# OUTLOOK 2008

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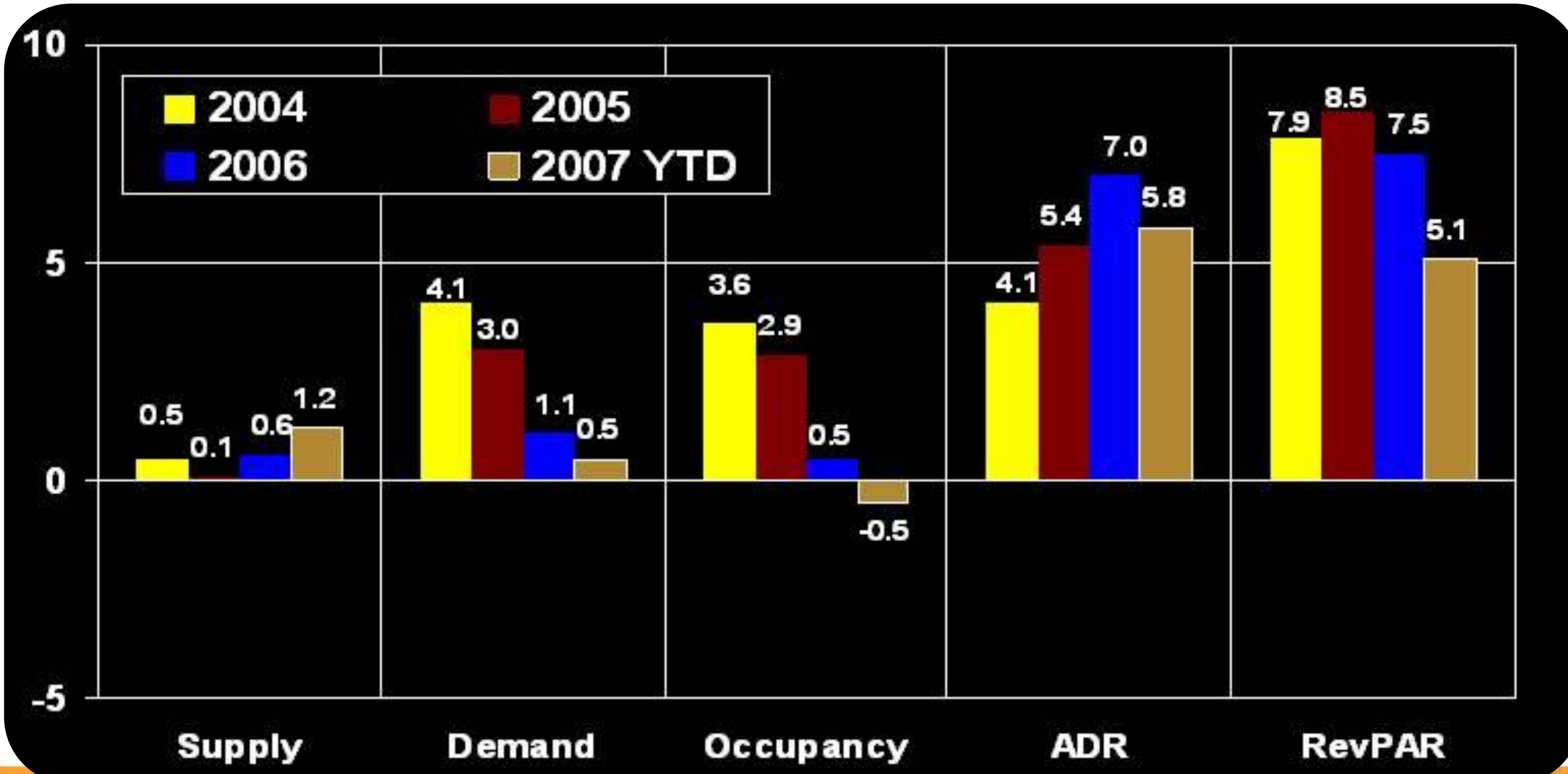
# NATIONAL LODGING MARKET

Pinnacle Advisory Group

# US Key Performance Indicators Percent Change 2004-May 2007




Source: Smith Travel Research

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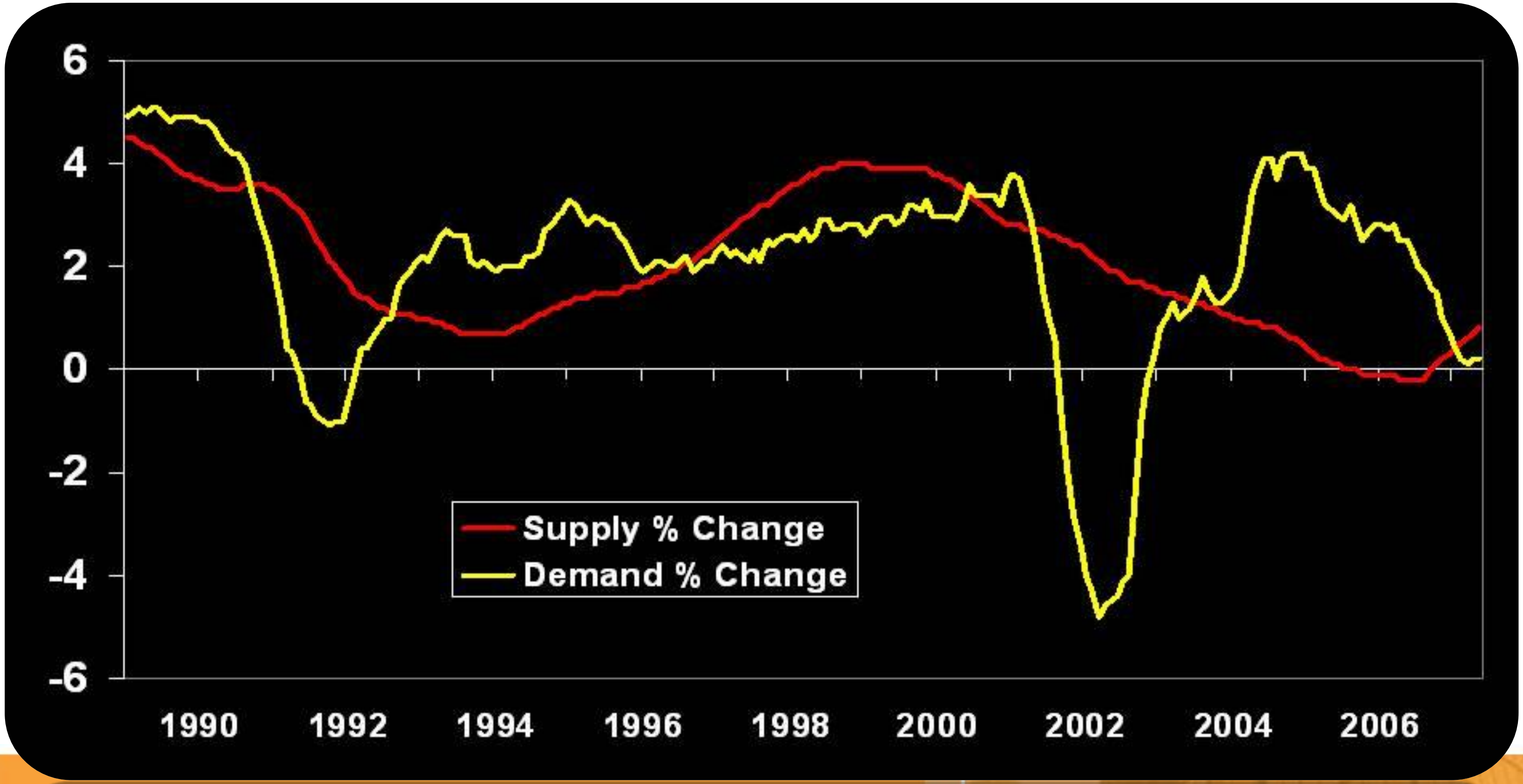
## US Room Supply/Demand Percent Change 12 Month Moving Average




Source: Smith Travel Research

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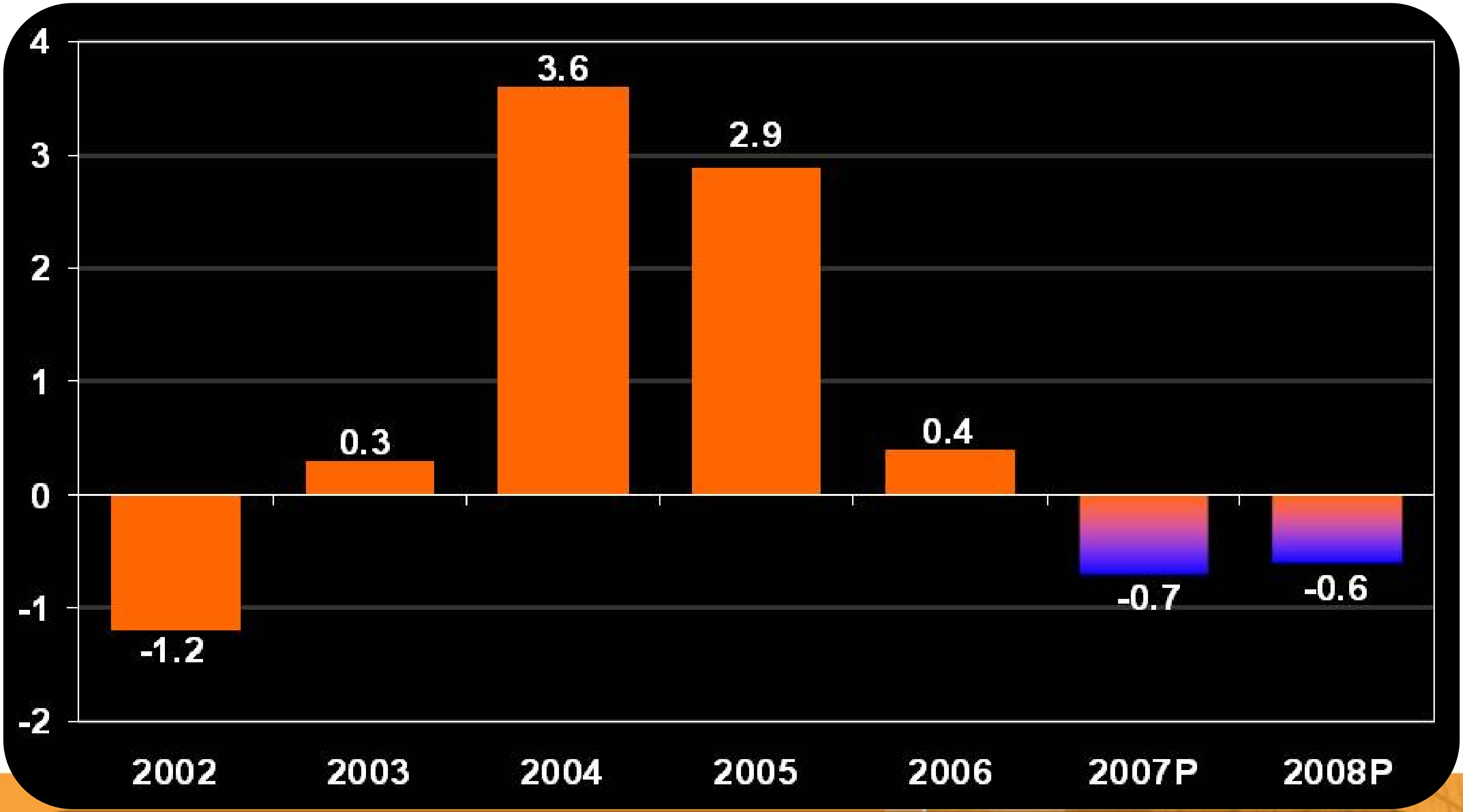
# US Occupancy Percent Change 2002-2008P




