



Pinnacle
Advisory Group



rhode island
hospitality

Economic Outlook Breakfast

**The State of the Hospitality Industry in
Rhode Island**

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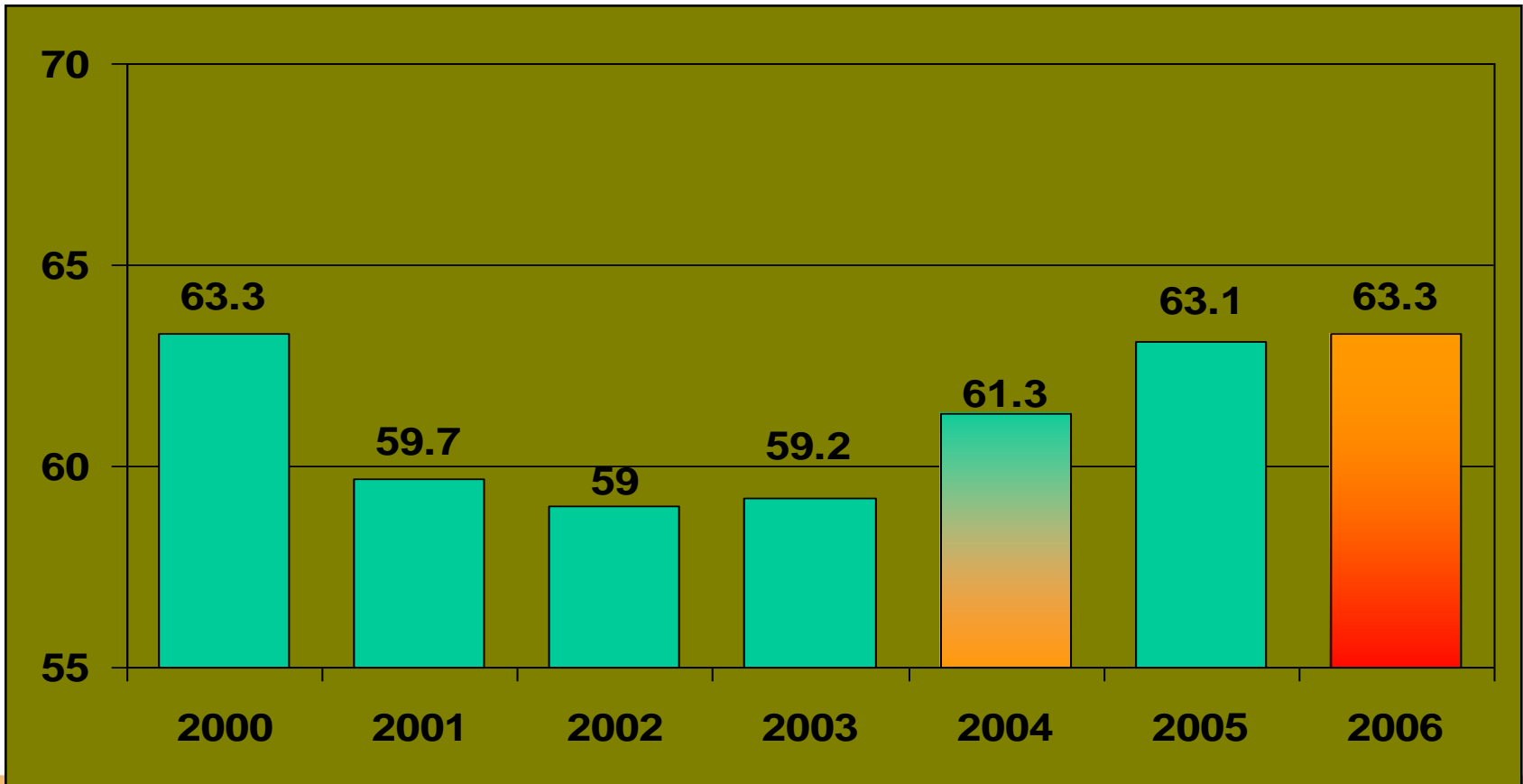
NATIONAL LODGING MARKET





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U.S. Occupancy Percent 2000 - 2006

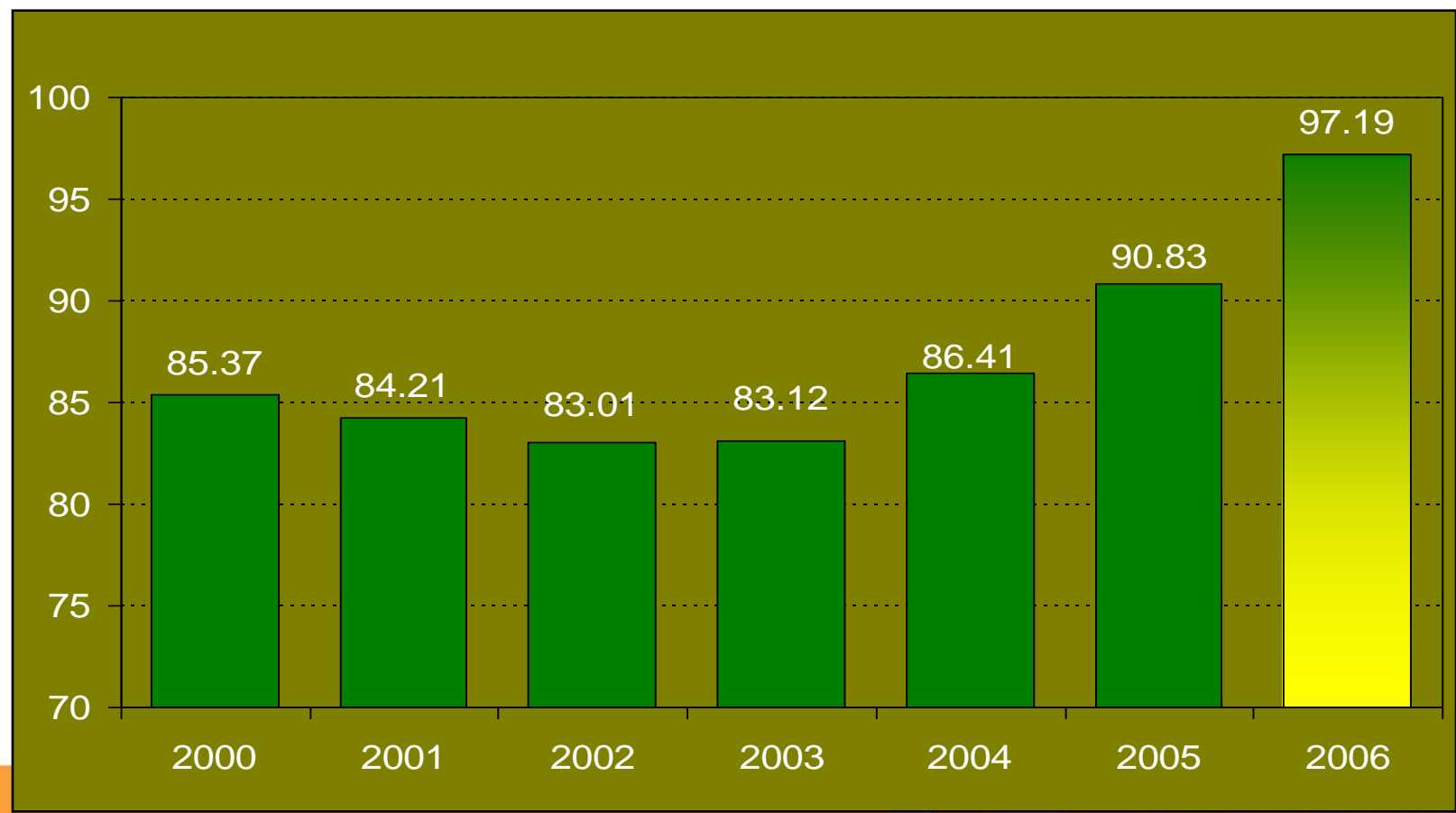


Source: Smith Travel Research



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U.S. Average Daily Rate 2000 – 2006

