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# Marriott notes revenue and occupancy improvement led by China

By Donna Airoidi - BTN (<https://www.businesstravelnews.com/Donna-M-Airoidi>) | November 9, 2020

Marriott International's third quarter improved over its **second-quarter results** (<https://www.phocuswire.com/Marriott-earnings-Q2-2020>), as president and CEO Arne Sorenson had predicted it would during the company's August earnings call.

Marriott reported on Friday that systemwide comparable constant-dollar revenue per available room fell 65.9% year over year for the quarter, compared with a decline of 84.4% for Q2.

The figures include hotels temporarily closed due to COVID-19.

Third-quarter occupancy was 35%, a drop of 40.8 percentage points from 2019. Average daily rate fell 26.4% to \$117.44.

In North America, comparable RevPAR was down 65.4% year over year, occupancy levels reached 37%, and ADR fell 27.6% to \$115.82.

Sorenson says: "Occupancy improved each month during the quarter, and we saw a steady climb in demand through August, then the improvement began to plateau."

He adds that he's pleased with progress since April, saying: "All chain scales saw improvements in the third quarter versus the second quarter."

Net income was \$100 million versus \$387 million one year prior. The company added more than 19,000 rooms globally during the quarter, including 1,400 room conversions from competitor brands and 7,600 rooms in international markets.

Net rooms grew 3.8% year over year.

The development pipeline totaled more than 496,000 rooms as of September 30, with approximately 228,000 room under construction.

Greater China continued to lead the recovery, as it had in the prior quarter.

RevPAR for the region fell 25.6% year over year, while occupancy reached 61.4 percent, down just 10 percentage points from 2019.

Sorenson says: "Occupancy reached 67% in September, which is a bit ahead of last year.

"That's extraordinary coming from 9% in February." He added that leisure demand was more than 25% ahead of last year, but that business travel and group strengthened each month since February.

As for group overall, it's down about 30% so far for 2021, according to Sorenson, with the first quarter looking the worst in terms of group business on the books.

"We are optimistic we could have a vaccine or two by the end of this calendar year and see it get broadly distributed sometime in the first half of 2021.

"As that takes hold, we're optimistic that group business will come back."

The group business Marriott sees today is more likely to be healthcare workers who are connected to the COVID-19 pandemic, or more leisure focused, such as athletic groups or family groups, he says.

Sorenson also addressed a question about business travel trends and noted there are three elements. First is what happens with COVID-19.

"We will have a meaningful step up in group and business transient travel the moment that COVID-19 risk recedes from a threatening horizon."

Then, once that happens, there is the state of the underlying economy. Third is a function of remote work and the digital tools that have been used to keep people connected during this pandemic.

Sorenson projected that the long-term effect on business travel would be similar to that of past crises.

"Generally, what we've seen in the few years following [a crisis] is that most of that group and business travel comes back. But not all of it. We have seen a couple points shift from business transient and group combined toward leisure. I suspect we will continue to see that in the year ahead."

He adds that the industry will see the lion's share return "because people love to travel."

\* **This article originally appeared on BTN.**

**(<https://www.businesstravelnews.com/Procurement/Marriott-Notches-Sequential-Quarterly-Improvement>)**

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