



Pinnacle
Advisory Group

OUTLOOK 2006

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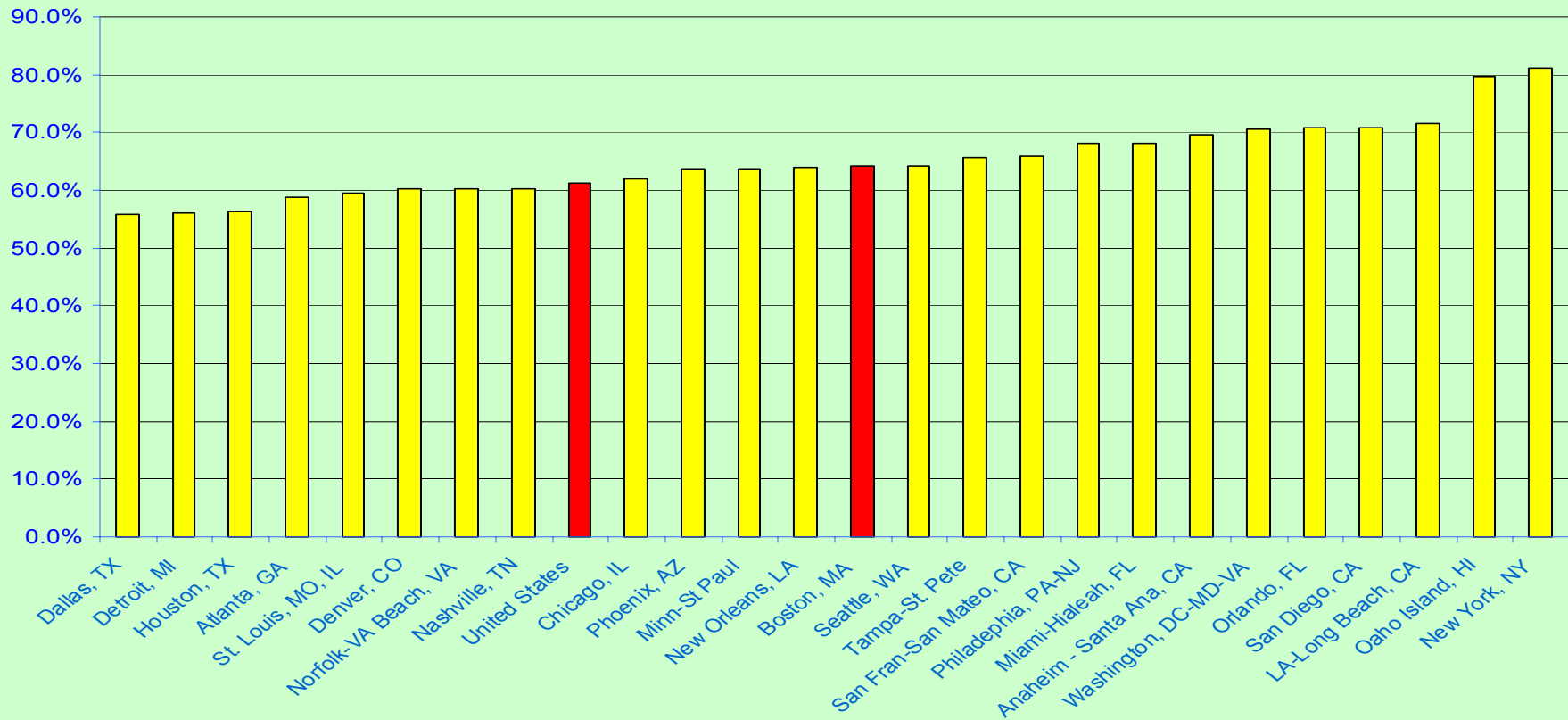
NATIONAL LODGING MARKET





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Top 25 Market Areas – Occupancy Percent 2004

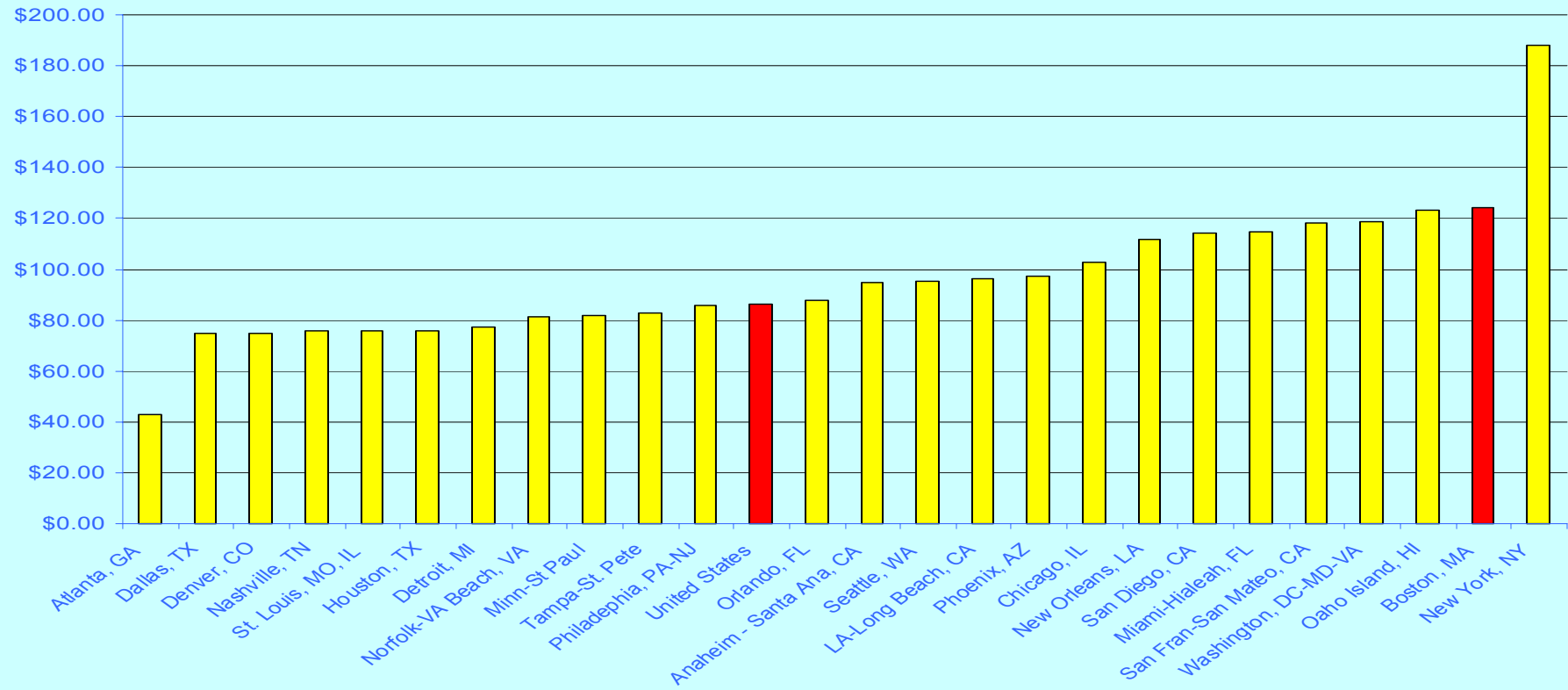


Source: Smith Travel Research



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Top 25 Market Areas – Average Daily Rate 2004

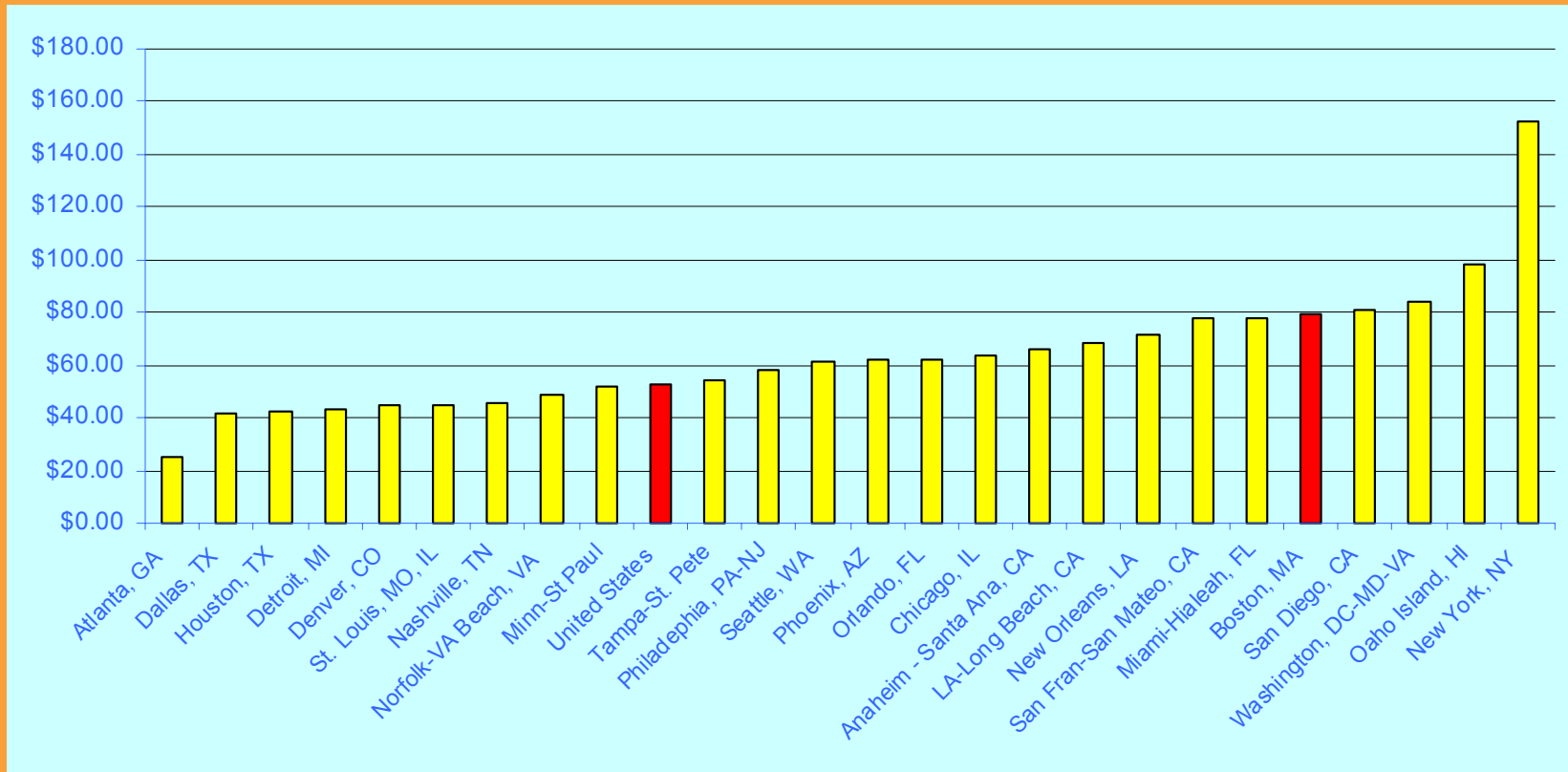


Source: Smith Travel Research



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Top 25 Market Areas – RevPAR 2004