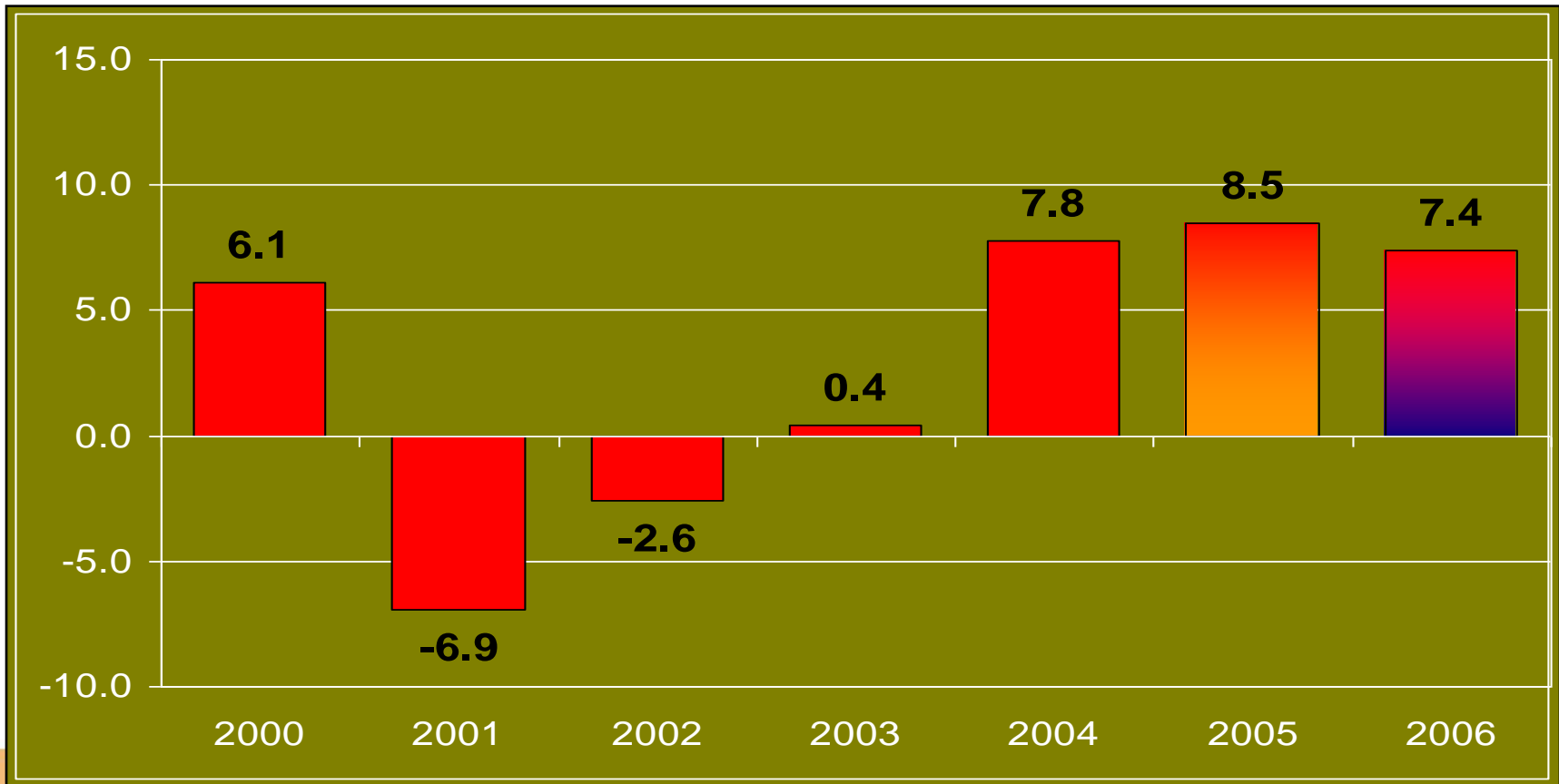


Source: Smith Travel Research



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U.S. RevPAR Percent Change 2000 – 2006



Source: Smith Travel Research



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New Supply

Phase	Nov. 2006	Nov. 2005	Difference	Percent Change
In Construction	157,823	101,175	56,648	56%
Final Planning & Planning	382,973	202,267	180,706	89%
Total	540,796	303,442	237,354	78%



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US Lodging Forecast

	<u>Occ</u>	<u>ADR</u>	<u>RevPAR</u>
2006	63.4%	\$97.50	\$61.82
2007	63.2%	\$102.23	\$65.27
2008	63.0%	\$109.13	\$68.71

Source: PWC April Lodging Report



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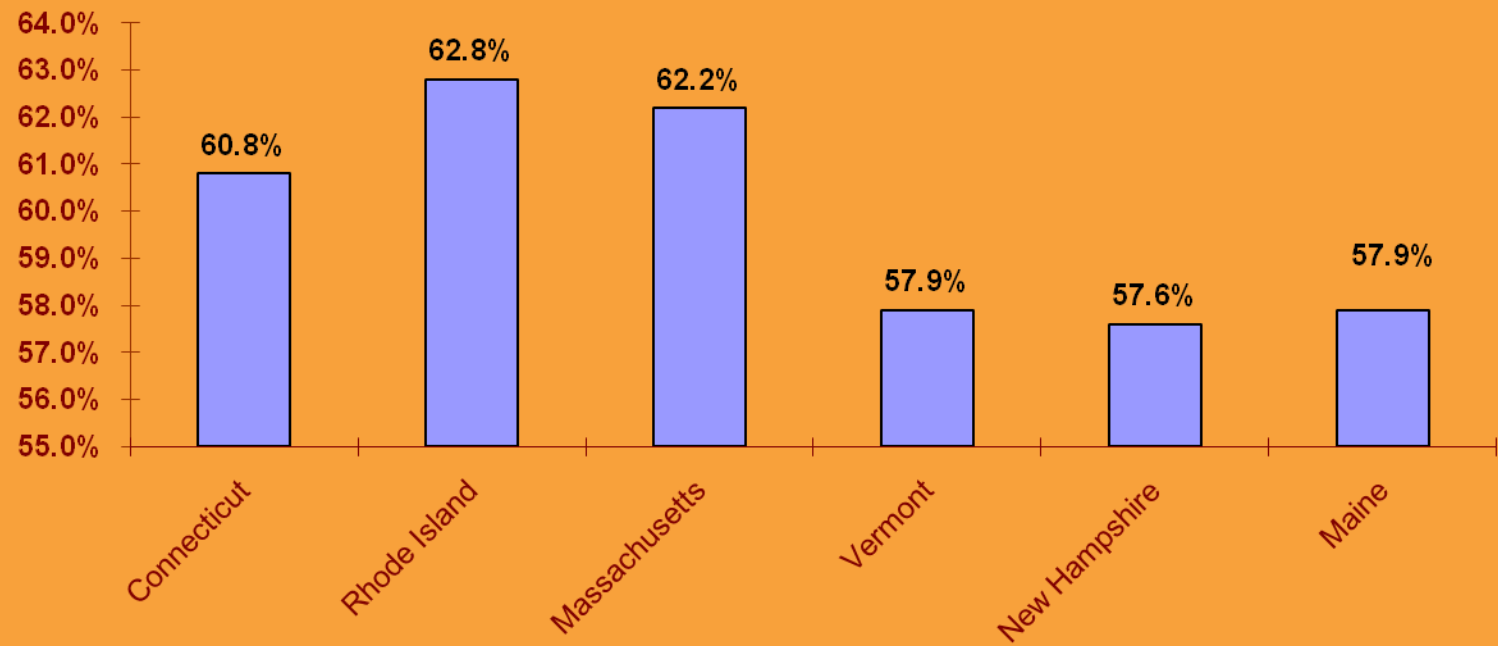
NEW ENGLAND LODGING MARKET





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New England Occupancy - 2006

