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Forecast - Total U.S. and Chain Scales Sample



Created April 2013

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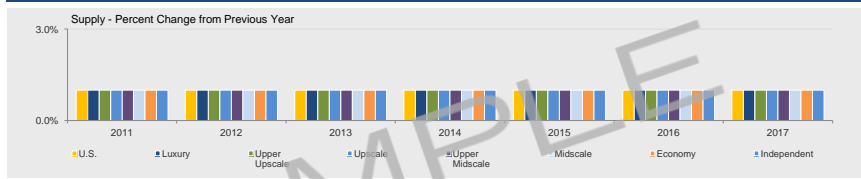
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3-Year Forecast Summary Table

	Supply					Demand					Occupancy					ADR					RevPAR				
	2011	2012	2013 F	2014 F	2015 F	2011	2012	2013 F	2014 F	2015 F	2011	2012	2013 F	2014 F	2015 F	2011	2012	2013 F	2014 F	2015 F	2011	2012	2013 F	2014 F	2015 F
U.S.	1.0%	0.5%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Luxury	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Upper Upscale	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Upscale	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Upper Midscale	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Midscale	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Economy	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Independent	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	7.0%	7.0%	7.0%	7.0%	7.0%

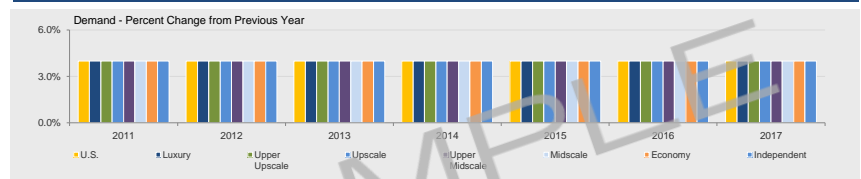
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Supply



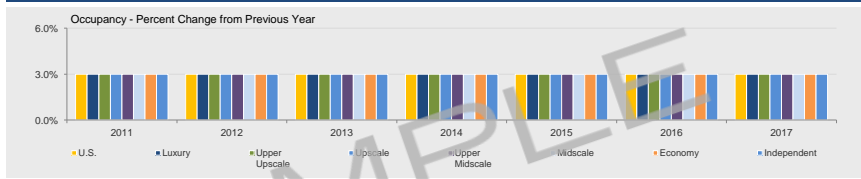
Supply	Year	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Actual	2011	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	2012	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Forecast (f)	2013 f	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	2014 f	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	2015 f	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	2016 f	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	2017 f	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Demand



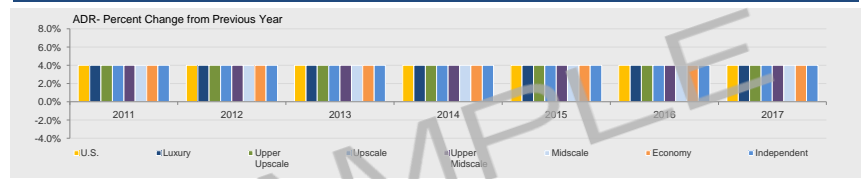
Demand	Year	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Actual	2011	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2012	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Forecast (f)	2013 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2014 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2015 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2016 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2017 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Occupancy



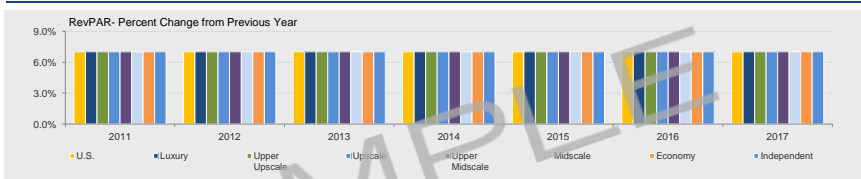
Occupancy	Year	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Actual	2011	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2012	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Forecast (f)	2013 f	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2014 f	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2015 f	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2016 f	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2017 f	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

ADR



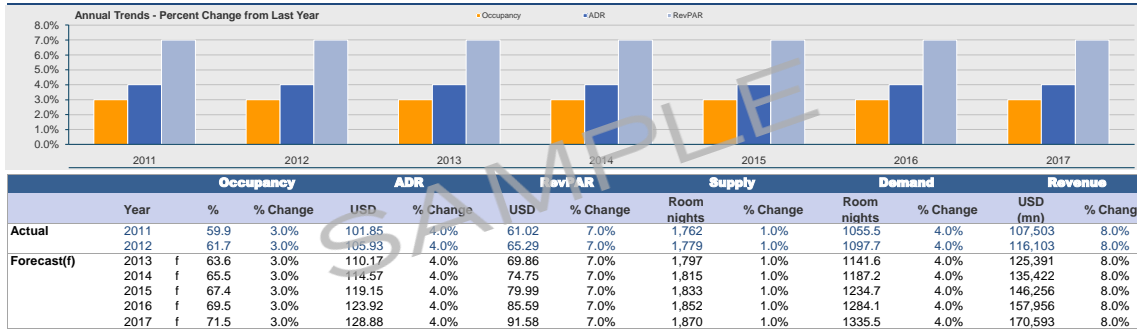
ADR	Year	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Actual	2011	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2012	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Forecast (f)	2013 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2014 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2015 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2016 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2017 f	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

