

Data 2:6 Snapshots

Series 2 No. 6 | December 2021

REGIONAL ECONOMICS:

Traveler
Accommodations
Sector

DELAWARE
VALLEY

data



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The Delaware Valley Regional Planning Commission

is the federally designated Metropolitan Planning Organization for the Greater Philadelphia region, established by an Interstate Compact between the Commonwealth of Pennsylvania and the State of New Jersey. Members include Bucks, Chester, Delaware, Montgomery, and Philadelphia counties, plus the City of Chester, in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer counties, plus the cities of Camden and Trenton, in New Jersey.

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Introduction

Since 2010, the Delaware Valley Regional Planning Commission (DVRPC) has published reports as part of its *Data Snapshot Series 2: Regional Economics*, in order to highlight and assess specific industry clusters and sectors present within Greater Philadelphia. More recently, DVRPC published *Data Snapshot 2.4: Hospitality & Tourism* (DS 2.4), as part of its work implementing the Fixing America's Surface Transportation Act of 2015, which requires DVRPC to consider access to tourism in its long-range planning efforts.

DS 2.4 provided basic background information on the region's hospitality and tourism industry, and included the overall impact of the industry on the region's economy, the locations and scale of the region's primary tourist destinations, and the number of employees working in hospitality and tourism. As identified in DS 2.4, prior to the Coronavirus Disease 2019 (COVID-19) pandemic, the tourism and hospitality industry represented a growing part of the region's economy.

The goal for this Data Snapshot is to quantify the pandemic's impact(s) on a specific sector of the region's hospitality and tourism industry, the traveler accommodations sector, which includes companies within the 7211 four-digit North American Industry Classification System [NAICS] code such as hotels, motels, casino hotels, bed and breakfast inns, guest houses, housekeeping cottages and cabins, and youth hostels. An analysis of three standard metrics within the traveler accommodations sector—occupancy rates, average daily rate (ADR), and revenue per available room (RevPAR)—will demonstrate how tourists' locational preferences for traveler accommodations changed during the pandemic, and leave the region with points to consider as it enters into a period of post-pandemic economic recovery.

Key Terms

Average Daily Rate (ADR)

ADR refers to the average daily revenue earned for an occupied room. The ADR is not the same as the daily rate charged for a room. This figure is used by the hospitality industry to determine how much revenue is generated by a rented room on average in a given day.

Central Business District (CBD)

For the purposes of this analysis, the region's CBD was defined by the CoStar Group, which is the source for the data analyzed in this report. The CBD includes the following sections of Philadelphia: Center City, Cobbs Creek, East Falls, Grays Ferry, Kingsessing, Kensington, North Philadelphia, Port Richmond, and West Philadelphia. The CBD also includes the following portions of the city of Camden: Central Waterfront, Downtown, East Camden, and Parkside.

COVID-Era

Although the period of economic shutdown did not begin until March 2020, the world was already aware of COVID-19 by January 1, 2020, and it is impossible to confirm the extent to which concerns over the virus had already begun to impact the tourism and hospitality industry in the Greater Philadelphia Market by the beginning of the year. Therefore, January 1, 2020, is considered to be the starting date of the COVID-19 era for the purposes of this analysis.

Greater Philadelphia Market

The hospitality market for Greater Philadelphia, as defined by the CoStar group, consists of Bucks, Chester, Delaware, Montgomery, and Philadelphia counties, as well as a portion of southern Berks County, in Pennsylvania, and in New Jersey it includes Burlington, Camden, and Gloucester counties, as well as portions of Salem County. For the purposes of this analysis, this geography is considered to be the Greater Philadelphia Market.

Hotel

For this report, all traveler accommodations are categorized by the NAICS code of 7211.

Occupancy Rate

The occupancy rate is the percentage of all rooms in the market that are rented, or occupied.

Revenue per Available Room (RevPAR)

RevPAR is calculated by multiplying the ADR by the occupancy rate, and it is used as an indicator to determine the ability of a hotel to fill its available rooms at an average rate. An increase in the RevPAR indicates that either the occupancy rate and/or the ADR are improving. A RevPAR that is less than the ADR suggests that the daily rate could be lowered in order to increase occupancy.

Submarket

For the purposes of this analysis, the region's 10 submarkets are considered to be the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer in New Jersey, as well as the CBD.

