

# Tucson's Evolving Hotel Supply

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Tucson's hotel supply and investment interest have evolved in the past few years. From the addition of boutique hotels in the downtown area to new extended-stay options near hospitals and office parks, the city is experiencing one of its most dynamic hotel development cycles in decades. Over the past several years, many economy and midscale hotels have been converted to other uses, including multi-family and affordable housing, as well as shelters and transitional housing; this trend has been prevalent in several major markets, including nearby Phoenix. On the other hand, high-end hotels have been either built new or converted from other uses.



The following table shows a snapshot of new hotel products introduced in Tucson during the last two years. These projects span upscale lifestyle hotels, economy and midscale extended-stay concepts, and value-focused economy brands, signaling confidence across multiple price tiers and traveler types.

Recent Hotel Openings and Conversions			
Neighborhood	Notable New Hotel	Number of Rooms	Opening/Conversion Date
Downtown	The Leo Kent, a Tribute Portfolio Hotel	145	Opened May 2023
	Voco The Tuxon	112	Converted August 2024
Airport	Spark by Hilton Tucson Airport	82	Converted February 2025
South	WaterWalk Extended Stay by Wyndham Tucson	88	Opened August 2023
	My Place Hotel – Tucson South	86	Opened October 2023
	Motel 6/Studio 6 Tucson – Airport/Kino Sports Complex	68/30	Converted July 2024
North/Marana	My Place Hotel – Tucson North/Marana/Cortaro	86	Opened November 2024

Source: **STR**, **CoStar**, **Visit Tucson**, **HVS**

## Summary

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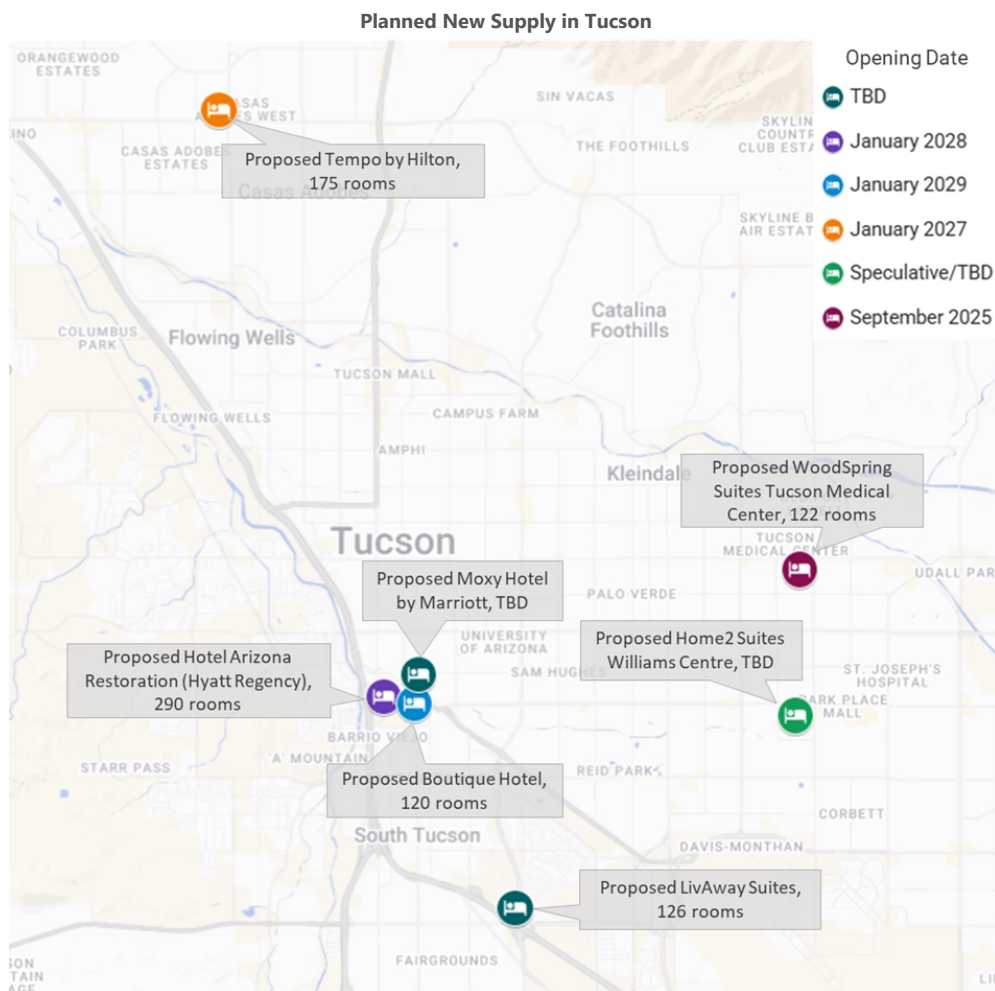
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Nationally, interest rates remain elevated, posing a challenge to new construction. However, traditional lenders are selectively returning for high-performing, branded projects. Alternative debt sources such as debt funds and

