



*Voice of Rhode Island's Lodging,
Restaurant, and Tourism Industry*

Economic Outlook Breakfast

August 26, 2014

The State of the Hospitality Industry in Rhode Island

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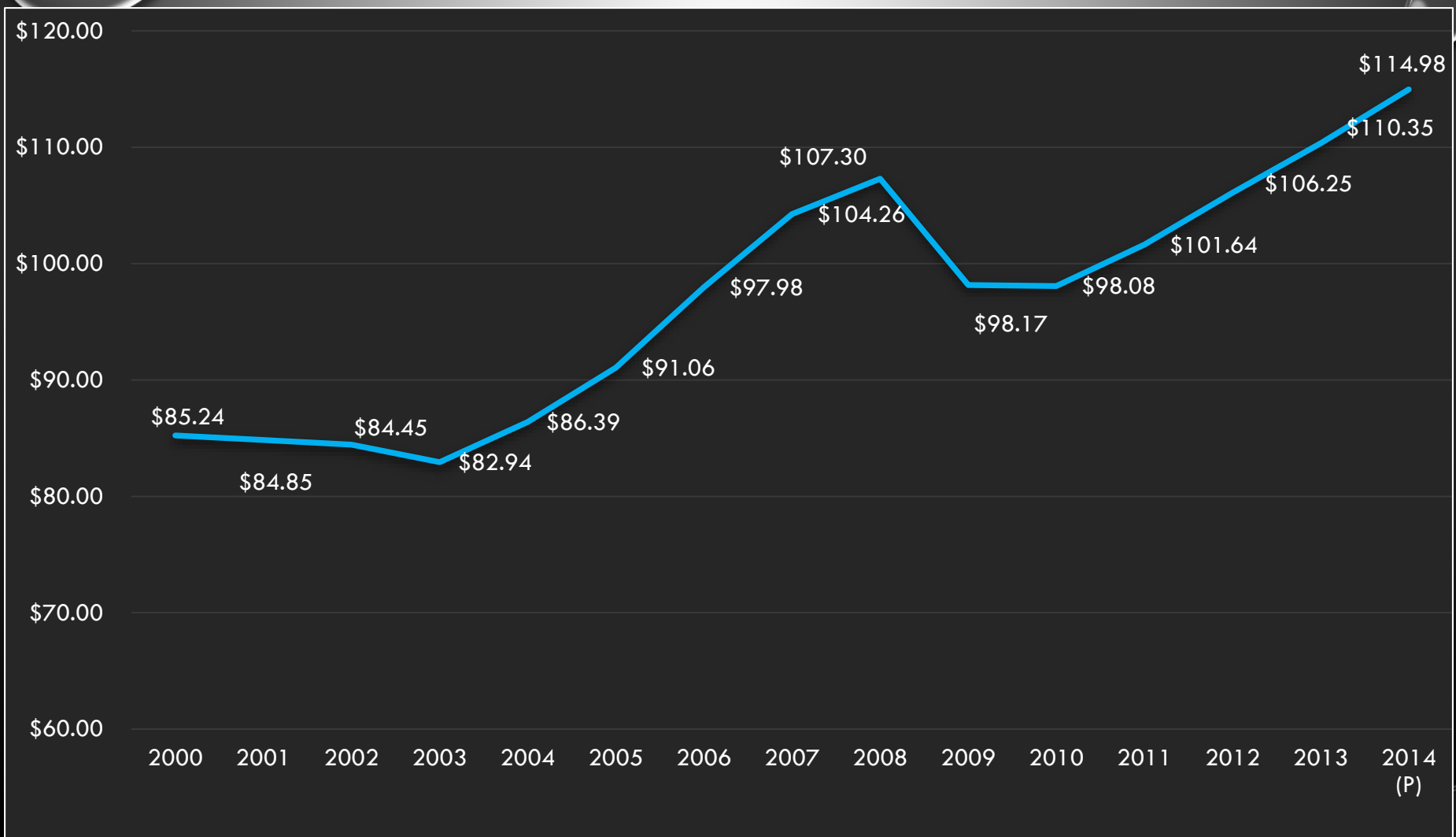
The background is a dark gray gradient with a bright white circular glow in the upper center. Numerous realistic water droplets of various sizes are scattered across the image, particularly concentrated in the top-left and bottom-right corners. A white rectangular box with a dark blue border is centered horizontally.

NATIONAL LODGING MARKET

U.S. Occupancy 2000–2014(P)



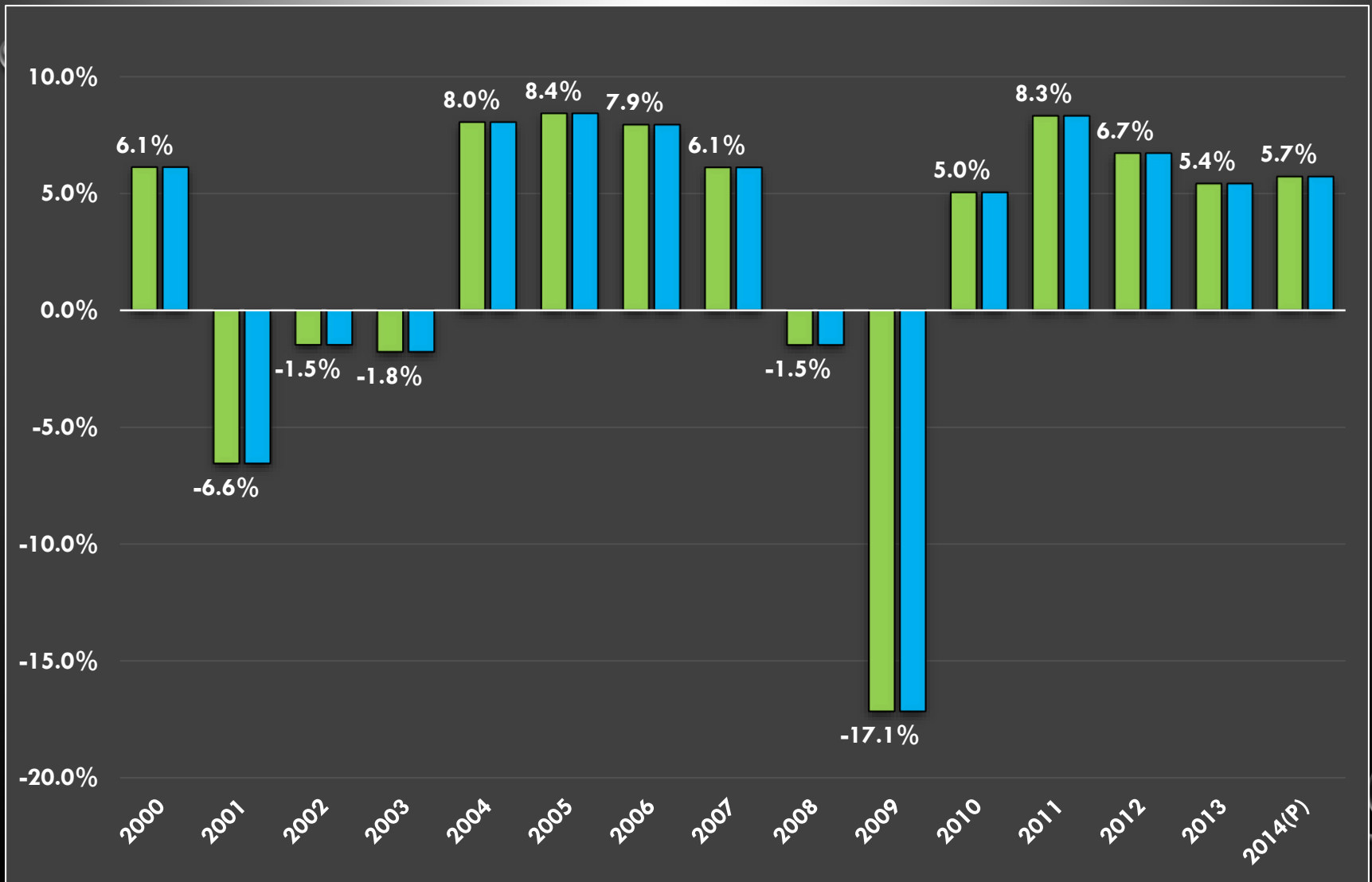
U.S. Average Daily Rate 2000-2014(P)



