



Hotel Industry Overview

Statistics, Trends and Projections for 2013 & Beyond

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Agenda: 3 October 2012

- **Current Hotel Performance**
- **Chain Scale Performance**
- **Customer Segmentation**
- **Market Overview**
- **2012 / 2013 Forecast**



30,000 Foot View... Current Hotel Performance

Through 8/12: Strong Results Despite Headwinds

% Change

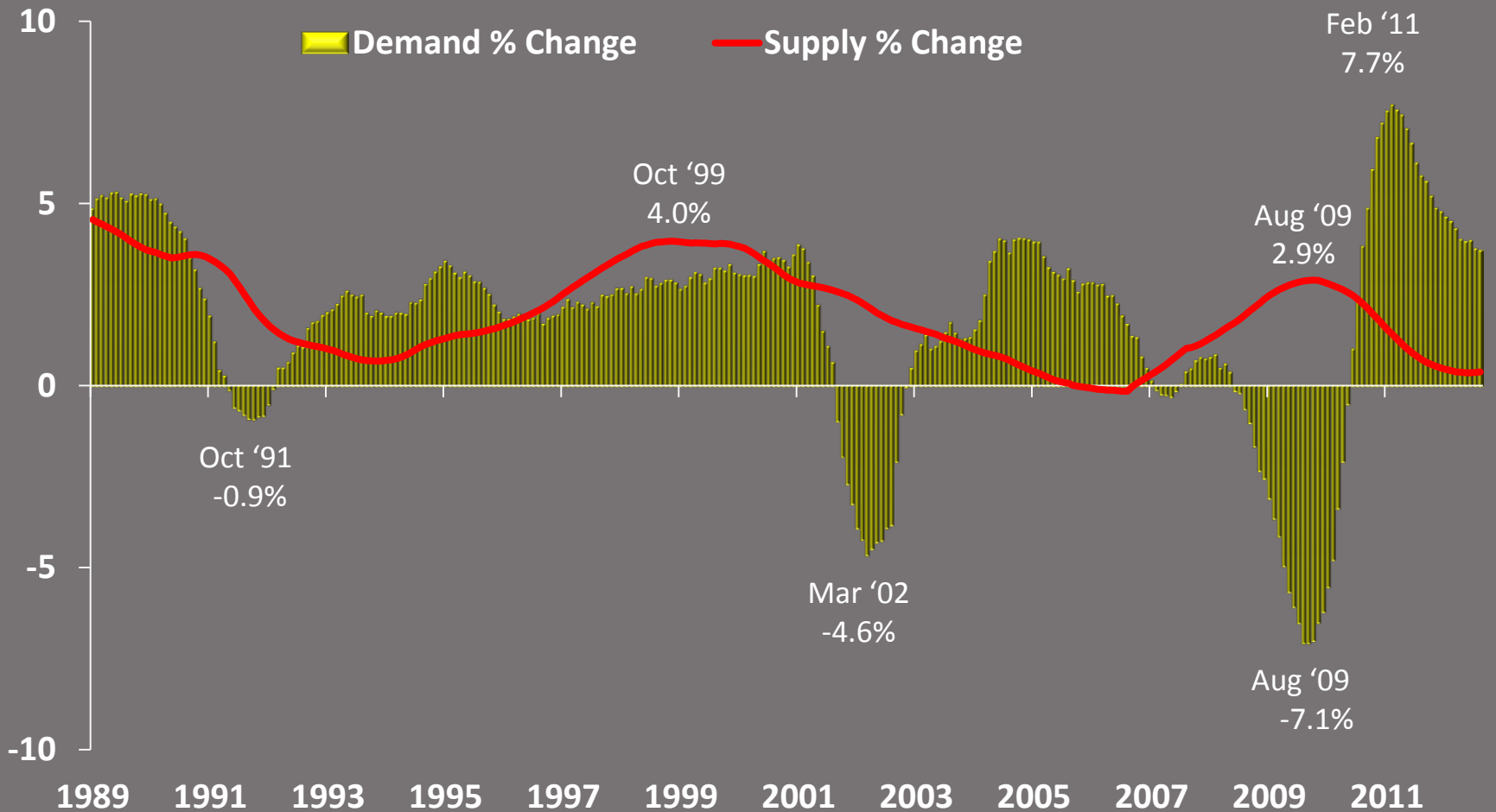
• Room Supply*	1.2 bn	0.4%
• Room Demand*	741 mm	3.3%
• Occupancy	63%	2.9%
• A.D.R.	\$106	4.3%
• RevPAR	\$67	7.3%
• Room Revenue*	\$78 bn	7.7%

YTD August 2012, Total U.S. Results

* All Time High



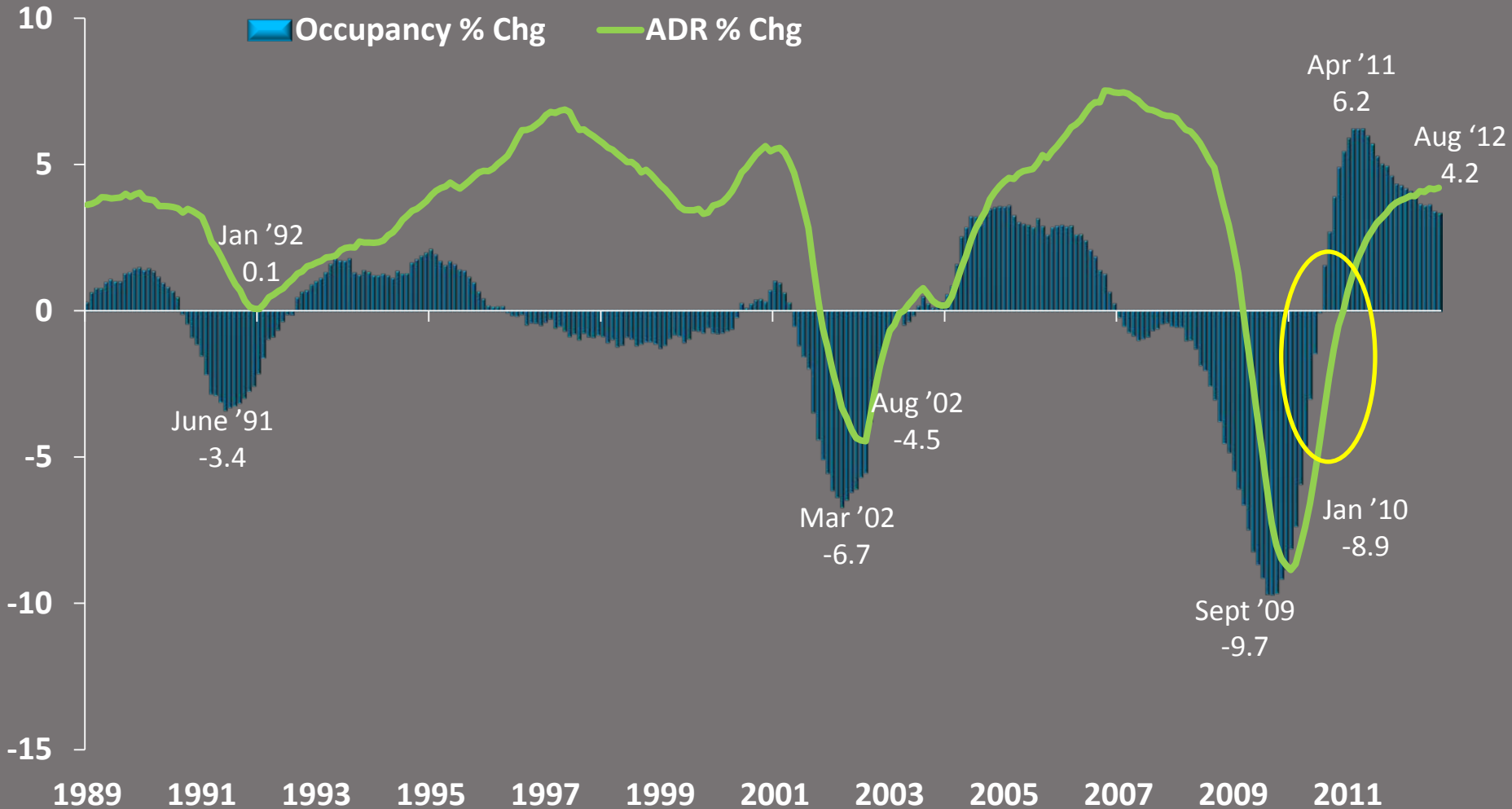
Demand Growth Expected To Slow to ~2%. Supply Not An Issue



Total U.S.: Room Supply/Demand Percent Change
 Twelve Month Moving Average – 1989 to August 2012



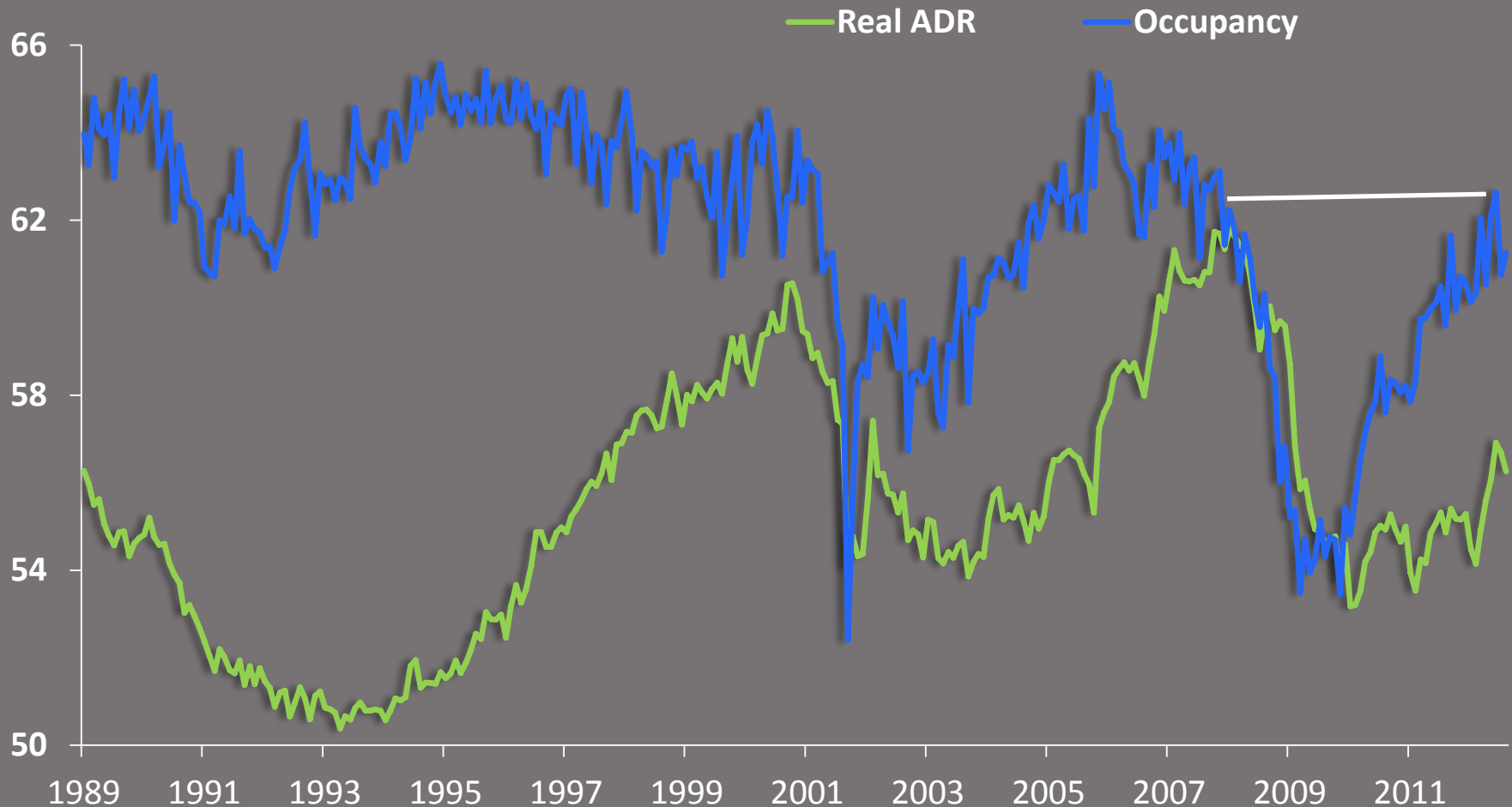
ADR Rebound Trajectory Flattens Out (Too?) Early