RevPAR

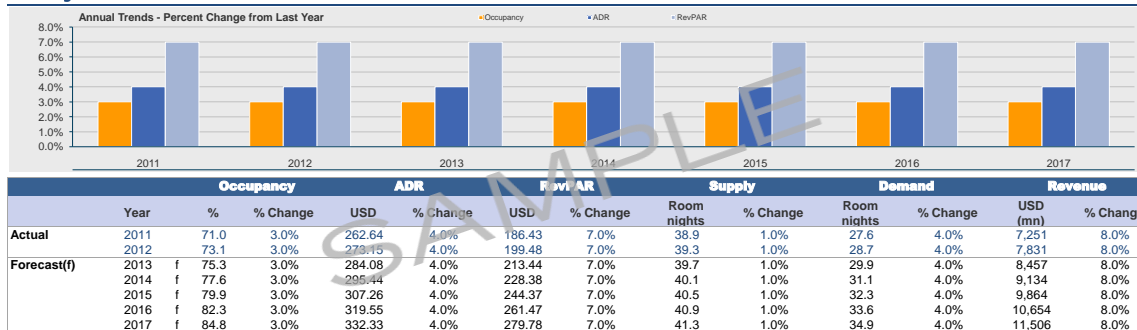


RevPAR	Year	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Actual	2011	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	2012	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Forecast (f)	2013 f	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	2014 f	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	2015 f	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	2016 f	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	2017 f	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

