# RECOVERY IN THE SOUTHWEST

## A REVIEW OF THE TUCSON AND PHOENIX/SCOTTSDALE RESORT MARKETS

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*Vice President*




*Tucson boasts an array of first-class golf resorts, which have helped the city to position itself as an attractive meeting and group destination. However, the city has always ranked second to Phoenix/Scottsdale, the Southwest's leading group destination market. Positioned as the value alternative, Tucson has felt the effects of the recession in recent years more than most cities across the U.S. as the initial impacts on demand were exacerbated by average rate discounts being offered in neighboring Phoenix/Scottsdale, the elimination of Jet Blue's direct flight from John F. Kennedy International Airport (JFK) to Tucson International Airport (TUS), and the proposal and passing of Arizona SB 1070[1], which resulted in a number of group cancellations across the state.*

*In general, recovery in the meeting and group segment, which makes up a majority of the demand in the Tucson and Phoenix/Scottsdale resort markets, tends to lag the overall recovery trend, due to the advanced booking nature of this demand type. This time around, recovery in this segment has been further challenged by lingering sentiments tied to the AIG effect[2], causing hesitation in the offices of corporate meeting planners across the nation despite improving economic conditions.*

*Nonetheless, the Phoenix/Scottsdale resort market has begun the uphill climb, recording notable rate growth in the year-to-date period through February and joining the ranks of cities forecast to experience healthy recovery in 2011. The story in Tucson is not as bright, however, as the Tucson resorts continue to take a hit – evident by additional rate decreases recorded in the same year-to-date period. As the value alternative destination in the Southwest, Tucon's recovery is highly dependent upon continued improvements in Phoenix/Scottsdale.*

*This article will focus on the relationship between the resorts in Tucson and Phoenix/Scottsdale, or rather, Phoenix/Scottsdale's ability to affect market dynamics in Tucson. More specifically, this article will provide a general overview of the Tucson and Phoenix/Scottsdale resort markets; discuss the historical demand, occupancy, rate, and rooms revenue per available room (RevPAR) trends in both markets and the relationships evident therein; and offer an opinion as to what the future holds for these two Southwest resort markets.*

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[1] Senate Bill 1070 (the Support Our Law Enforcement and Safe Neighborhoods Act) was signed into Arizona state law on April 23, 2010, and is one of the most controversial anti-illegal immigration measures in recent U.S. history. The Act makes it a state misdemeanor crime for an alien to be in Arizona without carrying the required documents. Although a federal judge blocked some of the most controversial parts of the act, the bill still went into effect on July 29, 2010.

[2] The AIG affect is the tendency of corporations to cut down on lavish expenditures and luxuries in areas like travel and meetings to avoid appearing wasteful in times of economic downturn. This term became popular as a result of actions by insurance giant AIG, when just days after the Federal Reserve rescued the company with an $85-billion bailout package in September 2008, one of the firm's subsidiaries spent a reported $443,000 at a five-star St. Regis Resort in Monarch Beach in Dana Point, California.

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# Overview of the Markets

Tucson and Phoenix/Scottsdale have similar climates and thus seasonality characteristics. In addition, both markets reviewed target a similar customer base with a national scope. As a result of this national reach, air accessibility comes into play and is a major factor in customers' decision making. These characteristics are discussed further in this section.

## Climate

Both Tucson and the greater Phoenix area are situated in the Sonoran Desert, averaging over 300 sunny days a year, mild winters, and temperatures at nearly 100 degrees Fahrenheit in the summer in Tucson and upwards of that in the capital city. Higher temperatures in the greater Phoenix area are a result of the city's positioning at a lower elevation than that of Tucson, which sits at 2,589 feet above sea level.

## Seasonality

Given the area's desert climate, the Southwest is subject to a significant amount of seasonality. Within the full-service resort market, the peak season occurs in January through April when groups and leisure travelers look to escape to milder winter climates and take advantage of the warmer weather and outdoor activities, which include hiking, biking, and world-class golfing. Similarly, the summer months represent both markets' slowest period, as the sweltering heat in the Southwest deters visitors, while temperatures are more moderate in other climates across the country. October and November are also fairly strong months in terms of average rate levels for the full-service resort hotels, as these months represent a popular time for meetings and conventions.

## Demand Profile

The meeting and group segment (as opposed to commercial transient or leisure transient) makes up the majority of the accommodated demand at these first-class resort properties, although to a lesser degree in Tucson than in Phoenix/Scottsdale. These groups utilize the properties' meeting spaces and are often corporate-related groups holding retreats or training sessions, regional or national associations, or other local groups holding upscale functions. In addition to utilizing the meeting space, these groups typically take advantage of the various amenities, especially the award-winning golf courses featured at many of these resorts. This segment was hit the hardest during the downturn, due to tightened budgets and the AIG effect, which put functions held at resorts such as these in a negative light.

