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Advisory Group



rhode island
hospitality

Economic Outlook Breakfast

October 14, 2009

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

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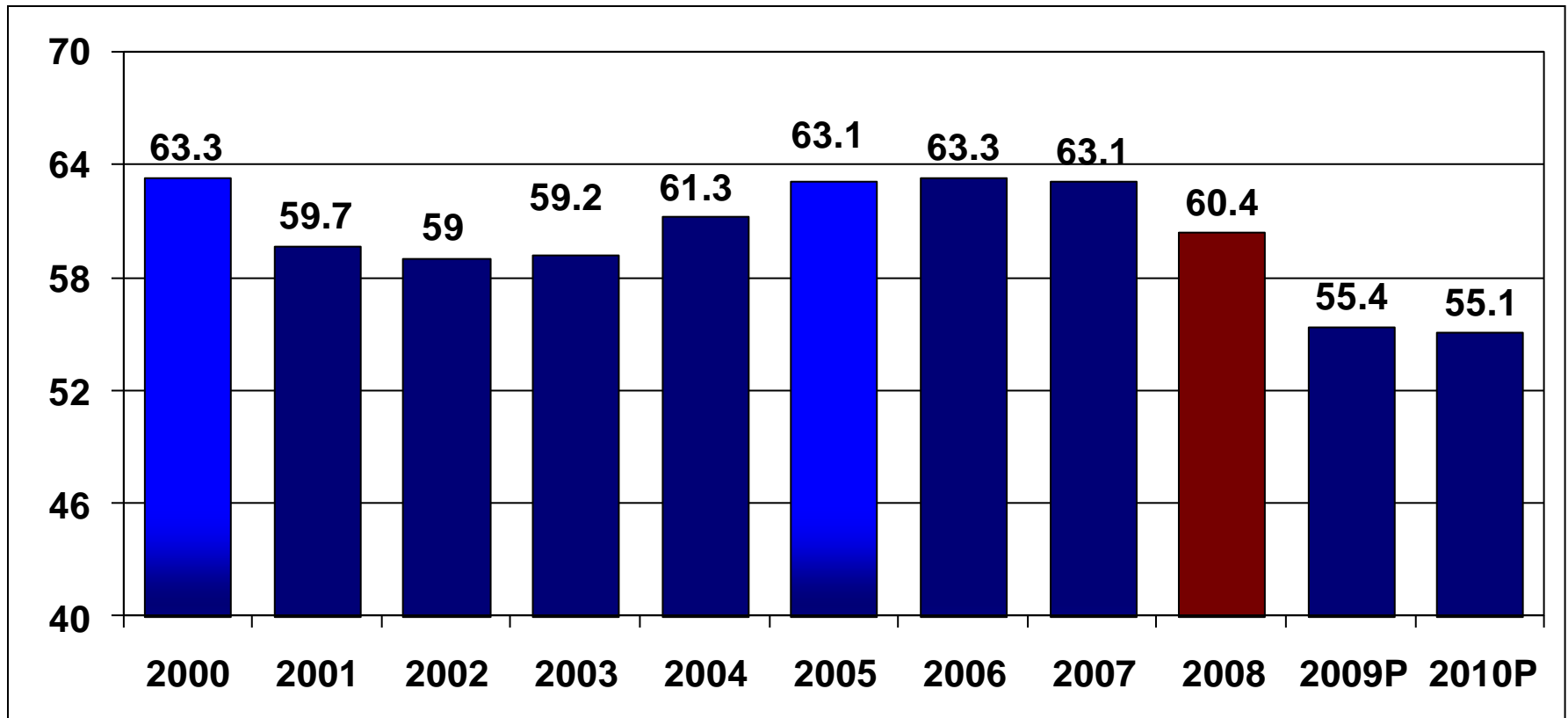
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NATIONAL LODGING MARKET

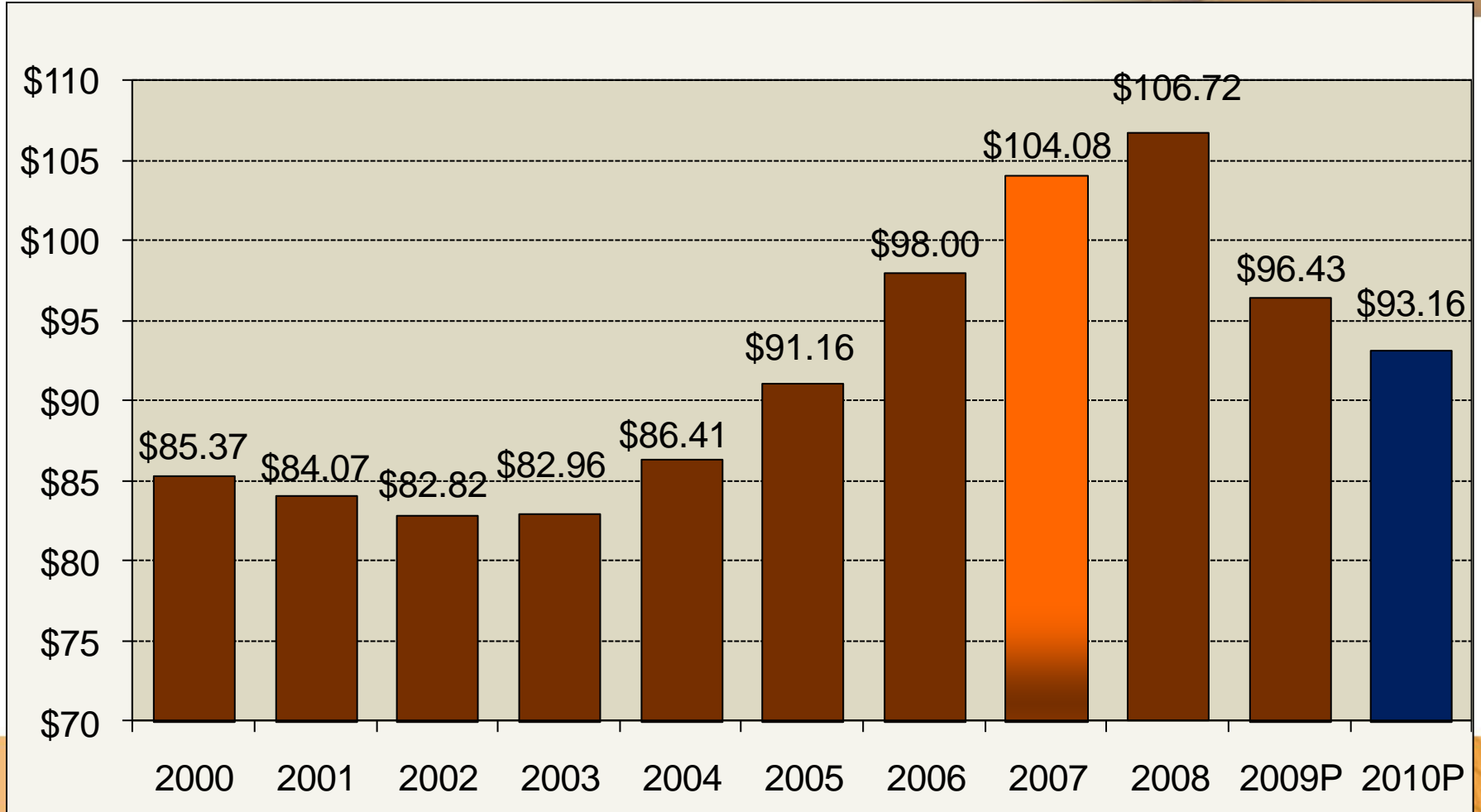


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U.S. Occupancy Percent 2000 – 2010P