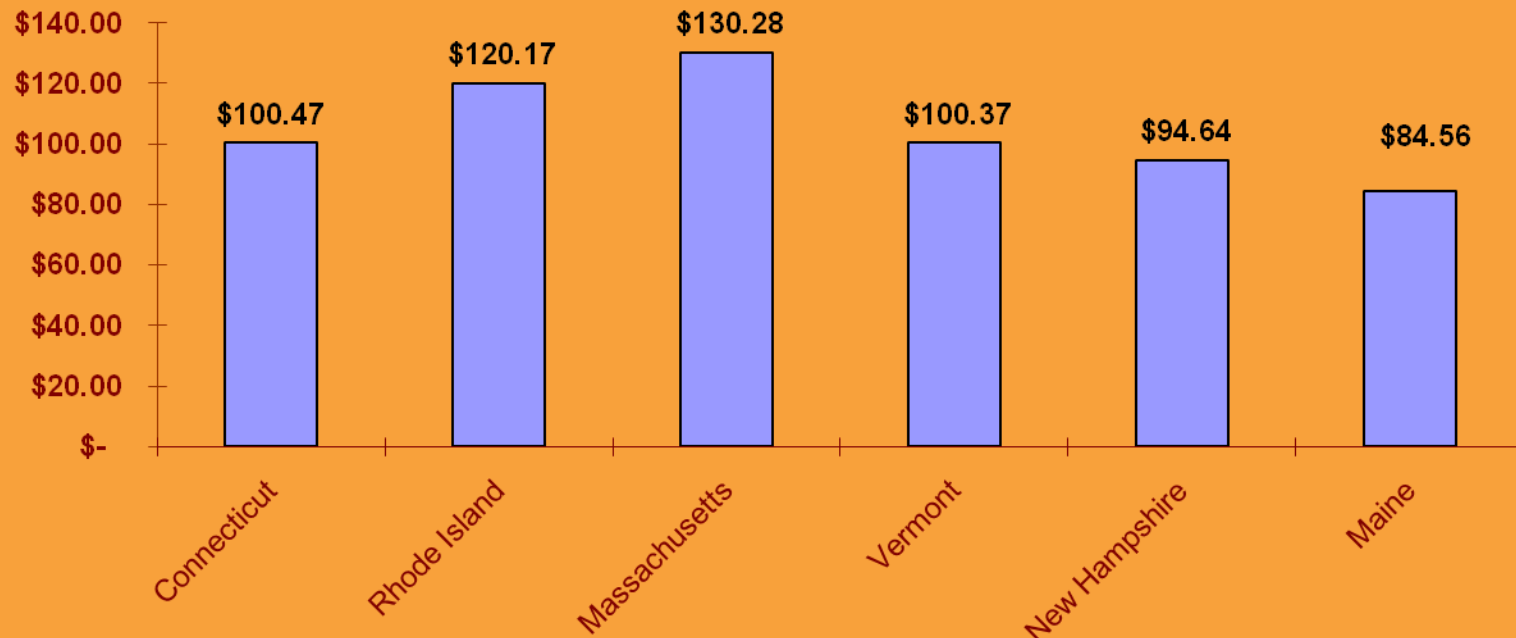


Source: Smith Travel Research/Pinnacle Advisory Group



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New England Average Daily Rate - 2006

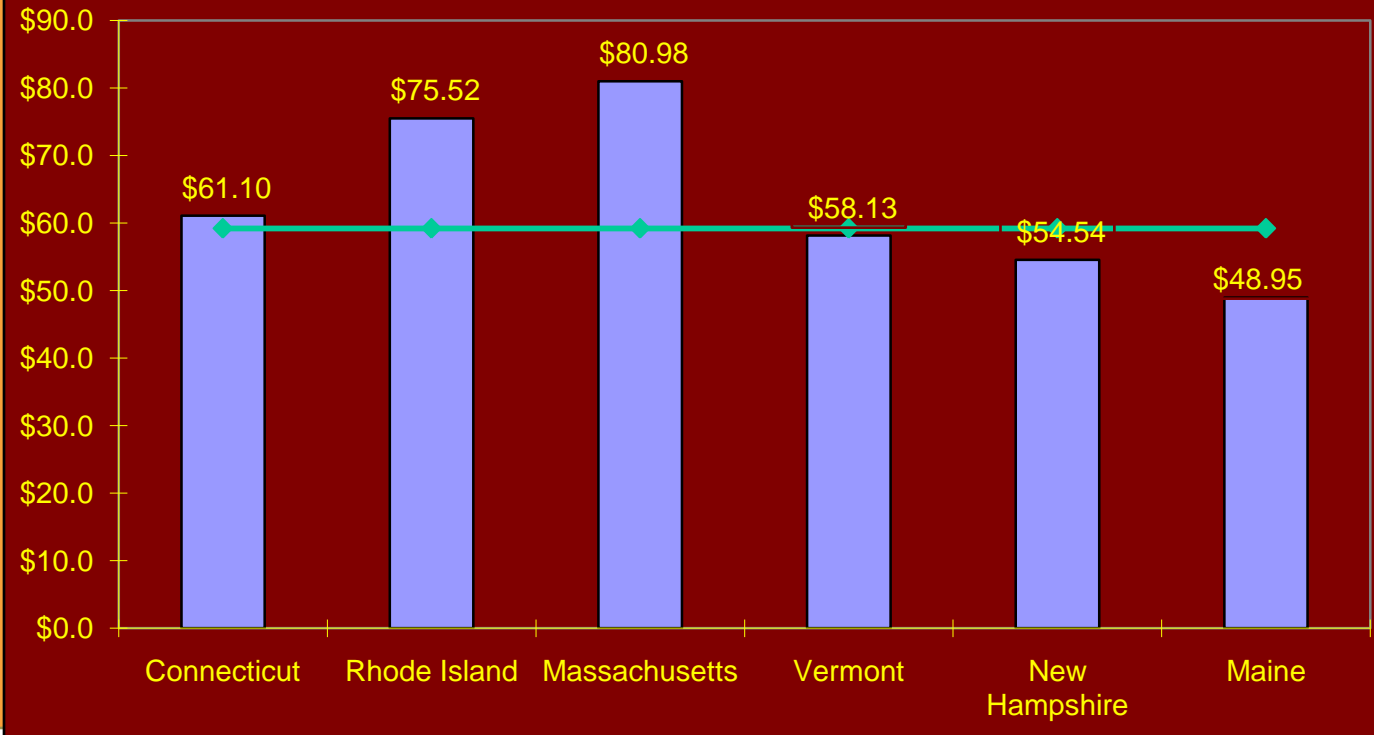


Source: Smith Travel Research/Pinnacle Advisory Group



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New England RevPAR - 2006



Source: Smith Travel Research/Pinnacle Advisory Group



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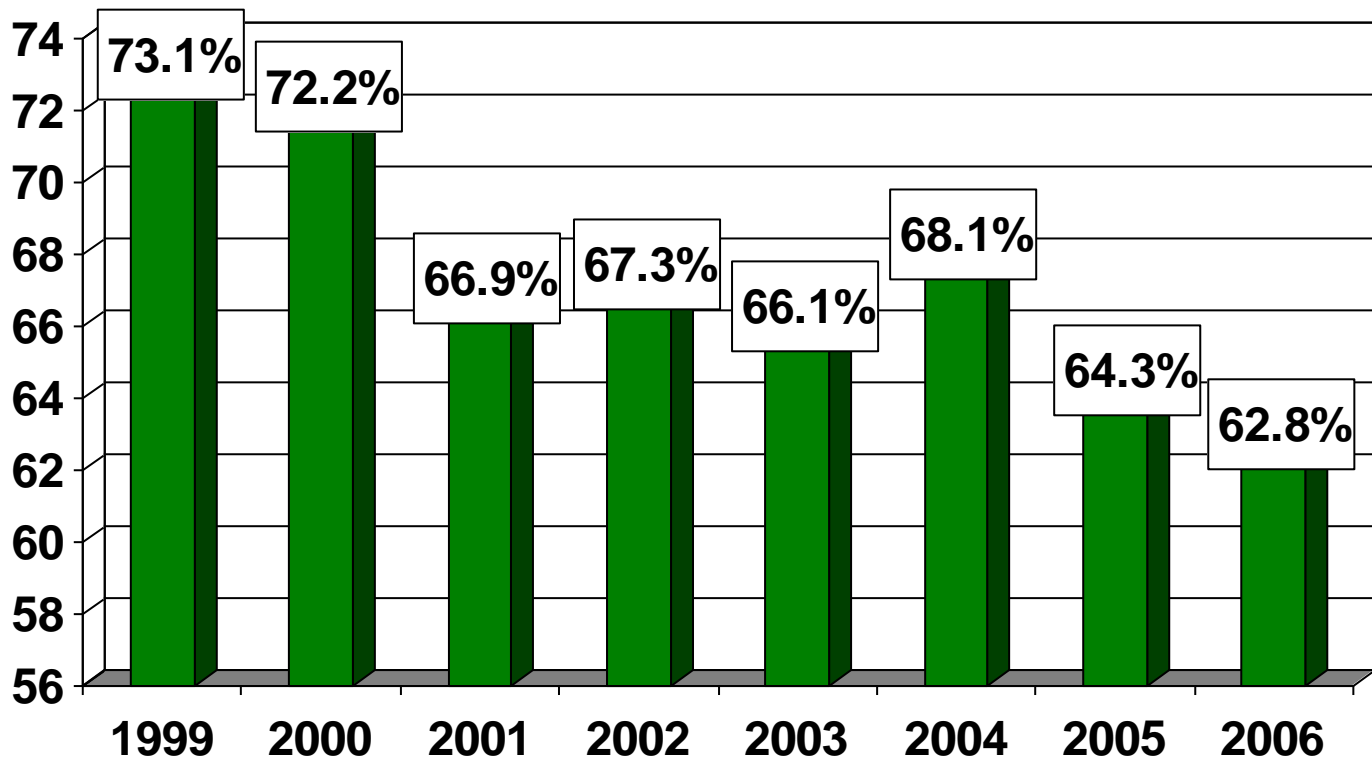
RHODE ISLAND LODGING MARKET





