

# Hotels in Bay Area close temporarily as bookings plummet

By Roland Li

The Bay Area's usually booming hotel industry has been brought to its knees in the two weeks since the coronavirus erupted across the region, and at least eight hotels have closed temporarily.

Occupancy rates in San Francisco have plunged from more than 80% two weeks ago to below 10% at some hotels, said Kevin Carroll, CEO of the Hotel Council of San Francisco, which represents owners and operators.

A city shelter-in-place order designated hotels as residences, meaning they can continue to operate even as most businesses close. But the plunge in both tourism and business travel has led to an unprecedented number of temporary closures.

The W San Francisco, Suites at Fisherman's Wharf, Harbor Court, Hotel G, Hotel Drisco, Inn at the Opera and the Donatello, along with the Oceano Hotel & Spa Half Moon Bay Harbor, all confirmed to The Chronicle that they have closed and are not accepting new reservations. The hotels plan to reopen between April 8, when the current orders are set to expire, and May 1.

The Zeppelin, Zelos and Zephyr hotels in San Francisco remain open for current guests

but are not taking new bookings.

Carroll said numerous other hotels are considering closures.

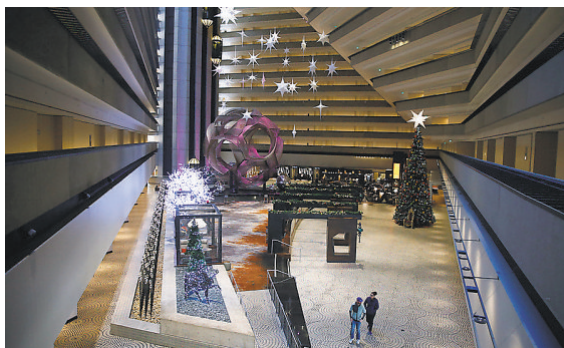
The drop in business has led to a heavy human toll, with thousands of San Francisco hotel workers laid off in the past two weeks, including members of Unite Here Local 2. The national Unite Here union said its 300,000 members, which also include casino, food service and transit workers, could see a loss of up to 90% of jobs nationwide.

Teamsters Local Union 856, whose members work at hotel front desks, offices and concierge services, has 700 of its 1,000 members out of work, said Rudy Gonzalez, executive director of the San Francisco Labor Council.

The hotel industry employed an estimated 25,000 people in the city before the coronavirus outbreak, according to the city controller.

Room rates have fallen sharply, with online listings for a number of hotels under \$100 per night. San Francisco hotels had routinely charged \$300 per night and sometimes more than \$500 during particularly busy conferences.

"I definitely think that this coronavirus pandemic will be worse than 9/11 and 2008 for the hospitality industry," said



Paul Chinn / The Chronicle 2019

**At least eight Bay Area hotels have closed temporarily because of the virus outbreak. Hyatt Regency, seen here, remains open.**

Holden Lim, president of Hospitality Link International, a hotel brokerage. "Asia was still cranking in 2009 during the Great Recession."

"On the other hand, the coronavirus pandemic is global, and many countries have shut down their economies. Travel throughout the whole world has been sharply reduced," he said.

Marriott, the biggest global hotel chain, said it expects to furlough tens of thousands of workers around the world, which would eliminate their hourly pay but allow them to retain health benefits.

That could intensify another battle between Marriott and labor unions, following a 2018 strike across the U.S. that saw Unite Here win higher wages and medical benefits.

"Unite Here Local 2 is meeting with employers across the city and calling on business to do right by their workers during this pandemic," Anand Singh, president of the local,

said in a statement.

Marriott, which operates the W hotel and more than three dozen others in the Bay Area, didn't respond to a request for comment.

The drop in hotel revenue will also hit the city's budget by reducing its income from a 14% occupancy tax.

City Controller Ben Rosenfield estimated last week that overall city tax losses could be in the tens of millions of dollars from the coronavirus, a projection that came before a restrictive shelter-in-place order that closed all nonessential businesses.

On Tuesday, the nationwide hotel industry asked for a \$150 billion bailout from the federal government, including \$100 billion to retain workers and \$50 billion to pay off debt. The industry warned this week that half of the country's hotels could close, eliminating an estimated 3.9 million jobs.

The global calamity is also threatening one of the largest

hotel sales in history, the \$5.8 billion purchase of 15 U.S. hotels by South Korea's Mirae Asset Global Investment from China's Anbang Insurance Group, Bloomberg reported. Lenders are hesitating to fund the deal because of the coronavirus pandemic, according to Bloomberg.

The sale would include the 1,200-room Westin St. Francis in San Francisco, one of the city's biggest hotels, and the Four Seasons Silicon Valley in East Palo Alto. Anbang declined to comment. Mirae didn't respond to a request for comment.

With hotels emptying, San Francisco city officials are now in talks to use them to help shelter people who need to be quarantined, Carroll said.

Lim of Hospitality Link International said that unlike other global crises, the coronavirus epidemic's way of spreading makes hotels particularly vulnerable to a drop in business.

"There is also the fear factor where no one knows whether the person who checks you in, the person you are with in the elevator, the housekeeper that cleans your room, and the surfaces that you are touching in your guest room are infected with the coronavirus," he said.

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