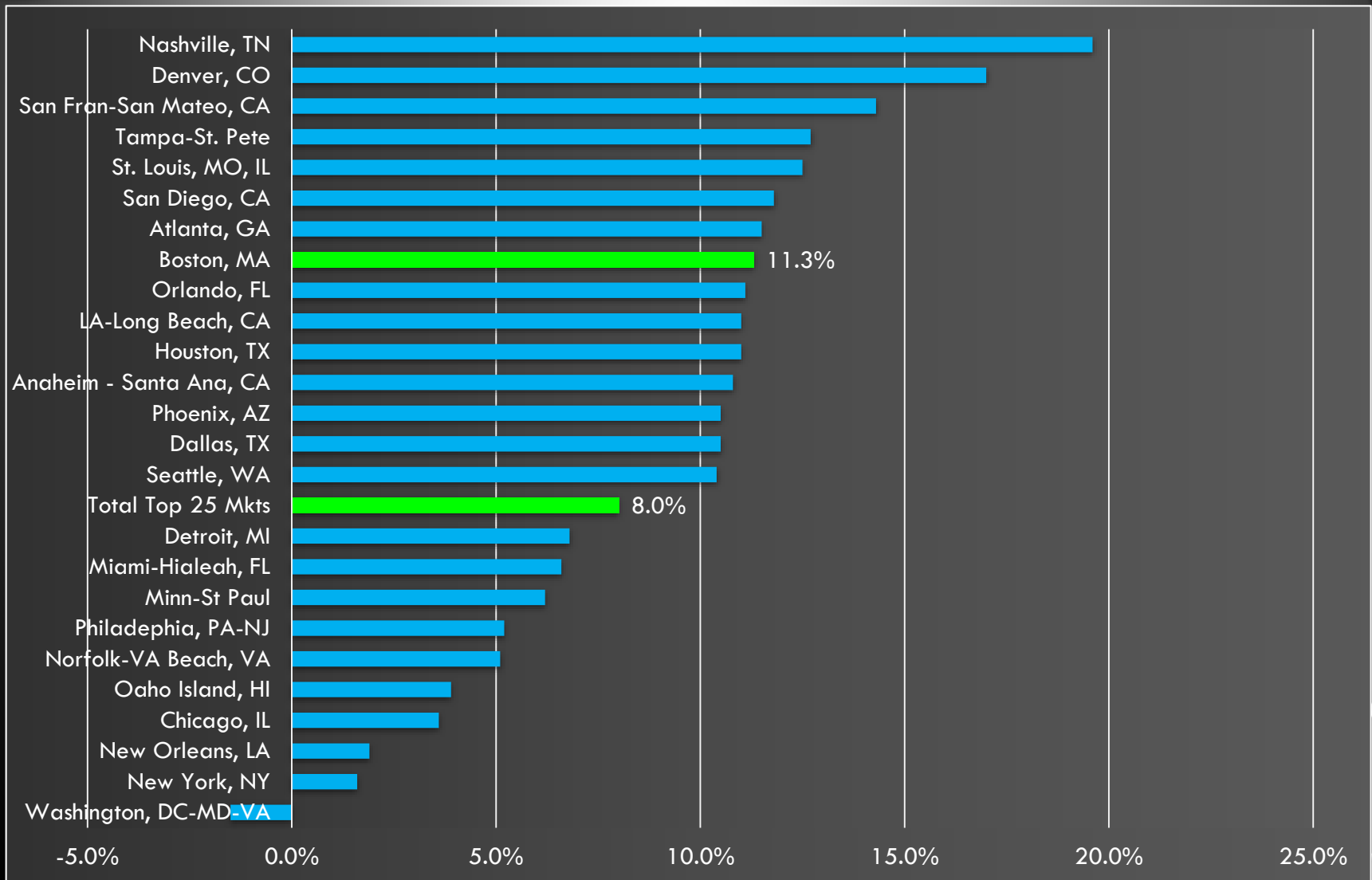
U.S. RevPAR 2000– 2014(P)



U.S. RevPAR Percent Change 2000 – 2014(P)



Top 25 Market Areas Change in RevPAR Through YTD May 2014



NEW SUPPLY

- Total number of hotels in the STR active pipeline as of May 2014 was up 17.6% compared with the same time last year. This includes hotels In Construction, Final Planning, and Planning.
- Rooms under construction are up 41.5% compared to same time last year.
- Long term average growth rate for new supply is 1.9%. In 2013, US hotel supply increased .7%. In 2014 and 2015 supply is expected to increase 1.2% and 1.6%, respectively.

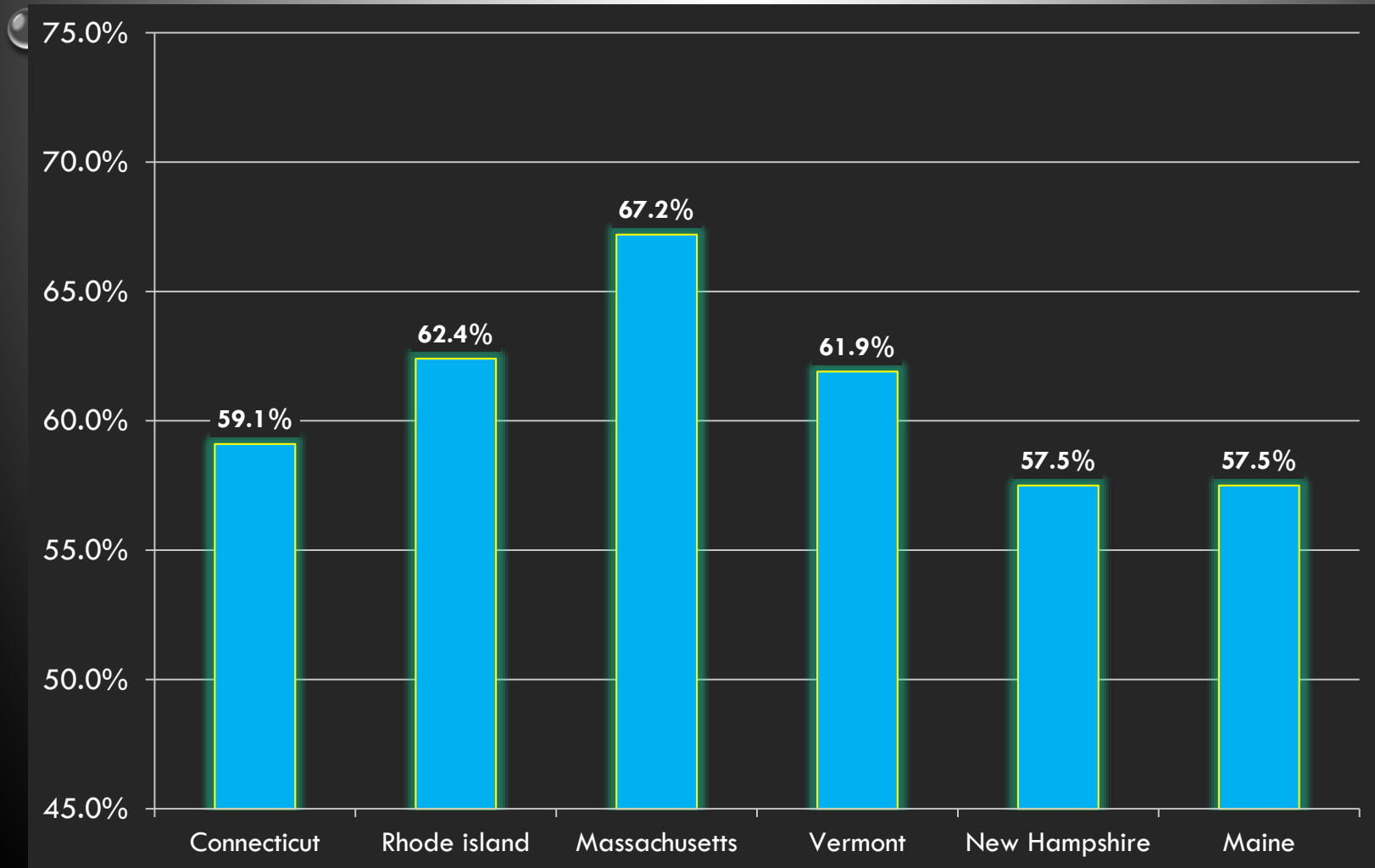
TAKEAWAYS

- Industry fundamentals remain solid.
- Supply growth remains modest (1.2% in 2014), but is building. By 2016 supply growth may exceed long term average.
- Demand growth continues to outpace supply and remains reasonably healthy (2.6% in 2014; 2.2% in 2015).
- ADR growth continues to be the driver of RevPAR growth (4.2% in 2014 and 4.3% in 2015). Note that long term ADR growth is approximately 2.9%.
- RevPAR forecasts are positive: 5.7% in 2014 and 4.9% in 2015.
- Barring an economic downturn or unforeseen factors, the lodging market will continue in the “up cycle” and many forecasters expect this trend to continue into 2016.

