



Hotel Industry Overview

What Lies Ahead...

Vail R. Brown

Vice President, Global Business Development
& Marketing





www.hotelnewsnow.com
Click on “Hotel Data Presentations”



HotelNewsNow.com



Any reprint, use or republication of all or a part of this presentation without the prior written approval of Smith Travel Research, Inc. or STR Global, Ltd. (collectively “STR”) is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. No strategic advice or marketing recommendation is intended or implied.



U.S. In Review

Demand Growth Strong. RevPAR Driven by ADR.

		<u>% Change</u>
• Room Supply*	1.8 bn	0.6%
• Room Demand*	1.1 bn	2.6%
• Occupancy	61.6%	2.1%
• A.D.R.	\$107	4.3%
• RevPAR	\$66	6.5%
• Room Revenue*	\$117 bn	7.1%

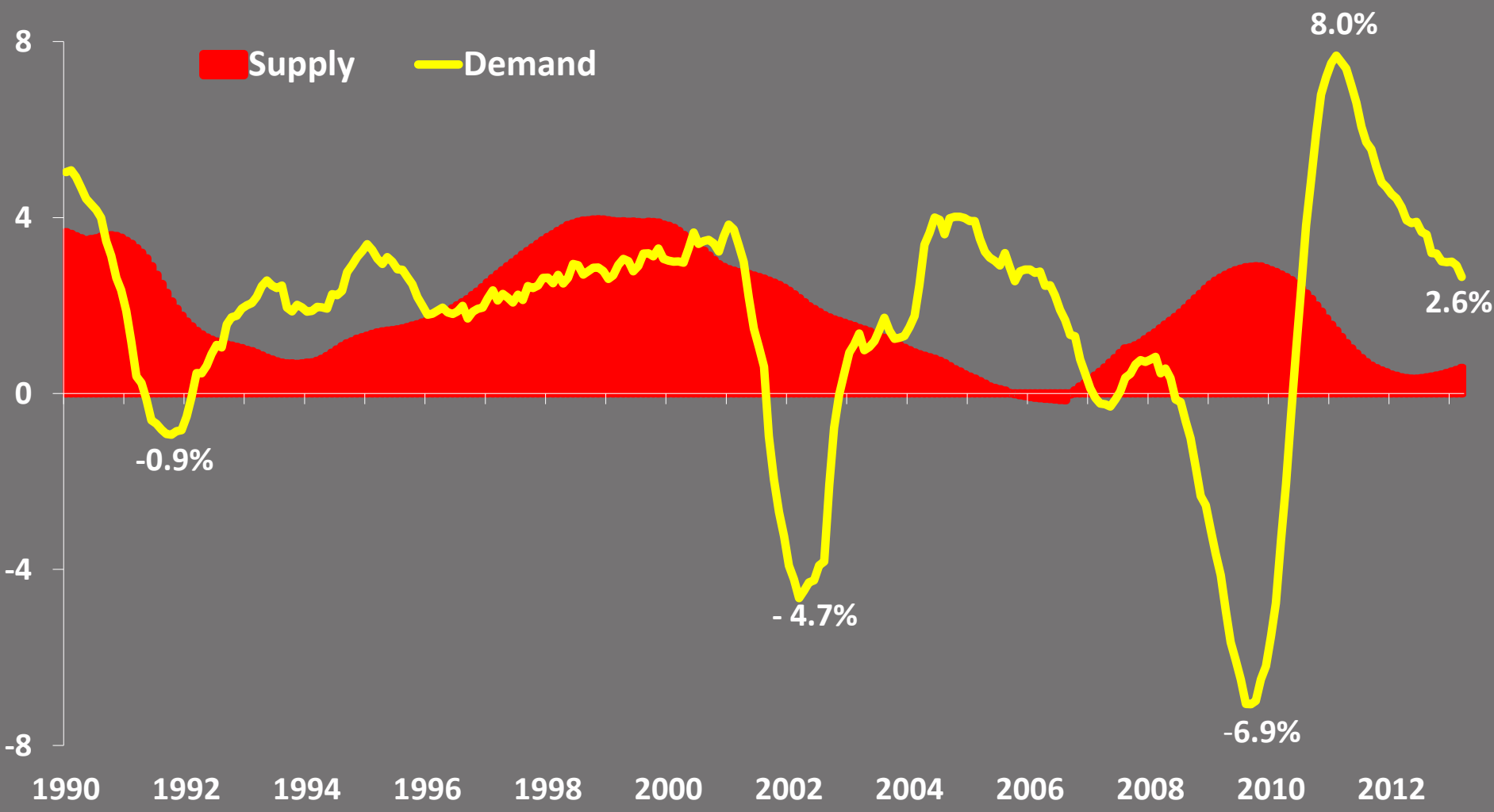
Total U.S. Results 12 Month Moving Average through March 2013

* All Time High



**1st Quarter 2013:
Highest Rooms Revenue - EVER
(\$27.1 billion)**

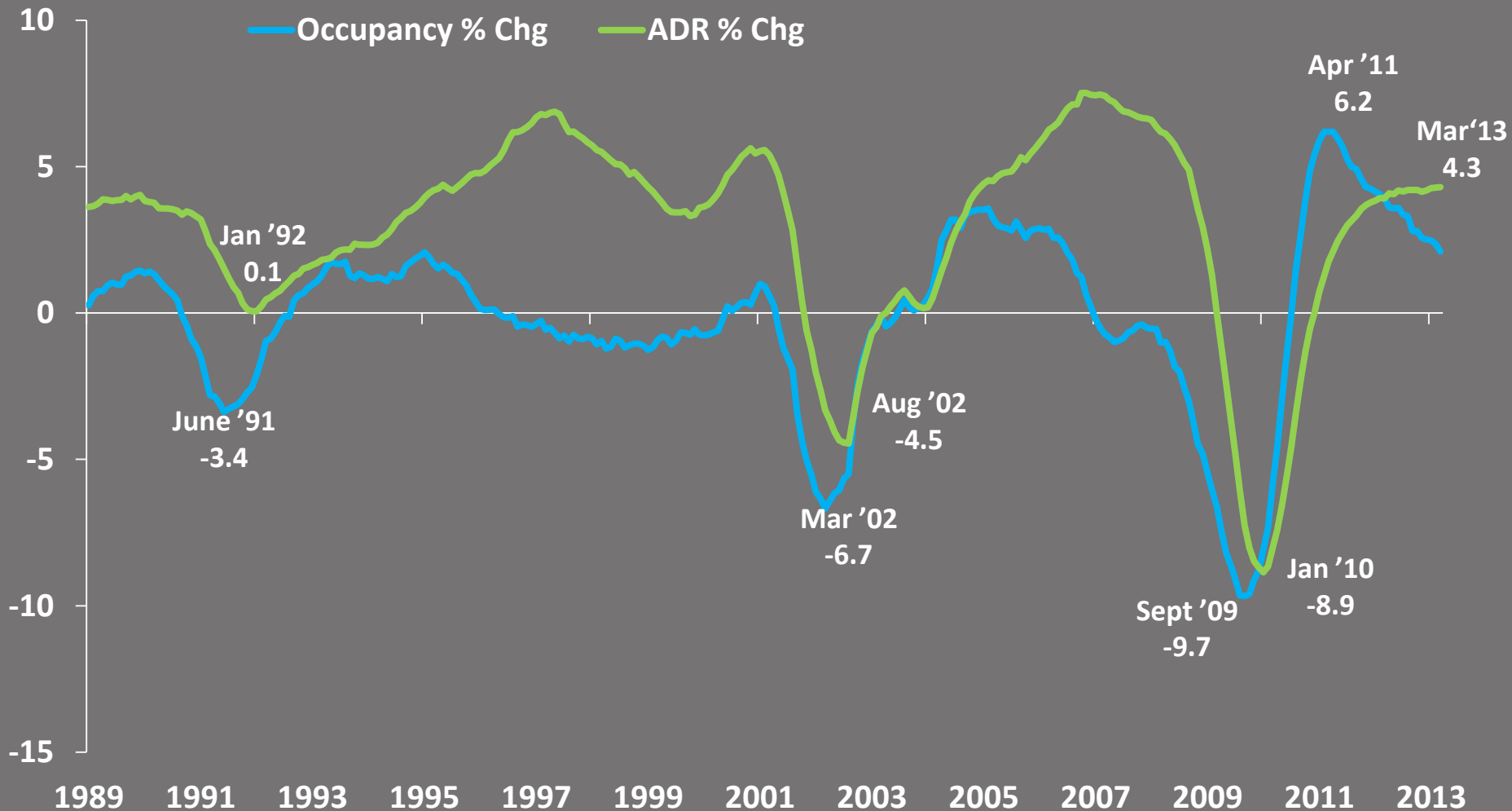
Favorable Supply / Demand Fundamentals for 2013



