



rhode island
hospitality

Economic Outlook Breakfast

September 12, 2013

**The State of the Hospitality Industry in
Rhode Island**

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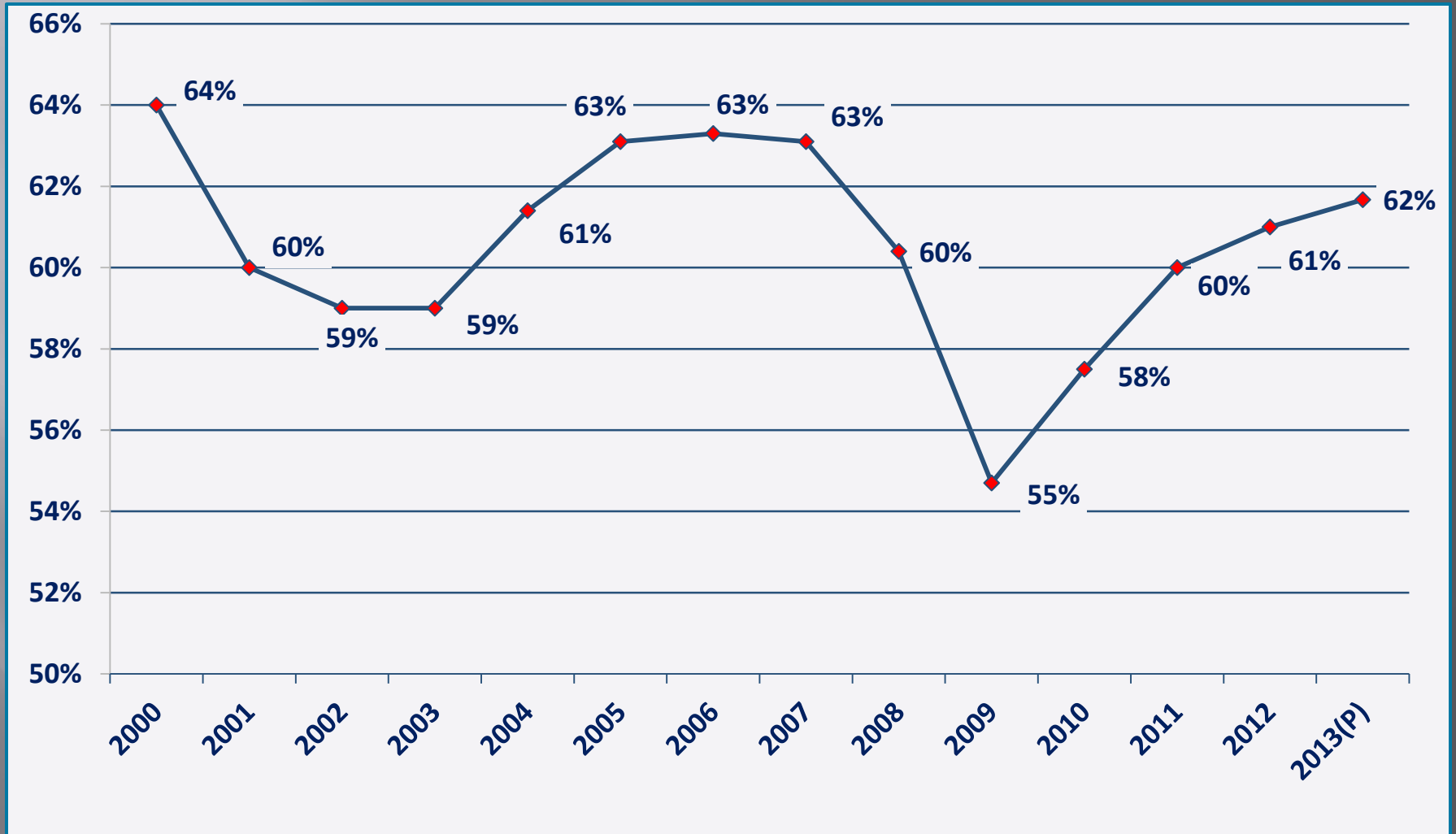
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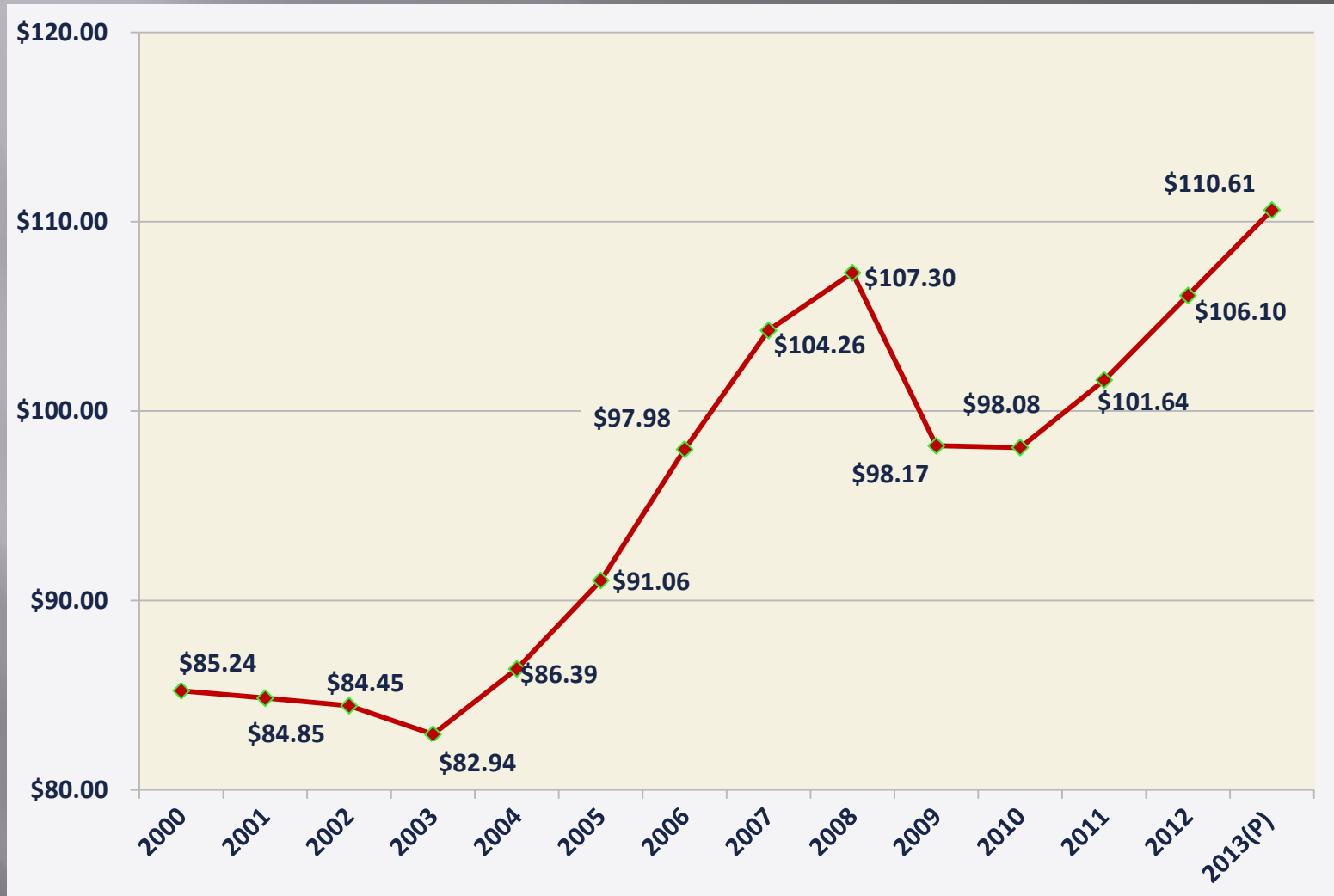
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NATIONAL LODGING MARKET

