



- Global Overview
- Regional Trends
  - US
  - Europe
  - Middle East & Africa
  - Asia Pacific
- Industry Outlook



the new name in global hotel benchmarking





# Global Overview

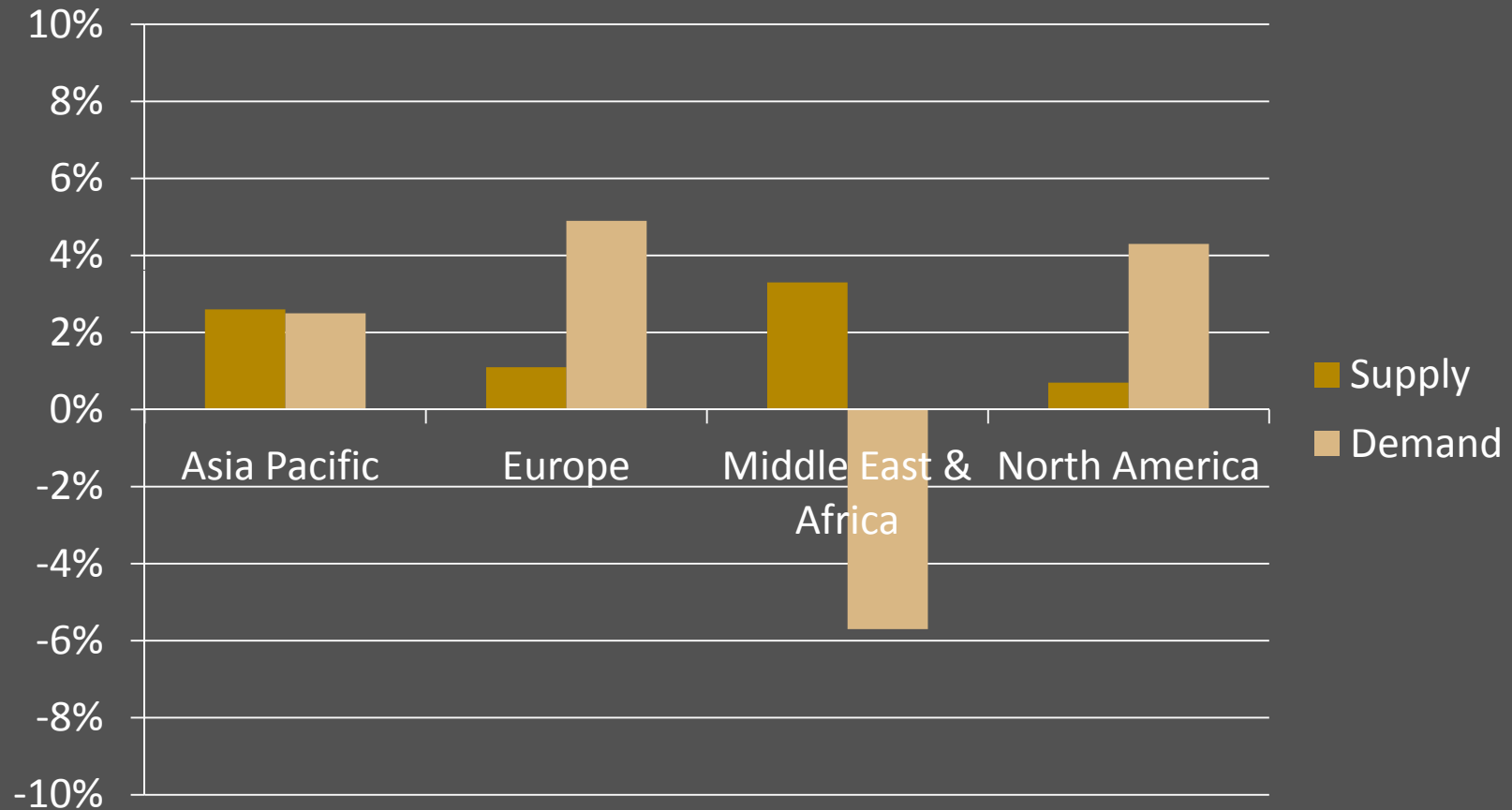


the new name in global hotel benchmarking



# Demand is coming back...

YTD August 2011, YOY % change

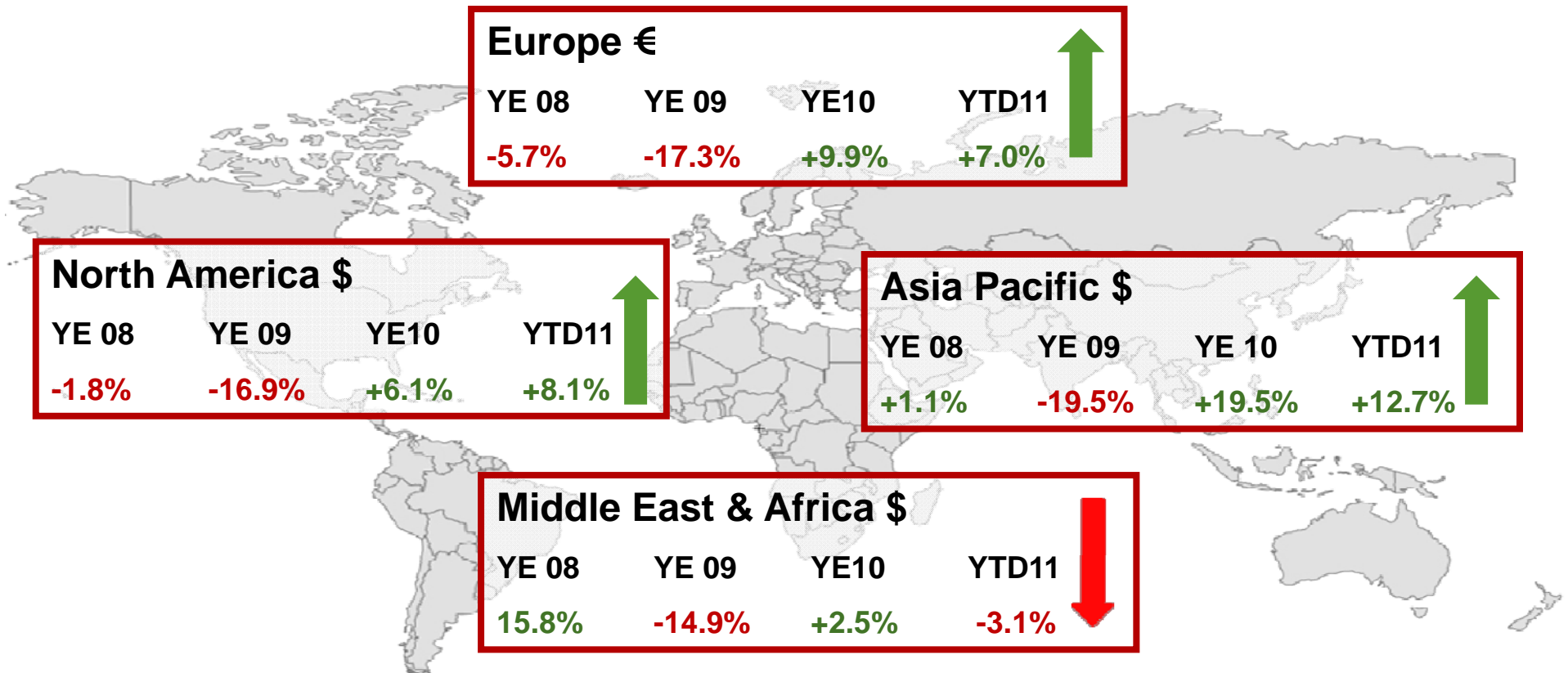


2011 Smith Travel Research, Inc.



# And RevPAR follows...

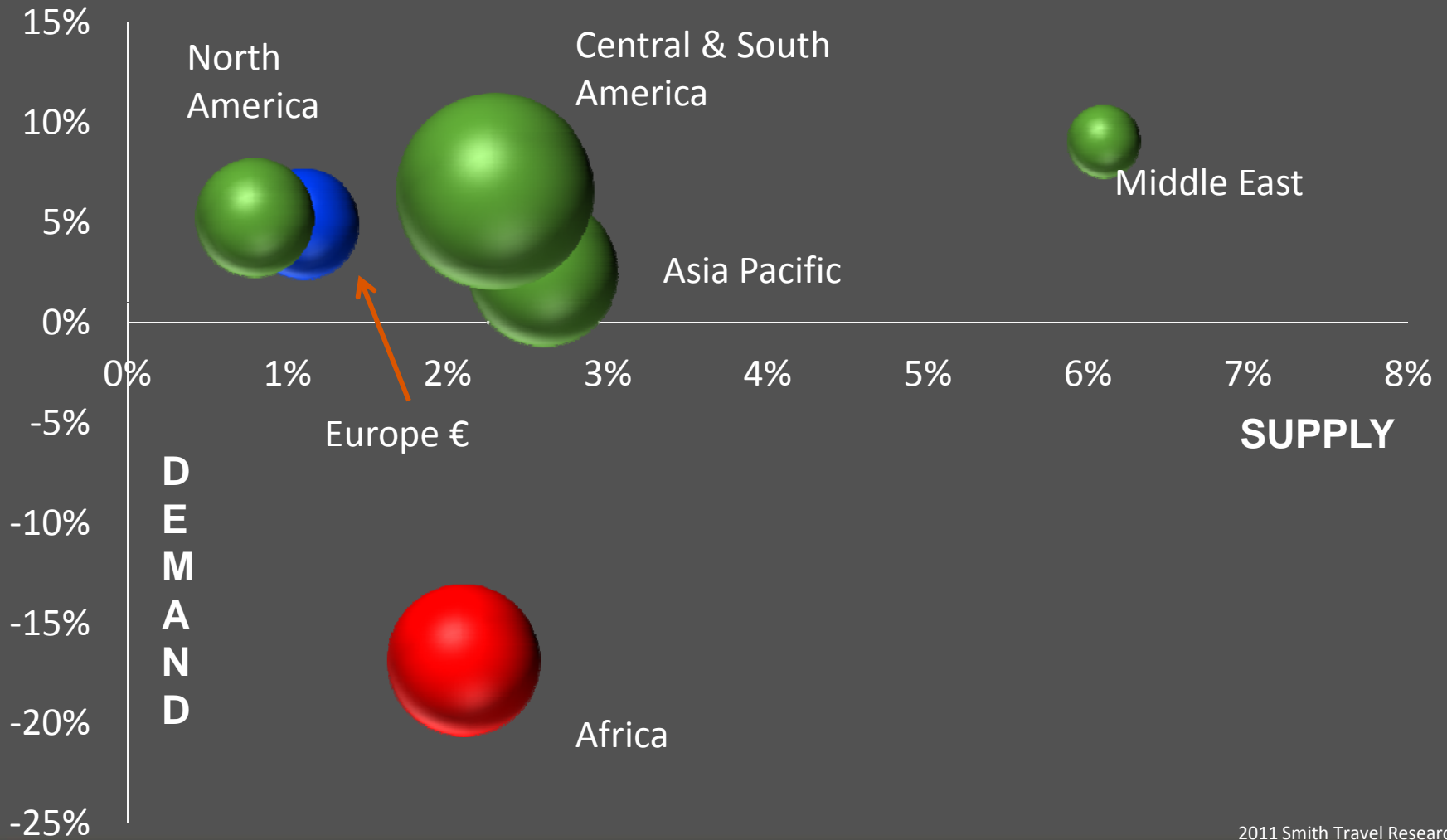
RevPAR % change



2011 Smith Travel Research, Inc.

# Continued growth

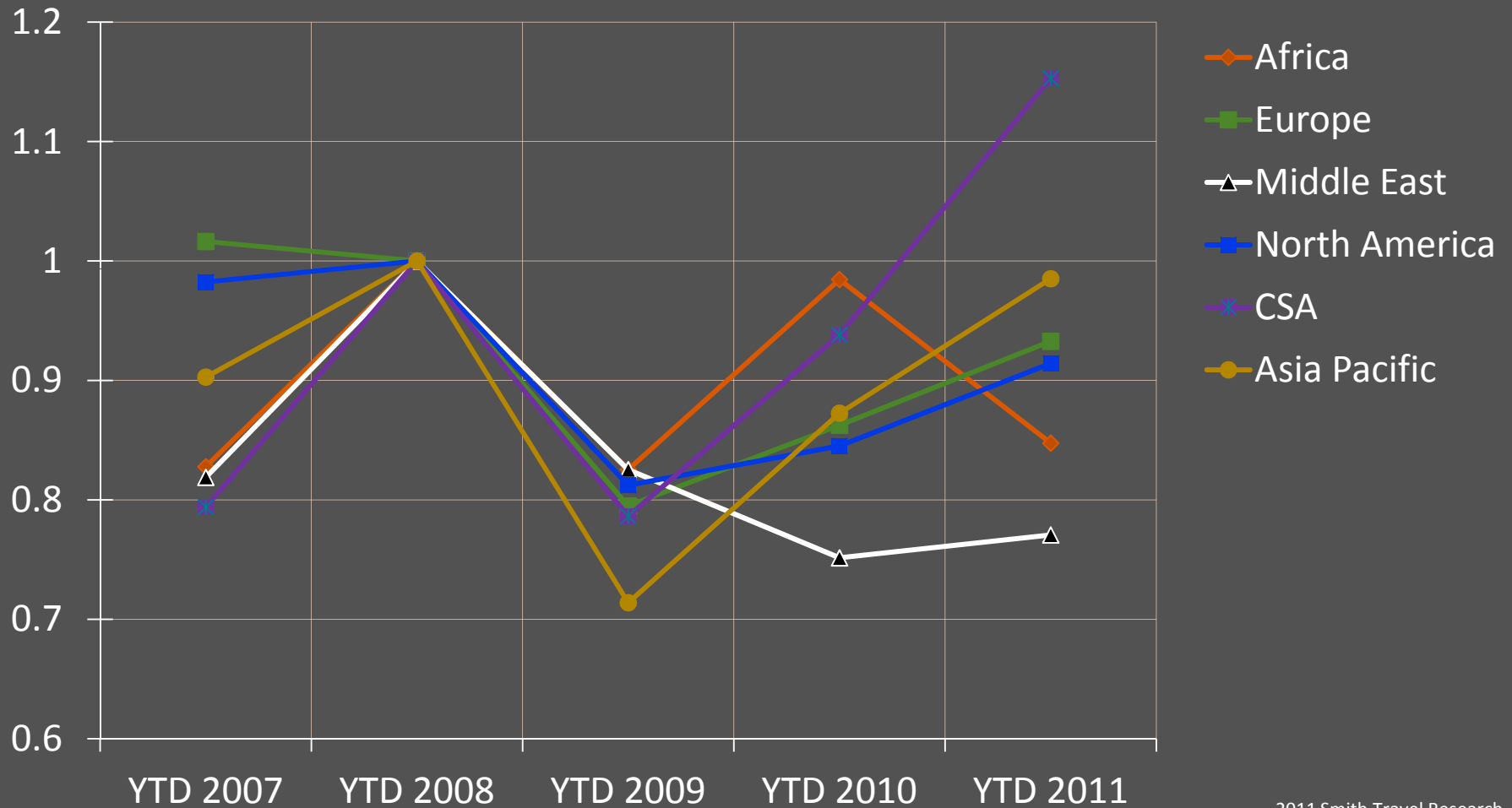
Jan-August 2011, YOY % change, supply, demand, RevPAR



