Hotel Association of Tarrant County

Karrie Keen – Director CVB/DMO Operations
15 September 2011

the leader in hotel data

Agenda

- U.S. Performance Overview
- U.S. Chain Scales
- Texas and Markets
- Tarrant County and Competitive Areas
- Performance Projections

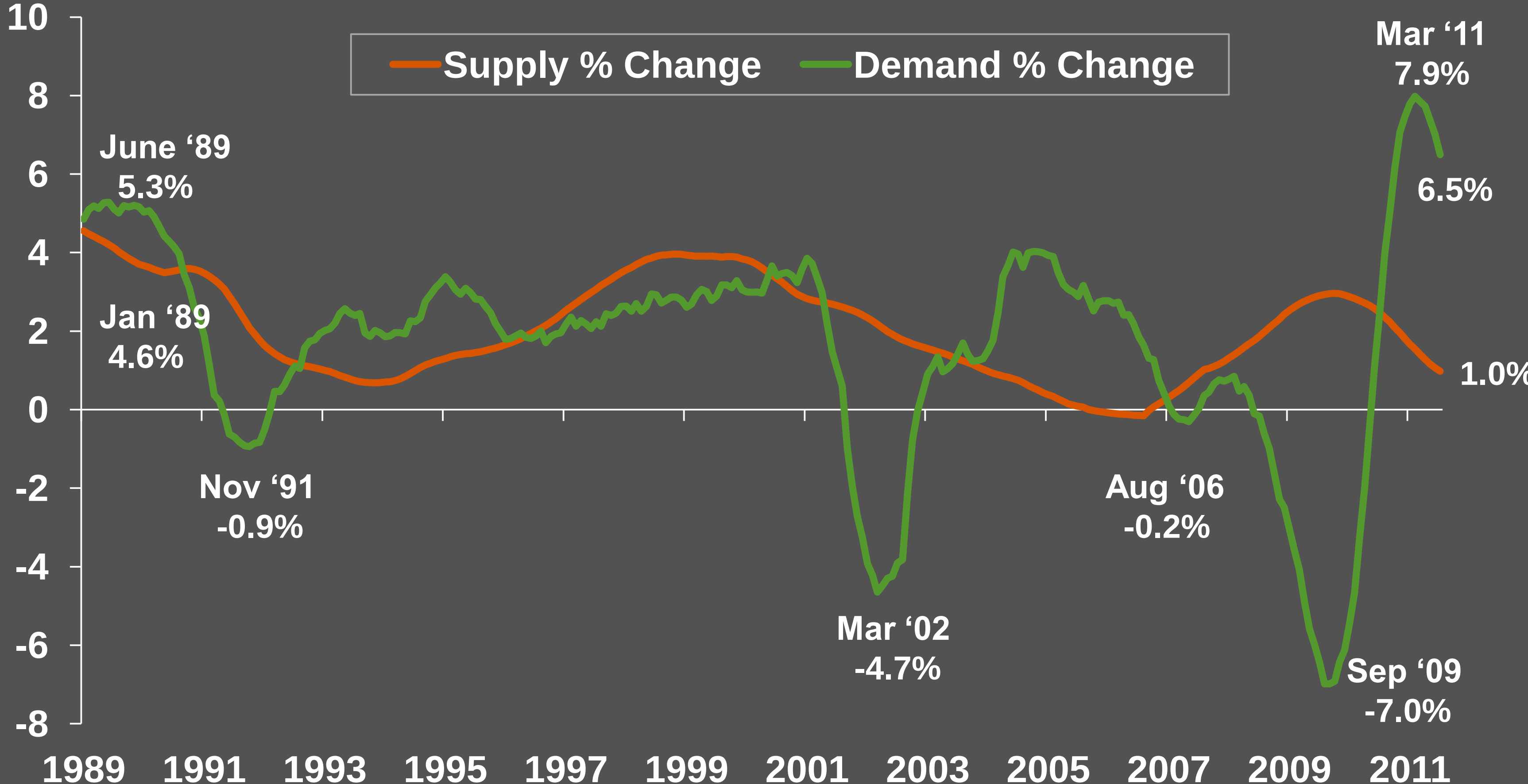
U.S. Performance Overview

ADR Finally Contributing to RevPAR Growth

		% Change
• Hotels	52.4k	
• Room Supply	1.025bn	0.8%
• Room Demand	622.7mm	5.4%
• Occupancy	60.7%	4.6%
• ADR	$100.96	3.5%
• RevPAR	$61.33	8.2%
• Room Revenue	$62.9bn	9.1%

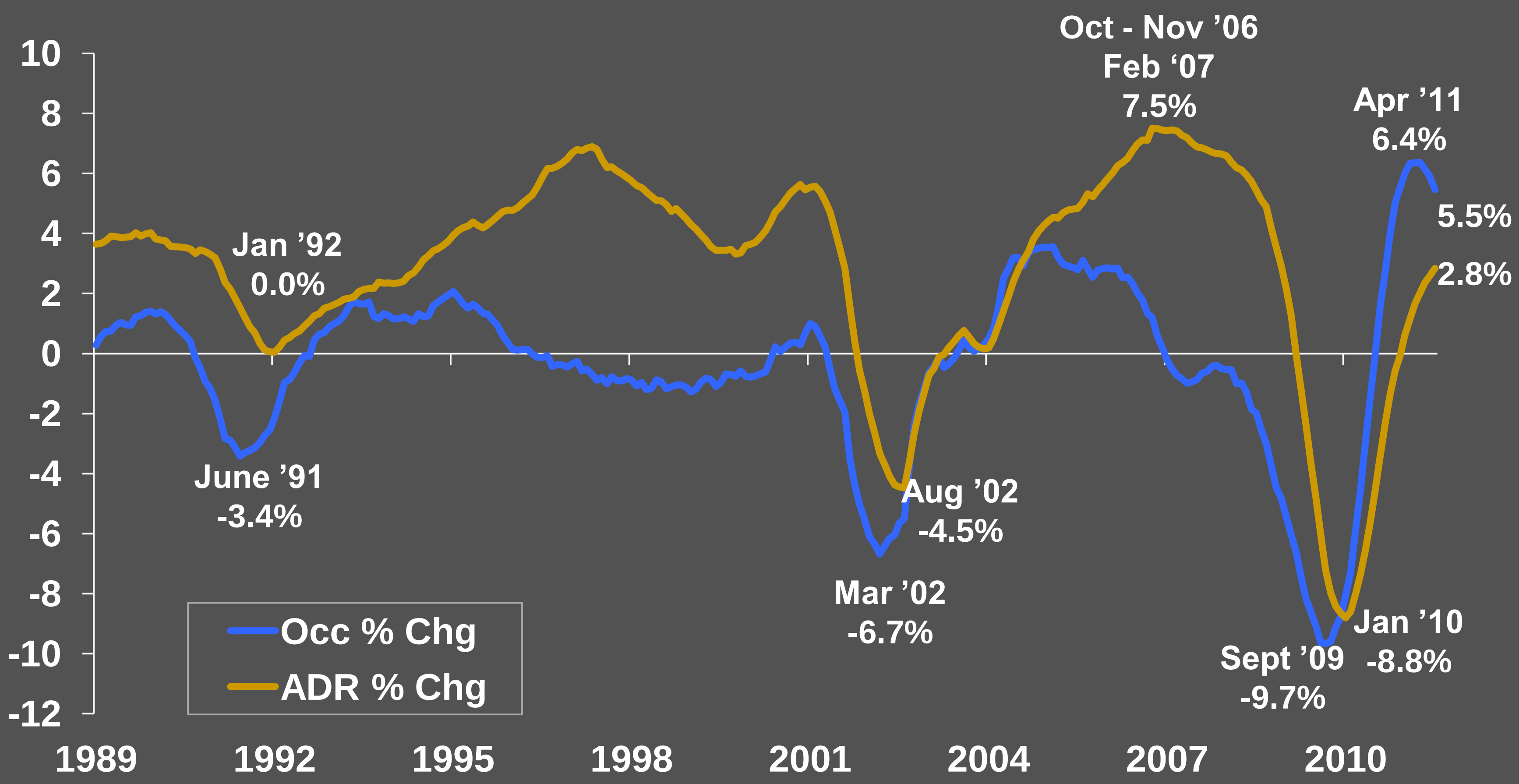
Total US - Key Statistics
YTD July 2011

Strongest Demand Rebound Ever. Demand Line Turning….



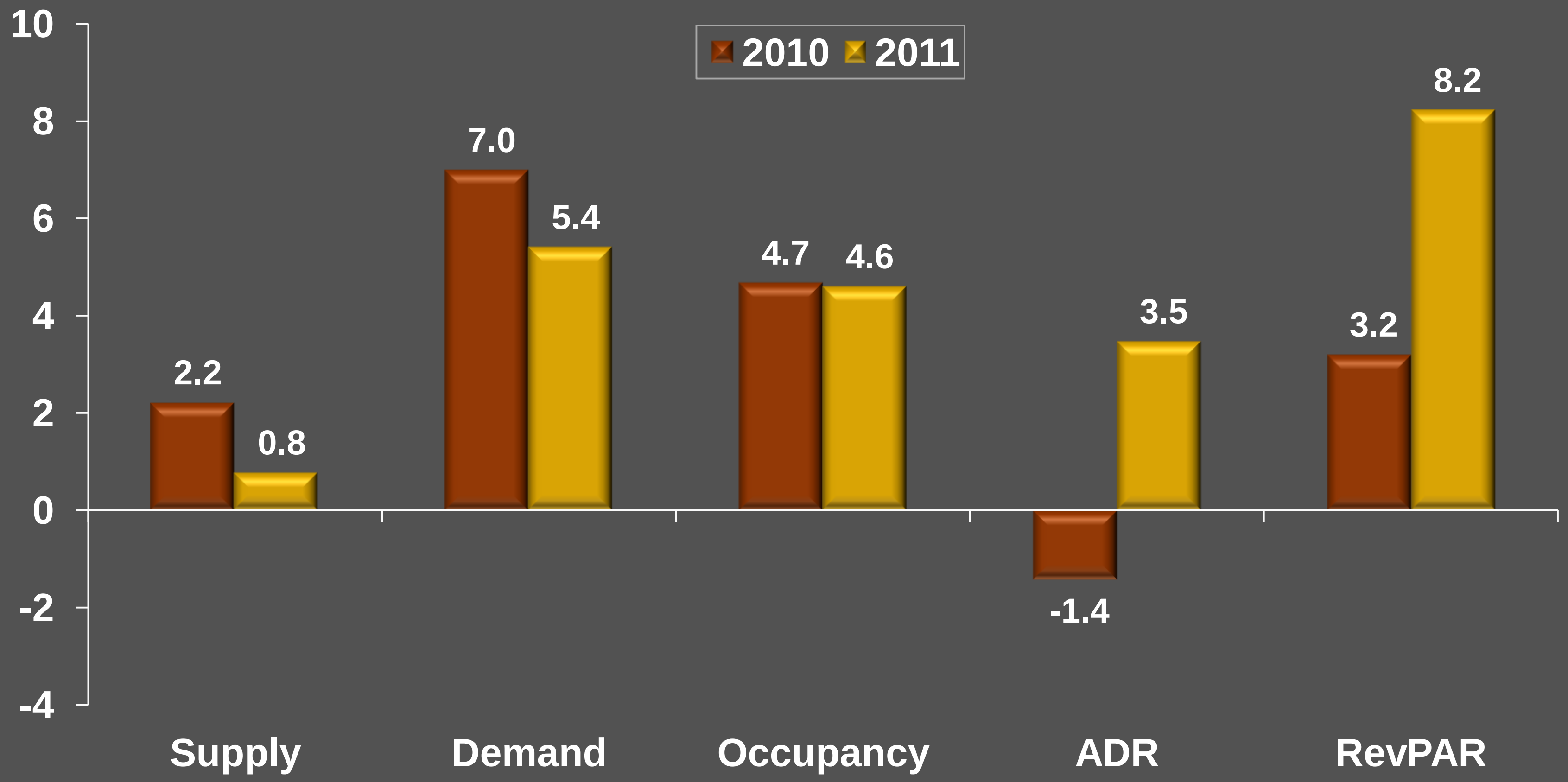
Room Supply/Demand Percent Change
Twelve Month Moving Average – 1989 to July 2011

