



Maine's Vacation & Hospitality 2012 Forecast

Presented by Daren Hebold, CCIM | Daigle Commercial Group

January 26, 2012

US Travel Industry At a Glance

“The [US lodging] industry is on the road to recovery ...

We forecast revenue will increase 4.0% in 2012 ...

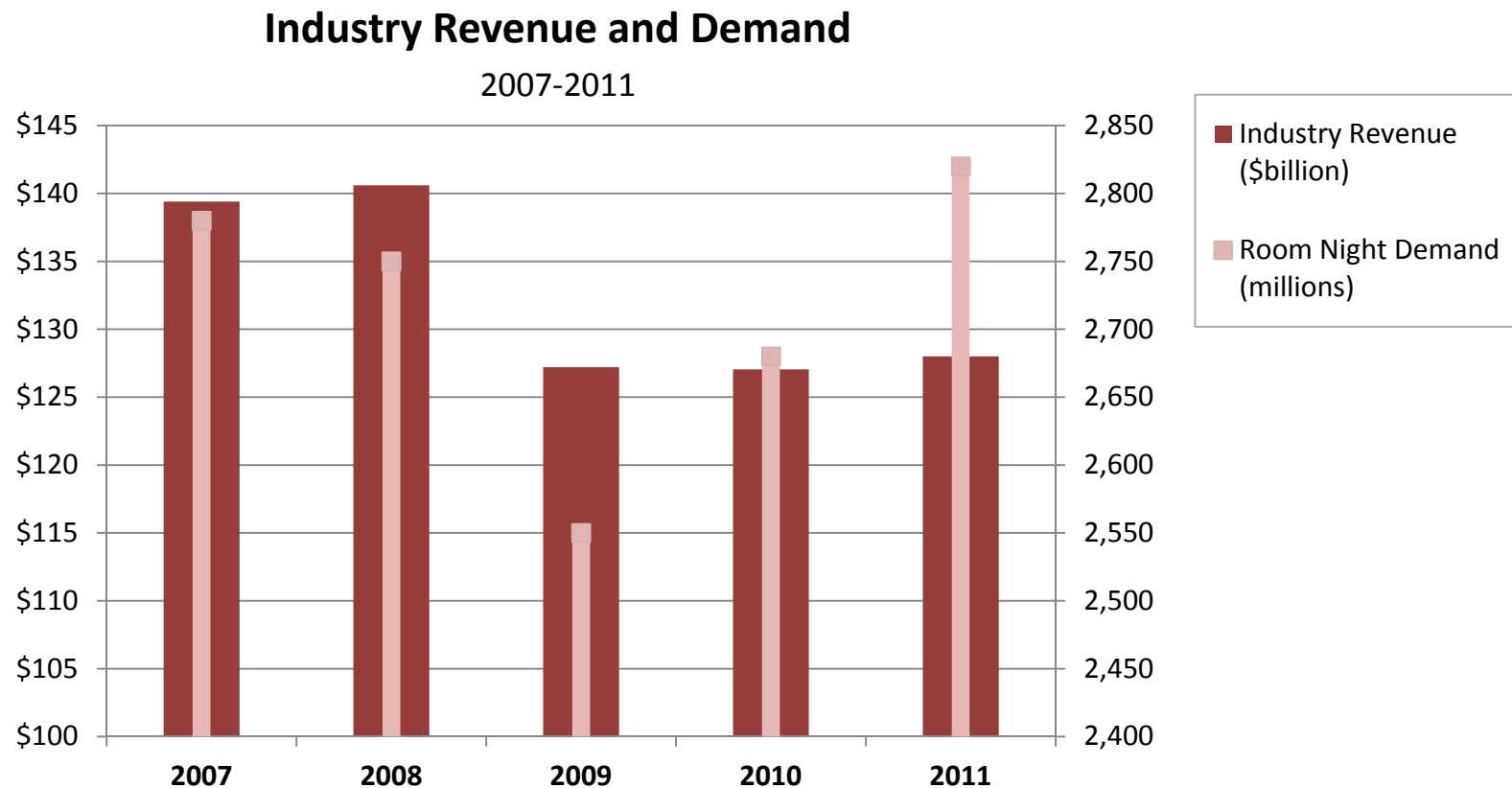
However, the industry is particularly sensitive to economic and geopolitical instability, which affects people’s tendency to travel.”

