HVS

MARKET REPORT

Building Momentum: The Resurgence of the Downtown St. Louis Hotel Market

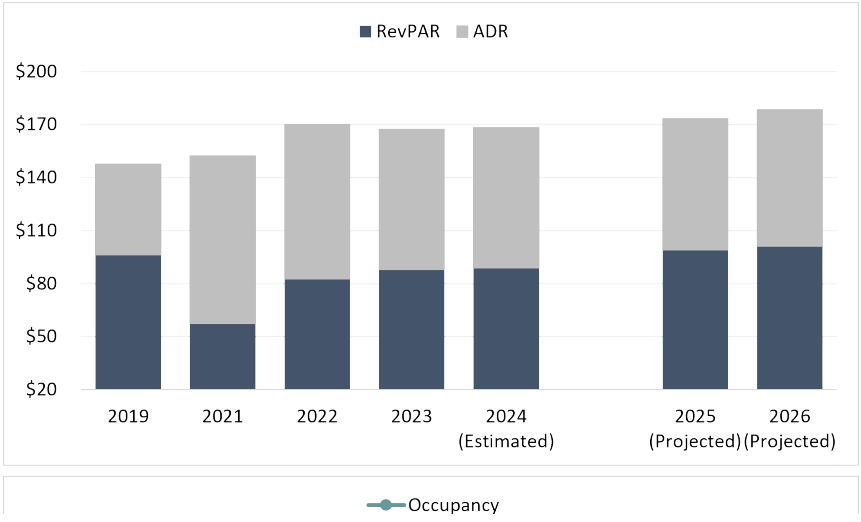
MARCH 14, 2025

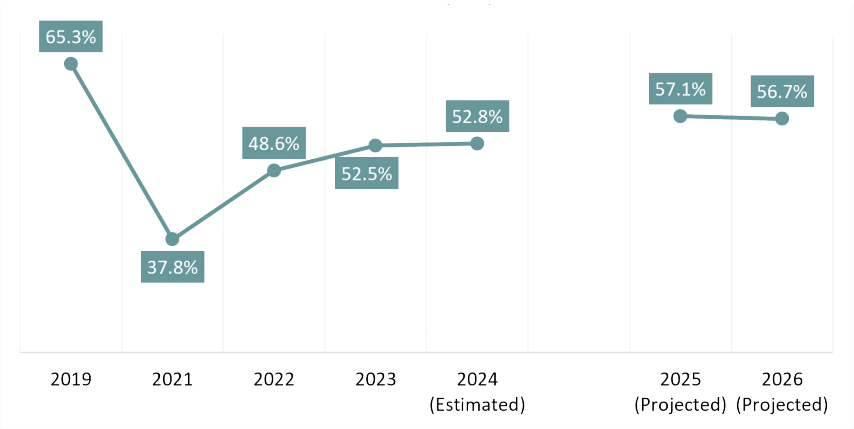
The Downtown St. Louis hotel market steadily recovered from the impact of the COVID-19 pandemic until 2024, when the recovery stalled due to a correction in leisure demand and disruptions at the convention center. However, subsequent airport passenger traffic growth and completion of the convention center's expansion, along with other trends and developments, provide a stronger outlook for the market in 2025 and beyond.

In 2020, the COVID-19 pandemic had a major negative impact on the St. Louis market. In 2021, market occupancy only modestly improved given the entrance of new supply; however, the market realized a full rebound in ADR thanks to the strength of high-rated leisure demand. Commercial and meeting and group demand continued to recover through 2023, as did ADR; although occupancy continued to improve, growth was limited by further supply increases.

Demand and occupancy stagnated in 2024, as continued improvements in commercial demand were offset by a correction of leisure demand and weaker convention demand during the ongoing construction at the convention center. Going forward, we expect demand to improve in the coming years given the completion of renovations at the convention center, as well as commercial demand growth and ongoing development projects around Downtown and throughout the greater region.

Occupancy Projected to Stabilize Through 2026 Alongside Modest Growth in ADR and RevPAR





Source: STR, HVS

Hotel Development

Over the past few years, several hotel projects that were already under development when the pandemic began were completed and opened. The current development pipeline includes a few remaining projects that are still under development or on hold, as illustrated on the interactive map below.

