



Manhattan Hotel Market Overview

HVS Global Hospitality Services, in cooperation with New York University's Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management, is pleased to present the eleventh annual Manhattan Hotel Market Overview.

Stephen Rushmore **President & Founder, HVS Global Hospitality Services**

In 2007, Manhattan was once again the Number One U.S. lodging market in terms of RevPAR performance. For the fourth consecutive year, RevPAR recorded double-digit growth in 2007, climbing 14.3%, indicative of the continued strength of the Manhattan lodging market. At roundly 87%, occupancy reached its highest level since 1987. This high occupancy also suggests a significant amount of unaccommodated demand in Manhattan, which is expected to be accommodated by the vast number of new hotels proposed for the city in the next three to four years. Considering the current climate, HVS forecasts a soft landing for the Manhattan market, with minor declines in occupancy and softer average rate growth in the near term. In 2007, the volume of hotel sales in Manhattan soared to over \$2.0 billion, excluding the sale of the Hilton New York and the Waldorf=Astoria as part of the Hilton acquisition by Blackstone. This volume was driven by the emergence of overseas players such as Istithmar Hotels, which set a new record through the transfer of interest in the Mandarin Oriental for roundly \$1.4 million per key in February 2007. Overall, we anticipate that overseas hotel companies will capitalize on the weak dollar to further establish or expand their presence in the U.S., causing hotel values to remain strong.

Manhattan hotels pushed their aggregate performance to new heights in 2007, setting records for occupancy, average rate, and RevPAR. Occupancy in the leading hotel market in the U.S. rose to 85.9%, while average rate soared to \$298.81. For the fourth consecutive year, RevPAR recorded double-digit growth in 2007, climbing 14.3%, indicative of the continued strength of the Manhattan lodging market. These high rates were caused primarily by continued strong lodging demand levels in 2007, which allowed hotel operators to be more selective with lower-rated demand and increasingly boost rates, thereby accommodating greater numbers of higher-rated travelers. We note that the market's overall occupancy level of roundly 86% in 2007 indicates that Manhattan continued to operate at near-maximum-capacity levels. Because of a limited supply increase in 2007, the market continued to experience many sell-out nights, causing a significant amount of demand to remain unaccommodated. Given the larger-than-ever construction pipeline in Manhattan, a substantial portion of previously unaccommodated demand is expected to be accommodated in the future. However, as a result of the recent credit crunch and the protracted disruption in the capital markets, some of the hotel developments proposed for Manhattan may not come to fruition, thereby reducing the number in the current pipeline, which bodes well for the market's existing lodging facilities.

HVS Global Hospitality Services

HVS is a global services and consulting organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Since the launching of the firm in 1980, our clients have relied on our specialized industry knowledge and expertise for advice and services geared to enhancing economic returns and asset value. Through a network of more than 20 offices staffed by over 350 seasoned industry professionals, HVS offers a wide scope of services that track the development and ownership process.

Starting with an HVS market feasibility and appraisal study, a newly conceived project is justified. Financing through the HVS investment banking team is then arranged, interiors designed, and management hired. Sales and marketing strategies are developed, and organizational assessments are made. When a client requires actual, on-site hotel or restaurant management and marketing, HVS offers these specialized services as well. HVS asset management provides constant operational oversight to ensure the maximization of economic returns and asset value. No other organization offers such a broad range of services. HVS also has specialists in parking operations, golf courses, and convention centers.

Since the year 2000, HVS has performed more than 20,000 assignments throughout the world for virtually every major industry participant. Our principals literally "wrote the book" on hospitality consulting, authoring numerous authoritative texts and hundreds of articles. HVS is client driven, entrepreneurial, and dedicated to providing the best advice and services in a timely and cost-efficient manner.

About NYU's Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management

The Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management, a division of NYU's School of Continuing and Professional Studies (www.scps.nyu.edu), offers undergraduate, graduate, and continuing education programs that develop professionals with in-depth industry knowledge and the critical thinking skills necessary for leadership roles in the fields of hospitality, tourism, and sports management. The Center's full-time and adjunct faculty is composed of leading practitioners and researchers. Its board of advisors includes senior executives who advise on curricula development and help ensure that coursework reflects the latest industry trends and needs. The Tisch Center's location in the heart of New York City—one of the world's premier tourism and sports destinations—provides its students with multiple internship and

networking opportunities, as well as the chance to study at several on-site “industry classrooms” at such venues as The New York Marriott Marquis, The Waldorf=Astoria, Chelsea Piers, and the NBA Store.

New York University Annual International Hospitality Industry Investment Conference

For 30 years, HVS has played an integral role in New York University’s Annual International Hospitality Industry Investment Conference. Once again, our team of professionals looks forward to welcoming you to this prestigious event, which is scheduled for Sunday through Tuesday, June 1 to June 3, 2008, at The Waldorf=Astoria in New York City.

Acknowledgements

Randy Smith of **Smith Travel Research** (STR) provided the Survey’s comprehensive hotel statistics for Manhattan. STR continues to be the leading source of hospitality industry operating statistics. HVS also acknowledges the assistance of STR’s Jan Freitag, who rendered valuable support. We would also like to thank Joseph E. Spinnato and Rick Amatto of the Hotel Association of New York City (HANYC), as well as Donna Quadri-Felitti, Brenda Fields, and Kathie Stapleton of the Big Apple Chapter of the Hospitality Sales and Marketing Association International (HSMIA) for their assistance. Additionally, in cooperation with New York University, the data-gathering process was largely a contribution of four Tisch Center graduate students—Diana Alfonso, Avery Fletcher, Sajni Patel, and Melissa Pierre—through the coordination of Dr. Mark M. Warner. HVS is pleased to have been a part of this enriching educational process.

HVS Global Hospitality Services would also like to thank its own **Manhattan specialists, Roland de Milleret and Jonathan Sebbane**, for their invaluable contribution and dedication to this project.

Operating History

The following table illustrates aggregate annual room counts, occupancies, and average rates for contributing Manhattan hotels since 1987, as compiled by **Smith Travel Research** (STR). The table also summarizes marketwide rooms revenue per available room (RevPAR); this figure, which is calculated by multiplying occupancy by average rate, provides an indication of how well rooms revenue is being maximized.

Year	No. of Rooms	% Change	Occupied Rooms	% Change	Occupancy	% Change	Average Rate	% Change	RevPAR	% Change
1987	52,683	—	14,624,039	—	76.1	—	\$113.05	—	\$85.98	—
1988	52,768	0.2	14,634,194	0.1	76.0	(0.1)	120.11	6.2	91.26	6.1
1989	52,724	(0.1)	13,873,898	(5.2)	72.1	(5.1)	132.09	10.0	95.23	4.3
1990	54,421	3.2	14,139,816	1.9	71.2	(1.3)	132.34	0.2	94.21	(1.1)
1991	55,058	1.2	13,442,624	(4.9)	66.9	(6.0)	127.54	(3.6)	85.31	(9.4)
1992	56,235	2.1	13,871,555	3.2	67.6	1.0	126.27	(1.0)	85.33	0.0
1993	56,190	(0.1)	14,494,889	4.5	70.7	4.6	126.33	0.1	89.28	4.6
1994	56,083	(0.2)	15,156,219	4.6	74.0	4.8	136.12	7.7	100.78	12.9
1995	57,205	2.0	16,240,921	7.2	77.8	5.1	145.44	6.8	113.12	12.2
1996	57,372	0.3	16,906,189	4.1	80.7	3.8	160.98	10.7	129.97	14.9
1997	58,245	1.5	17,416,819	3.0	81.9	1.5	177.31	10.1	145.26	11.8
1998	58,586	0.6	17,609,297	1.1	82.3	0.5	198.31	11.8	163.31	12.4
1999	59,911	2.3	17,730,575	0.7	81.1	(1.5)	208.64	5.2	169.17	3.6
2000	61,464	2.6	18,771,462	5.9	83.7	3.2	222.73	6.8	186.37	10.2
2001	63,433	3.2	17,236,084	(8.2)	74.4	(11.0)	195.94	(12.0)	145.86	(21.7)
2002	63,933	0.8	17,504,963	1.6	75.0	0.8	186.12	(5.0)	139.62	(4.3)
2003	65,058	1.8	18,014,497	2.9	75.9	1.1	181.43	(2.5)	137.64	(1.4)
2004	64,740	(0.5)	19,624,080	8.9	83.0	9.5	201.29	10.9	167.17	21.5
2005	63,745	(1.5)	19,749,523	0.6	84.9	2.2	232.51	15.5	197.36	18.1
2006	63,010	(1.2)	19,462,808	(1.5)	84.6	(0.3)	265.21	14.1	224.43	13.7
2007	64,193	1.9	20,116,036	3.4	85.9	1.5	298.81	12.7	256.54	14.3
Average Annual Compounded Change,										
1987-2007:		1.0		1.6		0.6		5.0		5.6

Sources: Smith Travel Research

Michael R. Bloomberg
Mayor of the City of New York

Dear Friends:

It is a pleasure to welcome everyone to the 30th Annual New York University International Hospitality Industry Investment Conference. Three decades after this event's establishment, business and leisure travelers are flocking to the five boroughs like never before. In fact, an estimated 46 million visitors, including 8.5 million international visitors, came here last year — a new record!

It's no wonder that millions of people are enjoying the rich diversity of our cosmopolitan City. New York accommodations, attractions, dining, entertainment, shopping, sporting events, theater and performing arts are the best in the world. From first-time visitors just discovering the Empire State Building and Broadway to seasoned veterans exploring more of our diverse, exciting neighborhoods, our City presents endless possibilities.

There's never been a better time to visit the greatest City on earth, and with the help of those gathered here today, I know that we can meet our ambitious goal of drawing 50 million visitors per year by 2015. Please accept my best wishes for an enjoyable and productive conference.

The Manhattan hotel market has experienced dramatic cycles since the late 1980s. A significant downturn occurred in the early 1990s, reflecting the combined impact of supply additions, a nationwide recession, several disappointing years in the financial markets, and the Persian Gulf War; the result was a substantial decline in both occupancy and RevPAR. Signs of true recovery began to appear in 1993, and by the end of 1994, it was clear that a dramatic improvement in the market was underway.

Supply decreased slightly in 1994 while demand growth accelerated, engendering a 4.6% increase in the number of occupied rooms. Marketwide average rate exhibited a robust increase of 7.7%. As a result of these factors, RevPAR jumped by 12.9%. The improvement that was evident in 1994 came as a result of a number of factors, not the least of which was the onset and acceleration of the nationwide economic recovery. In addition, the state's 5.0% tax on hotel rooms that cost more than \$100 was repealed on September 1, 1994, and the city's room tax was reduced by one percentage point. These changes lowered the city's hotel room tax from 19% (which had been the highest in the nation) to the current level of 13%. The metropolitan area also hosted World Cup Soccer and the Gay Games in the summer of 1994; both of these events contributed to record occupancies during what is typically considered to be the off-season.

Demand growth accelerated in 1995, causing marketwide occupancy to increase to 77.8%. Given the seasonality of the Manhattan market, as well as typical weekly patterns, it is clear that occupancy was reaching a saturation point in 1995, and a large amount of demand was left unaccommodated. This high occupancy also led to further gains in average rate.

We note that there were also a number of special events that took place in 1995. The two most significant occurred during periods that are generally characterized by strong demand. The visit of Pope John Paul II and the United Nations' 50th anniversary celebration resulted in virtually sold-out conditions throughout the city in October and early November. In addition, the December holiday shopping season was unusually strong. With overall occupancies nearing 80% in April, May, June, August, and December, and exceeding 85% in September, October, and November, it is apparent that New York City hotels were turning away a significant amount of business.

Despite an unusually harsh winter and the lack of any major citywide events in 1996, demand continued to grow at a strong rate, limited primarily by the lack of available accommodations, particularly during peak periods. New York City hotel operators took advantage of the undersupply of hotel rooms by pursuing aggressive pricing policies, which resulted in an average rate increase of 10.7%.

Although 1997 saw a slight increase in guestroom supply (which resulted primarily from the reopening of the 1,013-room Roosevelt Hotel), demand increased by 3.0%, and occupancy rose by 1.5%. In 1998, despite the opening of four new hotels late in the year, the overall room supply grew by only 0.6%, which was largely reflective of the closing of the Peninsula and the Beverly, which were undergoing renovation. Although the market was believed to have reached a maximum occupancy, there was a further occupancy gain of 0.5% in 1998, to a level of 82.3%. Average rate rose by a strong 11.8%, reaching \$198.31. These increases resulted in RevPAR growth of 12.4%.

In 1999, the 1,642 new rooms that entered the market (a net addition of 1,325 rooms) had only a minor impact on occupancy. Room supply increased by 2.3%, outpacing the 0.7% growth in demand, and as a result, occupancy slipped by 1.5%. We note that the year ended on a relatively strong note; although demand dropped during the first six months of 1999, causing many hotel operators to wonder if New York had out-priced itself, demand rose by 10.4% during the last half of 1999 compared to the first half of the year.

The year 2000 was another record year for the Manhattan hotel market. Boosted by exceptionally strong first and second quarters, the Manhattan lodging market posted a 10.2% gain in RevPAR in 2000, the market's eighth consecutive RevPAR increase. Demand for room nights increased 5.9% over 1999's record level, causing citywide occupancy to hit a stratospheric 83.7%. With the exception of 1999, which saw a substantial increase in supply, RevPAR registered double-digit growth each year from 1994 through 2000.

However, supply increases significantly outpaced demand growth in the last quarter of 2000 and the first quarter of 2001. Although the market was easily able to absorb the new rooms over the summer and fall months of 2000, the first quarter of 2001 was more problematic, as five new hotels with a total of 573 guestrooms opened between December 2000 and February 2001.

A second significant downturn started in 2001, as a result of the slowdown in the national and regional economies, the backlash from the dot-com debacle, and the September 11 terrorist attacks; the result was even more dramatic than that of the previous recession, with a RevPAR decline of 21.7%. We note that the number of occupied rooms, or demand, started declining as of March 2001.

In 2002, marketwide occupancy rose slightly, as many hotels employed a strategy of aggressive rate discounts to stimulate demand and maintain occupancy levels; marketwide average rate decreased further, resulting in a RevPAR decline of 4.3%, compared to 2001. Following a RevPAR decline of 1.4% in 2003, composed of a 1.1% gain in occupancy and a 2.5% decline in average rate, 2004 and 2005 ended on very positive notes for the Manhattan lodging market, recording RevPAR increases of 21.5% and 18.1%, respectively. Between 2003 and 2005, average rate rose by more than \$50.00, or an increase of 28.2%, while occupancy improved by nine percentage points, from 75.9% in 2003 to 84.9% in 2005.

Occupancy in Manhattan remained relatively stable in 2006, which was not a result of an economic slowdown but reflective of the extraordinarily high occupancy levels registered during the first three months of 2005. This strong demand was caused by an art installation in Central Park that took place in February and March 2005, and attracted a significant number of visitors to New York City, which resulted in occupancies of 80.5% in February and 87.5% in March 2005, unusually high levels for the city's generally low-season first quarter. Thus, occupancy declined during the first quarter of 2006. In addition, due to continued strong demand levels in the market in 2006, hotel operators focused primarily on average rate growth rather than volume by accommodating greater numbers of higher-rated commercial travelers; this strategy allowed average rate to grow by double-digit numbers every month in 2006 (with the exception of December). Marketwide average rate rose by 14.1% in 2006, causing RevPAR to increase by a noteworthy 13.7%. As a result, marketwide occupancy and average rate both achieved new record levels in 2006.

Statistics for year-end 2007 exhibited continued strong growth in Manhattan. We note that demand growth is currently impacted by capacity constraints imposed by the city's room inventory, which operates at near-maximum-capacity levels during many months of the year. As a result, occupancy rose by a modest 1.5% in 2007, attributable to a 3.4% increase in demand. The increasing supply compression allowed Manhattan hotel operators to realize an average rate gain of 12.7% in 2007, causing RevPAR to increase by 14.3% compared to 2006 and resulting in the fourth consecutive year of double-digit RevPAR growth. In terms of both average rate and RevPAR, Manhattan hotels reported the highest levels of any U.S. city in 2007. Although a slowing U.S. economy was evident in the second half of 2007, Manhattan hotels exhibited a very strong performance during this period.

The following table sets forth monthly changes in occupancy, average rate, and RevPAR from 2004 to 2007.