2011 Smith Travel Research, Inc.

# Still below pre-GFC level

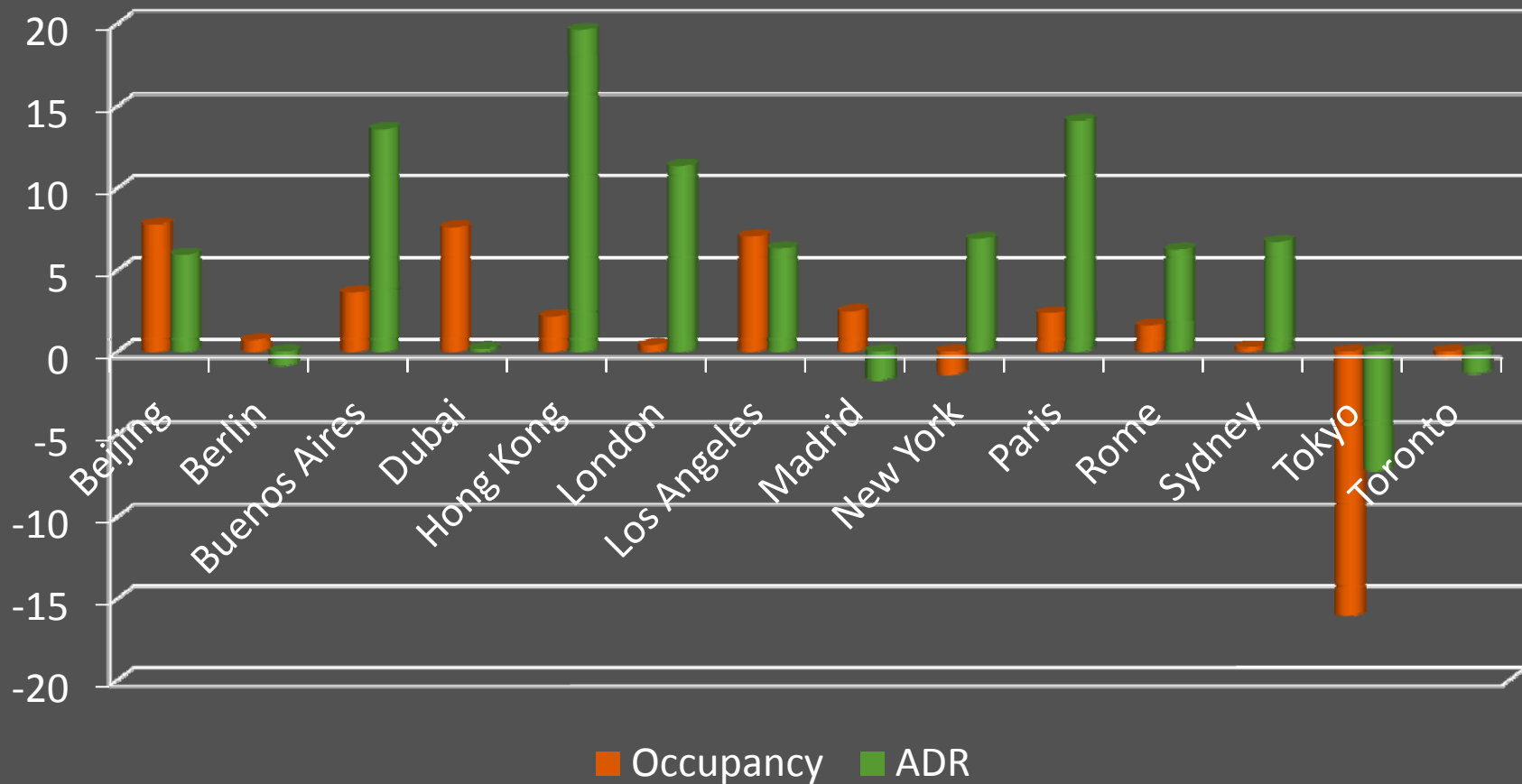
RGI Index on YTD July 2008



2011 Smith Travel Research, Inc.

# WW: Continued positive growth

Jan-August 2011, %chg, Constant US\$

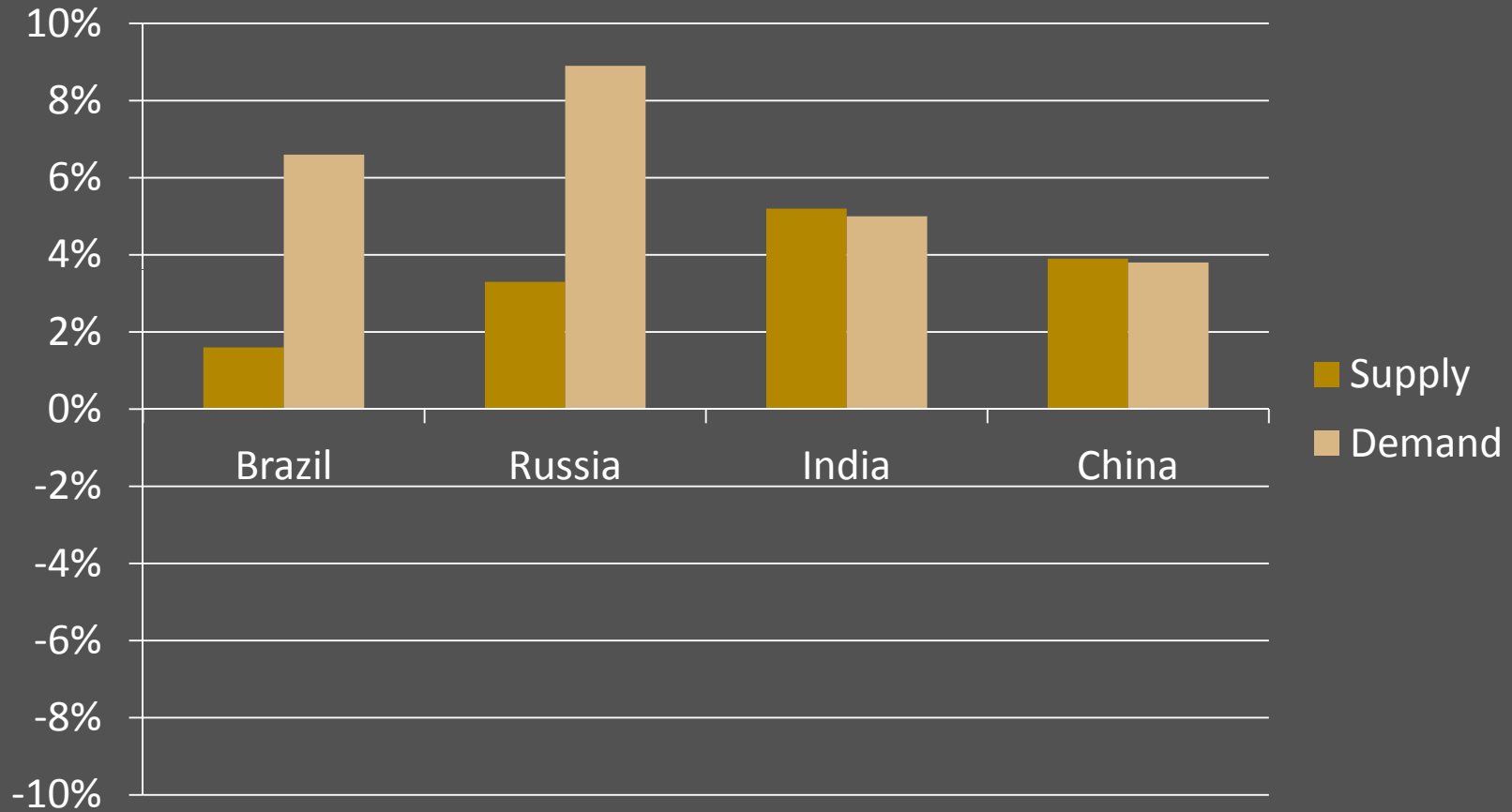


2011 Smith Travel Research, Inc.



# BRIC Economies

YTD August 2011, YOY % change



2011 Smith Travel Research, Inc.







# Total U.S.



the new name in global hotel benchmarking



# Total US - Key Statistics

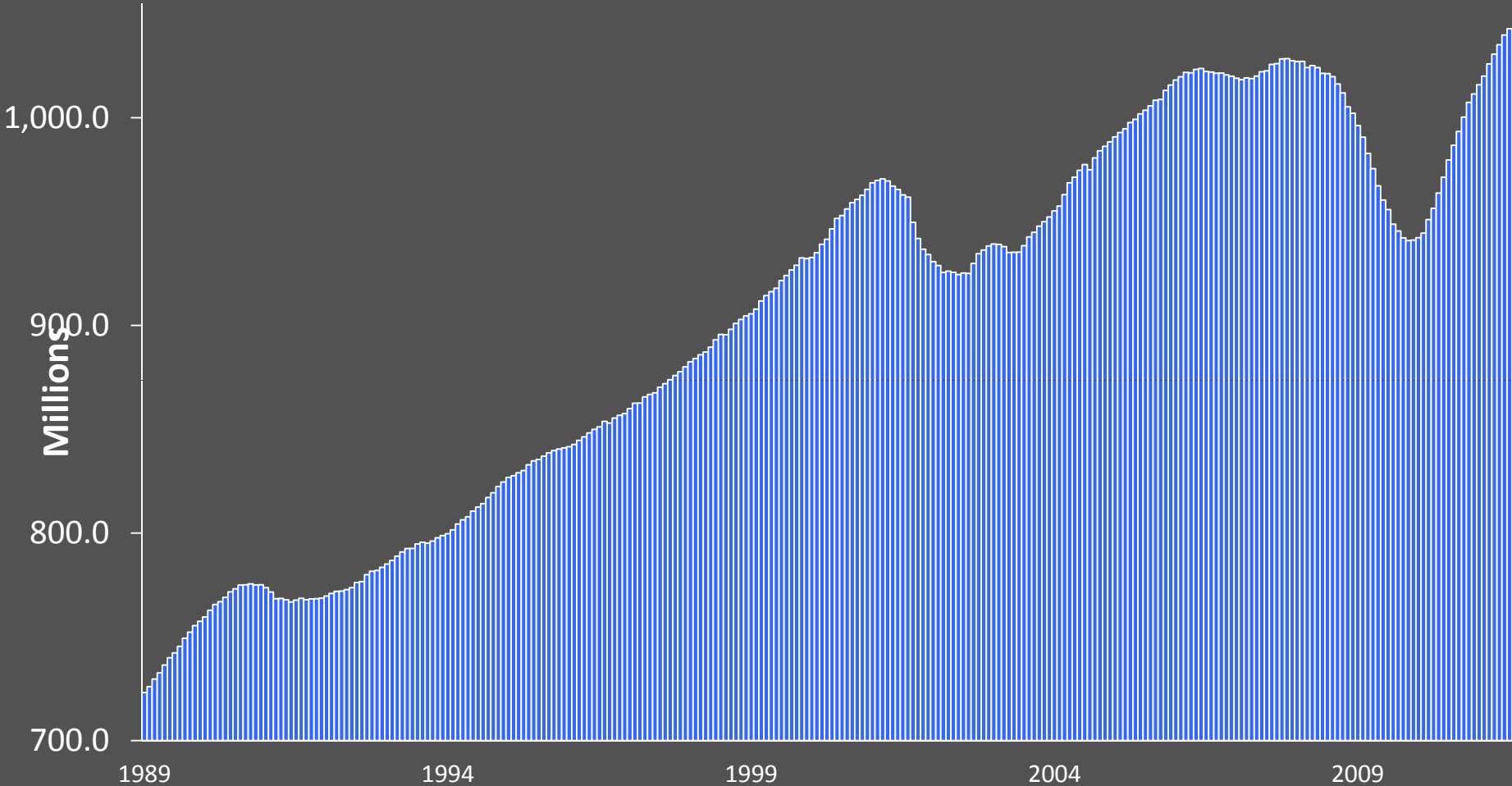
YTD August 2011

		<u>% Change</u>
• Hotels	52.4k	
• Room Supply	1.175 bn	0.7%
• Room Demand	722.3 mn	5.2%
• Occupancy	61.4%	4.5%
• ADR	\$101.16	3.5%
• RevPAR	\$62.15	8.1%
• Room Revenue	\$73.1 bn	8.9%

2011 Smith Travel Research, Inc.



# On An Annualized Basis: Most Rooms Sold - EVER

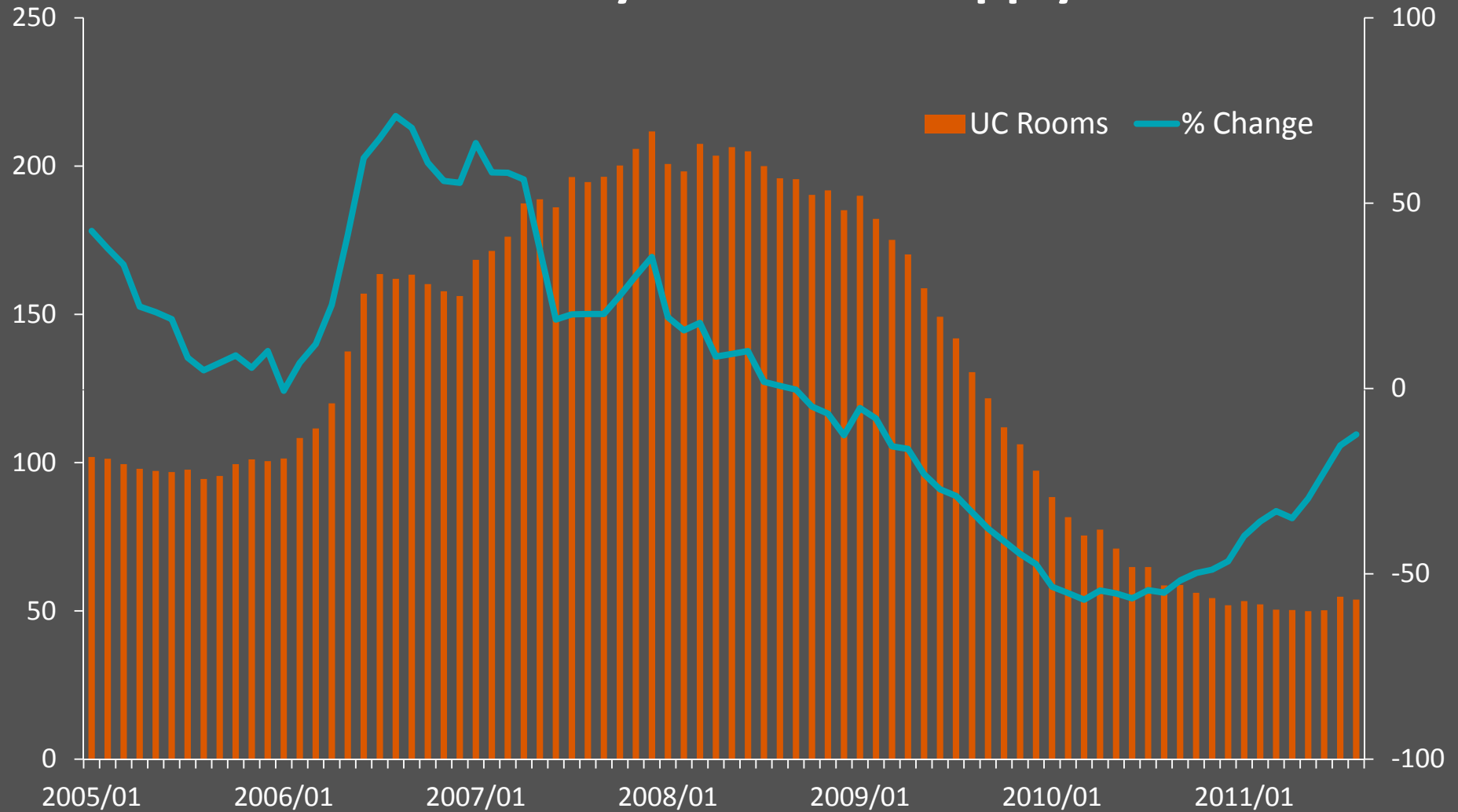


Total U.S.: Number of Rooms Sold  
Twelve Month Moving Average: 1989 – July 2011

2011 Smith Travel Research, Inc.



# 2011 = Very Little New Supply



**Total U.S.:** Monthly Hotel Rooms Under Construction (In Thousands ) and % Change  
Jan. 2005 – August 2011

2011 Smith Travel Research, Inc.

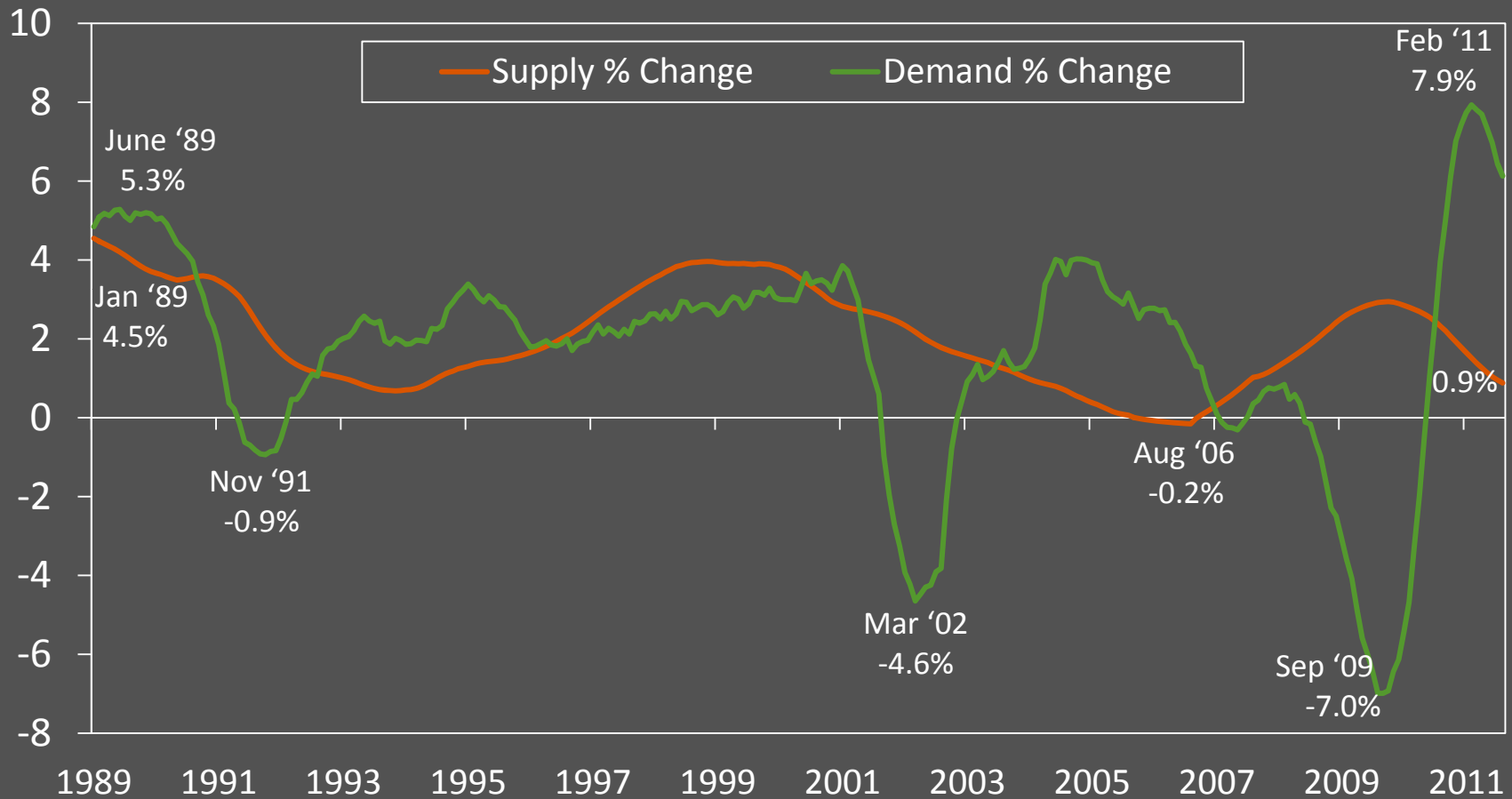
Additional Resource: McGraw-Hill Construction Dodge Pipeline



# Total United States

Room Supply/Demand Percent Change

Twelve Month Moving Average – 1989 to August 2011



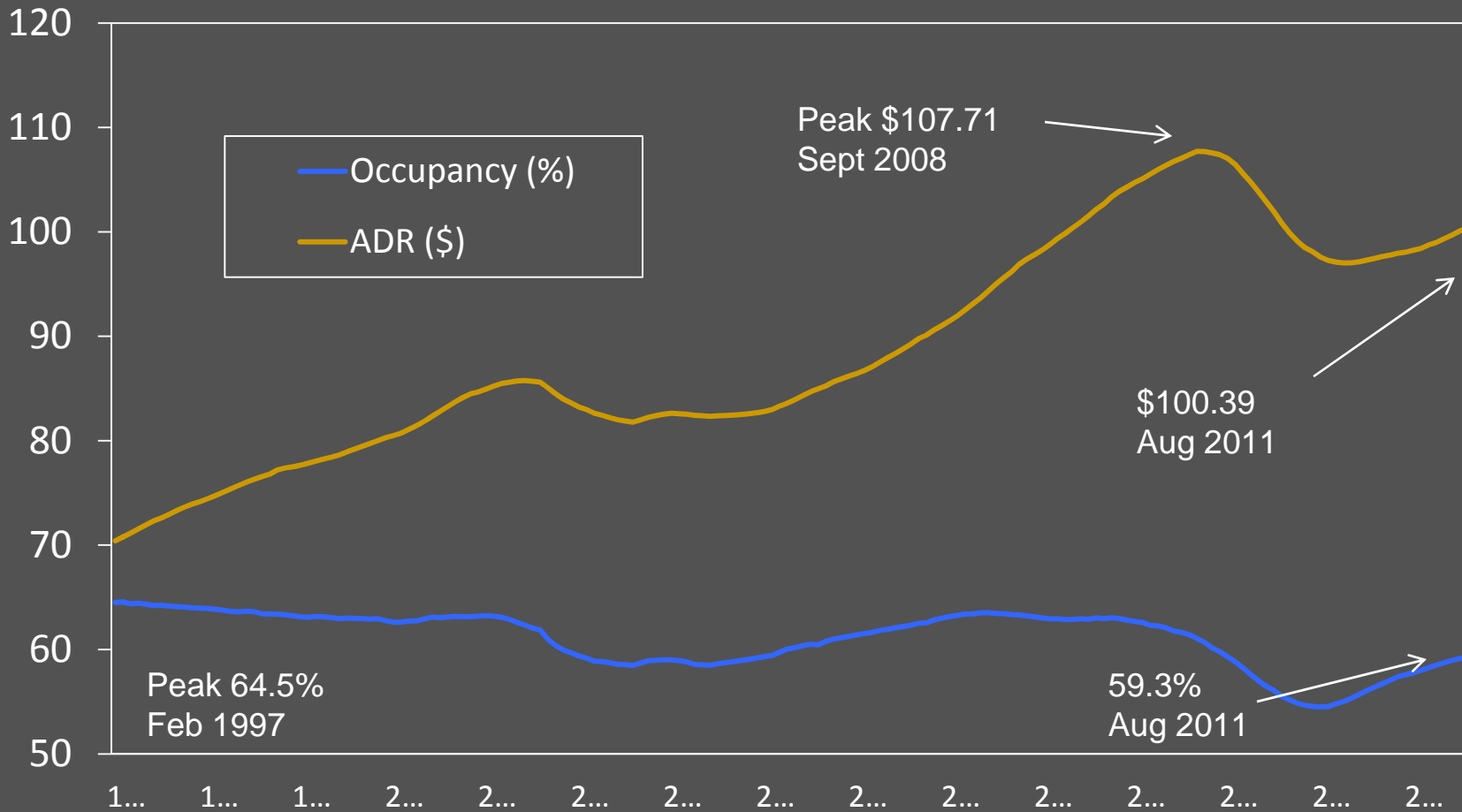
2011 Smith Travel Research, Inc.



