

HOTEL INDUSTRY ANALYSIS



The hotel industry is experiencing significant growth, with large numbers of new hotels under construction, particularly in the United States. Nevertheless, in certain destinations, the number of rooms available is not sufficient to cope with the increasing number of travelers. National occupancy rates grew about 5 percent last year. Areas surrounding Albany, Boston, Buffalo and Hartford are experiencing between 1.5 to 5 percent hotel growth, according to Duane Vinson, Vice-President of Smith Travel Research. Mr. Vinson said that there had been a similar trend in the early 1990s when the economy started to show signs of improvement and people began traveling again after a recession. The national growth rate 10 years ago was in excess of the current growth rate. However, the demand for hotel rooms significantly dropped after September 11, 2001. He predicts that there will be a drop in demand in 2008, followed by a resurgence in 2009 and 2010.

In Saratoga County, about 200 rooms have been added annually from 2000 to 2005. Currently under construction are the Hampton Inn & Suites and the Lexington Club in Saratoga Springs. Occupancy rates have been 60 percent and the revenue per available room has increased from \$68.52 in 2004 to \$71.83 in 2006. In Warren County, hotel occupancy rates were down 2.6 percent, but there were more than 350 rooms added to the market. In fact, room demand had increased about 2 percent in 2006. The average daily room rate in the county was up by 4.8 percent, from \$111 to \$116.50 per night, and occupancy dipped from 54.9 percent to 53.5 percent, according to Smith Travel Research

An important new factor that helps the industry is the ability to book rooms online. A growing number of travelers now book their rooms via the Internet and statistics show that this accounted for 38.3 percent of hotel bookings in 2006. Clearly, the hotel sector is thriving at this time.

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