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Advisory Group



rhode island
hospitality

Economic Outlook Breakfast

September 26, 2012

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

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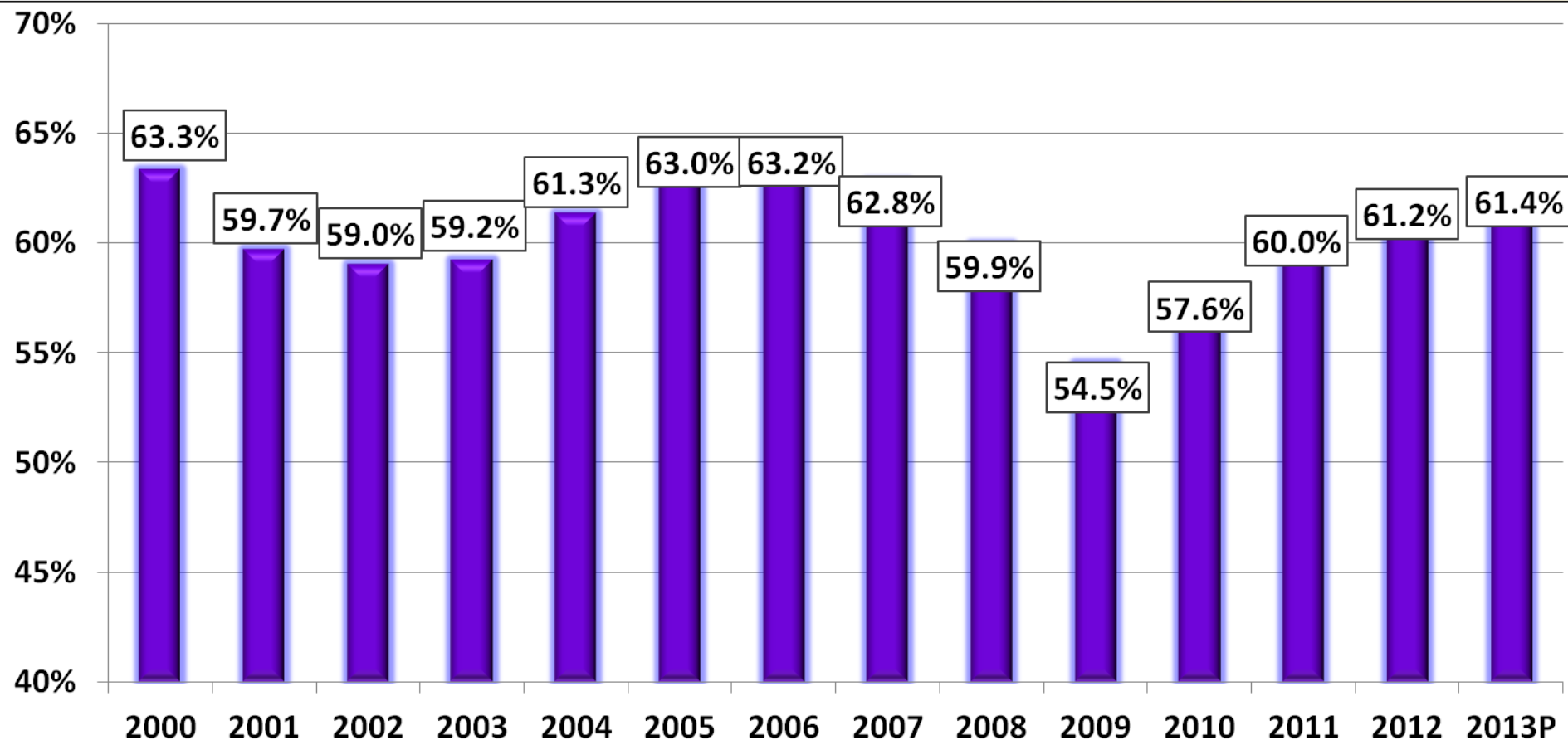
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NATIONAL LODGING MARKET

