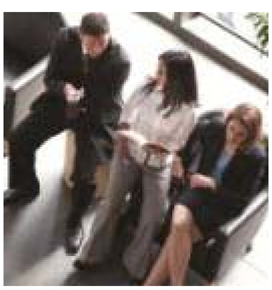
JULY 2011

FLORIDA NEWSLETTER – SUMMER 2011
SPOTLIGHT ON THE MIAMI-DADE HOTEL MARKETPLACE:

MIAMI'S HOTEL PERFORMANCE AND VALUES ARE SET TO HEAT UP

Andy Reed
Associate
HVS Miami


www.hvs.com
www.hvs.com/Offices/Miami

HVS Consulting & Valuation Services
8925 SW 148th Street, Suite 216
Miami, FL 33176, U.S.A

Florida Newsletter Summer 2011: Miami's Hotel Performance and Values are Set to Heat Up

The recent recession has negatively affected virtually every hotel market in the nation, though with many macroeconomic indications now pointing toward recovery and an improving level of confidence amongst hotel investors and consumers, the hospitality markets in many cities across the United States appear to be on the road to recovery. This article examines the effect that the "Great Recession" has had on the performance of the tourism and hotel industry in Miami, Florida in addition to providing an outlook of the future performance of the Miami hotel industry.

Recent and Historical Trends in Visitation

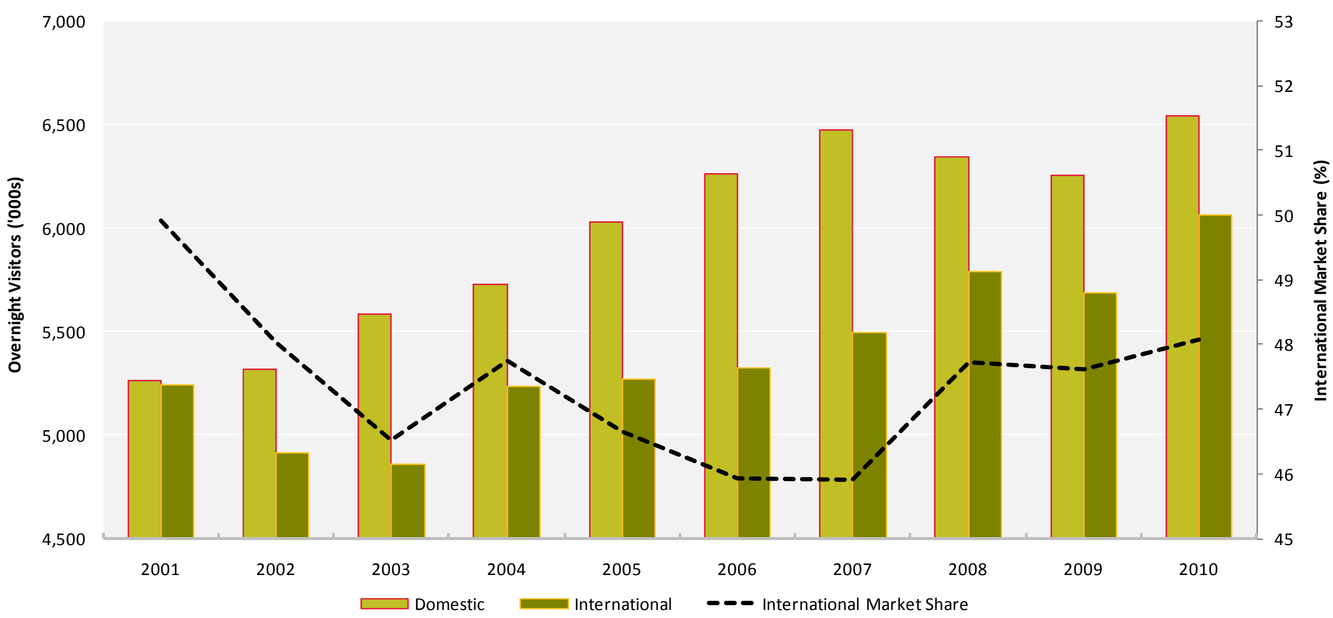
Miami is strategically located in the southeast United States and receives a significant portion of its demand from domestic sources. The city is also the closest U.S. destination for many Central American, South American and European source markets. The consistently warm weather, active population, vibrant beaches (including the city's famed South Beach), in addition to the appeal of the city's many cultures are the primary leisure demand generators. An increasing number of international corporations are calling downtown Miami home given the city's strategic location and the growing prominence of a number of Central and South American countries.

