

Birmingham Hotel Market: Setting Up to Knock It Out of the Park

June 26, 2023 / By Brett Testa



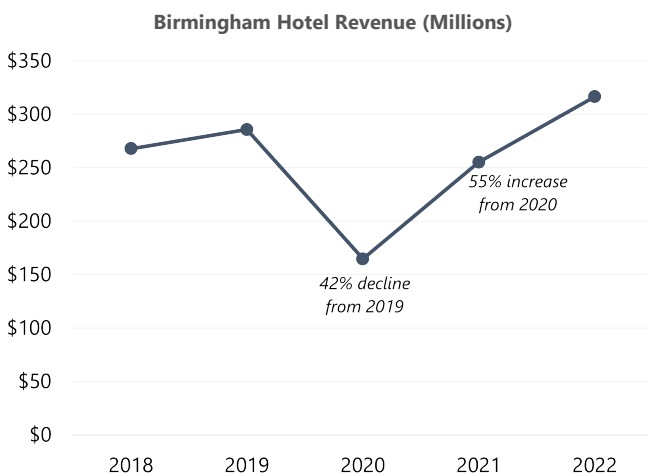
The Magic City, so named because its soil contains the three elements needed to produce iron, was able to steel itself against long-term hospitality demand loss in 2020 better than many hotel markets across the U.S. The city's proximity to outdoor demand generators, its rapidly growing sports entertainment industry, and the dedicated work of local municipal offices and aid organizations were all important factors that supported the swift recovery of Birmingham hotels.

2020 in the Magic City

As listed below, various factors efforts contributed to Birmingham hotels' ability to stay operational and retain their staff in 2020 as demand slowly returned to normal levels:

- According to Alabama's **Department of Conservation and Natural Resources**, state parks experienced a 32% increase in visitor count between September 2019 and September 2020. Popular state parks that draw visitors to Birmingham include **Oak Mountain State Park** and **Rickwood Cavern State Park**.
- Alabama's golf courses, another COVID-friendly activity, saw a 39% increase in use between September 2019 and September 2020. Golfing in Birmingham is available at courses such as **Mountain Brook Club**, **Highland Park Golf Course**, and **Roebuck Golf Course**.
- The **Alabama Restaurant and Hospitality Association** collaborated with **Redmont Distilling Company** to assist hospitality industry employees who were struggling financially.
- **Birmingham City Council** partnered with **Switch Hospitality Management** to reduce homelessness, as many Birmingham citizens faced shelter uncertainty in the latter months of 2020.

The graph below illustrates the recent hotel revenue trends for Birmingham, including the COVID-related decline and recovery.



Source: **Kalibri Labs**

Recovery in Progress—2021, 2022, and 2023 year-to-date

As federal, state, and local restrictions on gatherings began to dissipate, hospitality business began to

Summary

With a steadily growing population that recently passed the one-million-residents mark, Birmingham is proving itself a rising star in the southeast following its swift recovery from the COVID-19 pandemic. The largest city in Alabama is now positioning itself as a leader in the field of sports entertainment.

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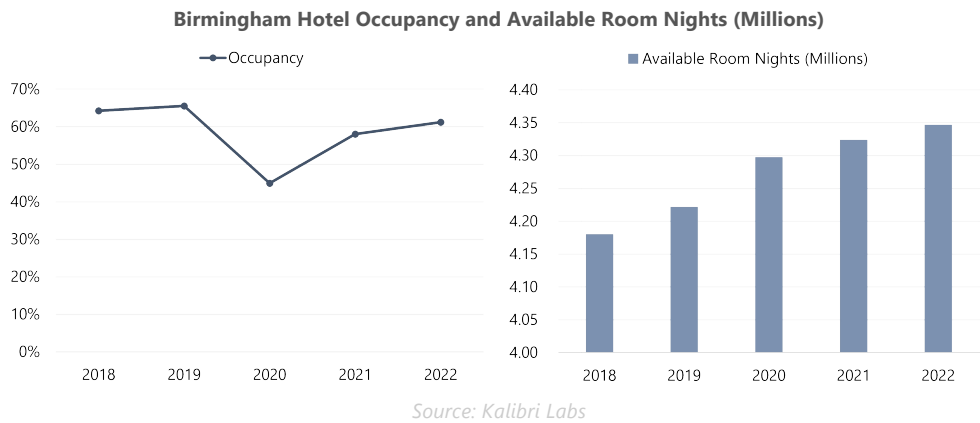
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recuperate. In February 2021, COVID-19 vaccines became available to select groups across the country, and air traffic to Birmingham began its meteoric recovery, as illustrated in the latest statistics shown below. Moreover, March 2021 marked the first post-pandemic month where guestroom occupancy eclipsed 60%. Alabama’s state-wide mask mandate was lifted on April 10, 2021, and with that, Birmingham’s travel and hotel industry were off to the races.

