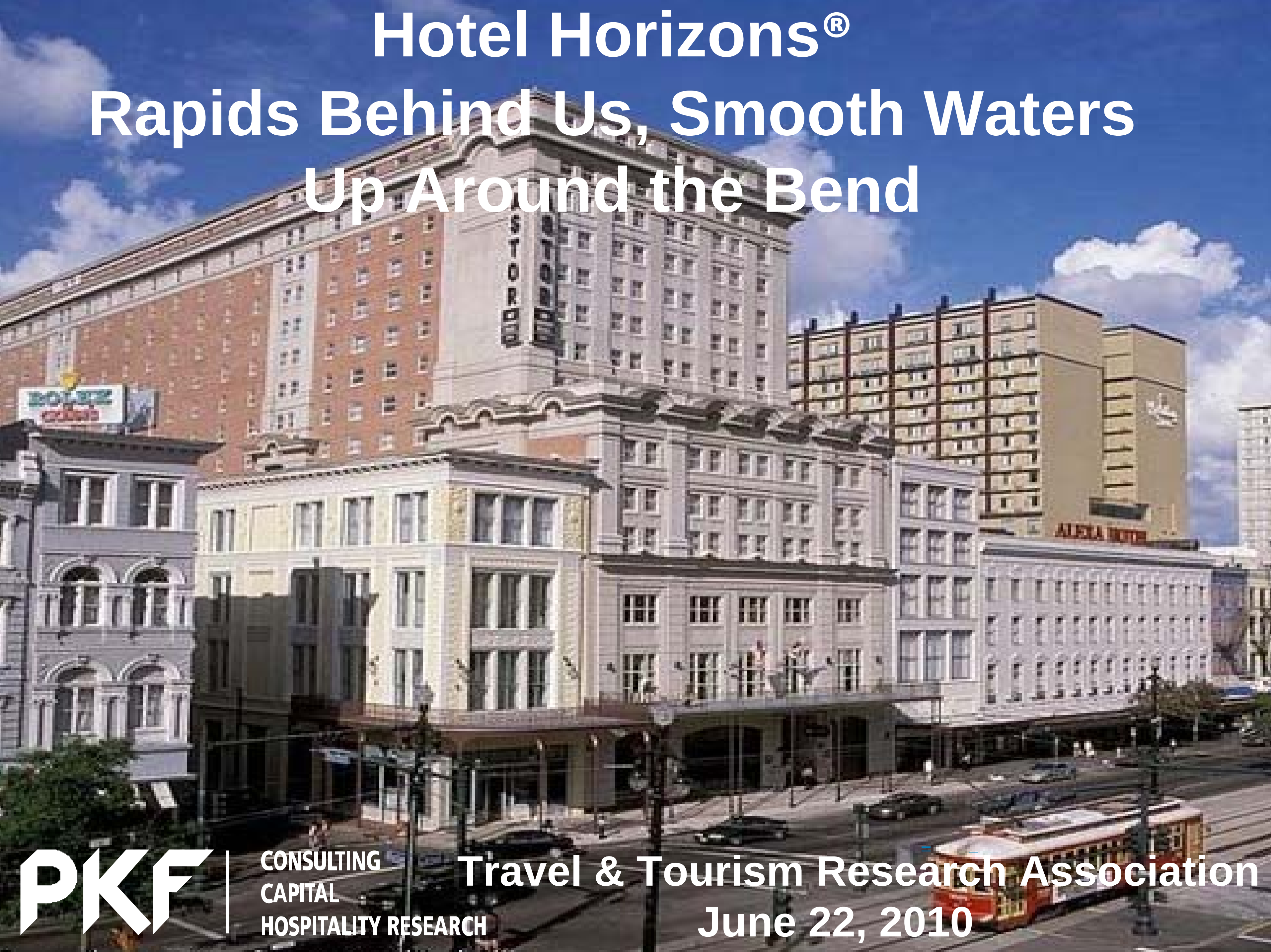
Hotel Horizons®
Rapids Behind Us, Smooth Waters Up Around the Bend



PKF CONSULTING CAPITAL HOSPITALITY RESEARCH

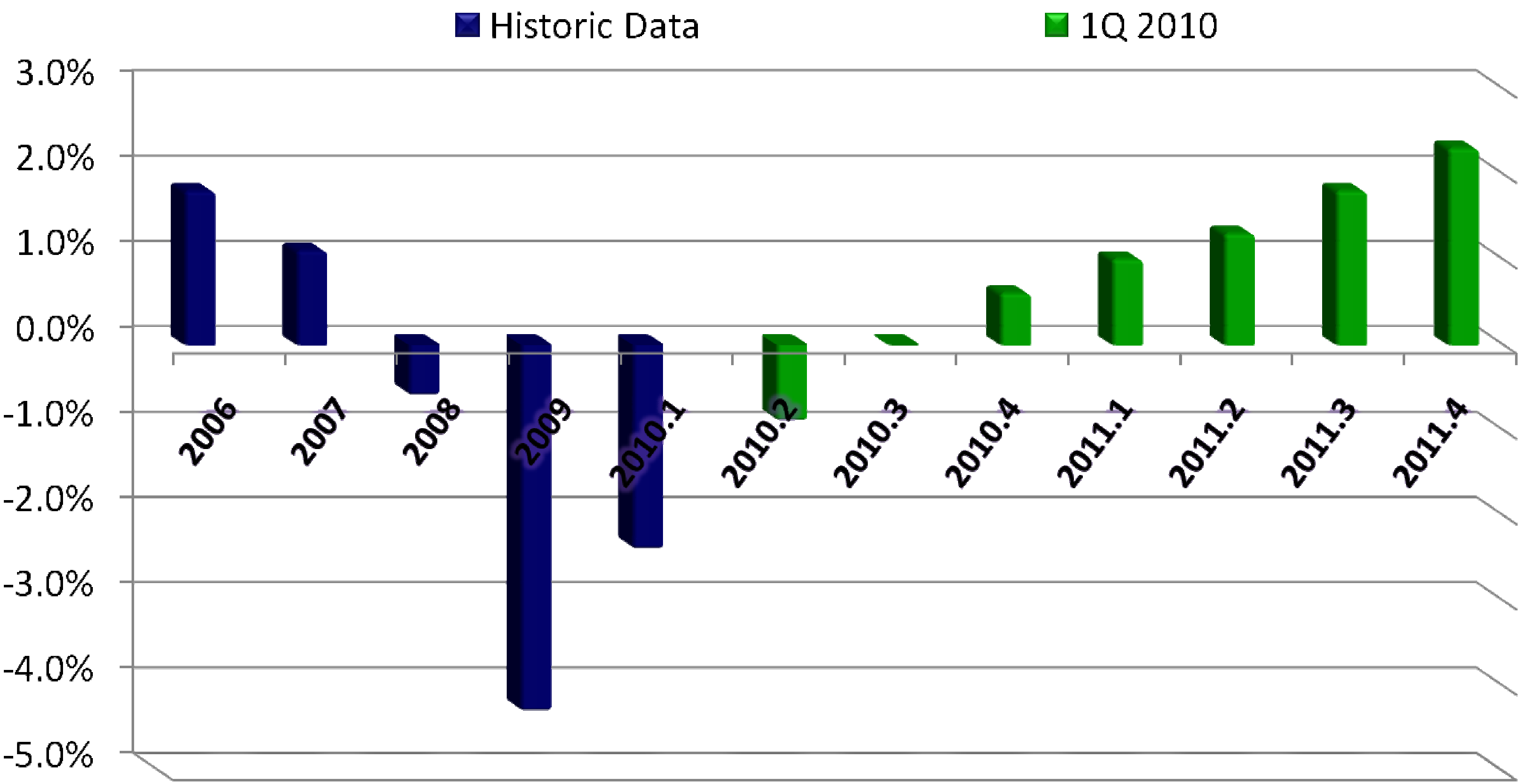
Travel & Tourism Research Association
June 22, 2010

