



**Driving Tourism 2007  
Michigan Lodging & Tourism Conference**

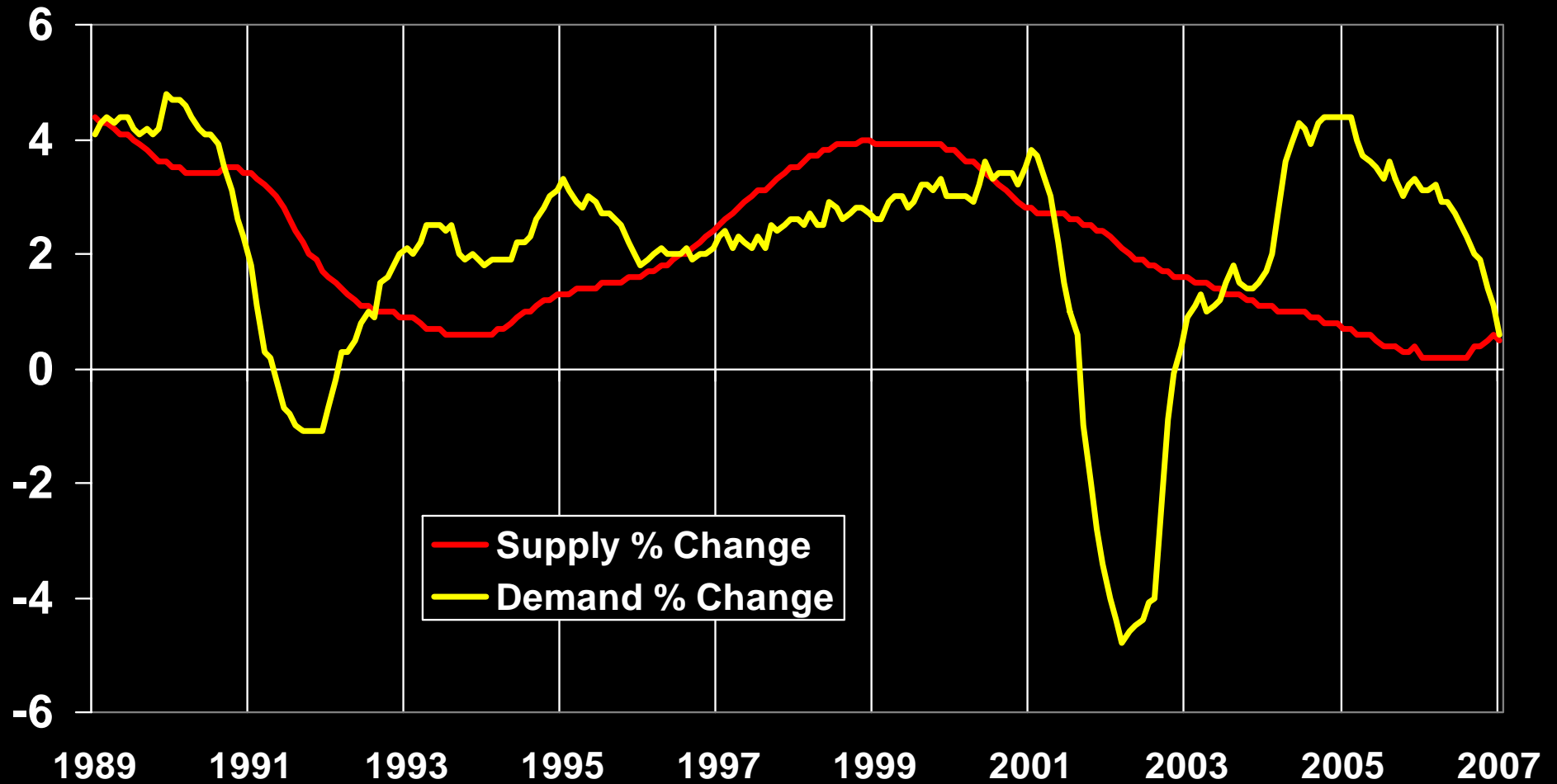
**Duane Vinson  
Vice President**



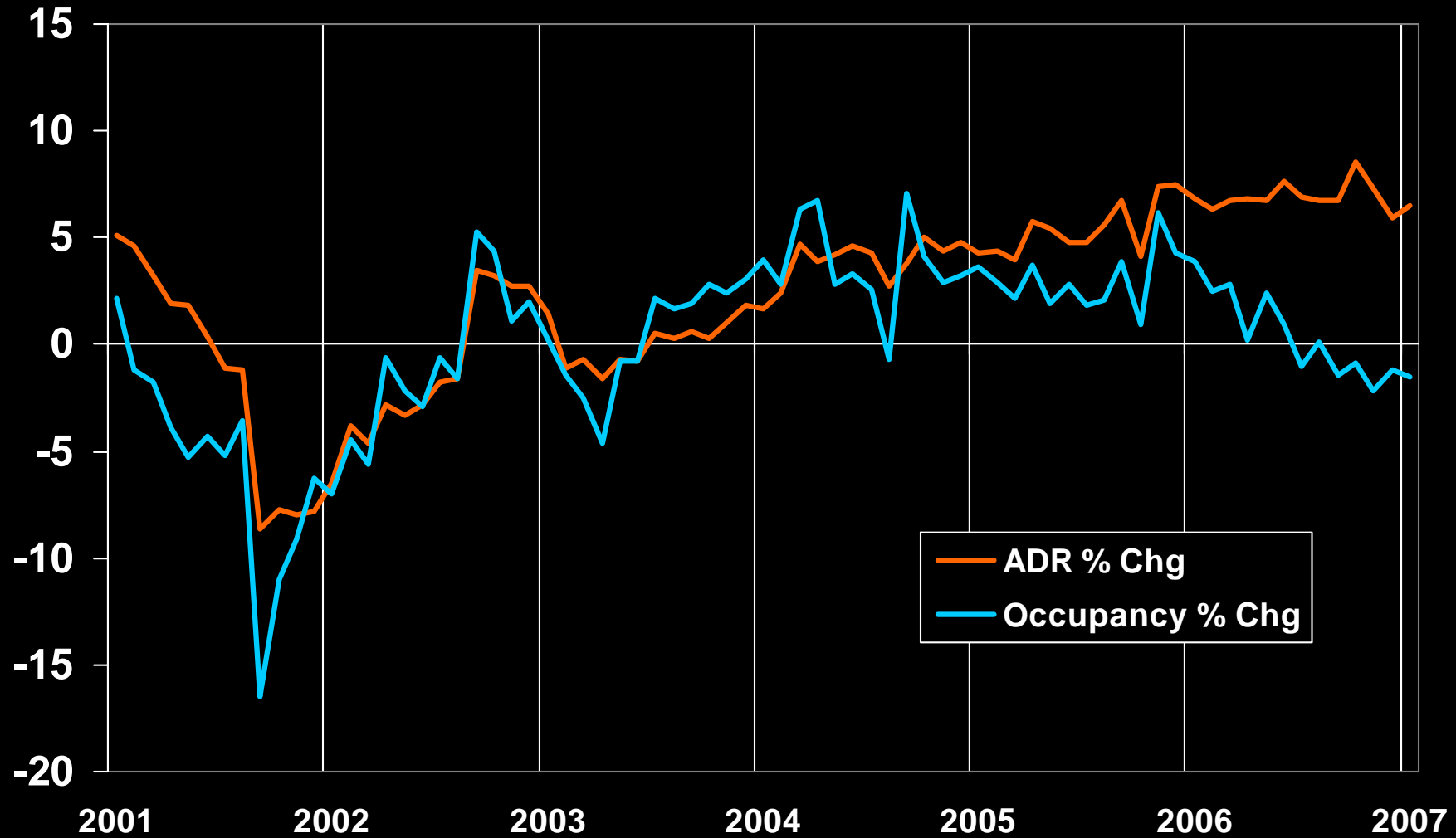
# Agenda

- **National Performance**
- **Regional Performance**
- **Local Performance**
- **Projections**

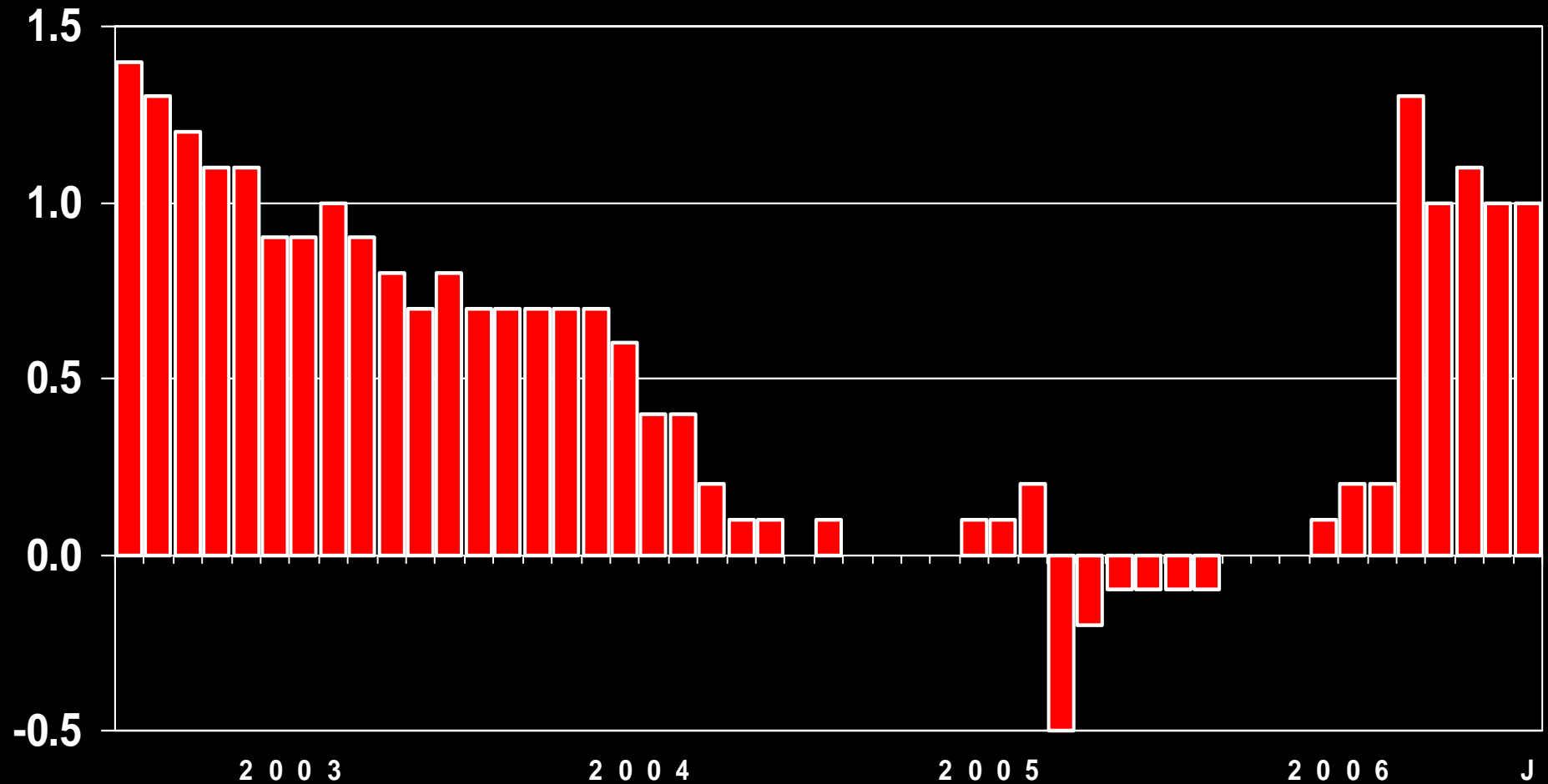
Total United States  
Room Supply/Demand Percent Change  
Twelve Month Moving Average – 1989 to January 2007



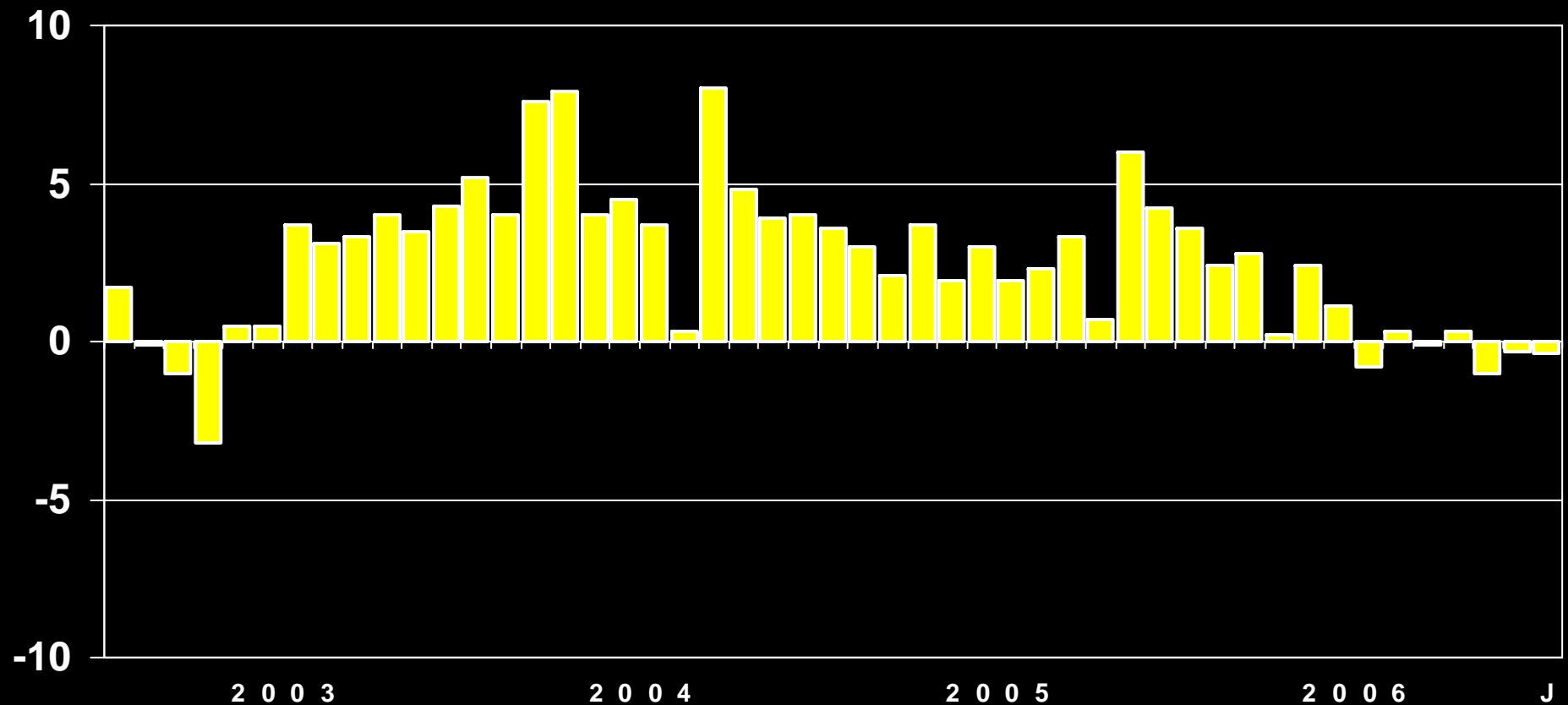
# Total United States Occupancy / ADR Percent Change Monthly Year-Over-Year 2001 – January 2007



# Total United States Room Supply Percent Change Jan 2003 – January 2007



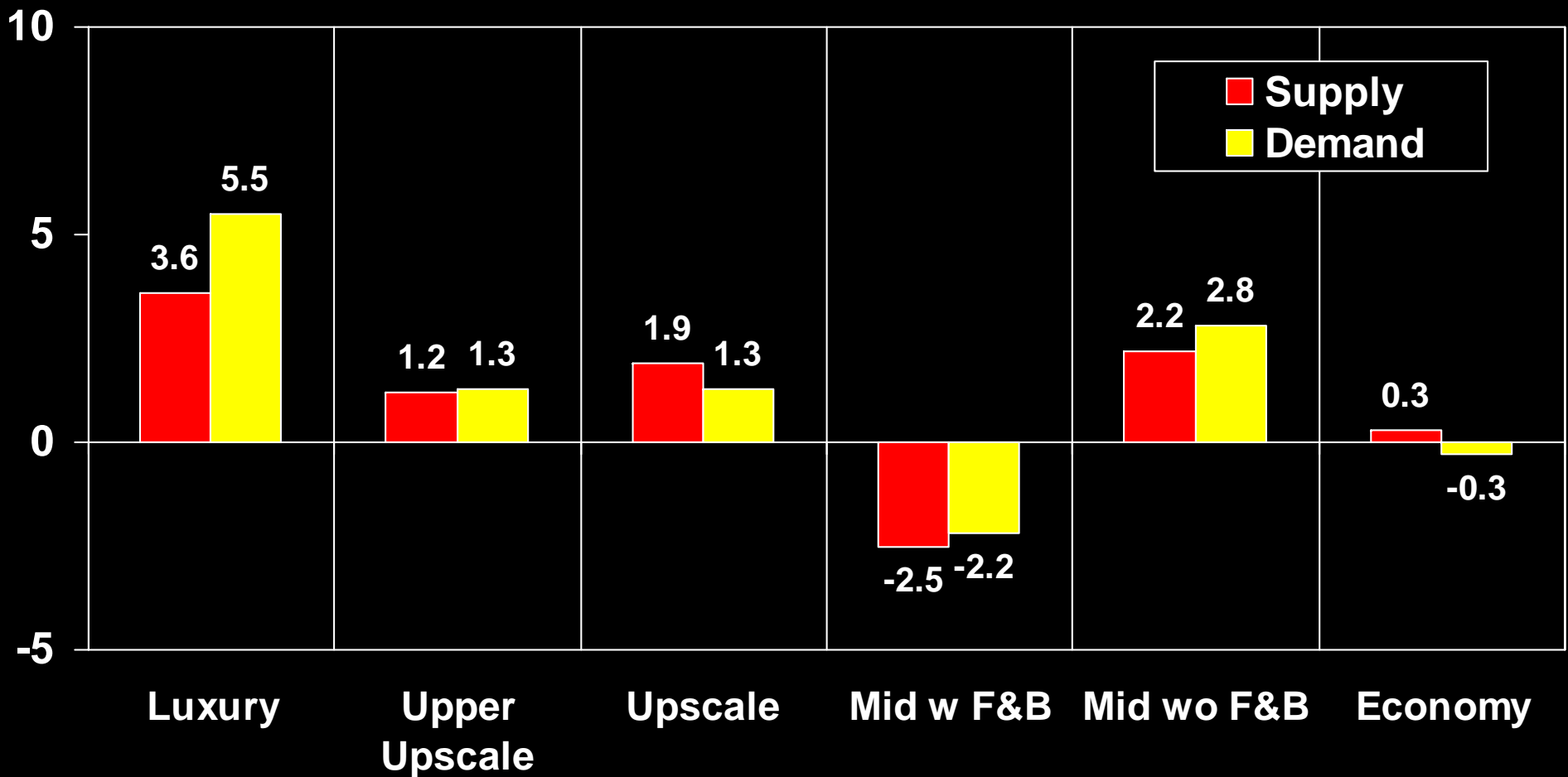
# Total United States Room Demand Percent Change Jan 2003 – January 2007



