SMITH TRAVEL RESEARCH

Agenda

- Who we are and what we do
- National Performance
- Regional Performance
- Projections

The Center of the Lodging Industry Benchmarking Universe: Hendersonville, TN

SMITH TRAVEL RESEARCH

STR – Who we are

- Founded 1985 as an Independent Research Firm
- The recognized leader in hotel performance benchmarking
- We provide 100% Market Penetration
- Impartial, timely, confidential

We are also…

STR GLOBAL

www.strglobal.com

RRC ASSOCIATES

Research • Planning • Design

www.rrcinfo.com

STR – What we do

- We collect (data, lots and lots of data)
  - Rooms Available (Supply)
  - Rooms Sold (Demand)
  - Rooms Revenue

- We produce reports that show:
  - Occupancy, ADR (Average Daily Rate), RevPAR (Revenue per Available Room)
  - For total country, states, counties, MSAs, cities, and competitive sets
  - Segmented by Price, Scale, Location, Size and Amenities
  - Group, Contract, and Transient Business

We Also Track:

- Lodging Census Properties
- Lodging Development Pipeline
- Annual HOST Study (P&L info)

Client Groups Include:

- Indep Operators / Chains / Owners / Mgmt Companies
- Real Estate Investors / Builders / Buyers
- Wall Street Firms
- CVBs / DMOs / Local, State and Regional Tourism Offices
- Consultants, Advisors, Appraisers, Banks
- US Government
- Media
- Universities

Agenda

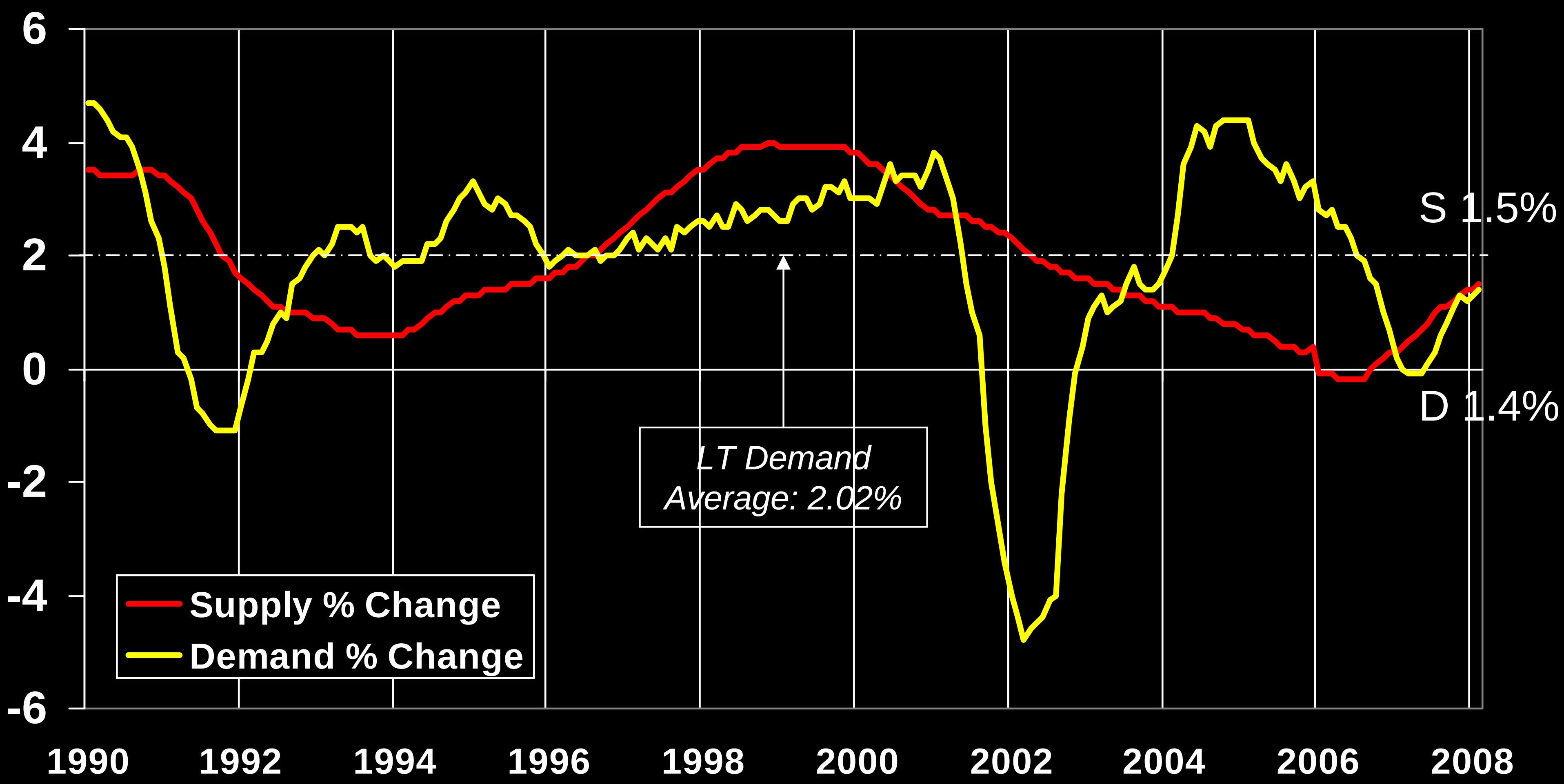
•Who we are and what we do

•National Performance

•Regional Performance

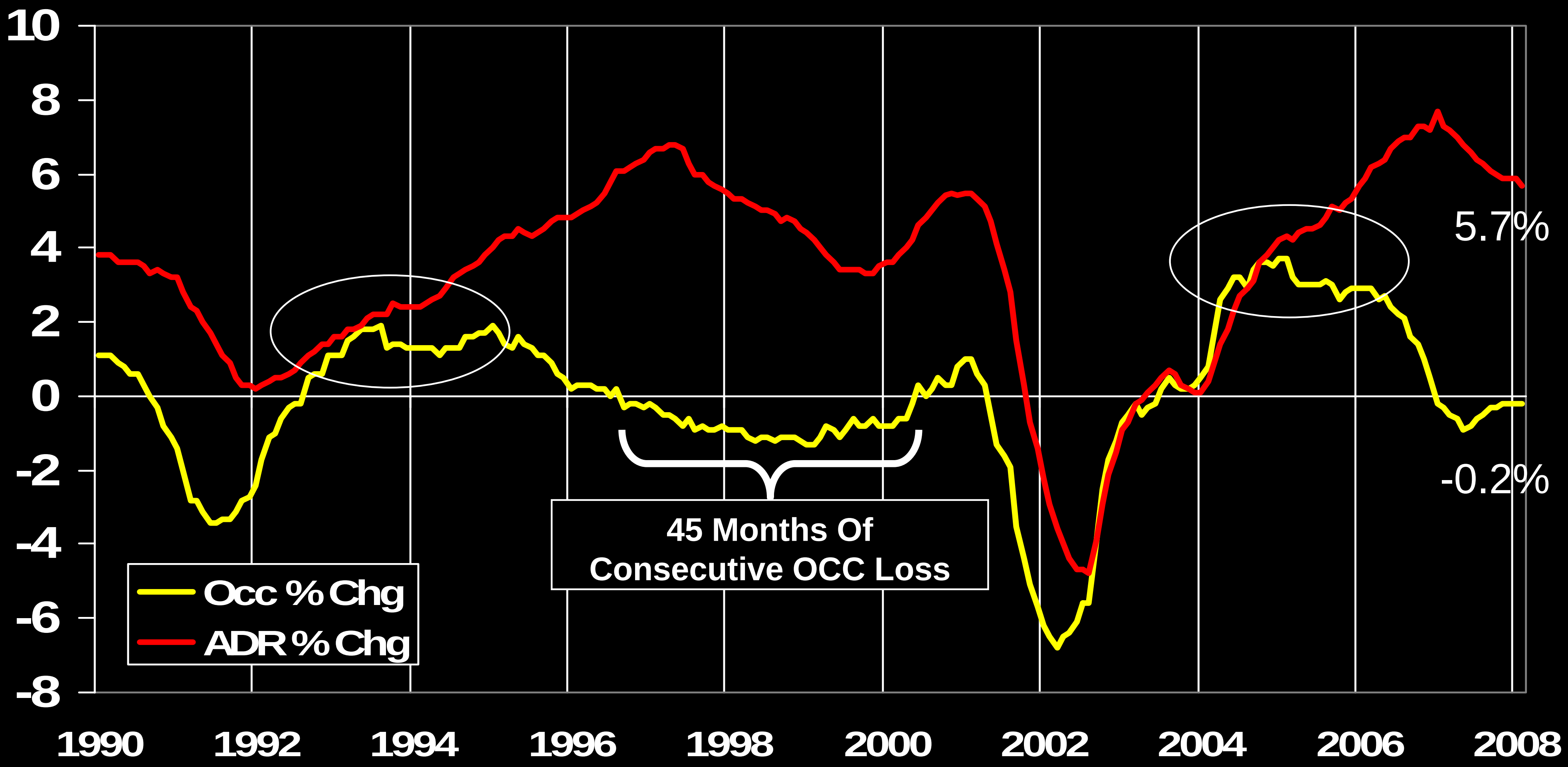
•Projections

Total United States
Room Supply/Demand Percent Change
Twelve Month Moving Average – 1990 to February 2008



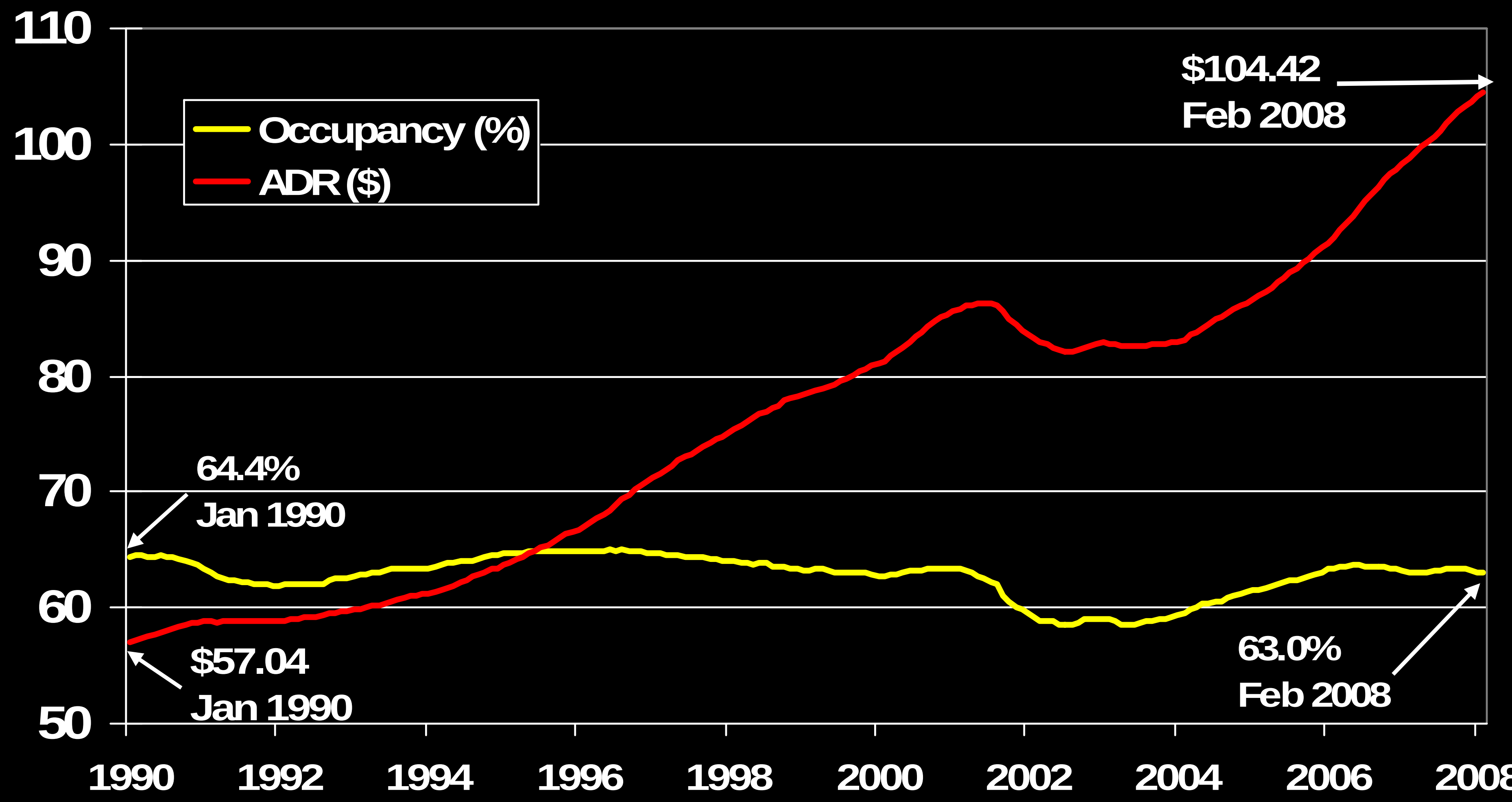
SMITH TRAVEL RESEARCH

Total United States
Occupancy/ADR Percent Change
Twelve Month Moving Average – 1990 to February 2008

