

Chain Hotels versus Independent Hotels:  
An Analysis of Branding, Room Revenue & Volatility

By

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Submitted to the Department of Architecture  
in Partial Fulfillment of the Requirements for the Degree of  
Master of Science in Real Estate Development

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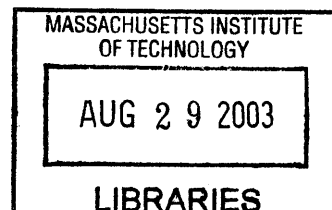
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## ***Chain Hotels vs. Independent Hotels***

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### ABSTRACT

This thesis analyzes the historical performance of chain-affiliated hotels and independent (non-affiliated) hotels with an emphasis on the volatility of room revenues. The thesis attempts to prove or disprove the hypothesis that chain affiliated hotels are less volatile than independent hotels.

The findings of this thesis conclude that chain affiliated hotels have historically been less volatile than independent hotels. The lower volatility exhibited by chain hotels is due primarily to a lower volatility in room rate; the difference in occupancy volatility is not as evident.

This thesis also considers the months since September 11<sup>th</sup>, 2001 and confirms that volatility for both chain and independent hotels has increased. While long-term trends suggest otherwise, data suggests that for a period following September 11<sup>th</sup>, independent hotels were actually less volatile than chain hotels. This short-term result is expected to revert to long-term trends over time.

Thesis Supervisor: William C. Wheaton

Title: Professor of Economics

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### **Introduction**

It is commonly known among real estate investors and operators that the hotel sector is extremely volatile and cyclical. Not only does the industry share in the long-run volatility common with general economic cycles, but lodging can experience high degrees of seasonal volatility as well. Such seasons can be defined by weather patterns, days of the week and/or local economic factors.

Industry players often use the over-simplified cliché “It’s is all about heads in beds”. Thus, if such top-line measures influence the psychology in the industry, then the volatility of top line revenues is a major factor for investor sentiment and operator motivations. Such volatility can deter general real estate investors, leaving the asset class to seasoned hotel investors. However, even among seasoned investors the difficulty in timing investment decisions is increased with the frequent and often high levels of volatility. One method to improve top-line performance and control volatility is to affiliate or franchise a property with a national lodging chain. Many operators and financiers commonly believe that chain affiliation helps to limit uncertainty in room revenues.

This thesis analyzes the historical performance of chain-affiliated hotels and independent (non-affiliated) hotels. National franchise companies have long established reputations based on the claim that they lower the risk and increase the return to investors.

The thesis attempts to prove or disprove the hypothesis that chain affiliated hotels are less volatile than independent hotels. While there are many measures of risk and investors are primarily concerned with total returns, no research has

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been conducted on the volatility of room revenues, the primary source of lodging income.<sup>1</sup>

If a clear conclusion can be drawn, investors and operators can more confidently differentiate the risk associated between two hotel properties. While the analysis will not project which hotel type provides a higher return – that is always property-specific – the findings could potentially dampen the fear of how the future may affect revenues. Perhaps then, hotel investors and operators could more confidently rest their heads on their own beds.

## **Brief History of the U.S. Hotel Industry**

The first forms of lodging can be traced back to the early days of taverns and inns. The first record of inn-keeping law is found in the code of Hammurabi, who ruled Babylonia in approximately 2000 B.C.<sup>2</sup> Some of the earliest known resorts were at the mineral and hot springs of Ancient Greece. Taverns and inns were found throughout Europe in the major cities and along well-traveled routes during the Roman Empire and through the Middle Ages. These early inns continued to provide food, a bed, and safety while away from home for thousands of year. The earliest regulations for innkeepers were introduced in France and England during the 15<sup>th</sup> century.

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<sup>1</sup> According to operating statement data tracked by Smith Travel Research, Room Revenue accounts for anywhere from 98% of Total Revenues for limited service properties to 60% of Total Revenues for large, full-service properties and resorts.

<sup>2</sup> Stephen Rushmore, *Hotels & Motels: A Guide to Market Analysis, Investment Analysis, and Valuation* (Chicago: Appraisal Institute, 1992), p 4.

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During the Industrial Revolution of the mid-1700s, coach travel became fashionable and the British government established a postal service in England. In response, numerous inns were developed to accommodate an ever-increasing flow of travelers and regular arrival of postal coaches. Similarly in the yet-formed United States, colonial inns were quickly being developed and were often the local social and political gathering places.

The first hotel constructed in the United States was the 73-room City Hotel located at 115 Broadway in New York City and completed in 1794. Hotels continued to evolve, with the first modern commercial hotel considered the Buffalo Statler, opened in 1908. Many of the features of today's hotels were first introduced here, including private baths, circulating ice water, overnight laundry, and morning newspapers. Through the early 1900's, aggressive expansion in the hotel industry resulted in a number of luxury properties that still exist today. However, the expansion also resulted in an oversupply in the 1920's that carried through the Depression of the 1930s.

The hotel industry did not recover from the overbuilding and difficult economic times until the 1940s. Limited new construction and the massive movement of defense industry works associated with World War II dramatically increased demand for accommodations. Moving into the 1950s, new markets opened up as the railroads were quickly losing travelers to airplanes and automobiles. In response, the modern motel was created, offering inexpensive, conveniently located accommodations.

During the 1950s, the supply of motel rooms is estimated to have increased from 600,000 to 1,500,000, bolstered by three different factors: the Interstate Highway Act of 1956; favorable income tax laws in 1954 that allowed accelerated depreciation of real estate; and the growth of lodging chains and franchising. (Further discussion of how lodging chains have evolved and their advantages/disadvantages is presented in the section that follows.)

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Through the 1960s and 1970s the industry continued to grow and, in the face of increasing competition, diversification and segmentation broadened the product offerings. (New segments included all-suite, extended-stay, and microtel properties.) During the economic downturn of the mid-1970s, the hotel industry entered another downturn due to the combination of weak demand and oversupply, only to slowly recover into the 1980s.

Continuing into the 1980s and 1990s, the industry went through additional cycles of supply and demand imbalance. During this time, the industry continued to broaden its product segmentation while evolving to attract alternative financing sources. As will be detailed in this thesis, hotel demand weakened as the economy slowed following the economic boom of the late 1990s, with a significant downturn following the events of September 11<sup>th</sup>. After an extended downturn, the industry has slowly recovered from repercussions of the terrorist attack and subsequent conflicts, although the recovery is still evolving.<sup>3</sup>

## **Analysis of Hotel Branding**

The birth of franchising in the hotel industry is commonly attributed to Kemmons Wilson who, in 1952, founded Holiday Inns, one of the earliest motel chains. Rather than developing hotels themselves, lodging firms such as Holiday Inns sold a package of services to investors (franchisee) who developed and operated the hotels under the franchise name. In turn, the parent franchise company (franchisor) may provide development assistance, central reservation management, assistance with marketing, and established operating procedures.

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<sup>3</sup> Walter A. Rutes, Richard H. Penner, Lawrence Adams, *Hotel Design, Planning and Development* (New York: W.W. Norton & Company, 2001), p 7.

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In addition to Holiday Inns, several other national chains were established in the 1950s and 1960s, including Marriott, Howard Johnson, Radisson, Ramada, Hyatt, and Hilton.

While hotels are a form of real estate, their unique operational attributes are unique and are equally as important to the asset's long-term profitability. Thus, hotel real estate investors must recognize that, beyond the revenue performance of chain and independent hotels, there are certain factors that must be considered when opting to develop or invest in a franchised hotel.

Inherent in all franchises are certain advantages and disadvantages to both the franchisor and the franchisee, as follows.<sup>4</sup>

### ***Advantages for Franchisors***

#### **Inexpensive, Rapid Expansion**

Lodging companies can quickly grow the number of properties under a brand name given the relatively limited capital investment required to issue a franchise compared to developing or acquiring properties on their own.

#### **Profitable Source of Revenue**

Franchisors generate fees from the both initial fees upon franchise agreement as well as ongoing royalty fees associated with property revenues. In addition, fees may also be generated from additional services such as marketing, training,

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<sup>4</sup> Gregory P. Hartmann, Stephen Rushmore, Dana Michael Ciraldo, John Tarras, Hotel Investments Handbook (Boston: Warren Gorham & Lamont, 1997) p. 18-1.

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other assistance. Franchisors benefit from growing the number of franchised properties across which they can spread their fixed overhead costs.

### **Brand Awareness**

The value of a franchise company is based on the level of brand awareness that translates to a customer base. Through the growth of franchises, the strength and value of the brand and the parent company increases. More franchised properties leads to increased product awareness and, in turn, greater demand for franchises, building the brand even further.

## ***Disadvantages for Franchisors***

### **Loss of Operational Control**

While the franchisor controls the brand image, they do not control the guest experience at the individual properties where the ultimate effect on future patronage is determined through guest satisfaction. In addition to loss of operational control, the franchisor can lose some development control as well through terms in the franchise agreement by which an existing franchisee may limit the growth of a new franchise property for fear of competition.

### **Difficulties with Owners**

As is the case with any business contract, there may arise difficulties between the parties. As a franchise company is essentially an aggregation of numerous contracts, the franchisor is likely to face some level of frustration and difficulty with certain franchisees.

## ***Chain Hotels vs. Independent Hotels***

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### **Liability without Control**

If a franchised hotel is involved in litigation, the franchisor is often named as a defendant. While this liability can be limited through insurance, it is still a concern of franchise companies.

### **No Control Over Pricing**

While the franchisor may control the image of the brand, the individual property owners control the pricing. Such decentralized yield management can lead to great variety among the franchise properties, potentially eroding the consistent brand image promoted by the franchisor.

### **Costly Startup**

There are significant upfront costs associated with creating the infrastructure to support a franchise company. All the systems and support must be in place before the first franchise can be signed. Furthermore, after the initial fee, franchise revenues are generated in small increments over an extended period of time, delaying the return on initial investment to the franchisor. Only when the brand is established with a large network of properties are the fixed costs spread.

### **Mandatory Document Disclosure**

The federal government regulates all forms of franchising and requires a high level of disclosure to ensure the protection of small business owners. To operate a franchise company, the franchisor must file with the Federal Trade Commission a Uniform Franchise Offering Circular (UFOC), which details all current business terms and conditions that a franchisee would require. This document is extensive and must be maintained current.

### ***Advantages for Franchisees***

#### **Instant Recognition and Shortened Startup Period**

Name recognition and the competitive advantage it provides is the primary benefit to the franchisee. This instant recognition shortens the time required to develop market awareness due to the assistance of large marketing power and centralized reservation referrals.

#### **Market Positioning**

Well-managed franchise companies offer consistent and targeted lodging properties that are well defined in the customer's mind. Such targeted products allow an owner to position their hotel in the local marketplace based on where they feel most comfortable and forecast the greatest market opportunity. Brands without such defined market positioning may float in a marketplace with an unclear sense of their target customer.

#### **Established Operational Procedures**

Established franchisee companies provide the franchisees with access to manuals and training programs which have been proven to be effective and appropriate for the brand. Such operational support not only ensures a smooth and quicker startup for the franchisee but provides consistency across franchise properties which strengthens the brand overall.

## ***Disadvantages for Franchisees***

### **Excessive Costs if Franchise is Ineffective**

The owner incurs significant upfront costs associated with a new franchisee, including signs, logos, and the initial fee to the franchisor. If there proves limited benefit from the franchise affiliation over time, these costs may not be recovered.

### **No Guarantee of Success**

The franchisor makes no guarantees to the franchisee that the property will be successful. Given that each property's location is unique, the franchisee is assuming the true risk of the development whereas the franchisor assumes very little risk other than potential negative press associated with a failing hotel.

### **Limited Franchise Ownership Terms**

Franchisees may face the risk of a non-transferable contract or incur fees associated with transfer should they wish to alter their ownership of the property. Additionally, they may face renewal risk when term of the contract approaches expiration and they are either not awarded a new franchise or are subject to new and unfavorable terms. (Of course, proper negotiation of initial contracts can limit this risk.)

### **Little Control over Direction of the Brand**

Although a franchisee may sign on with a brand under the assumption that a certain quality and image will be maintained, they ultimately have little say in the direction and management of the franchise company.

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### **Adherence to Chain-wide Standards**

Under a franchise agreement, owners may be required to maintain certain physical and/or operational standards that they may not otherwise maintain. While the majority of these requirements are likely mutually beneficial to the franchisee and franchisor, there may be instances, particularly large capital requirements, over which conflicting interest may arise.

### ***The Situation for Independent Hotels***

Despite the increasing numbers and sales force of franchise companies, independent hotels still represent a significant portion of the hotel room supply in the United States. While the strength of brand marketing and standards present formidable competition to the independents, “changing customer demographics, evolving products, and new technologies have created market strength for the independent hotel market sector.”<sup>5</sup>

The independent hotel sector survives on its ability to be unique and professionally managed. While brands reflect the consumer at large, independents seek to develop products that will link them to a specific niche within the consumer demand sources. Such niches can be secured through unique location, service level, or product offering that is tailored to a specific market segment.

In addition to offering a unique lodging product, technology has greatly increased the competitiveness of independent hotels. Technology now provides individual properties access to the greater market through the internet and marketing

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<sup>5</sup> Rick Swig, “The State of Independents,” Hotel Online (December, 1998).

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organizations such as Preferred Hotels or Leading Hotels of the World. These global organizations, combined with technology, have helped level the playing field for independent hotels which previously could not compete with the large, proprietary reservation systems of chain companies.

“Global distribution brands have evolved today to provide the independent hotel owner/manager access to the latest in reservation distribution and marketing technology, partner relationships, quality standards, volume purchasing and sales infrastructure. This type of arrangement is advantageous as it gives the owner a high degree of control with low distribution cost. Further advantages include low upfront cost, a shorter term contract, and substantial control of the operation; while focusing maximum resources on the generation of measurable revenue.”<sup>4</sup>

## **Methodology**

To better understand the relative trending and volatility of chain hotels versus independent hotels, top-line room revenue data has been analyzed for a representative sample of hotels. The data, provided by Smith Travel Research and encompassing nine regions in the United States, provides monthly performance results.

Each region is analyzed on an individual basis and an aggregate United States analysis is also performed. The analysis considers trends in performance through indexing and volatility over time through standard deviation analysis.

While analysis of data dating back to 1987 provides opportunity for long-term analysis, special attention is paid to the more recent 5-year period and, in particular, the period since September 11th, 2001.

## **Description of the Data**

### ***Data Source***

The data utilized in the analysis was provided by Smith Travel Research (STR), commonly recognized as the market leader in revenue and profitability benchmarking for North American hotels. STR maintains a database of over 46,000 U.S. hotels of which over 2.5 million rooms (approximately 62% of all US rooms) are reporting performance every month and 2.3 million rooms (approximately 53% of all US rooms) are reporting performance every week.

Smith Travel Research collects data from individual hotels on a confidential basis. In turn, STR provides insight back to the hotel operators on localized market basis, with individual property information protected through the aggregate delivery of performance data across a number of hotels, each of which is identified. Performance data collected by STR includes occupancy, average rate, and other operational statistics.

STR also performs a census of the nations hotels and maintains a database consisting of detailed information on over 40,000 lodging establishments (with fifteen or more rooms) representing over 4 million rooms and accounting for an estimated 98 percent of all available rooms in the United States. The database information includes property name, chain affiliation, year affiliated, address, telephone, number of rooms, published room rates, year opened, and other geographic and market segmentation classifications.

The information contained in U.S. Lodging Census is obtained from chain directories, management companies, convention and visitor bureaus and state associations; the information updated continually. While the STR census is

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considered one of the most reliable sources, STR does recognize potential limitations to its completeness or accuracy.<sup>6</sup>

### **Lodging Metrics Utilized**

The following terms are common metrics in the lodging industry utilized in benchmarking. STR provides data for each of these metrics on a monthly basis.

- *Occupancy*                    (*Supply ÷ Demand*)
- *Room Rate*                    (Total room revenue ÷ Rooms sold)
- *RevPar*                        (Revenue per Available Room)
- *Room Supply*                (Number of room nights available in sample set)
- *Room Demand*                (Number of room nights sold within sample set)
- *Room Revenue*                (Room Demand x Room Rate)
- *Census Props*                (Number of hotel properties included in sample)
- *Census Rooms*                (Number of hotel rooms included in sample)
- *% Rooms Sample*            (% of all hotel rooms in US that is included in the sample; i.e. – all hotels over 100 rooms in size)

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<sup>6</sup> Smith Travel Research, ([www.smithtravelresearch.com](http://www.smithtravelresearch.com))

### ***Sample Variables***

Room revenue performance data was collected from Smith Travel Research for all hotel properties in the United States larger than 100 rooms in size. The data was cut to exclude all smaller hotels therefore eliminating any “mom and pop” operations and smaller, non-investment grade lodging properties. The focus of this data set is on those hotels of such size and revenue potential to attract significant investment interest.

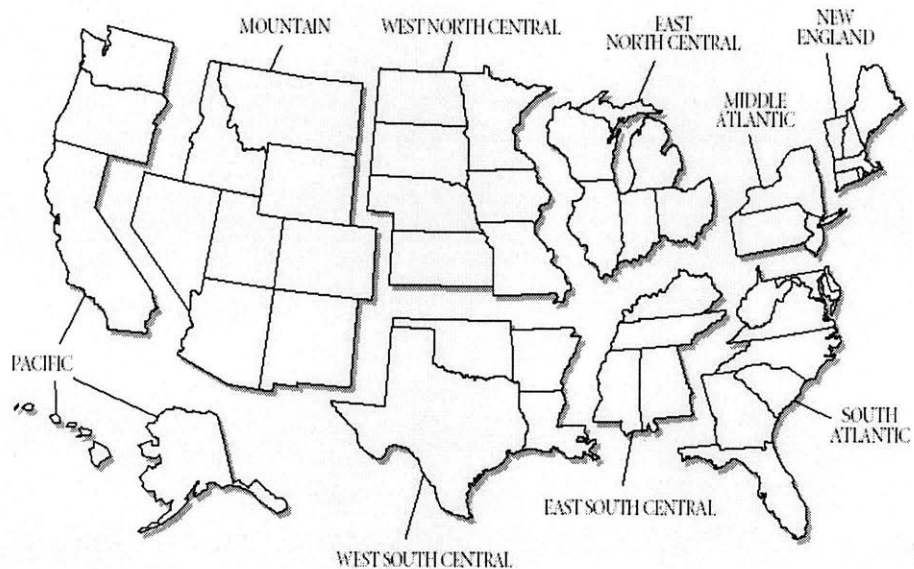
Profitability is ultimately the key variable for all hotel owners and investors. However, this thesis focuses on room revenue metrics and their relative volatility, providing perspective on one aspect of investment risk. It is important to note that franchised properties incur costs in the form of fees paid to the parent franchisor, as detailed previously. While independent properties may incur some fees for through membership in certain associations, the fees are never as high as chain affiliations. Thus, beyond this analysis of volatility, investors must perform a cost benefit analysis based on the conclusions of this thesis and the costs associated with chain affiliation.

The sample was analyzed across nine regions, as defined by STR, plus an aggregate national set. The data was further divided between chain-affiliated hotels and independent hotels. The information provided by STR dates back to January of 1987, the first year for which STR collected data, and is provided monthly.

The graphic and chart on the following page detail the nine regions.

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### **New England**

Connecticut  
Maine  
Massachusetts  
New Hampshire  
Rhode Island  
Vermont

### **Middle Atlantic**

New Jersey  
New York  
Pennsylvania

### **South Atlantic**

Delaware  
Florida  
Georgia  
Maryland  
North Carolina  
South Carolina  
Virginia  
Washington, D.C.  
West Virginia

### **East North Central**

Illinois  
Indiana  
Michigan  
Ohio  
Wisconsin

### **East South Central**

Alabama  
Kentucky  
Mississippi  
Tennessee

### **West North Central**

Iowa  
Kansas  
Minnesota  
Missouri  
Nebraska  
North Dakota  
South Dakota

### **West South Central**

Arkansas  
Louisiana  
Oklahoma  
Texas

### **Mountain**

Arizona  
Colorado  
Idaho  
Montana  
Nevada  
New Mexico  
Utah  
Wyoming

### **Pacific**

Alaska  
California  
Hawaii  
Oregon  
Washington

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<sup>7</sup> Graphic provided by Smith Travel Research, ([www.smithtravelresearch.com](http://www.smithtravelresearch.com)).

## **Overview of Sample / Census Data**

In aggregate for the United States, roundly 2.2 million hotel rooms are included in the chain sample and 731,000 independent hotel rooms as of May 2003. The data is divided across nine regions and further divided by chain versus independent hotels. According to STR's census, this sample represents 93% and 28%, respectively, of all hotels over 100 rooms in size nationally. Based on this census estimation, there are 2.4 million chain hotels rooms and 2.6 million independent hotels rooms in properties greater than 100 rooms in size.

Within the sample dataset, consideration needs to be given the quality of the properties included. Specifically, the type of property will influence the achievable room rates, with demand for different property types also varying with demographic and economic patterns. However, Smith Travel Research does assign property type attributes to independent hotels. Thus, it is unknown how the chain sample varies from the independent sample. The table below details the breakdown of property type provided by STR.

<b>Hotel Sample by Property Type - Hotels &gt; 100 Rooms</b>		
<u><b>Affiliation</b></u>	<u><b>Property by Type</b></u>	<u><b>Sample %</b></u>
Independent	<i>Detail not available</i>	100%
Chain	Economy	27%
	Midscale without F&B	19%
	Midscale with F&B	24%
	Upper Upscale	13%
	Upscale	<u>16%</u>
		100%

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The assumption could be made that the mix of independent properties in STR's database is similar to the mix of chain properties, given the large number of properties reporting and an observed similarity in property type mix in the marketplace. However, such an assumption could undermine the analysis given that not only is the exact mix of independent hotels unknown nationally, but the mix of hotels reporting to Smith Travel Research may not be reflective of the larger population or the chain mix being analyzed.

As previously detailed, the independent data set represents only 28% of the estimated national census. With such low percentage, there is potential for shifts in the quality mix of hotels that is included in the sample, thereby limiting the ability to compare results from difference periods. Additionally, The mix of hotels will vary over time with opening and closings as well as conversion of hotels from independent to chain and vice-versa. With approximately 98% of the chain hotels represented in the data set, there is no threat from changes to the quality mix over time.

If the independent data is biased in any direction, it is likely biased toward higher quality independents – those properties with more revenues at risk and greater management attention (thus the participation in Smith Travel Research's database.)

This thesis focuses percentage changes for analysis of long-term trends. Relative indices for chain and independent hotels by region are considered on a more short-term, post-9/11 basis.

The following table summarizes the mix of chain versus independent hotels by region since 1987. Detailed statistics are provided in the Exhibits and break down the number of independent and chain hotels rooms by region.