# Chain Scales

## Supply/Demand Percent Change

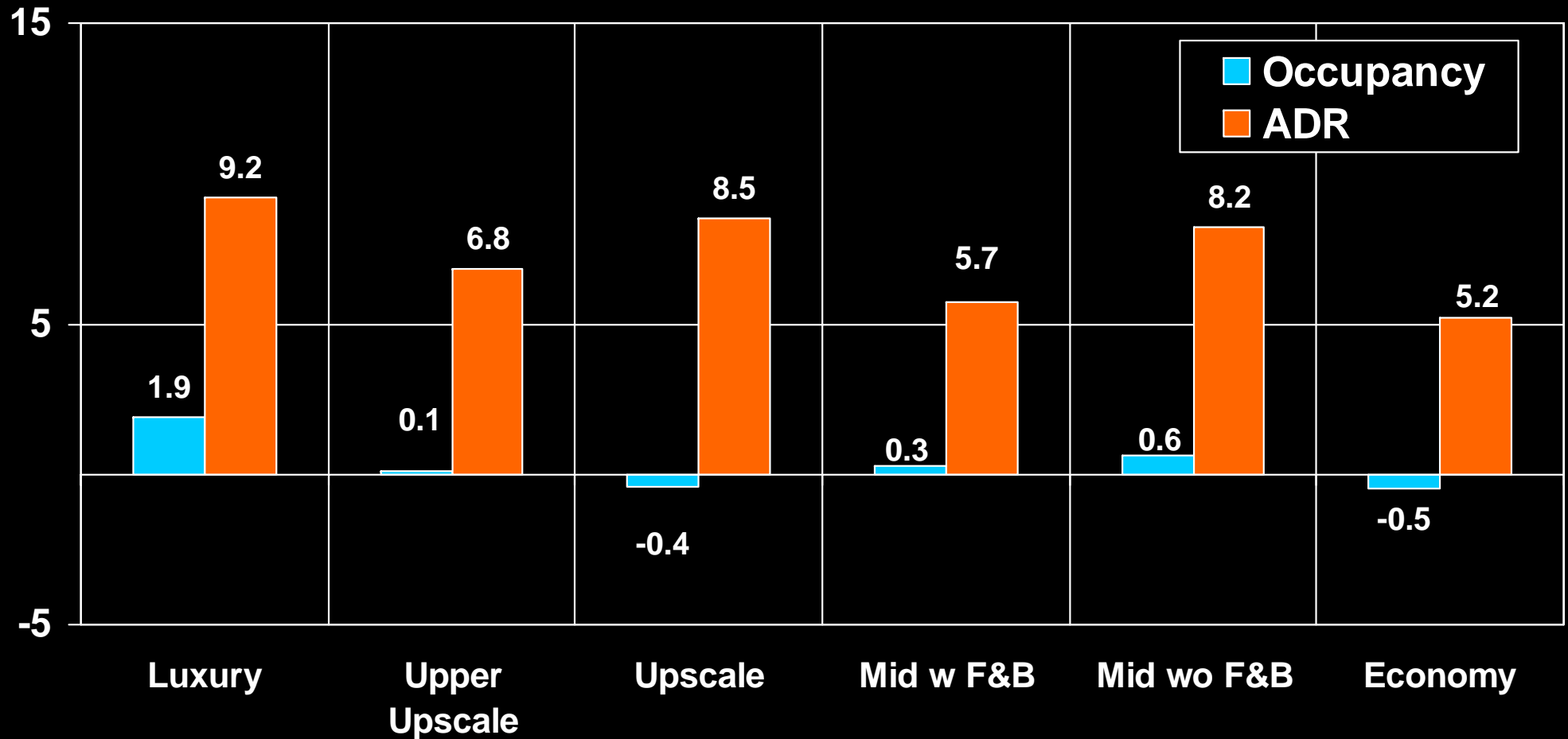
### Twelve Months Ended January



# Chain Scales

## Occupancy/ADR Percent Change

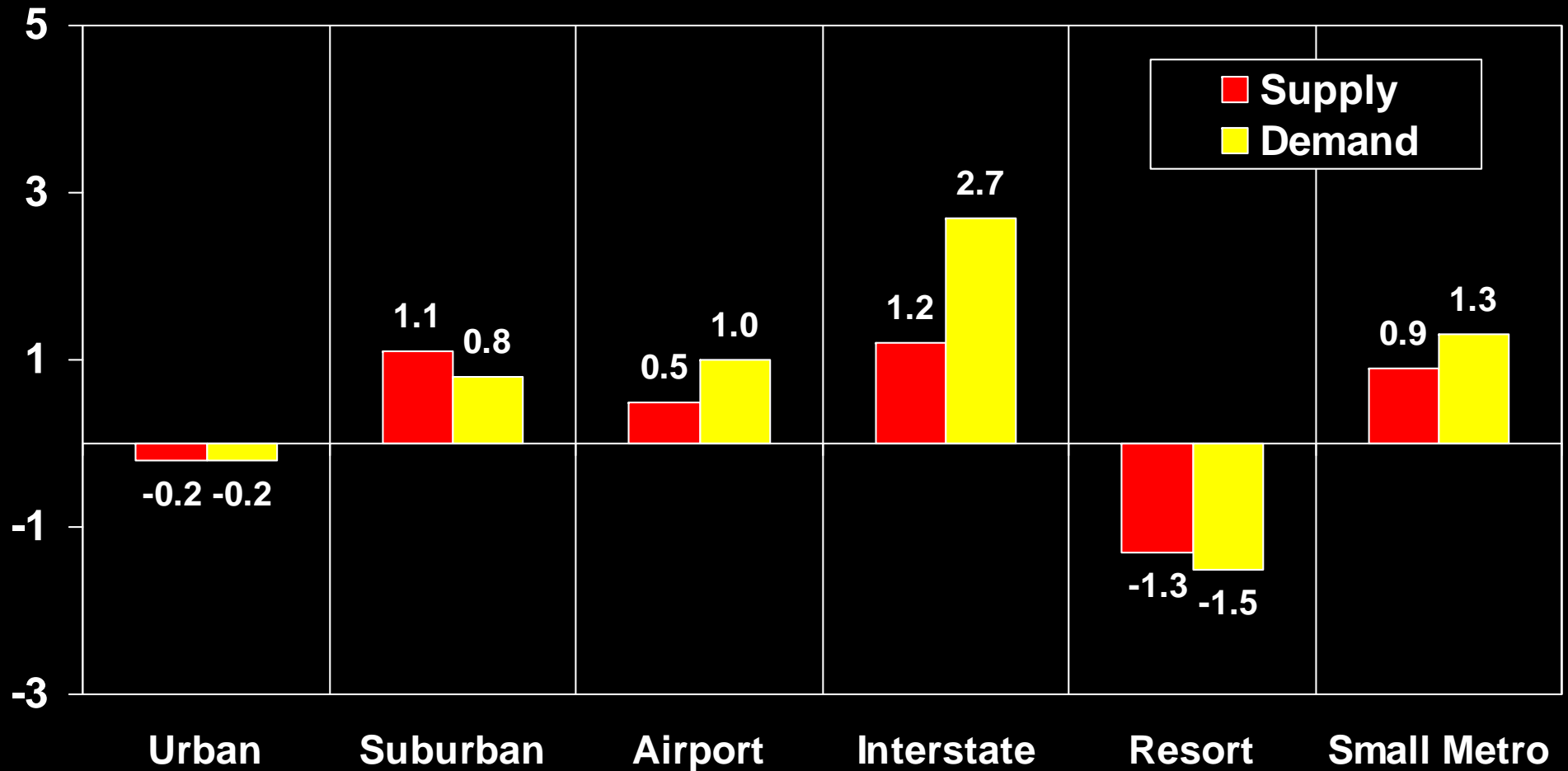
### Twelve Months Ended January



# Location Segments

## Supply/Demand Percent Change

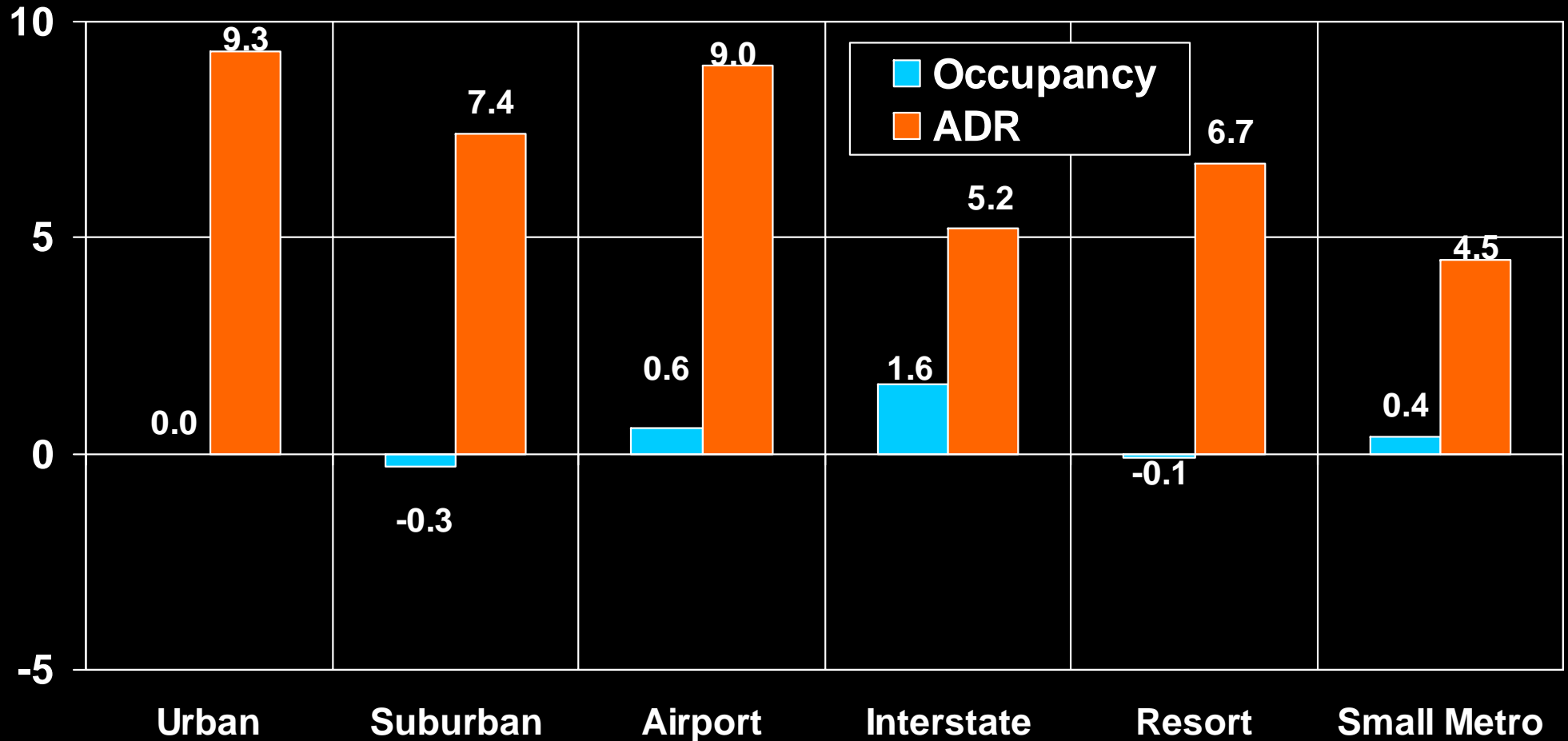
### Twelve Months Ended January



# Location Segments

## Occupancy/ADR Percent Change

### Twelve Months Ended January



# Agenda

- National Performance
- Regional Performance
- Local Performance
- Projections

# Supply Growth 12-Month Ending Jan '07 vs. Jan '06

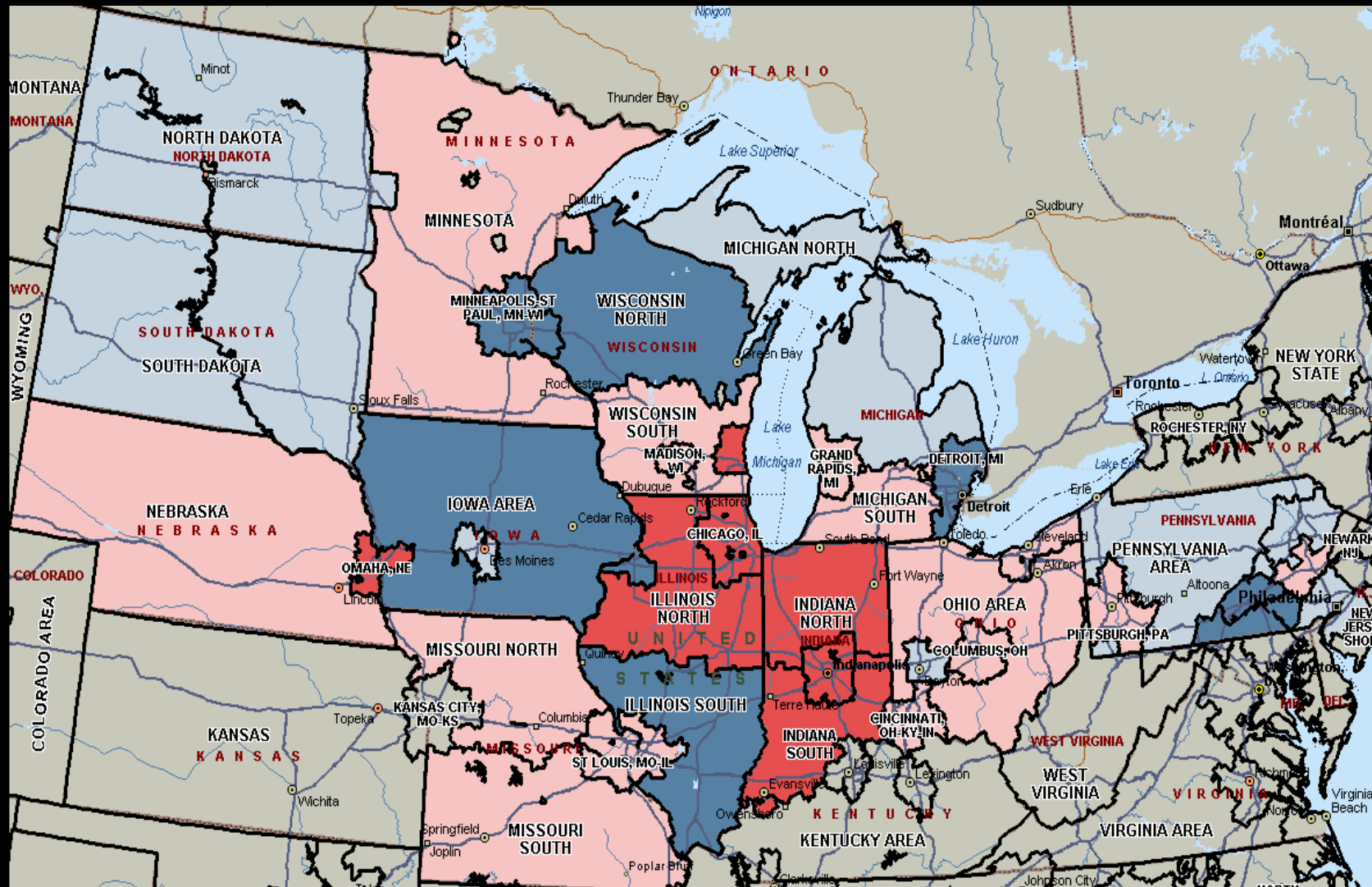
2.5 to 4.5%  
0.5 to 2.4%  
-1.5 to 0.4%





# Occupancy 12-Month Ending Jan '07 vs. '06 Percent Change

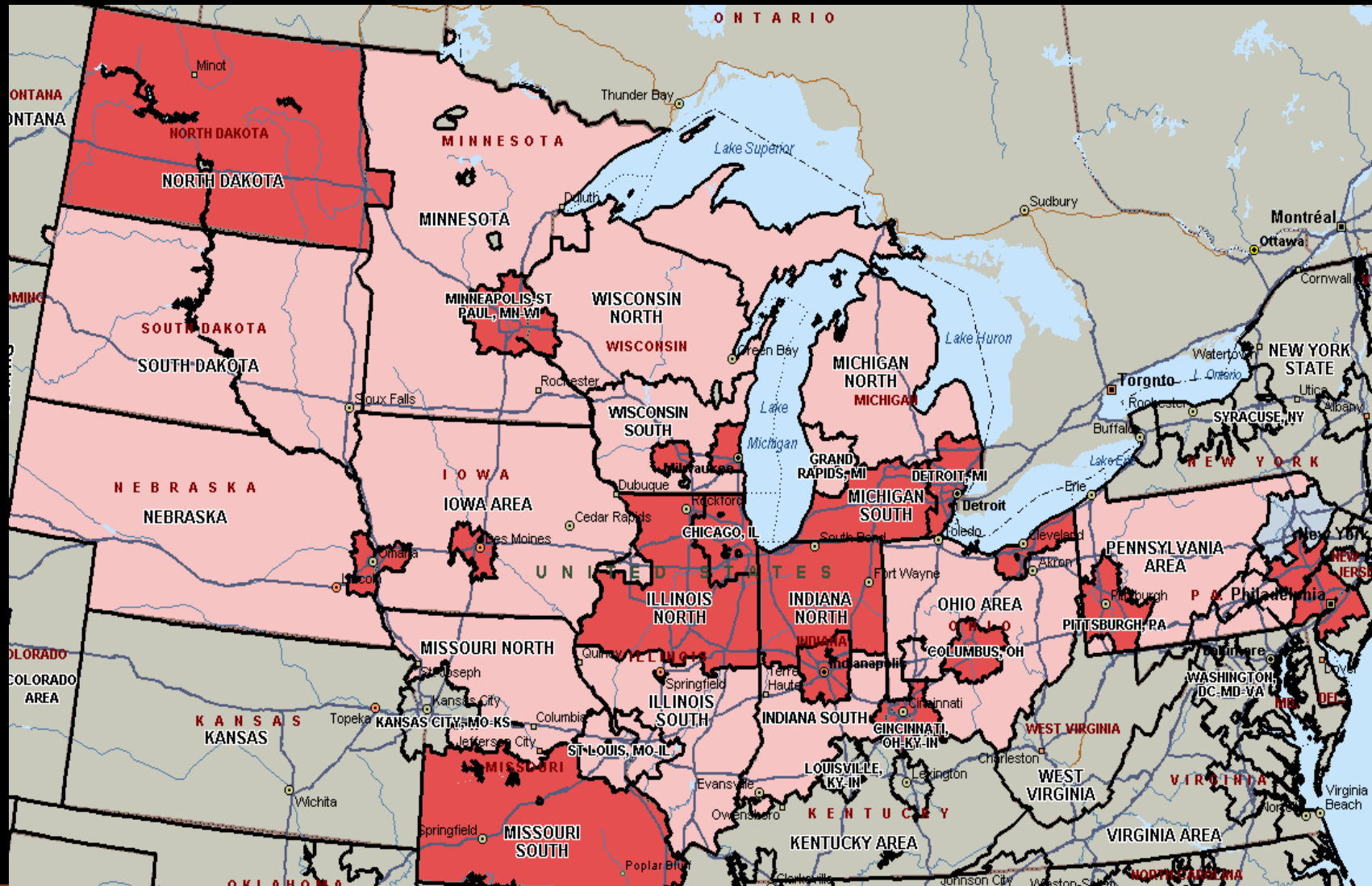
2.6 to 7%  
0.1 to 2.5%  
-0.5 to 0%  
-3 to -0.6%



