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Cape and Islands Outlook



Pinnacle Realty Investments

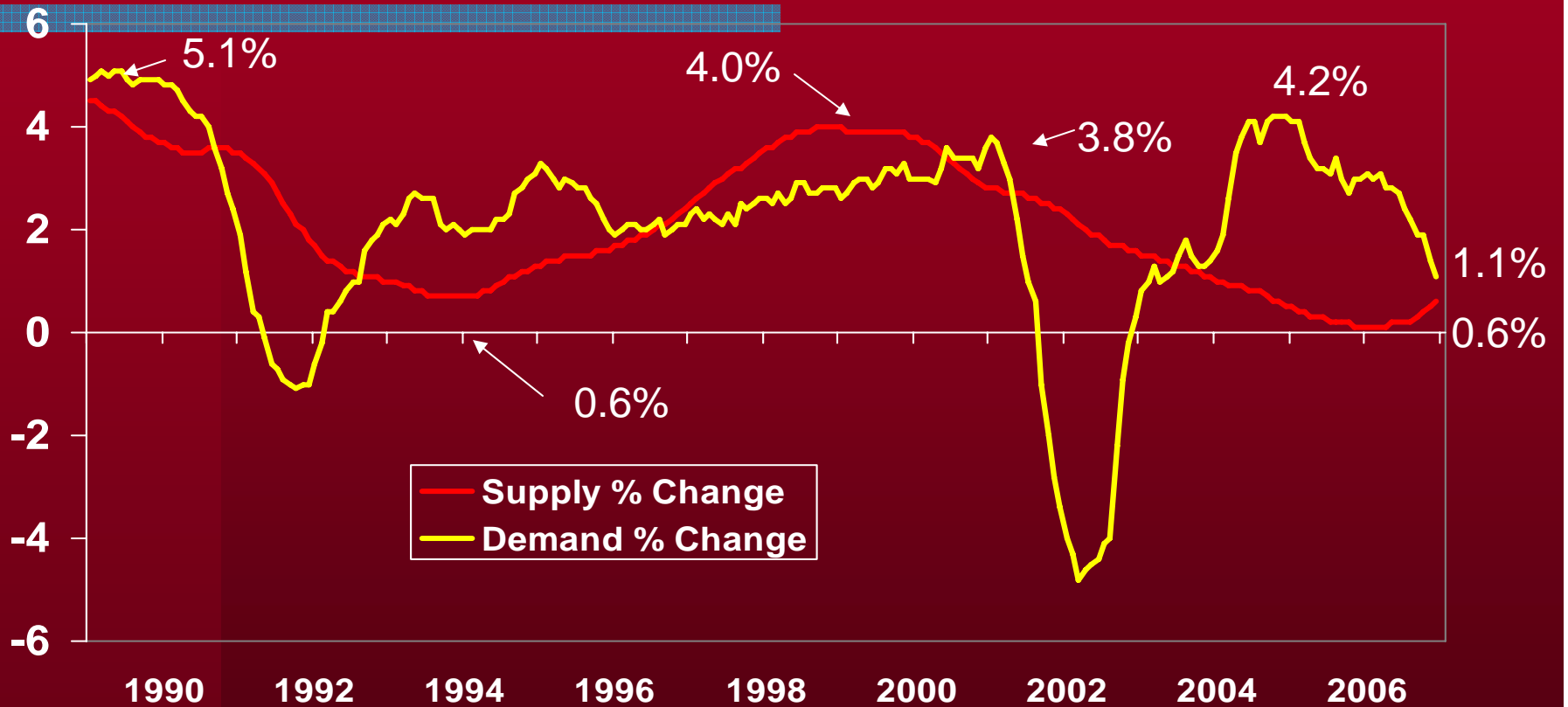


Pinnacle Advisory Group

National Trends

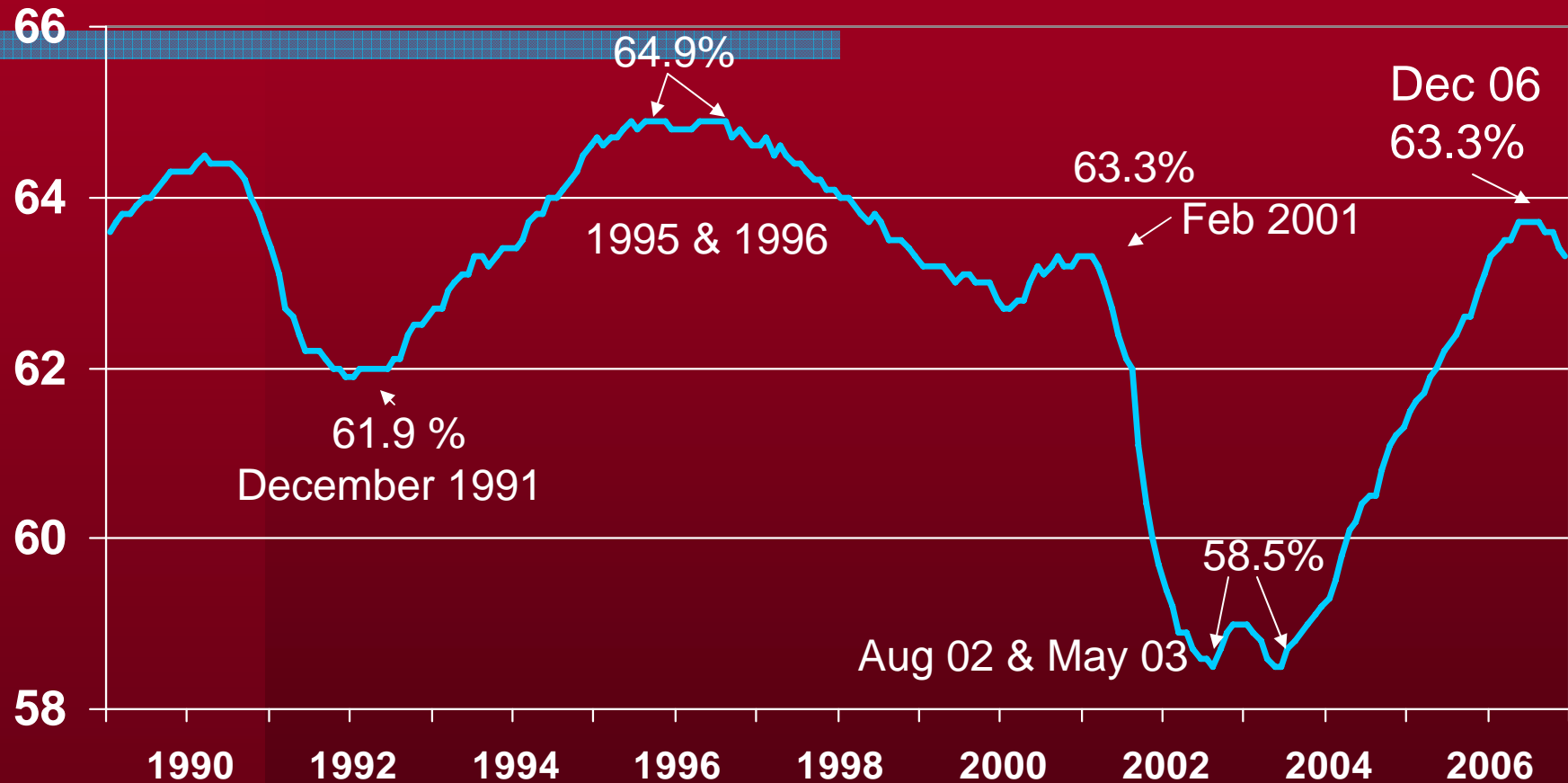


