

Hospitality and Leisure

Hospitality Directions US

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PricewaterhouseCoopers' lodging forecast anticipates hotel occupancy rates will increase 3.5 percent in 2010, resulting in a 1.8 percent increase in revenue per available room (RevPAR), the first annual increase in this metric since 2007. Economic conditions support increased travel demand by businesses and households, and with construction starts slowing, hotel supply growth is decelerating. These conditions support a forecast of 6.3 percent RevPAR growth in 2011.

The economy demonstrates signs of forward momentum. Though firms are operating far below capacity and large numbers of individuals are unemployed, the economy is in the early stages of what is anticipated to be a sustained economic recovery. Our lodging forecast a year ago correctly anticipated occupied room nights would increase on a year-over-year basis in the first quarter of 2010, for the first time in eight quarters.¹ However, recent results in the lodging sector demonstrate demand is recovering more quickly than we anticipated. Our updated lodging forecast reflects this recent performance, the current economic outlook by Macroeconomic Advisers, and our view that conditions have improved the outlook for the start of a recovery in lodging pricing.

We have raised our outlook for lodging demand growth in 2010 to 5.5 percent (from 2.4 percent in our previous forecast²). While month to month results are expected to be choppy, the factors contributing to demand growth remain favorable. Through the remainder of the year, consumer and business spending is expected to increase, successfully replacing the waning contributions of fiscal stimulus and inventory investment, and allowing the economy to make a transition to the next stage of recovery. Spending on lodging was substantially reduced in 2009. However, some of those reductions are proving temporary, with occupied room nights in the first quarter of 2010 rising 5.3 percent compared to the year earlier.

Supply growth is slowing. Hotel construction starts declined again in the first quarter and hotel openings continued to ebb. The full year operation of hotels opened in 2009 will help support supply growth of 1.9 percent in 2010, but we expect the reduced construction pipeline will bring the pace of supply growth to just 0.4 percent in 2011. The pace of supply growth peaked at a slower pace in this cycle than in either of the two previous recessions, and low availability of commercial real estate lending has a further impact as we look forward in our supply outlook. As a result, increased demand will be only partially absorbed by new supply, and we anticipate occupancy rates will increase 3.5 percent in 2010, and a further 2.7 percent in 2011.

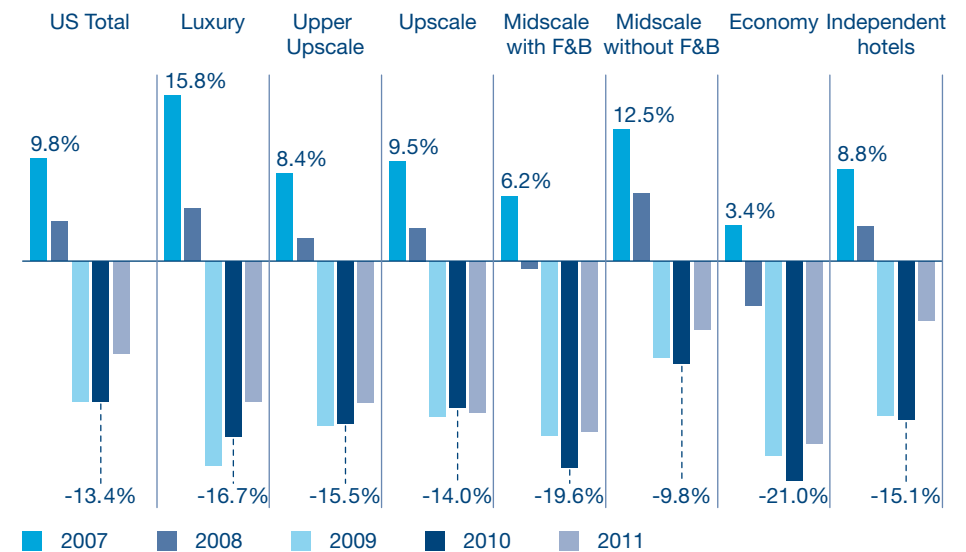
Strengthening demand and subdued supply growth set a context for price recovery. Though overall occupancy rates will remain substantially below normal and hotels will not be able to rely on as many high-occupancy periods to drive traditional price increases, we anticipate more normalized pricing to begin to return. After a year of transition in 2010 that will result in slightly lower prices on average than in 2009, we expect industry-wide ADR will recover 3.5 percent in 2011.

¹ PricewaterhouseCoopers LLP. (2009, June) Hospitality Directions US. Retrieved from: <http://www.pwc.com/hospitality>

² PricewaterhouseCoopers LLP. (2010, January) Hospitality Directions US. Retrieved from: <http://www.pwc.com/hospitality>

In assessing the potential trajectory for recovery, it is useful to consider current RevPAR levels relative to average levels during the past ten years. As shown in Figure 1, after adjusting for inflation, US RevPAR was 9.8 percent above its ten-year average in 2007, and has fallen to a level in 2010 that is 13.4 percent below average. The transition in the luxury segment has been particularly abrupt, falling from 15.8 percent above average to 16.7 percent below. The US average is closer to its ten-year average than a majority of the chain-scale segments because the mix of US room supply has changed over the period. Holding the mix of supply constant, US RevPAR was 8.7 percent above and 15.6 percent below its ten-year average in 2007 and 2010, respectively.

Figure 1 — RevPAR, real, percentage difference from ten-year average, 2007 to 2011



Source: Smith Travel Research, PricewaterhouseCoopers LLP.

Note: To simplify the graph, values are shown for 2007 and 2010 only. Values for other years are available upon request. Ten-year average reflects 2000 to 2009.

The economy is growing at an above-trend rate, but more slowly than would be expected after a deep recession. The second half of 2010 brings an important test of the US recovery. As expected, the boost provided by fiscal stimulus and business spending to stabilize inventories is diminishing. A sustained recovery that maintains GDP growth at above-trend rates in the range of 3.5 to 4.0 percent annually will depend on a transition to economic growth driven by business investment and consumer spending. The outlook for the economy to make a successful transition is favorable, as summarized below.

Business decision-makers face an improved set of circumstances and confidence is returning. Capital costs of larger firms with access to capital markets reflect historically low Treasury yields and normalized corporate interest rate spreads, and corporate profits have increased substantially from year-ago levels. As an example of improved confidence in investment decisions, business spending on equipment and software, a broad category in GDP accounts, is growing at impressive double-digit annual rates. Businesses have also incrementally increased work hours, an expected precursor to hiring additional workers.

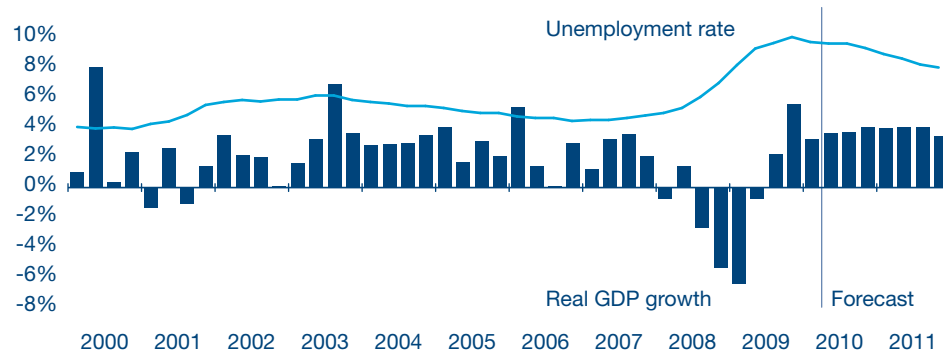
The fundamentals expected to support consumer spending during the second half of 2010 have also strengthened. The recent stabilization of housing prices suggests that the drag from declining real estate values will dissipate by the end of 2010. Credit conditions are improving and banks

have become more willing to make consumer installment loans. Though unemployment is expected to be persistent, job growth is expected to resume, with more than 300,000 jobs being added monthly by the fourth quarter of 2010. Lastly, Macroeconomic Advisers has observed that consumer spending on durable goods, such as cars and trucks, appears to be benefiting from a “catch up” after a period of under investment. Such an effect may also apply to other discretionary purchases that consumers postponed during the recession, such as vacations. Overall, Macroeconomic Advisers expects consumer spending to grow at an annualized rate of 3.4 percent in 2010.

Nevertheless, risks persist. Though equities have recovered substantially over the past year, financial markets remain fragile. High unemployment is expected to continue, with the unemployment rate averaging 9.5 percent in 2010, and declining to only 8.4 percent in 2011 (compared to an average of 5.5 percent over the past 20 years). The global recovery continues, and though foreign demand for assets dominated in US dollars is not assumed to waver, such a decline could cause a dangerous rise in US interest rates.

