HVS

MARKET REPORT

Resurgence and Strength: Demand and Supply Growth in Wichita

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Since 2020, Wichita's hotel market has experienced a rebound in occupancy and average rate, supported by strong levels of leisure and commercial travel. Demand is expected to continue to grow given the construction of the Biomedical Campus and Riverfront development, although an influx of new hotel supply poses concern for the near-term outlook.

Given its location and position as the state's largest city, Wichita serves as the primary economic hub for central Kansas. Wichita, known as the "Air Capital of the World," is home to several major aircraft-manufacturing facilities and McConnell Air Force Base. The local economy is further supported by major employers in the manufacturing industry and healthcare and education sectors including Koch Industries, Ascension Via Christi St. Francis Hospital, and Wichita State University (WSU). This strong and diverse economy supported stability in the local hotel market's occupancy and ADR through 2019.



COVID-19 Pandemic and Aftermath

Lodging metrics for Wichita declined significantly in 2020 given the onset of the COVID-19 pandemic in March 2020 and the resultant stay-at-home orders, group cancellations, and decreased business travel. In 2021, occupancy and ADR began to rebound along with the return of leisure demand and youth sporting events to the market. These metrics increased further in 2022 and 2023 as commercial travel and group events recovered. By the end of 2023, most submarkets in

Wichita had achieved record ADR levels and nearly reached pre-pandemic occupancy levels.

Planned Developments

Going forward, demand levels in this market are expected to remain strong given several development projects that will break ground in 2024. The largest planned development in the area is the WSU/University of Kansas Biomedical Campus in Downtown Wichita. This $300-million facility is expected to open in 2026 and will bring 3,000 students and 200 faculty and staff to Downtown Wichita. Furthermore, the Sutton Place building is currently being redeveloped into student housing that will be attached to the medical school via skywalk.

Wichita Biomedical Campus Rendering



Source: https://www.wichita.edu/academics/wichita_biomedical_campus/

Additionally, Riverfront Stadium, home of the Wichita Wind Surge baseball team, was completed in early 2020 and hosted its first baseball game in early 2021. Currently, there is a plan to develop the area surrounding Riverfront Stadium with a hotel, an apartment complex, retail spaces, and a parking structure. Construction is expected to begin in late 2024, with an expected opening date in early 2027.

Hotel Supply Changes

Several hotel projects are under construction or have been proposed for development in Wichita. A 119-room AC Hotel by Marriott is currently under construction near the new biomedical campus and is expected to open in the spring of 2024. As previously mentioned, a 155-room hotel has been proposed for development near the Riverfront Stadium. While local officials reportedly expect this development to open in early 2027, the project remains speculative at this time. Furthermore, a 156-room dual-branded Hilton Garden Inn and Homewood Suites by Hilton is under construction at the Wichita Dwight D. Eisenhower National Airport. This property is planned to open in May 2025.

Conclusion

Overall, the outlook for the Wichita hotel market is cautiously optimistic as the local economy remains strong with increased development activity and reliable demand generators; however, the influx of new supply planned for the market

poses a concern for the near term.

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 Wichita market or for help making informed investment decisions that align with your goals and risk tolerance, please contact Benjamin Giebler with HVS Kansas City.

Sources:

https://www.wichita.edu/
https://www.visitwichita.com/
https://downtownwichita.org/