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Checking In or Out?

The Outlook for New Development in Boston's Hotel Market

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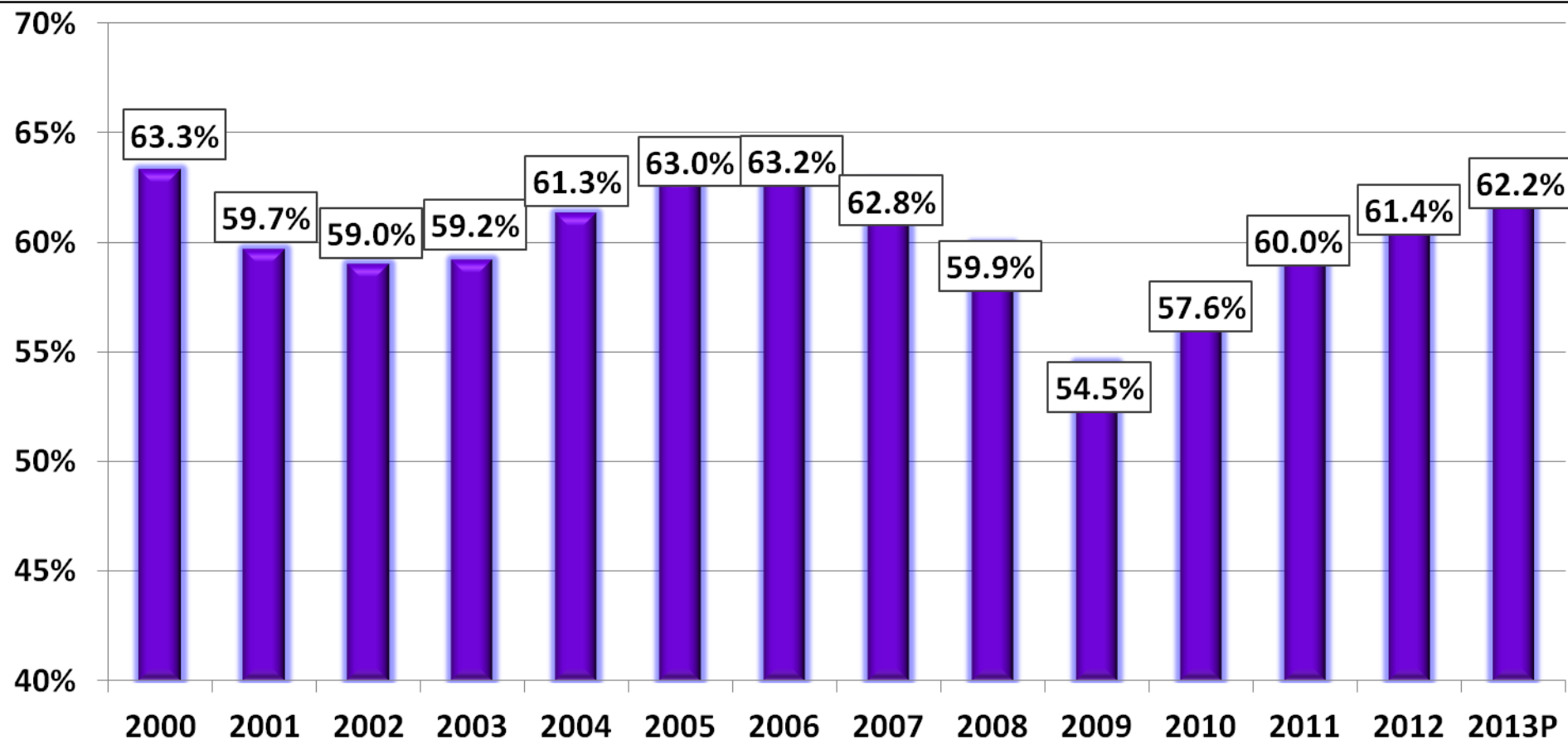
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NATIONAL LODGING MARKET