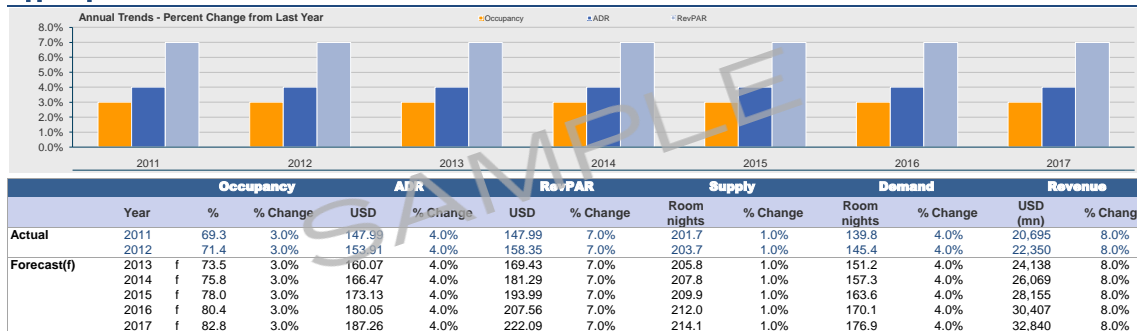
United States



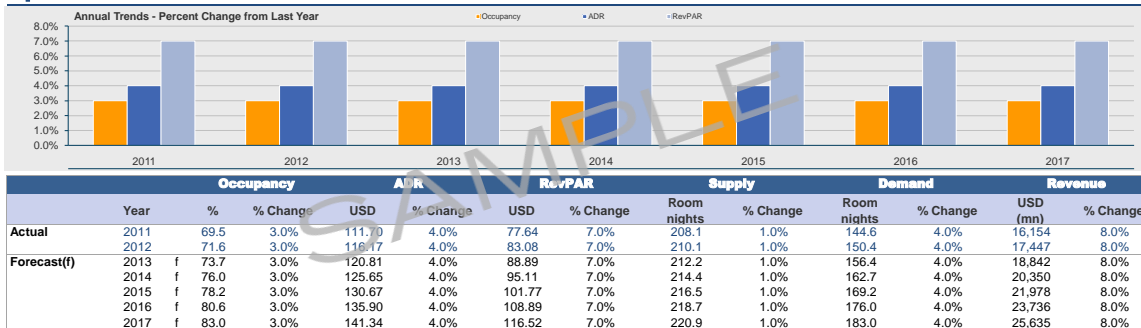
Luxury



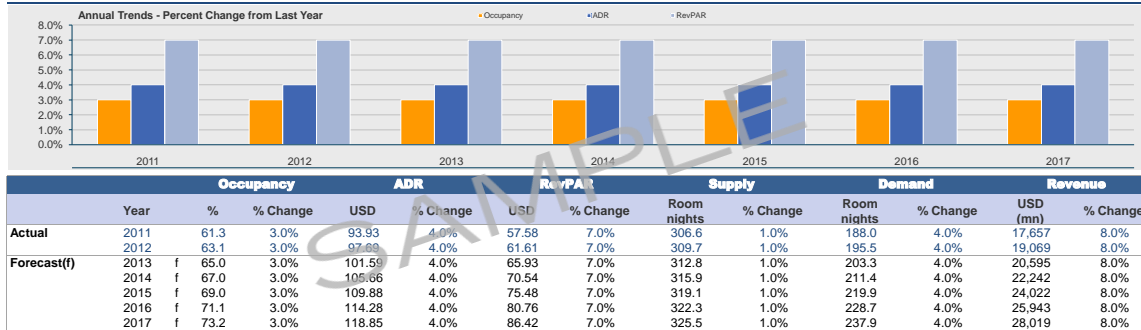
Upper Upscale



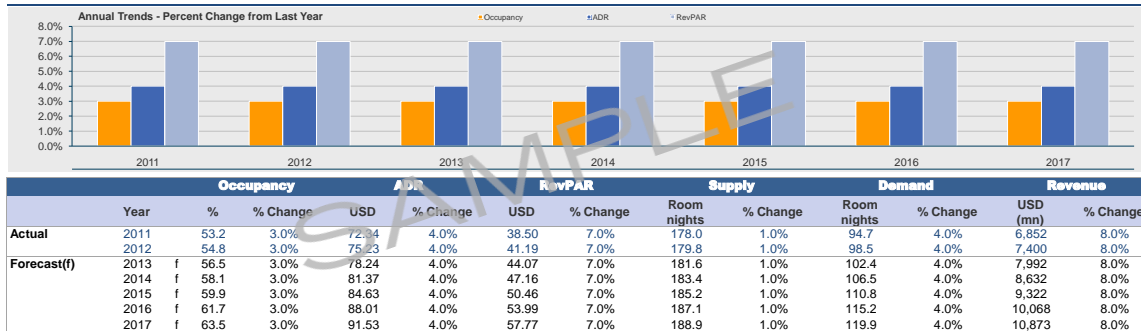
Upscale



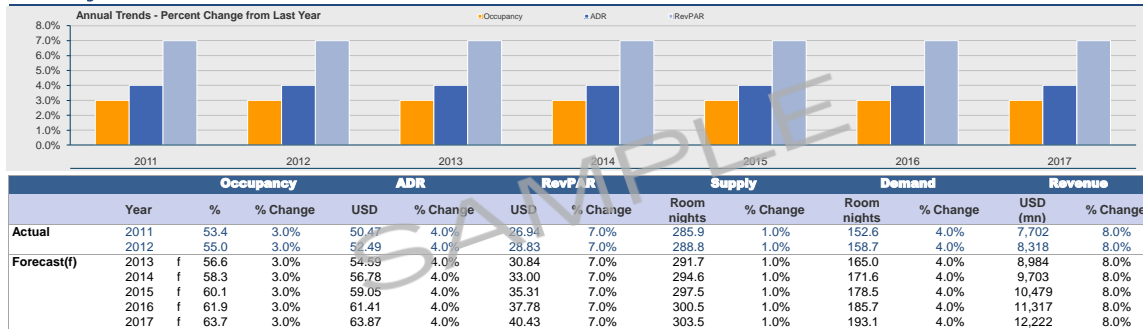
Upper Midscale



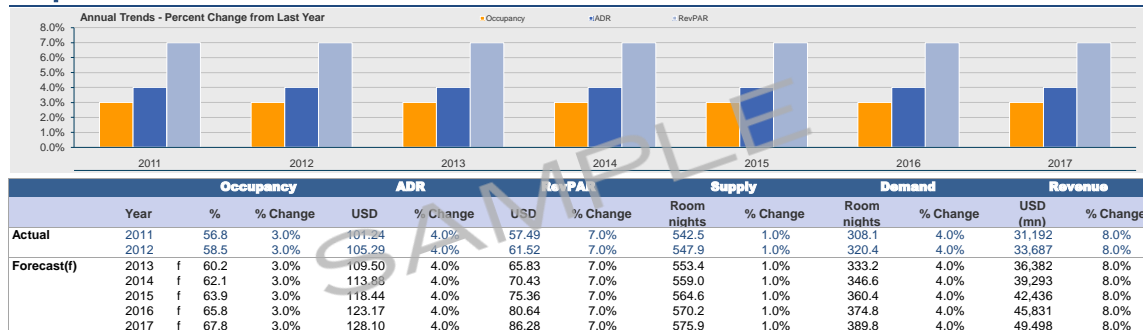
Midscale



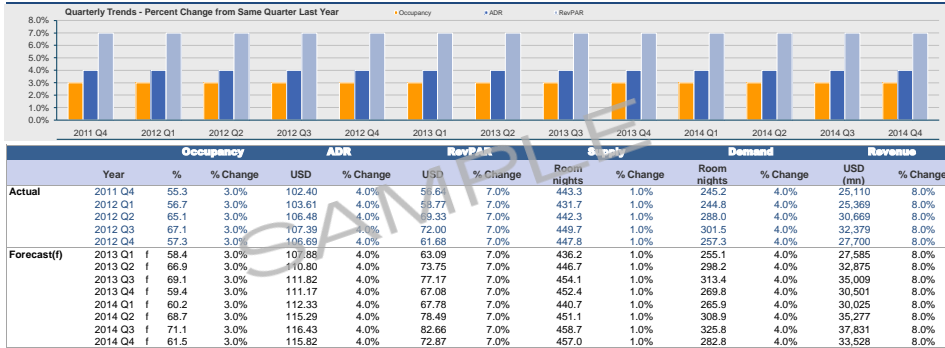
Economy



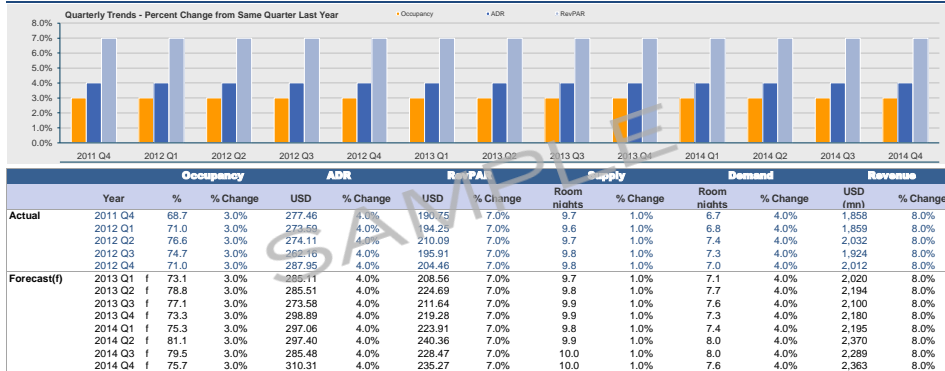
Independent



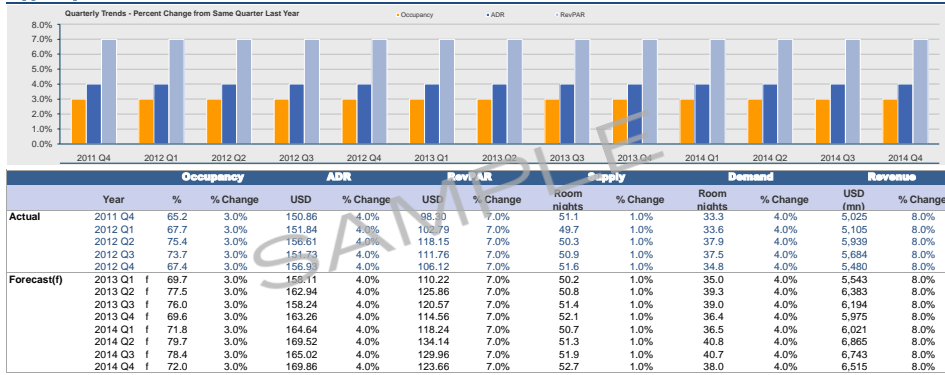
United States



Luxury



Upper Upscale

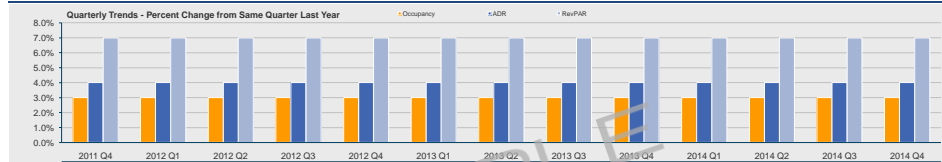


Upscale



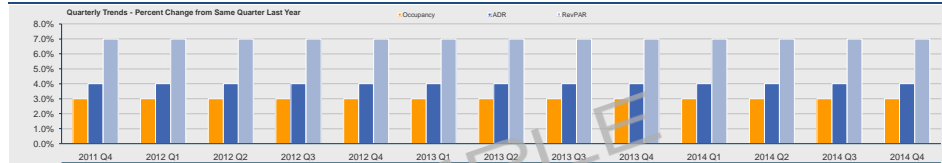
		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights	% Change	Room nights	% Change	USD (mm)	% Change
Actual	2011 Q4	65.4	3.0%	112.28	4.0%	73.44	7.0%	52.7	1.0%	34.5	4.0%	3,869	8.0%
	2012 Q1	67.5	3.0%	114.05	4.0%	78.97	7.0%	51.8	1.0%	34.9	4.0%	3,986	8.0%
