

OUTLOOK 2012

Rachel J. Roginsky, ISHC

rroginsky@pinnacle-advisory.com 164 Canal Street Boston, MA 02114 ~ 617/722-9916 www.pinnacle-advisory.com

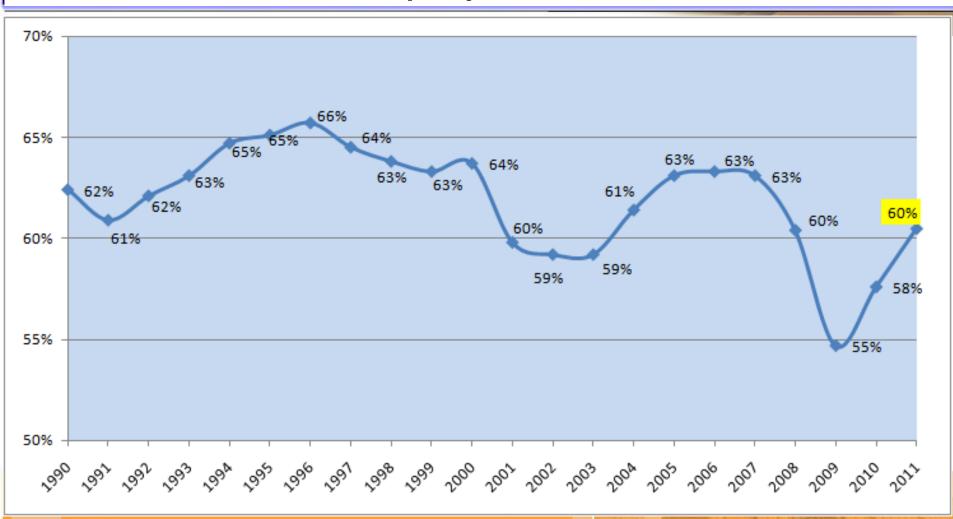




Source: Smith Travel Research (PAG Projection)



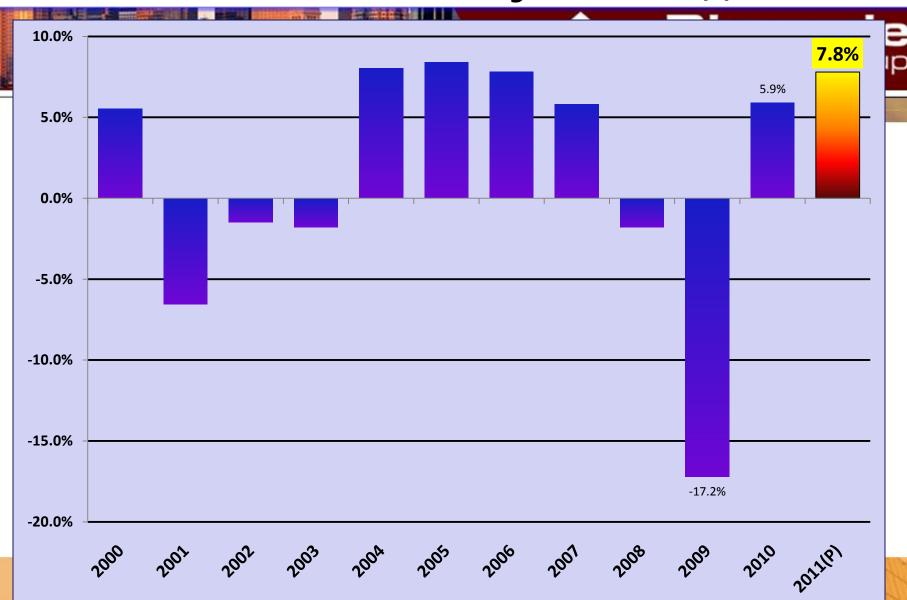
U.S. Occupancy 1990 – 2011(P)