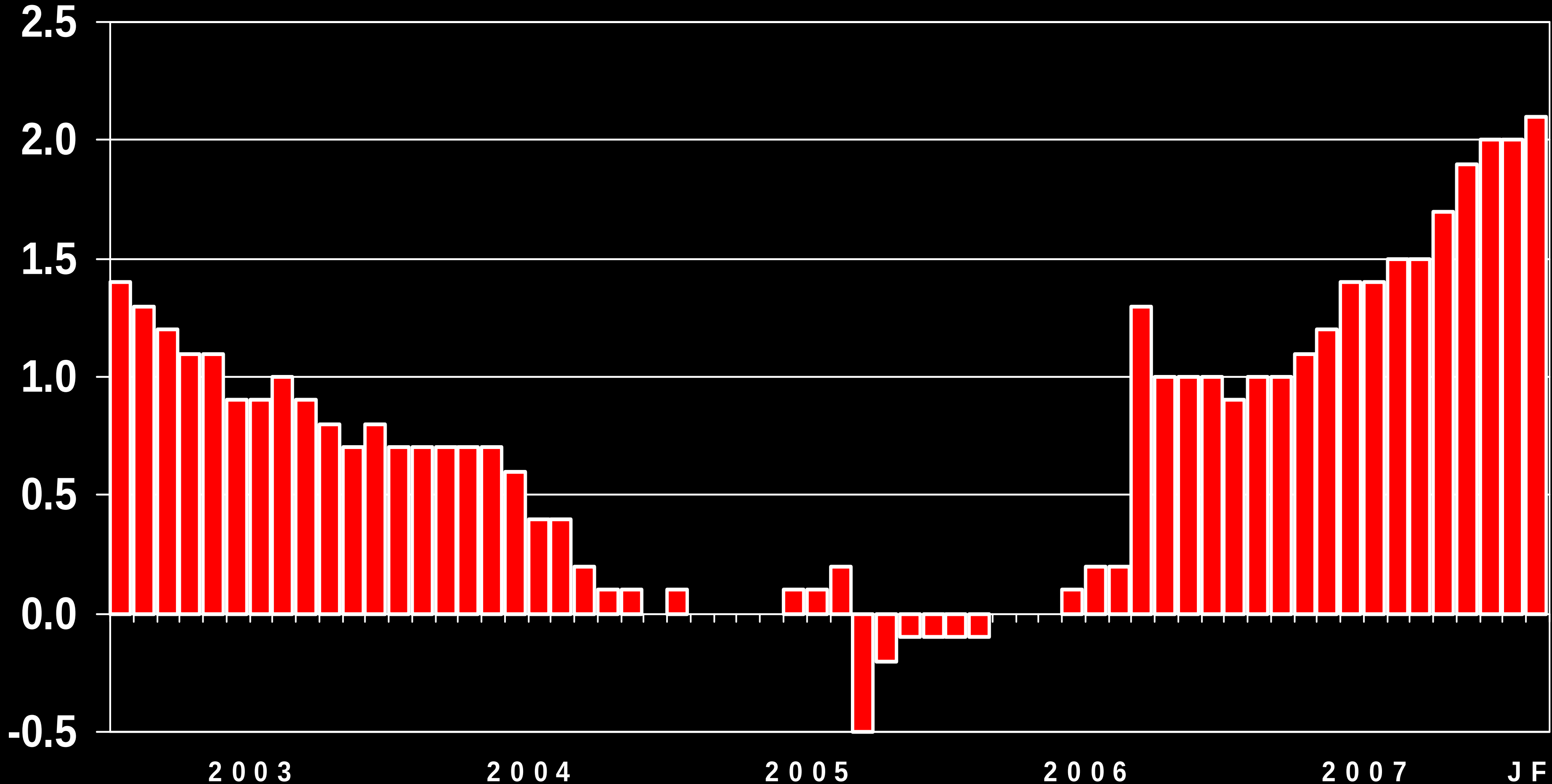


SMITH TRAVEL RESEARCH str

Total United States
Absolute Occupancy and ADR
Twelve Month Moving Average – 1990 to February 2008

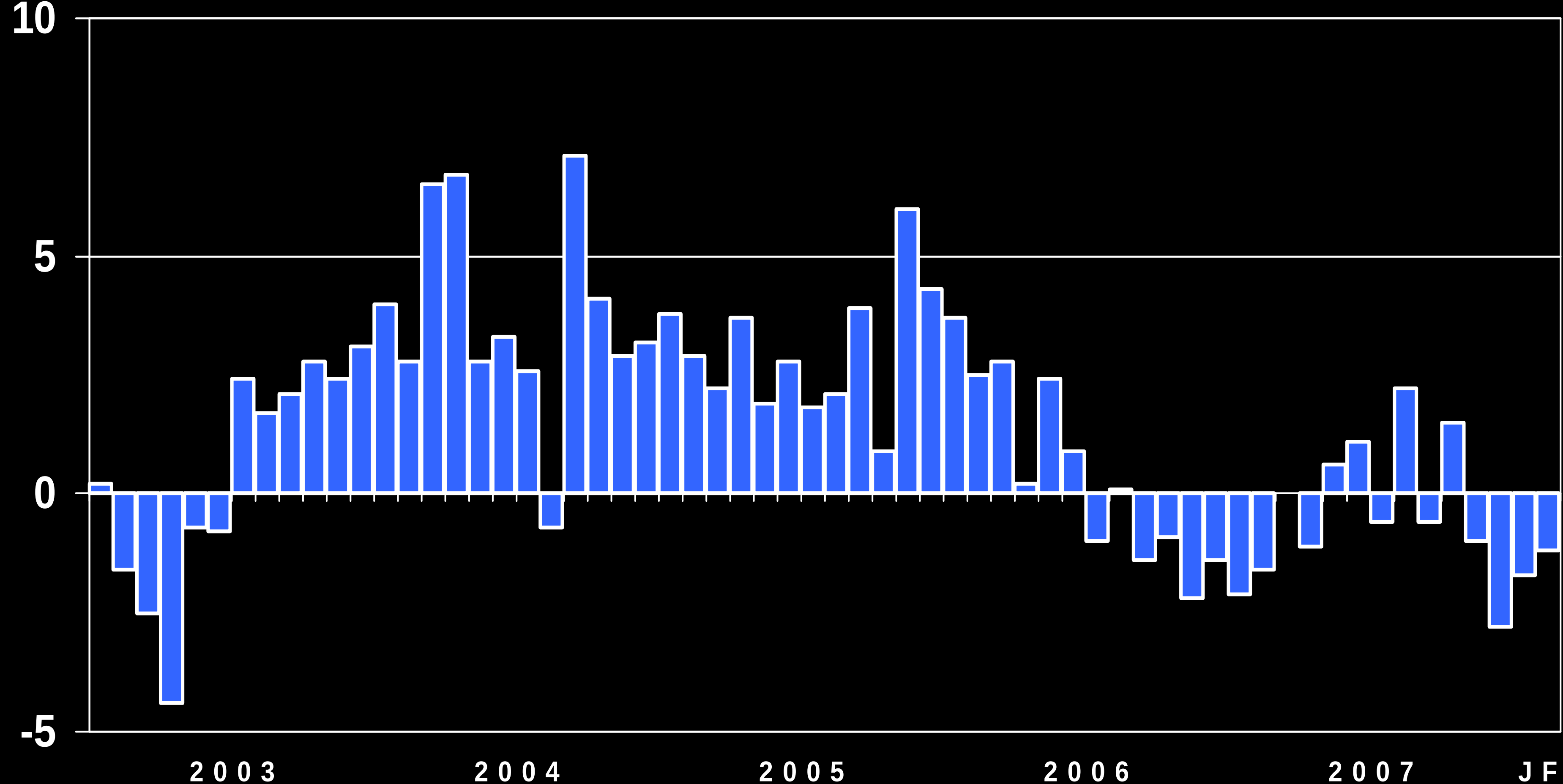


Total United States
Room Supply Percent Change
Jan 2003 – February 2008

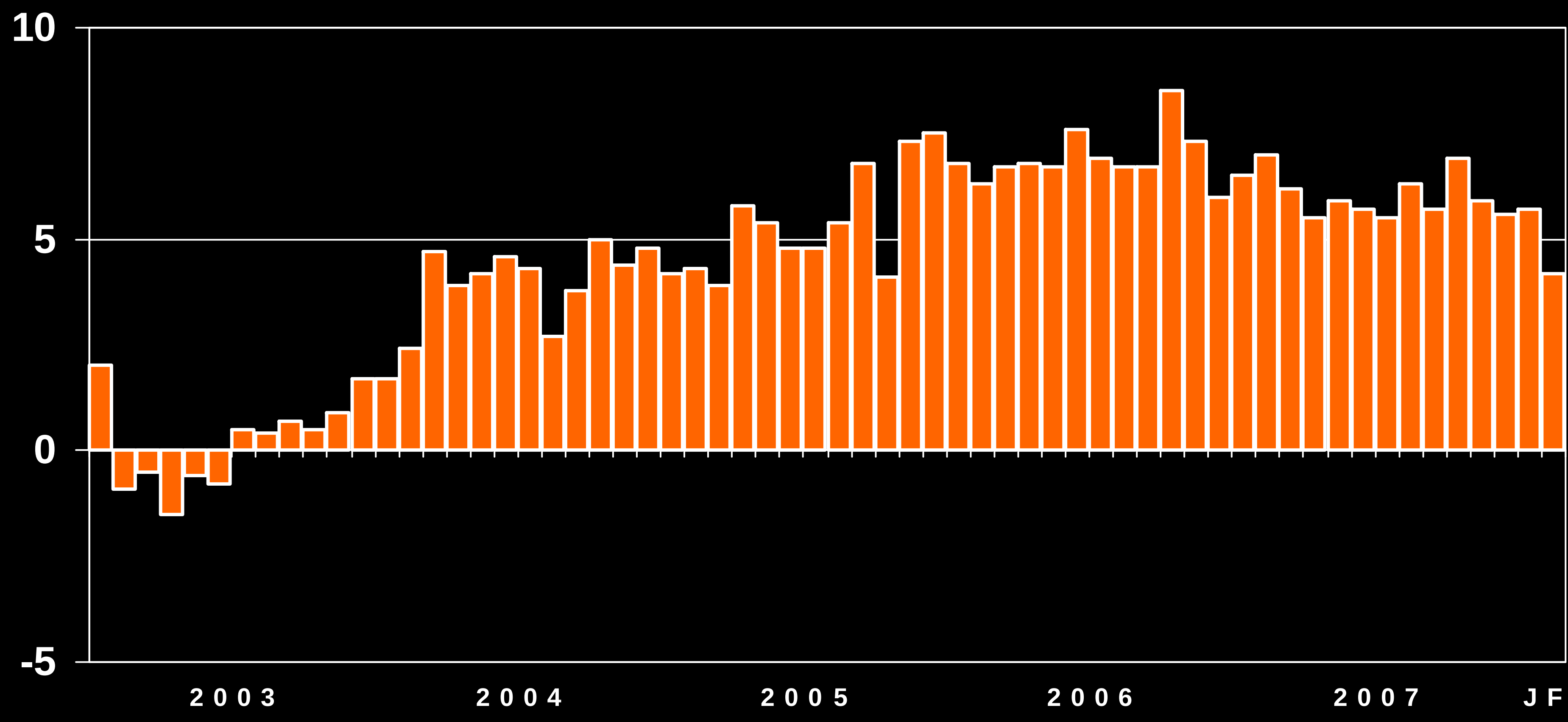


SMITH TRAVEL RESEARCH str

Total United States
Occupancy Percent Change
Jan 2003 – February 2008

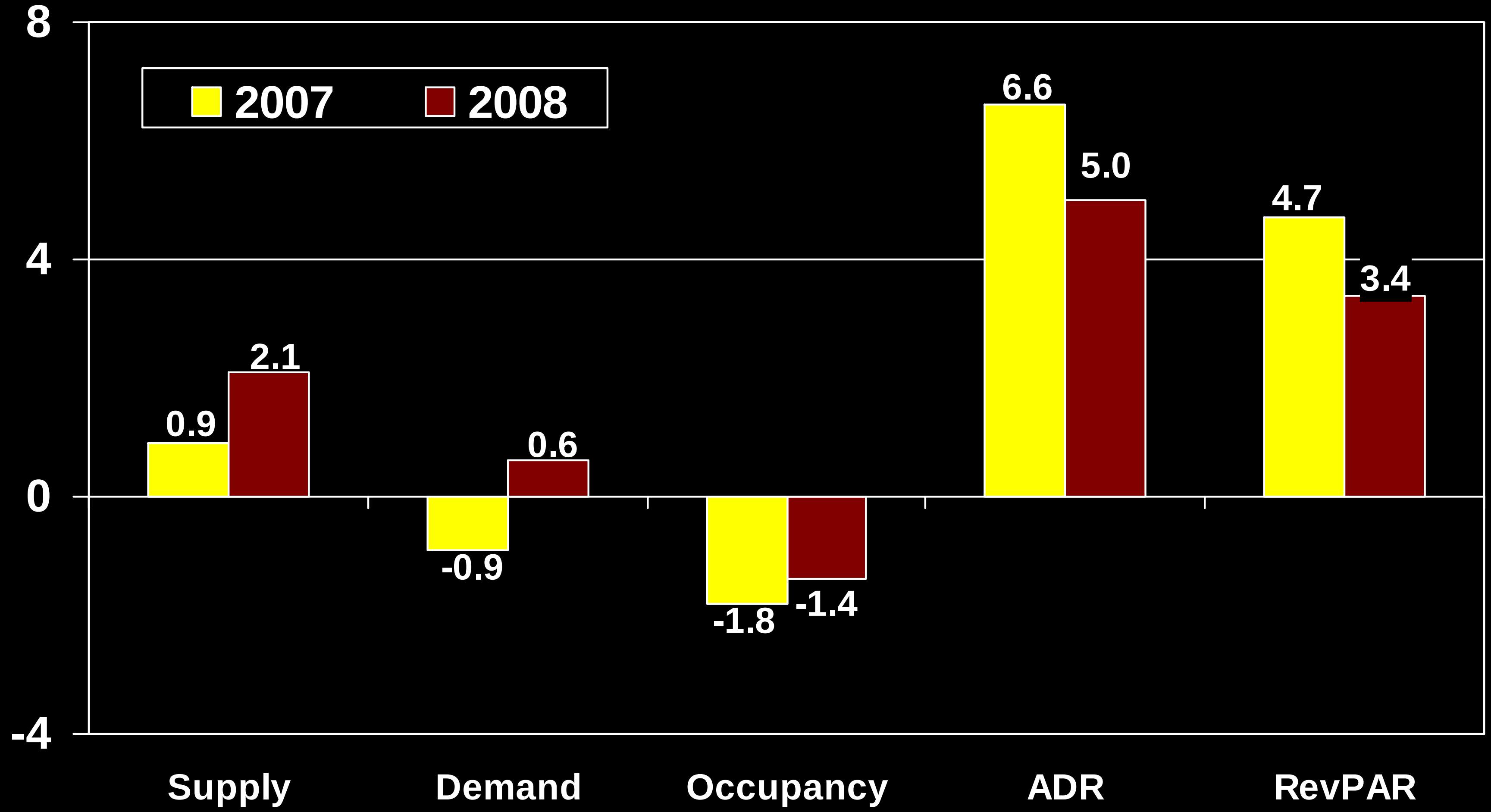


Total United States
Room Rate Percent Change
Jan 2003 – February 2008



SMITH TRAVEL RESEARCH str

Total United States
Key Performance Indicators Percent Change
February YTD



SMITH TRAVEL RESEARCH str

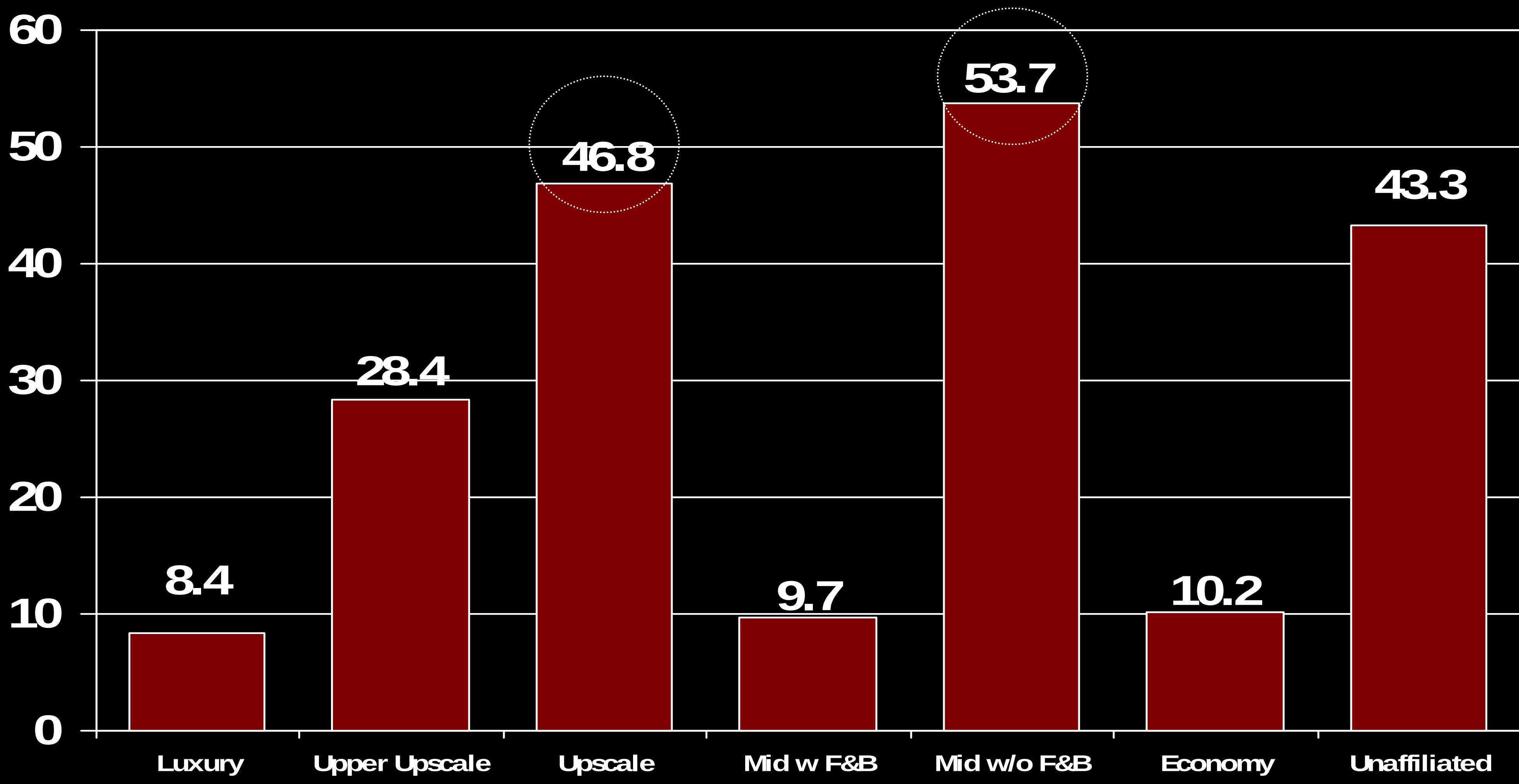
Total United States
Active Development Pipeline - Rooms
Change From Last Year

