



- Hotel Industry Update -

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SMITH TRAVEL RESEARCH



the new name in global hotel benchmarking



Agenda

- Who is STR?
- Where is the US hotel industry today?
- ... and where are we going?

Who is STR?



Who are we?

- **The leader in hotel benchmarking**
- **Founded 1985**
- **Impartial, timely, confidential**

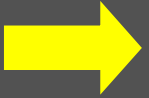


What do we do?

- We collect:
 - Rooms Available
 - Rooms Sold
 - Rooms Revenue
- We produce:
 - ADR (Average Daily Rate)
 - Occupancy
 - RevPAR (Revenue per Available Room)
 - For: Total US, states, counties, cities, comp. sets

Where is the US hotel Industry today?

- Total US Performance -

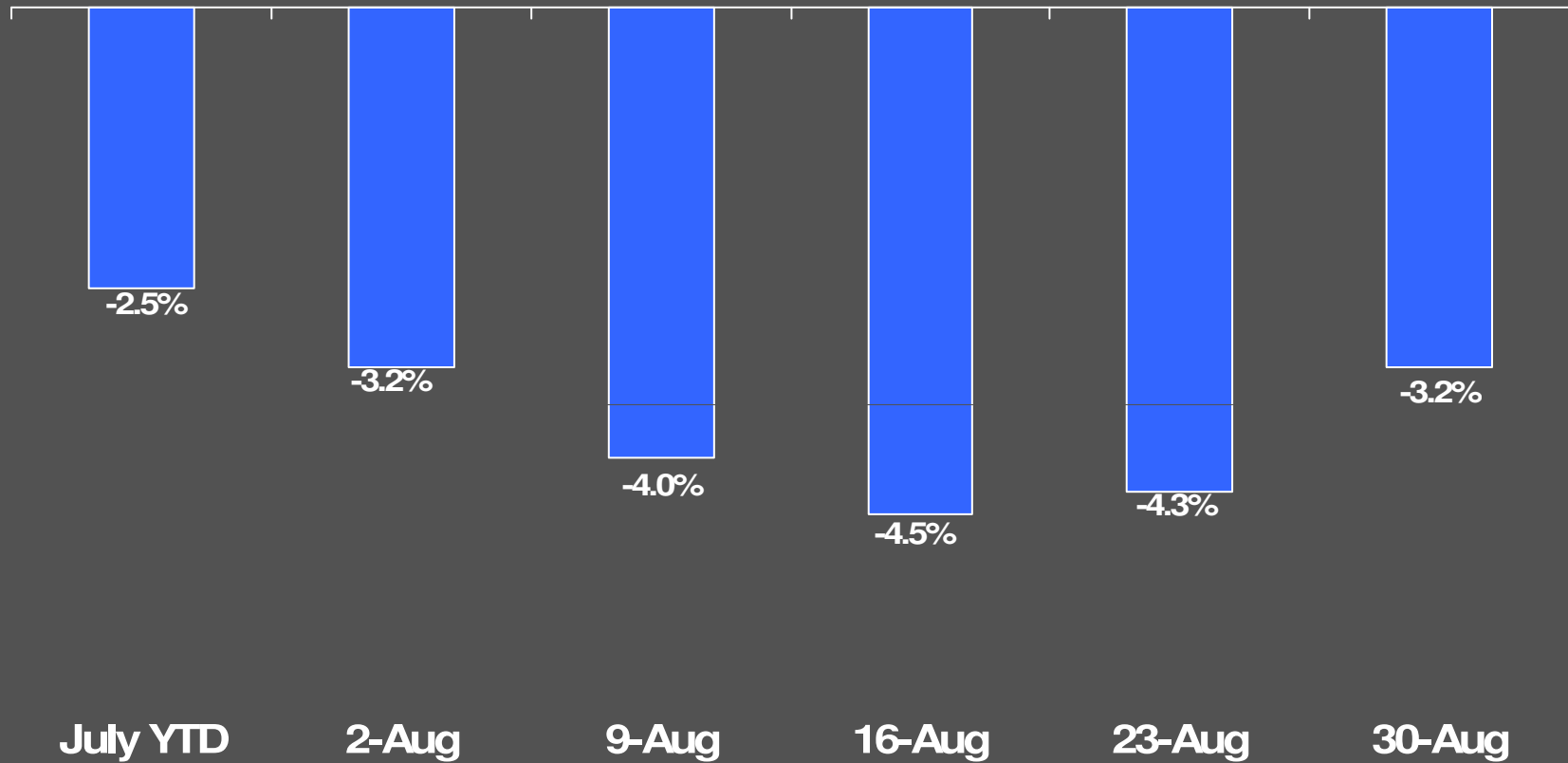
Takeaways

- Demand  + Supply  = Occ 
- ADR Growth: The \$110 bn Question
- Mix Shift vs. Discounting
- Forecast: Cloudy.

aeH...Sunny.