ADR Declines Get More Drastic in Each Downturn



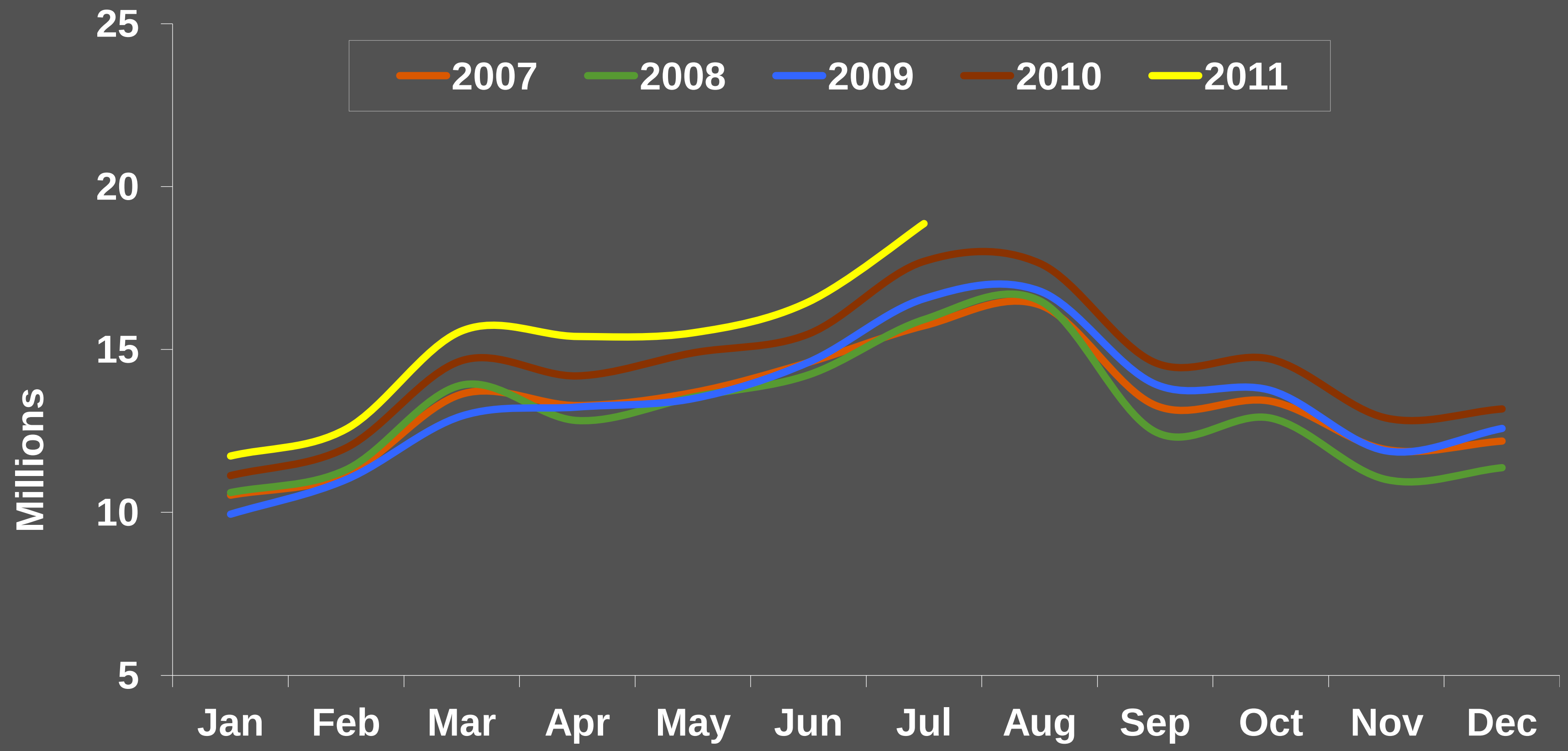
Occupancy/ADR Percent Change
Twelve Month Moving Average – 1989 to July 2011

Positives Across the Board



Key Performance Indicators Percent Change
July YTD 2011

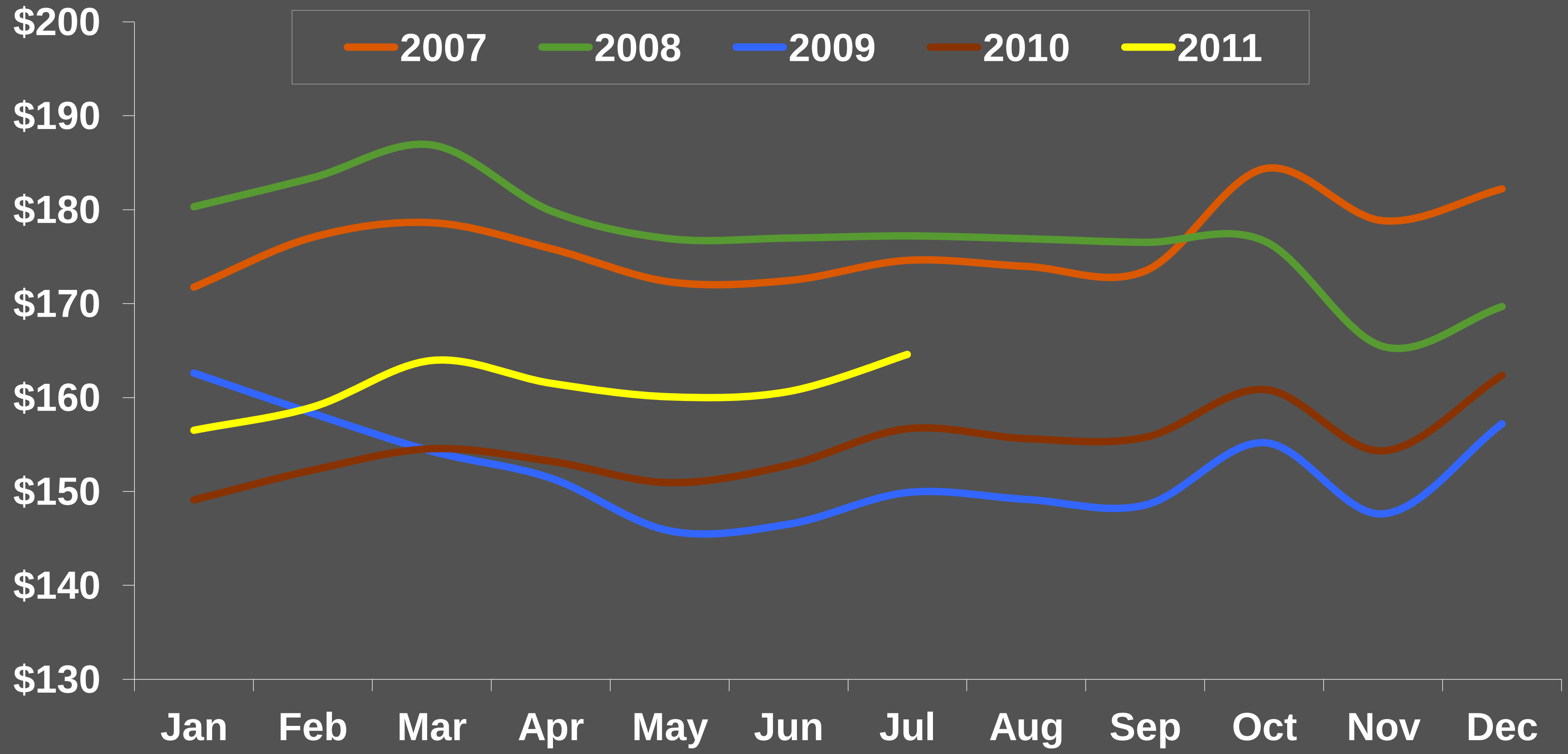
Transient Demand Outpacing Historical Years



Monthly Transient Demand
2007 Through July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

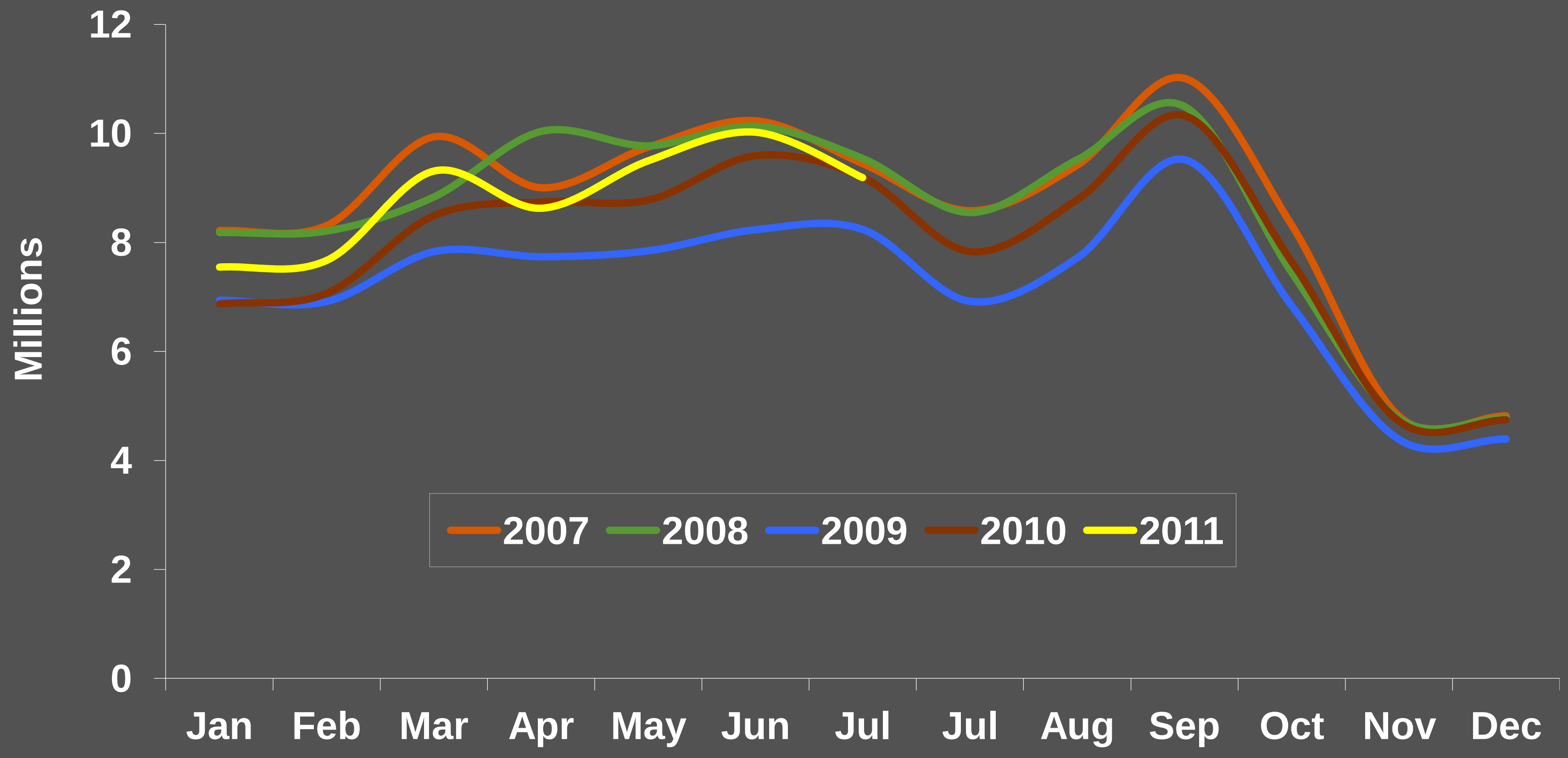
Transient ADR Remains Behind Pre-Recession Rates



