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rhode island
hospitality

Economic Outlook Breakfast

November 4, 2010

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

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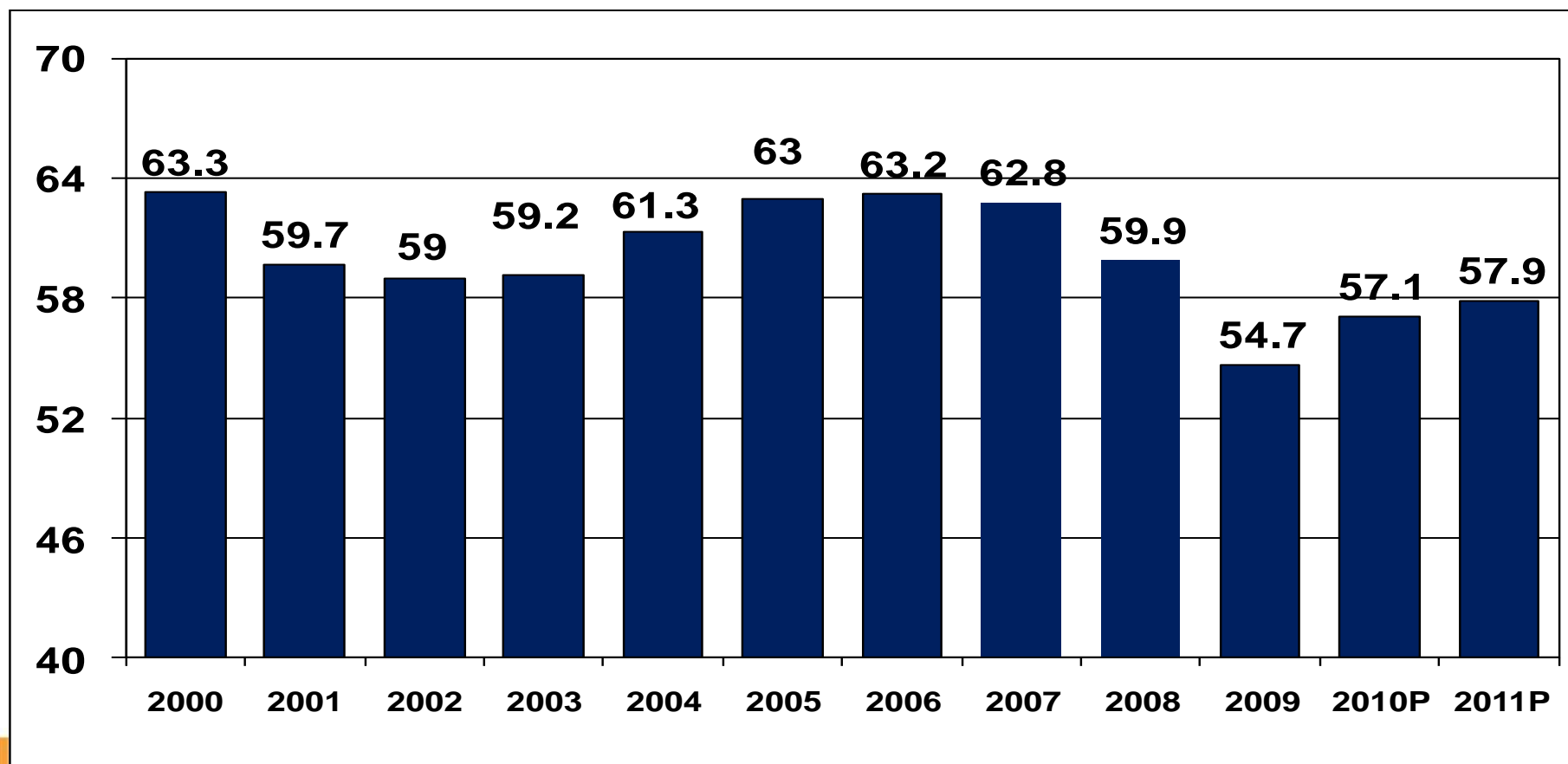


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NATIONAL LODGING MARKET



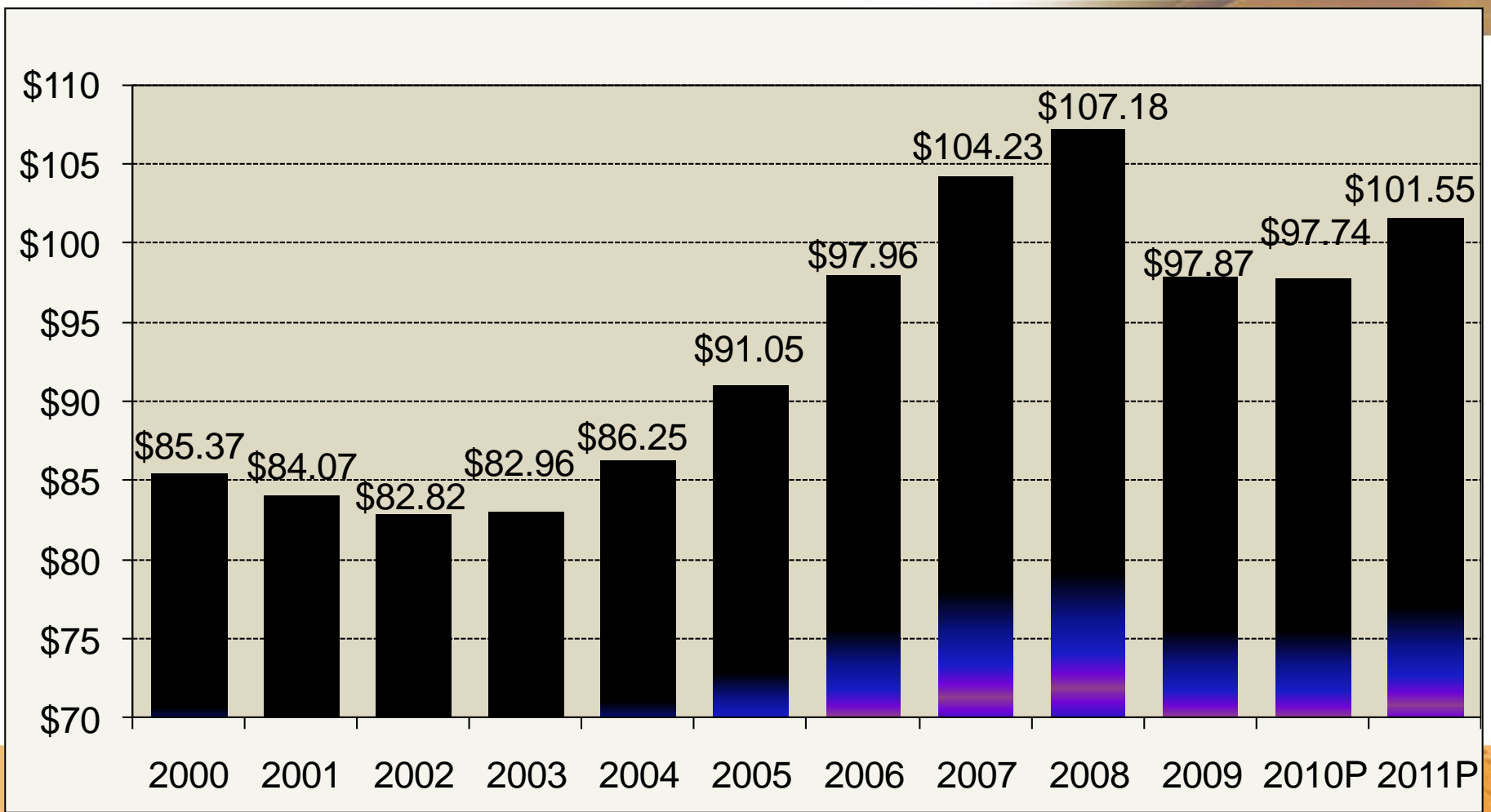
U.S. Occupancy Percent 2000 – 2011P





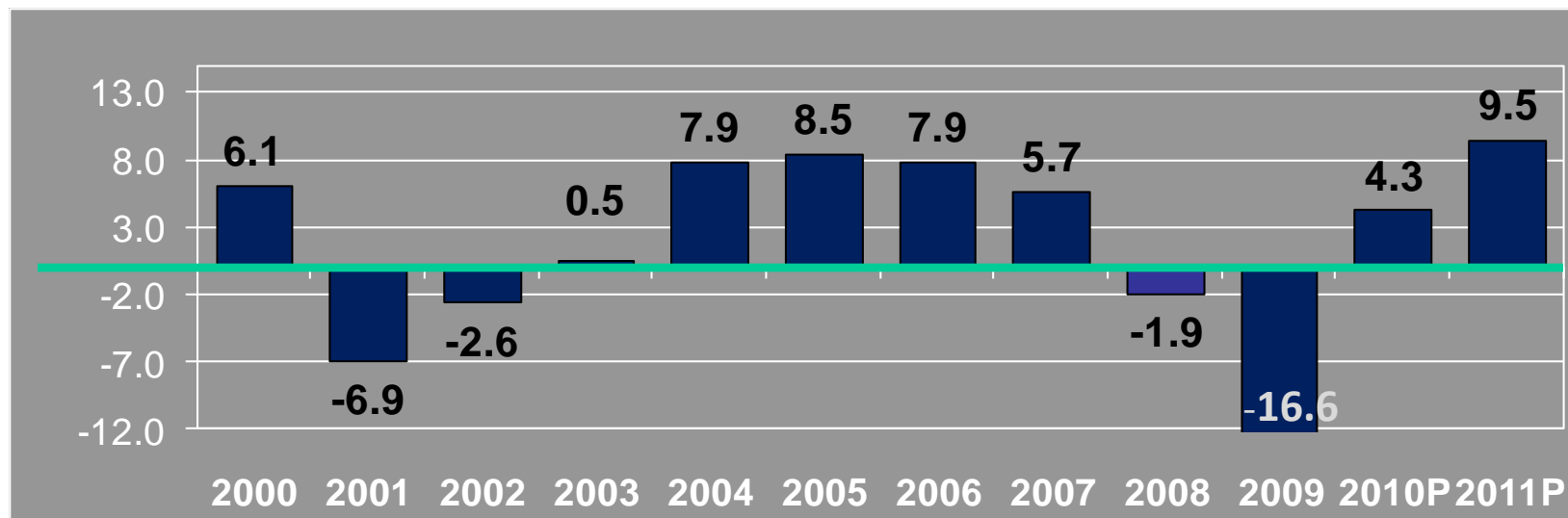
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U.S. Average Daily Rate 2000 – 2011P

