

Philadelphia Hospitality Market 2008

Hospitality Facts and Figures

- Greater Philadelphia is home to more than 32,000 hotel rooms, with around 10,000 in Center City. More than 7.6 million visitors stayed in Greater Philadelphia's hotels in 2008, bringing in \$1 billion in hotel revenue for the second consecutive year.

Greater Philadelphia Hotel Industry Facts and Figures, 2008

	Regional	Center City
Daily Supply	32,454 rooms	10,450 rooms
Total Supply	11,681,499 rooms	3,671,169 rooms
Total Demand	7,685,760 rooms	2,592,127 rooms
Occupancy	65.8%	70.6%
Average Daily Rate	\$133.48	\$173.68
Total Revenue	\$1,025,932,993	\$450,202,698

Sources: PKF Consulting, Smith Travel Research

Hotel Performance by Area, 2008

- The Philadelphia hospitality industry experienced a drop-off in occupancy in 2008 from a strong 2007, with regional occupancy down 5.8% and Center City occupancy down 3.4%.
- Room rates increased nearly 3% both regionally and in Center City, keeping revenue per available room (RevPAR) near 2007 levels despite declining occupancy.

Greater Philadelphia Hotel Performance by Area, 2008

Area	% Change vs. Same Period 2007		Occupancy		Average Room Rate		RevPAR	
	Supply	Demand	Percent	% Chg.	Amount	% Chg.	Amount	% Chg.
5-County Totals	1.4%	-4.4%	65.8%	-5.8%	\$133.48	2.8%	\$87.83	-3.1%
Philadelphia Co.	1.1%	-3.4%	70.3%	-4.4%	\$158.33	2.8%	\$111.33	-1.7%
Bucks Co.	-0.4%	-3.8%	61.5%	-3.4%	\$99.10	2.4%	\$60.93	-1.1%
Chester Co.	4.0%	-6.1%	63.3%	-9.8%	\$120.29	4.5%	\$76.20	-5.7%
Delaware Co.	4.2%	-4.6%	66.4%	-8.4%	\$96.30	1.6%	\$63.99	-6.9%
Montgomery Co.	0.7%	-6.2%	60.0%	-6.9%	\$117.75	1.8%	\$70.61	-5.2%
Sub-markets								
Center City	0.8%	-2.6%	71.0%	-3.4%	\$172.55	2.7%	\$122.44	-0.7%
Airport/Stadium	1.6%	-6.5%	71.5%	-8.0%	\$111.10	1.6%	\$79.40	-6.6%

Source: Smith Travel Research

Category Definitions

- Occupancy: The portion of available hotel rooms occupied by guests
- Average Room Rate/Average Daily Rate (ADR): The average rate paid for a hotel room per night
- Revenue per Available Room (RevPAR): The average amount collected in room revenue for each available room, whether occupied or unoccupied

Center City Historical Performance

- Center City hotel occupancy remained above 70% in 2008 for the fifth consecutive year, after a five year stretch of occupancy below 70% from 1999-2003.
- Room rates continue to climb, reaching a record high of \$174 in 2008.