Airlift has been relatively consistent and, in general, has mirrored trends recorded nationally. Domestic and international passengers can conveniently utilize both the Miami and Fort Lauderdale international Airports.

International Source Markets Increasing Their Market Share

The largest disparity over the last ten years in domestic and international overnight visitation occurred in 2007 (54% domestic and 46% international). Historically, levels of visitation were roughly equal between domestic and international guests, however, as a result of the September 11th terrorist attacks, international visitation declined significantly in 2002 and 2003 and the international market share declined from roughly 50% in 2001 to about 47-48% in 2003. The years following, 2004 through 2007, were strong years from

FIGURE 1: DOMESTIC AND INTERNATIONAL VISITATION TO MIAMI (SOURCE: GREATER MIAMI CONVENTION & VISITORS BUREAU)



an economic perspective for the United States and domestic visitation grew by an average of 3.8% per year compared to the 3.1% growth per year that was registered by international visitation. As the United States entered into a period of economic decline in 2008, domestic visitation declined while international visitation increased based on the improving value of the Euro relative to the U.S. dollar. International visitation has been gradually increasing compared to 2007 lows, 46%, and it is currently approximately 48% of total visitation.

The number of Brazilian visitors arriving in Miami over the course of 2010 increased by 15.0% from last year; Brazil is anticipated to surpass Canada in visitor arrivals to Miami in 2011 and, for the first time, become Miami's primary international source market

The continued strengthening of South American source markets such as Brazil, Argentina, and Colombia have led the way to in increase in international market share and an improvement in Miami's total visitation. As the middle class in these countries continues to grow and the GDP continues to strengthen, these trends should continue into the future.

FIGURE 2: PRIMARY INTERNATIONAL SOURCE MARKETS

Rank	International Country	2010 Visitation	Percent Change (2009 to 2010)	Compound Avg. Annual Growth (2001 to 2010)
1	Canada	587,168	9.2 %	2.7 %
2	**Brazil**	**555,302**	**15.0**	**7.2**
3	**Argentina**	**381,719**	**12.2**	**6.1**
4	**Colombia**	**363,498**	**12.0**	**5.5**
5	Germany	332,142	1.0	1.1
6	Venezuela	327,157	1.1	3.9
7	England	290,827	-3.7	-0.3
8	Bahamas	226,580	-0.8	0.3
9	France	185,511	2.2	2.5
10	Costa Rica	177,131	2.6	1.4
Noteable Countries				
14	Peru	142,213	11.0 %	5.4 %
15	Chile	121,910	11.4	5.4
19	Bolivia	54,675	8.3	4.7
Total:		**6,060,100**	**6.6 %**	**3.3 %**

Sources: Miami CVB; Synovate Research

According to Global Finance Magazine, GDP growth for Brazil, Colombia, and Argentina averaged 3.7%, 3.9%, and 3.9%, respectively, per year from 2000 through 2010 while U.S. GDP growth over the same term averaged 1.9% per year. Projections for GDP growth in 2011 also indicate faster-growth for these three South American Countries (ranging between 4.0% and 4.6%) while the United States is estimated to grow by roughly half that pace (2.3%) in 2011. Local hotel operators have confirmed that international visitation is increasing as a percentage of total visitation and indicated that current booking trends are indicative of a continued increase in international visitation as a percentage of total visitation.

