



US LODGING INDUSTRY OVERVIEW

Duane Vinson

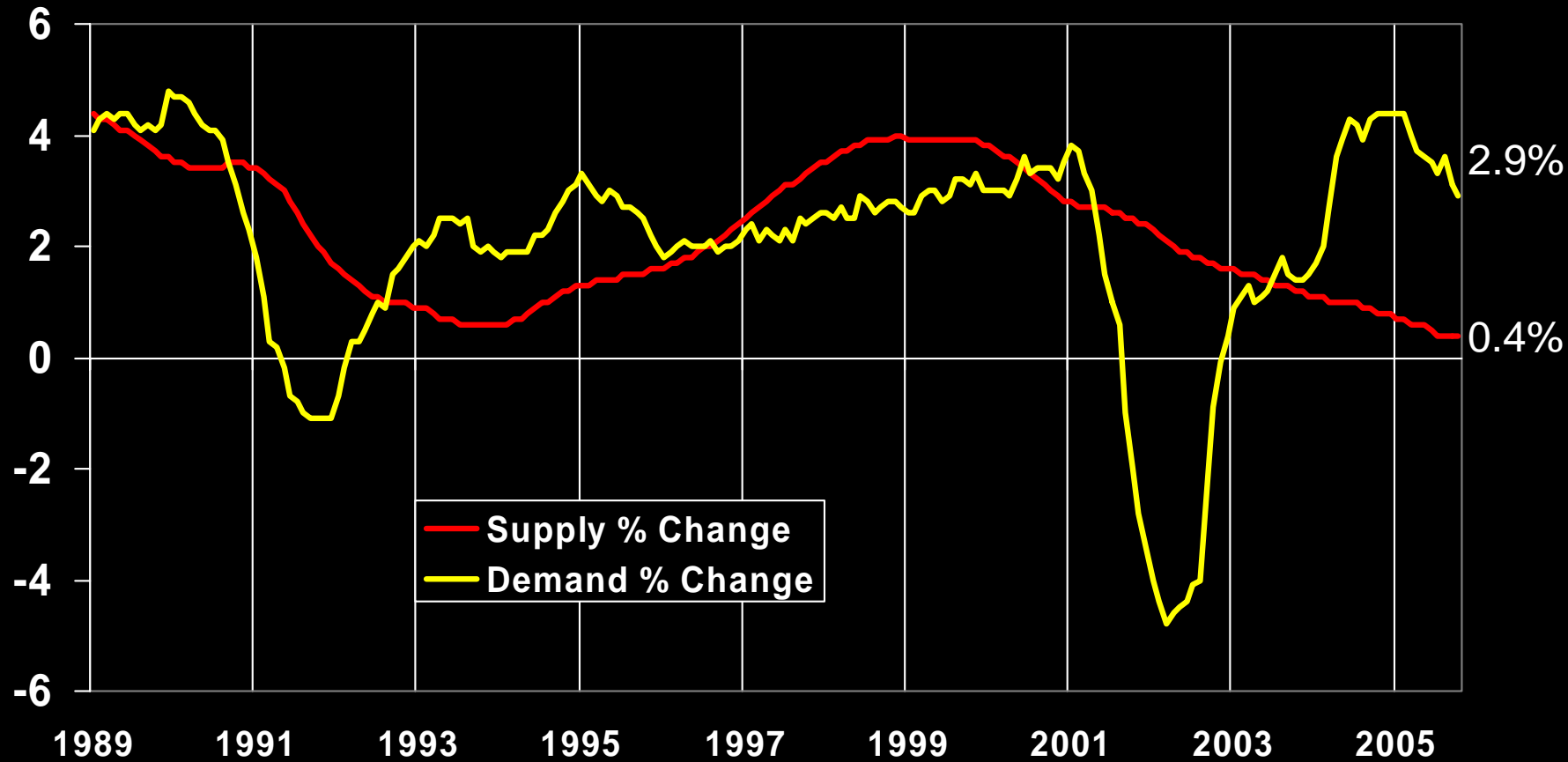
SMITH TRAVEL RESEARCH

Industry Analysis

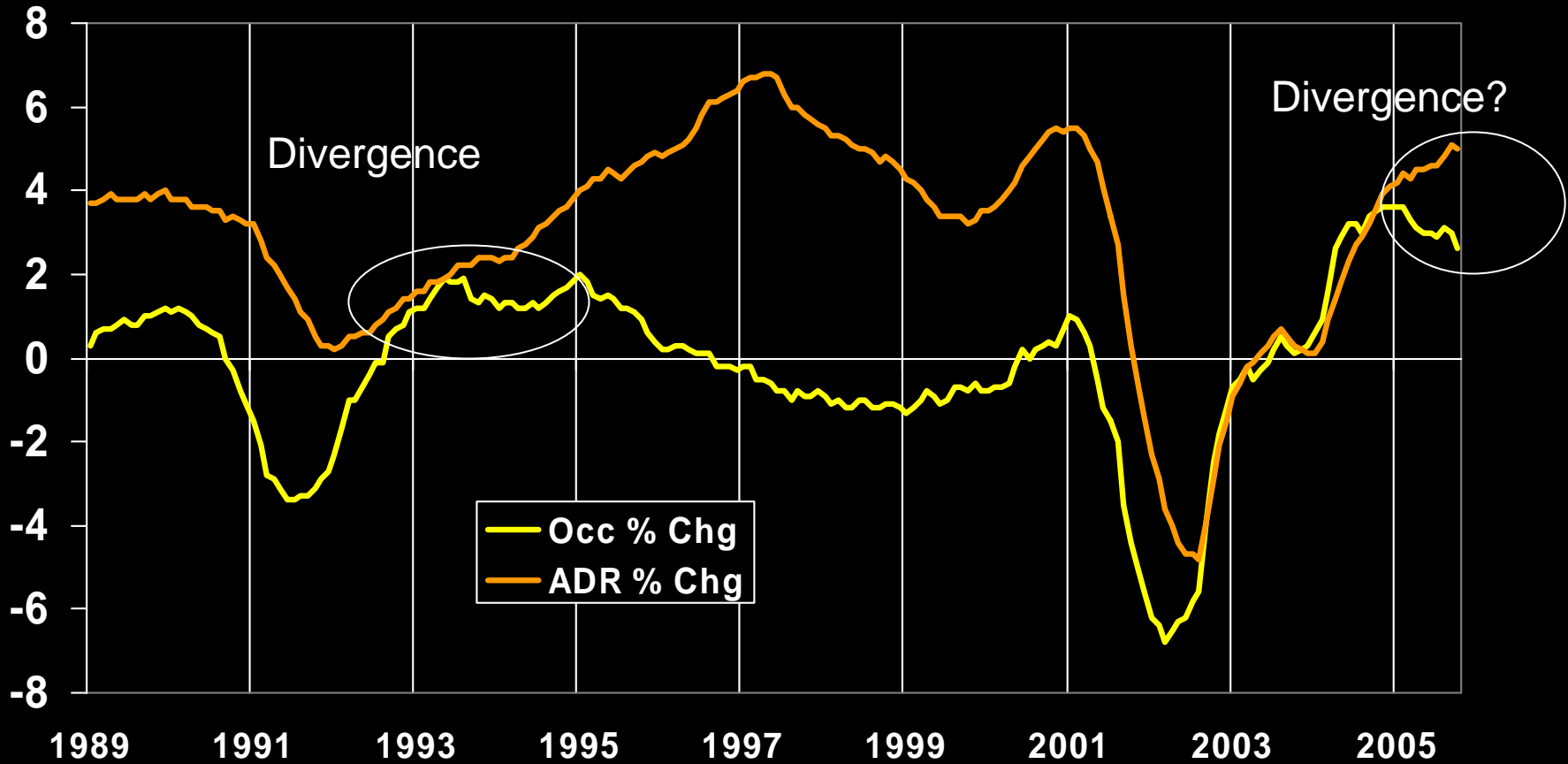
U.S. Lodging Industry - Key Statistics October 2005 YTD

		<u>% Change</u>
• Hotels	48,531	0.3%
• Rooms	4.5mm	0.4%
• Occupancy	64.7%	2.5%
• A.D.R.	\$90.85	5.0%
• RevPar	\$58.77	7.7%
• Room Revenue	\$71B	8.1%

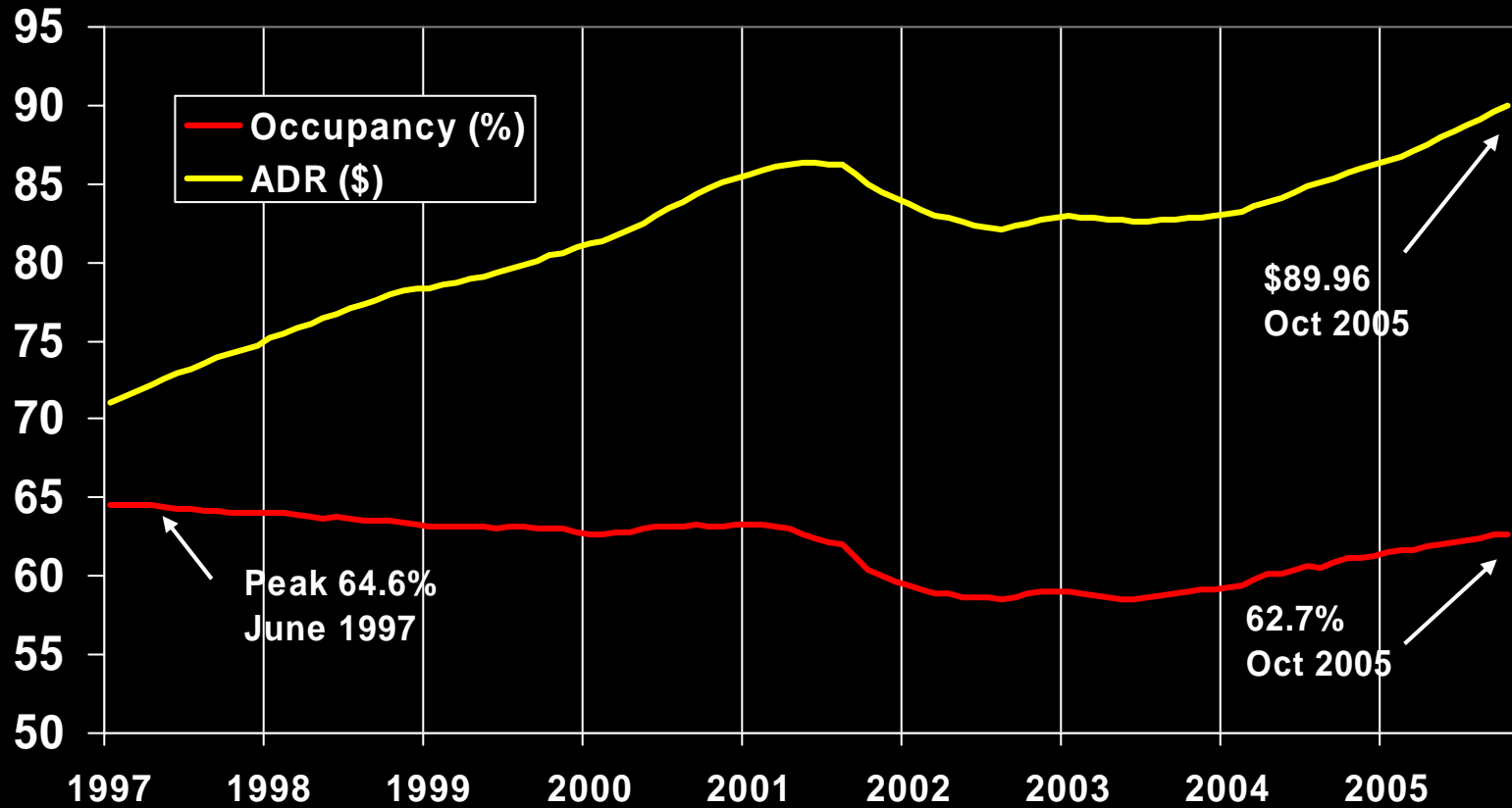
Total United States
Room Supply/Demand Percent Change
Twelve Month Moving Average – 1989 to October 2005



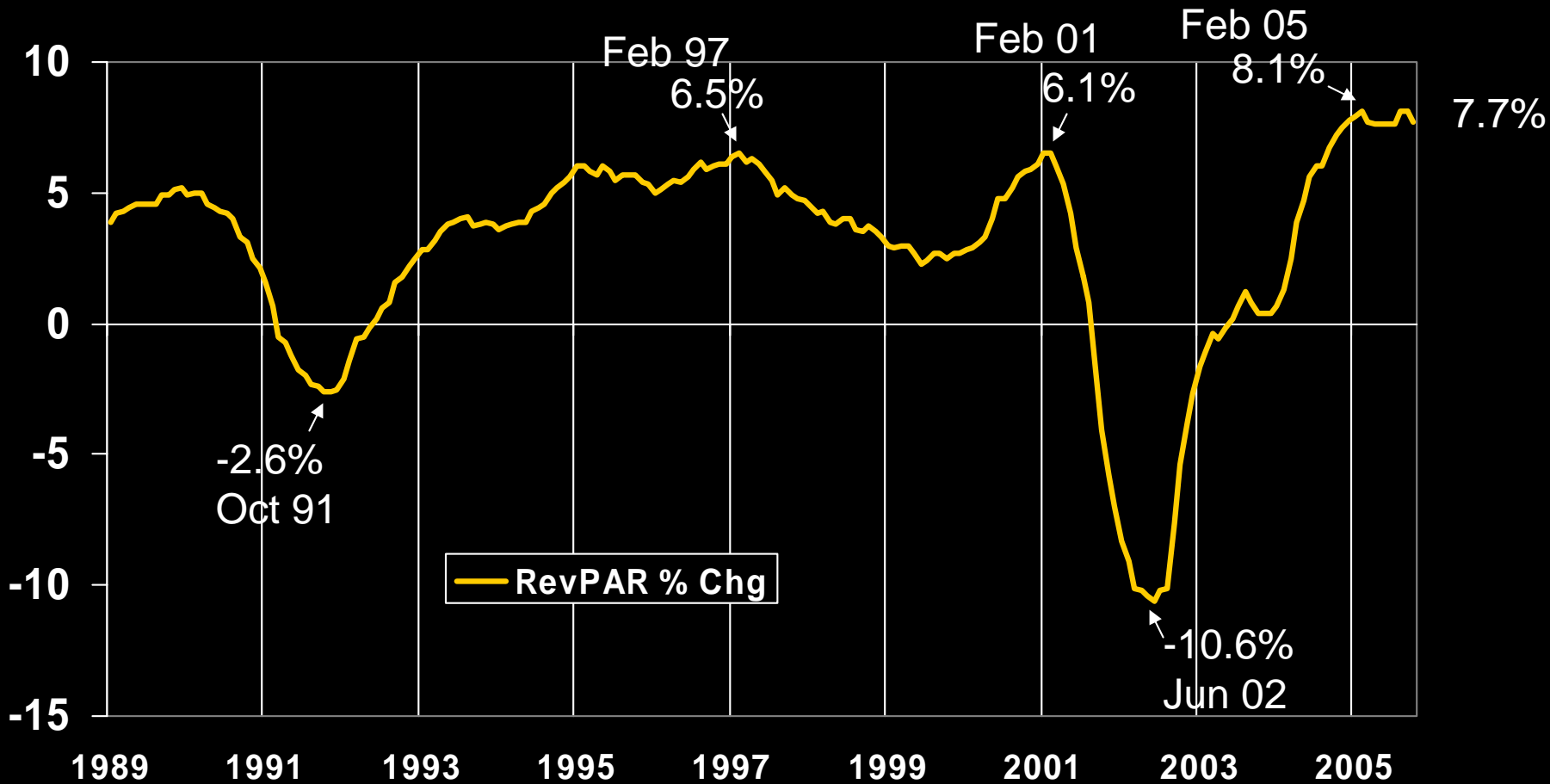
Total United States Occupancy/ADR Percent Change Twelve Month Moving Average – 1989 to October 2005



