

Upscale hotels show no sign of a downturn

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At a time when bank accounts and stock portfolios are draining, the high-end hotel business might be expected to be losing its fizz.

Not yet. While occupancy is down slightly as room count rises, rates and room revenues are up. And new luxury lodgings continue to pop up like bubbles in a glass of Champagne.

Lower-cost quarters at upscale hotels are being booked less frequently, say hoteliers, in part because of reduced business-travel budgets. But suites and rooms with a view are selling, as the industry woos younger guests in addition to the older well-heeled set with Architectural Digest-worthy design, high-tech bells and whistles, haute and happening lounges and the VIP insider experiences guests increasingly expect.

"The demand for luxury hotels is not as affected" by the economy as other hotel categories, says Jan Freitag, a vice president of Smith Travel Research, which tracks hotel performance. In March, U.S. luxury hotel occupancy averaged 72.2%, the best in any hotel category, average daily rate was \$323.80 (up 5.6% from March 2007) and revenue per available room rose 1.5% over last March - more than any other hotel segment.

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