Presentation Outline

I. **Economy**
II. Lodging Projections
III. Turning Points

Is the Recession Really Over?

United States
Total Payroll Employment



Source: Moody's Economy.com

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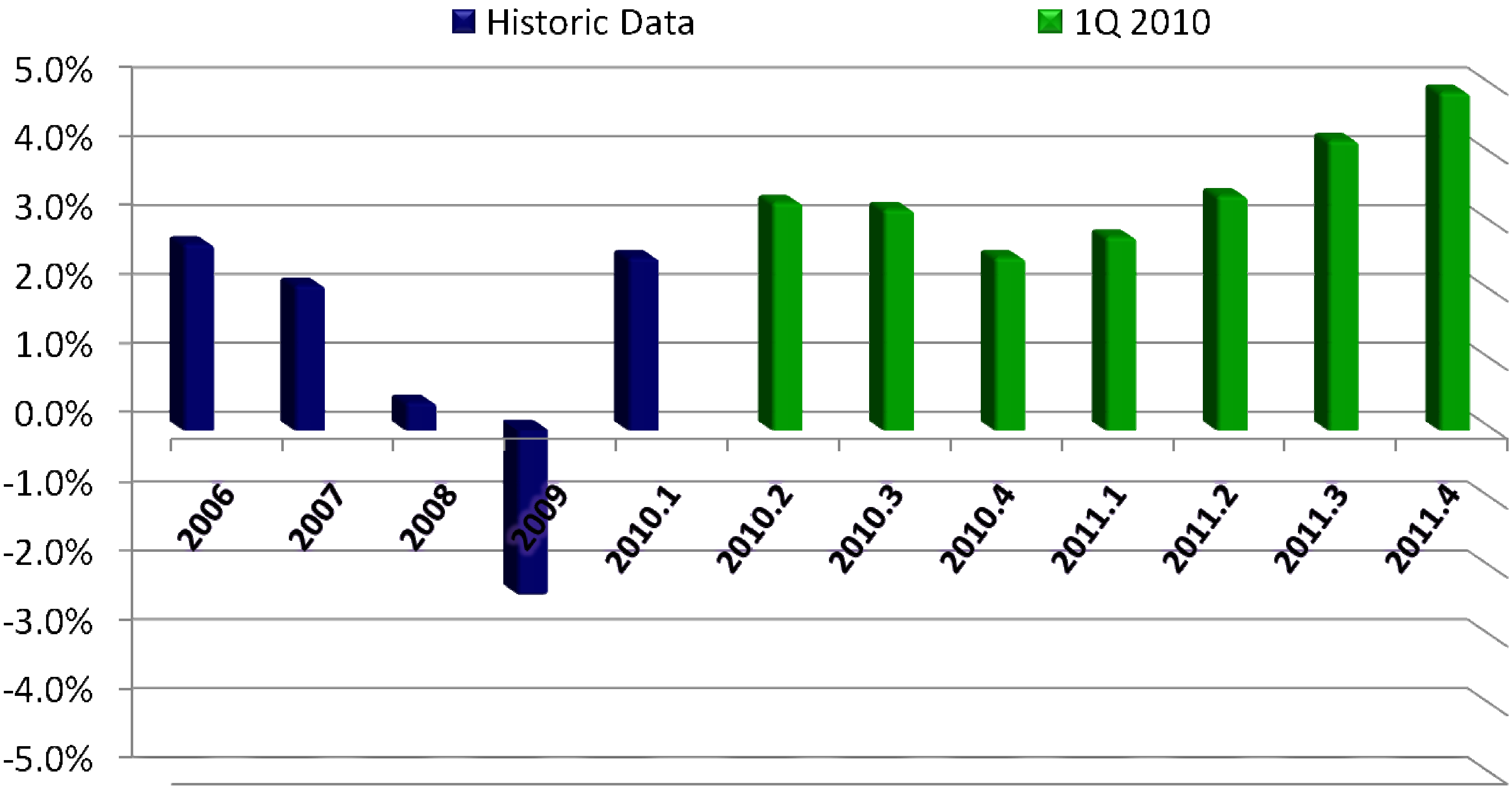
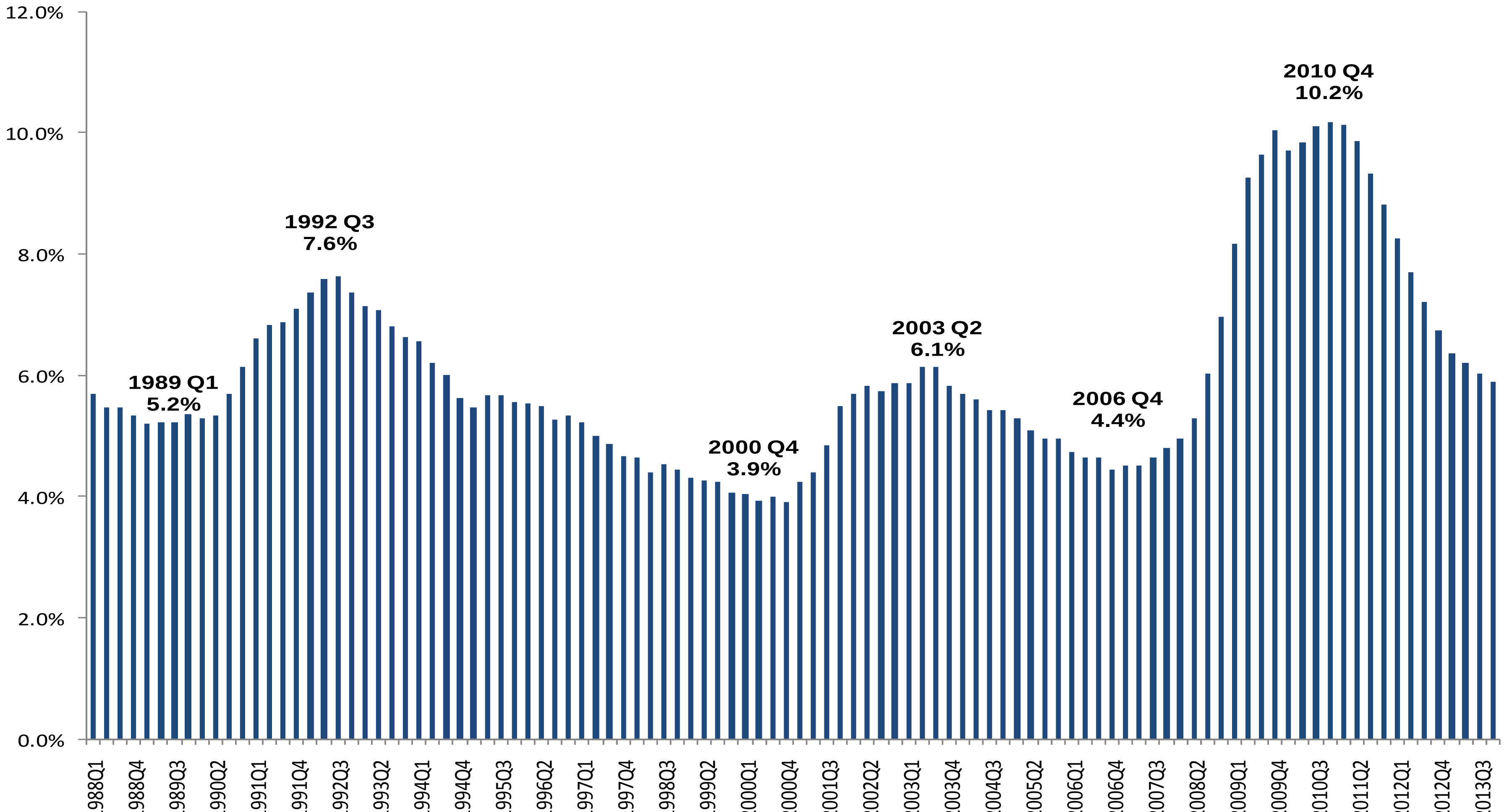
United States
Total GDP