# Total United States

## Occupancy and ADR

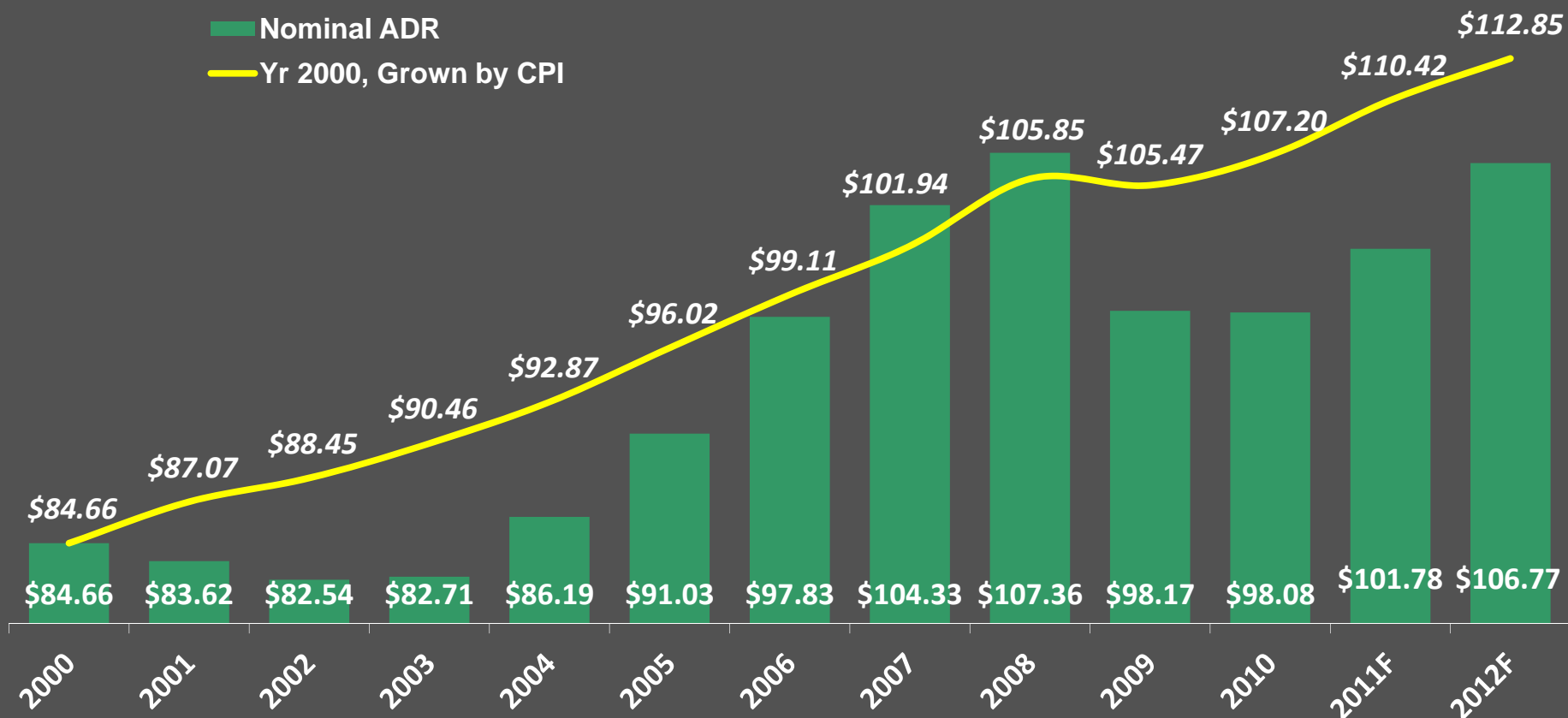
Twelve Month Moving Average – August 2011



2011 Smith Travel Research, Inc.



# If Year 2000 ADR Had Increased By CPI Each Year...



Total U.S. Room Rates: Actual vs. Inflation Adjusted  
2000 – 2012F

2011 Smith Travel Research, Inc.



Note: 2011 & 2012 CPI forecast from Blue Chip Economic Indicators





# Chain Segments



the new name in global hotel benchmarking





## 2011 STR Chain Scales

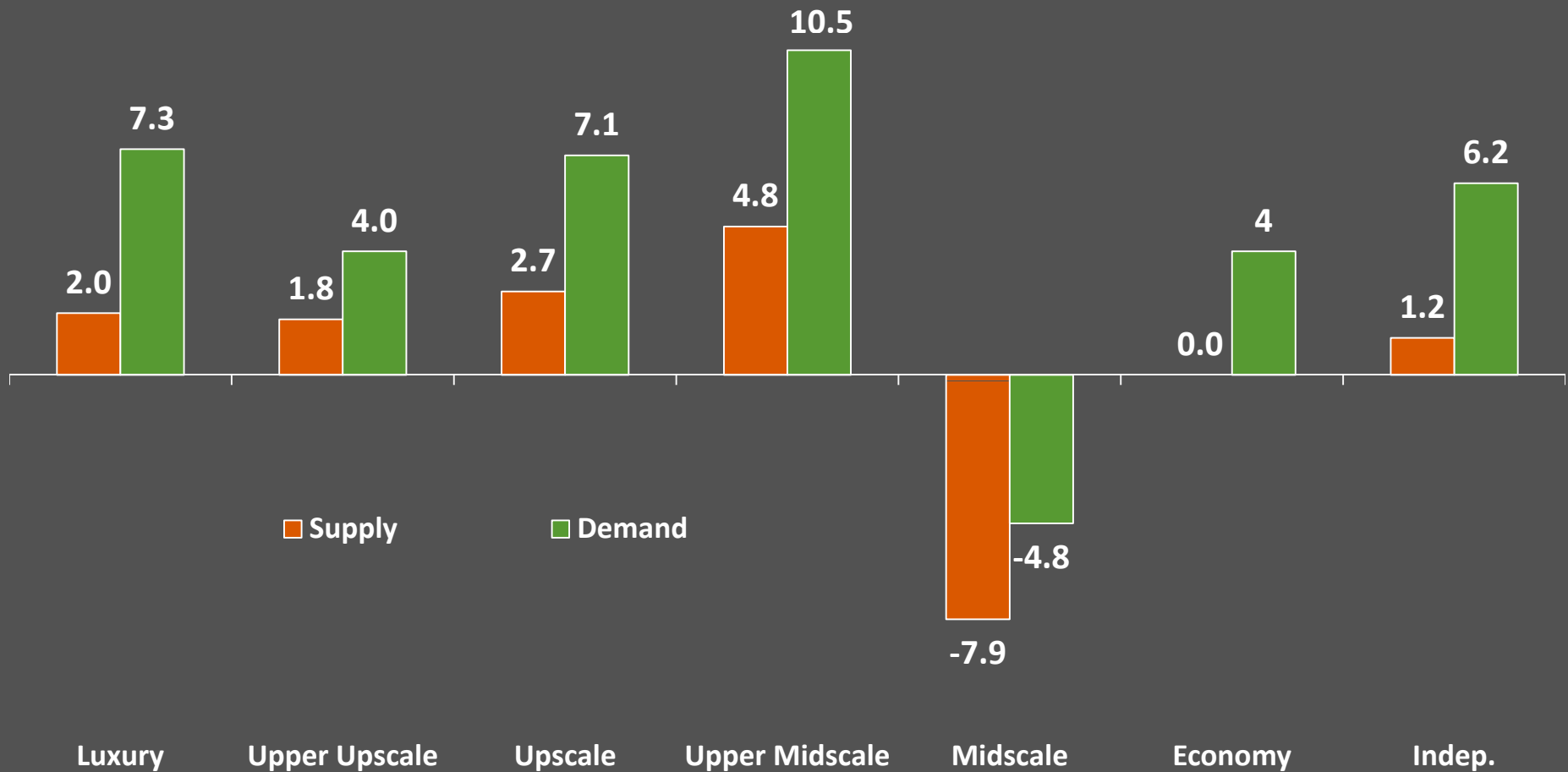
### Selected chains from each segment

- **Luxury** – Fairmont, Four Seasons, Ritz Carlton, JW Marriott
- **Upper Upscale** – Sheraton, Embassy Suites, Hyatt, Marriott
- **Upscale** – Radisson, Hilton Garden Inn, Residence Inn, Springhill Suites, Homewood Suites, Courtyard
- **Upper Midscale** – Fairfield Inn/Suites, Holiday Inn, Clarion, Hampton Inn/Suites, Best Western Premier/PLUS
- **Midscale** – Country Inn & Suites, Best Western, Candlewood Suites, Quality Inn/Suites
- **Economy** – Extended Stay America, Red Roof, Days Inn, Microtel

2011 Smith Travel Research, Inc.



# Most Supply & Room Demand Growth In Upper Midscale.

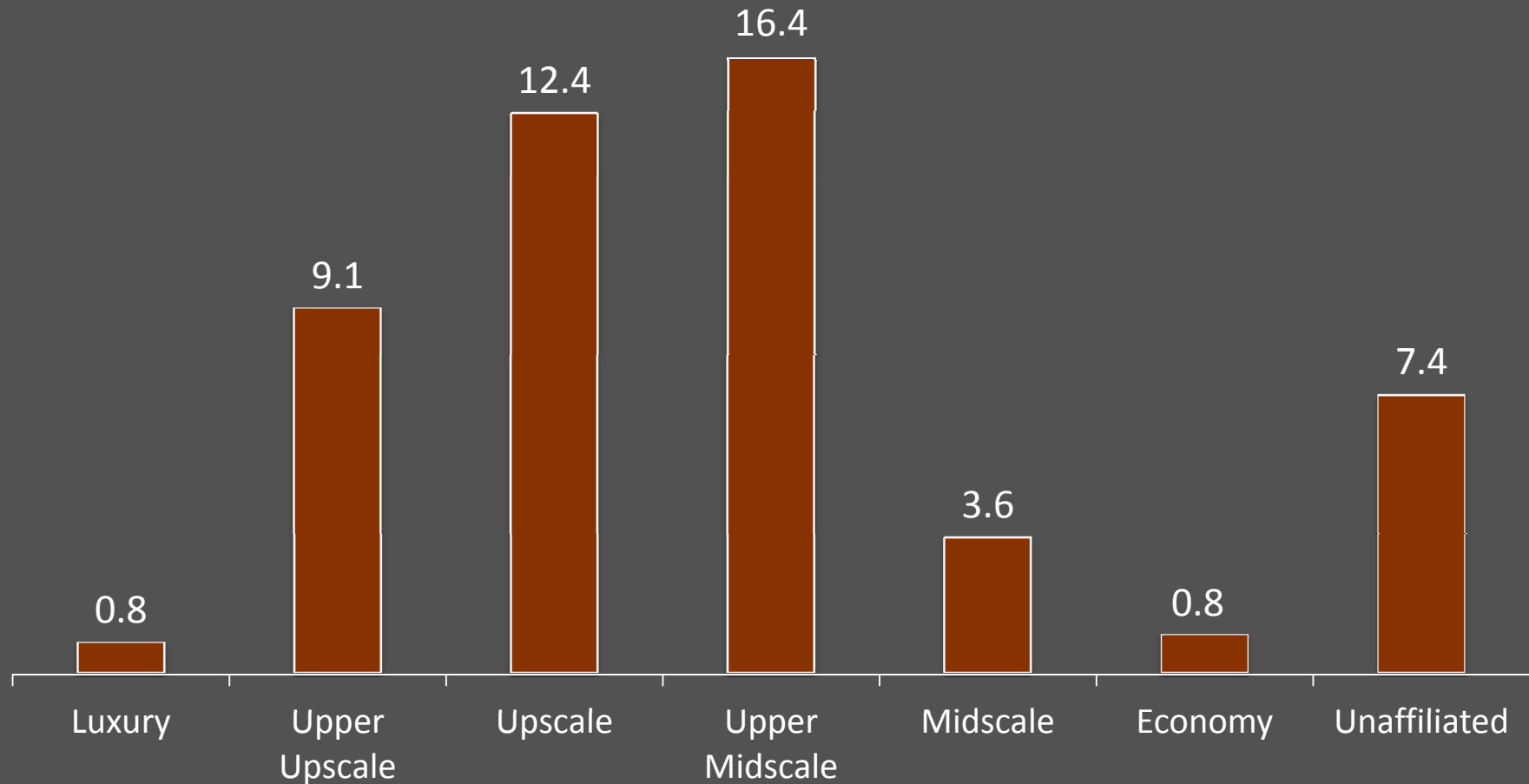


U.S. Chain Scales: Supply & Demand % Change  
YTD August 2011

2011 Smith Travel Research, Inc.



## Upper Midscale Preferred For New Growth



**Total U.S.:** Rooms In Construction by Scale – In Thousands  
August 2011

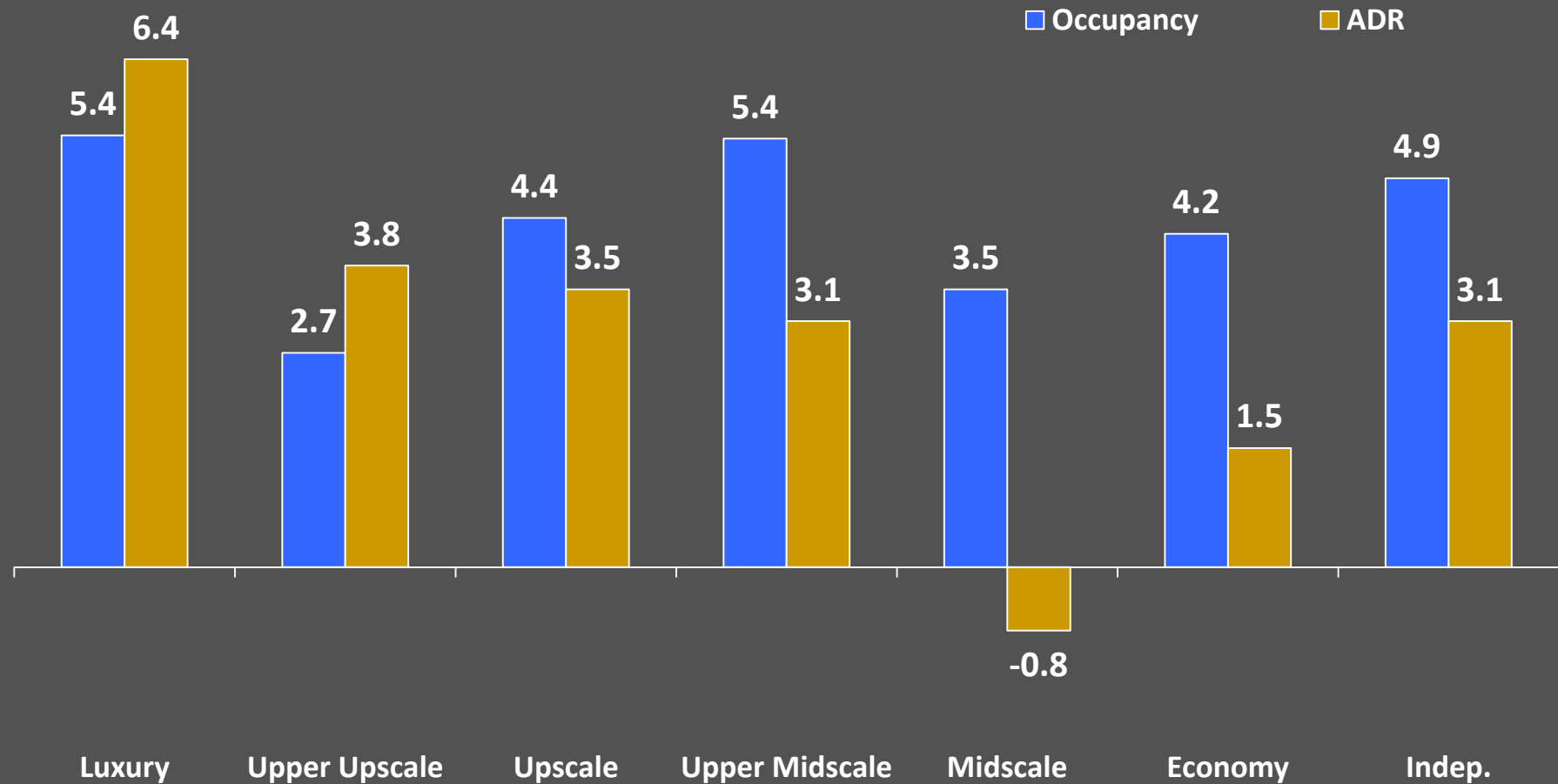
2011 Smith Travel Research, Inc.



