



# U.S. Lodging Overview

## What Lies Ahead

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# Agenda: 8 May 2012

- **2012 / 2013 Forecast**
- **Total U.S. Review**
- **Customer Segmentation**
- **Chain Scales**
- **Markets**



# 2012 / 2013 Forecast

# Total U.S.: Forecast 2012 / 2013

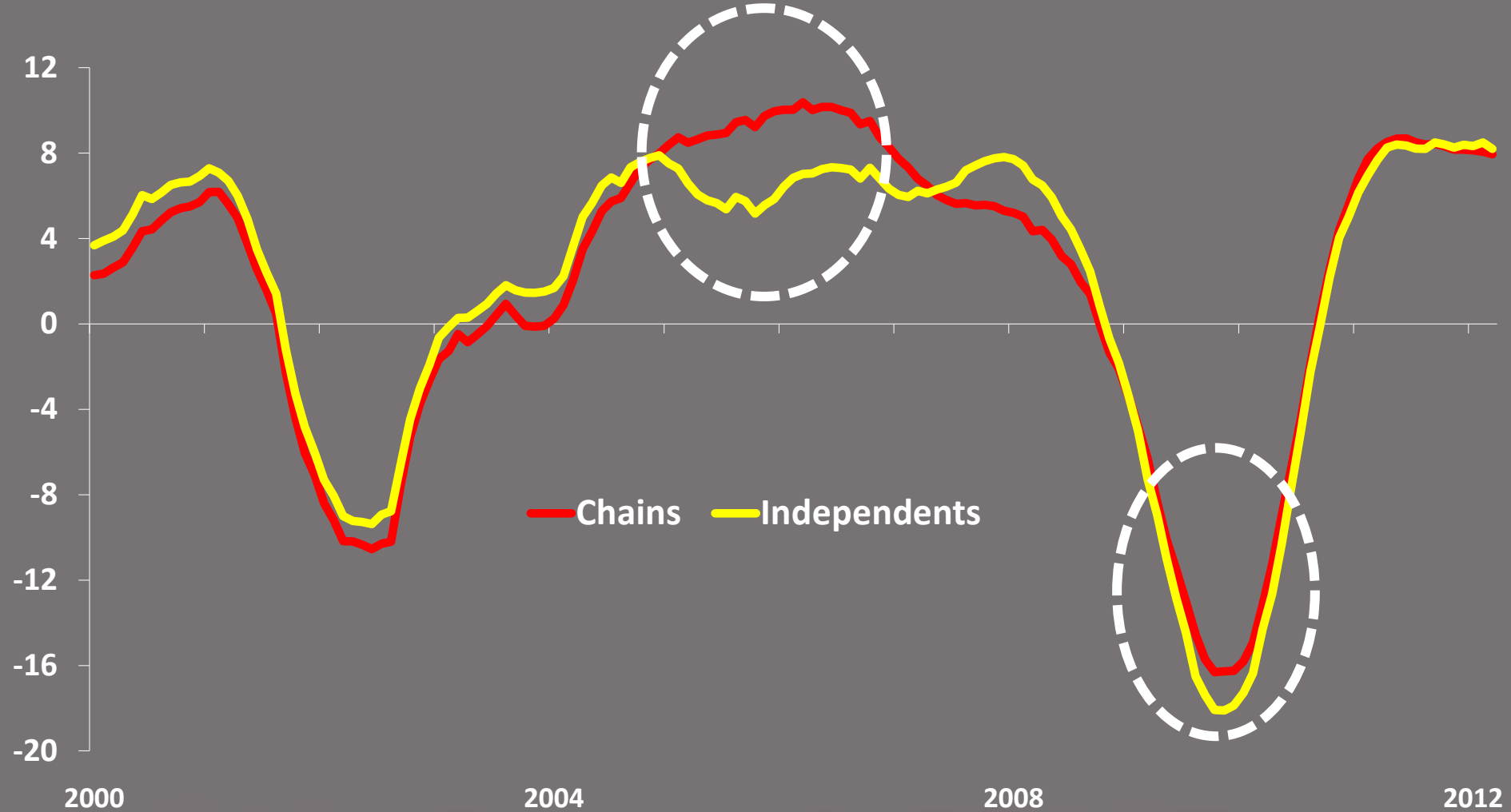
	2012 Forecast	2013 Forecast
Supply	0.5%	1.1%
Demand	2.0%	1.8%
Occupancy	1.5%	0.7%
ADR	4.0%	4.6%
RevPAR	5.5%	5.4%

Key Performance Indicator % Change



# Why Are STR's RevPAR Assumptions Lower Than Consensus?

# 1) In General: Independent Hotels Drag Down U.S. RevPAR Number



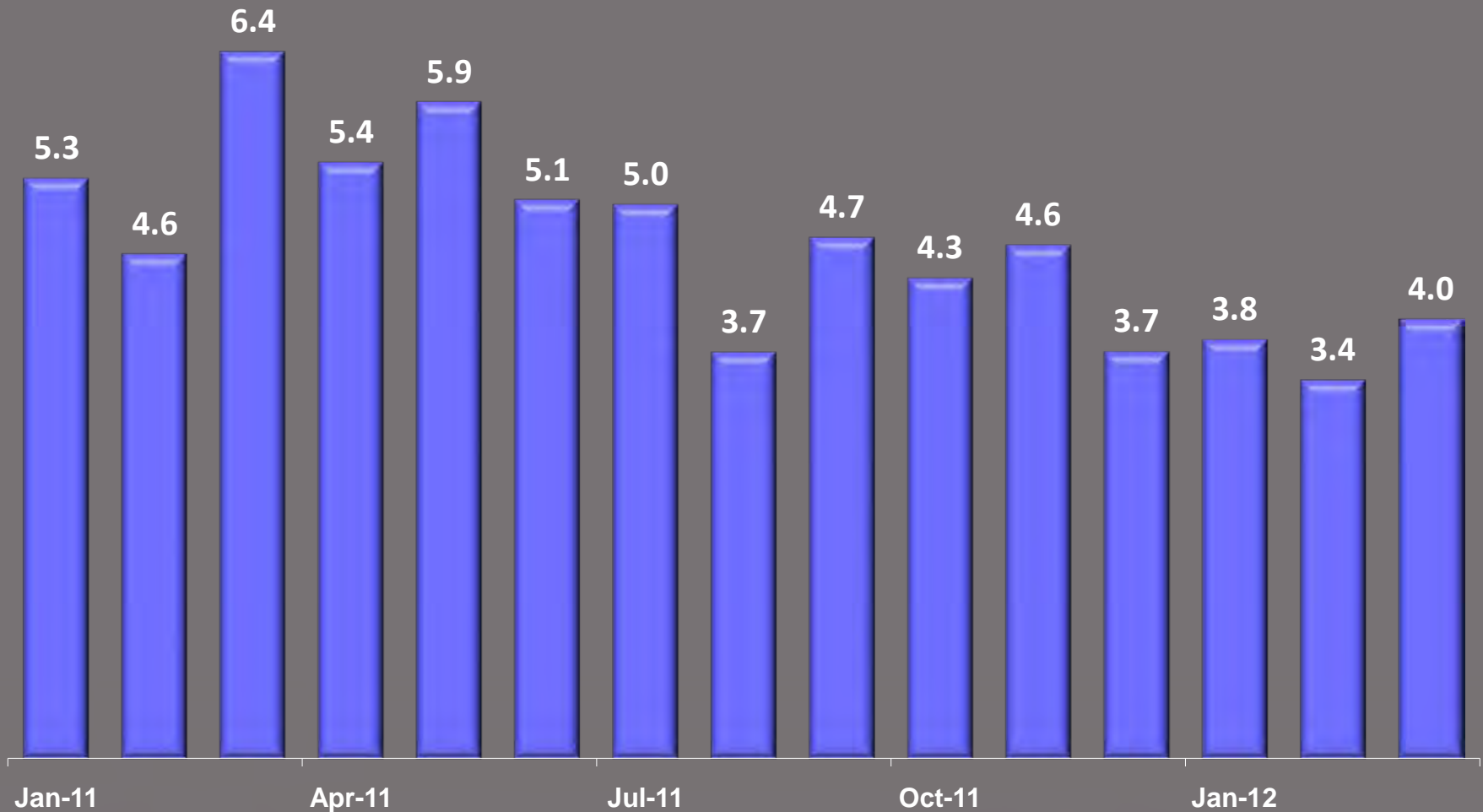
Affiliated vs. Independent Hotels, RevPAR % Change, 12 MMA 1/00 – 3/12



