

---

# Pinnacle Advisory Group

Hospitality Consulting  
Real Estate Appraisal  
Asset Management  
Litigation Support



Rachel Roginsky, ISHC  
Principal

April 12, 2005

Mr. Tom McColgan  
Director of Economic Development  
City of Springfield  
36 Court Street  
Springfield, MA 01103

Dear Mr. McColgan:

We have completed our research and analysis of the potential market support for a hotel in Springfield, MA. Presented in the body of this document is a summary of the factors and characteristics that influence the area lodging market, accompanied by a project recommendation and a forecast of aggregate occupancy and average rate for the local market through 2010 assuming the construction of a new hotel in Springfield. The opinions contained in the report are based upon our present knowledge of the competitive lodging market as of the completion of our fieldwork during the week of March 20, 2005.

It should be noted that our projections are, in many instances, based upon estimates and assumptions, which are subject to uncertainty and variations. Accordingly, we do not represent our forecasts as the results that will actually be achieved by the proposed hotel; rather, they have been conscientiously prepared based on information furnished to us coupled with our experience in the lodging industry. The terms of our engagement are such that we have no obligation to revise our findings to reflect events or conditions that occur subsequent to the date of transmittal. However, we are available to discuss the necessity for revision in view of changes in economic or market factors, any of which would require a subsequent letter of engagement.

If there are any questions after you have had the opportunity to review the attached report, please do not hesitate to call us at your convenience. Thank you for the opportunity to be of service to you.

Respectfully submitted,

Pinnacle Advisory Group

# TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	2
<b>EXECUTIVE SUMMARY</b> .....	3
<b>Area Analysis</b> .....	3
<b>Springfield Lodging Market</b> .....	3
<b>Proposed Hotel – Site Location and Facility Recommendation</b> .....	4
<b>Projected Market Performance</b> .....	4
<b>AREA OVERVIEW</b> .....	6
<b>Economic and Demographic Analysis</b> .....	6
<b>Office Market</b> .....	10
<b>Transportation</b> .....	11
<b>Convention Activity</b> .....	12
<b>Tourism Demand</b> .....	13
<b>Conclusion – Impact on Hotel Demand</b> .....	14
<b>LODGING MARKET ANALYSIS</b> .....	16
<b>Current Lodging Supply</b> .....	16
<b>Area Map – Highlighting Lodging Facilities</b> .....	18
<b>Historical Lodging Market Performance</b> .....	19
<b>Market Demand Segmentation</b> .....	19
<b>Extraordinary and Induced Demand</b> .....	22
<b>LOCATION ANALYSIS</b> .....	24
<b>FACILITY RECOMMENDATION</b> .....	26
<b>PROJECTED MARKET PERFORMANCE</b> .....	27
<b>Overall Supply and Demand Growth</b> .....	27
<b>Projected Market Occupancy</b> .....	27
<b>Projected Market Average Daily Rate</b> .....	28
<b>Conclusion</b> .....	28
<b>ASSUMPTIONS AND LIMITING CONDITIONS</b> .....	29
<b>ADDENDA</b> .....	30

## EXECUTIVE SUMMARY

### Area Analysis

While there has been limited growth in the Springfield area over the past few years, we are optimistic that the opening of the Mass Mutual Center will help to generate hotel demand in the market. The following bullet points highlight factors that will affect hotel demand in the future:

- Economic indicators including population, retail sales, personal income, and employment, all reflect growth, albeit nominal, in Springfield.
- Office market statistics over the past few years have indicated a stable office market. Although office vacancy statistics reflect a positive outlook, it is important to note that sub-lease vacancies have increased, thus some office facilities are not fully occupied.
- Springfield is an easily accessible location in close proximity to the major highways (Massachusetts Turnpike, Interstate 91, and Interstate 291), a major international airport (Bradley International Airport) and home to a regional train station (Union Station).
- The \$71 million renovation and expansion of the existing civic center to the newly named Mass Mutual Center will have a positive impact on the area. The expansions include a new 40,000 square foot exhibition hall, a 14,880 square foot ballroom, and five meeting rooms totaling 8,352 square feet.
- Tourism has remained consistent over the past few years and is driven by the Six Flags New England, the newly opened Naismith Basketball Hall of Fame, the Dr. Seuss National Memorial Sculpture Garden and Quadrangle Museums, and local shopping.

### Springfield Lodging Market

While most regional lodging markets struggled following the events of September 11<sup>th</sup> and the economic downturn, the Springfield lodging market performed in the low 70's in occupancy, primarily due to a significant increase in lodging demand from the Westover Air Force Base. During this time, however, average daily rates declined as lower-rated government rooms filled the market. However, when visitors to Westover decreased to negligible amounts in 2004, the market occupancy declined to the mid-60's. Conversely, average daily rate increased 3.6 percent to \$95.66 in 2004 as the corporate transient market once again comprised a majority of the demand.

The Sheraton, Marriott, Holiday Inn, and the Hilton Garden Inn comprise the Springfield hotel market and combined, total 972 rooms. Although there are numerous economy and limited service hotels located in West Springfield, we did not find them to be directly competitive with the hotels in the Springfield market, and thus were not included as part of our analysis. The following table presents the historical supply and demand factors for the Springfield lodging market.

Historical Market - Summary						Downtown - Springfield, MA				
Market Supply			Market Demand			Market Statistics				
Year	Total		Total		Average					
	Roomnights	%	Roomnights	%	Occupancy	Pts.	Rate	%	RevPAR	%
2000	302,585		247,826		81.9%		\$92.28		\$75.58	
2001	302,585	-	234,140	- 5.5%	77.4%	- 4.5%	\$95.10	3.1%	\$73.59	- 2.6%
2002	333,032	10.1%	237,485	1.4%	71.3%	- 6.1%	\$93.70	- 1.5%	\$66.82	- 9.2%
2003	354,780	6.5%	256,180	7.9%	72.2%	0.9%	\$92.35	- 1.4%	\$66.68	- 0.2%
2004	354,780	-	227,254	- 11.3%	64.1%	- 8.2%	\$95.66	3.6%	\$61.27	- 8.1%
CAGR: 2000-04		4.1%		- 2.1%				0.9%		- 5.1%

Source: Pinnacle Advisory Group

### Proposed Hotel – Site Location and Facility Recommendation

Based on our analysis of two areas (Downtown versus Riverfront locations), we are in the opinion that a downtown location is a better area for new hotel development. Although both areas are viable options for new hotel development, the benefits of a downtown location outweigh the Riverfront. Furthermore, a downtown location would provide more benefit to the Mass Mutual Center which is strategically important to future growth in Springfield.

Based on the specific types of lodging demand projected for Springfield, coupled with the type and quantity of existing lodging supply, we recommend the following facilities for a proposed hotel:

- a hotel within the range of 120 - 150 guest rooms;
- an affiliation with a strong national hotel company such as Marriott;
- a “select-service” hotel such as Springhill Suites or Courtyard;
- at a minimum, three meals/day food and beverage service either operated by the hotel or outsourced to a third party;
- a small fitness center;
- a small indoor pool;
- limited meeting space not to exceed 1000 square feet;
- an adjacent parking facility or an agreement to use a facility nearby; and
- open in July of 2007.

We do not believe that more than one new hotel can be supported in Springfield. Furthermore, we estimate that the impact to the total lodging market as a result of a new 135-room hotel will be five occupancy points.

### Projected Market Performance

After the opening of the Mass Mutual Center in late September of 2005, occupancies are projected to recover and should reach 70 percent by 2009. Average daily rate is projected to grow at 2.6%, on a compound annual basis, between 2004 and 2010. The growth in demand is a result of

## EXECUTIVE SUMMARY

modest base growth in addition to approximately 33,000 annual rooms nights generated (upon stabilization) from the new Mass Mutual Center. The following table presents projected supply and demand, as well as aggregate average room rate for the Springfield lodging market.

Projected Supply and Demand			Springfield Lodging Market		
Year	Annual Supply	%	Annual Demand	%	Market Occupancy
2004 Historical	354,780		227,300		64%
2005	354,780	-	229,126	0.8%	65%
2006	354,780	-	236,305	3.1%	67%
2007	379,418 <sup>(1)</sup>	6.9%	261,365	10.6%	69%
2008	404,055	6.5%	273,992	4.8%	68%
2009	404,055	-	281,013	2.6%	70%
2010	404,055	-	282,692	0.6%	70%
CAGR 2002 to 2007		2.6%		4.3%	

Source: Pinnacle Advisory Group

Note: (1) New supply assumes the addition of a 135 room select-service hotel with a major brand affiliation opening in July of 2007.

Projected Average Daily Rate			
Springfield Lodging Market			
Period	Historic Rate	Projected Rate	Rate of Change
2004	\$95.66		
2005		\$98.54	3.01%
2006		\$100.97	2.47%
2007		\$102.89	1.90%
2008		\$105.31	2.35%
2009		\$108.47	3.00%
2010		\$111.72	3.00%

Source: Pinnacle Advisory Group

## AREA OVERVIEW

Springfield is located in Hampden County, in the western portion of the state of Massachusetts, approximately 90 miles west of Boston. It is the third largest city in Massachusetts and is western Massachusetts' cultural and economic center. There has been limited growth in Springfield over the past few years with the exception of the Naismith Basketball Hall of Fame, which expanded and reopened in July of 2002. The expansion of the existing Springfield Civic Center into the larger Mass Mutual Center expected to open in September of 2005, will help to attract group business and is expected to help stimulate a sluggish economy.

### Economic and Demographic Analysis

All economic indicators that were considered in our analysis are from Woods & Poole Economics of Washington, D.C. Where possible, this information is augmented by other sources of local information. We present this information to provide a frame of reference regarding the overall economic climate in which a proposed development would occur.

#### *Population*

Historical data and projected population for Hampden County, the Springfield Metropolitan Statistical Area (MSA), the state of Massachusetts, and the United States as a whole are presented in the following table.

<b>Population</b>				
	Hampden County	Springfield MSA	State of MA	United States
1990	456,940	300,354	6,022,639	249,622,814
1998	454,758	358,461	6,271,838	275,854,104
2003	459,034	386,096	6,456,088	291,416,527
<i>Compound Annual Growth (CAGR)</i>				
CAGR 1990 - 1998	-0.08%	2.99%	0.68%	1.68%
CAGR 1998 - 2003	0.19%	1.50%	0.58%	1.10%
CAGR 1990 - 2003	0.04%	2.31%	0.63%	1.42%
<i>Projected</i>				
2008	457,547	421,915	6,580,999	305,926,697
CAGR 2003 - 2008	-0.06%	1.79%	0.38%	0.98%

Source: Woods & Poole Economics of Washington D.C.

According to Woods & Poole, Hampden County's population in 2003 was just under 460,000 residents. Between 1990 and 2003, Hampden County's population remained virtually unchanged with a 0.04 percent increase overall, compared to a 2.31 percent increase in the MSA, a 0.63 percent increase for the state of Massachusetts and a 1.42 percent increase across the country. The population for the county is forecasted to decline at a nominal compound annual rate of 0.06 percent through 2008.

**Retail Sales**

Retail sales are an indication of an area's propensity to spend and a reflection of disposable income. Based on the Woods & Poole data analyzed, retail sales in Hampden County increased by 1.43 percent annually from 1990 through 2003, with higher growth for the second half of the survey period at 3.06 percent annually. The forecast through 2008 reflects a compound annual growth at 0.9 percent. The historical and projected county retail sales figures, however, were below the MSA, the state, and national growth levels.

Historical data and projected retail sales for Hampden County, the Springfield MSA, the state of Massachusetts, and the United States are presented in the following table.