aeH...It Depends

Occupancy % Change

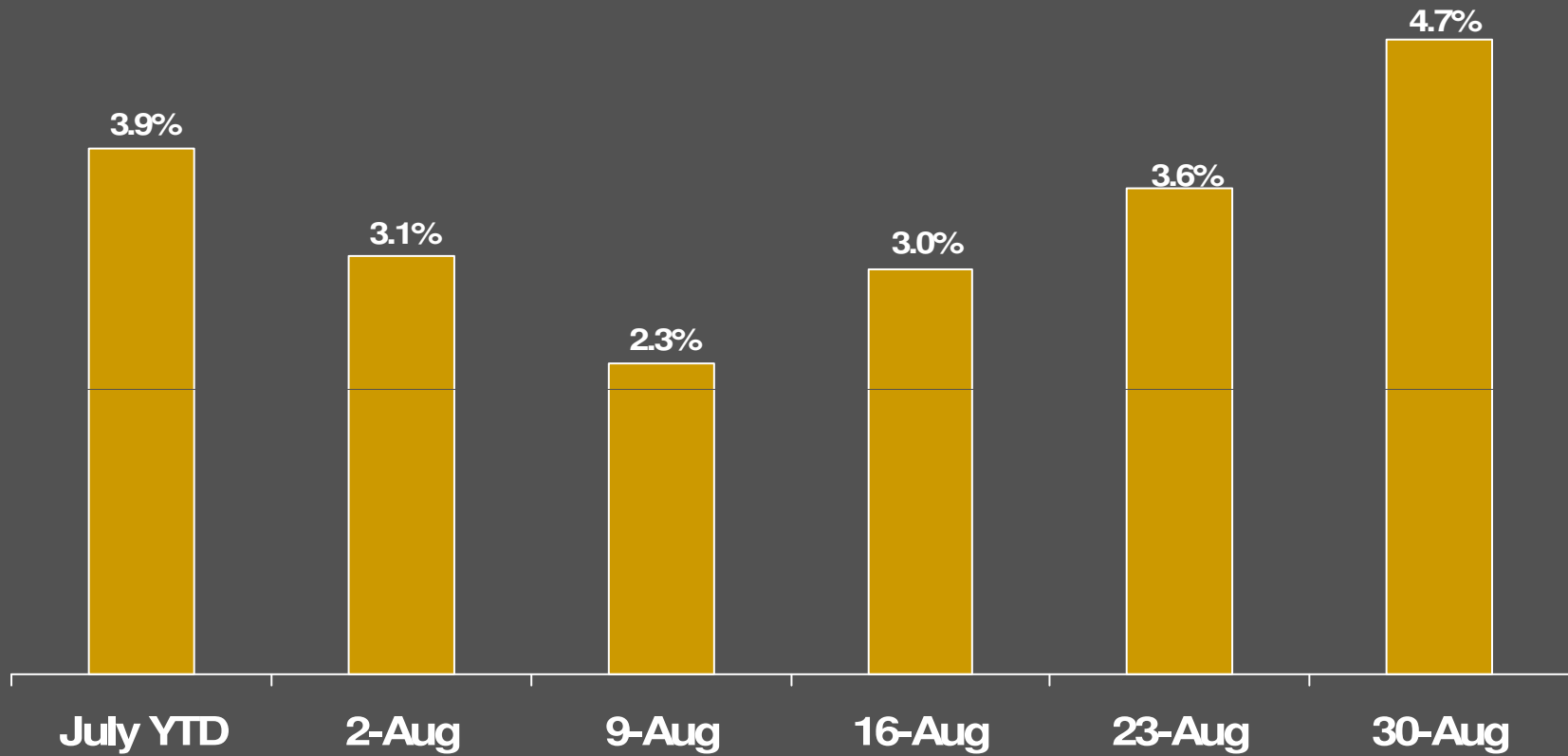


Continued OCC Decline

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ADR % Change