## 2) In General: Group ADR Drags Down Total ADR

ADR Growth Assumptions		Share Of Revenue				
Transient	Group	Transient	Group	ADR	OCC Assumption	RevPAR Estimate
3%	1%	66%	34%	2.3%	2.0%	4.3%
4%	2%			3.3%		5.3%
5%	3%			4.3%		6.3%
6%	4%			5.3%		7.3%
7%	5%			6.3%		8.3%

# We Expect Transient ADR Growth To Continue (4%+)



Transient ADR % by Month, 1/11 – 3/12

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





# Group ADR Expectation Still Depressed (3%+)



Group ADR % by Month, 1/11 – 3/12

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



# Current Hotel Performance



# Supply / Demand Imbalance Drove Last 12 Months

		<u>% Change</u>
• Room Supply*	1.8 bn	0.4%
• Room Demand*	1.06 bn	4.4%
• Occupancy	60.5%	4.0%
• A.D.R.	\$102	3.9%
• RevPAR	\$62	8.0%
• Room Revenue*	\$109 bn	8.4%

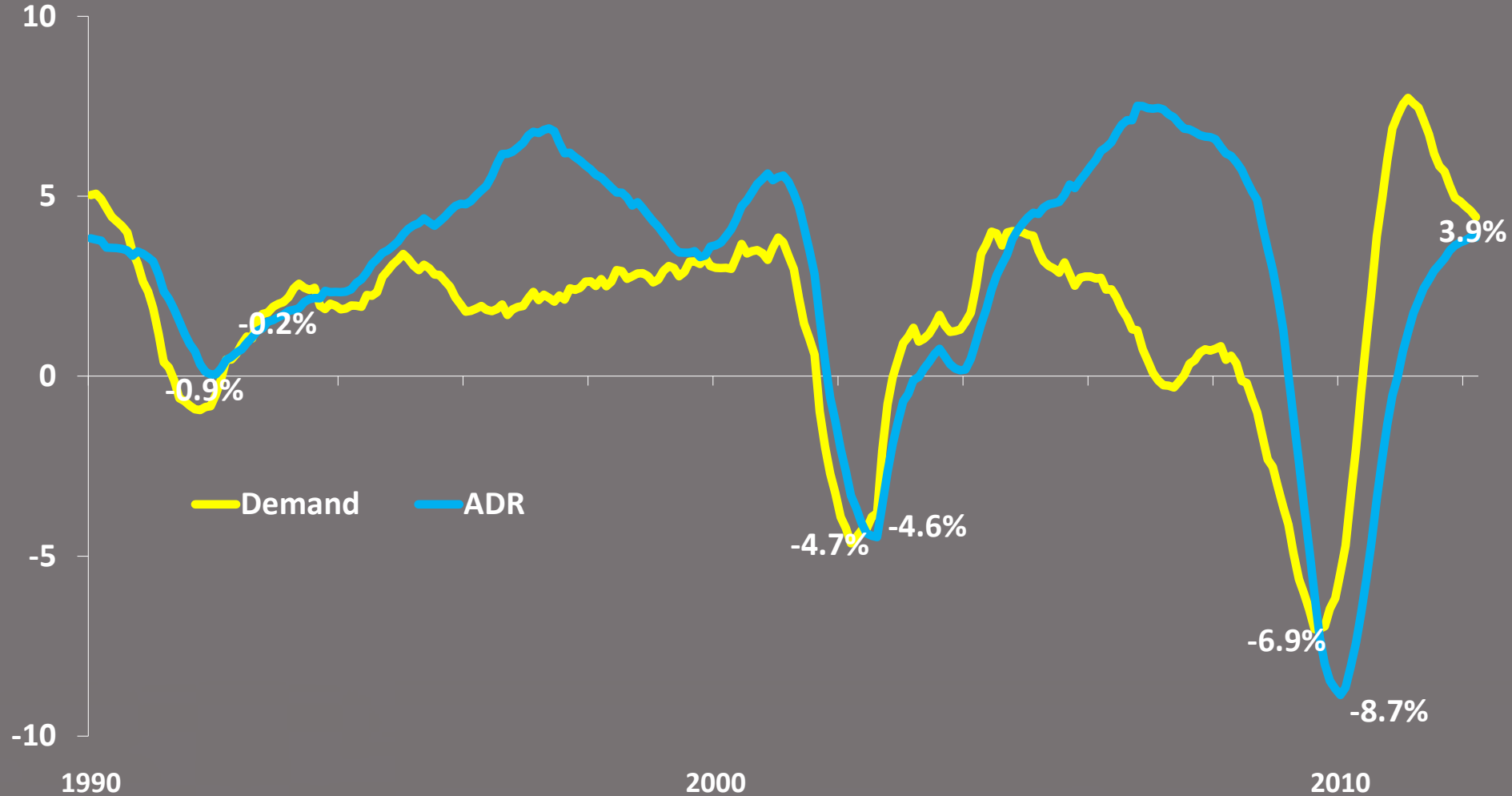
Total U.S. Results: 12 Months Ending March 2012

\*All Time High



Q1 2012:  
Highest Demand - EVER  
(245 Million Rooms Sold)