Source: Smith Travel Research

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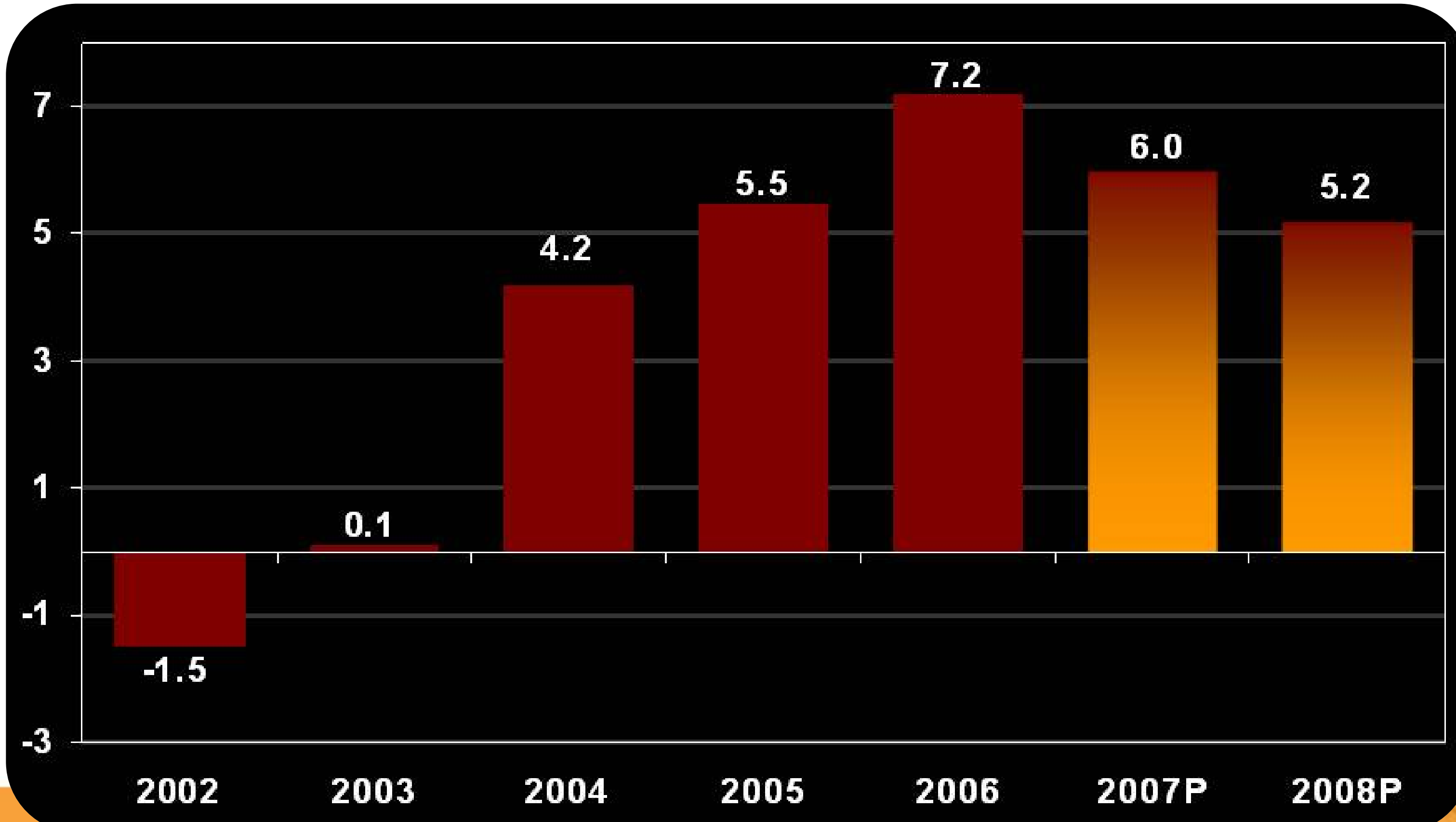
# US Average Daily Rate Percent Change 2002-2008P




Source: Smith Travel Research

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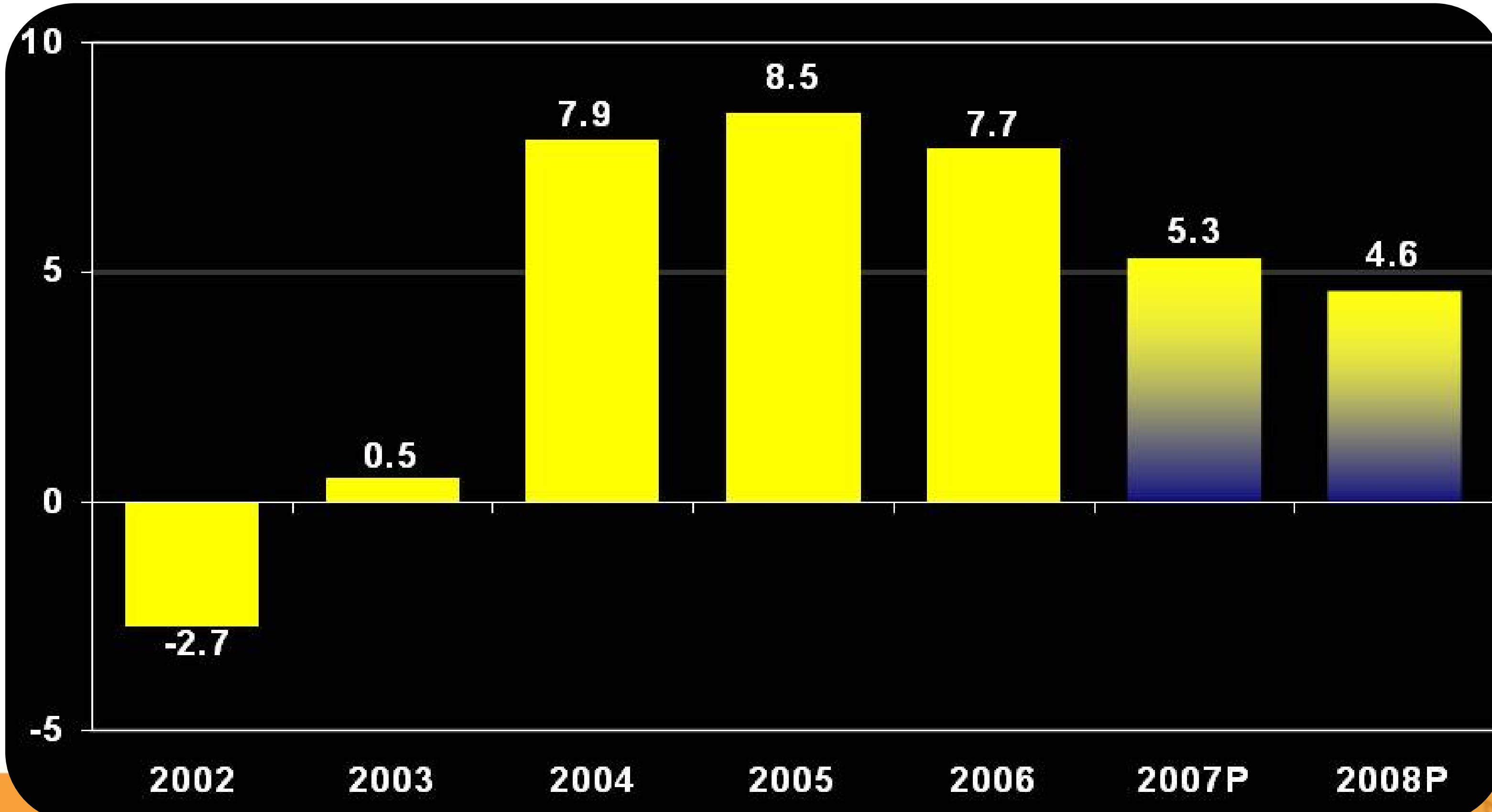
# US RevPAR Percent Change 2002-2008P




Source: Smith Travel Research

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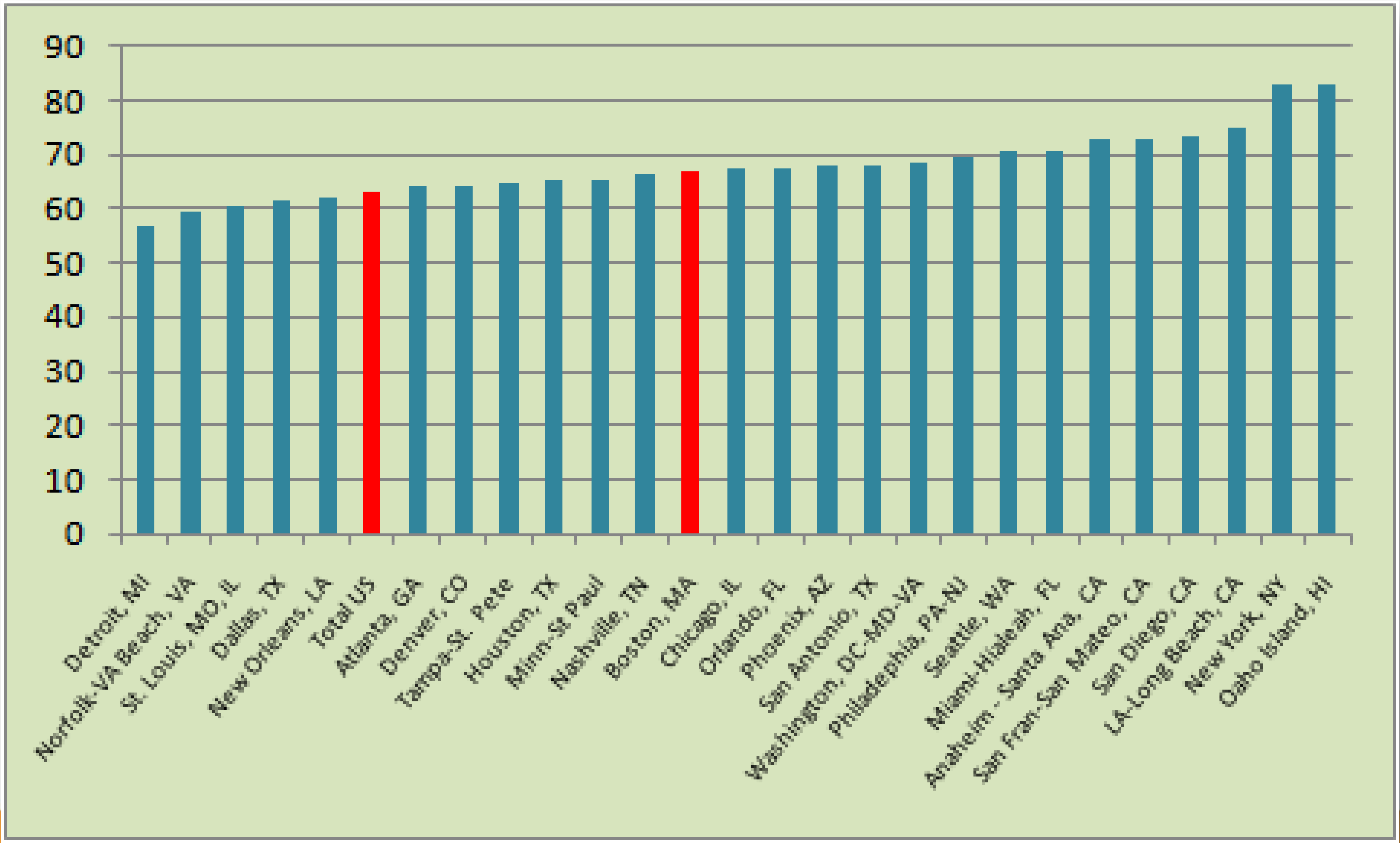
# Top 25 Market Areas – Occupancy Percent 2006




