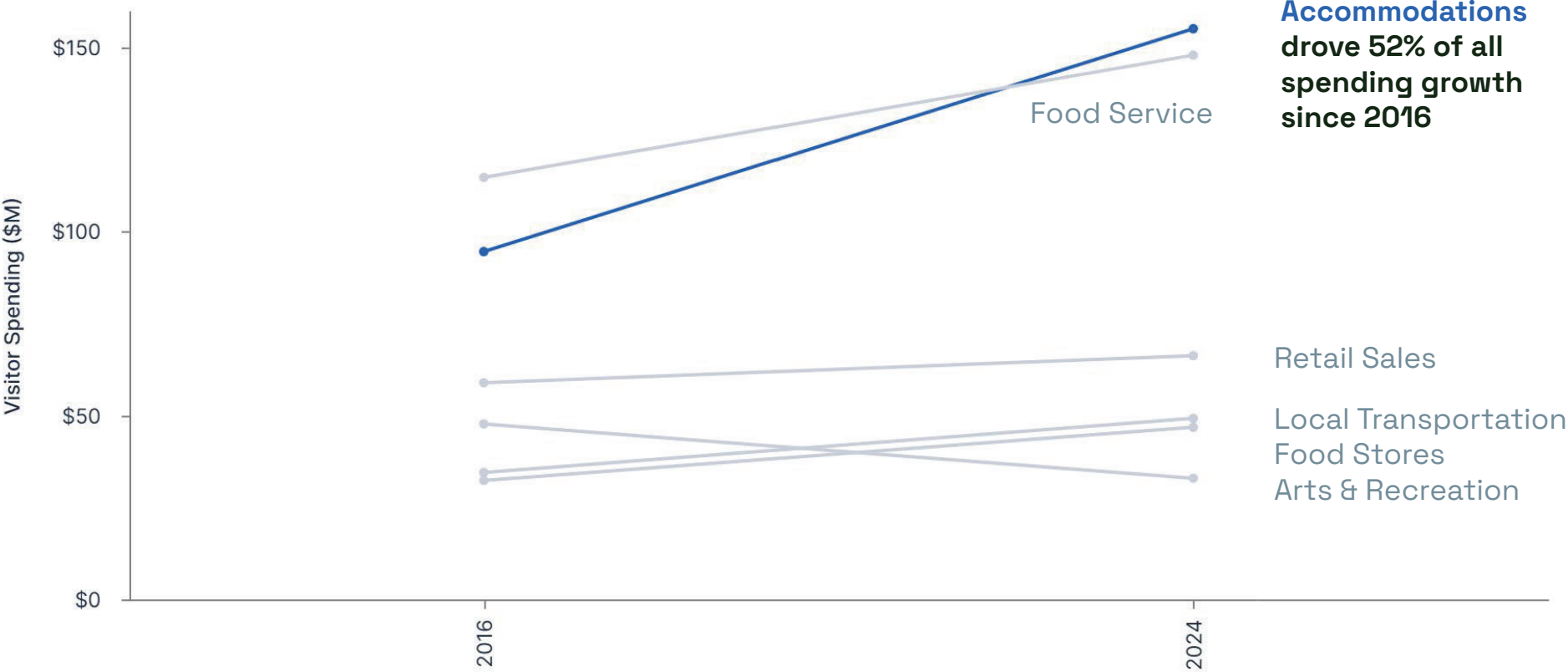
Source: Travel Oregon

Mt. Hood / Gorge travel spending continues to reach new highs post-pandemic

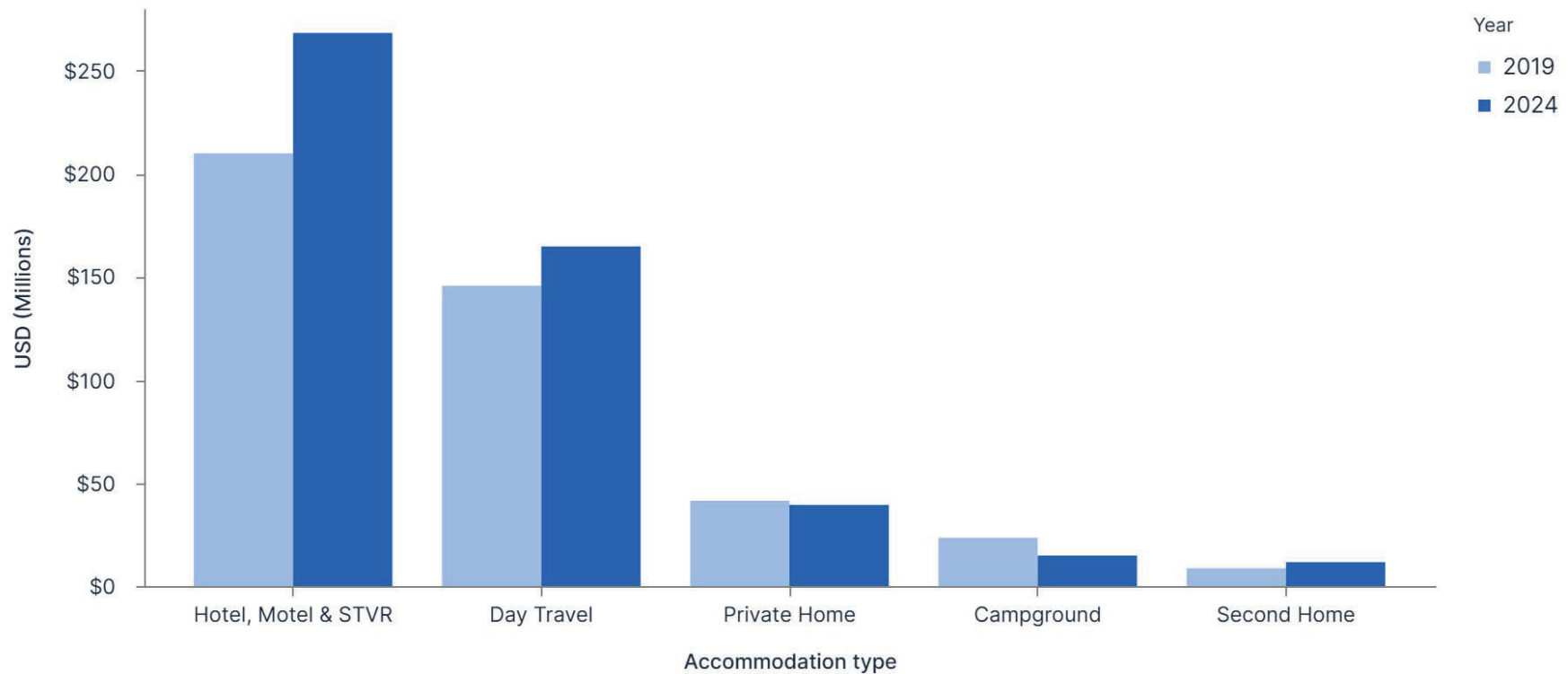


Source: Dean Runyan Associates, Healthy Sustainable Communities

Accommodations are the largest and fastest growing visitor spending category



Demand for paid lodging drove 84% of the spending growth from 2019 to 2024



Mt. Hood/Gorge leads the state with strong hotel fundamentals

Running 12 Month Reporting

Running 12 Months (R12): Sep 2024 - Aug 2025

Region	Occupancy %		Room Rate (\$)		RevPAR (\$)		Room Supply		Room Demand		Room Revenue (\$)	
	R12	YoY%	R12	YoY%	R12	YoY%	R12	YoY%	R12	YoY%	R12	YoY%
Statewide	60.7%	0.3%	\$141.4	-0.6%	\$85.8	-0.3%	25.93M	0.6%	15.74M	0.9%	\$2.23B	0.4%
Central	61.3%	4.4%	\$161.98	1.4%	\$99.33	5.9%	2.21M	-0.4%	1.35M	4.0%	\$219.42M	5.4%
Coast	59.4%	2.0%	\$167.83	0.7%	\$99.68	2.7%	4.18M	0.7%	2.49M	2.7%	\$417.09M	3.4%
