

OVERVIEW

After cresting in 2007, Latin America's (Caribbean, Mexico, Central and South America) decade-long economic boom trailed off in 2008 and is now declining at an increasing rate. Downward trends are expected to extend into 2010. Unlike in other regions, this fall-off is more of a normal recession generated by declines in commodity prices for minerals, timber, oil and in manufacturing activity and exports, particularly in Mexico. Consequently, there is less business and consumer spending. Inbound travel from the US, Canada and Europe is off as well. Local governments are now implementing a variety of new monetary policies and fiscal stimulus programs to stem the economic decline.

Lodging construction in Latin America is showing the effects of the strained economic and lending environment. At the end of Q1 2009, the Total Construction Pipeline was 573 projects/100,886 rooms, down 16% by projects and 21% by rooms from the cyclical peak in Q1 2008. Development is impacted by the lack of available financing and recent steep declines in lodging operations. At 59% of its Total Pipeline, the region has the highest proportion of projects Under Construction in the world. This will increase New Hotel Openings into early 2011. With fewer New Project Announcements, higher Cancellations and stalled migration in the Scheduled Starts and Early Planning stages, Latin America will see New Openings begin to decline later in 2011.

In the Caribbean, Mexico and Central America, 75% of Pipeline projects have already chosen a brand. In South America, just 50% of Total Pipeline projects have selected a brand. This represents a substantial opportunity for franchise companies, many of whom are beginning or are in the midst of significant development initiatives in the region.

Construction Pipeline: By Region

Region	Q1 2008 Pipeline Peak		Q1 2009		% Change Q108 to Q109	
	Projs	Rms	Projs	Rms	Projs	Rms
Caribbean	127	30,713	105	22,136	-17%	-28%
Mexico	136	25,610	130	21,798	-4%	-15%
Central America	48	9,009	42	9,122	-13%	1%
South America	371	62,896	296	47,830	-20%	-24%
Total Pipeline	682	128,228	573	100,886	-16%	-21%

Construction Pipeline: By Stage

Region	Under Construction		Starts Next 12 Months		Early Planning		Latin America Total Pipeline	
	Projs	Rms	Projs	Rms	Projs	Rms	Projs	Rms
Caribbean	54	12,395	27	5,076	24	4,665	105	22,136
Mexico	60	12,736	48	6,058	22	3,004	130	21,798
Central America	23	5,918	12	2,304	7	900	42	9,122
South America	186	28,662	55	10,602	55	8,566	296	47,830
Total Pipeline	323	59,711	142	24,040	108	17,135	573	100,886

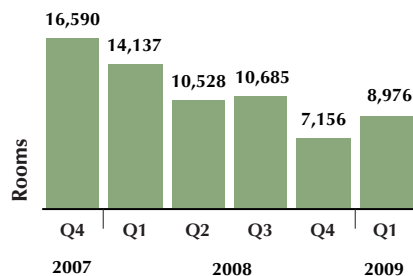
KEY METRICS

As developer sentiment continues to be dampened by the world's economic crisis and falling operating performance, Construction Starts are still decidedly trending downward. With the largest Pipeline in the region, South America saw the majority of new Starts, with 21 projects/2,961 rooms, followed by the Caribbean with 11 projects/2,181 rooms.

Cancellation and Postponement of projects already in the Pipeline, at 73 projects/13,053 rooms, continue to accelerate. Notably, 12 of the 30 Cancellations in South America were already Under Construction. The Caribbean, Mexico and Central America accounted for 43 Cancellations. 17 of them had already started construction.

New Project Announcements (NPAs) into the Pipeline total 67 projects/11,737 rooms. NPAs in the Caribbean, at 41 projects/8,169 rooms, are proportionately higher than in the rest of Latin America. The projects are larger, high-end beach front resorts, often with a mixed-use residential component. They generally have longer time lines for acquiring land, gaining permitting approvals and getting construction underway. Similar projects are also seen in the coastal resort areas of Mexico.

Construction Starts



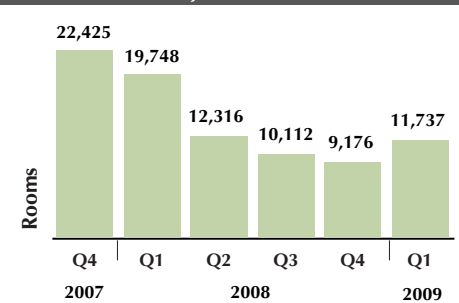
Projects	97	86	63	71	38	47
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Cancellations/Postponements



Projects	43	53	59	67	42	73
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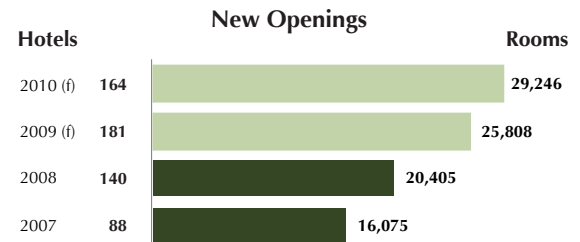
New Project Announcements



Projects	122	116	76	70	64	67
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FORECAST FOR NEW HOTEL OPENINGS

Latin America is currently in a three-year New Openings surge that started to accelerate in 2008 with a total of 140 new hotels/23,361 rooms coming online. In 2009, that number is expected to increase to 181 hotels/29,246 rooms added to the supply. Within overall regional trends, the Caribbean, Mexico and Central America are in a topping-out formation, with the decline likely to begin in 2011. While New Openings in South America, are presently at low levels, they are expected to accelerate forward in 2010 and into 2011.



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