US Lodging Industry – What Lies Ahead?

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Agenda

- Total US Overview
- Group vs. Transient
- Major Markets
- Chain Scales
- Forecast

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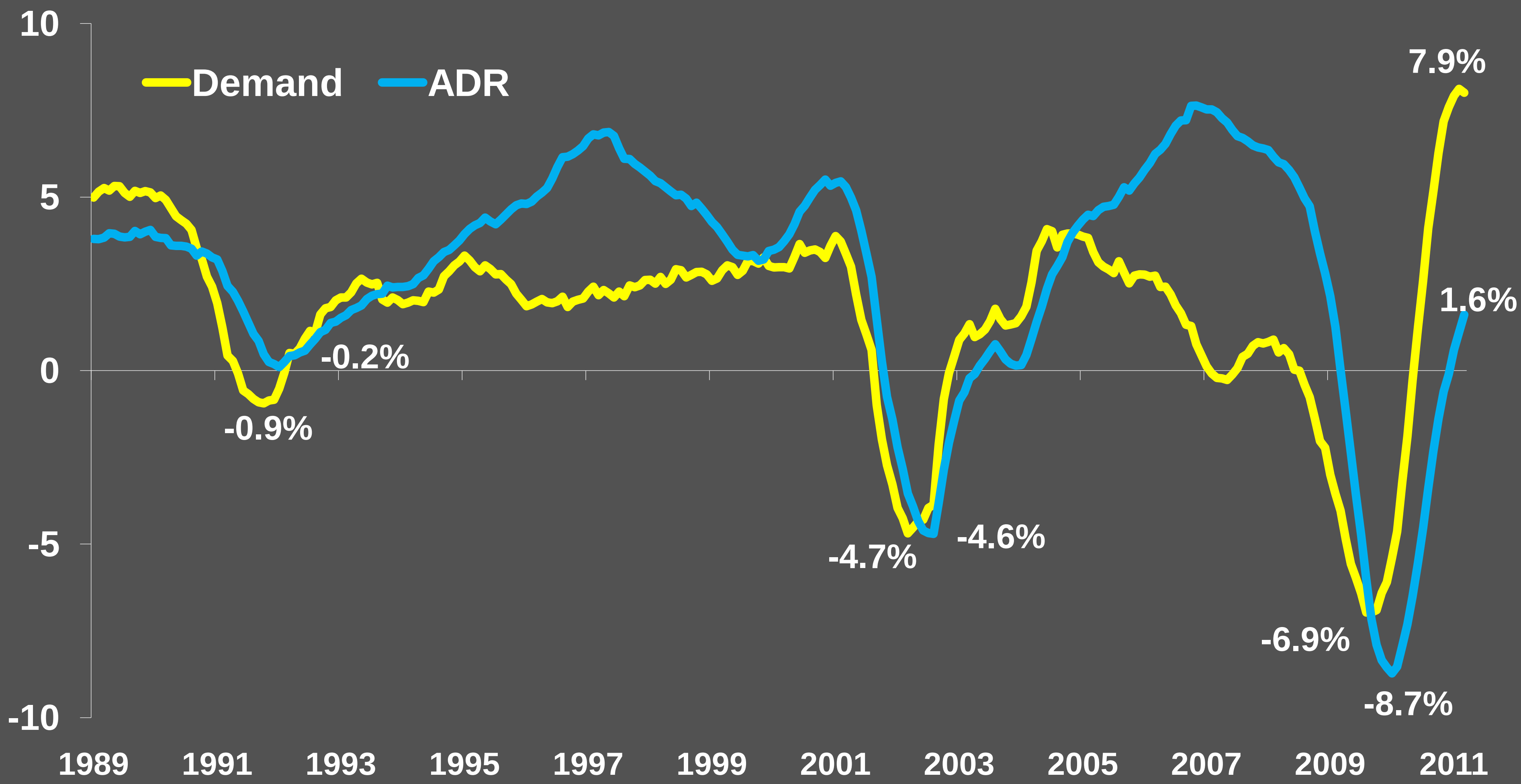
2011 – So far, so … blah

Total US - Key Statistics
Q1 2011

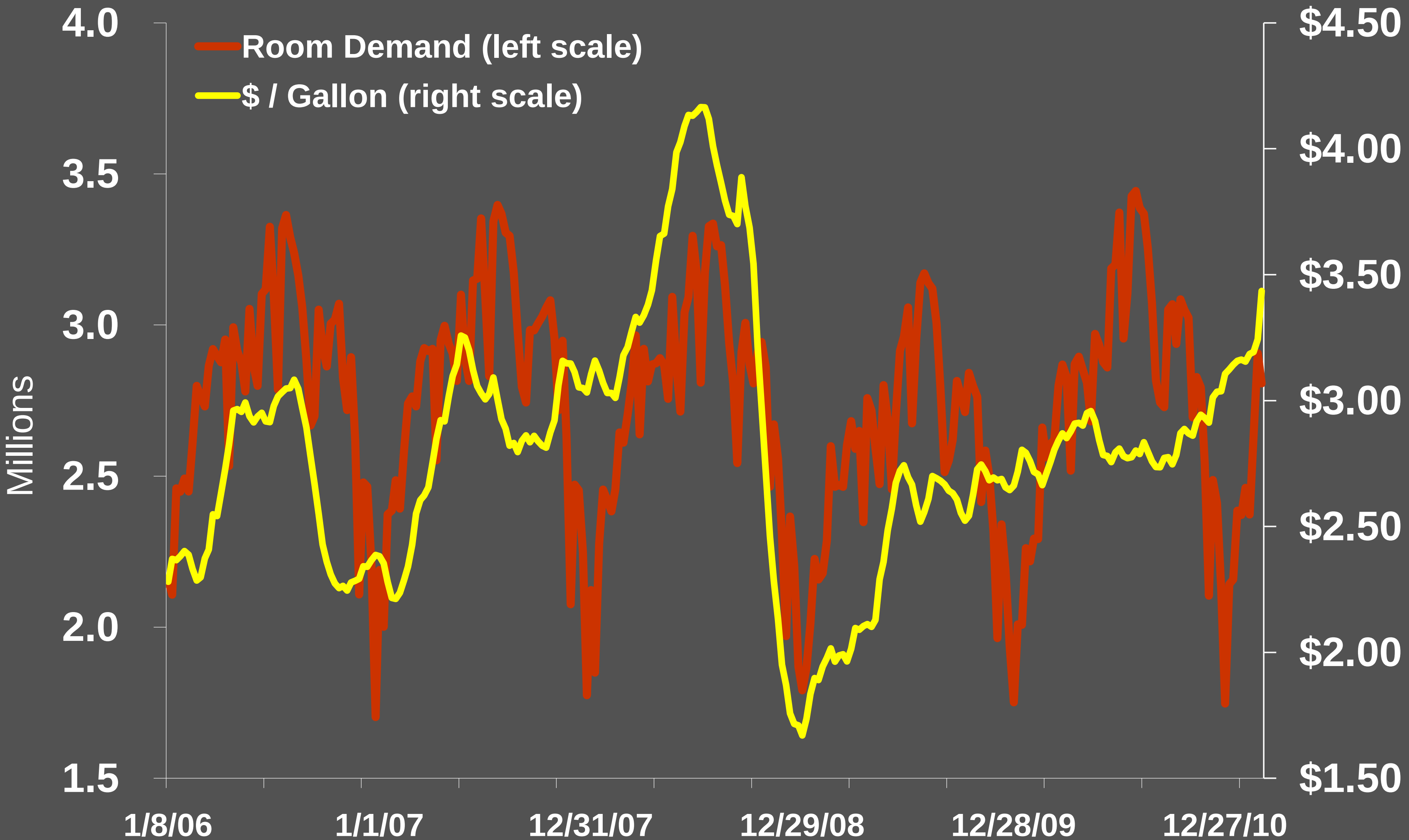
		% Change
• Hotels	52k	
• Room Supply	432 mm	1.0%
• Room Demand	237 mm	6.7%
• Occupancy	54.9%	5.7%
• A.D.R.	$99	3.1%
• RevPAR	$55	9.0%
• Room Revenue	$23.6 bn	10.0%