Total United States Occupancy and ADR Twelve Month Moving Average – October 2005

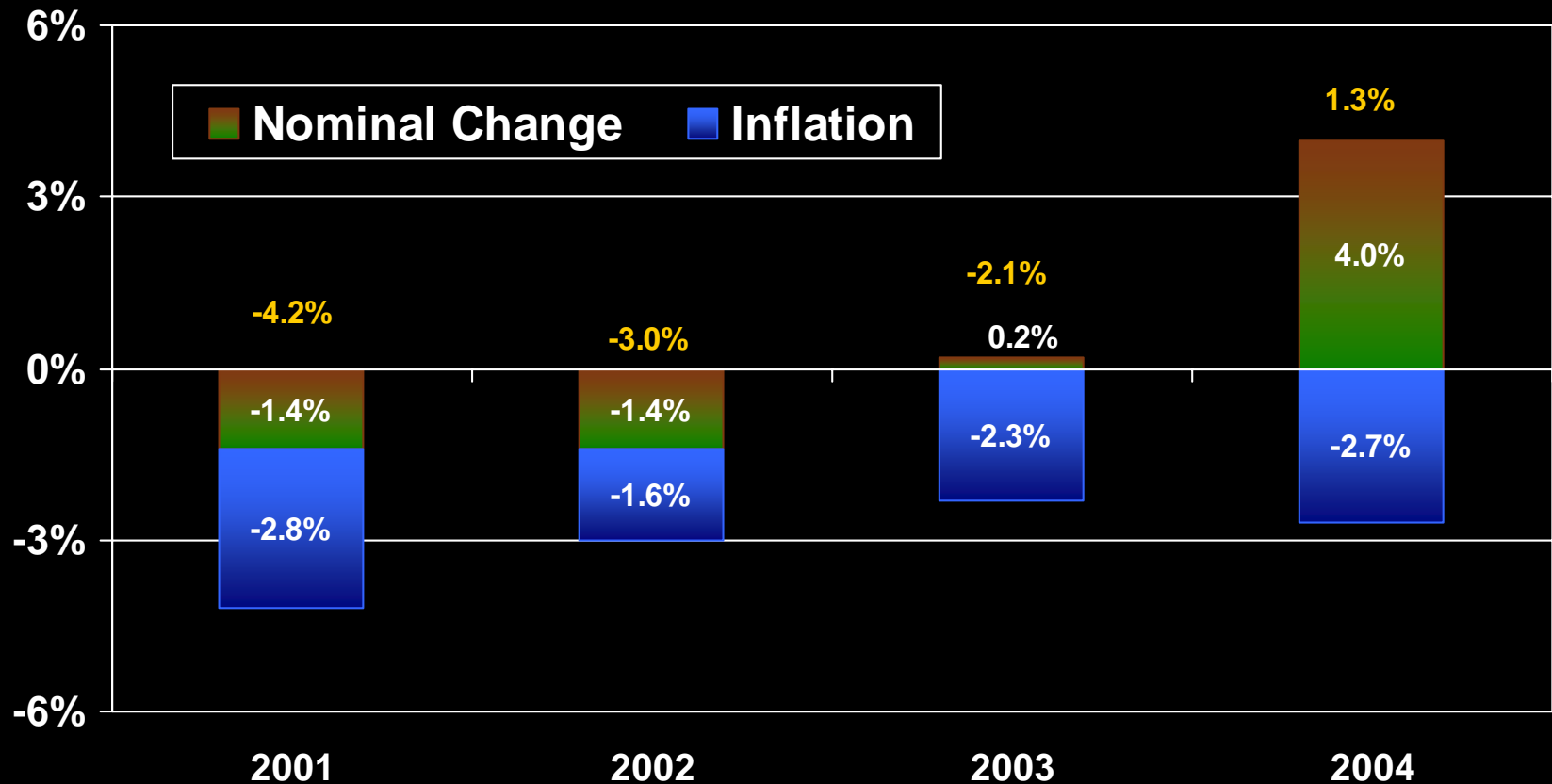


Total United States
RevPAR Percent Change
Twelve Month Moving Average – 1989 to October 2005

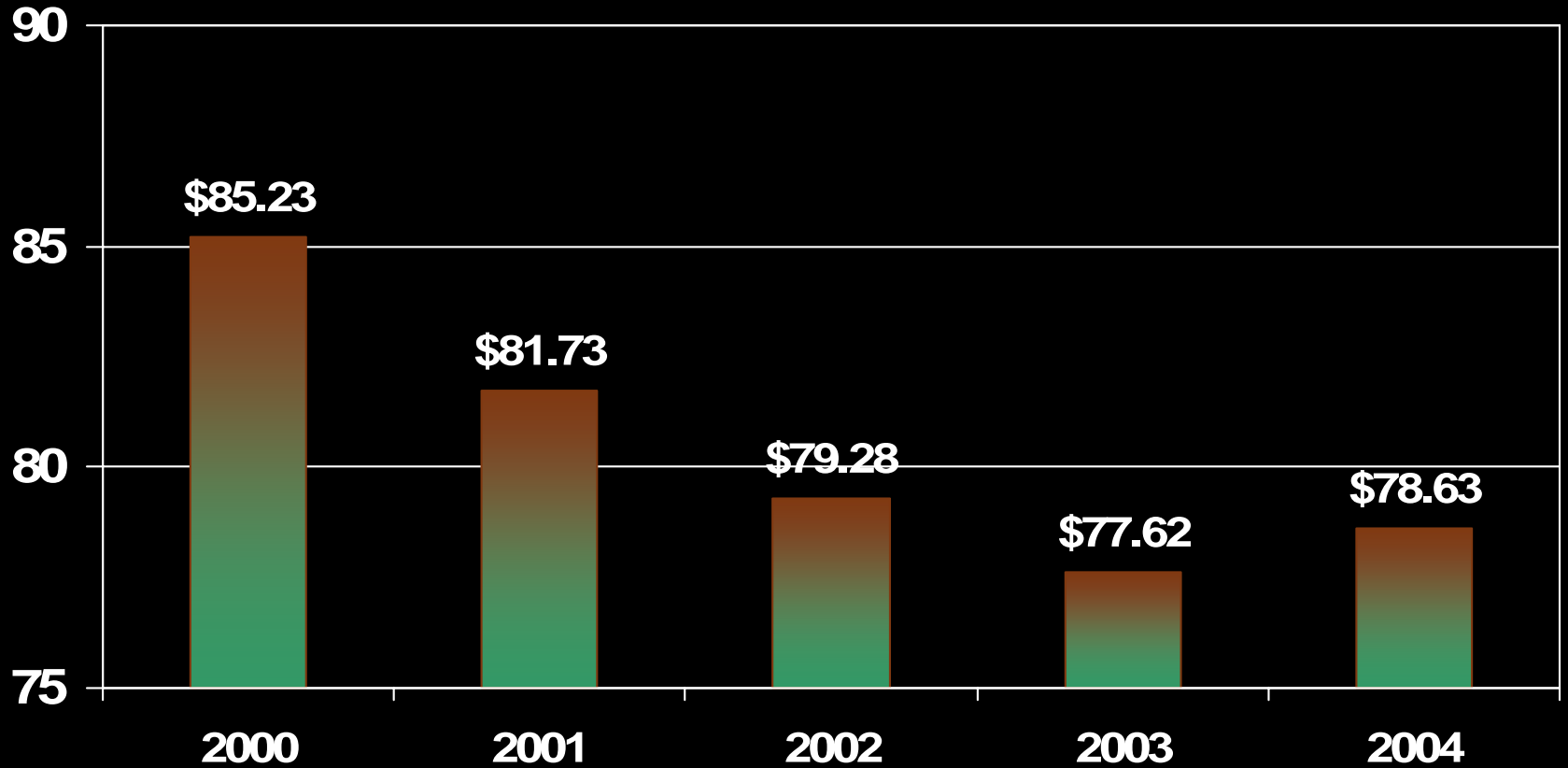


Total U.S. – Real ADR Growth

Nominal Change + Inflation = “Real” Change

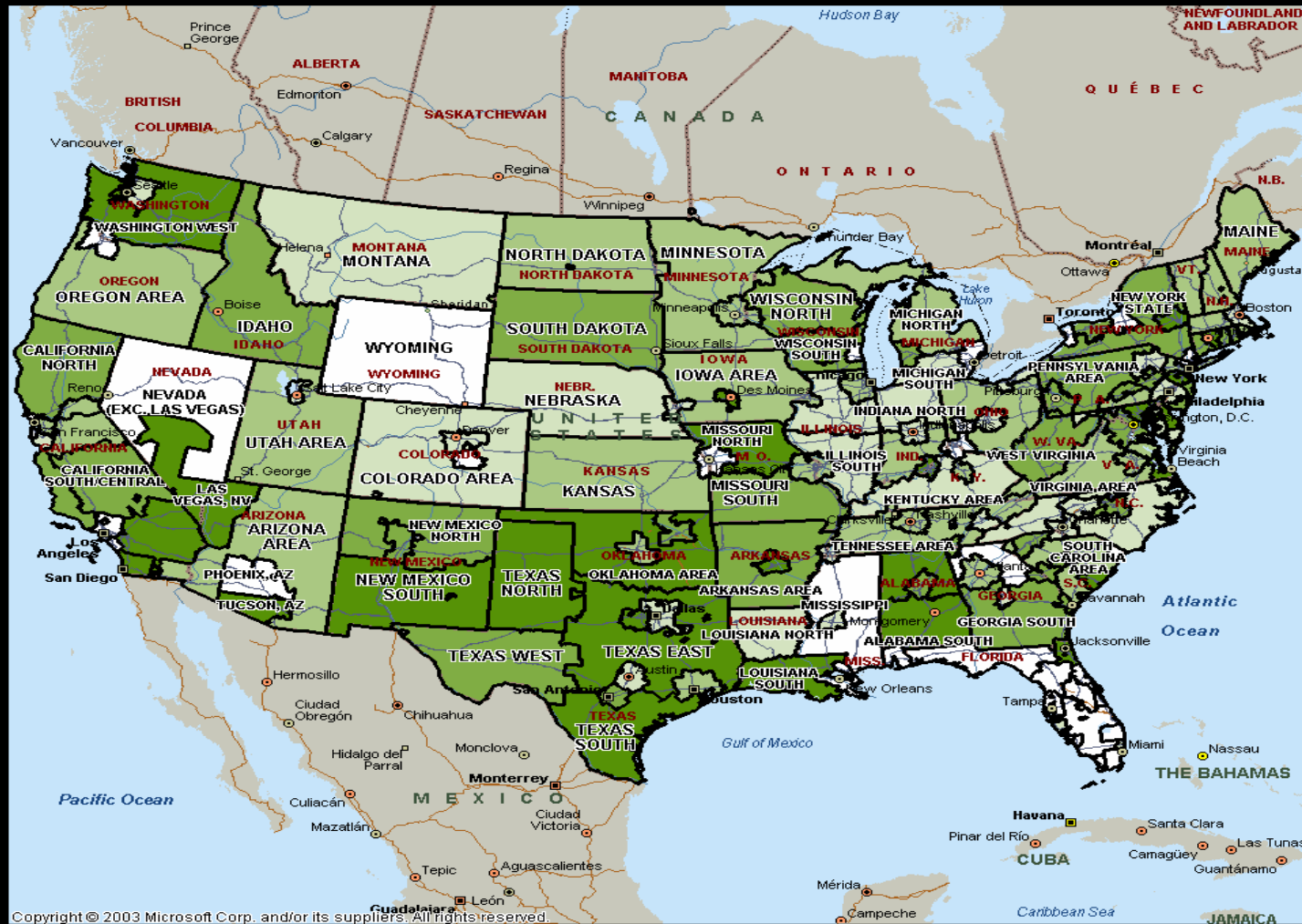


Total United States
Real Room Rates – (Base Year = 2000)
Year End 2000 - 2004



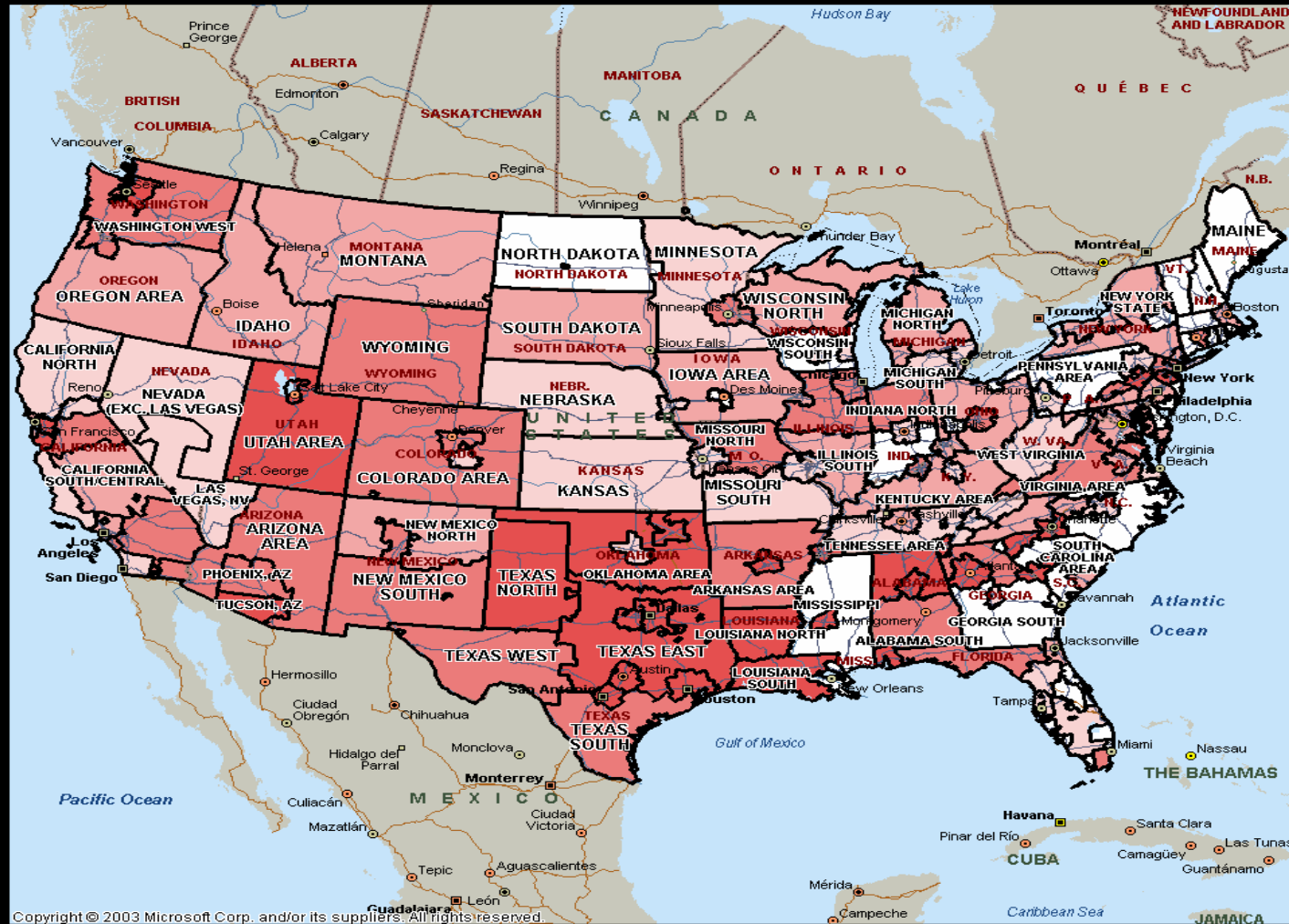
Total United States Room Supply Change - 12-Month Ending October 2005 By Market