Weighing these conditions, Macroeconomic Advisers forecasts quarterly GDP growth at an annualized rate of 3.7 percent in the second quarter of 2010, and then continuing at rates between 3.4 to 4.1 percent for the second half of 2010 and four quarters of 2011, as illustrated in Figure 2.

Figure 2—Annualized rate of growth in real GDP and unemployment rate, 2000Q1 to 2011Q4



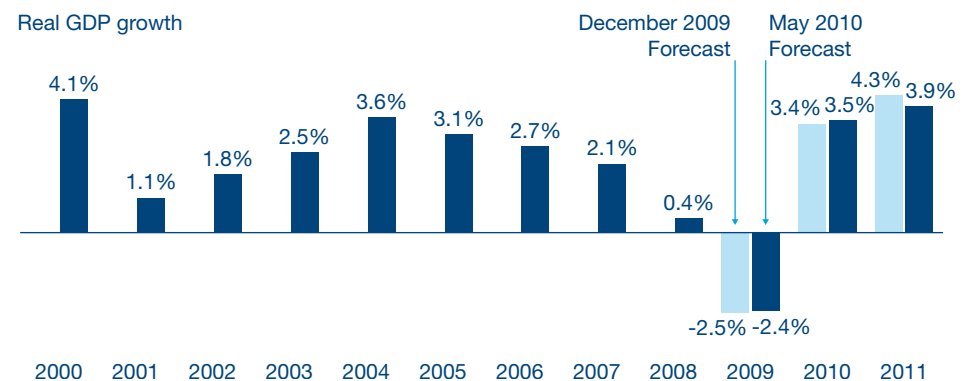
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Macroeconomic Advisers, LLC.

Macroeconomic Advisers' May 2010 forecast reflects an expectation of slightly faster growth in 2010, relative to its earlier forecast used as an input in the previous edition of our lodging sector forecast. Macroeconomic Advisers now anticipates real GDP growth of 3.5 percent in 2010, as shown in Figure 3.³ In this outlook, as with the December 2009 forecast, real GDP is expected to recover to its earlier peak in third quarter of 2010.

European sovereign debt crisis update

In response to the sovereign debt crisis unfolding in Europe, Macroeconomic Advisers released two “alternative” scenarios on May 14. In the benign scenario, the effects of the crisis are small enough that they could be offset by other positive developments in the US. In the pernicious scenario, with greater financial contagion, including an immediate 10 percent appreciation of the US dollar, US economic growth could be reduced by over one percentage point in 2010 and 2011. As of the release of this analysis, Macroeconomic Advisers assigned a low probability to the likelihood of the pernicious scenario.

Figure 3—Annual growth in real GDP, 2000 to 2011



Source: Bureau of Economic Analysis, Macroeconomic Advisers, LLC.

³ Relative to the most recent Wall Street Journal Economic Forecasting Survey (2010, May), Macroeconomic Advisers' current forecast for GDP growth in 2010 and 2011 (3.7 percent and 3.9 percent on a fourth quarter over fourth quarter basis, respectively) is above consensus (3.2 percent and 3.1 percent). Retrieved from: <http://online.wsj.com/public/page/economic-forecasting.html>

Our key macroeconomic assumptions

The following describes the key assumptions supporting the current macroeconomic outlook.^{4, 5}

Factor	Assumption
Consumer spending	Several fundamentals for consumer spending have improved recently, including stabilization in housing prices, rising average weekly hours and employment, and gradual improvements in credit conditions. Consumer spending is expected to continue to grow at an annualized rate of 3.6 percent in the second quarter, before slowing somewhat to a pace of 2.8 to 3.3 percent for the balance of 2010 and into 2011.
Labor markets	The unemployment rate is expected to remain elevated. The underlying strength of employment will be obscured by Census hiring, which is expected to have added to payrolls in April and May, and then begin reversing these contributions in June. Employment growth is expected to peak in early 2011, with the unemployment rate not expected to fall back below 9.0 percent until the first quarter of 2011.
Oil prices	Oil prices increased in the first quarter of 2010 on average. After falling 35.6 percent in 2009, oil prices are expected to increase 33.3 and 2.5 percent in 2010 and 2011, respectively.
US dollar	The value of the US dollar rose 6.1 percent in 2009. Adjusting for recent trends, it is expected to be 2.8 percent lower in 2010, and approximately stable in 2011.

Factor	Assumption
Equity and housing markets	Equities have risen over 60 percent since the low realized in mid-March 2009, resulting in equity prices that are similar to 2004 levels. Existing housing prices, as measured by the Loan Performance HPI, have stabilized in recent months. Current prices are similar to 2003 levels. Prices are expected to decline slightly in 2010 on average, and then increase slightly in 2011. Overall, an estimated 23.7 percent of all residential properties with mortgages were in negative equity in March 2010, which is level with a year ago, according to First American CoreLogic.
Inflation	The consumer price index (CPI) declined an estimated 0.3 percent in 2009. The CPI is expected to increase 1.8 percent and 1.0 percent in 2010 and 2011, respectively, restrained by considerable slack in the economy. Long-term inflation expectations remain anchored at 2.4 percent.
Fiscal stimulus	The forecast assumes the impacts of the fiscal stimulus package will boost GDP growth 0.8 percentage points in 2010. In 2011, the phase out of programs will restrain growth, requiring continued strengthening of domestic demand to ensure continued economic expansion.
Terrorist threats and natural disasters	The forecast assumes no significant terrorist acts in the United States or against US interests abroad that could negatively affect consumer travel. Also, the forecast does not incorporate an expectation of any major natural disasters.

⁴ Macroeconomic Advisers, LLC. (2010, May 6) *Outlook Commentary*. Retrieved from <http://macroadvisers.com>

⁵ Macroeconomic Advisers, LLC. (2010, May 10) *Forecast Details*. Retrieved from <http://macroadvisers.com>

Demand

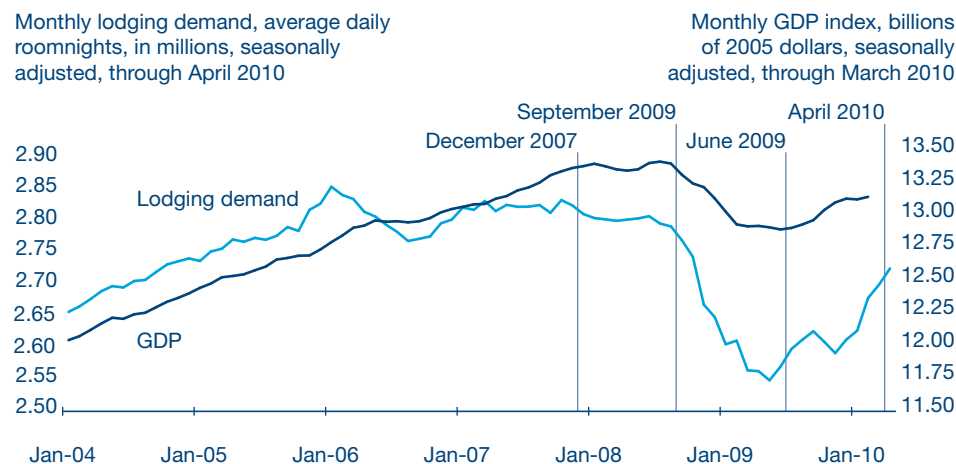
The initial months of 2010 have suggested that lodging demand is recovering more quickly than we initially anticipated. Previously suspended or postponed travel plans have been reinstated, and businesses and households have increased spending on travel. While constraints remain evident, such as corporate focus on travel management and cost containment, low levels of group meetings, and high unemployment, transient travel has begun to recover as funds become available in business and household budgets and the economic outlook becomes more stable.

This recovery is evident in industry statistics. From the level of 2.79 and 2.82 million average daily room nights in 2006 and 2007, respectively, lodging demand fell to a low of 2.56 million average daily room nights in the first quarter of 2009, on a seasonally adjusted basis. From that trough, and with the turning point of the US economy in mid-2009, demand began following an upward trajectory.^{6, 7} Most recently, demand increased substantially in the first quarter of 2010 to 2.70 million average daily room nights, on a seasonally adjusted basis. As shown in Figure 4, lodging demand has improved as GDP has resumed growth.