<b>Retail Sales</b>				
	Hampden County	Springfield MSA	State of MA	United States
1990	\$4,110	\$2,934	\$57,069	\$2,089,724
1998	\$4,132	\$4,012	\$63,534	\$2,598,331
2003	\$4,805	\$4,902	\$75,431	\$3,168,545
<i>Compound Annual Growth (CAGR)</i>				
CAGR 1990 - 1998	0.09%	5.35%	1.80%	3.70%
CAGR 1998 - 2003	3.06%	4.09%	3.49%	4.05%
CAGR 1990 - 2003	1.43%	4.78%	2.57%	3.86%
<i>Projected</i>				
2008	\$5,026	\$5,567	\$80,769	\$3,496,580
CAGR 2003 - 2008	0.90%	2.57%	1.38%	1.99%

Note: Values are expressed in millions of dollars and as constant 1992 dollars.

Source: Woods & Poole Economics of Washington D.C.

The major contributors to retail sales in the area include the Eastfield Mall in Springfield, the Holyoke Mall at Ingleside located approximately seven miles from downtown Springfield, the Boston Road Retail Corridor in Springfield, the Riverdale Shops in West Springfield, as well as the "big box" retail such as Cosco and Home Depot. The Eastfield Mall is anchored by the departments stores Filene's, JC Penny, and Sears and includes approximately 85 stores as well a 16 screen cinema complex. The Holyoke Mall is Western New England's largest shopping destination with over 200 stores and is anchored by Filene's, Target, Sears, JC Penny, and Best Buy. The Boston Road Retail Corridor includes stores such as Wal-Mart, Circuit City, Lowe's and the Super Stop and Shop along Boston Road. The Riverdale Shops across the Connecticut River in West Springfield includes 30 stores including Kohl's Department Store, KB Toys, and Old Navy.

**Personal Income**

Personal income figures for the county revealed a 1.55 percent compound annual growth between 1990 and 2003. Projected compound annual growth between 2003 and 2008 in Hampden County displays growth of 1.20 percent. Historical and projected growth figures in the county, however, is well below the MSA, the state and the nation. The state has increased by 3.37 percent between 1990 and 2003 and is projected to increase by a compound annual growth of 1.62 percent. The United States increased by 3.43 percent between 1990 and 2003 and is projected to increase by a compound annual growth of 2.10 percent. Historical data and projected personal income for the same four geographic regions are presented in the following table.



<b>Personal Income</b>				
	Hampden County	Springfield MSA	State of MA	United States
1990	\$10,382	\$5,361	\$163,228	\$5,705,389
1998	\$11,114	\$7,748	\$199,142	\$7,200,327
2003	\$12,295	\$8,950	\$234,925	\$8,267,089
<i>Compound Annual Growth (CAGR)</i>				
CAGR 1990 - 1998	1.14%	6.33%	3.37%	3.95%
CAGR 1998 - 2003	2.04%	2.92%	3.36%	2.80%
CAGR 1990 - 2003	1.55%	4.77%	3.37%	3.43%
<i>Projected</i>				
2008	\$13,048	\$10,324	\$254,551	\$9,174,566
CAGR 2003 - 2008	1.20%	2.90%	1.62%	2.10%

Note: Values are expressed in millions of dollars and as constant 1992 dollars.

Source: Woods & Poole Economics of Washington D.C.

### **Wealth Index**

The wealth index illustrates the affluence of the resident population for a particular region. The index for Hampden County was 90 in 2003, relative to an index of 100 for the nation at large. The county index has remained unchanged since 1998, however has decreased 0.41 percent from 94 between the years of 1990 and 2003. The county's wealth index is forecast to increase to 91 through 2008. The county was seven points higher than the Springfield MSA in 2003, however lagged behind the state of Massachusetts, which had a wealth index of 124.

<b>Wealth Index</b>				
	Hampden County	Springfield MSA	State of MA	United States
1990	94	82	114	100
1998	90	86	117	100
2003	90	84	123	100
<i>Compound Annual Growth (CAGR)</i>				
CAGR 1990 - 1998	-0.84%	0.79%	0.48%	0.00%
CAGR 1998 - 2003	0.11%	-0.39%	0.98%	0.00%
CAGR 1990 - 2003	-0.41%	0.25%	0.71%	0.00%
<i>Projected</i>				
2008	91	84	124	100
CAGR 2003 - 2008	0.11%	-0.05%	0.09%	0.00%

Note: Wealth indices reflect adjusted disposable income (i.e. buying power); figures are indexed to the average for the U.S., which is 100.

Source: Woods & Poole Economics of Washington D.C.

### **Employment**

Reflecting the national trend, the area's employment structure has shifted from traditional labor-intensive manufacturing jobs to service jobs. According to Woods and Poole, in 1980 manufacturing was the largest employment sector in Hampden County representing 27 percent of the jobs. By 2003 the manufacturing sector had declined to only 12 percent of the jobs in Hampden County. Over the same period, the service industry increased from 22 percent of total jobs to 34 percent. Retail and government jobs also comprised a significant portion of overall employment comprising of

## AREA OVERVIEW

17 percent and 15 percent respectively. Between 2003 and 2008, Woods and Poole predicts that the number of manufacturing jobs will continue to decline by 1.70 percent while the service sector will continue to increase by 1.05 percent. In total, the number of jobs in the county is forecast to increase by 0.41 percent.

Historical data and projected employment are presented in the following table.

<b>Hampden County Employment Statistical Analysis</b>					
	<u>1980</u>	<u>1990</u>	<u>1998</u>	<u>2003</u>	<i>Projected</i> <u>2008</u>
<i>Employment by Sector</i>					
Agriculture & Mining	2,258	2,730	2,739	2,994	3,019
Construction	7,290	10,543	10,448	11,974	12,382
Manufacturing	59,661	41,529	34,708	31,486	28,894
Utilities	8,852	10,382	10,279	11,698	11,857
Wholesale Trade	10,704	9,992	8,803	9,775	9,826
Retail Trade	36,329	43,262	43,021	43,720	44,838
F.I.R.E.	17,023	19,918	17,142	18,921	18,883
Services	49,241	68,832	79,883	84,974	89,545
Government	32,307	34,406	33,596	37,519	39,034
<b>Total Employment</b>	<b>223,665</b>	<b>241,594</b>	<b>240,619</b>	<b>253,061</b>	<b>258,278</b>
<i>Compound Annual Growth</i>		<u>'80 - '90</u>	<u>'90 - '98</u>	<u>'98 - '03</u>	<u>Proj. '03 - 2008</u>
Agriculture & Mining		1.92%	0.05%	1.80%	0.17%
Construction		3.76%	-0.15%	2.76%	0.67%
Manufacturing		-3.56%	-2.95%	-1.93%	-1.70%
Utilities		1.61%	-0.17%	2.62%	0.27%
Wholesale Trade		-0.69%	-2.09%	2.12%	0.10%
Retail Trade		1.76%	-0.09%	0.32%	0.51%
F.I.R.E.		1.58%	-2.47%	1.99%	-0.04%
Services		3.41%	2.51%	1.24%	1.05%
Government		0.63%	-0.40%	2.23%	0.79%
<b>Total Employment</b>		<b>0.77%</b>	<b>-0.07%</b>	<b>1.01%</b>	<b>0.41%</b>
<i>Absolute/Total Change</i>		<u>'80 - '90</u>	<u>'90 - '98</u>	<u>'98 - '03</u>	<u>Proj. '03 - 2008</u>
Agriculture & Mining		472	9	255	25
Construction		3,253	-95	1,526	408
Manufacturing		-18,132	-6,821	-3,222	-2,592
Utilities		1,530	-103	1,419	159
Wholesale Trade		-712	-1,189	972	51
Retail Trade		6,933	-241	699	1,118
F.I.R.E.		2,895	-2,776	1,779	-38
Services		19,591	11,051	5,091	4,571
Government		2,099	-810	3,923	1,515
<b>Total Employment</b>		<b>17,929</b>	<b>-975</b>	<b>12,442</b>	<b>5,217</b>

Source: Woods & Poole Economic Report

Major employers in the area include: Massachusetts Mutual Financial Group (which is headquartered in Springfield), Baystate Medical Center, Mercy Hospital and Verizon. Not coincidentally, these companies are also some of the largest commercial hotel demand generators in the area. The following table includes the major employers in the Greater Springfield area.

<b>City of Springfield</b>	
<b>Largest Employers</b>	<b>Number of Employers</b>
Baystate Health System	8,020
Mass Mutual Financial Group	5,500
Sisters of Providence Health System	3,700
Verizon	3,000
U.S. Postal Service	2,231
Big Y Supermarkets	737
Center For Human Development/Behavioral Health Network	657
Springfield Republican	650
Smith and Wesson	572
Springfield College	567
Solutia Inc.	560
Parkview Specialty Hospital	500
Western New England College	487
Springfield Technical Community College (STCC)	414
Springfield Wire, Inc.	315

Source: City of Springfield calls to employers February 2005

### **Unemployment**

The city of Springfield has historically experienced higher unemployment rates than the county, the state, and the nation as a whole. Although unemployment rates increased from 2000 to 2003, there has been a positive downward trend in 2004 with a decrease of 0.5 percent from 8.5 percent to 8 percent.

<b>Unemployment Rate Statistics</b>				
<b>Year</b>	<b>City of Springfield</b>	<b>Hampden County</b>	<b>State of Massachusetts</b>	<b>United States</b>
1995	7.7%	6.7%	5.5%	5.6%
1996	6.3%	5.3%	4.6%	5.4%
1997	5.8%	4.8%	4.1%	4.9%
1998	5.3%	4.3%	3.4%	4.5%
1999	5.2%	4.1%	3.3%	4.2%
2000	4.4%	3.5%	2.7%	4.0%
2001	5.5%	4.3%	3.7%	4.7%
2002	7.4%	5.8%	5.3%	5.8%
2003	8.5%	6.7%	5.8%	6.0%
2004	8.0%	6.2%	5.1%	5.5%

Source: US Bureau of Labor Statistics

### **Office Market**

Office market statistics are a sound indicator of the commercial climate and the desirability of a particular market area. The city of Springfield had over 3.5 million square feet of office space as of year-end 2004 with an overall vacancy rate of 13.27 percent. It should be noted, however, that although vacancy rates have decreased over the past five years and rates especially for Class A facilities are particularly low, that sub-lease space in the market has not been absorbed. As a result, several buildings are not fully occupied.

<b>Downtown Springfield Office Market Vacancy Rates</b>					
Year	Class A	Class A w/ sublease	Class B	Class C	Overall Total
2000	8.3%	15.5%	25.8%	37.3%	20.3%
2001	5.6%	15.3%	22.4%	44.9%	19.4%
2002	6.8%	10.1%	17.3%	34.8%	15.9%
2003	6.8%	10.1%	16.1%	33.3%	15.2%
2004	3.1%	16.6%	16.1%	28.4%	13.3%

Source: Colebrook Realty Services

According to CB Richard Ellis, there is a relatively positive outlook for the office market in the near future. They note that companies will continue to stay in the Springfield area due to its central location in New England and its easy accessibility. Vacancy rate statistics help to validate these projections as overall vacancy rates declined from 15 percent to 13 percent from 2003 to 2004. Class A and Class C vacancy rates decline slightly and Class B vacancy rates remained unchanged. There is currently no word of major office construction scheduled in Springfield.

### Transportation

Springfield is easily accessible to many different modes of transportation. Interstate 90 (Massachusetts Turnpike) which runs in an east/west direction and Interstate 91 (I-91), which runs in a north/south direction, converge in West Springfield and are the major highways that serve the area. The Massachusetts Turnpike converges with I-91 approximately six miles north of the city of Springfield. The highway travels 138 miles across the state of Massachusetts from the New York border east to Boston.

I-91 is the major highway that passes through Springfield and stretches from Hartford, Connecticut in the South up to the Canadian border in Vermont. The highway is currently undergoing an exit rehabilitation project that is expected to create a safer and more convenient highway exit and entrance. The project is expected to be completed in the latter part of 2005 and will help traffic flow to the riverfront development area where the Naismith Basketball Hall of Fame is located, as well as to locations in Downtown Springfield.

