



# U.S. Lodging Industry Projections

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President



the new name in global hotel benchmarking



# US Economic Outlook

## Hotel Business Cycles

- Historically:
  - The hotel industry, on average, enters a recession 3 months earlier than the national economy
    - The national economy entered the current recession in December 2007 and the hotel industry in November 2007
  - The hotel industry, on average, takes 3-6 months longer than the national economy to exit a recession
- So?
  - Once we experience a quarter of visible growth in the national economy, demand in the hotel industry should follow

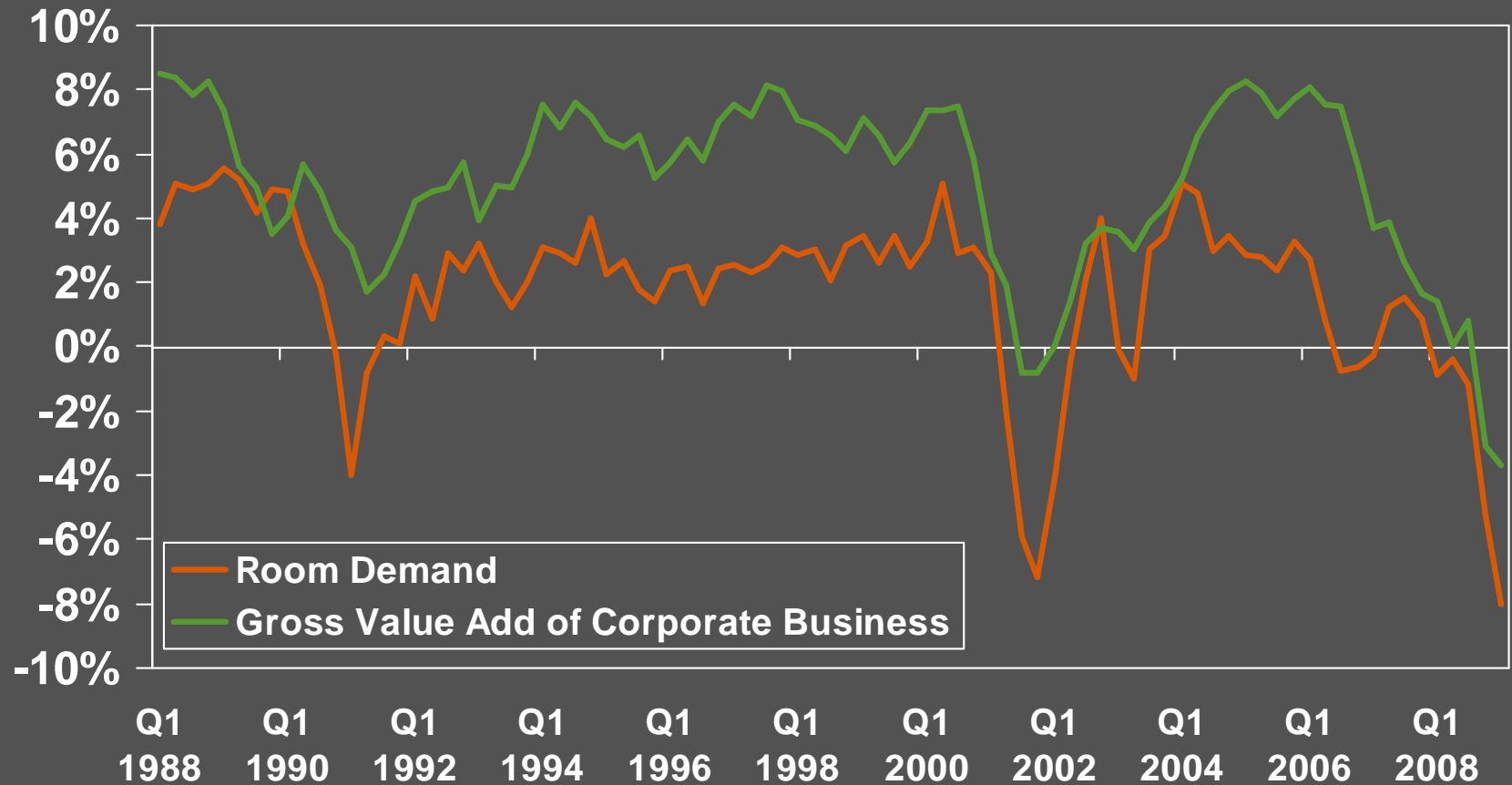
# U.S. Economic Outlook

## Blue Chip Economic Indicators – July 2009

	<u>2008</u>	<u>2009F</u>	<u>2010F</u>
Real GDP	+1.1%	-2.6%	+2.0%
CPI	+4.0%	-0.6%	+1.8%
Corporate Profits	-8.5%	-12.4%	+6.7%
Disp Personal Income	+1.1%	+2.3%	+1.6%
Unemployment Rate	5.8%	9.3%	9.9%

# Total United States

Room Demand and GVA of Corporate Business to GDP  
Quarterly Percent Change YOY – 1988 to Q1 2009



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

<u>Phase</u>	<u>June 2009</u>	<u>June 2008</u>	<u>Difference</u>	<u>% Change</u>
In Construction	149,166	205,012	-55,846	-27.2%
Final Planning	66,700	108,473	-41,773	-38.5%
Planning	285,610	350,842	-65,232	-18.6%
Active Pipeline	501,476	664,327	-162,851	-24.5%
Pre-Planning	119,363	145,465	-26,102	-17.9%
Total	620,839	809,792	-188,953	-23.3%