Total United States Room Supply/Demand Percent Change Twelve Month Moving Average – 1989 to 2006



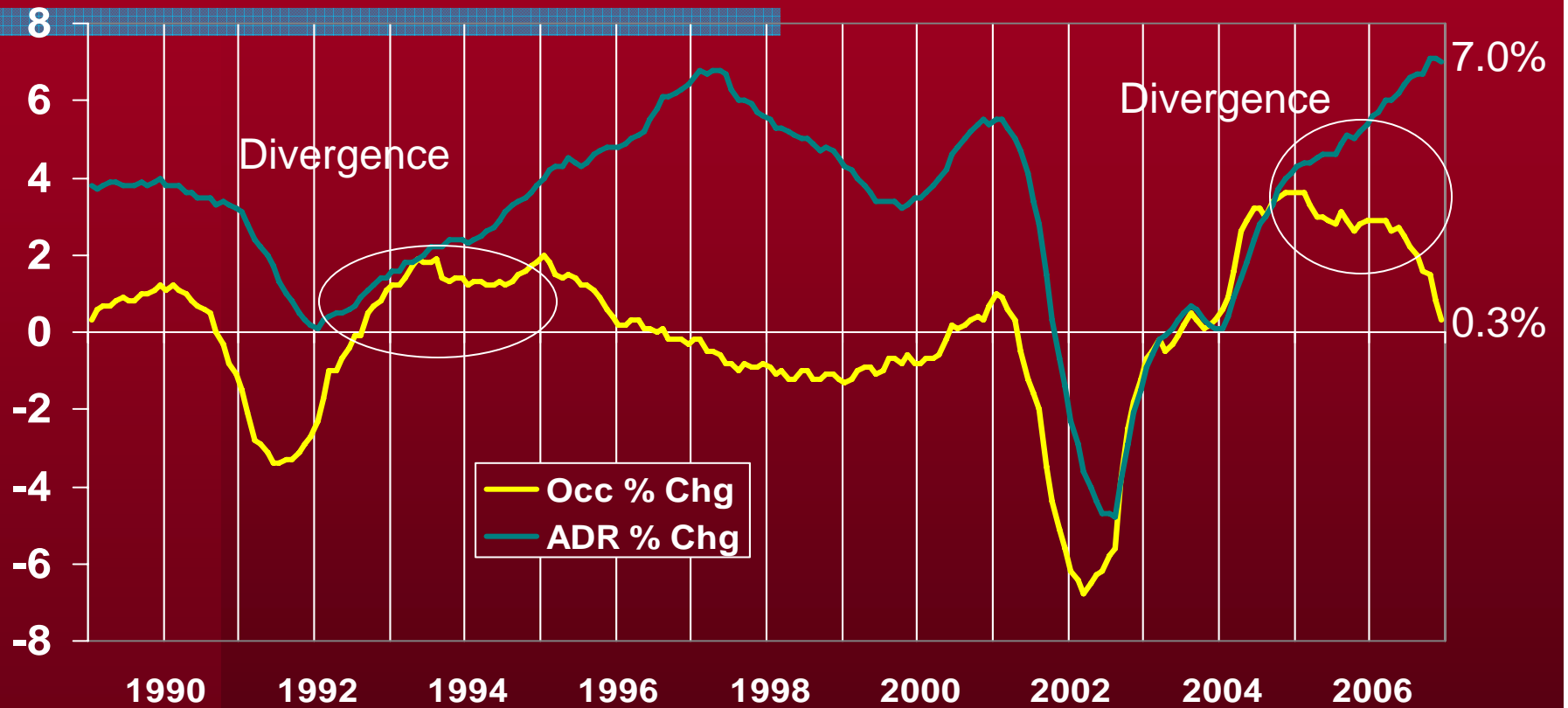
Source: Smith Travel Research

Total United States Occupancy Percent Twelve Month Moving Average – 1989 to Dec 2006