1.9% to 4.3%
 1.1% to 1.8%
 0.4% to 1.0%
 -0.4% to 0.3%
 -9.1% to -0.5%



Total United States Room Demand Change - 12-Month Ending October 2005 By Market

5.6% to 17%
 3.6% to 5.5%
 2.1% to 3.5%
 0.2% to 2.0%
 -6.7% to 0.1%

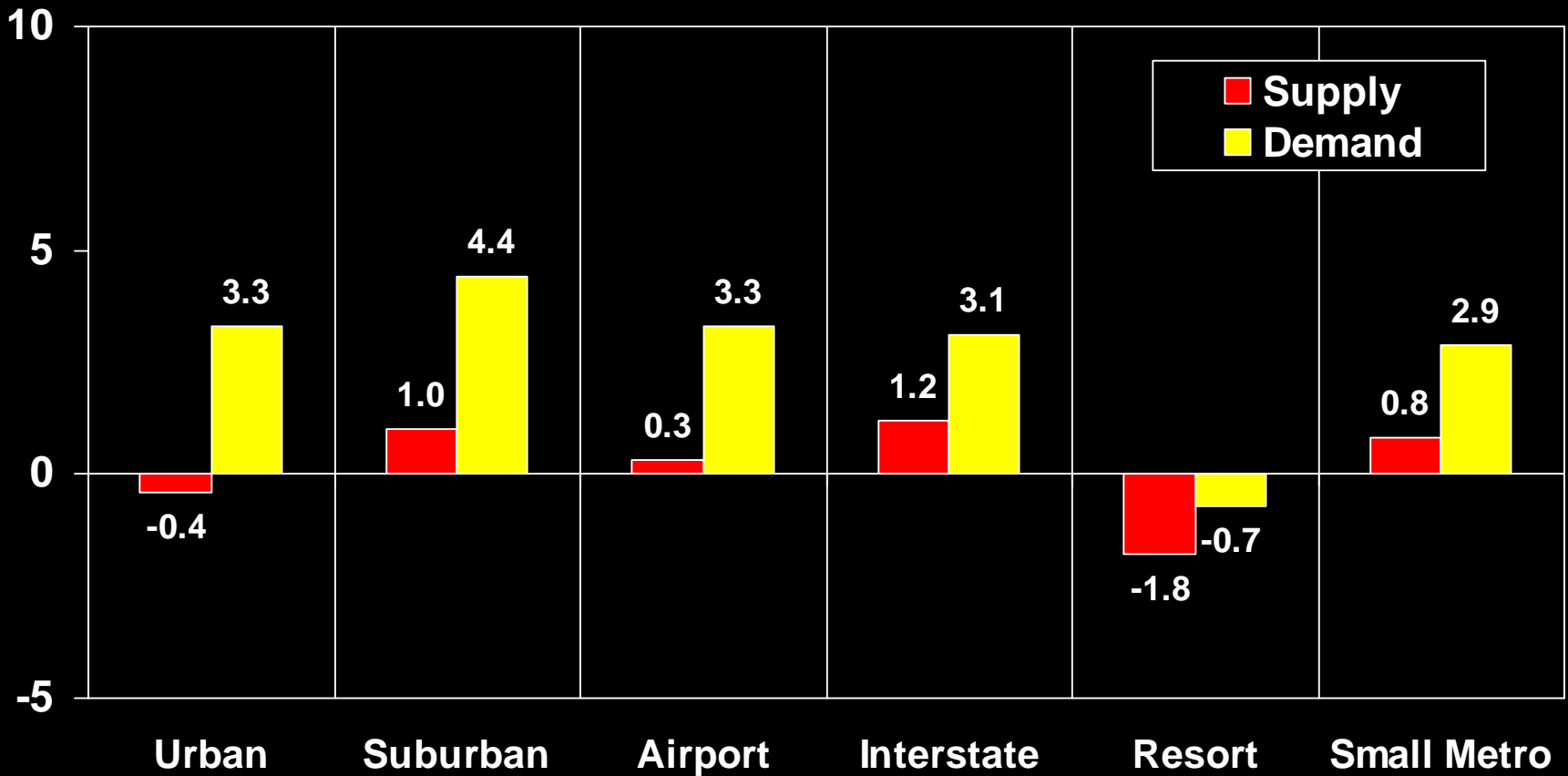


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Location Segments

Supply/Demand Percent Change

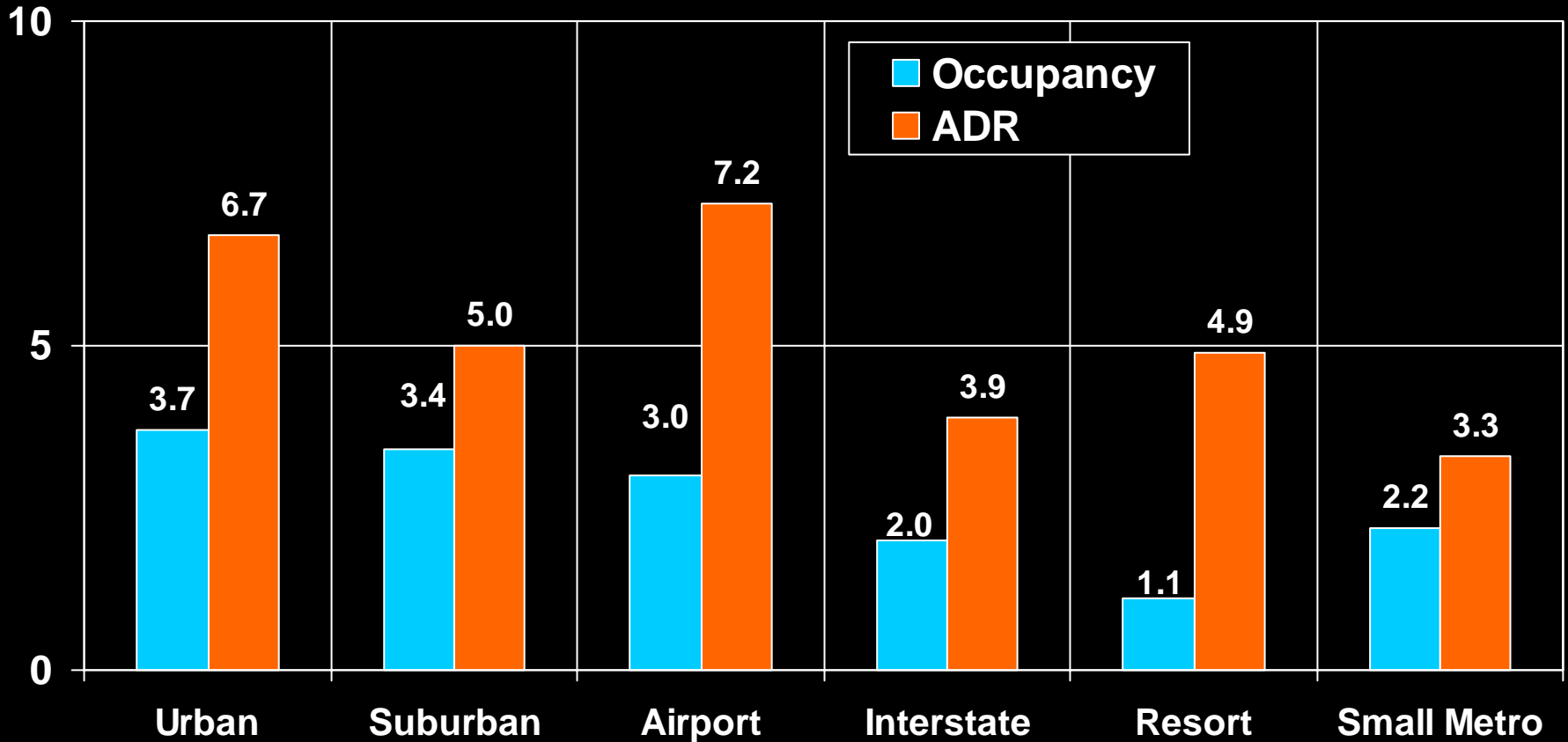
Twelve Months Ended October



Location Segments

Occupancy/ADR Percent Change