Total U.S.: Occupancy/ADR Percent Change
 Twelve Month Moving Average – 1989 to August 2012



OCC Have Recovered To Pre-2008 Levels...Not the case for ADR



Total U.S.: Seasonally Adjusted Real ADR (\$) vs. Seasonally Adjusted Occupancy
1989 to August 2012

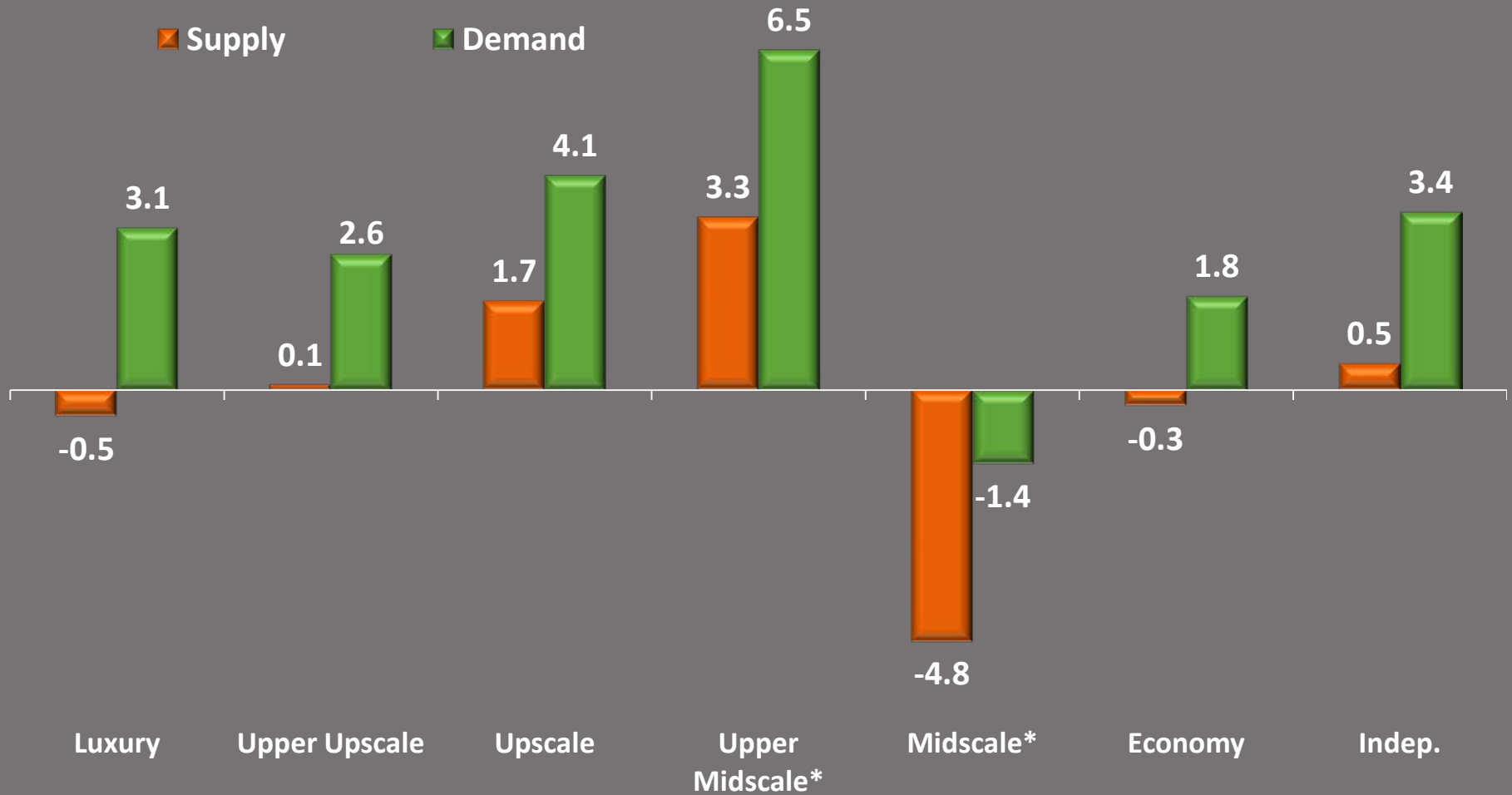
Chain Scale Performance

2012 STR Chain Scales

Selected chains from each segment

- **Luxury** – Fairmont, Four Seasons, Ritz Carlton, JW Marriott
- **Upper Upscale** – Dolce, Hilton, Hyatt, Marriott, Gaylord
- **Upscale** – Radisson, Hilton Garden Inn, Residence Inn, Springhill Suites, Homewood Suites, Courtyard
- **Upper Midscale** – Fairfield Inn/Suites, Holiday Inn, Clarion, Hampton Inn/Suites, Best Western Premier/PLUS
- **Midscale** – Country Inn & Suites, Best Western, Candlewood Suites, Quality Inn/Suites
- **Economy** – Extended Stay America, Red Roof, Days Inn, Microtel

