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## Forecast - Sample



Table of Contents	Tab
Recent Market Performance	1
At A Glance - Annual & Quarterly Outlook	2
At A Glance - Monthly	3
Forecast Comparison	4
Rankings	5
Macro Forecasts	6
Macro Summary	7
International Visitors	8
Raw Data	9
Glossary	10
Methodology	11
	12

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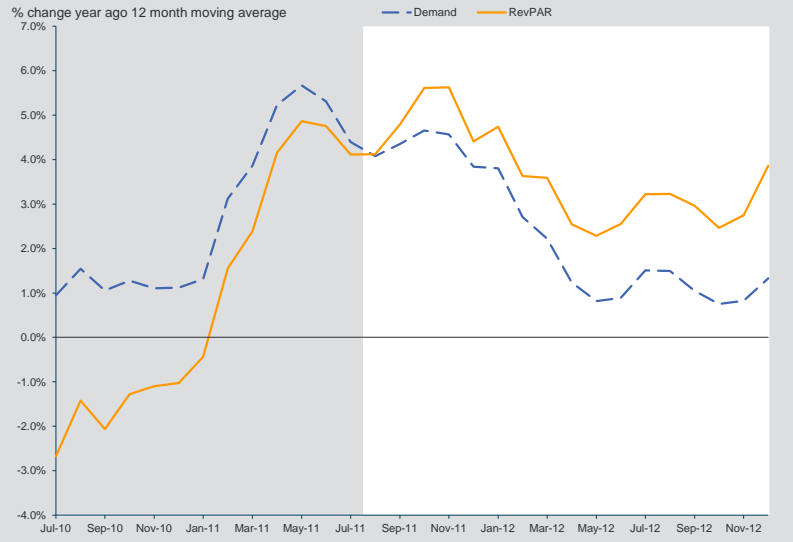


Current Metrics (USD)						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
2011 Q2	61.9%	88.14	54.55	3.6	2.2	197.9
2011 YTD	52.8%	79.38	41.93	7.1	3.7	300.3
2011 Q2 (% change year ago)	5.5%	0.2%	5.6%	-0.4%	5.1%	5.3%
2011 YTD (% change year ago)	4.0%	0.2%	4.0%	-0.4%	3.5%	3.6%

Recent Growth						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
Past 6 months	6.7%	-1.4%	5.2%	-0.4%	6.3%	4.8%
Past 12 months	5.5%	0.2%	5.6%	-0.4%	5.1%	5.3%
Past 2 years	2.2%	-0.8%	1.4%	0.2%	2.4%	1.6%
Past 5 years	-2.1%	0.9%	-1.2%	2.2%	0.1%	1.0%
Past 10 years	-0.8%	1.6%	0.8%	1.6%	0.8%	2.5%
2011-2013	-0.7%	3.2%	2.5%	0.5%	-0.2%	3.0%

Cumulative Growth						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
Past 2 years	4.5%	-1.6%	2.8%	0.4%	5.0%	3.3%
Past 5 years	-9.9%	4.7%	-5.8%	11.3%	0.3%	4.9%
Past 10 years	-7.4%	17.5%	8.8%	17.2%	8.6%	27.5%
2011-2013	-1.4%	6.5%	5.0%	1.0%	-0.4%	6.1%

**Market Demand and RevPAR**



Average occupancy expanded 5.5% on a year-over-year basis, in 2011 Q2, while ADR rose 0.2%

Revenue Per Available Room (RevPAR) has increased 4%, in 2011 YTD

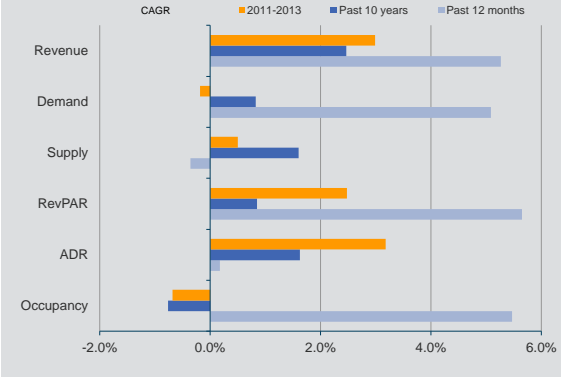
Over the next two years occupancy growth is expected to be above the average for the last 5 years

ADR growth is expected to be faster than during the last 5 years  
Consequently, RevPAR growth is expected to exceed growth during the last 5 years

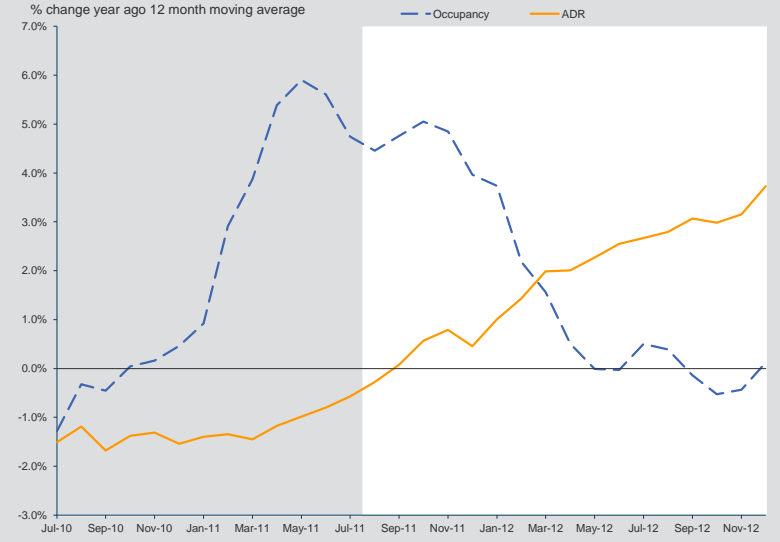
Over the past decade, room demand has expanded 8.6%, an average of 0.8% per annum