The train station in Springfield is located approximately six blocks northwest of the downtown city center. Amtrak provides three services that pass through the Springfield station. The train services include: The Lake Shore Limited Train which passes east/west from Boston to Chicago, the Regional train which travels in a north/south direction from Boston to Washington DC, and the Vermonter which travels north/south from upstate Vermont to Washington DC. Amtrak services provide direct access to Boston in approximately two and half hours and access to New York City in approximately three hours. There have been plans for a major renovation for the past five years to redevelop the historic Union Station into a mixed-use intermodal transportation facility, which would house both a train station and a bus station. Plans to begin construction are currently on hold and there is no word at the moment whether the project will move forward.

Air transportation to the Springfield area is provided by Bradley International Airport, the second busiest airport in the New England region. Bradley International Airport is located in Windsor, Connecticut, 12 miles south of Springfield. The airport is currently served by 16 carriers including 10 major carriers such as Southwest, Delta, United and US Airways and six regional carriers including Independence Air and American Eagle. Through year-end 2004, statistics show that passenger numbers were the highest since 2001. A total of over 6.7 million travelers in 2004 accounted for an increase of 7.6 percent from 2003. The following chart displays the passenger traffic trend since 1990.

<b>Passenger Activity for Bradley International Airport</b>		
Year	Total Passenger Count	Growth
1990	5,050,220	
1991	4,613,857	-8.6%
1992	4,740,918	2.8%
1993	4,705,257	-0.8%
1994	4,791,088	1.8%
1995	5,126,611	7.0%
1996	5,377,759	4.9%
1997	5,421,873	0.8%
1998	5,636,541	4.0%
1999	6,335,804	12.4%
2000	7,338,470	15.8%
2001	6,888,031	-6.1%
2002	6,525,215	-5.3%
2003	6,261,807	-4.0%
2004	6,737,048	7.6%

*Source: Bradley International Airport*

Officials at the Bradley International Airport were optimistic about future growth particularly with the opening of their new terminal and concourse. The new terminal has added 260,000 square feet of additional space onto the existing structure and the new concourse provides an additional 12 gates. The completion of the new terminal was the last major step in completing the \$200 million airport modernization project, which began in April of 2000. Other improvements made over the course of the modernization project include renovation of exiting gates, installation of new baggage claim equipment, improved roadway system, and additional ticket counters.

### **Convention Activity**

The Springfield Civic Center originally opened in 1972 and is in downtown near City Hall bordered by East Court, Dwight, State and Main Street. The Civic Center, now known as the Mass Mutual Center, is currently undergoing a \$71 million dollar renovation and expansion that is on schedule to be completed by the end of September. The existing arena has already been renovated with new ice making equipment and new seats and is currently in use with the local minor league hockey team. The expansions include a new 40,000 square foot exhibition hall that can seat up to 2,500 people for a sit-down function, a 14,880 square foot ballroom, which can accommodate a 1,000 person function, and five meeting rooms totaling 8,352 square feet. The Massachusetts Convention Center Authority currently owns and operates the Center.

The Convention and Visitors Bureau is optimistic that the Mass Mutual Center will become a major demand generator in the area and will attract groups that previously were unable to be accommodated due to space constraints. According to the General Manager at the Mass Mutual Center, the arena, with the expansion of the entire facility, is expected to attract 400,000 to 500,000 people and will host events such as professional wrestling, ice skating, symphonies, the circus and music concerts. It is primarily expected to attract guests from the local area. For the purposes of this analysis, the main concern will be of the room nights generated by the Mass Mutual Center, which will most likely be generated through their meeting space and will be booked through the Greater Springfield Convention and Visitor's Bureau.

Our research indicates that while the four hotels in downtown Springfield will be able to accommodate a majority of the roomnights generated by the new Mass Mutual Center, there will also be a sizable number of rooms (on peak nights) that will be displaced to the adjoining cities that make up the Greater Springfield area. Interviews with the Convention and Visitor's Bureau stated that Springfield is primarily a center for regional association meetings. With the opening of the Mass Mutual Center, they will continue to target these groups but will now be able to accommodate larger association groups that were previously unable to be accommodated. In addition to regional associations, the following groups types will be targeted: social, military, educational, religious, and fraternal (SMERF) groups, sports conferences, educational conferences, and medical, technological, and financial corporate groups.

In moving forward, the biggest challenges facing the Mass Mutual Center will be its competition with local convention and civic centers of similar size. Albany, Providence, Buffalo, Worcester, and the Adriaen's Landing Convention Center (currently under construction) in Hartford, will all compete for similar groups.

### ***Hartford's Adriaen's Landing Convention Center***

Adriaen's Landing is a mixed-use development that has been under construction since 2000 and is situated of 30 acres of land. When completed it will include a convention center, an adjoining Marriott hotel, and residential, retail, and entertainment facilities. The convention center will consist of 145,000 square feet of exhibition space, a 40,000 square foot ballroom, and 25,000 square feet of additional meeting space. The Convention Center will be opened in June of 2005 and the associated headquarters hotel is projected to open one month later in July of 2005.

### **Tourism Demand**

The city of Springfield includes a number of popular tourist attractions in the near vicinity. Of particular note is its proximity to the Six Flags New England Amusement Park in the nearby town of Agawam, Massachusetts. With the parks success over the past few years, Six Flags is on schedule to open two new rides during its upcoming season. The new roller coaster ride, Pandemonium is scheduled to open on April 16th, 2005 and an additional water park ride called Typhoon is expected to open on May 21, 2005. In addition, Springfield is home to the popular new Naismith Basketball Hall of Fame, which replaced an older facility in 2002, and is located on the riverfront. Despite being a state of the art facility, attendance numbers of 240,000 visitors in 2004 is below original visitor projections. Other attractions in the area include the Eastern States Exposition (also known as "The Big E") located in West Springfield, and the Dr. Seuss National Memorial Sculpture Garden and Quadrangle Museums located in downtown Springfield. There are also a few shopping destinations including the Eastfield Mall located within the city of Springfield and the largest shopping destination in Western New England, the Holyoke Mall at Ingleside, which is located approximately seven miles away in Holyoke. In addition to its leisure destinations, the area does attract visitors during the autumn for its fall foliage. The city is also a popular "stopover" location

due to its location at the intersection of two major regional interstate highways – Massachusetts Turnpike and I-91.

### Conclusion – Impact on Hotel Demand

Over the past decade, the Springfield economy has lagged national growth trends in all key economic indices as presented by Woods & Poole Economics. The city, however, is working to revitalize the local economy. With excellent accessibility, a mixture of local attractions, and sufficient restaurant and lodging supply, the city is well positioned to benefit from potential growth. The Mass Mutual Center expansion project, which is projected to open in September of 2005 is expected to stimulate growth in the downtown Springfield market and should serve as a catalyst for revitalization.





## LODGING MARKET ANALYSIS

### Current Lodging Supply

The city of Springfield's lodging market includes four properties located in close proximity to the city center. The current lodging market includes an available room total of 972 rooms.

<b>Springfield Lodging Market</b>	
Property	Rooms
Sheraton Springfield	325
Marriott Springfield	262
Holiday Inn Springfield	242
Hilton Garden Inn Springfield	143
<b>Total</b>	<b>972</b>

*Source: Pinnacle Advisory Group*

The following is a brief discussion of each of the competitive lodging properties.

#### ***Sheraton Springfield***

The Sheraton originally opened in 1987 and with 325 rooms, it is the largest hotel in Springfield. The hotel is in downtown Springfield and is roughly two blocks to City Hall and the upcoming Mass Mutual Center. It is also built along I-91 and has excellent visibility from the highway. The property is independently owned and operated by Falcon Hotel Corporation, which is one of a portfolio of companies owned by the Picknelly family. The same company also owns the Hilton Garden Inn in Springfield. The Sheraton is currently undergoing a major renovation and is working on fully updating three guestroom floors. In the next 12 to 16 months, the lobby and the main ballroom will be fully updated.

The property currently offers a steakhouse, bar and grill, and room service as their dining options. In addition, the hotel features the Sheraton Springfield Athletic Club, which includes a heated indoor pool, steam room, sauna, tanning salon, massage therapy, and racquetball. The hotel has a considerable amount of meeting space with 30,000 square feet of function and exhibit space. Parking at the hotel is connected to the facility and is available for both valet and self-parking for an additional charge.

With a significant amount of meeting space and the ability to accommodate larger groups, the Sheraton is primarily a group hotel. In the coming years, the Sheraton is expected to continue to accommodate groups, particularly from demand generated from the opening of the Mass Mutual Center, which is in very close proximity to the Sheraton.

#### ***Marriott Springfield***

The Marriott Hotel was built in 1976 in downtown Springfield and is directly across the street from the Sheraton. Like the Sheraton, the Marriott is built along I-91 and provides excellent visibility to travelers along the highway. The hotel is owned by Mass Mutual and has recently completed a \$3.5 million renovation of all of the guestrooms as well as the main ballroom.

The hotel has 262 rooms on nine floors and features a full service bistro and lounge, a sports bar, arcade room, indoor pool, and fitness center. The hotel is also connected to Tower Square, which offers some additional retail amenities. The Marriott also offers a considerable amount of meeting

space with 11,000 square feet spread throughout 13 meeting rooms. A parking garage is located within the facility and is available to guests for self-parking at an additional charge.

The Marriott primarily targets the local corporate market that seeks the full service experience along with its convenient downtown location. The hotel also captures some group business and will often partner with the neighboring Sheraton in capturing groups too large to fit within just one of the hotels.

### ***Holiday Inn Springfield***

The Holiday Inn, which was built in 1986, is located on Dwight Street approximately three quarters of a mile northeast from the Sheraton and Marriott in downtown Springfield. It is proximate to both Interstate 291 (I-291) and I-91. The Holiday Inn has spent over \$3.5 million dollars in renovations over the past four years. They are currently undergoing renovations on their food and beverage space, the remainder of the 12th floor, and the elevators.

The hotel features a full service restaurant, a quick service bakery, fitness center, indoor pool, and seven meeting rooms totaling 4,950 square feet. The Holiday Inn also has surface parking adjacent to the hotel at no charge.

The Holiday Inn reports their demand is evenly distributed from the corporate, leisure, and group segments. Due to its lower price point however, the Holiday Inn has attracted more leisure business than any of its competitive hotels in the city of Springfield.

### ***Hilton Garden Inn Springfield***

Falcon Hotel Corporation, who also owns the Sheraton, built the Hilton Garden Inn, which opened in July of 2002. It is built along the riverfront of the Connecticut River and is adjacent to the newly built expansion of the Naismith Basketball Hall of Fame. The site offers an excellent location close to a major attraction and also has excellent visibility from I-91.

The hotel features 143 rooms, a fitness room, indoor pool, business center, and over 5,600 total square feet of meeting space. The hotel is also connected through an indoor walkway to a popular Pizzeria Uno, who offers room service throughout the hotel. In addition, the Hilton Garden Inn has surface parking adjacent to the hotel at no additional charge.

The Hilton Garden Inn is the newest hotel in the downtown Springfield market since the Sheraton opened in 1987. The new product, which also offers complimentary parking to all guests, has catered towards the business traveler, and has performed particularly well during its first few years of operation.

Area Map – Highlighting Lodging Facilities



## Historical Lodging Market Performance

The following table illustrates the aggregate annual occupancies and average rates of the downtown Springfield market for the period between 2000 and 2004.