ADR

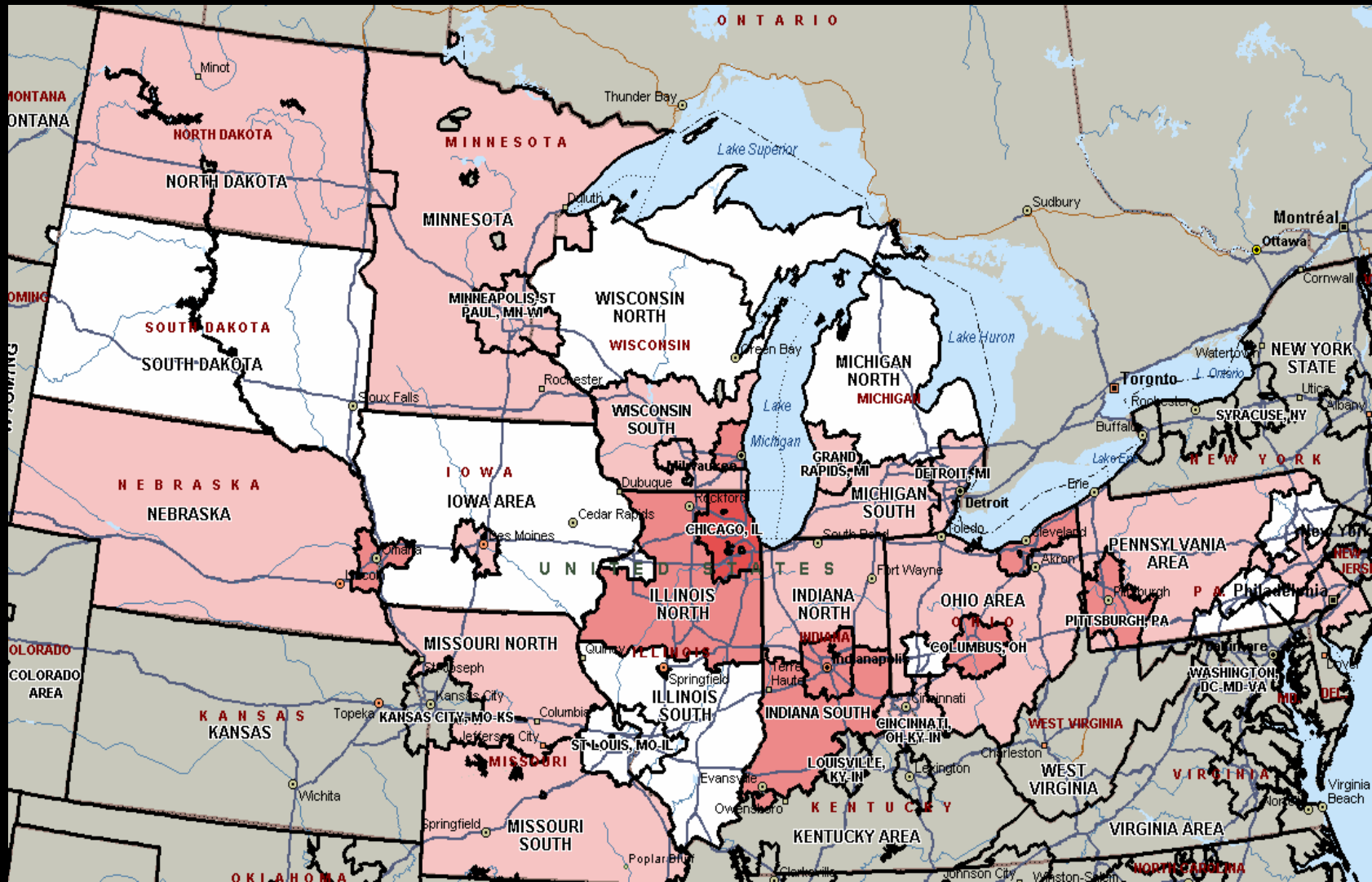
12-Month Ending Jan '07 vs. '06 Percent Change

4.6 to 12%  
.01 to 4.5%  
-1 to 0%



# RevPAR 12-Month Ending Jan '07 vs. '06 Percent Change

**13.5 to 18%**  
**9 to 13.4%**  
**4.5 to 8.9%**  
**0 to 4.4%**



# Agenda

- National Performance
- Regional Performance
- Local Performance
- Projections

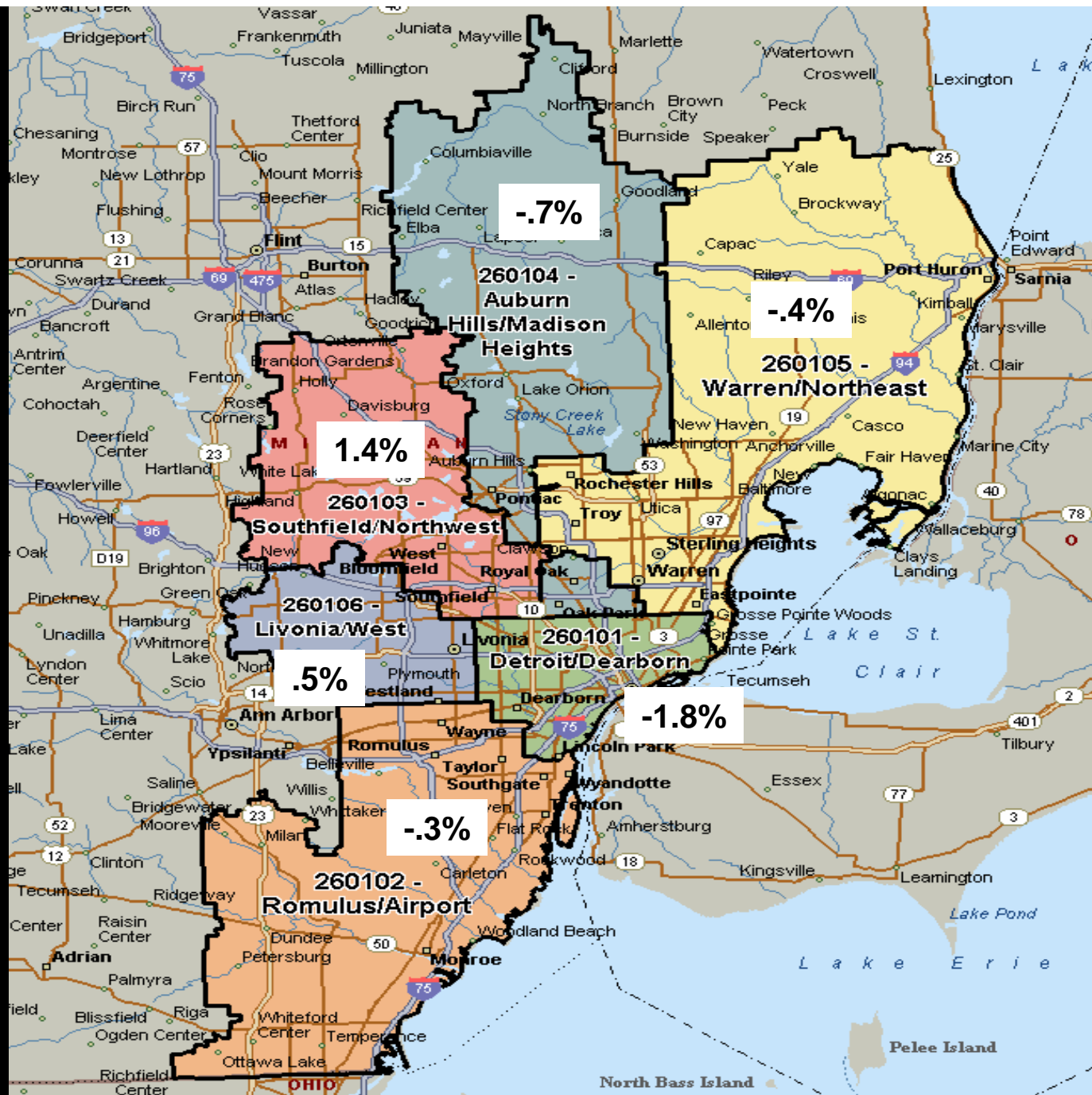
# Construction Pipeline Activity for Michigan

	Existing Supply	Recently Opened	In Construction	Final Planning	Planning	Total	Pre-Planning
Luxury	3					-	
Upper Upscale	27		2	1	1	4	
Upscale	70	3	2		4	6	
Midscale w/ F&B	123	1	3		1	4	1
Midscale w/o F&B	264	4	8	4	10	22	1
Economy	247				2	2	
Unaffiliated							
<b>Total</b>	<b>611</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>26</b>	<b>33</b>	<b>7</b>

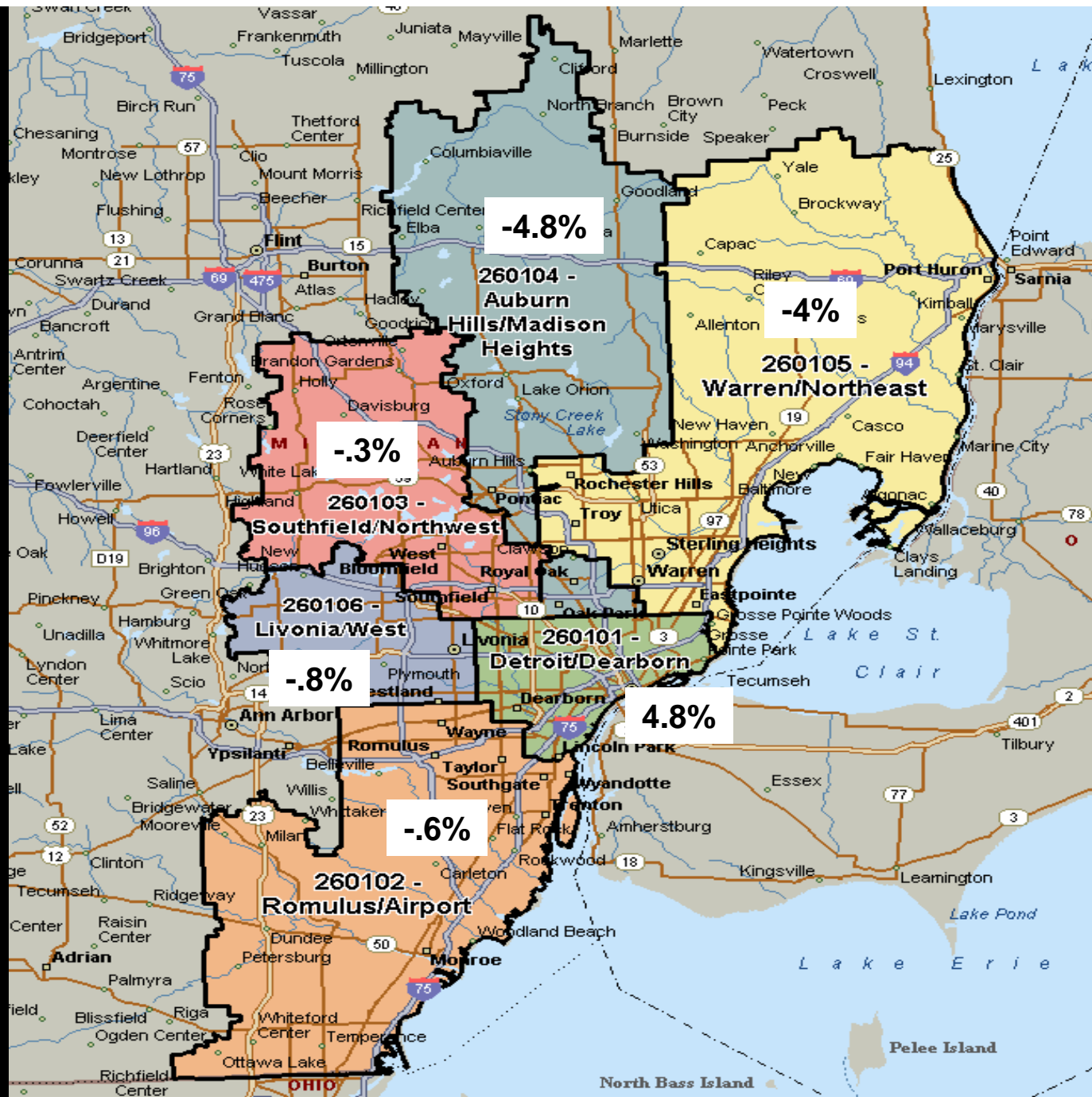
	Existing Supply	Recently Opened	In Construction	Final Planning	Planning	Total	Pre-Planning
Luxury	1,140					-	
Upper Upscale	7,879		795	204		999	
Upscale	9,318	296	211		392	603	
Midscale w/ F&B	14,628	107	267		111	378	150
Midscale w/o F&B	22,633	306	716	287	827	1,830	80
Economy	19,140				77	77	
Unaffiliated							
<b>Total</b>	<b>33,533</b>	<b>81</b>	<b>1,750</b>	<b>121</b>	<b>1,912</b>	<b>3,783</b>	<b>420</b>

Source: TWR/Dodge Construction Pipeline/Smith Travel Research

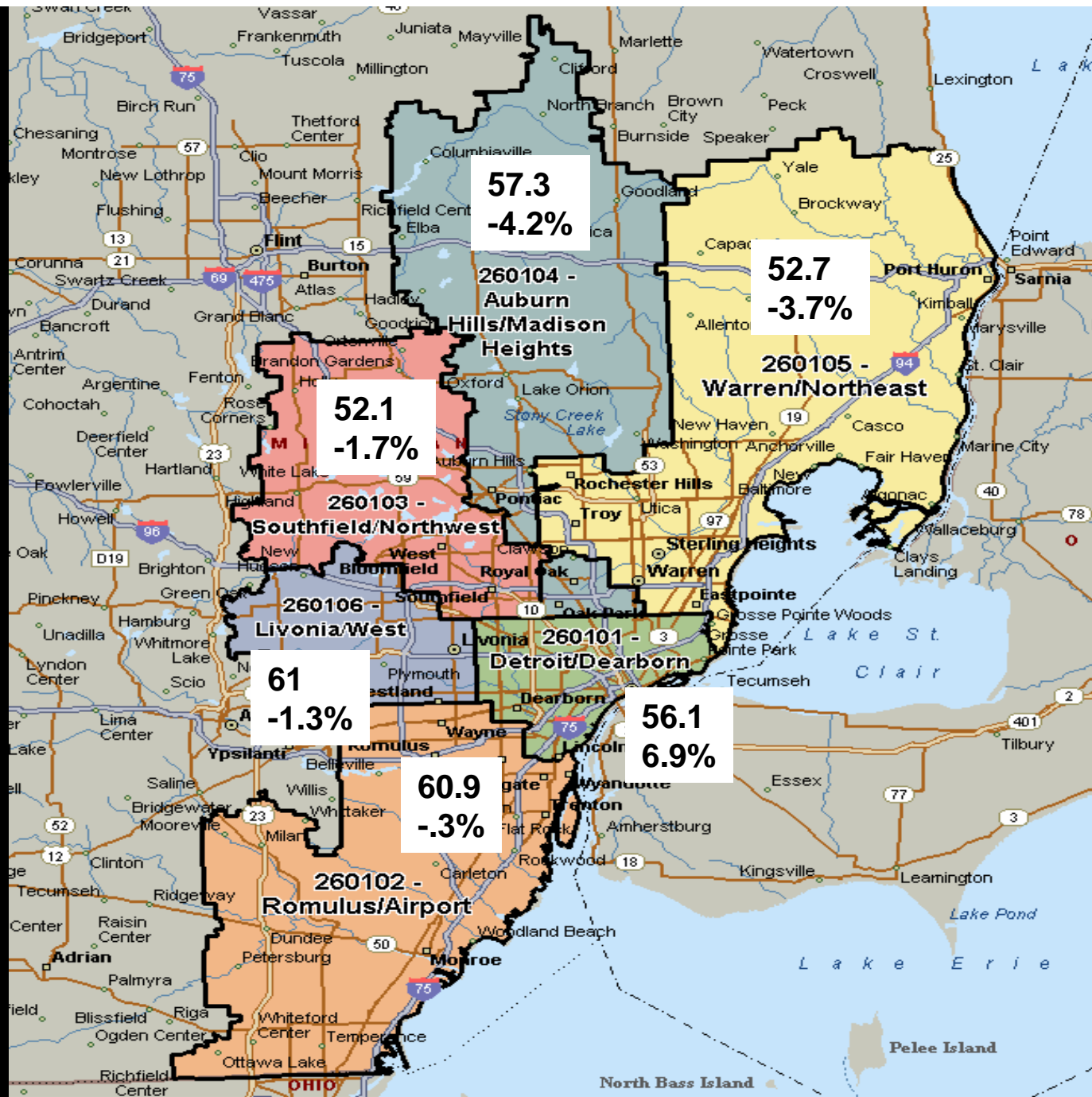
# 12-Month Ending January 2007 Room Supply Change



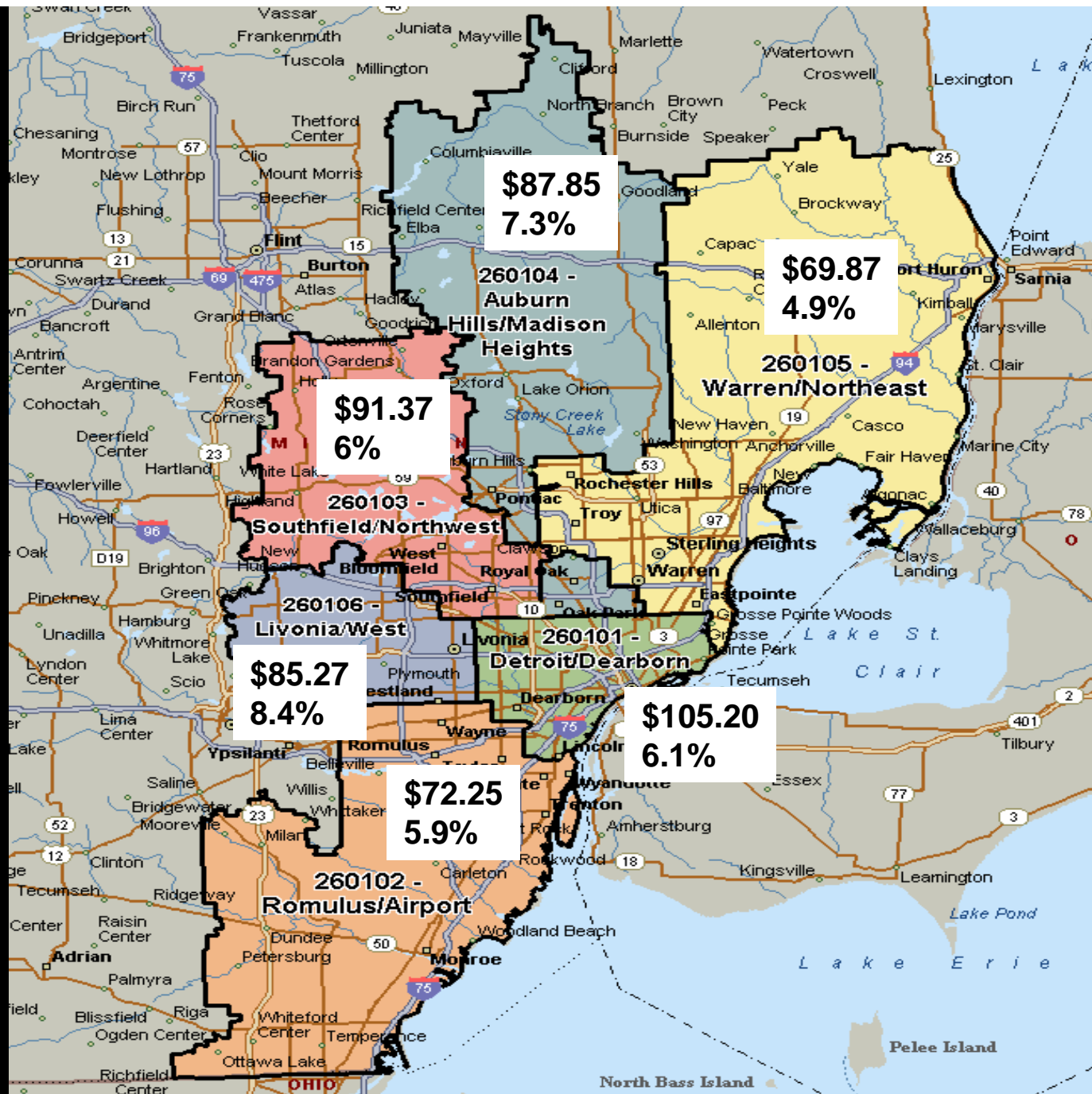
# 12-Month Ending January 2007 Room Demand Change