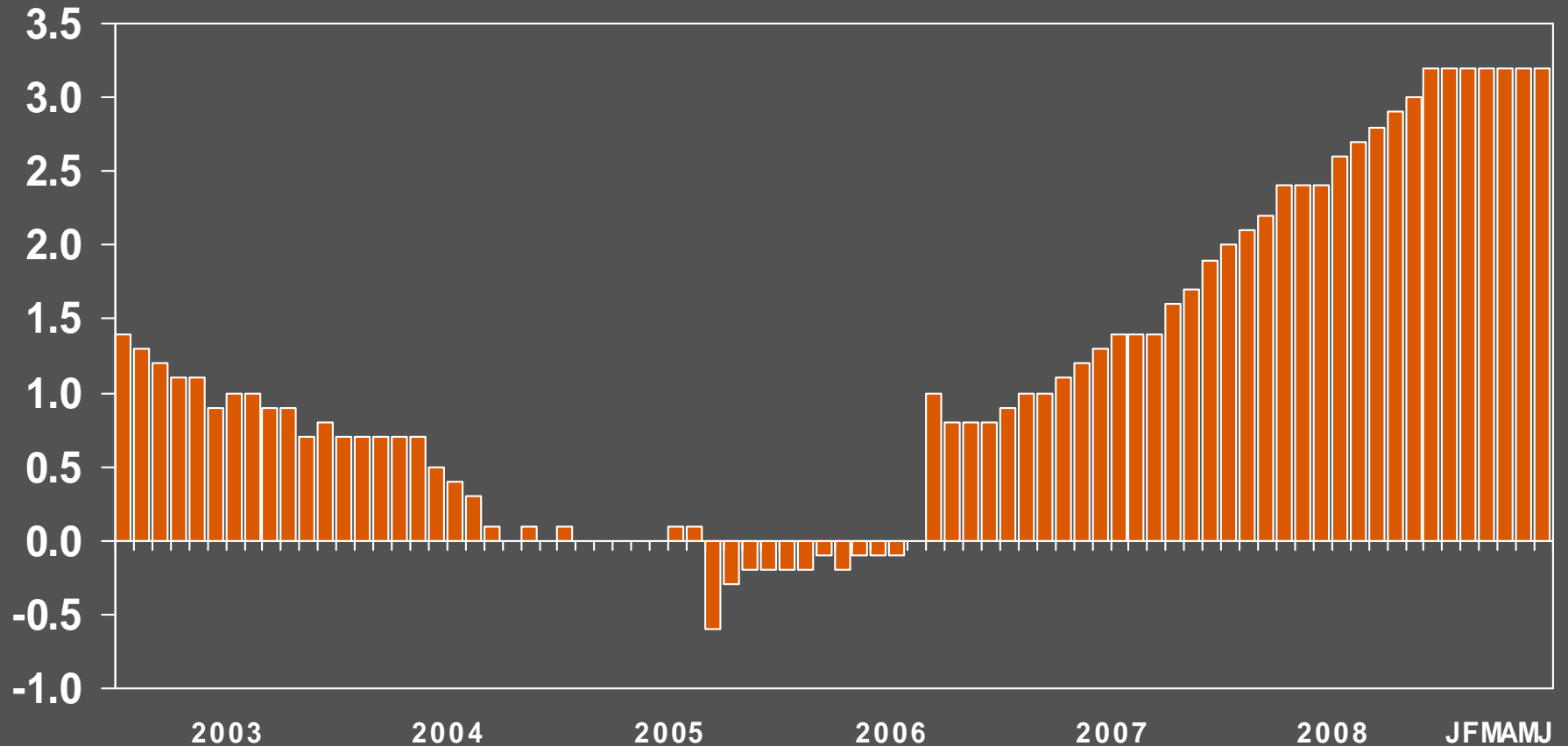
Source: STR / TWR / Dodge Construction Pipeline



# Total United States

Room Supply Percent Change

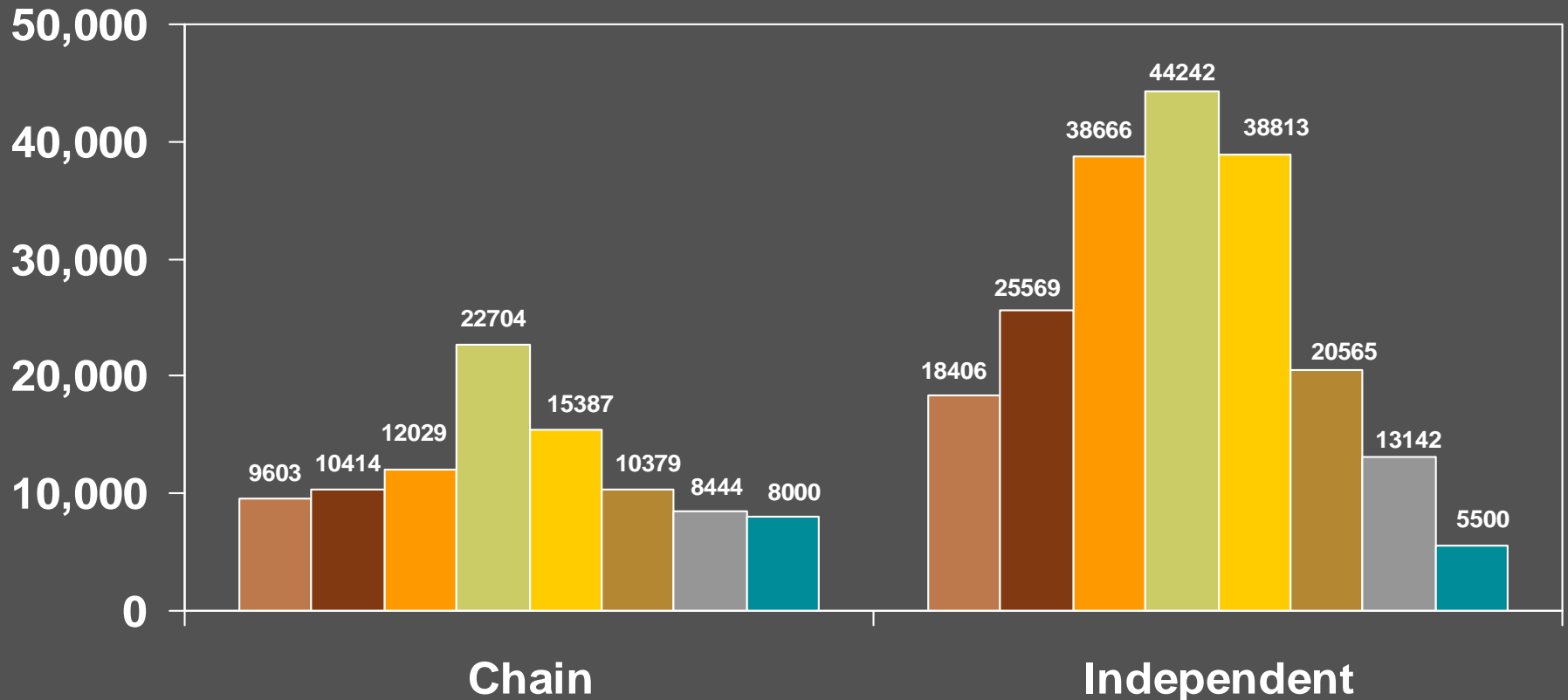
Jan 2003 – June 2009



# Total United States

Closed Rooms (In Closed Properties): **Chain vs. Independent**  
2002 through June 2009