Source: Moody's Economy.com

U.S. Unemployment Rate

Six Months to Go Before Unemployment Peaks



Source: Moody's Economy.com, April 2010

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ECONOMIC ASSUMPTIONS DRIVING OUR FORECASTS

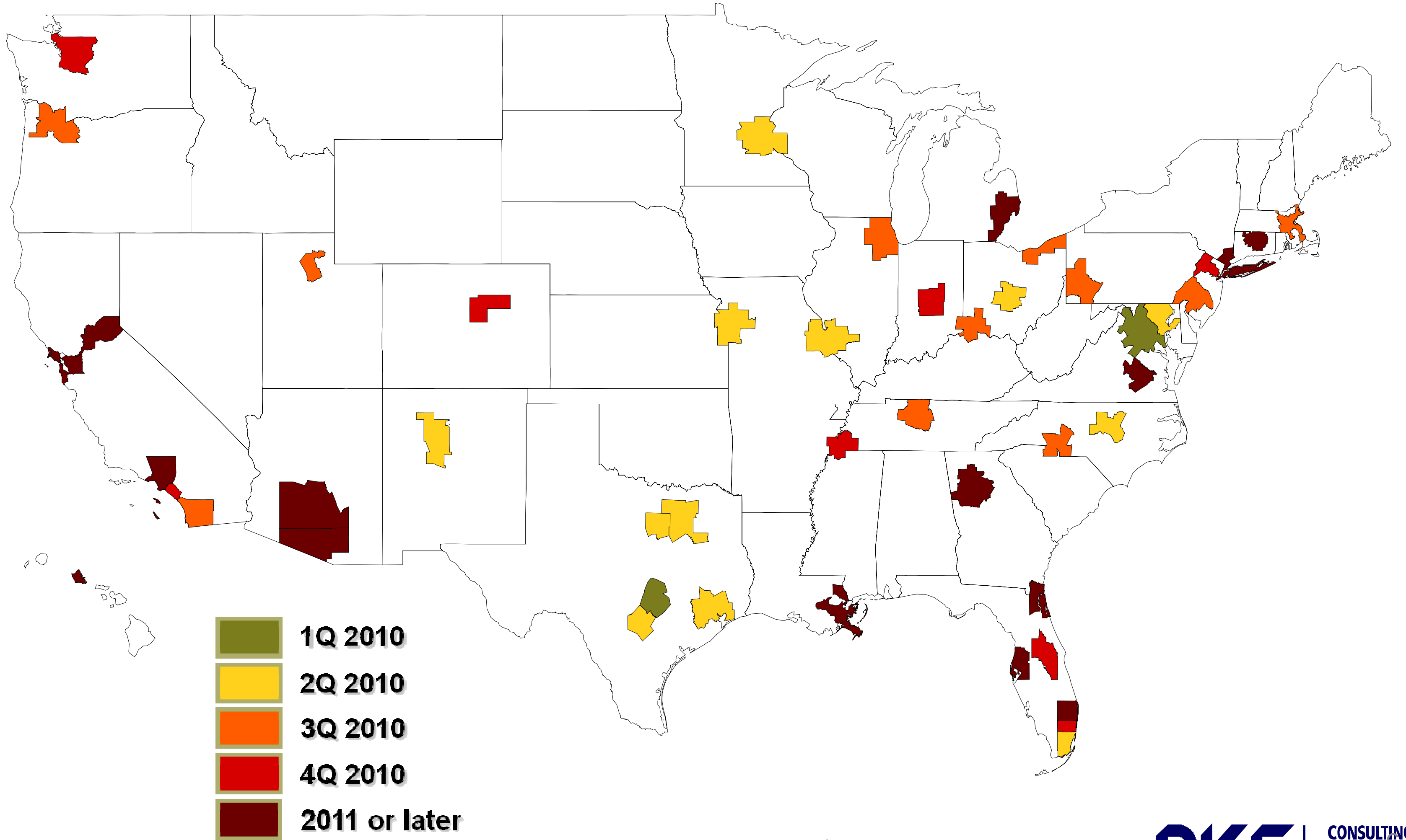
Upturn Accelerates in 2011

	Payroll Employment	Real Personal Income	Real GDP	CPI (Inflation)
2009	-4.3%	-1.9%	-2.4%	-0.3%
2010	-0.7%	-0.2%	2.9%	2.0%
2011	1.6%	3.3%	3.9%	2.0%
2012	3.1%	4.8%	5.1%	2.8%
2013	3.1%	4.8%	3.4%	2.5%