Month	Occupancy				Average Rate				RevPAR			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
January	10.8%	6.4%	2.3%	0.7%	(0.5)%	7.3%	15.9%	8.6%	10.3%	14.2%	18.6%	9.4%
February	8.2%	8.3%	(5.3)%	2.6%	0.2%	10.8%	12.1%	11.3%	8.4%	20.1%	6.2%	14.3%
March	23.8%	3.4%	(3.0)%	1.3%	7.7%	11.0%	14.8%	13.6%	33.4%	14.8%	11.3%	15.1%
April	28.3%	1.5%	1.5%	(0.2)%	9.4%	16.2%	15.3%	12.4%	40.3%	17.9%	17.0%	12.2%
May	13.6%	2.5%	(1.5)%	1.5%	14.2%	13.0%	17.2%	12.2%	29.7%	15.7%	15.5%	13.9%
June	8.6%	0.8%	(2.2)%	1.0%	14.6%	17.3%	15.9%	11.9%	24.4%	18.3%	13.4%	13.0%
July	9.1%	3.7%	(1.6)%	1.9%	12.0%	14.0%	13.0%	11.4%	22.2%	18.2%	11.1%	13.5%
August	1.8%	4.1%	2.3%	4.7%	15.3%	12.3%	12.8%	14.7%	17.4%	16.9%	15.4%	20.2%
September	6.8%	2.5%	(0.9)%	(0.9)%	14.1%	24.7%	12.5%	12.1%	21.9%	27.8%	11.4%	11.1%
October	3.1%	(1.7)%	1.7%	2.6%	13.2%	18.3%	13.7%	16.2%	16.7%	16.2%	15.7%	19.2%
November	3.3%	0.7%	1.2%	0.4%	14.8%	20.6%	12.9%	14.3%	18.5%	21.4%	14.3%	14.8%
December	3.4%	(3.0)%	1.7%	1.5%	14.1%	19.1%	10.6%	10.7%	17.9%	15.5%	12.5%	12.4%
Total	9.5%	2.2%	(0.3)%	1.5%	10.9%	15.5%	14.1%	12.7%	21.5%	18.1%	13.7%	14.3%

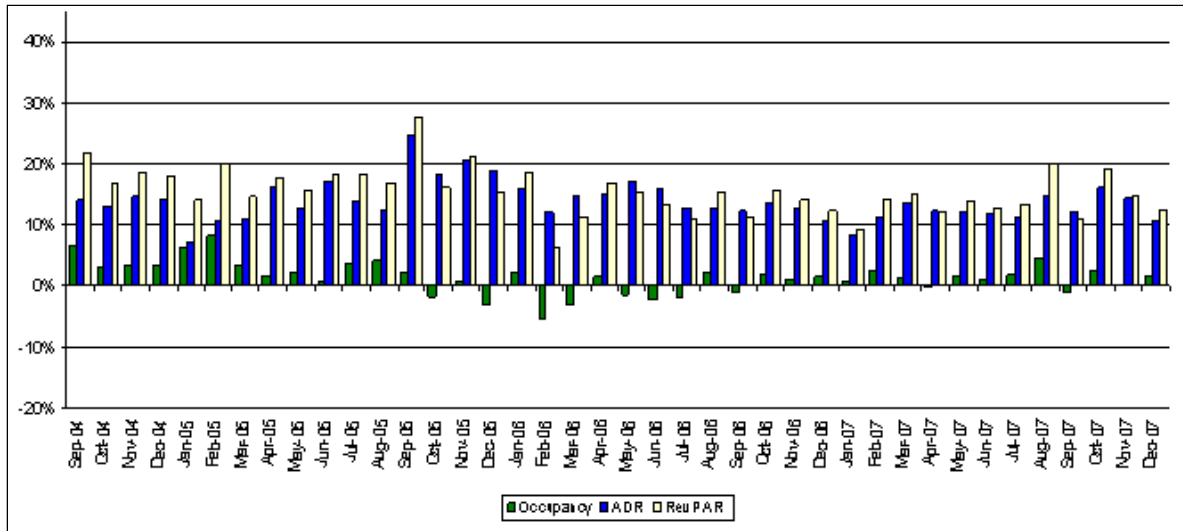
Source: Smith Travel Research

The combination of an improved economic climate in 2004, and the market's poor performance during the first four months of 2003 owing to the war in Iraq and the outbreak of the SARS epidemic, resulted in an exceptionally strong 21.5% RevPAR increase in 2004, compared to 2003. Monthly statistics for 2004 indicate that year-over-year RevPAR increases ranged from a low of 8.4% in February to a high of 40.3% in April. While RevPAR growth during the first four months of 2004 was paced primarily by strong increases in occupancy, average rate growth exceeded the corresponding occupancy growth from May through December, suggesting that the heightened demand compression in the market enabled hoteliers to achieve robust year-over-year room rate increases. For the first time since 1994, room supply declined slightly in Manhattan from 2004 to 2006 as a result of the closing of several hotels for conversion to condominiums. In 2005, the positive trends prevailing in the market continued, and RevPAR grew by roundly 18.1%, compared to 2004. With overall occupancy near a maximum-capacity level in 2005, year-over-year monthly RevPAR increases ranged from 14.2% to 27.8%.

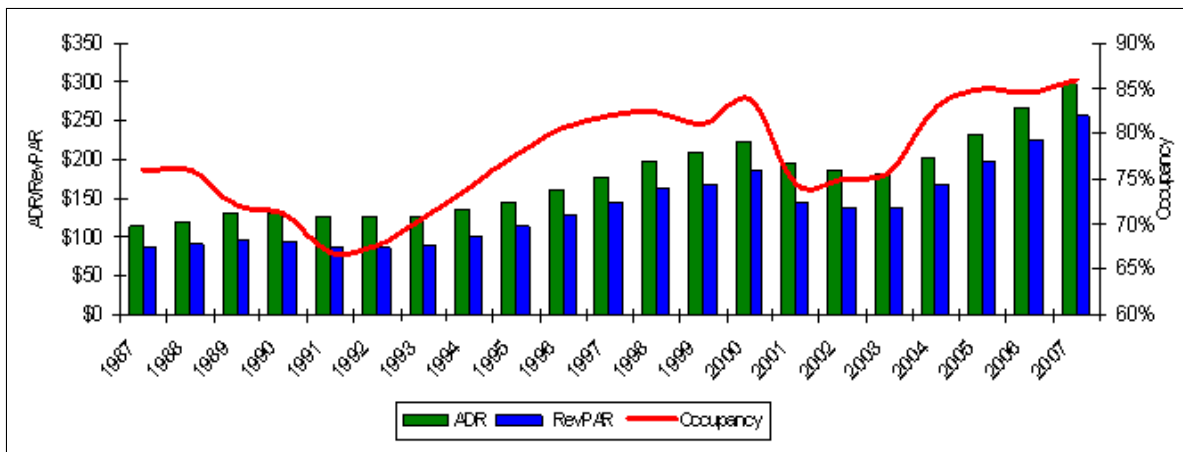
October and December 2005 registered minor declines in occupancy. Slightly higher decreases occurred in February and March 2006 compared to the corresponding periods in 2005; as mentioned previously, these declines in 2006 were the result primarily of the exceptionally high occupancy levels, in the high-80s, registered during the prior year's first quarter, which is typically Manhattan's low-season period. Average rate continued its upswing in 2006, at a strong rate of 14.1%, contributing to a RevPAR gain of 13.7%.

Hotels in Manhattan pushed their aggregate performance to new heights in 2007, setting records for occupancy, average rate, and RevPAR. Occupancy in the leading hotel market in the U.S. rose to 85.9%, while average rate soared to \$298.81. For the fourth consecutive year, RevPAR recorded double-digit growth in 2007, climbing 14.3%, indicative of the continued strength of the Manhattan lodging market.

The following chart sets forth the year-over-year percent change from September 2004 through December 2007 for occupancy, average rate (ADR), and RevPAR.



The following chart illustrates Manhattan's lodging market performance from 1987 through 2007.



As evidenced in the preceding chart, overall RevPAR bottomed in 1991 and peaked in 2007, exceeding the 2006 level by \$32.11, or 14.3%.

New Supply

Jonathan M. Tisch
Chairman & CEO, Loews Hotels

While we are entering more uncertain times, New York City is coming out of another record year for travel and tourism. In 2007, 46 million people visited the city, spending nearly \$28 billion. New York was also the only major city in the United States to increase its overseas travelers. And with New York's concerted focus on international travelers, including an innovative marketing campaign and travel offices across the globe, we believe we can remain strong even as the economy softens.

In 2007, ten new hotels entered the Manhattan market, adding 1,394 rooms to the market's inventory. Boutique properties represent 80% of the new supply and range from mid-scale to luxury in terms of facilities, amenities, and service. Included in the new supply is the Hotel Mela (former King Edward Hotel), an upscale boutique property managed by Desires Hotels, a division of Tecton Hospitality. The property features roundly 2,000 square feet of meeting space, a restaurant and bar, a fitness center, and flat-screen televisions in all rooms. The Six Columbus was purchased in late 1999 as the former West Park Hotel and redeveloped and expanded as an upscale boutique hotel by Thompson Hotels. Steven Sclaroff is the property's designer. The hotel is located near the Time Warner Center, southwest of Columbus Circle, and features a Blue Ribbon sushi restaurant and bar. McSam Hotel Group and Magna Hospitality converted a former office building on the southeast corner of East 35th Street and Fifth Avenue into a limited-service boutique hotel known as the Hotel 373 Fifth Avenue.

The following table lists the new lodging facilities that opened in Manhattan between 2000 and 2007, as well as hotels that reopened during that period. Roundly 40% of the new supply that entered the market in 2007 is located in the Midtown West area, while the remaining is in SoHo/Lower Manhattan, in Downtown, on the Upper West Side (Empire Hotel), and in Midtown East.

Name of Hotel	Location	Type	No. of Rooms	Opening Date	Developer/Owner
Upper East Side					
Courtyard by Marriott	92nd Street and First Avenue	Mid-scale	226	Aug 2006	Madison Equities, LLC
	<i>The property is part of a mixed-use development that includes ±40,000 square feet of meeting space. The developer also built a 196-unit residential building on the adjacent site. The two buildings share an exercise facility, a sauna, and a restaurant.</i>				
Upper West Side					
The Empire Hotel	44 West 63rd Street	Boutique	413	Oct 2007	West 63 Empire Associates, LLC
	<i>In December 2003, the Empire Hotel, located on West 63rd Street, closed; this property was to be converted to luxury residential use. However, as a result of improved market conditions in Manhattan, the property was recently renovated and reopened as a boutique hotel in October 2007.</i>				
Midtown West					
Herald Hotel	34th St. & Broadway, SE corner	Extended-Stay	60	Jan 2000	JEMB Realty
Red Roof Inn	6 West 32nd Street	Economy	171	Jun 2000	Apple Core Hotels
Hilton Times Square	42nd St. (between 7th & 8th Aves.)	Upscale	443	Jun 2000	Forest City Ratner
Sofitel	44th St. (between 5th & 6th Aves.)	Upscale	398	Jul 2000	Accor
The Muse	130 West 46th Street	Boutique	200	Aug 2000	Cornerstone
Hudson Hotel	57th St. (between 8th & 9th Aves.)	Mid-scale	810	Nov 2000	Morgans Hotel Group
Bryant Park Hotel	40th St. (between 5th & 6th Aves.)	Boutique	128	Feb 2001	Pilevsky & McNally
The Chambers Hotel	56th St. (between 5th & 6th Aves.)	Boutique	77	Feb 2001	Ira Drukier and Richard Born
Comfort Inn	442 W. 36th (between 9th & 10th Aves.)	Economy	56	Jun 2001	Heena Hotel, LLC
W Times Square	47th St. & Broadway (SW corner)	Boutique	509	Dec 2001	Intell Real Estate/Starwood
Best Western	522-24 W. 38th St. (bet. 10th & 11th Aves.)	Economy	83	Jan 2002	Unigroup Hotel, LLC
City Club Hotel	55 West 44th Street	Boutique	65	Jan 2002	Metropolitan Hotels, LLC
Ritz-Carlton	50 Central Park South	Luxury	277	May 2002	Millennium Partners
Hotel 41	216 West 41st Street	Boutique	47	Aug 2002	Private Investment Group
Westin Times Square	270 43rd St. & 8th Avenue	Upscale	863	Oct 2002	Tishman Urban Development Corporation
La Quinta Inn Manhattan	17 West 32nd Street	Economy	182	May 2003	Apple Core Hotels
Hampton Inn Chelsea	W. 24th Street (between 6th & 7th Ave.)	Mid-scale	144	Aug 2003	Hersha Hospitality
	<i>Hersha Hospitality is also involved with the 136-room Hampton Inn Herald Square and the 65-room Hampton Inn Seaport.</i>				
Mandarin Oriental	10 Columbus Circle	Luxury	248	Nov 2003	Related Co./Mandarin Oriental Hotels
	<i>In July 1998, the Metropolitan Transit Authority, former owner of the New York Coliseum, approved the sale of that site for \$345,000,000. In the summer of 1999, Related Companies and Time Warner began demolition of the Coliseum exhibition hall and an adjacent office tower to make way for a ±2,100,000-square-foot complex that now houses the world headquarters of Time Warner. This project also includes a Mandarin Oriental hotel; the property's facilities consist of 248 guestrooms, roundly 9,610 square feet of meeting space, a restaurant, a lobby lounge, a bar, and a ±14,500-square-foot health spa. The hotel component opened in November 2003; the construction of the entire complex was completed in mid-2004.</i>				
Blakely New York	136 W. 55th Street	Mid-scale	115	Jun 2004	Richard Born & Ira Drukier
	<i>The former Gorham Hotel reopened as the Blakely New York in June 2004, following a renovation. The hotel is operated by BD Hotels.</i>				
Dream Hotel	210 West 55th Street	Boutique	220	Oct 2004	Surrey Hotel Associates
	<i>The former Majestic hotel reopened as the Dream hotel following an extensive renovation. The hotel is managed by Hampshire Hotels.</i>				
Hotel QT	W. 45th Street (between 6th & 7th Aves.)	Boutique	140	Jan 2005	Andre Balazs Properties
Hampton Inn Herald Square	W. 31st Street (between 6th & 7th Aves.)	Mid-scale	136	Feb 2005	Hersha Hospitality
	<i>Hersha Hospitality is also involved with the 144-room Hampton Inn Chelsea and the 65-room Hampton Inn Seaport.</i>				
Hampton Inn Times Square	851 8th Avenue at 51st Street	Mid-scale	300	Aug 2005	Carlyle Group/Highgate Hotels
	<i>Formerly, the hotel was affiliated with the Howard Johnson brand.</i>				
Holiday Inn Express Fifth Ave.	15 West 45th Street (between 5th & 6th Aves.)	Mid-scale	125	Sep 2005	JFK Airport SAI Hospitality

<i>The hotel is operated by Magna Hospitality Group, LC.</i>					
Hilton Garden Inn Times Square	790 Eighth Avenue (between 48th & 49th Sts.)	Mid-scale	369	Nov 2005	Carlyle Group/Highgate Hotels
<i>Formerly, the hotel was affiliated with the Days Inn brand.</i>					
Residence Inn Times Square	1033 Ave. of the Americas	Extended-Stay	357	Dec 2005	G. Holdings
<i>Built by Harry Gross, developer of the Courtyard Times Square, this hotel represents the first flagged extended-stay product in Manhattan.</i>					
The Night	132 West 45th Street	Boutique	70	Apr 2006	Hampshire Hotels & Resorts
Rockefeller Center Hotel	25 West 51st Street	Boutique	80	May 2006	Club Quarters Corporate
<i>The Rockefeller Center Hotel is the first hotel in Rockefeller Center. Located at the top of Rockefeller Plaza, many guestrooms face the ice-skating rink, Radio City Music Hall, and St. Patrick's Cathedral. The hotel features a restaurant, a bar and lounge, a fitness center, a business center, and 24-hour concierge service.</i>					
Wingate Inn	235 West 35th Street	Mid-scale	92	Sep 2006	Ocean King, LLC
<i>Represents the first Wingate Inn in Manhattan.</i>					
Holiday Inn Express Chelsea	232 West 29th Street	Mid-scale	228	Nov 2006	McSam Hotel Group
Howard Johnson Express Inn	449 West 36th Street	Economy	40	Dec 2006	The Lam's Group
Hotel Mela	120 West 44th Street	Boutique	230	Jan 2007	O&O Properties
Hilton Garden Inn Chelsea	119 West 28th Street	Mid-scale	169	Oct 2007	McSam Hotel Group
Six Columbus	6 Columbus Circle	Boutique	88	Oct 2007	Pomeranc Group
Comfort Inn Times Square	305 West 39th Street	Mid-scale	78	Nov 2007	McSam Hotel Group
Midtown East					
Thirty Thirty	East 29th St. (bet. Park & Lexington Aves.)	Mid-scale	251	Jul-00	PMG
<i>This hotel underwent an extensive renovation in 2006/07, including all guestrooms and public space, in connection with the conversion of the property to a boutique hotel.</i>					
Library Hotel	299 Madison Ave. at 41st St.	Boutique	60	Aug 2000	Henry Kallan
Dylan Hotel	52 East 41st Street	Boutique	107	Oct 2000	Morris Moinian/Allied Hospitality
Park South Hotel	122 East 28th Street	Boutique	143	Sep 2001	Atlantic Stars
Le Marquis	12 East 31st Street	Boutique	123	Sep 2001	Le Marquis Associates
The San Carlos - Reopened	150 East 50th Street	Boutique	147	May 2003	San Carlos Hotel, Inc.
The Alex	205 East 45th Street (bet. 2nd and 3rd Aves.)	Boutique	203	Sep 2003	Izak Senbahar/Simon Elias
<i>Developer Izak Senbahar and hotelier Simon Elias developed "The Alex," a 31-story tower between Second and Third Avenues. The Alex includes a 73-room, high-end boutique hotel on the lower ten stories, plus 130 furnished apartments available for a minimum stay of one month. In addition, the hotel offers an upscale restaurant, Riingo.</i>					
70 Park Avenue Hotel	70 Park Avenue	Boutique	205	Jul 2004	Kimpton Hotels
<i>The 88-room Doral Park Avenue closed in November 2003 to undergo a \$19-million renovation and expansion program, including the addition of 17 guestrooms. The property reopened in mid-July 2004 as the 70 Park Avenue Hotel, a 205-room, upscale, boutique hotel affiliated with Kimpton Hotels.</i>					
Hotel 373 Fifth Avenue	373 Fifth Avenue	Boutique	70	Feb 2007	Magna Hospitality Group LC
<i>McSam Hotel, LLC and Magna Hospitality converted a former office building on the southeastern corner of East 35th Street and Fifth Avenue into a limited-service boutique hotel, known as the Hotel 373 Fifth Avenue.</i>					
SoHo/Lower Manhattan					
Tribeca Grand	6th & White Streets	Boutique	203	May 2000	Hartz Mountain Industries
W Hotel	Union Square, Park Ave. So. & 15th St.	Boutique	270	Nov 2000	Starwood/Related Cos.
60 Thompson St.	60 Thompson Street	Boutique	101	Feb 2001	Thompson Hotels/Pomeranc Group, LLC
Howard Johnson	135 East Houston	Economy	46	Dec 2001	Metro One Hotel, LLC
Maritime Hotel	Ninth Ave (between 16th and 17th Sts.)	Boutique	125	Jun 2003	Private Developers
<i>The 12-story building was reportedly purchased for \$19 million in 2001 by Sean MacPherson and Eric Goode, best known as developers of restaurants and clubs. They were joined by Mr. Born and his partner, Ira Drukier, who are hotel developers and investors. The property has been extensively renovated and is marketed as an upscale boutique hotel; total cost of the project amounts to roundly \$33 million.</i>					
Hotel Gansevoort	Ninth Ave and 13th Street	Boutique	187	Mar 2004	WSA Management, Ltd
Clarion Solita Soho	159 Grand Street	Boutique	42	Aug 2004	SoHo Grand Center, LLC
<i>This lodging facility is part of the Clarion Collection.</i>					
Hotel on Rivington	107 Rivington Street	Boutique	110	Oct 2004	Paul Stallings