The background of the slide is a dark gray gradient. In the top-left and bottom-right corners, there are several realistic water droplets of various sizes, some overlapping, creating a sense of depth and texture. The title is centered in a white rectangular box with a dark blue border.

NEW ENGLAND LODGING MARKET

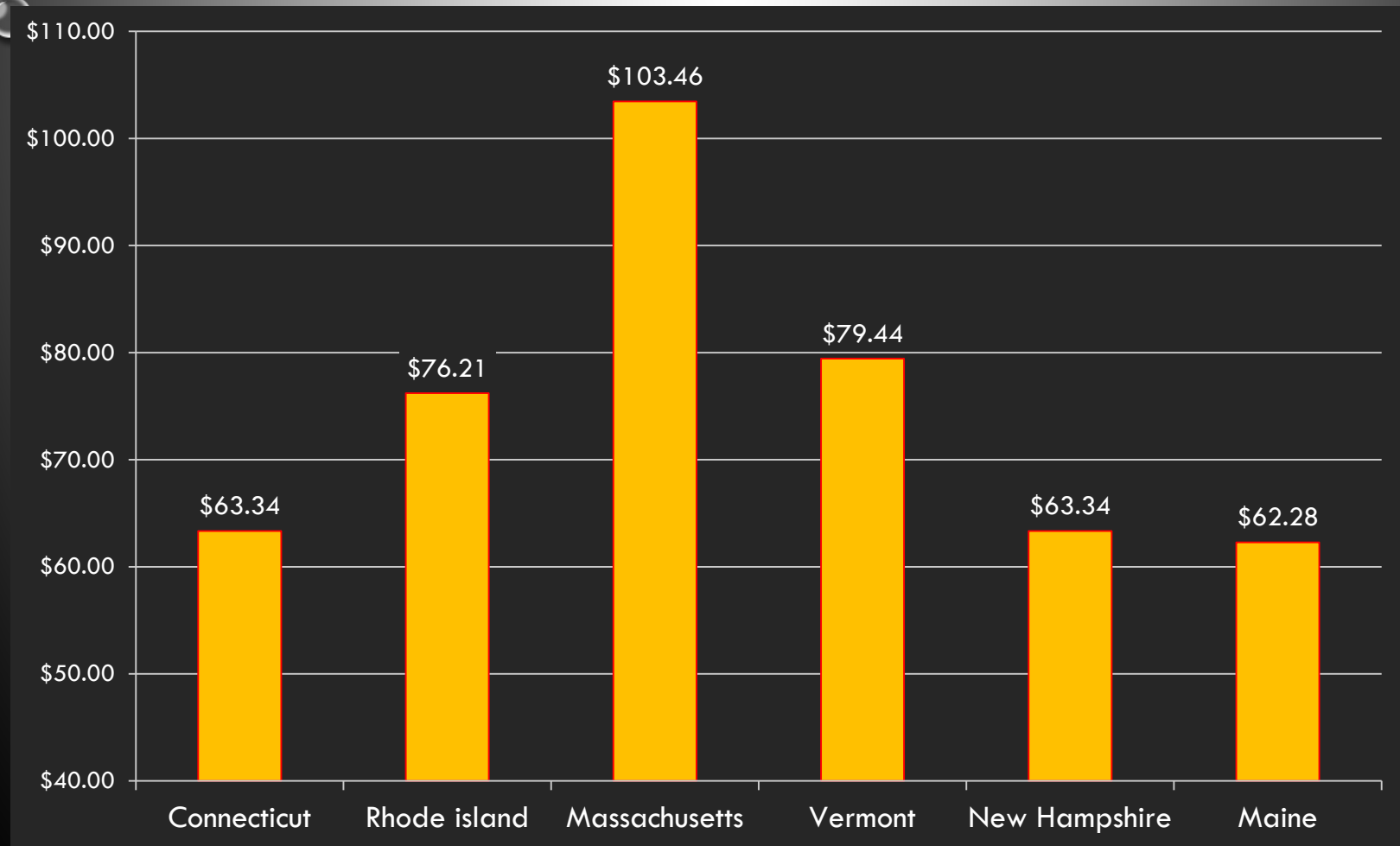
NEW ENGLAND OCCUPANCY 2013



NEW ENGLAND AVERAGE DAILY RATE - 2013



NEW ENGLAND REVPAR – 2013

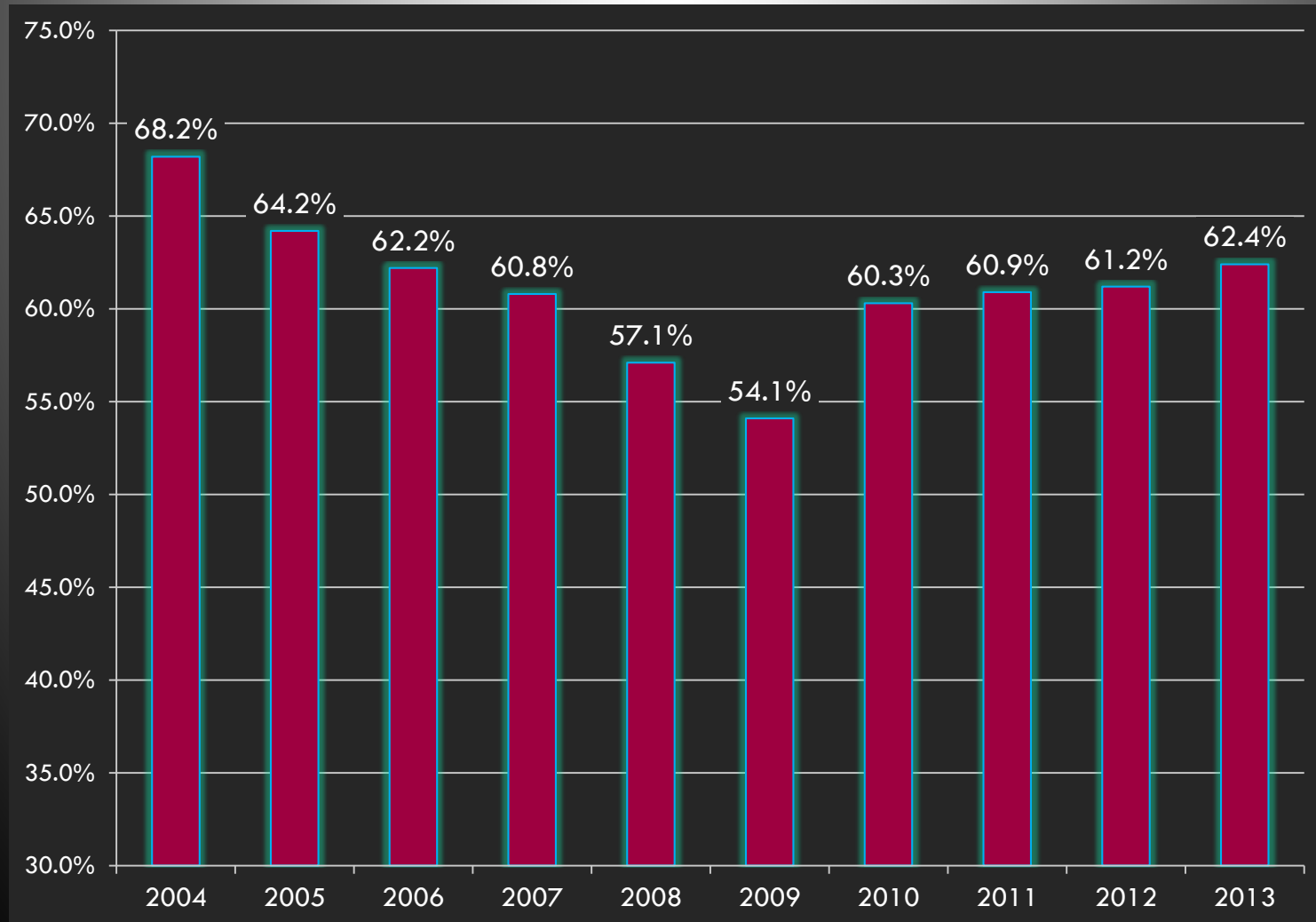


Source: Smith Travel Research/Pinnacle Advisory Group

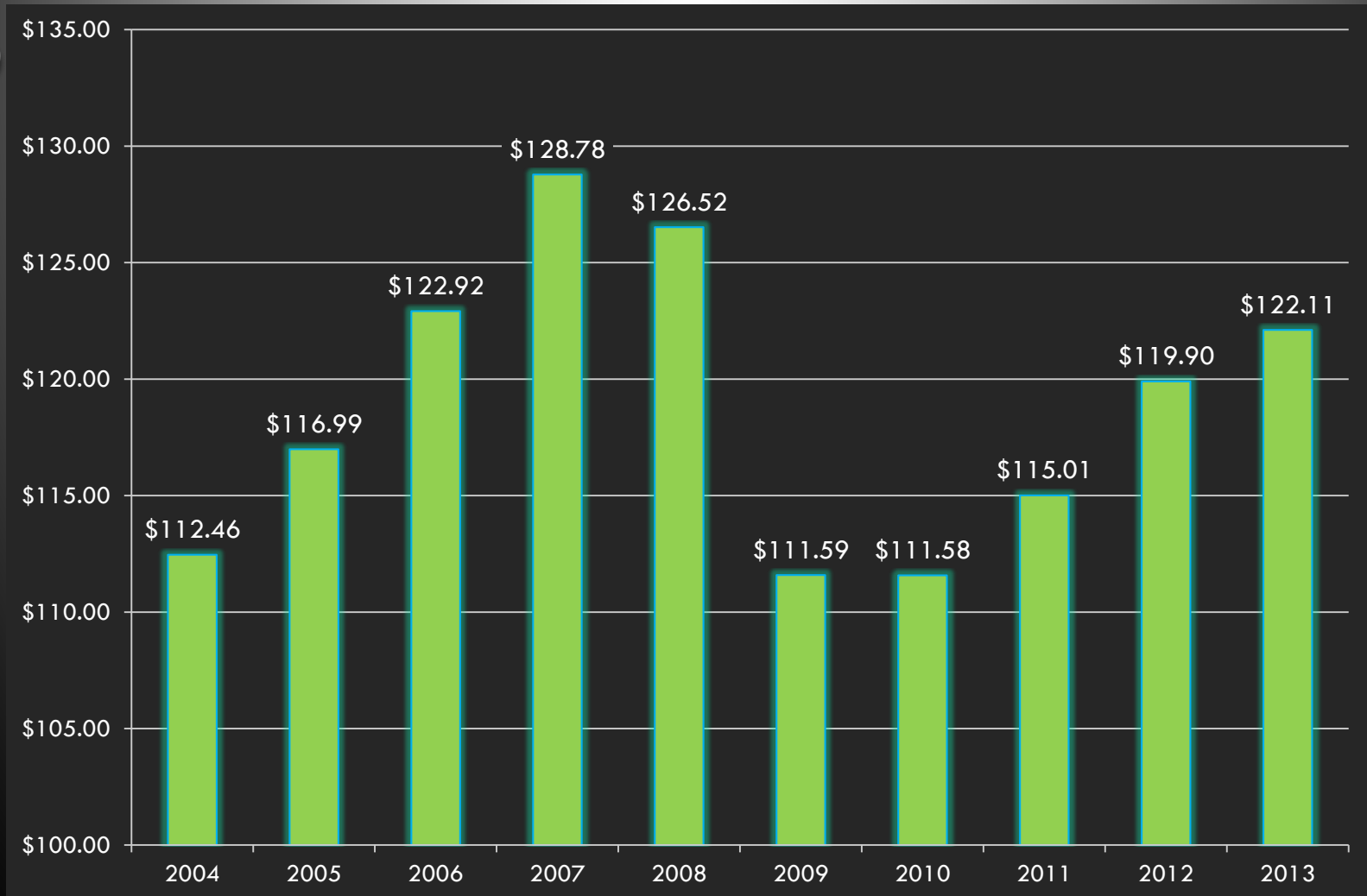
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RHODE ISLAND LODGING MARKET

