

# Europe, Middle East, Africa: Q3 2008 Report

An Executive Summary of the Construction Pipeline & Three-Year Forecast for New Hotel Openings



## Pipeline Highlights at Q3

- At the end of Q3 2008, Europe, Middle East and Africa's (EMEA) Total Construction Pipeline stood at 1,656 projects/358,067 rooms.
- Total project counts are down 6% from the likely cyclical peak in Q2 2008, with total rooms down 4%. The Total Pipeline will continue to trend downward as New Hotel Openings come online at an accelerated pace in '09 and '10. New Project Announcements into the Pipeline are expected to taper off.
- In EMEA, 53% of Total Pipeline projects are already Under Construction due to the rush to get projects started in late '07-early '08 before the economy softened further.
- In the Middle East, Dubai leads with 36% of the regional Pipeline at 155 projects/57,390 rooms. Abu Dhabi follows with 79 projects/24,335 rooms. The United Kingdom accounts for 25% of the European Pipeline with 277 projects/41,806 rooms. Spain follows with 150 projects/23,943 rooms. At 25%, Morocco accounts for the largest share of the African Pipeline with 43 projects/8,730 rooms. South Africa follows with 31 projects/5,145 rooms.

## Total Construction Pipeline by Quarter

Region	Q3		Q2		% Change Q208 to Q308	
	Projs	Rms	Projs	Rms	Projs	Rms
Europe	952	164,577	1,022	172,249	-7%	-4%
Middle East	541	159,690	556	164,259	-3%	-3%
Africa	163	33,800	179	36,855	-9%	-8%
<b>Total</b>	<b>1,656</b>	<b>358,067</b>	<b>1,757</b>	<b>373,363</b>	<b>-6%</b>	<b>-4%</b>

## Q3 2008 Construction Pipeline by Stage

Region	Under Construction		Starts Next 12 Months		Early Planning		Total Pipeline	
	Projs	Rms	Projs	Rms	Projs	Rms	Projs	Rms
Europe	519	90,301	232	41,165	201	33,111	952	164,577
Middle East	263	74,954	145	39,967	133	44,769	541	159,690
Africa	88	19,995	49	8,785	26	5,020	163	33,800
<b>Total Pipeline</b>	<b>870</b>	<b>185,250</b>	<b>426</b>	<b>89,917</b>	<b>360</b>	<b>82,900</b>	<b>1,656</b>	<b>358,067</b>

## Pipeline Overview

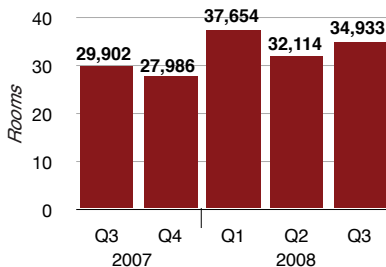
Until recently, the Middle East has been insulated from the global banking crisis. A rush to get projects under way has resulted in a new cyclical peak for Construction Starts in Q308. Africa saw its peak in Q208. In Europe, Construction Starts peaked earlier in Q108, more closely tracking early trends in the U.S.

Most projects already in the Pipeline cannot migrate forward towards Construction, but are stalled in the Scheduled Starts in the Next Twelve Months and in the Early Planning stages. It's a sure sign that the lack of financing at reasonable rates and terms is having a braking effect on lodging development.

Project Cancellations are high in all three regions, reflecting the unavailability of financing and new developer concerns about what appears to be the beginning of a global recession, causing slower industry growth and a fall-off in demand that is expected to continue trending downward into '09 and '10.

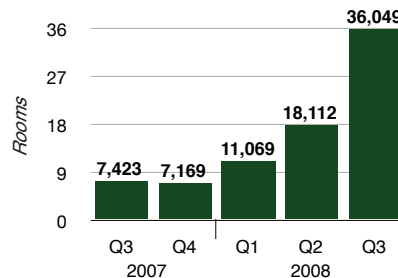
New Project Announcements into the Pipeline have been declining since Q407 as the dimensions of the lending crisis, the fall-off of world commodity prices and global deleveraging have been morphing into a worldwide slowdown. Many developers have turned cautious and are taking a wait-and-see attitude until there's greater clarity about the economy.