## Air Accessibility

Part of the reason Phoenix/Scottsdale prevails as the top destination in the Southwest over Tucson is because of its superior accessibility. The Tucson International Airport currently provides direct flights to only 16 cities, compared to the 85 destinations offered at Phoenix Sky Harbor International Airport. In a market where demand is being sourced nationally, flight access can have a huge impact. This became especially true during the downturn when the resorts in Phoenix/Scottsdale dropped their prices to levels comparable to those of the resorts in Tucson, leaving the secondary market with little bargaining power over its superior neighbor.

# A Historical Review – Tucson vs. Phoenix/Scottsdale

The data referred to herein reference two trends provided by STR – one presents an aggregate view of the Tucson resort market, and the other the Phoenix/Scottsdale area. Detailed summary tables for these trends are provided as addenda to this article. The Tucson trend comprises six full-service resorts, and the Phoenix/Scottsdale trend comprises fifteen full-service resort properties. The hotels included in each trend are listed in the following tables.

| Tucson Sample | Number of Rooms | Year Affiliated | Year Opened |
|---|---|---|---|
| Omni Tucson National Resort & Spa | 128 | Mar-96 | May 1962 |
| Hilton Tucson El Conquistador | 428 | Dec-02 | Jun 1982 |
| Loews Ventana Canyon Resort | 398 | Jun-84 | Jun 1984 |
| Westin La Paloma Resort & Spa | 487 | Jun-85 | Jun 1985 |
| JW Marriott Tucson Starr Pass Resort & Spa | 575 | Jan-05 | Jan 2005 |
| Ritz-Carlton Dove Mountain | 253 | Dec-09 | Dec 2009 |
| **Total** | **2,269** | | |

*Source: Smith Travel Research*

| Phoenix/Scottsdale Sample | Number of Rooms | Year Affiliated | Year Opened |
|---|---|---|---|
| Waldorf=Astoria Arizona Biltmore | 739 | Feb-06 | Feb 1929 |
| JW Marriott Camelback Inn Scottsdale Resort & Spa | 453 | Sep-67 | Jun 1936 |
| Scottsdale Plaza Resort | 404 | Mar-90 | Jun 1972 |
| Wyndham Phoenix | 532 | May-03 | Jun 1975 |
| Millennium Scottsdale McCormick Ranch | 150 | Apr-01 | Jun 1975 |
| Hilton Pointe Squaw Peak Resort | 563 | Dec-91 | Jun 1977 |
| Hilton Pointe Tapatio Cliffs Resort | 584 | Dec-91 | Jun 1982 |
| Hyatt Regency @ Gainey Ranch | 493 | Dec-86 | Dec 1986 |
| Arizona Grand Resort | 735 | Aug-00 | Jan 1987 |
| Fairmont Scottsdale | 649 | Oct-99 | Jan 1988 |
| Luxury Collection The Phoenician | 643 | Jun-94 | Oct 1988 |
| Sheraton Hotel Wild Horse Pass | 500 | Oct-02 | Oct 2002 |
| JW Marriott Phoenix Desert Ridge Resort & Spa | 950 | Nov-02 | Nov 2002 |
| Westin Kierland Resort & Spa | 732 | Nov-02 | Nov 2002 |
| InterContinental Montelucia Resort & Spa | 293 | Nov-08 | Nov 2008 |
| **Total** | **4,210** | | |

*Source: Smith Travel Research*

This historical analysis will focus on the trends that occurred from 2000 through the end of 2010 within the two markets as well as the deciphered relationships therein. More specifically, the changes in supply, demand, occupancy, average rate, and RevPAR (rooms revenue per available room) recorded in the two markets will be addressed.

## Historical Supply Trends

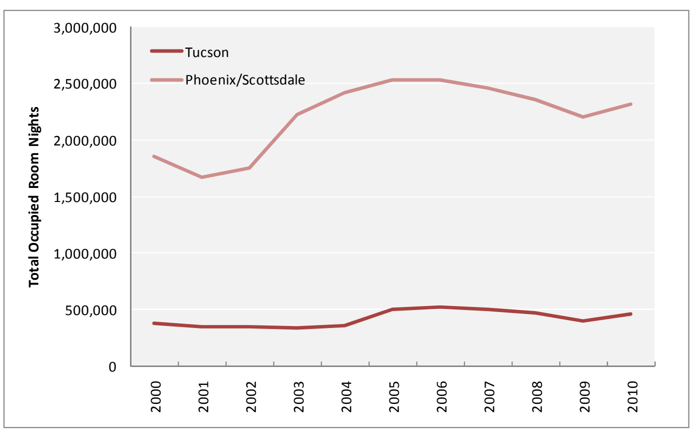
Two properties opened within the Tucson market from 2000 through 2010, resulting in an average annual compounded increase in supply of 4.3%, or 785 rooms. The 575-room JW Marriott Starr Pass Resort & Spa, which opened in 2005, was the first property of this size and scope to open in this market in 20 years. The most recent addition to supply occurred in December 2009, with the opening of the Ritz-Carlton Dove Mountain, located in the neighboring town of Marana; the luxury destination resort is situated beside the Tortolita Mountains, in a more secluded area than the other competitive properties. The 2007 and 2008 reductions in supply are a result of the Omni Tucson National Resort & Spa knocking down 43 guestrooms during their most recent renovation; they will reportedly rebuild these guestrooms once financing becomes available. The profile and pace of development over the past decade has been moderate, demonstrating the stable but growing nature of the Tucson area as both a meeting and leisure destination.

