

Performance of US Hotels With & Without Spas



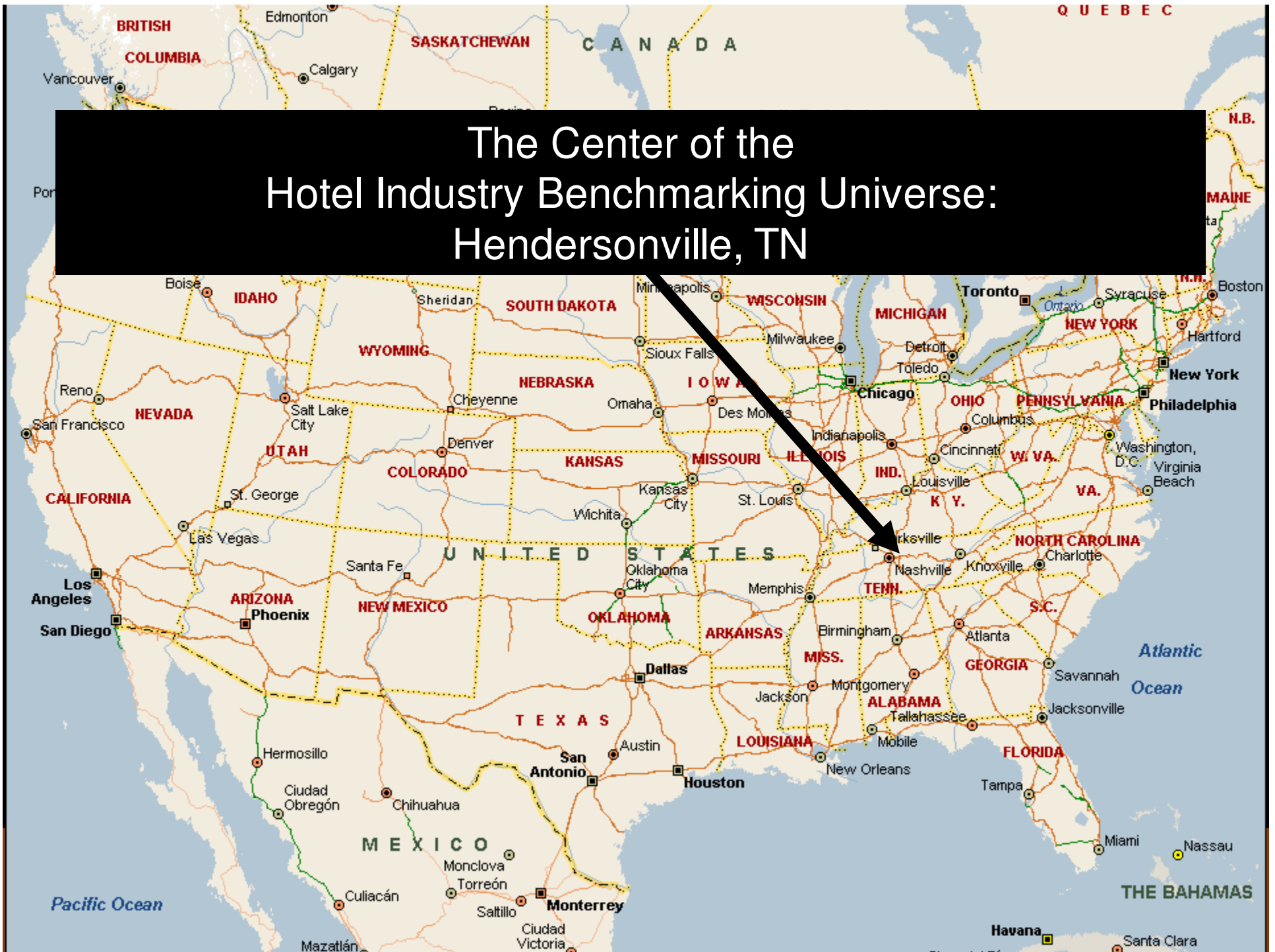
Jan D. Freitag, VP

SMITH TRAVEL RESEARCH

The Agenda

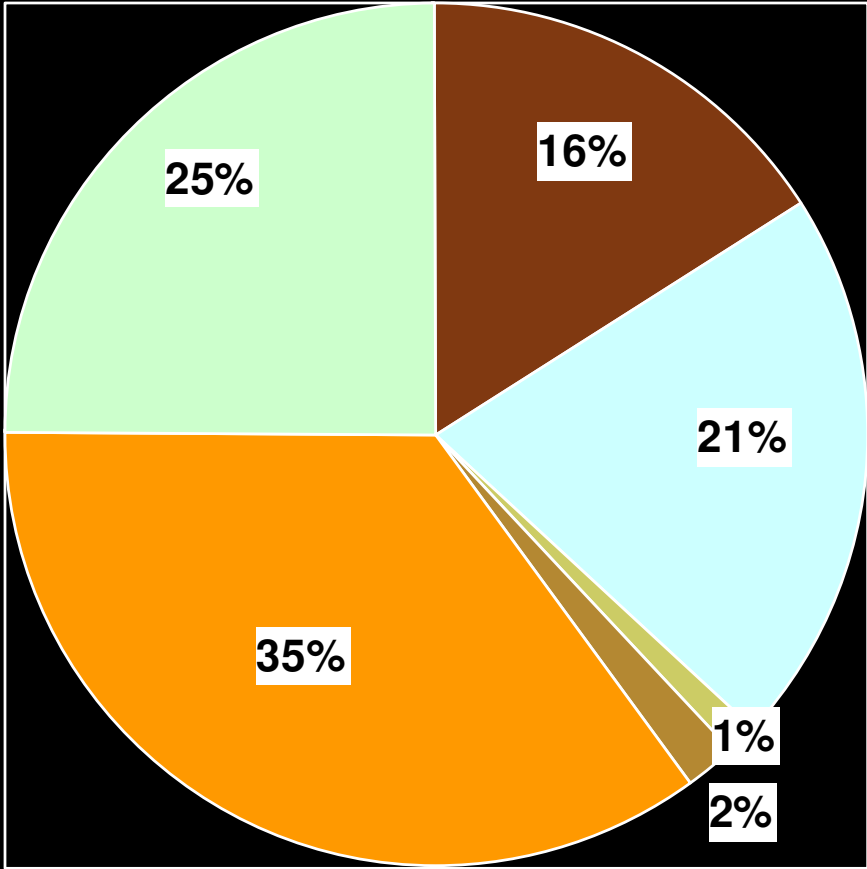
- The Company
- The Universe
- The Data
- The Future