Historical Market - Summary				Downtown - Springfield, MA						
Market Supply			Market Demand				Market Statistics			
Year	Total		Total		Occupancy	Pts.	Average			
	Roomnights	%	Roomnights	%			Rate	%	RevPAR	
2000	302,585		247,826		81.9%		\$92.28		\$75.58	
2001	302,585	-	234,140	- 5.5%	77.4%	- 4.5%	\$95.10	3.1%	\$73.59	- 2.6%
2002	333,032	10.1%	237,485	1.4%	71.3%	- 6.1%	\$93.70	- 1.5%	\$66.82	- 9.2%
2003	354,780	6.5%	256,180	7.9%	72.2%	0.9%	\$92.35	- 1.4%	\$66.68	- 0.2%
2004	354,780	-	227,254	- 11.3%	64.1%	- 8.2%	\$95.66	3.6%	\$61.27	- 8.1%
CAGR: 2000-04		4.1%		- 2.1%				0.9%		- 5.1%

Source: Pinnacle Advisory Group

From 2000 through 2004, captured demand in the competitive market decreased at a compound annual rate of 2.1 percent with an average annual occupancy over the past five years of approximately 73 percent. In 2001, the market experienced a 4.5 percent drop in occupancy due to the events of September 11<sup>th</sup> and the downturn of the economy. Although the sluggish economy affected corporate and leisure travel into 2002 and 2003, the Springfield lodging market rebounded quickly due to a strong increase in lodging demand from the Westover Air Force Base (Westover). Westover, located in Chicopee, is the largest reserve base in America and is one of the primary stopping points for American soldiers before heading overseas. With negative demand growth in other market segments during these two years, Westover brought significant demand to the Greater Springfield market, including the downtown hotels. The induced demand from Westover resulted in a 1.4 percent and a 7.9 percent increase in market demand in the years 2002 and 2003, respectively. Overall however, occupancy in 2002 dropped 6.1 percent as the market experienced a supply increase with the opening of the Hilton Garden Inn in July of 2002. As room nights stemming from Westover decreased to negligible amounts in the last few months of 2003 and throughout all of 2004, overall demand declined considerably at 11.3 percent in 2004, which resulted in an 8 percent decline in aggregate occupancy for the market.

Average daily room rate increased at a compound annual rate of 0.9 percent from 2000 to 2004. Similar to the historical five-year occupancy trends, fluctuations in rate were also directly attributed to the increase in Westover roomnight demand. As the local lodging market accommodated the lower rated Westover roomnights, the average daily rate in the market decreased by 1.5 percent and 1.4 percent in 2002 and 2003, respectively. As the market reverted back to accommodating the existing demand, average daily rate increased in 2004 slightly above inflationary rate increases.

## Market Demand Segmentation

Room night demand for the market is relatively consistent in the commercial/corporate and group segments throughout the year. Tourist and leisure demand is strongest in the summer and fall months. May through October are the strongest demand months, followed by February through April and November as shoulder months. December and January represent the low occupancy periods historically. The busiest days during the week include Tuesday and Wednesday, which is primarily generated by the corporate demand, and Friday and Saturday, which is primarily from the leisure

group business. Detailed occupancy and room rate trends for the subject market can be found in the addenda in the Smith Travel (STR) report.

Room night demand emanates from the following three primary demand segments: individual corporate travelers, groups and meetings, and leisure travelers. On an annual basis, the market mix of the lodging market in 2004 was: 48 percent corporate, 36 percent group and 16 percent leisure. Although this mix has remained relatively constant since 2002, there was a slight shift in market mix, as the group and leisure markets played a larger role in the market prior to the economic downturn in 2001. The following chart illustrates accommodated demand by market segment.

<b>Historical Market - Summary</b>								
Year	Total		Corporate		Market Demand		Leisure	
	Roomnights	%	Roomnights	%	Roomnights	%	Roomnights	%
2000	247,826		100,209		103,883		43,733	
2001	234,140	- 5.5%	94,346	- 5.9%	97,859	- 5.8%	41,935	- 4.1%
2002	237,485	1.4%	116,434	23.4%	87,024	- 11.1%	34,026	- 18.9%
2003	256,180	7.9%	138,320	18.8%	81,975	- 5.8%	35,885	5.5%
2004	227,254	- 11.3%	108,056	- 21.9%	81,388	- 0.7%	37,810	5.4%
CAGR: 2000-04		- 2.1%		1.9%		- 5.9%		- 3.6%

Source: Pinnacle Advisory Group

Below is a brief discussion of each of the aforementioned market segments and their forecasted growth rates over the projection period defined herein.

**Corporate Demand**

Corporate demand over the period studied remains the dominant demand segment, capturing 108,056 room nights in 2004, representing approximately 48 percent of total demand. Corporate demand in the years 2002 and 2003 primarily originated from government business generated by Westover. Other than the Westover demand, corporate demand in the Springfield market is primarily comprised of corporate executives, traveling salespeople, and employees visiting local offices. Also included in corporate demand during the period studied was some airline crew business generated from Bradley International Airport which is accommodated by the full-service hotels in Springfield. Although there are plans for full-service hotel developments in close proximity to Bradley International Airport, these developments should have minimal impact on the Springfield hotel market. Airline demand in the Springfield market may remain in the future, although this demand is minimal. Corporate demand generators in the local market include the two local hospitals, Baystate Health System and Mercy Medical Center, Mass Mutual Financial Group, Friendly’s, Titeflex, Verizon, Smith and Wesson, and Peter Pan Bus Lines. Demand in this segment increased at a compound annual rate of 1.9 percent from 2000 to 2004. Corporate demand decreased in 2001 due to the effects of September 11<sup>th</sup> and its effect on corporate travel. As noted previously, corporate demand increased in 2002 and 2003 but this was solely a result of business generated from an influx of lodging requirements from Westover, which played a major role in the war in Iraq. Occupancy levels in 2002 and 2003 in the corporate market increased at 23.4 percent and 18.8 percent, respectively. In 2004, the hotels in the downtown Springfield market indicated that they did not accommodate any demand from Westover, thus the reason for the 21.9 percent decline in demand.

Based on the economic and demographic analysis presented earlier in this report, coupled with a review of historic data and our conversations with area hotel operators, we have projected that corporate demand will remain relatively flat over the next five years. With a lack of growth in the office market in Springfield, limited growth will result for general improvement to the economy as

well as some spin off activity that may result upon the opening of the Mass Mutual Center. As a result, growth in the corporate segment is projected to increase by one percent each year from 2005 until 2008.

### ***Group Demand***

Group demand constituted 36 percent of total market demand in 2004 comprising 82,388 room nights. Group demand consists of corporate groups, social groups, tour and travel groups and sports teams. In the past, Springfield has been a popular location for regional association meetings. However, larger association and corporate meetings were unable to be accommodated due to the lack of larger meeting space in downtown Springfield. With the opening of the Mass Mutual Center, the Greater Springfield Convention and Visitor's Bureau is expecting to be able to accommodate such groups. Other types of groups that consistently generate roomnights for the local area include attendees of local sports tournaments and various religious organizations that fulfill group demand particularly on the weekends.

Demand in this segment decreased at a compound annual rate of 5.9 percent from 2000 to 2004. The impact of September 11<sup>th</sup> and the weakened economy was the major catalyst for this decline, evidenced by the year-on-year declines in 2001 through 2003. Year-end group demand figures for 2004 remained relatively flat and only declined at 0.7 percent.

Based on the anticipated improvement to the general economy, and the impact that the opening of the Mass Mutual Center will have on the city's group market, we have projected group demand to grow in 2005 through 2007 at an annual growth rate of two percent. Group demand is then projected to further increase in 2008 by one percent, after which the group market stabilizes. Induced demand that is a direct result of the Mass Mutual Center will be discussed later in this section.

### ***Leisure Demand***

Leisure demand represents the smallest source of demand room nights in the competitive market; accounting for 16 percent of total market demand in 2004 or 37,810 room nights. This market segment is comprised of visitors associated with the many local colleges, fall foliage tourists, visitors to numerous events that are held in the area such as the Big E and events held at the arena in the old Springfield Civic Center (now the Mass Mutual Center), major local attractions such as Six Flags New England, the Naismith Basketball Hall of Fame, and travelers passing through the area on route to other major cities along the east coast. Leisure travel demand is strongest on weekends in the fall and summer months.

Accommodated demand in this market segment has decreased at a compound annual rate of change of 3.6 percent between 2000 and 2004. Similar to the group market, the leisure segment struggled in 2001 and 2002 following the events of September 11<sup>th</sup> and the struggling economy. The leisure market rebounded in 2003 and 2004 posting occupancy growths of 5.5 percent and 5.4 percent, respectively. The success of the segment over the past few years can be partly attributed to increased leisure travel as well as the opening of the newly expanded Naismith Basketball Hall of Fame, which opened back up to the public in September of 2002. In addition, Six Flags New England has expanded their infrastructure, built a new water park, and are prepared to debut two new rides. As a result, the amusement park has had very good visitation over the past few years. Many hotels in Springfield have embraced these local attractions by offering packages combining hotel rooms and admission at a single price.

Based on the historical performance of the market and our conversations with local hotel managers, we project modest growth over the next few years. We have projected that leisure demand will

continue to grow from 2005 until 2007 by two percent per year. Leisure demand is then projected to increase by one percent in 2008, after which the leisure market should stabilize.

### **Extraordinary and Induced Demand**

In forecasting potential demand in lodging markets, both core demand (accommodated) growth and extraordinary demand must be considered. The prospect for core demand has been articulated in the preceding section of this report for each market segment. The following briefly describes the theory and rationale behind our estimate of extraordinary demand.

Whereas core demand growth results from increases in room night demand from the market's existing room night demand generators, induced lodging demand can occur in a market as the result of new hotel supply entering the competitive market, significant changes in the competitive environment (i.e. the opening of a new convention center), or any extraordinary circumstances (i.e. a market area hosting a special event).

Essentially, the concept of induced demand can be summarized as situations in which supply creates demand. In other words, the opening of facilities such as the new convention center can accommodate demand, which had previously wanted to visit the Springfield market, but did not due to inadequate accommodations. In some instances, events generate a temporary surge of induced demand while the event is in progress, and such demand must be removed from the market once the event is completed (i.e. the Olympic Games).

The Mass Mutual Center's induced demand was based on projections provided to us from the Greater Springfield Convention and Visitors Bureau. Currently there is a limited amount of tentative and confirmed future bookings from the Mass Mutual Center, and therefore the projections provided by the Convention and Visitor's Bureau is speculative. The projected total number of room nights that will be generated by the Mass Mutual Center is expected to be 4,500 in 2006, 12,000 in 2007, 24,000 in 2008, and 33,000 in 2009. After 2009, the total number of roomnights is expected to stabilize at 33,000. Based on the performance of similar sized convention centers, we believe that these projections for lodging demand are reasonable.

For the purposes of this engagement, we further analyzed what proportion of the projected number of total roomnights generated by the Mass Mutual Center would likely stay in the downtown Springfield market. Based on the sizes of the groups projected to utilize the Mass Mutual Center, the seasonality of the groups, and the available number of rooms in the market able to accommodate this demand, we believe that the Springfield market will not be able to accommodate all of the projected roomnights. In our conversations with representatives from the Mass Mutual Center and the Greater Springfield Convention and Visitor's Bureau, some groups interested in booking over the next few years will generate over 1,000 room nights in the market, which would require hotels from neighboring cities to be utilized. In addition, the season of highest demand for selling groups in the area is April until June and then again from September to the end of October. This, not coincidentally, has also historically been the area's highest demand months. As the downtown hotels will be running high occupancies during this time, they may be unwilling to fill the remainder of their hotel with lower rated group rooms.

Based on the historical performance of the market and projections provided to us from the Convention and Visitor's Bureau, we have projected induced demand for the downtown Springfield hotel market with and without a new hotel. Our projections of induced demand under each scenario are presented in the following table. The induced demand without a new hotel represents accommodated demand from the Mass Mutual Center while the induced demand with a new hotel represents induced demand from both the Mass Mutual Center as well as induced demand generated from new lodging supply (brand reservation demand and turnaway demand).