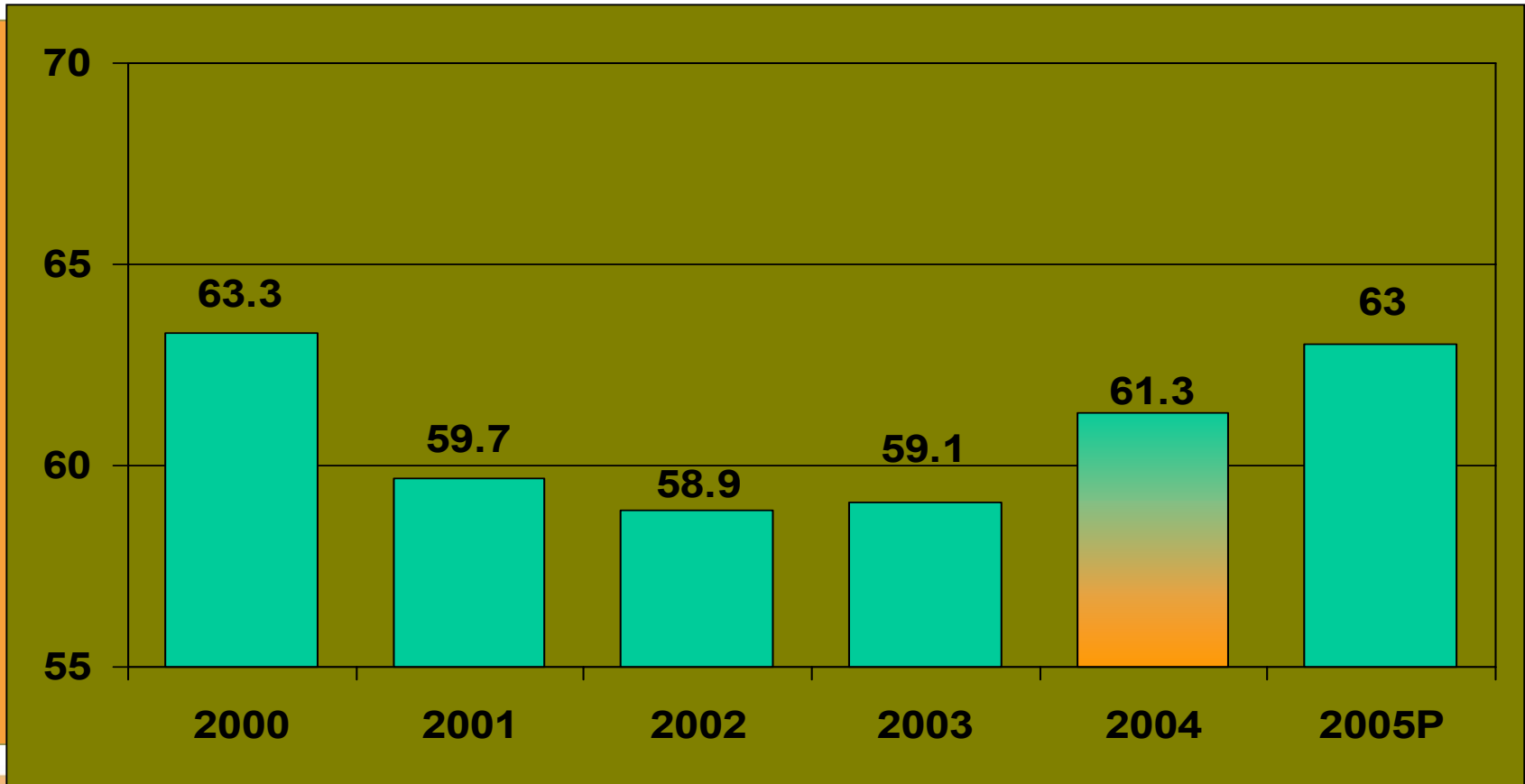


Source: Smith Travel Research



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U.S. Occupancy Percent 2000 - 2005P

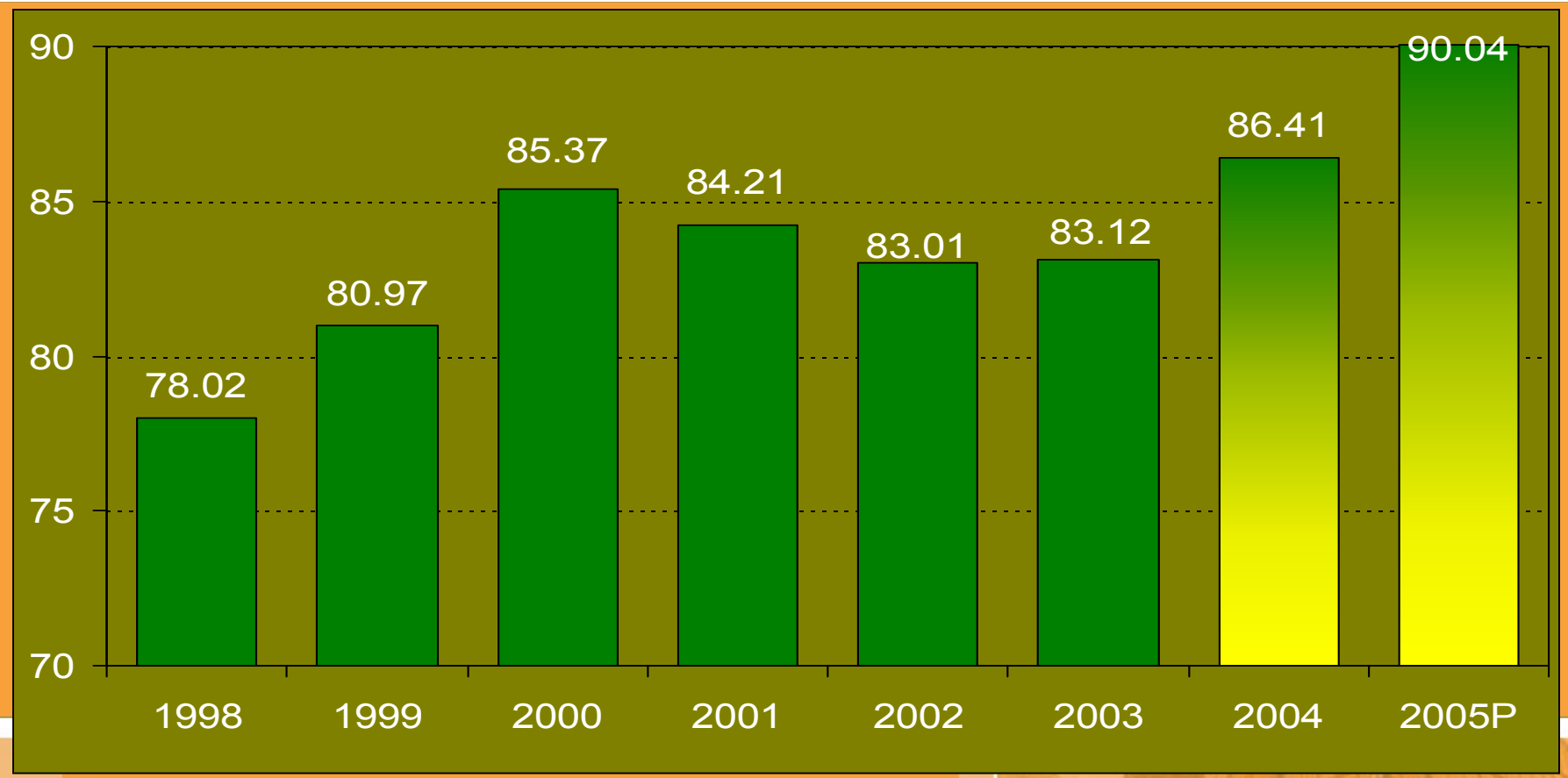


Source: Smith Travel Research



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U.S. Average Daily Rate 1998 – 2005P

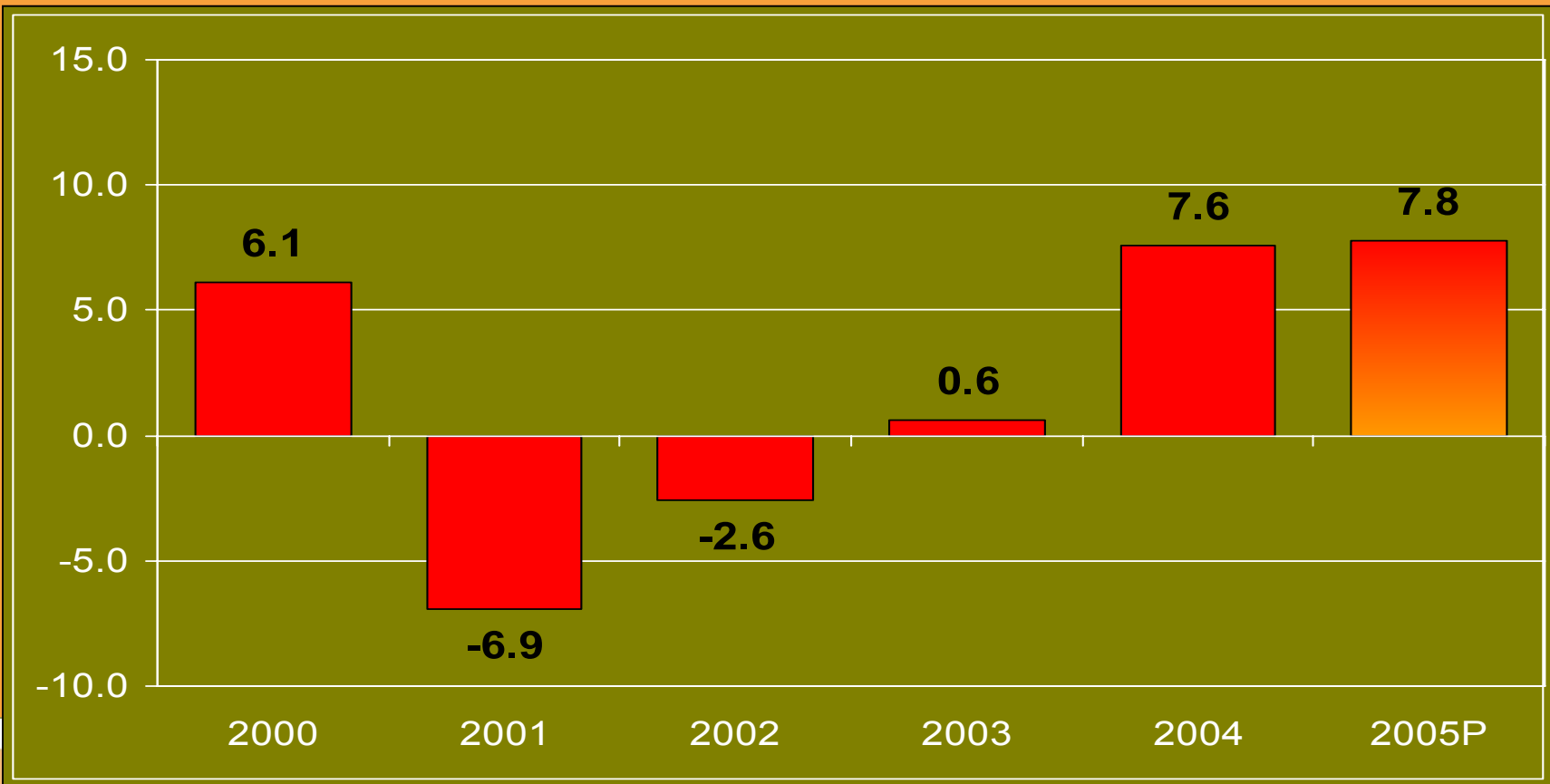


Source: Smith Travel Research



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U.S. RevPAR Percent Change 2000 – 2005P