# 12-Month Ending January 2007 Occupancy with Percent Change



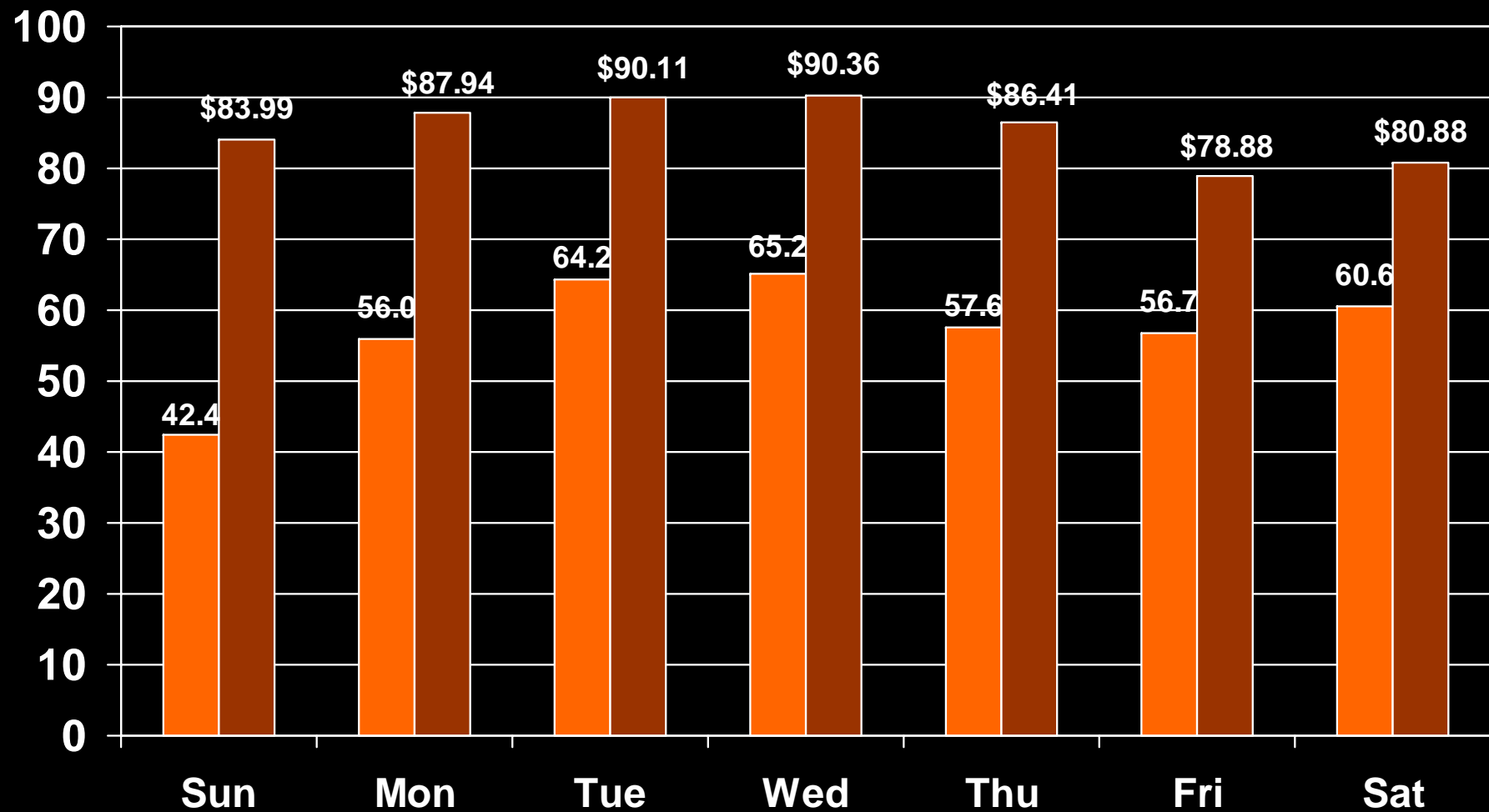
# 12-Month Ending January 2007 Average Room Rate with Percent Change



# Detroit

## Day of Week Analysis – Occupancy/ADR

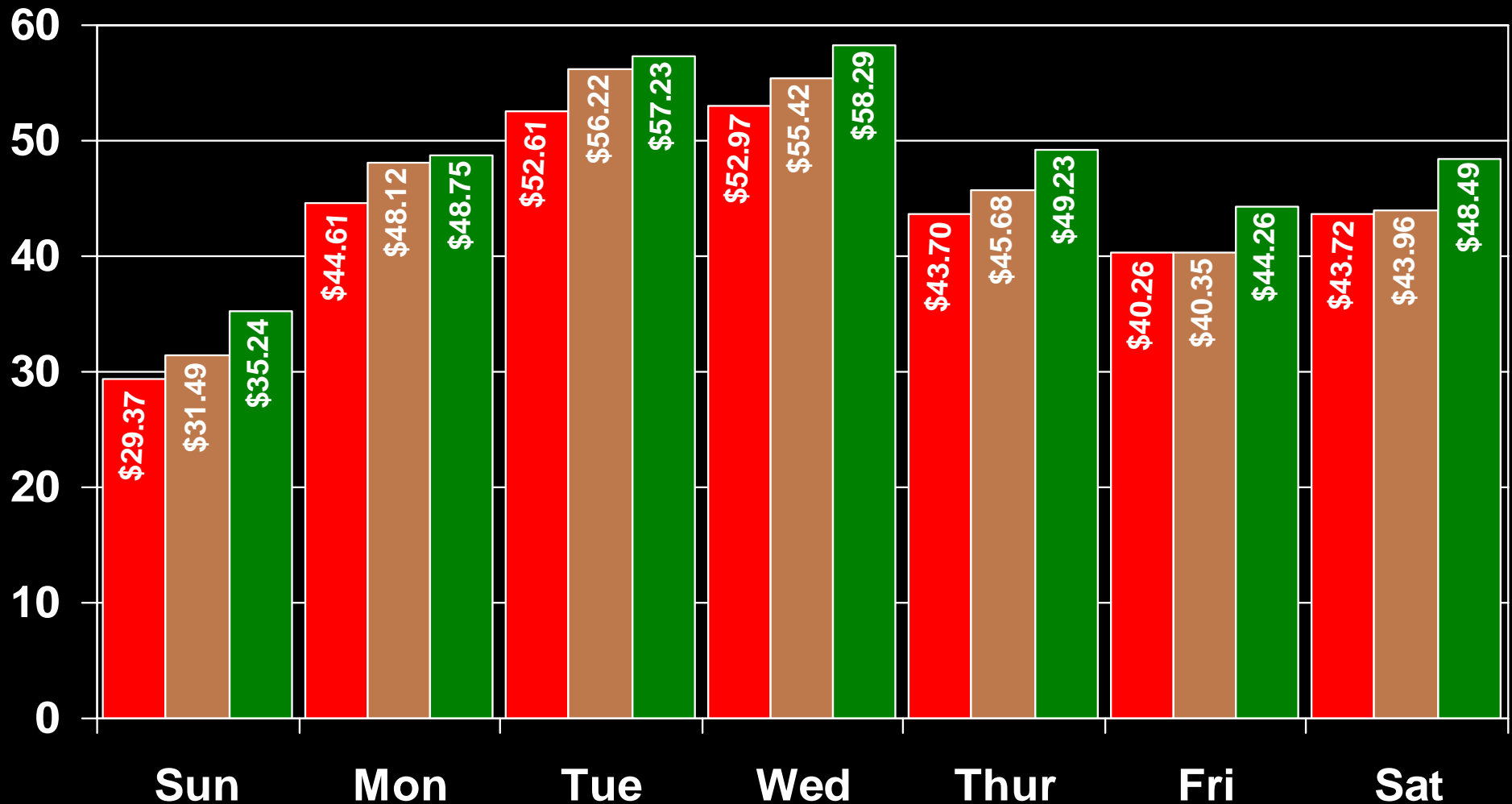
### 12-Month Ending Jan '07



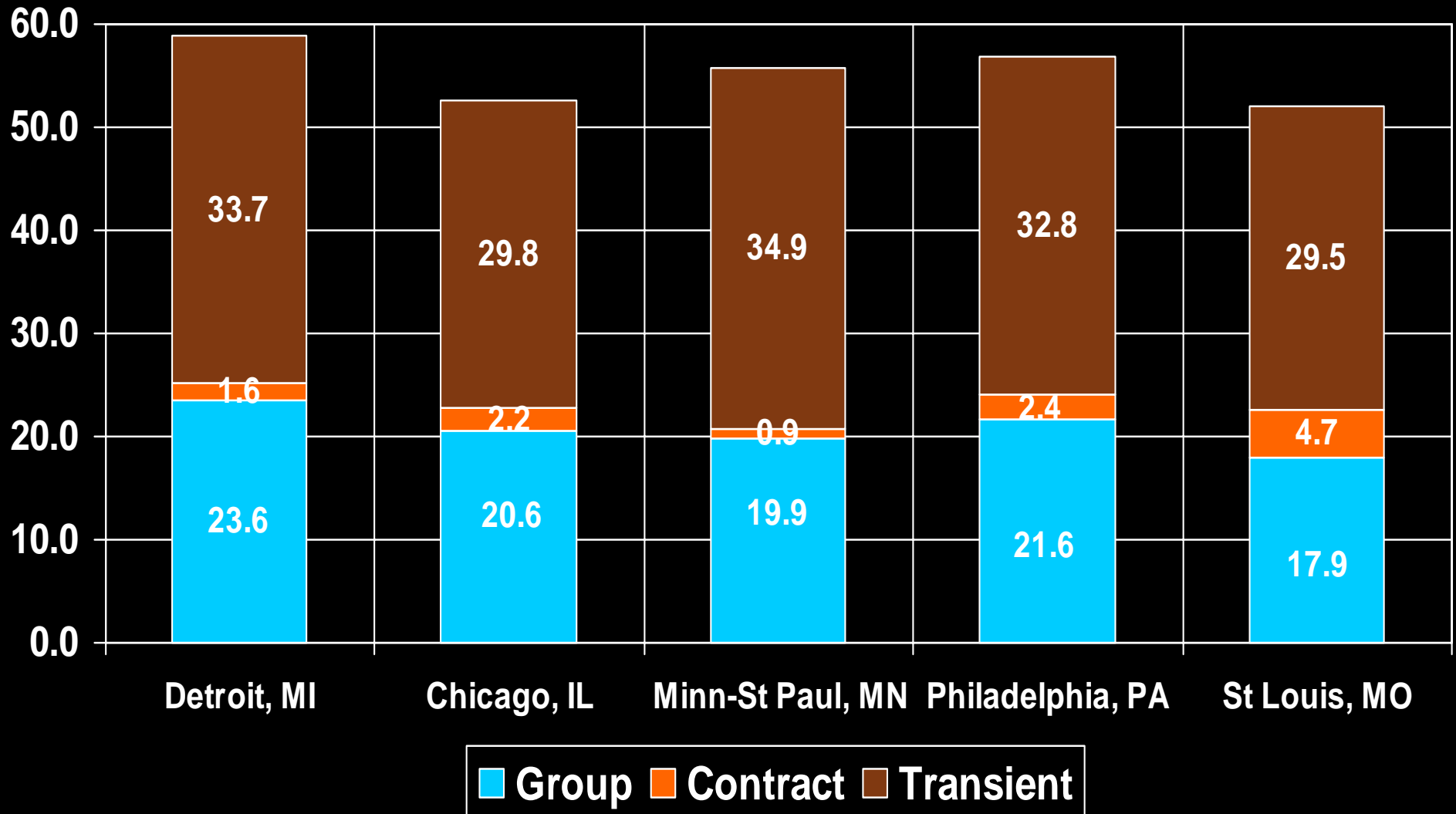
Detroit

Three Year RevPAR Average

February – January 2004/2005 2005/2006 2006/2007



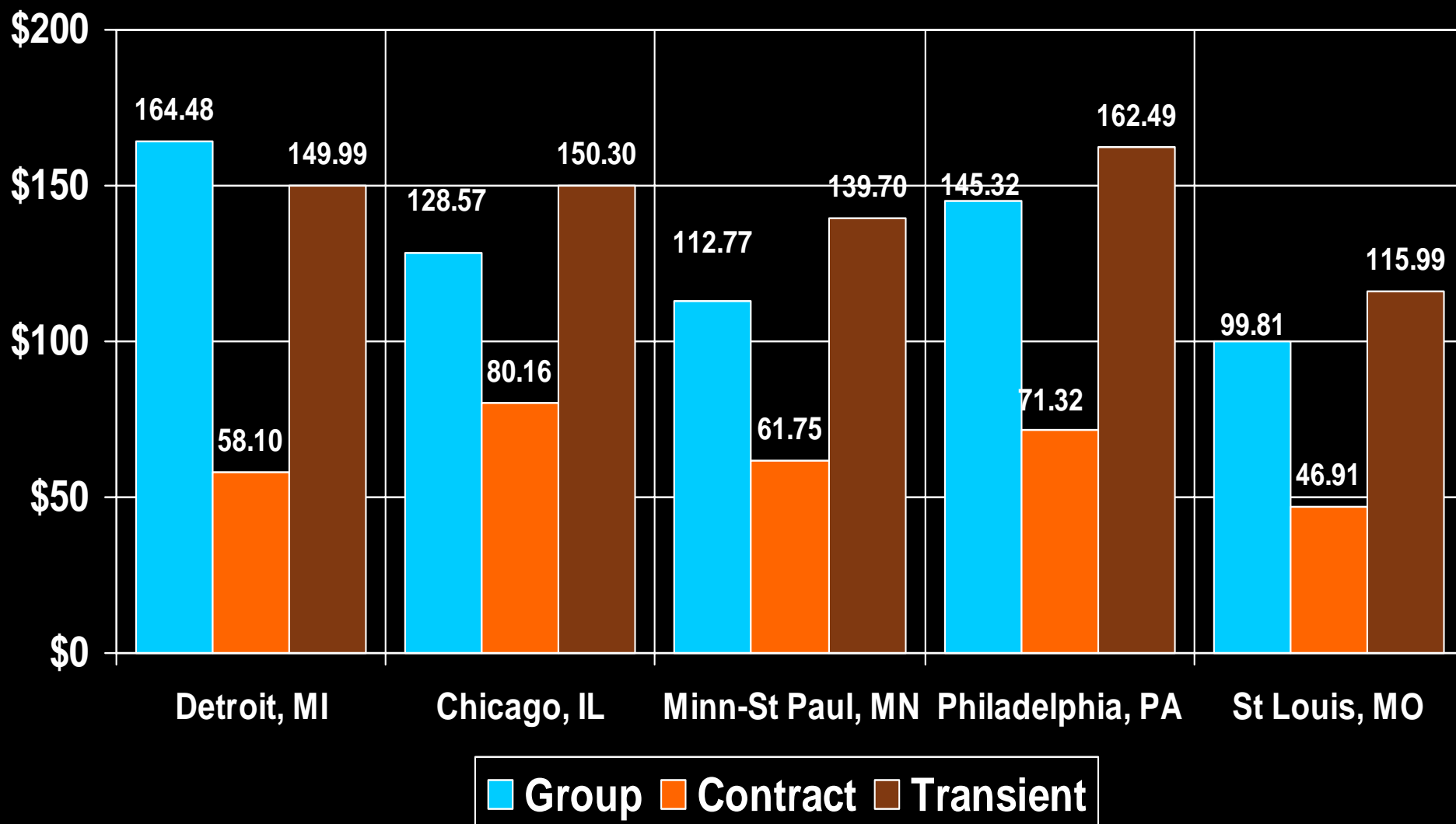
# Demand Segmented Occupancy Luxury, Upper Upscale, and Upper Tier Independents January 2007