<i>According to the developer, Paul Stallings, the cost of constructing the property amounted to \$30 million.</i>					
Blue Moon Hotel	100 Orchard Street	Boutique	22	Feb 2006	Randy Settenbrino
<i>The Blue Moon Hotel is the city's only kosher hotel and is located across from the Tenement Museum. The interior design reflects the Old World charm of late-19th century Orchard Street.</i>					
Gramercy Park Hotel	2 Lexington Avenue	Boutique	185	Sep 2006	Ian Schragar Company
<i>Ian Schragar closed the 357-unit Gramercy Park Hotel in February 2005 for an extensive renovation. Following the completion of the renovation, the hotel reopened as a 185-unit luxury boutique lodging facility. The property is connected to a tower, 50 Gramercy Park North, housing 23 residential units, and features a 190-seat restaurant, Wakiya, operated by the team from Nobu, a private roof club and garden, meeting space, and two bars.</i>					
The Bowery Hotel	335 Bowery	Boutique	135	Feb 2007	Eric Goode & Sean MacPherson
Hotel East Houston	151 East Houston Street	Boutique	40	Oct 2007	
Duane Street Hotel	130 Duane Street	Boutique	45	Dec 2007	Hersha Group
Downtown					
Ritz-Carlton Battery Park	2 West Street	Luxury	298	Jan 2002	Millennium Partners
Marriott Financial Center - Reopened	85 West Street	Upscale	504	Jan 2002	Host Marriott Corporation
Embassy Suites - Reopened	Battery Park City	Mid-scale	463	May 2002	Forest City Ratner
Millenium Hilton - Reopened	55 Church Street	Upscale	565	May 2003	CDL Hotels
Hampton Inn Seaport	320 Pearl Street	Mid-scale	65	Mar 2006	Hersha Hospitality Trust
<i>Hersha Hospitality is also involved with the 136-room Hampton Inn Herald Square and the 144-room Hampton Inn Chelsea</i>					
Gild Hall	15 Gold Street	Boutique	126	Dec 2007	Thompson Hotels/Pomeranc Group, LLC

As illustrated in the preceding table, the majority of the new supply in Manhattan since 2000 has been in the form of boutique properties. Overall, boutique hotels represent 34 of the 65 hotels, or 38% of the guestrooms that entered the market or reopened in Manhattan between 2000 and 2007. New boutique hotels range from mid-scale to luxury in terms of facilities, amenities, and service. It is noteworthy that only one boutique hotel opened in the Financial District. A further 4,556 boutique hotel rooms are expected to enter the Manhattan hotel market over the next four years. Fifteen new mid-scale hotels opened between 2000 and 2007, or 27% of the total new rooms. Another 4,890 mid-scale guestrooms are expected to enter the Manhattan market over the next four years.

The following table illustrates hotels that have closed in Manhattan in recent years.

Name of Hotel	Location	Type	No. of Rooms	Closing Date
Midtown West				
The Helmsley Windsor Hotel	100 West 58th Street	Upscale	(240)	Nov 2003
<i>Conversion to residential use</i>				
InterContinental CPS	112 Central Park South	Luxury	(211)	Jun 2004
<i>Conversion to residential use</i>				
The Plaza	Fifth Avenue at Central Park South	Luxury	(805)	May-05
<i>In October 2004, Plaza Operating Partners, Ltd. sold the 805-room Plaza to Elad Properties for a reported total consideration of \$675,000,000, or approximately \$838,500 per room. The Plaza is being converted into a mixed-use development containing ±181 luxury condominium units, ±108,000 square feet of high-end retail space, three food and beverage outlets, a 130-unit transient luxury hotel, and a 152-unit condominium hotel. The plans also called for the preservation of the Plaza's Palm Court, Oak Bar, and Ball Room. The hotel operation will also contain ±2,500 square feet of meeting space. A soft opening of The Plaza hotel occurred on March 1, 2008.</i>				
Wyndham	42 West 58th Street	Mid-scale	(209)	Jul 2005
<i>Conversion to extended-stay studio apartments</i>				
Royalton	44 West 44th Street	Boutique	(169)	Jun 2007
<i>The Morgans Hotel Group temporarily closed the Royalton for a major renovation that encompassed all guestrooms and the conversion of a number of units into three penthouses. The renovation also addressed the redesign of the hotel's public areas, including the entrance, the lobby, hallways, bars, and restaurant. The cost of the renovation has not been published. The hotel reopened in October 2007.</i>				
Midtown East				
Sheraton Russell	45 Park Avenue	Upscale	(146)	Dec 2005
<i>Conversion to residential use</i>				
Swissotel The Drake	Park Avenue & 56th Street	Upscale	(495)	Mar 2006
<i>The property reportedly will be demolished to make way for a new 70-story, mixed-use residential condominium.</i>				
St. Regis	2 East 55th Street	Upscale	(78)	Jan 2006
<i>This hotel converted 59 units to residential use as of January 1, 2005, and a further 19 units in March 2006. The property was originally built in 1904 by John Jacob Astor and was declared a landmark in 1988.</i>				
Upper West Side				
Empire Hotel	44 West 63rd Street	Mid-scale	(381)	Dec 2003

In December 2003, the Empire Hotel, located on West 63rd Street, closed; this property was to be converted to luxury residential use. However, as a result of improved market conditions in Manhattan, the property was recently renovated and reopened as a boutique hotel in October 2007.

Mayflower	15 Central Park West	Mid-scale	(365)	Oct 2004
<i>In August 2004, the 18-story, 365-unit Mayflower on the Park, located at 15 Central Park West at West 61st Street, and an adjacent lot, were acquired by a partnership (consisting of William Lie Zeckendorf and his brother Arthur W. Zeckendorf; the Whitehall Fund, a proprietary investment fund managed by Goldman Sachs & Co.; and Caryle M.G. Limited) for a reported total consideration of \$401 million. Subsequent to the acquisition, the property was closed, and the new owners plan to convert the hotel and develop the adjacent parcel into cooperative units.</i>				
Upper East Side				
Hotel Delmonico	Park Ave. and 59th Street	All-Suite	(152)	Apr 2002
<i>Conversion to residential use</i>				
Stanhope Park Hyatt	995 Fifth Avenue	Luxury	(185)	Feb 2005
<i>Conversion to residential use</i>				
The Melrose Hotel	140 East 63rd Street	Boutique	(306)	Jun 2005
<i>Conversion to residential use</i>				
The Mark	25 East 77th Street	Luxury	(176)	Dec 2006
<i>Partial conversion to residential use</i>				
The Pierre	2 East 61st Street	Luxury	(200)	Jan 2008
<i>Hotel rooms are currently under renovation, but banquet and meeting rooms are available for use.</i>				
Downtown				
Regent Wall Street	55 Wall Street	Luxury	(144)	Feb 2004
<i>Conversion to residential use</i>				
			Total	(4,262)
			<i>Excluding Empire Hotel</i>	<i>(3,881)</i>

Sixteen hotels closed for full or partial condominium conversions from April 2002 through January 2008, accounting for a total of 4,262 guestrooms, or roundly 6.6% of the 2007 room inventory. These conversions reflect the strength of the Manhattan condominium market. We note that the condominium conversions were primarily limited to upscale residential neighborhoods, mainly around Central Park, where land and buildings are in short supply and condominium prices are high. These properties were all upscale or luxury in nature. Given the limited number of upscale/luxury lodging facilities available for condominium conversion, as well as the strong performance of the Manhattan lodging market, fewer conversions should occur in the next few years. The Empire Hotel, which was closed in December 2003, was originally acquired for conversion to residential use. However, because of the current strength of the Manhattan lodging market, the owners reopened the property in October 2007 as an upscale boutique hotel following a ±\$30-million renovation. Additionally, the Mark was originally planned to be converted into co-op units. However, following the renovation and redevelopment of the property, it will contain 118 guestrooms, 36 hotel co-op units, and 6 co-op units. Hotel co-op units may be entered into a rental program upon the desire of the unit owner. The property's meeting space will be converted to guestrooms, resulting in an increase in available guestroom units. The property will also contain an on-site spa/salon to be leased to Frederic Fekkai, a renowned New York spa/salon operator. The hotel's restaurant will be reconfigured as an extension to St. Ambroeus, a leased patisserie/restaurant on the ground floor of the four-story residential building. The combined space will also contain a private dining room. The Mark's reopening is scheduled for July 2008.

In 2004, the Regent Wall Street, the InterContinental Central Park South, and the Mayflower closed in February, June, and October, respectively; these properties converted to luxury condominiums.

Four properties closed in 2005 for either complete or partial conversion to residential use: the 185-room Stanhope Park Hyatt in February, the 805-room Plaza in May, the 306-room Melrose in June, and the 146-room Sheraton Russell in December. A fifth property, the 209-room Wyndham Hotel on West 58th Street, closed in July 2005 for possible conversion to extended-stay studio apartments. Elad Properties acquired the 805-room Plaza in October 2004, and the property is being converted into a mixed-use development containing ±181 luxury residential units, ±108,000 square feet of high-end retail space, three food and beverage outlets, a 130-unit transient luxury hotel, and a 152-unit condominium hotel. The plans also called for the preservation of the Plaza's Palm Court, Oak Bar, and Ball Room. A soft opening of The Plaza hotel occurred on March 1, 2008.

Two hotels closed in 2006: the 495-room Swissôtel The Drake in March and the 176-room Mark in December. In addition, the St. Regis converted a total of 78 units to residential use. The Swissôtel The Drake, at 56th Street and Park Avenue, was sold in April 2006. The property reportedly will be demolished to make way for a new 70-story, mixed-use residential condominium.

Furthermore, the Royalton hotel closed from June 10 through October 2007 for a comprehensive renovation and redesign. The Pierre began the second phase of its renovation on January 1, 2008. All 200 guest accommodations, including the 11 Grand Suites with apartment-like quarters and private terraces, 41 suites, and all guestrooms will be upgraded and renovated, as will the corridors, public areas, Café Pierre, and the bar. The estimated overall cost associated with the renovation program is \$100 million. The first phase of the Pierre renovation was completed in January 2007 and included the Grand Ballroom, Cotillion Room, and foyer. All banquet spaces on the second floor will remain open throughout the second phase of the renovation and will remain accessible by a private entrance on 61st Street. Although banquet business will continue, the hotel ceased taking guest reservations on December 30, 2007, and the guestrooms and restaurant closed as of noon the next day. The Pierre will fully reopen in early 2009 and will begin taking reservations for the newly renovated accommodations in late 2008.

PROPOSED HOTELS

Improved market conditions during the past three years have generated considerable interest in new hotel development in Manhattan. For the most part, this development has been curtailed by the lack of available financing for new hotel construction and the strength of the office and residential markets; however, a number of hotels have opened recently, and more are expected to enter the market in the near future.

Although it is entirely possible that some of these hotels will fail to open, it is equally possible that less likely projects will proceed, or that new projects will be announced. The following table sets forth the number of new rooms that are anticipated to become available from 2008 through 2011.

Project	Location	Type	No. of Rooms	Anticipated Opening	Developer	Under Construction
Upper East Side						
The Mark	25 East 77th Street	Luxury	118	Jul 2008	Izak Senbahar & Simon Elias	Yes
	<i>The Mark will be converted into 51 co-op units and 100 guestrooms and suites.</i>					
Upper West Side						
aloft	2296-2308 Frederick Douglass Boulevard	Boutique	116	Jun 2010	Capital Dreams LLC	Yes
Dream Hotel	5-15 West 25th Street	Full-Service	252	2010	125 Properties Interests, LLC	Yes
Midtown West						
Plaza Hotel	5th Avenue at Central Park South	Luxury	260	Mar 2008	Elad Properties	Yes
	<i>The Plaza is undergoing conversion to a mixed-use development containing ±181 luxury condominium units, ±108,000 square feet of high-end retail space, three food and beverage outlets, a 130-unit transient luxury hotel, and a 152-unit condominium hotel. The hotel operation will also contain ±2,500 square feet of meeting space. A soft opening of The Plaza hotel occurred on March 1, 2008.</i>					
Ramada Inn	416 Broadway	Mid-scale	80	Spring 2008	King Fook Realty Corp.	Yes
Holiday Inn	121-25 West 26th Street	Full-service	226	May 2008	McSam Hotel Group	Yes
Wyndham Garden Inn	37-39 West 24th Street	Mid-scale	124	Jul 2008	McSam Hotel Group	Yes
DoubleTree Chelsea	124 West 29th Street	Mid-scale	241	Jul 2008	McSam Hotel Group	Yes
Wyndham Garden Inn	341-343 West 36th Street	Mid-scale	228	Aug 2008	West 36 Hotel Ventures, LLC	Yes
The James	101 West 57th Street	Boutique	180	Early 2010	Stephen Shapiro & James Hotels	Yes
Fairfield Inn Chelsea	114-116 West 28th Street	Mid-scale	112	May 2009	The Lam Group	Yes
Fairfield Inn Times Square	330 West 40th Street (b/w 8th and 9th Ave.)	Mid-scale	244	Aug 2008	The Lam Group	Yes
	<i>Located adjacent to the 248-room Four Points on West 40th Street. The hotel will feature a rooftop lounge and bar, which will be shared with the Four Points by Sheraton.</i>					
Four Points Times Square	326 West 40th Street (between 8th and 9th Ave.)	Mid-scale	248	Aug 2008	The Lam Group	Yes
	<i>Located adjacent to the 244-room Fairfield Inn Times Square on West 40th Street. The hotel will feature a rooftop lounge and bar, which will be shared with the Fairfield Inn.</i>					
Candlewood Suites	339 West 39th Street	Mid-scale	183	Oct 2008	McSam Hotel Group	Yes
Holiday Inn Express	343 West 39th Street	Mid-scale	210	Oct 2008	McSam Hotel Group	Yes
Hampton Inn	337 West 39th Street	Mid-scale	186	Jun 2008	McSam Hotel Group	Yes
Lamb's Club Hotel	44th Street (b/w 6th and 7th Avenue)	Luxury	99	Aug 2008	Hampshire Hotels & Resorts	Yes
	<i>In addition to guestrooms, the Lamb's Club Hotel will contain 6,000 square feet of meeting space as well as an upscale restaurant from Lotus Partners, a business center, and a health club.</i>					
Hampton Inn	61 West 35th Street	Mid-scale	150	Late 2008	McSam Hotel Group	Yes
Greenhouse 26	132 West 26th Street	Boutique	28	Early 2009	Jack Ancona/Flatiron Real Estate Advisors LLC	No
	<i>The developer will apply for "Leadership in Energy and Environmental Design Gold Status." The 28-room hotel will be the first hotel in New York City to utilize a geothermal heating and cooling system. The 19-story hotel will contain two rooms per level on Floors 2 through 13, with one 325-square-foot unit per floor on the top four floors.</i>					
Staybridge Suites	334 West 40th Street	Extended-stay	310	Apr 2009	Mehta Family, LLC	Yes
Upscale Extended-	311 West 39th Street	Extended-	411	Dec 2009	McSam Hotel Group	Yes