Additional Resource: McGraw-Hill Construction Dodge Pipeline



# Healthy OCC Growth “Should” Lead to ADR Increases

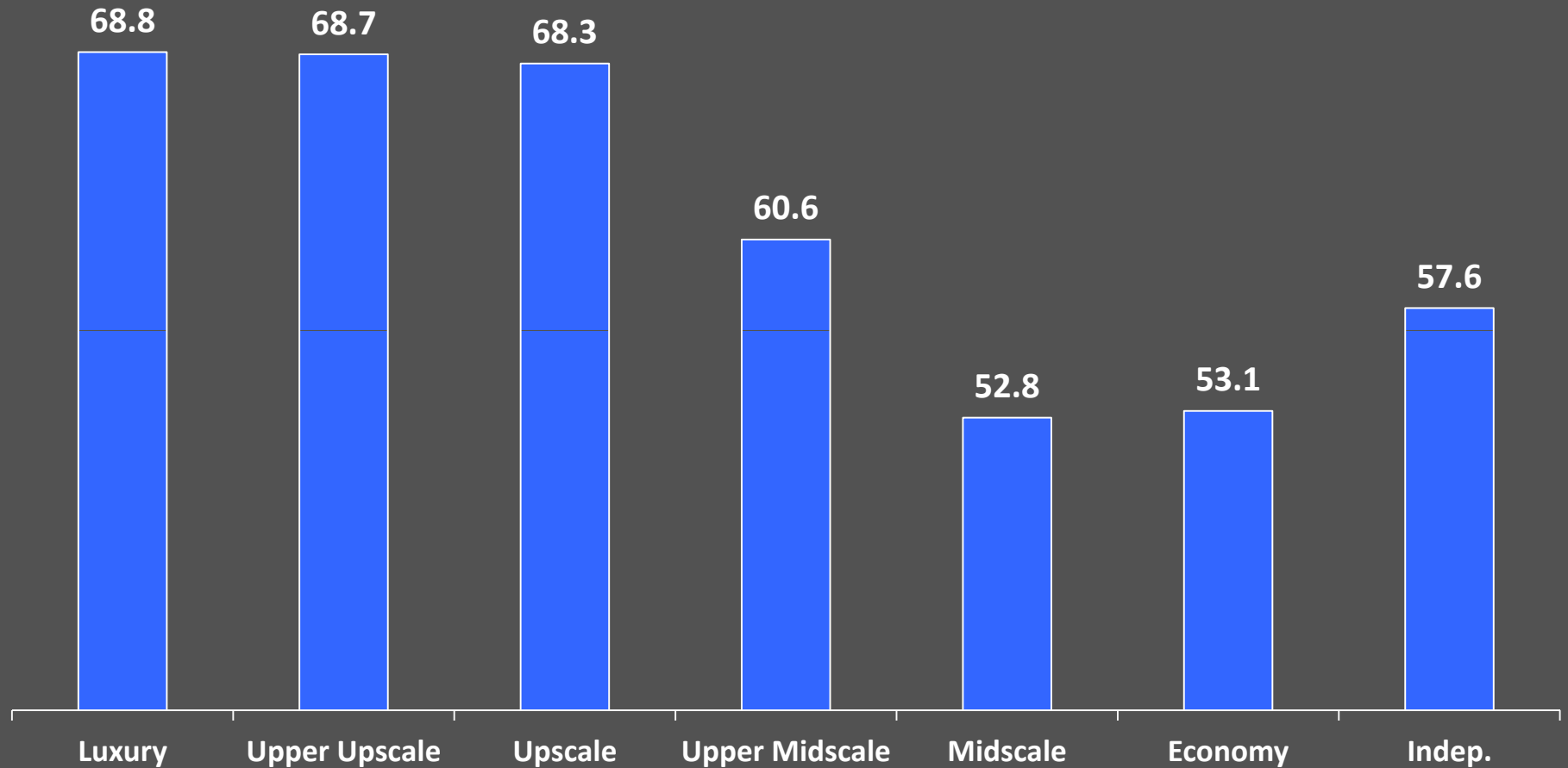


U.S. Chain Scales: Occupancy & ADR % Change  
YTD July 2011

2011 Smith Travel Research, Inc.



# Luxury thru Upscale Selling almost 7 out of 10 Rooms

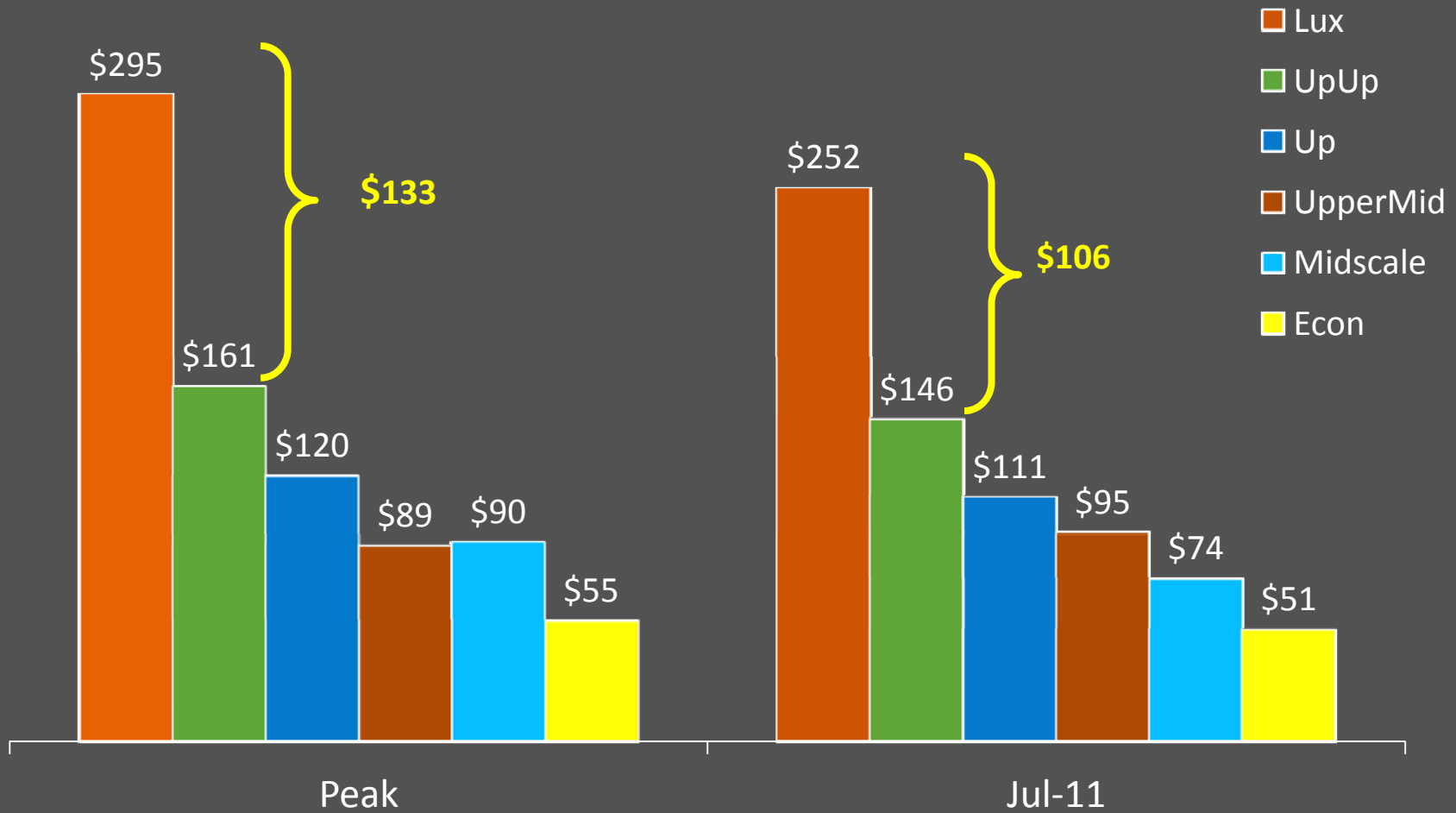


U.S. Chain Scales: Absolute Occupancy %  
YTD August 2011

2011 Smith Travel Research, Inc.



# Chain Scale ADR Compression: Normalizing?



**U.S. Chain Scales: Actual ADR**  
Peak vs. July 2011

2011 Smith Travel Research, Inc.



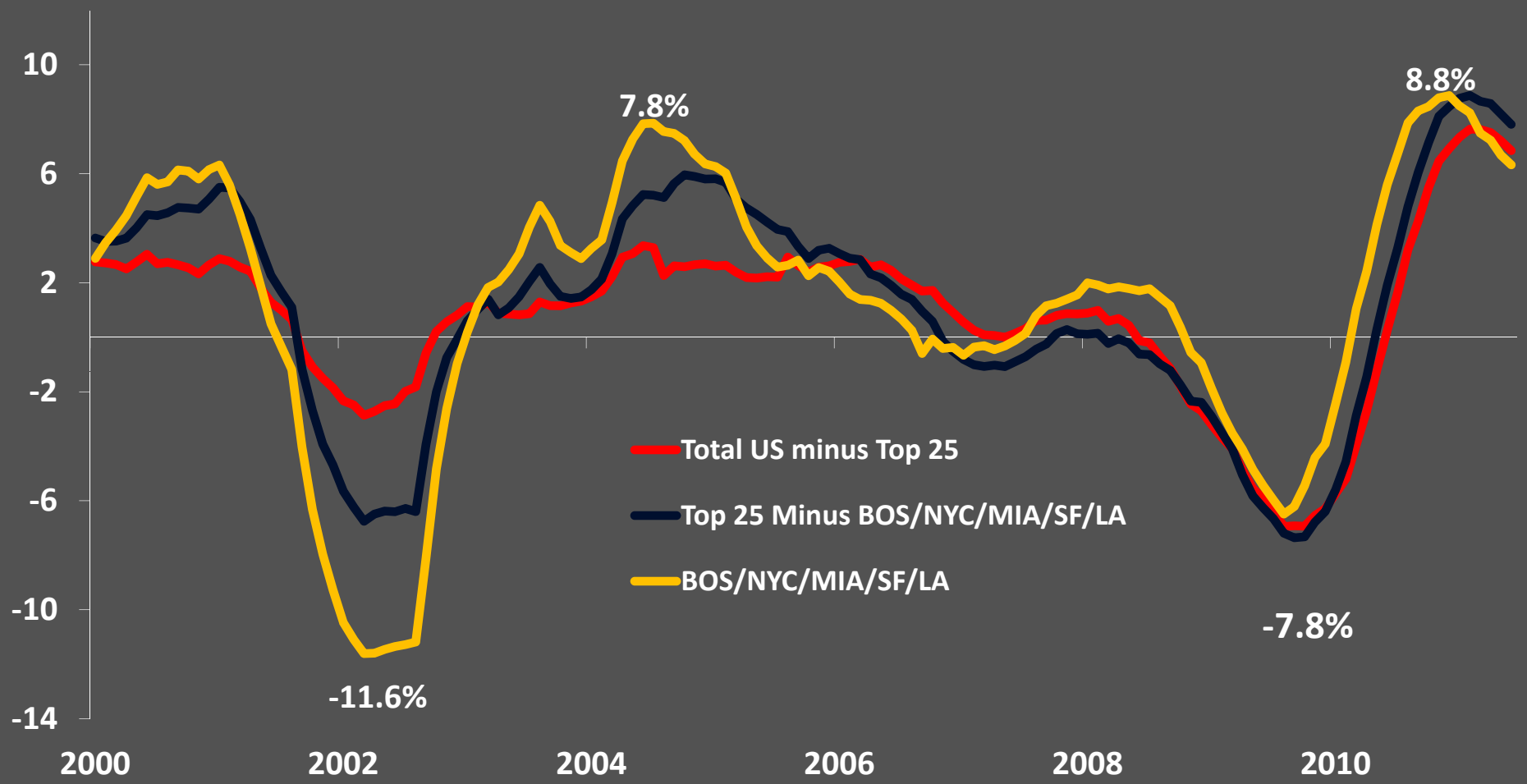
# U.S. Markets



the new name in global hotel benchmarking



# Demand Recovery Evenly Distributed (not so Post-9/11)



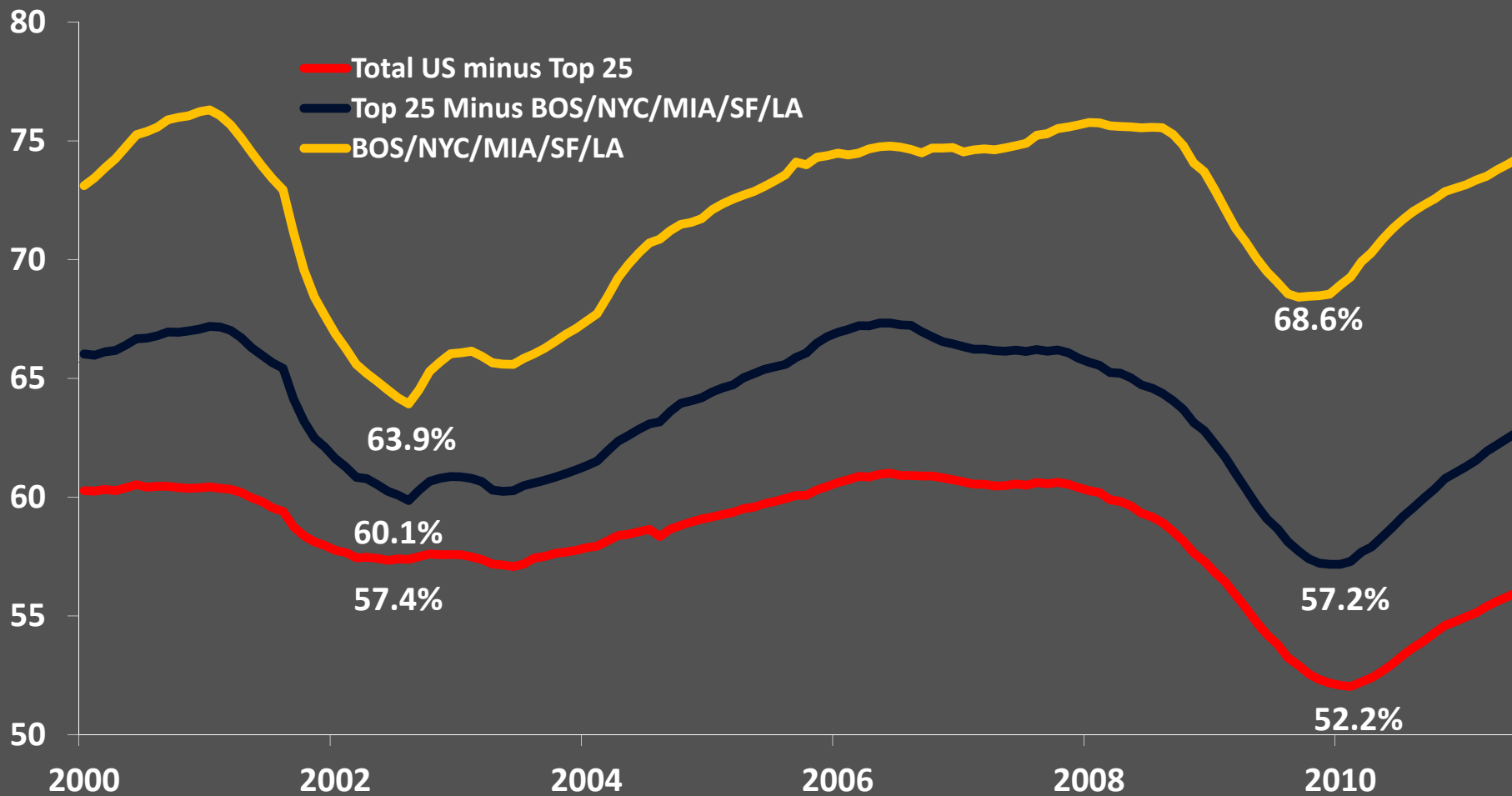
U.S. Selected Geographies: Demand % Change  
12 Month Moving Average Jan. 2000 – July 2011

2011 Smith Travel Research, Inc.





# Strong Occupancy in Gateway Cities

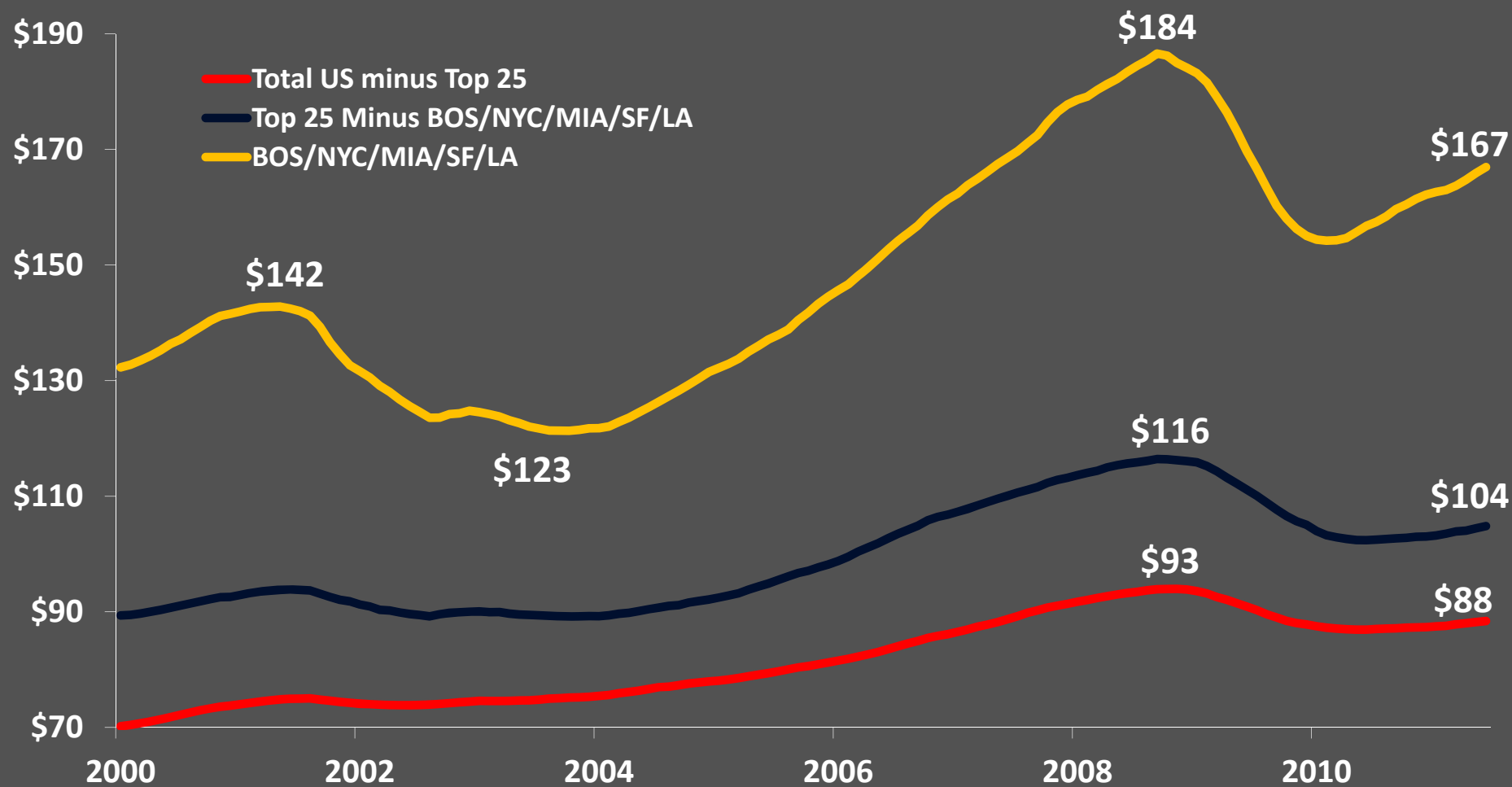


U.S. Selected Geographies: Absolute Occupancy  
12 Month Moving Average Jan. 2000 – August 2011

2011 Smith Travel Research, Inc.



# Slow ADR Growth



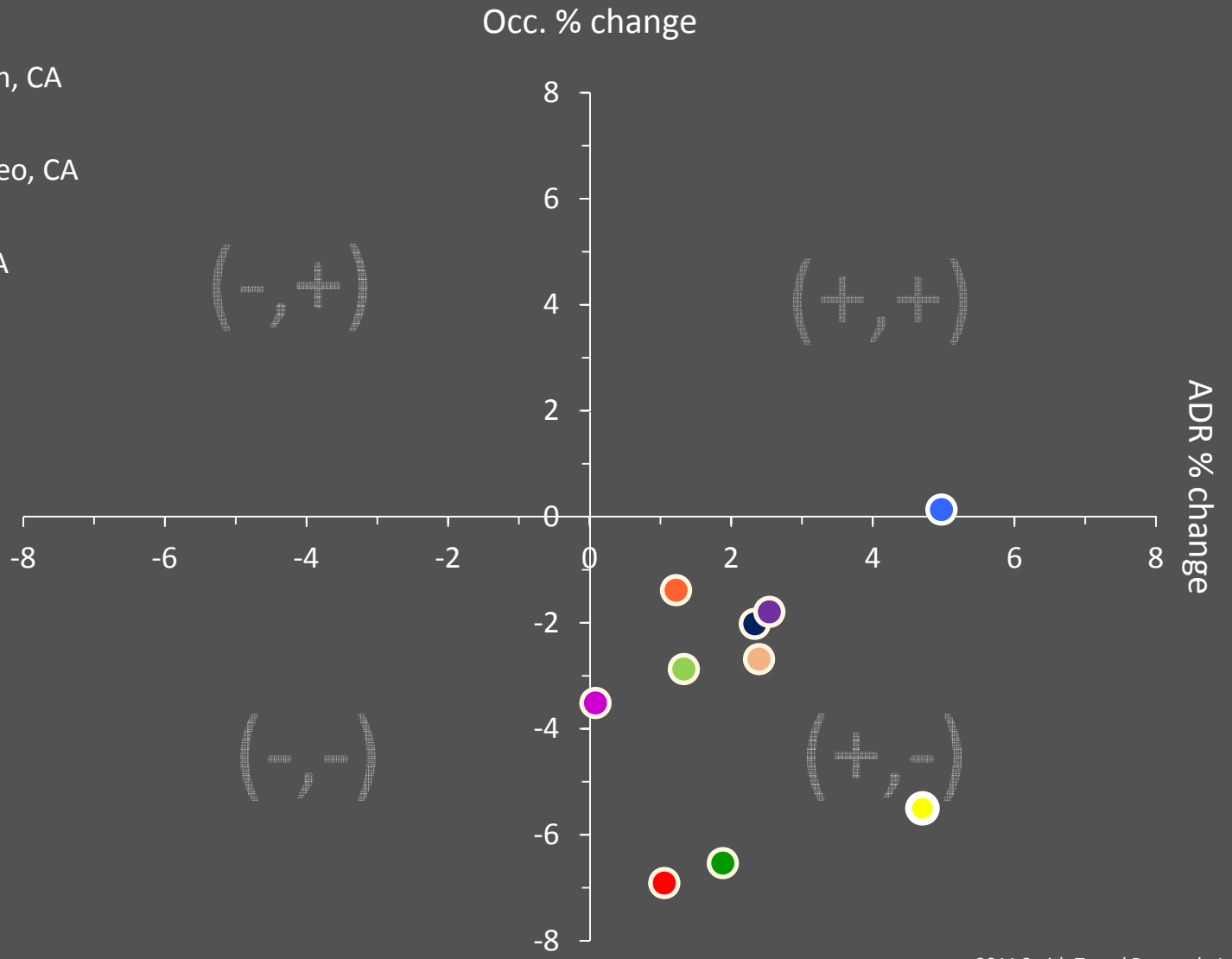
U.S. Selected Geographies: Absolute ADR \$  
12 Month Moving Average Jan. 2000- July 2011