The Center of the Hotel Industry Benchmarking Universe: Hendersonville, TN



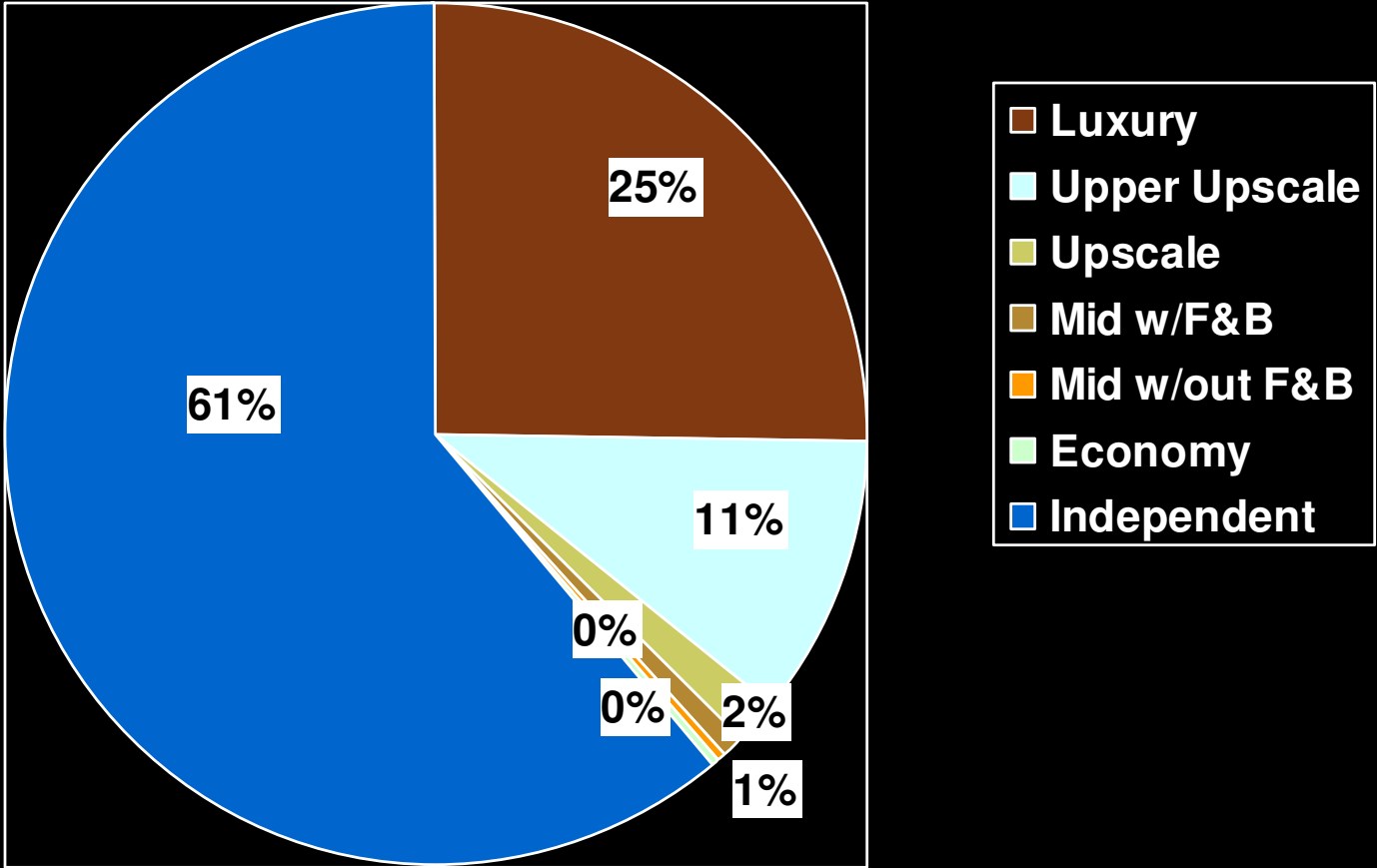
The STR Hotel Spa Universe

The Hotel Spa Universe by Location Type

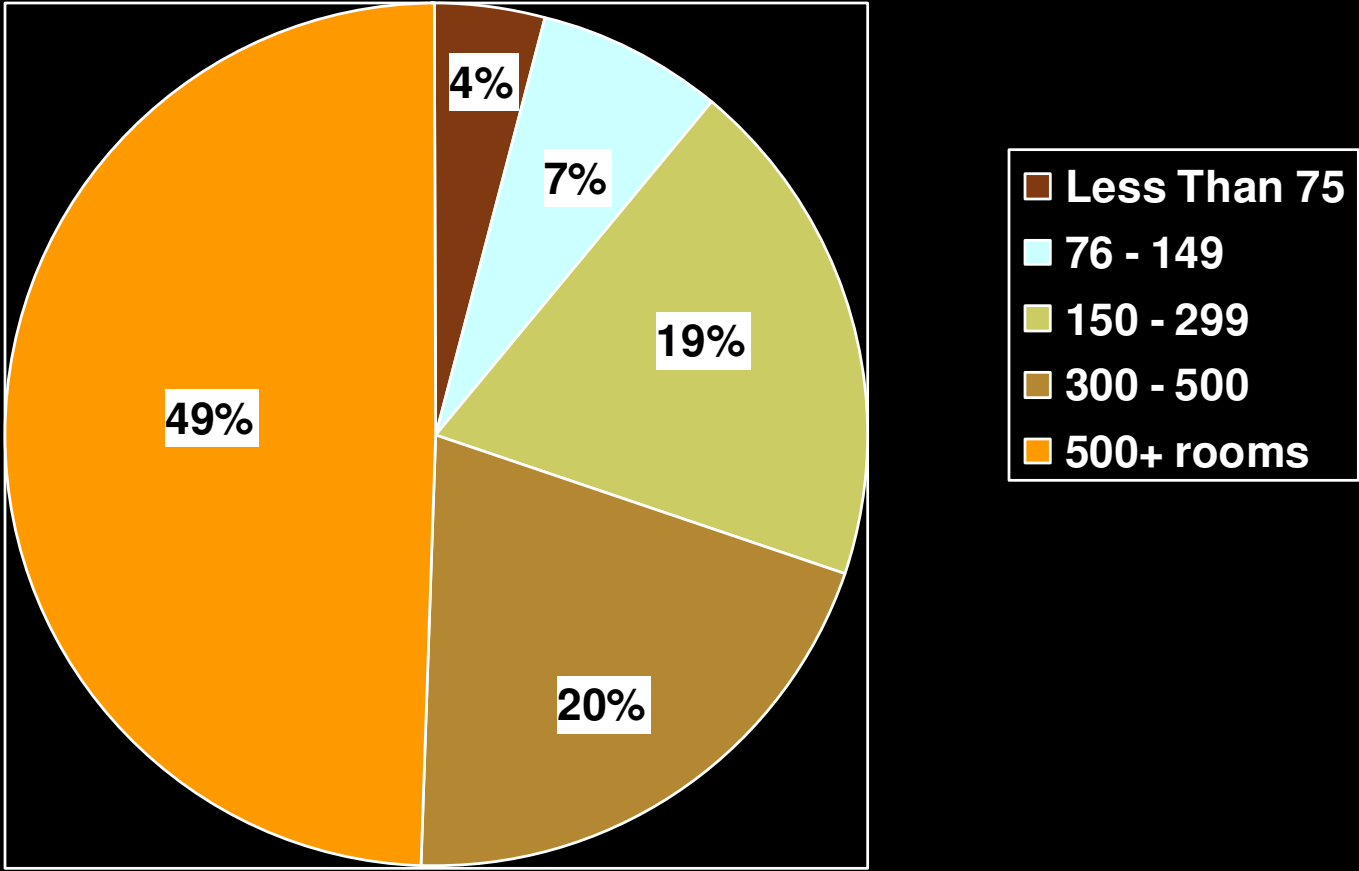


- Urban
- Suburban
- Airport
- Interstate
- Resort
- Small Town / Metro

The Hotel Spa Universe by Chain Scale



The Hotel Spa Universe by Number of Rooms



Project Pipeline

Number of Projects with “Spa” in the Title: 68

Projects in Under Construction Phase: 9

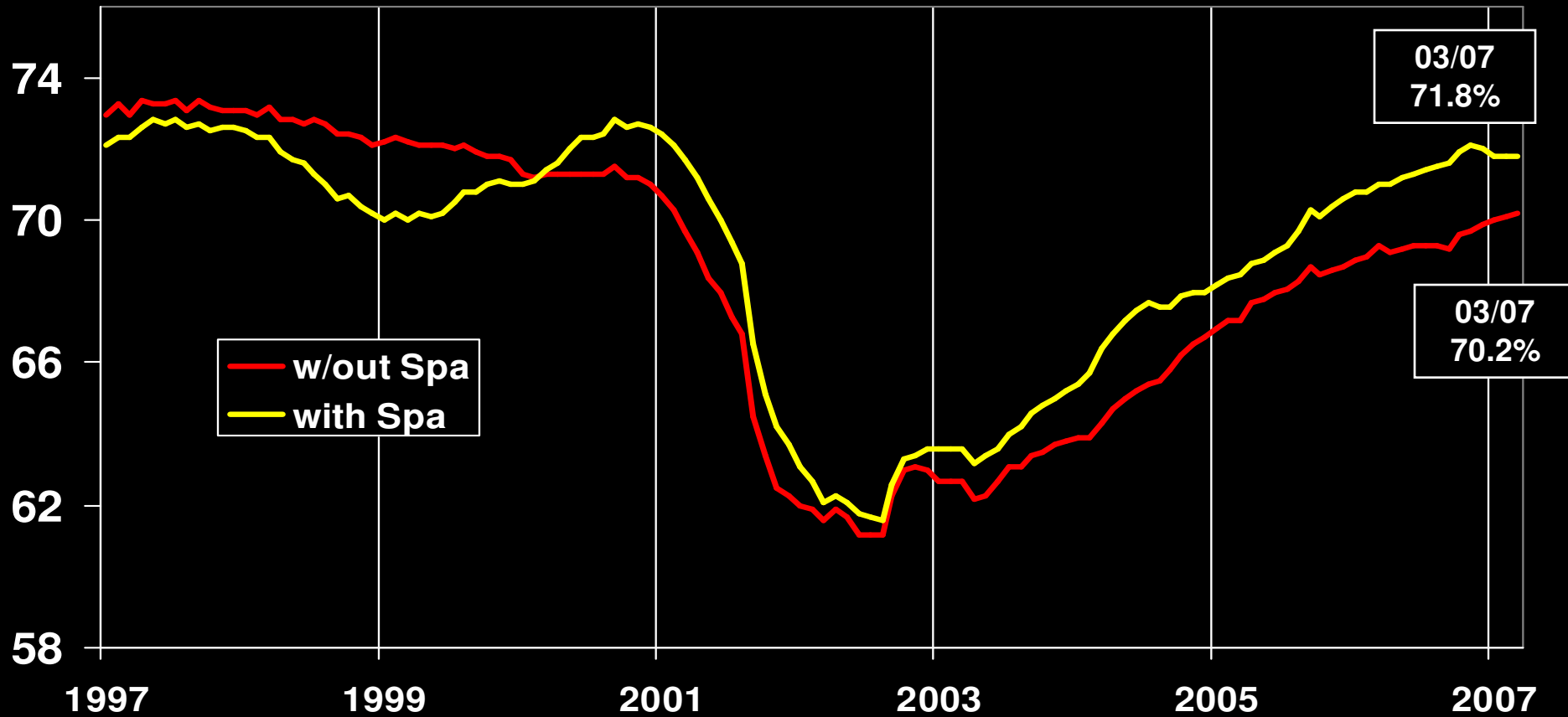
Projects in Planning Stage: 29

Project Name	City	Projected Opening Date
Le Rivage Hotel & Spa	Sacramento, CA	15-Nov-07
Agua Caliente Spa Resort Casino Hotel	Palm Springs, CA	01-Dec-07
The Stanbury A Solis Boutique Hotel & Spa	Alpharetta, GA	01-Dec-07
Solis Chicago Hotel & Spa Renovation	Chicago, IL	15-Dec-07
Montelucia - An Inter-Continental Resort Spa & Residences	Paradise Valley, AZ	01-May-08
Ameristar Casino Black Hawk Hotel & Spa	Black Hawk, CO	01-Oct-08
Two Bunch Palms Resort & Spa Addition	Desert Hot Springs, CA	15-Apr-09
Terranea Luxury Resort & Spa	Rancho Palos Verdes, CA	01-Nov-09
Lighthouse Key Resort & Spa	Kissimmee, FL	01-Jan-11

The Data:

