

Mississippi Gulf Coast: A Record Recovery

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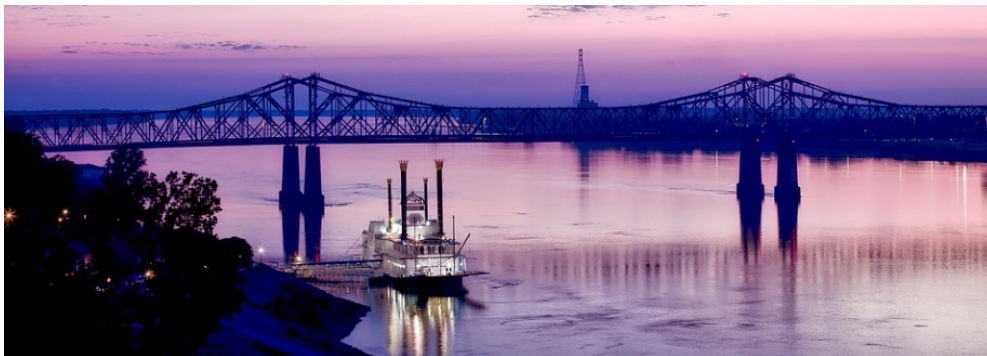


2020: Strength During the Pandemic

The COVID-19 pandemic initially posed a major threat to the leisure-heavy Gulf Coast tourism industry, as the market only benefited from one month of Spring Break travel before the stay-at-home orders were issued. However, the state of Mississippi relaxed its COVID-19 restrictions sooner than competitive markets in nearby states, thereby allowing the state's

Secret Coast resorts to capture large amounts of pent-up leisure demand. As a result, occupancy and ADR for July and August nearly reached pre-pandemic levels.

The hurricane season can have a negative or positive impact on Gulf Coast markets. After Hurricane Sally made landfall near the Mississippi coast in September 2020, occupancy and ADR levels remained depressed until March 2021. Nonetheless, during the volatile first year of the pandemic, the openings of the **Mississippi Aquarium**, the **Hotel Legends** in Biloxi, and the **Pearl Hotel** in Bay Saint Louis helped support the increase in tourism demand.



2021: Record Recovery

Tourism along the Gulf Coast rebounded even more strongly in 2021, reaching record levels by the summer. According to officials at **Coastal Mississippi**, this surge in demand was due in part to the full reopening of casinos and resorts in the spring. Furthermore, other locations in the Southeast adhered to more restrictive social distancing and mask requirements. For example, some market participants report that proof-of-vaccination requirements in cities like New Orleans made Mississippi, which did not have such requirements, a more attractive drive-to destination in the summer of 2021.

Hurricane season affected the market again in 2021. That year, the landfall of Hurricane Ida in Louisiana during the last days of August led to record occupancy and ADR levels, as residents without power were displaced to this market, and infrastructure repair workers filled hotels throughout the region.

2022: A New Normal?

The most surprising result of this post-pandemic boom was the rate growth that continued through 2022. While demand remained strong, occupancy levels began to normalize in the off-season as competitive markets reopened; however, year-end RevPAR still climbed past the strong 2021 results.

Summary

The Mississippi Gulf Coast reopened faster than most markets in the Southeast, allowing this area to become a drive-to destination for leisure travel. While the record room-rate increases achieved in 2021 and 2022 may not continue, new properties and attractions along the coast should support the market's popularity going forward.

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Looking Forward

Renovations at local hotels, expanding attractions, and new upscale hotel inventory, as detailed below, should help elevate the profile of the Gulf Coast as a drive-to leisure destination going forward.

- In September 2022, **Beau Rivage Resort & Casino** completed a \$55-million guestroom renovation that included updates to the amenities and state-of-the-art technology.
- Renovations and repairs began at Ocean Springs' historic **Gulf Hills Hotel + Resort** under new ownership in 2021/22. Updates by year-end 2023 are expected to include the addition of an outdoor wedding chapel and more guestrooms. The same developers are expanding **The Beatnik** following a successful increase in room count at **The Roost**.
- **Paradise Pier Fun Park** opened at the **Margaritaville Resort Biloxi** in March 2023, featuring a 20-story Ferris wheel, a roller coaster, multiple other rides, and the Aerobar, a rotating bar that rises to 115 feet and provides a view of the Gulf. The second phase of the property's expansion will include a new guestroom tower, though a completion date for this addition has not been announced.
- The **White House Hotel** suite expansion and event venue will be developed adjacent to a new luxury suite property known as **Aqua Suites** on Beach Boulevard in Biloxi. Opening dates for these projects have not been announced.
- In February 2023, **developers broke ground on the Hotel Whisky in Downtown Pascagoula**, which will open initially with 16 rooms. An additional 40 rooms could be added in a second phase.
- **The Bella in Biloxi** will open in the fall of 2023, adding a boutique lodging option to support the new event venues that have opened on Howard Avenue in recent years.
- **A new upscale resort known as Blue Water Beach has been announced for the coast**, though no timeline for opening has been confirmed. The \$410-million resort complex in D'Iberville is planned to be affiliated with **Sports Illustrated**. It will include hotels, restaurants, bars, retail spaces, entertainment venues, and an eleven-acre artificial lagoon and beach.
- An expansion of **Stennis International Airport** will allow heavier planes to land and increase operational capacity, supporting government and industrial employers in the region.

We note that, following two years of strong demand, local market participants are expecting trends to normalize in 2023 given the following factors:

- Along with indicators such as high gas prices and slowing economic trends, **an earlier start to the school year for many Mississippi districts in 2023** will reportedly bring peak days down to 73 from 110 during the summer season.
- Other competitor markets reopened in March, drawing away some demand.
- The persistent popularity of short-term rentals through companies such as **Airbnb** is also affecting occupancy levels.

Nevertheless, continued rate increases should offset any occupancy losses, and RevPAR for year-end 2023 in the Coastal Mississippi area is anticipated to remain similar to the 2022 level.

For more information on this region, **contact Lauren Hock**, HVS Director and Gulf Coast Leader.

Jane Rogers also contributed to this article.

About **Lauren Hock**



Lauren Hock, the Senior Vice President and Leader of HVS New Orleans, has spent more than a decade studying and working with hotels from coast to coast. She has vast experience consulting on hotels along the Gulf Coast, New Orleans, and other important markets throughout the region. Lauren earned her BS in Hotel Administration from Cornell University, and prior to joining HVS held managerial positions at the Sanctuary at Kiawah Island Hotel & Resort and the Cliffs Resort in Shell Beach, California. Contact Lauren at +1 (805) 431-0729 or [\[email protected\]](#).