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Advisory Group



rhode island
hospitality

Economic Outlook Breakfast

November 8, 2011

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

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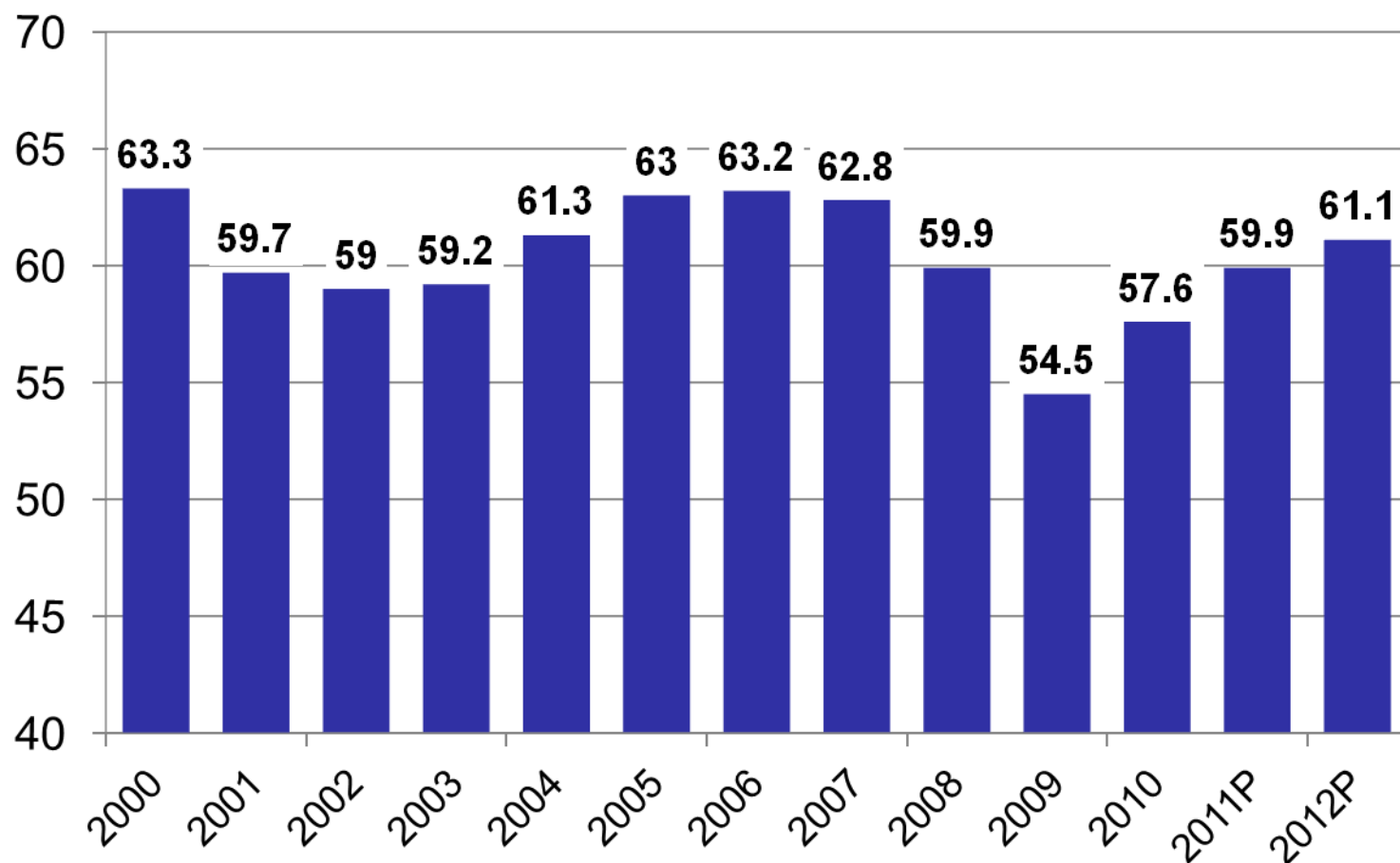


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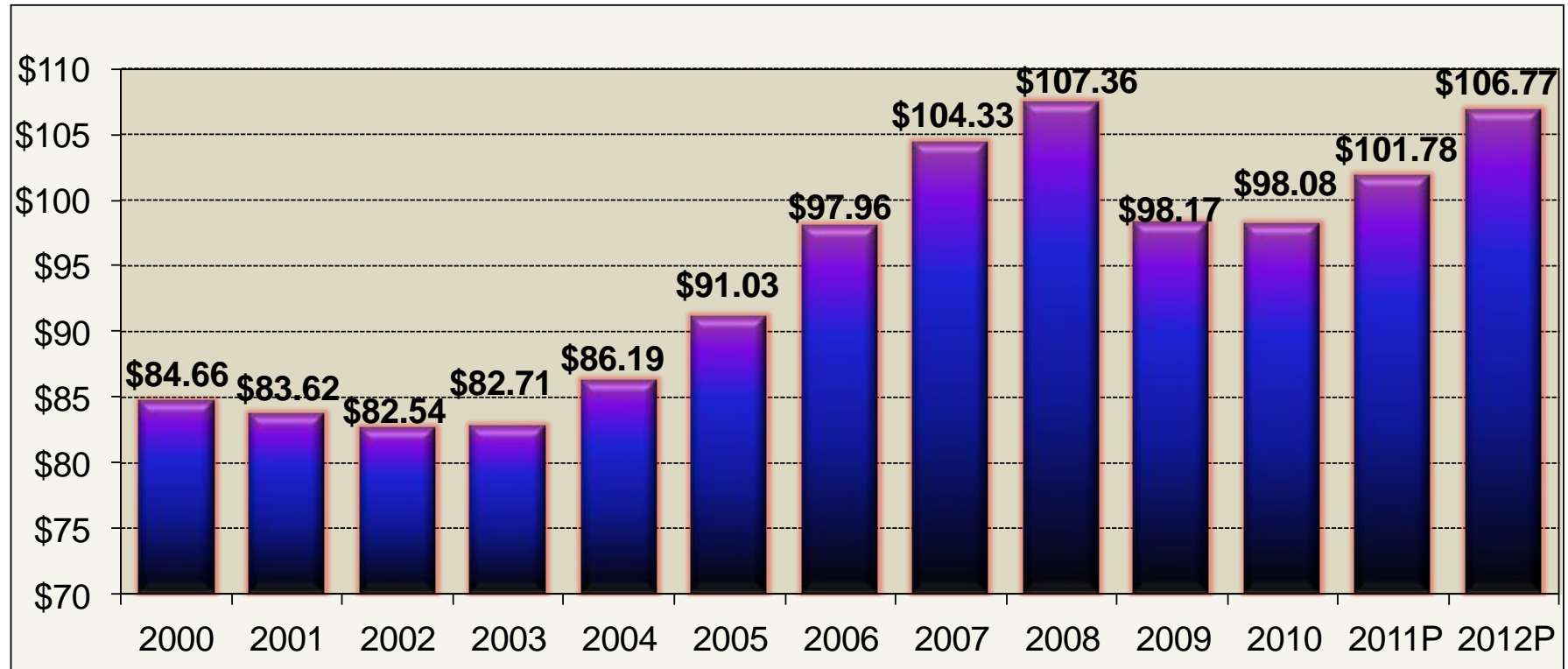
NATIONAL LODGING MARKET



U.S. Occupancy Percent 2000 – 2012P



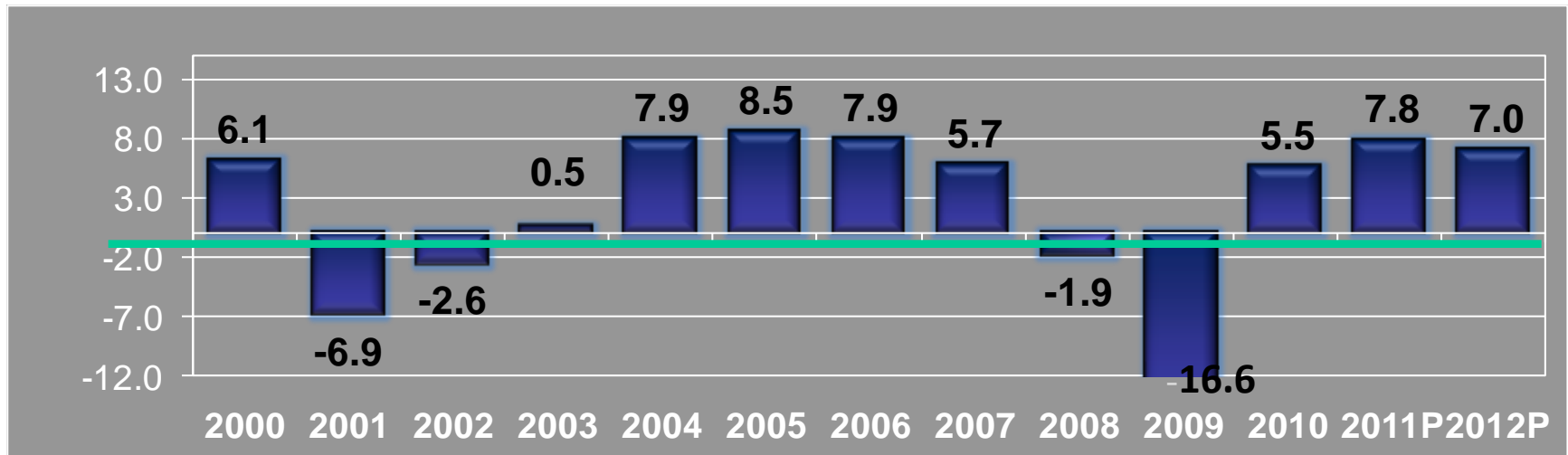
U.S. Average Daily Rate 2000 – 2012P





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U.S. RevPAR Percent Change 2000 – 2012P