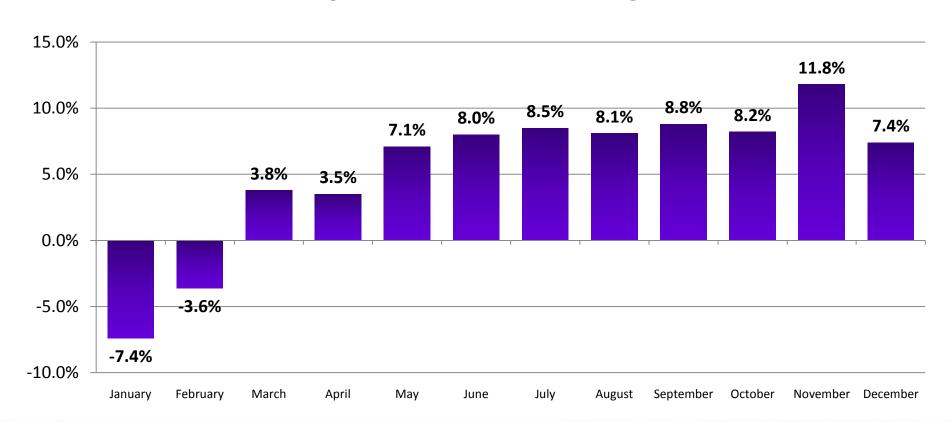




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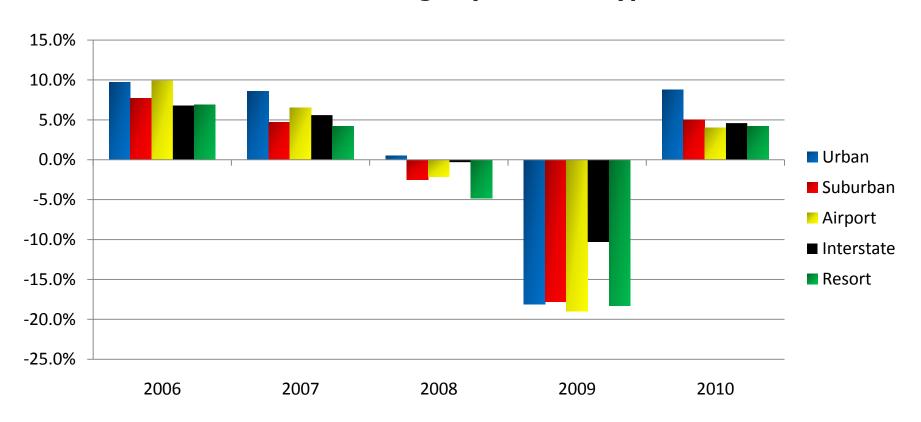


