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

Hampton Roads continues to have highest occupancy rate and Revenue Per Available Room among the top 25 markets in the nation.

Norfolk, VA – July 22, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, shows hotel revenues decreased by 51% and rooms sold declined by 39% in Virginia for the week of July 12-18 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 20% to \$96.08. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$46.88, a 50% decline.

The hotel industry in Hampton Roads continues to achieve the highest occupancy rate and RevPAR among the top 25 markets in the nation for the week of July 12-18, as well as for the last four weeks. The occupancy rate in Hampton Roads was 64.5% for the current week and 62.4% for the last four weeks. Likewise, RevPAR reached \$77.48 for the current week and \$73.62 for the last four weeks.

Compared to the same week in 2019, hotel revenues and rooms sold have generally declined in most markets in Virginia. Revenues fell 72% in the Virginia portion of the Washington, D.C., market, 60% in the Charlottesville market and 32% in the Hampton Roads market. During the week of July 5-11, revenues fell by 70% in the Virginia portion of the Washington, D.C., market, 65% in the Charlottesville market and 34% in the Hampton Roads market.

Rooms sold during the latest week fell by 59% in the Virginia portion of the Washington market, 48% in the Charlottesville market and 22% in the Hampton Roads market. The Newport News/Hampton market fared better than other submarkets in Hampton Roads; rooms sold declined by only 12%.

Within the Hampton Roads market, hotel revenue fell 73% in Williamsburg, 32% in Norfolk/Portsmouth, 28% in Newport News/Hampton, 25% in Chesapeake/Suffolk, and 21% in Virginia Beach. Rooms sold declined in each submarket as well due to decreased demand. Rooms sold fell by 59% in Williamsburg, followed by Norfolk/Portsmouth (21%), Virginia Beach (14%), and Chesapeake/Suffolk (13%). Over the last four weeks, the Williamsburg market has continued to perform the worst. Occupancy has declined by 58%, ADR by 34% and RevPAR by 72%. Williamsburg also led in declining room revenues and rooms sold; these were down by 75% and 62%, respectively.

"We continue to see improvement in room revenues as well as in rooms sold in Hampton Roads almost every week over the last several weeks," said Professor Vinod Agarwal of the Dragas Center. "We should brace ourselves for a continued slow rebound as the nation and the Commonwealth largely has reopened 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 period in 2019 declined by 22%, ADR by 14% and RevPAR by 33%. 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 1.1% for the week of July 12 compared to the first week of March. Available rooms declined by 6.5% in Williamsburg and 1.9% 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.