2002 2003 2004 2005  
2006 2007 2008 2009E

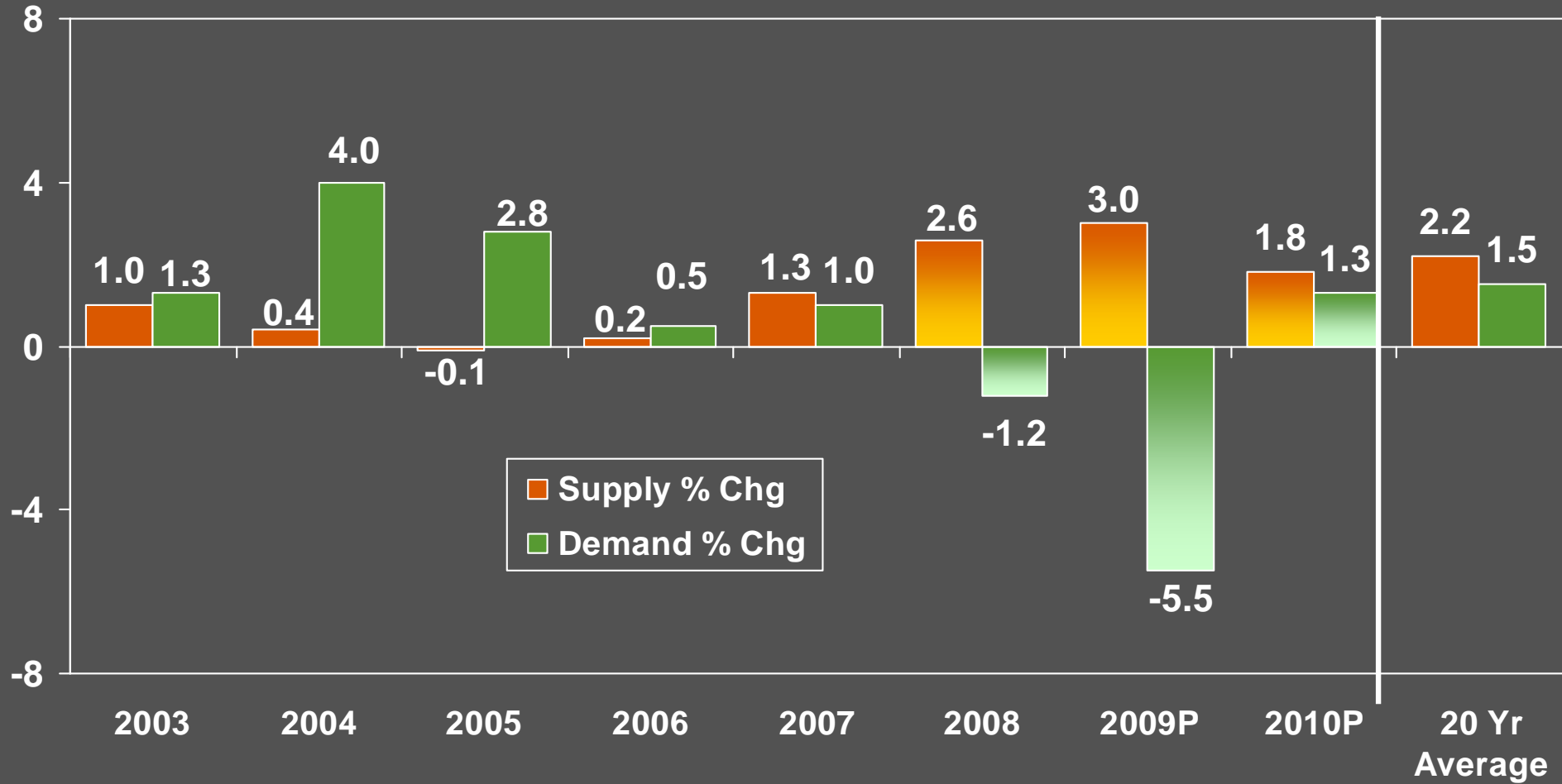


2009 Smith Travel Research, Inc.

# Total United States

Supply/Demand Percent Change

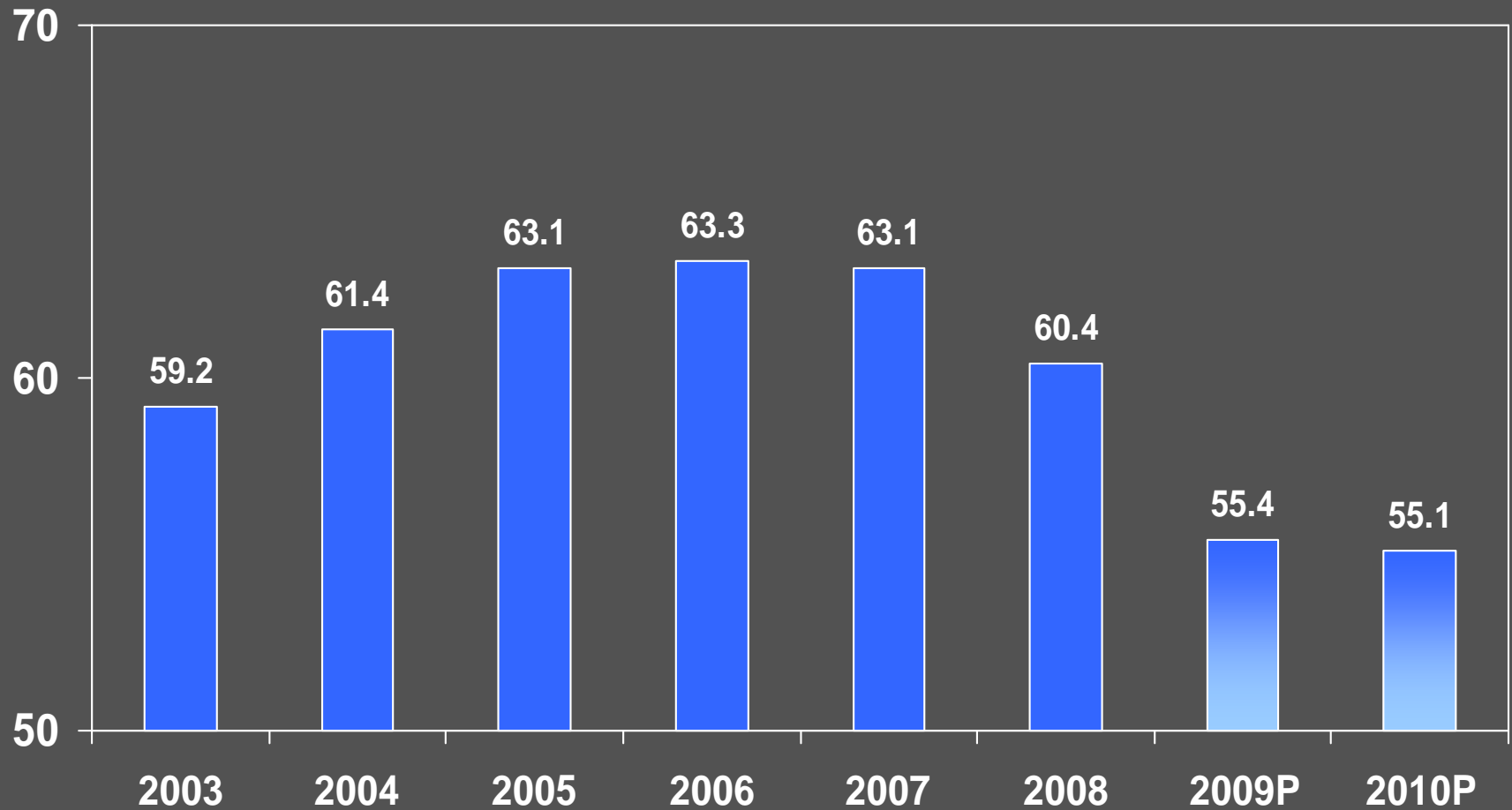
2003 – 2010P