**Annual Induced Demand in Springfield from Mass Mutual Center**

<b>Year</b>	<b>Without Additional Hotel</b>	<b>With Additional Hotel</b>
2005	4,500	4,500
2006	9,000	11,000
2007	5,400	6,400
2008	5,800	7,000
2009	1,100	1,700
<b>Total</b>	<b>25,800</b>	<b>30,600</b>

*Source: Pinnacle Advisory Group*

## LOCATION ANALYSIS

As part of this analysis, we were asked to comment on two potential areas within Springfield for the development of a new hotel. These following two areas are the best locations for new development in Springfield. The areas identified are not site specific.

1. Downtown Springfield: A downtown location would be located in close proximity to Tower Square and the Marriott Hotel, the Bank North Building, Monarch Place and the Sheraton Hotel, City Hall, Symphony Hall, and the newly expanded Mass Mutual Center. The location will primarily benefit from the demand that will be generated from the opening of the Mass Mutual Center in September of 2005, which is expected to generate 33,000 additional room nights, upon stabilization, to the Greater Springfield area. The most ideal locations within the downtown area would be ones that are within walking distance of the Mass Mutual Center. The downtown location will also benefit from the convenience of being close to many restaurants, retail shops, and events that may be held within the arena of the Mass Mutual Center or the Symphony Hall.
2. Riverfront: The Riverfront area is separated from downtown Springfield by the I-91 highway. The available development area is located along a 4.5-mile stretch of land that is part of the Riverfront Development Project, which is an area that the city of Springfield has identified for general development. The main attraction to the waterfront currently is the newly expanded Naismith Basketball Hall of Fame, which generated 240,000 guests last year. Adjacent to the Hall of Fame, there is a Hilton Garden Inn, a Reebok store, two popular restaurants, and a popular ice cream shop already in operation. There are development opportunities to the south of the Hall of Fame, which is the site of the former Hampden County House of Corrections as well as sites to the north, which include the site of the existing Hall of Fame and an additional unutilized plot of land. A wide range of investment proposals have been discussed by numerous developers, however, none have actually come to fruition. Although the riverfront area has potential to attract demand, there are currently no formal plans for any proposed attractions to be developed.

The chart below ranks these two areas based on a variety of issues and attributes that are important characteristics of lodging. Based on our analysis, we believe that the downtown location as the more favorable site for an additional hotel primarily due to the fact that the growth in the lodging sector in Springfield will be a result of the Mass Mutual Center. Furthermore, the infrastructure and supporting amenities are more conveniently located in downtown relative to the Riverfront area. However, the Riverfront area remains as an alternative option given that it has easier highway accessibility and is a short distance from the downtown area. Although we believe that either area is viable for hotel development, a downtown location would be considered more advantageous in terms of the potential success of a new hotel and a better location to support the Mass Mutual Center.

## LOCATION ANALYSIS

<b>Proposed Hotel Development - Springfield, MA - Ranking of Site Attributes</b>						
<b>Issue or Attribute</b>	<b>Downtown Location</b>			<b>Riverfront</b>		
	<b>Level of Importance</b>	<b>Pinnacle Ranking</b>	<b>Blended Ranking</b>	<b>Level of Importance</b>	<b>Pinnacle Ranking</b>	<b>Blended Ranking</b>
<b>Proximity to:</b>						
Mass Mutual Center/ Group Demand	3	1	3.0	3	3	9.0
Local Corporate Demand	3	1	3.0	3	3	9.0
Cultural and recreational destinations	2	1	2.0	2	3	6.0
Traffic arterials (highway, major local routes)	2	2	4.0	2	1	2.0
Restaurants/entertainment	3	1	3.0	3	3	9.0
Adequate parking nearby or possible	2	2	4.0	2	1	2.0
<b>Physical issues:</b>						
General aesthetics of location	2	3	6.0	2	2	4.0
Quality of views from the property	2	2	4.0	2	1	2.0
Secure sense in neighborhood	2	3	6.0	2	2	4.0
Ease of access from area roadways	2	2	4.0	2	1	2.0
Visibility and site prominence	2	2	4.0	2	1	2.0
Ease of site location and assemblage	1	2	2.0	1	1	1.0
<b>Total score (lower is better)</b>			<b>45.0</b>			<b>52.0</b>
<b>Site Ranking (#1 is best)</b>			<b>1</b>			<b>2</b>

Source: Pinnacle Advisory Group

### **Key:**

#### *Level of Importance*

- 3 = Very important
- 2 = Moderately important
- 1 = Least important

#### *Pinnacle ranking:*

- 1 = Likely to be more favorable
- 2 = Moderately likely to be favorable
- 3 = Unlikely to be favorable

Equivalent values for different sites means they are on par

## FACILITY RECOMMENDATION

The following summarizes our facility recommendations for an additional property:

- a hotel within the range of 120 - 150 guest rooms (for purposes of projections we have utilized 135 guest rooms);
- an affiliation with a strong national hotel company, such as Marriott;
- a “select-service” hotel such as Springhill Suites or Courtyard;
- at a minimum, three meals/day food and beverage service either operated by the hotel or outsourced to a third party;
- a small fitness center;
- a small indoor pool;
- limited meeting space not to exceed 1,000 square feet;
- an adjacent parking facility or an agreement to use a facility nearby; and
- open in July of 2007.

Based on our analysis of the market supply and demand factors, we are in the opinion that only one new lodging facility can be supported in the downtown Springfield market. We recommend that this hotel should be within the range of 120 to 150 guest rooms. This size is recommended as it would limit the impact to the existing hotels in Springfield, and combined with the existing supply will accommodate the majority of the induced demand generated from the Mass Mutual Center. A select-service hotel was recommended (vs. full-service) as the price point for a select-service hotel would be moderately priced (below the full-service hotels) and would be most attractive to all segments of demand. An upscale or full-service hotel is not recommended due to the fact that the three existing full-service hotels in downtown are sufficient given the quantification and type of demand in Springfield. In addition, another upscale or full-service hotel would significantly impact the existing full-service hotels in downtown. An extended-stay hotel was not recommended given that there is an insufficient amount of extended-stay demand in downtown. However, a Springhill Suites (or similar product) could accommodate both transient and limited extended-stay demand, and may further limit impact to the existing hotels in Springfield. We recommend a major national hotel affiliation as opposed to a boutique or independent hotel, as its brand familiarity will be popular amongst meeting planners and convention attendees who will recognize the brand. In addition, a major brand will induce additional roomnights through its central reservations system.

## PROJECTED MARKET PERFORMANCE

The following analysis is based on the assumption that a 135-room hotel as previously described above is developed in Springfield.

### Overall Supply and Demand Growth

Projected demand between 2004 and 2010 is forecasted to increase at a compound annual growth rate of 4.3 percent, combining induced and real growth. There are currently no formal proposals for construction of a hotel in either the city of Springfield or any adjacent markets, which may impact the lodging market analyzed. As such, the only room supply increase that we have included in our analysis is the recommended hotel, which is assumed to be 135-rooms and will open in July of 2007. The following table summarizes our projection of supply and demand for the Springfield competitive market.

Projected Supply and Demand			Springfield Lodging Market		
Year	Annual Supply	%	Annual Demand	%	Market Occupancy
2004 Historical	354,780		227,300		64%
2005	354,780	-	229,126	0.8%	65%
2006	354,780	-	236,305	3.1%	67%
2007	379,418 <sup>(1)</sup>	6.9%	261,365	10.6%	69%
2008	404,055	6.5%	273,992	4.8%	68%
2009	404,055	-	281,013	2.6%	70%
2010	404,055	-	282,692	0.6%	70%
CAGR 2002 to 2007		2.6%		4.3%	

Source: Pinnacle Advisory Group

Note: (1) New supply assumes the addition of a 135 room select-service hotel with a major brand affiliation opening in July of 2007.

### Projected Market Occupancy

Occupancy is projected to improve each year throughout the projection period, primarily a result of the induced demand created from the Mass Mutual Center. Year-end 2005 occupancy levels are expected to increase only slightly as there is very little demand growth expected in the market. Although the Mass Mutual Center is expected to open in September of 2005, the first four months of operation will be a "soft" opening and will only be accommodating smaller local groups. The effects of the Mass Mutual Center should start to be realized in 2006 onwards to 2010 until the market occupancy is expected to stabilize at 70 percent. There will be a slight decrease in occupancy of 1.1 percent in 2008, as the additional hotel is assumed to open in mid-year 2007.

Market occupancy without the additional subject hotel is projected to be five percent higher, stabilizing at 75 percent by 2010.

Projection of Aggregate Occupancy	
Year	Occupancy
2004 Historical	64%
2005	65%
2006	67%
2007	69%
2008	68%
2009	70%
2010	70%

Source: Pinnacle Advisory Group

### Projected Market Average Daily Rate

Between 2000 and 2004, the average room rate in downtown Springfield increased 0.9 percent on a compound annual basis. The lack of rate growth in the later years was a result of the market accommodating a significant amount of lower-rated demand from Westover, coupled with the rate declines that resulted from the declining overall demand. However, compound annual growth over a longer time frame from 1990 until 2004, reflects a 2.2 percent growth, which is slightly below national trends. Average daily room rate for 2005 is projected to increase at the average inflationary rate of three percent based on improving trends in lodging demand. During the years of 2006 through 2008, we project that rates will increase 2.5 percent, 1.9 percent and 2.4 percent as group rates associated with the opening of the Mass Mutual Center will likely be lower than the listed rack rate. As market occupancy reaches 70 percent in 2009, and the new hotel rooms are absorbed, we project that rate increases will stabilize at three percent.

The following table highlights the projected aggregate average daily rate of the downtown Springfield market assuming the construction of a new hotel:

<b>Projected Average Daily Rate</b>			
<b>Springfield Lodging Market</b>			
Period	Historic Rate	Projected Rate	Rate of Change
2004	\$95.66		
2005		\$98.54	3.01%
2006		\$100.97	2.47%
2007		\$102.89	1.90%
2008		\$105.31	2.35%
2009		\$108.47	3.00%
2010		\$111.72	3.00%

*Source: Pinnacle Advisory Group*

### Conclusion

Although the local lodging market was negatively affected by the down turn in the economy and the loss of demand from Westover, the Springfield lodging market will improve as a result of the opening of the Mass Mutual Center. We are optimistic that a new hotel located in downtown would be in a good position to capture a portion of the group roomnights generated from the Mass Mutual Center as well as transient demand generated in Springfield.

In summary, we believe that a new select-service hotel will offer several positive attributes: strong brand, an appropriate price point for the market, an advantageous location in close proximity to the Mass Mutual Center, and its location in close proximity to restaurants, shops, and entertainment. Given the projection for modest demand growth resulting primarily from the Mass Mutual Center, we believe that only one new hotel can be supported in downtown Springfield. Given these factors, we recommend that the additional hotel contain a range between 120 to 150 rooms. Given current and projected lodging supply and demand trends, we believe that the aggregate market occupancy for the Springfield hotel market with a new hotel will stabilize at 70 percent occupancy in 2009 and that the average room rate will increase at a compound annual rate of 2.6 percent between 2004 and 2010. Finally, we are of the opinion that the addition of a new 135-room hotel will result in a five-point impact to the total lodging market in Springfield.