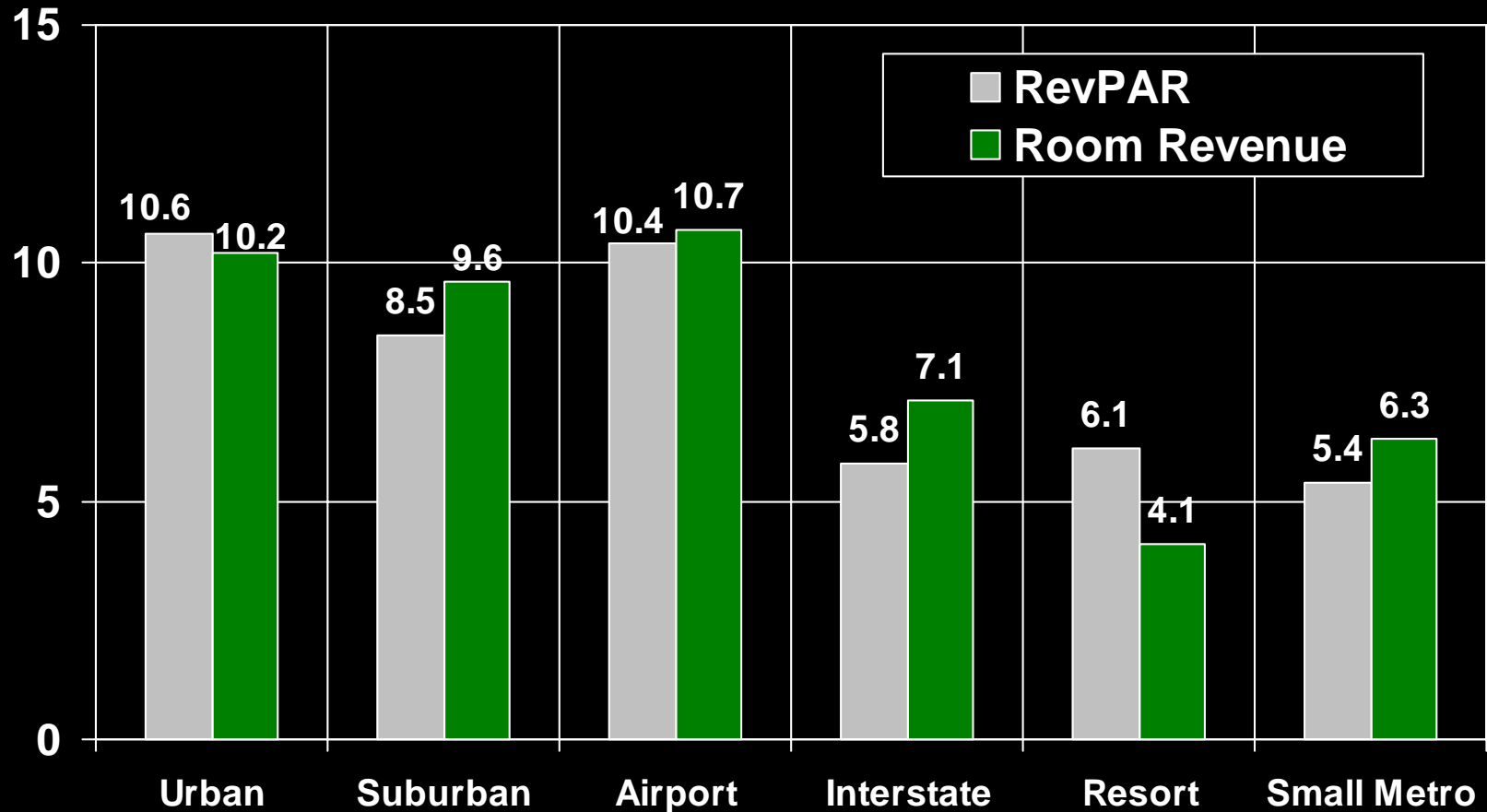
Twelve Months Ended October



Location Segments

RevPAR/Room Revenue Percent Change

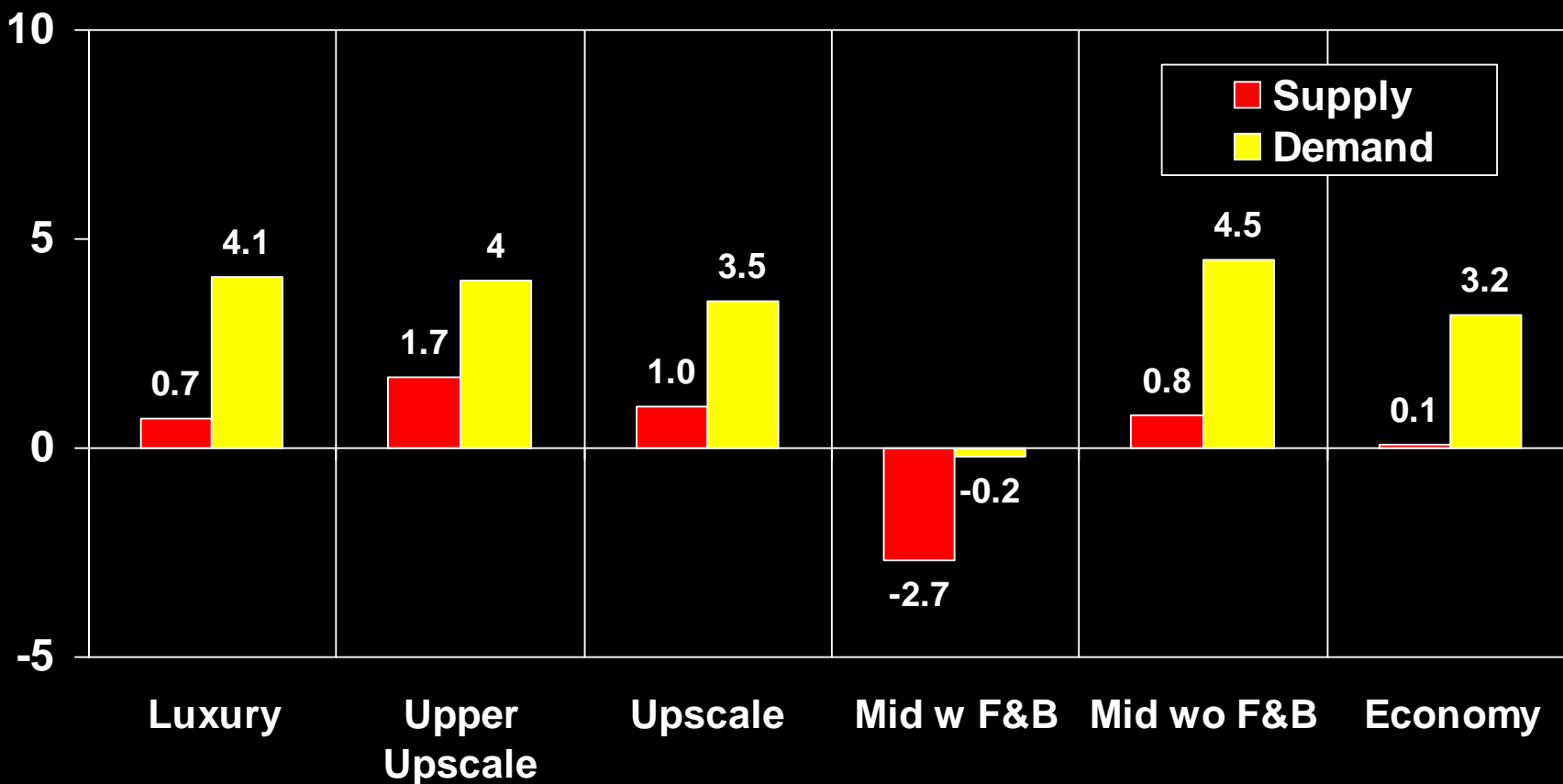
Twelve Months Ended October



Chain Scales

Supply/Demand Percent Change

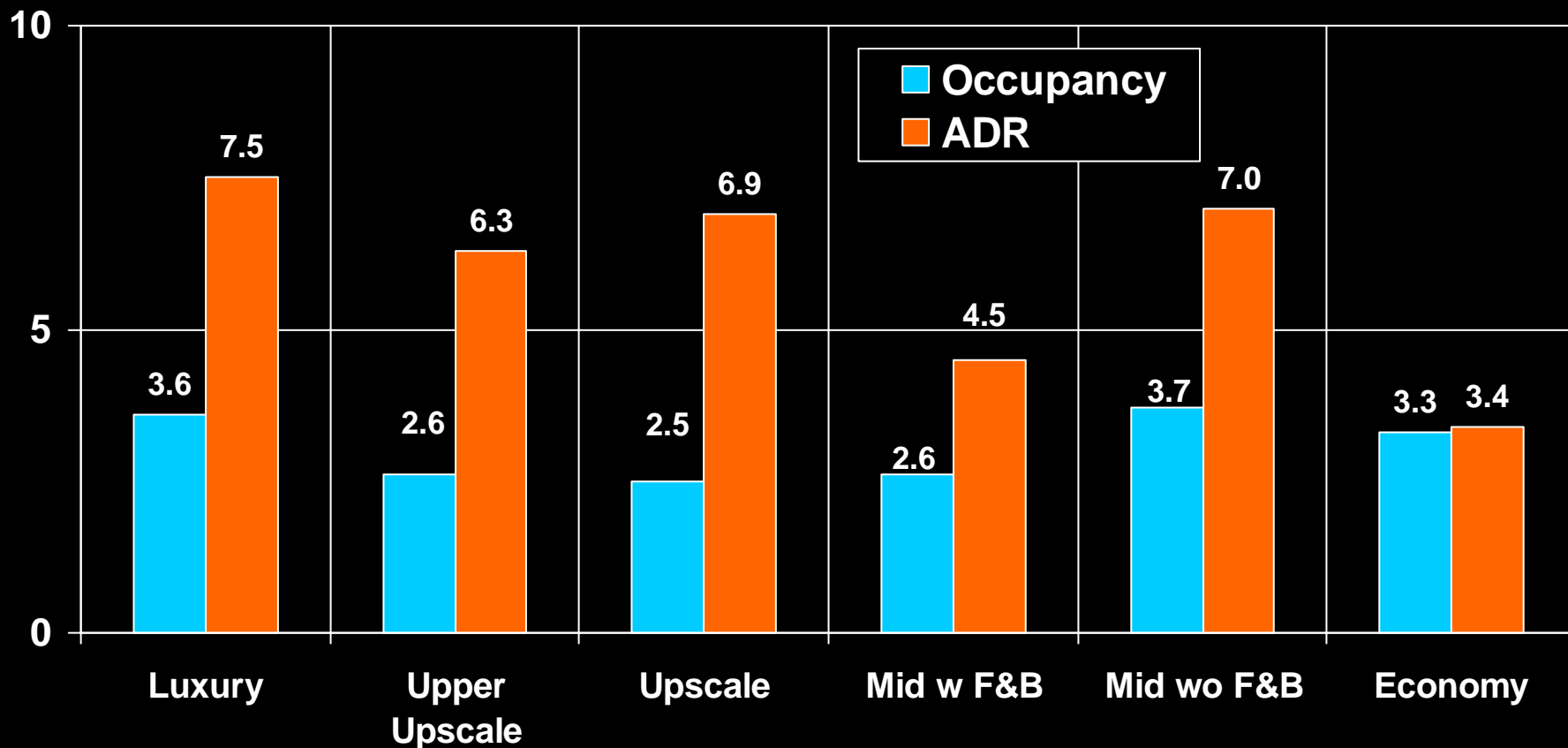
Twelve Months Ended October



Chain Scales

Occupancy/ADR Percent Change

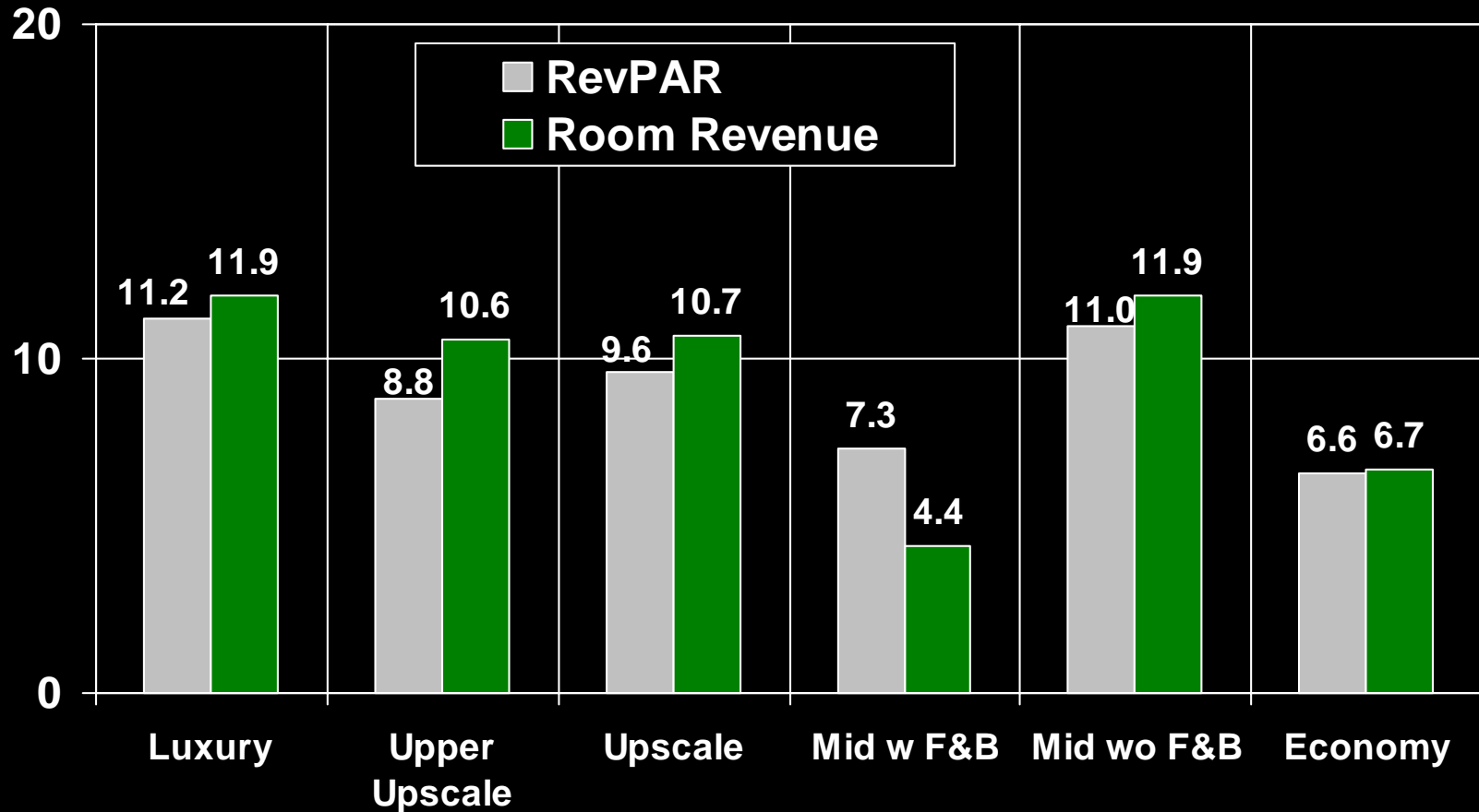
Twelve Months Ended October



Chain Scales

RevPAR/Room Revenue Percent Change

Twelve Months Ended October