The number of Brazilian visitors arriving in Miami over the course of 2010 increased by 15.0% from last year; Brazil is anticipated to surpass Canada in visitor arrivals to Miami in 2011 and, for the first time, become Miami's primary international source market. Brazil, Argentina, and Colombia are also the three fastest growing international source market countries since 2001; they have grown by an annual average of 7.2%, 6.1%, and 5.5%, respectively. Of note, visitation from Peru, Chile, and Bolivia has grown by a significant amount in the last year as well as providing consistent growth since 2001.

Northeast United States Continues to Dominate Domestic Market Share

Due to its proximity to Miami, consistent airlift, and cold winters, the northeast United States, primarily passengers flying out of New York City, have comprised an overwhelming majority of Miami's domestic visitation. The top ten domestic source markets accounted for more than 56% of the total domestic visitation in 2010, consistent with historical trends.

FIGURE 3: PRIMARY DOMESTIC SOURCE MARKETS

Rank	Domestic City	Share of 2010 Visitation
1	New York	25.5 %
2	Philadelphia	5.8
3	Chicago	5.9
4	Boston	4.3
5	Atlanta	3.7
6	Washington	2.8
7	Dallas/Fort Worth	2.6
8	Detroit	2.1
9	Los Angeles	1.9
10	Denver	1.7
Total (1 through 10):		56.3 %

Sources: Miami CVB; Synovate Research

In total, total domestic visitation to Miami in 2010 was divided between the regions of the United States as follows:

- Northeastern – 49%
- Southern – 24%
- Midwest – 19%
- Western – 8%

No significant changes to the segmentation of domestic visitation is expect nor have any significant changes occurred recently.

Recent Trends in the Greater Miami Hotel Industry

The hospitality industry in Miami has undergone a number of changes over the last ten years from new, upscale properties being developed on Miami Beach to the upscale mixed-use development that occurred in Brickell to the revitilization and gentrification of the downtown area that is currently underway.

FIGURE 4: OCCUPANCY TRENDS IN SUBMARKETS OF MIAMI

Rank	Submarket	2006		2007		2008		2009		2010	
1	Airport / Civic Center	78.0	%	79.1	%	78.1	%	69.7	%	78.6	%
2	Coral Gables	73.4		68.5		67.3		65.6		70.7	
3	Grove / Key Biscayne	72.7		74.5		71.5		67.0		70.6	
4	Aventura / Sunny Isles	68.3		67.8		70.6		70.6		69.7	
5	Miami Beach	71.4		72.9		72.4		65.7		68.3	
6	North Dade	68.9		69.74		69.1		63.9		68.2	
7	Downtown/Brickell	65.6		68.6		67.7		60.8		67.6	
8	Central Dade	74.8		70.0		65.1		60.6		67.4	
9	South Dade	64.3		63.7		57.5		53.3		59.3	
Total		**74.8**	%	**72.4**	%	**71.4**	%	**65.1**	%	**70.2**	%

Source: Smith Travel Research

It is evident that Miami's marketwide occupancy levels are not as strong as they were in the pre-recession years of 2006 and 2007, though up significantly from the 2009 low of 65.1%. Total occupancy for Miami-Dade county declined in 2008 and 2009 partially due to an increase in the amount of room supply and partially as a result of the decline in visitation (primarily domestic) attributed to the global recession. Much of the hotel development that entered the market in the midst of the recession was a result of the booming economic times and widespread availability of financing for the development of new hotels that was present prior to the downturn.

Year-to-date data through April 2011 indicates a continued recovery: total Miami occupancy levels are up 4.5% compared to the same period of time in 2010. Leading the way in the occupancy increase for this year-to-date period are the North Dade (8.0%), Miami Beach (6.9%), Central Dade (6.8%), South Dade (5.1%), and Downtown/Brickell (2.8%) submarkets.