Occupancy Rates

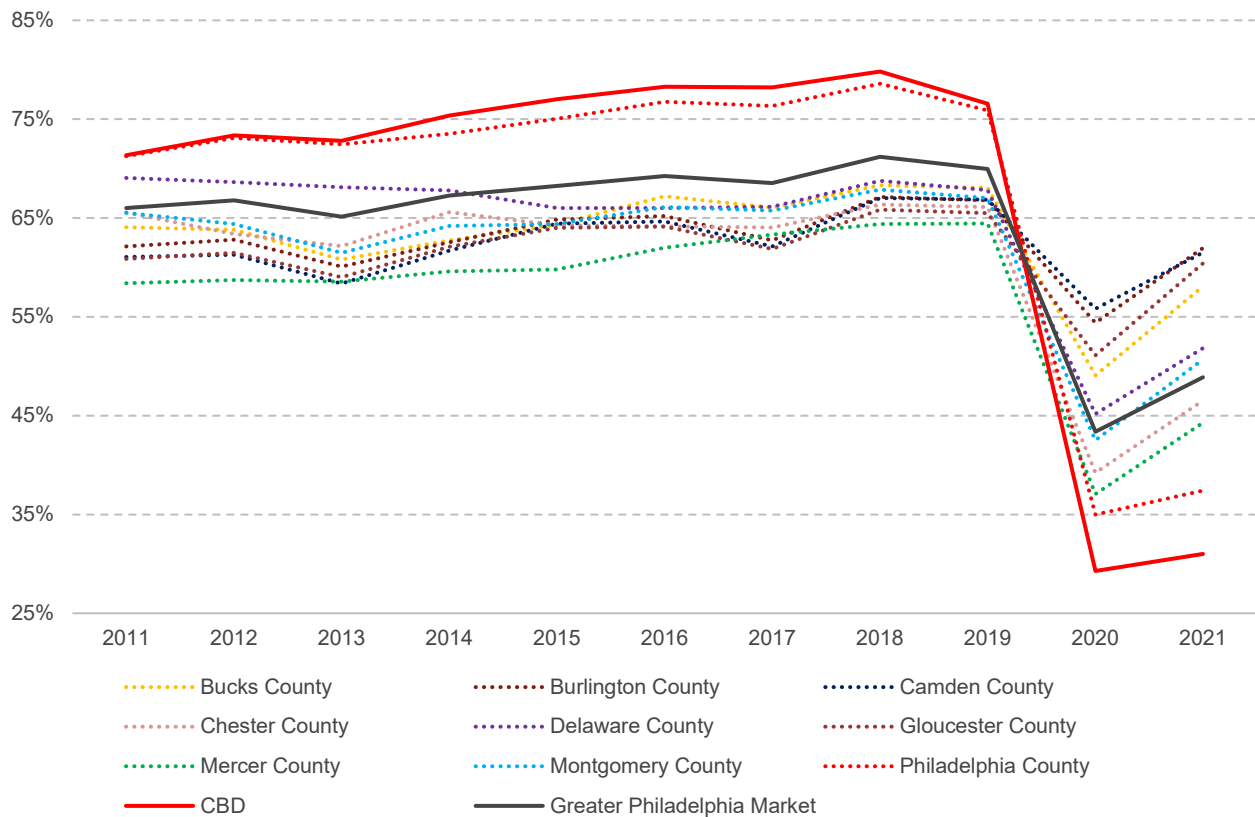
Annual Occupancy Rates Pre-Pandemic

Prior to 2020, the average annual occupancy rate for the Greater Philadelphia Market was 68.0 percent, and occupancy peaked for the market at 71.2 percent in 2018, as shown below in Figure 1.

Hotels in the CBD have historically been the top performers for the region, with an average occupancy rate of 75.9 percent prior to 2020. Average annual occupancy rates in the CBD peaked at 79.8 percent in 2018. Occupancy rates for hotels in Philadelphia County have averaged slightly lower than in the CBD, at 74.8 percent, with a peak of 78.6 percent in 2018.

Conversely, at 61.0 percent, hotels in Mercer County averaged the lowest occupancy rates between 2011 and 2019. Delaware County was the only submarket that did not peak in 2018. The peak for hotels in Delaware County was at 69.1 percent in 2011, and by 2018 it was down slightly to 68.8 percent.

Figure 1: Average Annual Occupancy Rate by Market and Submarket (2011–2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

Annual Occupancy Rates in 2020

As a result of the COVID-19 pandemic, occupancy rates for the market as a whole fell by 26.6 percent from 70.0 percent in 2019 to 43.4 percent in 2020.

The greatest decline was observed in the CBD, where occupancy rates fell by 47.3 percent from 76.6 percent in 2019, to just 29.3 percent in 2020. At 35.0 percent, occupancy rates were only slightly higher for hotels in

Philadelphia County in 2020. Outside of the CBD and Philadelphia County, the most-impacted submarkets were Chester and Mercer with declines in occupancy of 26.9 percent and 27.4 percent, respectively. Historically, hotels in Camden County had the third-lowest average annual occupancy rate, at 63.0 percent. However, during the pandemic, hotels in Camden County saw the smallest decline in occupancy, down by just 11.0 percent from 2019 to 2020, and at 55.8 percent, it averaged the highest occupancy rate for the market in 2020. The average decline between 2019 and 2020 for the New Jersey submarkets was 16.3 percent, whereas in the Pennsylvania submarkets it was more than 10 percent higher at 26.8 percent.

Annual Occupancy Rates in 2021

The first half of 2021 saw a rebound of 5.5 percent in occupancy rates across the region. However, these figures are only through June 2021, and summer tourist numbers and impacts of the COVID-19 Delta variant on occupancy rates are not reflected.

During this period, the smallest increase in occupancy rates was observed in the CBD, where rates rose by just 1.7 percent to an average of 31.0 percent. This rate is still the lowest in the region, and it was only slightly higher for hotels in Philadelphia County as a whole at 37.4 percent.

Hotels in Bucks and Gloucester counties observed the highest increases in occupancy rates at 9.0 percent and 9.3 percent, respectively. However, the highest occupancy rates were observed in Burlington and Camden counties at 62.0 percent and 61.5 percent, respectively.

Average Monthly Occupancy Rates in 2020

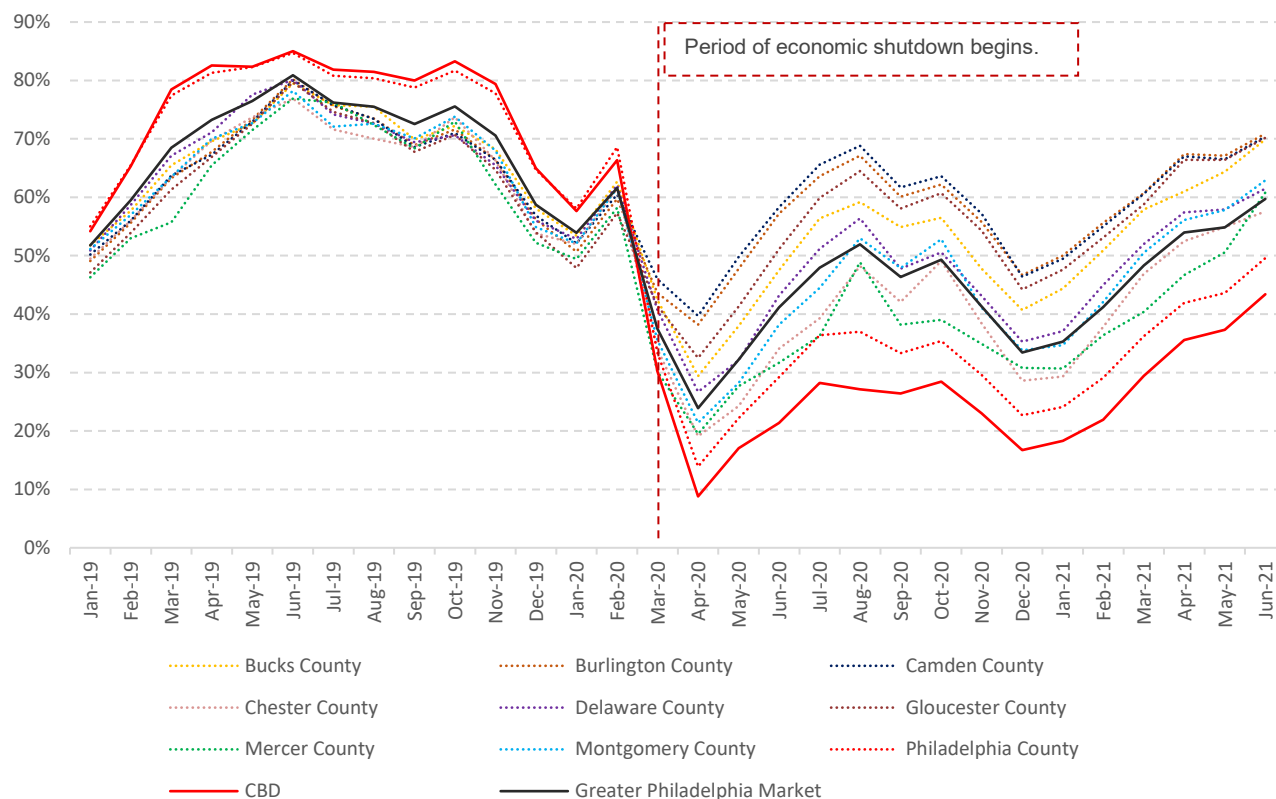
Occupancy rates in the Greater Philadelphia Market were 2.2 percent higher in January 2020 compared to January 2019, and the market's occupancy rate of 61.6 percent in February 2020 was 2.0 percent higher than the same month in 2019. Occupancy rates fell in March to 37.5 percent, and the Greater Philadelphia Market observed the lowest occupancy rate of the pandemic in April 2020 at just 23.9 percent, as shown in Figure 8 on the following page. Occupancy rates climbed to 52.0 percent in August, which represented peak pandemic occupancy in 2020. This rate is also nearly equal to the occupancy rate observed in January 2019. Occupancy rates fell going into autumn before reaching a low of 33.4 percent in December.

