

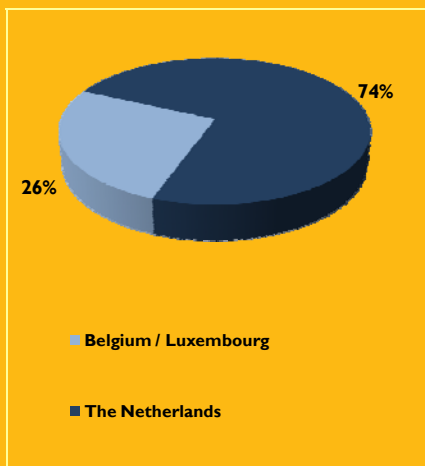


BENELUX HOTEL MARKET SENTIMENT SURVEY

March 2009

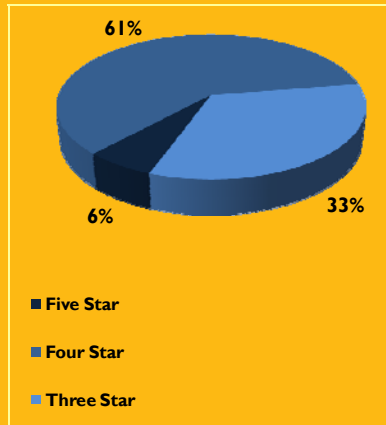
SHARE OF RESPONDENTS

BY REGION



SHARE OF RESPONDENTS

BY STAR CLASSIFICATION



INTRODUCTION

The Horwath HTL Benelux Hotel Market Sentiment Survey, part of a global initiative, has been designed to provide hoteliers in Belgium, The Netherlands and Luxembourg a quick assessment of the market outlook for the coming 12 months. The survey focuses on the outlook for occupancy, average room rates and total revenue.

Hoteliers have also been asked to make comments on the impact of key factors that drive room night demand growth as well as rate the outlook for each major demand segment.

This report summarizes the outcome of the survey, gathered from responses across 3 countries. Of the over 250 respondents in The Benelux, 74 percent came from The Netherlands and 26 percent from Belgium and Luxembourg. The majority of the contributions were from 4 star hotels (61 percent), followed by 3 star (33 percent), and 5 star (6 percent).

Similar to the Global Hotel Market Sentiment Survey previously released, most markets in the Benelux had a negative assessment of the outlook for 2009 due to the global financial crisis.



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SENTIMENT RANKINGS

By Country	Score
The Netherlands	-36.2
Belgium / Luxembourg	-25.9
Benelux Average	-34.4
Global Average	-34.1

SENTIMENT RANKINGS

By Classification	Score
Three star	-28.0
Four star	-35.5
Five star	-54.9

"An average sentiment score of negative 34.4 clearly indicates that hoteliers in the Benelux are expecting declines in performance in 2009."

RANKING SCORE KEY

Much Worse	-150.0
Worse	-75.0
Same	0
Better	75.0
Much Better	150.0

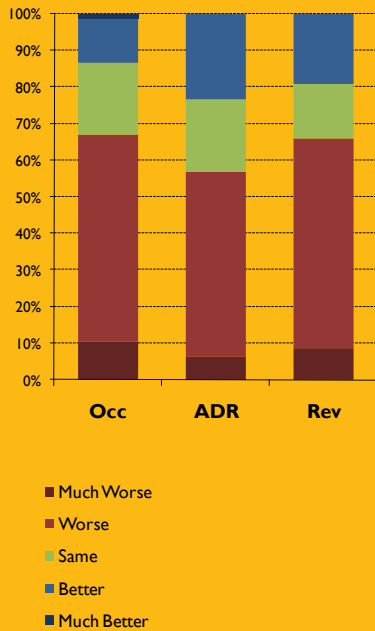
SENTIMENT RANKINGS

As a way to measure and compare the results across regions and countries, we have created an index to formulate an overall average sentiment score from all survey questions. Points were assigned to each corresponding response and compounded accordingly. The index utilized a scale of negative 150 to positive 150 in which a score of negative 150 denotes a sentiment of absolute pessimism; a zero score indicates unchanged expectations from the previous year whereas a positive 150 signifies a very optimistic outlook.

The purpose of creating a sentiment index or score is also to better track changes in market sentiment in future surveys to be conducted by Horwath HTL.