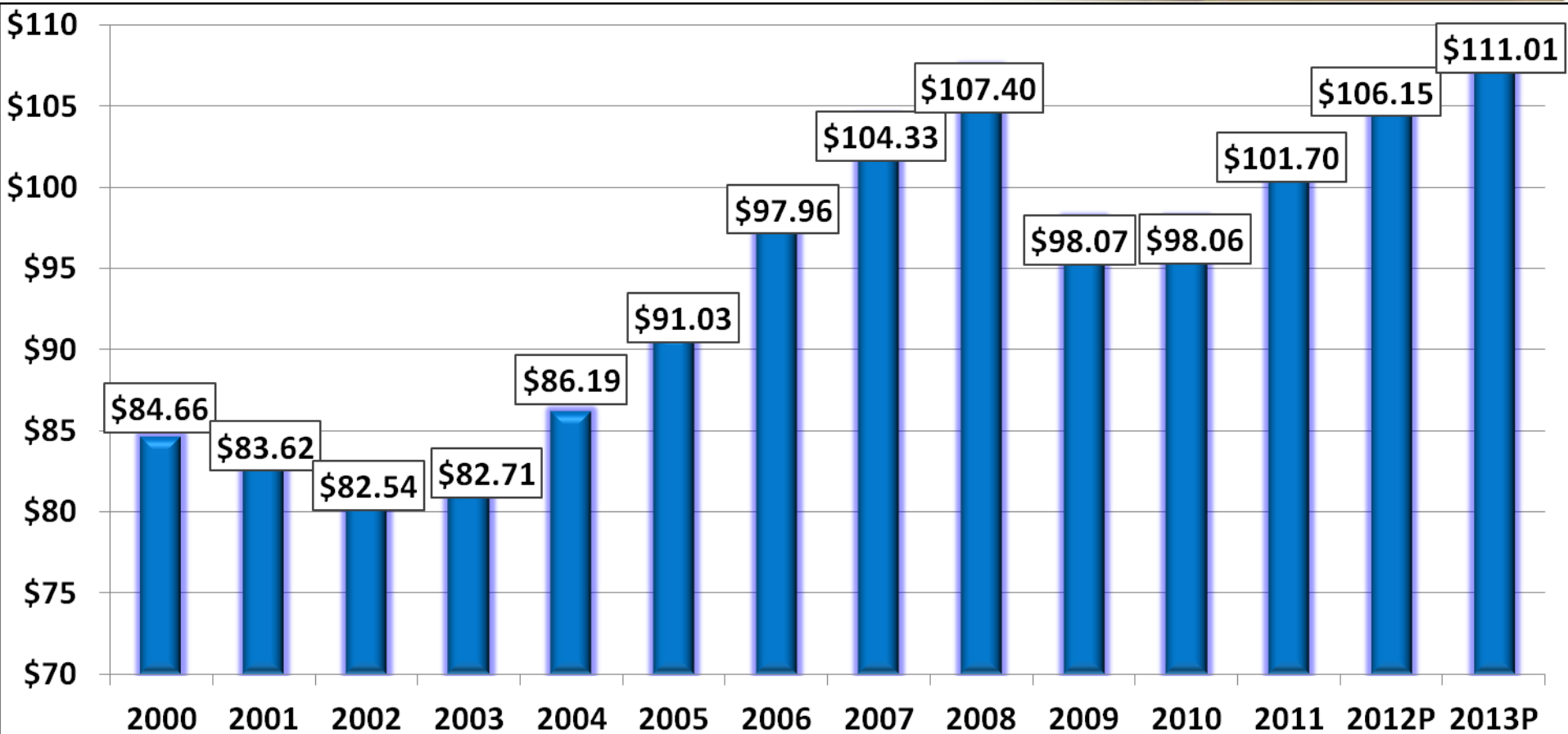


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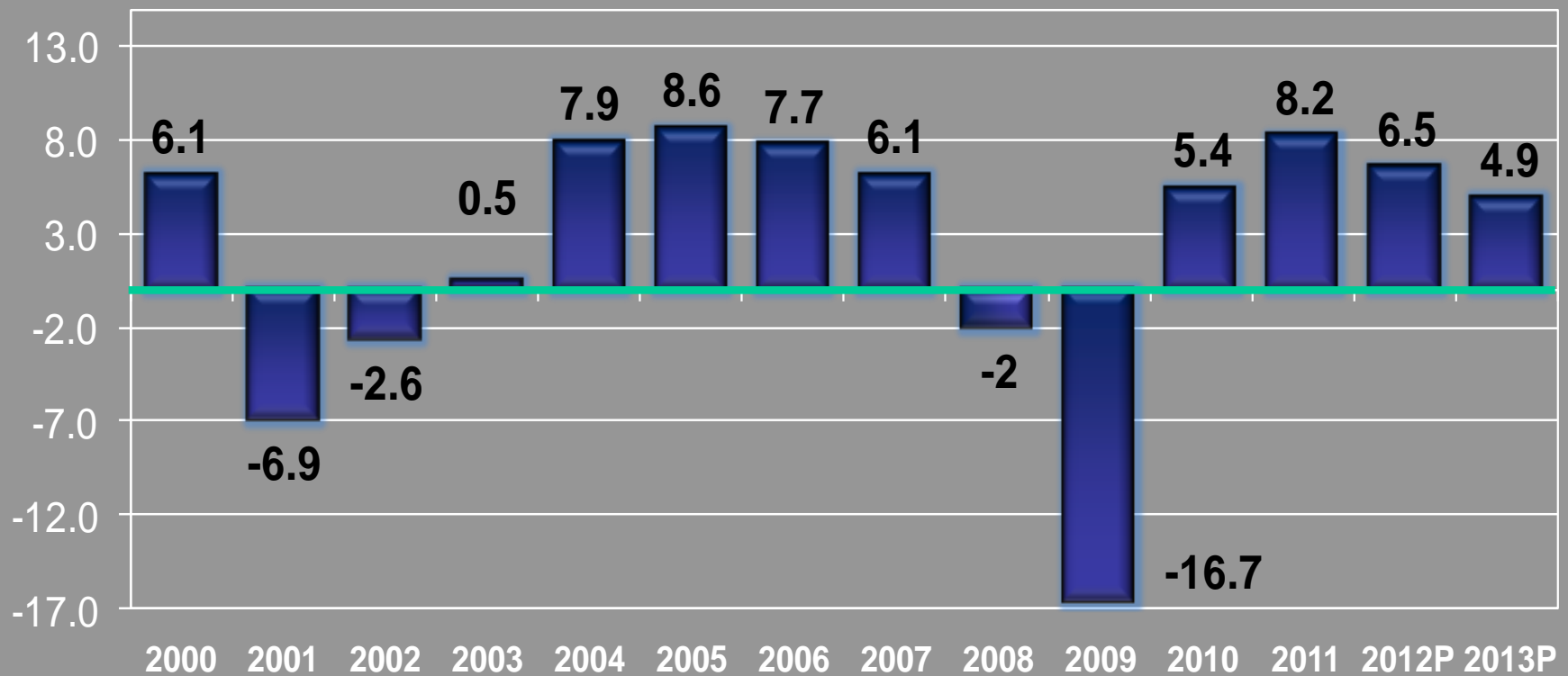
U.S. Occupancy Percent 2000 – 2013P



U.S. Average Daily Rate 2000 – 2013P



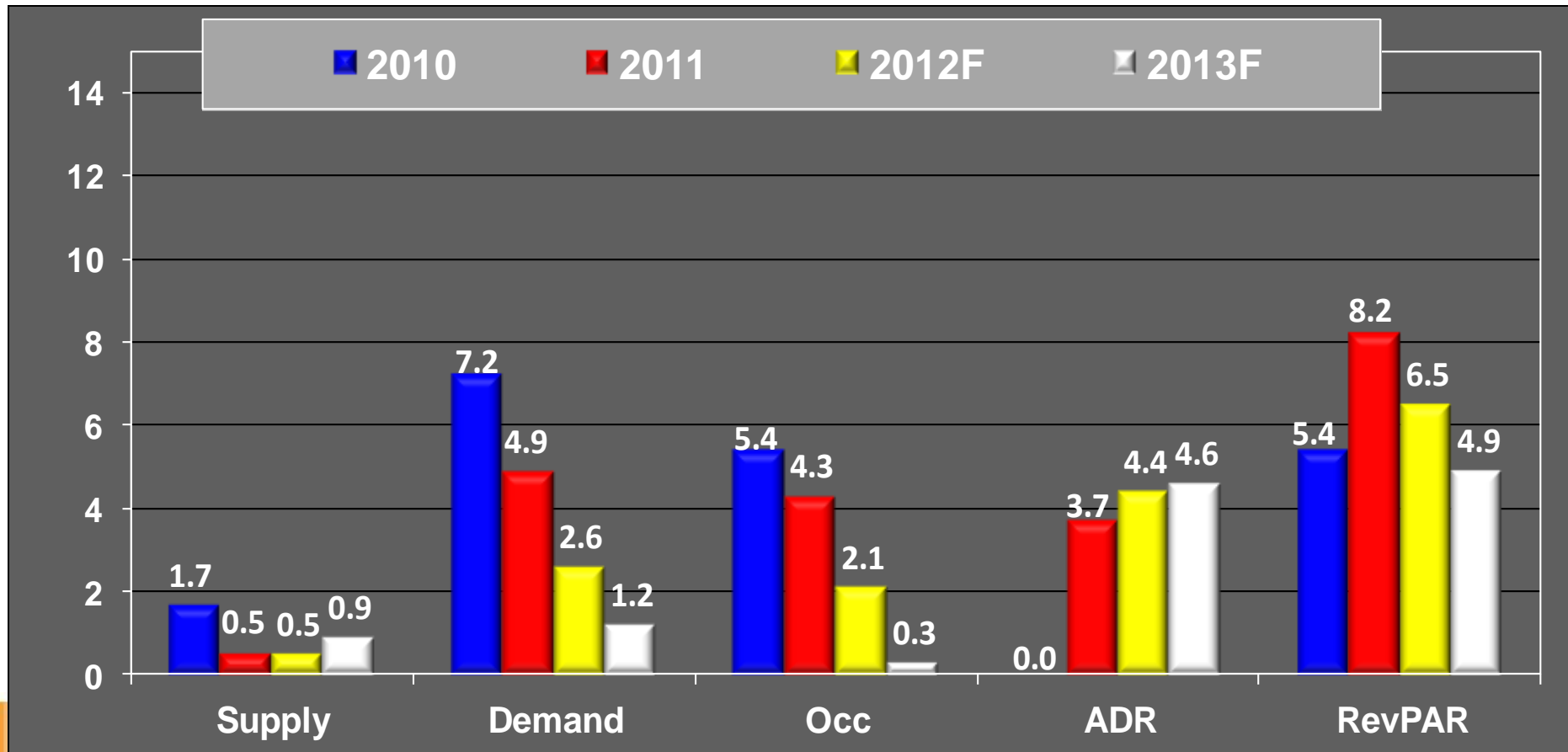
U.S. RevPAR Percent Change 2000 – 2013P



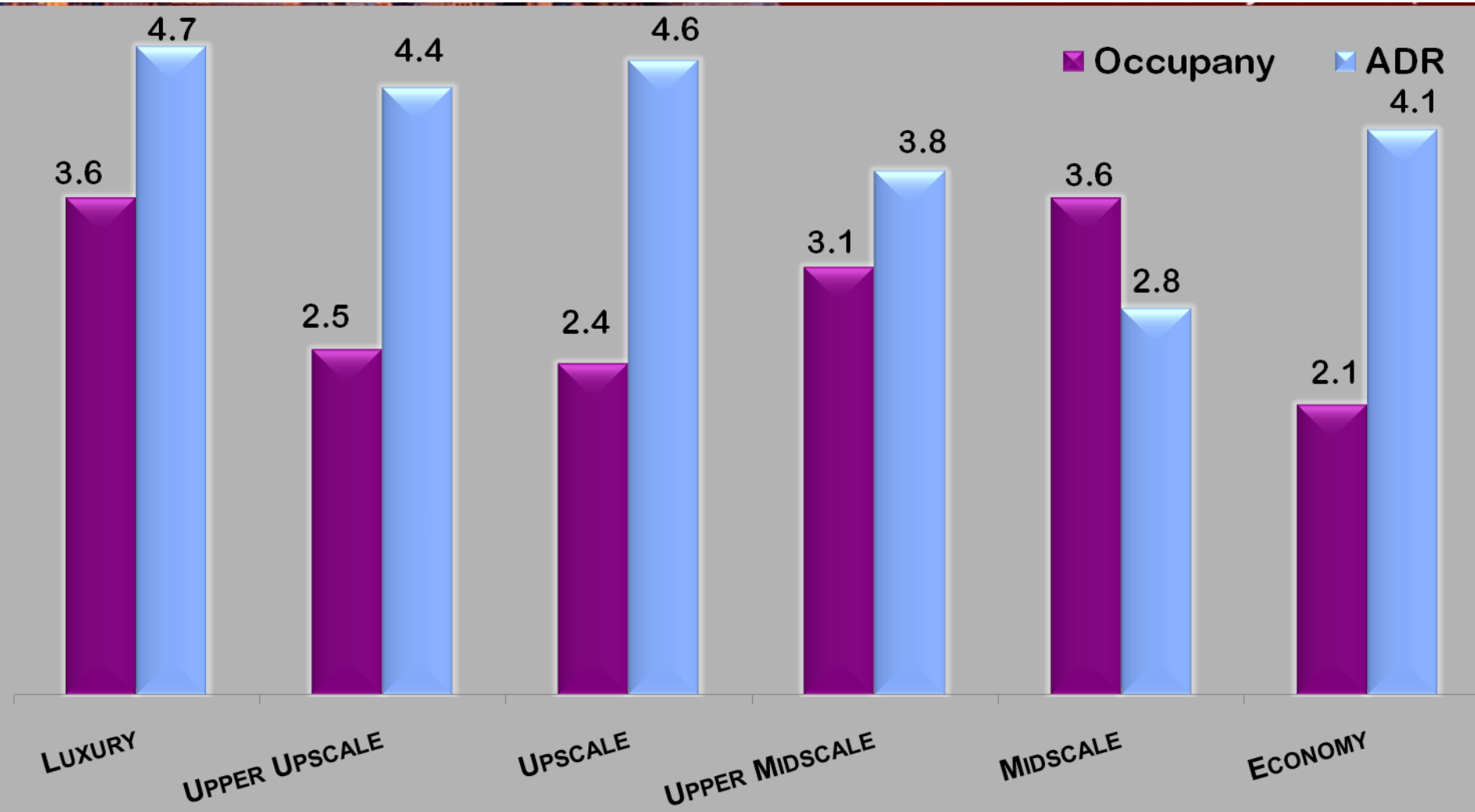
Total US Room Rates Actual vs. Inflation Adjusted 2000 – 2013F