2010 Month by Month RevPAR % Change from 2009

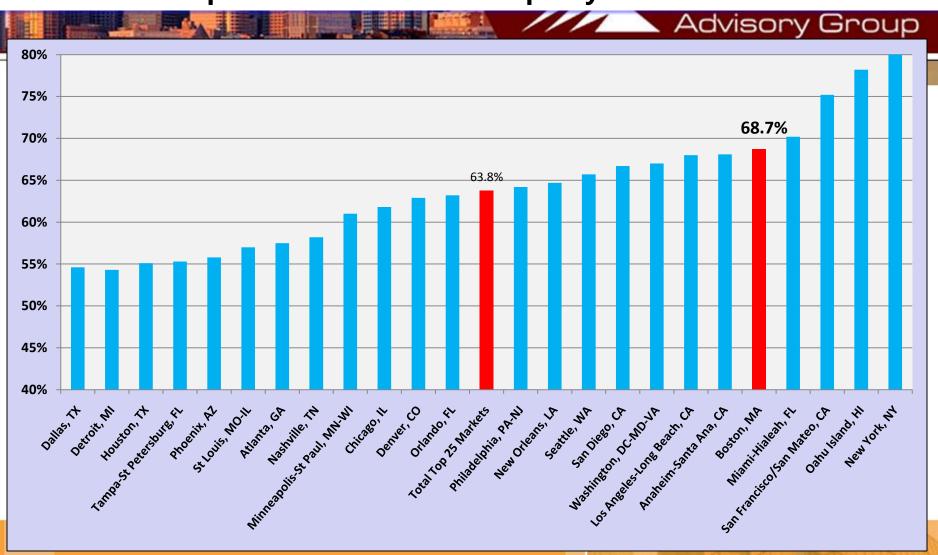




Historical RevPAR % Change by Location Type- 2006-2010

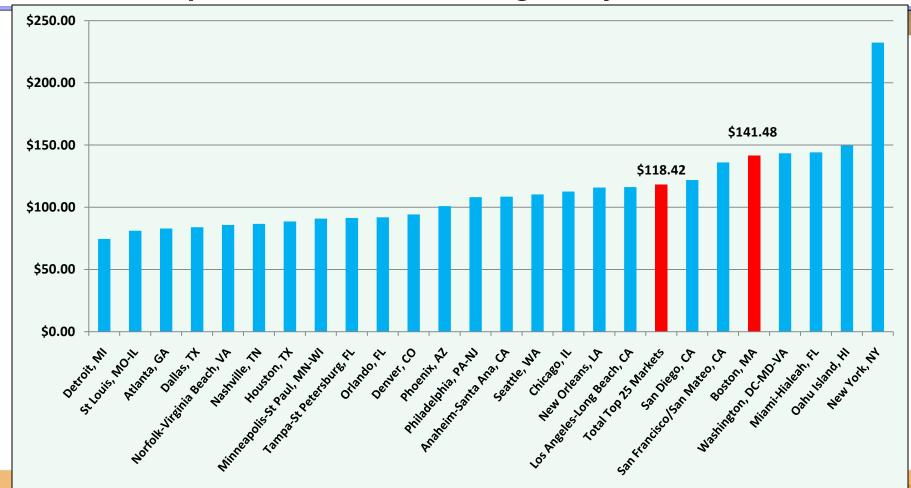






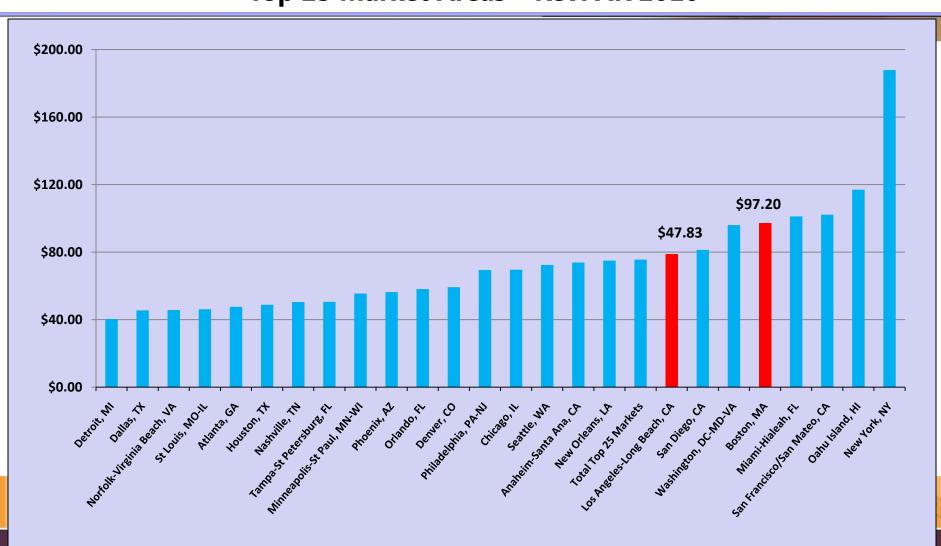


Top 25 Market Areas – Average Daily Rate 2010



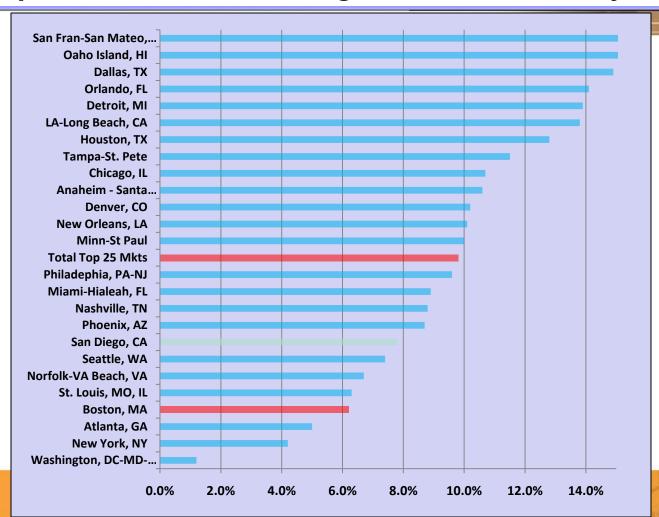


Top 25 Market Areas – RevPAR 2010





Top 25 Market Areas - Change In RevPAR YTD May 2011



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

<u>Phase</u>	<u>April</u> 2011	<u>April</u> 2010	<u>Difference</u>	<u>% Change</u>
In Construction	50,335	77,404	-27.069	-35.0%
Planned Pipeline	272, 088	289,676	-17,588	-6.1%
Active Pipeline	322,423	367,080	-44,657	-12.2%

