

BUY BY TYPE

How to buy a hotel or motel

By Ayodele Olasiji, Optimax Commercial · Updated October 18, 2026 · 2 min read · Online at [optimaxdeals.com/guides/how-to-buy-a-hotel](https://www.optimaxdeals.com/guides/how-to-buy-a-hotel)

SHORT ANSWER

To buy a hotel or motel, check occupancy and average daily rate by month for at least two years, then the franchise: whether the brand will approve you and what property improvement plan it will require. Budget for deferred repairs and furniture replacement, confirm staffing costs, and expect lenders to finance the real estate and business together, often with an SBA loan.

How to, at a glance

1. Get two years of monthly occupancy and average daily rate
2. Ask the brand about transfer approval and any improvement plan
3. Inspect roof, HVAC and rooms with a hotel inspector
4. Price in staffing and deferred repairs

Questions buyers ask

Is a motel easier to buy than a branded hotel?

An independent motel has no franchise approval or required improvement plan, but it relies more on online travel agencies and local reputation. Each has different risks.

What is a PIP?

A property improvement plan: the list of upgrades a brand requires, often when a hotel changes hands. Get it in writing before you settle on price.

What should I ask a hotel seller first?

Two years of monthly occupancy and average daily rate, the franchise agreement, and any improvement plan the brand has issued.

1. The numbers that matter

- Occupancy and average daily rate by month, for two years or more.
- Revenue per available room, which combines the two.
- Payroll, utilities, franchise fees and property taxes as a share of revenue.
- Online travel agency commissions, which can be large for independents.

2. The franchise

- Whether the brand will transfer the franchise to you, and its application fee and timeline.

- The property improvement plan the brand will require at sale. It can be a large bill.
- Years left on the franchise agreement, and any quality scores the brand reports.

3. The building

- Roof, HVAC, boilers, elevators, pool and parking lot.
- When rooms were last renovated. Furniture and finishes wear out on a schedule.
- A property condition report from an inspector who knows hotels.

4. Staffing and how it is run

Find out who manages the front desk, housekeeping and maintenance, and what each role costs. An owner who works the desk every night is a cost you will have to replace.

5. Financing

Hotels are commonly financed with SBA 7(a) or 504 loans or conventional bank loans, with the real estate on longer terms. See [SBA loans to buy a business](#).

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Optimax Commercial · [701 504 8429](tel:7015048429) · ayo@optimaxdeals.com