

# Construction Pipeline & Three-Year Forecast for New Hotel Openings

Caribbean, Mexico & Central America: Mid-Year 2008 Report



## Pipeline Highlights at Q2

- At the end of Q2, the Construction Pipeline project count likely reached a high for this cycle at 329 projects/65,115 rooms.
- Mexico leads the region with 46% of all projects in the Pipeline. The Caribbean follows with 38%.
- 51% of all Pipeline projects are already Under Construction and are assured to enter as New Supply in the near-term.
- Developer focus remains on high-end beachfront resort properties. There is also significant development of Midscale brands, particularly in Mexico's secondary cities.
- 27 New Hotels with 4,688 rooms have opened thus far in 2008. LE has revised its Forecast for New Openings for 2008 slightly downward to 79 New Hotels/13,985 for 2008.

Construction Pipeline Totals	Q2 2008		Q1 2008		Variance QoQ	
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms
Under Construction	169	36,139	158	34,084	11	2,055
Scheduled Starts Next 12 Mos	103	18,927	96	19,041	7	-114
Early Planning	57	10,049	57	12,207	0	-2,158
<b>Total Pipeline</b>	<b>329</b>	<b>65,115</b>	<b>311</b>	<b>65,332</b>	<b>18</b>	<b>-217</b>

• At 169 projects/36,139 rooms, Under Construction totals reached a new high for the cycle. Project and room counts are up 33% and 40%, respectively, year-over-year from Q2 2007.

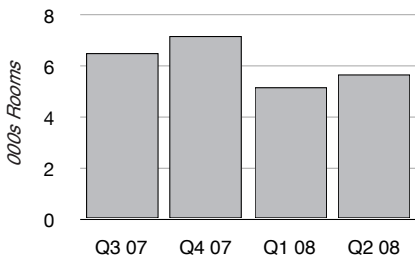
• Room counts for projects Scheduled to Start Construction in the Next 12 Months saw minor decreases for a third consecutive quarter. Early Planning room totals in Q2 represented an 18% decrease from the peak reached in Q1 2008.

## Pipeline Overview

Lodging development in the Caribbean, Mexico and Central America continued at peak levels in Q2, with total projects in the Pipeline likely reaching a new cyclical high. Nearly one-third of the Pipeline is made up of Luxury and Upper Upscale projects, with most located in the Caribbean island nations and the beachfront resort areas of Mexico, Costa Rica and Panama. Midscale development represents another third of the region's Pipeline, with 71% of the total number of Midscale projects being built in Mexico, particularly in the secondary cities.

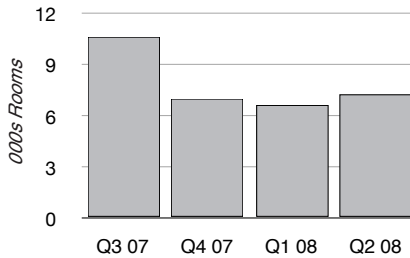
Overall, Key Developer Metrics are up modestly compared to Q1. Construction Starts for projects already in the Pipeline increased to 32 projects/5,680 rooms in Q2. New Project Announcements into the Pipeline rose for a second consecutive quarter to 45 projects/7,348 rooms. For Project Cancellations, at 14 projects/3,021 rooms in Q2, guestroom counts were up slightly, but the project count decreased.

**Construction Starts**



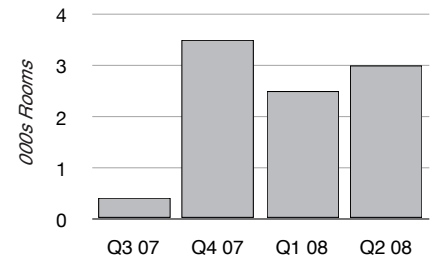
Quarter	Total Projs.
Q3 07	33
Q4 07	35
Q1 08	28
Q2 08	32

