

Maine's Vacation & Hospitality 2011 Forecast

Presented by Daren Hebold, CCIM
Daigle Commercial Group | January 27, 2011



2010 Year End Maine Hospitality Summary

Many found their cheese...



...but some did not.

2010 Maine Tourism Highlights

- “Best summer weather in a decade”
- Summer visitors up 8% to 13.7M
 - Average stay 4± nights
 - Total overnight guests up 14% to 9.5M
- Tourism directly contributes:
 - \$9+ billion (9%) to Maine’s GDP in sales of goods and services
 - 170,000 jobs to Maine families

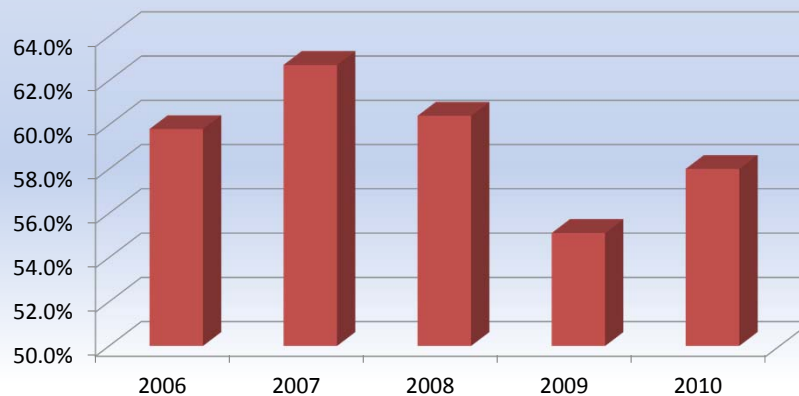
Sources: Davidson-Peterson Associates via Maine Office of Tourism;
and Maine Tourism Association

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Maine Performance Trends: **Occupancy** ↑3%

2006 - 2010 YTD November



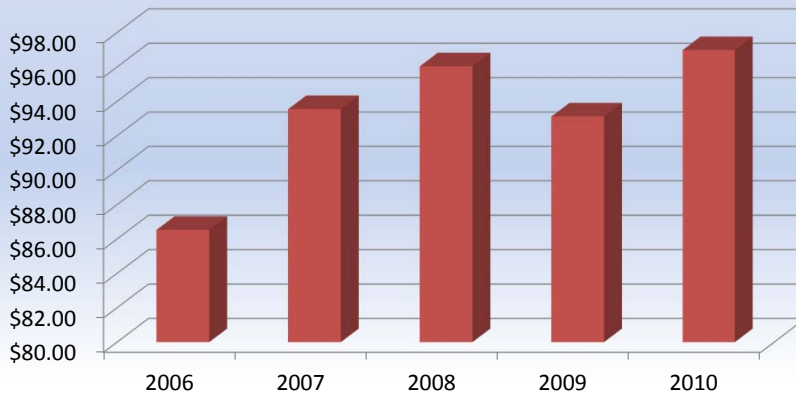
Source: 2010 STR Global Data via Maine Innkeepers Association

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Maine Performance Trends: Avg Daily Rate ↑\$3

2006 - 2010 YTD November



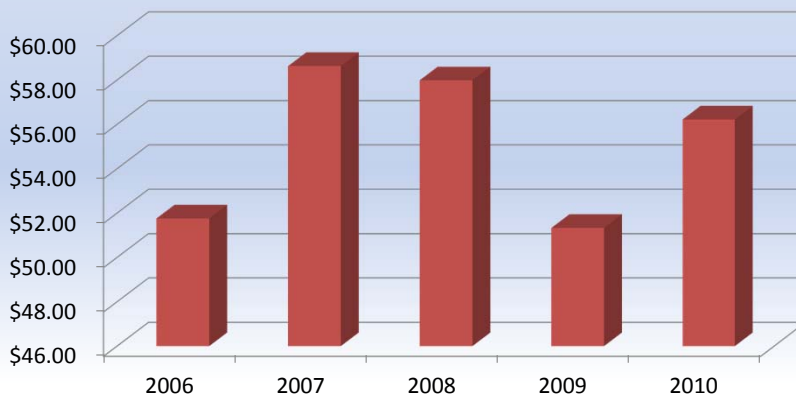
Source: 2010 STR Global Data via Maine Innkeepers Association

