

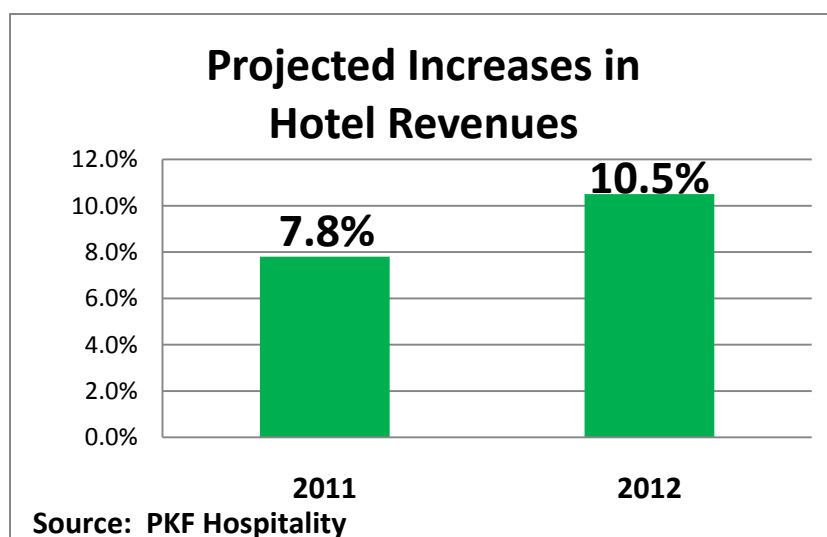
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Hotel Industry Fact Sheet

The hotel recovery is in full swing, as hotel companies report better than expected profits and growth projections for 2010 and beyond.

Hotels Rebound Faster and Stronger

Between 2010 and 2014, the average increase in revenues is projected to be **8% annually** for full service hotels.



“The U.S. lodging industry has not seen double-digit growth in RevPAR since the inflationary days of the late 1970s and early 1980s,’ said R. Mark Woodworth, president of PKF Hospitality Research.”

March 31, 2010

Many major cities are projected to see revenues grow faster and sooner than the national average.

City	Revenue Projections
Oahu and Chicago	Up more than 7% in 2010
San Francisco, Los Angeles, and Chicago	Up more than 11% in 2011

Hotel Companies are Beating Expectations

In the first quarter of 2010, leading publicly traded hoteliers like Hyatt Hotels reported profits and revenue growth that beat investor expectations.

Hyatt Hotels reported increases in the key revenue metric (revenue per available room) of 8% in hotels it owns, and companywide cash flow of \$112 million. Cash flow, also called EBITDA, is revenues after operating expenses, and it rose 21% over the first quarter of 2009 for Hyatt.

“The domestic industry is at the cusp of a protracted recovery period that should be bolstered by a dearth of new supply,’ Felicia Hendrix of Barclays Capital wrote in a client note.”

Associated Press, 4/27/10

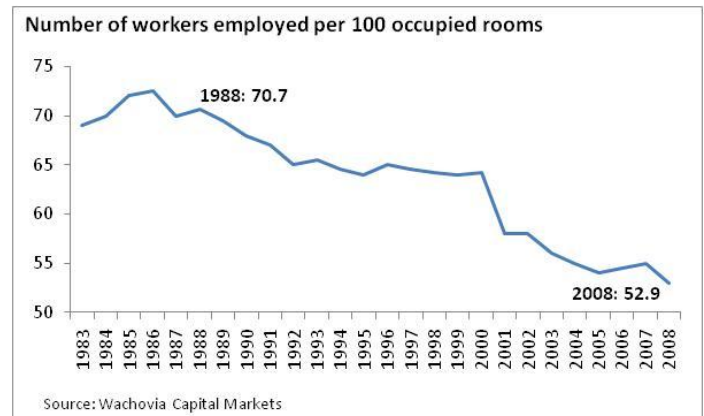
Large hotel companies are also flush with cash, hoping to invest in buying distressed hotels that borrowed too much money in the credit boom. For example, Hyatt Hotels had \$1.3 billion in cash at year end 2009, after paying out \$900 million to members of the Pritzker Family who sold a minority share of the company in one of the largest IPO's of the year.

Squeezing Hotel Workers

The hotel industry has maintained its fundamental profitability by squeezing workers. As travel began to shrink in late 2008, hotel companies responded quickly by laying off thousands of workers nationwide, and cutting back the shifts of others. According to Goldman Sachs, "Expense reductions have been so dramatic at both the property and corporate level that even a modest pick up in RevPAR growth should lead to outsized profit gains." (Goldman Sachs, 8/9/2009)

For two decades, hotel companies have seized on economic downturns as an opportunity to extract more out of their workers.

In fact, since the late 1980s, corporations have steadily reduced the number of workers employed to provide service to guests. In 1988, nearly 71 workers were employed to service 100 occupied guestrooms. Last year, that number was down to 53 – a 25% reduction. During this time, hotels have added more amenities and heavier linens to the rooms – increasing the workload, even as the number of workers doing it has fallen.



"The data implies hotels are forced to improvise when faced with tough times. Moreover, the bulk of the efficiencies in staffing levels appear to be retained when market conditions improve."
Wachovia Capital Markets 5/28/09

Will the Hotel Recovery be a Jobless Recovery?

As hotels rebound, hotel employment has not. In the 1st quarter of 2010, occupancy increased 7-10% in the upper upscale and luxury hotel segments over the same period in 2009, according to Smith Travel Research. According to the U.S. Bureau of Labor Statistics, employment in the Hotels & Motels segment of Traveler Accommodation remains below 2009 levels and well below employment levels before the recession began.

Average Hotel & Motel segment employment was 3% lower in the 1st quarter of 2010 than in the 1st quarter of 2009, a loss of 43,600 more jobs despite rebounding revenues. Since the 1st quarter of 2008, when the recession started, 116,500 hotel jobs have been lost.

If past recessions are prologue, hotel companies will profit from a healthy recovery in business, while making permanent the job cuts made during this recession. That's not good for hotel workers or for America.

BLS Hotel & Motel Employment

Hotel Jobs Lost Since		
1 st Qtr 2009	-3%	-43,600 jobs
1 st Qtr 2008	-8%	-116,500 jobs