Executive Summary

Initial Market Demand & Feasibility Assessment — Stone Mountain, Georgia

The initial market assessment indicates a credible opportunity to advance a 50–75 room hotel in the Town of Stone Mountain to formal feasibility analysis. The strongest opportunity is not simply to add hotel inventory, but to introduce a differentiated, upper-midscale/upscale property capable of capturing demand currently staying either within Stone Mountain Park or elsewhere in the Greater Atlanta market.

Market Opportunity

Stone Mountain benefits from an unusual combination of a major leisure attraction and access to the broader Atlanta metropolitan demand base. Stone Mountain Park represents both the project's largest demand generator and its strongest competitor. Atlanta Evergreen Lakeside Resort provides 336 rooms and significant meeting/event capacity within the park, making direct competition as a resort or conference hotel inadvisable. Instead, the opportunity is to provide something distinctly different: a walkable Stone Mountain Village hotel combining contemporary accommodations, local food and beverage, community character and convenient access to the park.

Greater Atlanta further expands the potential demand base beyond park visitation. Potential segments include leisure and weekend visitors, visiting friends and relatives, weddings and social events, small corporate meetings and retreats, sports and youth groups, reunions, and travelers seeking metropolitan Atlanta access without an urban-core stay. This diversification is important to reducing dependence on the seasonality and price sensitivity of park-related leisure demand.

Preliminary Market & Operating Potential

Initial planning assumptions indicate a local market occupancy range of approximately 58–65%, ADR of $140–$165 and RevPAR of $81–$107. A differentiated new property could potentially stabilize at 64–69% occupancy, $175–$200 ADR and $112–$138 RevPAR. These figures are preliminary underwriting assumptions rather than reported STR results and should be validated through a formal competitive-set analysis.

The initial concept recommends testing 60–70 rooms, rather than automatically maximizing the development at 75 rooms. A 65-room scenario operating at 67% occupancy and $185 ADR would generate approximately 15,900 occupied room nights, $2.94 million in annual rooms revenue and $124 RevPAR. With successful food and beverage, meetings, weddings and ancillary activity, total stabilized hotel revenue could potentially reach approximately $4.0–$4.7 million annually.

Recommended Positioning

The preferred concept is an upscale lifestyle/boutique hotel, a potentially soft-branded project, positioned as a “boutique full experience” rather than a traditional full-service hotel. The concept would benefit from a destination-oriented restaurant/bar, outdoor patio or courtyard, approximately 2,500–4,000 square feet of flexible meeting/social space, locally influenced design, recreation-oriented amenities and capacity to accommodate weddings, reunions and smaller social/corporate events.

This positioning addresses what appears to be the most compelling market opportunity: lodging leakage and a gap between conventional limited-service hotels and the full resort experience available within Stone Mountain Park.

Initial Feasibility Conclusion

The project should currently be characterized as potentially feasible and worthy of advancing to formal feasibility, not yet demonstrated feasible. Key strengths include Stone Mountain Park's substantial visitor draw, proximity to metropolitan Atlanta, relatively modest room-night absorption requirements and limited contemporary experiential lodging within the Village. Principal risks include Evergreen's competitive position, local rate sensitivity, the operating economics of a small full-service property, and the need to achieve a meaningful ADR premium through superior product and experience.

The recommended next step is a formal feasibility analysis incorporating 36–60 months of STR/CoStar performance data across;

- Stone Mountain/Park,
- Tucker–Northlake/east Atlanta
- and selected Atlanta boutique/experiential competitive sets

The analysis should test 50-, 65- and 75-room scenarios and determine supportable occupancy, ADR, RevPAR, F&B revenue, GOP/NOI and development cost.

The initial investment thesis is strongest for a 60–70 room upscale boutique/full-experience hotel positioned as the “hotel of Stone Mountain Village and gateway to Stone Mountain Park”, complementing rather than competing directly with the Park's resort inventory.