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Area hotel bookings are slowing; Occupancy down 15% since start of war

By SUZANNE MARTA

A week into the Iraq war, business travelers are playing things cautiously, and Dallas hotels are feeling the pinch.

Few companies have followed the lead of United Parcel Service Inc., which has restricted employees to "essential" travel in the United States and abroad.

But bookings at Dallas hotels - which live and die on business travelers' demand - are slow, and many groups are putting off decisions until they have a better sense of what will happen with the war, said Steve Vissotsky, chairman for the Hotel Association of Greater Dallas and general manager of the Hyatt Regency Dallas at Reunion.

Still, he said he's taking a wait-and-see attitude.

"I don't think we've got the full picture of how this war will affect us," Mr. Vissotsky said. "Things are just starting."

Mr. Vissotsky's 1,122-room hotel has had one major cancellation - a group of about 1,000 people who planned to stay three nights during the second week of April. Organizers cited concerns over low attendance because several group members were military reservists or government contractors.

Demand from individual business travelers is also "off considerably," Mr. Vissotsky said.

Since war started last week, hotel occupancy fell 15 percent in the Dallas area, according to Smith Travel Research. And room revenue fell more than 20 percent.

Nationwide, the impact wasn't as severe, with occupancy falling 4.8 percent and room revenue declining 8.4 percent.

Assuming the war in Iraq is relatively short-lived, lodging demand is expected to decline about 3 percent during the second quarter but recover by year's end, according to a study by Boston-based Torto Wheaton Research and Atlanta-based Hospitality Research Group.

At Dallas-based Wyndham International Inc., call volumes and bookings have

slowed, though business is still up from last year at its more than 200 hotels, said spokeswoman Darcie Brossart. She said business patterns have been similar to ones seen during the first 100 days of the 1991 Persian Gulf War and there have been few cancellations.

New York-based Starwood Hotels & Resorts Worldwide Inc. withdrew its first quarter and full-year 2003 projections earlier this week, saying it could not anticipate the impact the lengthy negotiations preceding the war and the conflict itself would have on business.

There have been few cancellations at the 50 hotels managed by Dallas-based **Prism Hotels Corp.**, president Steve Van said.

"There's definitely been a downturn, but it's not as bad as it was in 1991," said Mr. Van, whose firm manages the Stoneleigh Hotel in Dallas. During the first Persian Gulf War, some of his hotel occupancies fell as much as 40 percent.

Cancellations that have come in have been for government and international groups, Mr. Van said.

Bookings through WorldTravel BTI - the nation's third-largest corporate travel agency - have declined 17.5 percent. Officials there said travelers are waiting to see when the war is likely to end.

And if the war seems to be dragging on after a couple of weeks, companies may put more restrictions on travel, said Dan Maschoff, the agency's senior vice president for the central United States. Travel declines vary by region and are most severe on the East Coast, where transatlantic flights are more common, he said.

International travel has been the hardest hit, with several companies restricting or postponing such trips until after the war. The decline in demand caused several major carriers to reduce the number of international flights by as much as 15 percent for April.

Atlanta-based UPS sent an edict to its employees after hostilities began, restricting all travel to those trips deemed "essential," said spokesman John Flick.

Verizon Communications Inc. cut travel to all destinations in the Middle East and Asia in response to security concerns a few days before the war began. The company previously restricted travel only to Venezuela. Travel within the United States and to Europe, however, is continuing as usual, said spokesman Bill Kula.

"There's still a fair amount of travel going on; it's just limited to certain parts of the globe right now," Mr. Kula said.

Fort Worth-based Alcon Laboratories Inc. also suspended travel to the Middle East and put other international trips on hold unless they were absolutely essential, said spokeswoman Mary Dulle. International travel that must be done now requires additional approvals from management.

"We're keeping closer contact with our employees," Ms. Dulle said.

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