

Quality Inn

119 Pinnacle Dr, Johnson City, TN 37615

Hospitality
Investment Opportunity

Offering Memorandum



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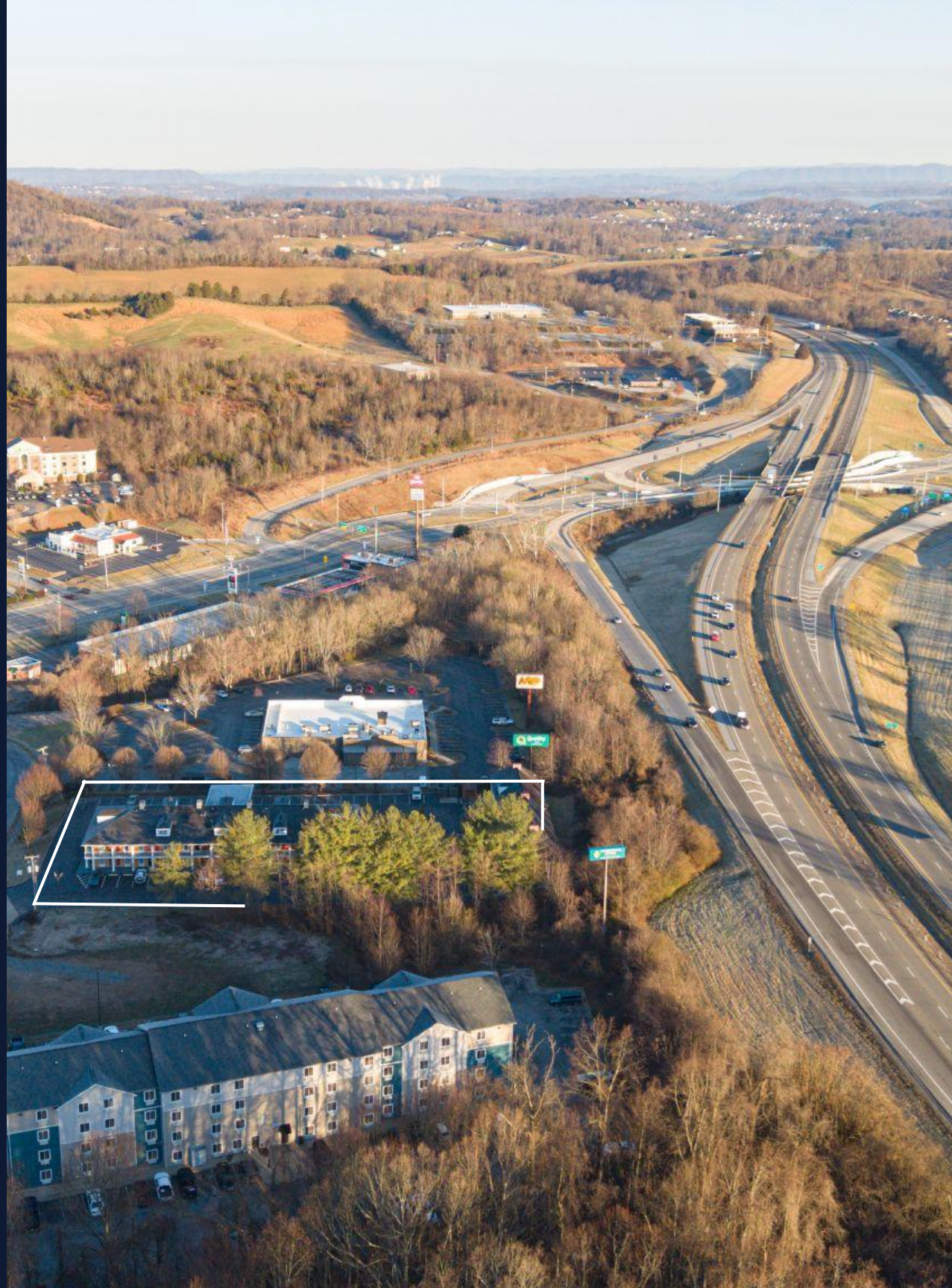


