



Pinnacle
Advisory Group

OUTLOOK 2005

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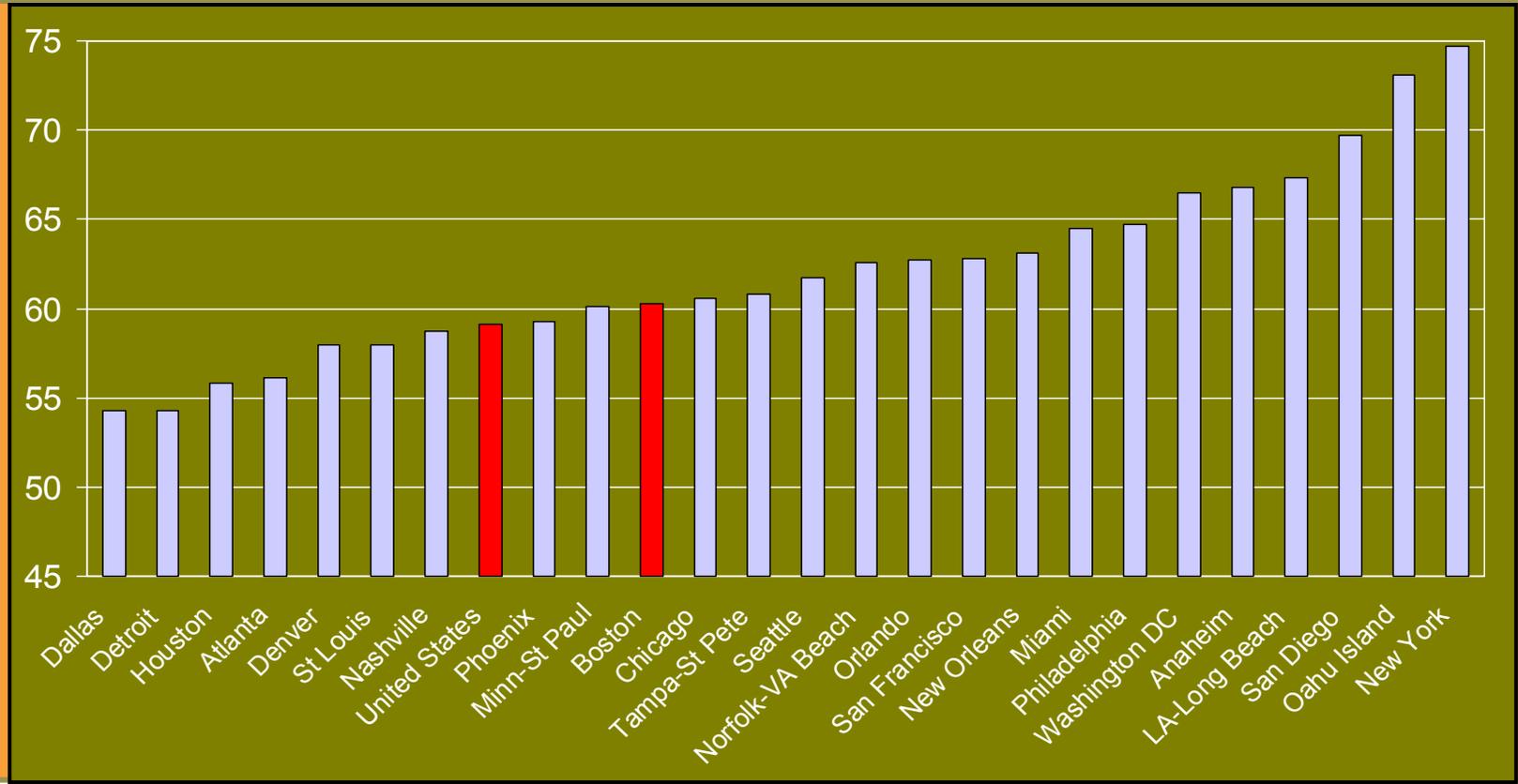
NATIONAL LODGING MARKET





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Top 25 Market Areas – Occupancy Percent 2003

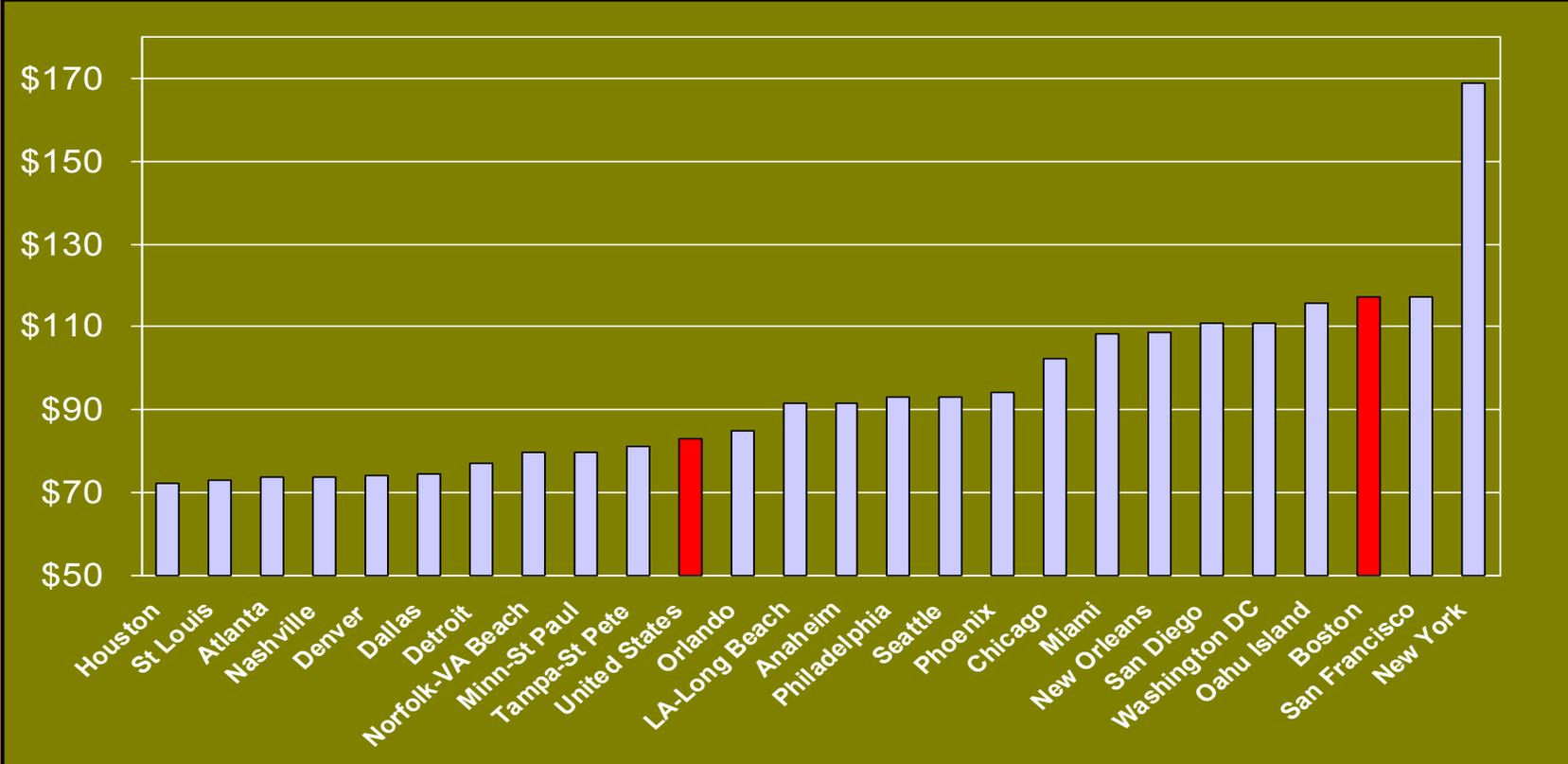


Source: Smith Travel Research



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Top 25 Market Areas – Average Daily Rate 2003

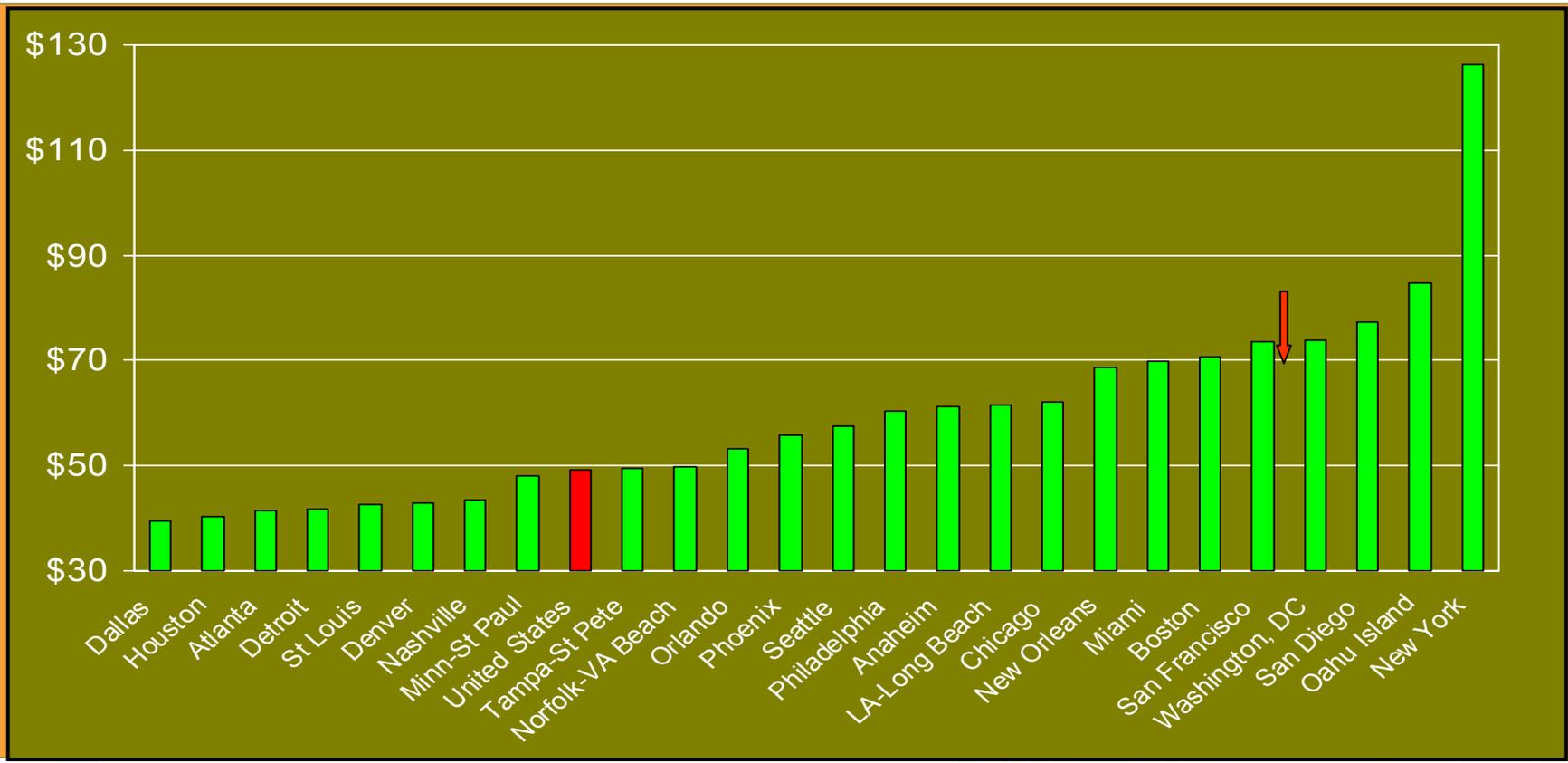


Source: Smith Travel Research



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Top 25 Market Areas – RevPAR 2003

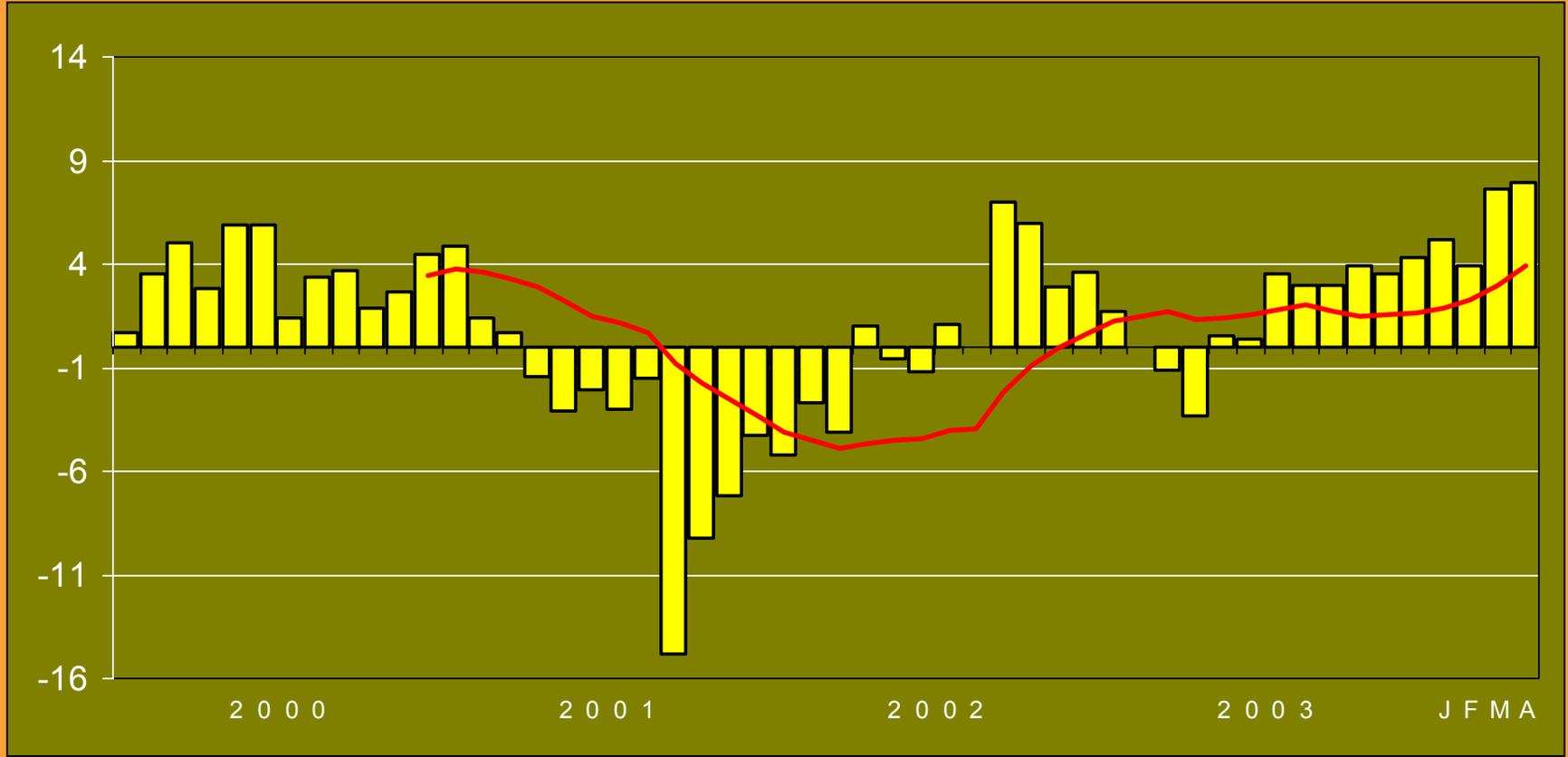


Source: Smith Travel Research



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U.S. Room Demand Percent Change January 2000 – April 2004