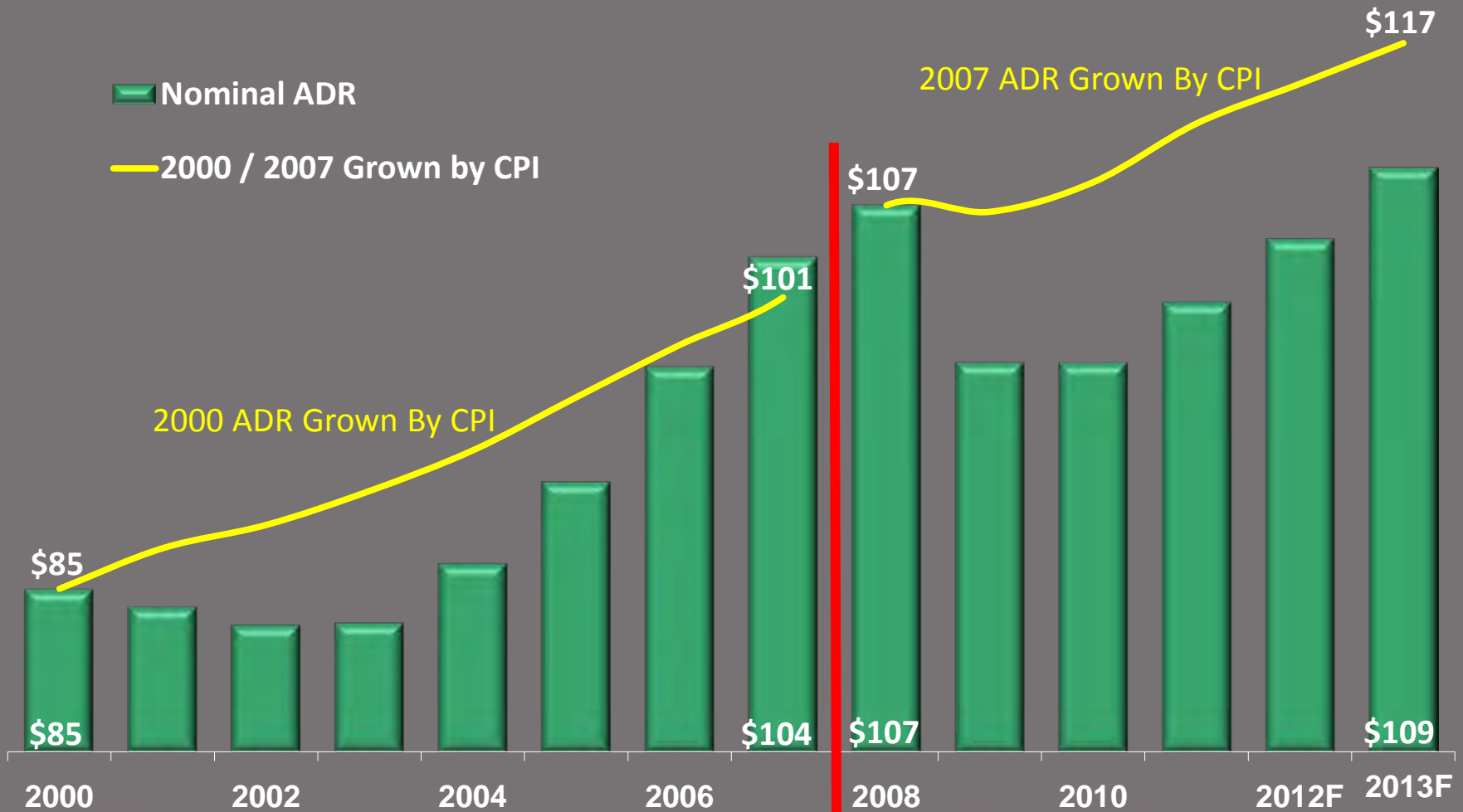
# ADR Rebound Trajectory Bodes Well for 2012



Total U.S.: ADR & Demand % Change, 12 MMA 1990 – March 2012



# Inflation Adjusted ADRs Well Out Of Reach



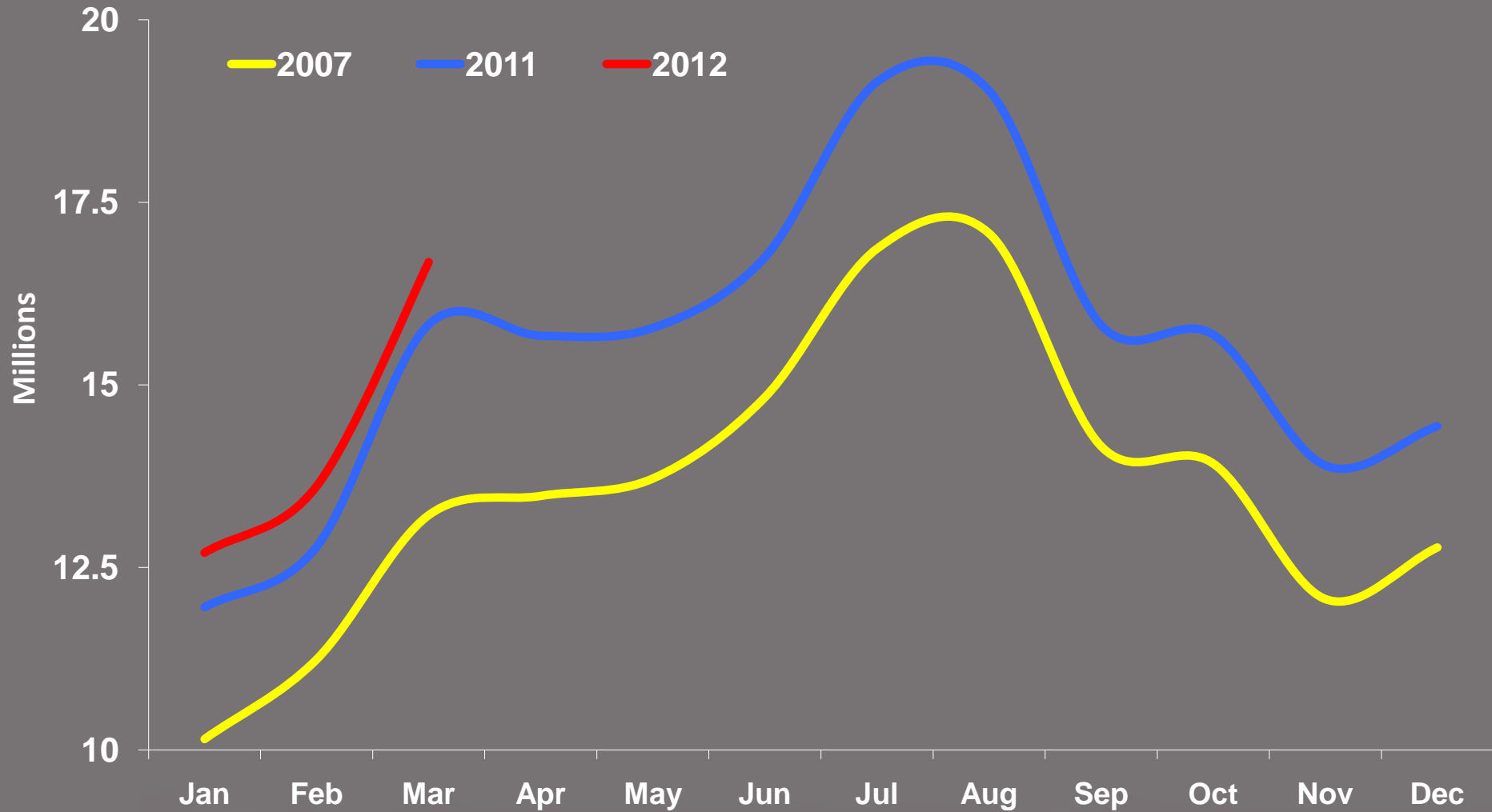
Total U.S.: ADR \$ and Inflation Adjusted ADR \$, 2000 – 2013F