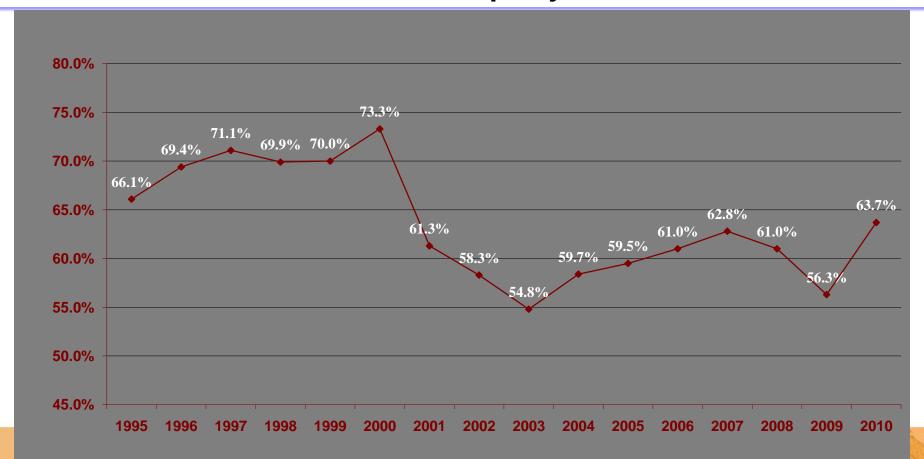
Source: Smith Travel Research



SUBURBAN BOSTON LODGING MARKET

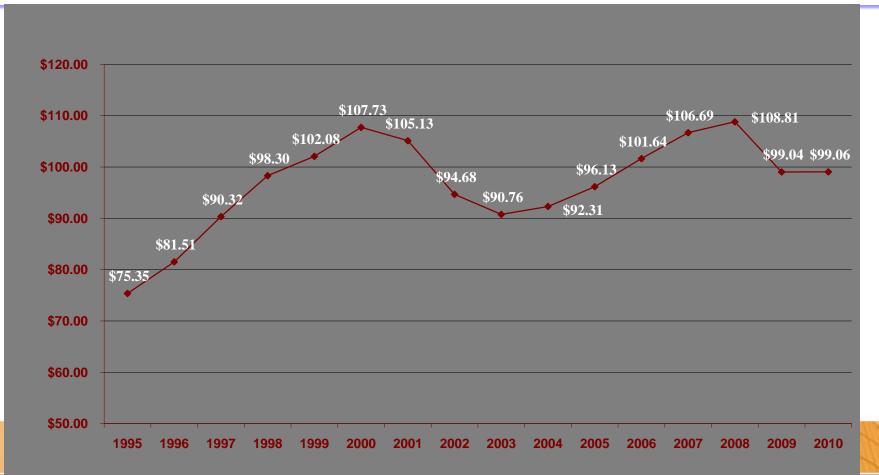


Suburban Boston Occupancy 1995 - 2010



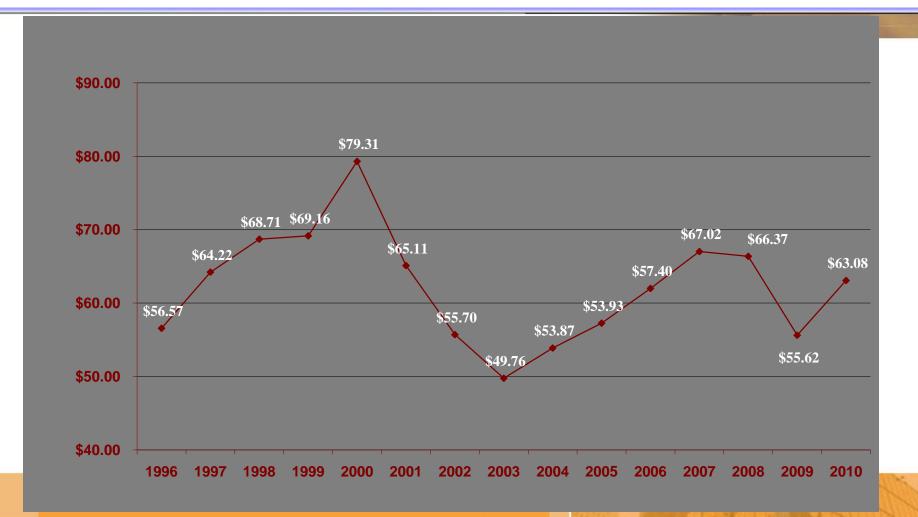


Suburban Boston Average Daily Rate 1995-2010



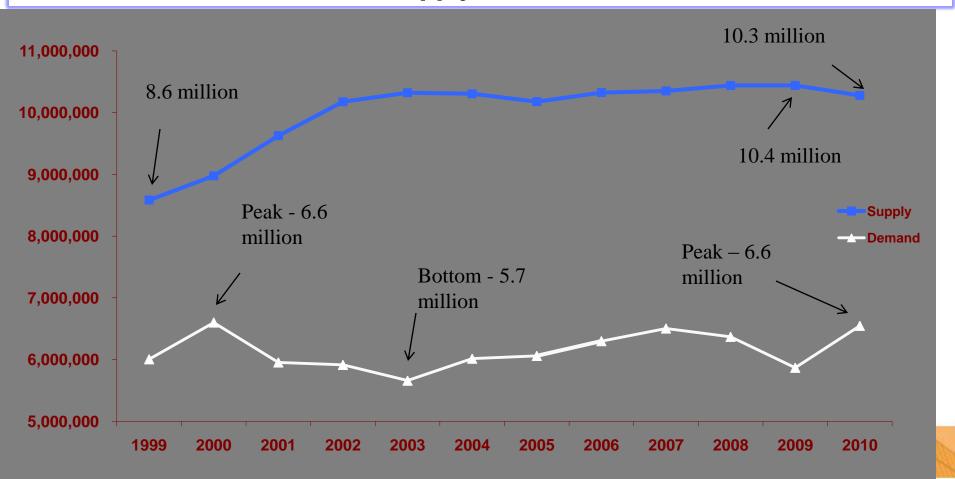


Suburban Boston RevPAR 1996 - 2010



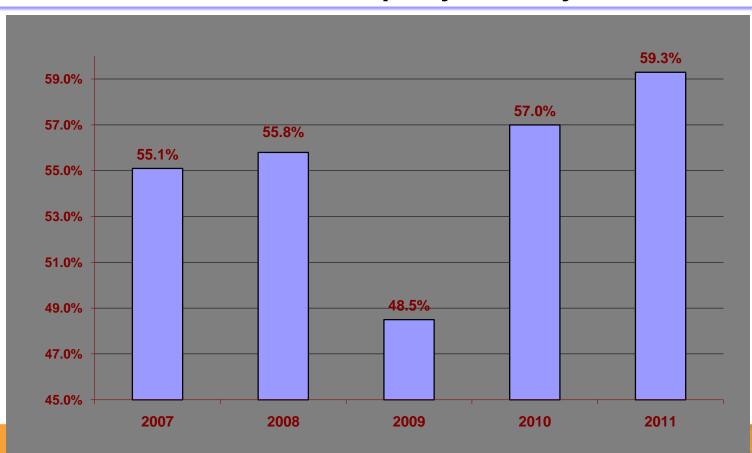


Suburban Boston Supply and Demand 1999 - 2010



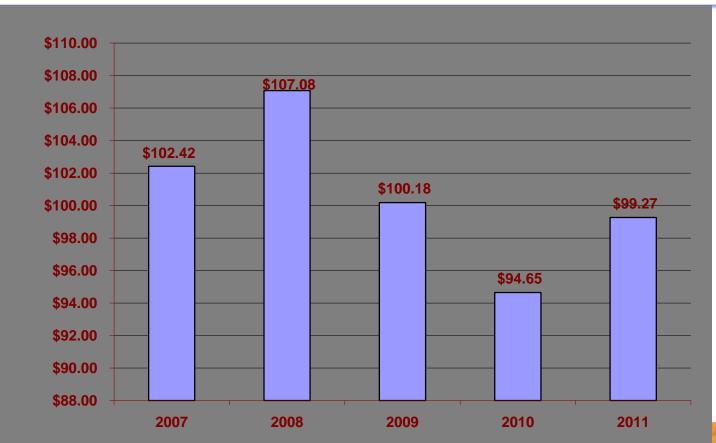


Suburban Boston Occupancy YTD May 2007-2011



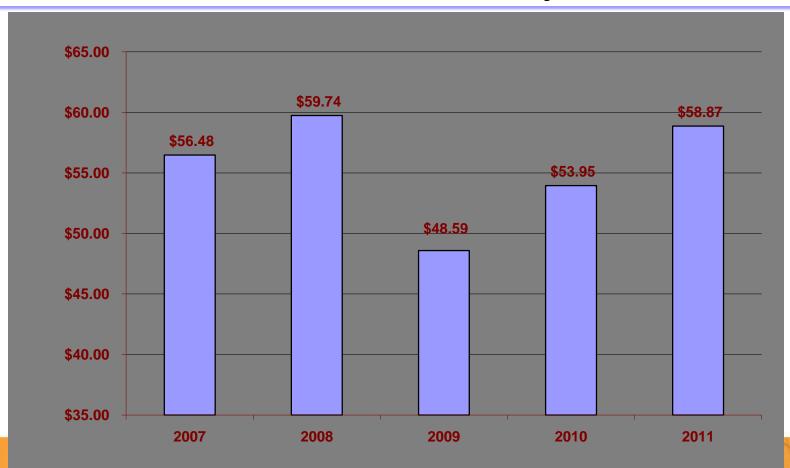


Suburban Boston Average Daily Rate YTD May 2007-2011





Suburban Boston RevPAR YTD May 2007-2011





Suburban Boston Supply Changes 2011-2012

Waltham Doubletree to Embassy Suites – April 2011 Homewood Suites Canton – 98 Rooms - August 2011 Hyatt Place Braintree – 204 rooms - April 2012



Suburban Boston Office and R&D Trends

	Square Feet Supply	Vacancy			
Inner Suburbs	5.8 Million	15.2%			
Route 128	72.6 Million	18.7%			
Route 495	47.3 Million	25.4%			
Source: As of March 31, 2011 (Colliers)					



Suburban Boston Office Trends

- •Suburban Office and R&D posted 500,000 SF of positive absorption, in Q1 2011, more than all of 2010
 - Growth is uneven across submarkets
 - More companies are willing to relocate to new space to accommodate potential growth



Suburban Boston Lodging Demand 2011-2012

- Demand continues to grow even with weak compression (group) in 2013
- Strong compression expected in all segments 2012
- Corporate transient demand is leading the recovery
- Limited new supply
- Heavy investment in the suburbs will put pressure on rates
- •RFP Rate Growth is expected to settle in the high single digits
- Performance will vary based on local market attributes