### Construction Starts



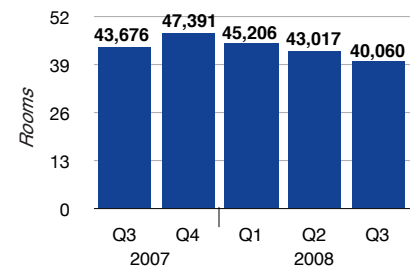
Projects	163	149	225	165	165
----------	-----	-----	-----	-----	-----

### Cancellations



Projects	45	35	61	87	185
----------	----	----	----	----	-----

### New Project Announcements



Projects	234	241	241	222	203
----------	-----	-----	-----	-----	-----

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

In the fourth quarter, an additional 77 hotels/11,304 rooms will open, bringing the total for 2008 to 363 hotels/58,260 rooms. New Hotel Openings in 2009 and 2010 are expected to grow steadily, adding 468 hotels/86,553 rooms and 467 hotels/101,150 rooms, respectively, to Current Supply. Forecasts have been adjusted downward due to falling Pipeline counts. LE's Forecast for New Hotel Openings is based on current Pipeline totals and development trends as of the end of Q3 2008. The Forecast does not account for any unforeseen changes in economic or lodging operating fundamentals that would alter these trends going forward.

**To learn more about LE's Reports for Europe, Middle East, Africa or other markets, countries or regions worldwide, please complete the attached response form. LE specializes in:**

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

With Three-Year Forecasts for New Hotel Openings for every region, 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

### Competitive Set Reports - For the Development Pipeline and Open and Operating Hotels (Current Supply)

Customized for your particular competitive set with summaries by market, and for other countries and regions worldwide



# Lodging Real Estate Reports Europe, Middle East, Africa

Development Pipeline Reports, Contact Names for Owners & Management, Customized Competitive Set Reports



*LE, the Global Authority for Hotel Real Estate, is the lodging industry's most comprehensive information source for Development, Forecasts for New Hotel Openings, Contact Names for Owners & Management, and Competitive Set Reports - 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 monitoring growth rates within your competitive sets.

If you would like more information about LE's Development Pipeline, Contact Names for Ownership and Management and Competitive Set Reports for any market in Europe, the Middle East or Africa, for any country in the region, for the region as a whole, or for any other market, country or region worldwide, **please place a check next to the LE products of interest to you.** Our sales representative 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 London, Madrid, Moscow, Cairo, Marrakech, etc. <input type="checkbox"/> <b>For any country</b> Including the United Kingdom, Spain, France, Russia, Dubai, Abu Dhabi, Morocco, South Africa, etc. <input type="checkbox"/> <b>For all of EMEA</b> Or for Europe, the Middle East or Africa 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 your asset management portfolio <b>Ideal for those executives involved in:</b> Acquisitions, Business Development, Asset Management, Strategic Planning, M&A, Direct Mail or Telemarketing
<input type="checkbox"/> <b>Competitive Set Reports</b>	<b>Competitive Set Summaries</b> are: <b>Customized to your exacting specifications with:</b> <ul style="list-style-type: none"> <li>• Project and room counts for the Construction Pipeline, plus a Three-Year Forecast for New Hotel Openings</li> <li>• Current Supply counts with historic growth rates</li> </ul> <ul style="list-style-type: none"> <li>• For the markets, countries and regions of your choice, and for all companies, brands and investor groups selected for your competitive set</li> </ul>	<b>Compare future and historic growth rates:</b> For every competitive group important to you <b>A critical resource for Senior Executives responsible for:</b> Strategic Planning and Guidance of Franchise Sales Teams, Business Development Officers, M&A Activity, Acquisition/Disposition Groups, and Asset Management Teams

**LE's Real Estate Reports can be customized for your particular needs and may be purchased as a:**

- One-time order
- Quarterly Subscription
- Corporate Intranet Site License

**Do you have strategic objectives or particular projects that you are working on which LE can assist you?**

Name:	Title:		
Company:	Phone:		
Address:	Email:		
City:	State:	Zip:	Country:

**Please complete this response form and email it to LE at [hotels@lodgingeconometrics.com](mailto:hotels@lodgingeconometrics.com) or fax to LE at +1 603-431-4418.**

**LE also has real estate reports available for all markets and countries worldwide:**

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