Monthly Transient ADR
2007 Through July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

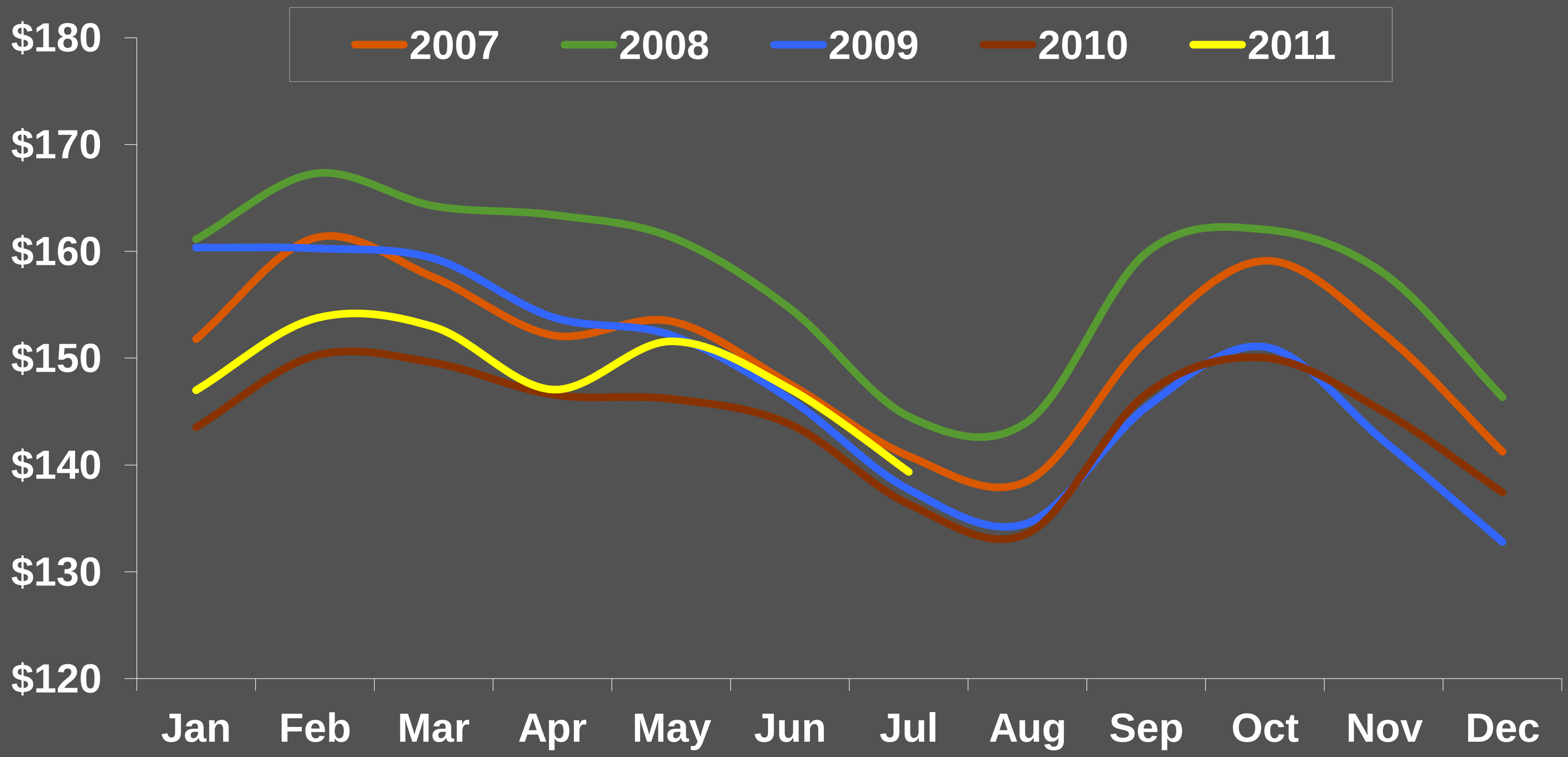
Group Demand Not Fully Returned



Monthly Group Demand
2007 Through July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

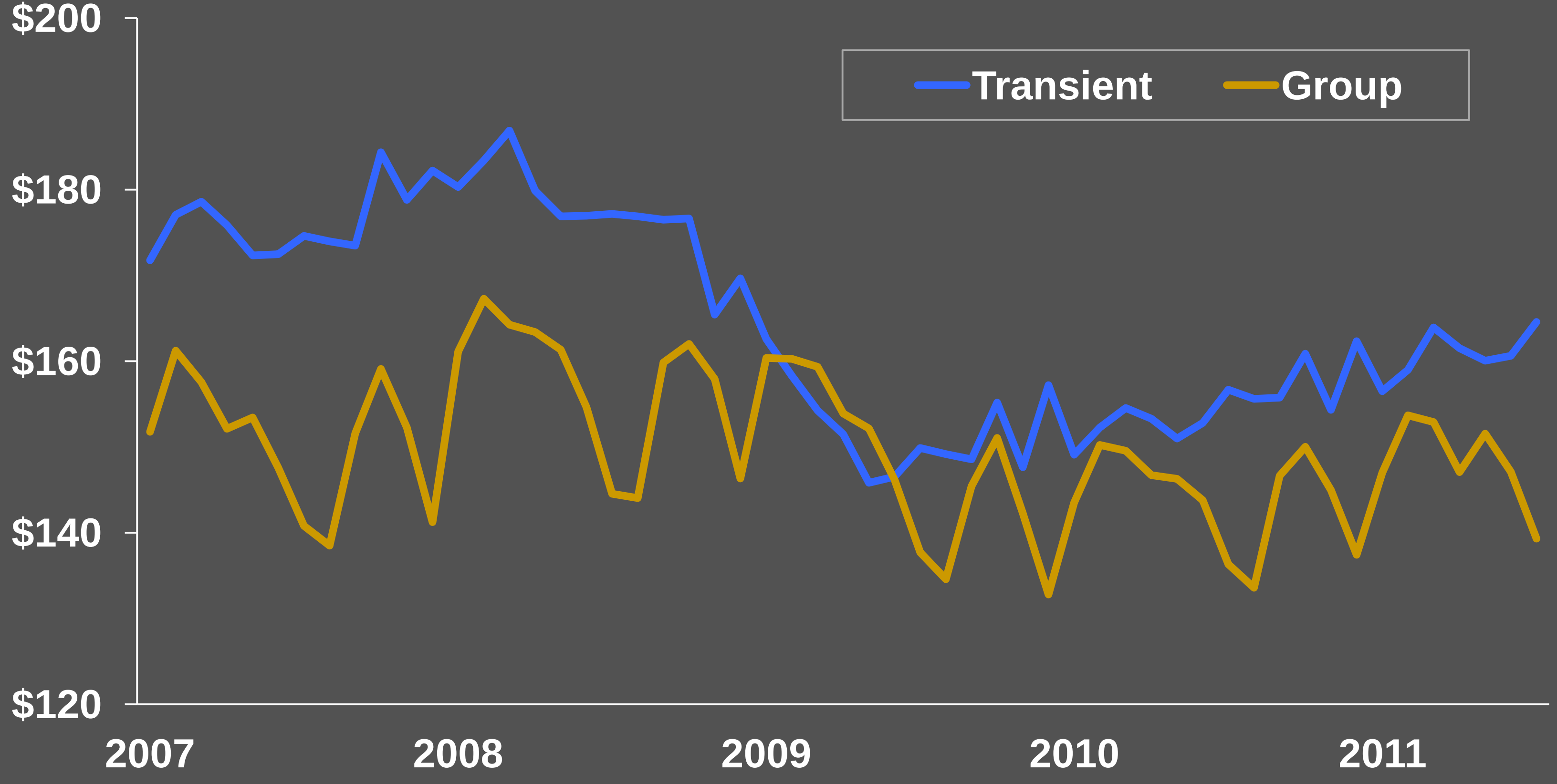
May Not See Group Rates Return for a Few Years



Monthly Group ADR
2007 Through July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

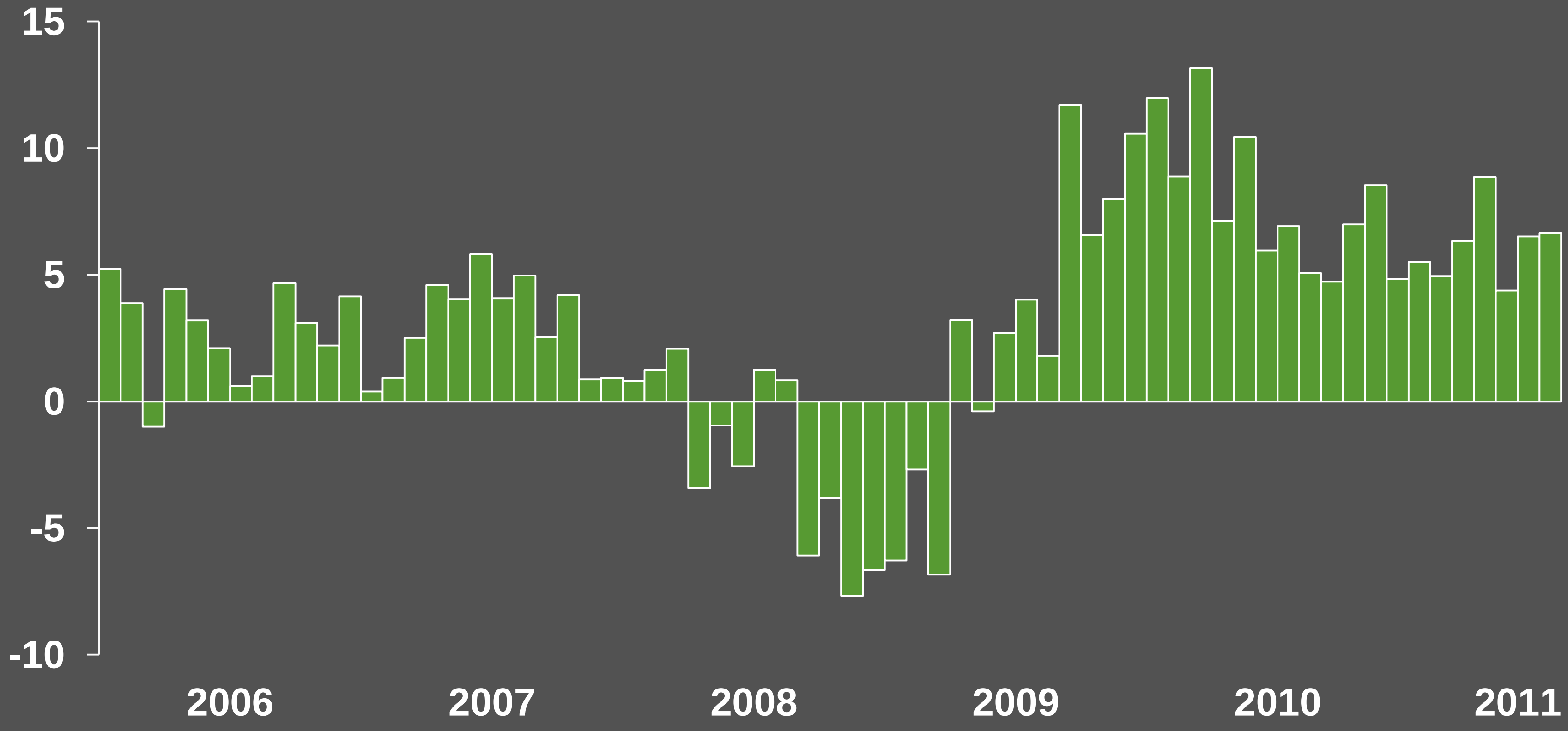
Lower Transient Rates Have Pushed Group Rates Down