Eastern	56.3%	3.1%	\$113.55	1.2%	\$63.96	4.4%	1.9M	1.1%	1.07M	4.2%	\$121.28M	5.5%
Mt. Hood/Gorge	64.3%	2.5%	\$150.21	1.3%	\$96.65	3.9%	819K	-0.4%	527K	2.1%	\$79.16M	3.5%
Portland	62.0%	-0.8%	\$133.12	-2.7%	\$82.6	-3.5%	9.74M	-0.5%	6.04M	-1.3%	\$804.27M	-4.0%
Southern	60.5%	2.1%	\$119.3	1.0%	\$72.12	3.1%	3.18M	0.1%	1.92M	2.2%	\$229.33M	3.2%
Willamette Valley	60.8%	-3.3%	\$143.69	-0.6%	\$87.37	-3.9%	3.95M	3.3%	2.4M	-0.1%	\$345.53M	-0.7%

Source: Travel Oregon

- **Mt. Hood/Gorge region has the highest occupancy rates in the state**
- **The demand for rooms is growing (2.1%) while room supply is contracting (-0.4%)**
- **Strong revenue growth as Revenue Per Available Room (RevPar) increased 3.9% compared to the statewide decline of -0.3%**



Sandy Lodging Market

02

Industry data for Sandy shows record-high room rates despite relaxed occupancy rates

Occupancy Rates

60.4%

62.6%
Historic Average ▼

Average Daily Rate
(ADR)