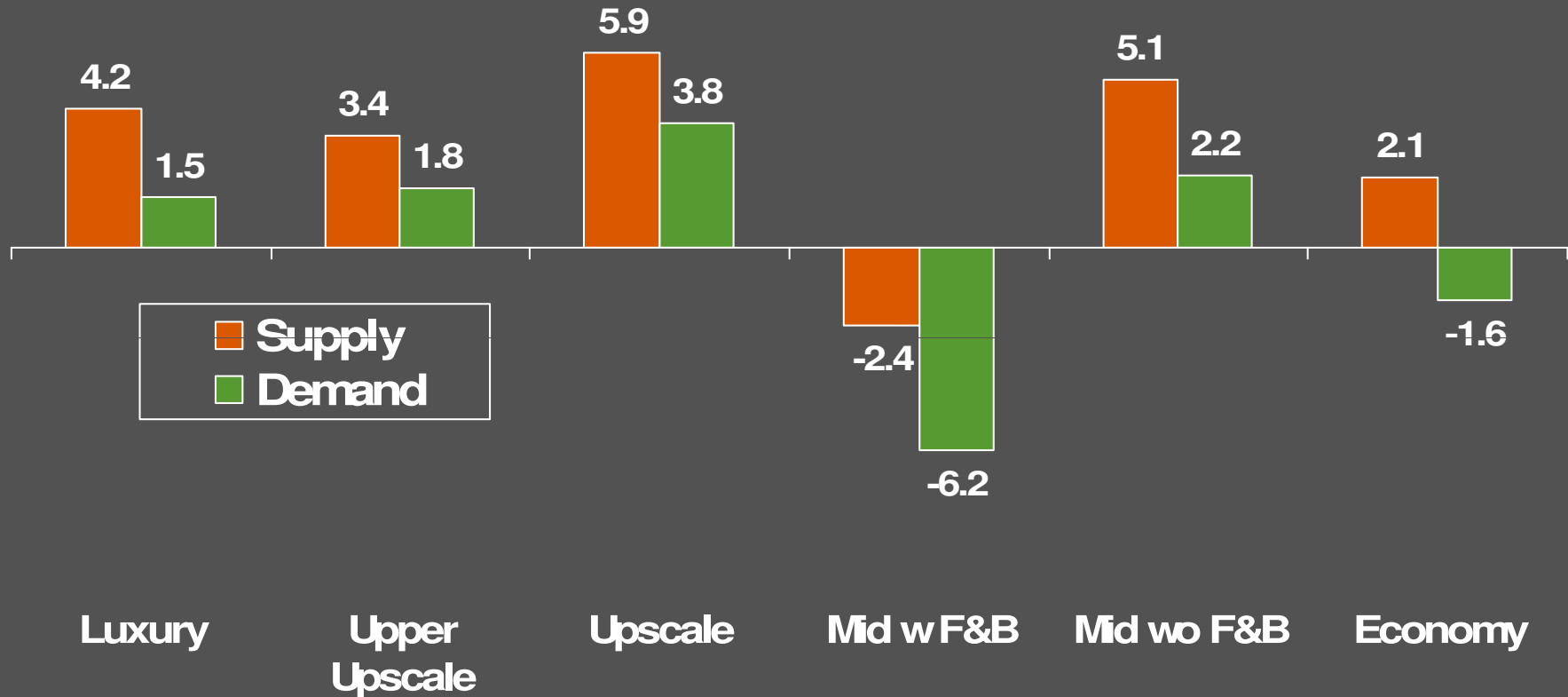


ADR Increases Around CPI

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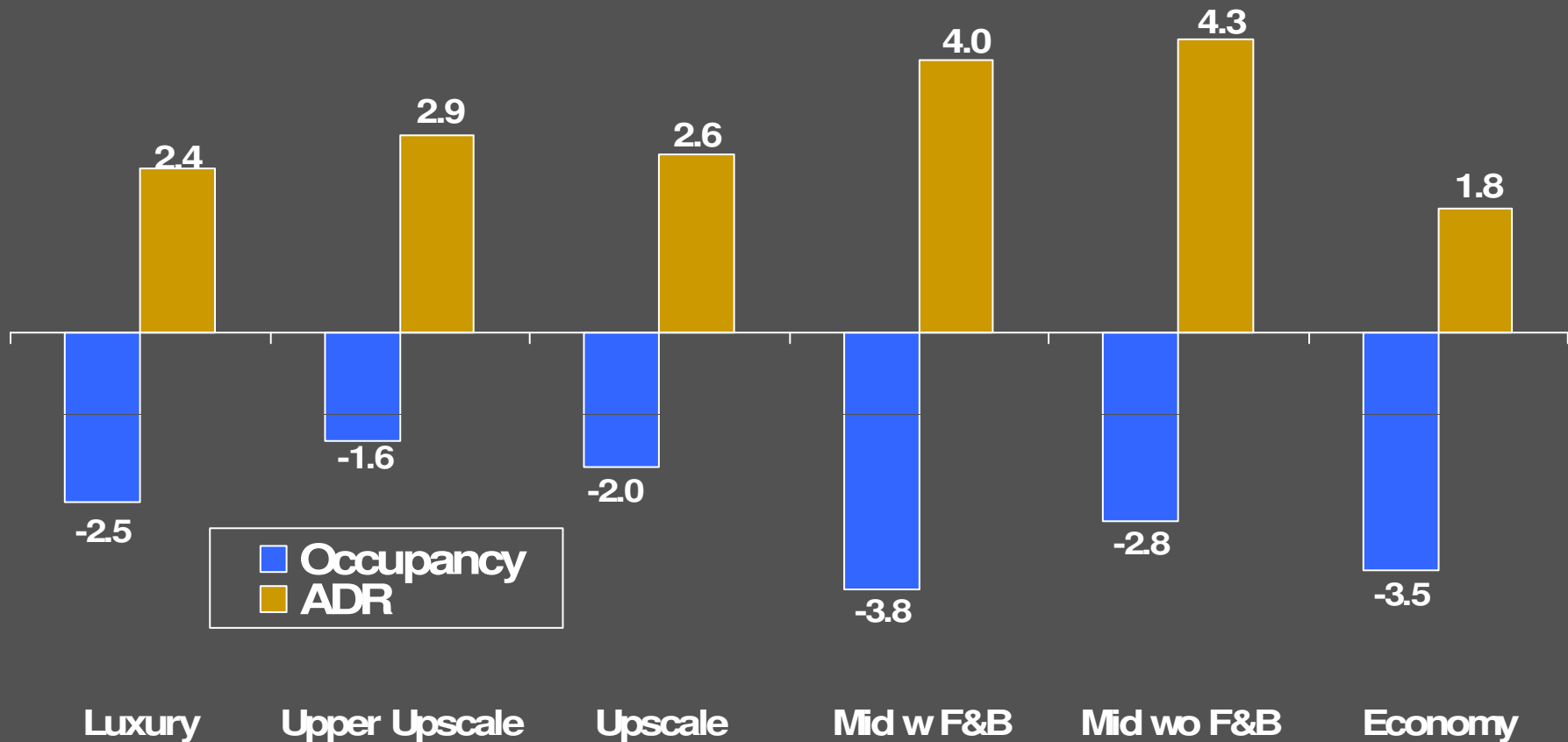
Scale Supply/Demand % Change July YTD