## Chain Hotels vs. Independent Hotels

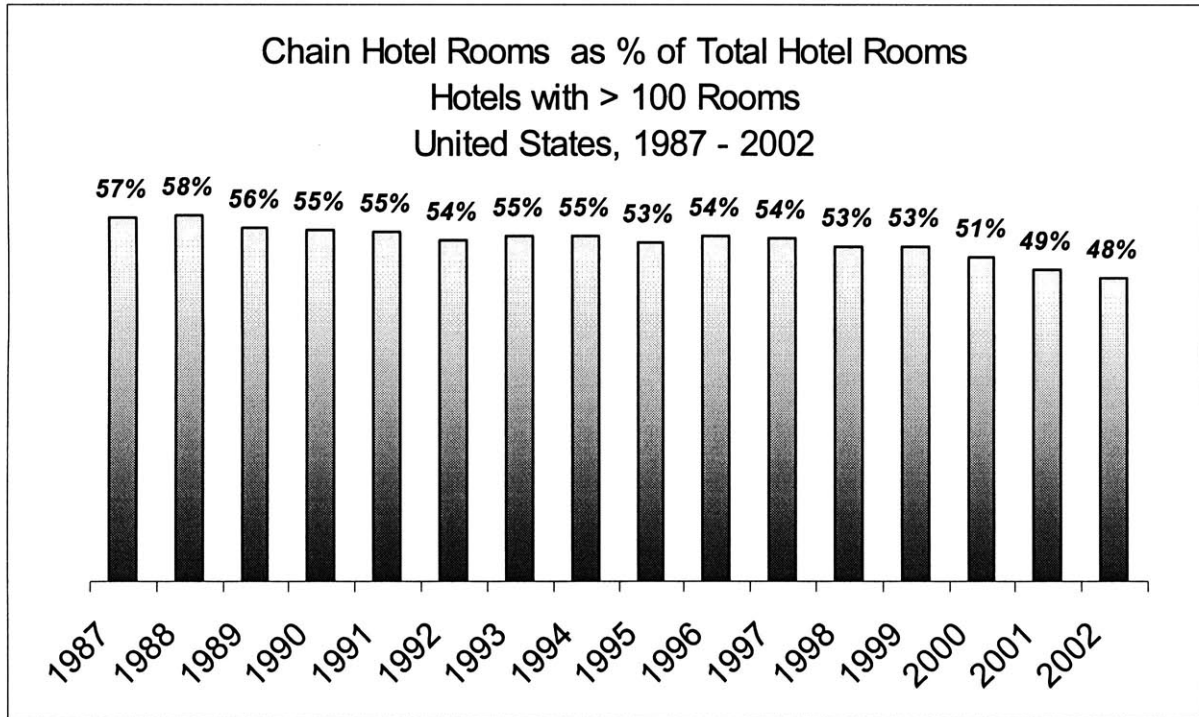
Chain Hotel Rooms as a % of Total Hotel Rooms, 1987 - 2002 Based on Estimated Census Data										
Region / Year	New England	Middle Atlantic	South Atlantic	East North Central	East South Central	West North Central	West South Central	Mountain	Pacific	United States
1987	42%	50%	61%	60%	68%	69%	73%	35%	57%	57%
1988	41%	48%	61%	63%	68%	67%	72%	36%	61%	58%
1989	39%	42%	60%	63%	66%	64%	72%	33%	59%	56%
1990	45%	43%	60%	62%	67%	63%	69%	31%	61%	55%
1991	47%	47%	58%	60%	68%	64%	68%	30%	62%	55%
1992	44%	46%	57%	63%	67%	62%	66%	29%	60%	54%
1993	45%	49%	59%	65%	67%	60%	66%	29%	58%	55%
1994	48%	51%	58%	67%	66%	62%	68%	26%	60%	55%
1995	47%	49%	57%	66%	64%	64%	68%	24%	59%	53%
1996	48%	50%	57%	68%	62%	65%	69%	26%	60%	54%
1997	48%	52%	57%	66%	61%	64%	70%	26%	60%	54%
1998	48%	51%	56%	65%	55%	62%	71%	24%	59%	53%
1999	50%	53%	55%	65%	52%	61%	69%	26%	61%	53%
2000	51%	52%	55%	64%	48%	60%	64%	23%	61%	51%
2001	52%	50%	53%	62%	44%	59%	60%	20%	61%	49%
2002	52%	49%	52%	60%	40%	56%	59%	18%	61%	48%
<b>% Change</b>										
1987 - 2002	23%	-1%	-15%	0%	-41%	-19%	-20%	-49%	6%	-17%
1987 - 1994	13%	1%	-5%	11%	-3%	-10%	-7%	-27%	4%	-5%
1995 - 2002	11%	1%	-9%	-8%	-37%	-12%	-14%	-24%	3%	-11%
<b>% of Total Room Supply</b>										
	3%	8%	23%	10%	7%	5%	9%	33%	12%	100%

## ***Chain Hotels vs. Independent Hotels***

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### **Chain Hotels Rooms as a % of Total Hotel Rooms**

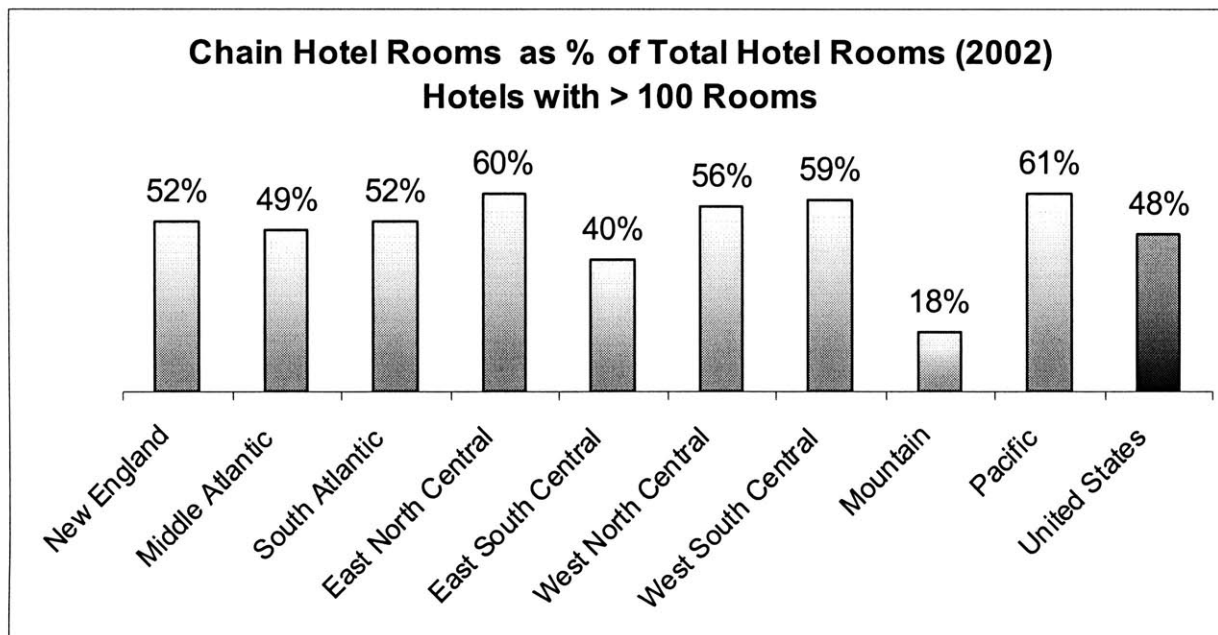
Since 1987, the percentage number of chain rooms as a percentage of total hotels rooms (in hotels with more than 100 rooms) has decreased from 57% to 48%.



However, this trend does not apply to all regions and is heavily skewed by the South Atlantic and Mountain regions. Combined, these two regions represent 56% of the estimated census and each realized significant declines in the percentage of chain rooms. Potential causes for such a decline may be market-driven as a result of demand or sample-driven due to the mix of hotels rooms included in the data.

## Chain Hotels vs. Independent Hotels

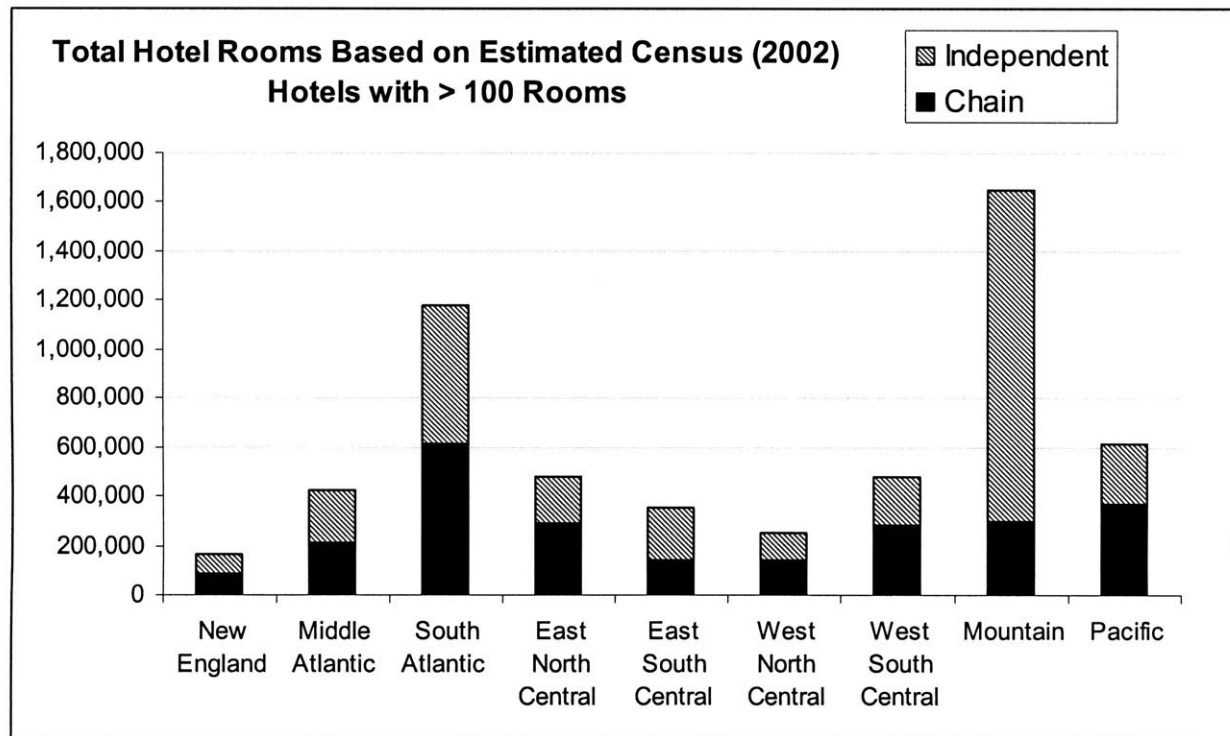
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On percentage terms, it appears that the Mountain region is significantly less dominated by chain operators than other regions. To the inverse, it appears that chain hotels dominate the northern plain states as well as the Southwest and Pacific coast. In percentage terms, these findings are true but on a total number basis, there is significantly less difference among the regions. When analyzed on a total rooms basis, the Mountain and South Atlantic regions stand out as large markets while New England is notable as the smallest market.

Total room counts are depicted in the chart that follows.

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### Trends in Chain Penetration by Region

As evidenced in a previous table, the penetration of chain operators has varied by region and over time, with a general decrease nationally. Between 1987 and 2002, the percentage of chain hotels over 100 rooms in size decreased in the United States by 17%. The majority of this decline was realized since 1995. Chain penetration increased only in the New England and Pacific regions.

## Analysis of Total US Room Revenue

### Year-End 2002 Results by Region

The table below highlights the most recent year-end performance by region. As previously discussed, room rate comparisons cannot be made between chains and independents given the unknown mix and quality level included in the sample data. However, both occupancy and the relative position of regions can be compared.

Year End 2002 Rooms Revenues, Ranked by RevPAR							
	RevPar		Occupancy		Room Rate		Room Supply
<b>Chains</b>							
Middle Atlantic	1	\$78.72	2	65.3%	1	\$120.51	68,459,660
Pacific	2	72.24	1	65.4%	2	110.53	119,468,869
New England	3	69.38	3	63.0%	3	110.16	28,083,620
South Atlantic	4	53.30	4	60.8%	4	87.61	198,905,750
Mountain	5	50.01	5	60.3%	6	82.86	66,627,325
East North Central	6	49.27	8	56.8%	5	86.71	92,323,392
West South Central	7	48.68	6	59.2%	7	82.23	87,028,504
West North Central	8	44.82	7	58.7%	8	76.38	42,860,505
East South Central	9	39.79	8	56.8%	9	70.11	40,745,749
United States		56.94		61.0%		93.32	744,503,374
<b>Independents</b>							
Middle Atlantic	1	\$106.81	1	63.4%	1	168.43	26,603,193
Pacific	2	83.01	2	62.5%	2	132.76	39,534,300
New England	3	69.17	6	52.5%	3	131.79	10,541,408
South Atlantic	4	69.16	4	54.8%	4	126.23	58,984,527
Mountain	5	61.62	3	56.5%	5	109.10	62,618,781
West South Central	6	56.49	7	52.4%	6	107.74	19,213,027
East North Central	7	52.10	8	49.6%	7	105.11	20,875,902
West North Central	8	44.88	5	54.6%	8	82.13	12,619,337
East South Central	9	31.75	9	45.2%	9	70.28	16,058,972
United States		70.95		56.7%		125.09	267,049,447

## ***Chain Hotels vs. Independent Hotels***

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With the exception of the sixth and seventh positions, the overall rank based on RevPAR is consistent for both chain hotels and independent hotels, suggesting that influence of regional demand patterns is paramount to any quality difference among the properties. Among the chain hotels one can assume relatively consistent quality – in fact, such consistency is part of what defines branded hotels. Thus, for chain hotels to report significantly higher performance results in the Middle Atlantic versus the East South Central suggests that regional factors are the primary influence.

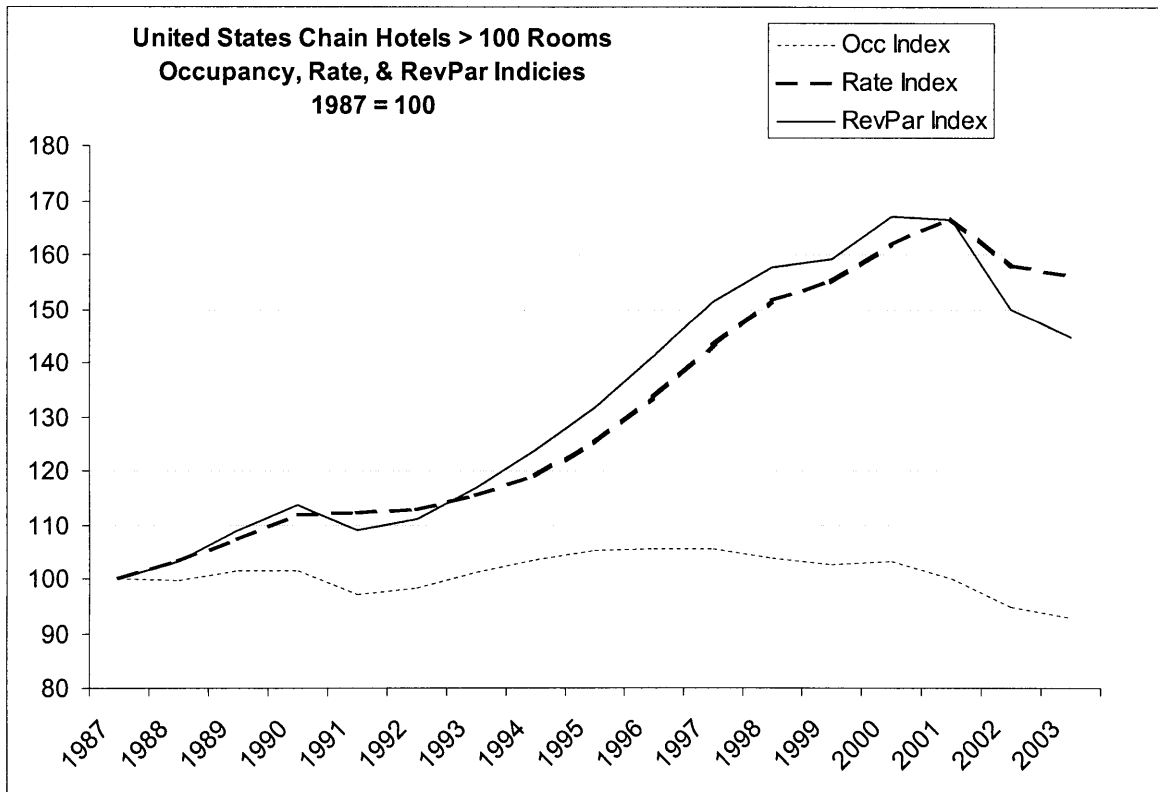
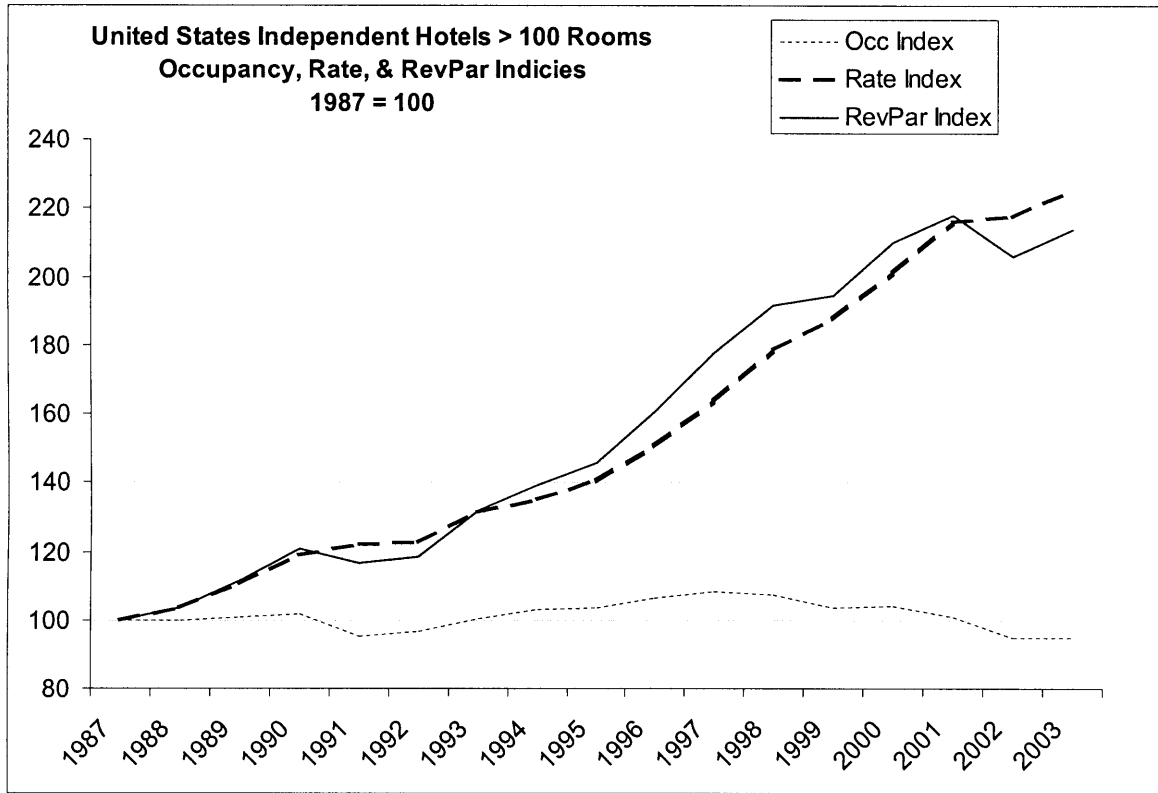
Applying this analysis to the independent sector and recognizing that the rank is extremely similar among the regions suggests that any uniqueness among independent properties is still secondary to regional supply and demand factors.

Overall, the Middle Atlantic and Pacific regions rank the highest across all measures for both chains and independents. Among the regions, RevPAR rank is more influenced by room rate than by occupancy, as evidenced by the room rate rank which more closely tracks the RevPAR rank, while occupancy ranks varies.

## ***United States: 1987 - Present***

The following charts present indices of Occupancy, Rate, and RevPAR for the nation since 1987 and are not adjusted for inflation. As illustrated, occupancy rates remain generally consistent with long-term growth and profitability generated from increasing room rates.

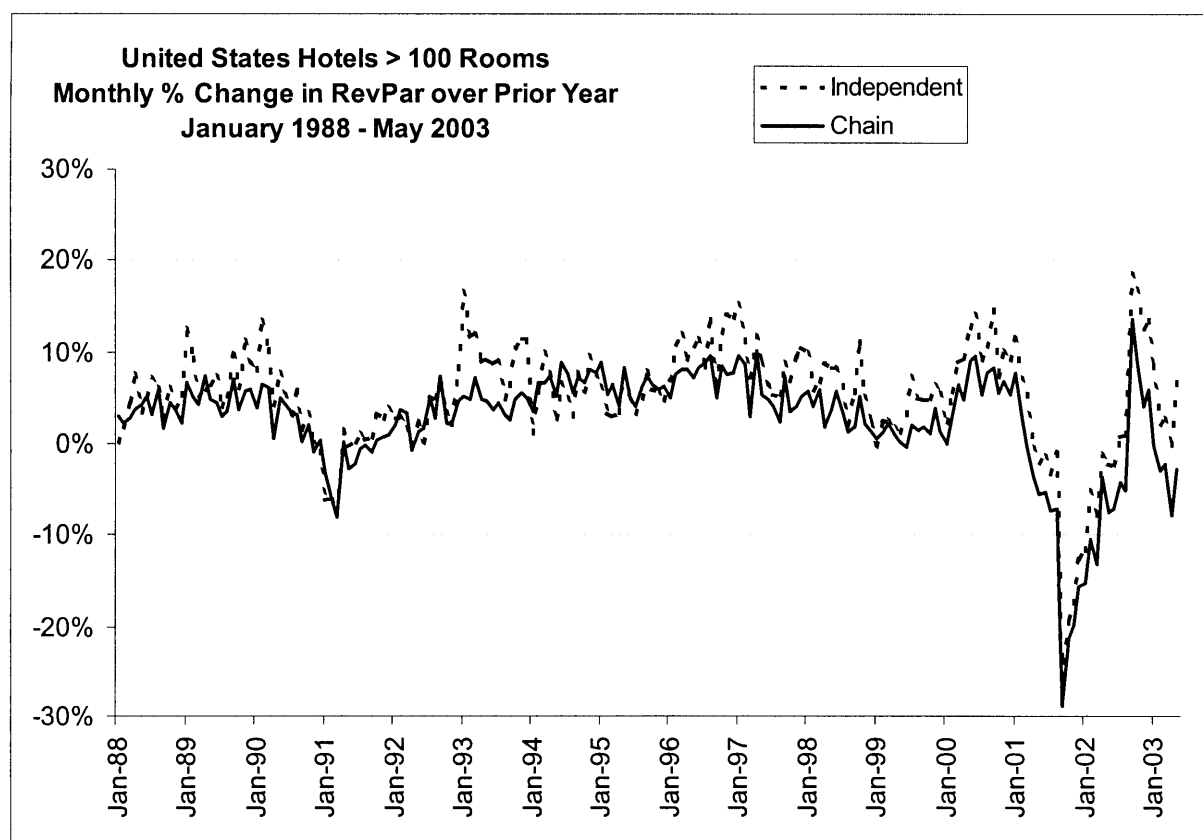
## Chain Hotels vs. Independent Hotels



## Chain Hotels vs. Independent Hotels

The most apparent observation between the two data sets is the Post-9/11 performance. Whereas chain hotels have seen a continued decline in all three measures of performance, independent hotels have actually seen an increase in rate.

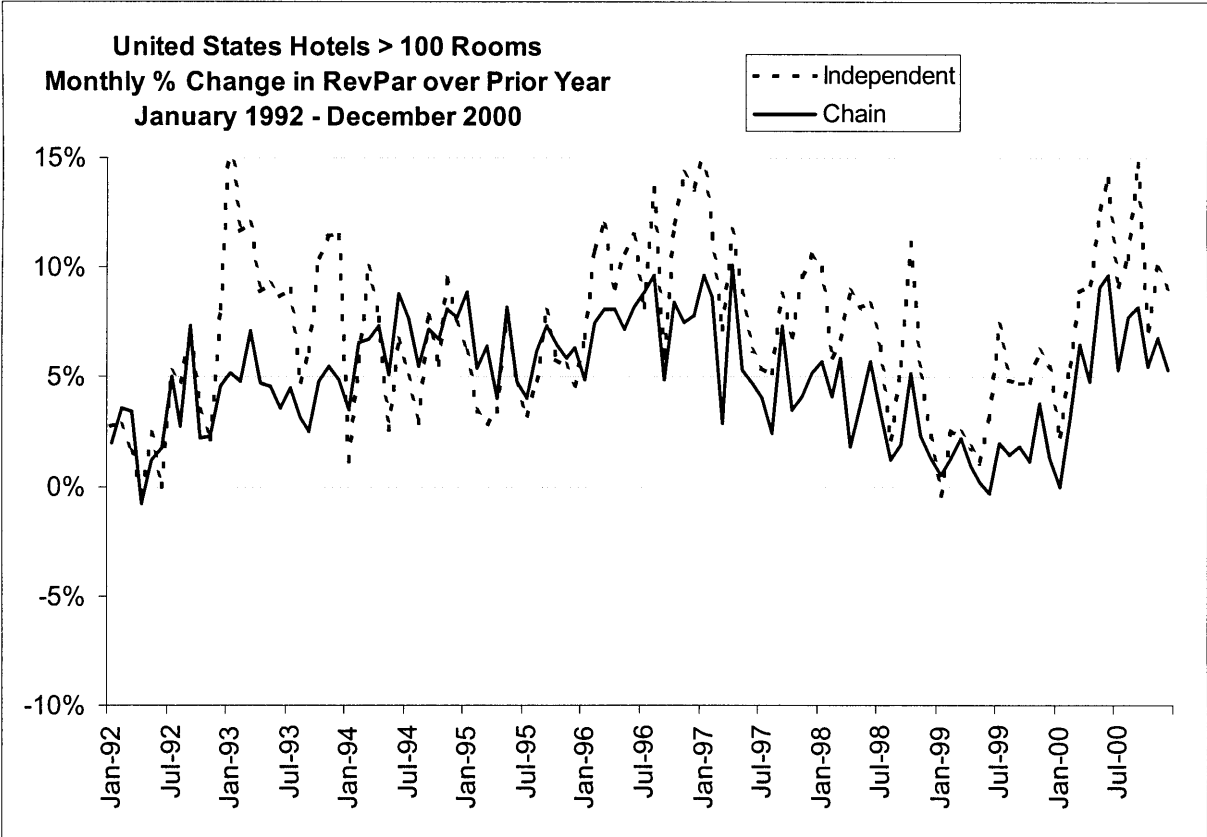
Although these indices show long-term growth, they do not illustrate the high degree of volatility in the lodging industry. The following chart details the percentage change in monthly RevPAR over the prior year's results. (i.e. – September 2001 RevPAR for Independent hotels was \$56.91, or 26.3% lower than the September 2000 result of \$77.20.)



