

2006 Q3 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 third 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 1.0% YTD through Q3 2006, compared to the same 9-month period of 2005. The number of rooms available (room supply) grew by 1.9% through Q3 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 \$90.53 to \$95.95 per room, up 6.0% from Q3 2005. Room revenues, which are tied to room demand and room rates, have increased by 7.0% in 2006. Occupancy rates, which reflect changes in both the supply and demand for rooms, averaged 64.3%, down 0.9% from the YTD Q3 2005 occupancy rate of 64.9%. This compares to the US average occupancy rate of 65.2% (+1.0% 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 (1/01-6/30)			Room Revenue	Occupancy Percent		
	% Change	% Change	2006	2005	% Change	% Change	2006	2005	% Change
US	1.5%	0.4%	\$ 96.90	\$ 90.72	6.8%	8.4%	65.2%	64.5%	1.0%
Virginia	1.0%	1.9%	\$ 95.95	\$ 90.53	6.0%	7.0%	64.3%	64.9%	-0.9%
Washington DC-MD-VA	-2.2%	2.0%	\$ 140.36	\$ 130.48	7.6%	5.2%	70.4%	73.4%	-4.2%
Arlington	-2.6%	-1.3%	\$ 154.21	\$ 138.74	11.2%	8.3%	75.6%	76.6%	-1.3%
Alexandria	-6.4%	0.1%	\$ 124.59	\$ 113.66	9.6%	2.6%	70.1%	75.0%	-6.5%
Fairfax/Tysons Corner	-2.7%	7.5%	\$ 138.94	\$ 126.53	9.8%	6.8%	70.2%	77.6%	-9.5%
Suburban VA Area	-0.6%	1.6%	\$ 94.64	\$ 89.35	5.9%	5.3%	62.0%	63.3%	-2.1%
I-95 Fredericksburg	-2.3%	2.0%	\$ 70.99	\$ 67.43	5.3%	2.9%	67.2%	70.2%	-4.3%
Dulles Airport Area	2.6%	4.5%	\$ 134.34	\$ 125.59	7.0%	9.7%	74.8%	76.2%	-1.8%
Norfolk - VA Beach	3.3%	2.7%	\$ 87.71	\$ 85.49	2.6%	6.0%	62.8%	62.4%	0.6%
Chesapeake / Portsmouth	9.8%	6.6%	\$ 76.41	\$ 71.44	7.0%	17.4%	72.9%	70.8%	3.0%
Newport News / Hampton	4.0%	9.3%	\$ 68.25	\$ 66.16	3.2%	7.3%	63.7%	66.9%	-4.8%
Norfolk City	-0.5%	-3.0%	\$ 80.48	\$ 78.55	2.5%	2.0%	68.5%	66.8%	2.5%
Virginia Beach City	3.4%	1.6%	\$ 105.69	\$ 103.02	2.6%	6.0%	65.9%	64.8%	1.7%
Williamsburg	1.5%	1.0%	\$ 91.20	\$ 90.60	0.7%	2.1%	50.8%	50.6%	0.4%
Virginia Area	3.5%	1.2%	\$ 71.46	\$ 67.90	5.2%	8.9%	59.0%	57.8%	2.1%
Virginia Area (smaller defined area)	1.9%	1.3%	\$ 72.11	\$ 69.20	4.2%	6.2%	56.4%	56.1%	0.5%
Lynchburg MSA	12.7%	0.0%	\$ 63.85	\$ 61.44	3.9%	17.1%	58.2%	51.7%	12.6%
Blacksburg/Wytheville	7.7%	0.2%	\$ 64.83	\$ 62.19	4.2%	12.3%	57.7%	53.7%	7.4%
Staunton/Harrisonburg	3.0%	2.8%	\$ 65.48	\$ 61.49	6.5%	9.7%	62.3%	62.2%	0.2%
Roanoke MSA	2.0%	1.8%	\$ 69.60	\$ 64.50	7.9%	10.1%	56.5%	56.4%	0.2%
Charlottesville MSA	2.6%	0.0%	\$ 89.15	\$ 83.24	7.1%	9.9%	75.0%	73.1%	2.6%
Richmond - Petersburg	0.8%	0.9%	\$ 75.79	\$ 70.67	7.2%	8.1%	62.5%	62.5%	0.0%
Petersburg/Chester	4.6%	0.4%	\$ 64.46	\$ 60.16	7.1%	12.1%	60.5%	58.1%	4.1%
Richmond Downtown/Airport	-5.0%	-1.0%	\$ 94.41	\$ 84.31	12.0%	6.4%	64.6%	67.3%	-4.0%
Richmond North/Glen Allen	3.2%	2.4%	\$ 75.92	\$ 72.11	5.3%	8.7%	61.8%	61.4%	0.7%
Richmond West/Midlothian	-2.5%	0.0%	\$ 64.17	\$ 60.15	6.7%	4.1%	64.6%	66.3%	-2.6%
Johnson City - Bristol, TN-VA	6.3%	2.3%	\$ 71.09	\$ 67.60	5.2%	11.8%	51.8%	49.9%	3.8%

Source: Smith Travel Research - 2006

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