

## Manhattan Lodging Overview

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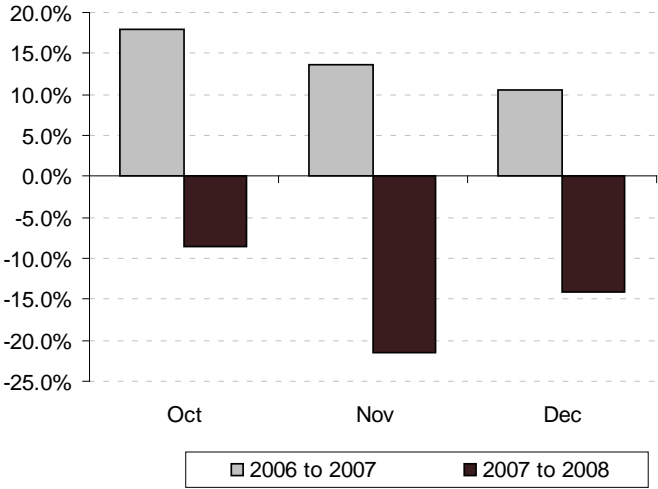
Occupancy, ADR, and RevPAR growth decrease in 2008

After achieving record levels in 2007, Manhattan's occupancy levels declined in 2008, while growth in average daily rate ("ADR") and revenue per available room ("RevPAR") slowed substantially, primarily due to across-the-board declines in the fourth quarter. For the year, Manhattan RevPAR increased 1.4 percent, due to a 2.5 percent increase in ADR offsetting the effect of an almost full percentage point decline in occupancy over 2007.

Fourth quarter declines were severe - a 7.0 percent decrease in occupancy, coupled with an 8.3 percent decline in ADR, resulted in a 14.7 percent drop in RevPAR. Earlier in the year, the first, second, and third quarters achieved robust increases in RevPAR, averaging 9.0 percent, driven primarily by increases in ADR. Through the first three quarters of 2008, the Manhattan lodging industry was able to withstand the fall out from the financial sector and maintain robust RevPAR growth. This was largely due to an increase in international tourists who, for the first time in quite a while, were able to find available rooms in Manhattan, because of a fall off in commercial demand from the financial sector, thus maintaining the city's occupancy levels. These tourists were also able to afford more than they could historically, because of the relative strength of their local currency against the weak US dollar. As a result, ADR growth was able to be sustained. As the US recession expanded globally, and the value of the dollar increased, these international tourists declined in numbers, resulting in the dramatic fall off in market performance in the fourth quarter.

For the fourth quarter, all three price segments experienced declines in occupancy, ADR and RevPAR. The Midprice segment suffered the most severe occupancy decline, at 9.3 percent, but the segment was able to control its ADR decline, at 5.3 percent, more so than the Luxury and Upscale segments, which saw ADR decline 8.4 percent and 9.8 percent, respectively. For the year, ADR growth in the Upscale and Midprice segments more than offset their respective occupancy declines, resulting in RevPAR increases of 0.9 percent and 5.8 percent, respectively. Conversely, Luxury segment RevPAR decreased by 0.4 percent in 2008, due to a 1.2 percent decrease in occupancy, only partially offset by a 0.8 increase in ADR.

Manhattan Q4 RevPAR Growth By Month

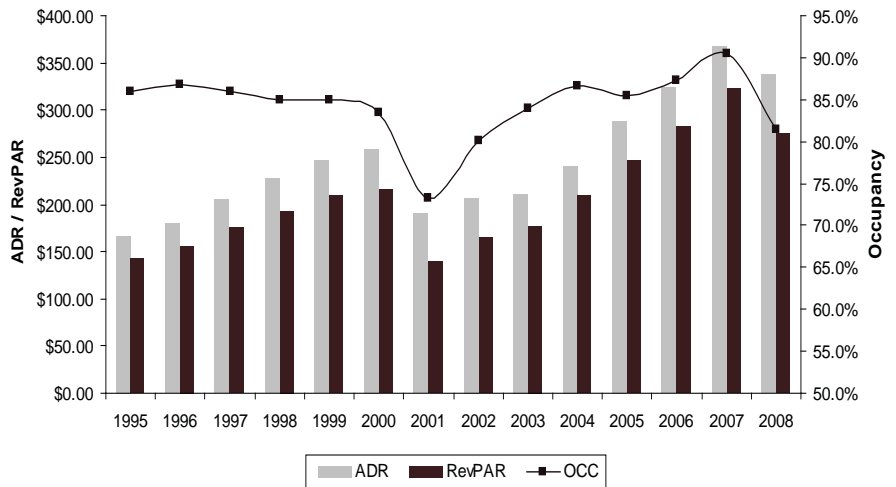


Source: PricewaterhouseCoopers, based on Smith Travel Research data

By neighborhood, Midtown South experienced the greatest decline in occupancy, achieving rates ten percent lower than the same quarter last year. Upper Manhattan experienced the most significant RevPAR declines in the fourth quarter, at 18.3 percent, due an 11.8 percent decline in ADR, coupled with a 7.3 percent decrease in occupancy. While Upper Manhattan outperformed the other neighborhoods in terms of occupancy growth for the year, significant rate discounting led to ADR and RevPAR declines of 2.3 percent and 0.9 percent, respectively, in 2008. Lower Manhattan was the only other neighborhood that experienced a decrease in RevPAR for the year, at 0.7 percent, as moderate increases in ADR offset occupancy declines in the other neighborhoods. For the full year, Midtown South led all the neighborhoods in RevPAR growth, at 3.6 percent, despite suffering the greatest decline in occupancy during the fourth quarter, followed by Midtown West, which achieved a RevPAR gain of 2.3 percent for the year.

For the fourth quarter, limited-service hotels experienced a greater decline in occupancy, ADR, and RevPAR than full-service hotels, but limited-service hotels outperformed full-service hotels for the year in RevPAR growth, primarily due to a greater growth in ADR. Independent hotels experienced lesser declines in ADR and RevPAR for the fourth quarter than chain affiliated hotels, and reversed the prior year's trend by outperforming chain-affiliated hotels in terms of RevPAR growth for the year.

#### Manhattan Q4 Performance 14-Year Trend



Source: PricewaterhouseCoopers, based on Smith Travel Research data

## Employment Trends

According to Moody's Economy.com January 2009 report, New York City's unemployment rate is forecast to be 5.4 percent in 2008 and reach 8.8 percent in 2009, the highest since 2003. New York is expected to experience a peak-to-trough loss of approximately 80,000 jobs in the financial industry alone, with Citigroup announcing the second-largest layoff in the history of any U.S.-based firm and the Bank of America's acquisition of Merrill Lynch.

Northeast U.S. total employment is forecast to outperform New York City through 2012, decreasing 2.1 percent in 2009, compared to New York City's expected decrease of 3.1 percent in 2009. Northeast U.S. total employment is forecast to decrease 0.3 percent and then grow 1.7 and 2.6 percent in 2010, 2011 and 2012, respectively, while New York City total employment is forecast to decrease 0.7 percent and then grow 1.5 and 2.5 percent in the same years.

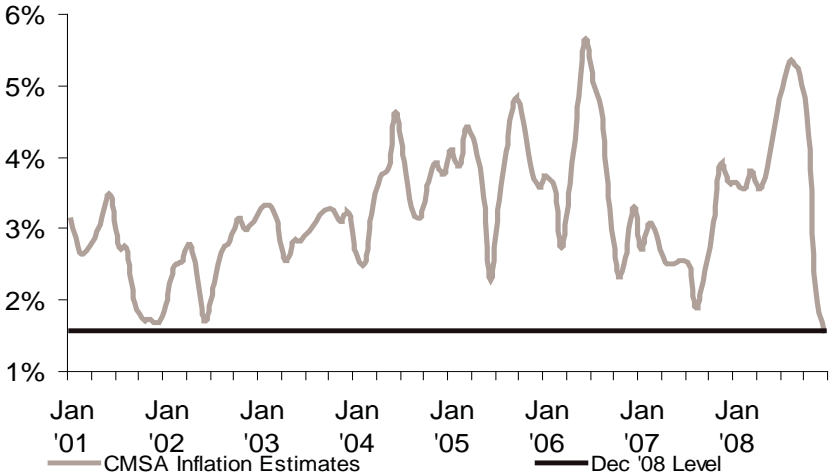
New York budget officials estimate the city will lose 294,000 jobs from mid-2008 through 2010, with every one financial-sector layoff resulting in two additional layoffs in other industries in New York City. According to the New York State Department of Labor, other service businesses, including consulting, catering and tourism, are almost certain to follow in conducting a series of layoffs. According to the New York Times, the effects of the financial crisis are spreading well beyond Wall Street, as law firms and publishing companies continue to shrink and conduct additional layoffs. Moody's Economy.com reports that the retail and leisure/hospitality industries experienced the largest job losses across all industries in the metro division in the closing months of 2008.