In January 2020, occupancy rates in the CBD and Philadelphia County were 3.4 percent and 3.1 percent higher, respectively, than in the same month in 2019. However, changes in February occupancy rates were the lowest in these two submarkets, with the CBD observing an occupancy rate just 1.0 percent higher in February 2020 compared to 2019, and hotels in Philadelphia County had a 3.1 percent higher occupancy rate in February 2020 than in 2019. Occupancy rates in the CBD and in Philadelphia fell in March to 30.2 percent and 33.4 percent, respectively. Both rates were below the regional average at that time, while historically these submarkets have consistently been above the regional average. These rates continued to fall into April before reaching an all-time low of 8.8 percent in the CBD and 13.9 percent in Philadelphia County. Occupancy rates in these two geographies remained the lowest in the region for the duration of 2020 despite climbing to a relative high of 37.0 percent in Philadelphia County in August and a relative high of 28.4 percent in the CBD in October.

For hotels in Bucks and Burlington counties, occupancy rates in January 2020 were only 1.6 percent higher than in 2019, and in Camden and Gloucester counties, occupancy rates were 1.9 percent and 0.8 percent higher, respectively. However, occupancy rates in February were 5.0 percent, 4.1 percent, 4.5 percent; and 3.4 percent higher for hotels in Bucks, Burlington, Camden, and Gloucester counties, respectively, than in 2019. Occupancy rates for the Greater Philadelphia Market as a whole fell by 24.1 percent between February and March of 2020, but for hotels in Bucks, Burlington, Camden, and Gloucester counties, occupancy rates only fell by 20.3 percent, 16.1 percent, 14.5 percent, and 15.9 percent, respectively. These were the lowest declines in the region, and the occupancy rates were the highest in the region at 42.4 percent, 43.6 percent, 46.0 percent, and 41.4 percent for hotels in Bucks, Burlington, Camden, and Gloucester counties,

respectively. Occupancy rates for hotels in all four counties peaked in August at 59.2 percent in Bucks, 67.1 percent in Burlington, 68.8 percent in Camden, and 64.5 percent in Gloucester. Aside from Bucks County, the occupancy rates in August were higher than the pre-COVID-19 annual averages for each of these submarkets.

Figure 2: Average Monthly Occupancy Rates by Market and Submarket (January 2019–June 2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

Average Monthly Occupancy Rates in 2021

As shown in Figure 2 above, occupancy rates began to climb again in January 2021 for the market as a whole, when the average rate was 35.3 percent. Occupancy rates continued to rise to a pandemic-era high of 59.7 percent in June, which represented an increase since January of 24.5 percent. However, this occupancy rate was still well below the pre-pandemic average for June of 78.0 percent.

Although the greatest increases in occupancy rates between January and June of 2021 were observed in Chester, Mercer, and Montgomery counties at increases of 28.3 percent, 30.1 percent, and 28.2 percent, respectively, these counties still either lagged behind or barely outperformed the market as a whole.

Occupancy rates in the CBD and Philadelphia County remained dramatically below the region as whole in January, at 18.3 percent and 24.1 percent, respectively. Both submarkets observed an increase in occupancy throughout 2021, with the CBD increasing by 25.1 percent and Philadelphia County increasing by 25.5 percent between January and June. However, despite seeing moderately higher increases in occupancy between January and June, occupancy rates in both the CBD and Philadelphia County continued to lag behind the Greater Philadelphia Market in 2021, with occupancy rates of 43.4 percent and 49.6 percent in June, respectively. Additionally, these rates were nearly half the pre-pandemic averages for June of 85.1 percent in the CBD, and 84.4 percent in Philadelphia County.

Hotels in the counties of Burlington, Camden, and Gloucester continued to outperform the region in 2021, despite the fact that occupancy rates increased less dramatically than the rest of the market. Between January and June, occupancy rates increased by 20.9 percent in both Burlington and Camden counties, and by 22.6 percent in Gloucester County. With an increase of 25.5 percent, the occupancy rate in Bucks County had a greater increase than the region as a whole. However, with an occupancy rate of 69.9 percent in June, this submarket still lagged behind the submarkets of Burlington, Camden, and Gloucester counties where June occupancy rates were 70.9 percent, 70.4 percent, and 70.2 percent, respectively. Although hotels in these counties outperformed the region, their respective June 2021 occupancy rates still fell short of the average pre-pandemic June occupancy rates of 75.8 percent in Bucks County, 74.5 percent in Burlington County, 73.4 percent in Camden County, and 73.6 percent in Gloucester County.

Average Daily Rate

Annual Average Daily Rate Pre-Pandemic

Since 2011, the ADR has generally increased year-over-year for the Greater Philadelphia Market, with an average ADR of \$125.35. The ADR peaked in 2019 at \$134.63, as shown in Figure 3 on the following page. Similar trends were observed in the CBD and Philadelphia County, although both have consistently outperformed the region as a whole with averages of \$176.91 in the CBD and \$162.64 in Philadelphia County. Both submarkets also peaked in 2019 at \$197.27 and \$180.57 in the CBD and Philadelphia County, respectively.

The suburban counties have historically underperformed the Greater Philadelphia Market as a whole, with hotels in Burlington, Camden, and Gloucester counties having the lowest average ADRs at \$89.49, \$83.40, and \$87.75, respectively.