Overall, Strong Demand & Little Supply

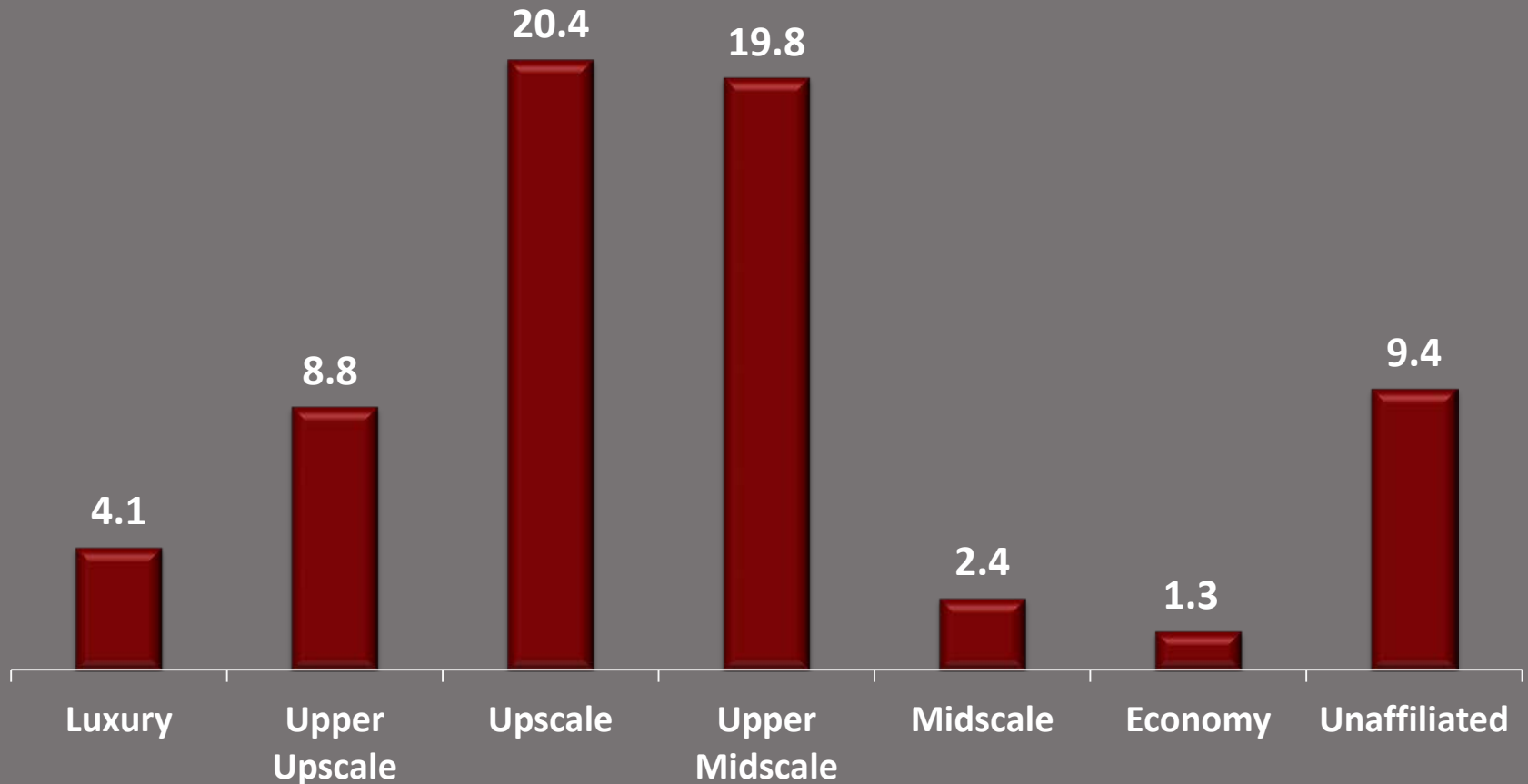


Supply & Demand % Change, by Scale, YTD August 2012

**Upper Mid / Midscale: Same Store Basis to Account for Best Western Reclassification*

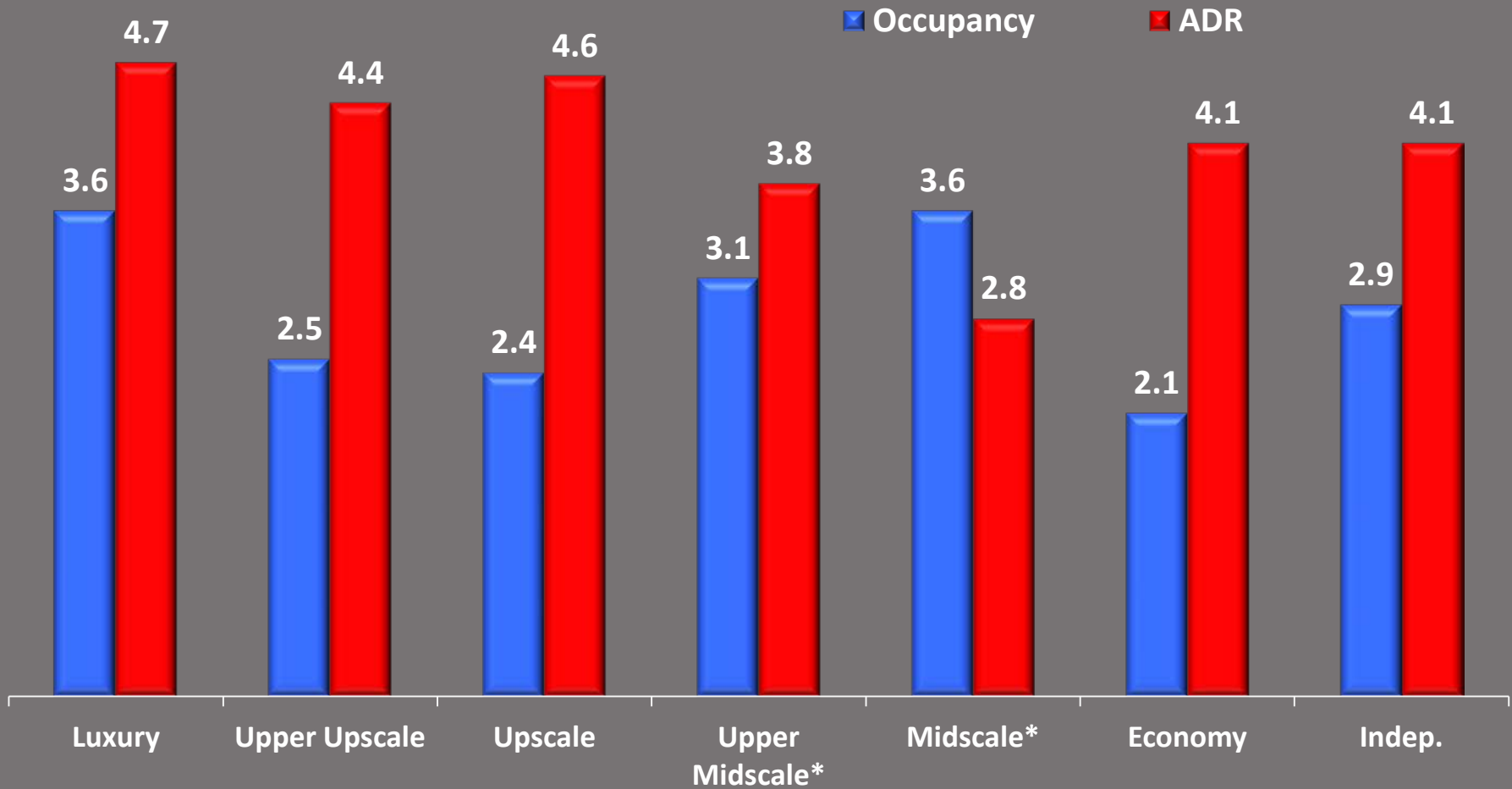


Most New Rooms Being Built In Upscale & Upper Midscale



Total U.S.: Rooms In Construction by Scale – In Thousands
August 2012

2nd Stage Of Recovery Where ADR % > OCC %

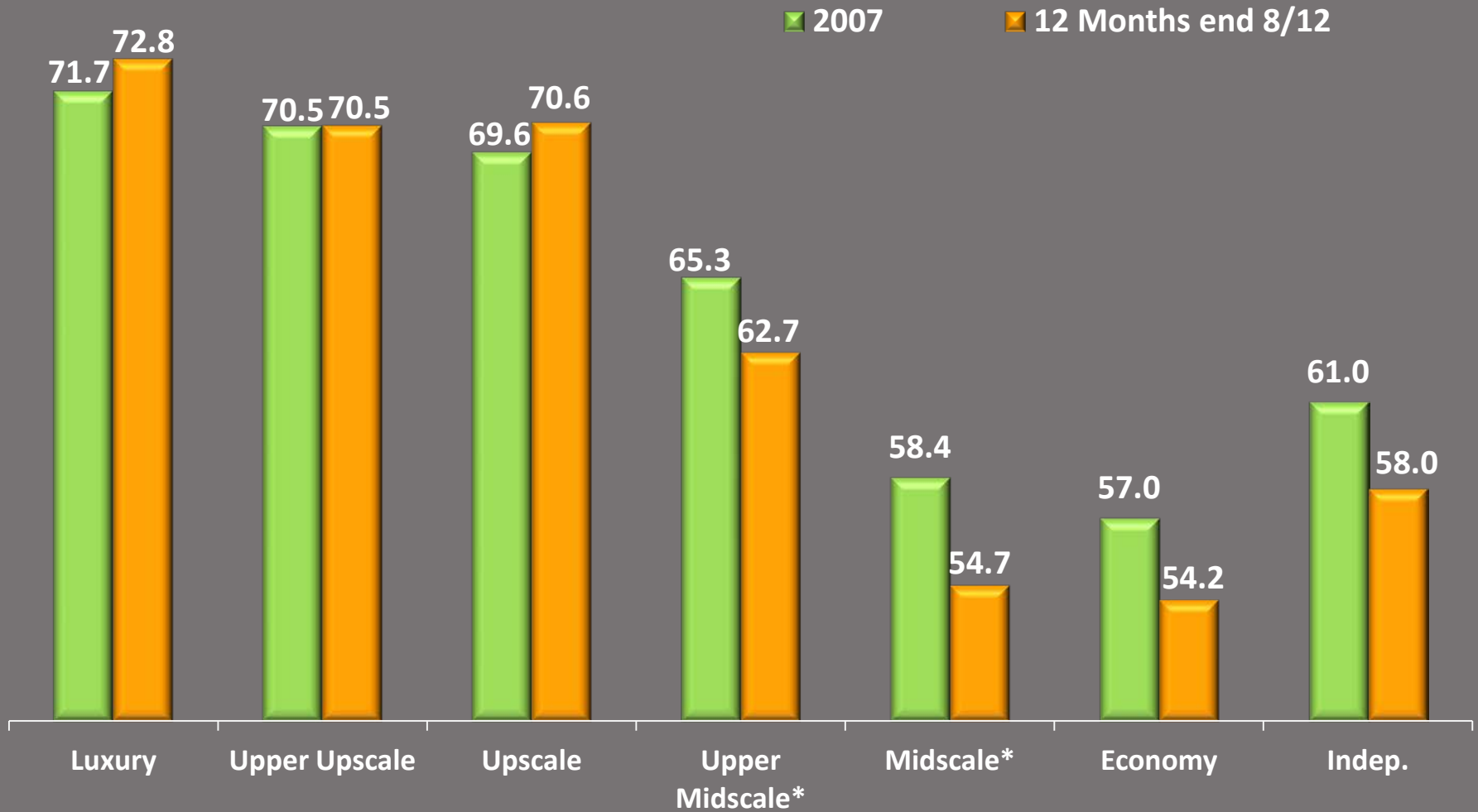


OCC & ADR % Change, by Scale, YTD August 2012

*Upper Mid / Midscale: Same Store Basis to Account for Best Western Reclassification



Upper End Has Reached New Occupancy Peaks

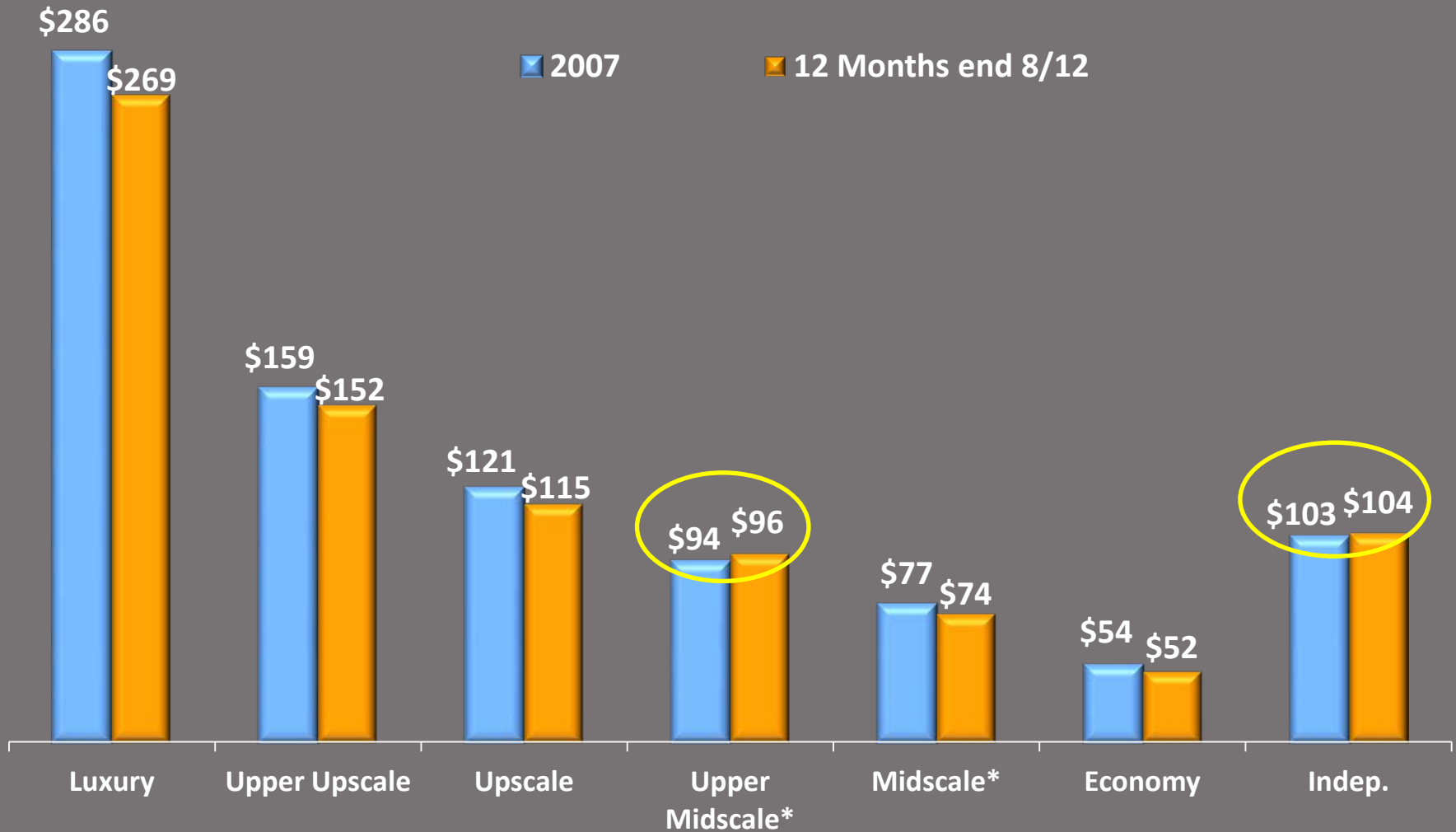


Absolute OCC %, by Scale, 2007 & 12 Months ending August 2012

*Upper Mid / Midscale: Same Store Basis to Account for Best Western Reclassification



