

2008 Q1 Lodging Report

The Research Section of the VTC has contracted with Smith Travel Research (STR), a leading lodging industry research company, to provide monthly and annual lodging data for the state of Virginia. The following report provides an analysis for the state and various pre-defined regions through the first quarter of 2008. [Note: STR's pre-defined regions are not the same as VTC's travel guide regions; however, they provide a level of detail that allows for near complete coverage of the state]

There are five major areas of analysis contained in this report:

- 1) Room Demand – Reflects the percent change in the number of rooms sold
- 2) Room Supply – Reflects the percent change in the number of rooms available
- 3) Room Rates – Reflects the average cost per room
- 4) Room Revenue – Reflects the percent change in the amount of revenue collected
- 5) Occupancy Percent – Reflects the percentage of rooms occupied

Statewide Analysis

Lodging room demand was down 2.2% YTD through Q1 2008, compared to the same 3-month period of 2007. The number of rooms available (room supply) grew by 2.4% through Q1 2008, reflecting an increase in building or expansion of new rooms around the state. Average room rates (prices per room rented) for the state as a whole have increased from \$93.74 to \$98.67 per room, up 5.3% from Q1 2007. Room revenues, which are tied to room demand and room rates, have increased by 2.9% in 2008. Occupancy rates, which reflect changes in both the supply and demand for rooms, averaged 52.0%, down 4.4% from the YTD Q1 2007 occupancy rate of 54.4%. This compares to the US average occupancy rate of 59.4% (-2.7% YTD).

The following table details the above 5 areas of analysis for the US, Virginia and various segments around the state. Sub-segments are also included within several of the larger segments. For example, the larger Washington DC Segment is broken down into Arlington, Alexandria, Fairfax, Suburban VA, I-95 Fredericksburg, and Dulles Airport sub-segments.

| Segment | Room Demand | Room Supply | Average Room Rates (1/01-3/31) | | | Room Revenue | Occupancy Percent | | |
|--------------------------------------|-------------|-------------|-----------------------------------|-----------|----------|--------------|-------------------|------|----------|
| | % Change | % Change | 2008 | 2007 | % Change | % Change | 2008 | 2007 | % Change |
| US | -0.6 | 2.1 | \$ 107.93 | \$ 103.10 | 4.7 | 4.1 | 57.8 | 59.4 | -2.7 |
| Virginia | -2.2 | 2.4 | \$ 98.67 | \$ 93.74 | 5.3 | 2.9 | 52.0 | 54.4 | -4.4 |
| Washington, DC-MD-VA | -1.3 | 1.5 | \$ 151.77 | \$ 148.35 | 2.3 | 0.9 | 61.1 | 62.9 | -2.9 |
| Arlington | -1.9 | 1.6 | \$ 168.47 | \$ 162.13 | 3.9 | 2.0 | 66.3 | 68.7 | -3.5 |
| Alexandria | 1.1 | 3.7 | \$ 140.06 | \$ 129.14 | 8.5 | 9.7 | 58.2 | 59.7 | -2.5 |
| Fairfax/Tysons Corner | -2.7 | 0.0 | \$ 146.25 | \$ 145.85 | 0.3 | -2.4 | 60.6 | 62.3 | -2.7 |
| Suburban Virginia Area | 2.8 | 2.1 | \$ 97.93 | \$ 97.29 | 0.7 | 3.5 | 49.3 | 49.0 | 0.6 |
| I-95 Fredericksburg | 1.9 | 10.5 | \$ 75.98 | \$ 69.98 | 8.6 | 10.7 | 54.9 | 59.5 | -7.7 |
| Dulles Airport Area | 4.7 | 5.1 | \$ 137.40 | \$ 137.48 | -0.1 | 4.7 | 66.8 | 67.0 | -0.3 |
| Norfolk-Virginia Beach, VA | -5.2 | 2.2 | \$ 73.27 | \$ 68.61 | 6.8 | 1.2 | 45.3 | 48.9 | -7.4 |
| Chesapeake/ Suffolk | -18.6 | 6.4 | \$ 71.02 | \$ 64.15 | 10.7 | -9.9 | 55.0 | 72.0 | -23.6 |
| Newport News/Hampton | -3.1 | 2.0 | \$ 65.08 | \$ 62.41 | 4.3 | 1.1 | 50.3 | 52.9 | -4.9 |
| Norfolk/ Portsmouth | -6.4 | 3.7 | \$ 79.55 | \$ 76.68 | 3.7 | -2.9 | 53.1 | 58.8 | -9.7 |
| Virginia Beach | -0.1 | 4.0 | \$ 75.21 | \$ 70.14 | 7.2 | 7.1 | 48.8 | 50.8 | -3.9 |
| Williamsburg | -3.3 | -2.3 | \$ 75.71 | \$ 69.35 | 9.2 | 5.6 | 27.7 | 28.0 | -1.1 |
| Virginia Area | -2.2 | 1.9 | \$ 73.33 | \$ 69.49 | 5.5 | 3.2 | 45.6 | 47.6 | -4.2 |
| Virginia Area (smaller defined area) | -0.6 | 3.8 | \$ 71.55 | \$ 67.80 | 5.5 | 4.9 | 42.2 | 44.0 | -4.1 |
| Lynchburg MSA | -3.6 | 0.0 | \$ 68.52 | \$ 65.95 | 3.9 | 0.1 | 47.4 | 49.2 | -3.7 |
| Blacksburg/Wytheville | -5.3 | 4.7 | \$ 69.54 | \$ 64.37 | 8.0 | 2.3 | 41.9 | 46.4 | -9.7 |
| Staunton/Harrisonburg | -1.3 | 1.8 | \$ 66.76 | \$ 62.89 | 6.2 | 4.8 | 48.1 | 49.6 | -3.0 |
| Roanoke MSA | -0.9 | -3.4 | \$ 74.99 | \$ 71.18 | 5.4 | 4.4 | 48.9 | 47.7 | 2.5 |
| Charlottesville MSA, VA | -6.6 | 0.0 | \$ 90.76 | \$ 86.29 | 5.2 | -1.8 | 57.5 | 61.6 | -6.7 |
| Richmond-Petersburg, VA | -4.1 | 0.5 | \$ 81.94 | \$ 76.45 | 7.2 | 2.8 | 56.9 | 59.6 | -4.5 |
| Petersburg/Chester | -1.8 | 1.6 | \$ 71.04 | \$ 64.02 | 11.0 | 9.0 | 56.5 | 58.4 | -3.3 |
| Richmond Downtown/Airport | -3.6 | 0.0 | \$ 103.63 | \$ 96.25 | 7.7 | 3.8 | 60.6 | 62.8 | -3.5 |
| Richmond North/Glen Allen | -3.8 | 0.2 | \$ 79.47 | \$ 76.37 | 4.1 | 0.1 | 55.6 | 58.0 | -4.1 |
| Richmond West/Midlothian | -9.6 | 0.0 | \$ 71.29 | \$ 64.76 | 10.1 | -0.5 | 55.4 | 61.3 | -9.6 |
| Bristol-Kingsport MSA | -1.9 | 0.9 | \$ 80.75 | \$ 76.70 | 5.3 | 3.2 | 41.6 | 42.8 | -2.8 |

Source: Smith Travel Research - 2008

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