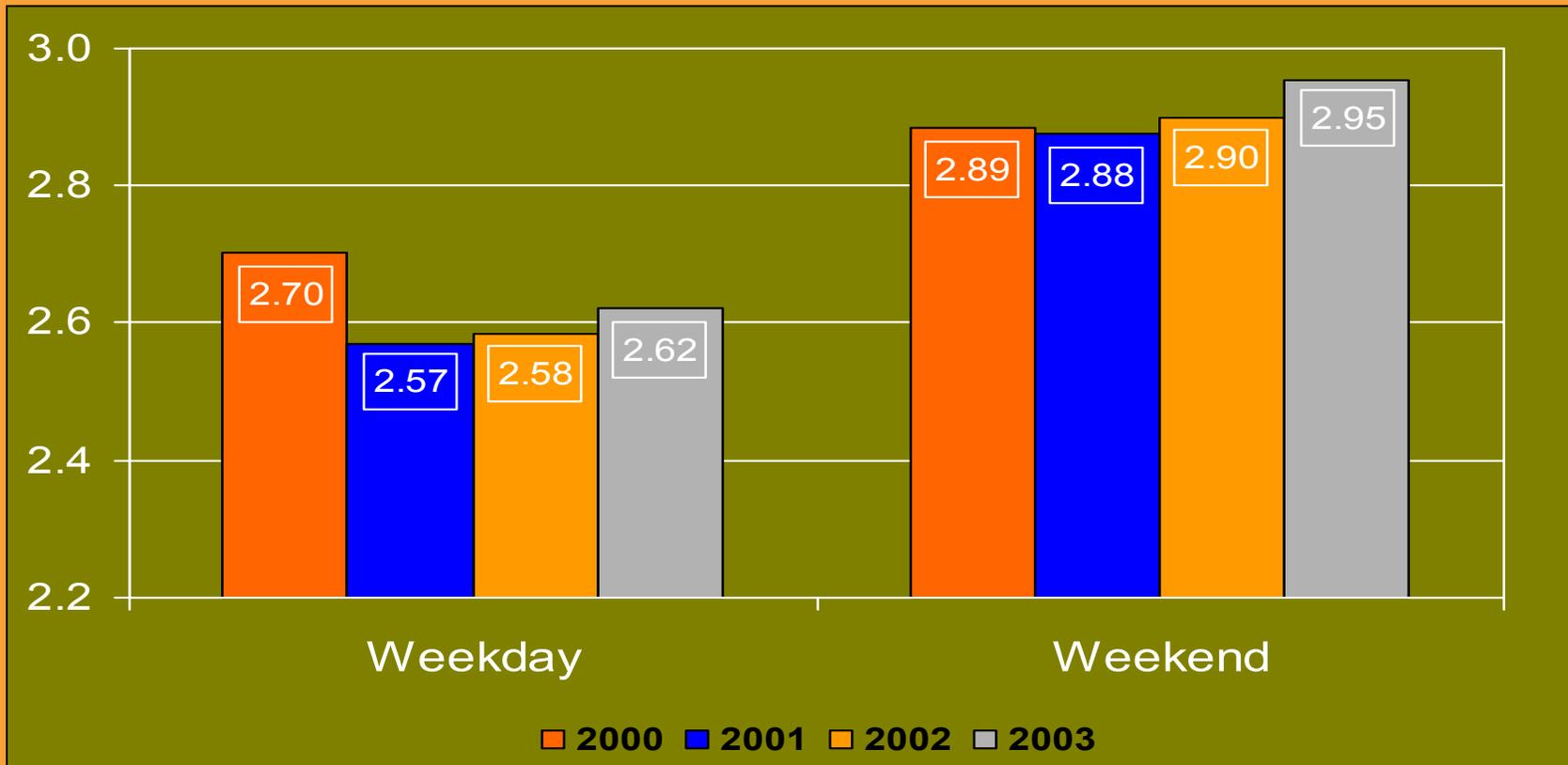


Source: Smith Travel Research



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Total U.S. Average Daily Lodging Demand (Millions) 2000-2003

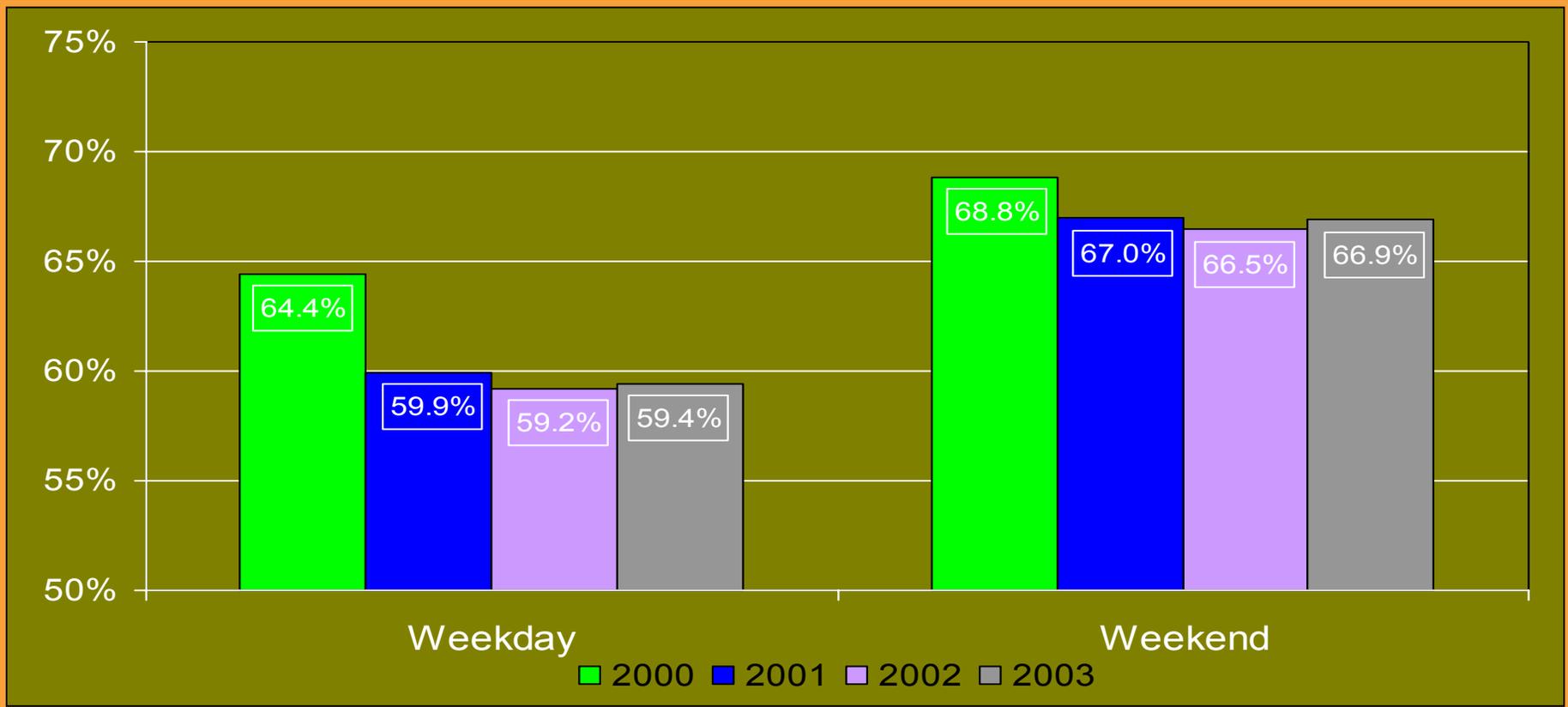


Source: Smith Travel Research



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Total U.S. Average Daily Occupancy 2000-2003

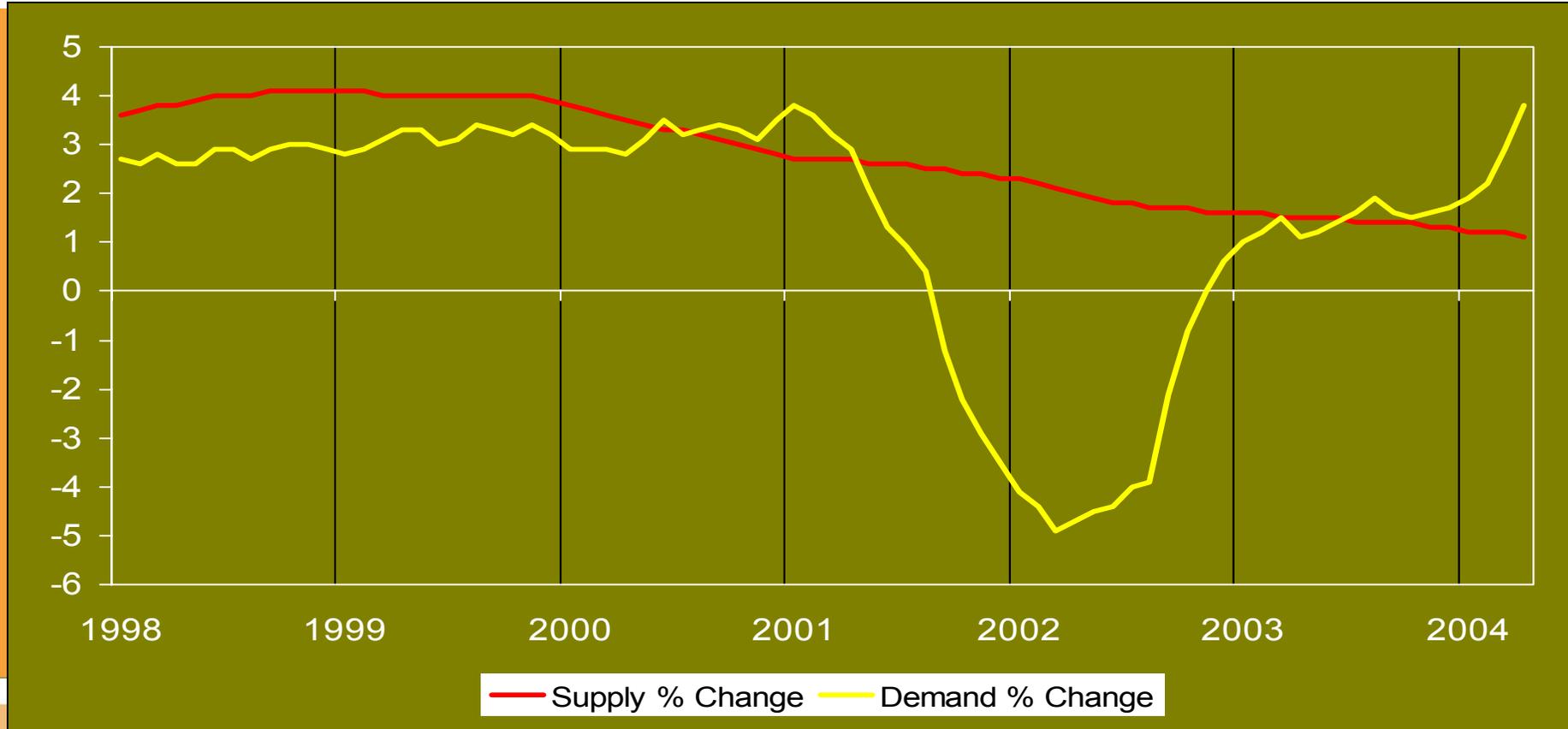


Source: Smith Travel Research



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U.S. Room Supply / Demand Percent Change Twelve Month Moving Average Ending April 2004

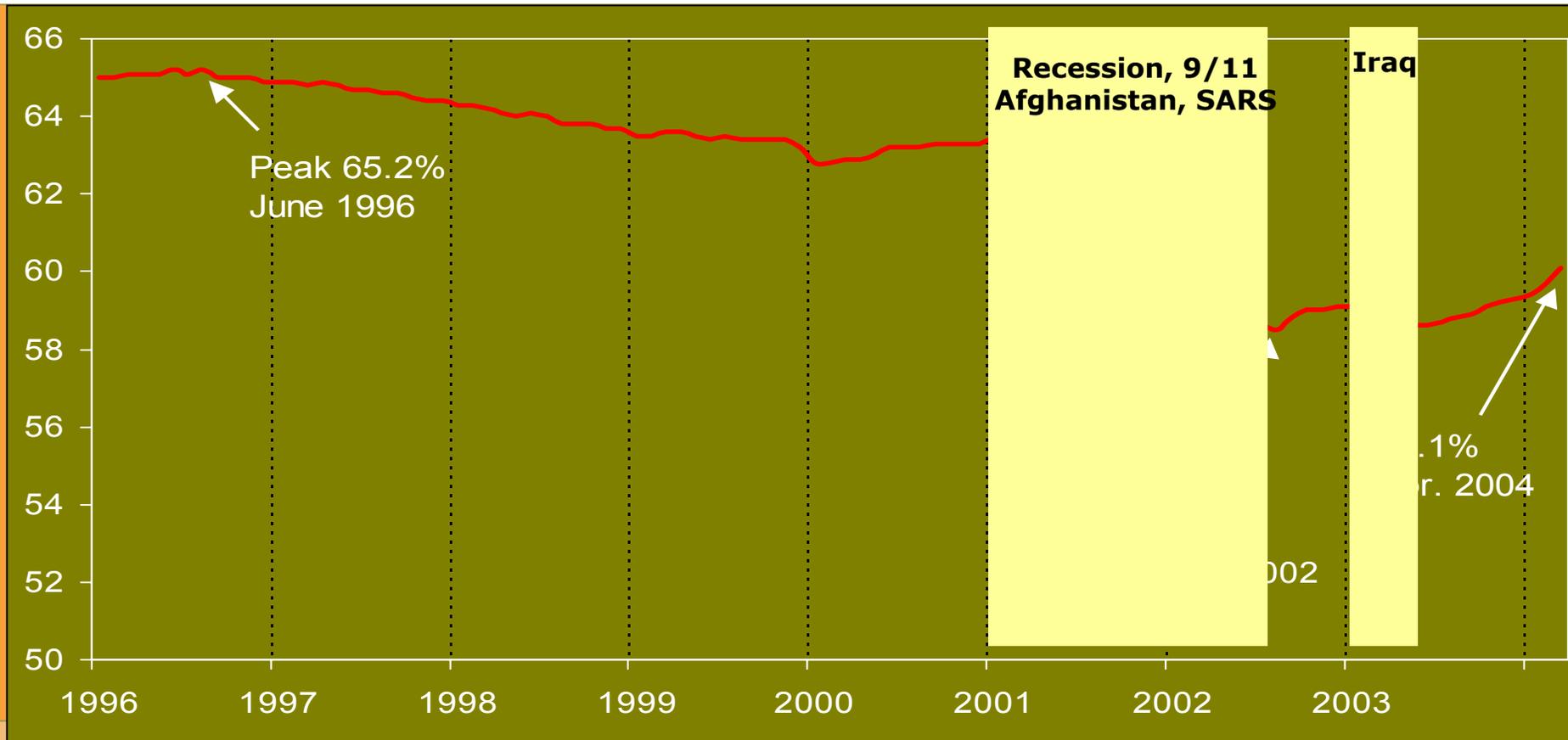


Source: Smith Travel Research



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U.S. Occupancy 12 Month Moving Average January 1996 – April 2004