US Transient vs. Group Monthly ADR ($)
January 2007 – July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

Over Two Years of Consistent Year Over Year Transient Demand Growth



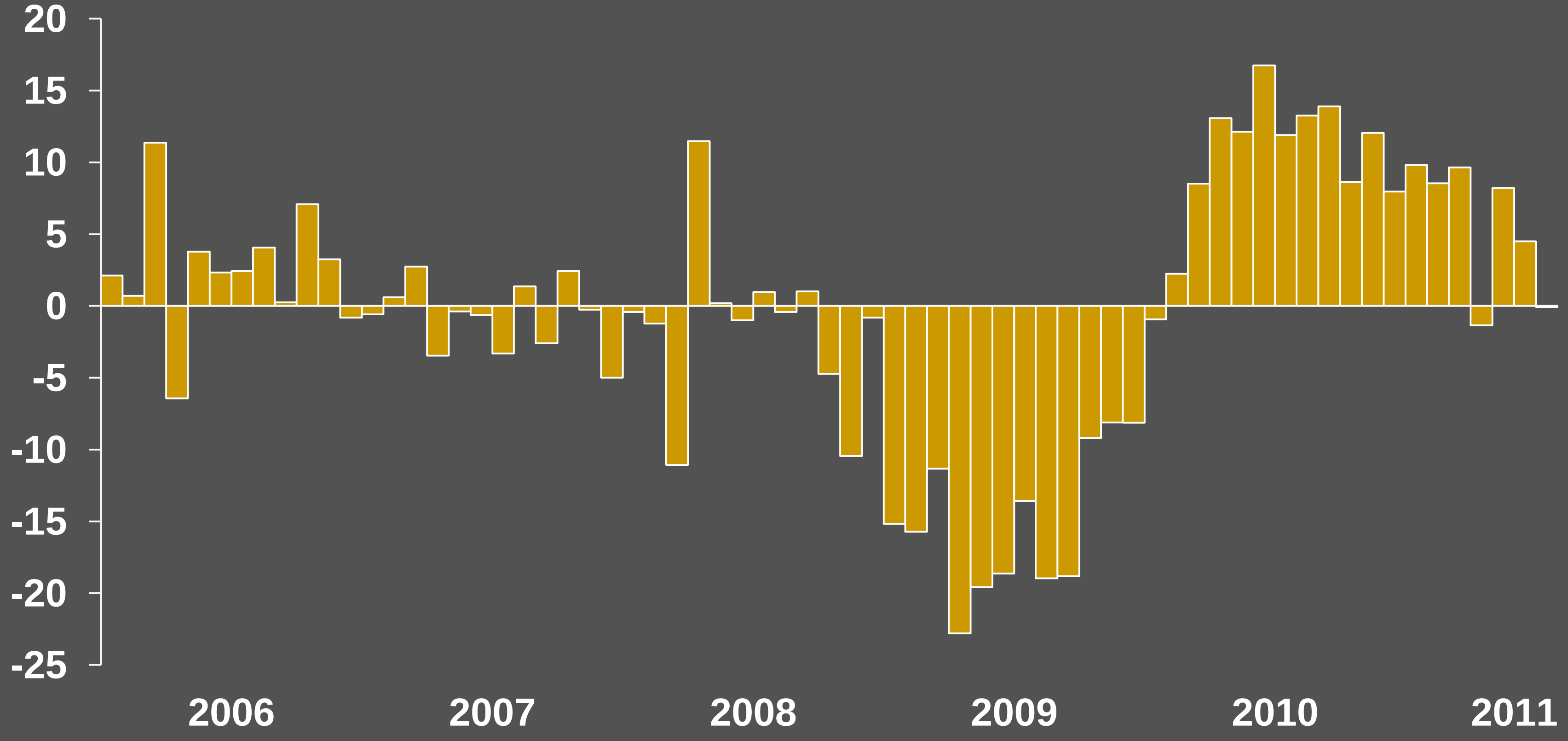
Transient Room Demand Percent Change
January 2006 – July 2011

STR

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

STR GLOBAL

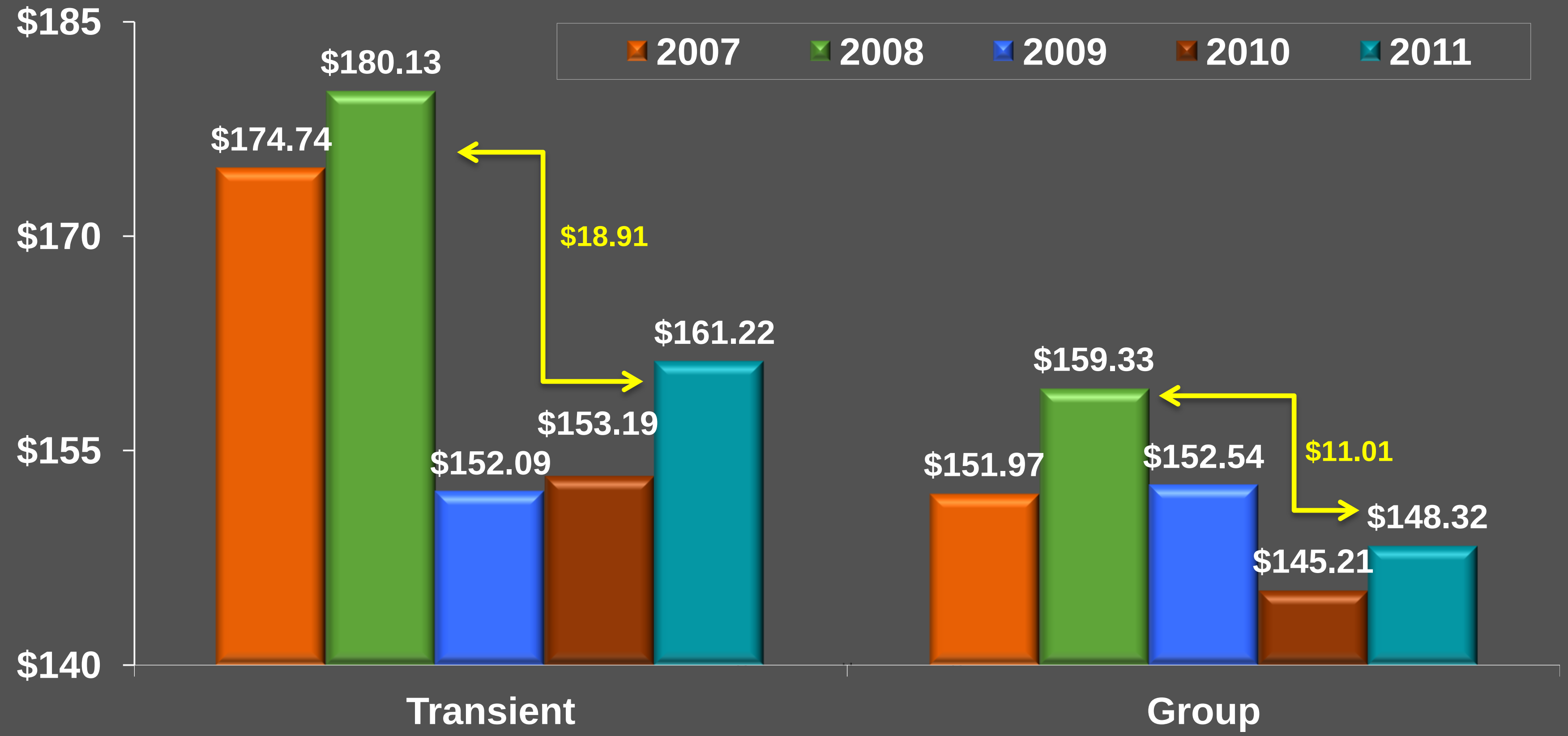
Group Demand Hit Pretty Hard During Recession



Group Room Demand Percent Change
January 2006 – July 2011

NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

Transient Rate Fell Further Faster



Actual ADR ($) by Customer Segment
Year to Date 2007- July 2011

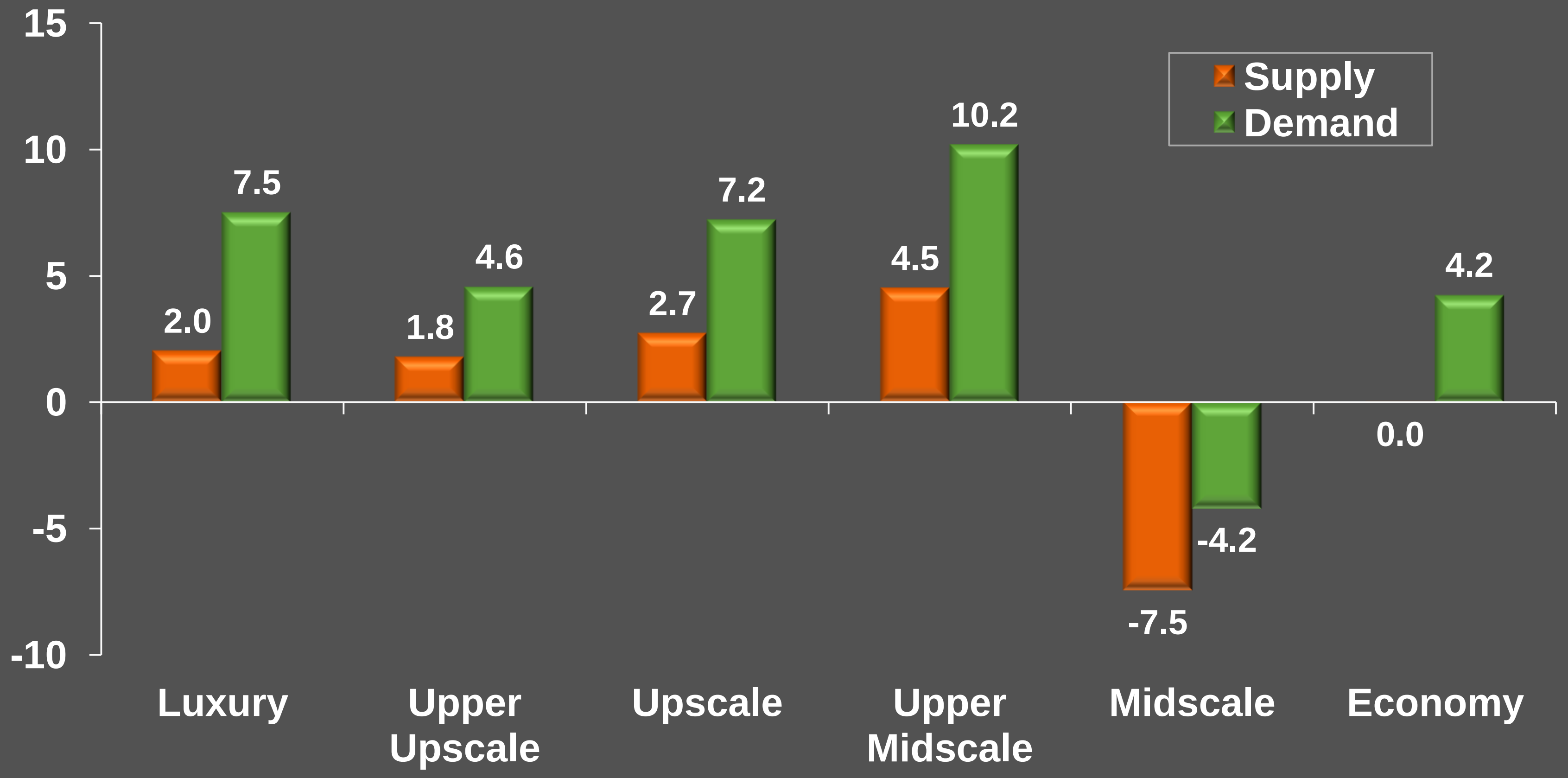
NOTE: Data is for upper tier hotels only (luxury chains, upper upscale chains, and upper tier independent hotels).

