



Pinnacle
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OUTLOOK 2013

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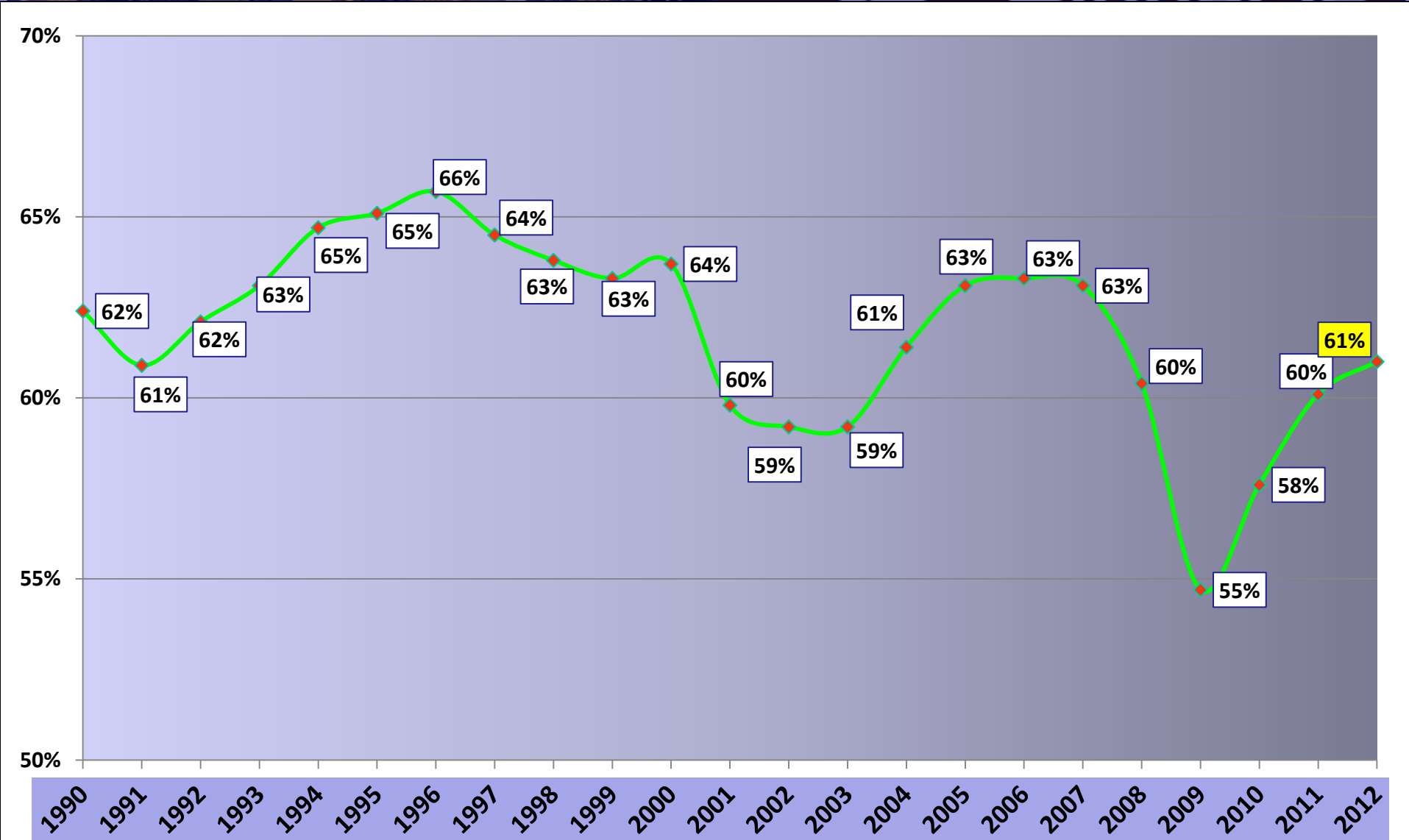
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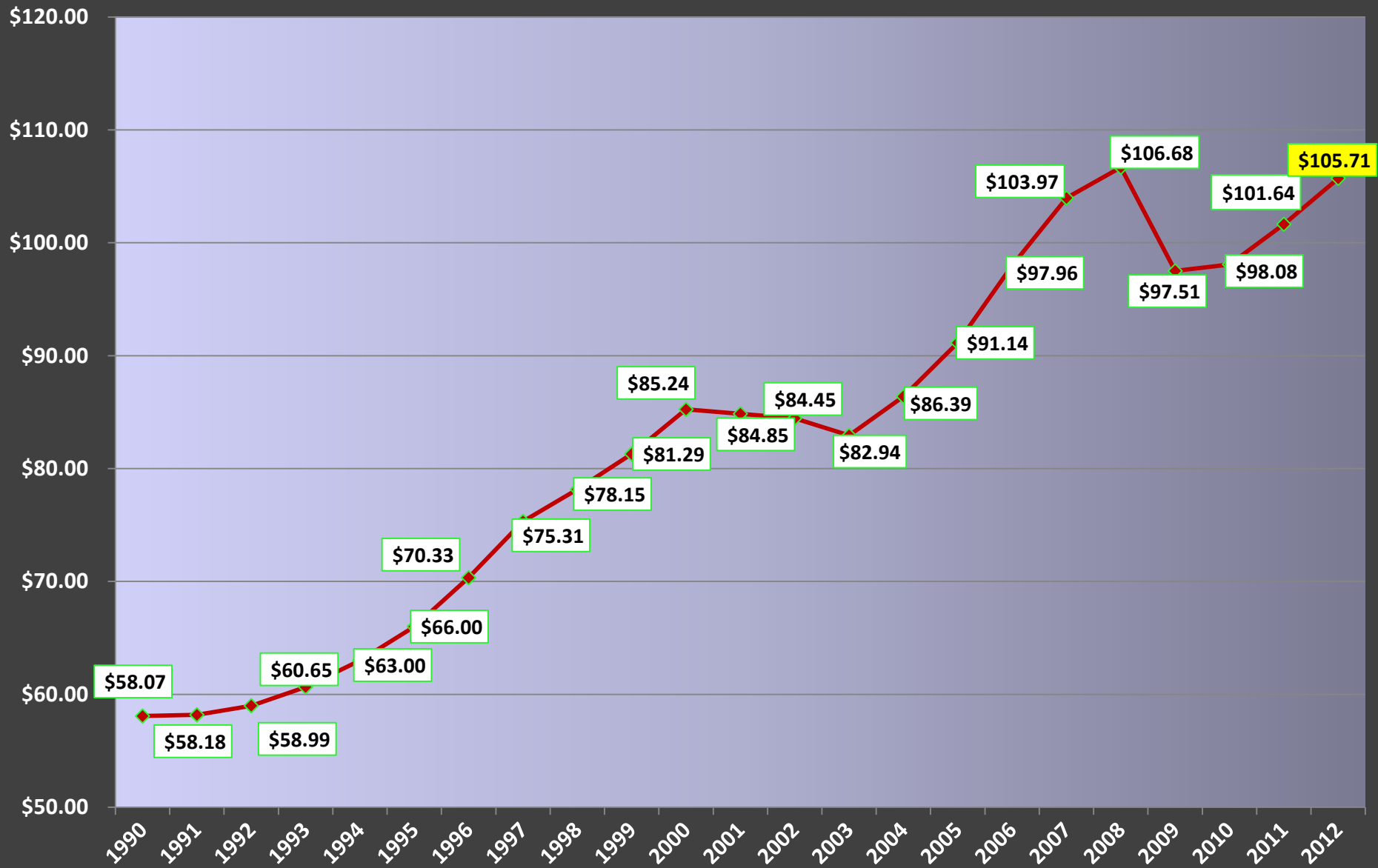
NATIONAL LODGING MARKET

U.S. Occupancy 1990 – 2012(P)



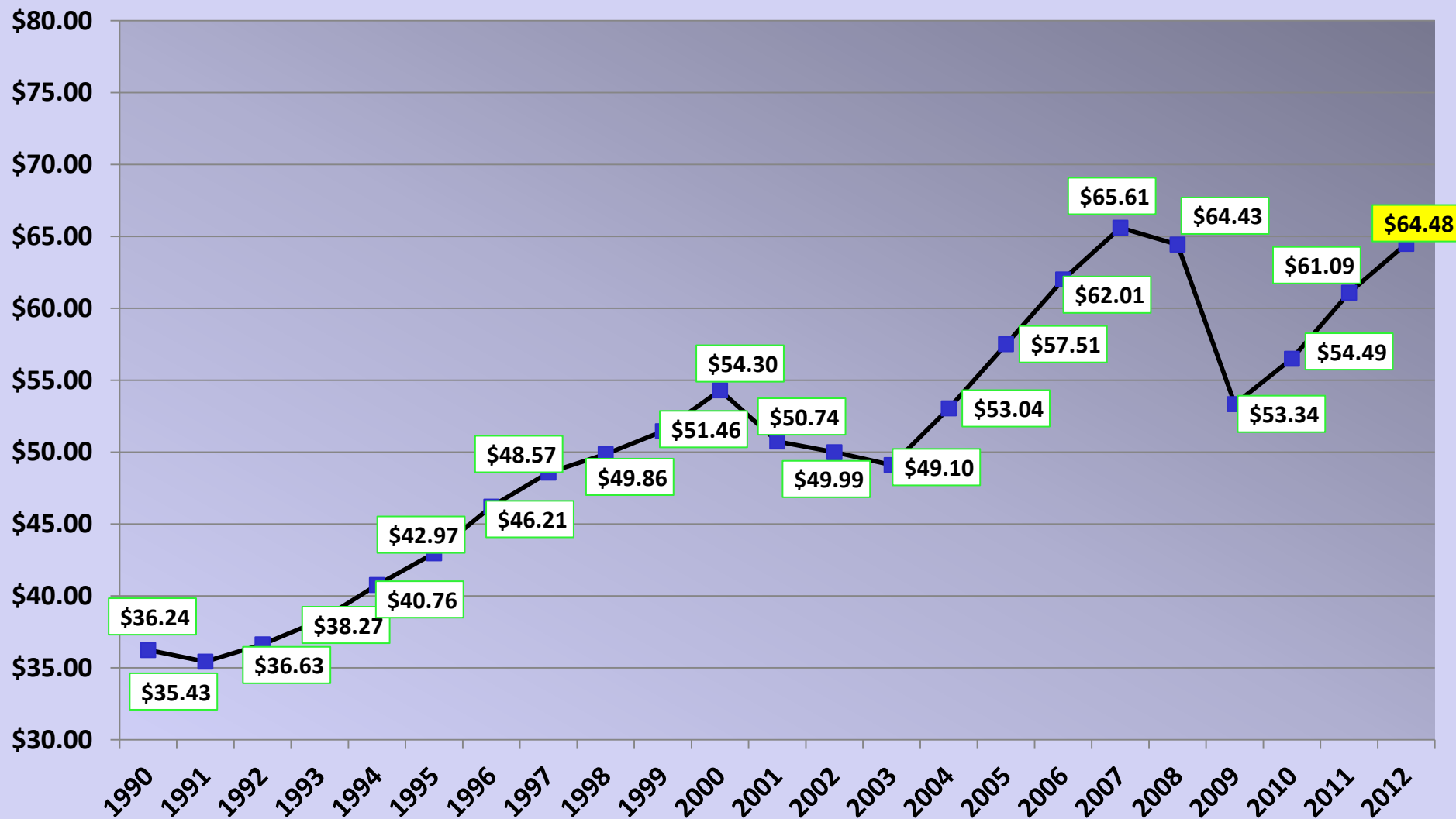
Source: Smith Travel Research

U.S. Average Daily Rate 1990 – 2012(P)

