



HOTEL ACQUISITION DUE DILIGENCE CHECKLIST

A smart investment starts with the right information.



Purchasing a hotel is a significant investment. A thorough due diligence process helps you identify risks, uncover hidden costs, and make informed decisions with confidence. Use this checklist to guide your evaluation before closing the deal.

1 FINANCIAL DUE DILIGENCE



- ☐ Review financial statements (3–5 years)
- ☐ Analyze revenue trends & profitability
- ☐ Evaluate occupancy, ADR & RevPAR
- ☐ Review operating expenses & trends
- ☐ Assess debt, loan terms & obligations
- ☐ Confirm tax returns & historical filings
- ☐ Review capital reserve requirements

2 PHYSICAL DUE DILIGENCE



- ☐ Obtain a Property Condition Assessment (PCA)
- ☐ Evaluate building systems & integrity
- ☐ Review roof, foundation & exterior
- ☐ Inspect HVAC, plumbing & electrical
- ☐ Assess elevators & life safety systems
- ☐ Identify deferred maintenance items
- ☐ Review warranties & remaining life

3 BRAND & FRANCHISE REVIEW



- ☐ Confirm brand affiliation & standards
- ☐ Review PIP requirements & timelines
- ☐ Assess royalty, fees & other obligations
- ☐ Verify brand compliance status
- ☐ Understand termination & transfer terms

4 LEGAL & TITLE REVIEW



- ☐ Review title report & ownership history
- ☐ Identify liens, easements & encumbrances
- ☐ Review leases & management agreements
- ☐ Confirm zoning & land use compliance
- ☐ Evaluate litigation & legal disclosures

5 ENVIRONMENTAL REVIEW



- ☐ Review Phase I Environmental Report
- ☐ Identify potential environmental risks
- ☐ Assess compliance with regulations
- ☐ Confirm any past remediation

6 OPERATIONS REVIEW



- ☐ Review staffing & organizational structure
- ☐ Evaluate standard operating procedures
- ☐ Assess guest satisfaction & reviews
- ☐ Review service contracts & vendors
- ☐ Understand marketing & distribution strategy

7 CAPITAL EXPENDITURES (CAPEX)



- ☐ Identify short-term capital needs (1–3 yrs.)
- ☐ Project long-term capital needs (4–10 yrs.)
- ☐ Review previous capital improvements
- ☐ Assess exterior site & parking
- ☐ Evaluate FF&E, OS&E condition & needs

8 ADA & CODE COMPLIANCE



- ☐ Assess ADA compliance & accessibility
- ☐ Review fire safety & life safety systems
- ☐ Confirm local building code compliance
- ☐ Identify any required upgrades

9 MARKET & COMPETITIVE ANALYSIS



- ☐ Evaluate market demand & trends
- ☐ Analyze competitive set performance
- ☐ Assess future development in area
- ☐ Understand economic & tourism drivers

10 TRANSITION & CLOSING PLANNING



- ☐ Develop transition & integration plan
- ☐ Review employee retention risks
- ☐ Confirm training & operational support
- ☐ Plan for rebranding or PIP execution



DUE DILIGENCE BEST PRACTICES

VERIFY

Don't rely solely on seller provided information.

INVESTIGATE

Ask questions and dig deeper into the details.

ASSESS RISK

Identify potential issues early and plan for them.

PLAN AHEAD

Understand capital needs and brand requirements before closing.

GET EXPERT ADVICE

Engage experienced professionals who understand hospitality assets.

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The best investments happen when you know exactly what you're buying—and what it will cost to own.



SMART INVESTMENTS START WITH THE RIGHT INFORMATION.
Let Ellsworth Construction Services help you evaluate risk, uncover hidden costs, and protect your investment.



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