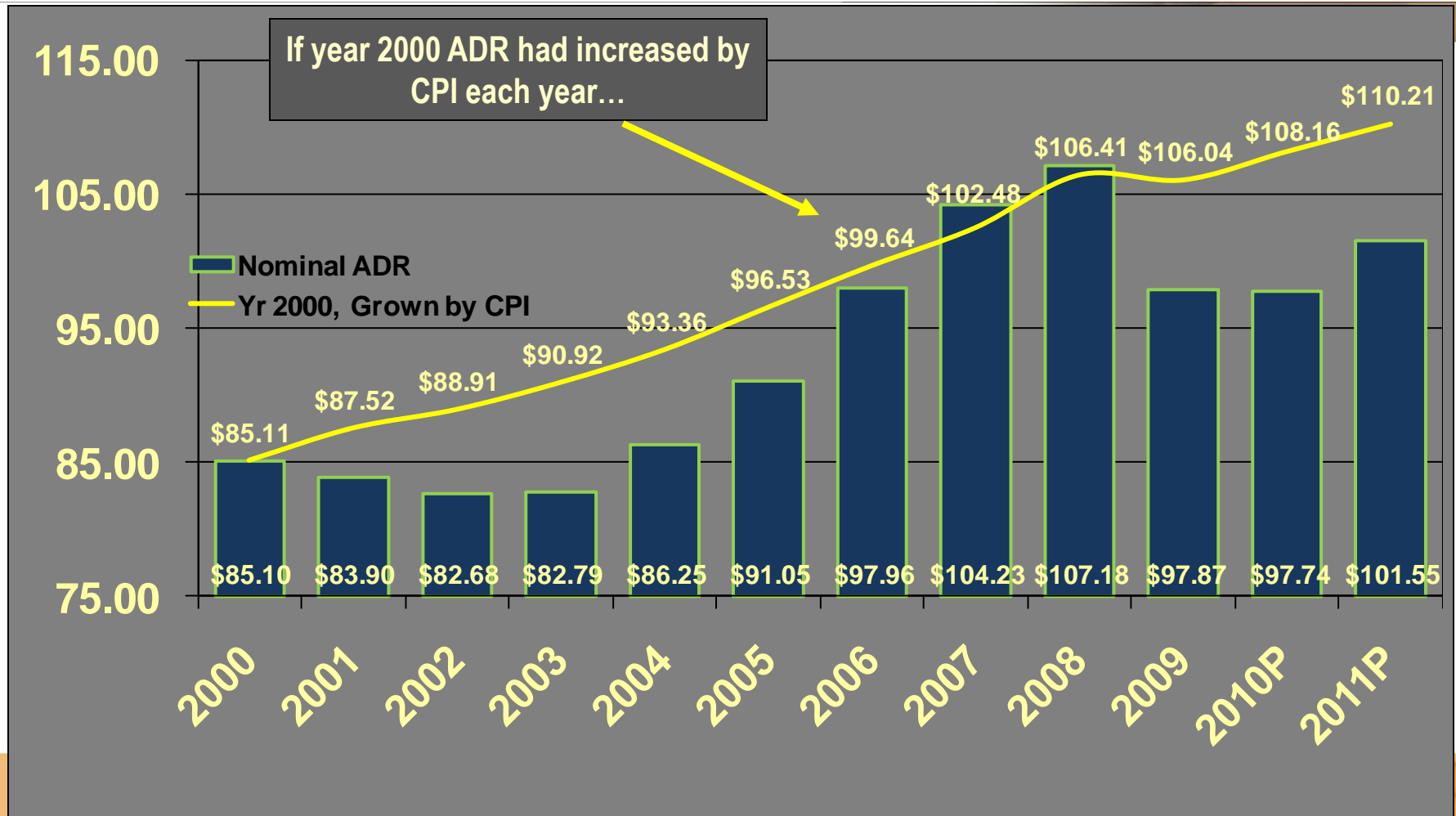




U.S. RevPAR Percent Change 2000 – 2011P



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





STR Chain Scale Forecast

	2011 Year End Outlook		
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	0.4	6.7	7.1
Upper Upscale	1.6	5.4	7.0
Upscale	2.1	4.4	6.5
Midscale w/ F&B	-1.0	2.5	1.5
Midscale w/o F&B	1.8	4.0	5.8
Economy	1.3	2.3	3.6
Independent	2.4	3.7	6.1



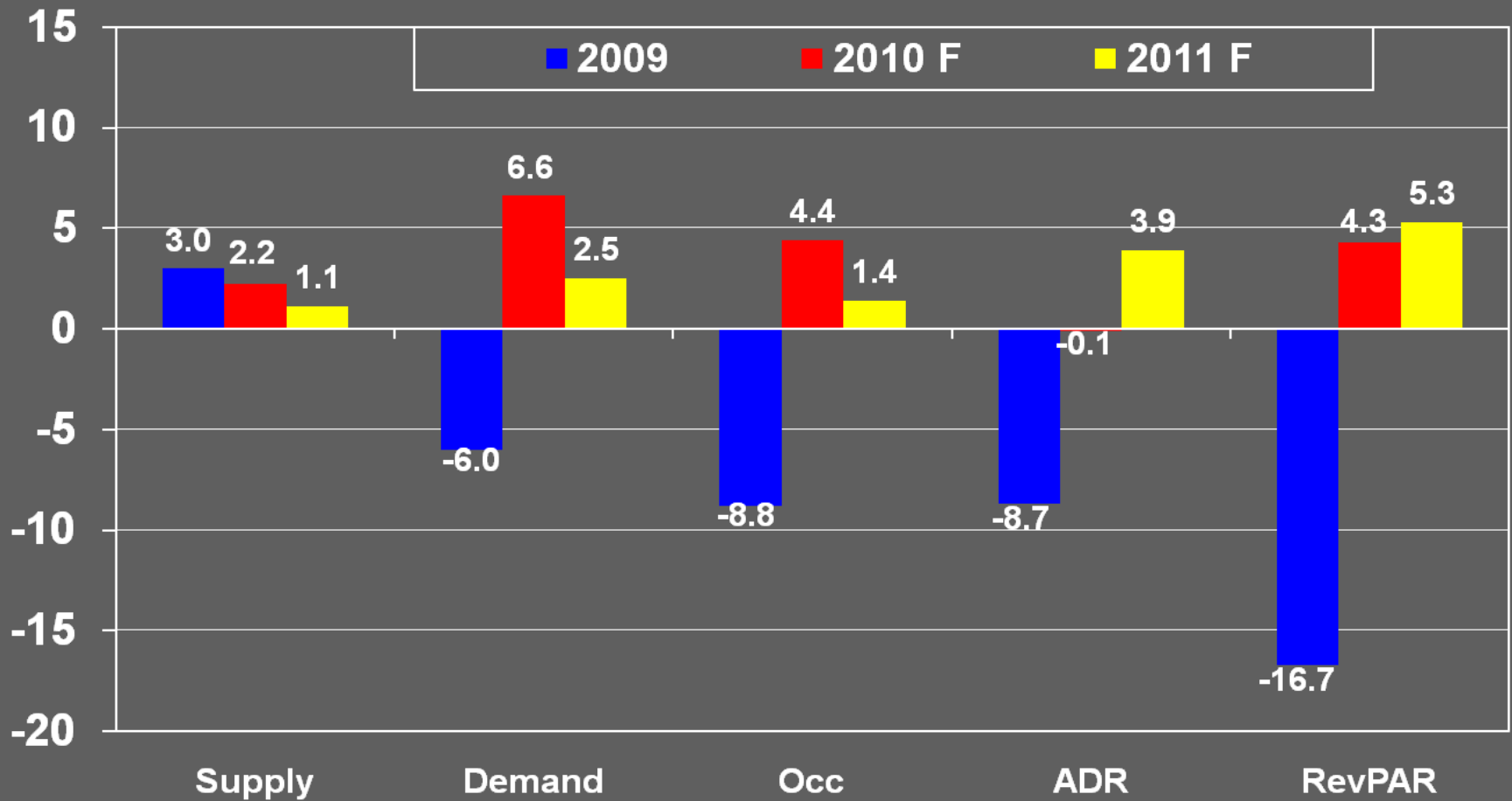
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Total US Industry Consecutive Quarterly Declines – Key Indicators

	<u>2009</u>	<u>2010F</u>	<u>2011F</u>
Real GDP	-2.6%	+2.7%	+2.5 %
CPI	-0.4%	+1.6 %	+1.5%
Corporate Profits	-3.8%	+30.0%	+6.4 %
Disp Personal Income	+0.6%	+1.4%	+2.1%
Unemployment Rate	9.3%	9.6%	9.3%

Total United States

Key Performance Indicators Percent Change
Full Year 2009 Actual & 2010 / 2011 Forecast





Takeaways:

- Value is King
- Performance trough likely past
- Supply growth slowing
- Demand improving
- Pricing conditions improving unevenly
- Second Half 2010 improvement – into 2011
- Performance reset – dig out of the hole