Demand Increases For Most Scales

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Scale Occupancy/ADR Percent Change July YTD



A Weaker Picture All Around

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Where is the US hotel Industry today?

- Upper Upscale Performance -

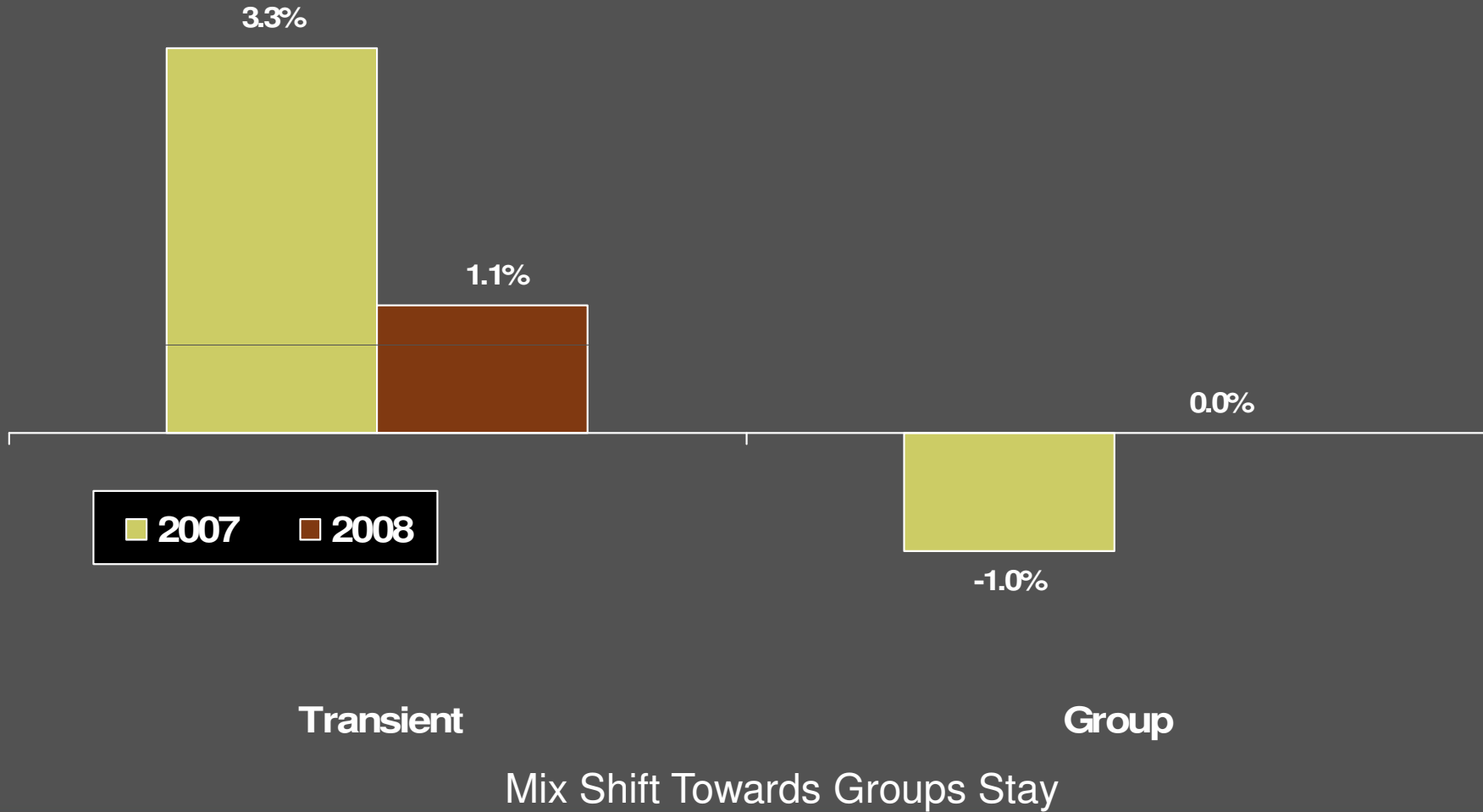
Upper Upscale Hotels - Key Statistics July 2008 YTD

| | | <u>% Change</u> |
|----------------|---------|-----------------|
| • Hotels | 1,486 | 3.4% |
| • Room Supply | 118 mm | 3.4% |
| • Room Demand | 84 mm | 1.8% |
| • Occupancy | 71.5% | - 1.6% |
| • A.D.R. | \$162 | 2.9% |
| • RevPAR | \$116 | 1.3% |
| • Room Revenue | \$14 bn | 4.7% |