ADR Growth Strong – But Overall Still Not Strong Enough



Absolute ADR \$, by Scale, 2007 & 12 Months ending August 2012

*Upper Mid / Midscale: Same Store Basis to Account for Best Western Reclassification

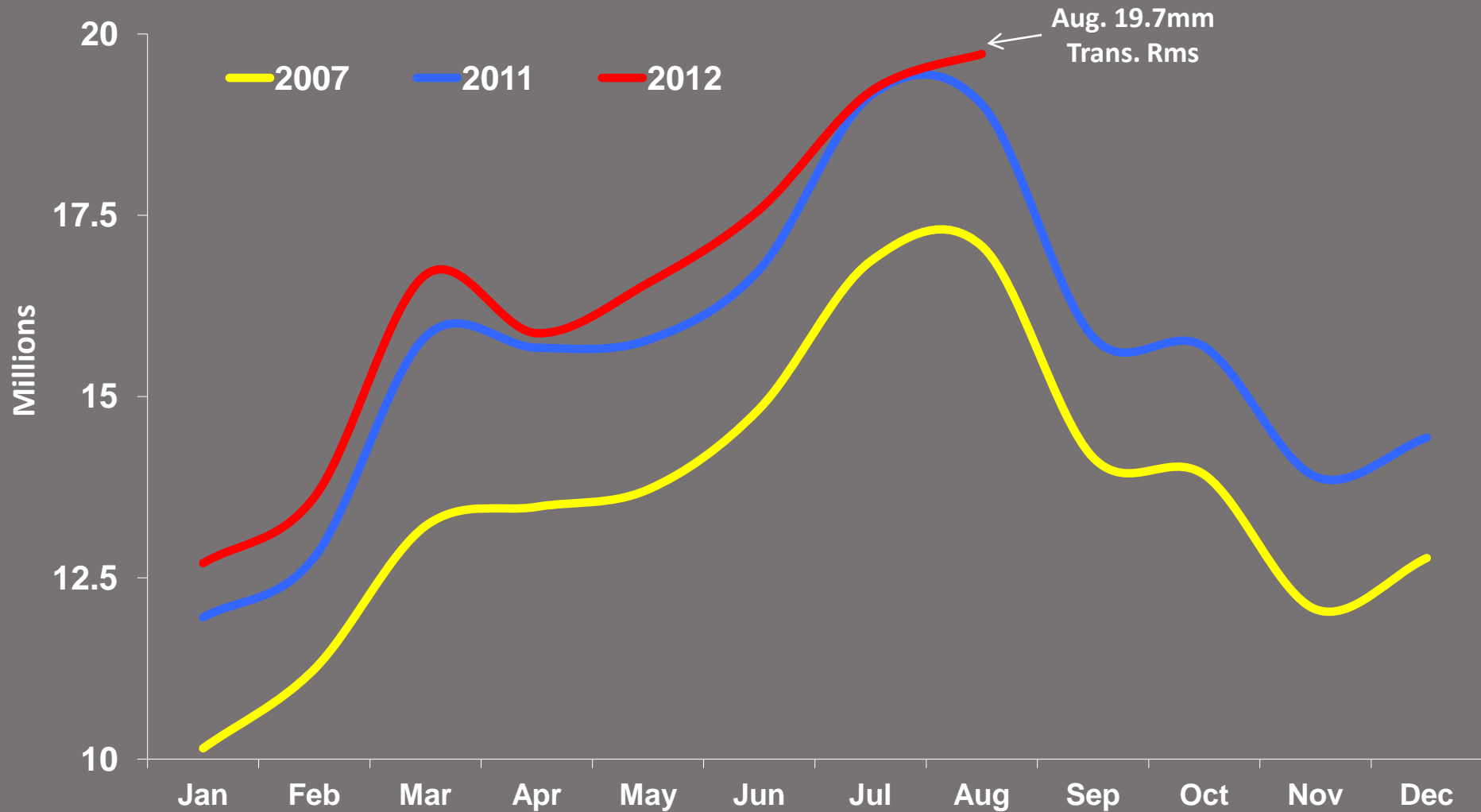


Customer Segmentation

Customer Segmentation Categories:

- **Transient Segment (60%)** – Rooms reserved at rack rate, corporate negotiated, package, government rate or rooms booked via third party websites.
- **Group Segment (35%)** – Rooms sold simultaneously in blocks of 10 or more.
- **Contract Segment (5%)** – Rooms sold at rates that are stipulated by contracts – such as airline crews and permanent guests.

Transient Demand Led Recovery & Breaks Prior Peaks

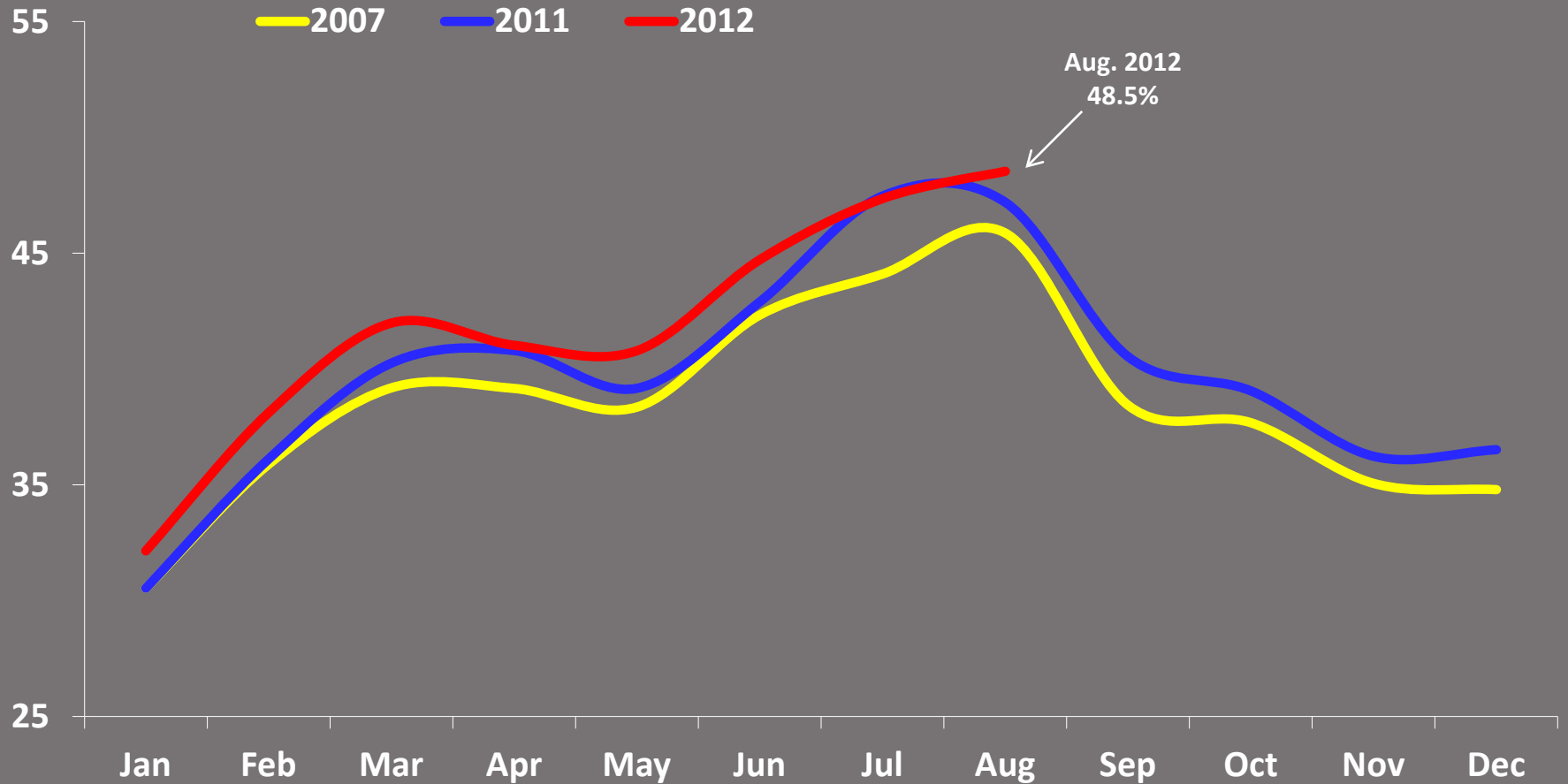


U.S. Transient Demand in Millions of Rooms; 2007, 2011, August 2012

Data is for upper tier hotels only (LUX & UU chains, & Upper Tier independents)



Transient OCC Picture Looks Identical to Demand Trends...