During the same period in the Phoenix/Scottsdale market, four properties opened. The Sheraton Wild Horse Pass, JW Marriott Phoenix Desert Ridge Resort & Spa, and Westin Kierland Resort & Spa all opened in 2002, resulting in an additional 2, 182 rooms over the course of that year. The most recent addition to the market was the InterContinental Montelucia Resort & Spa in November 2008, totaling 2,475 additional rooms over the eleven-year period reviewed. These increases in supply amounted to 3.4% on an average annual compounded basis, relatively on par with the supply growth seen in Tucson.

## Historical Demand Trends

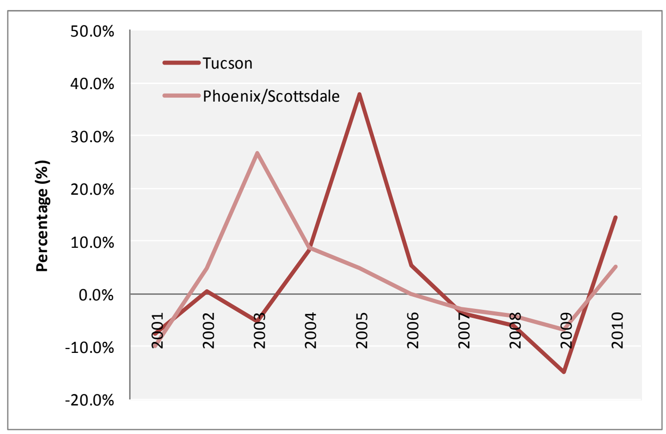
Figure 1 graphs total occupied room nights for the selected properties in Tucson and Phoenix/Scottsdale over the period from 2000 through 2010. To further visualize demand changes on a scale of equal magnitude, Figure 2 shows the corresponding percentage change in demand for the two markets over the same period.

**FIGURE 1: TOTAL OCCUPIED ROOM NIGHTS IN TUCSON AND IN PHOENIX/SCOTTSDALE FROM 2000 THROUGH 2010**




*Source: Smith Travel Research*

**FIGURE 2: YEAR-OVER-YEAR PERCENTAGE CHANGE IN OCCUPIED ROOM NIGHTS IN TUCSON AND PHOENIX/SCOTTSDALE**




*Source: Smith Travel Research*

Demand fluctuated in both markets from 2000 through 2010, resulting in average annual compounded increases of 2.1% and 2.3% for Tucson and Phoenix/Scottsdale, respectively. Decreases in the early part of the decade were due to the onset of the recession and the impact of the events of September 11th. Despite extensive renovations at the Hilton El Conquistador, which converted from its previous affiliation as a Sheraton in December 2002, the resorts in Tucson experienced a decrease in demand in 2003, as attention shifted toward the new products that opened in Phoenix/Scottsdale, where demand outpaced increases in supply that year. Growth resumed in Tucson the following year and peaked in both markets in 2005/2006, tapering off in 2007 as hoteliers in both markets continued to implement notable rate increases; the significant growth recorded in Tucson in 2005 is largely attributable to induced demand related to the opening of the JW Marriott Starr Pass that year. In 2008 and 2009, demand continued to decline as the market took a turn for the worse and the deepening impact of the national recession began to negatively affect meeting and group travel, exacerbated by the AIG effect.

At the low point of the recession in 2009, demand decreased by 6.7% in Phoenix/Scottsdale and by more than double that, 14.8%, in Tucson. Rate discounts implemented in the Phoenix/Scottsdale market, which lowered the price differential between the two markets, and flight reductions to Tucson International Airport, including the elimination of Jet Blue's direct flight from JFK, contributed to the magnified declines recorded in Tucson that year.

Although at first glance demand growth appeared to resume in 2010, reports from local hoteliers indicate that much of this increased demand is a result of the resorts capturing lower-rated groups, particularly SMERFE3 groups, which had previously been accommodated by the local (non-resort) full-service properties.