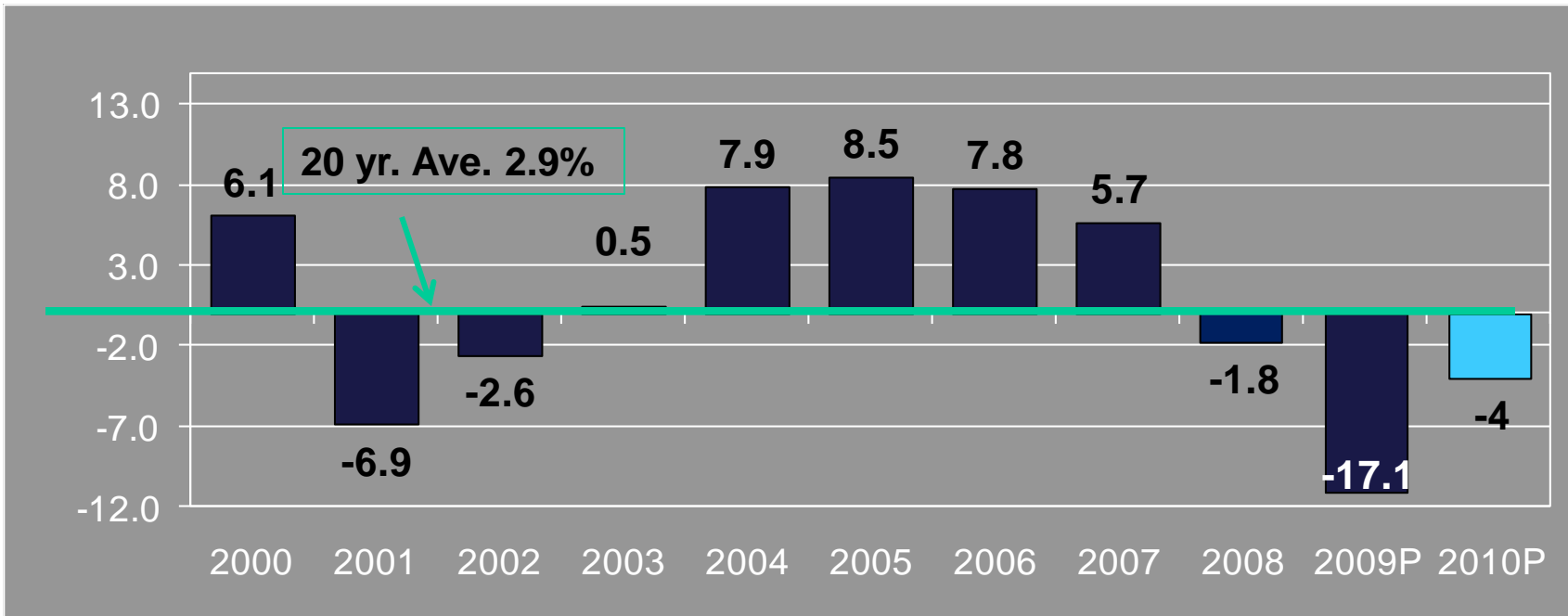
U.S. Average Daily Rate 2000 – 2010P





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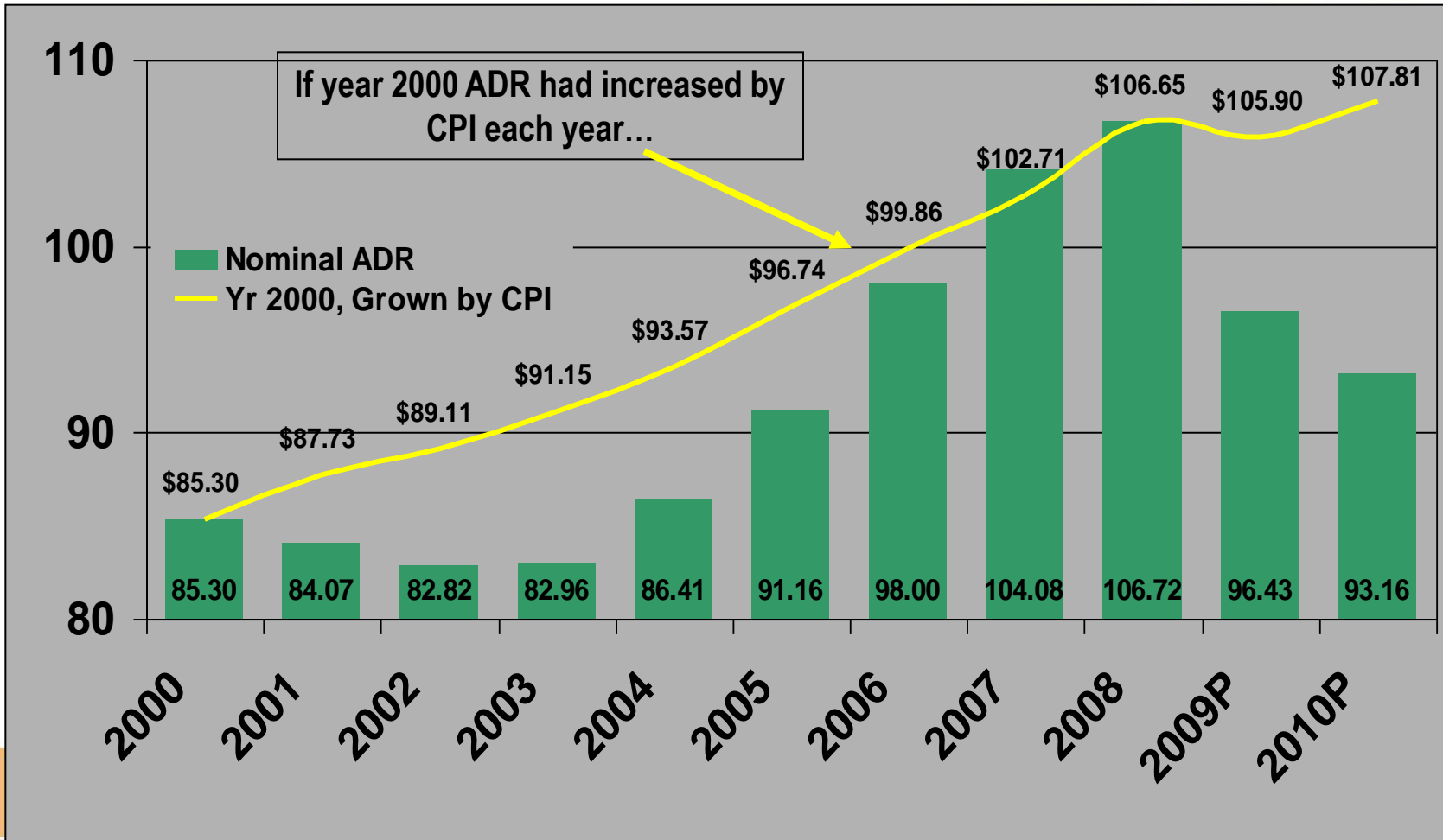
U.S. RevPAR Percent Change 2000 – 2010P



Source: Smith Travel Research



Total U.S. Room Rates Actual vs. Inflation Adjusted 2000 – 2010P





STR Chain Scale Forecast

<u>Segment</u>	<u>2009 RevPar Chg</u>	<u>2010 RevPar Chg</u>
Luxury	-25.0 / -28.0	-7.0 / -10.0
Upper Upscale	-18.0 / -21.0	-1.0 / -4.0
Upscale	-16.0 / -19.0	-5.0 / -8.0
Midscale with F&B	-12.5 / -15.5	-3.0 / -6.0
Midscale without F&B	-10.5 / -13.5	+1.0 / -2.0
Economy	-13.0 / -16.0	Flat / -3.0



Total US Industry Consecutive Quarterly Declines – Key Indicators

	1990/ 1991	2001/ 2002	Current (Q2-09)	<i>Estimate 2008/10</i>
Demand	3	5	6	9
Occupancy	7	6	7	11
ADR	0	5	3	9
RevPAR	5	5	4	9
Room Revenue	2	5	4	7



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Takeaways:

- Decline is global
- Supply growth still an issue
- Demand declines may be near bottom
- ADR weakness continues
- “Less Worse” 2H 2009
- Moderate improvement 2010
- Meaningful growth anticipated 2011



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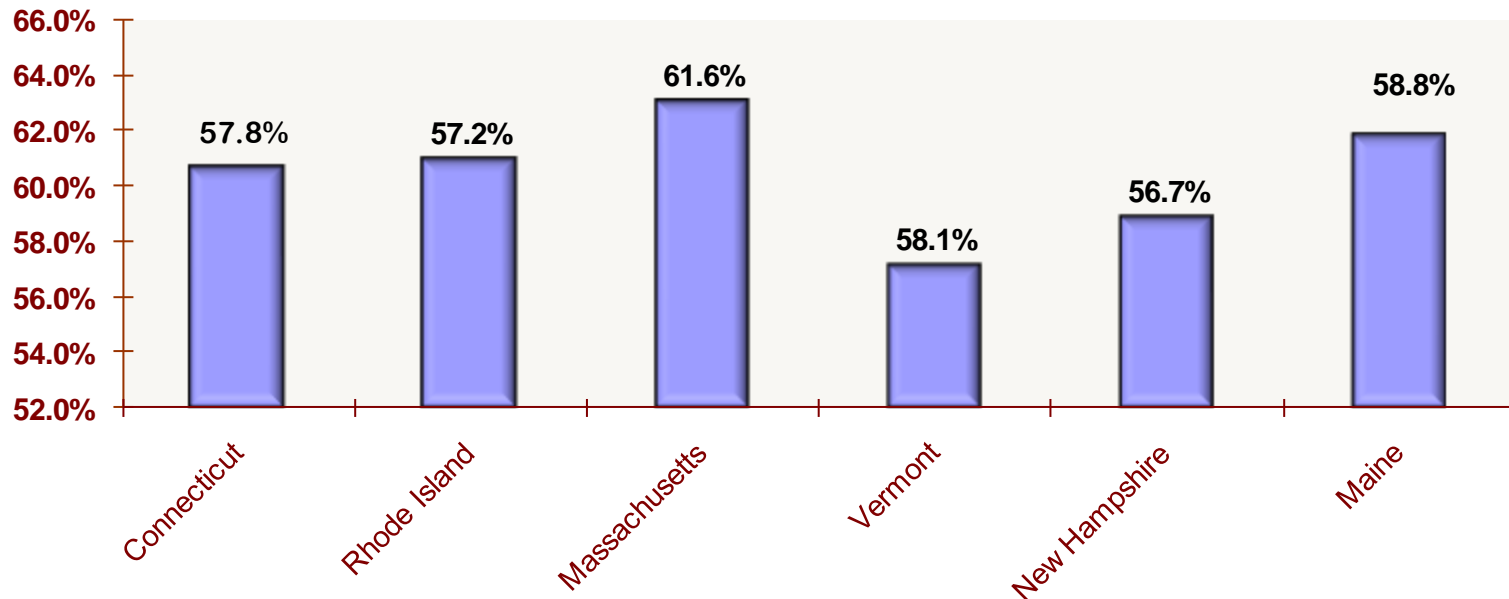
NEW ENGLAND LODGING MARKET