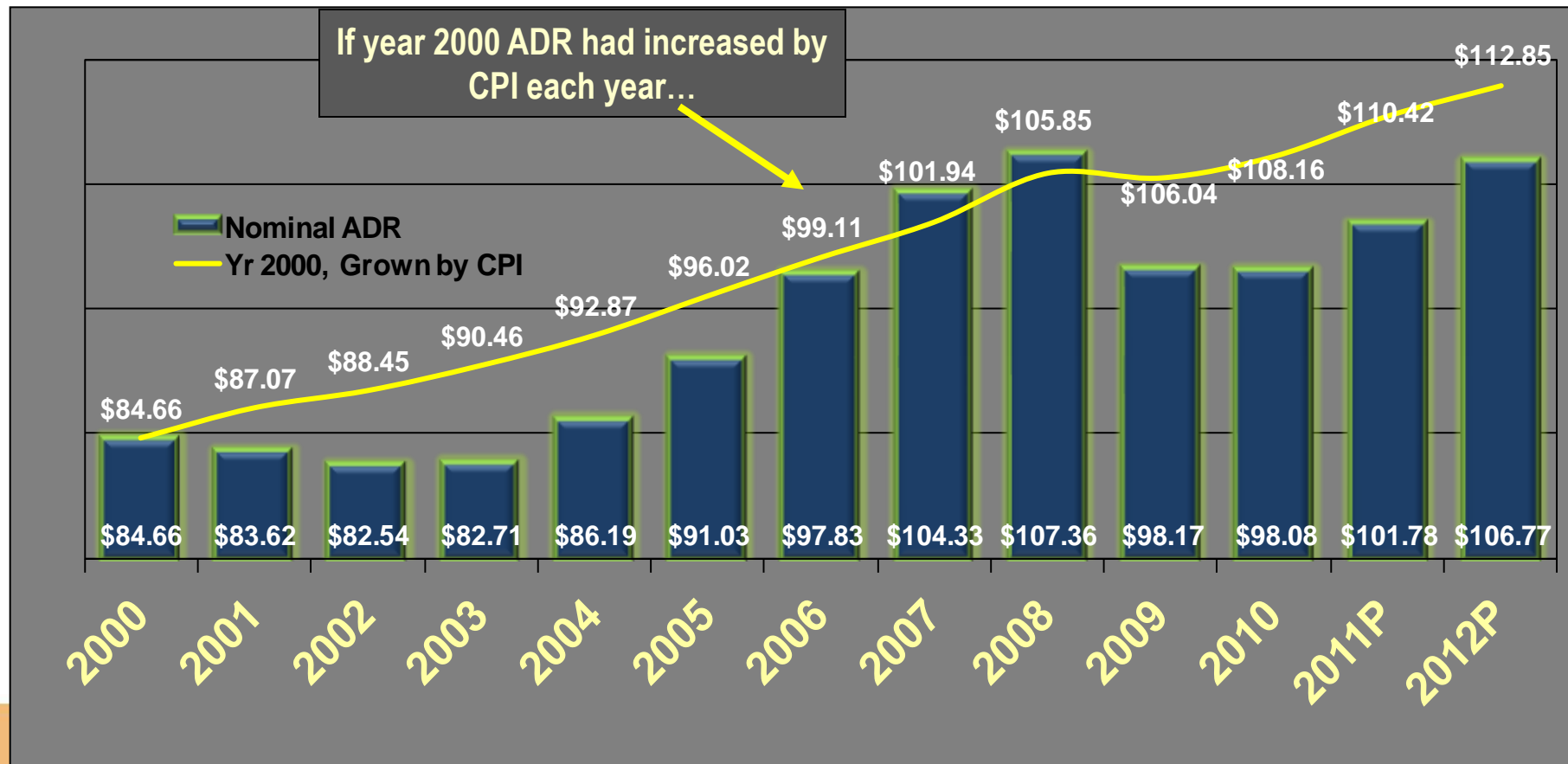


Source: Smith Travel Research

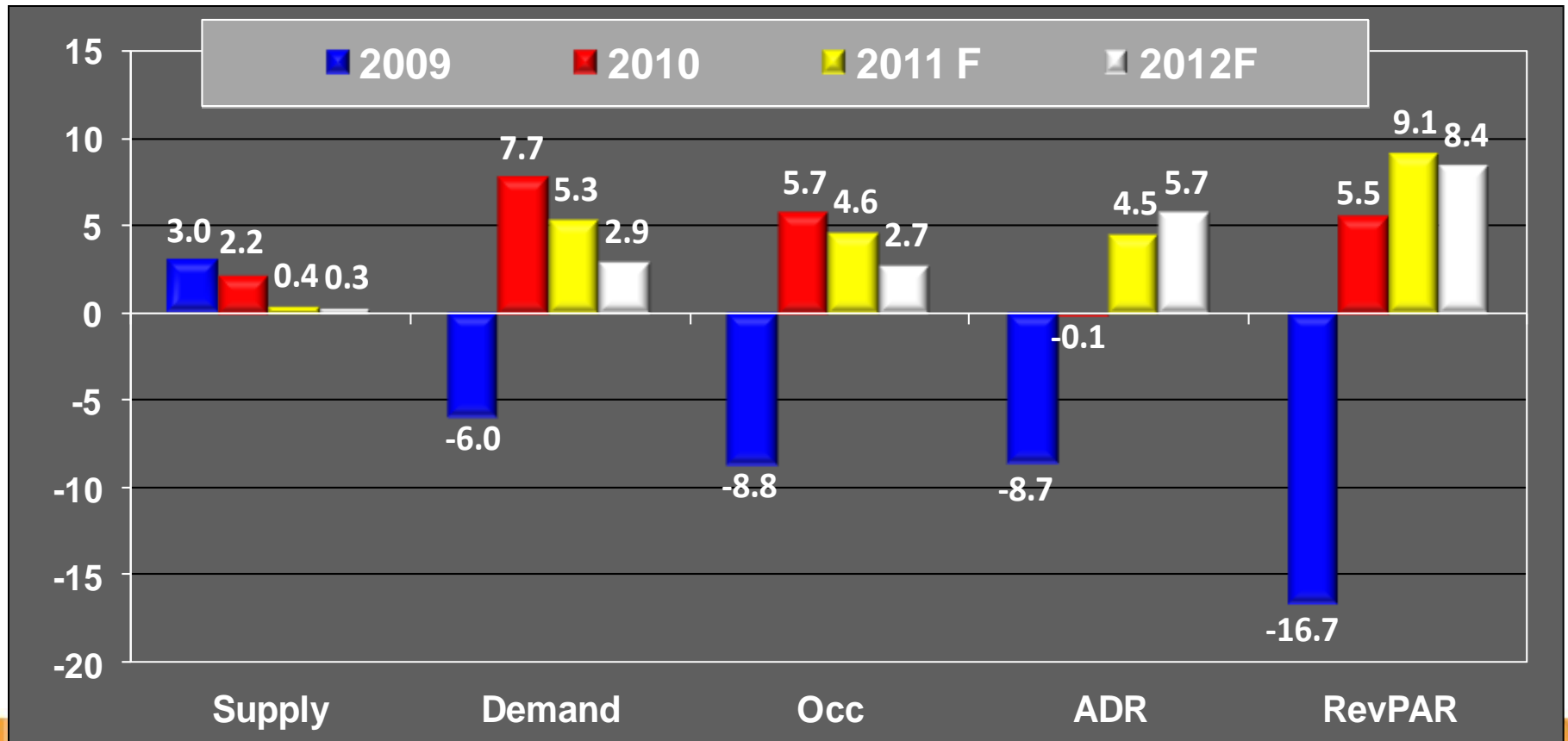


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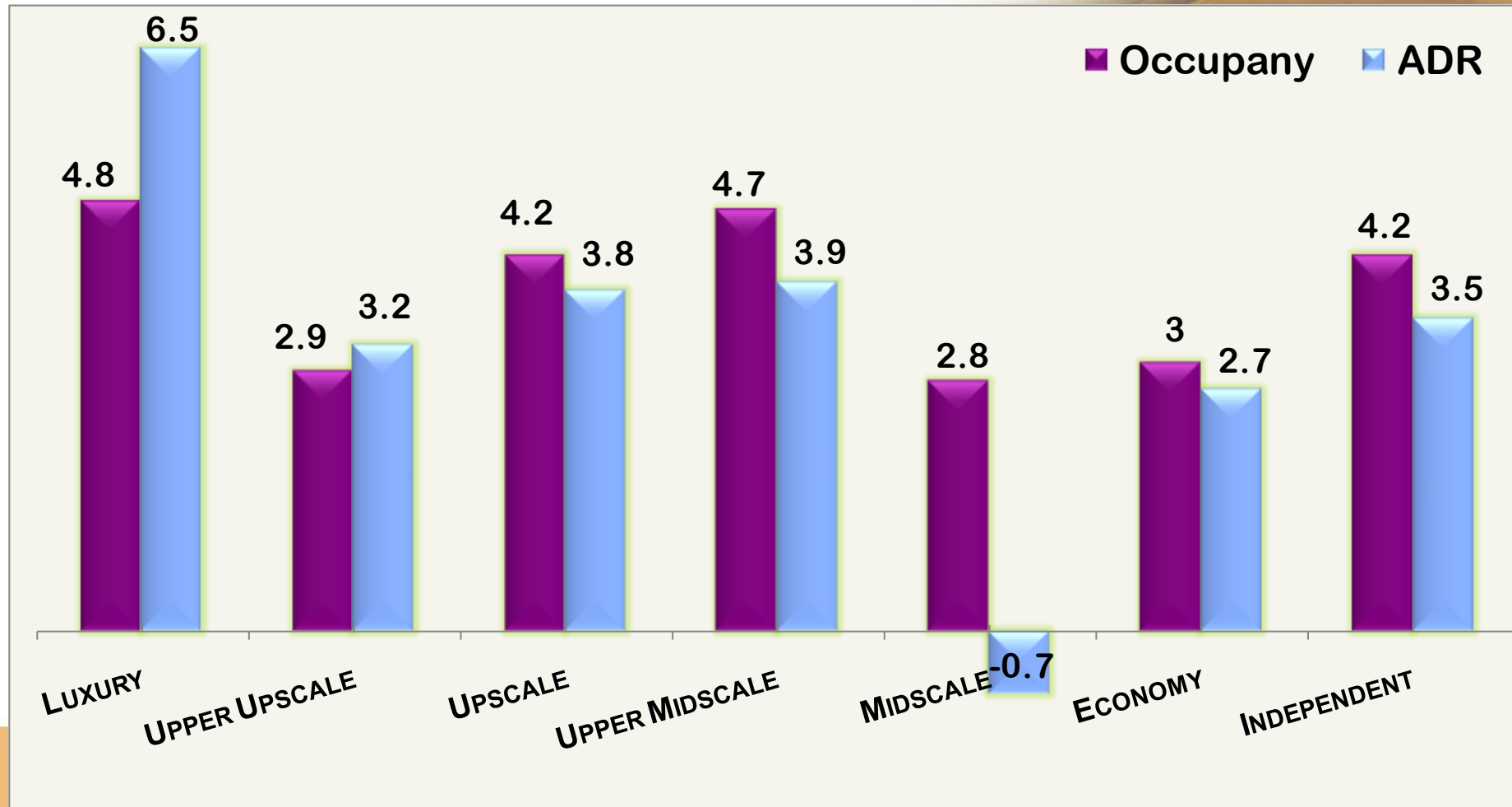
Total U.S. Room Rates Actual vs. Inflation Adjusted 2000 – 2011P



Total United States Key Performance Indicators Percent Change Full Year 2009 Actual & 2010 / 2011 & 2012 Forecast