Center City Hotel Occupancy, ADR and RevPAR 1990-2008

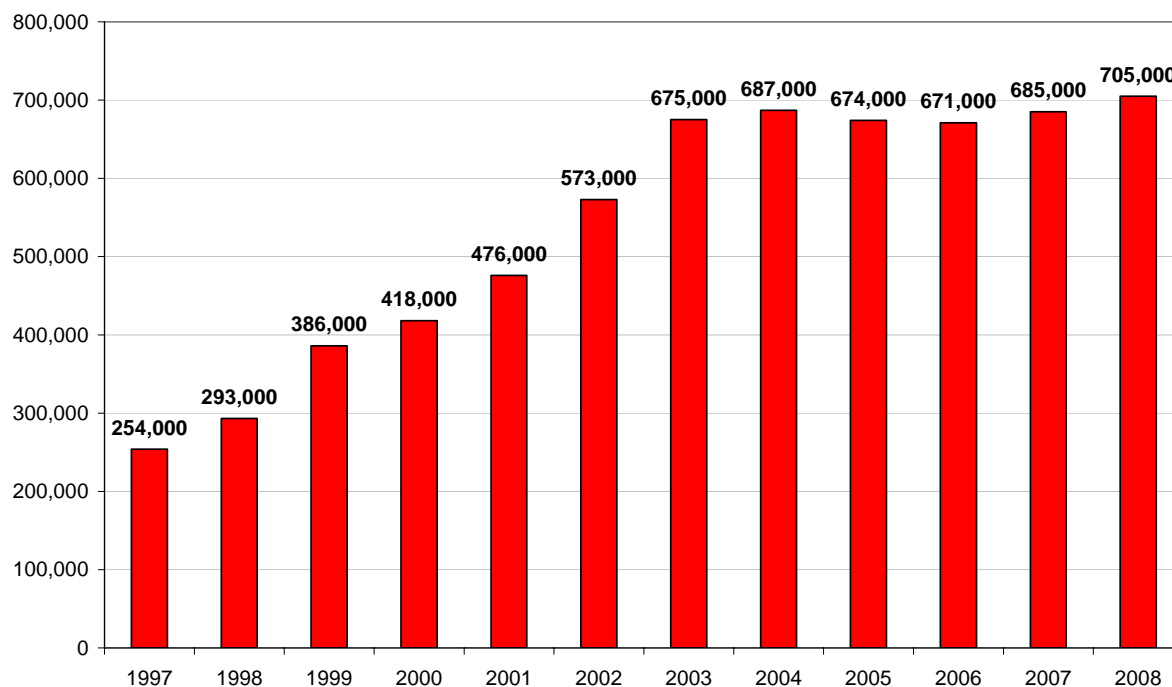
Year	Occupancy	ADR	RevPAR	Year	Occupancy	ADR	RevPAR
1990	64.0%	\$92	\$59	2000	63.6%	\$141	\$90
1991	59.0%	\$90	\$53	2001	60.2%	\$134	\$81
1992	64.0%	\$90	\$58	2002	66.0%	\$139	\$91
1993	65.0%	\$91	\$59	2003	66.4%	\$130	\$86
1994	67.1%	\$96	\$64	2004	70.8%	\$133	\$94
1995	68.5%	\$104	\$71	2005	72.5%	\$145	\$105
1996	73.0%	\$117	\$85	2006	73.6%	\$156	\$115
1997	73.4%	\$124	\$91	2007	74.1%	\$169	\$125
1998	71.5%	\$135	\$96	2008	70.6%	\$174	\$123
1999	68.2%	\$137	\$93				

Source: PKF Consulting

Individual Leisure Room Nights

- Individual leisure hotel room nights have more than doubled since GPTMC began advertising in 1997, rising from 254,000 in 1997 to 705,000 in 2008.
- Individual leisure travelers accounted for 27% of all Center City room nights in 2008, up from just 14% in 1997.