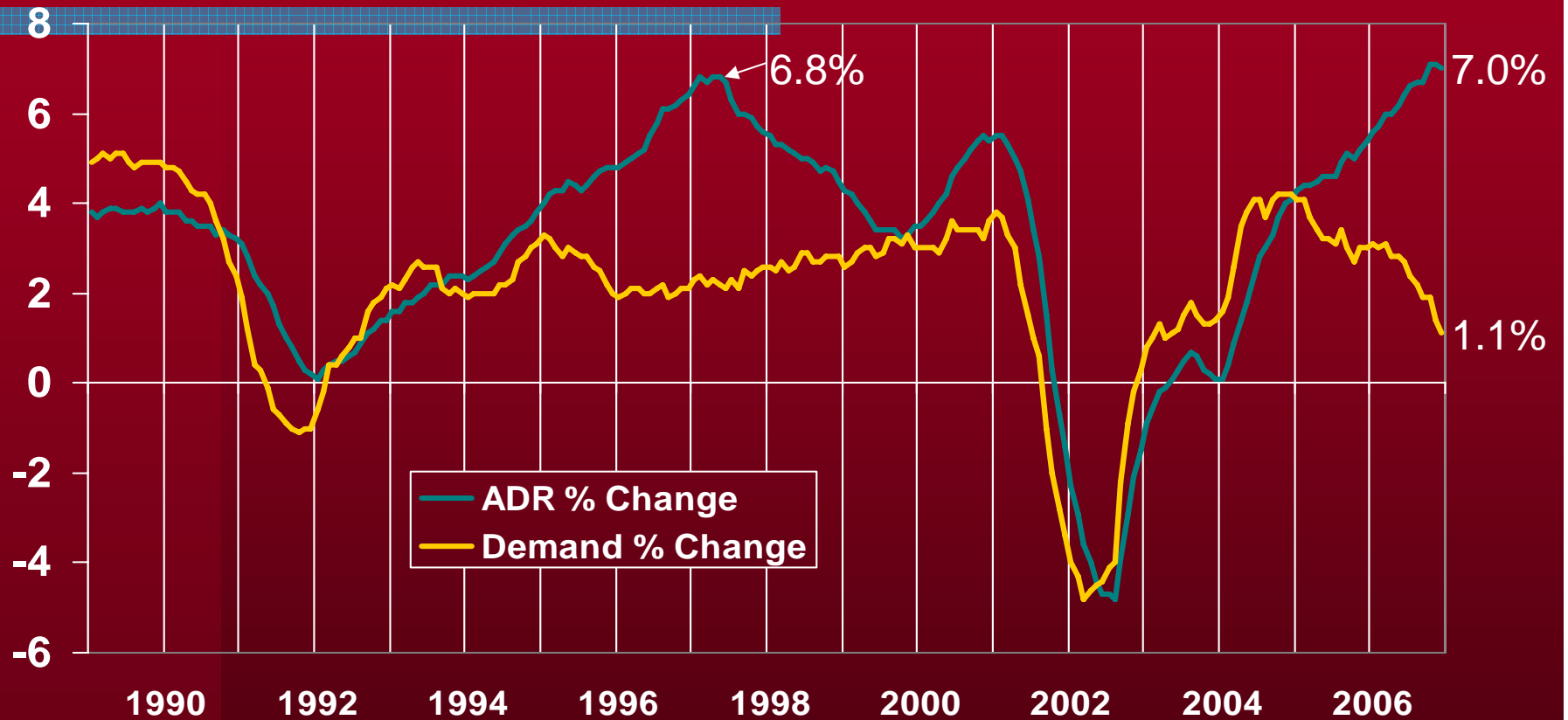
Source: Smith Travel Research

Total United States Occupancy/ADR Percent Change Twelve Month Moving Average – 1989 to 2006



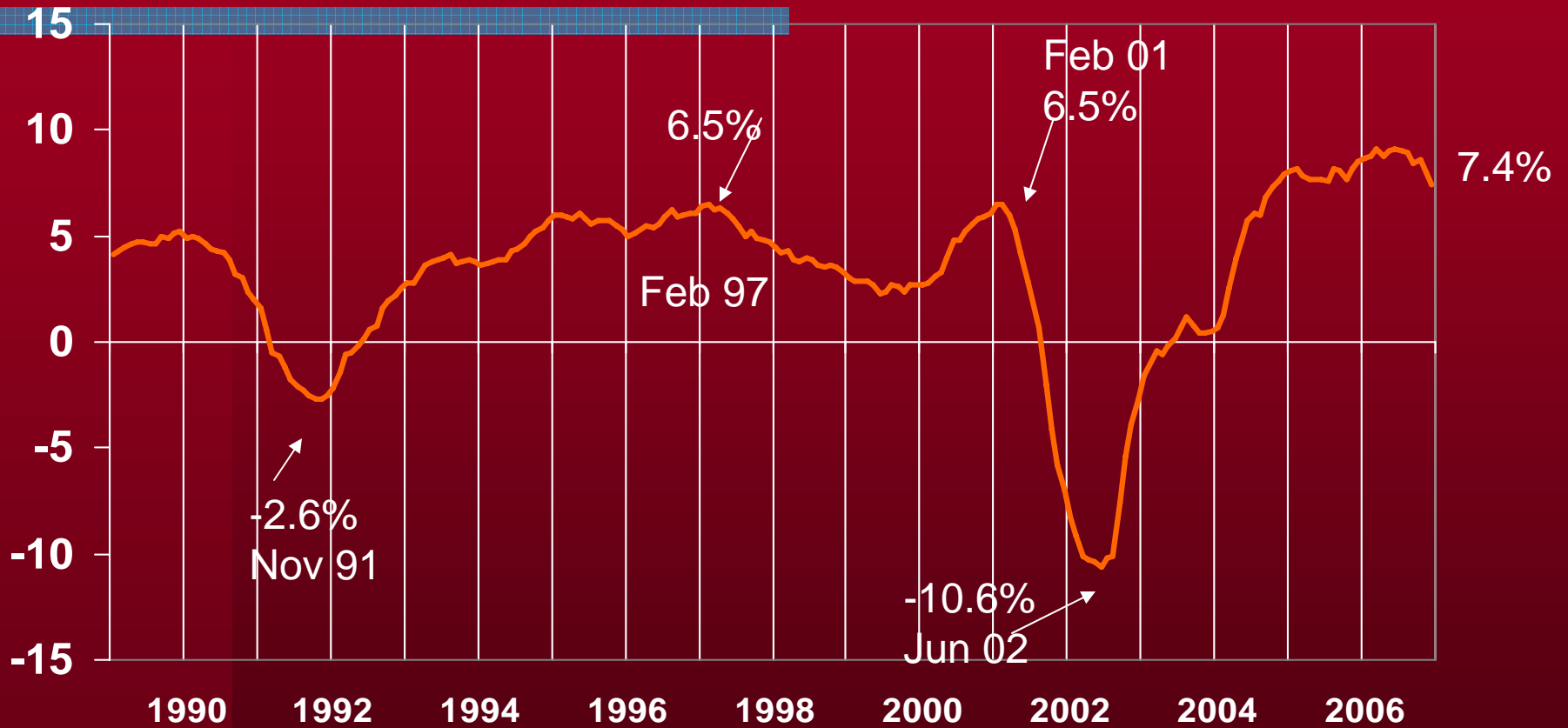
Source: Smith Travel Research

Total United States Room Demand / ADR Percent Change Twelve Month Moving Average – 1989 to 2006



Source: Smith Travel Research

Total United States RevPAR Percent Change Twelve Month Moving Average – 1989 to 2006

