

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

Canada: Mid-Year 2008 Report



## Pipeline Highlights at Q2

- The Construction Pipeline stands at 245 projects/32,499 rooms, a slight decline from the cyclical peak in Q1 2008.
- With 103 projects/17,181 rooms, the top 6 markets account for 42% of the total projects and 53% of all rooms in the Pipeline.
- 33% of Pipeline projects are already Under Construction and near certain to come online as New Supply.
- Nearly 80% of the projects in the Pipeline have already made branding decisions.
- Development is heaviest in Upscale, Midscale w/o Food & Beverage and Economy. The average project size is 133 rooms.
- LE has revised its Forecast for New Hotel Openings downward to a 3.4% gross growth rate in 2008 and 3.3% in 2009.

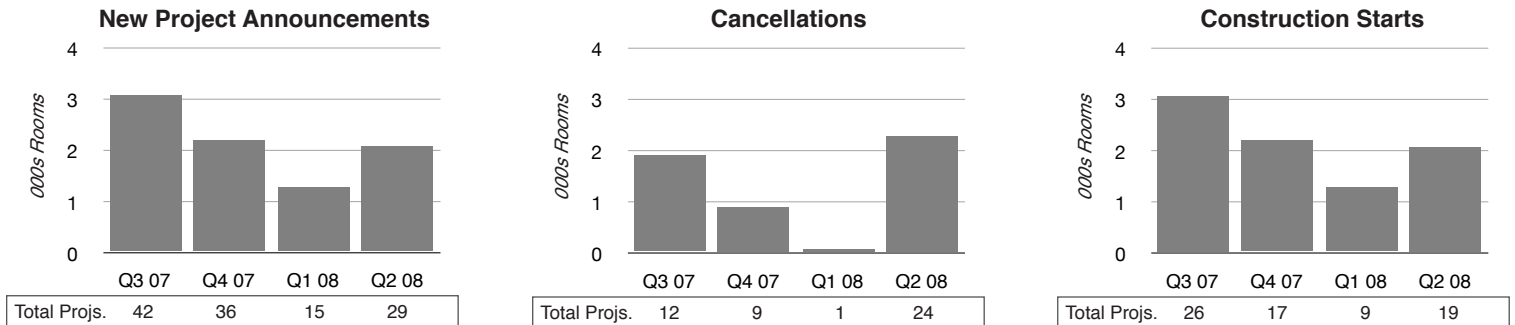
Construction Pipeline Totals	Q2 2008		Q1 2008		Variance	
	Total Projs	Total Rms	Total Projs	Total Rms	QoQ Projs	QoQ Rms
	Under Construction	81	11,231	89	12,340	-8
Scheduled Starts Next 12 Mos	90	11,708	93	11,649	-3	59
Early Planning	74	9,560	83	9,975	-9	-415
<b>Total Pipeline</b>	<b>245</b>	<b>32,499</b>	<b>265</b>	<b>33,964</b>	<b>-20</b>	<b>-1,465</b>

• At 81 projects/11,231 rooms, Under Construction totals declined slightly quarter-over-quarter, but a 22% year-over-year decrease in room count from Q2 2007.

• Project counts in both Scheduled Starts and Early Planning reached cyclical peaks in Q1 2008, with slight decreases noted in Q2.

## Pipeline Overview

After 8 consecutive quarters of growth, Canada's Total Construction Pipeline peaked in Q1 2008, then declined to 245 projects/32,499 rooms in Q2. As LE previously noted, developers have turned cautious due to concerns about the slowdown in the economy, stricter lending requirements and the disappearance of financing for new projects. Developer concern is reflected in the key Pipeline Metrics below. New Project Announcements into the Pipeline, at 29 projects/3,129 rooms, are at their second lowest point since Q4 2005. Project Cancellations, at 24 projects/2,302 rooms, accelerated to the highest level LE has ever recorded. Construction Starts within the Pipeline, at 19 projects/2,142 rooms, experienced a third sluggish quarter in a row.



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

In the first half of 2008, 37 new hotels/4,173 rooms came online. LE's Forecast for New Hotel Openings in 2008 calls for a total of 80 new hotels/9,288 rooms to open. This is a gross growth rate of 3.4% before removals from inventory. In 2009, 73 hotels/9,386 rooms are expected to come online, a gross growth rate of 3.3%. Both are downward revisions from LE's previous estimates of 3.5% and 3.8% respectively. LE has also issued its first Forecast for 2010 with 92 hotels/10,689 rooms expected to open. LE's Forecast for New Hotel Openings is based on current development trends and Pipeline totals as of the end of Q2 2008. The Forecast does not account for any abrupt changes in economic or lodging operation fundamentals that could alter these trends going forward.

To learn more about LE's Reports for Canada and other countries worldwide, please complete the attached fax response form.

Lodging Econometrics (LE) specializes in:

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

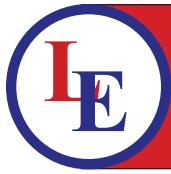
With Three-Year Forecasts for New Hotel Openings for every market, including: Toronto, Montreal, Vancouver, Calgary, Ottawa & Halifax

### 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 - Canada

## Development Pipeline, Ownership, Valuation Trends



*LE, the Global Authority for Hotel Real Estate, is the lodging industry's most comprehensive information source for Development, Forecasts for New Hotel Openings, Ownership, Valuation Trends, and Transactions - 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, Ownership and Valuation Trend Reports for any market in Canada, for Canada 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: Calgary, Halifax, Montreal, Ottawa, Toronto, Vancouver, etc. <input type="checkbox"/> <b>For all of Canada</b> Includes every market	<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 (Ownership)</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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