Source: Smith Travel Research

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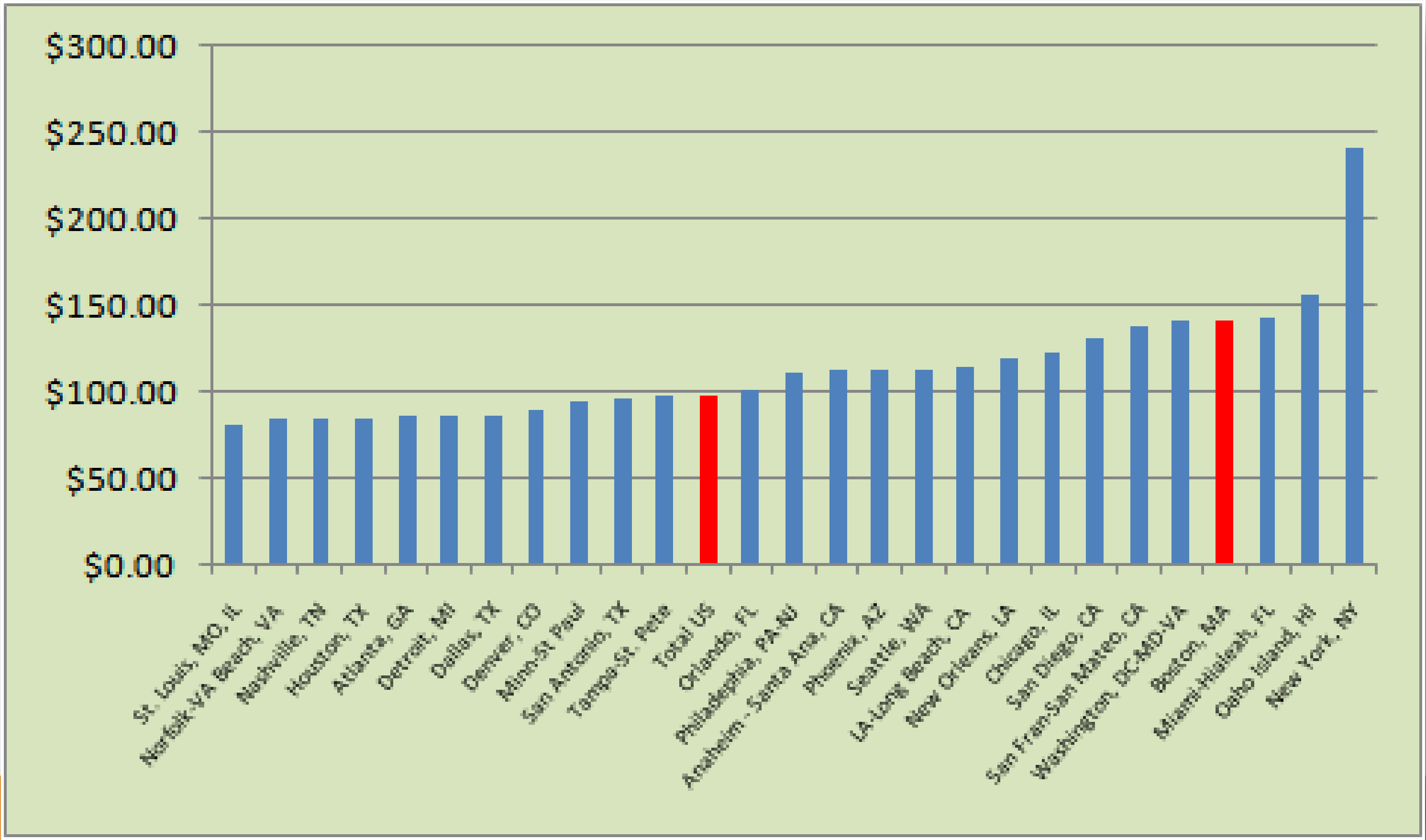
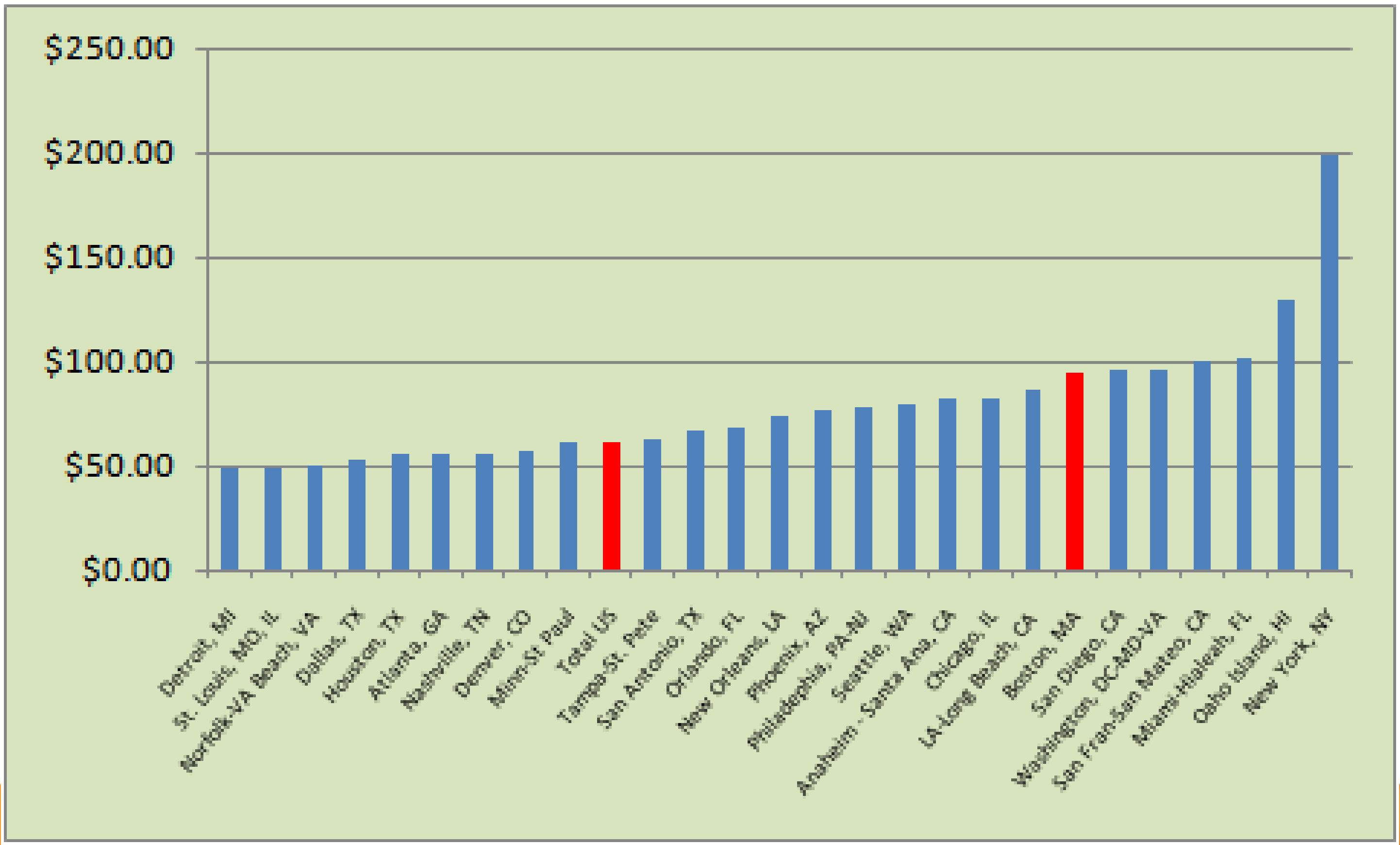
# Top 25 Market Areas – Average Daily Rate 2006