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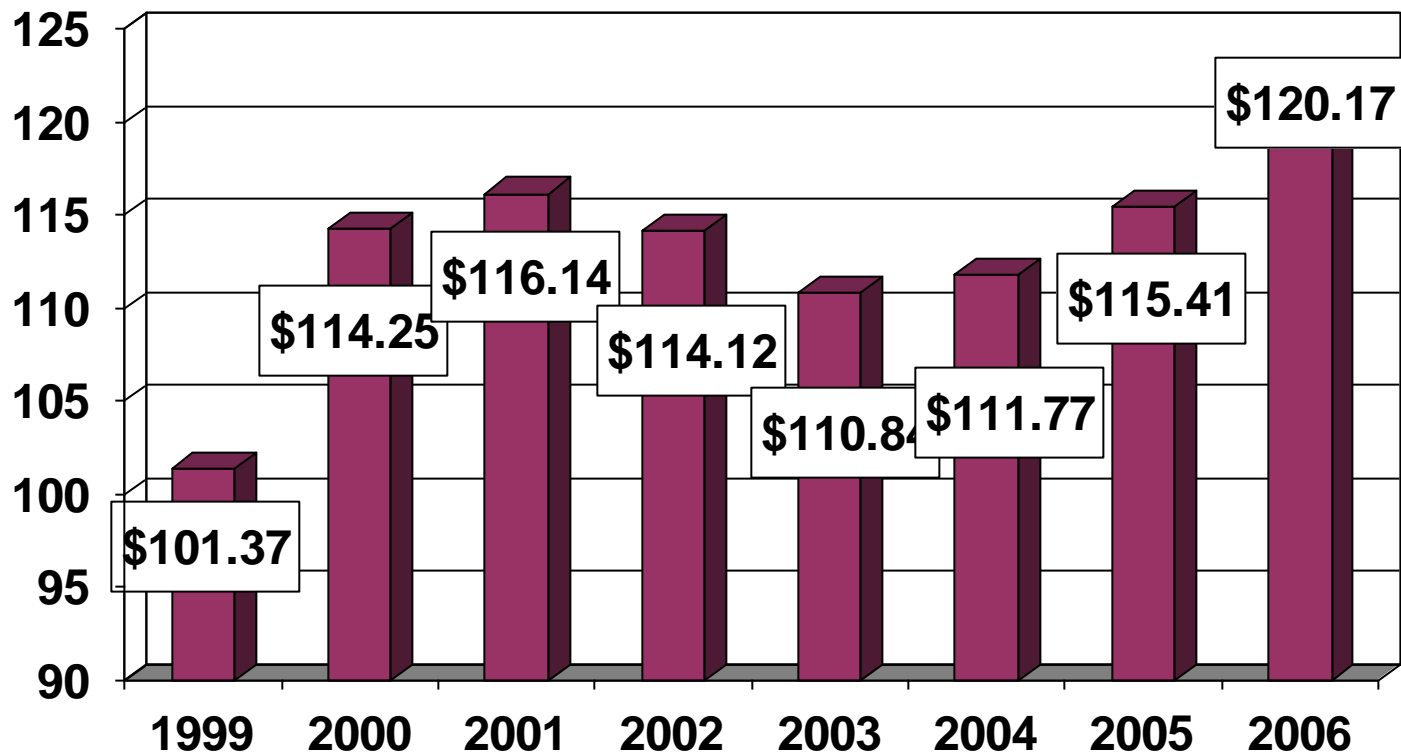
Rhode Island Occupancy 1999-2006



