

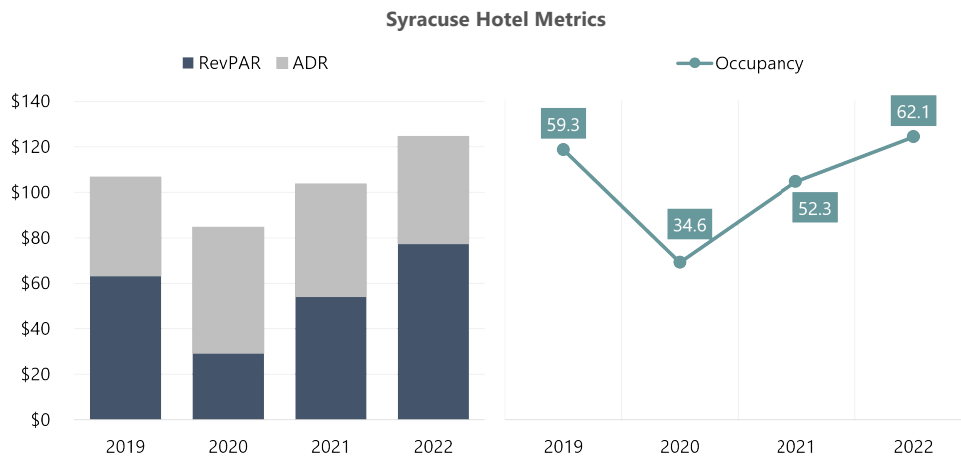
Significant Changes and Transformative Projects Coming to Syracuse

July 10, 2023 / By Christian Cross



The Syracuse area has experienced a fairly muted economy for decades. The city benefits from relatively stable demand generators in the higher-education, research, and healthcare sectors, which has allowed the city's lodging market to fully recover from the effects of the COVID-19 pandemic. In 2022, all lodging metrics within the defined competitive set exceeded the highs of the pre-pandemic period of 2019. Significant average rate growth and a modest increase in occupancy resulted in healthy RevPAR increases. Factors that contributed to this recovery

include growth at the **State University of New York (SUNY) Upstate Medical University** and **Syracuse University**. Year-to-date data reflect a continuation of this trend, with occupancy growth and average rate rising at a pace above inflationary levels. The historical data is illustrated in the charts below.



Source: Kalibri Labs

A New Era of Manufacturing

Manufacturing was central to the Syracuse economy until the industry began to decline in the 1970s, when several major companies relocated to other cities or outsourced their operations to Asia. However, the Syracuse metropolitan area is poised to become integral to leading-edge semiconductor manufacturing in the United States. **Micron Technology** plans to invest up to \$100 billion in a **mega-complex of computer chip plants** within the **White Pine Commerce Park** in the city of Clay, which is less than 15 miles north of Syracuse. This project is expected to generate roughly 9,000 new jobs over the next 20 years. An additional 40,000 indirect jobs are forecast to be created in support of this project. Soil testing at the site began in April 2023, and construction of Phase I is scheduled to begin in 2024. When completed, Micron's investment will be the largest single private investment ever to occur in New York State.

This project is expected to have a significant impact on hotels throughout the Syracuse market. As a point of reference, many hoteliers throughout the wider market experienced an influx in demand from the construction of **Amazon's** \$350-million fulfillment center in Clay (one of the largest warehouses in the world) from early 2020 through April 2022. Given the positive effects of this significantly smaller project, the upcoming Micron investment is expected to reshape the market and have a drastic impact on area hotels. This economic expansion

Summary

While the Syracuse market has been fairly stable over the past several decades, major transformational projects, including Micron Technology's \$100-billion computer chip plant, should reshape the market and have a notable impact on area hotels.

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should also spur new hotel development in Syracuse, which has seen little new supply in recent years.

Given this significant investment, Syracuse's economic prospects are promising. Growth opportunities are expected to arise across multiple sectors as the area becomes established as an advanced technology manufacturing center. The area's renewed vitality should generate significant demand for both existing and new hotels.

Additional Growth Factors

Other developments in the Syracuse area that should generate new hotel demand include the following:

- The \$25-million expansion of **The Tech Garden** incubator will more than double the size of the existing space and will extend its support beyond tech startups to entrepreneurs in other fields.
- A new \$26-million **Milton CAT** facility is nearing completion in Onondaga County.
- Construction of two new esports facilities and the **Lally Football Operations Center** at Syracuse University should increase leisure demand for area hotels.
- Construction is set to begin on an \$85-million aquarium at the **Inner Harbor** in late summer of 2023. This project is expected to be a catalyst for new economic activity and revitalization in its downtown neighborhood. It would also contribute to investor interest in new hotel development.
- In September 2022, the **Syracuse Regional Airport Authority** was granted \$20 million for upgrades and an expansion of the **Syracuse Hancock International Airport**.

Outside of the aforementioned projects, current anchors in the region, including Syracuse University, SUNY Upstate Medical University, **Lockheed Martin**, and the **New York State Fairgrounds**, are all expected to remain stable demand generators for area hotels.



Finally, as mentioned in my **Rochester article** published in June 2023, the Syracuse market is expected to benefit from the **total solar eclipse on April 8, 2024**. The city of Syracuse will be within the path of totality for a minute and a half, between 3:22 and 3:24 PM. Local hoteliers have noted increased demand and interest surrounding this event. However, Syracuse is not expected to see the same benefit as Buffalo, which is located right on the centerline (total solar eclipse lasting 3 minutes and 45 seconds), or Rochester, located near the centerline (total solar eclipse lasting 3 minutes and 28 seconds).

HVS is well informed on the happenings and developments within the Syracuse area, and our many consulting engagements keep us abreast of the latest trends and shifts in the lodging market. For more information or to learn more about how HVS can help with your hotel project, please **contact Christian Cross**, Vice President and leader of our **Buffalo, New York office**.

***Jane Rogers** also contributed to this article.*

About **Christian Cross**



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