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For hotels, this spring tourist season was about the same as last year.

Over the past four years, springtime hotel revenue has not increased DC's tax base like it did before the Great Recession

According to hotel information compiled by Smith Travel Research, spring tourism in DC was about the same this year as the year before. During the months of March, April, and May there were just 21 more room-days rented in DC hotels than in the same period in 2013. Revenue growth was only 0.6%.

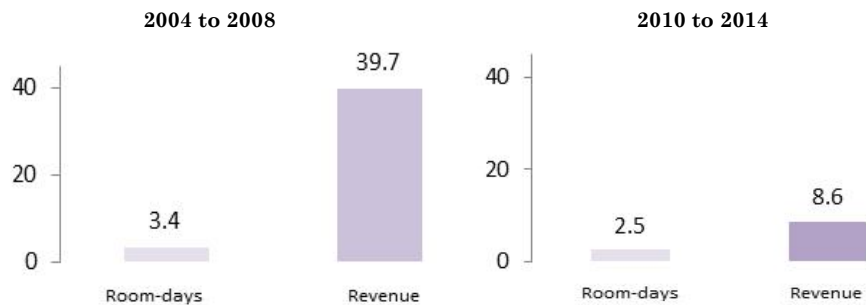
Traditionally, March, April, and May, cherry tree blooms and all, are important months for DC hotels. This quarter of the year accounts for an average of about 28.5% of annual hotel room sales and 31% of annual hotel revenues. Weather may have been a contributing factor to this year's relatively modest spring numbers, but the current year also fits a pattern in which recent annual increases in room-sale revenue have been well below those before the Great Recession.

Springtime hotel activity over the past 10 years can be divided into 3 periods:

- From 2004 to 2008, the four years before the recession made its mark, revenue from springtime hotel room sales grew 39.7%.
- In 2009 springtime revenues fell 11.2% when the impact of the Great Recession was felt, then bounced back 12.3% in 2010, almost to the pre-recession peak.
- Over the 4 years 2011 through 2014, springtime revenues grew 8.6%—a gain more than enough to enable revenues to surpass the pre-recession peak, but a growth rate far smaller than in the four pre-recession years.

Changes in room-days sold does not account for most of the difference in revenue growth between the last four years and the four pre-recession ones. Room days sold increased by 2.5% over the 2010 to 2014 period, close to the 3.4% gain in the four years prior to the recession. Change in the average room rate in the two periods is the main difference. In the four pre-recession years, *(Cont'd on p.2)*

% change in springtime DC hotel room days and revenue:



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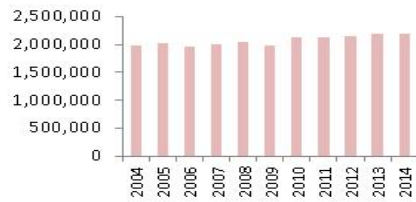
average room rates increased 35.1%—more than double inflation (CPI grew 15.6%) over the period. By contrast, the average room rate increased 6.0% over the past four years, less than the increase in the CPI (7.7%). The drop in the average room rate growth reflects changing supply and demand conditions, including perhaps changes in the mix of hotel rooms available to the public.

Over the entire 10-year period, springtime revenue grew from a level of \$336.9 million in 2004 to \$510.2 million in 2014, a 51.4% increase. As a consequence of changes in average room rates, about three quarters of this increase in annual revenue occurred in the 2004 to 2008 pre-recession period.

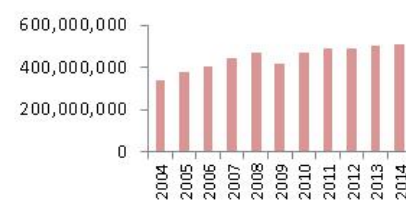
The roller coaster period from 2008 to 2010, which saw both recession and recovery, was noteworthy in that the two years accounted for 2/3 of the decade’s room growth and 43% of the growth in room days. Also during this period the average room rate from spring travel declined 4.5%; the average rate for the 2014 season was just \$2.84 (1.2%) above the 2008 pre-recession peak.

—Stephen Swaim, DC Office of Revenue Analysis

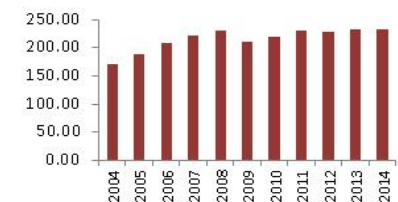
Hotel room-days sold in the spring months: 2004 to 2014



Hotel revenue in the spring months: 2004 to 2014 (\$)



Average room rate for the spring months: 2004 to 2014 (\$)



Selected springtime hotel statistics (March, April, and May) during the years 2004, 2008, 2010, and 2014

	Rooms	Room demand (room-days sold)	Occupancy rate	Average room rate (\$)	Revenue (\$)	CPI	Accommo- dation jobs
Values in spring months for year shown							
2004	26,177	1,975,373	82.0	170.57	336,948,453	189.5	14,267
2008	26,294	2,042,090	84.4	230.52	470,736,551	219.1	14,833
2010	27,431	2,133,623	84.5	220.25	469,924,239	224.3	15,467
2014	27,855	2,186,367	85.3	233.36	510,197,825	241.6	15,200
Change over the decade from 2004 to 2014							
Amount	1,678	210,994	3.3	62.79	173,249,372	52.1	933
%	6.4	10.7	4.0	36.8	51.4	27.5	6.5
Amount of change by sub-period							
2004 to 2008	117	66,717	2.4	59.95	133,788,098	29.5	566
2008 to 2010	1,137	91,533	0.1	-10.27	-812,312	5.2	634
2010 to 2014	424	52,744	0.8	13.11	40,273,586	17.3	-267
Percentage change by sub-period							
2004 to 2008	0.4	3.4	3.0	35.1	39.7	15.6	4.0
2008 to 2010	4.3	4.5	0.1	-4.5	-0.2	2.4	4.3
2010 to 2014	1.5	2.5	0.9	6.0	8.6	7.7	-1.7
Proportion of change over the past decade accounted for by sub-period							
2004 to 2008	7.0	31.6	73.3	95.5	77.2	56.7	60.7
2008 to 2010	67.8	43.4	3.8	-16.4	-0.5	10.0	67.9
2010 to 2014	25.3	25.0	22.9	20.9	23.2	33.3	-28.6
total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: STR (Smith Travel Research) and BLS (employment and CPI)