Meanwhile, ADR has expanded 17.5%, an average of 1.6% per annum

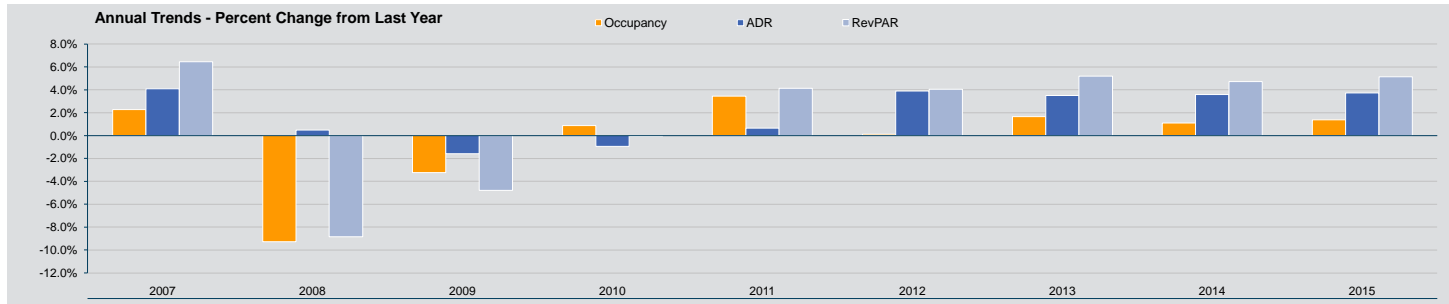
**Performance Comparisons Over Time**



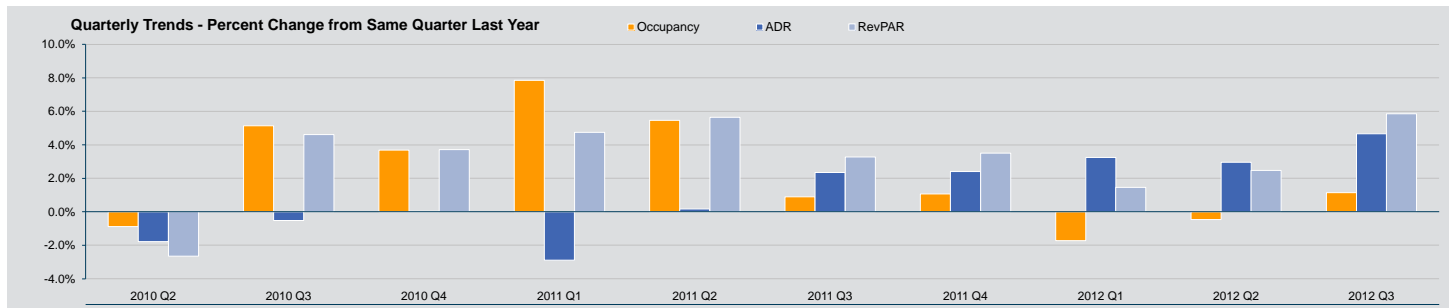
**Market Occupancy and ADR**



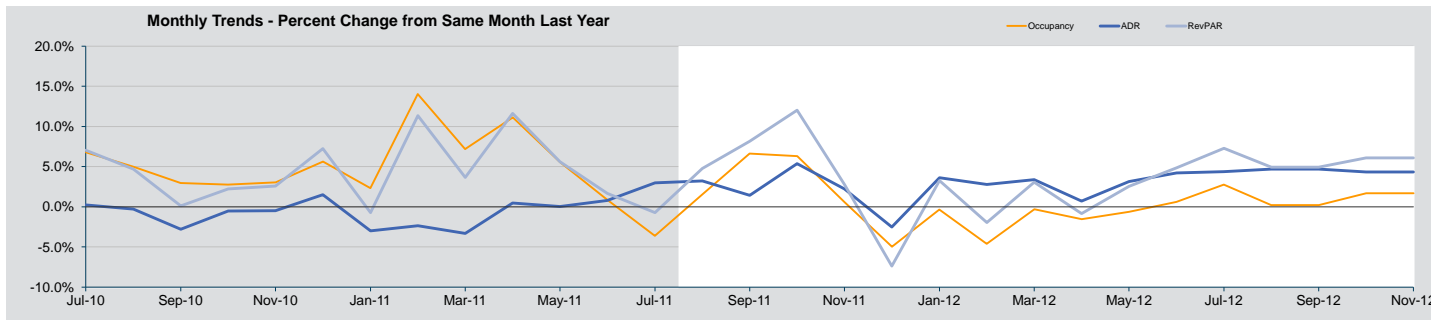
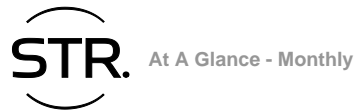
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Annual Performance		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights - Mn	% Change	Room nights - Mn	% Change	USD	% Change
<b>Actual</b>	2007	60.1	2.3%	87.97	4.1%	52.85	6.5%	13.5	1.3%	8.1	3.6%	712.52	7.8%
	2008	54.5	-9.3%	88.40	0.5%	48.18	-8.8%	13.9	3.1%	7.6	-6.4%	669.82	-6.0%
	2009	52.7	-3.2%	86.99	-1.6%	45.88	-4.8%	14.4	3.7%	7.6	0.3%	661.33	-1.3%
	2010	53.2	0.9%	86.19	-0.9%	45.85	-0.1%	14.5	0.7%	7.7	1.6%	665.50	0.6%
<b>Forecast(f)</b>	2011 f	55.0	3.4%	86.76	0.7%	47.75	4.1%	14.5	-0.1%	8.0	3.3%	692.25	4.0%
	2012 f	55.1	0.1%	90.15	3.9%	49.68	4.0%	14.7	1.2%	8.1	1.3%	728.86	5.3%
	2013 f	56.0	1.7%	93.30	3.5%	52.27	5.2%	14.7	0.2%	8.2	1.9%	768.38	5.4%
	2014 f	56.6	1.1%	96.66	3.6%	54.75	4.7%	14.8	0.5%	8.4	1.6%	809.16	5.3%
	2015 f	57.4	1.4%	100.26	3.7%	57.57	5.2%	14.8	0.3%	8.5	1.7%	853.23	5.4%