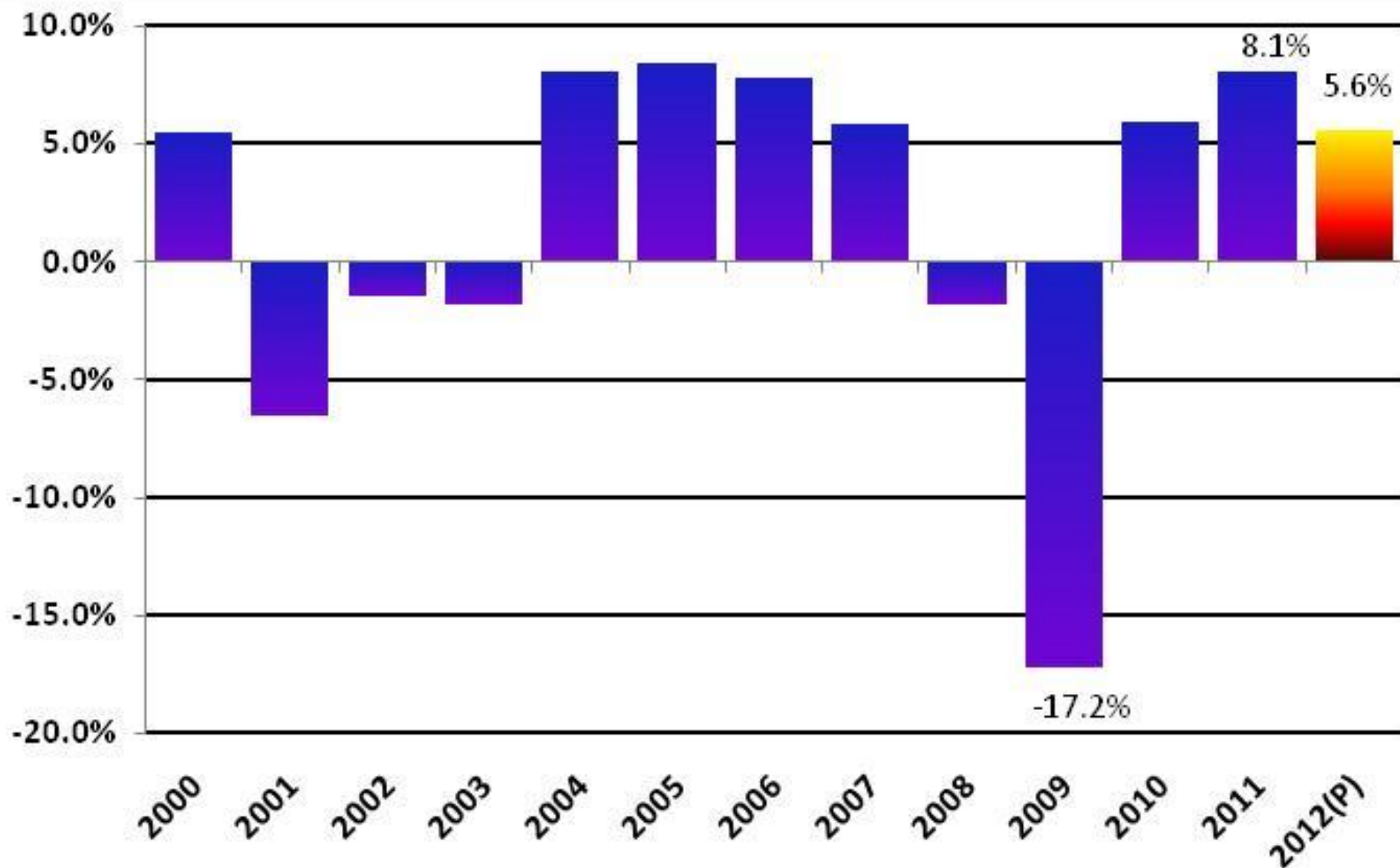


Source: Smith Travel Research

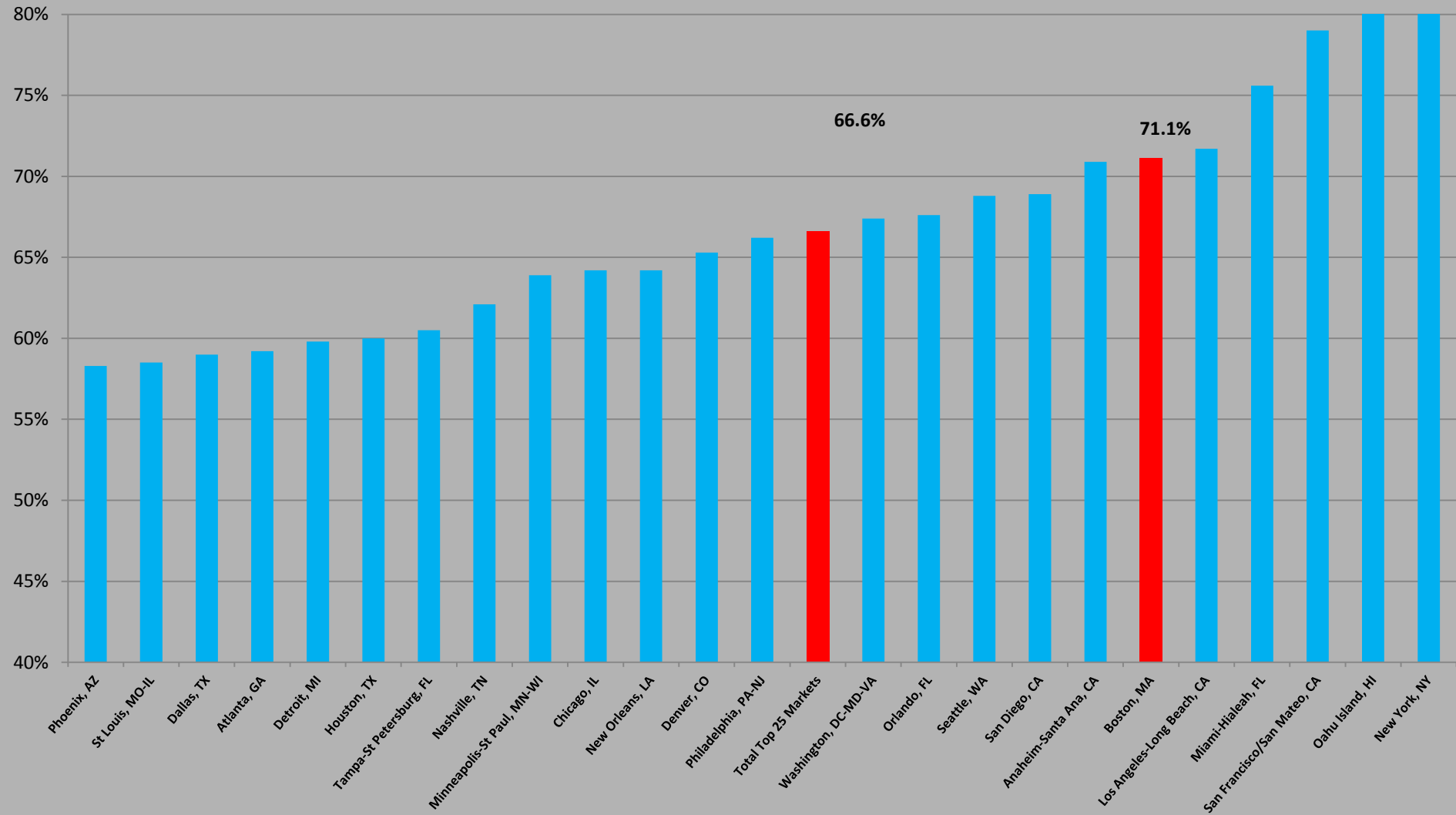
U.S. RevPAR 1990 – 2012(P)



U.S. RevPAR Percent Change 2000 – 2012(P)