The sentiments of hoteliers across The Benelux have been clearly affected by the global economic crisis, visible from the results. General market sentiment was rather pessimistic with an average score of negative 34.4. Hoteliers in The Netherlands (-36.2) are shown to be more pessimistic than those in Belgium and Luxembourg (-25.9). The sentiment in the Five star segment (-54.1) is also notably less than in the Four star (-34.9) and Three star (-29.8) segments. The lowest sentiment scores were shown in the capital cities of Amsterdam (-63.4) and Brussels (-58.1), while secondary cities such as Antwerp (-38.6), The Hague (-46.5) and Rotterdam (-27.5) showed much better sentiment scores.

RATIO OF RESPONSES



"67 percent of the respondents stated that market-wide occupancy performance is going to be worse than 2008, only 13 percent said it would be better."

MARKET PERFORMANCE RANKING

	Occ,	ADR	Rev.
The Netherlands	-48.7	-34.3	-43.3
Belgium/ Luxembourg	-39.0	-9.0	-33.0
Benelux average	-47.1	-29.8	-41.5

MARKET PERFORMANCE

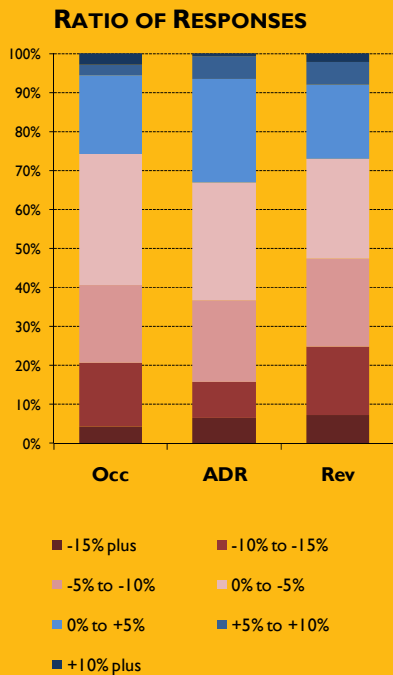
The first survey question dealt with the contributors' outlook on their markets' performance in 2009 as opposed to 2008.

In response to expectations on market-wide occupancy performance, 67 percent of the hoteliers replied that matters will get worse, 20 percent said that things will remain the same while 13 percent stated that things will get better. Clearly the global financial crisis is expected to impact demand in The Benelux.

Most believed a similar outcome in terms of Average Daily Rate (ADR) performance, as 57 percent stated that market-wide ADR performance is expected to be worse than the previous year. 20 percent mentioned that ADR will achieve the same results as the previous year while 23 percent were buoyant about their markets' performance.

Revenue followed the same trend wherein the majority or 66 percent of the respondents had bleak sentiments about the market's future revenue performance while merely 15 percent stated that revenue will follow last year's trend and 19 percent were optimistic about 2009's performance.

The Netherlands registered lower points than Belgium and Luxembourg on all market performance keys, most notably on ADR.



“Based on the global averages, all three performance indicators measured in 2009 are expected to decline by about 5 to 10 percent.”

HOTEL PERFORMANCE RANKING

	Occ.	ADR	Rev.
The Netherlands	-19.1	-14.0	-23.7
Belgium/ Luxembourg	0.0	+12.0	-10.0
Benelux average	-15.7	-9.4	-21.2

HOTEL PERFORMANCE

The second question asked each respondent to estimate the growth or decline in hotel performance for 2009 compared with 2008.

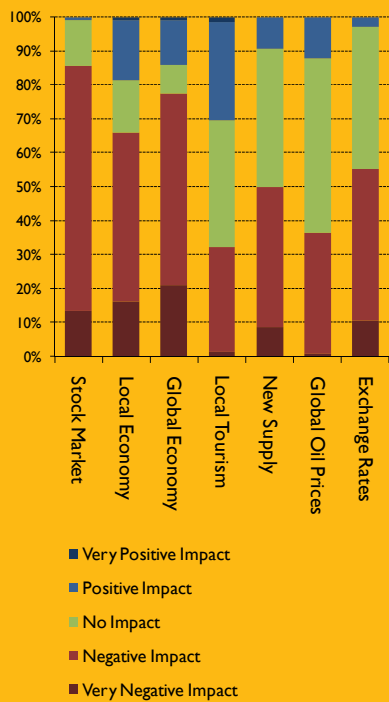
When asked if they still expect growth in their hotels’ performance in 2009, 74 percent of the hoteliers stated that their hotels will likely suffer a decline in occupancy. Also, 67 percent believed that ADR will experience the same fate while 73 percent replied that revenues will follow the same trend. Only a few of the respondents believed that performance will improve. Merely 6 percent, 7 percent and 8 percent forecasted more than minimal improvements in occupancy, ADR and revenue respectively.