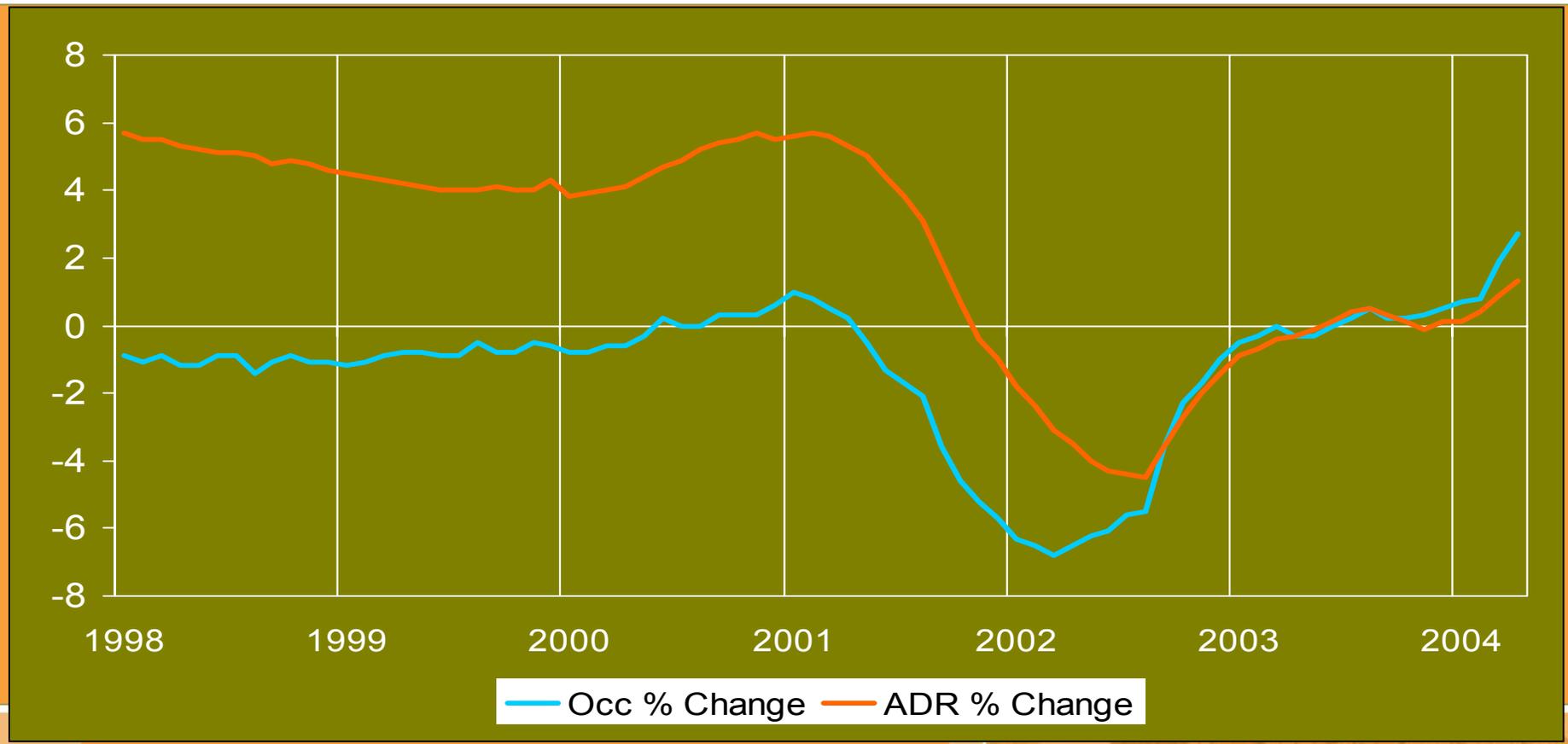


Source: Smith Travel Research



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U.S. Occupancy / ADR Percent Change Twelve Month Moving Average To April 2004

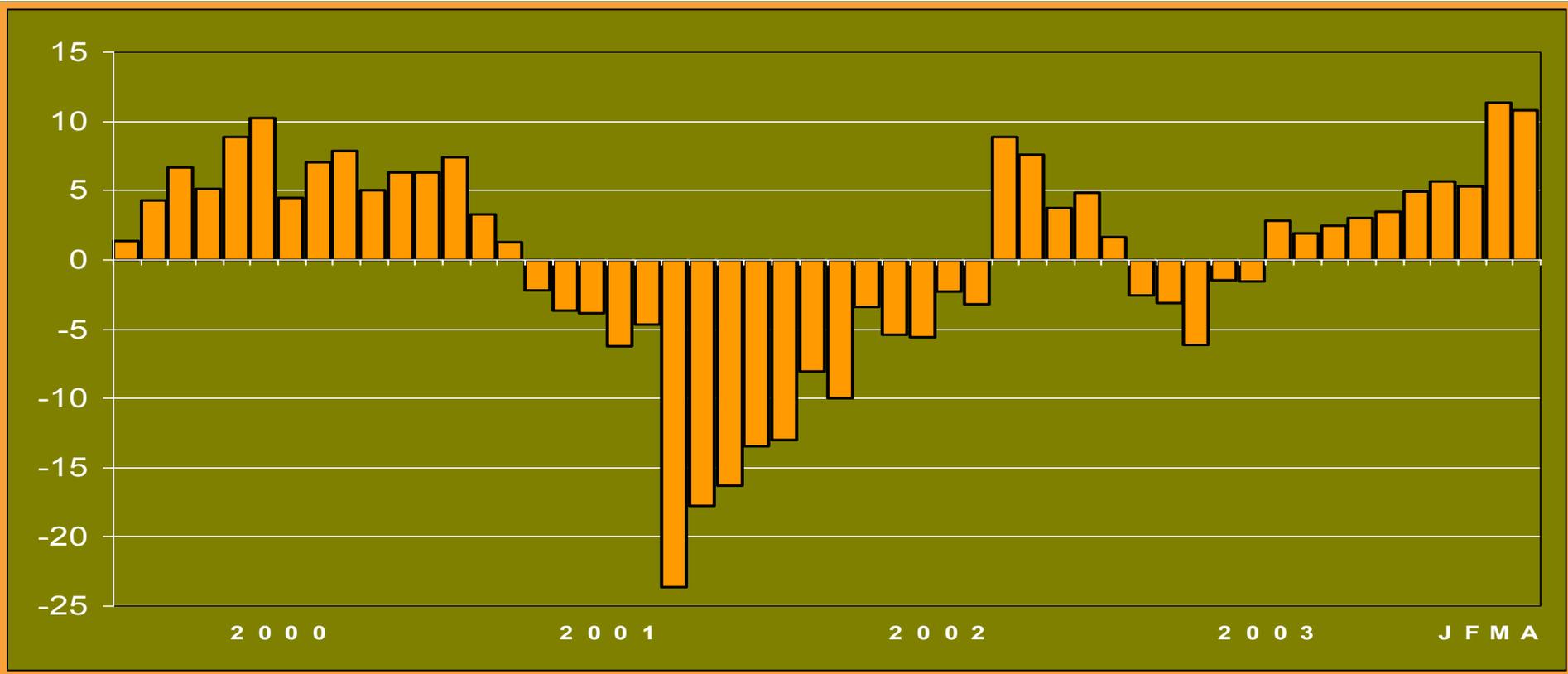


Source: Smith Travel Research



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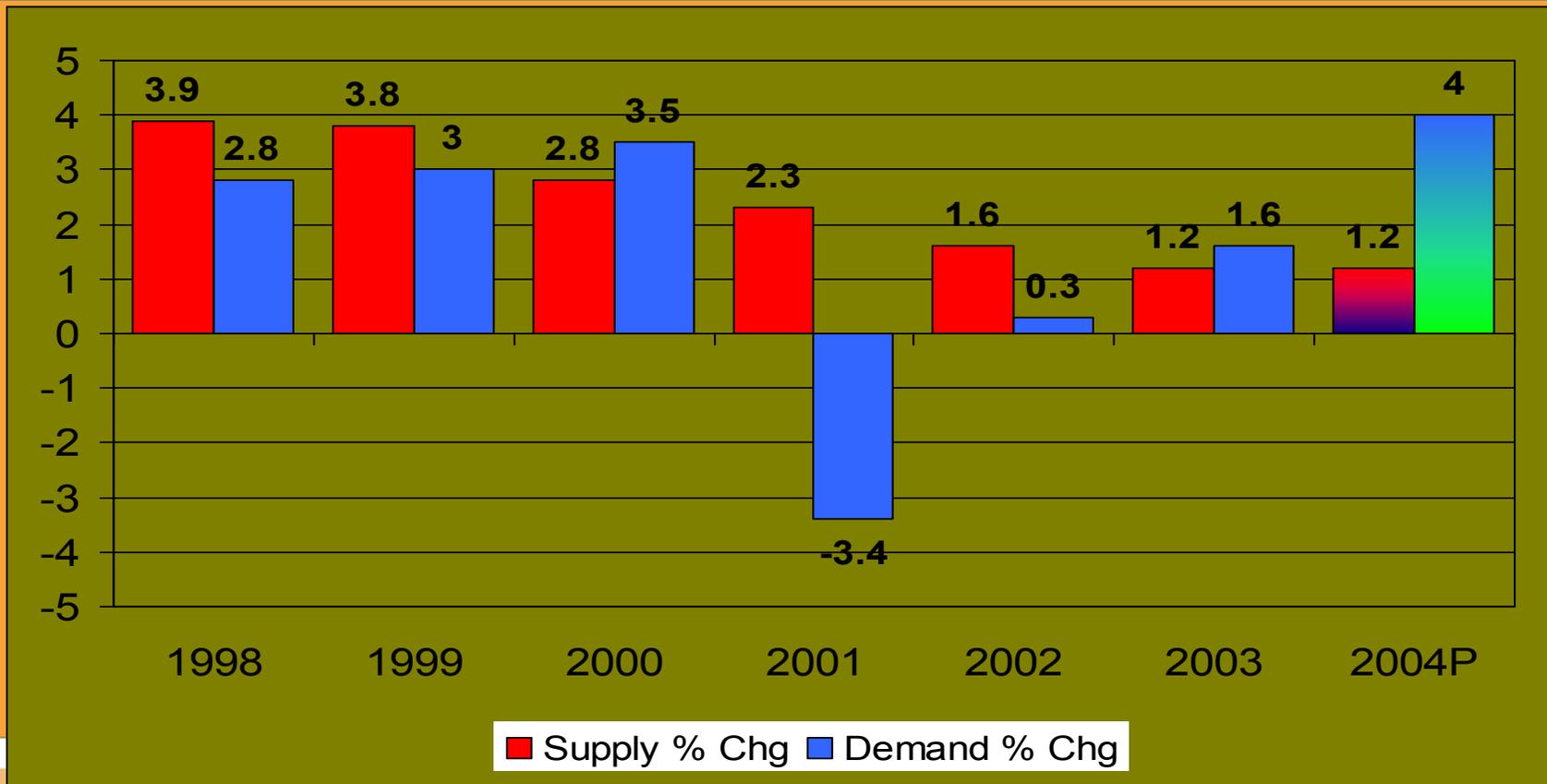
U.S. RevPAR Percent Change January 2000 – April 2004



Source: Smith Travel Research



U.S. Supply/Demand Percent Change 1998-2004P

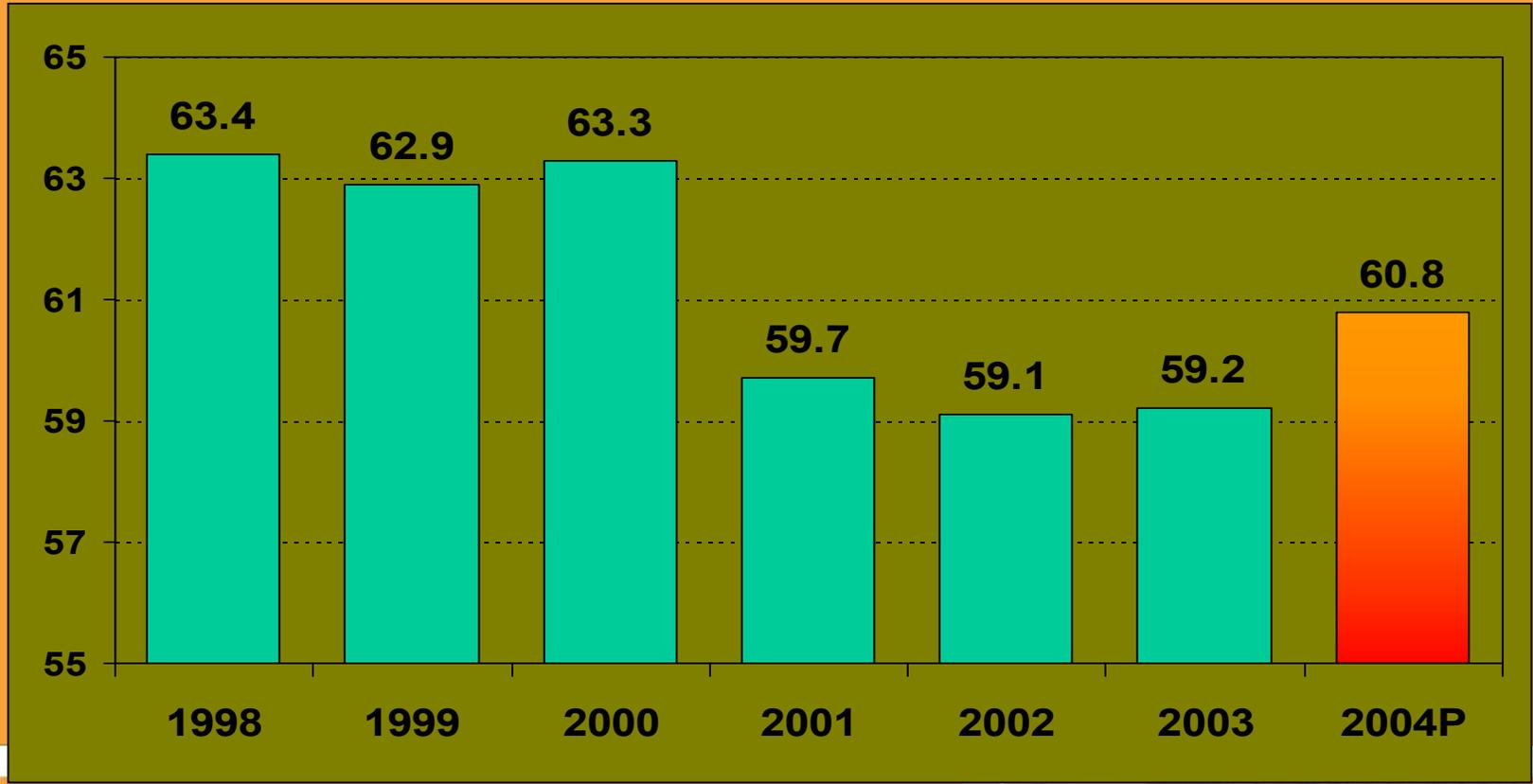


Source: Smith Travel Research



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U.S. Occupancy Percent 1998 - 2004P

