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ODU's Dragas Center for Economic Analysis and Policy Forecasts Decline in Hotel Revenues in Hampton Roads

Hotel occupancy in Virginia is down 67%, revenues are down 81% from the same period in 2019.

Norfolk, VA – (April 15, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, shows hotel occupancy rates fell 67% in Virginia for the week of April 5-11 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 39% to \$71.76. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$16.74, an 80% decline.

Hotel occupancy continues to decline in every major market in Virginia. Compared to the same week in 2019, occupancy fell 76% in the Virginia portion of the Washington, D.C., market, 74% in the Charlottesville market and 58% in the Norfolk/Virginia Beach market. RevPAR fell by 86% in the Virginia portion of the Washington market, 86% in the Charlottesville market and 73% in the Norfolk/Virginia Beach market. Chesapeake/Suffolk and Newport News/Hampton submarkets appear to be faring better than any other submarket in Hampton Roads, as they primarily rely on business travelers. In these two markets RevPAR declined by 56% and by 58%, respectively

Within the Norfolk/Virginia Beach market, occupancy fell 79% in Williamsburg, 65% in Virginia Beach, 59% in Norfolk/Portsmouth, 49% in Hampton and 43% in Newport News. Chesapeake fared the best with a decline of only 38% from the same week in 2019. RevPAR declined in each submarket as hoteliers lowered rates in an attempt to combat falling demand. RevPAR fell by 89% in Williamsburg, followed by Virginia Beach (78%) and Norfolk (74%). RevPAR declined in all other submarkets by at least 53% from the same week in 2019. Over the last four weeks, the Williamsburg market has performed the worst. Occupancy has declined by 77%, ADR by 43% and RevPAR by 87%.

All three measures of performance of the hotel industry - occupancy, ADR and RevPAR - not only were much lower for each of the past four weeks compared to same time period in 2019, these measures have become worse each week beginning with the week of March 8 except for Williamsburg, where occupancy and RevPAR are already at record-low levels.

The occupancy rate of hotels in Hampton Roads for the past four weeks when compared with the same time period in 2019 declined by 55%, ADR by 31% and RevPAR by 69%. Occupancy and RevPAR in Hampton Roads and its submarkets would be even lower if some hotels had not reduced supply of available rooms, which are down in Hampton Roads by 3.1% for the week of

April 5 compared to the first week of March. Available rooms declined by 13.6% in Suffolk, 7.3% in Williamsburg and 5.3% in Norfolk.

About the Dragas Center for Economic Analysis and Policy:

The Dragas Center for Economic Analysis and Policy in the Strome College of Business at Old Dominion University undertakes a wide range of economic, demographic, transportation and defense-oriented studies. For two decades, the Center and its predecessors have produced the highly regarded State of the Region Report for Hampton Roads and economic forecasts for the region. If you would like more information about this topic, please contact Robert M. McNabor Vinod Agarwal. McNab can be reached at 831-917-2455 or email at rmcnab@odu.edu. Agarwal can be reached at 757-287-5619 or email vagarwal@odu.edu.

About Old Dominion University:

Old Dominion University is Virginia's entrepreneurial-minded doctoral research university with more than 24,000 students, rigorous academics, an energetic residential community and initiatives that contribute \$2.6 billion annually to the Commonwealth's economy.