# Total United States

Occupancy Percent

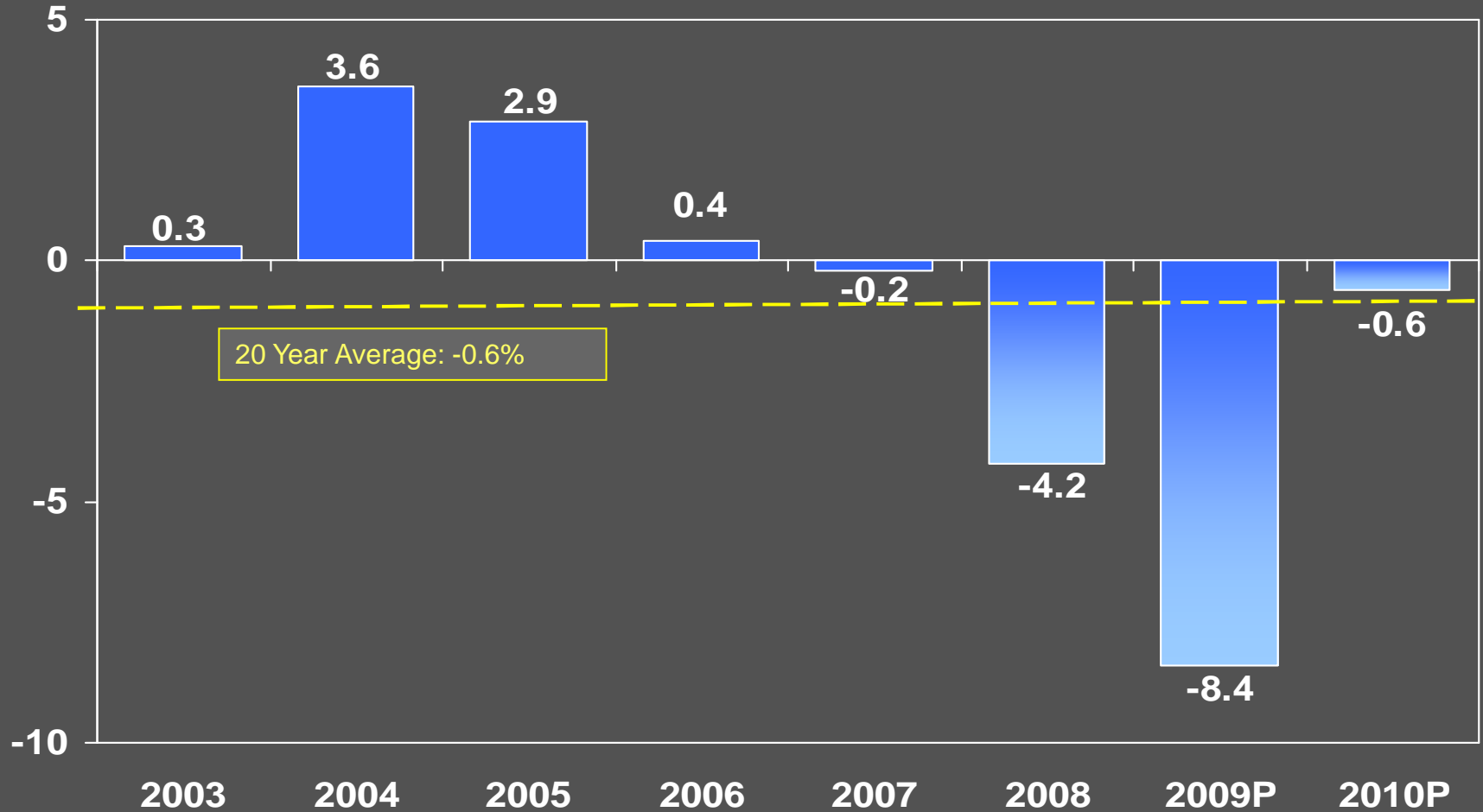
2003 – 2010P



# Total United States

Occupancy Percent Change

2003 – 2010P



# Total United States

Average Daily Rate (In Dollars)