Beneath this gradual recovery, trends within lodging are mixed. During the first quarter, the contribution of group demand to occupancy rates at higher priced properties ran approximately 25.2 percent behind 2007 levels, compared to an average three-year decline of 2.8 percent for the transient segment.⁸ While performance in the group segment can be described as “stabilization” at best, the transient segment showed a firmer footing.

While recent gains are clear, it is unlikely that the pace of growth set in the cyclical resurgence of recent quarters will continue through the remainder of the year. Instead, we expect that the demand recovery—while choppy on a month to month basis—will shift to a pace that gradually closes the gap with the long-term trend in lodging demand growth. Overall, we anticipate lodging demand in 2011 will average 2.82 million average daily room nights, which is similar to 2006 and 2007 levels.

Figure 4—Monthly lodging demand and GDP, 2004 to 2010, three-month moving average



Source: Macroeconomic Advisers, LLC; Smith Travel Research; PricewaterhouseCoopers LLP.

Note: April 2010 lodging demand is estimated based on daily results from Smith Travel Research. Macroeconomic Advisers' index of monthly GDP is a monthly indicator of real aggregate output that is conceptually consistent with real gross domestic product. March 2010 monthly GDP is not yet available.

⁶ Economists generally recognize June 2009 as the approximate end of the most recent recession, though a recession end date has not yet been announced by the recession dating committee of the National Bureau of Economic Research.

⁷ Economist.com, (2010, April 12). It is obvious the recession is over. http://www.economist.com/blogs/freeexchange/2010/04/business_cycles_0

⁸ In this instance, higher priced properties refers to luxury, upper upscale and upper tier independent properties as tracked by Smith Travel Research.

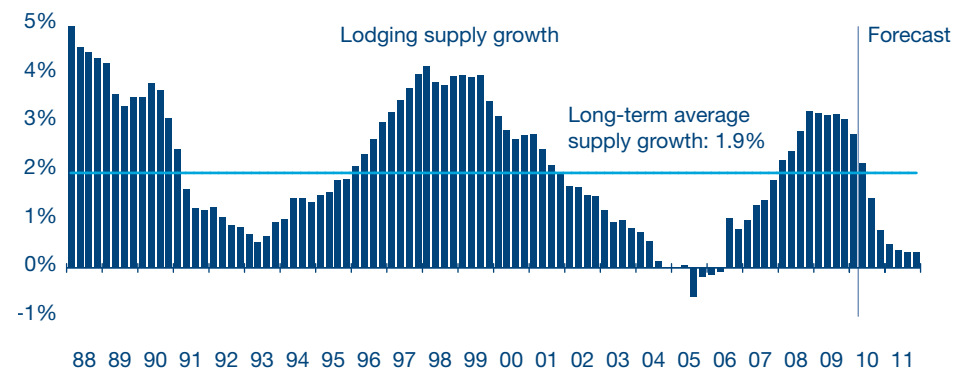
Supply

The current slowdown in hotel construction activity is a key element in the foundation for recovery in the operating performance of existing hotels. The pace of new construction starts fell from 134,000 rooms in 2008, to 47,000 in 2009, and most recently to a pace equivalent to approximately 29,000 rooms (annualized) in the first quarter of 2010. This reflects adjustments for the fact that the first quarter is typically the slowest quarter for construction starts, and indicates a construction pace that is equivalent to 0.6 percent of existing room supply, the slowest in the 23-year period of comparable information. The closest comparison is the 0.7 percent pace of construction starts in the first half of 1993. During another potentially comparable period, 2003 to 2006, supply growth slowed to below 1.0 percent annually, but this occurred as construction starts maintained a pace above 1.5 percent, and a greater number of removals helped offset the new openings. The takeaway is that the current pace of construction starts is already abnormally low, and sets the industry on a course for slow supply growth during the forecast period. This slowing in construction starts has been precipitated by low availability of capital for construction loans, and weak operating performance of existing hotels, as explained below.

While the general availability of capital improved in 2009, and capital has flowed to acquisition funds seeking to acquire hotel assets, construction loans represent a higher risk category of lending. Given uncertainty in the commercial real estate sector, funding for construction loans on hotels remains limited. Meanwhile, hotel operating performance has declined broadly across markets in the US. In many situations, potential new build projects no longer offer returns that justify development. Even in cases in which local market conditions are attractive, acquisition of existing assets may yield higher returns than new construction.

In this context, our outlook for new supply is predicated on a stabilization of construction starts in a low range through 2011. Meanwhile, the number of removals, representing the closure of hotels, has gradually increased in recent quarters, resulting in the removal of 22,000 hotel rooms in the past four quarters. Looking ahead, in the remainder of 2010 and into 2011, removals are expected to reduce annual supply growth by approximately 0.5 percentage points. As a result, with slowing new construction, and ongoing removals, new supply growth is expected to decline from 1.9 percent in 2010, to 0.4 percent in 2011. This is lower than the 20-year average pace of 1.9 percent annual growth, as shown in Figure 5.

Figure 5—Lodging supply growth, percentage change from prior year, 1988 to 2011



Source: Smith Travel Research; PricewaterhouseCoopers LLP.

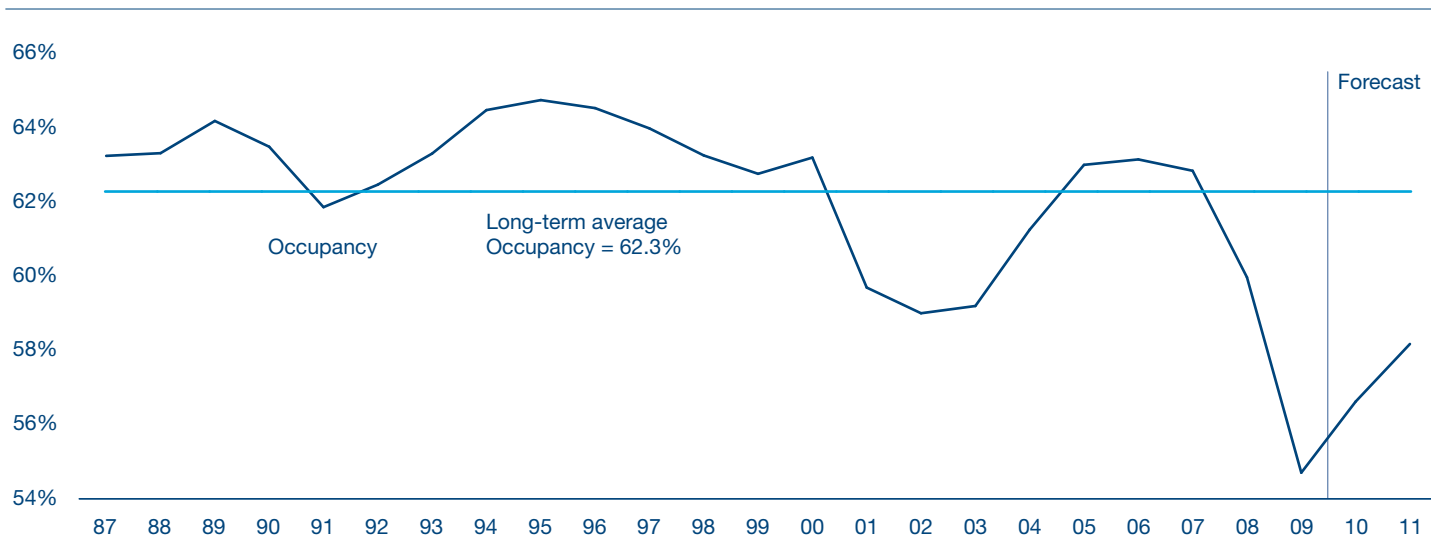
Occupancy

With growing demand and decelerating supply growth, we anticipate that the national occupancy rate will increase 1.9 percentage points in 2010, equivalent to 3.5 percent growth, reaching 56.6 percent. As shown in Figure 6, this is 5.9 percentage points below the 20-year average of 62.5 percent.

ADR and RevPAR

With the significant pull back in group demand that has occurred, the environment for compression-driven rate increases is compromised. Lower group demand increases the number of competitive options open to group event planners, heightening rate competition. At the same time, hotels with a low base of advance group bookings face a reduced opportunity cost of accepting discounted or heavily negotiated transient bookings. Even as the industry experiences incremental increases in transient demand, realizing rate increases in many operating periods and markets will be challenging until group bookings pick up.