2000 – 2010 CPI from bls.gov, 2011 – 2013 CPI from Blue Chip Economic Indicators



# Customer Segmentation Overview

# Transient Demand Breaks Records, But....



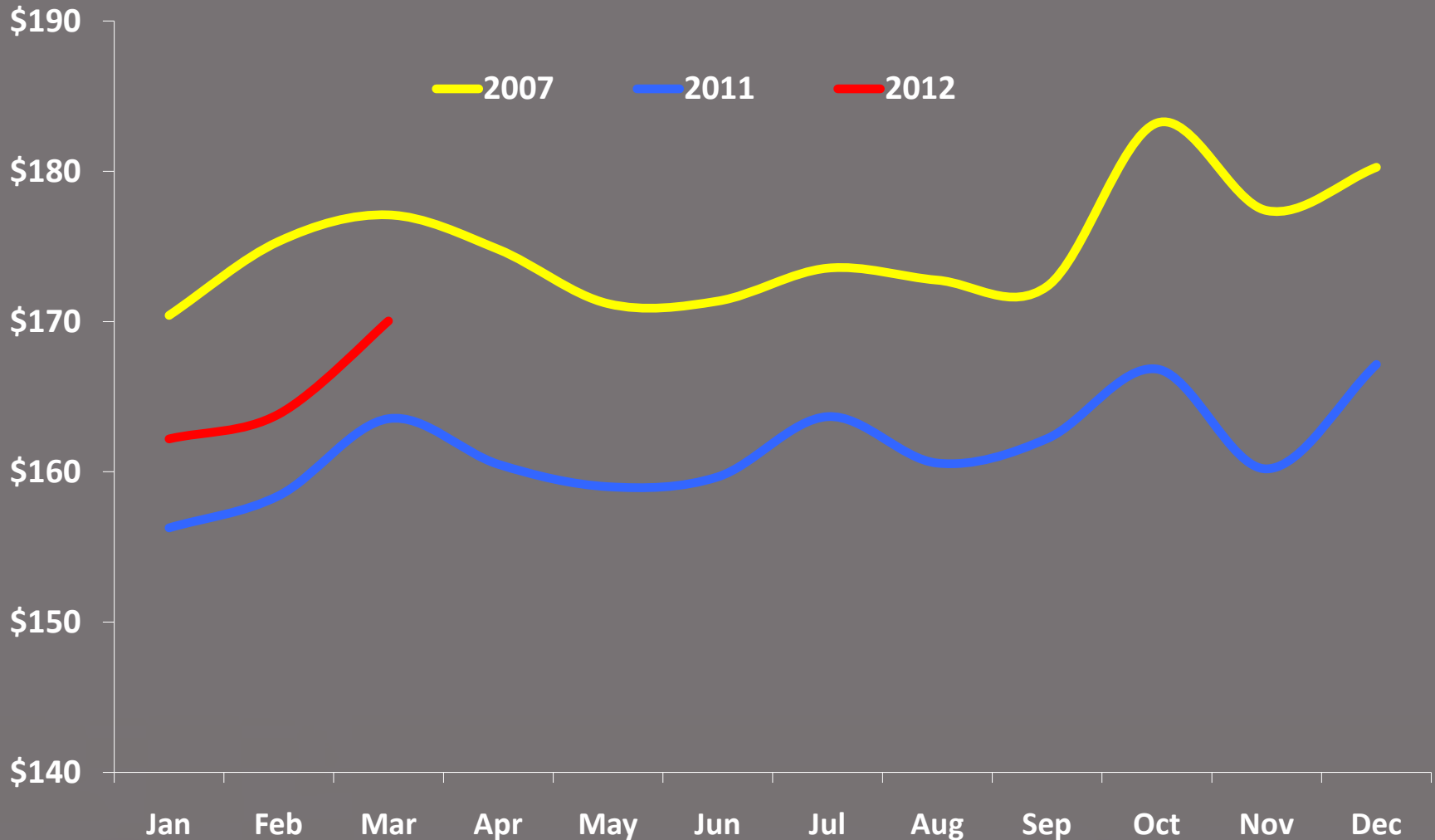
Transient Demand in Millions of Rooms; 2007, 2011, 2012