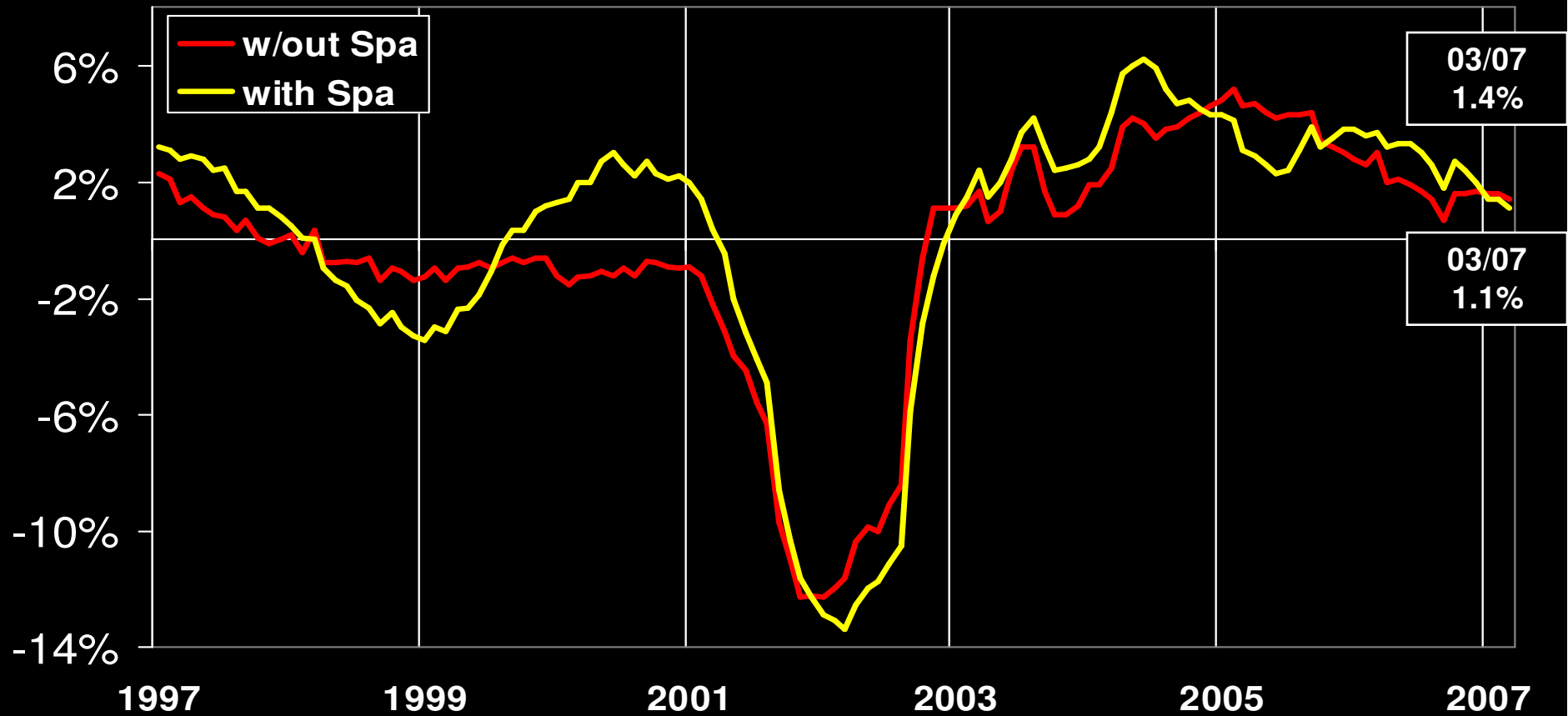
**Performance of Luxury Hotels
- w/ Spa vs. w/out Spa -**

Luxury Hotels with & w/out Spa
Occupancy Percent
Twelve Month Moving Average – 1997 to March 2007



Slight OCC Advantage of Luxury Hotels WITH Spas

Luxury Hotels with & w/out Spa
Occupancy Percent Change
Twelve Month Moving Average – 1997 to March 2007