Demand Leads ADR, But Swings Get More Extreme



*Total US, ADR & Demand % Change, 12 MMA 1/89 – 3/11

Gas Price vs. Room Demand: This Means … What?



* Weekly US Room Demand vs. Average Gas Price $ / Gallon (Source: www.eia.gov)

Gas Price vs. Room Demand: Geek Speak

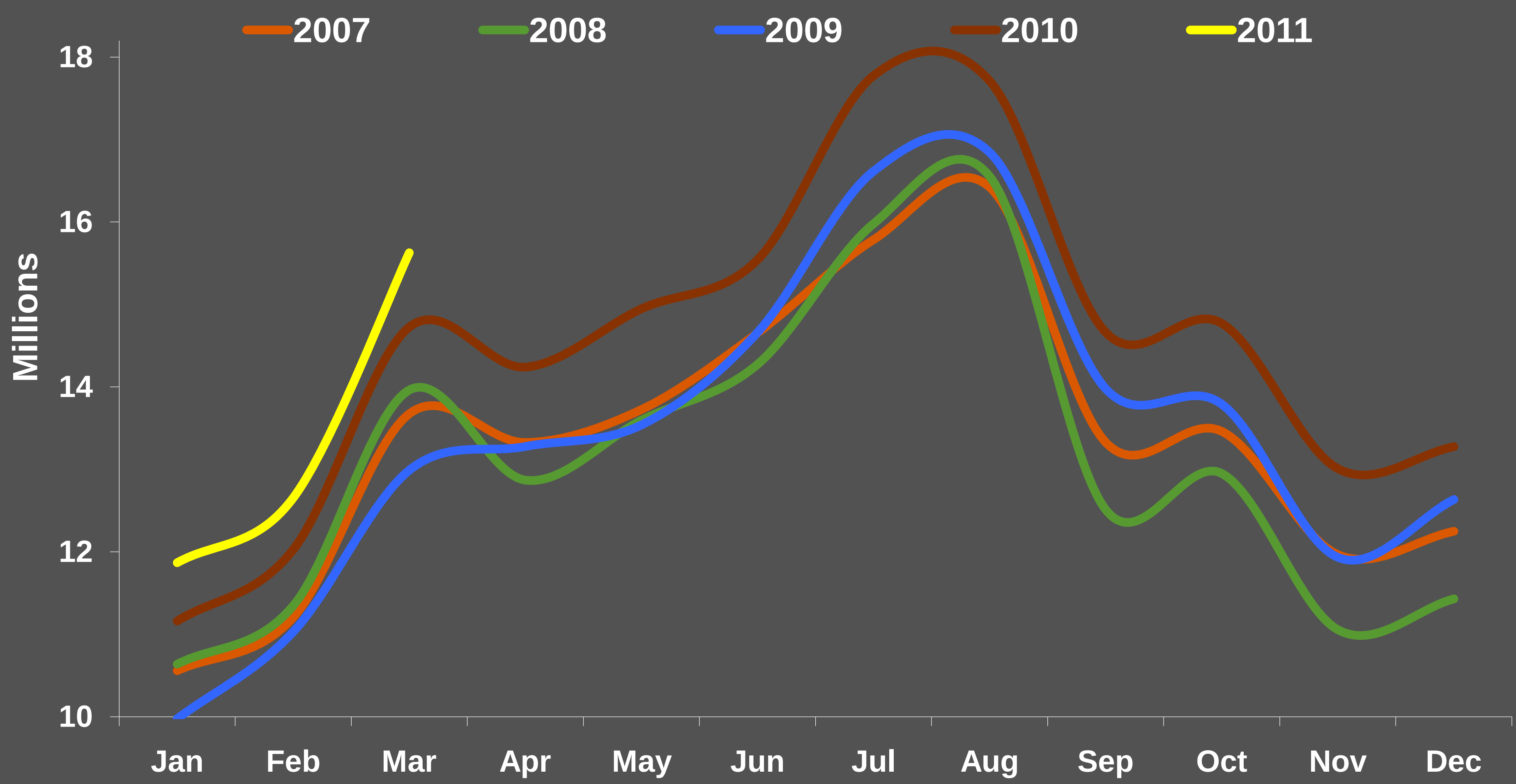
"We note relatively low correlation coefficients and predictive values (R2) across the time period tested.

In fact, the correlation coefficient between total U.S. lodging demand and WTI and Brent prices is 0.37 (R2 0.14) and 0.38 (R2 0.14), respectively. "

