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# Massachusetts Governor's Conference

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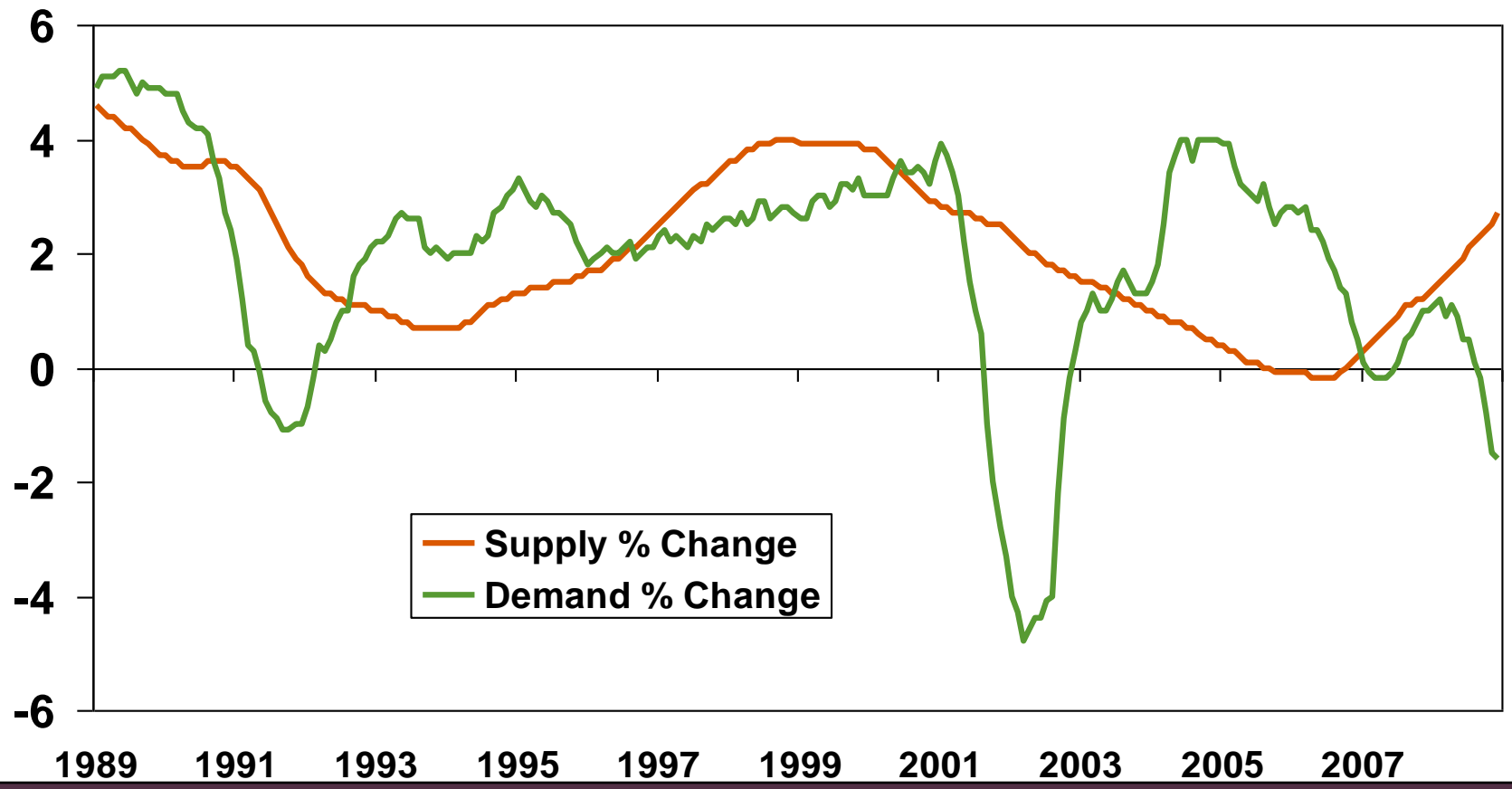
# National Lodging Market

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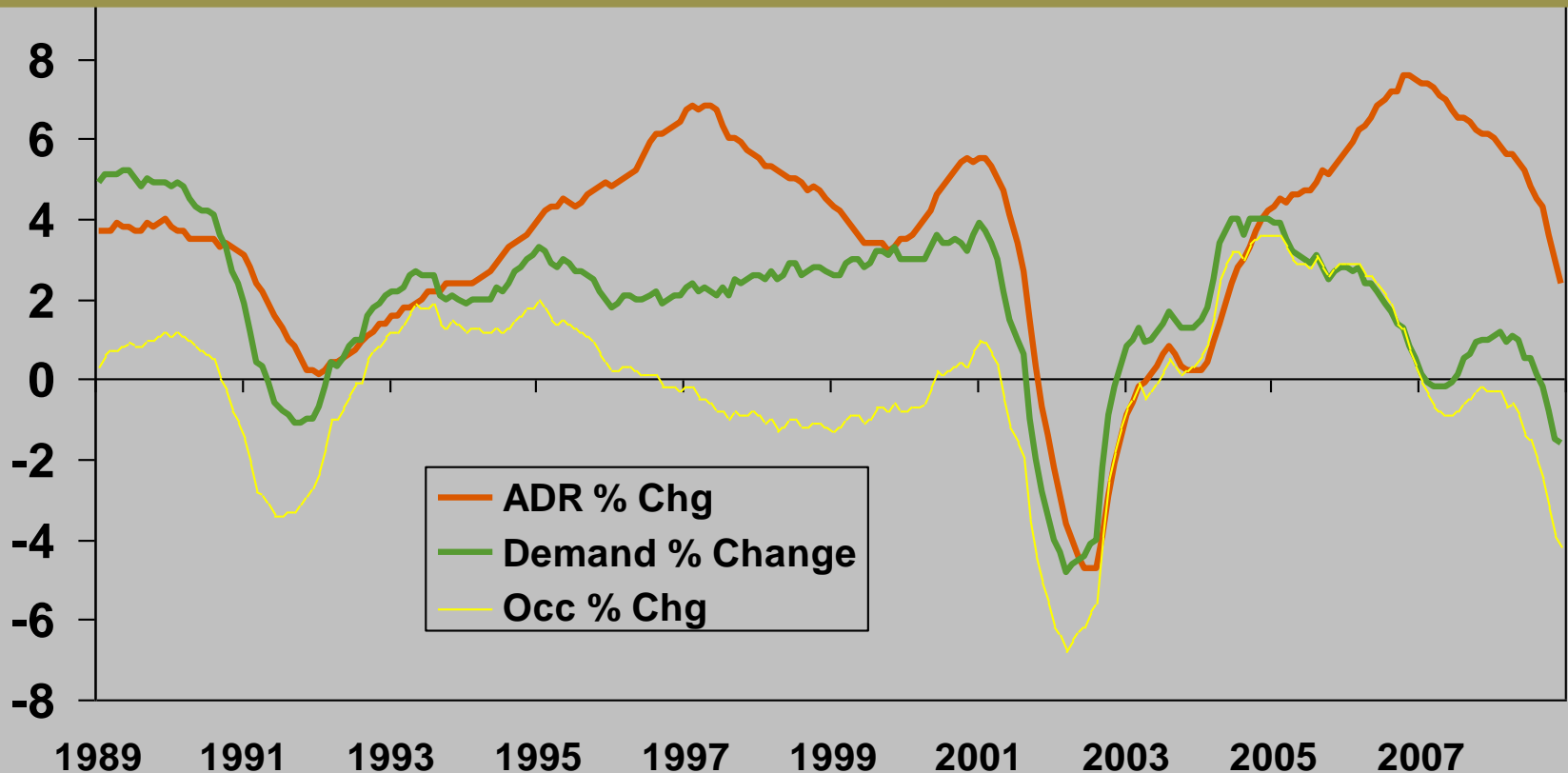