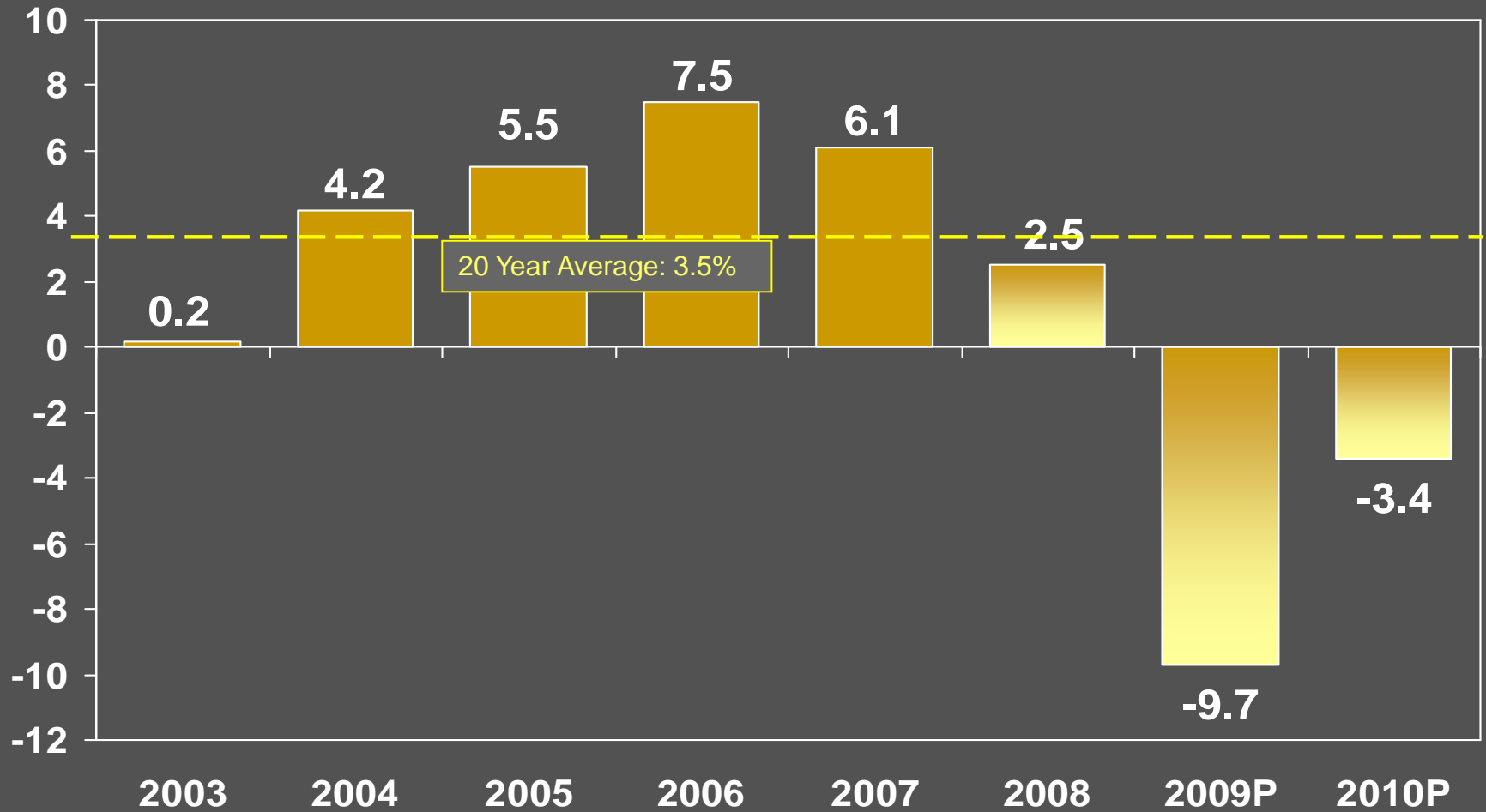
2003 – 2010P



# Total United States

ADR Percent Change

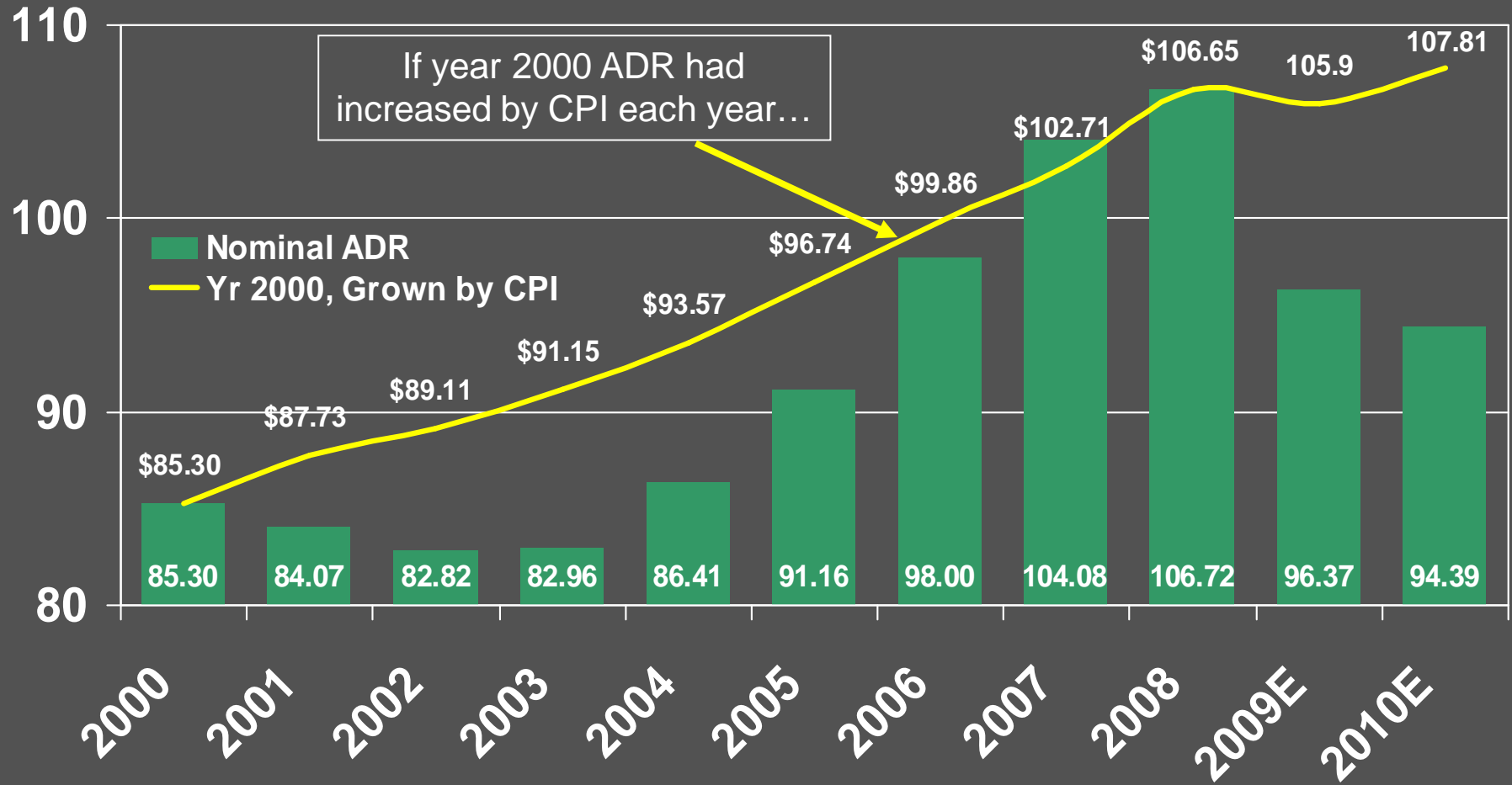
2003 – 2010P



# Total US Room Rates

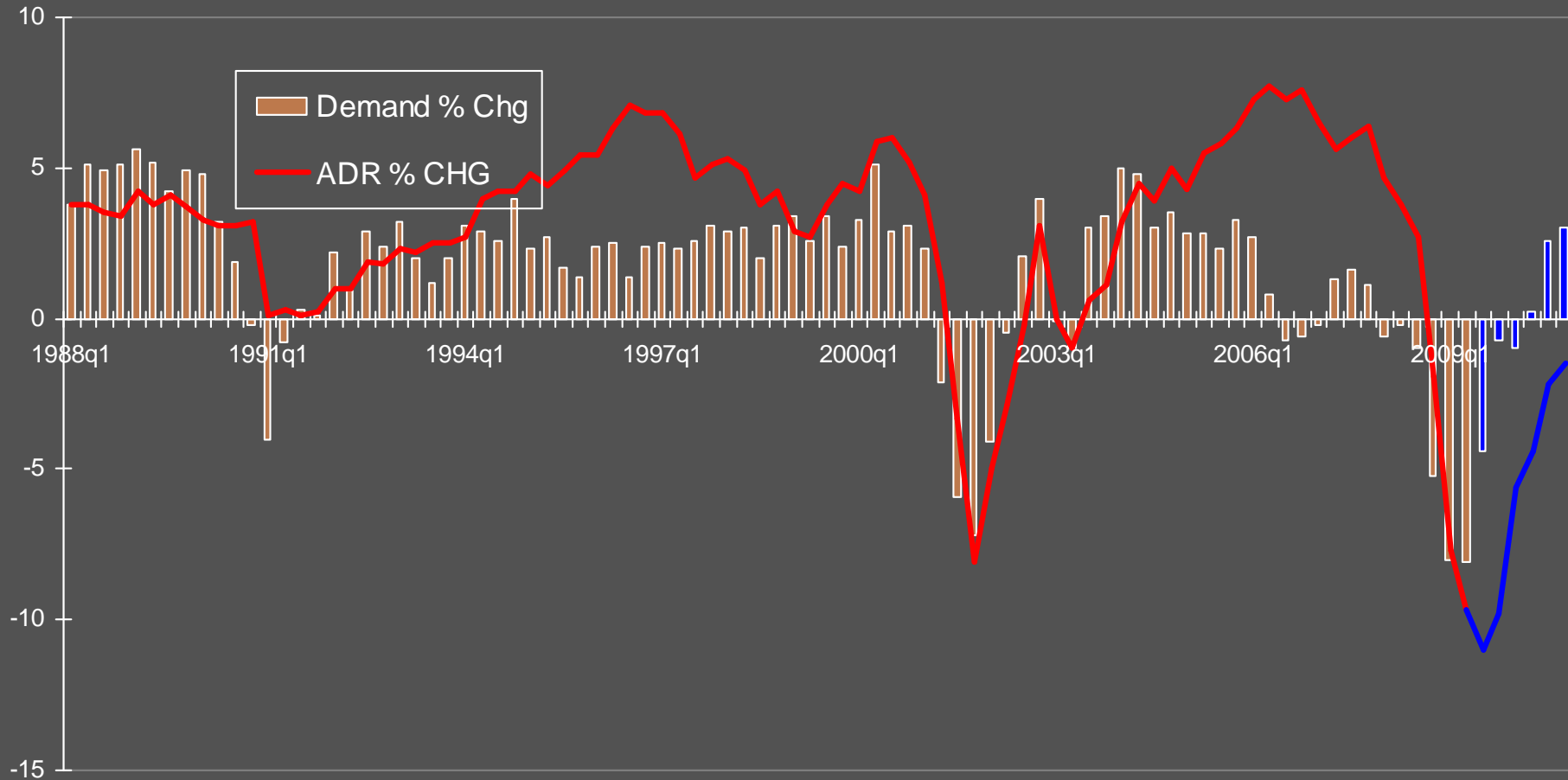
Actual vs. Inflation Adjusted

2000 – 2010E



# Total United States

Hotel Rooms Sold vs. ADR Change  
Quarterly Change – 1988 to Q4f 2009



# Total United States

RevPar (In Dollars)