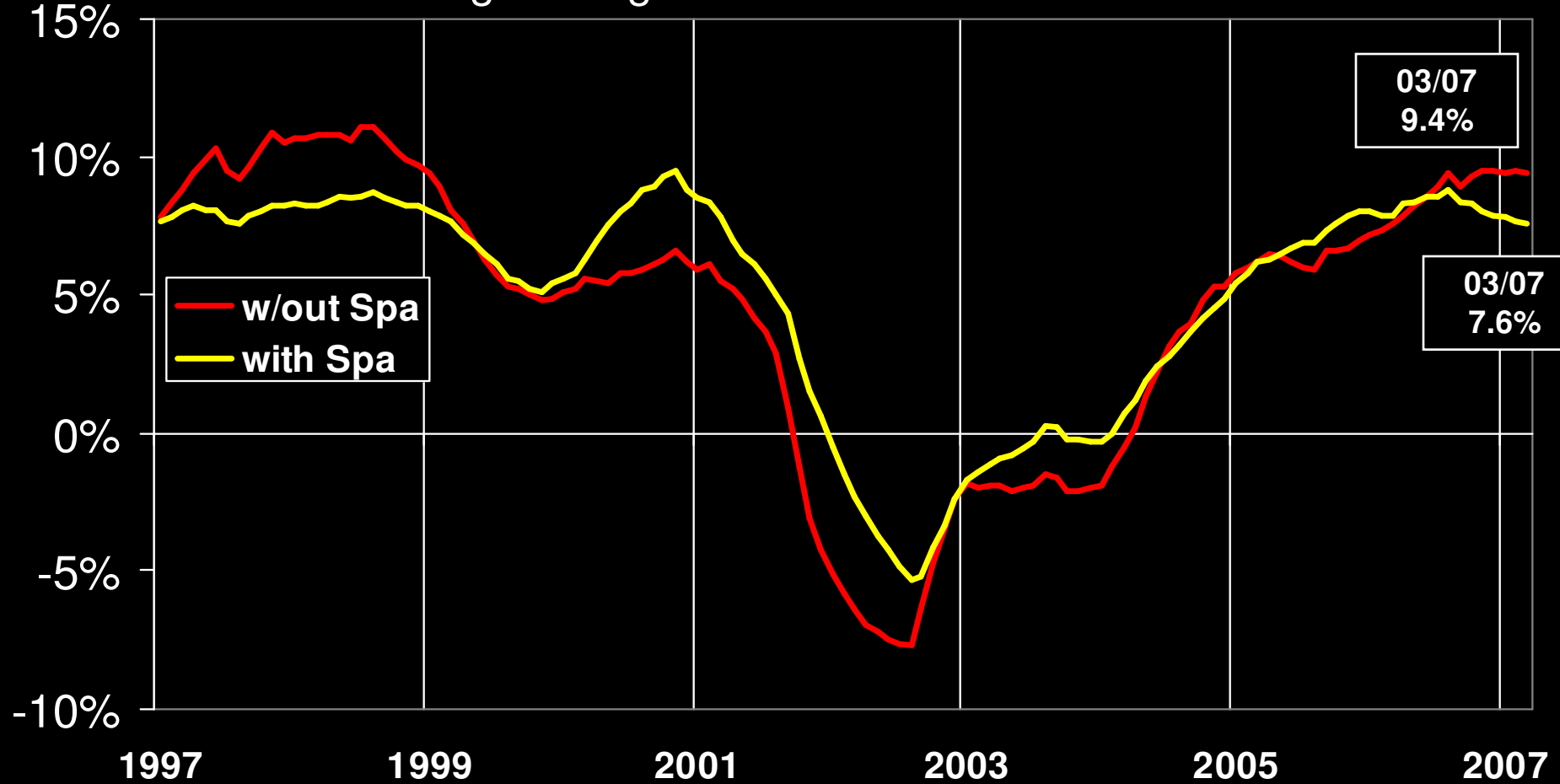


Basically The Same OCC Growth Pattern Over Time

Luxury Hotels with & w/out Spa

ADR Percent Change

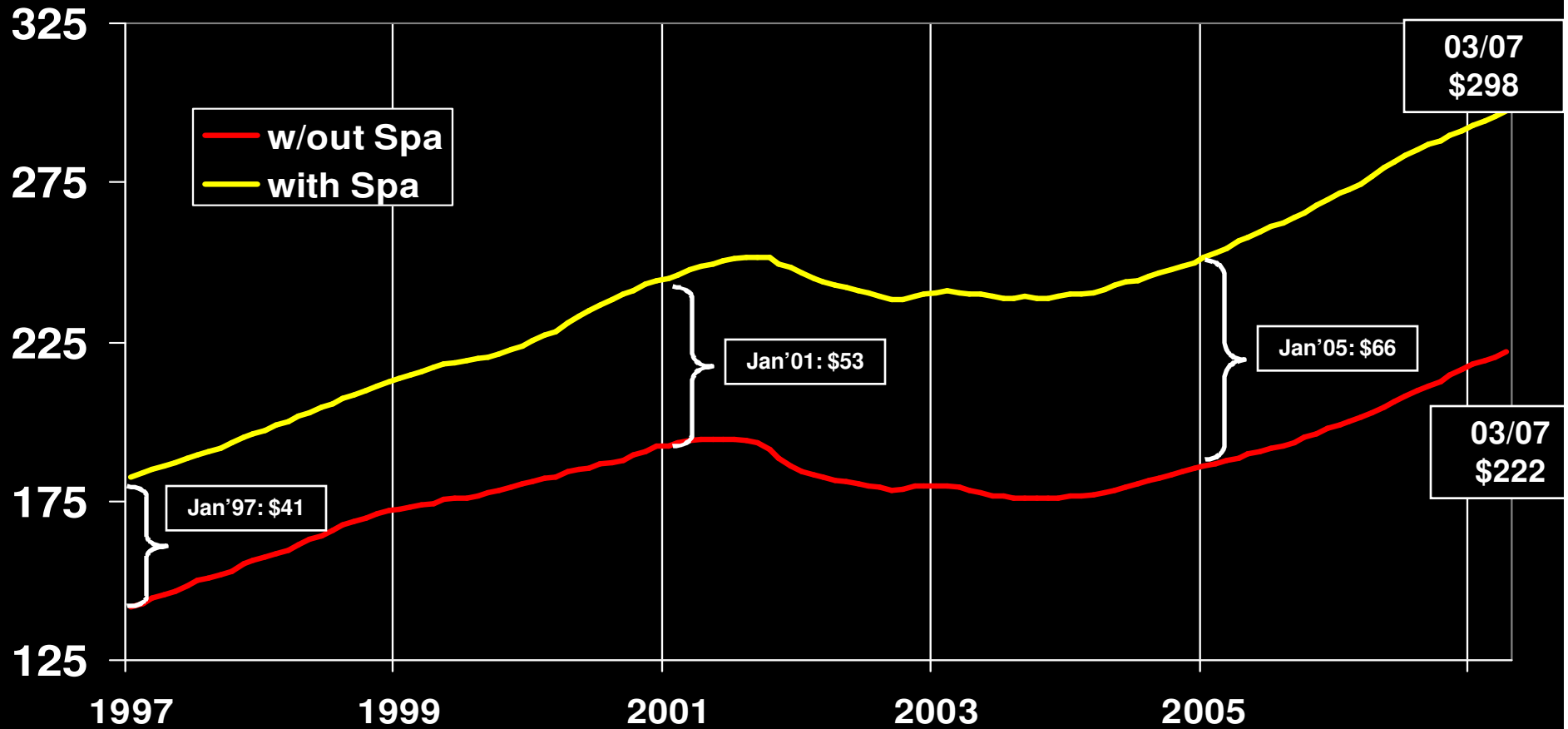
Twelve Month Moving Average – 1997 to March 2007



Luxury Hotels With Spas Recovered Slightly Faster post 9/11

Luxury Hotels with & w/out Spa ADR (\$)