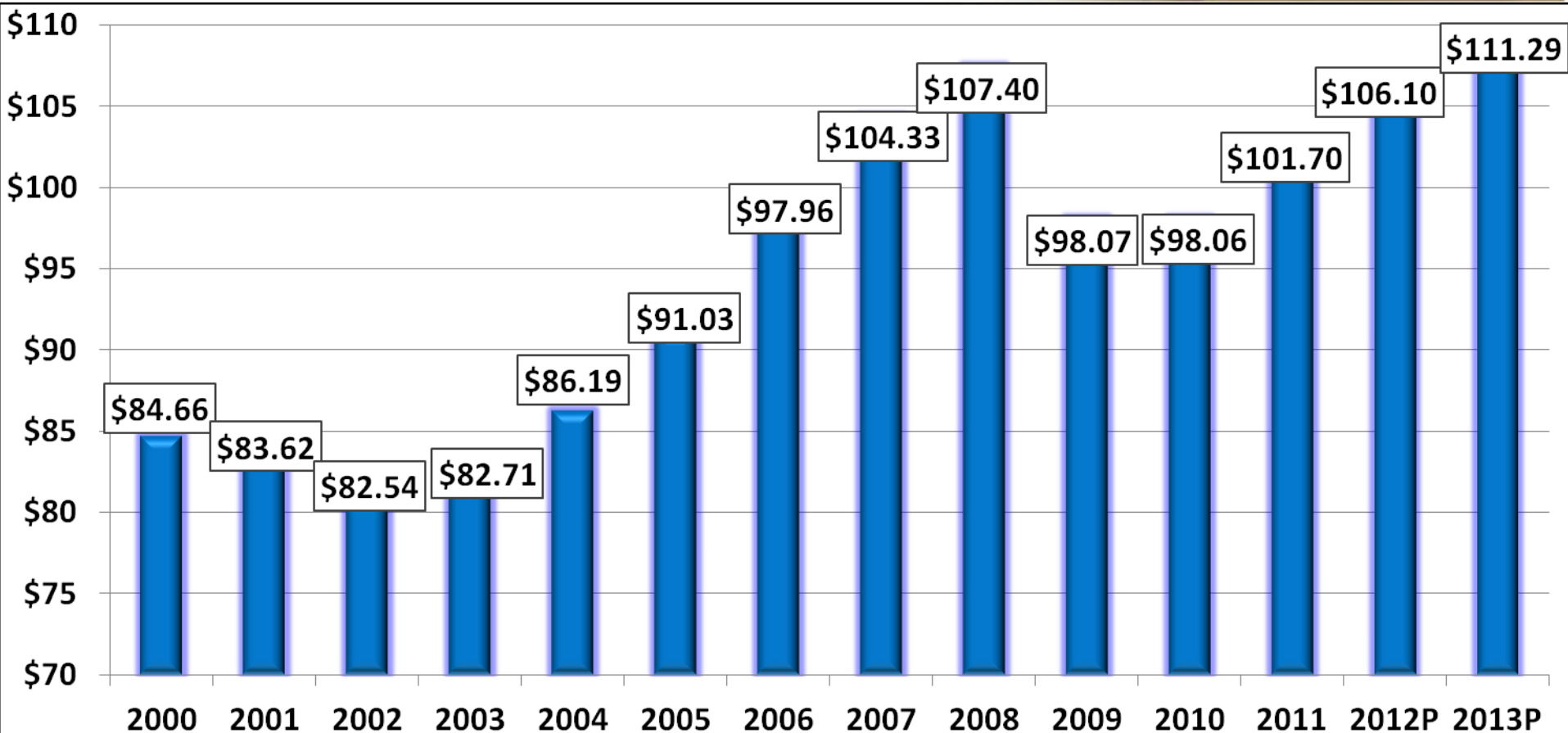
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U.S. Occupancy Percent 2000 – 2013P