Quarterly Performance		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Quarter	%	% Change	USD	% Change	USD	% Change	Room nights - Mn	% Change	Room nights - Mn	% Change	USD	% Change
<b>Actual</b>	2010 Q2	58.7	-0.9%	87.99	-1.8%	51.63	-2.7%	3.6	0.8%	2.1	-0.1%	187.99	-1.9%
	2010 Q3	68.3	5.1%	101.15	-0.5%	69.03	4.6%	3.7	0.0%	2.5	5.2%	254.16	4.7%
	2010 Q4	44.7	3.7%	72.81	0.0%	32.57	3.7%	3.6	-0.5%	1.6	3.2%	118.66	3.2%
	2011 Q1	43.9	7.9%	70.47	-2.9%	30.91	4.7%	3.5	-0.4%	1.6	7.5%	109.27	4.4%
	2011 Q2	61.9	5.5%	88.14	0.2%	54.55	5.6%	3.6	-0.4%	2.2	5.1%	197.89	5.3%
<b>Forecast(f)</b>	2011 Q3 f	68.9	0.9%	103.53	2.4%	71.29	3.3%	3.7	-0.4%	2.5	0.5%	261.46	2.9%
	2011 Q4 f	45.2	1.1%	74.56	2.4%	33.70	3.5%	3.7	0.7%	1.7	1.7%	123.63	4.2%
	2012 Q1 f	43.1	-1.7%	72.75	3.2%	31.37	1.5%	3.6	2.7%	1.6	1.0%	113.90	4.2%
	2012 Q2 f	61.6	-0.5%	90.75	3.0%	55.90	2.5%	3.7	0.7%	2.2	0.2%	204.15	3.2%
	2012 Q3 f	69.7	1.1%	108.36	4.7%	75.47	5.9%	3.7	0.7%	2.6	1.9%	278.73	6.6%

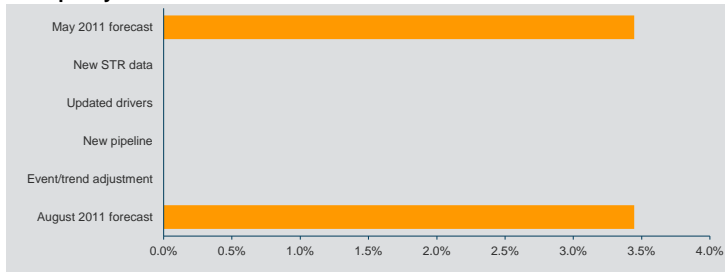


**Monthly Performance**

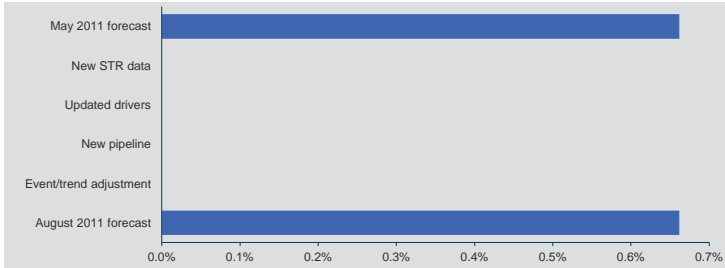
	Month	Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
		%	% Change	USD	% Change	USD	% Change	RN - Mn	% Change	RN - Mn	% Change	USD	% Change
<b>Actual</b>	Jul-2010	77.3	6.8%	108.45	0.2%	83.88	7.0%	1.2	0.2%	1.0	7.0%	104.06	7.3%
	Aug-2010	72.8	5.0%	104.93	-0.3%	76.38	4.7%	1.2	0.0%	0.9	4.9%	94.76	4.7%
	Sep-2010	54.2	3.0%	85.12	-2.8%	46.10	0.1%	1.2	0.0%	0.7	2.9%	55.35	0.1%
	Oct-2010	51.0	2.8%	75.81	-0.5%	38.63	2.2%	1.2	-0.4%	0.6	2.4%	47.88	1.8%
	Nov-2010	44.3	3.0%	71.08	-0.5%	31.50	2.6%	1.2	-0.5%	0.5	2.5%	37.31	2.1%
	Dec-2010	38.8	5.6%	70.74	1.5%	27.44	7.2%	1.2	-0.5%	0.5	5.1%	33.46	6.7%
	Jan-2011	35.5	2.3%	66.42	-3.0%	23.55	-0.7%	1.2	-0.4%	0.4	1.9%	28.57	-1.1%
	Feb-2011	45.6	14.0%	69.12	-2.3%	31.53	11.4%	1.1	-0.2%	0.5	13.7%	34.60	11.1%
	Mar-2011	50.7	7.2%	74.37	-3.3%	37.67	3.6%	1.2	-0.4%	0.6	6.8%	46.10	3.2%
	Apr-2011	59.3	11.1%	81.27	0.5%	48.19	11.6%	1.2	-0.2%	0.7	10.9%	57.66	11.4%
	May-2011	59.1	5.6%	84.68	0.0%	50.03	5.6%	1.2	-0.4%	0.7	5.1%	61.82	5.1%
	Jun-2011	67.4	0.9%	97.33	0.8%	65.57	1.7%	1.2	-0.4%	0.8	0.4%	78.40	1.3%
<b>Forecast (f)</b>	Jul-2011	74.6	-3.6%	111.69	3.0%	83.28	-0.7%	1.2	-0.4%	0.9	-4.0%	102.91	-1.1%
	Aug-2011	73.9	1.5%	108.30	3.2%	80.04	4.8%	1.2	-0.4%	0.9	1.1%	98.91	4.4%
	Sep-2011	57.7	6.6%	86.35	1.4%	49.87	8.2%	1.2	-0.4%	0.7	6.2%	59.64	7.8%
	Oct-2011	54.2	6.3%	79.89	5.4%	43.28	12.0%	1.2	-0.3%	0.7	6.0%	53.49	11.7%
	Nov-2011	44.6	0.6%	72.67	2.2%	32.38	2.8%	1.2	1.0%	0.5	1.5%	38.73	3.8%
	Dec-2011	36.9	-5.0%	68.95	-2.5%	25.41	-7.4%	1.2	1.4%	0.5	-3.7%	31.41	-6.1%
	Jan-2012	35.3	-0.4%	68.83	3.6%	24.32	3.3%	1.2	1.9%	0.4	1.5%	30.06	5.2%
	Feb-2012	43.5	-4.6%	71.05	2.8%	30.91	-1.9%	1.2	5.4%	0.5	0.5%	35.75	3.3%
	Mar-2012	50.5	-0.3%	76.87	3.4%	38.82	3.1%	1.2	1.2%	0.6	0.9%	48.08	4.3%
	Apr-2012	58.4	-1.5%	81.84	0.7%	47.79	-0.8%	1.2	0.6%	0.7	-0.9%	57.54	-0.2%
	May-2012	58.7	-0.6%	87.36	3.2%	51.30	2.5%	1.2	0.7%	0.7	0.1%	63.82	3.2%
	Jun-2012	67.8	0.6%	101.45	4.2%	68.75	4.9%	1.2	0.7%	0.8	1.3%	82.78	5.6%
Jul-2012	76.6	2.8%	116.60	4.4%	89.35	7.3%	1.2	0.7%	1.0	3.5%	111.19	8.0%	
Aug-2012	74.1	0.2%	113.40	4.7%	83.99	4.9%	1.2	0.7%	0.9	0.9%	104.52	5.7%	
Sep-2012	57.9	0.2%	90.42	4.7%	52.33	4.9%	1.2	0.7%	0.7	0.9%	63.02	5.7%	
Oct-2012	55.1	1.7%	83.36	4.3%	45.92	6.1%	1.2	0.7%	0.7	2.4%	57.15	6.8%	
Nov-2012	45.3	1.7%	75.82	4.3%	34.35	6.1%	1.2	0.7%	0.5	2.4%	41.38	6.8%	
Dec-2012	37.5	1.7%	71.95	4.3%	26.95	6.1%	1.2	0.7%	0.5	2.4%	33.56	6.8%	