\$113.09

\$103.25
Historical Average ▲

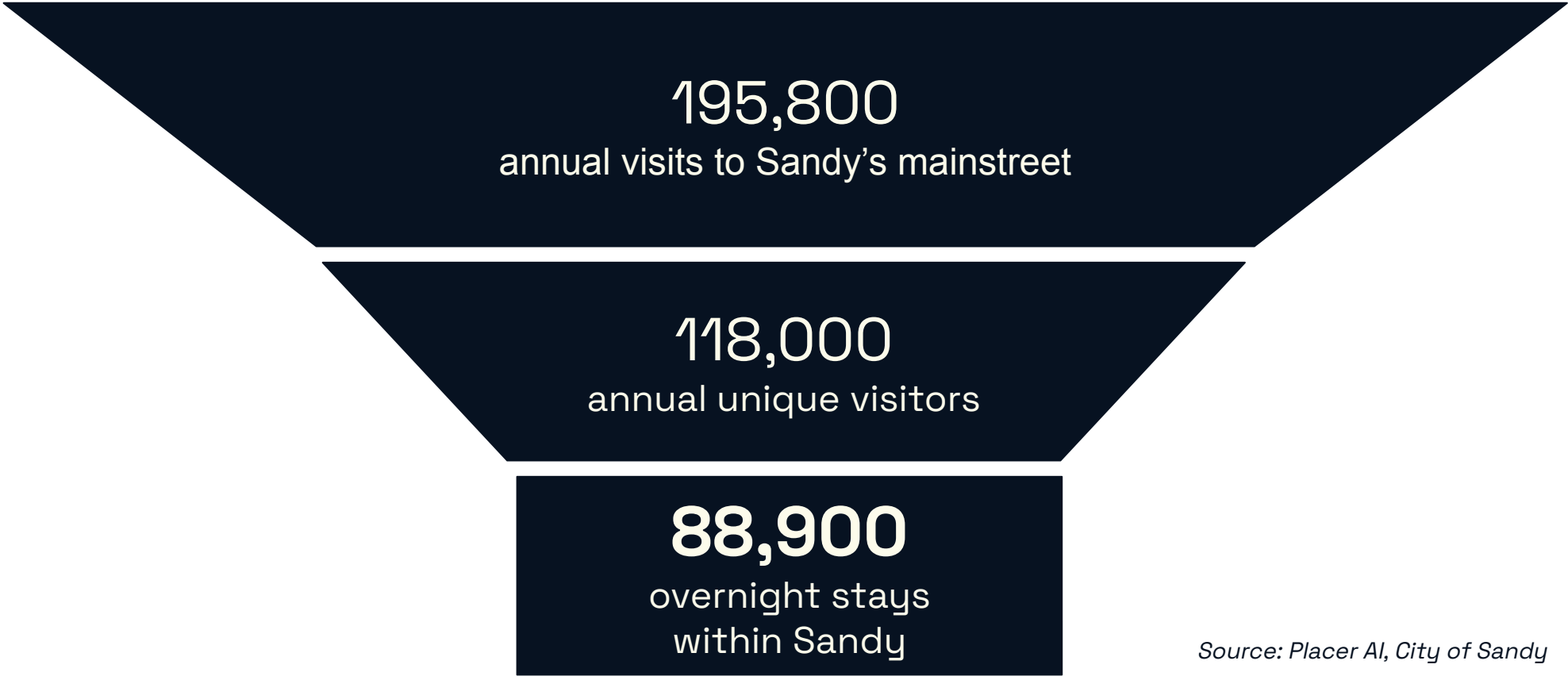
Revenue Per Available
Room (RevPAR)

\$68.30

\$64.85
Historical Average ▲

Source: Smith Travel Research (STR) / CoStar

High visitation volume generates over 88,900 annual overnight stays in Sandy



Source: Placer AI, City of Sandy

Local lodging supply has a combined supply of 55,700 room nights available in Sandy



