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Forecast - Sample

Created August 2011

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Current Metrics (Euro - €)						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
2011 Q2	83%	139.69	116.37	2.2	1.8	251.6
2011 YTD	76%	995.18	759.98	5.7	4.4	546.9
2011 Q2 (% change year ago)	7.7%	10.61%	19.14%	2.5%	10.4%	22.1%
2011 YTD (% change year ago)	3.8%	8.58%	12.94%	2.2%	6.2%	15.5%

Recent Growth						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
Past 6 months	4.8%	9.45%	14.73%	1.7%	6.6%	16.7%
Past 12 months	7.7%	10.61%	19.14%	2.5%	10.4%	22.1%
Past 2 years	7.3%	6.11%	13.90%	2.2%	9.7%	16.4%
Past 5 years	-0.2%	0.73%	0.57%	1.5%	1.3%	2.1%

2011-2013	0.1%	4.73%	4.82%	2.2%	2.3%	7.1%
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* Compound average, year ago

Cumulative Growth						
	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
Past 2 years	15%	12.59%	29.72%	4%	20%	35%
Past 5 years	-1%	3.71%	2.89%	8%	7%	11%
2011-2013	0%	9.68%	9.88%	4%	5%	15%

Average occupancy expanded 7.7% on a year-over-year basis, in 2011 Q2, while ADR rose 10.6%

Revenue Per Available Room (RevPAR) has increased 12.9% in 2011 YTD

Over the next two years occupancy growth is expected to be above the average for the last 5 years

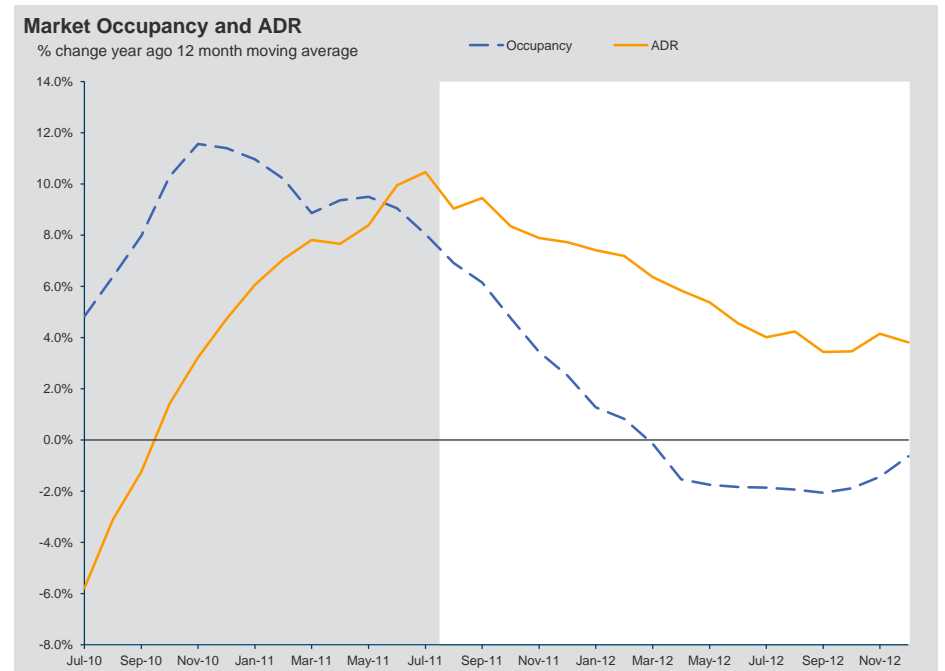
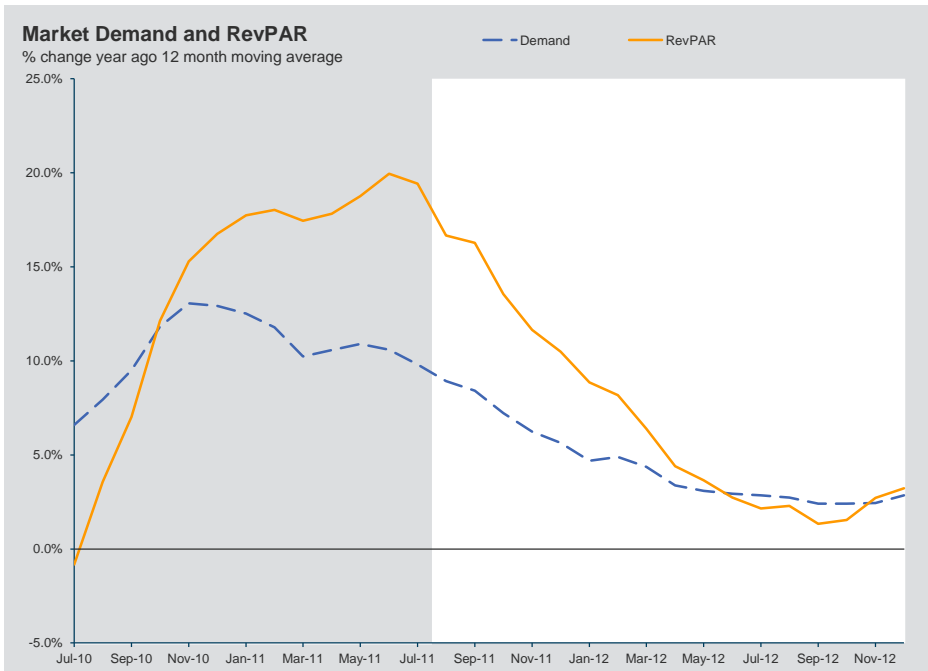
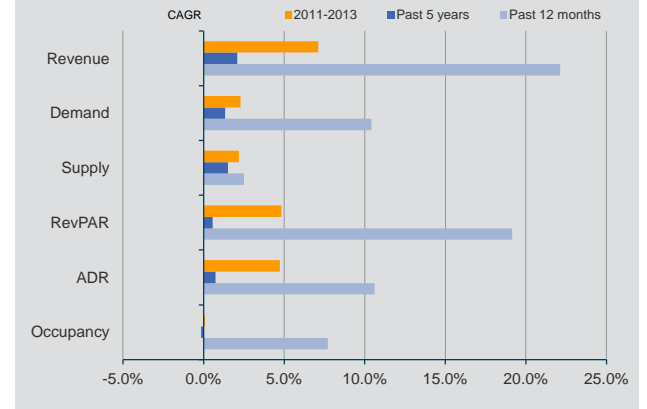
ADR growth is expected to be faster than during the last 5 years

