



U.S. Lodging Industry Projections

As of January 21, 2010

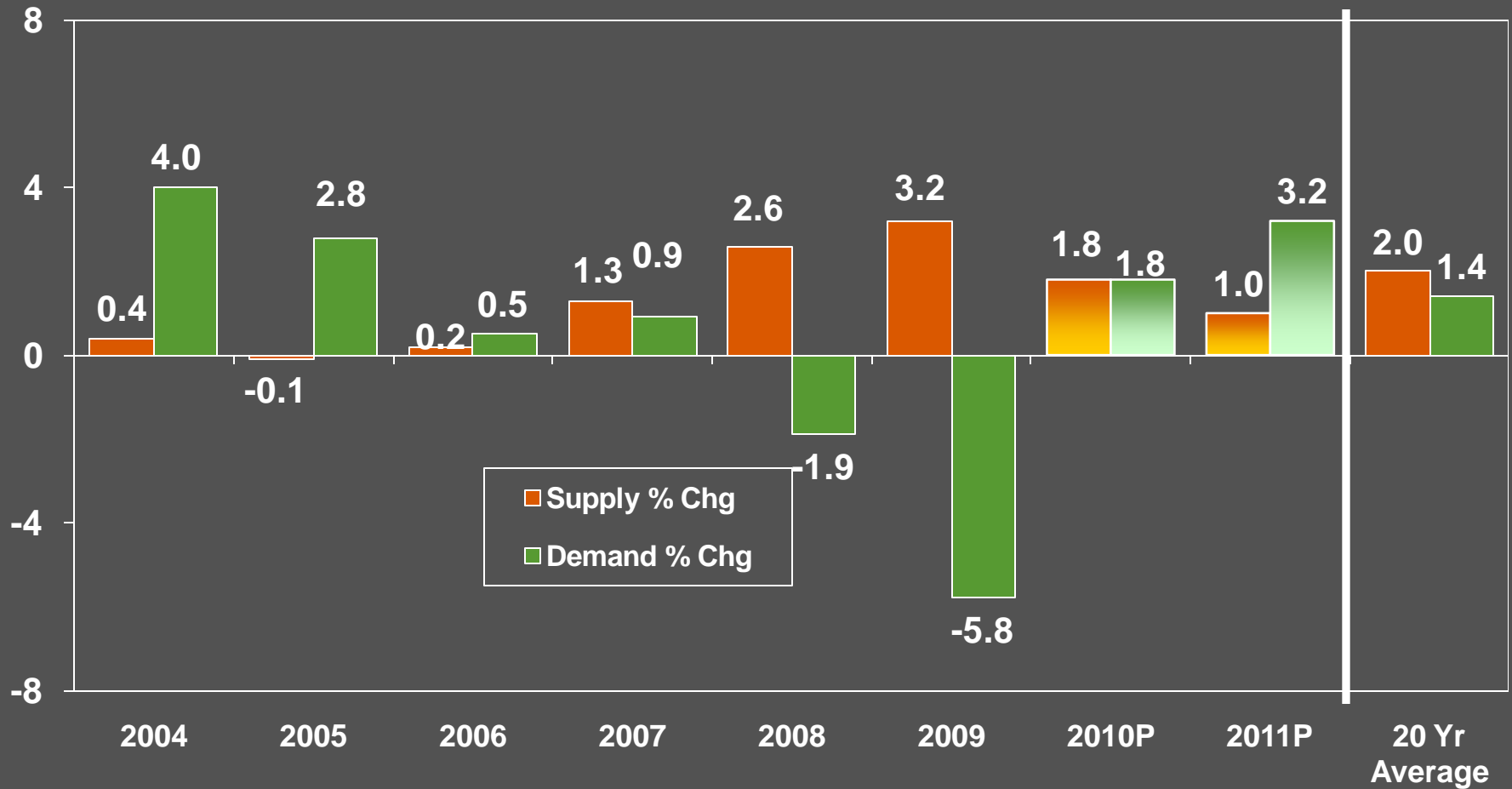