16,425

Annual hotel room nights

39,353

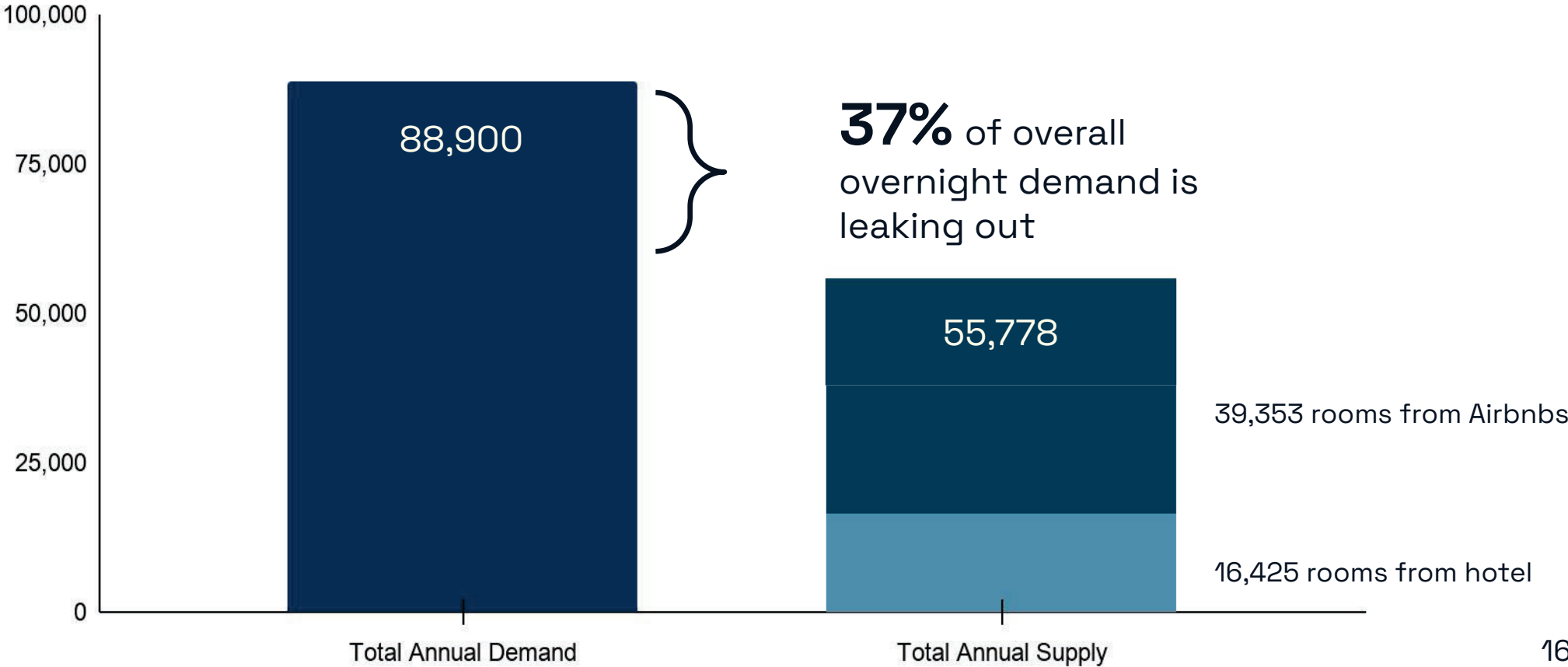
Annual STR room nights

55,778

Total annual room nights

*Source: City of Estacada Hotel Study,
2012; Airroi Data 2025*

More than half of Sandy overnight demand is leaking out of the city



Local stakeholder feedback confirms a lack of lodging for transient visitors

Metric	Stakeholder Response	Key Insight
Current Availability	1.78 / 5.0 Rating	78% of respondents rate current lodging as "Poor" (1-2 rating).
New Development Support	4.11 / 5.0 Rating	67% are "Likely" or "Very Likely" to support new lodging projects.
Lodging Pressure Indicator	89% hear lodging requests/full lodging reports weekly	Most respondents encounter lodging demand signals at least once per week during peak season, including 33% who hear them three or more times weekly.

Source: Healthy Sustainable Communities; survey distributed to 329 local organizations; 11.6% response rate (N=9).



Financial Model

03

Revenue and costs are anchored to market data

Revenue and Cost Estimates

Benchmarks by Hotel Segments

Segment	Cost per Key	RevPAR
Limited-service	\$ 167,000.00	\$ 56.94
Midscale extended-stay	\$ 170,000.00	\$ 65.95
Upscale extended-stay	\$ 266,000.00	\$ 102.10
Select-service	\$ 223,000.00	\$ 121.28
Full-service	\$ 410,000.00	\$ 153.36
Luxury	\$ 1,060,000.00	\$ 266.11