Stay	stay					
Hilton Garden Inn	63-67 West 35th Street	Mid-scale	296	Early 2009	Brack Capital Real Estate	Yes
Hyatt Place	52 West 36th Street	Mid-scale	220	Early 2009	McSam Hotel Group	Yes
Hotel Indigo	127 West 28th Street	Boutique	122	Jan 2010	Fortuna Realty Group	Yes
	<i>Property owner Morris Moinian and his Fortuna Realty Group are constructing the first Indigo-branded hotel in Manhattan. The 20-story structure is expected to cost roundly \$50 million and will be a mid-scale boutique hotel.</i>					
Fairfield Inn	21-23 West 37th Street	Mid-scale	92	Mar 2009	The Lam Group	Yes
The Strand Hotel	33 West 37th Street	Unknown	Unknown	Unknown	The Lam Group	Yes
Clarion	342-344 West 40th Street	Mid-scale	155	Apr 2009	Greenway Realty Holdings	Yes
Cassa Hotel & Residences	45th Street bet. Fifth and Sixth Avenues	Boutique	166	Late 2009	Tecton Hospitality/Desires Hotels	No
The Vu Hotel	653 West 11th Avenue	Boutique	222	Spring 2009	Horizen Global	Yes
	<i>In addition to guestrooms, the Vu will contain an 1,800-square-foot, glass-enclosed bar providing 360-degree views and a swimming pool and whirlpool. This lodging facility will be managed by Kimpton Hotels.</i>					
Boutique Hotel	839 Avenue of the Americas	Boutique	290	Fall 2009	J.D. Carlisle Development Corp.	Yes
	<i>J. D. Carlisle Development Corporation is erecting a 50-story mixed-use tower on 839 Avenue of the Americas, between 29th and 30th Streets. The project will be operated by Kimpton Hotels. China Grill Management will manage the restaurant and bars.</i>					
The Lexington Plaza	West 31st Street (Chelsea)	Mid-scale	124	Jan 2010	Vantage Hospitality Group, Inc.	Yes
Zuri Hotel	23rd Street (b/w 5th & 6th Avenues)	Boutique	178	Jan 2010	Horizen Global	No
Holiday Inn Express	43rd Street (West of Tenth Avenue)	Mid-scale	203	Jun 2010	McSam Hotel Group	No
Comfort Inn	44th Street (West of Tenth Avenue)	Mid-scale	151	Jun 2010	McSam Hotel Group	No
	<i>Located adjacent to the 203-room Holiday Inn Express. These two hotels will be built atop the Amtrak platform.</i>					
Luxury Boutique Hotel	16-18 West 57th Street	Boutique	120	Jan 2010	Ilan Bracha	No
	<i>In addition to guestrooms, the hotel will feature roundly 25,000 square feet of retail space on the bottom three floors as well as an 8,000-square-foot spa. Frank Williams will be the project's architect.</i>					
Wyndham	152-158 West 26th Street	Full-service	280	May 2010	Flintlock Construction Services, LLC	No
The "1" Hotel & Residences	14-20 West 40th Street	Boutique	Unknown	Mid 2010	40th Street Development, LLC	No
	<i>The "1" Hotel and Residences on Bryant Park will be a newly built, 31-story luxury tower on the south side of 40th Street, between 5th and 6th Avenues, overlooking Bryant Park and the New York Public Library. The property is currently home to a surface level parking lot. The building will be designed by architect Morris Adjmi and will feature ±100,000 square feet of hotel and ±86,000 square feet of residential condominiums. The building design was recently approved by the New York City Landmarks Preservation Commission, and 40th Street Development, LLC is currently working with city agencies and local officials on additional city approvals. Starwood Capital/"1" Hotels and 40th Street Development, LLC, an Ascent Real Estate Advisors entity, have signed a letter of intent on the project and are nearing completion of definitive documents.</i>					
Orient-Express Hotel	24 West 53rd Street	Luxury	150	Mid 2011	Orient-Express Hotels	No
	<i>Orient-Express Hotels Ltd. (OEH) has signed an agreement to acquire the land and building of the Donnell branch of the New York Public Library at 24 West 53rd Street. OEH will build a 150-room luxury hotel, including a rebuilt state-of-the-art Donnell Library location within it. The hotel will house contemporary dining, spa, and wellness facilities as well as expanded banqueting and dining space for the existing '21 Club' restaurant. The property will be marketed under a new '21' Hotel brand name. OEH will pay the Library \$59 million in cash, in addition to the value of the library space, which will occupy three levels, including the ground floor of the '21' Hotel. The project is estimated at \$220 million, inclusive of the purchase of the library. The library will close to the public in fall 2008, and the rebuilding is slated for completion in no more than 3.5 years.</i>					
Midtown East						
Howard Johnson	203 East 24th Street	Economy	100	Summer 2008	East Side Inn, LLC	Yes
Gansevoort Park	420 Park Avenue South	Boutique	249	May 2009	Tawil Group & Achenbaum/Kislin Group	Yes
Luxury Boutique Hotel	11 East 31st Street	Boutique	200	Mid 2009	Simon Development Group/KSNY/Apollo RE Advisors	No
	<i>Simon Development Group is currently building a ground-up, 36-story, 200-room luxury boutique hotel. The hotel will feature a dual-level restaurant, a lobby bar and lounge, a rooftop bar, a spa and fitness center, and a large garden. The interior designer of the project is Vincente Wolf; architecture is by Gene Kaufman.</i>					
Andaz by Hyatt	485 Fifth Avenue (b/w 41st & 42nd Streets)	Luxury	167	Late 2009	Hyatt Hotels & Resorts	Yes
Shangri-La Hotel	East 53rd Street (b/w Park & Lex. Avenues)	Luxury	206	Mid 2010	RFR Holding LLC	No
	<i>Sangri-La will occupy a new 64-story tower adjacent to the landmark Seagram Building and plans to offer the largest</i>					

guestrooms in Manhattan, featuring floor-to-ceiling glass windows with views of Park Avenue and Central Park. More than one third of the rooms will be suites, and nearly all rooms will be over 500 square feet. Deluxe rooms will be from 640 to 940 square feet, while suites will be at least 1,000 square feet. Sixty-six of the 206 guestrooms will be sold as condominium hotel units. Amenities will include a spa, and an 80-foot-long swimming pool and a sundeck with a retractable roof on the 9th floor. Other facilities will include a fitness center, a business center, 5,000 square feet of function space, and a signature retail shop. The hotel will also have a lobby lounge with a sidewalk café, a bar, and a restaurant with two private dining rooms.

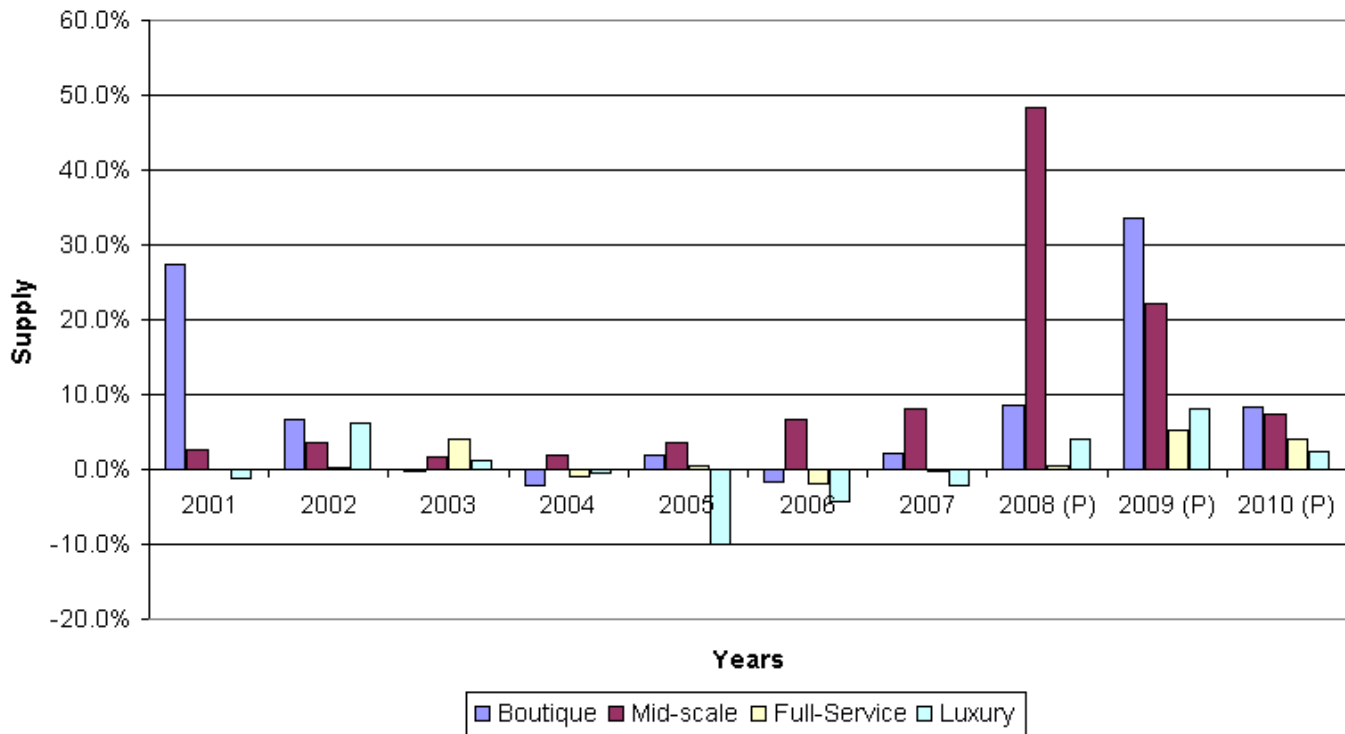
Lower Manhattan

Four Points Soho	66 Charlton Street	Mid-scale	150	May 2008	The Lam Group	Yes
	<i>The Four Points Soho will feature a full-service restaurant, a bar/lounge, a fitness center, limited meeting space, and two luxury suites with hardwood floors and views over the Hudson River.</i>					
The Greenwich Hotel	377 Greenwich Street (Tribeca)	Boutique	90	Mid 2008	Born & Drukier, Robert DeNiro	Yes
	<i>Actor Robert De Niro partnered with hoteliers Ira Drukier and Richard Born to construct the Greenwich Hotel in Tribeca. The hotel is currently being built on a former parking lot at Greenwich and North Moore Streets, adjacent to the Tribeca Film Center.</i>					
Hilton Garden Inn	6 York Street	Mid-scale	150	Mid 2008	McSam Hotel Group	Yes
	<i>The hotel will feature spacious guestrooms, meeting space, a business center, a swimming pool, a whirlpool, and an exercise room.</i>					
Hampton Inn	54 Watts Street	Mid-scale	158	Mid 2008	The Lam Group	Yes
The Standard	848 Washington Street (West 13th Street)	Boutique	344	Summer 2008	Hotels AB	Yes
	<i>This lodging facility is being developed by Hotels AB (André Balazs) and will be the fourth Standard hotel in the U.S. The property will feature extensive food and beverage facilities, including a rooftop lounge, as well as meeting and event space.</i>					
Smyth TriBeCa	85 West Broadway	Boutique	100	Late 2008	Thompson Hotels/Pomeranc Group, LLC	Yes
Cooper Square Hotel	25 Cooper Square (Bowery)	Boutique	145	Late 2008	Peck Moss Hotel Group	Yes
Comfort Inn	61-63 Chrystie Street	Mid-scale	60	Late 2008	BTW Hotels, LLC	Yes
Best Western	231 Grand Street	Economy	102	Late 2008	BTW Hotels, LLC	Yes
Holiday Inn Express	124 Water Street	Mid-scale	112	Late 2008	McSam Hotel Group	Yes
Crosby Hotel	79-85 Crosby Street	Luxury	71	Early 2009	Firmdale Hotels London	Yes
250 Bowery Hotel	250 Bowery (b/w Houston & Prince Streets)	Boutique	63	Early 2009	Peter Moore Associates	Yes
	<i>This green hotel will include sustainable technologies, such as a green roof, a geothermal system, and water-efficient plumbing fixtures. Demolition waste will be recycled, and the new construction materials will be sustainable and rapidly renewable. The hotel will feature a steel facade.</i>					
Trump Hotel & Tower SoHo	246 Spring Street	Luxury	413	Spring 2009	Sapir & Bayrock Group	Yes
Hotel Indigo Union Square	54 West 13th Street	Boutique	95	Early 2009	V3 Hotel Management	Yes
Wyndham	20 Maiden Lane	Mid-scale	115	Aug 2009	McSam Hotel Group	Yes
W New York – Downtown & Residences	123 Washington Street	Boutique	217	Sep 2009	Moinian Group	No
	<i>The mixed-use property will consist of 222 condos and 217 guestrooms. Of the 222 condos, 55 will be studios, 125 will be 1 Br's, and 42 will be 2Br's. A total of 64 condos will come furnished. Designed by Gwathmey Siegel & Associates Architects, the hotel will offer meeting rooms, a spa, and a restaurant. The top floor will feature a garden for the residents. The W New York – Downtown Hotel & Residences will be the first W residential development in Manhattan. It will be the sixth W in New York City.</i>					
Club Quarters Hotel	130 Cedar Street	Full-service	200	Early 2009	Masterworks Development Company	Yes
	<i>The hotel will be a semi-private hotel primarily for member use but occasionally available to the public.</i>					
Andaz by Hyatt	75 Wall Street	Boutique	250	Early 2009	Hakimian Group	Yes
	<i>The 42-story building was built in 1986 and will be converted to a luxury hotel containing 250 guestrooms in the lower portion of the building and 350 luxury condominiums on the upper 24 floors. The building will be redesigned by David Rockwell. The lower floors will include meeting space, a restaurant located off Water Street, and a bar.</i>					
Sheraton	217 Pearl Street	Full-service	356	Early 2009	The Lam Group	Yes
aloft	8 Platt Street	Mid-scale	276	Early 2009	The Lam Group	Yes
The Dream Downtown	346 West 17th Street (Covenant House)	Boutique	316	Early 2009	Hampshire Hotels and Resorts	Yes
Mondrian	9 Crosby Street	Boutique	274	Mid 2009	Cape Advisors, Inc.	Yes
	<i>Cape Advisors, Inc. is converting an existing building in Soho and adding 14 floors to the existing 12 levels. The property, which will feature a restaurant, two bars, a rooftop bar, and ±5,400 square feet of meeting space, will be managed by Morgans Hotel Group.</i>					

Grand Street Hotel	23 Grand Street	Boutique	117	Apr 2009	Brack Capital Real Estate	Yes
	<i>The developer, Brack Capital Real Estate, is planning to build a 17-story rectangular glass tower on Grand Street. In addition to guestrooms, the hotel will feature a restaurant and bar, a lobby lounge, a rooftop bar, a business center, a fitness room, and a rooftop swimming pool.</i>					
Fairfield Inn	30 Fletcher Street	Mid-scale	184	Mid 2009	The Lam Group	Yes
Sheraton	370 Canal Street	Full-service	368	Sep 2009	McSam Hotel Group	Yes
DoubleTree	8 Stone Street	Full-service	410	Dec 2009	McSam Hotel Group	Yes
Holiday Inn	99 Washington Street	Economy	370	Late 2009	McSam Hotel Group	No
Wyndham	93 Bowery Street (Corner Hester Street)	Full-service	106	May 2009	Unknown	No
Wingate Inn	179 Varick Street	Mid-scale	123	Oct 2009	Hotel Development Group, LLC	No
Luxury Hotel	50 West Street	Boutique	160	2009	Time Equities	No
Thompson Lower East Side	Allen Street (bet. Houston and Stanton Streets)	Boutique	143	2009	Thompson Hotels/Pomeranc Group, LLC	Yes
	<i>Plans call for a 22-story hotel with 80 rentable units, 9 residential units, and 32 hotel condominiums, as well as a spa and a pool.</i>					
Hyatt Place	33 Beekman Street	Mid-scale	315	Jul 2010	McSam Hotel Group	No
Viceroy Hotel	330 Hudson Street	Boutique	171	Early 2010	Tribeca Associates/Square Mile Capital	No
J Hotel	510 West 22nd Street	Boutique	200	Jul 2010	Jay-Z / SK Development Group	No
	<i>A joint venture between Shawn "Jay-Z" Carter and SK Development Group is planning to build a 200-room J Hotel on a High Line development site in the gallery district, between Tenth and Eleventh Avenues. The hotel will be the flagship for Jay-Z's new hospitality brand, which he intends to extend to select cities following this New York debut.</i>					
Gold Hotel Plaza	4 Gold Street	Full-service	670	Mid 2010	The Lam Group	No
Luxury Hotel	99 Church Street	Luxury	150	Early 2011	Silverstein Properties	No
	<i>This hotel will be located on a site just one block from the World Trade Center site. The property will be part of a ±60-story, mixed-use project containing ±300 condominium units. It will be designed by architect Robert A.M. Stern and developed by Silverstein Properties.</i>					
Total			15,241			

It is important to mention that even though the Manhattan lodging inventory declined in 2004, 2005, and 2006, supply is expected to grow significantly in the future. As illustrated in the preceding table, as many as 15,241 new rooms, or 79 properties, may enter the Manhattan market from 2008 through 2011. The proposed supply represents roundly 23.7% of the 2007 Manhattan room supply, increasing the number of guestrooms from 64,193 in 2007 to 79,434 as of 2011. These 15,241 rooms are far more than all the new supply, totaling 5,607 rooms, that opened between 1998 and 2007. We note that our list of new supply does not include confidential projects or hotels that are in the initial phase of development; if these projects are included, supply could be expected to grow close to 30% within the next four years. Based on the data outlined previously, Manhattan is forecast to experience a record increase in hotel room supply over the next few years, as can be observed in the following graph.