Source: Smith Travel Research

# Top 25 Market Areas – RevPAR 2006




Source: Smith Travel Research

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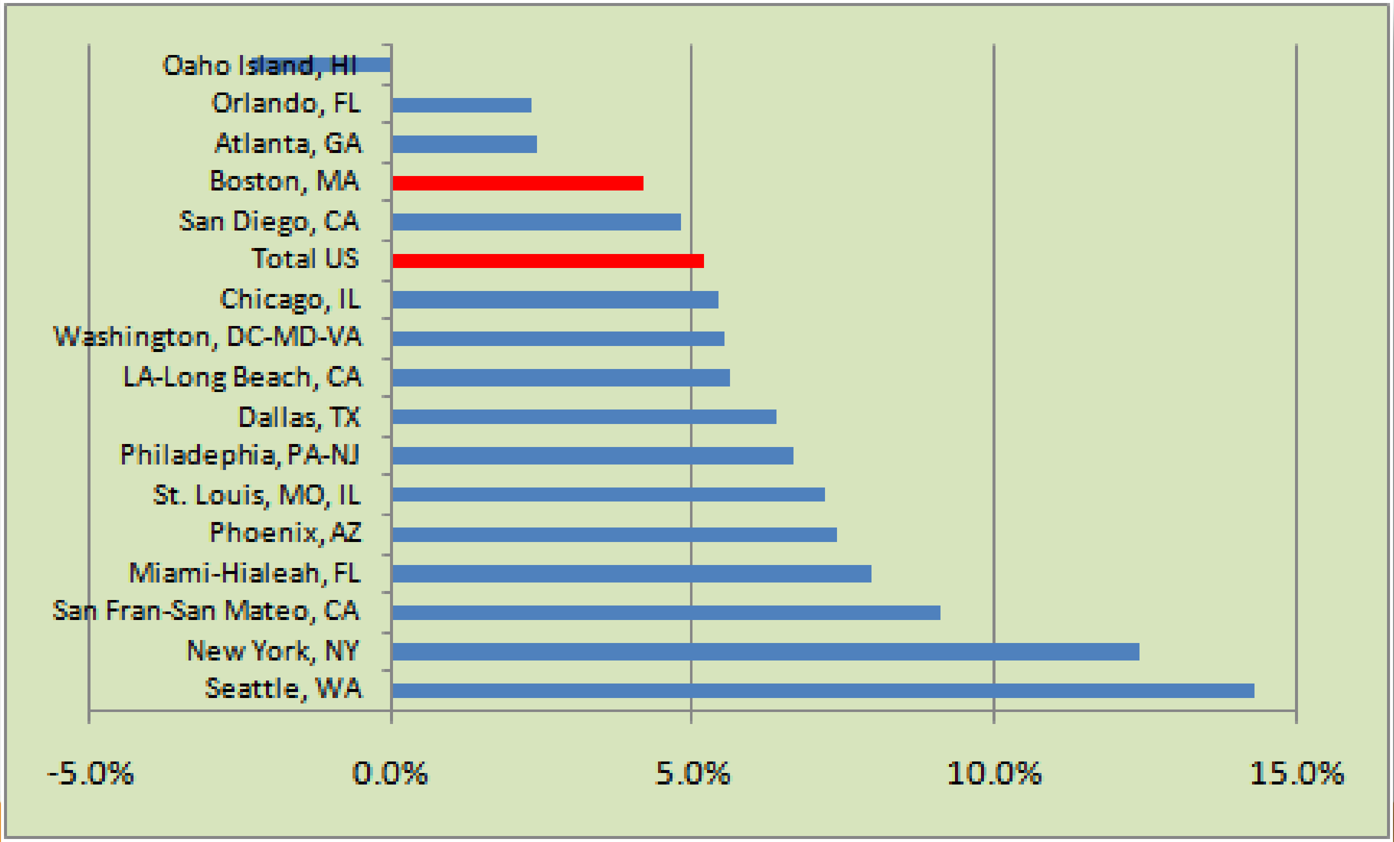
# Key 15 Markets RevPAR Percent Change May 2007 YTD




Source: Smith Travel Research

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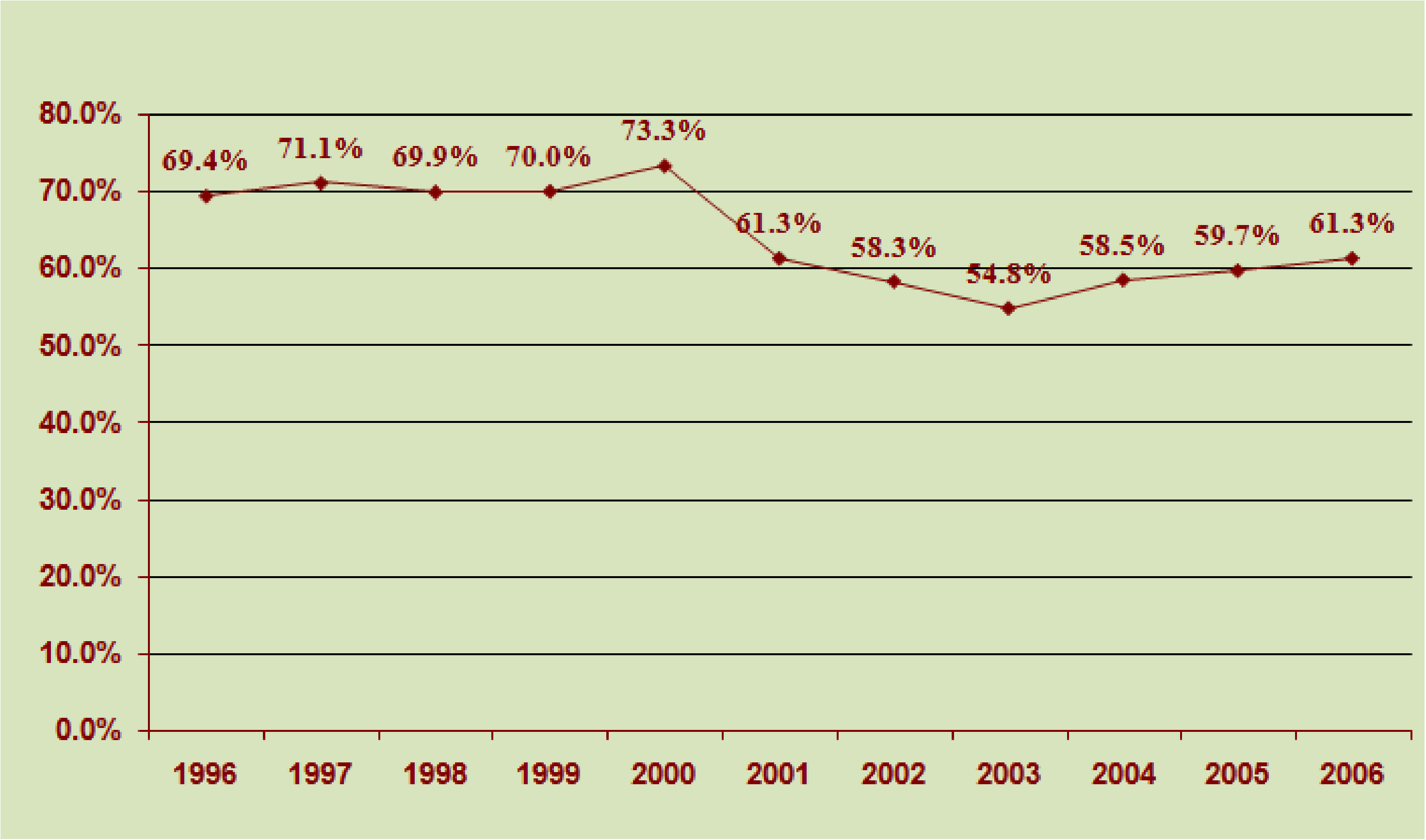
# SUBURBAN BOSTON LODGING MARKET

# Suburban Boston Occupancy 1996 - 2006




Source: Smith Travel Research/Pinnacle Advisory Group

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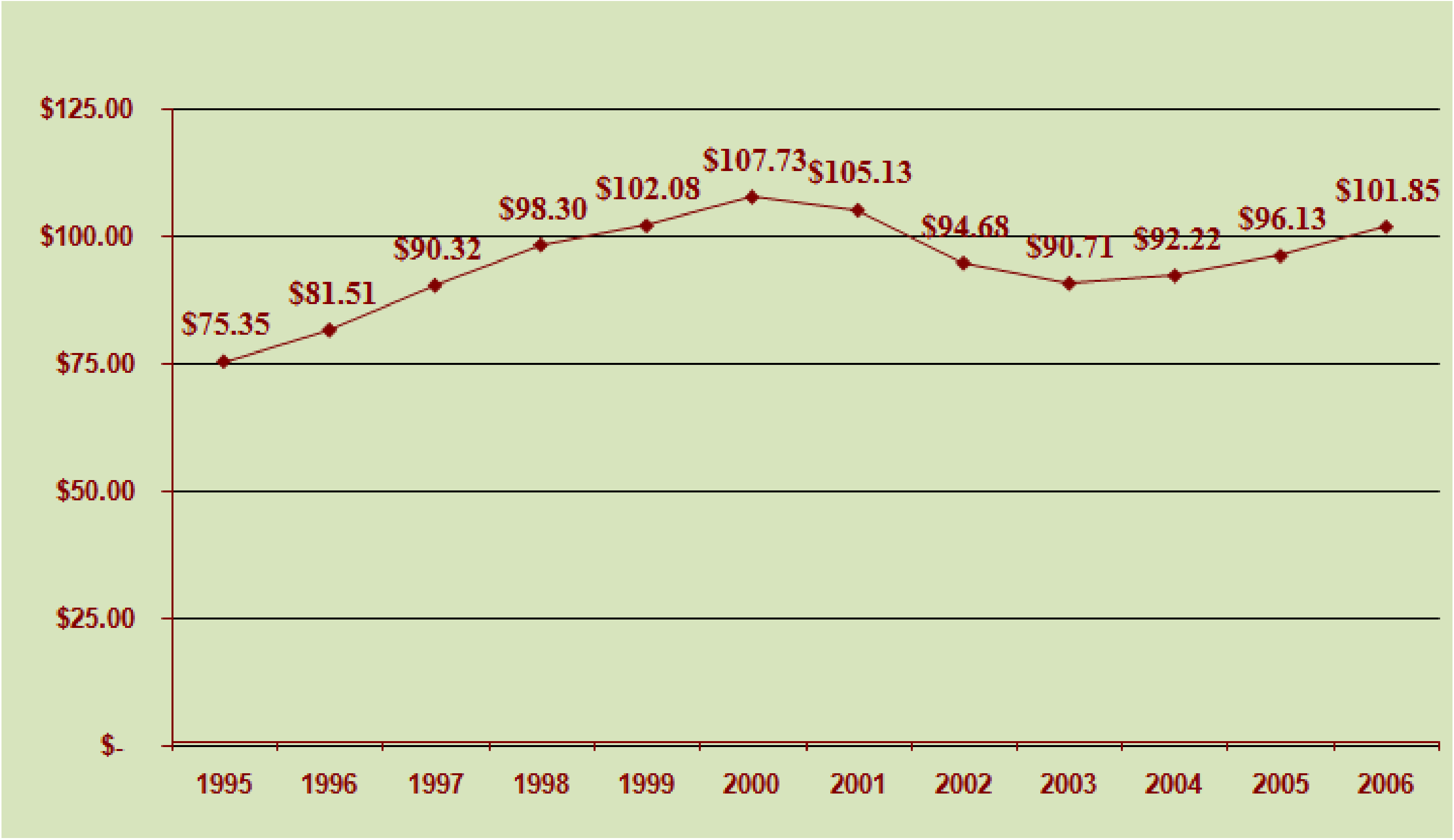
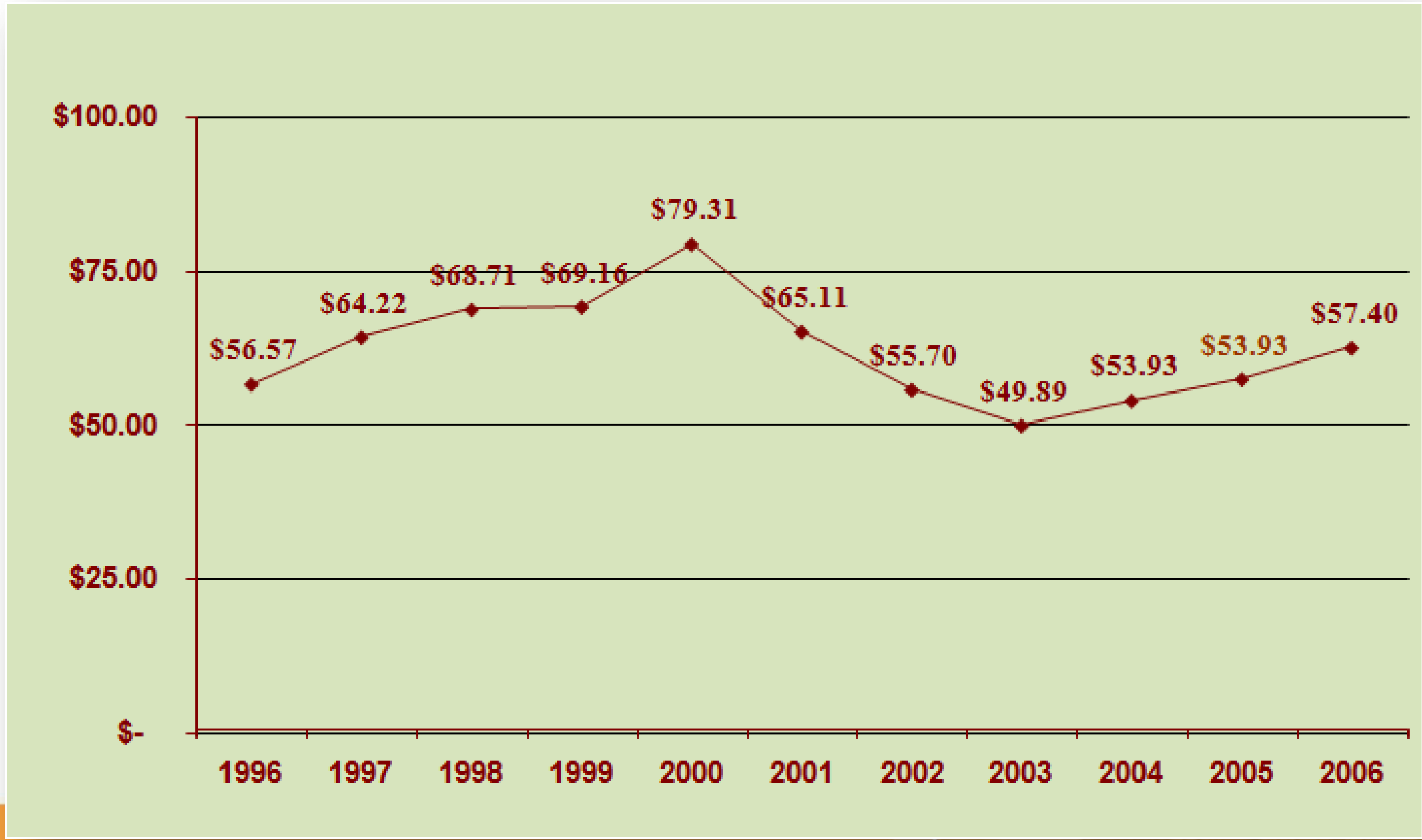
# Suburban Boston Average Daily Rate 1996-2006