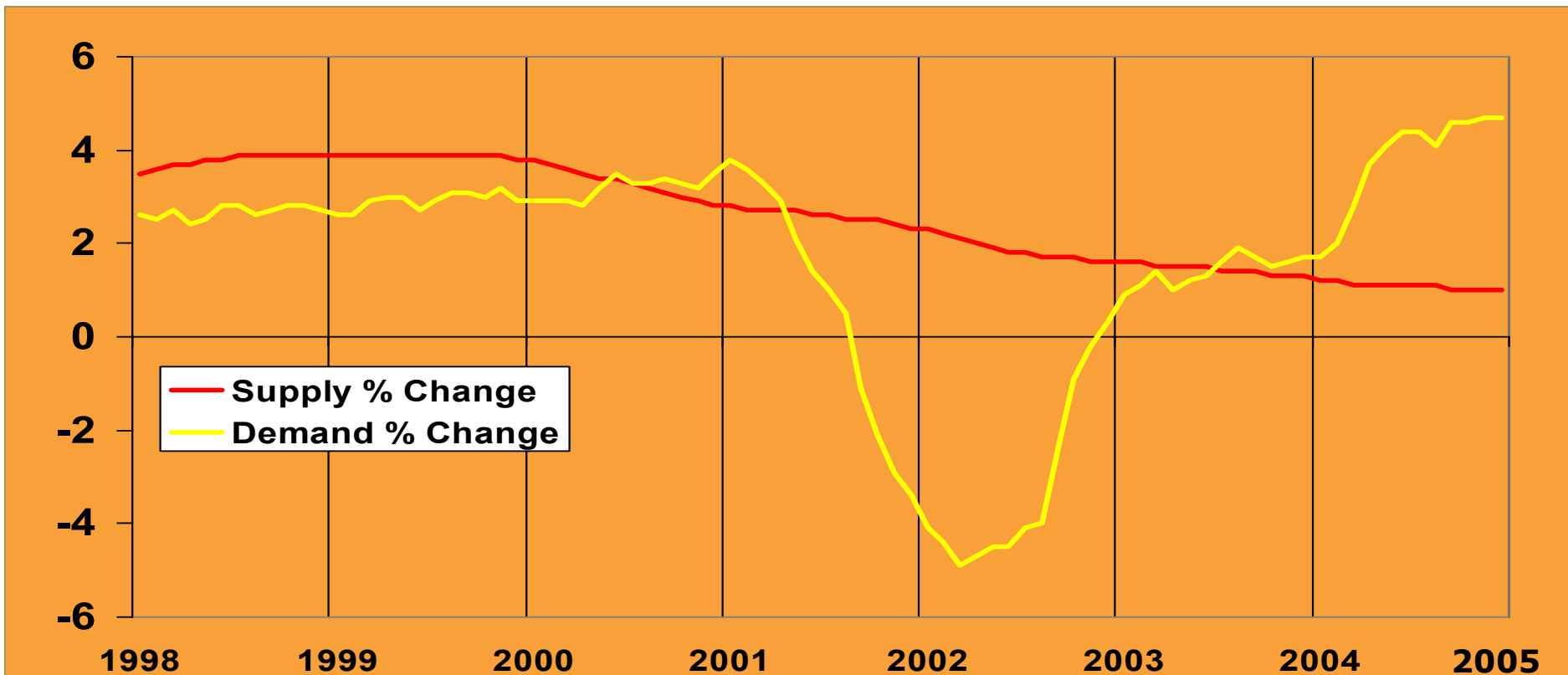


Source: Smith Travel Research



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U.S. Room Supply / Demand Percent Change Twelve Month Moving Average Ending April 2005



Source: Smith Travel Research



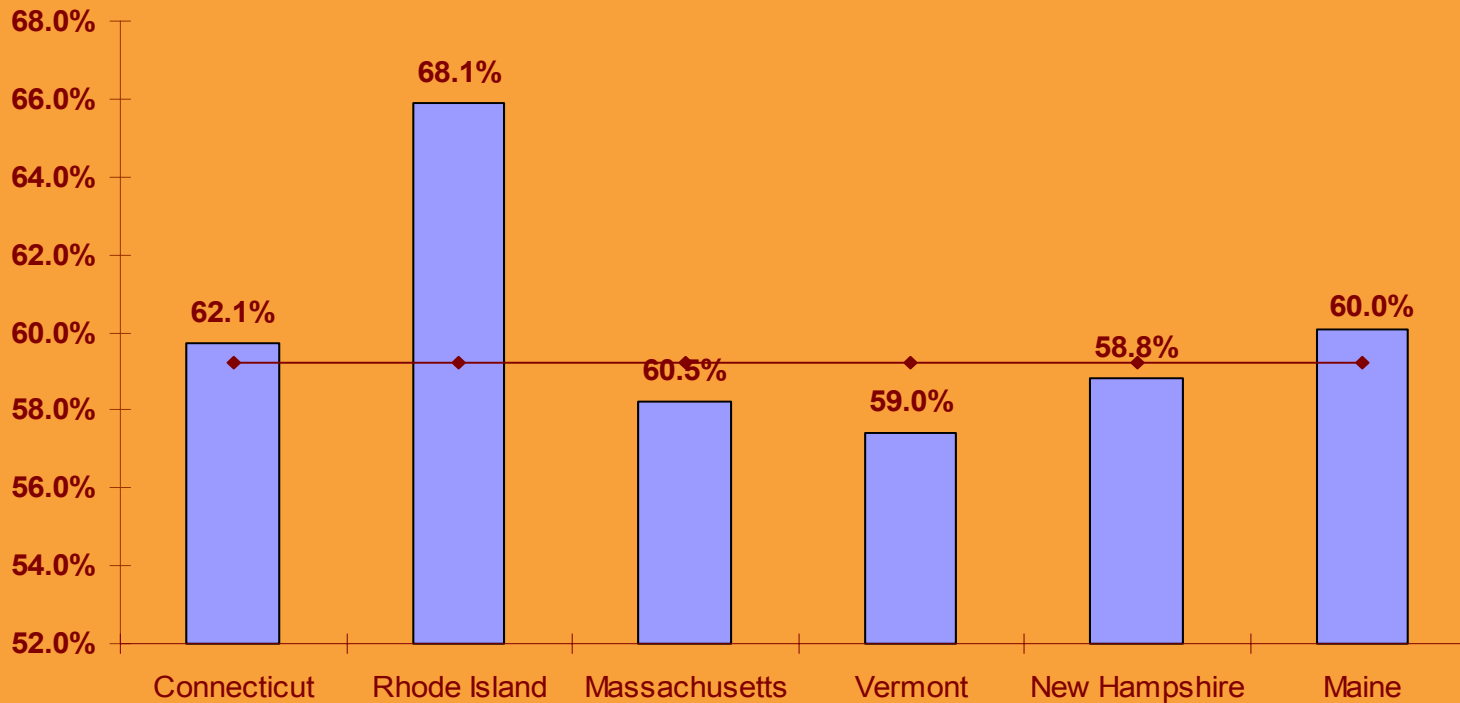
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NEW ENGLAND LODGING MARKET



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New England Occupancy - 2004

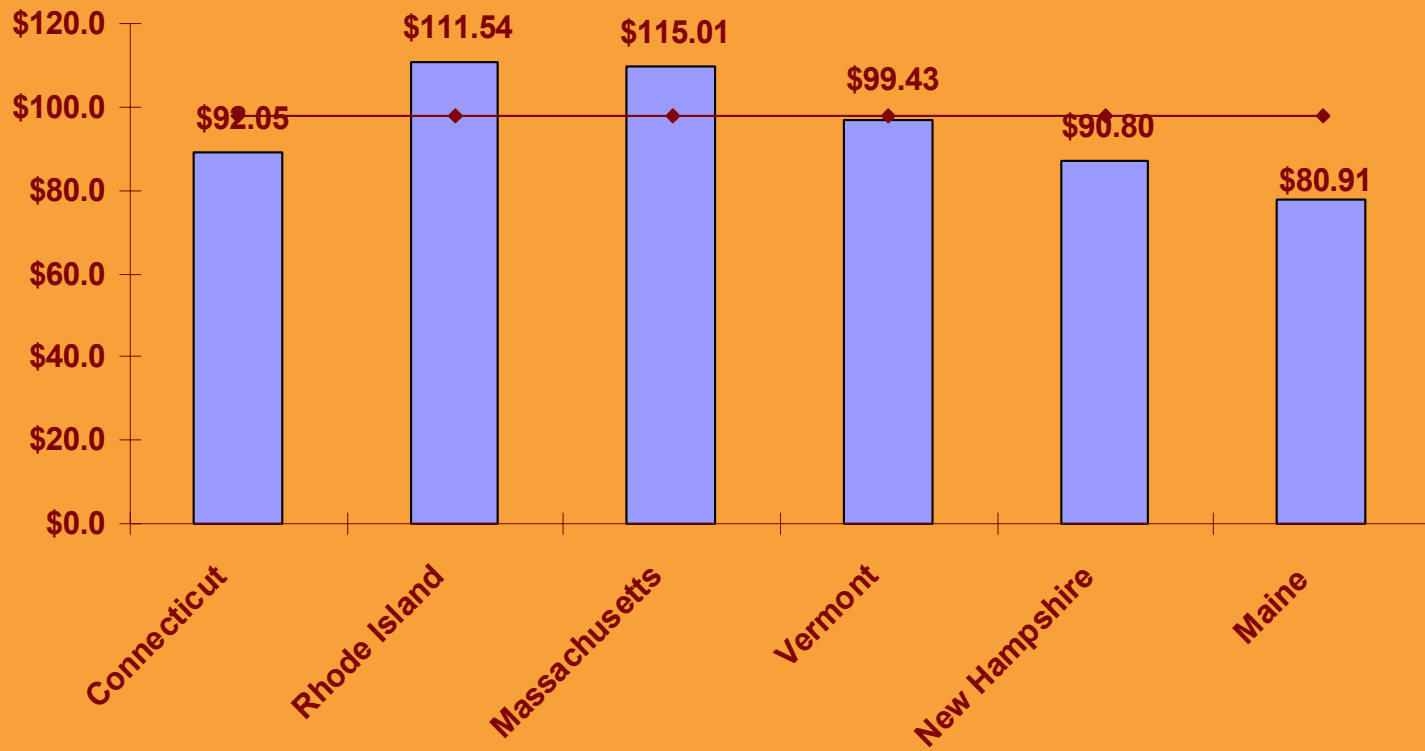


Source: Smith Travel Research/Pinnacle Advisory Group



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New England Average Daily Rate - 2004



Source: Smith Travel Research/Pinnacle Advisory Group



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New England RevPAR - 2004



Source: Smith Travel Research/Pinnacle Advisory Group



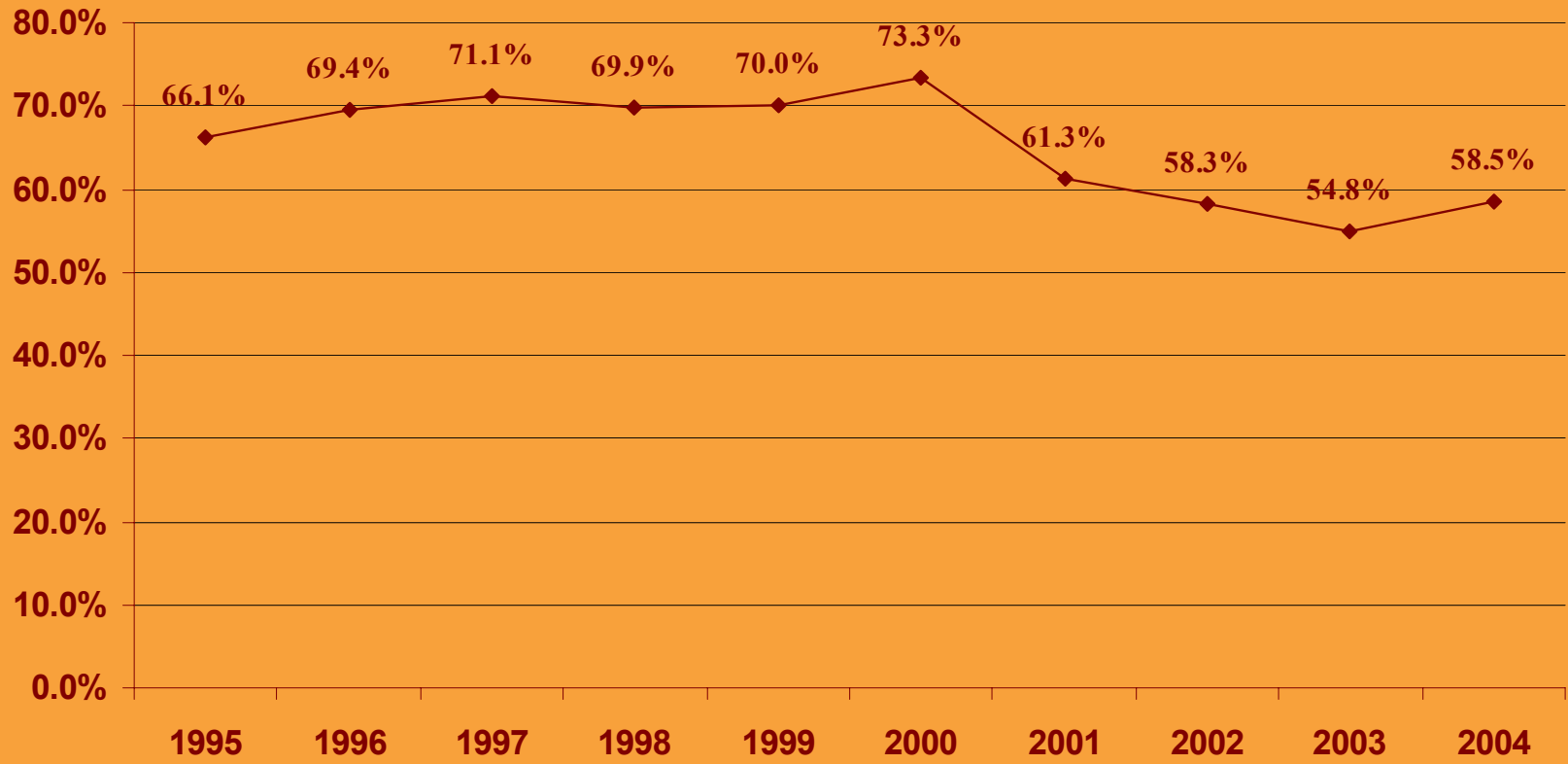
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SUBURBAN BOSTON LODGING MARKET