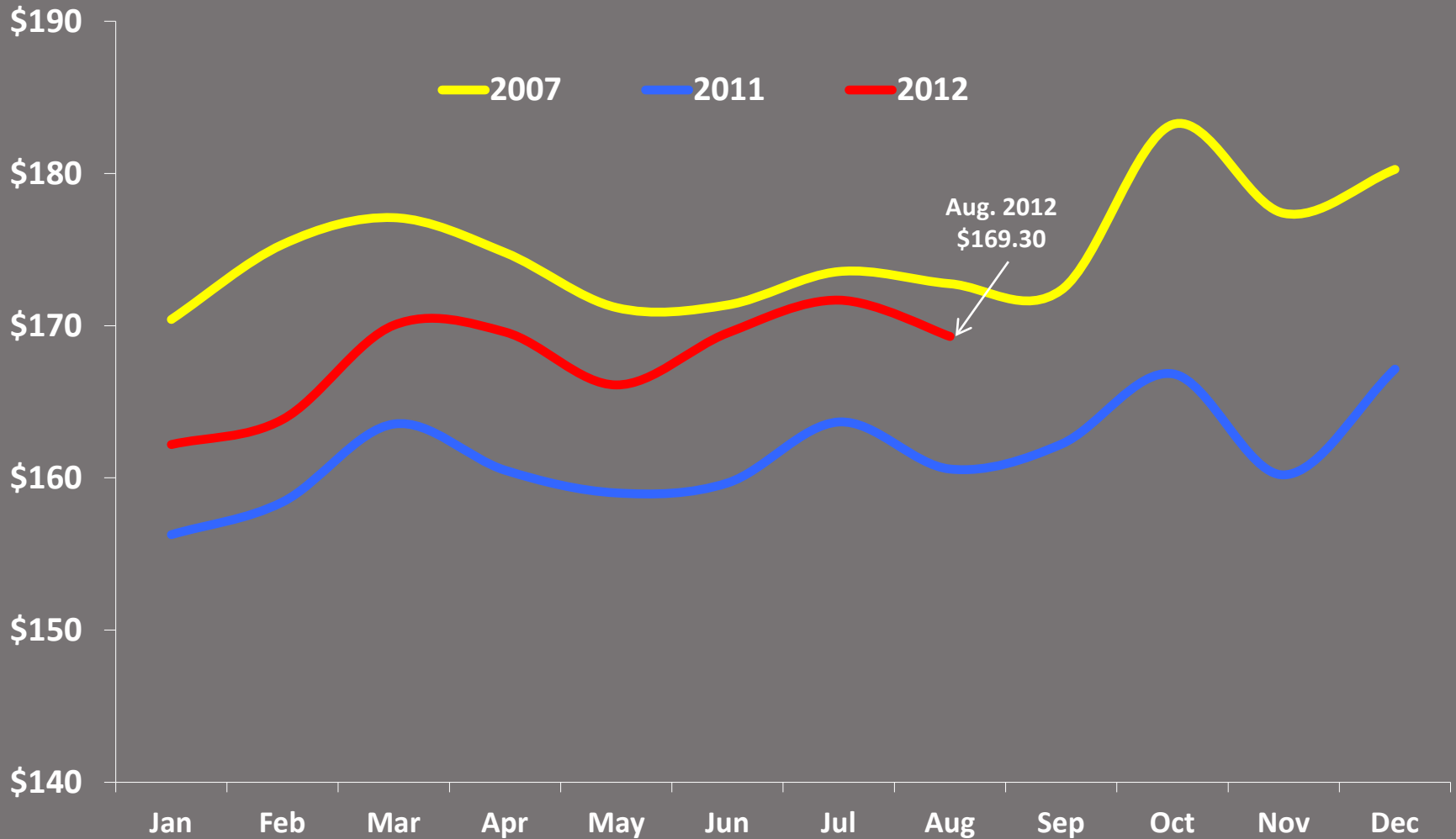


U.S. Transient Occupancy %: 2007, 2011 & Through August 2012

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).



... Transient ADR Still Lags 2007 Results

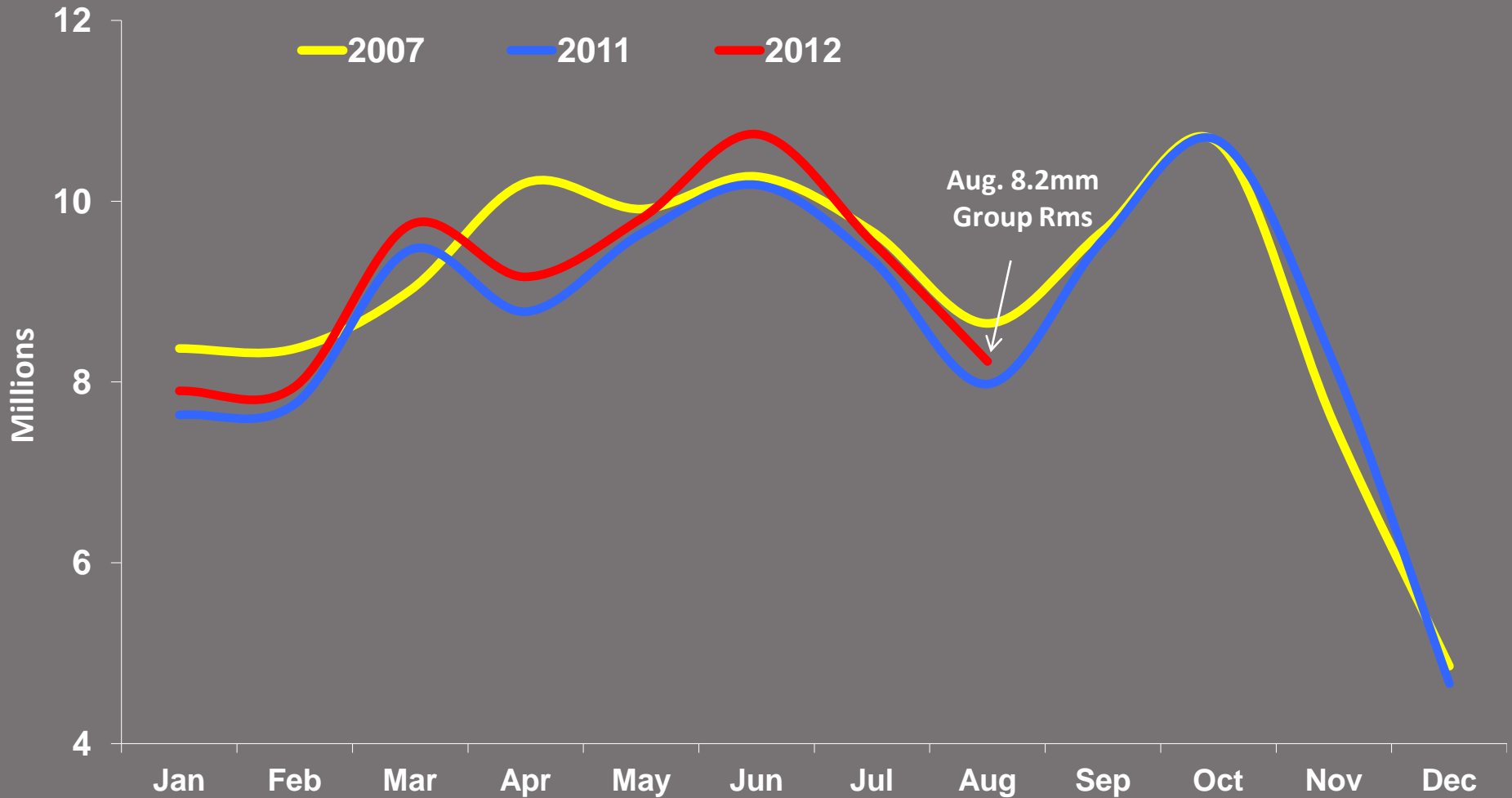


U.S. Transient ADR \$, 2007, 2011, August 2012

Data is for upper tier hotels only (LUX & UU chains, & Upper Tier independents)



Group Demand Recovered Faster Than Expected...

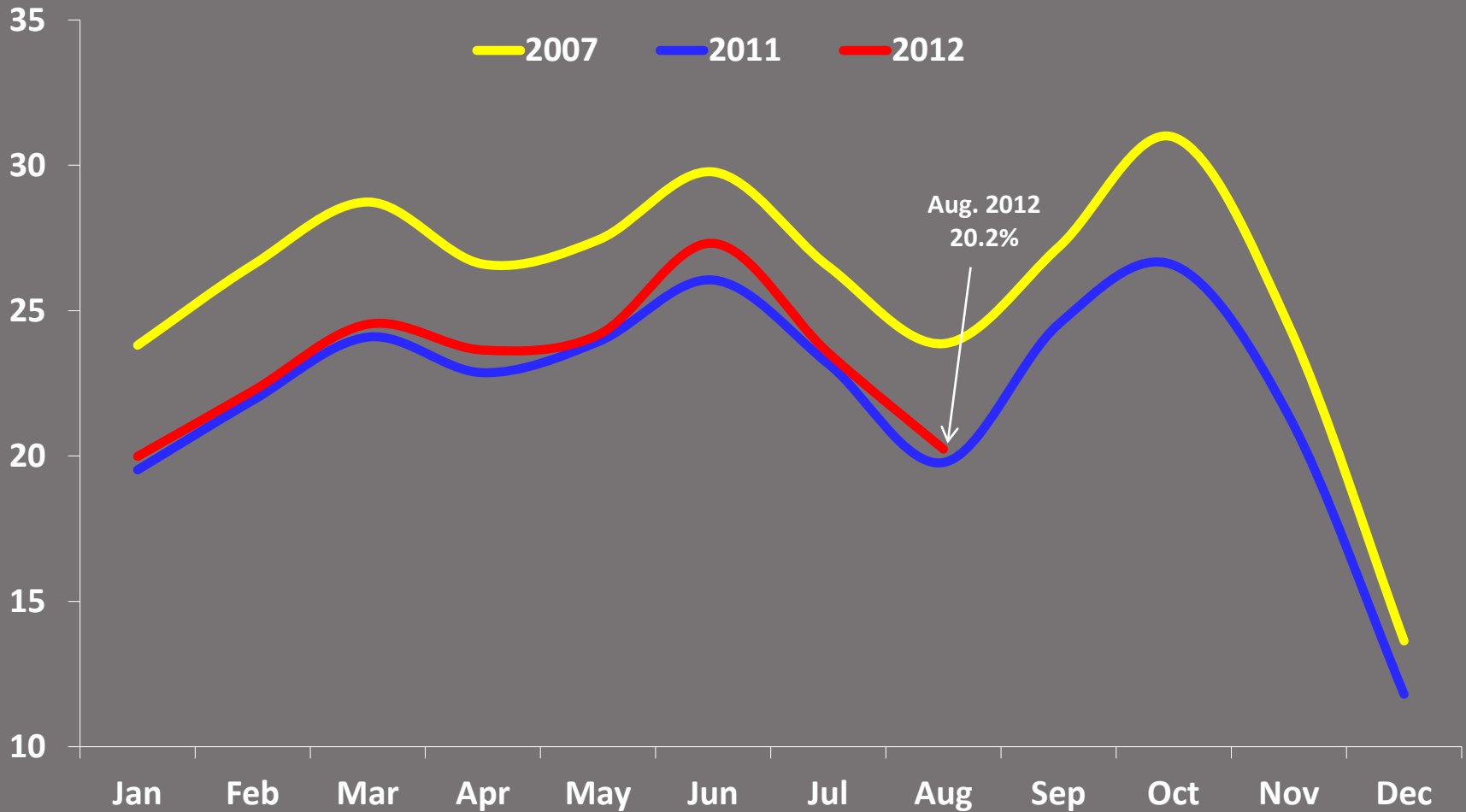


U.S. Group Demand in Millions of Rooms, 2007, 2011, August 2012

Data is for upper tier hotels only (LUX & UU chains, & Upper Tier independents)



Group OCC, A Different Picture From Demand...