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### Occupancy Forecast Evolution 2011



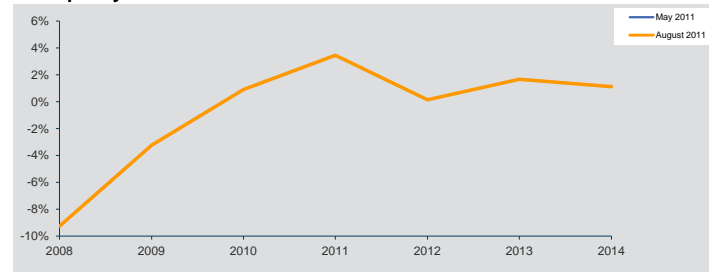
### ADR Forecast Evolution 2011



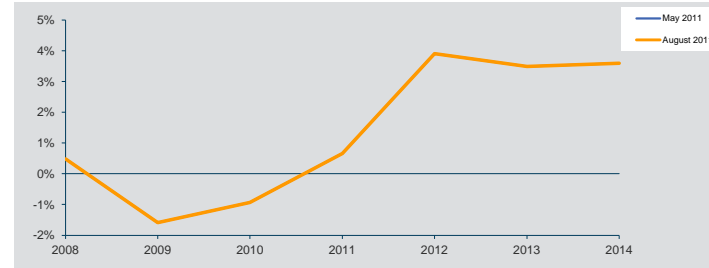
### RevPAR Forecast Evolution 2011



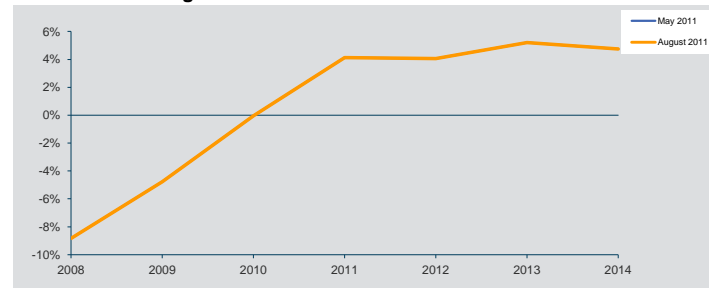
### Occupancy Growth



### Nominal ADR Growth



### Nominal RevPAR growth



Charts compare the latest forecast for Occupancy, ADR and RevPAR with forecasts under the previous update. Bar charts show the different effects that new data and forecast assumptions have had on the outlook for the current year:

- New STR data - the difference between expected performance and actual data in recent months for which we now have new data
- Updated drivers - the impact of changes to the economic outlook on expected lodging performance
- New pipeline - broader effects of changes to the supply outlook due to changes in the pipeline of properties in development
- Event/trend adjustment - the impact of new planned events in that market or other non-economic factors that need to be taken into consideration according to expert judgment