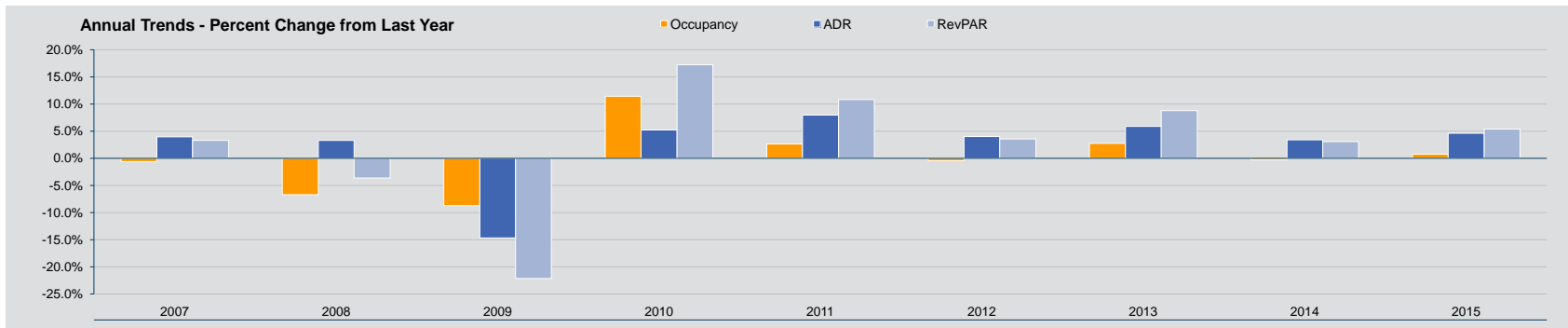
Consequently, RevPAR growth is expected to exceed growth during the last 5 years

Over the past five years, room demand has expanded 6.9%, an average of 1.3% per annum

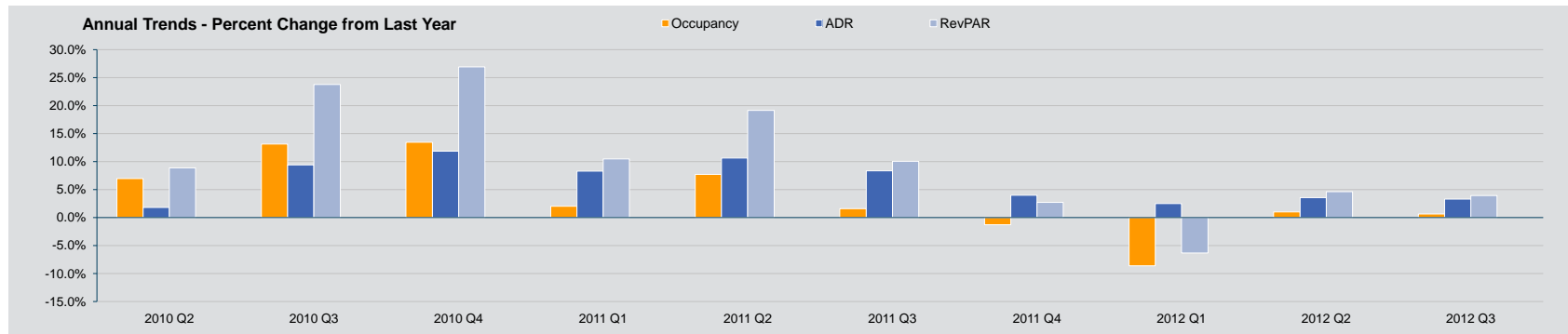
Meanwhile, ADR has expanded 3.7%, an average of 0.7% per annum