Joe Greff, J.P. Morgan, 3/10/11

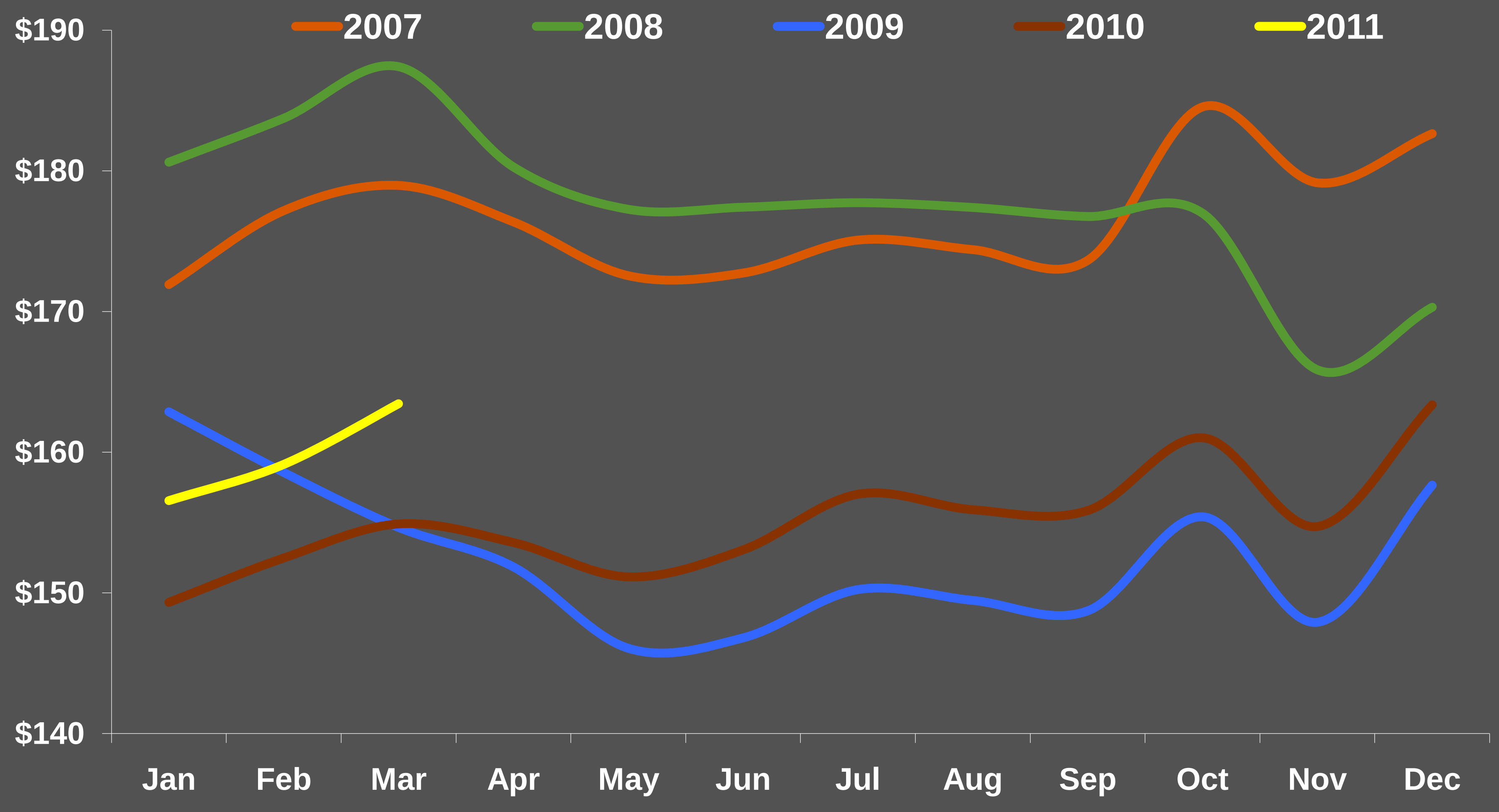
Group vs. Transient Performance

YTD '11 Transient Room Demand Outpaced Prior Years



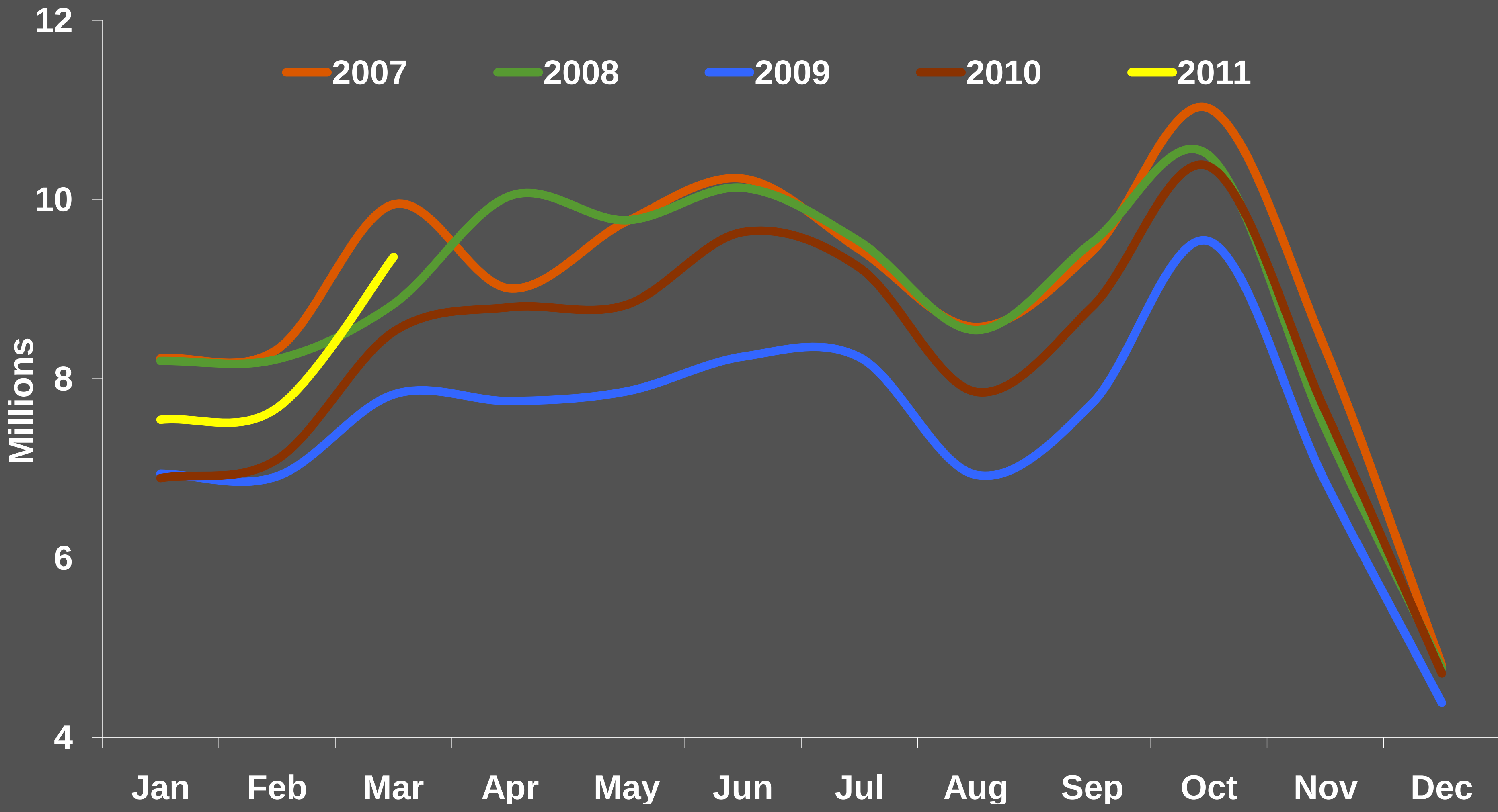
*US High End Hotels, Monthly Transient Demand: Jan. 2007 -March 2011