Suburban Boston Projections 2011

	2010	2011	% Change
Occupancy	64%	66%	3.6%
Average Rate	\$99.06	\$104.01	5.0%
RevPAR	\$63.10	\$68.65	8.8%

Source: Pinnacle Advisory Group



Suburban Boston Projections 2012

	2011	2012	% Change
Occupancy	66%	68%	3.0%
Average Rate	\$104.01	\$110.25	6.0%
RevPAR	\$68.65	\$74.97	9.2%

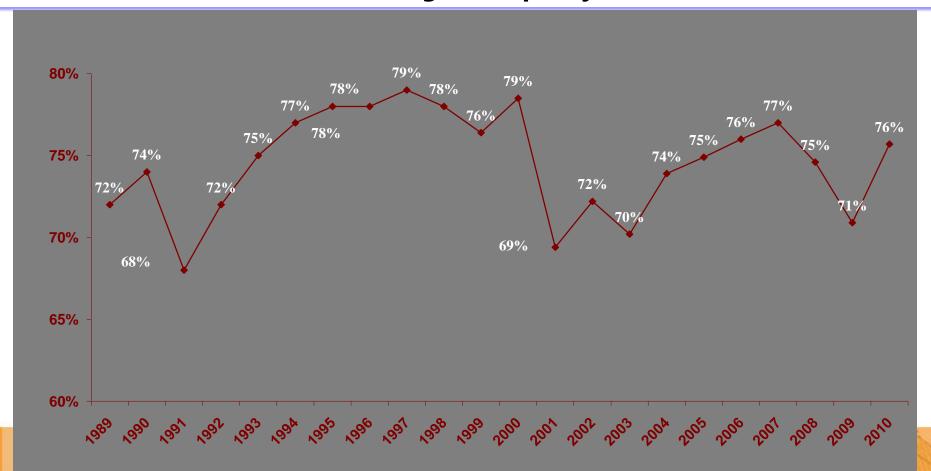
Source: Pinnacle Advisory Group



BOSTON CAMBRIDGE LODGING MARKET

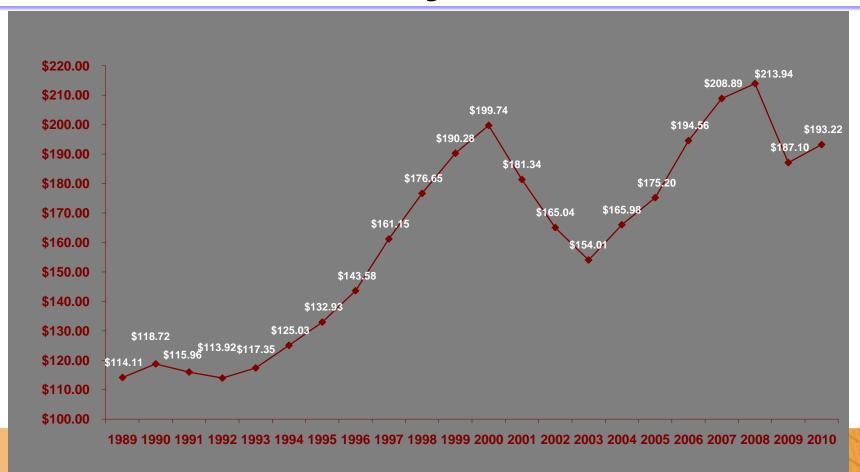


Boston / Cambridge Occupancy 1989-2010





Boston / Cambridge ADR 1989-2010



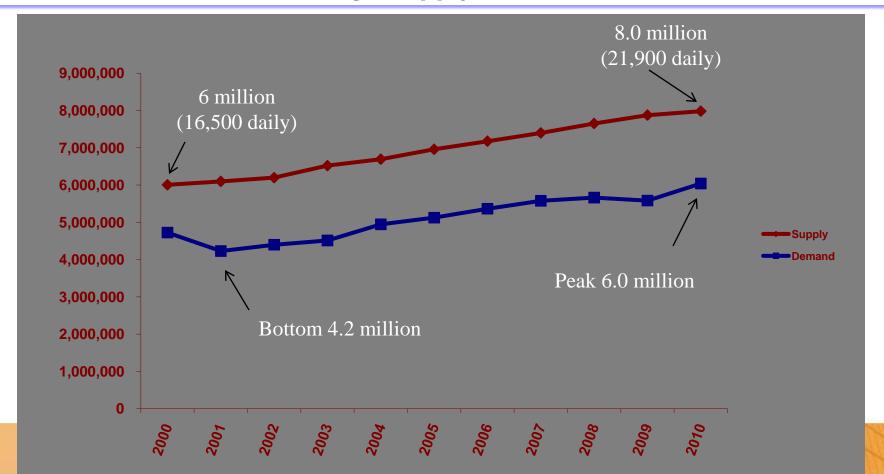


Boston / Cambridge RevPAR 1989-2010



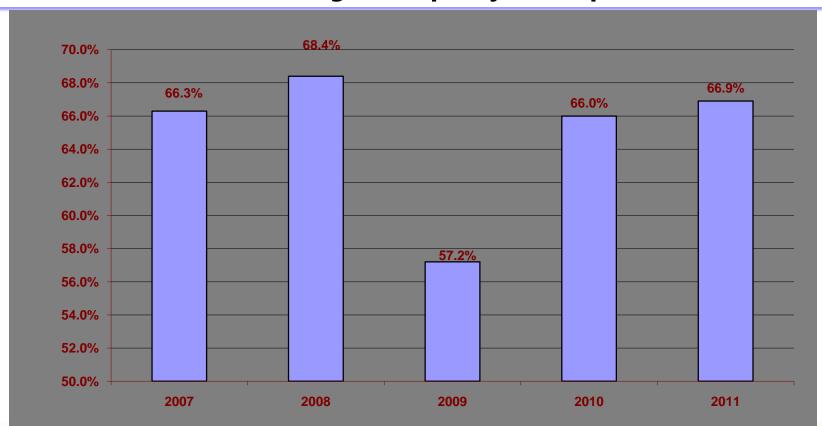


Boston / Cambridge Supply and Demand 2000-2010



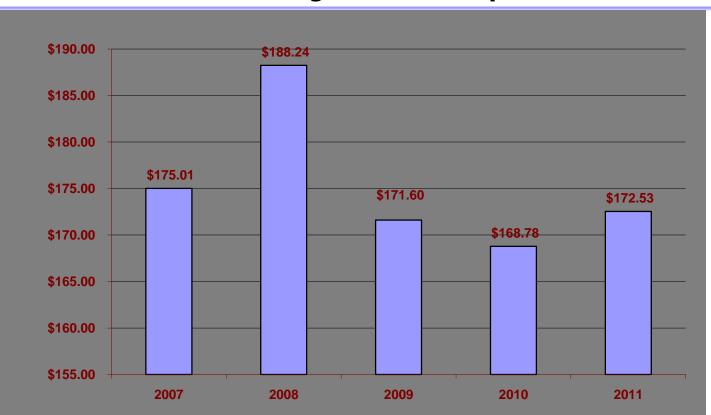


Boston / Cambridge Occupancy YTD April 2007-2011



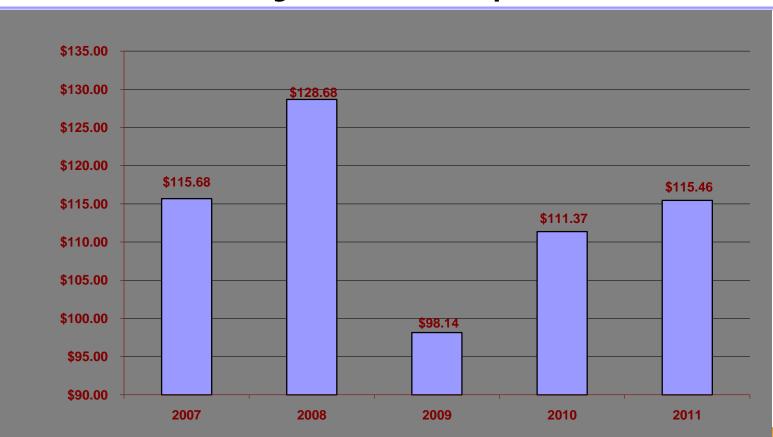


Boston / Cambridge ADR YTD April 2007-2011



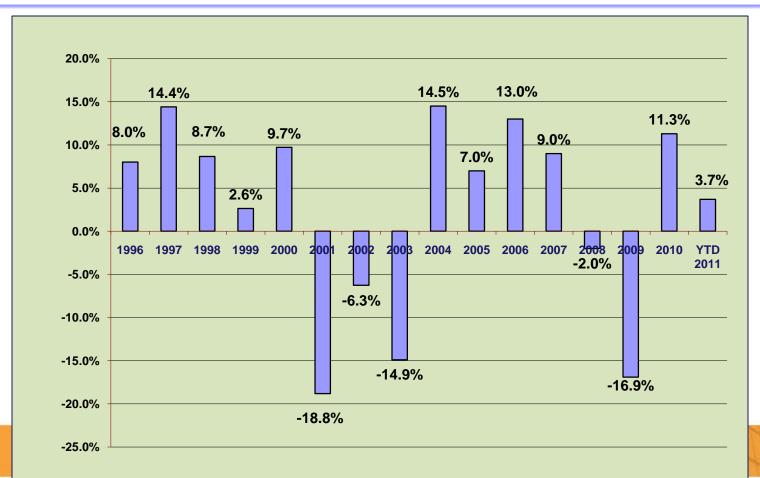


Boston / Cambridge RevPAR YTD April 2007-2011



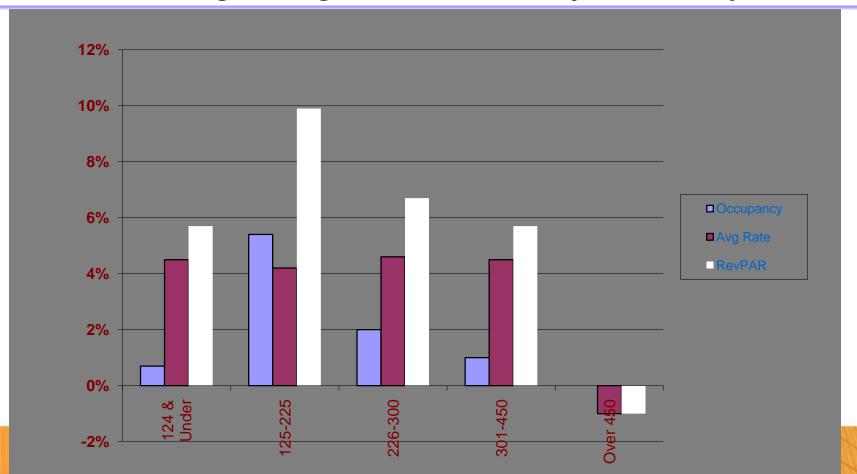


Boston / Cambridge Change in RevPAR 1996 – YTD April 2011





Boston / Cambridge Change in Performance by Size YTD April 2011







Source: Pinnacle Advisory Group



Boston / Cambridge Supply Changes 2012





Boston Unemployment	Logan Stat's Total Passengers	
May 2010 7.6%	YTD April 2010 8.1 M	