## Historical Occupancy Trends

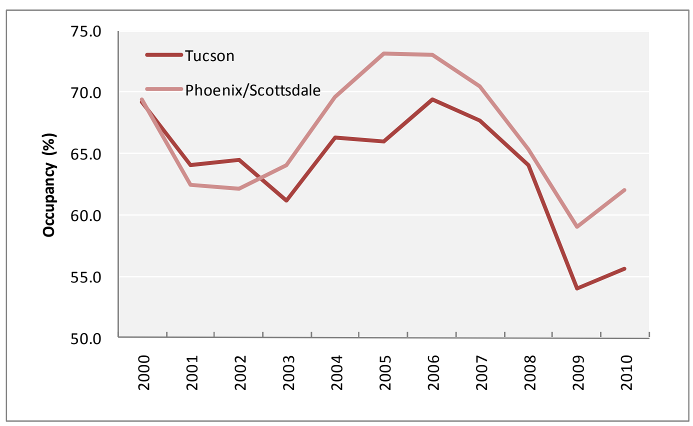
Occupancy in the two markets followed similar trends over the eleven-year period, with Tucson recording occupancy levels 2.8 to 6.4 points below that of the Phoenix/Scottsdale market from 2003 through 2010. The early part of the decade marked an atypical relationship between the two markets, with Tucson recording marginally higher occupancy levels than its superior sister. On average, Tucson recorded occupancy levels 2.6 points below that of the Phoenix/Scottsdale market, consistent with the result of 2.7 points computed with the elimination of the two high and low outlier points. Average occupancy levels are displayed in Figure 3, and the eleven-year trends are graphed in Figure 4.

**FIGURE 3: AVERAGE HISTORICAL OCCUPANCY**

| | Tucson | Phoenix/ Scottsdale |
|---|---|---|
| 2000-2008 | 65.8% | 67.7% |
| 2000-2010 | 63.8% | 66.4% |

*Source: Smith Travel Research*

**FIGURE 4: PERCENTAGE OCCUPANCY TRENDS IN TUCSON AND IN PHOENIX/SCOTTSDALE FROM 2000 THROUGH 2010**




*Source: Smith Travel Research*

Except for 2005, when Tucson experienced an influx in available room nights while supply in Phoenix/Scottsdale remained steady, the points of greatest differential occurred during the two downturns. Oddly enough, however, the results were conflicting. The downturn at the beginning of the decade resulted in higher occupancy levels in the Tucson market. By contrast, Phoenix/Scottsdale recorded increasingly higher occupancy levels than Tucson in 2009 and 2010, culminating at a 6.4 point lead at the end of the decade, as cities with direct flights to Tucson became fewer and as visitors were able to negotiate high value packages in Phoenix/Scottsdale during a time when group destination markets were struggling most.

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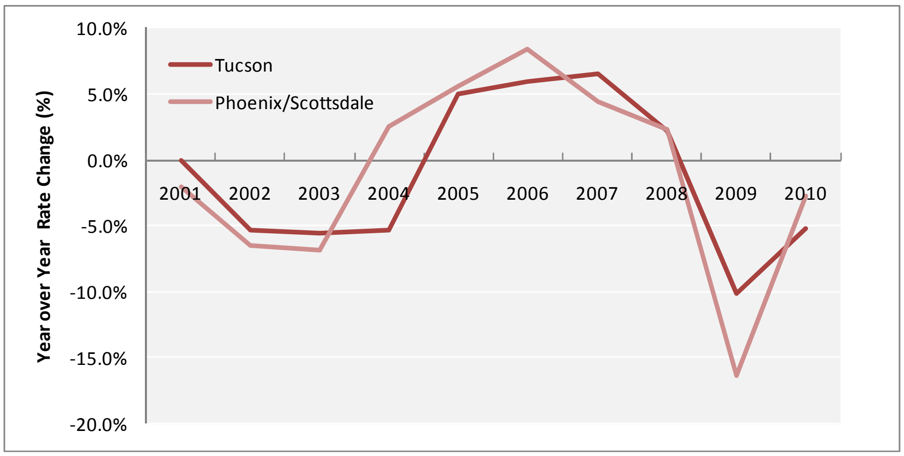
3 SMERFE stands for social, military, ethnic, religious, fraternal, and educational groups; these group types are generally lower-rated than corporate or associations group business

## Historical Average Rate Trends

Although worsening economic conditions can manifest in local hotel rates almost immediately, the rate recovery process can often drag behind improved economic conditions. This is especially true for Tucson, as the local resort market must wait for its more established neighbor to raise rates before progress can be made locally. This relationship is evident in the charted year-over-year percentage rate change (Figure 5), where rate recovery and growth in Tucson has historically lagged that of the Phoenix/Scottsdale market by a year or so, wheras compression was experienced simultaneously in the two markets reviewed.