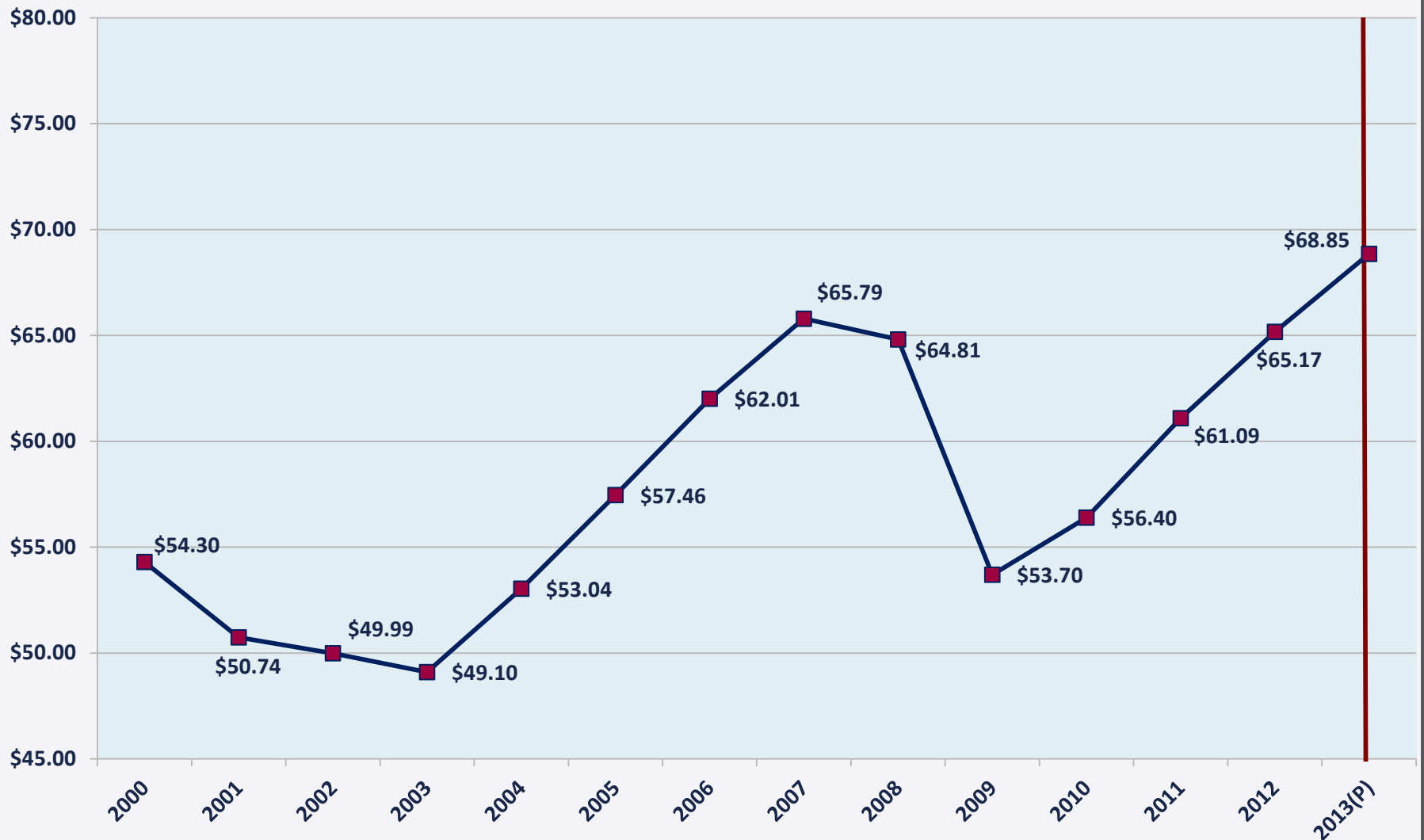
U.S. Occupancy 2000– 2013(P)