Source: Moody's Economy.com, April 2010

RECOVERY TIMELINES MIXED ACROSS MARKETS

When Employment Levels Turn Positive



Source: Moody's Economy.com

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Hotel Horizons®

- Econometric Forecasting Model
  - Smith Travel Research – historical lodging data, pipeline data
  - Moody's Economy.com – economic forecasts
- Five-Year Forecasts of Supply, Demand, Occupancy, ADR, RevPAR
  - Six National Chain Scales
  - 50 Major U.S. Markets
- Updated Quarterly

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United States
4th Quarter 2009

= Below/Above Long Run Average

	Long Term Average	2007	2008	2009	2010F	2011F	2012F	2013F	2014F
Supply	2.2%	1.3%	2.5%	3.1%	1.2%	-0.1%	0.0%	0.7%	1.5%
Demand	1.5%	0.8%	-2.1%	-5.9%	1.5%	2.2%	3.4%	2.6%	2.6%
Occupancy	62.2%	62.8%	60.0%	54.7%	55.2%	56.5%	58.4%	59.5%	60.2%
ADR	2.9%	6.4%	2.8%	-8.8%	-1.4%	3.4%	6.8%	6.3%	3.9%
RevPAR	2.3%	5.9%	-1.9%	-16.8%	-1.1%	5.8%	10.5%	8.4%	5.0%

Source: PKF Hospitality Research – 4th Quarter 2009 Hotel Horizons® Report, Smith Travel Research

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What Happened in the First Quarter?

	2010		
	Q1F	Q1 Act	Variance
Supply	2.8%	2.9%	0.1%
Demand	2.6%	5.3%	2.7%
Occupancy	-0.2%	2.3%	2.5%
ADR	-4.9%	-4.3%	0.6%
RevPAR	-5.1%	-2.1%	3.0%

Sources: PKF Hospitality Research; Smith Travel Research

PKF CONSULTING CAPITAL HOSPITALITY RESEARCH

United States
1st Quarter 2010

◯ = Below/Above Long Run Average

	Long Term Average	2007	2008	2009	2010F	2011F	2012F	2013F	2014F
Supply	2.2%	1.3%	2.5%	3.1%	1.2%	0.3%	0.3%	0.6%	1.6%
Demand	1.5%	0.8%	-2.1%	-5.9%	4.7%	3.4%	3.7%	2.7%	2.5%
Occupancy	62.2%	62.8%	60.0%	54.7%	56.5%	58.3%	60.2%	61.5%	62.0%
ADR	2.9%	6.4%	2.8%	-8.8%	-1.6%	4.6%	6.4%	5.4%	4.1%
RevPAR	2.3%	5.9%	-1.9%	-16.8%	1.7%	7.8%	10.0%	7.6%	5.0%

Source: PKF Hospitality Research – 4th Quarter 2009 Hotel Horizons® Report, Smith Travel Research

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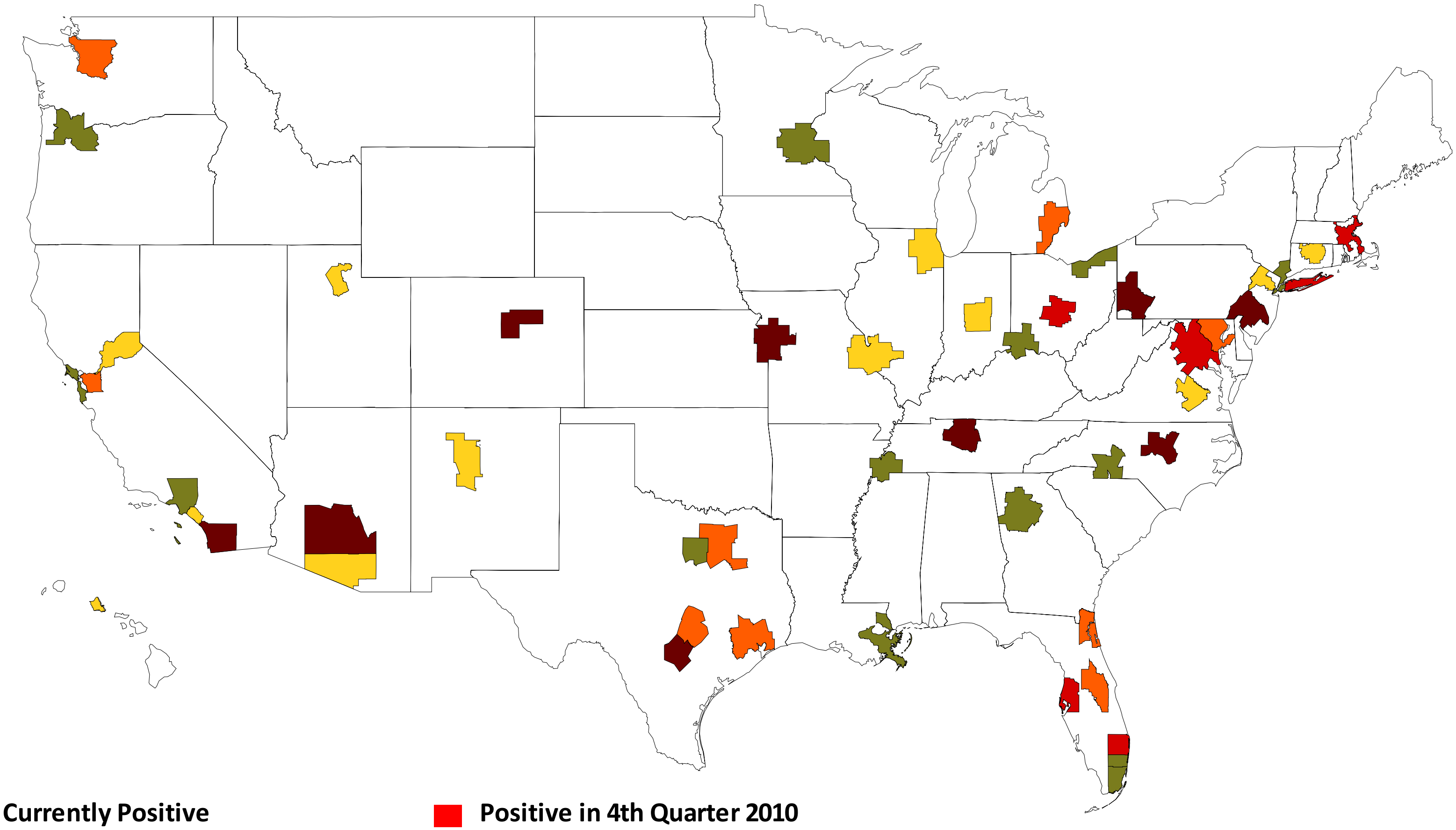
RevPAR Inflection Point Mixed Across Markets

Point In Time When RevPAR Change Turns Positive



- Currently Positive
- Positive in 2nd Quarter 2010
- Positive in 3rd Quarter 2010
- Positive in 4th Quarter 2010
- Positive in 2011