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Suburban Boston Occupancy 1995 - 2004

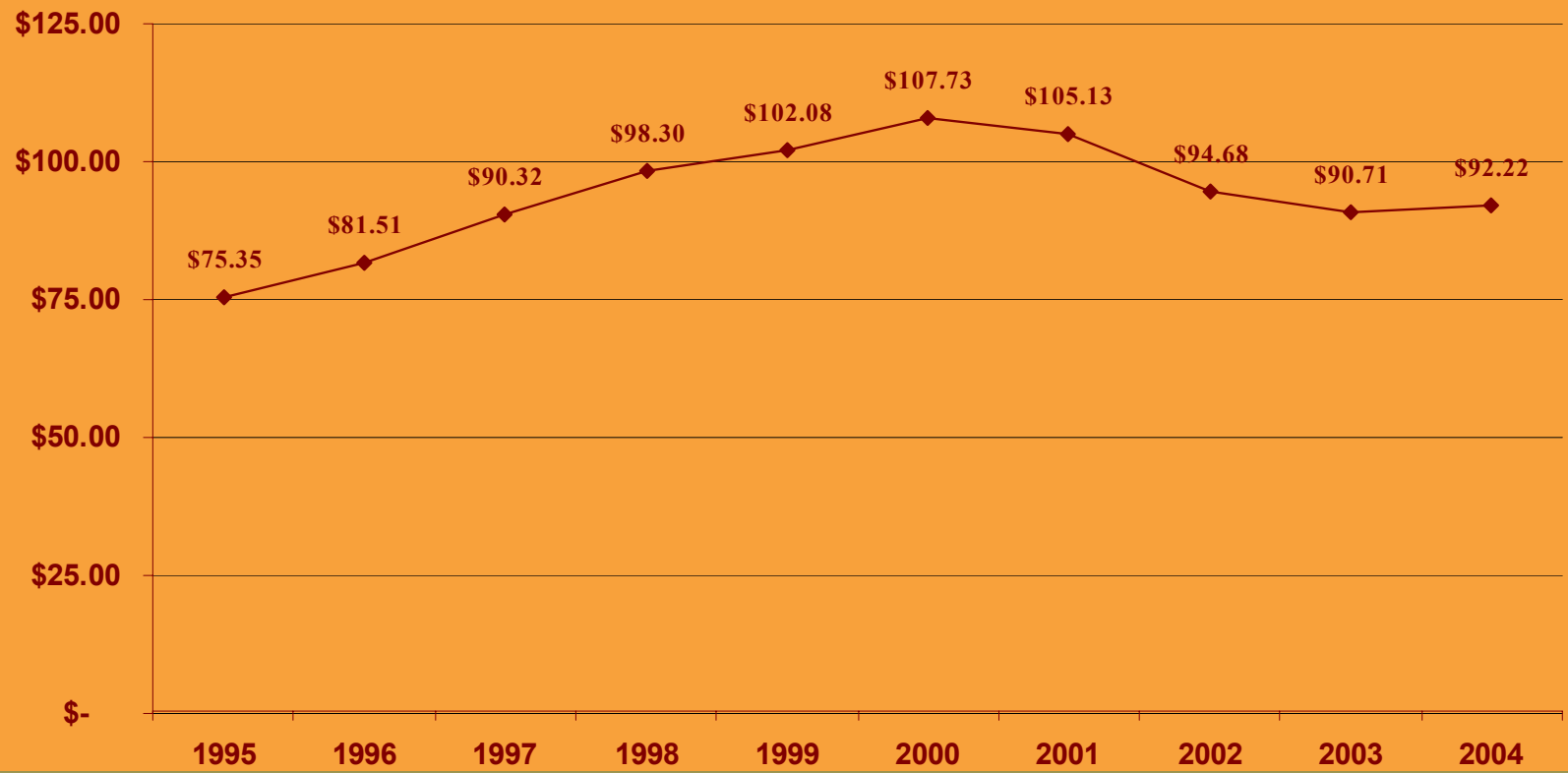


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Average Daily Rate 1995-2004

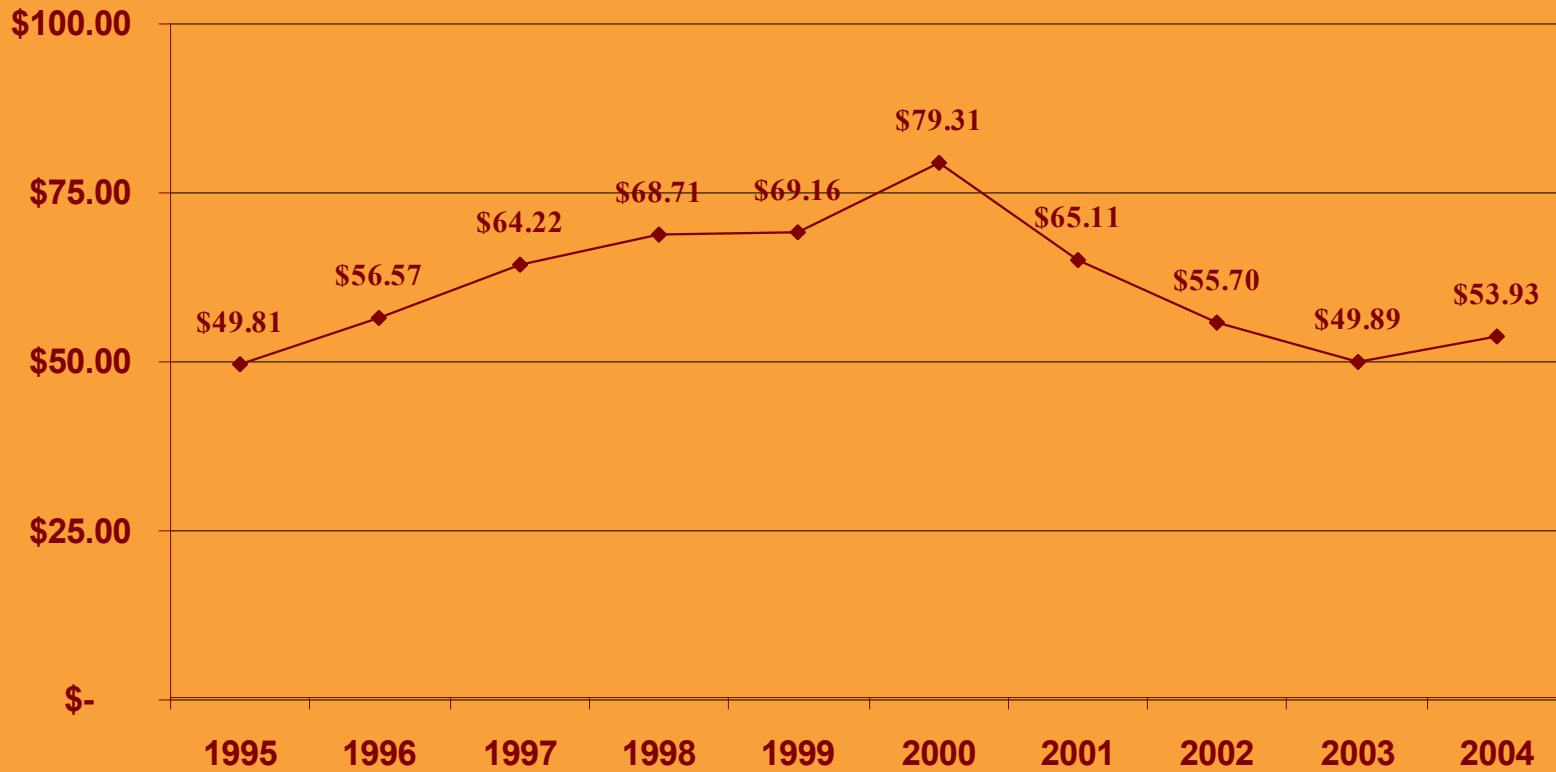


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston RevPAR 1995 - 2004

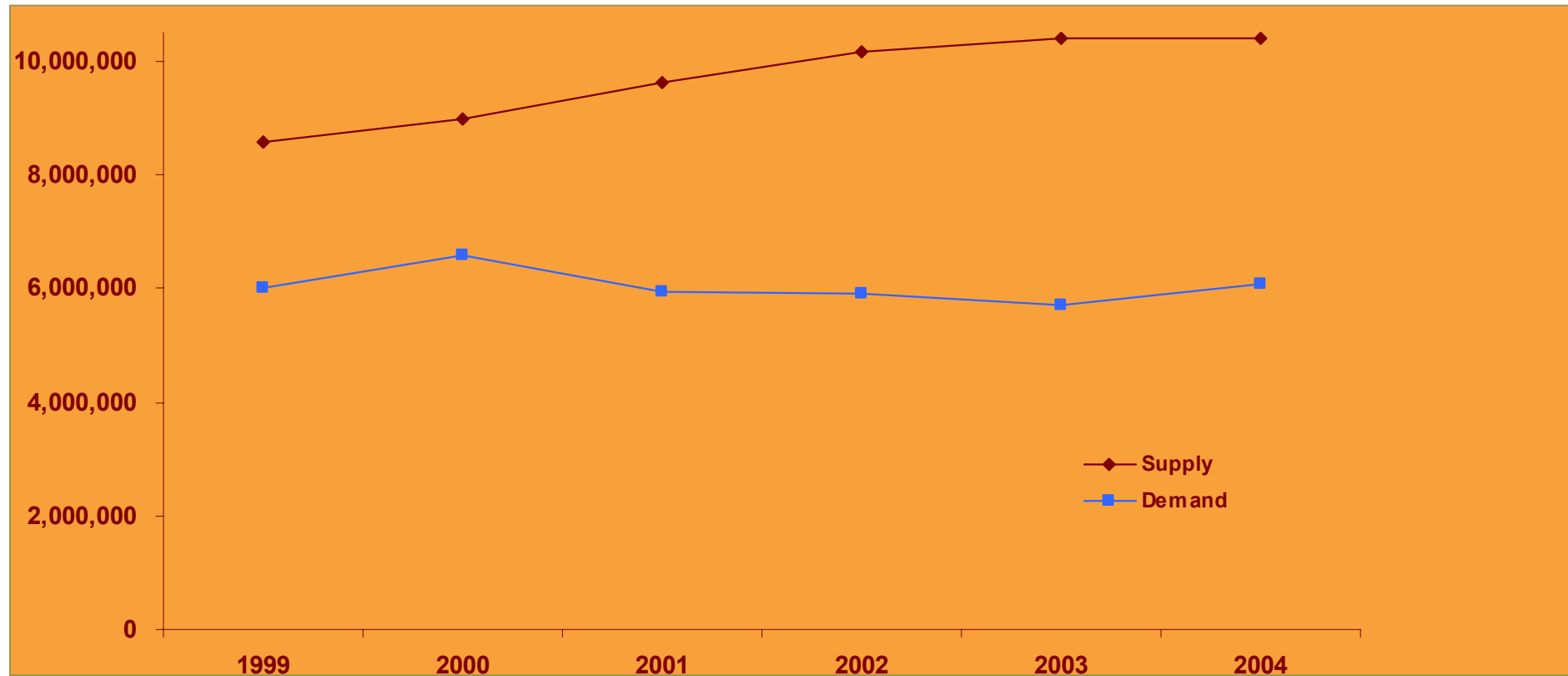


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Supply and Demand 1999 - 2004

