

Guadalajara — Preparing for the Future

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“A pleasant stay is a guaranteed return.” Such a simple yet eloquent expression of hospitality would seem the motto of a quaint bed-and-breakfast or a secluded resort. Yet these are the words scripted over Los Arcos de Guadalajara, an iconic structure on busy Vallarta Avenue in the second-largest city in Mexico. Guadalajara is characterized by its quality of life, its hospitable climate, its tree-lined streets, the quaint district of Tlaquepaque, the trendy restaurants and bars near the Zona Rosa, and its classic Mexican culture and architecture. The

expansion of industry, notably that of IT and automotive firms, is yet another tributary feeding the city’s growth and popularity. New businesses and residents continue to stir new developments that are allowing the city to position itself as a world-class business and travel destination.

Big business, big conventions

During the week, hotels in Guadalajara fill a significant number of rooms courtesy of commercial demand generated by the multitude of manufacturing plants in the area. Most of the city’s industrial parks are located along the Anillo Periférico corridor on the southern and western edges of the city. Additional industrial parks are located in the municipalities of El Salto to the south and Tlajomulco to the west. Guadalajara owes its current reputation as “Mexico’s Silicon Valley” to the large number of IT firms, as well as manufacturers of electronic components, CEMEX, Tequila Sauza, Hershey de México, and Flextronics.

Aside from a strong base of commercial demand, Guadalajara benefits from a significant amount of group demand generated by the Expo Guadalajara, one of Mexico’s most popular convention centers. The Expo Guadalajara, which began operations in 1987, is one of the most popular convention facilities in Latin America. The center hosts approximately 120 events per year, including the Guadalajara International Book Festival, which brought in over 18,000 publishers and professionals from some 40 countries in 2007¹. The Expo Guadalajara is currently undergoing a major expansion that includes approximately 160,000 square feet of additional meeting space, a new business center, and an additional parking garage. According to Expo Guadalajara officials, the expansion is slated for completion in late 2008.

Tourism

With tourist visitation rivaling that of any other major city in Mexico, Guadalajara offers tastes of the traditional and the cosmopolitan. Home to a variety of historic and cultural attractions, Guadalajara is considered Mexico’s most traditional city.

Guadalajara’s historic downtown district features museums, libraries, theaters, galleries, and entertainment venues. Popular attractions include the Teatro Degollado, the Catedral Metropolitana, the Hospicio Cabañas (a UNESCO World Heritage Centre), and the Teatro Diana. The municipality of Tlaquepaque, located to the east of the city, is one of the area’s main attractions, characterized by its quaint, pedestrian-friendly shopping-and-dining district. In addition to these cultural attractions, the city annually hosts the Guadalajara International Film Festival in March, an event that brought over 66,000 participants in 2007².

Just west of the city, an 85,600-acre tract spanning ancient ruins, centuries-old distilleries, the colonial town of Tequila, and the “living, working landscape”³ of blue agave fields, was declared a UNESCO World Heritage Site in

Summary

The popularity of Guadalajara has surged in recent years, attracting new businesses, residents, and developments that are positioning the city as a world-class business and travel destination.

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2006. Not only does this designation profit the area with funds for research and preservation, it also helps advertise the region's allure to thousands of visitors each year.

Development

Guadalajara's growth is evidenced by the multitude of projects under construction in the metropolitan area. Though on a smaller scale and with a more pronounced penchant for upscale residential development, the Puerta de Hierro district, located in the municipality of Zapopan, bears likeness to the Santa Fé district of Mexico City. Some of the most notable luxury high-rise residential projects recently completed or under construction in Puerta de Hierro include TRES60 Acueducto, Torre Aura Altitude, Andares, Torre de Hierro, Torre Aira, and Cima Real I and II.