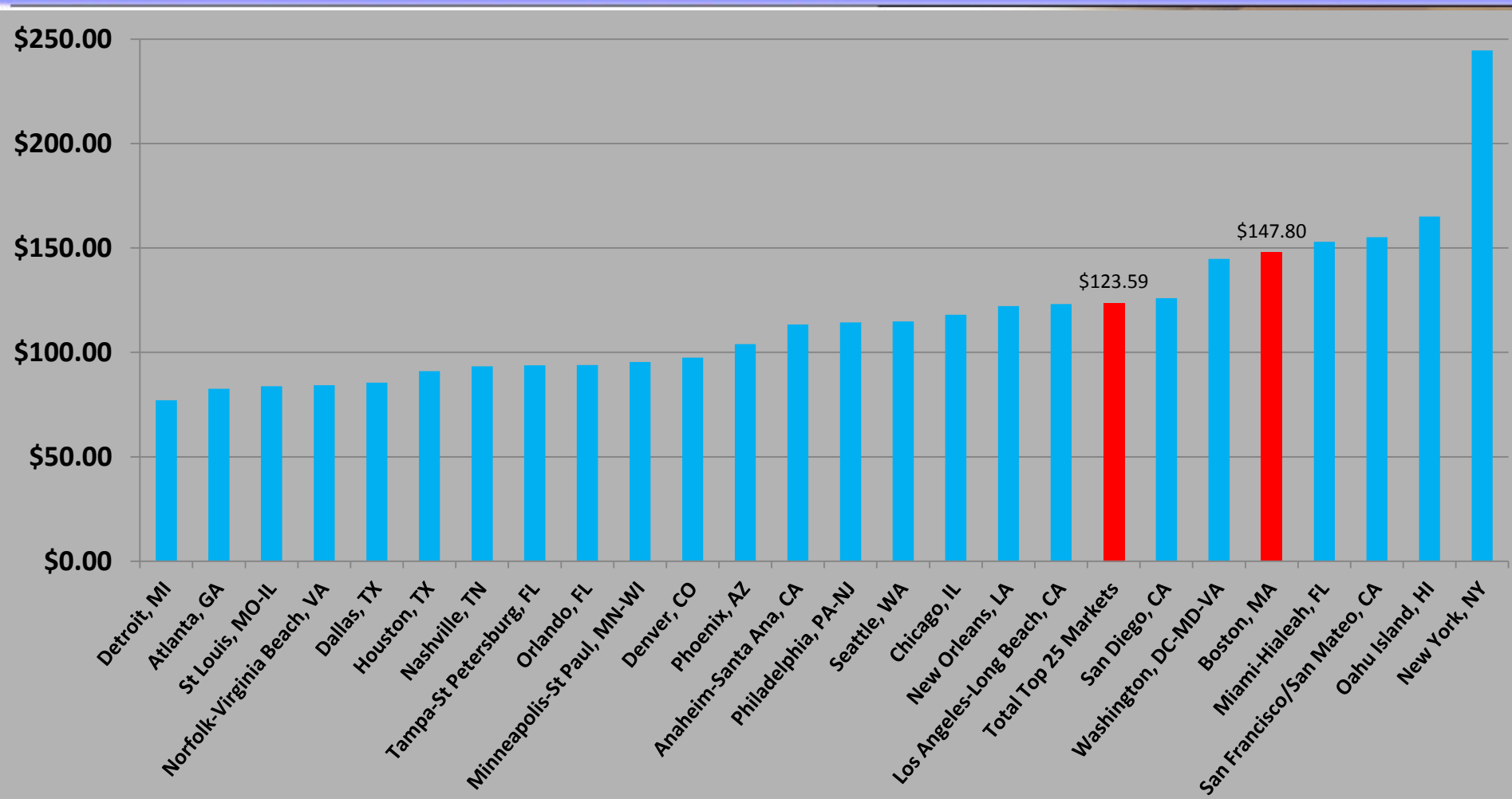


Top 25 Market Areas – Occupancy Percent 2011



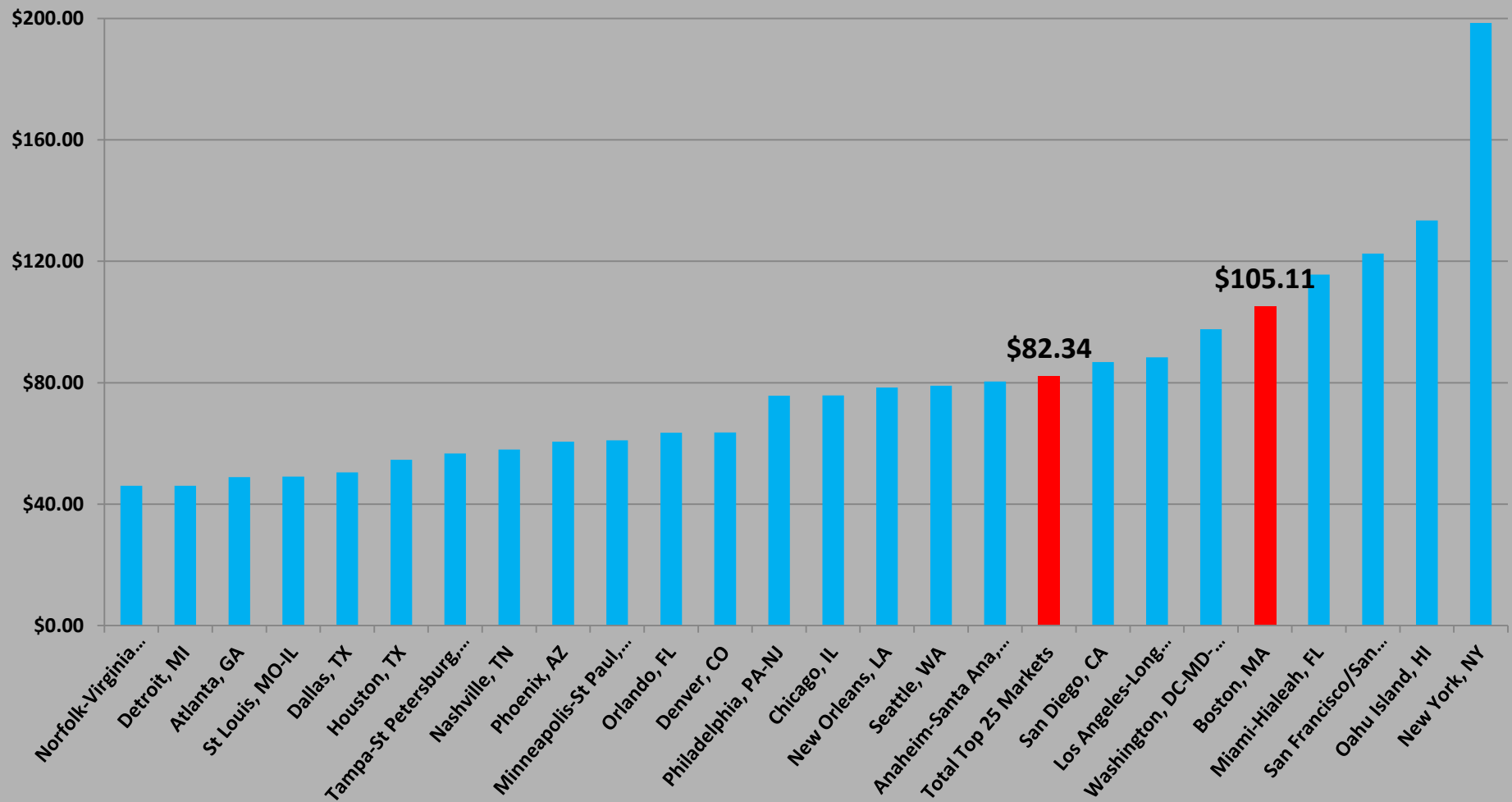


Top 25 Market Areas – Average Daily Rate 2011



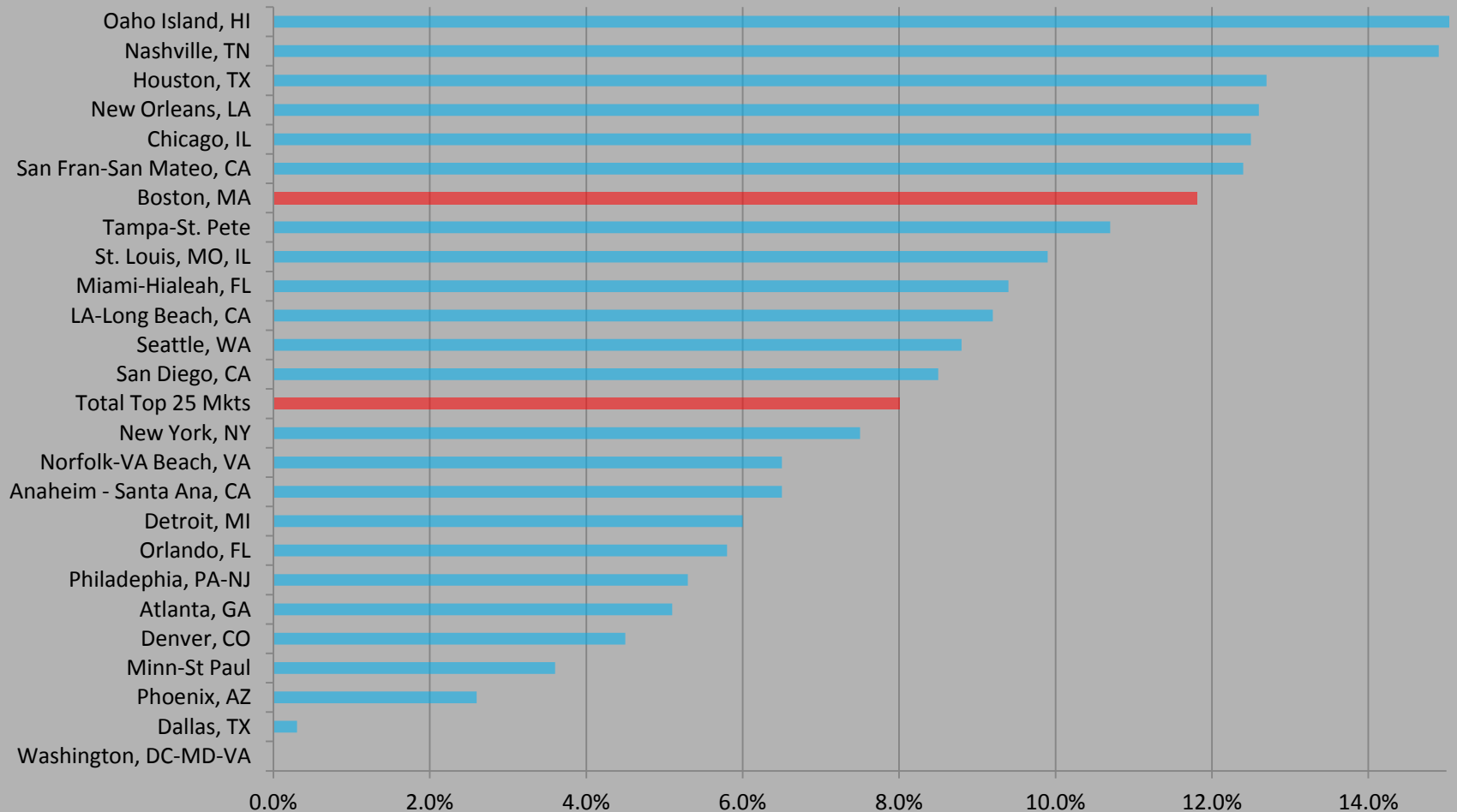


Top 25 Market Areas – RevPAR 2011





Top 25 Market Areas – Change In RevPAR YTD May 2012





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**Total United States
Active Development Pipeline - Rooms
Change From Last Year**

<u>Phase</u>	<u>April 2012</u>	<u>April 2011</u>	<u>Difference</u>	<u>% Change</u>
In Construction	61,287	50,335	10,952	21.8%
“Planned Pipeline”	231,519	272,088	-40,569	-14.9%
Active Pipeline	292,806	322,423	-29,617	-9.2%



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TAKEAWAYS

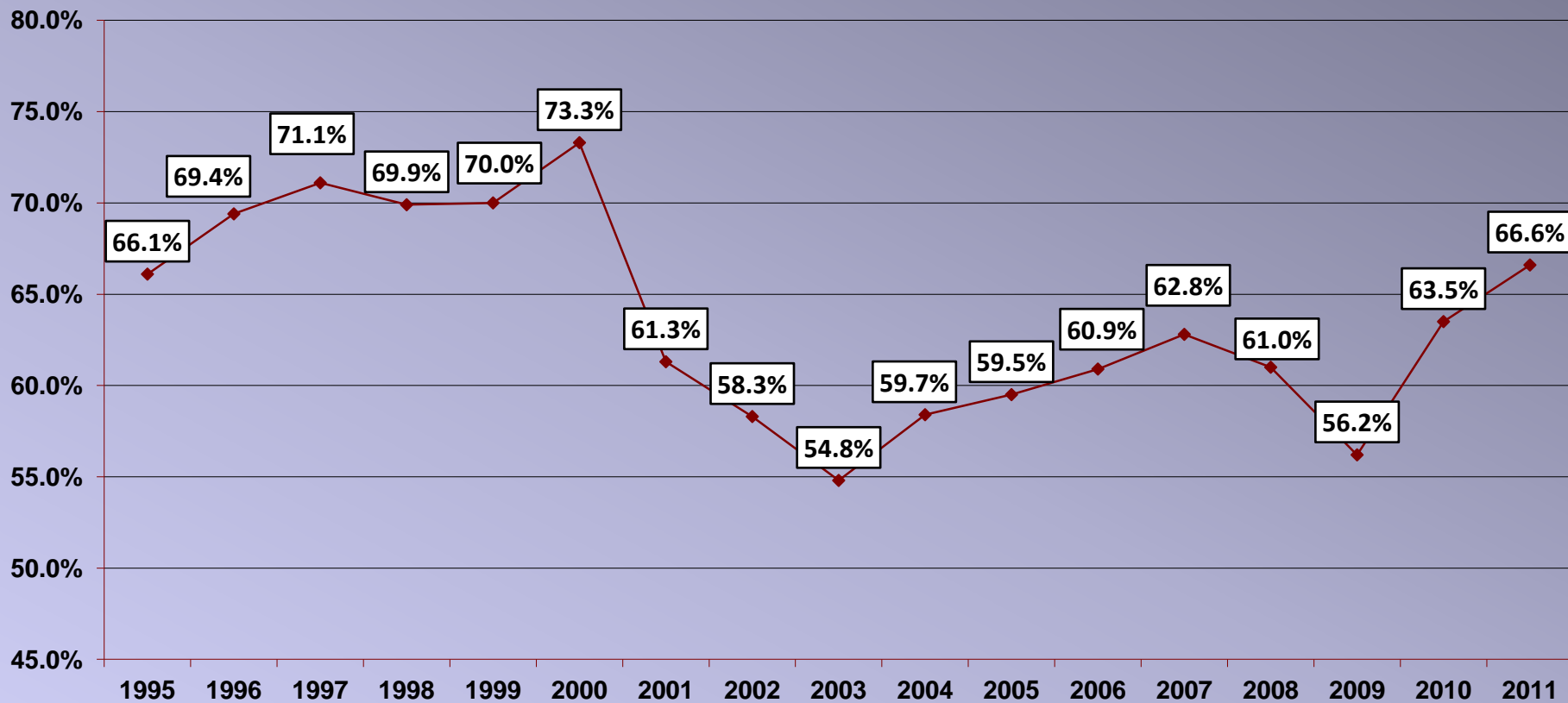
- 2012 – limited new supply (.5%) and modest demand growth (2%), coupled with 4% ADR growth will yield strong revpar growth of 5.5% nationally.
- 2013 - modest new supply (1.1%) and demand growth (1.8%), coupled with 4.6% ADR growth will yield strong revpar growth of 5.4% nationally.
- Barring an economic downturn or unforeseen factors, the lodging market will continue moderate growth in the near future!



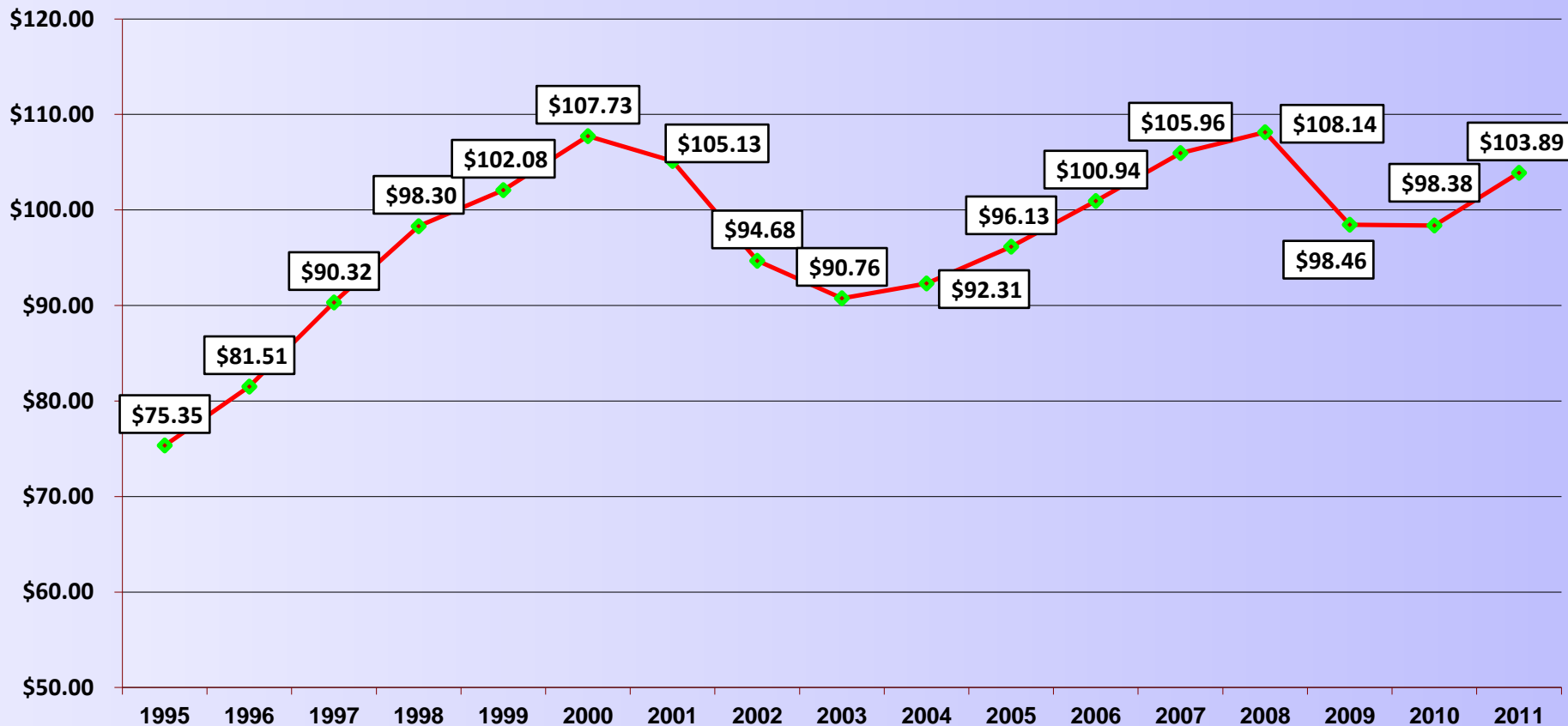
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SUBURBAN BOSTON LODGING MARKET