# Gross Metro Product and Consumer Price Index

After expanding 2.8 percent and contracting 0.5 percent in the second and third quarters, respectively, real GDP is estimated to have contracted at a seasonally-adjusted pace of 6.2 percent in the fourth quarter of 2008. According to CNNMoney.com, consumer spending fell a record 8.9 percent in the fourth quarter, marking the worst quarter for consumer spending since the Commerce Department began tracking that statistic in 1947. According to Moody's Economy.com, New York GMP is estimated to have grown by 1.2 percent in 2008 and is expected to contract 3.1 percent in 2009.

The New York City consumer price index for November and December 2008 increased by 2.2 percent and 1.6 percent, respectively, over year-ago levels, marking the lowest CPI increases since June 2002. For the fourth quarter, the average CPI increase over year-ago levels was 2.8 percent, a 0.8 percentage point decrease in the rate of growth over that of the fourth quarter of 2007.

## Consumer Price Index



Source: Moody's Economy.com

## Office Market Statistics

The economic concerns in New York City continued to impact the Manhattan office market in the fourth quarter of 2008. Gross asking rent decreased by 13.3 percent to \$58.73 per square foot, and vacancy increased to 5.5 percent, up 1.2 percent from the same period in 2007. The Midtown submarket continued to operate with a lower vacancy rate and higher gross asking rent than the Downtown submarket, but the Downtown submarket experienced a slight reduction in vacancy, as it has for the last four years, while Midtown's vacancy increased 1.7 percent from the same period a year ago. In the fourth quarter of 2008, gross asking rent in Midtown was \$62.63 per square foot, while it was \$47.19 per square foot in the Downtown submarket. For the same period, vacancy in Midtown was 5.4 percent, compared to 6.0 percent in the Downtown submarket.

According to the New York Times, almost 16 million square feet of office space was listed as available in December 2008, almost double the available space at the same time one year ago. The biggest jump in availability stems from the sublease market, with at least 16 large office blocks on the market, up from only three listed as available at the same time one year ago. Approximately one quarter of the available office space is a result of financial companies either not renewing their leases or deciding to market the space for sublet.

With the unstable financial markets resulting in acquisitions and layoffs, even more of the financial industry is expected to move from Wall Street to Midtown. For example, some brokers suggest that Merrill Lynch may move from its current 2.1 million square feet on Wall Street closer to Bank of America's new Bryant Park headquarters.

In December, TGG Holdings, LLC, represented by Winoker Realty, completed two deals resulting in the exchange of approximately 6,000 square feet of office space. In two separate, all-cash transactions, the seventh floor of the historic Bar Building at 36 West 44th Street in Midtown Manhattan was sold to the New York Genealogical & Biographical Society (4,045 square feet) and Solari Real Estate (1,635 square feet) for a total of \$4.66 million.

A private investment group, led by Lloyd Goldman, purchased the National Tower Building at 1372 Broadway for \$274 million. The Penn Plaza/Garment submarket building was sold as a joint venture between Wachovia Corporation and SL Green Realty Corporation in December. Also in the fourth quarter of 2008, SL Green executed two leases at 750 Third Avenue, with Eisner LLP expanding 33,981 square feet and The Republic of Poland signing a 13-year lease for 17,980 square feet. With these two deals complete, 750 Third Avenue is fully leased.

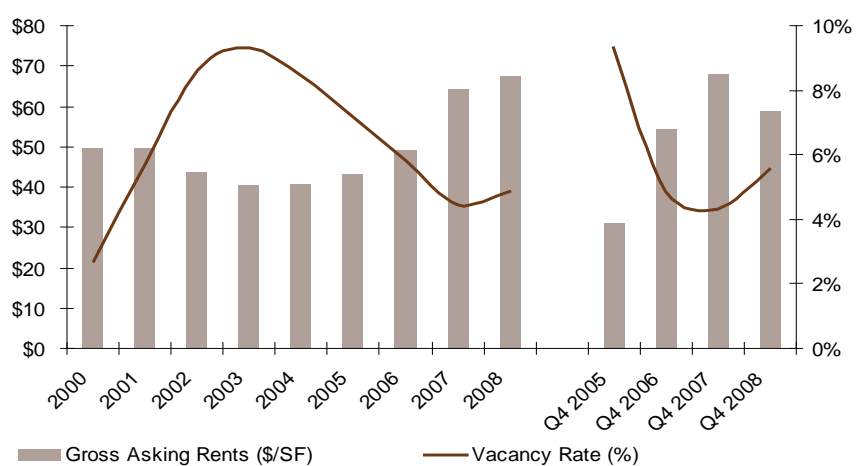
Facing difficulties as a result of the current economic atmosphere, the New York Times Co. hired Cushman & Wakefield to monetize its share of

the ownership of its new 1.54 million-square-foot headquarters building at 620 Eighth Avenue. The newspaper company looked to repay existing long-term debt through several finance options, including revolvers, public offerings, and a sale-leaseback of \$225 million for a portion of the headquarters.

AOL, represented by Jones Lang LaSalle, signed a 15-year deal to expand its headquarters at 770 Broadway by 76,000 square feet. The additional space brings AOL's total leased space to 228,138 square feet.

Also in the fourth quarter, CB Richard Ellis arranged for Mercedes-Benz USA to open a new 332,982 square-foot dealership in New York, to be in service by 2011. The car manufacturer is investing approximately \$220 million to build one of its largest facilities in the nation at 770 11th Avenue, in the Columbus Circle submarket.

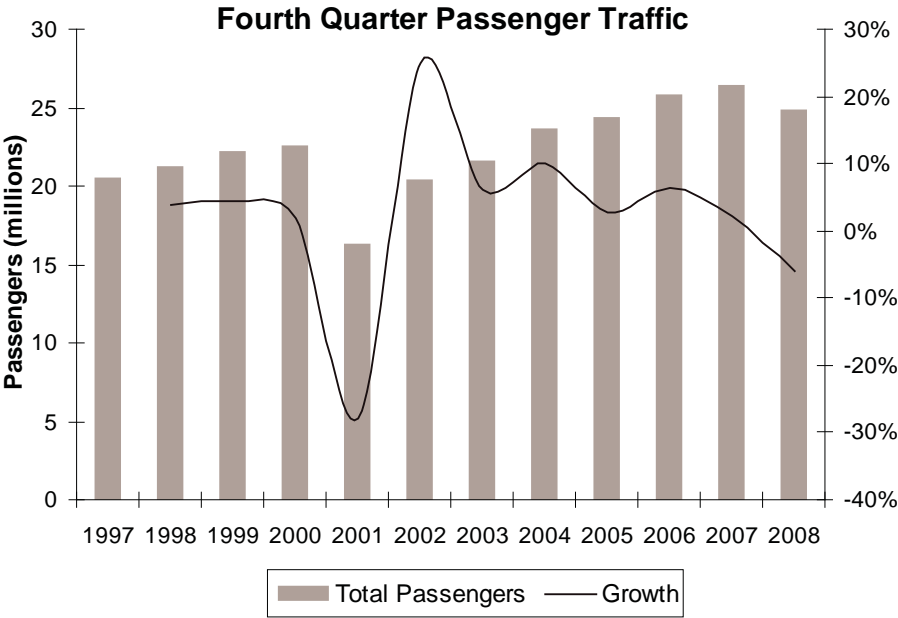
Annual & Quarterly Manhattan Office Statistics



Source: PricewaterhouseCoopers, based on Torto Wheaton Research data

# Air Traffic Statistics

Fourth quarter air traffic levels declined for the first time in seven years for all three major New York metropolitan airports. Newark Liberty International Airport, LaGuardia International Airport and John F. Kennedy International Airport combined to serve 24.78 million total passengers from October through December of 2008, down from 26.38 million in the same period a year ago, a 6.1 percent decline. International traffic levels also contracted for the first time in seven years, declining 2.5 percent to a level of 7.86 million passengers from 8.06 million in the same period a year ago. The following chart displays fourth quarter passenger traffic and growth over the past twelve years.



## World Trade Center

The rebuilding of the 16-acre lot where the Twin Towers stood has been delayed yet again. The plans for the rebuilding of the trade center include five office towers, a memorial and museum, a shopping mall and a transit hub. The Port Authority of New York and New Jersey and Larry Silverstein, a private developer, are in talks on how to manage the construction problems and the declining property market. The current recession has resulted in problems raising the necessary capital, and the unstable financial sector has led to a lack of potential tenants for the eight to 10 million square feet of office space planned for the site.

A recent plan indicates that the skyscrapers will be put on hold until the economy turns around, and two low-slung, two- to six-story buildings will serve as stand-ins until the towers can be built. The towers would eventually be built on top of these pedestals. Port Authority Executive Director Chris Ward estimates that the September 11 Memorial and Museum, adjacent to the site, is expected to draw five million visitors annually, thus driving retail demand for the available space in the proposed pedestals. Silverstein, however, is focused on fully rebuilding the site and is not interested in taking interim steps towards the final product.