Figure 6—Occupancy, 1987 to 2011

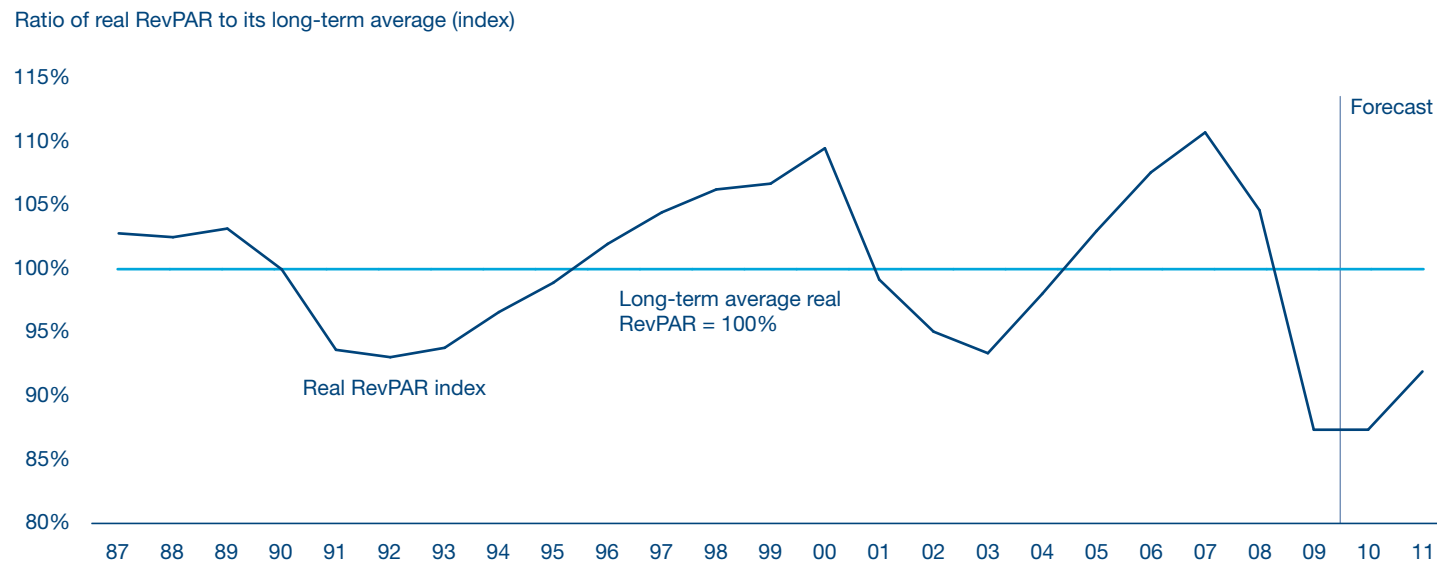


Source: Smith Travel Research, PricewaterhouseCoopers LLP.

We anticipate the 8.8 percent decrease in ADR during 2009 will be followed by a further decline of 1.7 percent in 2010, before growth resumes with a 3.5 percent increase in 2011. This is expected to put nominal ADR back at levels consistent with late 2006, but it represents a base case scenario. Hotels in urban markets and at higher price points tended to experience greater decreases in pricing than hotels in suburban and interstate markets, but these hard hit properties are also the ones that posted some of the strongest gains in the first quarter of 2010. The gradual return of transient lodging demand in 2010 is helping to support

some compression during peak travel periods in urban markets, which may help to stem rate declines. However, hotel pricing remains subject to a significant element of competitive dynamics and managers' decisions on short-run vs. long-run payoffs. Depending on the decisions made by travel planners and hotel operators, future hotel rates could evolve on a range of potential scenarios. Figure 7 shows our outlook for real RevPAR, and Tables 2 and 3 summarize the key annual and quarterly measures in our US outlook.

Figure 7—Real RevPAR, 1987 to 2011



Source: Smith Travel Research; Bureau of Labor Statistics; Macroeconomic Advisers, LLC; PricewaterhouseCoopers LLP.

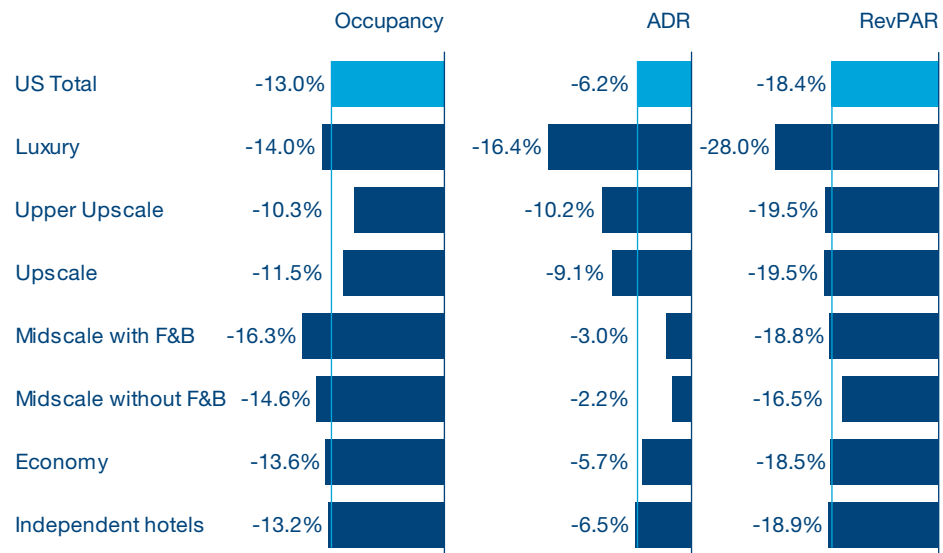
The following provides a brief analysis of our current outlook for the US, and each of the six chain scale segments and independent hotels, as shown in Table 1. Figure 8 shows the percentage change from 2007 to 2009 in the key metrics of the six chain scale segments and independent hotels. Additional tables showing our chain scale outlook are shown as Tables 4 to 10.

Table 1: US and chain scale segment outlook

	Percent change from 2009 to 2010					Percent change from 2010 to 2011				
	Demand	Average room supply	Occupancy	ADR	RevPAR	Demand	Average room supply	Occupancy	ADR	RevPAR
Luxury	10.8	4.3	6.2	(1.0)	5.2	2.1	1.8	0.3	4.7	5.0
Upper upscale	7.0	2.0	4.8	(2.7)	2.0	(0.7)	0.7	(1.4)	4.8	3.3
Upscale	11.7	6.2	5.2	(2.3)	2.7	(1.9)	2.3	(4.0)	4.6	0.4
Midscale with F&B	(1.6)	(2.4)	0.8	(2.7)	(1.9)	(1.2)	(3.9)	2.9	2.3	5.3
Midscale without F&B	7.4	4.3	3.0	(1.9)	1.1	3.3	1.8	1.4	3.2	4.6
Economy	3.0	0.5	2.5	(3.7)	(1.3)	3.2	0.3	2.9	2.4	5.4
Independents	4.3	1.2	3.1	(1.8)	1.2	8.5	0.3	8.1	3.7	12.2
US Total	5.5	1.9	3.5	(1.7)	1.8	3.2	0.4	2.7	3.5	6.3

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Figure 8—Occupancy, ADR and RevPAR, percentage change from 2007 to 2009



Source: Smith Travel Research.

Chain scale	Percent change from 2007 to 2009			Comments
	Occupancy	ADR	RevPAR	
Luxury	(14.0)	(16.4)	(28.0)	<p>The luxury segment experienced the most severe decline of RevPAR from 2007 to 2009 of any of the chain scale segments, with substantial declines in both occupancy and ADR.</p> <p>The segment experienced positive year-over-year RevPAR growth in the first quarter of 2010, indicating that a portion of the severe decline in 2009 was temporary. Nevertheless, after adjusting for inflation, RevPAR in the luxury segment is expected to remain 13.4 percent below its ten-year average in 2011. As background on recent supply growth, slightly more than half of the rooms added to the segment in 2009 were conversions of independent properties rather than new builds.</p>
Upper upscale	(10.3)	(10.2)	(19.5)	<p>Rate reductions, a trade down from luxury properties, and a shift of mix toward lower rated segments helped the upper upscale segment limit its occupancy decline to less than the US average, though ADR fell further than the average.</p> <p>The upper upscale segment is closer to the US average price point than the luxury segment. Nevertheless, 58 percent of the rooms in this segment are at large hotels (greater than 350 rooms), and many of these hotels have a traditional reliance on group business, which declined more significantly. Hotels in the segment have taken steps to replace this business with transient demand.</p>
Upscale	(11.5)	(9.1)	(19.5)	<p>Similar to upper upscale hotels, upscale hotels made a tradeoff, reducing rates and attracting lower rated business in a bid to retain occupancy.</p> <p>The upscale segment has been the fastest growing segment over the past five years. New openings were a significant contributor to this segment's supply growth in 2009, accounting for 70 percent of room additions, with the remainder primarily due to conversions. Similar to the US overall, the number of rooms under construction to open in the current year has fallen by about one-half compared to last year at this point, and supply growth is expected to slow further in 2011.</p>
Midscale with food and beverage	(16.3)	(3.0)	(18.8)	<p>The performance of the midscale with food and beverage segment has been unusual over the past two years in that ADR has held largely stable, while occupancy declined significantly.</p> <p>Room rates in the midscale with food and beverage segment were already somewhat weak before the downturn and hotels had less room to make price reductions and still generate profits. Additionally, the supply of midscale with food and beverage hotels contracted 11.0 percent during the five-year period through the end of 2009, potentially resulting in lower performing properties closing or converting out of the segment.</p>