US Chain Scale: Occupancy and ADR % Change YTD September 2011





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Takeaways:

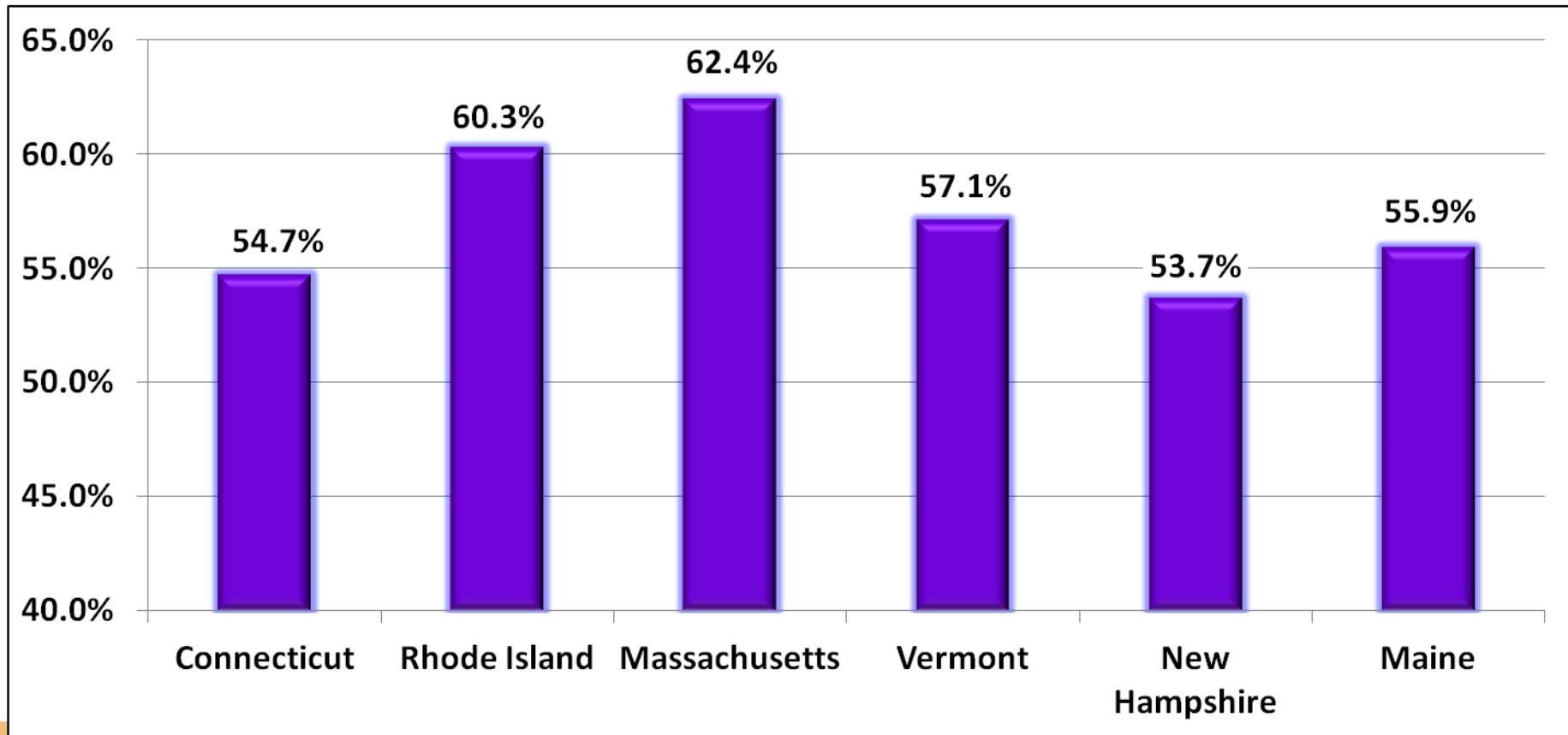
- Improved occupancy will lead to ADR increases
- While supply will increase, supply growth will remain slow
- Uncertain economy can lead to a standstill
- The lodging industry will continue to show positive trends



