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ODU's Dragas Center for Economic Analysis and Policy: Almost No Improvement in Performance of Hotel Industry in Virginia and Hampton Roads

Hotel revenues are down 68% and rooms sold are down 50% from the same period in 2019.

Norfolk, VA – June 10, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, shows hotel revenues decreased by 68% and rooms sold declined by 50% in Virginia for the week of May 31-June 6 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 35% to \$79.71. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$31.03, a 66% decline.

Hotel revenues and rooms sold have declined in every major market in Virginia. Compared to the same week in 2019, revenues fell 82% in the Virginia portion of the Washington, D.C., market, 73% in the Charlottesville market and 56% in the Hampton Roads market. During the week of May 24-30, revenues had fallen by 79% in the Virginia portion of the Washington, D.C., market, 73% in the Charlottesville market and 58% in the Hampton Roads market.

Rooms sold during the latest week fell by 69% in the Virginia portion of the Washington market, 59% in the Charlottesville market and 37% in the Hampton Roads market. The Chesapeake/Suffolk and Newport News/Hampton submarkets continue to fare better than other submarkets in Hampton Roads, as they primarily rely on business travelers. In these two markets rooms sold declined by 21% and 33% respectively.

Within the Hampton Roads market, hotel revenue fell 88% in Williamsburg, 57% in Newport News/Hampton, 51% in Norfolk/Portsmouth and 49% in Virginia Beach.

Chesapeake/Suffolk fared the best with a decline of 39%. Rooms sold declined in each submarket as well due to falling demand. Rooms sold fell by 77% in Williamsburg, followed by Norfolk/Portsmouth (33%), Newport News/Hampton (32.7%), and Virginia Beach (28%). Rooms sold declined by only 21% in Chesapeake/Suffolk market. Over the last four weeks, the Williamsburg market has continued to perform the worst. Occupancy has declined by 72%, ADR by 48% and RevPAR by 86%. Williamsburg also led in declining room revenues and rooms sold; these were down by 89% and 78%, respectively.

“We did not see as much improvement in room revenues or in rooms sold this week as we have seen for the last four weeks,” said Professor Vinod Agarwal of the Dragas Center. “However, we expect a continued slow rebound as the nation and the Commonwealth largely reopens from COVID-19. 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 39%, ADR by 34% and RevPAR by 60%. 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% for the week of May 31 compared to the first week of March. Available rooms declined by 19.2% in Williamsburg and 3% in Newport News /Hampton.

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

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.