Phase	February 2008	February 2007	Difference	% Change
In Construction	198,244	171,413	26,831	15.7%
Final Planning	109,311	54,172	55,139	101.8%
Planning	341,327	316,138	25,189	8.0%
Active Pipeline	648,882	541,723	107,159	19.8%
Pre-Planning	131,128	82,284	48,844	59.4%
Total	780,010	624,007	156,003	25.0%

Source: STR / TWR / Dodge Construction Pipeline

SMITH TRAVEL RESEARCH str

Total United States
Rooms In Construction by Scale – In Thousands
January 2008



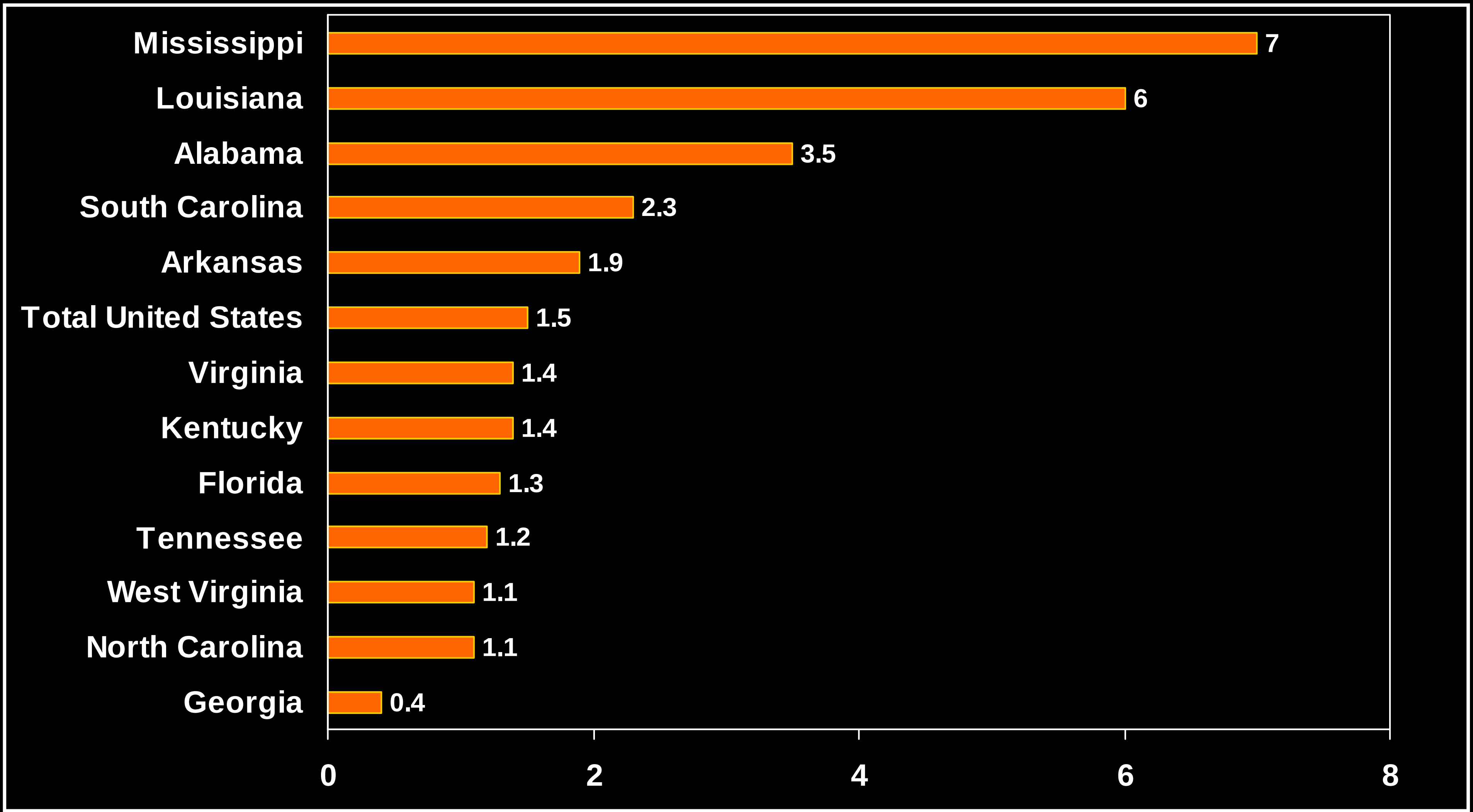
Source: STR / TWR / Dodge Construction Pipeline

SMITH TRAVEL RESEARCH str

Agenda

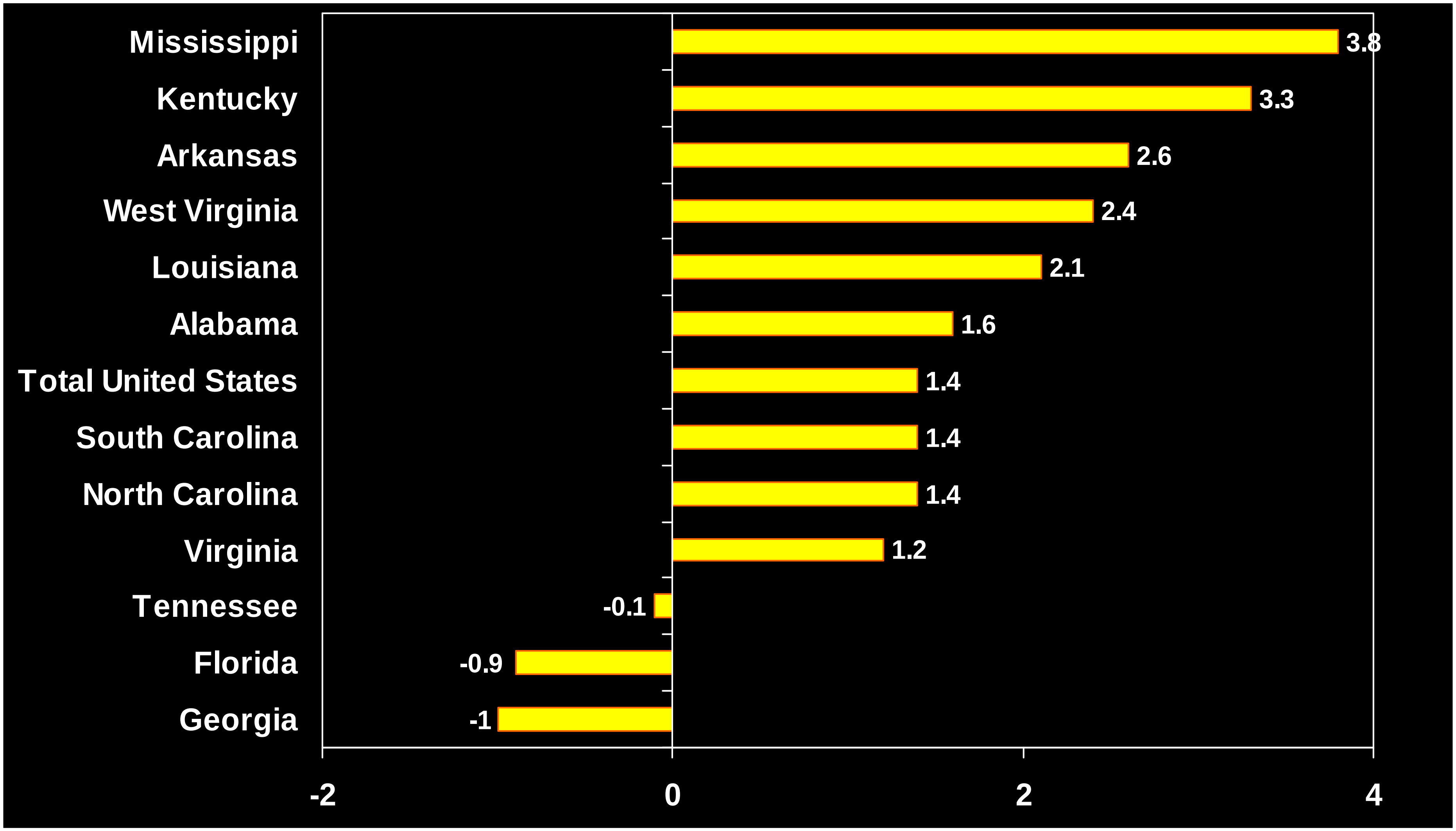
- Who we are and what we do
- National Performance
- Regional Performance
- Projections