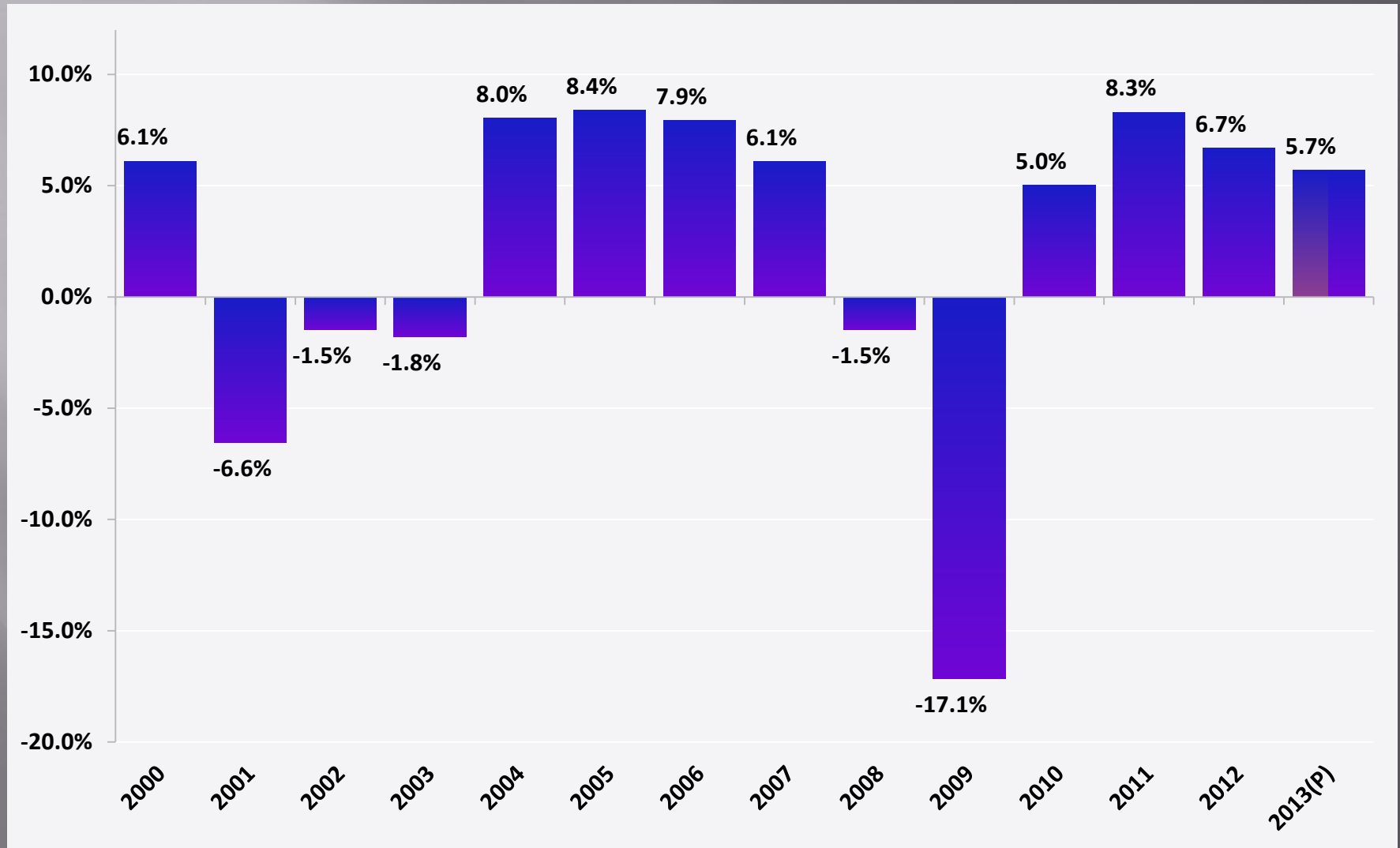
U.S. Average Daily Rate 2000-2013 (P)



U.S. RevPAR 2000– 2013(P)



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



Top 25 Market Areas – 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

New Supply

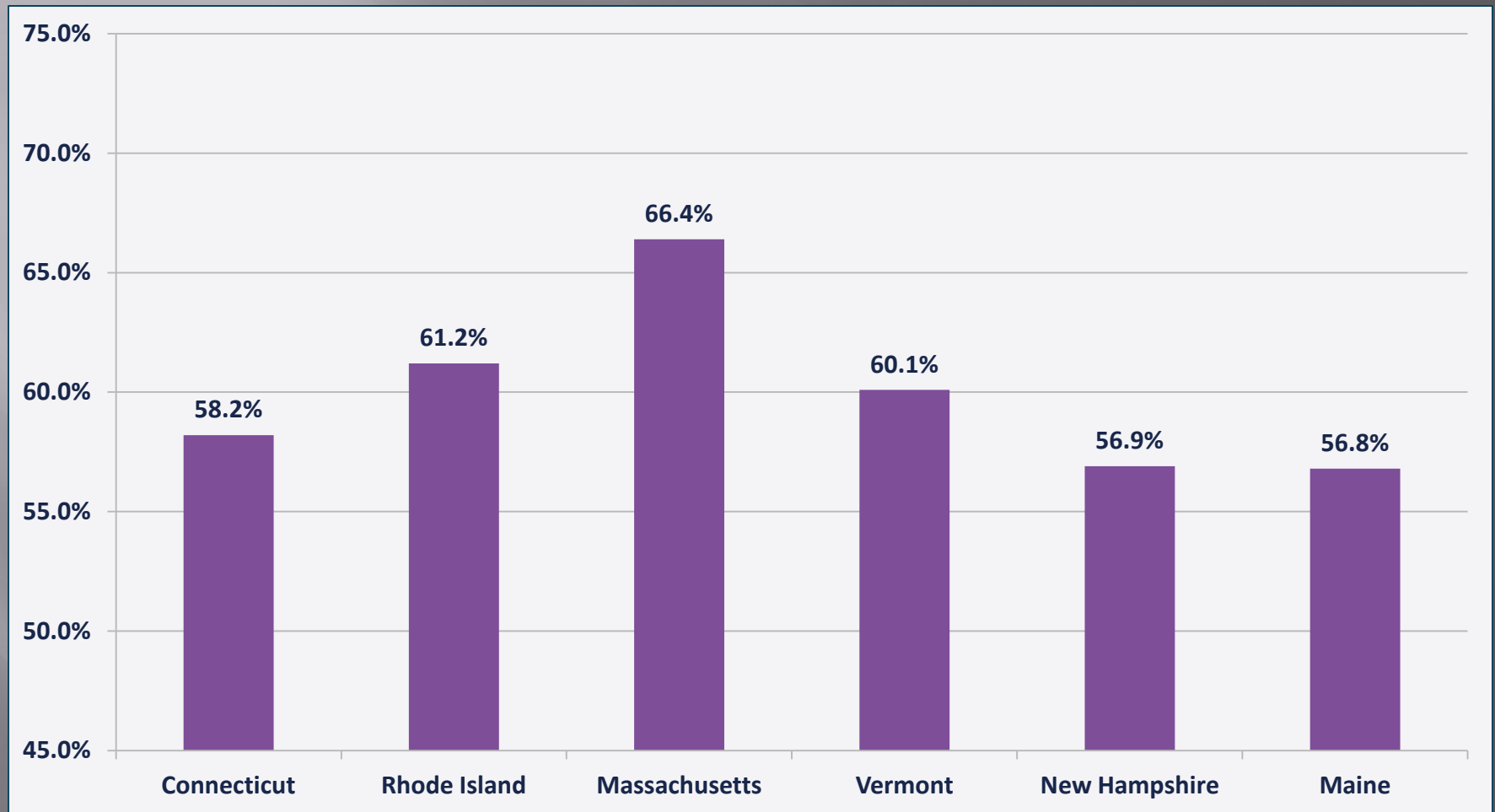
- Total number of hotels in the STR active pipeline as of May 2013 was up 11.6% compared with the same time last year.
- Rooms under construction are up 22.4% compared to same time last year (589 hotels with 73,962 rooms). Of the 589 hotels UC, 410 (70%) are upper-midscale or upscale. NYC has the most 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

