



Middle East: H1 2008 Hotel Pipeline Report

Construction Pipeline & Three-Year Forecast for New Hotel Openings



Pipeline Highlights at Q2

- The Total Construction Pipeline for the Middle East reached a new record high of 556 projects/164,259 guest rooms as of the end of Q2, with project and room counts up 22% year-over-year. At 246 projects/71,240 rooms, Under Construction totals represent 44% of the current Pipeline. As a result, New Hotel Openings are poised to accelerate through 2010.
- With 53% of Pipeline projects and 61% of rooms, the United Arab Emirates (UAE) is entrenched in a once-in-a-lifetime, development surge, with over 80% of that development centered in Dubai and Abu Dhabi. At 162 projects/59,950 rooms, Dubai's Pipeline is larger than any other global metropolitan city, including New York, Las Vegas, London and Shanghai.

Construction Pipeline Totals	Q2 2008		Q2 2007		Variance	
	Total Projs	Total Rms	Total Projs	Total Rms	YoY Projs	YoY Rms
	Under Construction	246	71,240	214	62,044	32
Scheduled Starts Next 12 Mos	181	50,555	134	38,525	47	12,030
Early Planning	129	42,464	109	33,284	20	9,180
Total Pipeline	556	164,259	457	133,853	99	30,406

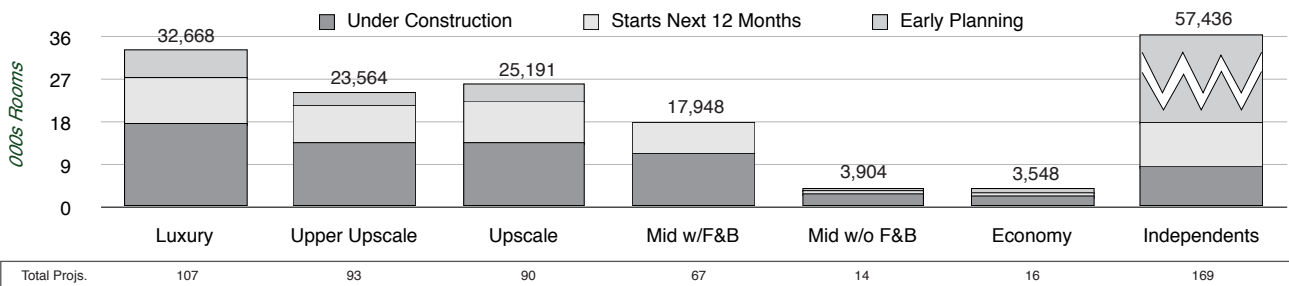
• 70% of all Pipeline projects have made a branding decision. Of the remaining 169 projects identified as Independents, approximately 70% will make a branding decision before opening.

• Global companies are advancing their brands with iconic, high-end projects. Of the total branded projects, Luxury, Upper Upscale and Upscale combine for 75% of all projects, with the average project size at 295 rooms.

Pipeline Overview

At 556 projects/164,259 rooms at the end of Q2, the Total Middle East Construction Pipeline has reached a new cyclical high and is up 22% from Q2 2007's totals. With 246 projects/71,240 rooms, Under Construction totals established a new high and are up 15% by projects and rooms year-over-year. Scheduled Starts in the Next 12 Months, at 181 projects/50,555 rooms also established a new peak, with project counts up 35% from a year ago. For Early Planning, at 129 projects/42,464 rooms in Q2, project totals are up 18% and room totals up 28% from Q2 2007.

From mid-decade, lodging development in the Middle East has been concentrated in business centers, industrial hubs, world-class beach-front resorts, and cultural destinations. This growth has turned the region into a key arena for global companies to showcase their full-service brands with large-scale, landmark projects. The Luxury segment, at 107 projects/32,668 rooms, commands 28% of the branded Pipeline. Upper Upscale, at 93 projects/23,564 rooms, and Upscale, with 90 projects/25,191 rooms, make up a further 24% and 23%, respectively. Nearly two-thirds of the projects in the Pipeline are greater than 200 rooms, with the average project size at 295 rooms.



LE's Three-Year Forecast for New Hotel Openings

In H1 2008, 27 hotels/6,632 rooms have already opened. With 44% of all Pipeline projects already Under Construction, the pace of New Hotel Openings is poised to escalate through 2010. LE's Forecast for New Hotel Openings for 2008 anticipates an additional 53 hotels/11,997 rooms will open in the second half of the year. For 2009, LE is calling for New Openings of 121 hotels/33,478 rooms. In its first projection for 2010, LE expects 148 hotels/39,445 rooms to open. 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 the Middle East 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 - Middle East

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 the Middle East 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 the Middle East 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:

- Europe • Africa • Asia Pacific • United States • Canada • Caribbean, Mexico & Central America • South America