## ASSUMPTIONS AND LIMITING CONDITIONS

- This document is to be used in whole and not in part.
- As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive position of the lodging industry in the immediate area for that set forth in our study.
- Estimated results are also based on an evaluation of the present general economy of the area and do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions that may occur. There usually will be differences between the estimated and actual results, because events and circumstances frequently do not occur as expected. Those differences may be material.
- It is expressly understood that the scope of our study and report thereon does not include the possible impact of zoning or environmental regulations, licensing requirements or other such restrictions concerning the project except where such matters have been brought to our attention and are disclosed in the report.
- We have no obligation to update our findings regarding changes in market conditions that occur subsequent to the completion of our fieldwork on March 25, 2005. The information gathered during the course of the fieldwork and used in this analysis is assumed to be accurate, although we cannot guarantee its accuracy.
- No liability is assumed for matters legal in nature. Pinnacle Advisory Group cannot be held liable in any cause of action concerning this assignment for any compensatory dollar amount over and above the total fees collected from this engagement.
- Any and all legal expenses incurred in the defense or representation of Pinnacle Advisory Group, its principals, and its employees will be the responsibility of the client.
- Moreover, we are not required to give testimony or attendance in court by reason of this assignment, with reference to the property in question, unless prior arrangements have been made and agreed to in writing.
- On September 11, 2001, the United States was attacked by terrorists and sustained loss of life and property. As of the writing of this report, the United States remains engaged in military conflict within Iraq, and the timing and certainty of troop withdrawal remains unknown. To wit, Pinnacle Advisory Group is neither obligated nor qualified to predict future political, economic, or social trends as a result of these tragic events, or any future related events which may or may not occur as a result. Additionally, Pinnacle Advisory Group reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or information pertaining to events that at this time are unknown and thus outside the scope of this original engagement.

## ADDENDA

STR Report

## Tab 2 - Data by Measure

Springfield, MA Selected Properties

Job Number: 42211 Staff: SS Created: March 14, 2005

Occupancy (%)											
	January	February	March	April	May	June	July	August	September	October	
1989								61.5	73.1	76.8	
1990	44.3	53.7	54.5	58.9	65.6	69.6	66.3	61.1	64.1	67.9	
1991	50.5	66.8	65.0	65.1	72.1	68.7	64.7	72.1	72.9	73.1	
1992	51.5	59.8	61.3	60.3	69.5	69.6	74.8	76.4	71.9	73.9	
1993	47.7	56.7	65.3	62.3	64.6	66.7	71.1	71.2	74.6	76.4	
1994	49.9	61.8	68.5	65.7	68.7	66.8	75.4	73.7	77.9	80.8	
1995	44.0	54.3	59.5	56.9	73.9	66.4	71.9	69.8	76.4	82.7	
1996	46.9	65.3	57.8	62.4	73.3	66.4	68.2	72.3	86.3	84.9	
1997	56.1	69.4	67.4	70.4	73.3	77.0	69.8	80.0	85.3	83.5	
1998	56.7	67.5	67.8	71.3	77.4	79.3	81.8	84.1	83.0	85.6	
1999	65.9	75.5	80.6	74.7	82.5	84.7	88.6	88.4	86.8	92.3	
2000	70.1	80.6	82.3	76.7	86.0	87.7	85.2	92.2	90.7	88.3	
2001	66.6	73.4	74.2	72.1	80.8	87.7	83.4	87.4	77.0	83.6	
2002	59.1	75.6	70.9	73.5	77.9	78.1	73.3	86.1	78.9	72.0	
2003	49.9	72.9	79.0	83.9	83.6	78.8	74.9	82.8	71.9	73.2	
2004	51.0	62.8	58.2	63.7	64.4	71.4	78.5	74.2	76.3	71.6	
2005	49.4										
Avg	53.6	66.5	67.3	68.0	74.2	74.5	75.2	77.3	77.9	79.0	

ADR (\$)											
	January	February	March	April	May	June	July	August	September	October	
1989								72.00	72.80	77.13	
1990	69.75	69.27	70.48	72.99	77.61	74.23	64.41	65.57	70.63	73.89	
1991	62.54	62.76	64.38	66.82	70.90	68.80	66.84	59.15	65.81	65.55	
1992	60.49	66.44	66.86	66.62	73.64	67.90	62.37	61.84	68.98	69.75	
1993	64.14	64.88	70.74	70.28	75.25	69.58	64.35	64.84	70.70	72.15	
1994	62.44	61.59	68.64	68.64	72.72	68.10	63.90	65.44	72.68	75.04	
1995	65.93	68.29	69.15	72.62	76.53	72.40	68.65	70.50	76.35	78.22	
1996	68.15	69.09	68.56	70.63	77.87	71.56	69.17	77.71	77.11	75.10	
1997	64.88	66.44	68.16	73.28	79.09	72.68	73.73	73.13	86.52	82.16	
1998	69.88	72.66	75.34	76.97	85.68	80.47	77.19	77.78	89.57	85.94	
1999	77.51	79.47	79.48	79.32	89.46	86.05	83.93	82.71	93.39	92.29	
2000	80.53	82.58	85.82	87.84	103.95	91.86	90.78	93.11	101.56	103.27	
2001	87.87	88.90	90.96	94.70	102.06	99.60	95.95	96.43	100.22	99.29	
2002	85.97	85.30	86.38	87.64	100.51	95.72	93.71	92.28	97.52	98.83	
2003	81.66	83.63	85.74	90.79	98.84	95.33	94.34	95.08	99.30	97.10	
2004	84.00	88.08	90.10	90.77	103.11	97.50	98.93	98.80	100.10	101.65	
2005	87.67										
Avg	74.35	74.95	76.88	79.00	86.82	82.07	79.20	79.04	85.01	84.94	

RevPAR (\$)											
	January	February	March	April	May	June	July	August	September	October	
1989								44.25	53.24	59.24	
1990	30.91	37.19	38.43	43.00	50.92	51.66	42.72	40.05	45.29	50.19	
1991	31.56	41.92	41.84	43.53	51.13	47.24	43.27	42.66	47.97	47.91	
1992	31.15	39.71	40.98	40.20	51.20	47.27	46.63	47.27	49.57	51.52	
1993	30.57	36.81	46.18	43.81	48.64	46.42	45.72	46.16	52.73	55.12	
1994	31.14	38.03	46.09	45.06	49.92	45.48	48.20	48.23	56.60	60.66	
1995	29.02	37.08	41.16	41.29	56.53	46.68	49.38	49.22	58.32	62.24	
1996	31.93	45.10	39.59	44.08	57.08	47.53	47.19	50.79	67.09	66.27	
1997	36.37	46.11	43.19	51.62	57.93	55.94	51.49	58.52	73.84	68.61	
1998	39.63	49.03	51.10	54.91	66.31	63.84	63.12	65.44	74.38	73.60	
1999	51.05	59.97	64.05	59.24	73.78	72.88	74.38	73.11	81.07	85.22	
2000	56.47	66.58	70.66	67.37	89.40	80.57	77.30	85.86	92.11	91.18	
2001	58.51	65.28	67.52	68.26	82.43	87.32	80.05	84.33	77.18	83.02	
2002	50.81	64.46	61.24	64.44	78.30	74.76	68.73	79.49	76.93	71.18	
2003	40.75	60.99	67.71	76.17	82.68	75.10	70.67	78.71	71.36	71.12	
2004	42.81	55.33	52.44	57.86	66.36	69.59	77.63	73.27	76.38	72.77	
2005	43.29										
Avg	39.87	49.82	51.71	53.74	64.46	61.14	59.58	61.06	66.22	67.08	

<b>Supply</b>											
	January	February	March	April	May	June	July	August	September	October	
1989								29,078	28,140	29,078	
1990	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1991	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1992	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1993	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1994	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1995	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1996	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1997	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1998	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
1999	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,078	28,140	29,078	
2000	29,078	26,264	29,078	28,140	29,078	28,140	29,078	29,760	28,800	29,760	
2001	29,760	26,880	29,760	28,800	29,760	28,800	29,760	29,760	28,800	29,760	
2002	29,760	26,880	29,760	28,800	29,760	28,800	34,193	34,193	33,090	34,193	
2003	34,193	30,884	34,193	33,090	34,193	33,090	34,193	34,193	33,090	34,193	
2004	34,193	30,884	34,193	33,090	34,193	33,090	34,193	34,193	33,090	34,193	
2005	34,193										
<b>Avg</b>	30,122	26,962	29,851	28,888	29,851	28,888	30,146	30,122	29,151	30,122	

<b>Demand</b>											
	January	February	March	April	May	June	July	August	September	October	
1989								17,870	20,581	22,333	
1990	12,886	14,100	15,856	16,577	19,077	19,585	19,289	17,762	18,044	19,752	
1991	14,676	17,544	18,896	18,333	20,973	19,322	18,825	20,972	20,511	21,252	
1992	14,972	15,698	17,820	16,980	20,216	19,592	21,740	22,227	20,220	21,479	
1993	13,865	14,901	18,982	17,541	18,796	18,771	20,662	20,700	20,988	22,217	
1994	14,502	16,229	19,912	18,476	19,964	18,792	21,932	21,430	21,913	23,506	
1995	12,801	14,259	17,309	15,999	21,479	18,141	20,916	20,301	21,496	24,060	
1996	13,625	17,146	16,793	17,563	21,314	18,692	19,837	21,034	24,294	24,674	
1997	16,322	18,226	18,425	19,823	21,300	21,659	20,305	23,271	24,017	24,282	
1998	16,491	17,722	19,723	20,073	22,504	22,324	23,776	24,465	23,367	24,901	
1999	19,153	19,818	23,434	21,019	23,980	23,833	25,769	25,706	24,428	26,849	
2000	20,390	21,177	23,940	21,582	25,008	24,681	24,760	27,440	26,119	26,278	
2001	19,815	19,739	22,092	20,760	24,035	25,249	24,829	26,025	22,177	24,883	
2002	17,589	20,314	21,100	21,178	23,186	22,494	25,076	29,454	26,103	24,625	
2003	17,065	22,524	27,005	27,762	28,602	26,067	25,615	28,308	23,779	25,044	
2004	17,424	19,400	19,900	21,092	22,008	23,617	26,833	25,358	25,250	24,476	
2005	16,883										
<b>Avg</b>	16,154	17,920	20,079	19,651	22,163	21,521	22,678	23,270	22,705	23,788	

<b>Revenue (\$)</b>											
	January	February	March	April	May	June	July	August	September	October	
1989								1,286,671	1,498,274	1,722,496	
1990	898,746	976,753	1,117,605	1,209,967	1,480,622	1,453,808	1,242,343	1,164,677	1,274,510	1,459,504	
1991	917,807	1,101,082	1,216,582	1,224,981	1,486,892	1,329,306	1,258,261	1,240,453	1,349,802	1,393,068	
1992	905,636	1,042,936	1,191,515	1,131,212	1,488,807	1,330,297	1,355,902	1,374,591	1,394,765	1,498,085	
1993	888,870	966,841	1,342,730	1,232,762	1,414,440	1,306,161	1,329,554	1,342,267	1,483,873	1,602,914	
1994	905,525	998,914	1,340,101	1,268,108	1,451,697	1,279,693	1,401,545	1,402,415	1,592,608	1,763,899	
1995	843,952	973,798	1,196,970	1,161,838	1,643,786	1,313,441	1,435,861	1,431,149	1,641,155	1,809,888	
1996	928,500	1,184,575	1,151,283	1,240,445	1,659,651	1,337,528	1,372,061	1,476,995	1,887,772	1,926,959	
1997	1,057,662	1,211,012	1,255,776	1,452,585	1,684,548	1,574,209	1,497,163	1,701,768	2,077,896	1,995,082	
1998	1,152,324	1,287,748	1,485,955	1,545,084	1,928,080	1,796,392	1,835,297	1,902,810	2,092,915	2,140,062	
1999	1,484,465	1,574,944	1,862,472	1,667,126	2,145,280	2,050,715	2,162,772	2,126,020	2,281,269	2,477,896	
2000	1,642,076	1,748,746	2,054,521	1,895,869	2,599,596	2,267,124	2,247,830	2,555,049	2,652,751	2,713,632	
2001	1,741,138	1,754,823	2,009,534	1,965,974	2,453,038	2,514,836	2,382,341	2,509,645	2,222,651	2,470,549	
2002	1,512,046	1,732,714	1,822,576	1,855,941	2,330,338	2,153,042	2,349,965	2,717,868	2,545,462	2,433,781	
2003	1,393,520	1,883,589	2,315,310	2,520,388	2,826,954	2,484,914	2,416,572	2,691,449	2,361,280	2,431,674	
2004	1,463,644	1,708,812	1,793,039	1,914,621	2,269,210	2,302,753	2,654,459	2,505,460	2,527,550	2,488,095	
2005	1,480,131										
<b>Avg</b>	1,201,003	1,343,152	1,543,731	1,552,460	1,924,196	1,766,281	1,796,128	1,839,330	1,930,283	2,020,474	

