

Indianapolis Gears Up for Convention and Hotel Expansions

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While Downtown occupancy in the year-to-date 2023 period remains 5–10% below the 2019 level, the robust convention and citywide event calendar has kept rates high and increased the market rate ceiling. This trend is anticipated to continue given the new higher-rated supply. Market ADR surpassed 2019 levels in 2022, aiding the recovery of RevPAR. According to our research, the Downtown Indianapolis market is achieving RevPAR only 5–10% below the pre-pandemic levels, a positive sign given the delayed return of corporate demand.



Convention Center Expansion and New Hotel Supply

The **Indiana Convention Center (ICC)** started **its seventh expansion** this summer. The project will add the largest ballroom in the state, spanning 50,000 square feet, and multiple meeting and event rooms that will allow Indianapolis to host two citywide conventions at once. An adjacent 800-room **Signia by Hilton** is also underway and is expected to be connected to the ICC through a skybridge. These developments are projected to create nearly 2,900 jobs and attract \$232 million in new conventions following completion in mid-year 2026.

Furthermore, the greater Indianapolis market is anticipating the addition of approximately 1,300 new guestrooms over the next three years. The **InterContinental Hotel** and **Aloft by Marriott** are expected to open in Q1 of 2024, while an **avid** and an **ECHO Suites** are planned for Q4 of 2024. These new hotels, the convention center expansion, and the adjacent Signia by Hilton will allow Indianapolis to expand its convention calendar and dip into new business that previously exceeded the market's capacity limits.

Robust Event Pipeline

Indianapolis, known as the "Amateur Sports Capital of the World," has the infrastructure and facilities to hold a wide range of world-class sporting events. Indianapolis is planned to have a robust 2024, hosting events such as the **NBA All-Star Game**, **U.S. Olympic Team Trials – Swimming**, the men's first- and second-round **NCAA March Madness** basketball tournament, the iconic **Indianapolis 500 (Indy 500)**, and the popular **Eras Tour** by Taylor Swift.

The Indy 500 race is considered the largest one-day sporting event in the world. It draws nearly 300,000 spectators on the Sunday of Memorial Day weekend, creating peak occupancy and ADR levels in Indianapolis. Since the downturn caused by the COVID-19 pandemic, the Indy 500 has made a strong return, with attendance only expected to increase in future years.

Taylor Swift's Eras Tour, which has had a multibillion-dollar economic impact nationwide, will make its way to

Summary

With the pandemic mostly in the past, Downtown Indianapolis's ADR has fully recovered, but occupancy still has not returned to 2019 levels given the slow rebound of corporate demand. However, leisure demand has increased, and the city's event pipeline is robust, supporting a positive outlook for Downtown Indianapolis.

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Indianapolis in November 2024. The three concert days will drive momentous demand for hotel rooms, creating a surge during an otherwise slow month. The three concerts are expected to attract a combined attendance of more than 165,000 to **Lucas Oil Stadium**. Thus, Indianapolis can expect an increase in RevPAR from the Eras Tour. For more information, check out **this recent article** about the national economic impact of the Eras Tour by **Anthony Davis** with **HVS Convention, Sports & Entertainment Facilities**.

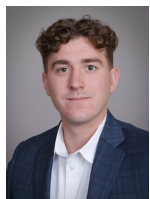
Looking Forward

The city of Indianapolis is expected to enter 2024 with strong momentum given the scheduled events, ongoing developments, and planned new supply. The recovery and growth of convention demand will be a key component of long-term occupancy recovery. Occupancy is expected to take several years to recover given the entrance of new supply and delayed recovery of the corporate sector. Conversely, the anticipated new high-rated supply should continue to bolster rate growth, pushing RevPAR beyond pre-pandemic levels in the near term.

For more information or to inquire about a specific hotel project, **contact Amy Schmidt** and/or **Trey Osadchey** with our Chicago team.

Sources: HVS Research, Indiana Convention Center & Lucas Oil Stadium

About **Trey Osadchey**



Trey Osadchey is a consulting and valuation Manager with the HVS Phoenix office. He graduated from Michigan State University in May 2022 with a Bachelor of Arts in Hospitality Business. While studying at Michigan State University, he held several leadership positions in his fraternity and participated in a study abroad program in Barcelona focusing on leadership and cultural inclusivity. Preceding his arrival to HVS in 2022, Trey completed a rotational internship with Four Seasons Jackson Hole in each food and beverage outlet. His prior hospitality experience includes luxury hotel and restaurant operations. Contact Trey at +1 (314) 857-8344 or ****.