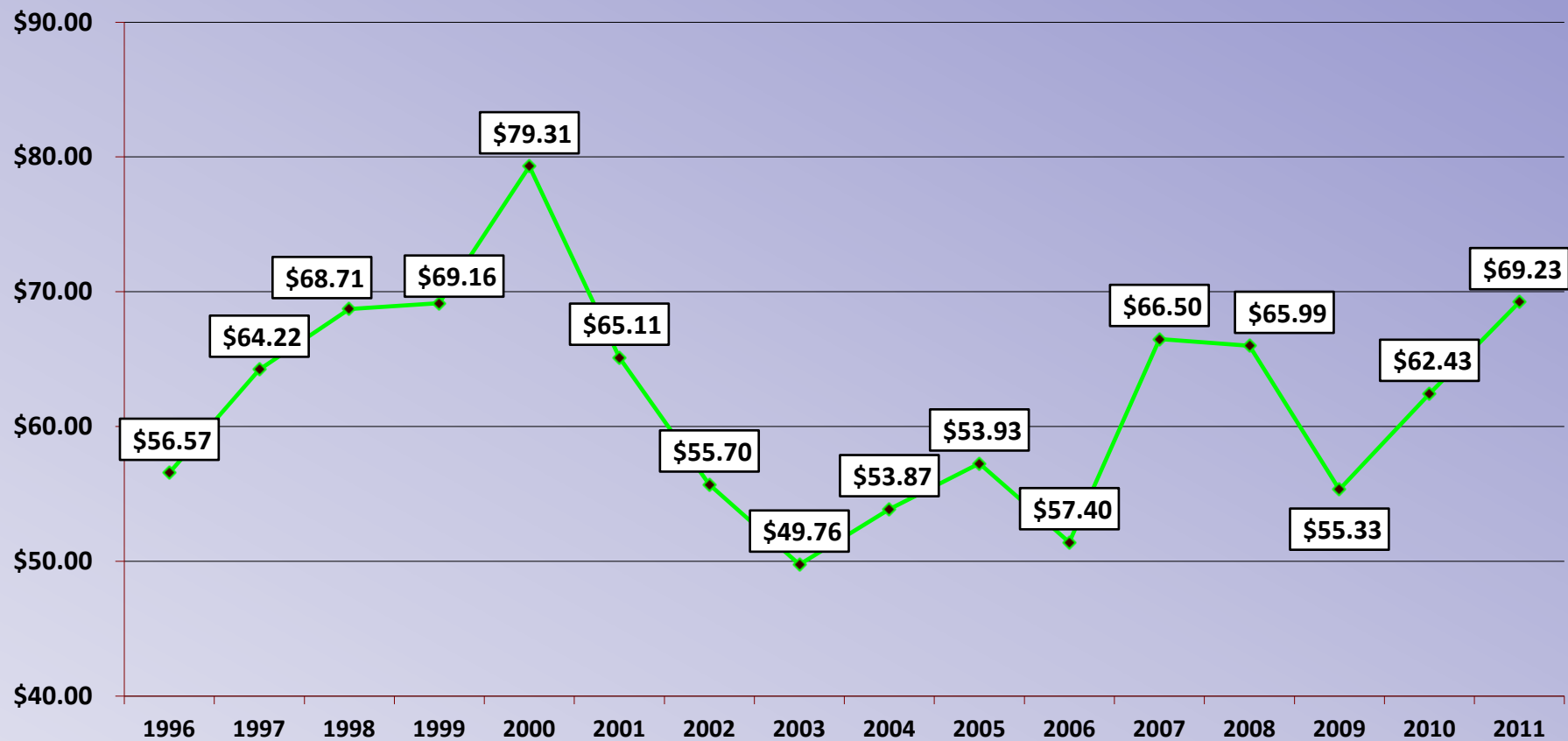
Suburban Boston Occupancy 1995 - 2011



Suburban Boston Average Daily Rate 1995-2011

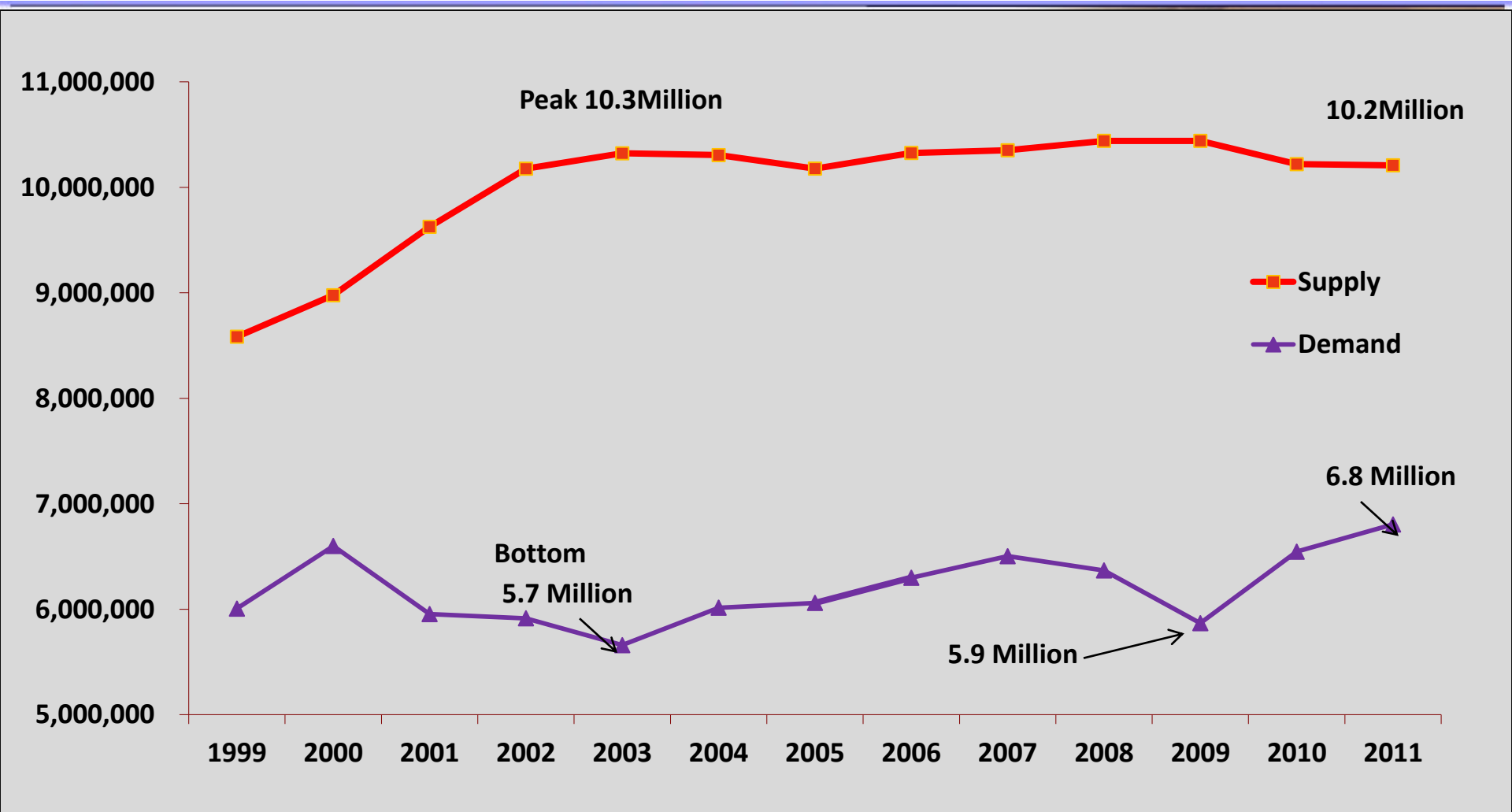


Suburban Boston RevPAR 1996 - 2011



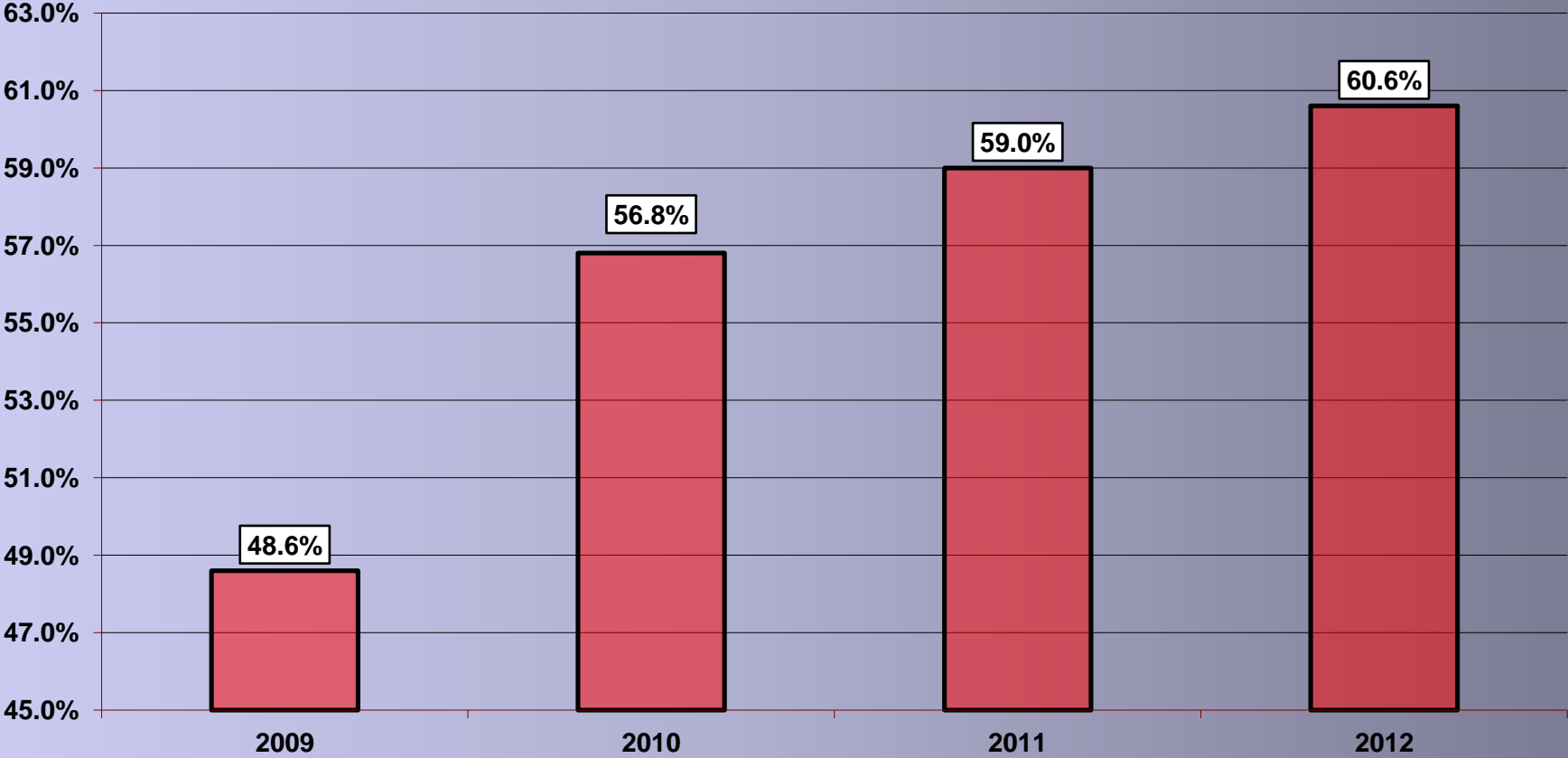


Suburban Boston Supply and Demand 1999 - 2011

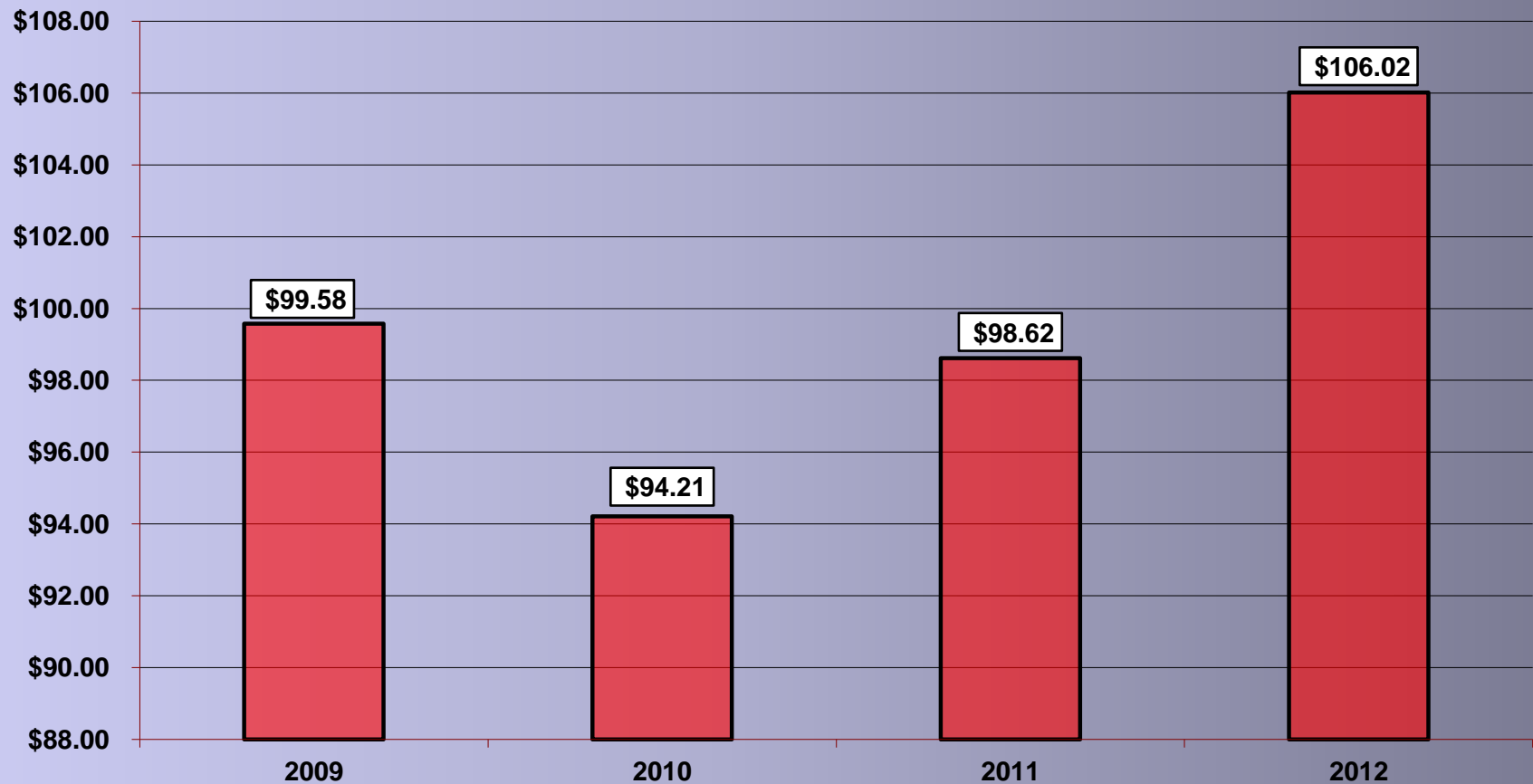




Suburban Boston Occupancy YTD May 2009-2012

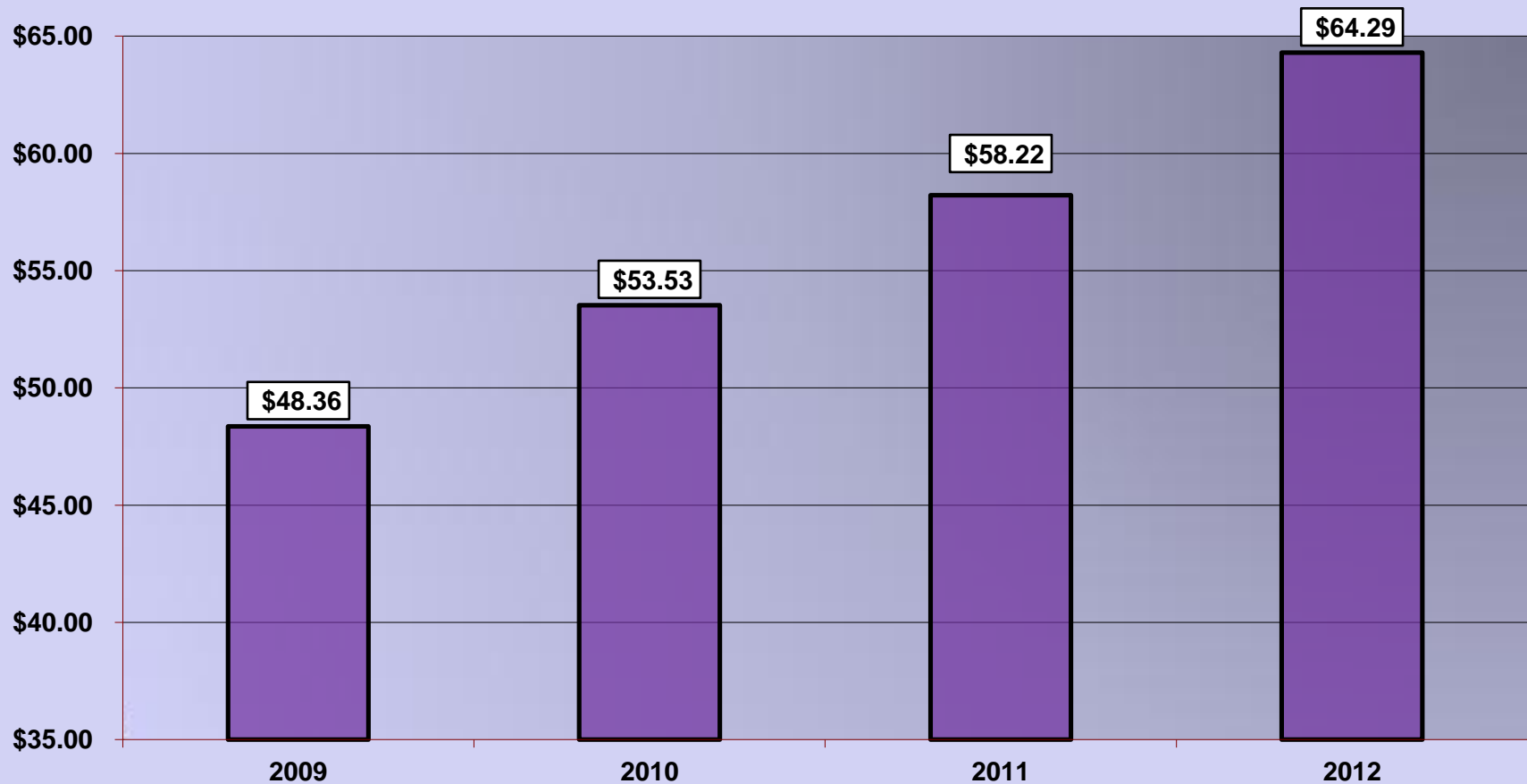


Suburban Boston Average Daily Rate YTD May 2009-2012





Suburban Boston RevPAR YTD May 2009-2012





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Suburban Boston Supply Changes 2012-2013

Conversions/repositioning on-going and expect to continue (i.e. CP Danvers will be DT; HI Woburn will be CP)

2012: 128-suite Residence Inn Chelsea to open late 2012
204-room Hyatt Place Braintree re-opened mid May 2012

2013: 128-suite Residence Inn Needham to open end of 2013
Hampton Inn Gloucester expected to open late 2013



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Suburban Boston Office and R&D Trends

	Square Feet Supply	Vacancy
Inner Suburbs	5.8 Million	15.7%
Route 128	73.6 Million	18.3%
Route 495	47.7 Million	25.9%

Source: As of March 31, 2012 (Colliers)



Suburban Boston Office Trends

- Suburban office and R&D total approx. 127 million SF
- Vacancy varies by market but generally lowest near Boston, with vacancy increasing further out along I-495
- Suburbs posted only 11,000 SF of positive absorption in Q1 2012
- Companies more likely to expand in place rather than relocate to new space
- Marginal decrease in vacancy expected in 2012
- Rental increases are expected, but still below pre-recession peaks



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Suburban Boston Lodging Demand 2012-2013

- Demand continues to grow at moderate pace in all segments
- Compression in early 2012 was slightly weaker than anticipated
- Leisure demand is returning to suburbs as Boston rates increase
- New supply still very limited
- Strong corporate demand will continue to drive rate increases



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Suburban Boston Projections 2012

	2011	2012	% Change
Occupancy	66.6%	68%	2.1%
Average Rate	\$103.89	\$111.16	7.0%
RevPAR	\$69.19	\$75.59	9.2%



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Suburban Boston Projections 2013

	2012	2013	% Change
Occupancy	68%	69%	1.5%
Average Rate	\$111.16	\$117.28	5.5%
RevPAR	\$75.59	\$80.92	7.1%