Total U.S.: Supply & Demand Percent Change
Twelve Month Moving Average Jan. 1990 – March 2013



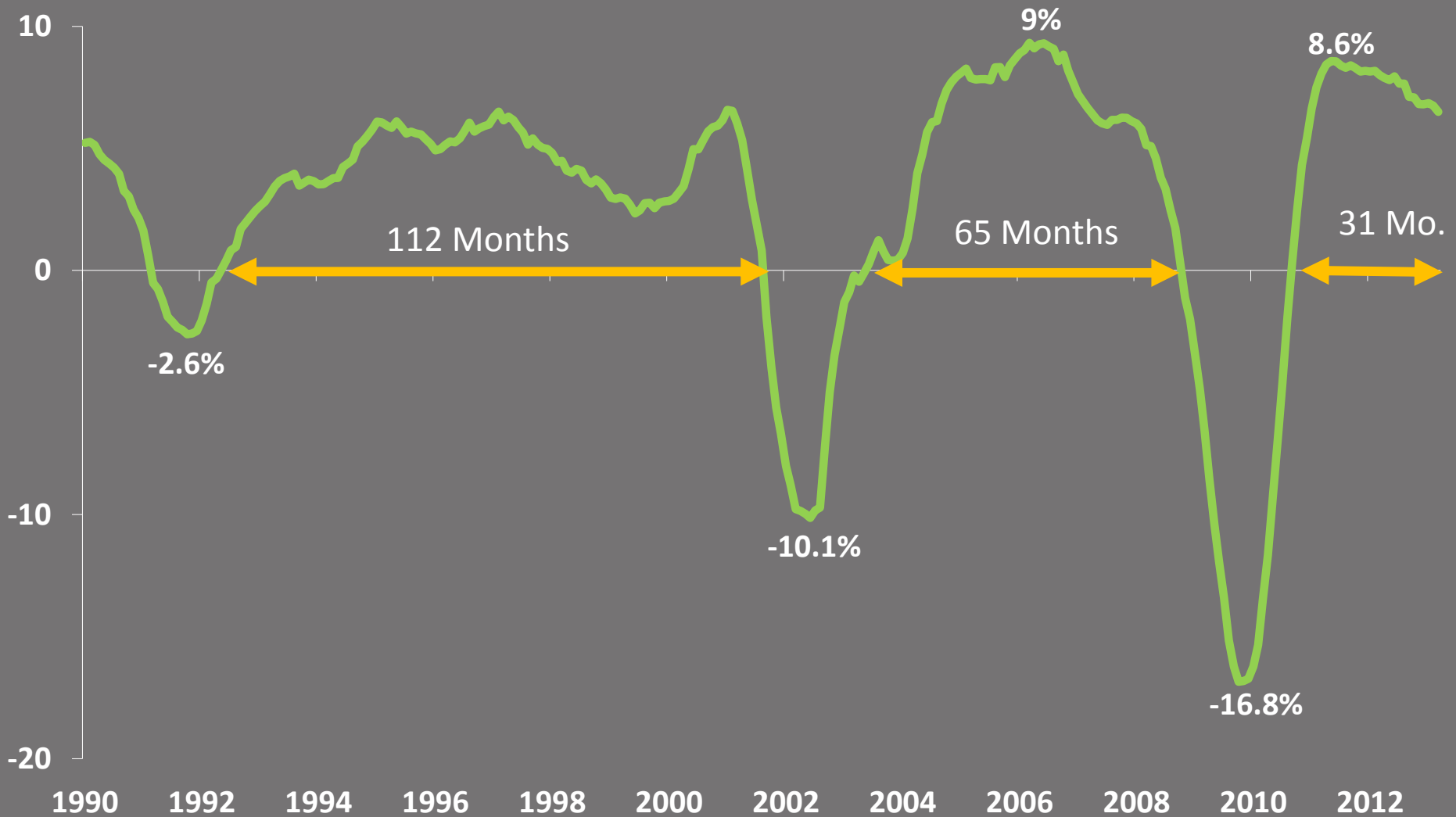
ADR Growth Stalls. Smooth Sailing From Here?



Total U.S.: Occupancy/ADR Percent Change
Twelve Month Moving Average – 1989 to March 2013



Positive RevPAR Growth: Three More Years (?)



Total U.S.: ADR & Demand Percent Change
Twelve Month Moving Average –1990 – March 2013



U.S. Pipeline: Construction Accelerates

<u>Phase</u>	<u>2013</u>	<u>2012</u>	<u>% Change</u>
In Construction	73	61	19%
Final Planning	96	113	-15%
Planning	152	120	26%
Active Pipeline	320	293	9%
Pre-Planning	78	95	-19%
Total	398	389	2%

