



Forecast for the U.S. Lodging Industry September 2010

Forecast Change in Supply

| Year | Rooms Available Supply (+000) | Net Rooms Added (+000) | Percent Change | Status |
|-------|-------------------------------|------------------------|----------------|------------------------------|
| 2008 | 4,590 | 114 | 2.5% | Actual |
| 2009 | 4,734 | 145 | 3.2% | Actual |
| 2010F | 4,829 | 95 | 2.0% | Hotels Under Construction |
| 2011F | 4,853 | 24 | 0.5% | Impact of Financial Crisis |
| 2012F | 4,901 | 49 | 1.0% | Impact of Financial Crisis |
| 2013F | 4,975 | 74 | 1.5% | Construction Lending Resumes |
| 2014F | 5,074 | 99 | 2.0% | Construction Lending Resumes |
| 2015F | 5,201 | 127 | 2.5% | Construction Lending Resumes |

September 2010

Forecast Change in Demand

| Year | Supply % Change | Rooms Available Supply (+000) | Demand % Change | Demand (+000) | Occupancy | Occupancy % Change |
|-------|-----------------|-------------------------------|-----------------|---------------|-----------|--------------------|
| 2007 | 1.9% | 4,476 | 1.1% | 2,813 | 62.9% | -0.8% |
| 2008 | 2.5% | 4,590 | -2.1% | 2,755 | 60.0% | -4.5% |
| 2009 | 3.2% | 4,734 | -5.9% | 2,592 | 54.8% | -8.8% |
| 2010F | 2.0% | 4,829 | 7.5% | 2,786 | 57.7% | 5.3% |
| 2011F | 0.5% | 4,853 | 3.0% | 2,870 | 59.1% | 2.5% |
| 2012F | 1.0% | 4,901 | 4.0% | 2,985 | 60.9% | 3.0% |
| 2013F | 1.5% | 4,975 | 3.5% | 3,089 | 62.1% | 2.0% |
| 2014F | 2.0% | 5,074 | 3.0% | 3,182 | 62.7% | 1.0% |
| 2015F | 2.5% | 5,201 | 2.5% | 3,261 | 62.7% | 0.0% |

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Forecast of Occupancy, Average Rate and RevPAR

| Year | Occupancy | Percent Change | Average Rate | Percent Change | RevPAR | Percent Change |
|-------|-----------|----------------|--------------|----------------|---------|----------------|
| 2008 | 60.0% | -4.5% | \$107.08 | 2.8% | \$64.28 | -1.9% |
| 2009 | 54.8% | -8.8% | \$97.68 | -8.8% | \$53.49 | -16.8% |
| 2010F | 57.7% | 5.3% | \$96.70 | -1.0% | \$55.80 | 4.3% |
| 2011F | 59.1% | 2.5% | \$101.05 | 4.5% | \$59.76 | 7.1% |
| 2012F | 60.9% | 3.0% | \$106.11 | 5.0% | \$64.62 | 8.1% |
| 2013F | 62.1% | 2.0% | \$111.94 | 5.5% | \$69.51 | 7.6% |
| 2014F | 62.7% | 1.0% | \$117.54 | 5.0% | \$73.71 | 6.0% |
| 2015F | 62.7% | 0.0% | \$121.07 | 3.0% | \$75.92 | 3.0% |

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About HVS

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We Wrote The Book - And More! We are the experts who literally wrote the book on how to appraise and value hotels, shared ownership properties, restaurants, and more. In addition, we have written hundreds of articles about all aspects of hospitality, including hotel investments, lending, operations, asset management, sales and marketing, and public relations. Our principals also serve as instructors at many of the world's leading hotel programs, such as The Cornell Hotel School and Ecole hôtelière de Lausanne, Switzerland.

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We Cover The World. Our offices are strategically situated around the globe. We possess detailed knowledge and experience in the markets where we have a presence and regions in between. More important, all HVS offices execute the same standards and approach. We are a unified team delivering a consistent quality product worldwide.

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