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Property Overview



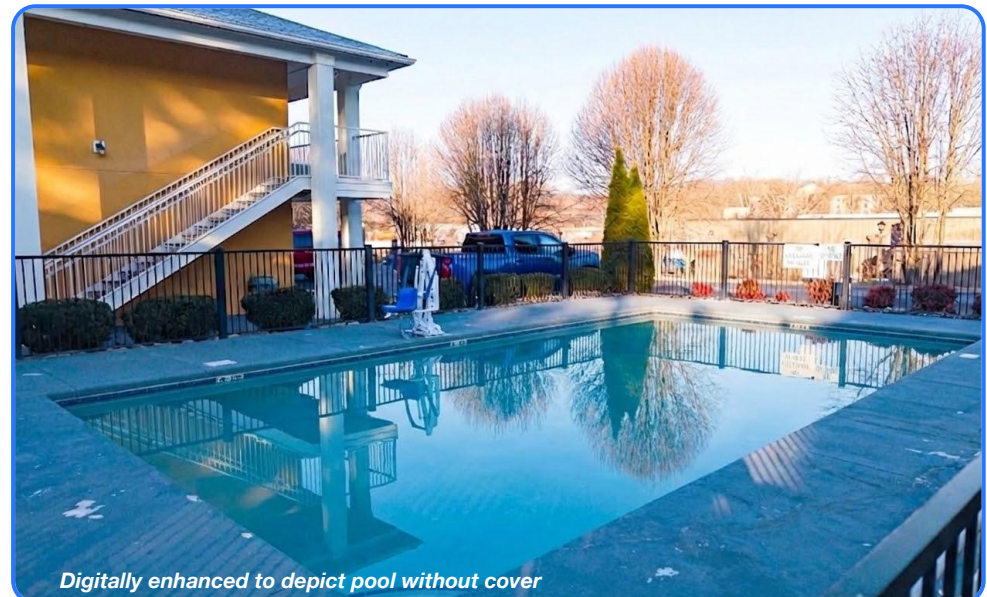
119 Pinnacle Drive
Johnson City, TN 37615



The Opportunity

Property Details

Property Name	Quality Inn
Total Keys	60
Address	119 Pinnacle Dr
City, St, Zip	Johnson City, TN 37615
Year Built / Year Remodeled	1997 / 2025
Building Size	±22,922 SF
Lot Size	±1.50 AC
5-Mile Population	59,012
5-Mile Household Income	26,018
License Term Expiration	2042 - Out Window 2027
Hotel Location Type	Interstate
Market Name	Tennessee Area
Submarket Name	Bristol/Kingsport
Class	Midscale
Corridor	Exterior
Stories	2



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Property Overview

Johnson City Midscale Local Data

12-Month ADR (% Change)	\$83 (-1.8%)
12-Month Occupancy (% Change)	66.0% (+3.2%)
12-Month RevPAR (% Change)	\$55.00 (+1.3%)
Number of Hotels	8
Number of Rooms	323



Investment Highlights

Property Highlights

Demonstrated Revenue Growth

The property is generating increasing year-over-year revenue, signaling operational momentum and strengthening market positioning. Buyers are stepping into a business with proven demand - not an uphill battle.

Attractive 3.50x Room Revenue Multiple

Offered at just 3.50x Room Revenue, the asset presents a compelling basis relative to recent comparable sales. This pricing allows room for upside while maintaining conservative entry metrics for SBA and conventional buyers.

Minimal Change-of-Ownership PIP

The brand-imposed change-of-ownership PIP is limited in scope, reducing upfront capital expenditures and preserving liquidity post-acquisition. Post PIP QA Scores came back at 88.1% post PIP inspection.

Strategic Retail Corridor Location

Positioned within Johnson City's primary commercial corridor, the property benefits from proximity to national retailers, dining destinations, and healthcare facilities. Immediate access to Interstate 26 enhances visibility and accessibility for both transient and corporate travelers.



