

**Industry-Wide Analysis – Global**  
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**LE's Inaugural Global Construction Pipeline Report**  
**Details the Worldwide Lodging Construction Boom**  
**At a Total of 10,781 Projects/1,819,486 Rooms**

***Welcome to LE's Inaugural Global Pipeline Report - An Executive Summary***

*In the making for over three years, LE's first ever **Global Construction Pipeline Report** identifies every lodging construction project and compiles a Three-Year Forecast for New Hotel Openings for every market, country and region around the globe.*

*LE's **Global Construction Pipeline Report** documents the most extraordinary period of lodging development in history. Rapid growth was spurred by the rise of globalization, the interconnectedness of economies and markets, the unprecedented availability of both debt and equity capital, the accelerating development of emerging economies, the soaring migration of people from rural communities to urban centers and their rise into the middle class, the explosion of travel and tourism, and the lodging branding revolution sparked in the previous decade. Combined, this has resulted in the greatest real estate construction and infrastructure boom in history.*

*LE developed the **Global Construction Pipeline Report** for the lodging, development, investment, and lending industries and for their vendor and supplier communities. It is our hope that they will find added insights to fine-tune their strategic thinking, sharpen their competitive strategies and to identify markets and regions of continuing opportunity, or perhaps of concern, during the challenging times that lie ahead.*

*LE would like to extend a special thanks to developers around the world who faithfully report their activity to LE, and to hotel company development teams everywhere who so graciously review and verify LE's research to ensure its accuracy and dependability.*

*If you would like a complete copy of LE's **Global Construction Pipeline Report** or want to inquire about Pipeline Reports for any other region, country or market, please call +1 603-431-8740 ext. 25, or complete the attached fax response form and send it to +1 603-431-4418.*

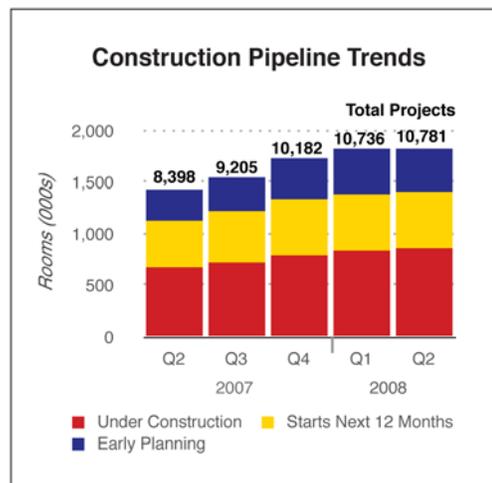
## LE's Construction Pipeline Overview at Mid-Year 2008

The **Total Global Construction Pipeline** stands at a record high of 10,781 projects and 1,819,486 rooms. It's an astonishing 28% year-over-year (YoY) increase.

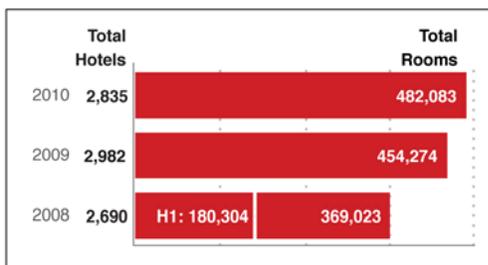
Construction Pipeline Totals	Q2 2008		Q2 2007		Variance YoY	
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms
	Under Construction	4,468	836,567	3,346	648,782	1,122
Scheduled Starts Next 12 Mos	3,819	561,538	3,142	456,477	677	105,061
Early Planning	2,494	421,381	1,910	312,095	584	109,286
<b>Total Pipeline</b>	<b>10,781</b>	<b>1,819,486</b>	<b>8,398</b>	<b>1,417,354</b>	<b>2,383</b>	<b>402,132</b>

At the time of publication, a fall-off from these record Pipeline Totals has already started to occur as the credit crisis and economic slowdown have begun to affect developer sentiment. For projects already in the Pipeline, Cancellations and Postponements are on the rise. New Project Announcements into the Pipeline are slowing.

Seeded earlier in the decade, a notably high 4,468 projects, 41% of the Total Pipeline, are already Under Construction. The associated room count is 836,567 or 46% of the Pipeline. These are sure indicators that the Forecast for New Hotel Openings is set to accelerate over the next two and a half years. Guestrooms already Under Construction range from a high of 64% of the Total Pipeline in the Asia Pacific region, to 56% in Europe and Latin America, and to a low of 31% in the United States.



## LE's Three-Year Forecast for New Hotel Openings



1,295 hotels/180,304 rooms opened in the first half of 2008. Another 1,395 hotels/ 188,719 rooms will open in the second half. New Openings will accelerate in 2009 to 2,982 projects/454,274 rooms, and again in 2010 to 2,835 projects/482,083 rooms.

The lending crisis has brought a worldwide slowing of the forward migration of Pipeline projects from the Scheduled Starts in the Next 12 Months and Early Planning stages

towards Under Construction, as project financing is very difficult to source. This indicates a possible cresting for New Openings in 2010 and a potential peak for the cycle.

### Construction Pipeline by Chain Scale

74% of all projects in the Pipeline have already chosen a brand. 2,811 projects are currently labeled as Independents of which approximately 70% will choose a brand prior to opening, representing significant opportunity for global franchise development teams.