The Guadalajara market is experiencing a growing trend in the development of mixed-used projects that integrate office, residential, and hotel components, and many more are expected to come to fruition in the near future. Just outside of Puerta de Hierro lies the site of Centro JVC⁴, a large mixed-use project anchored by a new 45,500-seat stadium for the Chivas professional soccer team. The Centro JVC project is considered a "city within a city" and is expected to encompass a convention center, corporate offices, a museum, a theater, and an urban university campus, as well as residential, hotel, and entertainment uses. In keeping with Guadalajara's multiculturalism, each component of the project was designed by a different world-renowned architect. According to the developer of Centro JVC, the stadium is slated for completion in late 2008. It is expected that the additional components of the project will come in stages thereafter, although a definite timeline has not yet been made public. Additionally, a Guggenheim Museum has been proposed for the Guadalajara area and is expected to be located near the Barranca de Huentitan; however, details of the project's construction timeline remain uncertain.

Guadalajara has also been selected as the site of the 2011 Pan American Games⁵, an event that has historically drawn hundreds of thousands of spectators to a host city. In preparation, the City has instituted the renovation, adaptation, and construction of a complex of large-scale sporting venues, including the Gymnastic Complex and the Velodrome. Construction on the Pan American Village, which will house the thousands of professional athletes in the midst of Guadalajara's historic downtown, is set to begin soon.

In order to prepare for anticipated increases in travel to the area, the Guadalajara International Airport is currently undergoing a \$12-million USD expansion. The project includes expanding Terminal 1, creating an additional service area with restaurants and retail outlets, building a multi-level parking garage, and refurbishing the road that provides main access to the airport. According to the Grupo Aeroportuario del Pacífico, the project is slated for completion by late 2008.

Hotel Activity

Hotels in and around the city have reason to cheer this flurry of activity. Despite recent increases of supply (the 163-room Camino Real Guadalajara Expo opened in November of 2006, followed by the 208-room Fiesta Americana Grand Guadalajara Country Club in September of 2007), market-wide occupancies remained relatively stable in 2007. According to Dirección de Informática y Estadísticas de la SETUJAL, which tracks occupancy levels for the Guadalajara metropolitan area, occupancy levels decreased only 0.44% for the year. Hotels designated as "Gran Turismo" and "Five Stars" under the Mexican hospitality rating system reported the highest occupancy levels for the year at 71% and 64%, respectively. This segment includes the majority of full- and select-service branded hotels in the area, which cater to business and group travelers. While average rates are not tracked by the same source, HVS estimates average rates increased 2% to 3% in 2007 based on our interviews in the field. New supply under construction in Guadalajara includes a 157-room Hampton Inn, a 100-room Holiday Inn Express, and a 100-room NH Hotel.

Conclusion

In a 2007 survey entitled "Cities of the Future," Foreign Direct Investment (fDi) magazine ranked Guadalajara

highest among major Mexican cities and designated Guadalajara as having the second-strongest economic potential of any major North American city behind Chicago. The magazine also ranked Guadalajara as the most business-friendly Latin American city in 2007⁶. Given the range of world-class projects and events proposed for the area, Guadalajara is being ushered toward a future as dynamic as its remarkable past.

¹ http://www.fil.com.mx/ingles/i_prof/i_prof_inf.asp#fecha

² <http://www.guadalajaracinemafest.com/english/index.php>

³ UNESCO (<http://whc.unesco.org/en/list/1209>)

⁴ Centro JVC: <http://www.centrojvc.com/home.html>

⁵ 2011 Pan American Games: <http://www.guadalajara2011.org.mx/esp/losjuegos/index.asp>

⁶ fDi Magazine Rankings:

http://www.fdimagazine.com/news/fullstory.php/aid/1974/North_American_Cities_of_the_Future_2007_08.html

About Luigi Major, MAI



Luigi Major, MAI, is Managing Director, Advisory of HVS Americas. A trusted advisor, he serves clients across the Americas to deliver tailored solutions to meet their needs, leveraging the breadth of HVS resources and expertise. He has participated in thousands of assignments throughout the United States, Latin America, and the Caribbean. Luigi earned his bachelor's degree from the University of Houston's Conrad N. Hilton College of Global Hospitality Leadership and joined HVS in 2007. Contact Luigi at (310) 270-3240 or [\[email protected\]](#).