-IBIS World ©2011

“Leisure demand continues to increase ... as well as a return of transient commercial and group demand, with Q3 setting a quarterly record for the number of room nights occupied.”

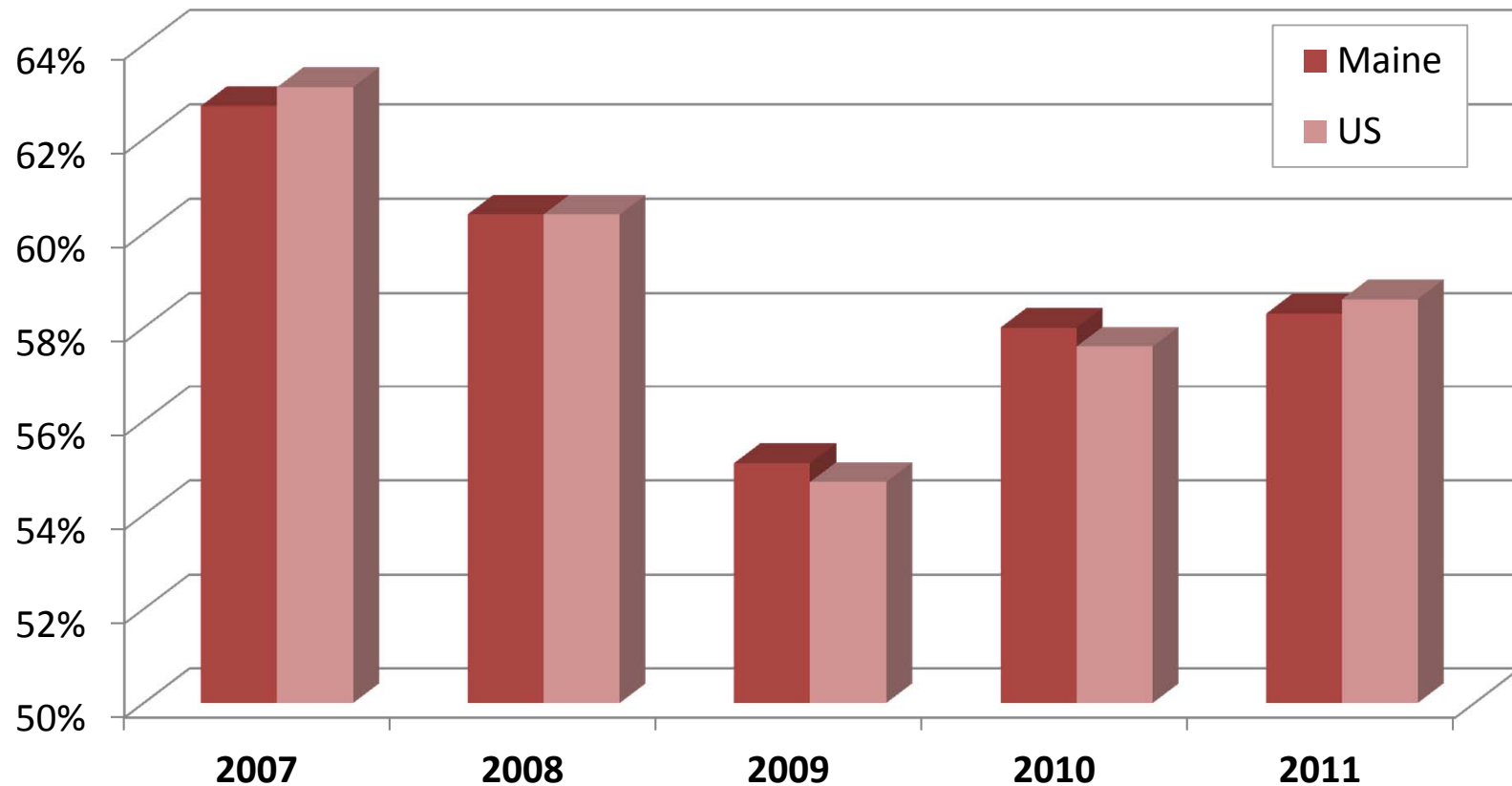
-Pricewaterhouse Coopers ©2011

US Travel Industry At a Glance



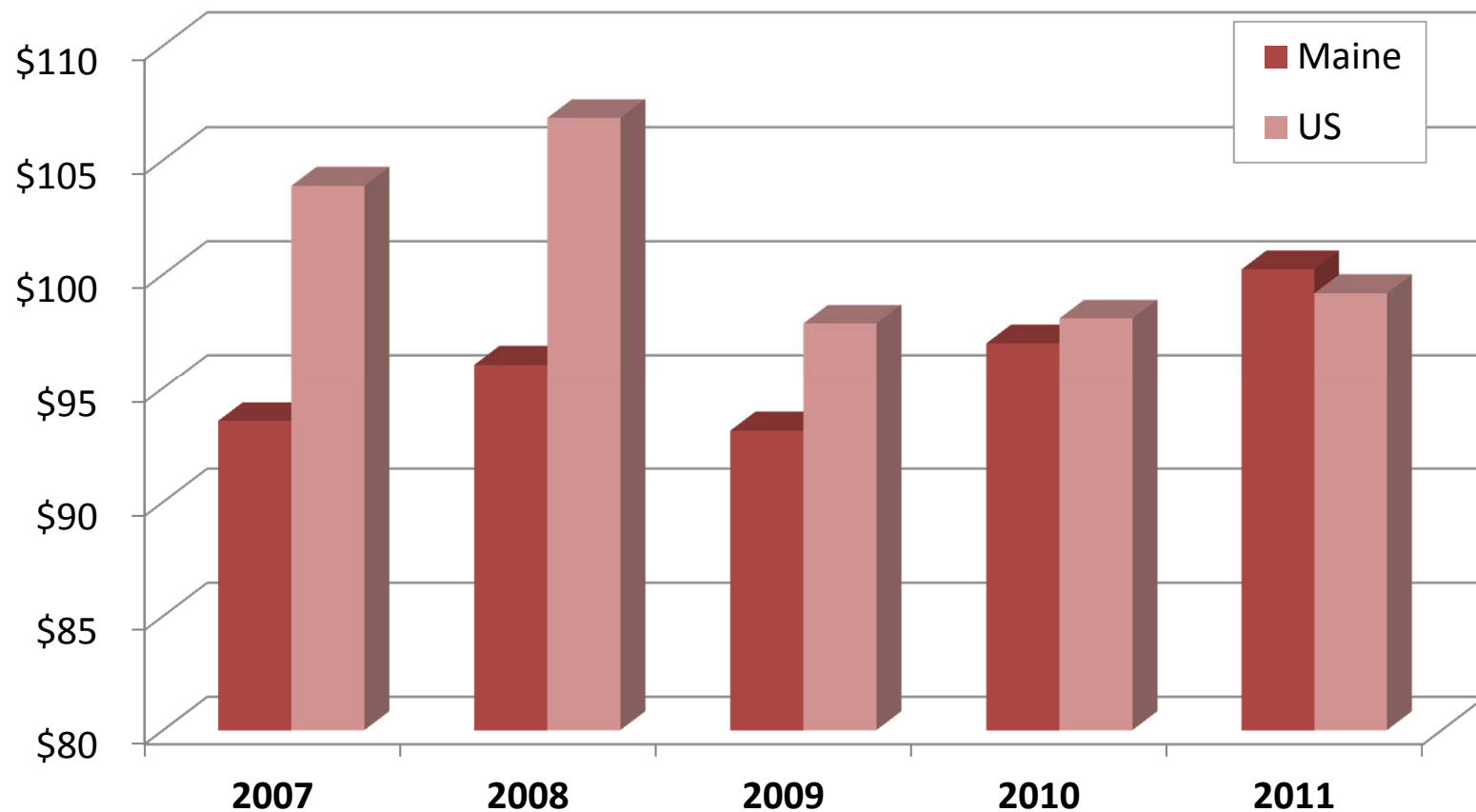
Source: American Hotel & Lodging Association; Pricewaterhouse Coopers.