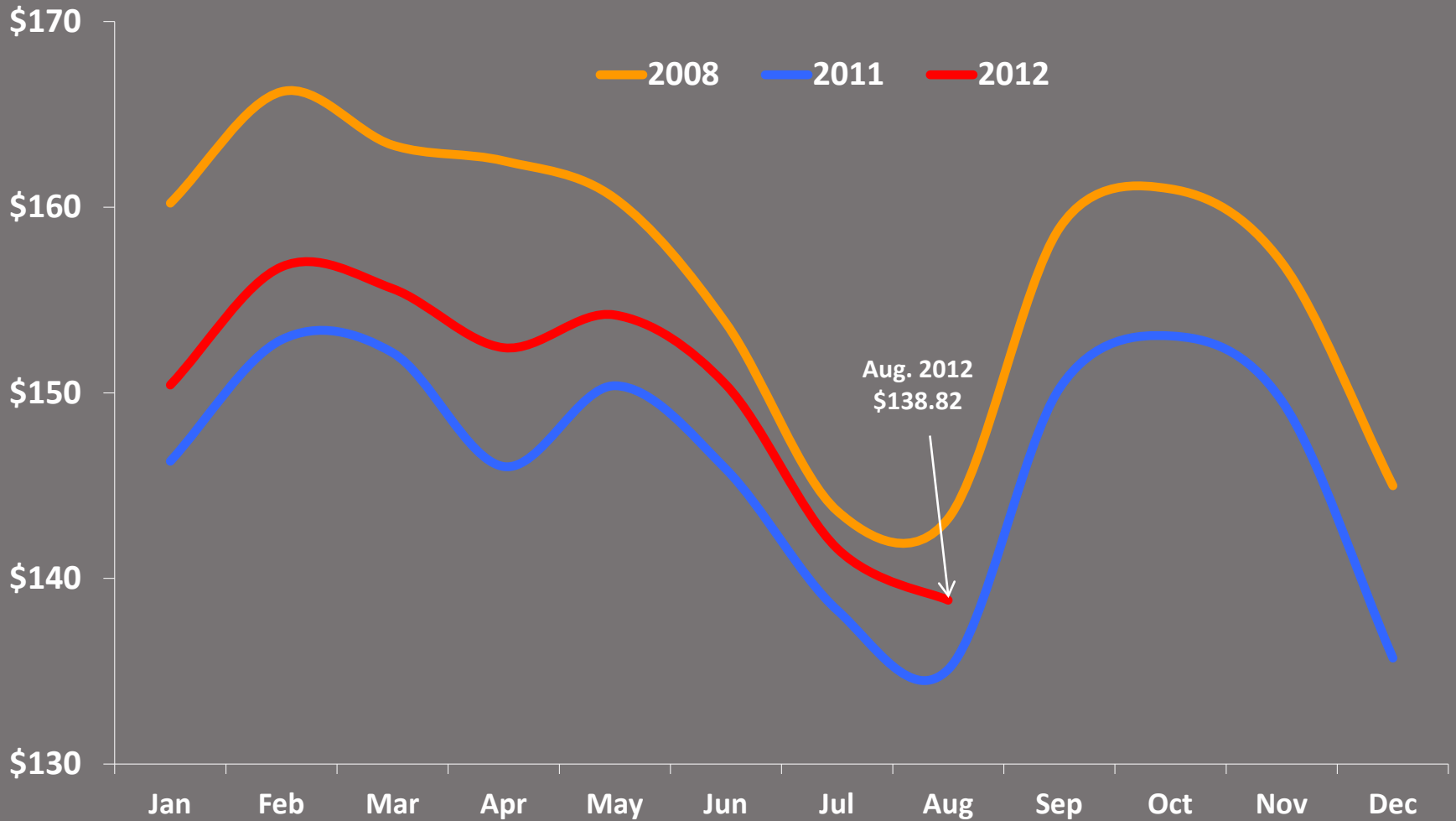


U.S. Group Occupancy %: 2007, 2011 & Through August 2012

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).



... Group ADRs Still Lagging 2008 Peak



Group ADR \$, 2008, 2011, August 2012

Data is for upper tier hotels only (LUX & UU chains, & Upper Tier independents)





Market Performance

Top 94 Metro Markets By Size

Top 25

Orlando, FL
Chicago, IL
Washington, DC-MD-VA
New York, NY
Los Angeles-Long Beach, CA
Atlanta, GA
Dallas, TX
Houston, TX
Phoenix, AZ
San Diego, CA
Anaheim-Santa Ana, CA
San Francisco/San Mateo, CA
Boston, MA
Miami-Hialeah, FL
Tampa-St Petersburg, FL
Philadelphia, PA-NJ
Detroit, MI
Seattle, WA
Denver, CO
St Louis, MO-IL
Norfolk-Virginia Beach, VA
Minneapolis-St Paul, MN-WI
New Orleans, LA
Nashville, TN
Oahu Island, HI

26 - 50

San Antonio, TX
Riverside-San Bernardino, CA
Baltimore, MD
Kansas City, MO-KS
Charlotte, NC-SC
Indianapolis, IN
Fort Worth-Arlington, TX
Knoxville, TN
Fort Lauderdale, FL
Austin, TX
San Jose-Santa Cruz, CA
Myrtle Beach, SC
Cincinnati, OH-KY-IN
Jacksonville, FL
Raleigh-Durham-Chapel Hill, NC
Portland, OR
Columbus, OH
Sacramento, CA
Oakland, CA
Pittsburgh, PA
Oklahoma City, OK
Memphis, TN-AR-MS
Richmond-Petersburg, VA
Cleveland, OH
Salt Lake City-Ogden, UT

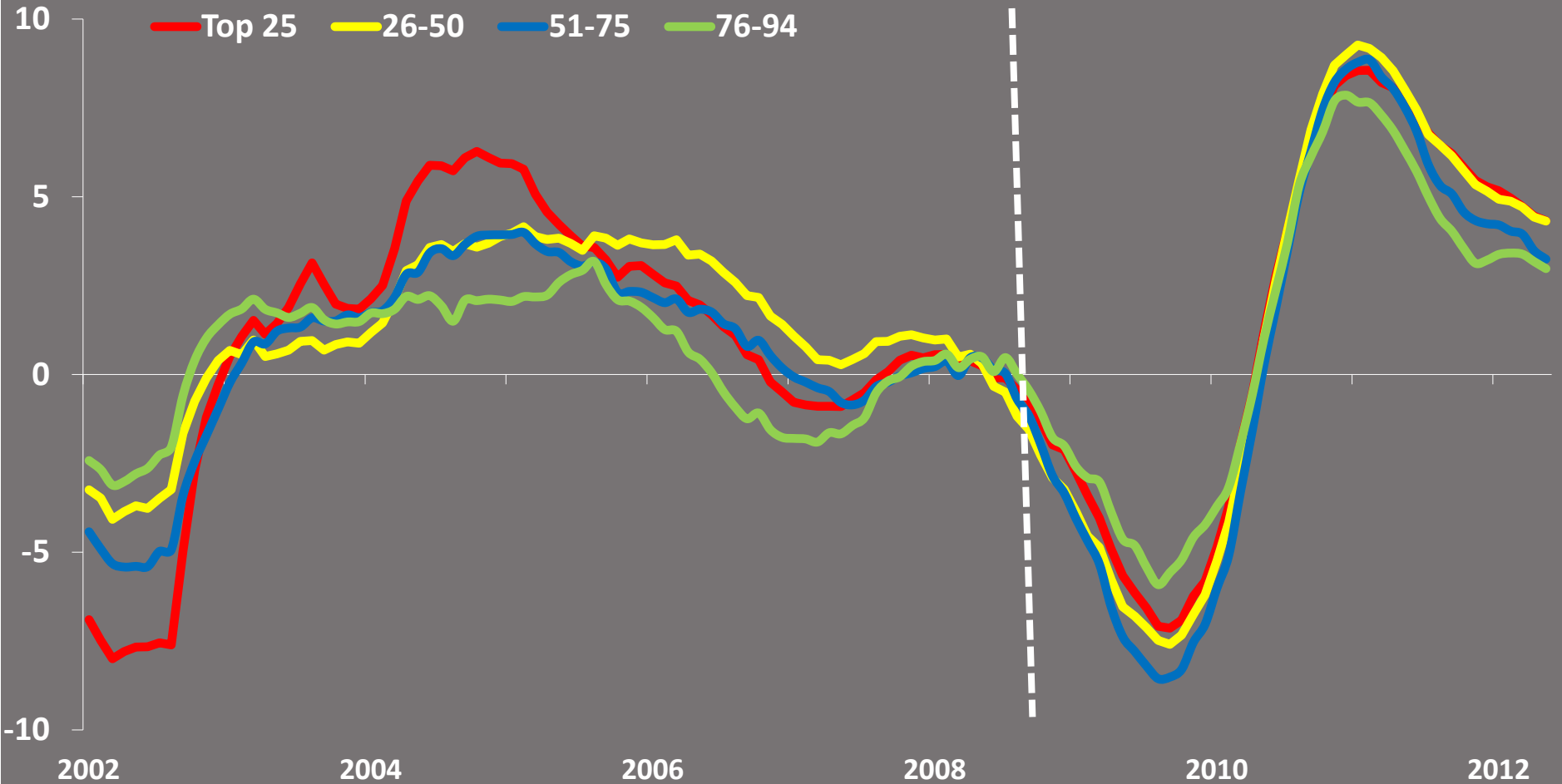
51 - 75

Louisville, KY-IN
Greensboro-Winston Salem, NC
Newark, NJ
Charleston, SC
Albuquerque, NM
Birmingham, AL
Tucson, AZ
Milwaukee, WI
West Palm Beach-Boca Raton, FL
Greenville-Spartanburg, SC
Savannah, GA
Tulsa, OK
Maui Island, HI
Long Island
Daytona Beach, FL
Harrisburg, PA
Hawaii-Kauai Islands
Omaha, NE
Hartford, CT
Buffalo, NY
Scranton--Wilkes-Barre, PA
Mobile, AL
Little Rock, AR
Fort Myers, FL
Albany/Schenectady, NY

76 - 94

Columbia, SC
Dayton-Springfield, OH
Grand Rapids, MI
Lexington, KY
Des Moines, IA
Colorado Springs, CO
Jackson, MS
Rochester, NY
Macon/Warner Robbins, GA
Bergen-Passaic, NJ
Chattanooga, TN-GA
Allentown-Reading, PA
Florida Keys
Augusta, GA-SC
Madison, WI
Melbourne-Titusville, FL
Sarasota-Bradenton, FL
Syracuse, NY