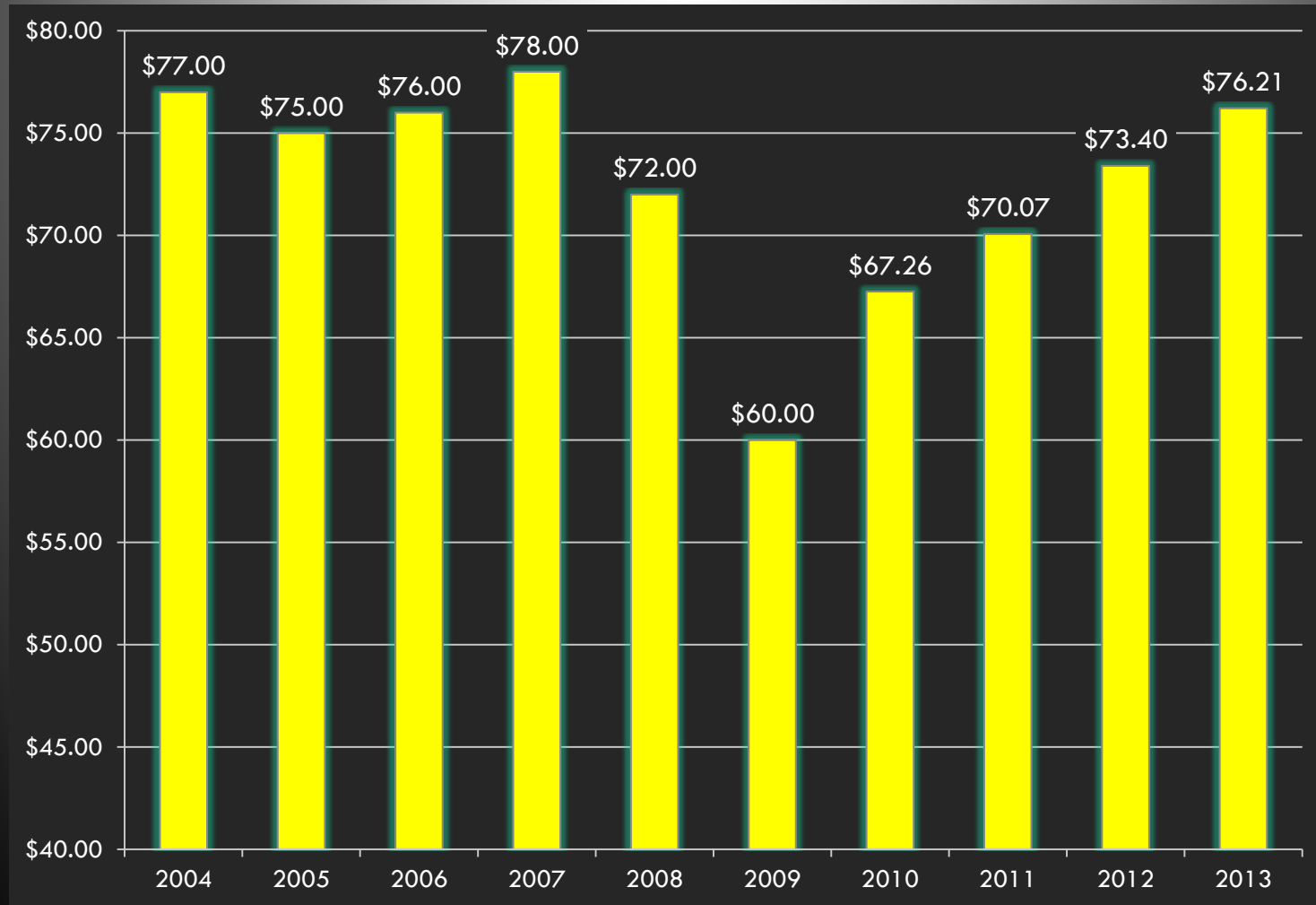
RHODE ISLAND OCCUPANCY 2004-2013



RHODE ISLAND AVERAGE DAILY ROOM RATE 2004-2013



RHODE ISLAND REVPAR 2004-2013



RHODE ISLAND YEAR-TO-DATE JUNE COMPARISON

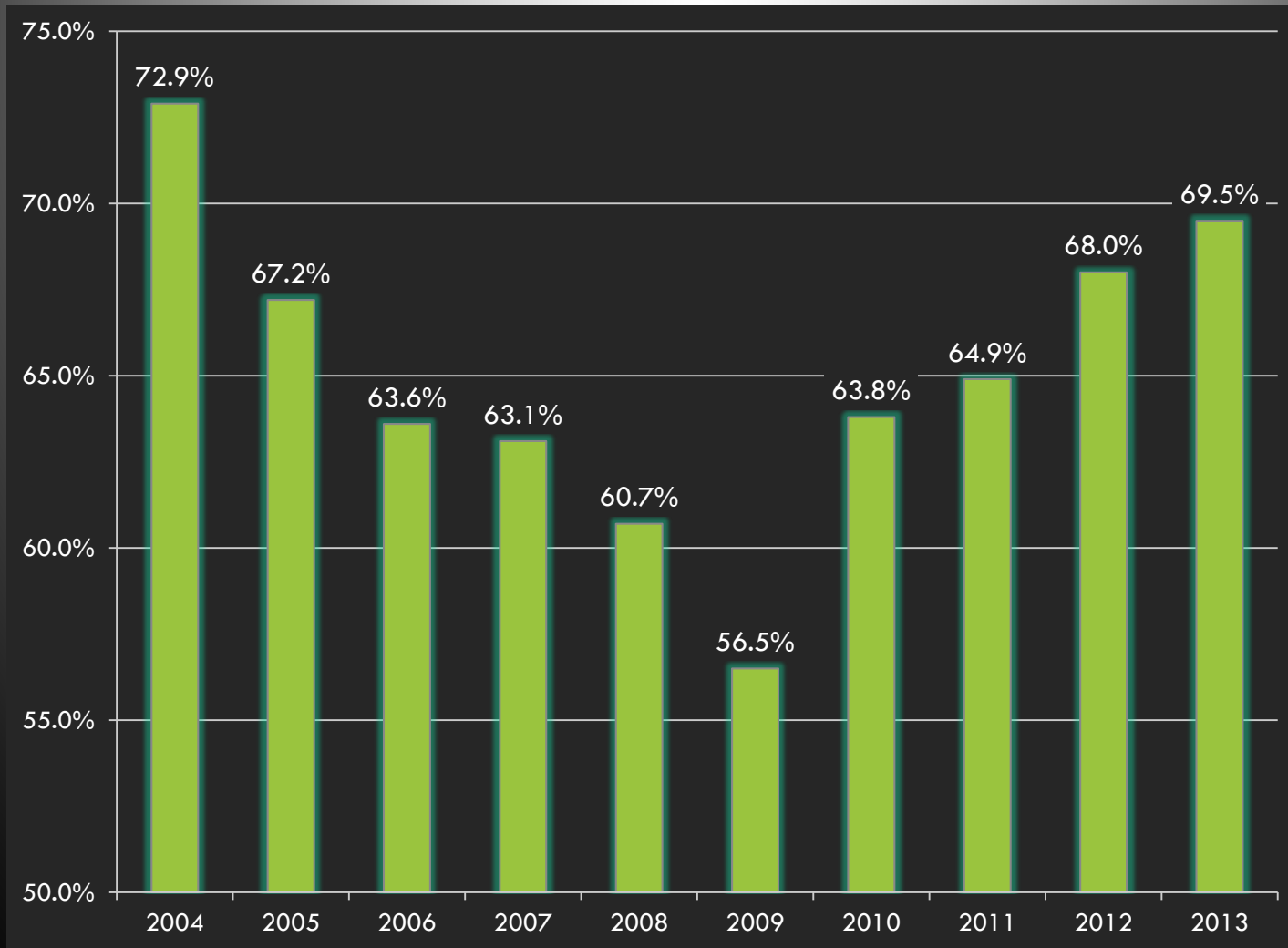
	<u>2013</u>	<u>2014</u>	
Occupancy	58.0%	57.8%	
ADR	\$112.99	\$118.38	
RevPAR	\$65.57	\$68.36	Up 4.3%

Source: Smith Travel Research

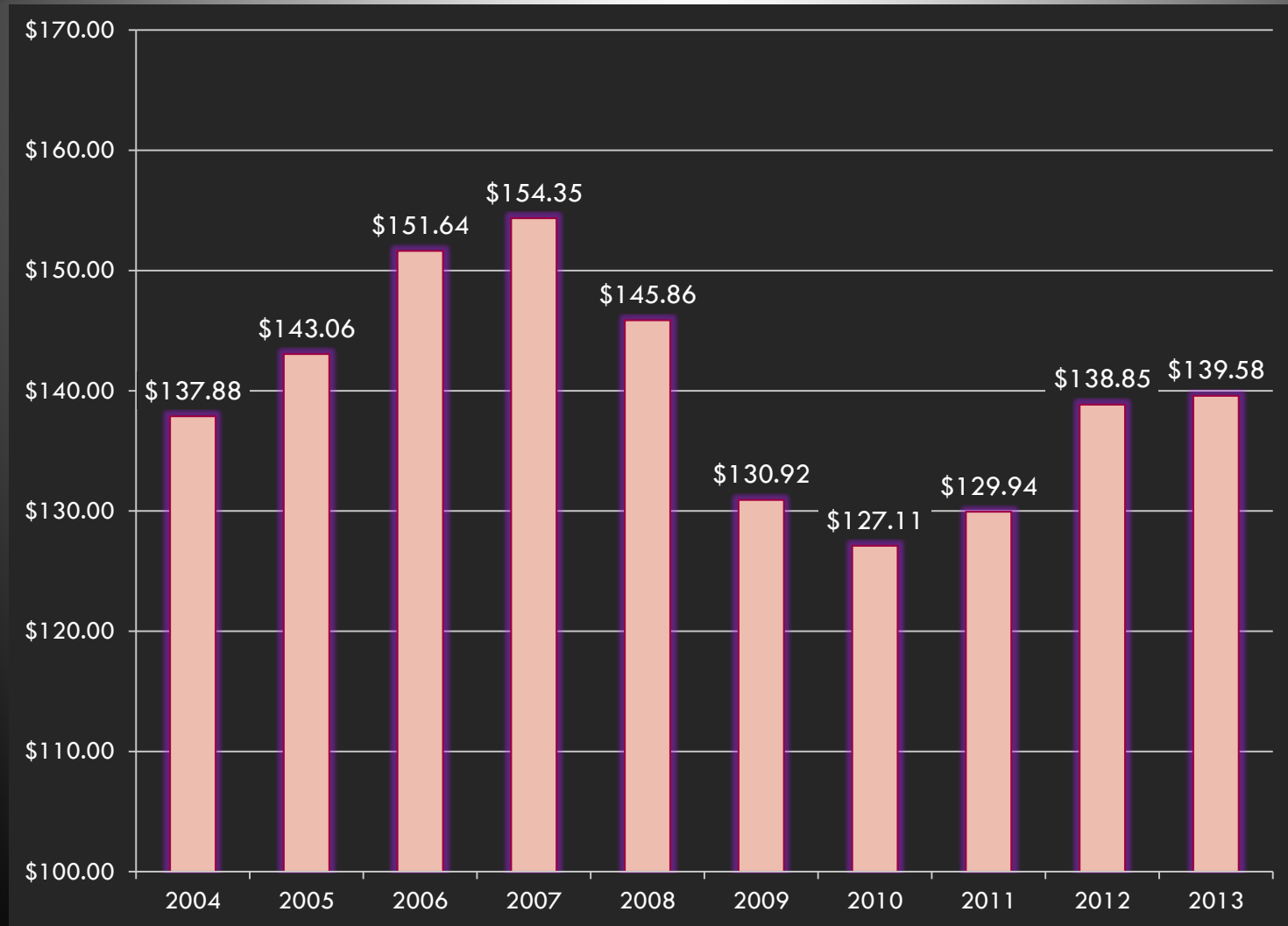
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CITY OF PROVIDENCE LODGING MARKET

PROVIDENCE OCCUPANCY 2004-2013



PROVIDENCE AVERAGE DAILY ROOM RATE 2004-2013



PROVIDENCE REVPAR 2004-2013



PROVIDENCE YTD JUNE 2014

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Occupancy	65.9%	66.2%	65.3%	
ADR	\$138.64	\$137.45	\$145.11	
RevPAR	\$91.40	\$91.03	\$94.60	<i>Up 4.1%</i>
			YTD June	
			DC	Down 0.5%
			Phil	Up 2.8%
			Boston	Up 10.8%
			NY	Up 2.3%

Source: Smith Travel Research

PROVIDENCE - FUTURE

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

PROVIDENCE CONVENTION CENTER ROOM NIGHTS - 2014

Tap Report

- Q4 2014 is 44 percent ahead of the pace target
- 2015 is 11% ahead of pace target