The Port Authority's Freedom Tower is currently under construction, but is also expected to face financial difficulties in the future.

# Recent and Planned Hotel Openings and Closings

## 2009

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Four Points by Sheraton Midtown Times Square	326 W 40th St	Midtown West	The Lam Group	Mar-09	250
Doubletree Hotel New York City Chelsea	128 W 29th St	Midtown South	McSam Hotel LLC	Apr-09	237
The Strand Hotel	33 W 37th St	Midtown West	Majestic Hotel Corp	Apr-09	177
Comfort Inn New York	61-63 Chrystie Street	Lower Manhattan	BTW Hotels / Ben Wong	Apr-09	60
Ace Hotel New York	1186 Broadway	Lower Manhattan	GFI Capital Resources Group, Inc.	Apr-09	246
Holiday Inn Express New York	126 Water St	Lower Manhattan	McSam Hotel LLC	Apr-09	112
Fairfield Inn Manhattan Fifth Avenue	12-23 W 37th St	Midtown West	NY 29 West LLC	May-09	92
Hampton Inn Manhattan Times Square South	337 W 39th Street	Midtown West	Brisam Times Square LLC	May-09	184
Hotel Vu	653 11th Ave	Midtown West	Horizen Global	Jun-09	223
Holiday Inn Express New York City Times Square	343 W 39th St	Midtown West	McSam Hotel LLC	Jun-09	210
Hilton Garden Inn	132 4th Ave & East 13th Street	Lower Manhattan	McSam Hotel LLC	Jun-09	162
Candlewood Suites New York City Times Square	339 W 39th Street	Midtown West	McSam Hotel LLC	Jun-09	188
Hotel Indigo New York	127 W 28th St	Midtown South	Fortuna Realty, LLC	Jul-09	122
Andaz Hotel Wall Street	75 Wall St	Lower Manhattan	Park West Assocs LLC / The Hakimian Organization	Jul-09	253
Hilton Resorts	102 W 57th St	Midtown West	Hilton Hotels Corporation	Jul-09	161
Hotel Ludlow	180 Ludlow St	Lower Manhattan	180 Ludlow Development LLC	Aug-09	170
The Chatwal	130 W 44th St	Midtown West	Hampshire Hotels	Aug-09	88
Wyndham Garden Inn New York	20 Maiden Ln	Lower Manhattan	McSam Hotel LLC	Aug-09	115
W Hotel NYC Downtown	123 Washington St	Lower Manhattan	Moinian Group	Aug-09	217
Crosby Street Hotel	79 Crosby St	Lower Manhattan	Firmdale Hotels PLC	Sep-09	75
Trump SoHo Condotel	246 Spring St	Lower Manhattan	BayRock Group	Sep-09	411
District Hotel of NYC, an Ascend Collection	342 W 40th St	Midtown West	342 W 40 St LLC	Sep-09	155
Fairfield Inn New York Manhattan/Chelsea	116 W 28th St	Lower Manhattan	Kam Kee Trading	Oct-09	112
Staybridge Suites New York New York	334 W 40th St	Midtown West	Mehta Family LLC / 340-344 Realty LLC	Oct-09	310
Mondrian Hotel SoHo	150 Lafayette St.	Lower Manhattan	Cape Advisors	Nov-09	270
Perry Street Hotel	145 Perry Street	Lower Manhattan	Scott Sabbagh	Nov-09	93
The NoMad Hotel	1170 Broadway	Lower Manhattan	GFI Capital Resources Group, Inc.	Dec-09	171
Andaz Hotel 5th Avenue	485 5th Ave	Midtown West	Global Hyatt Corporation	Dec-09	184

# 2010

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Unnamed Hotel	111 Washington St	Lower Manhattan	The Brauser Group	Jan-10	260
The Riley Hotel	250 Bowery	Lower Manhattan	Peter Moore Associates Inc.	Feb-10	63
Cassa Hotel & Residences	70 W 45th St	Midtown West	Extell Diamond Tower LLC	Feb-10	166
Hotel Eventi	839 Avenue of the Americas	Lower Manhattan	JD Carlisle Group	Mar-10	292
Lexington House Hotel	517 Lexington Ave	Midtown East	Hersha Hospitality Trust	Mar-10	116
Wyndham Hotel New York	93 Bowery St	Lower Manhattan	McSam Hotel LLC	Mar-10	106
Sheraton Tribeca New York	370 Canal St	Lower Manhattan	McSam Hotel LLC	Mar-10	361
Gansevoort Park Hotel	420 Park Avenue South	Lower Manhattan	Gansevoort Hotel Group	May-10	225
1 Hotel & Residences New York	14-20 W 40th St	Midtown West	Starwood Capital Group	May-10	162
Wyndham Hotel	152 W 26th St	Lower Manhattan	342 W 40 St LLC	May-10	280
element New York Times Square West	311 W 39th St	Midtown West	Magna Hospitality Group	May-10	410
Varick Street Hotel	179 Varick St	Lower Manhattan	181 Varick Street LLC	Jun-10	121
Fairfield Inn New York Lower Manhattan	30 Fletcher St	Lower Manhattan	Seaport Heights LLC	Jun-10	181
aloft Hotel Harlem	2296 Frederick Douglass Blvd	Upper Manhattan	Hotel 124 LLC	Jun-10	120
InterContinental New York Times Square	306 W 44th St	Midtown West	Tishman Hotel & Realty	Jun-10	607
Holiday Inn Express New York City Manhattan	36th St & 6th Ave	Midtown West	N/A	Jul-10	135
Club Quarters Hotel	130 Cedar St	Lower Manhattan	N/A	Sep-10	200
Holiday Inn Express	509-13 W 43rd St	Midtown West	N/A	Oct-10	203
Viceroy New York	330 Hudson St	Lower Manhattan	N/A	Nov-10	168
Comfort Inn New York	136 Ludlow St	Lower Manhattan	N/A	Dec-10	36

# Hotels in Permitting and Early Planning

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Four Seasons Downtown	99 Church St	Lower Manhattan	Silverstein Properties Inc	Mar-11	175
Holiday Inn Manhattan Financial District	99 Washington St	Lower Manhattan	McSam Hotel LLC	Apr-11	370
Unnamed Hotel	50 West St	Lower Manhattan	Time Equities Inc	Apr-11	155
21 Hotel	24 W 53rd St	Midtown West	Orient-Express Hotels Ltd	Jun-11	150
Hyatt Place Midtown Manhattan South	52-54 West 36th St	Midtown West	McSam Hotel LLC	Sep-11	188
Unnamed Hotel	54 W 13th St	Lower Manhattan	52 West 13th Street Holding LLC	N/A	95
Holiday Inn New York	50 Trinity Pl	Lower Manhattan	McSam Hotel LLC	N/A	244
Cambria Suites Madison Square Garden	325 W 33rd St	Lower Manhattan	Fairchild Properties	N/A	239
Unnamed Hotel	54 Canal St	Lower Manhattan	Raber Enterprises LLC	N/A	150
Armani Hotel Manhattan	Unknown Location	Midtown East	Giorgio Armani & Emaar Hotel & Resort Group	N/A	N/A
Sheraton Hotel Downtown	98 Greenwich St	Lower Manhattan	McSam Hotel LLC	N/A	300
Fairfield Inn New York Manhattan Times Square	21-23 W 37th St	Midtown West	The Lam's Group	N/A	92
Unnamed Hotel	231 E 43rd St	Midtown East	Magna Hospitality Group	N/A	170
Shangri La Hotel	610 Lexington Ave	Midtown East	Hines	N/A	140
Unnamed Hotel	6 Times Sq aka 1462 Broadway	Midtown West	Istithmar	N/A	N/A
Four Points by Sheraton Manhattan Herald Square	23 W 35th St	Midtown West	Brack-Capital USA	N/A	N/A
Residential Development	Avenue of the Americas & 30th St & 31st St	Midtown West	Herald Square Development LLC	N/A	N/A
Ameritania Hotel Addition	230 W 54th St	Midtown West	Impulsive Group	N/A	100
Unnamed Hotel	189 Delancey St	Lower Manhattan	N/A	N/A	N/A
Crillon Hotel	105-107 W 57th St	Midtown West	Starwood Capital Group	N/A	N/A
Unnamed Hotel	307-311 W 46th St	Midtown West	McSam Hotel Group	N/A	N/A
Born Hotel	51st & 2nd Ave	Midtown East	N/A	N/A	N/A
Unnamed Hotel	1385 Broadway	Midtown West	N/A	N/A	N/A
Unnamed Hotel	80 West St	Lower Manhattan	N/A	N/A	N/A
Unnamed Hotel	30 Kenmare St	Lower Manhattan	153 Elizabeth Street LLC	N/A	N/A
RFP East 125th Street Development (6-Acres)	East Harlem - East 125th Street	Upper Manhattan	Harlem Community Development Corp	N/A	N/A
Unnamed Hotel	343-345 W 44th St	Midtown West	McSam Hotel Group	N/A	N/A
Unnamed Hotel	189 Bowery	Lower Manhattan	Brack Capital Real Estate	N/A	N/A
Unnamed Hotel	20 W 56th St	Midtown West	McSam Hotel Group	N/A	N/A
Unnamed Hotel	349-53 W 38th St	Midtown West	McSam Hotel LLC	N/A	N/A
Sheraton Hotel New York	217 Pearl St	Lower Manhattan	Lam Golden Pearl Hotel Plaza LLC	N/A	N/A
Apartment Hotel	163 Orchard St	Lower Manhattan	Orchard Street LLC	N/A	N/A
Unnamed Hotel	400 5th Ave	Midtown West	400 Fifth Realty LLC	N/A	N/A
Unnamed Hotel	147-161 W 57th St	Midtown West	Extell Development Co	N/A	N/A