ADR Growth Is Disappointing

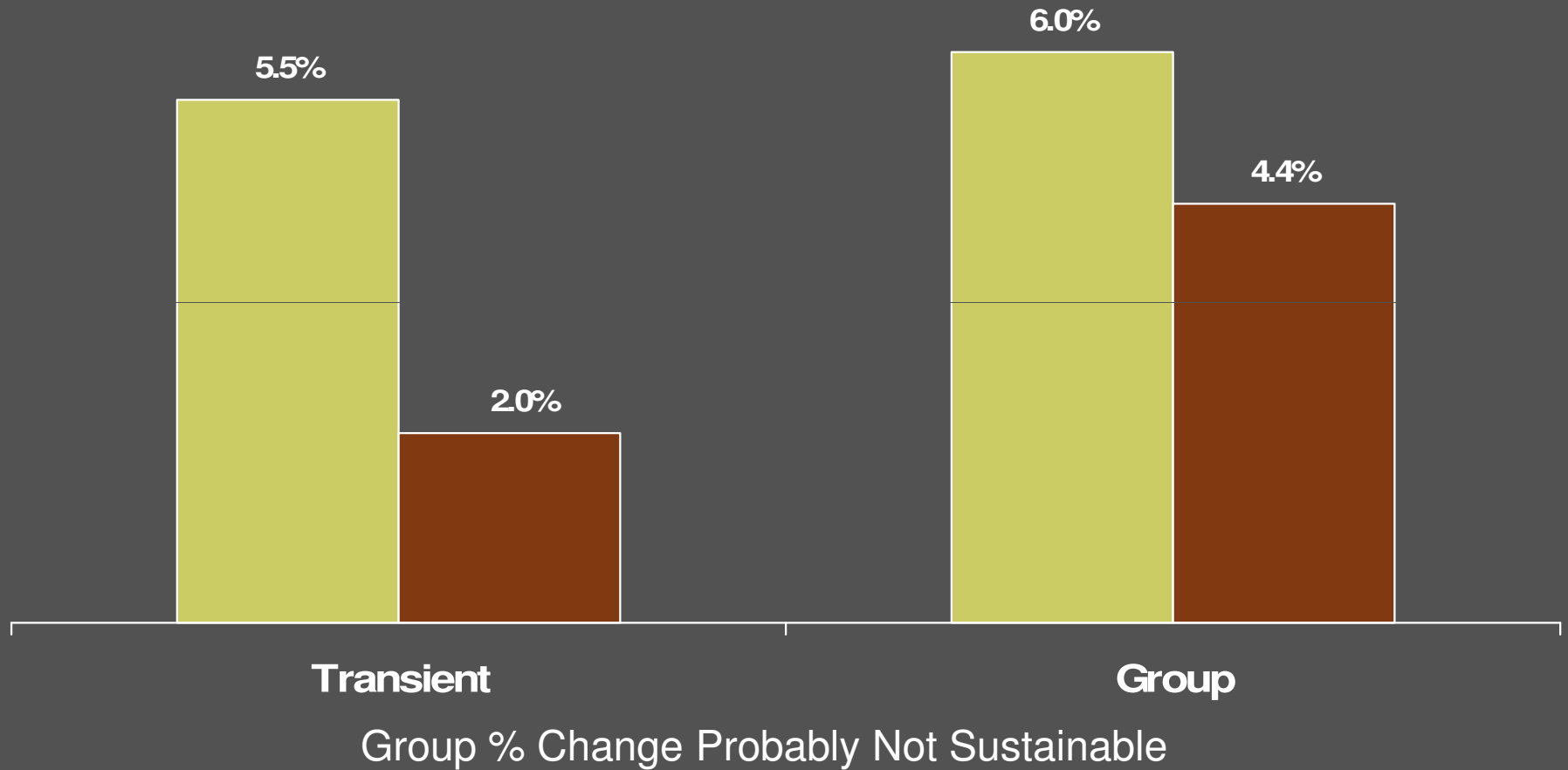


Upper Upscale Hotels Net Demand Change By Source of