**New Project Announcements**



Quarter	Total Projs.
Q3 07	57
Q4 07	31
Q1 08	35
Q2 08	45

**Cancellations**



Quarter	Total Projs.
Q3 07	5
Q4 07	16
Q1 08	16
Q2 08	14

## LE's Three-Year Forecast for New Hotel Openings

27 new hotels having 4,688 rooms came online in H1 2008. With LE's total 2008 Forecast for New Hotel Openings calling for 79 new hotels/13,985 rooms to open, a significant amount of New Supply is set to come online in the second half of this year. LE's is forecasting 90 hotels/17,617 rooms to open during 2009. Both the 2008 and 2009 Forecasts reflect a slight downward revision in LE's previous estimates, this due to the greater difficulty in obtaining financing and stricter lending terms in the wake of the global lending crisis. In its first Forecast for 2010, LE estimates that 99 hotels/18,761 rooms will open as New Supply. 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 the Caribbean, Mexico and Central America or other markets, countries or regions worldwide, please complete the attached fax response form. Lodging Econometrics (LE) specializes in:

### Development Pipeline Reports - Summaries & Individual Project Records

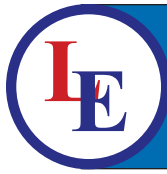
With Three-Year Forecasts for New Hotel Openings for every country and market

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

Essential for companies inquiring about acquisitions or adding to their asset management portfolio

### Valuation Trend Summaries & Individual Sales Comp Records

Ideal for analyzing historic valuation trends and monitoring current hotel real estate transactions



# Lodging Real Estate Reports - Caribbean, Mexico & Central America

Development Pipeline, Contact Names for Owners & Management



*LE, the Global Authority for Hotel Real Estate, is the lodging industry's most comprehensive information source for Development, Forecasts for New Hotel Openings and Contact Names for Owners & Management - worldwide.*

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 in the Caribbean, Mexico & Central America, for any country in the region, for the region as a whole, or for any other country worldwide, **please place a check next to the LE products of interest to you.** Our sales representatives will then forward samples for your consideration.

Real Estate Reports	Features	Applications
<input type="checkbox"/> <b>Development Pipeline Reports</b> <input type="checkbox"/> <b>For any particular market</b> Such as: Mexico City, San Juan and others  <input type="checkbox"/> <b>For any country</b> Including Mexico, Puerto Rico, etc.  <input type="checkbox"/> <b>For the Caribbean, Mexico &amp; Central America region</b> Or for the Caribbean or Central America only	<b>Development Pipeline Reports</b> contain: <b>Pipeline Summaries</b> with project and guest room counts for: <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> <b>Three-Year Forecast for New Hotel Openings</b> <ul style="list-style-type: none"> <li>• Project and guest room growth rates</li> <li>• Forecasts are revised quarterly</li> </ul> <b>Individual Project Records</b> <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>	<b>Access every lodging real estate fact you need for:</b> In-depth market analysis, future supply assessment, development decision-making, acquisition/disposition strategies, and revenue management planning  <b>An essential planning tool for:</b> Developers, Franchise Sales Teams, Acquisition/Disposition Officers, Analyst/Feasibility Groups, Operations and Sales and Marketing Executives, Revenue Managers, and Lenders
<input type="checkbox"/> <b>Contact Names for Owners &amp; Management of Open &amp; Operating Hotels (Census)</b>	<b>Individual Hotel Records</b> include: <b>Comprehensive Contact Information</b> <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> <b>Customized Sorts</b> for your exacting specifications <ul style="list-style-type: none"> <li>• By particular market, brand, chain scale or hotel size</li> </ul>	<b>Investigate opportunities for:</b> Acquisition, investment or adding to your asset management portfolio  <b>Ideal for those executives involved in:</b> Acquisitions, Business Development, Asset Management, Strategic Planning, M&A, and Direct Mail or Telemarketing Management
<input type="checkbox"/> <b>Valuation Trend Reports</b>	<b>A 5-Year Summary of Transaction Trends</b> with: <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>	<b>Evaluate historic valuation trends and estimate your optimum timing for acquisition/disposition decisions with:</b> Transaction volume and selling price trends for the current lodging real estate cycle
<input type="checkbox"/> <b>Individual Sales Comp Records</b>	<b>Comprehensive Transaction Records</b> detail: <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>	<b>A necessity for those who must reverify current asset values:</b> Appraisers, Asset Managers, Consultants, Acquisition/Disposition Officers, and Lenders

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