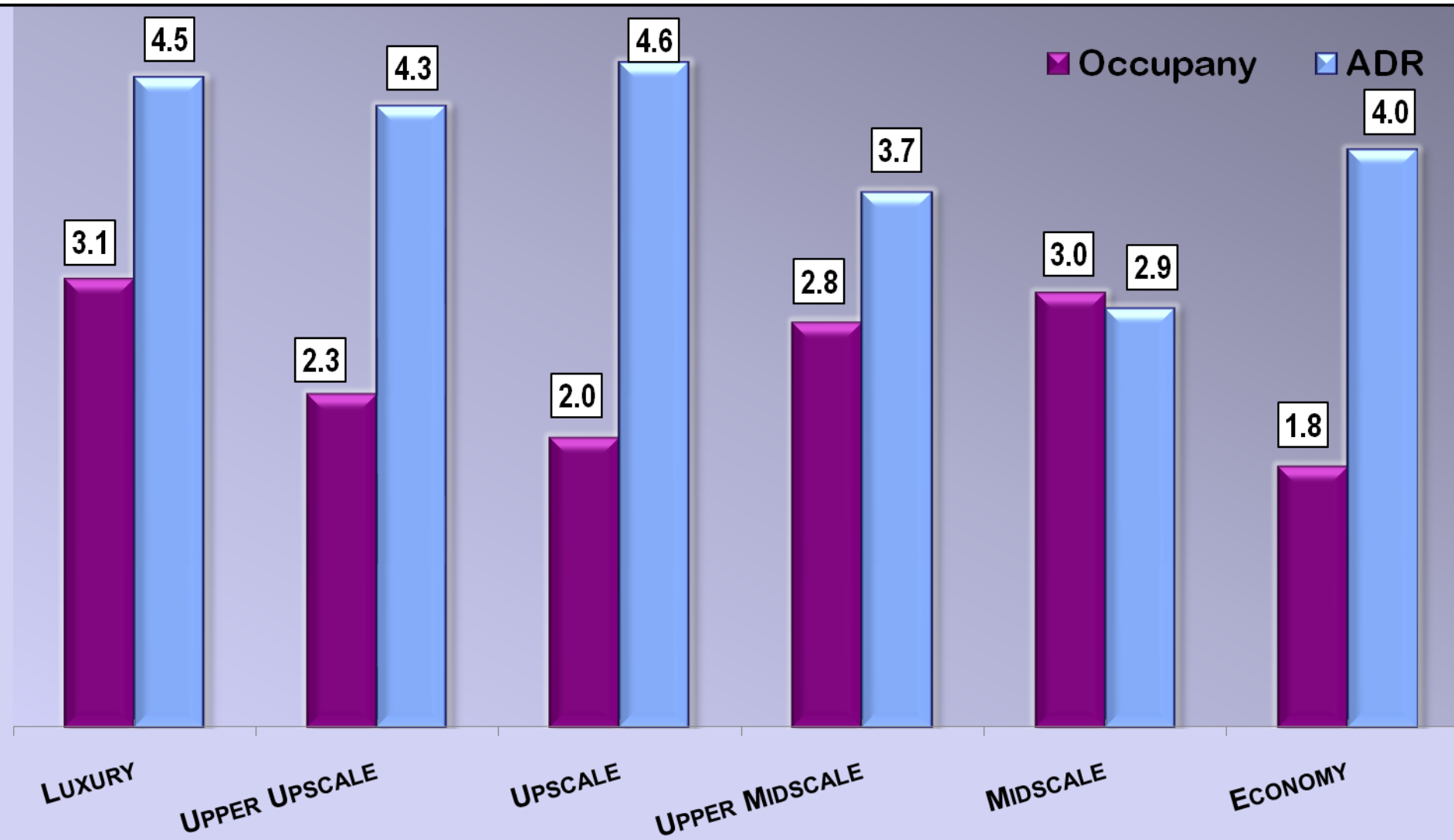


Source: Smith Travel Research

U.S. Average Daily Rate 2000 – 2013P



US Chain Scale: Occupancy and ADR % Change YE 2012





Takeaways:

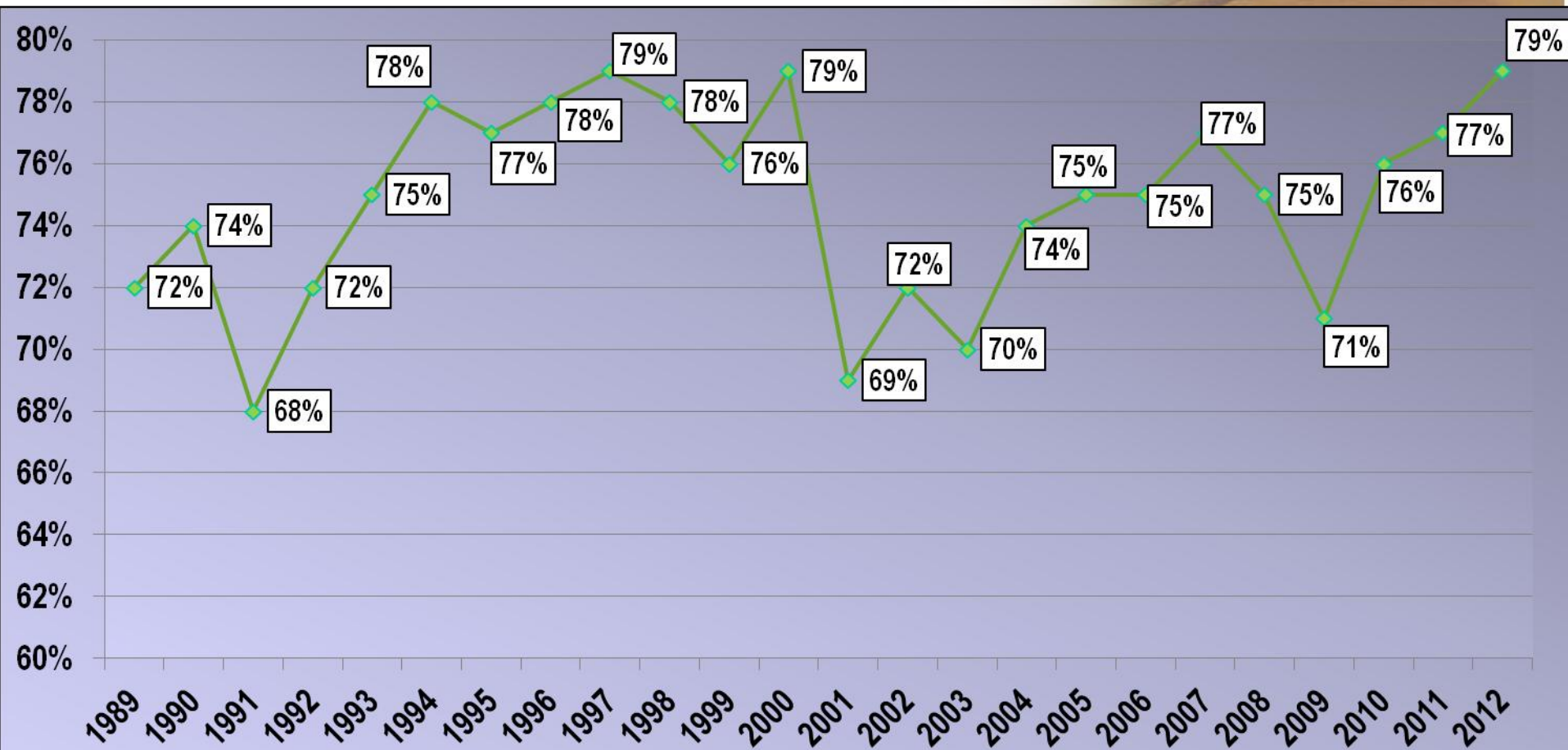
- While supply will increase, growth will remain slow (1% in 2013)
- Demand growth continues to be positive, albeit modest growth (1.8% in 2013)
- Occupancy will improve, but at a very modest pace
- ADR will continue to show growth greater than inflation (4.9% in 2013)
- Uncertain economy both at home and internationally will hamper growth
- The national lodging market will continue positive trends for at least another two years (RevPAR growth 5.7% in 2013, 6.0% in 2014)