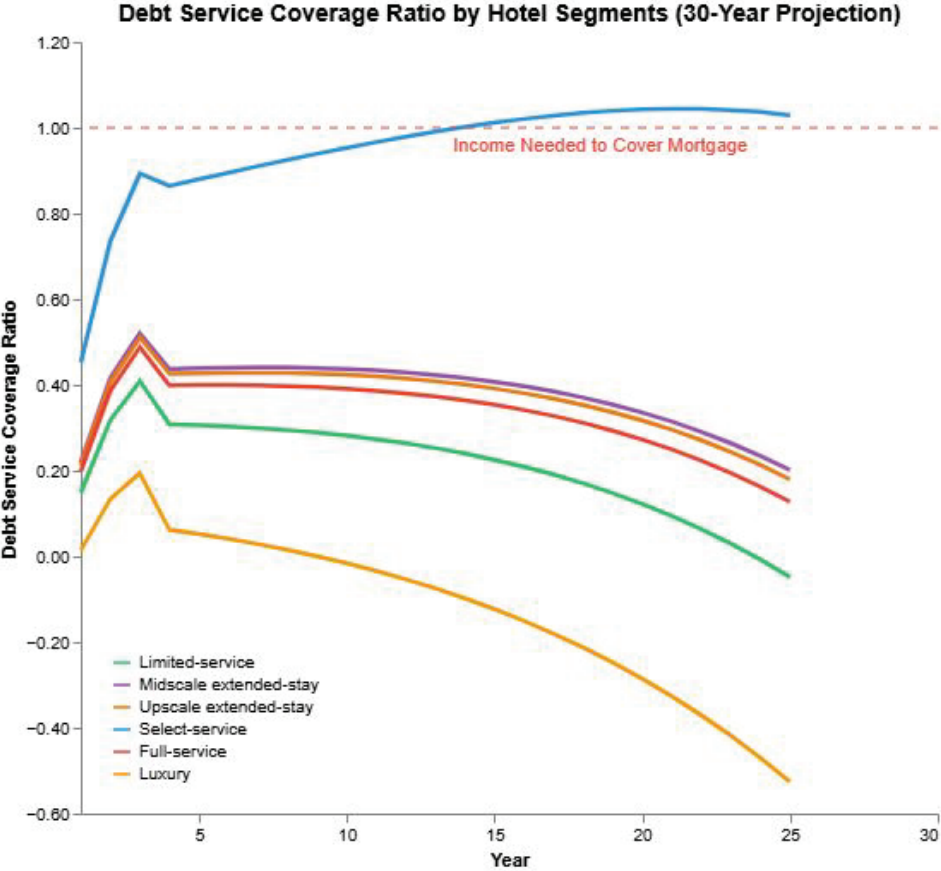
Source: HVS and Colliers

Other Key Assumptions

- **90 rooms**
- **Occupancy** ramps up to market 60% by Year 4
- **Operating costs** consist of 72% of total revenues
- **Loan-to-cost** at standard 60% and an **interest rate** of 6.5% over 25 years
- **Property taxes** have an assumed 3-year abatement
- **Insurance rates** at 1.7% and 6.2% annual growth

+

Select-service development demonstrates strongest economics compared to other hotel segments



Select-service hotels are the only segment that is projected to meet the minimum threshold needed to eventually cover debt payments

Our analysis suggests select-service offers the best balance of rate, occupancy, and cost structure among the modeled hotel segments.