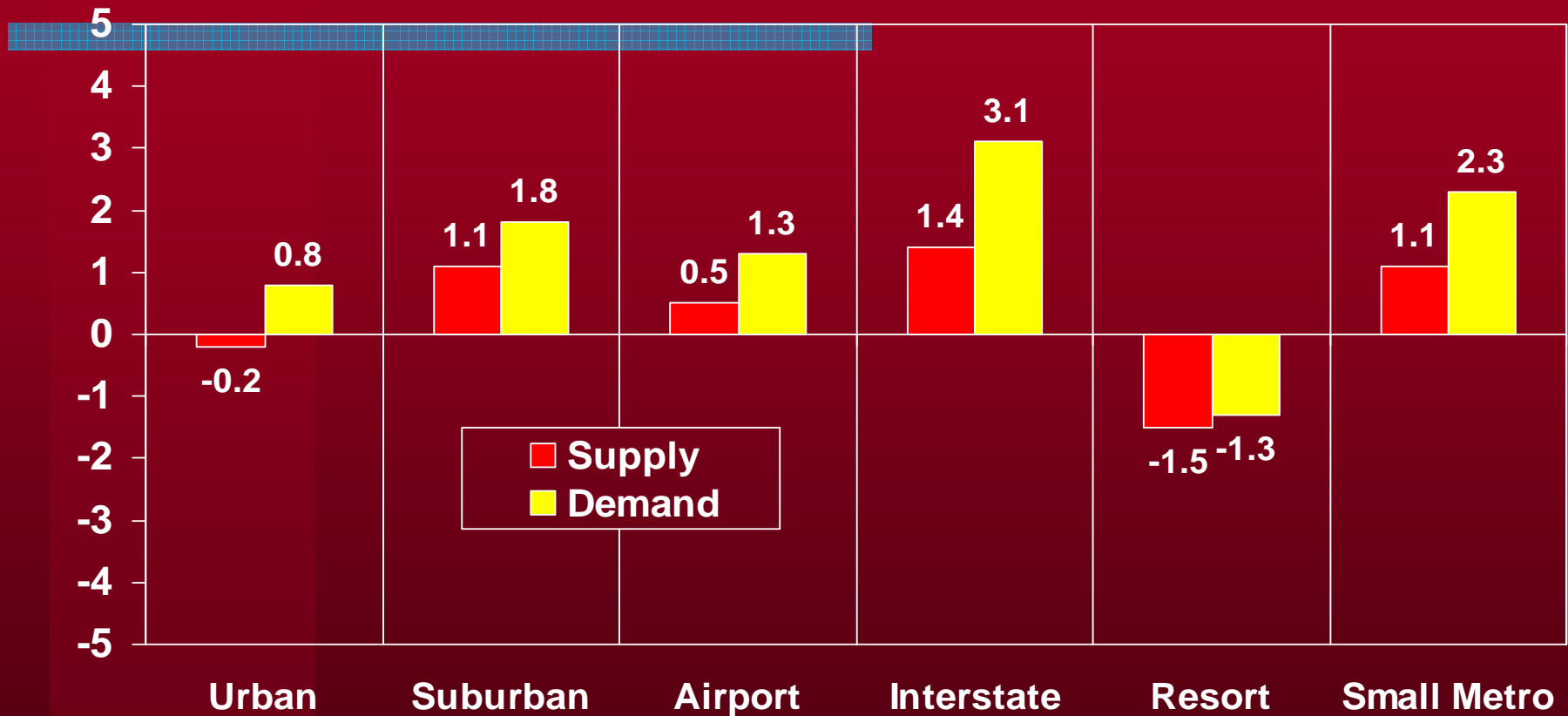


Source: Smith Travel Research

Location Segments

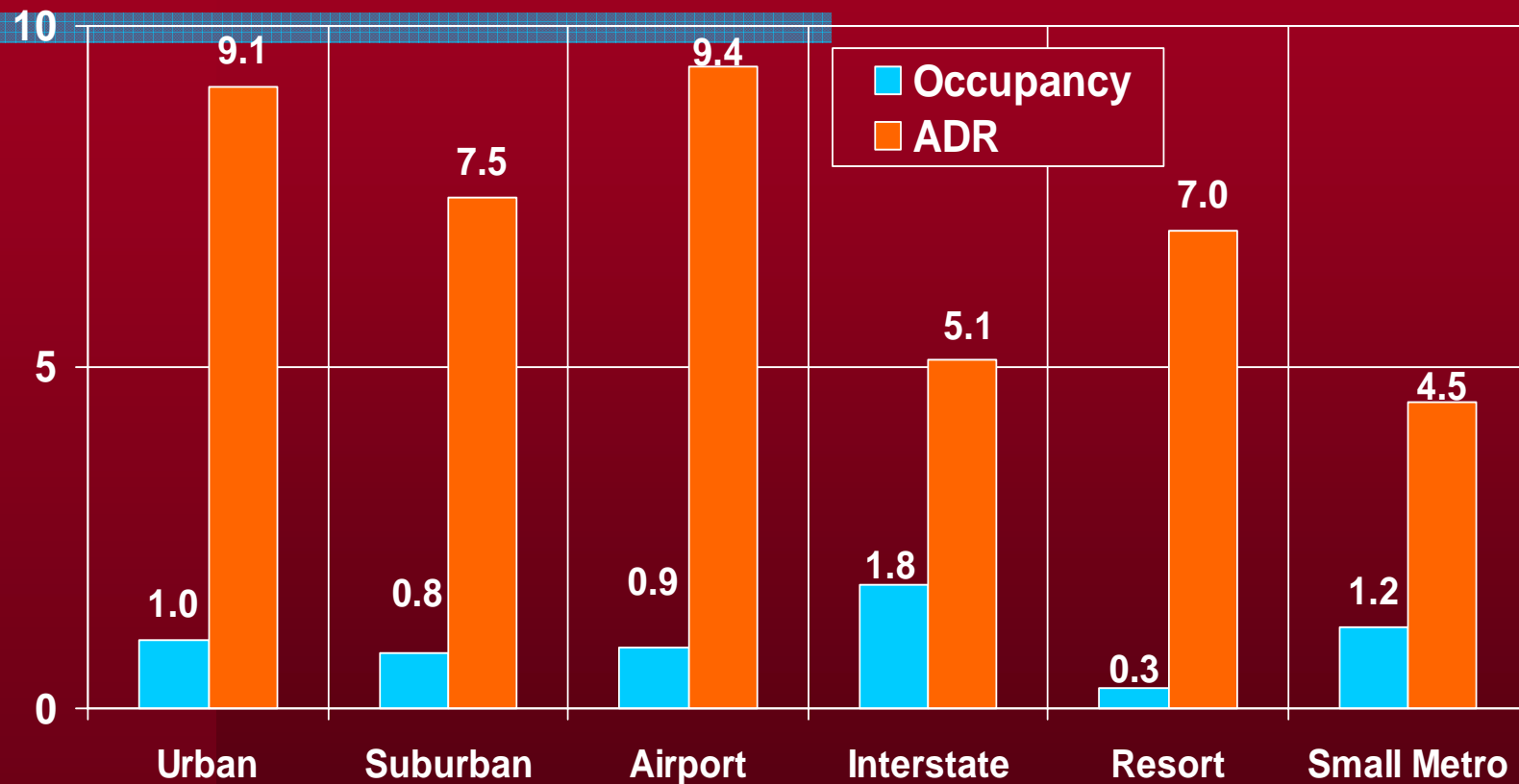
Supply/Demand Percent Change

Twelve Months Ended November



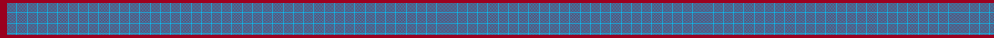
Source: Smith Travel Research

Location Segments Occupancy/ADR Percent Change Twelve Months Ended November