## Hotels in Permitting and Early Planning (continued)

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Unnamed Hotel	61 W 54th St # 64	Midtown West	Silver Autumn Hotel Corp	N/A	N/A
Unnamed Hotel	136 W 42nd St	Midtown West	Istithmar Six Times LLC	N/A	N/A
Hotel Indigo New York Union Square	13th St & 5th & 6th Ave	Lower Manhattan	N/A	N/A	92
Fairfield Inn New York	126 Water St	Lower Manhattan	Metro Five Hotel LLC	N/A	N/A
Unnamed Hotel	11-15 W 125th St	Upper Manhattan	125 Property Interests LLC	N/A	N/A
Allen Street Hotel	139 Orchard St	Lower Manhattan	D A B Group LLC	N/A	80
Unnamed Luxury Hotel	5-15 W 125th Street	Upper Manhattan	Reisman Properties	N/A	N/A
Hotel New York	30 W 31st St	Lower Manhattan	30-32 West 31 LLC	N/A	N/A
Unnamed Hotel	1141 Broadway	Lower Manhattan	1141 Realty	N/A	N/A
Unnamed Hotel	614 Lexington Ave	Upper Manhattan	RFR Holding Corp	N/A	N/A
J Hotel	510 W 22nd St	Lower Manhattan	Jay-Z, Charlie Blaiichman, Abe Shnay	N/A	N/A
Unnamed Hotel	322 W 14th St	Lower Manhattan	N/A	N/A	N/A
Unnamed Hotel	1454 3rd Ave	Upper Manhattan	Tessler Developments LLC	N/A	249
Unnamed Hotel	11 E 31st St	Lower Manhattan	Sofi House	N/A	N/A
Unnamed Hotel	133 Greenwich St	Lower Manhattan	EB Developers	N/A	242
Unnamed Hotel	1601 Broadway	Midtown West	SVP City Investment Fund	N/A	N/A
Unnamed Hotel	32 W 29th St	Lower Manhattan	32-34 W 29th Realty LLC	N/A	N/A
Unnamed Hotel	87 Chambers St	Lower Manhattan	87 Chambers LLC	N/A	N/A
Unnamed Hotel	49-53 Ann St	Lower Manhattan	The Lam Group	N/A	N/A
Unnamed Hotel	151-61 Maiden Ln	Lower Manhattan	L H Maiden Realty LLC c/o Pioneer Companies	N/A	N/A
Unnamed Hotel	6 E 37th St	Lower Manhattan	6 E 37th St LLC	N/A	N/A
Unnamed Hotel	260 12th Ave	Lower Manhattan	Georgetown Company	N/A	N/A
Unnamed Hotel	539 Lexington Ave	Upper Manhattan	HTS Lessee W NY LLC	N/A	N/A
Unnamed Hotel	733 8th Ave	Upper Manhattan	303 West 46th St LLC	N/A	N/A
Unnamed Hotel	324 Hudson St	Lower Manhattan	330 Hudson Associates LLC	N/A	N/A
Unnamed Hotel	161 Front St	Lower Manhattan	GM Plaza LLC	N/A	N/A
Unnamed Hotel	431 W 33rd St	Lower Manhattan	McSam Hotel LLC	N/A	N/A

# New York City Hotel Occupancy Tax - A Historical Perspective

Effective March 1, 2009, the City of New York Hotel Room Occupancy Tax ("HROT") increased nearly 20 percent, from 5.0 percent of the room rate to 5.875 percent of the room rate, for all room types. The following table illustrates the structure of the increased city occupancy tax rate.

Room Rate	Hotel Room Occupancy Tax Rate
\$10 to \$19.99	\$0.50 per day plus 5.875% of the rate
\$20 to \$29.99	\$1.00 per day plus 5.875% of the rate
\$30 to \$39.99	\$1.50 per day plus 5.875% of the rate
\$40 or more	\$2.00 per day plus 5.875% of the rate

Source: The City of New York

As the increase in the New York City HROT may have an effect on the Manhattan lodging industry, it is important to understand how taxes placed on New York City hotels have evolved since their inception.

New York City hotels have been experiencing fluctuations in the hotel occupancy tax rate for over 20 years. Before adding a variable component to the hotel occupancy tax rate of five percent of room charges in July 1986, New York City taxed hotel rooms with a rate of \$40 or more, a flat tax rate of \$2 per night (with lower charges for rooms with lower rates). Additionally, New York State imposed its own hotel occupancy tax in June 1990 of five percent, on hotel rooms renting for \$100 or more. In September 1990, the variable component of the City hotel occupancy tax rate increased from five to six percent. According to a report published by the New York City Independent Budget Office, the tax rate placed on New York City hotels was the highest rate in the country and over twice the average rate for major U.S. cities.

As a result of the rapid increase in the variable component of the hotel tax rate - rising six percent from May 1990 to September 1990 - meeting and convention planners soon began an unofficial boycott of New York City as meeting and event locations. According to the New York Times, New York City returned some of the city hotel occupancy tax revenues collected to the City Convention and Visitors Bureau to support tourism, while New York State actually cut back its funding for tourism promotion at the same time it levied its own hotel occupancy tax.

Pressure to lessen the tax led to reductions in both the State and City hotel occupancy tax rates. New York State eliminated its five percent hotel occupancy tax in September 1994, and New York City reduced its variable component from six back to five percent in December 1994. After these two reductions, New York City hotel guests were subject to the same rate as in May 1990.

In 2004, the plans to expand the Jacob K. Javits Center led to a \$1.50 surcharge being added to New York City hotel tax rates, a surcharge the New York City Hotel Association supported, as the expanded convention center, when complete, is expected to generate additional business for the New York City lodging market.

# First Quarter 2008 Manhattan Lodging Index

	Occupancy				ADR				RevPAR			
	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q
All Manhattan Hotels	72.3%	77.9%	85.6%	78.6%	\$227.86	\$236.18	\$257.88	\$241.70	\$164.75	\$184.04	\$220.76	\$190.07
2007 Market Average	72.3%	77.9%	85.6%	78.6%	\$227.86	\$236.18	\$257.88	\$241.70	\$164.75	\$184.04	\$220.76	\$190.07
2008 Market Average	74.3%	80.3%	86.0%	80.2%	\$248.34	\$255.01	\$279.47	\$261.94	\$184.58	\$204.85	\$240.32	\$210.13
Market Average	2.8%	3.1%	0.4%	2.0%	9.0%	8.0%	8.4%	8.4%	12.0%	11.3%	8.9%	10.6%

By Segment	Occupancy				ADR				RevPAR			
	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q
Luxury - 2007	75.5%	78.5%	84.5%	79.5%	\$324.36	\$338.92	\$363.32	\$343.13	\$244.90	\$266.05	\$307.07	\$272.96
Luxury - 2008	76.5%	80.9%	84.5%	80.7%	\$350.14	\$361.52	\$386.50	\$366.92	\$267.94	\$292.61	\$326.61	\$295.97
Upscale - 2007	75.7%	80.7%	87.8%	81.4%	\$202.65	\$211.58	\$238.40	\$218.69	\$153.48	\$170.73	\$209.43	\$178.12
Upscale - 2008	77.2%	82.5%	87.6%	82.4%	\$223.64	\$231.13	\$257.17	\$238.24	\$172.70	\$190.61	\$225.24	\$196.37
Midprice - 2007	67.1%	75.6%	85.4%	76.0%	\$160.33	\$169.06	\$184.56	\$172.41	\$107.51	\$127.85	\$157.64	\$131.10
Midprice - 2008	69.9%	78.0%	86.8%	78.2%	\$179.40	\$185.63	\$209.70	\$192.91	\$125.38	\$144.79	\$181.92	\$150.89
Luxury	1.4%	3.1%	0.0%	1.4%	7.9%	6.7%	6.4%	6.9%	9.4%	10.0%	6.4%	8.4%
Upscale	2.0%	2.2%	-0.3%	1.2%	10.4%	9.2%	7.9%	8.9%	12.5%	11.6%	7.5%	10.2%
Midprice	4.2%	3.1%	1.6%	2.9%	11.9%	9.8%	13.6%	11.9%	16.6%	13.2%	15.4%	15.1%