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NEW ENGLAND LODGING MARKET

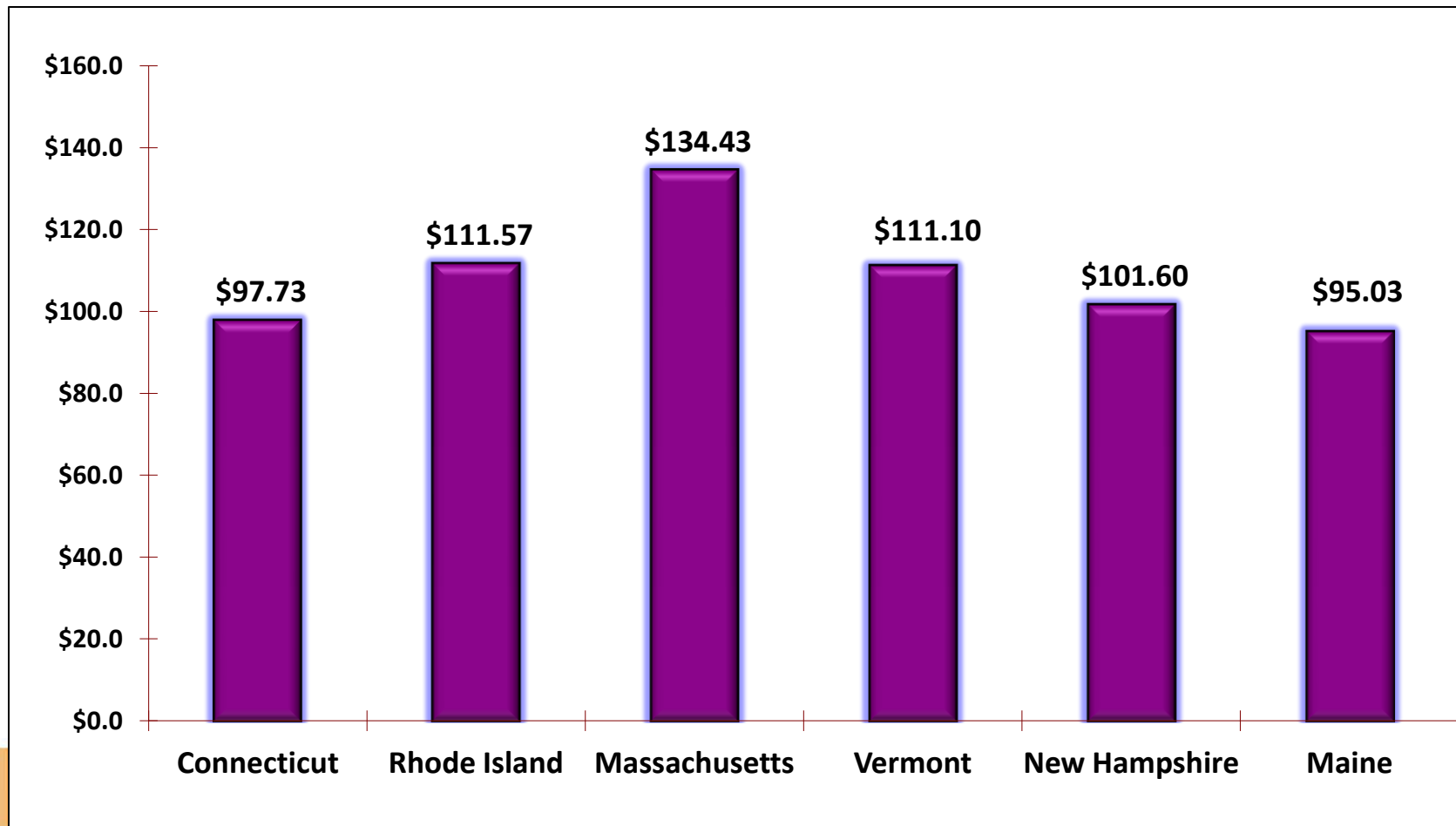
New England Occupancy 2010





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New England Average Daily Rate - 2010

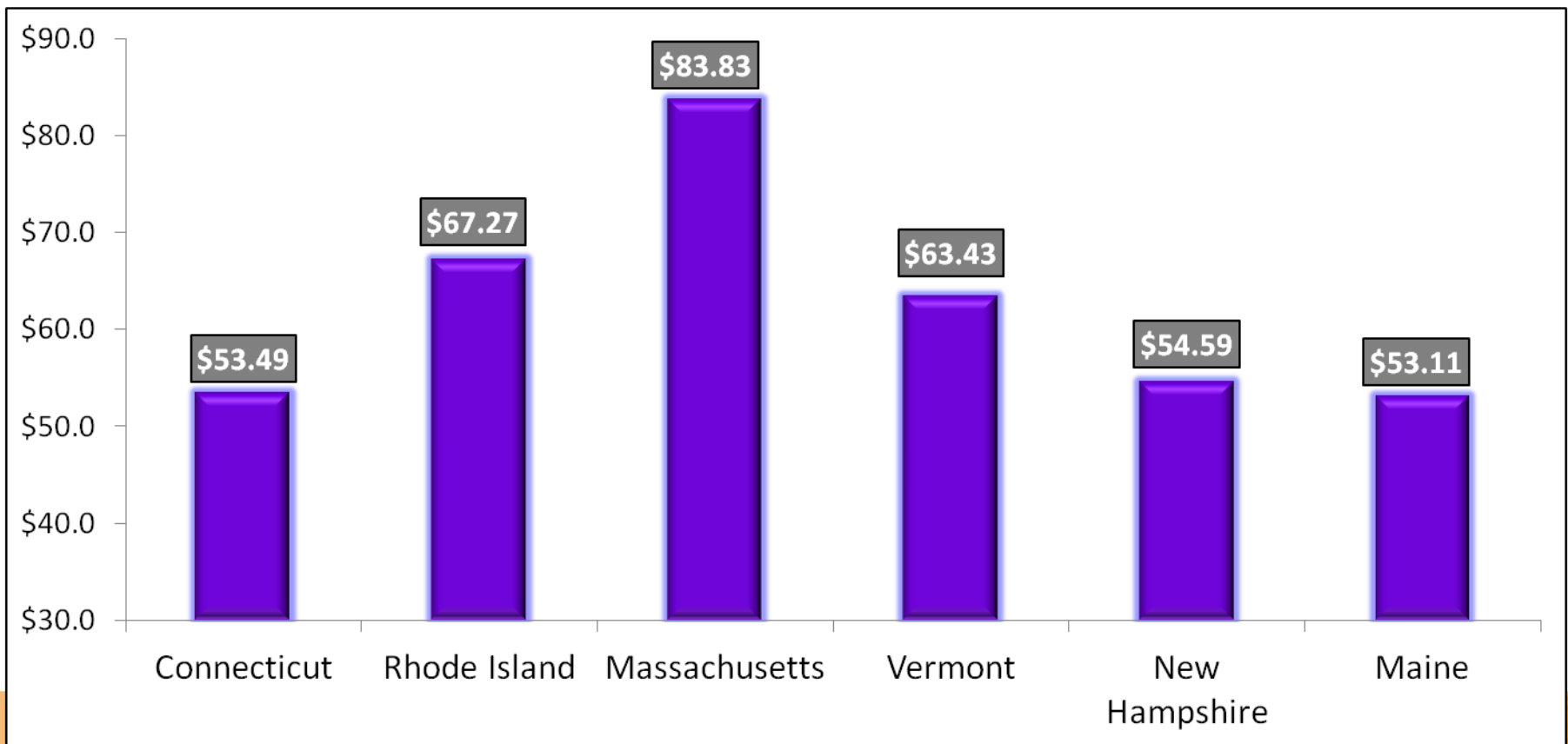


Source: Smith Travel Research/Pinnacle Advisory Group



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New England RevPAR – 2010





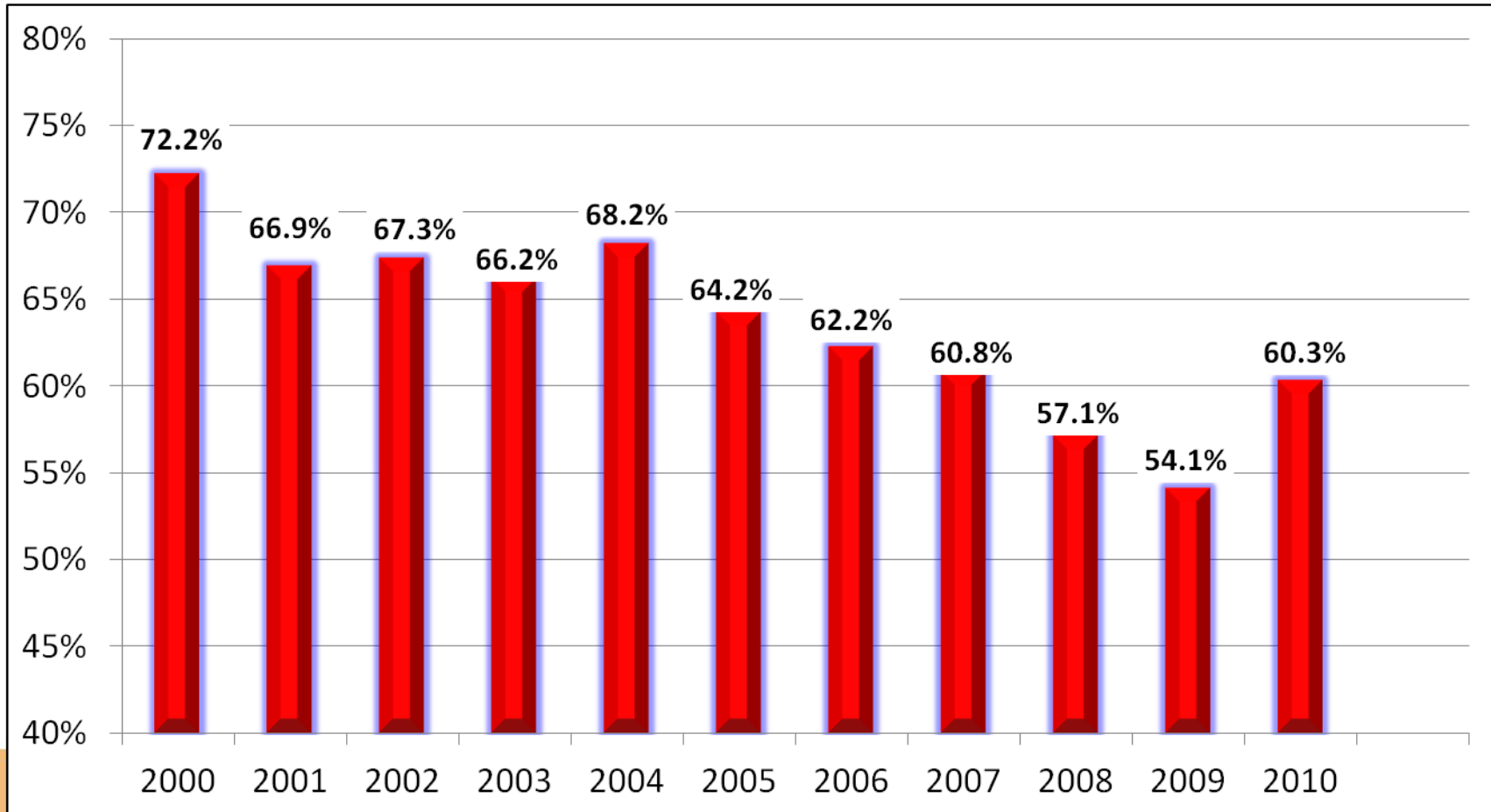
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RHODE ISLAND LODGING MARKET