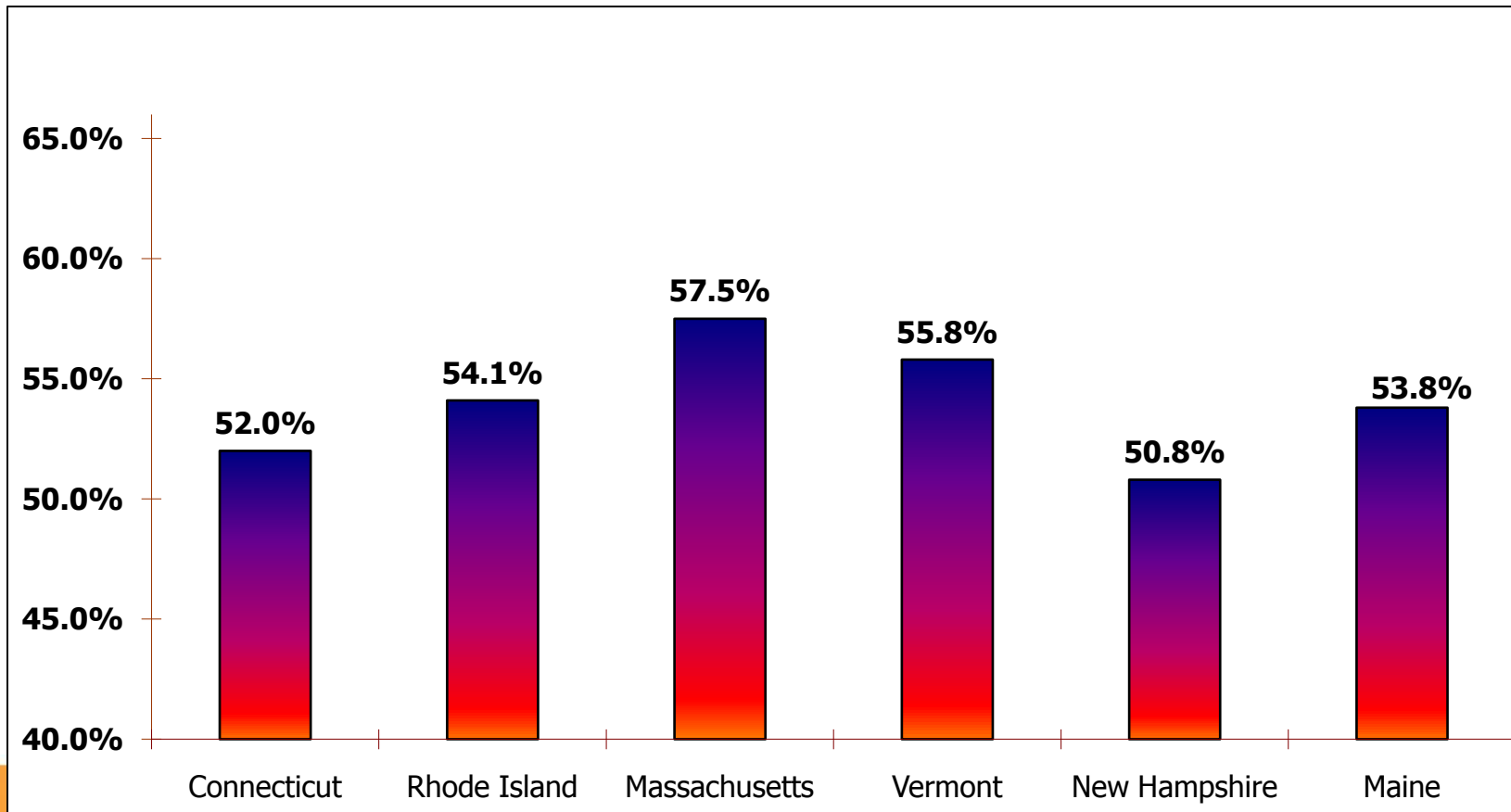
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NEW ENGLAND LODGING MARKET



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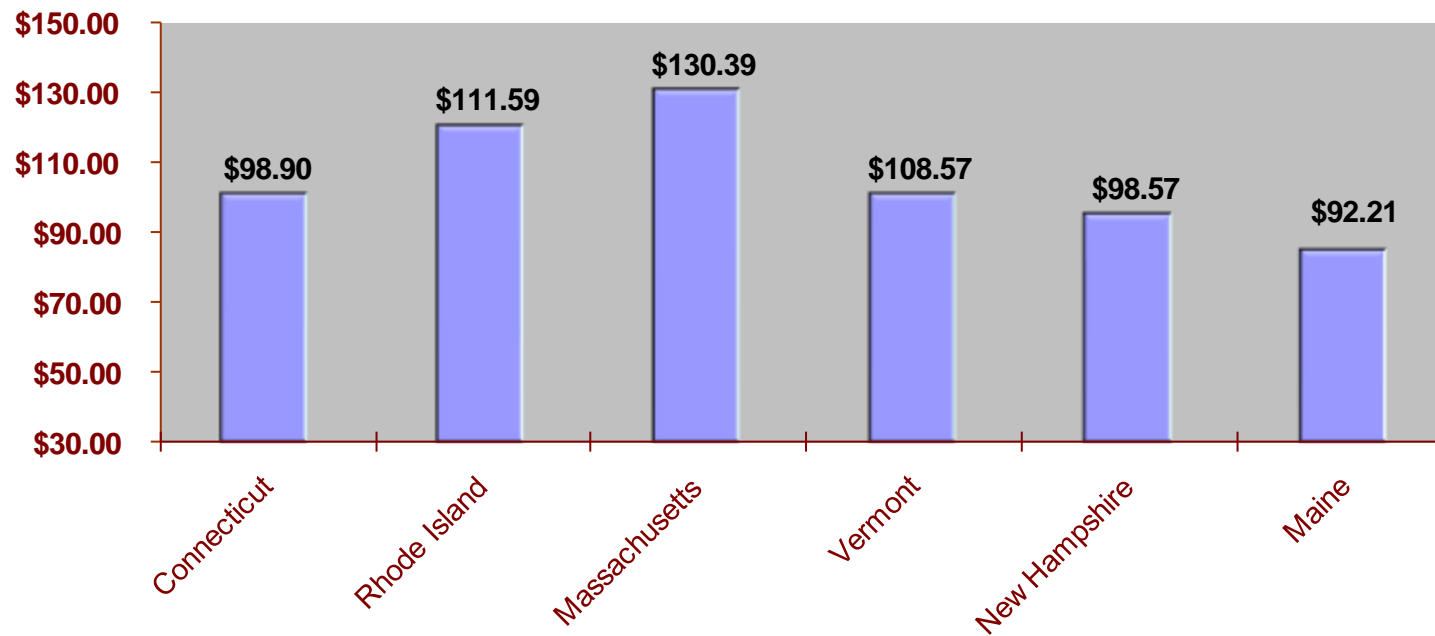
New England Occupancy 2009





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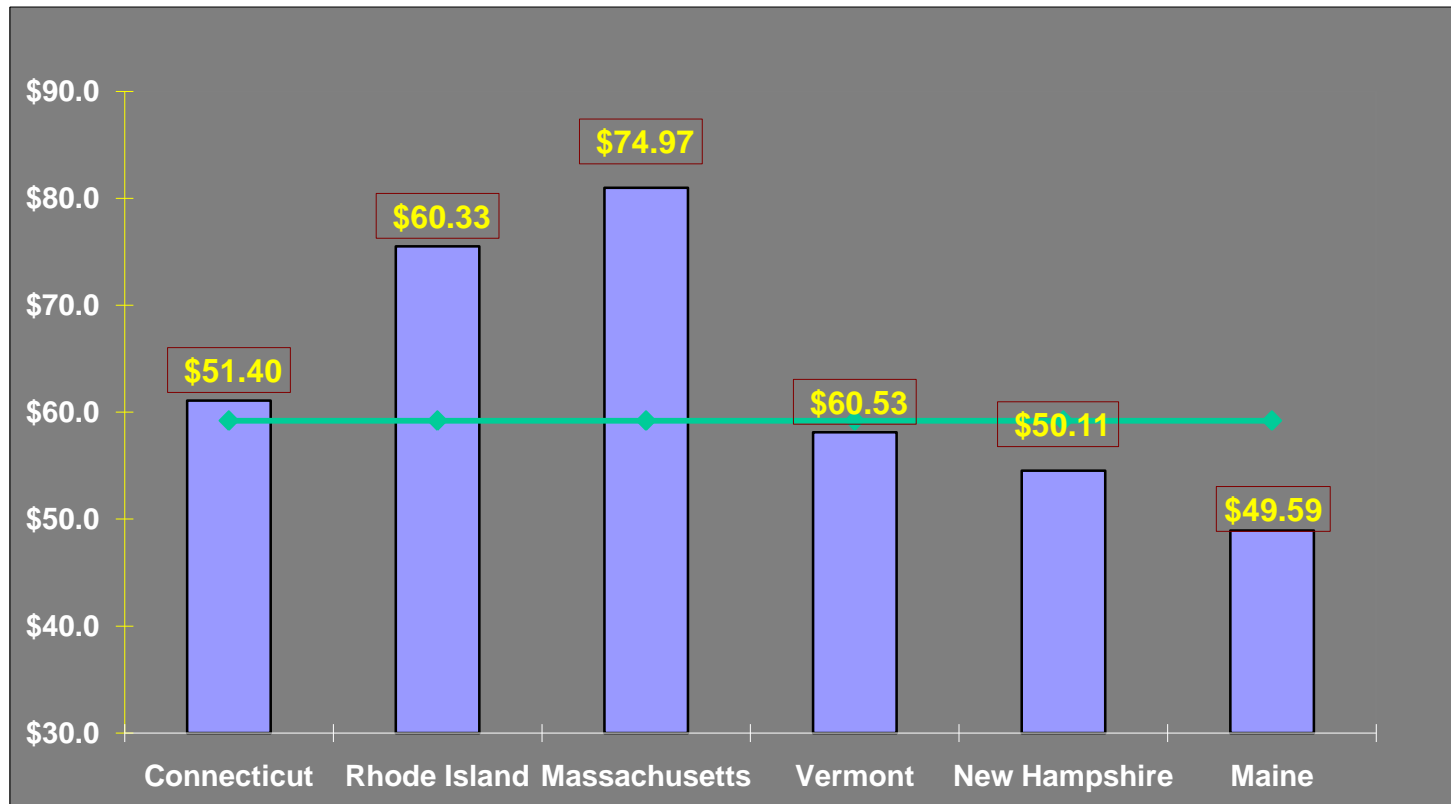
New England Average Daily Rate - 2009