Manhattan Supply Change (by segment)



Of the anticipated new projects, 28 hotels, or 35% of the total new supply, represent mid-scale lodging facilities, while a similar proportion can be classified as boutique hotels. Only six new lodging facilities have been proposed for the luxury segment, not including the reopening of the significantly smaller Plaza Hotel and the Mark. Significant barriers to entry, including high construction costs, prohibitive land costs, a lack of available sites, and the recent credit crunch are key factors when considering construction of lodging facilities in Manhattan. It is also important to note that because of the protracted disruption in the capital markets, some of the hotel developments proposed for Manhattan may not come to fruition, thereby reducing the number in the current pipeline, which bodes well for the market's existing lodging facilities.

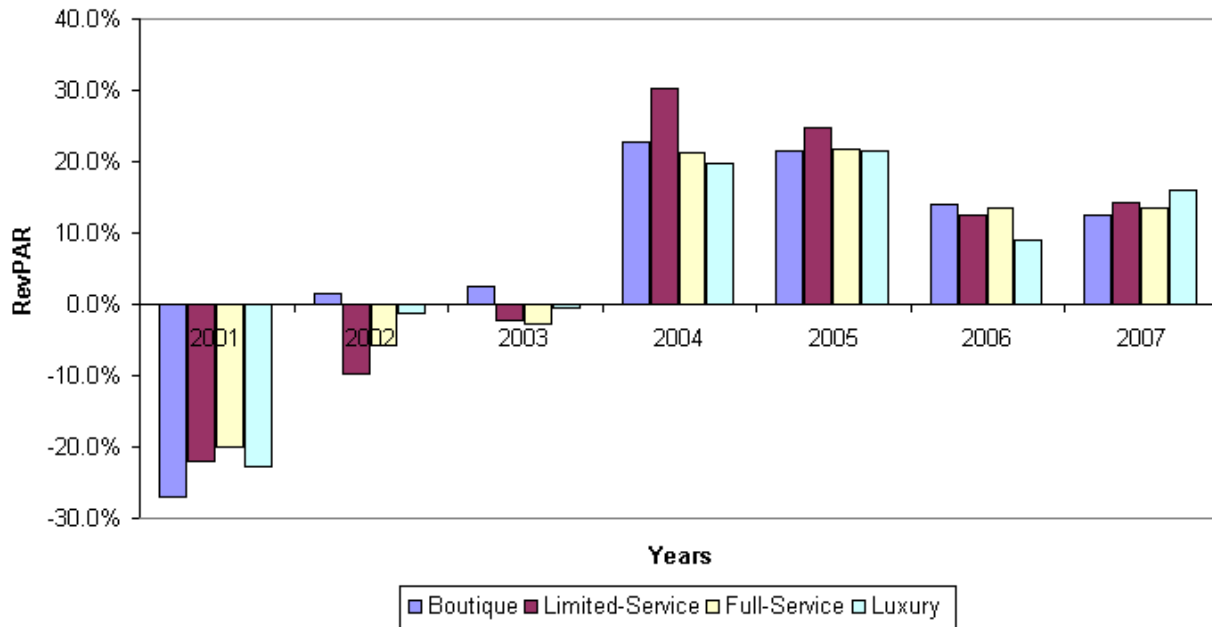
Manhattan Operating Statistics by Segment

George Fertitta
CEO, NYC & Company

We began this year with a strategic plan to grow tourism—in particular in key international markets—and the record 46 million visitors we welcomed in 2007 show that our hard work is taking real effect. By capitalizing on beneficial exchange rates, expanding our international network and launching the global communications campaign “This is New York City” to promote the City, we have not only raised awareness of the excitement of the five-borough experience, but also inspired potential visitors to act on their interest and make a visit to New York City a reality.

HVS Global Hospitality Services has compiled data provided by Smith Travel Research to illustrate the effects of the current state of the economy on different classes of hotels in Manhattan. The following tables compare the performance of all reporting hotels in Manhattan using year-end figures from 2000 through 2007. These results are classified by market segment: luxury, full service, limited service, and boutique. The following graph presents the annual percentage change in RevPAR for all four segments since 2001.

Annual Change in RevPAR (by Segment)



Luxury

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2000	8,451	—	2,496,170	—	80.9%	\$370.45	—	\$299.79	—
2001	8,350	(1.2)	2,141,877	(14.2)	70.3	329.31	(11.1)	231.43	(22.8)
2002	8,868	6.2	2,339,537	9.2	72.3	315.93	(4.1)	228.36	(1.3)
2003	8,979	1.3	2,415,317	3.2	73.7	308.60	(2.3)	227.43	(0.4)
2004	8,937	(0.5)	2,598,590	7.6	79.7	341.66	10.7	272.18	19.7
2005	8,039	(10.0)	2,421,855	(6.8)	82.5	401.09	17.4	331.04	21.6
2006	7,690	(4.3)	2,196,593	(9.3)	78.3	460.94	14.9	360.71	9.0
2007	7,522	(2.2)	2,167,975	(1.3)	79.0	530.39	15.1	418.82	16.1
Average Annual Compounded Change		(1.6)		(2.0)			5.3		4.9

Source: Smith Travel Research

As a result of the closing of several luxury hotels for conversion to condominiums, supply within the luxury segment decreased by nearly 16% between 2004 and 2007. As a result, a large portion of demand previously accommodated at luxury hotels was forced to seek accommodation outside this segment, which caused occupancy to decline by 5.2% in 2006. Still, throughout 2007, the luxury segment continued to perform strongly, with annual occupancy reaching 79%. The compression within the luxury segment, together with healthy national and regional economies, has allowed hotel operators to grow rates aggressively each year since 2004. Thus, average rate within the luxury segment has increased by roundly 55% since 2004, peaking at a stellar \$530.39 in 2007. RevPAR recorded double-digit gains of around 20% in 2004 and 2005, and lower but still significant increases of 9.0% in 2006 and 16.1% in 2007, highlighting the underlying strength of the Manhattan market's luxury segment.

Full Service

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2000	27,891	—	8,554,710	—	84.0%	\$210.42	—	\$176.82	—
2001	27,920	0.1	7,719,105	(9.8)	75.7	186.74	(11.3)	141.45	(20.0)
2002	27,580	(1.2)	7,708,617	(0.1)	76.6	174.92	(6.3)	133.95	(5.3)
2003	28,671	4.0	8,048,635	4.4	76.9	169.32	(3.2)	130.22	(2.8)
2004	28,399	(0.9)	8,711,129	8.2	84.0	187.95	11.0	157.95	21.3
2005	28,520	0.4	9,010,774	3.4	86.6	222.11	18.2	192.26	21.7
2006	27,944	(2.0)	8,869,742	(1.6)	87.0	251.01	13.0	218.28	13.5
2007	27,882	(0.2)	8,992,918	1.4	88.4	280.50	11.7	247.87	13.6
Average Annual Compounded Change		(0.0)		0.7			4.2		4.9

Source: Smith Travel Research

Supply of full-service accommodations remained relatively stable in 2007, while demand for this hotel category rose by 1.4%. As a result, occupancy improved by 1.6% in 2007, to a high for the period reviewed of 88.4%. However, because occupancy levels are in the high 80s, increases in occupancy are hampered by capacity constraints, as most hotels currently operate at near-maximum-capacity levels. This continued compression in the full-service segment enabled hotel operators to drive average rate to a new level of around \$280.00, which incorporates four consecutive years of double-digit increases. Average rate within the full-service segment has increased by more than \$111.00 since its previous low-point in 2003, a gain of over 65%. As a result, RevPAR recorded another double-digit increase in 2007, of 13.6%, continuing the positive trend registered in the last four years.

Limited Service

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2000	4,636	—	1,503,042	—	79.5%	\$156.63	—	\$124.56	—
2001	4,758	2.6	1,381,079	(8.1)	78.4	136.40	(12.9)	106.92	(14.2)
2002	4,918	3.4	1,407,277	1.9	78.4	124.83	(8.5)	97.86	(8.5)
2003	4,996	1.6	1,419,295	0.9	77.8	123.02	(1.4)	95.75	(2.1)
2004	5,094	2.0	1,630,161	14.9	87.7	142.19	15.6	124.66	30.2
2005	5,278	3.6	1,693,775	3.9	87.9	177.06	24.5	155.66	24.9
2006	5,626	6.6	1,800,858	6.3	87.7	199.48	12.7	174.93	12.4
2007	6,088	8.2	1,964,458	9.1	88.4	226.00	13.3	199.80	14.2
Average Annual Compounded Change (2000-2007):		4.0		3.9			5.4		7.0

Source: Smith Travel Research

The limited-service segment was the fastest-growing category in Manhattan in 2007, with unparalleled demand growth of roundly 9.0%. This increase in demand was nearly matched by supply growth of limited-service products. As a result, occupancy within the limited-service segment remained very strong in 2007, at 88.4%. This high occupancy level suggests the presence of a notable amount of unaccommodated demand for limited-service lodging, which is expected to be accommodated by the large number of limited-service hotels proposed for the city in the future. Continuing the positive trend observed since 2004, average rate registered another healthy increase in 2007, of 13.3%, rising to \$226.00, contributing to a double-digit RevPAR increase in this segment as well.

Boutique

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2000	5,626	—	1,644,801	—	80.1%	\$252.68	—	\$202.40	—
2001	7,159	27.3	1,796,009	9.2	68.7	214.61	(15.1)	147.50	(27.1)
2002	8,012	11.9	2,110,317	17.5	72.2	203.87	(5.0)	147.12	(0.3)
2003	7,998	(0.2)	2,160,949	2.4	74.0	203.61	(0.1)	150.73	2.5
2004	7,825	(2.2)	2,247,909	4.0	78.7	234.84	15.3	184.84	22.6
2005	7,980	2.0	2,398,848	6.7	82.4	272.59	16.1	224.50	21.5
2006	7,846	(1.7)	2,408,724	0.4	84.1	304.49	11.7	256.10	14.1
2007	8,010	2.1	2,521,981	4.7	86.3	333.78	9.6	287.92	12.4
Average Annual Compounded Change (2000-2007):		5.2		6.3			4.1		5.2

Source: Smith Travel Research

In 2007, eight new boutique hotels entered the Manhattan market, as reflected in the 2.1% increase in supply. This trend was offset by a greater increase in demand within the boutique segment in that year, causing occupancy to reach its highest level during the observed period. Average rate continued to grow at a strong rate in 2007, posting an increase of 9.6%, to over \$333.00. As a result of the strong average rate increase and the continued growth in occupancy, RevPAR improved by 12.4% in 2007.

Operating Statistics by Neighborhood

The following tables compare the performance of all reporting hotels in Manhattan from early in this decade through 2007. These results are categorized by neighborhood: Midtown West, Midtown East, Uptown, and Downtown.

Midtown West

Year	Average Daily Room Count	% Change	Occupied Room Nights	Change	Occupancy	Average Rate	% Change	RevPAR	Change
2002	29,242	—	8,108,395	—	76.0%	\$182.73	—	\$138.82	—
2003	30,026	2.7	8,390,953	3.5	76.6	179.88	(1.6)	137.72	(0.8)
2004	29,868	(0.5)	9,161,733	9.2	84.0	200.33	11.4	168.35	22.2
2005	29,117	(2.5)	9,056,684	(1.1)	85.2	234.07	16.8	199.47	18.5
2006	28,893	(0.8)	8,983,717	(0.8)	85.2	262.28	12.1	223.43	12.0
2007	29,291	1.4	9,274,114	3.2	86.7	295.21	12.6	256.09	14.6
Average Annual Compounded Change		0.0		2.7			10.1		13.0

Source: Smith Travel Research

Lalia Rach, Ed.D.

Divisional Dean and HVS International Chair

The Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management

Manhattan's hotel industry soared once again in 2007, turning in a remarkable performance. International visitors were drawn to our City, enjoying its cultural attractions and theatrical performances, filling its restaurants and hotels, and heightening the cosmopolitan ambience of the retail centers and sidewalks of New York.

Midtown West experienced a slight increase in supply in 2007, while demand rose at a stronger pace of 3.2%. As a result, occupancy reached almost 87% in 2007, the highest level during the observed period. However, capacity constraints in Midtown West currently limit major occupancy increases, as most hotels now operate at near-maximum-capacity levels. Midtown West is expected to experience a significant influx of supply over the next three to four years, which should accommodate some of the currently unaccommodated demand in this area of Manhattan. The limited supply growth enabled hotel operators to command higher room rates, causing 2007 average rate to increase by 12.6%, to a record \$295.21. Average rate in Midtown West has risen by nearly \$100.00 since 2004, an increase of over 47%. As a result, RevPAR recorded another double-digit increase in 2007, of 14.6%, continuing the positive trend registered in the last four years.

Midtown East

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2002	18,129	—	4,898,656	—	74.0	\$217.42	—	\$160.95	—
2003	18,087	(0.2)	4,947,904	1.0	74.9	208.45	(4.1)	156.23	(2.9)
2004	17,650	(2.4)	5,212,769	5.4	80.9	234.40	12.4	189.66	21.4
2005	17,648	(0.0)	5,486,294	5.2	85.2	275.87	17.7	234.96	23.9
2006	17,012	(3.6)	5,304,496	(3.3)	85.4	309.29	12.1	264.21	12.4
2007	16,855	(0.9)	5,318,421	0.3	86.4	343.53	11.1	296.97	12.4
Average Annual Compounded Change		(1.4)		1.7			9.6		13.0

Source: Smith Travel Research

Room supply in Midtown East declined over the last five years, causing some of the previously accommodated demand to seek accommodation in other areas of Manhattan. Thus, demand remained fairly stable in 2007. As a result of these market dynamics, occupancy increased by one percentage point in 2007 over the 2006 level. Average rate, however, grew by a strong 11.1% in 2007, resulting in a double-digit RevPAR increase for the fourth consecutive year.

Uptown

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	Occupancy	Average Rate	% Change	RevPAR	% Change
2000	3,058	—	897,589	—	80.4%	\$303.29	—	\$243.90	—
2001	2,944	(3.7)	759,099	(15.4)	70.6%	267.30	(11.9)	188.83	(22.6)
2002	2,953	0.3	731,398	(3.6)	67.9%	256.39	(4.1)	173.98	(7.9)
2003	2,953	0.0	764,008	4.5	70.9	245.52	(4.2)	174.03	0.0
2004	2,475	(16.2)	704,902	(7.7)	78.0	286.86	16.8	223.80	28.6
2005	1,882	(24.0)	541,239	(23.2)	78.8	371.09	29.4	292.46	30.7
2006	1,818	(3.4)	520,320	(3.9)	78.4	409.74	10.4	321.34	9.9
2007	1,902	4.6	563,476	8.3	81.2	422.25	3.1	342.69	6.6
Average Annual Compounded Change		(6.6)		(6.4)			4.8		5.0

Source: Smith Travel Research

Uptown Manhattan was the area that was most significantly impacted by conversions of former luxury and upper-upscale hotels to condominiums. This trend caused supply to decrease by 1,135 rooms from 2003 to 2006. In 2007, supply expanded by 4.6% due to the reopening of the Empire hotel as well as the further establishment in the market of the Courtyard on the Upper East Side. This increase in supply was offset by a greater increase in demand within the Uptown neighborhood, resulting in an occupancy of over 80% in 2007. The strong compression in this area enabled hotel operators to push average rate from roundly \$246.00 in 2003 to over \$422.00 as of 2007, an increase of nearly 72%.

