

Market Snapshot: Augusta, Georgia

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The city of Augusta, Georgia, sits beside the Savannah River, just across the state line from South Carolina. Among Augusta's claims to national and international fame are the Augusta National Golf Club, which hosts the PGA's annual Masters Tournament each spring, and an assemblage of medical, military, and manufacturing concerns. The following gives a brief overview of Augusta's economic cornerstones and the demand they generate for the city's hotels.

Military and Government Presence and Hotel Demand

The Augusta market is led by Fort Gordon, home to the U.S. Army Signal Regiment and host to a contingent of U.S. Army, Navy, Air Force, and Marine troops, as well as multinational forces. Overall, Fort Gordon contributes \$1.3 to \$1.4 billion annually to the Central Savannah River Area (CSRA) in salaries, contracts, construction, services, and supplies. Fort Gordon is Augusta's largest employer and produces an estimated 60 to 70% of the area's lodging demand.

Fort Gordon influences other lodging metrics as well. For example, average rate for Augusta hotels tends to hover around the per-diem threshold, which was \$82 in 2010 and will rise to \$84 in 2011. Occupancy trends in Augusta have been stable and are relatively high when compared with other markets in Georgia, a testament to the demand generated by Fort Gordon and other government installations in the area. While the market generally attracts a steady level of government and military-related demand during the winter, demand from this segment peaks from March through November.

A 525,000-square-foot National Security Agency facility is currently under construction and is expected to be fully operational by 2012. This new facility is expected to create over 4,000 new jobs as construction concludes and operations ramp up over the next two years.

Health Care and Manufacturing

Augusta offers some of Georgia's most highly acclaimed hospitals, and the healthcare sector serves as another of the city's major generators of hotel demand. The sector comprises twelve healthcare facilities, which collectively employ over 14,000 workers in the Augusta area. Like the area's military and government operations, employment and lodging demand generated by Augusta's healthcare sector has been stable, largely unaffected even by the recent recession. The majority of healthcare-related hotel demand consists of visiting medical professionals and nurses, as well as relatives and friends visiting inpatients. In general, medical professionals tend to be less price-sensitive, seeking either full-service accommodations or limited-service hotels with strong brand affiliations. Visiting families and friends tend to fill rooms at mid- to lower-tier, limited-service hotels.

The manufacturing industry is also important to the area. E-Z-GO Textron is the largest commercial employer in Augusta and the world's largest manufacturer of golf carts and utility vehicles. E-Z-GO's business operations have remained strong even in the wake of the recent recession; the company introduced four new models and sponsored several major races and exhibitions in 2010.

The Masters Tournament, Ironman Competition, and Leisure Demand

The Masters, one of four major PGA golf tournaments, is held in Augusta each April. U.S. and international journalists and golf enthusiasts travel to Augusta each year for the PGA tour's most historic prestigious event. Hotels generally sell out in the weeks of and surrounding the tournament; hoteliers can reportedly command \$200 to \$300 premiums on rate during the event. Golf recreation also plays a vital role for leisure demand in the area, with 21 private and 15 public courses located throughout Richmond County.

Summary

This 300-year-old city on Georgia's eastern border boasts a concentration of military, medical, and commercial institutions. How are changes in per-diem rates and increased travel affecting Augusta's hotels?

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The ESI Ironman 70.3 event is hosted in the Augusta area each September. During this competition, 3,000 to 4,000 athletes compete in this triathlon. Market participants noted that the Ironman event generally attracts a strong influx of demand during this weekend, with many area hotels selling out.

Augusta's Hotel Market

The majority of Augusta's hotels fall within the limited-service segment, appropriate for the needs of the demand generated by the area's military and government installations. Full- and select-service hotels also play a significant role in Augusta, especially during high-profile events such as The Masters; these hotels also host higher-rated commercial, leisure, and group travelers throughout the year. The chart below details some newer and proposed hotels in Augusta:

Augusta, GA Lodging Market New Supply: 2007-2011

Hotel	Opening Date	# of Rooms
Holiday Inn Express Augusta North	Oct 2010	86
Comfort Inn & Suites North Augusta	Apr 2010	58
Sheraton	Dec 2009	152
Fairfield Inn & Suites	Aug 2009	82
Comfort Inn & Suites Augusta	Apr 2009	61
Comfort Suites	Mar 2009	72
Howard Johnson Augusta Fort Gordon	Mar 2009	57
Staybridge Suites	Aug 2008	92
Hilton Garden Inn	Mar 2008	114
Candlewood Suites	Aug 2007	80
*Home2 Suites	Tentative	85
*Hyatt Place	Tentative	139

*Under Construction

In the future, the extended-stay segment could experience significant growth in supply within the market, as Fort Gordon-related travelers prefer to have the use of a kitchenette within the rooms during their longer stays, which can range from a few nights to several months at a time.

Convention Center

On June 16, 2010, city officials broke ground on the construction of a new convention center. The 200,000-square-foot TEE Center will offer over 40,000 square feet of exhibition space with capabilities to host a 3,500-person exhibition or serve a 1,800-person banquet. The \$38-million project is being constructed adjacent to the Downtown Marriott on the Augusta Riverwalk and also includes a 400-space parking garage. Completion of the TEE Center is scheduled for early 2012, and the opening of this state-of-the-art facility is expected to establish a growing base of meeting and group lodging demand over the long term.

Conclusion

Between Fort Gordon, E-Z-GO, medical facilities, and internationally broadcast sporting events, Augusta's lodging market rests on some strong pillars of demand. The stability of the military base helped mitigate the impact of the national recession on the city, and the promise of a new convention center should help establish Augusta as a viable meeting and group destination in Georgia and the region. As the national economic recovery continues to take hold, Augusta's cornerstones of industry should support the growth of the city's economy and lodging market over the long term.