The unprecedented downturn following the terrorist attacks of 9/11 is very obvious when presented visually. Since 1998, there are only three periods during which RevPAR growth declined significantly relative to the prior years' growth: the Persian Gulf War in early 1991, the terrorist attacks of September 2001, and the continued effects of a poor economy and ongoing military conflicts in late 2002/early 2003.

**Chain Hotels vs. Independent Hotels**

While these unique periods highlight the sensitivity of lodging demand to general travel patterns and economic conditions, their dramatic decline mask the historical seasonality of lodging demand even during prosperous times. The following chart presents data from the extended economic boom from January 1992 through December 2000.



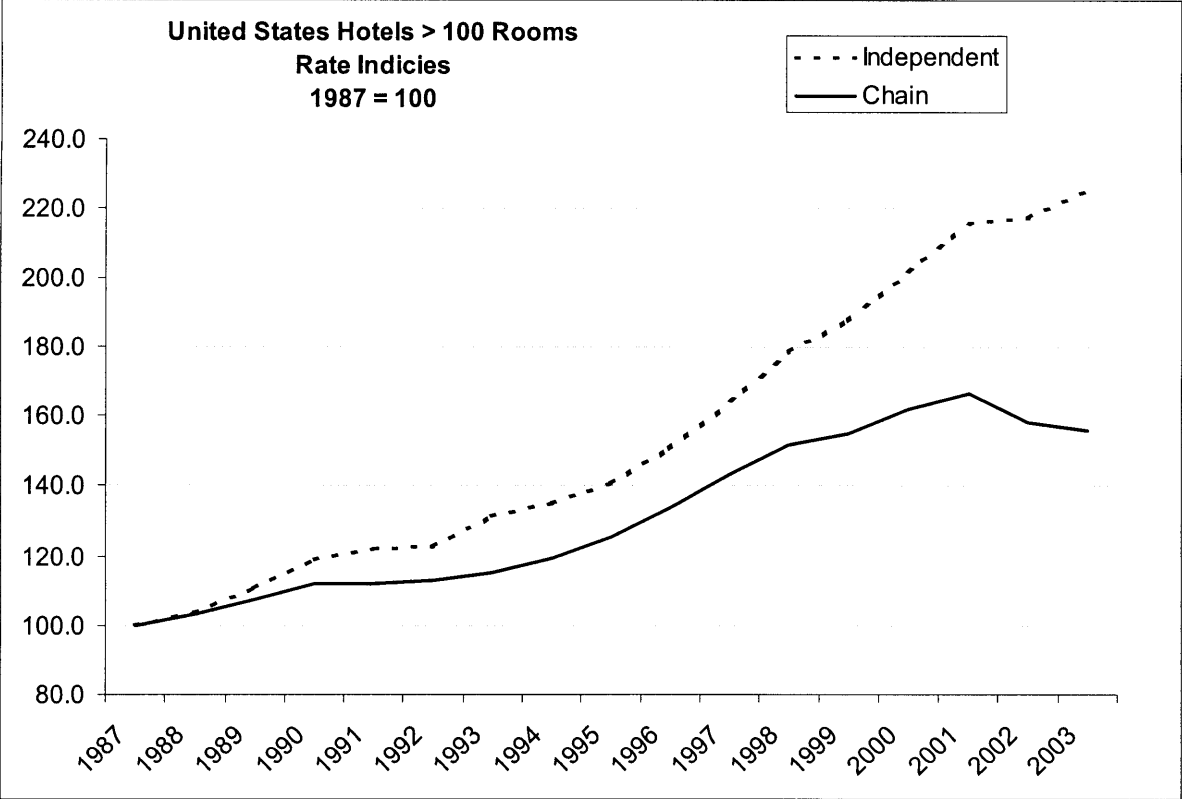
The chart illustrates not only the annual seasonal patterns but also the higher degree of seasonal volatility experienced by independent hotels versus chain hotels. (This volatility is addressed later in this thesis.)

**Chain Hotels vs. Independent Hotels**

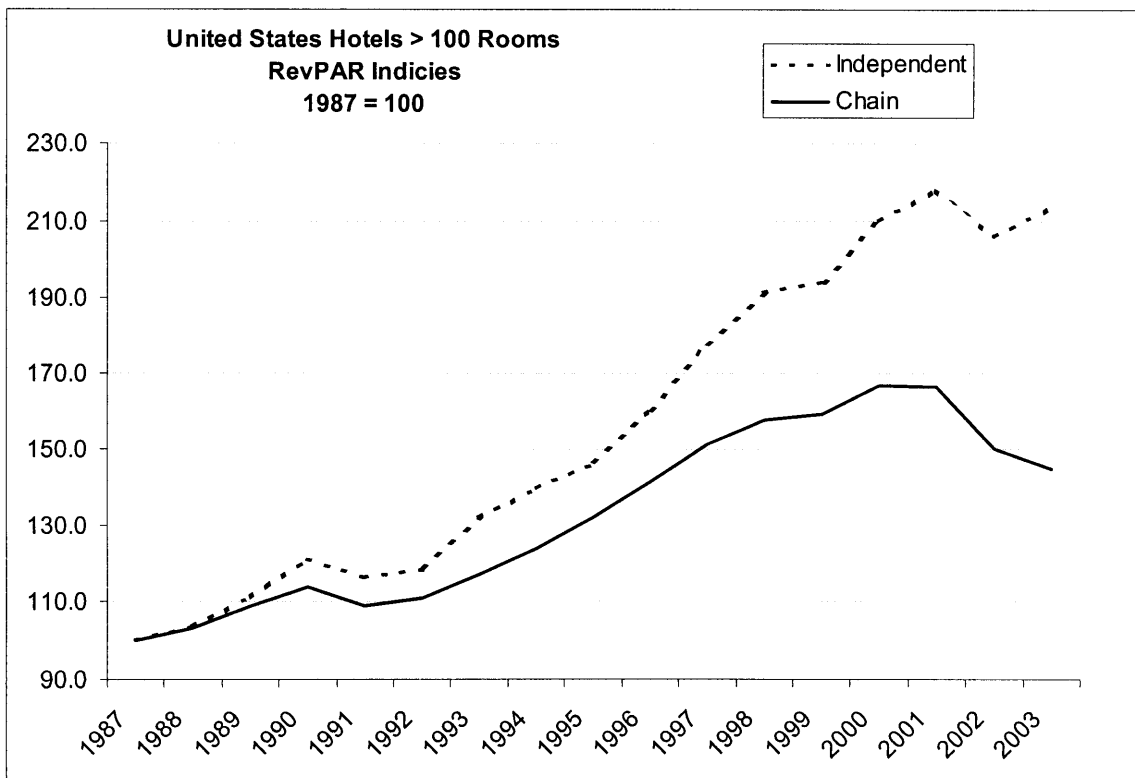
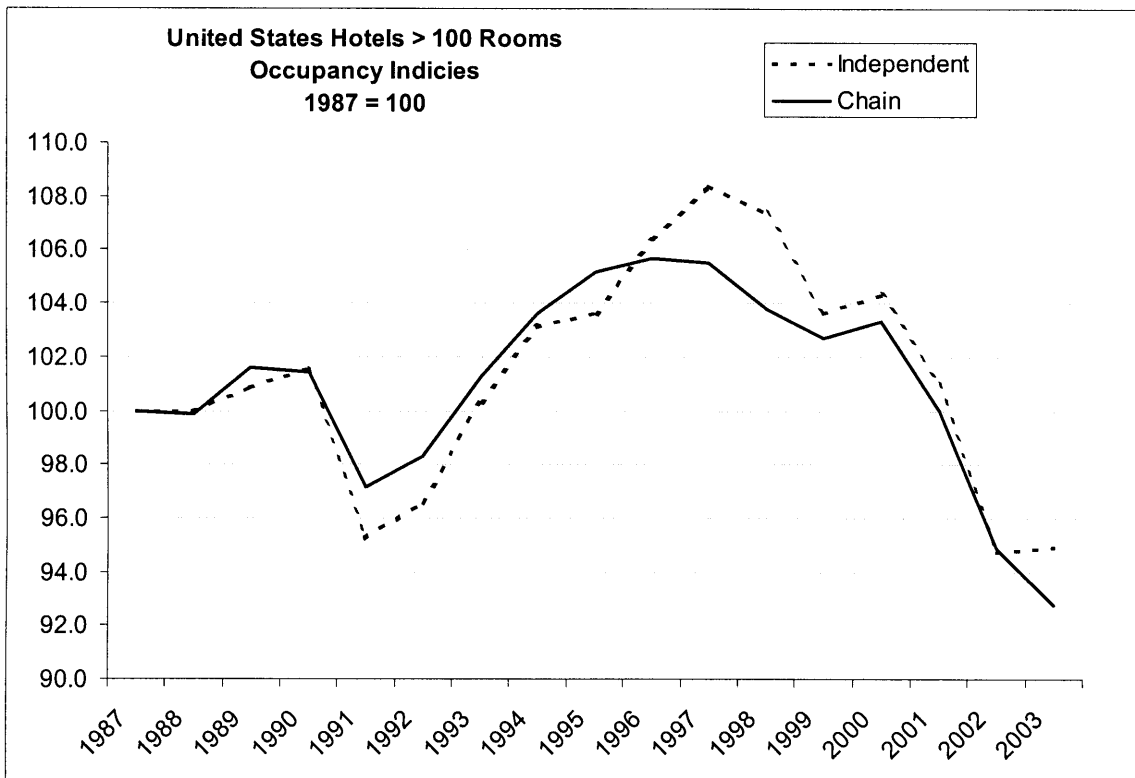
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**Index Comparison: Chain vs. Independent Hotels**

As detailed previously, given the uncertainty regarding mix of hotels in the independent sample, the actual dollar or index levels of chain and independent hotels cannot be directly compared. Nonetheless, the trends in provide some insight and raise certain questions regarding the long-term trends of chain versus independent hotels. The following three charts present indices for rate, occupancy and RevPAR.



## Chain Hotels vs. Independent Hotels



## ***Chain Hotels vs. Independent Hotels***

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As illustrated, occupancy trends are very similar for the chain and independent hotels whereas room rates have increased significantly more in the independent sample. As a result, overall RevPAR increase for the independent hotels would suggest that they have outperformed chain hotels over the past 15 years.

To better understand if this trend is truly reflective of the greater marketplace or is due to changes in the mix of hotels include in the independent sample, growth in total room supply for analyzed. As detailed in the table below, the national supply of independent hotels (based on the estimated census data presented in Exhibit 6) decreased from 1987 to 1994. Possible reasons for this decline include closure as well as conversion to chain affiliation. Over the same period, rates increased 35.2%, suggesting that the decline in room supply would not have been motivated by underperformance among independent hotels. Thus, there must be some degree of shifting within the quality mix of hotels included in the independent sample.

**Chain Hotels vs. Independent Hotels**

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<b>United States Independent Hotels - Room vs. Rate Growth</b>				
Year	Room Supply	Supply Growth	Room Rate	Rate Growth
1987	2,092,978		\$58.13	
1988	2,009,352	-4.0%	60.19	3.5%
1989	2,072,831	3.2%	64.15	6.6%
1990	2,076,062	0.2%	69.20	7.9%
1991	1,948,015	-6.2%	71.06	2.7%
1992	1,919,928	-1.4%	71.24	0.3%
1993	1,765,677	-8.0%	76.36	7.2%
1994	1,727,613	-2.2%	78.58	2.9%
1995	1,802,468	4.3%	81.77	4.1%
1996	1,755,717	-2.6%	87.69	7.2%
1997	1,790,788	2.0%	95.20	8.6%
1998	1,953,883	9.1%	103.68	8.9%
1999	2,012,313	3.0%	109.11	5.2%
2000	2,153,976	7.0%	116.90	7.1%
2001	2,417,345	12.2%	125.47	7.3%
2002	2,641,210	9.3%	126.28	0.6%
1987-1994		-17.5%		35.2%
1995-2002		46.5%		54.4%

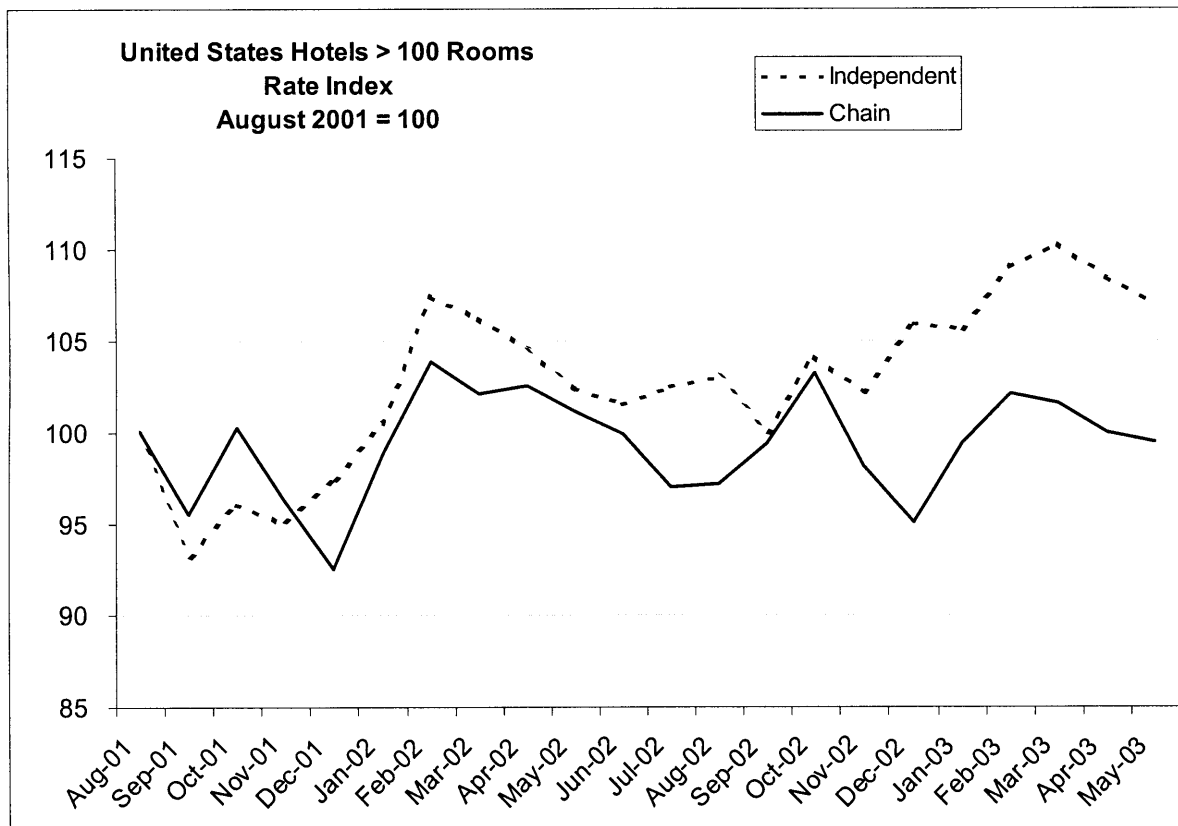
Given this difficulty in ascertaining the quality mix of independent hotels, the only firm conclusion that can be made based on the index charts previously presented is that occupancy trends are consistent for chains and independent hotels.

**United States: Post September 11<sup>th</sup> Performance**

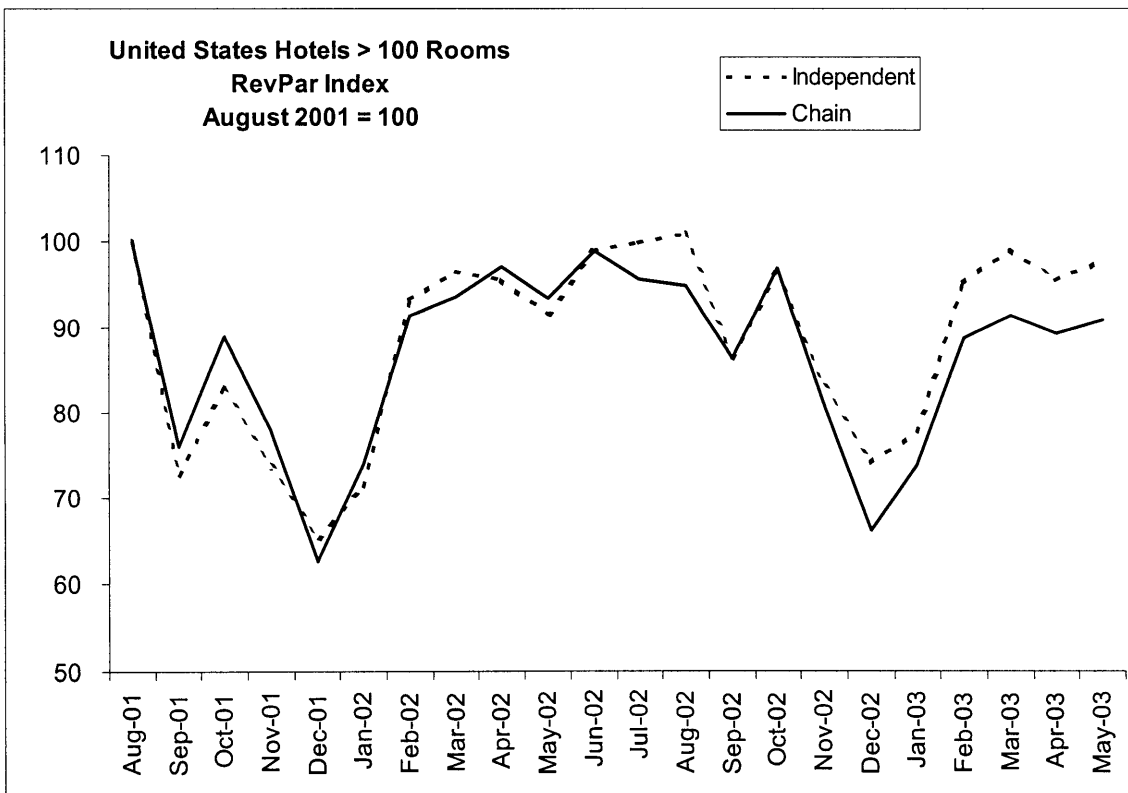
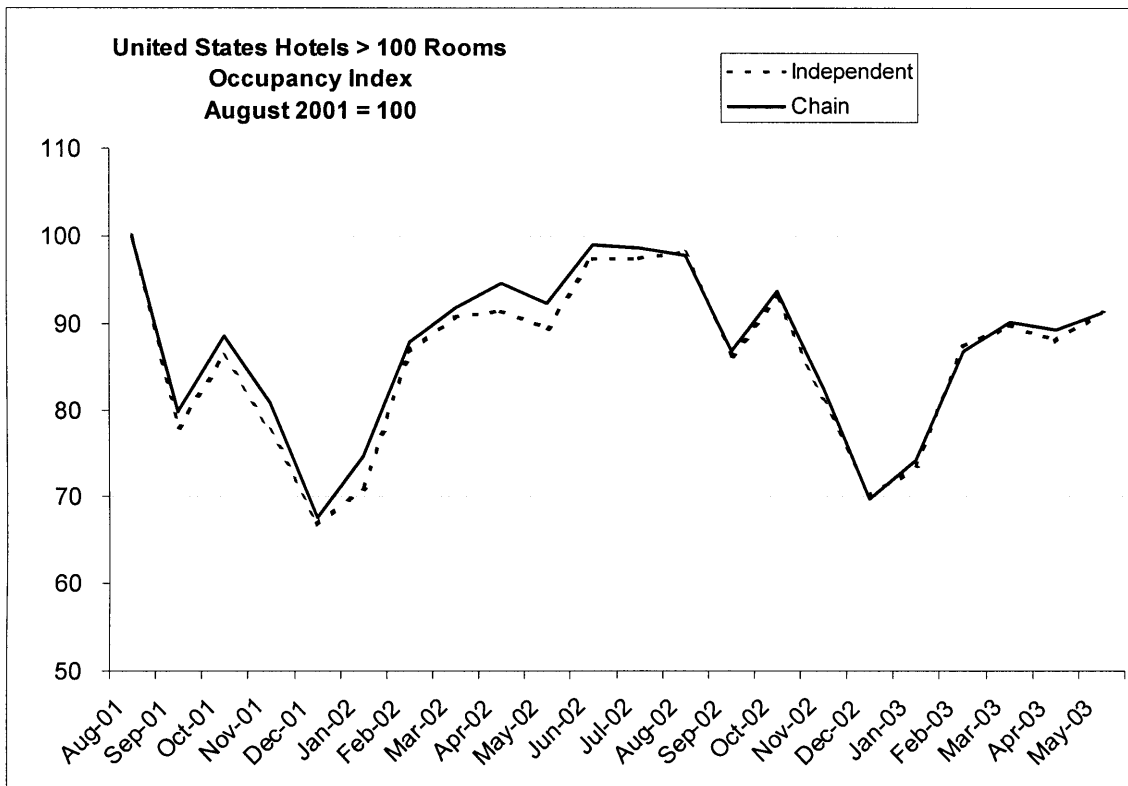
Since the terrorist attacks on September 11<sup>th</sup>, 2001, the hotel industry has suffered severe performance declines. However, the independent hotels have posted higher rate gains than chain hotels. The following charts detail indexed performance since August 2001. While the threat of a varying sample mix among the independent hotels previously limited the ability to make any long-term conclusions about rate trends, the

## Chain Hotels vs. Independent Hotels

shorter time period since August 2001 and smaller growth in supply of 9.3% for 2002 allows for greater certainty in the analysis.



# Chain Hotels vs. Independent Hotels



## ***Chain Hotels vs. Independent Hotels***

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Following 9/11, the independent hotel set regained the rates they were achieving before the attacks by January 2002; from that point on, the independent set has retained an index level above 100. Conversely, room rates for the chain hotel set have fluctuated greatly, moving below the 100-index level multiple times. It is important to note that, although independent hotels seem to have fared slightly better over the turbulent past few years for the hotel industry, annual trend lines mask the high degree of monthly volatility exhibited by the independent sample.

## **Analysis of Room Revenue Volatility**

### ***Summary of Standard Deviation Analysis***

The table below summarizes the long-term standard deviation of RevPAR for chain and independent hotels. The standard deviation is calculated based on percentage change in monthly performance data over the prior month.

Between 1988 and 2003, chain hotels exhibited a lower RevPAR standard deviation (5.8) than independent hotels (6.1). This lower volatility was supported by a significantly less volatile occupancy, for which there was a tighter standard deviation of 3.3 for chains and 3.9 for independent hotels.

Independent hotels exhibited slightly less volatile room rates than chain hotels on a national basis. However, the national standard deviation does not appear to be truly reflective of the regional results, all of which (with the exception of New England) indicate significantly higher volatility among independent hotel rates than chain rates. Some level of negative correlation across regions could keep the national data from revealing the true relationship – that is, independent room rates are negatively correlated across regions much more for independents than for chains.

## ***Chain Hotels vs. Independent Hotels***

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The higher negative correlation for independent rates can be attributed to the fact that chain hotels are more consistent across regions than are independents. This relative consistency is driven by brand positioning, where the image and marketing of one particular brand is set on a national basis. Such positioning limits the ability to alter a hotel's rate relative to other hotels in its local market. (This dynamic is especially true given the development of multiple brands under one family.) For example, Fairfield Inn by Marriott will always publish rates that are lower than a Courtyard by Marriott. As more and more brands enter the market, the band within which any one brand can fluctuate its rates shrinks. On the other hand, independent hotels are not limited by brand positioning and can vary rates to a greater degree as ownership or the demand dictates. Overall, the consistent regional data provides a more conclusive indication that independent rates are in fact more volatile than chain rates.

