

Published - May, 13, 2007

Hotel bed boom

More than beaches lure tourists to the area



Kathy Ames
kames@pnj.com



zoom



zoom

Advertisement

Hundreds of new hotel rooms are coming to the inland portion of the Pensacola Bay Area. The growth spurt is prompted partly by a tourism trend that revolves around shopping.

Sugar white beaches and year-round golfing are fine, but tourists increasingly look for malls and lifestyle centers when booking a hotel.

"I can promise you this: The hotel industry knows better than anyone else that the No. 1 tourism activity anywhere in the country is shopping. It's No. 1 by a big margin," said Ed Schroeder, vice president of tourism development for the Pensacola Bay Area Chamber of Commerce.

Over the next couple years, at least eight hotels will be online in Escambia and Santa Rosa counties -- seven in Escambia and one in Santa Rosa. Besides tourists, targeted guests include business travelers.

Escambia County has just under 6,000 hotel rooms, Schroeder said. The new hotels will add roughly 700 rooms, an increase of about 12 percent. Santa Rosa County Tourist Development Council and Navarre Beach Area Chamber of Commerce did not have the county's hotel numbers available.

"We don't know why there's growth of what I call inland 'suite' hotels," said Julie Klein, tourism research coordinator at the Haas Center for Business Research and Economic Development. "It does make my wheels turn. We speculate the market is changing."

Three of the hotels are planned for development around University and Cordova malls.

Schroeder said activities such as going to the beach and golfing are far down on a typical tourist's list.

"All across the country, malls are building themselves to be lifestyle centers," he said, referring to University Mall's plans for a makeover into an open-air lifestyle center. "Developers are developing around the shopping."

A few years ago, hotels such as the Hampton Inn and Fairfield Inn were built near the malls.

"Now, we're seeing a new wave of hotels," Schroeder said. "What's exciting is that these are strong three-star properties. They're national brands with much better services."

Schroeder said the wave of inland hotel development also can be attributed to the proximity of three hospitals, a college and a university.

Jatin Bhakta said Escambia County's strong economic growth, rich culture and history are why Country Inn & Suites, based in Minneapolis, was pegged for development in Pensacola.

The company plans a spring 2008 opening for its hotel at 2607 Wilde Lake Blvd. -- near the Pine Forest Road and Interstate 10 intersection.

"This will be my first hotel in Escambia County," the hotel owner said. "Our development team studied the market for about two months. But while Pensacola has some great hotels, they need some new ones, too."

Bhakta said that while the hotel will cater to business clients, it also is targeting families and tourists. The Country Inn & Suites will offer a home-style ambience.

"There are a lot of hotels over by Pensacola Regional Airport, but we were looking to go more diversified," Bhakta said.

Cheaper than the beach

From a developer's standpoint, there are some lower costs associated with building inland.

David Cleveland said the main difference between building inland versus at the beach is land cost.

"It can be anywhere from 25 to 50 percent of the beach cost to build inland," Cleveland said.

He is the senior vice president/partner of Gulf Breeze-based Highpointe Hotel Corp., which has developed hotels near the airport, downtown and at the beach.

As a developer, Cleveland looks at the land cost on a per-room basis.

"Basically, you look at how much a piece of land is and how many rooms can be built on the land," he said. "But you get higher rates at the beach."

Insurance is an issue, too, he said.

"The total insurance premium for a hotel at the beach is about three times that of an inland hotel," Cleveland said. "It depends on the size of the operation."

In terms of financing, it's really not any easier or harder to get financing between areas.

"If you can demonstrate that you can get the rates and produce the profit, financing should come," Cleveland said.

But in following the development trend, Cleveland said he doesn't think you can pinpoint the inland development trend to one or two reasons.

"Pensacola has a strong market," Cleveland said. "There's strong tourism, great healthcare. But there's no doubt people want to stay close to where they can eat and shop."

More bed taxes

The new wave of hotels also means more money for area promotion and marketing.

Bed taxes, or the tourism development taxes, are collected on anyone who stays at a hotel. In both counties, the collection rate is 4 percent, or 4 cents of every dollar spent on lodging. According to the Haas Center for Business Research and Economic Development, about \$4.7 million in actual bed-tax collection was generated last year in Escambia County.

Bed taxes fund the debt as well as operational losses (if there are any) and repairs and improvements to the Pensacola Civic Center. Any money left over is used to promote the area to draw tourists and fund visitors centers, Schroeder said.

In Santa Rosa, about \$621,000 was generated from actual bed-tax collections.

There's very little inland hotel development in Santa Rosa County, according to Bill DuBois, assistant planning director of community planning, zoning and development in Santa Rosa County.

DuBois said the county has discussed lodging with potential developers, including a Hampton Inn in the Milton area. Those discussions have not progressed beyond initial verification of zoning and site development criteria, he said.

The only inland hotel being developed is the Hampton Inn on U.S. 98 in Navarre.

Still, the trends intrigue Klein, who said she is hoping the Haas Center will have some hard tourism numbers by the end of the summer. The center plans to conduct a market segmentation survey with the Pensacola Bay Area Convention and Visitors Bureau, she said.

"We did one in the late '90s," Klein said. "We want to know where the visitors are coming from, where they are staying-- downtown, the beach, Perdido Key or inland -- and why. It's very interesting."