	2012 Q2	74.9	3.0%	117.89	4.0%	85.29	7.0%	52.7	1.0%	39.5	4.0%	4,652	8.0%
	2012 Q3	74.5	3.0%	117.76	4.0%	87.76	7.0%	53.7	1.0%	40.0	4.0%	4,711	8.0%
	2012 Q4	67.6	3.0%	118.99	4.0%	79.58	7.0%	53.2	1.0%	36.1	4.0%	4,246	8.0%
Forecast(f)	2013 Q1 f	69.5	3.0%	118.73	4.0%	82.54	7.0%	52.3	1.0%	36.4	4.0%	4,326	8.0%
	2013 Q2 f	77.0	3.0%	120.64	4.0%	94.07	7.0%	53.2	1.0%	40.9	4.0%	4,998	8.0%
	2013 Q3 f	76.8	3.0%	122.67	4.0%	94.35	7.0%	54.2	1.0%	41.6	4.0%	5,111	8.0%
	2013 Q4 f	69.9	3.0%	121.90	4.0%	86.19	7.0%	53.8	1.0%	37.7	4.0%	4,655	8.0%
	2014 Q1 f	71.6	3.0%	123.61	4.0%	88.58	7.0%	52.9	1.0%	37.9	4.0%	4,698	8.0%
	2014 Q2 f	79.1	3.0%	127.59	4.0%	100.27	7.0%	53.7	1.0%	42.4	4.0%	5,374	8.0%
	2014 Q3 f	79.2	3.0%	127.77	4.0%	101.37	7.0%	54.7	1.0%	43.3	4.0%	5,541	8.0%
	2014 Q4 f	72.3	3.0%	127.01	4.0%	93.28	7.0%	54.3	1.0%	39.5	4.0%	5,098	8.0%