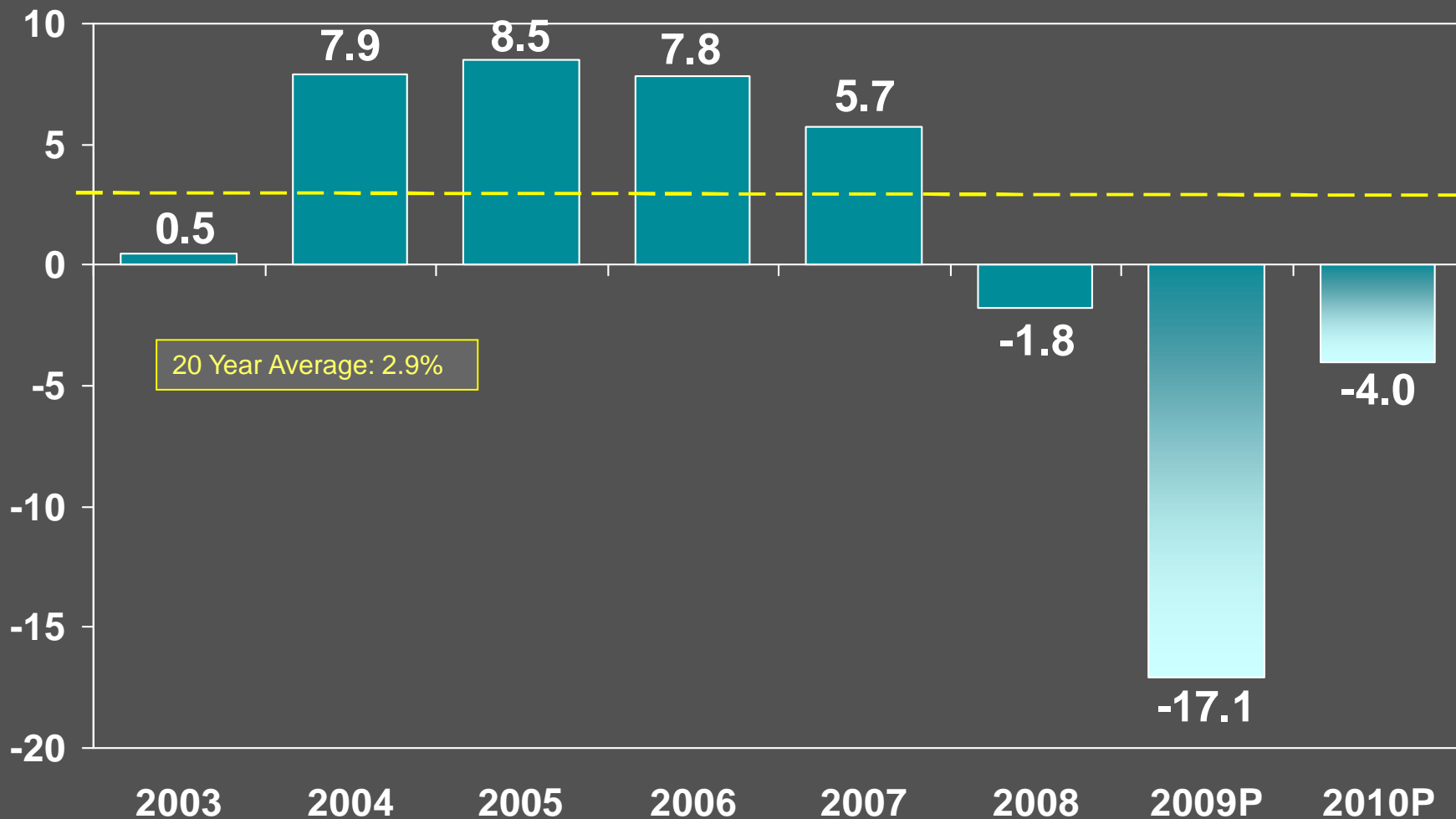
2003 – 2010P



# Total United States

RevPAR Percent Change

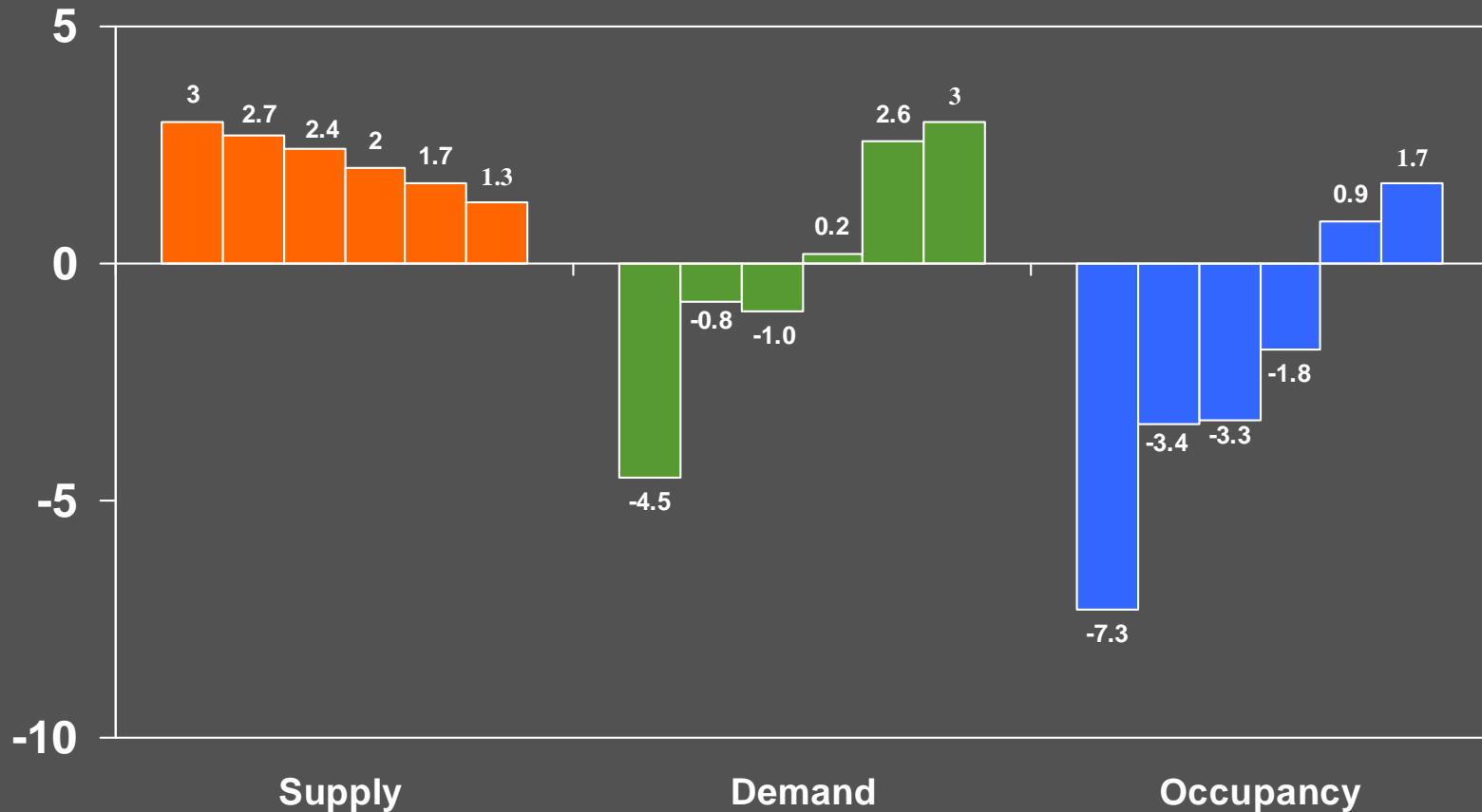
2003 – 2010P



# Total United States

## Supply, Demand & Occupancy Forecast

Q3 2009 – Q4 2010

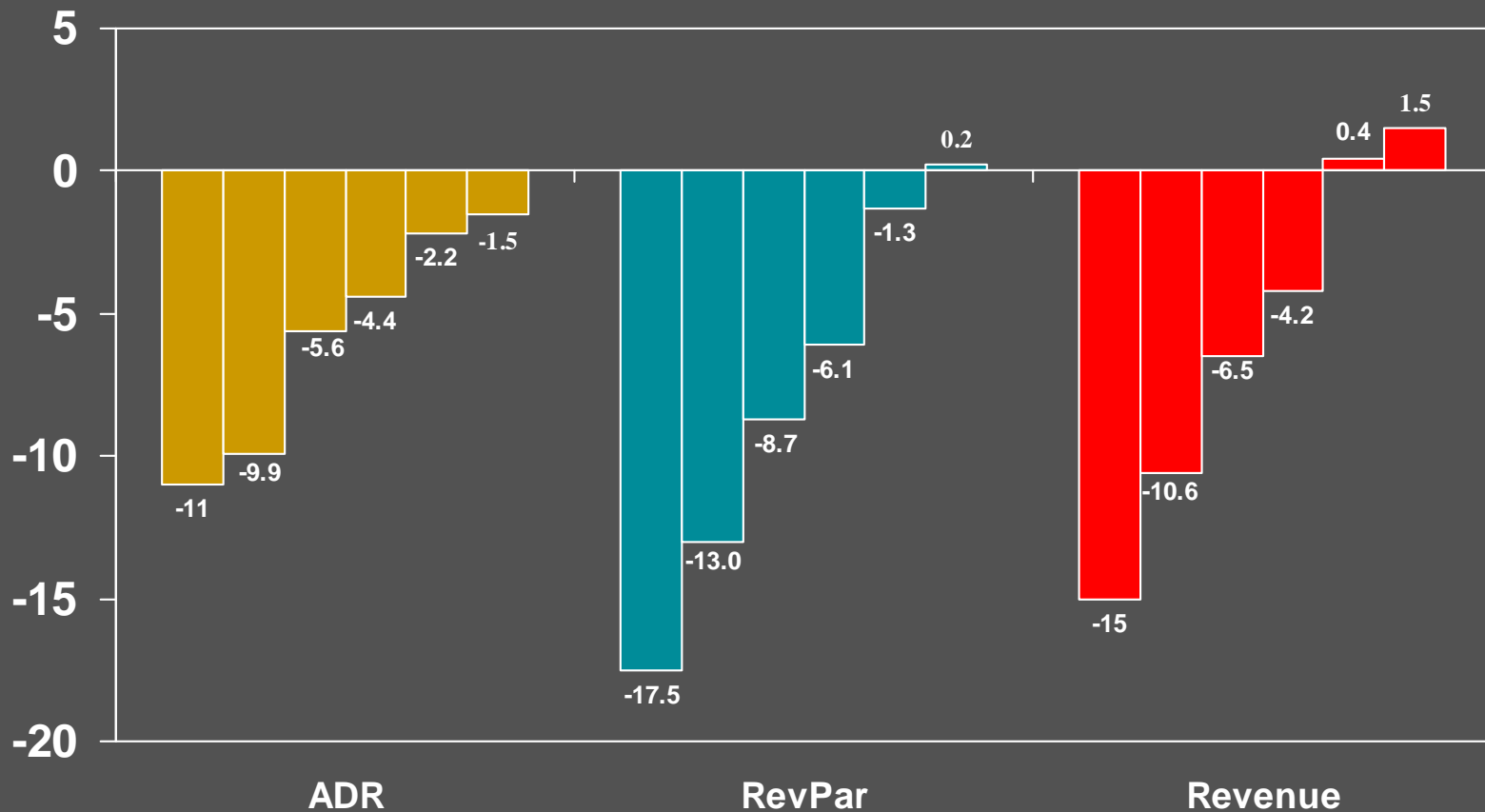


2008 Smith Travel Research, Inc.

# Total United States

## ADR, RevPar and Room Revenue Forecast

Q3 2009 – Q4 2010



2008 Smith Travel Research, Inc.

# Total US Industry Consecutive Quarterly Declines Key Indicators

	1990/ 1991	2001/ 2002	<b>Current (Q2-09)</b>	<i>Estimate 2008/09</i>
Demand	3	5	6	9
Occupancy	7	6	7	11
ADR	0	5	3	9
RevPAR	5	5	4	9
Room Revenue	2	5	3	7

# Chain Scales – 2008 Actual, 2009 & 2010 Forecasted

Chain Scale	Year	Occ.		ADR	Δ Chg		RevPAR	Δ Chg	
		Absolute	High		High	Low		High	Low
Luxury	2008a	67.5%		\$ 288.80			\$ 194.94		
	2009f		-10.0%		-15.0%	-18.0%		-25.0%	-28.0%
	2010f		-3.0%		-4.0%	-7.0%		-7.0%	-10.0%