By Neighborhood	Occupancy				ADR				RevPAR			
	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q
Upper Manhattan - 2007	68.3%	74.8%	80.9%	74.7%	\$286.65	\$293.32	\$307.75	\$296.60	\$195.83	\$219.40	\$248.97	\$221.46
Upper Manhattan - 2008	69.0%	77.6%	82.7%	76.4%	\$292.80	\$299.39	\$334.04	\$310.27	\$202.04	\$232.18	\$276.32	\$237.00
Midtown West - 2007	72.8%	77.3%	85.5%	78.6%	\$219.05	\$225.36	\$250.03	\$232.60	\$159.54	\$174.29	\$213.86	\$182.84
Midtown West - 2008	74.8%	80.1%	86.0%	80.3%	\$238.65	\$245.06	\$269.44	\$252.06	\$178.59	\$196.32	\$231.78	\$202.52
Midtown East - 2007	78.3%	82.4%	87.5%	82.8%	\$246.84	\$259.89	\$290.46	\$266.77	\$193.31	\$214.23	\$254.13	\$220.76
Midtown East - 2008	77.3%	82.6%	86.7%	82.2%	\$277.20	\$282.43	\$315.05	\$292.59	\$214.26	\$233.17	\$273.08	\$240.40
Midtown South - 2007	64.9%	74.7%	85.4%	75.0%	\$175.93	\$187.75	\$197.51	\$188.05	\$114.21	\$140.33	\$168.72	\$141.11
Midtown South - 2008	72.3%	80.7%	87.0%	80.0%	\$196.25	\$206.77	\$221.47	\$209.00	\$141.88	\$166.79	\$192.63	\$167.11
Lower Manhattan - 2007	71.7%	78.9%	87.0%	79.2%	\$267.07	\$274.73	\$286.69	\$276.86	\$191.55	\$216.76	\$249.28	\$219.28
Lower Manhattan - 2008	73.2%	78.0%	83.8%	78.4%	\$290.29	\$301.52	\$313.65	\$302.38	\$212.42	\$235.23	\$262.97	\$236.93
Upper Manhattan	1.0%	3.7%	2.2%	2.3%	2.1%	2.1%	8.5%	4.6%	3.2%	5.8%	11.0%	7.0%
Midtown West	2.7%	3.6%	0.6%	2.2%	8.9%	8.7%	7.8%	8.4%	11.9%	12.6%	8.4%	10.8%
Midtown East	-1.3%	0.2%	-0.9%	-0.7%	12.3%	8.7%	8.5%	9.7%	10.8%	8.8%	7.5%	8.9%
Midtown South	11.4%	7.9%	1.8%	6.6%	11.6%	10.1%	12.1%	11.1%	24.2%	18.9%	14.2%	18.4%
Lower Manhattan	2.0%	-1.1%	-3.6%	-1.1%	8.7%	9.8%	9.4%	9.2%	10.9%	8.5%	5.5%	8.0%

By Service	Occupancy				ADR				RevPAR			
	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q
Full Service - 2007	73.6%	78.6%	86.1%	79.4%	\$239.41	\$248.85	\$271.23	\$254.20	\$176.10	\$195.51	\$233.52	\$201.94
Full Service - 2008	75.2%	80.8%	86.0%	80.7%	\$261.81	\$269.11	\$293.57	\$275.79	\$196.85	\$217.46	\$252.48	\$222.48
Limited Service - 2007	67.0%	75.2%	83.5%	75.2%	\$173.78	\$179.92	\$199.36	\$185.50	\$116.35	\$135.27	\$166.53	\$139.57
Limited Service - 2008	71.0%	78.4%	85.9%	78.4%	\$192.21	\$197.93	\$223.70	\$205.87	\$136.38	\$155.26	\$192.26	\$161.50
Full Service	2.2%	2.9%	-0.1%	1.6%	9.4%	8.1%	8.2%	8.5%	11.8%	11.2%	8.1%	10.2%
Limited Service	6.0%	4.3%	2.9%	4.3%	10.6%	10.0%	12.2%	11.0%	17.2%	14.8%	15.5%	15.7%

By Affiliation	Occupancy				ADR				RevPAR			
	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q	Jan	Feb	Mar	1Q
Chain Affiliated - 2007	77.6%	80.2%	87.2%	81.7%	\$248.05	\$258.27	\$285.23	\$264.84	\$192.47	\$207.18	\$248.78	\$216.44
Chain Affiliated - 2008	78.4%	82.7%	87.6%	82.9%	\$269.67	\$278.45	\$304.58	\$285.10	\$211.30	\$230.31	\$266.78	\$236.32
Independent - 2007	66.1%	75.2%	83.7%	75.0%	\$199.65	\$208.34	\$224.21	\$211.83	\$131.92	\$156.70	\$187.66	\$158.89
Independent - 2008	69.6%	77.6%	84.2%	77.1%	\$220.06	\$225.63	\$249.03	\$232.75	\$153.23	\$175.03	\$209.57	\$179.52
Chain Affiliated	1.0%	3.1%	0.4%	1.4%	8.7%	7.8%	6.8%	7.7%	9.8%	11.2%	7.2%	9.2%
Independent	5.4%	3.1%	0.5%	2.8%	10.2%	8.3%	11.1%	9.9%	16.2%	11.7%	11.7%	13.0%

Source: PricewaterhouseCoopers LLP, based on Smith Travel Research data

## Neighborhood Index

Upper Manhattan	Midtown West	Midtown East	Midtown South	Lower Manhattan
59th Street and North	5th Avenue and West from 34th Street to 59th Street	5th Avenue and East from 34th Street to 59th Street	14th Street to 34th Street	14th Street and South

# Second Quarter 2008 Manhattan Lodging Index

	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	April	May	June	2Q	April	May	June	2Q	April	May	June	2Q			
All Manhattan Hotels	88.1%	88.1%	87.8%	88.0%	\$280.92	\$297.44	\$300.04	\$292.85	\$247.45	\$262.05	\$263.54	\$257.73	83.9%	\$208.75	\$175.09
2007 Market Average	88.1%	88.1%	87.8%	88.0%	\$280.92	\$297.44	\$300.04	\$292.85	\$247.45	\$262.05	\$263.54	\$257.73	83.9%	\$208.75	\$175.09
2008 Market Average	86.4%	89.3%	88.7%	88.2%	\$302.17	\$317.19	\$319.56	\$313.13	\$261.00	\$283.36	\$283.52	\$276.05	83.0%	\$239.54	\$198.74
Market Average	-1.9%	1.4%	1.0%	0.2%	7.6%	6.6%	6.5%	6.9%	5.5%	8.1%	7.6%	7.1%	-1.1%	14.7%	13.5%

By Segment	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	April	May	June	2Q	April	May	June	2Q	April	May	June	2Q			
Luxury - 2007	86.7%	87.4%	86.5%	86.9%	\$390.48	\$414.91	\$417.67	\$407.78	\$338.62	\$362.46	\$361.20	\$354.19	83.9%	\$301.03	\$252.56
Luxury - 2008	84.6%	87.7%	86.6%	86.3%	\$413.75	\$432.81	\$431.05	\$426.06	\$350.08	\$379.74	\$373.08	\$367.76	83.0%	\$337.54	\$280.05
Upscale - 2007	90.3%	90.4%	90.8%	90.5%	\$259.96	\$274.02	\$278.87	\$271.00	\$234.65	\$247.77	\$253.29	\$245.27	82.8%	\$198.70	\$164.55
Upscale - 2008	88.2%	90.8%	90.8%	90.0%	\$277.68	\$290.50	\$297.65	\$288.74	\$245.01	\$263.79	\$270.36	\$259.77	83.7%	\$226.57	\$189.59
Midprice - 2007	87.9%	86.9%	86.6%	87.1%	\$206.63	\$216.52	\$217.20	\$213.46	\$181.64	\$188.22	\$188.09	\$186.01	86.7%	\$138.23	\$119.83
Midprice - 2008	86.8%	89.4%	87.9%	88.0%	\$231.79	\$245.91	\$248.85	\$242.32	\$201.22	\$219.75	\$218.66	\$213.31	84.1%	\$165.33	\$139.00
Luxury	-2.4%	0.4%	0.1%	-0.6%	6.0%	4.3%	3.2%	4.5%	3.4%	4.8%	3.3%	3.8%	-1.1%	12.1%	10.9%
Upscale	-2.2%	0.4%	0.0%	-0.6%	6.8%	6.0%	6.7%	6.5%	4.4%	6.5%	6.7%	5.9%	1.0%	14.0%	15.2%
Midprice	-1.2%	2.8%	1.5%	1.0%	12.2%	13.6%	14.6%	13.5%	10.8%	16.8%	16.3%	14.7%	-3.0%	19.6%	16.0%