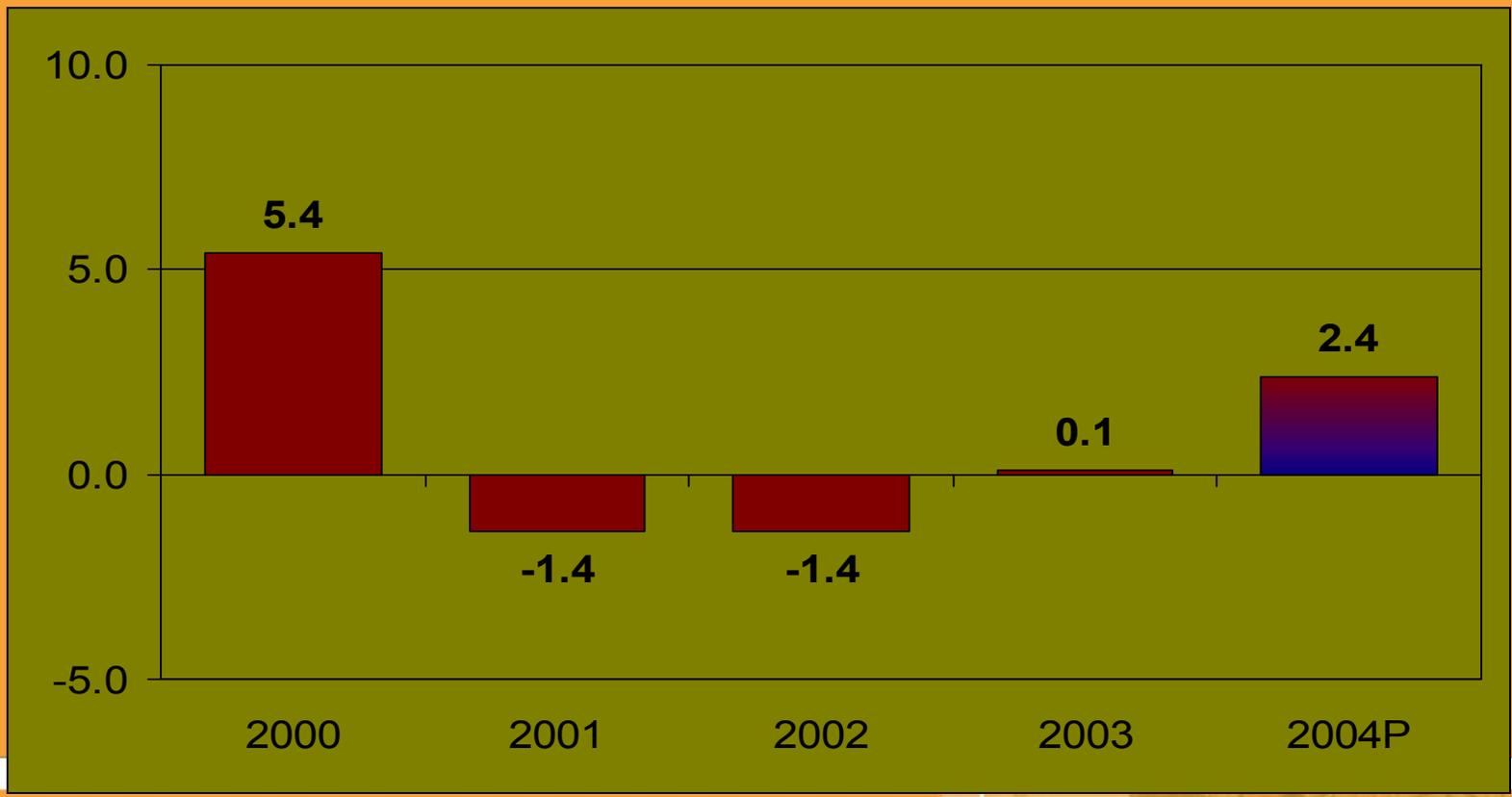


Source: Smith Travel Research



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U.S. ADR Percent Change 1998 – 2004P

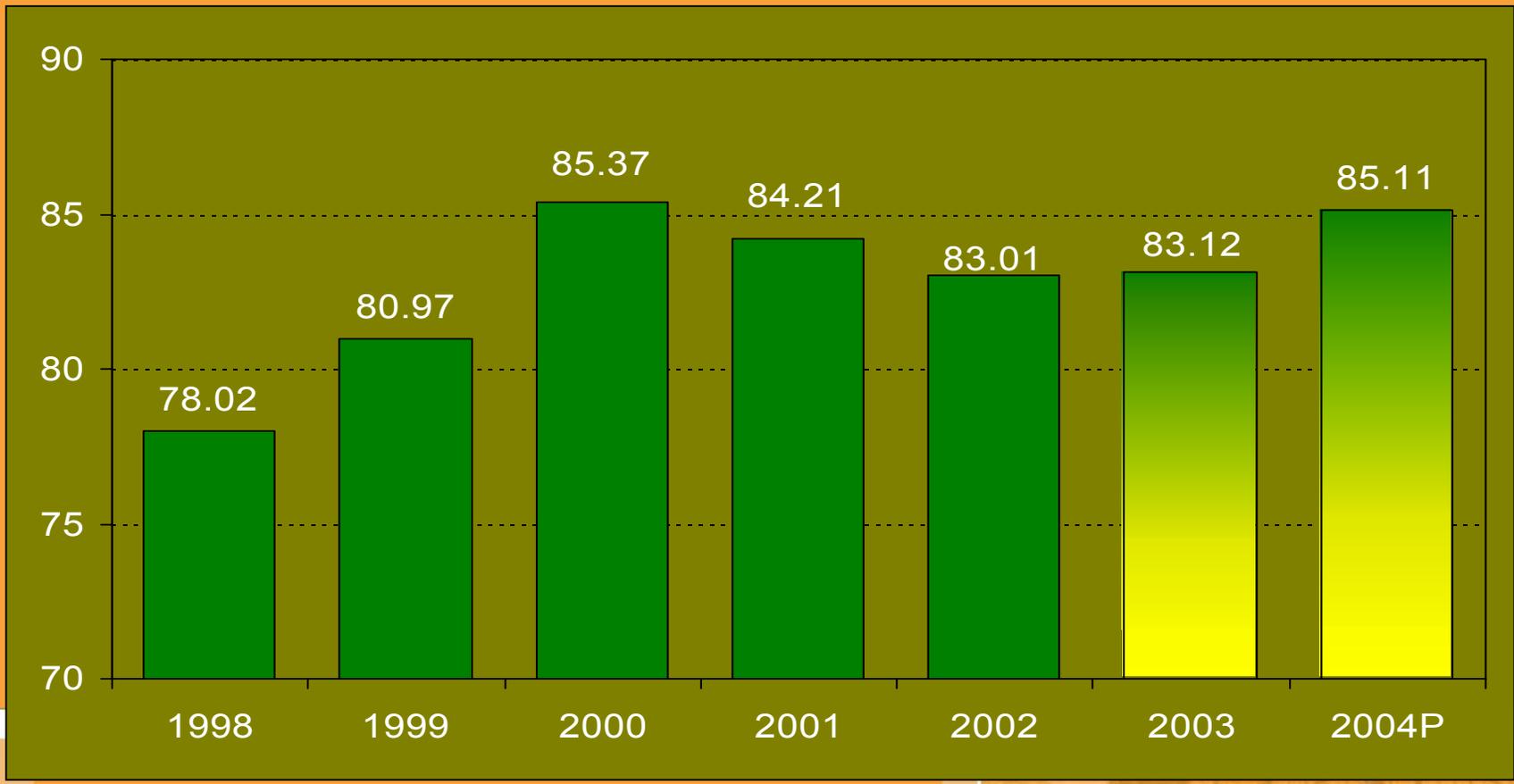


Source: Smith Travel Research



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U.S. Average Daily Rate 1998 – 2004P

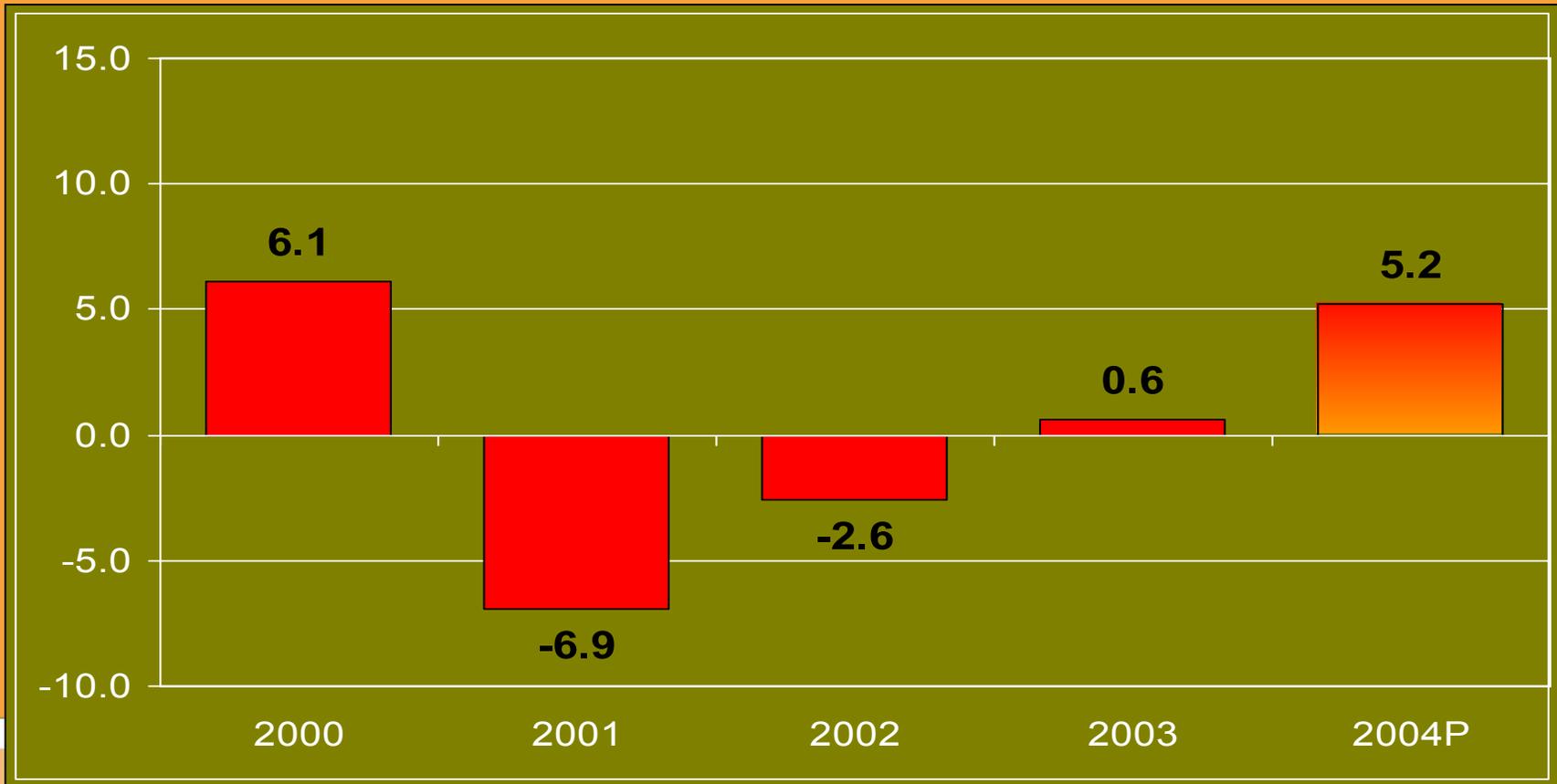


Source: Smith Travel Research



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U.S. RevPAR Percent Change 1998 – 2004P



Source: Smith Travel Research



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Lodging Industry Issues

- Rising Costs – Energy, Insurance
 - Terrorist Threat
 - Presidential Elections
 - Rising Interest Rates
- Inconsistent Recovery – Segments, Markets
 - Long Term Optimism – Record Revenues



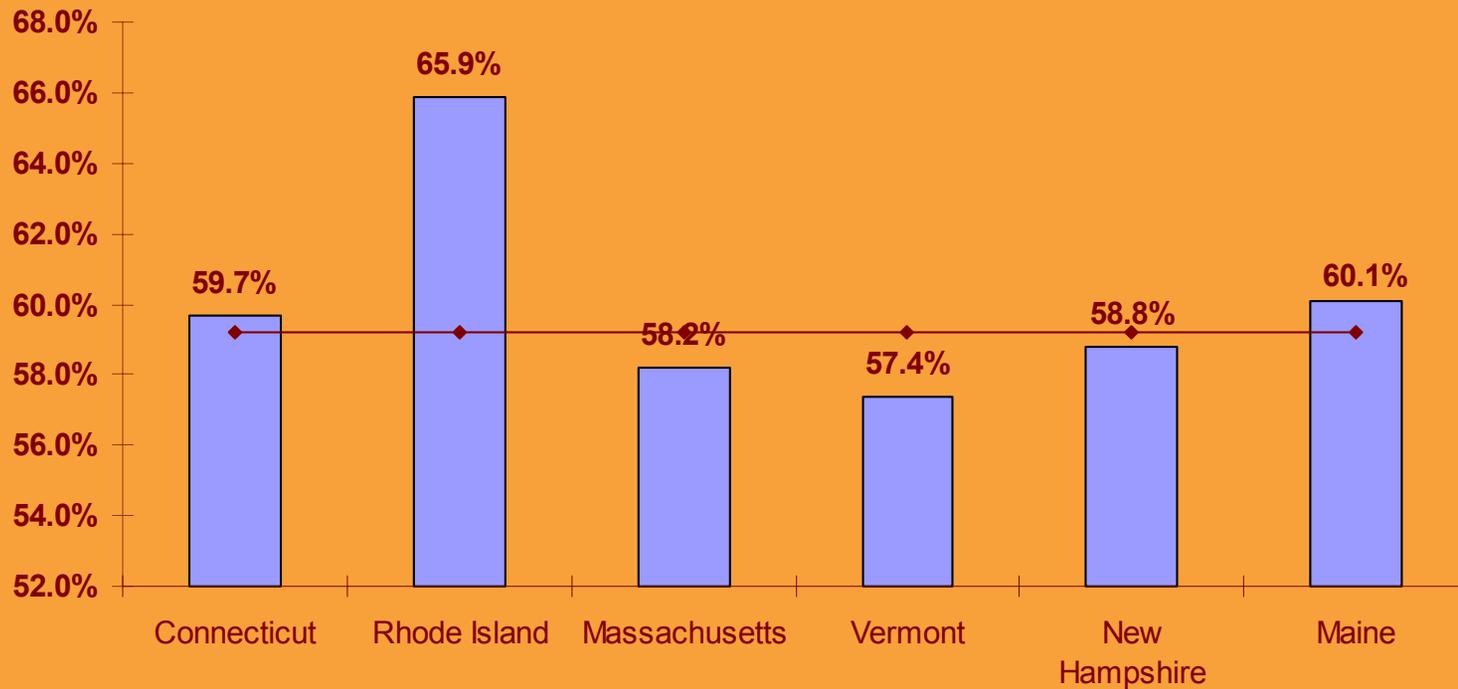
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NEW ENGLAND LODGING MARKET



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New England Occupancy - 2003



Source: Smith Travel Research/Pinnacle Advisory Group



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New England Average Daily Rate - 2003