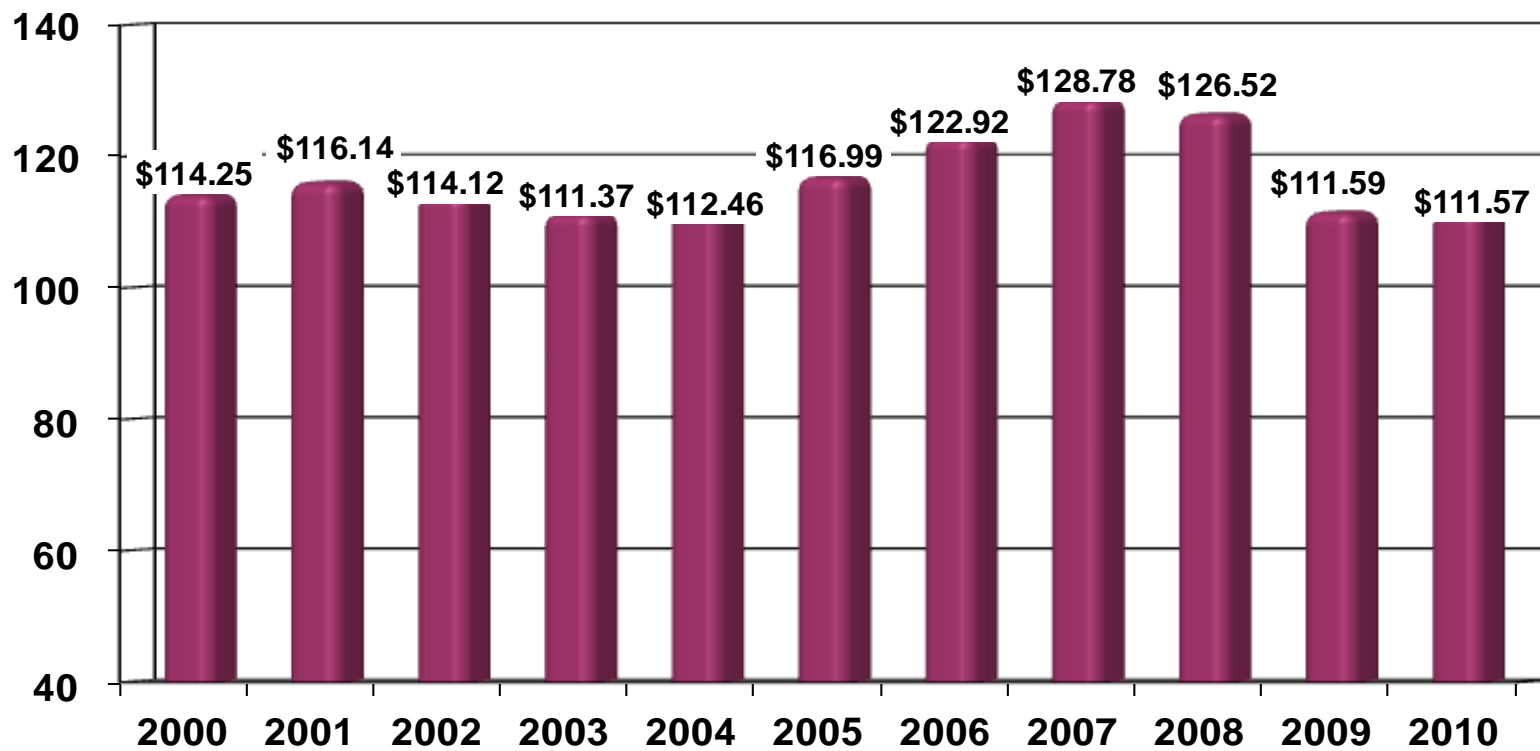
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Rhode Island Occupancy 2000-2010





Rhode Island Average Daily Room Rate 2000-2010



Rhode Island RevPAR 2000-2010





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Rhode Island Year-to-Date September Comparison

	<u>2010</u>	<u>2011</u>	
Occupancy	62.5%	63.2%	
ADR	\$113.59	\$116.87	
RevPAR	\$71.02	\$73.86	<i>Up 4%</i>

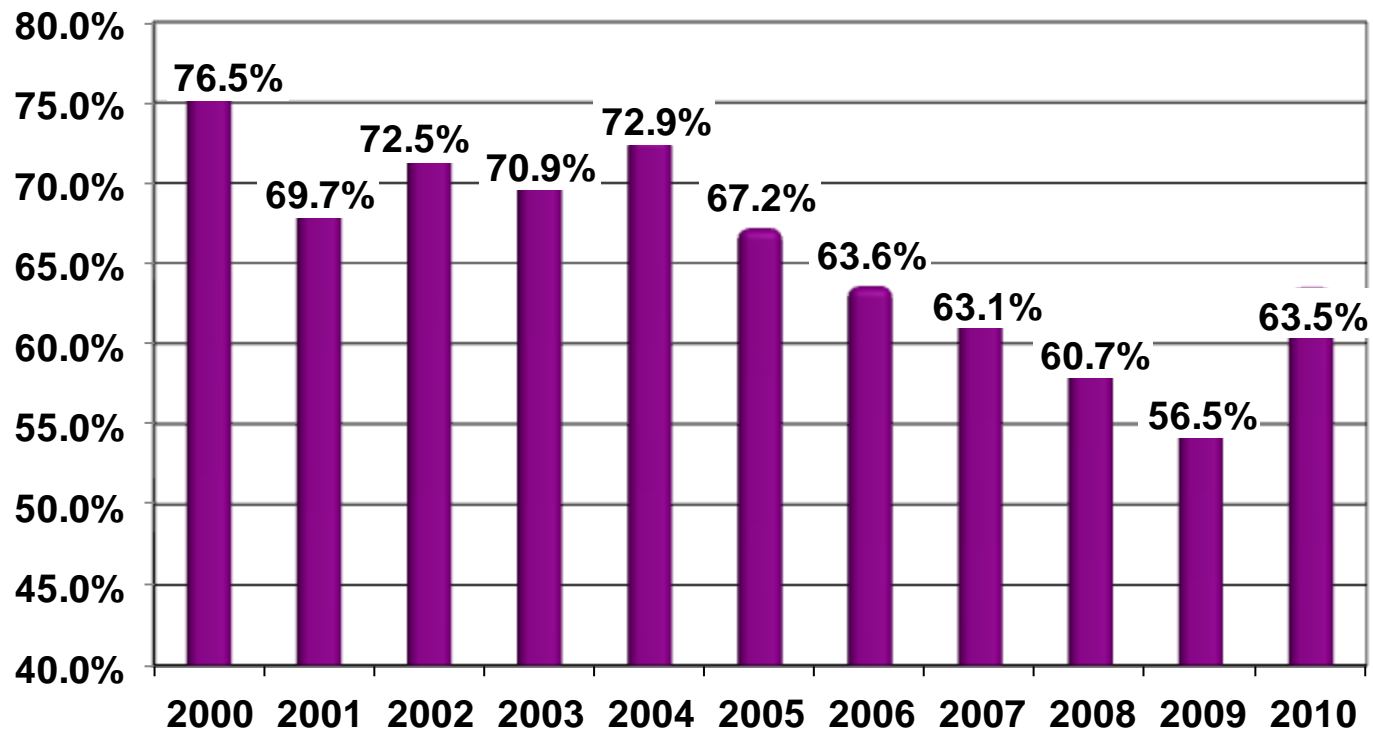


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CITY OF PROVIDENCE LODGING MARKET