Upper Up	2008a	68.6%		\$ 160.05			\$ 109.85		
	2009f		-6.5%		-11.5%	-14.5%		-18.0%	-21.0%
	2010f		3.0%		0.0%	-3.0%		-1.0%	-4.0%
Upscale	2008a	66.8%		\$ 119.55			\$ 79.84		
	2009f		-7.0%		-9.0%	-12.0%		-16.0%	-19.0%
	2010f		0.0%		-3.0%	-6.0%		-5.0%	-8.0%
Mid w/F&B	2008a	55.8%		\$ 88.33			\$ 49.26		
	2009f		-8.0%		-4.0%	-7.0%		-12.5%	-15.5%
	2010f		0.0%		-2.0%	-5.0%		-3.0%	-6.0%
Mid w/o F&B	2008a	62.3%		\$ 90.20			\$ 56.15		
	2009f		-4.0%		-4.0%	-7.0%		-10.5%	-13.5%
	2010f		2.0%		0.0%	-3.0%		1.0%	-2.0%
Economy	2008a	54.3%		\$ 54.36			\$ 29.54		
	2009f		-8.5%		-4.0%	-7.0%		-13.0%	-16.0%
	2010f		1.0%		-1.0%	-4.0%		0.0%	-3.0%
Independents	2008a	58.4%		\$ 104.88			\$ 61.30		
	2009f		-8.0%		-10.0%	-13.0%		-18.0%	-21.0%
	2010f		1.0%		-2.0%	-5.0%		-1.0%	-4.0%

# Takeaways

- Visibility remains difficult
- Probably at / near bottom
- Leisure leads
- “Less Worse” in 2H 2009
- Marginal improvement in 2010



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