The airport/civic center submarket has consistently registered the highest occupancy of greater Miami's nine submarkets. This market has consistently registered an annual occupancy around 78-79%; a decline of 8.4-points in 2009 was quickly offset by a gain of 8.9-points in 2010. Year-to-date April 2011 data indicates a 1.8% increase in occupancy for this submarket from 2010 levels over the same time period.

The submarket with the greatest positive change in occupancy from 2006 to 2010 is the downtown/Brickell submarket. This submarket achieved an occupancy of 67.6% in 2010, 2.0-points higher than 65.6% recorded in 2006. The addition of the 148-room Viceroy, the 411-room mixed use EPIC hotel, the 198-room Springhill Suites, the 313-room JW Marriott Marquis, and the conversion of a 65-room Hampton Inn into the Hotel Urbano have changed the landscape, character and dynamic of the downtown Miami hospitality market. We anticipate continued improvement, surpassing historical levels, for this submarket as the economy improves, new office space is filled, and the relatively new hotels ramp up their operations from an occupancy perspective. Hoteliers in this submarket of Miami are attempting to pull demand from alternative areas of the city, such as Miami Beach, in an effort to fill rooms. As mentioned, year-to-date data suggests a continued strong recovery and ramp-up of new hotel properties from an occupancy perspective; occupancy is up 2.8% (1.5-points) in the year-to-date April 2011 period compared to the same period of time in 2010.

Hotel occupancy is not the only industry metric that should be considered when evaluating the health of the sector. Operators, developers, and consultants should explore the relationship between occupancy and average daily rate (ADR); revenue per available room (RevPAR) is the product of occupancy and average rate and provides an indication as to how well rooms revenue is being maximized. The other half the RevPAR equation, average daily rate, was also significantly negatively affected by the 2008-2009 recession.

FIGURE 5: AVERAGE DAILY RATE TRENDS IN SUBMARKETS OF MIAMI

Rank	Submarket	2006	2007	2008	2009	2010
1	Miami Beach	$220.87	$199.53	$202.76	$182.86	$198.09
2	Grove / Key Biscayne	198.38	221.27	221.91	184.83	184.99
3	Aventura / Sunny Isles	172.95	184.85	181.54	159.77	158.85
4	Downtown/Brickell	169.79	175.72	175.06	145.26	148.28
5	Coral Gables	151.74	155.53	160.08	130.17	128.36
6	Central Dade	118.68	119.84	119.74	102.04	100.43
7	Airport / Civic Center	104.99	113.90	113.81	95.45	94.44
8	North Dade	91.92	92.59	92.25	77.30	75.89
9	South Dade	82.01	89.28	88.08	77.89	75.86
Total		-	**$158.41**	**$160.14**	**$140.22**	**$144.13**

Source: Smith Travel Research

Typically, hospitality markets recovering from a downturn will rebuild occupancy to sustainable levels after which hyperinflationary ADR increases will begin to take place. The fact that Miami Beach and Downtown/Brickell were able to gain ADR in tandem with gains in occupancy in 2010 are confirmations of a market recovery that is gaining traction.

The submarkets that achieved a positive change in ADR from 2009 to 2010 are Miami Beach (up 8.3%), Downtown/Brickell (up 2.1%), and Coconut Grove/Key Biscayne (up 0.1%). The most significant decline occurred in South Dade (down 2.6%).

FIGURE 6: REVPAR TRENDS IN SUBMARKETS OF MIAMI

Rank	Submarket	RevPAR (2010)	Percent Change ('09-'10)	Comp. Avg. Annual Percent Change ('06-'10)
1	Miami Beach	$135.30	12.6 %	-3.8 %
2	Grove / Key Biscayne	130.60	5.5	-2.4
3	Aventura / Sunny Isles	110.72	-1.8	-1.6
4	Downtown/ Brickell	100.24	13.5	-2.6
5	Coral Gables	90.75	6.3	-5.4
6	Airport / Civic Center	74.23	11.6	-2.4
7	Central Dade	67.69	9.5	-6.6
8	North Dade	51.76	4.8	-4.9
9	South Dade	44.98	8.4	-3.9
Total		**$101.18**	**10.8 %**	-

Souce: Smith Travel Research

Overall, roughly half of all of the room nights sold in the Miami area are attributed to accommodation on Miami Beach; Miami Beach's significant rate improvement drove rate increases in Miami-Dade County as the area's aggregate ADR increased by 2.8% from $140.22 in 2009 to $144.13 in 2010. The marketwide 2010 ADR of $144.13 is still roughly $16, or 10%, below the peak ADR of $160.14 that was achieved in 2008.