### Total United States Room Supply/Demand Percent Change 12 Month Moving Average – 1989 to December 2008

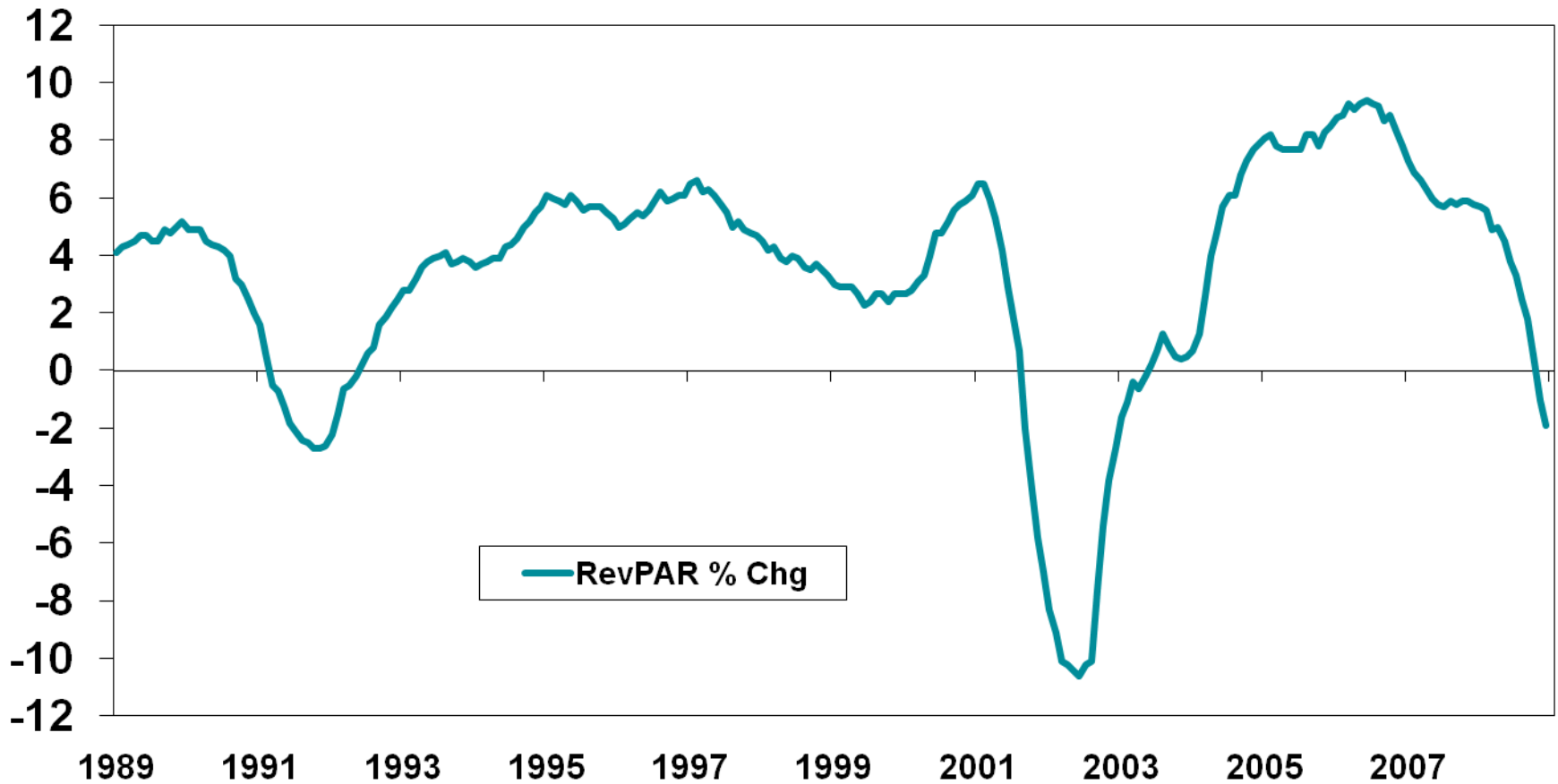




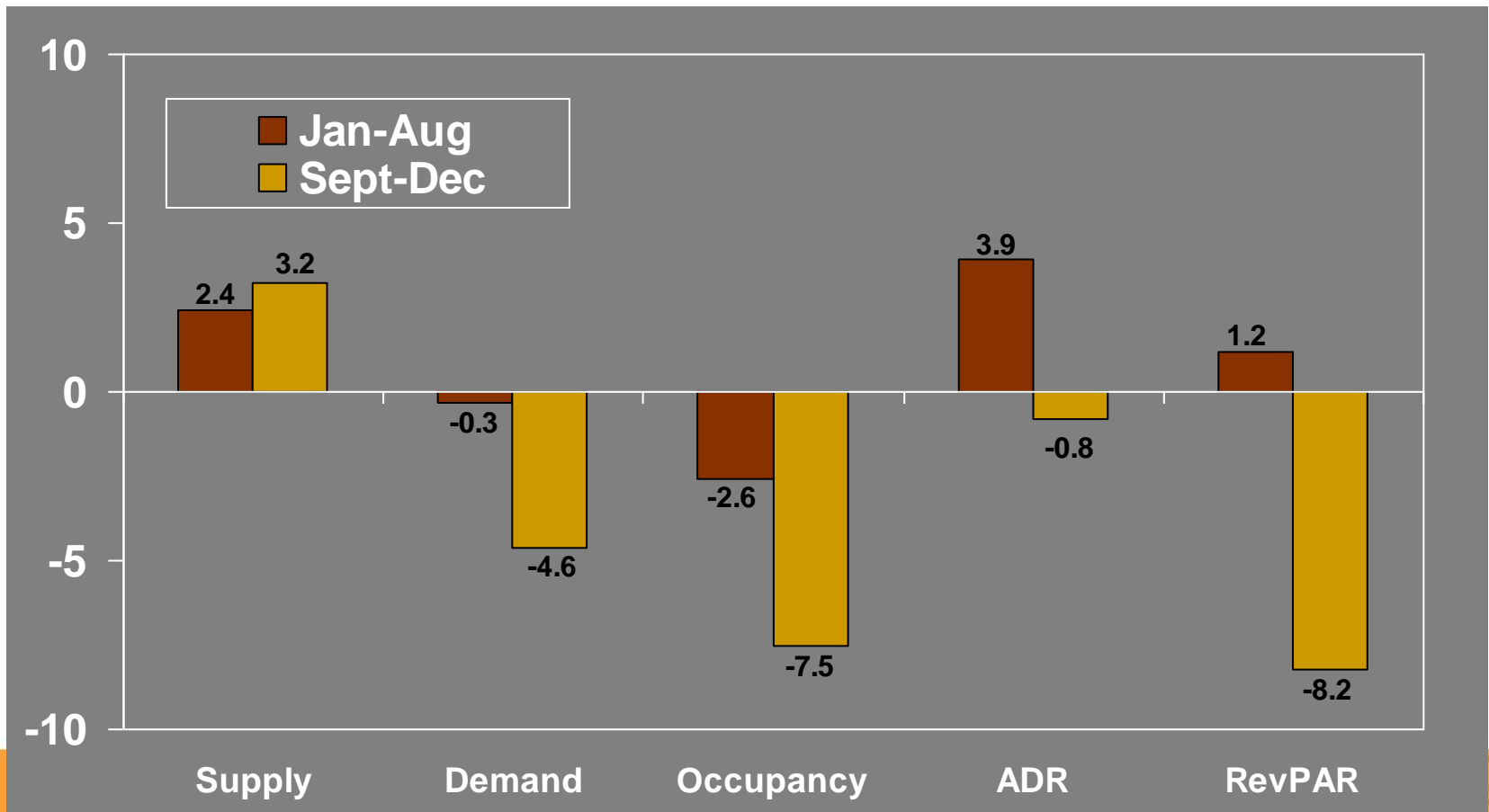
## Total United States Room Demand/Occ/ADR Percent Change Twelve Month Moving Average – 1989 to December 2008



# Total United States RevPAR Percent Change Twelve Month Moving Average – 1989 to December 2008



## Total United States Key Performance