



The Capital Markets Outlook – A Focus on Investors/Equity

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Development Climate

- Obvious concern over U.S. Economic and debt/capital meltdown
- Optimism dampened
- Appetite still exists



Development Climate

- Slowdown in Development may not be a bad thing.
- Market/Development was getting “Frothy”
- Degree of impact may be up for debate



Development Climate

- Considerable Equity Looking for a home
- Opportunity still exists for returns
- U.S. may siphon investment dollars

Market Supply Growth Outlook

- May be too soon to measure downturn in development curve
- Modest supply growth rate over last 10-15 years
- By and large replacing existing aged supply



Product Focus Shifting

- Smaller “Boutique” hotels
- Luxury, Upper Upscale
- Residential Focus, PRC
- Condo Hotels, Out of Favour
- Development Growth Continues...

It's a New Environment

- Debt/Liquidity is the Issue, not Equity
- Higher Equity Component Required
- Lower Potential Returns
 - Harder to put a deal together
 - Market, Project, Sponsor, Brand are critical components
 - Pedigree of developer – can they complete the development?

It's a New Environment

- Other parts of the world are not offering the same investment opportunities
- Caribbean under developed partly because of difficulty to develop
- US \$ depreciating against Euro and other currencies
- US \$ appreciate in future – Opportunity for an enhanced return