

OUTLOOK 2014



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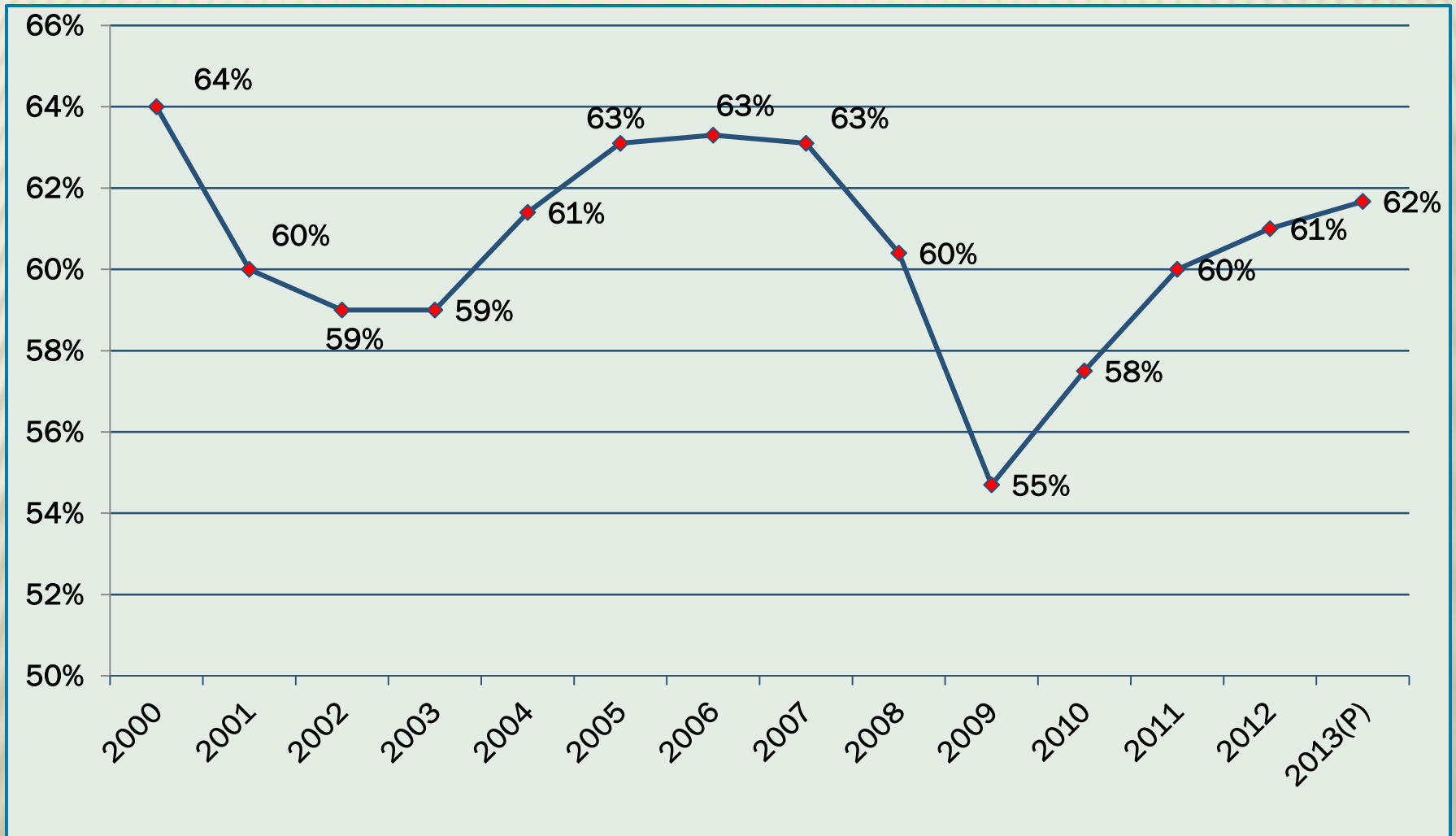
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NATIONAL LODGING MARKET

U.S. Occupancy 2000– 2013(P)



Source: Smith Travel Research

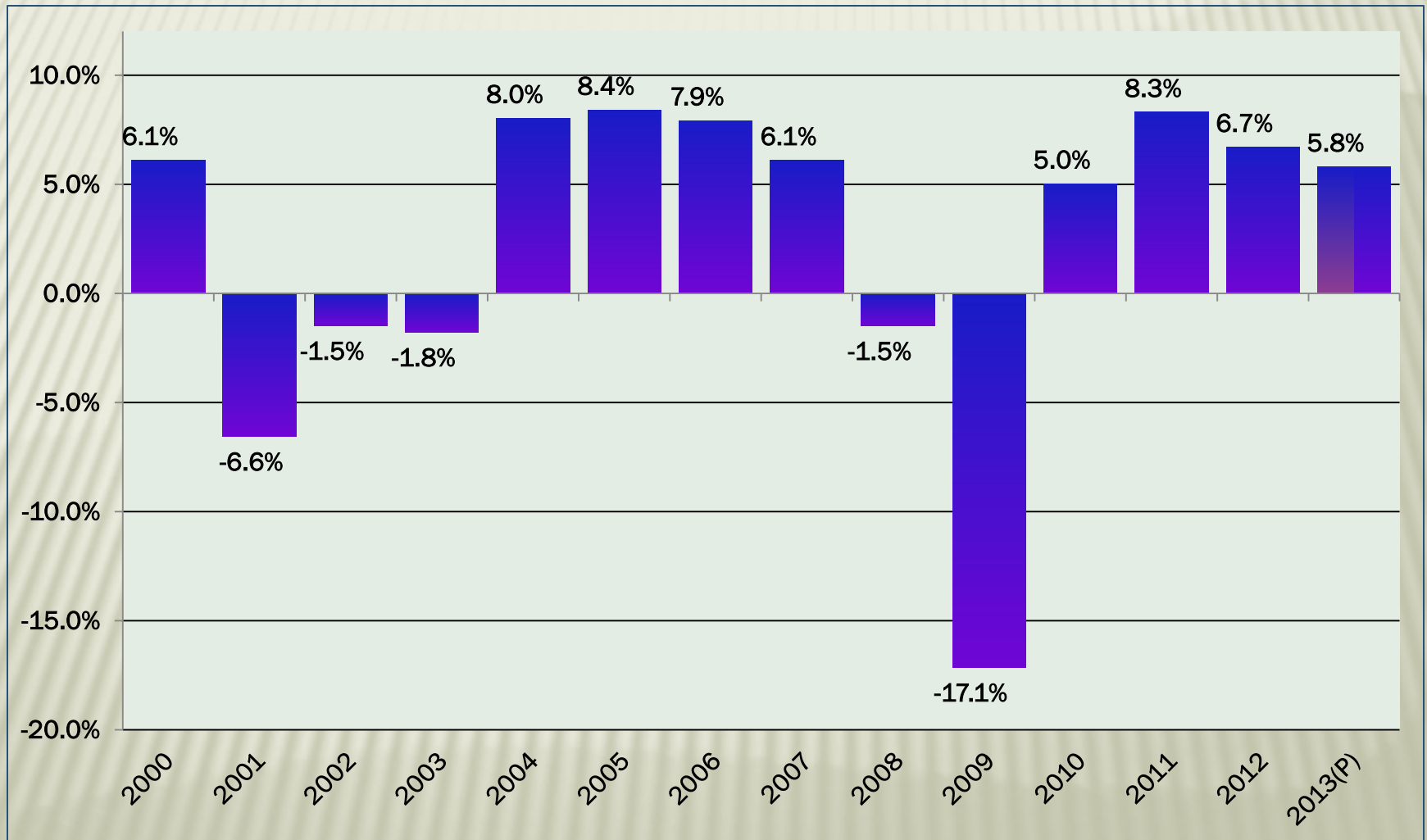
U.S. Average Daily Rate 2000-2013 (P)



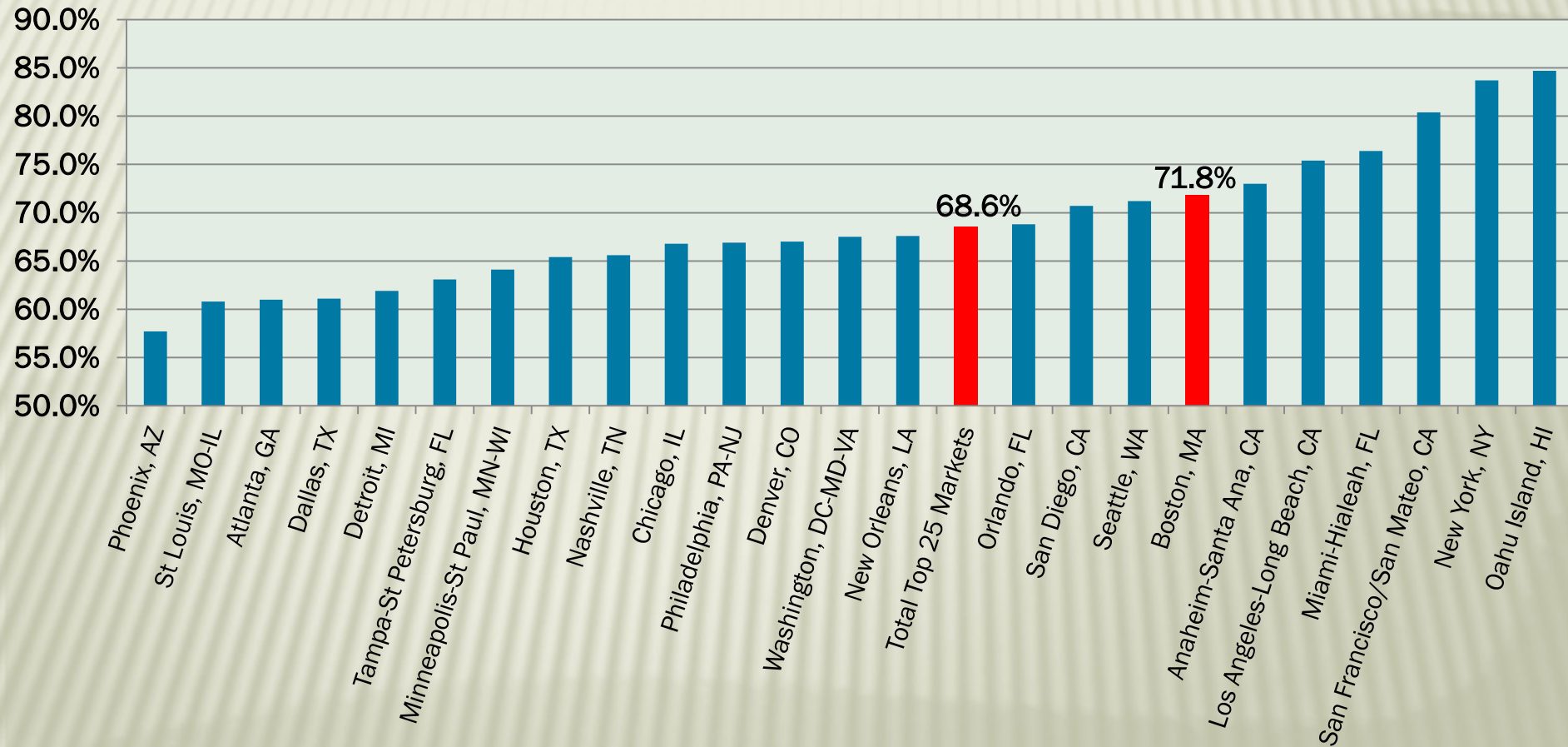
U.S. RevPAR 2000– 2013(P)