By Neighborhood	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	April	May	June	2Q	April	May	June	2Q	April	May	June	2Q			
Upper Manhattan - 2007	83.3%	83.0%	82.1%	82.8%	\$345.45	\$371.77	\$356.49	\$358.04	\$287.87	\$308.47	\$292.73	\$296.49	81.4%	\$241.77	\$196.84
Upper Manhattan - 2008	84.2%	87.8%	87.3%	86.4%	\$359.35	\$379.86	\$371.68	\$370.55	\$302.72	\$333.37	\$324.31	\$320.28	78.9%	\$283.17	\$223.37
Midtown West - 2007	88.8%	89.1%	88.5%	88.8%	\$273.16	\$285.90	\$293.35	\$284.15	\$242.63	\$254.86	\$259.76	\$252.44	84.5%	\$205.39	\$173.50
Midtown West - 2008	86.5%	89.6%	89.1%	88.4%	\$292.11	\$307.97	\$313.11	\$304.56	\$252.70	\$275.83	\$278.95	\$269.23	83.2%	\$231.46	\$192.56
Midtown East - 2007	89.2%	88.6%	88.6%	88.8%	\$309.27	\$332.06	\$331.36	\$324.28	\$276.02	\$294.06	\$293.43	\$287.91	85.5%	\$233.38	\$199.54
Midtown East - 2008	87.5%	89.2%	88.6%	88.5%	\$335.87	\$353.62	\$355.09	\$348.30	\$293.98	\$315.44	\$314.72	\$308.11	84.6%	\$269.78	\$228.36
Midtown South - 2007	87.0%	87.1%	87.7%	87.3%	\$218.84	\$232.54	\$232.01	\$227.86	\$190.40	\$202.54	\$203.48	\$198.85	81.6%	\$141.10	\$115.07
Midtown South - 2008	86.8%	90.1%	88.4%	88.4%	\$242.39	\$251.35	\$251.73	\$248.58	\$210.36	\$226.52	\$222.47	\$219.86	81.5%	\$171.71	\$140.02
Lower Manhattan - 2007	88.3%	88.9%	89.4%	88.9%	\$309.07	\$329.11	\$334.28	\$324.26	\$272.86	\$292.55	\$298.92	\$288.16	81.1%	\$224.03	\$181.79
Lower Manhattan - 2008	83.2%	89.8%	90.0%	87.7%	\$338.64	\$345.60	\$349.38	\$344.70	\$281.88	\$310.20	\$314.34	\$302.23	82.2%	\$263.45	\$216.54
Upper Manhattan	1.1%	5.8%	6.3%	4.4%	4.0%	2.2%	4.3%	3.5%	5.2%	8.1%	10.8%	8.0%	-3.1%	17.1%	13.5%
Midtown West	-2.6%	0.5%	0.6%	-0.5%	6.9%	7.7%	6.7%	7.2%	4.2%	8.2%	7.4%	6.7%	-1.5%	12.7%	11.0%
Midtown East	-1.9%	0.7%	0.1%	-0.4%	8.6%	6.5%	7.2%	7.4%	6.5%	7.3%	7.3%	7.0%	-1.0%	15.6%	14.4%
Midtown South	-0.2%	3.5%	0.8%	1.4%	10.8%	8.1%	8.5%	9.1%	10.5%	11.8%	9.3%	10.6%	0.0%	21.7%	21.7%
Lower Manhattan	-5.7%	1.0%	0.6%	-1.3%	9.6%	5.0%	4.5%	6.3%	3.3%	6.0%	5.2%	4.9%	1.3%	17.6%	19.1%

By Service	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	April	May	June	2Q	April	May	June	2Q	April	May	June	2Q			
Full Service - 2007	88.6%	88.5%	88.5%	88.5%	\$294.96	\$312.44	\$315.05	\$307.53	\$261.23	\$276.58	\$278.70	\$272.22	84.2%	\$221.34	\$186.29
Full Service - 2008	86.5%	89.3%	88.5%	88.1%	\$316.65	\$332.25	\$334.62	\$327.99	\$273.82	\$296.66	\$295.97	\$288.91	83.3%	\$251.85	\$209.77
Limited Service - 2007	86.1%	86.3%	85.2%	85.9%	\$219.89	\$232.45	\$234.31	\$228.91	\$189.23	\$200.68	\$199.60	\$196.55	82.4%	\$142.79	\$117.63
Limited Service - 2008	86.0%	89.5%	89.8%	88.4%	\$244.92	\$258.13	\$261.12	\$254.90	\$210.57	\$231.07	\$234.49	\$225.44	81.4%	\$178.96	\$145.68
Full Service	-2.4%	0.9%	0.0%	-0.5%	7.4%	6.3%	6.2%	6.7%	4.8%	7.3%	6.2%	6.1%	-1.0%	13.8%	12.6%
Limited Service	-0.1%	3.7%	5.4%	3.0%	11.4%	11.0%	11.4%	11.4%	11.3%	15.1%	17.5%	14.7%	-1.2%	25.3%	23.8%

By Affiliation	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	April	May	June	2Q	April	May	June	2Q	April	May	June	2Q			
Chain Affiliated - 2007	89.8%	89.5%	89.6%	89.6%	\$306.71	\$324.62	\$330.22	\$320.55	\$275.44	\$290.51	\$295.98	\$287.34	84.7%	\$231.07	\$195.81
Chain Affiliated - 2008	87.9%	89.9%	89.5%	89.1%	\$328.24	\$343.74	\$347.99	\$340.12	\$288.56	\$309.07	\$311.37	\$303.09	85.0%	\$264.60	\$224.88
Independent - 2007	86.0%	86.4%	85.7%	86.1%	\$248.84	\$263.88	\$262.47	\$258.46	\$214.10	\$228.11	\$224.95	\$222.45	83.0%	\$180.66	\$149.91
Independent - 2008	84.6%	88.7%	87.9%	87.1%	\$270.65	\$285.81	\$285.51	\$280.85	\$229.04	\$253.44	\$250.84	\$244.53	80.6%	\$205.52	\$165.66
Chain Affiliated	-2.1%	0.5%	-0.2%	-0.6%	7.0%	5.9%	5.4%	6.1%	4.8%	6.4%	5.2%	5.5%	0.3%	14.5%	14.8%
Independent	-1.6%	2.6%	2.5%	1.2%	8.8%	8.3%	8.8%	8.7%	7.0%	11.1%	11.5%	9.9%	-2.9%	13.8%	10.5%

Source: PricewaterhouseCoopers LLP, based on Smith Travel Research data

## Neighborhood Index

Upper Manhattan	Midtown West	Midtown East	Midtown South	Lower Manhattan
59th Street and North	5th Avenue and West from 34th Street to 59th Street	5th Avenue and East from 34th Street to 59th Street	14th Street to 34th Street	14th Street and South

# Third Quarter 2008 Manhattan Lodging Index

	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q			
All Manhattan Hotels	86.2%	89.8%	86.3%	87.4%	\$251.96	\$258.01	\$339.96	\$282.42	\$217.09	\$231.64	\$293.38	\$246.91	84.3%	\$243.80	\$205.42
2007 Market Average	88.1%	91.7%	85.6%	88.5%	\$276.81	\$280.77	\$367.32	\$306.85	\$243.98	\$257.51	\$314.39	\$271.59	84.7%	\$273.62	\$231.85
2008 Market Average	% Change from 2007				% Change from 2007				% Change from 2007				% Change from 2007		
Market Average	2.3%	2.2%	-0.8%	1.2%	9.9%	8.8%	8.0%	8.6%	12.4%	11.2%	7.2%	10.0%	0.6%	12.2%	12.9%

By Segment	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q			
Luxury - 2007	83.9%	87.0%	84.2%	85.1%	\$350.37	\$356.46	\$476.03	\$393.04	\$293.96	\$310.27	\$400.89	\$334.33	83.2%	\$342.79	\$285.06
Luxury - 2008	85.3%	89.4%	83.1%	86.0%	\$374.78	\$373.38	\$501.55	\$414.42	\$319.74	\$333.67	\$416.98	\$356.25	83.9%	\$382.59	\$320.80
Upscale - 2007	89.2%	92.8%	88.2%	90.1%	\$231.98	\$237.18	\$316.03	\$260.66	\$206.96	\$220.05	\$278.67	\$234.79	85.6%	\$230.91	\$197.61
Upscale - 2008	90.5%	92.8%	87.7%	90.4%	\$254.59	\$259.18	\$339.88	\$283.17	\$230.52	\$240.52	\$298.13	\$255.94	87.4%	\$251.39	\$219.68
Midprice - 2007	85.6%	89.7%	87.4%	87.6%	\$188.71	\$196.38	\$247.24	\$210.48	\$161.45	\$176.15	\$216.04	\$184.29	85.4%	\$170.21	\$145.33
Midprice - 2008	88.2%	93.0%	85.6%	89.0%	\$217.66	\$225.94	\$282.45	\$241.17	\$192.02	\$210.10	\$241.80	\$214.53	83.6%	\$200.15	\$167.40
	% Change from 2007				% Change from 2007				% Change from 2007				% Change from 2007		
Luxury	1.7%	2.7%	-1.3%	1.1%	7.0%	4.7%	5.4%	5.4%	8.8%	7.5%	4.0%	6.6%	0.8%	11.6%	12.5%
Upscale	1.5%	0.0%	-0.5%	0.3%	9.7%	9.3%	7.5%	8.6%	11.4%	9.3%	7.0%	9.0%	2.1%	8.9%	11.2%
Midprice	3.1%	3.7%	-2.0%	1.6%	15.3%	15.1%	14.2%	14.6%	18.9%	19.3%	11.9%	16.4%	-2.0%	17.6%	15.2%