YTD '11 Transient ADR Well Below 2007/08



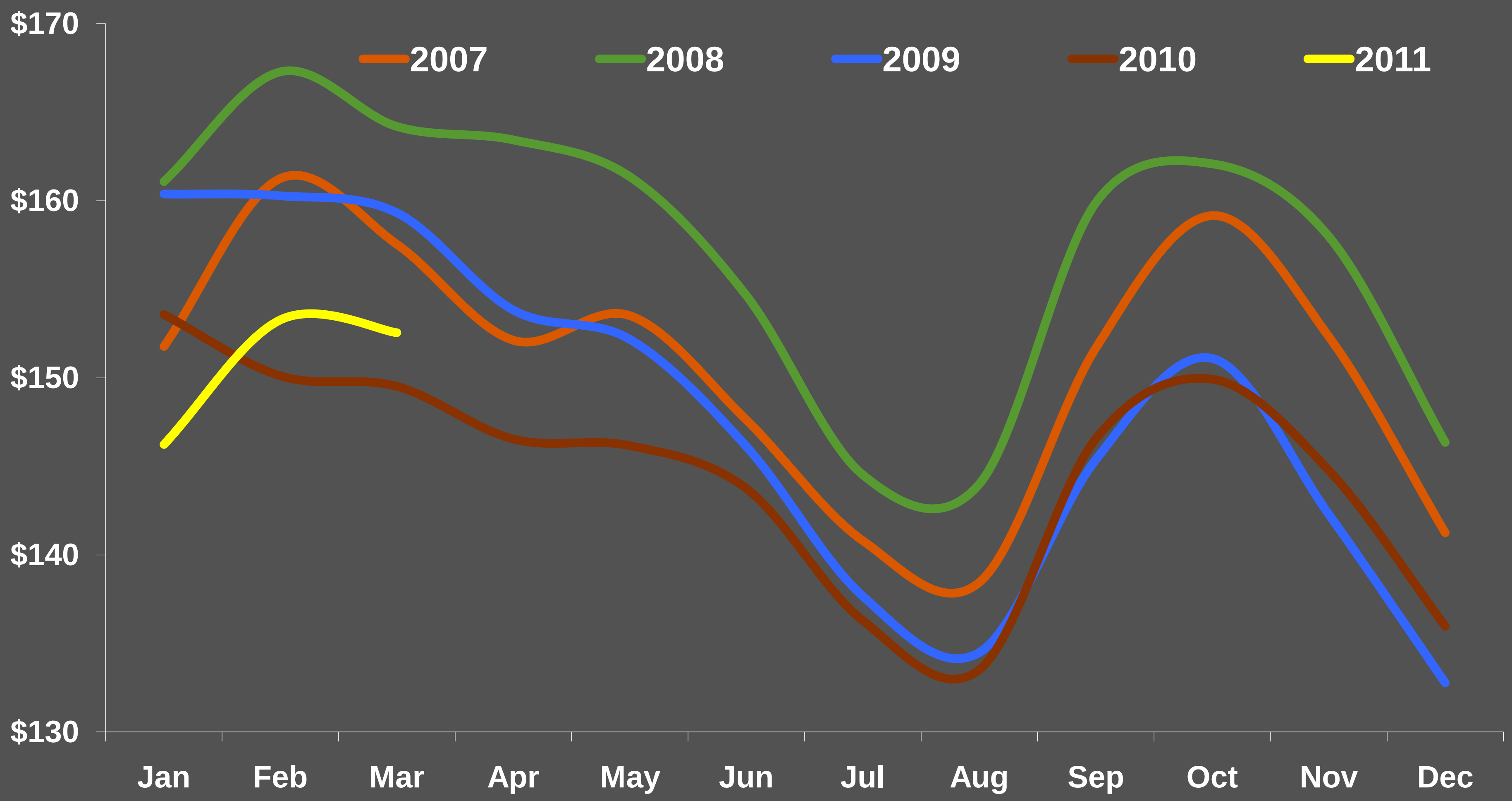
*US High End Hotels, Monthly Transient ADR: Jan. 2007 -March 2011

YTD ‘11 Group Room Demand Picking Up!



*US High End Hotels, Monthly Group Demand: Jan. 2007 - March 2011

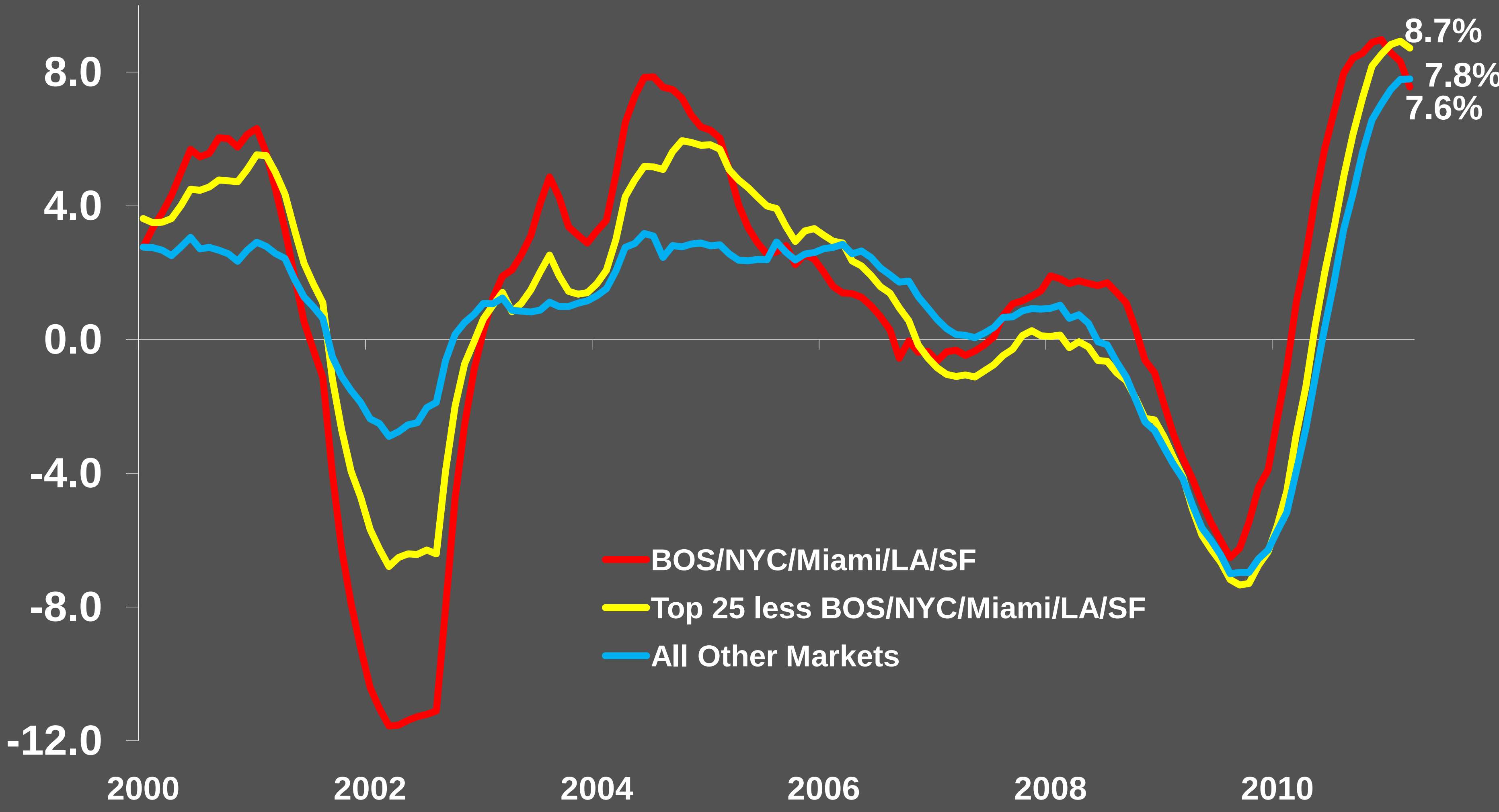
Negotiated Rates Will Take All Year To "Burn Off"