Total United States Key Performance Indicators Percent Change Full Year 2010 Actual & 2011 / 2012F & 2013 Forecast



US Chain Scale: Occupancy and ADR % Change YTD August 2012





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Takeaways:

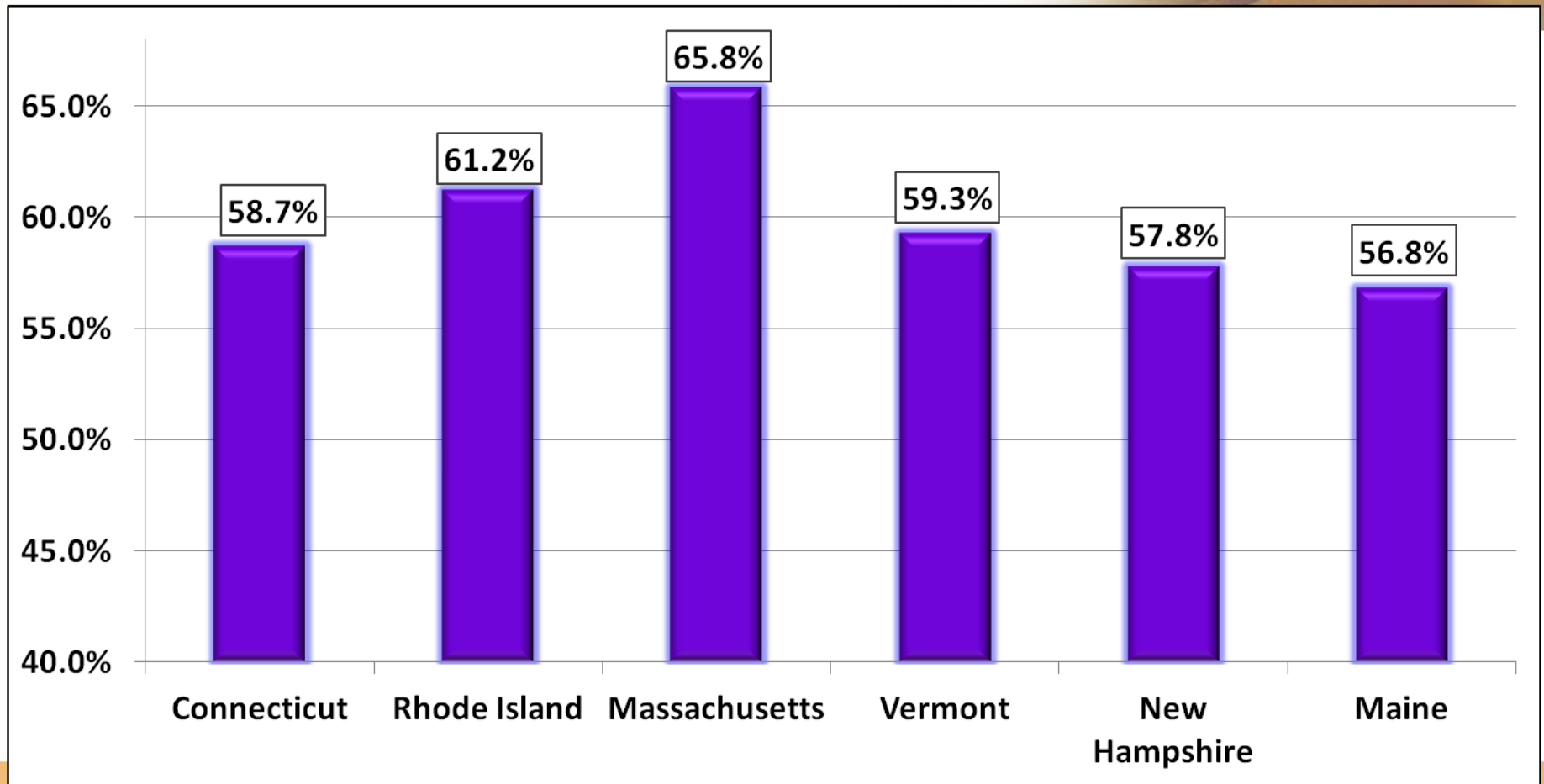
- While supply will increase, supply growth will remain slow
- Demand growth continues to be positive, but shows signs of slowing
- Occupancy will improve but at a very modest pace
- ADR will continue to show growth greater than inflation
- Uncertain economy both at home and internationally will hamper growth
- The national lodging market will continue positive trends for at least another two years



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NEW ENGLAND LODGING MARKET

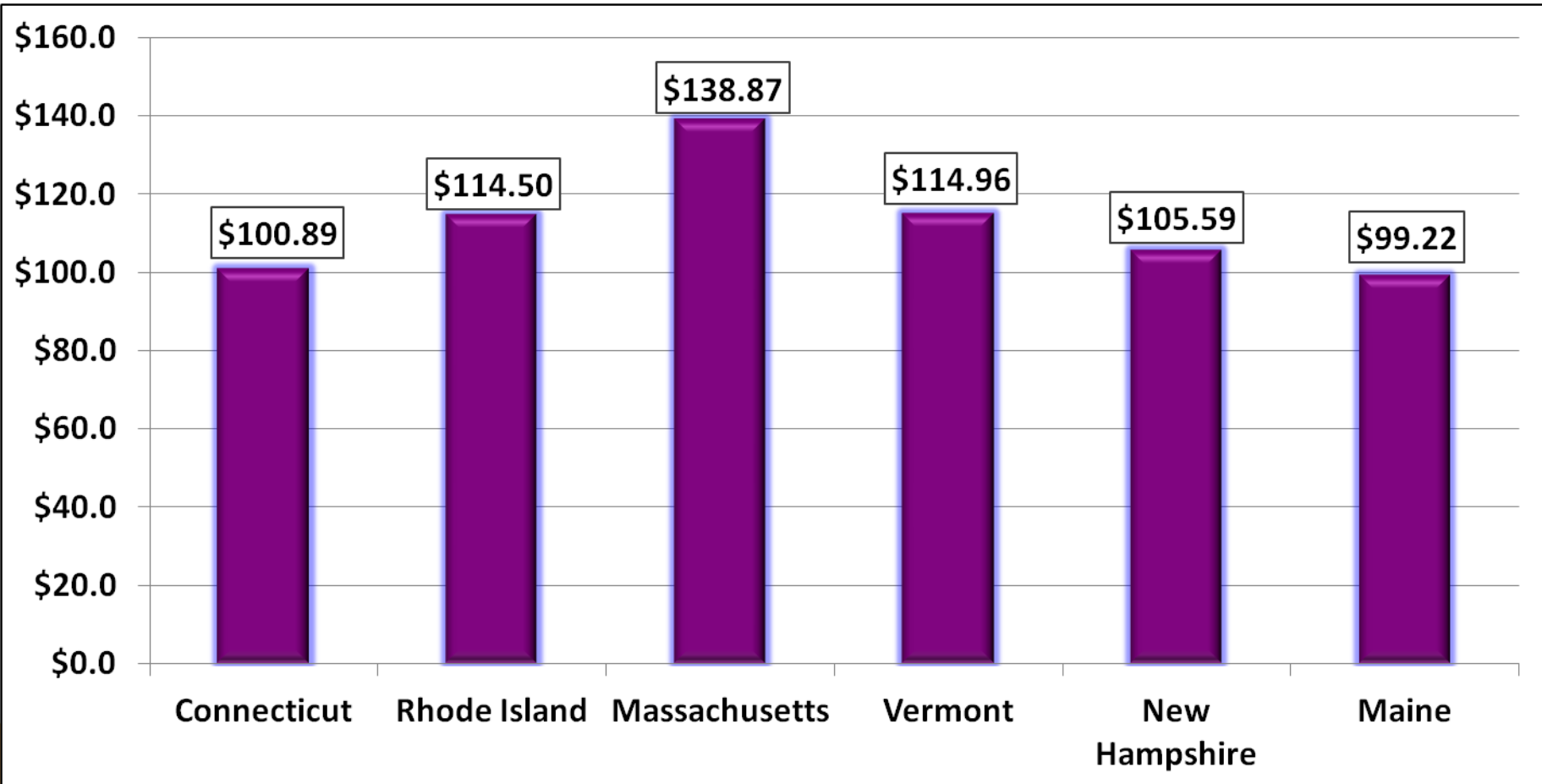
New England Occupancy 2011





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New England Average Daily Rate - 2011