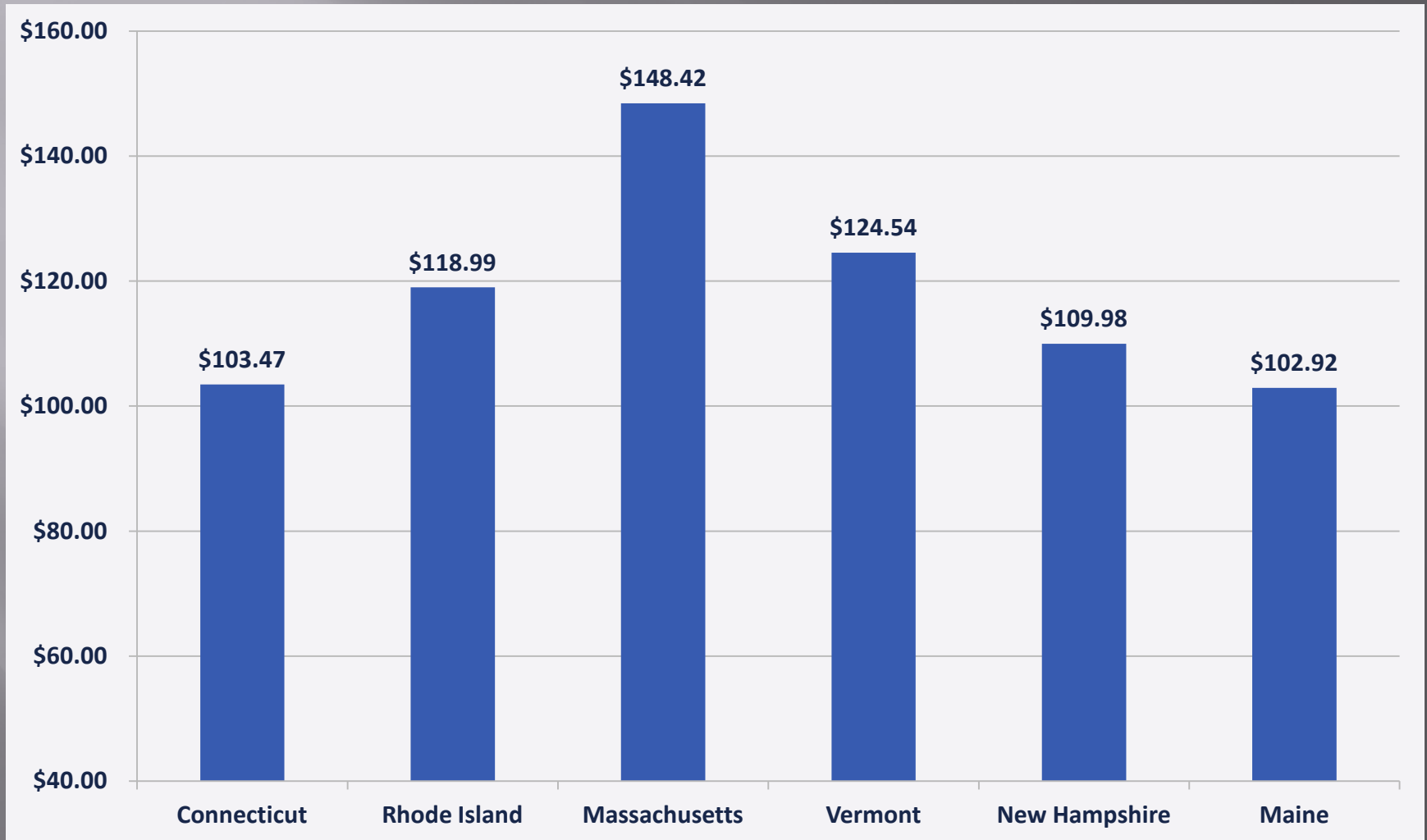
- Supply growth remains modest (0.8% in 2013), but is building (1.1% in 2014).
- Demand growth continues to outpace supply and remains reasonably healthy (2.2% in 2013; 2.5% in 2014).
- ADR growth continues to be the driver of RevPar growth (5.7% in 2013; 6.0% in 2014).
- Barring an economic downturn or unforeseen factors, the lodging market will continue moderate growth in the near future.