Year-to-date data through April 2011 indicates relatively strong ADR growth rates for the Downtown/Brickell and Miami Beach at 2.4% and 2.5%, respectively. The Airport/Civic Center submarket has led the way for ADR growth year-to-date in 2011 at 3.6%. Overall, the marketwide ADR has improved by 2.5% year-to-date, adding to the 2.8% growth that was achieved from 2009 to 2010.

The only submarket of Miami to register a negative change in RevPAR from 2009 to 2010 was Aventura/Sunny Isles; this decline can be attributed to a slight decline in both occupancy (0.9-points) and ADR (0.6%). This area has, however, been the most consistent since 2006, down just 1.6% from pre-recession times.

Miami Beach achieved the highest RevPAR of any submarket in 2010 at $135.30 and is the second highest RevPAR growth from 2009 to 2010 at 12.6%. This improvement can be partly attributed to the opening of the 335-room W Hotel South Beach in mid-2009 and the 50-room Soho Beach House in October of 2010. These new properties are expected to become rate leaders for the Miami Beach market and the projected high rate-structure will provide an opportunity for other hotel operators in the area to increase their rates without losing significant demand to local competitors.

Supply in the development pipeline for this high-performing submarket of Miami includes the 142-room SLS Hotel South Beach which is scheduled for a 2012 opening. The property is being developed by SBE Entertainment Group and they are in the early stages of renovating the former Ritz Plaza Hotel (1701 Collins Avenue). Sources say that the planned renovation will cost roughly $65 million.

Marriott has announced that they will open a boutique Edition-branded hotel in partnership with hotelier Ian Schrager. The site for the hotel, aquired in 2005 by Marriott for $57.5 million, is the former Seville Beach Hotel (2901 Collins Avenue). The property is comprised of three acres of beachfront property. According to industry reports, executives at Marriott plan to open the Edition hotel in roughly two to three years (estimated to be at some point in 2013), after significant renovations have occurred.

Denihan Hospitality Group will extend its luxury boutique James brand next year with a branded management agreement for the 409-room Royal Palm hotel in Miami Beach, Florida. KSL Capital Partners is planning a $42.6 million renovation of the 72-year-old hotel that will be completed next year. KSL bought the hotel from Sunstone Hotel Investors for $130 million in August 2010 ($3.9 million higher than when when Sunstone purchased the property just eight months earlier) and the hotel will become the James Royal Palm, KSL's fifth hotel. Additional transactions include the 251-room Continental Hotel and the 75-room Blue Moon Hotel; this increase in the number of transactions on the Beach indicates an improved level of confidence in the market.

The **Downtown/Brickell** submarket achieved the highest RevPAR growth from 2009 to 2010 as a result of increasing occupancy (6.8-points) and ADR (2.1%). As discussed previously in this article, a number of new, high quality hotel developments opened in 2009 and 2010. As this area continues to builds its occupancy, operators will attempt to eliminate the significant rate discounts that are currently in place in order to induce room night demand into the area. Following the area's anticipated occupancy stabilization, lower-rated wholesale and discount demand will be strategically replaced with higher-rated corporate and meeting and group demand allowing rate increases above the greater Miami marketwide pace.