Performance Comparisons Over Time

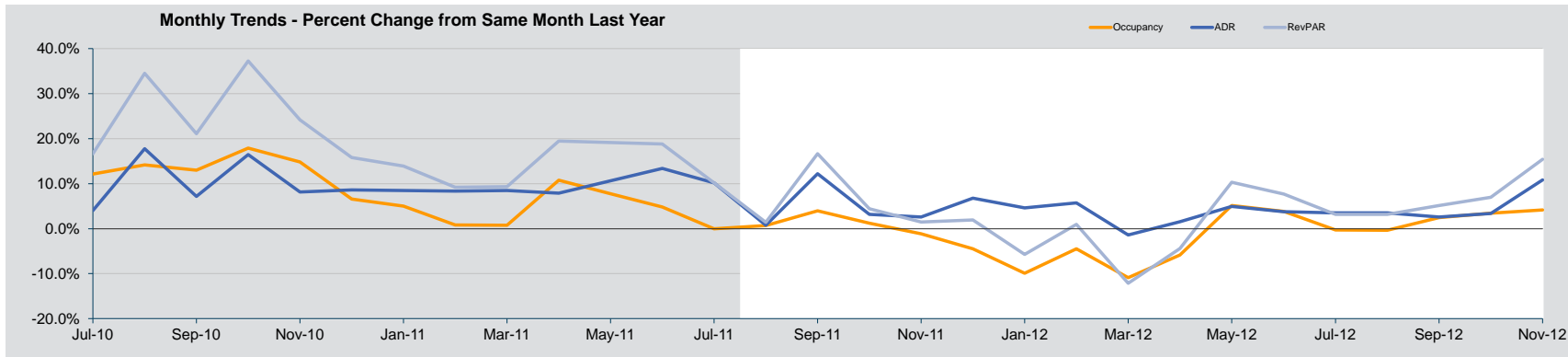




Annual Performance		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Year	%	% Change	Euro - €	% Change	Euro - €	% Change	Room nights - Mn	% Change	Room nights - Mn	% Change	Euro - €	% Change
Actual	2007	78.2	-0.6%	130.3	4.0%	101.9	3.3%	8.1	1.5%	6.3	0.9%	820.3	4.9%
	2008	72.9	-6.7%	134.6	3.3%	98.2	-3.6%	8.1	1.2%	5.9	-5.6%	799.5	-2.5%
	2009	66.5	-8.8%	114.8	-14.7%	76.4	-22.2%	8.3	2.3%	5.5	-6.7%	636.5	-20.4%
	2010	74.1	11.4%	120.8	5.2%	89.6	17.2%	8.4	1.4%	6.3	13.0%	756.5	18.8%
Forecast(f)	2011 f	76.1	2.6%	130.4	8.0%	99.2	10.8%	8.7	3.1%	6.6	5.8%	864.1	14.2%
	2012 f	75.8	-0.4%	135.6	4.0%	102.7	3.5%	9.0	3.5%	6.8	3.1%	926.2	7.2%
	2013 f	77.8	2.7%	143.6	5.9%	111.8	8.8%	9.1	0.8%	7.1	3.6%	1015.4	9.6%
	2014 f	77.6	-0.3%	148.4	3.4%	115.2	3.1%	9.2	1.8%	7.2	1.4%	1064.9	4.9%
	2015 f	78.2	0.8%	155.2	4.6%	121.3	5.4%	9.4	1.3%	7.3	2.1%	1137.0	6.8%



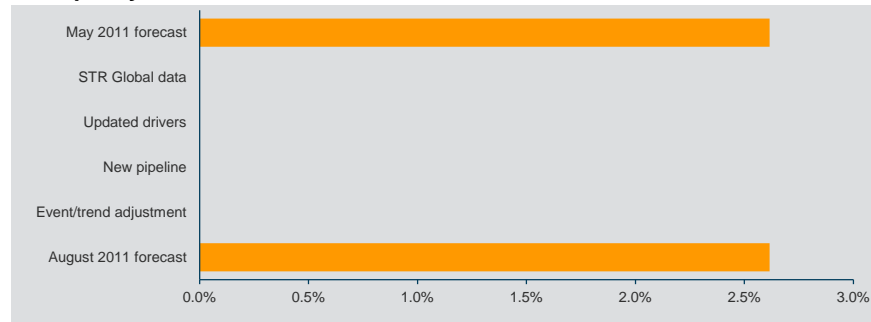
Quarterly Performance		Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
	Quarter	%	% Change	Euro - €	% Change	Euro - €	% Change	Room nights - Mn	% Change	Room nights - Mn	% Change	Euro - €	% Change
Actual	2010 Q2	77.3	7.0%	126.3	1.8%	97.7	8.9%	2.1	1.8%	1.6	8.9%	206.0	10.9%
	2010 Q3	83.3	13.1%	121.6	9.4%	101.2	23.8%	2.1	0.8%	1.8	14.0%	216.0	24.8%
	2010 Q4	73.5	13.5%	125.5	11.9%	92.3	26.9%	2.1	1.4%	1.6	15.1%	196.9	28.8%
	2011 Q1	63.4	2.0%	115.8	8.3%	73.4	10.5%	2.1	1.0%	1.3	3.0%	153.3	11.5%
Forecast(f)	2011 Q2 f	83.3	7.7%	139.7	10.6%	116.4	19.1%	2.2	2.5%	1.8	10.4%	251.6	22.1%
	2011 Q3 f	84.6	1.6%	131.7	8.4%	111.4	10.0%	2.2	3.6%	1.9	5.3%	246.4	14.1%
	2011 Q4 f	72.6	-1.3%	130.6	4.0%	94.7	2.7%	2.2	5.2%	1.6	3.9%	212.8	8.0%
	2012 Q1 f	58.0	-8.6%	118.7	2.5%	68.8	-6.3%	2.2	7.0%	1.3	-2.2%	153.7	0.2%
	2012 Q2 f	84.2	1.0%	144.7	3.6%	121.7	4.6%	2.2	3.7%	1.9	4.7%	272.9	8.5%
2012 Q3 f	85.1	0.6%	136.1	3.3%	115.8	3.9%	2.3	2.5%	1.9	3.2%	262.6	6.6%	