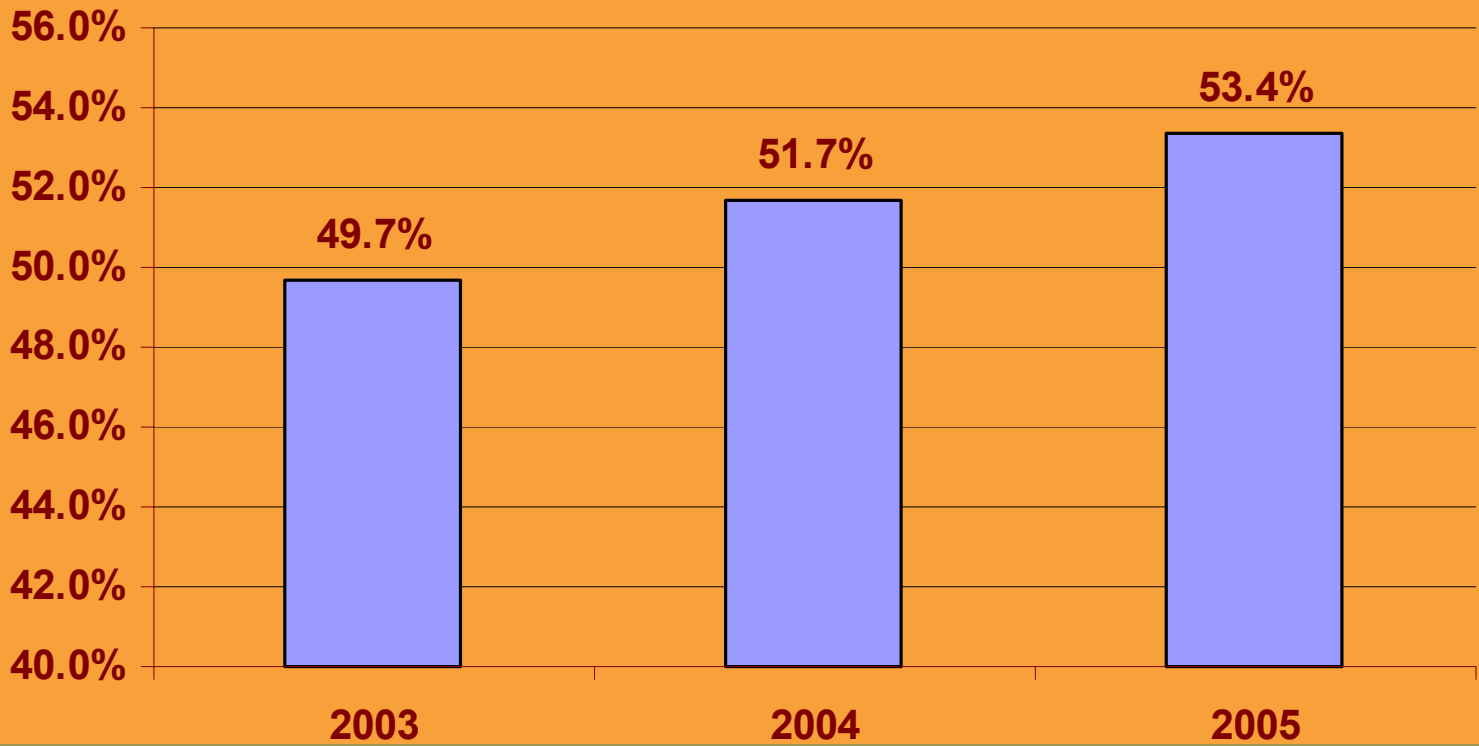


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Occupancy YTD May 2003 - 2005



Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Average Daily Rate YTD May 2003 - 2005

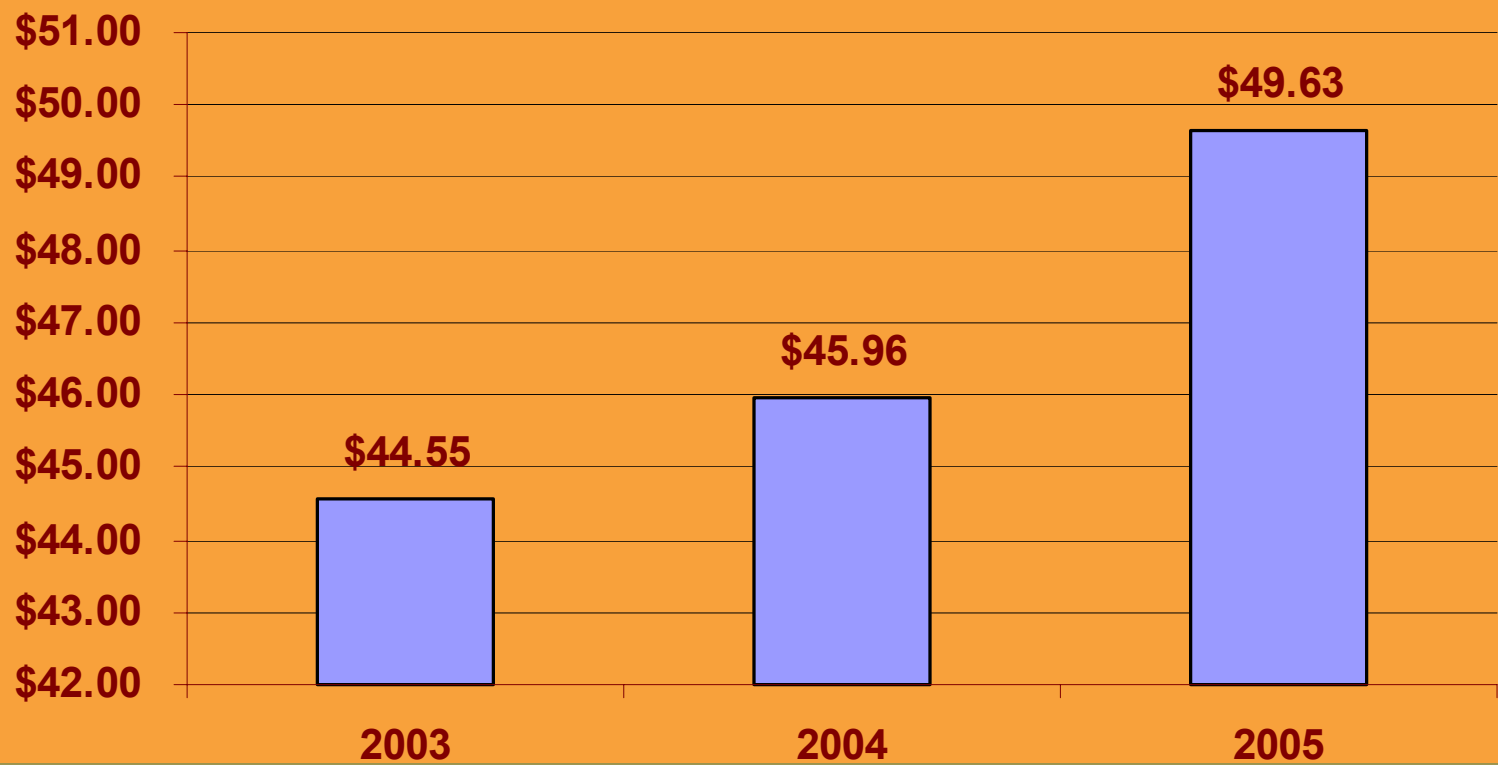


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston RevPAR YTD May 2003 - 2005



Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston 2005

- Improving Economy
- Stronger Office Market
 - Less New Supply
- Improving Economy



Suburban Boston Projections 2005

	2004	2005	Change
Occupancy	58.5%	60.0%	2.6%
Average Rate	\$92.22	\$96.37	4.3%
RevPAR	\$53.93	\$57.82	7.2%



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Suburban Boston 2006

- Very Strong Convention Year
 - Improving Economy
 - Limited New Supply
 - Conversions



Suburban Boston Projections 2006

	2005	2006	Change
Occupancy	60.0%	62.0%	3.3%
Average Rate	\$96.37	\$101.50	5.3%
RevPAR	\$57.82	\$62.93	8.8%

Source: Pinnacle Advisory Group



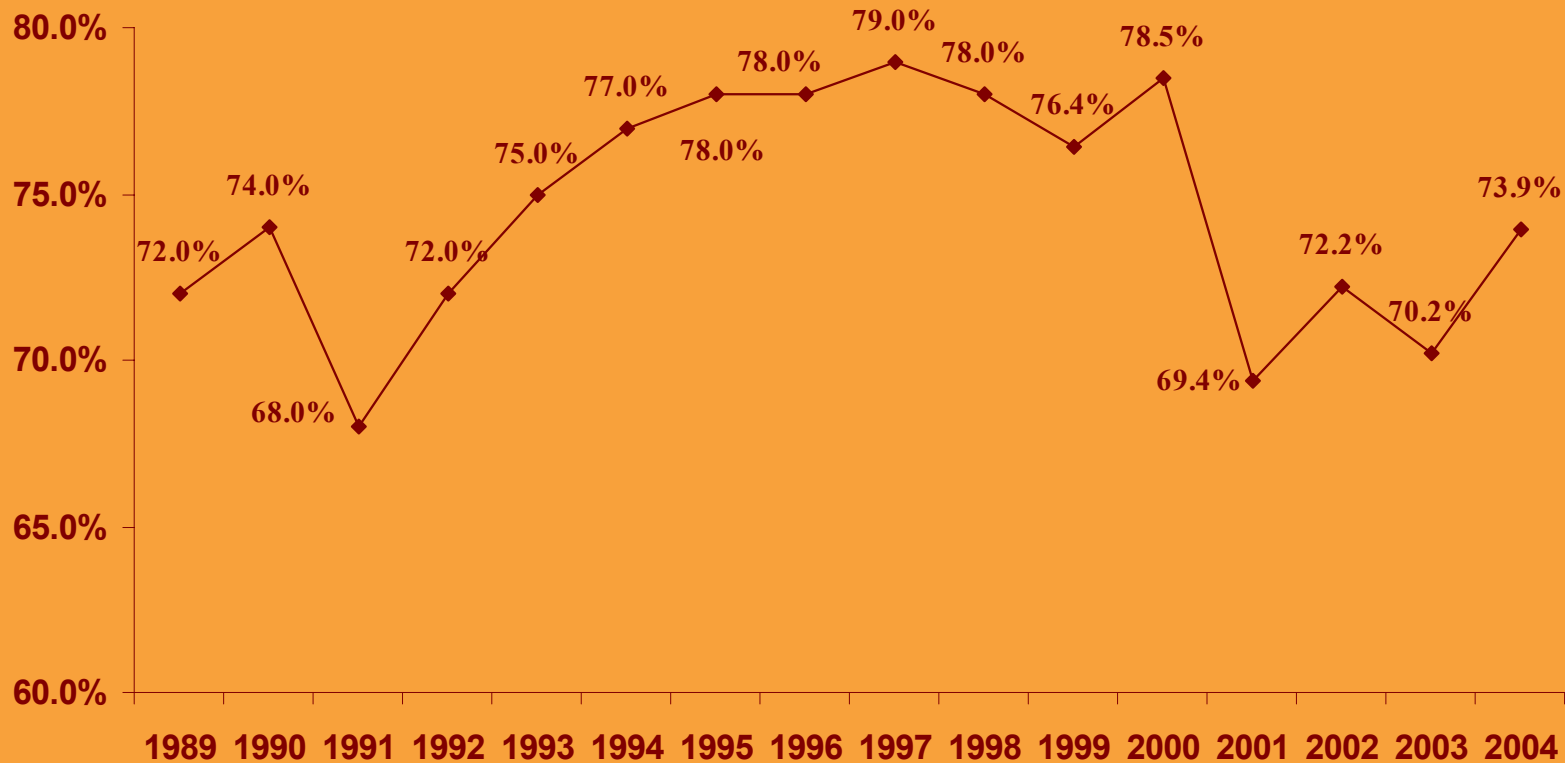
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BOSTON CAMBRIDGE LODGING MARKET