the new name in global hotel benchmarking



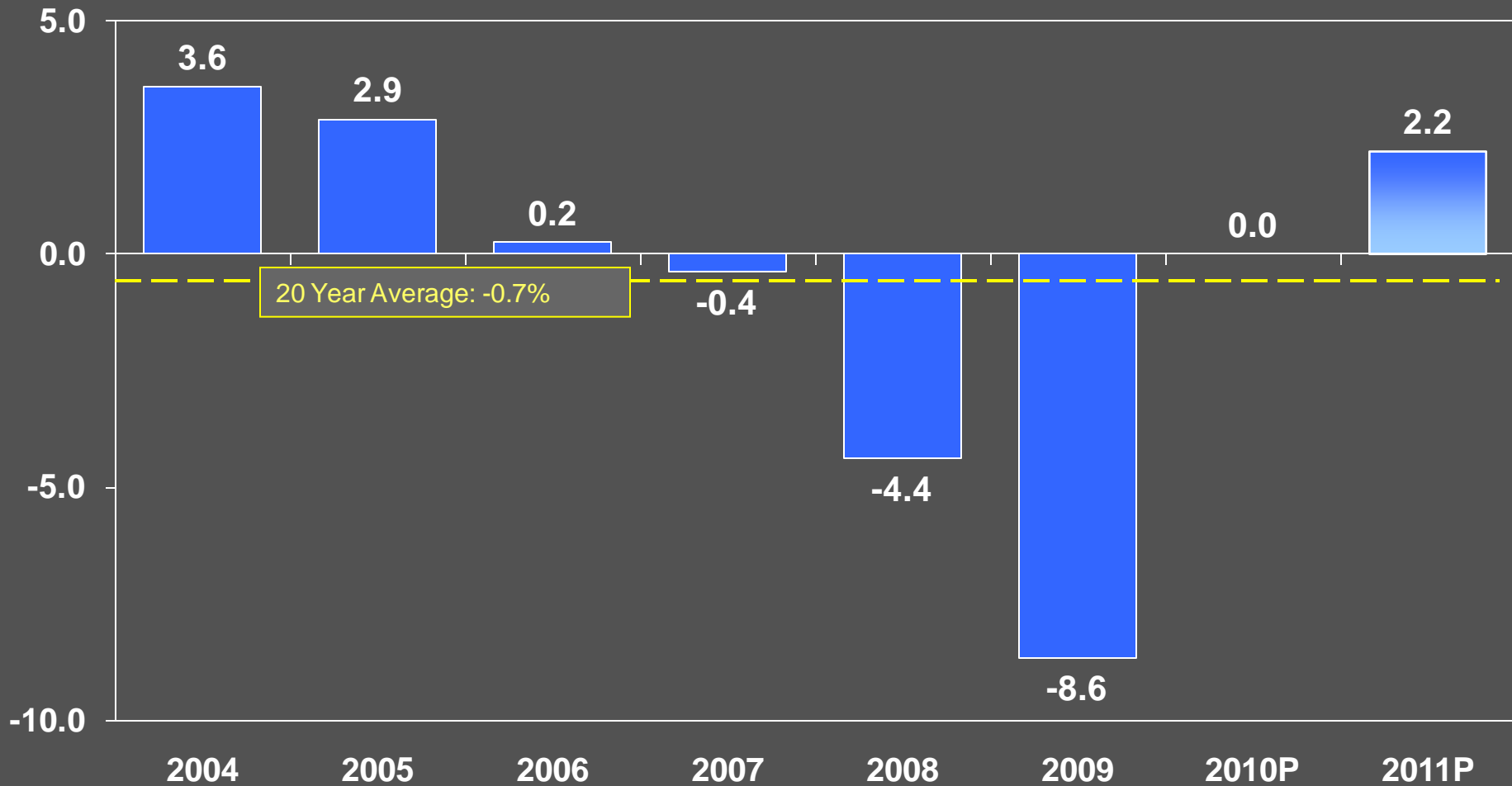
Total United States

Supply/Demand Percent Change