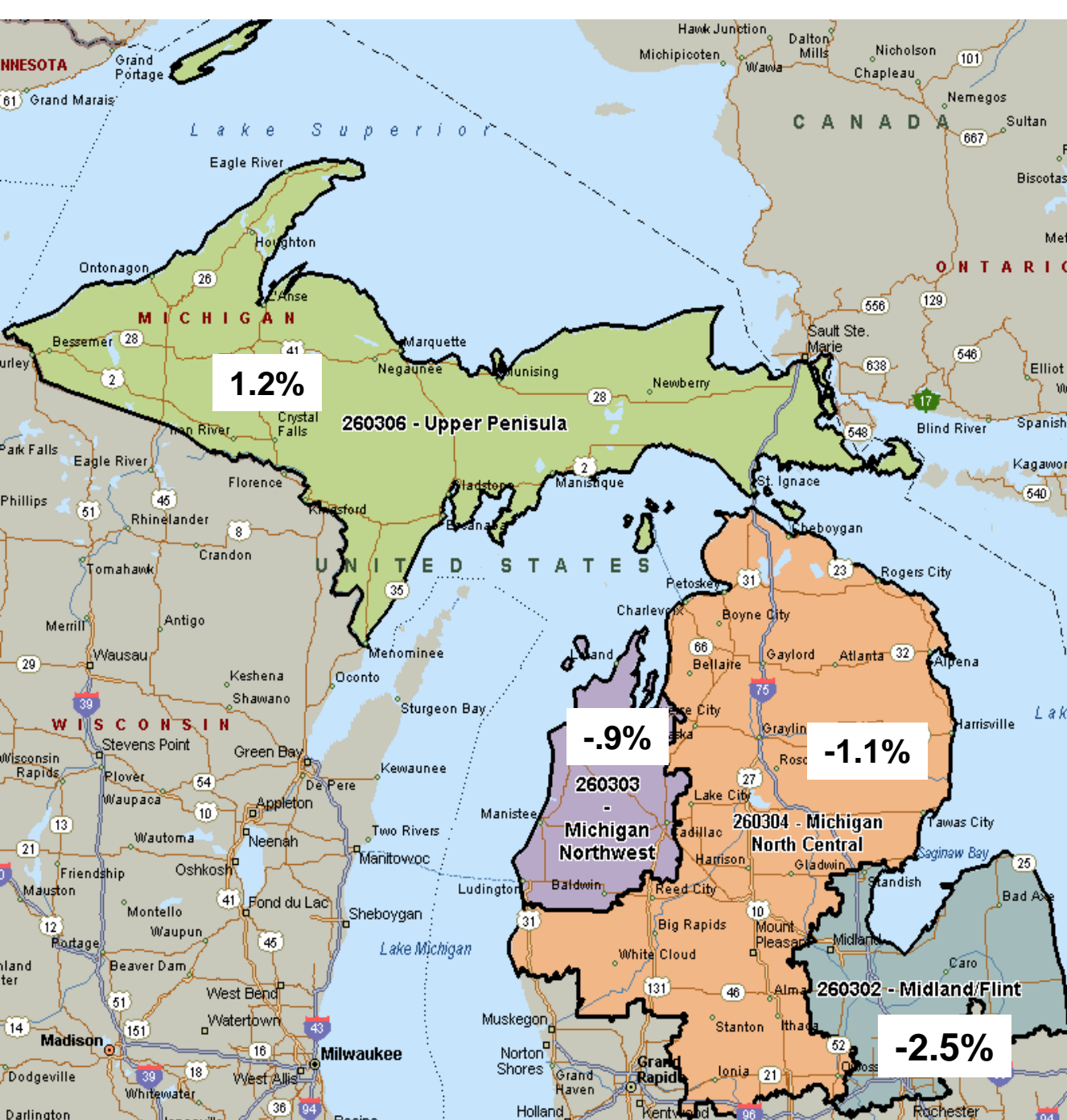
# Demand Segmented ADR

## Luxury, Upper Upscale, and Upper Tier Independents

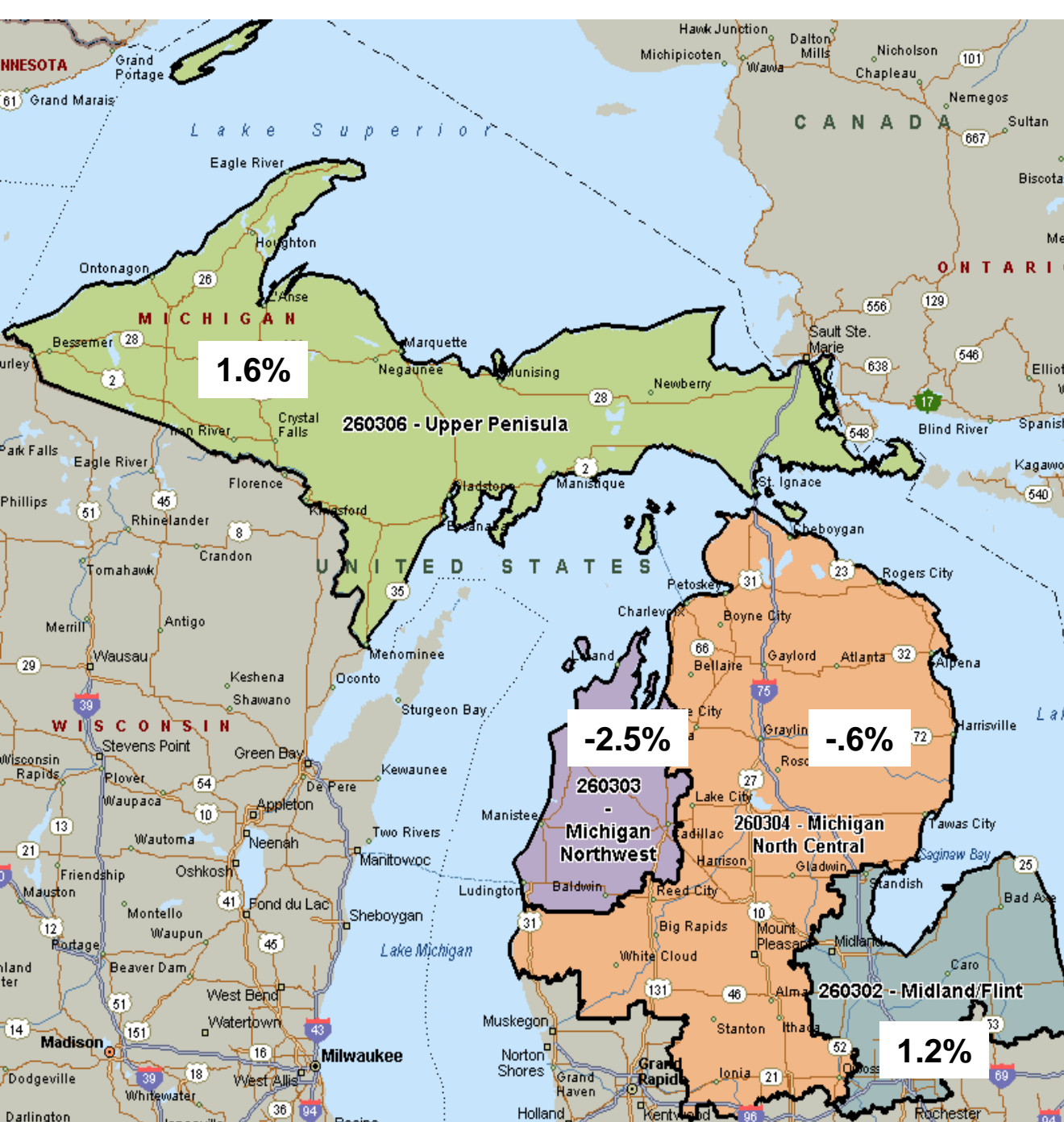
### January 2007



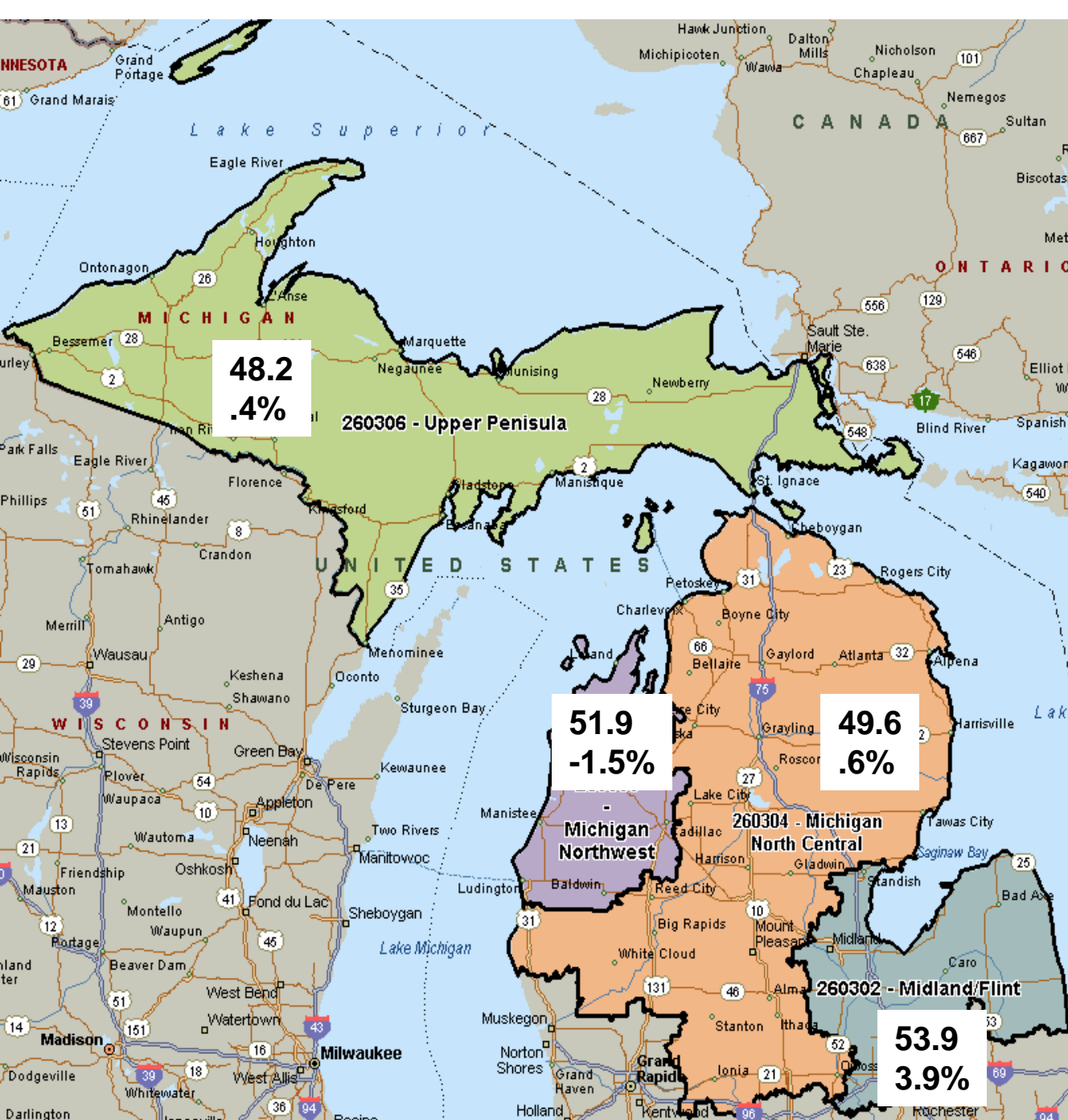
# 12-Month Ending January 2007 Room Supply Change



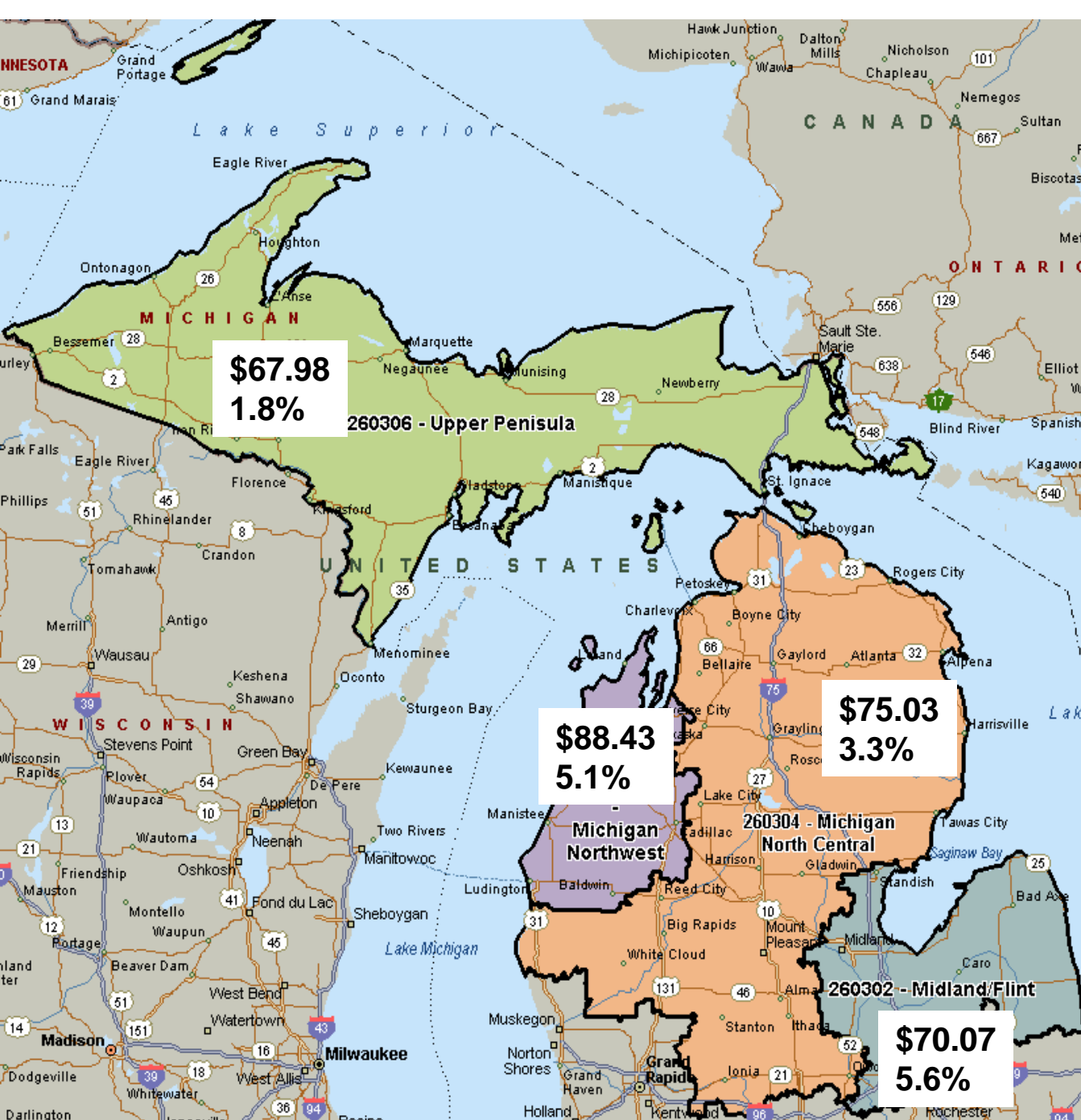
# 12-Month Ending January 2007 Room Demand Change