Source: PKF Hospitality Research

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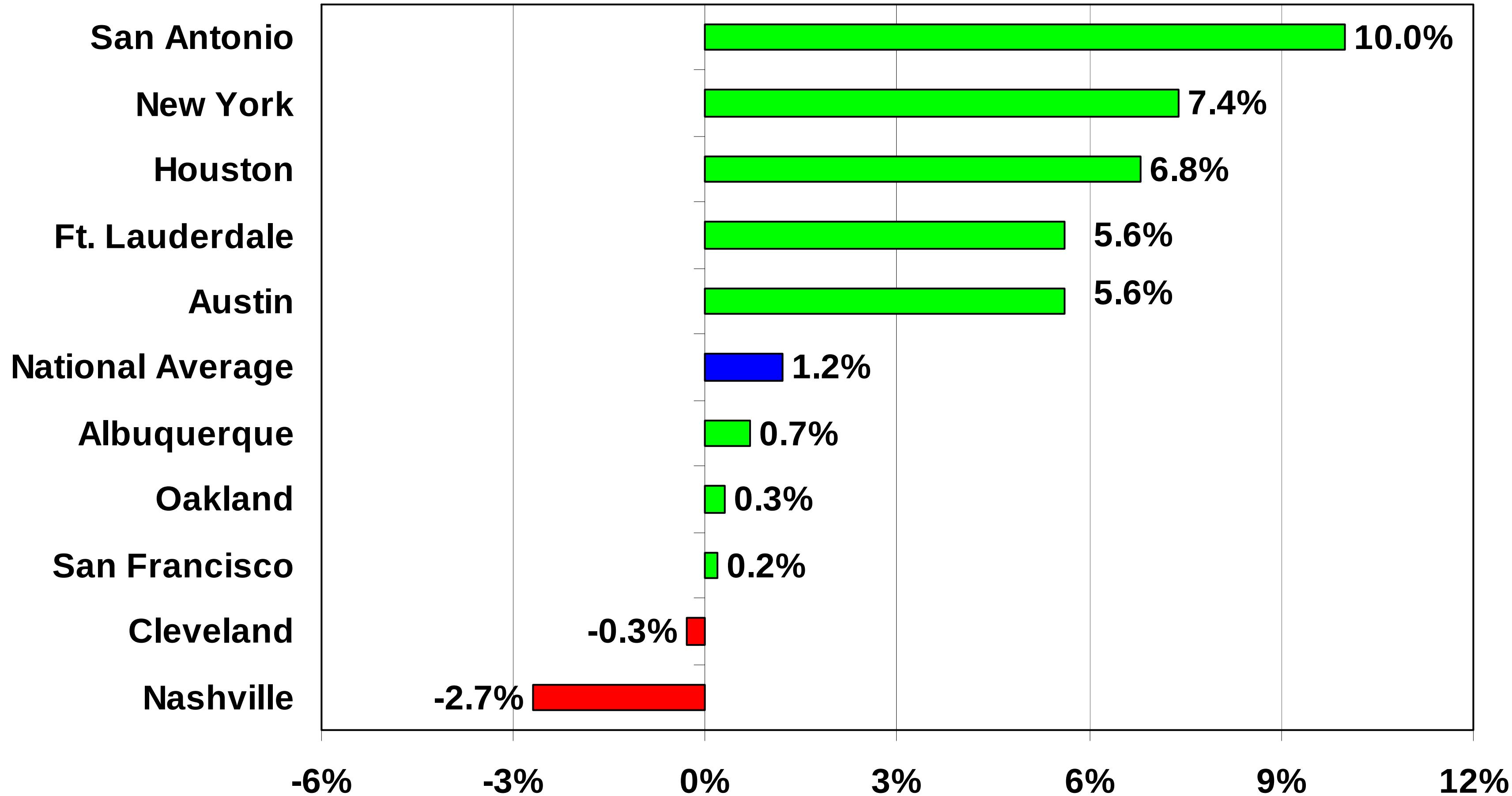
U.S. Hotel Markets

Greatest and Least Change in Supply
Forecast Change 2009 to 2010

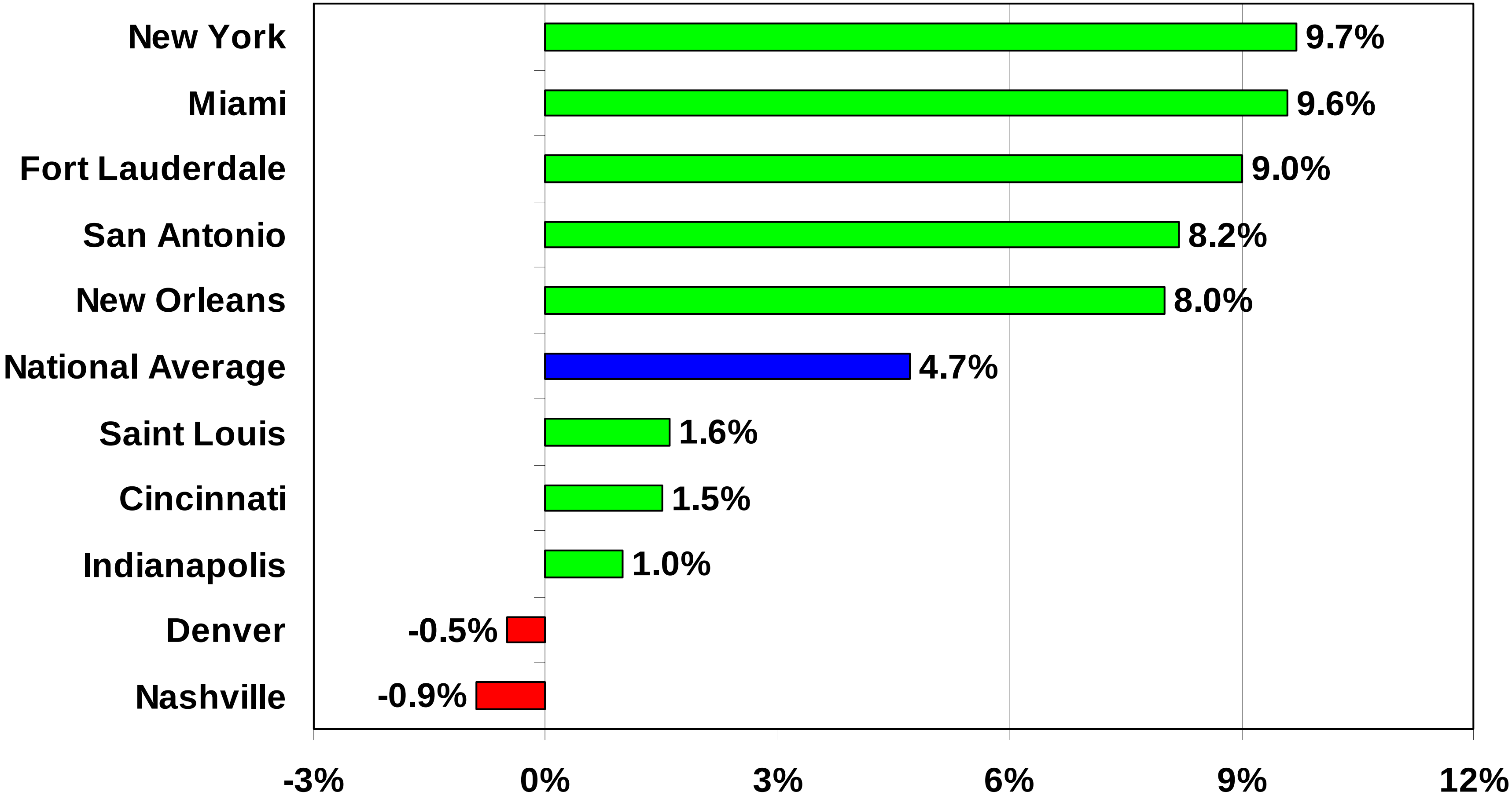


Source: PKF Hospitality Research, June-August 2010 *Hotel Horizons*® reports.