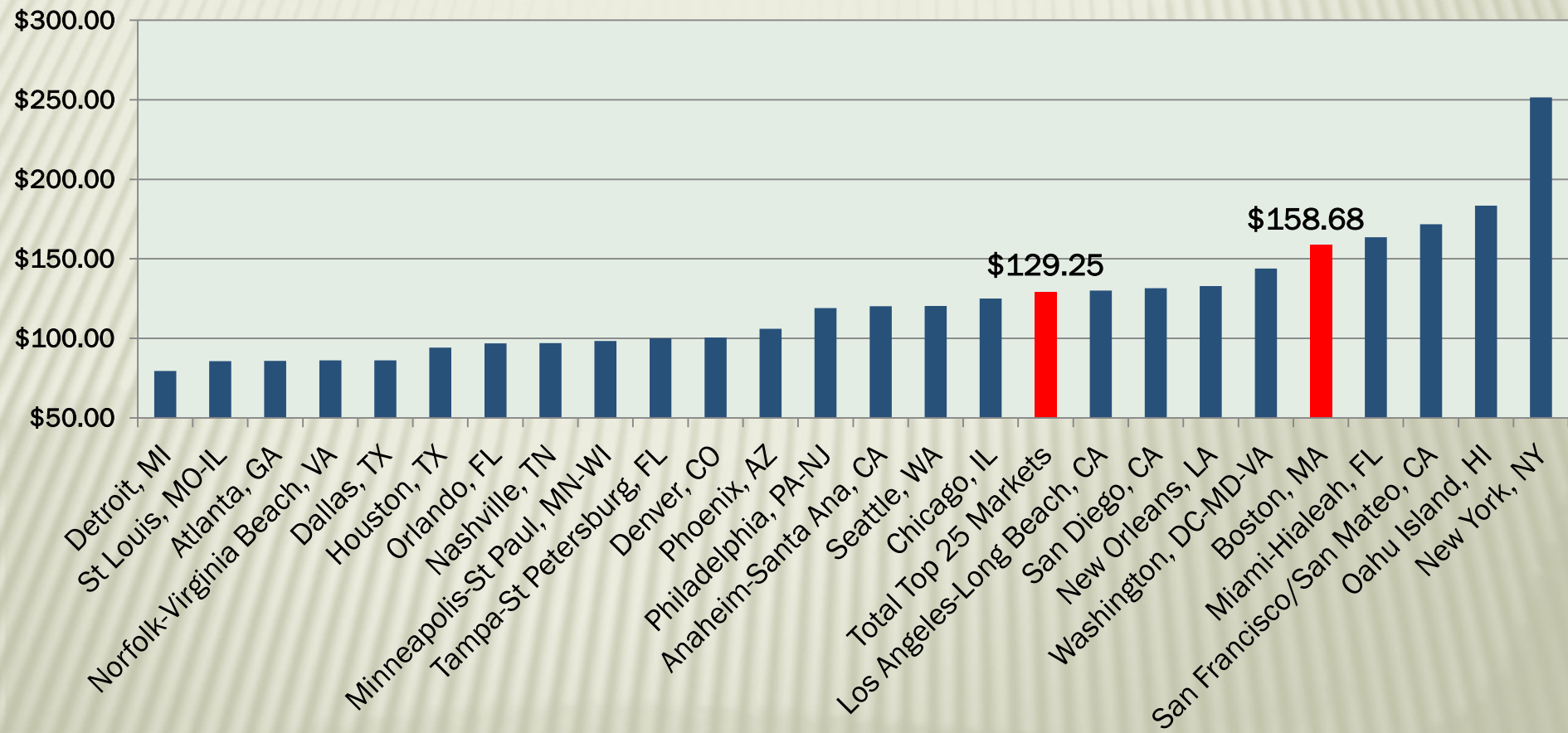
U.S. RevPAR Percent Change 2000 – 2013(P)



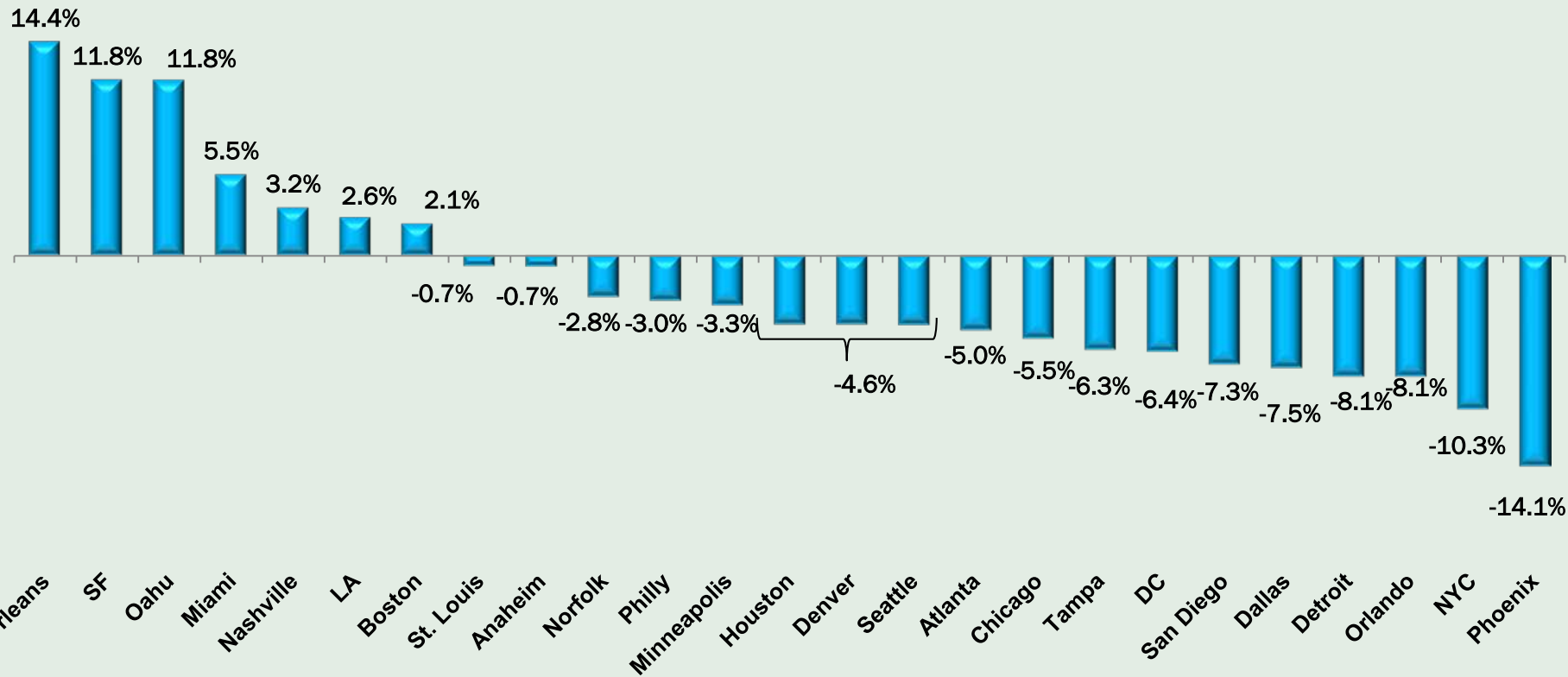
Top 25 Market Areas – Occupancy Percent 2012