# 12-Month Ending January 2007 Occupancy with Percent Change

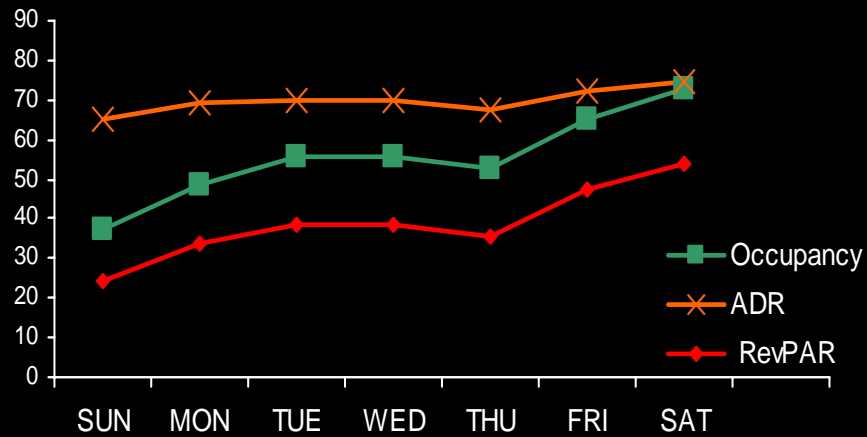


# 12-Month Ending January 2007 Average Room Rate with Percent Change

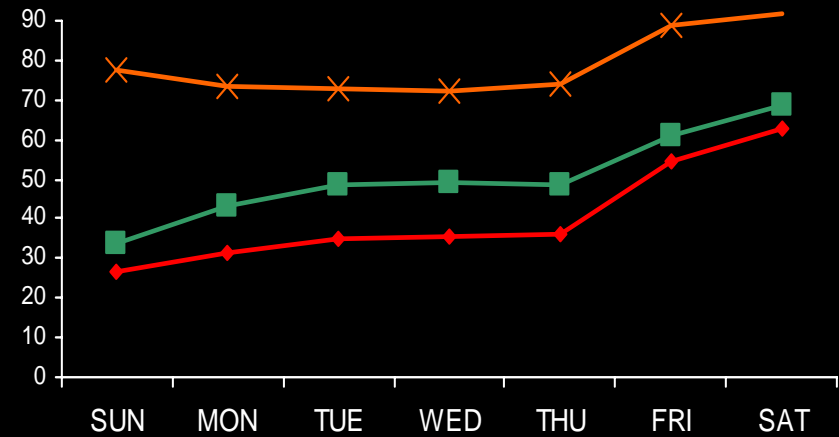


# Northern Michigan Markets by Day-of-Week

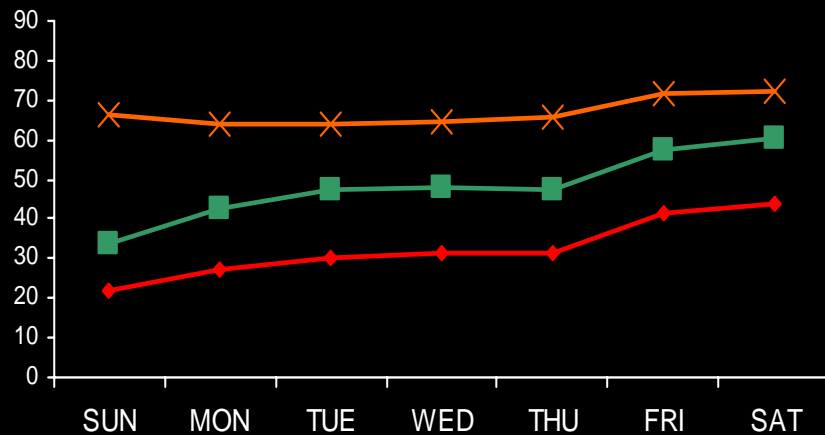
## Midland-Flint



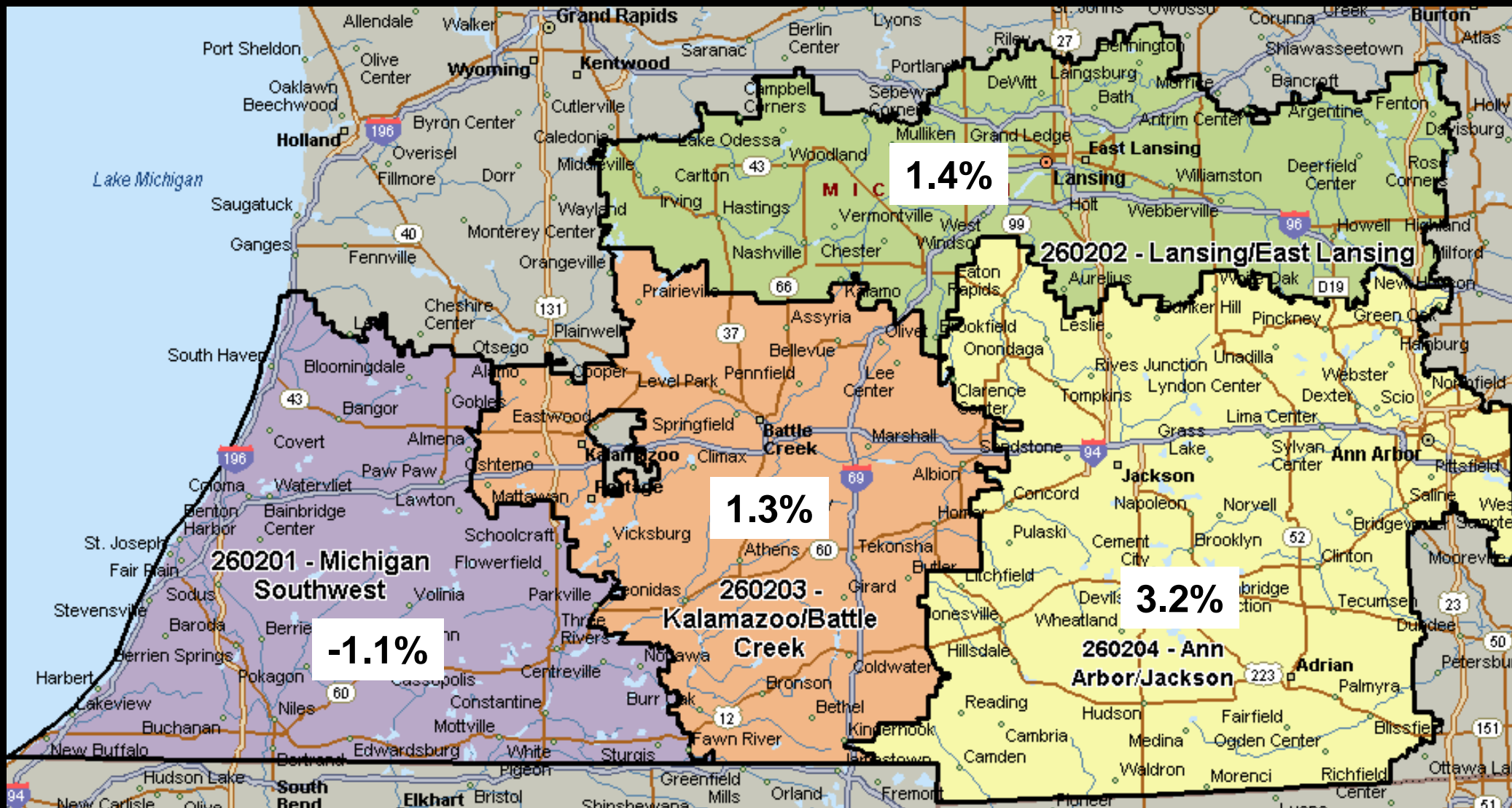
## MI North Central/Northwest



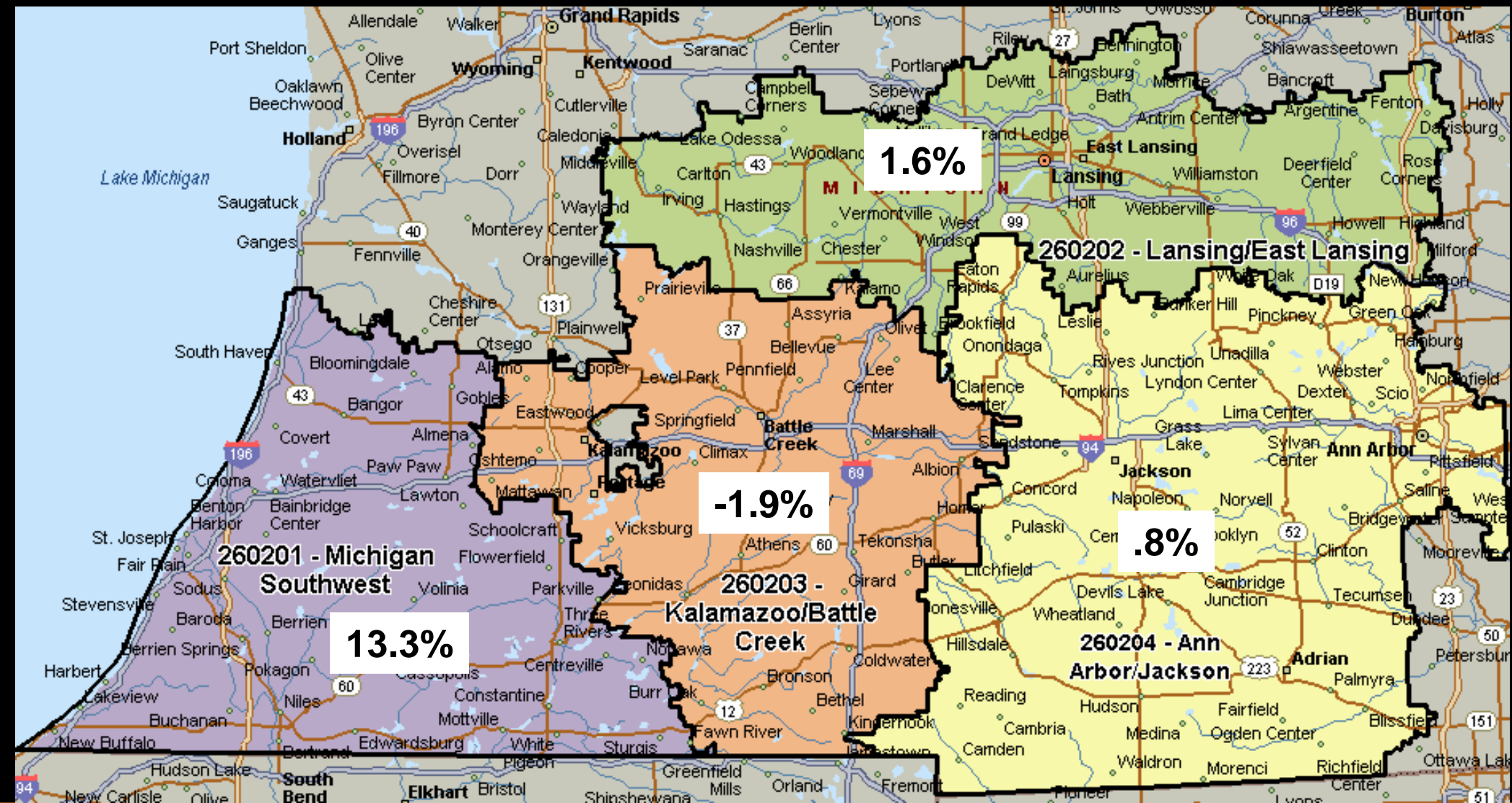
## Upper Peninsula



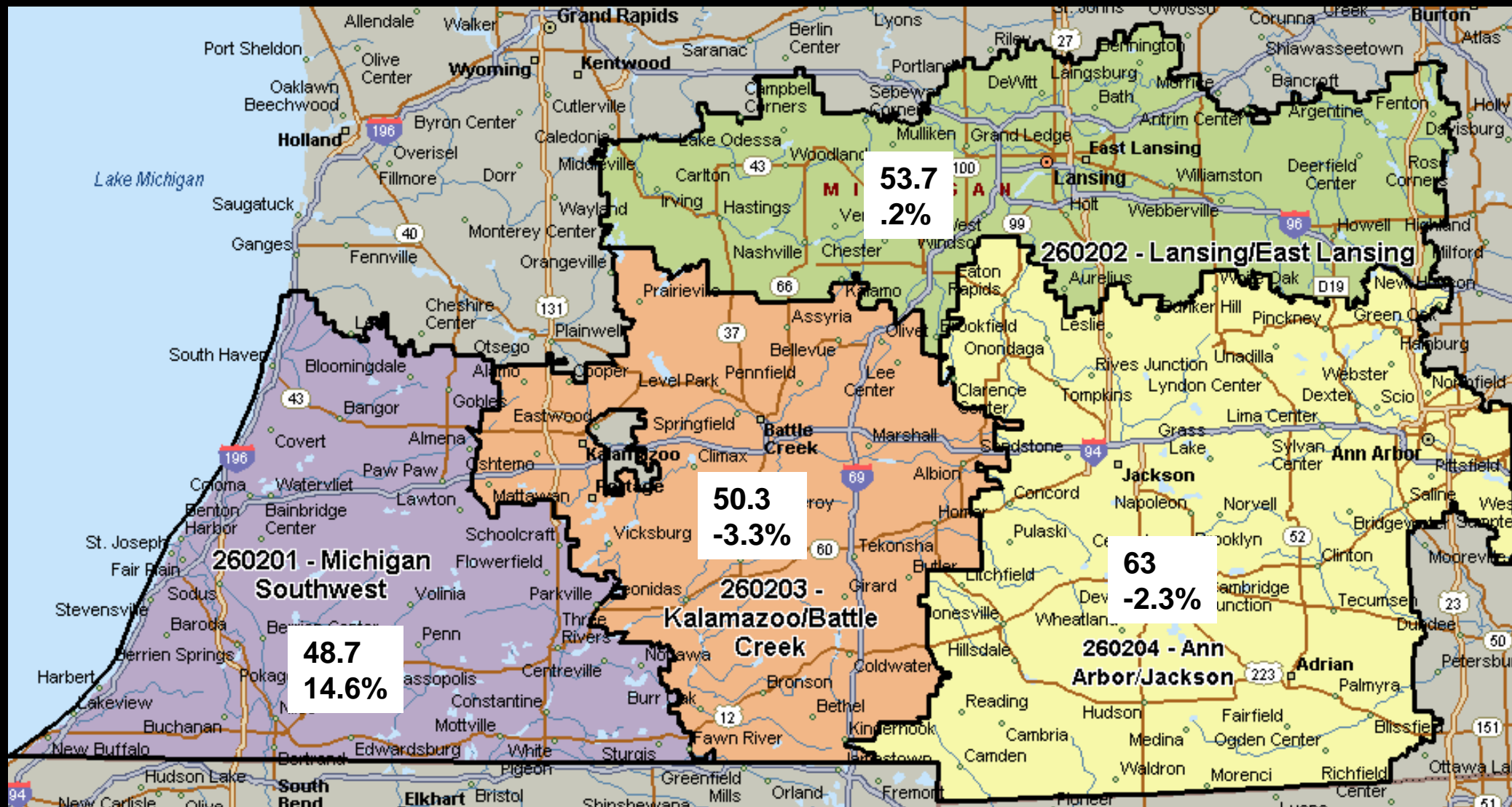
# 12-Month Ending January 2007 Room Supply Change



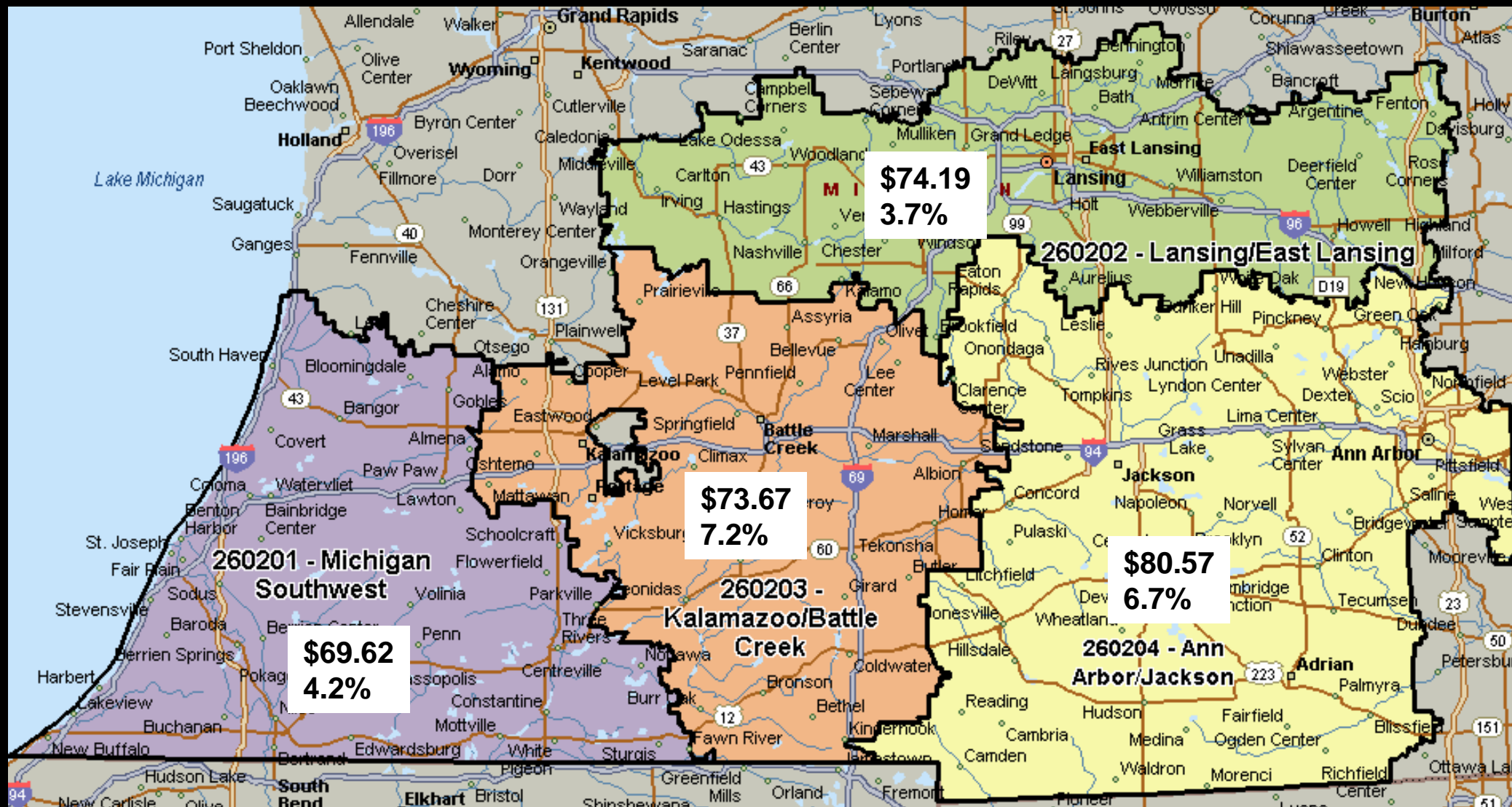
# 12-Month Ending January 2007 Room Demand Change



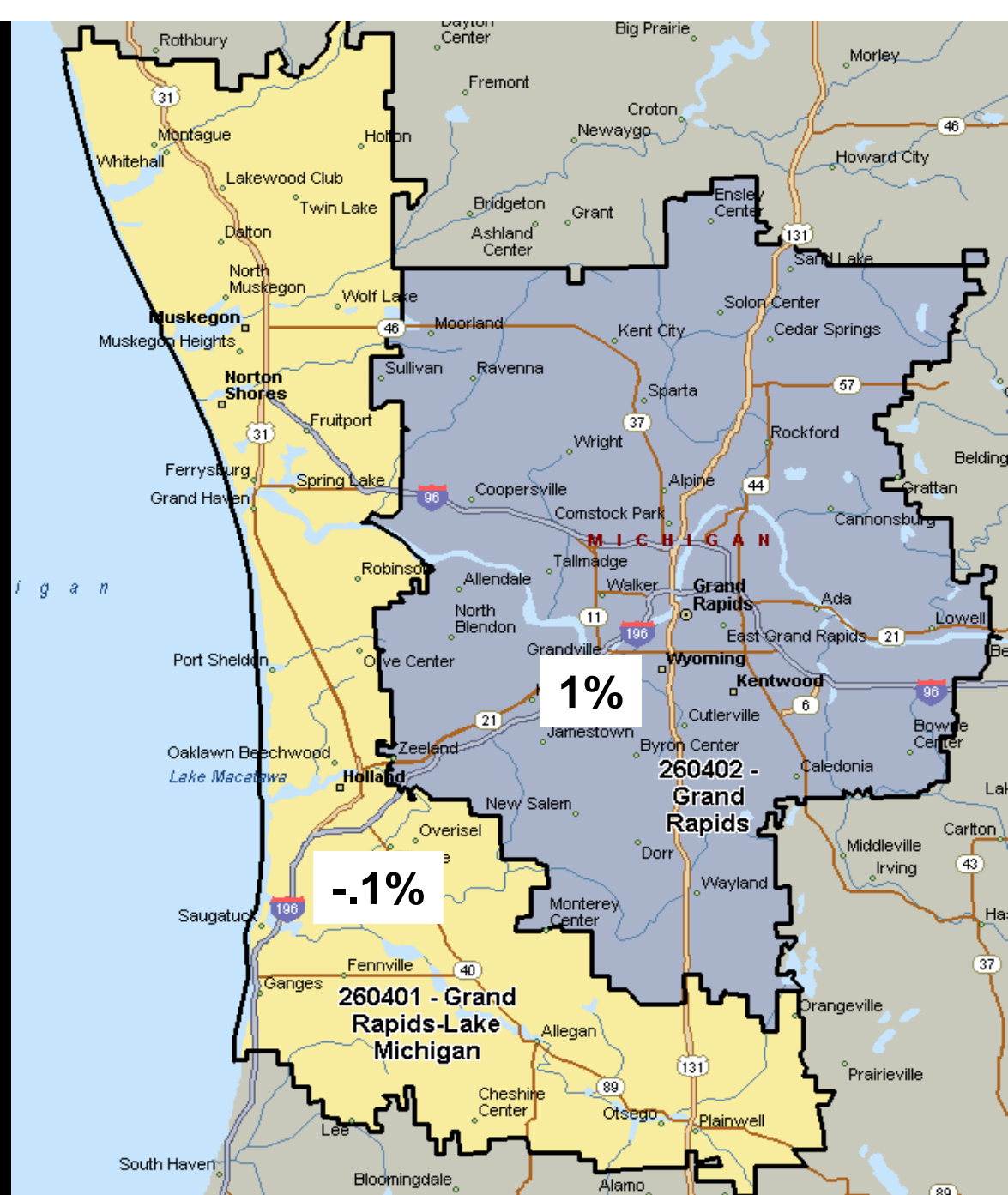
# 12-Month Ending January 2007 Occupancy with Percent Change



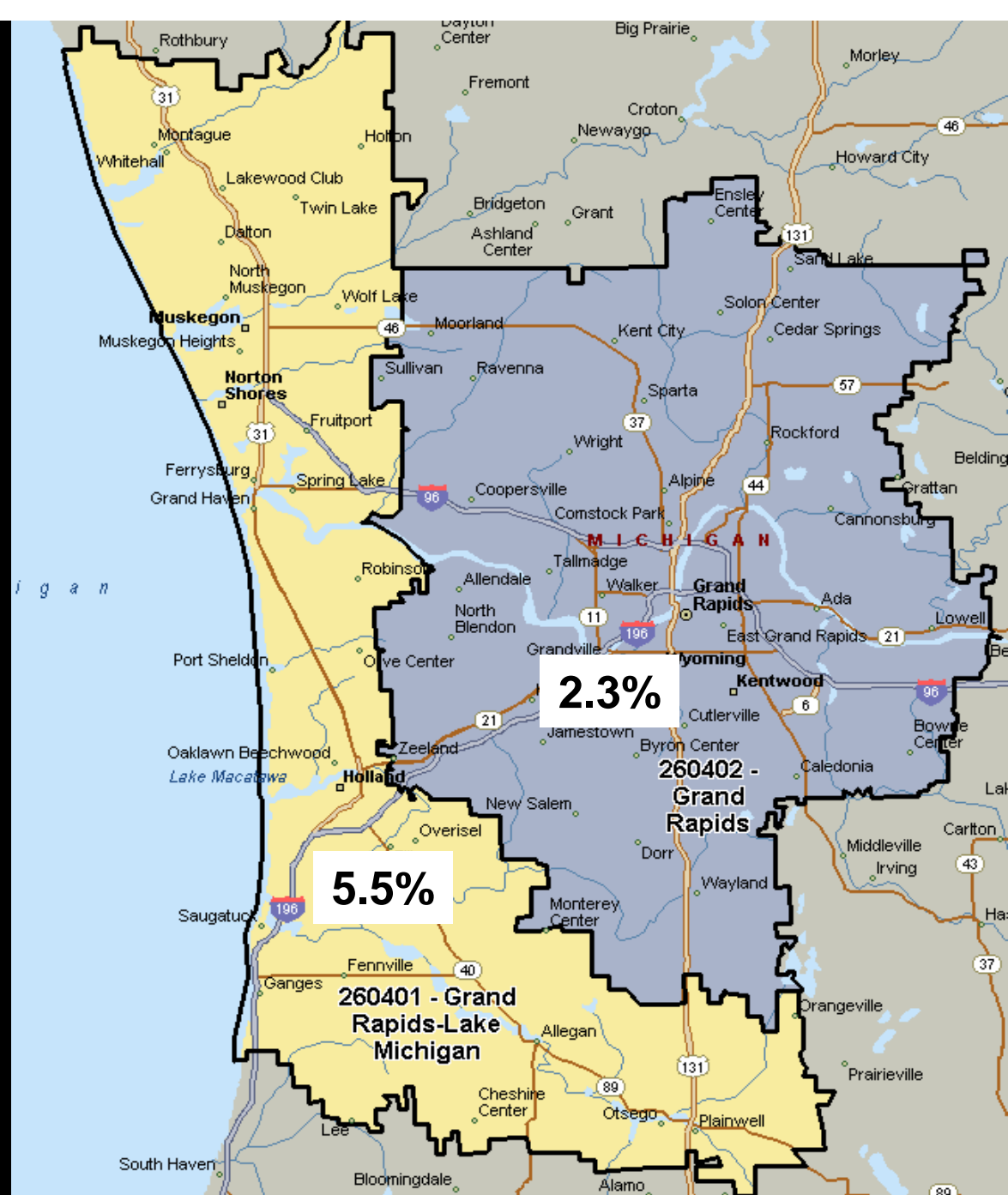
# 12-Month Ending January 2007 Average Room Rate with Percent Change