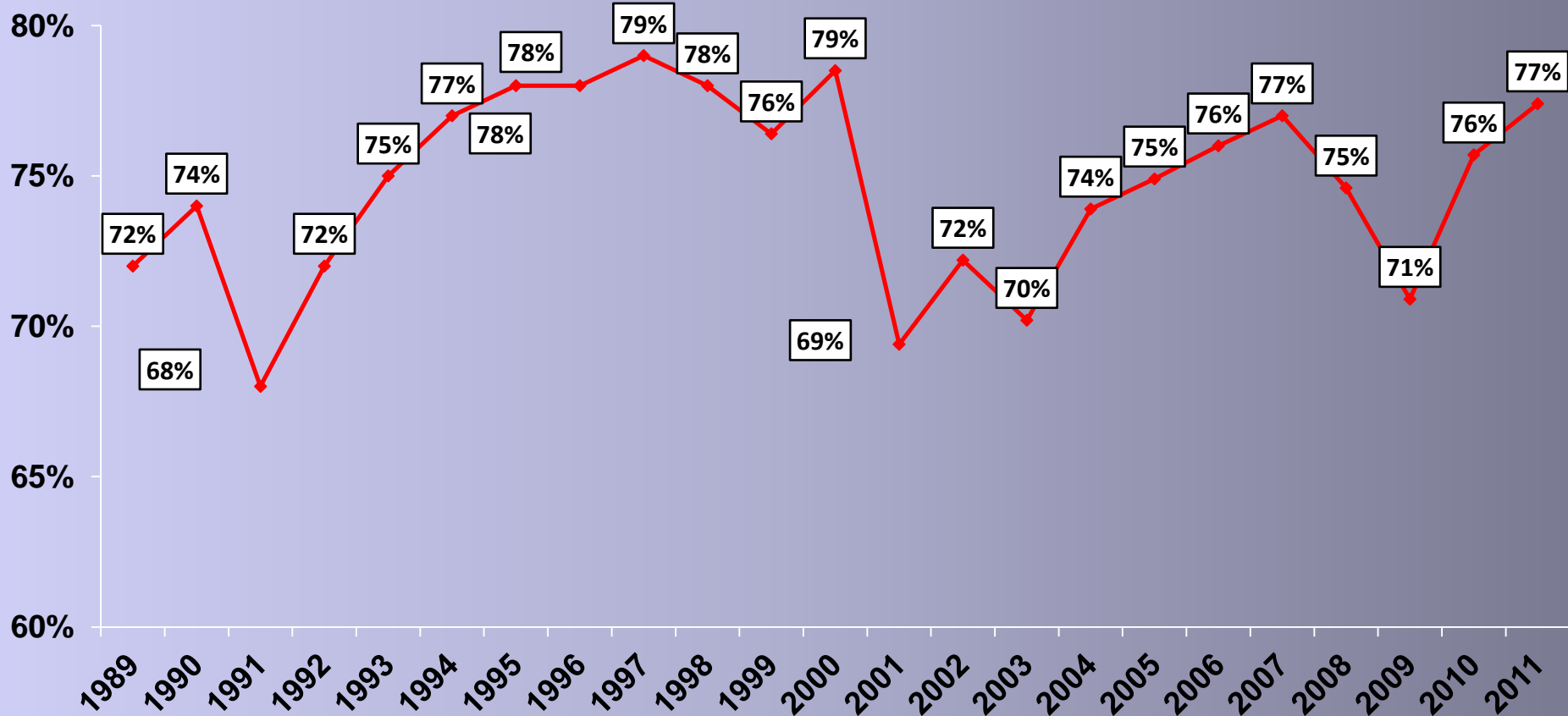


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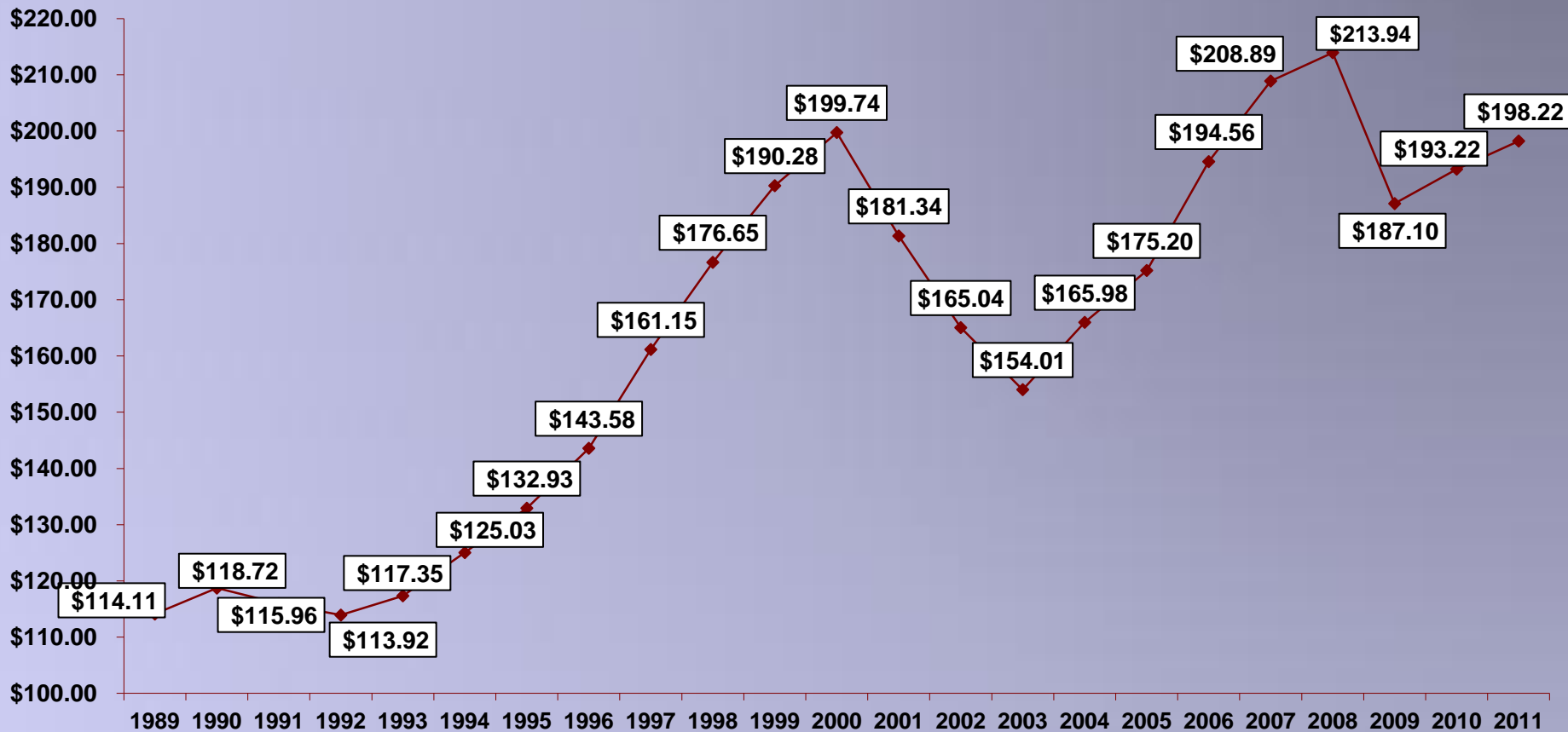
BOSTON CAMBRIDGE LODGING MARKET