PKF CONSULTING CAPITAL HOSPITALITY RESEARCH

U.S. Hotel Markets

Greatest and Least Change in Demand
Forecast Change 2009 to 2010



Source: PKF Hospitality Research, June-August 2010 *Hotel Horizons*® reports.

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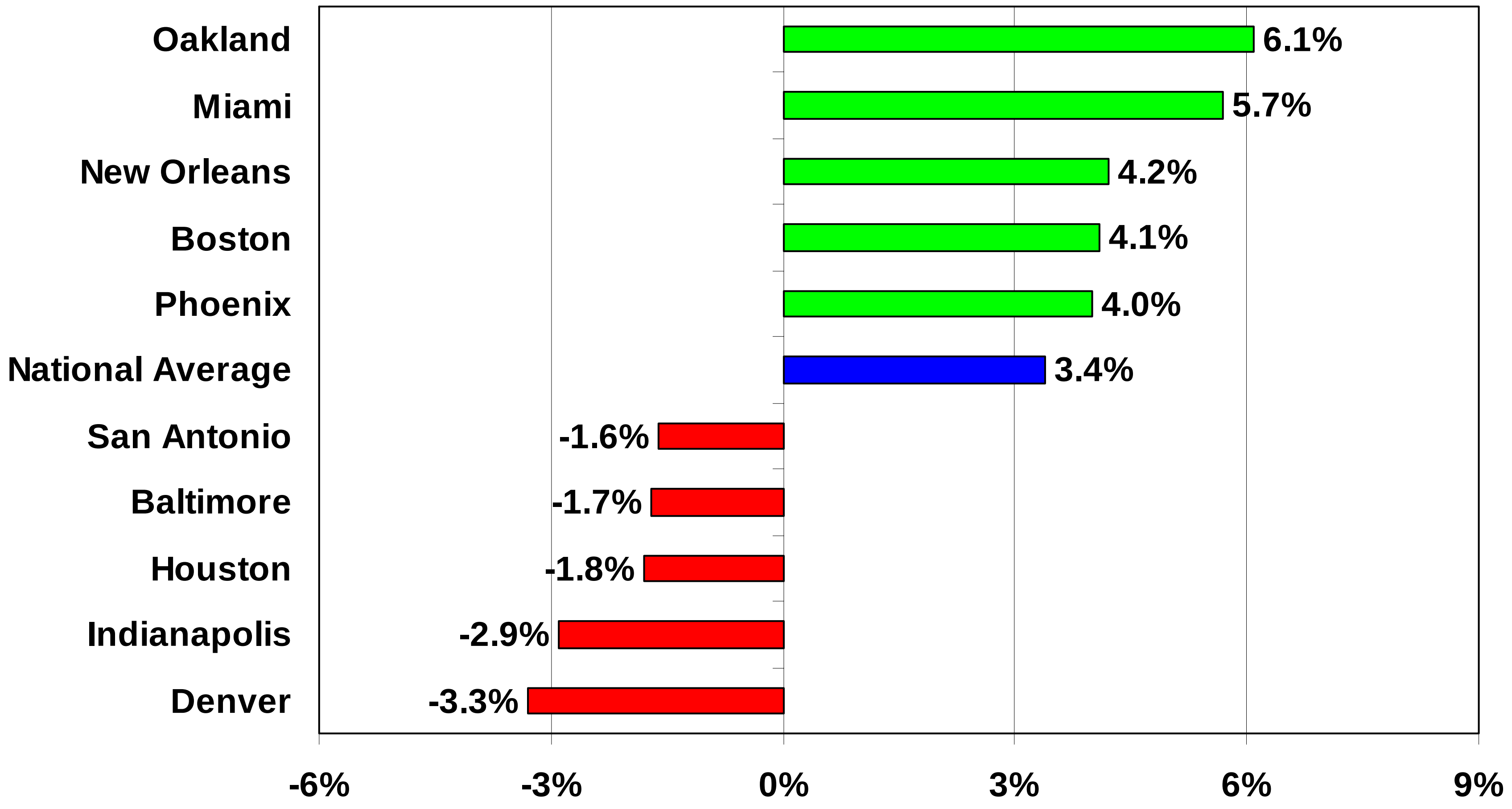
U.S. Hotel Markets

Greatest and Least Change in Occupancy
Forecast Change 2009 to 2010



Source: PKF Hospitality Research, June-August 2010 *Hotel Horizons*® reports.