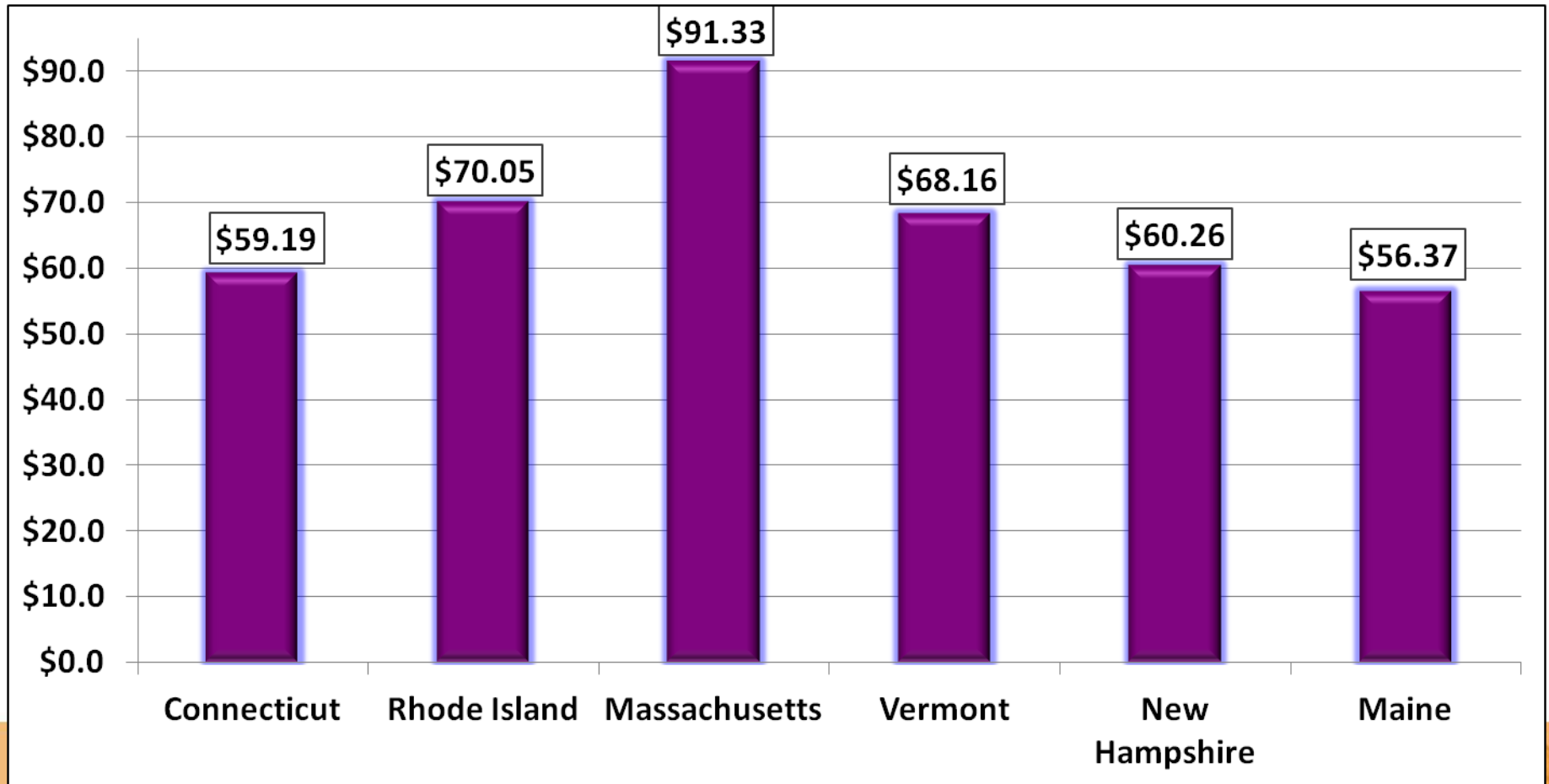


Source: Smith Travel Research/Pinnacle Advisory Group



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New England RevPAR – 2011





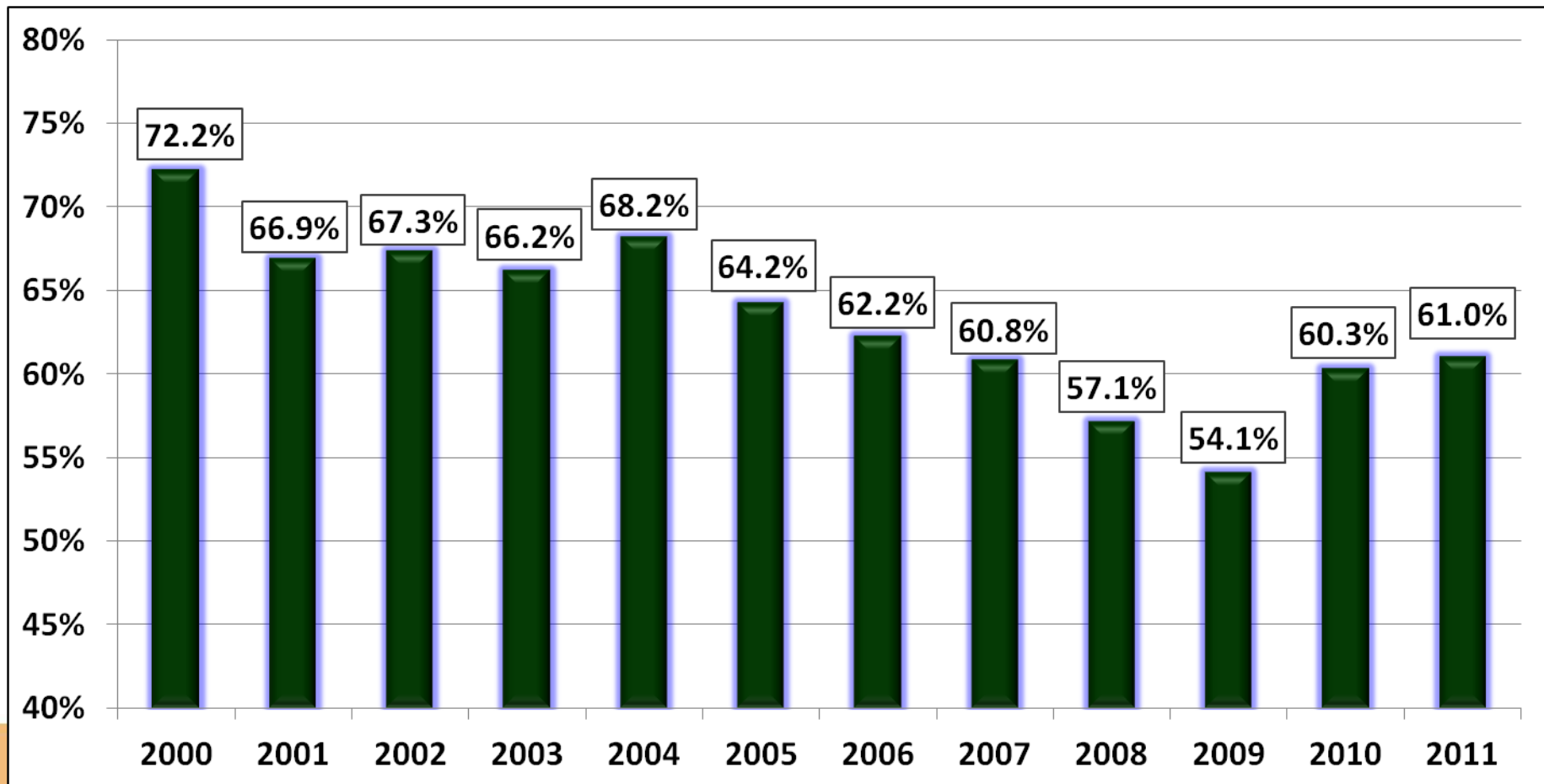
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RHODE ISLAND LODGING MARKET