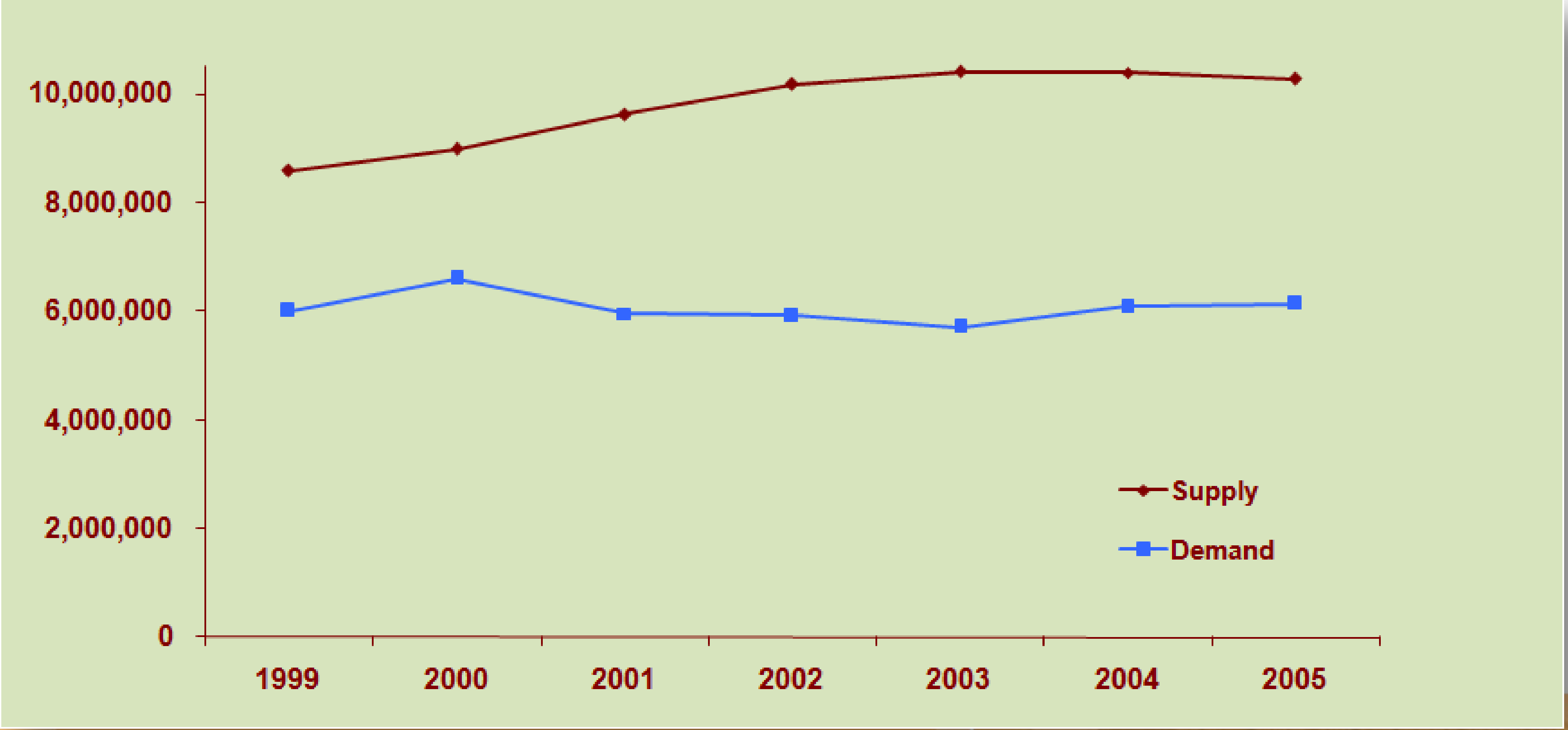

Source: Smith Travel Research/Pinnacle Advisory Group

# Suburban Boston RevPAR 1996 - 2006




Source: Smith Travel Research/Pinnacle Advisory Group

# Suburban Boston Supply and Demand 1999 - 2006




Source: Smith Travel Research/Pinnacle Advisory Group

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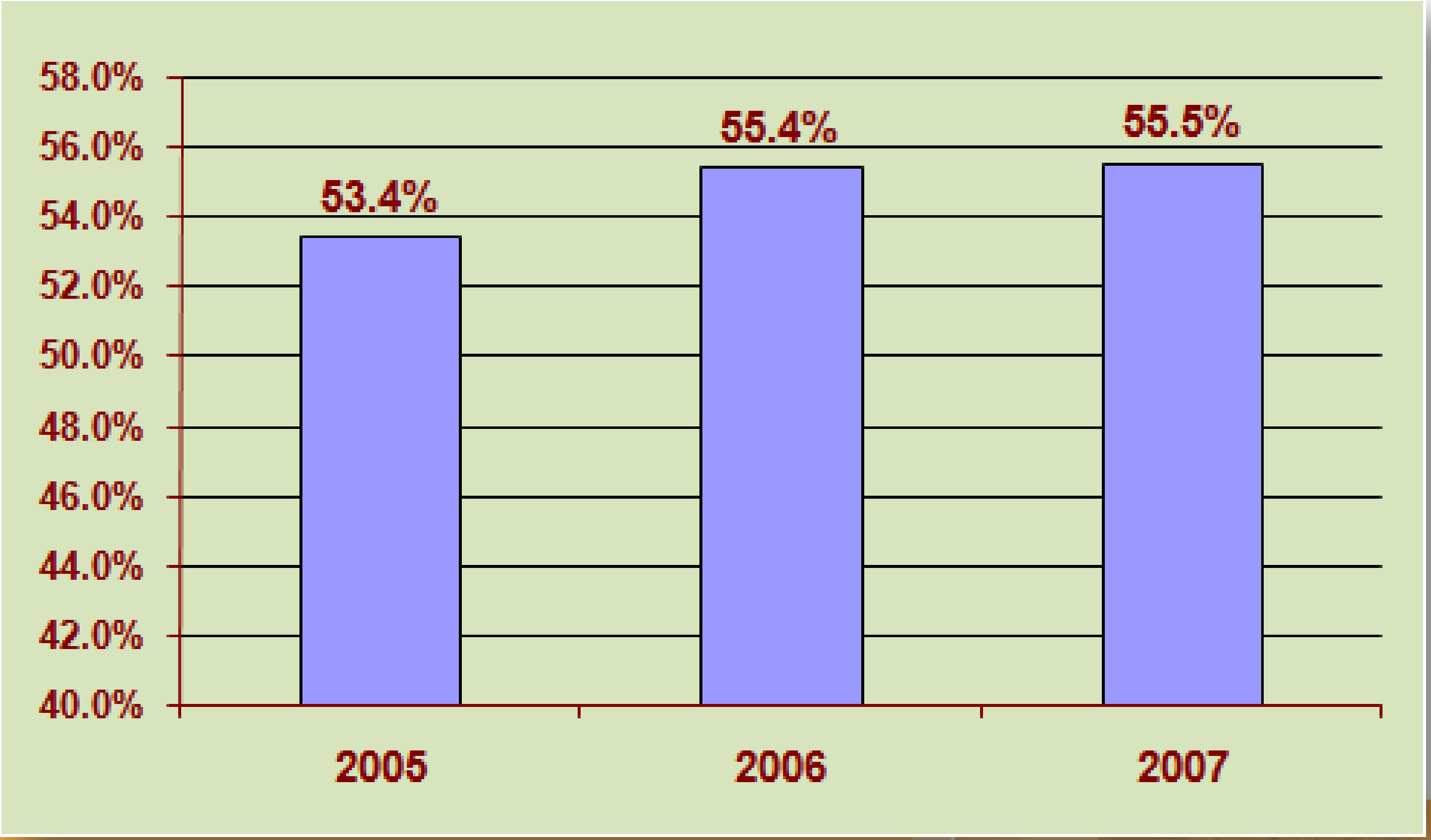
# Suburban Boston Occupancy YTD May 2005-2007




Source: Smith Travel Research/Pinnacle Advisory Group

# Suburban Boston Average Daily Rate YTD May 2005 - 2007


Source: Smith Travel Research/Pinnacle Advisory Group

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## Suburban Boston RevPAR YTD May 2005 - 2007