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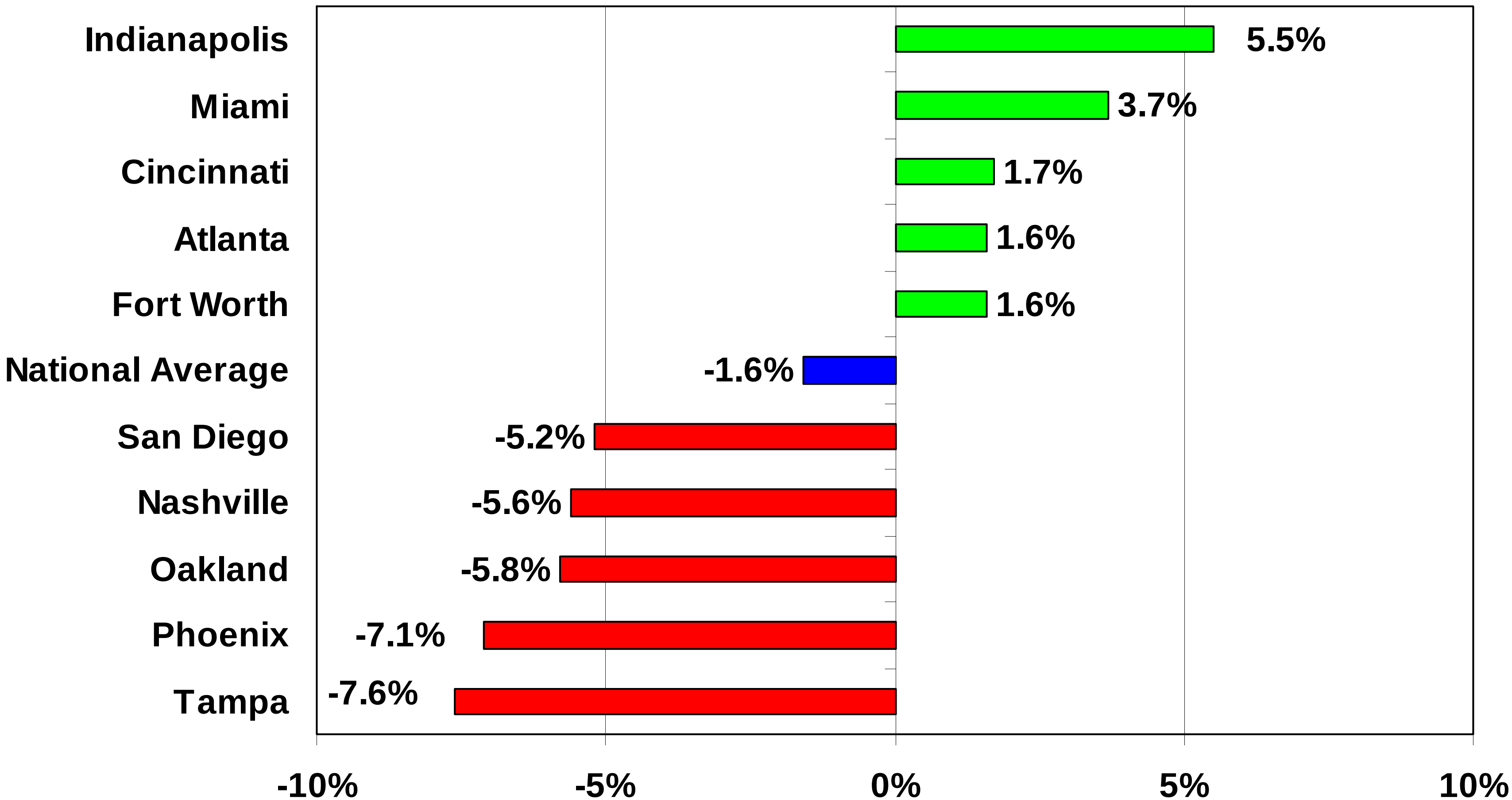
U.S. Hotel Markets

Greatest and Least Change in ADR
Forecast Change 2009 to 2010



Source: PKF Hospitality Research, June-August 2010 *Hotel Horizons*® reports.

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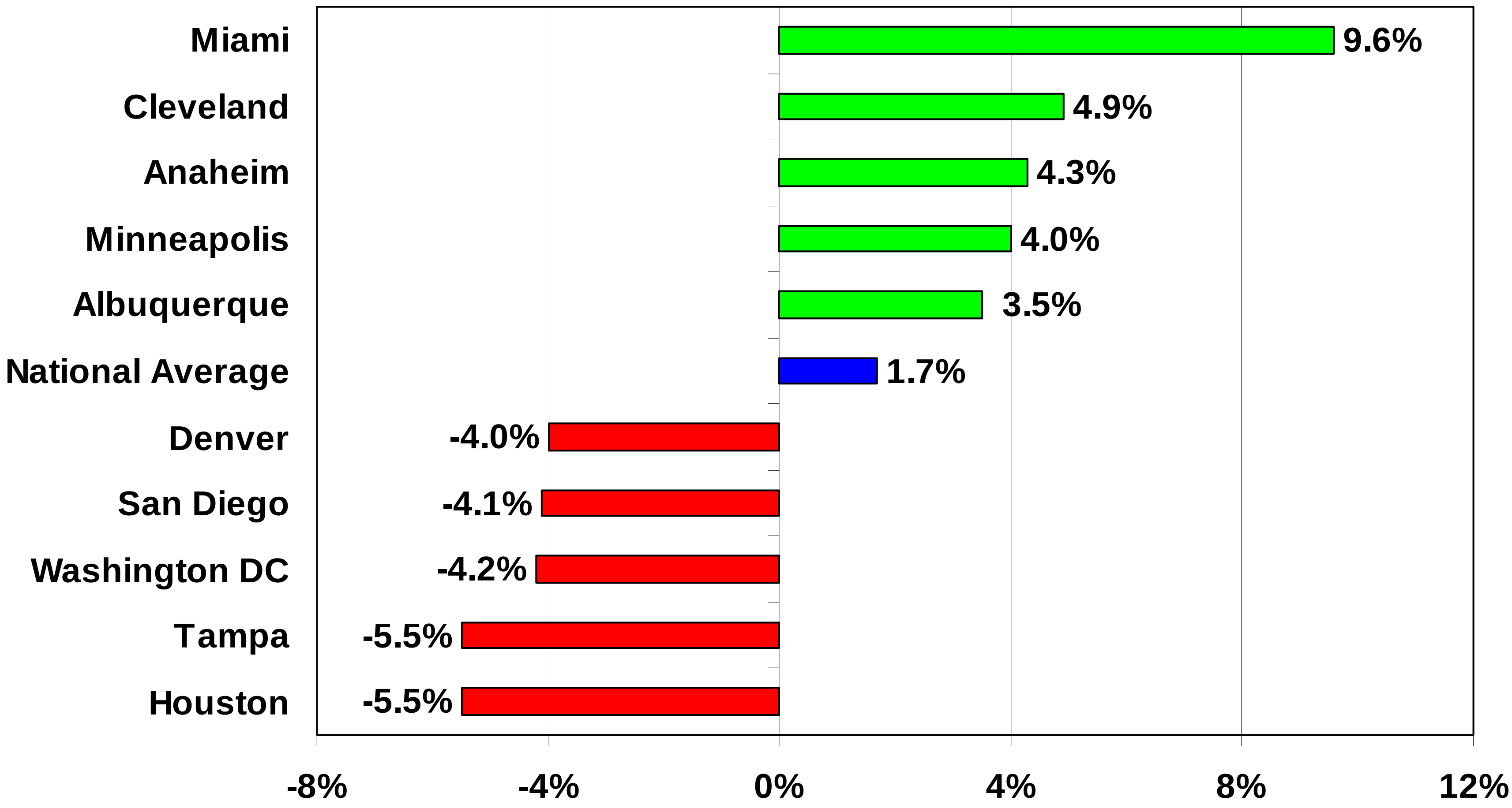
U.S. Hotel Markets

Greatest and Least Change in RevPAR
Forecast Change 2009 to 2010



Source: PKF Hospitality Research, June-August 2010 *Hotel Horizons*® reports.