## Rankings

Sample (growth rankings)					
Based on average growth over period		Sort by...			
		RevPAR	Next 2 years		
		Next 6 months	Next 12 months	Next 2 years	Last 12 months
1	San Diego	4	1	1	24
2	Boston	19	3	2	19
3	Denver	15	7	3	18
4	Phoenix	5	8	4	22
5	Miami	1	2	5	1
6	Seattle	6	14	6	16
7	Minneapolis	12	10	7	8
8	Detroit	17	9	8	7
9	Chicago	14	11	9	14
10	Atlanta	18	12	10	17
11	Oahu	13	6	11	4
12	Dallas	20	23	12	10
13	Houston	16	18	13	3
14	St Louis	21	5	14	21
15	Los Angeles'	3	16	15	11
16	Washington	25	21	16	25
17	New Orleans	22	15	17	13
18	San Francisco	2	4	18	2
19	Tampa	10	24	19	9
20	Anaheim	8	13	20	15
21	Nashville	7	22	21	5
22	Norfolk	24	20	22	23
23	Philadelphia	11	17	23	12
24	New York	23	25	24	20
25	Orlando	9	19	25	6

RevPAR	Next 6 months	Next 12 months	Next 2 years	Last 12 months
Sample Market	3.4%	2.5%	2.5%	5.6%
Average	8.8%	4.4%	4.3%	10.2%
Top Market	18.6%	9.6%	6.5%	20.1%
Bottom Market	2.1%	-1.4%	-0.5%	0.4%

Forecast for US (Annual percentage changes unless specified)						
	2010	2011	2012	2013	2014	2015
<b>Domestic Demand</b>	3.4	1.5	2.3	3.4	3.6	3.1
Private Consumption	2.0	1.9	1.8	3.4	3.4	3.2
Fixed Investment	3.4	5.6	7.9	7.3	6.5	5.0
Stockbuilding (% of GDP)	0.4	0.4	0.3	0.3	0.4	0.3
Government Consumption	0.9	-0.9	-0.5	-0.4	1.2	1.3
<b>Exports of Goods and Services</b>	11.3	7.9	8.3	8.2	7.5	8.0
<b>Imports of Goods and Services</b>	12.5	5.4	6.3	8.8	8.2	7.4
<b>GDP</b>	3.0	1.7	2.4	3.1	3.3	3.1
<b>Industrial Production</b>	5.3	3.6	3.2	3.6	3.9	3.3
<b>Consumer Prices</b>	1.6	3.0	2.2	2.1	2.3	2.2
<b>Current Balance (% of GDP)</b>	-3.2	-3.2	-3.0	-3.1	-3.0	-2.8
<b>Government Budget (% of GDP)</b>	-10.4	-9.6	-8.0	-7.4	-7.1	-6.8
<b>Short-Term Interest Rates (%)</b>	0.34	0.27	0.26	0.56	2.32	4.26
<b>Long-Term Interest Rates (%)</b>	3.21	3.05	2.95	3.26	3.97	4.87
<b>Exchange Rate (US\$ per Euro)</b>	1.33	1.41	1.38	1.33	1.27	1.24
<b>Exchange Rate (Yen per US\$)</b>	87.8	80.7	84.6	93.9	94.6	93.3

### Events

- Market Event 1 - 11-14 Aug 2011
- Market Event 2 - 14-18 Aug 2011
- Market Event 3 - 29-30 Sep 2011
- Market Event 4 - 5-8 October 2011

Regional Forecasts (Annual percentage change unless specified)						
	2009	2010	2011	2012	2013	2014
<b>Sample</b>						
State GDP	-0.4	2.9	2.7	3.0	3.9	3.9
State Employment	-3.1	-0.5	1.3	2.3	2.6	2.7
State Unemployment rate (%)	6.8	7.0	6.4	5.3	4.2	3.3
Household disposable income	3.9	4.1	4.0	2.8	4.0	3.0
<b>Sample State</b>						
State GDP	-0.4	2.9	2.7	3.0	3.9	3.9
State Employment	-3.1	-0.5	1.3	2.3	2.6	2.7
State Unemployment rate (%)	6.8	7.0	6.4	5.3	4.2	3.3
Household disposable income	3.9	4.1	4.0	2.8	4.0	3.0

Pipeline Development Summary (properties and rooms in development)		
	Hotels	Rooms
Existing Stock	368	39,859
Under Construction	0	0
Planning Stages	10	1,299

## United States Economy Overview

### Downward revisions and poor data...

- The economy is now facing a number of significant stumbling blocks. Revisions have shown that the recession was deeper than previously thought, and while the start of the recovery is now stronger, it came to a near halt in 2011Q1. And with growth of only 1.3% in Q2, the stage was set for a downgrade to annual growth unless a case could be made for a strong second half pickup.
- Unfortunately, above-trend growth in the second half is unlikely. Consumer spending came to a virtual standstill in 2011Q2, edging up at an annual rate of 0.1% from Q1. On a monthly basis, it was flat in June. Auto sales rose in July, giving credence to the argument that supply constraints were partly behind the poor Q2 showing in consumption, but they were still well below the levels that prevailed from January through April. And chain store sales were mixed.
- Manufacturing, which had been leading the recovery, also appears to have slowed. Production has been essentially flat from March to June and in July the ISM index fell to just above 50, the level which separates growth from contraction. The nonmanufacturing index fell as well.

### ...and chaotic fiscal policy...

- The Administration and Congress were finally able to reach an agreement on raising the federal debt ceiling, at the very last minute. The agreement included some deficit reduction immediately, through caps on discretionary spending, but left more to be determined later by a select committee to be evenly divided between Democrats and Republicans. The committee will have just 10 weeks to come up with a plan to reduce deficits by \$1.2 trillion which would then have to pass the House and Senate and be signed by the President. Failing that, the cuts would be imposed on defense spending and payments to Medicare providers.
- Given the degree to which the two sides are entrenched in their positions – Republicans refusing any revenue increases at all and Democrats refusing entitlement cuts unless there are more revenues – it is hard to see how the committee can succeed. Citing the apparent inability of the federal government to make important decisions in a timely and rational way, Standard and Poor's lowered its rating on US long-term government debt from AAA to AA+.

### ...led to a new financial meltdown

- The financial markets were already in a weakened state, worried about the near-stall in growth, the poor recent indicators, and the renewed crisis in European sovereign

debt. Stock markets sold off sharply, both before and after the S&P downgrade. Interestingly, despite the downgrade, the rate on long-term government bonds is falling – apparently US government bonds remain a safe haven even with an AA+ rating.