These findings are indicative of the benefits expected from chain affiliation and the associated yield management support. As discussed, a major advantage to a franchise owner is the support provided by a central reservation system, referrals provided through from other franchise properties, and brand-name awareness. There may also be an argument that standard operating procedures put in place by the franchise company result in greater emphasis on yield management than at independently managed hotels.

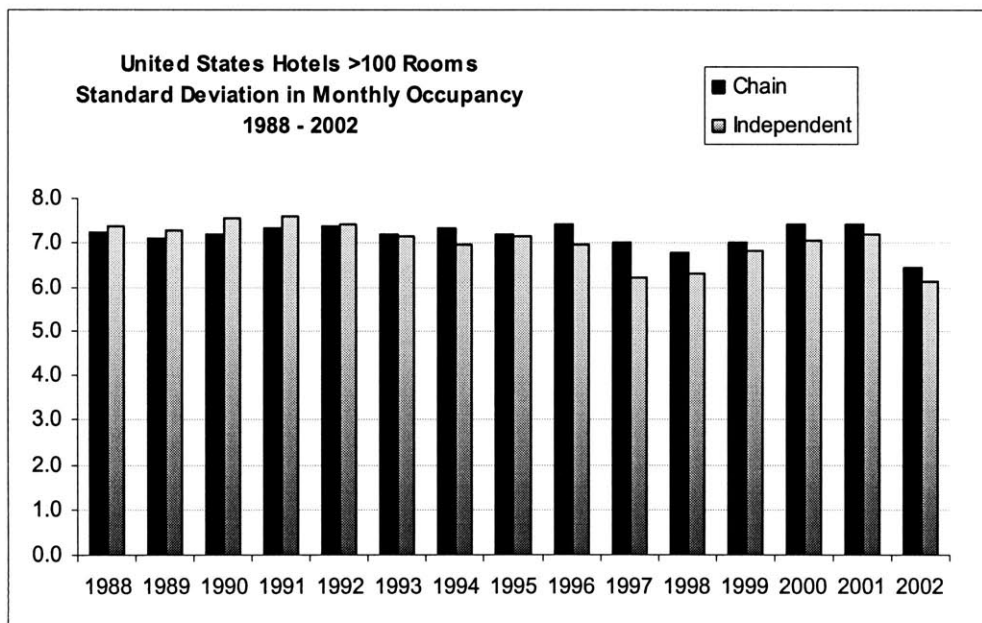
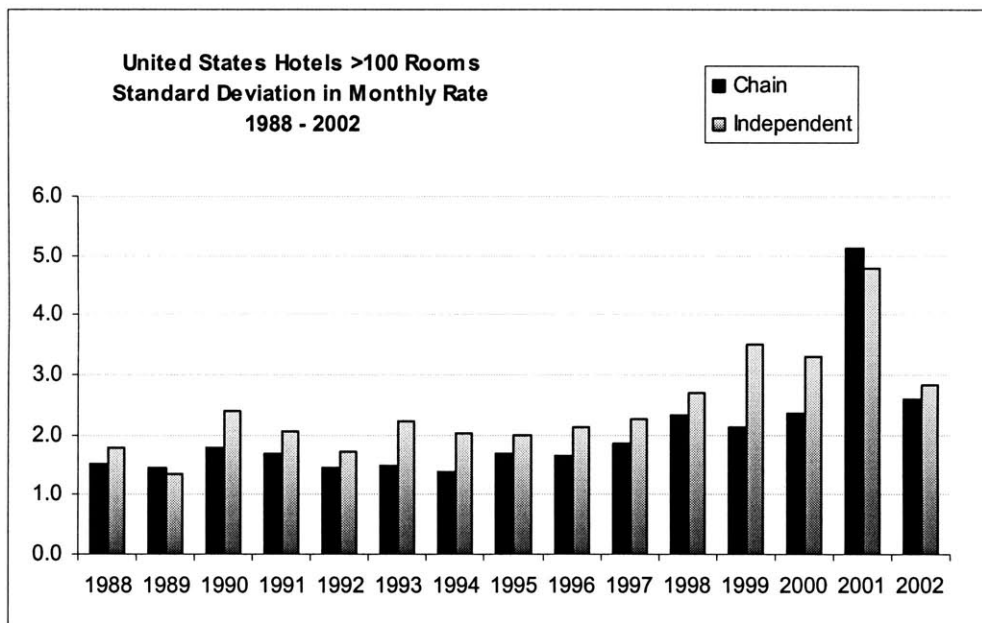
**Chain Hotels vs. Independent Hotels**

<b>Analysis of Standard Deviation by Region, Hotels &gt;100 Rooms January 1988 - May 2003</b>				
<b>Region</b>	<b>Monthly % Change in RevPAR</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	9.0	9.2	0.2	2%
Middle Atlantic	7.7	10.4	2.7	35%
South Atlantic	5.8	7.3	1.5	27%
East North Central	6.1	7.1	1.0	16%
East South Central	4.4	8.0	3.6	80%
West North Central	4.6	6.3	1.7	37%
West South Central	6.4	7.9	1.5	23%
Mountain	6.5	10.1	3.6	55%
Pacific	7.8	7.6	-0.2	-2%
United States	5.8	6.1	0.3	6%
<b>Region</b>	<b>Monthly % Change in Occupancy</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	5.1	6.5	1.4	27%
Middle Atlantic	3.6	6.0	2.4	66%
South Atlantic	3.6	4.8	1.3	35%
East North Central	3.8	4.3	0.5	14%
East South Central	3.0	5.3	2.3	74%
West North Central	3.1	4.3	1.2	38%
West South Central	4.2	4.9	0.7	18%
Mountain	4.0	5.6	1.6	41%
Pacific	4.7	5.6	0.9	18%
United States	3.3	3.9	0.6	17%
<b>Region</b>	<b>Monthly % Change in Room Rate</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	5.4	5.2	-0.1	-3%
Middle Atlantic	5.2	6.7	1.5	29%
South Atlantic	3.2	3.9	0.8	24%
East North Central	3.4	4.3	0.9	27%
East South Central	2.3	4.5	2.2	98%
West North Central	2.1	3.7	1.6	74%
West South Central	3.1	5.6	2.5	82%
Mountain	3.6	6.4	2.8	78%
Pacific	4.2	4.4	0.2	4%
United States	3.3	3.2	-0.1	-4%

## Chain Hotels vs. Independent Hotels

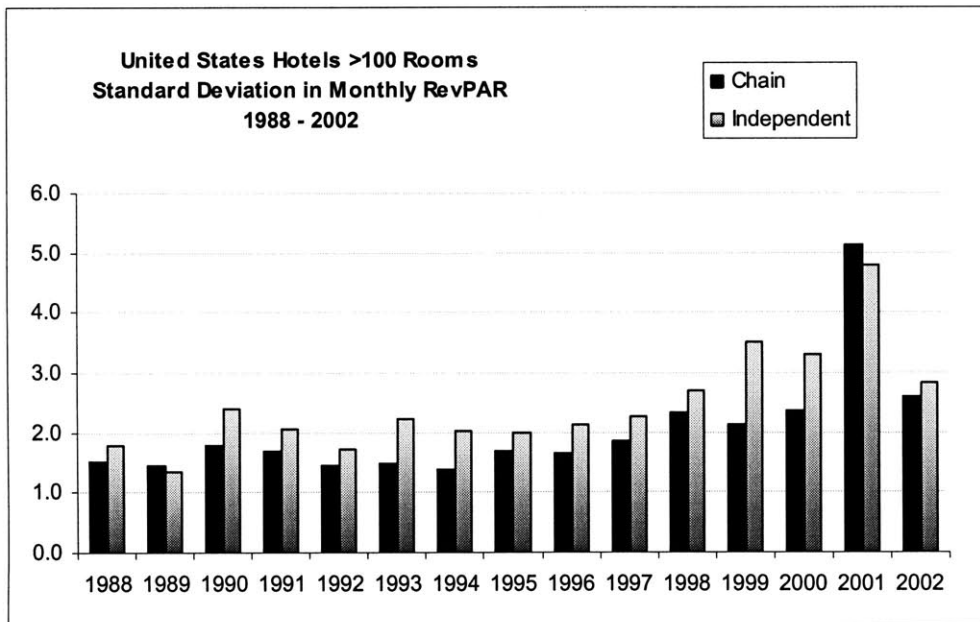
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Over time, chain hotels over 100 rooms in size have consistently been less volatile than independent hotels in the United States. However, 2001 was the only year other than 1989 when chain RevPAR was more volatile than independent due to significant variances in rate following September 11<sup>th</sup>.



## Chain Hotels vs. Independent Hotels

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While occupancy volatility has remained constant over the past 15 years, there appears to be a slight upward trend in room rate volatility for both chain and independent hotels even when 2001 is recognized as an anomaly.)

### ***United States: Post September 11<sup>th</sup> Volatility***

In the years since September 2001, volatility among both chain and independent hotels has been exacerbated. Of note, the relative volatility among the independent sample has increased further. Again, the volatility in occupancy rates has been similar, but the variance in room rates is even greater, with independent hotels reporting a wide range of rates month to month. The lesser rate variance for chain hotels can be attributed to the limitations of brand positioning (as discussed earlier). Other potential explanations may include:

- The fact that many chain hotels are corporately owned as part of larger portfolios and may have greater ability to withstand a downturn, while independent hotel owners are less likely to have a base of other properties

## ***Chain Hotels vs. Independent Hotels***

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from which to sustain a downturn. Thus, independent hotel operators may experiment to a greater degree with yield management.

- Chain hotels typically support a greater percentage of business travelers, who are less likely to be rate sensitive, allowing chains to be more consistent in their rates. Independent hotels, which may rely on greater leisure demand, were faced with greater rate sensitivity following September 11<sup>th</sup>.
- Standard operational procedures and the assistance of central reservation systems for can benefit chain hotels with superior yield management. Such management can allow chain operators to maintain rates for optimal profitability (or at least minimize downturns in the difficult period following September 11<sup>th</sup>.) (Room rate is generally considered to be favorable to occupancy in terms of effect on Net Operating Income.)
- This performance further validates that there are certain yield management benefits associated with chain affiliation

From August 2001 to May 2003, RevPAR standard deviation among the independent sample was 30% higher than among the chain sample. This difference is the result of a 5.6 standard deviation in independent room rates, more than double the chain standard deviation of 2.7 for the same period. .

## Chain Hotels vs. Independent Hotels

<b>Analysis of Standard Deviation by Region, Hotels &gt;100 Rooms August 2001 - May 2003</b>				
<b>Region</b>	<b>Monthly % Change in RevPAR</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	15.2	18.5	3.2	21%
Middle Atlantic	9.3	12.9	3.5	38%
South Atlantic	8.3	15.6	7.3	88%
East North Central	8.5	11.6	3.1	36%
East South Central	5.8	7.7	1.9	32%
West North Central	8.0	8.5	0.5	6%
West South Central	6.7	9.2	2.5	37%
Mountain	8.4	14.3	5.9	70%
Pacific	9.1	11.9	2.9	32%
United States	6.9	8.9	2.1	30%
<b>Region</b>	<b>Monthly % Change in Occupancy</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	9.9	10.5	0.6	6%
Middle Atlantic	7.5	6.4	-1.1	-15%
South Atlantic	6.7	7.8	1.1	16%
East North Central	7.9	8.6	0.7	9%
East South Central	6.9	7.6	0.7	11%
West North Central	8.6	7.7	-0.9	-10%
West South Central	5.9	6.3	0.3	6%
Mountain	6.7	5.9	-0.8	-12%
Pacific	6.7	6.7	0.0	0%
United States	6.4	6.2	-0.2	-4%
<b>Region</b>	<b>Monthly % Change in Room Rate</b>			
	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
New England	7.9	10.0	2.1	27%
Middle Atlantic	5.0	9.4	4.5	90%
South Atlantic	5.5	15.6	10.1	183%
East North Central	3.9	7.5	3.6	92%
East South Central	2.4	8.5	6.0	248%
West North Central	2.8	5.2	2.4	83%
West South Central	4.6	7.0	2.4	51%
Mountain	8.6	16.2	7.5	87%
Pacific	3.5	6.1	2.6	72%
United States	2.7	5.6	2.9	109%

## Chain Hotels vs. Independent Hotels

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### New England Volatility

Between January 1987 and May 2003 in New England, volatility was similar for independent and chain hotel RevPAR. However, unlike national trends, occupancy volatility varied greatly, as detailed below. Post 9/11, independent performance was again more volatile, but this more recent volatility was due almost entirely to rate.

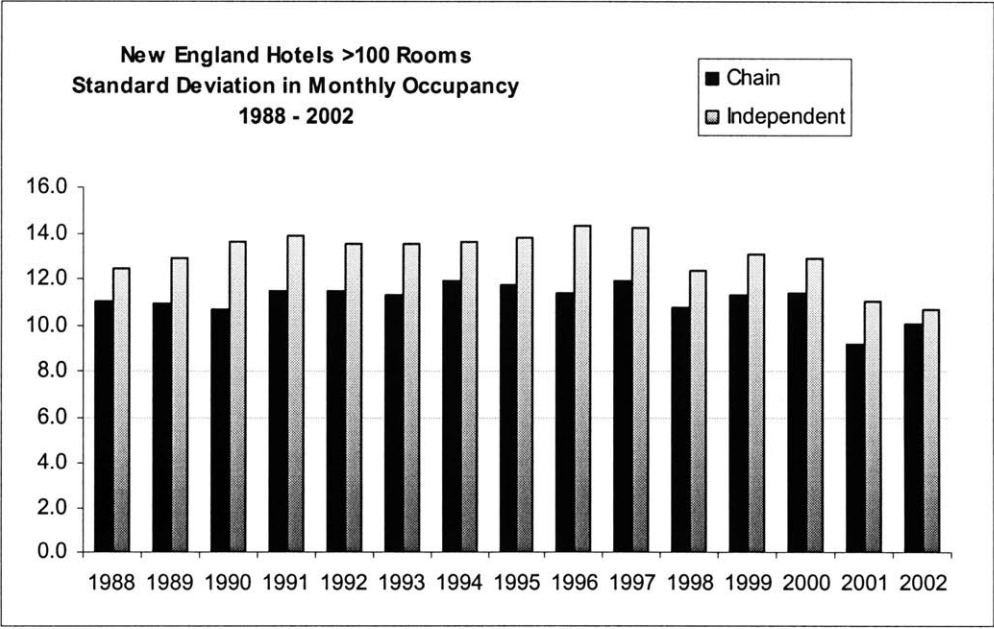
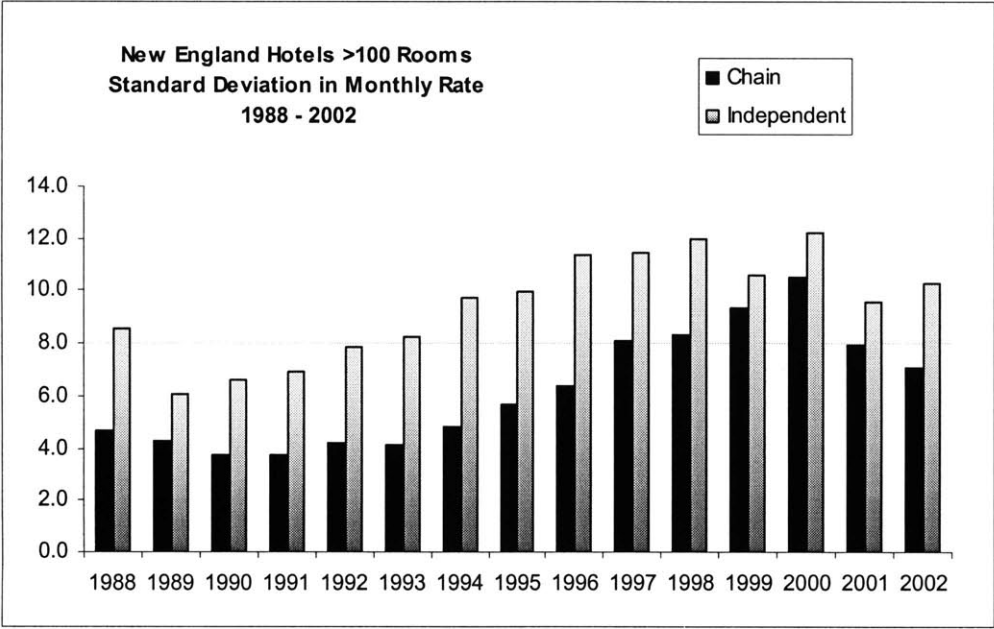
New England Standard Deviation				
Monthly % Change	Std. Dev.		Chain vs. Indep.	
	Chain	Indep.	Absolute	Percent
<b>Jan 1988 - May 2003</b>				
RevPAR	9.0	9.2	0.2	2%
Occupancy	5.1	6.5	1.4	27%
Rate	5.4	5.2	-0.1	-3%
<b>Aug 2001 - May 2003</b>				
RevPAR	15.2	18.5	3.2	21%
Occupancy	9.9	10.5	0.6	6%
Rate	7.9	10.0	2.1	27%

Since 1987, the rate volatility of chain hotels has increased at a faster pace than independent hotels – although chains are still less volatile. Interestingly, both occupancy and rate were less volatile in 2001 and 2002 than in 1999. Thus, while performance may have declined, the demand was more consistent and property managers were more stable with their rates.

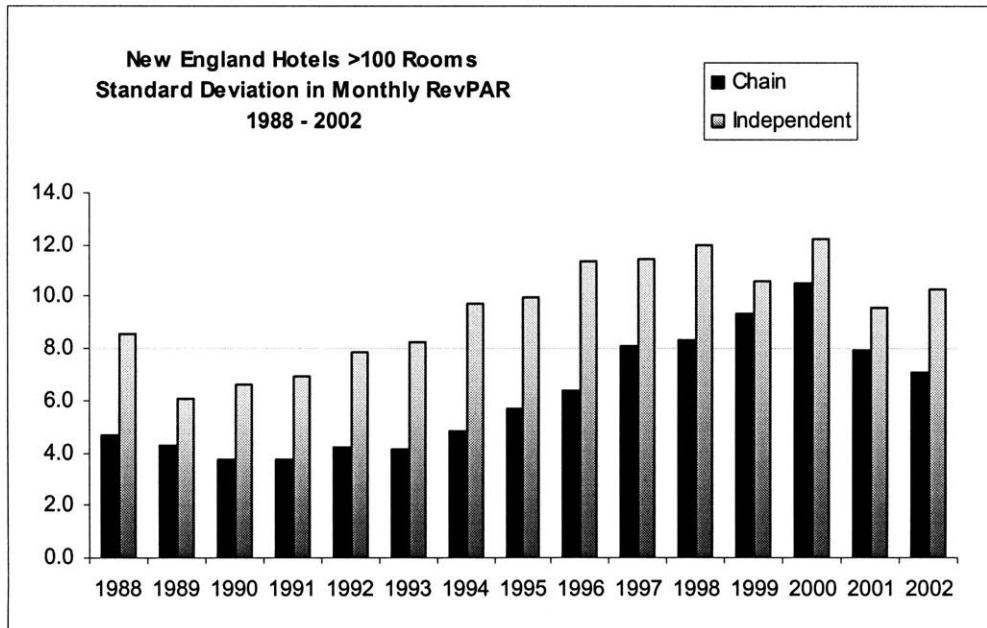
As a long-term trend, it appears that rate volatility has steadily increased over time. Across all regions, New England reports the highest volatility among chain hotels.

The following charts set forth rate, occupancy and RevPAR volatility in New England since 1987.

**Chain Hotels vs. Independent Hotels**



## Chain Hotels vs. Independent Hotels



## Middle Atlantic Volatility

Between January 1987 and May 2003 in the Middle Atlantic Region, volatility was similar for independent and chain hotel RevPAR. However, unlike national trends, occupancy volatility varied greatly, as detailed below. Post 9/11, independent performance was again more volatile, but this more recent volatility was due almost entirely to rate.

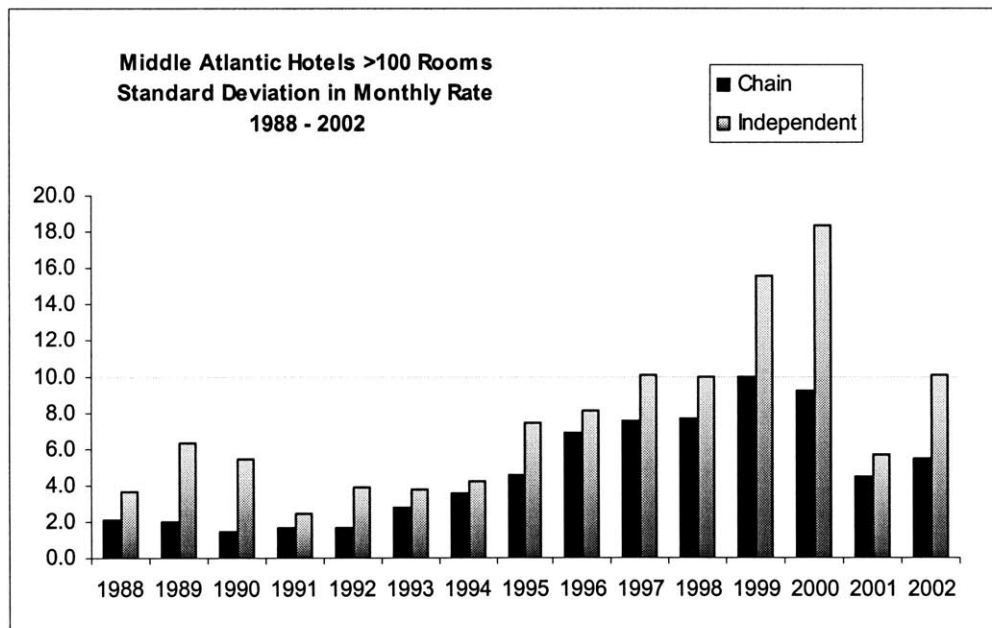
<b>Middle Atlantic Standard Deviation</b>				
<b>Monthly % Change</b>	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
<b>Jan 1988 - May 2003</b>				
RevPAR	7.7	10.4	2.7	35%
Occupancy	3.6	6.0	2.4	66%
Rate	5.2	6.7	1.5	29%
<b>Aug 2001 - May 2003</b>				
RevPAR	9.3	12.9	3.5	38%
Occupancy	7.5	6.4	-1.1	-15%
Rate	5.0	9.4	4.5	90%

## Chain Hotels vs. Independent Hotels

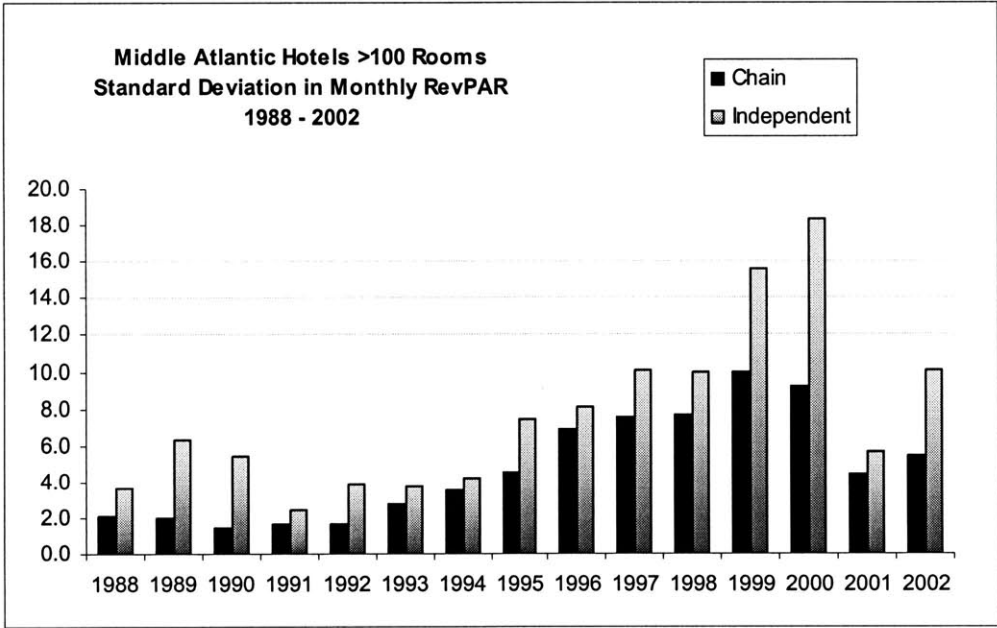
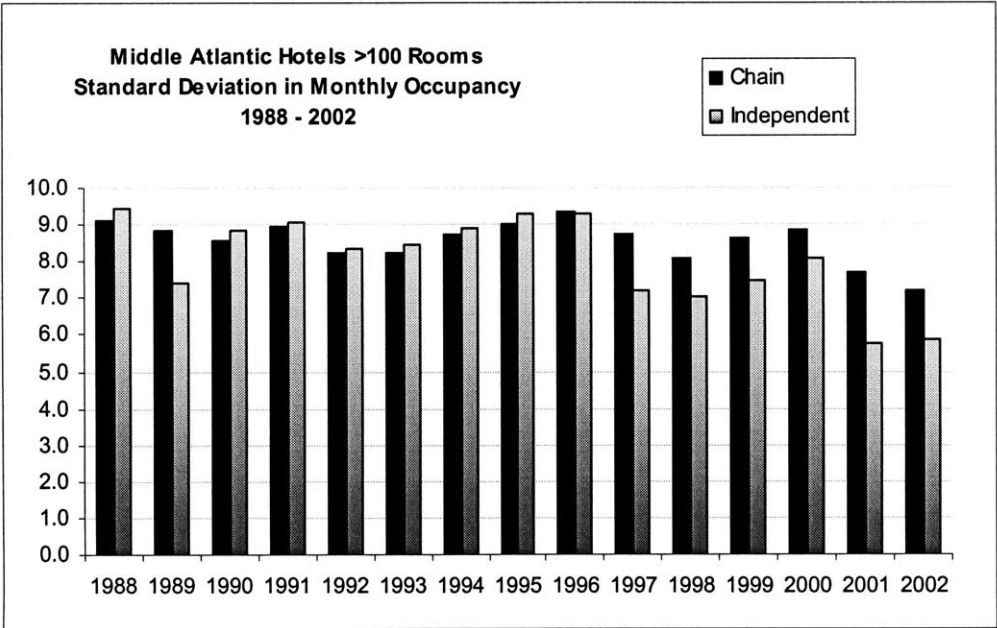
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Since 1987 in the Middle Atlantic region, independent hotels have been significantly more volatile than chain hotels. As evidenced in the charts below, volatility for both chains and independents has increased steadily between 1991 and 2000, with chain volatility increasing more than 5 times and independent volatility increasing more than 8 times. However, unlike the aggregate United States results, the Middle Atlantic region saw a sharp decrease in volatility in 2001. While such a decrease may imply tighter yield management, it is more likely the influence of a sever drop in both occupancy and rate. As detailed in Exhibit 27, the Middle Atlantic realized the largest decrease in RevPAR for independent hotels and the second largest decrease for chain hotels from 2000 to 2001. These lower performance figures suggest that management may not have had the opportunity to yield manage and were instead forced to accept a lower level of demand.