Downtown

Year	Average Daily Room Count	% Change	Occupied Room Nights	% Change	% Occupancy	Average Rate	% Change	RevPAR	% Change
2000	2,537	—	759,931	—	82.1	\$267.38	—	\$219.44	—
2001	2,618	3.2	721,211	(5.1)	75.5	240.59	(10.0)	181.60	(17.2)
2002	2,741	4.7	758,034	5.1	75.8	230.12	(4.4)	174.37	(4.0)
2003	3,275	19.5	910,871	20.2	76.2	229.75	(0.2)	175.07	0.4
2004	3,505	7.0	1,048,261	15.1	81.9	250.51	9.0	205.29	17.3
2005	3,547	1.2	1,094,774	4.4	84.6	286.35	14.3	242.14	18.0
2006	3,601	1.5	1,126,657	2.9	85.7	324.85	13.4	278.42	15.0
2007	3,625	0.6	1,152,964	2.3	87.1	364.21	12.1	317.38	14.0
Average Annual Compounded Change		5.2		6.1			4.5		5.4

Source: Smith Travel Research

Since the reopening in 2003 of several Downtown Manhattan hotels that had been partially destroyed by the September 11, 2001, terrorist attacks, this lodging market has experienced only limited growth in supply. Demand, however, grew more strongly, causing occupancy to

increase to roundly 87% as of 2007. This high occupancy level indicates the presence of a noteworthy amount of unaccommodated demand in the area, which is expected to be accommodated by the large number of new hotels forecast to enter the market in the next two to three years. Continuing the positive trend observed since 2004, average rate in the Downtown market registered another healthy increase, of 12.1% in 2007, rising to \$364.21 and contributing to a double-digit RevPAR increase.

Survey of the Members of the Hotel Association of New York City & the Big Apple Chapter of Hospitality Sales and Marketing Association International

Prepared by Diana Alfonso, Avery Fletcher, Sajni Patel, and Melissa Pierre

Mark Lomanno **President, Smith Travel Research**

Throughout 2007, New York hotels continued to experience very strong operating performance. With annual occupancies reaching over 83 percent, hoteliers were able to maintain strong room rate growth, resulting in a 4th consecutive year of double digit RevPAR growth. In both of the key measures of ADR and RevPAR, New York hotels reported the highest levels of any U.S. city during 2007. This performance was even more dramatic when considering recent supply additions and a very sluggish U.S. economy in the second half of the year. It seems that for the present time, at least, NYC hotels have not felt the effect of the economic malaise as occupancy and room rate performance has remained very strong in the early stages of 2008. While this seems unlikely to continue throughout the year, it clearly demonstrates the robust nature of the City's lodging environment.

Hotels in NYC have clearly benefited from the lack of new room supply over the past several years, which has enabled them to maintain a very aggressive pricing strategy. This may change in the next several years as over 11,000 new rooms are currently in construction in the city. If all are completed, this will raise the existing supply base by about 7 percent. While these new rooms are certainly necessary, they may come on line during a weak economic environment, which may slow overall market performance toward the end of 2008. However, with NY being such a desired destination, we expect hoteliers to sustain pricing integrity, which will serve them well in the coming years.

This report presents the results of the 2008 Manhattan Hotel Market Overview survey conducted by graduate students of New York University's Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management in collaboration with HVS Global Hospitality Services. The objective of this research is to identify the weight of opinion regarding future trends in the industry and to understand to what degree these trends will affect the New York City market specifically.

An online survey was targeted to members of the Big Apple Chapter of the Hospitality Sales and Marketing Association International (HSMAI) and the Hotel Association of New York City (HANYC), which represents about 220 hotels. Representing professions in the sales and marketing, revenue management, and property operations fields, these hotel leaders serve as an excellent barometer of the industry climate in New York City and are most likely to benefit from the knowledge derived from this study.

Survey questions were limited to those related to operational themes and strategies that could be reasonably answered by this particular target audience. Though many future trends relate to other areas, like hotel financing for instance, those questions were not deemed applicable to this respondent pool and were excluded. The survey was also limited to less than 30 questions in order to ensure a sufficient return rate; therefore, many questions, though pertinent, were not included for the sake of the respondents' time to complete the survey with the least amount of inconvenience possible.

New York University's Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management and HVS Global Hospitality Services thank all of the respondents for their participation in this study.

SURVEY FINDINGS

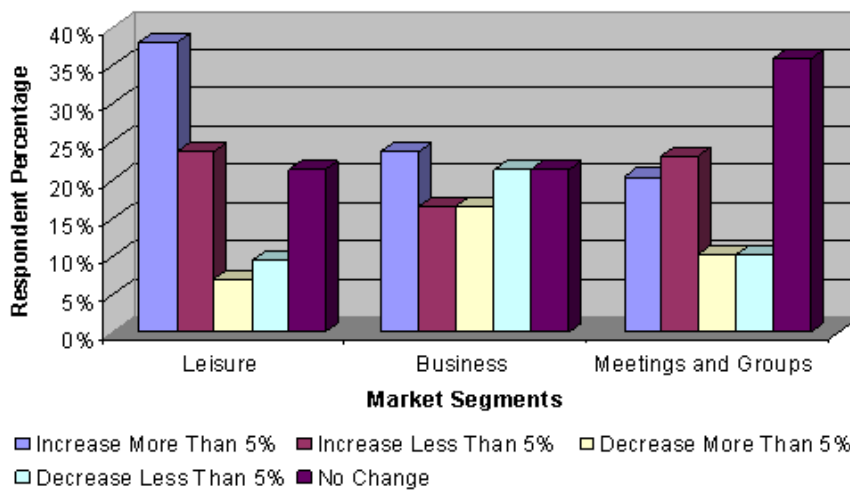
Graduate students of New York University's Robert Tisch Center for Hospitality, Tourism, and Sports Management conducted an online survey of the members of the Hotel Association of New York City (HANYC), and the Big Apple Chapter of Hospitality Sales and Marketing Association International (HSMAI). The purpose of the survey is to gain perspective relative to the hotel market in New York City. Of the 45 responses, there were 43 usable surveys, representing a 9% survey return rate. The findings outlined below are based on these surveys.

The New York City market continues its strong performance, and the hotel professionals that work in the city display cautious optimism, due to the belief by more than half of the respondents, that economic uncertainty and increases in energy and labor costs will have a high potential impact on hotel operations. Despite these growing concerns, 97% of the respondents experienced Gross Operating Profit increases in 2007. Thirty-nine percent reported increases between 10% and 20%. The 2008 figures seem promising as well. The majority of the respondents believe that occupancy will be higher in 2008, with 31% expecting a 1% to 3% increase. All participants believe that their ADR will increase, with 74% expecting a rate boost anywhere from 4% to 10%. As for future year increases, 38% of the respondents believe that 2008 will be the last year when they will experience above inflation ADR increases, and that with the additional 20% to 30% rooms in the next 4 to 5 years, 74% believe that occupancy will decrease by 3 percentage points or less, and 29% anticipate an ADR decrease between 1% and 3%.

Additional details of the survey findings follow:

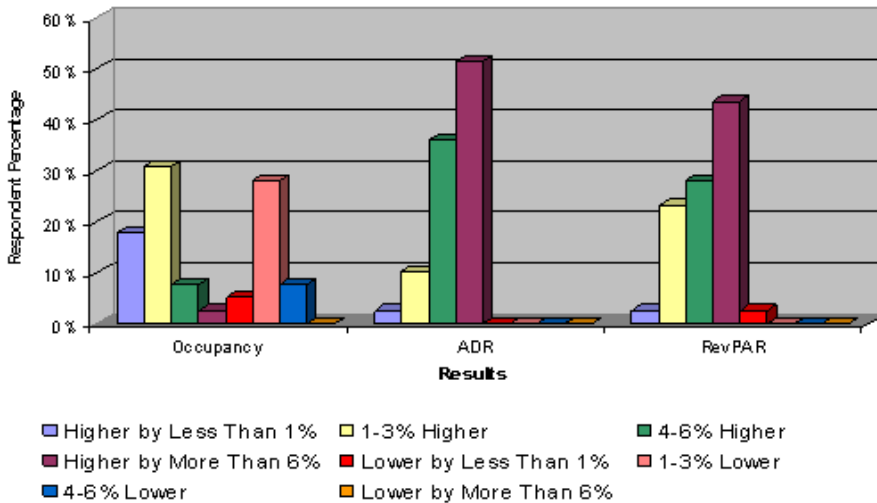
- Almost half of survey respondents (46%) were from General Management. Sales and Marketing (18%) and Revenue Management (25%) made up 43% combined.
- Over a quarter of respondents (30%) belonged to the luxury market, slightly less than a quarter (23%) to limited service, and 14% identified as boutique full service. Thirty-three percent classified their hotel property as "Other" with the majority of answers being conference/convention center or another type of full-service hotel besides boutique.
- Three quarters (76%) of respondents work in a Midtown property, and almost half (48%) are located on the west side of Midtown. Upper East and West Sides combined accounted for 7% of respondents, which was the same percentage from the Downtown area. Ten percent of respondents were situated outside Manhattan.
- The majority of respondents' hotels (64%) were affiliated with a brand. Of those respondents, 25% saw an 11% to 30% contribution from their brand reservation system; and 23% had a 31% to 40% contribution. Half of all respondents saw a 40% or less contribution from their brand reservation system. Almost a quarter (23%) saw a contribution of over 40%.
- In terms of year-over-year (2007-2008) demand growth, 38% of respondents expect an increase of more than 5% in the leisure customer segment; 24% expect an increase of more than 5% in the business segment; and 36% do not expect any changes in the meetings/groups segment.

Expected Change in Guest Segmentation for 2008



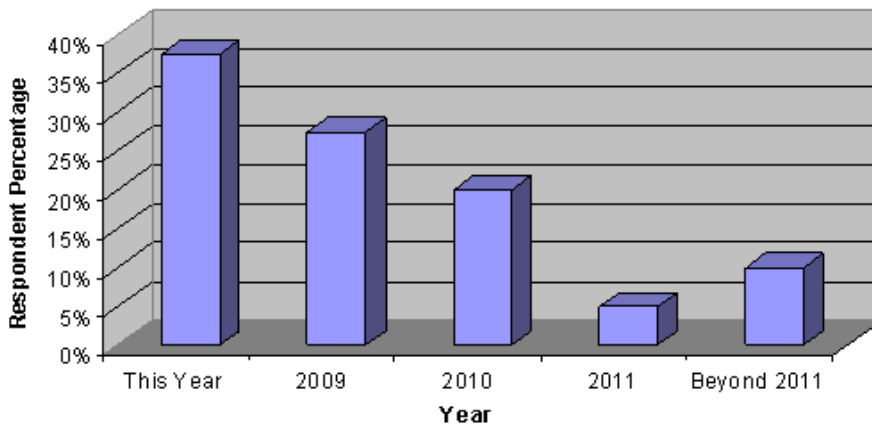
- Respondents have identified the business traveler as the most loyal customer. Forty-one percent of all respondents stated that more than 40% of their business segment is repeat customers. Fifty-one percent of the respondents agreed that 11% to 30% of their leisure customer base is repeat business. And forty-three percent of respondents stated that 11% to 30% of the meetings/groups customer base is repeat customers.
- The majority of respondents have increased their marketing efforts compared to 2007. The greatest increase (61%) has been towards the leisure segment. Fifty-five percent of the respondents will increase their marketing efforts towards the business segment. Almost half of the respondents (49%) will not change marketing efforts towards the meetings/groups segment.
- Over half (59%) of all respondents expect their occupancy to increase by year-end. Eighty-two percent expect occupancy to change by less than 3 percentage points (positive or negative) over 2008. All respondents agreed that ADR will increase in 2008, and all but one respondent expect RevPAR to increase this year. Seventy-four percent of respondents expect ADR to grow between 4% and 10% in 2008. Fifty-nine percent of respondents expect RevPAR to increase between 4% and 10% during the year.

Expected Year-End 2008 Results



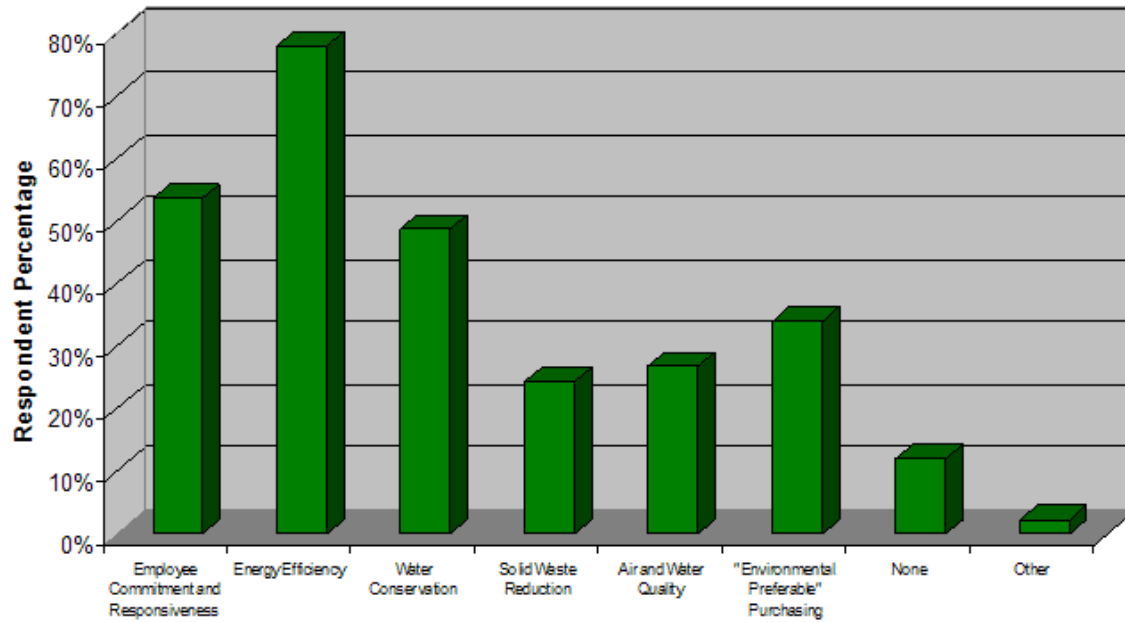
- Thirty-eight percent of all respondents expect rates to increase above inflation through 2008.

Expected End for Above Inflation Rate ADR Increases



- Seventy-four percent of all respondents believe that the additional 20% to 30% room supply in the next 4 to 5 years will decrease occupancy by 3 percentage points or less. Half of all respondents stated that the supply increase will have a 1% to 3% impact on ADR (positive or negative).
- Seventy-five percent of respondents plan to conduct renovations to compete with the supply increase. Sixty-eight percent plan to increase amenities; 40% plan to implement and/or increase Customer Relationship Management programs; 38% plan to reposition their brand and/or market segment; and 5% have no specific tactics planned to compete with the supply increase.
- Seventy-eight percent of respondents do not expect new inventory in the outer boroughs to impact their occupancy. And 81% of respondents do not expect this new inventory to impact their ADR.
- Approximately 49% of respondents anticipate regional visitors to select a lower-category hotel in 2008. Over half of respondents expect these visitors to make day trips only. And close to 31% think they will stay outside Manhattan in satellite market hotels.
- While nearly 58% of respondents anticipate that the forecasted limited-service supply increase will have no impact on their occupancy, 80% anticipate that this supply increase will have no impact on their ADR. About 43% of respondents expect a decrease in their occupancy; and 20% of respondents expect the limited-service supply increase to cause a decrease in their ADR.
- Nearly 79% of respondents stated that green initiatives will have a limited to moderate impact on a customer's decision to stay in a New York City hotel. Seventy-eight percent of respondents have undertaken energy efficiency initiatives. Approximately half of respondents have undertaken employee commitment and/or water conservation initiatives. And roughly 12% of respondents have not undertaken any green practices and/or initiatives to date.