*US High End Hotels, Monthly Group ADR: Jan. 2007 -March 2011

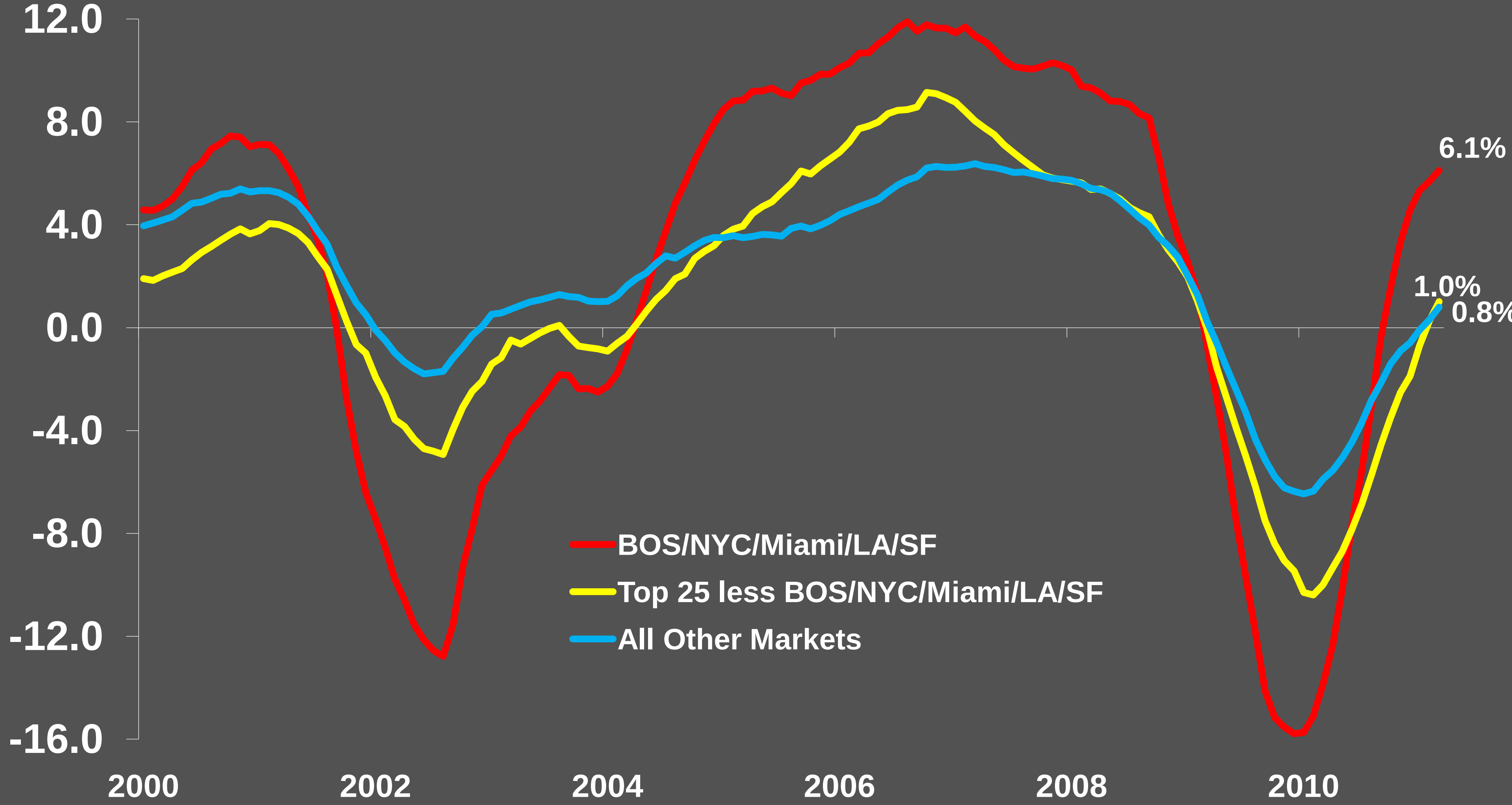
Major Markets

Demand Change: Pain For All. Recovery For All.



