

Canada: Q3 2008 Lodging Report

An Executive Summary of the Construction Pipeline & Three-Year Forecast for New Hotel Openings



Pipeline Highlights at Q3

• The Construction Pipeline peaked in Q1 2008 and now stands at 231 projects/29,517 rooms, the lowest level in seven quarters.

• Projects Under Construction peaked in Q2 2007, followed by five consecutive quarters of decline. Today, 36% of the Total Pipeline projects are Under Construction.

• At 83 projects/10,426 rooms, Scheduled Starts in the Next 12 Months are down 11% Quarter over Quarter (QoQ). Early Planning totals declined 15% to 65 projects/8,094 rooms. Both are reflective of projects stalled in the Pipeline due to a slowing economy and a difficult financing environment.

• Within the Pipeline, Ontario, Alberta and British Columbia account for 75% of all projects under development.

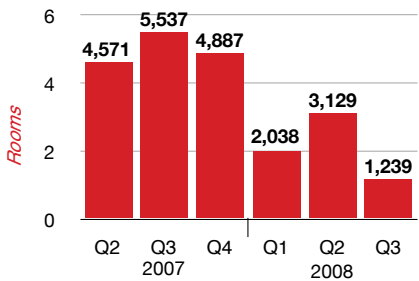
• 101 projects/16,645 rooms, some 56% of the Total Pipeline Rooms, are located in just 6 cities: Toronto, Niagara Falls, Vancouver, Edmonton, Montreal, and Calgary.

Construction Pipeline Totals	Q3 2008		Q2 2008		Variance QoQ		% Change QoQ
	Total Projs	Total Rms	Total Projs	Total Rms	Projs	Rms	Rms
	Under Construction	83	10,997	81	11,231	2	-234
Scheduled Starts Next 12 Mos	83	10,426	90	11,708	-7	-1,282	-11%
Early Planning	65	8,094	74	9,560	-9	-1,466	-15%
Total Pipeline	231	29,517	245	32,499	-14	-2,982	-9%

Pipeline Overview

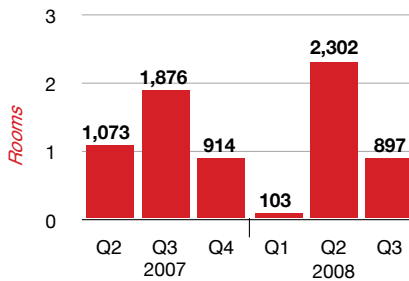
Canada's Total Construction Pipeline peaked in Q1 2008, began to decline and is at 231 projects/29,517 rooms in Q3. As LE previously noted, developers have turned cautious due to concerns about the lack of financing for new projects and the slowdown in the economy. New Project Announcements into the Pipeline have fallen to 14 projects/1,239 rooms, the lowest level since LE began recording New Announcements in Q1 2005. Postponements/Cancellations moderated in Q3 2008 to 9 projects/897 rooms following the cycle's largest Pipeline withdrawal in Q2 2008. Construction Starts hit their cyclical peak in Q2 2007 and have continued to drop over the last five quarters to 18 projects/1,896 rooms in Q3 2008. These development metrics are expected to continue declining into 2009.

New Project Announcements



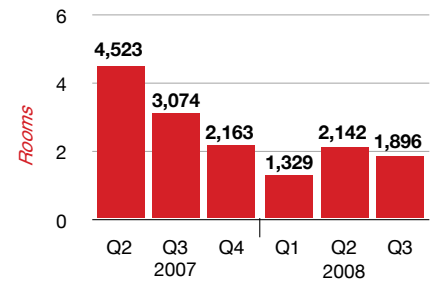
Projects	22	42	36	15	29	14
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Postponements/Cancellations



Projects	8	12	9	1	24	9
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Construction Starts



Projects	19	26	17	9	19	18
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LE's Three-Year Forecast for New Hotel Openings

In the first three-quarters of 2008, 56 new hotels/6,768 rooms came online. In the last quarter of 2008, 18 new hotels/1,862 rooms are expected to open. LE's Forecast for New Hotel Openings for 2009 expects 70 new hotels/8,746 rooms, a gross growth rate of 3.1% before removals from inventory. This is down from LE's previous forecast of 3.3% growth. LE's Forecast for 2010 has also been adjusted down to 73 hotels/8,629 rooms, a 2.9% gross growth rate. LE's Forecast for New Hotel Openings is based on current development trends and Pipeline totals as of the end of Q3 2008. The Forecast does not account for any unforeseen changes in economic or lodging operation fundamentals that could alter these trends going forward.

To learn more about LE's Reports for Canada, or for any market, country or region worldwide, please complete the attached fax response form. LE specializes in:

Development Pipeline Reports - Summaries & Individual Project Records

With Three-Year Forecasts for New Hotel Openings for every market, including: Toronto, Montreal, Vancouver, Calgary, Ottawa & Halifax

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

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Customized for your particular competitive set with summaries by market, and for other countries and regions worldwide