Top 25 Market Areas – Average Daily Rate 2012

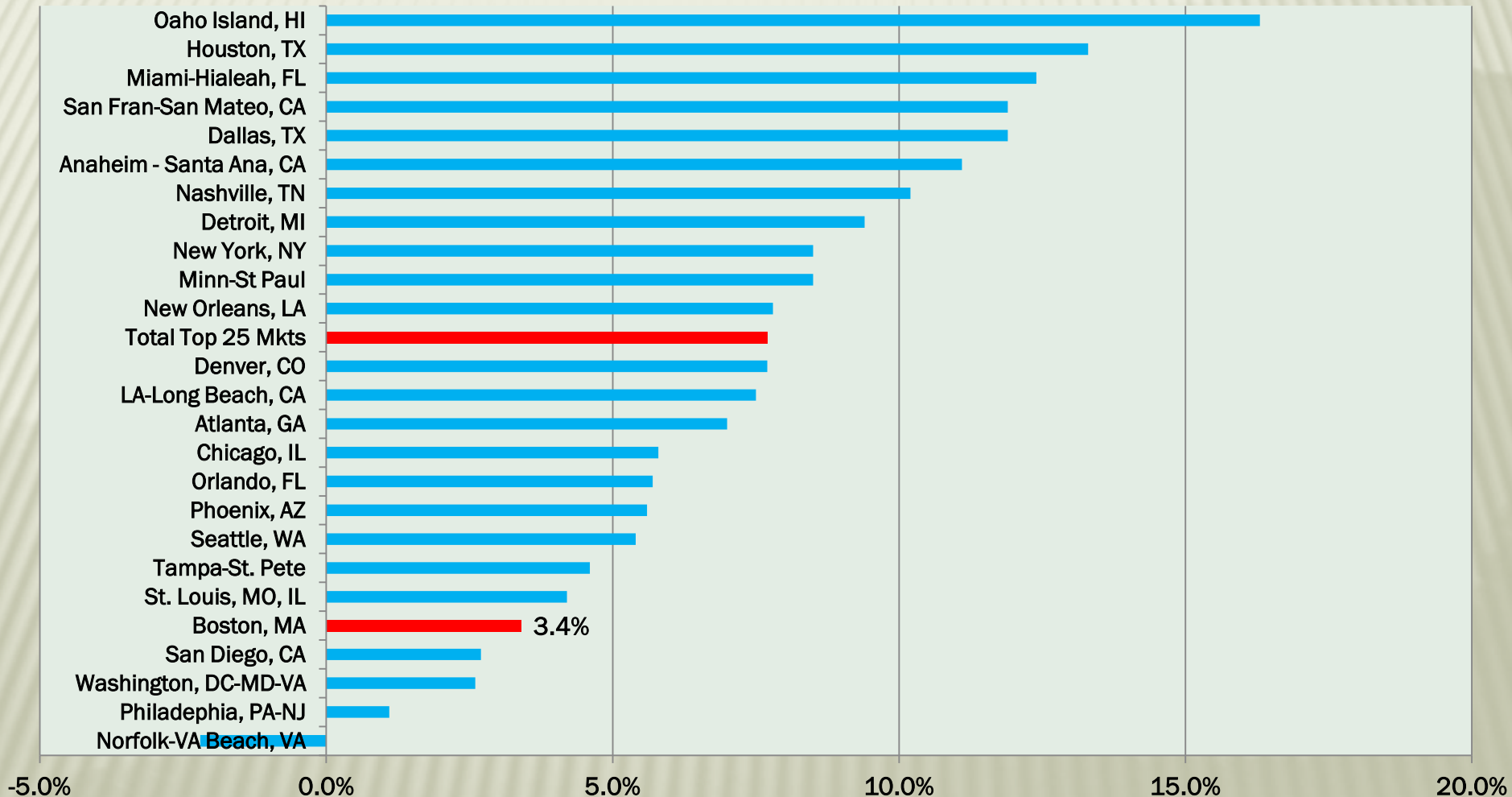


Top 25 Market Areas – ADR Percent Change from Prior Peak April 2013



Peak ADRs Still Elusive For Most Top 25 MSAs
7 have made the recovery, St. Louis and Anaheim knocking at the door

Top 25 Market Areas – Change In RevPAR YTD May 2013



NEW SUPPLY

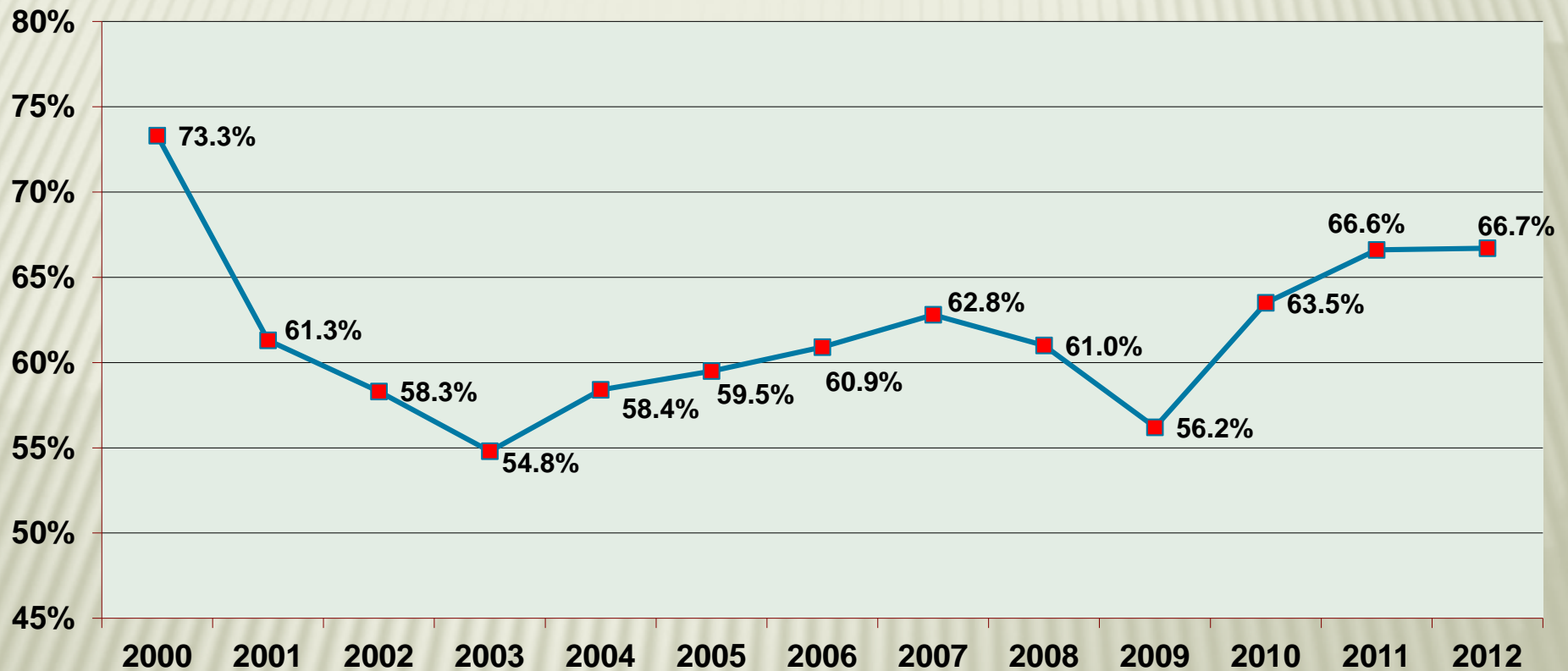
- Total number of hotels in the STR active pipeline as of May 2013 was up 11.6% compared with the same time last year.
- Rooms under construction are up 22.4% compared to same time last year (589 hotels with 73,962 rooms). Of the 589 hotels UC, 410 (70%) are upper-midscale or upscale. NYC has the most hotels UC — 53 hotels, or 9.7% of total rooms.
- Construction is up significantly from last year, however STR is expecting full year net supply growth of only 1% in 2013 (half the long-term annual growth rate).

TAKEAWAYS

- Supply growth remains modest (1.0% in 2013), but is building (1.6% in 2014).
- Demand growth continues to outpace supply and remains reasonably healthy (2.1% in 2013; 2.5% in 2014).
- ADR growth continues to be the driver of RevPar growth (5.8% in 2013 and 2014).
- Barring an economic downturn or unforeseen factors, the lodging market will continue moderate growth in the near future.

SUBURBAN BOSTON LODGING MARKET

Suburban Boston Occupancy 2000- 2012



Suburban Boston Average Daily Rate 2000-2012



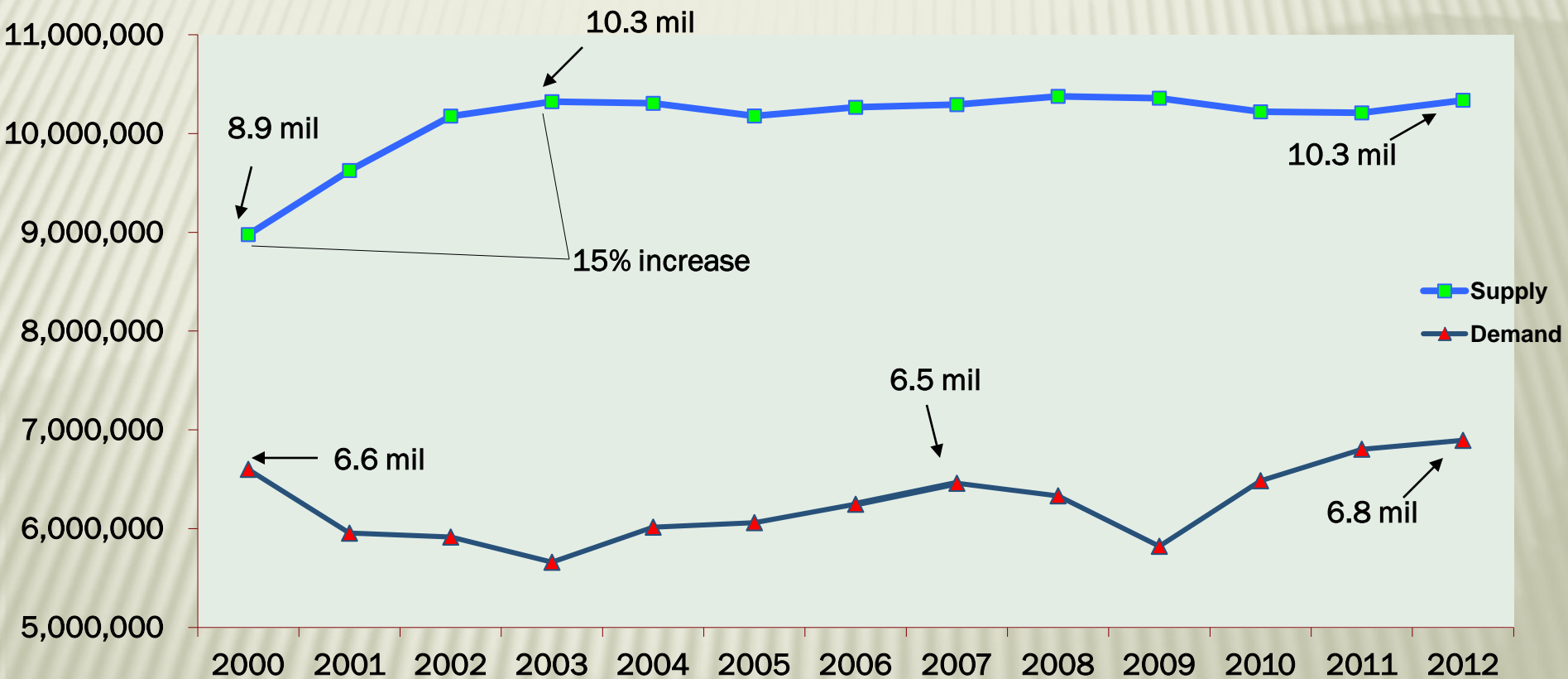
Source: Smith Travel Research (PAG defined area)