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Presentation Outline

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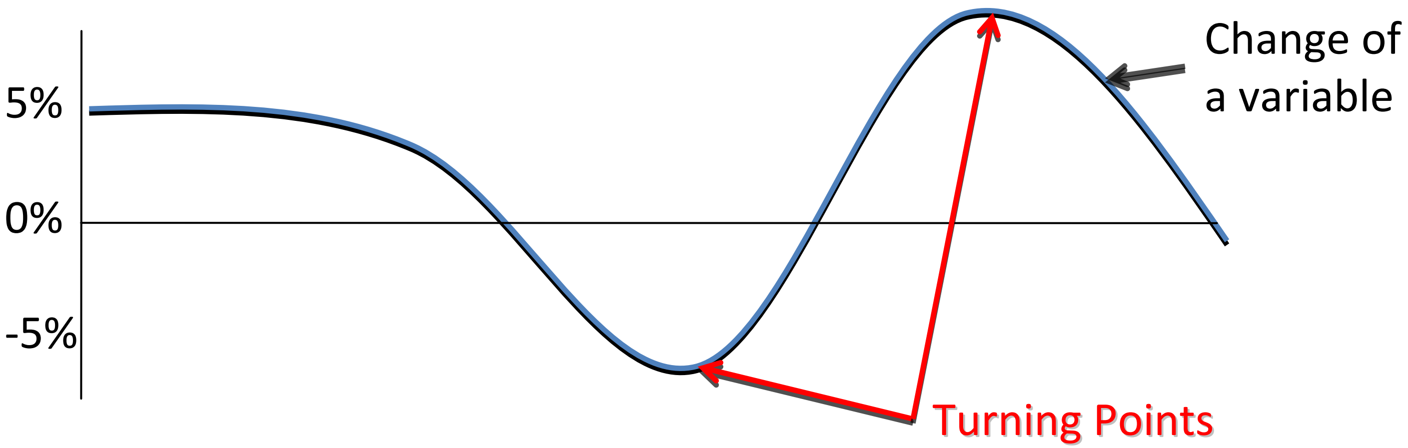
The Bottom
ARE WE THERE YET ?..
MIKE LUCKOVICH

Turning Points

- Turning Point: The relative minimum/maximum of the variable's curve.



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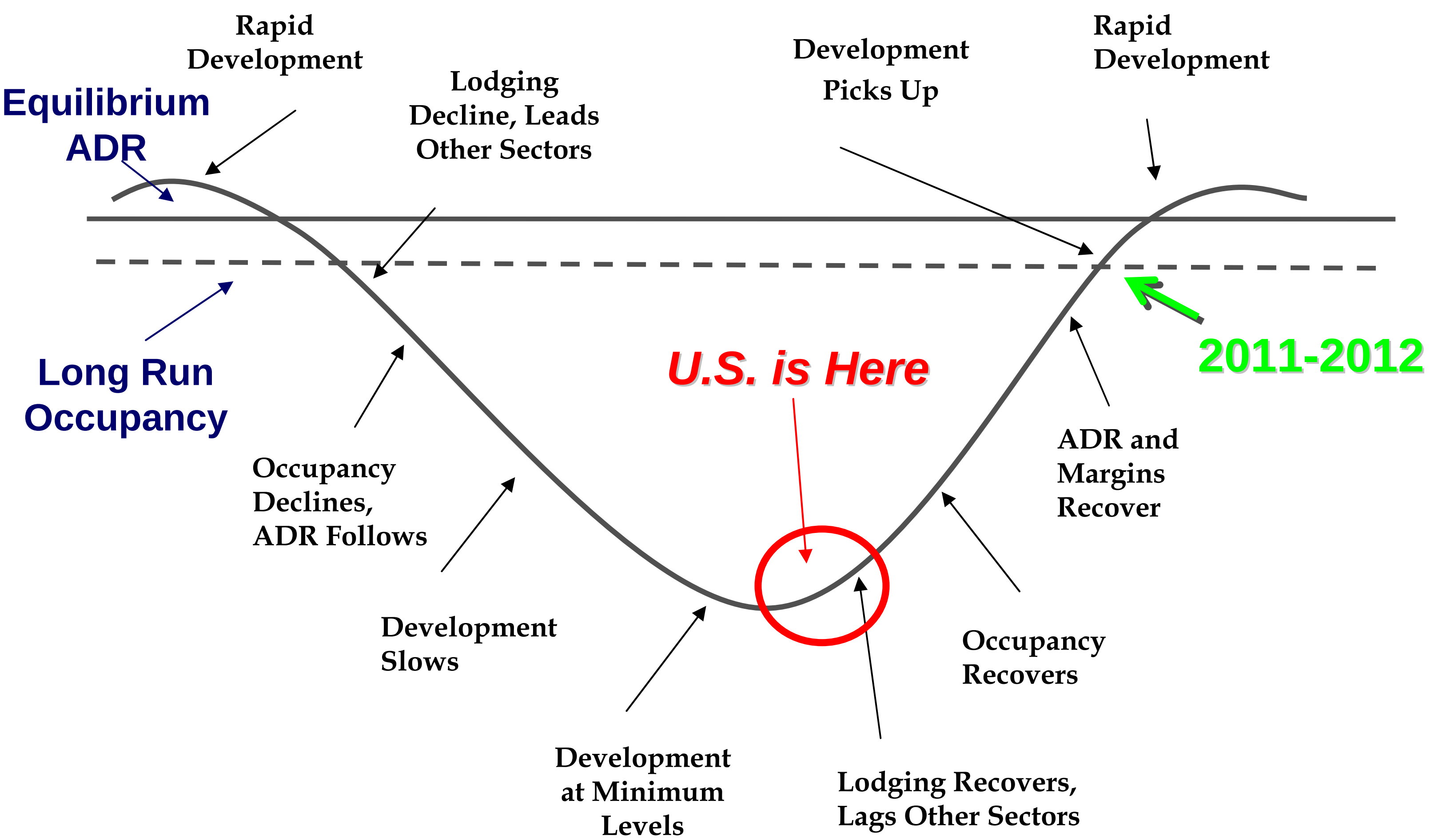
THE HOTEL MARKET CYCLE

Moving Past the Trough



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Updated Forecast: 1st Quarter 2010 – a *Quicker* Turnaround

	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2F	Q3F	Q4F
Supply	3.2%	3.1%	3.2%	3.1%	2.9%	1.2%	0.3%	0.6%
Demand	-8.1%	-8.1%	-5.0%	-1.4%	5.3%	5.8%	4.3%	3.2%
Occupancy	-11.0%	-10.9%	-7.9%	-4.4%	2.3%	4.6%	4.0%	2.6%
ADR	-7.7%	-9.7%	-9.8%	-7.6%	-4.3%	-1.1%	-1.5%	0.5%
RevPAR	-17.8%	-19.6%	-16.9%	-11.7%	-2.1%	3.4%	2.4%	3.1%

Sources: PKF Hospitality Research; Smith Travel Research

HOTELHORIZONS
Econometric Forecasts of U.S. Hotel Markets

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Food For Thought

What will the "new normal" look like?

Business As Usual vs. New Playing Field

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