Source: Smith Travel Research/Pinnacle Advisory Group



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New England RevPAR - 2003



Source: Smith Travel Research/Pinnacle Advisory Group



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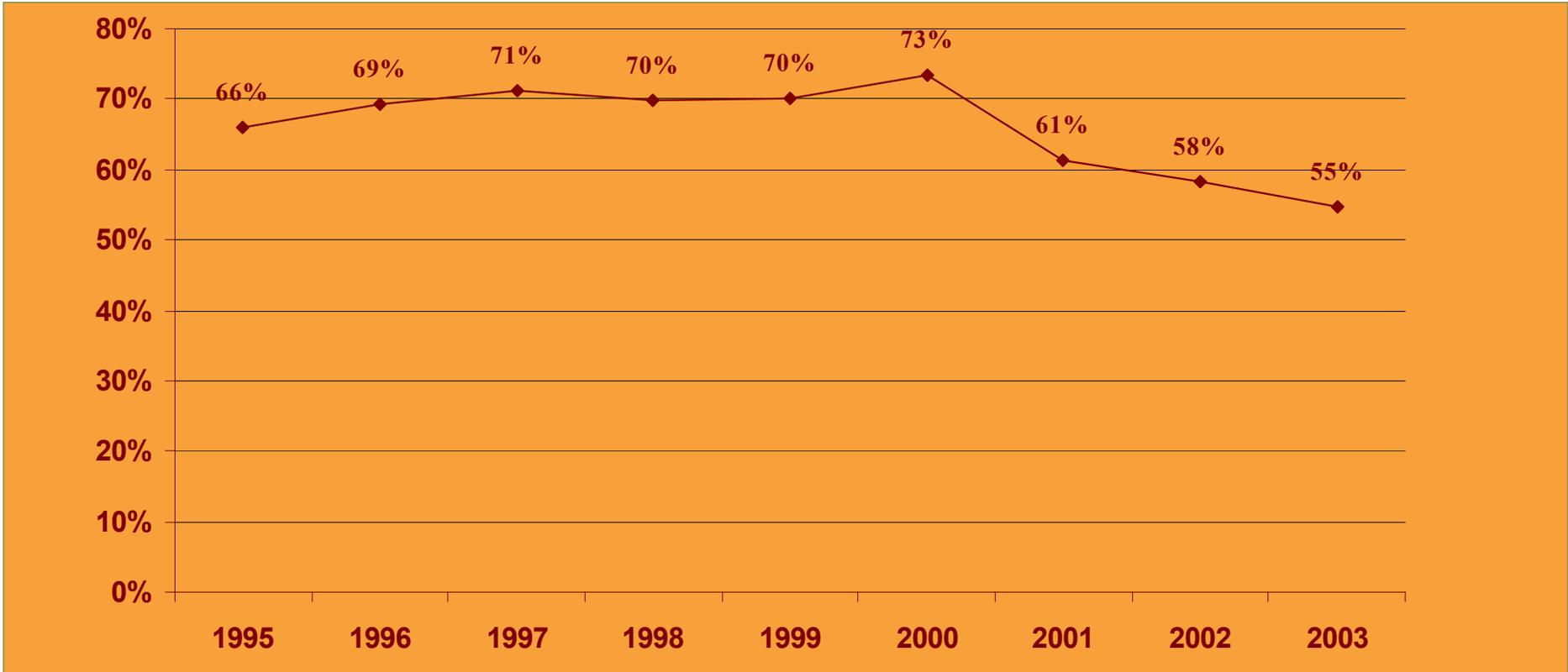
SUBURBAN BOSTON LODGING MARKET





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Suburban Boston Occupancy 1995 - 2003

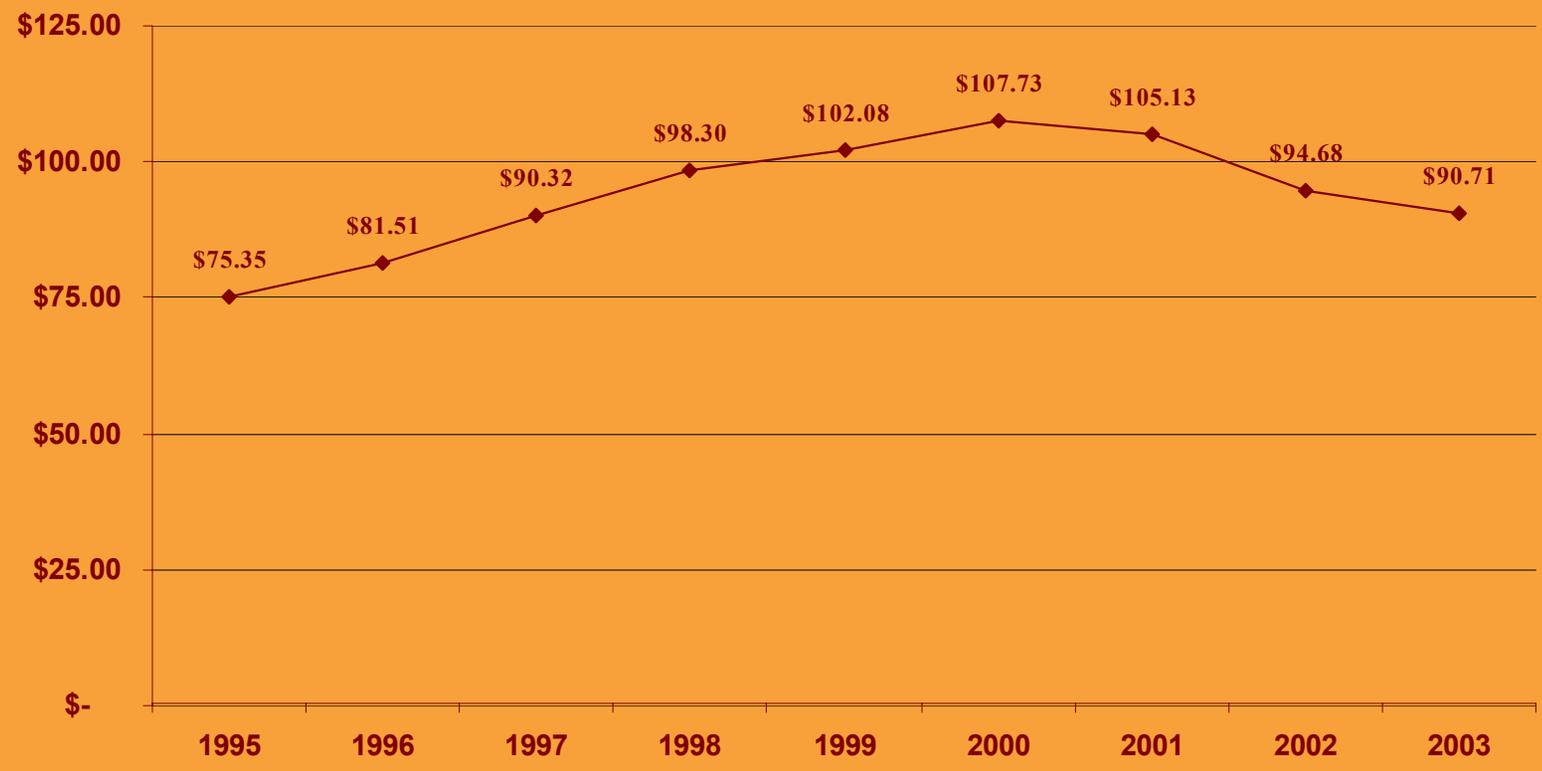


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Average Daily Rate 1995-2003

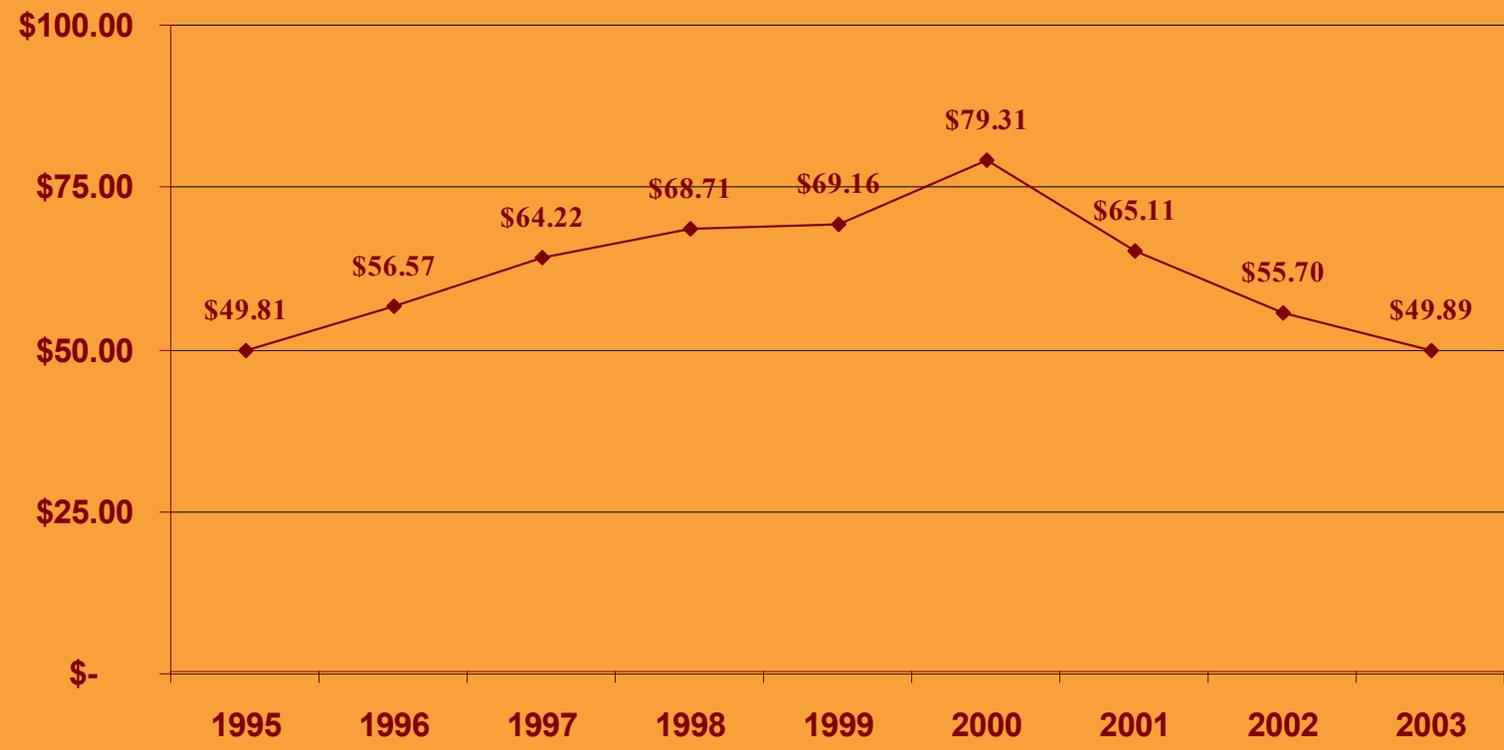


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston RevPAR 1995 - 2003

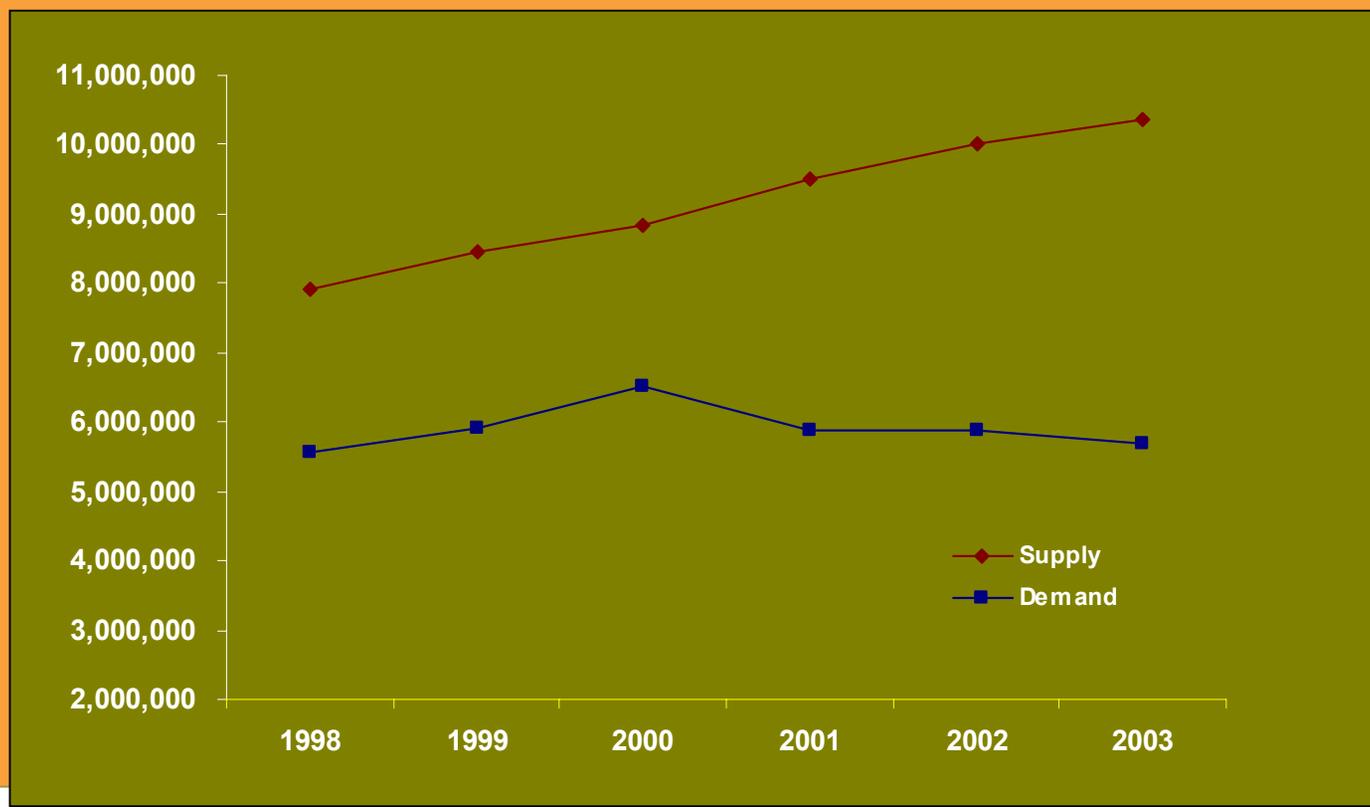


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Supply and Demand 1998 - 2003

