



LE'S FORECAST FOR NEW HOTEL OPENINGS

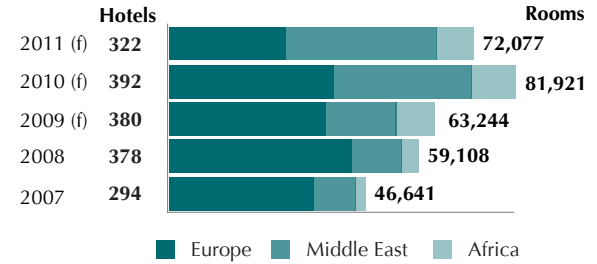
For the first time, Lodging Econometrics (LE) has compiled and announced its 2011 Forecast for New Hotel Openings for Europe, the Middle East and Africa. 322 projects/72,077 rooms are forecasted to come online in 2011. LE has also adjusted its forecasts downward for 2009 and 2010 due to the recessionary declines that continue to impact the lodging industry and project totals in the Pipeline throughout the region. The 2009 forecast has been reduced to 380 new hotels/63,244 rooms, down a substantial 10,328 rooms. The 2010 forecast, adjusted down by 7,340 rooms, calls for New Openings of 392 projects/81,921 rooms.

In Europe, New Project Openings peaked in 2008 at 312 hotels having 43,219 rooms. New Openings will remain high through 2010 then start to decline markedly in 2011 and thereafter. LE expects 147 projects/27,547 rooms to open in 2011, down 36% by rooms from the 2008 peak.

Because of the great number of projects seeded earlier in the decade, New Openings in the Middle East are set to reach historic highs over the next two years. 2009 will bring 75 projects/17,098 rooms online, then surge to 106 projects/32,860 rooms in 2010. New Openings will crest for the cycle in 2011, with a projected high of 128 projects/35,966 rooms coming online. Notably, of the 477 projects in the Pipeline 255 or 53% are already Under Construction.

New Openings in Africa will be in a cyclically high topping formation over the next three years. In 2010, the peak will be reached when 56 projects/10,373 rooms open. 55% of Africa's Total Pipeline projects are already Under Construction.

EMEA Forecast for New Hotel Openings



Year	Europe		Middle East		Africa	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
2011 (f)	147	27,547	128	35,966	47	8,564
2010 (f)	230	38,688	106	32,860	56	10,373
2009 (f)	251	36,974	75	17,098	44	9,172
2008	312	43,219	43	12,101	23	3,788
2007	238	34,026	41	10,526	15	2,089

KEY PIPELINE METRICS

Construction Starts in all three regions are continuing their downward trend and at Q2 totaled just 108 projects/23,403 rooms. Starts are likely to remain low for the foreseeable future, as the continued lack of available lending halts projects migrating towards Under Construction, causing a surplus of "stalled" projects in the Pipeline. In Europe and the Middle East, Construction Starts are in low channels, at 56 projects having 10,161 rooms and 31 projects/9,819 rooms, respectively.

A worldwide recessionary environment causing declines in business and tourist travel along with a continued lack of financing is adversely affecting developer sentiment, leading to increased project Cancellations/Postponements, at 135 projects/26,320 rooms in Q2. 87 of the 135 projects cancelled or postponed are in Europe, while 39 projects/10,456 rooms are in the Middle East.

New Project Announcements into the Pipeline, at 167 projects/35,471 rooms in Q2, are in cyclical bottoming formations in all three regions and are expected to remain at lows well into the next decade. 91 new projects/14,944 rooms were announced in Europe in Q2. In the Middle East, 52 new projects/16,963 rooms were announced into the Pipeline, while 24 new projects having 3,564 rooms were announced in Africa. Developer focus is changing somewhat to smaller, mid-market and economy projects where financing can be sourced from local institutions.

PIPELINE SUMMARY

Some small signs that the precipitous global economic decline is abating are beginning to surface. In particular, France and Germany have seen small improvements in GDP, a signal that other developed nations should not be far behind. Russia is also likely to soon show improvement. The Baltics and Eastern Europe, affected strongly by the withdrawal of international financing and cross-border investments, will lag gains in the rest of Europe. Near-term overall improvement is expected to be slight and the recovery slow and prolonged. Declines in the Development Pipeline are expected to continue into the early years of the next decade.

At the end of Q2 2009, Europe's Construction Pipeline, off 19% from the peak in Q2 2008, stands at 828 projects/141,790 rooms. Project and room counts scheduled to Start Construction in the Next 12 Months and in the Early Planning stages remain in a low channel, as the reduced number of New Project Announcements cannot sufficiently refresh the Pipeline.

At 477 projects/145,786 rooms, the Middle East Pipeline has fallen 16% and 11%, respectively, from the Q2 2008 peak. New Openings will crest in 2010 and 2011 in the Middle East, which will lead to a steep drop off in the Total Pipeline thereafter. The Pipeline in Dubai is at 113 projects/47,142 rooms, representing 32% of all guest room development in the region. Dubai's average project size is 417 rooms, now the highest for any country or market in the world.

LE's Construction Pipeline: By Region

Region	Q2 2008 Pipeline Peak		Q2 2009		% Change Q208 to Q209	
	Projs	Rms	Projs	Rms	Projs	Rms
Europe	1,022	172,249	828	141,790	-19%	-18%
Middle East	566	164,259	477	145,786	-16%	-11%
Africa	179	36,855	181	34,480	1%	-6%
Total Pipeline	1,767	373,363	1,486	322,056	-16%	-14%

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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 EMEA 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. Summaries are provided for planning and analysis for the top 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 EMEA 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.

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