Indicators Percent Change 2008 – First 8 Months vs. Last 4 Months



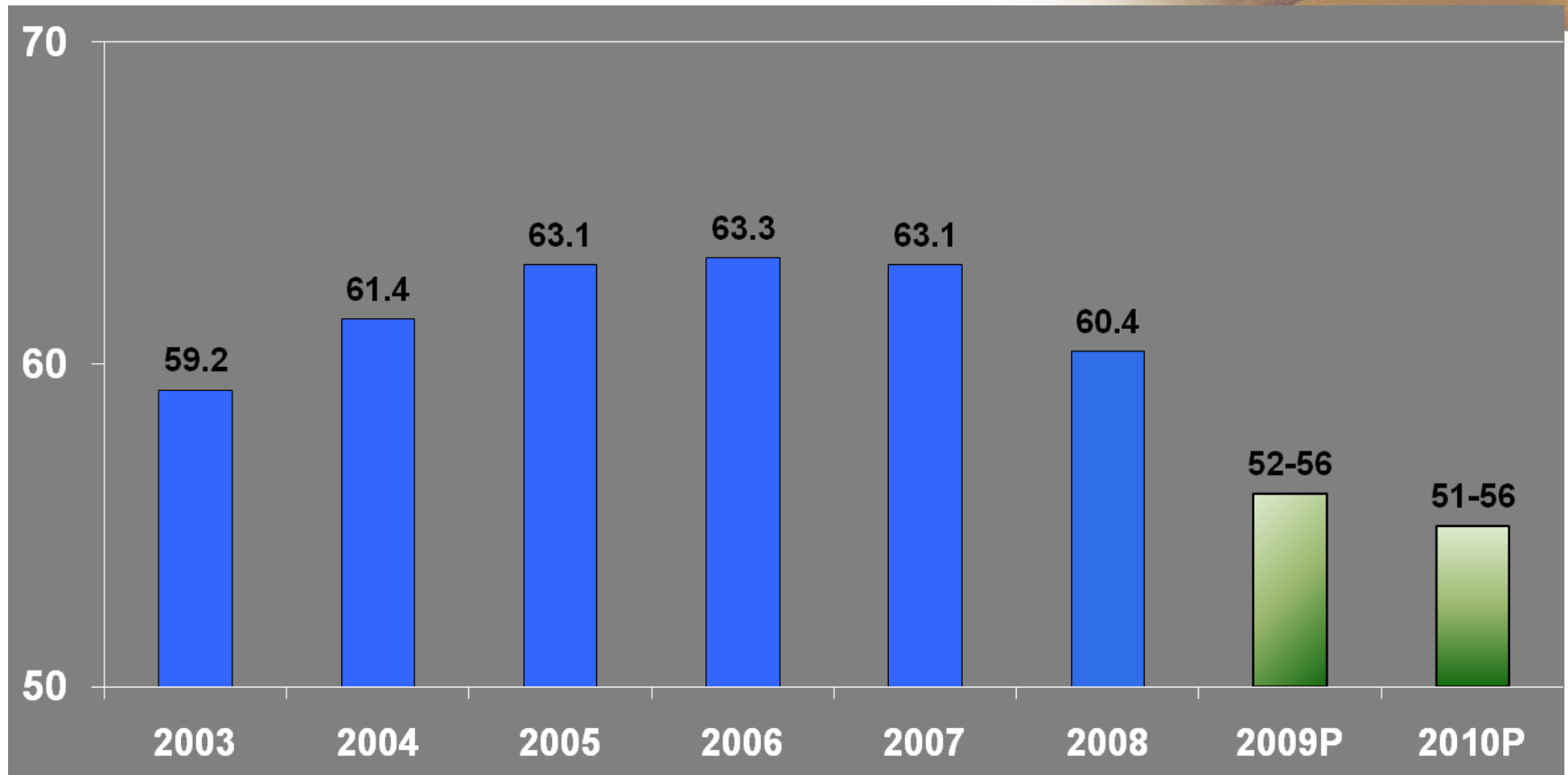


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## US Lodging Overview

- YTD February 2009 RevPAR down 20.2%
- Hotel Profits Will Decline Between 20-30 Percent
  - Most Significant Declines First Half of 2009
- Downturn Has Affected All Segments of Demand
  - New Supply Will Taper Off
- Recovery Expected Late 2010/Early 2011

