

HVS Market Pulse: Fresno, CA

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As the most populated city in the in the Central Valley, Fresno benefits from a diversified economic base, driven by the agriculture, manufacturing and distribution, and retail industries, as well as the healthcare and education sectors. Agriculture contributes over \$3.5 billion annually to the local economy alone. With strong market fundamentals, this article highlights some key factors that influence the Fresno lodging market.

River Park

Located in North Fresno, River Park Shopping Center is one of the most visited outdoor malls in the Central Valley. With over 300 days of sunshine, the shopping center offers a lifestyle ambience with a wide array of shopping and dining options. Just across State Highway 41 from the shopping center is the Kaiser Permanente Fresno Medical Center and the proposed Hyatt Place, which is under construction and scheduled to open in July. The neighborhood is also home to Saint Agnes Medical Center, as well as numerous medical offices and clinics. Just two miles to the north of River Park is Children's Valley Hospital, the only full-service specialized children's hospital in the region, with over 3,000 employees. Most of Fresno's branded, upper-midscale and upscale hotels are in the River Park submarket.



Clovis

Clovis is an affluent suburb located to the northeast of Fresno, with a good school district, advanced medical facilities, and proximity to the California State University, Fresno. When traveling through Clovis, it is hard not to miss the construction on the \$390-million expansion project at the Clovis Community Hospital (CCH). In the same neighborhood of CCH, California Health Sciences University (CHSU) is building its new, 70-acre campus, which is expected to open in 2020. Additionally, Clovis Unified School District plays a vital role in the area's over 60 regional and state tournaments, bringing contestants and parents from all over California. Given the limited hotel supply in Clovis, sporting teams and healthcare professionals create demand compression in this area, with demand overflowing to nearby submarkets.

Other Area Highlights

- Fresno is well situated for manufacturing and distribution given the favorable highway and railroad access. In 2018, Amazon opened a new fulfillment center warehouse in Fresno's industrial triangle, creating over 2,500 new jobs in the local market. In the same year, Ulta opened its new, \$100-million fulfillment center, and GAP expanded its facility and added over 500 jobs.
- Over 24,000 students are enrolled at California State University, Fresno (Fresno State). Deeply influenced by

Summary

From Sacramento to Bakersfield, Central California is known as the "Food Basket of the World." As the most populated city in the in the Central Valley, Fresno is the epicenter of California's agriculture industry and the commercial, financial, and cultural hub of the region.

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the area's agriculture industry, the university features onsite vineyards, a commercial winery, and an onsite planetarium. Moreover, as a member of the NCAA Division I Mountain West Conference, the university boasts 22 sports teams.

- The greater area offers a variety of farm tours, including Hillcrest Farm, Sun Maid Raisins, Fresno County Blossom Trail, and Fresno County Fruit Trail.

Key Performance Indicators

	2018 Occupancy	YOY Change	ADR	YOY Change	Hotel Rooms Available
	High 60%	2.90%	Near \$100	2.30%	10,203
Unemployment	Declining, down to 7.5% in 2018, influenced by seasonal farm workers				
Top Employers	Fresno Unified School District		10,552 Employees		
	Community Medical Centers		8,500		
	County of Fresno		7,773		
New Hotel Supply	Nearly 500 rooms under construction and over 600 rooms approved				
Conventions	195 conventions in 2018 with over 350,000 attendees				
Airport	Passenger traffic grew 25% in 2018, surpassing 1.7 million				

Source: HVS, STR, BLS.gov, Fresno County Economic Development Corporation, Fresno/Clovis Convention and Visitors Bureau, Fresno Yosemite International Airport

The Fresno market has a strong agriculture base, with new commercial, residential, and industrial developments occurring throughout the greater area. Lodging demand remains healthy, with market-wide RevPAR reaching a new peak in 2018. Although some new hotels are anticipated to open in the next 24 months, the market is still somewhat underserved by upscale hotels, notably in the River Park submarket and in Clovis.

About **Kirsten Z. Smiley**



Kirsten Smiley, Senior Vice President, is the Director of the Southern California Region of the HVS Consulting & Valuation office in Los Angeles, California. She is an expert in markets throughout the Pacific West. Her past experience in hospitality includes marketing, management, and guest service roles at the Mayflower Renaissance hotel in downtown Washington, D.C.; the Atherton Hotel in Stillwater, Oklahoma; and the Dong Fang Hotel in Guangzhou, China. Kirsten graduated with a BS in Hotel Management from the Business School of Sun Yat Sen University in Guangzhou and a BS in Hospitality Administration from Oklahoma State University. Contact Kirsten at +1 (405) 612-6255 or [\[email protected\]](#)