The following charts set forth rate, occupancy and RevPAR volatility in the Middle Atlantic region since 1987.



**Chain Hotels vs. Independent Hotels**



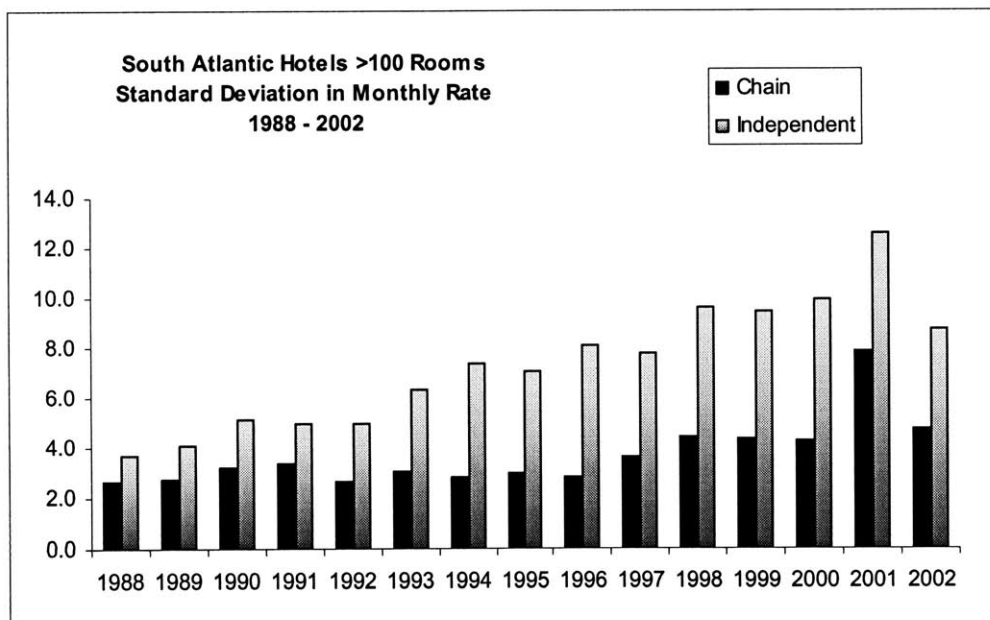
**South Atlantic Volatility**

The trend continues in the South Atlantic region where independent hotels are significantly more volatile than chain hotels.

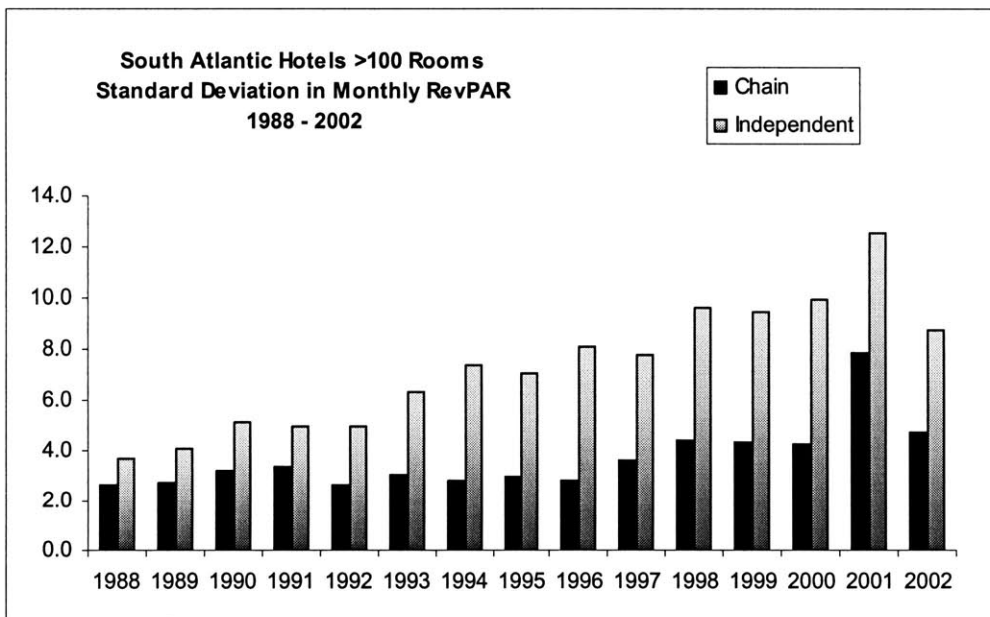
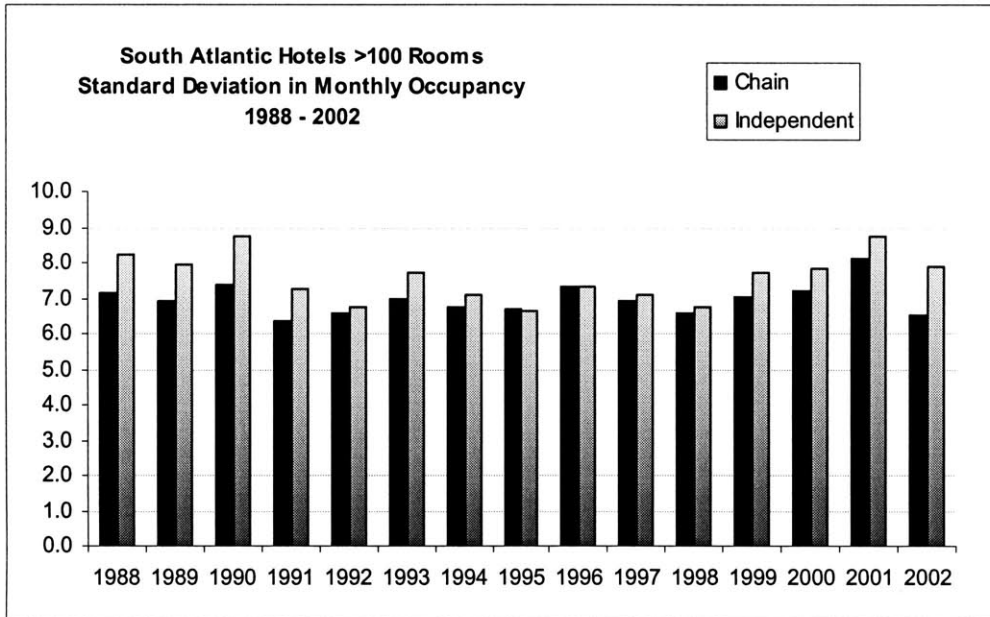
## Chain Hotels vs. Independent Hotels

South Atlantic Standard Deviation				
Monthly % Change	Std. Dev.		Chain vs. Indep.	
	Chain	Indep.	Absolute	Percent
<b>Jan 1988 - May 2003</b>				
RevPAR	5.8	7.3	1.5	27%
Occupancy	3.6	4.8	1.3	35%
Rate	3.2	3.9	0.8	24%
<b>Aug 2001 - May 2003</b>				
RevPAR	8.3	15.6	7.3	88%
Occupancy	6.7	7.8	1.1	16%
Rate	5.5	15.6	10.1	183%

Since 1987, the difference in volatility has been greater in occupancy than rate, although this trend is changing. As the charts below illustrate, rate volatility at independent hotels has risen much faster than for chain hotels over the past decade. Additionally, unlike the Middle Atlantic region, volatility increased sharply in 2001. The following charts set forth rate, occupancy and RevPAR volatility in the South Atlantic region since 1987.



## Chain Hotels vs. Independent Hotels



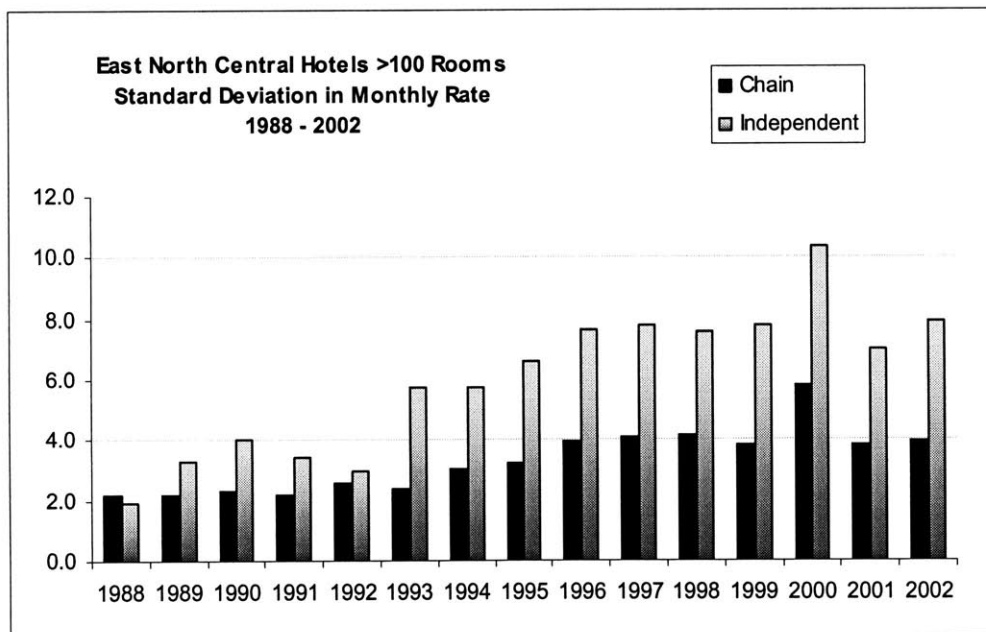
## East North Central Volatility

The difference in volatility between independent and chain hotels is relatively small in the East North Central region compared to other regions, with independent hotels still proving more volatile.

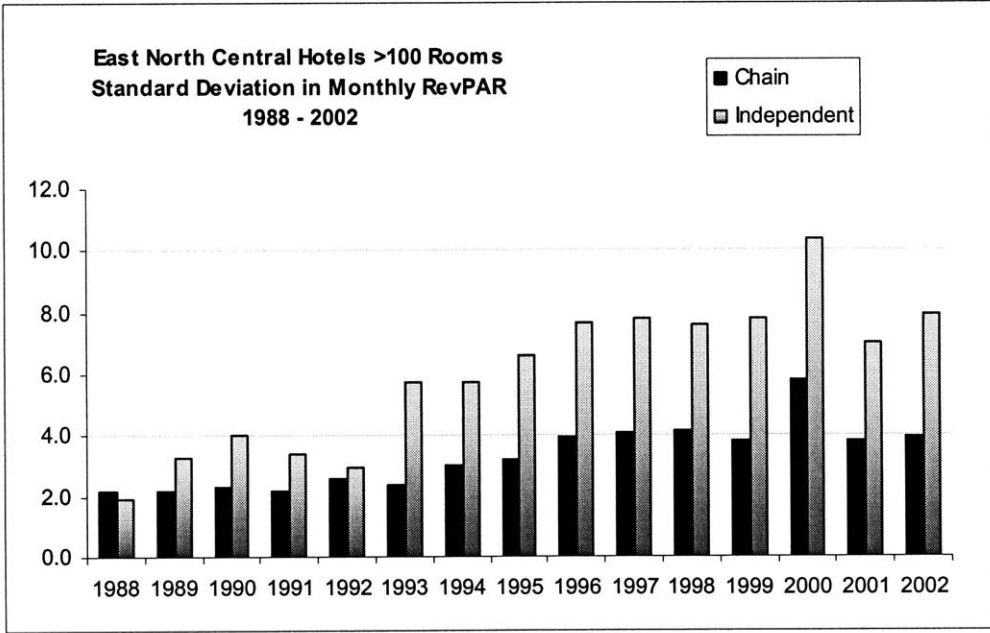
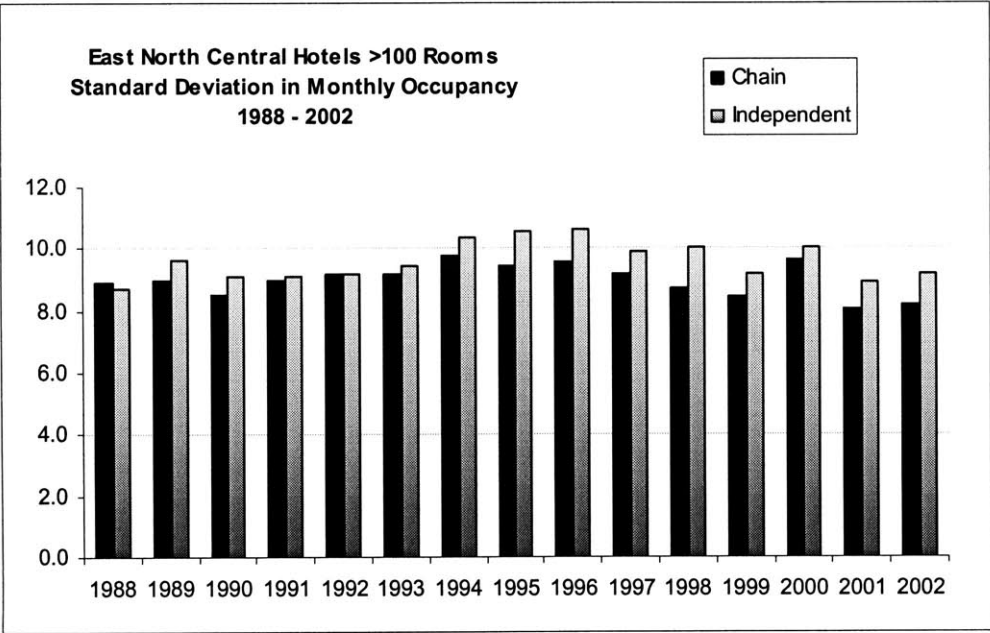
## Chain Hotels vs. Independent Hotels

East North Central Standard Deviation				
Monthly % Change	Std. Dev.		Chain vs. Indep.	
	Chain	Indep.	Absolute	Percent
<b>Jan 1988 - May 2003</b>				
RevPAR	6.1	7.1	1.0	16%
Occupancy	3.8	4.3	0.5	14%
Rate	3.4	4.3	0.9	27%
<b>Aug 2001 - May 2003</b>				
RevPAR	8.5	11.6	3.1	36%
Occupancy	7.9	8.6	0.7	9%
Rate	3.9	7.5	3.6	92%

Since 9/11, the data suggests that the chains fluctuated greater with occupancy than rate, while the independents realized a more equal increase in occupancy and rate volatility. The following charts set forth rate, occupancy and RevPAR volatility in the East North Central region since 1987.



**Chain Hotels vs. Independent Hotels**



## Chain Hotels vs. Independent Hotels

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### East South Central Volatility

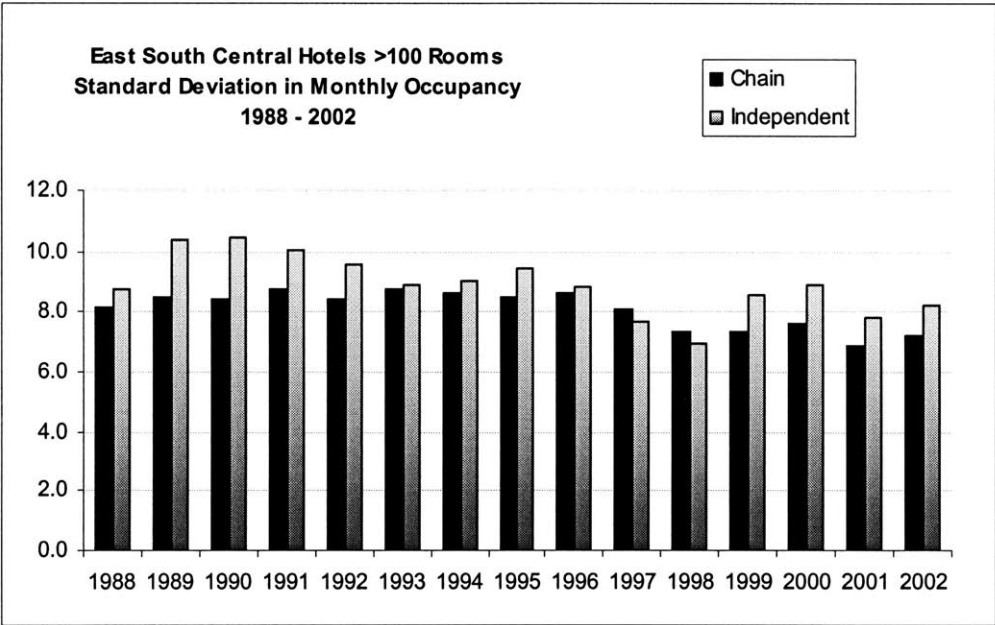
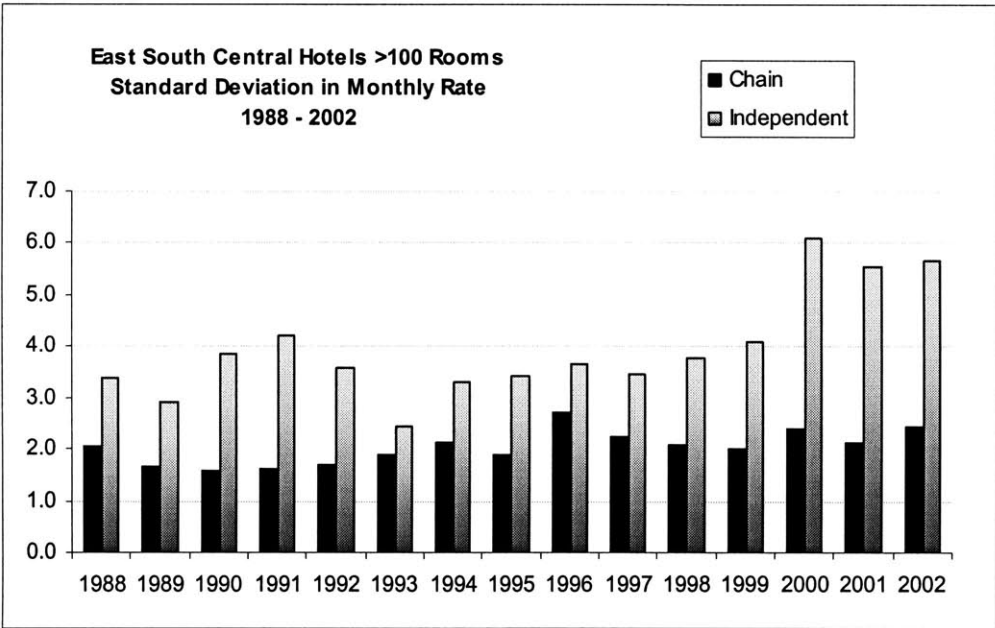
The East South Central region reports the greatest difference in volatility among all nine regions. Since 1987, the standard deviation of independent RevPAR is 80% greater than chain standard deviation.

<b>East South Central Standard Deviation</b>				
<b>Monthly % Change</b>	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
<b>Jan 1988 - May 2003</b>				
RevPAR	4.4	8.0	3.6	80%
Occupancy	3.0	5.3	2.3	74%
Rate	2.3	4.5	2.2	98%
<b>Aug 2001 - May 2003</b>				
RevPAR	5.8	7.7	1.9	32%
Occupancy	6.9	7.6	0.7	11%
Rate	2.4	8.5	6.0	248%

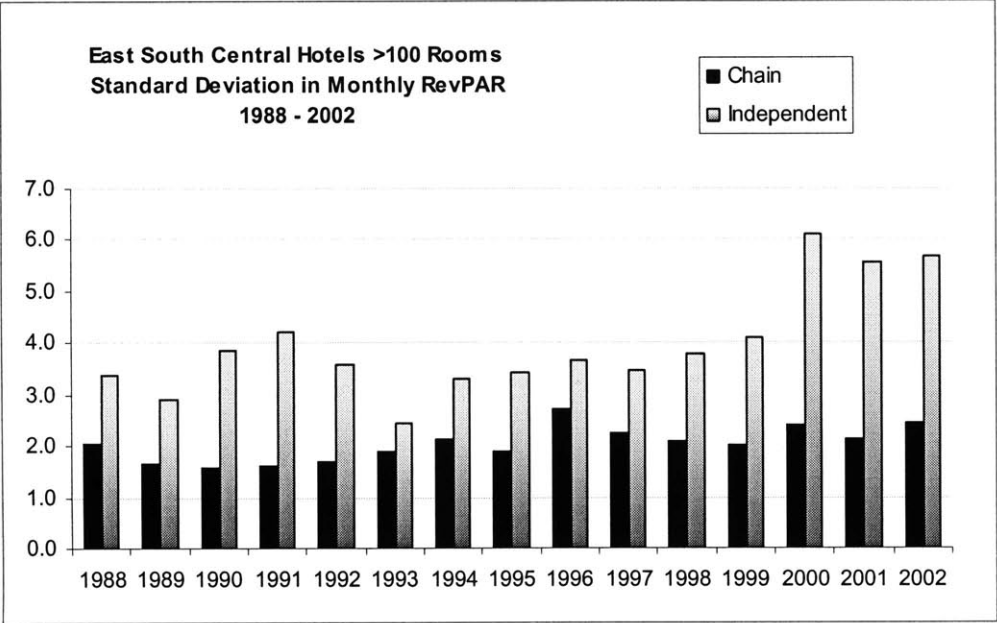
Post September 11<sup>th</sup>, the chain hotels have maintained consistent rate volatility while occupancy volatility increased sharply, in line with national trends detailed previously. Combining this consistent chain rate volatility after 9/11 with a sharp increase in independent rate volatility results in the highest difference across all volatility measures, with a 248% difference between the chain and independent results.

The following charts set forth rate, occupancy and RevPAR volatility in the East South Central region since 1987.