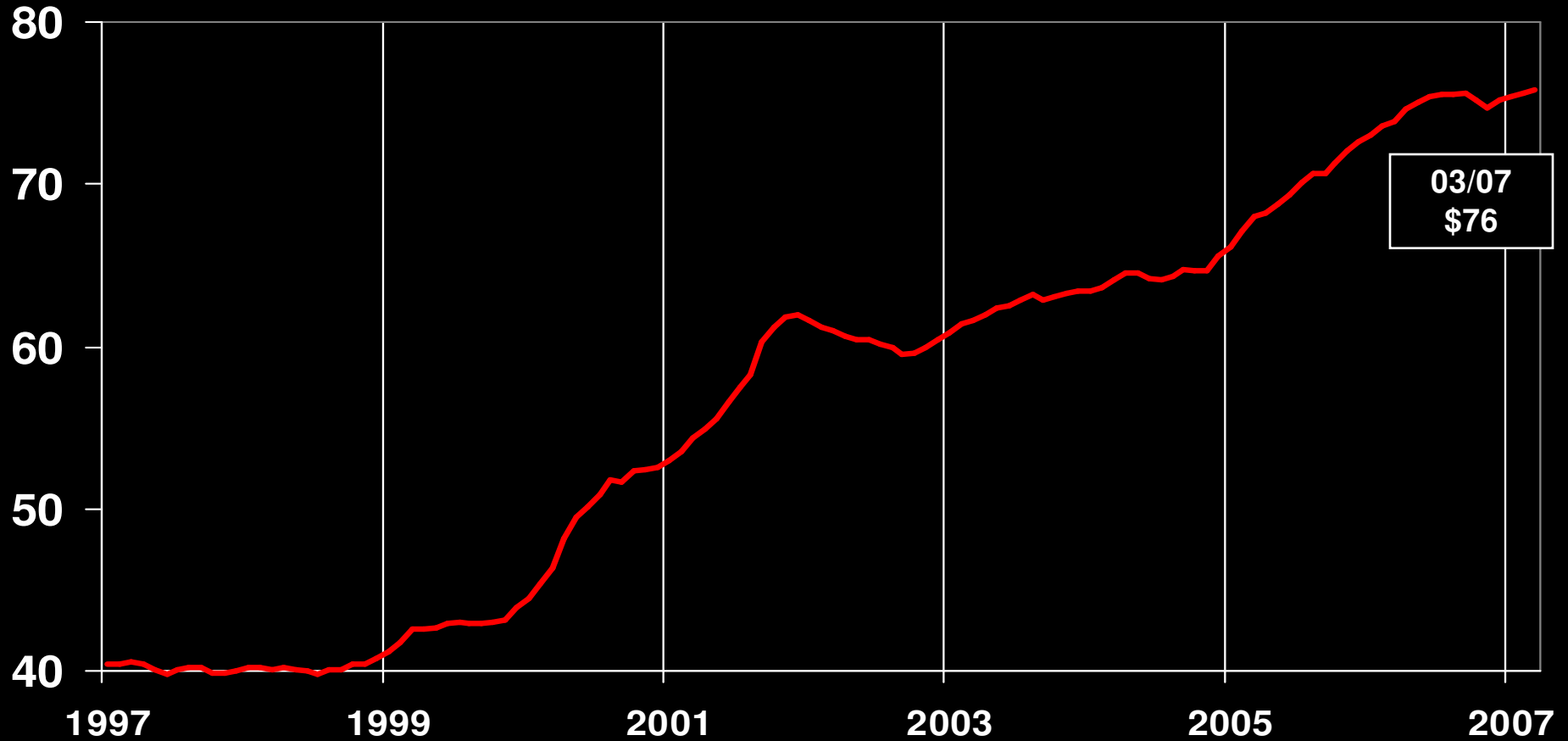
Twelve Month Moving Average – 1997 to March 2007



Stunning Rate Premium for Hotels with Spas

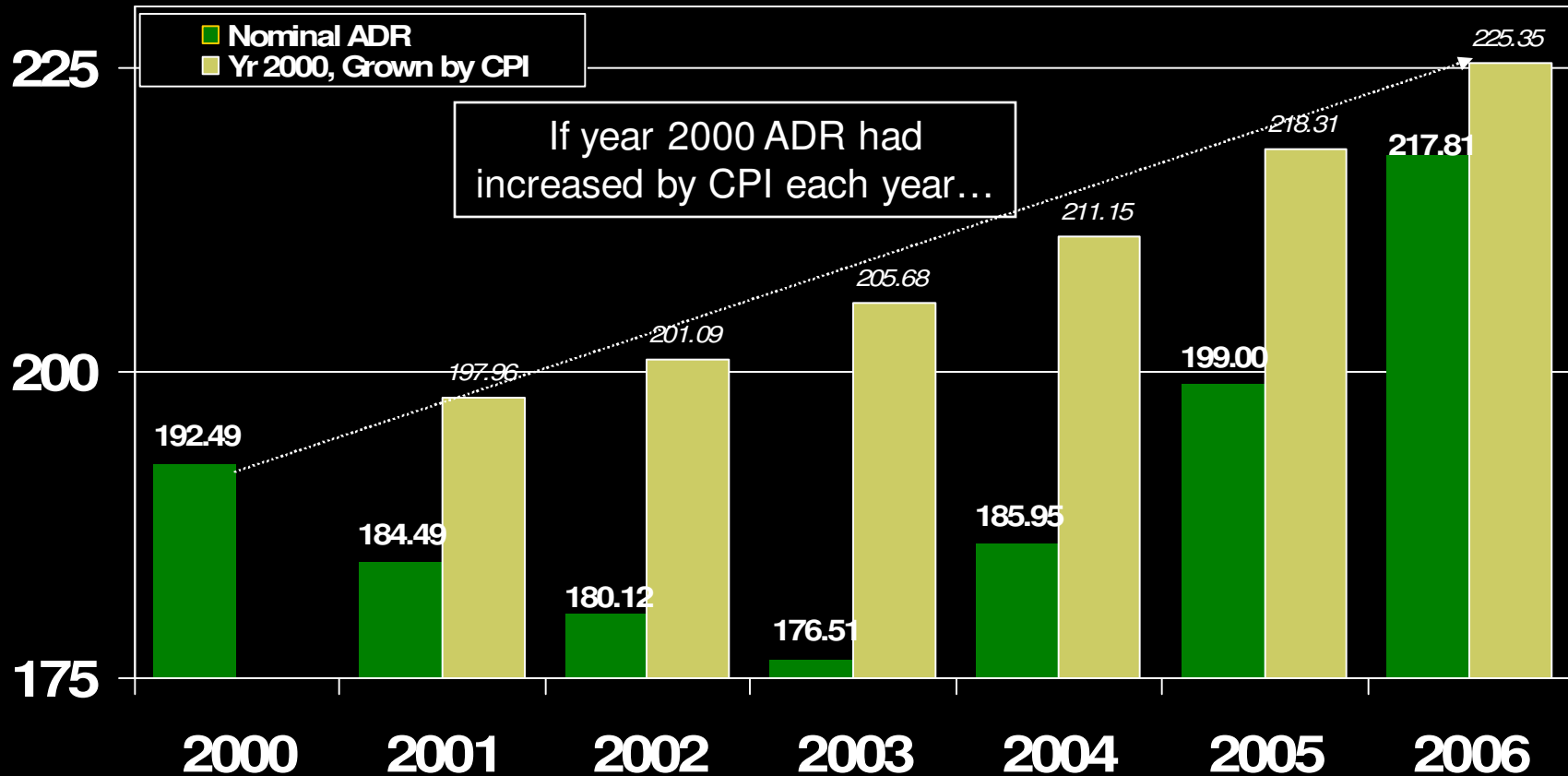
Luxury Hotels with Spa – Rate Premium ADR (\$)