Chain scale	Percent change from 2007 to 2009			Comments
	Occupancy	ADR	RevPAR	
Midscale without food and beverage	(14.6)	(2.2)	(16.5)	<p>Average daily rates of hotels in the midscale without food and beverage segment declined only 2.2 percent between 2007 and 2009.</p> <p>ADR rose faster than the US average in 2008, and then fell less than the US average in 2009, allowing the segment to claim the smallest decline in RevPAR of any of the chain scales. Construction activity has slowed, but Smith Travel Research reports more than 30,000 rooms have either already opened in 2010, or are under construction with opening dates later in the year, indicating some markets will continue to be impacted by new supply.</p>
Economy	(13.6)	(5.7)	(18.5)	<p>Hotels in the economy segment experienced declining ADR despite limited flexibility in cost structures.</p> <p>The economy segment is the second largest chain-scale segment, accounting for 16.0 percent of supply, after the midscale without food and beverage segment (17.0 percent of supply).</p>
Independent hotels	(13.2)	(6.5)	(18.9)	<p>Of the US inventory of hotel rooms, 31.3 percent are independent hotels that are not affiliated with a brand. The segment includes some casino-hotel properties that are not categorized into the Smith Travel Research chain-scale segments. Given the mix of hotels in the segment, it generally performs similarly to the US average, though supply growth in the segment comes primarily from the conversion of existing properties rather than new builds.</p>
US total	(13.0)	(6.2)	(18.4)	

Our outlook assumes that the recent increase in demand, and the expectation of improvement during the year ahead, will give operators the confidence to implement room rate increases and take steps to shift mix back toward higher rated segments. This will be a challenging period, as competitive dynamics in many markets make it difficult to lead rate increases.

Buyers, whether they are corporate travel management departments, individual transient travelers, or group and event planners, recognize that many hotels are operating below normal occupancy rates and seek favorable pricing. At the same time, hotel operators recognize that expense margins are under pressure, and that occupancy gains must be accompanied by ADR increases to recover hotel profitability.

In this context, decision-makers in multiple facets of the industry must be focused on the risks and rewards inherent in the transition. Recognizing and seizing opportunities to adjust pricing and business mix will require a willingness to look forward to future conditions, and bring that point of view to bear in making today's tough decisions.

Table 2: PricewaterhouseCoopers LLP, US Lodging forecast, May 25, 2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (Percent)	63.2%	59.7%	59.0%	59.2%	61.3%	63.0%	63.2%	62.8%	60.0%	54.7%	56.6%	58.2%
Percentage Change from Prior Year	0.7%	-5.5%	-1.2%	0.3%	3.5%	2.9%	0.2%	-0.5%	-4.6%	-8.8%	3.5%	2.7%
Pct. Point Difference from Prior Year	0.4	(3.5)	(0.7)	0.2	2.1	1.7	0.1	(0.3)	(2.9)	(5.3)	1.9	1.6
Average Daily Rate (\$)	\$85.11	\$83.91	\$82.68	\$82.80	\$86.26	\$91.06	\$97.97	\$104.23	\$107.13	\$97.75	\$96.10	\$99.46
Percentage Change from Prior Year	5.3%	-1.4%	-1.5%	0.1%	4.2%	5.6%	7.6%	6.4%	2.8%	-8.8%	-1.7%	3.5%
Nominal RevPAR (\$)	\$53.79	\$50.09	\$48.79	\$49.02	\$52.84	\$57.37	\$61.87	\$65.50	\$64.25	\$53.47	\$54.41	\$57.86
Percentage Change from Prior Year	6.1%	-6.9%	-2.6%	0.5%	7.8%	8.6%	7.8%	5.9%	-1.9%	-16.8%	1.8%	6.3%
Inflation-Adjusted RevPAR (\$, 2005 base)	\$61.00	\$55.25	\$52.96	\$52.02	\$54.62	\$57.37	\$59.94	\$61.69	\$58.28	\$48.67	\$48.67	\$51.22
Percentage Change from Prior Year	2.6%	-9.4%	-4.1%	-1.8%	5.0%	5.0%	4.5%	2.9%	-5.5%	-16.5%	0.0%	5.2%
Inflation as Measured by CPI	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.9%	3.8%	-0.3%	1.8%	1.0%
Real GDP, Percentage Change from Prior Year	4.1%	1.1%	1.8%	2.5%	3.6%	3.1%	2.7%	2.1%	0.4%	-2.4%	3.5%	3.9%
Average Daily Rooms Sold (000s)	2,645	2,558	2,568	2,604	2,706	2,781	2,793	2,815	2,755	2,592	2,734	2,821
Percentage Change from Prior Year	3.6%	-3.3%	0.4%	1.4%	3.9%	2.8%	0.4%	0.8%	-2.1%	-5.9%	5.5%	3.2%
Room Starts (000s)	120.3	90.5	68.4	76.6	81.3	83.4	138.9	146.1	133.9	47.3	32.6	46.8
Percentage Change from Prior Year	-14.5%	-24.8%	-24.4%	12.0%	6.0%	2.6%	66.5%	5.2%	-8.3%	-64.7%	-31.1%	43.7%
End-of-Year Supply (000s)	4,202	4,283	4,346	4,382	4,382	4,375	4,409	4,488	4,633	4,774	4,811	4,826
End-of-Year Supply Change from Prior Year	2.7%	1.9%	1.5%	0.8%	0.0%	-0.2%	0.8%	1.8%	3.2%	3.1%	0.8%	0.3%
Average Supply Change from Prior Year	2.9%	2.4%	1.6%	1.0%	0.4%	-0.1%	0.2%	1.3%	2.5%	3.1%	1.9%	0.4%
Industry Revenues (Bil.\$)	\$112.1	\$103.4	\$102.5	\$105.2	\$113.6	\$122.6	\$133.3	\$139.3	\$142.6	\$122.6	\$127.1	\$135.8
Percentage Change from Prior Year	8.8%	-7.7%	-0.9%	2.6%	8.0%	7.9%	8.8%	4.5%	2.3%	-14.0%	3.7%	6.8%

Source: Smith Travel Research; Macroeconomic Advisers, LLC; and PricewaterhouseCoopers LLP.