Upper Midscale



		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights	% Change	Room nights	% Change	USD (mm)	% Change
Actual	2011 Q4	56.2	3.0%	92.54	4.0%	52.10	7.0%	78.6	1.0%	44.2	4.0%	4,088	8.0%
	2012 Q1	57.3	3.0%	93.11	4.0%	53.39	7.0%	77.0	1.0%	44.1	4.0%	4,109	8.0%
	2012 Q2	67.6	3.0%	98.28	4.0%	66.48	7.0%	78.4	1.0%	53.0	4.0%	5,211	8.0%
	2012 Q3	69.2	3.0%	101.22	4.0%	70.12	7.0%	79.7	1.0%	55.2	4.0%	5,588	8.0%
	2012 Q4	58.3	3.0%	96.59	4.0%	56.91	7.0%	79.4	1.0%	46.4	4.0%	4,535	8.0%
Forecast(f)	2013 Q1 f	59.1	3.0%	96.97	4.0%	57.37	7.0%	77.8	1.0%	46.0	4.0%	4,472	8.0%
	2013 Q2 f	69.4	3.0%	102.16	4.0%	70.49	7.0%	79.2	1.0%	54.9	4.0%	5,568	8.0%
	2013 Q3 f	71.3	3.0%	105.36	4.0%	75.06	7.0%	80.5	1.0%	57.4	4.0%	6,033	8.0%
	2013 Q4 f	60.4	3.0%	100.81	4.0%	62.17	7.0%	80.2	1.0%	48.7	4.0%	5,018	8.0%
	2014 Q1 f	60.9	3.0%	101.00	4.0%	61.72	7.0%	78.6	1.0%	47.9	4.0%	4,873	8.0%
	2014 Q2 f	71.2	3.0%	106.20	4.0%	74.82	7.0%	79.9	1.0%	56.8	4.0%	5,958	8.0%
	2014 Q3 f	73.5	3.0%	109.60	4.0%	80.29	7.0%	81.3	1.0%	59.6	4.0%	6,510	8.0%
	2014 Q4 f	62.6	3.0%	105.19	4.0%	67.79	7.0%	81.0	1.0%	51.1	4.0%	5,538	8.0%

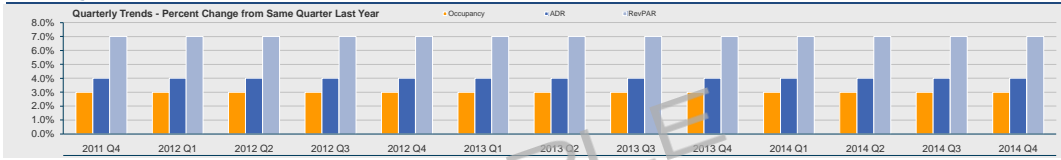
Midscale



		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights	% Change	Room nights	% Change	USD (mm)	% Change
Actual	2011 Q4	48.4	3.0%	70.13	4.0%	33.91	7.0%	43.5	1.0%	21.1	4.0%	1,477	8.0%
	2012 Q1	49.2	3.0%	70.93	4.0%	34.93	7.0%	42.3	1.0%	20.8	4.0%	1,478	8.0%
	2012 Q2	58.9	3.0%	74.39	4.0%	44.19	7.0%	42.8	1.0%	25.2	4.0%	1,892	8.0%
	2012 Q3	61.3	3.0%	78.82	4.0%	48.01	7.0%	43.4	1.0%	26.6	4.0%	2,082	8.0%
	2012 Q4	50.2	3.0%	73.26	4.0%	37.27	7.0%	44.0	1.0%	22.1	4.0%	1,643	8.0%
Forecast(f)	2013 Q1 f	59.8	3.0%	73.86	4.0%	37.54	7.0%	42.7	1.0%	21.7	4.0%	1,609	8.0%
	2013 Q2 f	60.5	3.0%	77.93	4.0%	46.81	7.0%	43.2	1.0%	26.1	4.0%	2,221	8.0%
	2013 Q3 f	63.1	3.0%	81.44	4.0%	51.28	7.0%	43.8	1.0%	27.6	4.0%	2,243	8.0%
	2013 Q4 f	52.1	3.0%	76.52	4.0%	40.86	7.0%	44.4	1.0%	23.2	4.0%	1,823	8.0%
	2014 Q1 f	52.3	3.0%	76.92	4.0%	40.40	7.0%	43.2	1.0%	22.6	4.0%	1,755	8.0%
	2014 Q2 f	62.0	3.0%	81.01	4.0%	49.64	7.0%	43.7	1.0%	27.0	4.0%	2,161	8.0%
	2014 Q3 f	65.0	3.0%	84.68	4.0%	54.76	7.0%	44.2	1.0%	28.7	4.0%	2,416	8.0%
	2014 Q4 f	54.0	3.0%	79.91	4.0%	44.69	7.0%	44.9	1.0%	24.4	4.0%	2,016	8.0%

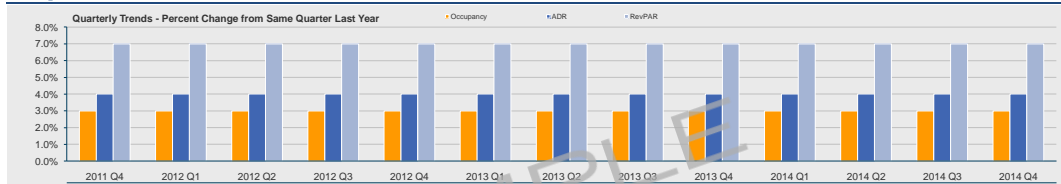
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Economy



