



# Asia Pacific: H1 2008 Hotel Pipeline Report

Construction Pipeline & Three-Year Forecast for New Hotel Openings



## Pipeline Highlights at Q2

Construction Pipeline Totals	Q2 2008		Q1 2008		Variance	
	Total Projs	Total Rms	Total Projs	Total Rms	QoQ	
					Projs	Rms
Under Construction	1,368	325,536	1,350	318,178	18	7,358
Scheduled Starts Next 12 Mos	351	88,327	383	84,877	-32	3,450
Early Planning	507	92,783	529	103,186	-22	-10,403
<b>Total Pipeline</b>	<b>2,226</b>	<b>506,646</b>	<b>2,262</b>	<b>506,241</b>	<b>-36</b>	<b>405</b>

• Asia Pacific's Total Construction Pipeline has 2,226 projects/506,646 rooms as of the end of Q2. The region has the second largest Pipeline in the world. Although at a new peak, Pipeline totals are in a "topping out" formation, changing minimally over the last three quarters. This cresting presages a slowdown ahead in the explosive development growth seen this decade.

• 60% of all projects and rooms are Under Construction. At 1,368 projects/325,536 rooms, the

totals represent a new high for the cycle. With so many projects already in the ground, the Pipeline is set to unfold at an accelerating rate through 2010.

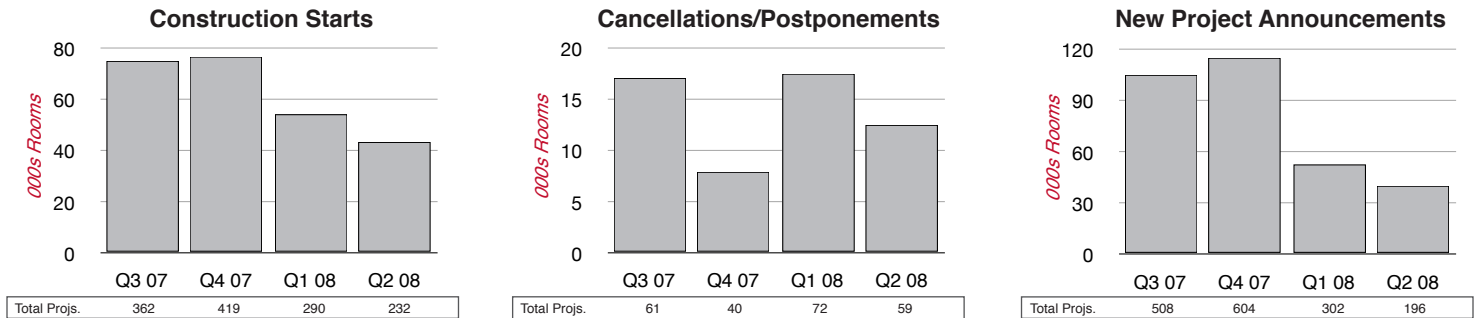
• Projects Scheduled to Start Construction in the Next 12 Months have declined for two consecutive quarters. Q2 stands at 351 projects/88,327 rooms, down 16% by projects from the peak reached in Q4 2007. Early Planning totals declined to 507 projects/92,783 rooms after peaking in Q1.

• Of the 20 markets with the largest Pipelines, 13 are in China and 5 in India. The other two markets are Bangkok and Jakarta.

### Pipeline Overview

The Asia Pacific Total Construction Pipeline, at 2,226 projects/506,646 rooms, set a new high in Q2, is now cresting and may be poised to start declining as the worldwide economic slowdown is becoming a mounting concern. The region has the second largest Pipeline in the world and two of the fastest growing economies. China's Pipeline contains 1,240 projects/323,956 rooms, which represents 55% of all projects in Asia and 64% of all rooms. 78% of China's Pipeline is already Under Construction, suggesting that New Hotel Openings will continue heavy through 2010. India has the second largest Pipeline with 470 projects/76,304 rooms, only 35% of which is already Under Construction. 44% of India's Pipeline is in Early Planning, meaning that, if financing is sourced and project feasibility doesn't change, New Supply coming online won't be impactful until the early years of the next decade.

Key Development Metrics point to a contracting Pipeline ahead, albeit from very high levels. For projects already in the Pipeline, migration towards construction is slowing. Construction Starts, at 232 projects/43,730 rooms, are down 45% from the high recorded in Q4 2007. Project Cancellations/Postponements have decreased from Q1's peak, but remain sizeable at 59 projects/12,425 rooms. New Project Announcements into the Pipeline, at 196 projects/40,584 rooms, are down 68% from the previous high reached in Q4 2007.



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

With over 60% of Asia's Pipeline currently Under Construction, the pace of Guest Room Openings is set to accelerate through to 2010. LE is forecasting 828 new hotels/134,673 rooms to open in 2008, with 438 hotels/69,433 rooms having already opened in H1. For 2009, LE expects New Openings of 693 hotels/151,692 rooms. LE's first Forecast for 2010 anticipates 611 hotels/159,511 rooms to come online as New Supply. LE's Forecasts for New Hotel Openings are based on current Pipeline totals and development trends as of the end of Q2 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 Asia Pacific or other markets, countries or regions worldwide, please complete the attached fax response form. Lodging Econometrics (LE) specializes in:

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

With Three-Year Forecasts for New Hotel Openings for every 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

#### Valuation Trend Summaries & Individual Sales Comp Records

Ideal for analyzing historic valuation trends and monitoring current hotel real estate transactions