Source: Smith Travel Research/Pinnacle Advisory Group



# Suburban Boston Supply Changes 2007-2008

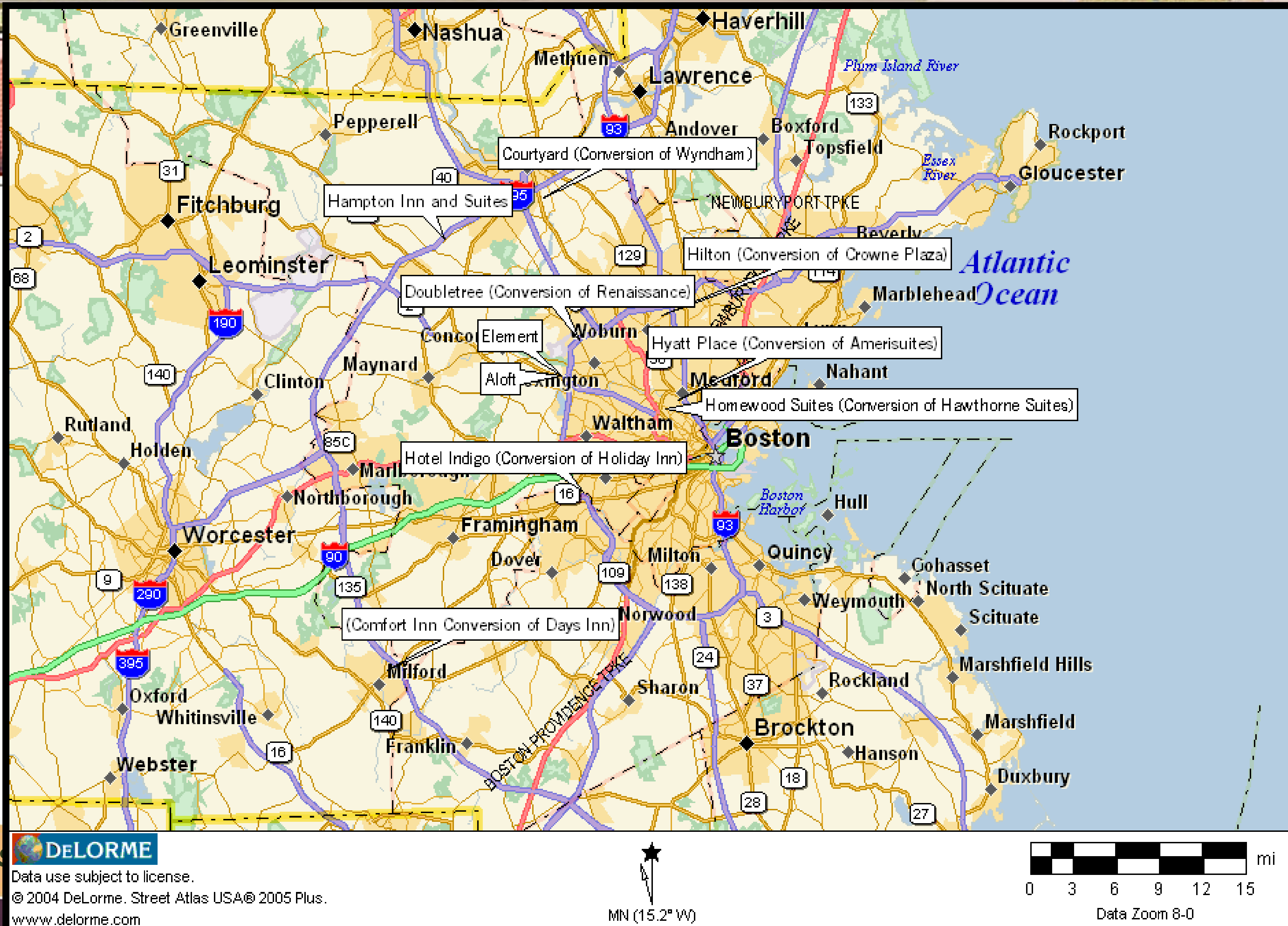
**New Construction**

- Hampton Inn and Suites – Westford – 110 Rooms – August 2007
- Aloft 136-Rooms – Lexington June 2008
- Element 123-Rooms – Lexington – June 2008

**Conversions**

- Doubletree Bedford (Independent/Renaissance) –2007
- Hilton Woburn (Crowne Plaza) - 2007
- Comfort Inn Milford (Days Inn) – July 2007
- Hyatt Place Medford (Amerisuites) 2008
- Hotel Indigo Newton (Holiday Inn Newton) - 2008
- Courtyard Hotel Billerica (Wyndham)- 2008
- Homewood Suites Arlington (Hawthorn Suites) - 2008

Source: Pinnacle Advisory Group



Courtyard (Conversion of Wyndham)
Hampton Inn and Suites
Hilton (Conversion of Crowne Plaza)
Doubletree (Conversion of Renaissance)
Element
Hyatt Place (Conversion of Amerisuites)
Aloft
Homewood Suites (Conversion of Hawthorne Suites)
Hotel Indigo (Conversion of Holiday Inn)
(Comfort Inn Conversion of Days Inn)
Greenville
Nashua
Haverhill
Methuen
Lawrence
Plum Island River
Pepperell
Andover
Boxford
Topsfield
Rockport
Essex River
Gloucester
Fitchburg
NEWBURYPORT TPKE
Beverly
Leominster
Atlantic Ocean
Marblehead
Woburn
Maynard
Nahant
Clinton
Medford
Rutland
Waltham
Boston
Holden
Northborough
Framingham
Boston Harbor
Hull
Worcester
Dover
Milton
Quincy
Cohasset
North Scituate
Weymouth
Norwood
Scituate
Milford
Marshfield Hills
Rockland
Oxford
Sharon
Whitinsville
Brockton
Marshfield
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## Suburban Boston 2007

- Limited New Supply
- Improving Office Market
- Stronger General Economic Conditions
- Declining Compression

# Suburban Boston Projections 2007

| | 2006 | 2007 | Change |
|---|---|---|---|
| Occupancy | 61% | 62% | 1.1% |
| Average Rate | $101.85 | $106.97 | 5.0% |
| RevPAR | $62.43 | $66.30 | 6.2% |

**Source: Pinnacle Advisory Group**

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## Suburban Boston 2008

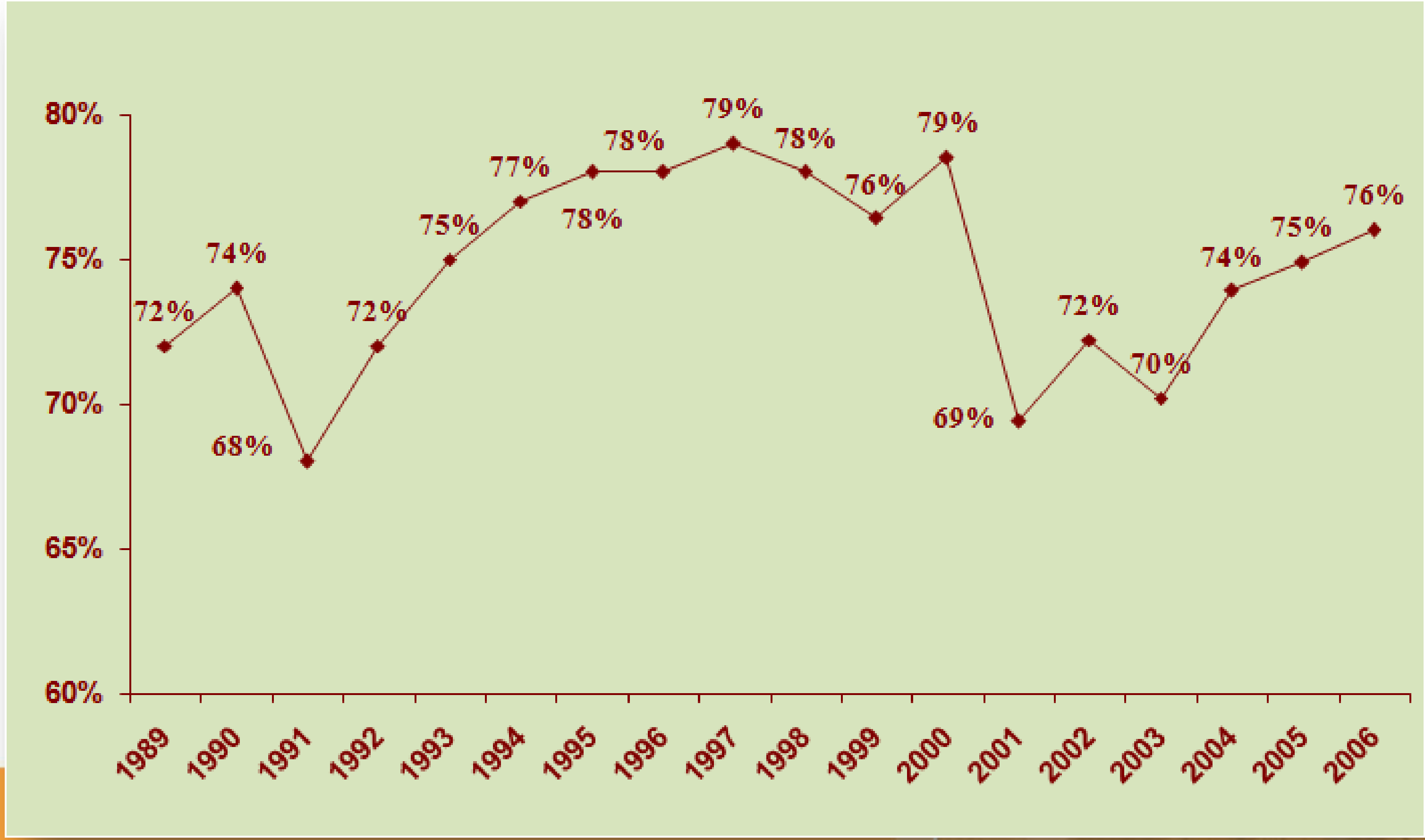
- New Supply Remains Limited
- Less Compression
- Improved Economy?