Based on the Benelux averages, all three performance indicators measured in 2009 are expected to decline by about 5 to 10 percent.

Again, we see that hoteliers in Belgium and Luxembourg are more optimistic than their colleagues in The Netherlands, resulting in higher hotel performance scores.

Comparing the market performance scores with the hotel performance scores, we see that the respondents are slightly more positive about their own performance in 2009 than they are about the market performance, implying that most hoteliers expect to be able to outperform their respective markets.

RATIO OF RESPONSES



“Economic related issues are clearly the primary concern for hoteliers in 2009.”

FACTORS AFFECTING PERFORMANCE RANKING

1. Local/ Global Stock Market	-73.9
2. Global Economic Growth Trends	-62.9
3. Local Economic Growth Trends	-47.3
4. Currency Exchange Rates	-47.3
5. New Competitive Supply	-37.0
6. Global Oil Prices	-18.8
7. Local Tourism Trends	-1.6

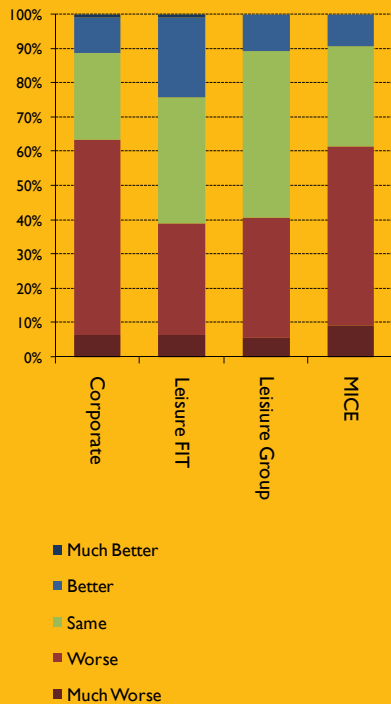
FACTORS AFFECTING PERFORMANCE

Each hotelier was also asked to gauge their attitude towards seven factors namely (1) local/global stock market, (2) local economic growth trends, (3) global economic growth trends, (4) local tourism trends, (5) new competitive supply additions, (6) global oil prices and (7) currency exchange rates and how these will impact their hotels’ performance in 2009.

Global/local stock market trends has the highest negative response rate with 86 percent, indicating that the majority of the participants believe that the worsening stock market will negatively impact performance. On the other hand, local tourism trends has the least negative response with 32 percent. Hoteliers are also unconcerned about the effect of rising oil prices on travel frequency and room night demand as 51% believe global oil prices will have no effect at all.

Utilizing the index, all choices registered negative results, indicating that all factors were believed to negatively affect performance. The contributors perceived that the negative trends on the stock markets will likely have the most harmful impact on hotel performance as this factor the lowest score of negative 73.9 points. This was followed by global economic market trends with negative 62.9 points, local economic growth trends (negative 47.3), currency exchange rates (negative 47.3), new competitive supply (negative 37.0), global oil prices (negative 18.8) and local tourism trends (negative 1.6).

RATIO OF RESPONSES



"More than 60 percent stated that performance of MICE and Corporate segments will get worse"

MARKET SEGMENT PERFORMANCE

1. Leisure FIT	-15.4
2. Leisure Group	-26.8
3. Corporate	-43.3
4. MICE	-46.1

MARKET SEGMENT PERFORMANCE

The last question dealt with each participant's opinion with regard to primary market demand segments which were Corporate, Leisure FIT, Leisure Group and MICE (Meetings, Incentive, Conference, Exhibition) and how they are expected to perform in 2009.

The majority of the respondents had negative opinions about the future performance of most segments. More than 60 percent stated that performance will get worse in both MICE and Corporate segments, while approximately 40 percent believed Leisure FIT and Leisure Group will also perform worse.

