

From Challenges to Triumph: Tuscaloosa Carries On

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Propelled by the driving force of the University of Alabama and the automotive manufacturing industry, Tuscaloosa's lodging market quickly rebounded post-pandemic and trended upward through 2023. The outlook for area hotels remains positive, and interest in new hotel development is thriving in the greater market.

Tuscaloosa benefits from one of Alabama's most dynamic economies, enduring two economically destructive events in less than a decade with remarkable tenacity. The University of Alabama® (UA) and its legendary sports scene and expansions in the manufacturing sector continue to create private and public investment opportunities in the area. Community-driven projects have been reignited with the launch of Elevate Tuscaloosa in 2019, a program created to invest in education, cultural arts and tourism, parks and recreation, and connectivity projects. The completion of the Northern Riverwalk expansion project, a project providing riverfront access and recreational opportunities north of the city, was completed as part of Elevate Tuscaloosa in 2022. The Sokol Park North and the River District Pedestrian Bridge are among the projects completed in 2023. The program has several other projects ongoing, including improvements to and expansion of the Tuscaloosa National Airport, updates to Bama Theatre, and the planned construction of the Saban Center, a STEM learning center.

Propelled by the driving force of UA and the automotive manufacturing industry, Tuscaloosa's occupancy quickly rebounded post-pandemic and trended upward through 2023. ADR was the main driver of RevPAR growth in 2022 and 2023. With slightly over 4,400 hotel guestrooms in the city, Visit Tuscaloosa reported \$895 million in visitor spending in 2022, 19.5% increase over the previous year. The outlook for area hotels remains positive given the resilience of the market, the expanding presence of major employers (such as UA, Mercedes-Benz, and Nucor Steel), and planned developments in the greater market.

In recent years, Downtown Tuscaloosa has been the focus of new hotel development with the opening of three upscale hotels. True North Hotel Group developed the European-inspired AC Hotel by Marriott in 2021, while the Homewood Suites by Hilton was built by Vista Host Hotel Management and Cohen Investments in the same year. The 112-key Alamite, a Tribute Portfolio Hotel, which opened in 2022, features industrial-inspired architecture and a French restaurant. Thirteen hotels have opened within the city in the last eight years, with six of those in the past four years. Despite the downward pressure on occupancy, optimism about the market remains as interest in new hotel development thrives. Hotel projects proposed in the near term include Alum, a condominium/hotel hybrid; a boutique resort hotel adjacent to the NorthRiver

Yacht Club; and a Sports Illustrated Resort.

Meanwhile, across the Black Warrior River in the city of Northport, which features four hotels totaling approximately 400 guestrooms, the Courtyard by Marriott opened along Bridge Avenue in March 2023 as the first upscale hotel in the city. Northport city officials recently announced plans to develop a waterpark along McFarland Boulevard/U.S. Highway 82 and a sports complex adjacent to Kentuck Park, anticipated to open by 2025. These developments are expected to increase visitation to the area and expand the local economy.

Our work within local markets empowers us to conduct primary interviews with key market participants. This approach ensures we obtain real-time insights and current data for each market we operate in. For more information about the Tuscaloosa market or for help making informed investment decisions that align with your goals and risk tolerance, please contact Bunmi Oyinloye with HVS Houston or Lauren Hock with HVS New Orleans.

Sources:

City of Tuscaloosa

Elevate Tuscaloosa | City of Tuscaloosa | Tuscaloosa, Alabama

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