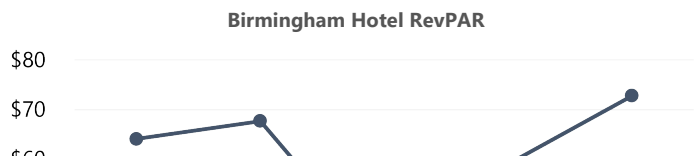


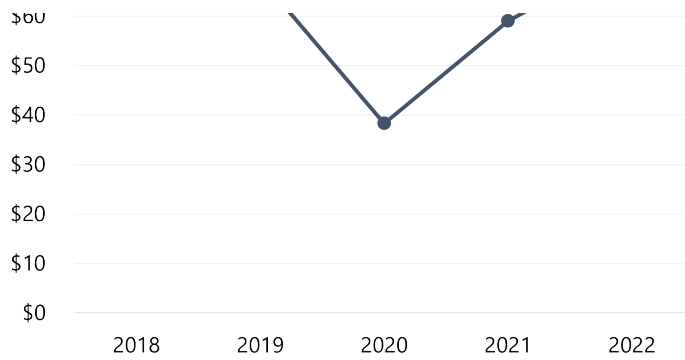
Prior to the pandemic, many hospitality developers and investors recognized that Birmingham was a city with growth on the horizon. A range of limited- and select-service hotels across multiple class levels were planned for construction beginning in 2015, with the rate of production greatly increasing by 2017. Many of the planned hotels for Birmingham were completed in late 2020 and early 2021, including notable upper-upscale properties like **The Kelly Birmingham**, an affiliate of Hilton’s **Tapestry Collection**, and **The Valley Hotel Birmingham**, an affiliate of Hilton’s **Curio Collection**.



This influx of supply has muted occupancy growth. However, demand had reached 91% of 2019 levels by the end of 2021, and revenue had reached 90% of 2019 levels in a similar period. By 2022, demand was at over 96% of 2019 levels.

What was lacking in occupancy, however, has more than been made up for in ADR. Birmingham’s 2022 ADR level is more than 115% of the 2019 value, with the resulting 2022 RevPAR nearly 114% of 2019 levels.



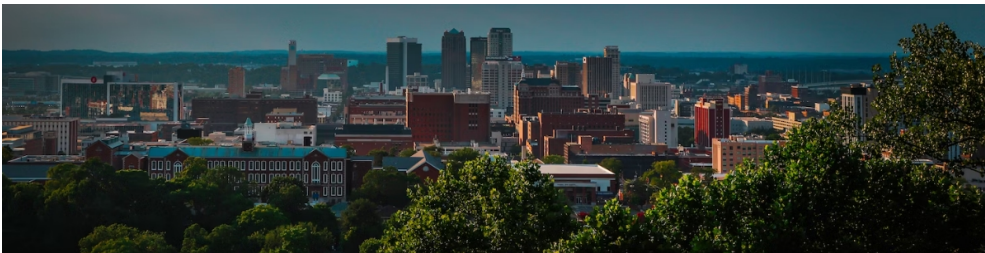


Source: Kalibri Labs

Emergence of Sports Entertainment

In addition to the beautiful outdoor scenery, the delightful restaurants, and an established economic bedrock, Birmingham is developing a reputation as a leader in sports entertainment. The **Birmingham Jefferson Convention Complex (BJCC)** completed a new \$175-million stadium (**Protective Stadium**) and \$125 million in upgrades to the existing convention center in 2022. These changes have elevated the convention center, which first opened in 1976, to a modern, world-class complex that can serve the needs of the greater region for decades to come.

Following the multi-year, multimillion-dollar investment into sporting infrastructure, Birmingham hosted the **2022 World Games**. This international event features approximately 30 sports that are not represented in the **Olympics**, such as powerlifting, jiu-jitsu, sport climbing, and sumo wrestling. Moreover, the upgraded BJCC passed **NCAA** quality standards. Thus, Birmingham hosted Division I basketball games from the **NCAA March Madness** tournament in 2023 for the first time in over a decade.



Looking Forward

Bass-fishing enthusiasts across the Southeast will be excited to learn that Birmingham's **Lay Lake** has been selected to host the **Bass Pro Shops Redcrest in 2024**, with closing ceremonies taking place at the BJCC. The BJCC has also been selected to host both the **2024 Transplant Games of America**, which celebrates athletes who have undergone medical transplants, as well as the **2025 World Police & Fire Games**. This event features over 55 competitions, ranging from cycling and softball to "ultimate firefighter" and "toughest competitor alive."

Birmingham's reputation as a sports and entertainment destination continues to grow, as evidenced by the successful hosting of major events and the city's investment in sporting infrastructure. With an array of attractions, a thriving convention center, and exciting upcoming events, Birmingham's hospitality market is poised for continued success and growth in the years to come.

For more information, contact **Brett Testa, Jr.** with our **Atlanta team**.

About **Brett Testa**



Brett Testa, a Senior Manager with the HVS Atlanta office, graduated from Regynald G. Washington Master of Global Hospitality Management program at Georgia State University in 2021. He also holds a Bachelor of Business Administration in Hospitality Management from the Cecil B. Day School of Hospitality at Georgia State University. Brett twice competed in the Student STR Market Study Competition, once during his undergraduate program and again during his graduate program. Additionally, he taught the undergraduate class focusing on market studies while completing his master's degree. Contact Brett at (770) 280-7674 or [\[email protected\]](#).