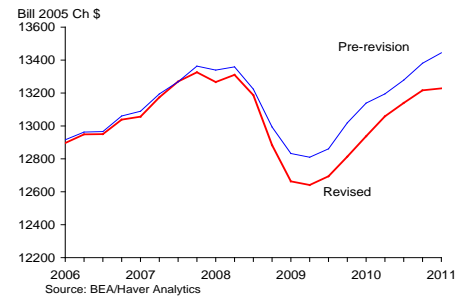
### Chance of renewed recession is rising

- We continue to expect better growth in the second half of the year. The labor market has, unexpectedly, shown some signs of improvement, with initial unemployment claims falling in recent weeks and payroll growth a bit above expectations in July (while modest), while the gains for May and June were both revised higher. And we continue to believe that production and sales will benefit in the near-term from an easing of the supply constraints stemming from the Japanese earthquake. The decline in oil prices over the last week or so will also be helpful, as will continued low interest rates. Growth is expected to pick up to 2.4% in 2012 from 1.7% this year.
- But downside risks are rising. The shock to confidence from the debt crises – both the manufactured US crisis and the European situation – and the stock market sell-off could lead to a consumer retrenchment, reduced trade, and recession next year. The European situation could worsen and there is also a chance that continued stalemate in Washington could lead to downgrades by other rating agencies or an additional downgrade by S&P, either of which would further roil financial markets. We put the chances of recession at about 1 in 3.

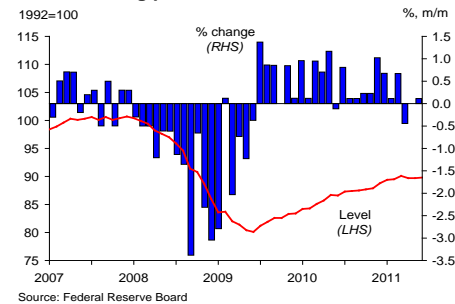
### Can policy help?

- In the wake of the S&P downgrade and plunge in the stock market, President Obama called on Congress to extend the payroll tax holiday, long-term unemployment benefits and other current supportive measures now set to expire at year-end. He has also called on Congress to work harder and more cooperatively to produce a 'balanced' long-term deficit reduction plan. So far though, the parties are focused on blaming each other for the current dysfunction, and it is uncertain whether their differences can be set aside.
- The Fed is the more likely source of support. The statement after the FOMC meeting on August 9 acknowledged the poorer economic prospects, and for the first time provided its expectation as to how long the federal funds rate would remain near zero - through mid-2013. That will keep long-term interest rates low as well. There was no promise of renewed quantitative easing, and while it stated that it would continue to reinvest principal payments from its securities holdings, it did not give an indication of how long it would do so. Those options remain in reserve.

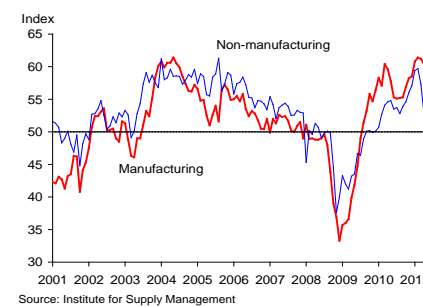
### GDP



### Manufacturing production



### ISM indexes

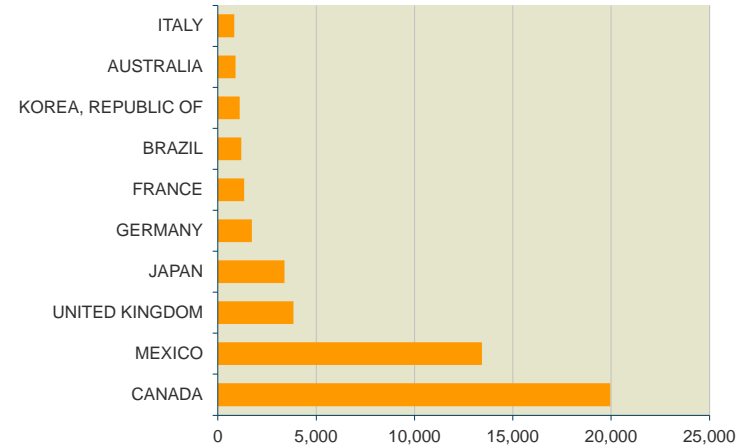




International Visitors to United States by Country of Origin (000s)		2010
1	CANADA	19,959.10
2	MEXICO	13,422.80
3	UNITED KINGDOM	3,850.86
4	JAPAN	3,386.08
5	GERMANY	1,726.19
6	FRANCE	1,342.21
7	BRAZIL	1,197.87
8	KOREA, REPUBLIC OF	1,107.52
9	AUSTRALIA	904.25
10	ITALY	838.23
11	INDIA	667.57
12	SPAIN	639.65
13	CHINA	631.82
14	NETHERLANDS	570.18
15	COLOMBIA	494.74
16	VENEZUELA	491.60
17	ARGENTINA	436.19
18	SWITZERLAND	390.59
19	IRELAND	382.84
20	SWEDEN	371.85