2011 Performance: Maine **Occupancy** *no change*



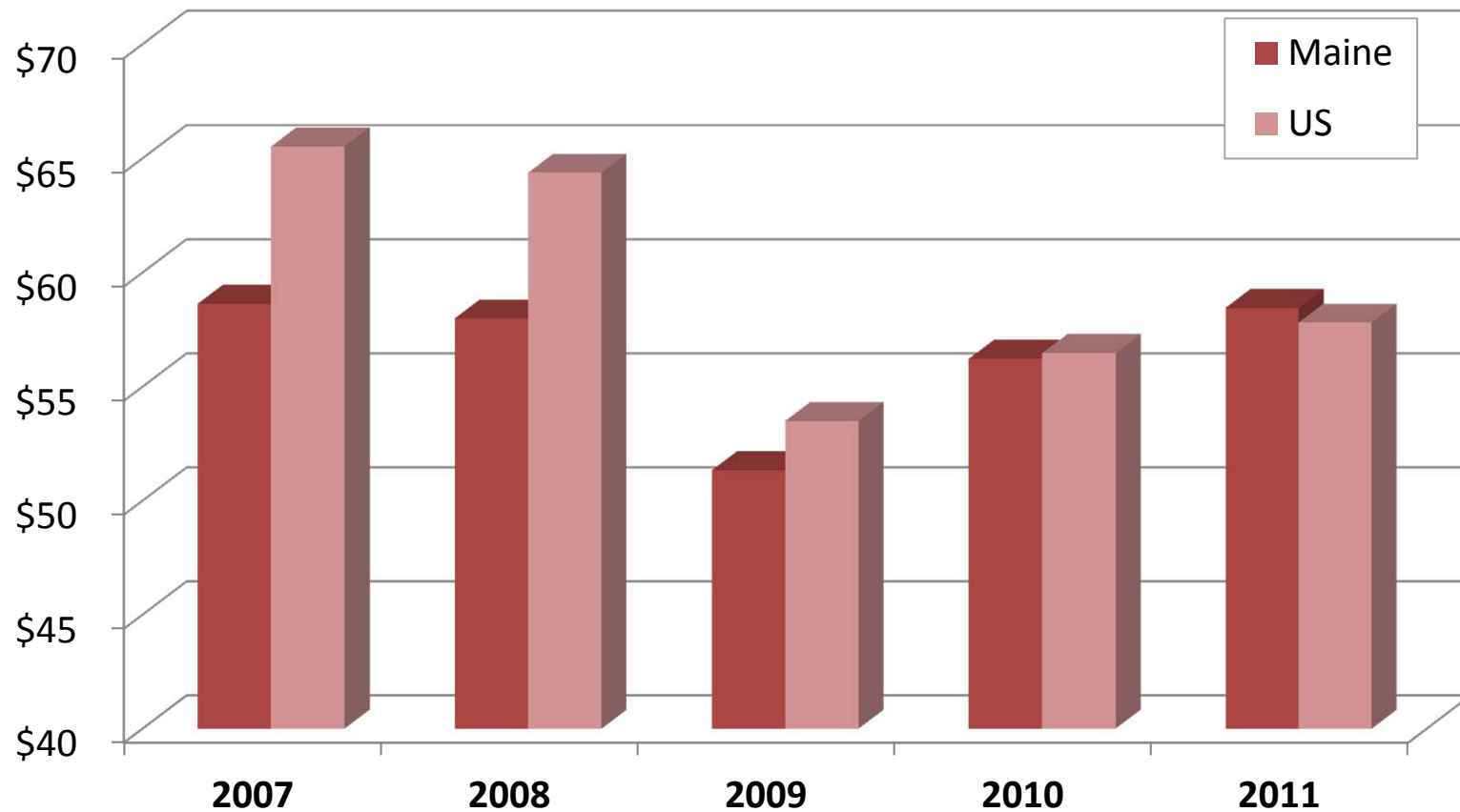
Sources: Smith Travel Research; American Hotel & Lodging Association.