specialty finance companies are filling the gaps. Conversions and adaptive reuse projects are gaining momentum due to lower construction risk. New hotels planned for the city over the next few years are illustrated on the map below.



Source: HVS, [Lodging Development Tucson.com](https://www Lodging Development Tucson.com)

New hotel developments are playing a key role in creating more foot traffic, activating nightlife, and supporting local businesses throughout the city. Boutique properties like **The Leo Kent** are breathing new life into historic buildings and contributing to the vibrancy of the downtown core. Beyond downtown, projects like the **proposed Tempo by Hilton** will anchor a mixed-use development, helping to elevate surrounding neighborhoods and create destination-driven experiences. As a whole, Tucson's hospitality growth supports thousands of jobs in the construction, operations, and service industries, while introducing greater year-round visitor diversity to the market.

For years, Downtown Tucson has lacked a large, full-service hotel capable of supporting major citywide events. **The redevelopment of the former Hotel Arizona** into a modern, full-service, 290-room property is expected to fulfill this need. Large-scale events, such as the **Tucson Gem and Mineral Show** and the **Convention of Jehovah's Witnesses**, will benefit directly from the additional capacity, as attendees seek walkable, centralized accommodations near the urban center and **Tucson Convention Center**.

The growth of Tucson's hotel market closely mirrors the expansion of the city's major employers. Companies like **Raytheon**, **Lockheed Martin**, **Caterpillar**, **Honeywell Aerospace**, **Amazon**, and **Hexagon** are driving consistent demand for hotel rooms, as they bring employees, contractors, and corporate visitors throughout the year. Given the ongoing expansion of operations, the need for high-quality, strategically located hotels is becoming increasingly essential.

Furthermore, the **University of Arizona** continues to invest into its campus and its expansion of research, media, and education opportunities that will continue to grow the student body and visitation to the university. The **University of Arizona Tech Park** supports 6,500 jobs and has a \$2-billion impact on the state. In January 2024, construction began in the park on a new 61,500-square-foot facility for **Arizona Public Media**. Beyond attracting highly skilled workers to live and work in Tucson, the park draws many university researchers, students, and corporate visitors to promote innovation.

Overall, the current pipeline of the new hotel supply in the Tucson market is well positioned to support the continued growth of both corporate and group demand. Whether you're a developer looking for your next investment, a lender assessing market viability, or a Tucsonan curious about your city's transformation, this hotel boom is worth watching.

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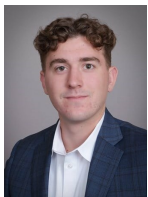
#### About **Zabada N. Abouelhana**



Zabada Abouelhana, a Senior Director with the firm, oversees the Mountain West region. During her time at HVS, Zabada has performed hundreds of hotel valuation and consulting projects across 28 states and several countries. She has experience in a wide range of hotel asset types, including limited-service hotels, full-service hotels, complex luxury resorts, historic properties, and mixed-use assets, in a variety of market types, such as rural, airport, suburban, downtown, and national park-adjacent. Zabada holds a certified general appraisal license. Contact Zabada at +1 (314) 280-2017

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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 **[email protected]**.