



Contact

Eric Terry, President
Virginia Restaurant, Lodging & Travel Association
eric@vrlta.org | 804.288.3065

Virginia Hotel Industry Growing, Over One Billion in Current Investment
Virginia's Hotel Industry Returns to Pre-Recession Levels

Richmond, Va. – December 14, 2016 – A November report by [Oxford Economics for the American Hotel & Lodging Association](#) paints a positive light on Virginia's Hotel Industry. The data— tabulated from the Bureau of Economic Analysis, the Census Bureau, STR, and Oxford Economics—states that, in 2015, Hotel Sales (revenue, plus certain taxes) increased to \$5.1 Billion and the total impact of the hotel industry in the state was near \$26.9 billion.

The health of Virginia's hotel industry has been growing, following the 2008 recession and 10-year industry lows in 2010. Year-end data for 2015 shows Hotel Sales closing at \$5.1 billion (revenue and taxes), an 11 percent increase over 2007 (\$4.5 billion). Comparing the same years, while the occupancy rate is down slightly (2015 – 61.6% vs. 2007 – 61.8%) the average daily rate increased (2015 – \$103.88 vs. 2007 – \$100.23).

The average daily rate and occupancy through October 2016 continue to improve. According to a year-to-date October report from [STR](#) for the state of Virginia occupancy is 65.6% and the average daily rate is \$108.72, up 2.8% and 2.5% respectively comparing year-to-date to the same last year. Revenue per available room increased 5.4% year-over-year, outpacing the national average of +3.0%, from \$67.68 to \$71.35 per room.

The positive gains in 2015 and 2016 for the industry have come despite additional challenges presented by the cuts in government travel. Since 2010 the U.S. General Services Administration has progressively lowered the Per Diem for lodging and travel. Several key markets in Virginia impacted by these decreases include the Northern Virginia area of DC that saw the Per Diem drop from \$207 in January 2010 to \$179 in January 2016. Over the same period, Loudoun County Per Diem decreased from \$135 to \$97, and Norfolk/Portsmouth decreased from \$96 to \$89. Additionally, beginning in 2015 the Department of Defense also began testing a pilot "Integrate Lodging Program" which effectively created sub-Per Diem lodging rates for the U.S. Defense Agencies and Defense Contractors.

"While Virginia has been adversely affected by decreased government travel spending and the DOD's integrated lodging pilot program, the Commonwealth's tourism and meeting industry is continuing to drive significant hotel spending," said Eric Terry, VRLTA President. "Virginia's robust travel and tourism industry continues to be strong with roughly \$63 million per day in domestic traveler spending in 2015 as VTC reported."

Investment in Virginia's future hotel industry continues to be strong with many hoteliers and hospitality investors putting millions into the state. Data from [HotelMarketData](#) (a comprehensive database of projects in the planning and construction stages including new, expansion and renovation) shows a high-level of confidence in Virginia's hotel and travel industry. The data, pulled

December 7, 2016, indicates a development pipeline, including under construction projects with planned opening dates in 2017 and 2018, of 46 properties and over 6,000 guestrooms. These projects are back a projected construction investment of up to \$1.16 billion dollars. The full pipeline of projects in planning tracked by HotelMarketData includes a projected 171 properties, roughly 24,000-25,000 rooms, and a potential investment anywhere from \$2.42 to \$3.07 billion.

“Virginia is fortunate to have a strong tourism industry,” said Bruce Thompson, Gold Key | PHR Chief Executive Officer. “The decrease in government spending just places more emphasis on the leisure markets; a trend hoteliers see in the increased demand for hotels with modern finishes and better design. Fortunately, this will ultimately lead to higher average daily rates and RevPAR.”

Thompson’s firm, Gold Key | PHR, has over \$400 million in new developments opening in the Hampton Roads region in the next two years.

“While Virginia has largely been Government driven in certain metro markets due to our proximity to DC and many military installations, other parts of the state are enjoying significant growth in leisure tourism business,” said Kimberly Christner, Cornerstone Hospitality President and CEO. “The availability of so many natural resources throughout the state – the mountains, rivers, lakes, and beaches as well as the booming brewery, winery, cycling, motorcycle, and ATV trails have really opened up the opportunity for tourism growth in the non-metro regions of Virginia. Add to that Virginia’s robust Historic Tax Credit program, and you will find many smaller communities are revitalizing historic buildings and capitalizing on the travelers seeking experiential destinations. Combined, all of these equate to a thriving tourism economy throughout the state.”

Cornerstone Hospitality and Creative Boutique Hotels are revitalizing historic buildings and developing boutique hotel and restaurant projects in the Virginia communities of Bristol, St. Paul, Wytheville, Lynchburg, Farmville, Danville and South Boston.

About Virginia Restaurant, Lodging & Travel Association (VRLTA)

The Virginia Restaurant, Lodging & Travel Association is the only unified voice for the restaurant, lodging, travel and hospitality suppliers associations. VRLTA creates value for members by promoting the legislative interests of the industry, networking, educational opportunities, and protecting free enterprise. Inquiries about membership and VRLTA services should be directed to VRLTA at (804) 288-3065 or VRLTA.org.

#