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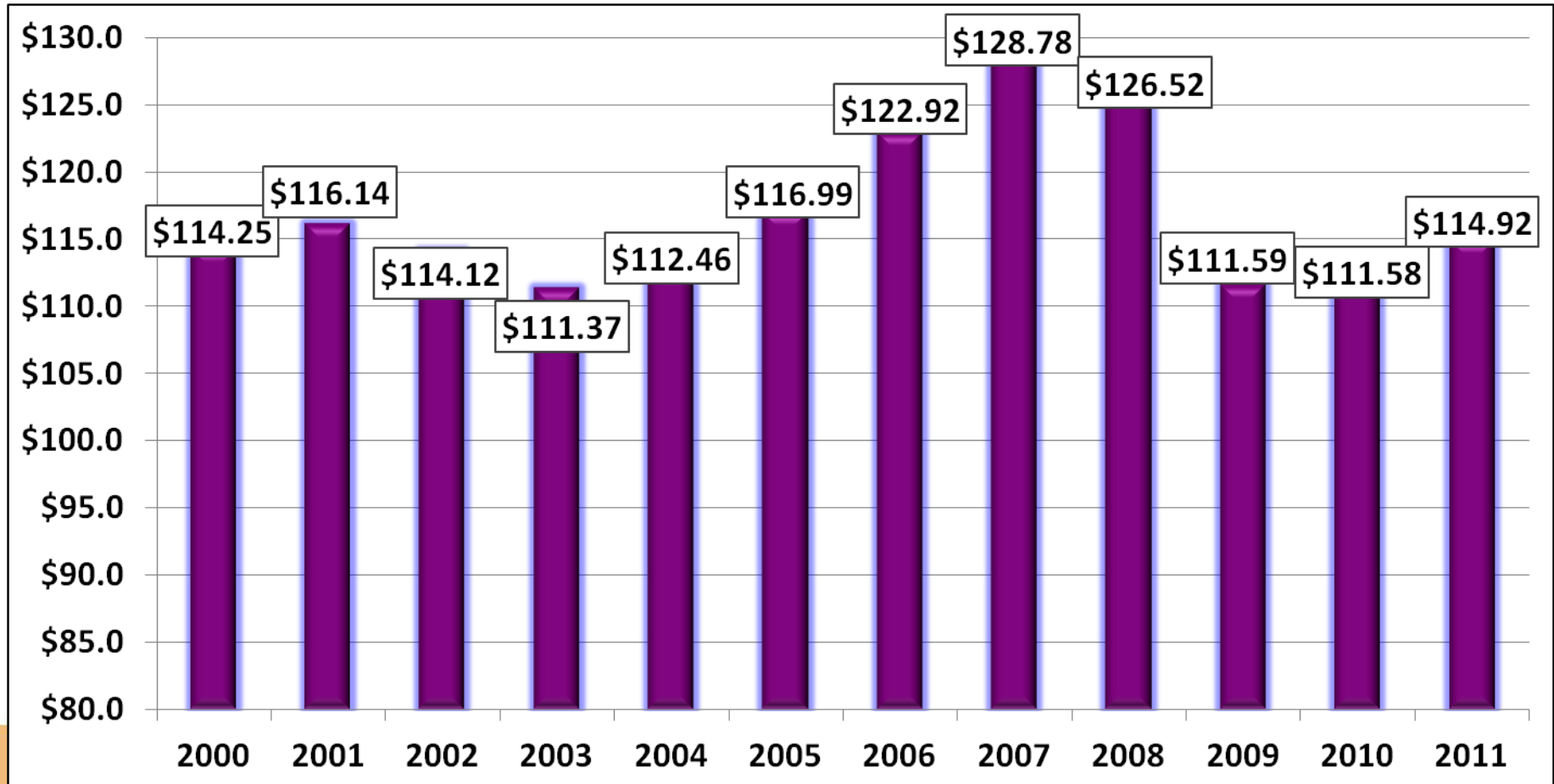
Rhode Island Occupancy 2000-2011





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Rhode Island Average Daily Room Rate 2000-2011





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Rhode Island RevPAR 2000-2011



Source: Smith Travel Research



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Rhode Island Year-to-Date August Comparison

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Occupancy	61.7%	61.3%	62.5%	
ADR	\$112.31	\$115.75	\$120.12	
RevPAR	\$69.24	\$70.93	\$75.04	<i>Up 5.8%</i>

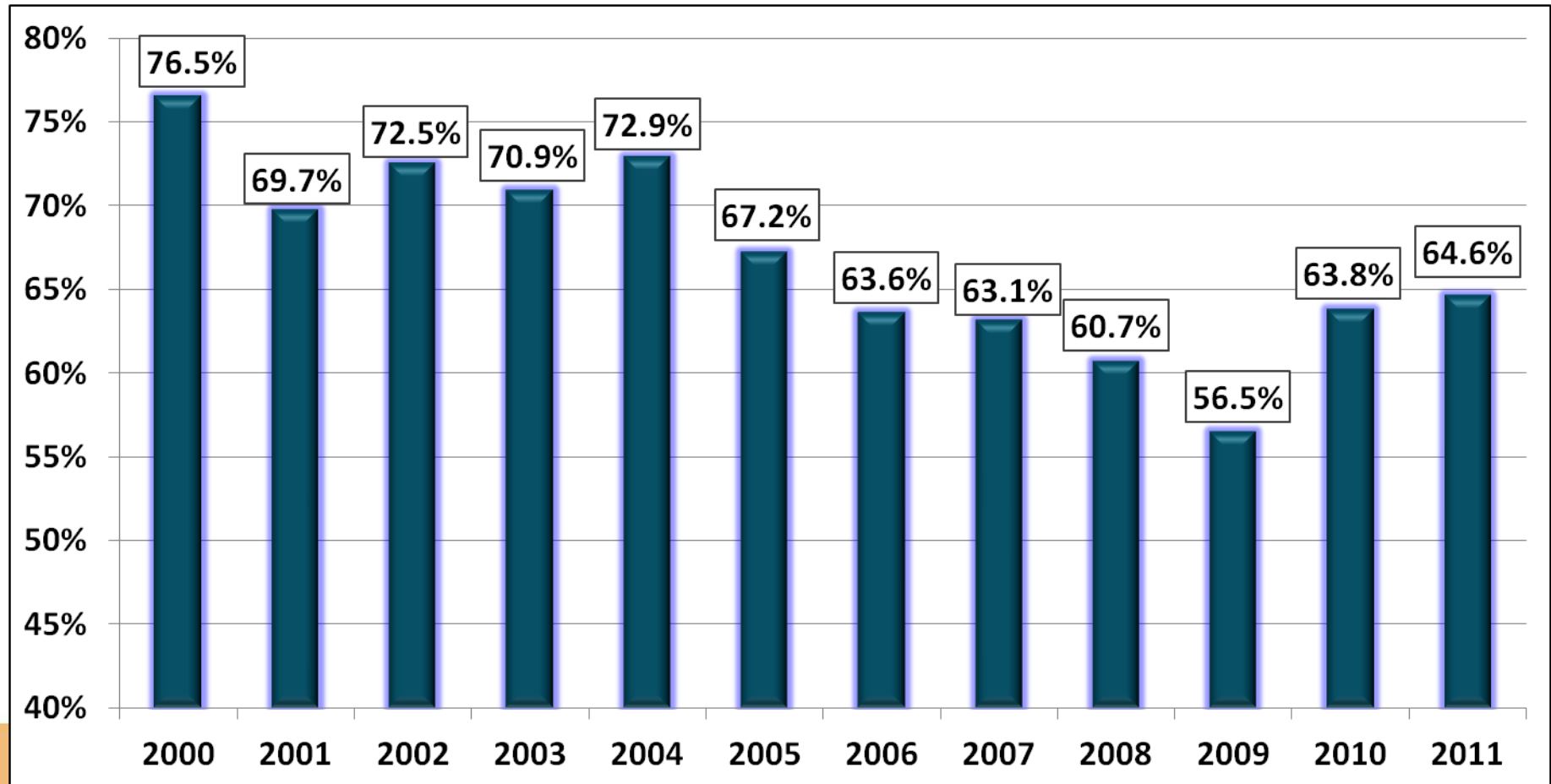


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CITY OF PROVIDENCE LODGING MARKET



