

**LENDING CRISIS IMPACTING NEW OPENINGS - LE REVISES FORECASTS LOWER**

In its revised forecast for 2010, Lodging Econometrics predicts that just 717 hotels, representing 82,620 rooms, will open in 2010. This is a 56% drop from 2009, when 1,301 hotels with 146,929 rooms opened. New Openings peaked for the cycle in 2008 at 1,345 hotels/154,667 rooms.

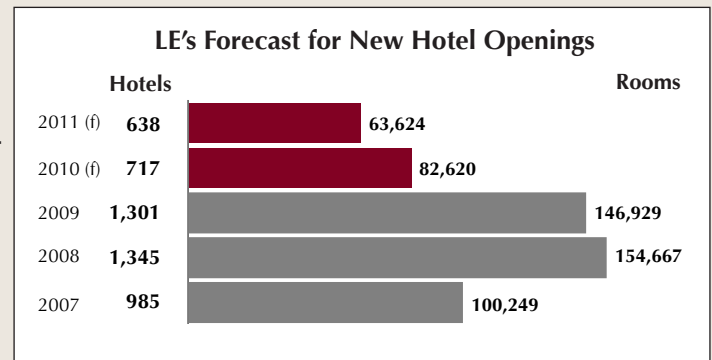
LE's forecasted declines for 2010 represent a steep drop-off from earlier forecasts and are a result of the near-disappearance of lending. The flow of lending from local community banks that previously serviced new projects up to 150 rooms closed down to a near trickle during the second half of 2009.

Projects under construction, at 767 projects/95,900 rooms in Q4, are at the lowest level recorded in over four years and are expected to continue to fall throughout 2010. The forward migration of pipeline projects towards construction, termed construction starts, are at 119 projects/11,623 rooms in Q4 2009, the lowest totals since early 2002. Active projects in the pipeline are stalled because developers have little idea when they will be able to locate financing so they can begin construction.

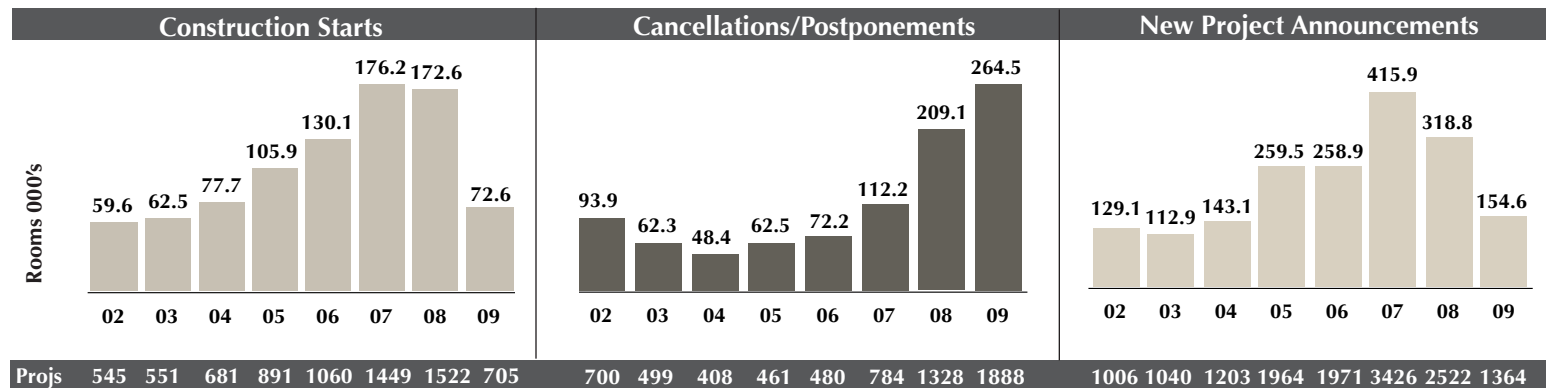
Project cancellations and postponements remain at historical highs. Meanwhile, new project announcements that replenish the pipeline, at 308 projects/33,442 rooms in Q4, have fallen to five-year lows.

The robust development cycle of the last decade is drawing to a precipitous close as a result of the near total disappearance of lending for lodging real estate and developers' viewpoints about the slow and uneven operating recovery that lies ahead. While franchise development teams refocus on growing conversion opportunities in the United States, they are also targeting late cycle development opportunities in certain global hot spots like China, India and Brazil.

Viewed another way, all of this is good news for the industry. Drop-offs in the pipeline and acute declines in LE's Forecast for New Hotel Openings means that the future absorption of new supply will be far less of a head wind than previously thought as the industry awaits economic recovery, an increase in business and leisure travel and for its pricing power to return.



**KEY PIPELINE METRICS - ANNUAL**



**LE's Construction Pipeline: By Stage**

Stage	Q2 2008 Pipeline Peak		Q4 2009		% Change Q208 to Q309	
	Projs	Rms	Projs	Rms	Projs	Rms
Under Construction	1,723	242,229	767	95,900	-55%	-60%
Starts Next 12 Mos	2,737	327,920	1,484	158,696	-46%	-52%
Early Planning	1,423	215,398	1,312	175,864	-8%	-18%
<b>Total Pipeline</b>	<b>5,883</b>	<b>785,547</b>	<b>3,563</b>	<b>430,460</b>	<b>-39%</b>	<b>-45%</b>

rooms in Q4, counts are at their lowest since Q1 2005 and down 55% by projects and 60% by rooms from the Q2 2008 peak. Total Under Construction numbers also declined significantly quarter over quarter, with projects falling by 19% and rooms by 26%.