Table 3a: PricewaterhouseCoopers LLP, US Lodging forecast, May 25, 2010

	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2
Occupancy (Percent)	59.2%	66.4%	68.2%	57.5%	57.2%	64.5%	65.4%	52.7%	50.8%	57.4%
Percentage Change from Prior Year	-1.2%	0.0%	0.1%	-0.9%	-3.4%	-2.9%	-4.0%	-8.3%	-11.3%	-11.0%
Pct. Point Difference from Prior Year	-0.7%	0.0%	0.1%	-0.5%	-2.0%	-1.9%	-2.7%	-4.8%	-6.5%	-7.1%
Occupancy (Percent, Seas. adj.)	63.5%	63.1%	62.5%	62.4%	61.5%	61.3%	60.0%	57.2%	54.7%	54.5%
Average Daily Rate (\$)	\$103.44	\$103.63	\$104.28	\$105.65	\$108.79	\$108.00	\$107.52	\$103.88	\$100.61	\$97.61
Percentage Change from Prior Year	6.8%	5.8%	6.2%	6.9%	5.2%	4.2%	3.1%	-1.7%	-7.5%	-9.6%
Average Daily Rate (\$, Seas. adj.)	\$102.10	\$103.46	\$104.58	\$106.73	\$107.55	\$107.97	\$107.75	\$104.76	\$99.59	\$97.65
RevPAR (\$)	\$61.23	\$68.84	\$71.09	\$60.70	\$62.24	\$69.68	\$70.36	\$54.71	\$51.07	\$56.05
Percentage Change from Prior Year	5.5%	5.8%	6.3%	5.9%	1.6%	1.2%	-1.0%	-9.9%	-18.0%	-19.6%
RevPAR (\$, Seas. Adj.)	\$64.84	\$65.29	\$65.33	\$66.61	\$66.19	\$66.17	\$64.62	\$59.94	\$54.46	\$53.22
Inflation as Measured by CPI (Seas. adj., percentage change from prior year)	2.4%	2.7%	2.4%	4.0%	4.2%	4.3%	5.3%	1.6%	-0.2%	-1.0%
Average Daily Rooms Sold (000s)	2,613	2,980	3,080	2,585	2,578	2,962	3,037	2,441	2,360	2,718
Percentage Change from Prior Year	-0.3%	1.1%	1.4%	0.7%	-1.4%	-0.6%	-1.4%	-5.6%	-8.5%	-8.2%
Average Daily Rooms Sold (000s, Seas. adj.)	2,824	2,818	2,802	2,813	2,792	2,799	2,760	2,657	2,559	2,568
Room Starts (000s)	29.7	40.8	34.3	41.2	35.9	37.1	35.4	25.4	12.6	13.5
Percentage Change from Prior Year	-17.7%	20.3%	18.7%	3.2%	20.9%	-9.1%	3.3%	-38.4%	-64.9%	-63.7%
End-of-Quarter Supply (000s)	4,425	4,507	4,524	4,488	4,523	4,616	4,651	4,633	4,666	4,761
Percentage Change from Prior Year	1.0%	1.3%	1.4%	1.8%	2.2%	2.4%	2.8%	3.2%	3.2%	3.1%
Industry Revenues (Bil.\$, Seas. adj. annual rate)	\$137.0	\$138.5	\$139.2	\$142.6	\$145.3	\$146.3	\$143.9	\$134.7	\$123.4	\$121.4
Percentage Change from Prior Year	4.2%	4.4%	4.8%	4.6%	6.1%	5.6%	3.4%	-5.6%	-15.1%	-17.0%

Source: Smith Travel Research; Macroeconomic Advisers, LLC; and PricewaterhouseCoopers LLP.

Table 3b: PricewaterhouseCoopers LLP, US Lodging forecast, May 25, 2010

	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Occupancy (Percent)	60.2%	50.3%	51.9%	59.7%	62.2%	52.5%	53.4%	61.4%	63.9%	53.9%
Percentage Change from Prior Year	-8.0%	-4.5%	2.3%	4.0%	3.3%	4.4%	2.7%	2.8%	2.8%	2.7%
Pct. Point Difference from Prior Year	-5.2%	-2.4%	1.2%	2.3%	2.0%	2.2%	1.4%	1.7%	1.7%	1.4%
Occupancy (Percent, Seas. adj.)	55.1%	54.7%	56.0%	56.4%	56.8%	57.1%	57.6%	58.0%	58.4%	58.7%
Average Daily Rate (\$)	\$97.04	\$96.00	\$96.27	\$95.95	\$96.18	\$96.03	\$98.72	\$98.88	\$99.94	\$100.25
Percentage Change from Prior Year	-9.7%	-7.6%	-4.3%	-1.7%	-0.9%	0.0%	2.5%	3.1%	3.9%	4.4%
Average Daily Rate (\$, Seas. adj.)	\$97.22	\$96.72	\$95.38	\$96.02	\$96.34	\$96.70	\$97.85	\$98.95	\$100.10	\$100.96
RevPAR (\$)	\$58.42	\$48.28	\$50.01	\$57.31	\$59.79	\$50.42	\$52.67	\$60.70	\$63.86	\$54.07
Percentage Change from Prior Year	-17.0%	-11.7%	-2.1%	2.3%	2.3%	4.4%	5.3%	5.9%	6.8%	7.2%
RevPAR (\$, Seas. Adj.)	\$53.59	\$52.86	\$53.42	\$54.19	\$54.73	\$55.25	\$56.33	\$57.39	\$58.45	\$59.25
Inflation as Measured by CPI (Seas. adj., percentage change from prior year)	-1.6%	1.5%	2.4%	2.0%	1.5%	1.1%	1.0%	1.2%	1.0%	1.0%
Average Daily Rooms Sold (000s)	2,882	2,404	2,485	2,884	3,024	2,541	2,568	2,976	3,119	2,618
Percentage Change from Prior Year	-5.1%	-1.5%	5.3%	6.1%	4.9%	5.7%	3.4%	3.2%	3.1%	3.0%
Average Daily Rooms Sold (000s, Seas. adj.)	2,618	2,617	2,697	2,724	2,746	2,765	2,789	2,811	2,832	2,850
Room Starts (000s)	10.8	10.4	5.9	8.2	8.5	10.0	8.3	12.0	12.2	14.4
Percentage Change from Prior Year	-69.5%	-59.0%	-52.9%	-39.0%	-21.6%	-4.3%	39.3%	45.5%	43.6%	44.9%
End-of-Quarter Supply (000s)	4,798	4,774	4,794	4,863	4,867	4,811	4,817	4,880	4,882	4,826
Percentage Change from Prior Year	3.2%	3.1%	2.7%	2.1%	1.4%	0.8%	0.5%	0.4%	0.3%	0.3%
Industry Revenues (Bil.\$, Seas. adj. annual rate)	\$123.2	\$122.5	\$124.5	\$126.6	\$128.0	\$129.4	\$132.1	\$134.6	\$137.2	\$139.2
Percentage Change from Prior Year	-14.4%	-9.1%	0.9%	4.3%	3.9%	5.7%	6.1%	6.3%	7.2%	7.6%

Source: Smith Travel Research; Macroeconomic Advisers, LLC; and PricewaterhouseCoopers LLP.

