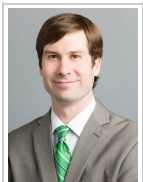


# HVS Market Pulse: Destination Downtown St. Louis

April 18, 2019 / By Daniel P. McCoy, MAI



The St. Louis Cardinals remain the market's number one tourism attraction, and a \$260-million expansion of the stadium-adjacent entertainment complex, Ballpark Village, is underway. The city's other top attraction, the Gateway Arch, just completed a \$380-million revamp in 2018. By late 2019, the \$187-million transformation of the former Union-Station shopping mall into the St. Louis Aquarium is expected to be complete, adding a new major attraction to the market. These exciting developments are complemented by a host of other attractions in the City of St. Louis, including a casino, two arenas, and numerous museums and theaters. Looking forward, a group of private civic boosters is in hot pursuit of a Major League Soccer (MLS) franchise for the city, including plans for a new, \$250-million soccer stadium.

	Occupancy	ADR	New Rooms Planned
<b>MSA</b>	Mid-60s	Just above \$100	Approx. 3,600 rooms
<b>Downtown</b>	Mid-60s	Mid-\$140s	Approx. 1,200 rooms
<b>Tourism Attractions</b>	Gateway Arch 6 Casinos Forest Park (Art Museum, Zoo, Science Center)		Aquarium (U/C) Busch Stadium City Museum  Enterprise Center
<b>Unemployment</b>	3.7% and stable for MSA		
<b>Conventions</b>	<ul style="list-style-type: none"> <li>- Activity down in 2018 from peak year in 2017</li> <li>- Rebound in 2019 and then stable through 2023</li> <li>- Proposed convention center expansion pending approval</li> </ul>		

**Airport** Passenger traffic at 10-year high with +5% YOY growth from 2016 – 2018

Sources: HVS, STR BLS (Bureau of Labor Statistics), St. Louis CVC (Convention and Visitors Commission), Lambert St. Louis International Airport

Several new, lifestyle-oriented hotels have recently opened or are under development, expecting to target St. Louis's strong and growing leisure travel segment. Since opening in November 2018, the independent Angad Arts Hotel has been a positive lodging and dining addition to the Grand Center Arts District. Guests are immersed in the arts throughout the hotel, with thoughtful installations everywhere, from sculpture on the fire escape to media in the elevator. The hotel represents a \$65-million redevelopment of the former Missouri Theater, which is on the National Register of Historic Places, by St. Louis-based development and design firm, The Lawrence Group. Downtown, Restoration St. Louis has invested \$65 million to transform the Union Trust Building into The Hotel Saint Louis, Autograph Collection. The hotel, which opened in December 2018, preserved and restored much of famed architect Louis Sullivan's original design, blending old-world style and sophistication with a modern amenities and conveniences. Spring of 2019 will welcome the third in a trio of upscale boutiques with the anticipated opening of the Last Hotel in the former International Shoe factory, a \$54-million redevelopment by Fe Equus. Located in the Downtown Loft District surrounded by former textile factories, the design of the property will be focused on fashion. Like the other two properties already mentioned, the Last Hotel will also feature an emphasis on food and beverage with a ground-floor restaurant and lounge, as well as a rooftop

## Summary

The St. Louis hotel market is at an exciting turning point, with several new, lifestyle-oriented properties set to make their mark this year. These new hotels will make a statement for the local hotel scene as this Midwest city's status as a regional tourism destination continues to grow.

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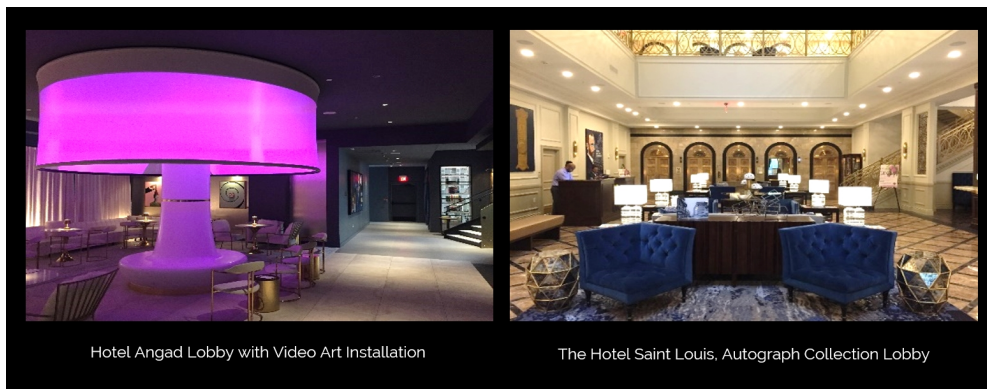
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These properties will represent the first new hotels added to the Downtown market since 2011 and should be able to capitalize on pent-up demand for guests seeking upscale, one-of-a-kind experiences. Although the Downtown market has historically been somewhat rate-sensitive, these hotels are expected to push the rate ceiling to new heights, in part by focusing on transient leisure travelers. Other exciting new hotel developments currently under construction include a Hotel Indigo and Hyatt Place, both located in re-purposed historic structures, as well as the ground-up construction of Live! By Lowes hotel as part of the Ballpark Village expansion.

Overall, the St. Louis market is benefitting from low and stable unemployment levels, as well as several major non-tourism developments not addressed in this article. Furthermore, a planned expansion and renovation of the convention center is pending approval from the county council; thus, although convention activity was down in 2018 from an all-time high in 2017, the outlook for 2019 and beyond is favorable.

HVS continues to regularly consult in St. Louis, with the local office led by **Daniel McCoy, MAI**. He is ready to assist you on any consulting need you may have. **Eric Guerrero** with **HVS Brokerage** can also discuss any St. Louis area assets you may be considering selling in 2019.

#### About **Daniel P. McCoy, MAI**



As the HVS Practice Leader for the Midwest, Dan McCoy, MAI, oversees the firm's seven offices in this region. A Senior Managing Director at HVS, Dan is a recognized thought-leader, collaborative advisor, and invaluable resource for the Midwest's lodging industry. He combines a deep understanding of regional hotel markets with strong analytical thinking to provide a wide variety of clients with up-to-date hospitality intelligence and tailor-made solutions. Dan is a Designated Member of the Appraisal Institute (MAI) and a certified general appraiser. Contact Dan at +1 (970) 215-0620 or [\[email protected\]](#).