International visits to United States

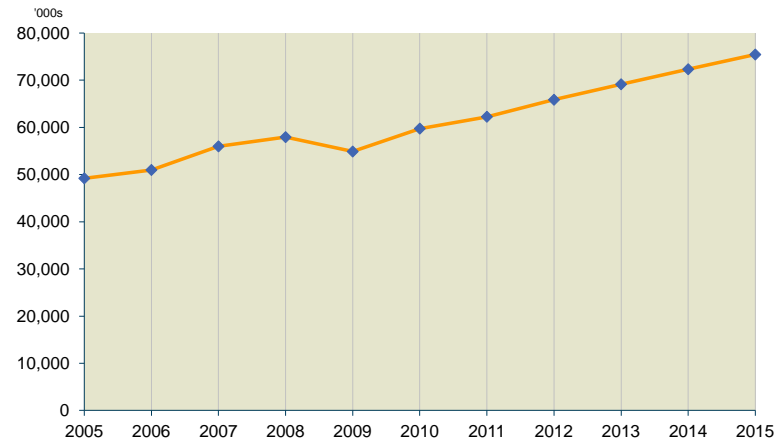
'000s, Top 10, 2010



Source: Tourism Economics, TDM

Expected Annual Average Growth in Visitors to United States - 2011-2015			
	Average change per year, 000s	% CAGR	
1	MEXICO	956.68	6.3%
2	CANADA	787.22	3.7%
3	JAPAN	375.76	10.2%
4	UNITED KINGDOM	225.34	5.1%
5	CHINA	79.88	9.2%
6	BRAZIL	76.35	4.8%
7	INDIA	74.44	8.7%
8	FRANCE	35.14	2.5%
9	GERMANY	34.48	1.8%
10	COLOMBIA	26.04	4.4%

International visits to United States



Source: Tourism Economics, TDM



Raw Data

Monthly Series: Sample													
		Occupancy	ADR USD	RevPAR USD	Supply (Millions RN)	Demand (Millions RN)	Room Revenue USD	Occupancy (% change)	ADR (% change)	RevPAR (% change)	Supply (% change)	Demand (% change)	Room Revenue (% change)
<b>Actual</b>	Jul-10	77.3%	108.45	83.88	1.24	0.96	104.06	6.8%	0.2%	7.0%	0.2%	7.0%	7.3%
	Aug-10	72.8%	104.93	76.38	1.24	0.90	94.76	5.0%	-0.3%	4.7%	0.0%	4.9%	4.7%
	Sep-10	54.2%	85.12	46.10	1.20	0.65	55.35	3.0%	-2.8%	0.1%	0.0%	2.9%	0.1%
	Oct-10	51.0%	75.81	38.63	1.24	0.63	47.88	2.8%	-0.5%	2.2%	-0.4%	2.4%	1.8%
	Nov-10	44.3%	71.08	31.50	1.18	0.52	37.31	3.0%	-0.5%	2.6%	-0.5%	2.5%	2.1%
	Dec-10	38.8%	70.74	27.44	1.22	0.47	33.46	5.6%	1.5%	7.2%	-0.5%	5.1%	6.7%
	Jan-11	35.5%	66.42	23.55	1.21	0.43	28.57	2.3%	-3.0%	-0.7%	-0.4%	1.9%	-1.1%
	Feb-11	45.6%	69.12	31.53	1.10	0.50	34.60	14.0%	-2.3%	11.4%	-0.2%	13.7%	11.1%
	Mar-11	50.7%	74.37	37.67	1.22	0.62	46.10	7.2%	-3.3%	3.6%	-0.4%	6.8%	3.2%
	Apr-11	59.3%	81.27	48.19	1.20	0.71	57.66	11.1%	0.5%	11.6%	-0.2%	10.9%	11.4%
	May-11	59.1%	84.68	50.03	1.24	0.73	61.82	5.6%	0.0%	5.6%	-0.4%	5.1%	5.1%
	Jun-11	67.4%	97.33	65.57	1.20	0.81	78.40	0.9%	0.8%	1.7%	-0.4%	0.4%	1.3%
<b>Forecast (f)</b>	Jul-11	74.6%	111.69	83.28	1.24	0.92	102.91	-3.6%	3.0%	-0.7%	-0.4%	-4.0%	-1.1%
	Aug-11	73.9%	108.30	80.04	1.24	0.91	98.91	1.5%	3.2%	4.8%	-0.4%	1.1%	4.4%
	Sep-11	57.7%	86.35	49.87	1.20	0.69	59.64	6.6%	1.4%	8.2%	-0.4%	6.2%	7.8%
	Oct-11	54.2%	79.89	43.28	1.24	0.67	53.49	6.3%	5.4%	12.0%	-0.3%	6.0%	11.7%
	Nov-11	44.6%	72.67	32.38	1.20	0.53	38.73	0.6%	2.2%	2.8%	1.0%	1.5%	3.8%
	Dec-11	36.9%	68.95	25.41	1.24	0.46	31.41	-5.0%	-2.5%	-7.4%	1.4%	-3.7%	-6.1%
	Jan-12	35.3%	68.83	24.32	1.24	0.44	30.06	-0.4%	3.6%	3.3%	1.9%	1.5%	5.2%
	Feb-12	43.5%	71.05	30.91	1.16	0.50	35.75	-4.6%	2.8%	-1.9%	5.4%	0.5%	3.3%
	Mar-12	50.5%	76.87	38.82	1.24	0.63	48.08	-0.3%	3.4%	3.1%	1.2%	0.9%	4.3%
	Apr-12	58.4%	81.84	47.79	1.20	0.70	57.54	-1.5%	0.7%	-0.8%	0.6%	-0.9%	-0.2%
	May-12	58.7%	87.36	51.30	1.24	0.73	63.82	-0.6%	3.2%	2.5%	0.7%	0.1%	3.2%
	Jun-12	67.8%	101.45	68.75	1.20	0.82	82.78	0.6%	4.2%	4.9%	0.7%	1.3%	5.6%
	Jul-12	76.6%	116.60	89.35	1.24	0.95	111.19	2.8%	4.4%	7.3%	0.7%	3.5%	8.0%
	Aug-12	74.1%	113.40	83.99	1.24	0.92	104.52	0.2%	4.7%	4.9%	0.7%	0.9%	5.7%
Sep-12	57.9%	90.42	52.33	1.20	0.70	63.02	0.2%	4.7%	4.9%	0.7%	0.9%	5.7%	
Oct-12	55.1%	83.36	45.92	1.24	0.69	57.15	1.7%	4.3%	6.1%	0.7%	2.4%	6.8%	
Nov-12	45.3%	75.82	34.35	1.20	0.55	41.38	1.7%	4.3%	6.1%	0.7%	2.4%	6.8%	
Dec-12	37.5%	71.95	26.95	1.25	0.47	33.56	1.7%	4.3%	6.1%	0.7%	2.4%	6.8%	



## About Us

### STR

STR and STR Global track supply, demand, and revenue data for the hotel industry and provide valuable market share analysis for all major international hotel chains and brands. With tens of thousands of hotels participating in our hotel performance surveys, we are the world's foremost source of historical hotel performance trends on daily and monthly basis and we offer definitive global and hotel databases and development pipeline. STR is headquartered in Hendersonville, Tennessee, and STR Global is based in London.