May 2011 6.6%	YTD April 2011 8.6 M	



Boston Office Market

Million SF Vacancy

March 2010 58 14.7%

March 2011 60 16.6%

Source: Colliers (March 2011)



Cambridge Office Market

Million SF Vacancy

March 2010 10.6 15.9%

March 2011 10.4 12.9%

Source: Colliers



- Flat 1Q Office Absorption (no momentum) in Boston
 - Cambridge Office market continues to expand
- Significant Gap Between Back Bay and Financial District
 Office Vacancy Rates
- Vacancy Rates are expected to remain above 10 percent through 2014, due in part to increased supply in 2013 and 2014



Boston / Cambridge Corporate Demand Trends

- Strong Corporate demand has helped off-set weak group demand in 2011
- Demand is now "well rounded" all industries are stable or picking up
 steam
- •Corporate meeting planners are nervous about rate increases for 2012



Boston / Cambridge Group Demand Trends

- •2012 is looking very strong
- Booking window remains short, particularly for smaller groups
- Citywide convention pace is very strong
 - Large events that will create compression
 - More events with good timing (e.g. 1Q)
- Corporate and Social Group demand remains strong



Boston / Cambridge Leisure Demand Trends

- Demand remains strong
- •Strong corporate and group demand will allow operators to reduce use of opaque sites and other discount channels.