# Total United States Occupancy Percent 2003 - 2010P



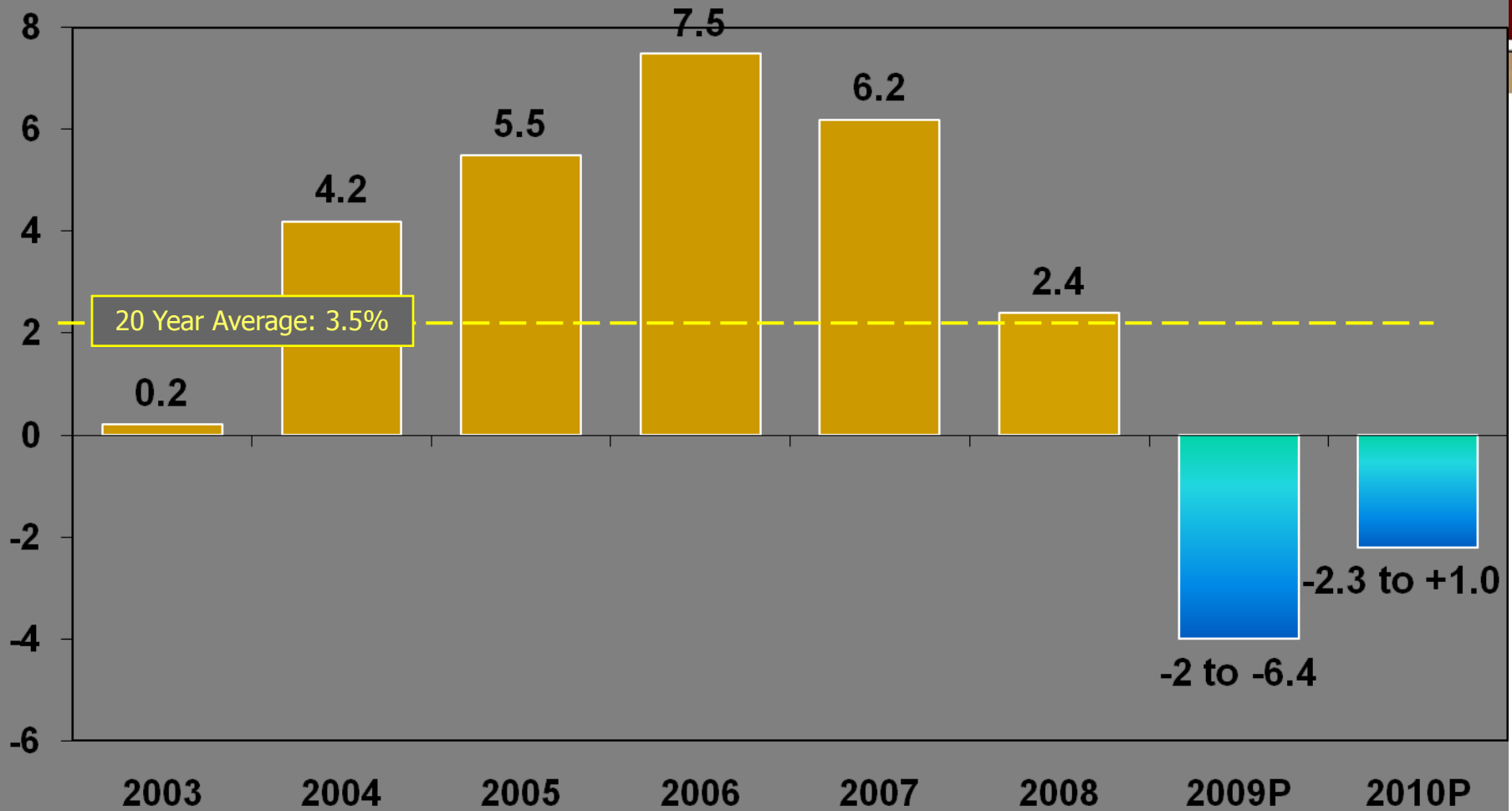
Source: Smith Travel Research

Source: Projected - Various Firms



# Total United States

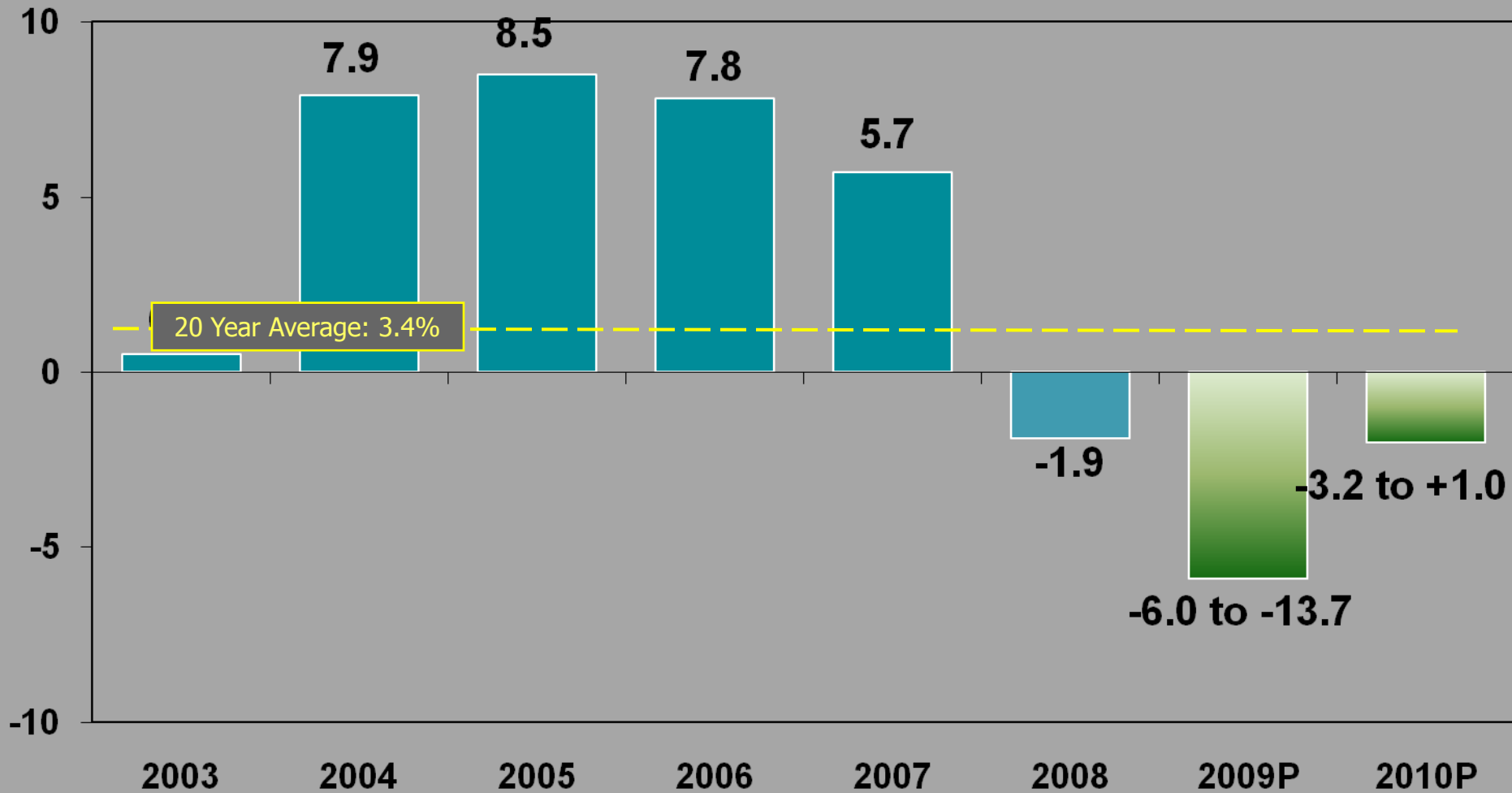
## ADR Percent Change 2003 - 2010P



Source: Smith Travel Research