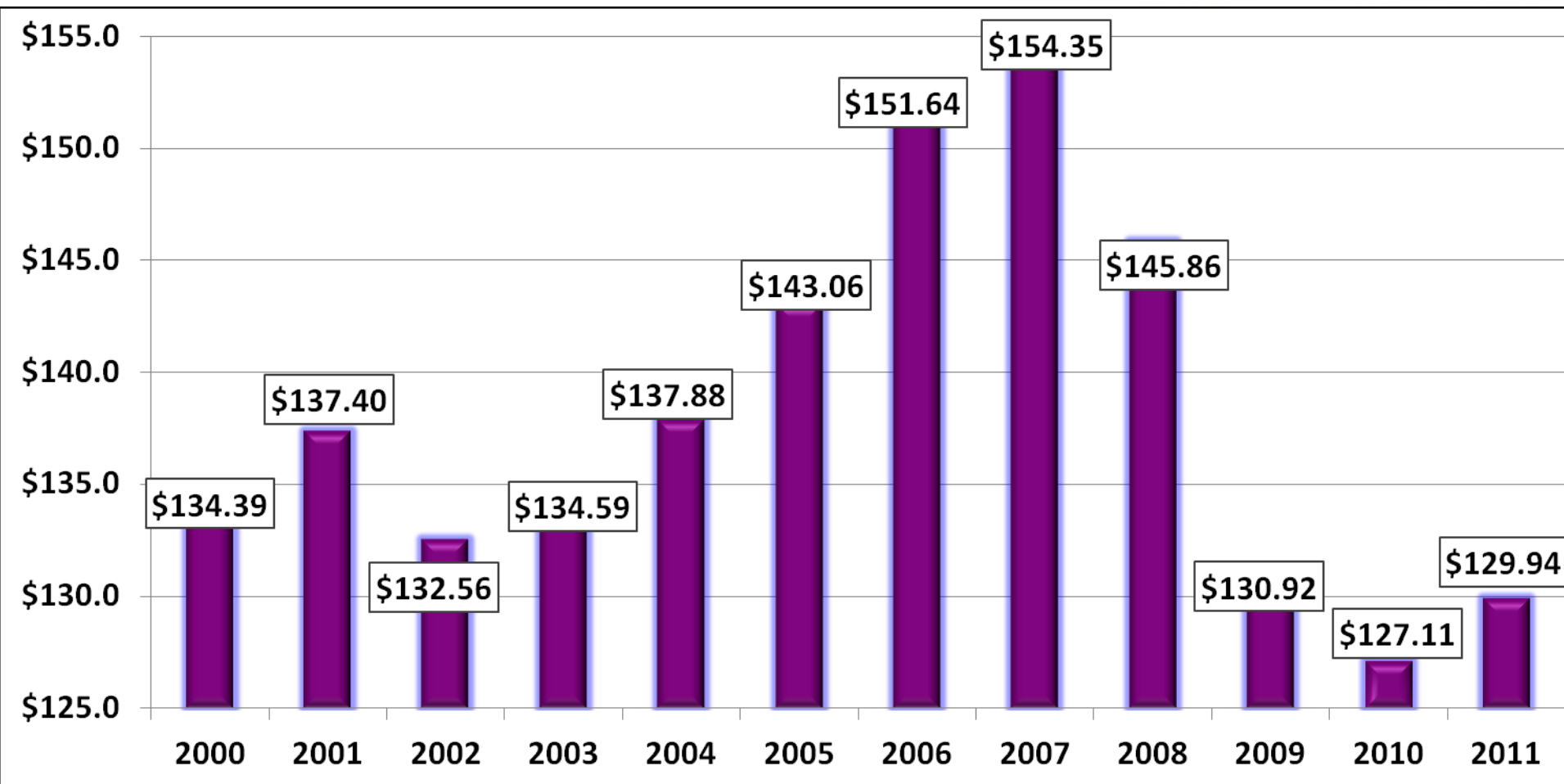
Providence Occupancy 2000-2011





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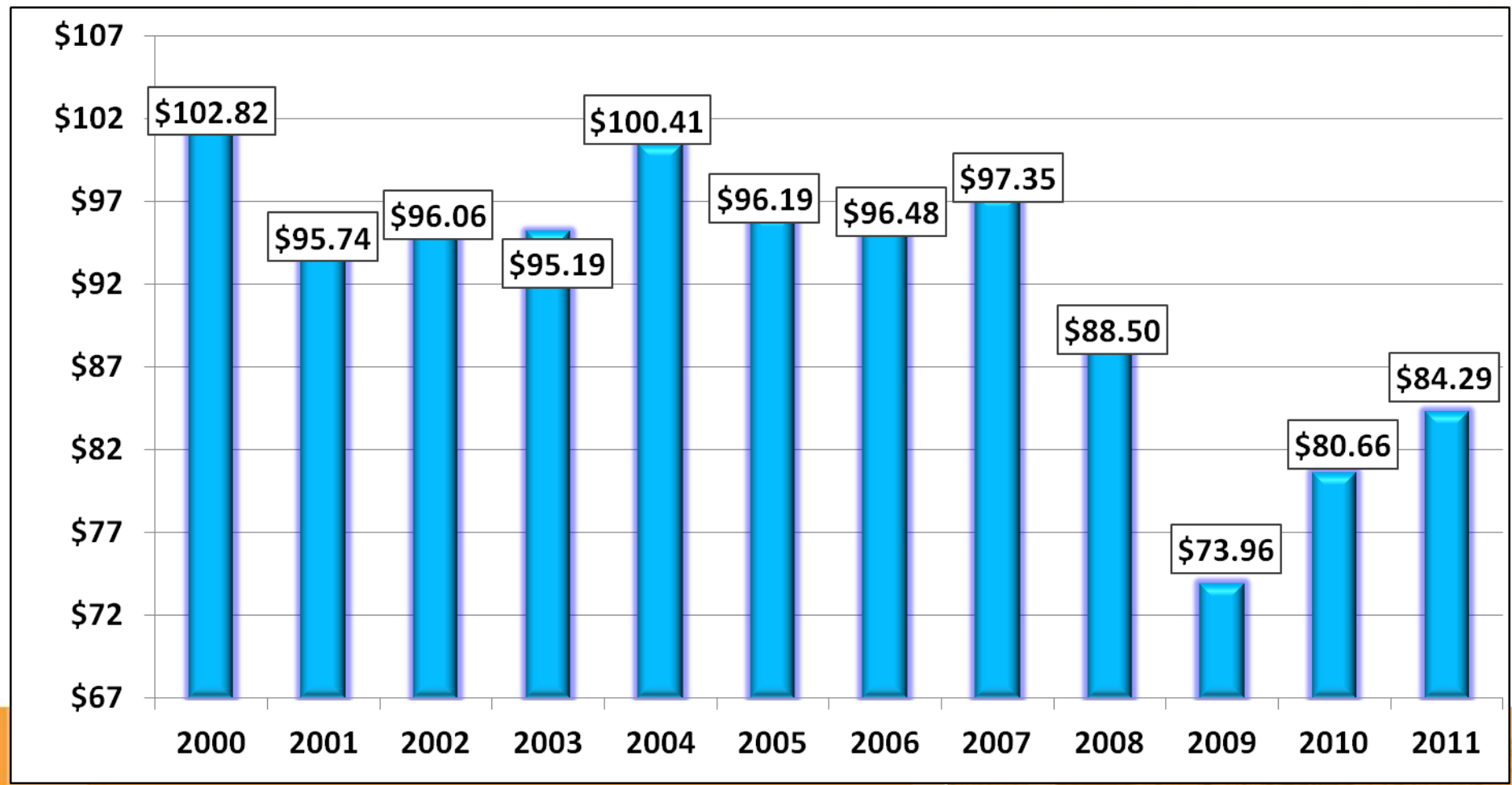
Providence Average Daily Room Rate 2000-2011



Source: Smith Travel Research



Providence RevPAR 2000-2011





Providence YTD August 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Occupancy	63.8%	64.6%	67.9%	
ADR	\$126.42	\$129.68	\$137.94	
RevPAR	\$80.68	\$83.83	\$93.70	<i>Up 11.8%</i>
				YTD Aug.
			US	Up 7.3%
			DC	Up 0.9%
			Phil	Up 6.2%
			Boston	Up 10.6%
			NY	Up 6.4%



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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

	<u>2011*</u>	<u>2012*</u>	<u>% Change</u>
Definite Room Nights	74,548	93,735	25.7%
Total Demand Room Nights	287,602	318,775	10.8%
Definite Events	153	178	16.3%
Total Demand Events	368	401	8.9%

*2011 actual data: 2012 data as of period ending August 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%	
12/31/11	6,248,777	15.96%	172,025

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Providence Other Factors

- Economic Outlook – Modest Growth
 - No New Lodging Supply



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Providence – Projections

- 2012 – 67% @ \$136: REVPAR - \$91.12
- 2013 – 69% @ \$141.40: REVPAR - \$97.56



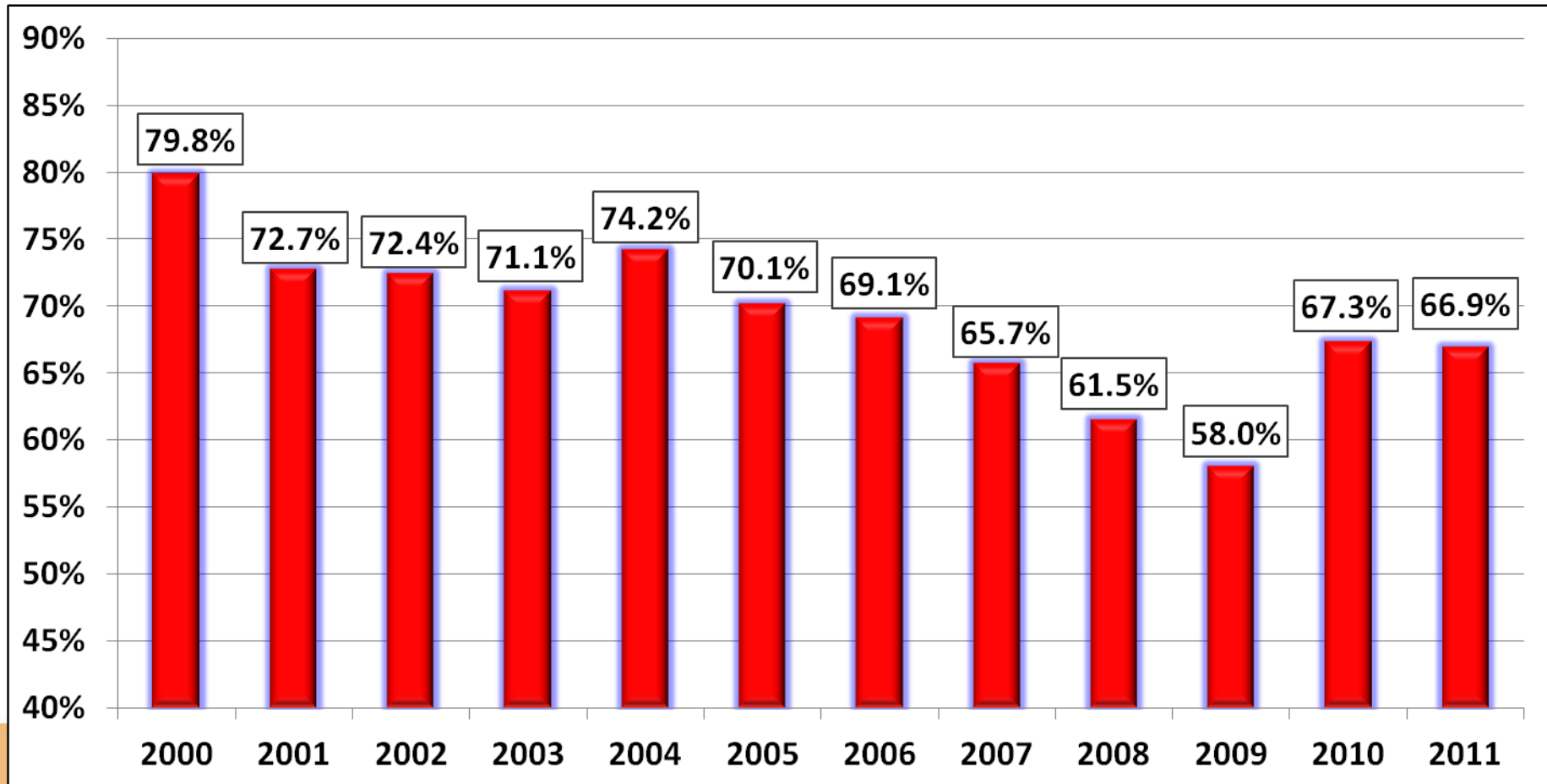
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WARWICK LODGING MARKET