Total U.S. Pipeline, by Phase, '000s Rooms
March 2013 and 2012



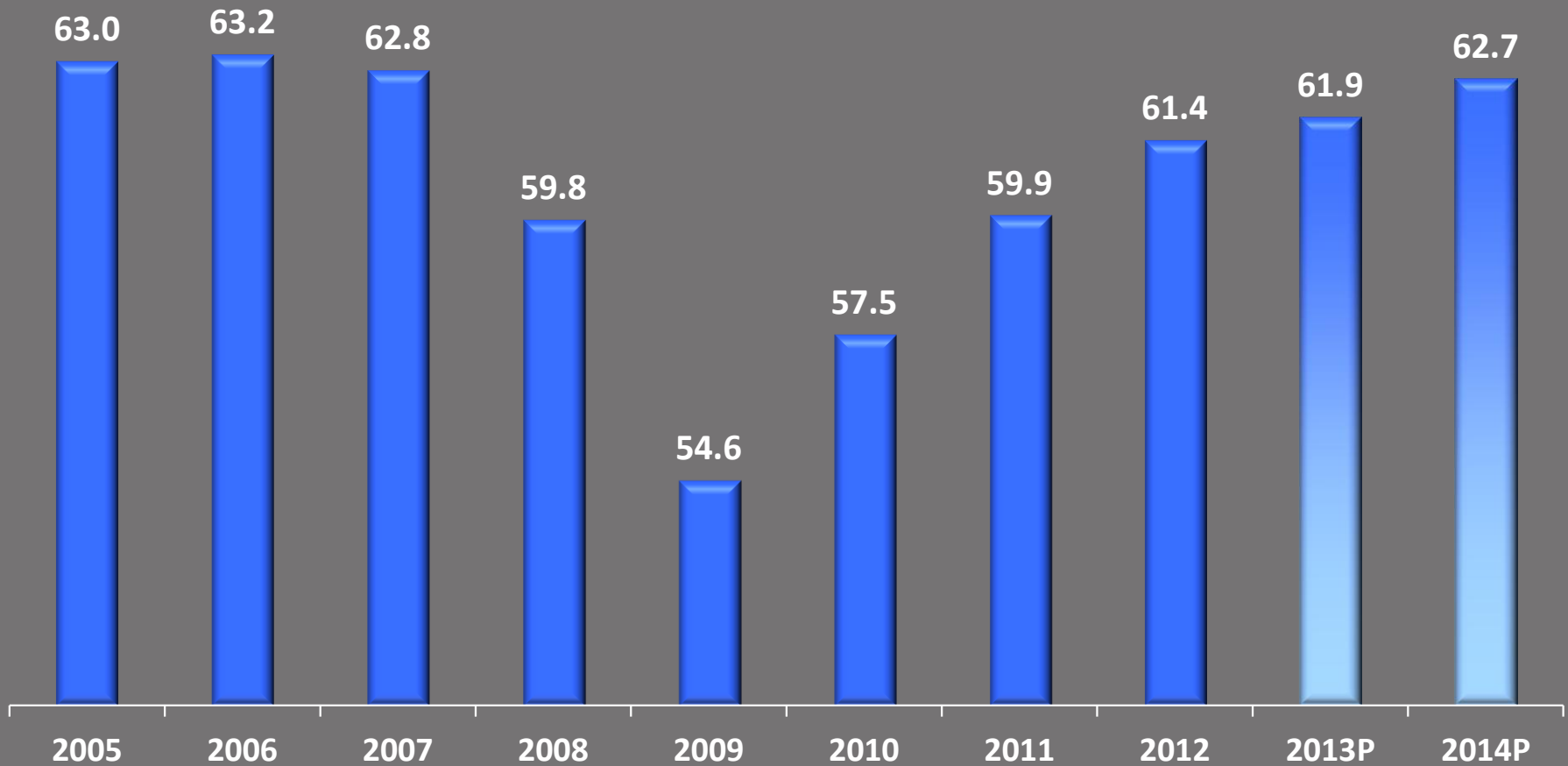
Year End Outlook

	2013 Forecast	2014 Forecast
Supply	1.0%	1.5%
Demand	1.8%	2.8%
Occupancy	0.8%	1.3%
ADR	4.9%	4.6%
RevPAR	5.7%	6.0%

Total U.S. Key Performance Indicator Outlook (% Change vs. Prior Year)
As of 4th Quarter 2012