2011 Smith Travel Research, Inc.



# Top 10 U.S. Market Performance: Year-end 2008

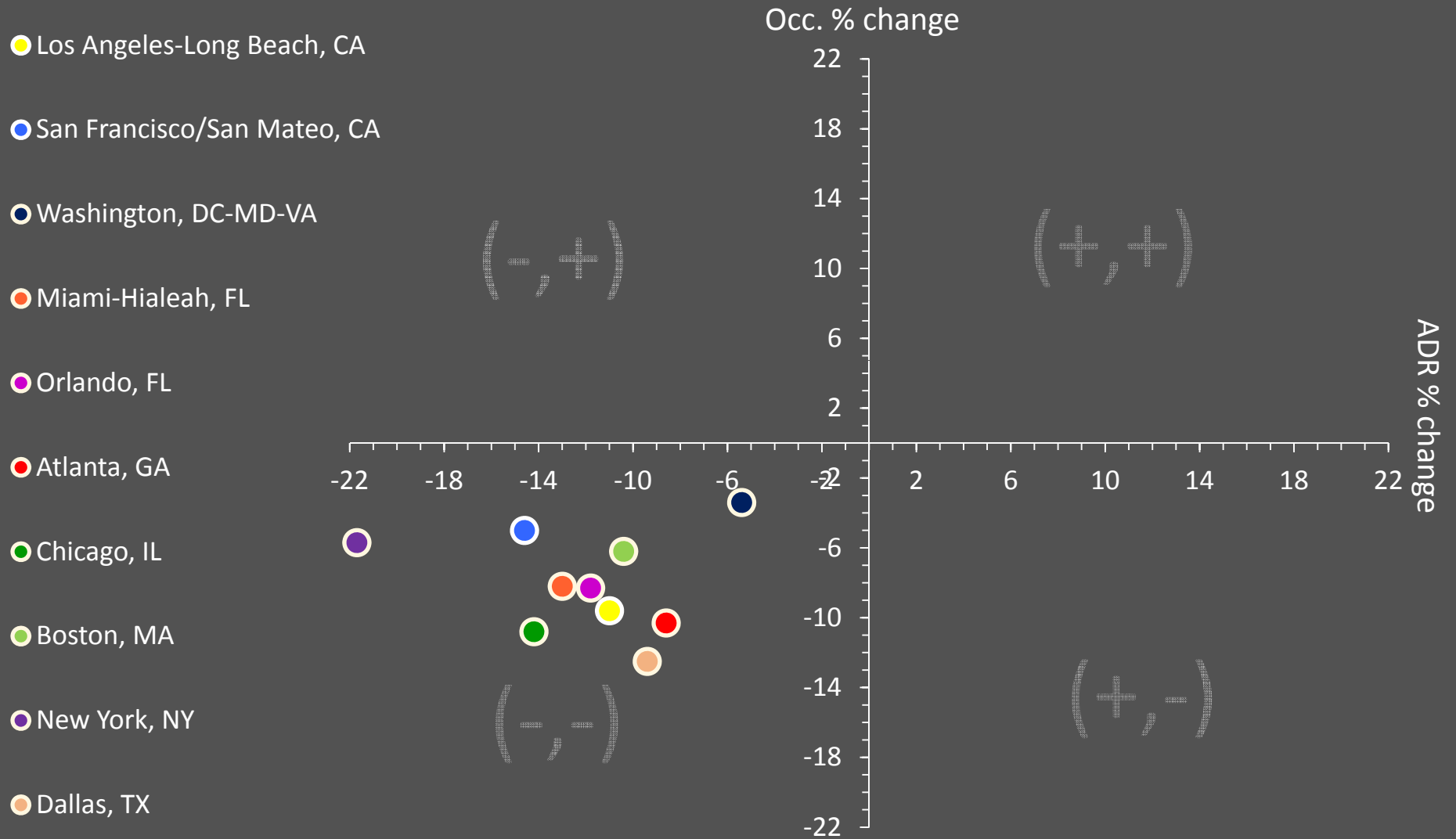
- Los Angeles-Long Beach, CA
- San Francisco/San Mateo, CA
- Washington, DC-MD-VA
- Miami-Hialeah, FL
- Orlando, FL
- Atlanta, GA
- Chicago, IL
- Boston, MA
- New York, NY
- Dallas, TX



2011 Smith Travel Research, Inc.



# Top 10 US Market Performance: Year-end 2009

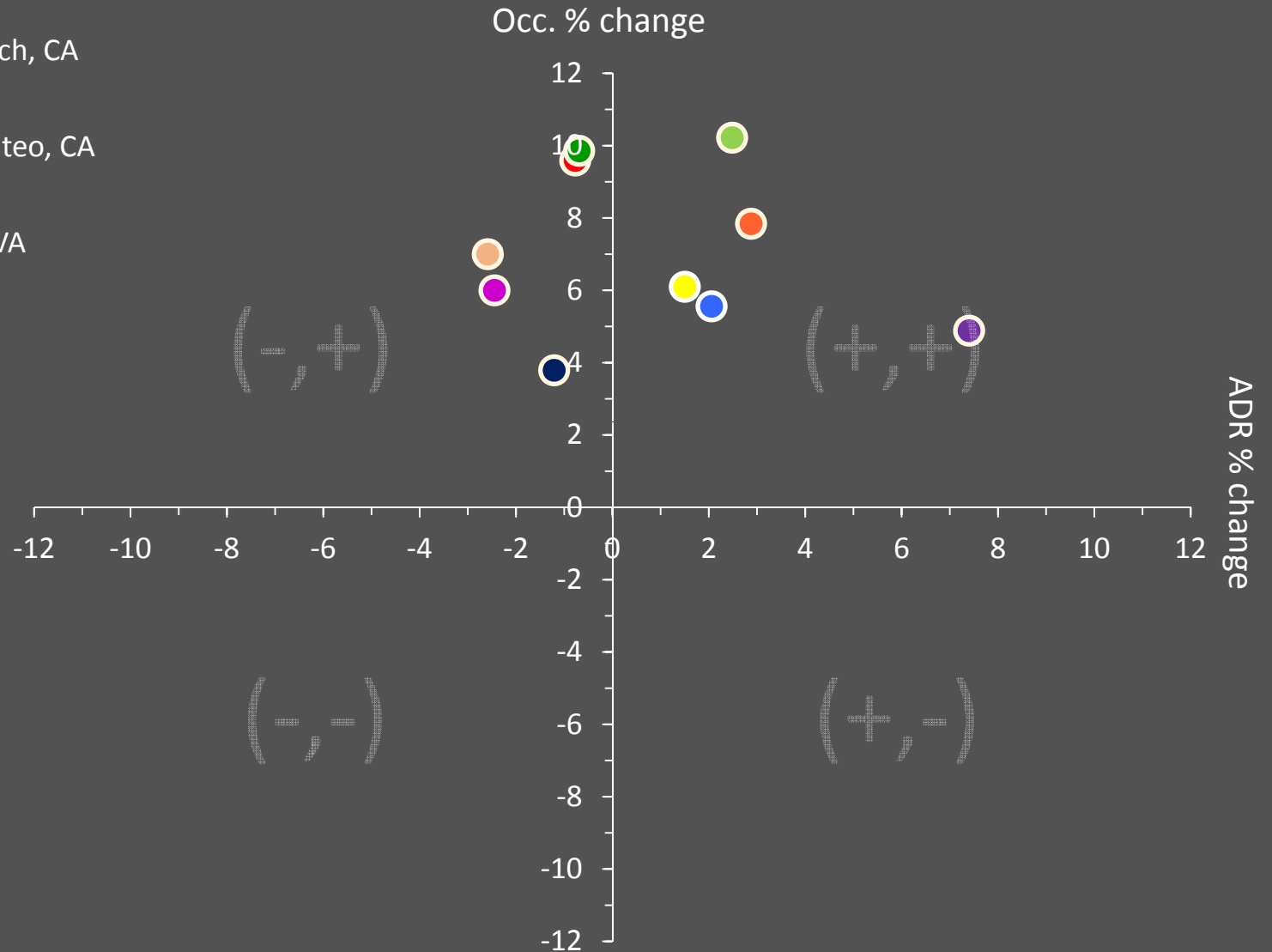


2011 Smith Travel Research, Inc.



# Top 10 U.S. Market Performance: Year-end 2010

- Los Angeles-Long Beach, CA
- San Francisco/San Mateo, CA
- Washington, DC-MD-VA
- Miami-Hialeah, FL
- Orlando, FL
- Atlanta, GA
- Chicago, IL
- Boston, MA
- New York, NY
- Dallas, TX



2011 Smith Travel Research, Inc.





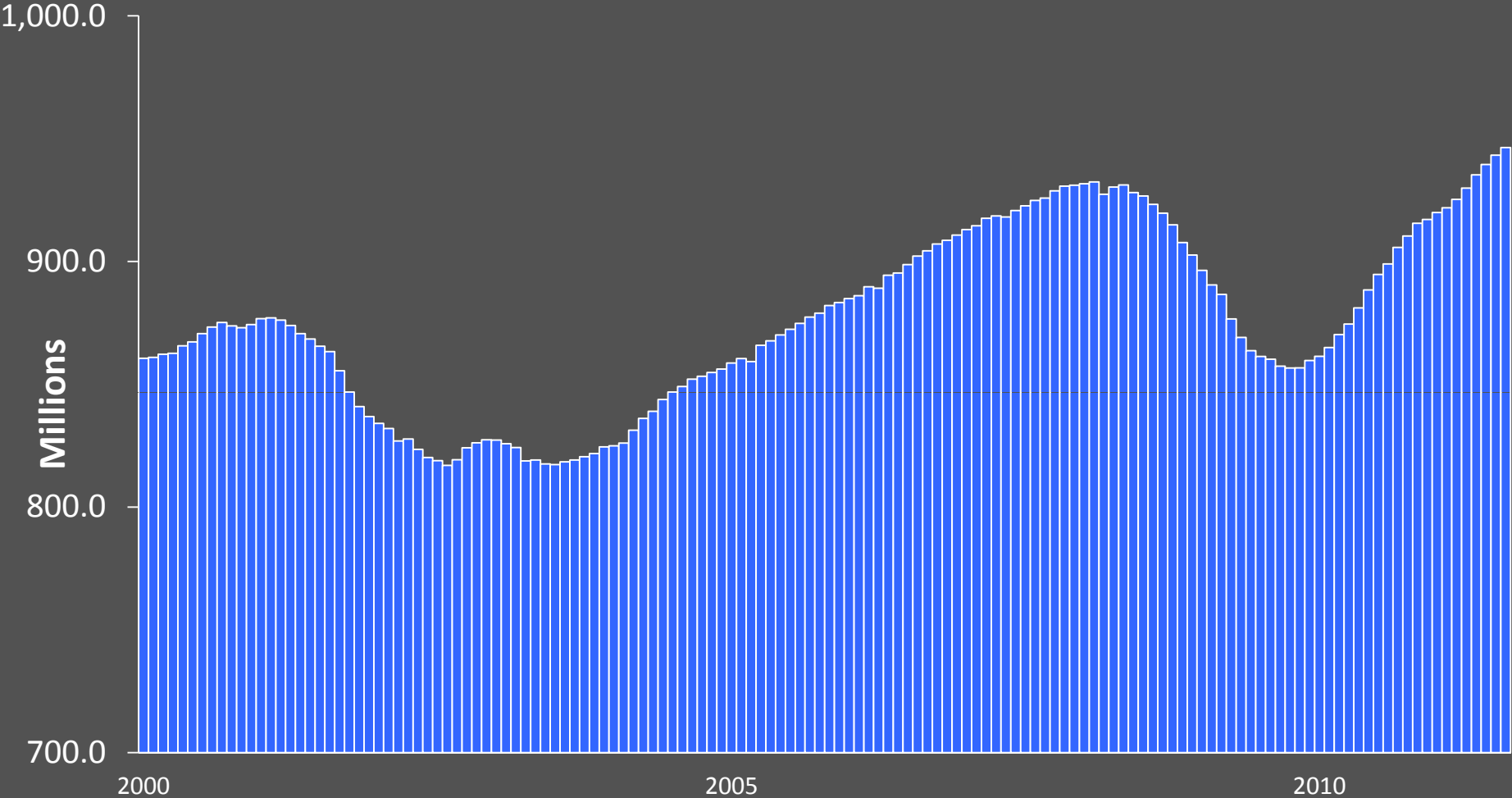
# Europe



the new name in global hotel benchmarking



# Faster Recovery after GFC than Previous Downturn



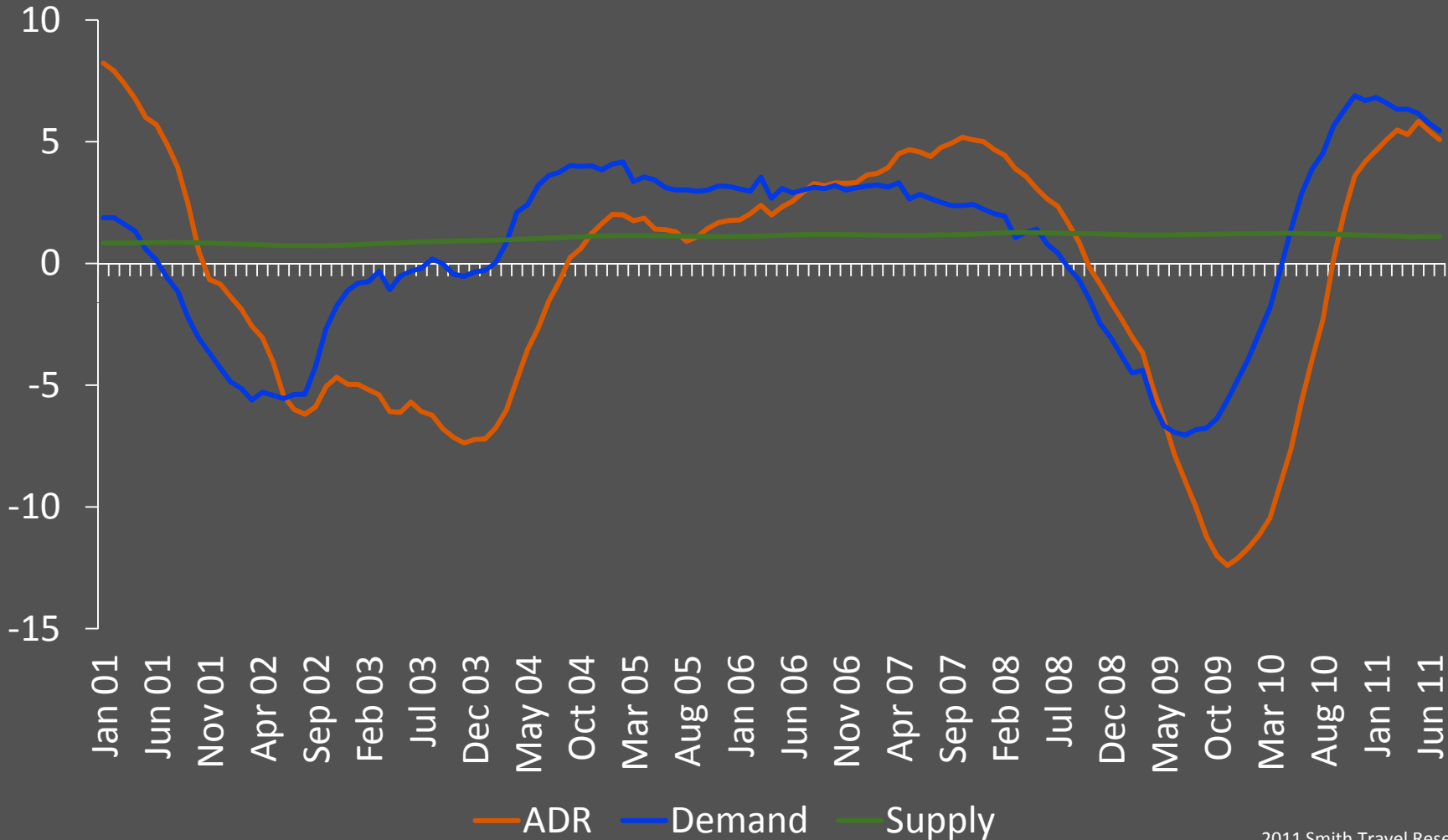
**Total Europe.:** Number of Rooms Sold  
Twelve Month Moving Average: 2000– August 2011

2011 Smith Travel Research, Inc.



# Returning to more normal levels

Europe rolling-12 % change, demand, supply, ADR

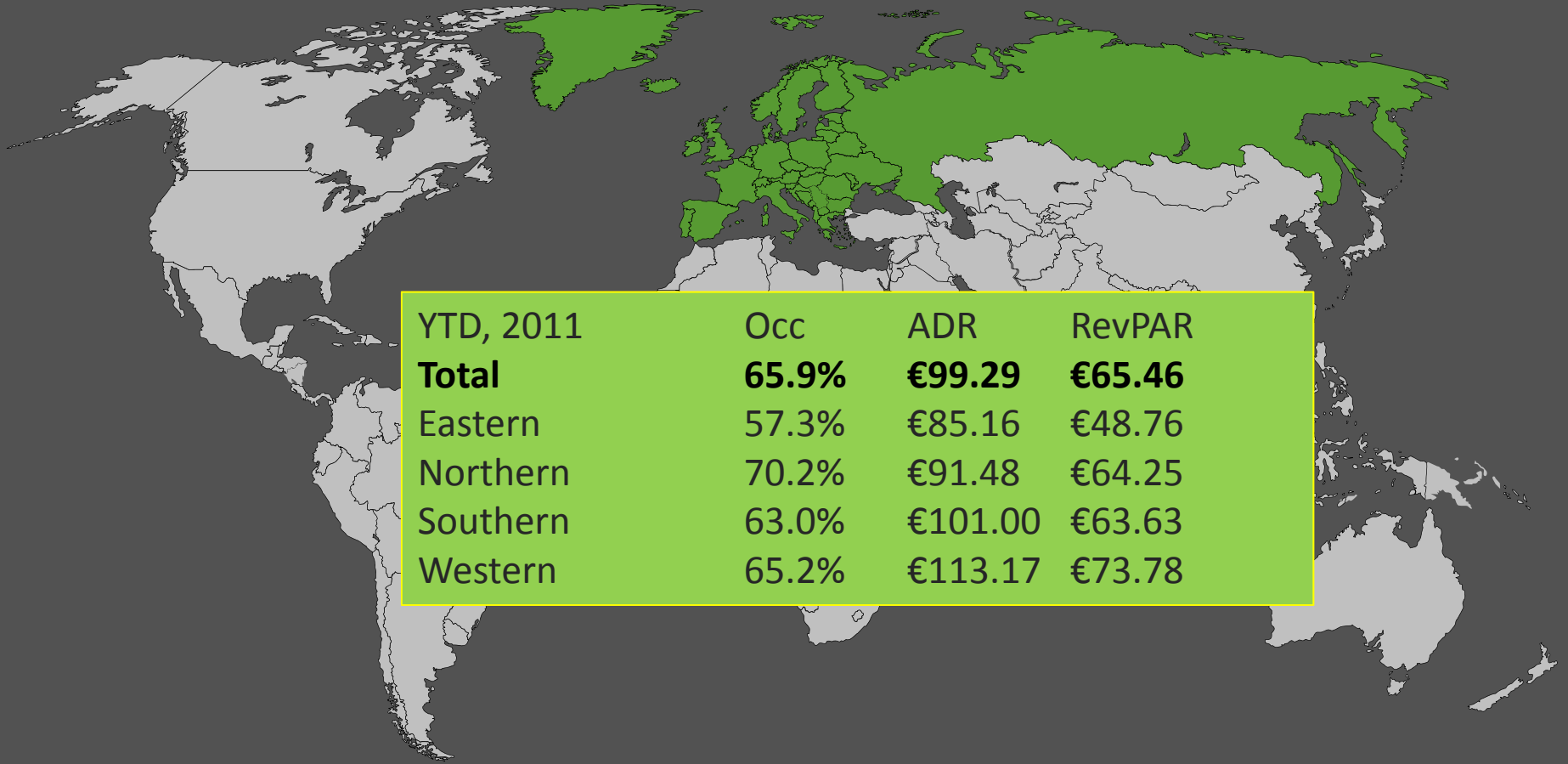


2011 Smith Travel Research, Inc.





# Europe



YTD, 2011	Occ	ADR	RevPAR
<b>Total</b>	<b>65.9%</b>	<b>€99.29</b>	<b>€65.46</b>
Eastern	57.3%	€85.16	€48.76
Northern	70.2%	€91.48	€64.25
Southern	63.0%	€101.00	€63.63
Western	65.2%	€113.17	€73.78