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research of a your company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2005 Smith Travel Research, Inc. All r



### Tab 3 - Percent Change from Previous Year - Detail by Measure

Springfield, MA Selected Properties

Job Number: 42211 Staff: SS Created: March 14, 2005

Occupancy										
	January	February	March	April	May	June	July	August	September	October
1990								-0.6	-12.3	-11.6
1991	13.9	24.4	19.2	10.6	9.9	-1.3	-2.4	18.1	13.7	7.6
1992	2.0	-10.5	-5.7	-7.4	-3.6	1.4	15.5	6.0	-1.4	1.1
1993	-7.4	-5.1	6.5	3.3	-7.0	-4.2	-5.0	-6.9	3.8	3.4
1994	4.6	8.9	4.9	5.3	6.2	0.1	6.1	3.5	4.4	5.8
1995	-11.7	-12.1	-13.1	-13.4	7.6	-3.5	-4.6	-5.3	-1.9	2.4
1996	6.4	20.2	-3.0	9.8	-0.8	3.0	-5.2	3.6	13.0	2.6
1997	19.8	6.3	9.7	12.9	-0.1	15.9	2.4	10.6	-1.1	-1.6
1998	1.0	-2.8	7.0	1.3	5.7	3.1	17.1	5.1	-2.7	2.5
1999	16.1	11.8	18.8	4.7	6.6	6.8	8.4	5.1	4.5	7.8
2000	6.5	6.9	2.2	2.7	4.3	3.6	-3.9	4.3	4.5	-4.4
2001	-5.0	-8.9	-9.8	-6.0	-6.1	0.0	-2.0	-5.2	-15.1	-5.3
2002	-11.2	2.9	-4.5	2.0	-3.5	-10.9	-12.1	-1.5	2.4	-13.9
2003	-15.6	-3.5	11.4	14.1	7.4	0.9	2.1	-3.9	-8.9	1.7
2004	2.1	-13.9	-26.3	-24.0	-23.1	-9.4	4.8	-10.4	6.2	-2.3
2005	-3.1									
Avg	1.2	1.8	1.2	1.1	0.3	0.4	1.5	1.5	0.6	-0.3

ADR										
	January	February	March	April	May	June	July	August	September	October
1990								-8.9	-3.0	-4.2
1991	-10.3	-9.4	-8.7	-8.5	-8.7	-7.3	3.8	-9.8	-6.8	-11.3
1992	-3.3	5.9	3.9	-0.3	3.9	-1.3	-6.7	4.6	4.8	6.4
1993	6.0	-2.3	5.8	5.5	2.2	2.5	3.2	4.9	2.5	3.4
1994	-2.6	-5.1	-4.9	-2.3	-3.4	-2.1	-0.7	0.9	2.8	4.0
1995	5.6	11.0	2.8	5.8	5.2	6.3	7.4	7.7	5.0	0.2
1996	3.4	1.2	-0.9	-2.7	1.7	-1.2	0.8	-0.4	1.8	3.8
1997	-4.9	-3.8	-0.6	3.8	1.6	1.6	6.6	4.1	11.3	5.2
1998	7.8	9.4	10.5	5.0	8.3	10.7	4.7	6.4	3.5	4.6
1999	10.9	9.4	5.5	3.0	4.4	6.9	8.7	6.3	4.3	7.4
2000	3.9	3.9	8.0	10.8	16.2	6.8	8.2	12.6	8.8	11.9
2001	9.1	7.7	6.0	7.8	-1.8	8.4	5.7	3.6	-1.3	-3.9
2002	-2.2	-4.1	-5.0	-7.5	-1.5	-3.9	-2.3	-4.3	-2.7	-0.5
2003	-5.0	-2.0	-0.7	3.6	-1.7	-0.4	0.7	3.0	1.8	-1.8
2004	2.9	5.3	5.1	0.0	4.3	2.3	4.9	3.9	0.8	4.7
2005	4.4									
Avg	1.7	1.9	1.9	1.7	2.2	2.1	3.2	2.3	2.2	2.0

RevPAR										
	January	February	March	April	May	June	July	August	September	October
1990								-9.5	-14.9	-15.3
1991	2.1	12.7	8.9	1.2	0.4	-8.6	1.3	6.5	5.9	-4.6
1992	-1.3	-5.3	-2.1	-7.7	0.1	0.1	7.8	10.8	3.3	7.5
1993	-1.9	-7.3	12.7	9.0	-5.0	-1.8	-1.9	-2.4	6.4	7.0
1994	1.9	3.3	-0.2	2.9	2.6	-2.0	5.4	4.5	7.3	10.0
1995	-6.8	-2.5	-10.7	-8.4	13.2	2.6	2.4	2.0	3.0	2.6
1996	10.0	21.6	-3.8	6.8	1.0	1.8	-4.4	3.2	15.0	6.5
1997	13.9	2.2	9.1	17.1	1.5	17.7	9.1	15.2	10.1	3.5
1998	9.0	6.3	18.3	6.4	14.5	14.1	22.6	11.8	0.7	7.3
1999	28.8	22.3	25.3	7.9	11.3	14.2	17.8	11.7	9.0	15.8
2000	10.6	11.0	10.3	13.7	21.2	10.6	3.9	17.4	13.6	7.0
2001	3.6	-2.0	-4.4	1.3	-7.8	8.4	3.6	-1.8	-16.2	-9.0
2002	-13.2	-1.3	-9.3	-5.6	-5.0	-14.4	-14.1	-5.7	-0.3	-14.3
2003	-19.8	-5.4	10.6	18.2	5.6	0.5	2.8	-1.0	-7.2	-0.1
2004	5.0	-9.3	-22.6	-24.0	-19.7	-7.3	9.8	-6.9	7.0	2.3
2005	1.1									
Avg	2.9	3.3	3.0	2.8	2.4	2.6	4.7	3.7	2.9	1.8

<b>Supply</b>										
	January	February	March	April	May	June	July	August	September	October
1990								0.0	0.0	0.0
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	2.3	2.3
2001	2.3	2.3	2.3	2.3	2.3	2.3	2.3	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	0.0	0.0	14.9	14.9	14.9	14.9
2003	14.9	14.9	14.9	14.9	14.9	14.9	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2005	0.0									
<b>Avg</b>	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2

<b>Demand</b>										
	January	February	March	April	May	June	July	August	September	October
1990								-0.6	-12.3	-11.6
1991	13.9	24.4	19.2	10.6	9.9	-1.3	-2.4	18.1	13.7	7.6
1992	2.0	-10.5	-5.7	-7.4	-3.6	1.4	15.5	6.0	-1.4	1.1
1993	-7.4	-5.1	6.5	3.3	-7.0	-4.2	-5.0	-6.9	3.8	3.4
1994	4.6	8.9	4.9	5.3	6.2	0.1	6.1	3.5	4.4	5.8
1995	-11.7	-12.1	-13.1	-13.4	7.6	-3.5	-4.6	-5.3	-1.9	2.4
1996	6.4	20.2	-3.0	9.8	-0.8	3.0	-5.2	3.6	13.0	2.6
1997	19.8	6.3	9.7	12.9	-0.1	15.9	2.4	10.6	-1.1	-1.6
1998	1.0	-2.8	7.0	1.3	5.7	3.1	17.1	5.1	-2.7	2.5
1999	16.1	11.8	18.8	4.7	6.6	6.8	8.4	5.1	4.5	7.8
2000	6.5	6.9	2.2	2.7	4.3	3.6	-3.9	6.7	6.9	-2.1
2001	-2.8	-6.8	-7.7	-3.8	-3.9	2.3	0.3	-5.2	-15.1	-5.3
2002	-11.2	2.9	-4.5	2.0	-3.5	-10.9	1.0	13.2	17.7	-1.0
2003	-3.0	10.9	28.0	31.1	23.4	15.9	2.1	-3.9	-8.9	1.7
2004	2.1	-13.9	-26.3	-24.0	-23.1	-9.4	4.8	-10.4	6.2	-2.3
2005	-3.1									
<b>Avg</b>	2.2	2.9	2.6	2.5	1.6	1.6	2.6	2.6	1.8	0.7

<b>Revenue</b>										
	January	February	March	April	May	June	July	August	September	October
1990								-9.5	-14.9	-15.3
1991	2.1	12.7	8.9	1.2	0.4	-8.6	1.3	6.5	5.9	-4.6
1992	-1.3	-5.3	-2.1	-7.7	0.1	0.1	7.8	10.8	3.3	7.5
1993	-1.9	-7.3	12.7	9.0	-5.0	-1.8	-1.9	-2.4	6.4	7.0
1994	1.9	3.3	-0.2	2.9	2.6	-2.0	5.4	4.5	7.3	10.0
1995	-6.8	-2.5	-10.7	-8.4	13.2	2.6	2.4	2.0	3.0	2.6
1996	10.0	21.6	-3.8	6.8	1.0	1.8	-4.4	3.2	15.0	6.5
1997	13.9	2.2	9.1	17.1	1.5	17.7	9.1	15.2	10.1	3.5
1998	9.0	6.3	18.3	6.4	14.5	14.1	22.6	11.8	0.7	7.3
1999	28.8	22.3	25.3	7.9	11.3	14.2	17.8	11.7	9.0	15.8
2000	10.6	11.0	10.3	13.7	21.2	10.6	3.9	20.2	16.3	9.5
2001	6.0	0.3	-2.2	3.7	-5.6	10.9	6.0	-1.8	-16.2	-9.0
2002	-13.2	-1.3	-9.3	-5.6	-5.0	-14.4	-1.4	8.3	14.5	-1.5
2003	-7.8	8.7	27.0	35.8	21.3	15.4	2.8	-1.0	-7.2	-0.1
2004	5.0	-9.3	-22.6	-24.0	-19.7	-7.3	9.8	-6.9	7.0	2.3
2005	1.1									
<b>Avg</b>	3.8	4.5	4.3	4.2	3.7	3.8	5.8	4.8	4.0	2.8

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research of a your company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2005 Smith Travel Research, Inc. All r

### Tab 5 - Twelve Month Moving Average

Springfield, MA Selected Properties

Job Number: 42211 Staff: SS Created: March 14, 2005

Occupancy (%)	January	February	March	April	May	June	July	August
1990								60.3
1991	58.7	59.7	60.6	61.1	61.7	61.6	61.5	62.4
1992	64.6	64.1	63.8	63.4	63.1	63.2	64.1	64.4
1993	64.2	64.0	64.3	64.5	64.1	63.8	63.5	63.1
1994	64.4	64.8	65.1	65.3	65.7	65.7	66.0	66.3
1995	65.6	65.0	64.2	63.5	64.0	63.8	63.5	63.1
1996	64.3	65.1	65.0	65.4	65.4	65.5	65.2	65.4
1997	67.1	67.4	67.9	68.6	68.6	69.4	69.6	70.2
1998	70.2	70.1	70.4	70.5	70.9	71.1	72.1	72.4
1999	74.1	74.7	75.8	76.1	76.5	77.0	77.6	77.9
2000	81.2	81.6	81.8	81.9	82.2	82.5	82.2	82.5
2001	81.6	81.0	80.4	80.0	79.5	79.5	79.4	79.0
2002	76.1	76.3	76.0	76.2	75.9	75.1	74.3	74.3
2003	69.9	69.7	70.4	71.4	71.9	72.0	72.2	71.9
2004	71.8	71.0	69.2	67.6	65.9	65.3	65.6	64.9
2005	64.5							