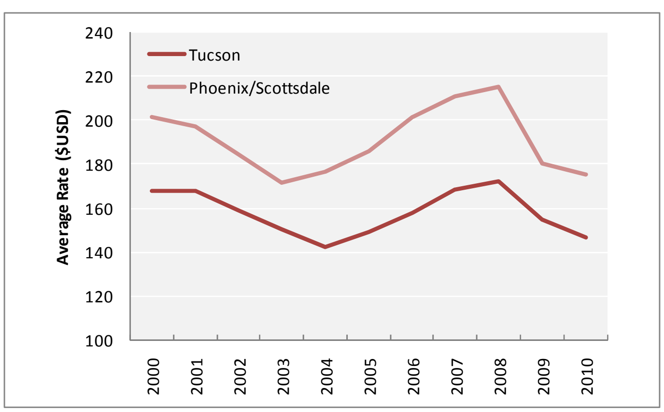
FIGURE 5: YEAR-OVER-YEAR AVERAGE RATE PERCENTAGE CHANGE IN TUCSON AND PHOENIX/SCOTTSDALE




*Source: Smith Travel Research*

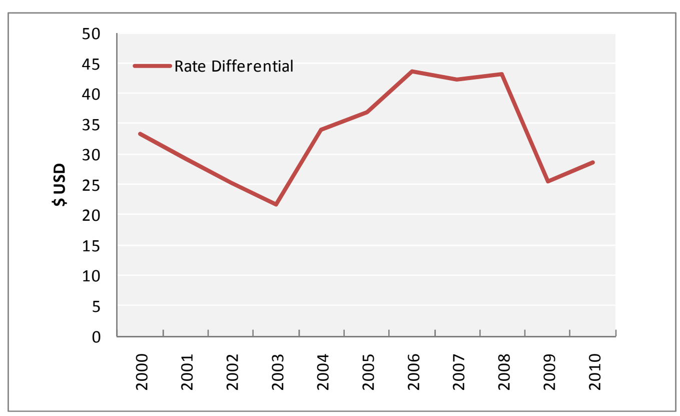
During times of prosperity, the price point differential between Tucson and Phoenix/Scottsdale was greatest, as the greater Phoenix area was able to capitalize on its position as a primary group destination market and Tucson was able to position itself as the value alternative. From 2004 to 2008, this differential ranged from $34 to $43. Similarly, the differential in price point between the two markets has historically diminished to the mid-to-high-$20 range during trying economic times, as displayed in Figures 6 and 7.

FIGURE 6: AVERAGE RATE TRENDS IN TUCSON AND IN PHOENIX/SCOTTSDALE FROM 2000 THROUGH 2010




*Source: Smith Travel Research*

FIGURE 7: RATE DIFFERENTIAL OF PHOENIX/SCOTTSDALE OVER TUCSON FROM 2000 THROUGH 2010



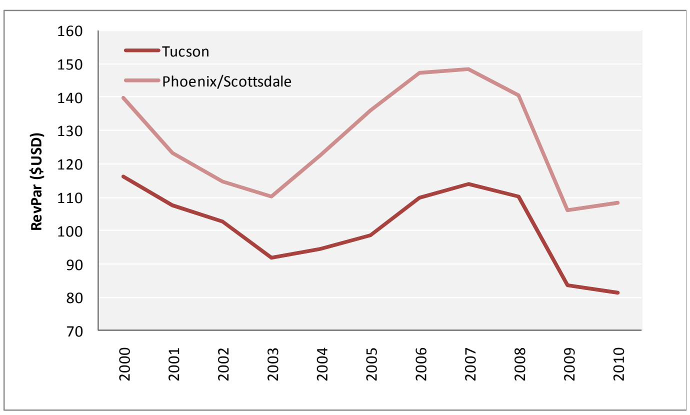

*Source: Smith Travel Research*

Overall, both markets experienced a 1.4% decrease in average rate on an average annual compounded basis from 2000 to 2010. Similar to most markets across the nation, rate decreases were noted in the early part of the decade, with rate growth resuming in 2004 in Phoenix/Scottsdale and in 2005 in Tucson, strengthened by the opening of the high-rated JW Marriott Starr Pass Resort & Spa in the beginning of that year. Increases continued through 2008, due to healthy economic conditions in 2006 and 2007 and due to advanced bookings in 2008, a year where demand began to slow across the nation. After years of rate growth, both markets saw a double-digit decrease in 2009, as hoteliers implemented rate discounts in an effort to continue to attract meeting and group business, which slowed significantly in response to the recession. In Tucson, local hoteliers specifically cited reductions in flight service and a lesser rate differential to position Tucson as a value destination against the Phoenix/Scottsdale resorts as further reasoning for the notable rate discounts that were implemented. Price discounting continued in 2010, albeit at a moderating pace, despite the opening of the high-rated Ritz-Carlton in Tucson in December 2009.