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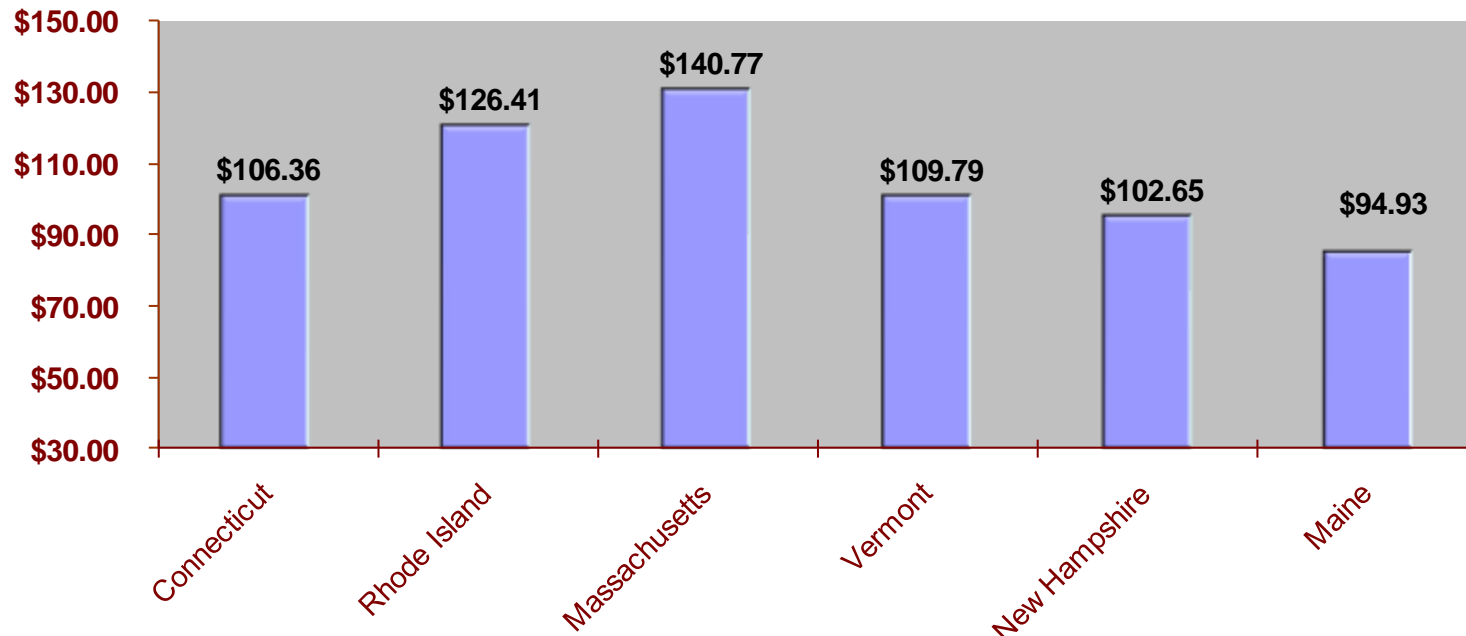
New England Occupancy - 2008





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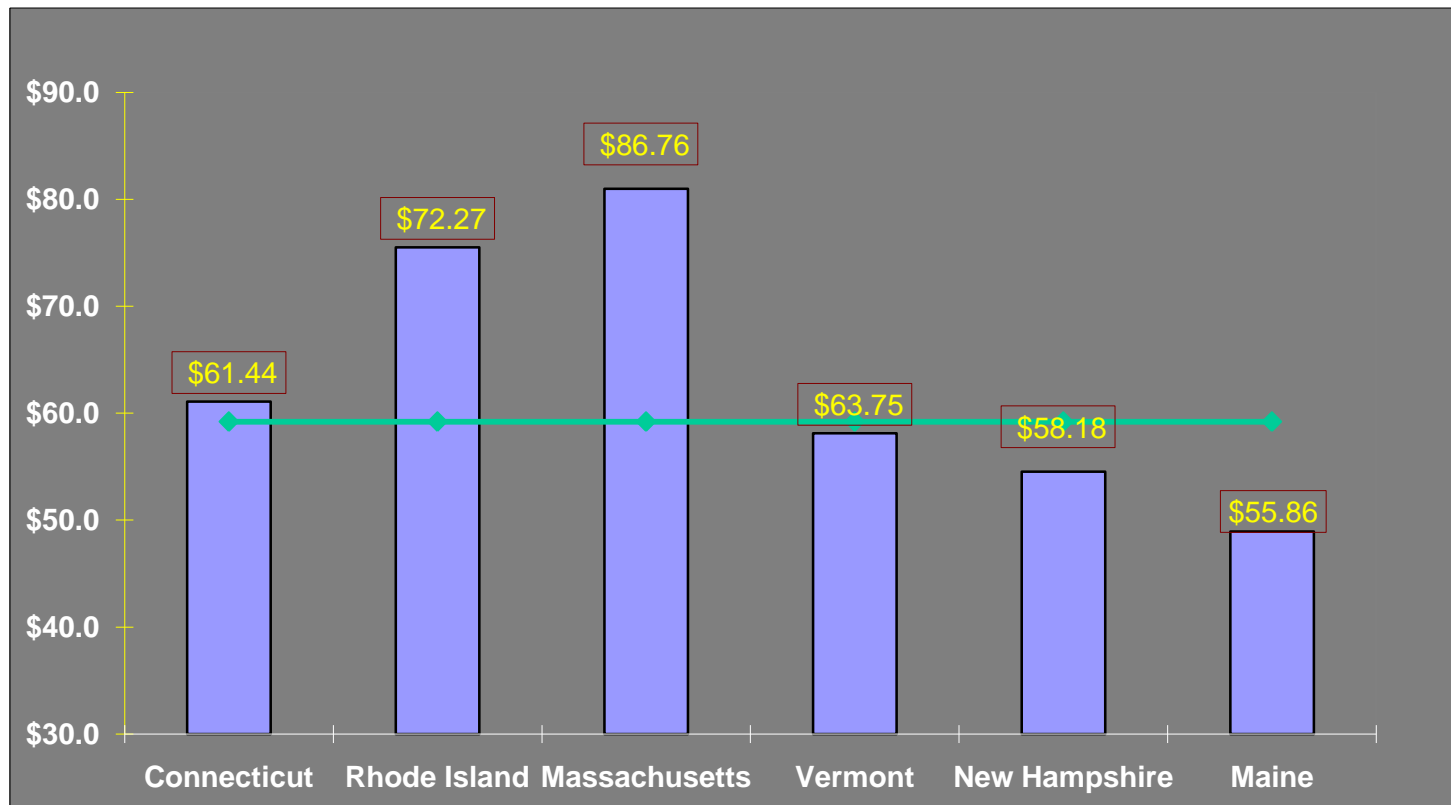
New England Average Daily Rate - 2008