Citywide Report

- Q4 2014 has three citywide conventions - same as last year
- Q4 has 17,000 citywide room nights vs 15,000 last year (up 13%)
- 2015 has 22 citywide conventions vs 14 same time last year for 2014
- 2015 has 58,000 citywide room nights vs 53,000 same time last year for 2014

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%
12/31/13	16.2%

PROVIDENCE OTHER FACTORS

- Economic Outlook – Slow growth anticipated
 - New Lodging Supply – The Dean

PROVIDENCE – PROJECTIONS

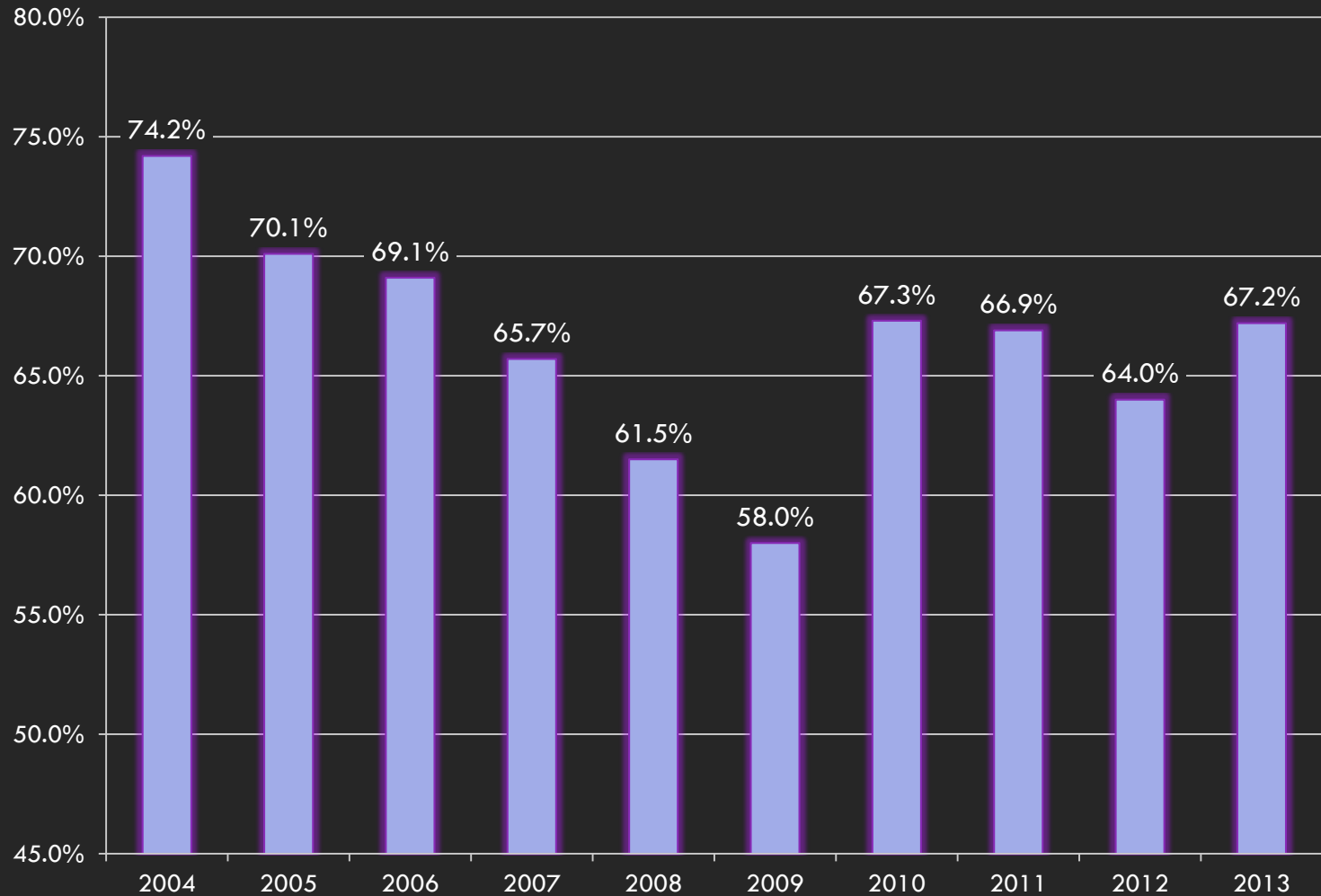
2014 – 70% @ \$146: REVPAR - \$102.20

2015 – 70% @ \$152: REVPAR - \$106.40

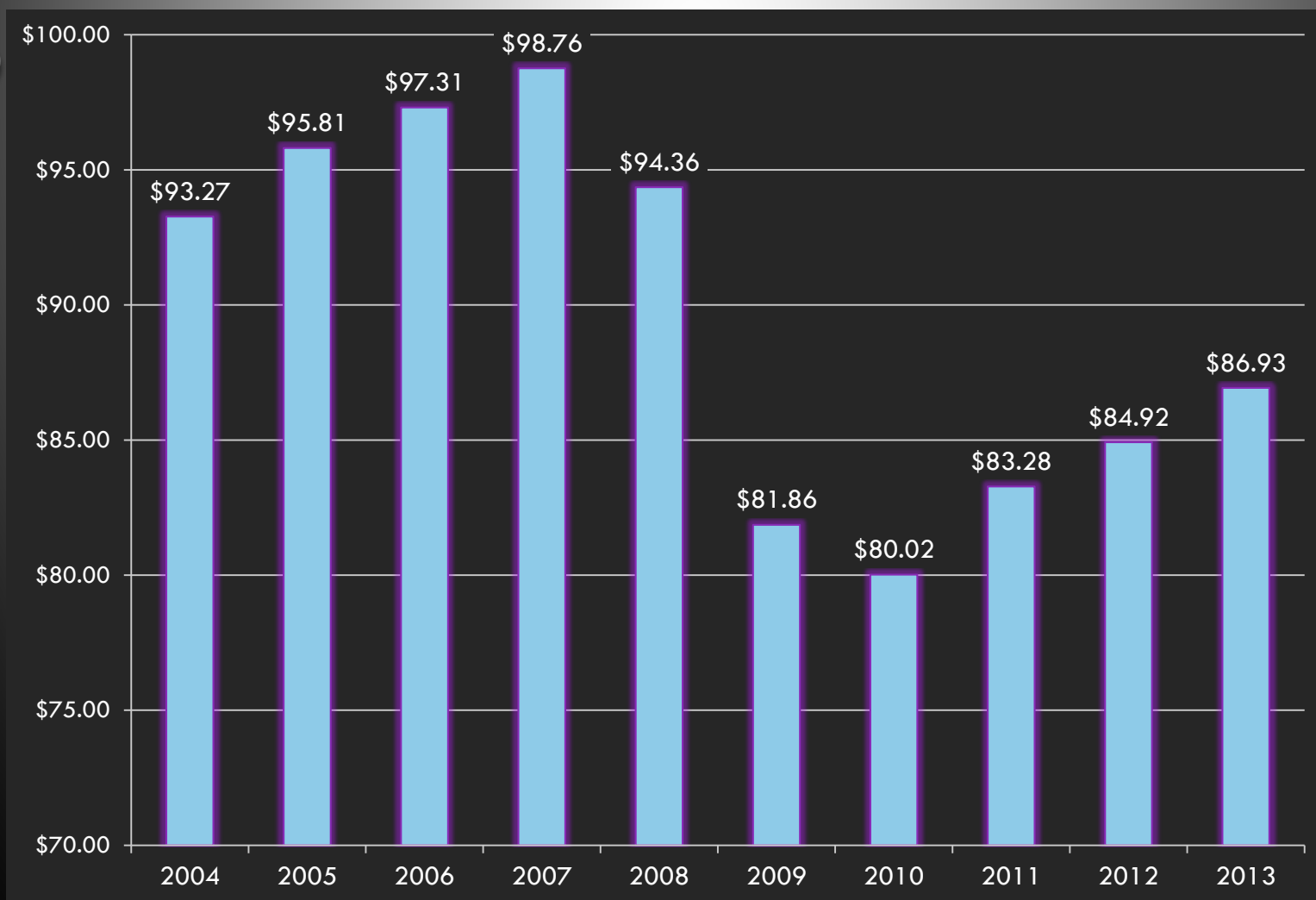
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WARWICK LODGING MARKET