By Neighborhood	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q			
Upper Manhattan - 2007	77.6%	81.4%	79.3%	79.5%	\$308.81	\$307.45	\$413.99	\$342.93	\$239.78	\$250.27	\$328.31	\$272.53	79.8%	\$286.81	\$228.76
Upper Manhattan - 2008	85.9%	88.1%	80.8%	85.0%	\$318.20	\$321.00	\$424.85	\$352.24	\$273.35	\$282.85	\$343.19	\$299.32	79.0%	\$333.84	\$263.75
Midtown West - 2007	87.5%	91.1%	88.0%	88.9%	\$244.64	\$250.37	\$324.66	\$272.45	\$214.05	\$228.21	\$285.76	\$242.21	84.9%	\$235.42	\$199.83
Midtown West - 2008	89.5%	92.6%	87.4%	89.9%	\$270.28	\$274.44	\$354.44	\$298.41	\$242.01	\$254.26	\$309.84	\$268.25	85.5%	\$264.45	\$226.08
Midtown East - 2007	86.4%	89.9%	85.5%	87.3%	\$272.63	\$278.30	\$391.44	\$312.56	\$235.55	\$250.27	\$334.87	\$272.90	85.9%	\$239.55	\$205.73
Midtown East - 2008	88.1%	91.2%	85.4%	88.3%	\$302.43	\$303.95	\$422.20	\$340.94	\$266.56	\$277.18	\$360.66	\$300.97	85.3%	\$274.82	\$234.34
Midtown South - 2007	86.0%	90.3%	86.5%	87.6%	\$201.86	\$212.10	\$262.11	\$224.81	\$173.69	\$191.43	\$226.67	\$196.94	82.9%	\$177.81	\$147.46
Midtown South - 2008	86.5%	90.7%	83.4%	86.9%	\$227.41	\$234.18	\$291.62	\$249.89	\$196.72	\$212.30	\$243.25	\$217.14	83.3%	\$214.97	\$179.17
Lower Manhattan - 2007	86.5%	89.3%	86.1%	87.3%	\$290.81	\$298.85	\$374.61	\$320.53	\$251.59	\$266.98	\$322.72	\$279.97	83.9%	\$267.24	\$224.31
Lower Manhattan - 2008	87.2%	92.1%	86.4%	88.6%	\$311.08	\$314.36	\$396.70	\$339.46	\$271.26	\$289.62	\$342.86	\$300.79	85.2%	\$308.44	\$262.69
	% Change from 2007				% Change from 2007				% Change from 2007				% Change from 2007		
Upper Manhattan	10.6%	8.2%	1.9%	6.9%	3.0%	4.4%	2.6%	2.7%	14.0%	13.0%	4.5%	9.8%	-0.9%	16.4%	15.3%
Midtown West	2.3%	1.6%	-0.7%	1.1%	10.5%	9.6%	9.2%	9.5%	13.1%	11.4%	8.4%	10.8%	0.7%	12.3%	13.1%
Midtown East	2.0%	1.4%	-0.1%	1.1%	10.9%	9.2%	7.9%	9.1%	13.2%	10.8%	7.7%	10.3%	-0.7%	14.7%	13.9%
Midtown South	0.5%	0.4%	-3.5%	-0.8%	12.7%	10.4%	11.3%	11.2%	13.3%	10.9%	7.3%	10.3%	0.5%	20.9%	21.5%
Lower Manhattan	0.8%	3.1%	0.3%	1.4%	7.0%	5.2%	5.9%	5.9%	7.8%	8.5%	6.2%	7.4%	1.5%	15.4%	17.1%

By Service	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q			
Full Service - 2007	86.6%	90.1%	86.7%	87.8%	\$263.58	\$269.20	\$357.28	\$295.69	\$228.24	\$242.43	\$309.74	\$259.60	84.5%	\$255.92	\$216.19
Full Service - 2008	88.0%	91.5%	85.9%	88.5%	\$288.89	\$291.83	\$384.82	\$320.37	\$254.11	\$267.07	\$330.40	\$283.43	85.3%	\$287.08	\$244.83
Limited Service - 2007	84.3%	88.6%	84.7%	85.9%	\$201.81	\$210.77	\$266.61	\$225.91	\$170.22	\$186.80	\$225.71	\$194.04	83.2%	\$184.48	\$153.52
Limited Service - 2008	88.9%	92.5%	84.5%	88.7%	\$229.46	\$237.49	\$297.45	\$253.58	\$203.90	\$219.71	\$251.44	\$224.83	82.4%	\$214.93	\$177.13
	% Change from 2007				% Change from 2007				% Change from 2007				% Change from 2007		
Full Service	1.6%	1.6%	-1.0%	0.8%	9.6%	8.4%	7.7%	8.3%	11.3%	10.2%	6.7%	9.2%	1.0%	12.2%	13.2%
Limited Service	5.4%	4.4%	-0.1%	3.2%	13.7%	12.7%	11.6%	12.2%	19.8%	17.6%	11.4%	15.9%	-1.0%	16.5%	15.4%

By Affiliation	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q	Jul	Aug	Sep	3Q			
Chain Affiliated - 2007	88.3%	91.1%	88.0%	89.1%	\$276.85	\$283.16	\$371.08	\$309.35	\$244.44	\$257.90	\$326.39	\$275.70	86.4%	\$268.58	\$232.06
Chain Affiliated - 2008	89.5%	92.7%	87.0%	89.7%	\$299.41	\$301.69	\$396.32	\$331.01	\$267.86	\$279.62	\$344.67	\$297.00	86.9%	\$299.47	\$260.15
Independent - 2007	83.6%	88.3%	84.4%	85.4%	\$220.38	\$226.92	\$301.30	\$248.79	\$184.34	\$200.30	\$254.16	\$212.56	81.8%	\$210.10	\$171.77
Independent - 2008	86.6%	90.6%	84.1%	87.1%	\$249.48	\$255.78	\$332.40	\$277.85	\$216.12	\$231.79	\$279.56	\$242.13	82.2%	\$241.07	\$198.20
	% Change from 2007				% Change from 2007				% Change from 2007				% Change from 2007		
Chain Affiliated	1.3%	1.8%	-1.1%	0.7%	8.1%	6.5%	6.8%	7.0%	9.6%	8.4%	5.6%	7.7%	0.5%	11.5%	12.1%
Independent	3.6%	2.7%	-0.3%	2.0%	13.2%	12.7%	10.3%	11.7%	17.2%	15.7%	10.0%	13.9%	0.6%	14.7%	15.4%

Source: PricewaterhouseCoopers LLP, based on Smith Travel Research data

## Neighborhood Index

Upper Manhattan	Midtown West	Midtown East	Midtown South	Lower Manhattan
59th Street and North	5th Avenue and West from 34th Street to 59th Street	5th Avenue and East from 34th Street to 59th Street	14th Street to 34th Street	14th Street and South

# Fourth Quarter 2008 Manhattan Lodging Index

	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q			
All Manhattan Hotels	90.4%	88.4%	84.1%	87.6%	\$360.60	\$373.82	\$368.42	\$367.48	\$325.99	\$330.38	\$309.82	\$321.97	85.5%	\$298.16	\$254.83
2007 Market Average	90.4%	88.4%	84.1%	87.6%	\$360.60	\$373.82	\$368.42	\$367.48	\$325.99	\$330.38	\$309.82	\$321.97	85.5%	\$298.16	\$254.83
2008 Market Average	85.1%	78.9%	80.5%	81.5%	\$349.85	\$329.07	\$330.99	\$336.97	\$297.88	\$259.50	\$266.31	\$274.64	84.6%	\$305.50	\$258.48
Market Average	-5.8%	-10.8%	-4.3%	-7.0%	-3.0%	-12.0%	-10.2%	-8.3%	-8.6%	-21.5%	-14.0%	-14.7%	-1.0%	2.5%	1.4%