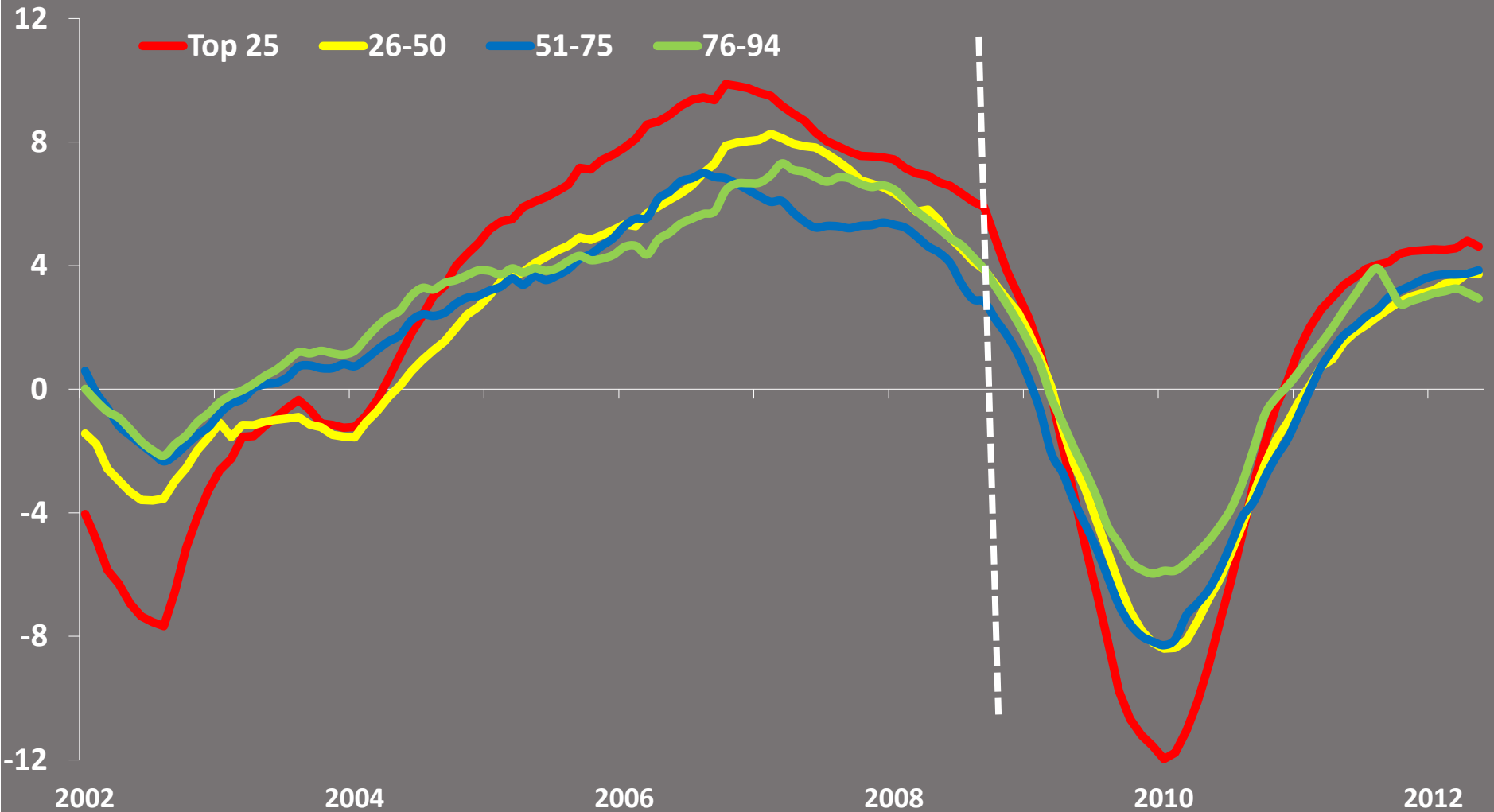
Demand Performance Distinctly Different This Time



Metro markets by size, in 25 market increments, Demand % Change, 12 MMA 2002 – 8/2012



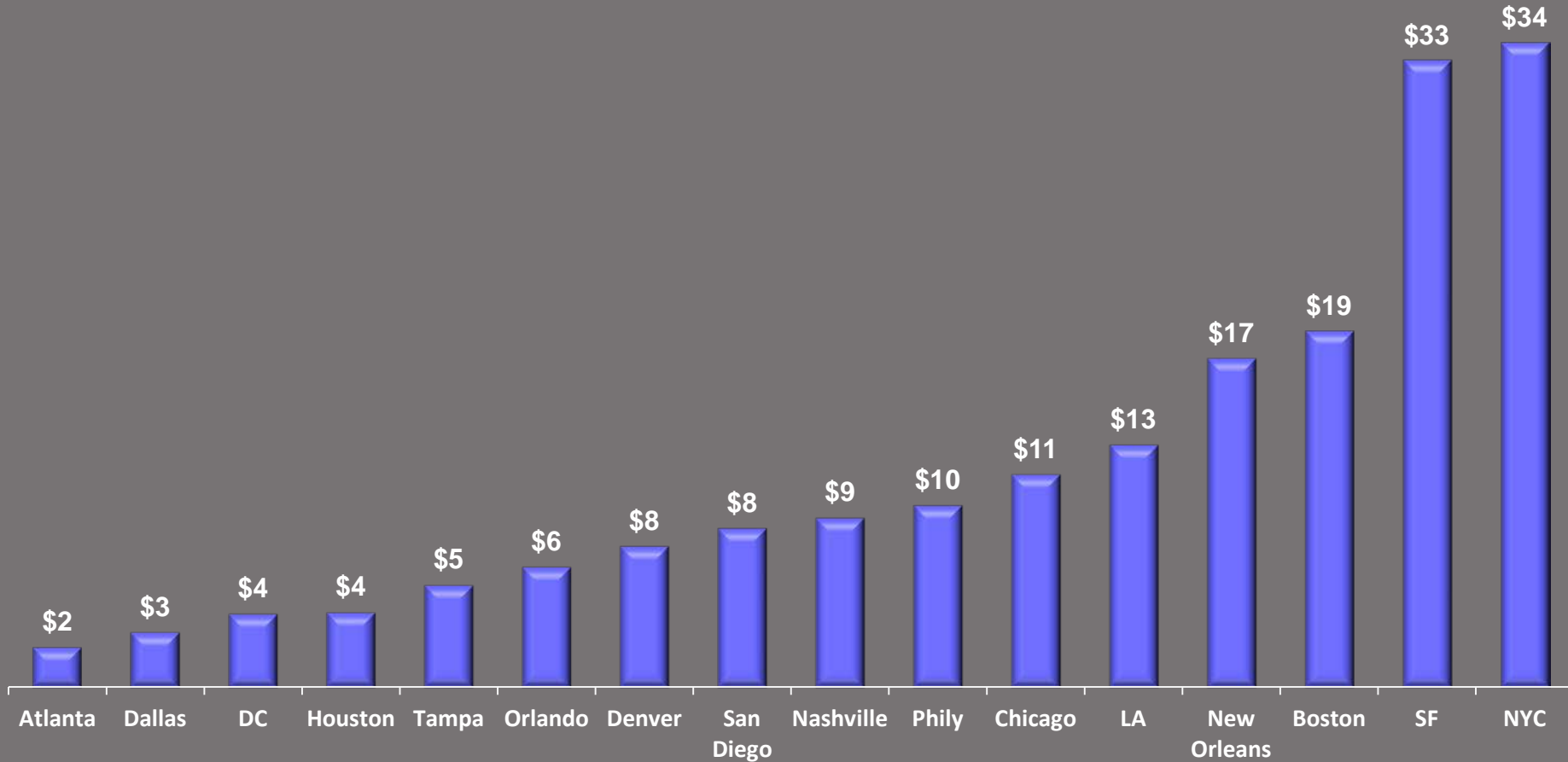
ADR Swings in Top 25 Markets Most Erratic



Metro markets by size, in 25 market increments, ADR % Change, 12 MMA 2002 – 8/2012



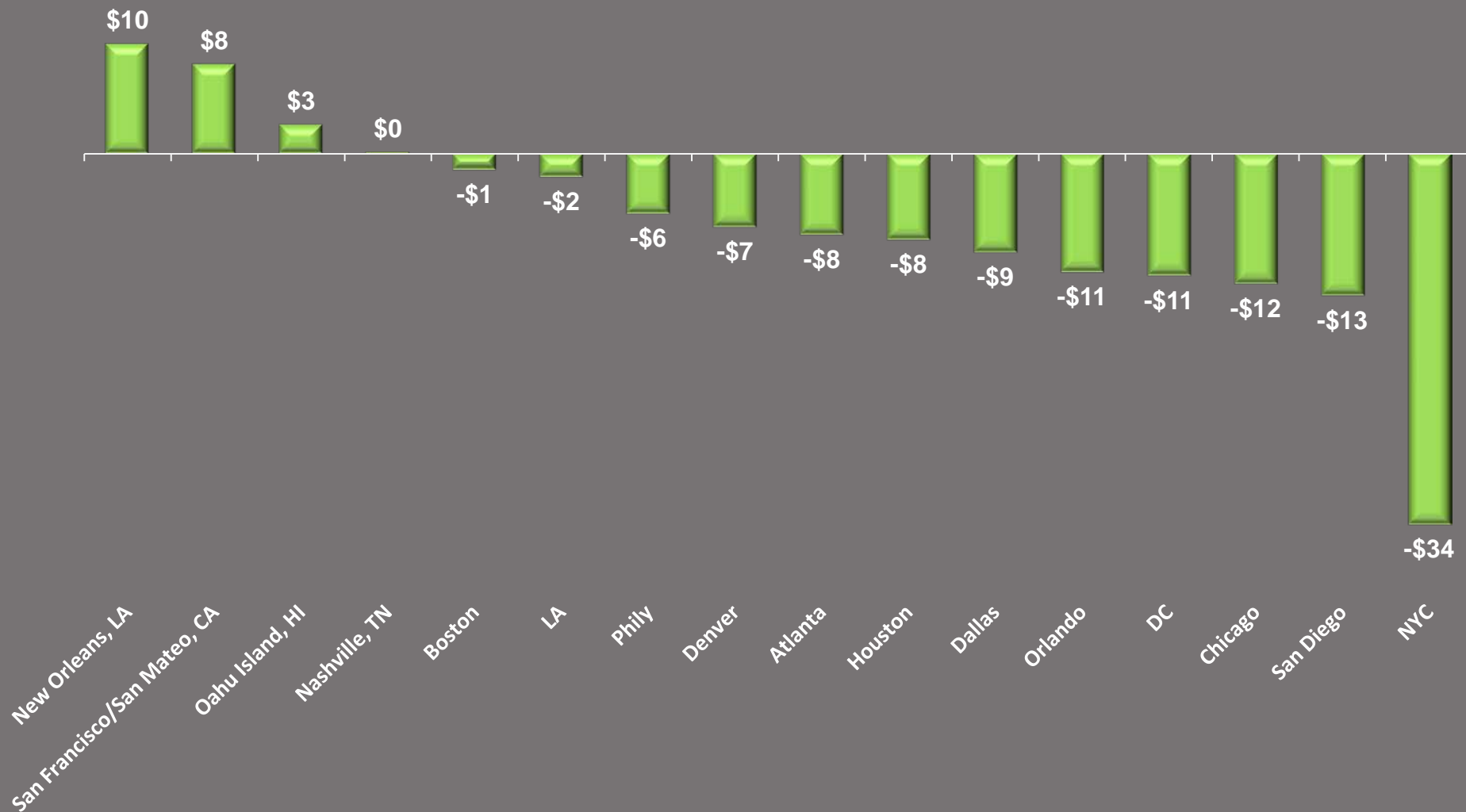
Since 2008: How Much Have ADRs Recover?