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Non-North American Clients: Naureen Ahmed Fick (nafick@strglobal.com)

### Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.

### Contacts

Dave Goodger (dgoodger@oxfordeconomics.com), Adam Sacks (adam@tourismeconomics.com)

## Glossary The data used to compile this report has been formatted to comply with the accounting policies set out in the tenth Uniform System of Account

### Supply

The number of guest room nights available for sale in the period.

### Demand

The number of guest room nights sold (excludes complimentary rooms) during the period.

### Room Revenue

Total room revenue generated from the sale of guest rooms excluding any taxes and service charges.

### Occupancy

The ratio of occupied rooms to total available rooms expressed as a percentage.

### Average Daily Rate (ADR)

Room revenue (excluding services and taxes) divided by the number of occupied rooms.

### Revenue Per Available Room (RevPAR)

Room revenue divided by available rooms. It can also be calculated by multiplying the average room rate by the room occupancy.

### Percentage Change

Amount of growth or decline from the same period last year (month, year-to-date, twelve months). Calculated as  $((\text{This year} - \text{Last year}) / \text{Last Year}) * 100$ .

### Year to Date (YTD)

Average of sum of values starting January 1 of the given year.

### Business Cycle

Amount of growth or decline from the seasonally adjusted trend. The figures indicate the direction of business whether its growing or declining.

### Smooth Trend

Statistical method to even out small shifts in data and distribute any performance peaks over time.

### Twelve Month Moving Average

The average value of the previous 12 months ending in the current month.

### Compound Annual Growth Rate

The smoothed annualized growth rate over a given time period. Calculated as  $(\text{Beginning Value} / \text{Ending Value})^{(1 / \text{Number of Years})} - 1$ .



## Forecast Methodology Overview

### Overview

Tourism Economics have worked with STR and STR Global to develop a suite of models to accurately track and forecast hotel performance across a number of markets worldwide. Robust equations have been econometrically estimated that closely follow past movements in hotel performance as measured by STR and STR Global data. These equations are used to forecast hotel performance using economic forecasts from Oxford Economics' global macroeconomic database as well as Oxford Economics' global city and region forecasts.

Economic forecasts are augmented with specific intelligence to determine the additional effect on hotel demand and ADR of any events hosted within that market.

Detailed calculation is undertaken using estimated relationships for Supply, Demand and ADR. Occupancy, Revenue and RevPAR are calculated as identities:  $\text{Occupancy} = \text{Demand} / \text{Supply}$ ;  $\text{Revenue} = \text{Demand} * \text{ADR}$ ;  $\text{RevPAR} = \text{Revenue} / \text{Supply}$

### Supply

Expected room supply is calculated in the near term according to the STR and STR Global pipeline database, adjusted for each property's stage in the development process. Projects under construction are more likely to be completed, and completed on time, than those still in the planning process. Different probabilities of completion have also been calculated according to the size and complexity of each project. Property conversions and closures are also accounted for, with estimates of other commercial property demand.

In the medium to long-run the pipeline database is augmented with estimates of past supply trends and the relationship with occupancy. Typically supply growth follows periods of demand and occupancy growth. Notably, periods of sustained above average occupancy rates are followed by supply growth necessary to restore average occupancy. The historic volatility of supply is taken into consideration as well as the lag between occupancy and supply growth and the time taken for occupancy to return to the long-run average.

### Demand

Room demand is estimated and forecast according to a set of key economic drivers relating to both the destination and key origin markets. The relative importance of each economic driver is estimated according to multi-variate regression analysis and the relative volatility of drivers and demand. Long-run trends are also included within the modelling as well as short-run dynamics.

The key drivers are listed below along with the average elasticity across all markets (economic drivers relate to data for the country where not stated). Actual coefficients applied vary to reflect estimated historic relationships specific to each market.

Market GDP	0.24
Country GDP	0.39
Origin country GDP	0.45
Net Wealth	0.10
Company Profits	0.10
Unemployment	-0.02
Exchange Rate	-0.17
ADR (lagged)	-0.15

Note: elasticities refer to the percent change in demand according to the percent change in each driver - a combination of the volatility of each driver as well as its correlation with demand. For example, this does not necessarily mean that GDP is a better predictor of demand than wealth, but shows that wealth is more volatile so one percent change in wealth has less impact on demand than one percent change in GDP. All indicators are statistically valid.

### Average Daily Rate (ADR)

ADR is estimated and forecast according to recent changes in occupancy as well as price inflation within the country. Over time ADR tends to move in line with prices and wages in the wider economy. As with room demand, long-run trends are also included as well as short-run dynamics. Specifically long-run dynamics ensure that real inflation adjusted ADR returns to long-run trends over the medium to long-run outlook.

In the short-run the relationship between ADR and occupancy is crucial. The lag between changes in occupancy and ADR has been estimated for each market, with different lag timing identified for periods of rising and falling occupancy. With falling occupancy the effect on ADR is almost immediate while there is typically a lag of 6-12 months at other times. The level of occupancy relative to that market's long-run average is also an important factor in determining ADR. For example, falling occupancy but at a historically high level will not have a significant impact on ADR. Similarly rising occupancy will not have as large effect on ADR if occupancy is at a historically low level.