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





## ... Transient ADR Still Lags 2007 Results

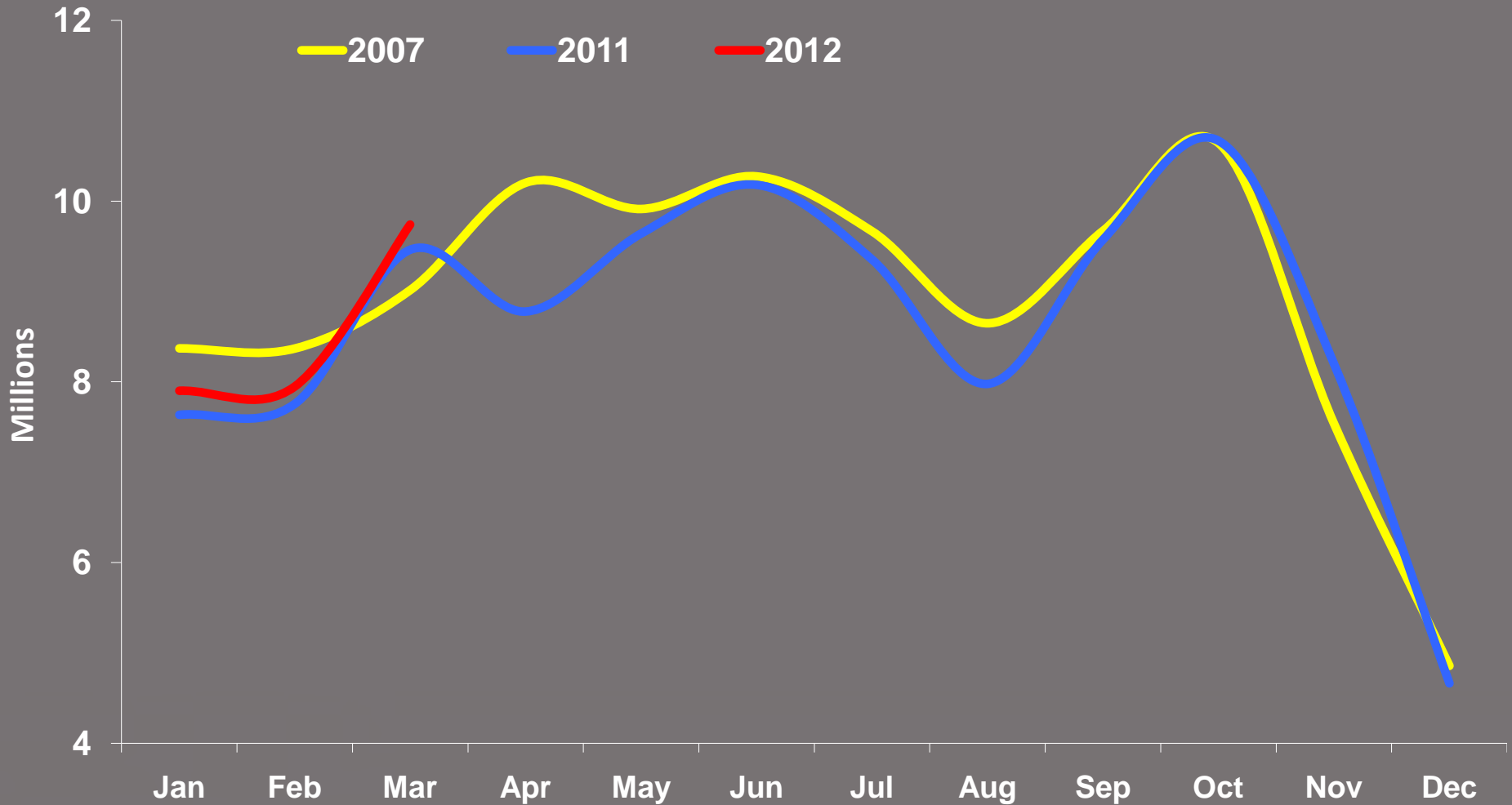


Transient ADR \$, 2007, 2011, 2012

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



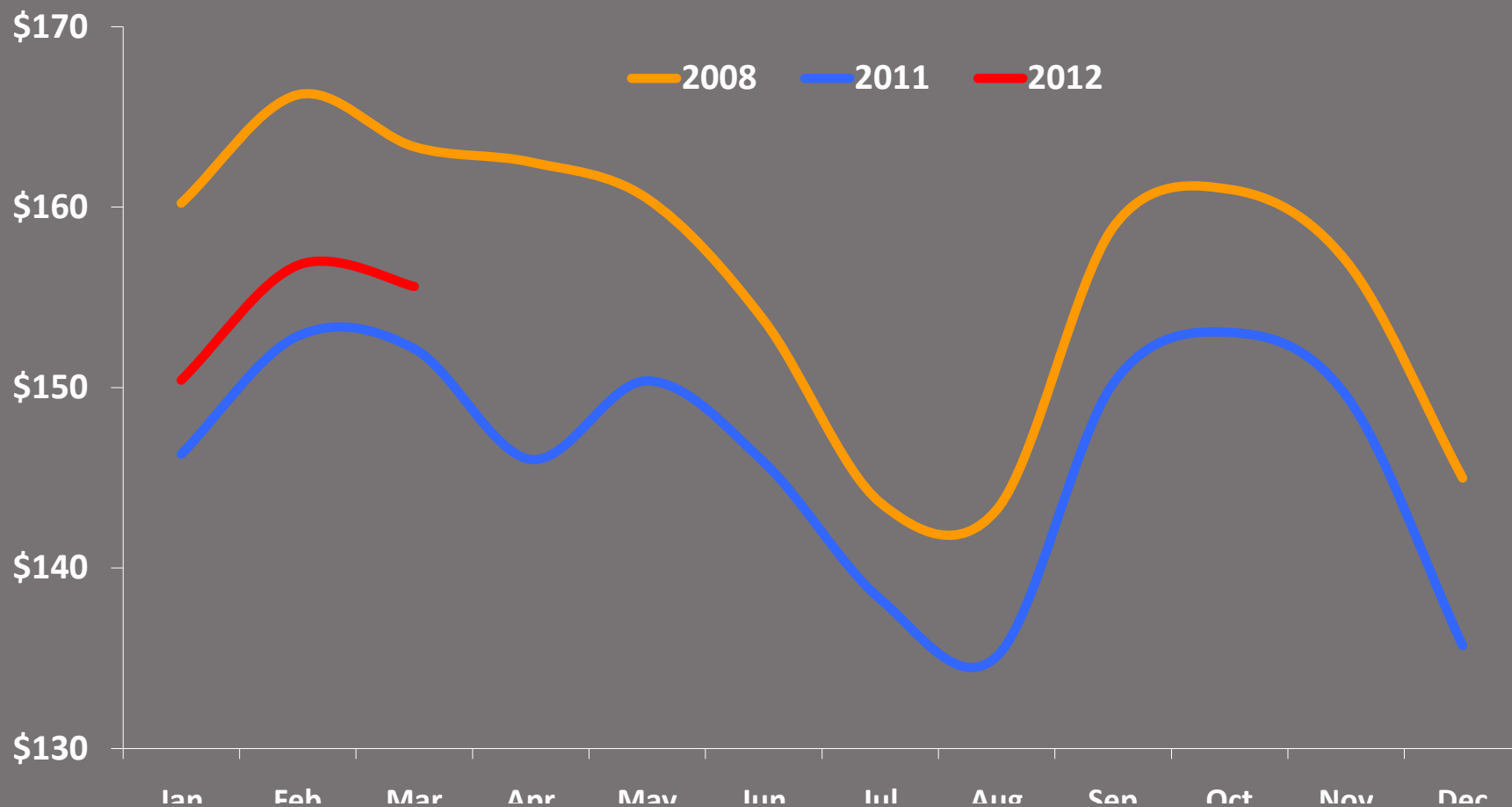
# Group Demand Has Now Outpaced Peak, But...



Group Demand in Millions of Rooms, 2007, 2011, 2012  
Data is for upper tier hotels only (LUX & UU chains, & Upper Tier independents)