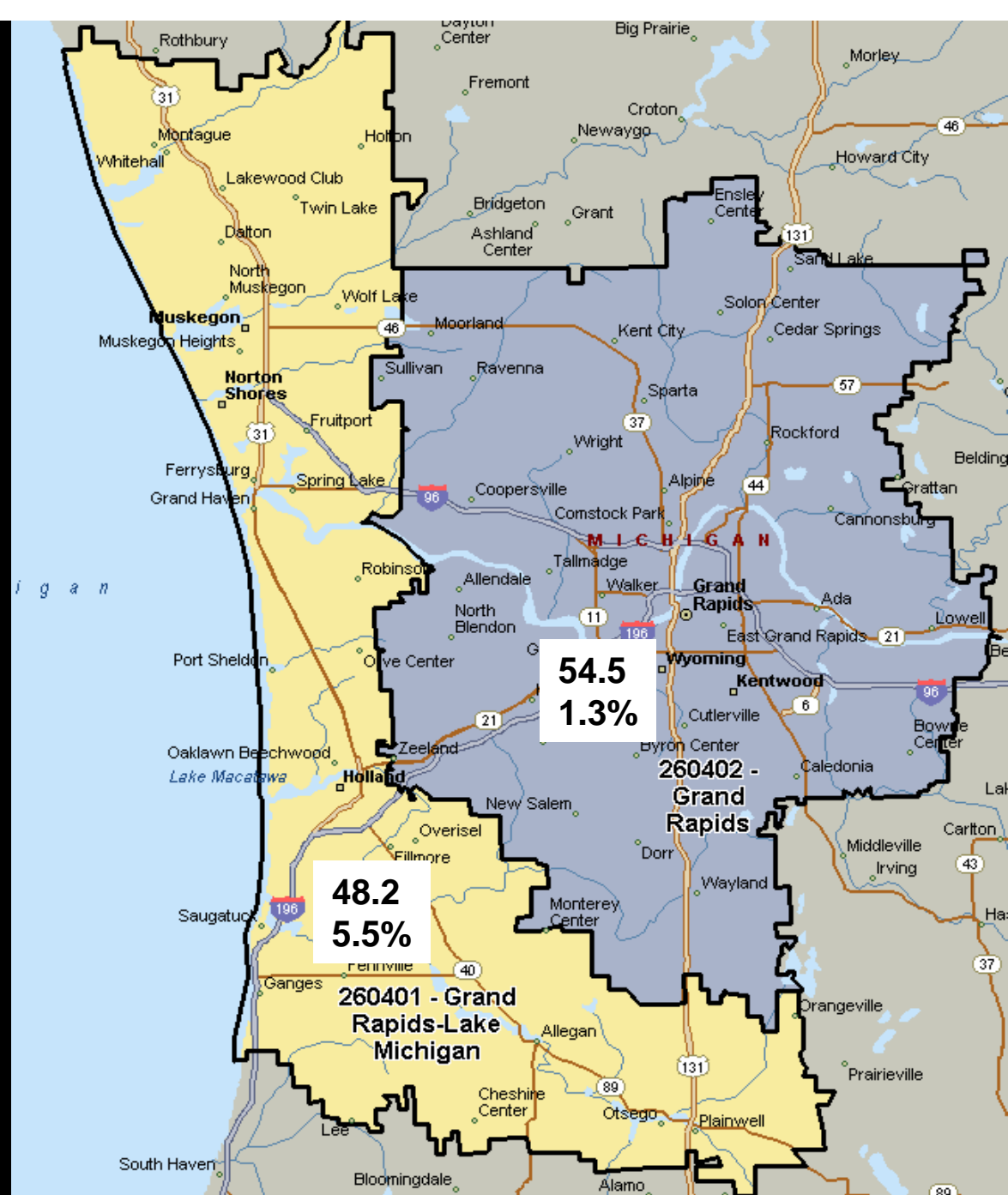
# 12-Month Ending January 2007 Room Supply Change



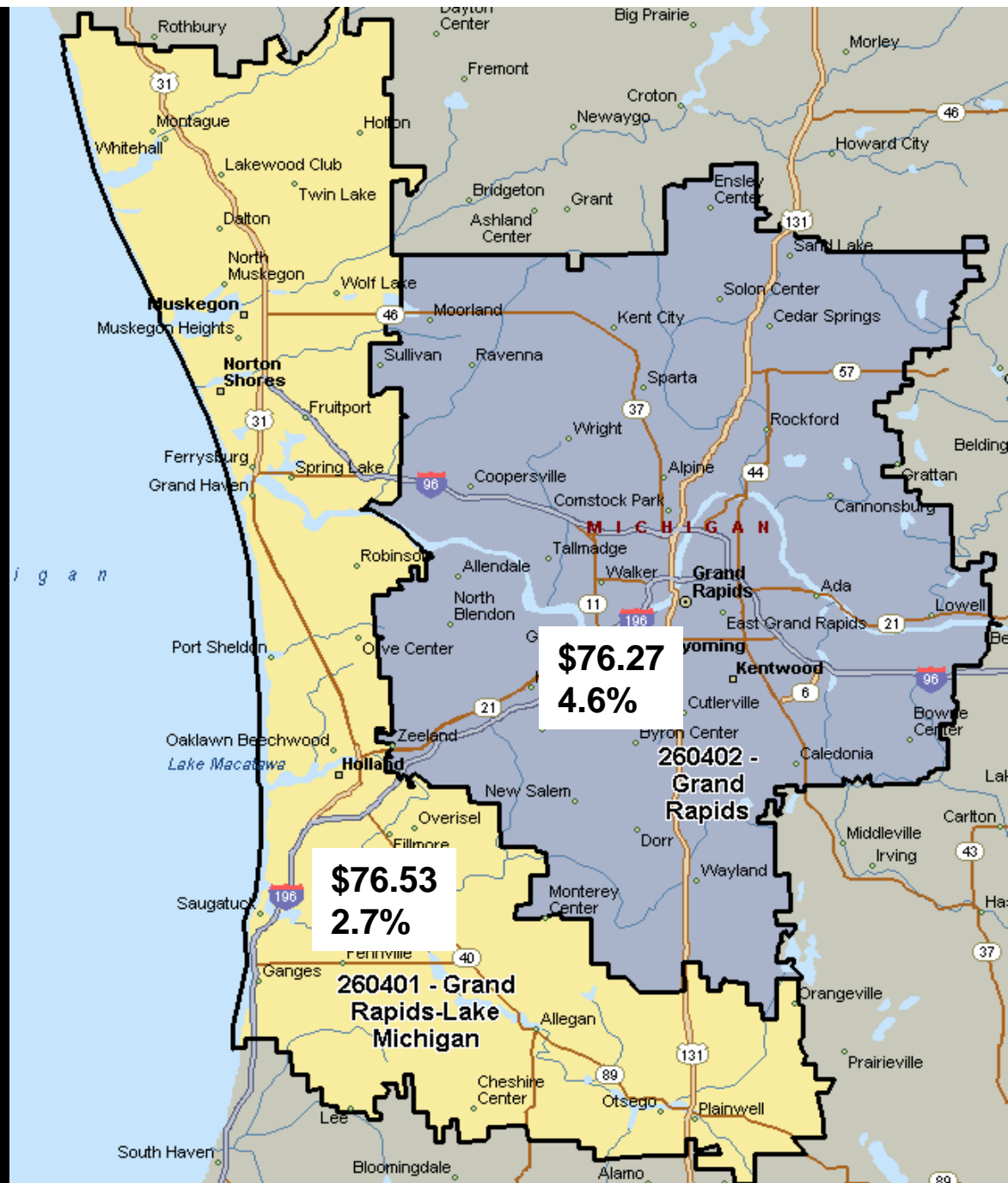
# 12-Month Ending January 2007 Room Demand Change



# 12-Month Ending January 2007 Occupancy with Percent Change

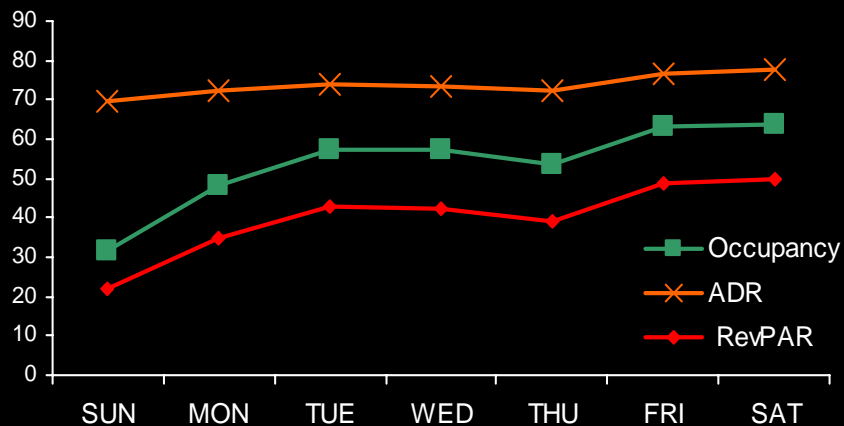


# 12-Month Ending January 2007 Average Room Rate with Percent Change

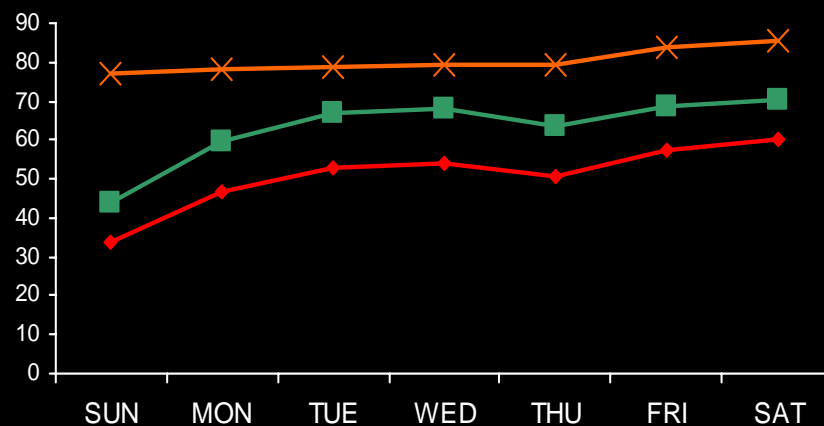


# Southern Michigan Markets by Day-of-Week

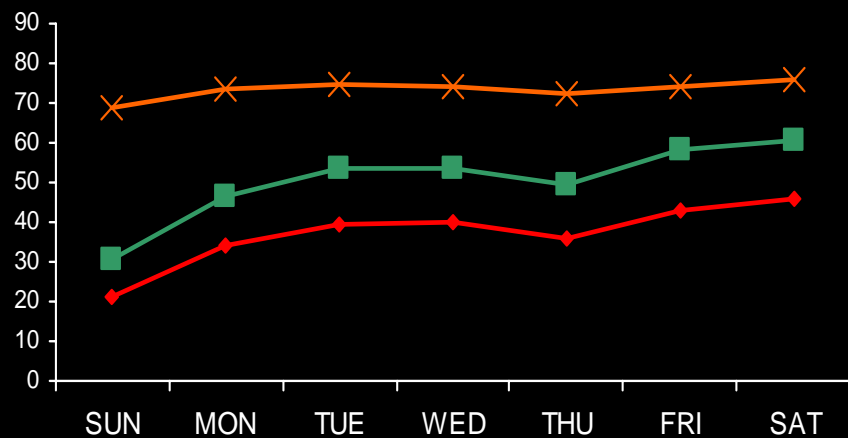
## Lansing-East Lansing



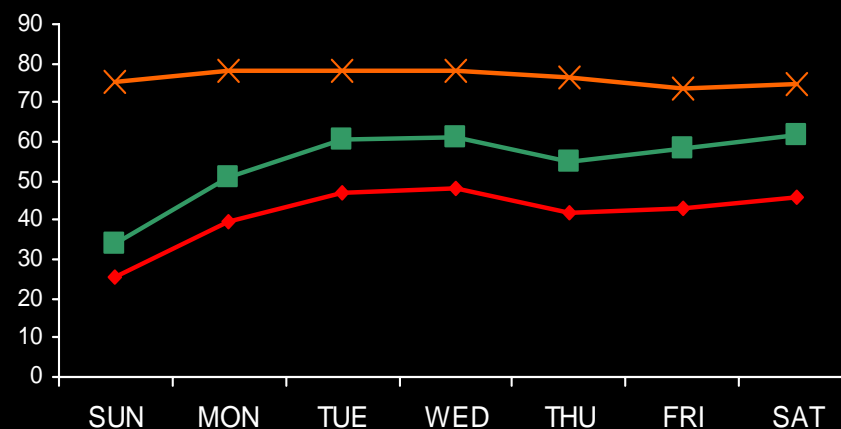
## Ann Arbor-Jackson



## Kalamazoo-Battle Creek



## Grand Rapids



# Agenda

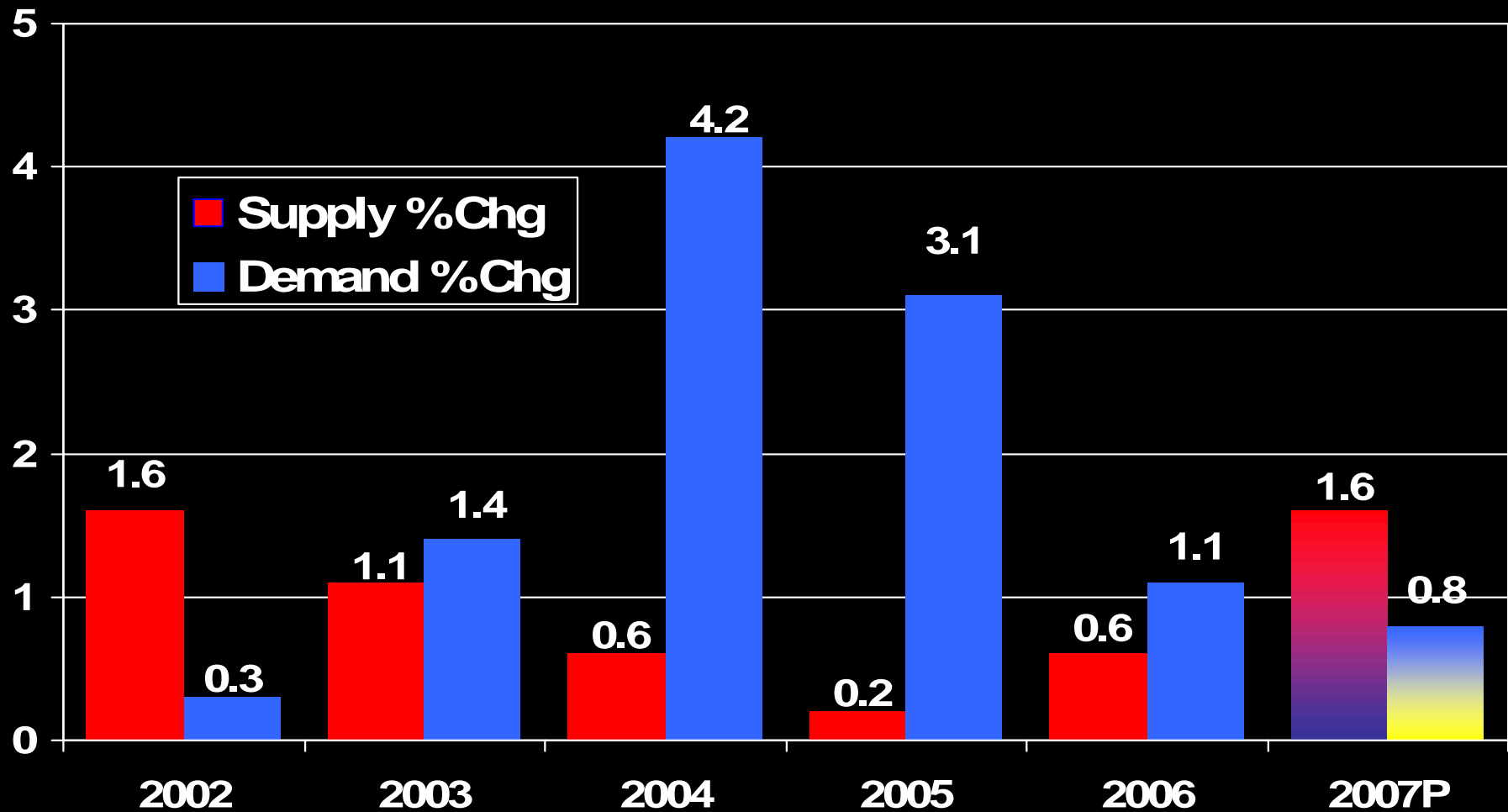
- National Performance
- Regional Performance
- Local Performance
- Projections

## U.S. Economic Outlook

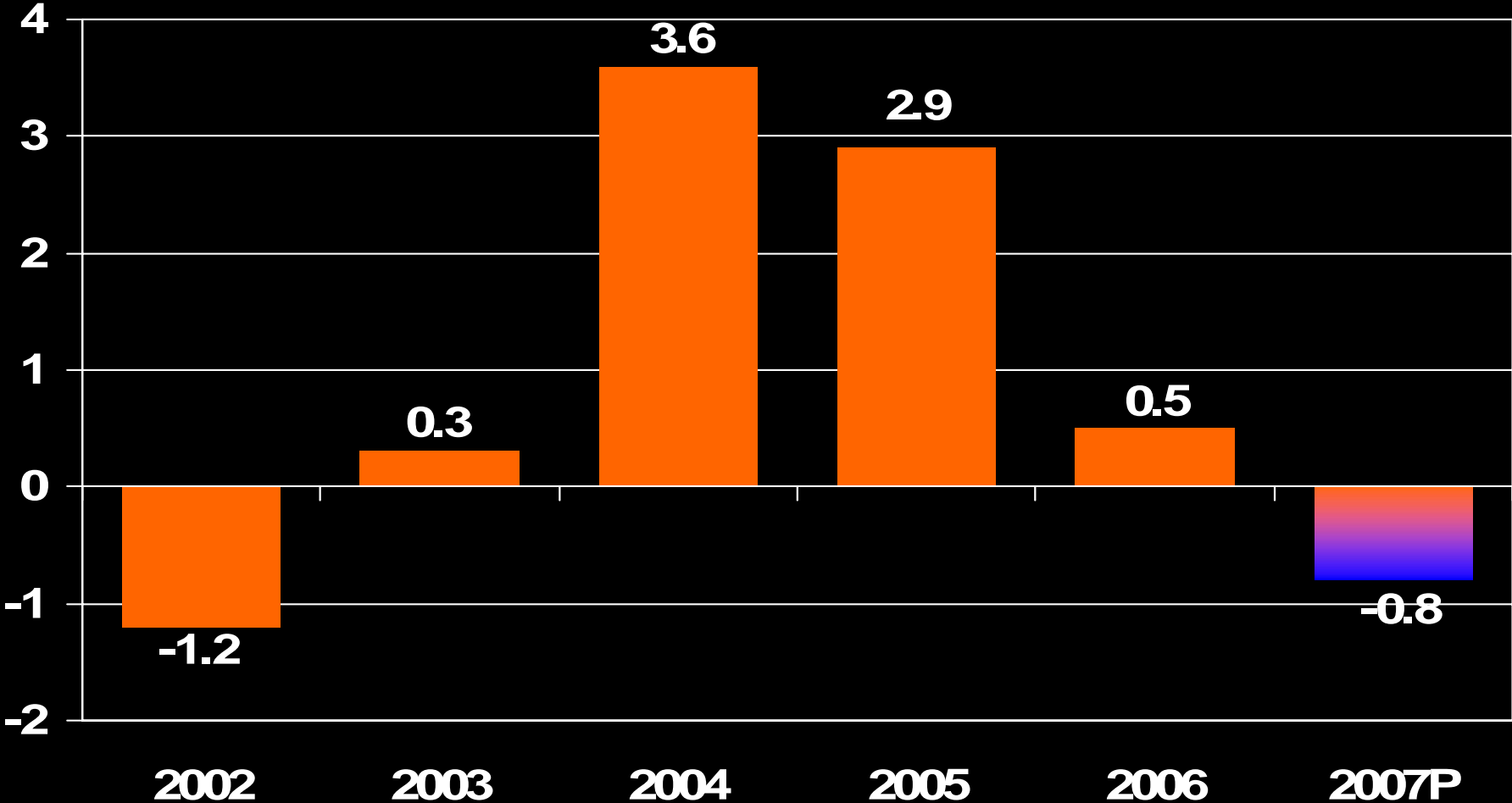
### Blue Chip Economic Indicators – January 2007

	<u>2006E</u>	<u>2007F</u>	<u>2008F</u>
Real GDP	+3.3%	+2.4%	+3.0%
CPI (Inflation Rate)	+3.3%	+2.0%	+2.3%
Corporate Profits	+19.8%	+5.0%	+5.7%
Disp Personal Income	+2.9%	+3.3%	+3.2%
Unemployment Rate	4.6%	4.8%	4.9%