2004 – 2011P



Total United States

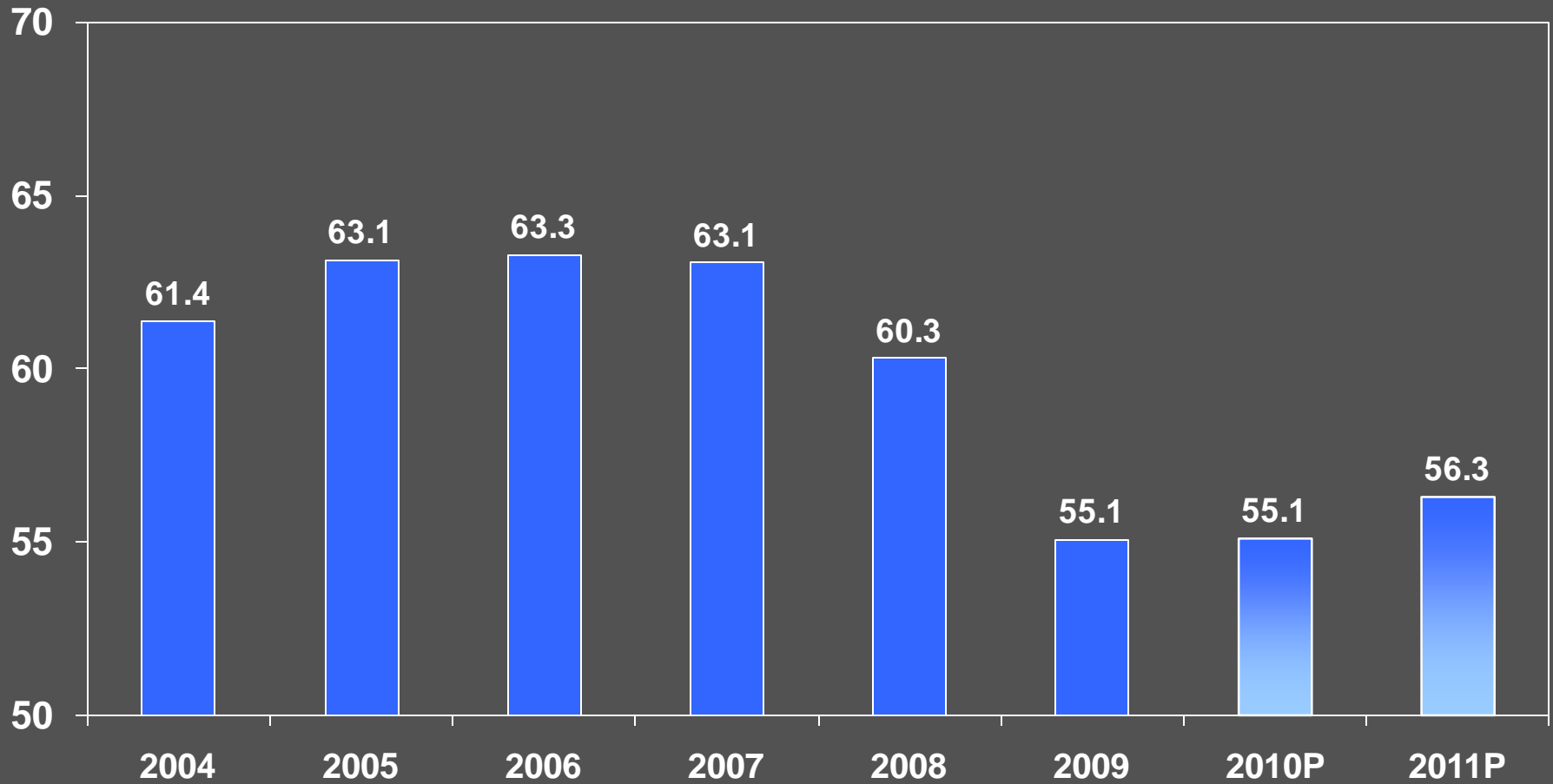
Occupancy Percent Change
2004 – 2011P