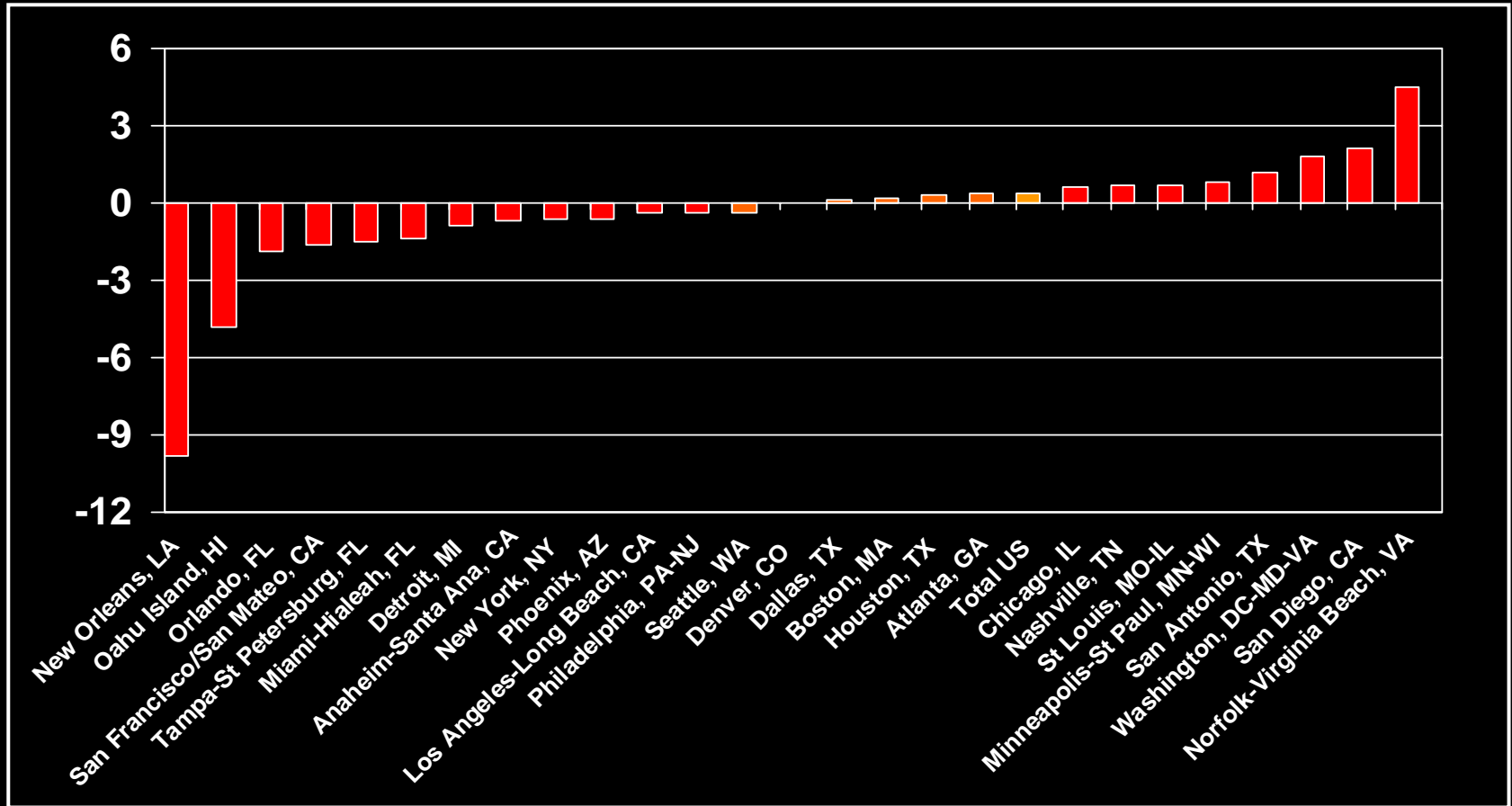


Market Performance

Top 25 Markets

Room Supply Percent Change

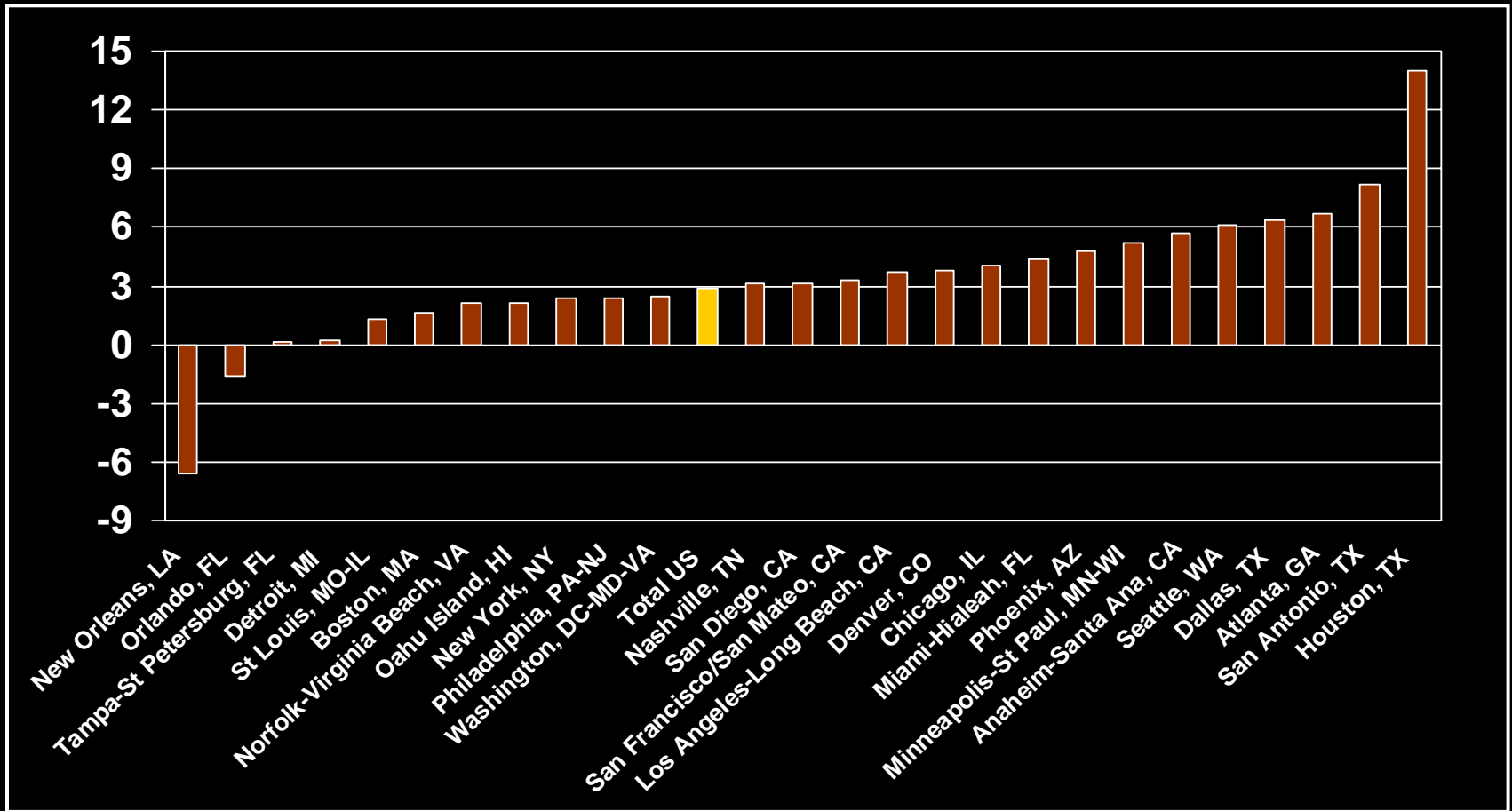
October 2005 YTD Year over Year



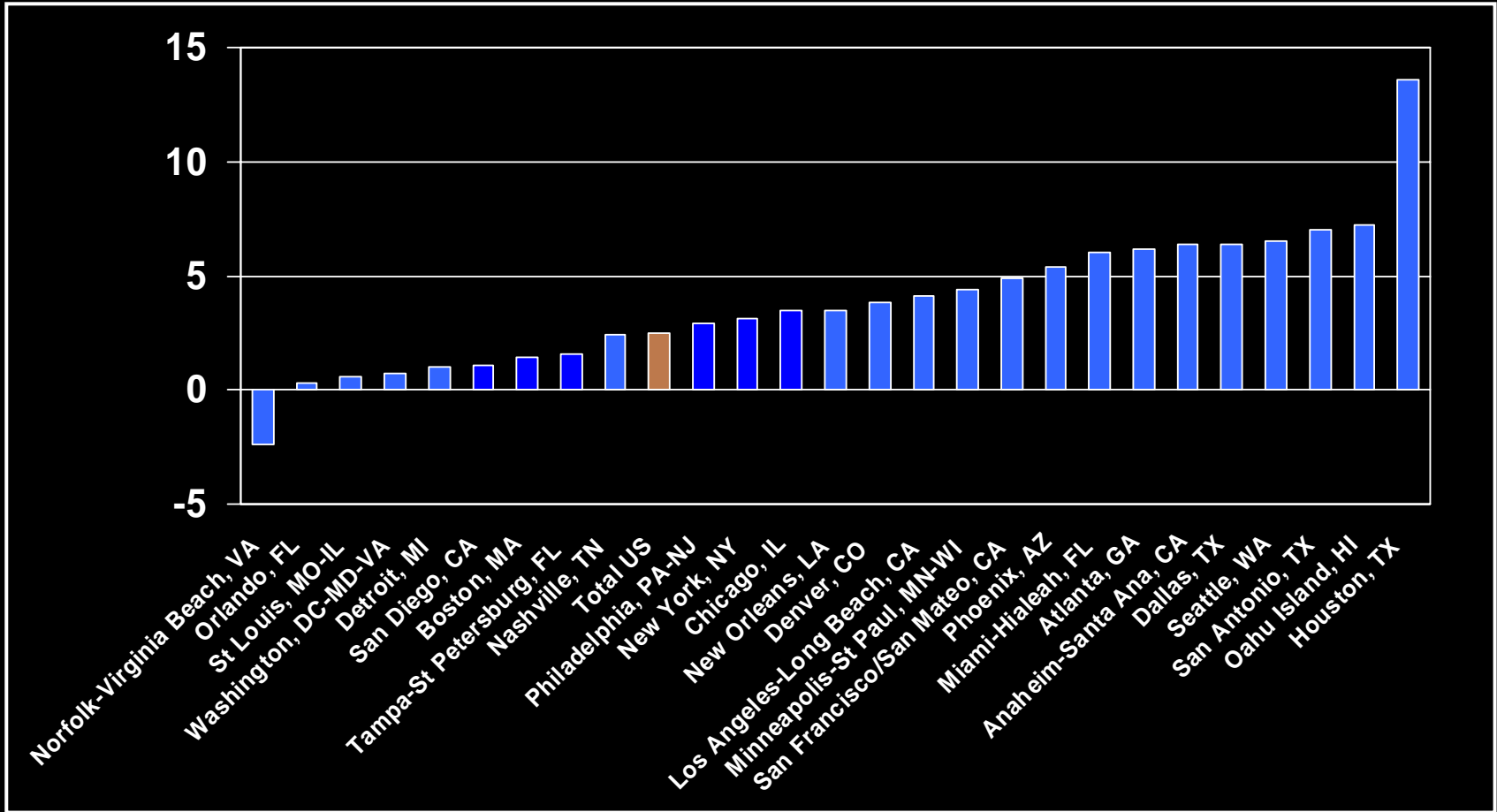
Top 25 Markets

Room Demand Percent Change

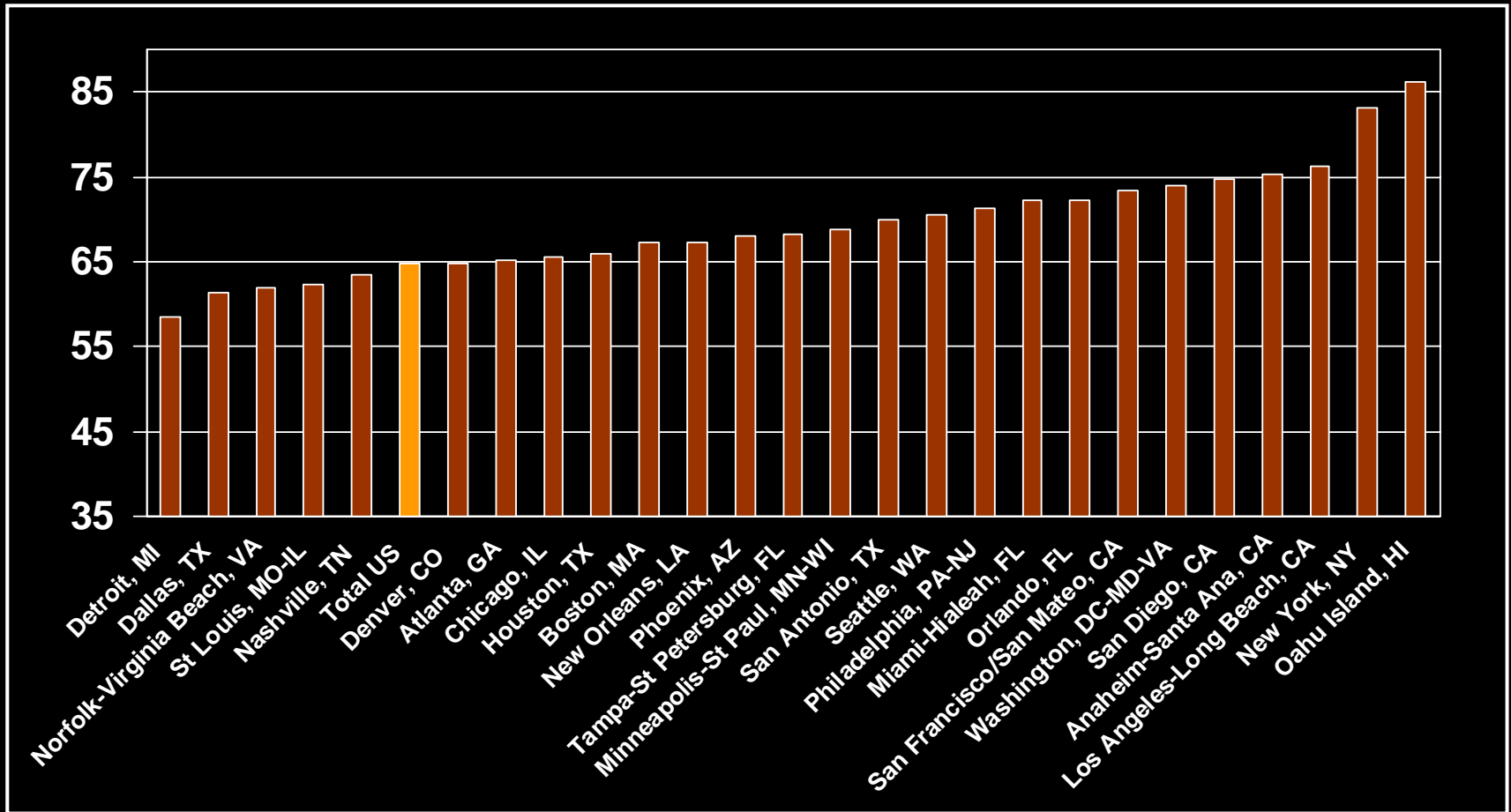
October 2005 YTD Year over Year



Top 25 Markets
 Occupancy Percent Change
 October 2005 YTD Year over Year



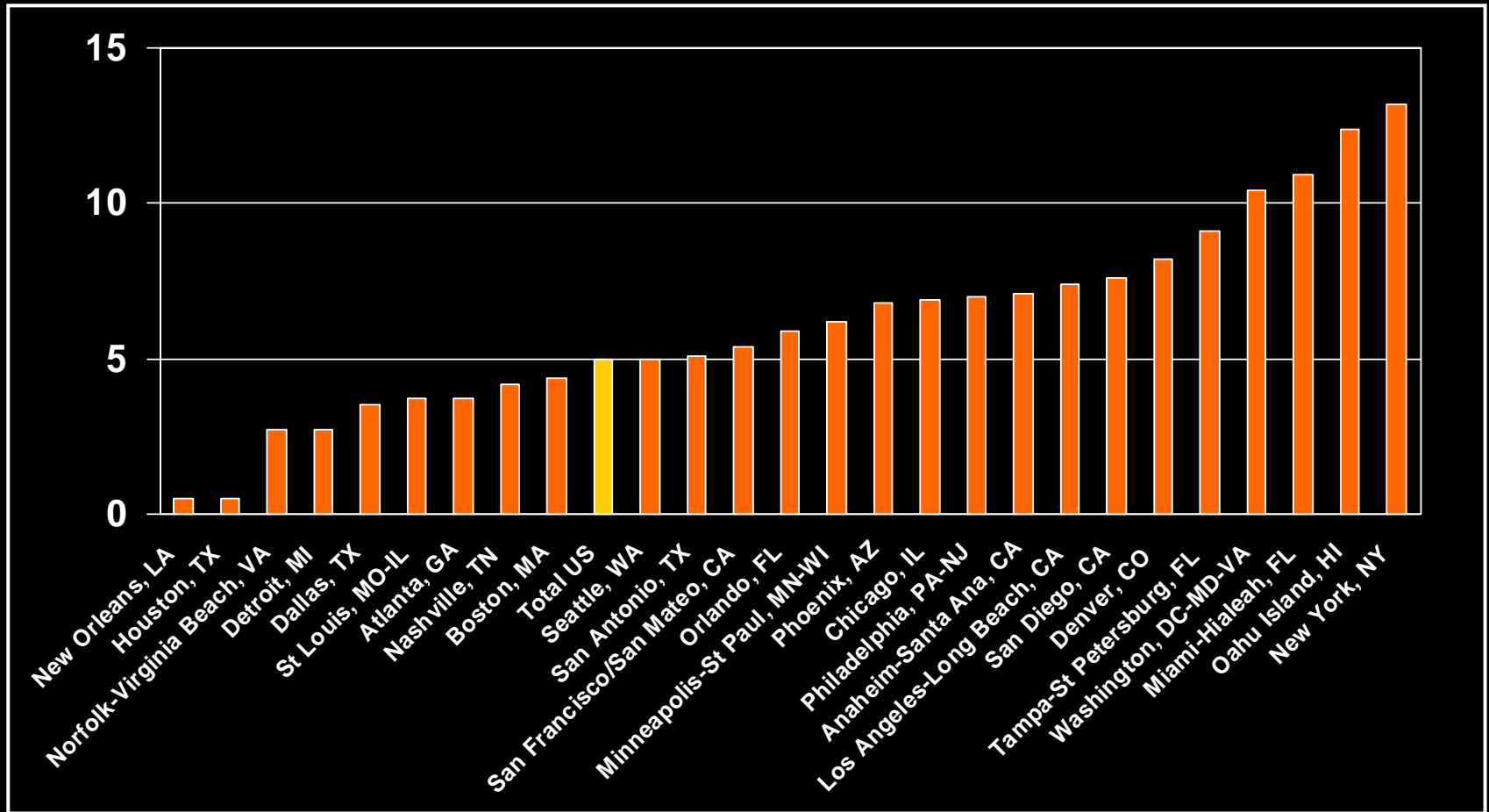
Top 25 Markets Occupancy Percent October 2005 YTD



