

STR reports U.S. hotel Pipeline for September 2008

2008-10-16

The U.S. hotel development pipeline includes 5,926 hotels comprising 654,590 guestrooms, according to the September STR/TWR/Dodge Construction Pipeline Report released this week.

The figures do not include projects in the pre-planning stage for which an architect or engineer has not been chosen. The number of hotels in the development pipeline at the end of the third quarter of 2008 is 12.8 percent larger than it was at the end of September 2007 (5,168), while the number of guestrooms in the pipeline at the end of the third quarter of 2008 is 13 percent larger than it was at the end of September 2007 (569,815),

Duane Vinson, VP of content management for STR, said positive demand spurred a flurry of development activity throughout 2007 and into 2008, but that is beginning to slow.

'With room demand softening in the last half of 2008, we are beginning to see higher-than-historical-average attrition in the Planning and even Final Planning phases,' Vinson said. 'Which segments of the industry, business or leisure, recover quicker could determine which markets see a rebound in development next year.'

At the close of third quarter, the top 26 markets in the U.S., as ranked by the number of guestrooms open, had 243,847 guestrooms in the active pipeline—a 4.9-percent increase from the number in the pipeline at the end of September 2007. Those same markets had 76,435 guestrooms in construction, a 9.1-percent decrease from the number of guestrooms in construction at the end of September 2007.

'With few exceptions, hotel construction in the Top 26 markets is slowing in comparison to last year,' Vinson said (see chart below.) 'While there are still a considerable number of projects pending, it is difficult to accurately gauge how many of them will ever break ground. A prolonged recession could mean a high number of hotel projects moving into deferral or full abandonment.'

U.S. Pipeline by top 26 markets

Percentage changes reflect September 2008 vs. September 2007

Market	Existing guestroom supply	Guestrooms in construction	Year over year percentage change	Total active guestroom pipeline*	Year-over-year percentage change
Anaheim-Santa Ana, Calif.	52,934	703	-9.4%	3,353	113.7%
Atlanta, Georgia	92,053	3,941	33.7%	17,197	16.8%
Boston, Massachusetts	50,104	750	-61.3%	6,297	5.3%
Chicago, Illinois	105,180	3,776	-40.4%	15,721	15.6%
Dallas, Texas	73,152	3,124	4.1%	11,380	41.3%
Denver, Colorado	38,649	1,495	22.7%	7,626	21.9%
Detroit, Michigan	41,223	1,237	-27.7%	3,434	34.8%
Houston, Texas	63,313	3,865	138.3%	13,640	143.6%
Los Angeles-Long Beach, Calif.	94,063	3,093	-22.4%	9,420	-6.8%
Las Vegas	154,620	13,997	-2.7%	26,975	-27.5%
Miami-Hialeah, Florida	42,045	2,579	0.4%	8,186	-7.4%
Minneapolis-St. Paul, Minn.	37,277	514	-76.6%	3,311	-18.1%
Nashville, Tennessee	34,426	1,677	-27.2%	4,708	25.5%
New Orleans, Louisiana	33,605	363	353.8%	2,595	90.4%
New York, New York	84,877	10,472	19.1%	24,040	36.3%
Norfolk-Virginia Beach, Va.	38,806	1,606	-7.6%	4,950	-6.1%
Oahu Island, Hawaii	28,418	N/A	N/A	3,500	-13.4%
Orlando, Florida	114,246	6,094	49.5%	12,092	-5.2%
Philadelphia, Pennsylvania	41,591	1,185	18.5%	7,837	29.9%
Phoenix, Arizona	55,941	3,832	-35.6%	15,347	-21.7%
San Diego, California	55,277	2,333	-28.9%	8,968	-6.2%
San Francisco, California	51,130	120	-86.8%	729	-63.8%
Seattle, Washington	38,233	1,827	10.3%	5,924	2.8%
St. Louis, Missouri	37,588	819	-59.3%	3,558	2.5%
Tampa-St. Petersburg, Fla.	42,646	1,350	-8.2%	4,952	-18.3%
Washington, D.C.	97,049	5,683	-23.7%	18,107	12.2%
TOTAL TOP 26 MARKETS	1,598,446	76,435	-9.1%	243,847	4.9%
TOTAL U.S.	4,646,328	195,699	-0.3%	654,590	14.9%

* Includes those projects In Construction, Final Planning and Planning phases.

About STR/TWR/Dodge Construction Pipeline Report

The Pipeline Report is co-produced by Torto Wheaton Research, Dodge Construction, and the dedicated pipeline team at STR. Available as an annual subscription or a local Market Supply Report, the Pipeline Report is a comprehensive look at new hotel development and existing supply in the U.S. and Canada.

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