Suburban Boston RevPAR 2000- 2012

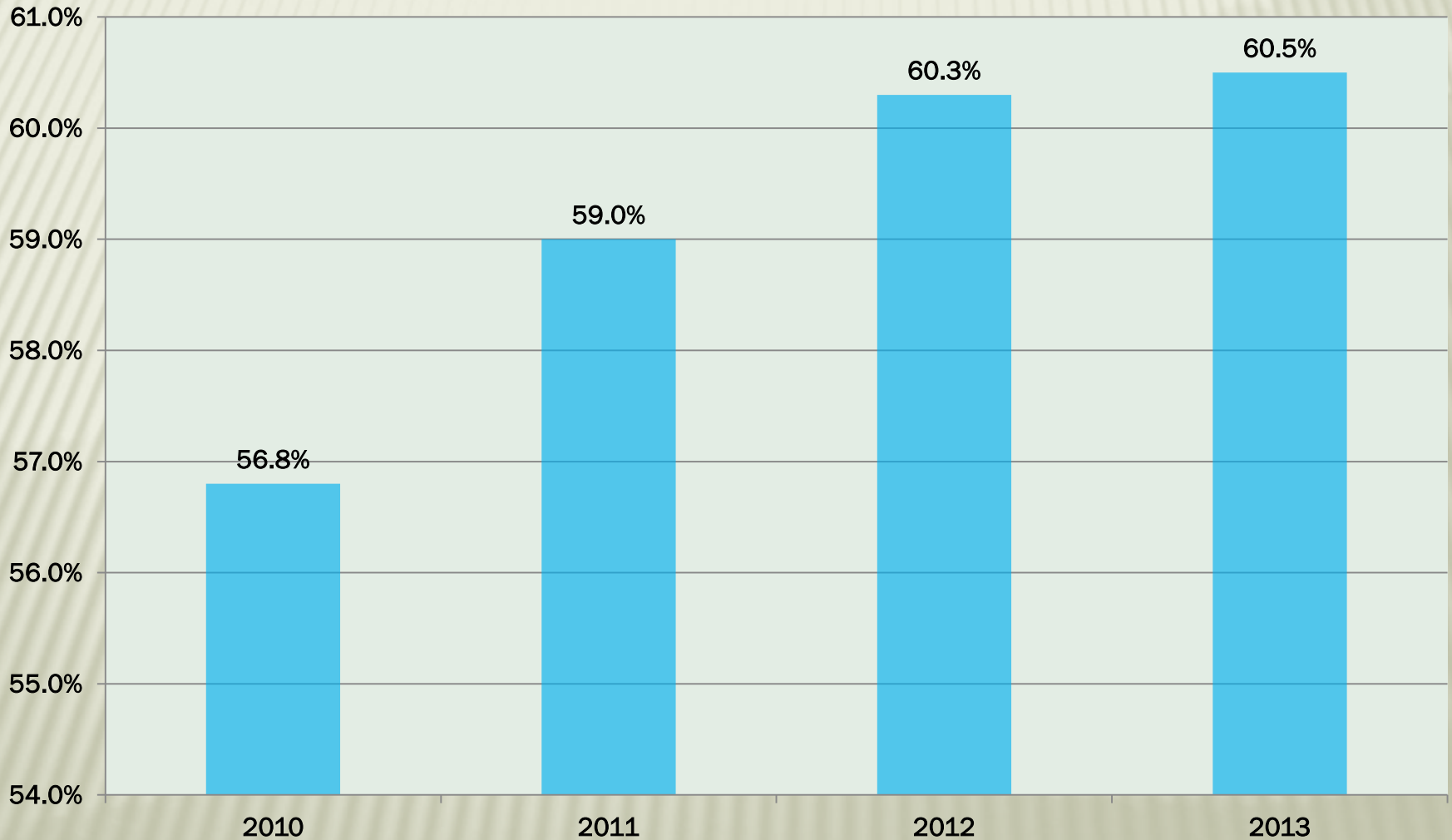


Source: Smith Travel Research (PAG defined area)

Suburban Boston Supply and Demand 2000- 2012

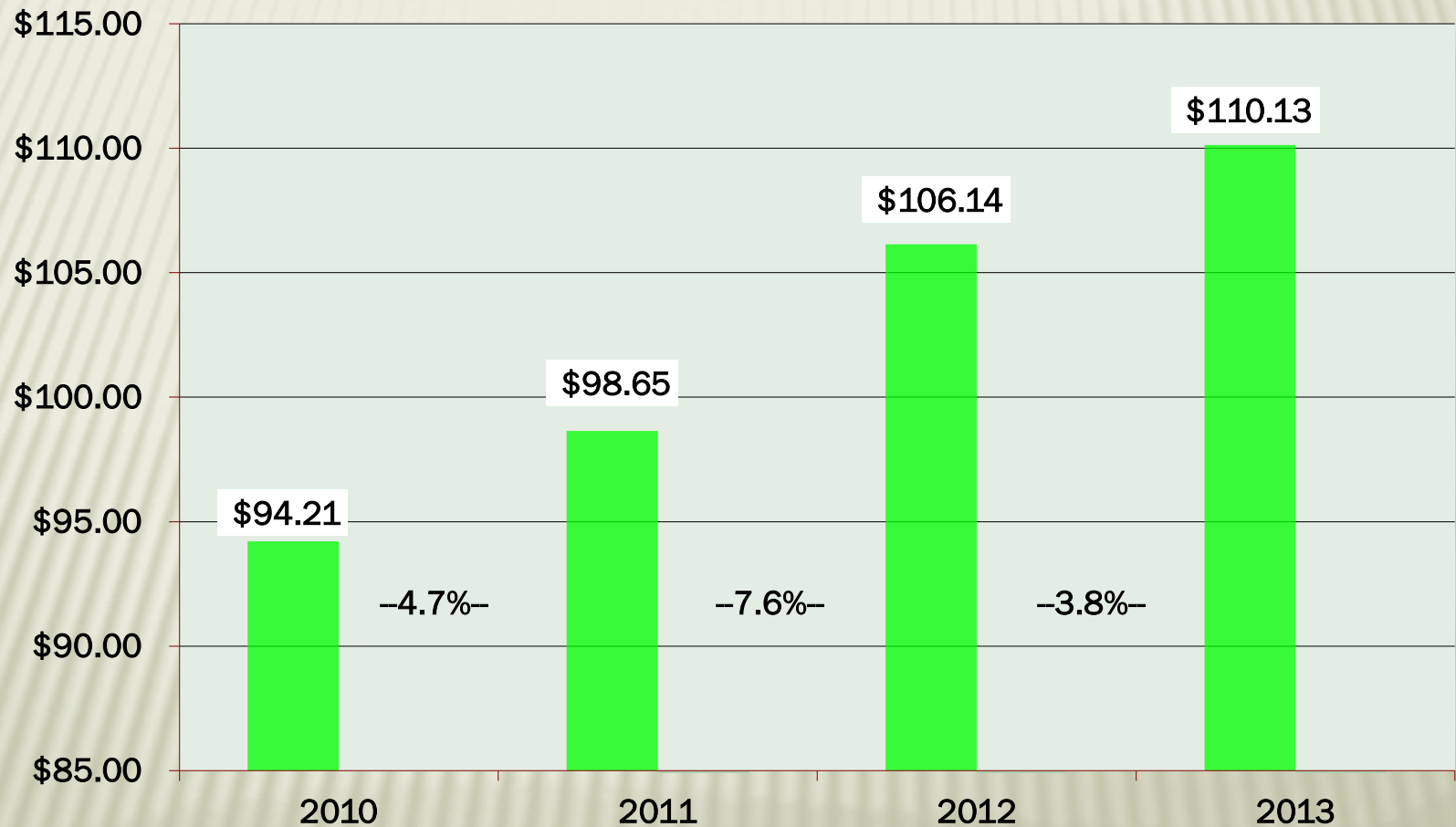


Suburban Boston Occupancy YTD May 2010-2013

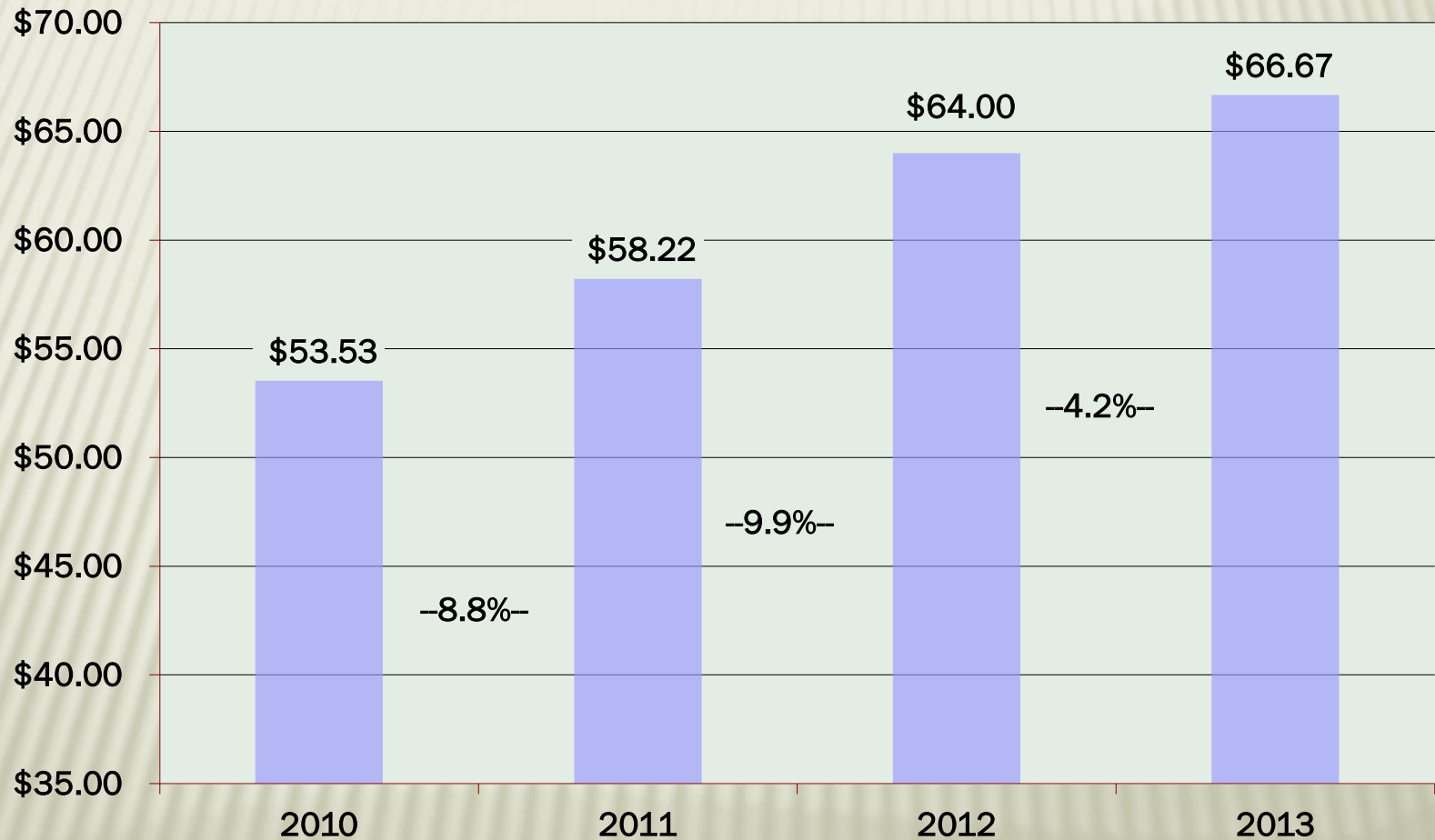


Source: Smith Travel Research (PAG defined area)