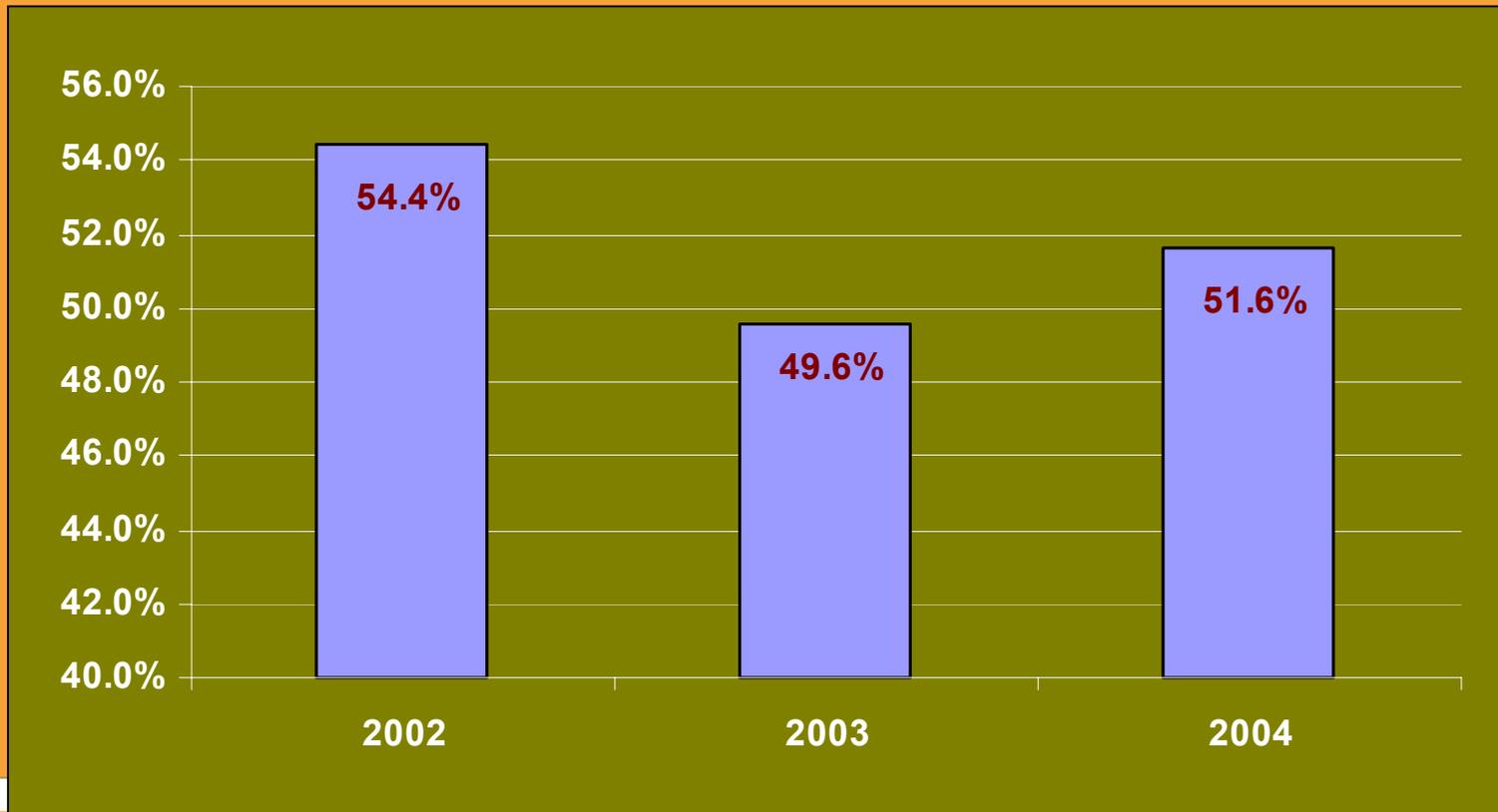


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Occupancy YTD May 2002 - 2004



Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston Average Daily Rate YTD May 2002 - 2004

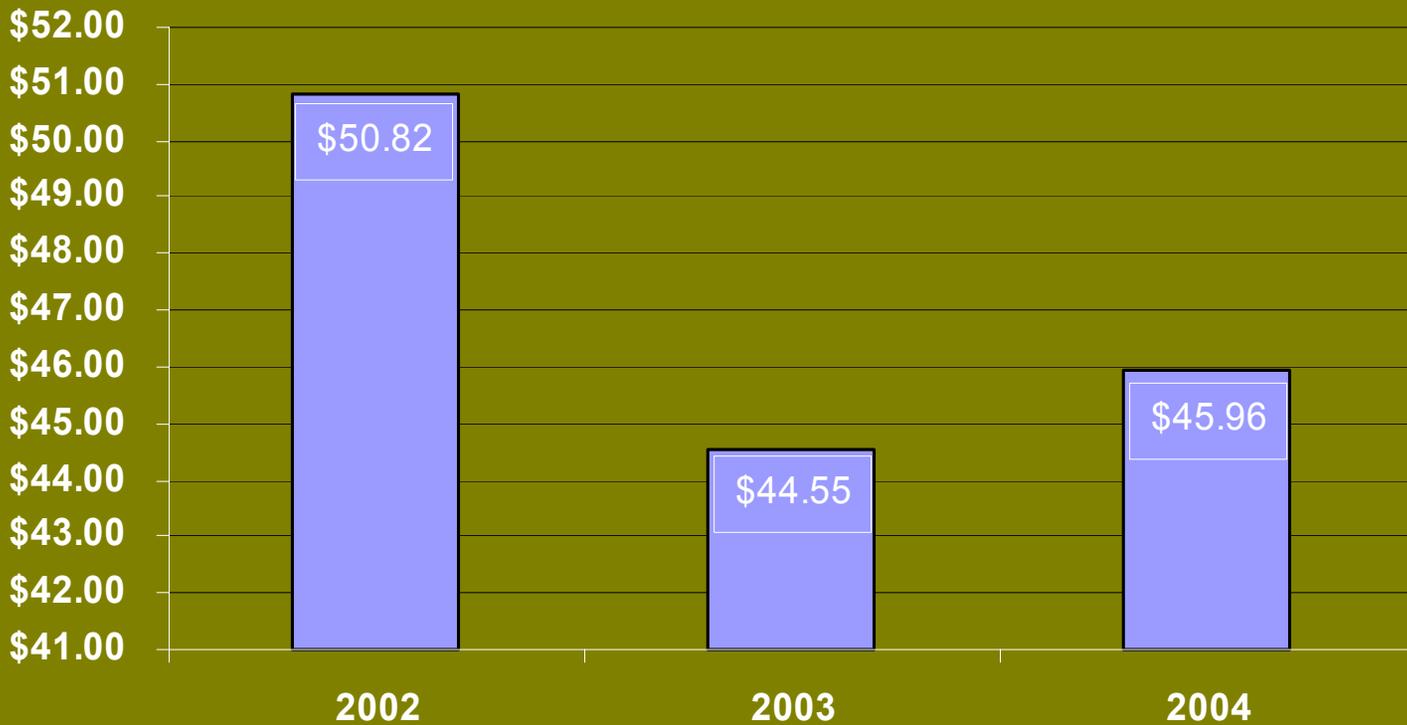


Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston RevPAR YTD May 2002 - 2004



Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston 2004

- Strong Convention Year
 - Improving Economy
- More Stable Geopolitical Situation
 - Less new supply
 - Weak Dollar



Suburban Boston Projections 2004

	2003	2004	Change
Occupancy	55%	58%	5.5%
Average Rate	\$90.71	\$91.00	0.3%
RevPAR	\$49.89	\$52.78	5.8%

Source: Smith Travel Research/Pinnacle Advisory Group



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Suburban Boston 2005

- Softer Convention Year
 - Improving Economy
- More Stable Geopolitical Situation
 - No New Supply



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Suburban Boston Projections 2005

	2004	2005	Change
Occupancy	58%	61%	3.4%
Average Rate	\$91.00	\$95.00	4.4%
RevPAR	\$52.78	\$57.00	9.9%

Source: Smith Travel Research/Pinnacle Advisory Group



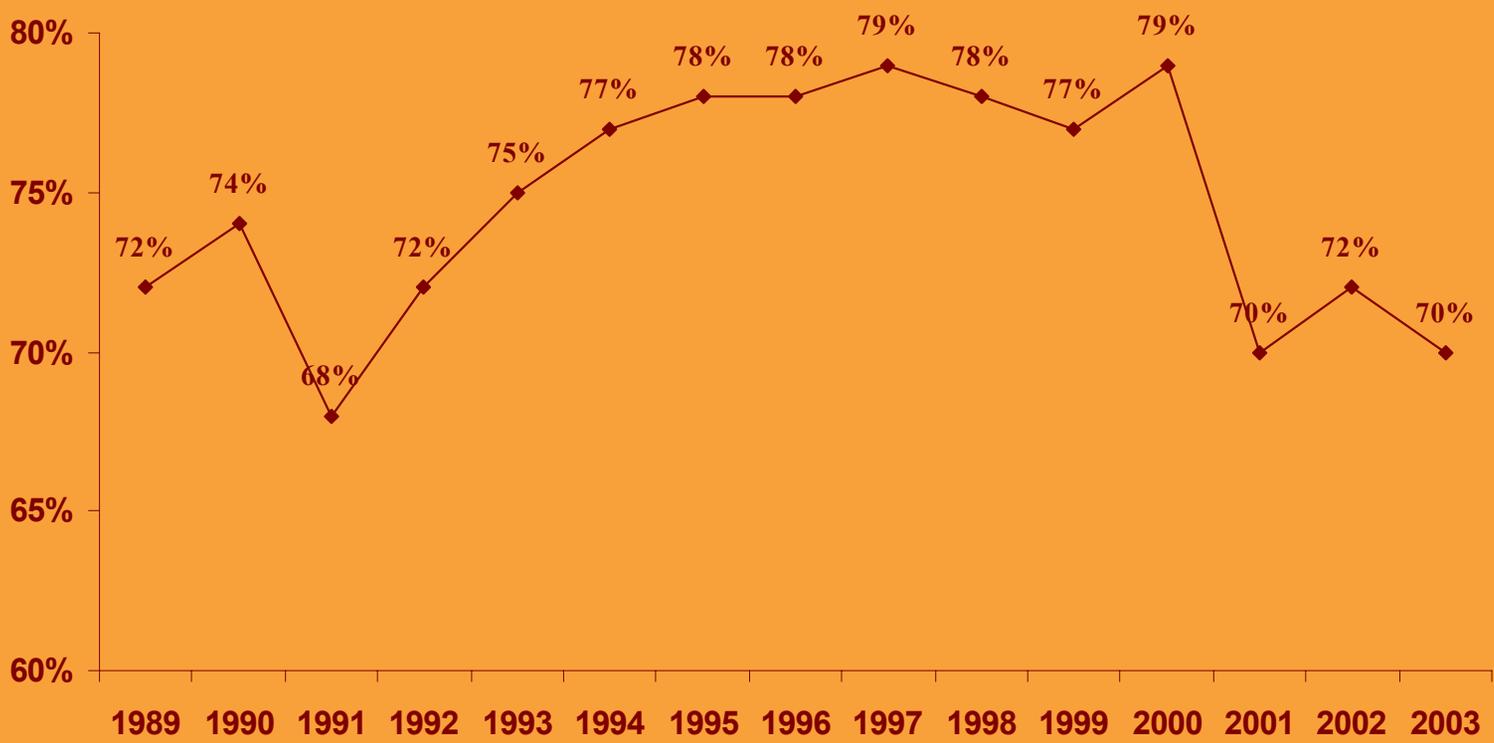
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BOSTON CAMBRIDGE LODGING MARKET



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Boston / Cambridge Occupancy 1989-2003

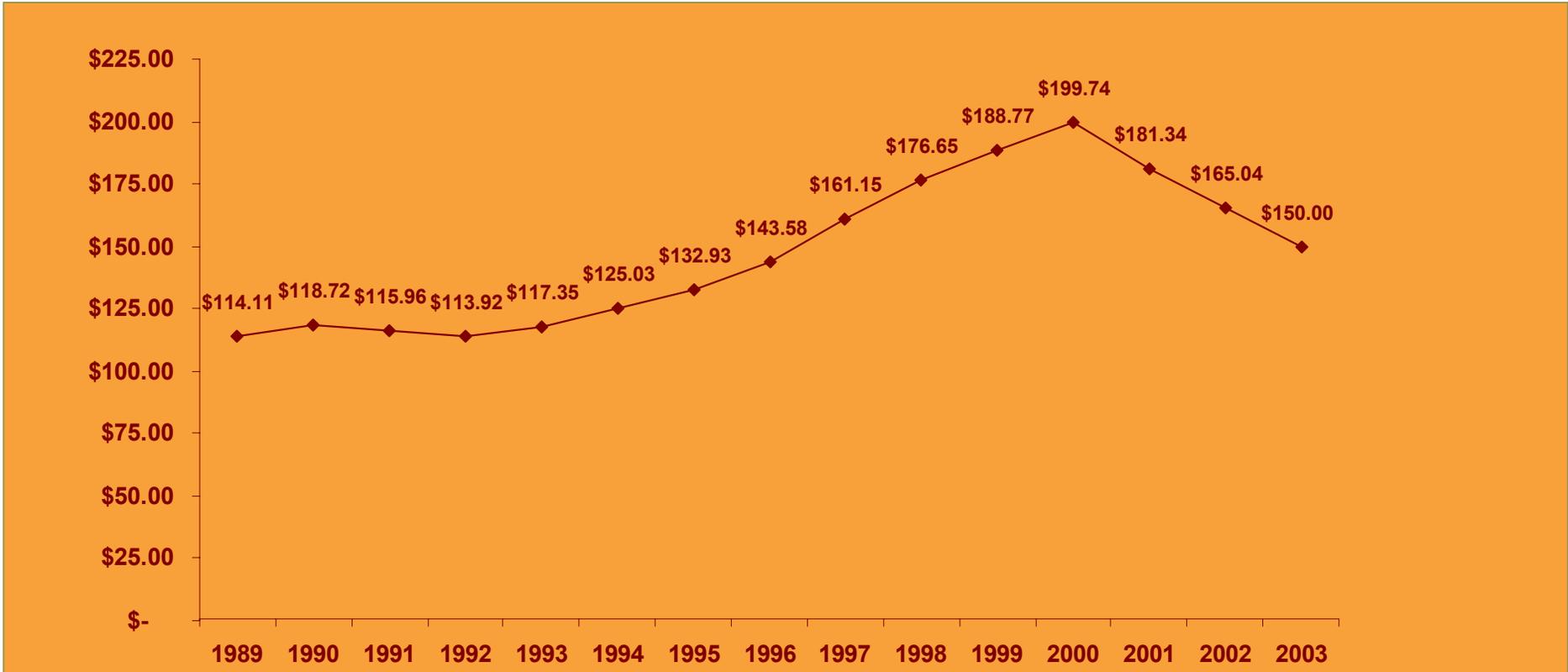


Source: Pinnacle Advisory Group



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Boston / Cambridge ADR 1989-2003