U.S. Chain Scales

2011 STR US Chain Scales

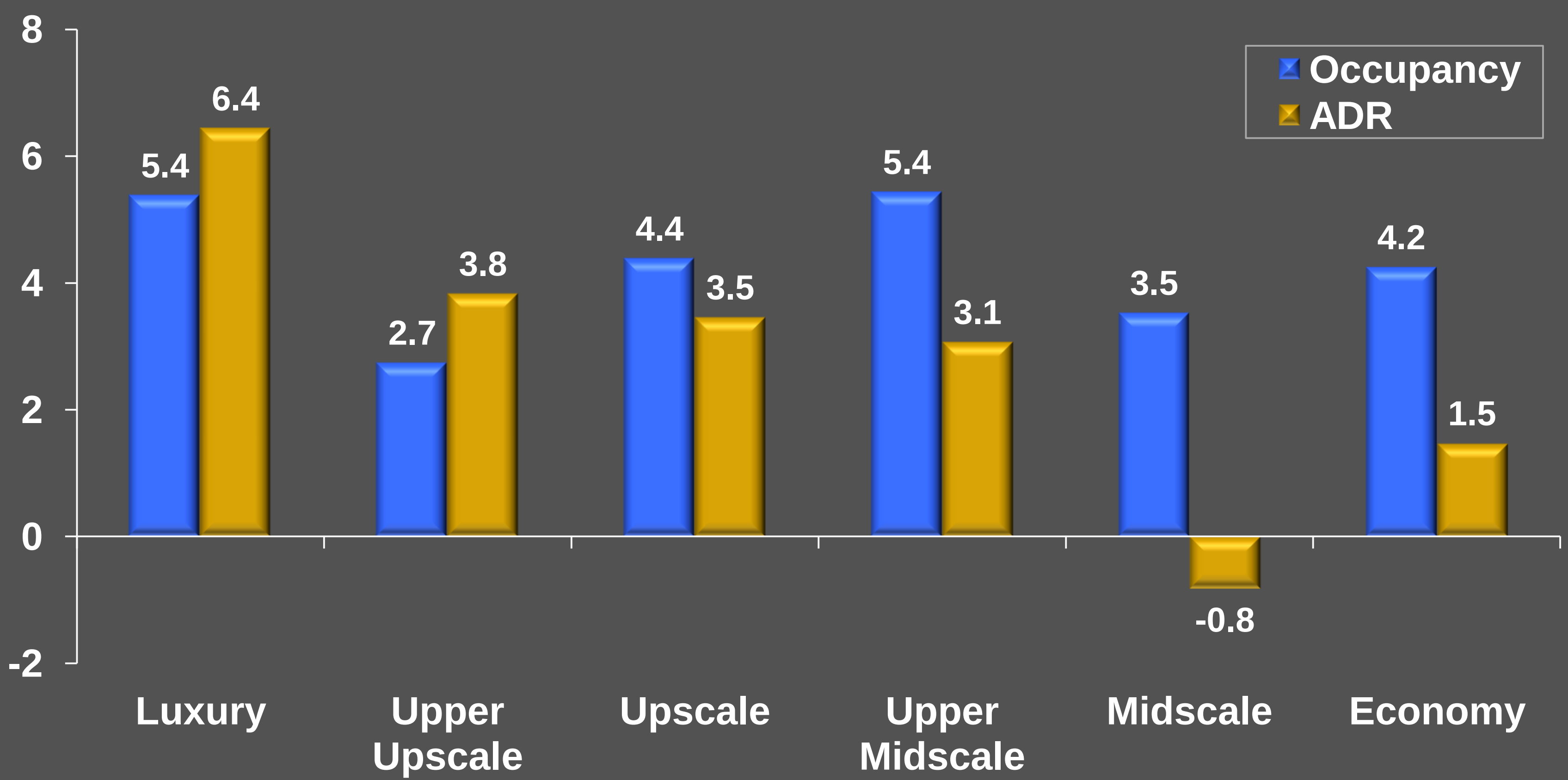
- **Luxury** – Fairmont, Four Seasons, Loews, St. Regis, Ritz Carlton
- **Upper Upscale** – Sheraton, Embassy Suites, Hyatt
- **Upscale** – Courtyard, Hilton Garden Inn, Staybridge Suites
- **Upper Midscale** – Fairfield Inn, Holiday Inn, Clarion
- **Midscale** – Country Inn & Suites, Best Western, Candlewood Suites
- **Economy** – ESA, Homestead, Motel 6, Red Roof, Days Inn

Midscale Properties Struggling



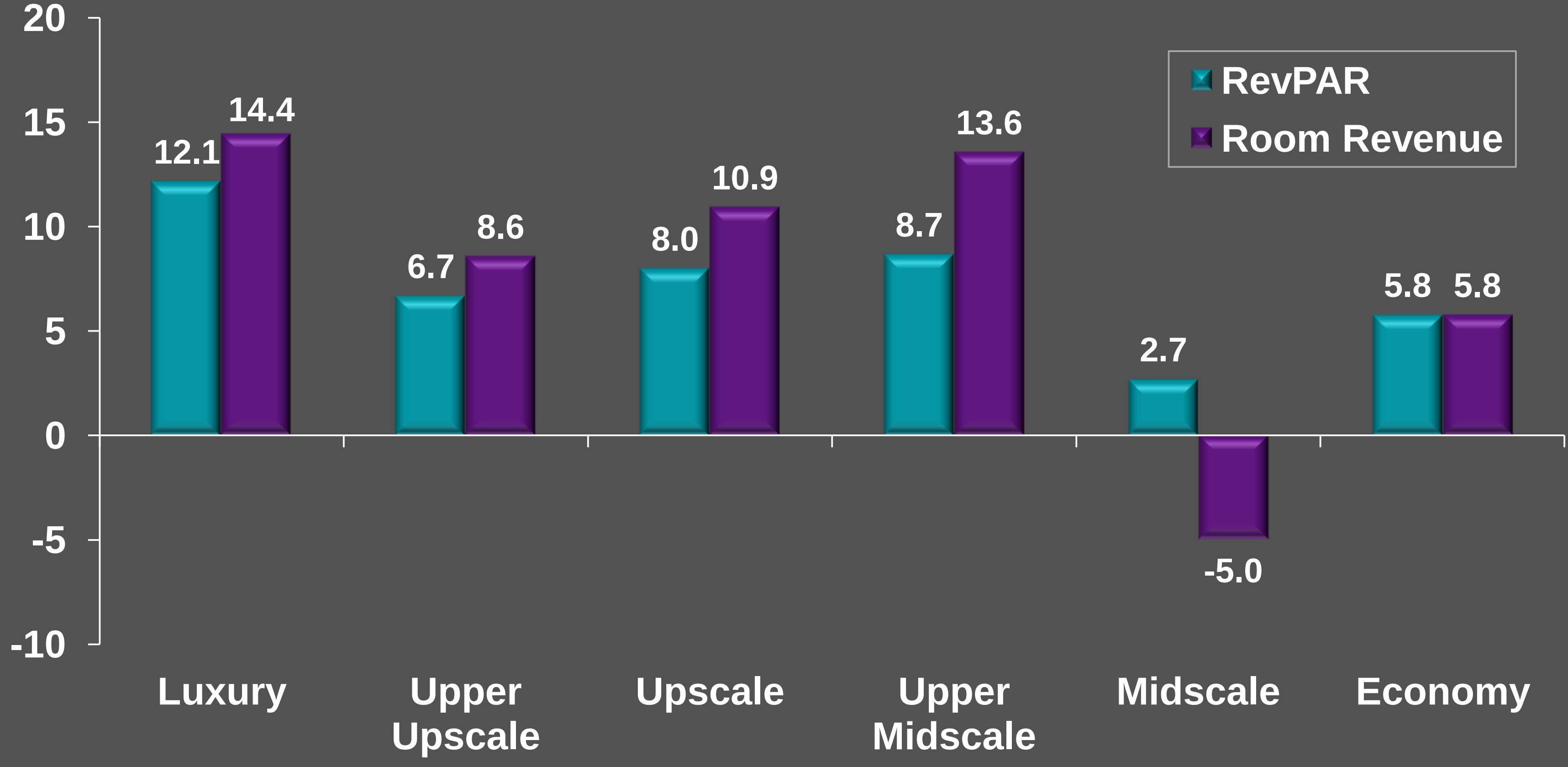
Supply / Demand Percent Change
July YTD 2011

More Rate Growth at Higher Ended Properties (Luxury – Upper Midscale)



Occupancy / ADR Percent Change
July 2011 YTD

Only Midscale Segment Reporting Declines in Room Revenue



RevPAR / Room Revenue Percent Change
July 2011 YTD

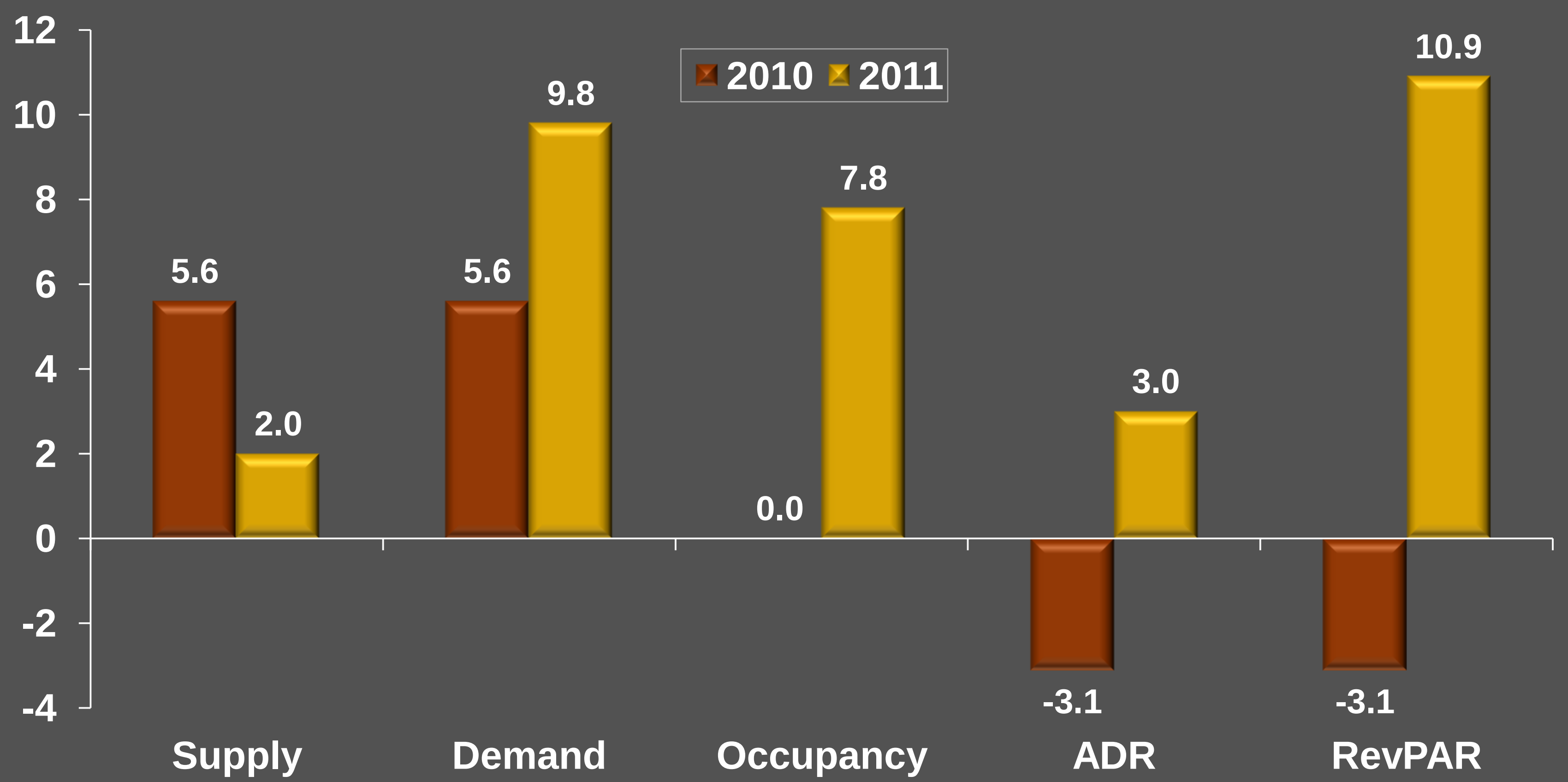
Texas and Markets

Demand Growth Driving RevPAR Growth

		% Change
• Hotels	4,563	
• Room Supply	85.5mm	2.0%
• Room Demand	51.9mm	9.8%
• Occupancy	60.7%	7.8%
• ADR	$86.70	3.0%
• RevPAR	$52.59	10.9%
• Room Revenue	$4.5bn	13.2%