The Brickell area has experienced tremendous growth in the last 10 years in all real estate sectors, especially with regards to residential condominium and office building development. Currently, the City of Miami is further enhancing the accessibility to the Downtown/Brickell area with the extension of the Metrorail to the Miami International Airport. Construction is well underway on the Earlington Heights-MIC (Miami Intermodal Center) Connection, which will eventually transport individuals from the Miami International Airport directly to Downtown Miami and Brickell via the Metrorail. When the connection opens in April 2012, Miami will be able to offer travelers a seamless method for accessing Downtown/Brickell by utilizing the Metrorail and bypassing costly transportation (i.e. taxis or rental vehicles). In today's difficult economy where consumers tend to be more price sensitive than displayed in the pre-recessionairy period, the ease and attractive cost of arriving in the area by way of the Metrorail's future connection will greatly assist in attracting room night demand to the area and contribute to a favorable outlook.

The development pipeline for new hotel supply in the Downtown/Brickell area includes a proposed 152-room Aloft hotel by Starwood (scheduled to open in December of 2011) and a 221-room Hampton Inn & Suites by Hilton (scheduled to open in early-2012).

Hospitality America is currently developing the Hampton Inn & Suites that is under construction just east of the Brickell Metrorail station. The 152-room Aloft will be owned and managed by a joint venture between Sunview Companies and HES Group. Additionally, the Continental Hotel (operating within the budget/economy price tier) is considering renovating and converting into a Motel 6.

Occupancy and Average Rate Projections

In accordance with recent and historical trends as well as the anticipated changes in room night demand and room supply, Figure 7 illustrates our projection of occupancy and average rate for the collective city of Miami.

Occupancy: we believe that the city will reach relatively stabilized occupancy levels between 74-75% in roughly 2013; following improved occupancy levels, operators will strategically begin to replace lower-rated wholesale and discount demand with higher-rated corporate, transient, and meeting and group demand. In the near term, we estimate that occupancy will increase by 2.0-points, or 2.8% from 70.2% in 2010 to 72.2% in 2011. Occupancy is then projected to improve by 1.0-point to 73.2% for 2012. Near-term county-wide occupancy gains will be supported primarily by (1) the strengthening of the Downtown/Brickell submarket due to the anticipated absorption of the recently-opened supply (but limited, in part, due to the future openings of the Aloft hotel and the Hampton Inn & Suites), and (2) the continued strengthening of the Miami Beach submarket from an occupancy perspective as a result of the strong growth in international visitation.

FIGURE 7: PROJECTION OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Percent Change	Average Rate	Percent Change	RevPAR	Percent Change
2007	72.4 %	-	$158.41	-	$114.75	-
2008	71.4	(1.4) %	160.14	1.1 %	114.34	(0.4) %
2009	65.1	(8.8)	140.22	(12.4)	91.28	(20.2)
2010	70.2	7.8	144.13	2.8	101.18	10.8
2011(f)	72.2 %	2.8 %	$147.01	2.0 %	$106.09	4.9 %
2012(f)	73.2	1.5	152.45	3.7	111.67	5.3

Average Rate: year-to-date data illustrates a 2.5% increase in county-wide ADR and we believe that rates will continue to grow as new supply is absorbed in the market and the market recovers from the recent economic downturn. As discussed, as occupancy levels continue to improve, operators will begin to build their average rate by strategically replacing wholesale and discount demand with higher-rated. Anecdotal evidence and recent and historical ADR trends in the market suggest that this approach is already in effect, contributing to the growth rates that have already been achieved. As such, and considering national patterns, trends, and projections in hotel economics, we project county-wide ADR growth of 2.0% and 3.7% for 2011 and 2012, respectively.