Source: Projected - Various Firms

# Total United States RevPAR Percent Change 2003 – 2010P



Source: Smith Travel Research

Source: Projected - Various Firms



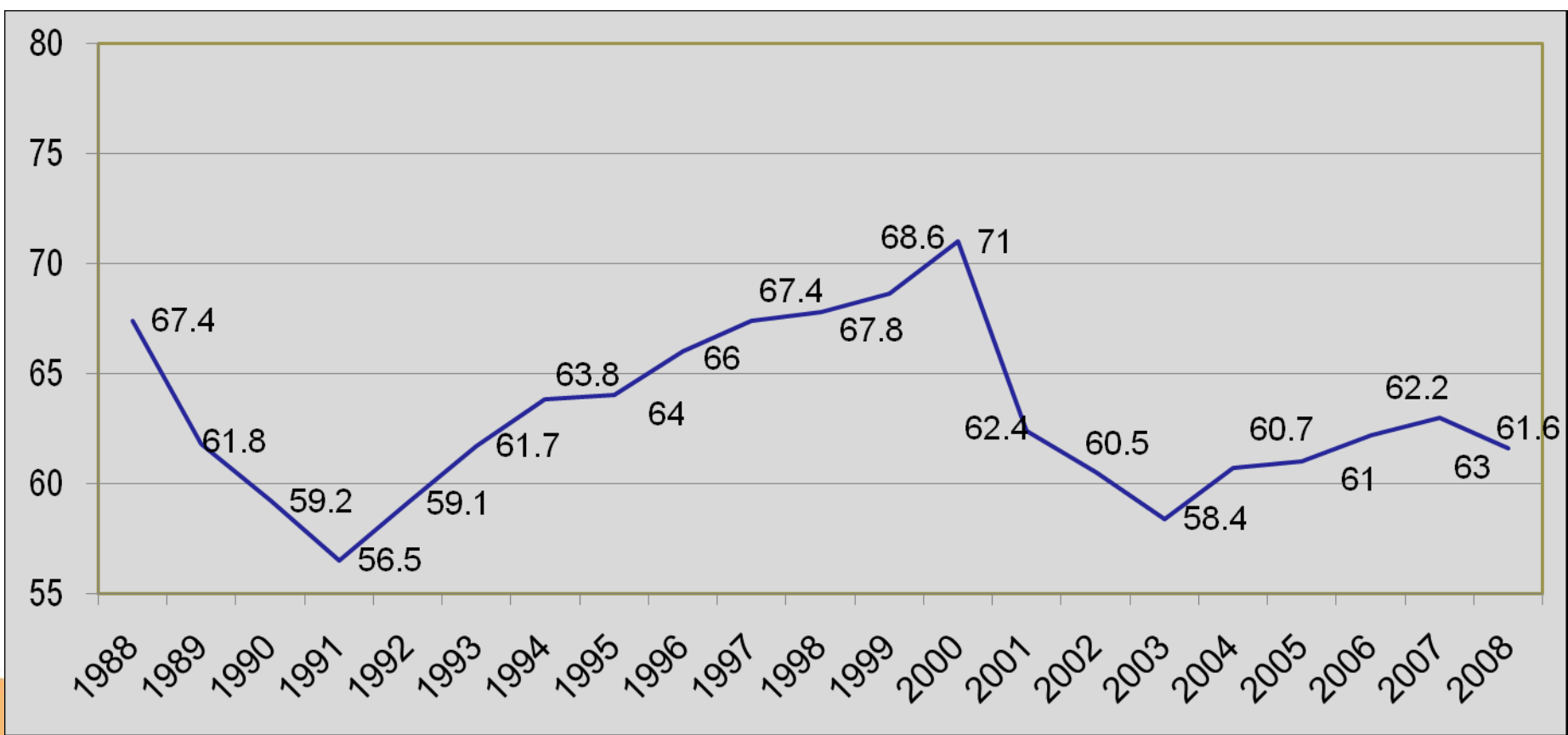
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# Massachusetts Lodging Market



