

RevPAR IS SLOWING DOWN YET EXPERTS ARE REMAINING OPTIMISTIC



There are many facts and figure for hoteliers business in the lodging sector to account for when assessing their profits and gains but their RevPAR - the revenue-per-available-room rate, which is essentially the calculation of the average daily room rate multiplied by the occupancy percentage - is one that they all want to see on the rise. On the plus side, analysis of lodging trends and economics for 2013 does show that there was RevPAR growth for the year; the unfortunate aspect is that it was not as high as expected and any continued growth is predicted to continue to slow for the next two years.

Growth occurred at a decent rate in 2013, with a final figure calculated at 5.5%, and there is great hope that the lodging sector is on the right course thanks to this increase, the comparative rise in GDP and the fact that the number of roomnights per capita and per employee reached, what are referred to by experts, as historic levels. The problem is that after looking at the most recent end-of-year figures, predictions for the next two years have been made and it appears that growth will drop marginally to 5.3% in 2014 and down even further to 4.7% in 2015.

Growth may be slowing but that is not dampening the mood of the experts forecasting the future. Should they be so optimistic or turn to realism over this hospitality slowdown?

There are some reports that this surge in lodging demand has reached its peak and we are on the road to greater expansion; however, forecasters suggest that even though growth will continue, this does not mean that the rate of RevPAR will improve. Despite this projected decline in growth, there is still a sense of optimism about the future and experts talk of greater benefits and recoveries, focusing on the idea that while revenue-per-available-room will not grow at the rates seen in the past, it is still growth. Other strategic developers focus on the idea of the US GDP increasing to 3% and the demand for lodging following suit up to 2.2%, with some talking about a “moderate, post-recovery performance”.

'Moderate' may not be the best adjective in the world but if the forecasters are accurate then they will take any positive sign they can get. It is just worth bearing in mind that the predicted RevPAR growth for 2013 was 5.8%, not the 5.5% that was actually seen, so experts have been overly optimistic about this situation in the past.

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