NEW ENGLAND LODGING MARKET

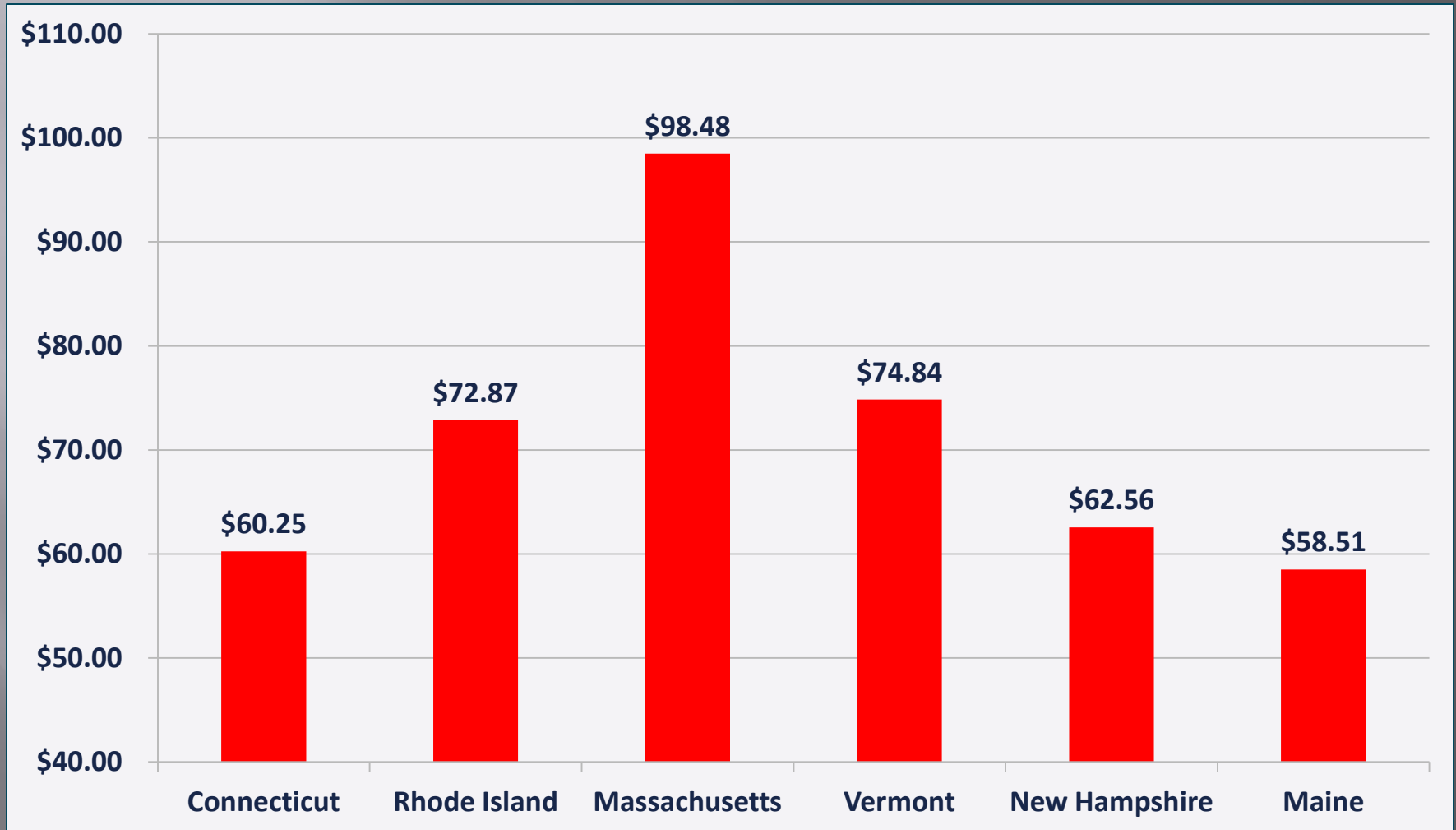
New England Occupancy 2012



New England Average Daily Rate - 2012

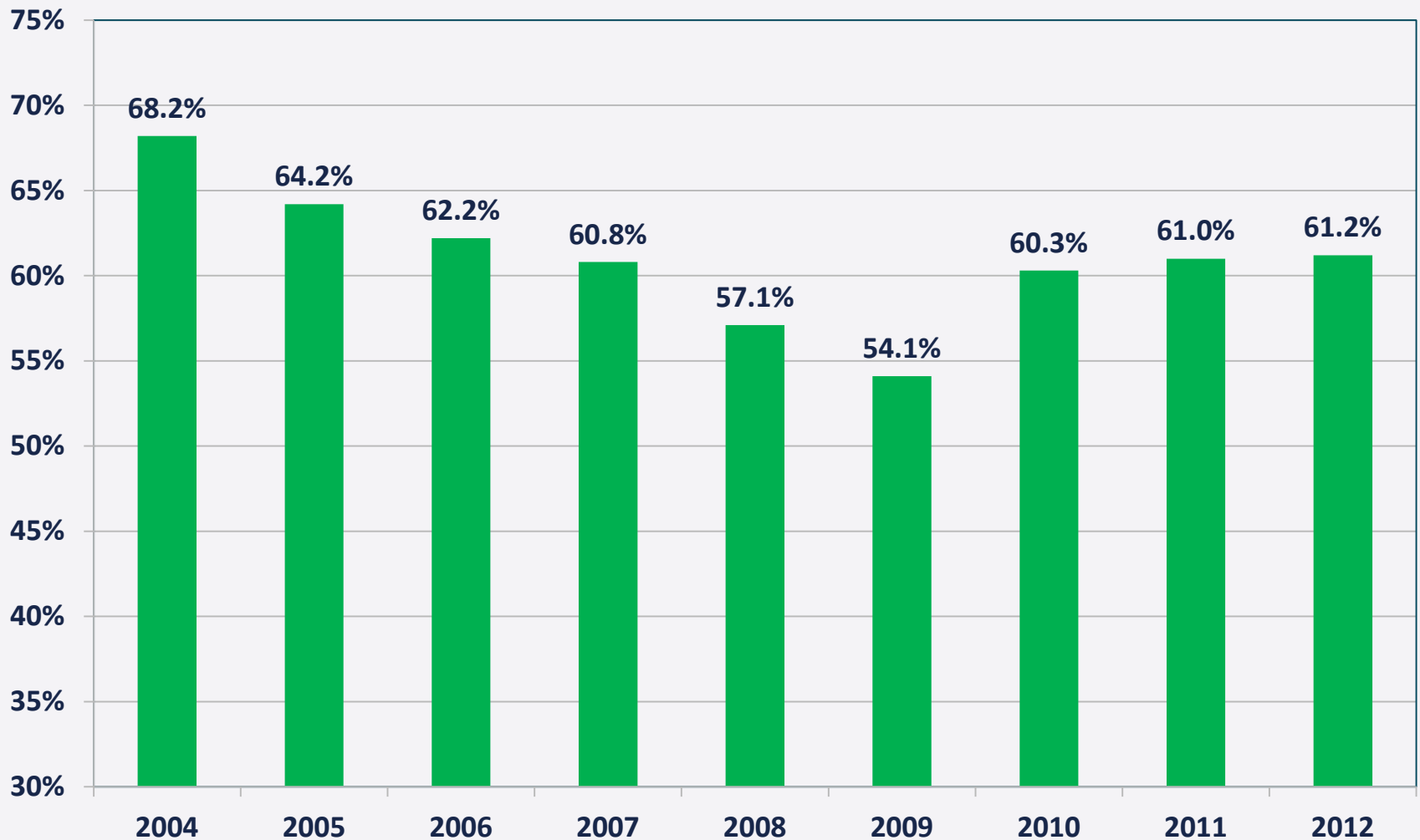


New England RevPAR – 2012



RHODE ISLAND LODGING MARKET

Rhode Island Occupancy 2004-2012



