

Terrible Timing for a Hotel Boom

2008-08-04

A record number of hotels are opening this year, and the timing could not be worse.

High gasoline prices and a slumping economy have put a damper on leisure and business travel. Airlines have been cutting service and raising fares. While new hotels open, occupancy rates are falling across much of the United States.

'We're really on the verge,' said Charles Snyder of Smith Travel Research, a firm based in Hendersonville, Tenn. 'It hasn't turned into a hotel recession just yet, but we're certainly keeping an eye on the economy.'

Until recently, the industry was in the midst of a major boom, and it was during those good times that the hotel companies made plans to build many of the new rooms. But the outlook has started to sour in the last couple of months. Nationwide, hotel occupancy levels have been hovering around 65 percent, down about 5 percentage points from last year, according to Smith Travel Research.

But business in particular areas - like Maui in Hawaii, which is almost entirely dependent on air travel - has 'already fallen off a cliff,' said John Arabia, an analyst for Green Street Advisors, a real estate research and consulting firm in Newport Beach, Calif. Occupancy at the island's hotels has dropped to 63 percent from 85 percent last year, according to Hospitality Advisors, a research firm in Honolulu. One reason was the demise of two airlines serving Maui, Aloha and ATA, this spring.

[External Source - For the complete article click here](#)

Source - New York Times

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article33870.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html