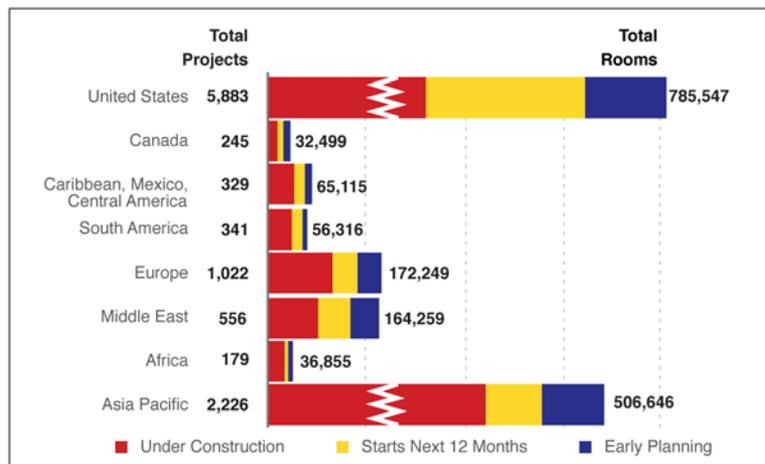
6,507 of all branded projects, 82% of the total branded Pipeline, having 835,445 rooms are select service hotels from the Upscale, Mid-Market and Economy chain scales. The combined Mid-Market segments are the largest with 3,527 projects and 386,971 rooms. The Upscale segment is next with 2,103 projects/349,877 rooms followed by Economy with 877 projects/98,597 rooms.

### Construction Pipeline by Region

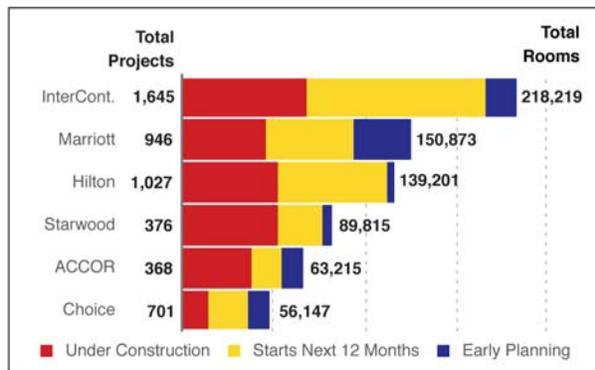
The Americas	Total Pipeline		2008 H1 Act.	2009
	Total Projs	Total Rms	H2 Forecast Total Rms	Forecast Total Rms
US	5,883	785,547	135,373	165,425
Canada	245	32,499	9,288	9,386
Mexico	152	28,831	7,489	8,684
<b>Europe, Middle East</b>				
UK	338	49,363	11,345	12,504
UAE	293	99,750	9,197	18,226
Spain	176	27,249	8,613	9,655
<b>Asia Pacific</b>				
China	1,240	323,956	111,868	111,962
India	470	76,304	5,317	14,857
Thailand	122	22,261	4,274	5,715

The United States has the largest Pipeline with 5,883 projects/785,547 rooms or 43% of the Global Total. With development activity across all chain scales, the average project size is low at 134 rooms. The Asia Pacific region has the second largest Pipeline at 2,226 projects/506,646 rooms, with an average project size of 228 rooms. With 325,536 rooms, Asia has the highest Under Construction room count of any region in the world. The United States has the second most rooms Under Construction, followed by Europe, then the Middle East, which also has the highest project size of any region with 295 rooms per project.

Large, iconic, cutting-edge “starchitect” designs in capital cities, other economic centers and lavish resort destinations are what’s driving the average project size to lofty levels such as 370 rooms in Dubai, 318 rooms in Abu Dhabi and 261 rooms in China.



## Construction Pipeline – Leading Companies



InterContinental has the largest Construction Pipeline in the world with 1,645 projects and 218,219 rooms. In addition to its InterContinental and Crowne Plaza brands, it has a popular portfolio of select service brands that are uniformly being developed across the globe led by its Holiday Inn and Holiday Inn Express labels. Staybridge Suites is a more recent portfolio addition globally.

Marriott, with 946 projects/150,873 rooms, has the largest Global Pipeline of Luxury and Upper Upscale projects. Most are world-class, state-of-the-art designs in capitals and other major cities, business and

economic hubs and leading resort locations in both older mature countries and emerging economies. JW Marriott, Ritz Carlton, Marriott Hotels and Resorts, Renaissance, and the Upscale Courtyard brands have created Marriott's worldwide positioning. Many of their development projects also have private residences, as seen with their Marriott Executive Apartments extended-stay label outside the US.

Hilton Hotels has had a global presence for over two generations. Its Global Pipeline has 1,027 projects and 139,201 rooms. After the recent merger between the US-based Hilton Group and Hilton International, their global development strategies have accelerated. Development staffs have been increased to introduce Hilton's select service brands, Hilton Garden Inn and Hampton Inn, globally. Doubletree has also been launched worldwide, primarily as a high-end conversion brand.

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**To learn more about LE's Reports for the world as a whole or for any market, country or region worldwide, please complete the attached fax response form. Lodging Econometrics (LE) specializes in:**

**Development Pipeline Reports - Summaries & Individual Project Records**

With Three-Year Forecasts for New Hotel Openings for every market, country and region

**Contact Names for Owners & Management of Open & Operating Hotels (Census)**

Essential for companies inquiring about acquisitions or adding to their asset management portfolio

**Competitive Set Reports – For the Development Pipeline and Open & Operating Hotels (Current Supply)**

Customized for your particular competitive set with summaries by market, country, region and globally