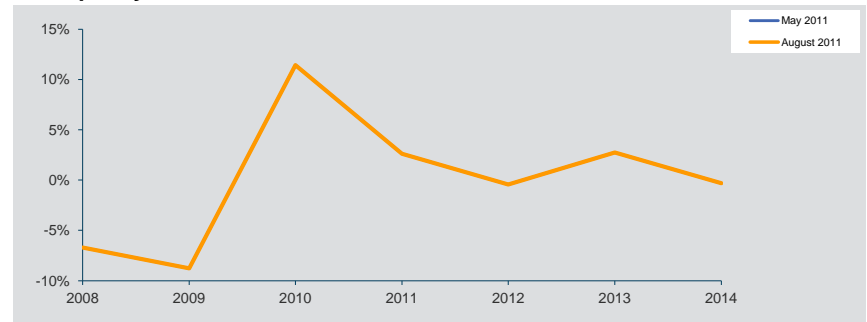
Monthly Performance

	Month	Occupancy		ADR		RevPAR		Supply		Demand		Revenue	
		%	% Change	Euro - €	% Change	Euro - €	% Change	RN - Mn	% Change	RN - Mn	% Change	Euro - €	% Change
Actual	Jul-2010	80.3	12.1%	106.2	4.0%	85.3	16.6%	0.7	0.5%	0.6	12.7%	61.3	17.2%
	Aug-2010	84.7	14.2%	112.9	17.8%	95.6	34.5%	0.7	0.4%	0.6	14.7%	68.8	35.0%
	Sep-2010	84.8	13.0%	145.6	7.2%	123.5	21.1%	0.7	1.4%	0.6	14.6%	85.9	22.9%
	Oct-2010	82.1	17.9%	138.5	16.4%	113.7	37.3%	0.7	1.4%	0.6	19.6%	81.8	39.3%
	Nov-2010	76.6	14.8%	124.2	8.2%	95.1	24.2%	0.7	1.4%	0.5	16.4%	66.2	25.9%
	Dec-2010	61.9	6.6%	110.0	8.6%	68.0	15.8%	0.7	1.4%	0.4	8.1%	48.9	17.5%
	Jan-2011	57.5	5.0%	108.6	8.5%	62.5	13.9%	0.7	1.4%	0.4	6.5%	44.9	15.5%
	Feb-2011	62.2	0.8%	112.4	8.3%	69.9	9.2%	0.6	1.4%	0.4	2.2%	45.4	10.7%
	Mar-2011	70.4	0.8%	124.5	8.5%	87.6	9.3%	0.7	0.1%	0.5	0.9%	63.0	9.4%
	Apr-2011	84.9	10.7%	136.5	7.9%	115.8	19.5%	0.7	0.6%	0.6	11.4%	81.0	20.1%
	May-2011	82.9	7.7%	141.3	10.6%	117.2	19.2%	0.7	3.5%	0.6	11.5%	87.1	23.3%
	Jun-2011	82.2	4.8%	141.2	13.4%	116.1	18.8%	0.7	3.5%	0.6	8.4%	83.5	22.9%
Forecast (f)	Jul-2011	80.3	0.0%	117.0	10.2%	93.9	10.2%	0.7	3.4%	0.6	3.4%	69.8	13.9%
	Aug-2011	85.3	0.7%	113.7	0.8%	97.0	1.4%	0.7	3.4%	0.6	4.1%	72.1	4.8%
	Sep-2011	88.1	4.0%	163.4	12.2%	144.0	16.6%	0.7	4.2%	0.6	8.4%	104.5	21.6%
	Oct-2011	83.2	1.2%	142.8	3.2%	118.8	4.4%	0.7	4.2%	0.6	5.5%	89.0	8.8%
	Nov-2011	75.7	-1.1%	127.4	2.6%	96.5	1.4%	0.7	5.7%	0.6	4.5%	71.0	7.2%
	Dec-2011	59.1	-4.5%	117.4	6.7%	69.4	1.9%	0.8	5.7%	0.4	0.9%	52.7	7.8%
	Jan-2012	51.8	-9.9%	113.6	4.6%	58.9	-5.7%	0.8	5.7%	0.4	-4.7%	44.8	-0.3%
	Feb-2012	59.4	-4.5%	118.8	5.7%	70.5	0.9%	0.7	9.5%	0.4	4.6%	50.2	10.5%
	Mar-2012	62.7	-10.9%	122.8	-1.4%	77.0	-12.1%	0.8	6.2%	0.5	-5.4%	58.8	-6.7%
	Apr-2012	79.9	-5.9%	138.6	1.6%	110.7	-4.4%	0.7	5.7%	0.6	-0.5%	81.8	1.0%
	May-2012	87.2	5.1%	148.3	4.9%	129.3	10.3%	0.8	2.7%	0.7	8.0%	98.7	13.3%
	Jun-2012	85.3	3.8%	146.5	3.7%	125.0	7.7%	0.7	2.7%	0.6	6.6%	92.4	10.6%
Jul-2012	80.1	-0.3%	121.1	3.5%	96.9	3.2%	0.8	2.8%	0.6	2.5%	74.1	6.1%	
Aug-2012	85.0	-0.3%	117.7	3.5%	100.1	3.2%	0.8	2.8%	0.6	2.5%	76.5	6.1%	
Sep-2012	90.3	2.5%	167.6	2.6%	151.4	5.1%	0.7	2.0%	0.7	4.5%	112.0	7.2%	
Oct-2012	86.0	3.5%	147.7	3.4%	127.1	7.0%	0.8	2.0%	0.7	5.6%	97.2	9.2%	
Nov-2012	78.9	4.2%	141.2	10.8%	111.4	15.4%	0.7	0.6%	0.6	4.8%	82.5	16.2%	
Dec-2012	62.2	5.2%	120.7	2.8%	75.0	8.1%	0.8	0.6%	0.5	5.9%	57.4	8.8%	