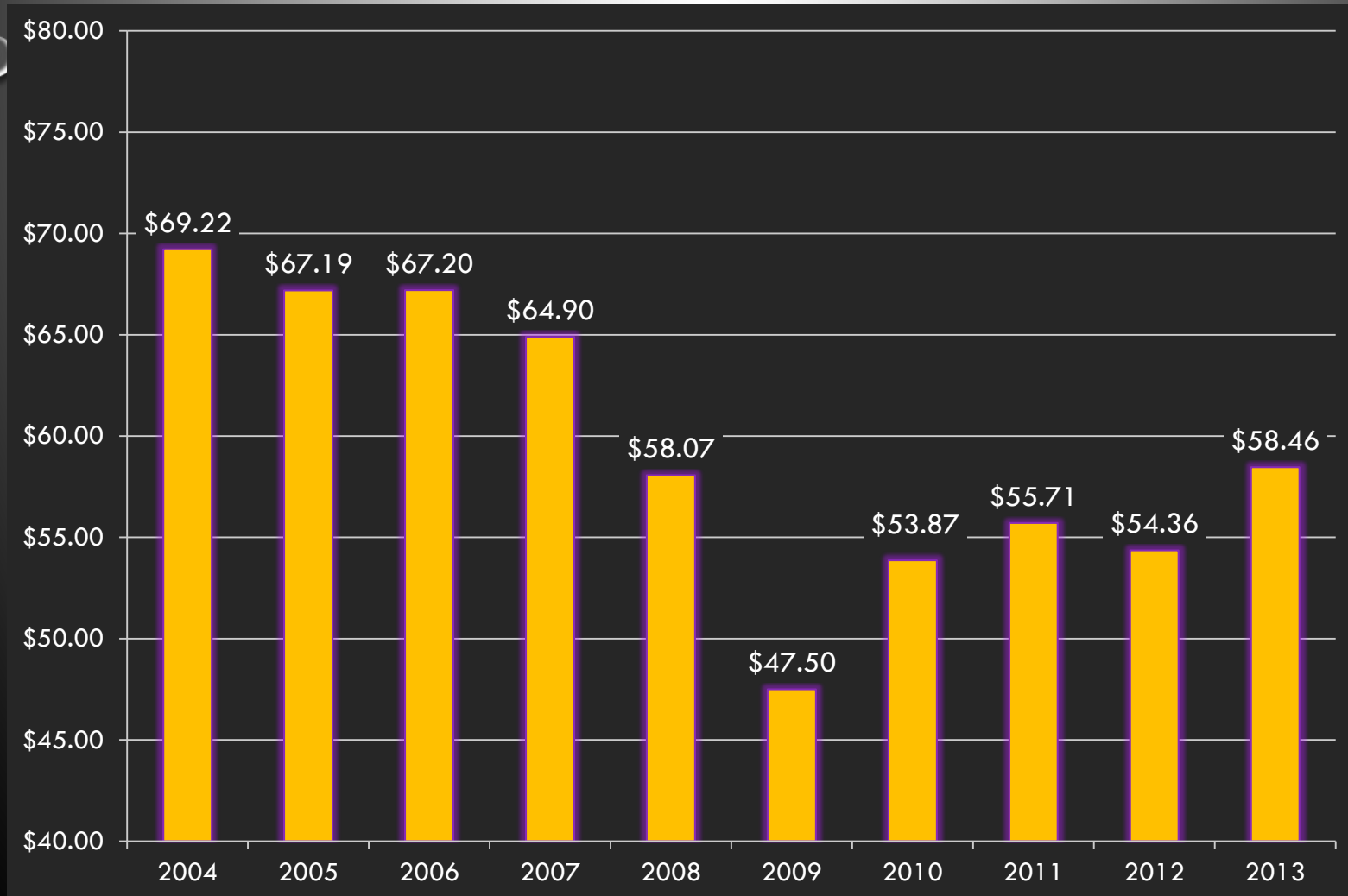
WARWICK OCCUPANCY 2004-2013



WARWICK AVERAGE DAILY ROOM RATE 2004-2013



WARWICK REVPAR 2004-2013



WARWICK YTD JUNE 2014

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Occupancy	60.5%	64.2%	64.4%	
ADR	\$82.88	\$85.97	\$88.44	<i>Up</i> 2.9%
RevPAR	\$50.11	\$55.20	\$57.00	<i>Up</i> 3.2%

Source: Smith Travel Research

WARWICK – FUTURE

Issues

- Unemployment – June 2014: 6.4% (down from 8.5%)
- Airport Factors – YTD Passengers Down (6.8%)
- Office Market – Declining Vacancy Rate
- New Supply – Proposed Hotel Apponaug (Wyndham) – Anticipate Late 2015 Opening
- Other – Sporting Events and New Outlet Mall
- Economy Continues to Improve