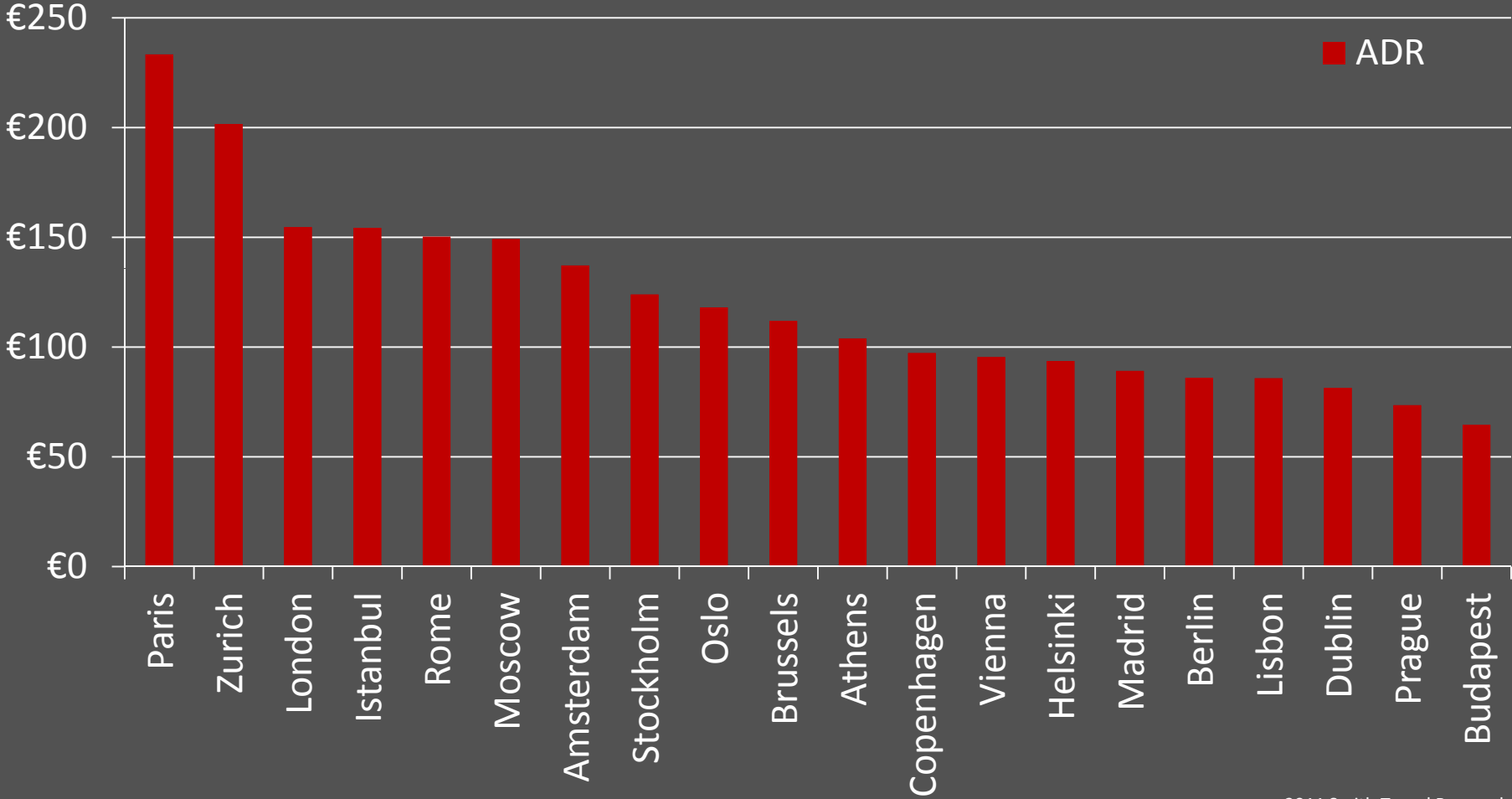
YTD = Jan to August

2011 Smith Travel Research, Inc.



# Mixed ADR picture

YTD August 2011 ADR

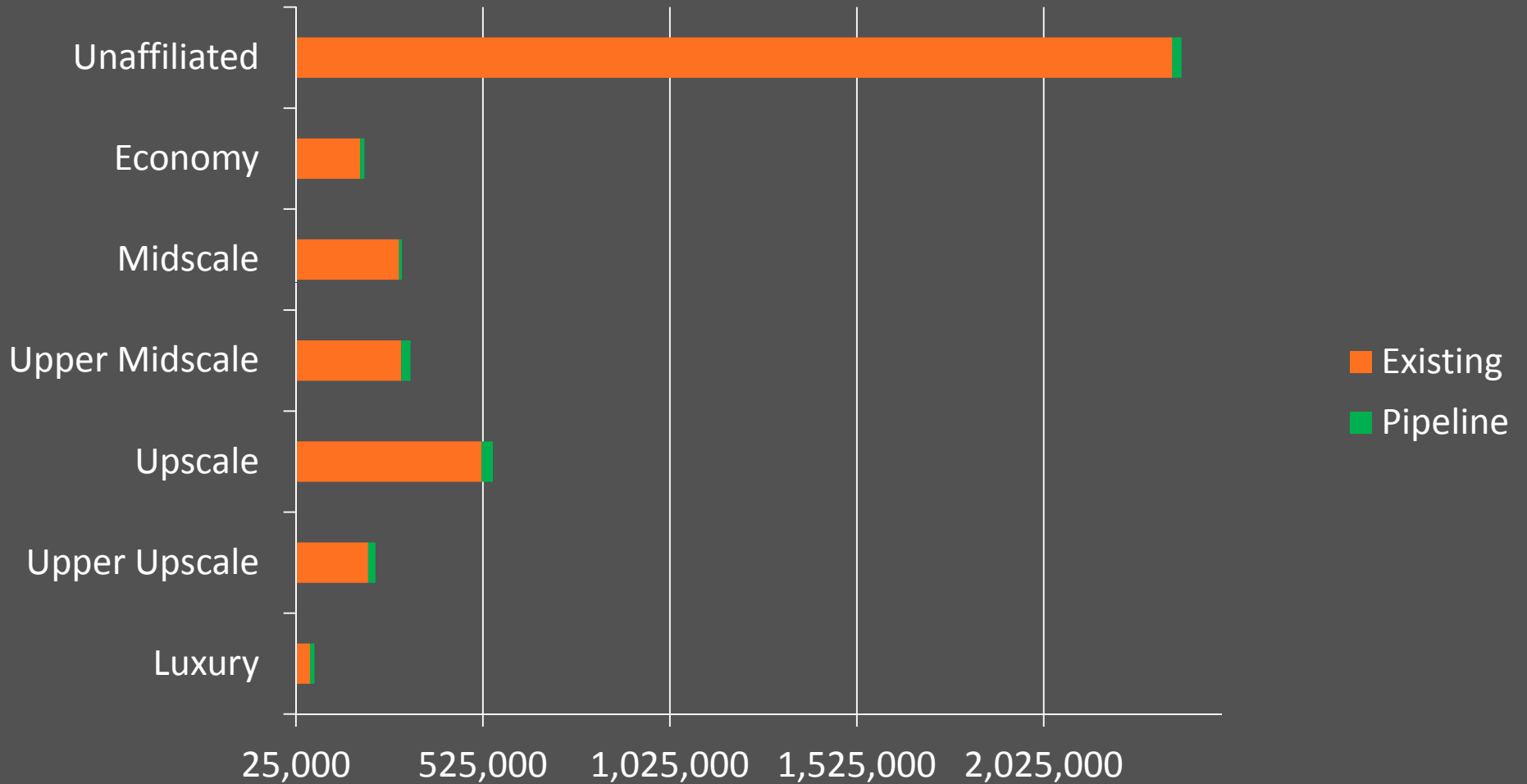


2011 Smith Travel Research, Inc.



# Development Pipeline - Europe

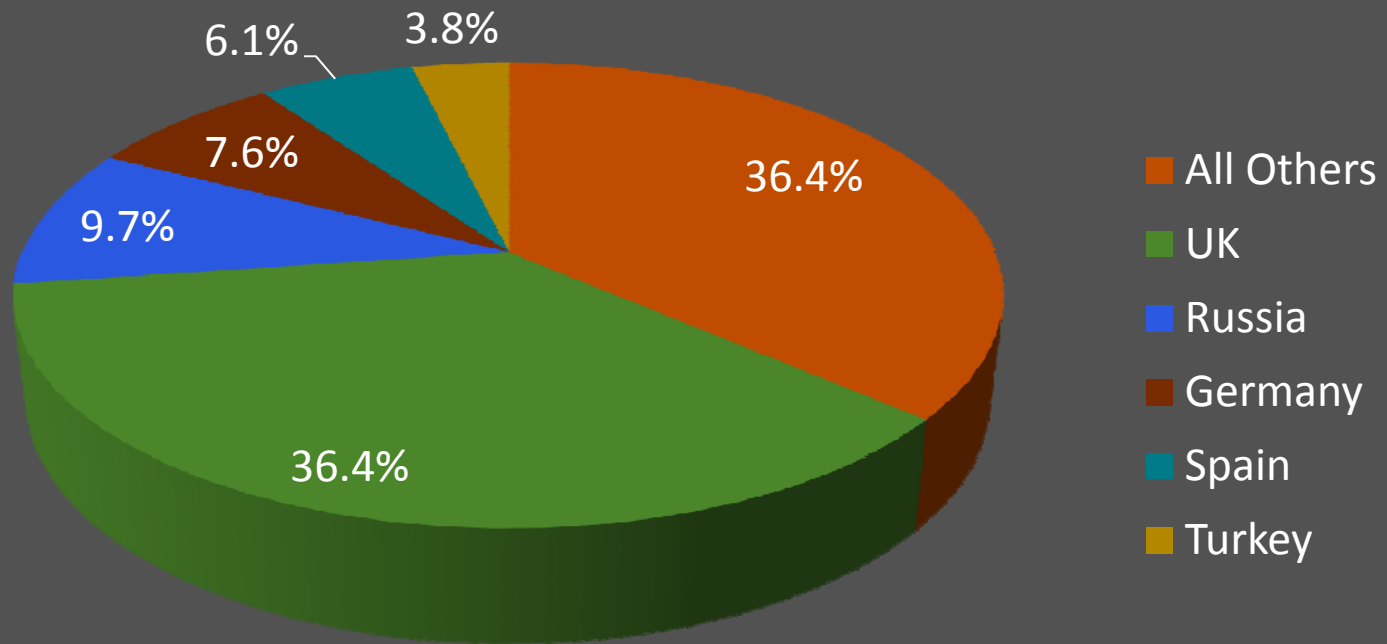
# daily rooms, September 2011 pipeline



2011 Smith Travel Research, Inc.



# Europe pipeline



- Russia has the second largest pipeline supply in Europe after the UK

2011 Smith Travel Research, Inc.



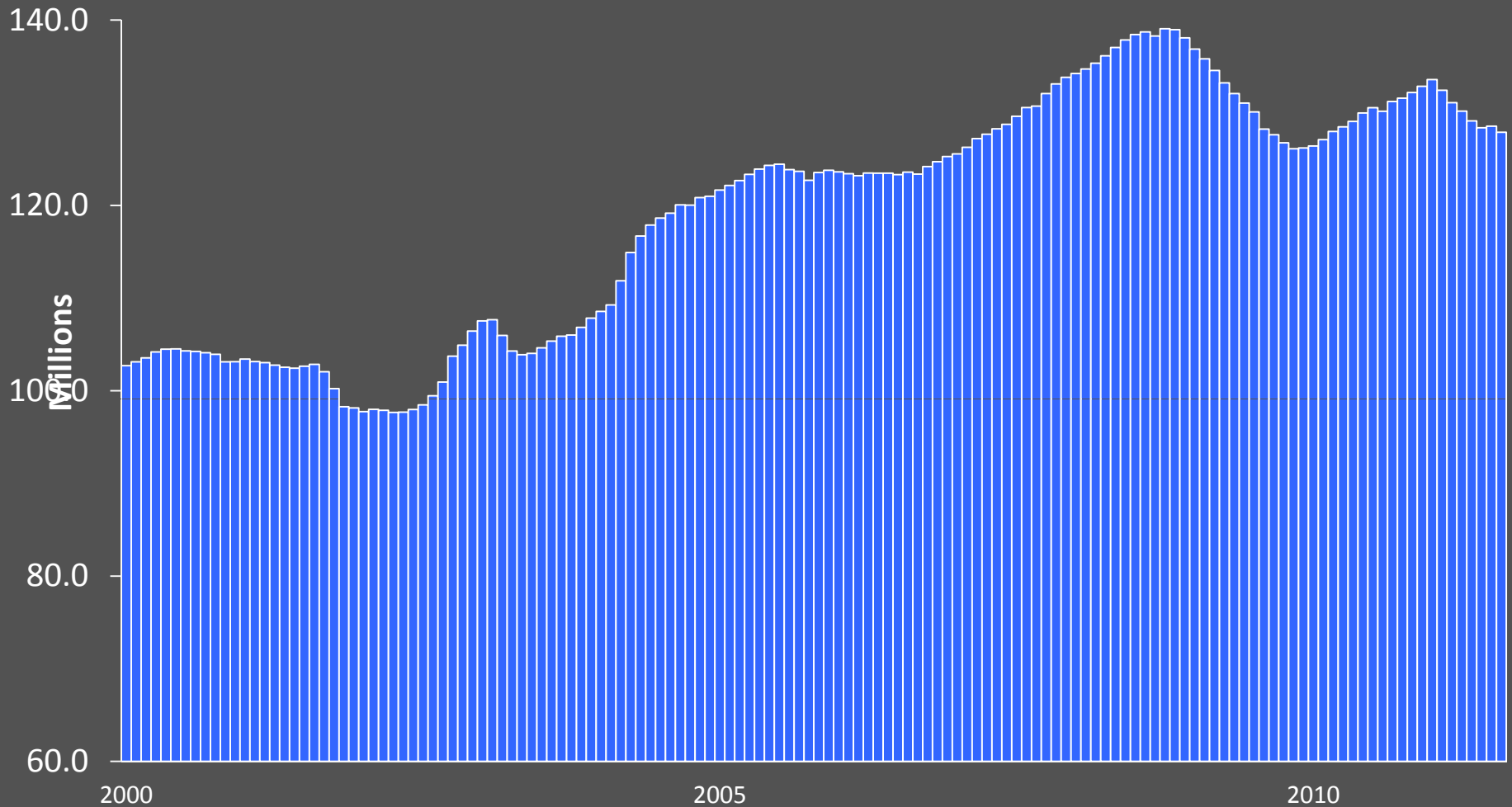
# Middle East and Africa



the new name in global hotel benchmarking



# ME&A Moderate Decline in Demand throughout Downturn

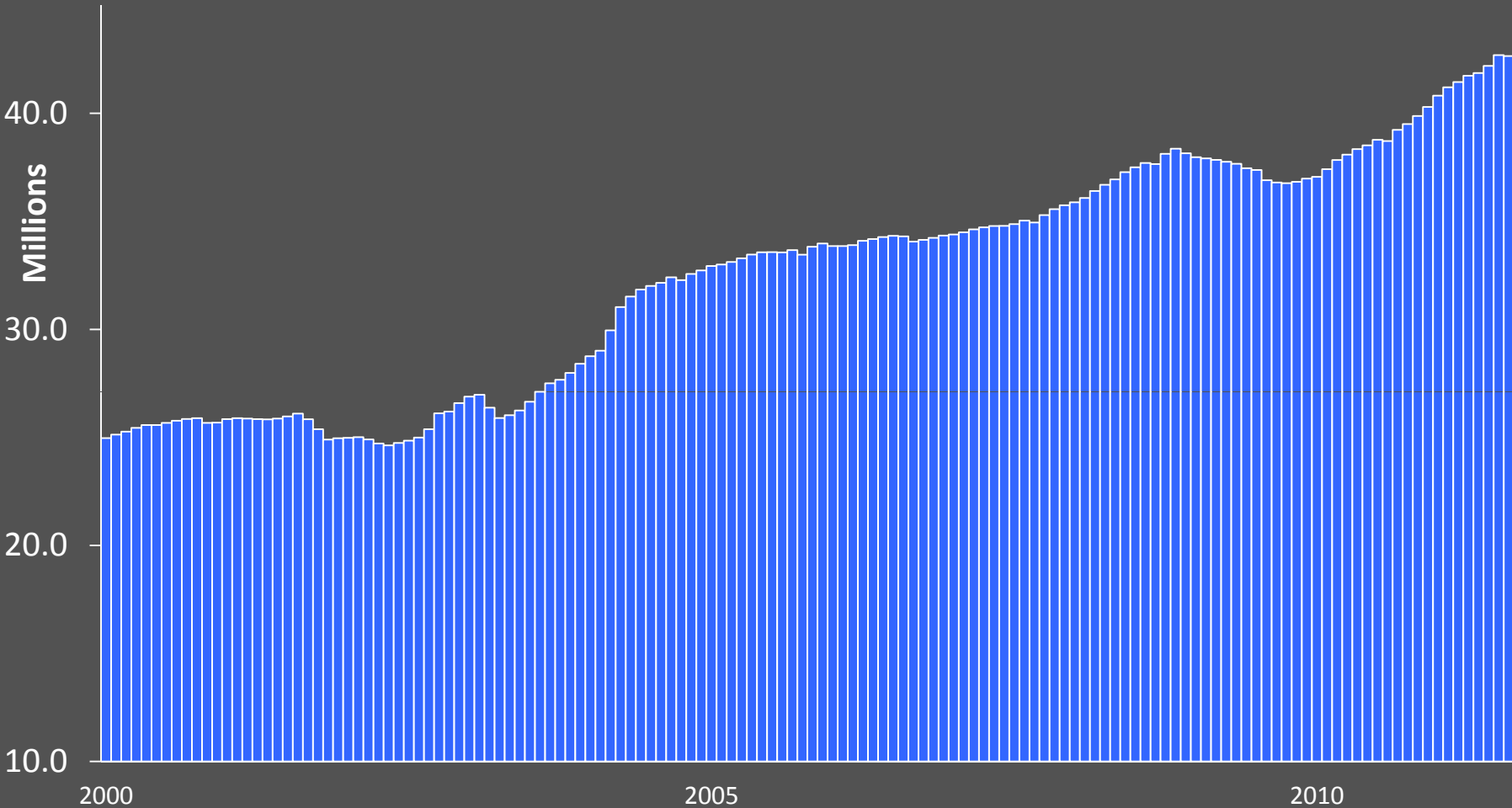


**Total Middle East & Africa: Number of Rooms Sold**  
Twelve Month Moving Average: 2000– August 2011

2011 Smith Travel Research, Inc.



# Middle East & Strong Demand Trend



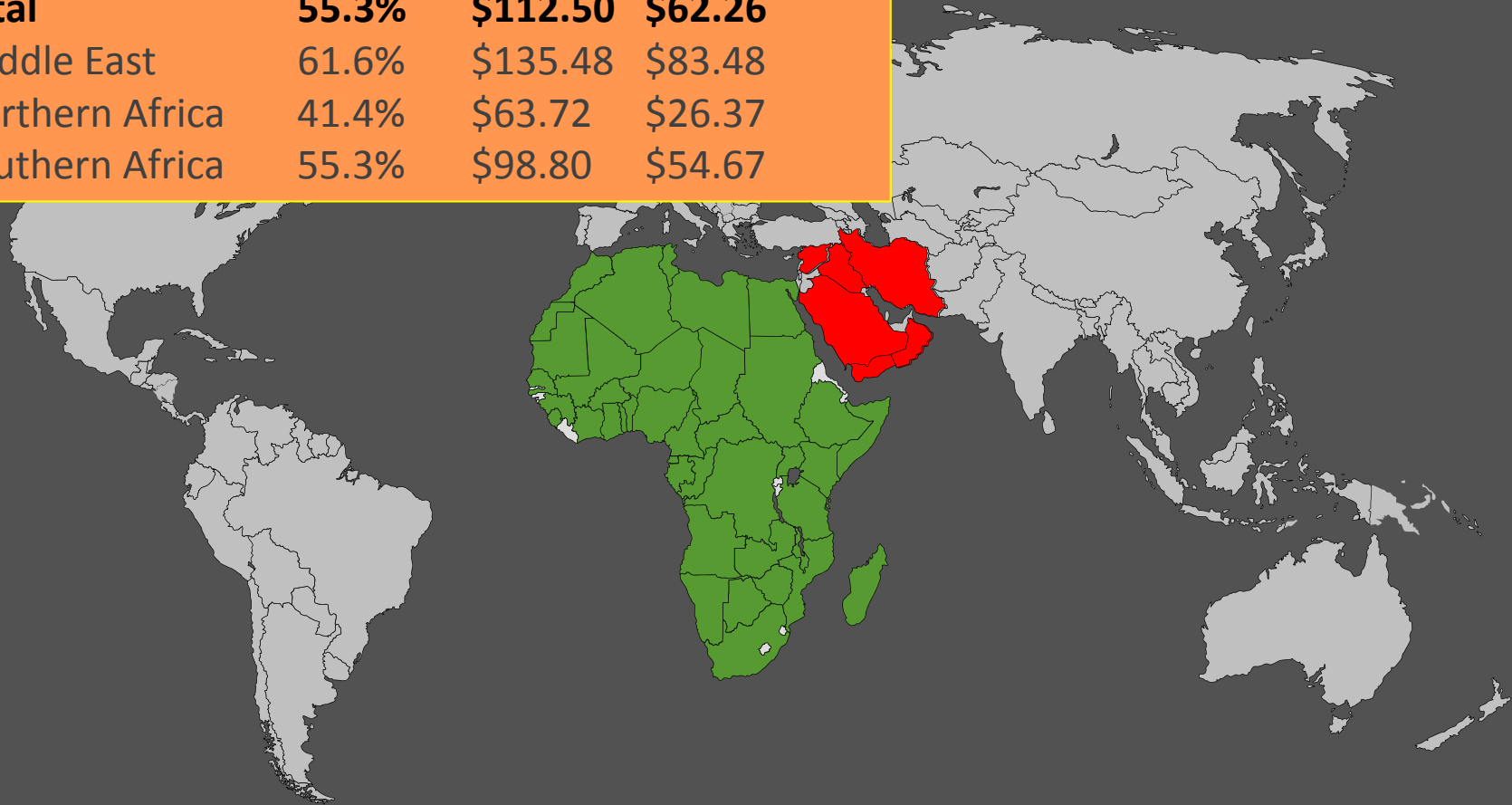
**Total Middle East: Number of Rooms Sold**  
Twelve Month Moving Average: 2000– August 2011

