Total US Lodging Overview

Jan D. Freitag

Vice President
Smith Travel Research

SUMMER UPDATE
Presented By: Jan D. Freitag, STR
Agenda

• Global Overview

• US Overview
  – Forecast
  – Total US
  – Chain Scales
  – Group vs. Transient Performance
  – Pipeline

• Takeaways
Global Lodging Industry
RevPAR % Change
Q2/08, YE/08, YTD May 2009

UK £
H1 08 YE 08 09 YTD
2.5% -0.4% -11.3%

Europe €
H1 08 YE 08 09 YTD
-0.4% -5.1% -20.8%

United States $
H1 08 YE 08 09 YTD
1.6% -1.8% -18.7%

Asia Pacific $
H1 08 YE 08 09 YTD
12.5% 1.8% -30.3%

ME & A $
H1 08 YE 08 09 YTD
25.7% 17% -14.9%

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Total United States
Supply/Demand Percent Change
2005 – 2010P

-0.1  2.8  0.2  0.5  1.3  0.9  2.6  3.0  1.4  1.1  1.9  1.3

Supply % Chg
Demand % Chg

2005  2006  2007  2008  2009P  2010P  20 Yr Average

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Total United States
Occupancy Percent Change
2005 – 2010P

20 Year Average: -0.6%
Total United States
ADR Percent Change
2005 – 2010P

20 Year Average: 3.5%

2005: 5.5
2006: 7.5
2007: 6.2
2008: 2.6
2009P: -9.7
2010P: -3.4

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Total United States
Average Daily Rate (In Dollars)
2005 – 2010P

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Total United States
RevPAR Percent Change
2005 – 2010P

20 Year Average: 2.9%

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Total US Room Rates
Actual vs. Inflation Adjusted
2000 – 2010E

If year 2000 ADR had increased by CPI each year…

Nominal ADR
Yr 2000, Grown by CPI

2000 – 2010E

2009 Smith Travel Research, Inc.

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Total United States
Key Performance Indicators Percent Change
Full Year 2008 / May 2009 YTD

Supply Demand Occ ADR RevPAR
-20 -15 -10 -5 0 5 10
2008 YTD 2009
2.6 3.2 -1.8 2.5 -1.8
-8.3 -4.2 -8.5 -18.7
-11.2

2009 Smith Travel Research, Inc.
Total United States
Room Supply/Demand Percent Change
Twelve Month Moving Average – 1989 to May 2009

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Total United States
Occupancy/ADR Percent Change
Twelve Month Moving Average – 1989 to May 2009

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Total United States
RevPAR Percent Change
Twelve Month Moving Average – 1989 to May 2009

-2.7% 11/91

-10.5% 6/02

-10.3% 5/09
Chain Scales Performance
Chain Scales
Supply/Demand Percent Change
May 2009 YTD
Chain Scales
Occupancy/ADR Percent Change
May 2009 YTD

Luxury
Upper Upscale
Upscale
Mid w F&B
Mid wo F&B
Economy

-15.3
-11.7
-12.0
-12.2
-11.9
-9.6

-14.9
10.2
-9.0
-5.0
-4.1
-4.9

Occupancy
ADR

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Chain Scales
RevPar Percent Change
May YTD 2009

Luxury: -27.9
Upper Upscale: -20.7
Upscale: -19.9
Mid w F&B: -16.5
Mid wo F&B: -15.5
Economy: -14.2

2009 Smith Travel Research, Inc.
Group vs. Transient Performance
Total United States
28 Day Moving Average
Group & Transient Demand % Change
YTD June 27, 2009

Group Demand
Transient Demand

1/1/09 2/1/09 3/1/09 4/1/09 5/1/09 6/1/09

2009 Smith Travel Research, Inc.
Total United States
28 Day Moving Average
Group & Transient ADR % Change
YTD June 27, 2009

2009 Smith Travel Research, Inc.

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US Luxury Hotels
Difference Transient vs. Group ADR
Jan 08 - May 09
Transient - Occupancy / ADR Performance
Weekday / Weekend
YTD June 27th, 2009

Occupancy

ADR

-8.8
-15.6
-16.0

Weekday
Weekend

2009 Smith Travel Research, Inc.
Group - Occupancy / ADR Performance
Weekday / Weekend
YTD June 27th, 2009

-23.7
-17.1
-4.1
-4.2

Occupancy

ADR

Weekday
Weekend

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Pipeline Update

STR Pipeline
Part of the STR / TWR / Dodge Construction Pipeline

Last Updated: 6/15/09
## Total United States

### Active Development Pipeline – ‘000s Rooms

<table>
<thead>
<tr>
<th>Phase</th>
<th>May 2009</th>
<th>May 2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Construction</td>
<td>159</td>
<td>206</td>
<td>-23%</td>
</tr>
<tr>
<td>Final Planning</td>
<td>66</td>
<td>106</td>
<td>-38%</td>
</tr>
<tr>
<td>Planning</td>
<td>298</td>
<td>359</td>
<td>-17%</td>
</tr>
<tr>
<td>Active Pipeline</td>
<td>523</td>
<td>672</td>
<td>-22%</td>
</tr>
<tr>
<td>Pre-Planning</td>
<td>123</td>
<td>159</td>
<td>-22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>646</strong></td>
<td><strong>831</strong></td>
<td><strong>-22%</strong></td>
</tr>
</tbody>
</table>

*Source: STR / TWR / Dodge Construction Pipeline*
Total United States
Rooms In Construction by Scale – In Thousands
May 2009

Source: STR / TWR / Dodge Construction Pipeline
Takeaways

• Decline is Global – Visibility Difficult (/ Impossible?)
• Unprecedented RevPAR Declines & The Bleeding Has Not Yet Stopped
• All Scales Are Affected – Upper End Hurts The Most
• Group Rates Are In Total Flux
• Transient Weekend Leads Rebound?
• Today’s Rate Cuts Will Hurt For a (Loooooong) While
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