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New England RevPAR - 2009





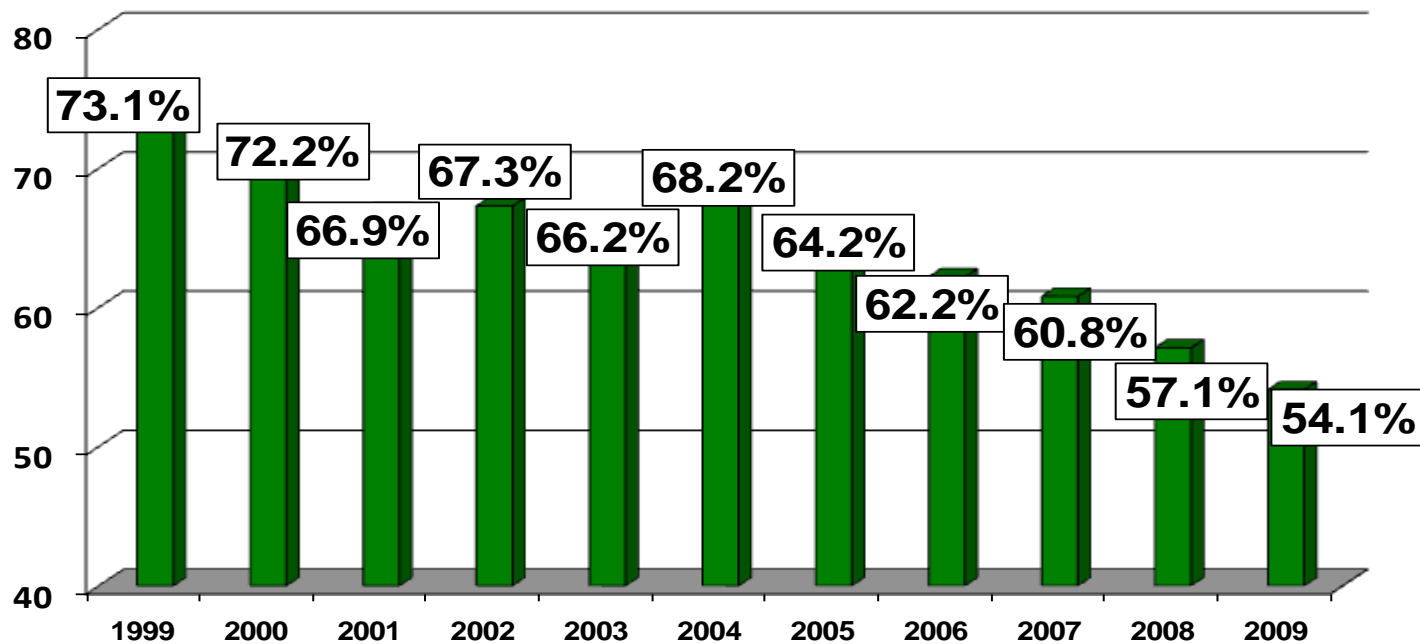
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RHODE ISLAND LODGING MARKET



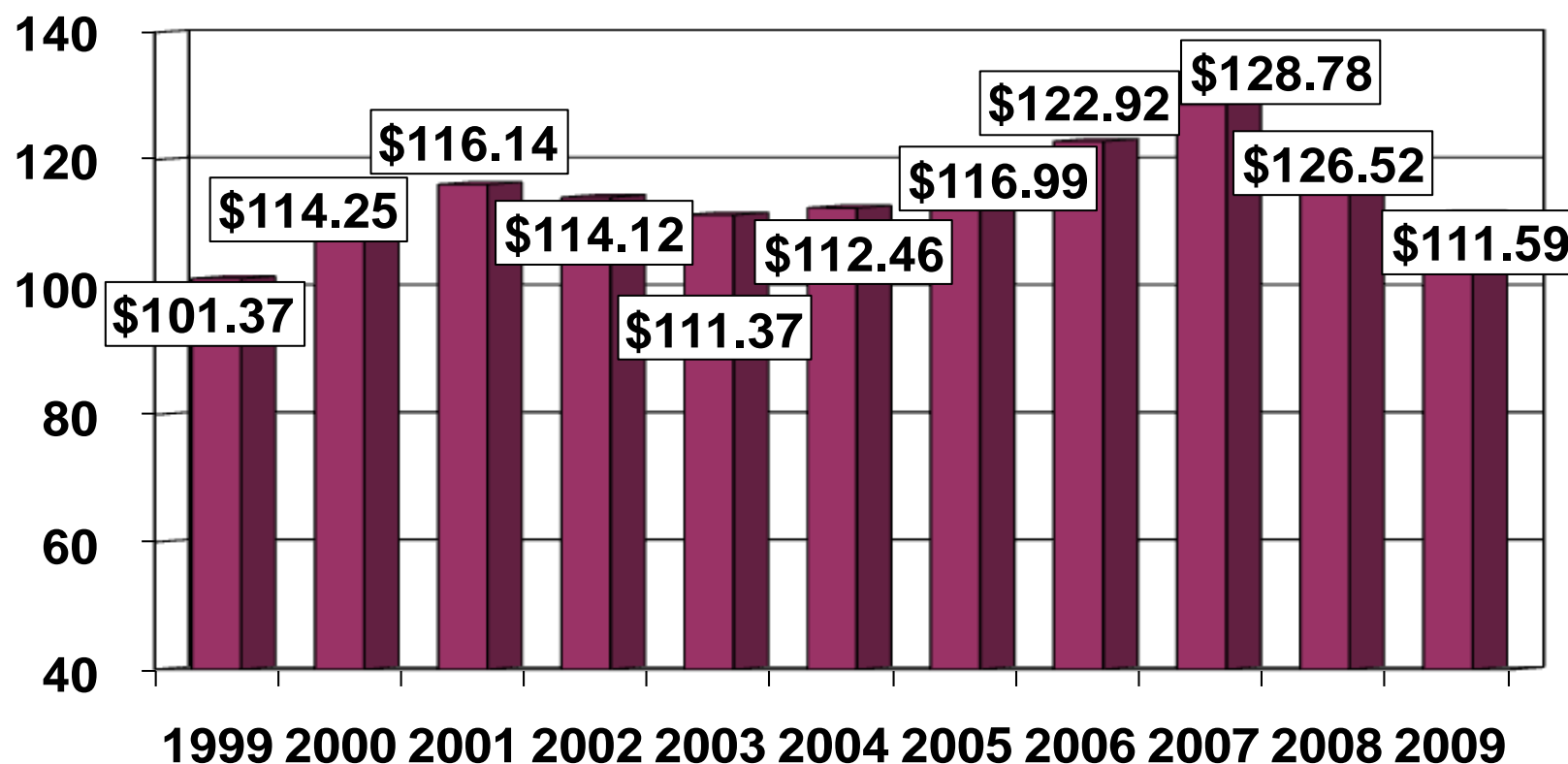
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Rhode Island Average Rate 1999 - 2009

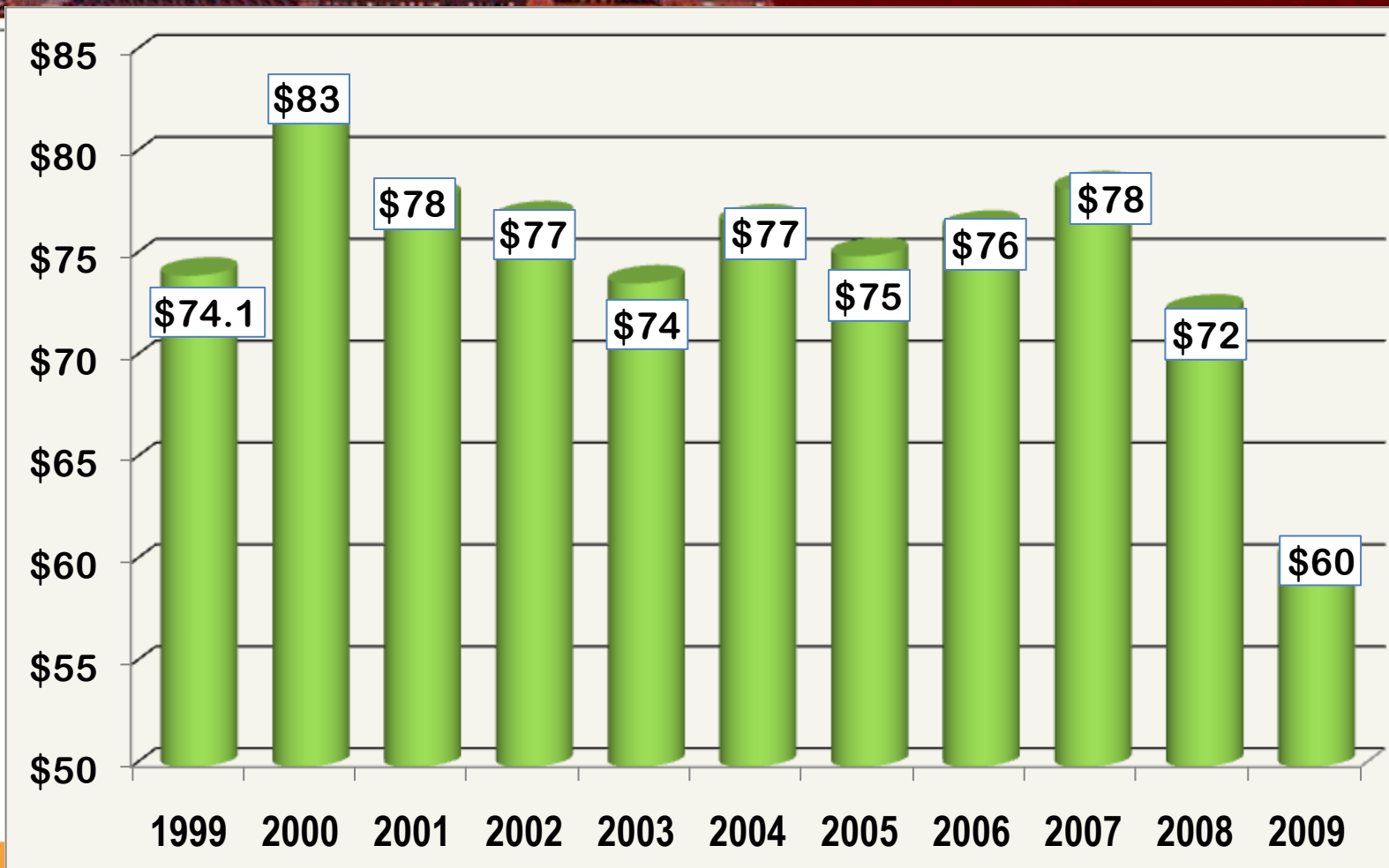




Rhode Island Average Daily Room Rate 1999-2009



Rhode Island RevPAR 1999-2009





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Rhode Island Year-to-Date August Comparison