Source: Smith Travel Research

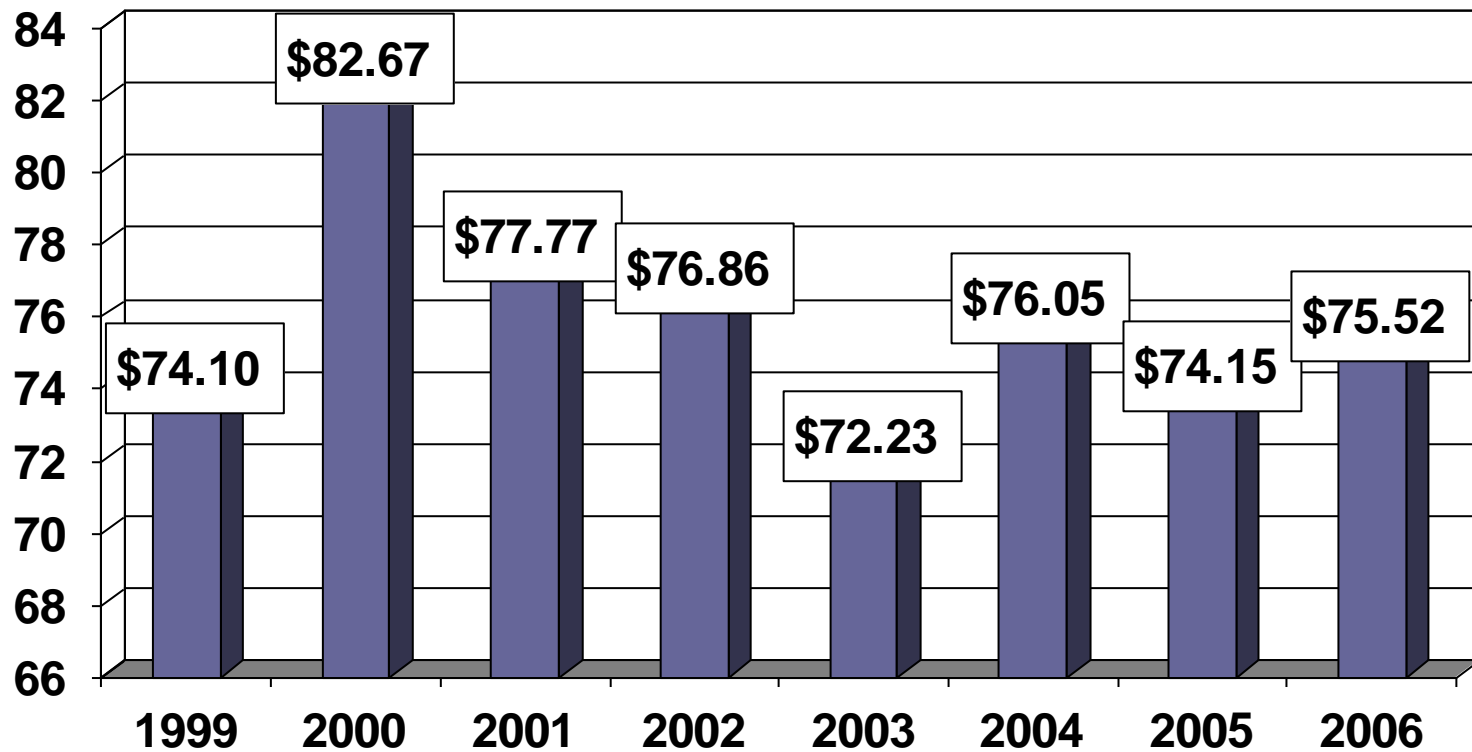


Rhode Island Average Daily Room Rate 1999-2006





Rhode Island RevPAR 1999-2006





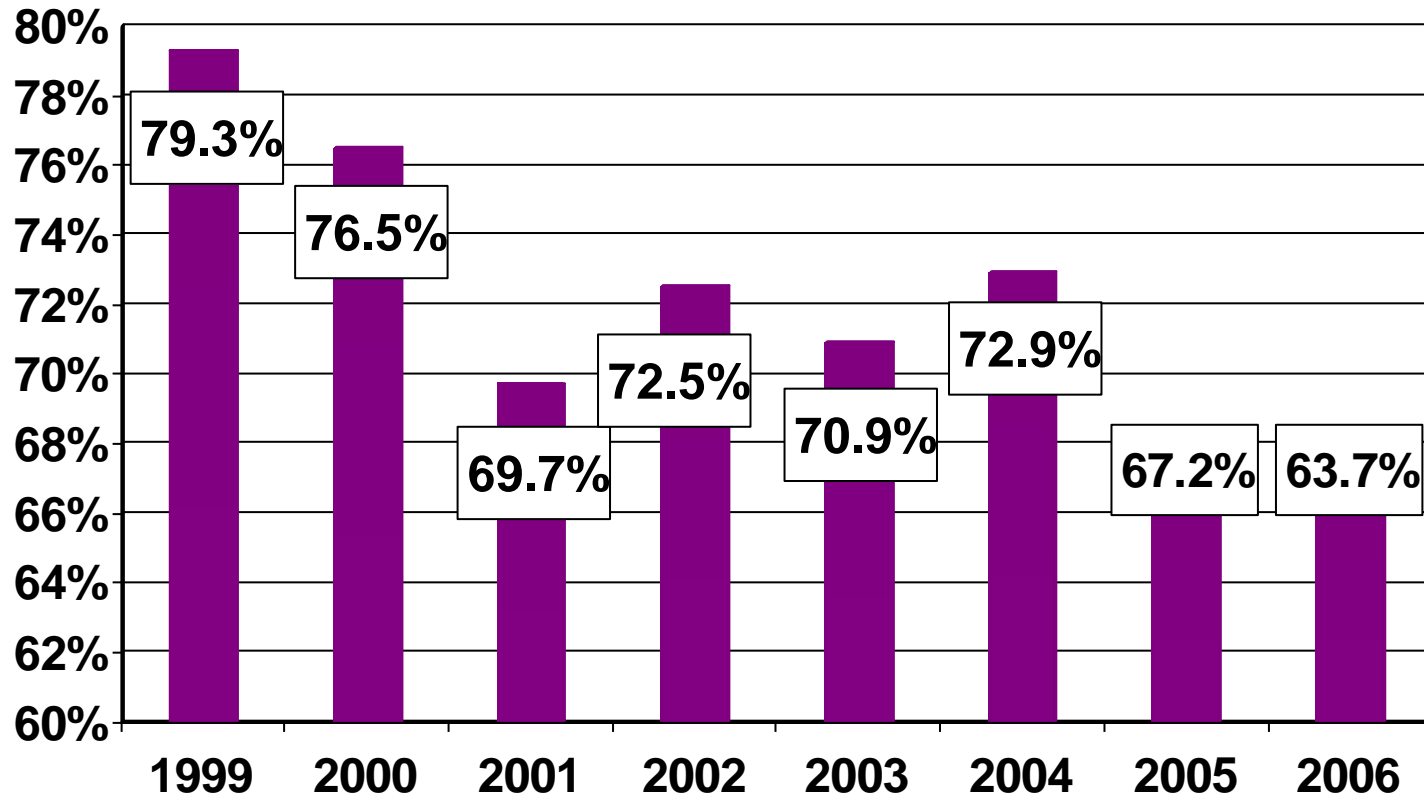
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CITY OF PROVIDENCE LODGING MARKET



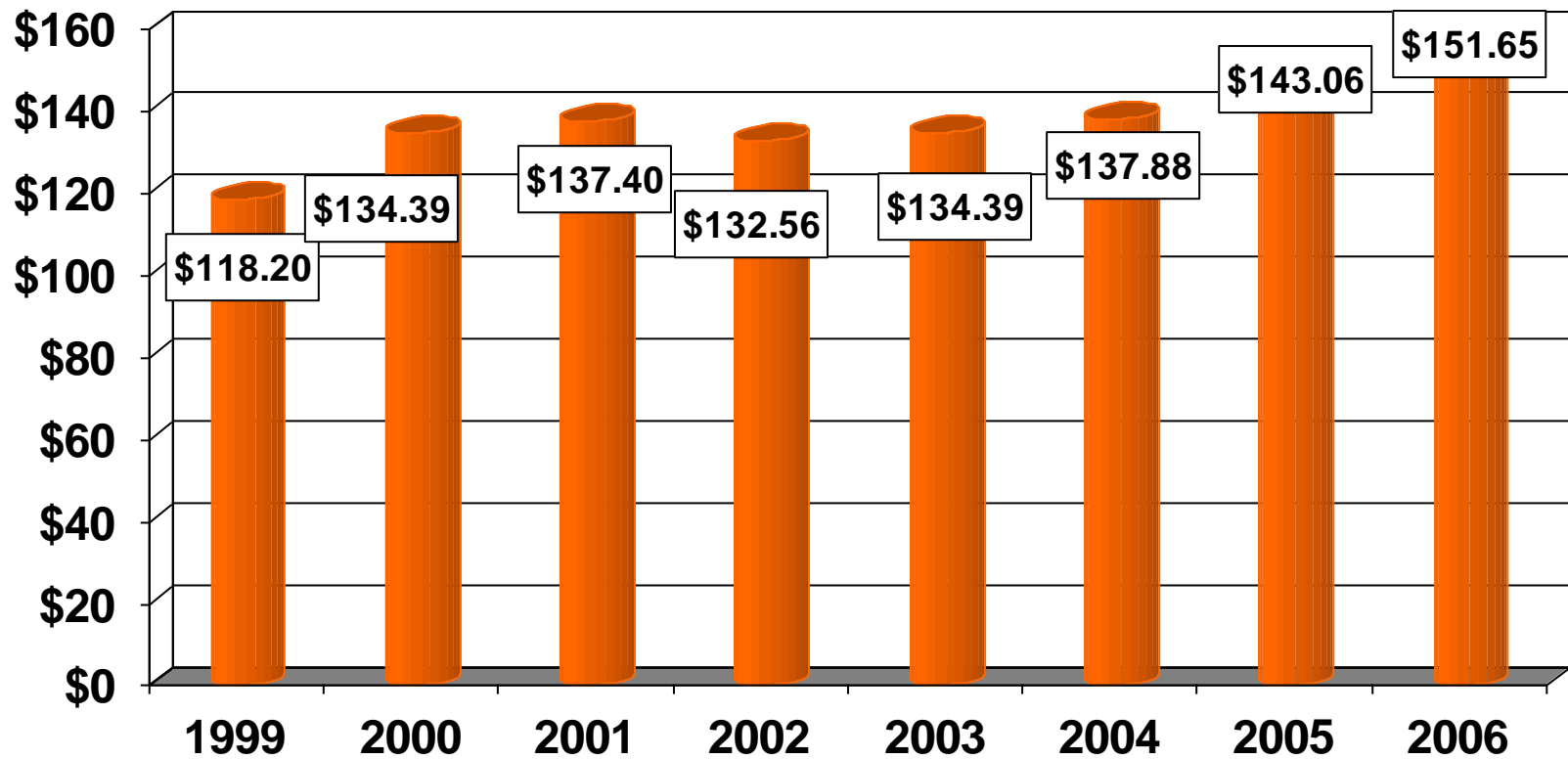


Providence Occupancy 1999-2006





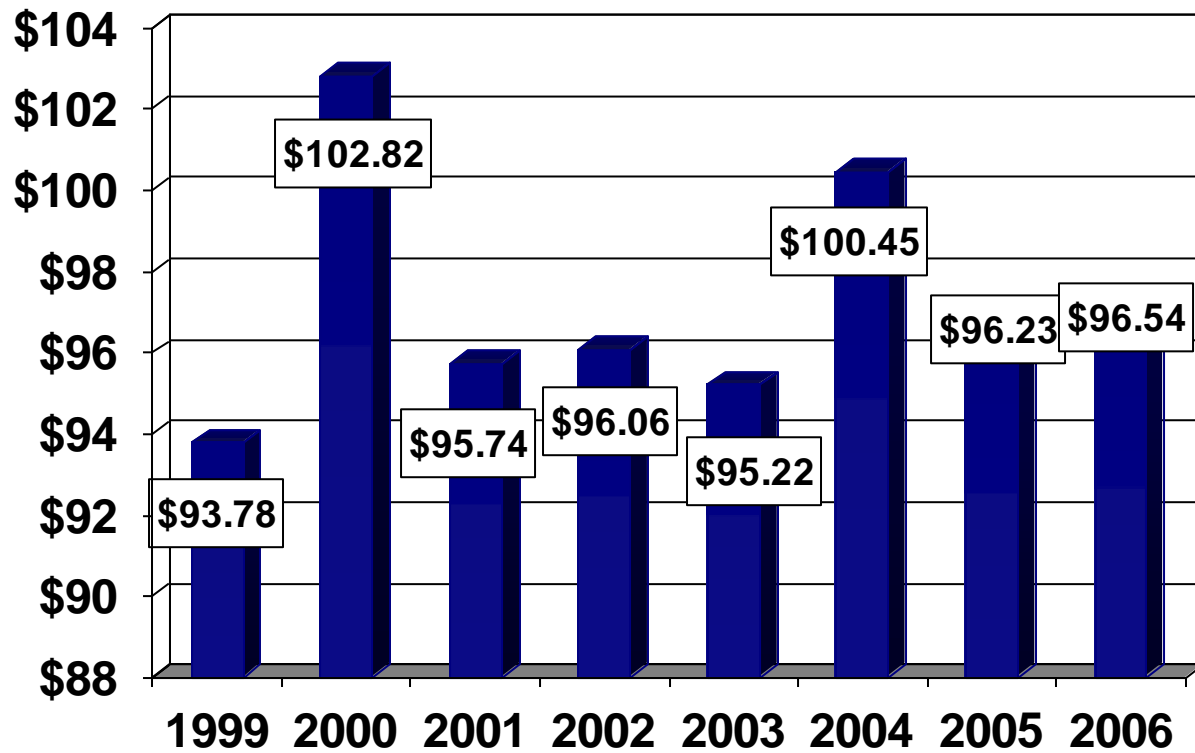
Providence Average Daily Room Rate 1999-2006