Southeast States
Room Supply Percent Change
12-Months Ending February 2008

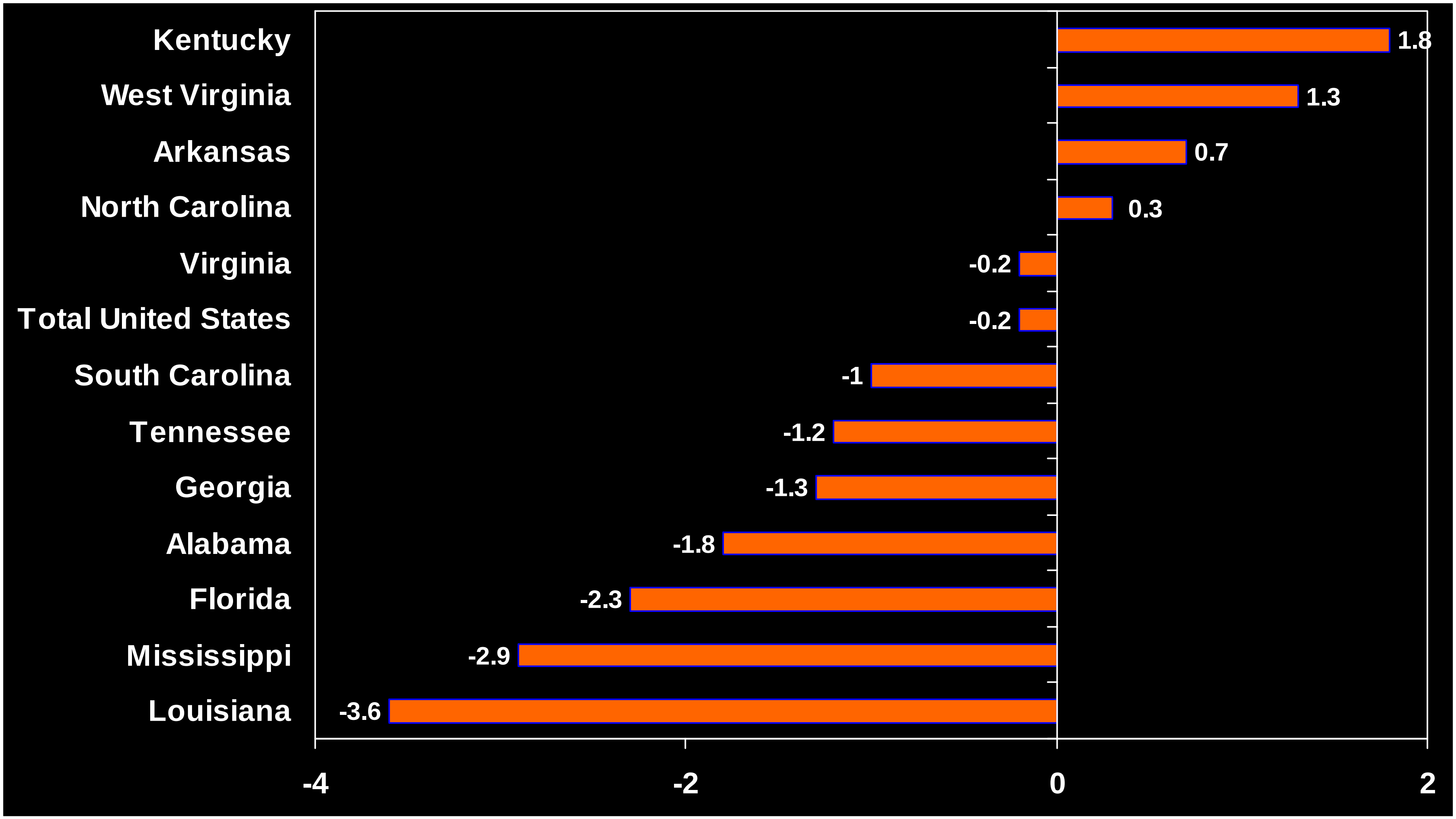


SMITH TRAVEL RESEARCH str

Southeast States
Room Demand Percent Change
12-Months Ending February 2008

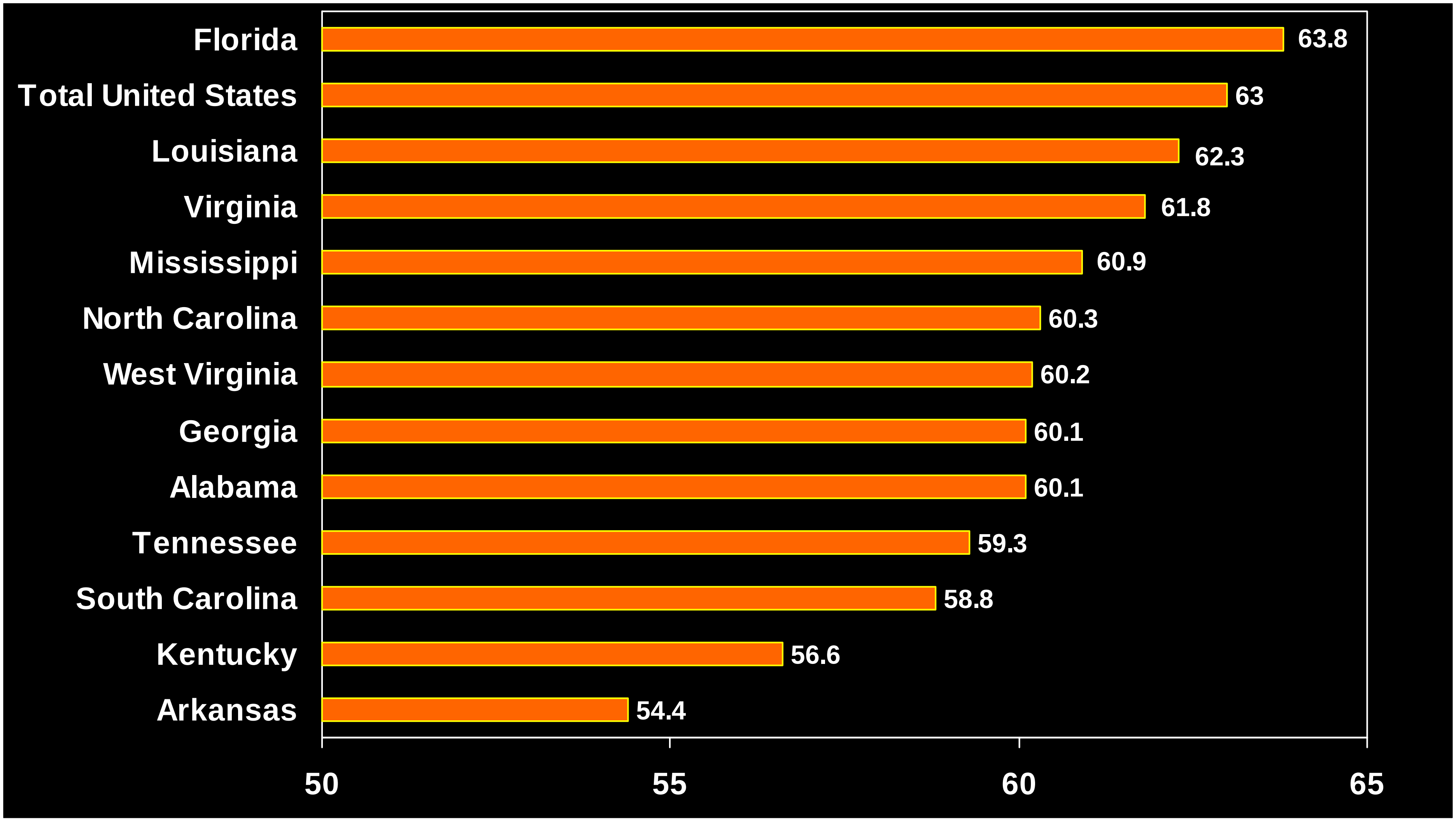


Southeast States
Occupancy Percent Change
12-Months Ending February 2008

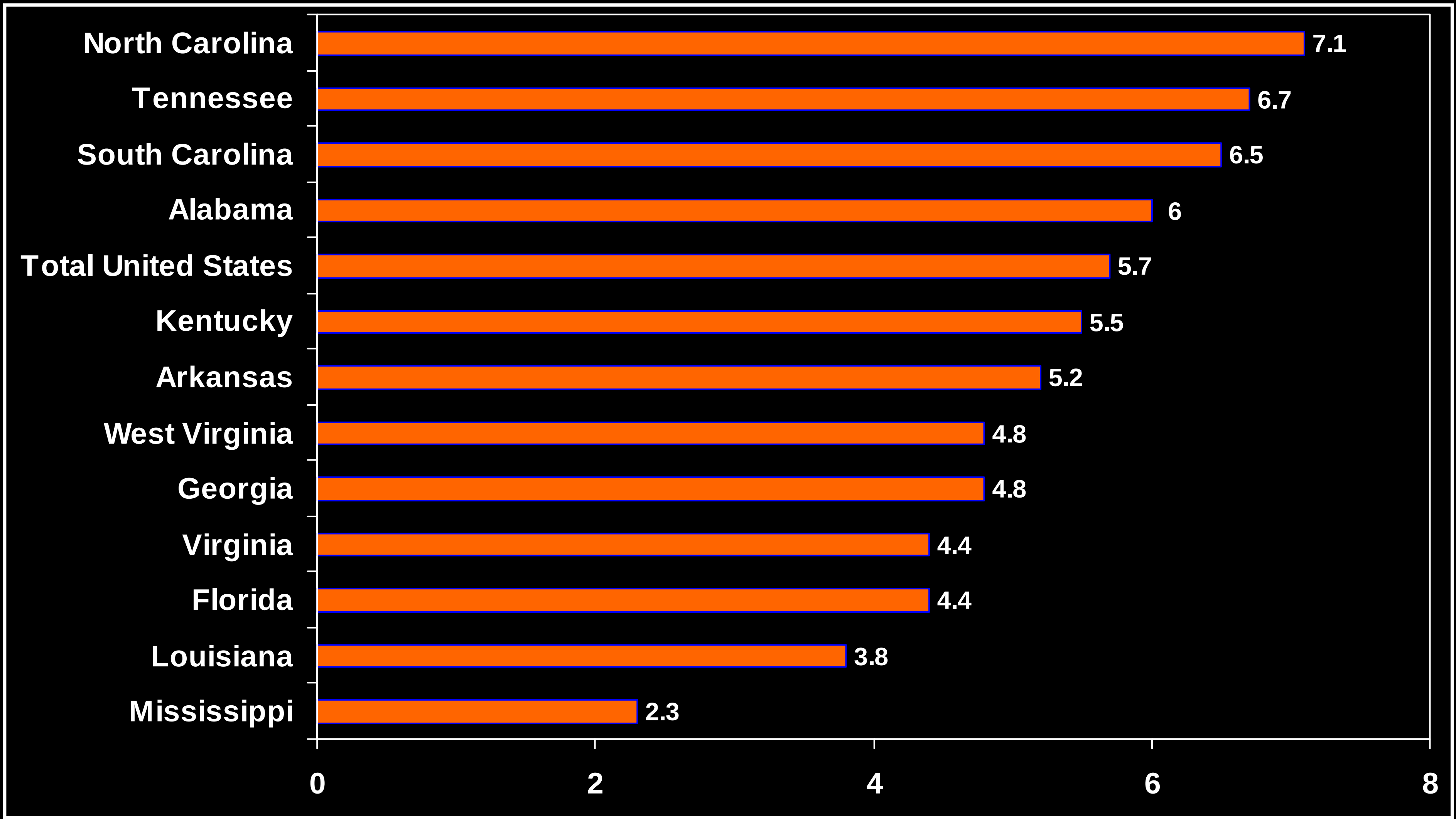


SMITH TRAVEL RESEARCH str

Southeast States
Occupancy Percent
12-Months Ending February 2008

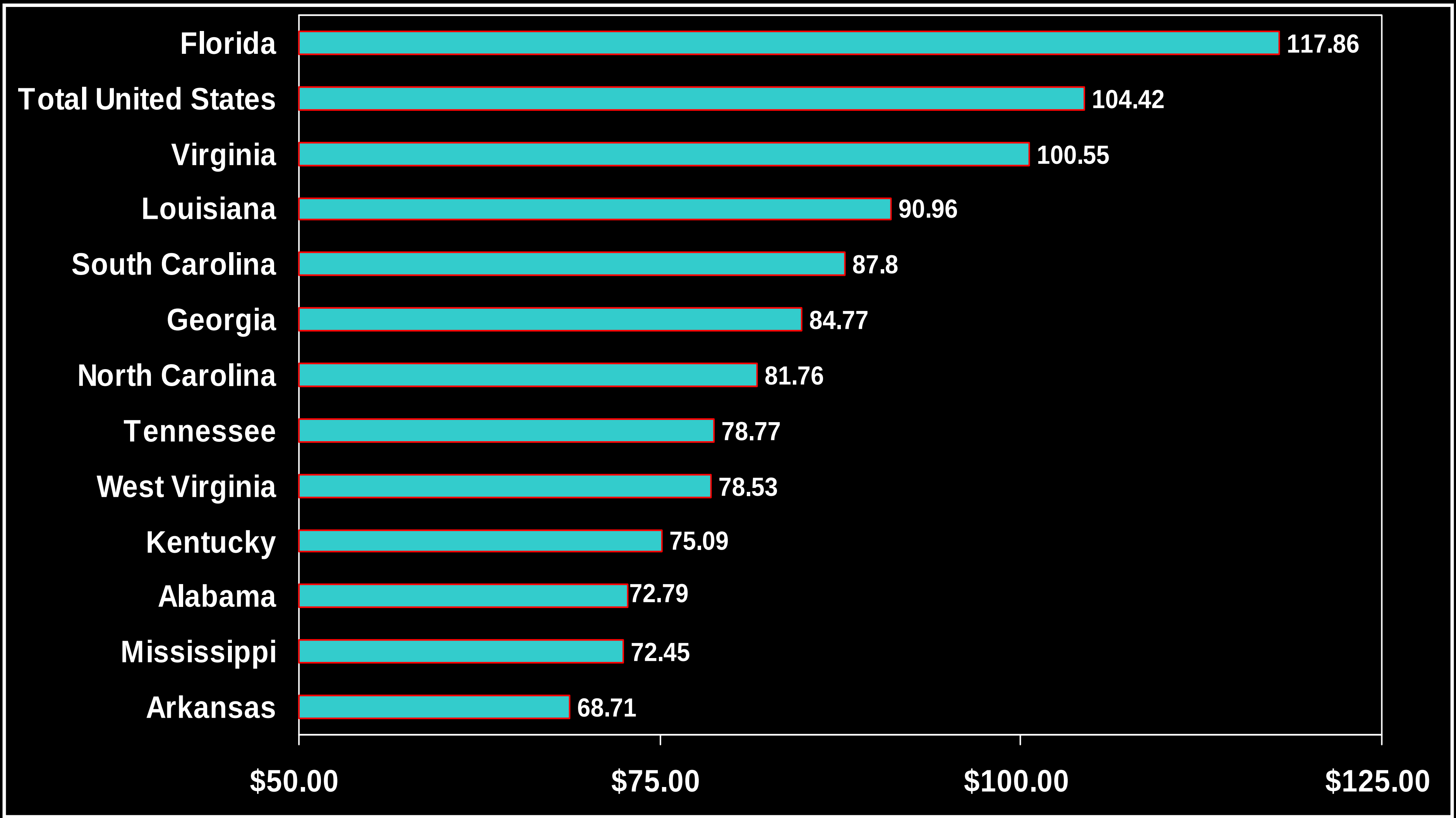


Southeast States
ADR Percent Change
12-Months Ending February 2008



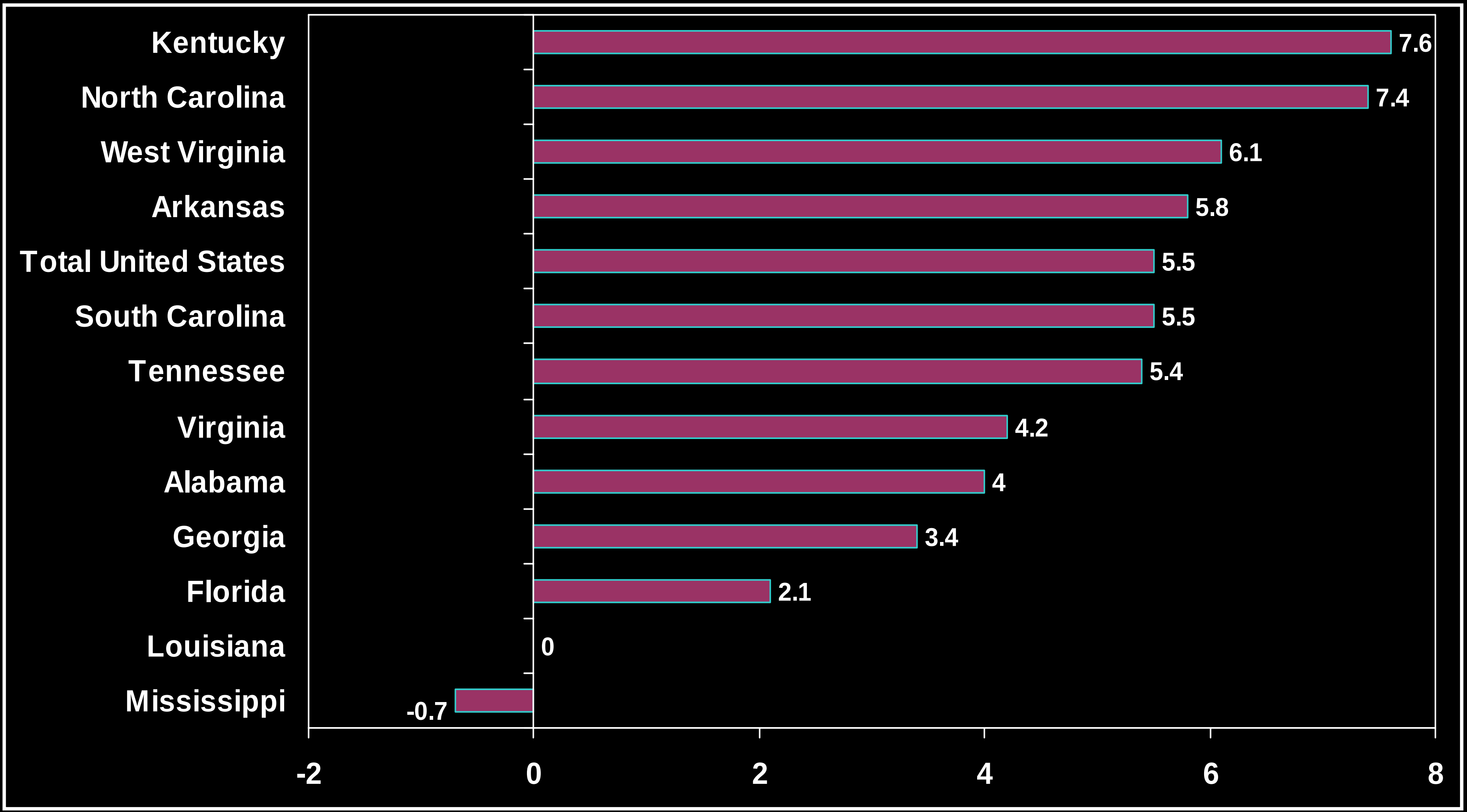
SMITH TRAVEL RESEARCH

Southeast States
Average Daily Rate ($)
12-Months Ending February 2008



SMITH TRAVEL RESEARCH str

Southeast States
RevPAR Percent Change
12-Months Ending February 2008