Boston / Cambridge Occupancy 1989-2011

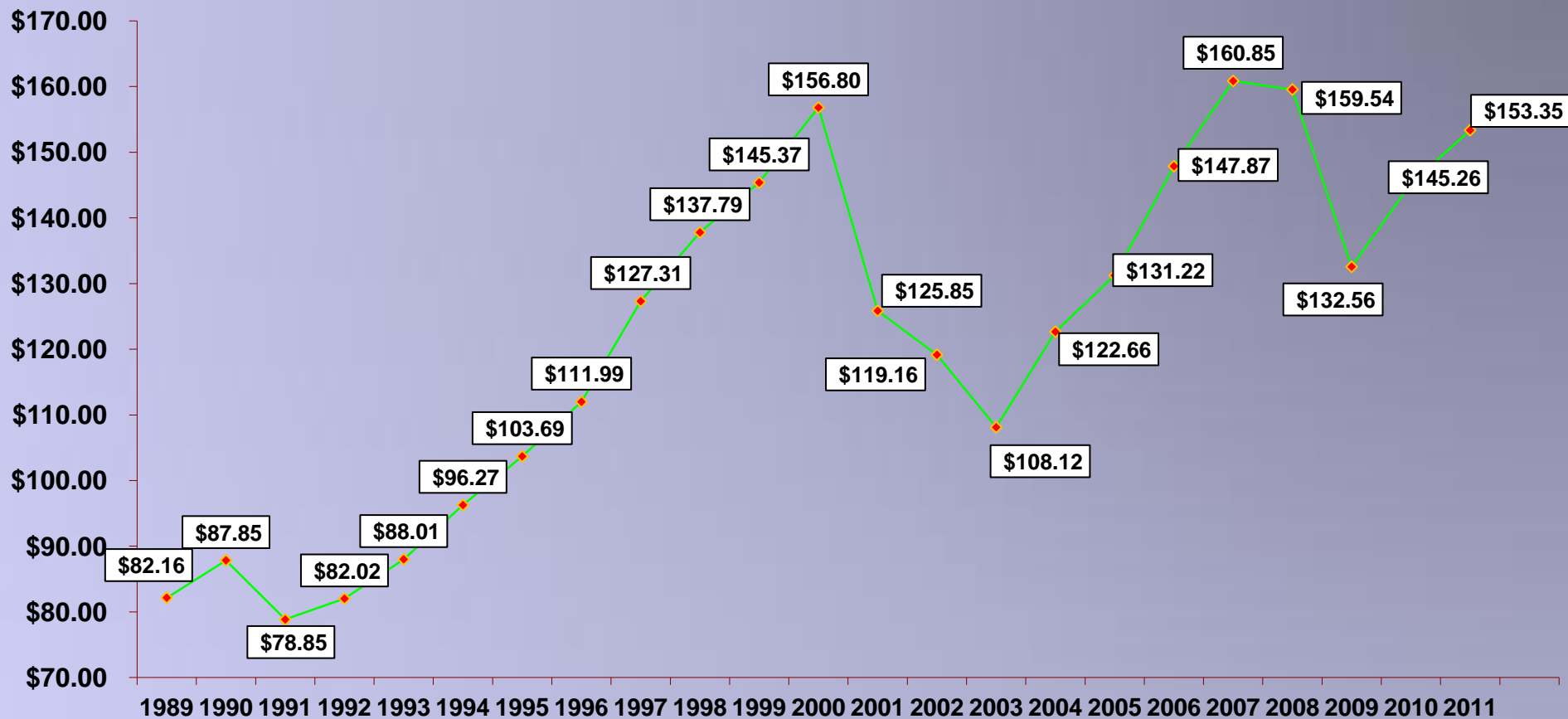


Boston / Cambridge ADR 1989-2011



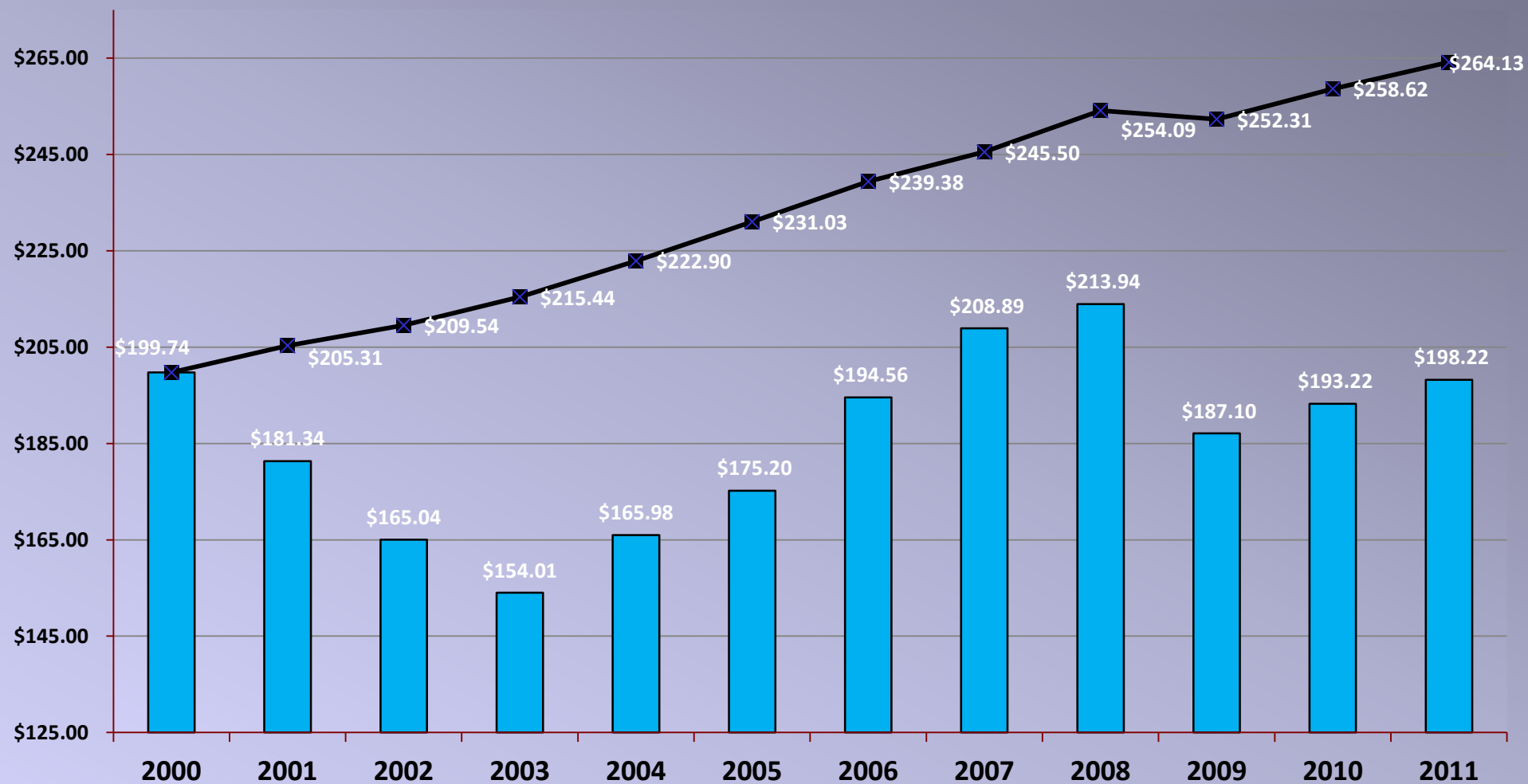


Boston / Cambridge RevPAR 1989-2011

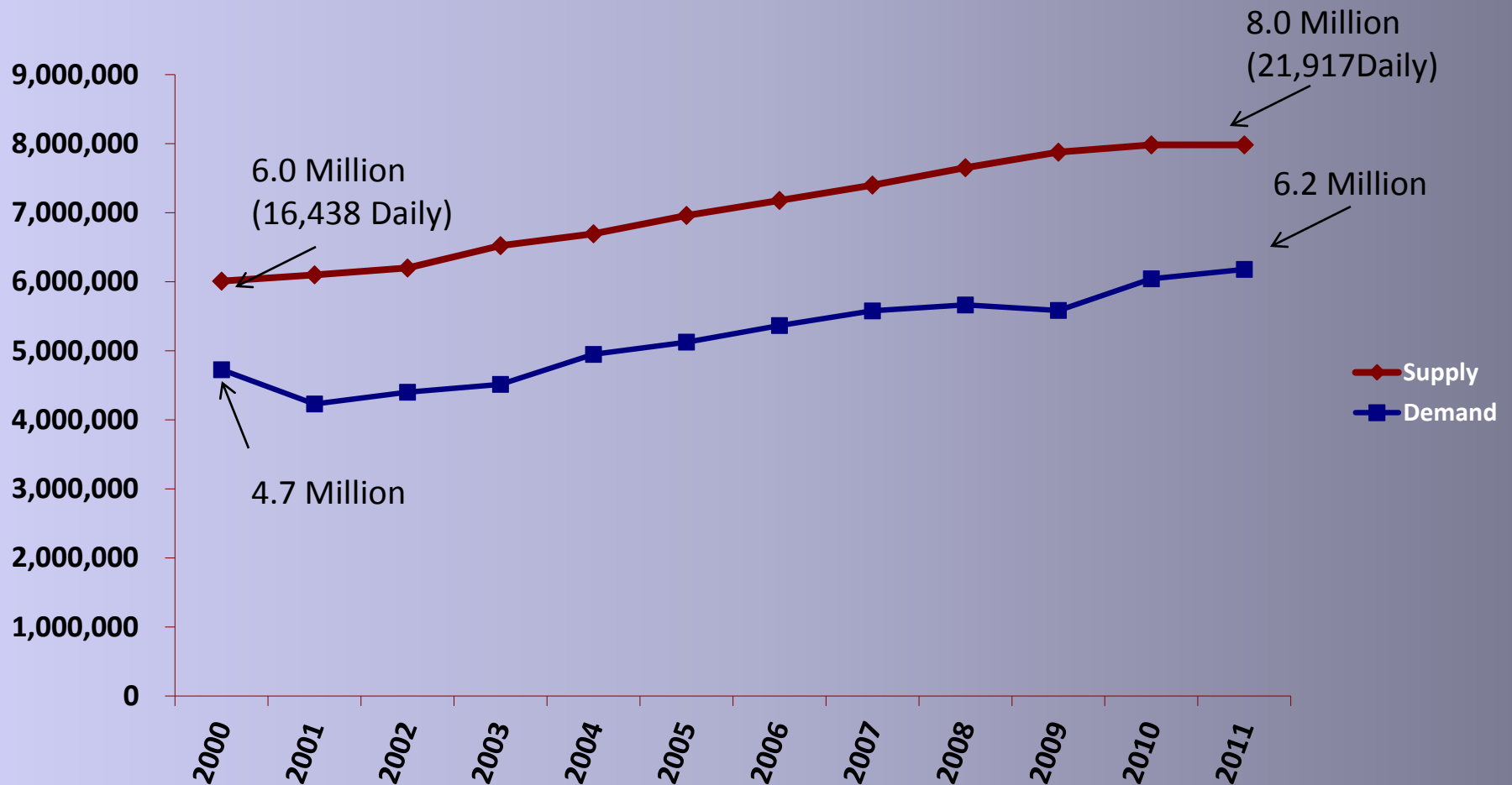




Boston / Cambridge ADR Versus CPI 2000 - 2011

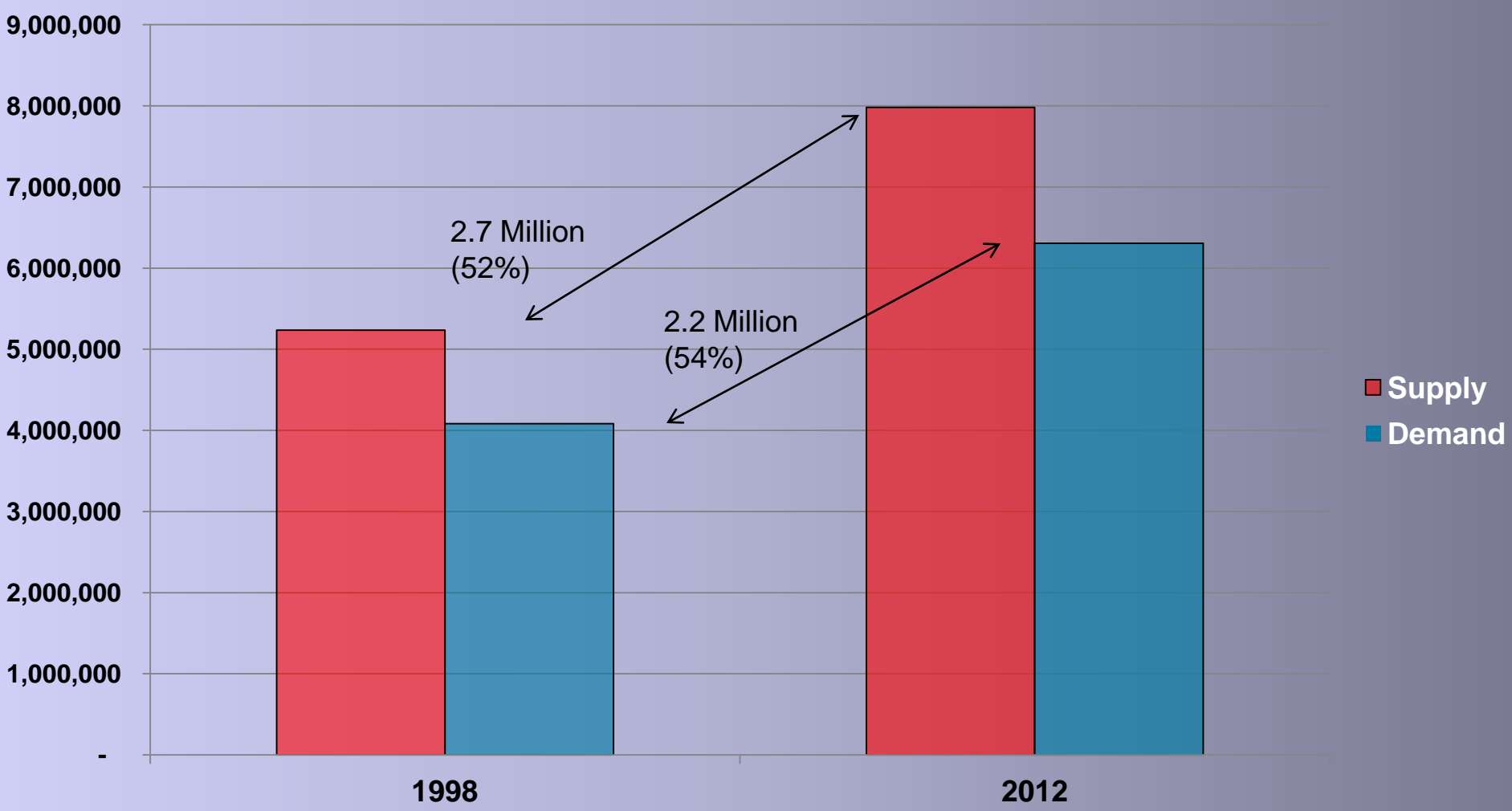


Boston / Cambridge Supply and Demand 2000-2011



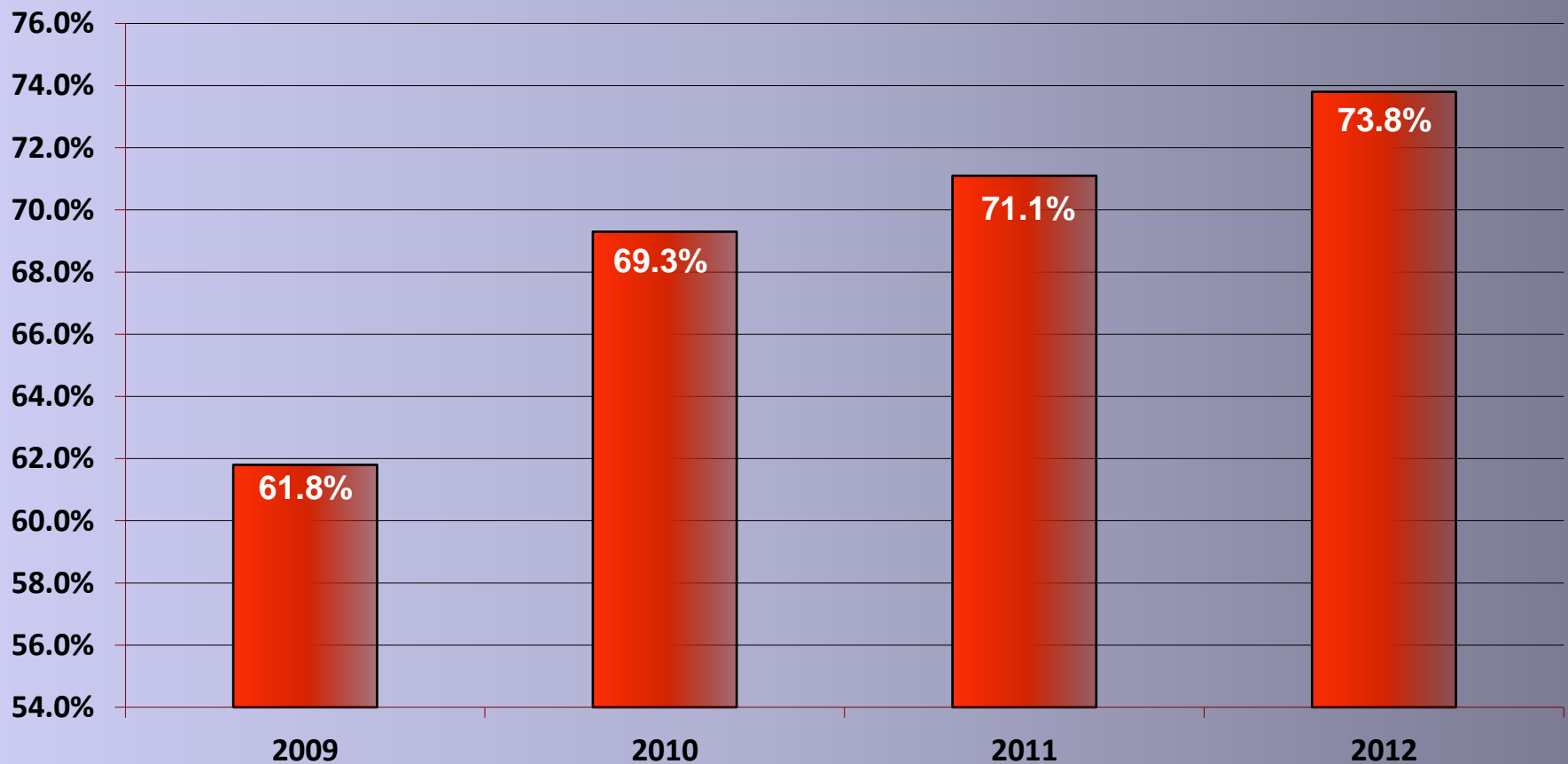


Boston / Cambridge Supply and Demand 1998 vs. 2012P



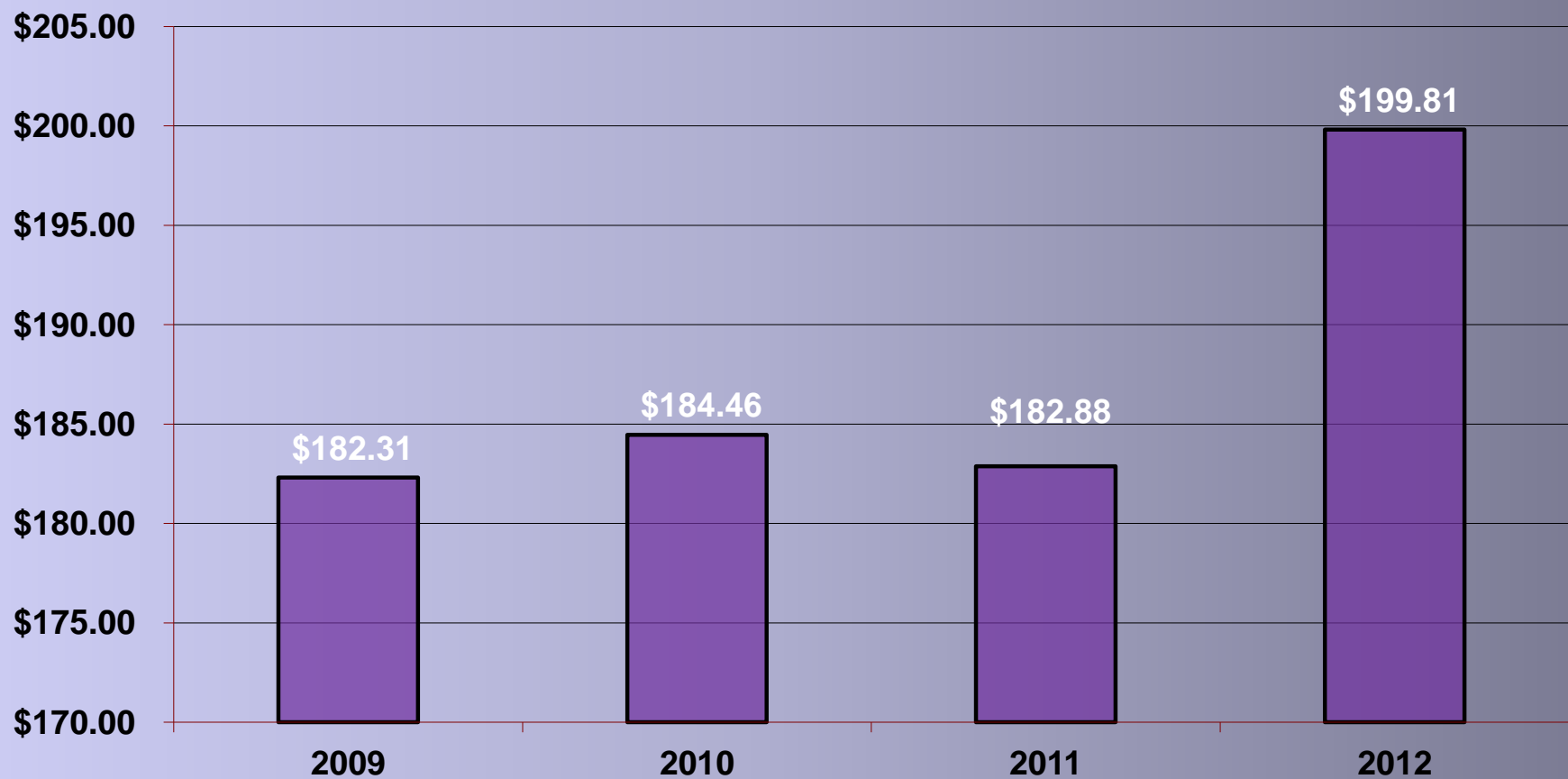


Boston / Cambridge Occupancy YTD May 2009-2012



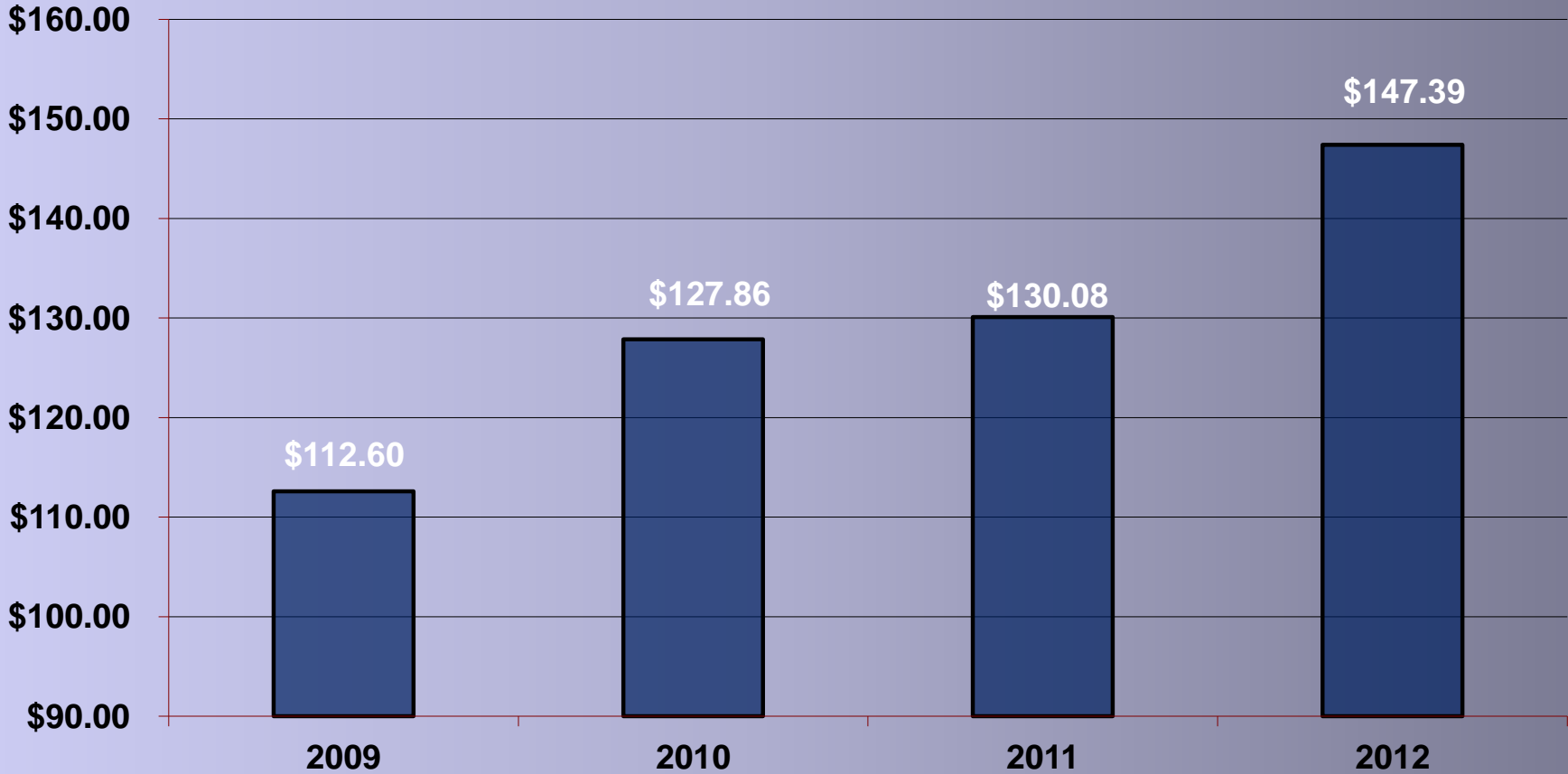


Boston / Cambridge ADR YTD May 2009-2012





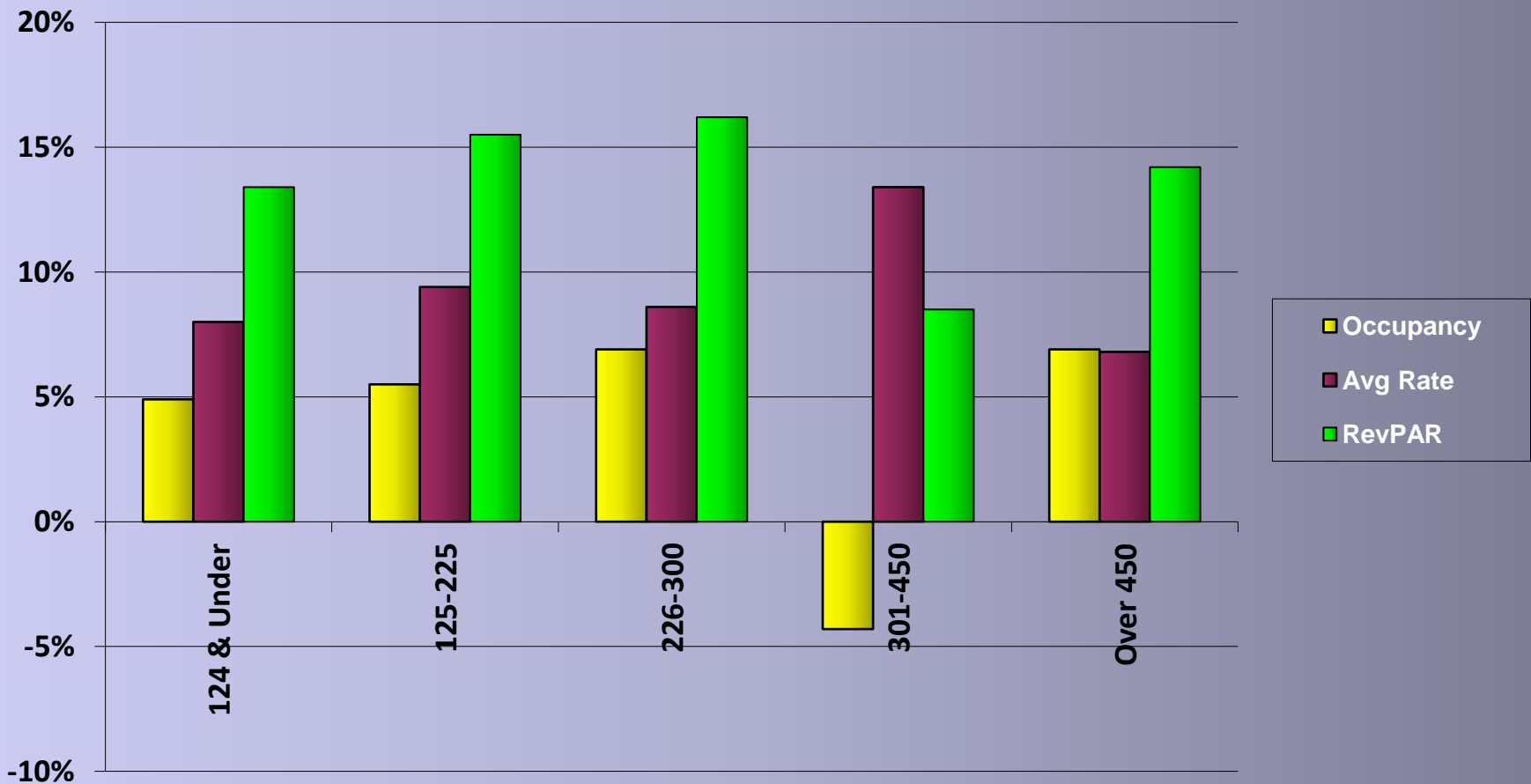
Boston / Cambridge RevPAR YTD May 2009-2012



Boston / Cambridge Change in RevPAR 1996 – YTD May 2012



Boston / Cambridge Change in Performance by Size YTD May 2012





Boston/Cambridge Supply Changes 2012/2013

2013: 120-suite Residence Inn Fort Point Channel summer

175-suite Residence Inn Fenway fall 2013

209-room Courtyard North End year end 2013

Several other renovations on-going which may include rooms expansions



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Boston/Cambridge Demand Factors

Boston Unemployment

May 2011 6.6%

May 2012 5.5%

Logan Stat's Total Passengers

YTD May 2011 11.2 M

YTD May 2012 11.5 M



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Boston/Cambridge Demand Factors

Boston Office Market