Source: Smith Travel Research



Providence RevPAR 1999-2006





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Providence Seasonality Factors (2000-2005)

Weekend/Weekday (2004-2006)

- Sunday – average 48.2%
- Monday and Thursday – average 63.5%
- Tuesday, Wednesday, Friday and Saturday – average 73.6%

Monthly Averages (2006)

- Peak (>70%) – June, Sept., Oct. – average 75%
- Shoulder (63%-70%) – April, May, July, Aug., Nov., – average 65%
- Off-Peak (>65%) – Jan., Feb., March and Dec. – average 53.1%



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Providence - Future

- Convention
- Office Market
- Other Demand Factors
 - New Supply
 - Projections



Comparison of Events by Type – FY2005 – FY2006

	# of Events FY 2005	Attendance FY 2005	Associated RoomNights FY 2005	# of Events FY 2006	Attendance FY 2006	Associated RoomNights FY 2006
Public Shows	37	269,700	7,470	39	221,800	4,778
Tradeshows	24	52,075	20,920	20	53,850	23,538
Conventions	14	17,300	16,717	9	16,600	24,159
Meetings	167	49,718	16,824	157	49,616	9,922
Banquets	80	24,840	0	80	35,572	24
TOTALS	322	413,633	61,931	305	377,438	62,421



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Providence – Downtown Office Market

	Total SF	Vacancy	Absorption
12/31/99	6,035,318	12.4%	4,465
12/31/00	5,908,818	11.5%	129,073
12/31/01	5,704,318	13.8%	(18,275)
12/31/02	5,736,118	12.8%	53,006
12/31/03	5,399,118	9.3%	125,287
11/30/04	5,737,542	8.5%	124,475
12/31/05	5,437,427	10.1%	(117,000)
12/31/06	6,664,927	11.2%	184,000

Source: CB Richard Ellis



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Providence Other Factors

- I-195 Relocation
- Positive Economic Outlook
- Civic Center – Renovation



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Providence – New Supply

- Renaissance Hotel (276 rooms) – Open May 2007
- Westin Addition (200 rooms) – Open July 2007
- Hotel Sierra (161 Suite) – Open January 2009
- Other projects rumored – W Hotel, Branded Limited Service, Four Points, Holiday Inn, Wingate, Dynamo House



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Providence – Projections

- 2007 – 60% @ \$157.90
- 2008 – 61% @ \$160.90



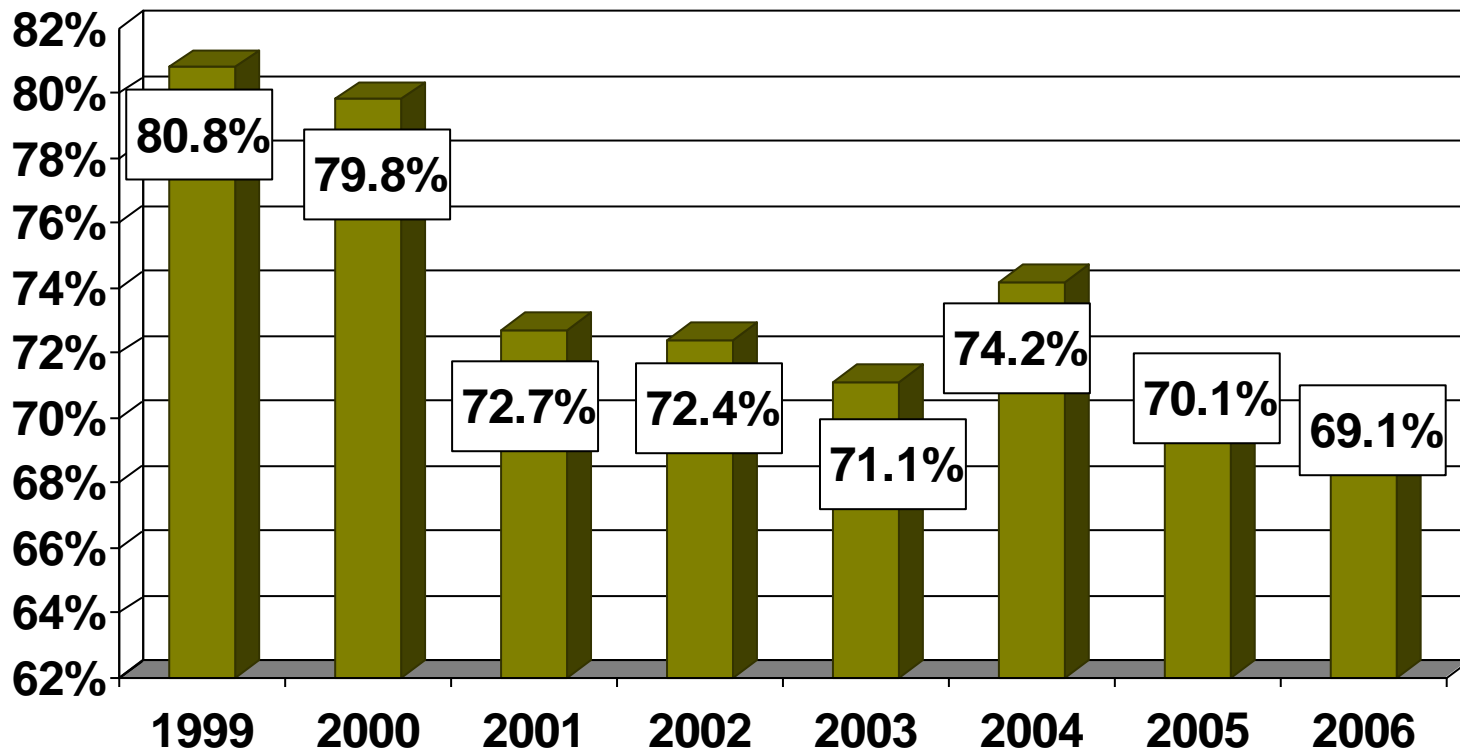
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WARWICK LODGING MARKET