Business (%) July YTD



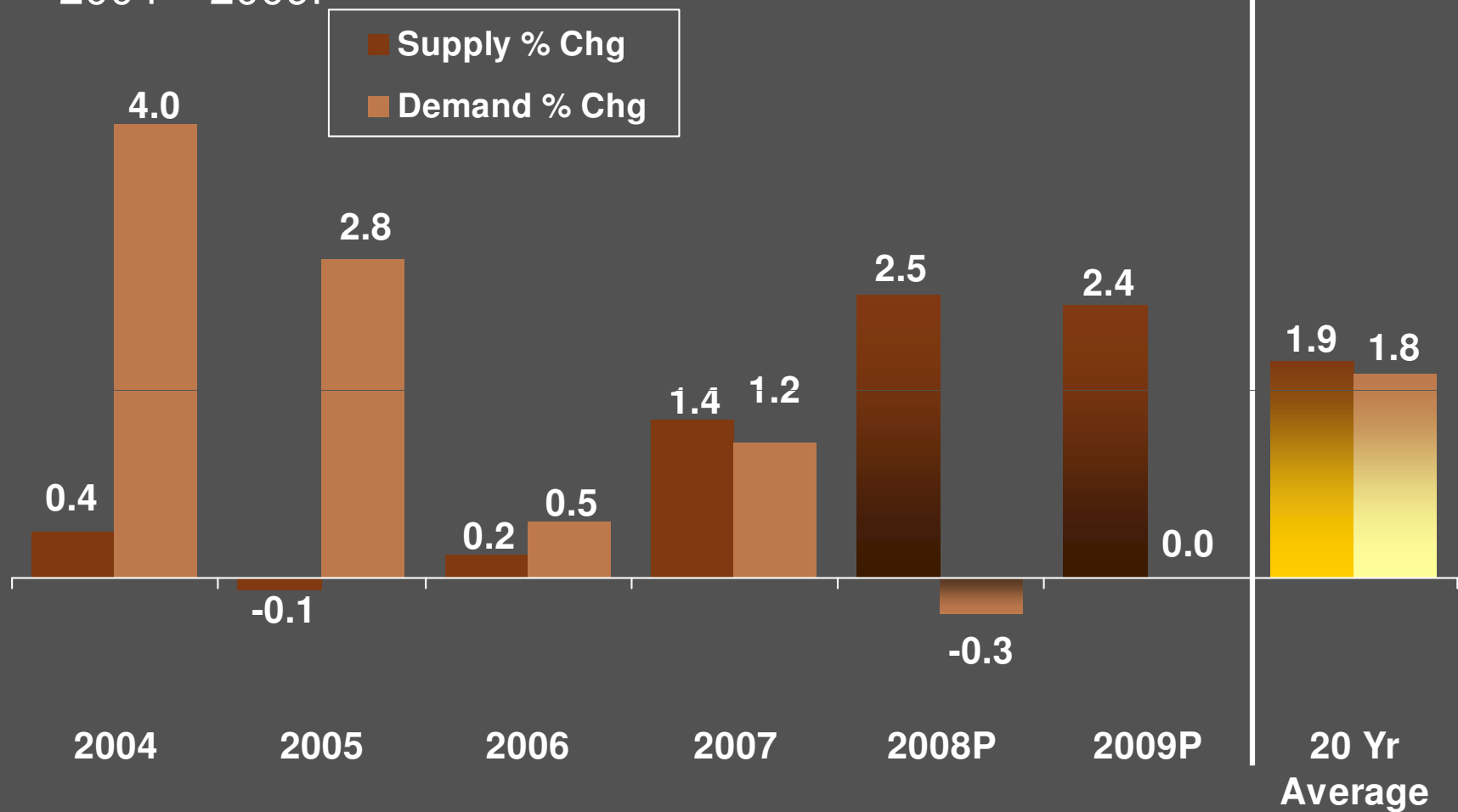
Upper Upscale Hotels ADR % Change By Source of Business July YTD