Table 4: PricewaterhouseCoopers LLP, Luxury forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	63.8%	63.3%	64.2%	67.4%	70.1%	71.5%	71.4%	67.2%	61.4%	65.2%	65.4%
Percentage Change from Prior Year	-12.5%	-0.8%	1.5%	4.9%	4.1%	1.9%	-0.2%	-5.8%	-8.7%	6.2%	0.3%
Change in Occupancy Points	-9.1	-0.5	1.0	3.1	2.8	1.3	-0.1	-4.1	-5.9	3.8	0.2
Average Daily Rate (\$)	\$230.04	\$221.88	\$219.31	\$230.13	\$246.08	\$269.62	\$290.63	\$290.45	\$243.10	\$240.69	\$252.04
Percentage Change from Prior Year	-2.5%	-3.5%	-1.2%	4.9%	6.9%	9.6%	7.8%	-0.1%	-16.3%	-1.0%	4.7%
Nominal RevPAR (\$)	\$146.78	\$140.38	\$140.86	\$155.05	\$172.60	\$192.74	\$207.42	\$195.31	\$149.24	\$156.97	\$164.82
Percentage Change from Prior Year	-14.7%	-4.4%	0.3%	10.1%	11.3%	11.7%	7.6%	-5.8%	-23.6%	5.2%	5.0%
Inflation—Adjusted RevPAR (\$)	\$161.89	\$152.40	\$149.49	\$160.27	\$172.60	\$186.73	\$195.34	\$177.18	\$135.83	\$140.45	\$146.06
Percentage Change from Prior Year	-17.0%	-5.9%	-1.9%	7.2%	7.7%	8.2%	4.6%	-9.3%	-23.3%	3.4%	4.0%
Demand (Thous.)	45.1	49.3	53.1	57.1	59.1	63.0	65.3	64.5	64.1	71.1	72.5
Percentage Change from Prior Year	-1.6%	9.2%	7.7%	7.5%	3.6%	6.6%	3.6%	-1.2%	-0.6%	10.8%	2.1%
Average Room Supply (Thous.)	70.8	77.9	82.7	84.7	84.3	88.2	91.5	95.9	104.4	109.0	110.9
Percentage Change from Prior Year	12.4%	10.1%	6.1%	2.5%	-0.4%	4.6%	3.8%	4.8%	8.9%	4.3%	1.8%
Total Segment Revenues (Mil. \$)	\$5,675	\$5,978	\$6,362	\$7,175	\$7,952	\$9,284	\$10,369	\$10,234	\$8,517	\$9,345	\$9,991
Percentage Change from Prior Year	-4.1%	5.3%	6.4%	12.8%	10.8%	16.8%	11.7%	-1.3%	-16.8%	9.7%	6.9%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 5: PricewaterhouseCoopers LLP, Upper upscale forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	65.5%	66.2%	66.6%	69.0%	70.8%	71.0%	71.0%	68.5%	63.7%	66.8%	65.9%
Percentage Change from Prior Year	-9.2%	1.1%	0.6%	3.6%	2.6%	0.3%	0.0%	-3.5%	-7.0%	4.8%	-1.4%
Change in Occupancy Points	-6.6	0.7	0.4	2.4	1.8	0.2	0.0	-2.5	-4.8	3.1	-0.9
Average Daily Rate (\$)	\$134.56	\$128.74	\$126.14	\$131.20	\$140.16	\$149.65	\$158.03	\$160.28	\$141.86	\$137.99	\$144.55
Percentage Change from Prior Year	-2.8%	-4.3%	-2.0%	4.0%	6.8%	6.8%	5.6%	1.4%	-11.5%	-2.7%	4.8%
Nominal RevPAR (\$)	\$88.12	\$85.21	\$84.03	\$90.53	\$99.19	\$106.27	\$112.25	\$109.81	\$90.37	\$92.16	\$95.20
Percentage Change from Prior Year	-11.8%	-3.3%	-1.4%	7.7%	9.6%	7.1%	5.6%	-2.2%	-17.7%	2.0%	3.3%
Inflation—Adjusted RevPAR (\$)	\$97.19	\$92.51	\$89.17	\$93.58	\$99.19	\$102.95	\$105.71	\$99.62	\$82.25	\$82.46	\$84.37
Percentage Change from Prior Year	-14.2%	-4.8%	-3.6%	4.9%	6.0%	3.8%	2.7%	-5.8%	-17.4%	0.3%	2.3%
Demand (Thous.)	323.4	333.8	343.5	362.0	376.3	381.1	387.4	388.1	378.5	404.9	402.2
Percentage Change from Prior Year	-6.2%	3.2%	2.9%	5.4%	3.9%	1.3%	1.6%	0.2%	-2.5%	7.0%	-0.7%
Average Room Supply (Thous.)	493.8	504.3	515.6	524.7	531.7	536.7	545.3	566.4	594.1	606.2	610.6
Percentage Change from Prior Year	3.3%	2.1%	2.2%	1.8%	1.3%	0.9%	1.6%	3.9%	4.9%	2.0%	0.7%
Total Segment Revenues (Mil. \$)	\$23,777	\$23,480	\$23,674	\$25,955	\$28,818	\$31,161	\$33,447	\$33,985	\$29,339	\$30,526	\$31,764
Percentage Change from Prior Year	-8.9%	-1.2%	0.8%	9.6%	11.0%	8.1%	7.3%	1.6%	-13.7%	4.0%	4.1%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 6: PricewaterhouseCoopers LLP, Upscale forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	64.8%	64.8%	65.5%	68.4%	70.0%	69.9%	69.0%	66.6%	61.1%	64.2%	61.7%
Percentage Change from Prior Year	-7.6%	-0.1%	1.1%	4.4%	2.4%	-0.2%	-1.2%	-3.5%	-8.3%	5.2%	-4.0%
Change in Occupancy Points	-5.3	-0.1	0.7	2.9	1.6	-0.1	-0.9	-2.4	-5.5	3.2	-2.6
Average Daily Rate (\$)	\$97.87	\$93.28	\$91.55	\$95.39	\$102.57	\$111.22	\$118.16	\$119.78	\$107.46	\$104.94	\$109.78
Percentage Change from Prior Year	-0.9%	-4.7%	-1.9%	4.2%	7.5%	8.4%	6.2%	1.4%	-10.3%	-2.3%	4.6%
Nominal RevPAR (\$)	\$63.47	\$60.44	\$59.99	\$65.24	\$71.81	\$77.74	\$81.56	\$79.75	\$65.64	\$67.41	\$67.68
Percentage Change from Prior Year	-8.4%	-4.8%	-0.7%	8.8%	10.1%	8.3%	4.9%	-2.2%	-17.7%	2.7%	0.4%
Inflation—Adjusted RevPAR (\$)	\$70.00	\$65.61	\$63.66	\$67.43	\$71.81	\$75.32	\$76.81	\$72.35	\$59.74	\$60.31	\$59.98
Percentage Change from Prior Year	-10.9%	-6.3%	-3.0%	5.9%	6.5%	4.9%	2.0%	-5.8%	-17.4%	1.0%	-0.6%
Demand (Thous.)	228.6	243.6	256.1	269.4	279.9	284.4	291.8	297.8	298.8	333.7	327.5
Percentage Change from Prior Year	1.2%	6.6%	5.2%	5.2%	3.9%	1.6%	2.6%	2.1%	0.3%	11.7%	-1.9%
Average Room Supply (Thous.)	352.5	376.0	390.9	393.9	399.8	406.9	422.7	447.4	489.2	519.6	531.3
Percentage Change from Prior Year	9.5%	6.7%	4.0%	0.8%	1.5%	1.8%	3.9%	5.8%	9.4%	6.2%	2.3%
Total Segment Revenues (Mil. \$)	\$11,732	\$11,916	\$12,298	\$13,478	\$15,055	\$16,588	\$18,081	\$18,710	\$16,840	\$18,367	\$18,857
Percentage Change from Prior Year	0.2%	1.6%	3.2%	9.6%	11.7%	10.2%	9.0%	3.5%	-10.0%	9.1%	2.7%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 7: PricewaterhouseCoopers LLP, Midscale with food & beverage forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	56.4%	55.1%	54.9%	56.9%	58.8%	59.2%	58.6%	55.1%	49.0%	49.4%	50.8%
Percentage Change from Prior Year	-6.2%	-2.4%	-0.3%	3.6%	3.4%	0.7%	-1.1%	-5.9%	-11.0%	0.8%	2.9%
Change in Occupancy Points	-3.7	-1.3	-0.2	2.0	1.9	0.4	-0.7	-3.5	-6.1	0.4	1.4
Average Daily Rate (\$)	\$73.48	\$72.22	\$72.13	\$73.87	\$77.71	\$82.11	\$85.91	\$88.66	\$83.38	\$81.09	\$82.99
Percentage Change from Prior Year	-0.3%	-1.7%	-0.1%	2.4%	5.2%	5.7%	4.6%	3.2%	-6.0%	-2.7%	2.3%
Nominal RevPAR (\$)	\$41.44	\$39.76	\$39.59	\$42.03	\$45.69	\$48.61	\$50.30	\$48.84	\$40.86	\$40.07	\$42.19
Percentage Change from Prior Year	-6.5%	-4.1%	-0.4%	6.1%	8.7%	6.4%	3.5%	-2.9%	-16.3%	-1.9%	5.3%
Inflation—Adjusted RevPAR (\$)	\$45.71	\$43.16	\$42.02	\$43.44	\$45.69	\$47.10	\$47.38	\$44.31	\$37.19	\$35.86	\$37.38
Percentage Change from Prior Year	-9.1%	-5.6%	-2.7%	3.4%	5.2%	3.1%	0.6%	-6.5%	-16.1%	-3.6%	4.3%
Demand (Thous.)	344.0	330.2	320.8	323.9	324.6	316.9	305.6	282.4	248.3	244.4	241.6
Percentage Change from Prior Year	-8.8%	-4.0%	-2.8%	1.0%	0.2%	-2.4%	-3.6%	-7.6%	-12.1%	-1.6%	-1.2%
Average Room Supply (Thous.)	609.9	599.7	584.4	569.4	552.1	535.3	521.9	512.6	506.7	494.5	475.3
Percentage Change from Prior Year	-2.8%	-1.7%	-2.5%	-2.6%	-3.0%	-3.0%	-2.5%	-1.8%	-1.2%	-2.4%	-3.9%
Total Segment Revenues (Mil. \$)	\$12,760	\$12,038	\$11,682	\$12,081	\$12,735	\$13,136	\$13,253	\$12,640	\$10,453	\$10,005	\$10,122
Percentage Change from Prior Year	-9.1%	-5.7%	-3.0%	3.4%	5.4%	3.1%	0.9%	-4.6%	-17.3%	-4.3%	1.2%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 8: PricewaterhouseCoopers LLP, Midscale without food & beverage forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	61.1%	60.9%	60.8%	63.1%	65.4%	66.0%	65.0%	61.7%	55.5%	57.2%	58.0%
Percentage Change from Prior Year	-3.6%	-0.4%	-0.1%	3.7%	3.8%	0.9%	-1.5%	-5.1%	-10.0%	3.0%	1.4%
Change in Occupancy Points	-2.3	-0.2	-0.1	2.3	2.4	0.6	-1.0	-3.3	-6.2	1.7	0.8
Average Daily Rate (\$)	\$67.54	\$67.47	\$67.82	\$70.09	\$75.34	\$81.39	\$87.42	\$90.46	\$85.48	\$83.87	\$86.52
Percentage Change from Prior Year	2.2%	-0.1%	0.5%	3.4%	7.5%	8.0%	7.4%	3.5%	-5.5%	-1.9%	3.2%
Nominal RevPAR (\$)	\$41.26	\$41.07	\$41.23	\$44.21	\$49.30	\$53.72	\$56.84	\$55.82	\$47.46	\$47.97	\$50.19
Percentage Change from Prior Year	-1.4%	-0.5%	0.4%	7.2%	11.5%	9.0%	5.8%	-1.8%	-15.0%	1.1%	4.6%
Inflation—Adjusted RevPAR (\$)	\$45.51	\$44.58	\$43.76	\$45.69	\$49.30	\$52.05	\$53.53	\$50.64	\$43.20	\$42.92	\$44.48
Percentage Change from Prior Year	-4.1%	-2.0%	-1.8%	4.4%	7.9%	5.6%	2.9%	-5.4%	-14.7%	-0.6%	3.6%
Demand (Thous.)	356.0	374.1	390.2	414.4	433.9	450.8	462.2	463.1	446.0	479.0	494.5
Percentage Change from Prior Year	3.2%	5.1%	4.3%	6.2%	4.7%	3.9%	2.5%	0.2%	-3.7%	7.4%	3.3%
Average Room Supply (Thous.)	582.8	614.7	641.8	657.1	663.1	683.0	710.8	750.5	803.2	837.5	852.5
Percentage Change from Prior Year	7.0%	5.5%	4.4%	2.4%	0.9%	3.0%	4.1%	5.6%	7.0%	4.3%	1.8%
Total Segment Revenues (Mil. \$)	\$10,729	\$11,264	\$11,809	\$12,962	\$14,588	\$16,373	\$18,029	\$18,694	\$17,010	\$17,925	\$19,092
Percentage Change from Prior Year	5.5%	5.0%	4.8%	9.8%	12.5%	12.2%	10.1%	3.7%	-9.0%	5.4%	6.5%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 9: PricewaterhouseCoopers LLP, Economy forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	56.6%	54.9%	54.2%	55.6%	57.4%	57.1%	56.8%	54.0%	49.1%	50.3%	51.7%
Percentage Change from Prior Year	-3.4%	-2.9%	-1.4%	2.5%	3.3%	-0.4%	-0.7%	-5.0%	-9.1%	2.5%	2.9%
Change in Occupancy Points	-2.0	-1.6	-0.7	1.4	1.8	-0.2	-0.4	-2.8	-4.9	1.2	1.5
Average Daily Rate (\$)	\$47.05	\$46.78	\$46.70	\$47.67	\$49.67	\$52.36	\$53.85	\$54.45	\$50.79	\$48.93	\$50.11
Percentage Change from Prior Year	0.0%	-0.6%	-0.2%	2.1%	4.2%	5.4%	2.9%	1.1%	-6.7%	-3.7%	2.4%
Nominal RevPAR (\$)	\$26.62	\$25.70	\$25.31	\$26.48	\$28.50	\$29.92	\$30.57	\$29.38	\$24.92	\$24.59	\$25.93
Percentage Change from Prior Year	-3.4%	-3.5%	-1.5%	4.6%	7.6%	5.0%	2.2%	-3.9%	-15.2%	-1.3%	5.4%
Inflation—Adjusted RevPAR (\$)	\$29.37	\$27.90	\$26.86	\$27.37	\$28.50	\$28.99	\$28.79	\$26.65	\$22.68	\$22.00	\$22.98
Percentage Change from Prior Year	-6.0%	-5.0%	-3.7%	1.9%	4.1%	1.7%	-0.7%	-7.4%	-14.9%	-3.0%	4.4%
Demand (Thous.)	413.8	405.3	393.9	402.7	416.5	412.4	418.2	405.1	372.5	383.6	396.0
Percentage Change from Prior Year	-1.4%	-2.0%	-2.8%	2.2%	3.4%	-1.0%	1.4%	-3.1%	-8.0%	3.0%	3.2%
Average Room Supply (Thous.)	731.1	737.6	726.8	724.9	725.9	721.6	736.7	750.7	759.3	763.2	765.3
Percentage Change from Prior Year	2.1%	0.9%	-1.5%	-0.3%	0.1%	-0.6%	2.1%	1.9%	1.1%	0.5%	0.3%
Total Segment Revenues (Mil. \$)	\$8,686	\$8,460	\$8,209	\$8,566	\$9,230	\$9,634	\$10,050	\$9,842	\$8,443	\$8,375	\$8,856
Percentage Change from Prior Year	-1.4%	-2.6%	-3.0%	4.3%	7.8%	4.4%	4.3%	-2.1%	-14.2%	-0.8%	5.7%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