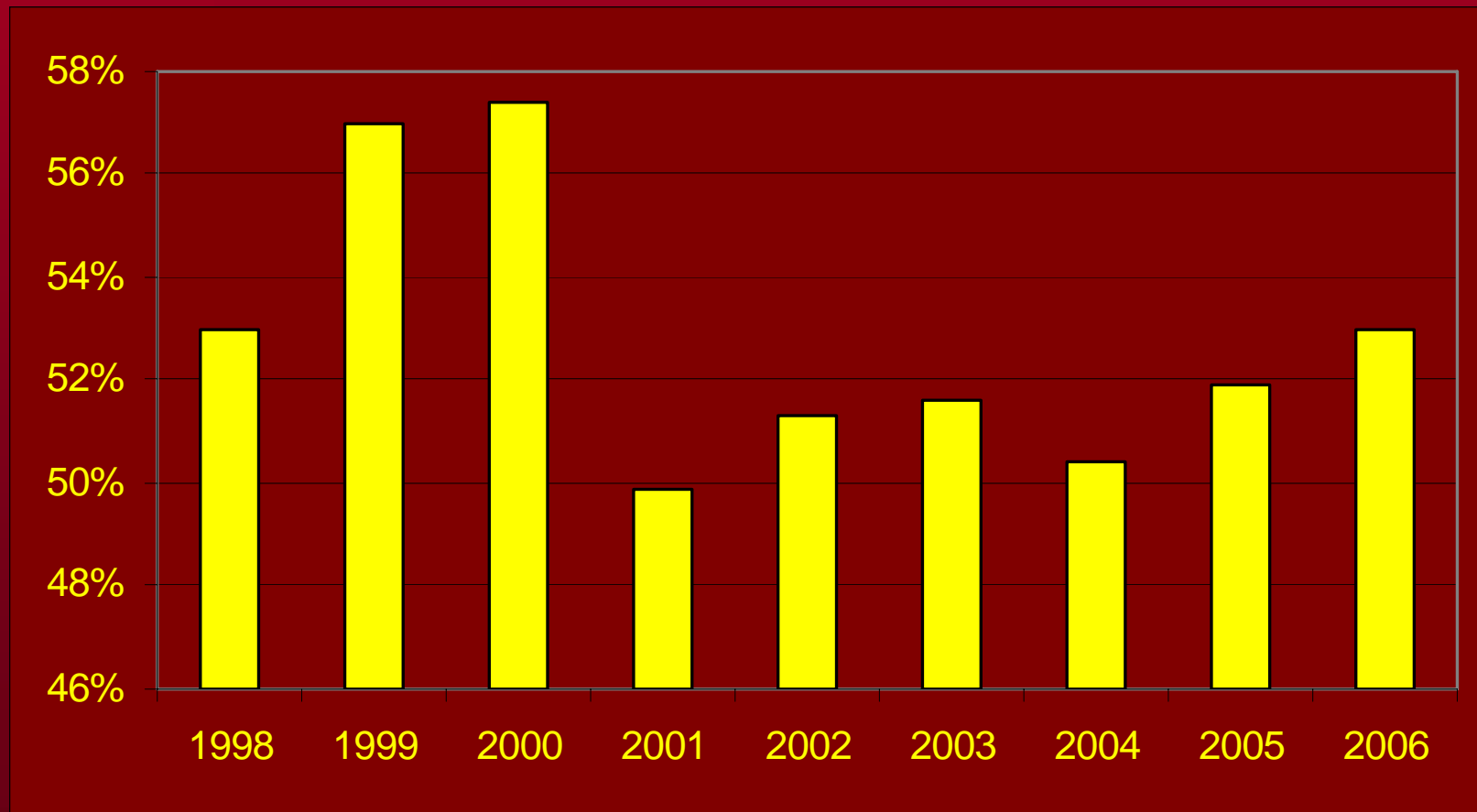


Source: Smith Travel Research

Cape and Islands Trends

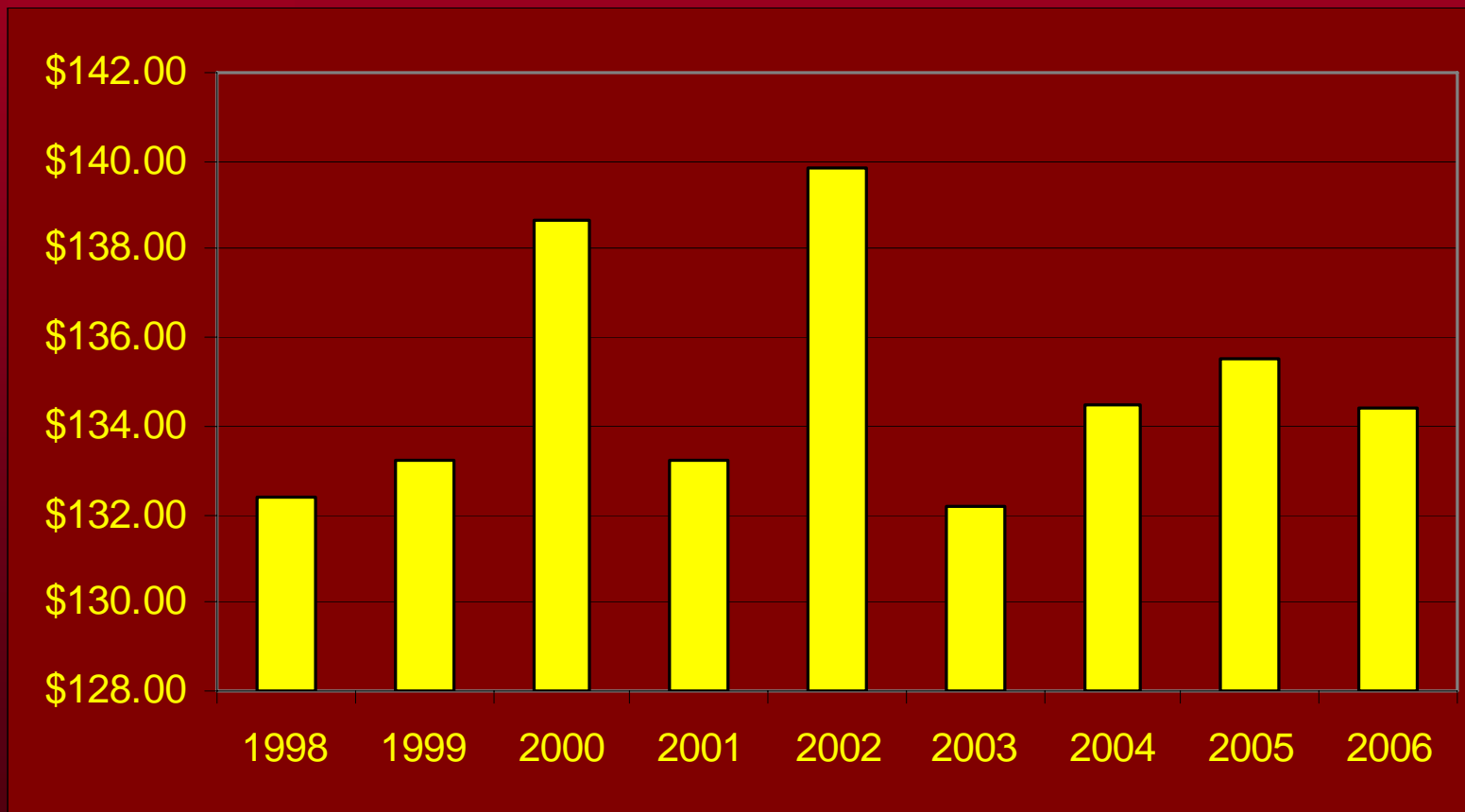


Cape and Islands Occupancy 1998 – 2006



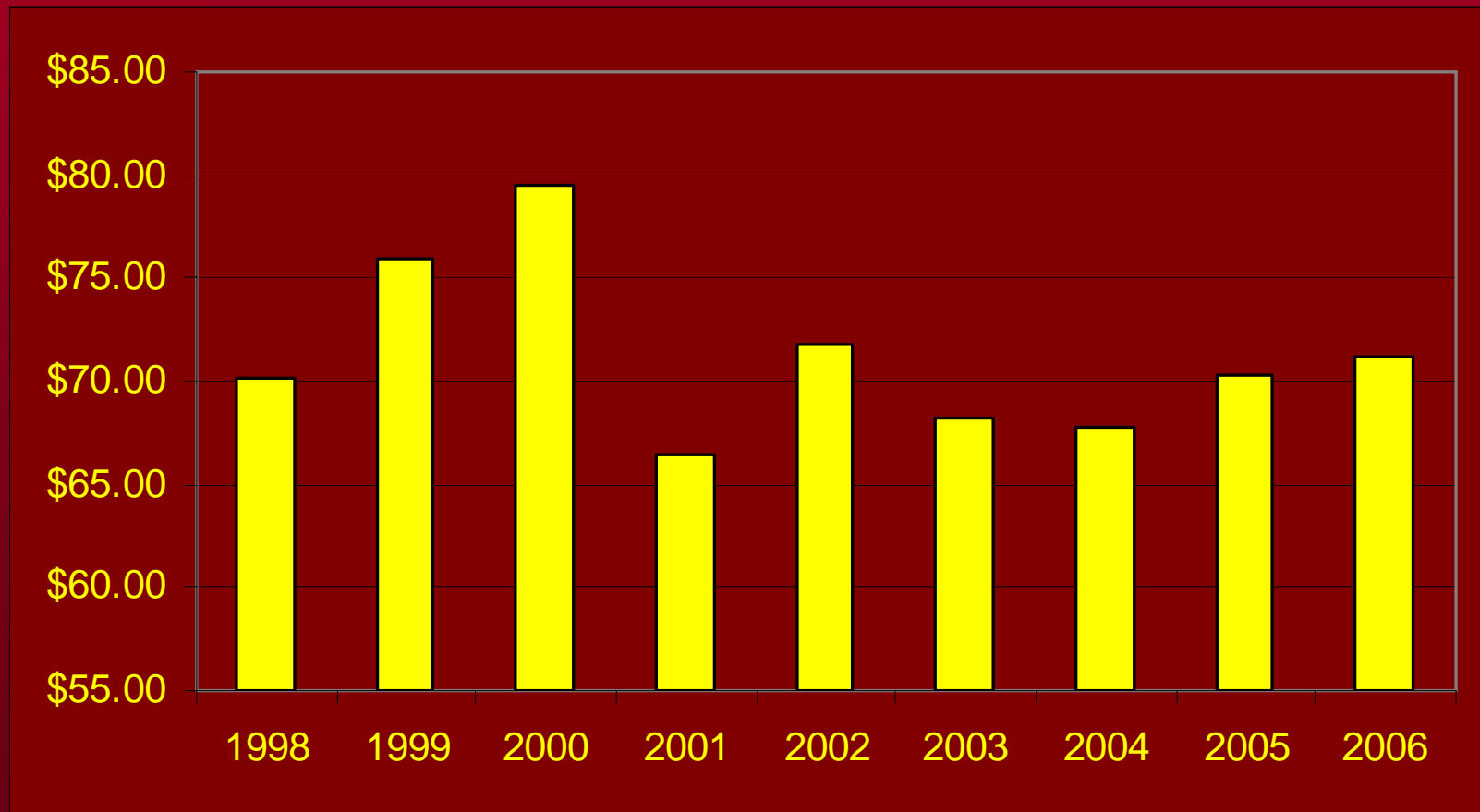
Source: Pinnacle Advisory Group

Cape and Islands Average Rate 1998-2006



Source: Pinnacle Advisory Group

Cape and Islands RevPAR 1998 - 2006



Source: Pinnacle Advisory Group

Factors Affecting Demand



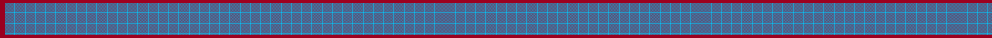
Recent Industry Trends

- **New Supply is not an issue (yet)**
- **International demand is strong**
- **Aggressive Pricing**
- **Higher Operating Costs**