Suburban Boston Average Daily Rate YTD May 2010-2013



Suburban Boston RevPAR YTD May 2010-2013



Suburban Boston Supply Changes 2013-2014

2013

- 128-room Residence Inn, Needham (September)
- 49-room Fairfield Suites, Sudbury (December)

2014

- 140-room Town Place Suites Chelsea (October)

Suburban Boston Office and R&D Trends

	Square Feet Supply	Vacancy
Inner Suburbs	5.9 Million	11.7%
Route 128	75.8 Million	17.7%
Route 495	49.1 Million	24.5%

Source: As of March 31, 2013 (Colliers)

Suburban Boston Office Trends

- Suburban office and R&D markets continue to improve slowly.
- The Route 495 West and Route 128 Mass Pike submarkets show the most improvement.
- As the recovery continues, more companies are expanding to the suburbs, bolstering demand for office space.
- Rents for new and premier Class A buildings should continue upward this year.

Suburban Boston Lodging Demand 2013-2014

- Leisure demand will show modest improvement given capacity constraints during peak summer/fall travel periods.
- Modest improvement in the local office markets will cause corporate demand to increase, albeit slowly.
- Group demand is projected to be flat in the near term.
- Capacity in peak periods, coupled with higher room rates in Boston, will continue to drive rate increases above inflation.

Suburban Boston Projections 2013

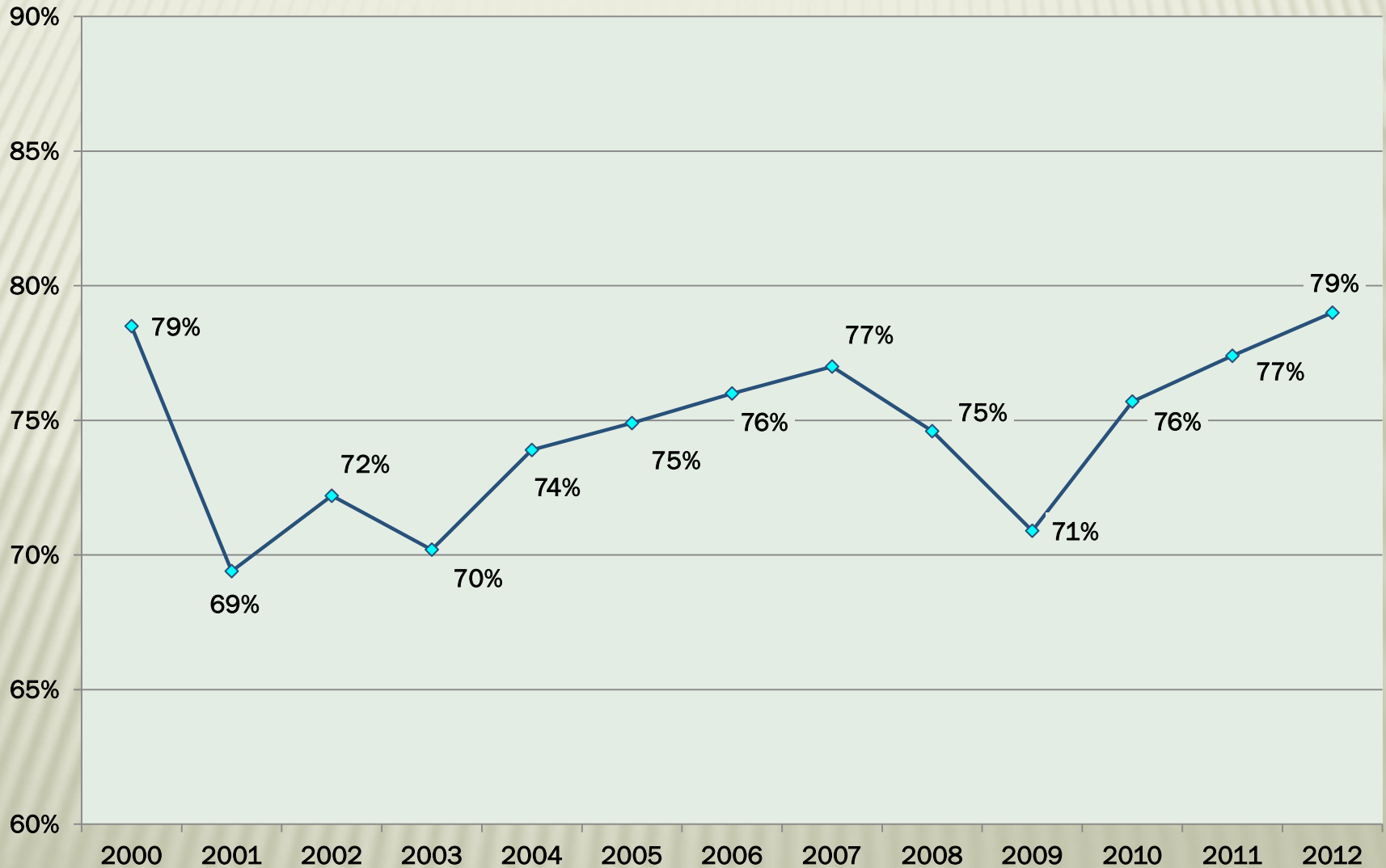
	2012	2013	% Change
Occupancy	66.7%	67%	-%
Average Rate	\$110.96	\$115.50	4.1%
RevPAR	\$74.01	\$77.39	4.6%

Suburban Boston Projections 2014

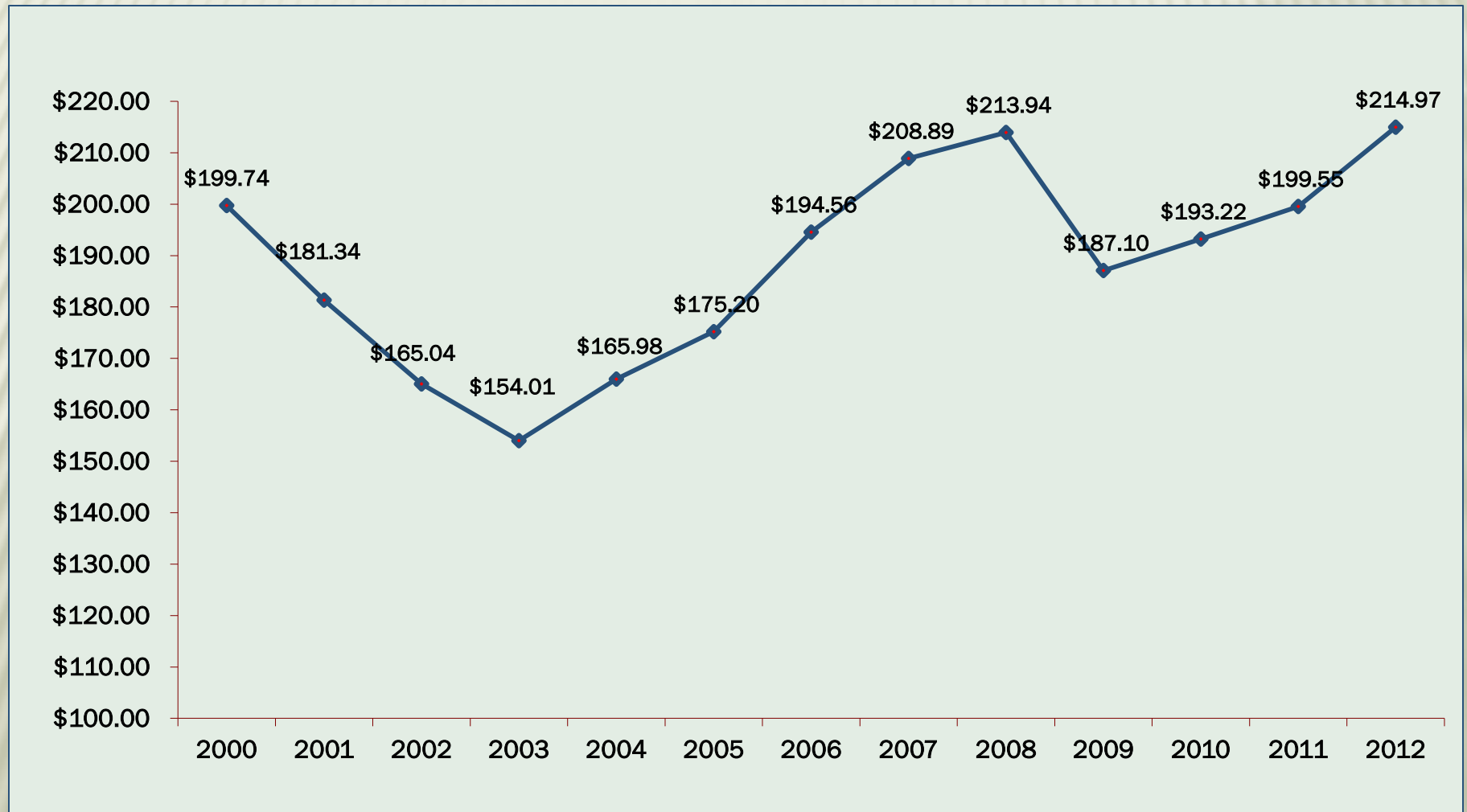
	2013	2014	% Change
Occupancy	67%	68%	1.5%
Average Rate	\$115.50	\$120.12	4.0%
RevPAR	\$77.39	\$81.68	5.6%