Providence Occupancy 2000-2010



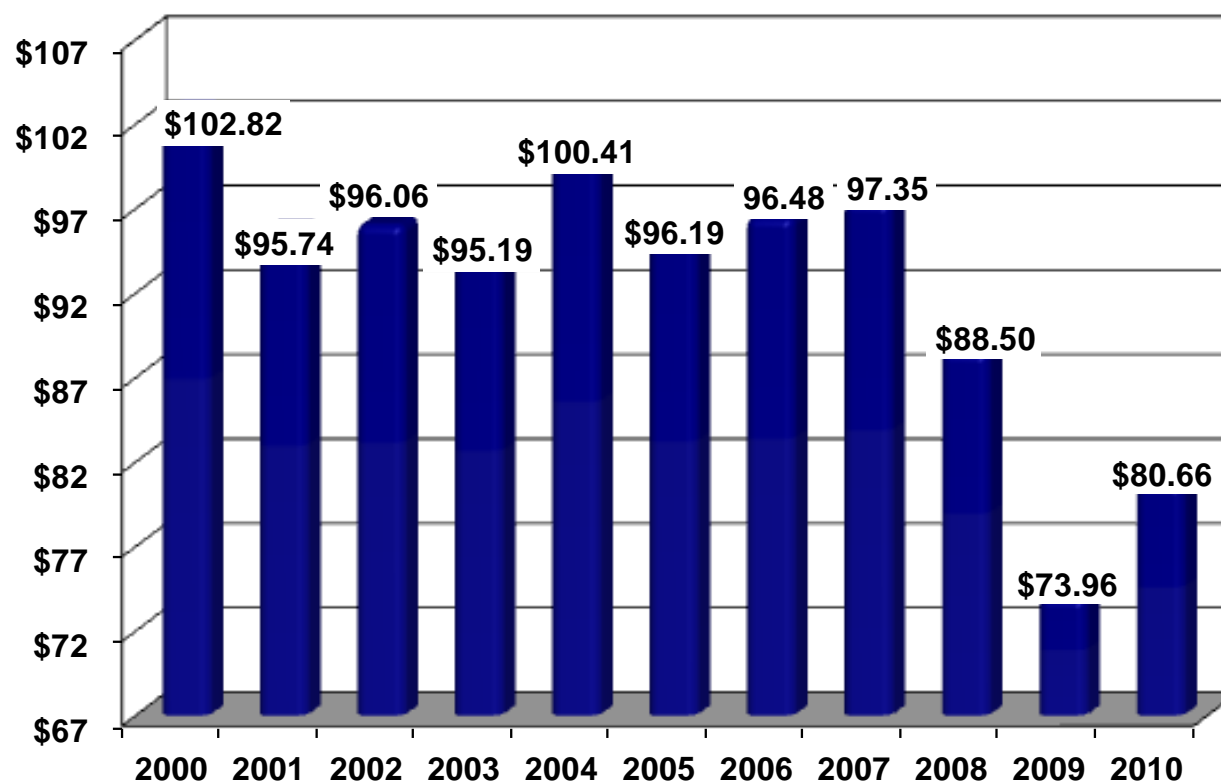


Providence Average Daily Room Rate 2000-2010





Providence RevPAR 2000-2010





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Providence YTD September

	<u>2010</u>	<u>2011</u>	
Occupancy	64.8%	66.0%	
ADR	\$126.92	\$130.32	
RevPAR	\$82.31	\$86.01	<i>Up 4.5%</i>
		YTD Sept. US	Up 8.3%
		DC	Up 0.9%
		Phil	Up 9.5%
		Boston	Up 8.2%
		NY	Up 6%



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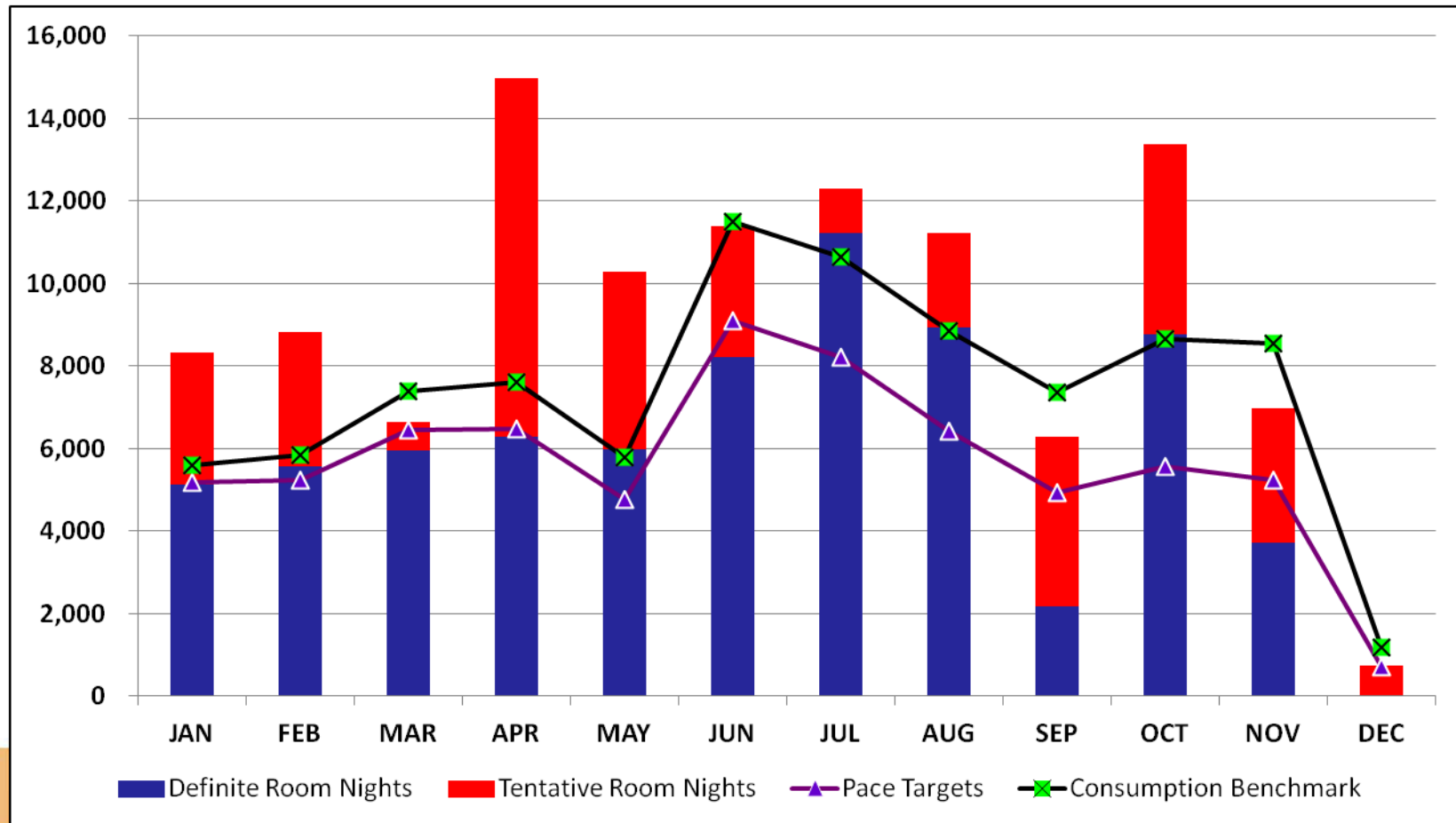
Providence - Future

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



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Providence Convention Center Room Nights - 2012



Providence – Downtown Office Market (class A, B, C)

	Total SF	Vacancy	Absorption
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
12/31/07	6,049,233	14.8%	116,541
12/31/08	6,025,453	15.2%	13,371
12/31/09	6,356,985	17.2%	(147,916)
12/31/10	6,268,826	18.9%	