Total United States

Occupancy Percent

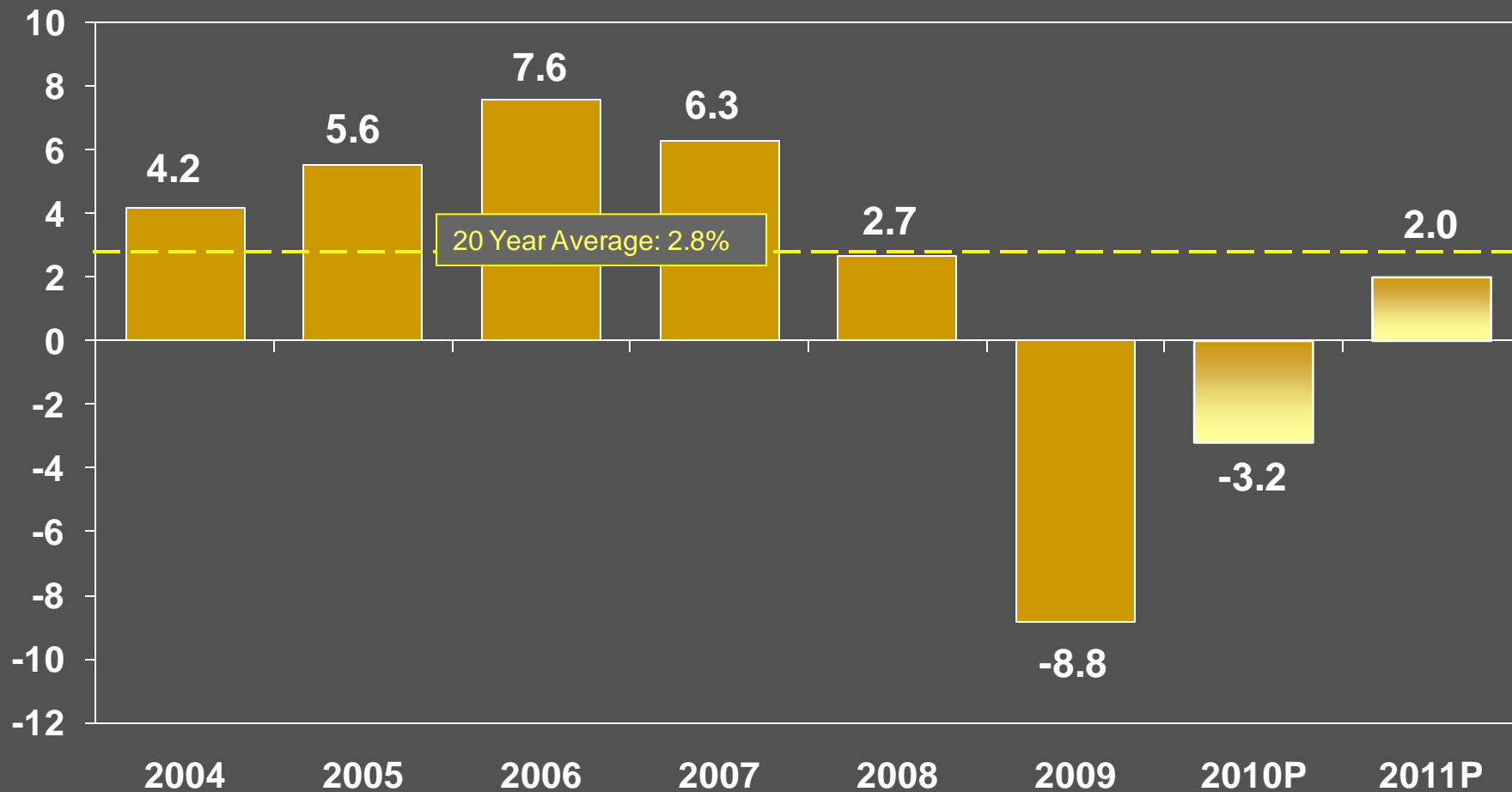
2004 – 2011P



Total United States

