



South America: Mid-Year 2008 Report

Construction Pipeline & Three-Year Forecast for New Hotel Openings



Pipeline Highlights at Q2

Construction Pipeline Totals	Q2 2008		Q1 2007		Variance QoQ	
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms
Under Construction	201	32,116	169	29,883	32	2,233
Scheduled Starts Next 12 Mos	85	16,947	71	11,243	14	5,704
Early Planning	55	7,253	64	10,754	-9	-3,501
Total Pipeline	341	56,316	304	51,880	37	4,436

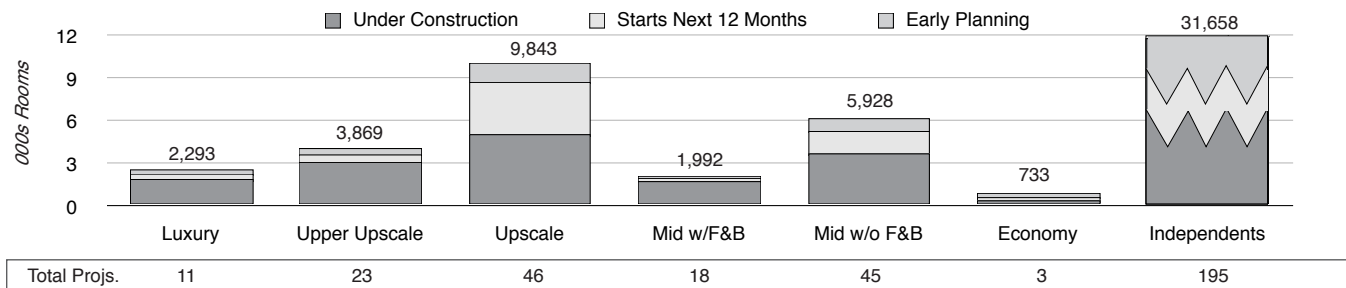
- Project and room counts for Under Construction at the end of Q2 were at 201 projects with 32,116 rooms, up nearly 19% by projects and 8% by rooms year-over-year. Of the region's total Pipeline, 59% of all projects are already Under Construction and are certain to add to New Supply from now through early 2010.
- 85 projects with 16,947 rooms are Scheduled to Start Construction in the Next 12 Months. There are a further 55 projects/7,253 rooms in the Early Planning stage as of the end of Q2.

- South America's Construction Pipeline totaled 341 projects/56,316 rooms at the end of Q2 2008, up 12% by projects year-over-year from Q2 2007.
- Over half of the region's Pipeline is in Brazil, which has 203 projects with 36,786 guest rooms in the three construction stages.
- Development is focused in the metropolitan business, trade, and cultural centers, as well as beachfront resort markets, particularly in Brazil. The average project size is 165 rooms.
- 57% of all Pipeline projects are currently labeled as Independent. 70% will likely make a branding decision prior to opening.
- Nearly 33% of total Pipeline projects are in the select service segments, led by Upscale and Midscale without Food & Beverage.

Pipeline Overview

The Total Construction Pipeline for South America, at 341 projects with 56,316 rooms, is up 12% by projects and nearly 9% by rooms year-over-year. Compared to other countries in the region, Brazil has an exceptional amount of development with 203 projects/36,786 rooms, or 59% of all Pipeline projects and 65% of Pipeline rooms. Next is Argentina, followed by Colombia and Peru, albeit distantly.

Of South America's total Pipeline projects, 146 have already made a branding decision. The remaining 195 projects are currently classified as Independent. It is expected that approximately 70% will make a branding decision prior to opening and then be recategorized in the appropriate chain scale, likely mirroring the current chain scale trends. After Independents, development is heaviest in the Upscale and Midscale without Food & Beverage segments. While Upscale development is largely centered in the cities and commercial centers, it is also significant in the popular beachfront resort markets, particularly along Brazil's coast. Much of the Midscale development is centered in the region's growing metropolitan business, trade and cultural hubs.



LE's Three-Year Forecast for New Hotel Openings

LE's Forecast for New Hotel Openings for 2008 calls for 83 new hotels/11,309 to open, of which 35 new hotels/5,106 rooms have already opened in H1 2008. For 2009, LE is forecasting 96 new hotels/14,065 rooms to come online as New Supply. LE has also released its first South American Forecast for 2010, projecting 107 new hotels/18,455 rooms. LE's Forecast for New Hotel Openings is based on current Pipeline totals and development trends as of the end of Q2 2008. The Forecast does not account for any abrupt changes in economic or lodging operation fundamentals that would alter these trends going forward.

To learn more about LE's Reports for South America 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 - South America

Strategic Planning Summaries, Sales Lead Project Records



LE, the Global Authority for Hotel Real Estate, specializes in customizing Sales Solution Programs for Lodging Vendors looking to expand market share in South America 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 South America or for any other country or region worldwide, **please place a check next to the LE products of interest.** 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:

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