## ... Group ADRs Still Depressed (& Could Dampen Future Absolute ADRs)

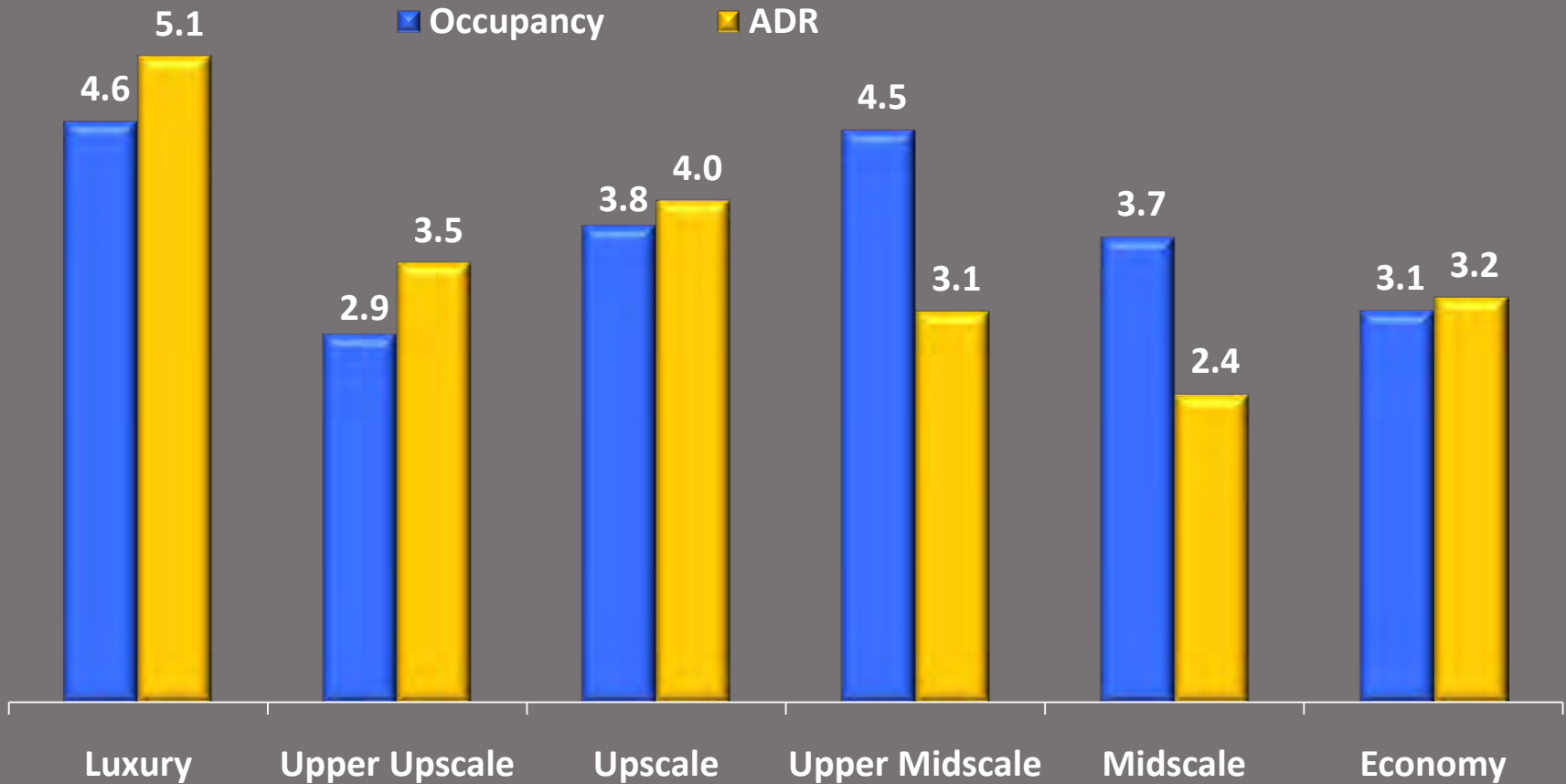


Group ADR \$, 2008, 2011, 2012

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

# Chain Scale Overview

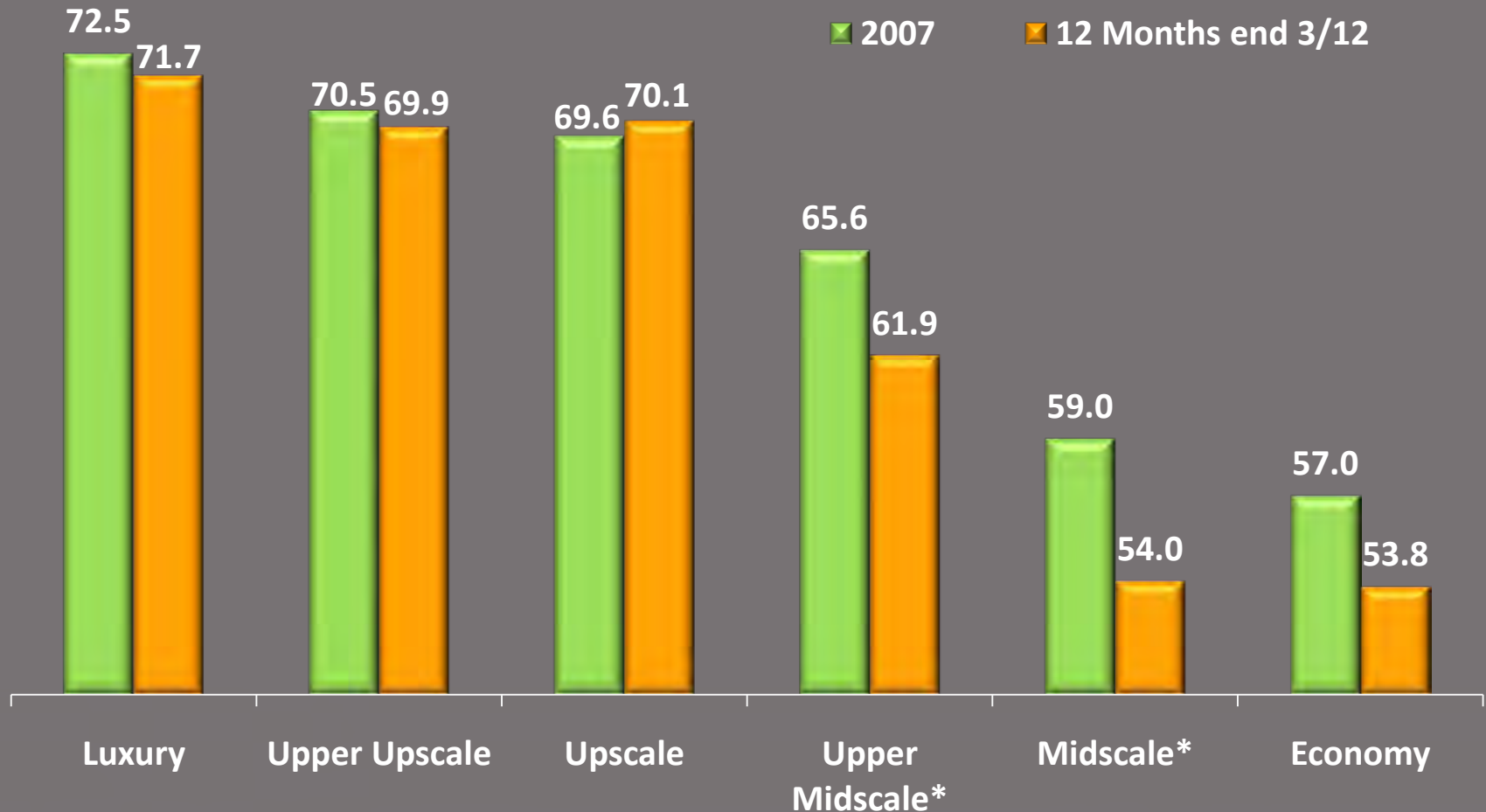
# 12 MMA: 2<sup>nd</sup> Stage Of Recovery - ADR % > OCC %