ADR Percent Change

2004 – 2011P



Total United States

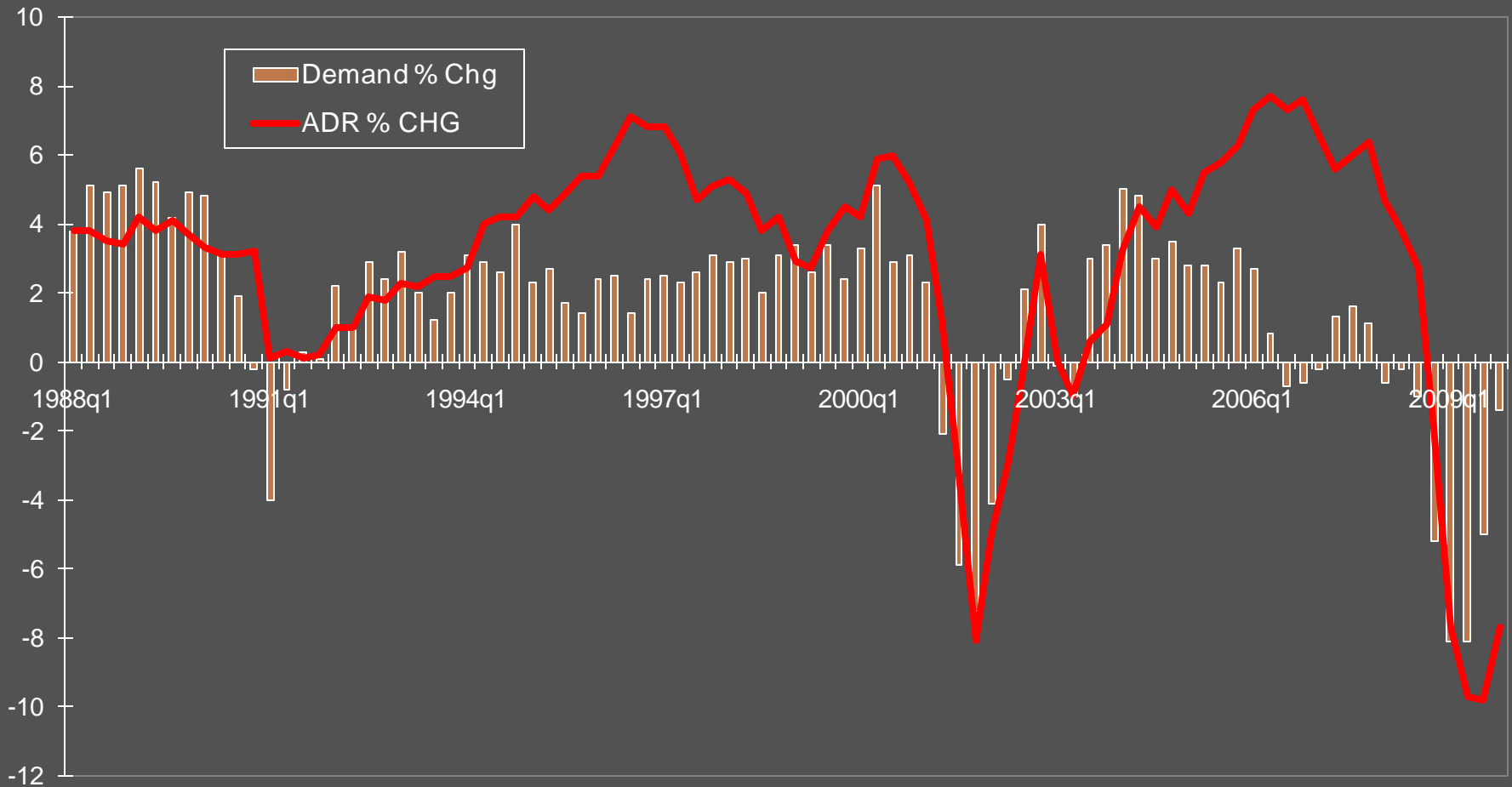
Average Daily Rate (In Dollars)