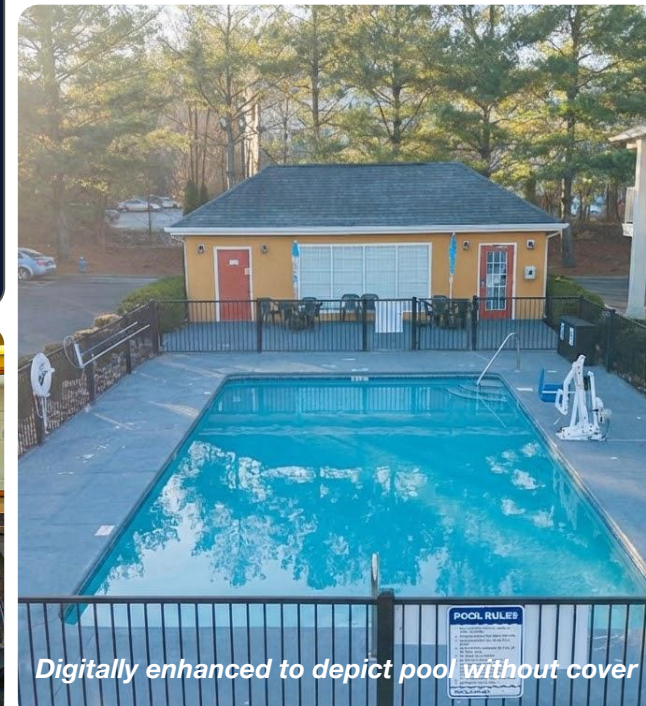
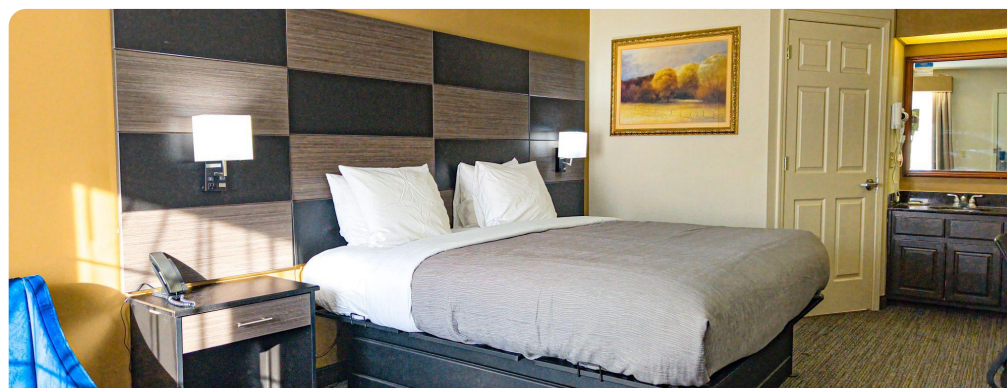
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Amenities



Wheelchair Accessibility
Business Center
24-Hour Front Desk
Free WiFi
Free Self-Parking
ATM
Room Service

Free Breakfast
Vending Machine
Laundry
Pool
Pet Friendly
Restaurant



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Property Photos



Subject Property

Walmart
Supercenter

Watauga Quarry
Aggregates

Sycamore Shoals Hospital
±121 Beds

THE HOME DEPOT
Michael's
PET SMART
BEST BUY
five BELOW
ROSS
DRESS FOR LESS
OLD NAVY
Chick-fil-A
ihop