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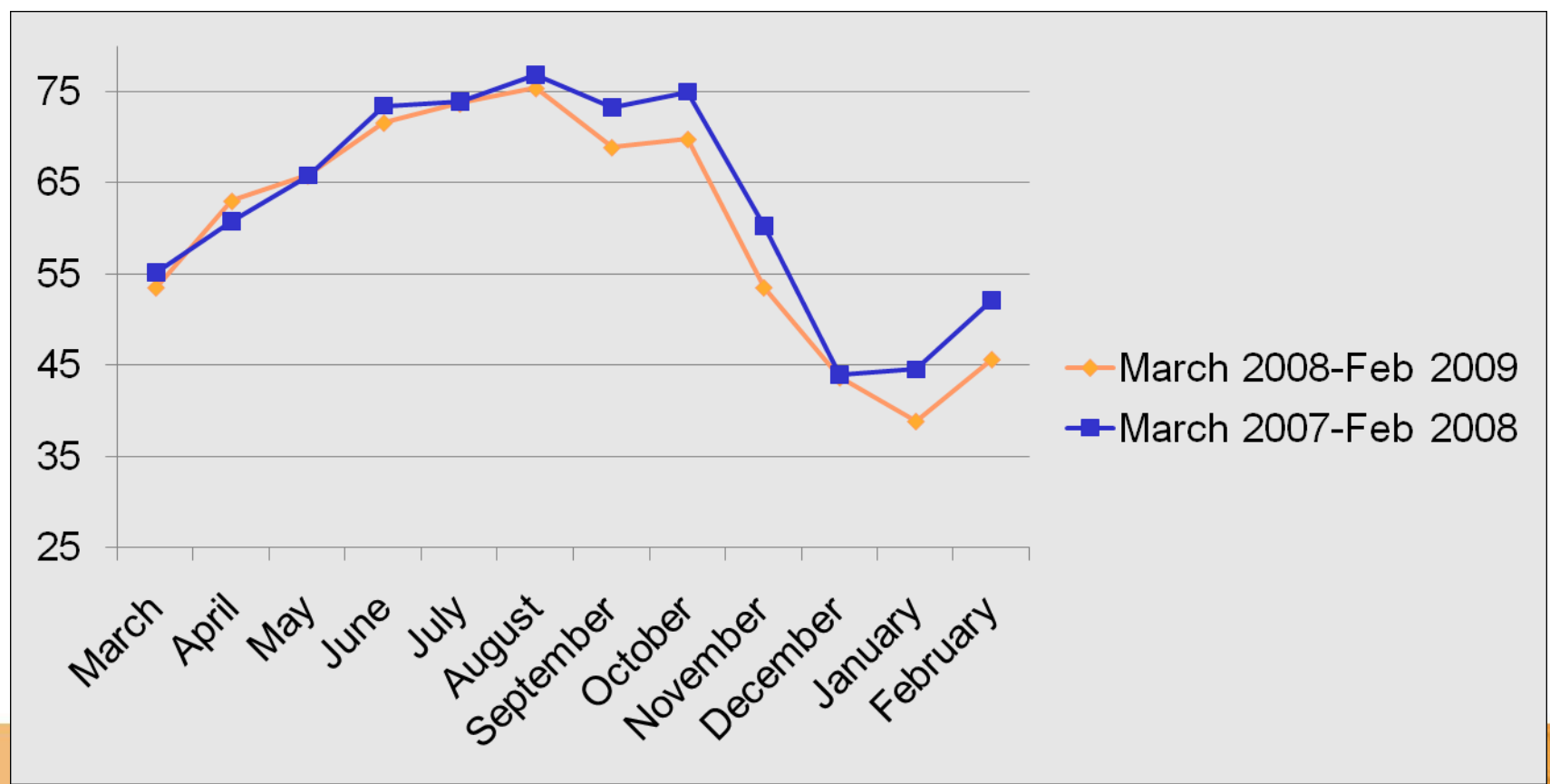
## Massachusetts Occupancy 1987-2008





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## Massachusetts Occupancy (Monthly)





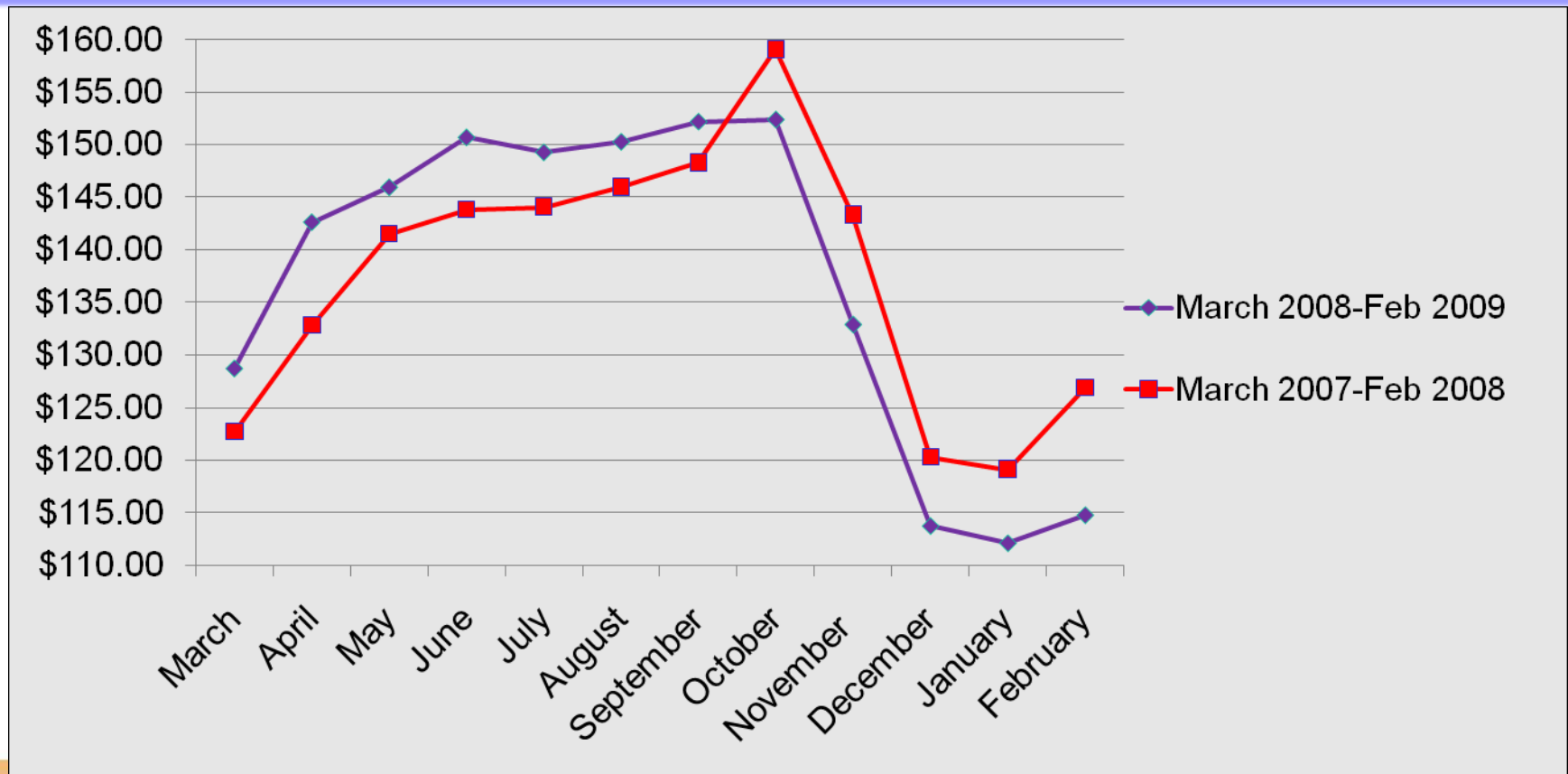
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## Massachusetts ADR