SMITH TRAVEL RESEARCH

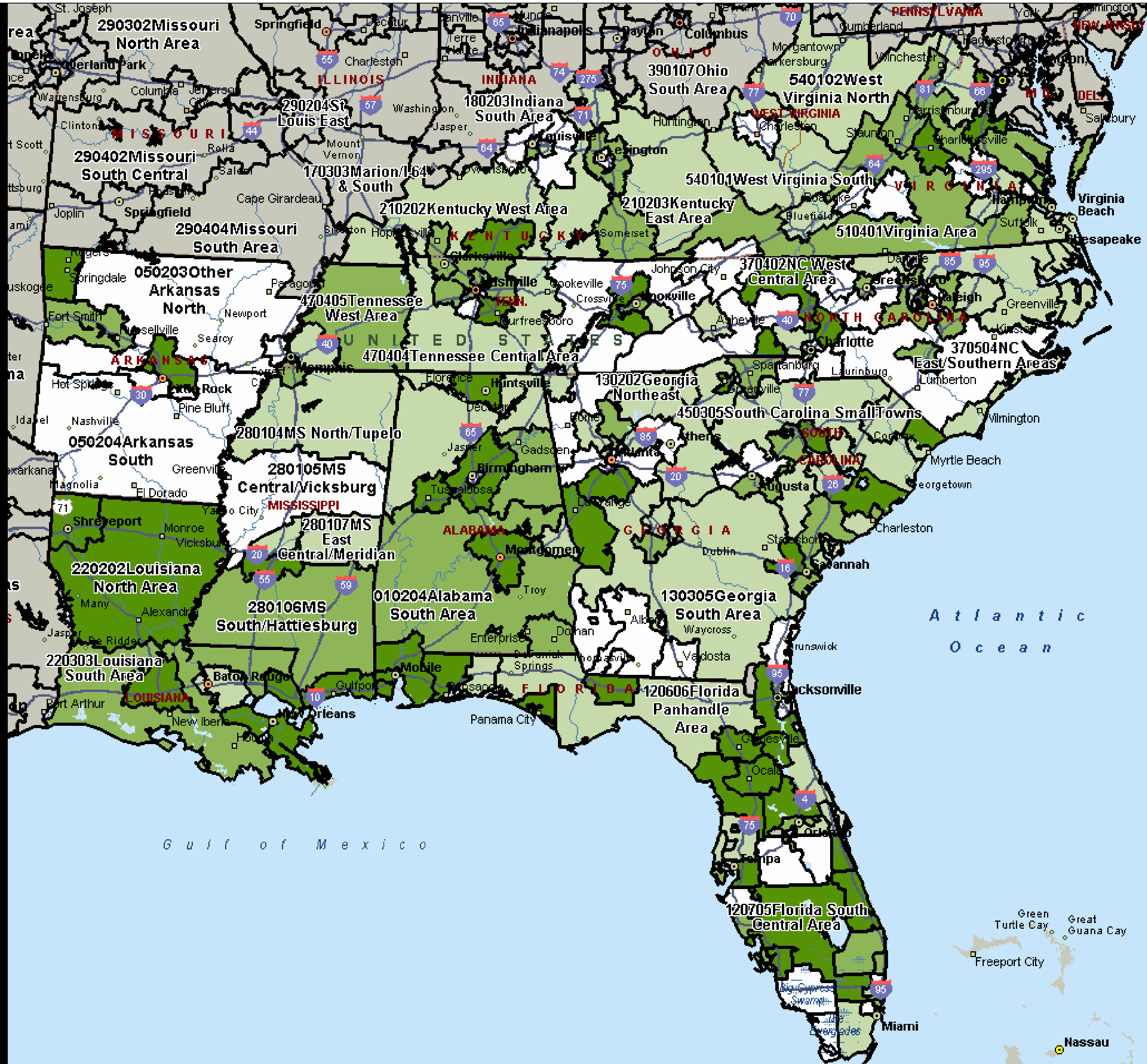
12-Month Ending February 2008 vs. 2007 Room Supply Change

-10 to 0%

0.1 to 1.9%

2.0 to 3.9%

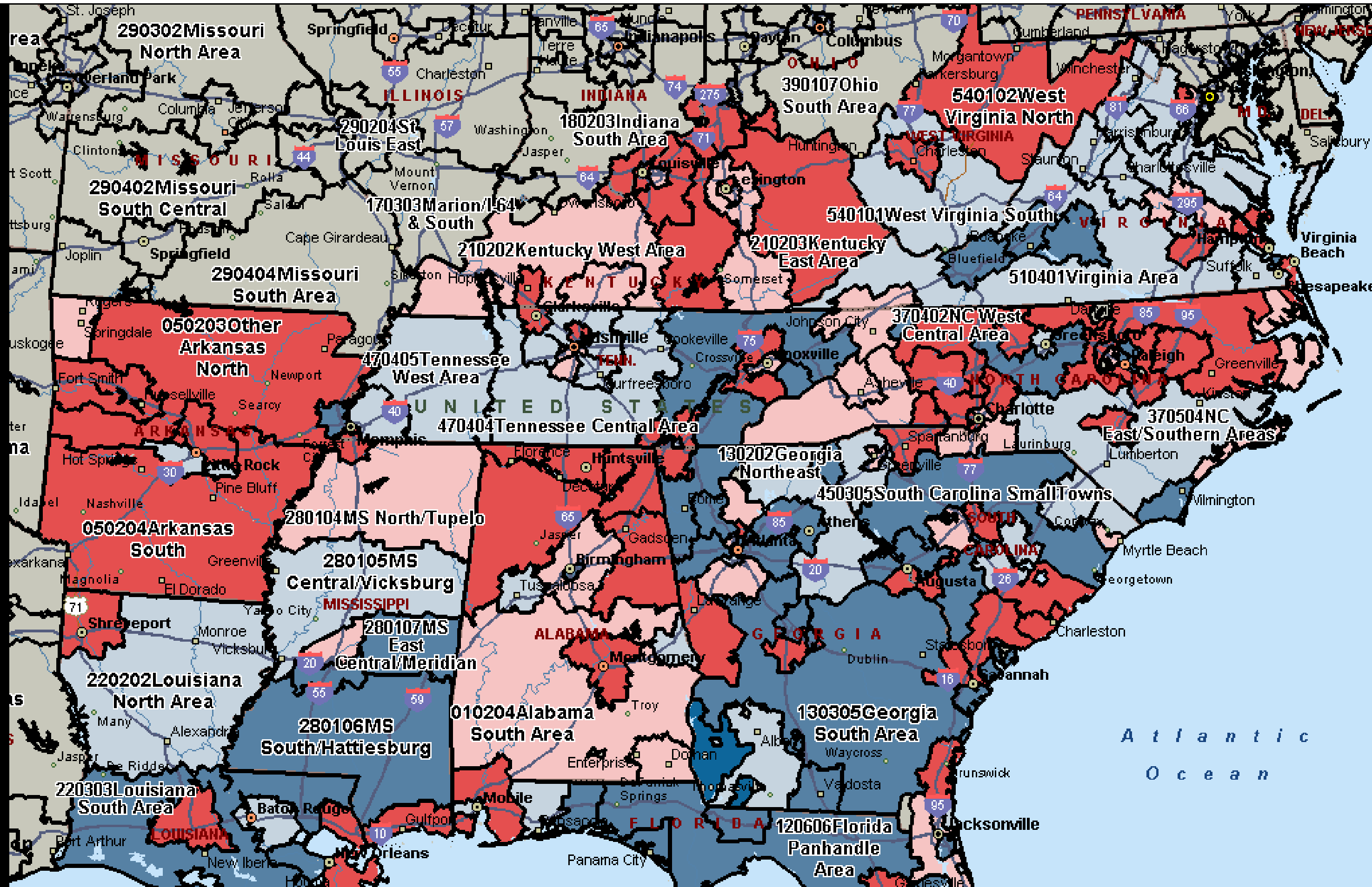
4.0 to 35%

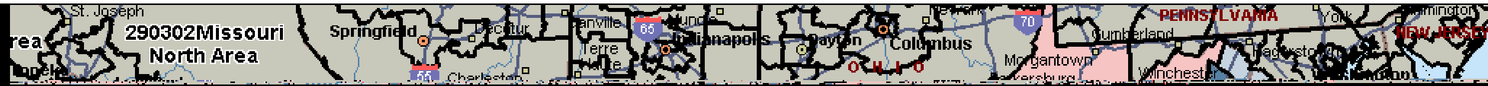


SMITH TRAVEL RESEARCH str

12-Month Ending February 2008 vs. 2007 Room Demand Change

2.0 to 25%
0.1 to 1.9%
-1.9 to 0.0%
-15 to -2.0%





12-Month Ending February 2008 vs. 2007 Occupancy Change

3.0 to 10%

0.1 to 2.9%

-2.9 to 0.0%

-15 to -3.0%

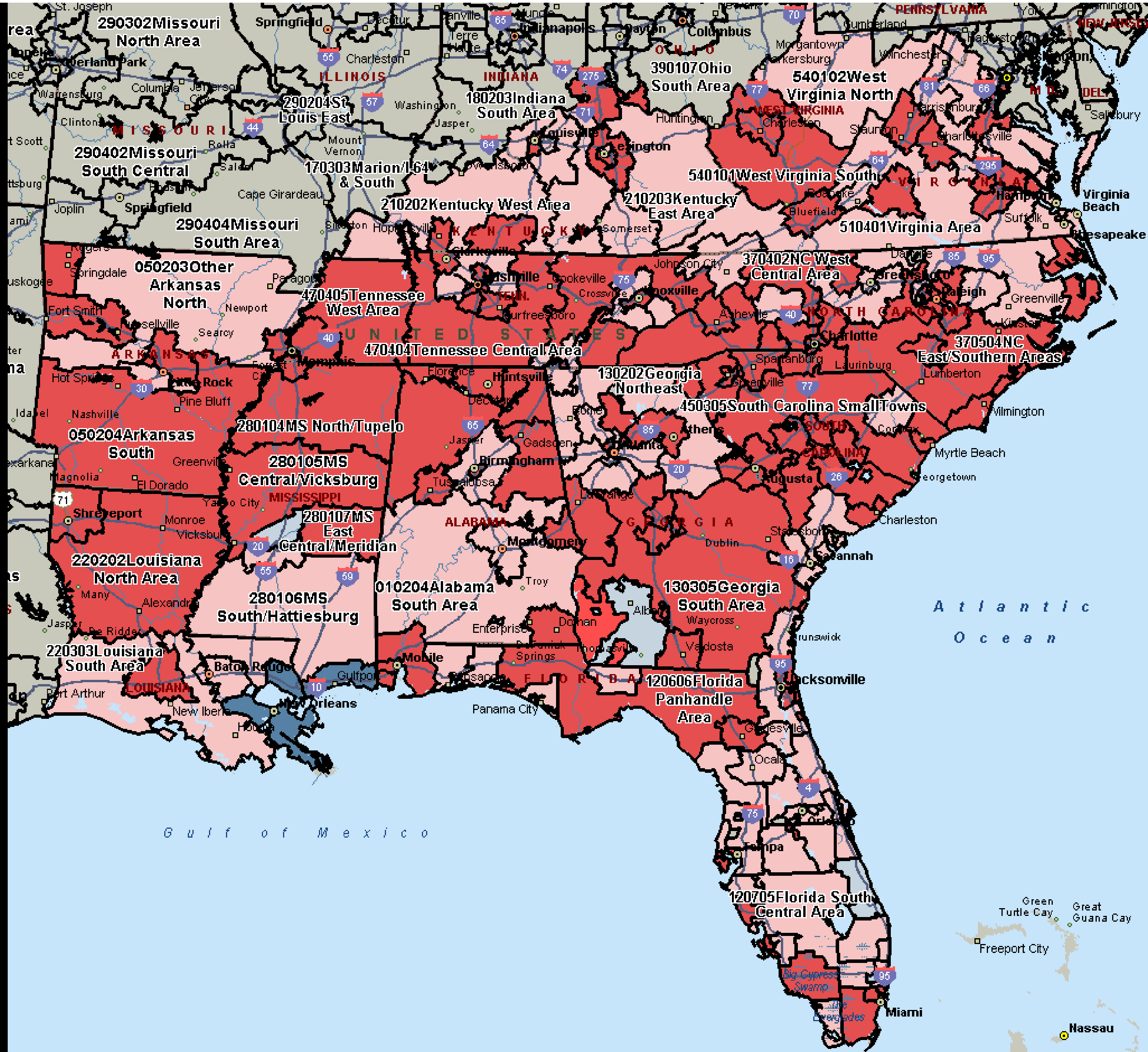
12-Month Ending February 2008 vs. 2007 ADR Change

5.0 to 20%

0.1 to 4.9%

-4.9 to 0.0%

-15 to -5.0%



SMITH TRAVEL RESEARCH str

Agenda

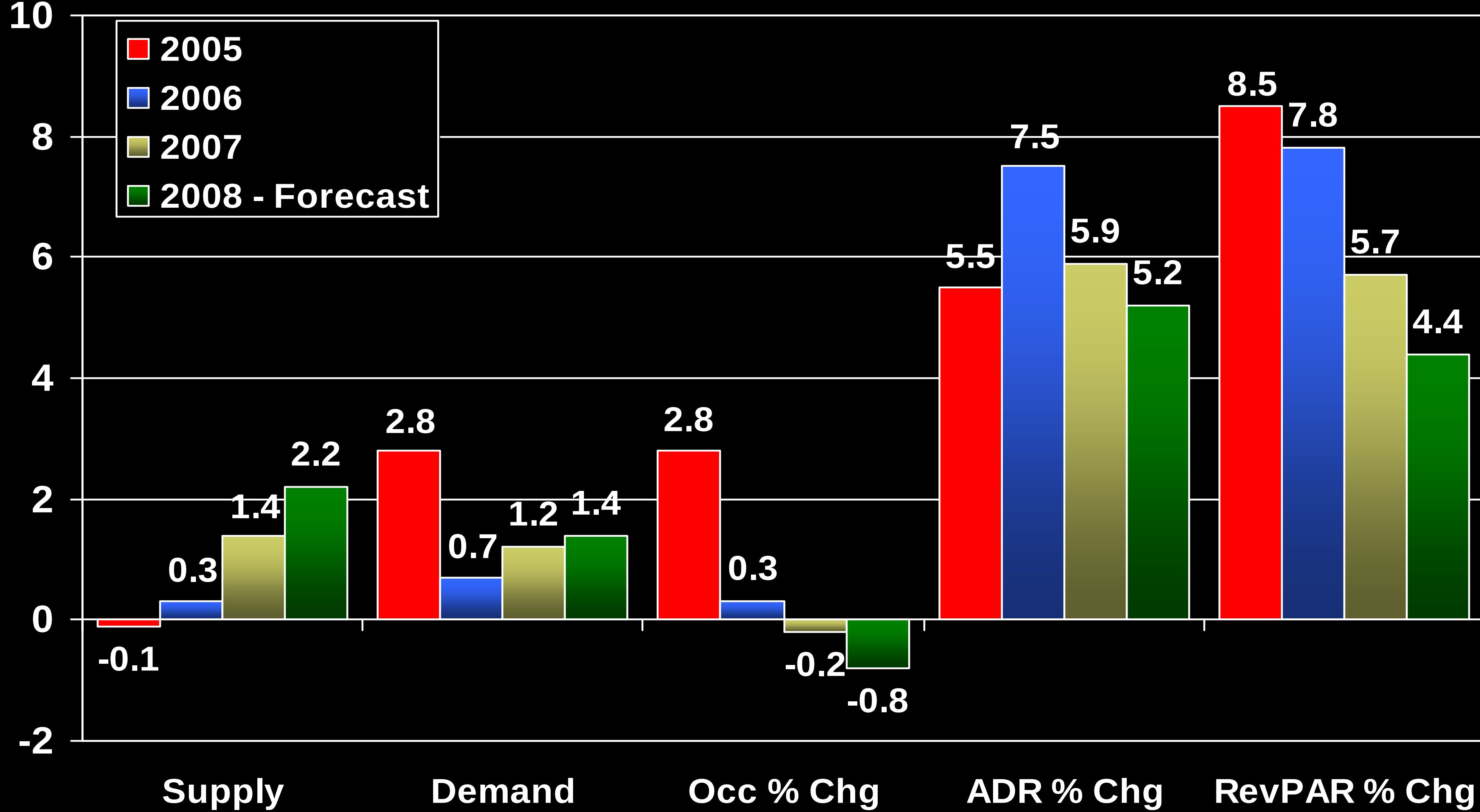
- Who we are and what we do
- National Performance
- Regional Performance
- Projections