HOBBY LOBBY

Johnson City Country Club
Golf Course

Johnson City Airport-OA4
±8 Miles Away

Freedom Hall Civic Center Arena
Arena

Franklin Woods Community Hospital
±80 Beds

Johnson City

Johnson City Medical Center
±514 Beds

Tannery Knobs Mountain Bike Park
±7.2 Miles Away

Walmart
Supercenter
Applebee's
GRILL + BAR
Bojangles
Waffle House



East Tennessee State University
±10,633 Students

Buffalo Mountain Park
±10 Miles Away

Google Earth

Market Overview



119 Pinnacle Drive
Johnson City, TN 37615



Johnson City, TN

Market Demographics



71,046

Total Population

\$55,518

Median HH Income

31,847

of Households

48.9%

Homeownership Rate

34,215

Employed Population

37.4%

% Bachelor's Degree

35.1

Median Age

\$238,600

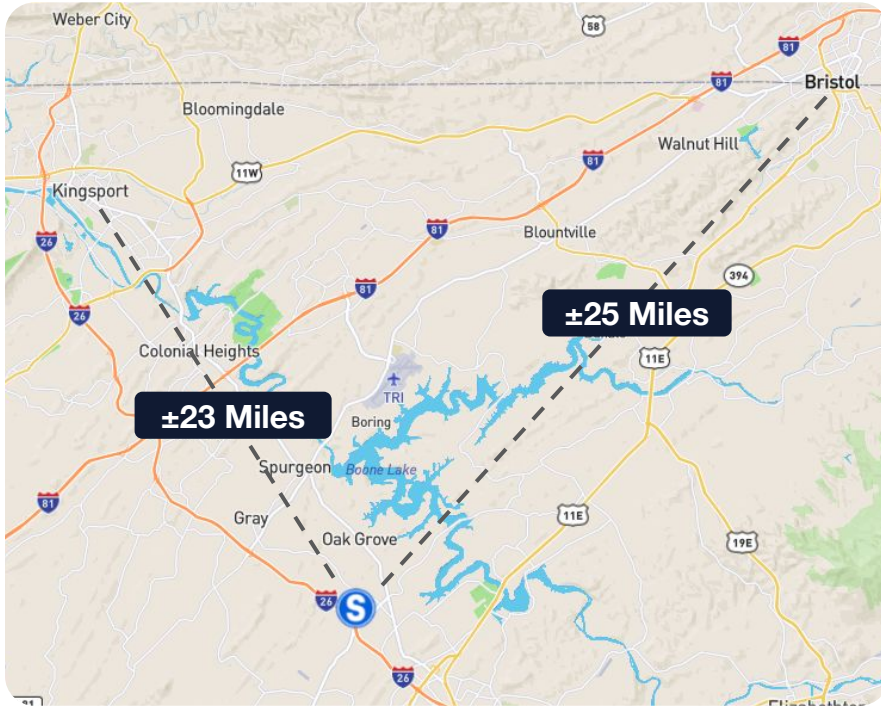
Median Property Value

Local Market Overview

Johnson City is the economic and educational anchor of Northeast Tennessee and a principal city within the Tri-Cities region, including Kingsport and Bristol (Johnson City–Kingsport–Bristol). With a population exceeding 71,000 residents and steady growth trends, the city benefits from a diverse economic base supported by healthcare, higher education, advanced manufacturing, and retail trade. Median household incomes continue to rise alongside expanding residential development, reflecting sustained demand driven by in-migration and employment stability. The presence of East Tennessee State University (ETSU) contributes a strong professional workforce pipeline, elevated educational attainment levels, and consistent rental housing demand.

Strategically positioned along Interstate 26 and within close proximity to Interstate 81, Johnson City offers regional connectivity to Knoxville, Asheville, and the broader Southeast corridor. The city's healthcare sector—anchored by Ballad Health and the Johnson City Medical Center—serves as a major employment driver and regional referral hub. Ongoing mixed-use development, downtown reinvestment initiatives, and infrastructure improvements continue to enhance quality of life and support long-term economic expansion, positioning Johnson City as a stable and competitive market within the Appalachian Highlands region.

Population	3-Mile	5-Mile	10-Mile
Five-Year Projection	24,886	62,282	172,958
Current Year Estimate	23,937	59,615	168,293
2020 Census	22,080	55,701	160,141
Growth Current Year-Five-Year	3.97%	4.47%	2.77%
Growth 2020-Current Year	8.41%	7.03%	5.09%
Households	3-Mile	5-Mile	10-Mile
Five-Year Projection	11,136	28,501	74,849
Current Year Estimate	10,489	26,744	71,724
2020 Census	9,173	24,219	67,083
Growth Current Year-Five-Year	6.17%	6.57%	4.36%
Growth 2020-Current Year	14.34%	10.42%	6.92%
Income	3-Mile	5-Mile	10-Mile
Average Household Income	\$123,915	\$113,411	\$96,790



Local Demand Drivers

East Tennessee State University – A major regional university driving year-round visitation from faculty, athletic events, conferences, and visiting families.

Johnson City Medical Center – A leading regional healthcare facility supporting medical, corporate, and patient-family lodging demand. Johnson City Medical Center is a 445-bed regional referral hospital employing approximately 1,868 individuals.

Franklin Woods Community Hospital – An additional healthcare anchor expanding steady weekday occupancy. Franklin Woods Community Hospital is an 80-bed acute care hospital employing approximately 358 staff members.

Freedom Hall Civic Center – Hosts concerts, sporting events, and conventions that generate compression demand. The building has a seating capacity of up to 8,500. There are dozens of scheduled events hosted across the year, the majority of which are concerts and sports games

Buffalo Mountain Park & Trails – A regional outdoor attraction supporting weekend and seasonal leisure travel.



Economic Drivers

Johnson City's economic profile is reinforced by its role as a regional employment center drawing a multi-county workforce from across Northeast Tennessee and Southwest Virginia. Daytime population levels expand significantly due to inbound commuters, strengthening consumer spending, service-sector performance, and overall commercial activity. The area benefits from a balanced mix of public-sector employment, corporate operations, and privately held industrial firms, which collectively reduce volatility and support steady payroll growth. Financial services, back-office operations, and professional services have also established a presence in the market, contributing to white-collar job concentration and income stability.

Beyond traditional sectors, the region has experienced momentum in small business formation, entrepreneurship, and adaptive reuse of legacy industrial properties into functional commercial space. Workforce training partnerships and technical education programs continue aligning labor supply with employer needs, supporting long-term business retention and expansion. Johnson City's comparatively moderate operating costs, accessible labor pool, and centralized location within the Appalachian Highlands create a competitive environment for employers seeking efficiency without sacrificing regional market access. This structural diversity underpins consistent economic performance and positions the area for measured, sustainable growth.

Hospitality Demand Drivers

Corporate Travel

- Proximity to I-26 and The Pinnacle commercial corridor enhances accessibility for traveling executives, vendors, and project-based teams.
- Nearby economic anchors include Ballad Health corporate operations, and multiple industrial parks throughout Johnson City and Kingsport.