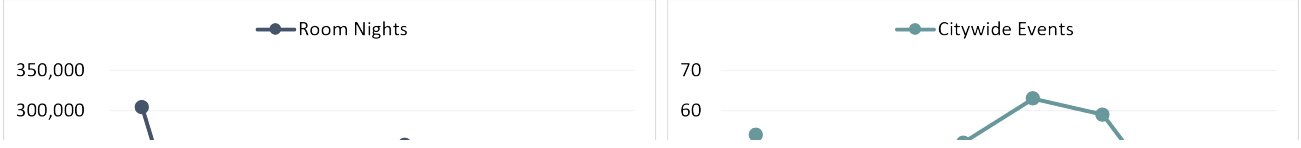
Future Demand Factors

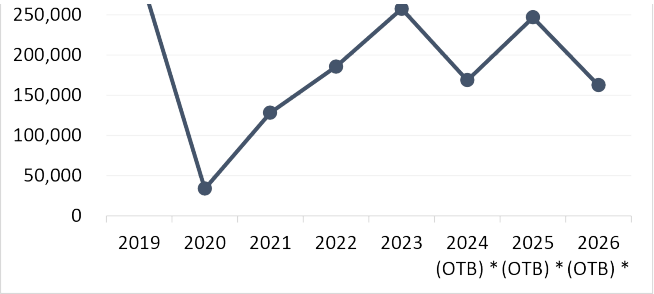
America's Center Convention Complex

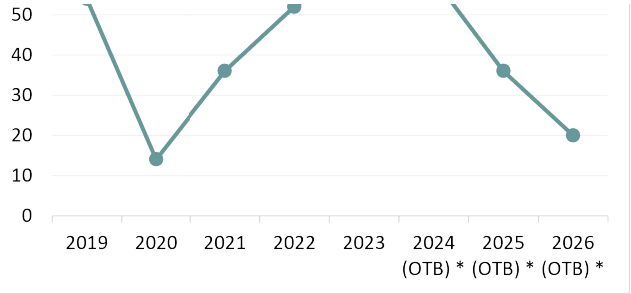
In 2024, a $240-million revitalization and expansion of the America's Center, dubbed "AC Next Gen," was completed, including 72,000 square feet of new exhibit space, the expansion of the loading docks, new outdoor green space, and cosmetic upgrades to existing spaces.

Following year-over-year demand growth since 2020, construction disruptions and the lingering effects of the pandemic led to a relatively weak convention year for 2024. However, officials with the St. Louis Convention & Visitors Commission (CVC) report a strong booking pace for 2025, with room nights expected to exceed 250,000. Strong sales efforts are anticipated for future years, as well.

Hotel Room Nights and Citywide Events on the Books Illustrate Positive Outlook







** Bookings as of November 2024*

Source: St. Louis CVC

St. Louis Lambert International Airport (STL)

Since the decline in 2020, passenger traffic at STL has rebounded to 2019 levels and continues to increase. In anticipation of further passenger traffic growth, airport officials are in the preliminary design stages of a project to combine the airport's two terminals into a single facility for an estimated cost of nearly $3 billion. An initial $1 billion in funding has been approved for design work and preliminary projects, with construction anticipated to begin in 2026.

Commercial Development

Commercial demand continues to increase within the market, and the following significant projects are expected to support this positive trend.

- Boeing's Defense, Space & Security's manufacturing campus near the airport is currently undergoing a $1.8-billion expansion.
- The $1.2-billion Gateway South project is planned as a construction-innovation district to be located immediately south of downtown. The first phase of the 100-acre project has reportedly secured financing; however, a construction timeline has yet to be announced.

Leisure Demand Generators

Leisure demand continues to be an important component of St. Louis hotel demand despite its decline in 2024. Large attractions such as the St. Louis Aquarium, Gateway Arch, St. Louis Zoo, Ballpark Village, Union Station, and Energizer Park are expected to drive leisure demand for hotels going forward. Furthermore, the St. Louis Zoo is currently undergoing a $230-million, 425-acre expansion. Upon completion in 2027, the new WildCare Park will offer an immersive safari experience.

Conclusion

Overall, the downtown St. Louis market remains resilient, despite some headwinds in 2024. The outlook for 2025 and beyond is positive, as hotel demand trends and regional development projects bode well for hotel performance going forward.

At HVS, our unique methodology, which involves conducting primary interviews within local markets, enables us to gather real-time insights and current data. This approach ensures an in-depth understanding of each market we operate in. For more information about the St. Louis market or for assistance in making investment decisions that align with your specific

goals and risk tolerance, reach out to Kaitlyn Hennessy or Daniel McCoy, your HVS Midwest hospitality experts.