**Chain Hotels vs. Independent Hotels**



**Chain Hotels vs. Independent Hotels**



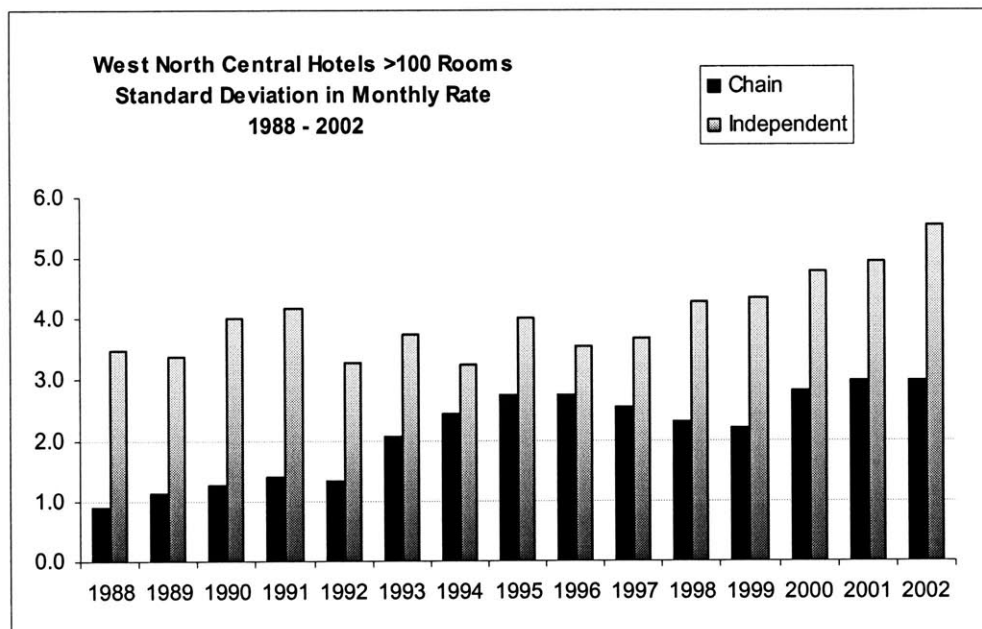
**West North Central Volatility**

Since 1987 the West North Central has experienced little volatility among both chain and independent hotels relative to other regions. Annual trends, however, suggest a general increase in the standard deviation for both sample sets. Consistent with the national trend, the independent hotels exhibited greater volatility over the sample period. Since August 2001, however, occupancy data indicates that independent hotels have exhibited less volatility than chain hotels.

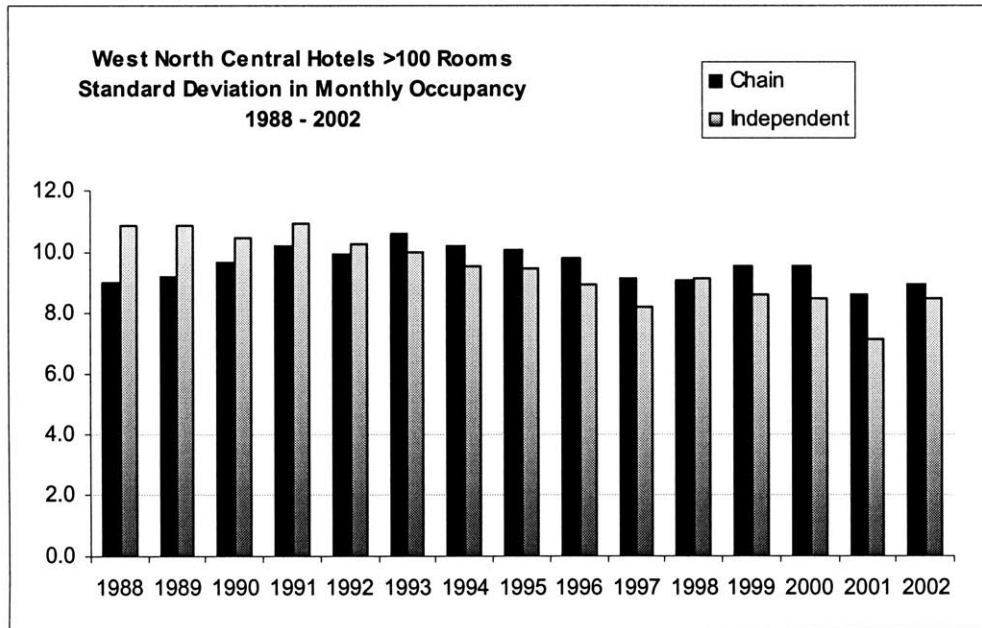
## Chain Hotels vs. Independent Hotels

West North Central Standard Deviation				
Monthly % Change	Std. Dev.		Chain vs. Indep.	
	Chain	Indep.	Absolute	Percent
<b>Jan 1988 - May 2003</b>				
RevPAR	4.6	6.3	1.7	37%
Occupancy	3.1	4.3	1.2	38%
Rate	2.1	3.7	1.6	74%
<b>Aug 2001 - May 2003</b>				
RevPAR	8.0	8.5	0.5	6%
Occupancy	8.6	7.7	-0.9	-10%
Rate	2.8	5.2	2.4	83%

The following charts set forth rate, occupancy and RevPAR volatility in the West North Central region since 1987.



## Chain Hotels vs. Independent Hotels



## West South Central Volatility

The West South Central continues to support the trend that independent hotels are more volatile than chain hotels. However, in recent years, the regional trend suggests that volatilities are becoming more in-line.

<b>West South Central Standard Deviation</b>				
<b>Monthly % Change</b>	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
<b>Jan 1988 - May 2003</b>				
RevPAR	6.4	7.9	1.5	23%
Occupancy	4.2	4.9	0.7	18%
Rate	3.1	5.6	2.5	82%
<b>Aug 2001 - May 2003</b>				
RevPAR	6.7	9.2	2.5	37%
Occupancy	5.9	6.3	0.3	6%
Rate	4.6	7.0	2.4	51%

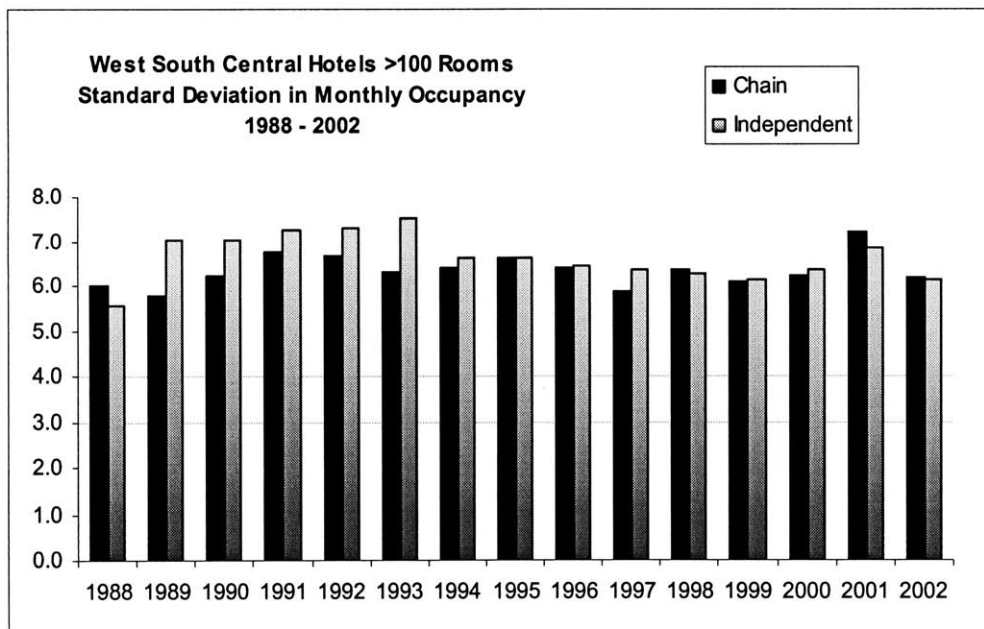
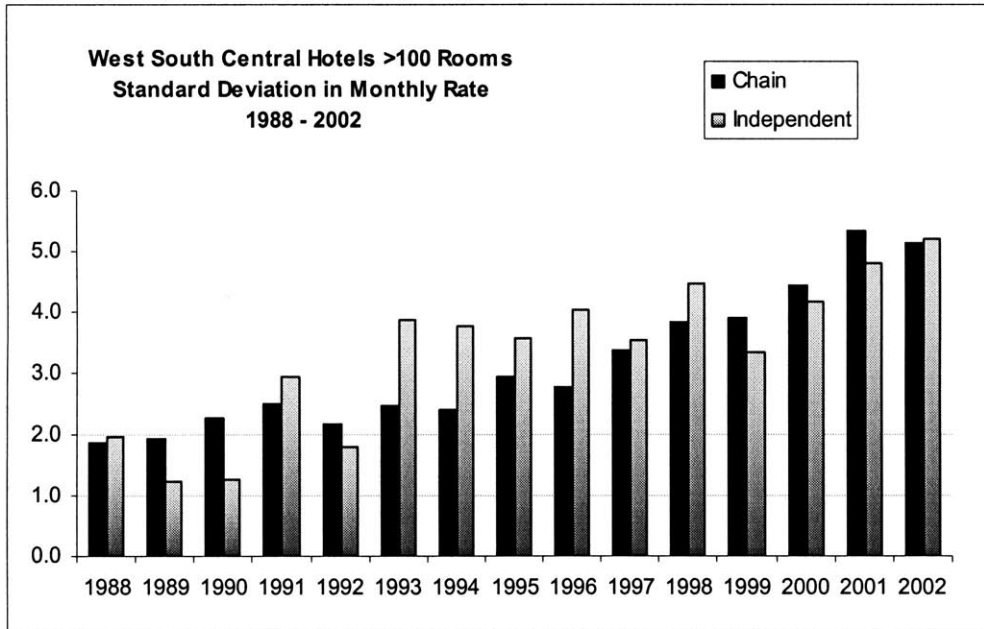
As depicted in the charts below, chain rate volatility was higher than independent volatility for 1999-2001, while occupancy volatility was relatively equal. The result is

## Chain Hotels vs. Independent Hotels

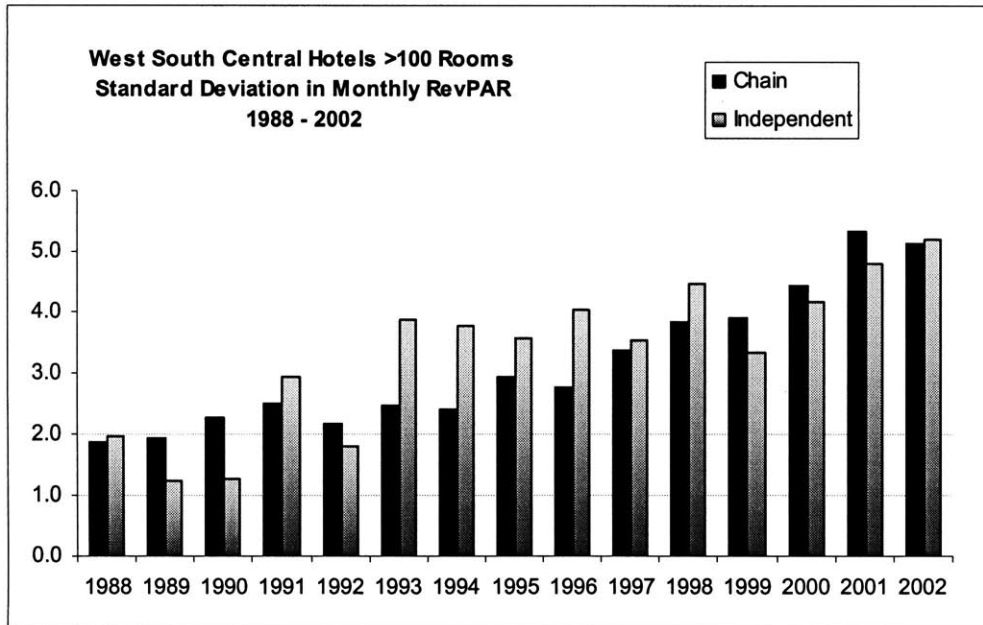
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that RevPAR is more volatile with chain hotels over that same period – one of the few instances in the data set where this occurs.

The following charts set forth rate, occupancy and RevPAR volatility in the West South Central region since 1987.



## Chain Hotels vs. Independent Hotels



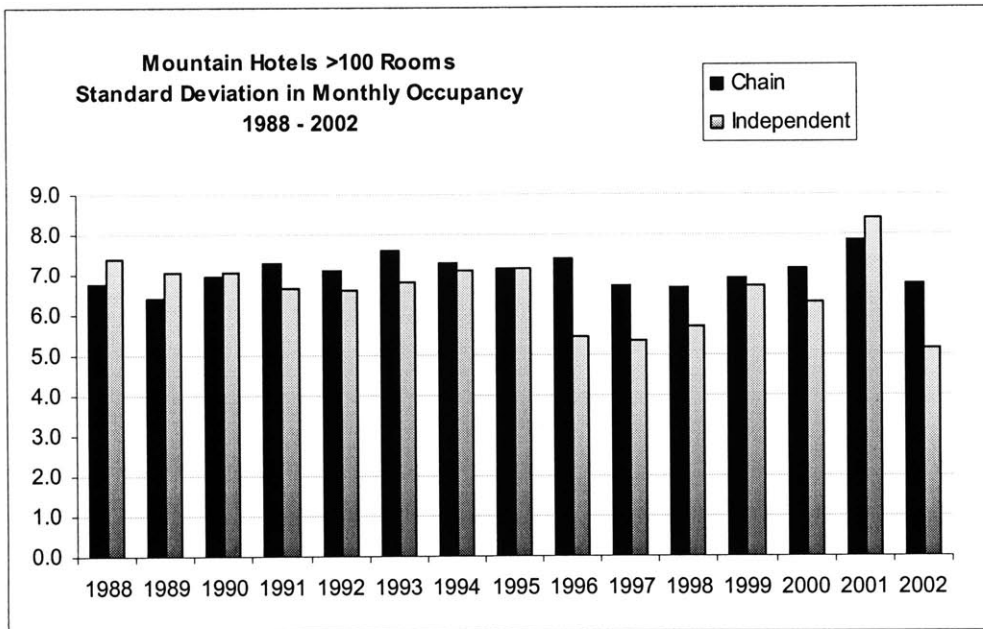
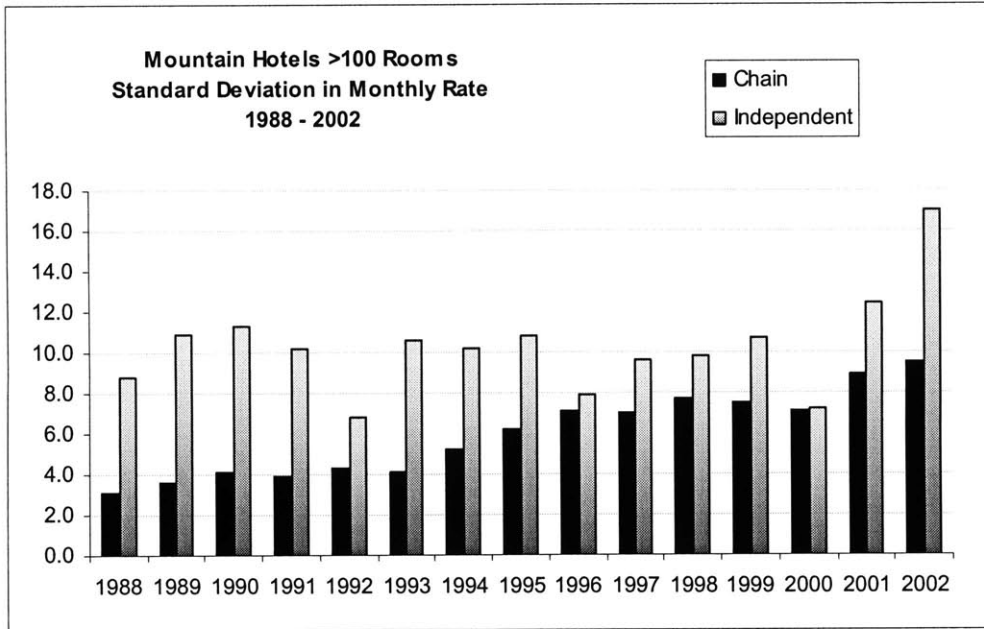
## Mountain Volatility

The independent hotel sample in the Mountain region exhibits the second highest degree of RevPAR volatility among the nine regions (second to the Middle Atlantic). No surprisingly, the national trend of independents being more volatile than chains is also supported by the Mountain region data.

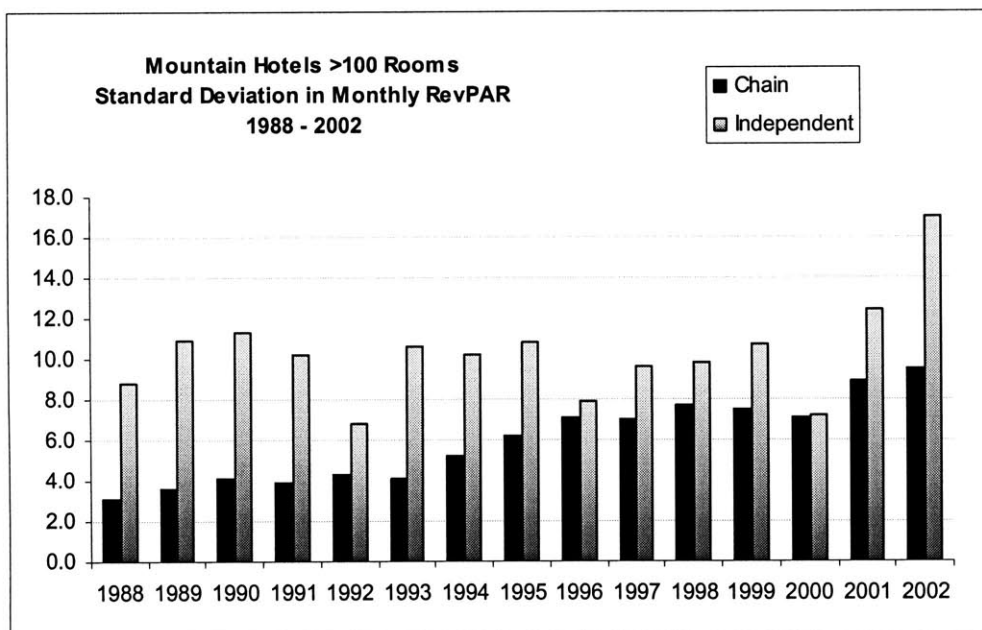
<b>Mountain Standard Deviation</b>				
<b>Monthly % Change</b>	<b>Std. Dev.</b>		<b>Chain vs. Indep.</b>	
	<b>Chain</b>	<b>Indep.</b>	<b>Absolute</b>	<b>Percent</b>
<b>Jan 1988 - May 2003</b>				
RevPAR	6.5	10.1	3.6	55%
Occupancy	4.0	5.6	1.6	41%
Rate	3.6	6.4	2.8	78%
<b>Aug 2001 - May 2003</b>				
RevPAR	8.4	14.3	5.9	70%
Occupancy	6.7	5.9	-0.8	-12%
Rate	8.6	16.2	7.5	87%

## Chain Hotels vs. Independent Hotels

Since August 2001, independent rate volatility was only slightly above long term trends while occupancy volatility was actually lower than for chain hotels. The following charts set forth rate, occupancy and RevPAR volatility in the Mountain region since 1987.



## Chain Hotels vs. Independent Hotels



### Pacific Volatility

The Pacific is the only region for which volatility in independent RevPAR is actually lower than chain volatility. However, the volatility for both occupancy and rate is actually higher for independent hotels. Thus, the timing of variance in occupancy for both samples must be negatively correlated with that of rate, thus resulting in a net RevPAR variance that is greater for chain hotels.

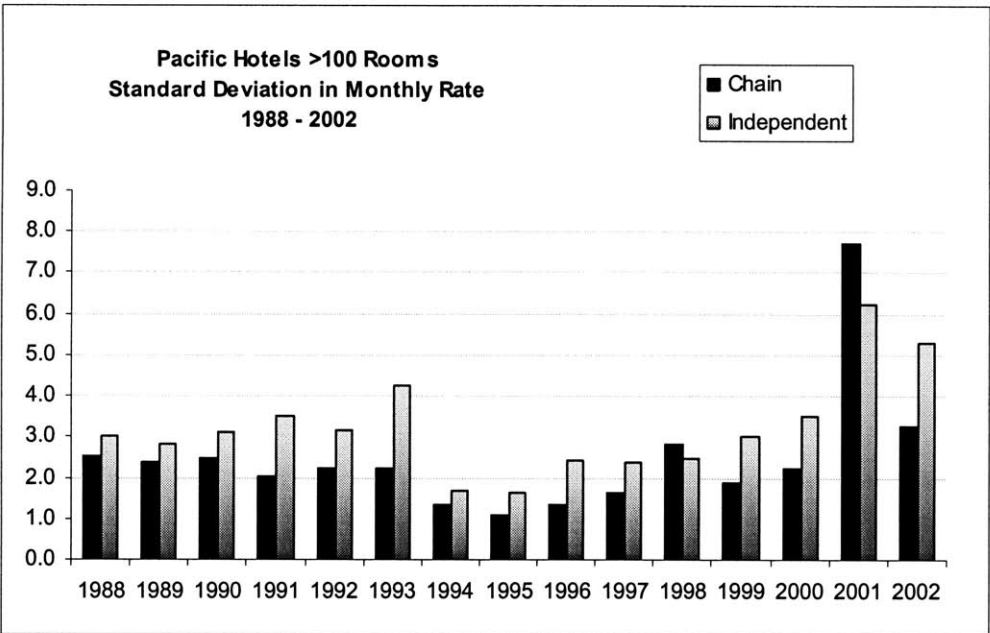
Pacific Standard Deviation				
Monthly % Change	Std. Dev.		Chain vs. Indep.	
	Chain	Indep.	Absolute	Percent
<b>Jan 1988 - May 2003</b>				
RevPAR	7.8	7.6	-0.2	-2%
Occupancy	4.7	5.6	0.9	18%
Rate	4.2	4.4	0.2	4%
<b>Aug 2001 - May 2003</b>				
RevPAR	9.1	11.9	2.9	32%
Occupancy	6.7	6.7	0.0	0%
Rate	3.5	6.1	2.6	72%

**Chain Hotels vs. Independent Hotels**

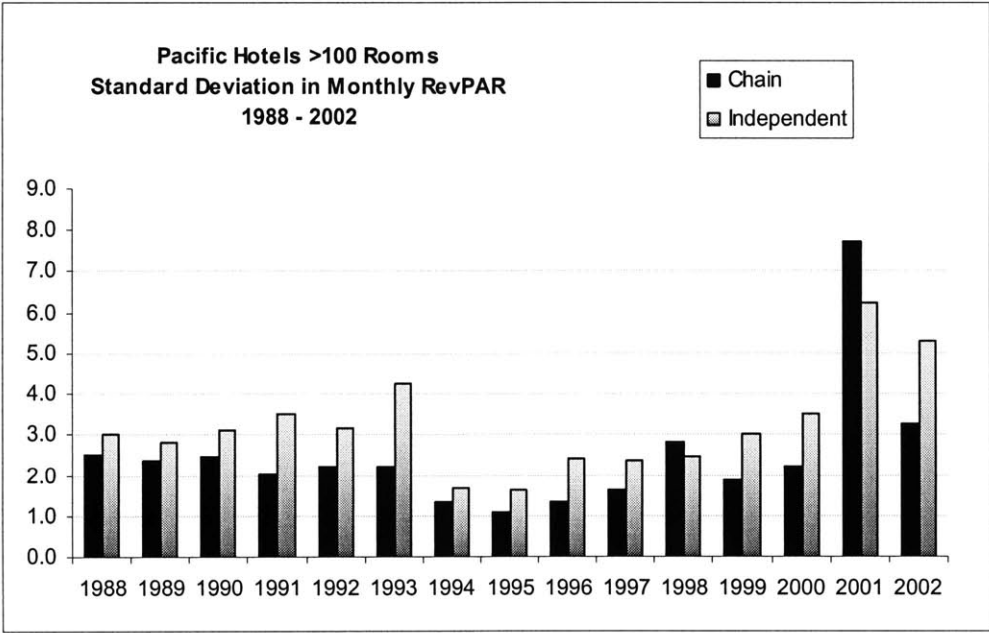
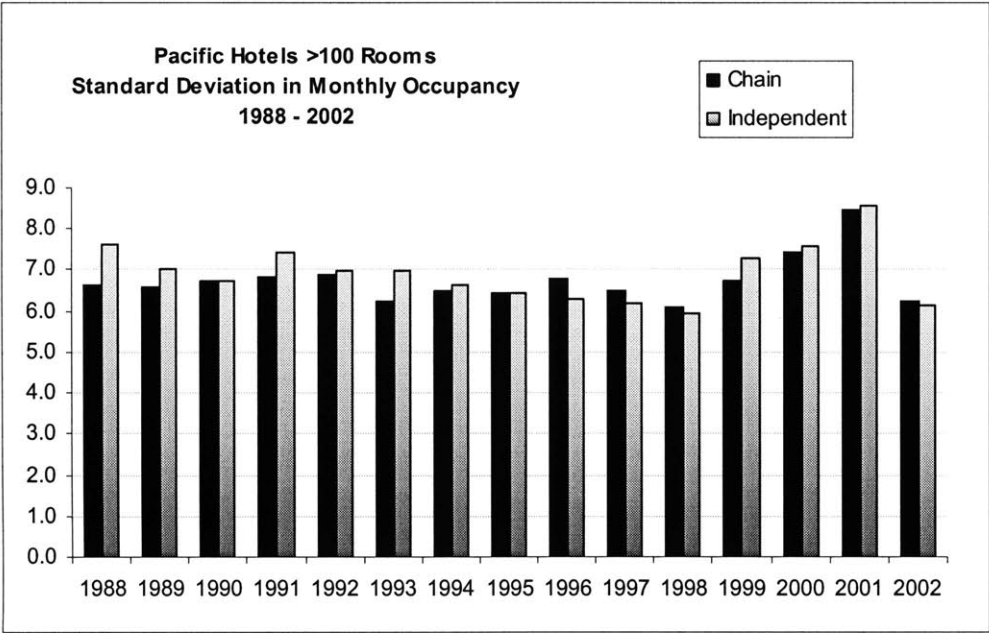
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Additionally, as detailed in the charts below, the level of standard deviation has varied greatly over time. In 1994, when market conditions improved and RevPAR turned decidedly upward (as detailed in Exhibits 25 and 26 ) following a few years of a weaker market, volatility decreased sharply. However, volatility spiked for both chains and independents in 2001 when the region realized sharp declines in demand.