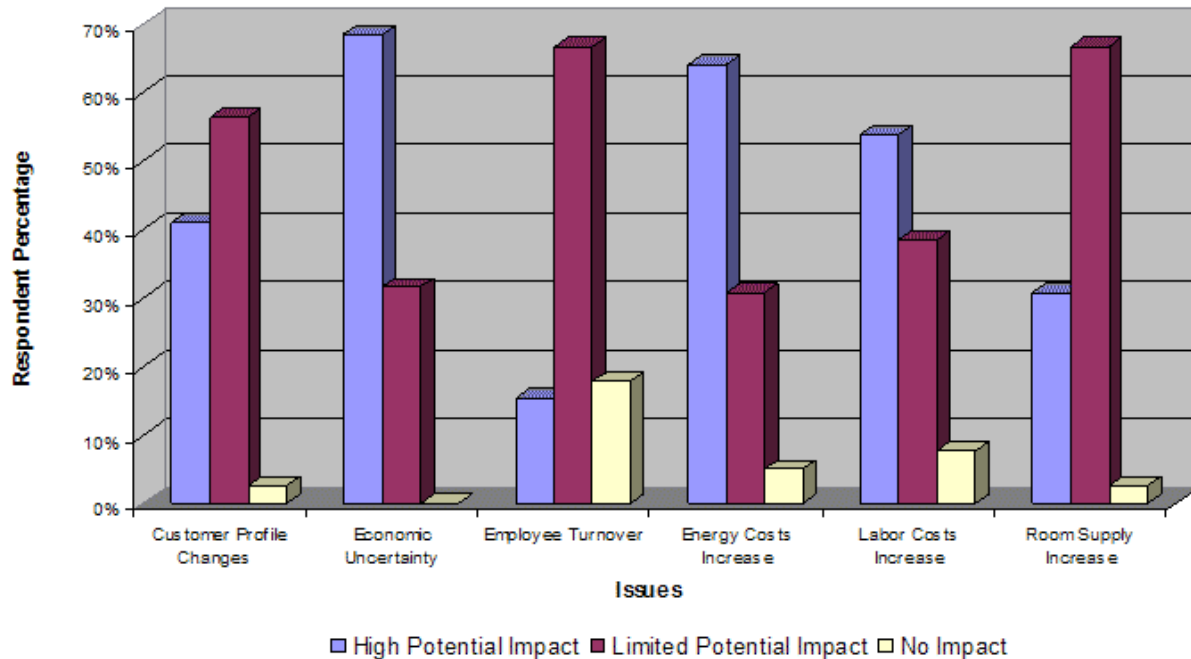
Green Practices Undertaken by Hotels



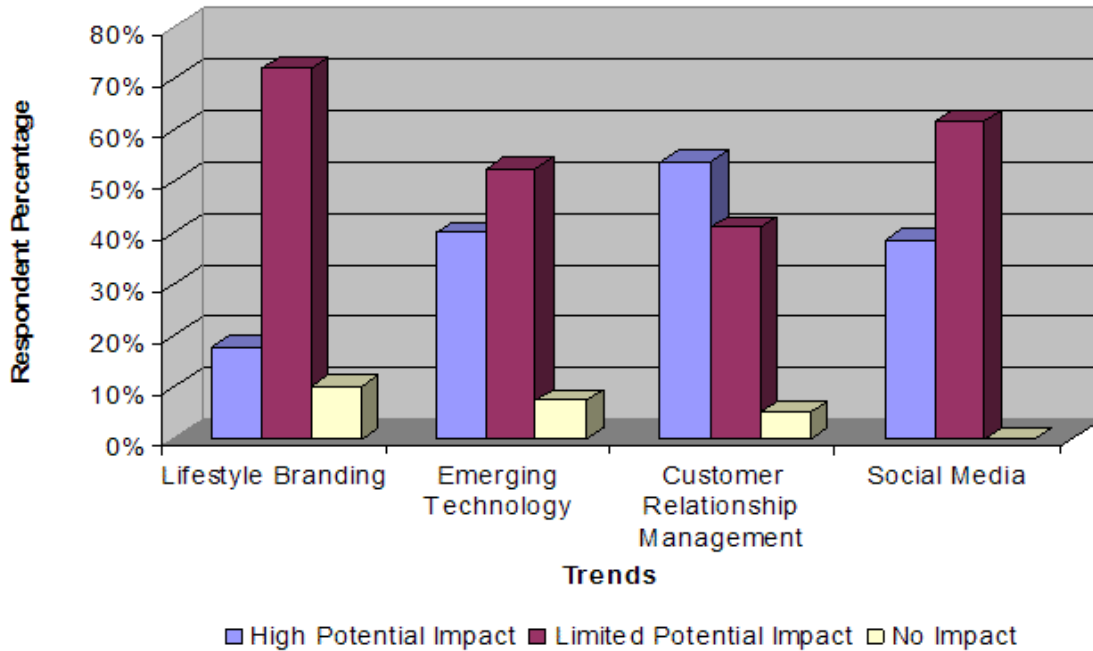
Green Practices

- Economic uncertainty was identified by 68% of the respondents as having the highest potential impact on hotel operation for the next few years. Other issues and trends identified as having high potential impact included an increase in energy costs (64%), an increase in labor costs (54%), and Customer Relationship Management (54%).
- More than half of all respondents felt that increase in room supply, employee turnover, lifestyle branding, emerging technology, change in customer profiles, and social media would have limited potential impact on hotel operations in the next few years.

Issue Impact on Hotel Operation

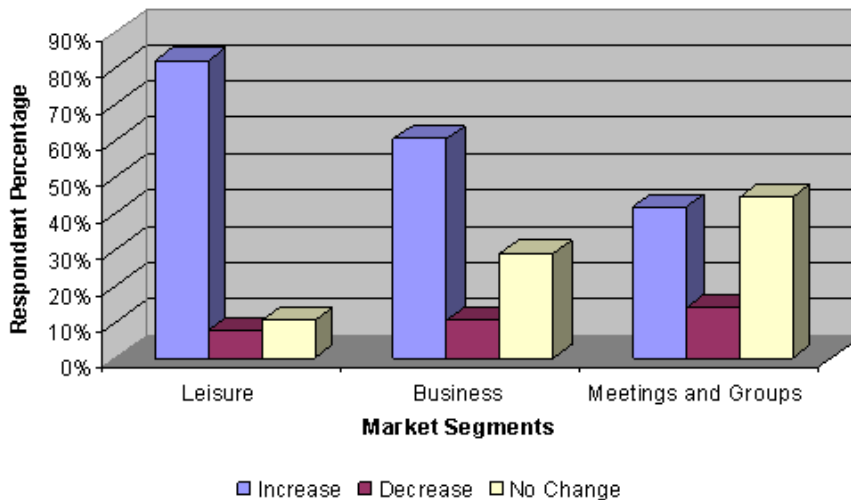


Trend Impact on Hotel Operation



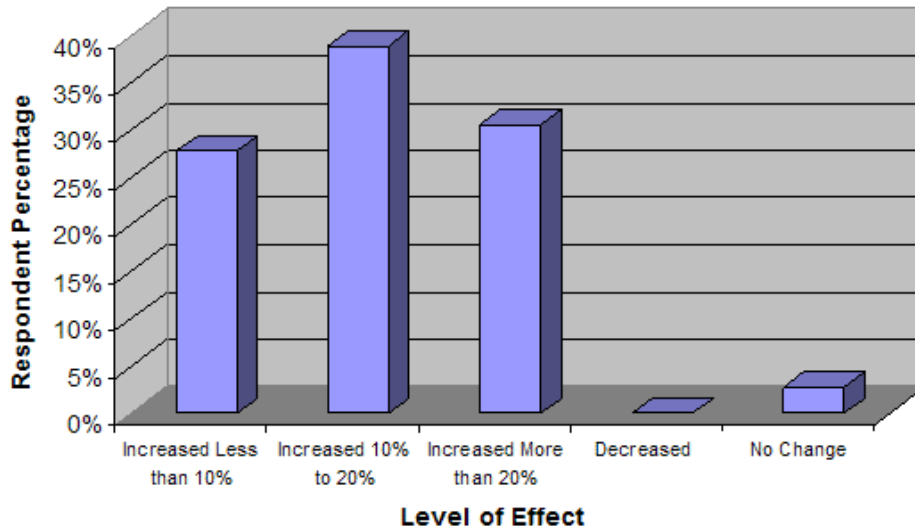
- The revitalization of the Financial District and development of new luxury hotels in the area is viewed by 59% of the respondents as having a limited potential impact on hotel operation.
- Reduction of barriers to global travel such as visa requirements and bureaucracy was identified as being the issue under discussion in Washington DC with the highest impact on hotel operations by 57% of the respondents. Additional allotments of H-2B Visas allowing for seasonal international employees was selected second by 20% of the respondents, and was followed by new employment validation procedures by 14% of participants.
- Approximately one third of the respondents (37%) reported having more than 20% international guests on their hotel properties, with Europe identified as the strongest generator of international travelers for 88% of the respondent's hotels. Eighty-three percent of the respondents listed the United Kingdom as the strongest generator of international travelers to their hotel property. Italy (9%), Germany (3%), Japan (3%), and Australia (3%) followed in international visitors to respondents' hotels.
- During 2008, 82% of respondents expect an increase in international leisure travelers. Sixty-one percent of respondents expect an increase in international business travelers. And 44% of all respondents believe that there will be no change to the meetings/groups segment international profile.

Expected Change in International Traveler Profile for 2008



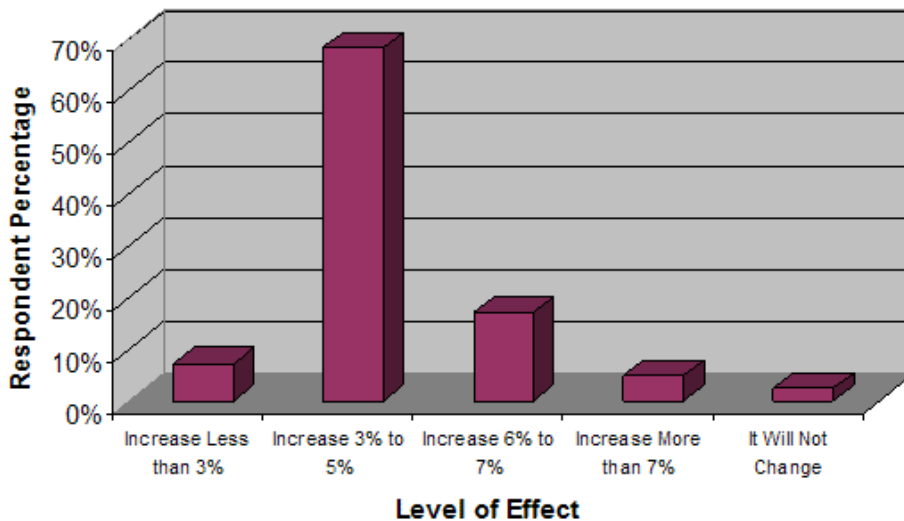
- Ninety-seven percent of the respondents experienced Gross Operating Profit increases in 2007. Thirty-nine percent reported increases between 10% and 20%.

Gross Operating Profit Comparison 2006-2007



- The overwhelming majority of respondents (98%) believe that labor costs will increase in 2008. Sixty-eight percent expect that this increase will be between 3% and 5%.

Expected Change in Labor Costs for 2008



Further Analysis

Due to respondent profiling, the NYU student group was able to data-mine the differences of opinion between the various professionals represented in the survey. This analysis sheds light on different perspectives of the Manhattan hotel industry based on job function.

General Management Perspective

- More than 40% of General Managers were from brand-affiliated properties located in Midtown West, and saw an 11% to 50% contribution from their brand reservation system.
- For year-over-year demand, 45% responded that there would be an increase in leisure of more than 5%; 35% responded that there would be an increase in business of more than 5%; while 47% do not anticipate any changes in the meetings/groups demand.
- All General Managers expect ADR to increase over last year. Thirty-nine percent expect that increase to be between 4% and 6%. Seventy-eight percent expect an increase in occupancy over last year. Eighty-six percent of these respondents predict that increase will be less than 3%. Ninety-four percent of respondents expect an increase in RevPAR over 2007. Of these respondents, 41% believe that increase will be between 4% and 6%.
- Sixty-eight percent of General Managers expect a decrease in occupancy due to the addition of new supply in the New York City market. Of this group of respondents, 85% expect that decrease to be less than 3%. Thirty-five percent anticipate between a 1% and 6% decrease in ADR as a result of the forecasted supply increase. Seventy-four percent of General Managers plan to conduct renovations

and/or upgrade amenities to compete with the supply increase.

- Economic uncertainty was identified by 56% of General Managers as the issue with the highest potential impact on hotel operations. Other issues and trends identified as having high potential impact included: increase in energy costs (53%), increase in labor costs (47%) and Customer Relationship Management (47%).
- None of the General Managers felt that the immigration reform discussions in Washington DC had the most potential impact on hotel operations. Instead, 40% felt that reduction of barriers to global travel was the most important discussion in Washington DC for hotel operations.

Sales and Marketing Perspective

- Half of these respondents answered "Other" for their market segmentation and Midtown West as their location. Seventy-one percent are brand affiliated, and 29% saw an 11% to 30% contribution from their brand reservation systems.
- Seventy-five percent of sales and marketing respondents plan to increase their marketing efforts towards the leisure segment; and 63% of respondents plan to increase marketing efforts towards the business and meetings/groups segments.
- Fifty percent of sales and marketing professionals believe occupancy will decrease over last year, while 50% believe occupancy will increase. Thirty-eight percent of respondents believe occupancy will decrease by 1% to 3%, while 38% believe occupancy will increase by 1% to 3%. All sales and marketing respondents expect ADR and RevPAR to increase over last year. Fifty percent expect the ADR increase to be between 4% and 6%, and the RevPAR increase to be between 1% and 3%.
- All sales and marketing professionals expect a negative impact of less than 3% on occupancy from the new supply entering the New York City market. Seventy-five percent of sales and marketing professionals anticipate an ADR increase of over 1% as a result of the supply increase.
- The majority of sales and marketing professionals identified social media as a trend that will have high potential impact on hotel operations. Other issues and trends identified as having high potential impact on hotel operations included: Customer Relationship Management (86%), increase in energy costs (71%), increase in labor costs (57%), economic uncertainty (57%), and emerging technology (43%).
- The sales and marketing professionals were the most optimistic in regards to international travelers. More than 62% of sales and marketing professionals felt that international travel by leisure, business, and meeting/groups will increase in 2008.

Revenue Management Perspective

- More than 45% of these respondents were from luxury properties located in Midtown West. Almost 82% of Revenue Manager properties were brand affiliated; 80% saw an 11% to 40% brand reservation system contribution.
- For year-over-year segment demand: 46% of Revenue Managers saw an increase of less than 5% in leisure, the same percentage saw a decrease of less than 5% in business, and a third saw no change in meetings/groups.
- More than half (55%) of Revenue Managers believe occupancy will decrease over last year. Sixty-seven percent of these respondents expect the decrease to be less than 3%. Seventy-three percent of respondents expect that ADR will increase between 7% and 10%, and over half (55%) expect a RevPAR increase between 7% and 10%.
- All Revenue Managers expect a negative impact on occupancy from the new supply entering the New York City market. Eighty-nine percent of respondents expect a negative impact of less than 3%. Sixty percent of respondents expect a decrease in ADR. Forty percent anticipate an ADR increase of less than 3%.
- Economic uncertainty was identified by an overwhelming majority of Revenue Managers (91%) as the issue with the highest potential impact on hotel operations. Other issues identified as having high potential impact included: increase in energy costs (73%) and increase in labor costs (64%).
- Seventy-three percent of Revenue Managers felt that there would be increased international leisure travelers, and fifty-five percent felt that the international business traveler profile would increase, and the international meetings/groups profile would not change.

Other Perspectives

- Most respondents from luxury hotel properties (92%) indicated that their hotels would increase marketing efforts primarily towards the leisure segment, and 67% indicated no increased efforts towards the business segment in 2008. The majority of respondents expect increased international travelers in all segments.
- Half of respondents from limited-service hotels identified social media as a trend that will have a significant impact on hotel operations.
- The majority of respondents from non-brand-affiliated hotels indicated that their hotels will not increase marketing efforts towards the leisure and business segments. Instead, they reported that their properties will increase efforts towards the meetings/groups segment.
- The revitalization of the Financial District and development of luxury hotel properties in the area was viewed by 63% of Midtown West respondents as having limited potential impact on hotel operations.

Summary

Hoteliers are cautiously optimistic. It is believed by respondents that the Manhattan hotel market will continue to succeed in 2008. The majority

think that this year's occupancy will be higher and ADR will increase above the rate of inflation. However, they have stated that success will depend a great deal on the country's economic future, labor costs, and energy costs.

Additionally, with the international traveler representing more than 11% of hotel guests for 73% of all of the respondents' properties, and expected to increase in the business and leisure segments by more than 60% of the respondents, it comes as no surprise that Washington DC's discussions to reduce barriers to global travel has emerged as the most important political issue under discussion for Manhattan hoteliers. After all, the true measure of success for a hotel property is the continued demand for hotel accommodation, and the international traveler represents a significant portion of this demand.

Manhattan Operating History and Forecast

Joseph Spinnato

President & CEO, Hotel Association of NYC

Projections for 2007 pretty much reached their goal, and last year was another year of success for the hotel industry in New York City. Many feel that 2008 will be a challenge because of the uncertainty surrounding the U.S. economy. However, with the current value of the euro and the yen versus the dollar, it appears that the foreign visitor will continue to flock to the United States to take advantage of the weak dollar. Our hotels continue to project that room occupancy will be strong, and we will look forward to another good year in the hotel industry.

