

Construction Pipeline & Three-Year Forecast for New Hotel Openings

Caribbean, Mexico & Central America: Mid-Year 2008 Report



Pipeline Highlights at Q2

- At the end of Q2, the Construction Pipeline project count likely reached a high for this cycle at 329 projects/65,115 rooms.
- Mexico leads the region with 46% of all projects in the Pipeline. The Caribbean follows with 38%.
- 51% of all Pipeline projects are already Under Construction and are assured to enter as New Supply in the near-term.
- Developer focus remains on high-end beachfront resort properties. There is also significant development of Midscale brands, particularly in Mexico's secondary cities.
- 27 New Hotels with 4,688 rooms have opened thus far in 2008. LE has revised its Forecast for New Openings for 2008 slightly downward to 79 New Hotels/13,985 for 2008.

Construction Pipeline Totals	Q2 2008		Q1 2008		Variance QoQ	
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms
Under Construction	169	36,139	158	34,084	11	2,055
Scheduled Starts Next 12 Mos	103	18,927	96	19,041	7	-114
Early Planning	57	10,049	57	12,207	0	-2,158
Total Pipeline	329	65,115	311	65,332	18	-217

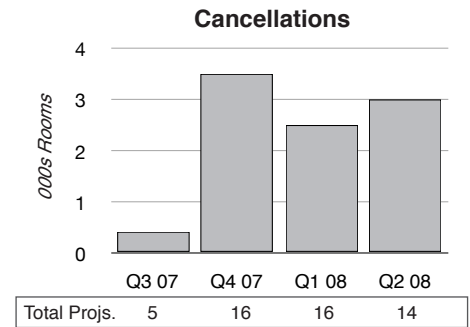
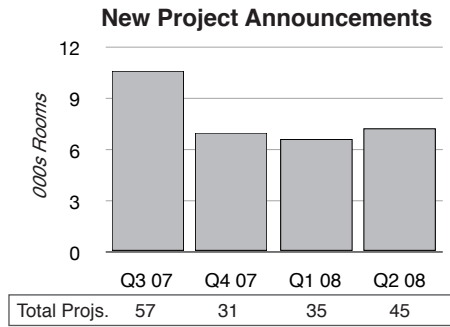
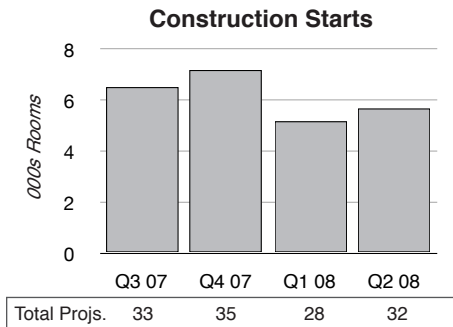
• At 169 projects/36,139 rooms, Under Construction totals reached a new high for the cycle. Project and room counts are up 33% and 40%, respectively, year-over-year from Q2 2007.

• Room counts for projects Scheduled to Start Construction in the Next 12 Months saw minor decreases for a third consecutive quarter. Early Planning room totals in Q2 represented an 18% decrease from the peak reached in Q1 2008.

Pipeline Overview

Lodging development in the Caribbean, Mexico and Central America continued at peak levels in Q2, with total projects in the Pipeline likely reaching a new cyclical high. Nearly one-third of the Pipeline is made up of Luxury and Upper Upscale projects, with most located in the Caribbean island nations and the beachfront resort areas of Mexico, Costa Rica and Panama. Midscale development represents another third of the region's Pipeline, with 71% of the total number of Midscale projects being built in Mexico, particularly in the secondary cities.

Overall, Key Developer Metrics are up modestly compared to Q1. Construction Starts for projects already in the Pipeline increased to 32 projects/5,680 rooms in Q2. New Project Announcements into the Pipeline rose for a second consecutive quarter to 45 projects/7,348 rooms. For Project Cancellations, at 14 projects/3,021 rooms in Q2, guestroom counts were up slightly, but the project count decreased.



LE's Three-Year Forecast for New Hotel Openings

27 new hotels having 4,688 rooms came online in H1 2008. With LE's total 2008 Forecast for New Hotel Openings calling for 79 new hotels/13,985 rooms to open, a significant amount of New Supply is set to come online in the second half of this year. LE's is forecasting 90 hotels/17,617 rooms to open during 2009. Both the 2008 and 2009 Forecasts reflect a slight downward revision in LE's previous estimates, this due to the greater difficulty in obtaining financing and stricter lending terms in the wake of the global lending crisis. In its first Forecast for 2010, LE estimates that 99 hotels/18,761 rooms will open as New Supply. LE's Forecast for New Hotel Openings is based on current Pipeline totals and development trends as of the end of Q2 2008. The Forecast does not account for any abrupt changes in economic or lodging operation fundamentals that would alter these trends going forward.

To learn more about LE's Reports for the Caribbean, Mexico and Central America 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