	Million SF	Vacancy
March 2011	60	16.6%
March 2012	61	15.4%

Source: Colliers (March 2012)



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Boston/Cambridge Demand Factors

Cambridge Office Market

	Million SF	Vacancy
March 2011	19.7	13.3%
March 2012	19.8	13.0%

Source: Colliers

Boston/Cambridge Demand Factors

- 4 consecutive quarters of positive absorption in Boston
- Financial District vacancy rate is high (19.2%) due to surplus of low rise space
- Back Bay vacancy rate is 6.1%
- Seaport District had 140,000 SF absorption in Q1 2012; this market continues to improve
- Boston vacancy rates are expected to gradually decline to 10% by 2015
- 8 buildings under construction in Cambridge (Life Sciences)
- Kendall Square is expected to remain strong and pricey
- Cambridge will continue to attract large technology and life science companies



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Boston / Cambridge Corporate Demand Trends

- Demand remains very strong
- Travel planners have noticed the high occupancy rates and are placing value on Last Room Availability again
- High occupancy levels have created more realistic rate growth expectations from meeting planners
- Downtown rates are pushing rate sensitive corporate demand to the suburbs



Boston / Cambridge Group Demand Trends

- 2013 Back Bay Pace is up 1% versus 2012; Downtown is down 8%
- Booking window remains short
- Citywide convention pace is down