	Occupancy			ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights	% Change	Room nights	% Change	USD (mn)	% Change
Actual													
2011 Q4	50.0	3.0%	49.38	4.0%	24.24	7.0%	72.0	1.0%	35.3	4.0%	1,745	8.0%	
2012 Q1	50.0	3.0%	49.06	4.0%	24.26	7.0%	70.3	1.0%	34.8	4.0%	1,706	8.0%	
2012 Q2	55.0	3.0%	52.77	4.0%	30.35	7.0%	71.0	1.0%	40.9	4.0%	2,156	8.0%	
2012 Q3	60.0	3.0%	56.85	4.0%	33.75	7.0%	71.9	1.0%	43.5	4.0%	2,428	8.0%	
2012 Q4	51.8	3.0%	51.62	4.0%	26.61	7.0%	72.7	1.0%	37.1	4.0%	1,939	8.0%	
Forecast(f)													
2013 Q1 f	51.6	3.0%	51.12	4.0%	26.12	7.0%	71.0	1.0%	36.3	4.0%	1,861	8.0%	
2013 Q2 f	56.5	3.0%	54.82	4.0%	32.18	7.0%	71.8	1.0%	42.3	4.0%	2,305	8.0%	
2013 Q3 f	61.7	3.0%	58.04	4.0%	36.00	7.0%	72.6	1.0%	45.2	4.0%	2,612	8.0%	
2013 Q4 f	53.7	3.0%	53.94	4.0%	29.13	7.0%	73.4	1.0%	38.9	4.0%	2,148	8.0%	
2014 Q1 f	53.2	3.0%	53.28	4.0%	28.16	7.0%	71.8	1.0%	37.8	4.0%	2,033	8.0%	
2014 Q2 f	58.1	3.0%	56.95	4.0%	34.15	7.0%	72.5	1.0%	43.8	4.0%	2,468	8.0%	
2014 Q3 f	63.4	3.0%	60.32	4.0%	38.39	7.0%	73.4	1.0%	46.9	4.0%	2,809	8.0%	
2014 Q4 f	55.6	3.0%	56.35	4.0%	31.82	7.0%	74.2	1.0%	40.8	4.0%	2,373	8.0%	

Independent



	Occupancy			ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	USD	% Change	USD	% Change	Room nights	% Change	Room nights	% Change	USD (mn)	% Change
Actual													
2011 Q4	51.7	3.0%	100.42	4.0%	51.95	7.0%	135.7	1.0%	70.2	4.0%	7,048	8.0%	
2012 Q1	53.2	3.0%	102.19	4.0%	54.37	7.0%	131.1	1.0%	69.7	4.0%	7,126	8.0%	
2012 Q2	61.2	3.0%	104.46	4.0%	63.91	7.0%	137.5	1.0%	84.1	4.0%	8,786	8.0%	
2012 Q3	65.2	3.0%	108.50	4.0%	70.99	7.0%	140.4	1.0%	91.5	4.0%	9,964	8.0%	
2012 Q4	53.7	3.0%	104.77	4.0%	56.92	7.0%	137.1	1.0%	73.8	4.0%	7,845	8.0%	
Forecast(f)													
2013 Q1 f	54.8	3.0%	106.38	4.0%	58.35	7.0%	132.4	1.0%	72.7	4.0%	7,753	8.0%	
2013 Q2 f	62.8	3.0%	108.71	4.0%	68.00	7.0%	138.8	1.0%	87.0	4.0%	9,406	8.0%	
2013 Q3 f	67.1	3.0%	113.25	4.0%	75.75	7.0%	141.7	1.0%	95.0	4.0%	10,716	8.0%	
2013 Q4 f	55.7	3.0%	106.30	4.0%	62.23	7.0%	136.5	1.0%	77.6	4.0%	8,702	8.0%	
2014 Q1 f	56.5	3.0%	110.75	4.0%	62.71	7.0%	133.8	1.0%	75.8	4.0%	8,450	8.0%	
2014 Q2 f	64.5	3.0%	113.14	4.0%	72.59	7.0%	140.1	1.0%	90.0	4.0%	10,082	8.0%	
2014 Q3 f	69.0	3.0%	117.78	4.0%	80.81	7.0%	143.2	1.0%	98.6	4.0%	11,523	8.0%	
2014 Q4 f	57.8	3.0%	114.01	4.0%	67.88	7.0%	139.9	1.0%	81.6	4.0%	9,624	8.0%	

United States Economy

Economy progressively strengthening

A recent release of national accounts data implies strong momentum for consumption and investment into 2013, despite a one-off drop in defense spending and some inventory destocking. As a result, our GDP forecast for 2013 remains unchanged at 2.3%. We expect slightly higher growth of 3.3% in 2014, up 0.2pp from our previous forecast, reflecting more positive developments in business investment and industrial output. On the other hand, a major drag on growth in 2013 is due to ongoing changes to fiscal policy

Fiscal drag in 2013 – A compromise tax deal over New Year substantially reduced downside risks to the US economy, but significant political uncertainties remain: the government must still approve a new budget, raise the debt ceiling and negotiate spending cuts within the next eight weeks. Additionally, the compromise tax deal increases payroll taxes and will likely detract from consumption. But there are many positive factors within the forecast

Business investment – Investment in equipment and software turned negative in 2012 Q3, but rebounded strongly in 2012 Q4. Although equipment and software investment may decelerate in 2013 Q1, growth within its components will be more broadly-based, with investment in nonresidential structures turning positive. More positive developments in nonresidential structures – commercial real estate – should help small business' balance sheets as well.

Federal Reserve action – the Fed is currently engaged in large-scale purchases of Treasury securities to ramp up the pace of employment growth. We expect resulting low interest rates to provide ample stimulus for interest rate-sensitive consumption and investment. The Fed recently announced a threshold for easing policy at 6.5% unemployment.