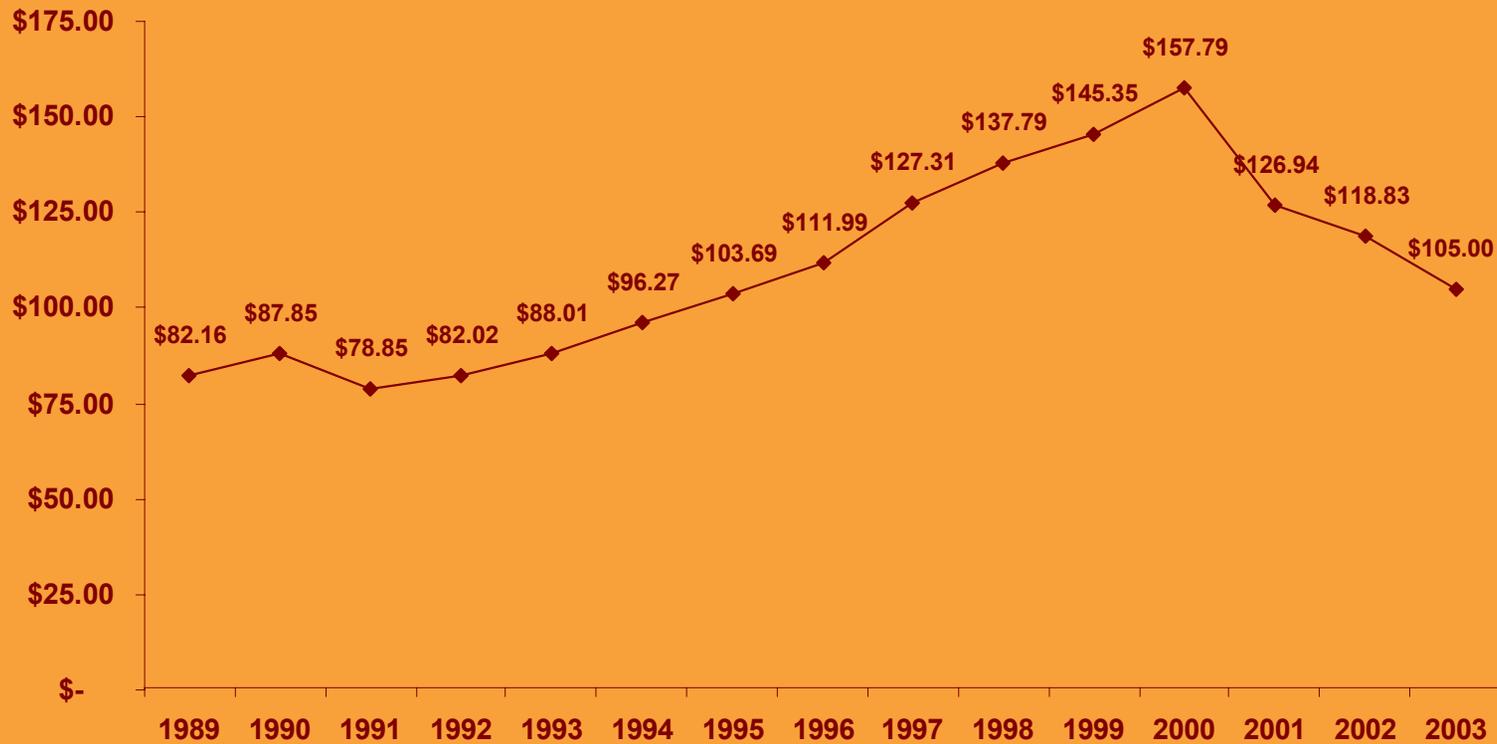


Source: Pinnacle Advisory Group



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Boston / Cambridge RevPAR 1989-2003

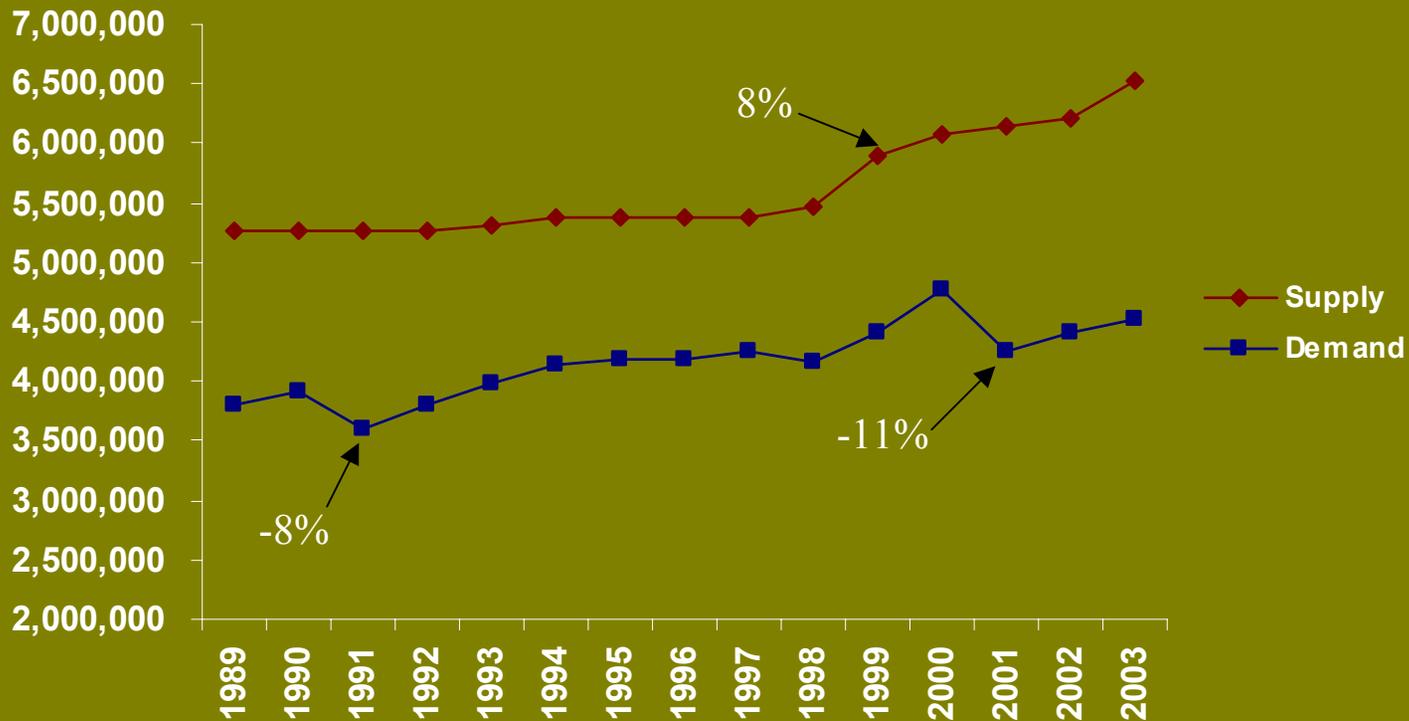


Source: Pinnacle Advisory Group



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Boston / Cambridge Supply and Demand **1989-2003**

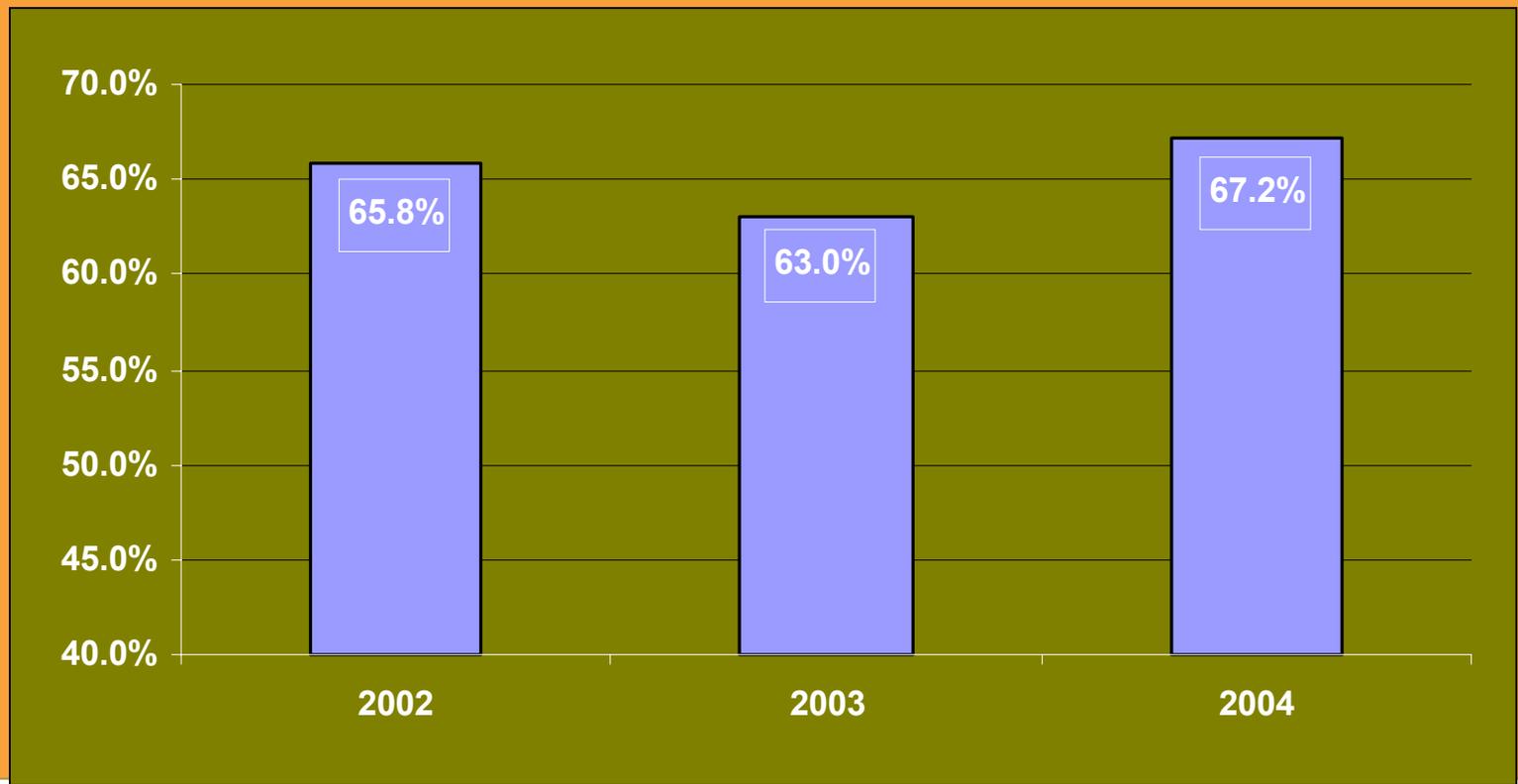


Source: Pinnacle Advisory Group



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Boston / Cambridge Occupancy YTD May 2001-2004



Source: Pinnacle Advisory Group



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Boston / Cambridge ADR YTD May 2001-2004

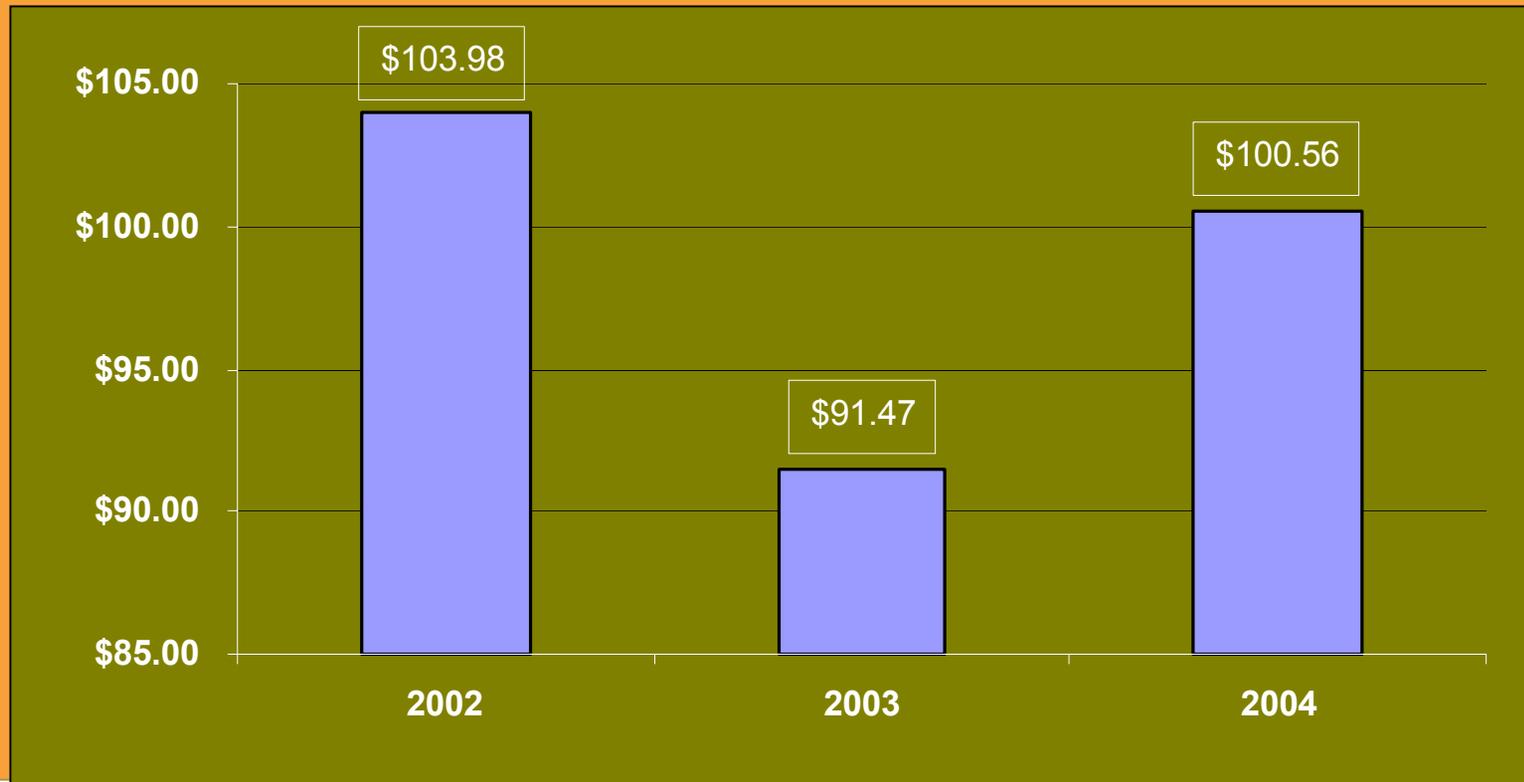


Source: Pinnacle Advisory Group



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Boston / Cambridge RevPAR YTD May 2001-2004