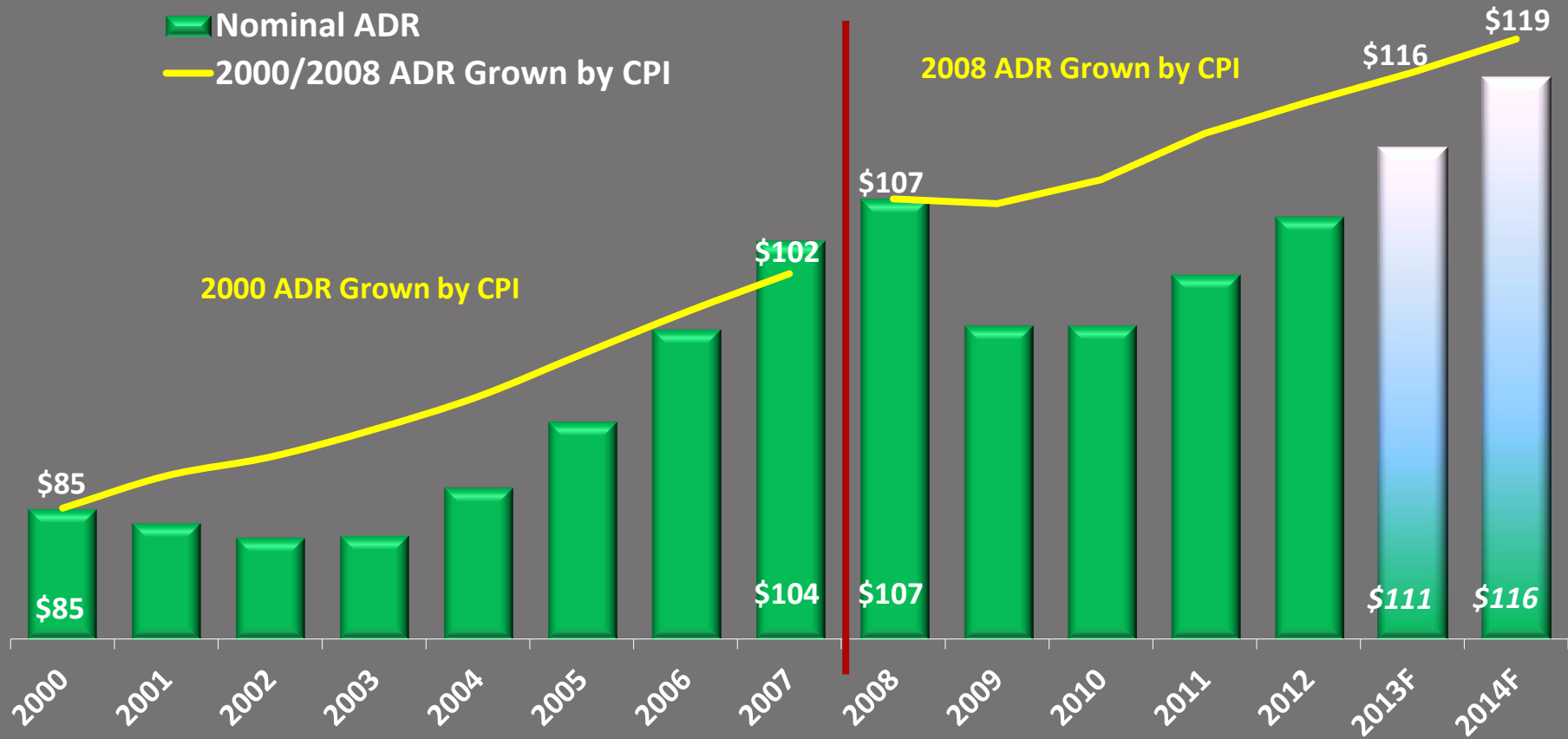
Slowly Catching Up to Prior Peaks



Total U.S.: Occupancy Percent
2005 – 2014P



Inflation Adjusted ADRs Well Out Of Reach



Total U.S. Room Rates
 Actual vs. Inflation Adjusted 2000 – 2014F

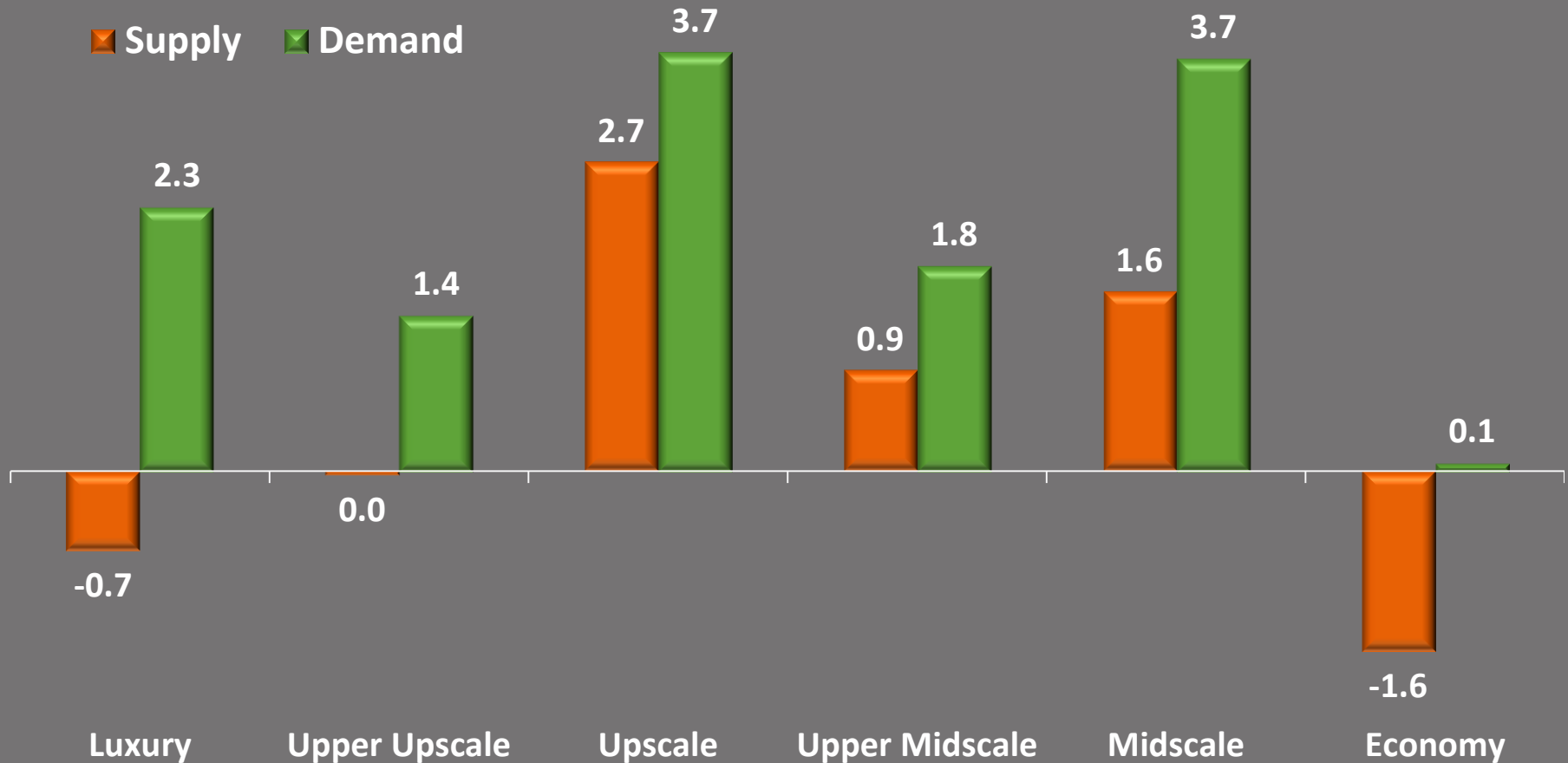
Note: 2012 & 2013 CPI forecast from Blue Chip Economic Indicators



Chain Scale In Review



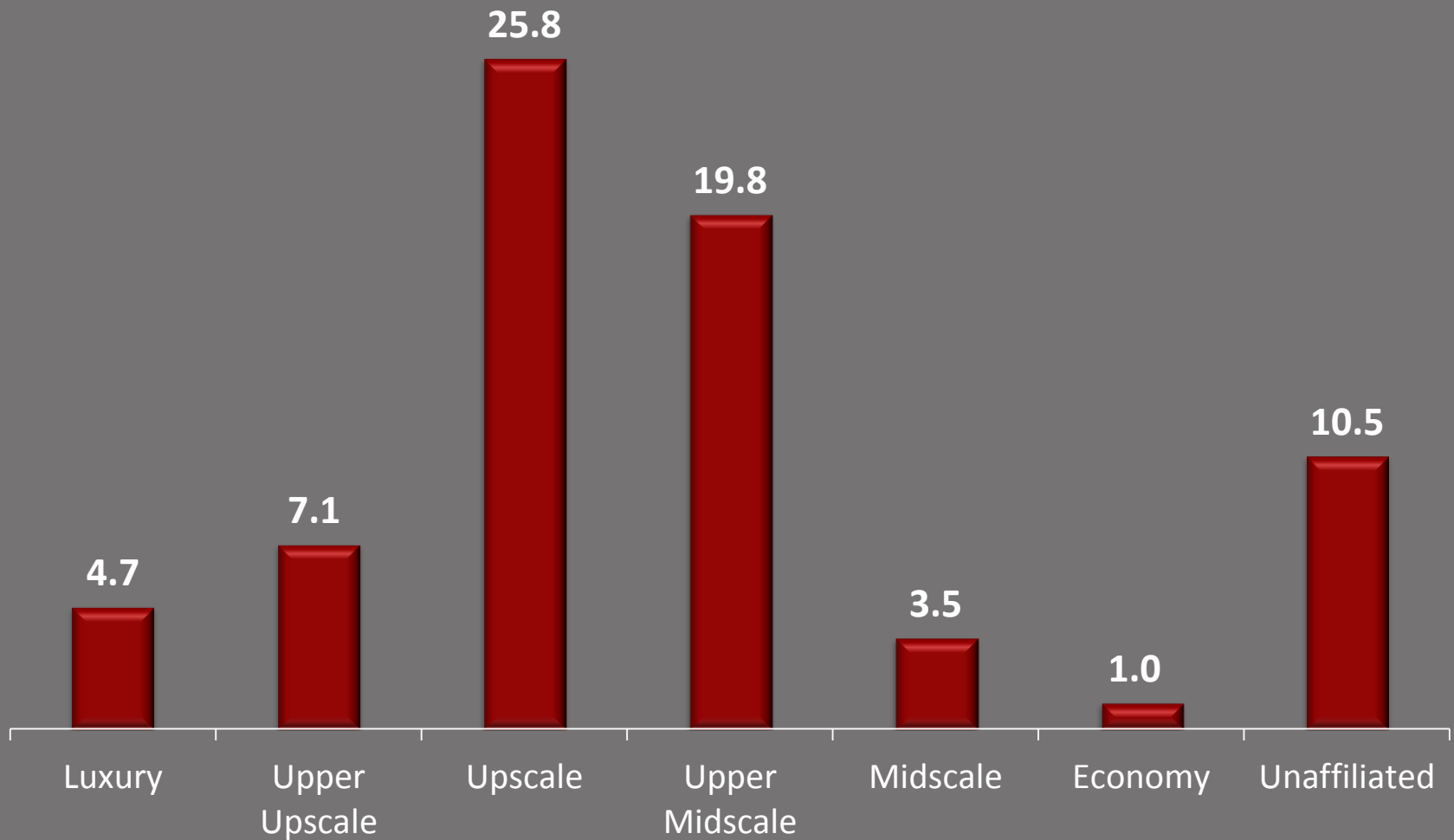
Scales: Strong Demand Growth, Supply Not An Issue



