

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

Hampton Roads continues to have the highest weekly occupancy rate among the nation's top 25 markets since the week of June 21-27.

Norfolk, VA – (September 16, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, show hotel revenues decreased by 48% and rooms sold declined by 33% in Virginia for the week of Sept. 6-13 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 23% to \$90.28. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$41.81, a 48% decline.

The hotel industry in Hampton Roads continues to achieve the highest occupancy rate among the top 25 markets in the nation for the current week as well as since the week of June 21-27. Looking at the last four weeks, the occupancy rate in Hampton Roads was 58.8% for the current week and 60.2% since the week of Aug. 16-22.

However, RevPAR in Hampton Roads (\$58.35) was in fourth place for the current week behind San Diego (\$79.10), Los Angeles (\$77.19) and Anaheim (\$64.09). Hampton Roads ranked third in RevPAR for the last four weeks with an average of \$64.20. San Diego had the highest RevPAR (\$74.60) followed by Los Angeles (\$72.99).

Compared to the same week in 2019, revenues fell 72% in the Virginia portion of the Washington, D.C., market, 53% in the Charlottesville market and 12% in the Hampton Roads market. During the week of Aug. 30-Sept. 5, revenues fell by 45% in the Virginia portion of the Washington, D.C., market, 23% in the Charlottesville market and increased by 3% in the Hampton Roads market.

Rooms sold during the latest week fell by 54% in the Virginia portion of the Washington market, 36% in the Charlottesville market and 12% in the Hampton Roads market. The Chesapeake/Suffolk market fared better than other submarkets in Hampton Roads; rooms sold decreased by only 4%.

Within the Hampton Roads market, hotel revenue fell 42% in Williamsburg, 24% in Norfolk/Portsmouth, 21% in Newport News/Hampton and 10% in Chesapeake/Suffolk. Virginia Beach was the only submarket seeing a growth (4%) in revenues. Rooms sold fell by 34% in Williamsburg, 15% in Norfolk/Portsmouth, 8% in Newport News/Hampton and 7% in Virginia Beach. Over the last four weeks, the Williamsburg market has continued to perform the worst. Occupancy has declined by 43%, ADR by 24% and RevPAR by 57%. Williamsburg also led in declining room revenues and rooms sold; these were down by 58% and 45%, respectively.

"Performance of the hotels in Hampton Roads during last week was in general better than the current week," said Professor Vinod Agarwal of the Dragas Center. "One of the main reasons is the timing of the Labor Day weekend. Friday and Saturday of the Labor Day weekend in 2020 were observed during last week whereas only Sunday of the Labor Day weekend fell during the comparable week in 2019. Hotels typically have a much higher occupancy on Saturdays of the long weekends during summer."

The occupancy rate of hotels in Hampton Roads for the past four weeks when compared with the same period in 2019 declined by 13%, ADR by 8% and RevPAR by 21%.

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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 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.