Top 25 Markets

ADR Percent Change

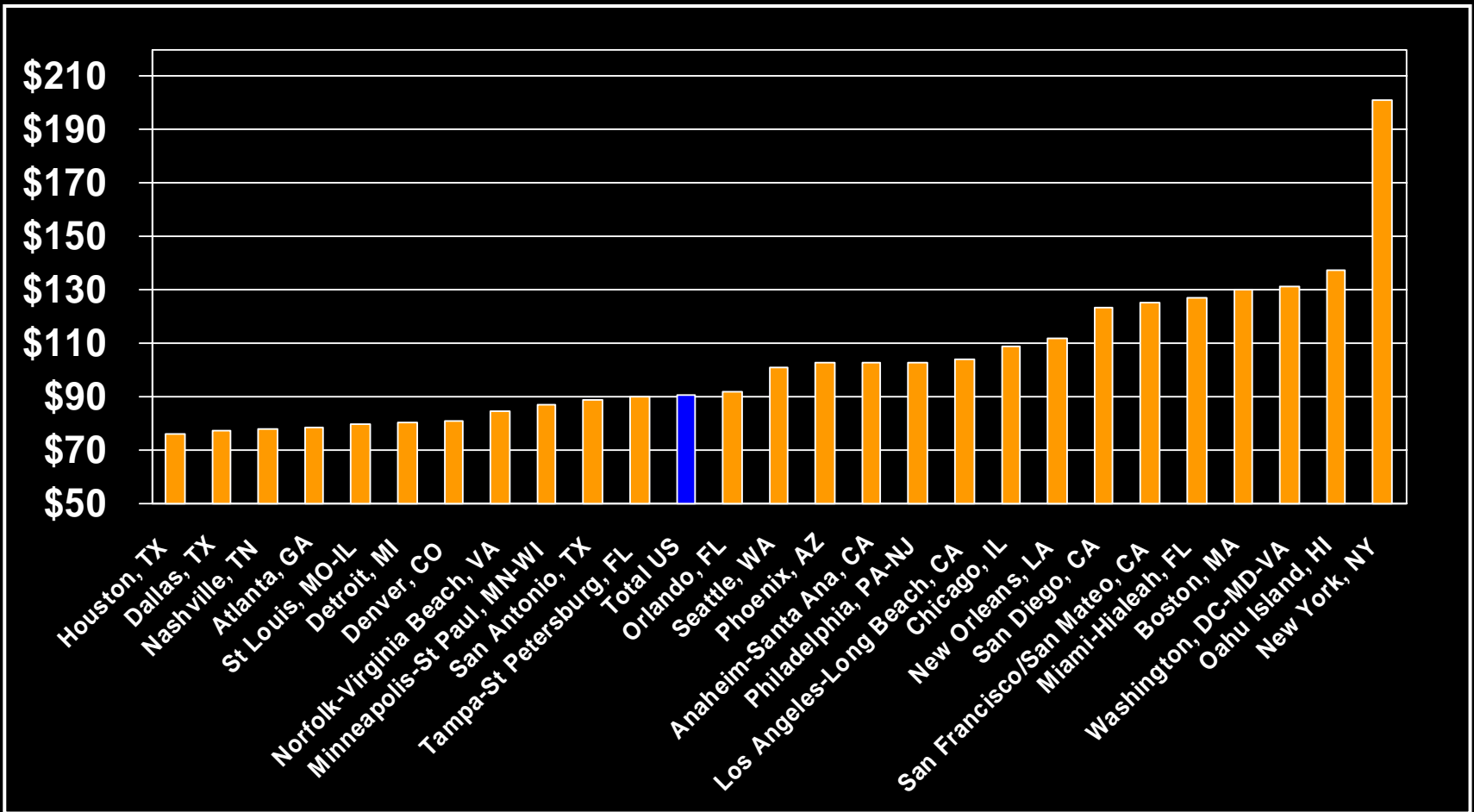
October 2005 YTD Year over Year



Top 25 Markets

ADR

October 2005 YTD

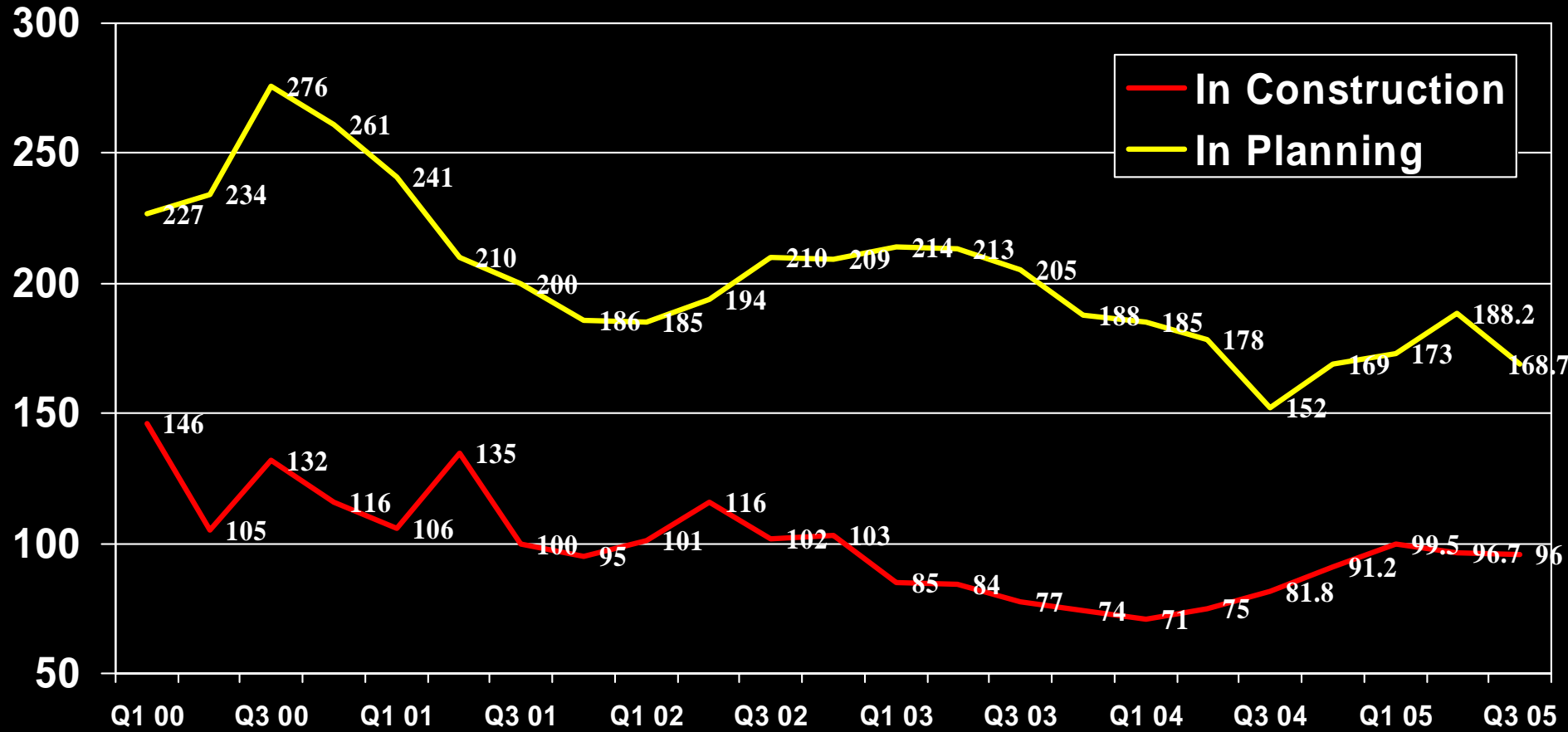


Construction Activity

Total United States
Active Development Pipeline - Rooms
Change From Last Year

	Oct. 2005	Oct. 2004	% Change
In Construction	89,866	91,449	-1.7%
Final Planning	14,578	13,828	5.4%
Planning	167,250	173,512	-3.6%
Pre-Planning	54,752	108,428	-49.5%
Total	326,446	387,217	-15.7%

Total United States Quarterly Construction Pipeline Q1 2000 – Q3 2005



Top 10 Construction Brands 1995 - 2000

Brand	Rooms
Hampton*	56,320
HI Express	50,944
Comfort*	46,373
Extended Stay America	30,614
Courtyard	27,829
Super 8	23,065
Best Western	22,169
Fairfield	21,263
Residence Inn	18,628
Homestead	16,590

* Includes Inns and Inns & Suites

Top 10 Construction Brands 2001 – October 2005

Brand	Rooms
HI Express	26,260
Hampton*	22,159
Hilton Garden	16,046
Comfort*	15,077
Courtyard	14,106
Residence In	13,303
Marriott	13,034
Best Western	10,761
Extended Stay America	9,820
Country Inns & Suites	9,002

* Includes Inns and Inns & Suites

Markets with Highest Construction Activity October 2005

<u>Market</u>	<u># Rooms</u>	<u>% Existing Supply</u>
Washington, DC	4,301	4.7
New York	3,624	4.6
Boston	3,562	5.5
Chicago	2,197	2.1
San Antonio	2,170	6.6

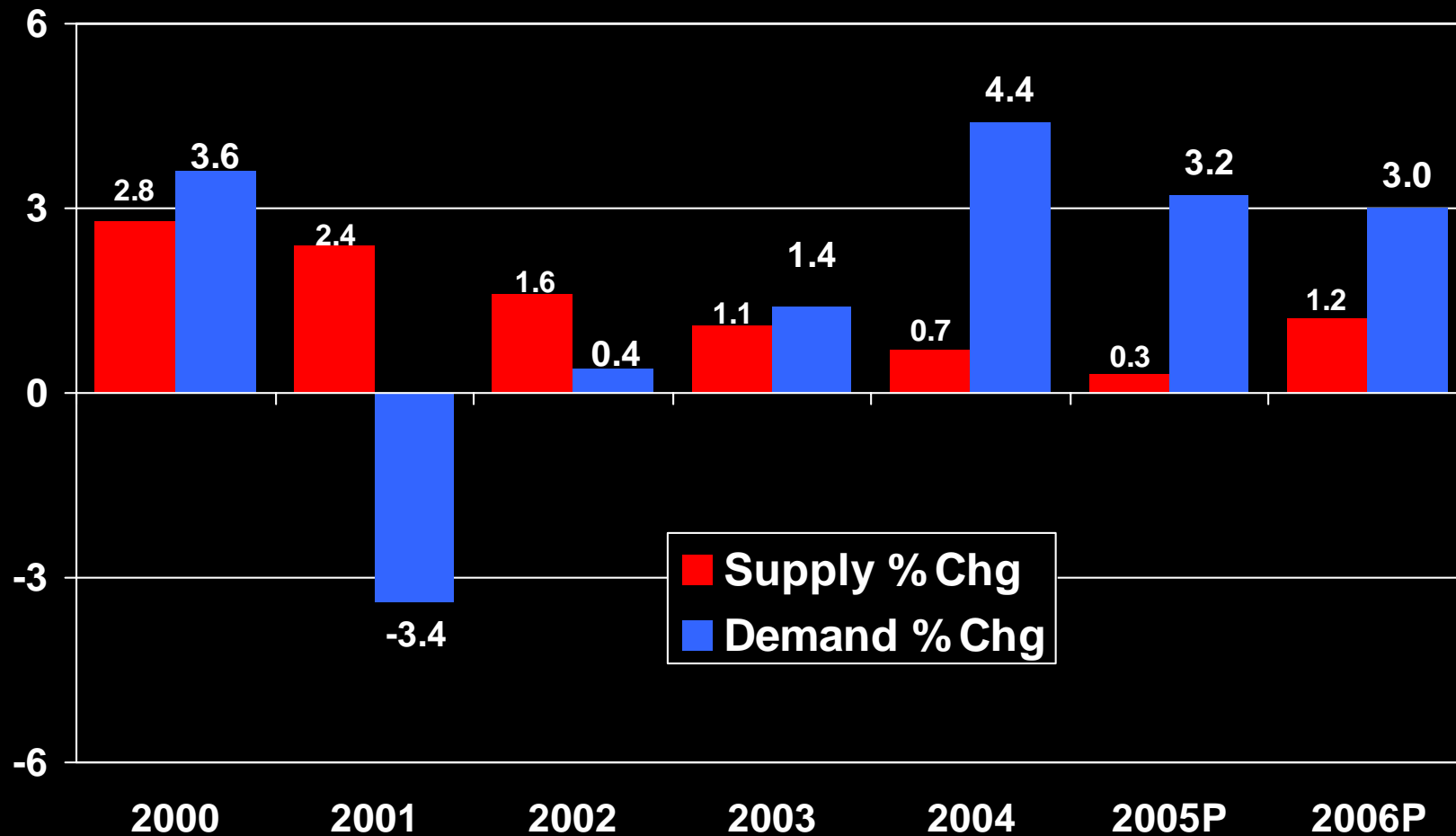
Projections

U.S. Economic Outlook

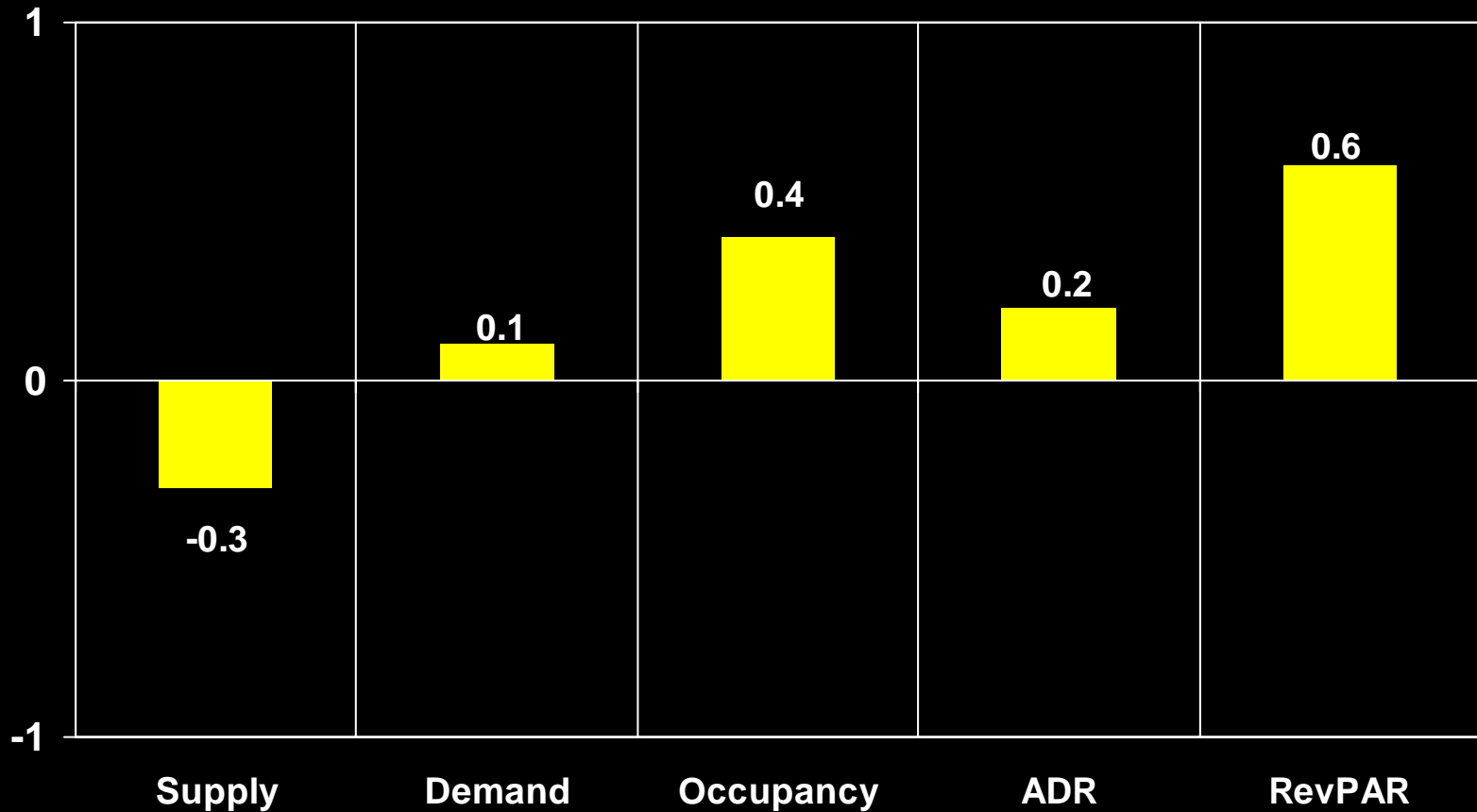
Blue Chip Economic Indicators – November 2005

	<u>2004A</u>	<u>2005F</u>	<u>2006F</u>
Real GDP	+4.2%	+3.4%	+3.3%
CPI	+2.7%	+3.3%	+3.1%
Corporate Profits	+12.5%	+16.6%	+7.1%
Disp Personal Income	+3.4%	+1.7%	+3.2%
Unemployment Rate	5.5%	5.1%	5.0%