U.S. Chain Scale: Supply / Demand % Change, Q1 2013

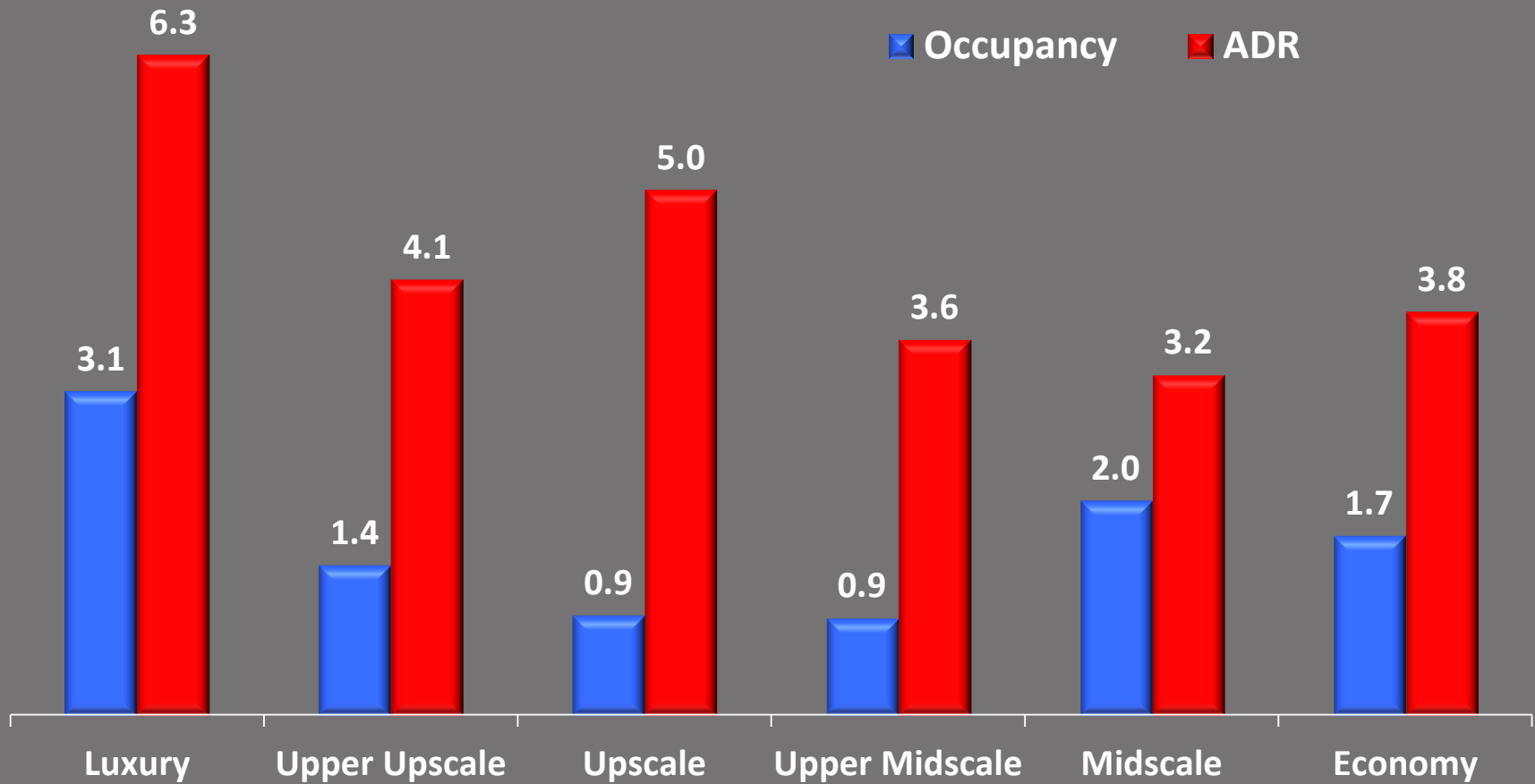


Under Construction Rooms Mostly In Middle Segments



Total U.S.: Rooms In Construction by Scale – In Thousands
March 2013

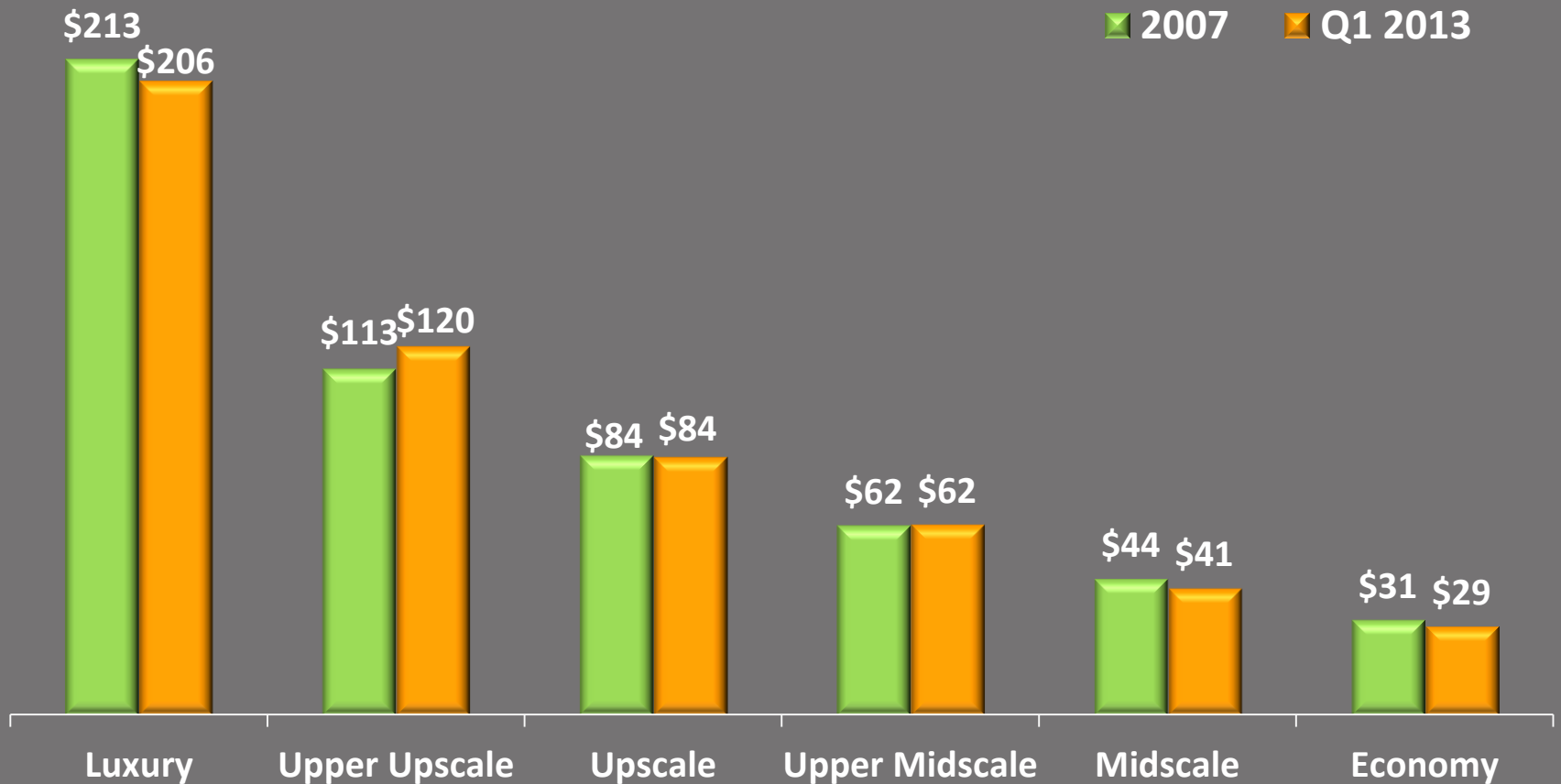
ADR Growth > OCC Growth



U.S. Chain Scales: OCC / ADR % Change, Q1 2013



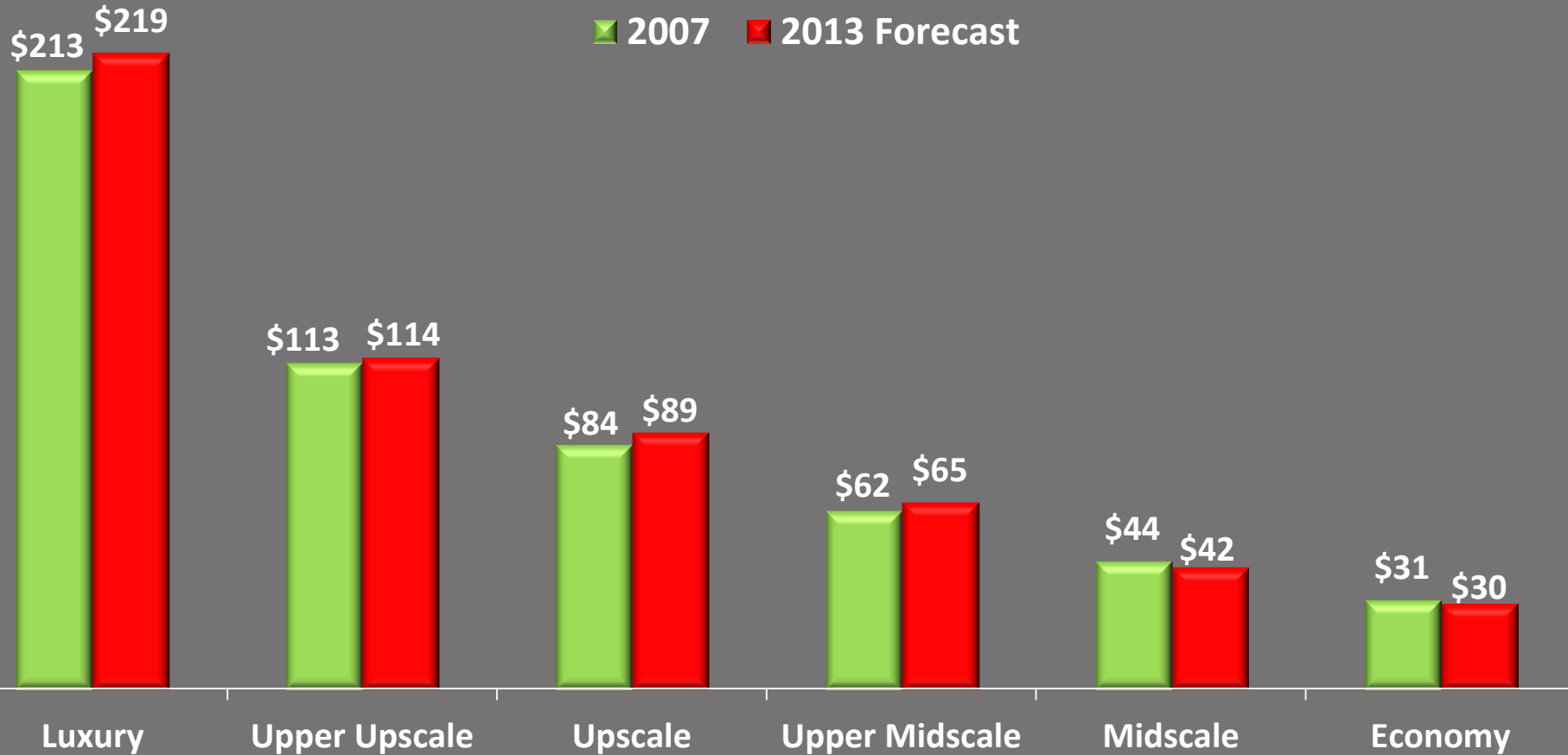
RevPAR (Slowly) Catches Up To Prior Record Highs



U.S. Chain Scales: RevPAR \$, by Scale, YE 2007 & 12 Months Ending Q1 2013



Upper Segments To Pass Prior Record Highs (hopefully)!



U.S. Chain Scales: RevPAR \$, Full Year 2007 & 2013 Forecast



And If All Goes Well...Overall strong KPIs for 2013

2013 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	2.3%	6.6%	9.0%
Upper Upscale	-0.1%	4.5%	4.3%
Upscale	1.4%	5.5%	7.0%
Upper Midscale	0.5%	4.8%	5.3%
Midscale	0.7%	2.4%	3.2%
Economy	1.1%	3.3%	4.4%
Independent	0.5%	4.8%	5.2%
Total United States	0.8%	4.9%	5.7%