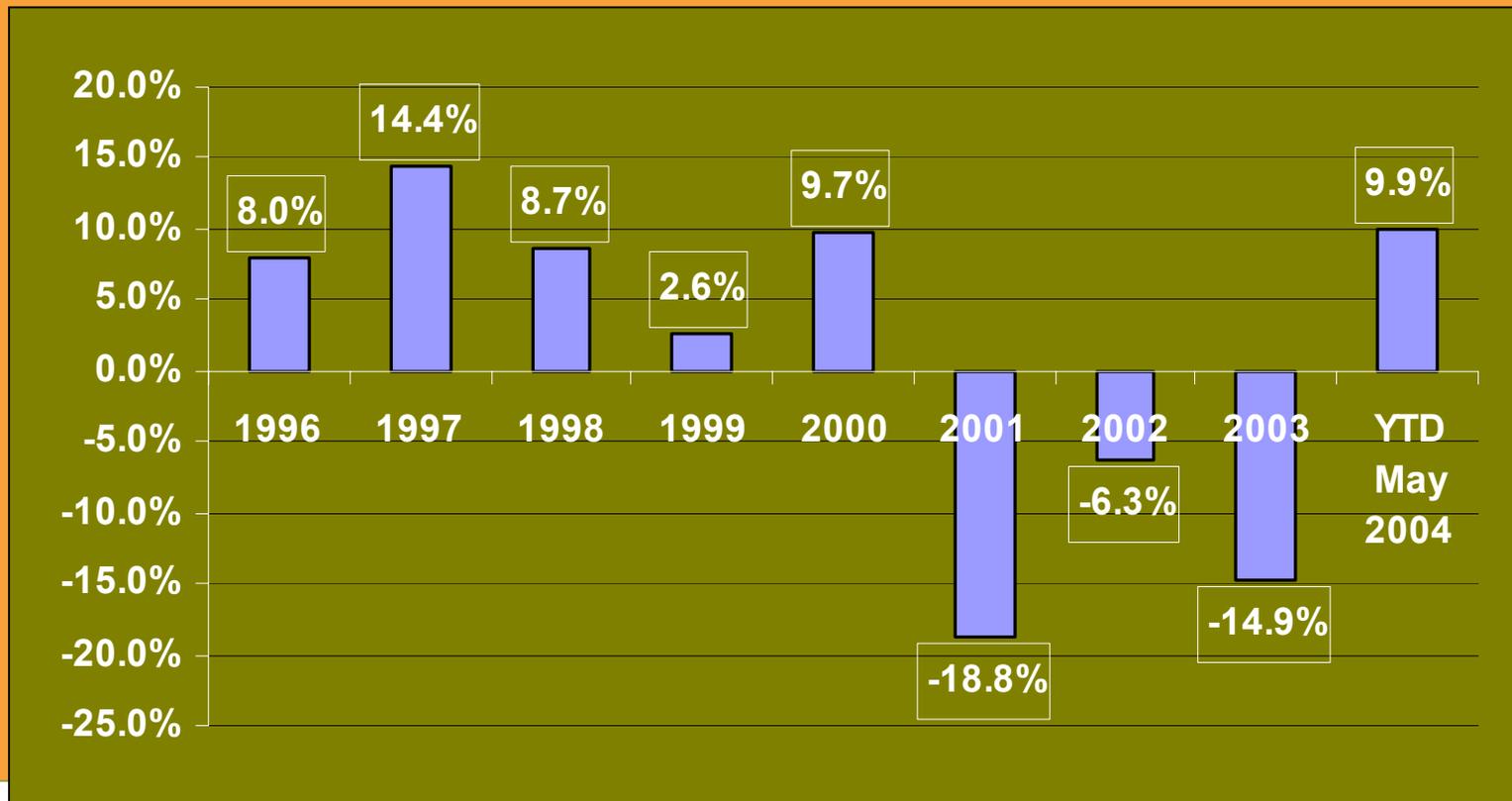


Source: Pinnacle Advisory Group



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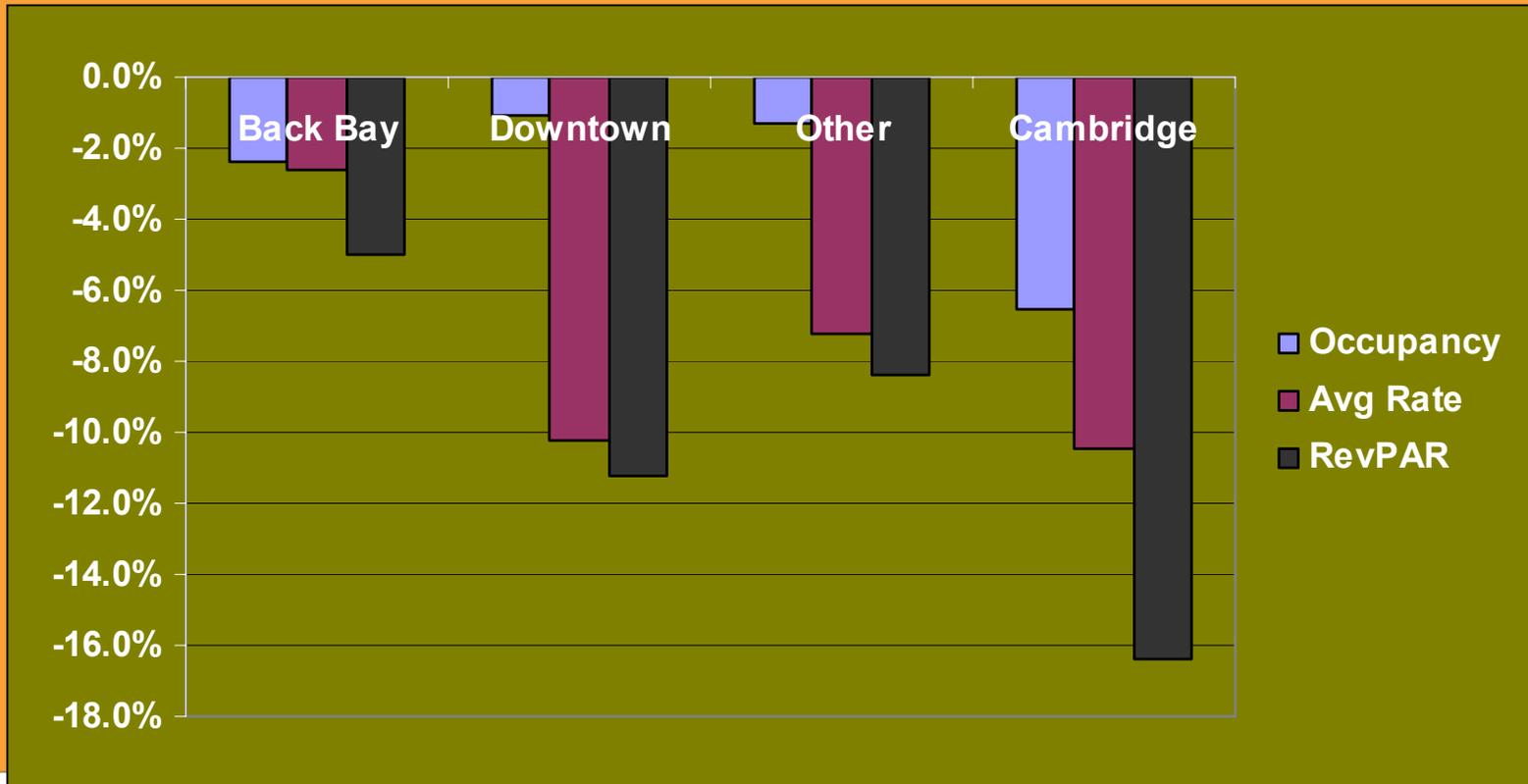
Boston / Cambridge Change In RevPAR 1996 – YTD May 2004



Source: Pinnacle Advisory Group



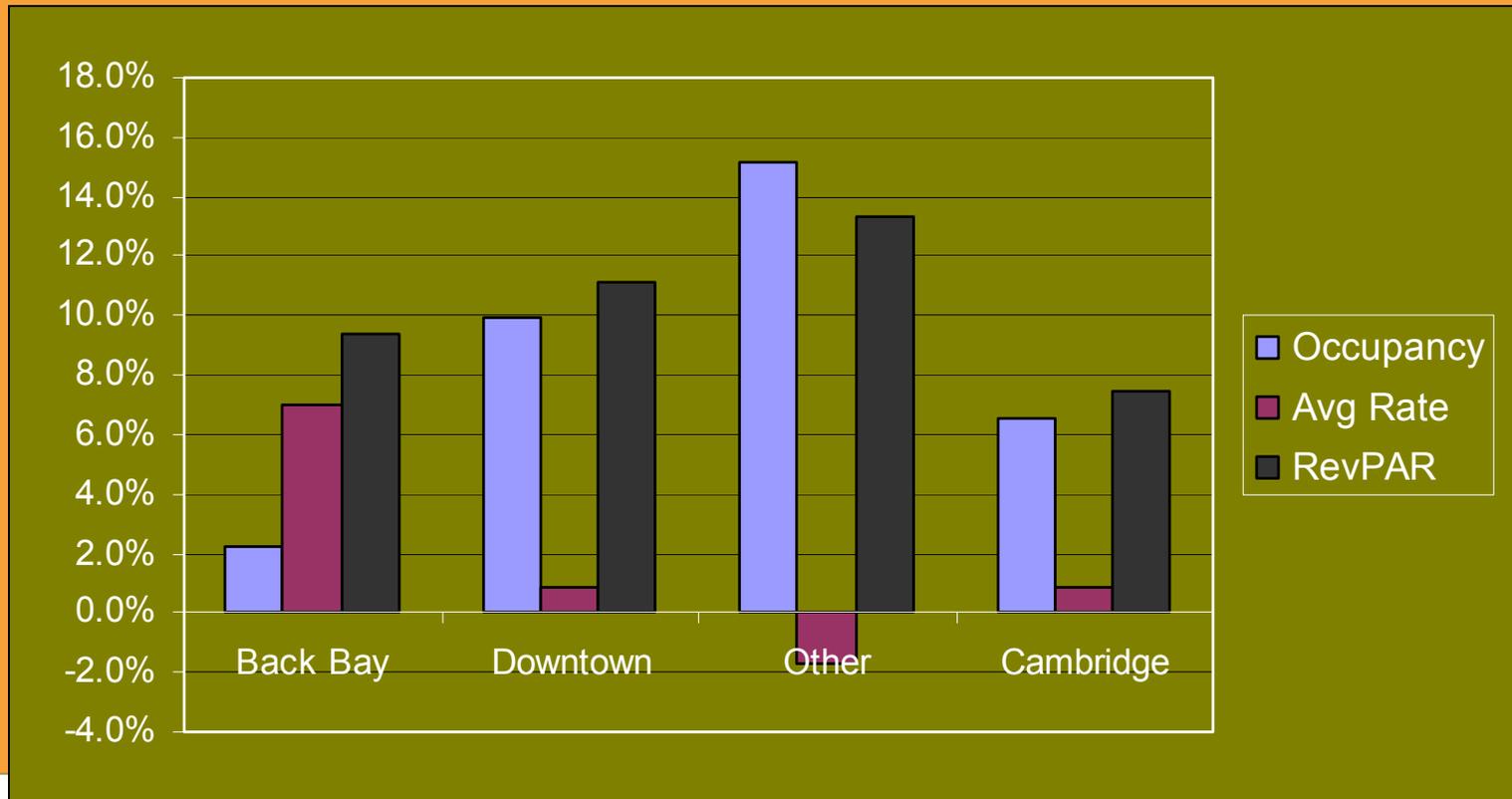
Boston / Cambridge Change In RevPAR By Market Area 2003





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Boston / Cambridge Change In RevPAR By Market Area **YTD May 2004**



Source: Pinnacle Advisory Group



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Boston / Cambridge New Supply **2004**

- Onyx Hotel – N. Station – 112 Rooms – May
- Courtyard Hotel – Back Bay 81-rooms - May
- Jurys Doyle – Back Bay – 220 Rooms – July
- Bullfinch Hotel – N. Station – 88 Rooms – August
- Hampton Inn and Suites – Crosstown – 175 Rooms – June



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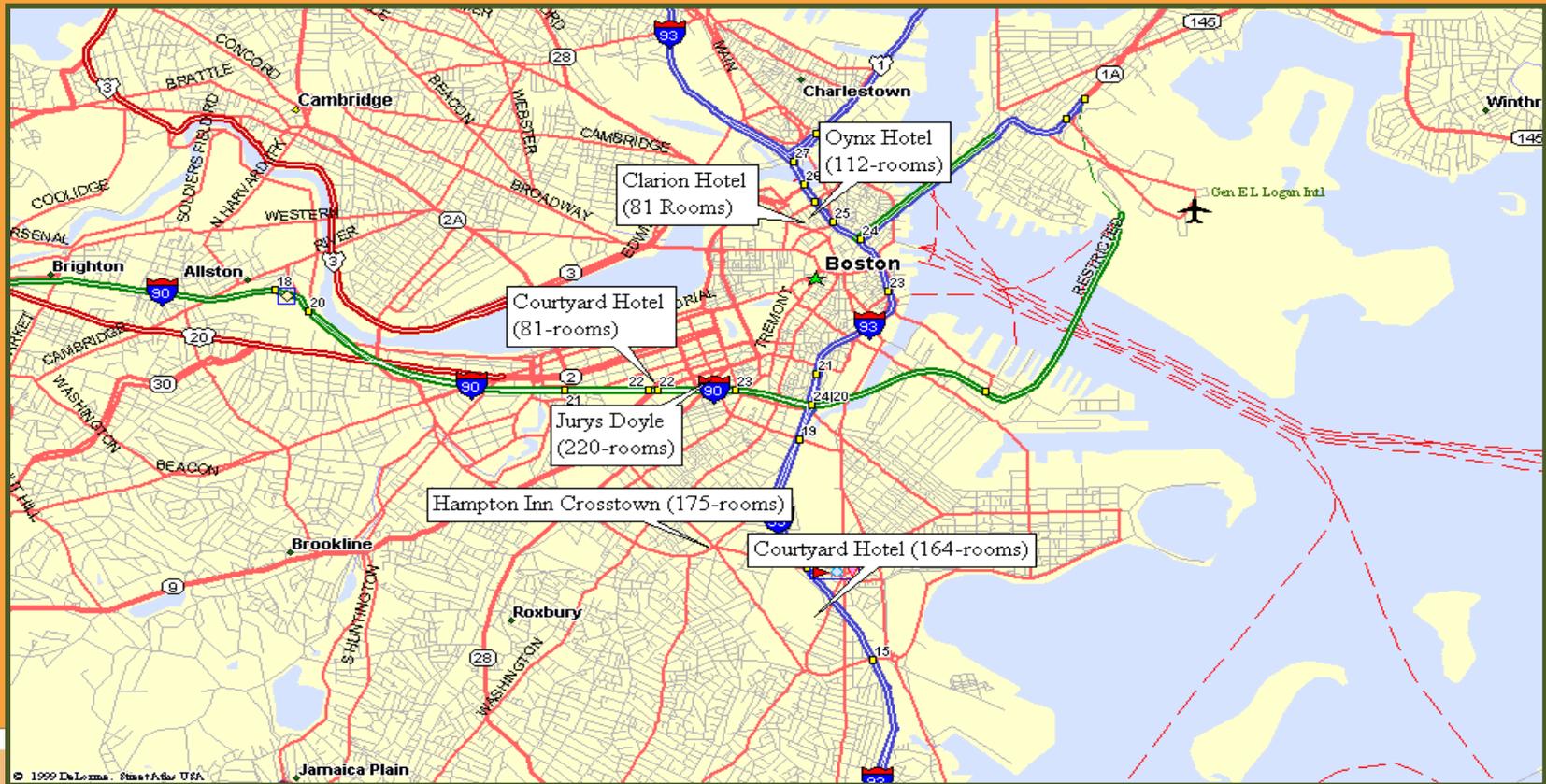
Boston / Cambridge New Supply **2005**

- Courtyard By Marriott – South Bay – 164 Rooms - April



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Boston / Cambridge New Supply 2004 – 2005 Map





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Boston / Cambridge Demand Factors

- **Corporate**

- Recent Strong Growth Likely to Continue

- **Group**

- 2004 Strong Convention Year, 2005 moderate convention year,
- Strong short term pick-up, return of the corporate meeting

- **Leisure**

- Improved international demand



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Boston / Cambridge Average Rates

- **Corporate**

- Increasing through 2004 and 2005

- **Group**

- Strong 2004, some softening in 2005

- **Leisure**

- Strong growth due to increased compression



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Factors Affecting Demand 2H 2004

- New Supply
- Improving Economy
- Strong Booking Pace
- Aggressive Yield Management



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Pinnacle Operator's Survey 2004

- 18 Hotels in Boston and Cambridge
- Occupancy Up 3 Points (2.8%)
- Average Daily Rate Up 7.5%
- RevPAR up 11.1%



Boston Cambridge Projections 2004

	2003	2004	Change
Occupancy	70%	73%	4.3%
Average Rate	\$150.00	\$159.00	6.7%
RevPAR	\$105.00	\$116.80	10.5%



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Factors Affecting Demand 2005

- Softer Convention Year (No DNC)
- Strong Short-term group pick-up
- Improving Economy
- Aggressive Yield Management
- Limited New Supply



Boston Cambridge Projections 2005

	2004	2005	Change
Occupancy	73%	75%	2.7%
Average Rate	\$159.00	\$166.00	4.4%
RevPAR	\$116.80	\$124.50	6.6%



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