2011 Smith Travel Research, Inc.



# Middle East Africa

YTD 11	Occ	ADR	RevPAR
<b>Total</b>	<b>55.3%</b>	<b>\$112.50</b>	<b>\$62.26</b>
Middle East	61.6%	\$135.48	\$83.48
Northern Africa	41.4%	\$63.72	\$26.37
Southern Africa	55.3%	\$98.80	\$54.67



YTD = Jan to August

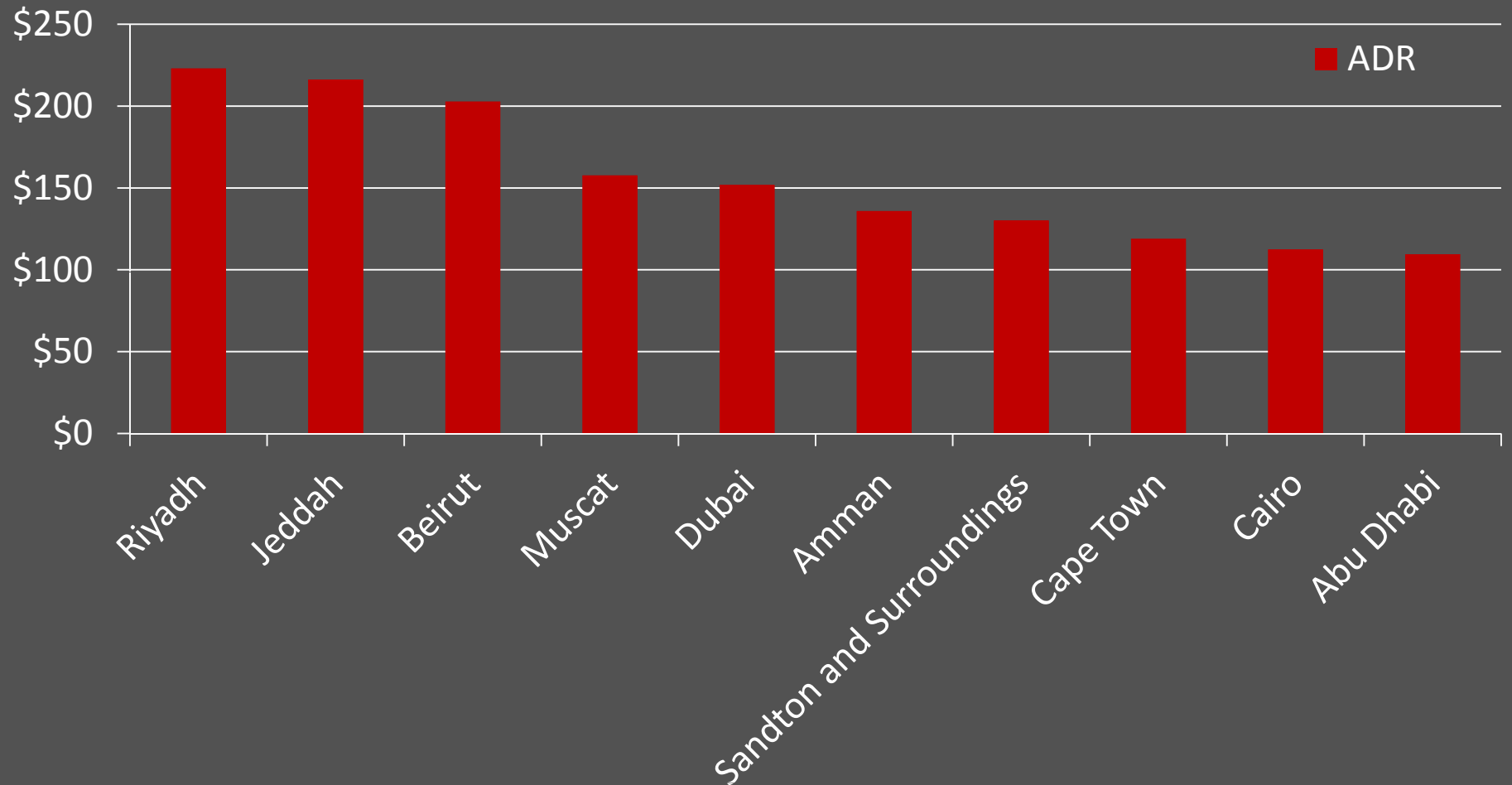
2011 Smith Travel Research, Inc.





# ADR starting to lift

YTD August 2011 ADR

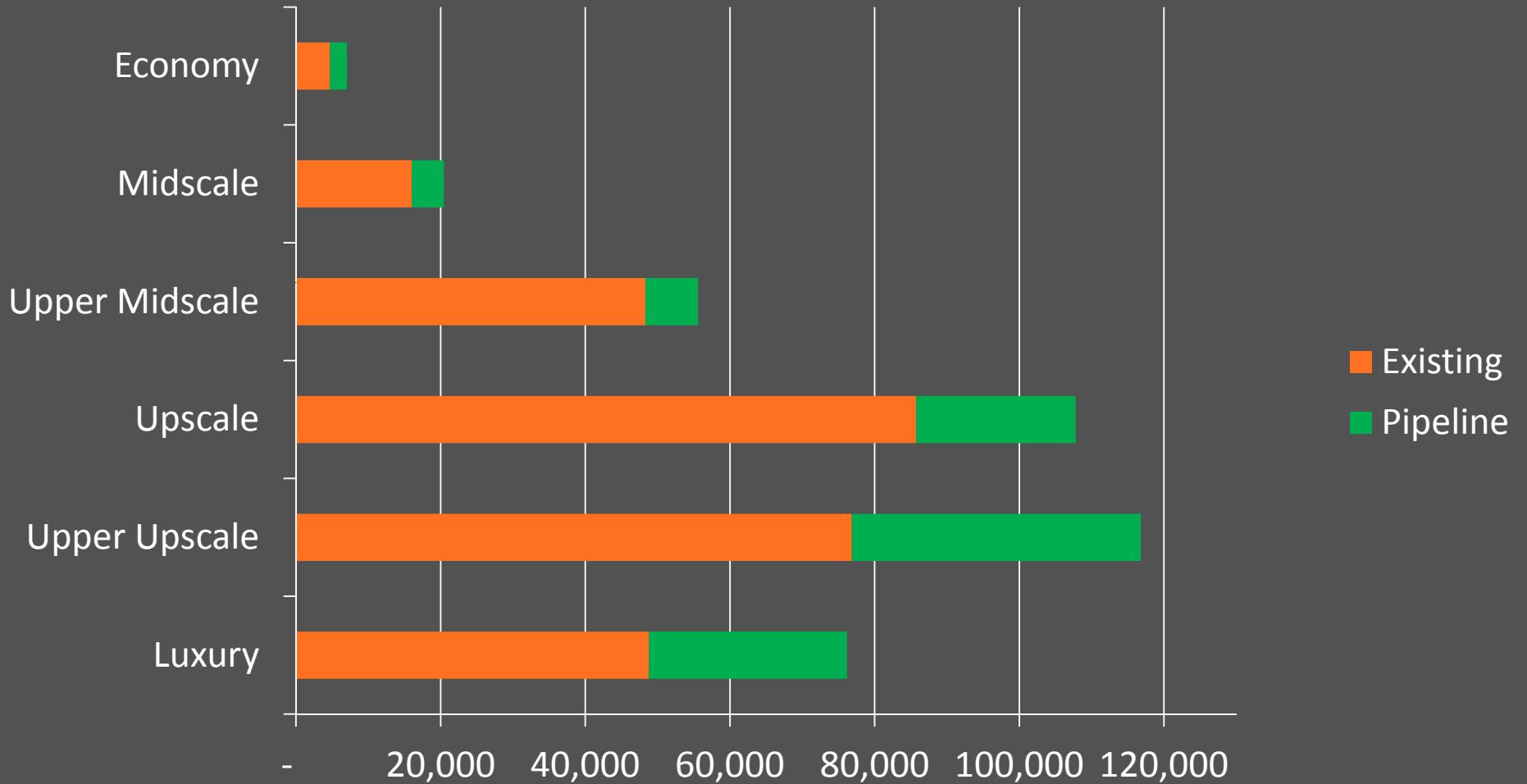


2011 Smith Travel Research, Inc.



# Development Pipeline – Middle East

# daily rooms, September 2011 pipeline

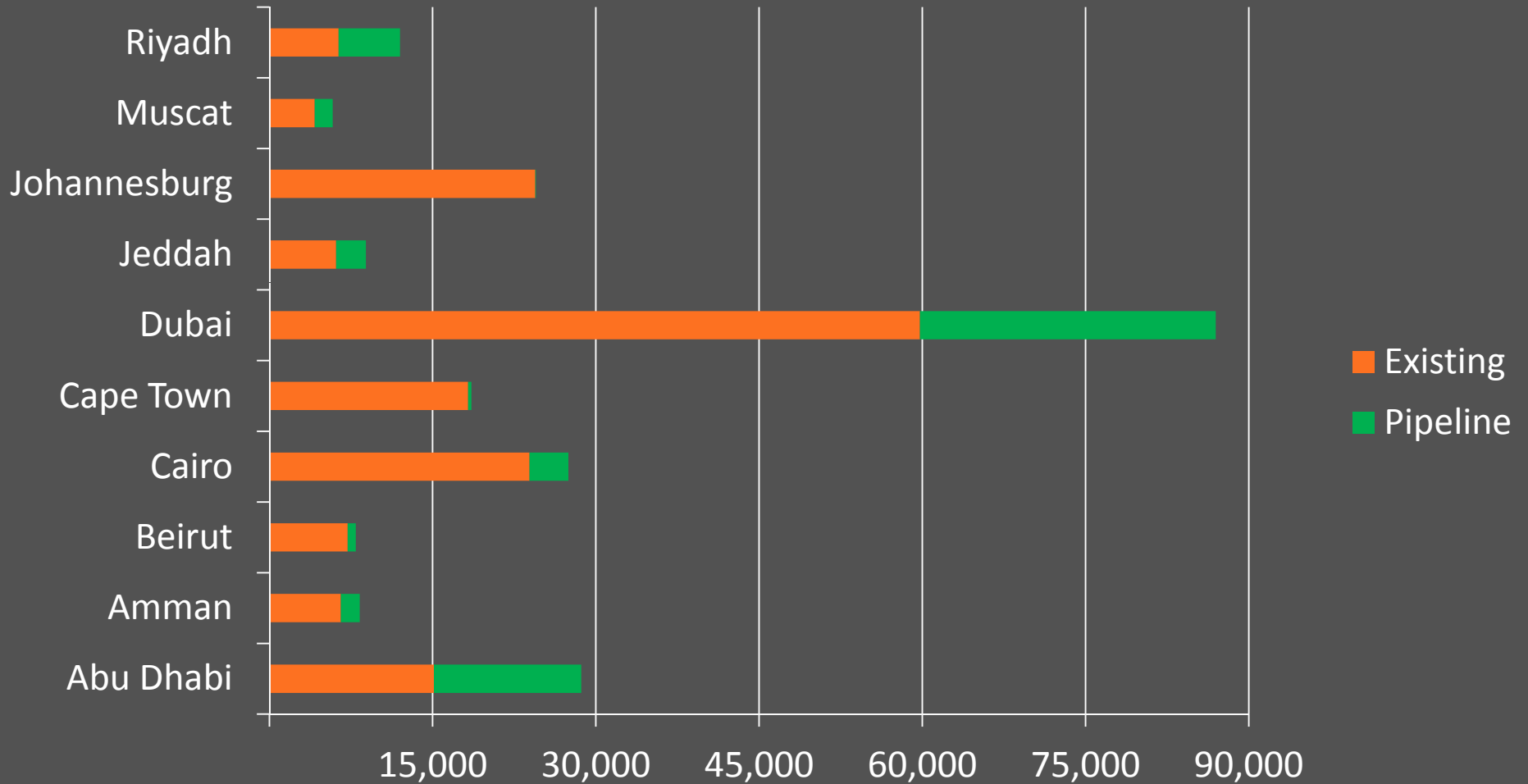


2011 Smith Travel Research, Inc.



# Development Pipeline – ME Markets

# daily rooms, September 2011 pipeline



2011 Smith Travel Research, Inc.





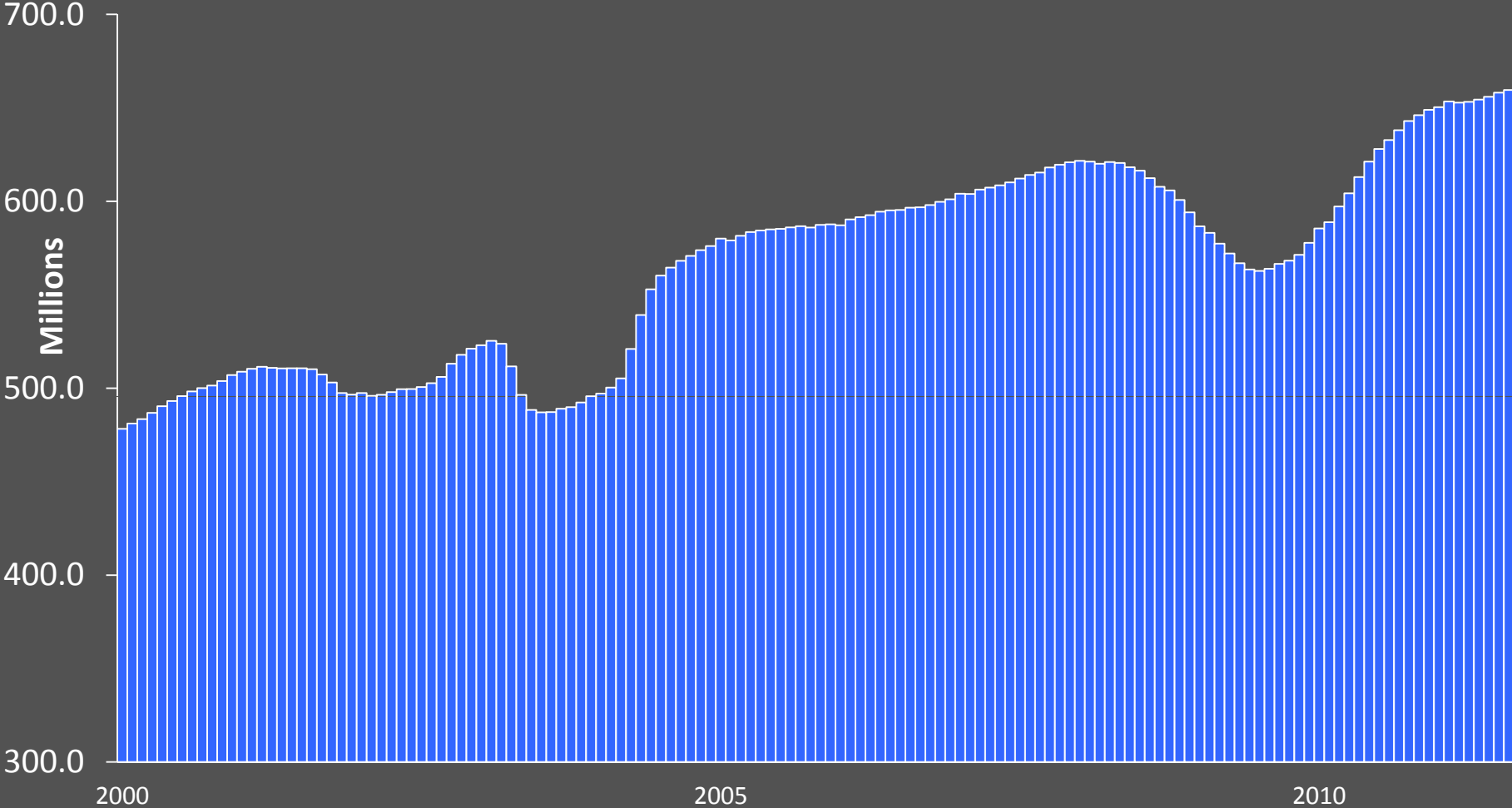
# Asia Pacific



the new name in global hotel benchmarking



# On An Annualized Basis: Most Rooms Sold - EVER

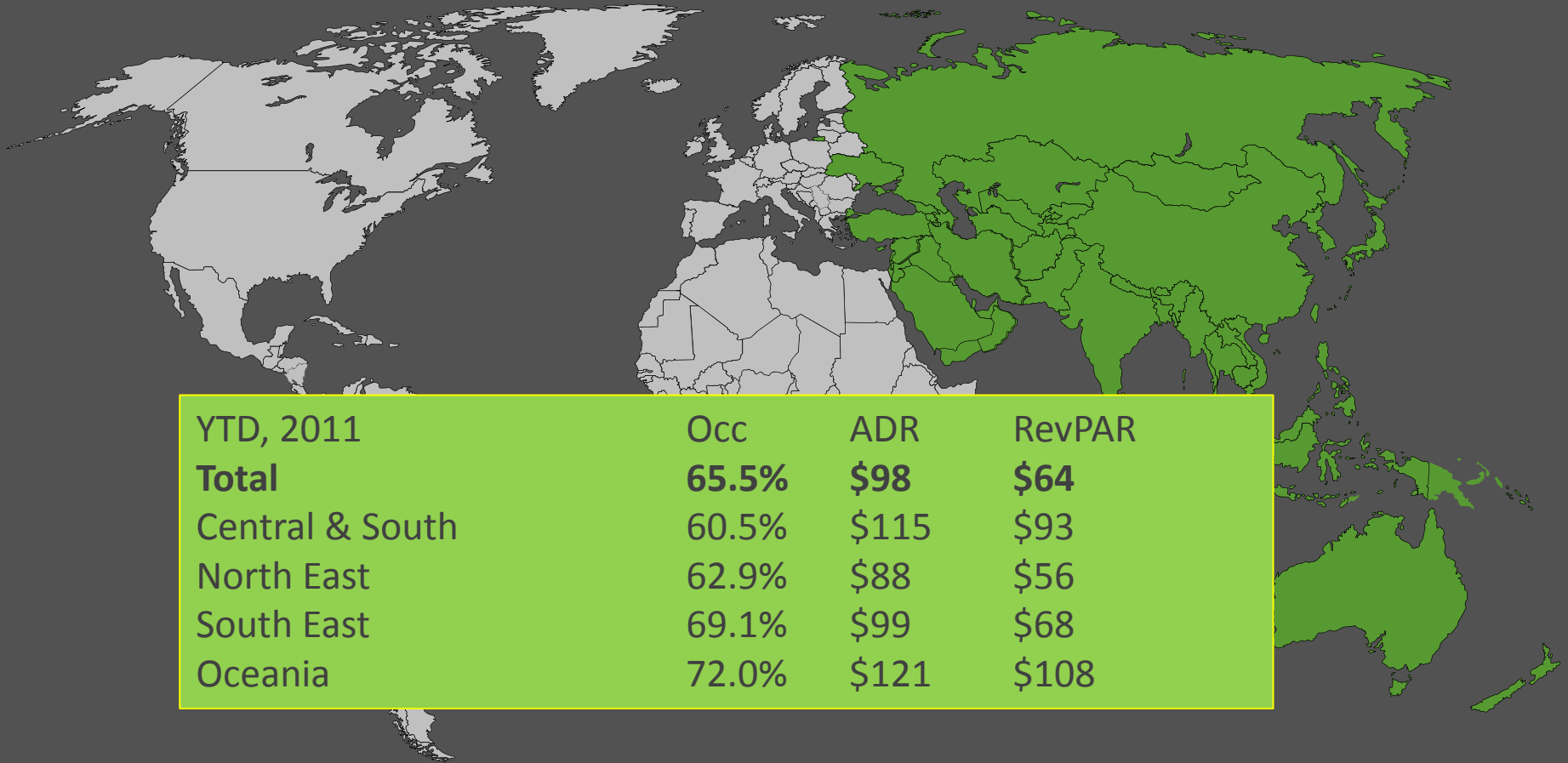


**Total Asia Pacific: Number of Rooms Sold**  
Twelve Month Moving Average: 2000– August 2011

2011 Smith Travel Research, Inc.



# Asia Pacific



YTD, 2011	Occ	ADR	RevPAR
<b>Total</b>	<b>65.5%</b>	<b>\$98</b>	<b>\$64</b>
Central & South	60.5%	\$115	\$93
North East	62.9%	\$88	\$56
South East	69.1%	\$99	\$68
Oceania	72.0%	\$121	\$108