Select-service hotels combine quality lodging with streamlined amenities



Best Western Plus

Cascade Locks, OR



Hampton Inn

Hood River, OR

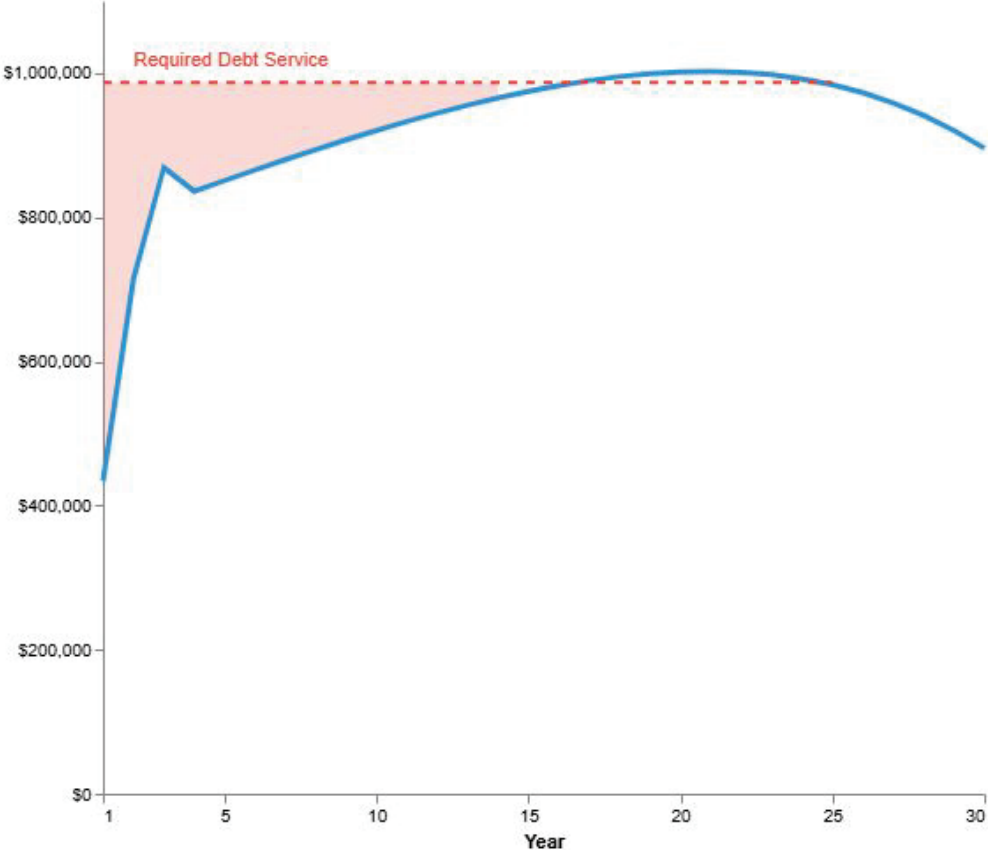


Best Western

Government Camp, OR

High debt service requirements for a select-service hotel create a funding gap in the early years

Net Operating Income for a Select-service Hotel

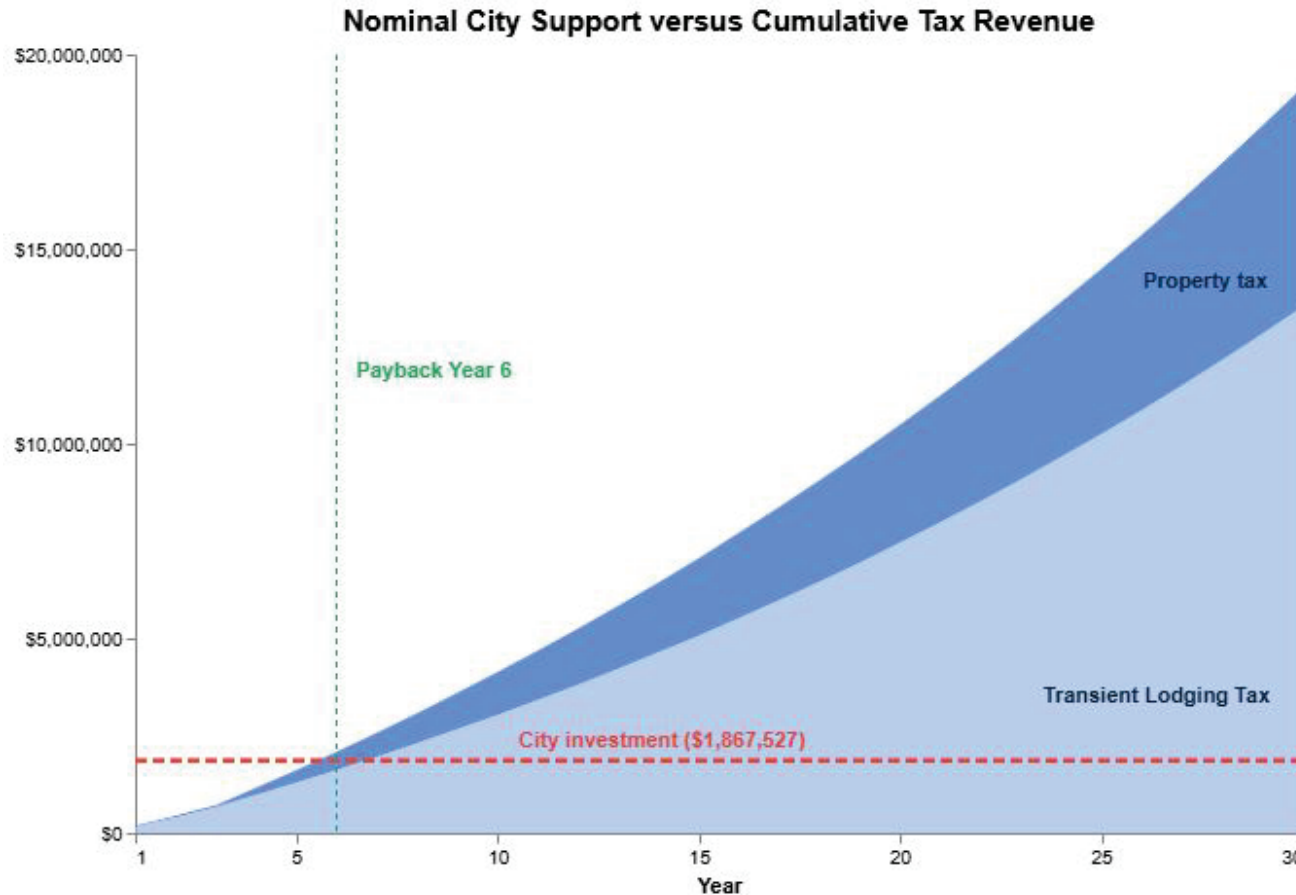


Select-service would still require **\$1.8M** in gap financing over the period.

Projected net operating income (NOI) falls short of the required debt service, creating a gap.