The uncertainties of the war in Iraq and the negative impact on international travel of the SARS epidemic greatly hampered the Manhattan lodging market's performance in the first four months of 2003. However, market fundamentals started improving in the second half of the year, and strong RevPAR increases were attained from October through December 2003. The combination of an improved economic climate in 2004 and the market's poor performance during the first four months of 2003 resulted in exceptionally strong RevPAR gains in 2004. Due to the continued recovery of the regional and national economies, a favorable exchange rate of the euro against the U.S. dollar, the closing of several hotels for condominium conversions, and only moderate supply growth, marketwide RevPAR grew by 18.1% in 2005, attributable to a 2.2% increase in occupancy and a 15.5% gain in average rate. As the national economy continued to recover, Manhattan's occupancy and average rate exceeded the 2000 levels in 2005. Occupancy in Manhattan slipped minimally in 2006, which was not a result of an economic slowdown but reflective of the extraordinarily high occupancy levels registered during the first three months of 2005. Marketwide average rate rose by 14.1% in 2006, causing RevPAR to increase by a noteworthy 13.7%.

Lodging demand growth in Manhattan is currently impacted by capacity constraints imposed by the city's room inventory, which operates at near-maximum-capacity levels during many months of the year. As a result, occupancy rose by a modest 1.5% in 2007, attributable to a 3.4% increase in demand. The increasing supply compression allowed hotel operators to increase average rate by 12.7% in 2007, causing RevPAR to grow by 14.3% compared to the previous year, indicating the continued strength of the Manhattan lodging market.

Based on an analysis of the historical data and a review of proposed hotels and possible closings, we have prepared the following forecast for the Manhattan lodging market.

Year	No. of Rooms	% Change	Occupied Rooms	% Change	Occupancy	% Change	Average Rate	% Change	RevPAR	% Change
1987	52,683	—	14,624,039	—	76.1	—	\$113.05	—	\$85.98	—
1988	52,768	0.2	14,634,194	0.1	76.0	(0.1)	120.11	6.2	91.26	6.1
1989	52,724	(0.1)	13,873,898	(5.2)	72.1	(5.1)	132.09	10.0	95.23	4.3
1990	54,421	3.2	14,139,816	1.9	71.2	(1.3)	132.34	0.2	94.21	(1.1)
1991	55,058	1.2	13,442,624	(4.9)	66.9	(6.0)	127.54	(3.6)	85.31	(9.4)
1992	56,235	2.1	13,871,555	3.2	67.6	1.0	126.27	(1.0)	85.33	0.0
1993	56,190	(0.1)	14,494,889	4.5	70.7	4.6	126.33	0.1	89.28	4.6
1994	56,083	(0.2)	15,156,219	4.6	74.0	4.8	136.12	7.7	100.78	12.9
1995	57,205	2.0	16,240,921	7.2	77.8	5.1	145.44	6.8	113.12	12.2
1996	57,372	0.3	16,906,189	4.1	80.7	3.8	160.98	10.7	129.97	14.9
1997	58,245	1.5	17,416,819	3.0	81.9	1.5	177.31	10.1	145.26	11.8
1998	58,586	0.6	17,609,297	1.1	82.3	0.5	198.31	11.8	163.31	12.4
1999	59,911	2.3	17,730,575	0.7	81.1	(1.5)	208.64	5.2	169.17	3.6
2000	61,464	2.6	18,771,462	5.9	83.7	3.2	222.73	6.8	186.37	10.2
2001	63,433	3.2	17,236,084	(8.2)	74.4	(11.0)	195.94	(12.0)	145.86	(21.7)
2002	63,933	0.8	17,504,963	1.6	75.0	0.8	186.12	(5.0)	139.62	(4.3)
2003	65,058	1.8	18,014,497	2.9	75.9	1.1	181.43	(2.5)	137.64	(1.4)
2004	64,740	(0.5)	19,624,080	8.9	83.0	9.5	201.29	10.9	167.17	21.5
2005	63,745	(1.5)	19,749,523	0.6	84.9	2.2	232.51	15.5	197.36	18.1
2006	63,010	(1.2)	19,462,808	(1.5)	84.6	(0.3)	265.21	14.1	224.43	13.7
2007	64,193	1.9	20,116,036	3.4	85.9	1.5	298.81	12.7	256.54	14.3

Forecast										
2008	68,301	6.1	21,049,027	5.0	84.4	(1.0)	326.73	10.0	275.87	8.9
2009	75,968	11.2	22,732,949	8.0	82.0	(2.9)	346.34	6.0	283.95	2.9
2010	79,134	4.2	23,187,608	2.0	80.3	(2.1)	356.73	3.0	286.38	0.9
2011	79,434	0.4	23,303,546	0.5	80.4	0.1	367.43	3.0	295.32	3.1

Sources: Smith Travel Research; HVS
Some figures may be subject to small rounding errors

Overview of Sales Transactions in Manhattan

The table on the following pages sets forth an overview of Manhattan hotel sales activity during the past eight years.

Property	Date of Sale	Address	No. of Rooms	Seller	Buyer	Price	Price per Room
Hilton Garden Inn Times Square	Nov-07	790 Eighth Avenue	369	Highgate Holdings/Rockpoint Group	Michigan Retirement	\$261,990,000	\$710,000
Hampton Inn Times Square	Nov-07	851 Eighth Avenue	300	Highgate Holdings/Rockpoint Group	Michigan Retirement	213,000,000	710,000
Comfort Inn Times Square	Nov-07	305 West 39th Street	78	N/A	Gemini Real Estate Advisors	31,700,000	406,000
Tudor Hotel *	Sep-07	304 East 42nd Street	300	Highgate Holdings	The Procaccianti Group	114,000,000	380,000
Holiday Inn Soho	Sep-07	138 Lafayette Street	227	Highgate Holdings	The Procaccianti Group	130,000,000	573,000
On The Ave Hotel	Jul-07	2178 Broadway at 77th Street	267	Property Market Group	Not Available	204,000,000	764,000
				(as renovated, assuming a \$8.0-million infusion)		212,000,000	794,000
Dylan Hotel	Jun-07	52 East 41st Street	107	Moinan	Hotusa Group/Losan Hotel Group	78,000,000	729,000
Mandarin Oriental	Feb-07	80 Columbus Circle	248	Mandarin Oriental Hotels/Apollo Real Estate Advisors/The Related Companies	Istithmar Hotels FZE (acquired 75% of the interest)	340,000,000	1,371,000
Doubletree Guest Suites Times Square*	Dec-06	1568 Broadway	460	GE Pension Trust	Whitehall/Highgate Holdings/Sunstone Hotel Investors	300,000,000	652,000
W Hotel Union Square	Oct-06	201 Park Avenue South	270	Related Urban Development	Istithmar Hotels FZE	285,000,000	1,056,000
Embassy Suites *	Sep-06		463		Goldman Sachs	225,000,000	486,000
				Additional \$10 million to convert property to a franchise		235,000,000	508,000
Swissotel The Drake	Apr-06	440 Park Avenue	495	Host Marriott Corporation	Macklowe Properties	440,000,000	889,000
				<i>To be demolished for the development of a mixed-use residential condominium</i>			
Hilton Times Square *	Mar-06	234 West 42nd Street	444	Forest City Ratner Co. JV Hilton Hotels Corp.	Sunstone Hotel Investors	242,500,000	546,000
				Additional \$15 million to convert property to a franchise		257,500,000	580,000
The Mark Hotel *	Jan-06	25 East 77th Street	176	Mandarin Oriental Hotels	Izak Senbahar and Simon Elias	150,000,000	852,000
				<i>Sold for Condo Conversion</i>			
Marriott East Side	Nov-05	525 Lexington Avenue	646	Strategic Hotel Capital, Inc.	Prime Property Fund (Morgan Stanley)	287,000,000	444,000
Holiday Inn Express	Sep-05	15 West 45th Street	125	MacSam Hotel Group	MG-45, LLC	36,500,000	292,000
Westin Essex House	Sep-05	160 Central Park South	605	Strategic Hotel Capital, Inc.	Dubai Investment Group	400,000,000	661,000
				(as renovated, assuming a \$50-million infusion)		450,000,000	744,000
Portland Square	Sep-05	128-134 W 47th Street	140	David & Lina Putchall	47th Hotel Associates LLC	19,300,000	138,000

Howard Johnson Express	Sep-05	135 East Houston Street	45	Houston Lodging, LLC	Gemini Real Estate Advisors, LLC	13,750,000	306,000
Algonquin Hotel	Sep-05	59 West 44th Street	174	Miller Global	HEI Hospitality	74,100,000	426,000
				(as renovated, assuming a \$3.5-million infusion)		77,600,000	446,000
Avalon Hotel	Aug-05	16 East 32nd Street	100	Hotel Stanford LLC	Ferrado US LLC	35,700,000	357,000
Holiday Inn SoHo	Aug-05	138 Lafayette Street	227	Great Canal Plaza Inc.	Highgate Holdings	42,500,000	187,000
				(as renovated, assuming a \$4.5-million infusion)		47,000,000	207,000
Clarion Park Avenue	May-05	429 Park Avenue South	60	Palace International Properties, Ltd.	Park Avenue Hotels New York LLC	11,350,000	189,000
Crowne Plaza UN (35 years remaining)*	May-05	304 East 42nd Street	300	InterContinental Hotels Group	Highgate Holdings	34,000,000	113,000
				(as renovated, assuming a \$10-million PIP)		44,000,000	147,000
The Sutton	Apr-05	330 East 56th Street	85	Glenwood Management	Alchemy Properties	52,400,000	616,000
Rihga Royal*	Mar-05	151 West 54th Street	506	Lehman Brothers	Blackstone Real Estate Group	193,000,000	381,000
Best Western Convention Center	Feb-05	522-524 W 38th Street	83	Unigroup Hotel LLC	522 W 38th St NY LLC	15,785,000	190,000
Manhattan Seaport Suites	Jan-05	129-31 Front Street	57	Target Two Associates	129 Front Realty LLC/Heng Sang Realty	11,750,000	206,000
The Stanhope Park Hyatt*	Jan-05	995 Fifth Avenue	169	Hyatt Hotels	Intell Management	70,000,000	414,000
Sheraton Russell	Dec-04	45 Park Avenue at 37th St.	146	Starwood Hotels & Resorts	SJP Residential Properties	\$40,250,000	\$276,000
<i>Sold for Condo Conversion</i>							
Clarion Fifth Avenue*	Dec-04	3-5 East 40th Street	189	ING Realty Partners	DiamondRock Hospitality	34,375,000	182,000
Park Central	Dec-04	870 Seventh Avenue	935	H. Park Central, LLC	Highgate Hotels	215,000,000	230,000
Courtyard Midtown East	Dec-04	866 Third Avenue	307	866 3rd Next Generation Hotel L.L.C.	DiamondRock Hospitality	75,000,000	244,000
The Plaza	Oct-04	768 Fifth Avenue	805	Plaza Operating Partners, Ltd.	Elad Properties	675,000,000	839,000
<i>Sold for Condo Conversion (except for 150 rooms)</i>							
Days Hotel	Aug-04	790 8th Avenue	368	Hampshire Hotels & Resorts	Highgate Hotels	58,000,000	158,000
Howard Johnson Plaza	Aug-04	851 8th Avenue	300	Hampshire Hotels & Resorts	Highgate Hotels	47,200,000	157,000
Paramount Hotel	Jun-04	235 West 46th Street	593	Ian Schragger Hotels	Becker Ventures, LLC	126,500,000	213,000
				(as renovated, assuming a \$50-million infusion)		176,500,000	298,000
Quality Inn Times Square	May-04	157 West 47th Street	160	Hampshire Hotels & Resorts	Cushlin Limited	20,200,000	126,000
Mayflower Hotel	May-04	15 Central Park West	365	Goulandris Family	William Lie Zeckendorf JV Whitehall RE Fund	401,000,000	1,099,000
<i>To be demolished for the development of a mixed-use residential condominium</i>							
The Mansfield*	May-04	12 West 44th Street	127	Credit Suisse First Boston	Ark Investment Partners, LP	12,500,000	98,000
InterContinental Central Park South*	Apr-04	112 Central Park S.	211	InterContinental Hotels Group	Anbau Enterprises	63,500,000	301,000
<i>Sold for Condo Conversion</i>							
The Shoreham*	Jan-04	33 West 55th Street	177	Credit Suisse First Boston	Ark Investment Partners, LP	14,500,000	82,000
Empire Hotel	Dec-03	44 West 63rd Street	381	Ian Schragger Hotels/NorthStar Capital	Joseph and Jack Chetrit	\$80,000,000	\$210,000
<i>Sold for Condo Conversion</i>							
Helmsley Hotel Windsor	Sep-03	100 West 58th Street	244	Leona Helmsley	Joseph and Jack Chetrit	55,000,000	225,000

<i>Sold for Condo Conversion</i>								
Gorham Hotel	Sep-03	136 West 55th Street	117	Private Investors	Richard Born and Ira Krukier	23,100,000	197,000	
Roger Williams*	Sep-03	131 Madison Avenue	187	PTG Madison 31 Trust	JRK New York Hotel Partners	26,500,000	142,000	
Hampton Inn Chelsea	Aug-03	108 West 24th Street	144	Chelsea Grand East, LLC	CNL Hospitality/Hersha Hospitality	28,000,000	194,000	
Loews Metropolitan	Jul-03	Lexington Ave at 51st St.	722	Loews Hotels	Whitehall Street Real Estate Fund	110,250,000	153,000	
				(as renovated, assuming a \$20-million infusion)		130,250,000	180,000	
Doral Park Avenue (now Kimpton Hotel)	Jul-03	70 Park Avenue	188	Hayman Company	Kennedy Associates	38,240,000	203,000	
			205	(as renovated and expanded, assuming a \$19-million infusion)		57,240,000	279,000	
Hotel Wales	Nov-02	1295 Madison Ave.	87	PTG Wales Trust	DLJ Real Estate Capital Partners II LP	24,000,000	276,000	
Fitzpatrick Hotel	Aug-02	127 East 55th Street	130	British Airways	Hotel Properties Ltd, Singapore	30,690,000	236,000	
Algonquin Hotel	Jun-02	59 West 44th St.	174	Camberley Hotel Co./Olympus RE	Miller Global Properties	41,400,000	238,000	
Delmonico Hotel	Nov-01	502 Park Avenue	152	N/A	Donald Trump	115,000,000	757,000	
<i>Sold for Condo Conversion</i>								
The Barbizon	May-01	140E 63rd St.	300	Ian Schragger Hotels	Berwind Property Group	96,000,000	320,000	
Rihga Royal*	Feb-01	151 W 54th St.	500	Royal Hotels Ltd.	Thayer Lodging Group, Inc.	193,000,000	386,000	
The Carlyle	Jan-01	35 E 76th St	194	Mr. Norman Peck (et al)	Maritz Wolff & Co	127,500,000	657,000	
Downtown Athletic Club Hotel	Oct-00	19 West St.	116	CBA Real Estate Partners 19 West Hotel (LLC)	Upper West St LLC	20,000,000	172,000	
The Sutton	Jun-00	330 East 56th St.	84	Hong Kong & Shanghai Hotels	Glenwood Management	35,000,000	417,000	
<i>Sold for Condo Conversion</i>								

**Leasehold Interest*

Note: Price for the Rihga Royal includes termination fees paid to Marriott

Following the events of September 11, 2001, hotel transaction activity declined due to the uncertainty regarding hotel operating performance and stricter underwriting by lenders. Well-capitalized owners were generally holding on to their assets until market conditions normalized. Those owners facing debt-service shortfalls modified loan payment terms with their lenders or brought in new equity to the investment. Few owners have been forced to sell their assets.

Since the end of 2001, numerous buyers have raised capital to purchase hotels at levels below replacement cost. Declining hotel performance in 2002, followed by the war in Iraq and the SARS epidemic in the first half of 2003, caused many transactions to stall due to a gap between seller and buyer expectations.

In the last quarter of 2003, hotel investors started to perceive the hotel industry in Manhattan as very attractive, with expectations of increases in occupancy as well as average rate; buyers started to meet seller expectations. We note that all seven sales that occurred in 2003 took place during the second half of the year, as the Manhattan lodging market was starting to turn around.

Sales activity intensified in 2004 as the market rebounded at a tremendous pace. In total, 13 hotels were sold during the year, the highest number at that point in time.

Fourteen hotels were sold in 2005, exceeding the previous peak in transactions achieved in 2004. Hotel investors continued to have an upbeat perspective of the Manhattan lodging market, as average rate was expected to experience significant growth over the next few years. In addition, financing continued to be readily available in 2005, as lenders also seemed to be optimistic about the Manhattan lodging market.

During the last two years, Manhattan registered 14 hotel transactions, two of which exceeded the \$1 million mark per key. In October 2006, Istithmar acquired the W Union Square for roundly \$1.1 million per room. This record was broken a few months later, in February 2007, as the same buyer, Istithmar acquired an interest in the Mandarin Oriental for the highest per-room price ever recorded in Manhattan, at roundly \$1,371,000 per room. In 2007, the volume of hotel sales in Manhattan soared to over \$2.0 billion, excluding the sale of the Hilton New York and the Waldorf=Astoria as part of the Hilton acquisition by Blackstone.