	<u>2009</u>	<u>2010</u>	
Occupancy	54.5%	61.9%	
ADR	\$113.83	\$110.74	
RevPAR	\$62.06	\$68.57	<i>Up 10.5%</i>



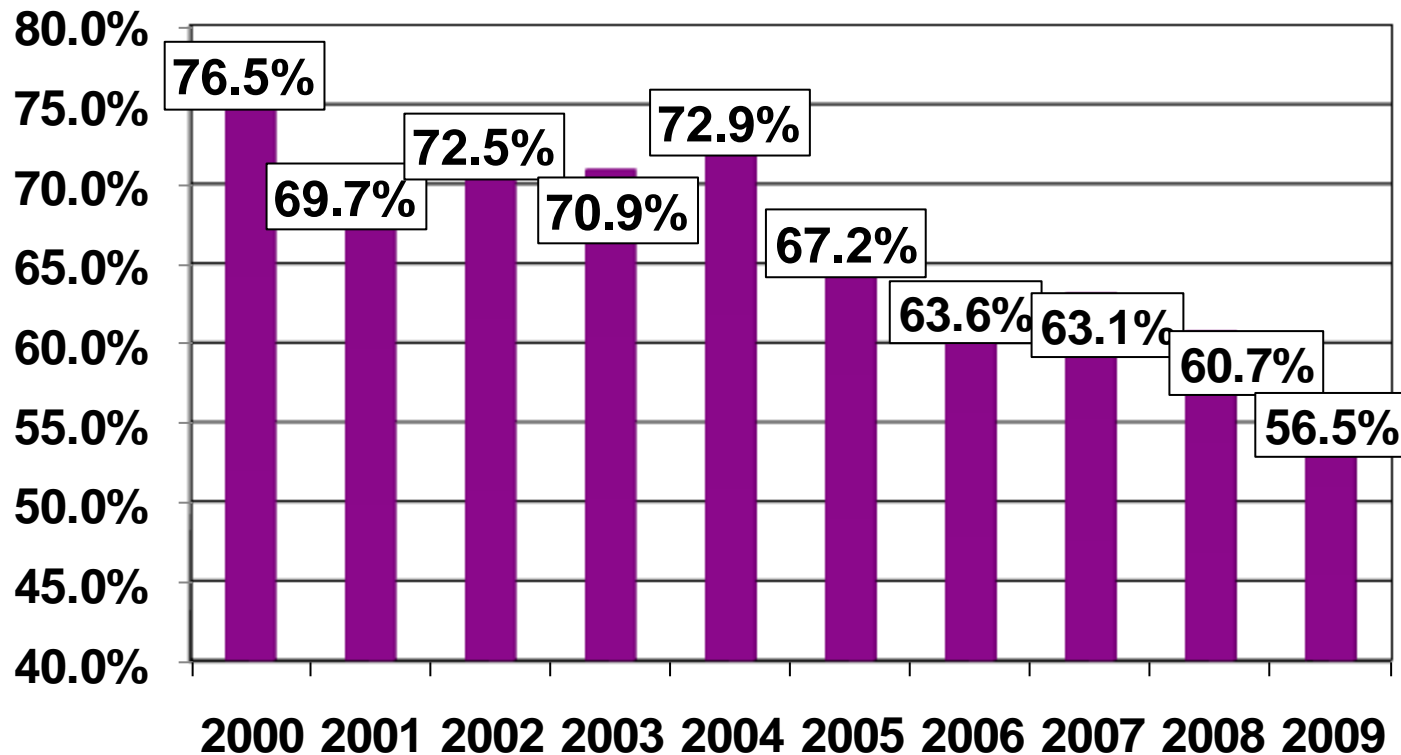
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CITY OF PROVIDENCE LODGING MARKET



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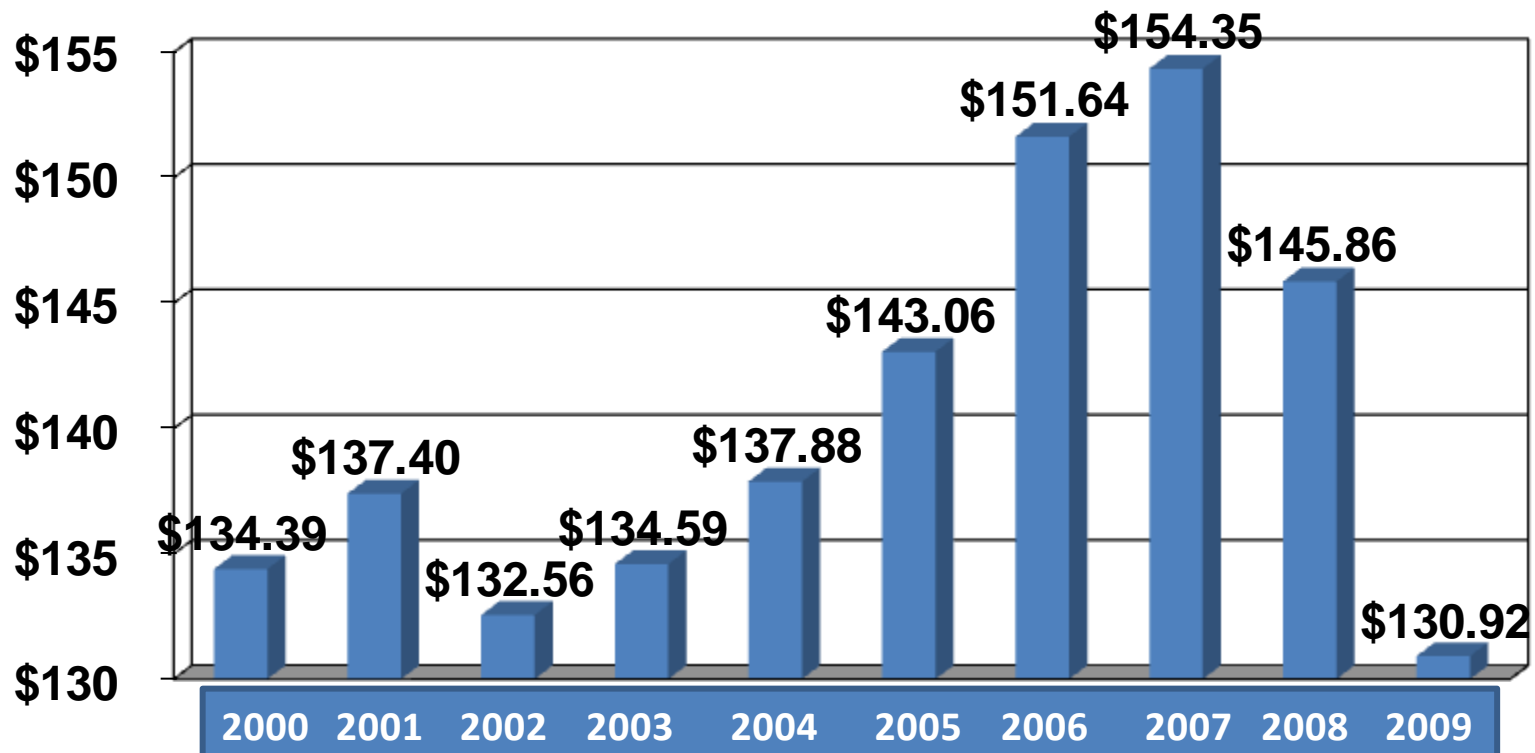
Providence Occupancy 2000-2009





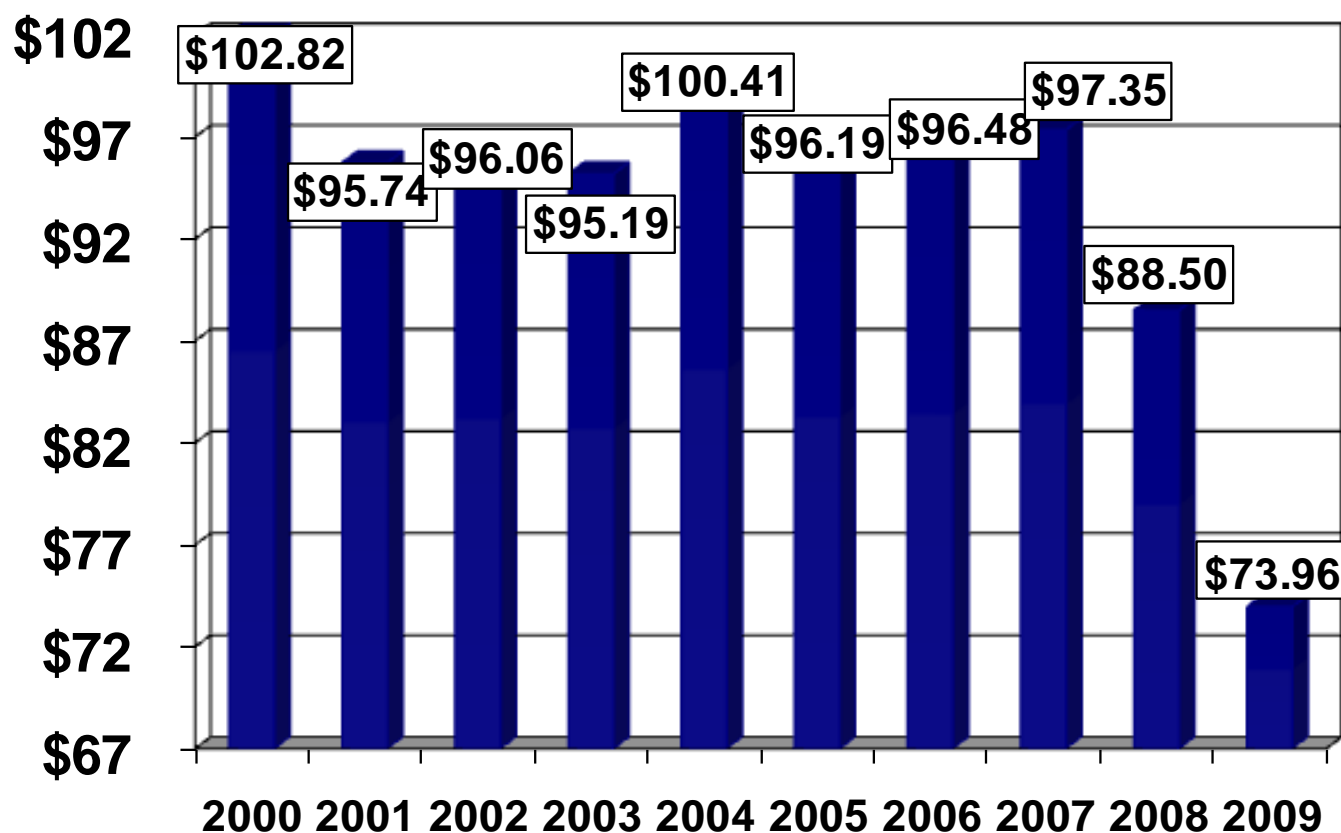
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Providence Average Daily Room Rate 2000-2009





