

Europe: H1 2008 Lodging Pipeline Report

Construction Pipeline & Three-Year Forecast for New Hotel Openings



Pipeline Highlights at Q2

• Europe's Total Construction Pipeline is at 1,022 projects/172,249 rooms in Q2. It represents a 26% year-over-year increase for projects and a 24% increase for guest rooms.

• The United Kingdom accounts for nearly one-third of total Pipeline rooms in development, as it continues to be an important priority for every global brand. Spain has the second highest percent share, followed by Germany, France and Italy. Although much discussed, pipelines in Russia and the CIS countries are smaller as they are just starting to form.

• Developer focus remains heavily in favor of smaller projects with select service brands. The Upscale, Mid-scale with and without Food & Beverage and Economy segments combine for 78% of total branded Pipeline projects. 76% of all Pipeline projects are 200 rooms or less, with the average project size at 169 rooms.

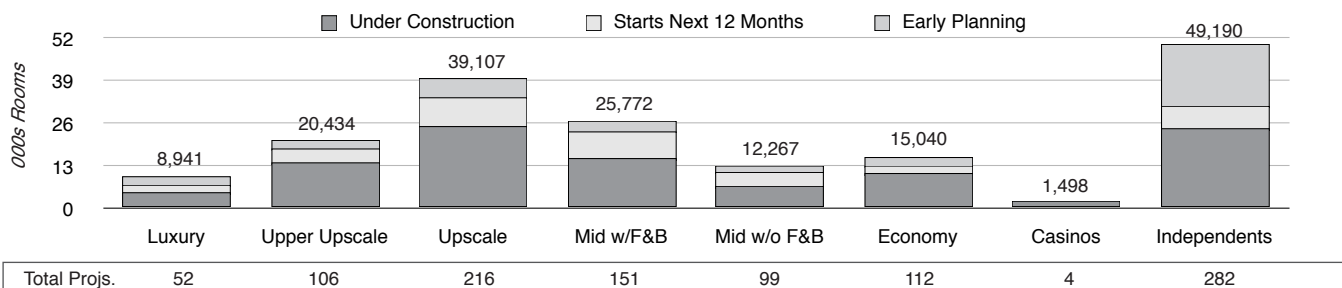
Construction Pipeline Totals	Q2 2008		Q2 2007		Variance QoQ	
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms
	Under Construction	574	94,994	407	72,205	167
Scheduled Starts Next 12 Mos	228	39,164	211	31,753	17	7,411
Early Planning	220	38,091	196	35,175	24	2,916
Total Pipeline	1,022	172,249	814	139,133	208	33,116

Pipeline Overview

Europe's Construction Pipeline for Q2 totaled 1,022 projects/172,249 rooms and is up significantly year-over-year. The United Kingdom continues to lead the region with 338 projects/49,363 rooms. 21% of the UK's projects are in London, which is preparing to host the 2012 Olympics. The rest of the Pipeline is spread out in important secondary markets with sizeable business and industrial centers. Spain has the second leading Pipeline, with 176 projects, followed by Germany with 73 projects, France with 53 projects, and Italy with 39 projects.

72% of Total Pipeline projects have already made a branding decision. The remaining 28% are currently categorized as Independents. Approximately 70% will make a branding decision before opening, as global companies and brands seek to aggressively expand their portfolios in the region. Those that do opt for a brand will then be recategorized into the appropriate chain scale.

For branded projects in the Pipeline, developer focus is primarily in select service segments. Upscale leads with 29% of branded projects in the Pipeline. Midscale with and without Food and Beverage and Economy follow with 21%, 13% and 15%, respectively. Projects smaller than 200 rooms, which were previously less difficult to finance, account for 76% of all Pipeline projects and average 169 guest rooms.



LE's Three-Year Forecast for New Hotel Openings

The Pipeline is set to unfold at an increasing pace. LE's Forecast for New Hotel Openings calls for 151 hotels with 20,278 rooms to open during the second half of the year, bringing the total to 294 new hotels/41,927 rooms in 2008. LE is forecasting 359 new hotels/53,245 rooms to open in 2009. In its first Europe Forecast for 2010, LE is projecting New Openings of 265 hotels/53,402 rooms. LE's Forecasts for New Hotel Openings are based on current Pipeline totals and development trends as of the end of Q2 2008. The Forecast does not account for any unforeseen changes in economic or lodging operation fundamentals that would alter these trends going forward.