BOSTON CAMBRIDGE LODGING MARKET

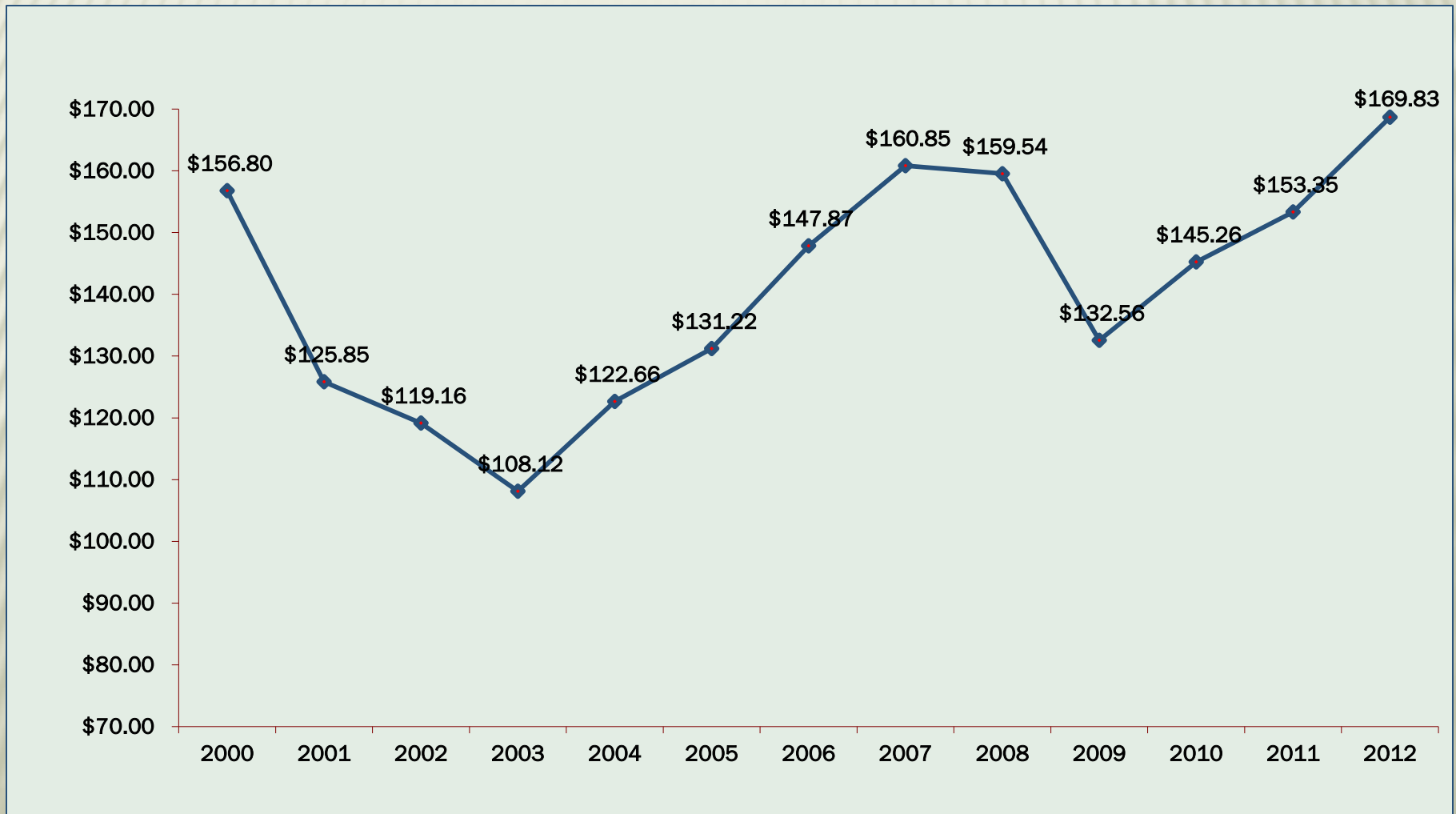
Boston / Cambridge Occupancy 2000-2012



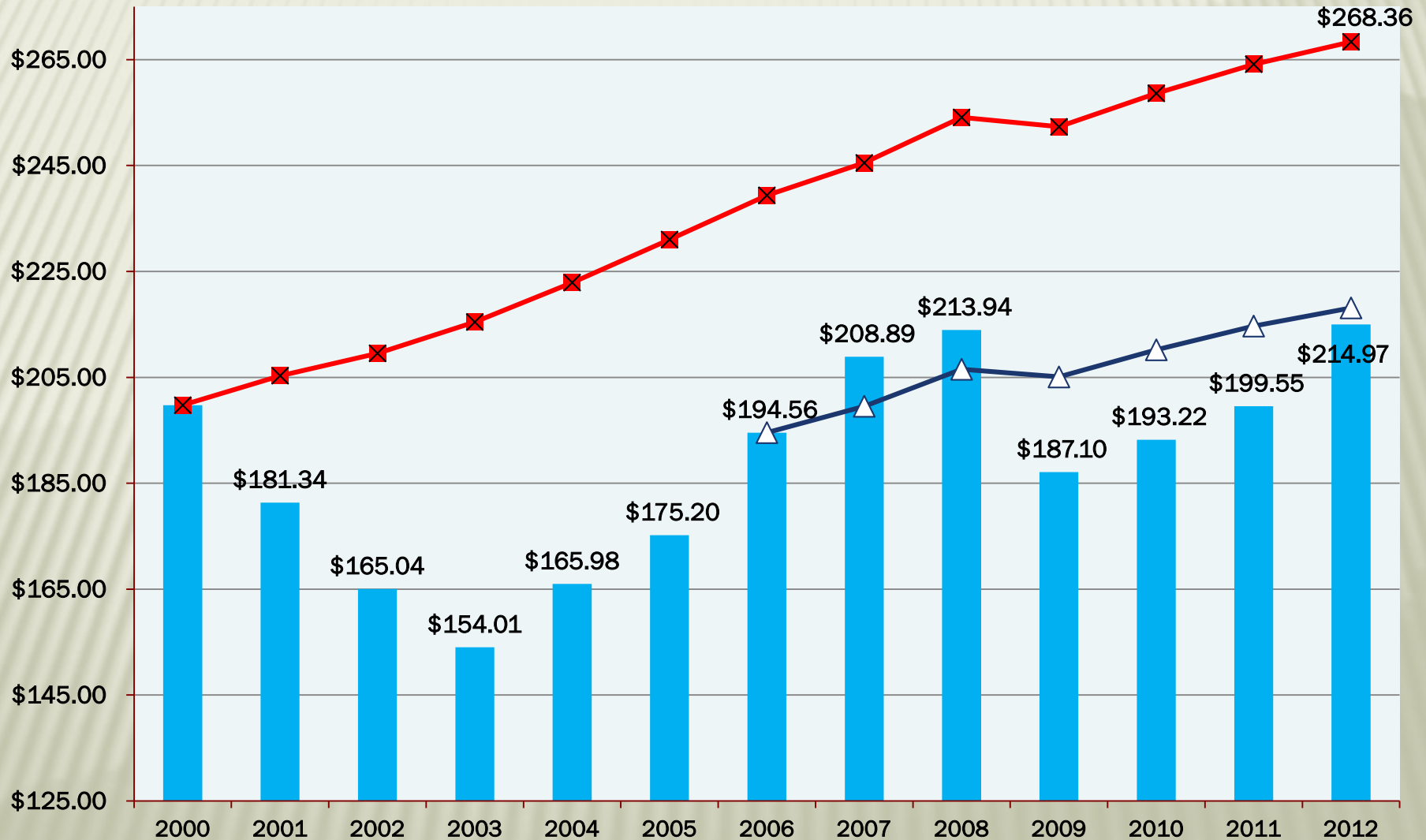
Boston / Cambridge ADR 2000-2012



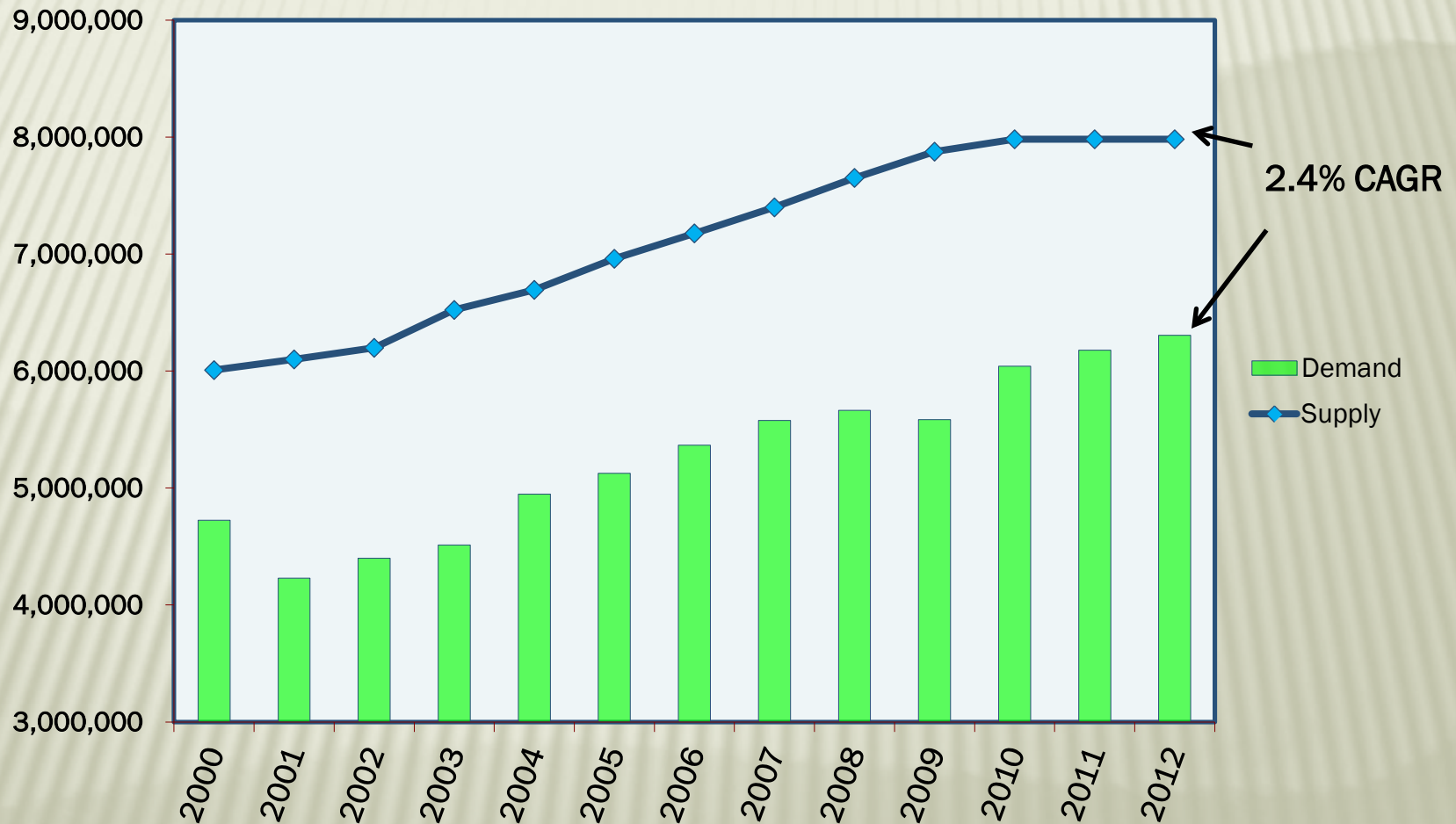