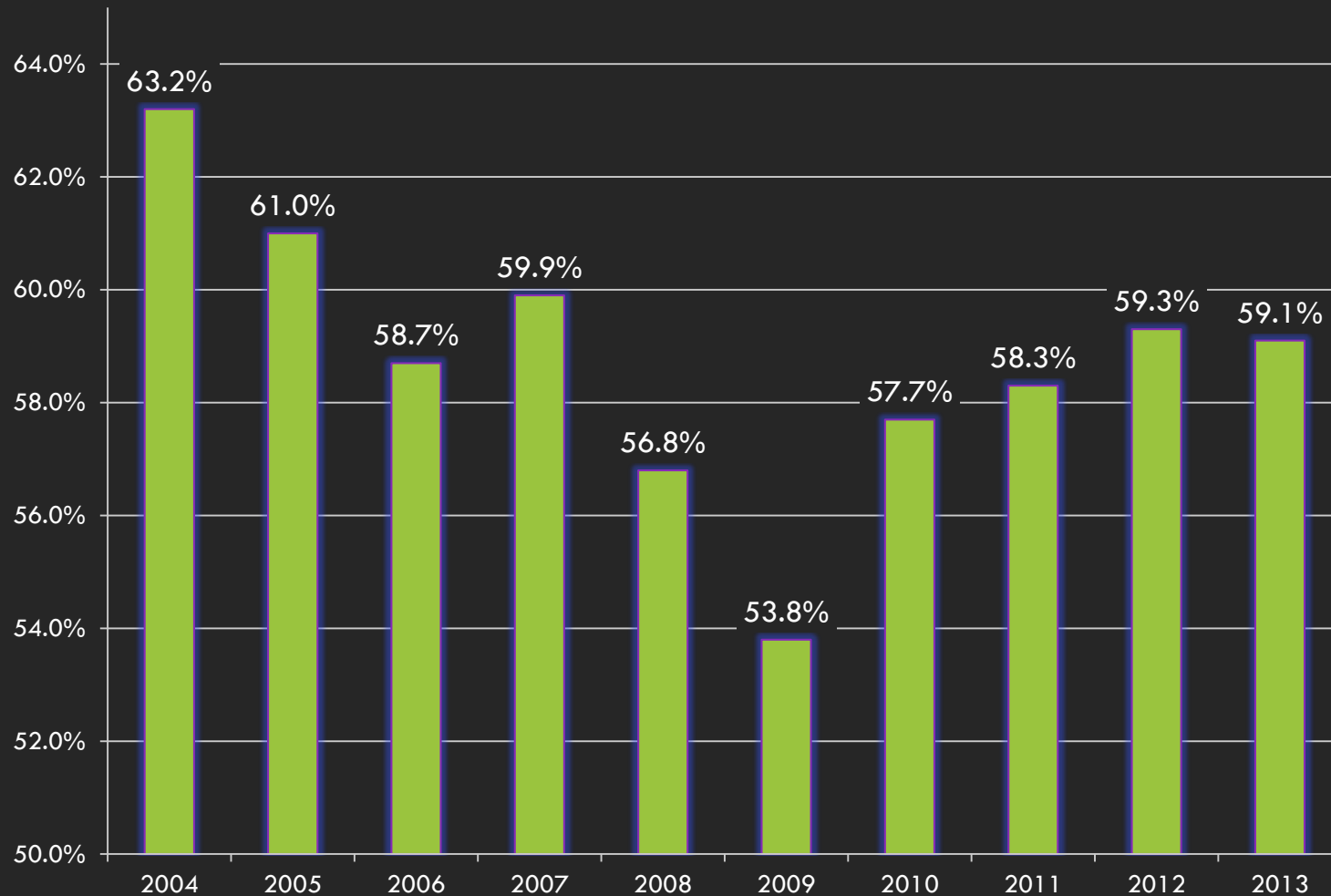
Projections

- 2014: 68% @ \$89.00: REVPAR - \$60.52
- 2015: 69% @ \$91.50: REVPAR - \$63.14

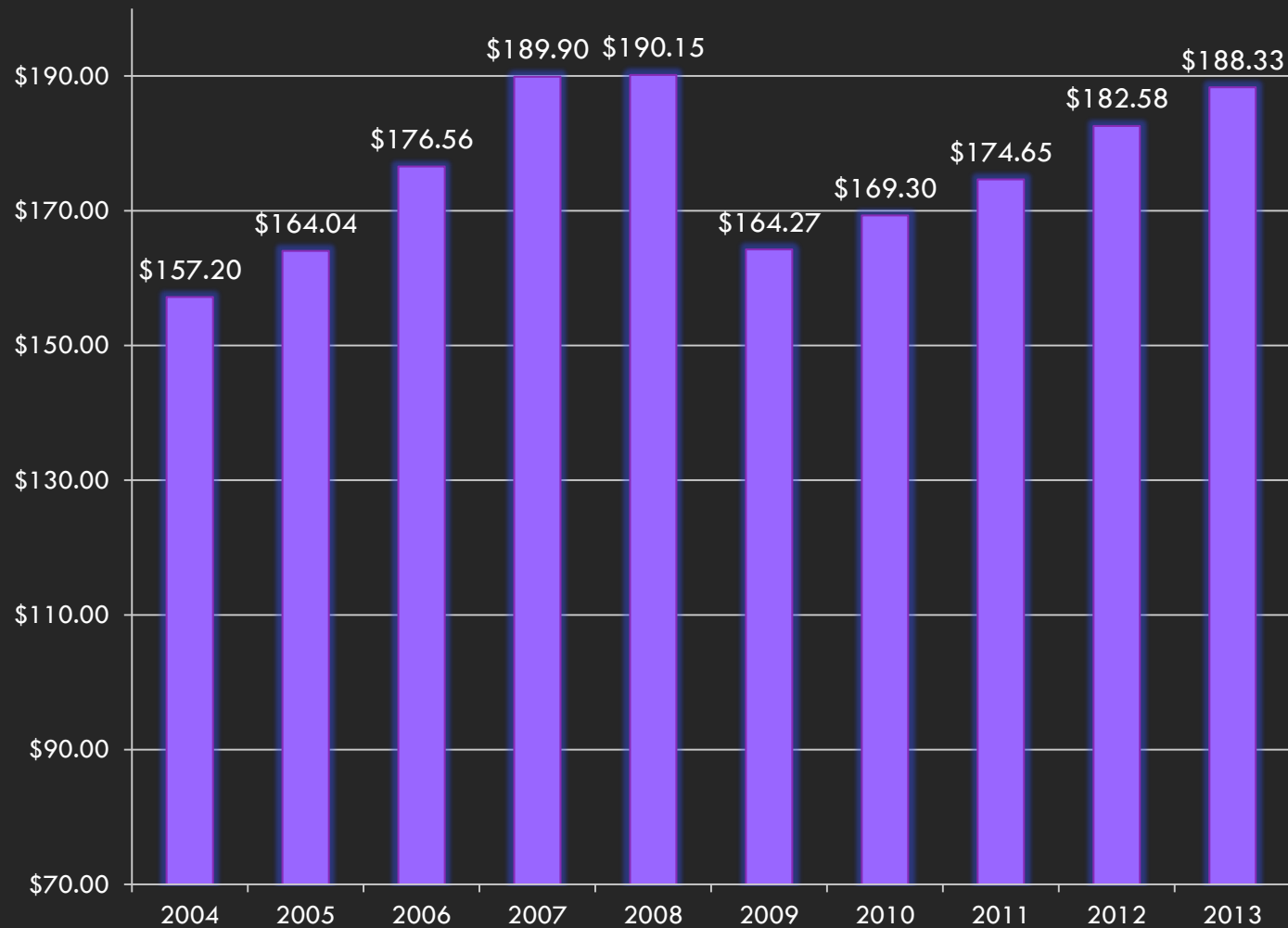
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NEWPORT LODGING MARKET

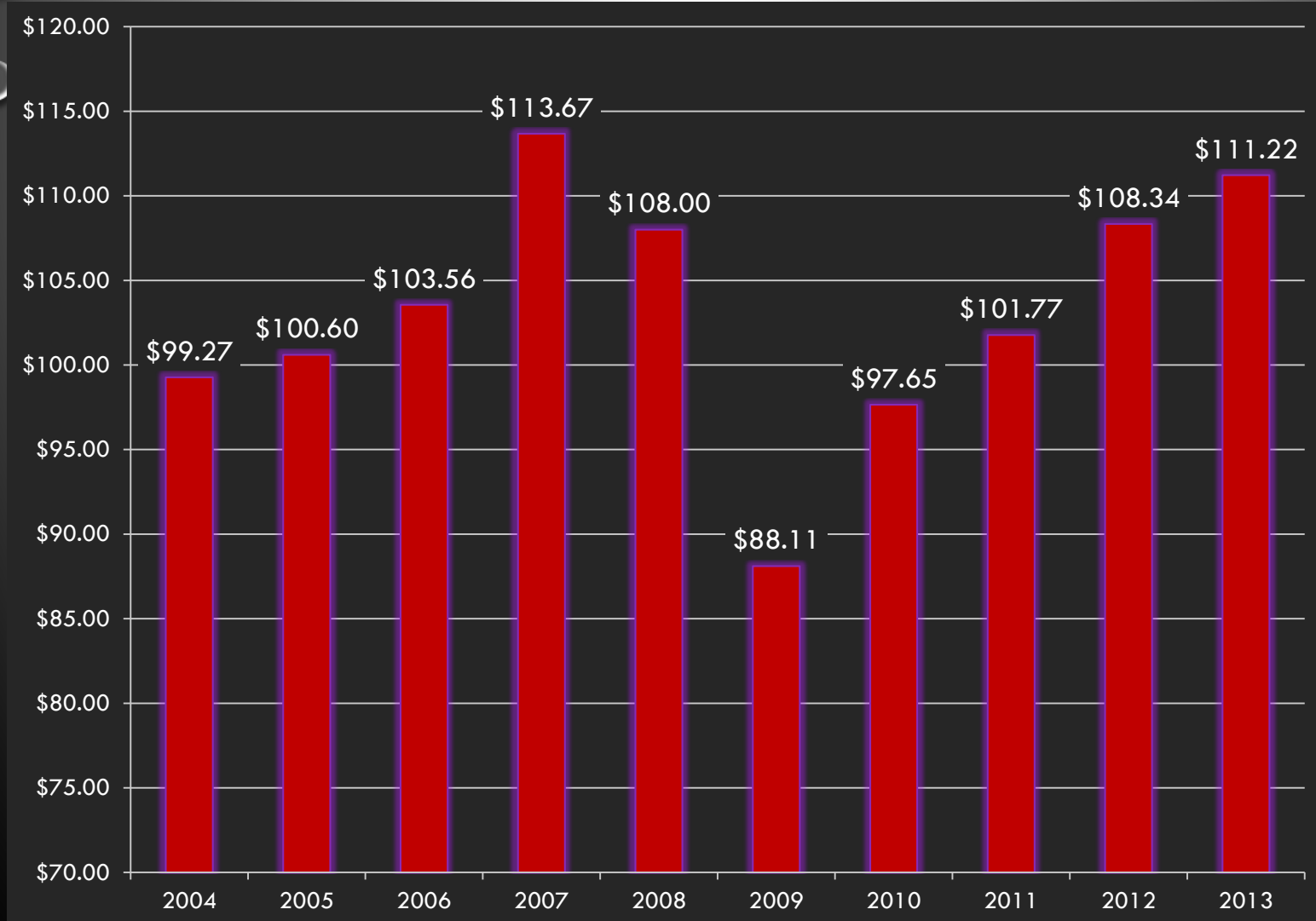
NEWPORT OCCUPANCY 2004-2013



NEWPORT AVERAGE DAILY RATE 2004-2013



NEWPORT REVPAR 2004-2013



NEWPORT YTD JUNE 2014

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Occupancy	53.0%	51.5%	51.6%	
ADR	\$152.19	\$156.34	\$164.16	Up 5.0%
RevPAR	\$80.67	\$80.53	\$84.78	Up 5.3%

Source: Smith Travel Research

NEWPORT – FUTURE

Issues:

- No New Supply – Marriott closing for renovations
- Volvo Ocean Race – May 2015
- Group Demand – exceptionally strong pre-sales for 2015
- Government Demand – still seeing improvement

Projections:

2014 – 59% @ \$196: RevPAR - \$115.64

2015 – 60% @ \$203: RevPAR - \$121.80

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