

ODU's Dragas Center for Economic Analysis and Policy: Hotel Industry in Virginia and Hampton Roads Shows signs of Improvement

Hotel revenues are down 75% and rooms sold are down 58% from the same period in 2019.

Norfolk, VA – (May 28, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, shows hotel revenues decreased by 75% and rooms sold declined by 58% in Virginia for the week of May 17-23 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 40% to \$73.74. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$24.53, a 73% decline.

Hotel revenues and rooms sold have declined in every major market in Virginia, and these declines are getting smaller. Compared to the same week in 2019, revenues fell 86% in the Virginia portion of the Washington, D.C., market, 77% in the Charlottesville market and 64% in the Hampton Roads market. During the week of May 10-16, revenues had fallen by 87% in the Virginia portion of the Washington, D.C., market, 86% in the Charlottesville market and 67% in the Hampton Roads market.

Rooms sold during the latest week fell by 74% in the Virginia portion of the Washington market, 63% in the Charlottesville market and 43% in the Hampton Roads market. The Newport News/Hampton and Chesapeake/Suffolk submarkets continue to fare better than other submarkets in Hampton Roads, as they primarily rely on business travelers. In these two markets hotel revenues declined by 45% and 46%, respectively.

Within the Hampton Roads market, hotel revenue fell 90% in Williamsburg, 65% in Virginia Beach, 62% in Norfolk/Portsmouth and 46% in Chesapeake/Suffolk. Newport News/Hampton fared the best with a decline of 45%. Rooms sold declined in each submarket as well due to falling demand. Rooms sold fell by 80% in Williamsburg, followed by Virginia Beach (46%) and Norfolk/Portsmouth (42%). Rooms sold declined in all other submarkets by at least 24% from the same week in 2019. Over the last four weeks, the Williamsburg market has continued to perform the worst. Occupancy has declined by 76%, ADR by 51% and RevPAR by 88%. Williamsburg also led the pack in declining room revenues and rooms sold; these declined by 91% and 82%, respectively.

“We expect to see continued improvement in room revenues as well as in rooms sold over the coming weeks,” said Professor Vinod Agarwal of the Dragas Center. “We should brace ourselves for a slow rebound as the nation largely reopens from COVID-19, however. It will take time for business and leisure travelers to fill rooms again.”

The occupancy rate of hotels in Hampton Roads for the past four weeks when compared with the same time period in 2019 declined by 46%, ADR by 38% and RevPAR by 67%. 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 4.7% for the week of May 17 compared to the first week of March. Available rooms declined by 21.3% in Williamsburg, 3.0% in Newport News /Hampton and 2.6% in Norfolk/Portsmouth.

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. McNab or 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 at vagarwal@odu.edu