Boston / Cambridge RevPAR 2000-2012



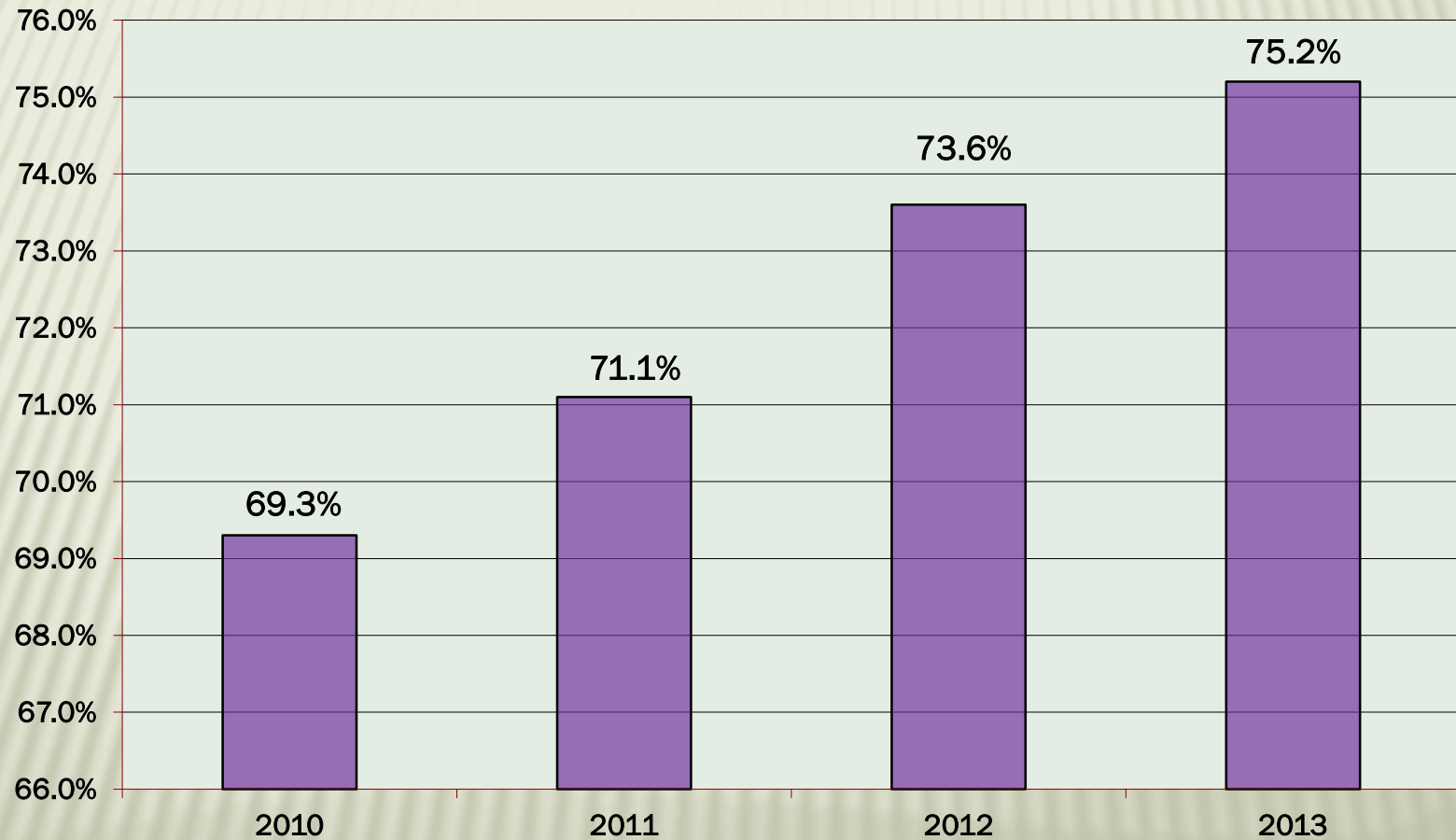
Boston / Cambridge ADR Versus CPI 2000 - 2012



Boston / Cambridge Supply and Demand 2000-2011



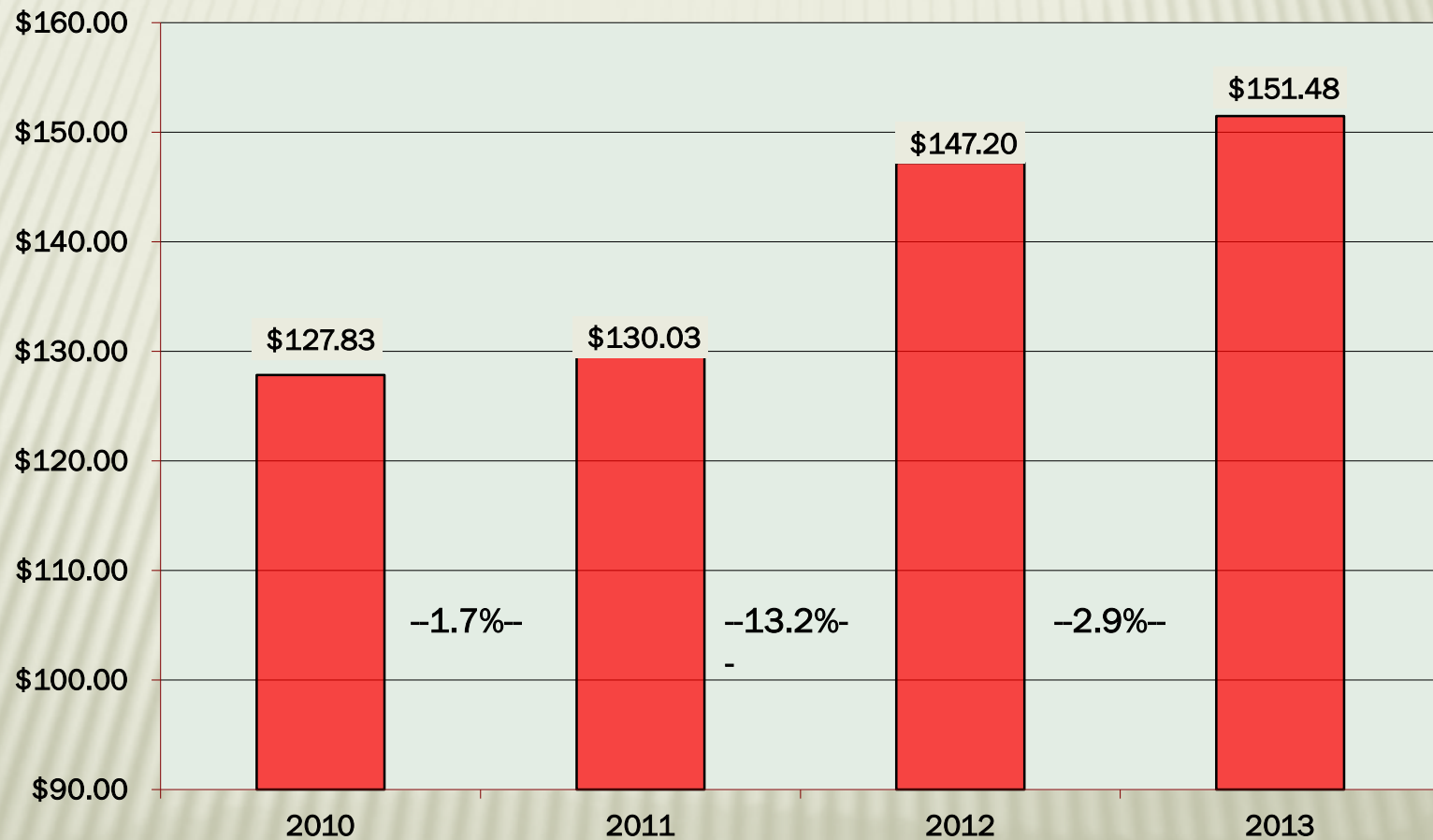
Boston / Cambridge Occupancy YTD May 2010-2013