U.S. Economic Outlook

Blue Chip Economic Indicators – March 2008

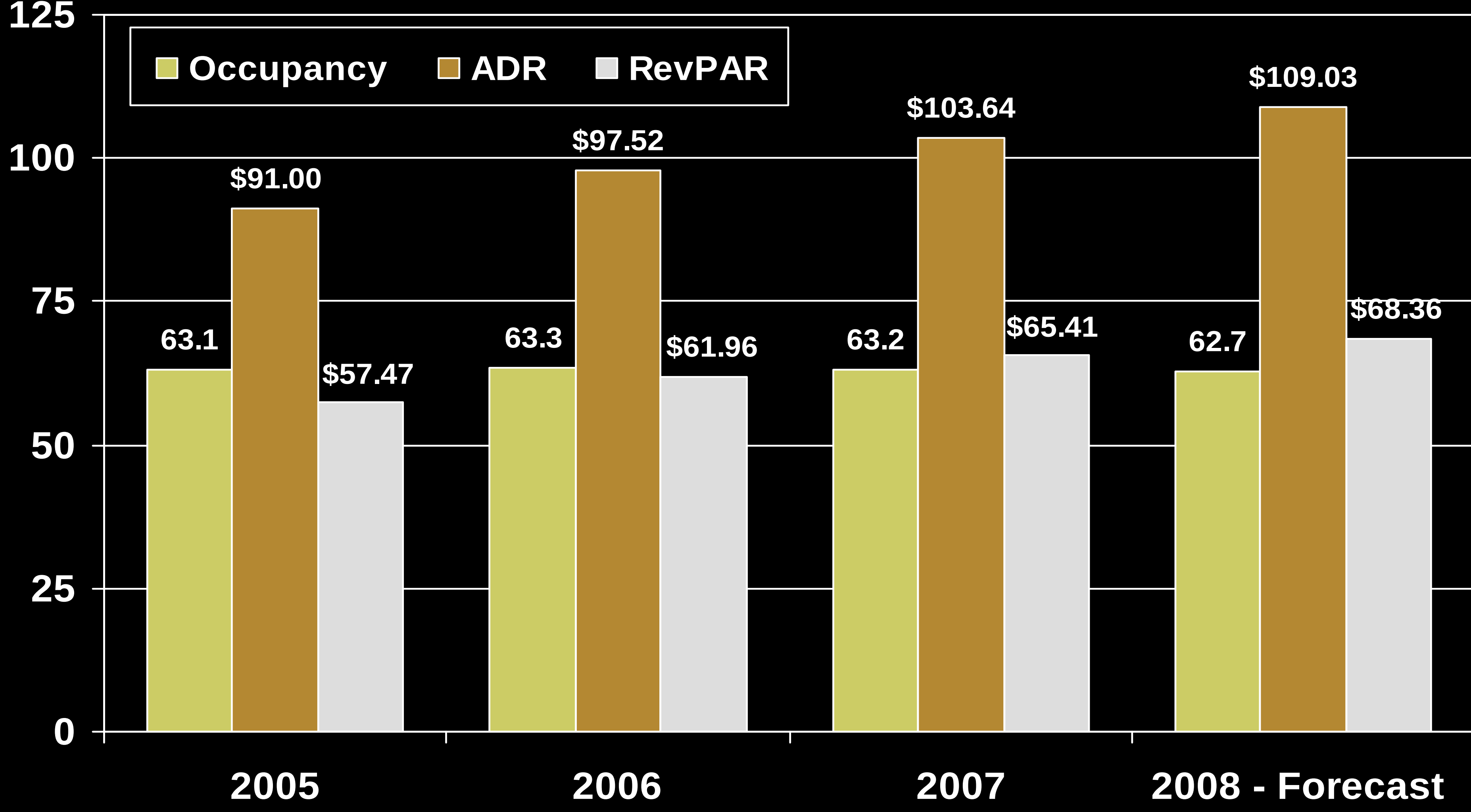
	2007	2008F	2009F
Real GDP	+2.2%	+1.5%	+2.3%
CPI	+2.8%	+3.4%	+2.4%
Corporate Profits	+3.9%	-1.6%	+6.0%
Disp Personal Income	+3.2%	+2.1%	+2.3%
Unemployment Rate	4.6%	5.3%	5.4%

Total United States
Industry Forecast



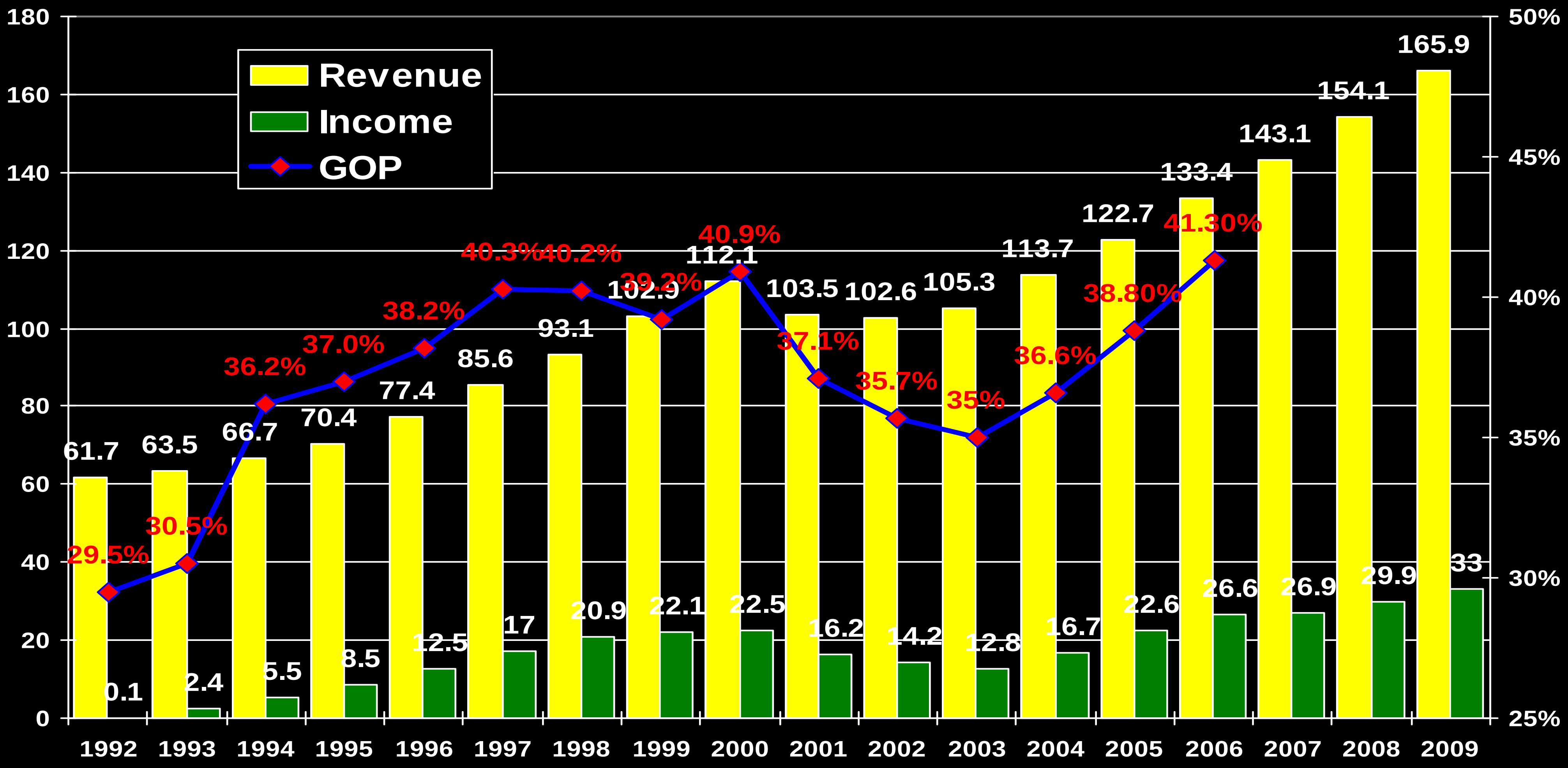
SMITH TRAVEL RESEARCH str

Total United States Industry Forecast



SMITH TRAVEL RESEARCH str

Total United States
Estimated Revenue and Profitability
Years 1992 - 2006



Source: PWC 2007, 2008 & 2009 Estimates

SMITH TRAVEL RESEARCH str

Lodging Industry Outlook Summary

- Supply Growth Accelerating – Mitigating Effects Evident
- Effect/Severity of potential slowdown will be segment specific
- Demand Pressure/Price Sensitivity different than last downturn
- Primary Markets will weather any storm better than previous cycles
- Lower priced segments may feel greater impact
- Economic Uncertainty/Election Year

Questions?

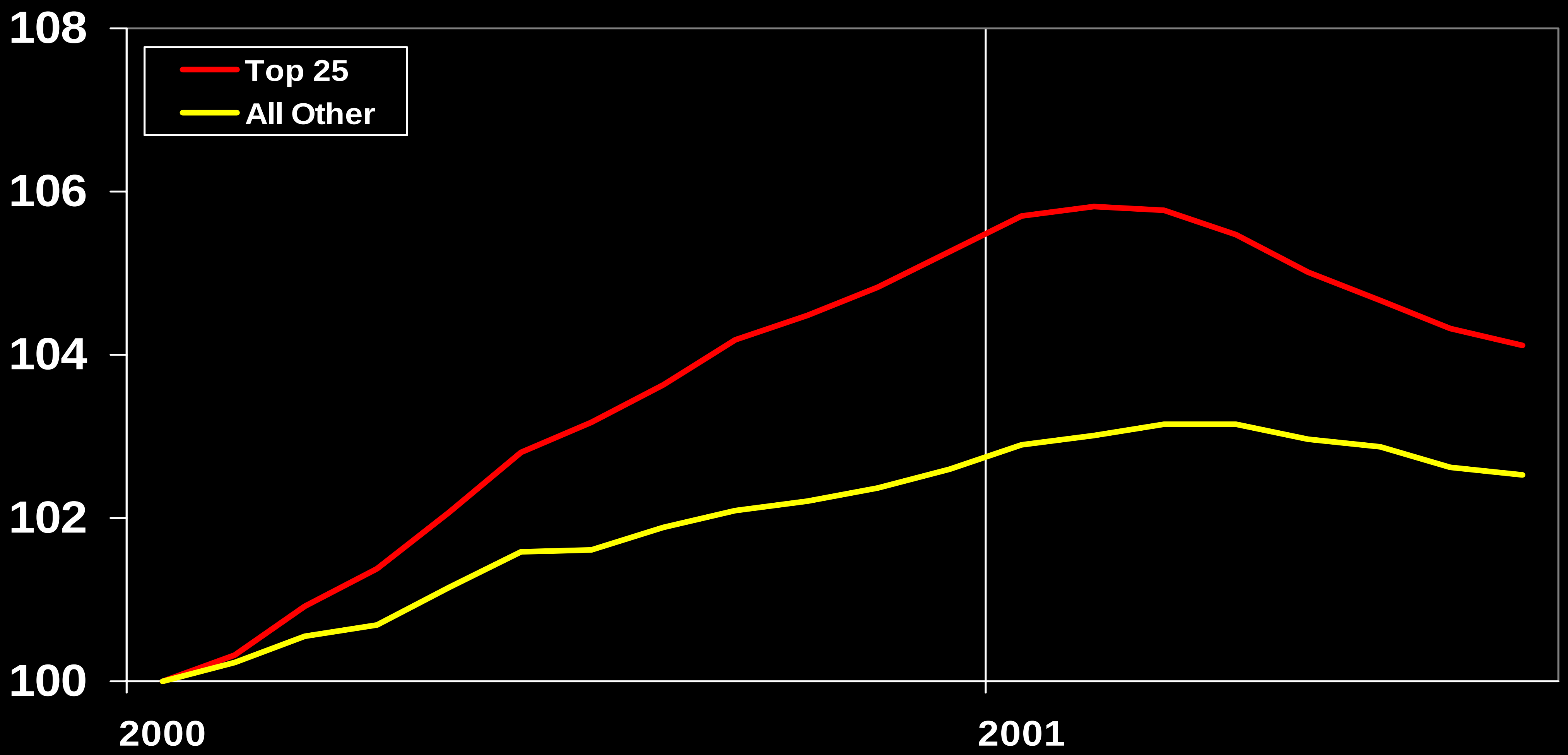
Smith Travel Research
735 E. Main St.
Hendersonville, TN 37075
(615) 824-8664

