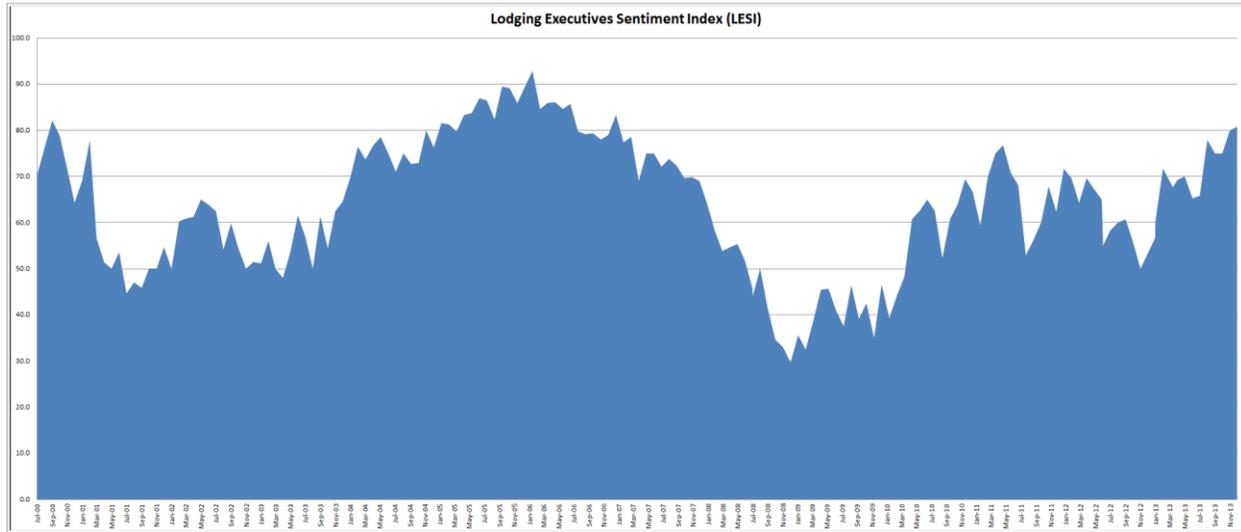


LESI Remains Relatively Flat Despite Positive Future Outlook

The Lodging Executives Sentiment Index for the current period ending December 2013 remained relatively flat at 80.8 from 80.0 in November, 2013. Overall the lodging executives' sentiment for Present Business Conditions was down during this current period while future business conditions increased. There appears to be concern among executives surrounding consumer confidence and corporate travel business.



Seventy-seven percent of lodging executives indicated current business conditions were good, an increase from seventy-three percent last period, while fifteen percent indicated conditions were normal, down from twenty-seven percent during the same period. During the current period, eight percent of executives indicated present conditions were bad, an increase from last period where none of the executives reporting had such concern.

Looking forward, fifty-four percent of the executives thought business conditions will be better in the next 12 months, an increase from forty-seven percent last period, while forty-six percent indicated they will be the same; down from fifty-three percent last month. Executive sentiment for this period revealed that no executive thought business conditions would be worse.

Looking forward twelve months, lodging executives expect the hiring of non-managerial employees to decrease as compared to November 2013. December's unemployment rate, published by the Bureau of Labor Statistics (BLS), dropped to 6.7 from 7.0 in November. The ISM Employment Index remained relatively flat compared to last period at 56.9.

The LESI indices follow the Institute of Supply Management's Index (ISM) method of tracking leading indicators. A LESI survey reading of greater than 50 indicates expansion whereas a reading below 50 indicates decline and the distance from 50 in either direction is indicating the strength of the expansion or decline. During the December period of time, the ISM Index decreased to 57.0 from 57.3 in November 2013.

| Lodging Executive Sentiment at a Glance | | | | | |
|---|-----------------------|--------------------|---------------|---------------------------------------|---|
| Sentiment Indicator | Current Period | Last Period | Change | Direction of Business Activity | Speed of Change in Business Activity |
| ISM Index | 57.0 | 57.3 | (0.3) | Expanding | Very slightly slower |
| LESI Index | 80.8 | 80.0 | 0.8 | Expanding | Very slightly faster |
| Present Business Sentiment | 84.8 | 86.7 | (1.9) | Expanding | Slightly Slower |
| Future Business Sentiment | 76.9 | 73.3 | 3.6 | Expanding | Slightly Faster |
| Future Rooms Reservation Sentiment | 73.1 | 86.7 | (13.6) | Expanding | More Slowly |
| Future Employment Sentiment | 53.8 | 60.0 | (6.2) | Expanding | Slower |
| Source: Department of Hospitality Management, Peter T. Paul College of Business and Economics | | | | | |

The most recent published issue of the *Cornell Hospitality Quarterly* (November 2013; 54 (4)) includes an article written by three professors in the Department of Hospitality Management at the UNH Peter T. Paul College of Business and Economics (formerly the Whittemore School of Business and Economics) where the LESI is used to forecast interest rates, the stock market and retail sales. The article demonstrates the accuracy of the LESI in forecasting the above well beyond currently-existing leading indicators.

The Lodging Executive Sentiment Index (LESI) is based on a monthly survey of lodging executives representing companies with more than 2.5 million hotel rooms across lodging segments and geographic regions in the United States represents more than 55 percent of all U.S. sleeping rooms.