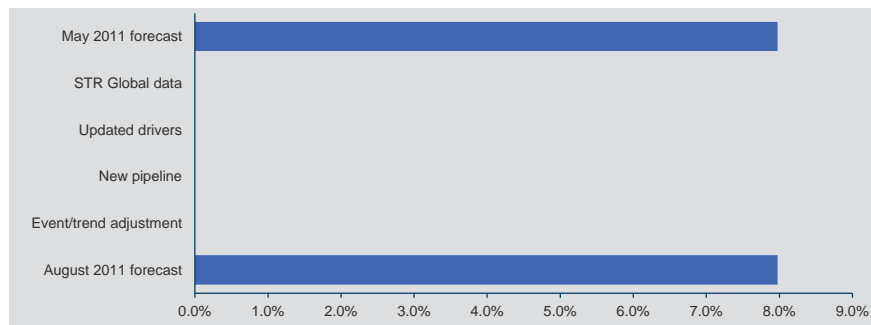
Occupancy Forecast Evolution 2011



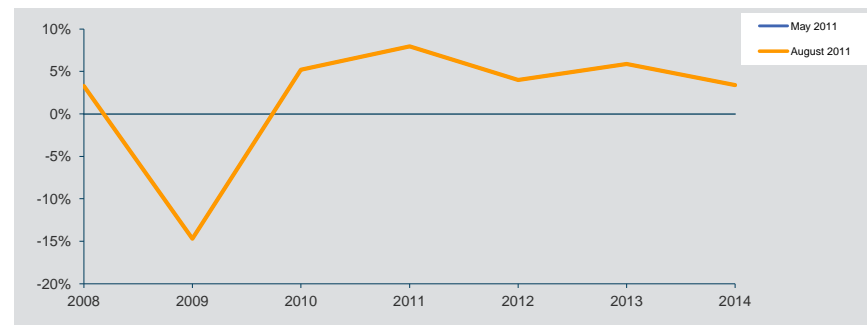
Occupancy Growth



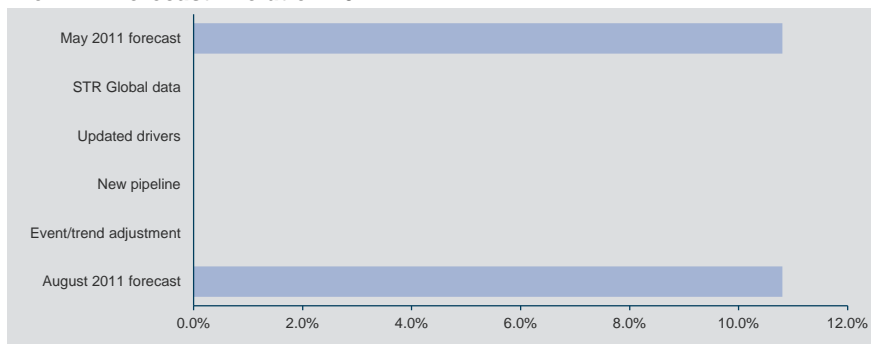
ADR Forecast Evolution 2011



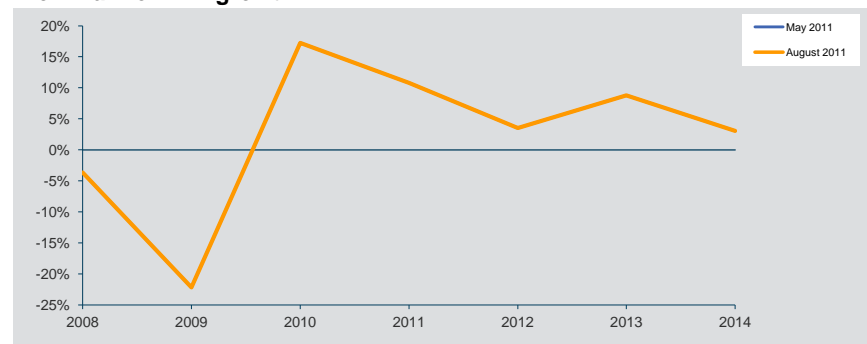
Nominal ADR Growth



RevPAR Forecast Evolution 2011



Nominal RevPAR growth



Charts compare the latest forecast for Occupancy, ADR and RevPAR with forecasts under the previous update. Bar charts show the different effects that new data and forecast assumptions have had on the outlook for the current year:

- STR Global data - the difference between expected performance and actual data in recent months for which we now have new data
- Updated drivers - the impact of changes to the economic outlook on expected lodging performance
- New pipeline - broader effects of changes to the supply outlook due to changes in the pipeline of properties in development
- Event/trend adjustment - the impact of new planned events in that market or other non-economic factors that need to be taken into consideration according to expert judgment

Sample Market		(growth rankings)			
Based on average growth over period		Sort by...			
		RevPAR		Last 12 months	
		Next 6 months	Next 12 months	Next 2 years	Last 12 months
1	Dusseldorf	1	27	25	1
2	Paris	2	19	4	2
3	Dublin	6	2	16	3
4	Amsterdam	14	5	9	4
5	Milan	4	15	6	5
6	Prague	20	22	26	6
7	London	10	3	11	7
8	Athens	9	11	8	8
9	Budapest	12	26	27	9
10	Warsaw	11	16	7	10
11	Moscow	3	8	22	11
12	Cologne	7	21	24	12
13	Hamburg	13	7	23	13
14	Copenhagen	5	1	1	14
15	Brussels	8	12	3	15
16	Zurich	24	25	20	16
17	Vienna	23	14	5	17
18	Rome	16	17	12	18
19	Stockholm	17	10	18	19
20	Regional UK (Without London)	18	9	15	20
21	Stuttgart	21	13	10	21
22	Berlin	22	4	14	22
23	Malmo	26	20	17	23
24	Madrid	15	18	13	24
25	Oslo	25	23	21	25
26	Munich	27	24	19	26
27	Frankfurt	19	6	2	27