Twelve Month Moving Average – 1997 to March 2007



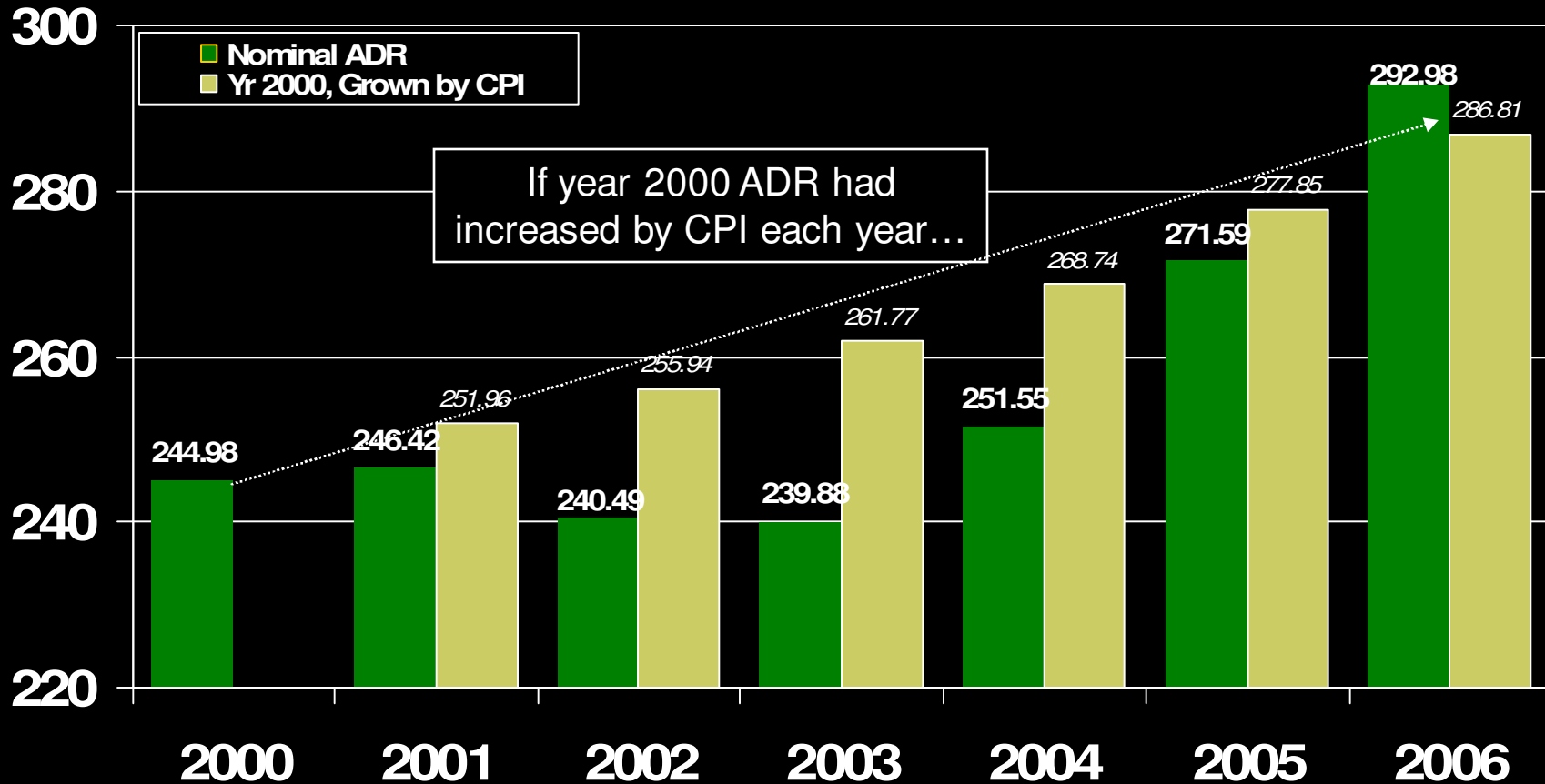
Rate Premium for Hotels with Spas Is Increasing Over Time

Luxury Hotels w/out Spas Nominal Room Rates (\$) 2000 – 2006



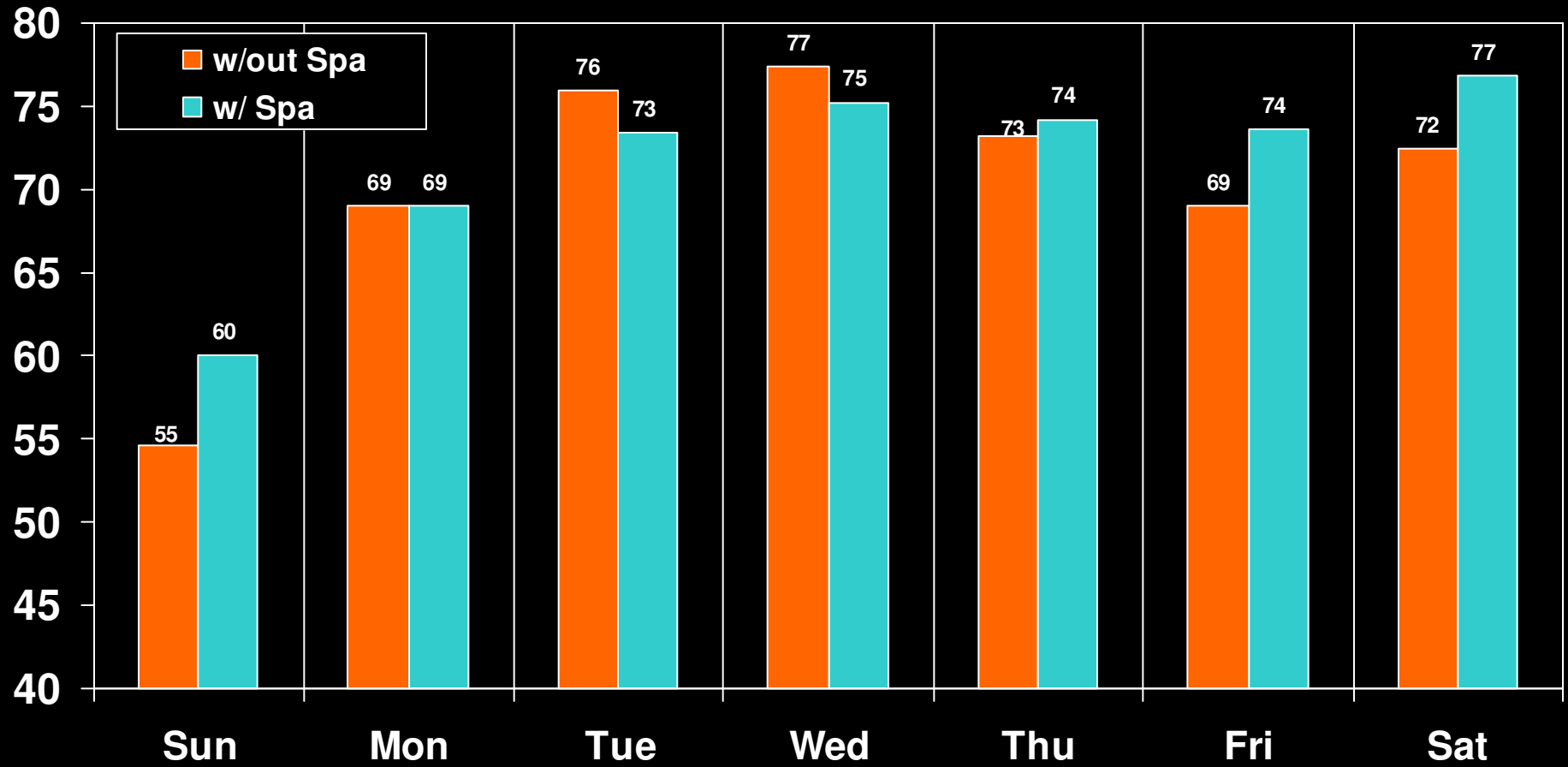
Lux. w/out Spa Rates Still Lag Behind CPI

