

HOSPITALITY TRENDS

Exclusive Flooring Brands
Brent's Carpet One Floor & Home

View Article on Mobile Site

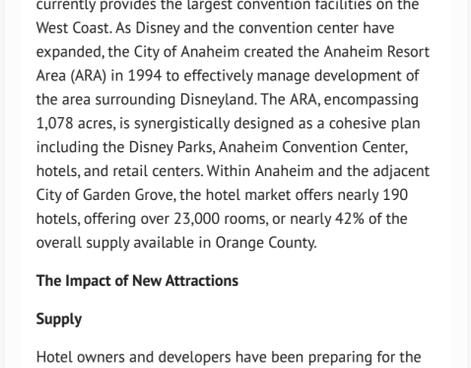
Home Previous Article Next Article

MARKET REPORTS

HVS REPORT - ANAHEIM, CALIFORNIA - BY JESSICA WHITE

May, 13 2019 HVS

Preparing for a galaxy far away at the happiest place on earth, hotels owners are looking toward an optimistic future given the record attendance levels at both theme parks and a strong historical precedent for the positive impact of new attractions.



HVS Report - Anaheim, California

Market Overview

Since 1955, Anaheim's economy has been driven by The Walt Disney Company, which is also the largest private-sector employer in Orange County with nearly 32,000 employees. Its local operations include

Disneyland and the California Adventure theme parks, three Disneyland hotels, and Downtown Disney (a shopping and entertainment area). The area's lodging market is also supported by the Anaheim Convention Center, which currently provides the largest convention facilities on the West Coast. As Disney and the convention center have expanded, the City of Anaheim created the Anaheim Resort Area (ARA) in 1994 to effectively manage development of the area surrounding Disneyland. The ARA, encompassing 1,078 acres, is synergistically designed as a cohesive plan including the Disney Parks, Anaheim Convention Center, hotels, and retail centers. Within Anaheim and the adjacent City of Garden Grove, the hotel market offers nearly 190 hotels, offering over 23,000 rooms, or nearly 42% of the overall supply available in Orange County.

The Impact of New Attractions

Supply

Hotel owners and developers have been preparing for the addition of the new Star Wars attraction and the expected boom in demand. The following table illustrates the major hotel openings in the last five years. This growth trend is expected to continue, with several projects across the market in various stages of development and construction as of early 2019.

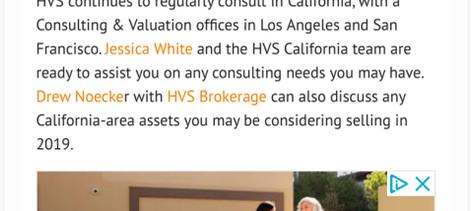
	Occupancy	ADR	Hotel Rooms Available	2018 Occupancy Growth over 2017 period	2018 ADR Growth over 2017 period
Anaheim-Santa Ana	77.5%	\$162	Over 57,000	10.5%	35%
Unemployment	2.9% Dec 2018				
Top Employers	Disneyland Resort: 31,360 Employees Kaiser Permanente: 6,355 Northgate Gonzalez Supermarkets: 2,000 Anaheim Regional Medical Center: 1,200 Hilton Anaheim: 1,000				
New Hotel Supply	2,645 new hotels rooms in the last five years, nearly 2% increase in supply 1,001 rooms under construction, representing 3% increase in supply 2,430 rooms proposed, across five full-service projects				
Office Space	741 SF available, 18.2% vacancy, \$28 Average Asking Lease Rate				
Conventions	171 in the 2017/18 fiscal year with 950,000 attendees 200,000-square-foot expansion completed in September 2017				
Airport	10.6M+ 2.3% increase over 2017 at John Wayne Airport				

Source: STR, Bureau of Labor Statistics, City of Anaheim 2017/18 CAFR, HVS research, REIS, City of Anaheim 2017/18 CAFR, Orange County Airport

As the table illustrates, new supply has increased significantly within the last five years (4.6%), with growth driven by limited-service, select-service, and extended-stay hotel products that are aimed at serving families and conventioners alike. Looking forward, demand growth is shifting toward the full-service segment, with the Westin and JW Marriott now under construction. Development incentives provided by the City of Anaheim, along with the strong RevPAR performance of the three full-service Disney hotels, have attracted developers to construct full-service hotel properties. These hotels are expected to focus on higher-rated convention business but are also anticipated to attract loyalty guests traveling for leisure.

Demand

A clear pattern emerges when looking at the impact of the addition of major attractions on hotel demand. In the years where a major attraction opened (or a special event occurred), overall park visitation soared, resulting in demand outpacing supply in those years.