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Boston / Cambridge Occupancy 1989-2004

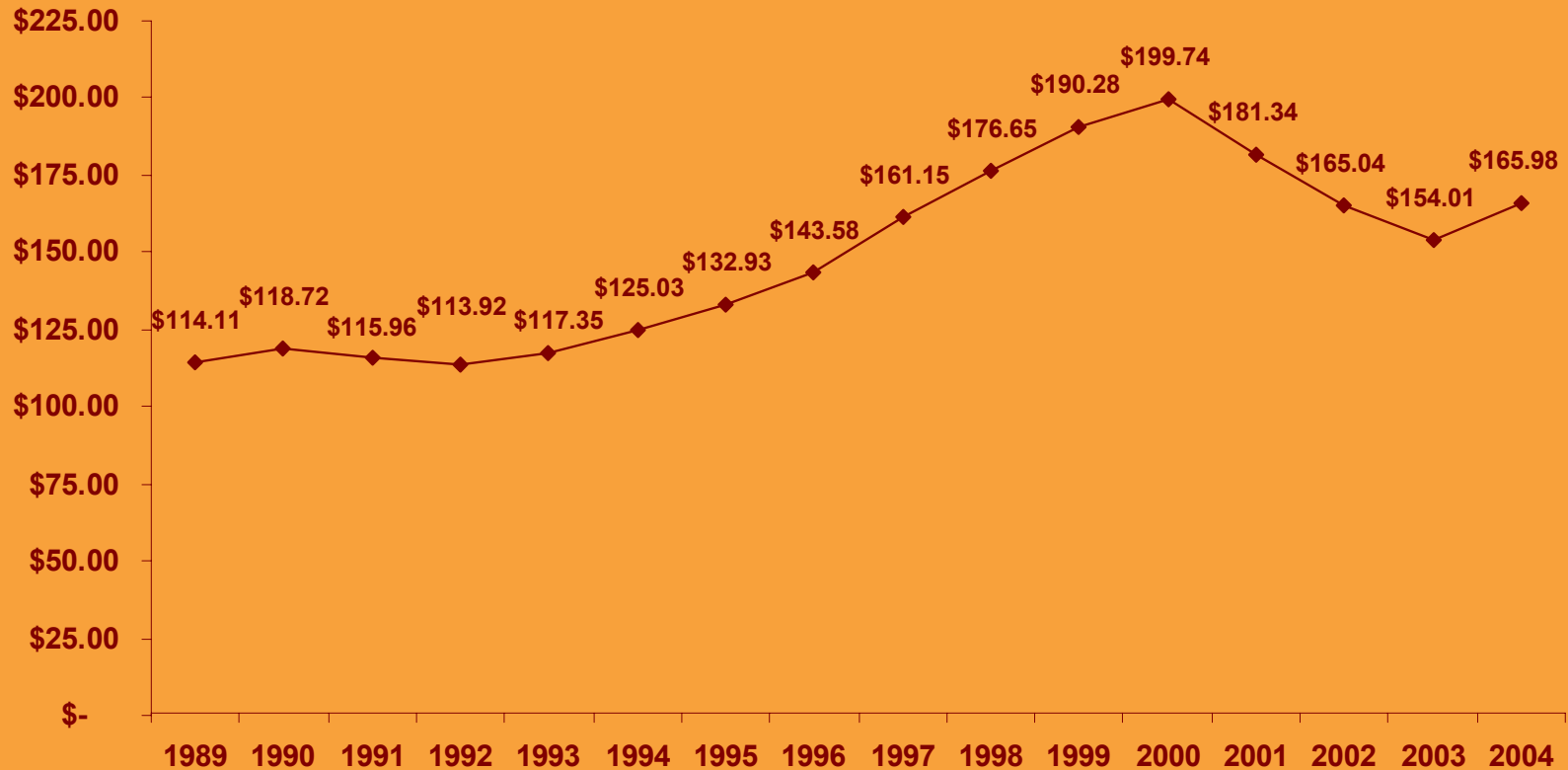


Source: Pinnacle Advisory Group



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Boston / Cambridge ADR 1989-2004

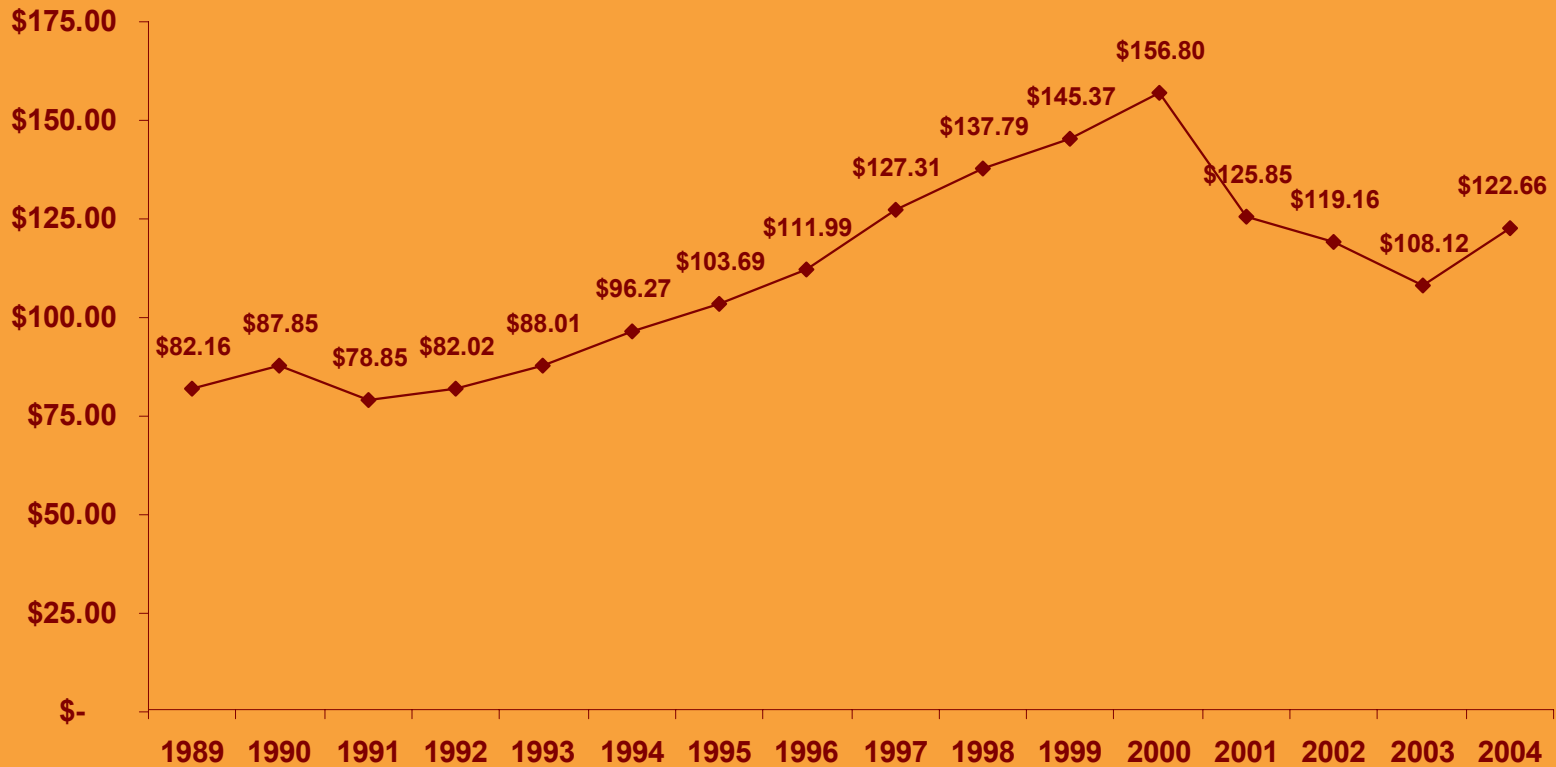


Source: Pinnacle Advisory Group



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Boston / Cambridge RevPAR 1989-2004

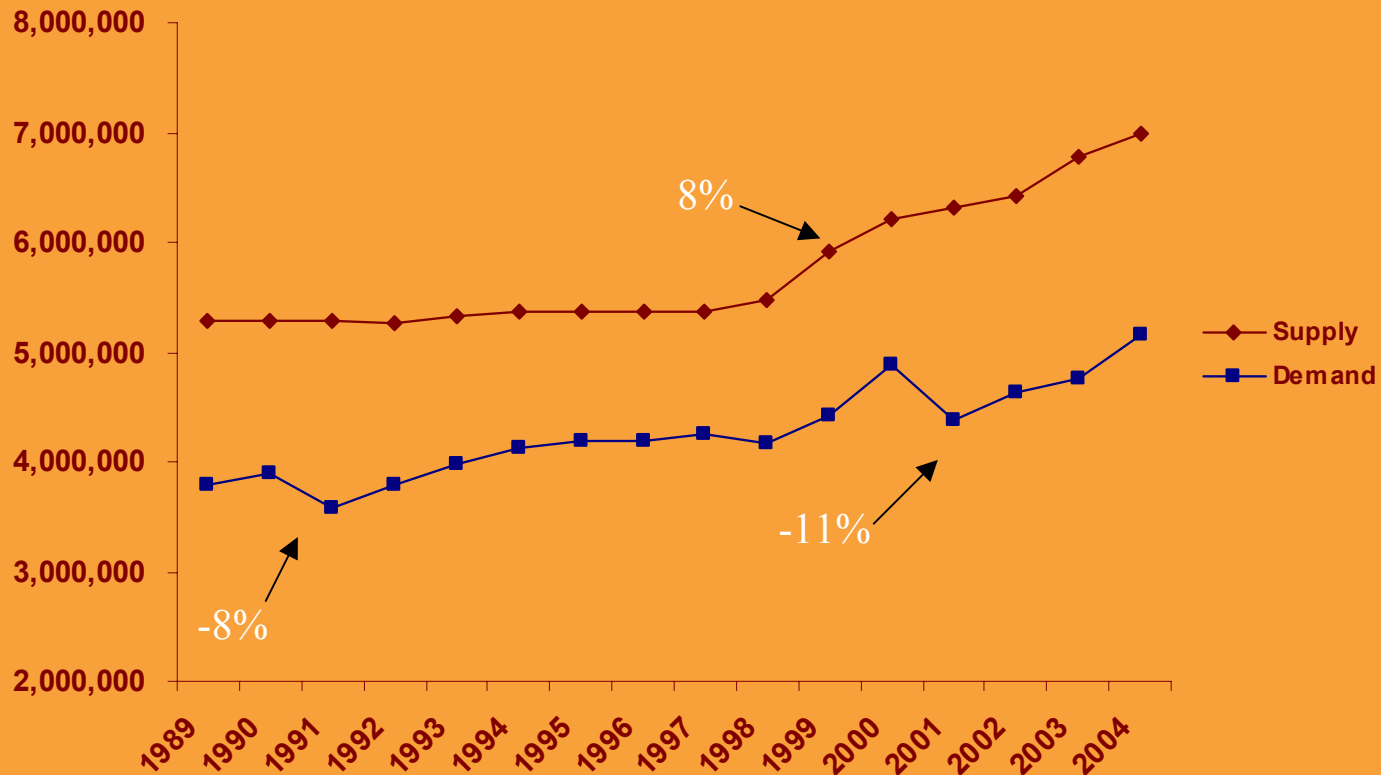


Source: Pinnacle Advisory Group



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Boston / Cambridge Supply and Demand 1989-2004