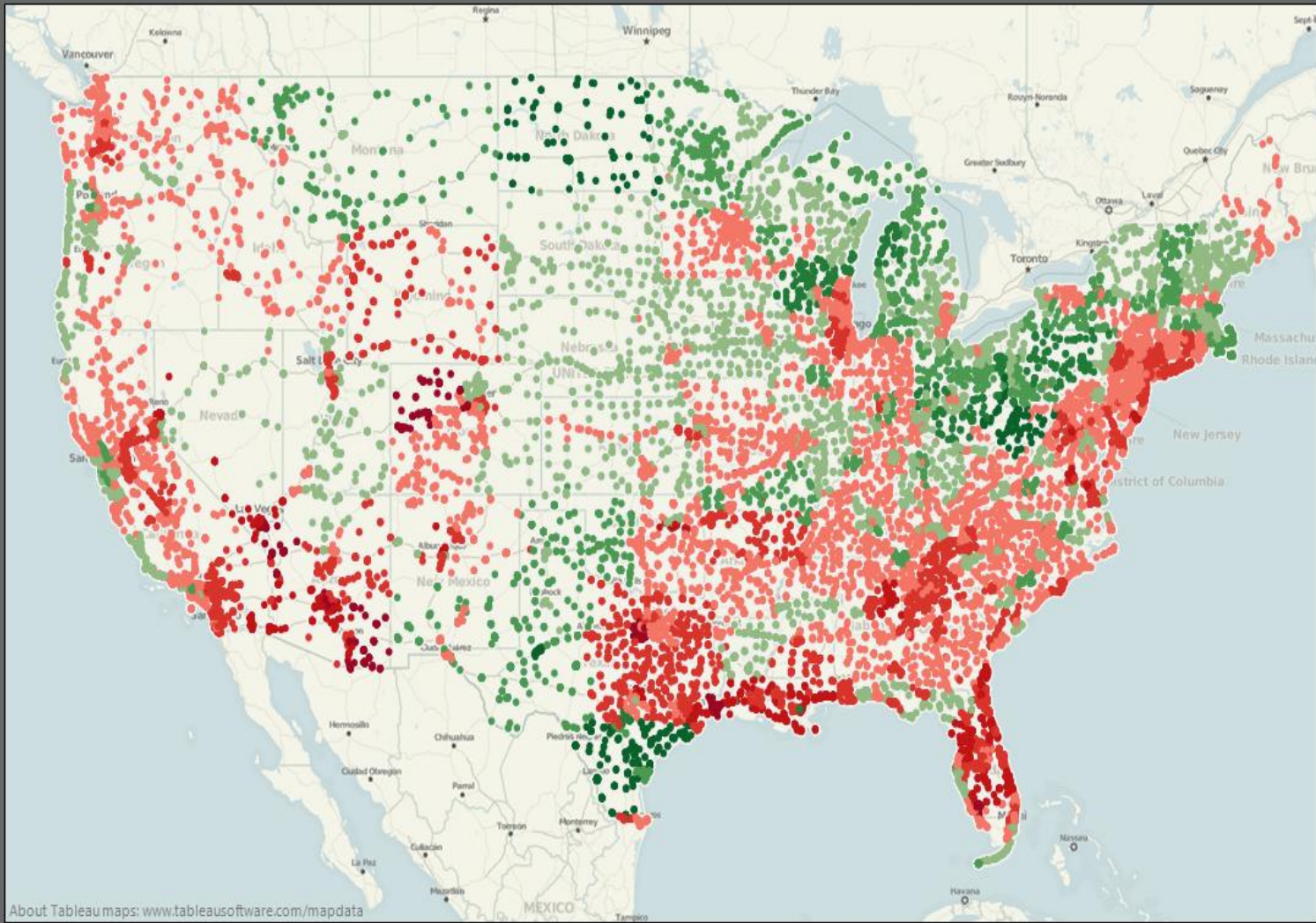
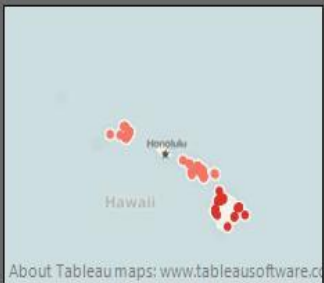
Total U.S.: Chain Scale Key Performance Indicator Outlook
2013F by Chain Scale



