

US hotel occupancy reached 65.0 percent in the three months ending June 2008, down 2.5 percent versus second quarter 2007

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Smith Travel Research (STR) announced second quarter and first half 2008 results for the U.S. lodging industry today.

Industry occupancy reached 65.0 percent in the three months ending June 2008, down 2.5 percent versus second quarter 2007. Second quarter average room rate gained 3.8 percent to \$107.31 and revenue per available room (REVPAR) --- the combination of occupancy and average room rate and a key industry productivity measure --- increased 1.2 percent to \$69.70.

In the first half of 2008, industry occupancy slipped 2.6 percent to 61.4 percent versus same period prior year. Average room rate was up 4.2 percent to \$107.64 and REVPAR gained 1.5 percent to \$66.11. First half industry room supply increased 2.3 percent while demand (roomnights sold) fell 0.3 percent. Room revenue grew 3.9 percent in the first six months of 2008 to \$54 billion.

In the month of June 2008, occupancy tumbled 4.5 percent to 68.0 percent while average room rate improved 3.2 percent to \$106.89. June REVPAR declined 1.4 percent to \$72.72.

'The U.S. lodging industry is facing strong headwinds,' said Mark Lomanno, President of Smith Travel Research. 'A slowing economy and significant fuel and food price increases are squeezing consumers and damping lodging demand. At the same time, room supply growth is increasing. The combination of growing supply and slowing demand has resulted in declining occupancies and slower, though steady, average rate increases. We expect a challenging operation environment in the second half of the year', Lomanno added.

Smith Travel Research and STR Global--- the recognized leaders in lodging industry tracking and analysis --- provide regular industry reporting to major hotel companies globally.

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