Recovery: the true indicator for measuring the recovery of the city's hotel market is marketwide RevPAR growth. Although there was a 20.2% decline in marketwide RevPAR from 2008 to 2009, the marketwide RevPAR rebounded by 10.8% from 2009 to 2010 (nationwide, RevPAR declined by 1.5% from 2009 to 2010, according to Smith Travel Research) illustrating the resiliency of the market and the benefits associated with being an international destination as well as a domestic one. We project RevPAR to increase by 4.9% in 2011, primarily driven by increases in occupancy, followed by 5.3% in 2012. In the near term, RevPAR is not expected to meet pre-recession levels achieved in the historical period analyzed, though the market is still poised for favorable growth. The market will be relatively protected from additional development in the near term due to the lack of financing for new supply during the recessionairy period; this should contribute to the overall stability of the market going forward.

Miami: a Gateway Market?

Hotel values declined across the United States as a result of the recent recession. There are, however, a select number of hospitality markets in various cities of the United States that were relatively resilient to the negative effects of the downturn as the respective cities' hotel performance remained relatively strong. Through the recession, the hotel investment environment has been geared toward hotel transactions in gateway markets as these properties offer a certain degree of stability that primary and secondary cities cannot provide.

Banks are more-willing to lend on a hotel deal located within a gateway market because there will be a healthy mix of corporate versus leisure and domestic versus. international visitation, adding to the stability of a city's hospitality industry. Owning a hotel in a gateway market is beneficial in that the asset is more marketable given that financing is more readily available to a wider variety of buyers and hotel values tend to recover from economic turmoil more rapidly compared to alternative markets.

Historically, Miami has been on the "cusp" of breaking into this elite group of cities known as "gateway markets." In the United States, gateway cities have historically included Washington, D.C., San Francisco, New York City, and Boston. Additional cities that are on the "cusp" of becoming a gateway city include San Diego, Los Angeles, and Chicago. Miami appears to have broken into this elite grouping of U.S. cities as a result of consistent corporate demand (accounting for roughly 10-13% of total visitation) and a significant increase in international demand over the last few years, a trend projected to continue as Brazil, Argentina, and Colombia continue their robust economic development.

According to Jones Lang Lasalle, "hotel transaction volume in Miami topped $210 million in 2010, a 40 percent rise on the previous year." Part of this trend can be attributed to the fact that Miami Beach has a noticable lack of branded properties: hotel brands are now actively looking for representation in the area which contributes to the desire and demand to own hotel inventory on the beach. Strong demand for room inventory will inflate the prices of existing properties as many entities look to pick up underperforming assets and turn them around in time to catch the anticipated "upswing" in hotel values.

The 2010 Hotel Valuation Index (HVI), a publication of HVS, estimates that hotel values-per-room in Miami will increase by roughly 111% from 2009 to 2015, or an average of 13.3% per year.

FIGURE 8: ESTIMATED HOTEL VALUE CHANGES (2010 HVI)

Gateway Market	Decline 2006-2009	Recovery 2009-2015
Washington D.C.	9.9 %	29 %
San Francisco	(3.5)	70
New York	(48.3)	205
Boston	(11.1)	72
Primary Market		
Miami	**(28.7) %**	**111 %**
San Diego	(36.7)	76
Los Angeles	(33.9)	94
Chicago	(55.9)	127

From recent peak values in 2006, the city of Miami's hotel inventory declined in value-per-room by an estimated total of just 28.7%; this places Miami in better position than the other primary markets examined in this article that are on the verge of consideration as a gateway market. Additionally, hotel values-per-room in Miami declined by less than San Diego, Los Angeles, and Chicago, and are anticipated to improve by 111% by 2015 from 2009 levels.

Marketwide occupancy, averate rate, and RevPAR levels in 2010 across the top domestic markets also indicate that Miami is a market worthy of being considered a gateway hotel market.

The Hotel Valuation Index provides a confirmation that Miami's hotel values-per-room are resilient in the most difficult economic times while still offering a large upside to investors during periods of economic growth. Further confirming Miami's desirability for hotel investors, Jones Lang Lasalle projects up to a 250% increase (up to $750 million) in the transaction volume for Miami hotels in 2011 compared to 2010. According to Jones Lang LaSalle's hotel investor sentiment survey, Miami is the 3rd best city in which to buy hotels in the United States (behind Boston at number one and New York City at number two). Miami is ranked ahead of Denver, Washington D.C., San Francisco, Los Angeles, and San Diego (fourth through eighth, respectively).

