

# U.S. HOTEL INDUSTRY RECORD POSITIVE NUMBERS



According to PwC's report, released earlier in November, the performance of U.S. hotels has been positive especially towards the end of 2013. More so, improved economic conditions are projected to help boost hotel performance all the way to 2014 assuming a resolution is reached on the fiscal policy.

At present, peak accommodation in higher-priced hotels has been surpassed the same way industry RevPAR has. **Hotel construction activities have however been reduced even though the industry has been projected to be rebounding.** PwC therefore foresees that the average daily rate (ADR) and occupancy will continue to rise with demand as supply growth gets retarded and the economy improves. That being the case, the expectation is that by the end of the year, RevPAR will have grown by 5.5% and this will be followed by a 0.8 percent increase the following year.

These new estimates from PwC are centered on quarterly analysis of the lodging sector and make use of historical statistics by Smith Travel Research, forecasts by Macroeconomic Advisers as well as contributions from other data providers. The Macroeconomic Advisers are optimistic that the GDP will increase by close to 2 percent in 2013 and by a further 1.3 percent the following year based on fourth quarter performance comparisons.

The PwC analysis report, points towards a further 2 percent increase in lodging demand in 2013 which when coupled with the restrained supply growth of about 0.9 percent will boost occupancy to 62.2 percent, a peak unattained since 2007.

**The gains in demand have been mostly attributed to leisure and business transient segments which have continued to pick up due to financial, insurance, healthcare, business service and technological advancements.** This has been at the expense of the group segment which continues to falter. Consumer spending has also been strengthening mainly due to improving labor markets, increasing household wealth and lessened debt burdens paving way for leisure travel.

In the business segment, caution has not pegged back investment as bookings for group meetings continue to increase. This has led to increased operator expectations as they look forward to a sustainable ADR increase in 2014. Better yet, luxury hotels are on track to record their highest performance gains this year (up to 74.4%). According to Scott D. Berman, PwC principal, 2013 is going to end on a high note for the lodging industry. His expectations are that there will be a sustained RevPAR growth all the way to 2014 owing to favorable demand-supply equilibrium and a strengthened lodging sector.

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