HVS

MARKET REPORT

# Sports and Conventions Support Hotel Industry in Cincinnati, OH

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The Cincinnati lodging market is gearing up for an influx in demand fueled by the renovation of the Duke Energy Convention Center. Moreover, recent success and changes in the city's diverse sports scene are drawing visitors from near and far.

Cincinnati is a significant hub of culture, commerce, and tourism in the Midwest. This dynamic metropolis boasts a rich tapestry of demand generators that fuel its hotel industry. From its renowned arts and music scene, highlighted by the Cincinnati Symphony Orchestra and a multitude of festivals, to its bustling business districts and expansive convention centers, the city attracts a diverse array of visitors year-round. Additionally, Cincinnati's historical landmarks, major sporting events, and burgeoning culinary landscape help draw a steady influx of leisure and business travelers alike.

## Convention Center Expansion

The second largest convention center in the state of Ohio, the Duke Energy Convention Center (DECC) is located in Downtown Cincinnati. The facility is expected to undergo a $200-million renovation and expansion starting July 1, 2024, with anticipated completion in January 2026. The DECC will fully suspend operations during the renovation. Currently, the DECC features 750,000 square feet of function space, including a 40,000-square-foot ballroom. The center also offers 37 meeting rooms and approximately 200,000 square feet of contiguous exhibition space. The renovation project is expected to modernize the existing convention facilities, add more breakout rooms, and develop the vacant Millennium Hotel site into an entry lawn.

In conjunction with the convention center renovation project, Cincinnati Center City Development Corporation (3CDC) issued a request for proposals to select a private developer to build a new convention headquarters hotel. In March 2023, Portman Holdings was selected as the development partner for the convention center hotel. A specific room count, brand affiliation, and timeline for development have yet to be finalized for the new convention headquarters hotel; however, 3CDC expects development of the hotel to occur concurrently with the DECC renovation project.

This project is expected to significantly boost the Cincinnati lodging market by attracting larger conferences and events. With enhanced facilities and a more modern convention space, the renovated DECC is anticipated to be more competitive

with the other convention centers in the Midwest. Furthermore, the development of the convention headquarters hotel should create sufficient lodging supply to meet the higher levels of convention demand anticipated.

**DECC Renovation Renderings**







*Source: 3CDC - Duke Energy Convention Center*

## Sporting Events

Cincinnati is home to three professional sports teams and over 30 NCAA Division I collegiate teams between the University of Cincinnati and Xavier University.

The Cincinnati Bengals, the city's NFL franchise, has attracted record attendance at Paycor Stadium since 2021 and played in Super Bowl LVI in 2022. Meanwhile, the Cincinnati Reds, one of Major League Baseball's oldest and most storied teams, attracts lively crowds to Great American Ball Park and The Banks. FC Cincinnati, the city's Major League Soccer team, has quickly garnered a fervent following, drawing fans to TQL Stadium since its opening in the spring of 2021. Following early struggles after joining Major League Soccer in 2019, FC Cincinnati finished first in the Eastern Conference in 2023. Together, these teams create a vibrant sports culture that unites Cincinnatians and attracts visitors from near and far. Their recent successes have aided in the recovery of the local lodging market following the impacts of the COVID-19 pandemic.

Another significant sporting event in the region is the Cincinnati Open, one of the oldest and most prestigious tennis tournaments in the United States. As the third-largest professional tennis tournament in the United States, it is one of the ATP Masters 1000 tournaments and one of the WTA 1000 tournaments. In 2022, the USTA sold the tournament rights to Beemok Capital, and new ownership explored the potential of moving the tournament to Charlotte, North Carolina; however, in October 2023, Beemok announced that the tournament would remain in Cincinnati. This decision ensures that the city remains a pivotal hub for tennis enthusiasts. Following record attendance in 2023, the Cincinnati Open is slated to expand in 2025, nearly doubling the player draw and adding three days. As a result, local hotel operators should expect an increase in demand and average length of stay during the event.

On the collegiate front, the University of Cincinnati officially joined the Big 12 Conference on July 1, 2023, marking a significant milestone in the university's athletic history. As the university hosts more high-profile games and events against well-known conference opponents, the influx of visiting teams, fans, and media is expected to drive demand for hotels in the greater area.

## Recent Hotel Trends and Looking Forward

Cincinnati’s position as a dynamic and thriving Midwest city is reflected in its hotel metrics. The city’s hotel market, consisting of over 30,000 rooms, surpassed 2019 RevPAR levels in 2022. And although occupancy growth slowed in 2023, ADR continued to climb, leading to a significant improvement in RevPAR that year.

With a modernized and expanded convention center and the continuous draw of major sports events, Cincinnati is poised for sustained growth in the coming years. Some changes in the lodging market are imminent, as multiple hotel developments are in the pipeline. While market occupancy levels are not expected to reach 2019 levels in the near term, we expect modest increases in occupancy and steady ADR growth to bolster RevPAR levels.

For more information about the Cincinnati market or for help making informed investment decisions that align with your goals and risk tolerance, please contact Brian Arevalo or Sam Wespiser.

# Sources

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