Employing the scoring system to obtain an average score, all segments yielded negative results, indicating that respondents generally think performance across all segments will suffer this year. The participants believe the MICE segment will be the worst affected this year as it scored the lowest point total with negative 46.1, followed by the Corporate segment with negative 43.3. This is not surprising given the current impact the financial crisis has had on major corporations around the world.

The Leisure Group segment, was expected to be the third poorest performing segment in 2009 with a score of negative 26.8. The Leisure FIT segment recorded a score of negative 15.4, making it the segment with the best expectations for 2009. These expectations are likely influenced by the high number of domestic tourists in the Benelux region, which is expected to increase as more people choose nearby destinations for their holidays.

CONCLUSIONS

Hoteliers in the Benelux generally expected a tough year with respect to market-wide and individual property performance. The majority of the contributors projected that performance in all three measures, room occupancy, average room rates and total revenue will likely decline this year. However, hoteliers outside the capital cities on average had a less negative outlook than those in Amsterdam and Brussels.

Although all of the seven factors were estimated to have a negative effect on performance, stock market performance and global economic growth trends were perceived to have the most severe effect. Clearly, economic related concerns, whether it be the global economy in general, local economic trends or stock market performance are the primary concern of hoteliers right across the globe.

Given that, it is not unexpected that MICE and corporate demand are anticipated to be the most heavily affected of the primary demand segments in 2009.

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BY CITY/ DESTINATION

Beijing Hong Kong Shanghai Shenzhen

Horwath HTL - Office Locations

ASIA PACIFIC

Auckland, New Zealand
Auckland@HorwathHTL.com

Beijing, China
Beijing@HorwathHTL.com

Hong Kong, SAR
HongKong@HorwathHTL.com

Honolulu, USA
Hawaii@HorwathHTL.com

Jakarta, Indonesia
Jakarta@HorwathHTL.com

Kuala Lumpur, Malaysia
KL@HorwathHTL.com

Mumbai, India
vthacker@HorwathHTL.com

Shanghai, China
Shanghai@HorwathHTL.com

Singapore, Singapore
Singapore@HorwathHTL.com

Sydney, Australia
Sydney@HorwathHTL.com

Tokyo, Japan
Tokyo@HorwathHTL.com

EUROPE

Amsterdam, Netherlands
info@horwath.nl

Andorra la Vella, Andorra
vmarti@HorwathHTL.com

Barcelona, Spain
vmarti@horwathconsulting.com

Belfast, UK
michael.williamson@asmhorwath.com

Budapest, Hungary
budapestoffice@horwathconsulting.net

Dublin, Ireland
post@horbc.ie

Frankfurt, Germany
knospe@horwathhtl.de

Kiev, Ukraine
afernandez@horwathhtl.com

London, UK
jomahoney@horwathhtl.com

Madrid, Spain
vmarti@horwathconsulting.com

Moscow, Russia
Moscow@horwathconsulting.net

Paris, France
pdoizelet@horwathhtl.fr

Rabat, Morocco
glanfray@horwathhtl.fr

Rome, Italy
aiadecola@horwathhtl.it

Salzburg, Austria
kploberger@horwathhtl.at

Tunis, Tunisia
glanfray@horwathhtl.fr

Zagreb, Croatia
sanja.cizmar@horwath.hr

NORTH/CENTRAL AMERICA

Atlanta, USA
mbeadle@horwathhl.com

Dallas, USA
rbesse@horwathhl.com

Denver, USA
jmontgomery@horwathhl.com

Los Angeles, USA
ynathraj@horwathhl.com

Mexico City, Mexico
bbasave@horwath.com.mx

Montreal, Canada
horwath@horwath-lariviere.com

Palm Beach, USA
staylor@horwathhl.com

San Francisco, USA
jhiser@HorwathHTL.com

Santo Domingo, Dominican Republic
sotero@codetel.net.do

Toronto, Canada
horwath@hghi.com

SOUTH AMERICA

Buenos Aires, Argentina
ochudnobsky@HorwathHTL.com

AFRICA

Cape Town, South Africa
Capetown@HorwathHTL.co.za

MIDDLE EAST

Beirut, Lebanon
kamelac@horwathac.com