RevPAR				
	Next 6 months	Next 12 months	Next 2 years	Last 12 months
Sample Market	6.3%	4.6%	4.8%	19.1%
Average	5.5%	1.8%	3.7%	9.5%
Top Market	13.7%	8.9%	7.2%	35.4%
Bottom Market	-1.5%	-11.7%	-2.2%	-9.1%

Forecast for Netherlands						
(Annual percentage changes unless specified)						
	2010	2011	2012	2013	2014	2015
Domestic Demand	0.9	1.4	1.5	2.0	2.0	1.8
Private Consumption	0.4	0.5	1.6	1.8	1.8	1.7
Fixed Investment	-4.4	4.5	1.8	3.6	3.1	2.8
Stockbuilding (% of GDP)	0.5	0.4	0.4	0.5	0.5	0.5
Government Consumption	1.0	0.9	1.1	1.2	1.2	1.2
Exports of Goods and Services	10.8	5.8	5.4	5.5	4.9	3.9
Imports of Goods and Services	10.6	5.6	5.6	5.9	5.3	4.2
GDP	1.6	2.0	1.7	2.1	1.9	1.7
Industrial Production	7.1	-0.3	2.6	2.3	1.6	1.4
Consumer Prices	1.3	2.4	2.1	2.0	2.0	2.0
Current Balance (% of GDP)	7.2	8.8	7.9	7.5	7.2	7.0
Government Budget (% of GDP)	-5.4	-4.2	-2.4	-1.7	-1.7	-1.1
Short-Term Interest Rates (%)	0.81	1.47	2.36	3.24	3.61	4.05
Long-Term Interest Rates (%)	3.01	3.30	4.02	4.65	4.72	4.69
Exchange Rate (US\$ per Euro)	1.33	1.42	1.38	1.33	1.27	1.24
Exchange Rate (£ per Euro)	0.86	0.87	0.86	0.84	0.80	0.79

Events

Regional Forecasts						
(Annual percentage change unless specified)						
	2009	2010	2011	2012	2013	2014
Sample Market						
State GDP	-3.5	2.5	2.0	1.5	2.7	2.7
State Employment	0.8	0.0	1.1	1.1	1.2	0.7
State Unemployment rate (%)	3.5	4.2	4.1	4.1	3.7	3.4
Household disposable incorr	2.3	-1.1	1.2	1.4	2.5	2.5

Pipeline Development Summary		
(properties and rooms in development)		
	Hotels	Rooms
Existing Stock	237	23,987
Under Construction	7	1,237
Planning Stages	3	868

Netherlands Economy Overview

The recovery has faltered...

- Recent data point to a significant loss of momentum through the summer, with the previously strong export recovery beginning to falter and domestic demand remaining weak.

...with exports slowing sharply...

- The Dutch recovery had been powered by exports, which had allowed a strong rebound in manufacturing output. However, official data suggest that this has ground to a halt in recent months. In the three months to May, export volumes were just 4% higher than a year earlier – this contrasts with an equivalent figure of almost 15% in mid-2010 and with double-digit growth rates as recently as the beginning of this year. With manufacturers also hampered by the supply chain disruption caused by the disasters in Japan, industrial production declined by 1.0% in 2011Q2.

- Business surveys point to further weakness through the summer. In particular, the NEVI manufacturing PMI slipped from 52.1 to 51.4 in July, only just above the 'no change' mark and the slowest month-on-month improvement in business conditions since October 2009. The detail of the survey was even more concerning, with output reported to have fallen for the first time in 25 months and export orders declining for the first time in more than two years.

...and domestic demand weak

- Indicators from the services sector have been similarly subdued, with retail sales stagnating in April and May after the Q1 decline. Meanwhile consumer confidence has continued to slide, with the CBS measure having fallen for three successive months to reach a level of -12 in July, compared with -5 in February. Households remain under significant pressure from weak income growth and high inflation, while the strong labour market performance of the past year appears to have petered out.

GDP forecasts revised down

- The transition from an export-led recovery to one where the domestic economy plays a greater part always promised to be difficult. However, with global growth prospects weakening significantly in recent months, the short-term outlook for the Dutch economy has worsened. As a result, we have revised down our forecasts for GDP growth in 2011 and 2012 to 2.0% and 1.7% respectively, from 2.1% and 1.9%.
- The downgrades to the forecasts come from a weakening in the outlook for exports and business investment. Recent poor export data and the weakening in short-term global growth

prospects have prompted us to forecast that the contribution of net exports to GDP growth will slow from 1.0% point in 2010 to 0.6% point in 2011. In addition, the recent bout of financial market turmoil is likely to knock business confidence further, as well as threatening banks' willingness to lend, so the recovery in business investment is likely to be slower.

- In the short term, we expect consumer spending growth to remain weak, given the severity of the squeeze on real wages as well as the limited scope for further labour market improvement in the light of already-low levels of unemployment and the need for firms to improve their weak productivity performance. With high indebtedness also a concern, progress is likely to be steady rather than spectacular, with consumer spending growth forecast to be 0.5% this year, before picking up to 1.6% in 2012 as real household incomes gradually strengthen.

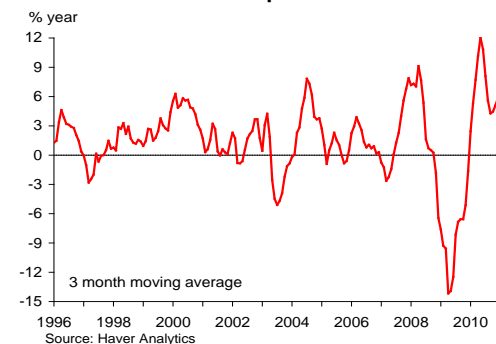
High inflation squeezing real wages

- CPI inflation rose to a 33-month high of 2.6% on the national measure in July, while the EU harmonized rate rose above the Eurozone average for the first time since late-2009, reaching 2.9%. The July pick up was again, in part, due to higher fuel costs. However, oil prices have fallen back over recent months and producer output price inflation has begun to slow sharply as the effects start to feed along the supply chain. This gives us confidence that inflation is close to its peak and, while it is likely to remain above 2% for the rest of the year, it should fall back next year, particularly given that wage growth remains so subdued, suggesting an absence of underlying inflationary pressures.