2004 – 2011P



Total United States

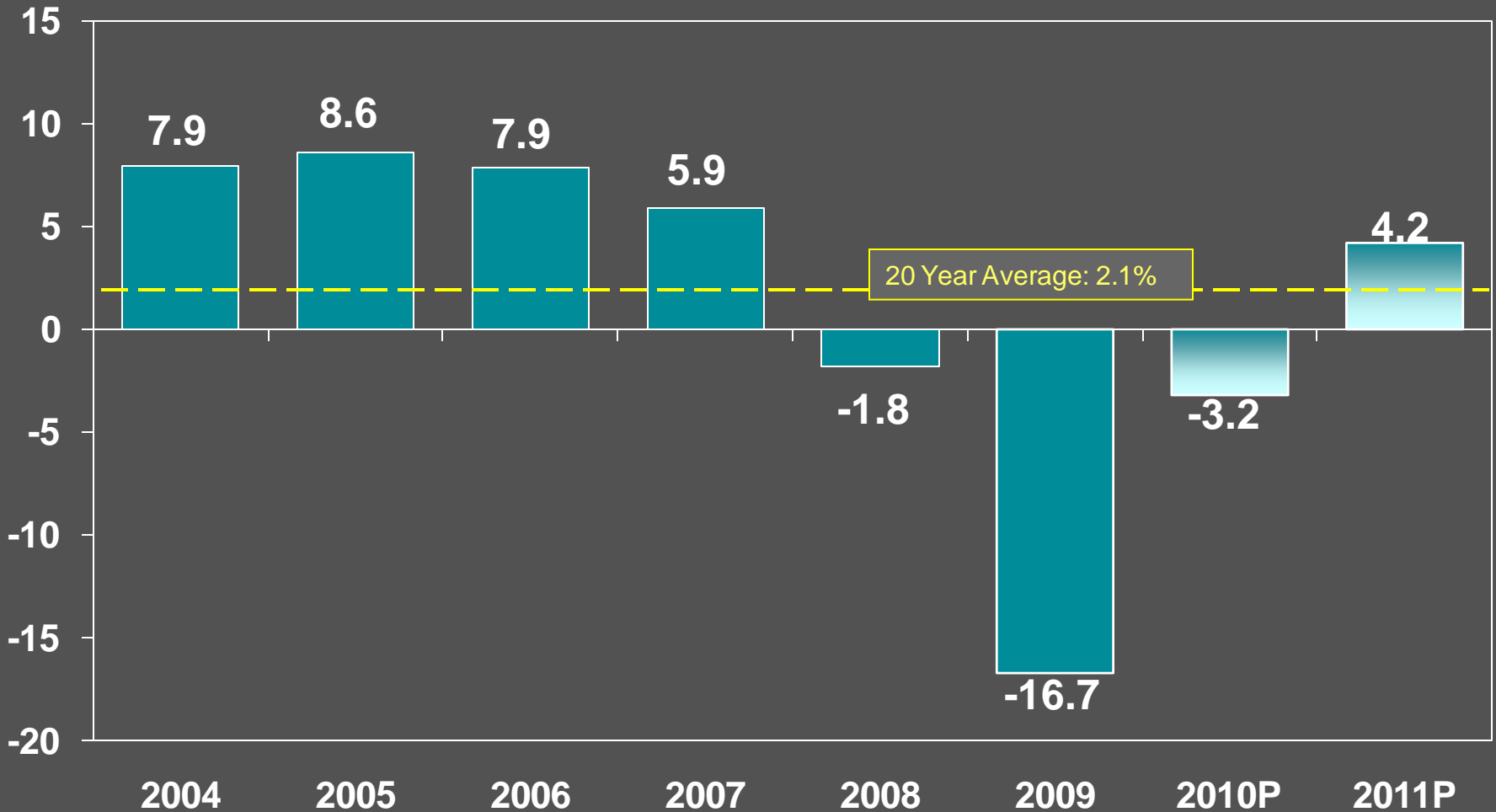
Hotel Rooms Sold vs. ADR Change
Quarterly Change – 1988 to 2009



Total United States

RevPAR Percent Change

2004 – 2011P



US Economic Outlook - Blue Chip Economic Indicators

January 2009

	<u>2009F</u>	<u>2010F</u>	<u>2011F</u>
Real GDP	-2.5%	+2.8%	+3.1%
CPI	-0.4%	+2.1%	+2.0%
Corporate Profits	-5.8%	+13.6%	+8.7%
Disp Personal Income	+1.0%	+2.0%	+2.6%
Unemployment Rate	9.3%	10.0%	9.2%

Total US Industry

Consecutive Quarterly Declines

Key Indicators

	1990/ 1991	2001/ 2002	Current (Q4-09)	<i>Estimate 2009/10</i>
Demand	3	5	8	9
Occupancy	7	6	9	11
ADR	0	5	5	9
RevPAR	5	5	6	9
Room Revenue	2	5	5	7