Strategic city support or partnership in this range can help unlock a viable private development while retaining long-term community benefits.

An “investment” would break-even by Year 6



A city “investment” of **\$1.4M** would break-even by **Year 6** through new tax generation.

The project generates a **24%** internal rate of return for the city over **30 years** on property and lodging taxes alone.

Outdoor Hospitality



Successful outdoor hospitality is plentiful in the PNW



The Vintages

Dayton, OR



Sou'wester

Seaview, WA

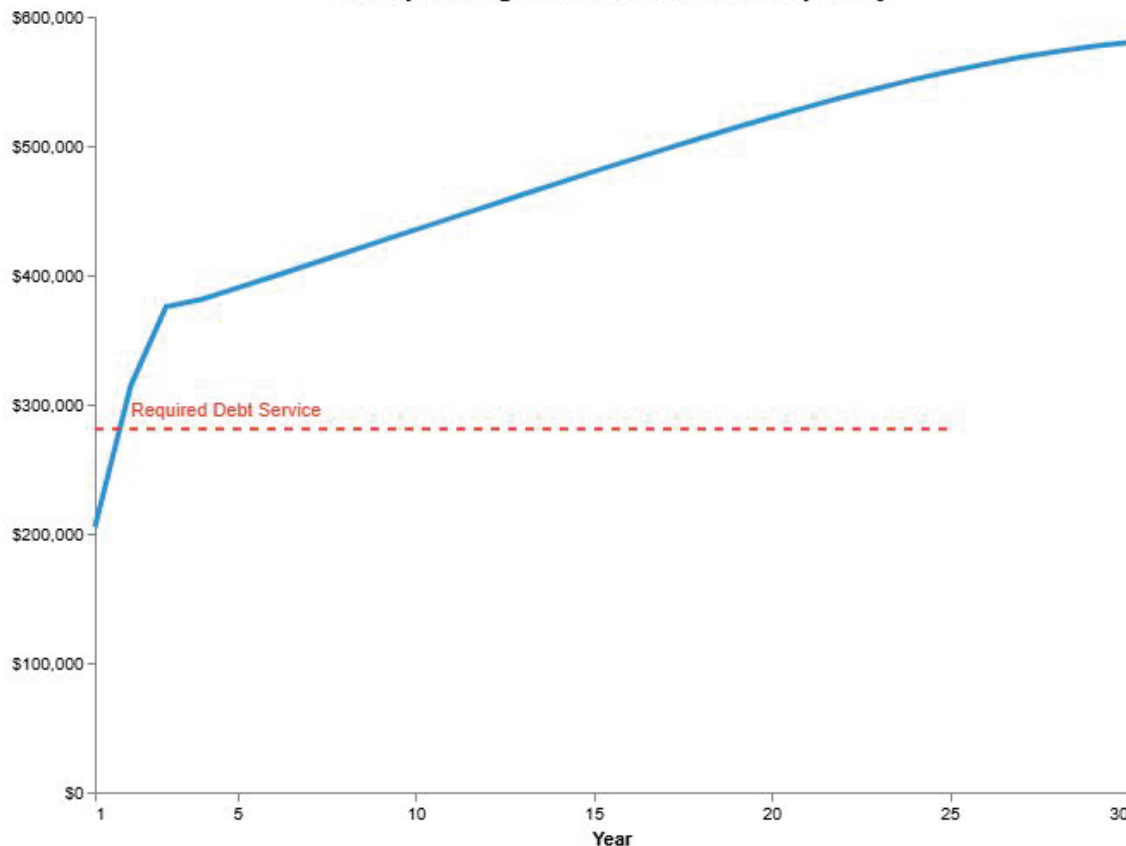


Postcard Cabins

Glenwood, WA

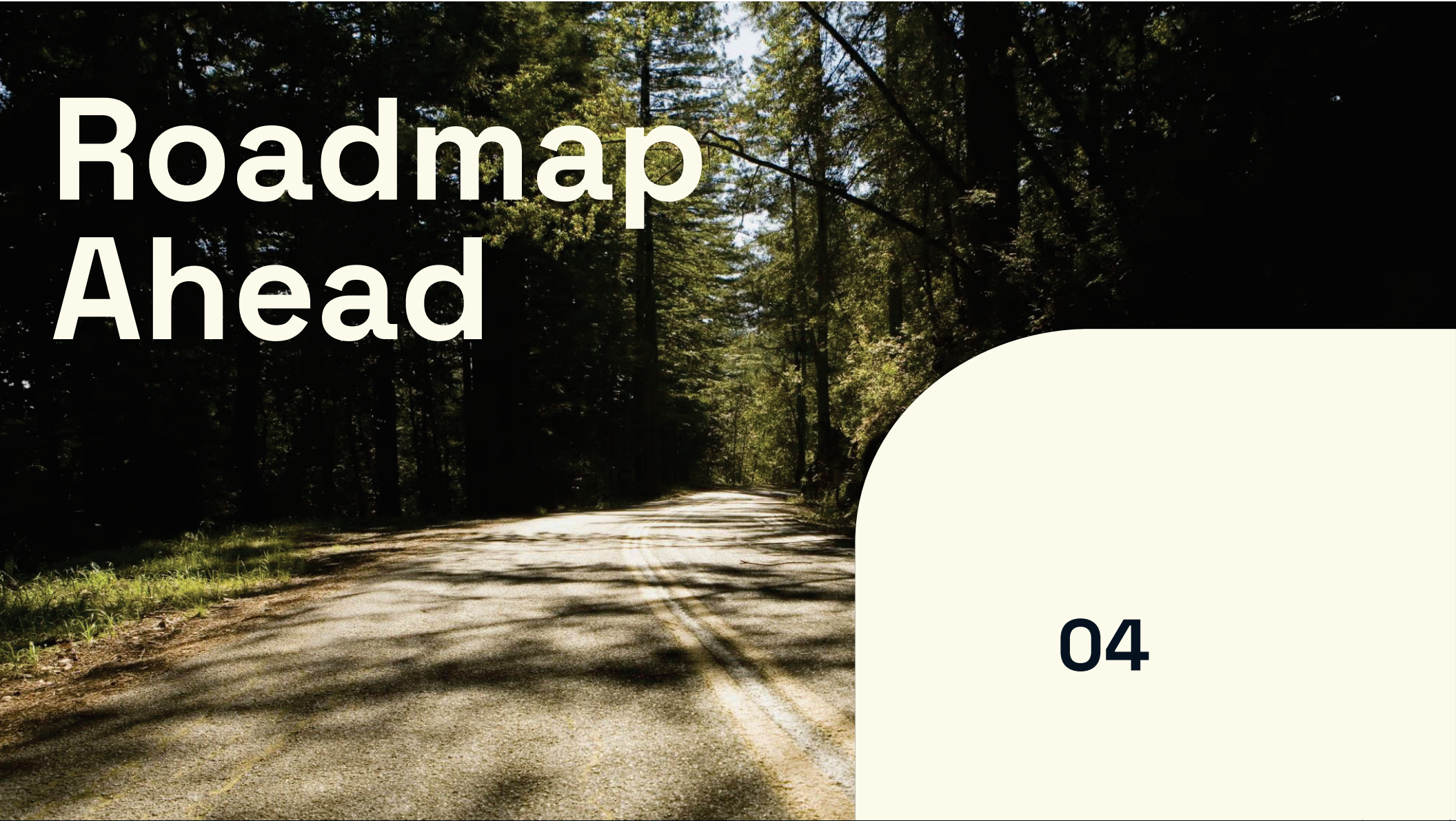
Outdoor hospitality generates immediate positive cash flow with no financing gap

Net Operating Income: Outdoor Hospitality



Because this model requires less capital for comparable revenue, the Net Income exceeds the required debt service immediately.

There is no need for gap financing to make this model commercially viable.



Roadmap Ahead

04

Hotels offer higher long-term tax revenue

Nevertheless, outdoor hospitality offers economic impact and lower risks with financial feasibility

	Select-service hotel	Outdoor hospitality
Property Tax (City, 30-yr)	\$5,646,706	\$1,602,063
Transient Lodging Tax (City, 30-yr)	\$13,507,521	\$5,161,438