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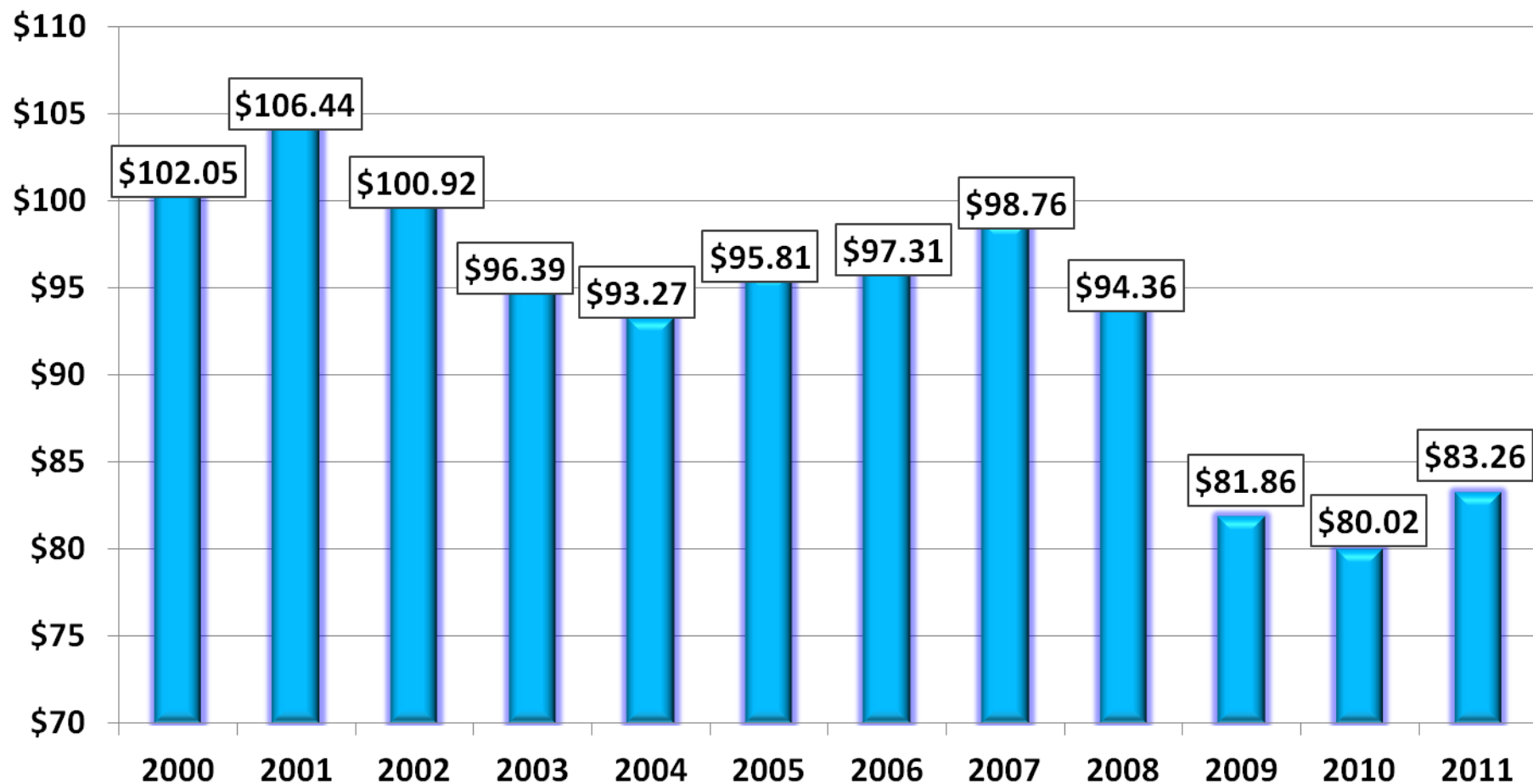
Warwick Occupancy 2000-2011





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Warwick Average Daily Room Rate 2000-2011

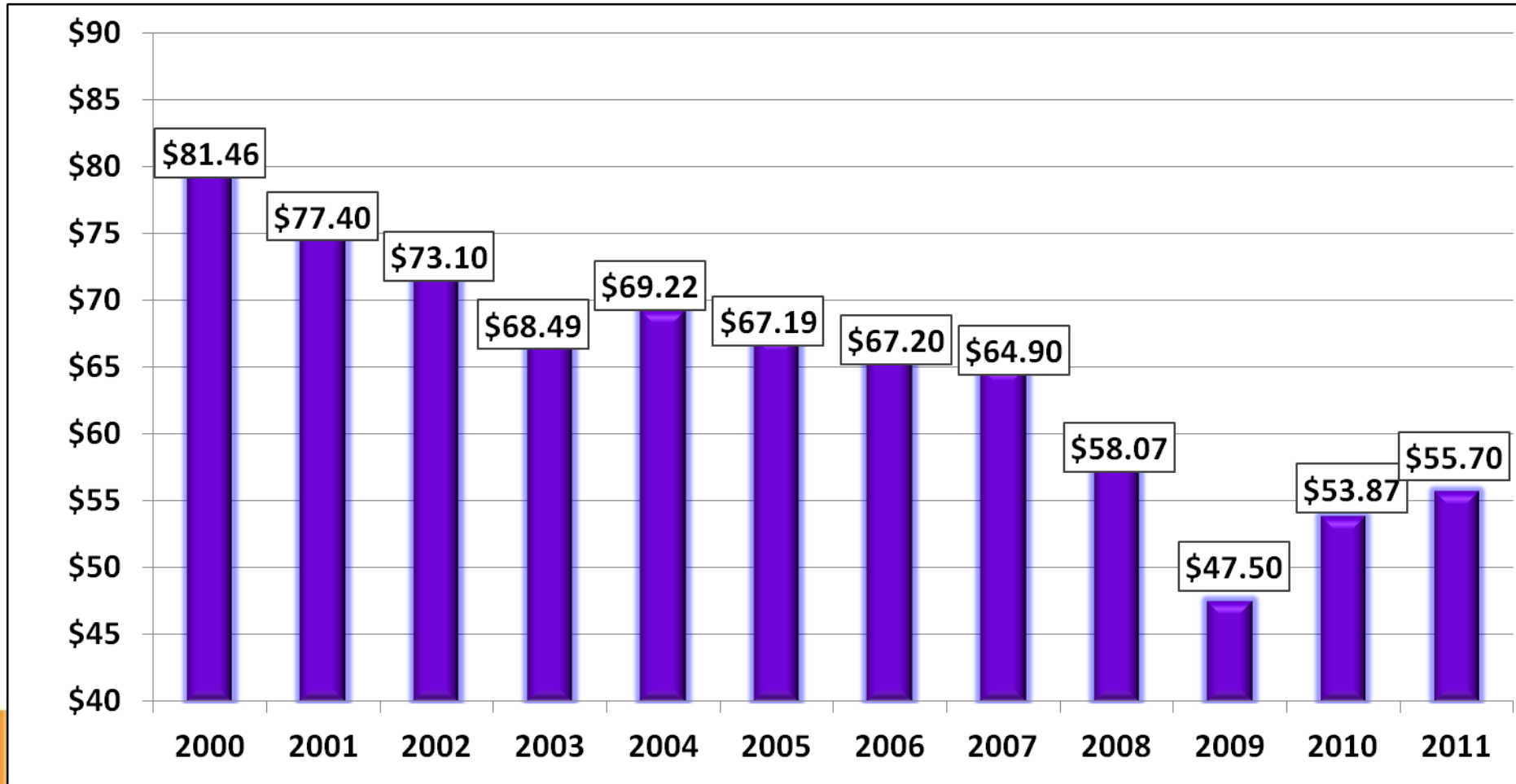


Source: Smith Travel Research



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Warwick RevPAR 2000-2011



Source: Smith Travel Research



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Warwick YTD August 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Occupancy	68.4%	68.2%	64.8%	
ADR	\$79.67	\$82.99	\$84.62	
RevPAR	\$54.52	\$56.63	\$54.85	<i>Down (3.1)%</i>