Providence RevPAR 2000-2009





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Providence YTD August

	<u>2009</u>	<u>2010</u>	
Occupancy	56.7%	64.0%	
ADR	\$133.28	\$126.33	
RevPAR	\$75.55	\$80.80	<i>Up 6.9%</i>
		YTD Sept. US	Up 4.5%
		DC	Up 1.7%
		Phil	Up 2.7%
		Boston	Up 13.7%
		NY	Up 14.7%



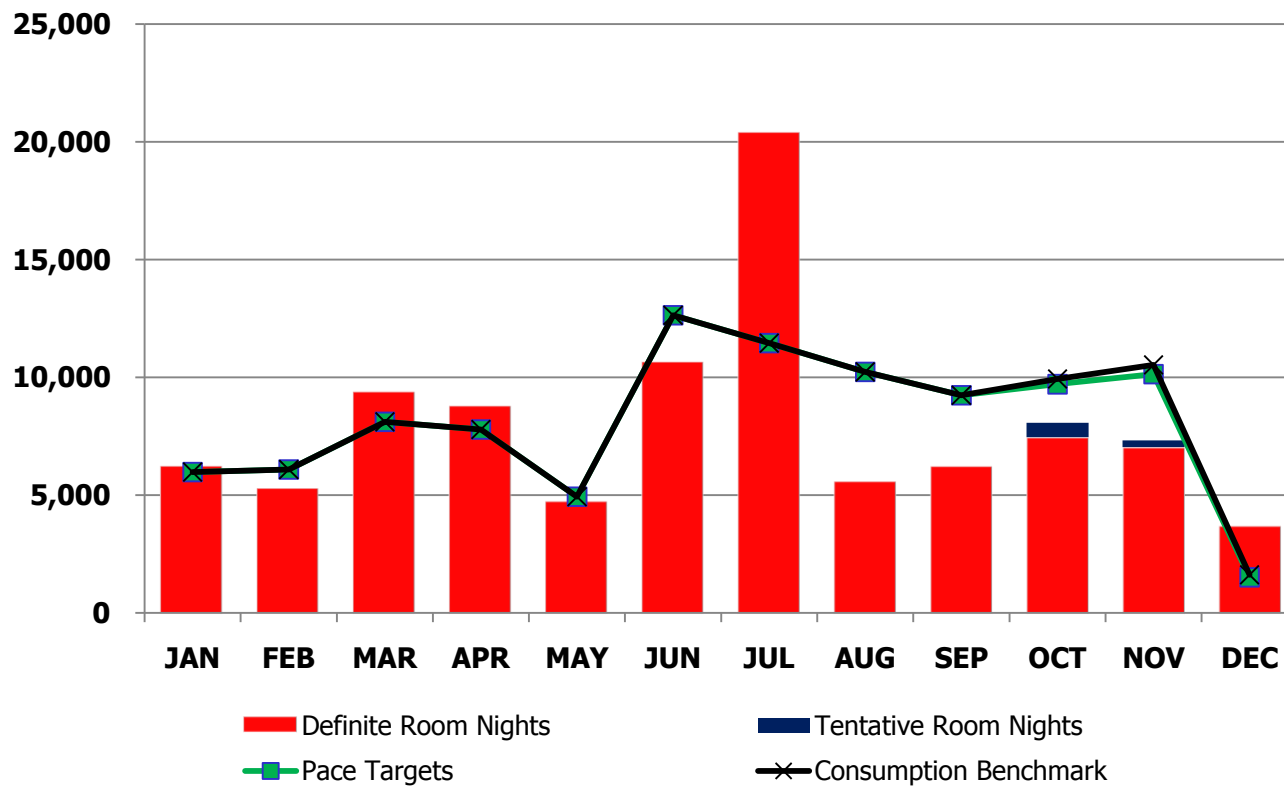
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Providence - Future

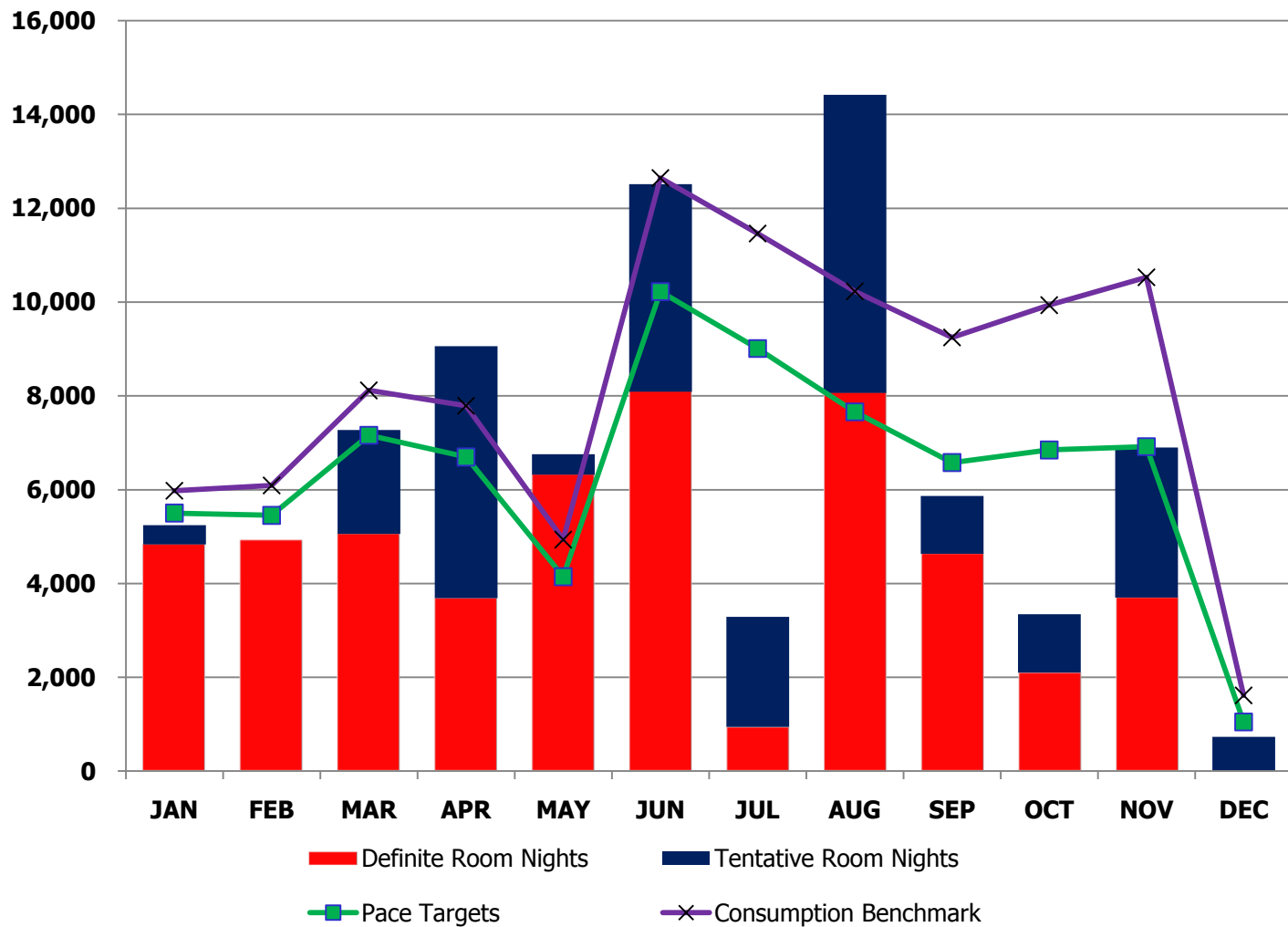
- Convention
- Office Market
- Other Demand Factors
 - New Supply
 - Projections



Providence Convention Center Room Nights - 2010



Providence Convention Center Room Nights - 2011



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

	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
12/31/09	6,356,985	17.2%	(147,916)