The following charts set forth rate, occupancy and RevPAR volatility in the Pacific region since 1987.



**Chain Hotels vs. Independent Hotels**



## **Conclusion**

This thesis analyzes the historical performance of chain-affiliated hotels and independent (non-affiliated) hotels. The thesis attempts to prove or disprove the hypothesis that chain affiliated hotels are less volatile than independent hotels.

Based on a nine-region, 15-year standard deviation analysis of occupancy, room rate, and RevPAR, the hypothesis has proven true: chain affiliated hotels have historically been less volatile than independent hotels. The lower volatility exhibited by chain hotels is due primarily to a lower volatility in room rate; the difference in occupancy volatility is not as evident.

In the months since September 11<sup>th</sup>, volatility for both chain and independent hotels has increased. However, data implies that the independent hotel sector has responded better in the months following the terrorist attacks, exhibiting lower volatility and a faster rebound in occupancy and average rate.

National franchise companies have long established reputations based on the claim that they lower the risk and increase the return to investors. However, no prior research had been conducted on the volatility of room revenues, the primary source of lodging income. Through the hypothesis tested and conclusions reached, the hope is that investors and operators can more confidently differentiate the risk associated between two hotel properties.

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**Exhibits 1 - 27**

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 1**

<b>Hotel Sample Room Count - Chain Hotels &gt; 100 Rooms</b>										
	<i>New England</i>	<i>Middle Atlantic</i>	<i>South Atlantic</i>	<i>East North Central</i>	<i>East South Central</i>	<i>West North Central</i>	<i>West South Central</i>	<i>Mountain</i>	<i>Pacific</i>	<i>United States</i>
1987	67,299	174,120	483,583	221,808	108,394	115,757	228,863	184,988	363,965	1,940,843
1988	66,108	180,801	487,088	240,122	107,661	114,528	219,856	188,936	374,723	1,968,763
1989	69,386	176,203	505,174	241,490	105,306	114,208	221,371	183,972	362,764	1,974,692
1990	69,945	184,251	515,599	242,105	105,565	113,279	208,549	194,877	367,803	1,995,186
1991	67,300	176,588	495,557	233,591	106,744	114,677	201,614	188,389	356,012	1,933,746
1992	65,216	172,439	480,599	229,983	103,404	109,089	197,177	187,362	351,319	1,888,438
1993	65,711	169,903	472,642	228,209	100,592	108,739	193,431	177,517	326,474	1,839,890
1994	65,888	170,999	467,417	225,763	101,999	110,606	195,974	173,690	321,182	1,830,325
1995	66,814	173,853	472,439	225,370	103,752	110,070	201,501	175,914	317,450	1,844,319
1996	67,328	170,594	482,759	229,714	108,140	114,032	211,254	178,299	317,966	1,877,473
1997	68,054	170,253	496,237	234,266	113,703	117,549	218,914	181,104	315,210	1,914,789
1998	70,608	175,147	519,218	244,513	116,608	123,061	235,455	191,101	323,422	1,998,289
1999	73,135	181,356	530,863	252,534	118,748	123,678	240,475	215,414	333,409	2,064,588
2000	75,783	186,984	543,974	256,458	120,542	125,684	247,090	219,294	334,979	2,107,476
2001	78,541	189,855	563,028	265,856	122,692	127,268	251,507	229,229	343,366	2,165,740
2002	81,477	201,259	583,789	273,601	127,552	129,504	260,789	234,790	351,453	2,238,661

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 2**

<b>Hotel Sample as a % of Census - Chain Hotels &gt; 100 Rooms</b>										
<b>Region / Year</b>	<b>New England</b>	<b>Middle Atlantic</b>	<b>South Atlantic</b>	<b>East North Central</b>	<b>East South Central</b>	<b>West North Central</b>	<b>West South Central</b>	<b>Mountain</b>	<b>Pacific</b>	<b>United States</b>
1987	74%	70%	72%	72%	71%	68%	71%	63%	60%	69%
1988	79%	72%	76%	72%	73%	72%	75%	66%	63%	72%
1989	83%	77%	78%	77%	77%	76%	77%	70%	69%	76%
1990	87%	78%	80%	81%	78%	78%	81%	70%	71%	78%
1991	90%	82%	83%	84%	80%	80%	84%	71%	75%	81%
1992	94%	87%	87%	87%	83%	85%	88%	74%	78%	84%
1993	95%	89%	89%	89%	85%	87%	91%	76%	83%	87%
1994	95%	89%	90%	89%	86%	87%	91%	79%	85%	88%
1995	95%	89%	91%	90%	87%	89%	92%	80%	87%	89%
1996	94%	91%	91%	91%	88%	88%	91%	82%	88%	89%
1997	95%	93%	92%	92%	88%	89%	92%	84%	90%	91%
1998	95%	94%	92%	93%	89%	89%	91%	87%	91%	91%
1999	96%	95%	94%	94%	90%	90%	92%	80%	92%	92%
2000	96%	96%	95%	94%	90%	91%	93%	81%	93%	93%
2001	96%	96%	95%	94%	91%	91%	93%	80%	94%	93%
2002	97%	96%	95%	94%	90%	91%	93%	79%	94%	93%

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 3**

<b>Hotel Census Estimated Room Count - Chain Hotels &gt; 100 Rooms</b>										
	<i>New England</i>	<i>Middle Atlantic</i>	<i>South Atlantic</i>	<i>East North Central</i>	<i>East South Central</i>	<i>West North Central</i>	<i>West South Central</i>	<i>Mountain</i>	<i>Pacific</i>	<i>United States</i>
1987	90,577	250,172	669,473	306,329	152,829	169,524	320,835	292,548	609,062	2,819,968
1988	84,062	249,984	645,007	331,241	146,661	159,881	293,272	284,756	595,192	2,746,472
1989	83,139	229,456	646,691	312,879	136,731	150,604	287,495	262,192	525,364	2,614,044
1990	80,830	236,523	648,552	299,202	135,340	145,775	256,307	277,010	518,641	2,571,116
1991	75,049	214,262	598,981	276,822	132,725	142,530	239,210	264,251	477,068	2,395,226
1992	69,164	197,883	552,201	263,868	123,886	128,680	225,045	254,510	450,939	2,238,370
1993	69,261	191,350	532,704	257,475	118,367	125,383	213,362	234,321	393,381	2,120,503
1994	69,355	191,167	517,244	253,405	118,123	126,431	214,511	219,513	379,163	2,077,947
1995	70,491	195,194	519,782	250,087	118,902	123,825	219,939	218,708	365,340	2,073,628
1996	71,714	186,987	532,357	251,788	122,933	129,828	232,509	218,058	361,496	2,100,082
1997	71,423	182,398	540,612	253,351	129,025	131,400	237,456	214,345	350,363	2,106,672
1998	74,625	186,096	564,776	264,219	131,648	137,704	258,245	220,353	356,880	2,191,106
1999	76,116	191,523	565,349	269,178	131,735	137,115	260,654	268,596	362,565	2,247,171
2000	78,947	195,727	570,801	272,152	133,306	138,178	266,213	269,376	358,362	2,269,968
2001	81,927	198,334	590,073	282,000	135,335	139,945	269,015	285,288	364,636	2,328,752
2002	84,287	210,467	615,000	290,190	142,252	141,870	280,644	296,078	372,039	2,413,217

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 4**

<b>Hotel Sample Room Count - Independent Hotels &gt; 100 Rooms</b>										
	<i>New England</i>	<i>Middle Atlantic</i>	<i>South Atlantic</i>	<i>East North Central</i>	<i>East South Central</i>	<i>West North Central</i>	<i>West South Central</i>	<i>Mountain</i>	<i>Pacific</i>	<i>United States</i>
1987	22,235	58,090	115,080	46,705	25,982	25,097	42,623	83,334	87,704	506,850
1988	22,796	59,785	118,247	47,719	26,803	25,960	43,038	85,621	88,610	518,580
1989	23,557	61,191	121,810	48,341	27,420	27,005	43,351	88,733	90,101	531,508
1990	24,086	62,802	122,846	49,255	27,871	27,465	43,716	100,122	91,475	549,637
1991	24,114	63,372	126,882	49,635	28,023	27,417	43,786	103,314	93,673	560,217
1992	24,281	63,301	129,293	49,991	28,010	27,691	43,512	103,996	95,024	565,099
1993	24,715	63,044	129,697	49,800	28,409	28,422	43,427	106,650	95,856	570,019
1994	25,102	63,081	132,886	49,985	29,948	29,249	43,732	116,767	95,920	586,669
1995	25,262	64,072	137,166	50,810	32,752	29,709	44,136	121,808	97,362	603,076
1996	25,243	64,548	141,018	51,481	34,795	30,890	44,461	130,886	99,372	622,694
1997	25,420	66,076	145,478	52,997	36,479	31,874	45,053	141,810	100,244	645,430
1998	26,410	67,698	148,888	53,758	39,146	32,566	46,514	148,257	101,084	664,320
1999	26,924	69,669	153,714	54,713	42,060	33,447	48,797	158,754	102,480	690,559
2000	27,088	71,194	155,699	56,075	42,824	33,982	50,910	164,867	104,047	706,684
2001	27,375	72,808	159,122	56,887	43,457	34,169	52,057	170,109	106,200	722,182
2002	28,875	72,886	161,596	57,193	43,995	34,572	52,636	171,559	108,305	731,615

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 5**

<b>Hotel Sample as a % of Census - Independent Hotels &gt; 100 Rooms</b>										
<b>Region / Year</b>	<b>New England</b>	<b>Middle Atlantic</b>	<b>South Atlantic</b>	<b>East North Central</b>	<b>East South Central</b>	<b>West North Central</b>	<b>West South Central</b>	<b>Mountain</b>	<b>Pacific</b>	<b>United States</b>
1987	18%	23%	27%	23%	36%	33%	37%	15%	19%	24%
1988	19%	22%	28%	25%	38%	33%	38%	17%	23%	26%
1989	18%	19%	28%	26%	40%	32%	38%	17%	25%	26%
1990	25%	20%	28%	27%	43%	32%	37%	17%	28%	26%
1991	28%	26%	30%	27%	45%	34%	39%	17%	32%	29%
1992	28%	27%	31%	32%	45%	35%	38%	17%	31%	29%
1993	29%	32%	35%	37%	50%	33%	40%	19%	33%	32%
1994	34%	34%	36%	39%	49%	37%	44%	18%	37%	34%
1995	32%	31%	35%	39%	49%	43%	43%	17%	38%	33%
1996	33%	35%	35%	43%	47%	43%	43%	21%	42%	35%
1997	33%	39%	35%	41%	44%	43%	44%	23%	43%	36%
1998	33%	37%	34%	37%	36%	39%	43%	22%	41%	34%
1999	35%	42%	34%	38%	34%	39%	42%	20%	44%	34%
2000	35%	40%	34%	37%	30%	37%	34%	19%	46%	33%
2001	36%	36%	31%	33%	26%	35%	29%	15%	45%	30%
2002	37%	34%	29%	30%	21%	31%	27%	13%	45%	28%

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 6**

<b>Hotel Census Estimated Room Count - Independent Hotels &gt; 100 Rooms</b>										
	<i>New England</i>	<i>Middle Atlantic</i>	<i>South Atlantic</i>	<i>East North Central</i>	<i>East South Central</i>	<i>West North Central</i>	<i>West South Central</i>	<i>Mountain</i>	<i>Pacific</i>	<i>United States</i>
1987	122,677	250,930	419,745	201,820	71,315	76,533	116,113	546,152	456,196	2,092,978
1988	122,776	267,896	415,267	192,870	70,058	77,879	113,183	498,040	377,467	2,009,352
1989	129,672	313,934	435,293	185,630	69,156	83,801	113,732	536,690	357,780	2,072,831
1990	98,077	308,860	434,470	184,706	65,298	85,493	117,858	606,797	327,380	2,076,062
1991	85,969	242,882	424,947	186,133	62,032	80,500	110,875	604,176	295,264	1,948,015
1992	86,589	230,815	418,086	156,672	62,037	79,704	113,608	618,408	302,947	1,919,928
1993	84,518	196,247	367,587	135,880	57,315	85,267	107,916	575,189	288,794	1,765,677
1994	74,689	186,170	369,727	126,651	60,963	78,032	100,131	641,281	256,698	1,727,613
1995	79,585	206,573	391,158	130,421	66,233	69,779	101,696	705,790	256,553	1,802,468
1996	76,377	183,418	399,013	120,424	73,954	71,381	104,327	620,805	237,448	1,755,717
1997	77,974	168,596	415,849	129,313	83,064	74,704	102,374	604,306	232,854	1,790,788
1998	79,467	180,770	437,583	145,291	107,273	82,777	107,278	685,054	244,410	1,953,883
1999	76,872	167,844	453,323	142,174	122,714	86,632	115,541	783,647	231,724	2,012,313
2000	76,973	178,954	463,504	152,515	142,705	91,022	148,788	887,970	227,549	2,153,976
2001	77,021	200,619	513,019	172,211	170,306	99,041	181,699	1,141,671	233,705	2,417,345
2002	77,707	217,083	565,845	191,386	209,250	111,134	197,942	1,352,629	242,519	2,641,210

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 7**

<b>US Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	59.4		\$57.66		\$34.23		2,668	506,850	24.2
1988	59.6	0.3	59.98	4.0	35.77	4.5	2,727	518,580	25.8
1989	60.3	1.2	63.56	6.0	38.36	7.2	2,784	531,508	25.6
1990	59.9	(0.7)	67.34	5.9	40.37	5.2	2,829	549,637	26.5
1991	57.9	(3.3)	69.21	2.8	40.09	(0.7)	2,859	560,217	28.8
1992	59.0	1.9	70.13	1.3	41.38	3.2	2,882	565,099	29.4
1993	60.9	3.2	74.49	6.2	45.39	9.7	2,900	570,019	32.3
1994	62.2	2.1	77.35	3.8	48.11	6.0	2,934	586,669	34.0
1995	62.6	0.6	80.64	4.3	50.50	5.0	2,981	603,076	33.5
1996	64.0	2.2	87.26	8.2	55.88	10.7	3,031	622,694	35.5
1997	64.4	0.6	94.24	8.0	60.70	8.6	3,092	645,430	36.0
1998	63.4	(1.6)	102.24	8.5	64.78	6.7	3,149	664,320	34.0
1999	61.7	(2.7)	108.86	6.5	67.18	3.7	3,218	690,559	34.3
2000	62.1	0.6	118.38	8.7	73.57	9.5	3,269	706,684	32.8
2001	57.5	(7.4)	121.29	2.5	69.69	(5.3)	3,314	722,182	29.9
2002	56.7	(1.4)	125.09	3.1	70.95	1.8	3,355	731,615	27.7

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 8**

<b>US Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	64.7		\$59.37		\$38.42		6,528	1,293,303	68.8
1988	65.0	0.5	61.21	3.1	39.80	3.6	7,030	1,378,840	71.7
1989	65.9	1.4	63.43	3.6	41.79	5.0	7,443	1,449,976	75.5
1990	65.1	(1.2)	66.00	4.1	42.99	2.9	7,831	1,516,575	77.6
1991	63.7	(2.2)	66.18	0.3	42.18	(1.9)	8,091	1,561,541	80.7
1992	65.0	2.0	66.80	0.9	43.39	2.9	8,219	1,585,019	84.4
1993	66.2	1.8	68.58	2.7	45.38	4.6	8,296	1,599,156	86.8
1994	67.9	2.6	71.37	4.1	48.44	6.7	8,378	1,609,387	88.1
1995	68.4	0.7	75.14	5.3	51.40	6.1	8,507	1,627,113	88.9
1996	68.5	0.1	80.77	7.5	55.33	7.6	8,721	1,657,163	89.4
1997	68.0	(0.7)	85.86	6.3	58.35	5.5	9,108	1,710,772	90.9
1998	66.9	(1.6)	90.26	5.1	60.40	3.5	9,663	1,787,821	91.2
1999	66.1	(1.2)	92.62	2.6	61.22	1.4	10,205	1,867,659	91.9
2000	66.7	0.9	97.34	5.1	64.97	6.1	10,589	1,930,847	92.8
2001	61.9	(7.2)	95.55	(1.8)	59.11	(9.0)	10,923	1,989,324	93.0
2002	61.0	(1.5)	93.32	(2.3)	56.94	(3.7)	11,203	2,039,638	92.8

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 9**

<b>East South Central Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	53.9		\$42.42		\$22.88		151	25,982	36.4
1988	54.0	0.2	43.80	3.3	23.65	3.4	156	26,803	38.3
1989	53.7	(0.6)	45.51	3.9	24.44	3.3	161	27,420	39.7
1990	54.3	1.1	47.71	4.8	25.92	6.1	164	27,871	42.7
1991	54.4	0.2	49.00	2.7	26.63	2.7	164	28,023	45.2
1992	55.6	2.2	49.69	1.4	27.65	3.8	164	28,010	45.2
1993	55.8	0.4	49.90	0.4	27.87	0.8	166	28,409	49.6
1994	58.6	5.0	52.61	5.4	30.83	10.6	171	29,948	49.1
1995	57.9	(1.2)	54.22	3.1	31.41	1.9	177	32,752	49.5
1996	57.3	(1.0)	56.59	4.4	32.43	3.2	182	34,795	47.1
1997	55.4	(3.3)	57.98	2.5	32.10	(1.0)	188	36,479	43.9
1998	54.3	(2.0)	59.80	3.1	32.48	1.2	193	39,146	36.5
1999	53.5	(1.5)	62.26	4.1	33.29	2.5	198	42,060	34.3
2000	50.8	(5.0)	66.30	6.5	33.69	1.2	200	42,824	30.0
2001	45.8	(9.8)	65.58	(1.1)	30.01	(10.9)	202	43,457	25.5
2002	45.2	(1.3)	70.28	7.2	31.75	5.8	204	43,995	21.0

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 10**

<b>East South Central Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	61.3		\$45.38		\$27.80		437	72,211	70.9
1988	61.6	0.5	46.81	3.2	28.85	3.8	469	77,048	73.4
1989	63.0	2.3	48.84	4.3	30.76	6.6	489	79,659	77.0
1990	63.1	0.2	50.43	3.3	31.81	3.4	509	82,598	78.0
1991	62.8	(0.5)	51.46	2.0	32.32	1.6	527	84,766	80.4
1992	63.9	1.8	52.52	2.1	33.55	3.8	534	85,604	83.5
1993	65.6	2.7	54.28	3.4	35.60	6.1	540	86,210	85.0
1994	66.9	2.0	56.95	4.9	38.10	7.0	552	87,296	86.4
1995	66.1	(1.2)	59.68	4.8	39.47	3.6	572	89,872	87.3
1996	64.3	(2.7)	63.45	6.3	40.83	3.4	588	92,663	88.0
1997	63.1	(1.9)	66.29	4.5	41.81	2.4	622	97,330	88.1
1998	61.3	(2.9)	68.01	2.6	41.67	(0.3)	654	101,239	88.6
1999	59.7	(2.6)	68.61	0.9	40.97	(1.7)	682	104,987	90.1
2000	58.7	(1.7)	69.79	1.7	41.00	0.1	700	107,716	90.4
2001	56.4	(3.9)	69.25	(0.8)	39.04	(4.8)	715	109,906	90.7
2002	56.8	0.7	70.11	1.2	39.79	1.9	726	111,630	89.7

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 11**

<b>West North Central Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	53.9		\$44.92		\$24.20		160	25,097	32.8
1988	54.4	0.9	44.11	(1.8)	24.02	(0.7)	165	25,960	33.3
1989	57.6	5.9	46.57	5.6	26.80	11.6	170	27,005	32.2
1990	58.2	1.0	49.48	6.2	28.79	7.4	173	27,465	32.1
1991	57.9	(0.5)	51.74	4.6	29.98	4.1	174	27,417	34.1
1992	58.9	1.7	53.89	4.2	31.72	5.8	176	27,691	34.7
1993	60.5	2.7	54.79	1.7	33.16	4.5	180	28,422	33.3
1994	60.4	(0.2)	55.77	1.8	33.69	1.6	185	29,249	37.5
1995	60.4	-	59.86	7.3	36.17	7.4	188	29,709	42.6
1996	58.7	(2.8)	60.87	1.7	35.71	(1.3)	196	30,890	43.3
1997	56.3	(4.1)	63.92	5.0	36.00	0.8	202	31,874	42.7
1998	56.9	1.1	71.35	11.6	40.61	12.8	206	32,566	39.3
1999	55.5	(2.5)	73.76	3.4	40.96	0.9	211	33,447	38.6
2000	56.1	1.1	77.65	5.3	43.58	6.4	214	33,982	37.3
2001	55.5	(1.1)	78.49	1.1	43.53	(0.1)	214	34,169	34.5
2002	54.6	(1.6)	82.13	4.6	44.88	3.1	216	34,572	31.1

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 12**

<b>West North Central Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	61.1		\$49.63		\$30.32		433	79,019	68.3
1988	61.8	1.1	50.81	2.4	31.40	3.6	450	81,788	71.6
1989	62.8	1.6	52.23	2.8	32.80	4.5	468	84,769	75.8
1990	62.7	(0.2)	53.23	1.9	33.35	1.7	490	87,712	77.7
1991	62.8	0.2	54.62	2.6	34.32	2.9	506	90,287	80.5
1992	63.8	1.6	56.36	3.2	35.95	4.7	518	92,257	84.8
1993	65.5	2.7	58.34	3.5	38.20	6.3	525	93,609	86.7
1994	66.1	0.9	61.00	4.6	40.32	5.5	536	95,615	87.5
1995	66.1	-	63.73	4.5	42.13	4.5	548	97,080	88.9
1996	64.6	(2.3)	67.20	5.4	43.44	3.1	559	98,639	87.8
1997	63.9	(1.1)	69.94	4.1	44.67	2.8	587	102,984	89.5
1998	63.2	(1.1)	72.26	3.3	45.64	2.2	625	108,277	89.4
1999	62.7	(0.8)	73.56	1.8	46.12	1.1	648	111,186	90.2
2000	62.4	(0.5)	75.74	3.0	47.30	2.6	663	113,315	91.0
2001	59.3	(5.0)	76.79	1.4	45.55	(3.7)	680	115,543	90.9
2002	58.7	(1.0)	76.38	(0.5)	44.82	(1.6)	694	117,424	91.3