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Warwick – Future

Issues

- Airport Factors – YTD Passengers Down 3.4% - Has Declined Since 2005
- No New Supply – NYLO reopened in September 2011
- Economy Continues to Improve

Projections

- 2012: 66% @ \$85: REVPAR - \$56.10
- 2013: 68% @ \$87.50: REVPAR - \$59.50

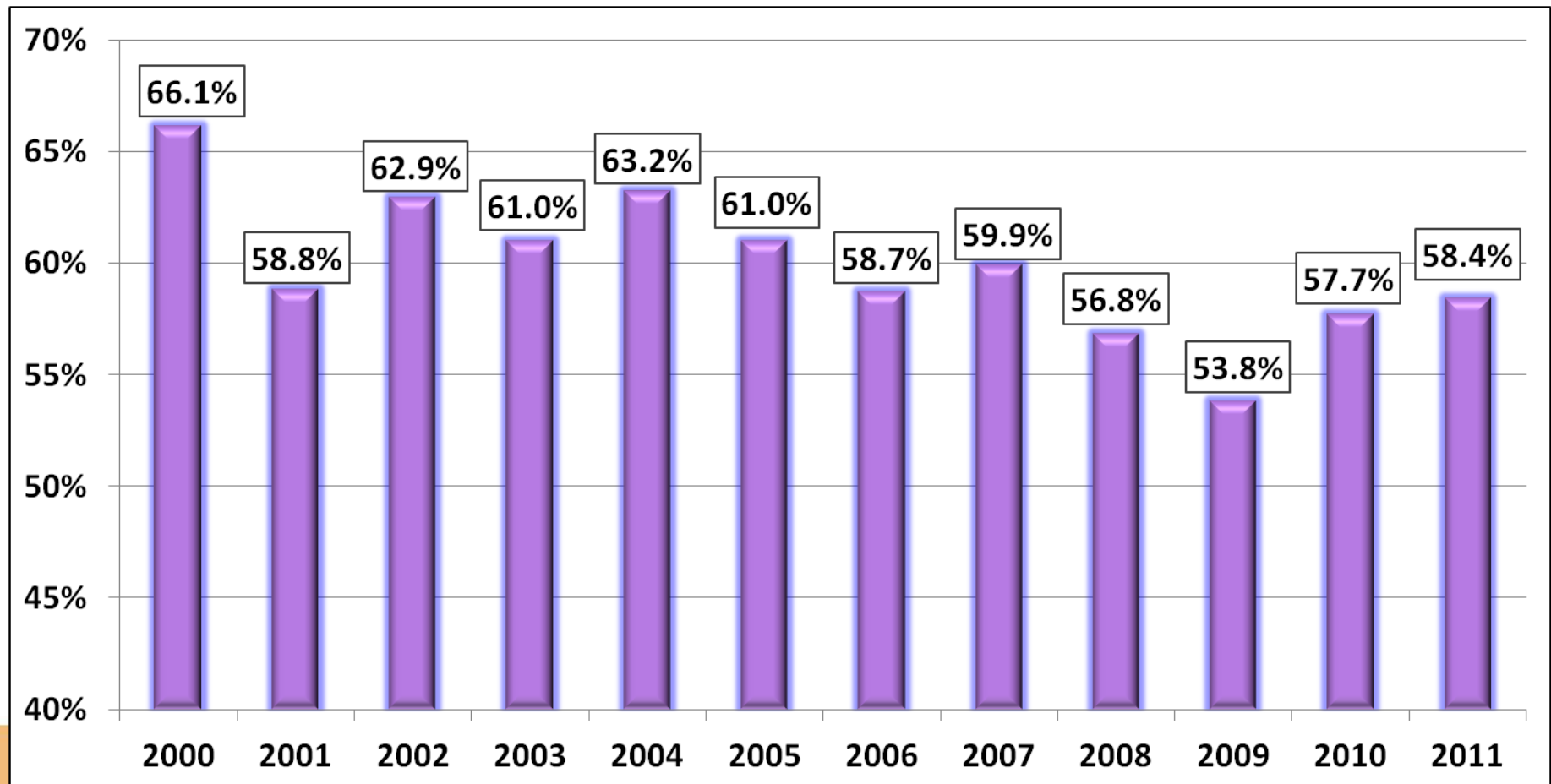


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NEWPORT LODGING MARKET



Newport Occupancy 2000-2011





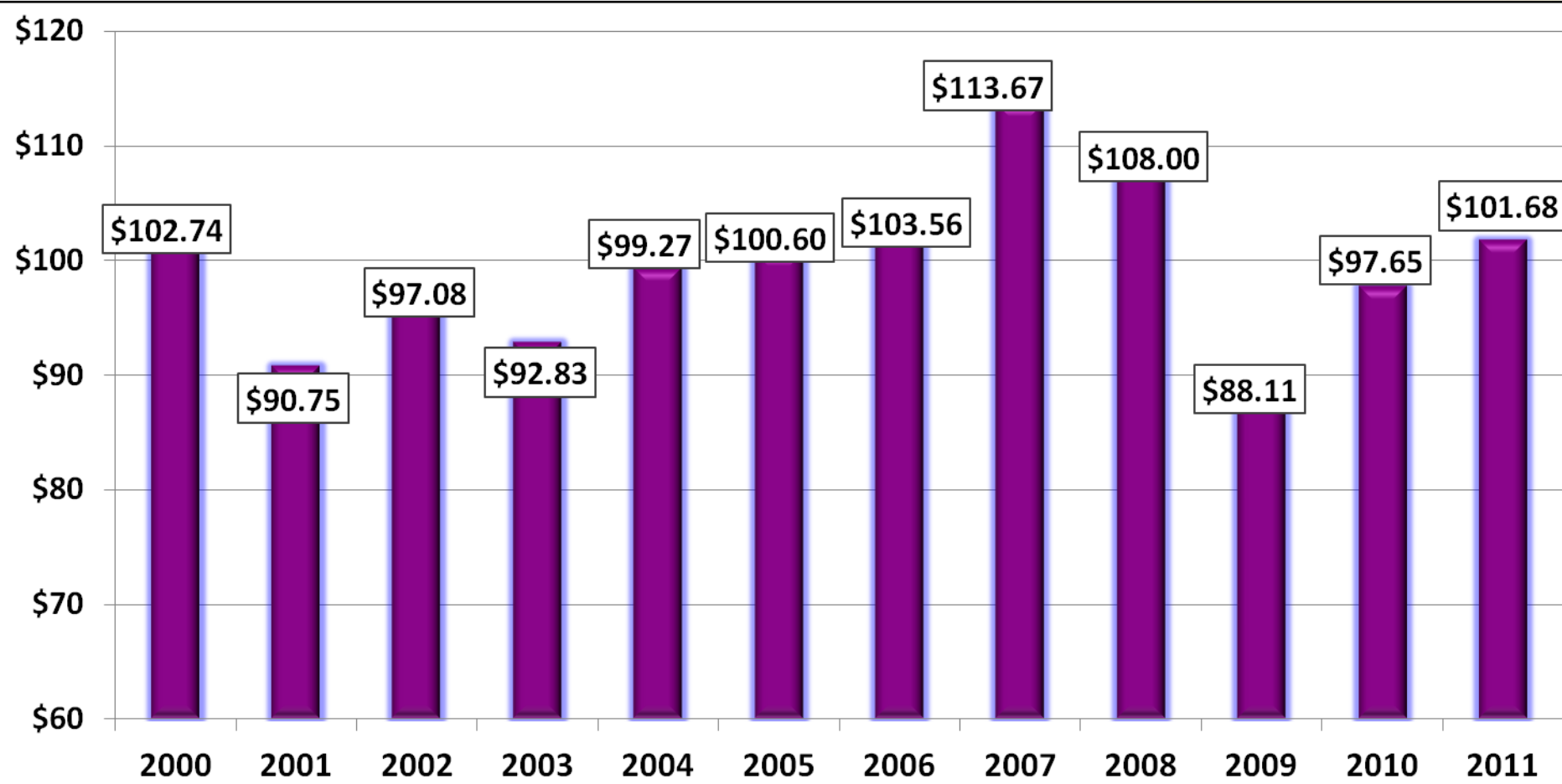
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Newport Average Daily Rate 2000-2011





Newport RevPAR 2000-2011





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Newport YTD August 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Occupancy	59.5%	58.5%	61.7%	
ADR	\$173.15	\$178.05	\$181.53	
RevPAR	\$102.98	\$104.09	\$112.04	Up 7.6%



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Newport – Future

Issues:

- No New Supply (Newport); One new hotel will open in Middletown in June 2013
- Anticipate pickup in short term groups
- Demand growth will allow for increased rates
- America's Cup and numerous Summer events (2012)
- Growth in luxury travel

Projections:

2012 – 61% @ \$179: RevPAR - \$109.19

2013 – 61% @ \$183: RevPAR - \$111.16



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