2011 Performance: Maine **Average Daily Rate** ↑\$3



Sources: Smith Travel Research; American Hotel & Lodging Association.

2011 Performance: Maine RevPAR ↑\$3



Sources: Smith Travel Research; American Hotel & Lodging Association.

2011 Performance Review

Continued Mixed Results ↑ ↓

- Industry-wide shakeout still underway
 - Debt, property obsolescence and oversupply challenges
- Rate and Occupancy recovery not experienced by all
- Robust online presence *essential* for hotel success*
- Poorly maintained properties experiencing rate stagnation and reversal
- Short sales once again represented 15% of total sales volume
- Continued muted sales of properties under \$1M

Significant 2011 Hotel Transactions



EASTLAND HOTEL, PORTLAND
\$9,000,000 · 254 ROOMS



THE ASPINQUID, OGUNQUIT
\$9,000,000 · 68 ROOMS



POINT LOOKOUT, NORTHPORT
\$7,800,000 · 54 ROOMS



COMFORT INN, S. PORTLAND
\$6,900,000 · 127 ROOMS



HAMPTON INN, SACO
\$6,525,000 · 100 ROOMS

Significant 2011 Hotel Transactions



BAR HARBOR MOTEL, BH
\$ confidential · 86 ROOMS



HOWARD JOHNSON, S.PORTLAND
\$3,850,000 · 121 ROOMS



PARKWOOD INN, BRUNSWICK
\$1,800,000 · 68 ROOMS



MOTEL 6, LEWISTON
\$1,600,000 · 66 ROOMS



HOTEL PEMAQUID, NEW HARBOR
\$1,600,000 · 30 ROOMS

Significant 2011 Hotel Transactions



GLENMOOR, LINCOLNVILLE
\$1,300,000 · 33 ROOMS



JEREMIAH'S COTTAGES, OOB
\$1,300,000 · 53 ROOMS



NELLIE LITTLEFIELD, OGUNQUIT
\$1,300,000 · 8 ROOMS



PARSON'S POST, OGUNQUIT
\$875,000 · 14 ROOMS



COUNTRY VIEW MOTEL, YORK
\$875,000 · 23 ROOMS



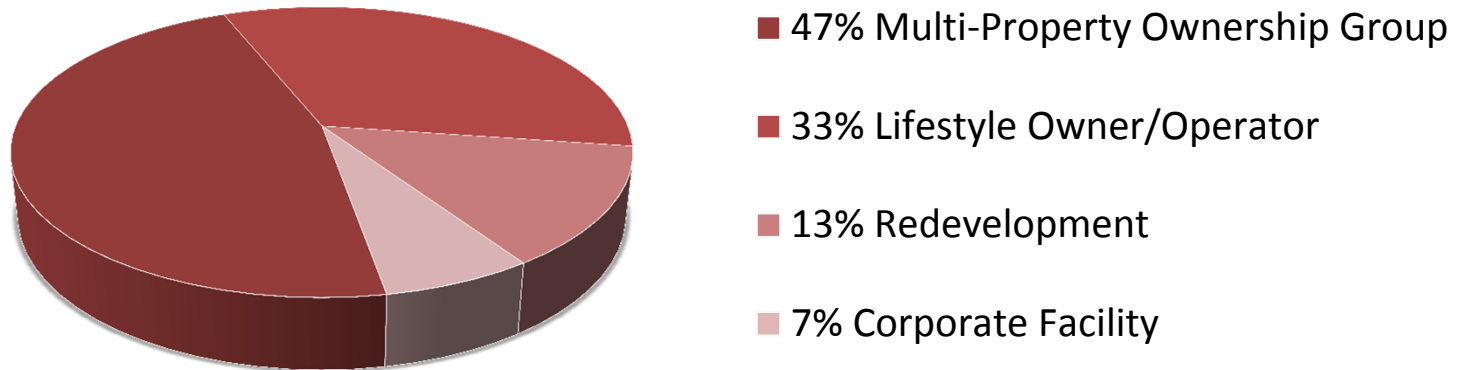
PRIDE MOTEL, SCARBOROUGH
\$785,000 · 14 ROOMS