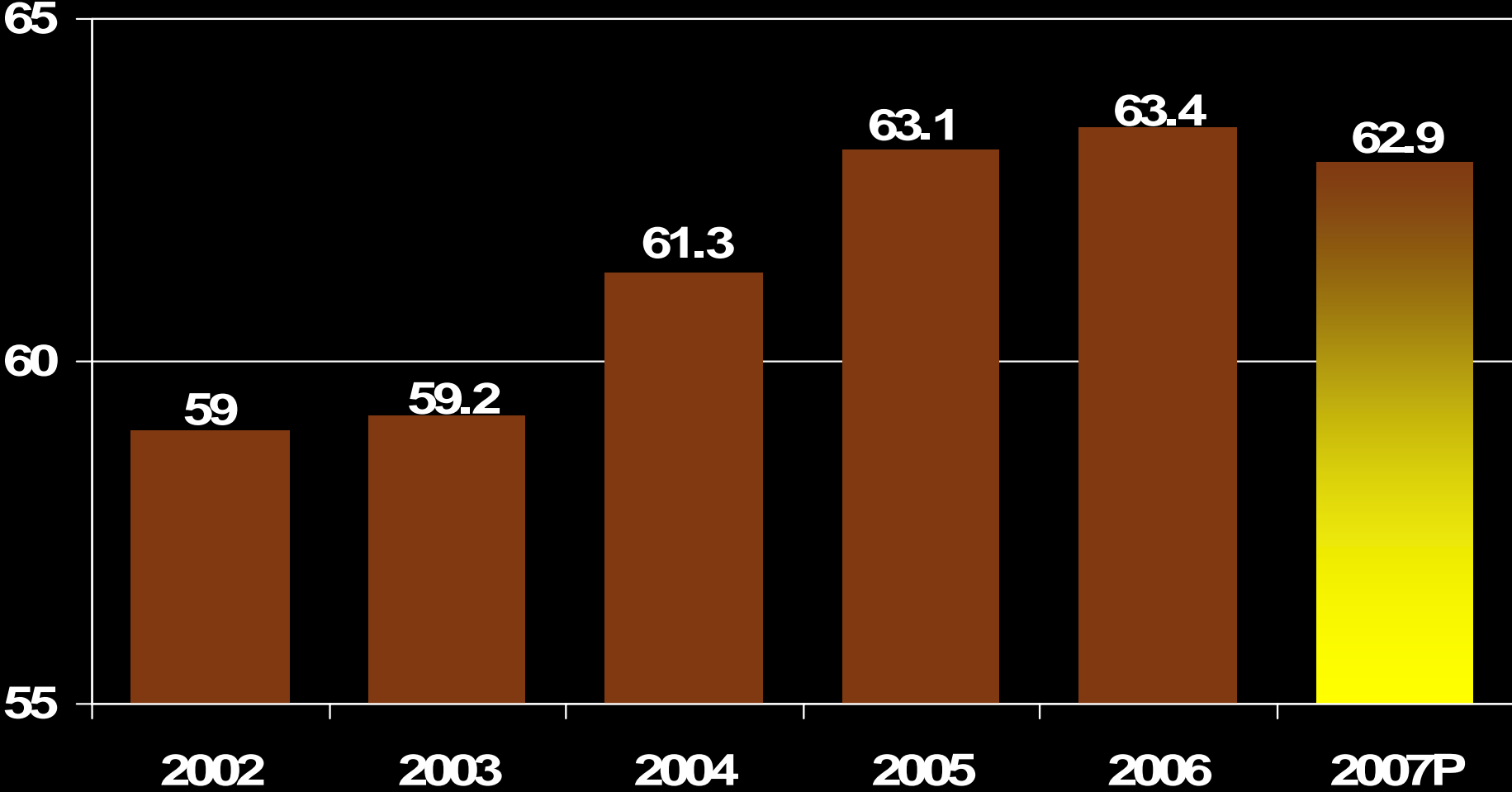
# Total United States Supply/Demand Percent Change 2002 – 2007P



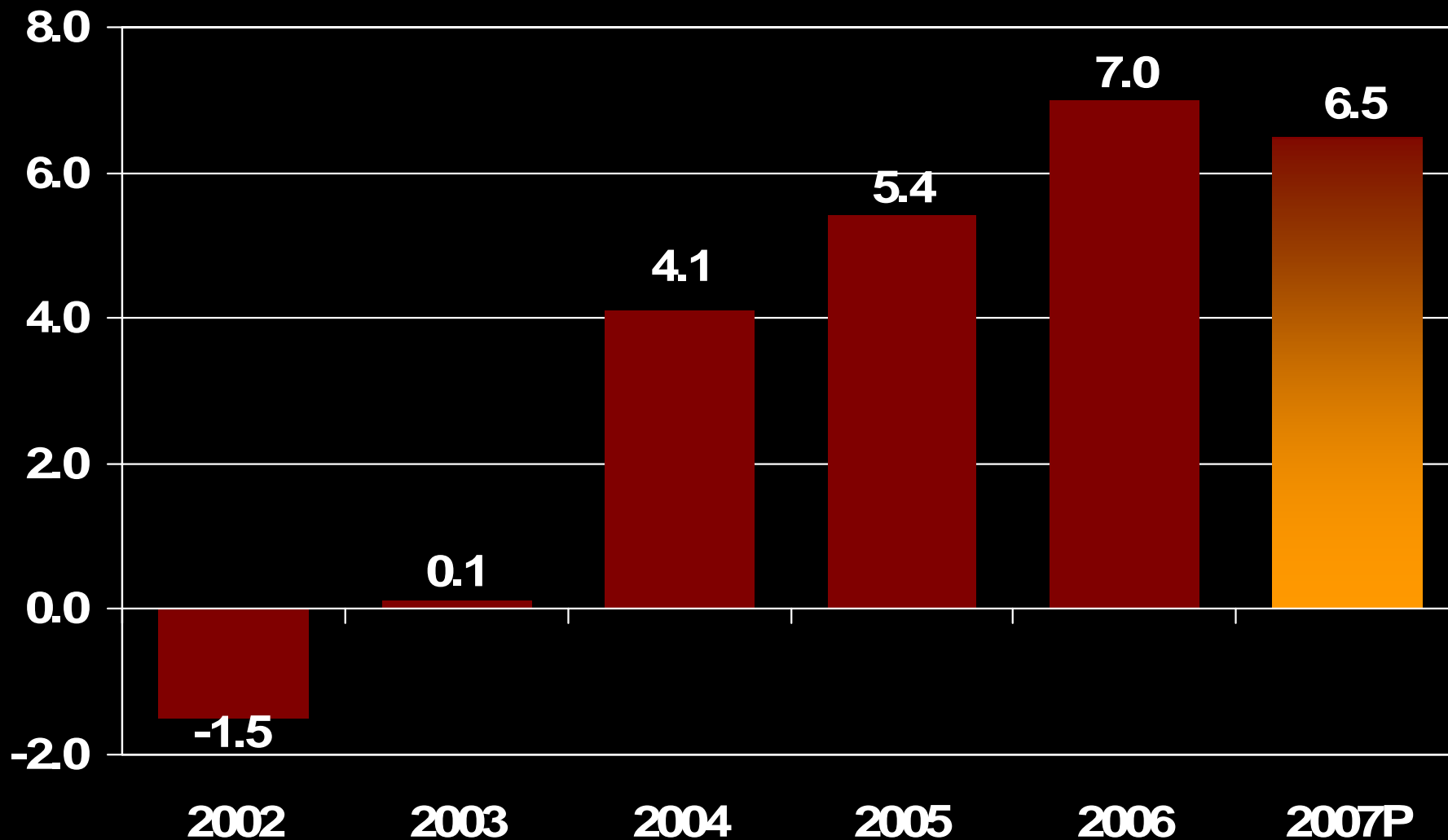
# Total United States Occupancy Percent Change 2002 – 2007P



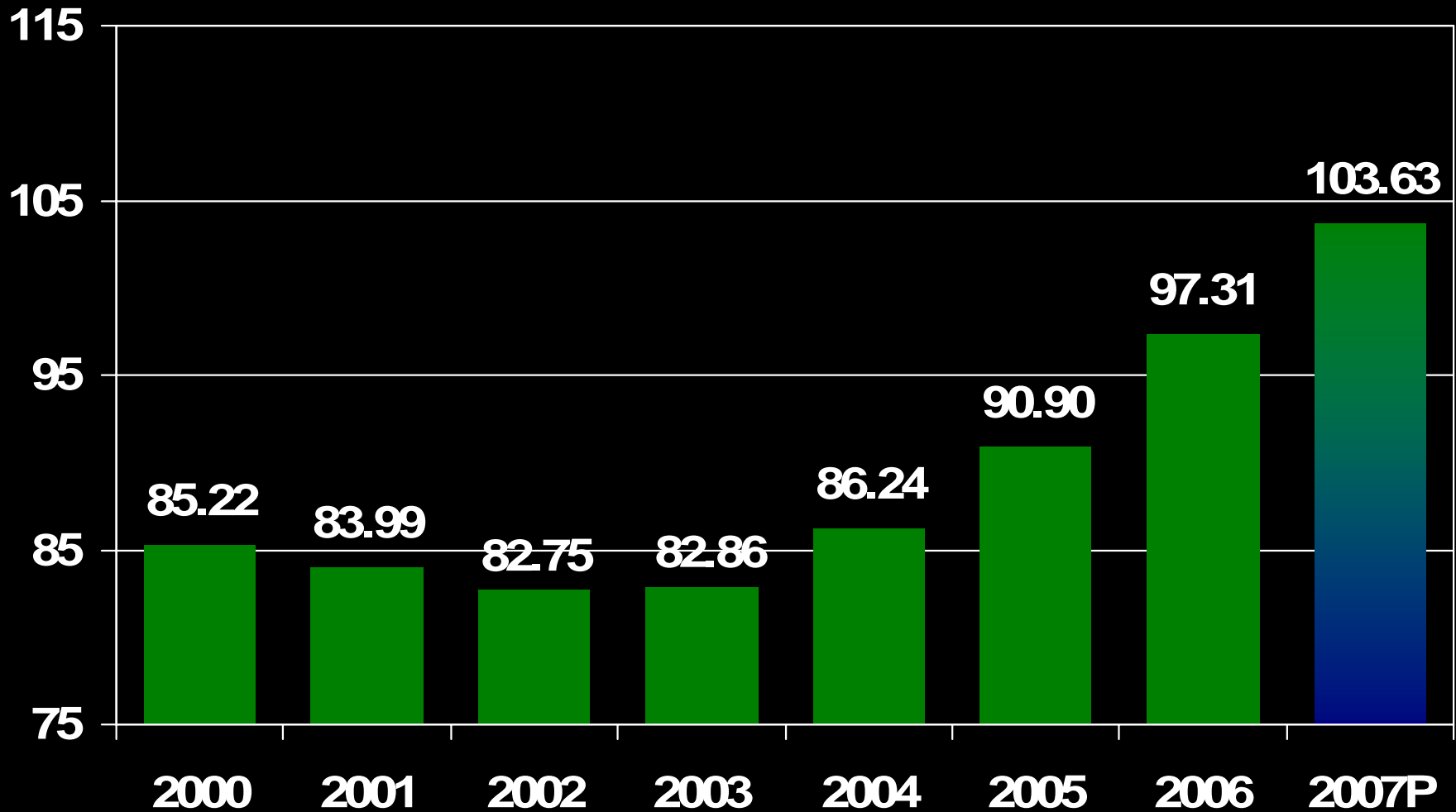
Total United States  
Occupancy Percent  
2002 – 2007P



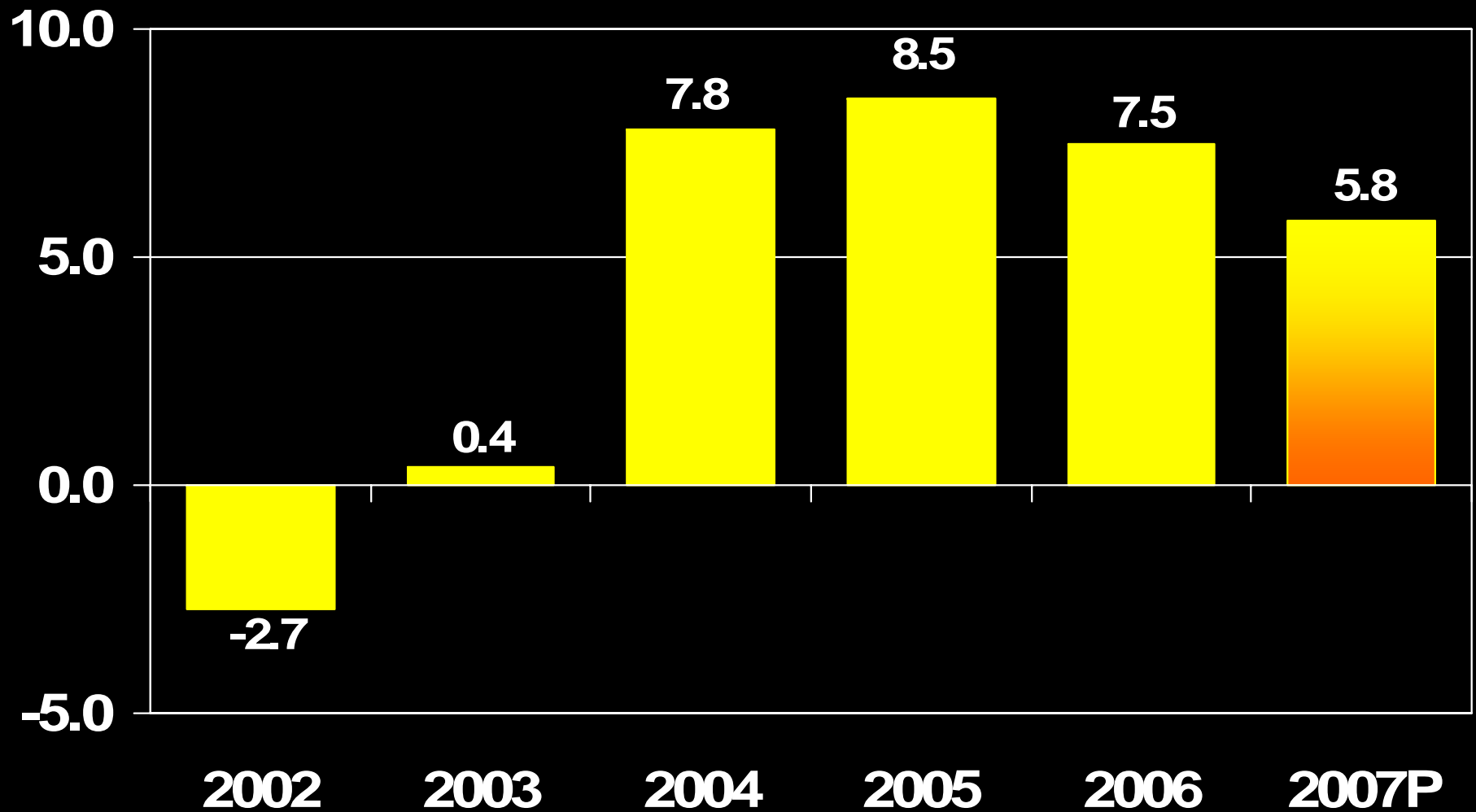
Total United States  
ADR Percent Change  
2002 – 2007P



Total United States  
Nominal Room Rates  
2000 – 2007P



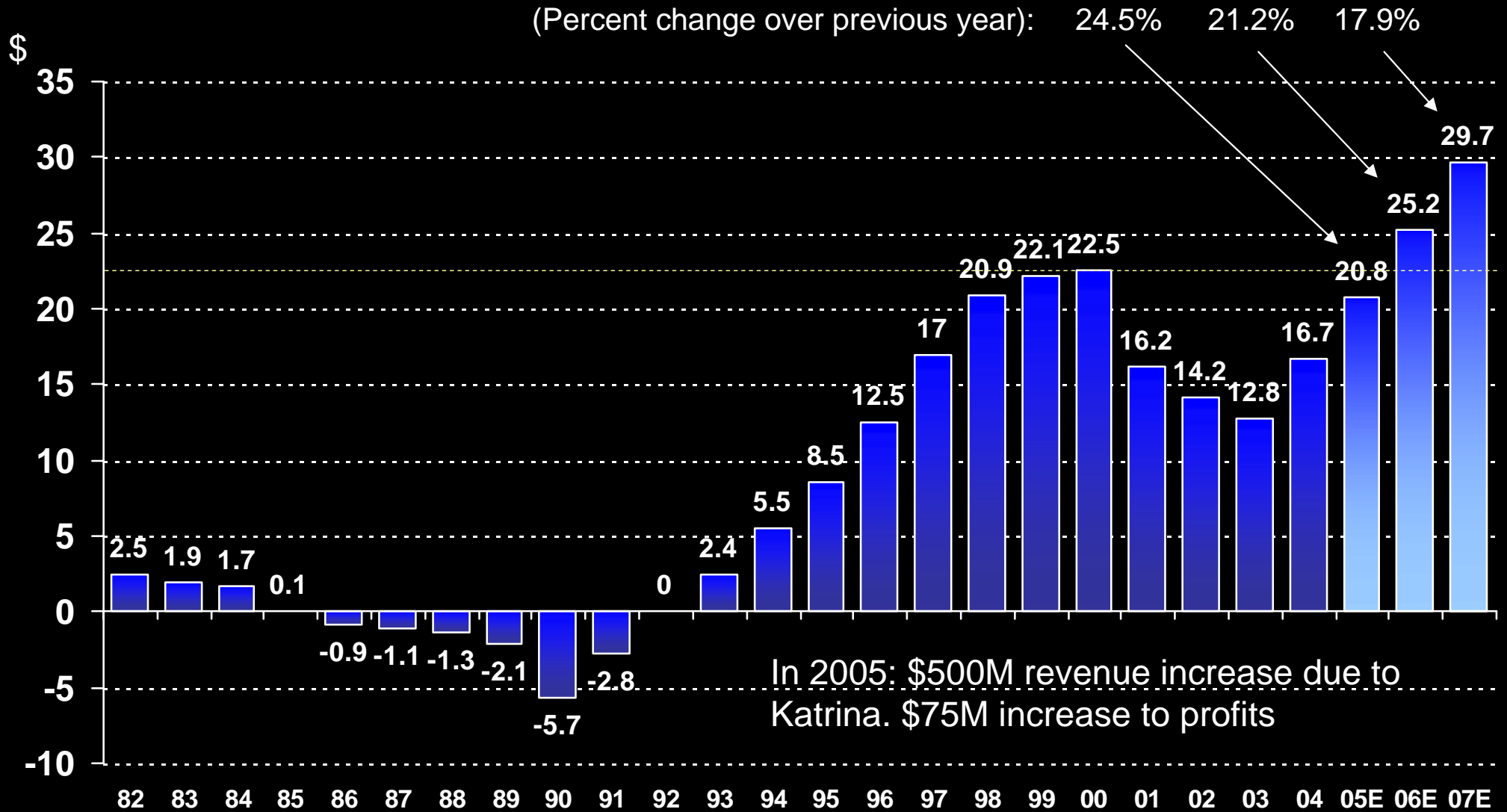
Total United States  
RevPAR Percent Change  
2002 – 2006P



## Lodging Industry Issues for 2007

- Supply Growth Accelerating
- Demand Growth Weak - Then Accelerating
- Lower Fuel Costs?
- Higher Labor Costs -  
Minimum Wage and Union Agreements
- Aggressive Pricing
- Higher Profits

# United States Lodging Industry - Estimated Profits (Billions \$) 1982 – 2007 Estimated



Source: PWC 2005, 2006 & 2007 Estimates

**The information you have seen today is based upon a sample of**

**24,057 U.S. Lodging Establishments  
with over 2.9 Million Rooms**

**625 Michigan Lodging Establishments  
with over 68,000 Rooms**

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