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Providence Other Factors

- Economic Outlook – Slow, Positive Growth
 - No New Lodging Supply



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Providence – Projections

- 2010 – 65% @ \$127: REVPAR - \$82.55
- 2011 – 67% @ \$134: REVPAR - \$89.75



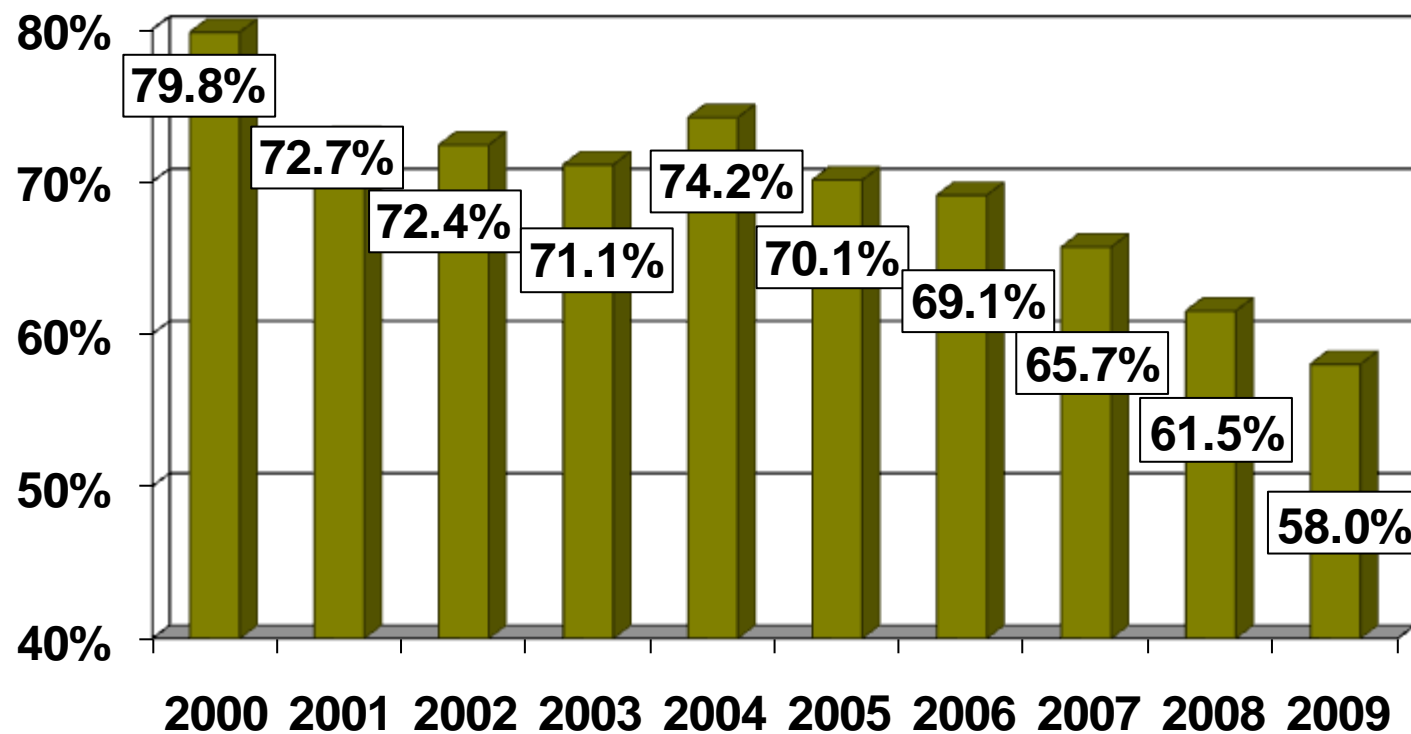
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WARWICK LODGING MARKET



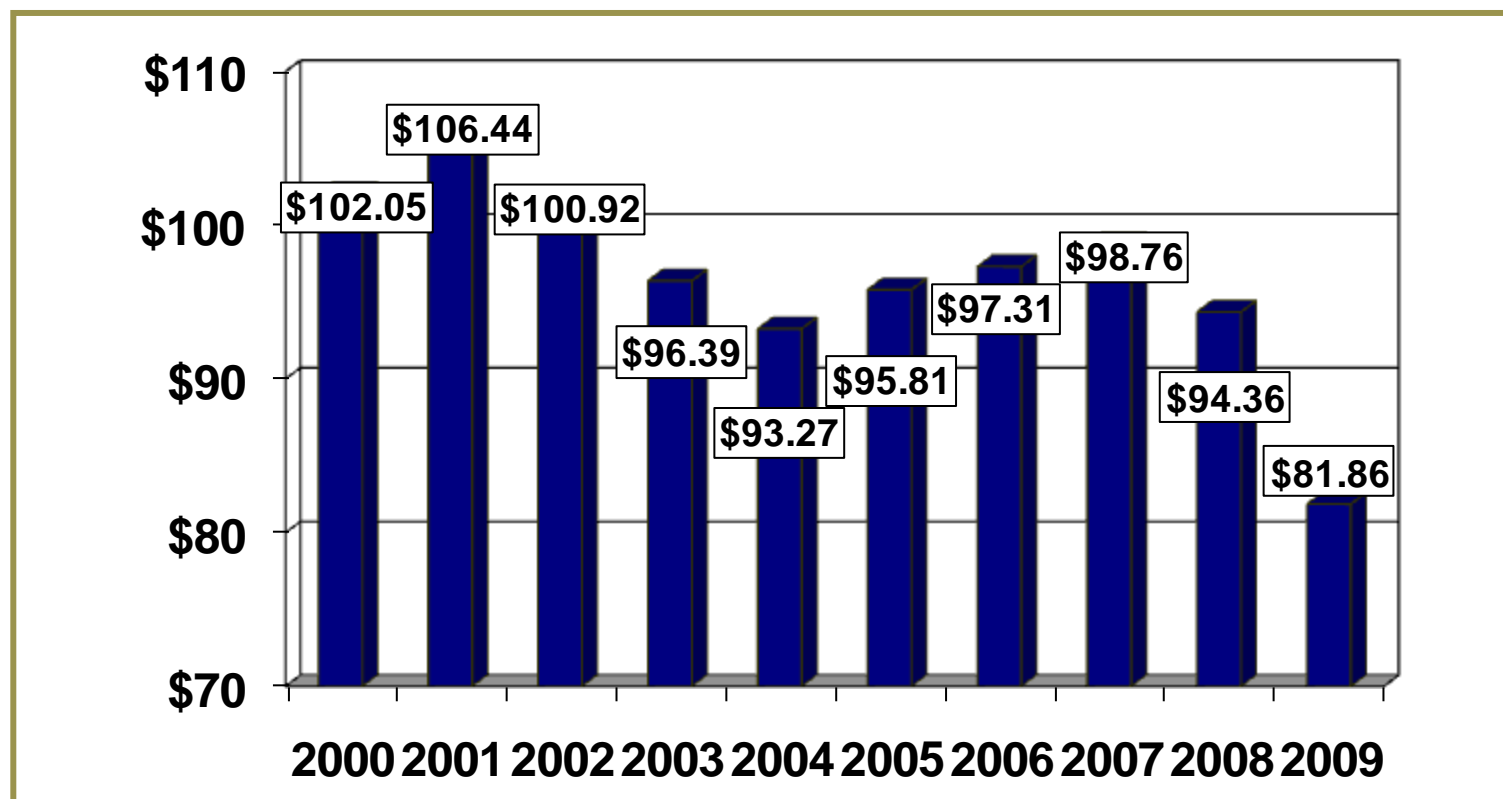
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Warwick Occupancy 2000-2009





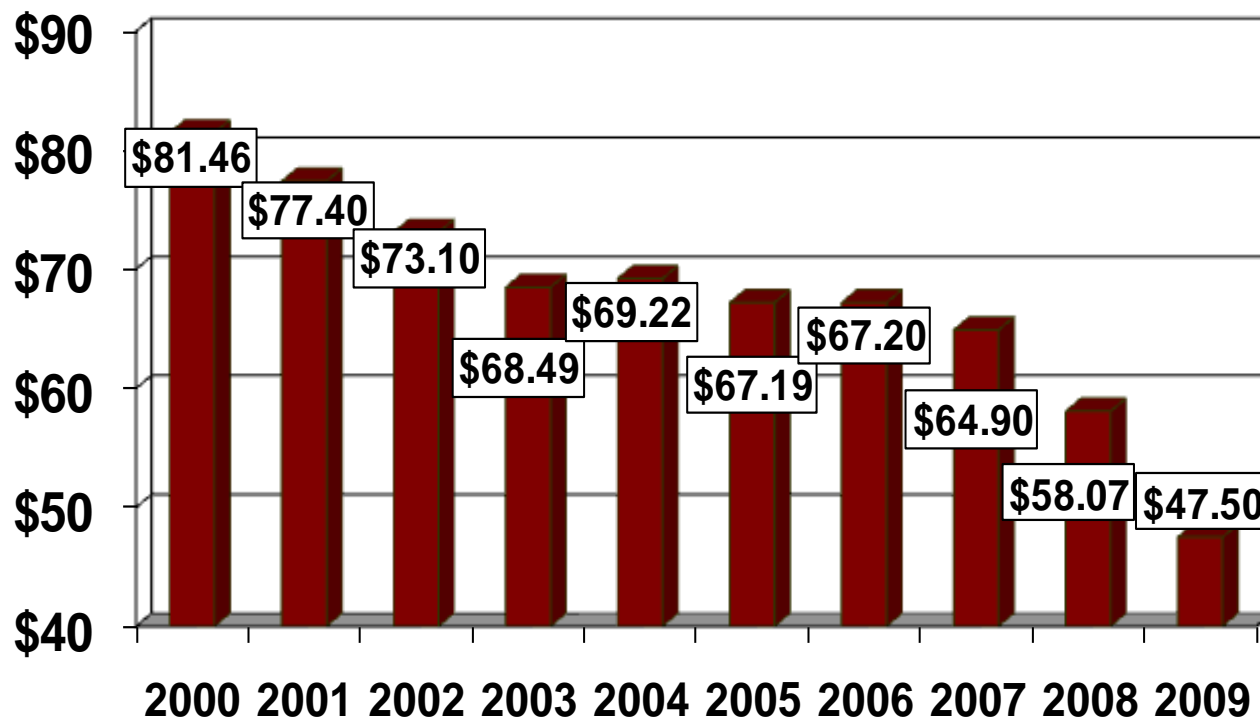
Warwick Average Daily Room Rate 2000-2009





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Warwick RevPAR 2000-2009





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Warwick YTD August

	<u>2009</u>	<u>2010</u>	
Occupancy	58.0%	68.6%	
ADR	\$83.53	\$80.99	
RevPAR	\$48.42	\$55.58	<i>Up 14.8%</i>



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Warwick – Future

Issues

- Airport Factors – YTD Passengers Down 11%
- Interlink Opened October 2010
- No New Supply
- Economy Shows Sign of Recovery