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New England RevPAR - 2008



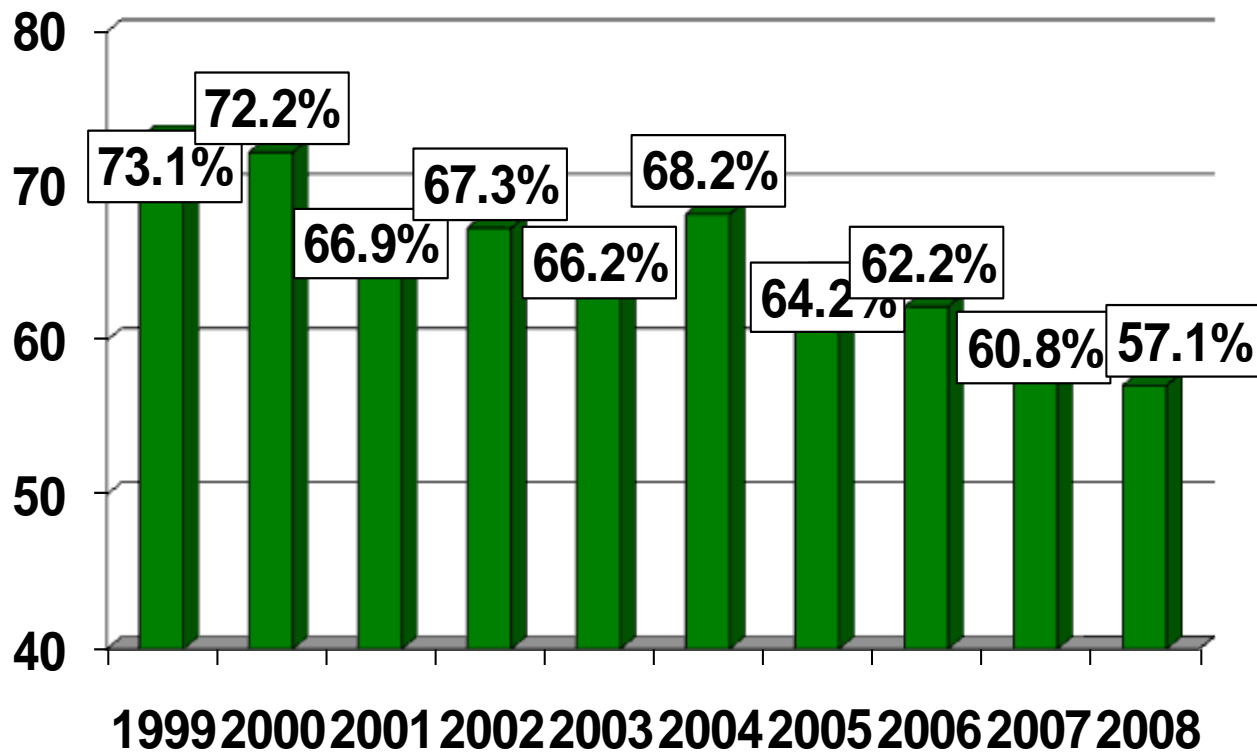


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RHODE ISLAND LODGING MARKET

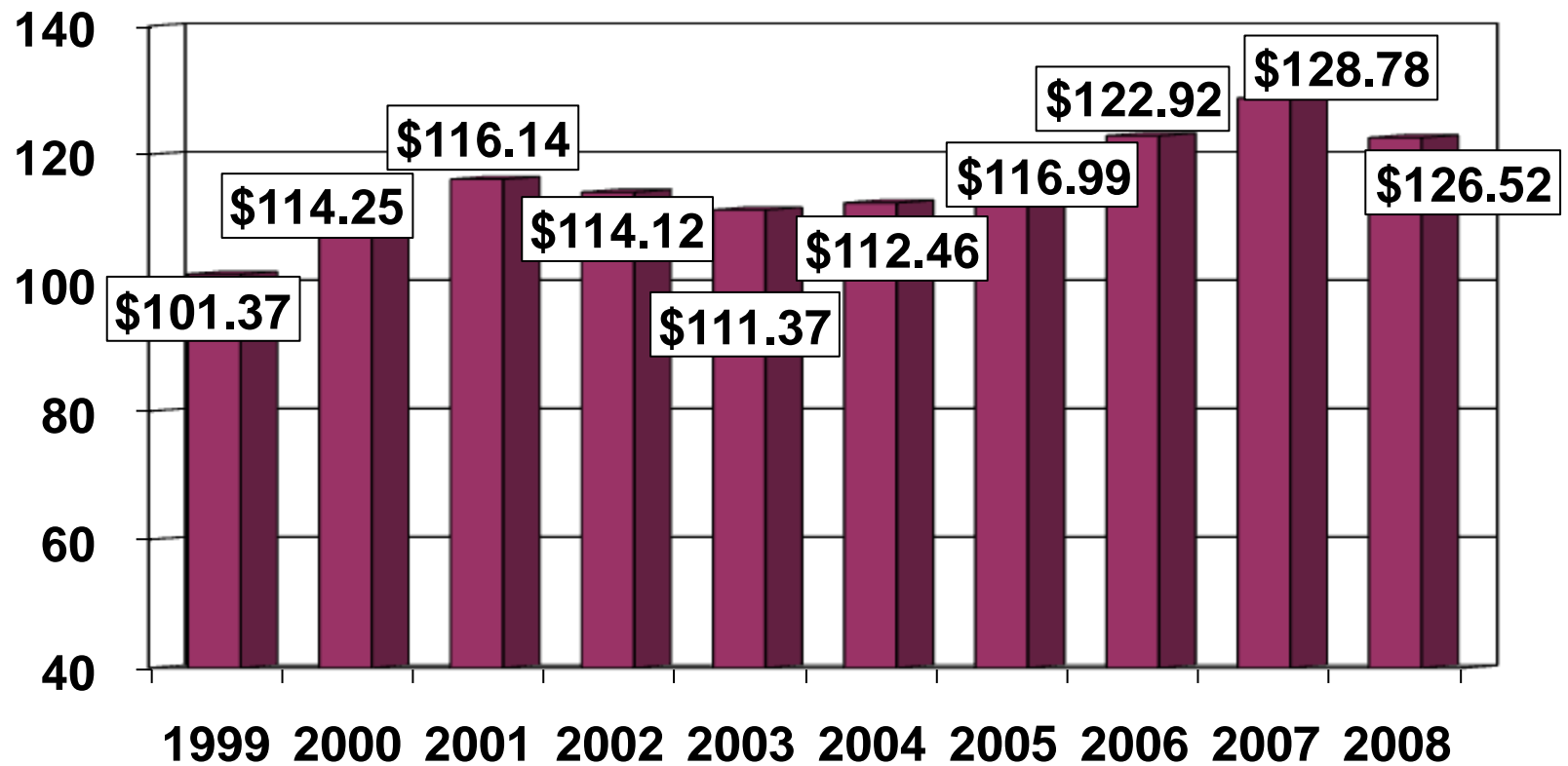


Rhode Island Occupancy 1999-2008

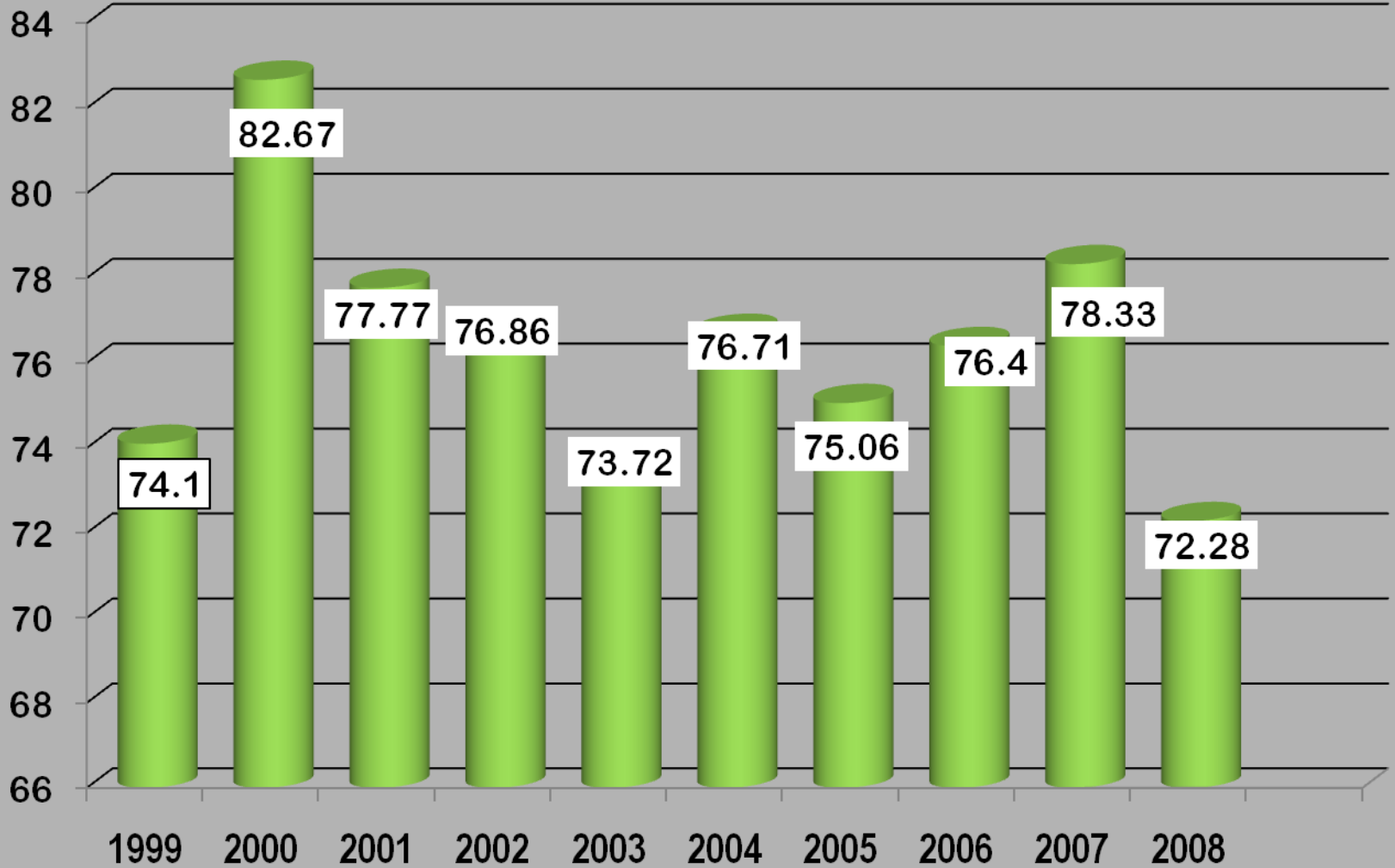




Rhode Island Average Daily Room Rate 1999-2008



Rhode Island RevPAR 1999-2008





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Rhode Island Year-to-Date August Comparison

	<u>2008</u>	<u>2009</u>	
Occupancy	58.7%	54.9%	
ADR	\$128.32	\$114.50	
RevPAR	\$75.31	\$62.84	<i>Down 16.5%</i>