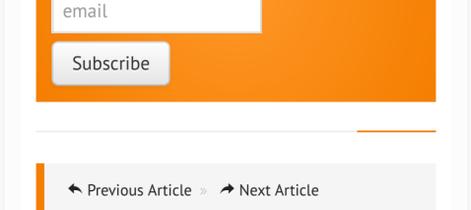


Source: AECOM Theme Park Index, STR

An important caveat to consider is that the Disneyland theme parks do not affect hotel demand in isolation. The market is replete with other demand generators that generate room nights in the market, such as the Anaheim Convention Center, Honda Center, and Anaheim Angels Stadium, not to mention several large employers. However, viewing the impact of new theme-park attractions on the overall base of demand does provide us with some context for assessing the future.

The Future

In March 2019, Disneyland announced that the Stars Wars: Galaxy's Edge attraction would open on May 31, 2019, and hotel managers reported an immediate surge in bookings for this summer and beyond. Based on the historical trend outlined in the previous chart, the following three scenarios estimate future hotel demand for the Anaheim market, with new supply taken into consideration.



Source: HVS Forecast

Whether we consider a conservative impact based on the average demand growth over the last five years (Scenario 1), presume demand growth to be similar to the largest single-year increase over the past five years (Scenario 2), or assume that Star Wars: Galaxy's Edge will attract an entirely new customer base and cause an unprecedented boom in hotel demand (Scenario 3), the picture is clear. The force of the new Star Wars attraction will have a lasting impact on the Anaheim lodging market.

HVS continues to regularly consult in California, with a Consulting & Valuation offices in Los Angeles and San Francisco. **Jessica White** and the HVS California team are ready to assist you on any consulting needs you may have. **Drew Noecker** with **HVS Brokerage** can also discuss any California-area assets you may be considering selling in 2019.

Book A Spa Day
Escape To Santa Barbara Wine Country For A Few Nights. Book Your Vacation...

Chumash Casino Resort **Book Now**

Logos, product and company names mentioned are the property of their respective owners.

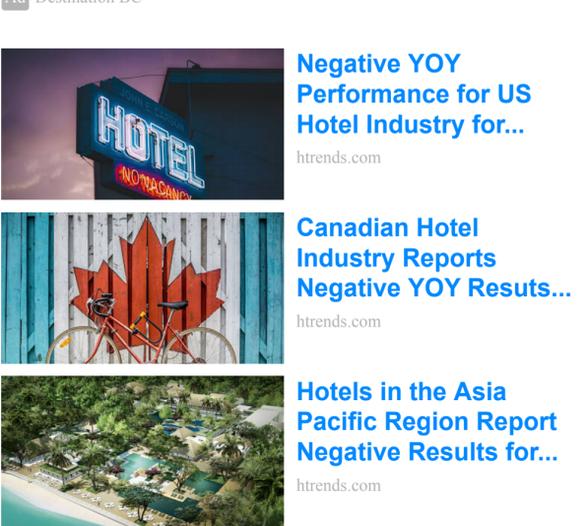
DAILY NEWS DELIVERY

Join your colleagues and stay up to date on the latest all industry news and trends.

email

Subscribe

Previous Article Next Article



Nature's playground

Ad Destination BC

Negative YOY Performance for US Hotel Industry for...
htrends.com

Canadian Hotel Industry Reports Negative YOY Results...
htrends.com

Hotels in the Asia Pacific Region Report Negative Results for...
htrends.com

Hotels in the Middle East Reported Mixed Q1 2019 Results
htrends.com

HVS Report - Hotel Brand Performance - By Rodney G. Clough
htrends.com

MORE HVS ARTICLES

Are you with HVS?

HVS Market Report - Destination Downtown St. Louis - By Daniel P. McCoy
→
May, 6 2019

HVS Report - UK Hotel Market Tracker Q1 2019 - By Russell Kett (PDF Download) →
May, 3 2019

HVS Report - Arlington, Texas - By Kathleen D. Donahue →
April, 30 2019

More from HVS →

ADVANCE YOUR CAREER
100% Online MS in Psychology
LEARN MORE

ADVERTISEMENTS

Hotel Market Intelligence

Digital Marketing Essentials Package

This June attend HITEC Minneapolis

Marketing to China's Outbound Travellers

Higher Conversions from Online Channels

Integrated software and revenue maximizing solutions for the hospitality industry

MORE MARKET REPORTS

London Hotels Report Flat RevPAR for April 2019 →
May, 14 2019

Abu Dhabi Hotels Report High Demand and Occupancy Levels for April 2019 →
May, 14 2019

Book A Spa Day
Chumash Casino Resort

Positive Start to 2019 for the European Tourism Sector, but Challenges Lie Ahead
→
May, 13 2019

More Market Reports →

MORE NORTH AMERICA ARTICLES

Restaurant Trends - Growing And Emerging Concepts - Change and Activity
May, 14 2019

Last Year's Google Ads Updates and Their Effect on the Hospitality Industry →
May, 14 2019

U.S. Hotel Construction Pipeline for April 2019 Up 10 Percent →
May, 14 2019

More from North America →

DAILY NEWS DELIVERY

email

Subscribe

TOOL BOX

Newsletters →

Industry Monitor →

My News →

My Topics →