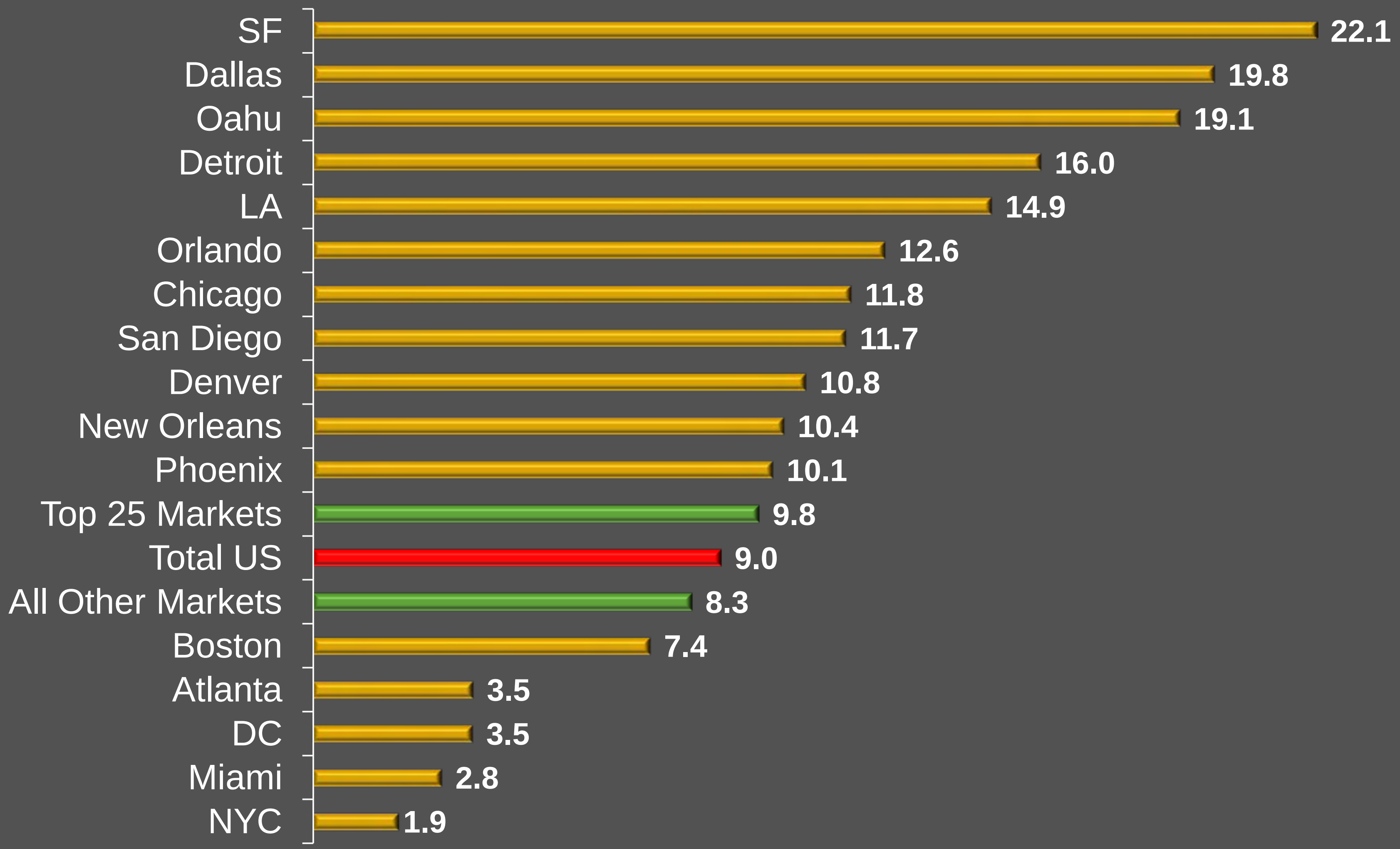
* Select Geographies, Room Demand % Change, 12 MMA, 1/00 – 3/11

ADR: Coastal Markets Get Hit Harder, Recover Faster.