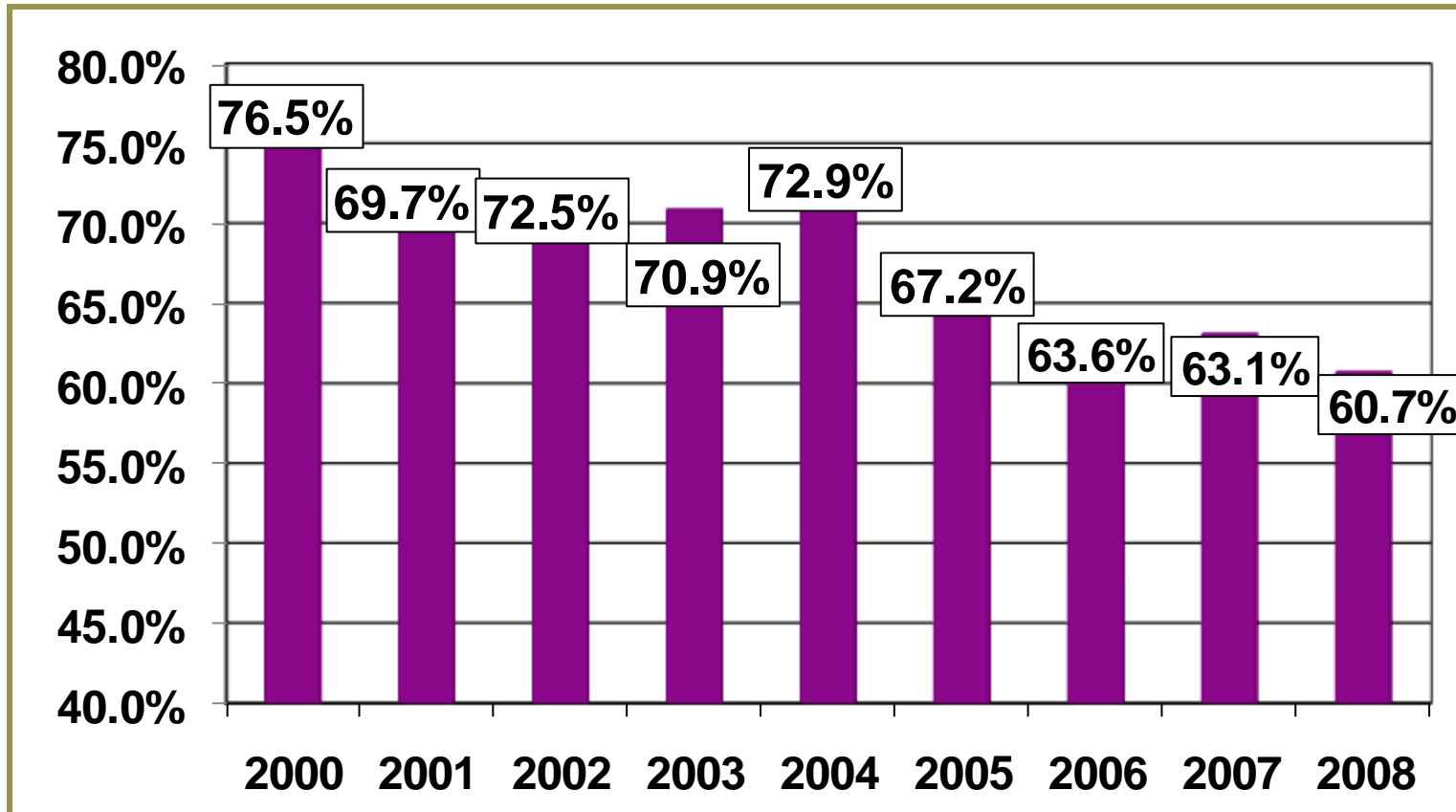
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CITY OF PROVIDENCE LODGING MARKET