Tourism & Leisure Attractions

- Regional attractions such as Buffalo Mountain Park, Winged Deer Park, and the Tweetsie Trail support year-round outdoor visitation.
- Major event drivers including Bristol Motor Speedway generate high-compression weekends and ADR premiums.
- The Pinnacle retail and dining district creates localized leisure demand and weekend activity.





EAST TENNESSEE STATE UNIVERSITY

East Tennessee State University (ETSU), founded in 1911 and located in Johnson City, Tennessee, is a public university within the Tennessee Board of Regents system serving approximately 14,000–15,000 students across undergraduate, graduate, and professional programs. The university offers more than 160 academic programs through colleges including Arts & Sciences, Business & Technology, Clinical & Rehabilitative Health Sciences, Education, Nursing, Public Health, Pharmacy, and Medicine, with particular distinction in its Quillen College of Medicine and Gatton College of Pharmacy and a strong emphasis on rural healthcare and service to underserved communities. ETSU is recognized for applied research in rural health, Appalachian studies, biomedical sciences, public health, and economic development, and it serves as one of the largest employers in Northeast Tennessee, partnering closely with regional healthcare systems and industries. In addition to its academic and research impact, ETSU contributes significantly to the regional economy and community life through NCAA Division I athletics, campus events, cultural programming, workforce development, and year-round visitation from students, families, faculty, medical professionals, and conference attendees.

±13,500

Enrollment

160+ Programs

Student Life



Valuation Overview



119 Pinnacle Drive
Johnson City, TN 37615



Offering Summary

\$3,150,000

List Price

22,922 SF

Building Size

±1.50 AC

Lot Size

\$53,000

Price Per Key



Operating & Loan Overview

May 2026 TTM Operating Overview	
Number of Rooms	60
Available Rooms	21,900
Occupancy	45.22%
ADR	\$60.83
RevPAR	\$40.89
Room Revenue	\$895,491
Assumed NOI	\$295,512

2025 Operating Overview	
Number of Rooms	60
Available Rooms	21,900
Occupancy	63.80%
ADR	\$75.04
RevPAR	\$48.54
Room Revenue	\$1,056,441
Expense Load	64%
Expenses	\$680,840
Adjusted NOI	\$375,601

2024 Operating Overview	
Number of Rooms	60
Available Rooms	21,900
Occupancy	55.90%
ADR	\$68.80
RevPAR	\$81.20
Room Revenue	\$963,190
Expense Load	70%
Expenses	\$678,507
Adjusted NOI	\$284,683



Pricing	
	Guidance
Purchase Price	\$3,150,000
Price Per Key	\$53,000
2025 Room Revenue Multiple	2.98
TTM Room Revenue Multiple	3.52
Change of Ownership PIP Estimate	
Estimated PIP (\$1,500/Room)	\$90,000
Buyer's All-In Acquisition Cost	\$3,240,000
Price Per Key	\$54,000
All-In Cap Rate	9.38%

Operating & Loan Overview

SBA 504 Loan

Offering Name	Quality Inn Johnson City	
Guidance + PIP	\$3,240,000	
Cap Rate	9.12%	
Down Payment	\$648,000	
New SBA 504 Loan	\$2,592,000	
Interest Rate	7.15%	
Amortization	25 Years	
Term	25 Years	
Loan to Value	80%	
Debt Service Coverage Ratio	1.33	
2025 Adjusted NOI	\$295,512	
Loan Payments	\$222,822	
Buyer's Year 1 Net Cash Flow	\$72,690	11.22% Buyer's Annual Cash-On-Cash Return
Buyer's Year 1 Principal Reduction	\$38,747	5.98% Principal Reduction
Buyer's Year 1 Total Return	\$111,437	17.20% Buyer's Total Annual Return

7(a) Loan

Offering Name	Quality Inn Johnson City	
Guidance + PIP	\$3,240,000	
Cap Rate	9.12%	
Down Payment	\$648,000	
New SBA 504 Loan	\$2,592,000	
Interest Rate	7.75%	
Amortization	25 Years	
Term	25 Years	
Loan to Value	80%	
Debt Service Coverage Ratio	1.26	
2025 Adjusted NOI	\$295,512	
Loan Payments	\$234,937	
Buyer's Year 1 Net Cash Flow	\$60,575	9.35% Buyer's Annual Cash-on-Cash Return
Buyer's Year 1 Principal Reduction	\$35,294	5.45% Principal Reduction
Buyer's Year 1 Total Return	\$95,868	14.79% Buyer's Total Annual Return

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3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

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