duane@smithtravelresearch.com
www.smithtravelresearch.com

Top 25 Markets vs. All Other Markets

12 Month Moving Average Demand Index (Jan 2000 = 100)

January 2000 – August 2001

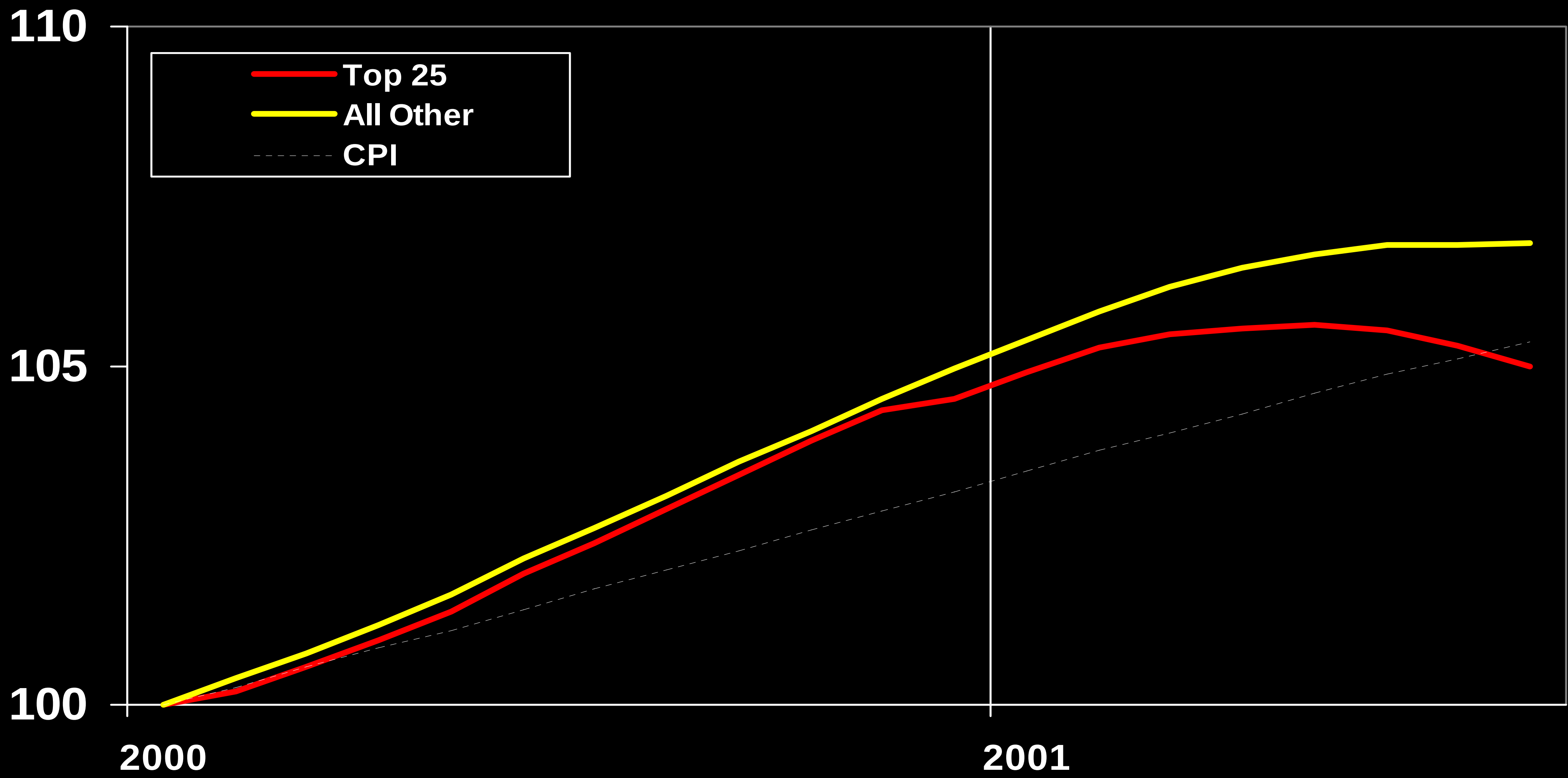


Then: Visible Drop in Demand in Top 25 Markets

Top 25 Markets vs. All Other Markets

12 Month Moving Average - ADR Index (Jan 2000 = 100)

January 2000 – August 2001



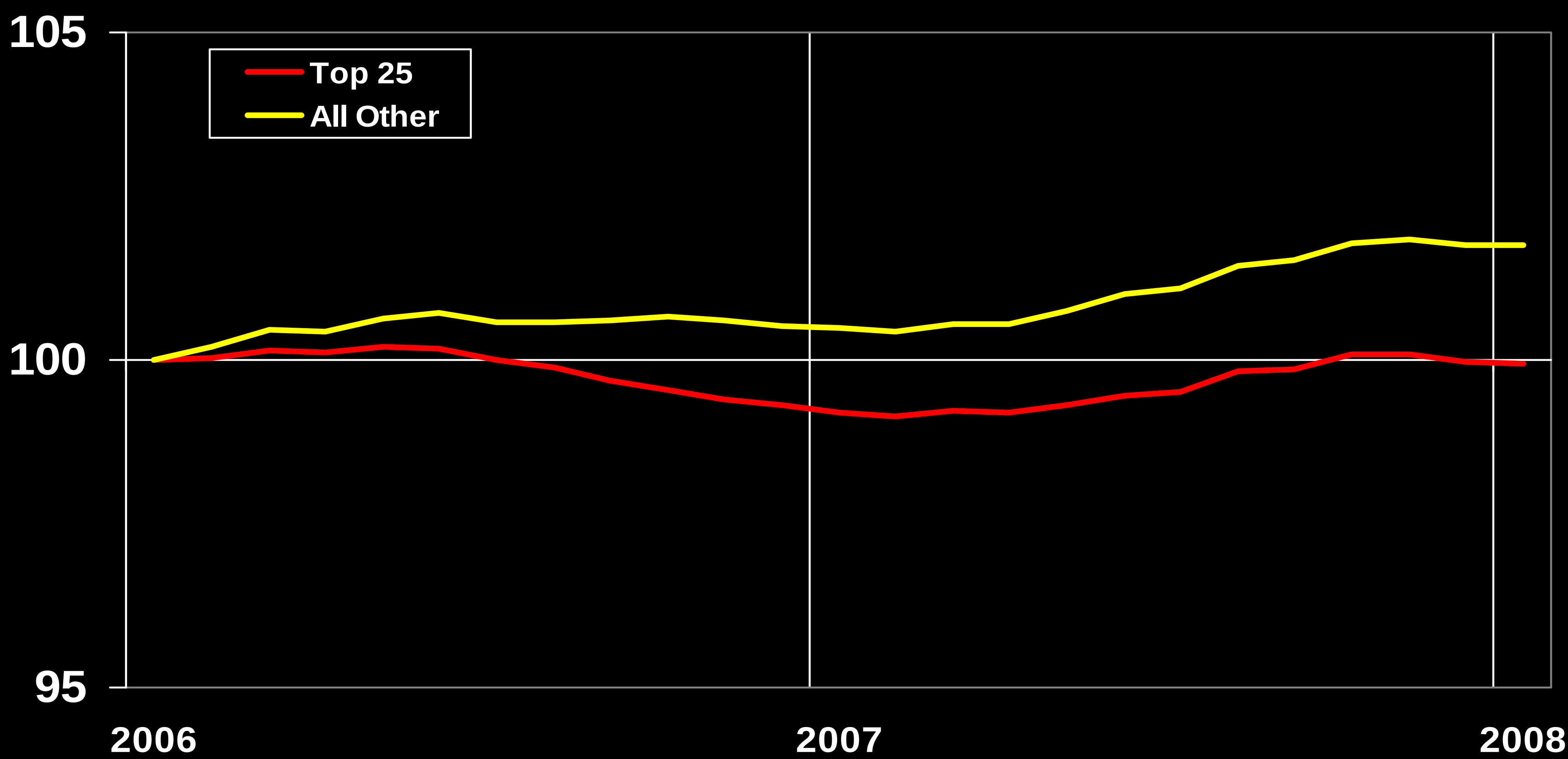
Then: Visible Drop in ADR in Top 25 Markets

SMITH TRAVEL RESEARCH str

Top 25 Markets vs. All Other Markets

12 Month Moving Average - Demand Index (Jan 2006 = 100)

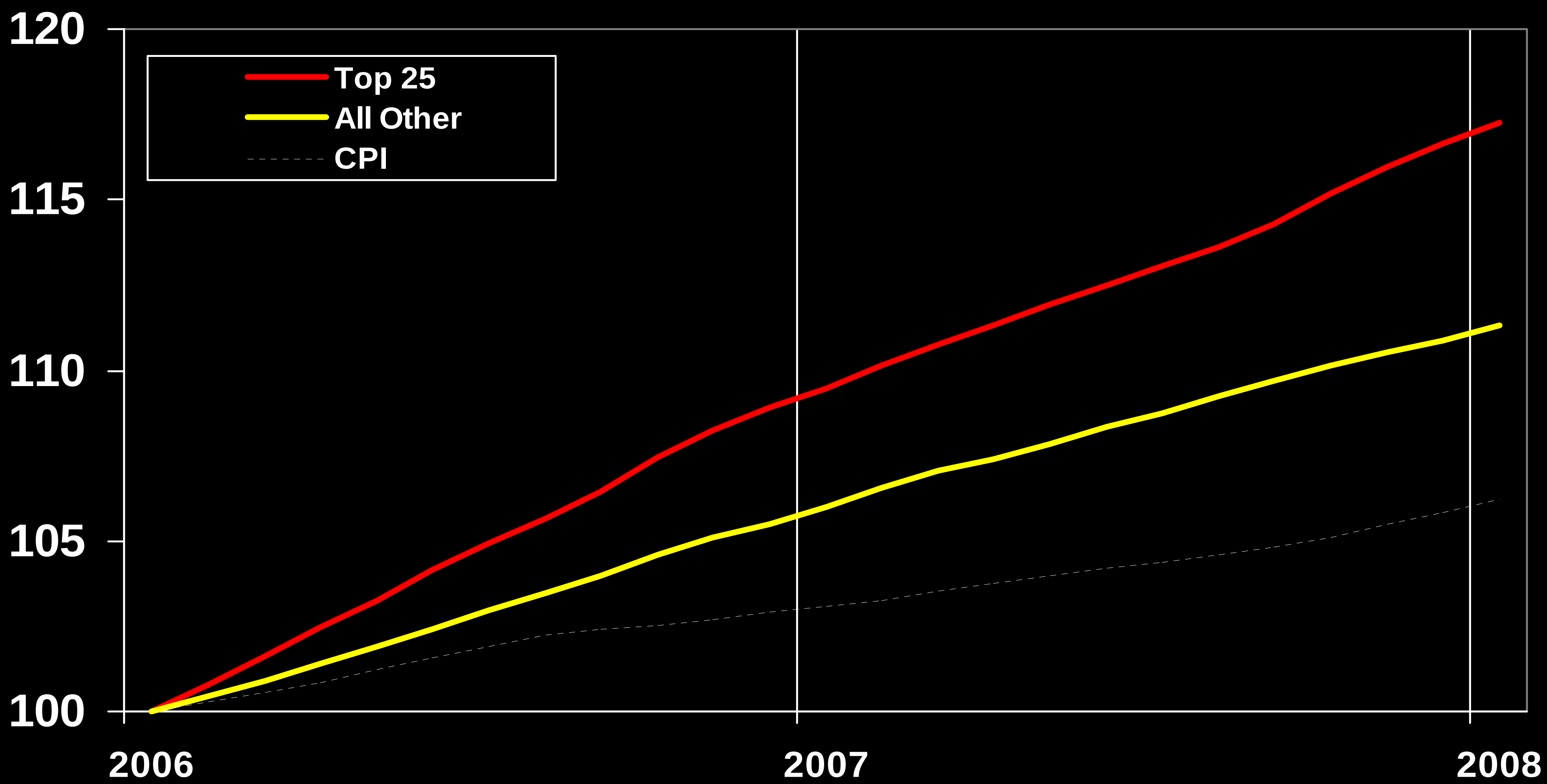
January 2006 – January 2008



Now: Slight Drop in Demand for Top 25 Markets

SMITH TRAVEL RESEARCH str

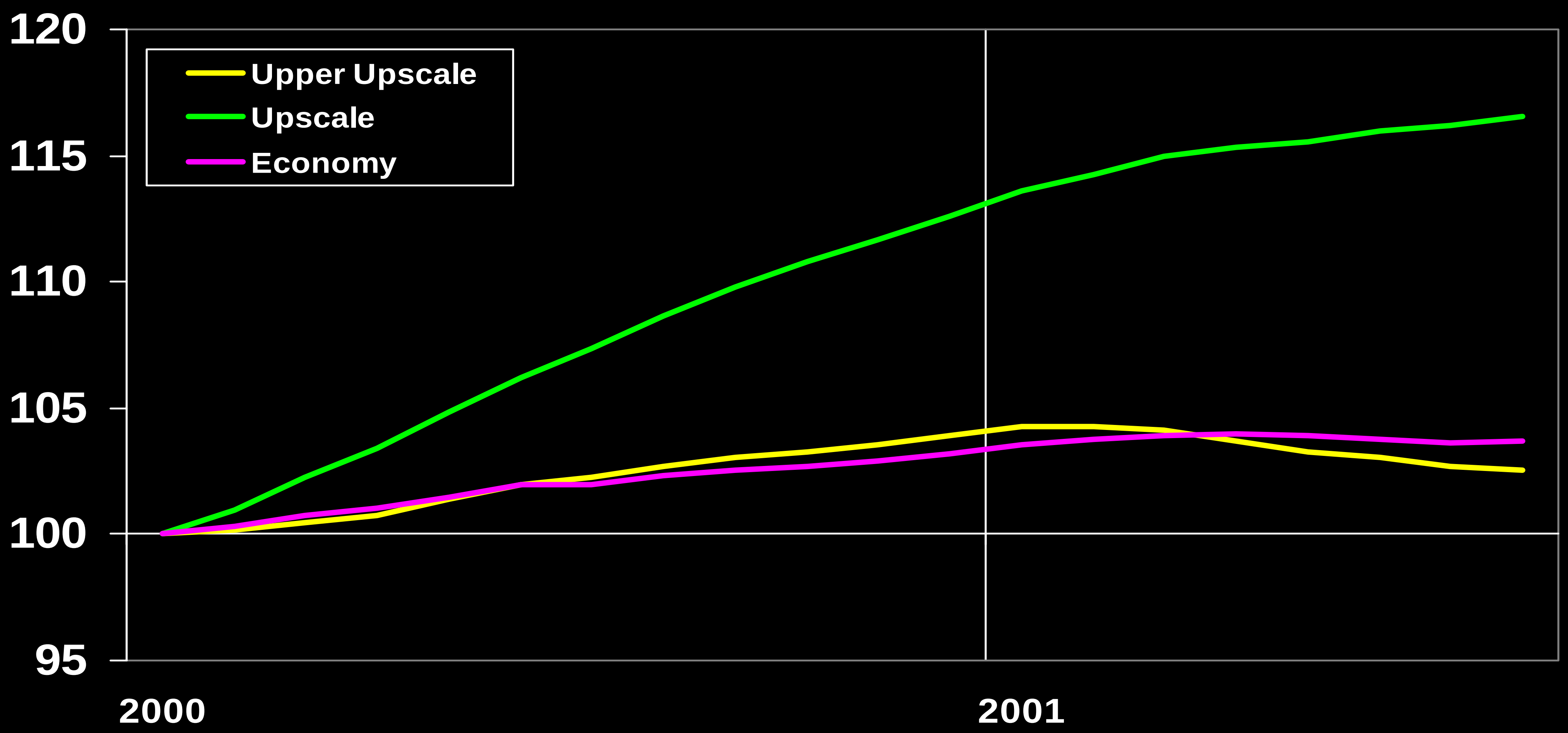
Top 25 Markets vs. All Other Markets
12 Month Moving Average - ADR Index (Jan 2006 = 100)
January 2006 – January 2008