## Massachusetts ADR (Monthly)





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## Massachusetts RevPAR

- 1987 to 1997 – up 3.5%
- 1997 to 2007 – up 2.3%
- 2007 to 2008 – down 0.4%
- YTD February 2009 vs. 2008 – down 19.2%
- RevPAR declined every month beginning September 2008





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## Massachusetts - Factors Impacting 2009

- Boston/Cambridge Impact and Ripple Effect
  - Compression
  - Gateway to the Region
- Vacation Destination – Positive Drive Factor
- National / Regional / Local Recession
- Airline Travel Down
- Increase in Unemployment



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## Massachusetts - Prior Down Cycles

- Last 2 Downturns – Occ Dropped to 57% and 58%
- Last 2 Downturns – ADR Dropped Approx. 4 to 5%



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## Massachusetts – 2009 Forecast

	2008	2009	% Change
Occupancy	61.6%	57%	(7.5)%
ADR	\$141.40	\$133	(5.9)%
RevPAR	\$87.15	\$75.81	(13)%



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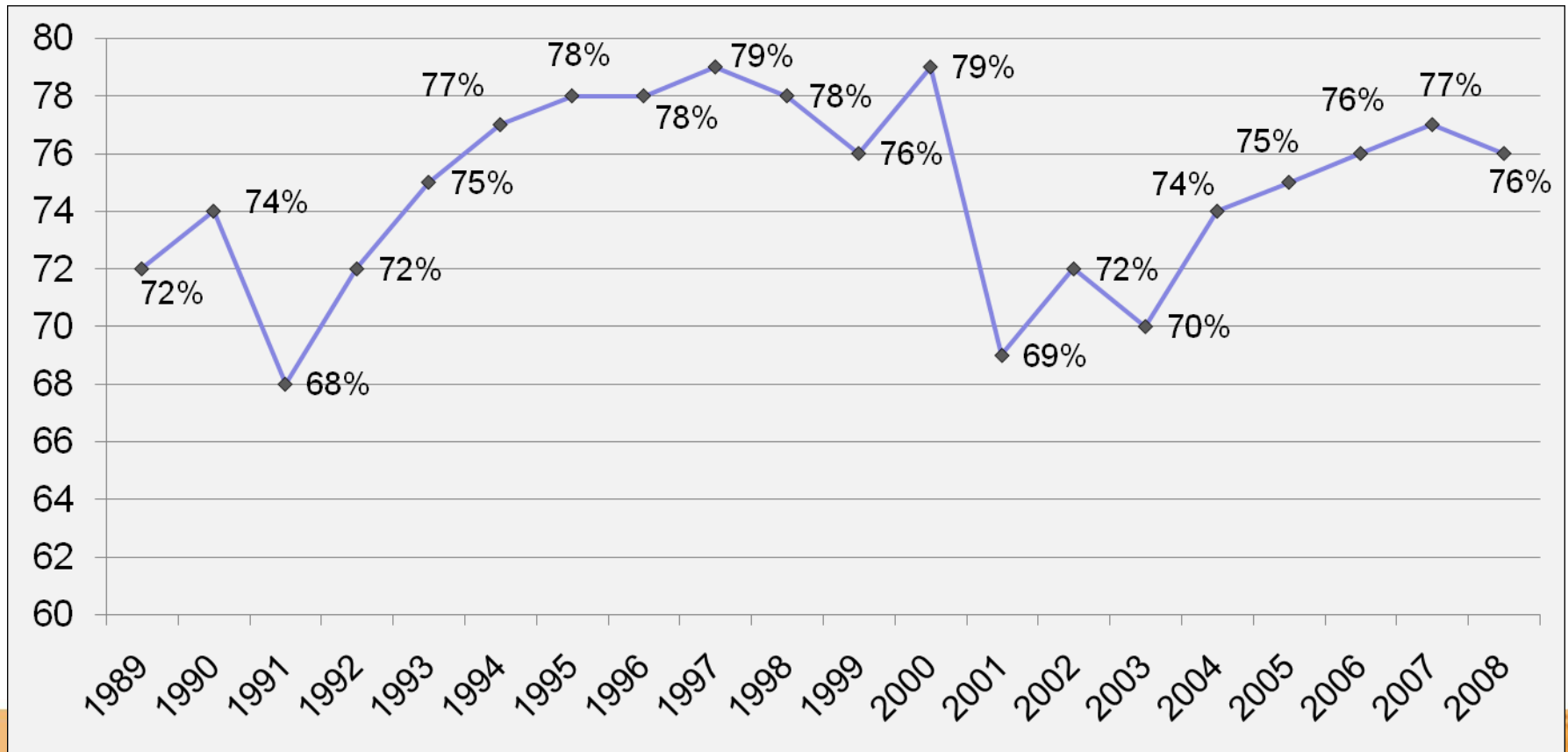
# Boston Cambridge Lodging Market