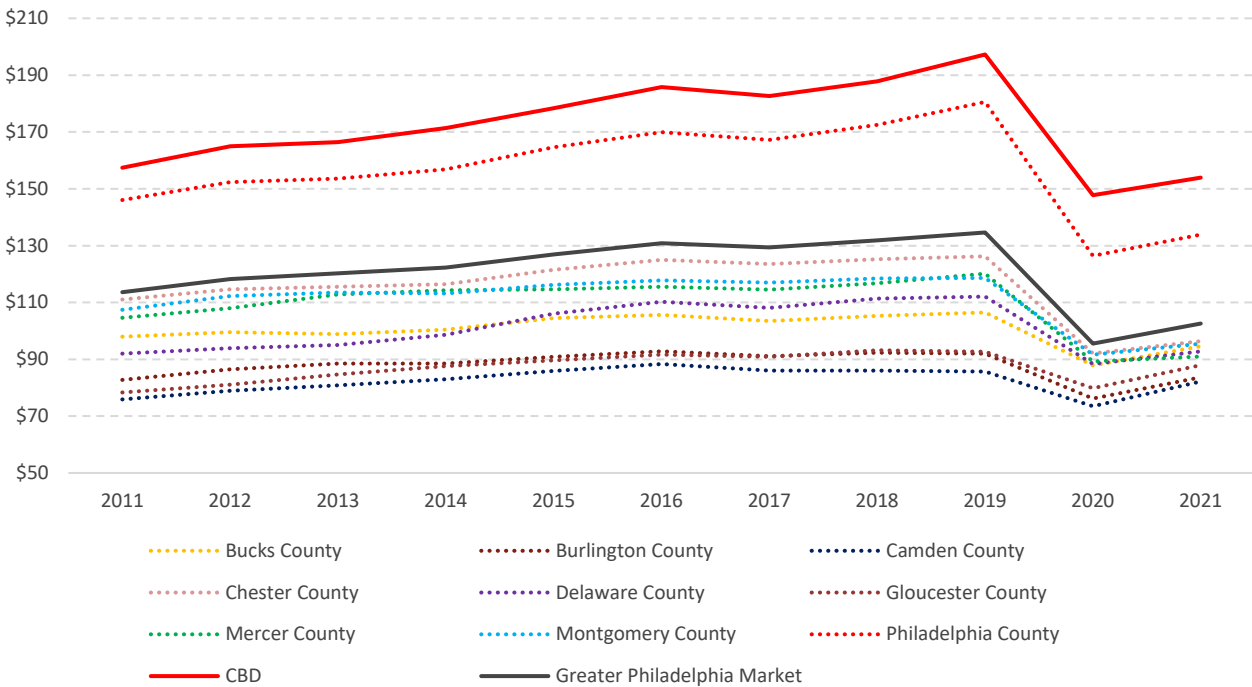
Annual Average Daily Rate in 2020

Between 2019 and 2020, the ADR for the Greater Philadelphia Market fell by 29.0 percent from \$134.63 to \$95.53. The greatest declines were observed in Chester, Mercer, and Philadelphia counties. The ADR for hotels in Chester County was down by 27.1 percent to \$92.07; in Mercer County it was down by 25.7 percent to \$89.25, and in Philadelphia County it was down 30.0 percent to \$126.42. The ADR in the CBD had a decline of 25.1 percent, down from \$197.27 in 2019 to \$147.77 in 2020. Hotels in the counties of Bucks, Burlington, Camden, and Gloucester observed the smallest decline in ADR at 17.5 percent, 17.2 percent, 14.3 percent, and 13.9 percent, respectively. However, hotels in these counties also had the region's lowest ADRs in 2020 at \$87.84 in Bucks County, \$76.19 in Burlington, \$73.48 in Camden, and \$79.79 in Gloucester.

Annual Average Daily Rate in 2021

In 2021, the ADR for the Greater Philadelphia Market increased by 7.4 percent up from \$95.53 in 2020 to \$102.58 in 2021. However, this was still \$22.77 below the pre-pandemic average. Hotels in Mercer and Montgomery counties, as well as in the CBD, had the smallest increases, at just 2.0 percent, 4.3 percent, and 4.0 percent, respectively, but in the CBD it averaged \$153.94 in 2021 compared to just \$91.02 in Mercer County and \$95.54 in Montgomery County. At 5.9 percent, hotels in Philadelphia County had a greater increase than in the CBD in 2021, but the ADR was still lower at \$133.88. The greatest increases were once again observed in hotels in the more rural and suburban counties of Bucks, Burlington, Camden, and Gloucester at 7.7 percent, 9.7 percent, 11.8 percent, and 10.2 percent, respectively. However, the ADRs in all four counties were still below the regional average at \$94.62 in Bucks County, \$83.61 in Burlington County, \$82.15 in Camden County, and \$87.92 in Gloucester County. Of note, the ADR in Gloucester County in 2021 is approximately equal to the pre-pandemic average ADR of \$87.75.

Figure 3: Average Daily Rate by Market and Submarket (January 2011–June 2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