Now: ADR Remains Strong Across The Board

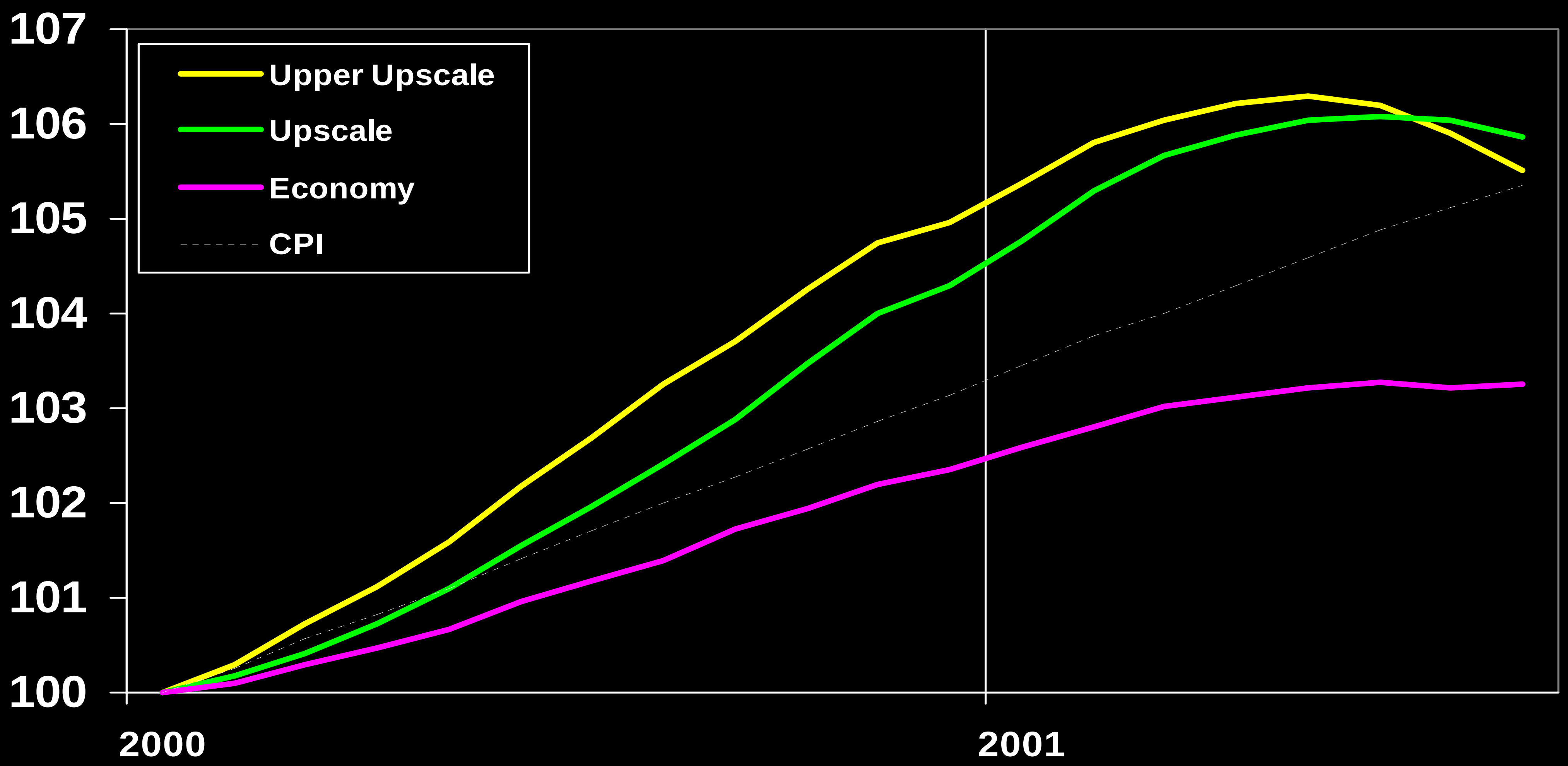
SMITH TRAVEL RESEARCH str

Selected Chain Scales
12 Month Moving Average - Demand Index (Jan 2000 = 100)
January 2000 – August 2001



Then: Visible Drop in Demand in UU Scale – “Top-Down Recession”

Selected Chain Scales
12 Month Moving Average - ADR Index (Jan 2000 = 100)
January 2000 – August 2001

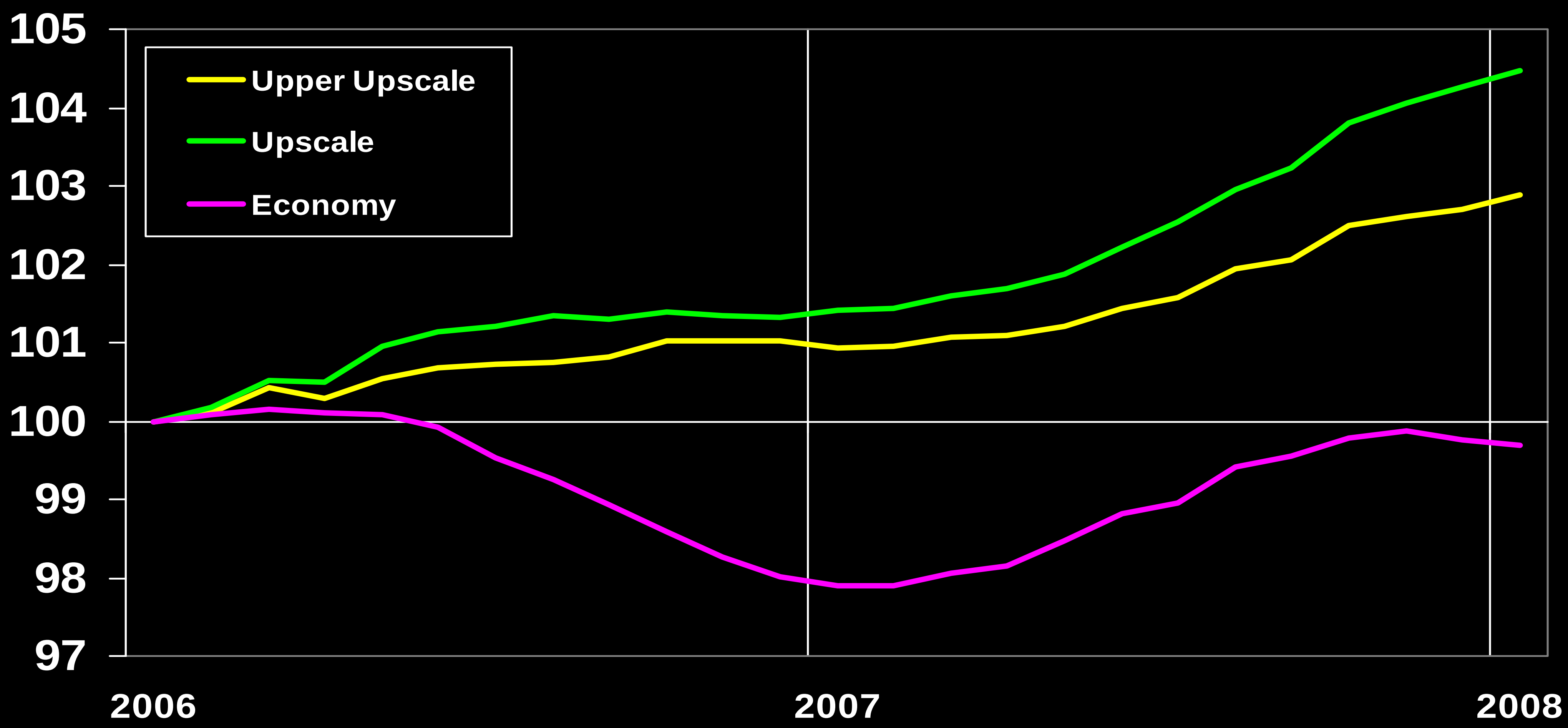


Then: Visible Drop in ADR in Higher End Scales

Selected Chain Scales

12 Month Moving Average Demand Index (Jan 2006 = 100)

January 2006 – January 2008



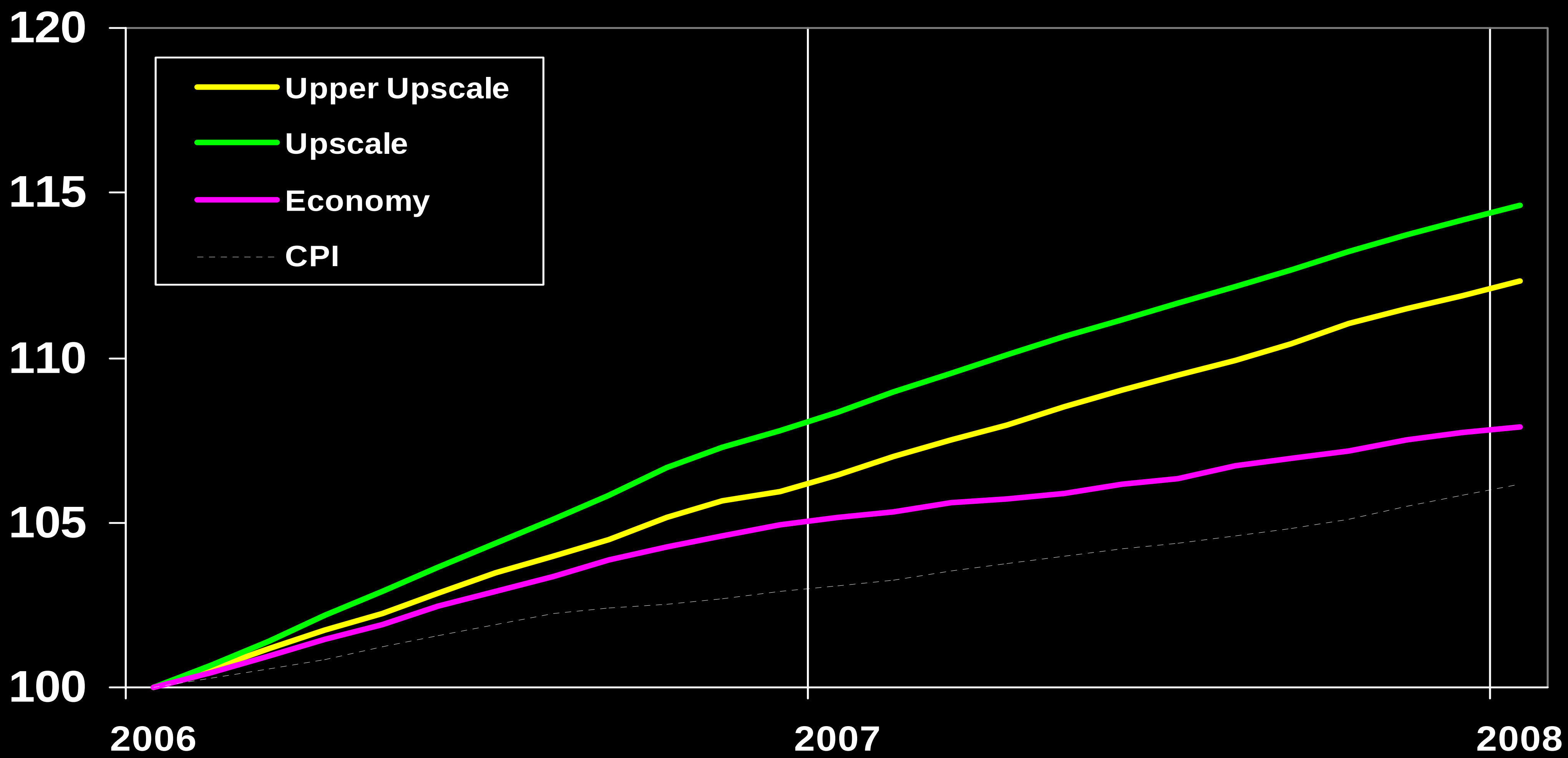
Now: No Slowing In Demand For Upper End – “Bottom Up Recession?”

SMITH TRAVEL RESEARCH

Selected Chain Scales

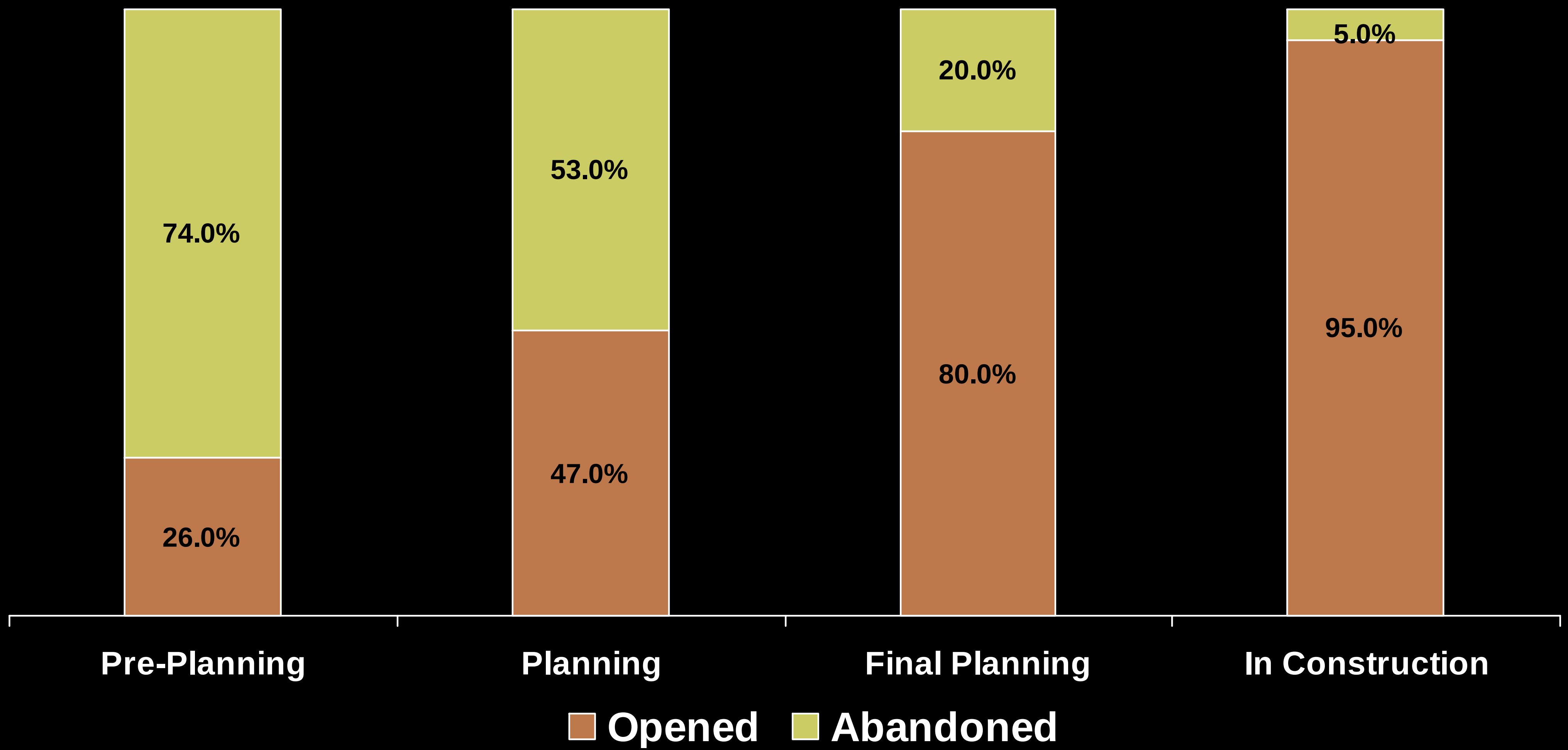
12 Month Moving Average - ADR Index (Jan 2006 = 100)

January 2006 – January 2008



Now: No Slowing in Rate Growth

Pipeline Attrition Rates



Source: STR / TWR / Dodge Construction Pipeline

SMITH TRAVEL RESEARCH str