ADR (\$)	January	February	March	April	May	June	July	August
1990								71.54
1991	69.97	69.40	68.86	68.35	67.77	67.26	67.49	66.83
1992	65.06	65.34	65.55	65.53	65.77	65.69	65.26	65.50
1993	66.72	66.61	66.95	67.24	67.33	67.48	67.69	68.02
1994	68.14	67.88	67.58	67.46	67.27	67.15	67.09	67.14
1995	68.39	68.89	69.05	69.35	69.75	70.11	70.59	71.10
1996	73.45	73.44	73.41	73.25	73.37	73.30	73.37	73.33
1997	71.93	71.71	71.65	71.87	71.98	72.07	72.46	72.72
1998	74.50	74.98	75.53	75.83	76.46	77.17	77.45	77.89
1999	79.80	80.27	80.57	80.75	81.12	81.62	82.24	82.70
2000	84.39	84.61	85.14	85.78	87.08	87.59	88.21	89.18
2001	92.83	93.33	93.78	94.31	94.11	94.81	95.27	95.59
2002	94.81	94.52	94.17	93.61	93.45	93.06	92.85	92.43
2003	91.78	91.58	91.41	91.63	91.63	91.65	91.71	91.98
2004	92.27	92.67	93.16	93.22	93.43	93.61	94.08	94.43
2005	95.69							

RevPAR (\$)	January	February	March	April	May	June	July	August
1990								43.12
1991	41.09	41.45	41.74	41.78	41.80	41.44	41.48	41.71
1992	42.03	41.86	41.79	41.52	41.52	41.52	41.81	42.20
1993	42.84	42.61	43.05	43.35	43.13	43.06	42.99	42.89
1994	43.88	43.97	43.96	44.07	44.18	44.10	44.31	44.49
1995	44.85	44.77	44.36	44.05	44.61	44.71	44.81	44.89
1996	47.22	47.83	47.70	47.93	47.98	48.05	47.86	47.99
1997	48.29	48.37	48.67	49.29	49.36	50.05	50.42	51.08
1998	52.31	52.53	53.21	53.48	54.19	54.84	55.82	56.41
1999	59.15	59.99	61.09	61.45	62.08	62.82	63.78	64.43
2000	68.55	69.06	69.62	70.29	71.62	72.25	72.50	73.60
2001	75.76	75.64	75.36	75.42	74.85	75.42	75.66	75.53
2002	72.20	72.13	71.60	71.29	70.94	69.90	68.94	68.67
2003	64.13	63.86	64.40	65.38	65.90	66.02	66.19	66.12
2004	66.21	65.77	64.48	62.97	61.59	61.13	61.72	61.26
2005	61.74							

ADDENDA

Supply	January	February	March	April	May	June	July	August
1990								342,370
1991	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1992	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1993	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1994	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1995	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1996	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1997	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1998	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
1999	342,370	342,370	342,370	342,370	342,370	342,370	342,370	342,370
2000	342,370	342,370	342,370	342,370	342,370	342,370	342,370	343,052
2001	346,418	347,034	347,716	348,376	349,058	349,718	350,400	350,400
2002	350,400	350,400	350,400	350,400	350,400	350,400	354,833	359,266
2003	381,145	385,149	389,582	393,872	398,305	402,595	402,595	402,595
2004	402,595	402,595	402,595	402,595	402,595	402,595	402,595	402,595
2005	402,595							

Demand	January	February	March	April	May	June	July	August
1990								206,346
1991	201,040	204,484	207,524	209,280	211,176	210,913	210,449	213,659
1992	221,186	219,340	218,264	216,911	216,154	216,424	219,339	220,594
1993	219,819	219,022	220,184	220,745	219,325	218,504	217,426	215,899
1994	220,467	221,795	222,725	223,660	224,828	224,849	226,119	226,849
1995	224,502	222,532	219,929	217,452	218,967	218,316	217,300	216,171
1996	220,100	222,987	222,471	224,035	223,870	224,421	223,342	224,075
1997	229,847	230,927	232,559	234,819	234,805	237,772	238,240	240,477
1998	240,383	239,879	241,177	241,427	242,631	243,296	246,767	247,961
1999	253,781	255,877	259,588	260,534	262,010	263,519	265,512	266,753
2000	278,105	279,464	279,970	280,533	281,561	282,409	281,400	283,134
2001	282,699	281,261	279,413	278,591	277,618	278,186	278,255	276,840
2002	266,829	267,404	266,412	266,830	265,981	263,226	263,473	266,902
2003	266,336	268,546	274,451	281,035	286,451	290,024	290,563	289,417
2004	288,865	285,741	278,636	271,966	265,372	262,922	264,140	261,190
2005	259,777							

Revenue (\$)	January	February	March	April	May	June	July	August
1990								14,761,745
1991	14,066,791	14,191,120	14,290,097	14,305,111	14,311,381	14,186,879	14,202,797	14,278,573
1992	14,390,505	14,332,359	14,307,292	14,213,523	14,215,438	14,216,429	14,314,070	14,448,208
1993	14,665,617	14,589,522	14,740,737	14,842,287	14,767,920	14,743,784	14,717,436	14,685,112
1994	15,022,701	15,054,774	15,052,145	15,087,491	15,124,748	15,098,280	15,170,271	15,230,419
1995	15,354,576	15,329,460	15,186,329	15,080,059	15,272,148	15,305,896	15,340,212	15,368,946
1996	16,166,351	16,377,128	16,331,441	16,410,048	16,425,913	16,450,000	16,386,200	16,432,046
1997	16,532,643	16,559,080	16,663,573	16,875,713	16,900,610	17,137,291	17,262,393	17,487,166
1998	17,909,106	17,985,842	18,216,021	18,308,520	18,552,052	18,774,235	19,112,369	19,313,411
1999	20,251,742	20,538,938	20,915,455	21,037,497	21,254,697	21,509,020	21,836,495	22,059,705
2000	23,470,548	23,644,350	23,836,399	24,065,142	24,519,458	24,735,867	24,820,925	25,249,954
2001	26,242,984	26,249,061	26,204,074	26,274,179	26,127,621	26,375,333	26,509,844	26,464,440
2002	25,298,179	25,276,070	25,089,112	24,979,079	24,856,379	24,494,585	24,462,209	24,670,432
2003	24,443,587	24,594,462	25,087,196	25,751,643	26,248,259	26,580,131	26,646,738	26,620,319
2004	26,654,922	26,480,145	25,957,874	25,352,107	24,794,363	24,612,202	24,850,089	24,664,100
2005	24,857,190							

High value is boxed.

Low value is boxed and italicized.

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2005 Smith Travel Research, Inc. All r

## Tab 6 - Day of Week Analysis

Springfield, MA Selected Properties  
 Job Number: 42211 Staff: SS Created: March 14, 2005

Occupancy (%)								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
Feb - 04	42.0	61.0	69.1	66.1	59.0	66.6	81.2	62.8
Mar - 04	35.9	53.5	64.8	60.7	52.0	65.8	73.6	58.2
Apr - 04	38.1	55.2	67.6	70.8	64.5	71.9	75.9	63.7
May - 04	42.2	58.2	73.2	76.0	58.3	71.3	77.5	64.4
Jun - 04	43.9	66.6	73.0	79.4	69.0	76.2	89.0	71.4
Jul - 04	52.0	62.5	79.3	80.5	84.8	88.1	94.2	78.5
Aug - 04	53.2	71.3	76.7	73.1	73.4	83.7	93.1	74.2
Sep - 04	51.2	63.7	79.2	81.2	81.2	86.5	88.8	76.3
Oct - 04	42.0	60.2	75.2	83.6	69.7	81.1	89.7	71.6
Nov - 04	35.4	51.0	59.0	66.0	71.3	77.8	70.9	61.2
Dec - 04	26.4	45.6	47.6	48.0	40.0	44.8	47.8	43.0
Jan - 05	34.3	51.0	60.6	61.8	53.3	41.5	47.1	49.4
Year Avg	41.5	58.0	68.7	70.4	65.0	71.3	77.4	64.5

Three Year Occupancy (%)			
	Sun	Mon	Tue
Feb 02 - Jan 03	51.0	67.1	74.3
Feb 03 - Jan 04	50.9	68.6	76.9
Feb 04 - Jan 05	41.5	58.0	68.7
3 Yr Avg	47.7	64.5	73.3

ADR (\$)								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
Feb - 04	82.43	90.70	92.08	91.93	86.19	84.80	87.32	88.08
Mar - 04	83.26	90.76	93.73	93.04	87.05	87.63	90.19	90.10
Apr - 04	86.05	94.34	94.32	96.03	89.53	87.39	87.84	90.77
May - 04	94.04	100.87	105.77	105.11	99.90	104.26	107.16	103.11
Jun - 04	90.88	97.71	98.43	99.30	95.65	96.20	100.21	97.50
Jul - 04	96.03	97.91	101.91	100.58	96.46	97.99	100.70	98.93
Aug - 04	94.82	100.46	99.97	98.71	95.53	97.67	102.54	98.80
Sep - 04	90.72	97.45	100.42	100.24	100.08	102.79	104.38	100.10
Oct - 04	89.01	96.76	101.76	102.73	100.91	102.48	109.05	101.65
Nov - 04	86.18	93.26	97.34	97.69	97.68	96.78	97.48	95.94
Dec - 04	80.26	87.29	90.99	91.07	80.71	90.18	79.71	86.35
Jan - 05	80.34	91.53	95.04	93.60	91.26	79.49	77.54	87.67
Year Avg	88.70	95.35	98.03	97.94	94.25	95.15	97.33	95.69

Three Year ADR (\$)			
	Sun	Mon	Tue
Feb 02 - Jan 03	84.26	93.76	95.31
Feb 03 - Jan 04	86.28	92.11	94.60
Feb 04 - Jan 05	88.70	95.35	98.03
3 Yr Avg	86.31	93.66	95.92

RevPAR (\$)								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
Feb - 04	34.64	55.35	63.59	60.73	50.83	56.44	70.89	55.33
Mar - 04	29.86	48.57	60.73	56.50	45.29	57.63	66.37	52.44
Apr - 04	32.79	52.04	63.72	67.97	57.75	62.86	66.68	57.86
May - 04	39.69	56.70	77.44	79.92	58.26	74.35	83.10	66.36
Jun - 04	39.86	65.09	71.88	78.82	66.04	73.34	89.23	69.59
Jul - 04	49.89	61.22	80.82	80.96	81.82	86.34	94.84	77.63
Aug - 04	50.40	71.63	76.68	72.14	70.14	81.78	95.43	73.27
Sep - 04	46.45	62.09	79.52	81.42	81.23	88.87	92.65	76.38
Oct - 04	37.37	58.26	76.56	85.92	70.36	83.07	97.83	72.77
Nov - 04	30.51	47.61	57.38	64.44	69.63	75.26	69.15	58.70
Dec - 04	21.22	39.83	43.34	43.75	32.28	40.40	38.10	37.17
Jan - 05	27.55	46.66	57.58	57.84	48.65	32.97	36.54	43.29
Year Avg	36.81	55.31	67.39	68.91	61.22	67.84	75.31	61.74

Three Year RevPAR (\$)			
	Sun	Mon	Tue
Feb 02 - Jan 03	42.98	62.94	70.85
Feb 03 - Jan 04	43.90	63.21	72.79
Feb 04 - Jan 05	36.81	55.31	67.39
3 Yr Avg	41.18	60.40	70.33

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research of any industry company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2005 Smith Travel Research, Inc. All rights reserved.