

Houston Hotels Have Largely Bounced Back, But A Big Chunk of Business Remains In Doubt

HoustonHotel

January 20, 2022 [Lane Gillespie, Bisnow Houston](#)

When the Thompson Hotel opens at [DC Partners'](#) \$500M mixed-use project [The Allen](#) next year, CEO [Roberto Contreras](#) hopes to see the coronavirus in the rearview mirror.

Contreras admits Houston business travel hasn't yet recovered from devastating 2020 lows. But he points to DC Partners' strong success with weekend traffic at its Thompson hotel in San Antonio as evidence leisure travel has come roaring back. And by the time the first phase of its Houston hotel and condominium development opens in 2023, he is optimistic the same will be said of business travel at luxury hotels like The Thompson and The Laura, a downtown hotel under [Marriott's Autograph Collection](#) that just opened last week.

He might not be wrong.



Bisnow/Christie Moffat

DC Partners CEO Roberto Contreras standing on the soon-to-be rooftop lounge of The Allen Lifestyle Pavilion.

Houston already leads the state in hotel recovery, according to [Houston First](#), which markets Houston tourism. Vice President of Market Strategy Cindy Decker told *Bisnow* the city is nearly at pre-pandemic levels of hotel occupancy, coming in at about 55% for the year at the end of 2021, compared to about 60% in 2019.

Those numbers are backed up by [Source Strategies](#), which tracks Texas hotel rates and occupancy using data from the Texas state comptroller. According to Source Strategies [data released in November 2021](#), Houston-Baytown-Sugar Land metro room nights sold were 44% higher than Q3 2020 and 5.1% higher than the same quarter in 2019. Revenues were 74.3% higher than in 2020 and up 6.8% over the pre-pandemic days of 2019, putting Houston ahead of all other major Texas metros in terms of percentage revenue increase.

Most of those gains have come on the back of leisure travel, with hotels scrambling to advertise to in-state travelers or those within [Houston](#) looking for a staycation. Decker said Houston's marketing budget has doubled as it advertises the city's [Galleria](#) and [Museum District](#) attractions and its increasing fame as a culinary hub to leisure travelers while hotly pursuing conventions and conferences.

But the organization is also marketing heavily toward travelers from Mexico, as the country provided 15% of Houston's visitors in 2019 but only about 8% through Covid-19. Most of the 2.3 million visitors in 2019 were leisure travelers visiting family, but some were in Houston on business, mostly in the Energy Corridor. It is still too soon for 2021 figures, but Decker roughly estimates Houston saw 1.3 million Mexican visitors in 2021, compared to 2.3 million in 2019.

In addition, Houston is working one-on-one with luxury hotels dependent on business travel, like the newly opened Laura, which takes the space of [Hotel Alessandra](#), a Midway-developed hotel at 1070 Dallas that closed in 2021, citing hospitality challenges due to the pandemic.

“We're in touch with their director of sales and marketing. [We're helping on] how can we help promote you, how can we advertise for you on our website, how can we support you on conventions. [We're] continuously talking to them,” Decker said. “We're constantly talking to their key players to make sure they have information they need to set their strategy and drive some of their visitation.”

Early evidence suggests those efforts are paying off. In downtown's 77002 ZIP code, many hotels saw a significant shift in business year-over-year during the third quarter of 2021 compared to the dismal Q3 they experienced in 2020. At the [Westin Hotel](#) Downtown, for example, year-over-year revenue increased 900%, and it brought in roughly \$105 in revenue per available room, compared to just \$10 in 2020, almost reaching 2019's \$131. Hotel revenue in the ZIP code was four times that of 2020 in total, according to Source Strategies.

Yet in order for the industry to fully recover, particularly the luxury sector, business travel will have to return. Source Strategies Senior Vice President Paul Vaughn said he isn't sure what the future of business travel will look like, noting the outlook is muddled by some companies enjoying the savings from not having employee travel and adjusting to virtual events.

“I think business travel will come back a degree,” Vaughn said. “How much it comes back is unknown. That's where those hotels, those luxury hotels ... they have to figure out a new path.”

That new path means a lot of boutique hotel experiences that provide a different experience from a chain hotel or partnering with town cultural events and museums to provide a special experience, Vaughn and Decker said. Those packages, seen for holidays over the last year, are key as hotels market themselves as a staycation spot to grab dinner, a spa treatment and a night away from home.

Some hotels are offering their conference rooms and fitness centers to in-town companies so that those that may otherwise work from home are utilizing the space for gatherings rather than an overnight stay.

Decker sees a positive trend going into 2022 despite new coronavirus variants and doesn't expect that the organization will back down from marketing in the future.

"We're driving forward, we're moving forward to bring back visitation to what we had in 2019 as soon as possible," Decker said.

Houston First is expecting to market about 30 conventions, comparable with 2019's figures. The current slate already includes the 2022 National Rifle Association Annual Meeting, set to have a 55,000-person attendance, as well as the Offshore Technology Conference, expected to draw 35,000, both in May.

Those conventions, she says, may be at about 50% attendance compared to most years, but she expects it will help airport and Galleria-area business, in particular. And Contreras is ready.

"It's great to be new and fresh, so we're able to capture some market share that way," he said.

Contact Lane Gillespie at lane.gillespie@bisnow.com