According to the HVI, Miami ranked second for the estimated increase in hotel values-per-room in 2010 (an estimated $47,000 per room). Hotel values declined by an estimated $6,000 per room in Chicago from 2009 to 2010 and $7,000 per room in Washington D.C. Miami ranks first in the average annual compound change for hotel values-per-room from 1987 to 2015. The data indicates a per-room value increase of an average of 10.2% per year; New York City ranked second place at 9.3% per year.

FIGURE 9: TOP TEN DOMESTIC HOTEL PERFORMANCES (2010)

Rank	City	Occupancy	Average Rate	RevPAR
1	New York	80.9 %	$232.29	$187.93
2	Oahu	78.2	149.67	117.02
3	San Francisco	75.2	135.97	102.31
4	**Miami**	**70.2**	**144.13**	**101.19**
5	Boston	68.7	141.48	97.19
6	Washington	67.0	143.39	96.12
7	San Diego	66.7	121.93	81.36
8	Los Angeles	68.0	116.20	79.06
9	New Orleans	64.7	115.87	74.92
10	Anaheim	68.1	108.46	73.84

Sources: Smith Travel Research; Miami CVB

Market indications, along with the anticipated continued growth in international visitation mixed with a consistent amount of corporate demand give Miami a favorable position high on the list of American gateway cities for hotel investment.

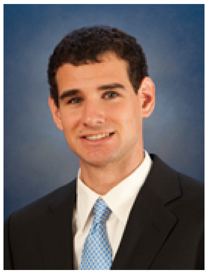
We believe that a wide variety of hotel investment opportunities offering significant upside currently exist in the Miami area. If you are contemplating investing in the hotel industry, exiting from a current investment, or if you seek additional guidance regarding your hotel operation, the HVS Miami office can assist you. The office is constantly performing various hotel analyses throughout the city and has extensive experience in each of Miami's submarkets.

About HVS

HVS is the world's leading consulting and services organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980, the company performs more than 2,000 assignments per year for virtually every major industry participant. HVS principals are regarded as the leading professionals in their respective regions of the globe. Through a worldwide network of 30 offices staffed by 400 seasoned industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information regarding our expertise and specifics about our services, please visit **www.hvs.com**.

THE HVS MIAMI OFFICE provides a variety of consulting and valuation services for hotels and shared ownership real estate over a wide geographic area, which includes the United States, the Caribbean Basin, Mexico, and Central and South America. The "HVS Florida" team is based in Miami which is Florida's only "first-tier" city and the gateway city to Latin America. Additionally, the HVS Florida team has worked in markets where the existing hotel supply is limited to non-existent, and has experience in analyzing and assessing emerging market areas. This ability to 'think out of the box' is critical for many of their clients with projects located in Central America and the Caribbean Basin.

About the Author



Andy Reed is an Associate in the Florida office of HVS, the premier global hospitality consulting firm since 1980. Since joining HVS, Andy has provided consulting services for a number of hotels, resorts, and mixed-use hospitality assets throughout the southeastern United States and the Caribbean. Geographically, his particular markets of interest include Miami, Orlando, the Florida Keys, and remote areas in the Caribbean. Prior to joining HVS, Andy provided a range of consulting services to the public and private tourism and economic development sectors throughout Australia, New Zealand, and portions of Asia. As a graduate of the University of Colorado, Boulder, Andy holds a Bachelors degree in Economics. For additional information, please contact Andy at:

HVS Consulting & Valuation Services
The Tremen Center
8925 SW 148th Street, Suite 216
Miami, Florida 33176
Phone: +1 305-378-0404 x 1019
areed@hvs.com

Sources: Greater Miami Convention & Visitors Bureau; Synovate Research; Smith Travel Research; HVS 2010 U.S. Hotel Valuation Index