## Historical RevPAR Trends

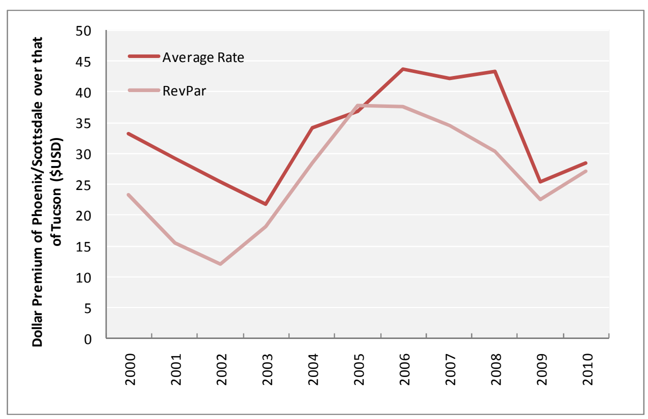
RevPAR trended similarly in the two markets. Decreases were recorded from 2001 through 2003. The relatively unusual contraction in 2003, was attributable to a surge of new supply in the latter part of 2002 in the Phoenix/Scottsdale market, which translated to declines in both occupancy and rate in Tucson as the existing Phoenix/Scottsdale properties dropped rates to compete with the new products. Both markets posted increases thereafter through 2007, as new supply was quickly absorbed and as healthy economic conditions were noted across the nation, allowing hoteliers to raise rates without adverse consequences. As the deteriorating economic conditions became evident in the latter half of 2008, RevPAR began to contract. Decreases in this year were solely a result of occupancy declines, as both markets continued to benefit from average rate growth; this rate growth was supported by events that had been booked in previous years due to the advanced booking nature of the meeting and group segment, which constitutes the majority of the demand in both markets. Double-digit decreases were recorded in both markets at the trough in 2009, illustrating the severe impact of the recession on the Southwest resort market, with Tucson and Phoenix/Scottsdale registering 24.2% and 24.5% declines, respectively. In 2010, RevPAR began to recover in the Phoenix/Scottsdale area but declined further in Tucson, albeit at a moderating pace, due to additional rate discounts.

**FIGURE 8: REVPAR TRENDS IN TUCSON AND IN PHOENIX/SCOTTSDALE FROM 2000 THROUGH 2010**




*Source: Smith Travel Research*

**FIGURE 9: RELATIONSHIP BETWEEN PHOENIX/SCOTTSDALE'S RATE AND REVPAR PREMIUMS OVER TUCSON FROM 2000 THROUGH 2010**




*Source: Smith Travel Research*

Over the eleven-year period, the RevPar premium recorded by Phoenix/Tucson averaged $26.10, generally increasing during times of economic prosperity and contracting during times of economic decline, in line with the average rate correlation.

# Outlook

In the year-to-date period through February 2011, positive trends were recorded in both markets. RevPAR growth in Phoenix/Scottsdale appears to reflect true recovery as hoteliers felt confident enough in the area's stability to begin to raise average rates. Increases were also bolstered by compression created from the BCS Championship and the Fiesta Bowl, both of which took place in January at University of Phoenix Stadium in Glendale, Arizona. According to STR in an article published by HotelNewsNow.com, the overall Phoenix market reported double-digit gains in both occupancy and RevPAR during the same year-to-date period, increasing by 10.2% and 11.7%, respectively. The same article reports that the overall Phoenix market has recorded healthy rate growth of 23% from April of 2010 through April 2011. The outlook for the remainder of 2011 is optimistic. Recovery in future years should be supported by improved economic conditions on the national level and by the opening of the Institute for Advanced Health in downtown Phoenix over the long-term, which is anticipated to create thousands of jobs in the bioscience sector upon its completion.

The year-to-date growth recorded in the competitive market in Tucson, however, reflects a different story. Average rates in this secondary market have continued to contract as the area's resort properties are still forced to compete for price-sensitive demand and draw from lower-rated demand sources in an effort to increase occupancy; although the resort properties have been able to improve occupancy levels, this trend is a result of a shift in segmentation toward more local association, SMERFE, and government-related business rather than a recovery of corporate-related demand that the competitive market historically benefited from. Continued rate contraction in the year-to-date period has been exacerbated by decreases in Tucson's per diem rates, which have declined by $16, $12, and $5 in the high, low, and shoulder seasons, respectively.