* Selected 16 Markets: ADR \$ Change From Prior Trough, as of 8/12



Since 2007: How Much Are Markets Still Off Peak (\$)?



* Selected 16 Markets, ADR \$ Change From Prior Peak, as of 8/12



How Will New Supply Will Impact RevPAR Growth?

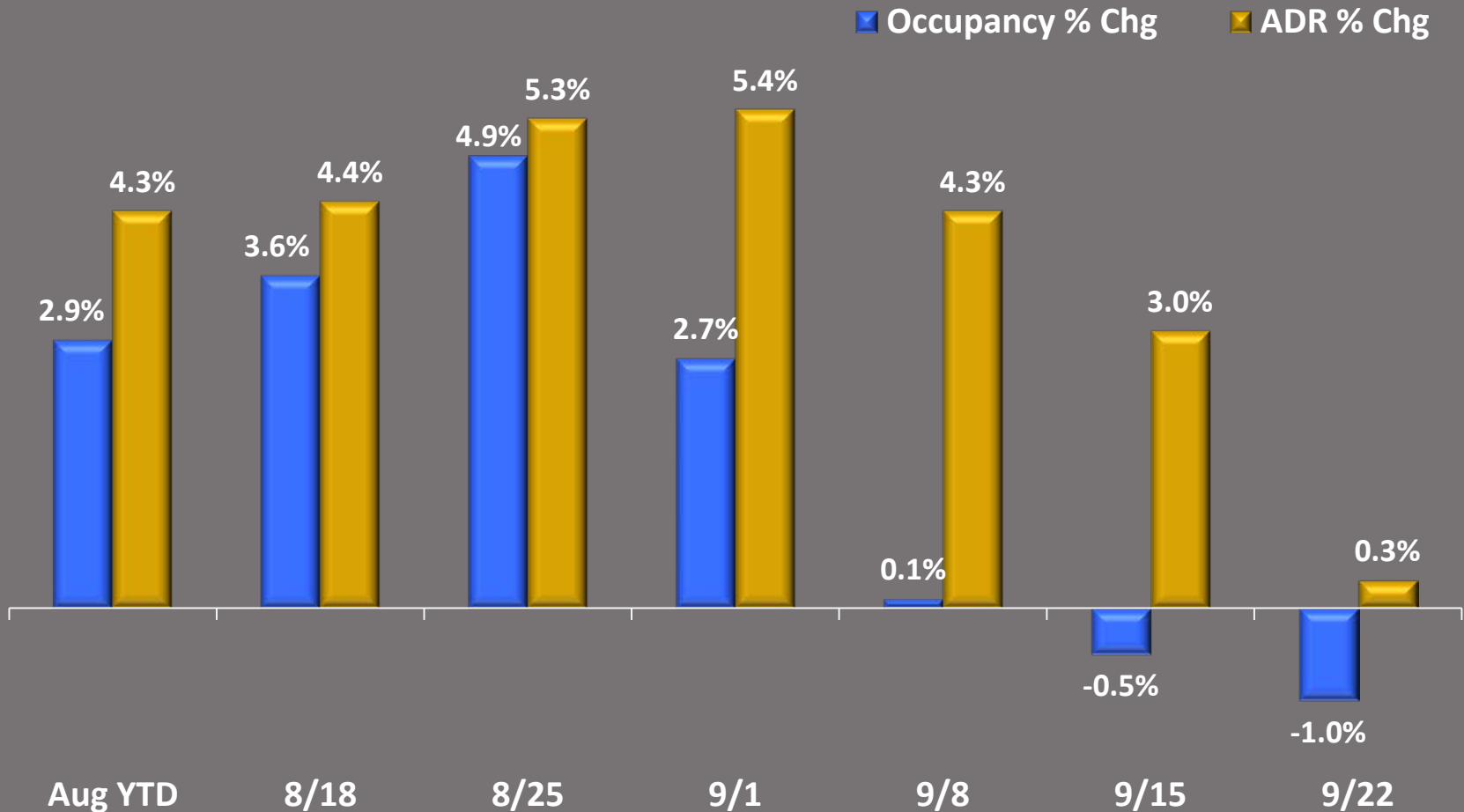
Market	Rooms	% of Existing Supply
New York	9,490	9.2
Orlando	4,006	3.4
Washington, D.C.	3,157	3.0
Chicago	2,114	2.0
Nashville	1,481	4.1
Denver	1,329	3.3
Philadelphia	1,316	3.0
Miami-Hialeah	1,311	2.7
LA-Long Beach	1,005	1.0

Total U.S.: Markets with Most Rooms In Construction
August 2012



2012 / 2013 Forecast

Watching Weekly & Daily Data trends, along with Monthly.



Total U.S.: Occupancy and ADR Percent Change
August YTD & Weekly through 9/22

Overall, New Supply Still Not An Issue for 2012/2013

<u>Phase</u>	<u>August 2012</u>	<u>August 2011</u>	<u>Difference</u>	<u>% Change</u>
In Construction	66,236	53,753	12,483	23.2%
“Planned Pipeline”	238,589	261,915	-23,326	-8.9%
Active Pipeline	304,825	315,668	-10,843	-3.4%

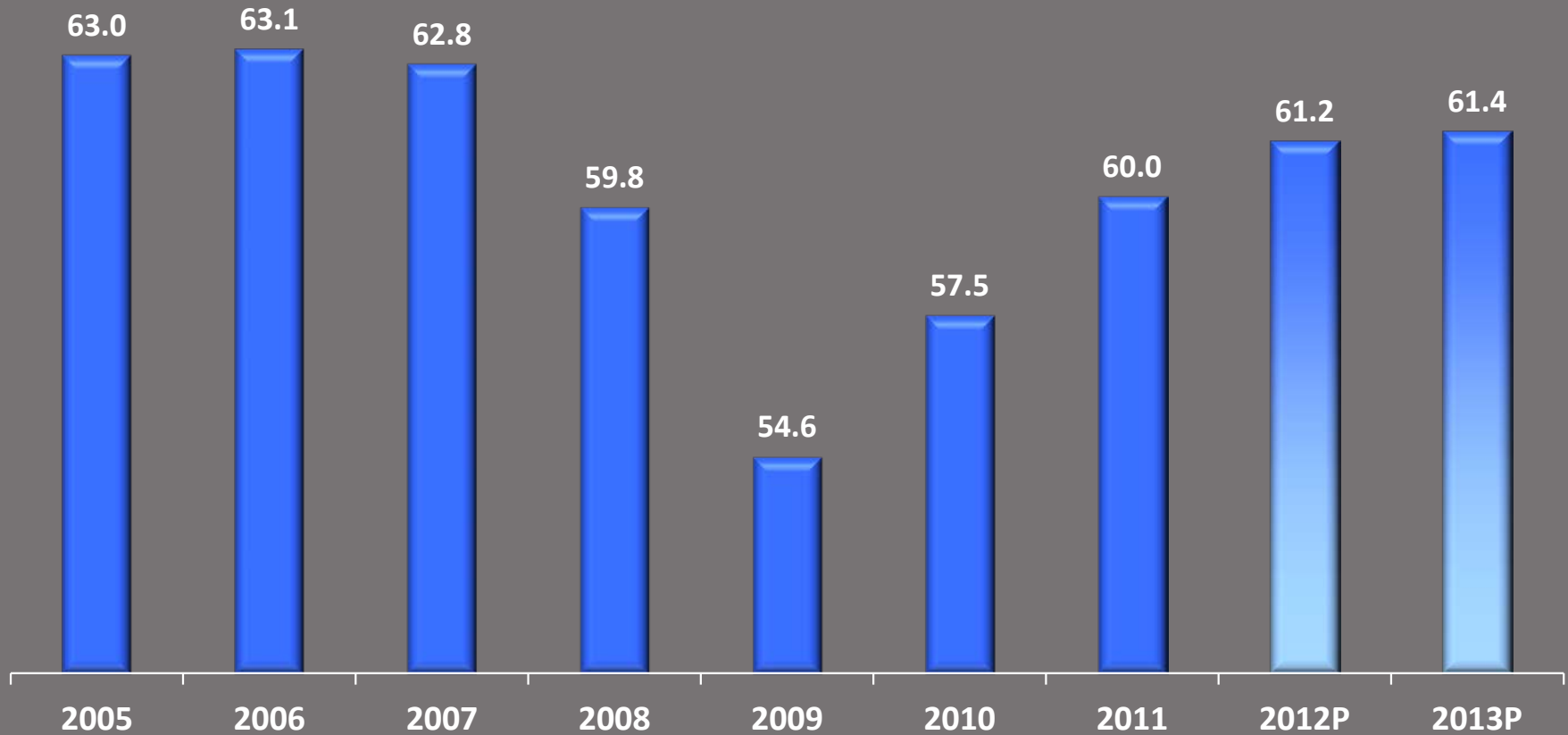
*“Planned Pipeline” includes projects in Final Planning and Planning phases
Active Pipeline includes all projects In Construction, Final Planning & Planning phases.*

Total U.S.: Active Development Pipeline – Rooms
Change From Last Year

Total United States
Key Performance Indicator Outlook (% Change vs. Prior Year)
2012 - 2013

Outlook		
	2012 Forecast	2013 Forecast
Supply	0.5%	0.9%
Demand	2.6%	1.2%
Occupancy	2.1%	0.3%
ADR	4.4%	4.6%
RevPAR	6.5%	4.9%

Still Not Back to 2006 Levels



Total U.S.: Actual Occupancy Percent
2005 – 2013P

If year 2000 ADR had increased by CPI each year...



Total U.S. Room Rates: Actual vs. Inflation Adjusted
2000 – 2013F

Note: 2011 & 2012 CPI forecast from Blue Chip Economic Indicators



Total United States

Chain Scale Key Performance Indicator Outlook

2012 Year End Outlook

Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	3.1%	4.8%	8.0%
Upper Upscale	2.2%	4.5%	6.8%
Upscale	1.7%	4.4%	6.2%
Upper Midscale	2.2%	4.2%	6.5%
Midscale	2.9%	2.4%	5.5%
Economy	1.7%	3.7%	5.4%
Independent	1.7%	4.4%	6.2%
Total United States	2.1%	4.4%	6.5%

Total United States

Chain Scale Key Performance Indicator Outlook

2013 Year End Outlook

Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	1.9%	6.3%	8.3%
Upper Upscale	-1.0%	4.2%	3.2%
Upscale	2.2%	5.5%	7.9%
Upper Midscale	-0.5%	4.5%	4.0%
Midscale	1.3%	2.3%	3.6%
Economy	0.8%	3.1%	3.9%
Independent	-0.6%	4.3%	3.6%
Total United States	0.3%	4.6%	4.9%



**Demand Growth > Supply
Growth**

**Transient Demand & OCC Strong
Upper Scales Reaching New OCC
Peaks**

Hotel Performance

**U.S. Budging Tightening?
European Financial Crisis?
Human Capital – Keeping
Good Dir. Of Revenue?**





Questions?

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