Rhode Island Average Daily Room Rate 2004-2012



Rhode Island RevPAR 2004-2012

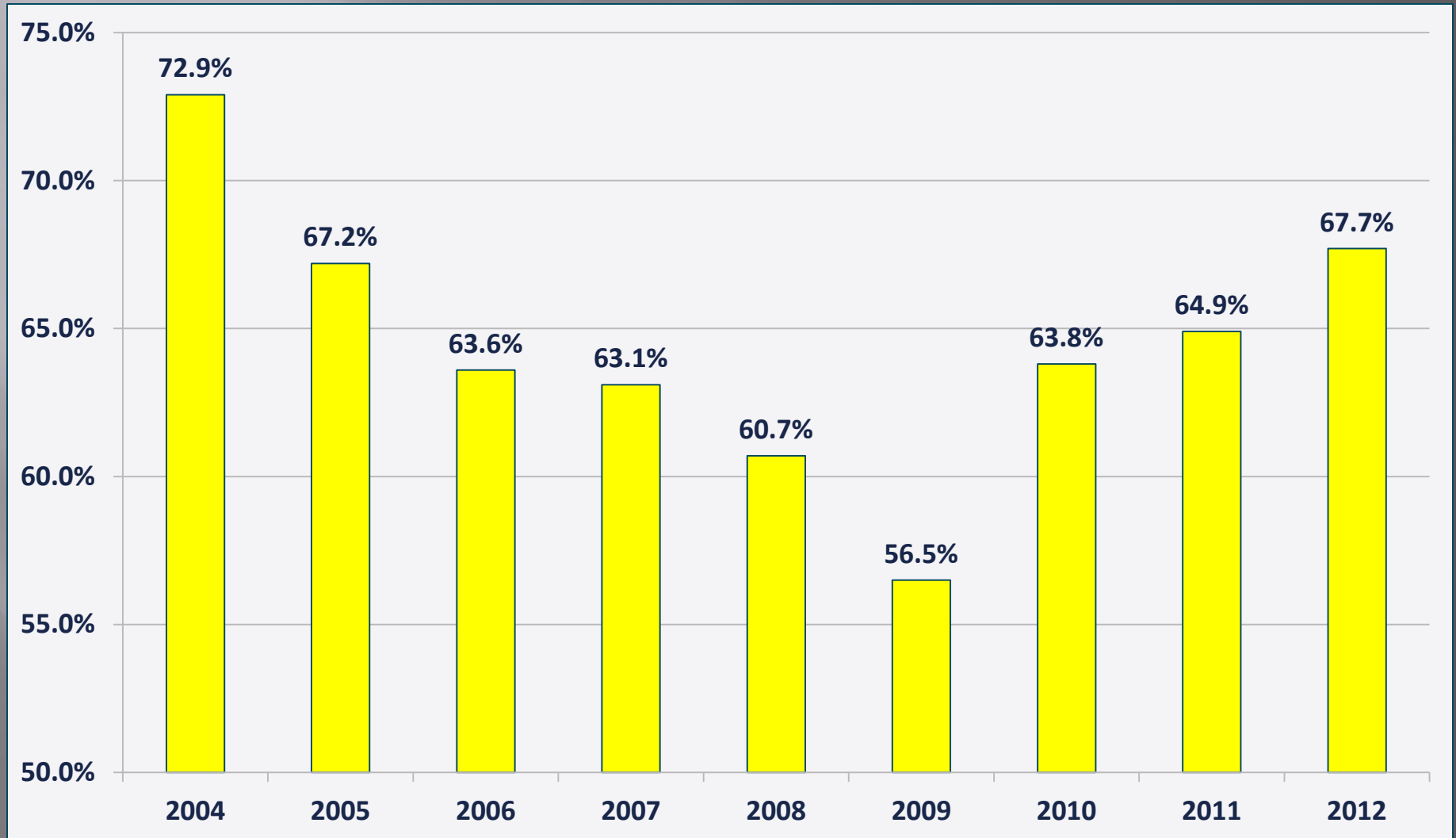


Rhode Island Year-to-Date July Comparison

	<u>2012</u>	<u>2013</u>	
Occupancy	59.9%	61.2%	
ADR	\$116.64	\$117.77	
RevPAR	\$69.82	\$72.09	Up 3.2%