By Segment	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q			
Luxury - 2007	89.3%	88.1%	83.9%	87.1%	\$498.59	\$519.31	\$522.50	\$513.18	\$445.45	\$457.65	\$438.40	\$447.05	84.7%	\$416.80	\$352.96
Luxury - 2008	83.0%	80.3%	81.6%	81.7%	\$472.18	\$460.97	\$477.12	\$470.25	\$391.89	\$370.18	\$389.38	\$383.97	83.7%	\$420.03	\$351.43
Upscale - 2007	91.7%	90.5%	86.8%	89.6%	\$330.95	\$340.46	\$329.21	\$333.52	\$303.49	\$308.13	\$285.62	\$298.98	88.0%	\$272.64	\$239.82
Upscale - 2008	87.8%	82.5%	83.3%	84.5%	\$320.53	\$292.20	\$288.86	\$300.94	\$281.39	\$241.21	\$240.53	\$254.45	86.8%	\$278.53	\$241.88
Midprice - 2007	90.7%	86.8%	82.1%	86.5%	\$270.44	\$278.71	\$271.64	\$273.53	\$245.17	\$241.90	\$222.90	\$236.58	84.4%	\$219.60	\$185.29
Midprice - 2008	84.6%	73.8%	77.0%	78.4%	\$279.19	\$249.21	\$247.16	\$259.12	\$236.14	\$183.82	\$190.34	\$203.26	83.4%	\$235.06	\$196.02
Luxury	-7.1%	-8.9%	-2.7%	-6.3%	-5.3%	-11.2%	-8.7%	-8.4%	-12.0%	-19.1%	-11.2%	-14.1%	-1.2%	0.8%	-0.4%
Upscale	-4.3%	-8.8%	-4.0%	-5.7%	-3.1%	-14.2%	-12.3%	-9.8%	-7.3%	-21.7%	-15.8%	-14.9%	-1.3%	2.2%	0.9%
Midprice	-6.7%	-15.0%	-6.1%	-9.3%	3.2%	-10.6%	-9.0%	-5.3%	-3.7%	-24.0%	-14.6%	-14.1%	-1.2%	7.0%	5.8%

By Neighborhood	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q			
Upper Manhattan - 2007	85.6%	84.8%	78.1%	82.8%	\$440.11	\$465.22	\$458.71	\$454.42	\$376.71	\$394.27	\$358.24	\$376.21	80.0%	\$367.27	\$293.88
Upper Manhattan - 2008	80.6%	72.5%	77.0%	76.7%	\$416.01	\$397.96	\$387.36	\$400.76	\$335.14	\$288.50	\$298.35	\$307.54	81.2%	\$358.67	\$291.16
Midtown West - 2007	91.0%	89.7%	85.7%	88.8%	\$348.35	\$365.28	\$362.70	\$358.59	\$317.11	\$327.56	\$310.84	\$318.40	86.3%	\$288.98	\$249.47
Midtown West - 2008	87.0%	81.9%	82.1%	83.7%	\$341.34	\$324.38	\$333.84	\$333.45	\$296.87	\$265.73	\$274.24	\$279.09	85.6%	\$297.98	\$255.11
Midtown East - 2007	91.5%	88.9%	85.7%	88.7%	\$404.21	\$415.16	\$411.35	\$410.11	\$370.05	\$369.08	\$352.42	\$363.79	86.9%	\$329.93	\$286.73
Midtown East - 2008	85.5%	81.0%	83.6%	83.4%	\$389.33	\$369.50	\$374.76	\$378.13	\$333.05	\$299.18	\$313.21	\$315.32	85.6%	\$340.52	\$291.41
Midtown South - 2007	90.9%	87.0%	81.9%	86.6%	\$282.31	\$288.93	\$278.64	\$283.31	\$256.56	\$251.27	\$228.20	\$245.28	84.2%	\$232.69	\$195.83
Midtown South - 2008	83.1%	73.6%	77.0%	77.9%	\$286.15	\$258.53	\$248.99	\$265.27	\$237.67	\$190.30	\$191.83	\$206.78	83.3%	\$243.49	\$202.87
Lower Manhattan - 2007	89.2%	88.2%	82.3%	86.6%	\$390.31	\$388.47	\$371.96	\$383.83	\$348.34	\$342.74	\$306.01	\$332.28	85.5%	\$327.66	\$280.22
Lower Manhattan - 2008	84.7%	75.8%	75.1%	78.6%	\$369.65	\$341.01	\$325.37	\$346.38	\$313.24	\$258.38	\$244.39	\$272.15	83.3%	\$333.86	\$278.17
Upper Manhattan	-5.9%	-14.5%	-1.4%	-7.3%	-5.5%	-14.5%	-15.6%	-11.8%	-11.0%	-26.8%	-16.7%	-18.3%	1.4%	-2.3%	-0.9%
Midtown West	-4.5%	-8.6%	-4.1%	-5.7%	-2.0%	-11.2%	-8.0%	-7.0%	-6.4%	-18.9%	-11.8%	-12.3%	-0.8%	3.1%	2.3%
Midtown East	-6.6%	-8.9%	-2.4%	-6.0%	-3.7%	-11.0%	-8.9%	-7.8%	-10.0%	-18.9%	-11.1%	-13.3%	-1.5%	3.2%	1.6%
Midtown South	-8.6%	-15.4%	-5.9%	-10.0%	1.4%	-10.5%	-10.6%	-6.4%	-7.4%	-24.3%	-15.9%	-15.7%	-1.0%	4.6%	3.6%
Lower Manhattan	-5.1%	-14.1%	-8.7%	-9.2%	-5.3%	-12.2%	-12.5%	-9.8%	-10.1%	-24.6%	-20.1%	-18.1%	-2.6%	1.9%	-0.7%

By Service	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q			
Full Service - 2007	90.9%	89.1%	85.0%	88.3%	\$377.70	\$392.53	\$388.01	\$385.92	\$343.17	\$349.66	\$329.89	\$340.81	86.0%	\$312.70	\$269.08
Full Service - 2008	85.8%	80.1%	81.3%	82.4%	\$364.74	\$346.58	\$350.51	\$354.23	\$312.83	\$277.58	\$284.91	\$291.89	84.9%	\$320.34	\$272.05
Limited Service - 2007	88.6%	85.6%	80.4%	84.9%	\$290.97	\$297.09	\$286.73	\$291.63	\$257.79	\$254.36	\$230.66	\$247.50	83.1%	\$235.69	\$195.77
Limited Service - 2008	82.7%	74.1%	77.4%	78.1%	\$289.98	\$256.46	\$254.35	\$267.45	\$239.86	\$190.12	\$196.82	\$208.85	83.4%	\$246.43	\$205.47
Full Service	-5.6%	-10.1%	-4.4%	-6.7%	-3.4%	-11.7%	-9.7%	-8.2%	-8.8%	-20.6%	-13.6%	-14.4%	-1.3%	2.4%	1.1%
Limited Service	-6.6%	-13.4%	-3.8%	-8.0%	-0.3%	-13.7%	-11.3%	-8.3%	-7.0%	-25.3%	-14.7%	-15.6%	0.4%	4.6%	5.0%

By Affiliation	Occupancy				ADR				RevPAR				Occ	ADR	RevPAR
	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q	Oct	Nov	Dec	4Q			
Chain Affiliated - 2007	91.7%	90.5%	86.7%	89.6%	\$391.24	\$404.78	\$400.44	\$398.70	\$358.95	\$366.40	\$347.09	\$357.38	87.6%	\$325.24	\$284.82
Chain Affiliated - 2008	86.3%	81.1%	82.7%	83.4%	\$372.97	\$352.43	\$356.31	\$360.84	\$321.94	\$285.68	\$294.81	\$300.89	86.3%	\$330.00	\$284.73
Independent - 2007	88.9%	85.9%	81.1%	85.3%	\$323.33	\$335.33	\$328.19	\$328.83	\$287.35	\$288.09	\$266.30	\$280.49	83.0%	\$264.20	\$219.31
Independent - 2008	83.8%	76.2%	77.8%	79.3%	\$321.87	\$299.55	\$299.48	\$307.42	\$269.61	\$228.39	\$232.97	\$243.75	82.7%	\$275.59	\$227.86
Chain Affiliated	-5.9%	-10.4%	-4.5%	-7.0%	-4.7%	-12.9%	-11.0%	-9.5%	-10.3%	-22.0%	-15.1%	-15.8%	-1.5%	1.5%	0.0%
Independent	-5.7%	-11.3%	-4.1%	-7.0%	-0.5%	-10.7%	-8.7%	-6.5%	-6.2%	-20.7%	-12.5%	-13.1%	-0.4%	4.3%	3.9%

Source: PricewaterhouseCoopers LLP, based on Smith Travel Research data

## Neighborhood Index

Upper Manhattan	Midtown West	Midtown East	Midtown South	Lower Manhattan
59th Street and North	5th Avenue and West from 34th Street to 59th Street	5th Avenue and East from 34th Street to 59th Street	14th Street to 34th Street	14th Street and South

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