Individual Leisure Hotel Room Nights in Center City, 1997-2008



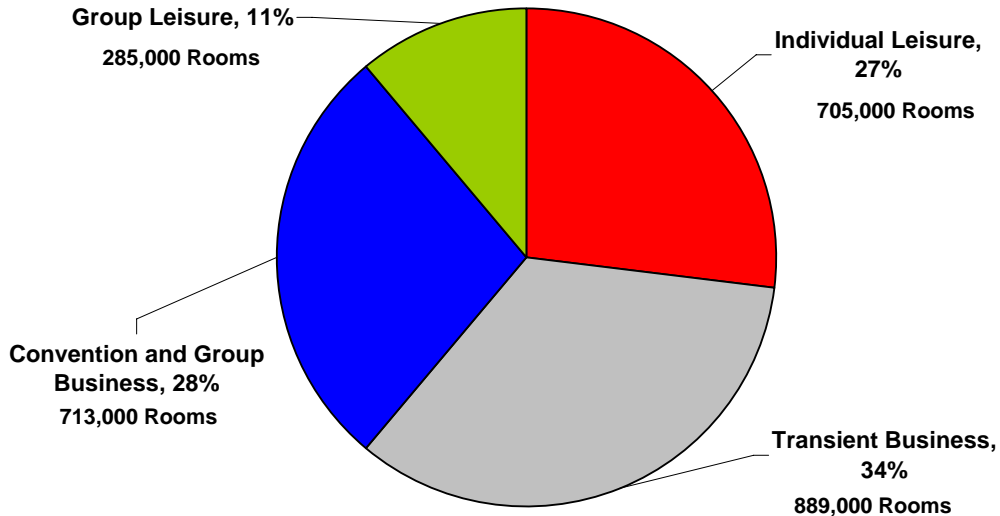
Source: PKF Consulting

Center City Market Mix

- Leisure visitors, both individually and in groups, accounted for 38% of all room nights in Center City in 2008, occupying nearly 1 million rooms.

Center City Hotel Market Mix, 2008

Total Occupied Rooms: 2.59 million



Source: PKF Consulting

- Leisure was the only segment to show growth in Center City from 2007 to 2008, with individual leisure demand up 2.9% and group leisure demand up 6.3%.
- The increase in leisure room nights in 2008 is particularly impressive in light of the 2007 King Tut exhibition at the Franklin, which drew more than 1 million visitors and generated nearly 100,000 room nights.

Center City Hotel Market Mix, 2007-2008

Segment	2007	2008	% Change
Individual Leisure	685,000	705,000	2.9%
Group Leisure	268,000	285,000	6.3%
Transient Business	930,000	889,000	-4.4%
Convention and Group Business	796,000	713,000	-10.4%
Total Hotel Demand	2,679,000	2,592,000	-3.2%

Source: PKF Consulting

Group Definitions

- Individual leisure: Leisure travelers either alone or in a group of less than 10
- Group leisure: Groups of 10 or more traveling for a leisure purpose
- Transient business: Individual business travelers, including government and airline crews
- Convention and group business: Groups of 10 or more traveling for business, whether utilizing the Pennsylvania Convention Center or meeting in a hotel

Saturday Night in Center City

- Over the past five years, Saturday night has been the busiest night of the week for Center City hotels, with occupancy averaging more than 80%.

Center City Hotel Occupancy by Day of Week, 2004-2008

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
2004	56.0	69.9	75.3	74.1	67.6	71.7	80.6
2005	56.2	71.0	77.1	77.5	72.6	73.9	81.5
2006	55.2	69.8	76.6	80.7	75.5	75.1	80.6
2007	56.9	73.8	78.8	78.1	72.9	73.5	80.9
2008	54.1	69.8	76.0	76.1	70.7	70.9	78.9
Total	55.7	70.9	76.7	77.3	71.9	73.0	80.5

Source: Smith Travel Research

- Philadelphia’s strong Saturday night performance is noteworthy amongst its competitive set. In 2008, Philadelphia’s downtown Saturday night occupancy was higher than Baltimore, Boston and Washington, DC, and Philadelphia was the only city in the group to have stronger occupancy on Saturday night than on Wednesday night.

**Downtown Occupancy by Day of Week
Philadelphia and Competitive Destinations, 2008**

Day of Week	Philadelphia	Baltimore	Boston	Washington, DC
Sunday	54.1%	42.4%	62.3%	63.0%
Monday	69.8%	57.0%	72.0%	76.6%
Tuesday	76.0%	64.6%	76.1%	80.7%
Wednesay	76.1%	67.5%	78.7%	81.8%
Thursday	70.7%	62.2%	76.7%	75.4%
Friday	70.9%	62.6%	74.0%	68.1%
Saturday	78.9%	66.8%	77.4%	70.9%
Sat vs. Wed	+ 2.8 pts	- 0.7 pts	- 1.3 pts	- 10.9 pts

Sources: PKF Consulting, Smith Travel Research