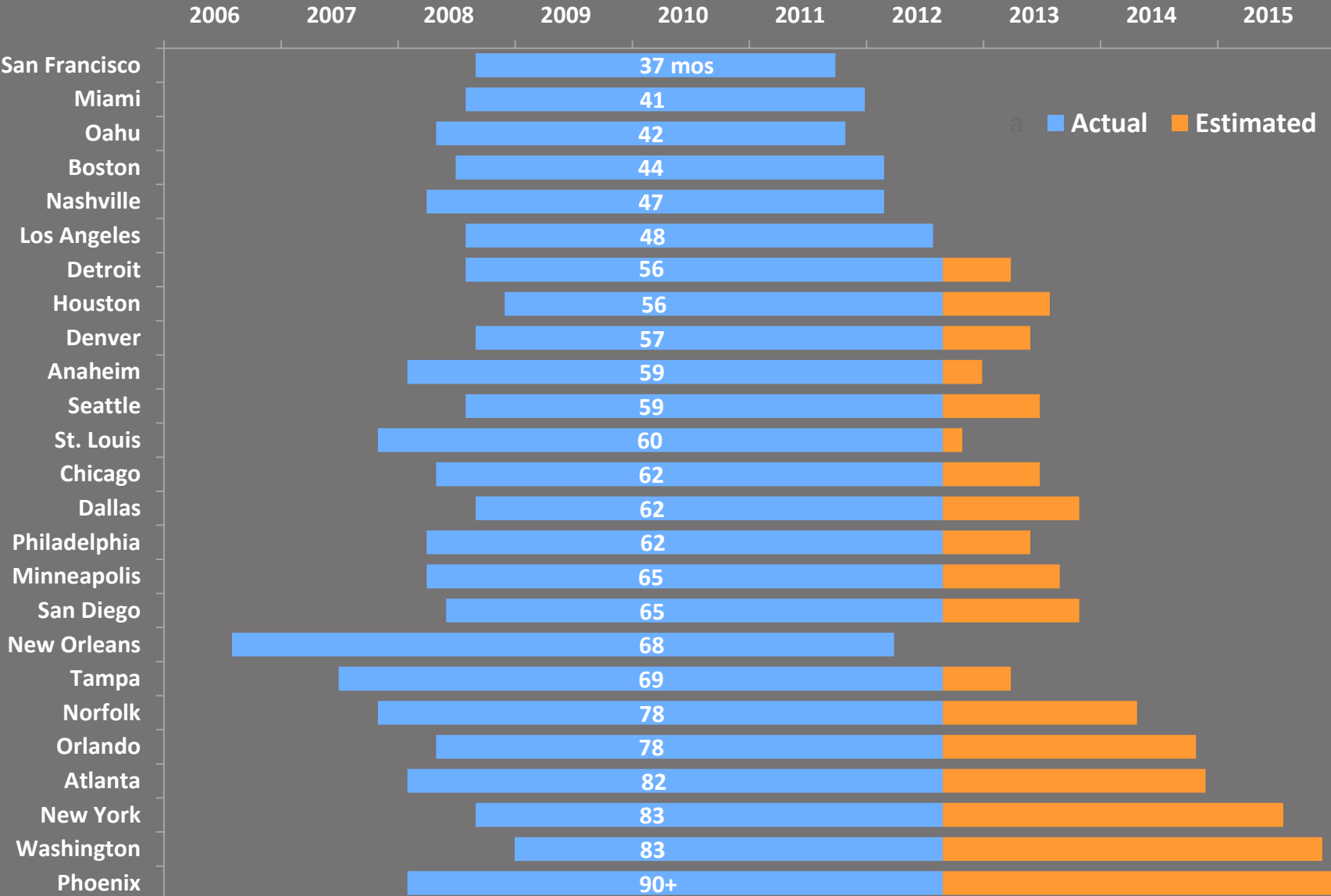


Markets In Review

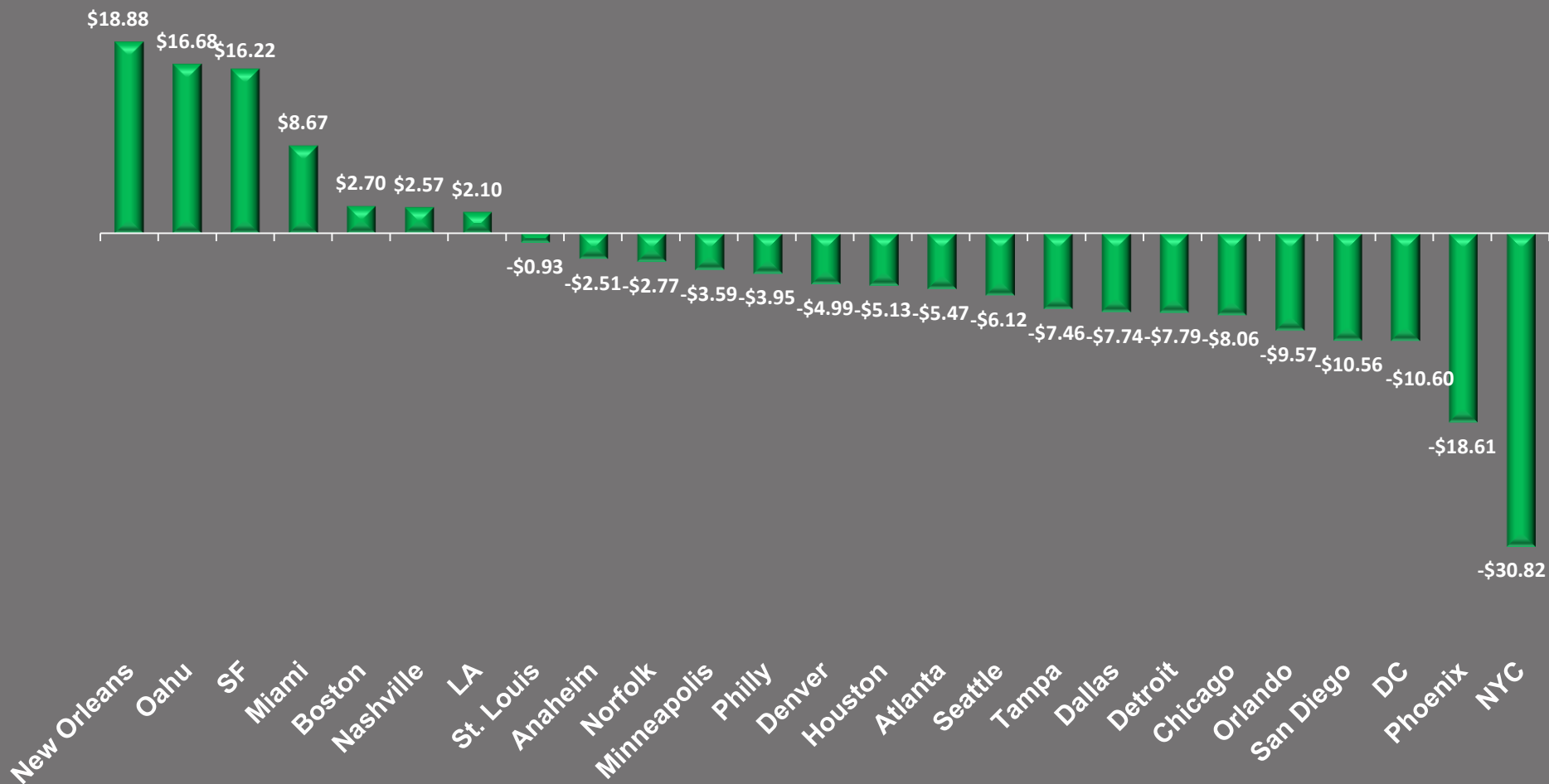
U.S. RevPAR Recovery through Dec 2012



RevPAR Peak-Trough-Recovery Timeframe



Peak ADRs Still Off Peak By Over \$5 for Majority Of Top Markets



Top 25 Markets, ADR \$ Change From Prior Peak, as of March 2013



Demand Compared to 2007: Group Demand Hasn't Recovery



Total U.S. Segmentation Demand % Change
2008 through 2012 vs. 2007



Some Markets Just Don't Stop...

Market	Rooms UC	% Of Existing
New York, NY	10,247	9.80%
Nashville, TN	1,996	5.50%
Denver, CO	1,724	4.20%
Washington, DC-MD-VA	3,069	2.90%
Miami-Hialeah, FL	1,246	2.60%
Orlando, FL	2,956	2.50%
Chicago, IL	2,694	2.50%
LA-Long Beach, CA	1,932	2.00%
Philadelphia, PA-NJ	1,029	2.00%
Detroit, MI	832	2.00%
San Diego, CA	1,185	2.00%
St Louis, MO-IL	716	1.80%
Minn-St Paul, MN-WI	594	1.60%
Anaheim-Santa Ana, CA	730	1.40%
Houston, TX	736	1.00%
Tampa-St Pete, FL	461	1.00%
Phoenix, AZ	564	0.90%
Atlanta, GA	767	0.80%
Boston, MA	423	0.80%
Seattle, WA	279	0.70%
New Orleans, LA	207	0.60%
Dallas, TX	256	0.30%
Las Vegas, NV	102	0.10%
San Fran-San Mateo, CA		0.00%
Norfolk-VA Beach, VA		0.00%
Oahu Island, HI		0.00%

U.S. Pipeline, Top 26 Markets, Rooms Under Construction, March 2013



2013 Year End RevPAR Forecast

0% to 5%	5% to 10%
Denver	Anaheim-Santa Ana
Minneapolis-St Paul	Atlanta
New Orleans	Boston
New York	Chicago
Norfolk-Virginia Beach	Dallas
Orlando	Detroit
Philadelphia	Houston
Phoenix	Los Angeles-Long Beach
St Louis	Miami-Hialeah
Tampa-St Petersburg	Nashville
	Oahu Island
	San Diego
	San Francisco/San Mateo
	Seattle
	Washington, DC

As of 4th Quarter 2012 Forecast



To Wrap It Up...Takeaways

- **Supply Growth:** Slow(ly but Surely)
- **Demand Growth:** Healthy (Despite “Everything”)
- **ADR Growth:** Drives RevPAR
- **Outlook:** “Steady As She Goes”



Thank you!

www.hotelnewsnow.com

Click on “Hotel Data Presentations”



HotelNewsNow.com



Any reprint, use or republication of all or a part of this presentation without the prior written approval of Smith Travel Research, Inc. or STR Global, Ltd. (collectively “STR”) is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. No strategic advice or marketing recommendation is intended or implied.