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The TravelClick Perspective

Current Outlook

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The hotel industry outlook for the top 25 North America markets is showing an increase of 2.0 percent in committed occupancy for the calendar year January 2013 - December 2013 based on group commitments and individual reservations on the books as of January 6, 2013 compared to the same time last year. The group segment shows an increase of 2.2 percent room nights committed. New group business added over the last month (pace) has slowed considerably over the last month, but is nevertheless up 3.6 percent over the comparable period last year. Transient room nights booked are up slightly, by 1.2 percent compared to the same time last year. The average daily rate (ADR) continues to show relatively strong gains, up 4.9 percent based on reservations currently on the books for 2013.

For the first quarter of 2013 (January - March), overall committed occupancy is up 1.4 percent year-over-year for the top 25 markets. Committed occupancy for the group segment is up 1.0 percent and the transient segment demand is up 1.9 percent compared to a year ago. ADR for the first quarter shows growth up 4.9 percent compared to the same time last year. Business segment ADR, which includes weekday transient negotiated and transient retail segments, is up 7.3 percent. Leisure segment ADR, which includes transient discount, transient qualified and transient wholesale segments, is up 6.1 percent. February is the strongest month of the quarter, with committed occupancy up 4.7 percent versus the same time last year.

Less Uncertainty Heading Into 2013 - The Election Effect?

A major story line over the course of 2012 was the deterioration of group sales over the second half of the year. We track new group sales each month, also called group pace. Comparing the new sales to the same period the prior year gives a sense of the velocity of group demand, and provides an early indication of overall demand strength for the future twelve months. The new group sales happening in the second half of 2012 would have largely been for meetings to occur in 2013, given the group segment's long booking window.

Starting in the third quarter of 2012, group pace began to fall significantly behind the comparable period in 2011. In fact, by October, the actual amount of group business on the books versus the same time the prior year turned negative for the first time in more than two years. Fortunately, transient demand, both business and leisure, grew consistently over this period, supporting overall demand and ensuring sustained growth in ADR.

As this group demand story unfolded, our hypothesis was that the degree of economic uncertainty had reached a point where businesses put their meetings decisions on hold until some of that uncertainty abated. We postulated that there were potentially three primary factors contributing to this business angst: 1) the presidential election and the policies that would emanate from the eventual winner's administration, 2) the fiscal cliff, and 3) the overall health of the global and domestic economies.

Of course, the first of these uncertainties to be resolved was the presidential election in early November. What effect did this have on new group demand in November and December? Well, it seems to have had a significant impact, with new group sales in November growing more than 25 percent over November, 2011. This would support at least the first portion of our hypothesis, that the presidential election and its outcome created uncertainty that was indeed holding back new group sales, and that its resolution released pent up demand for meetings in 2013. December group sales were not as strong as November, but they nevertheless still showed growth over 2011.

While the fiscal cliff was hardly resolved decisively, with debt ceiling resolution still to come, it does not appear at this time that it, nor the economic uncertainty caused by recession in Europe and tepid GDP growth and high unemployment in the US were driving factors in holding back plans for meetings and conventions in 2013. The election seems to have been the real story, and with that behind us, we look for growth in the group segment to resume.

Performance Summary

The chart below shows the year-over-year position by market of committed occupancy, reserved occupancy, ADR, and revenue per available room (RevPAR), based on business on the books for the future 12 months. Committed occupancy is group blocks plus transient reservations. Reserved occupancy, ADR, and RevPAR are based only on reservations (group pickup and transient reservations). Shades of green indicate highest performance of the markets, while shades of orange indicate average performance, and shades of red indicate lowest performance.

	Committed Occupancy	Reserved Occupancy	Reserved ADR	Reserved RevPAR
Atlanta	0.3%	-3.9%	1.4%	-2.5%
Boston	-3.9%	-6.8%	1.2%	-5.7%
Charlotte	-11.1%	-14.5%	3.9%	-11.1%
Chicago	0.0%	-3.6%	1.0%	-2.6%
Dallas	8.3%	4.1%	4.5%	8.8%
Denver	1.5%	-8.6%	3.5%	-5.5%
Detroit	0.3%	-6.2%	7.9%	1.2%
Honolulu	14.7%	6.2%	6.0%	12.6%
Houston	10.8%	-2.4%	8.1%	5.5%
Indianapolis	2.2%	-4.6%	-7.9%	-12.2%
Los Angeles	4.4%	2.5%	3.4%	6.0%
Miami	-1.8%	-3.1%	8.4%	5.1%
Minneapolis St Paul	-1.5%	-11.3%	1.2%	-10.2%
New York	5.3%	5.0%	4.5%	9.7%
Orlando	-1.3%	-2.5%	1.4%	-1.1%
Philadelphia	2.3%	-2.7%	1.5%	-1.2%
Phoenix	0.6%	2.8%	9.0%	12.0%
San Antonio	8.3%	-5.0%	3.3%	-1.9%
San Diego	0.5%	0.8%	2.2%	3.1%
San Francisco	3.8%	2.0%	7.4%	9.5%
Seattle	1.5%	-3.9%	3.4%	-0.6%
St Louis	2.4%	-11.8%	-1.0%	-12.6%
Tampa	-8.3%	-1.9%	3.1%	1.2%
Toronto	-2.8%	-8.3%	-1.4%	-9.5%
Washington DC	2.4%	7.0%	6.2%	13.7%

About TravelClick

TravelClick (TravelClick.com) is the leading provider of revenue generating solutions for hoteliers across the globe. TravelClick offers hotels world-class reservation solutions, business intelligence products and comprehensive media and marketing solutions to help hotels grow their business. With local experts around the globe, we help more than 30,000 hotel clients in over 160 countries drive profitable room reservations through better revenue management decisions, proven reservation technology and innovative marketing. Since 1999, TravelClick has helped hotels leverage the web to effectively navigate the complex global distribution landscape. TravelClick has offices in New York, Atlanta, Chicago, Philadelphia, Barcelona, Dubai, Hong Kong, Houston, Melbourne, Orlando, Shanghai, Singapore and Tokyo. Follow us on Twitter.com/TravelClick and Facebook.com/TravelClick

Information in this newsletter covers the top 25 markets in North America and is based on data supplied by brands participating in TravelClick's MarketVision Demand Position™ reporting.