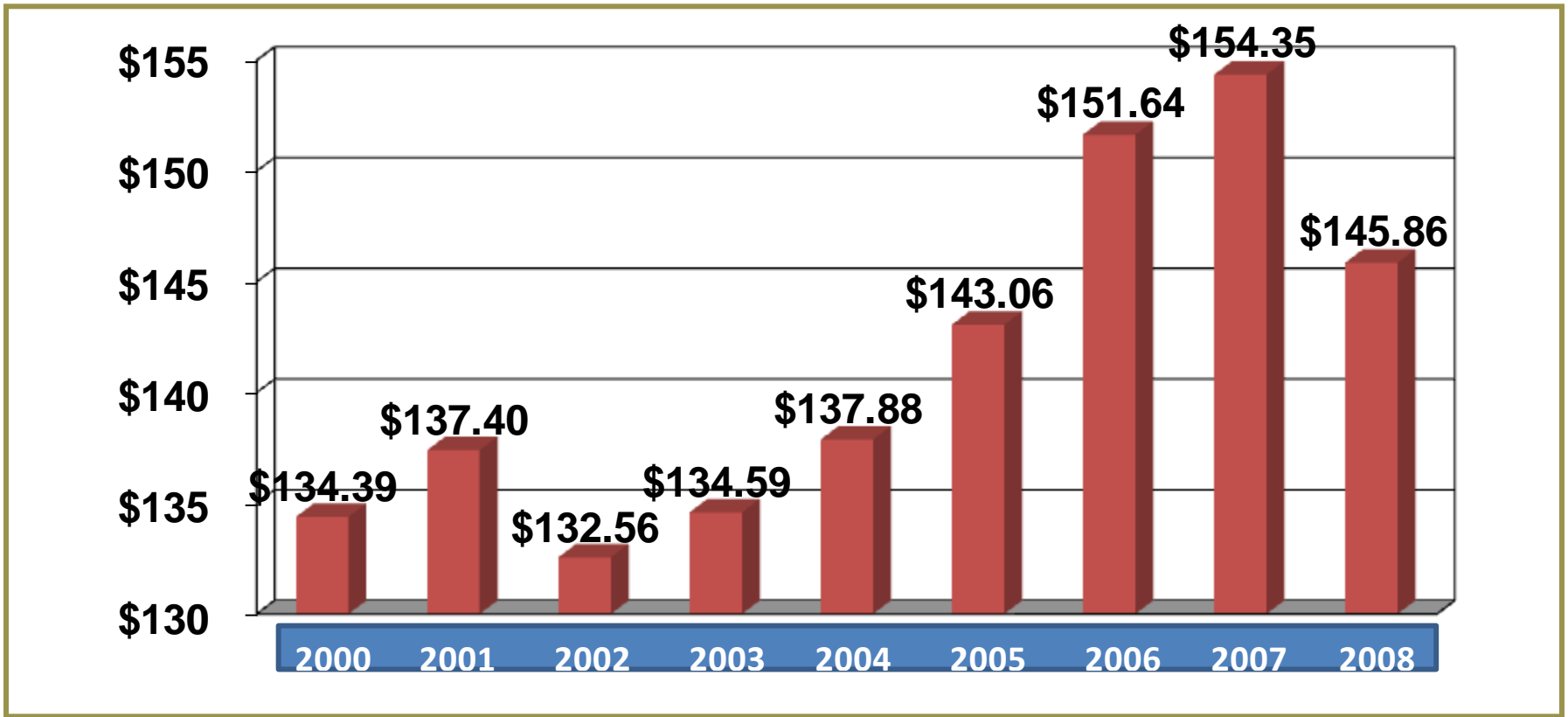


Providence Occupancy 2000-2008



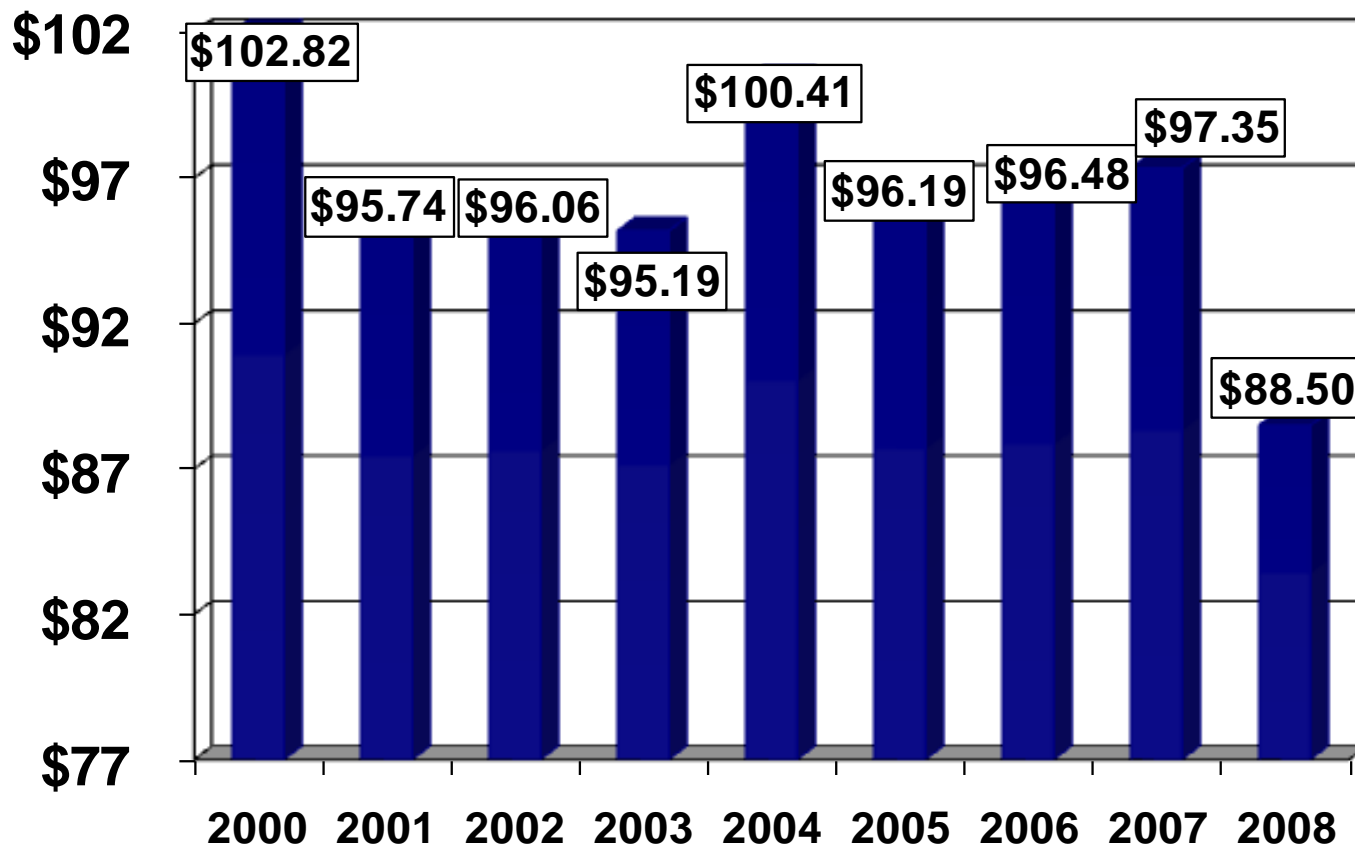


Providence Average Daily Room Rate 2000-2008





Providence RevPAR 2000-2008





Providence YTD August

	<u>2008</u>	<u>2009</u>	
Occupancy	60.8%	56.8%	
ADR	\$145.53	\$133.12	
RevPAR	\$88.52	\$75.59	<i>Down -14.6%</i>
		US	Down -18.3%
		DC	Down -7.4%
		Phil	Down -16.6%
		Boston	Down -18.7%
		NY	Down -32.4%



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Providence - Future

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



Comparison of Events by Type – FY2007 – FY2008

	# of Events FY 2007	Attendance FY 2007	Associated RoomNights FY 2007	# of Events FY 2008	Attendance FY 2008	Associated RoomNights FY 2008
Public Shows	36	223,400	3,686	47	204,250	4,048
Tradeshows	21	30,300	19,510	22	41,450	15,127
Conventions	12	15,100	16,972	12	9,450	10,894
Meetings	169	47,310	5,832	184	59,796	12,015
Banquets	89	42,450	0	84	24,953	2548
TOTALS	327	358,560	46,000	349	339,899	44,632

Fiscal Year July 1-July 30



Comparison of Events by Type – FY2009-FY2010

	# of Events FY 2009	Attendance FY2009	Associated Room Nights FY2009	# of Events FY2010	Attendance FY2010	Associated Room Nights FY2010
Public Trade Shows	52	215,150	7,340	41	196,900	7,124
Tradeshows	12	17,450	9,588	18	21,750	20,809
Conventions	21	25,535	37,901	18	25,325	22,743
Meetings	171	41,651	6,747	70	32,755	5,888
Banquets	63	19,270	0	45	18,940	1459
Totals	319	319,056	61,576	192	295,670	58,023

Note 2010 includes August and September actuals & estimates for October-June

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
12/31/07	6,049,233	14.8%	116,541
12/31/08	6,025,453	15.2%	13,371



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Providence Other Factors

- I-195 Relocation
- Economic Outlook
 - Civic Center



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Providence – New Supply

- No New Supply



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Providence – Projections

- 2009 – 55% @ \$131: REVPAR - \$72.05
- 2010 – 56% @ \$128: REVPAR - \$71.68



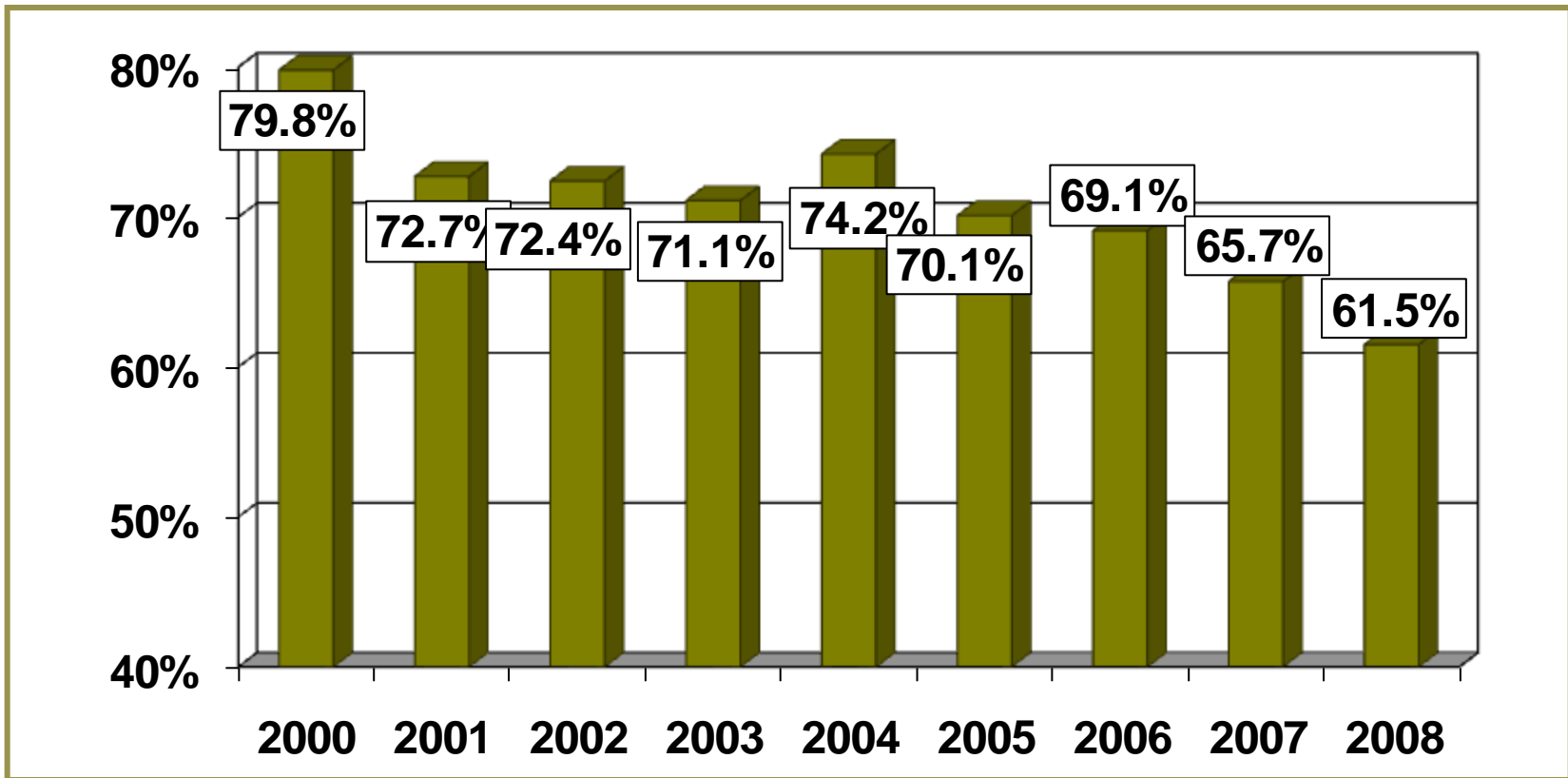
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WARWICK LODGING MARKET