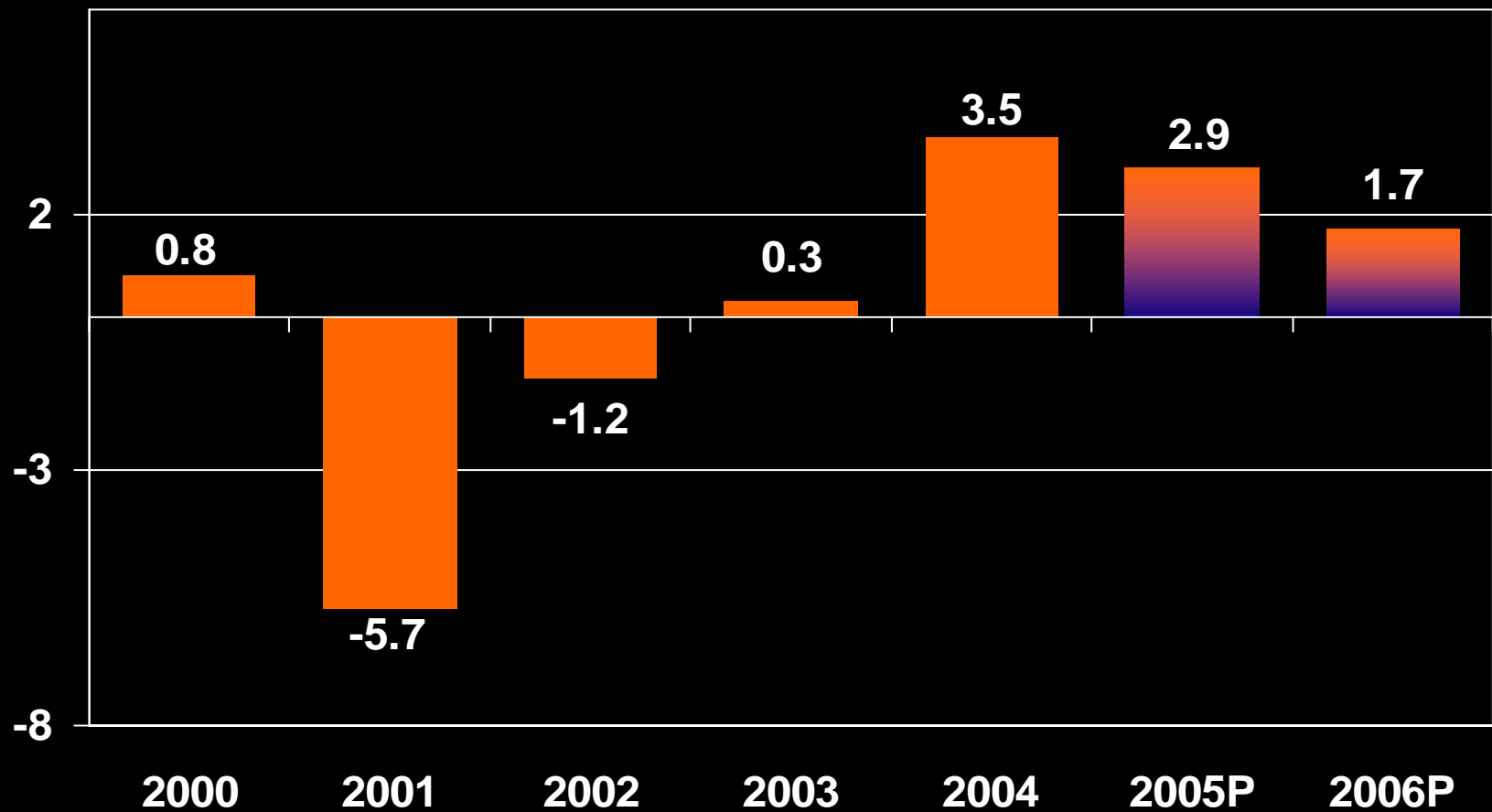
Total United States Supply/Demand Percent Change 2000 – 2006P



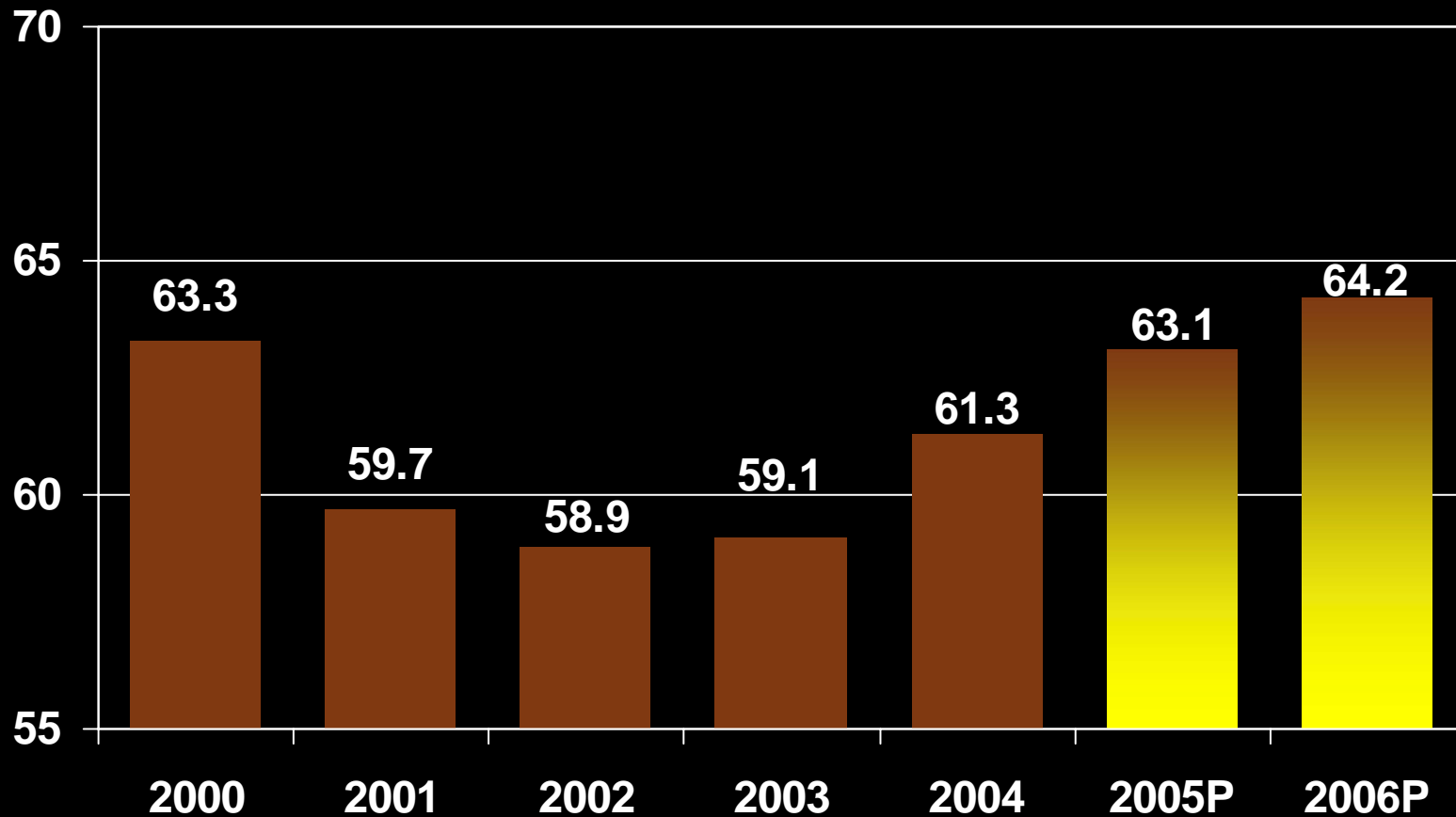
Total United States Katrina Impact - 2005



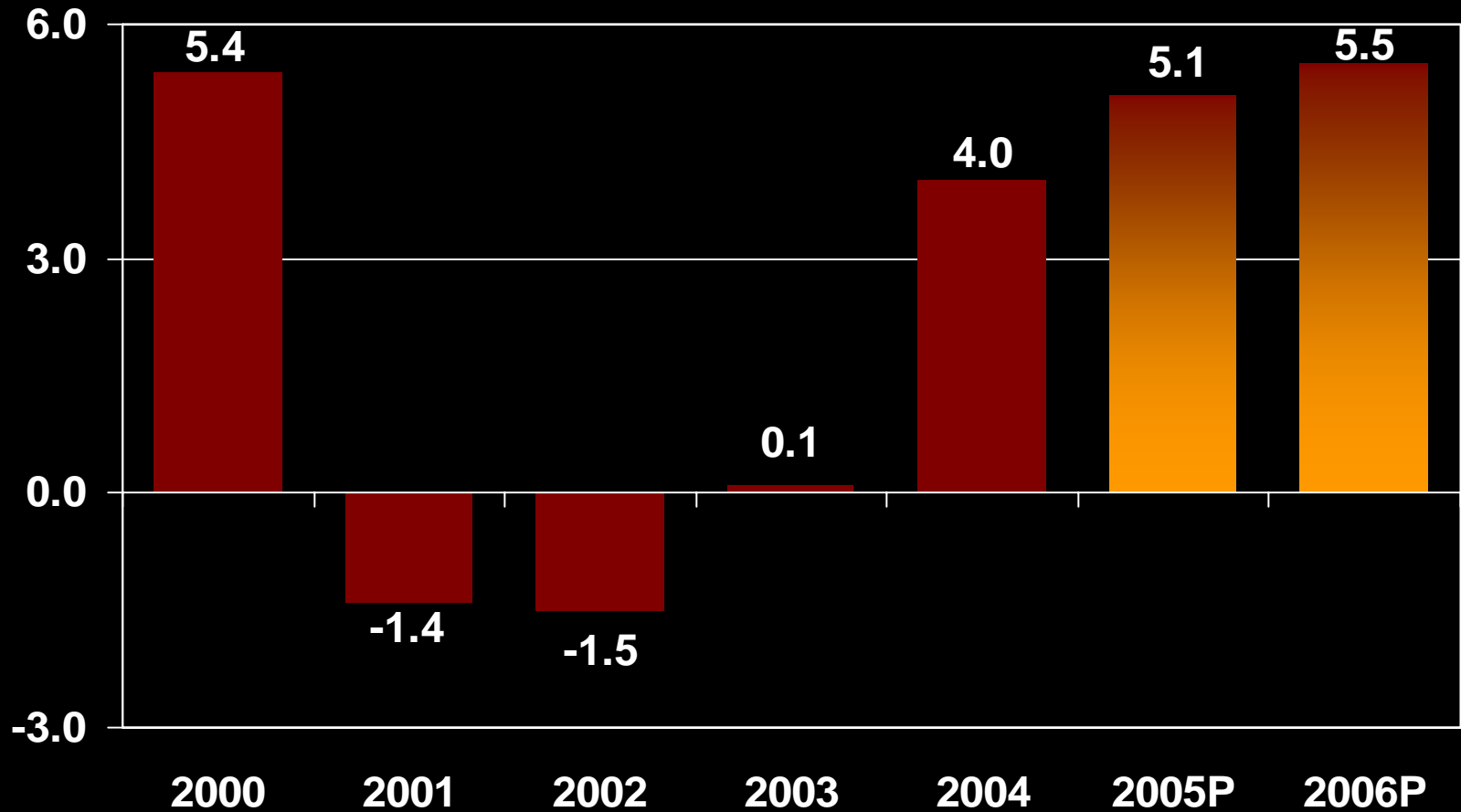
Total United States Occupancy Percent Change 2000 – 2006P



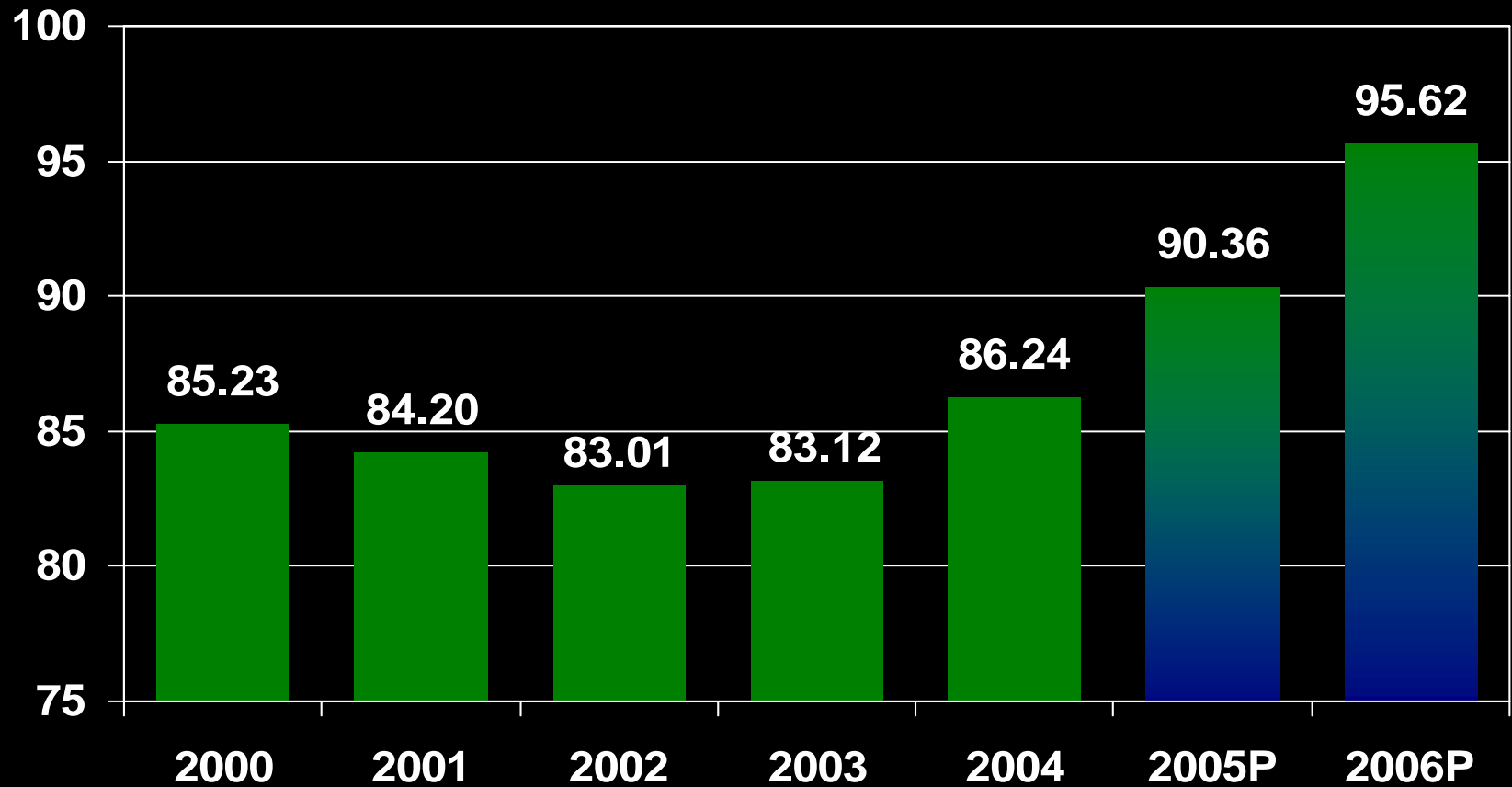
Total United States Occupancy Percent 2000 – 2006P