- International demand remains strong
- US travel remains a value



Boston / Cambridge Average Rates

- •Weak group demand in 2011 limited rate growth as group hotels discounted in an effort to steal market share
- Large Conventions in 2012 will create compression
- •Group Rates are expected to be up 2 to 5 percent.
- •Corporate Negotiated rates are expected to be up 6 to 9 percent
- •Retail/Leisure rates are expected to be up 10 to 15%



Boston / Cambridge RFP Season

Most operators expect to quote rates between 8 and 12 percent and settle to rate increases of 6 to 10 percent.



Boston Cambridge Projections 2011

	2010	2011	% Change
Occupancy	76%	77%	1.3%
Average Rate	\$193.22	\$199.02	3.0%
RevPAR	\$146.27	\$153.24	4.8%

Source: Pinnacle Advisory Group



Pinnacle Operator's Survey 2012 Outlook

- Several regional executives
- Owners: 8 to 12% RevPAR growth
- Operators 6 to 10% RevPAR growth



Boston Cambridge Projections 2012

	2011	2012	% Change
Occupancy	77%	78%	1.3%
Average Rate	\$199.02	\$216.93	9.0%
RevPAR	\$153.24	\$169.20	10.4%

Source: Pinnacle Advisory Group



PINNACLE ADVISORY GROUP

164 Canal Street Boston, MA 02114 ~ 617/722-9916 2508 Bay Drive, Pompano Beach, FL 33062 ~ 954/786-2019 6 Town Landing Road, Falmouth, ME 04105 ~ 207/781-0922 366 Monmouth St., Jersey City, NJ 07302 ~ 201/792-0772 www.pinnacle-advisory.com