CITY OF PROVIDENCE LODGING MARKET

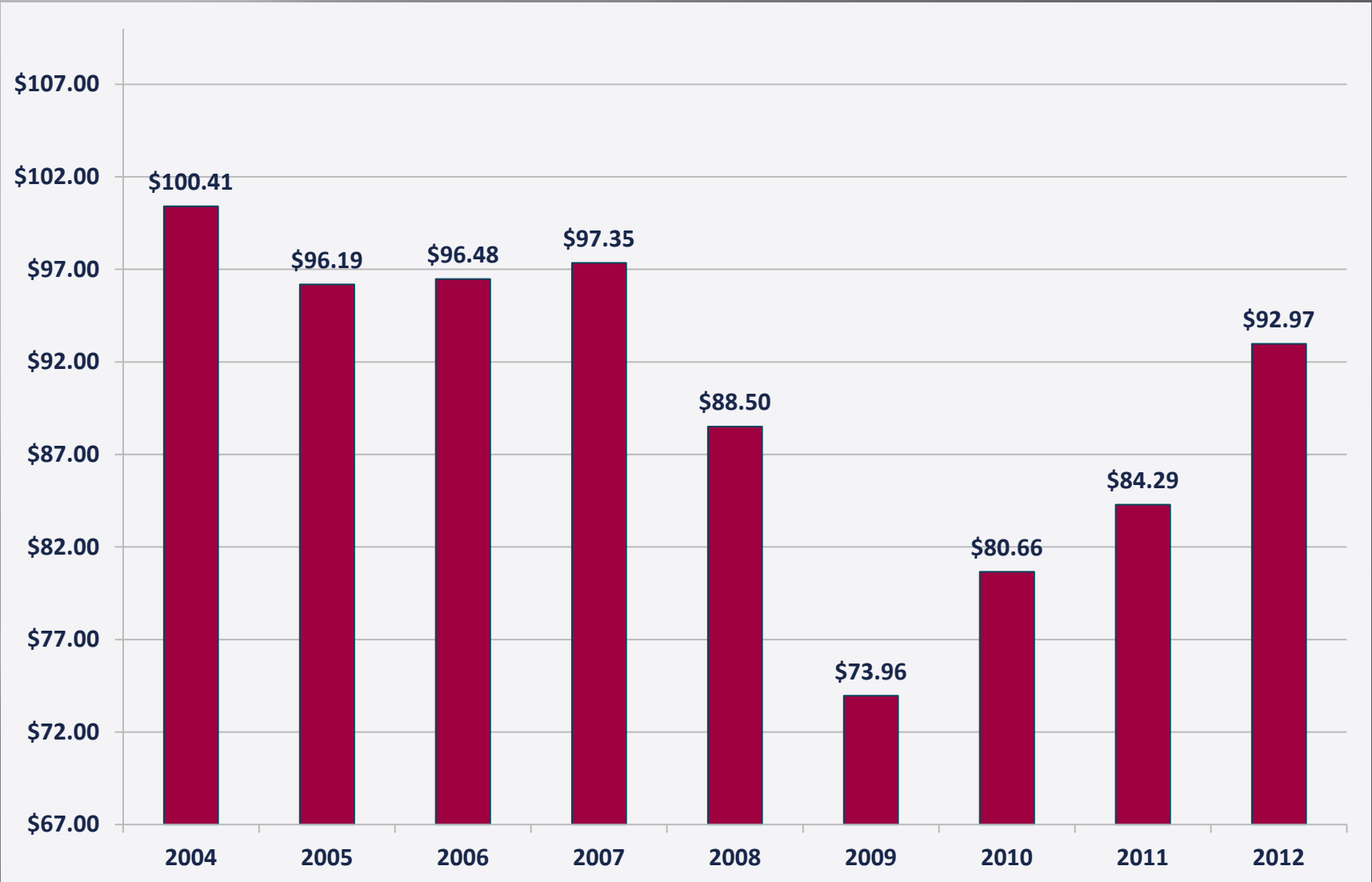
Providence Occupancy 2004-2012



Providence Average Daily Room Rate 2004-2012



Providence RevPAR 2004-2012



Providence YTD July 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Occupancy	63.3%	66.3%	67.5%	
ADR	\$129.76	\$137.62	\$133.34	
RevPAR	\$82.16	\$91.22	\$92.07	<i>Up 0.9%</i>
				YTD July
				DC Down 0.6%
				Phil Up 0.5%
				Boston Up 2.4%
				NY Up 6.8%

Providence - Future

- Convention
- Office Market
- Other Demand Factors
 - New Supply
 - Projections

Providence Convention Center Room Nights - 2013

Tap Report

- Q4 2013 is 11 percent behind the pace target and 20% behind last year
- 2014 is 7% ahead of pace target and 1% ahead of last year

Citywide Report

- Q4 2013 has three citywide conventions - same as last year
- Q4 has 15,000 citywide room nights vs 19,000 last year (down 20%)
- 2014 has 14 citywide conventions vs 19 same time last year for 2013
- 2014 has 53,000 citywide room nights vs 44,000 same time last year for 2013
 - ❖ American Contract Bridge Championships – 13,000 Room nights
11/22-12/8

Providence – Downtown Office Market (class A, B, C)

	Vacancy
11/30/04	8.5%
12/31/05	10.1%
12/31/06	11.2%
12/31/07	14.8%
12/31/08	15.2%
12/31/09	17.2%
12/31/10	18.9%
12/31/11	15.9%
12/31/12	16.0%

Providence Other Factors

- Economic Outlook – Still climbing out of recession
 - New Lodging Supply – Sportsman's Inn