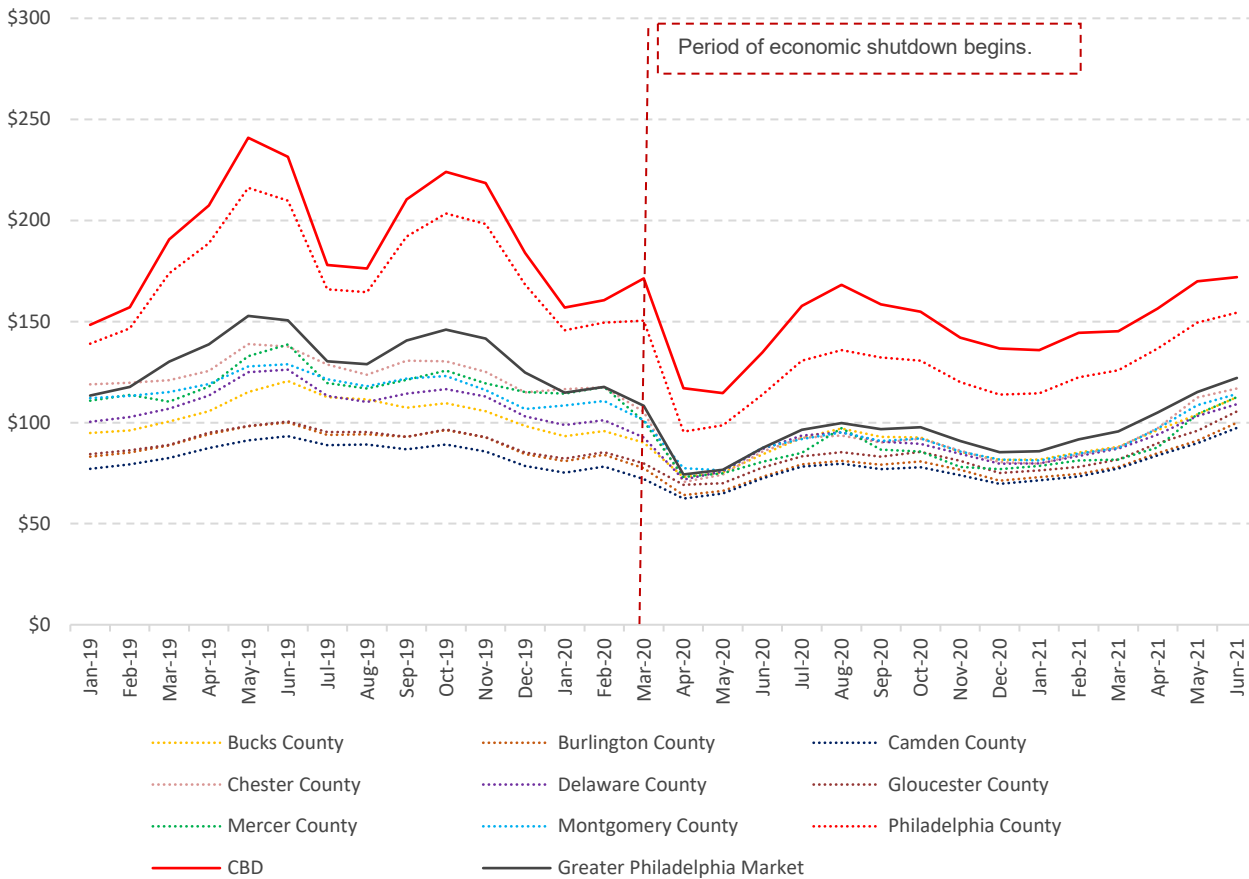
Monthly Average Daily Rate in 2020

The ADR for the Greater Philadelphia Market in February 2020 was \$117.64, which was nearly equal to the 2019 February ADR of \$117.67. However, in 2019 the ADR increased by 10.7 percent between February and March, whereas in 2020 the ADR dropped by 7.9 percent to \$108.35. The ADR for the region continued to fall in 2020 before reaching an all-time low of \$74.34 in April. This represented a 36.8 percent drop from the February high, and it was a 46.4 percent drop from the ADR of \$138.66 in April 2019. Following the spring decline, the Greater Philadelphia Market's ADR climbed to a high of \$99.80 in August before falling again to \$85.41 in December, as shown in Figure 4 on the following page. Although the dollar amounts are below average, this type of seasonality was typical pre-pandemic.

The most significant drops in ADR between February and April 2020 were observed in Delaware, Mercer, Montgomery, and Philadelphia counties with declines of 39.9 percent, 37.8 percent, 30.1 percent, and 36.1 percent, respectively. The ADRs in Delaware and Mercer counties were below the market average at \$71.80 and \$73.11, respectively. However, the ADRs in Montgomery County, Philadelphia County, and in the CBD remained higher than the region as a whole in April at \$77.41, \$95.54, and \$117.03, respectively. For hotels in Delaware, Mercer, and Montgomery counties, the ADRs climbed to highs of \$95.22, \$97.17, and \$95.23 in August, respectively, but were below the market average; whereas the August highs of \$168.19 and \$135.92 in the CBD and Philadelphia County, respectively, remained above the regional average.

Although hotels in the counties of Burlington, Camden, and Gloucester saw the smallest decline in ADR from February to April at 23.7 percent, 20.2 percent, and 18.8 percent, respectively, they also had the lowest ADRs in April. Hotels in Burlington County had an ADR of \$64.14 in April, in Camden County it was \$62.42, and in Gloucester County the ADR was \$69.23. Hotels in these counties continued to have the lowest ADRs through the summer, with highs in August of \$81.16 in Burlington County, \$79.70 in Camden County, and \$85.30 in Gloucester County.

Figure 4: Monthly Average Daily Rates by Market and Submarket (January 2019–June 2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

Monthly Average Daily Rate in 2021

Between January and June 2021, the ADR for the Greater Philadelphia Market increased by 42.2 percent from \$85.91 in January, which was 23.0 percent below the pre-pandemic market average for January, to \$122.14 in June. However, the June 2021 ADR was still 9.3 percent below the pre-pandemic June average for the market.

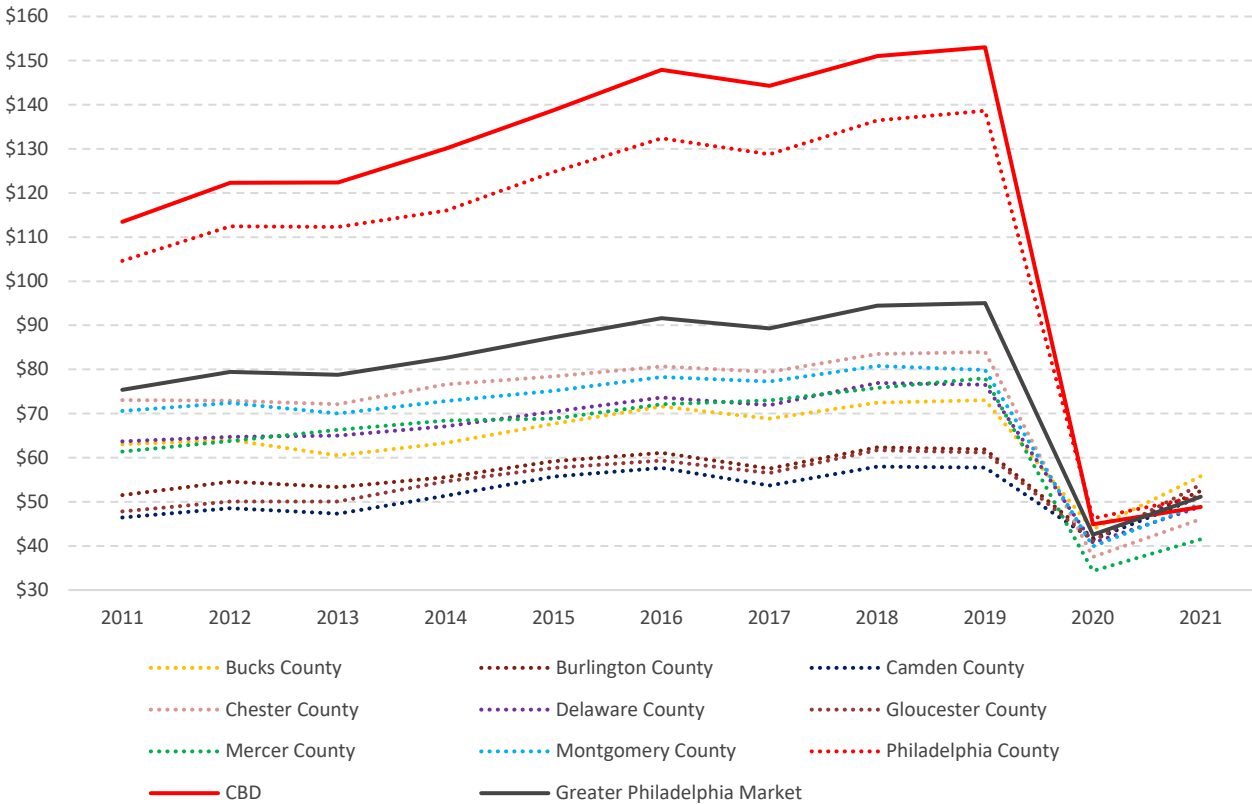
Although hotels in Chester, Mercer, and Montgomery counties observed the greatest increases in ADR from January to June at 46.7 percent, 43.4 percent, and 40.4 percent, respectively, they were also starting from the greatest deficit. In January 2021, the ADR in Chester County was \$79.62, which was 30.8 percent lower than the average for January; in Mercer County it was \$78.53, which was 27.5 percent lower; and in Montgomery County the ADR was \$81.30, which was 26.6 percent lower. Furthermore, hotels in all three counties continued to lag the Greater Philadelphia Market in June 2021, with ADRs of \$116.83 in Chester County, \$112.65 in Mercer County, and \$114.11 in Montgomery County, which were 8.3 percent, 12.5 percent, and 6.5 percent below their pre-pandemic June averages, respectively.