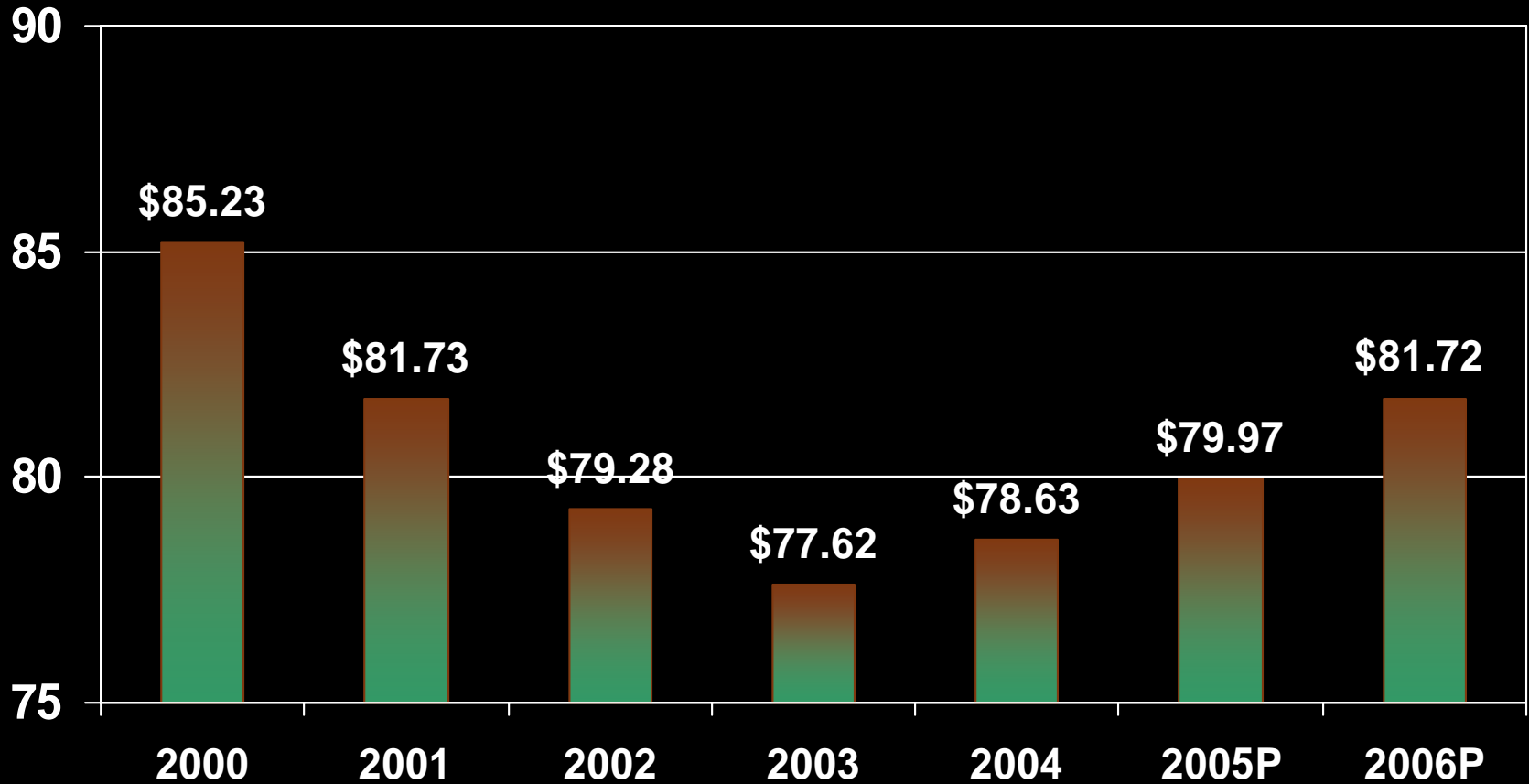
Total United States
ADR Percent Change
2000 – 2006P



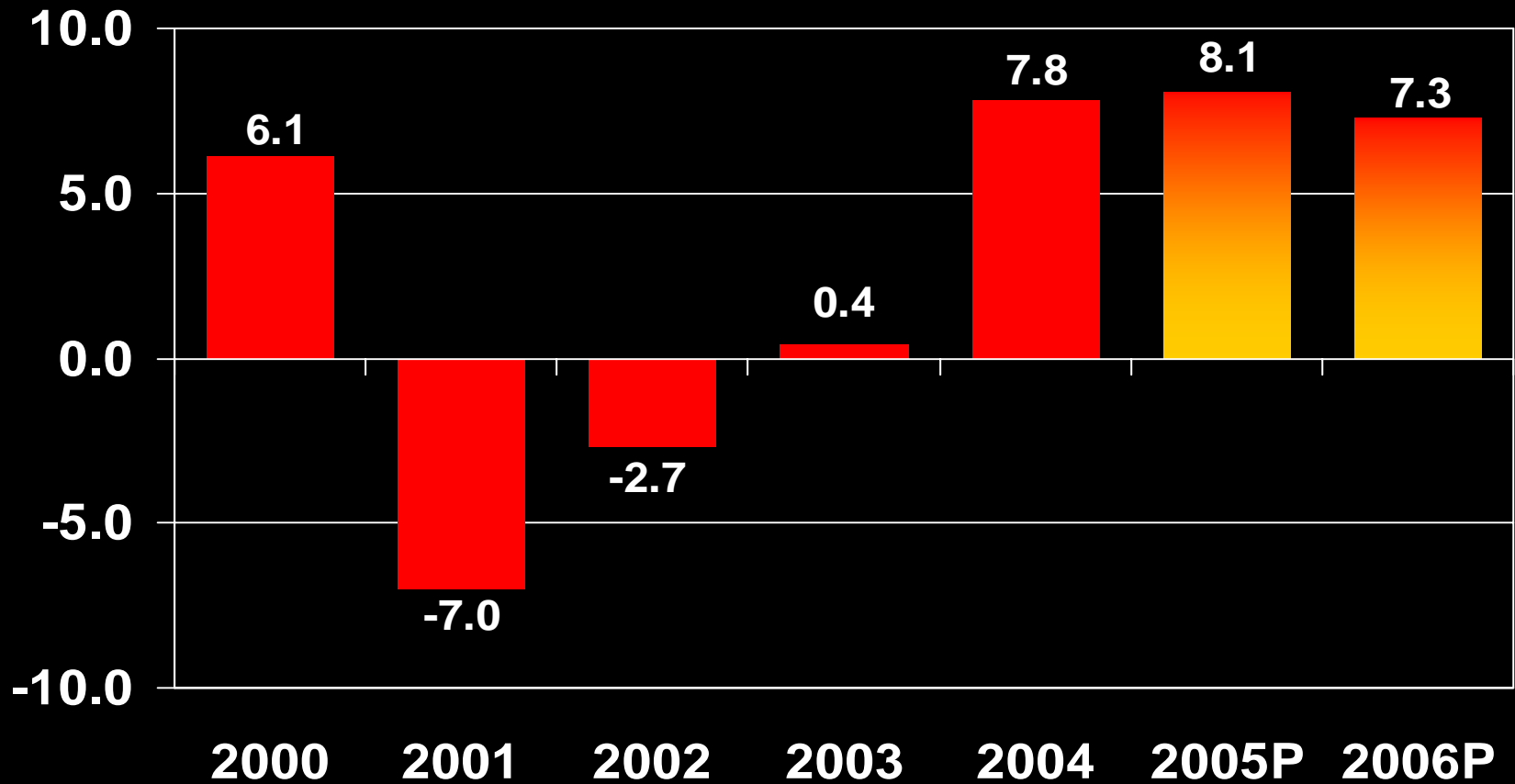
Total United States
Nominal Room Rates
2000 – 2006P



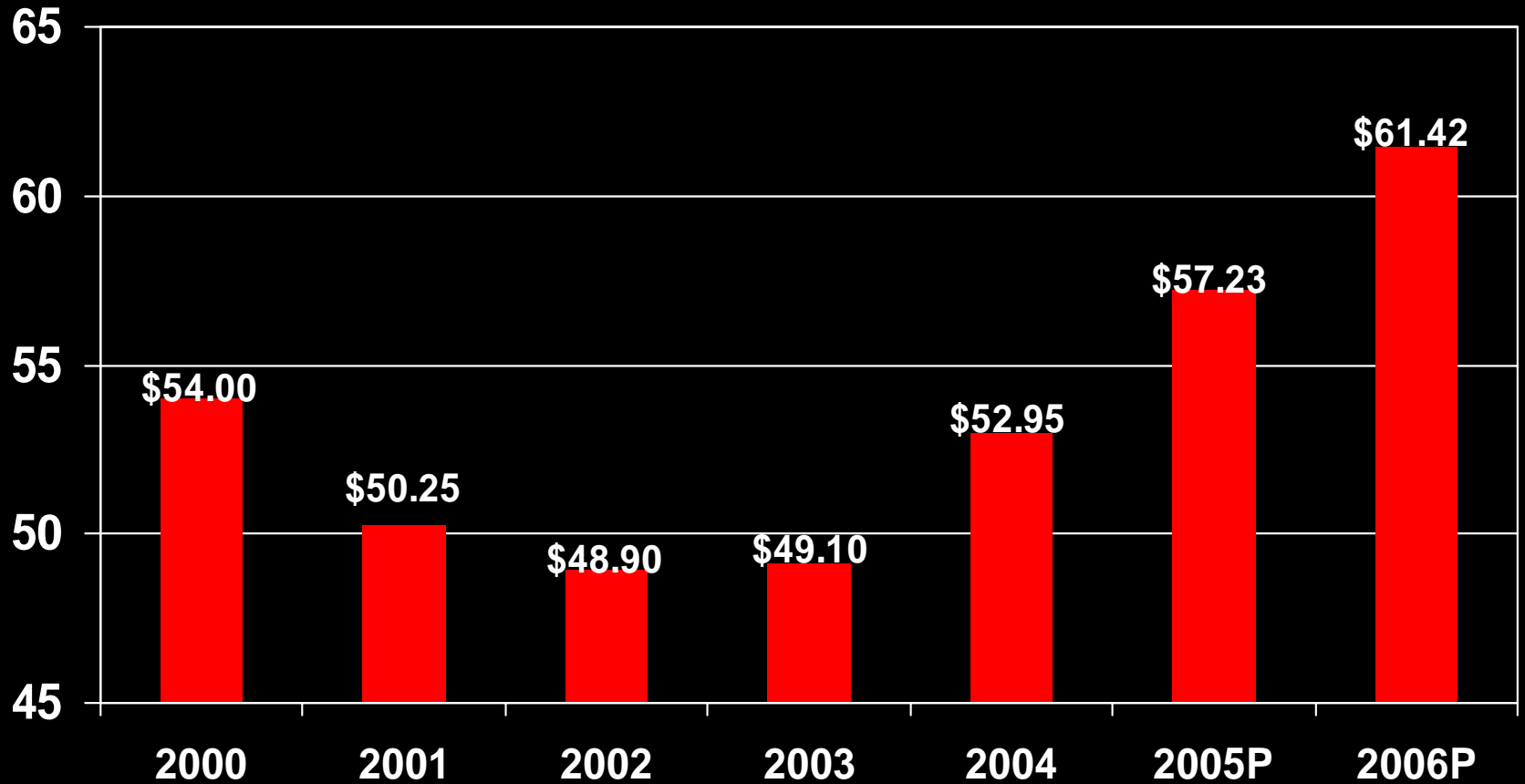
Total United States
Real Room Rates – (Base Year = 2000)
2000 – 2005P



Total United States
RevPAR Percent Change
2000 – 2006P

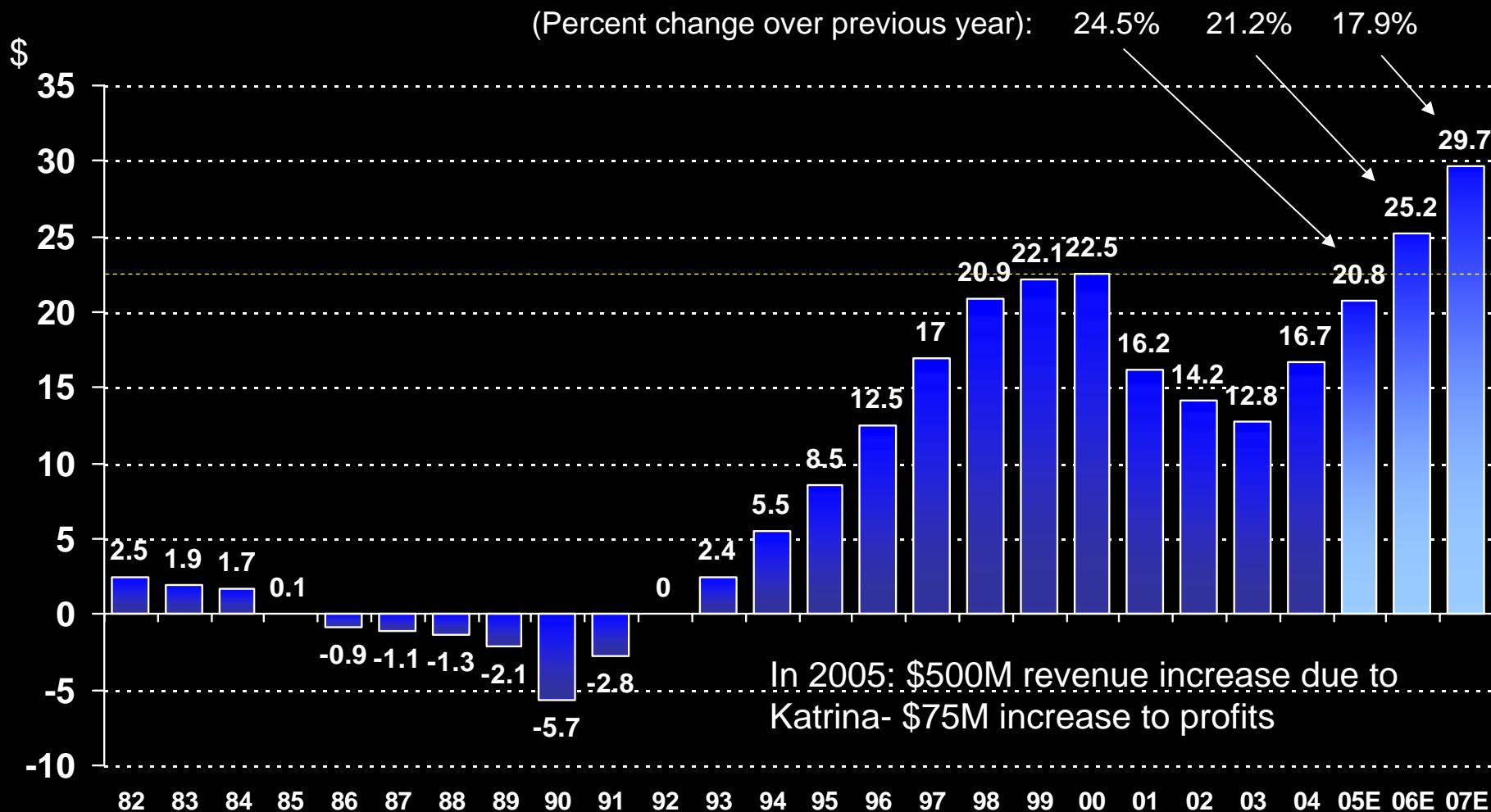


Total United States
Nominal RevPAR
Year End 2000 – 2006P



United States Lodging Industry - Estimated Profits (Billions \$)

1982 – 2007 Estimated



Source: PWC 2005, 2006 & 2007 Estimates

U.S. Lodging Outlook

- * Supply Growth Remains Benign
- * Demand Strength Broadens
- * Occupancy Gains Continue
- * Aggressive Pricing Strategies
- * Increased Profitability

Lodging Industry Issues

- Rising Costs – Energy (Gas), Insurance, Labor (visa caps)
- Amenity Creep – “Bed Wars”
- Rising Interest Rates
- Currency Exchange
- Airline Problems
- Demand Leakage – Condo Hotels, Cruise, Timeshare
- Demand Growth...where are we in the cycle?
- Benign Supply Growth
- Construction Costs – Interests Rates, Steel
- Terrorists Threats

Thank You!

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