Providence – Projections

- 2013 – 69% @ \$137: REVPAR - \$94.53
- 2014 – 70% @ \$140: REVPAR - \$98.00

WARWICK LODGING MARKET

Warwick Occupancy 2004-2012



Warwick Average Daily Room Rate 2004-2012



Warwick RevPAR 2004-2012



Warwick YTD July 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Occupancy	66.1%	62.8%	66.5%	
ADR	\$82.17	\$84.07	\$86.47	
RevPAR	\$54.34	\$52.76	\$57.49	<i>Up</i> 9.0%

Warwick – Future

Issues

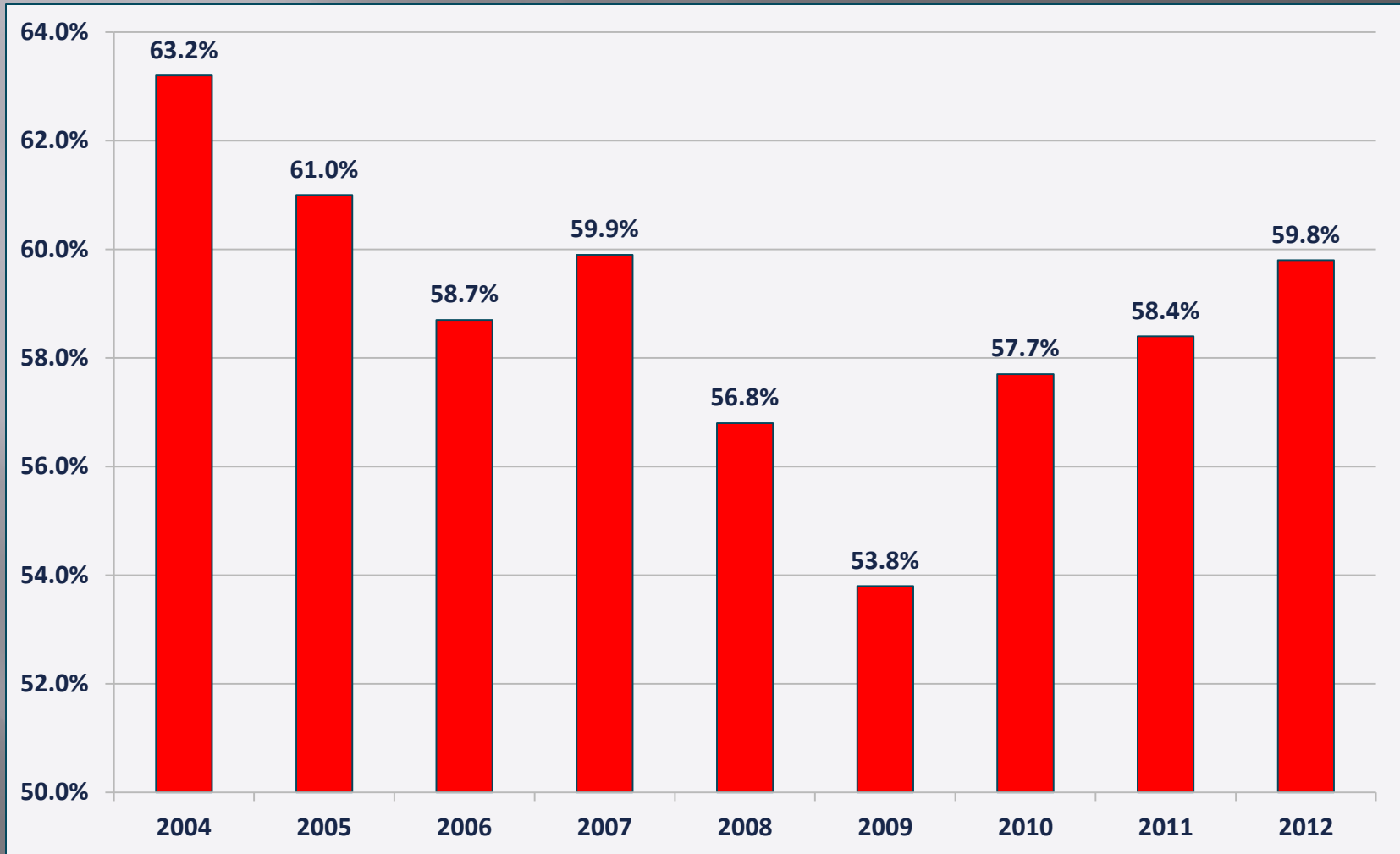
- Airport Factors – YTD Passengers Up 2.8%
- Train Station – Anticipate New Business Activity
- Office Market – Declining Vacancy Rate
- No New Supply – Proposed Hotel Apponaug – Still Preliminary
- Economy Continues to Improve

Projections

- 2013: 66% @ \$87.00: REVPAR - \$57.42
- 2014: 68% @ \$89.00: REVPAR - \$60.52

NEWPORT LODGING MARKET

Newport Occupancy 2004-2012



Newport Average Daily Rate 2004-2012



Newport RevPAR 2004-2012



Newport YTD July 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Occupancy	55.3%	57.9%	57.0%	
ADR	\$168.80	\$169.45	\$173.48	
RevPAR	\$93.35	\$98.12	\$98.85	Up 0.7%

Newport – Future

Issues:

- No New Supply (Newport); A Homewood opened in Middletown in June 2012
- Government Demand: sequestration and government rates
- Newport continues to be popular wedding market
- Cruise ships: anticipate less demand in 2014
- Group demand sales figures for 2014 are highest since 2008 recession

Projections:

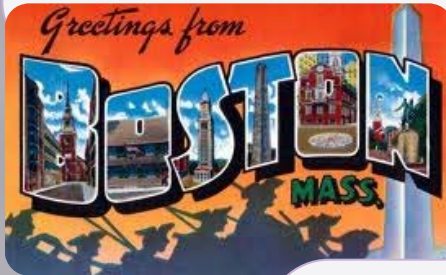
2013 – 60% @ \$181: RevPAR - \$108.60

2014 – 61% @ \$185: RevPAR - \$112.85

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