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Providence Other Factors

- Economic Outlook – Modest Growth
 - No New Lodging Supply



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Providence – Projections

- 2011 – 65% @ \$131: REVPAR - \$85.15
- 2012 – 67% @ \$135.50: REVPAR - \$90.78

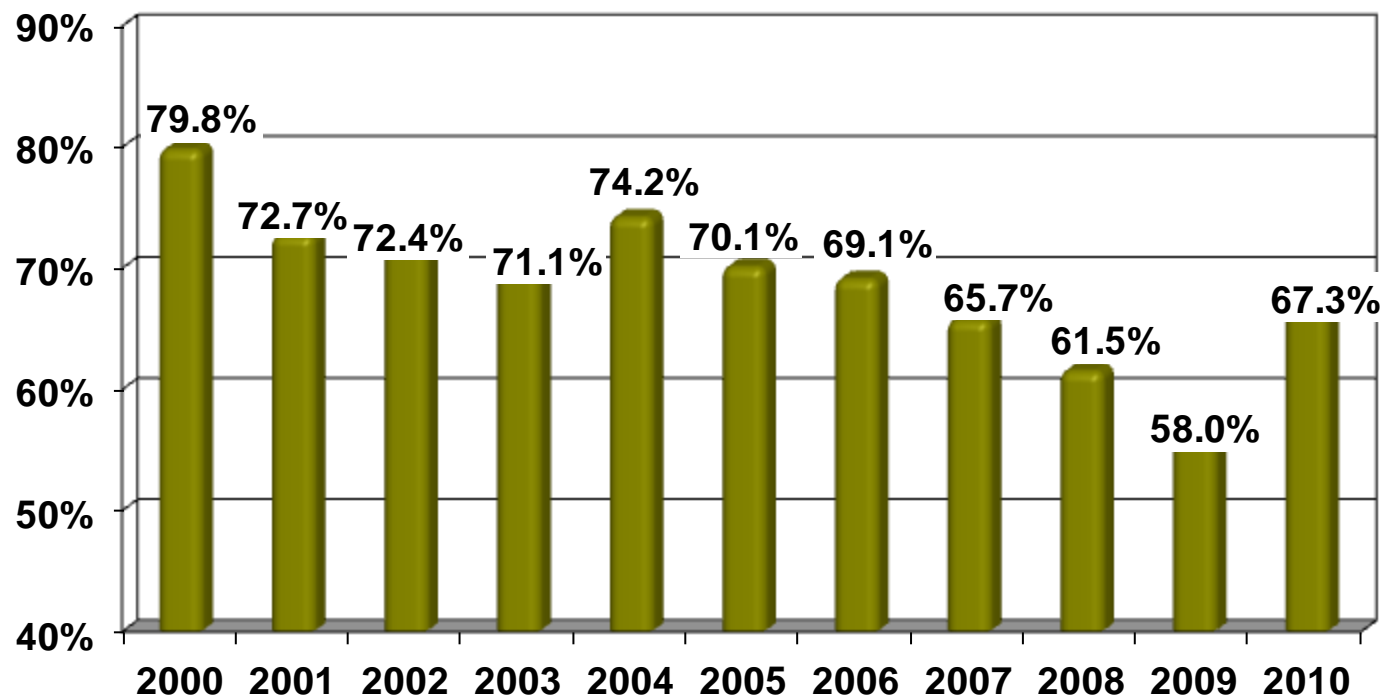


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WARWICK LODGING MARKET

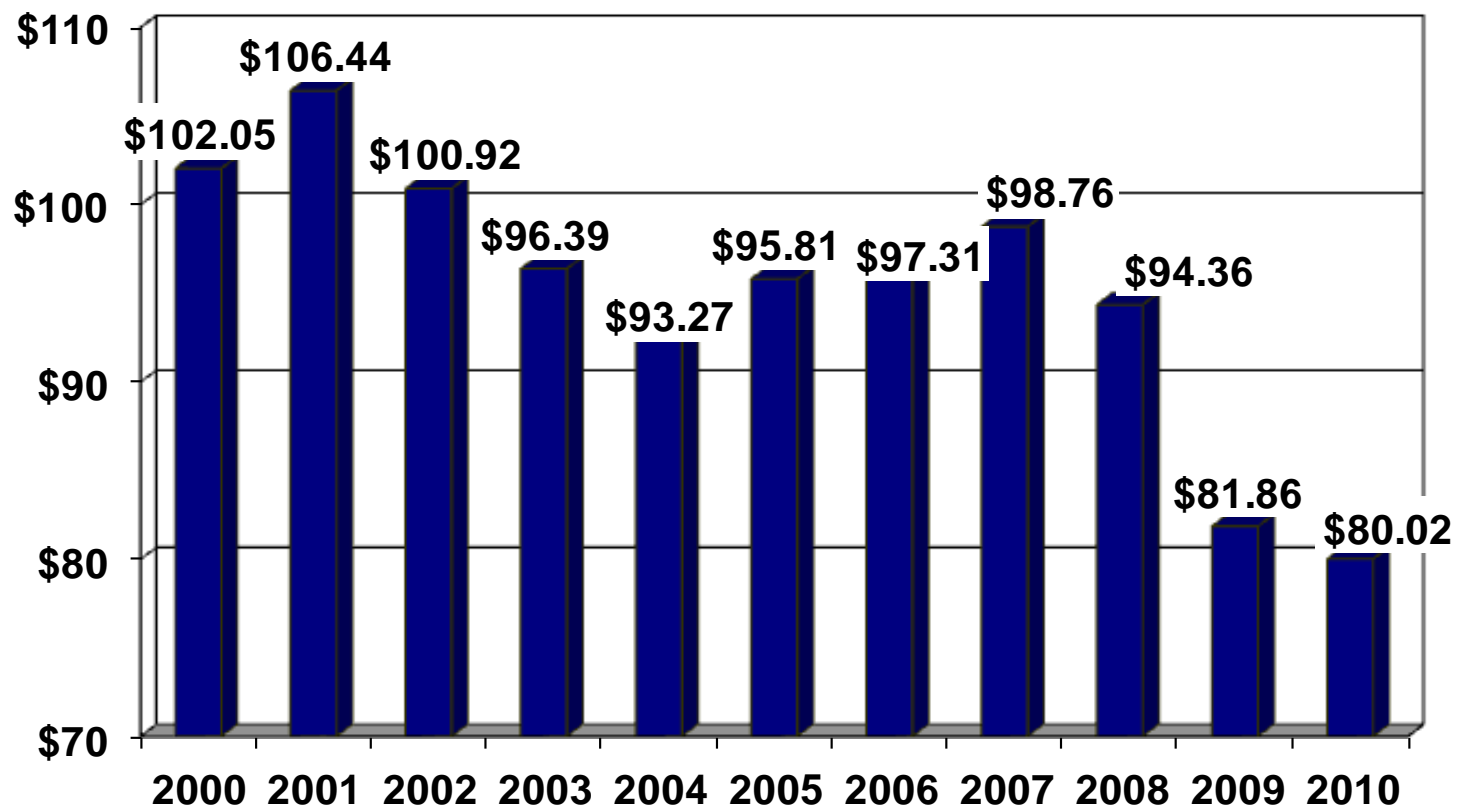


Warwick Occupancy 2000-2010



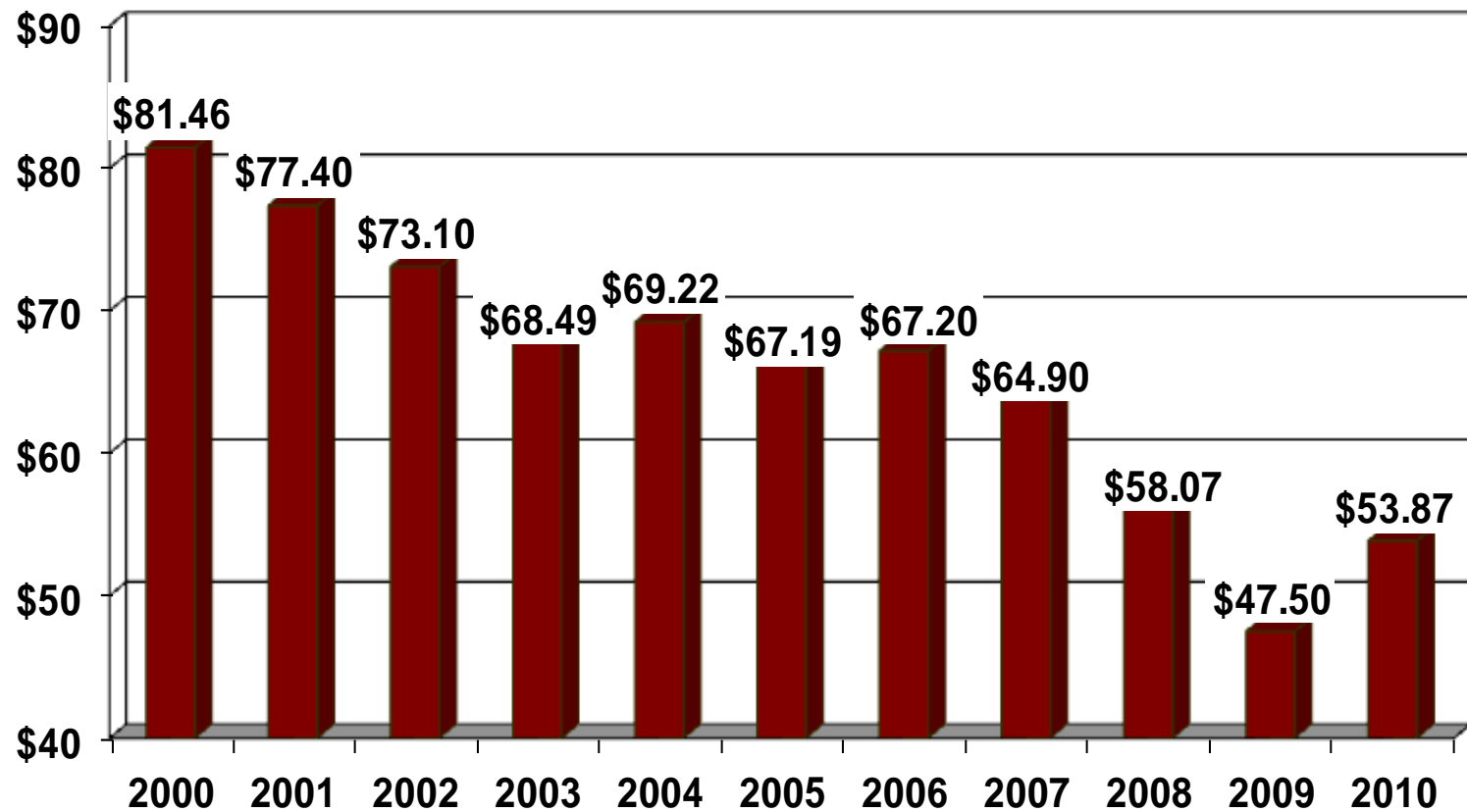


Warwick Average Daily Room Rate 2000-2010





Warwick RevPAR 2000-2010





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Warwick YTD September

	<u>2010</u>	<u>2011</u>	
Occupancy	69.1%	69.4%	
ADR	\$80.34	\$83.55	
RevPAR	\$55.51	\$57.96	<i>Up 4.4%</i>



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Warwick – Future

Issues

- Airport Factors – YTD Passengers Down 1.5% - Has Declined Since 2005
- No New Supply – NYLO reopened in September 2011
- Economy Continues to Improve