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Maine Performance Trends: RevPAR ↑\$5

2006 - 2010 YTD November



Source: 2010 STR Global Data via Maine Innkeepers Association

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Maine Lodging Acquisition Trends

- Buyers focused on vibrant coastal submarkets
 - Active markets: York, Ogunquit, Kennebunkport, Portland, Camden, Bar Harbor
- Handful of multi-property ownership groups have cash, are making strategic acquisitions
- Demand is for high quality, coastal properties with robust/intact revenues
 - Buyers adverse to redevelopment opportunities
- Sharply reduced sales of <\$1M entry level properties

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Maine Lodging Lending Environment

- Banks blending/extending/pretending with limited number of distressed property owners
- “Viable” property transactions being financed by local banks comfortable with hospitality
- Bank preference for SBA 504 loan enhancement
- 75%+ LTV's and ~6% interest available for strong buyers acquiring viable properties
- Appraisal MUST support contract price

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Noteworthy Maine Lodging Acquisitions >\$1M

Photo	Property	Rooms	Sold Price	Broker
	Sea Chambers Motel 67 Shore Road, Ogunquit	46	\$6,000,000 (\$130k/key)	None
	Villager Motel 207 Main Street, Bar Harbor	52	\$4,500,000 (\$86k/key)	None
	Craignair Inn 5 Third Street, Spruce Head	20	\$1,000,000 (\$50k/key)	Swan Agency Sothebys International Realty

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Noteworthy Maine Lodging Acquisitions >\$1M

Photo	Property	Rooms	Sold Price	Broker
	Two Village Square 2 Village Square, Ogunquit	20	\$1,900,000 (\$95k/key)	Re/MAX Realty One
	Pink Blossoms Resort 154 Shore Road, Ogunquit	31	\$4,500,000 (\$145k/key)	Daigle Commercial Group
	Sea View Motel 417 Main Street, Ogunquit	43	\$2,540,000 (\$59k/key)	Daigle Commercial Group

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Noteworthy Maine Lodging Acquisitions >\$1M

Photo	Property	Rooms	Sold Price	Broker
	LedgeLawn Inn 66 Mount Desert Road, Bar Harbor	21	Confidential. Was bank owned at \$1,750,000.	None
	Whitehall Inn 52 High Street, Camden	40	\$2,850,000 (\$71k/key)	Daigle Commercial Group
	Old Fort Inn 8 Old Fort Ave, Kennebunkport	16	\$3,550,000 Included Residence and 12 acres development land	Daigle Commercial Group

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Noteworthy Maine Lodging Acquisitions >\$1M

Photo	Property	Rooms	Sold Price	Broker
	Holiday Inn Waterville 375 Main Street, Waterville	138	Confidential. Was bank owned at \$4,100,000.	None
Totals:		10 Properties	427	\$ 32,000,000

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Crystal Ball – Insights for the Future (cont'd)

(↓) Adverse Trends

- Poor economy = continued hospitality challenges
 - Group business travel slow to recover, so continued pain for franchised properties
 - Spotty recovery among leisure tourism submarkets
- Dim hope for older, underperforming properties with intrinsic challenges such as:
 - Having less sophisticated owners, inadequate reservation systems
 - Geographic, economic and physical obsolescence
 - Being dropped by national franchises
- Slow growth of room rates
- Buyers have no interest/tolerance for lower tier properties

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Crystal Ball – Insights for the Future

(↑) Favorable Trends

- New rooms supply very light
 - high barrier to entry will buoy existing properties' performances
- Maine's "Quality of Place" will continue to pay dividends in terms of strong tourism
- High quality properties in hot submarkets are in vogue
 - They will continue to rebound from 2009 lows and thrive
 - Substantial acquisition money on sidelines for such properties
- Banks will increase disposition of distressed assets, creating liquidity and enabling healthy restructuring

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Credits

- Thank you innkeeping community for your continued support and consideration
- Thank you hoteliers for information incorporated into this presentation
- Thanks to each audience member for your recognition and support of Maine tourism

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Q&A / Contact Information

Questions regarding this presentation?

Daren Hebold, CCIM, Associate Broker
Daigle Commercial Group, Inc.
"Maine's Premier Hotel Brokerage Firm"

207-773-4222
dhebold@daigleproperties.com

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