Similarly, from January to June hotels in the CBD saw an increase of 26.6 percent in its ADR, up from \$135.79 to \$171.89; and in Philadelphia County hotels saw an increase of 34.7 percent, up from \$114.52 to \$154.31. However, the June ADRs were 11.6 percent and 14.7 percent below the pre-pandemic June averages in the CBD and Philadelphia County, respectively.

Hotels in Burlington, Camden, and Gloucester counties had the lowest ADRs in the region in January 2021, at \$72.94, \$71.36, and \$76.41, respectively. The ADR for hotels in Burlington County was 12.7 percent below average, in Camden County it was 8.1 percent below average, and in Gloucester County the ADR was 7.0 percent below average in January. However, by June, the ADRs in these counties were the only ones that were above average for June. At \$100.00, the ADR in Burlington County was 4.4 percent higher than average; in Camden County the ADR of \$97.38 was 8.5 percent higher; and in Gloucester County the ADR of \$105.53 was 12.5 percent higher than average.

Revenue Per Available Room

Figure 5: Average Annual Revenue Per Available Room by Market and Submarket (January 2011–June 2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

Annual Revenue Per Available Room Pre-Pandemic

Prior to the pandemic, the average annual RevPAR for the Greater Philadelphia Market was \$85.99, and the peak RevPAR for the market was \$95.03 in 2019, as shown above in Figure 5. During this time there was an approximate difference of \$95.00 between the highest RevPAR in the market, observed in the CBD, and the lowest RevPAR, which was observed in Camden County.

On average, the CBD and Philadelphia County were the only submarkets to outperform the market as whole pre-pandemic in terms of RevPAR, with the RevPAR in the CBD averaging \$135.91 and in Philadelphia County averaging \$122.92. The 2019 peak in the CBD was \$153.02, and in Philadelphia County the RevPAR peaked at \$138.63.

The lowest average pre-pandemic RevPARs were observed in Burlington, Camden, and Gloucester counties at \$57.44, \$52.94, and \$55.44, respectively. Although RevPARs in these submarkets also peaked in 2019, they continued to lag the rest of the region with the RevPAR peaking in Burlington County at \$61.87, in Camden County at \$57.74, and in Gloucester County at \$61.14.

Annual Revenue Per Available Room in 2020

The RevPAR for the Greater Philadelphia Market fell by 55.2 percent to an all-time low of \$42.55 in 2020. The difference between the highest and lowest RevPARs across the submarkets shrank from \$95.00 in 2019, to approximately \$12.00 in 2020.

The greatest decline was observed in the CBD, with a decline of 70.7 percent down to \$44.91, and in Philadelphia County, with a decline of 66.6 percent down to \$46.27. Hotels in the counties of Chester, Mercer, and Montgomery all had declines in excess of 50 percent, and their RevPARs were the only ones to fall below \$40.00. In Chester County the RevPAR fell to \$37.51, in Mercer County it fell to \$34.33 (the lowest in the region), and in Montgomery County it fell to \$39.89.

Hotels in Bucks, Burlington, Camden, and Gloucester counties had the smallest declines at 40.0 percent, 32.4 percent, 28.3 percent, and 32.6 percent, respectively. At \$43.79, the RevPAR in Bucks County rivaled that in the CBD in 2020, and in Burlington, Camden, and Gloucester counties it was slightly lower at \$41.82, \$41.41, and \$41.48, respectively.

Annual Revenue Per Available Room in 2021

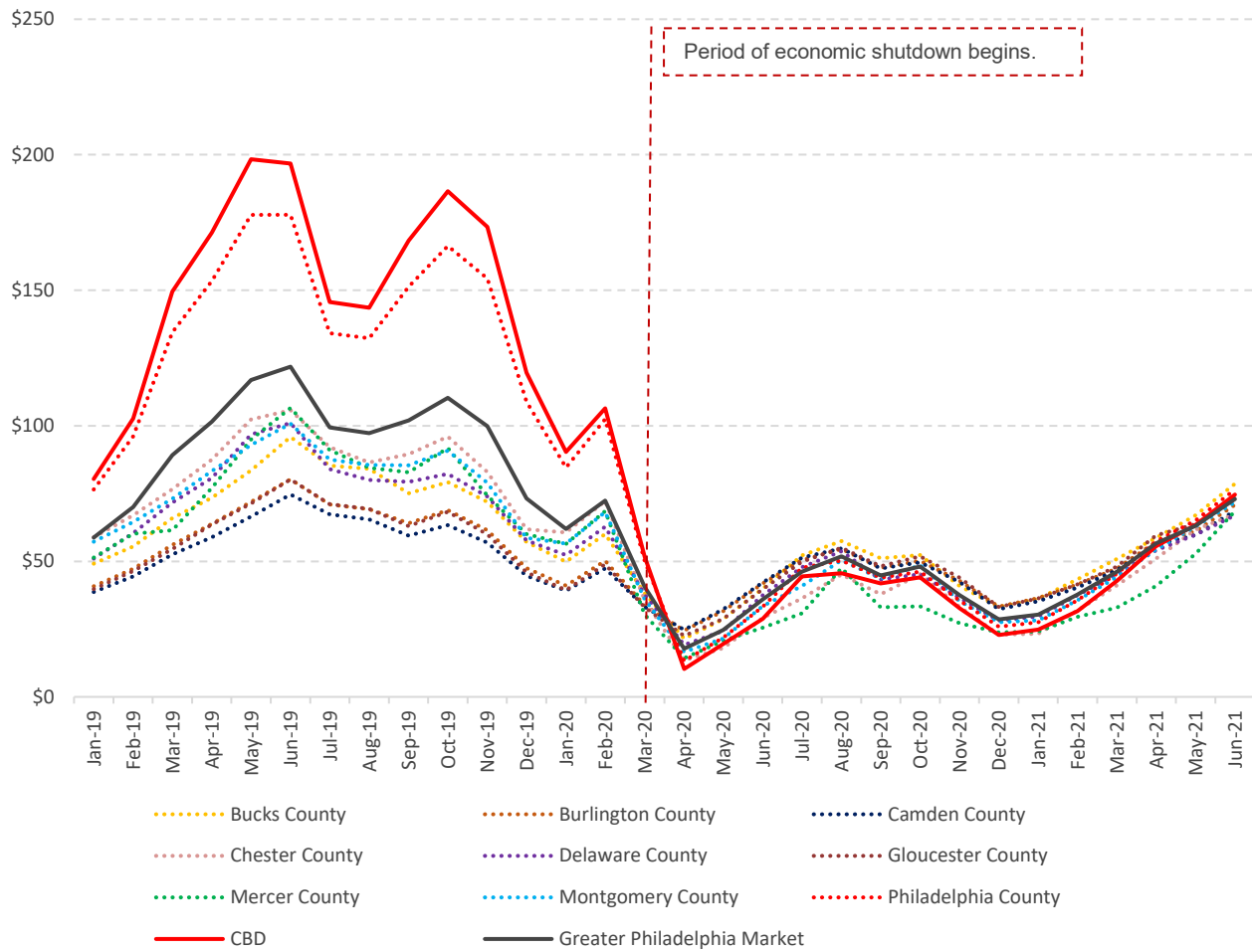
The Greater Philadelphia Market had a 20.3 percent increase in the average RevPAR in the first six months of 2021 compared to 2020, up from \$42.55 to \$51.17. However, the difference between the highest RevPAR and the lowest remained narrow at less than \$15. With increases of 27.5 percent, 25.4 percent, 30.8 percent, and 10.9 percent, in Bucks, Burlington, Gloucester, and Philadelphia counties, respectively, these were the only submarkets to surpass the Greater Philadelphia Market as a whole. The average annual RevPAR in Bucks County was \$55.81, in Burlington County it was \$52.43, in Gloucester County the 2021 RevPAR was \$53.90, and in Philadelphia County it was \$51.29. With an increase of 23.5 percent, and a RevPAR of \$51.14, hotels in Camden County were not far behind.