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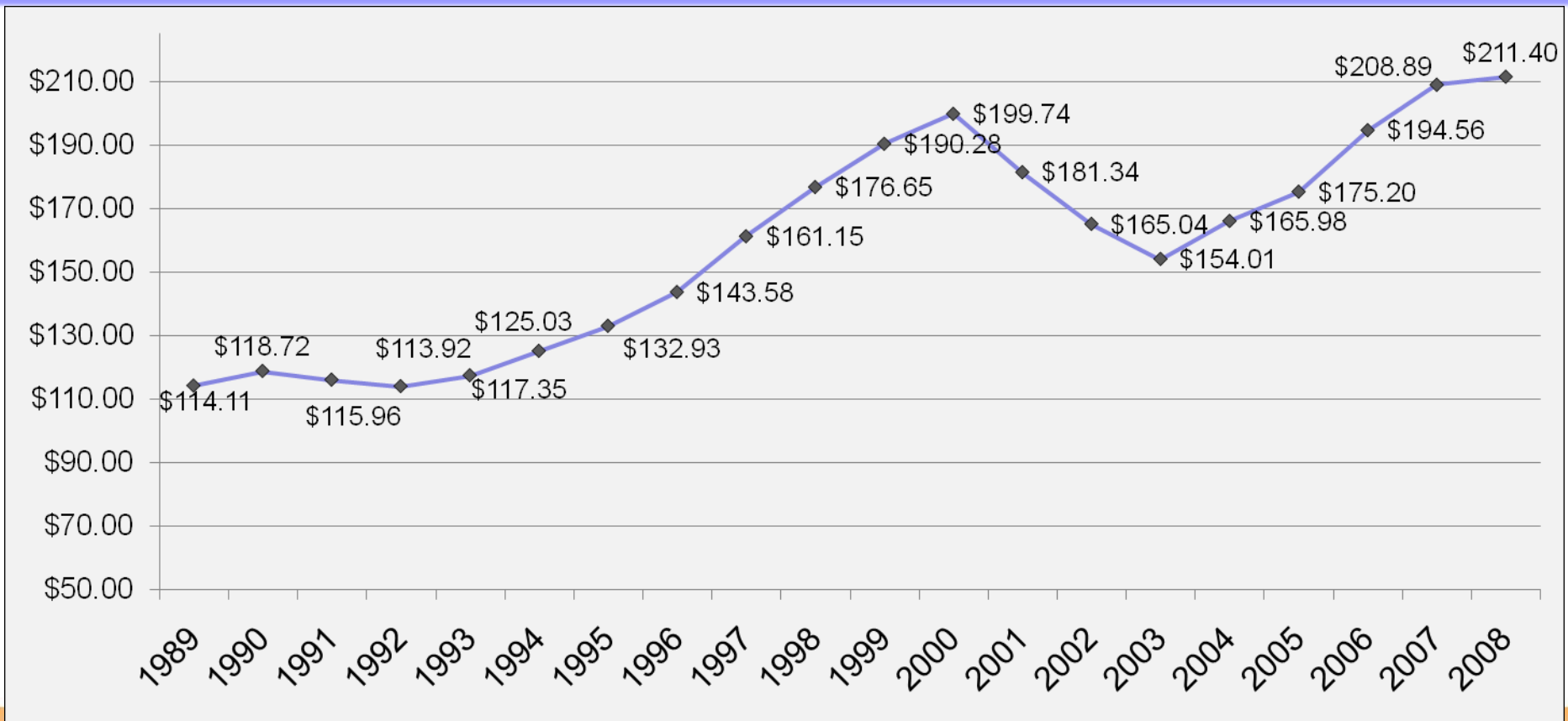
## Boston / Cambridge Occupancy 1989-2008





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## Boston / Cambridge ADR 1989-2008





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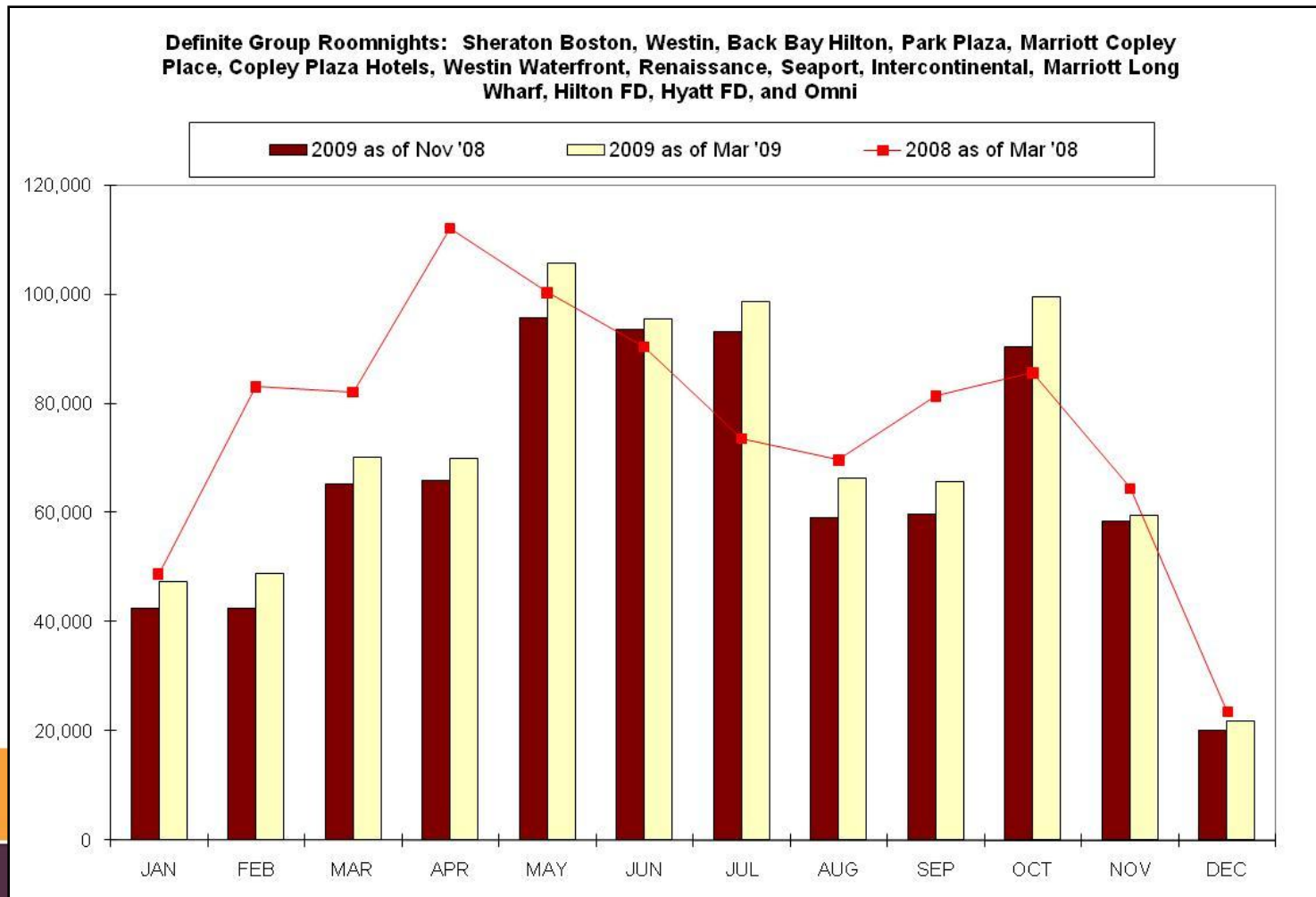
## Boston / Cambridge RevPAR 1989-2008





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## Group Booking Pace Data – Back Bay and Downtown





# Lodging Factors

- Recession
- Job Loss
- Minimal Increase in New Supply (W hotel and Morgan's)
- Group Booking Pace
- Less Discretionary Spending
- Luxury Hotels Hit Hard (AIG Effect)
- Impact of Financial Services – Traditionally Strong Demand Generator in Boston
- YTD February 2009
  - Occupancy Down 10 Points
  - ADR down 9.2%
  - RevPAR down 24.5%



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## Boston Cambridge Projections 2009

	2008	2009	% Change
Occupancy	76%	69%	(9.2)%
ADR	\$211.40	\$192.40	(9.0)%
RevPAR	\$160.66	\$132.75	(17.4)%



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## Good News?

- Lodging Industry is Cyclical
- Limited New Supply
- Diverse Industries
- Popular / Historical Attractions
- International Appeal



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