2011 Transactions Review

Discernable Trends Included:

- Sales volume of about \$60M, nearly double the 2010 volume
- Depleted inventory of high-quality available properties
- Overpriced properties did not sell; sold cap rates were 9.0% to 14.0%
- Buyer profile increasingly shifting to multi-property ownership groups

Profile: 2011 Maine Lodging Property Buyers



Development Pipeline – Significant 2012 Projects

| STATUS | LOCATION | HOTEL | ROOMS | DEVELOPER |
|-----------------------------|--------------------------------------|---------------------------------|---------|-----------------------------|
| Construction | 390 Western Avenue, Augusta | Hampton Inn (Redevelop) | 81 | Maine Course |
| Construction | Haskell Road, Bangor | Hampton Inn | 113 | AME Management |
| Construction | Western Avenue, Kennebunkport | The Grand | 17 | Atlantic Holdings |
| Construction | West Street, Bar Harbor | To be named | 102 | Ocean Properties |
| Pending | 145 Shore Road, Ogunquit | The Colonial Inn (Redevelop) | 60 | Joseph Delois |
| Early Planning | Thompson's Point, Portland | TBD | 125 | Parallax Partners |
| Early Planning | Silverton Casino Route 26, Oxford | TBD | 100 | Black Bear Entertainment |
| Total 2012 [New Supply]: | | | 232 | |
| Total Early Planning: | | | 225 | |
| Total Existing Maine Rooms: | | | 35,300± | |

Focus: Importance of Online Presence



“Nationally, 75.9% of hotel room reservations are made electronically.” TravelClick ©2011

Hotel success is predicated upon all of the following:

1. Plugging into the global distribution system for reservations
2. Maintaining a rich web site, compatible with mobile devices
3. Providing a top-notch web reservation concierge experience
4. Cultivating and growing your guest base via social media
5. Expert hotel web development consultant is recommended

Forecast: Review of 2011 Predictions

- ✓ Still a challenging time for cash flow and profitability
- ✓ Underperforming properties battle locational/obsolescence factors
- ✓ New room supply is light; barrier to entry remains high
- ✓ Significant acquisition money on sidelines eager to be deployed
- ✗ Well positioned properties will continue upward performance
- ✗ ADR (Room Rates) likely to remain flat
- ✓ Occupancy and RevPAR (Revenue) likely to gradually rise
- ✓ Quality of Place in Maine will continue to pay dividends

Forecast: **2012 Predictions**

Uncertainty is the New Normal

- ADR (Room Rates) will rise at about CPI %
- Occupancy will likely remain flat
- Strong international arrivals will continue to aide the recovery
- Inventory of quality properties on the market will remain scarce
- Off-market transactions of quality properties will increase
- Multi-property ownership groups will become the dominant buyer
- Short sale volume will remain stabile at ~15% of transactions
- Success will increasing hinge upon mastery of internet presence
- Maine's "Quality of Place" will remain the leading factor in the recovery

Conclusion

Thank you for attending. Consider us a resource and we welcome a confidential dialogue with you.

Daren Hebold, CCIM
Daigle Commercial Group, Inc
178 Middle Street, Portland ME
dhebold@daigleproperties.com