Hotels in Chester, Delaware, and Mercer counties had the lowest RevPARs on average in 2021 at \$46.07, \$48.90, and \$41.48, respectively. However, hotels in the CBD only barely outperformed with a RevPAR of \$48.82, which was only 8.7 percent higher than it was in 2020.

Monthly Revenue Per Available Room in 2020

From February 2020 to April 2020, the RevPAR for the Greater Philadelphia Market collapsed by 75.5 percent from \$72.43 down to \$17.77, as shown in Figure 6 on the following page. The drop is even more dramatic when compared to April 2019, when the RevPAR for the region was 82.5 percent higher, or \$101.55. The RevPAR peaked for the market in August 2020 at \$51.86, an increase of 191.9 percent from the April low, before falling again to \$28.56 in December.

Figure 6: Average Monthly Revenue per Available Room by Market and Submarket (January 2019–June 2021)



Sources: CoStar Group, www.costar.com; and DVRPC.

The greatest decline was observed in the four submarkets of Chester, Mercer, and Philadelphia counties, and the CBD where RevPARs fell below \$15.00 in April. The RevPARs in these submarkets in April were \$13.49, \$14.28, \$13.25, and \$10.30, respectively. These figures represent an 84.6 percent, 81.5 percent, 91.4 percent, and 94.0 percent decline in Chester, Mercer, and Philadelphia counties, and the CBD, respectively, when compared to April 2019. Following the April low, the RevPAR in Chester County increased by 234.7 percent to \$45.15, in Mercer County it increased by 232.9 percent to \$47.54, in Philadelphia County the RevPAR increased by 280.0 percent to \$50.35, and in the CBD the RevPAR was \$45.63. This represented an increase of 343.1 percent, which was the largest increase observed. In December, the RevPARs in Chester, Mercer, and Philadelphia counties, and in the CBD were \$22.96, \$23.75, \$25.84, and \$22.85, respectively.

The RevPARs in Bucks, Burlington, Camden, and Gloucester counties had the smallest declines between February and April, at 64.3 percent, 51.3 percent, 47.7 percent, and 54.0 percent, respectively. Hotels in these submarkets also had the highest RevPARs in April 2020 at \$21.46 in Bucks County, \$24.47 in Burlington County, \$24.76 in Camden County, and \$22.50 in Gloucester County. However, the rebound was also the smallest in these submarkets, with the RevPARs in Bucks, Burlington, Camden, and Gloucester counties increasing between April and August at rates of 167.8 percent, 122.7 percent, 121.4 percent, and 144.7 percent, respectively. The RevPARs in these submarkets remained the highest in the region in August

at \$57.47 in Bucks County, \$54.49 in Burlington County, \$54.82 in Camden County, and \$55.05 in Gloucester County, before falling to \$33.19, \$33.30, \$32.40, and \$33.16 in December, respectively.

Monthly Revenue Per Available Room in 2021

RevPAR for the Greater Philadelphia Market increased by 140.7 percent from an annual low of \$30.31 in January to an annual high of \$72.97 in June. For comparison, the average pre-pandemic RevPAR in January for the market was \$58.88, or 48.5 percent higher than in 2021, and the June pre-pandemic average was \$105.21, which is 30.6 percent higher than the June 2021 RevPAR.

Hotels in Chester, Mercer, and Montgomery counties observed increases in RevPAR that outpaced the market as a whole between January and June. In Chester County it increased by 188.5 percent to \$67.34, in Mercer County it increased by 184.3 percent to \$68.52, and in Montgomery County the increase was 154.7 percent to \$71.80. However, despite these increases, the RevPARs in Chester, Mercer, and Montgomery counties were still below their June averages by 29.5 percent, 28.6 percent, and 22.2 percent, respectively.

The RevPAR in Philadelphia County increased by 177.4 percent to \$76.51, which was the second-highest RevPAR in the market, and at 200.3 percent, hotels in the CBD had the highest increase in the region up from \$24.84 in January to \$74.60 in June. This RevPAR was the third highest in the market. However, the RevPARs in both submarkets were significantly below their pre-pandemic averages for June at 50.0 percent less in Philadelphia County, and 55.0 percent below average in the CBD.

Although the increases between January and June in Bucks, Burlington, Camden, and Gloucester Counties were the lowest in the region, at 116.8 percent, 94.2 percent, 94.3 percent, and 103.6 percent, respectively, the June RevPAR in each of these counties was either close to or outperformed the pre-pandemic average for June. In Bucks County, the June RevPAR was the highest in the market, at \$78.62, but it was still 8.5 percent below the pre-pandemic average. In Burlington County it was also 0.7 percent below average in June, with a RevPAR of \$70.90. However, in both Camden and Gloucester counties hotels outperformed their pre-pandemic averages for June. The RevPAR in Camden County was 3.9 percent higher than average, at \$68.58, and the RevPAR in Gloucester County was 7.1 percent higher than average, at \$74.08.

Degree of Impact

An analysis was conducted for all three metrics to better gauge the degree of impact that the pandemic had on the traveler accommodations sector in each submarket. A degree of impact calculation was determined for each submarket during each month of the pandemic.