Housing sector – The most important beneficiary of low rates is the housing sector. Existing home sales and home prices are showing signs of strength, although from historically-low levels. All indicators suggest residential investment will feature as a modest but positive contribution to growth in 2013-2014. The CoreLogic home price index increased in December at an 8.3% year-on-year rate.

Flexible labor market – High current levels of unemployment have not so far translated into expectations of longer-run structural unemployment. The US will maintain the flexibility of its labor force, an advantage over other developed countries.

Natural resources – Technological advances in exploiting shale gas and oil are opening new opportunities for manufacturing and natural resource extraction. Our forecast shows the trade deficit in fuels falling from 2% of GDP in 2012 (already down from 2.8% in 2008) to 1% of GDP by 2022 and 0.5% by 2030, reflecting both increased oil and gas production and continued improvements in energy efficiency.

Manageable deleveraging – Household deleveraging has progressed at a strong but orderly pace since the crisis, with more progress than in most of the other advanced economies

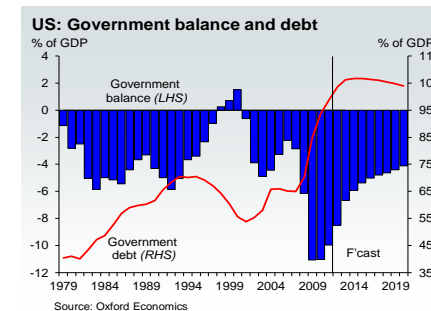
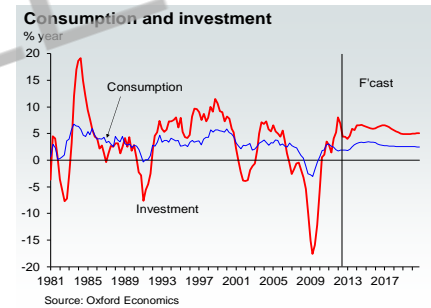
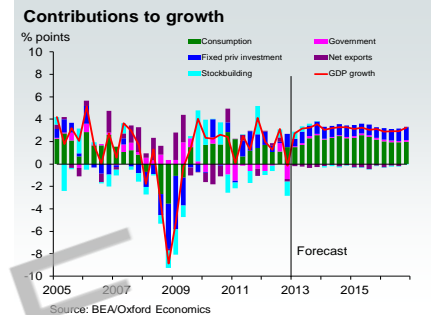
Fiscal deal a major downside risk

The main near-term risk is a more severe fiscal tightening in 2013 if politicians do not delay the 'sequester', which would lead to cuts of \$86bn for this fiscal year and \$110bn for the subsequent years. Our baseline forecast assumes that an agreement is reached that implements the spending cuts more gradually over the next decade, which would reduce the federal deficit to -2.5% of GDP by 2022. But if the sequester proceeds, our Global Economic Model suggests that GDP growth would be cut to 1.5% this year and 2.8% next (0.8% and 0.5% points, respectively, below our baseline).

On the other hand, if the sequester is avoided, there is a potential for business confidence to bounce back more strongly than we are assuming. With the risk of a Eurozone crisis easing, the more secure outlook would make it easier for companies to plan. And with historically high levels of cash on balance sheets, investment could rebound sharply.

Upside risks from investment...

Our investment forecast assumes a relatively gradual improvement in business confidence in the face of continued economic uncertainties, including the fiscal situation. But there are upside risks to this forecast, such as a faster than expected rise in business confidence. A stronger pace of investment would intensify growth dynamics in the US and should also help spur hiring by firms beyond its current pace.



Forecast for U.S.						
(Annual percentage changes unless specified)						
	2011	2012	2013	2014	2015	2016
Domestic Demand	1.7	2.2	2.3	3.2	3.5	3.0
Private Consumption	2.5	1.9	2.4	3.4	3.4	2.8
Fixed Investment	3.4	5.6	4.5	6.3	6.5	6.4
Stockbuilding (% of GDP)	0.2	0.4	0.4	0.3	0.3	0.3
Government Consumption	-2.3	-0.9	-0.4	0.0	0.5	0.6
Exports of Goods and Services	6.7	3.5	3.5	6.7	7.0	6.8
Imports of Goods and Services	4.8	2.7	3.2	7.1	7.3	6.7
GDP	1.8	2.3	2.3	3.1	3.3	2.9
Industrial Production	4.1	3.6	2.5	3.2	3.4	3.7
Consumer Prices	3.1	2.1	2.1	2.1	2.3	2.2
Current Balance (% of GDP)	-3.1	-3.0	-2.7	-2.7	-2.8	-2.8
Government Budget (% of GDP)	-10.0	-8.4	-6.3	-5.6	-5.0	-4.7
Short-Term Interest Rates (%)	0.3	0.4	0.3	0.3	0.4	0.8
Long-Term Interest Rates (%)	2.8	1.8	1.9	2.4	3.0	3.7
Exchange Rate (US\$ per Euro)	1.39	1.28	1.27	1.21	1.17	1.17
Exchange Rate (Yen per US\$)	79.7	79.8	88.6	93.8	95.7	97.4

U.S. Forecasts						
(Annual percentage change unless specified)						
	2011	2012	2013	2014	2015	2016
U.S.						
U.S. GDP	1.0	2.0	3.0	4.0	5.0	6.0
U.S. Employment	1.0	2.0	4.0	5.0	6.0	8.0
U.S. Unemployment Rate (%)	9.0	8.5	8.0	7.0	7.0	7.0
Household disposable income	1.0	2.0	1.0	2.0	1.0	2.0



About Us

STR

STR and STR Global track supply, demand, and revenue data for the hotel industry and provide valuable market share analysis for all major international hotel chains and brands. With tens of thousands of hotels participating in our hotel performance surveys, we are the world's foremost source of historical hotel performance trends on daily and monthly basis and we offer definitive global and hotel databases and development pipeline. STR is headquartered in Hendersonville, Tennessee, and STR Global is based in London.