Luxury Hotels with Spas Nominal Room Rates (\$) 2000 – 2006



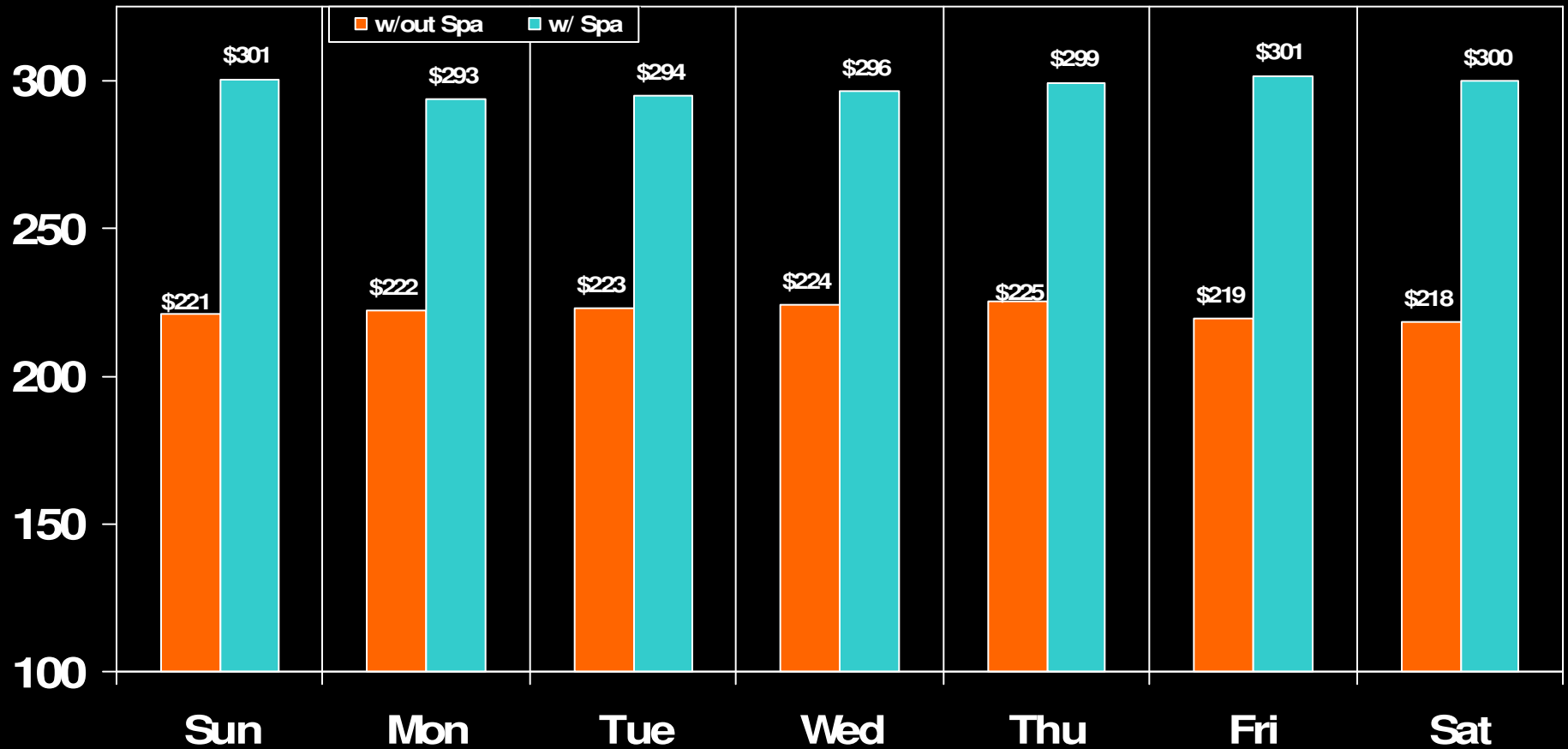
Who needs Gold? Spas are the new Inflation Hedge!

Luxury Hotels with & w/out Spa
Day Of Week - Occupancy (in %)
12 Months Average Ending March 2007



Lux. with Spas Seem to Address the “Long Weekend Crowd” Better

Luxury Hotels with & w/out Spa
Day Of Week- ADR (in \$)
12 Months Average ending March 2007



Again: Stunning Rate Premium for Hotels with Spas Across All Days

*Special Thanks to
Professor Mary Tabacchi
for the “SPA-rk” that started it all !*

The Future:
Thoughts About Benchmarking

Existing Hotel Metrics

- STR collects every month:
 - Rooms Available
 - Rooms Sold
 - Rooms Revenue
- STR produces:
 - ADR (Average Daily Rate)
 - Occupancy
 - RevPAR (Revenue per Available Room)

Why Does Anyone Care?

Because:

Positive RevPAR % Change

=

\$\$\$ BONUS !!!

Proposed Spa Data Collected

3 Data Points:

- Treatment Rooms Available
(rooms * hours * days per month)
- Treatment Rooms Used
(per month)
- Total Treatment-Only Revenue
(excl. Manicure, Botox, Shop, etc.)

Proposed Spa Metrics

- Utilization %
(= Rooms Used / Available)
- Revenue Per Treatment
(= Revenue / Utilized Rooms)
- Revenue Per Treatment Rooms
(= Revenue / Rooms Available)
- Equally Important Is the Performance over time
(= percent change from this year over last year)

Interesting vs. Actionable

**More
Questions / Answers / Food For Thought**

**at 11:45 AM
at the Benchmarking Session
Sutton Suite, 18th Floor**

Thank You For Your Time !