Methodology

The degree of impact each month since January 2020 across all submarkets was determined for all three metrics by calculating:

1. percentage change from the previous month;
2. percentage change from the same month in the previous year;
3. percentage difference between the month of the pandemic and the average for that month; and
4. percentage difference between the month of the pandemic and the annual average for that metric.

Each of the 10 submarkets was then ranked for each of the four calculations outlined above, as well as by the metric value itself. A rank of 1 indicates that the submarket was the least impacted, and a rank of 10 indicates that the submarket was the most impacted. These ranks were then totaled and divided by five to arrive at the total degree of impact for each metric each month. The aggregated impacts were then calculated.

For example, to find the degree of impact on the occupancy rate in the Bucks County Submarket in June 2020:

Occupancy Rate: 47.5 percent | **Rank: 4**

Change in Occupancy Rate from May 2020: increase of 9.5 percent | **Rank: 5**

Change in Occupancy Rate since June 2019: decrease of 32.0 percent | **Rank: 4**

Difference between June 2020 and Average Occupancy Rate for June: down by 28.3 percent | **Rank: 4**

Difference between June 2020 and Annual Average Occupancy Rate: down by 17.6 percent | **Rank: 4**

Degree of Impact on Occupancy Rate in Bucks County in June 2020: $(4+5+4+4+4) / 5 = 4.20$

The average degrees of impact for each metric—occupancy rate, ADR, and RevPAR—were then added together and divided by three to determine the overall degree of impact for the duration of the pandemic.

For example, to calculate the overall degree of impact in the Bucks County Submarket:

Average Degree of Impact on Occupancy Rate: **4.08**

Average Degree of Impact on ADR: **4.58**

Average Degree of Impact on RevPAR: **4.06**

Overall Degree of Impact on Traveler Accommodations in the Bucks County Submarket:

$(4.08+4.58+4.06) / 3 = 4.24$

Findings

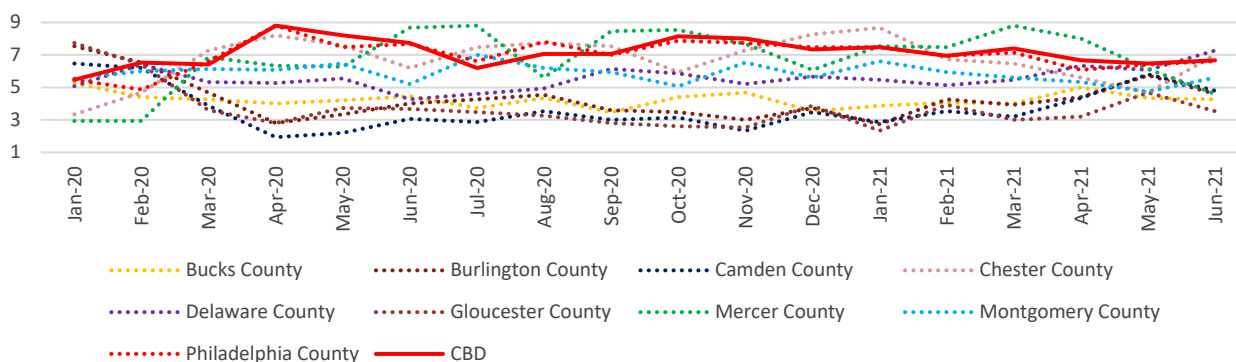
The degree of impact on each submarket by month is shown below in Figure 7, with 1 being the lowest degree of impact, or least impacted, and 10 being the greatest or most impacted. The average degree of impact for each submarket throughout the duration of the pandemic has been:

- Bucks County Submarket: 4.24;
- Burlington County Submarket: 4.29;
- Camden County Submarket: 3.70;
- Chester County Submarket: 6.70;
- Delaware County Submarket: 5.56;
- Gloucester County Submarket: 5.56;
- Gloucester County Submarket: 3.73;
- Mercer County Submarket: 6.76;
- Montgomery County Submarket: 5.86;
- Philadelphia County Submarket: 7.00; and
- CBD Submarket: 7.1.

Source: DVRPC.

The geographic distribution of total employment in each submarket, and the degree of pandemic impact on that submarket, can be seen in Figure 14 on the following page.

Figure 7: Degree of Impact by Submarket (Jan 2020–June 2021)



Source: DVRPC.

Conclusion

Historically, the Philadelphia County and CBD submarkets have consistently outperformed the Greater Philadelphia Market as a whole, while the submarkets of Bucks, Burlington, Camden, and Gloucester counties have underperformed. However, during the pandemic the inverse has become true, with Camden and Gloucester counties observing the lowest degree of impact followed by Bucks and Burlington counties. Although the degree to which the pandemic has impacted each of the region's submarkets has narrowed in recent months, as this report is being written it remains to be seen how the traveler accommodations sector will be impacted by the rise of the Delta variant during the summer of 2021. Furthermore, whether or not things will return to a pre-pandemic degree of normalcy is a question that cannot yet be answered by the metrics presented in this analysis.

Therefore, in order to better understand the future trajectory of, and what might potentially be a new post-pandemic normal for, the traveler accommodations sector, it will be important to continue to monitor these metrics to look for developing trends. However, these findings do allow for a better understanding of how the pandemic has impacted the region's hospitality and tourism industry, and leaves us with additional points to consider going forward as the region recovers from the economic impacts of the pandemic.

Points to Consider

While this data may not provide the insights needed to answer how the pandemic will impact the tourism and hospitality industry, or future access to tourism destinations and employment throughout the Greater Philadelphia area, in the long term, it does enable consideration of questions such as:

- Even if pre-pandemic normalcy returns for the traveler accommodations sector, how can the municipalities that comprise the more greatly impacted submarkets plan for and ensure that they are more resilient in the face of future economic upsets, whether they be public health related, climate change related, or otherwise?
- What lessons have the key players within the hospitality and tourism industry learned over the past year and a half, and how are they planning to adapt their strategies as a result? What impacts will any potential changes to their business plans and strategies have on the communities in which they are currently located or planning to locate?
- In the past, how have tourists accessed hotels in the less-impacted submarkets, how did they access these hotels during the pandemic, and what are the long-term implications with regards to access going forward?
- During the pandemic, the region's Circuit Trails¹ were a safe and effective alternative means of travel, as well as a way for people to exercise and experience the outdoors. However, the majority of the region's hotels, as well as hotel employment opportunities, are located more than a quarter-mile from one of these trails. How can the region better market locations along the Circuit as sites for new hotels, as well as better connect trails to existing hotels?
- How can the Circuit be better leveraged and marketed as a tourist amenity?

¹ The Circuit is Greater Philadelphia's multi-use trail network connecting people to jobs, communities, parks, and waterways. More information can be found at www.dvrpc.org/webmaps/thecircuit.

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