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Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.

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Glossary

The data used to compile this report has been formatted to comply with the accounting policies set out in the tenth Uniform System of Account

Supply

The number of guest room nights available for sale in the period.

Demand

The number of guest room nights sold (excludes complimentary rooms) during the period.

Room Revenue

Total room revenue generated from the sale of guest rooms excluding any taxes and service charges.

Occupancy

The ratio of occupied rooms to total available rooms expressed as a percentage.

Average Daily Rate (ADR)

Room revenue (excluding services and taxes) divided by the number of occupied rooms.

Revenue Per Available Room (RevPAR)

Room revenue divided by available rooms. It can also be calculated by multiplying the average room rate by the room occupancy.

Percentage Change

Amount of growth or decline from the same period last year (month, year-to-date, twelve months). Calculated as $((\text{This year} - \text{Last year}) / \text{Last Year}) * 100$.

Year to Date (YTD)

Average of sum of values starting January 1 of the given year.

Business Cycle

Amount of growth or decline from the seasonally adjusted trend. The figures indicate the direction of business whether its growing or declining.

Smooth Trend

Statistical method to even out small shifts in data and distribute any performance peaks over time.

Twelve Month Moving Average

The average value of the previous 12 months ending in the current month.

Compound Annual Growth Rate

The smoothed annualized growth rate over a given time period. Calculated as $(\text{Beginning Value} / \text{Ending Value}) ^ {1 / \text{Number of Years}} - 1$.



Forecast Methodology Overview

Overview

Tourism Economics have worked with STR and STR Global to develop a suite of models to accurately track and forecast hotel performance across a number of markets worldwide. Robust equations have been econometrically estimated that closely follow past movements in hotel performance as measured by STR and STR Global data. These equations are used to forecast hotel performance using economic forecasts from Oxford Economics' global macroeconomic database as well as Oxford Economics' global city and region forecasts.

Economic forecasts are augmented with specific intelligence to determine the additional effect on hotel demand and ADR of any events hosted within that market.

Detailed calculation is undertaken using estimated relationships for Supply, Demand and ADR. Occupancy, Revenue and RevPAR are calculated as identities: $\text{Occupancy} = \text{Demand} / \text{Supply}$; $\text{Revenue} = \text{Demand} * \text{ADR}$; $\text{RevPAR} = \text{Revenue} / \text{Supply}$

Supply

Expected room supply is calculated in the near term according to the STR and STR Global pipeline database, adjusted for each property's stage in the development process. Projects under construction are more likely to be completed, and completed on time, than those still in the planning process. Different probabilities of completion have also been calculated according to the size and complexity of each project. Property conversions and closures are also accounted for, with estimates of other commercial property demand.

In the medium to long-run the pipeline database is augmented with estimates of past supply trends and the relationship with occupancy. Typically supply growth follows periods of demand and occupancy growth. Notably, periods of sustained above average occupancy rates are followed by supply growth necessary to restore average occupancy. The historic volatility of supply is taken into consideration as well as the lag between occupancy and supply growth and the time taken for occupancy to return to the long-run average.

Demand

Room demand is estimated and forecast according to a set of key economic drivers relating to both the destination and key origin markets. The relative importance of each economic driver is estimated according to multi-variate regression analysis and the relative volatility of drivers and demand. Long-run trends are also included within the modeling as well as short-run dynamics.

The key drivers are listed below along with the average elasticity across all markets (economic drivers relate to data for the country where not stated). Actual coefficients applied vary to reflect estimated historic relationships specific to each market.

Market GDP	0.24
Country GDP	0.39
Origin country GDP	0.45
Net Wealth	0.10
Company Profits	0.10
Unemployment	-0.02
Exchange Rate	-0.17
ADR (lagged)	-0.15

Note: elasticities refer to the percent change in demand according to the percent change in each driver - a combination of the volatility of each driver as well as its correlation with demand. For example, this does not necessarily mean that GDP is a better predictor of demand than wealth, but shows that wealth is more volatile so one percent change in wealth has less impact on demand than one percent change in GDP. All indicators are statistically valid.

Average Daily Rate (ADR)

ADR is estimated and forecast according to recent changes in occupancy as well as price inflation within the country. Over time ADR tends to move in line with prices and wages in the wider economy. As with room demand, long-run trends are also included as well as short-run dynamics. Specifically long-run dynamics ensure that real inflation adjusted ADR returns to long-run trends over the medium to long-run outlook.

In the short-run the relationship between ADR and occupancy is crucial. The lag between changes in occupancy and ADR has been estimated for each market, with different lag timing identified for periods of rising and falling occupancy. With falling occupancy the effect on ADR is almost immediate while there is typically a lag of 6-12 months at other times. The level of occupancy relative to that market's long-run average is also an important factor in determining ADR. For example, falling occupancy but at a historically high level will not have a significant impact on ADR. Similarly rising occupancy will not have as large effect on ADR if occupancy is at a historically low level.