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TRAVEL AND HOSPITALITY

Marriott forges ahead with expansions despited 84pc fall in RevPAR

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Leisure travel in Asia is beginning to show signs of recovery. Image credit: St. Regis

By LUXURY DAILY NEWS SERVICE

Hotel group Marriott International saw its revenues per available room (RevPAR) fall 84.4 percent worldwide in the second quarter, as the hospitality industry continues to deal with the fall out of coronavirus-related lockdowns and travel restrictions.

For the second quarter Marriott, which owns the Ritz-Carlton and St. Regis brands, reported net losses totaling $234 million, compared to a reported net income of $232 million in the second quarter of 2019. Despite the losses, Marriott has added new rooms while occupancy rates have started climbing.

"While our business continues to be profoundly impacted by COVID-19, we are seeing steady signs of demand returning," said Arne M. Sorenson, president and chief executive officer of Marriott International, in a statement. "Worldwide RevPAR has climbed steadily since its low point of down 90 percent for the month of April, to a decline of 70 percent for the month of July."

COVID recovery

While Marriott reported an operating loss of $154 million in Q2 2020 ended June 30, there are early signs of a recovery particularly in Greater China.

According to Marriott, all of its hotels in the region were able to reopen in early May and have reached occupancy rates of 60 percent, compared to last spring's 70 percent. The recovery began with leisure travel in resorts but business travel has also seen recent improvement.

Exterior shot of The St. Regis Cairo in Egypt. Image courtesy of Marriott Luxury

Other regions have seen steady improvements in bookings, but the recoveries are slower in areas that rely more heavily on international travel. Worldwide, occupancy rates had cratered at 11 percent for the week ended Apr. 11 but have risen to nearly 34 percent for the week ended Aug. 1.

Marriott has also continued a rapid pace of expansion, with 75 new properties during the second quarter.

This expansion includes the St. Regis, Ritz-Carlton and Edition hotel brands, as well as others in the Marriott Luxury portfolio (see story).

The hospitality giant has also greatly reduced its administrative and general expenses, to $178 million in Q2 2020 from $229 million in Q2 2019. This has included extending furloughs and reduced workweek schedules through Oct. 2 (see story).

"While the full recovery from COVID-19 will clearly take time, the current trends we are seeing reinforce our view that when people feel safe traveling, demand returns quickly," Marriott's Mr. Sorenson said.