 - Fewer large events that will create compression
 - Timing is decent
- Corporate and Social Group demand remains strong and window is growing



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Boston / Cambridge Leisure Demand Trends

- Demand remains strong – Even from Europe...
- Operators should be able to continue to reduce use of low rated distribution channels (opaque's)
- Continued uncertainty about European Demand



Boston / Cambridge Average Rates

- Hotels were more aggressive with rates even during May when compression was not quite as strong as expected
- Fewer Large Conventions in 2013 will limit compression
- Group Rates are expected to be up 1 to 3 percent.
- Corporate Negotiated rates are expected to be up 5 to 7 percent
- Retail/Leisure rates are expected to be up 8 to 12 percent



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Boston / Cambridge RFP Season (2013)

Most operators expect to quote rates between 4 and 8 percent and settle to rate increases of 5 to 7 percent.



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Boston Cambridge Projections 2012

	2011	2012	% Change
Occupancy	77%	79%	2.6%
Average Rate	\$198.22	\$215.07	8.5%
RevPAR	\$153.35	\$169.90	10.8%



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Boston Cambridge Projections 2013



	2012	2013	% Change
Occupancy	79%	77%	-1.3%
Average Rate	\$215.07	\$227.97	6.0%
RevPAR	\$169.90	\$177.82	4.7%



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