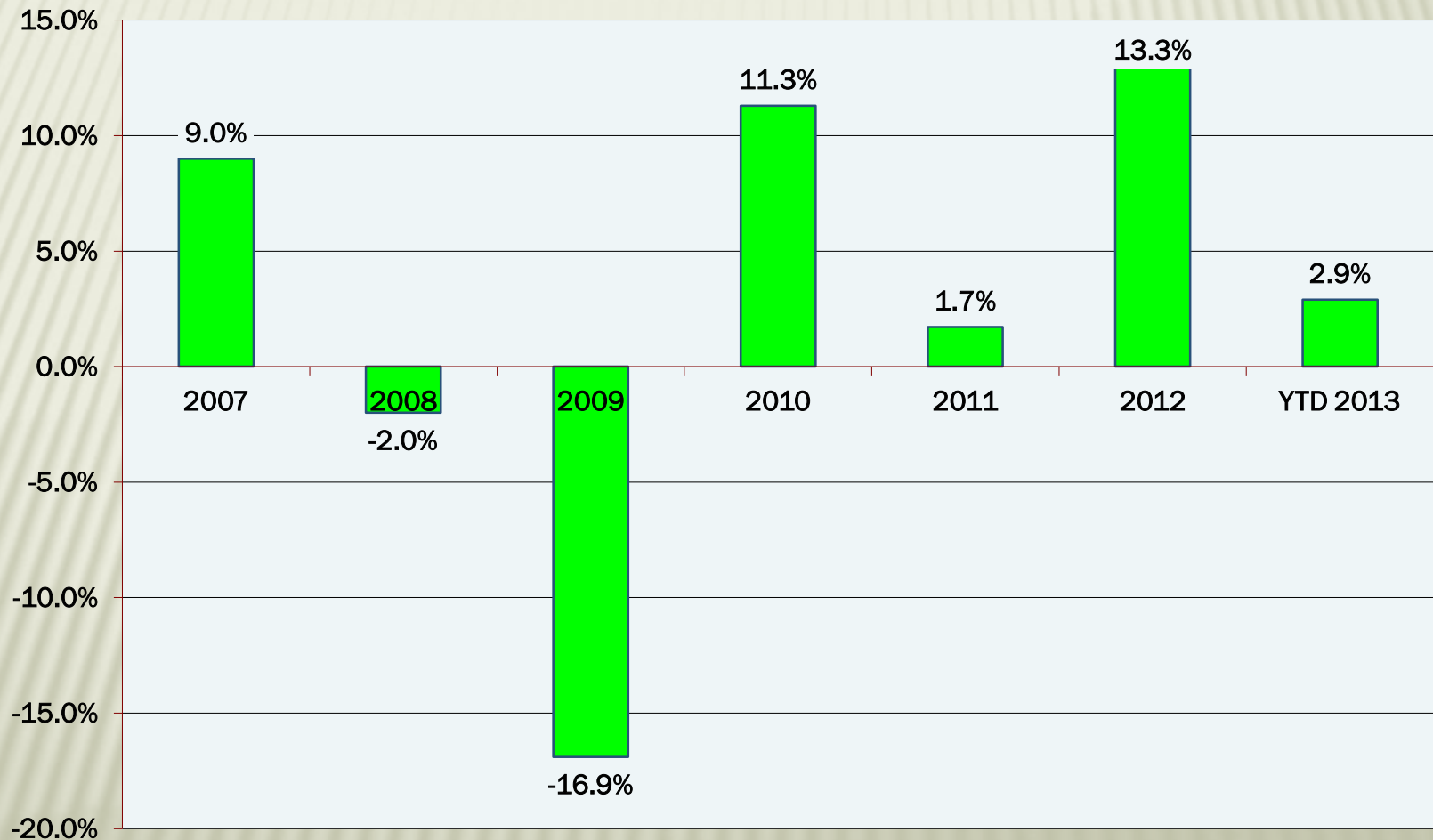
Boston / Cambridge ADR YTD May 2010-2013



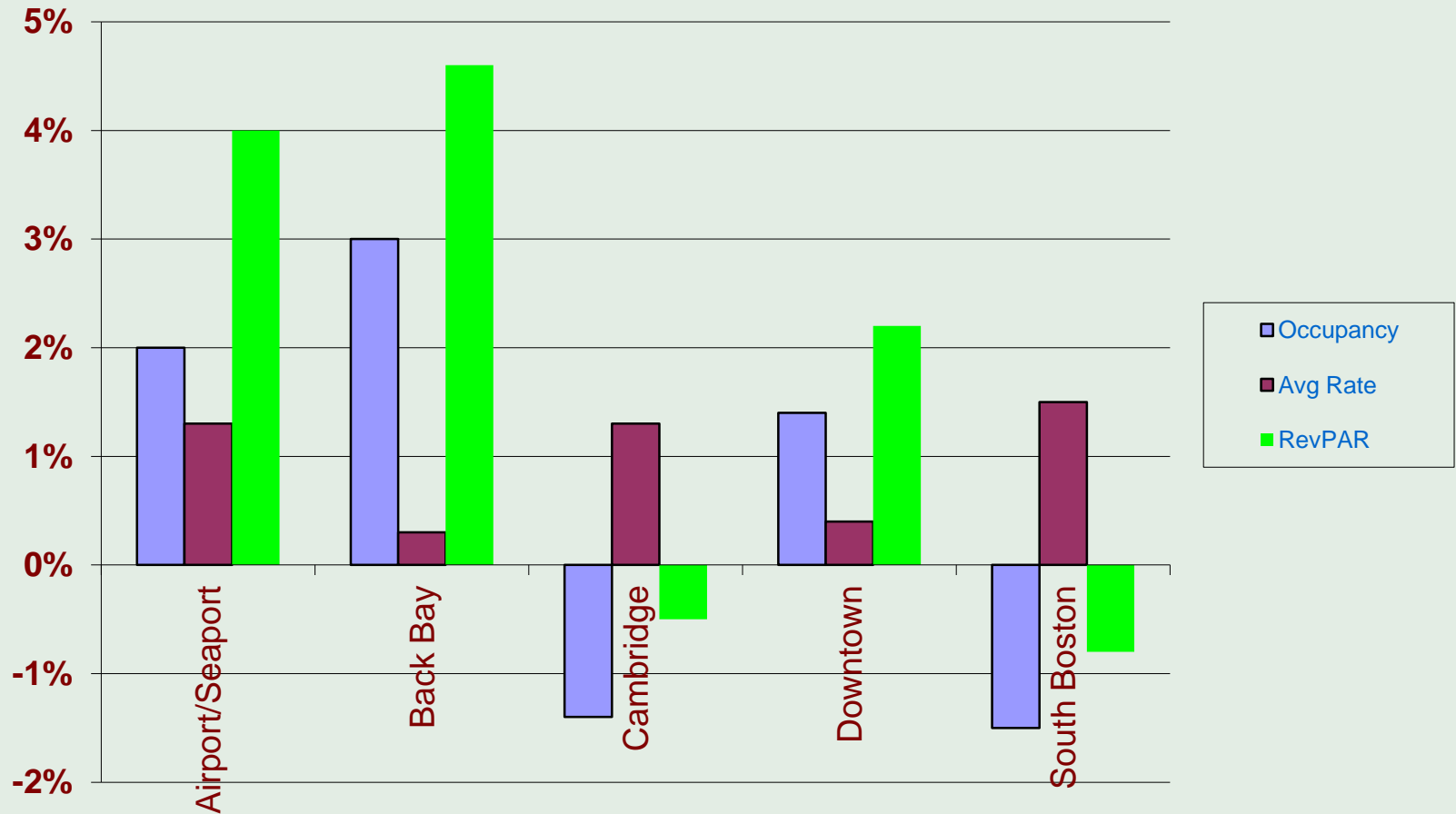
Boston / Cambridge RevPAR May 2010-2013



Boston / Cambridge Change in RevPAR 2000 – YTD May 2013



Boston / Cambridge Change in Performance by Market Area YTD May 2013



Boston/Cambridge Supply Changes 2013/2014

2013: 120-suite Residence Inn Summer Street (June)

175-suite Residence Inn Fenway (July)

112-room Inn at Harvard Closed (July)

Conversion of the Back Bay Hotel to Loews Boston (Feb)

2014: 178-room Hilton Garden Inn Logan Airport (Oct)

238-room Temple Place Hotel (Q4)

Boston/Cambridge Demand Factors

Boston Unemployment

Logan Stat's
Total Passengers

May 2012

5.4%

YTD May 2012

11.5 M

May 2013

5.8%

YTD May 2013

11.6 M

Boston/Cambridge Demand Factors

Boston Office Market

	Million SF	Vacancy
March 2012	61	15.4%
March 2013	61	12.7%

Source: Colliers (March 2012)

Boston/Cambridge Demand Factors

Cambridge Office Market

	Million SF	Vacancy
March 2012	19.8	13.0%
March 2013	19.9	8.9%

Source: Colliers

Boston/Cambridge Office Demand Factors

- 8 consecutive quarters of positive absorption in Boston
- In 2013 and 2014, 2.4 mil sq ft will be added to the office inventory
- Financial district accounted for nearly all the positive absorption downtown
- Approximately 800,000 SF will be added to the Seaport office inventory
- Development pipeline is active
- East Cambridge/Kendall Square markets remain active, with demand from tech companies and life science companies

Boston / Cambridge Corporate Demand Trends

- Demand remains steady but strong
- Capacity constraints will remain an issue for most of the year
 - Anticipated growth could potentially push lower rated segments (e.g. airline crew) to the suburbs

Boston / Cambridge Group Demand Trends

- 2H 2013 combined Back Bay and Downtown Pace is flat to 2012
- 2014 combined Back Bay and Downtown pace is up 7%
 - Back Bay is flat
 - Downtown is up 21%
- Citywide convention pace is up for 2014
 - Large citywides will cause compression helping ADR
 - Q1 looks soft relative to 2013

Boston / Cambridge Leisure Demand Trends

- Demand remains strong and steady
- Operators continue to induce demand by lowering rates during slow periods
- Increased international air lift has increased leisure demand

Boston / Cambridge Average Rates

- Large Conventions in 2014 will create compression
- Group Rates are expected to be up 4 to 6 percent.
- Corporate Negotiated rates are expected to be up 5 to 7 percent
- Retail/Leisure rates are expected to be up 6 to 8 percent

Boston / Cambridge RFP Season (2014)

Most operators expect to quote rates between 6 and 8 percent and settle to rate increases of 5 to 7 percent.

Boston Cambridge Projections 2013

	2012	2013	% Change
Occupancy	79%	79%	0.0%
Average Rate	\$214.97	\$223.57	4.0%
RevPAR	\$169.83	\$176.62	4.0%

Boston Cambridge Projections 2014



	2013	2014	% Change
Occupancy	79%	79%	0.0%
Average Rate	\$223.57	\$238.10	6.5%
RevPAR	\$176.62	\$188.10	6.5%

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