■ 2007 ■ 2008

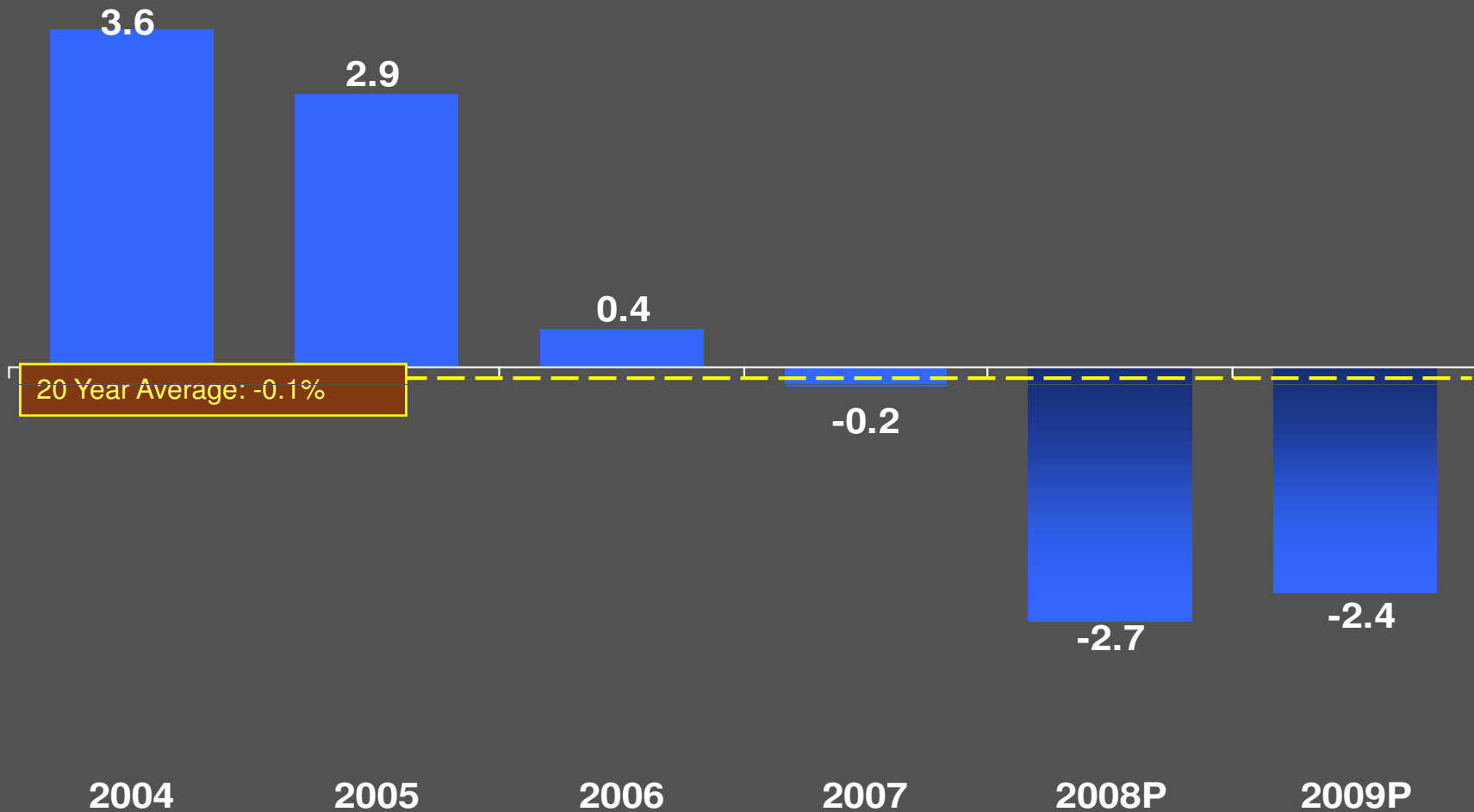


**...and where are we going?
- Industry Forecast -**

Total U.S. Supply/Demand Percent Change 2004 – 2009P

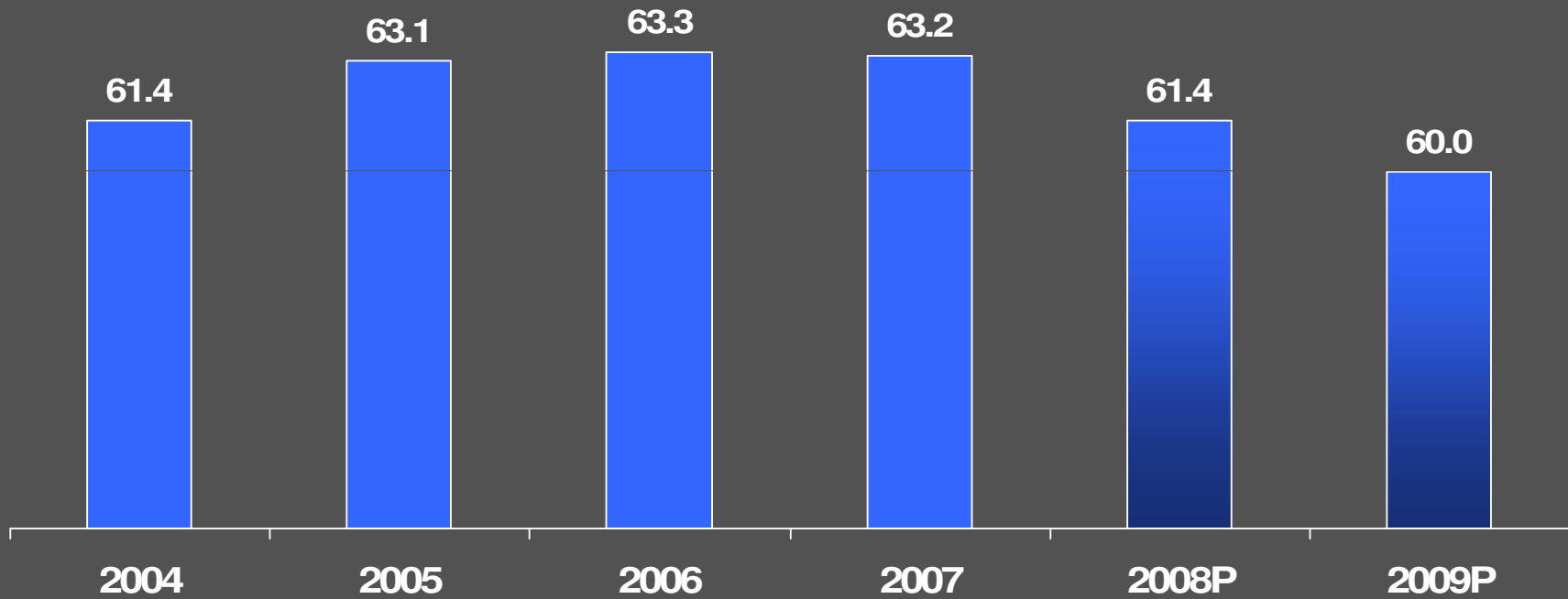


Total U.S. Occupancy Percent Change 2004 – 2009P

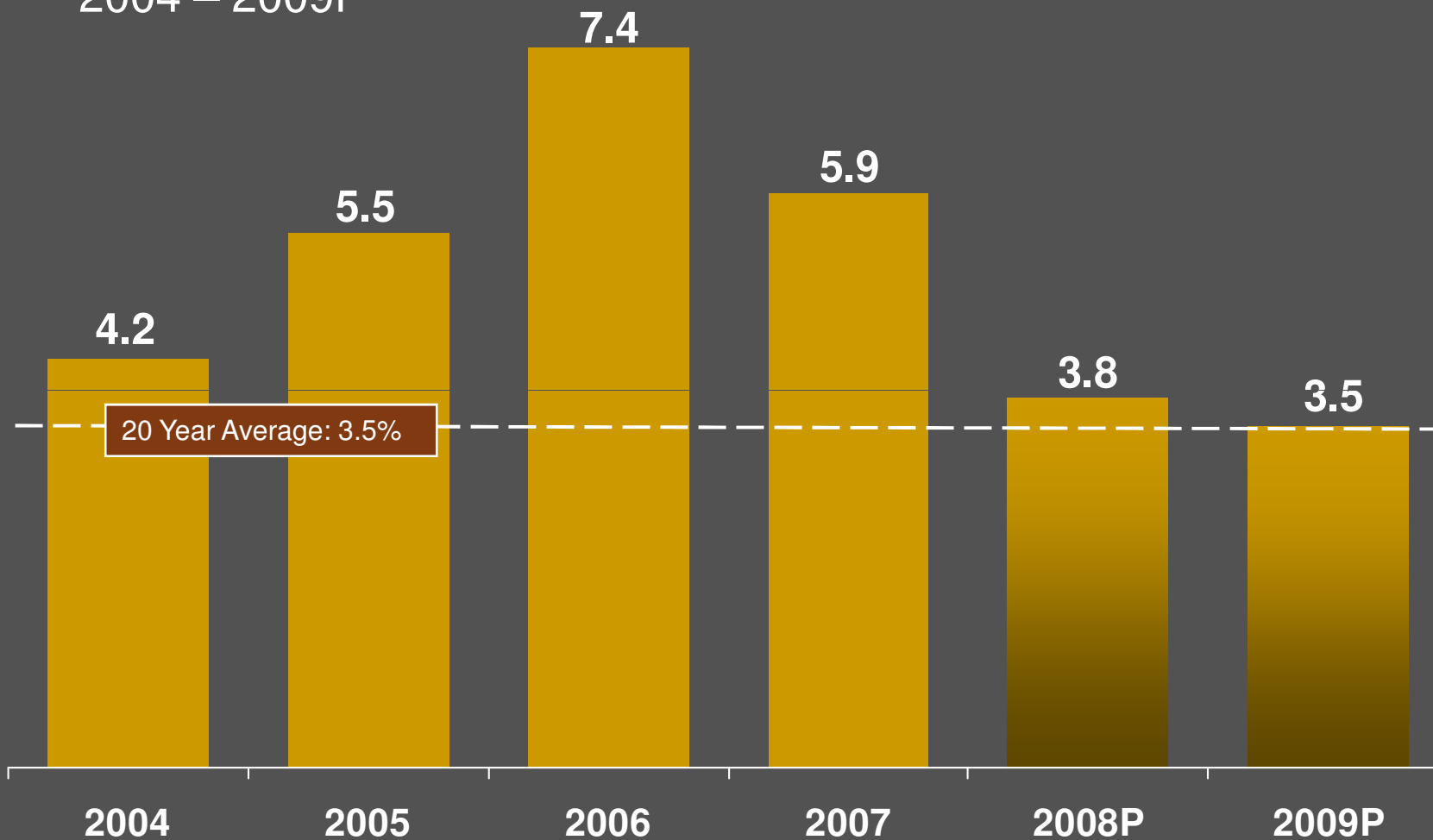


Total US

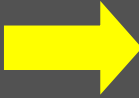


Occupancy Percent
2004 – 2009P



Total U.S. ADR Percent Change 2004 – 2009P



Takeaways

- Demand  + Supply  = Occ 
- ADR Growth Around CPI
- Mix Shift vs. Discounting
- Forecast: More Of The Same



What are your questions?

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