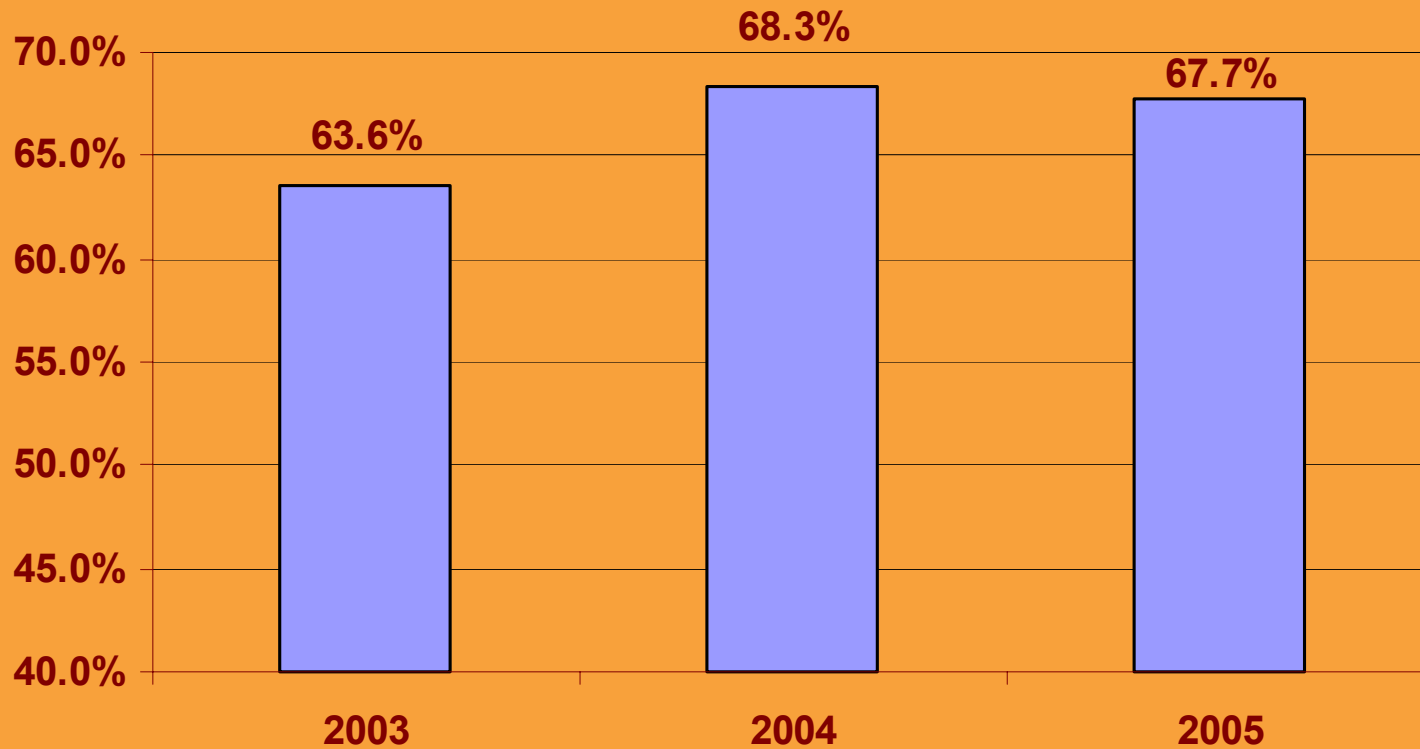


Source: Pinnacle Advisory Group



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Boston / Cambridge Occupancy YTD May 2003-2005

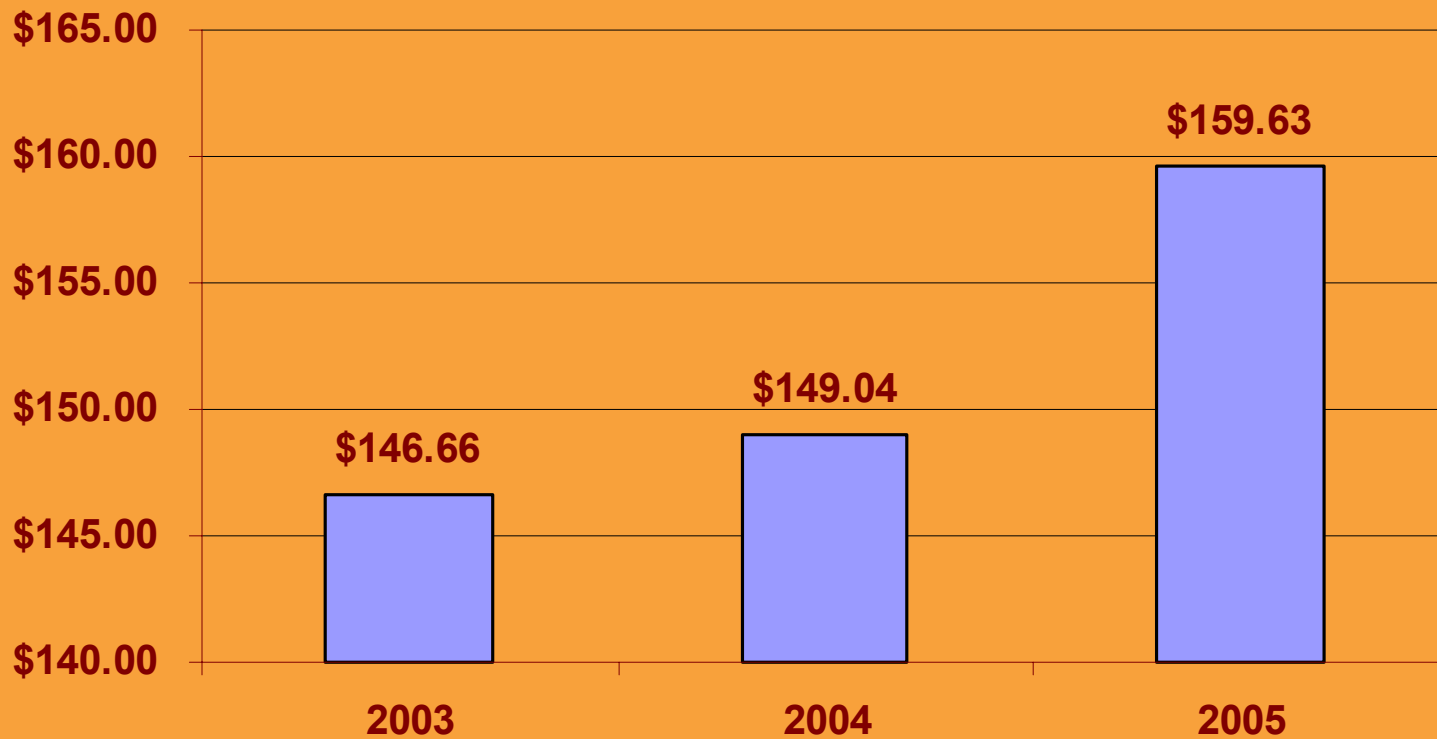


Source: Pinnacle Advisory Group



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Boston / Cambridge ADR YTD May 2003-2005

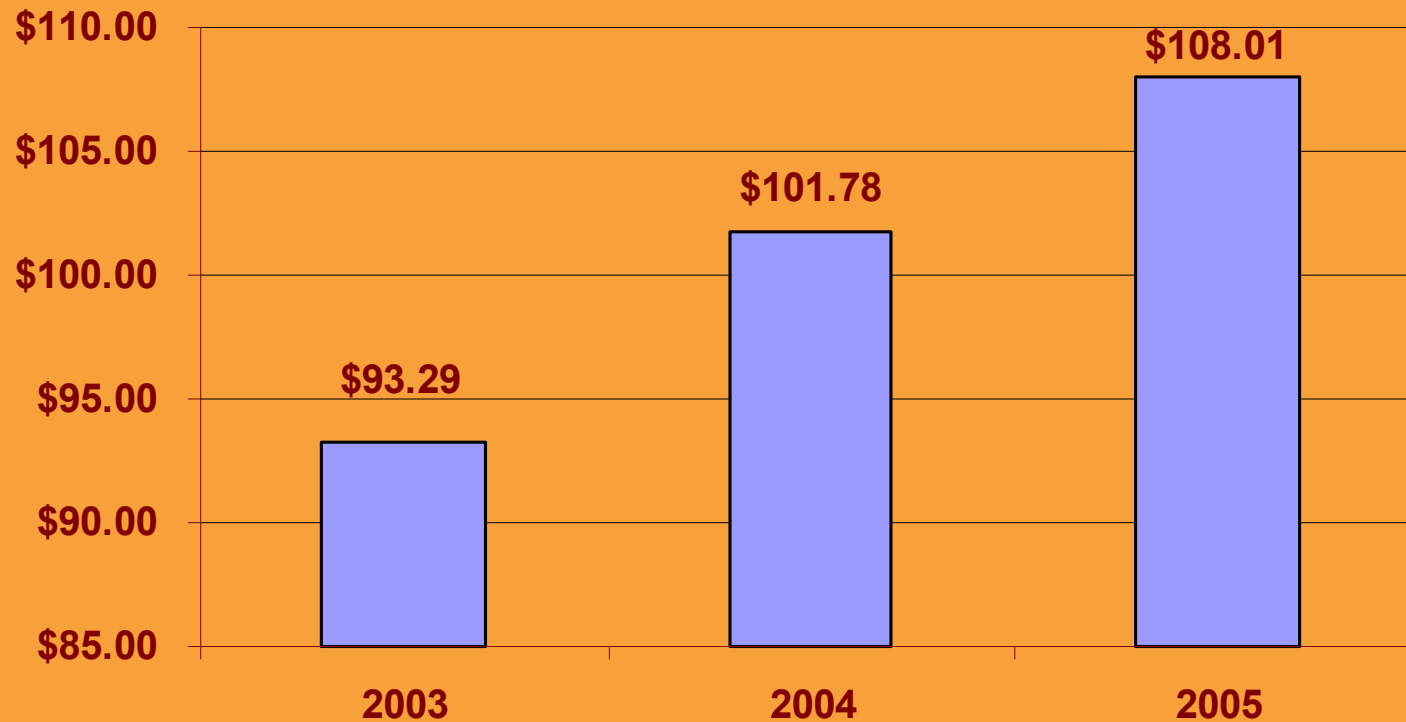


Source: Pinnacle Advisory Group



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Boston / Cambridge RevPAR YTD May 2003-2005

