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## NWA hospitality revenue swings higher

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Northwest Arkansas hotels and restaurants were busier in the first quarter of the year, reporting total hospitality revenue of roughly \$1.148 million, up 4.45% from the same period of 2012.

This upward swing comes on the heels of double-digit growth in 2012.

Economists say this sector growth is important as the region continues to expand its economic diversity to compliment the strong business foundations it has enjoyed for several decades.

The cities of Bentonville, Rogers, Springdale and Fayetteville collect a 2% room tax on hotel and meeting space, Bentonville and Fayetteville also collect a 1% tax on prepared food.

### **HOTEL RECOVERY**

After a solid 2012, the local hotel market is continuing to show better profits at a rate that economists say is sustainable.

Roger Davis, the general manager of the Holiday Inn in Springdale, and other hospitality professionals say 2013 is poised to outpace last year given the solid start in the first quarter and future bookings already scheduled for the balance of the year.

The hotel industry STR report provided by Smith's Travel Research indicates 99 hotels in the two-county area posted cumulative sales revenue of \$26.492 million in the first quarter of 2013, a 12.4% increase from 2012, and the best start since 2007.

The region's 8,299 rooms were occupied 45.5% of the time, improving from 44.3% in the prior year. Room rates averaged \$78.31 per night, up 5.8% from a year ago.

Davis said there is still some slight discounting for large groups, but overall revenue is growing as the rooms are filling up for longer periods of time.

The U.S. hotel industry reported increases in key performance metrics during the first quarter of 2013, according to data from STR.

Brad Garner, chief operating officer at STR said: "We continue to be bullish on industrywide performance in 2013. However, we will continue to monitor the potency of the sequester and air traffic controller furloughs and their impact on industry results."

The local region is tracking below the industry occupancy rate of 57.7% in the first quarter. The average daily rates nationwide at \$108 were 38% more expensive than those in Northwest Arkansas. Davis said the local region still has a surplus of rooms based on a seven day week as the business traveler tends to stay Monday through Thursday.

Springdale reported a 6.64% increase in first quarter hospitality tax revenue, which Davis attributed to stronger corporate group travel. He said the improvements in the overall national economy and recovery of stock prices have boosted confidence enough that various groups are traveling again.

"We are on target to beat 2012, which was a record year for us," Davis said.

Springdale and the other cities each aggressively recruit other groups to the region to help fill up the rooms Friday to Sunday.

Allyson Dyer Twiggs, executive director for the Rogers Convention and Visitors Bureau, said the mild winter of 2012 made for a tough quarterly comparison but hotel tax collections rose 5.5% in the first quarter over the same time last year. Twiggs said 2008 had been the record year for Rogers in terms of total hospitality collections, but 2012 beat that and it looks like 2013 might take the top spot based on solid bookings for the balance of the year.

March collections were up about 10% from a year ago and Twiggs said the second quarter will also be strong. A national antique group (Questers) is convening in Rogers next month as well as the Master Gardeners' state convention. The LPGA Tournament is coming to Rogers in June as is the national BB gun shooting competition for Daisy.

As of March 31, hospitality collections in Fayetteville were up 3.77%, or \$398,000 ahead of the same period last year, according to Marilyn Hefner, the executive director of the Advertising and Promotion Commission for Fayetteville.

Alex Jerde, general manager for the Chancellor Hotel in downtown Fayetteville, said traffic has been slowly picking up and the hotel is busy with weddings and hosting other local events.

"We are aggressively seeking convention business for later this year and next spring as most organizations plan a year in advance. We had five different wedding groups in and out of here last weekend and continue to see some University of Arkansas traffic," Jerde said.

The region's newest hotel 21c in downtown Bentonville [opened](#) <sup>[2]</sup> in early February with 104 rooms that cater to art enthusiasts and visitors to the nearby Crystal Bridges Museum of American Art. The rates at the 21c in Bentonville start at \$159.

Bentonville officials say hotel tax collections were tracking close to budget in the first quarter up roughly 4% from a year ago.

## **FOOD/JOB SECTOR**

The majority of jobs in the local hospitality sector are related to restaurants and food service, according to Kathy Deck, director for the Center for Business and Economic Research at the University of Arkansas.

Deck said the restaurant sector has been heating up as the overall economy shows modest improvements.

Fayetteville reported total hospitality tax collections of \$580,924 in the first quarter, 92% of that number are food taxes, which rose by roughly 2.5% from a year ago.

Bentonville food tax collections are tracking near budget. Food tax collections in Bentonville, are an estimated \$255,000 for the quarter and comprise 70% of the city's total hospitality tax revenue. Total collections in Bentonville rose about 5.5% to roughly \$358,600 as of March 31.

Deck said the NWA hospitality sector is growing at a sustainable clip based on first quarter reporting. Employment in the sector grew 4.6% year over year, and is helping to push economic growth forward. Estimates for regional GDP growth are about 2 to 3%, Deck says.

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### First Quarter Hospitality Revenue

Bentonville

2013: \$358,619

2012: \$339,987

5.5%

Rogers

2013: \$151,400

2012: \$143,383

5.5%

Springdale

2013: \$57,905

2012: \$53,297

6.64%

Fayetteville

2013: \$580,924

2012: \$562,198

3.3%

Source: Respective cities

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