**FIGURE 10: TUCSON PER DIEM RATES (2009/'10 VS. 2010/'11)**

| | 2010 | 2011 | Change |
|---|---|---|---|
| October - January 31 | $105 | $93 | $12 |
| February 1 - May 31 | $127 | $111 | $16 |
| June 1 - August 31 | $82 | $77 | $5 |
| September 1 - September 30 | $105 | $93 | $12 |

*Source: U.S. General Services Administration*

As the market dynamics in Phoenix/Scottsdale continue to improve and as that market strengthens, Tucson will eventually follow, likely lagging by approximately a year's time, recovering by 2012. As such, continued rate decreases in Tucson are anticipated for the majority of 2011, before recording a full year of recovery in 2012, as the Phoenix/Scottsdale market continues to record rate increases and establishes a greater average rate differential over the Tucson market. Growth is anticipated to accelerate thereafter, as compression is felt from Phoenix/Scottsdale and as local hoteliers are able to secure advanced bookings for future years at increasingly higher rates.

Positive market indications in Phoenix have encouraged a variety of new supply in the market. The 242-room Westin Phoenix Downtown opened this past March, and a variety of other properties have been approved for development, including a full-service boutique hotel scheduled to open next year as well as the 250-room Palomar Hotel; the Palomar Hotel has broken ground, although the project is reportedly on hold at this point according to representatives at the Greater Phoenix Convention and Visitors Bureau. Although these developments provide positive indications for the economic climate in the greater Phoenix area at this time, the aforementioned recent openings and proposed projections are planned for the downtown area and are not anticipated to directly impact the market's first-tier resort properties. No new supply is anticipated for the competitive market in Tucson.

The strength of the Phoenix/Scottsdale market as a first-class meeting destination, along with the anticipated stability of the Tucson resort market, should support improvements in both occupancy and rate in Tucson going forward. As the national economy strengthens, a return to more normal market dynamics in the resort marketplace is anticipated. However, given Tucson's status as a secondary market, the city's resort properties will not likely return to the peak performance levels recorded at the top of the market, as some of the cutbacks implemented by corporations will likely prevail.

## About HVS

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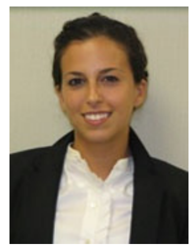
## About the Author



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# Addenda

## HISTORICAL TUCSON STR TREND REVIEWED

| Year | Average Daily Room Count | Available Room Nights | Change | Occupied Room Nights | Change | Occupancy | Average Rate | Change | RevPAR | Change |
|---|---|---|---|---|---|---|---|---|---|---|
| 2000 | 1,484 | 541,660 | — | 374,948 | — | 69.2 % | $168.11 | — | $116.37 | — |
| 2001 | 1,484 | 541,660 | 0.0 % | 347,113 | (7.4) % | 64.1 | 167.98 | (0.1) % | 107.65 | (7.5) % |
| 2002 | 1,484 | 541,660 | 0.0 | 349,103 | 0.6 | 64.5 | 159.10 | (5.3) | 102.54 | (4.7) |
| 2003 | 1,484 | 541,660 | 0.0 | 331,383 | (5.1) | 61.2 | 150.16 | (5.6) | 91.87 | (10.4) |
| 2004 | 1,484 | 541,660 | 0.0 | 359,270 | 8.4 | 66.3 | 142.18 | (5.3) | 94.31 | 2.7 |
| 2005 | 2,059 | 751,535 | 38.7 | 495,553 | 37.9 | 65.9 | 149.27 | 5.0 | 98.43 | 4.4 |
| 2006 | 2,059 | 751,535 | 0.0 | 521,921 | 5.3 | 69.4 | 158.09 | 5.9 | 109.79 | 11.5 |
| 2007 | 2,034 | 742,333 | (1.2) | 502,287 | (3.8) | 67.7 | 168.40 | 6.5 | 113.94 | 3.8 |
| 2008 | 2,016 | 735,840 | (0.9) | 471,680 | (6.1) | 64.1 | 172.13 | 2.2 | 110.34 | (3.2) |
| 2009 | 2,037 | 743,683 | 1.1 | 402,011 | (14.8) | 54.1 | 154.65 | (10.2) | 83.60 | (24.2) |
| 2010 | 2,269 | 828,185 | 11.4 | 460,220 | 14.5 | 55.6 | 146.54 | (5.2) | 81.43 | (2.6) |
| **Year-to-Date Through February** | | | | | | | | | | |
| 2010 | 2,269 | 133,871 | — | 70,778 | — | 52.9 % | $175.94 | — | $93.02 | — |
| 2011 | 2,269 | 133,871 | 0.0 % | 78,005 | 10.2 % | 58.3 | 165.87 | (5.7) % | 96.65 | 3.9 % |
| Average Annual Compounded Change: | | | | | | | | | | |
| 2000-2010 | | | 4.3 % | | 2.1 % | | | (1.4) % | | (3.5) % |

| Hotels Included in Sample | Number of Rooms | Year Affiliated | Year Opened |
|---|---|---|---|
| Omni Tucson National Resort & Spa | 128 | Mar-96 | May 1962 |
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Source: Smith Travel Research