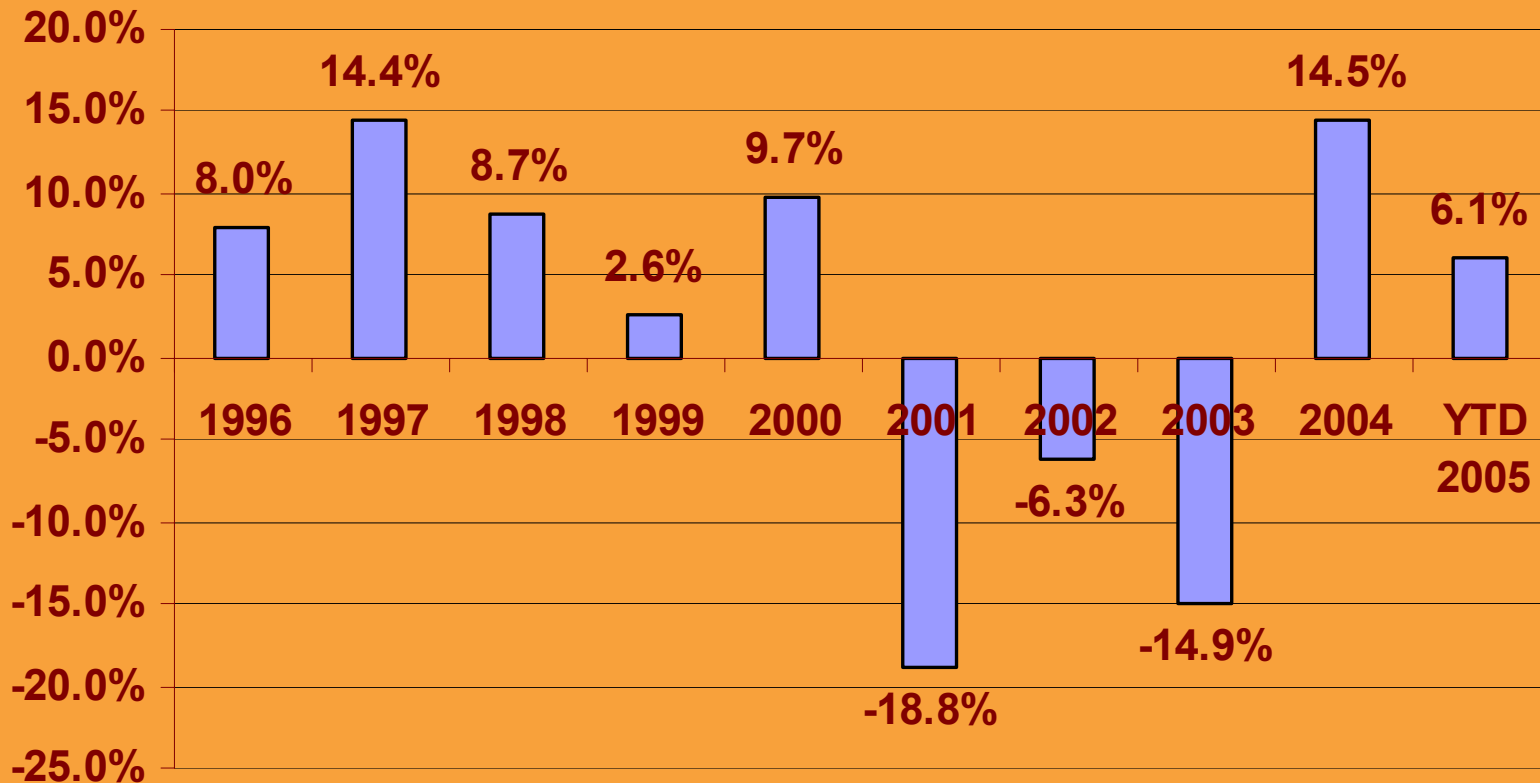


Source: Pinnacle Advisory Group



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Boston / Cambridge Change In RevPAR 1996 – YTD May 2005

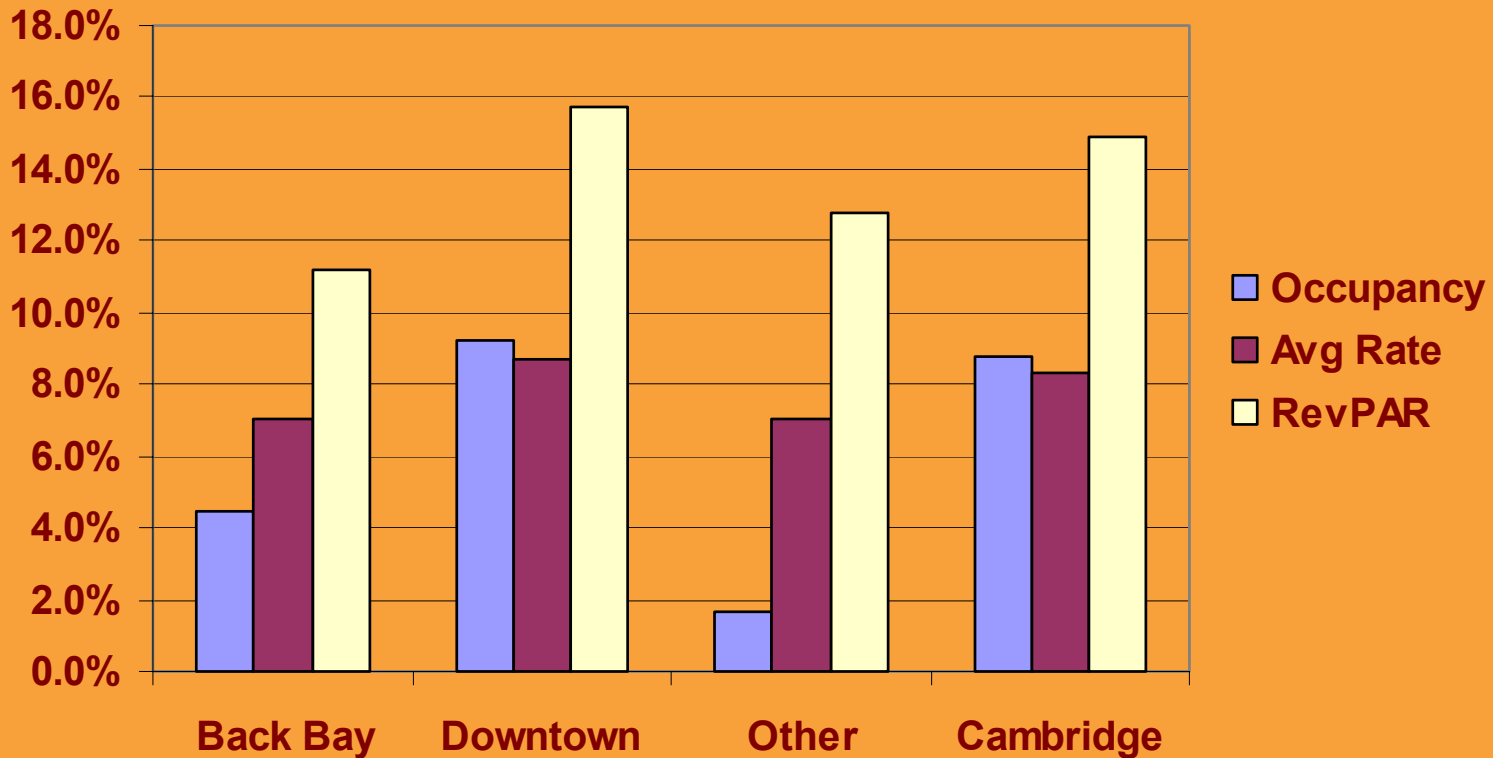


Source: Pinnacle Advisory Group



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Boston / Cambridge Change In RevPAR By Market Area 2004

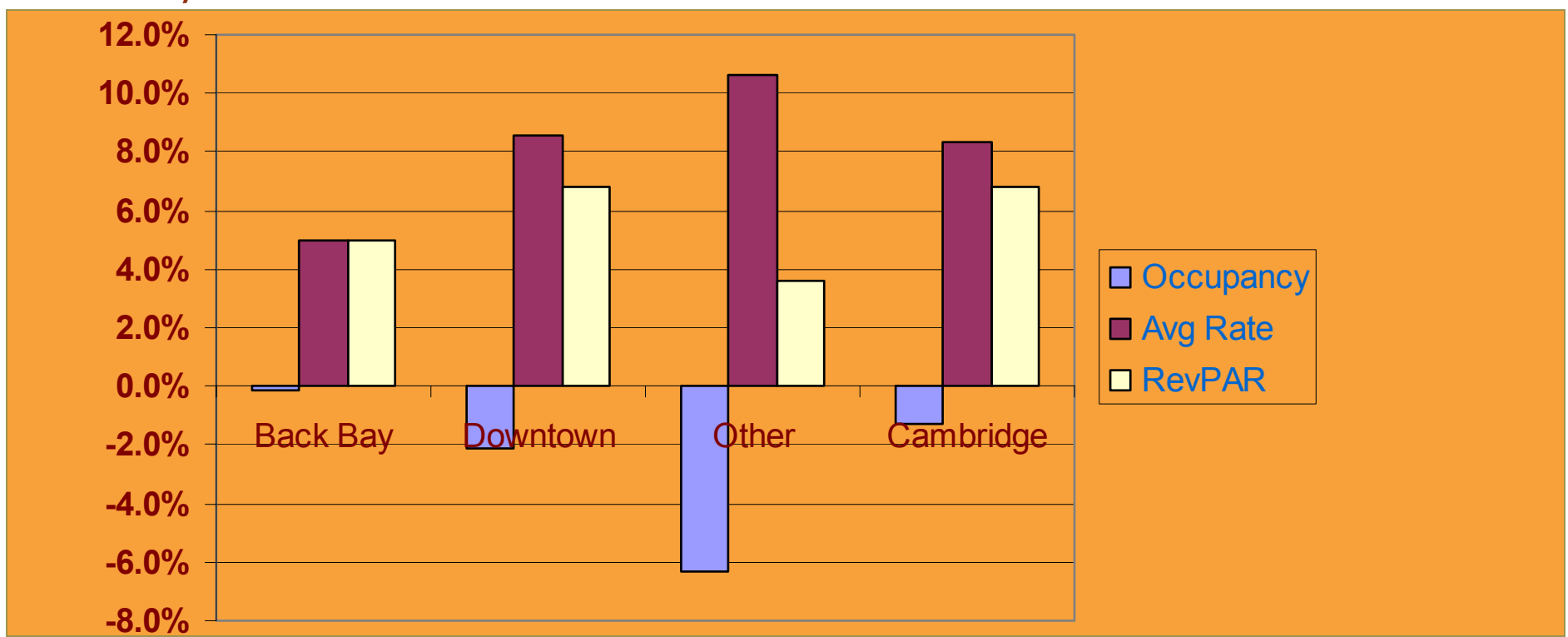


Source: Pinnacle Advisory Group



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Boston / Cambridge Change In Performance By Market Area YTD May 2005



Source: Pinnacle Advisory Group



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Boston / Cambridge New Supply 2005

- Courtyard By Marriott – South Bay – 164 Rooms - May
- Hotel 140 – 40 Rooms - Back Bay May



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Boston / Cambridge New Supply 2006

- Westin Headquarters Hotel – Waterfront – 790 Rooms – June
 - Intercontinental – Downtown - 424-rooms - July
 - O’Callaghan – Downtown – 130 Rooms – August

Source: Pinnacle Advisory Group



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Boston / Cambridge Demand Factors

- **Corporate**

- Recent Strong Growth Likely to Continue

- **Group**

- 2005 moderate convention year
- 2006 VERY Strong convention year
- Strong short term pick-up

- **Leisure**

- Benefits from DNC publicity
- Big Dig Completion and Logan Modernization



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Boston / Cambridge Average Rates

•Corporate

- Potential softening due to flat occupancy levels will be off-set by strong group bookings for 2006
- Strong increases in other markets

•Group

- June - December 2005 down slightly to 2004
- 2006 VERY strong

•Leisure

- Compression from Groups will help in 2005
- Continuing Discipline on part of operators



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Factors Affecting Demand 2H 2005

- Limited New Supply
- Improving Economy
- Flat Group demand to 2004
- Leisure Compression from NYC



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Pinnacle Operator's Survey 2005

- Several Regional Executives
 - 7-10% RevPAR Growth



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Boston Cambridge Projections 2005

	2004	2005	Change
Occupancy	74%	73%	-1.4%
Average Rate	\$165.98	\$178.50	7.5%
RevPAR	\$122.66	\$130.30	6.2%

Source: Pinnacle Advisory Group



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Factors Affecting Demand 2006

- Very Strong Convention Year
- Short-term group pick-up remains strong
- Improving Economy
- Impact of new supply will be limited



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Boston Cambridge Projections 2006

	2005	2006	Change
Occupancy	73%	74%	1.4%
Average Rate	\$178.50	\$192.50	7.8%
RevPAR	\$130.31	\$142.45	9.3%

Source: Pinnacle Advisory Group



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