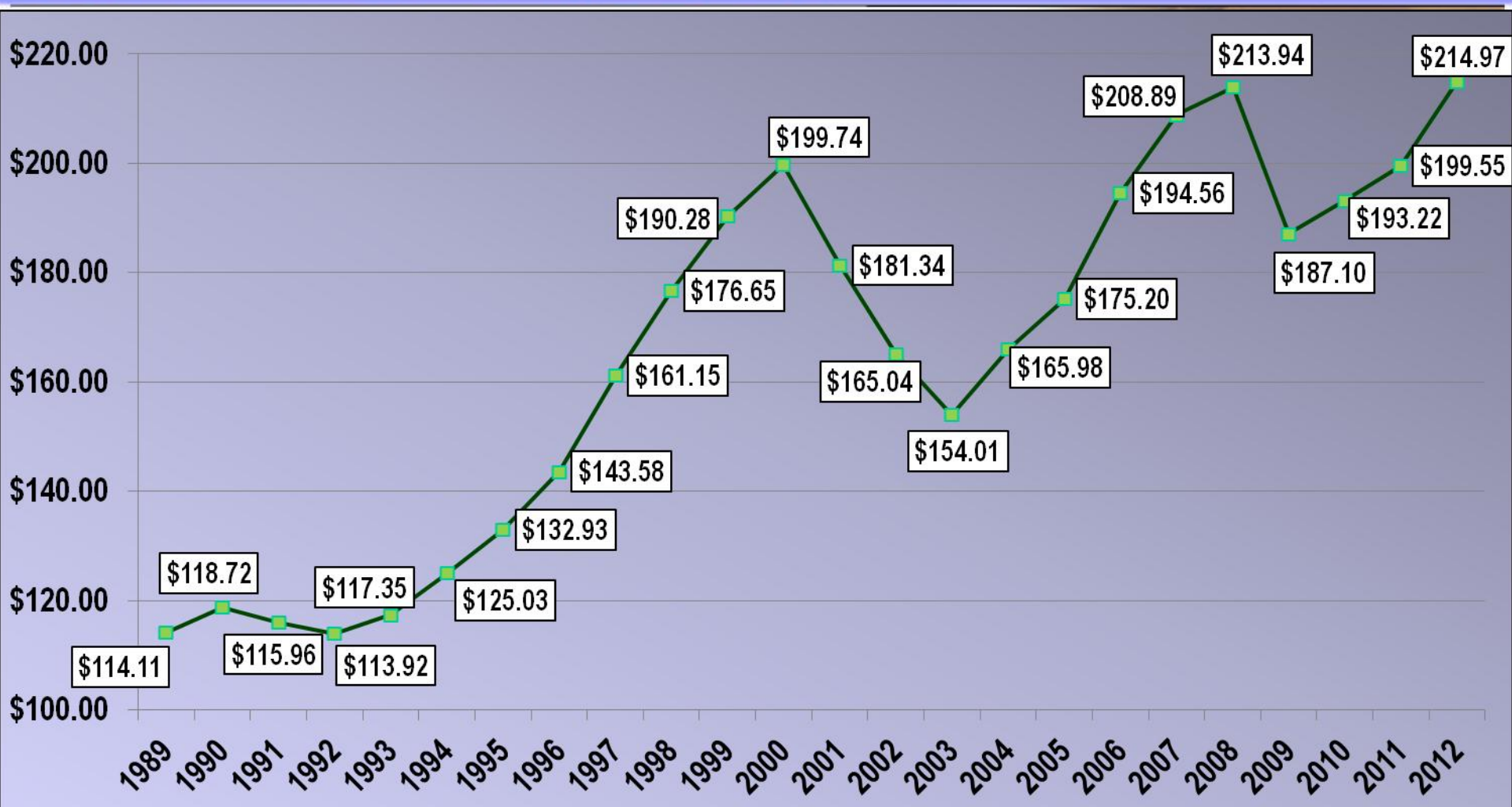
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BOSTON CAMBRIDGE LODGING MARKET