# Suburban Boston Projections 2008

| | 2007 | 2008 | Change |
|---|---|---|---|
| Occupancy | 62% | 63% | 1.6% |
| Average Rate | $106.94 | $112.29 | 5.0% |
| RevPAR | $66.30 | $70.74 | 6.7% |

# BOSTON CAMBRIDGE LODGING MARKET

# Boston / Cambridge Occupancy 1989-2006




**Source: Pinnacle Advisory Group**

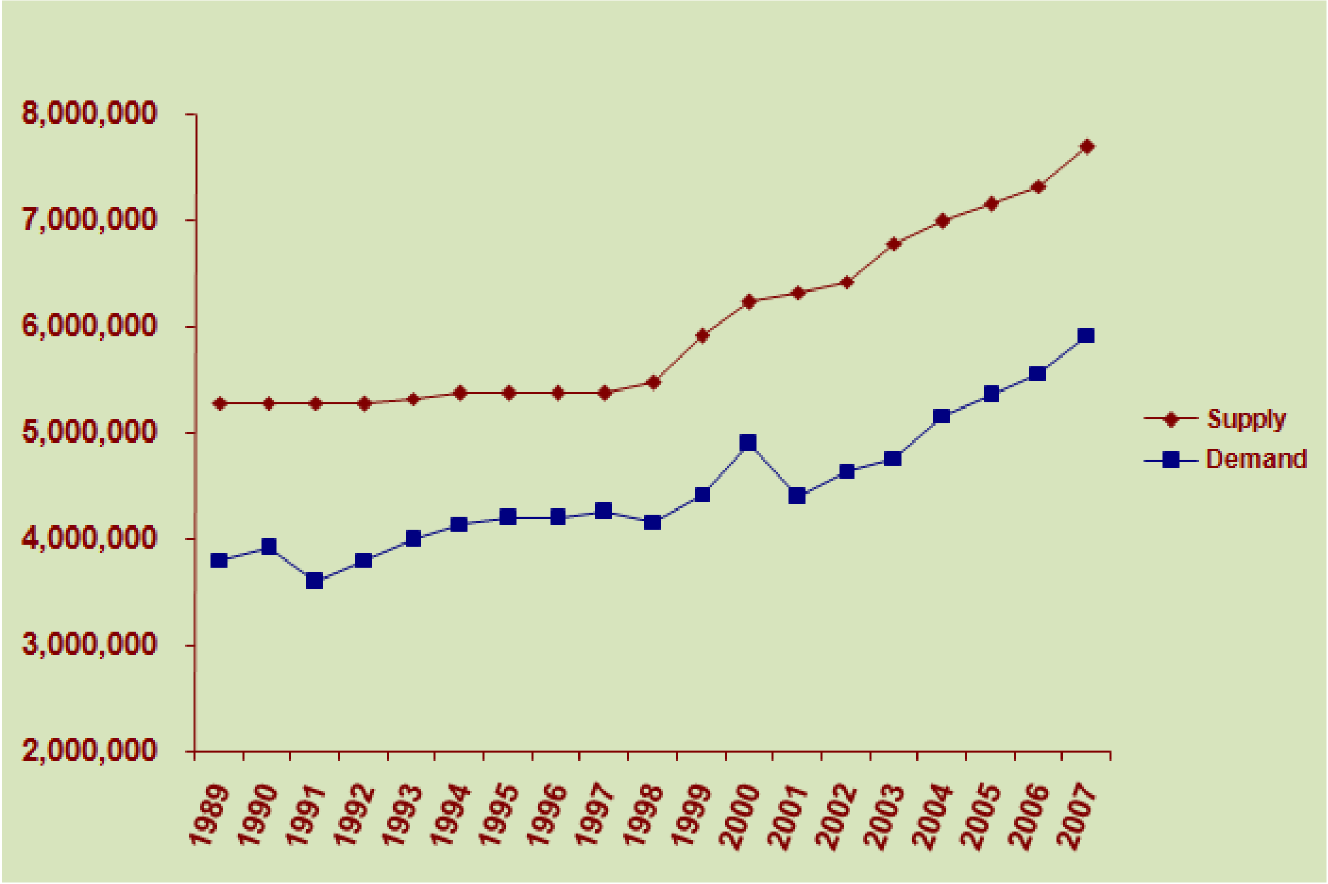
# Boston / Cambridge ADR 1989-2006


Source: Pinnacle Advisory Group

Boston / Cambridge RevPAR 1989-2006

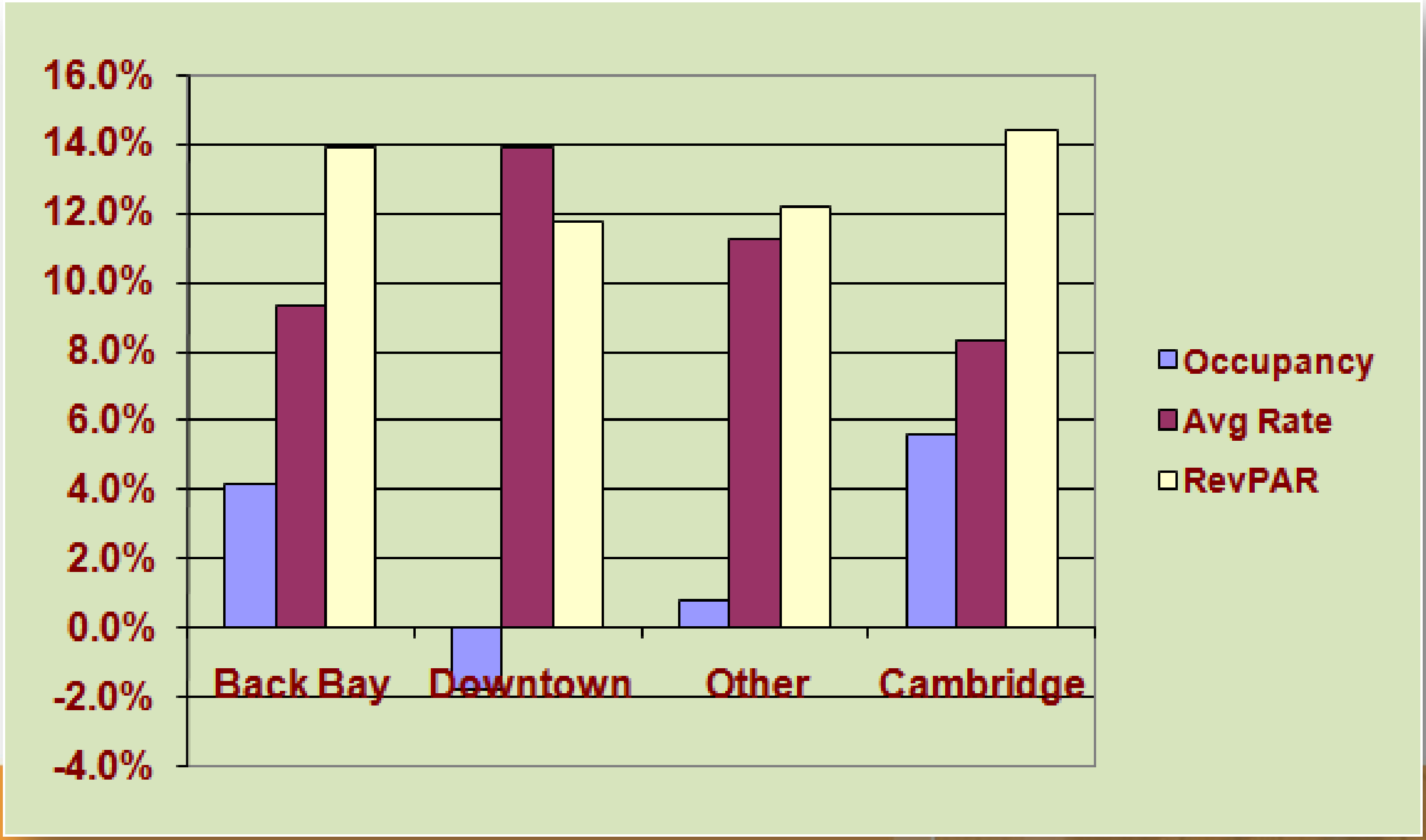

Source: Pinnacle Advisory Group

# Boston / Cambridge Supply and Demand 1989-2007P



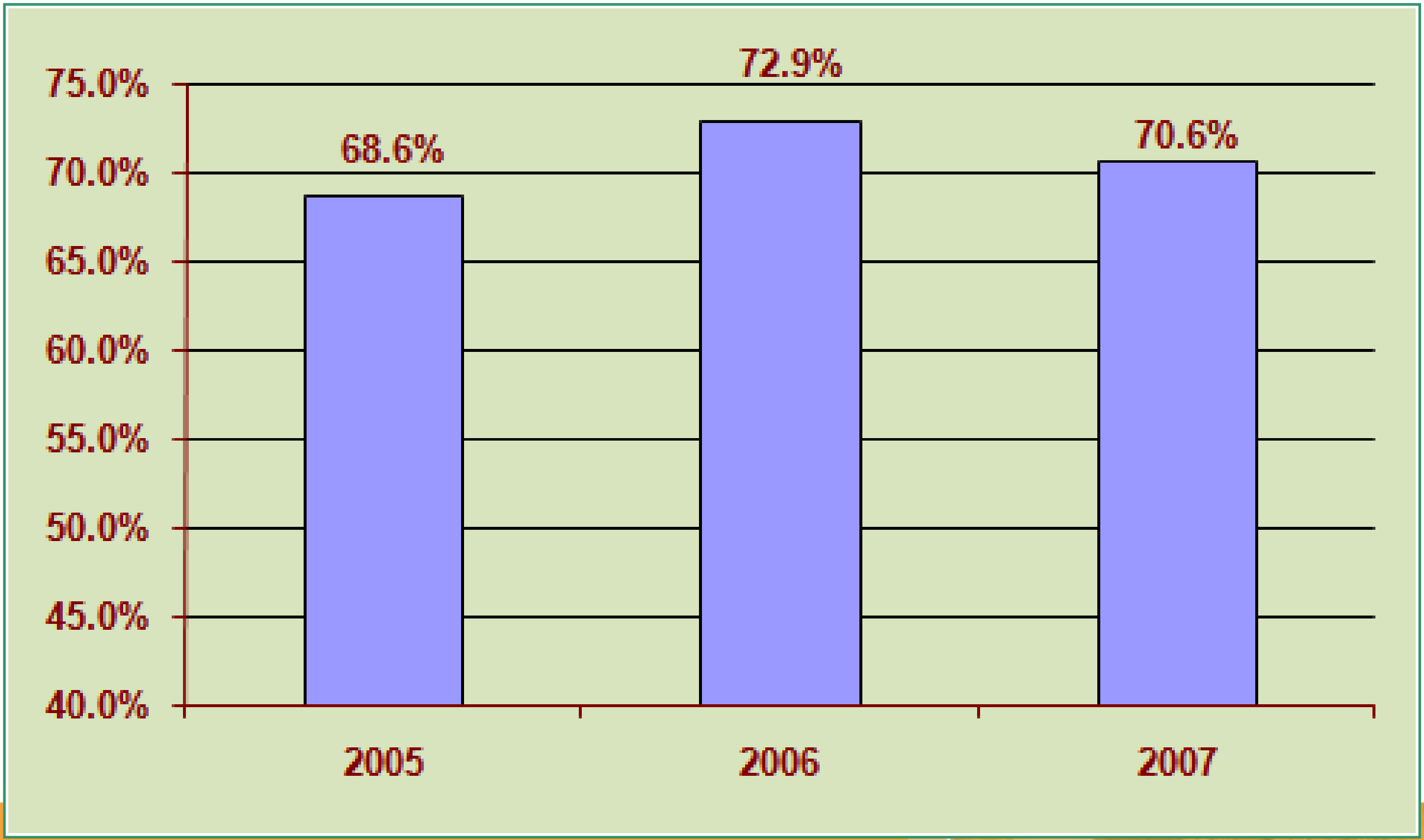

**Source: Pinnacle Advisory Group**

Boston / Cambridge Change In RevPAR By Market Area 2006



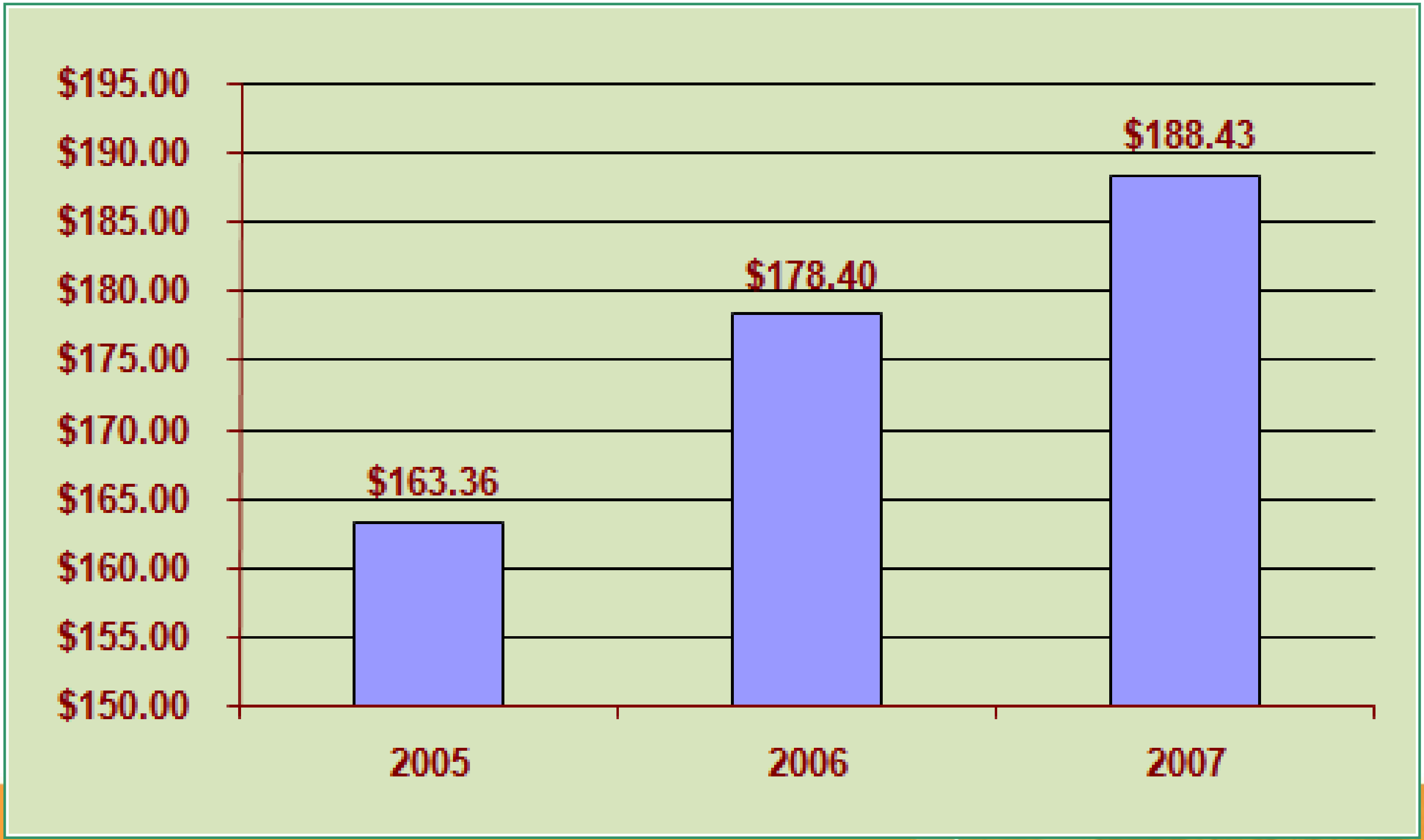

Source: Pinnacle Advisory Group

# Boston / Cambridge Occupancy YTD May 2005-2007



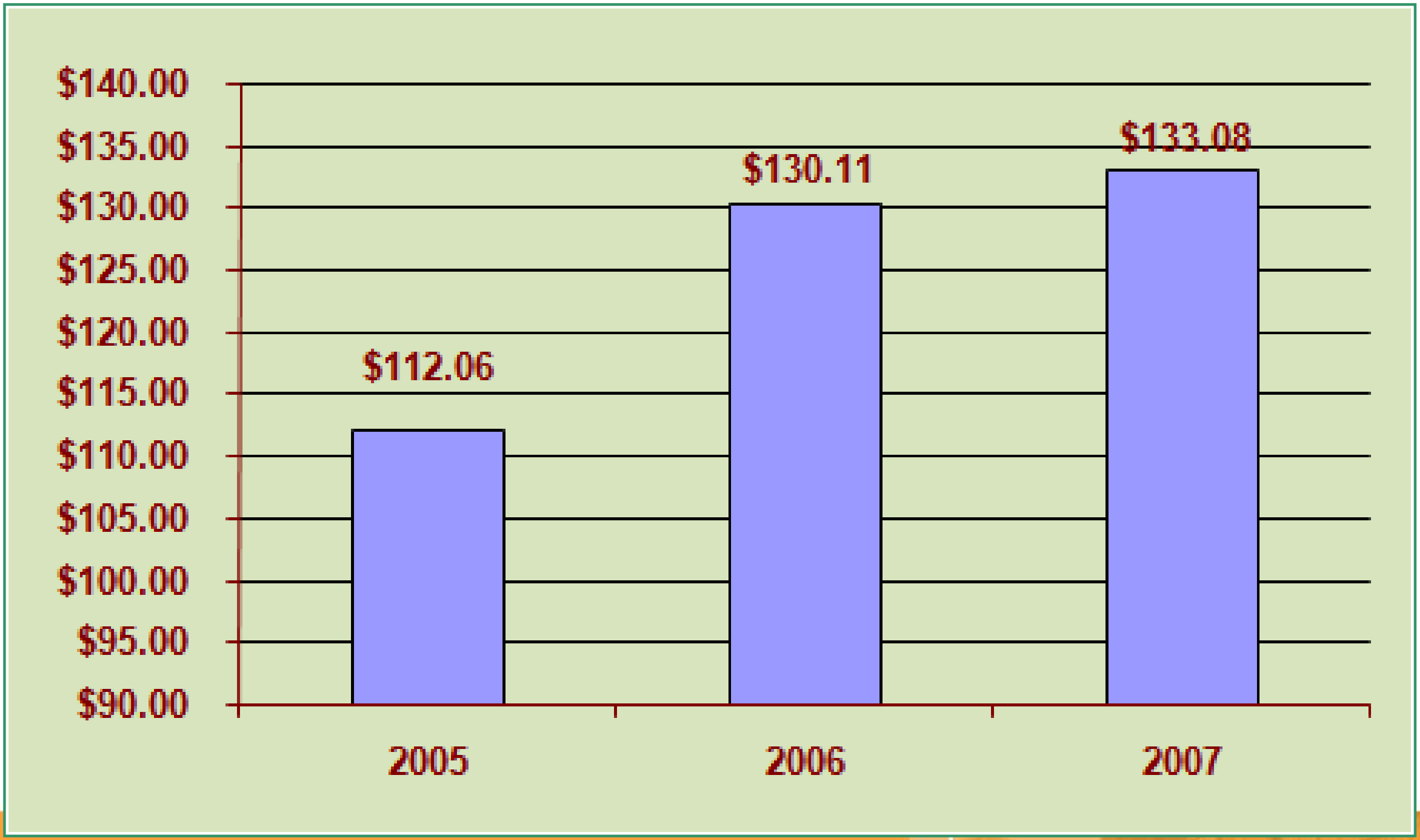

**Source: Pinnacle Advisory Group**

# Boston / Cambridge ADR YTD May 2005-2007




**Source: Pinnacle Advisory Group**

# Boston / Cambridge RevPAR YTD May 2005-2007




Source: Pinnacle Advisory Group

# Boston / Cambridge Supply Changes 2007

## New Supply

- Liberty Hotel – Beacon Hill – 301 Rooms - August
- Renaissance – 471 Rooms – Waterfront District – December

## Supply Changes

- Courtyard (Conversion of Radisson Cambridge)

Source: Pinnacle Advisory Group

# Boston / Cambridge Supply Changes 2008

## New Supply

- Regent Battery Wharf– North End – 150-Rooms – March
- Mandarin Oriental– Back Bay- 150-rooms – June

## Supply Changes

Courtyard (Conversion of the Holiday Inn East Boston)

Courtyard (Conversion from Holiday Inn) 1Q 2008
Regent 150-Rooms March 2008
Liberty Hotel 301-Rooms August 2007
Courtyard (Conversion from Radisson) Oct 2007
Mandarin Oriental 150-Rooms June 2008
Renaissance 471-Rooms December
Boston
Charlestown
Union Square