*Chain Hotels vs. Independent Hotels*

**EXHIBIT 13**

South Atlantic Independents 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	61.7		\$56.41		\$34.78		646	115,080	27.4
1988	61.9	0.3	58.42	3.6	36.18	4.0	662	118,247	28.5
1989	63.0	1.8	61.41	5.1	38.67	6.9	674	121,810	28.0
1990	61.5	(2.4)	65.61	6.8	40.33	4.3	679	122,846	28.3
1991	58.5	(4.9)	65.11	(0.8)	38.12	(5.5)	690	126,882	29.9
1992	61.6	5.3	67.05	3.0	41.27	8.3	695	129,293	30.9
1993	63.3	2.8	74.65	11.3	47.24	14.5	697	129,697	35.3
1994	62.0	(2.1)	78.69	5.4	48.78	3.3	703	132,886	35.9
1995	63.6	2.6	82.82	5.2	52.65	7.9	711	137,166	35.1
1996	64.4	1.3	87.39	5.5	56.26	6.9	723	141,018	35.3
1997	64.1	(0.5)	93.85	7.4	60.18	7.0	734	145,478	35.0
1998	62.4	(2.7)	101.14	7.8	63.11	4.9	744	148,888	34.0
1999	61.3	(1.8)	108.23	7.0	66.32	5.1	760	153,714	33.9
2000	60.1	(2.0)	114.75	6.0	68.91	3.9	768	155,699	33.6
2001	54.8	(8.8)	120.66	5.2	66.17	(4.0)	778	159,122	31.0
2002	54.8	-	126.23	4.6	69.16	4.5	787	161,596	28.6

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 14**

<b>South Atlantic Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	64.7		\$56.52		\$36.57		1,728	333,529	72.2
1988	64.9	0.3	58.05	2.7	37.65	3.0	1,889	359,295	75.5
1989	66.2	2.0	60.20	3.7	39.86	5.9	2,012	379,426	78.1
1990	64.8	(2.1)	62.71	4.2	40.61	1.9	2,127	398,904	79.5
1991	63.4	(2.2)	62.68	-	39.71	(2.2)	2,198	410,828	82.7
1992	65.6	3.5	63.36	1.1	41.54	4.6	2,230	416,511	87.0
1993	66.5	1.4	65.18	2.9	43.32	4.3	2,248	419,552	88.7
1994	67.1	0.9	67.15	3.0	45.08	4.1	2,266	421,822	90.4
1995	68.3	1.8	70.56	5.1	48.18	6.9	2,289	424,931	90.9
1996	68.5	0.3	75.66	7.2	51.86	7.6	2,346	432,849	90.7
1997	68.1	(0.6)	79.60	5.2	54.20	4.5	2,450	446,733	91.8
1998	66.6	(2.2)	83.05	4.3	55.35	2.1	2,612	468,835	91.9
1999	66.1	(0.8)	85.30	2.7	56.39	1.9	2,772	491,213	93.9
2000	66.1	-	88.40	3.6	58.40	3.6	2,892	510,539	95.3
2001	61.5	(7.0)	88.46	0.1	54.39	(6.9)	2,999	530,061	95.4
2002	60.8	(1.1)	87.61	(1.0)	53.30	(2.0)	3,076	544,928	94.9

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 15**

<b>West South Central Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	46.6		\$45.26		\$21.09		263	42,623	36.7
1988	48.6	4.3	46.94	3.7	22.82	8.2	266	43,038	38.0
1989	50.0	2.9	46.05	(1.9)	23.02	0.9	268	43,351	38.1
1990	53.1	6.2	47.79	3.8	25.38	10.3	271	43,716	37.1
1991	53.2	0.2	51.96	8.7	27.64	8.9	272	43,786	39.5
1992	54.5	2.4	51.41	(1.1)	28.00	1.3	271	43,512	38.3
1993	56.4	3.5	56.04	9.0	31.59	12.8	271	43,427	40.2
1994	58.0	2.8	62.34	11.2	36.18	14.5	273	43,732	43.7
1995	58.2	0.3	65.32	4.8	38.01	5.1	274	44,136	43.4
1996	57.8	(0.7)	73.05	11.8	42.20	11.0	277	44,461	42.6
1997	56.7	(1.9)	76.36	4.5	43.28	2.6	280	45,053	44.0
1998	53.5	(5.6)	79.56	4.2	42.59	(1.6)	285	46,514	43.4
1999	50.8	(5.0)	86.90	9.2	44.14	3.6	292	48,797	42.2
2000	53.1	4.5	95.81	10.3	50.88	15.3	299	50,910	34.2
2001	51.9	(2.3)	102.60	7.1	53.25	4.7	304	52,057	28.7
2002	52.4	1.0	107.74	5.0	56.49	6.1	308	52,636	26.6

*Chain Hotels vs. Independent Hotels*

**EXHIBIT 16**

West South Central Chains With 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	56.1		\$50.67		\$28.40		819	160,613	71.3
1988	59.2	5.5	51.51	1.7	30.48	7.3	840	164,621	75.0
1989	62.3	5.2	53.37	3.6	33.26	9.1	856	167,812	77.0
1990	64.6	3.7	57.26	7.3	36.96	11.1	873	170,254	81.4
1991	64.7	0.2	59.30	3.6	38.34	3.7	884	172,337	84.3
1992	65.9	1.9	61.05	3.0	40.24	5.0	890	173,498	87.6
1993	66.2	0.5	62.66	2.6	41.45	3.0	901	175,463	90.7
1994	68.3	3.2	65.45	4.5	44.69	7.8	915	177,164	91.4
1995	68.3	-	68.86	5.2	47.00	5.2	946	180,986	91.6
1996	66.6	(2.5)	72.66	5.5	48.42	3.0	1,001	188,153	90.9
1997	66.0	(0.9)	76.00	4.6	50.17	3.6	1,071	197,375	92.2
1998	65.8	(0.3)	79.51	4.6	52.35	4.3	1,144	207,926	91.2
1999	63.9	(2.9)	80.77	1.6	51.60	(1.4)	1,226	219,610	92.3
2000	64.5	0.9	83.47	3.3	53.83	4.3	1,268	226,571	92.8
2001	61.1	(5.3)	82.67	(1.0)	50.54	(6.1)	1,309	233,318	93.5
2002	59.2	(3.1)	82.23	(0.5)	48.68	(3.7)	1,340	238,423	92.9

*Chain Hotels vs. Independent Hotels*

**EXHIBIT 17**

East North Central Independents 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	56.3		\$50.74		\$28.57		258	46,705	23.1
1988	55.4	(1.6)	51.18	0.9	28.35	(0.8)	265	47,719	24.7
1989	55.6	0.4	55.71	8.9	30.95	9.2	270	48,341	26.0
1990	54.9	(1.3)	57.89	3.9	31.75	2.6	275	49,255	26.7
1991	51.9	(5.5)	62.62	8.2	32.49	2.3	276	49,635	26.7
1992	51.4	(1.0)	64.32	2.7	33.09	1.8	279	49,991	31.9
1993	52.5	2.1	68.79	6.9	36.09	9.1	279	49,800	36.7
1994	55.1	5.0	71.67	4.2	39.49	9.4	280	49,985	39.5
1995	54.1	(1.8)	74.38	3.8	40.24	1.9	284	50,810	39.0
1996	54.1	-	79.81	7.3	43.15	7.2	287	51,481	42.8
1997	54.3	0.4	83.95	5.2	45.62	5.7	293	52,997	41.0
1998	54.6	0.6	89.80	7.0	49.07	7.6	297	53,758	37.0
1999	52.6	(3.7)	94.77	5.5	49.84	1.6	301	54,713	38.5
2000	53.4	1.5	100.94	6.5	53.90	8.1	309	56,075	36.8
2001	49.9	(6.6)	103.07	2.1	51.40	(4.6)	313	56,887	33.0
2002	49.6	(0.6)	105.11	2.0	52.10	1.4	316	57,193	29.9

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 18**

East North Central Chains With 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	65.2		\$57.39		\$37.43		842	153,027	72.4
1988	64.5	(1.1)	58.63	2.2	37.81	1.0	936	167,616	72.5
1989	63.6	(1.4)	59.44	1.4	37.83	0.1	1,022	180,683	77.2
1990	62.0	(2.5)	61.14	2.9	37.92	0.2	1,087	191,386	80.9
1991	60.7	(2.1)	61.47	0.5	37.31	(1.6)	1,117	196,119	84.4
1992	62.2	2.5	62.04	0.9	38.58	3.4	1,133	199,296	87.2
1993	63.9	2.7	63.57	2.5	40.64	5.3	1,142	200,851	88.6
1994	66.4	3.9	66.50	4.6	44.17	8.7	1,150	201,603	89.1
1995	67.1	1.1	70.12	5.4	47.03	6.5	1,163	203,269	90.1
1996	66.1	(1.5)	75.37	7.5	49.80	5.9	1,184	206,276	91.2
1997	65.3	(1.2)	80.38	6.6	52.51	5.4	1,234	212,875	92.5
1998	65.0	(0.5)	84.36	5.0	54.83	4.4	1,304	222,360	92.5
1999	64.2	(1.2)	86.74	2.8	55.69	1.6	1,366	231,676	93.8
2000	63.6	(0.9)	90.92	4.8	57.86	3.9	1,418	239,287	94.2
2001	57.8	(9.1)	88.78	(2.4)	51.34	(11.3)	1,457	246,411	94.3
2002	56.8	(1.7)	86.71	(2.3)	49.27	(4.0)	1,494	252,929	94.3

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 19**

<b>New England Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	60.8		\$72.87		\$44.29		124	22,235	18.1
1988	58.4	(3.9)	76.79	5.4	44.86	1.3	128	22,796	18.6
1989	56.7	(2.9)	77.58	1.0	43.98	(2.0)	134	23,557	18.2
1990	57.0	0.5	85.04	9.6	48.49	10.3	137	24,086	24.6
1991	53.9	(5.4)	85.87	1.0	46.29	(4.5)	137	24,114	28.1
1992	57.6	6.9	85.30	(0.7)	49.17	6.2	138	24,281	28.0
1993	59.5	3.3	87.69	2.8	52.19	6.1	141	24,715	29.2
1994	59.9	0.7	92.15	5.1	55.20	5.8	143	25,102	33.6
1995	59.5	(0.7)	96.55	4.8	57.44	4.1	144	25,262	31.7
1996	59.8	0.5	101.64	5.3	60.73	5.7	144	25,243	33.1
1997	60.9	1.8	112.45	10.6	68.44	12.7	145	25,420	32.6
1998	61.2	0.5	121.55	8.1	74.34	8.6	149	26,410	33.2
1999	59.2	(3.3)	129.80	6.8	76.89	3.4	151	26,924	35.0
2000	59.9	1.2	137.91	6.2	82.56	7.4	152	27,088	35.2
2001	54.6	(8.8)	134.47	(2.5)	73.42	(11.1)	153	27,375	35.5
2002	52.5	(3.8)	131.79	(2.0)	69.17	(5.8)	158	28,875	37.2

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 20**

New England Chains With 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	69.0		\$69.65		\$48.07		257	48,673	74.3
1988	68.2	(1.2)	74.91	7.6	51.11	6.3	280	52,121	78.6
1989	64.5	(5.4)	77.75	3.8	50.18	(1.8)	303	55,658	83.5
1990	61.7	(4.3)	79.59	2.4	49.10	(2.2)	327	59,302	86.5
1991	59.6	(3.4)	77.19	(3.0)	46.02	(6.3)	340	61,217	89.7
1992	61.4	3.0	76.02	(1.5)	46.71	1.5	343	61,524	94.3
1993	63.5	3.4	77.54	2.0	49.27	5.5	344	61,722	94.9
1994	65.6	3.3	80.67	4.0	52.91	7.4	344	61,864	95.0
1995	66.9	2.0	84.72	5.0	56.64	7.0	346	62,345	94.8
1996	68.8	2.8	90.97	7.4	62.56	10.5	348	62,525	93.9
1997	69.9	1.6	98.91	8.7	69.16	10.5	351	63,310	95.3
1998	69.6	(0.4)	106.34	7.5	74.06	7.1	364	65,174	94.6
1999	69.9	0.4	112.27	5.6	78.46	5.9	383	68,437	96.1
2000	72.2	3.3	121.88	8.6	88.04	12.2	399	71,096	96.0
2001	64.6	(10.5)	117.45	(3.6)	75.84	(13.9)	420	74,440	95.9
2002	63.0	(2.5)	110.16	(6.2)	69.38	(8.5)	437	76,935	96.7

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 21**

<b>Mountain Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	55.6		\$59.85		\$33.27		329	83,334	15.3
1988	58.0	4.3	61.21	2.3	35.53	6.8	335	85,621	17.2
1989	61.4	5.9	67.34	10.0	41.33	16.3	341	88,733	16.5
1990	61.7	0.5	69.99	3.9	43.19	4.5	351	100,122	16.5
1991	62.3	1.0	69.36	(0.9)	43.19	-	353	103,314	17.1
1992	63.7	2.2	68.52	(1.2)	43.63	1.0	357	103,996	16.8
1993	65.8	3.3	73.81	7.7	48.56	11.3	360	106,650	18.5
1994	67.7	2.9	74.31	0.7	50.31	3.6	370	116,767	18.2
1995	66.2	(2.2)	79.73	7.3	52.77	4.9	383	121,808	17.3
1996	69.0	4.2	90.26	13.2	62.27	18.0	391	130,886	21.1
1997	70.2	1.7	94.11	4.3	66.04	6.1	410	141,810	23.5
1998	67.6	(3.7)	96.34	2.4	65.16	(1.3)	422	148,257	21.6
1999	66.8	(1.2)	97.74	1.5	65.30	0.2	435	158,754	20.3
2000	65.5	(1.9)	102.47	4.8	67.09	2.7	445	164,867	18.6
2001	59.7	(8.9)	102.26	(0.2)	61.07	(9.0)	452	170,109	14.9
2002	56.5	(5.4)	109.10	6.7	61.62	0.9	456	171,559	12.7

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 22**

<b>Mountain Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	63.3		\$51.50		\$32.58		551	117,035	63.2
1988	63.8	0.8	52.82	2.6	33.72	3.5	577	122,987	66.4
1989	66.0	3.4	56.02	6.1	36.98	9.7	598	128,143	70.2
1990	67.6	2.4	57.75	3.1	39.06	5.6	615	131,897	70.4
1991	67.1	(0.7)	57.39	(0.6)	38.49	(1.5)	629	135,190	71.3
1992	68.3	1.8	58.85	2.5	40.19	4.4	637	136,174	73.6
1993	71.1	4.1	62.80	6.7	44.64	11.1	646	137,326	75.8
1994	72.6	2.1	66.94	6.6	48.60	8.9	654	138,358	79.1
1995	71.9	(1.0)	71.62	7.0	51.49	5.9	666	140,017	80.4
1996	71.5	(0.6)	76.98	7.5	55.05	6.9	695	143,656	81.8
1997	68.7	(3.9)	80.60	4.7	55.34	0.5	745	150,795	84.5
1998	66.3	(3.5)	81.40	1.0	53.99	(2.4)	819	160,939	86.7
1999	63.2	(4.7)	81.52	0.1	51.55	(4.5)	882	170,386	80.2
2000	64.5	2.1	83.61	2.6	53.95	4.7	916	176,280	81.4
2001	61.1	(5.3)	83.42	(0.2)	50.96	(5.5)	934	179,796	80.4
2002	60.3	(1.3)	82.86	(0.7)	50.01	(1.9)	948	182,535	79.3

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 23**

<b>Middle Atlantic Independents 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	72.0		\$74.52		\$53.62		265	58,090	23.2
1988	71.6	(0.6)	77.23	3.6	55.29	3.1	273	59,785	22.3
1989	67.5	(5.7)	82.90	7.3	55.96	1.2	280	61,191	19.5
1990	65.3	(3.3)	84.12	1.5	54.96	(1.8)	285	62,802	20.3
1991	59.6	(8.7)	87.39	3.9	52.09	(5.2)	286	63,372	26.1
1992	60.9	2.2	85.99	(1.6)	52.38	0.6	287	63,301	27.4
1993	63.8	4.8	90.29	5.0	57.61	10.0	286	63,044	32.1
1994	65.6	2.8	96.92	7.3	63.59	10.4	287	63,081	33.9
1995	66.8	1.8	101.62	4.8	67.88	6.7	290	64,072	31.0
1996	69.4	3.9	107.48	5.8	74.60	9.9	293	64,548	35.2
1997	72.3	4.2	121.55	13.1	87.94	17.9	298	66,076	39.2
1998	73.9	2.2	137.74	13.3	101.79	15.7	306	67,698	37.5
1999	68.5	(7.3)	151.95	10.3	104.15	2.3	312	69,669	41.5
2000	69.0	0.7	174.59	14.9	120.43	15.6	317	71,194	39.8
2001	63.2	(8.4)	168.40	(3.5)	106.41	(11.6)	323	72,808	36.3
2002	63.4	0.3	168.43	-	106.81	0.4	326	72,886	33.6

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 24**

<b>Middle Atlantic Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	69.0		\$76.64		\$52.87		556	118,342	69.6
1988	68.4	(0.9)	78.57	2.5	53.73	1.6	608	126,688	72.3
1989	67.6	(1.2)	80.96	3.0	54.71	1.8	645	132,740	76.8
1990	66.0	(2.4)	82.59	2.0	54.53	(0.3)	683	139,481	77.9
1991	63.5	(3.8)	80.92	(2.0)	51.36	(5.8)	723	146,328	82.4
1992	64.3	1.3	80.45	(0.6)	51.76	0.8	739	149,612	87.1
1993	66.3	3.1	82.82	2.9	54.94	6.1	745	150,931	88.8
1994	68.6	3.5	87.01	5.1	59.69	8.6	750	151,850	89.5
1995	68.5	(0.1)	92.41	6.2	63.34	6.1	757	153,822	89.1
1996	70.4	2.8	100.79	9.1	70.95	12.0	766	155,400	91.2
1997	70.6	0.3	109.63	8.8	77.36	9.0	782	157,649	93.3
1998	70.3	(0.4)	119.21	8.7	83.82	8.4	814	162,578	94.1
1999	70.5	0.3	124.05	4.1	87.45	4.3	849	168,649	94.7
2000	70.9	0.6	132.31	6.7	93.83	7.3	884	175,544	95.5
2001	65.9	(7.1)	123.98	(6.3)	81.66	(13.0)	917	180,878	95.7
2002	65.3	(0.9)	120.51	(2.8)	78.72	(3.6)	955	187,539	95.6

*Chain Hotels vs. Independent Hotels*

**EXHIBIT 25**

Pacific Independents 100+ Rooms									
Total Year Average	Occupancy		Room Rate		RevPar		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms Sample
1987	68.1		\$66.01		\$44.92		472	87,704	19.2
1988	66.6	(2.2)	71.89	8.9	47.86	6.5	476	88,610	23.5
1989	67.7	1.7	78.89	9.7	53.43	11.6	486	90,101	25.2
1990	65.3	(3.5)	84.26	6.8	55.04	3.0	495	91,475	27.9
1991	61.6	(5.7)	85.45	1.4	52.67	(4.3)	507	93,673	31.7
1992	60.3	(2.1)	88.49	3.6	53.34	1.3	515	95,024	31.4
1993	62.8	4.1	88.87	0.4	55.82	4.6	521	95,856	33.2
1994	65.8	4.8	87.63	(1.4)	57.67	3.3	522	95,920	37.4
1995	67.5	2.6	90.40	3.2	61.01	5.8	530	97,362	38.0
1996	70.7	4.7	97.35	7.7	68.83	12.8	537	99,372	41.9
1997	70.6	(0.1)	103.63	6.5	73.11	6.2	543	100,244	43.1
1998	69.1	(2.1)	113.44	9.5	78.34	7.2	547	101,084	41.4
1999	68.3	(1.2)	117.95	4.0	80.60	2.9	557	102,480	44.2
2000	70.4	3.1	126.36	7.1	88.91	10.3	566	104,047	45.7
2001	64.0	(9.1)	131.63	4.2	84.29	(5.2)	575	106,200	45.4
2002	62.5	(2.3)	132.76	0.9	83.01	(1.5)	585	108,305	44.7

*Chain Hotels vs. Independent Hotels*

**EXHIBIT 26**

<b>Pacific Chains With 100+ Rooms</b>									
<b>Total Year Average</b>	<b>Occupancy</b>		<b>Room Rate</b>		<b>RevPar</b>		<b>Census &amp; Sample %</b>		
	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>This Year</b>	<b>% Chg</b>	<b>Census Props</b>	<b>Census Rooms</b>	<b>% Rooms Sample</b>
1987	72.2		\$70.88		\$51.20		906	210,853	59.8
1988	71.2	(1.4)	74.22	4.7	52.84	3.2	981	226,677	63.0
1989	71.6	0.6	77.01	3.8	55.11	4.3	1,050	241,086	69.1
1990	69.8	(2.5)	81.83	6.3	57.09	3.6	1,121	255,040	70.9
1991	66.6	(4.6)	82.21	0.5	54.73	(4.1)	1,167	264,470	74.6
1992	66.1	(0.8)	82.27	0.1	54.38	(0.6)	1,195	270,543	77.9
1993	66.3	0.3	82.56	0.4	54.73	0.6	1,206	273,492	83.0
1994	68.9	3.9	84.99	2.9	58.54	7.0	1,211	273,816	84.7
1995	70.0	1.6	88.89	4.6	62.20	6.3	1,221	274,790	86.9
1996	71.8	2.6	95.51	7.4	68.57	10.2	1,236	277,003	88.0
1997	71.9	0.1	102.88	7.7	74.02	7.9	1,267	281,723	90.0
1998	70.7	(1.7)	109.38	6.3	77.28	4.4	1,326	290,494	90.6
1999	70.6	(0.1)	111.46	1.9	78.73	1.9	1,397	301,514	92.0
2000	73.6	4.2	118.70	6.5	87.32	10.9	1,451	310,499	93.5
2001	66.3	(9.9)	117.26	(1.2)	77.71	(11.0)	1,494	318,972	94.2
2002	65.4	(1.4)	110.53	(5.7)	72.24	(7.0)	1,534	327,296	94.5

**Chain Hotels vs. Independent Hotels**

**EXHIBIT 27**

<b>Regional % Changes in Performance Post 9/11, Hotels &gt; 100 Rooms</b>							
<b>Region</b>		<b>Occupancy % Change</b>		<b>Room Rate % Change</b>		<b>RevPAR % Change</b>	
		<b>Chain</b>	<b>Indep.</b>	<b>Chain</b>	<b>Indep.</b>	<b>Chain</b>	<b>Indep.</b>
New England	2000 - 2001	(10.5)	(8.8)	(3.6)	(2.5)	(13.9)	(11.1)
	2001 - 2002	(2.5)	(3.8)	(6.2)	(2.0)	(8.5)	(5.8)
Middle Atlantic	2000 - 2001	(7.1)	(8.4)	(6.3)	(3.5)	(13.0)	(11.6)
	2001 - 2002	(0.9)	0.3	(2.8)	-	(3.6)	0.4
South Atlantic	2000 - 2001	(7.0)	(8.8)	0.1	5.2	(6.9)	(4.0)
	2001 - 2002	(1.1)	-	(1.0)	4.6	(2.0)	4.5
East North Central	2000 - 2001	(9.1)	(6.6)	(2.4)	2.1	(11.3)	(4.6)
	2001 - 2002	(1.7)	(0.6)	(2.3)	2.0	(4.0)	1.4
East South Central	2000 - 2001	(3.9)	(9.8)	(0.8)	(1.1)	(4.8)	(10.9)
	2001 - 2002	0.7	(1.3)	1.2	7.2	1.9	5.8
West North Central	2000 - 2001	(5.0)	(1.1)	1.4	1.1	(3.7)	(0.1)
	2001 - 2002	(1.0)	(1.6)	(0.5)	4.6	(1.6)	3.1
West South Central	2000 - 2001	(5.3)	(2.3)	(1.0)	7.1	(6.1)	4.7
	2001 - 2002	(3.1)	1.0	(0.5)	5.0	(3.7)	6.1
Mountain	2000 - 2001	(5.3)	(8.9)	(0.2)	(0.2)	(5.5)	(9.0)
	2001 - 2002	(1.3)	(5.4)	(0.7)	6.7	(1.9)	0.9
Pacific	2000 - 2001	(9.9)	(9.1)	(1.2)	4.2	(11.0)	(5.2)
	2001 - 2002	(1.4)	(2.3)	(5.7)	0.9	(7.0)	(1.5)
United States	2000 - 2001	(7.2)	(7.4)	(1.8)	2.5	(9.0)	(5.3)
	2001 - 2002	(1.5)	(1.4)	(2.3)	3.1	(3.7)	1.8