**ORDER THE COMPLETE U.S. PIPELINE REPORT**

Lodging Econometrics (LE) is the foremost source of global lodging real estate intelligence for hotel franchise companies, management groups, investment firms, consultants, and vendors to the lodging industry. The complete United States Construction Pipeline Report surveys development for the three stages of construction, three-year forecasts for new hotel openings, two years of prior new openings, and for current supply. In LE's newly expanded Pipeline Report, summaries are provided for planning and analysis for the top 50 markets, by chain scale and size of hotel, with comprehensive competitive set intelligence for the leading hotel companies and brands. To order LE's complete report on the United States Lodging Construction Pipeline or to inquire about any of LE's other lodging real estate reports, please fill out the following inquiry form and fax it to LE or contact us at 603-431-8740 x25 or info@lodgingeconometrics.com.

**UNITED STATES PIPELINE OVERVIEW**

The total US Pipeline stands at 3,563 projects/430,460 rooms at the end of Q4, marking the sixth consecutive quarter of declining counts. Compared to the Q2 2008 peak, projects are off by 39% and rooms by 45%.

While counts in all construction stages have fallen, the impact of the lending crisis is most apparent in Under Construction. The lack of lending has created a massive roadblock for forward project migration towards construction. This, combined with recent high rates of New Hotel Openings, elevated cancellations and reduced New Project Announcements into the Pipeline, has depleted Under Construction counts substantially. At 767 projects/95,900

In today's changing environment, Lodging Econometrics (LE) has the information you need, whether you're concerned about new supply in particular markets, identifying acquisition or asset management opportunities, or assessing hotel real estate valuations and trends.

If you would like more information about LE's Development Pipeline and Contact Names for Ownership and Management Reports for any market, country or region worldwide, please place a check next to the LE products of interest to you. Our sales representatives will then forward samples for your consideration.

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<p><b>Development Pipeline Reports</b></p> <p><input type="checkbox"/> <b>For any particular market</b> Such as New York City, Chicago, Washington D.C., Boston, etc.</p> <p><input type="checkbox"/> <b>For any state</b></p> <p><input type="checkbox"/> <b>For all of the U.S.</b></p>	<p><b>Development Pipeline Reports contain:</b></p> <p><b>Pipeline Summaries with project and guest room counts for:</b></p> <ul style="list-style-type: none"> <li>• Three Development Stages and for Current Supply</li> <li>• The major companies and brands</li> <li>• By chain scale, location and hotel size</li> </ul> <p><b>Three-Year Forecast for New Hotel Openings</b></p> <ul style="list-style-type: none"> <li>• Project and guest room growth rates</li> <li>• Forecasts are revised quarterly</li> </ul> <p><b>Individual Project Records</b></p> <ul style="list-style-type: none"> <li>• All Hotel Construction, Reflaggings and Announced Renovation projects</li> <li>• New Project Announcements are added and Cancellations are removed</li> <li>• Full developer contact information</li> <li>• Start and completion dates are updated quarterly</li> </ul>	<p><b>Access every lodging real estate fact you need for:</b> <i>In-depth market analysis, future supply assessment, development decision-making, acquisition/disposition strategies and revenue management planning</i></p> <p><b>An essential planning tool for:</b> <i>Developers, Franchise Sales Teams, Acquisition/Disposition Officers, Analyst/Feasibility Groups, Operations and Sales and Marketing Executives, Revenue Managers and Lenders</i></p>
<p><input type="checkbox"/> <b>Contact Names for Owners &amp; Management of Open &amp; Operating Hotels (Census)</b></p>	<p><b>Individual Hotel Records include:</b></p> <p><b>Comprehensive Contact Information</b></p> <ul style="list-style-type: none"> <li>• Name, address, phone and fax numbers for the Owner, Management Group and Hotel</li> <li>• Property details are included</li> </ul> <p><b>Customized Sorts</b> for your exacting specifications</p> <ul style="list-style-type: none"> <li>• By particular market, brand, chain scale or hotel size</li> </ul>	<p><b>Investigate opportunities for:</b> <i>Acquisition, investment or adding to your asset management portfolio</i></p> <p><b>Ideal for those executives involved in:</b> <i>Acquisitions, Business Development, Asset Management, Strategic Planning, M&amp;A and Direct Mail or Telemarketing Programs</i></p>
<p><input type="checkbox"/> <b>Valuation Trend Reports</b></p>	<p><b>A 5 Year Summary of Transaction Trends with:</b></p> <ul style="list-style-type: none"> <li>• Total transactions, average room count and average selling price per room</li> <li>• By brand, chain scale, region, location and hotel size</li> </ul>	<p><b>Evaluate historic valuation trends and estimate your optimum timing for acquisition/disposition decisions with:</b> <i>Transaction volume and selling price trends for the current lodging real estate cycle</i></p>
<p><input type="checkbox"/> <b>Individual Sales Comp Records</b></p>	<p><b>Comprehensive Transaction Records detail:</b></p> <ul style="list-style-type: none"> <li>• Selling price, room count, date of transaction, hotel letterhead, and complete contact data for buyer and seller</li> <li>• By brand, chain scale, region, location and hotel size</li> </ul>	<p><b>A necessity for those who must re-verify current asset values:</b> <i>Appraisers, Asset Managers, Consultants, Acquisition/Disposition Officers and Lenders</i></p>

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