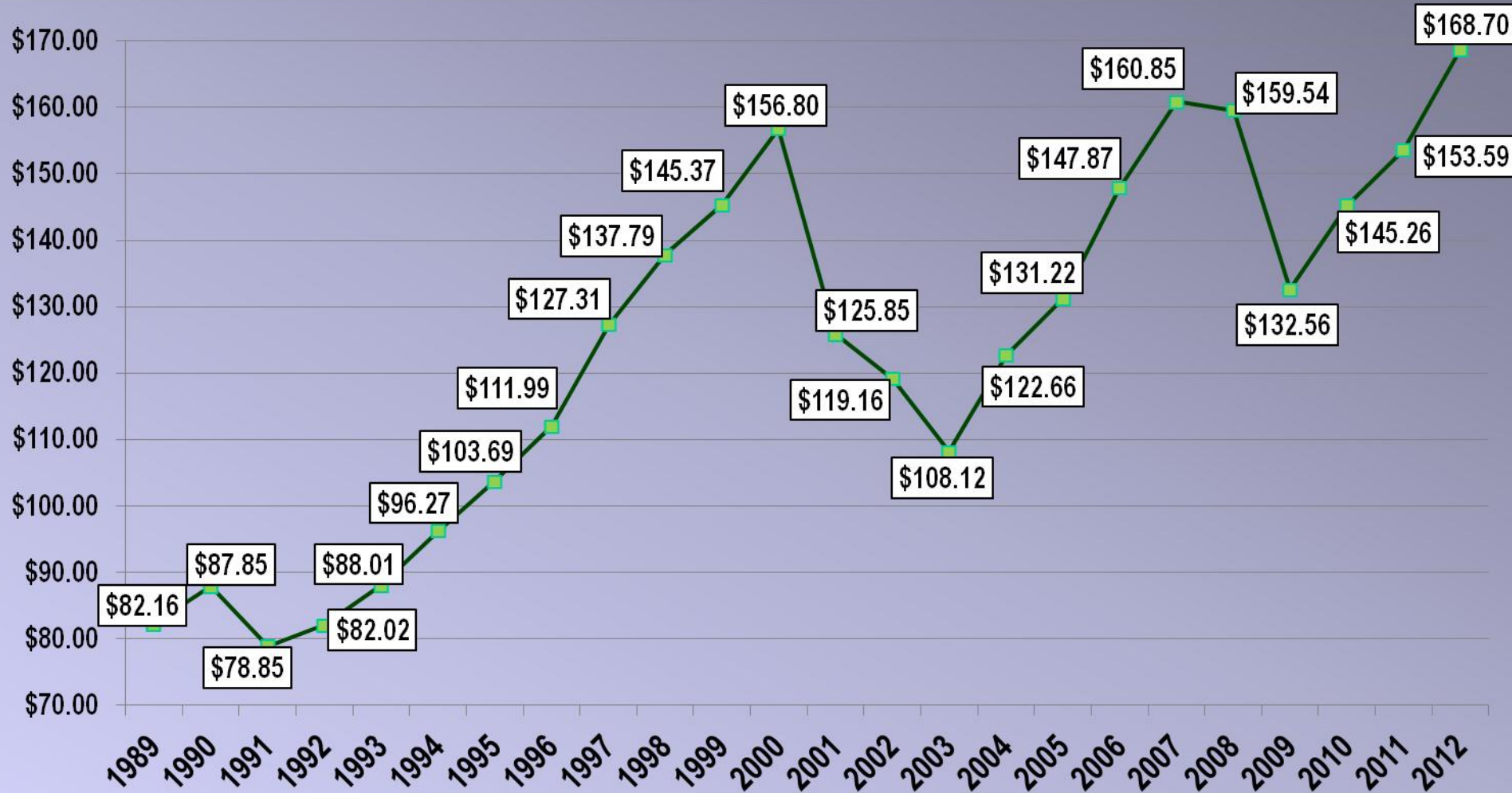
Boston / Cambridge Occupancy 1989-2012



Boston / Cambridge ADR 1989-2012



Boston / Cambridge RevPAR 1989-2012



Boston / Cambridge Supply Changes

2013: 120 suite Residence Inn Fort Point Channel (Summer)
175 suite Residence Inn Fenway (Fall)

Potential New Supply: How many hotels? What is the timing?

- 500 room Mid Priced hotel – D Street
- Christian Science Center hotel
- Temple Street – conversion to luxury hotel
- MCCA – New HQ Hotel
- North Station Courtyard
- North Station full-service
- Westin HQ expansion
- Seaport Square Autograph
- Pier 4, Fan Pier, other Seaport locations
- Government Center Garage
- East Boston select-service



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Boston Cambridge Projections 2013



	2012	2013	% Change
Occupancy	79%	77%	-1.3%
Average Rate	\$214.97	\$228.00	6.0%
RevPAR	\$168.70	\$175.56	4.1%



Takeaways

- In 2012 the Boston lodging market was in top 5 in both occupancy and ADR.
- Since 1989 Boston occupancy reached 79% only 3 times.
- Strong demand and no new supply allowed the 2012 RevPAR to exceed peak RevPAR in 2007.

- For the next 2 years new supply will be minimal.
- Numerous new supply additions are on the horizon. High development costs and barriers to entry will curtail new supply.



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- Are new hotels feasible?
- Are new hotels financeable?
- Is there a certain segment/niche that is better than another?
- Does the brand matter?
- What is the outlook for the suburbs?

LET'S ASK THE PANEL FOR ANSWERS TO THESE QUESTIONS.



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