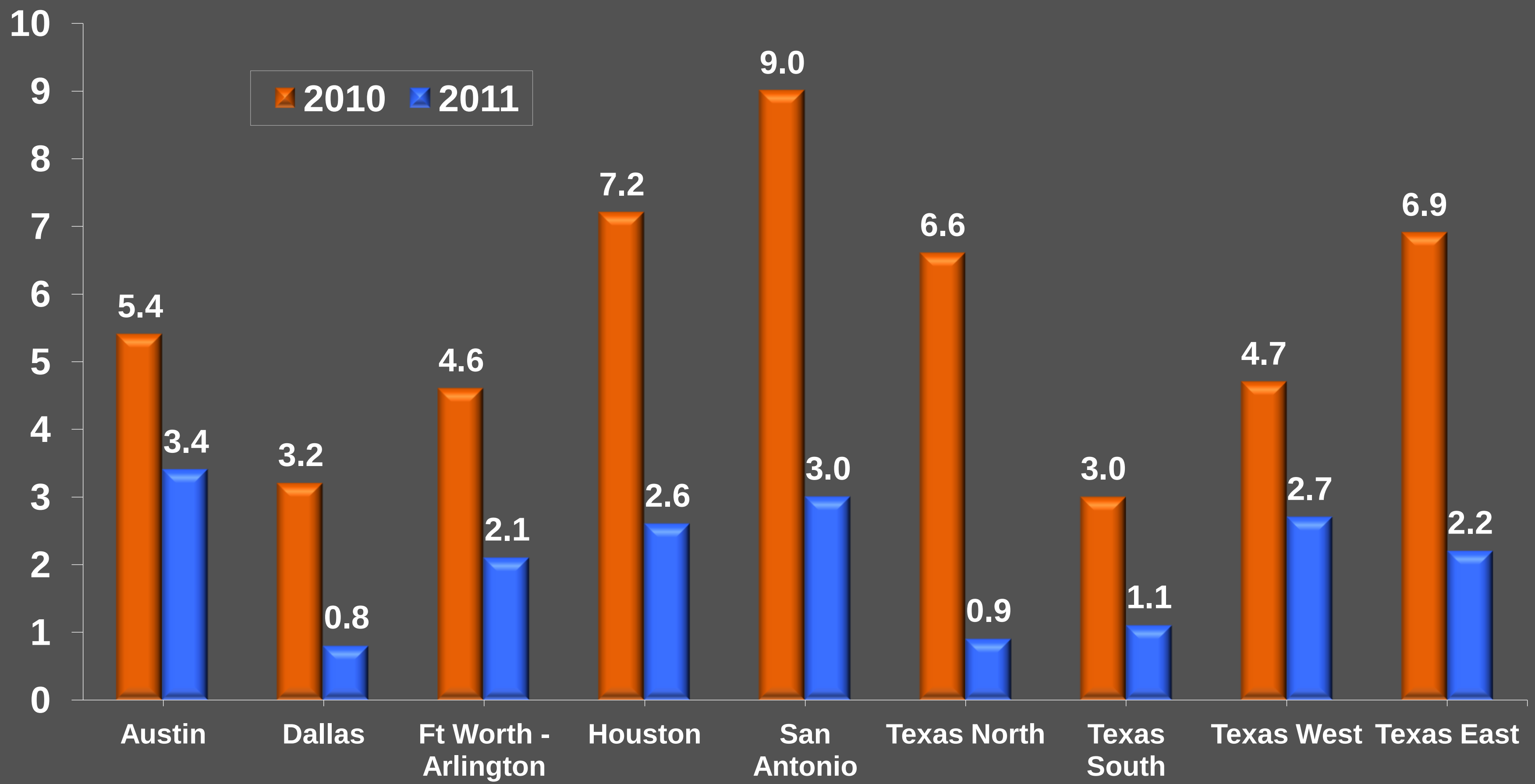
State of Texas - Key Statistics
YTD July 2011

State Seeing Much Better Numbers This Year



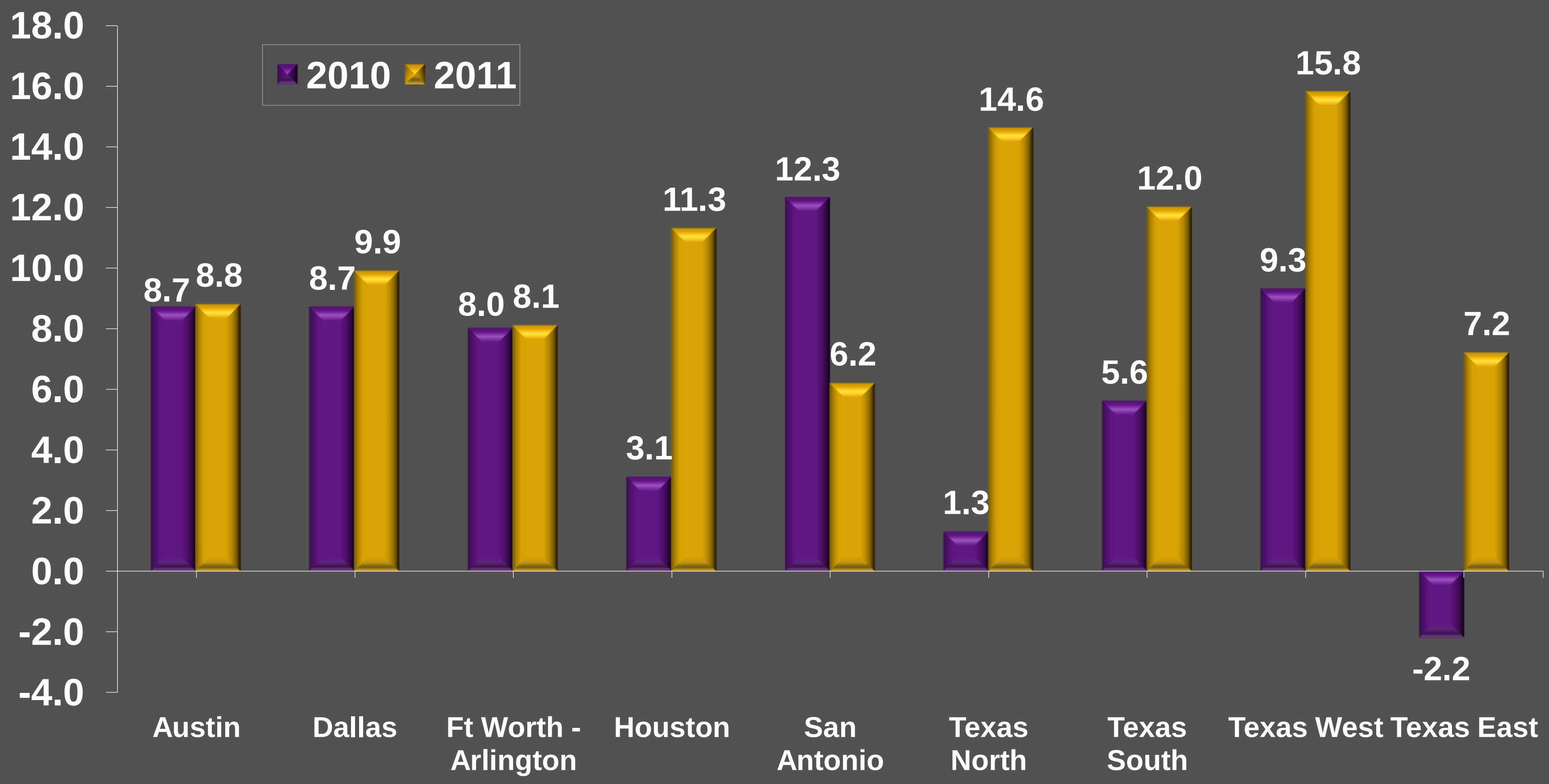
Texas Key Performance Indicators Percent Change
YTD July 2011

