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Article Title

Hotel Owners Face Reality of the Spreading Coronavirus Outbreak

Citation

In: National Real Estate Investor (Online Exclusive). March 9, 2020; Penton Media, Inc., Penton Business Media, Inc. and their subsidiaries

Abstract

No Abstract

Summary

After weeks of conference cancellations, corporate travel restrictions and cratering stock values, lodging owners are pulling guidance and cutting expenses while the spread of the virus socks hotel demand. The shift in tone comes after the largest companies in the industry initially pushed the idea that the impact from the outbreak would mainly be confined to operations in Asia.

Hotel companies plunged on Monday in New York as the stock market was once again battered by the virus outbreak.

Hyatt pulled its guidance on March 2 due to "uncertain consumer demand," but most companies could still point to solid industry performance. Occupancy at U.S. hotels declined just 1.7% in the last week of February, compared with a year earlier, according to lodging data provider STR.

Now, in the face of the spreading outbreak, the industry is beginning to acknowledge the financial hit. Ryman said that about 77,000 room nights were canceled during the week that ended Mar. 7, accounting for an expected $40 million in lost revenue in March and April. By comparison, the company saw 122,000 cancellations in the first three months of 2009, during the peak of the global financial crisis.

Ryman said it still has enough business on its books for the rest of the year, but that the uncertainty regarding future cancellations led to it to pull the forecast. The company, which owns more than 10,000 rooms and 2.7 million square feet of meeting space, said that it's working to lower expenses in the face of lower short-term revenue.

It has also "elevated the cleaning and sanitation procedures" at its properties according to a statement.