Projections

- 2011: 68% @ \$83: REVPAR - \$56.44
- 2011: 69% @ \$87: REVPAR - \$60.03



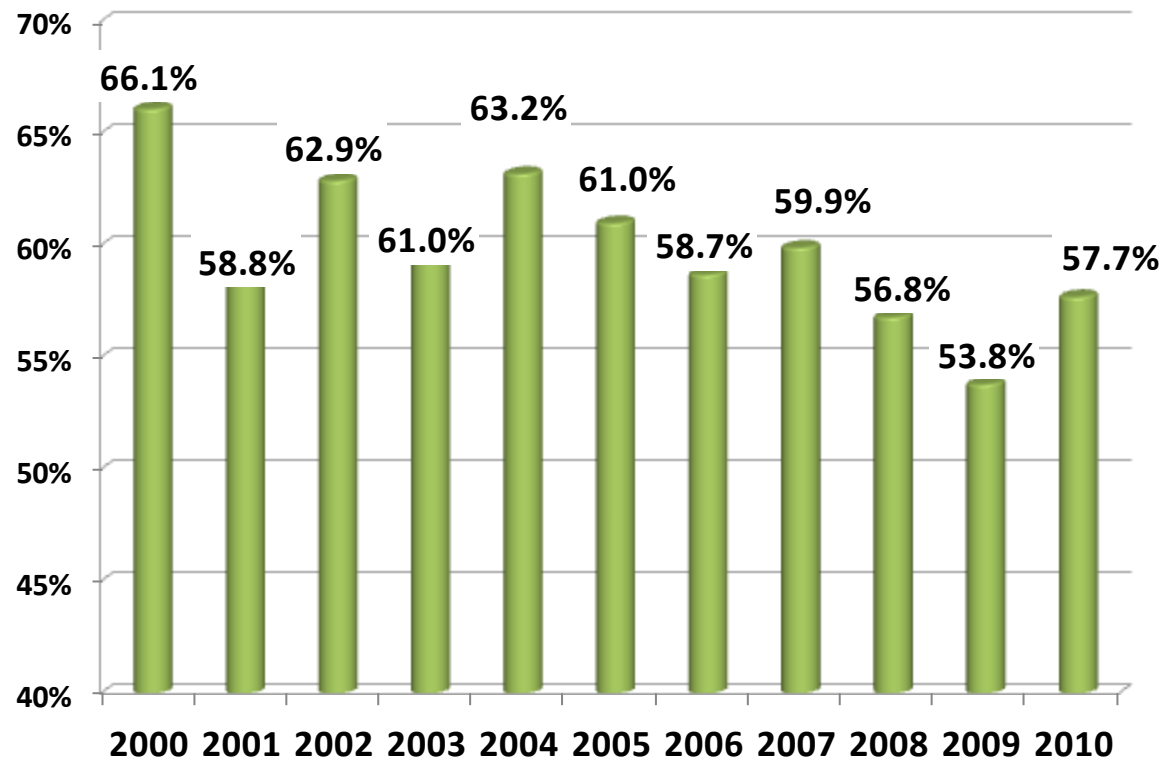
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NEWPORT LODGING MARKET



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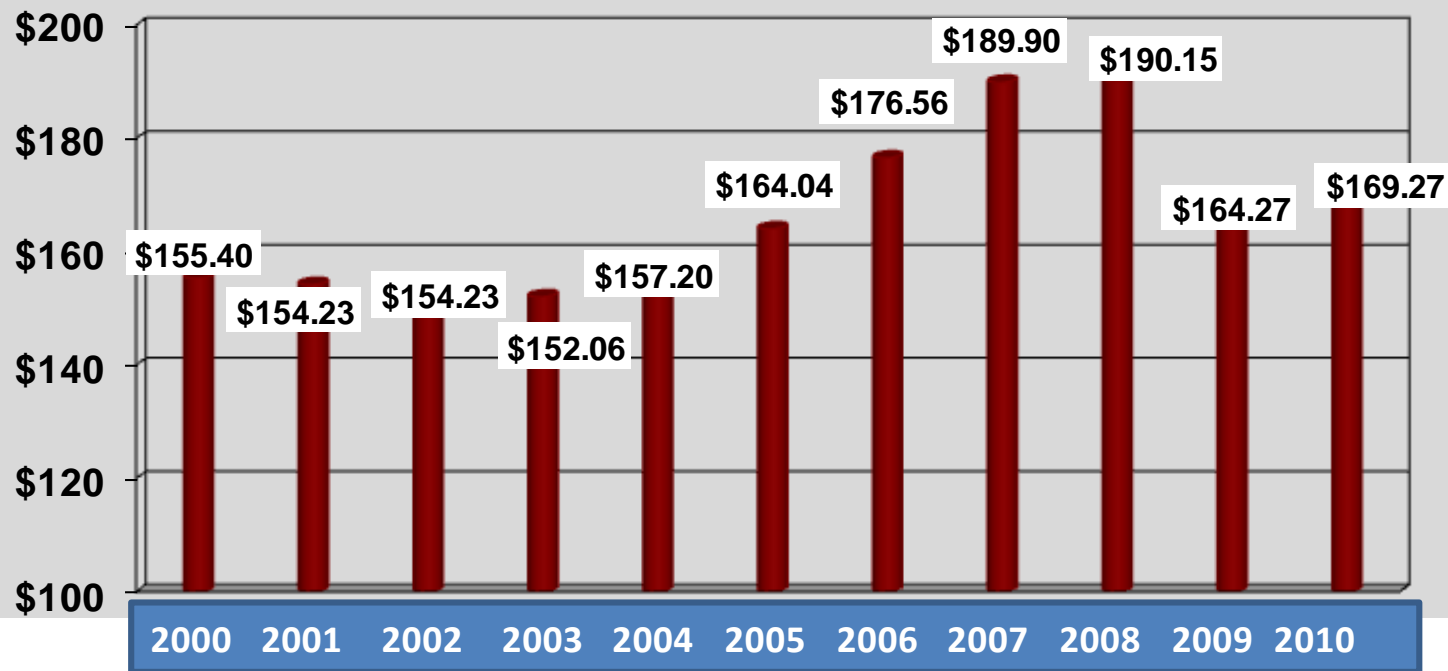
Newport Occupancy 2000-2009





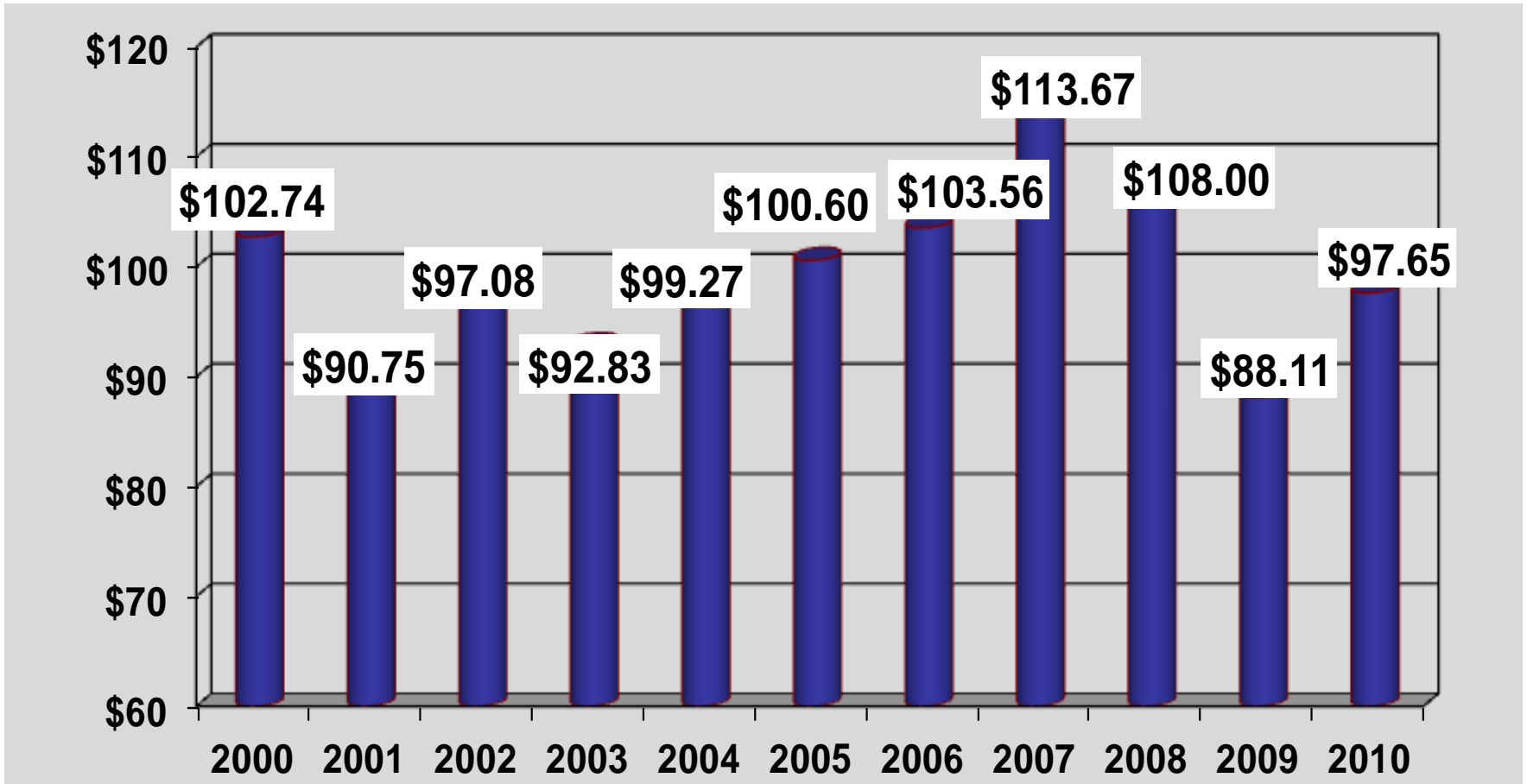
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Newport Average Daily Rate 2000-2010





Newport RevPAR 2000-2010





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Newport YTD September

	<u>2010</u>	<u>2011</u>	
Occupancy	60.9%	60.8%	
ADR	\$176.13	\$182.42	
RevPAR	\$107.34	\$110.82	<i>Up 3.2%</i>



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Newport – Future

Issues:

- No New Supply (Newport); One new hotel in Middletown
- Anticipate pickup in short term groups
- Demand growth will allow for increased rates
- America's Cup and numerous Summer events (2012)
- Uncertain economy

Projections:

2010 – 58% @ \$175: RevPAR - \$101.50

2011 – 60% @ \$184: RevPAR - \$110.40



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