East Cambridge
Central Square
Hoyt Field
Beacon Hill
Haymarket
West Wood Island
Logan Aero Light
Ted Williams Tunnel
Fort Winthrop
Fort Independence
City Point
Longwood
Huntington Field
Chester Park
Lechmere Canal Park
Monument Square
Shipyard Park
Soldiers Monument
USS Constitution
John Harvard Mall
Charlestown Bridge
Callahan Tunnel (toll)
Northern Avenue Bridge
Congress Street Bridge
Harvard Bridge
Cambridge Street Bridge
MASSACHUSETTS TPKE
STORROW MEMORIAL DR
MEMORIAL DR
HUNTINGTON AVE
WASHINGTON ST
BOYLSTON ST
BEACON ST
DORCHESTER AVE
MASSACHUSETTS AVE
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# Boston / Cambridge Demand Factors

- Continued Strong Corporate Growth Anticipated
- Strong International Demand (Both Group and Leisure)
- 2007 Citywide Conventions Down 8.7% (all in first half)
- 2008 Conventions On Pace with 2007
- Increased Film Crew Demand?
- Airline Crews Moving Back into City

Source: Pinnacle Advisory Group

# Boston / Cambridge Average Rates

- Strong increases in other national markets
- Momentum from 2H 2007 Likely to Carry-Over to 2007
- Luxury Orientation of New Product Will Help
- Increasing Rate Resistance

Source: Pinnacle Advisory Group

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# Boston Cambridge Projections 2007

| | 2006 | 2007 | Change |
|---|---|---|---|
| Occupancy | 76% | 75% | -1.3% |
| Average Rate | $194.56 | $210.12 | 8.0% |
| RevPAR | $147.87 | $157.59 | 6.6% |

Source: Pinnacle Advisory Group

# Pinnacle Operator's Survey 2008 Outlook

- Several Regional Executives
  - 4-6% RevPAR Growth

# Boston Cambridge Projections 2007

| | 2007 | 2008 | Change |
|---|---|---|---|
| Occupancy | 75% | 74% | -1.3% |
| Average Rate | $210.12 | $222.82 | 6.0% |
| RevPAR | $157.59 | $164.88 | 4.6% |

# PINNACLE ADVISORY GROUP

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