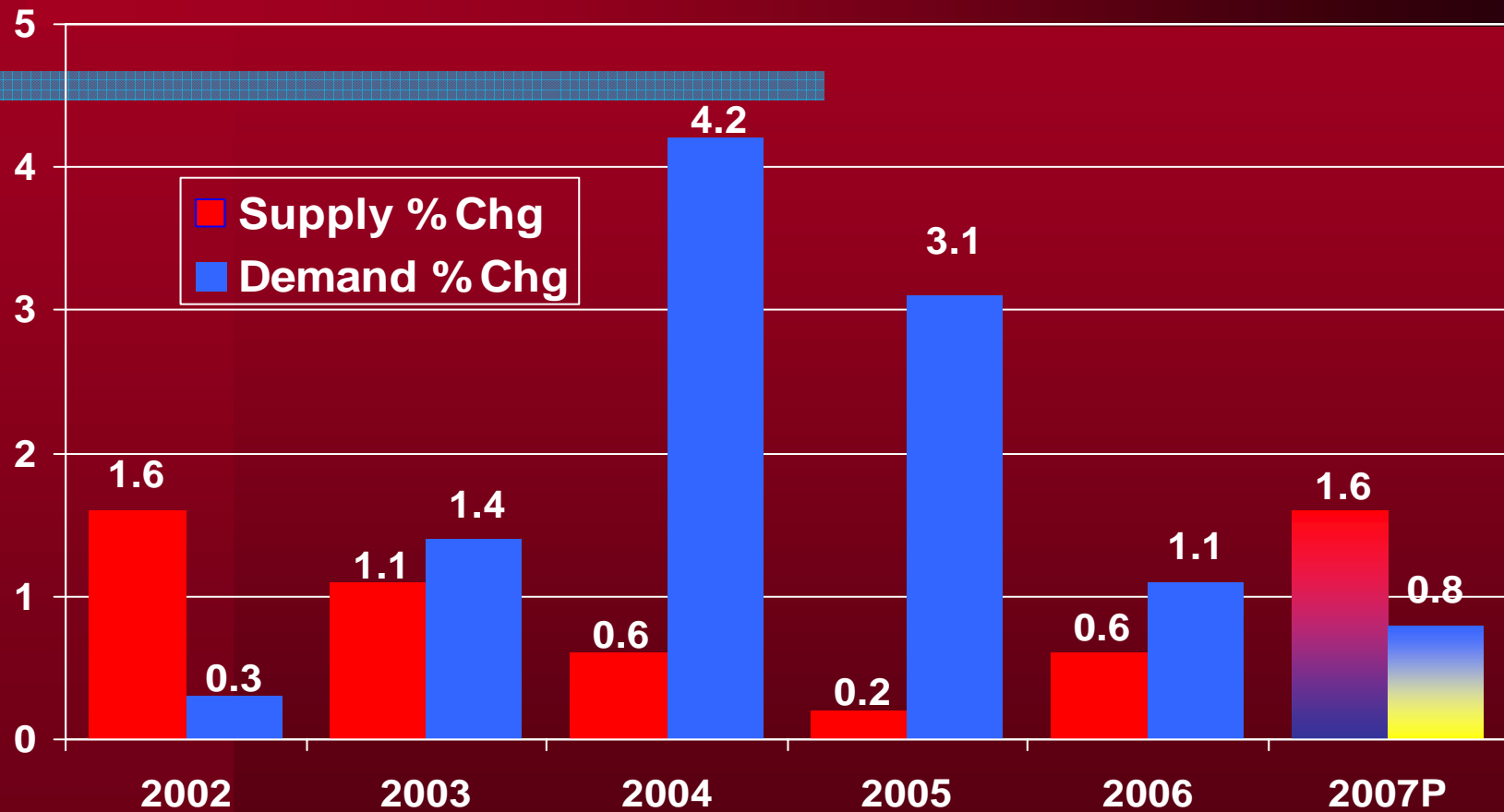
Cape and Islands Demand Factors

- **The Weather**
- **Increased Competition from Rentals**
- **Improving Group Demand**
- **Stable/decreasing supply**
- **Improved Product**
- **Completion of the “Fly over”**

