

2003 Annual 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 for the calendar year 2003. [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 Revenues – Reflects the percent change in the amount of revenue collected per available room
- 5) Occupancy Percent – Reflects the percent change in both the supply and demand for rooms

Statewide Analysis

Lodging room demand was up 3.8% in 2003, compared to 2002. The number of rooms available (room supply) grew by 1.2% during 2003, reflecting an increase in building or expansion of new rooms around the state. Average room rates (prices per room) for the state as a whole have remained relatively stable at \$80.24 per room, an increase of 1.3% from 2002. Room revenues, which are tied to room demand, room supply and room rates, increased by 3.3%. Occupancy rates, which reflect changes in both the supply and demand for rooms, averaged 61.1%, up 2.5% from the 2002 occupancy rate of 59.6%. This compares to the US average occupancy rate of 59.1% (+0.2% YTD). These increases are a reflection of the impacts of a rebounding economy and Virginia's proximity to large key drive markets.

While the lodging industry at the state level has seen positive signs of recovery, several of the regions are still experiencing declines in occupancy. Fortunately, downward pressure on room rates has not been as strong as in other non-Virginia markets.

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 (1/01-12/31)			Room Revenue	Occupancy Percent		
	% Change	% Change	2003	2002	% Change	% Change	2003	2002	% Change
US	1.6%	1.3%	\$ 83.19	\$ 83.19	0.0%	1.6%	59.1%	59.0%	0.2%
Virginia	3.8%	1.2%	\$ 80.24	\$ 79.21	1.3%	3.3%	61.1%	59.6%	2.5%
Washington DC-MD-VA	2.9%	1.3%	\$111.10	\$110.95	0.1%	3.0%	66.5%	65.4%	1.7%
Arlington	3.7%	2.7%	\$121.60	\$121.57	0.0%	3.8%	68.0%	67.4%	0.9%
Alexandria	2.8%	4.1%	\$ 99.36	\$ 97.55	1.9%	4.7%	63.2%	64.0%	-1.3%
Fairfax/Tysons Corner	4.0%	0.2%	\$103.26	\$101.94	1.3%	5.3%	68.8%	66.4%	3.6%
Suburban VA Area	1.5%	2.5%	\$ 77.95	\$ 77.94	0.0%	1.5%	56.4%	56.9%	-0.9%
I-95 Fredericksburg	3.0%	0.0%	\$ 60.58	\$ 58.20	4.1%	7.2%	66.7%	64.8%	2.9%
Dulles Airport Area	12.1%	2.1%	\$100.35	\$102.55	-2.1%	9.7%	71.1%	64.8%	9.7%
Norfolk - VA Beach	2.6%	0.0%	\$ 79.09	\$ 77.25	2.4%	5.1%	62.2%	60.7%	2.5%
Chesapeake / Portsmouth	5.3%	-1.1%	\$ 66.49	\$ 63.09	5.4%	10.9%	75.1%	70.6%	6.4%
Newport News / Hampton	6.0%	-0.2%	\$ 63.65	\$ 59.78	6.5%	12.9%	68.7%	64.7%	6.2%
Norfolk City	1.9%	0.1%	\$ 72.92	\$ 70.65	3.2%	5.2%	69.3%	68.1%	1.8%
Virginia Beach City	3.3%	2.1%	\$ 91.13	\$ 87.95	3.6%	7.0%	61.8%	61.1%	1.1%
Williamsburg	-1.8%	-1.8%	\$ 86.35	\$ 88.15	-2.0%	-3.8%	50.5%	50.5%	0.0%
Virginia Area	1.2%	1.4%	\$ 62.75	\$ 62.17	0.9%	2.1%	55.7%	55.8%	-0.2%
Lynchburg MSA	5.3%	1.6%	\$ 59.08	\$ 60.03	-1.6%	3.7%	52.1%	50.2%	3.8%
Blacksburg/Wytheville	3.9%	2.8%	\$ 58.65	\$ 58.88	-0.4%	3.5%	52.8%	52.2%	1.1%
Staunton/Harrisonburg	-2.7%	1.6%	\$ 60.70	\$ 59.28	2.4%	-0.4%	56.9%	59.4%	-4.2%
Roanoke MSA	-1.2%	0.9%	\$ 61.51	\$ 60.34	1.9%	0.8%	53.0%	54.1%	-2.0%
Charlottesville MSA	4.0%	-0.2%	\$ 80.76	\$ 80.65	0.1%	4.1%	67.7%	64.9%	4.3%
Richmond - Petersburg	10.2%	1.6%	\$ 65.43	\$ 64.77	1.0%	11.4%	58.6%	54.0%	8.5%
Petersburg/Chester	4.3%	1.6%	\$ 57.91	\$ 56.34	2.8%	7.2%	52.6%	51.3%	2.5%
Richmond Downtown/Airport	7.5%	1.2%	\$ 79.52	\$ 80.13	-0.8%	6.7%	60.8%	57.2%	6.3%
Richmond North/Glen Allen	16.9%	2.0%	\$ 64.14	\$ 63.27	1.4%	18.5%	60.0%	52.3%	14.7%
Richmond West/Midlothian	5.6%	1.0%	\$ 57.62	\$ 57.04	1.0%	6.6%	61.4%	58.8%	4.4%
Virginia Area	1.1%	1.4%	\$ 60.93	\$ 60.35	1.0%	2.0%	55.2%	55.4%	-0.4%
Johnson City - Bristol, TN-VA	-3.0%	-0.4%	\$ 62.24	\$ 59.98	3.8%	0.6%	48.8%	50.2%	-2.8%
Source: Smith Travel Research - 2003									