Table 10: PricewaterhouseCoopers LLP, Independent hotels forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupancy (percent)	58.7%	57.7%	58.1%	59.9%	61.1%	60.9%	61.0%	58.1%	52.9%	54.5%	59.0%
Percentage Change from Prior Year	-5.2%	-1.7%	0.7%	3.1%	2.0%	-0.3%	0.1%	-4.8%	-8.9%	3.1%	8.1%
Change in Occupancy Points	-3.2	-1.0	0.4	1.8	1.2	-0.2	0.0	-2.9	-5.2	1.6	4.4
Average Daily Rate (\$)	\$82.13	\$81.34	\$81.75	\$85.46	\$88.28	\$94.60	\$101.25	\$104.86	\$94.70	\$92.98	\$96.47
Percentage Change from Prior Year	-1.4%	-1.0%	0.5%	4.5%	3.3%	7.2%	7.0%	3.6%	-9.7%	-1.8%	3.7%
Nominal RevPAR (\$)	\$48.18	\$46.92	\$47.51	\$51.21	\$53.96	\$57.66	\$61.75	\$60.90	\$50.11	\$50.71	\$56.89
Percentage Change from Prior Year	-6.5%	-2.6%	1.3%	7.8%	5.4%	6.8%	7.1%	-1.4%	-17.7%	1.2%	12.2%
Inflation—Adjusted RevPAR (\$)	\$53.14	\$50.93	\$50.42	\$52.93	\$53.96	\$55.86	\$58.16	\$55.25	\$45.61	\$45.37	\$50.41
Percentage Change from Prior Year	-9.1%	-4.2%	-1.0%	5.0%	2.0%	3.5%	4.1%	-5.0%	-17.5%	-0.5%	11.1%
Demand (Thous.)	847.2	832.2	846.0	876.1	890.3	884.5	884.8	853.9	783.7	817.5	886.8
Percentage Change from Prior Year	-4.4%	-1.8%	1.7%	3.6%	1.6%	-0.7%	0.0%	-3.5%	-8.2%	4.3%	8.5%
Average Room Supply (Thous.)	1,444.2	1,442.8	1,455.8	1,462.3	1,456.6	1,451.2	1,450.8	1,470.1	1,481.1	1,499.1	1,503.6
Percentage Change from Prior Year	0.8%	-0.1%	0.9%	0.4%	-0.4%	-0.4%	0.0%	1.3%	0.8%	1.2%	0.3%
Total Segment Revenues (Mil. \$)	\$30,091	\$29,398	\$31,202	\$33,416	\$34,227	\$37,173	\$36,107	\$38,452	\$31,991	\$32,591	\$37,109
Percentage Change from Prior Year	-14.9%	-2.3%	6.1%	7.1%	2.4%	8.6%	-2.9%	6.5%	-16.8%	1.9%	13.9%

Source: Smith Travel Research and PricewaterhouseCoopers LLP.

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Requests for data

Supplemental data requests related to this publication are available at PricewaterhouseCoopers' current billing rates. For data requests, please call Abhishek Jain at (646) 471-2016.

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Time series data

Time series data in this publication are subject to revision periodically. All prior forecasts are superseded by the most current forecast.

Data sources

PricewaterhouseCoopers would like to credit the following organizations with providing data used in this issue: F.W. Dodge—quarterly hotel starts in square feet; Smith Travel Research—monthly hotel performance statistics (occupancy rate, ADR, supply, demand); Macroeconomic Advisers, LLC—macroeconomic forecasts; Bureau of Economic Analysis—real GDP; Bureau of Labor Statistics—consumer price index.

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