MARKET REPORT

Demand-Driven Growth: Huntsville Hotel Market's Meteoric Rise

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Huntsville, also known as "Rocket City," has rapidly become a major market in Alabama and the Southern United States, supported by a robust commercial and government demand base. As Huntsville undergoes unprecedented growth, hotel development has surged to meet the overflowing demand.

Rocket City's Rapid Ascent

The economic and hotel demand landscape of Huntsville has been undergoing an expansion over the last several years. With several large-scale projects underway in this already well-established market home to a multitude of major demand generators, Huntsville has become a hotspot for growth, which in turn has boosted hotel demand.

In recent years, the City of Huntsville has made the following investments to ensure that the city can meet the needs of the ongoing developments and the associated population boom:

- Over $400 million in completed transportation improvements, plus $250+ million in active construction projects
- $600 million in public-school enhancements
- Over $200 million in healthcare expansions
- Over $150 million in improving the city's overall quality of life with new recreational complexes, parks, and greenways



Key Developments Shaping Demand

The two most significant economic and hotel demand anchors in Huntsville are Cummings Research Park and the Redstone Arsenal U.S. Army base. Located within a few miles of each other, these facilities together make up the largest economic zone in Alabama and have an $18-billion impact on the area's economy annually. Operators of hotels located in the economic zone report that around 60% of their business originates from these two facilities. Although recent sentiment indicates a drop in activity due to outside administrative pressures, the long-term view is very positive. Furthermore, both campuses are undergoing expansion and receiving investments poised to increase their economic impact.

Redstone Arsenal Named New Space Command Headquarters

Known as "Rocket City" for its central role in the U.S. space program, Huntsville's aerospace and military infrastructure is well established with the Redstone Arsenal, which is home to NASA's Marshall Space Flight Center and the Army's Space and Missile Defense Command. The 38,000-acre Army installation employs over 45,000 military, civilian, and contract workers.

In September 2025, the Trump administration announced that the U.S. Space Command headquarters will be relocated from its temporary headquarters in Colorado to a site within the Redstone Arsenal. According to local officials, around 1,400 Space Command jobs will transition to the Huntsville facility over the next five years. Currently, no timeline is established for the start or conclusion of this transition; however, once completed, Space Command is expected to provide a major boost to the market's already strong government demand base.

Cummings Research Park Undergoing Investments & Expansion

Huntsville is home to the 3,500-acre Cummings Research Park, the second-largest research park in the country. Altogether, the complex features over 300 companies, inclusive of Fortune 500 corporations, high-tech firms, space and defense agencies, and business incubators that generate significant hotel demand.

Recent investments in this park include the $1.6-billion Mazda Toyota Manufacturing plant, which created 4,000 new jobs when it was completed in 2021; Blue Origin's new $200-million rocket-engine facility, opened in 2020; and Meta's $750-million data center, completed in 2020. The data center is undergoing continued expansion, pushing the total investment above $1.5 billion. While the data center is not expected to bring significant hotel demand over the long term, the construction-related demand has buoyed hotel occupancies and is a favorable sign for investor sentiment in Huntsville.

Additionally, Radiance Technologies opened Phase II of its corporate headquarters in Cummings Research Park in 2025, adding 110,000 square feet of additional space. The Missile Defense Agency recently awarded an additional $40 million of funding to deciBel Research, Inc. The agency has now granted contracts totaling $214 million to Huntsville businesses.

Hotel Demand & Supply Trends

Huntsville's hotel industry is primarily anchored by commercial and government demand from Cummings Research Park and Redstone Arsenal, with some additional demand from the healthcare sector. The developments occurring in both

Cummings Research Park and Redstone Arsenal are expected to continue to bolster demand throughout the area over the long term.

Aside from those sectors, tourism plays a major role in the hotel market of Huntsville, largely tied to its rich history in space exploration and music. The U.S. Space & Rocket Center welcomes more than 600,000 visitors and campers to its museum and programs annually. Musical performances and local events help to drive leisure demand as well, with venues like the Von Braun Center and The Orion Amphitheater hosting a variety of concerts and shows throughout the year. Seasonal events held in Huntsville include the Panoply Arts Festival, Big Spring Crush Wine & Food Festival, and Concerts in the Park.

These demand factors have resulted in a rapidly growing hotel pipeline. According to market participants, prior to 2019, the Huntsville area lacked sufficient supply to meet the strong commercial and government demand related to activity at Redstone Arsenal and companies in Cummings Research Park. This supply shortage led to demand overflow into nearby towns such as Decatur and Mooresville. As a result, sizable hotel developments in Huntsville and Madison have been completed since 2019, and more than 1,000 additional rooms are expected to be added by the end of 2025, according to STR data. Although supply growth in the near term is expected to cause both occupancy and ADR to fluctuate, ongoing projects and sustained growth throughout Huntsville should support both future hotel development and improvements in hotel metrics over the long term.

A Market on the Move

Huntsville has emerged as a thriving market that is becoming a major city in the South. For hotel stakeholders, the significant developments occurring throughout the city and its already established economic landscape support an optimistic future. Cummings Research Park, Redstone Arsenal, and area tourism attractions should support Huntsville's position as a major market over the long term.

At HVS, we turn market intelligence into strategic insight. With deep expertise in the Huntsville market and an extensive in-house database, we provide tailored guidance on everything from feasibility analysis and market projections to operational benchmarking and redevelopment planning. If you have questions, ideas, proposals, or opportunities you'd like to explore for this market, we invite you to connect with Rutger Marks and Marc Greeley of our Central-South regional team.

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