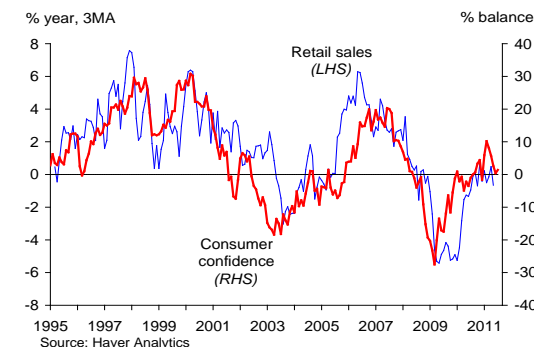
Dutch banks pass stress tests

- The four Dutch banks all comfortably passed the recent round of European Union stress tests. Under the adverse scenario the average core tier 1 capital ratio of the four banks would fall from 10.6% in 2010 to 9.4% in 2012, but that would be well above the 5% minimum set by the European Banking Authority.

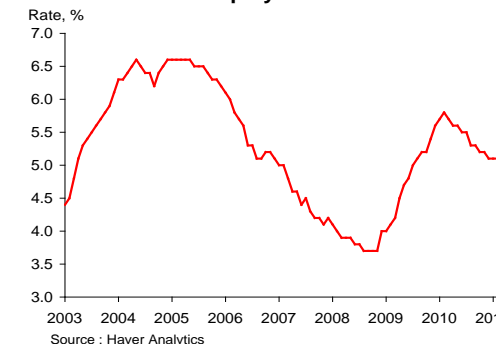
Netherlands: Industrial production



Netherlands: Retail Sales & Consumer confidence

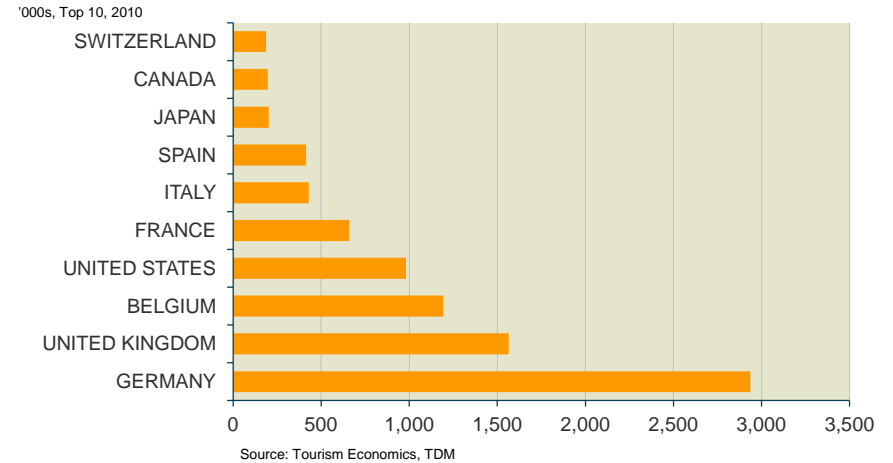


Netherlands: Unemployment



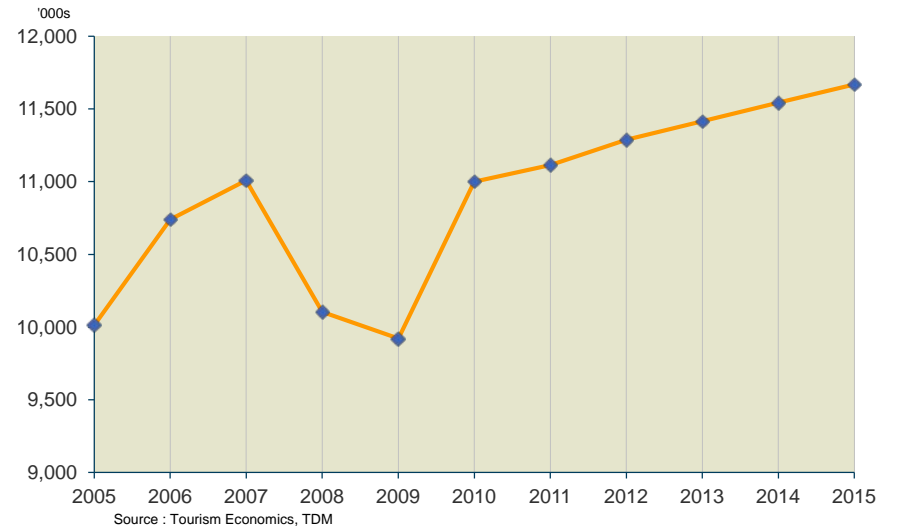
International Visitors to Netherlands by Country of Origin (000s)	
2010	
1 GERMANY	2,935.87
2 UNITED KINGDOM	1,564.25
3 BELGIUM	1,192.15
4 UNITED STATES	981.76
5 FRANCE	657.95
6 ITALY	429.63
7 SPAIN	413.96
8 JAPAN	202.94
9 CANADA	196.57
10 SWITZERLAND	187.40
11 DENMARK	157.28
12 SWEDEN	118.45
13 NORWAY	104.72
14 IRELAND	88.17
15 FINLAND	59.07
16 LUXEMBOURG	23.51

