

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 10, 2020) – Newly released data from STR, a global firm that provides insights into the hospitality industry, show hotel revenues decreased by 23% and rooms sold declined by 16% in Virginia for the week of Aug. 30-Sept. 5 when compared to the same period in 2019. The Average Daily Rate (ADR) paid for hotel rooms dropped 9% to \$93.53. Revenue Per Available Room (RevPAR), an industry standard of the health of the lodging sector, fell to \$44.92, a 23% 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 60.6% for the current week and 61.8% since the week of Aug. 9-15.

However, RevPAR in Hampton Roads (\$65.52) continued to be in third place for the current week behind San Diego (\$77.88) and Los Angeles (\$75.34). Hampton Roads also ranked third in RevPAR for the last four weeks with an average of \$68.12. San Diego had the highest RevPAR (\$72.19) followed by Los Angeles (\$70.03).

Compared to the same week in 2019, revenues fell 45% in the Virginia portion of the Washington, D.C., market, and 23% in the Charlottesville market, while the Hampton Roads market saw its revenues go up by 3% – its first increase since the week of March 1. During the week of Aug. 23-29, revenues fell by 52% in the Virginia portion of the Washington, D.C., market, 46% in the Charlottesville market and 25% in the Hampton Roads market.

Rooms sold during the latest week fell by 34% in the Virginia portion of the Washington market, 14% in the Charlottesville market and increased by 0.2% in the Hampton Roads market. The Norfolk/Portsmouth market fared better than other submarkets in Hampton Roads; rooms sold increased by 11.8%.

Within the Hampton Roads market, hotel revenue fell 41% in Williamsburg and by 6% in Newport News/Hampton. All other submarkets saw an increase in their revenues: 20% in Norfolk/Portsmouth, 17% in Virginia Beach and 12% in Chesapeake/Suffolk. Rooms sold fell by 33% in Williamsburg, but increased by 10% in Newport News/Hampton, followed by Chesapeake/Suffolk (9%), and Virginia Beach (1%). Over the last four weeks, the Williamsburg market has continued to perform the worst. Occupancy has declined by 46%, ADR by 29% and RevPAR by 61%. Williamsburg also led in declining room revenues and rooms sold; these were down by 63% and 48%, respectively.

"Performance of the hotels in Hampton Roads during the current week was in general better than last week," said Professor Vinod Agarwal of the Dragas Center. "It appears that except for Williamsburg, all other submarkets have nearly recovered from COVID-19. Hopefully, this trend will continue."

The occupancy rate of hotels in Hampton Roads for the past four weeks when compared with the same period in 2019 declined by 15%, ADR by 12% and RevPAR by 25%. 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 0.3% for the week of

Aug. 30-Sept. 5 compared to the first week of March. Available rooms declined by 3.8% in Williamsburg and 1.9% in Newport News/Hampton.

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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.