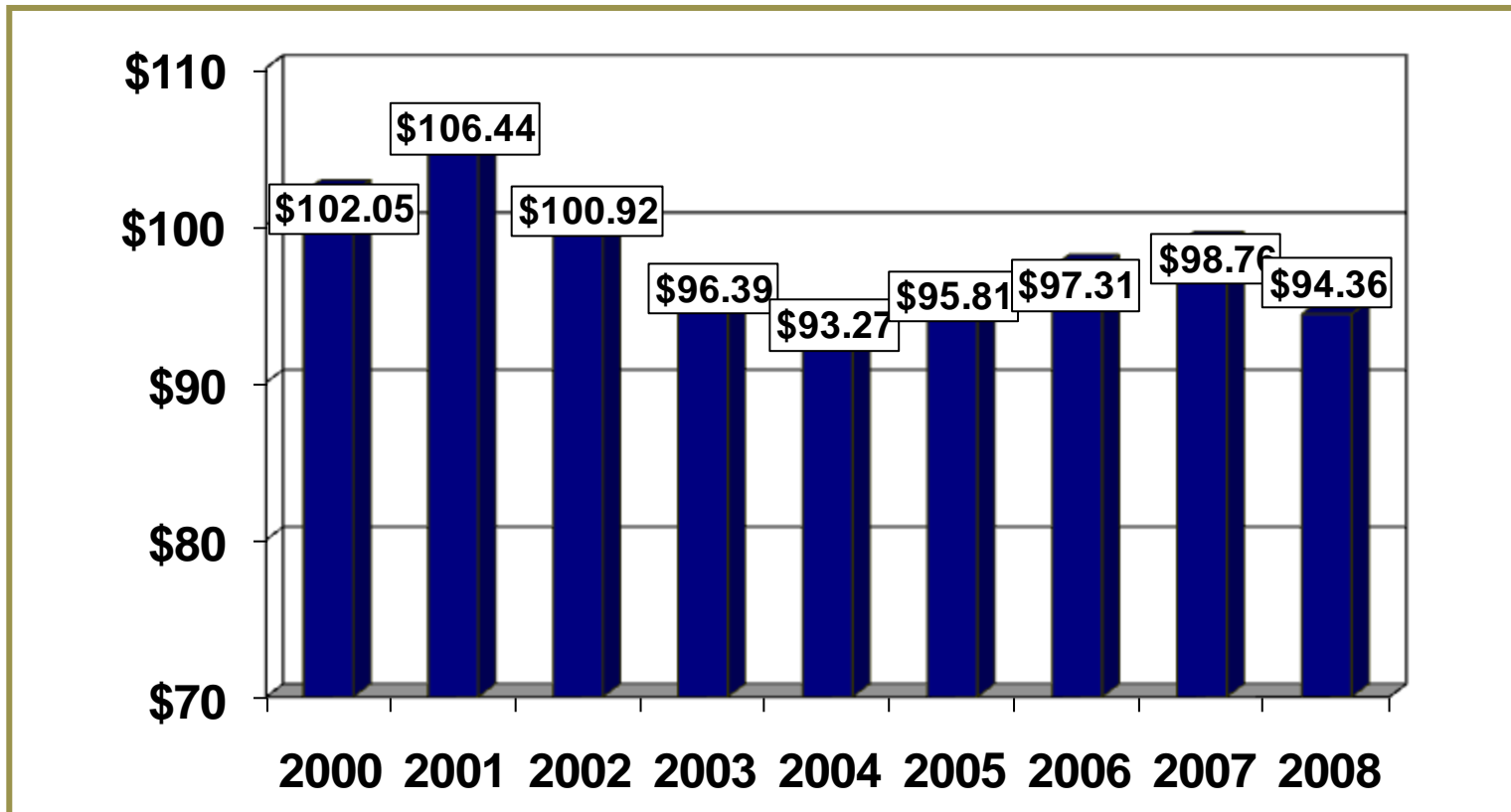


Warwick Occupancy 2000-2008



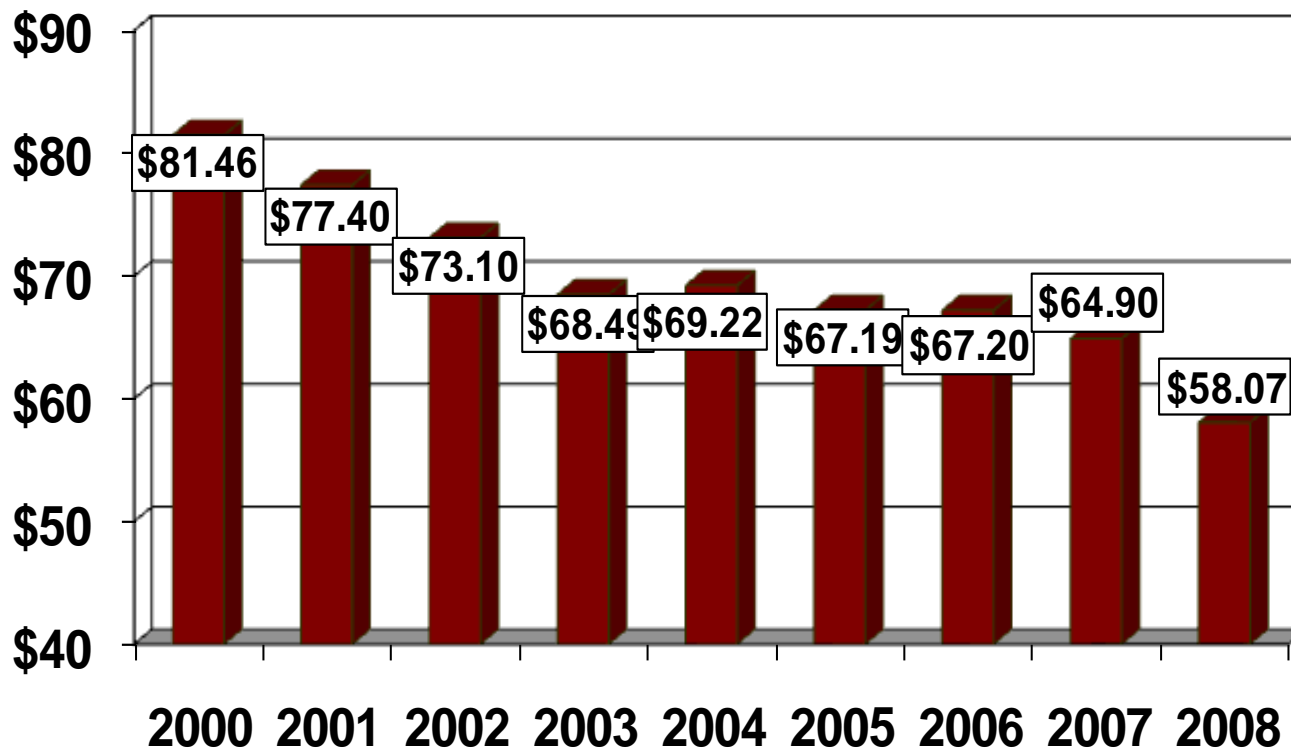


Warwick Average Daily Room Rate 2000-2008





Warwick RevPAR 2000-2008





Warwick YTD August

	<u>2008</u>	<u>2009</u>	
Occupancy	63.9%	58.4%	
ADR	\$95.58	\$83.18	
RevPAR	\$61.11	\$48.56	<i>Down -20.5%</i>



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Warwick – Future

Issues

- Airport Factors – YTD Passengers Down 6.5%
- Intermodal Underway
- No New Supply
- Continued Economic Slowdown