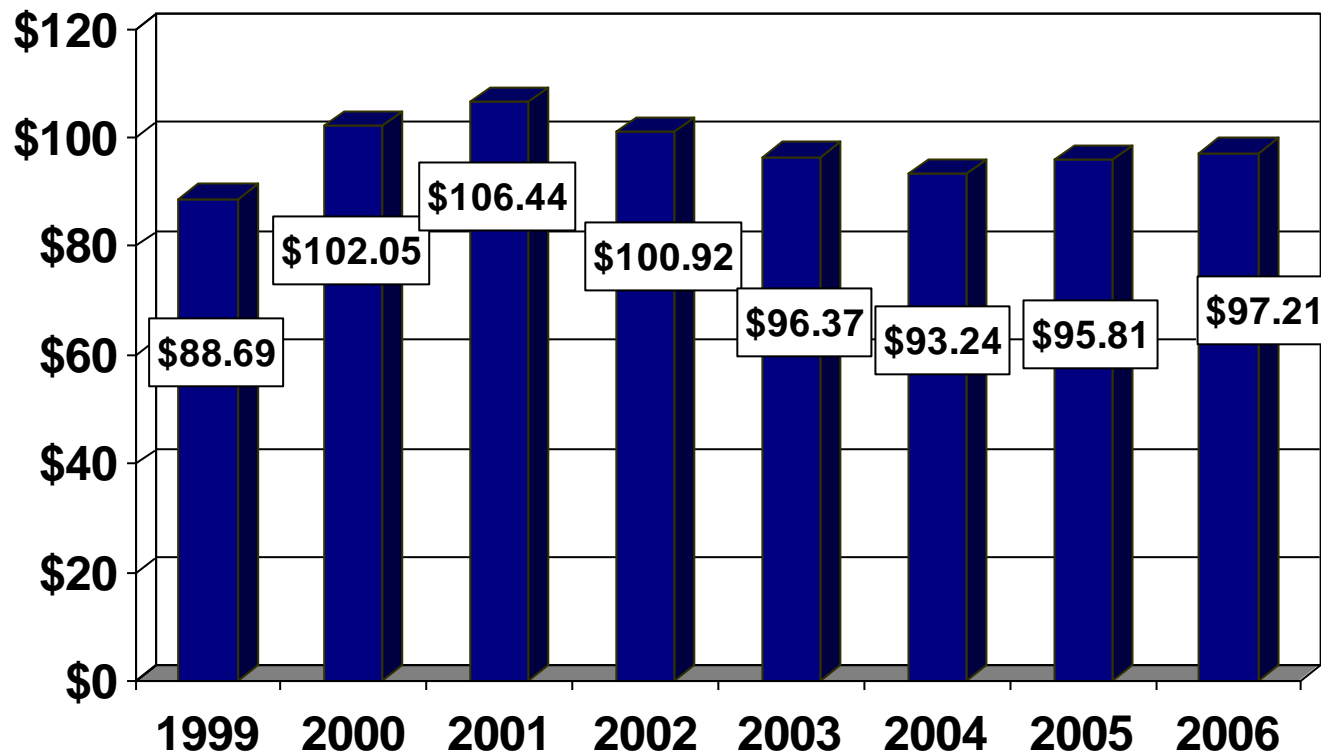
Warwick Occupancy 1999-2006



Source: Smith Travel Research

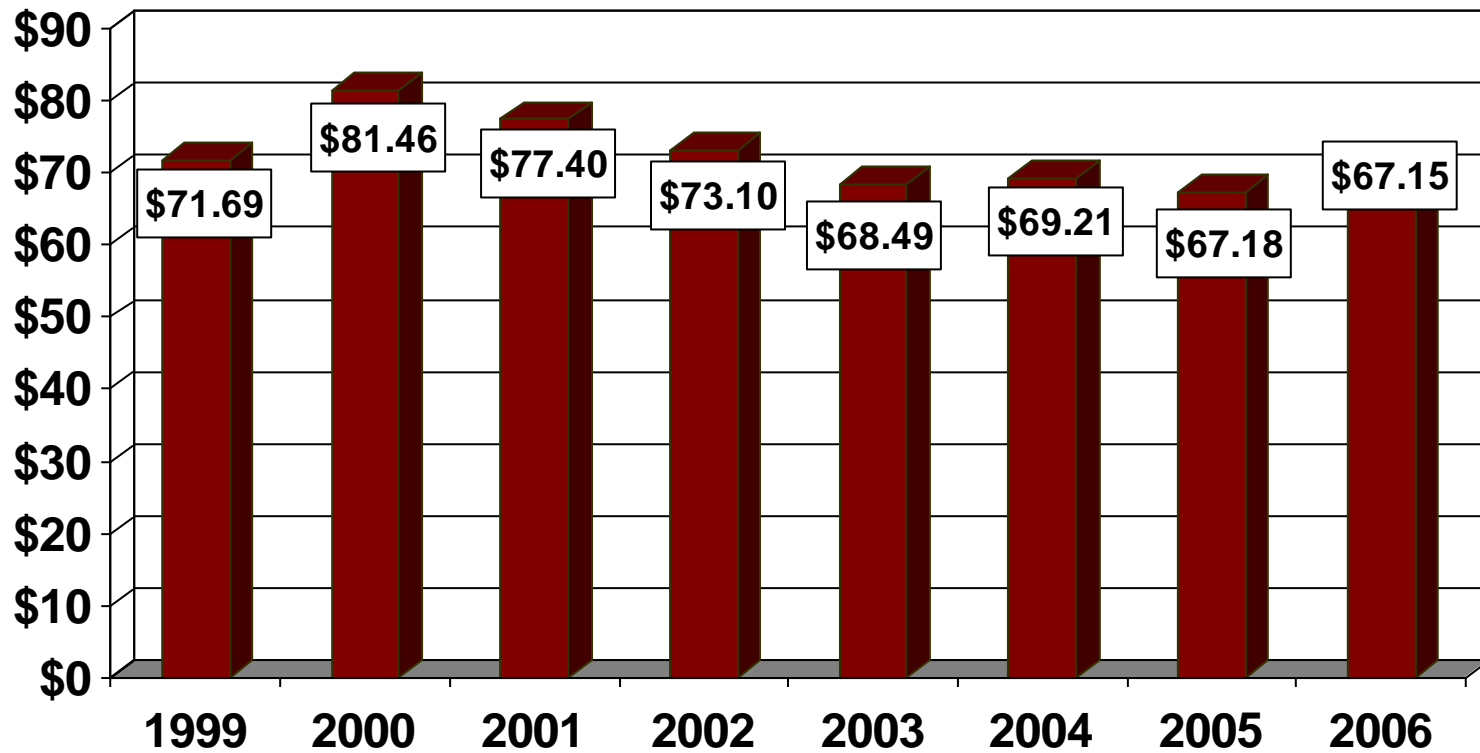


Warwick Average Daily Room Rate 1999-2006





Warwick RevPAR 1999-2006



Source: Smith Travel Research



Warwick Seasonality Factors

Supply vs. Demand (2001-2006)

- 4.3% new supply
- 3.3% demand

Weekend/Weekday (Prior 12 Months)

- Monday through Saturday – average 71% - 2 years ago average was 78%
- Sunday – average 53% - 2 years ago average was 62%

Monthly - 2006

- Peak (>70%) – May through Oct. - average \$101.55
- Shoulder (62-69%) – Feb., March, April, & Nov. - average 65%
- Off-Peak (<62%) – Jan. and Dec. - average 53% - average \$89.36



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Warwick - Future

Issues

- No New Supply
- Intermodal Transit
- Airport Expansion

Projections

- 2007 69% (Occupancy) \$101.00 (ADR)



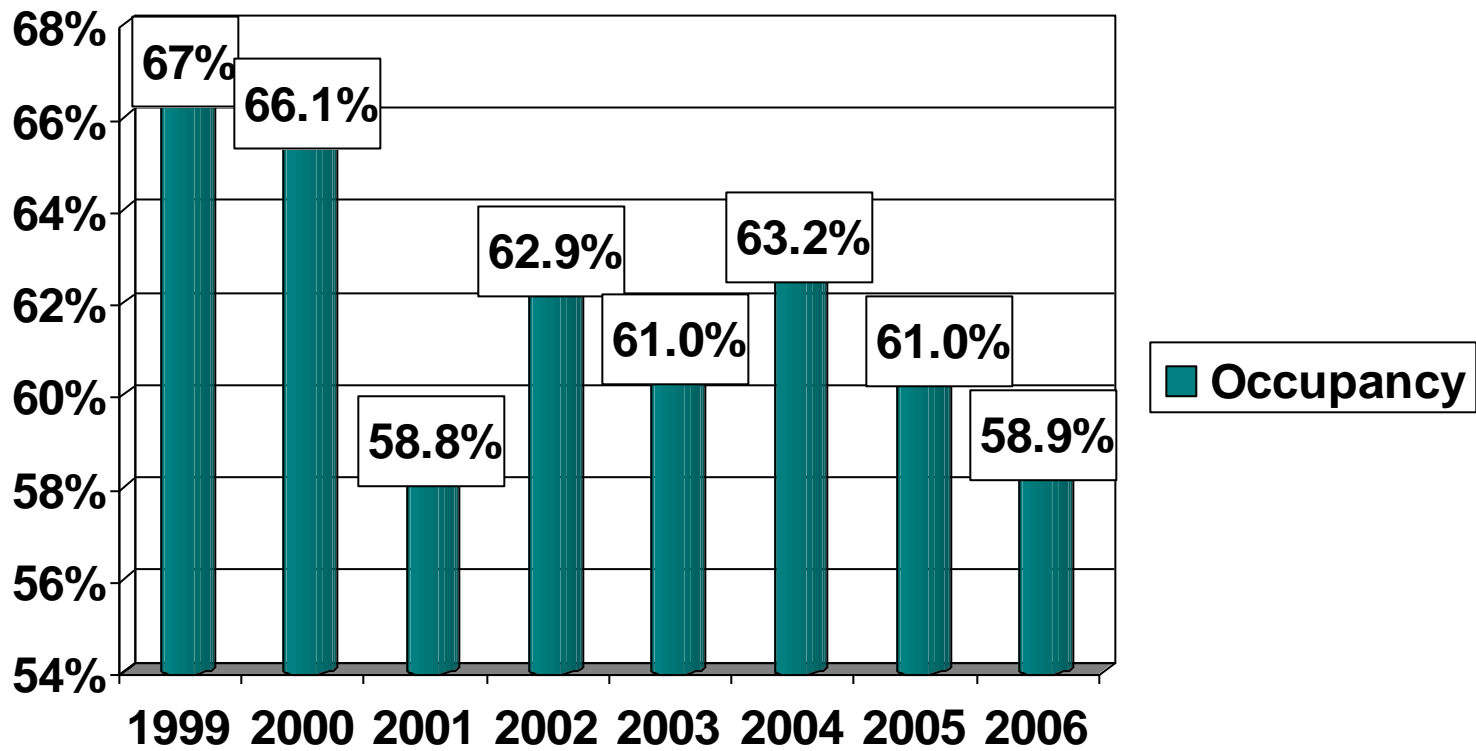
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NEWPORT LODGING MARKET