To learn more about LE's Reports for Europe or other countries and regions worldwide, please complete the attached inquiry form. Lodging Econometrics (LE) specializes in Sales Solution Programs for Vendors including:

Individual Sales Lead Records

All the details needed to call on the most important accounts when decisions about your product or service are being considered

Contact Names for Owners & Management of Open & Operating Hotels (Census)

Essential for conducting telemarketing and direct mail activities to prospect for product replacement programs

Strategic Planning Summaries

Direct your sales force with an executive summary that includes project and guestroom counts for each of your Sales Reps and their Territories, Key Developers and their Project Team Members, and for every Company and Brand



Sales Solution Programs for Vendors - Europe

Strategic Planning Summaries, Sales Lead Project Records,
Contact Names for Owners & Management



LE, the Global Authority for Hotel Real Estate, specializes in customizing Sales Solution Programs for Lodging Vendors looking to expand market share in Europe or any other country or region - worldwide.

Lodging Econometrics (LE) provides Sales Solution Programs for Vendors that include Strategic Planning Summaries and Individual Development Pipeline Records that identify every potential sales opportunity available for your particular product and direct you to each key decision-maker. With LE's Sales Solution, you will maximize your market share, increase your market penetration, outpace the competition every time, and save time and budgetary dollars spent gathering market research. Let LE provide the market intelligence for you with a Sales Solution customized to your exacting specifications.

If you would like information about LE's Sales Solution Program for Europe or for any other country or region worldwide, **please place a check next to the LE products of interest to you.** Our sales representatives will then send samples for your consideration.

Sales Solution Products	Features	Applications
<input type="checkbox"/> Strategic Planning Summaries	Development Pipeline Summaries with a Three-Year Forecast for New Hotel Openings for: <ul style="list-style-type: none"> • Sales Reps and their Territories • Key Developers and their Project Team Members (Architect, Designer, Purchasing Agent, etc.) • For each Company and Brand • Project and guest room counts are displayed for all portfolio views and are revised quarterly • New Project Announcements are added, and Cancellations are removed 	View all potential business available: Motivate and guide your sales teams, determine high volume accounts and key decision-makers, provide specific account direction from the home office to field staff, and allocate resources to maximize market share Essential for strategic planning by: Senior Corporate Executives, Sales, Marketing, Advertising and Promotion Directors, and Strategic Planners
<input type="checkbox"/> Individual Development Pipeline Records Include New Hotel Construction, Reflaggings and Announced Renovations	Development Sales Lead Records include: <ul style="list-style-type: none"> • Comprehensive Contact information for the Developer and his Project Team Members (Architect, Designer, Purchasing Agent, Contractor, Project Manager) as they are announced • Project start and completion dates, updated quarterly 	Guide your sales teams to the decision-makers Development Sales Leads are ideal for: Sales Directors, Home Office Sales Teams, Territory Managers and Sales Reps
<input type="checkbox"/> Contact Names for Owners & Management of Open & Operating Hotels (Ownership)	Ownership and Management Records provide: <ul style="list-style-type: none"> • Name, address, phone and fax numbers for the Owner, Management Group and Hotel • Detailed commentary on the hotel property 	Prospect for product replacement programs This critical contact data is used by: Sales Directors and Direct Mail and Telemarketing Managers

Please describe the products/services you provide to the lodging industry.

What are your most important sales objectives?

Which Companies and Brands are of interest to you?

For New Construction, at what stage in the project do you begin your sales initiatives?

Currently Under Construction (# of months before opening)

0-6 Months 6-18 Months Greater than 18 Months

Construction Not Yet Started (# of months before construction start date)

0-6 Months 6-18 Months Greater than 18 Months

Does your sales team make sales calls on existing Open and Operating Hotels? Yes No

Does your company conduct direct mail programs? Yes No Telemarketing programs? Yes No

Name: _____ Title: _____

Company: _____ Phone: _____

Address: _____ Email: _____

City: _____ State: _____ Zip: _____ Country: _____

Please complete this response form and fax to LE at +1 603-431-4418.

LE has a Sales Solution Program for Vendors for all countries and regions worldwide:

• Middle East • Africa • United States • Canada • Caribbean, Mexico & Central America • South America • Asia Pacific