Projections

- 2010: 69% @ \$81: REVPAR - \$55.90
- 2011: 69% @ \$86: REVPAR - \$59.30

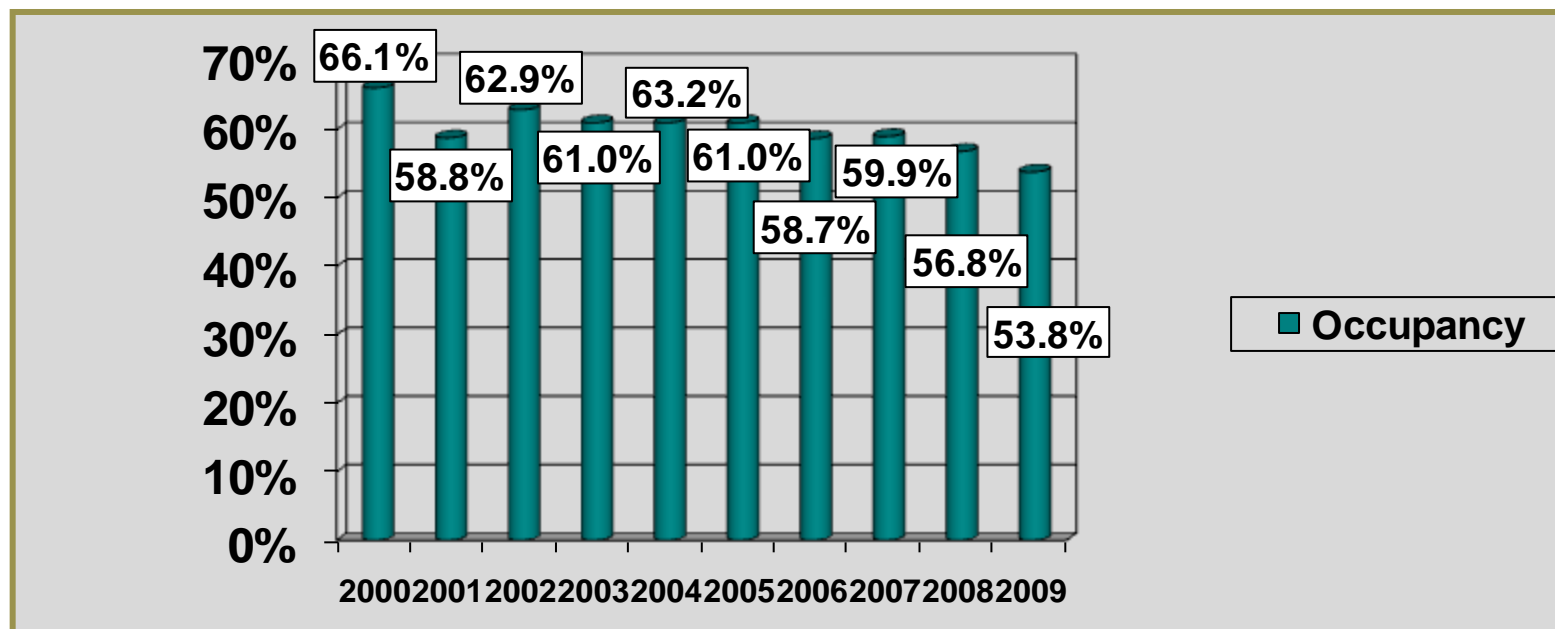


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NEWPORT LODGING MARKET



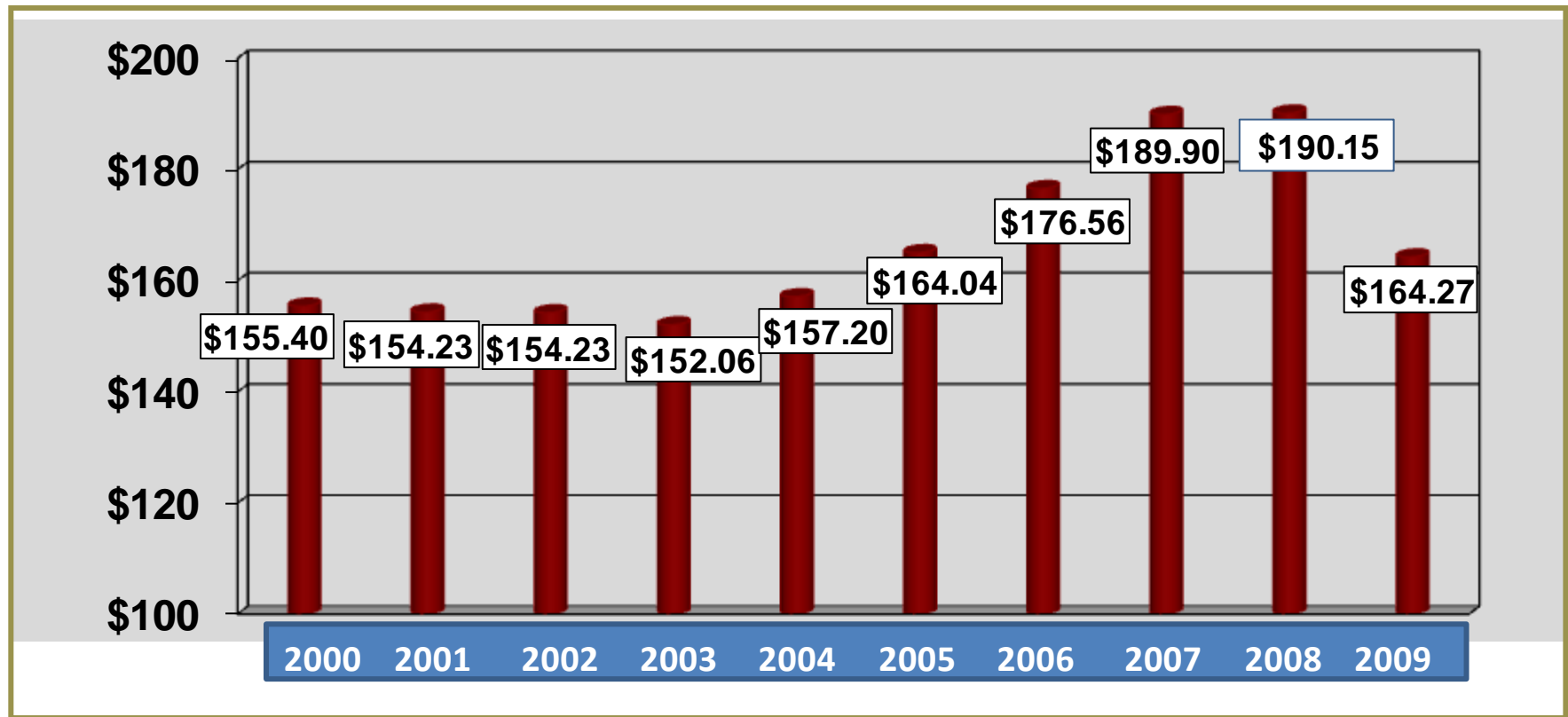
Newport Occupancy 2000-2009





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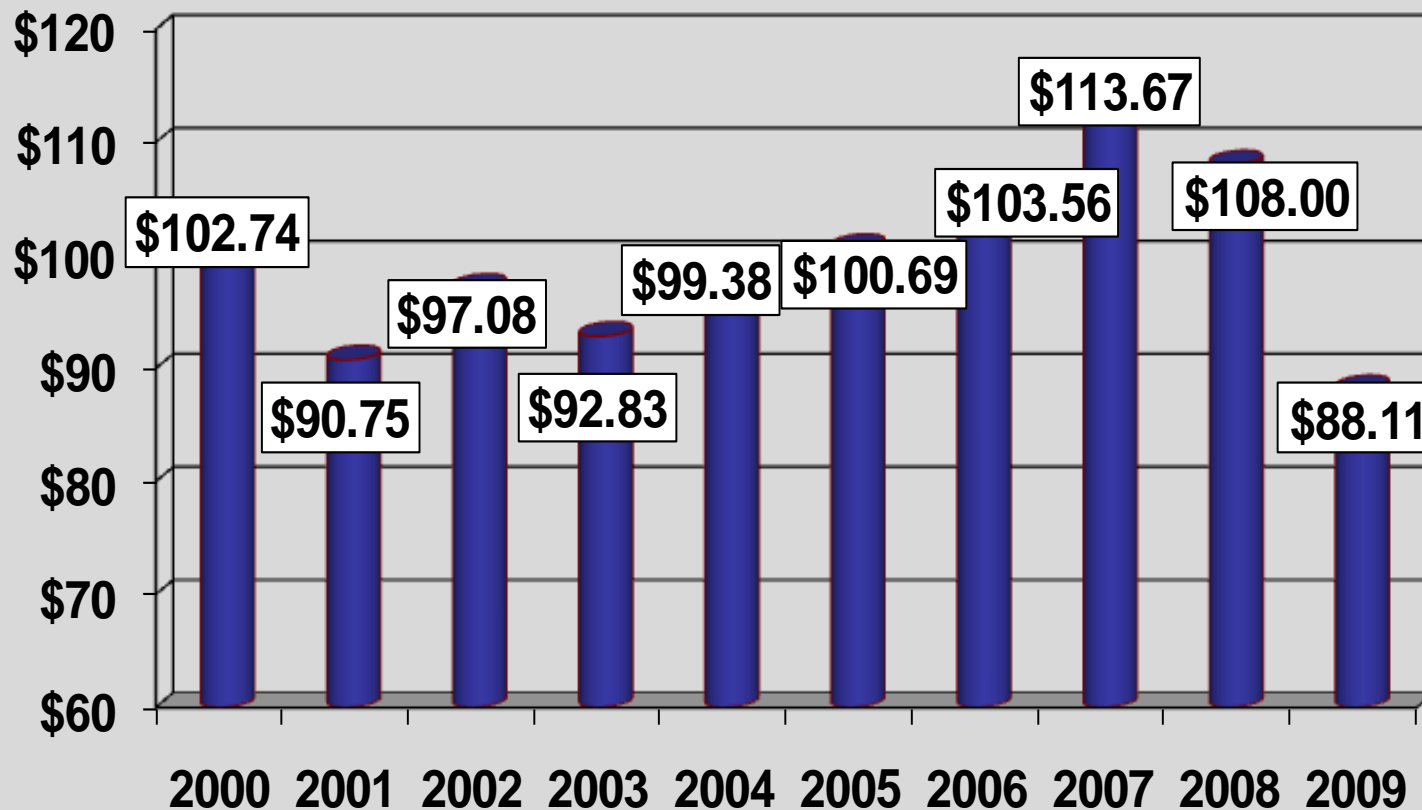
Newport Average Daily Rate 2000-2009





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Newport RevPAR 2000-2009





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Newport YTD August

	<u>2009</u>	<u>2010</u>	
Occupancy	54.8%	59.5%	
ADR	\$165.84	\$166.00	
RevPAR	\$90.82	\$98.74	<i>Up 8.7%</i>



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Newport – Future

Issues:

- No New Supply
- Anticipate pickup in short term groups
- Demand growth will allow for increased rates
- Renovated hotels are a positive
- Improved economy bodes well for all demand segments

Projections:

2010 – 60% @ \$169: RevPAR - \$101.40

2011 – 61% @ \$176: RevPAR - \$107.41



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