## HISTORICAL PHOENIX/SCOTTSDALE STR TREND REVIEWED

| Year | Average Daily Room Count | Available Room Nights | Change | Occupied Room Nights | Change | Occupancy | Average Rate | Change | RevPAR | Change |
|---|---|---|---|---|---|---|---|---|---|---|
| 2000 | 7,318 | 2,671,070 | — | 1,852,311 | — | 69.3 % | $201.36 | — | $139.64 | — |
| 2001 | 7,318 | 2,671,070 | 0.0 % | 1,668,930 | (9.9) % | 62.5 | 197.26 | (2.0) % | 123.25 | (11.7) % |
| 2002 | 7,725 | 2,819,672 | 5.6 | 1,751,714 | 5.0 | 62.1 | 184.43 | (6.5) | 114.57 | (7.0) |
| 2003 | 9,500 | 3,467,500 | 23.0 | 2,219,604 | 26.7 | 64.0 | 171.88 | (6.8) | 110.02 | (4.0) |
| 2004 | 9,500 | 3,467,500 | 0.0 | 2,414,032 | 8.8 | 69.6 | 176.27 | 2.6 | 122.72 | 11.5 |
| 2005 | 9,500 | 3,467,500 | 0.0 | 2,535,373 | 5.0 | 73.1 | 186.19 | 5.6 | 136.14 | 10.9 |
| 2006 | 9,500 | 3,467,500 | 0.0 | 2,533,597 | (0.1) | 73.1 | 201.74 | 8.3 | 147.40 | 8.3 |
| 2007 | 9,581 | 3,496,940 | 0.8 | 2,464,052 | (2.7) | 70.5 | 210.61 | 4.4 | 148.40 | 0.7 |
| 2008 | 9,904 | 3,614,948 | 3.4 | 2,360,723 | (4.2) | 65.3 | 215.40 | 2.3 | 140.66 | (5.2) |
| 2009 | 10,235 | 3,735,627 | 3.3 | 2,203,343 | (6.7) | 59.0 | 180.06 | (16.4) | 106.20 | (24.5) |
| 2010 | 10,233 | 3,735,045 | (0.0) | 2,315,334 | 5.1 | 62.0 | 175.05 | (2.8) | 108.51 | 2.2 |
| **Year-to-Date Through February** | | | | | | | | | | |
| 2010 | 10,233 | 603,747 | — | 427,181 | — | 70.8 % | $199.18 | — | $140.93 | — |
| 2011 | 10,232 | 603,688 | (0.0) % | 415,186 | (2.8) % | 68.8 | 213.23 | 7.1 % | 146.65 | 4.1 % |
| Average Annual Compounded Change: | | | | | | | | | | |
| 2000-2010 | | | 3.4 % | | 2.3 % | | | (1.4) % | | (2.5) % |

| Hotels Included in Sample | Number of Rooms | Year Affiliated | Year Opened |
|---|---|---|---|
| Waldorf=Astoria Arizona Biltmore | 739 | Feb-06 | Feb 1929 |
| JW Marriott Camelback Inn Scottsdale Resort & Spa | 453 | Sep-67 | Jun 1936 |
| Scottsdale Plaza Resort | 404 | Mar-90 | Jun 1972 |
| Wyndham Phoenix | 532 | May-03 | Jun 1975 |
| Millennium Scottsdale McCormick Ranch | 150 | Apr-01 | Jun 1975 |
| Hilton Pointe Squaw Peak Resort | 563 | Dec-91 | Jun 1977 |
| Hilton Pointe Tapatio Cliffs Resort | 584 | Dec-91 | Jun 1982 |
| Hyatt Regency @ Gainey Ranch | 493 | Dec-86 | Dec 1986 |
| Arizona Grand Resort | 735 | Aug-00 | Jan 1987 |
| Fairmont Scottsdale | 649 | Oct-99 | Jan 1988 |
| Luxury Collection The Phoenician | 643 | Jun-94 | Oct 1988 |
| Sheraton Hotel Wild Horse Pass | 500 | Oct-02 | Oct 2002 |
| JW Marriott Phoenix Desert Ridge Resort & Spa | 950 | Nov-02 | Nov 2002 |
| Westin Kierland Resort & Spa | 732 | Nov-02 | Nov 2002 |
| InterContinental Montelucia Resort & Spa | 293 | Nov-08 | Nov 2008 |
| **Total** | **4,210** | | |

Source: Smith Travel Research