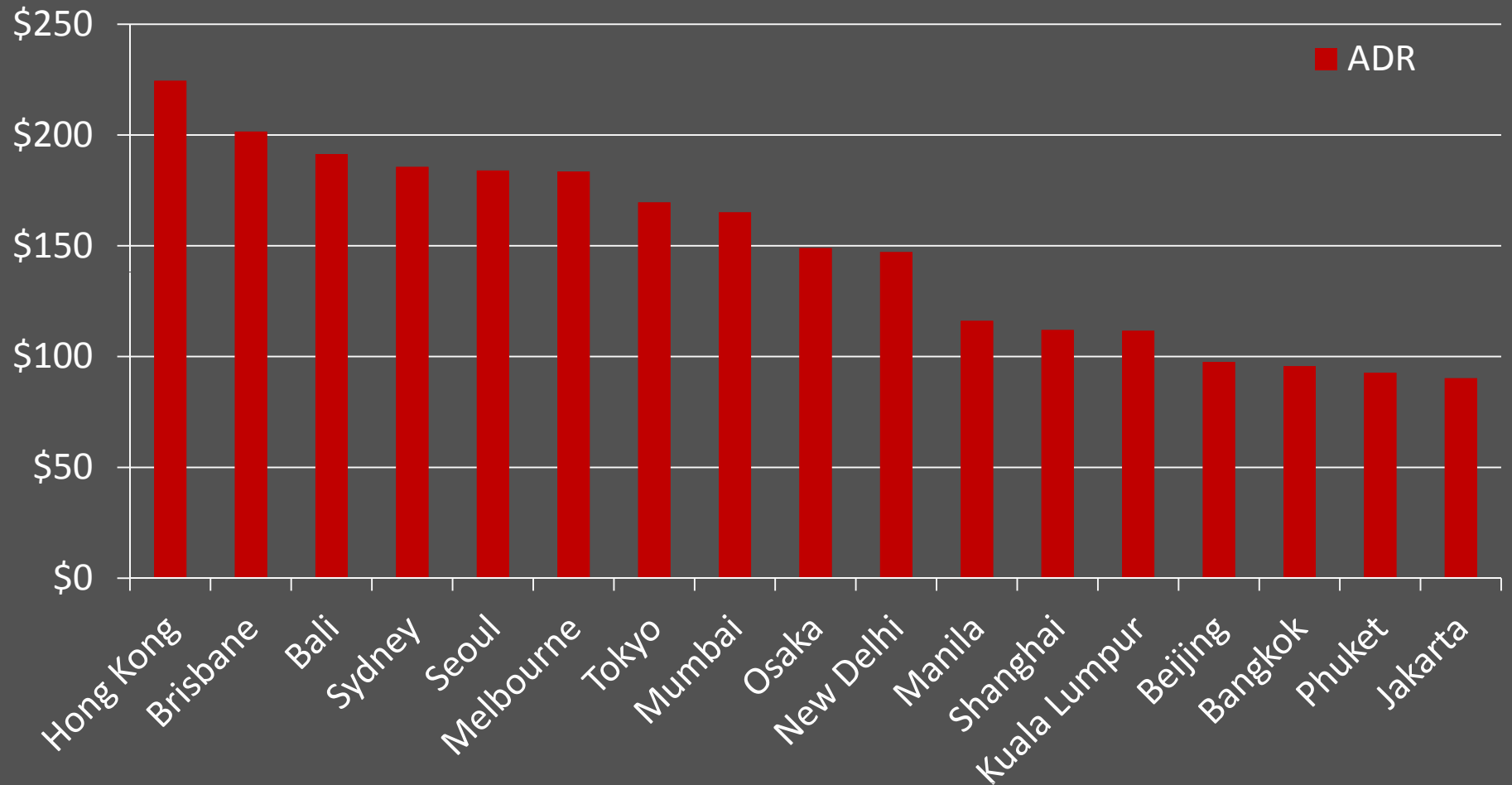
YTD = Jan to August

2011 Smith Travel Research, Inc.



# Strong ADR

YTD August 2011 ADR



2011 Smith Travel Research, Inc.



# Development Pipeline – Asia Pacific

# daily rooms, September 2011 pipeline



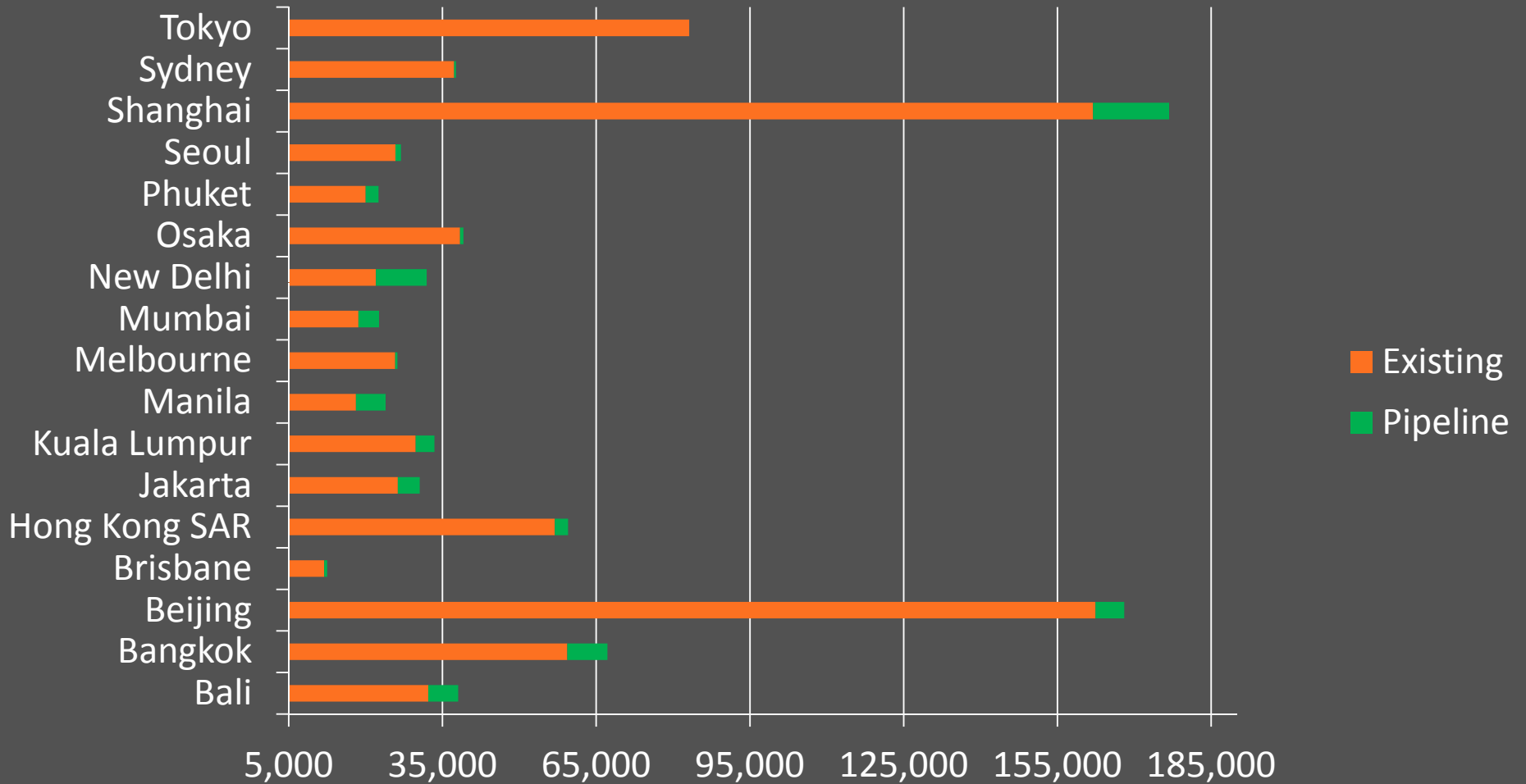
2011 Smith Travel Research, Inc.





# Development Pipeline – AP Markets

# daily rooms, September 2011 pipeline



2011 Smith Travel Research, Inc.





# So, What May Come... 2012 Recovery!?

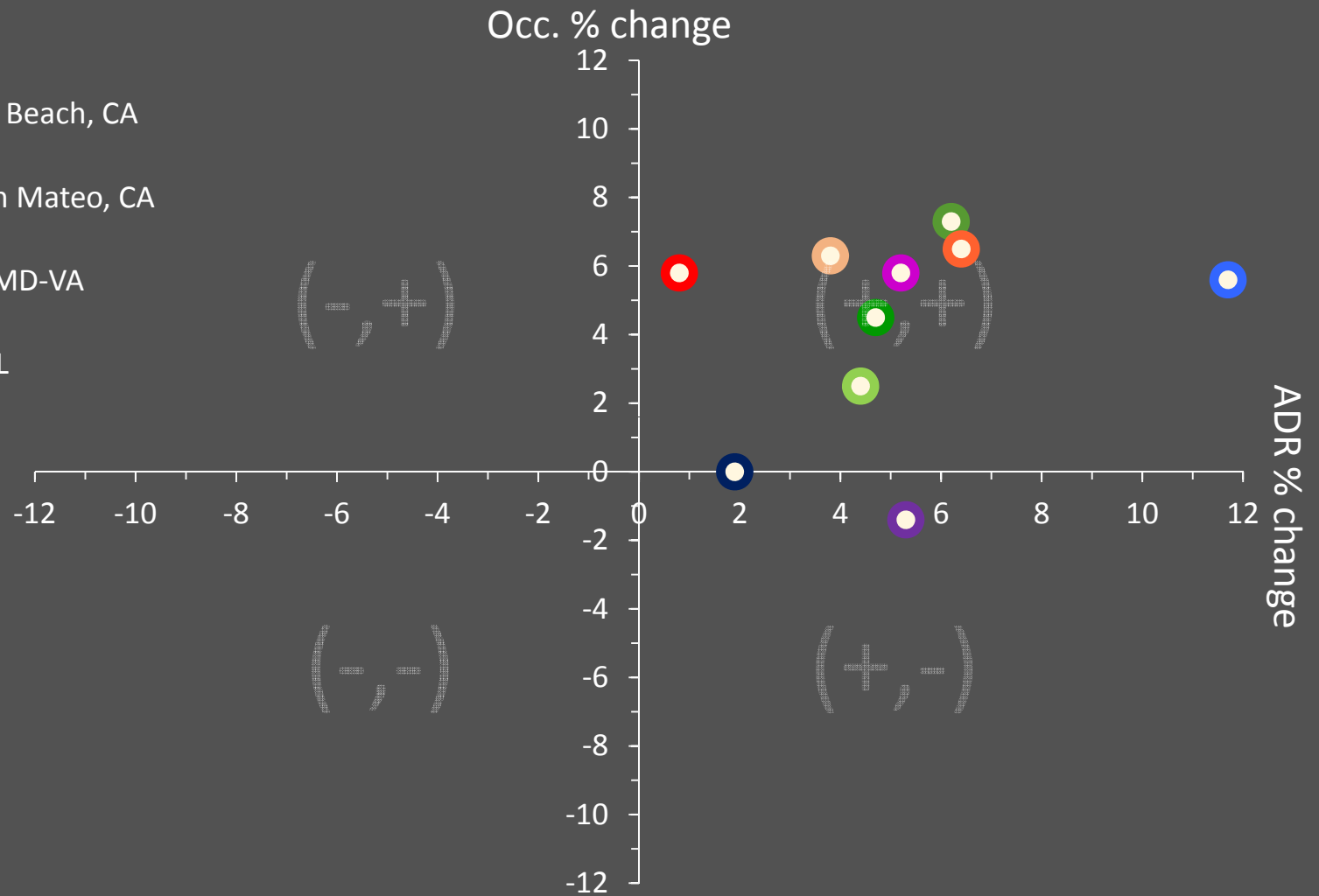


the new name in global hotel benchmarking



# Top 10 US Market Performance: Forecasted Year-end 2011

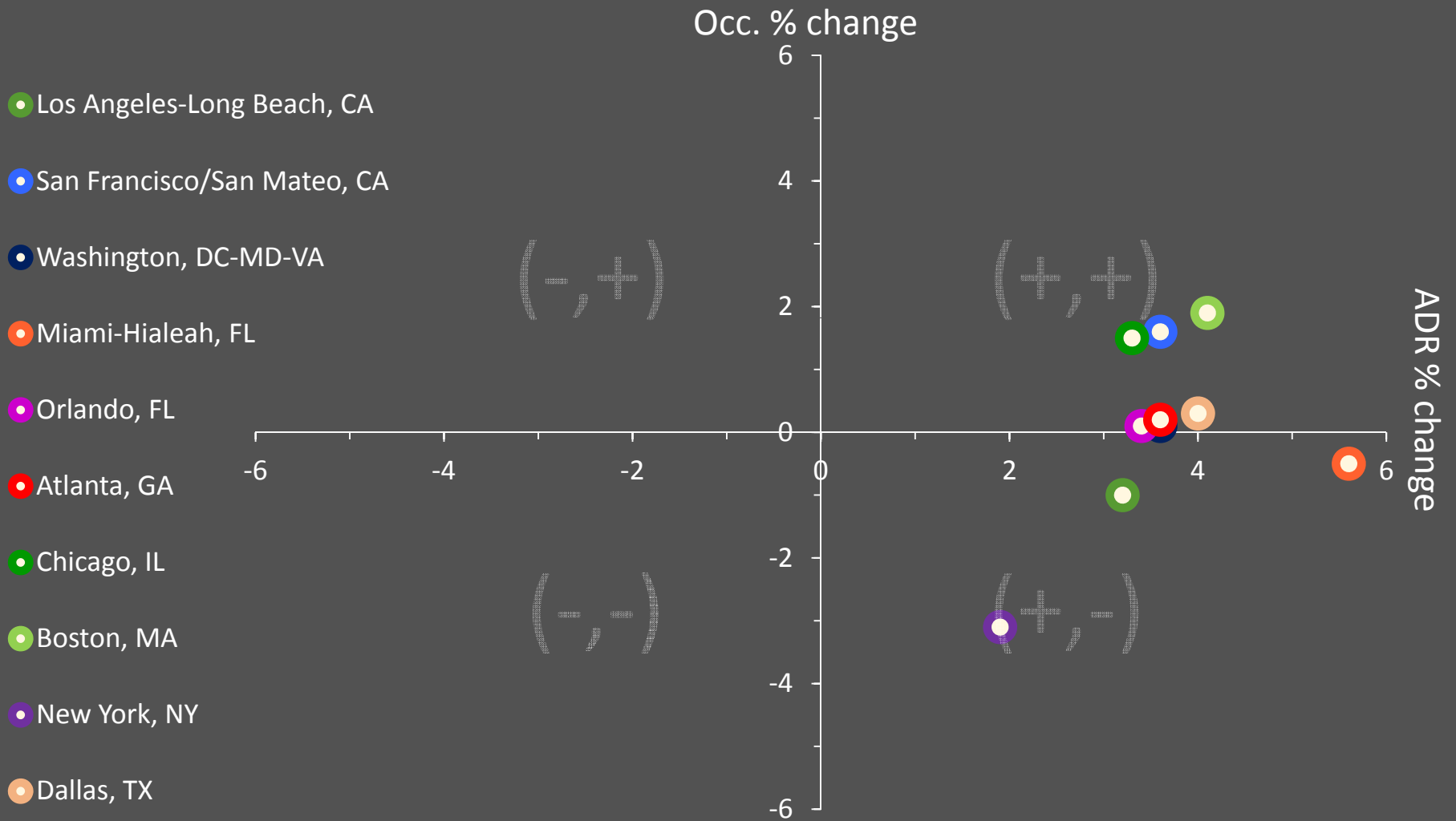
- Los Angeles-Long Beach, CA
- San Francisco/San Mateo, CA
- Washington, DC-MD-VA
- Miami-Hialeah, FL
- Orlando, FL
- Atlanta, GA
- Chicago, IL
- Boston, MA
- New York, NY
- Dallas, TX



2011 Smith Travel Research, Inc.



# Top 10 US Market Performance: Forecasted Year-end 2012



2011 Smith Travel Research, Inc.



# Forecast – Selected Cities

2011 RevPAR forecast % chg, local currency

Declines expected	Growth expected		
Munich	Paris		
	London		
	Oslo		
	Stockholm		
	Copenhagen		



2011 Smith Travel Research, Inc.



# Forecast – Selected Cities

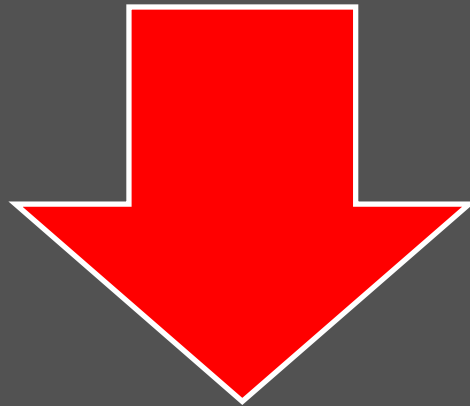
2012 RevPAR forecast % chg, local currency

Declines expected	Growth expected		
Oslo	Stockholm	Brussels	
	Malmo	Munich	
	Copenhagen	Amsterdam	
	London		
	Dublin		
	Paris Lux&UpUp		
	Frankfurt		
	Vienna		



2011 Smith Travel Research, Inc.





Economic conditions?

Exchange rates?

Inflation?

Consumer  
confidence?



**Demand is strong**

**Supply limited**

Most corporates with  
healthy balance  
sheets



2011 Smith Travel Research, Inc.

# Takeaways

- New Supply Growth Is Slow In Europe & US
- Demand Is Back
- ADR's "*Should*" Follow Strong Demand

2011 Smith Travel Research, Inc.







**Thank You!**

Elizabeth Randall  
erandall@strglobal.com  
0044 207 922 1968



***HotelNewsNow.com***

[www.hdceurope.com](http://www.hdceurope.com)

[www.hoteldataconference.com](http://www.hoteldataconference.com)

*Smith Travel Research, Inc. and/or STR Global, Ltd. (collectively for these purposes, "STR") are the exclusive owners of all rights in these Industry Presentations and their content. Reproduction of all or a portion of these presentations for any purpose without prior approval of STR is strictly prohibited. This presentation is based on information compiled by STR. No strategic or marketing recommendations or advice are intended or implied.*