Slowed Supply Growth Across the Entire State



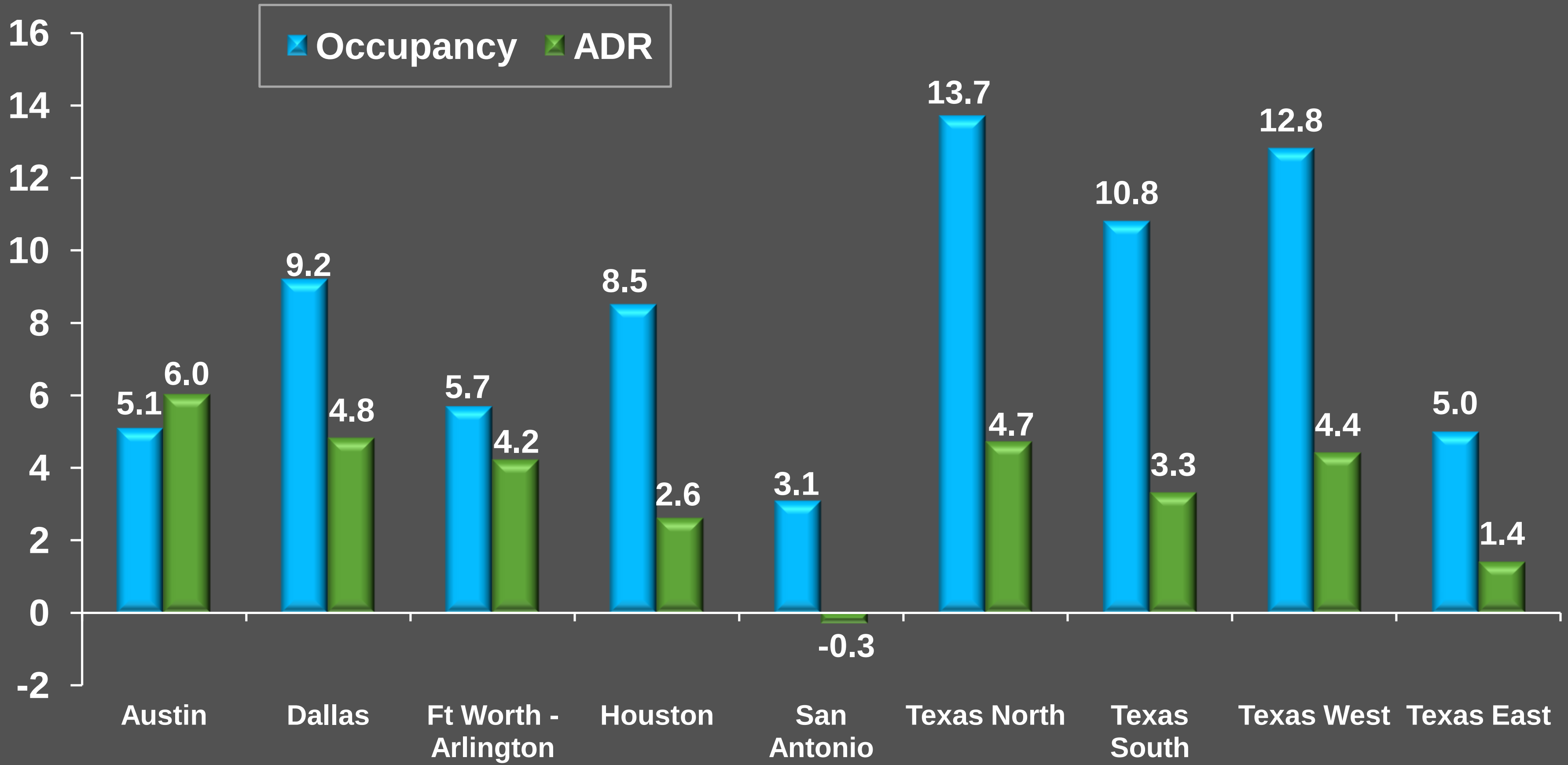
Supply % Change
YTD July 2011

San Antonio Only Market with Lower Demand in 2011



Demand % Change
YTD July 2011

San Antonio Lagging in Rate Growth



Occupancy/ADR Percent Change
YTD July 2011

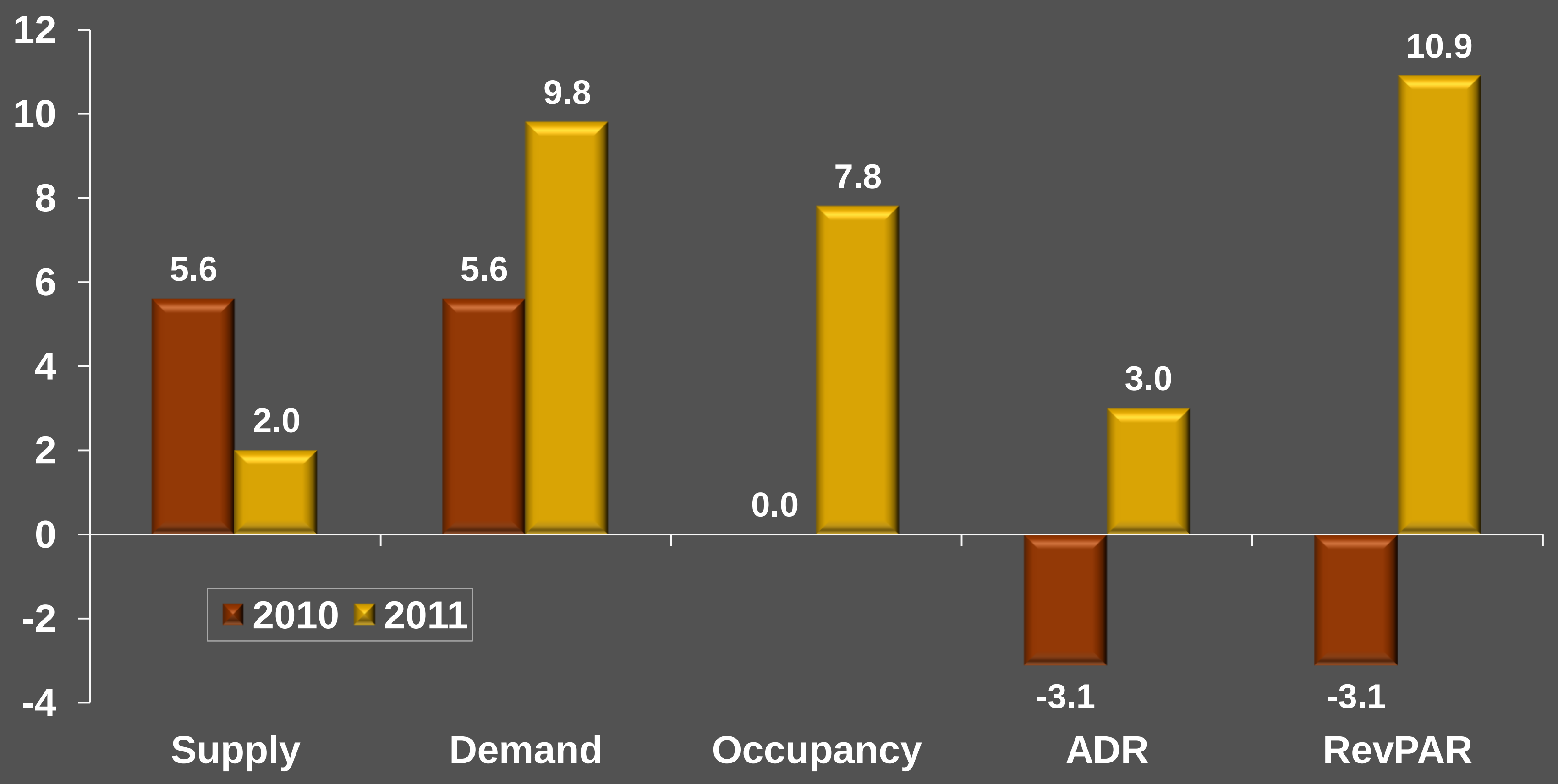
Tarrant County and Competitive Areas

Same Story – Demand Driving RevPAR More Than ADR

		% Change
• Hotels	249	
• Room Supply	5.8mm	1.1%
• Room Demand	3.6mm	7.8%
• Occupancy	62.9%	6.6%
• ADR	$95.16	4.5%
• RevPAR	$59.85	11.4%
• Room Revenue	$346mm	12.7%

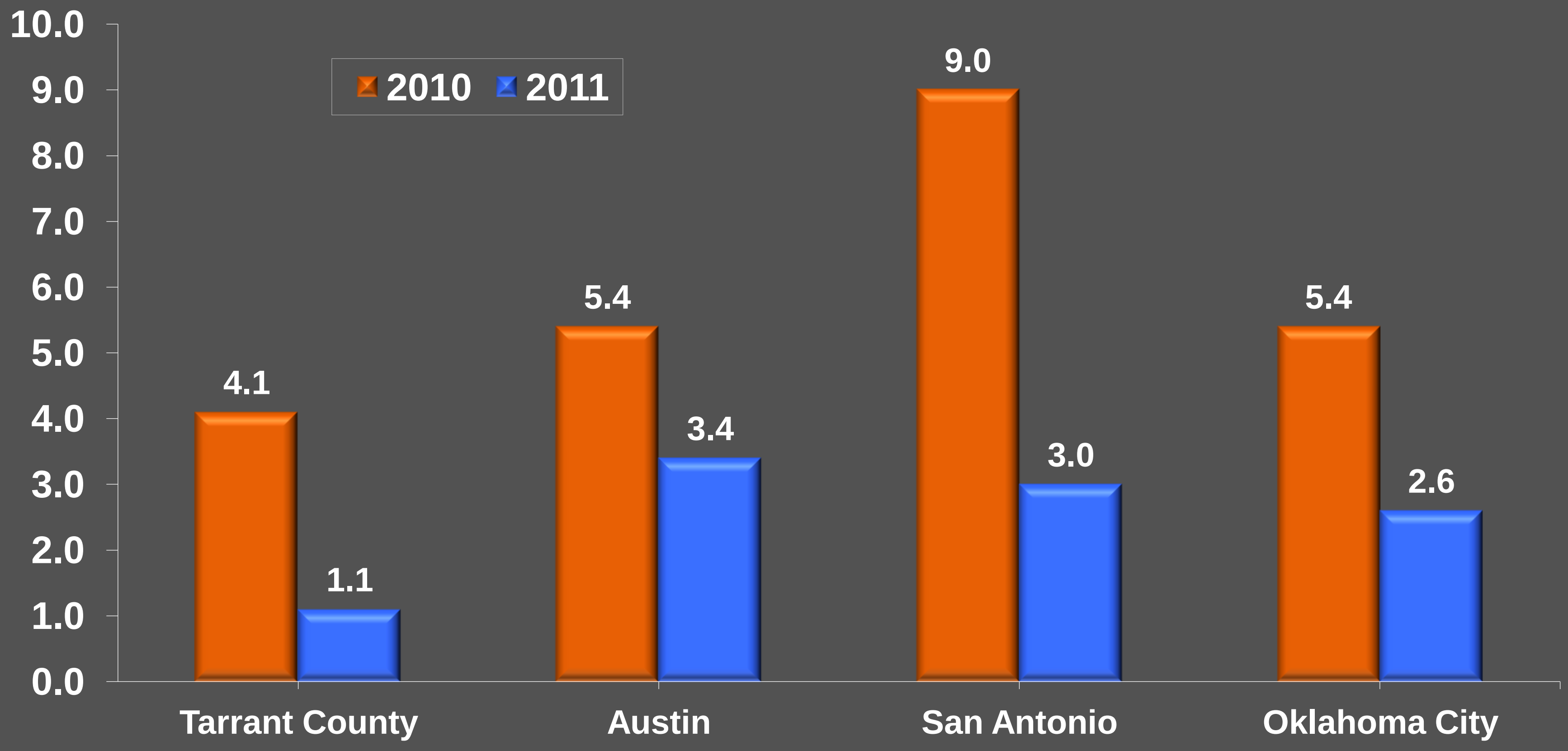
Tarrant County, TX- Key Statistics
YTD July 2011

Demand Growth Exceeds ADR Growth



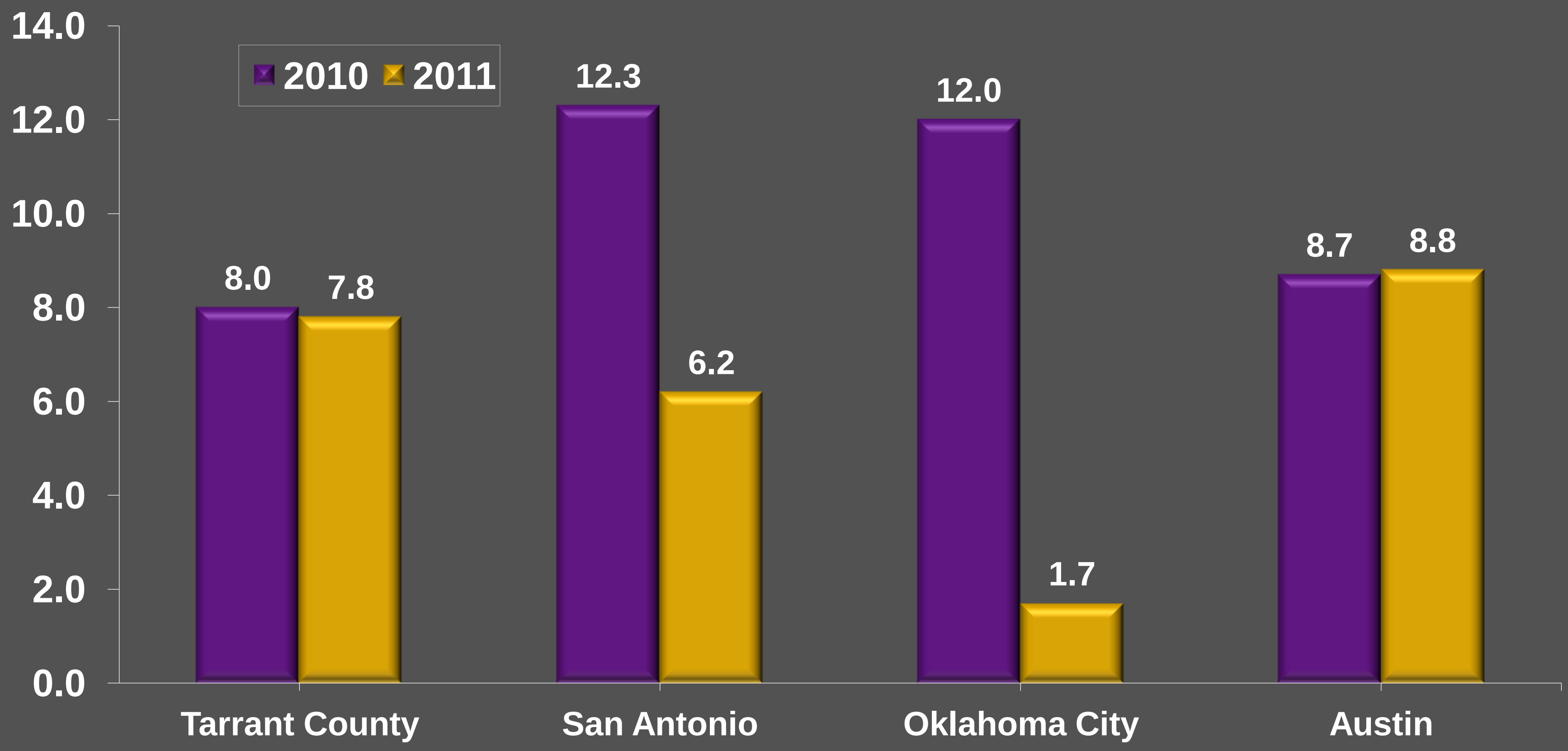
Tarrant County, TX Key Performance Indicators Percent Change
YTD July 2011