International visits to Netherlands



Expected Annual Average Growth in Visitors to Netherlands - 2011-2015		
	Average change per year, 000s	% CAGR
1 UNITED KINGDOM	53.86	3.1%
2 GERMANY	20.85	0.7%
3 UNITED STATES	19.09	1.9%
4 FRANCE	14.10	2.0%
5 SPAIN	7.38	1.7%
6 JAPAN	4.85	2.6%
7 SWITZERLAND	3.82	1.9%
8 SWEDEN	2.48	2.0%
9 ITALY	0.72	0.2%
10 IRELAND	0.63	0.7%

International visits to Netherlands





Raw Data

Monthly Series: Sample Market

		Occupancy	ADR Euro - €	RevPAR Euro - €	Supply (Millions RN)	Demand (Millions RN)	Room Revenue Euro - €	Occupancy (% change)	ADR (% change)	RevPAR (% change)	Supply (% change)	Demand (% change)	Room Revenue (% change)
Actual	Jul-10	80.3%	106.17	85.26	0.72	0.58	61.32	12.1%	4.0%	16.6%	0.5%	12.7%	17.2%
	Aug-10	84.7%	112.90	95.64	0.72	0.61	68.79	14.2%	17.8%	34.5%	0.4%	14.7%	35.0%
	Sep-10	84.8%	145.62	123.46	0.70	0.59	85.93	13.0%	7.2%	21.1%	1.4%	14.6%	22.9%
	Oct-10	82.1%	138.47	113.74	0.72	0.59	81.80	17.9%	16.4%	37.3%	1.4%	19.6%	39.3%
	Nov-10	76.6%	124.18	95.11	0.70	0.53	66.20	14.8%	8.2%	24.2%	1.4%	16.4%	25.9%
	Dec-10	61.9%	109.98	68.05	0.72	0.44	48.94	6.6%	8.6%	15.8%	1.4%	8.1%	17.5%
	Jan-11	57.5%	108.58	62.48	0.72	0.41	44.93	5.0%	8.5%	13.9%	1.4%	6.5%	15.5%
	Feb-11	62.2%	112.41	69.86	0.65	0.40	45.38	0.8%	8.3%	9.2%	1.4%	2.2%	10.7%
	Mar-11	70.4%	124.48	87.65	0.72	0.51	63.03	0.8%	8.5%	9.3%	0.1%	0.9%	9.4%
	Apr-11	84.9%	136.50	115.83	0.70	0.59	81.00	10.7%	7.9%	19.5%	0.6%	11.4%	20.1%
	May-11	82.9%	141.29	117.17	0.74	0.62	87.13	7.7%	10.6%	19.2%	3.5%	11.5%	23.3%
	Jun-11	82.2%	141.22	116.05	0.72	0.59	83.51	4.8%	13.4%	18.8%	3.5%	8.4%	22.9%
Forecast (f)	Jul-11	80.3%	116.96	93.93	0.74	0.60	69.84	0.0%	10.2%	10.2%	3.4%	3.4%	13.9%
	Aug-11	85.3%	113.75	97.00	0.74	0.63	72.11	0.7%	0.8%	1.4%	3.4%	4.1%	4.8%
	Sep-11	88.1%	163.37	144.00	0.73	0.64	104.45	4.0%	12.2%	16.6%	4.2%	8.4%	21.6%
	Oct-11	83.2%	142.83	118.79	0.75	0.62	89.02	1.2%	3.2%	4.4%	4.2%	5.5%	8.8%
	Nov-11	75.7%	127.42	96.49	0.74	0.56	70.99	-1.1%	2.6%	1.4%	5.7%	4.5%	7.2%
	Dec-11	59.1%	117.41	69.37	0.76	0.45	52.74	-4.5%	6.7%	1.9%	5.7%	0.9%	7.8%
	Jan-12	51.8%	113.59	58.90	0.76	0.39	44.77	-9.9%	4.6%	-5.7%	5.7%	-4.7%	-0.3%
	Feb-12	59.4%	118.82	70.52	0.71	0.42	50.15	-4.5%	5.7%	0.9%	9.5%	4.6%	10.5%
	Mar-12	62.7%	122.77	77.01	0.76	0.48	58.79	-10.9%	-1.4%	-12.1%	6.2%	-5.4%	-6.7%
	Apr-12	79.9%	138.63	110.75	0.74	0.59	81.83	-5.9%	1.6%	-4.4%	5.7%	-0.5%	1.0%
	May-12	87.2%	148.28	129.26	0.76	0.67	98.72	5.1%	4.9%	10.3%	2.7%	8.0%	13.3%
	Jun-12	85.3%	146.50	124.97	0.74	0.63	92.38	3.8%	3.7%	7.7%	2.7%	6.6%	10.6%
	Jul-12	80.1%	121.06	96.93	0.76	0.61	74.07	-0.3%	3.5%	3.2%	2.8%	2.5%	6.1%
	Aug-12	85.0%	117.73	100.07	0.76	0.65	76.48	-0.3%	3.5%	3.2%	2.8%	2.5%	6.1%
	Sep-12	90.3%	167.62	151.41	0.74	0.67	112.03	2.5%	2.6%	5.1%	2.0%	4.5%	7.2%
	Oct-12	86.0%	147.67	127.06	0.76	0.66	97.17	3.5%	3.4%	7.0%	2.0%	5.6%	9.2%
	Nov-12	78.9%	141.24	111.39	0.74	0.58	82.46	4.2%	10.8%	15.4%	0.6%	4.8%	16.2%
	Dec-12	62.2%	120.66	74.99	0.77	0.48	57.38	5.2%	2.8%	8.1%	0.6%	5.9%	8.8%



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 modelling 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.

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