

Inns say business is fine

5Jmn 8-24-01

Room sales dropped in June, but area hotels say summer bookings have been stronger. Comparisons to last year may be misleading, they add, because 2000 was an unusually good year.

By David L. Beck
Mercury News

Despite figures from a travel research firm that show a substantial drop in room sales, Santa Cruz innkeepers say they're holding their own against the skittish economy.

"This," said Mickey Holzman, general manager of Pajaro Dunes, "has not been a bad year."

Smith Travel Research, a Tennessee-based operation that collects data and crunches numbers about hotels nationwide, reported a decline of nearly 20 percent in

Santa Cruz County hotel sales in June, the latest month for which Smith has figures. That's based on an occupancy rate of 66.5 percent, compared with nearly 83 percent for June 2000.

The hotel industry uses a figure it calls "RevPAR," which stands for "revenue per available room," to assess how it is doing. It is a compilation of occupancy and room rates. Santa Cruz's June RevPAR was down almost 34 percent compared with the previous June, according to the research firm.

Annual comparisons might be misleading. After all, Holzman said, 2000 was "just an outstanding year."

Then again, according to the Santa Cruz County Conference and Visitors Bureau, the occupancy rate for June 1997 was 76.6 percent, and for June 1992 it was 75.8 percent.

Nevertheless, larger hotels and vacation rentals in the area are by no means panicking.

Pajaro Dunes, for example, is a beachfront complex near Watsonville containing everything from one-bedroom condos to five-bedroom houses. Taking both business conferences and individuals into consideration, "Our bookings for the year are down slightly," Holzman said. But "that was pri-

marily during the off-season. Our summer has been full."

At Chaminade, a hillside hotel in Santa Cruz that in a normal year relies on conferences and conventions for 85 percent of its bookings, sales and marketing director Kim Crawford said total sales are "down, but not substantially down" — and for an interesting reason.

As group sales have declined (about 15 percent, she said), what the industry calls "leisure" bookings have increased by 30 percent.

"The one has evened the other out," she said. Or almost: Total occupancy at Chaminade is down from about 5 percent to 7 percent.

Why the discrepancy between

See **HOTELS**, Page 4B

SAN JOSE MERCURY NEWS FRID

HOTELS | Bookings improve in summer

Continued from Page 1B

Smith Travel Research's June figures and anecdotal reports from innkeepers? One explanation might be that things picked up in July.

"We're basically full every day, virtually from July 1 to the last day in August," said Harvey Robbins, director of rooms at the 163-room WestCoast Santa Cruz Hotel, a beachfront property locals still call by its former, more familiar name, the Dream Inn.

"It's a little less than last year," he added. "Last year was our prime year."

This year, people are coming for shorter stays, too, he said, perhaps two or three days vs. four or five in the summer of 2000. And corporate bookings are off at the WestCoast.

Gary Luce, who runs Inns by the Sea — 10 properties, 250 rooms total — estimates that occupancy for the year is down perhaps 7 percent. "Summer, it's not anywhere near there — about 2 percent down," he said.

And he added, "I don't think we should really anticipate anything chang-

ing, really, for six to 12 months. I mean, when the interest rates are lowered again and the stock market goes down, it's probably a good indication the economy hasn't recovered."

One indication that the slump in Silicon Valley is dragging local coastal hotel business down: Luce's Country Inn in Santa Barbara — less dependent on Silicon Valley guests —

Larger hotels and vacation rentals in the area are by no means panicking.

has not lost business this year.

Still, you've got to stay optimistic to stay in the hospitality business.

"People take vacations whether business is good or bad," said Pajaro Dunes' Holzman. "In many instances, for our primary market, which is Silicon Valley, people are still taking vacations, but they stay close to home instead of flying to Mexico or Hawaii."

Contact David L. Beck at dbeck@sjmercury.com or at (831) 423-0960.