Projections

- 2009: 58% @ \$83: REVPAR - \$48.14
- 2010: 60% @ \$80: REVPAR - \$48.00

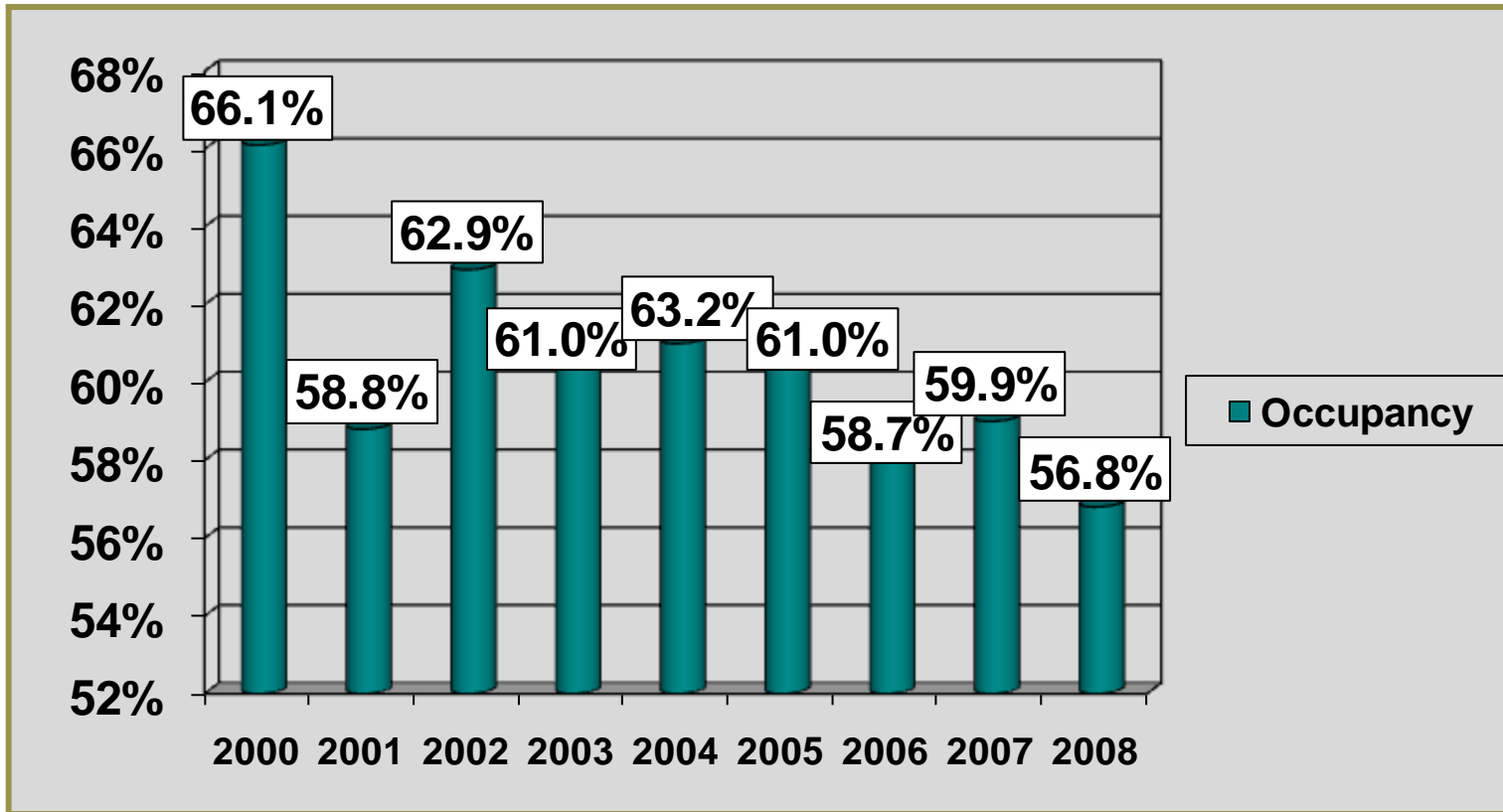


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NEWPORT LODGING MARKET

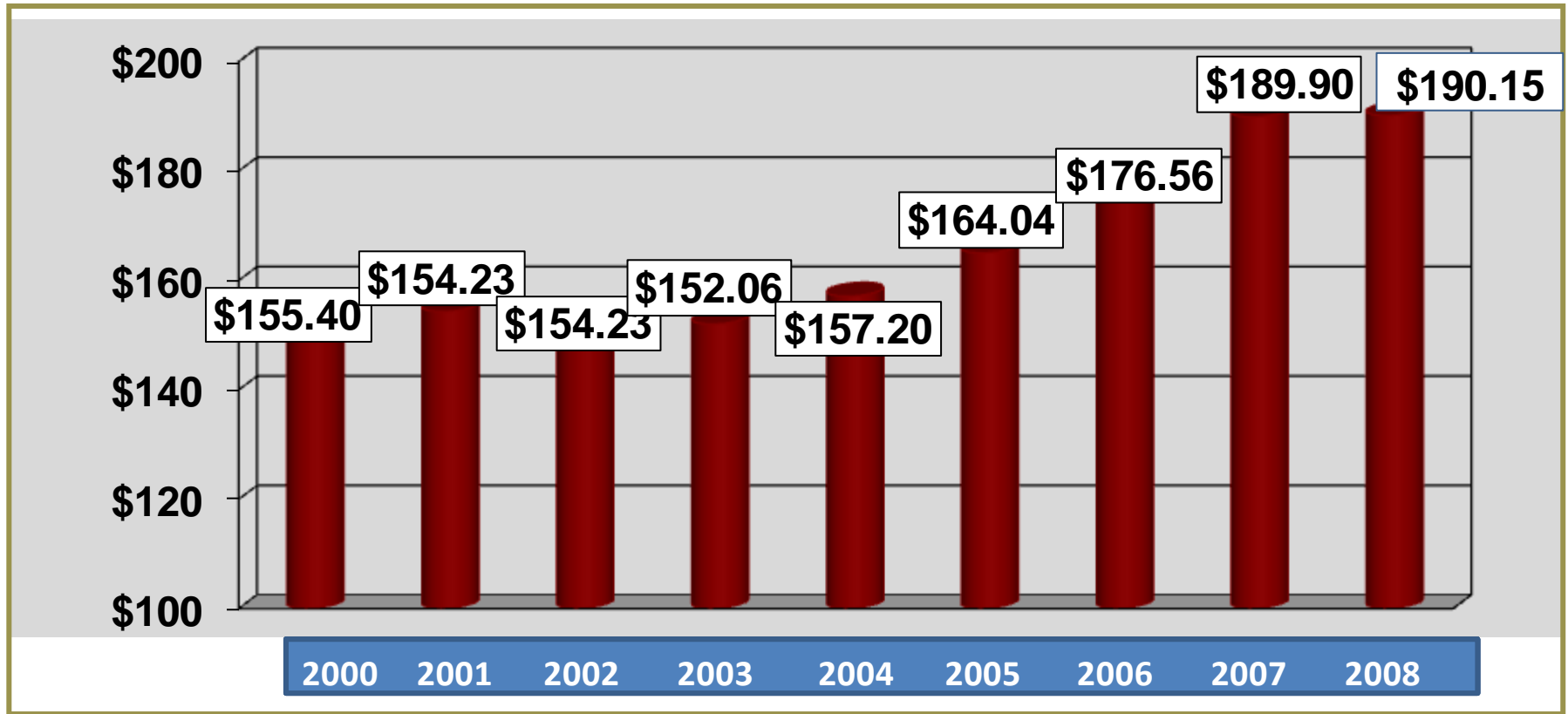


Newport Occupancy 2000-2008



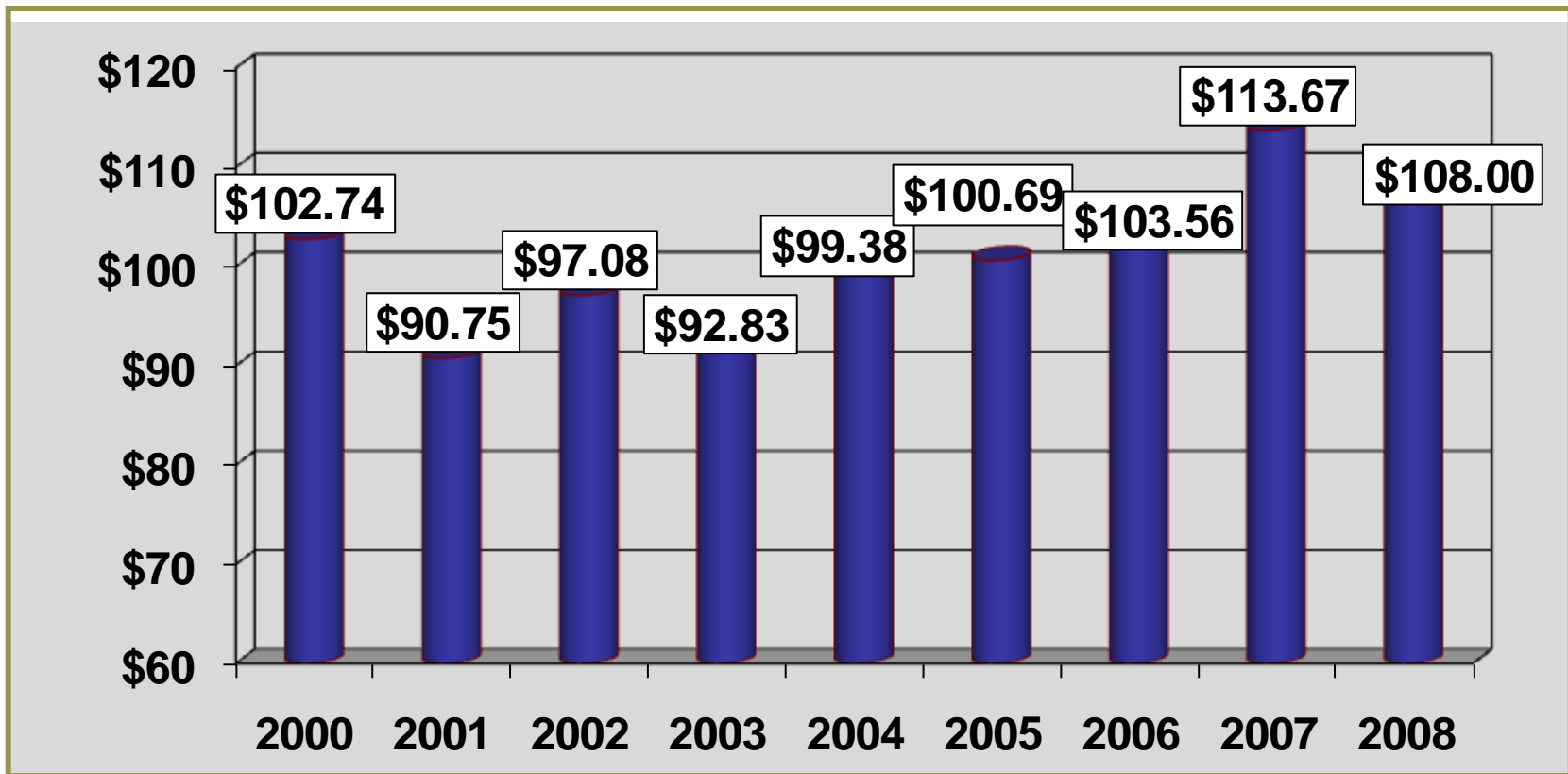


Newport Average Daily Rate 2000-2008





Newport RevPAR 2000-2008





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Newport YTD August

	<u>2008</u>	<u>2009</u>	
Occupancy	57.9%	54.7%	
ADR	\$195.07	\$194.40	
RevPAR	\$112.95	\$94.40	<i>Down -16.4%</i>



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Newport – Future

Issues:

- No New Supply
- Downturn In Economy Is Impacting Leisure Market
- Discover New England in Newport – April 2010

Projections:

2009 – 56% @ \$171: REVPAR - \$95.76

2010 – 58% @ \$168: REVPAR - \$97.44



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