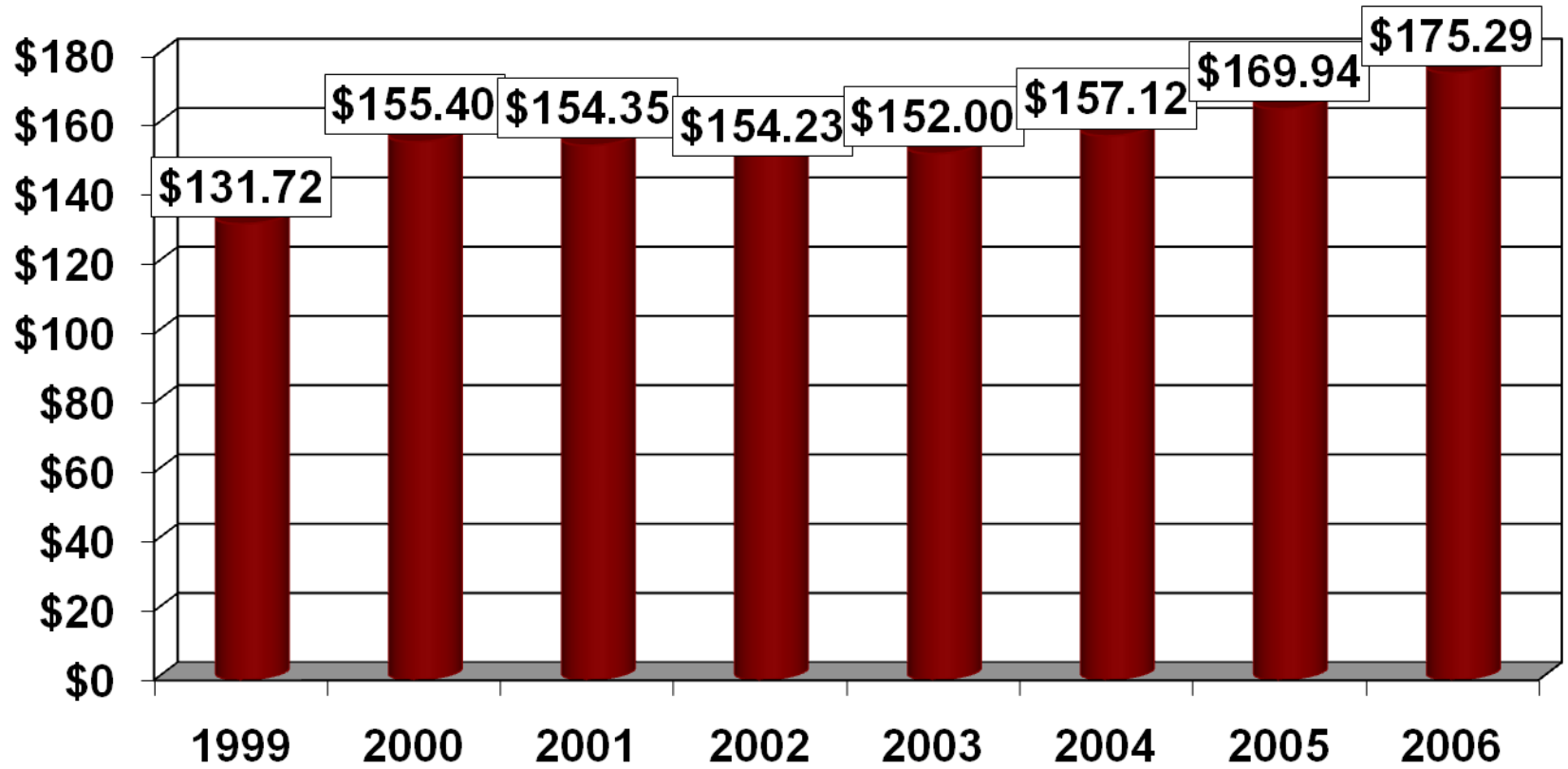


Newport Occupancy 1999-2006



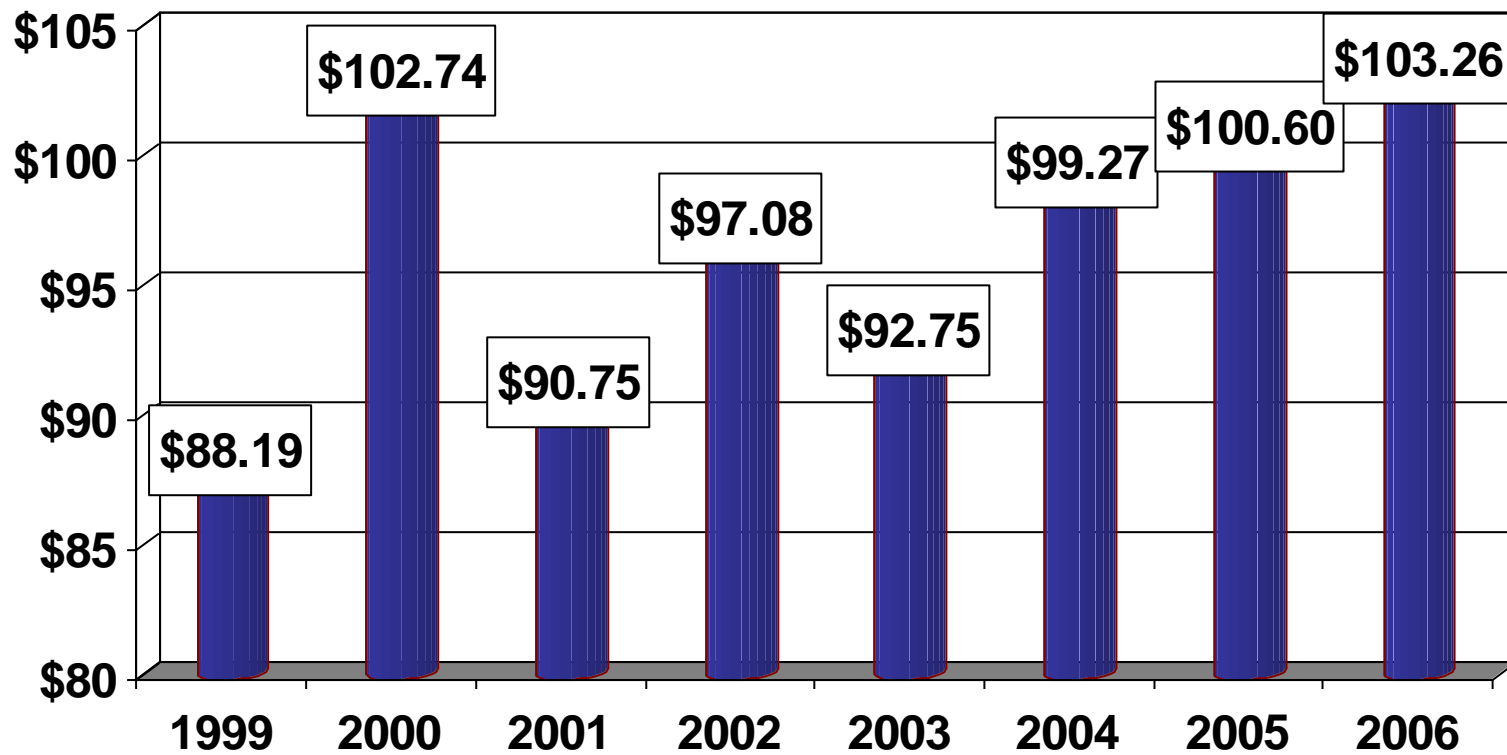


Newport Average Daily Rate 1999-2006





Newport RevPAR 1999-2006





Newport Seasonality Factors

Weekend/Weekday (2004-2006)

- Sunday through Thursday – average 55.4%
- Friday/Saturday – average 75.3%

Monthly (2006)

- Peak – June through October – average 75.2%
- Shoulder – April, May – average 59.5%
- Off-Peak – January, February, March, November, December – average 41.9%

ADR (2006)

- Peak – average \$215.23
- Shoulder – average \$151.13
- Off-Peak – average \$111.89



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Newport - Future

Positive Factors

- Continues to be major NE destination
- Anticipate continued growth in leisure demand
- Owners continue to put \$ into property upgrades

New Supply

- No new supply short term, although continue to hear rumors for longer term supply changes

Projections

- 2007 Occ. 62%
ADR \$184.00
- Long Term – Stabilize 63% with 3% annual rate growth



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