Tarrant County Displaying Lowest Supply Growth



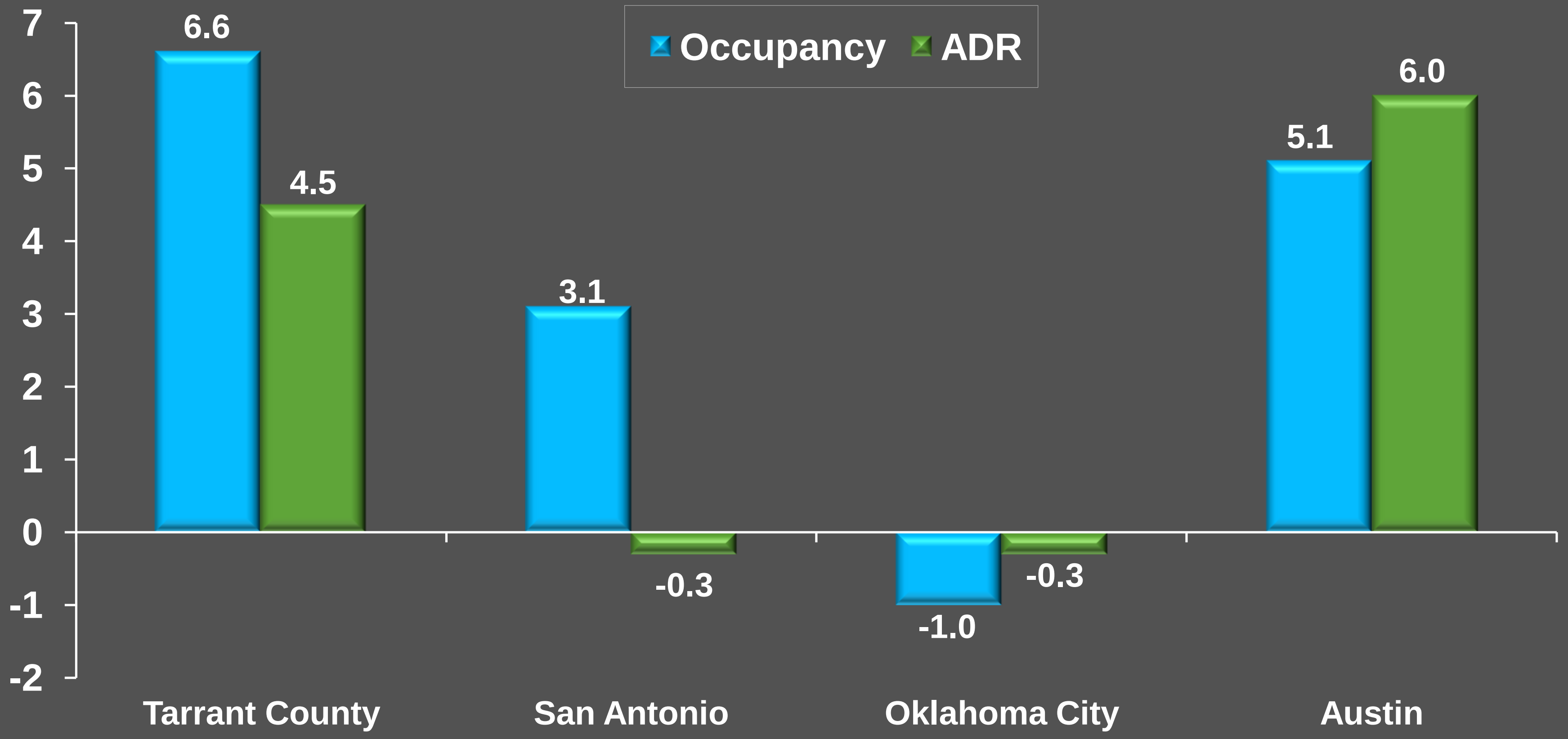
Supply % Change
YTD July 2011

Steady Demand Growth for Tarrant County & Austin



Demand % Change
YTD July 2011

Austin Only Market Reporting More ADR Growth than Occupancy Growth



Occupancy/ADR Percent Change
YTD July 2011

Performance Projections

U.S. Economic Outlook

Blue Chip Economic Indicators – June 2011

	2010	2011F	2012F
Real GDP	+2.9%	+2.5%	+3.0%
CPI	+1.6%	+3.1%	+2.2%
Corporate Profits	+29.2%	+8.5%	+5.9%
Disp. Personal Income	+1.4%	+1.5%	+2.2%
Unemployment Rate	9.6%	8.9%	8.3%

Continued weakness will affect many areas of travel

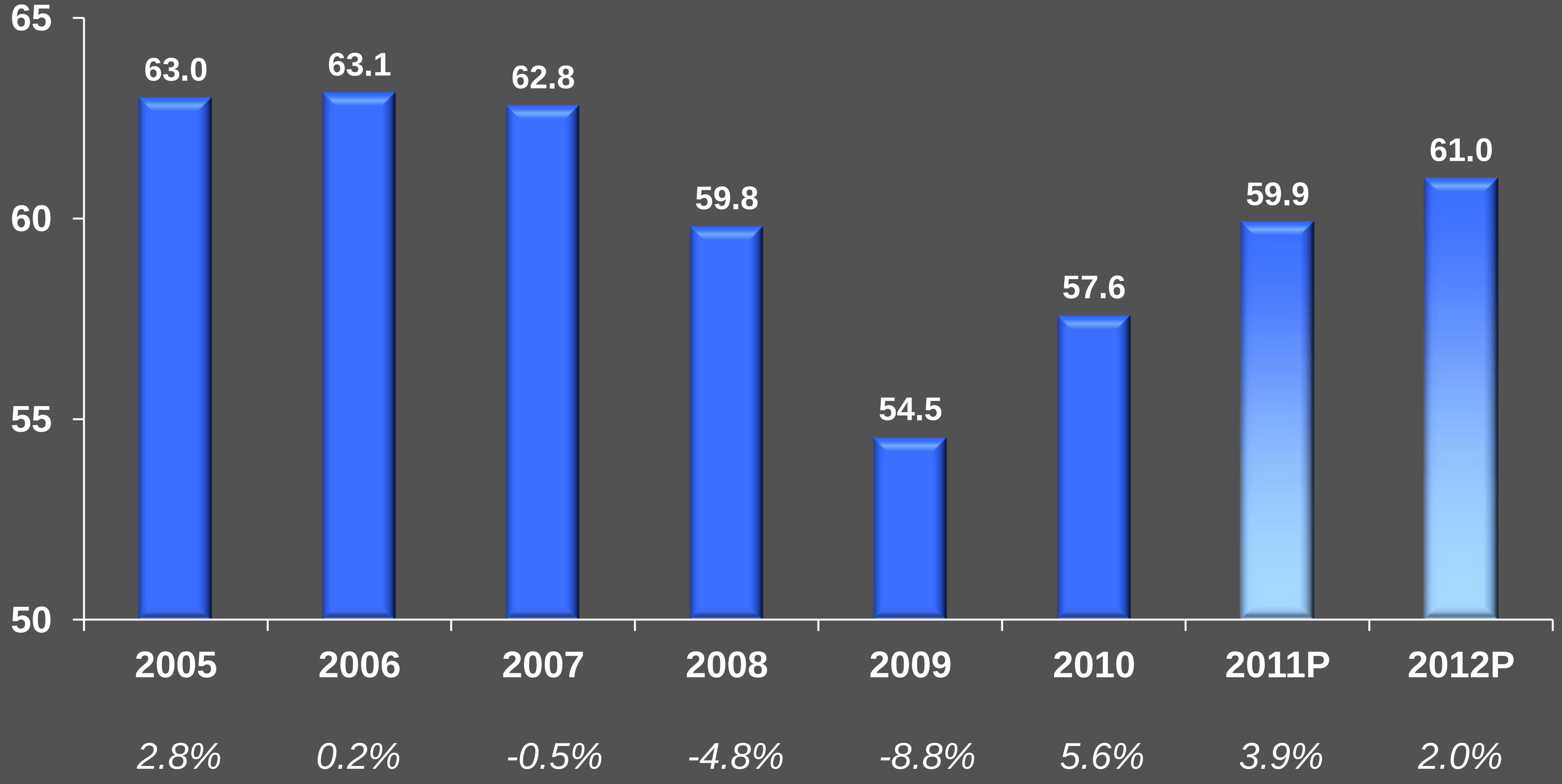
Continued Slowing of Supply

Total United States Supply/Demand Percent Change
2005 – 2012P

2011 Smith Travel Research, Inc.

Occupancy to Reach Pre-Recession Levels by 2012

Total United States Occupancy Percent
2005 – 2012P



ADR to be Over $100 by the end of 2011

Total United States Average Daily Rate (In Dollars)
2005 – 2012P

5.6%	7.5%	6.6%	2.9%	-8.6%	-0.1%	3.7%	4.9%

STR. STR GLOBAL

Total United States

Key Performance Indicator Outlook Scenario (% change vs. Prior Year) 2011P

Hotel Industry Performance Scenarios			
	2011		
	Low RevPAR Growth	Forecast	High RevPAR Growth
Supply	0.9	0.7	0.4
Demand	4.0	4.7	5.3
Occupancy	3.2	3.9	4.6
ADR	3.2	3.7	4.5
RevPAR	6.5	7.8	9.1

Total United States

Key Performance Indicator Outlook Scenario (% change vs. Prior Year) 2012P

Hotel Industry Performance Scenarios			
	2012		
	Low RevPAR Growth	Forecast	High RevPAR Growth
Supply	0.8	0.5	0.3
Demand	2.0	2.5	2.9
Occupancy	1.3	2.0	2.7
ADR	4.3	4.9	5.7
RevPAR	5.6	7.0	8.4

Total US Room Rates

Actual vs. Inflation Adjusted
2000 – 2012F

Note: 2011 & 2012 CPI forecast from Blue Chip Economic Indicators

Takeaways

- Supply growth has slowed considerably…for now
- Annualized demand growth will start to moderate
- Improved pricing environment
- ADR increases are best hope to build RevPAR
- Airfares & Unemployment will continue to impact travel
- Strong revenue growth expected in 2012
- Consumers continue to seek out value propositions

Questions?

karrie@str.com

To view this presentation, go to HotelNewsNow.com

then click on "Industry Presentations"

www.hdceurope.com

www.hoteldataconference.com