*Select Geographies, ADR % Change, 12 MMA, 1/00 – 3/11

RevPAR Recovery Part 2: East Coast Markets Lag



*Major U.S. Markets – RevPAR % Change, Q1 ‘11

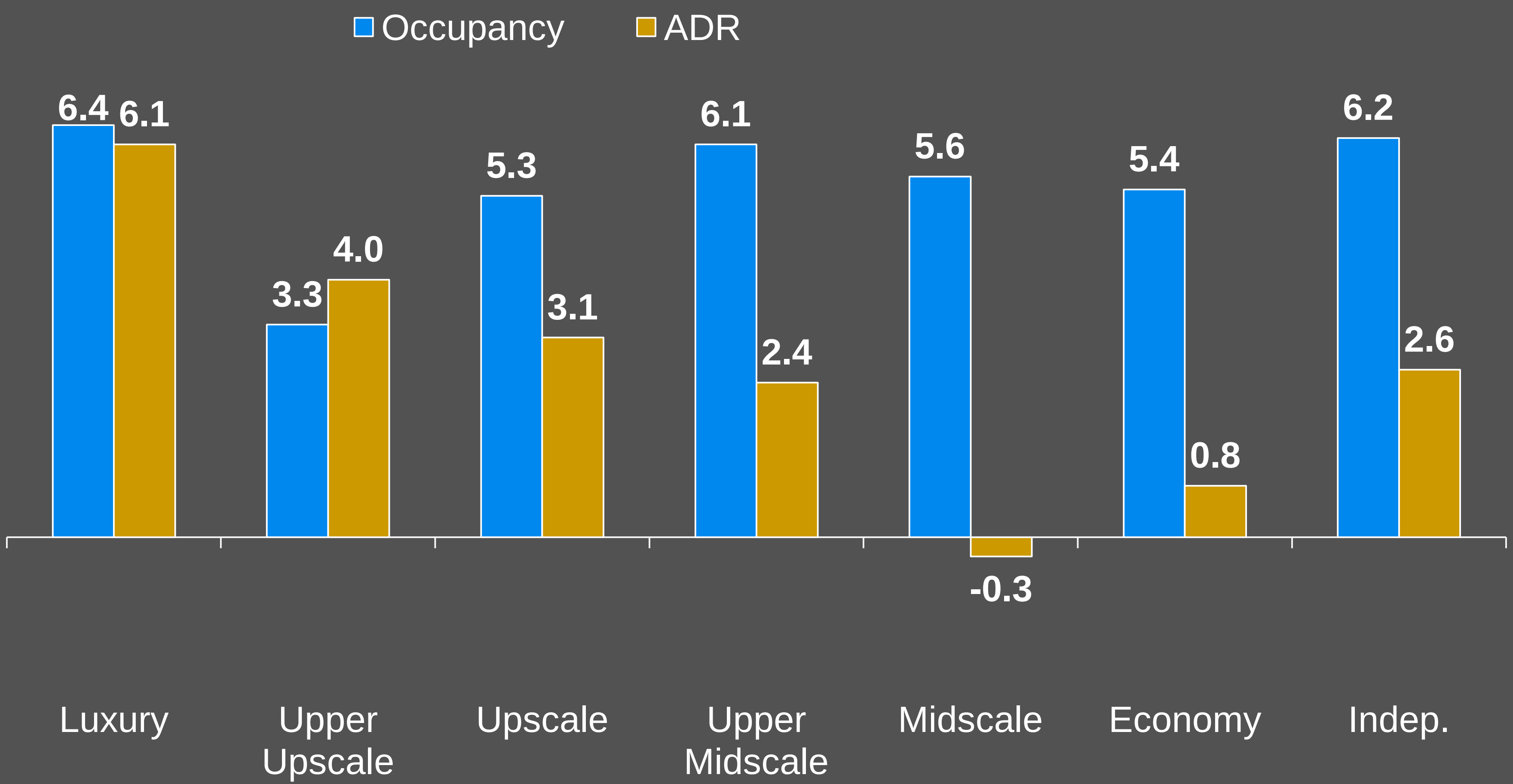
Chain Scales

2011 STR Chain Scales

Selected chains from each segment

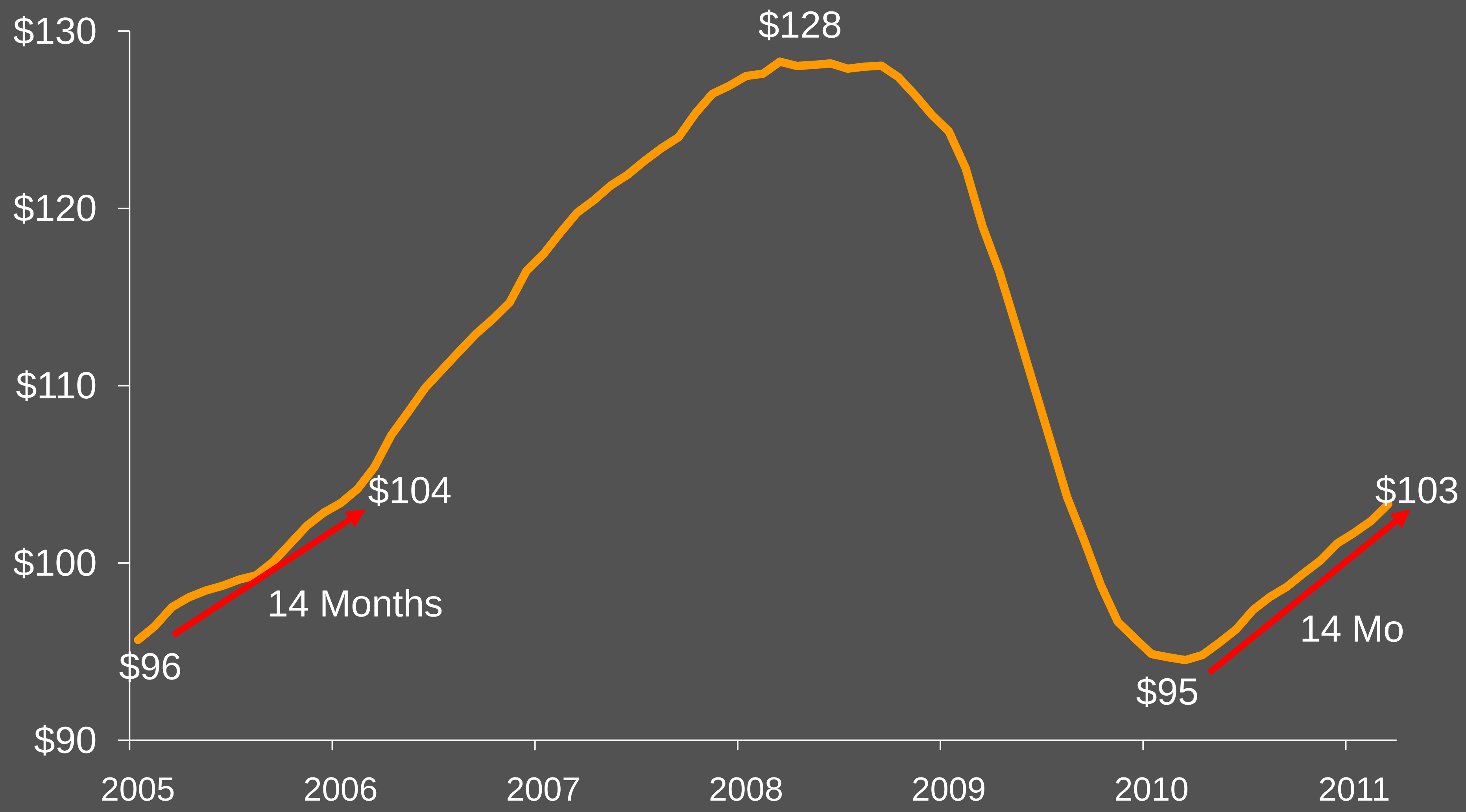
- Luxury – Four Seasons, Ritz Carlton, Fairmont, InterContinental
- Upper Upscale – Hyatt, Embassy Suites, Hilton, Marriott
- Upscale – Hyatt Place, Hilton Garden Inn, Courtyard, Hotel Indigo
- **Upper Midscale – Best Western PLUS/Premier, Hampton Inn**
- **Midscale – Best Western, Country Inn & Suites, La Quinta Inn**
- Economy – America's Best Inn, Econolodge, Red Roof, Days Inn

