

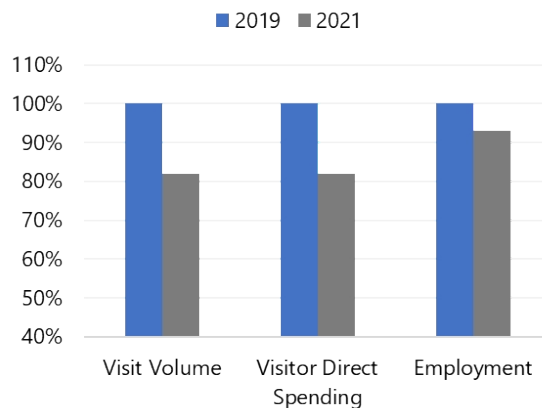
# The Cleveland Market Is on Pace for Full Recovery

December 27, 2022 / By Brandon Leverage

The recovery of Cleveland's travel and tourism industry is well underway following the severe downturn in 2020. According to **Destination Cleveland**, business and leisure travelers to Cuyahoga County in 2021 increased by 17% from the levels recorded in 2020. This increased visitation resulted in a total economic impact of \$9.3 billion. Industry officials predict that Cleveland and Cuyahoga County will fully recover by 2024, despite rising inflation and continued staffing shortages, as well as the possibility of a national recession in 2023.

## Cuyahoga County Market—Recovery to 2019 Performance

2021 Data as a Percentage of 2019



Source: Destination Cleveland

One of the key factors of Cleveland's improved performance metrics in 2021 was an increase in in-person meetings and events. The city's lakefront location and its dynamic mix of sports, culture, and music contribute to Cleveland's ability to secure major national events, such as the 2021 **NFL Draft**, 2021 **Rock & Roll Hall of Fame** Inductions, and 2022 **NBA All-Star Weekend**. Improvements to the city's event centers are expected to further boost growth in the meeting and group segment. The **I-X Center**, which is one of the largest convention centers in the U.S., reopened in late 2021. A \$50-million renovation and redevelopment of the facility is planned under new ownership. Additionally, the **Huntington Convention Center of Cleveland** recently underwent more than \$2.2 million in updates.

Other major developments in the Greater Cleveland area that will further drive increases in demand include the following:

- **Ford** announced in June 2022 that it will invest \$1.5 billion into its Avon Lake assembly plant to begin producing an electric commercial vehicle. The investment is expected to create roughly 1,800 union jobs.
- Groundbreaking for the new **Sherwin-Williams Global Headquarters** building, which will feature approximately one million square feet and 36 stories, was held in Downtown Cleveland on December 15, 2021. The construction of the skyscraper is slated for completion in late 2024.
- In 2019, the **MetroHealth System** began a \$1.2-billion transformation of its 52-acre campus. On November 5, 2022, the 380-bed **Glick Center** opened. Future projects will include a new outpatient center and a new twelve-acre community park.

## Summary

After bottoming out from the effects of the pandemic in April 2020 and facing consistent challenges throughout 2020, Cleveland's hospitality industry has been steadily recovering throughout 2021 and 2022. A full recovery is expected by 2024, led by strong leisure demand and the return of meeting and group demand.

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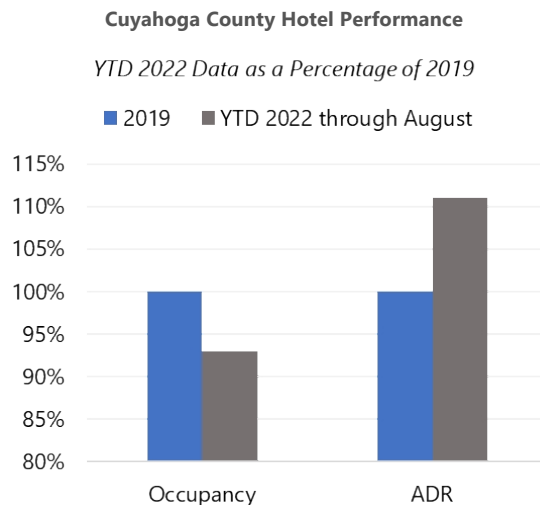
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Downtown Cleveland is also experiencing new hotel development and improvement projects, including the opening of the renovated **Hotel Indigo Cleveland Downtown** in April 2021 and the **ROOST Apartment Hotel** in March 2022. Furthermore, the **Kimpton Schofield Hotel** underwent a renovation that increased its inventory of extended-stay suites. In 2023, a 210-room **W Hotel** is expected to open, and the **Renaissance Cleveland Hotel** will be rebranded as the Hotel Cleveland, **Autograph Collection** affiliate, after extensive renovations. The Fidelity Hotel, an adaptive reuse of a vacant landmark office building, is anticipated to open in 2024 with 97 rooms, event space, a restaurant, and a speakeasy-style bar. Additionally, a **Delta by Marriott** is proposed for a location in Midtown and is also expected to open in late 2024.

Year-to-date data through August 2022 illustrate that hotel demand in Cuyahoga County is continuing to bounce back. Occupancy is approaching the level achieved during the same period of 2019, while average daily rate (ADR) has surpassed the 2019 level. These trends indicate that the new supply will be quickly absorbed.



*Source: Destination Cleveland and STR, Inc.*

According to Gordon Taylor III, Vice President of Convention Sales and Services for Destination Cleveland, leisure travel has had the largest impact on occupancy gains in 2021 and 2022, followed by meeting and group demand. In Cleveland, similar to the U.S. as a whole, business travel has been the slowest to return, although weekday performance has continued to improve each month. Cleveland's location within 500 miles of 40% of the U.S. population helps the market attract both business and leisure travelers.

The outlook for the market is optimistic, as commerce has begun a slow return to normalcy; thus, demand levels are anticipated to improve further, accelerating as normal business activity increases.

For more information or to inquire about a specific hotel project, please contact **Brandon Leversee**, based in the Midwest.

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