

Record Low Hotel Performance



The pandemic has pushed the U.S. hotel industry to its worst year on record last year.(Getty)

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Record Low Hotel Results

The U.S. hotel industry's final results for 2020 show the worst year on record because of the pandemic.

Occupancy for the year averaged 44%, down 33.3% from 2019, according to hotel industry research firm STR, which is owned by CoStar Group.

Hotels felt the pain quickly in March, when the pandemic took hold because business hadn't yet gotten on solid footing coming out of typically slow months in January and February.

The profitable group-meeting season generally starts getting stronger in March as spring arrives for many of the largest convention markets. But that business vanished once it was determined that close quarters in gatherings fostered the spread of a highly contagious virus.

The Minneapolis-St. Paul area had the lowest average occupancy for the year among the top 25 markets tracked by STR with 33.3%, a nearly 50% decline from 2019. Jan Freitag, CoStar's national director of hospitality analytics, said that Minneapolis is a prime example of a city that started the year slow and never got going before the pandemic hit.

Tampa, however, was on the other end. It was the only top market above 50%, registering 50.8% for the year. During the pandemic, the Florida city attracted leisure travelers heading to the beach once they started getting out of their houses.

STR data shows that the average daily rate last year was \$103.25, 21.3% lower than 2019, the lowest since 2011. Revenue per available room was \$45.48, 47.5% down from 2019.

Surging coronavirus cases and a sluggish economy continue to be a damper on the industry.

Occupancy ticked up to 40.1% for the week that ended Jan. 16 from 37% the previous week. Though better, it was worse relative to last year than the previous week, down 31.8% compared to 28.3%, according to STR data.

Revenue per available room reverted back to being more than 50% lower than last year.

"January and February are going to be very challenging" before improvement starts in March, Freitag said.