Very Sluggish ADR Recovery



*US Chain Scales OCC & ADR % Change: YTD March 2011

Luxury ADR Premium Increase On Pace

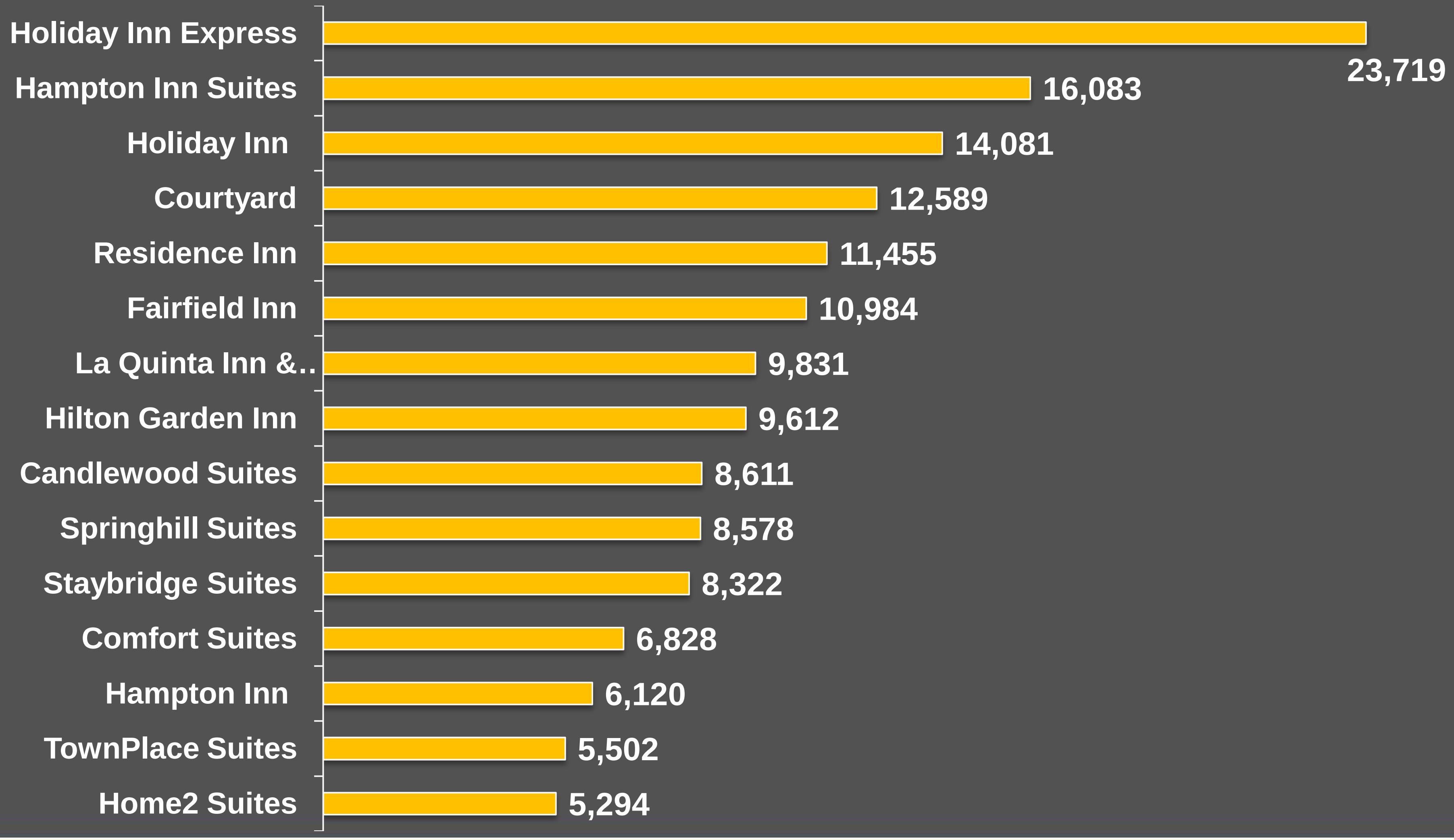


* Luxury ADR Premium Over Upper Upscale ADR, 12 MMA, 1/05 – 3/11

Forecast
- What Lies Ahead?

Total United States

Top 15 Brands – All Active Phases
March 2011



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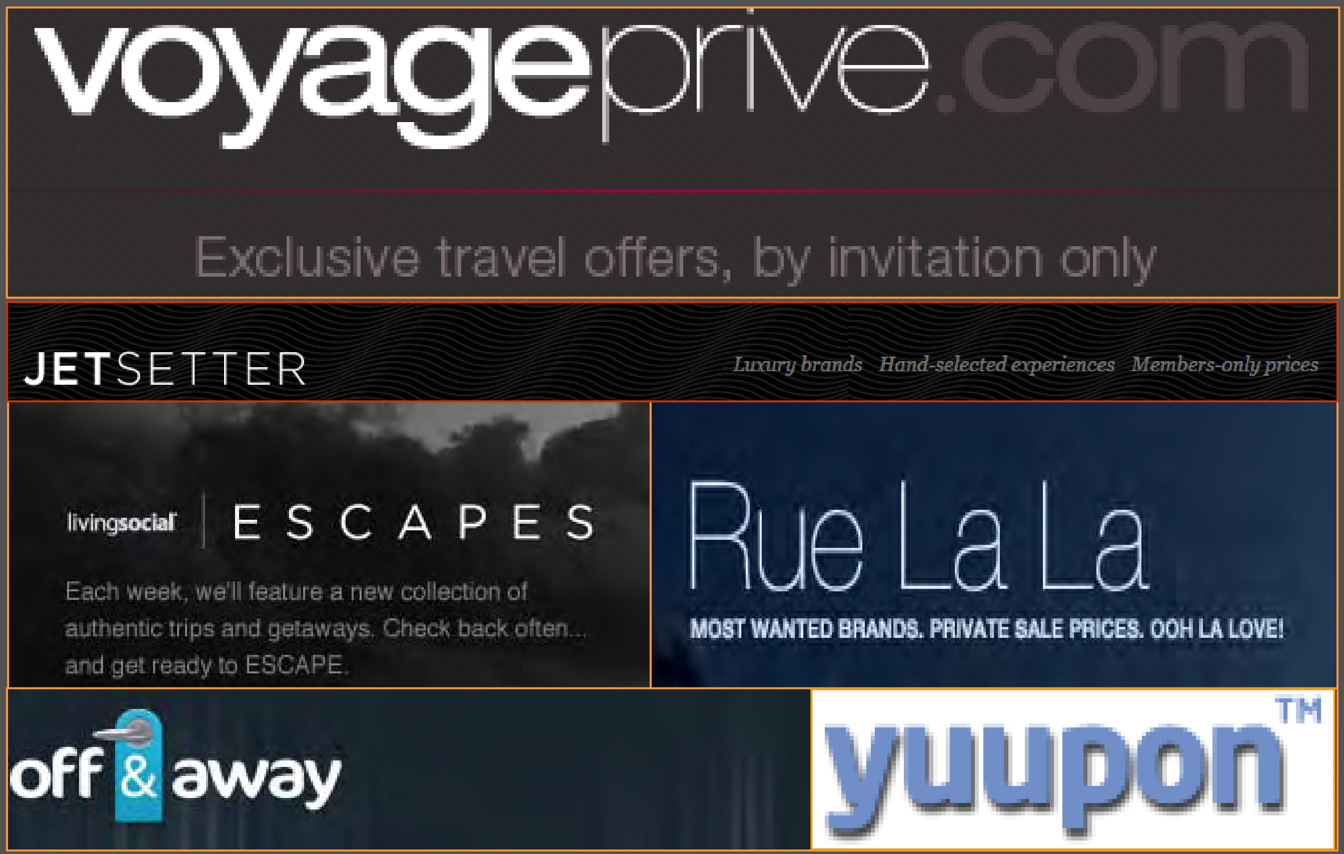
2011: The Year of The Hotel "Flasher"



Total US Summer* Outlook 2011

	Actual	% Change
Supply		0.8
Demand		2.5
Occupancy	66.7%	1.7
ADR	$103	4.1
RevPAR	$69	6.0

*Summer = June, July, August

Total US Outlook (% Change)

	2010 (actual)	**2011**	**2012**
Supply	*1.9*	**0.7**	**0.5**
Demand	*7.6*	**2.5**	**2.2**
Occupancy	*5.6*	**1.8**	**1.7**
ADR	*-0.1*	**4.2**	**6.8**
RevPAR	*5.5*	**6.1**	**8.5**

RevPAR Chain Scale Outlook (% Change)

Chain Scale	*2010 (actual)*	2011	2012
Luxury	*10.1*	**8.2**	**10.7**
Upper Upscale	*5.7*	**7.9**	**10.6**
Upscale	*5.7*	**7.6**	**9.2**
Upper Midscale	*3.3*	**6.3**	**9.4**
Midscale	*4.3*	**4.3**	**7.1**
Economy	*1.8*	**4.4**	**6.9**

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