

2006 Q2 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 second quarter of 2006. [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 per available room
- 5) Occupancy Percent – Reflects the percentage of rooms occupied.

Statewide Analysis

Lodging room demand was up 2.4% YTD through Q2 2006, compared to the same 6-month period of 2005. The number of rooms available (room supply) grew by 1.9% through Q2 2006, 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 \$88.50 to \$94.33 per room, up 6.6% from Q2 2005. Room revenues, which are tied to room demand and room rates, have increased by 9.2% in 2006. Occupancy rates, which reflect changes in both the supply and demand for rooms, averaged 62.4%, up 0.5% from the YTD Q2 2005 occupancy rate of 62.1%. This compares to the US average occupancy rate of 63.5% (+2.1% 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 % Change	Room Supply % Change	Average Room Rates (1/01-6/30)			Room Revenue % Change	Occupancy Percent		
			2006	2005	% Change		2006	2005	% Change
US	2.4%	0.4%	\$ 96.56	\$ 90.43	6.8%	9.4%	63.5%	62.2%	2.1%
Virginia	2.4%	1.9%	\$ 94.33	\$ 88.50	6.6%	9.2%	62.4%	62.1%	0.5%
Washington DC-MD-VA	-1.2%	1.8%	\$ 144.51	\$ 132.79	8.8%	7.5%	71.1%	73.2%	-2.9%
Arlington	-0.8%	-1.7%	\$ 159.74	\$ 141.16	13.2%	12.2%	77.4%	76.8%	0.8%
Alexandria	-4.3%	0.0%	\$ 125.30	\$ 113.03	10.9%	6.1%	72.1%	75.3%	-4.2%
Fairfax/Tysons Corner	-2.4%	7.8%	\$ 140.98	\$ 126.20	11.7%	9.0%	70.8%	78.2%	-9.5%
Suburban VA Area	-2.1%	1.2%	\$ 92.61	\$ 87.05	6.4%	4.1%	58.7%	60.7%	-3.3%
I-95 Fredericksburg	-0.4%	2.4%	\$ 69.77	\$ 65.84	6.0%	5.5%	66.9%	68.8%	-2.8%
Dulles Airport Area	1.7%	4.9%	\$ 135.49	\$ 125.36	8.1%	10.0%	74.4%	76.7%	-3.0%
Norfolk - VA Beach	5.4%	2.8%	\$ 78.30	\$ 76.31	2.6%	8.2%	58.7%	57.3%	2.4%
Chesapeake / Portsmouth	11.4%	6.7%	\$ 70.21	\$ 67.26	4.4%	16.3%	72.7%	69.6%	4.5%
Newport News / Hampton	6.0%	8.9%	\$ 66.02	\$ 64.47	2.4%	8.6%	63.2%	64.9%	-2.6%
Norfolk City	2.3%	-2.2%	\$ 75.05	\$ 74.55	0.7%	3.0%	66.6%	63.7%	4.6%
Virginia Beach City	5.9%	1.5%	\$ 86.89	\$ 83.73	3.8%	9.9%	59.9%	57.4%	4.4%
Williamsburg	2.2%	1.4%	\$ 86.22	\$ 84.55	2.0%	4.2%	43.5%	43.2%	0.7%
Virginia Area	5.8%	1.0%	\$ 69.45	\$ 66.30	4.8%	10.9%	56.2%	53.6%	4.9%
Virginia Area (smaller defined area)	4.2%	1.3%	\$ 68.93	\$ 66.61	3.5%	7.9%	53.3%	51.7%	3.1%
Lynchburg MSA	16.1%	0.0%	\$ 64.17	\$ 61.98	3.5%	20.2%	56.9%	49.0%	16.1%
Blacksburg/Wytheville	9.4%	0.0%	\$ 62.13	\$ 59.92	3.7%	13.4%	53.0%	48.5%	9.3%
Staunton/Harrisonburg	5.7%	2.2%	\$ 64.44	\$ 60.57	6.4%	12.5%	59.4%	57.4%	3.5%
Roanoke MSA	4.2%	1.0%	\$ 69.04	\$ 64.08	7.7%	12.3%	54.4%	52.7%	3.2%
Charlottesville MSA	5.3%	0.0%	\$ 87.20	\$ 82.07	6.3%	11.9%	73.6%	69.9%	5.3%
Richmond - Petersburg	2.6%	0.9%	\$ 75.14	\$ 70.05	7.3%	10.0%	61.5%	60.5%	1.7%
Petersburg/Chester	8.2%	-0.1%	\$ 63.67	\$ 58.92	8.1%	16.9%	60.5%	55.9%	8.2%
Richmond Downtown/Airport	-3.9%	-0.8%	\$ 94.06	\$ 84.39	11.5%	7.1%	64.2%	66.3%	-3.2%
Richmond North/Glen Allen	4.2%	2.7%	\$ 75.24	\$ 71.36	5.4%	9.9%	59.4%	58.5%	1.5%
Richmond West/Midlothian	0.3%	0.0%	\$ 63.37	\$ 59.34	6.8%	7.1%	65.2%	65.0%	0.3%
Johnson City - Bristol, TN-VA	6.1%	2.4%	\$ 69.00	\$ 65.46	5.4%	11.8%	47.6%	45.9%	3.7%

Source: Smith Travel Research - 2006

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