National Projections

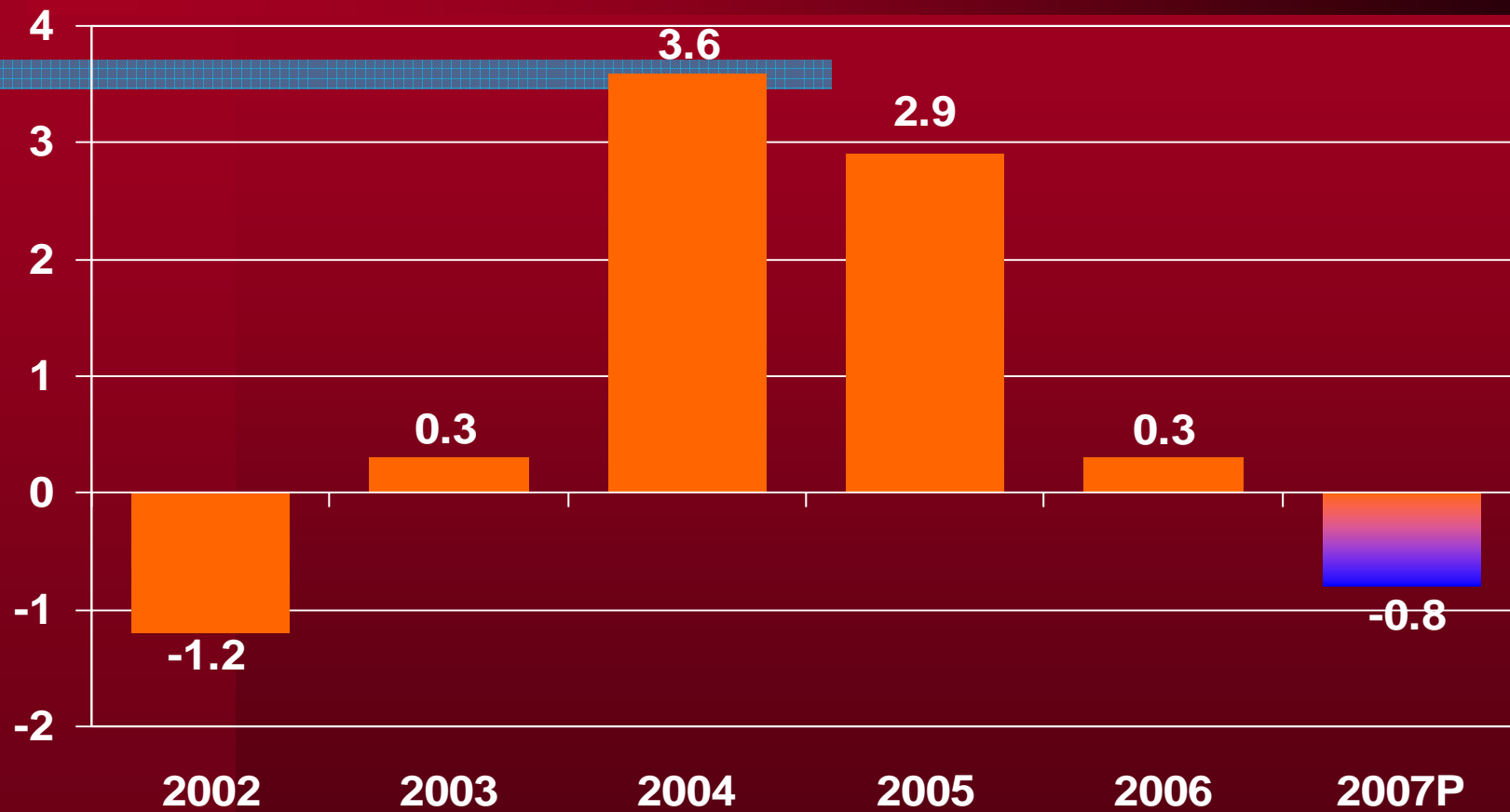


Total United States Supply/Demand Percent Change 2002 – 2007P



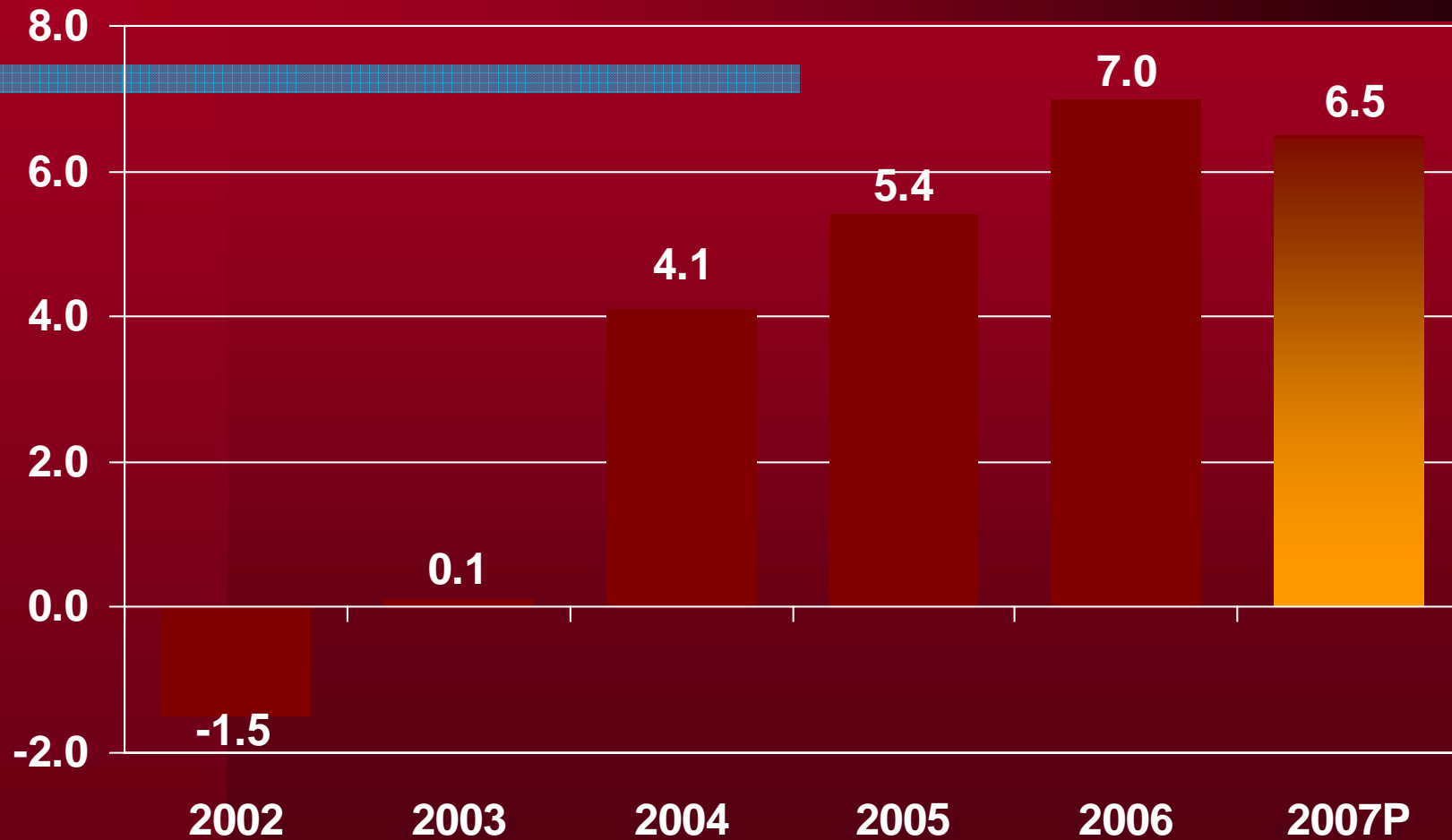
Source: Smith Travel Research

Total United States Occupancy Percent Change 2002 – 2007P



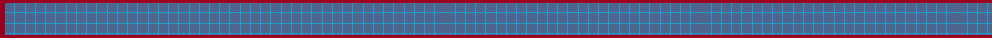
Source: Smith Travel Research

Total United States ADR Percent Change 2002 – 2007P



Source: Smith Travel Research

Cape and Islands Projections



Pinnacle Projections

- 2007
 - Occupancy up 1 – 2 points
 - Average Rate up 4 - 6 percent
 - RevPAR up 5 - 8 percent

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