OCC / ADR % Change, by Scale, 12 months ending March 2012

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

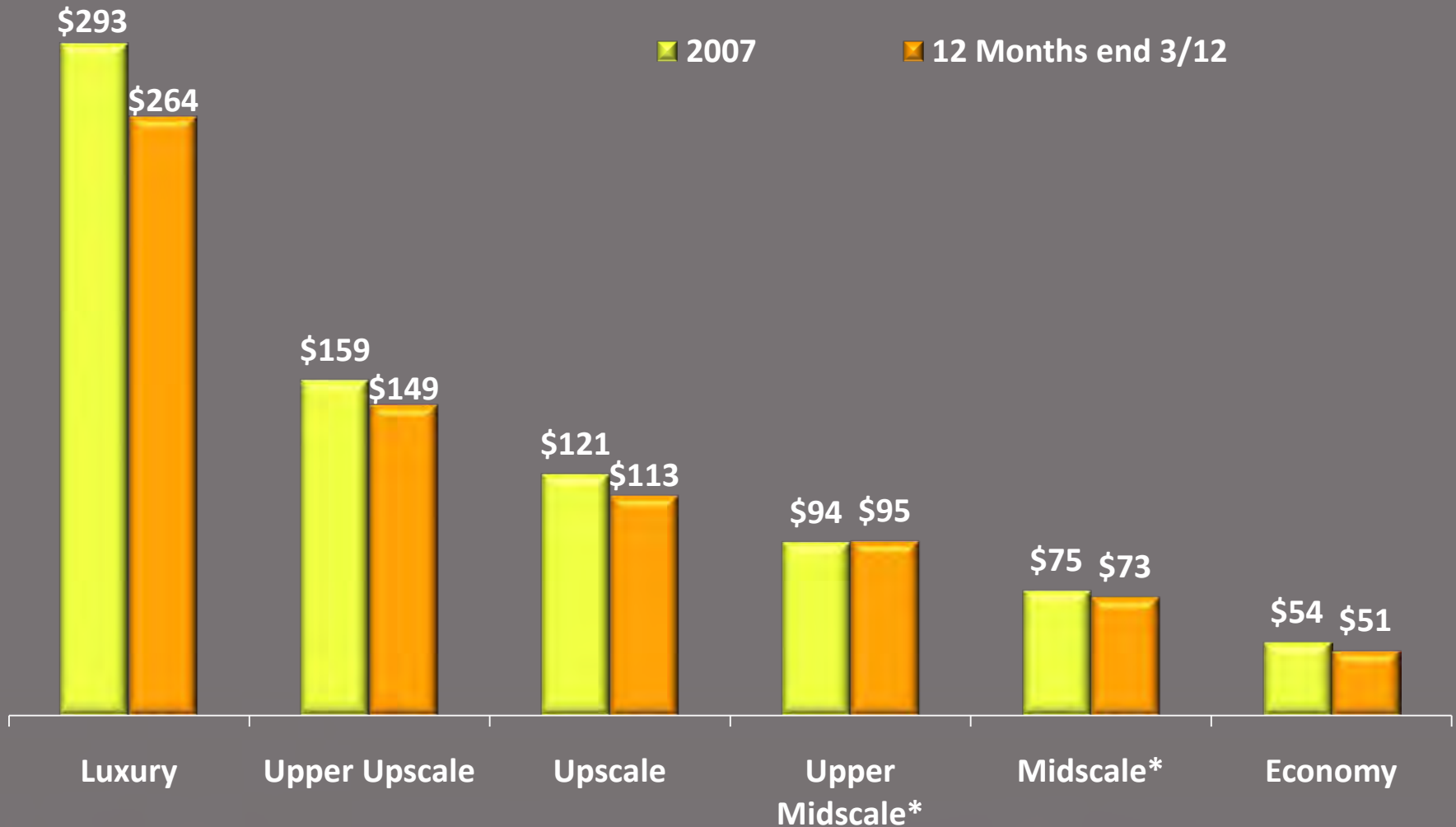
# Upper End Sells 7 out of 10 Rooms Every Night



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

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

# ADR Growth Is Strong – But Not Strong Enough (...yet)



Absolute ADR \$, by Scale, 2007 & 12 Months ending 3/12

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





# Market Overview



# Top 90 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
Norfolk-Virginia Beach, VA
St Louis, MO-IL
Minneapolis-St Paul, MN-WI
New Orleans, LA
Nashville, TN
Oahu Island, HI

## 26 - 50

Baltimore, MD
Kansas City, MO-KS
Charlotte, NC-SC
Indianapolis, IN
Fort Worth-Arlington, TX
Knoxville, TN
Fort Lauderdale, FL
Austin, TX
San Antonio, 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
Louisville, KY-IN

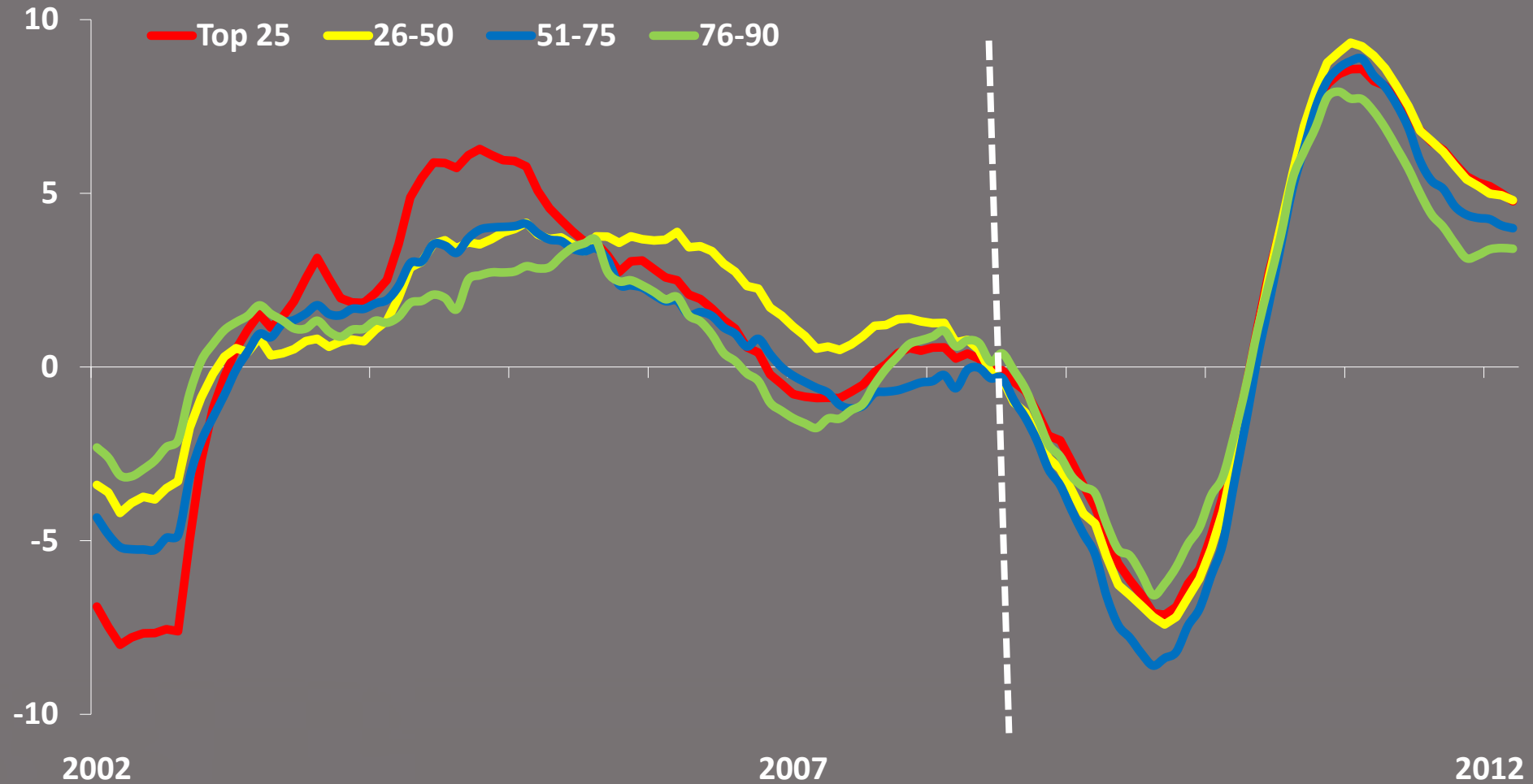
## 51 - 75

Greensboro-Winston Salem, NC
Charleston, SC
Newark, NJ
Albuquerque, NM
Birmingham, AL
Tucson, AZ
Milwaukee, WI
Greenville-Spartanburg, SC
West Palm Beach-Boca Raton, FL
Savannah, GA
Tulsa, OK
Maui Island, HI
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
Columbia, SC
Dayton-Springfield, OH

