

Charlotte, N.C., set to welcome more hotel supply

by *Alicia Hoisington* | Mar 28, 2017 1:35pm



The 10-story, 250-suite Embassy Suites by Hilton Charlotte Uptown opened this month in Charlotte. (Photo: VRX Studios)



Charlotte, N.C., is on developers' maps due to its strong mix of business and leisure travel. Although the city's convention business has faced some troubling times due to political issues, the market is not shying away from adding more supply.

"Charlotte has been a growing and developing southern town for quite a number of years," said Alan Roberts, global head of **Embassy Suites** by **Hilton**, adding that the Queen City was named one of the fastest growing by both the Census Bureau and Forbes.

Most recently, Hilton opened the 10-story, 250-suite Embassy Suites by Hilton Charlotte Uptown, located across from the NASCAR Hall of Fame and close to the Charlotte Convention Center.



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Roberts said the many demand drivers Charlotte offers made it an easy choice for development. The city is a financial hub, which he compared as second to New York City. Charlotte is home to Bank of America's headquarters, and many other financial institutions have major operations in the city, including Citibank, Ally Financial and Wells Fargo.

Additionally, Roberts said the market appeals to leisure travelers. Sporting events are a major draw for Charlotte. For example, the NFL's Carolina Panthers are based in Charlotte; the NBA's Bobcats have successfully transitioned back to the Hornets in the city; and Charlotte is home to the NASCAR Hall of Fame.

Wes Townson, vice president of business development for McKibbon Hospitality, agreed that Charlotte is a good place to be. His company is developing a dual-branded 184-room AC by Marriott and 116-room Residence Inn in Uptown's EpiCentre entertainment complex that will likely be completed in the first quarter of 2018.

Townson said Charlotte was ripe for development due to its solid performance and the site offered an opportunity McKibbon couldn't pass up.

According to STR, the Charlotte market saw increases in all three key performance metrics last year. Occupancy was up 2 percent to 72.2 percent; average daily rate increased 4.5 percent to \$105.58; and revenue per available room was up 6.7 percent to \$76.18. Demand growth (+3.1 percent) outpaced supply growth (+1.1 percent) last year, as well.

The data tell a slightly different story so far this year, according to STR figures. Year-to-date February, occupancy in the market has fallen 4.4 percent to 63.5 percent; ADR is up 1.3 percent to \$108.79; and RevPAR is down 3.2 percent to \$69.12. Supply growth of 3.7 percent is outpacing demand growth (-0.9 percent).

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Supply and Conventions

Townson said he has no doubts that more supply is on the horizon for Charlotte.

"All the CVB people and the convention center can't get enough hotel rooms in the market to be competitive with meetings," he said. "There are a number of rooms coming to market. We are at the far end of the cycle that started several years ago. While the supply increase was a bit slow for couple years compared to normal history, we are catching up."

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Some planned projects for Charlotte include:

- A [Kimpton](#) hotel in the Dilworth neighborhood in Charlotte. Still in the planning stage, the hotel is expected to be six stories tall and have 128 guestrooms.
- A 195-room [Springhill Suites](#) set to open in April 2017.
- A 141-room [Hilton Garden Inn](#) at the Waverly mixed-used development in South Charlotte that is projected to open this year.
- The 123-room South End Holiday Inn Express & Suites that is expected to open in June 2018.

Convention business is a key target for the market. However, Charlotte has been no stranger to difficulties due to House Bill 2, which is also called the Public Facilities Privacy & Security Act. 2016's HB2 has affected hotel demand in larger cities throughout the state, primarily in the group segment where event organizers have canceled events in response, according to research from [HVS](#).

Surrounding Cities

Townson said there are a couple of key cities for hotel development surrounding the Charlotte market. One is Asheville, N.C., a heavy leisure market where [McKibbon](#) currently has three hotels and two in the works.

STR reports 19 hotels with 2,140 rooms under contract in Asheville. Of those, seven hotels with 798 rooms are in construction. Year-to-date February, supply growth (+6.8 percent) has outpaced demand growth (+1.2 percent). Occupancy has fallen 5.2 percent to 52 percent; ADR is up 1.7 percent to \$112.72; and RevPAR is down 3.6 percent to \$58.64.

Another market that developers have their sights on is Greenville, S.C., Townson said.

In Greenville, there are 14 hotels with 1,568 rooms in the pipeline, according to STR. Of those, three hotels with 302 rooms are under construction. Year-to-date February, supply growth (+4 percent) has outpaced demand growth (+2.7 percent). Occupancy is down 1.3 percent to 67.2 percent; ADR is up 1.9 percent to \$96.01; and RevPAR is up 0.5 percent to \$64.56.

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