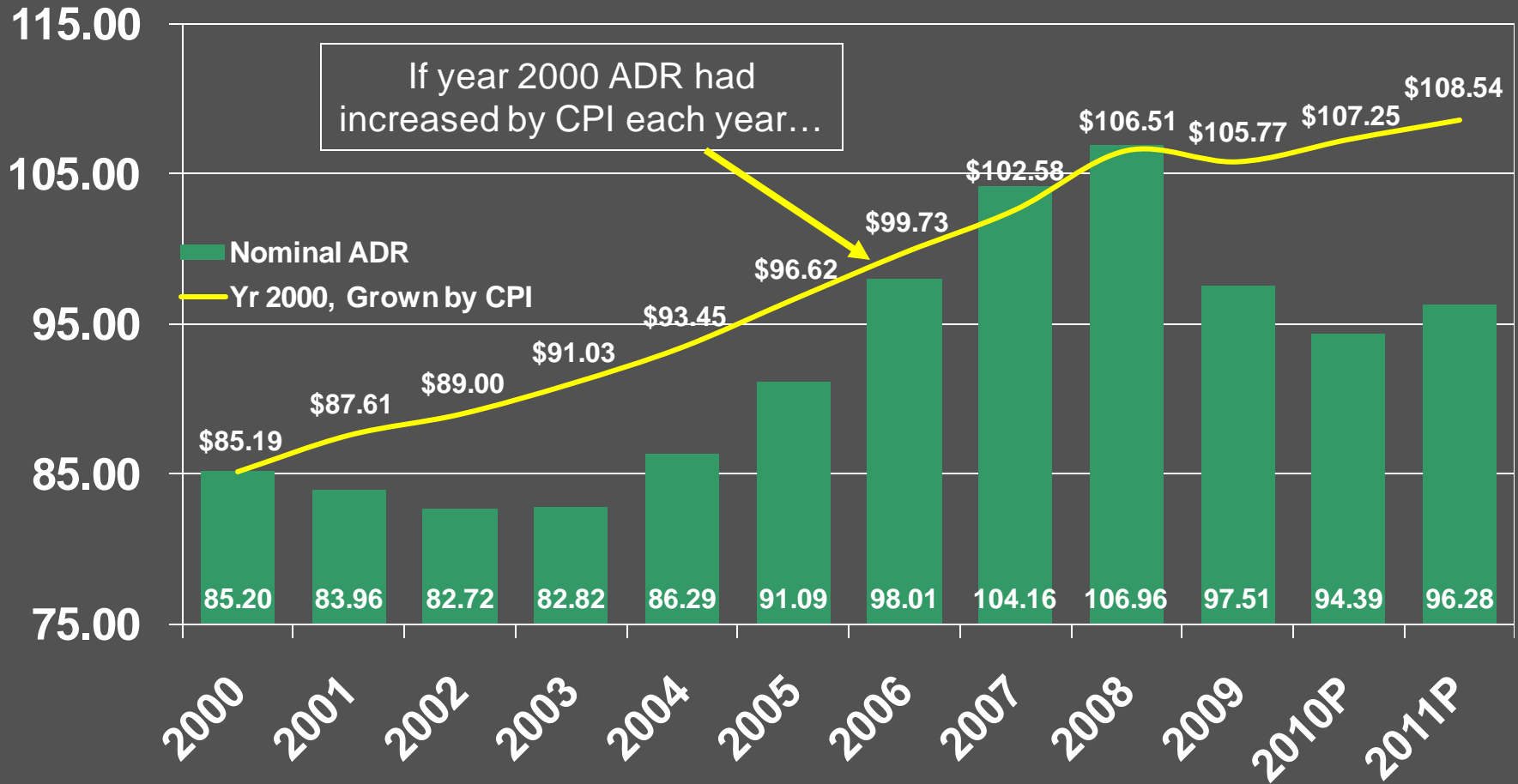
Takeaways

- Decline is Global – visibility difficult
- Risk averse / capital tight - supply increases slow
- Value proposition is critical – “New Frugality”
- Summer travel may show relative improvement
- Leisure leads rebound?

Total US Room Rates

Actual vs. Inflation Adjusted

2000 – 2011E



Total United States

Key Performance Indicator Outlook Scenario (% change vs. Prior Year) 2010-2011F by Chain Scale

Hotel Industry Performance Scenarios						
Key Metrics	2010			2011		
	Worst	Forecast	Best	Worst	Forecast	Best
Supply	2.0	1.8	1.7	1.2	1.0	0.8
Demand	1.6	1.8	2.1	2.9	3.2	3.4
Occupancy	-0.4	0.0	0.4	1.7	2.2	2.6
ADR	-3.6	-3.2	-3.0	1.8	2.0	2.4
RevPAR	-4.0	-3.2	-2.6	3.5	4.2	5.0

The Impact of Discounting

- Budgets and forecasts impossible to manage
- Risk cannibalising existing business and damage to brand
- In an upmarket, everyone follows the best practices of the market leader, in a downturn everyone follows the first person to panic
- Smaller properties cannot make up in volume what they lose in rate
- Decisions are based on competitors' actions rather than hotel's strategic initiatives and revenue needs
- Ability to manipulate behaviour using price severely limited in a falling market
- Discounting often 'doubles up' the loss of occupancy and rate
- Profitability is often overlooked and can be adversely affected by reductions
- Markets take years to recover



Questions

info@str.com

www.strglobal.com