Ancillary Visitor Spend (30-yr)	\$94,710,492	\$80,330,667
Total Economic Impact (30-yr)	\$113,864,718	\$87,094,168
Avg Annual Visitor Spend	\$10,875,600	\$5,627,082
Avg Annual On-Site Revenue	\$7,718,583	\$2,949,393
Regional Jobs Supported (per year)	82.3	42.6
Regional Wages Supported (per year)	\$4,241,484	\$2,194,562
Direct On-Site Jobs (per year)	108.8	41.6

Choice is between maximizing long-term fiscal impact vs minimizing near-term development risk

Hotel (Select-service)

Goal: Maximize long-term municipal revenue and regional employment.

City Leverage: Explore using tools such as eligible infrastructure participation, Urban Renewal/TIF where available, fee relief, reserve support, or performance-based agreements.

Best Fit: A downtown-adjacent site to catalyze local business spending.

Outdoor Hospitality

Goal: Minimize capital requirement and immediate risk of developer default.

City Leverage: Focus less on subsidy and more on site control, entitlement support, and identifying a premium experiential parcel with tree canopy, views, privacy, river access, or trail connectivity.

Best Fit: Larger, nature-oriented sites where the visitor experience itself supports outdoor lodging rates.

Development feasibility ultimately contingent on site selection