## 76 - 90

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

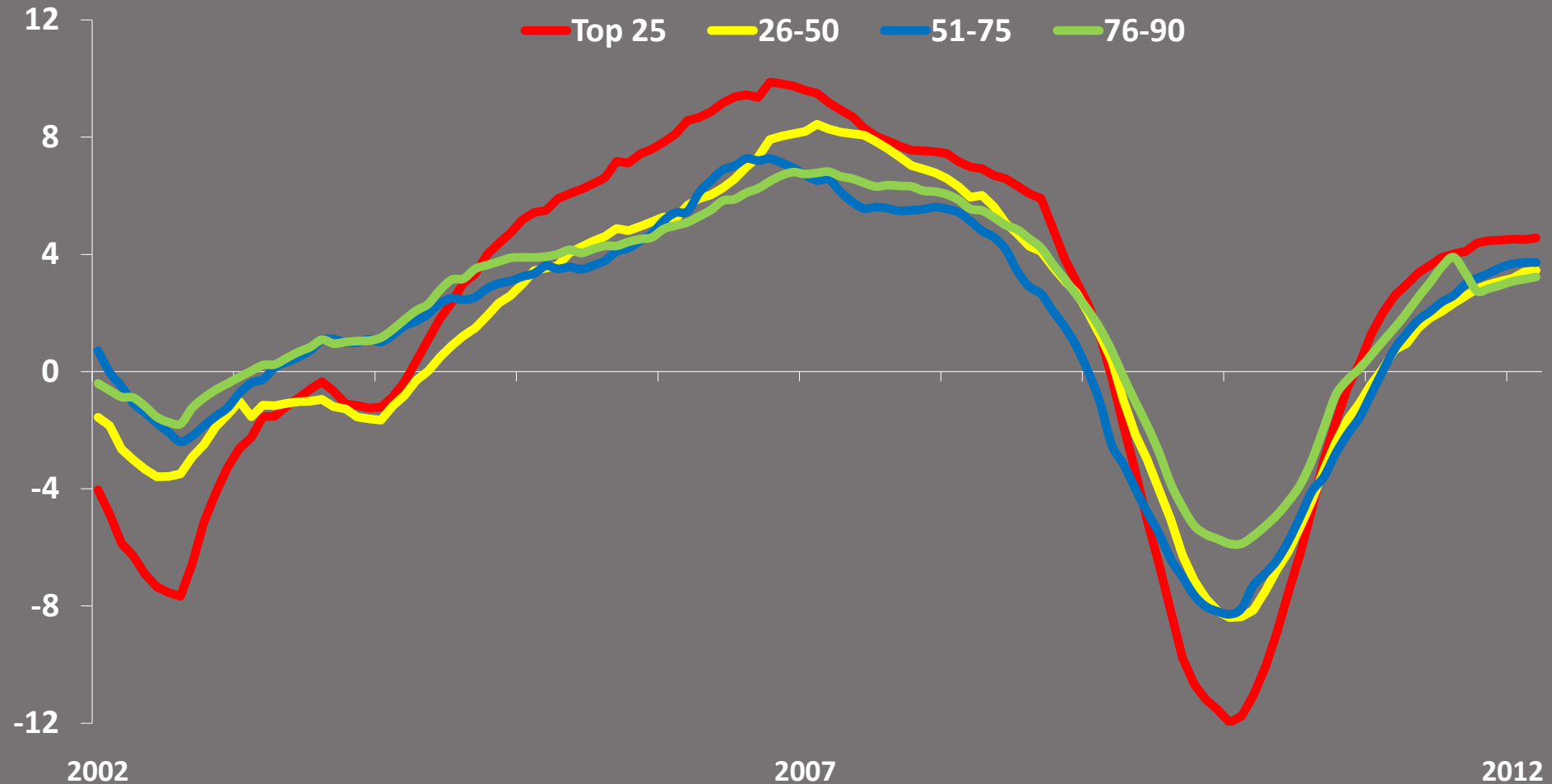
# Demand Performance Distinctly Different This Time



Metro markets by size, in 25 market increments: Demand % Change  
12 MMA 1990 – 3/2012



# ADR Swings in Top 25 Markets Most Erratic



Metro markets by size, in 25 market increments: ADR % Change  
12 MMA 1990 – March 2012



## Q1: OCC and ADR Gains Across The Board

	Occ % Change	ADR % Change
Atlanta	2.6	2.7
Boston	4.8	<b>7.0</b>
Chicago	<b>8.0</b>	<b>6.0</b>
Dallas	1.1	-5.0
LA	3.7	3.2
Miami	2.4	<b>9.3</b>
NYC	<b>5.8</b>	1.6
Oahu	5.2	<b>10.1</b>
Orlando	3.2	3.5
Phoenix	-1.2	4.3
San Diego	<b>4.4</b>	1.6
SF	2.9	<b>11.7</b>
DC	0.5	-2.0
Top 25 Markets	3.8	4.1
All Other Markets	3.8	3.8
Total United States	<b>3.8</b>	<b>4.0</b>



# Supply Pipeline

# Rooms Pipeline Still Not An Issue in 2012...

<u>Phase</u>	<u>March 2012</u>	<u>March 2011</u>	<u>Dec 2007</u>
In Construction	60	50	211
<u>“Planned Pipeline”</u>	<u>233</u>	<u>274</u>	<u>204</u>
<b>Active Pipeline</b>	<b>293</b>	<b>324</b>	<b>415</b>

Total U.S. Pipeline, in ‘000s of rooms, by Phase by Year  
 Planned Pipeline includes projects in Final Planning and Planning phases

Source: STR / McGraw-Hill Construction Dodge



# Developers Are Looking Three Years Out

	Rooms ('000s) With Open Dates			
Reported Date	1 Year Out	2 Years Out	3 Years Out	4+ Years Out
Dec-09	124	130	5	140
Dec-10	75	94	4	142
Dec-11	70	91	<b><u>34</u></b>	111

Source: STR / McGraw-Hill Construction Dodge



# Takeaways

- ✓ Improving economy – 2H 2012 stronger?
- ✓ Low supply growth - most markets
- ✓ Demand growth, but slower
- ✓ Climb out continues





Thank you!

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