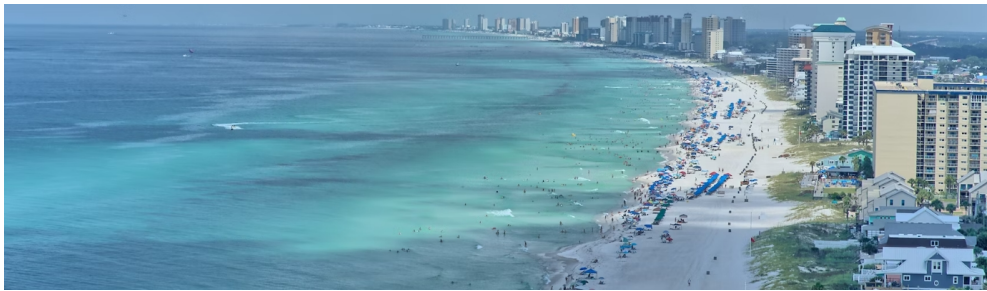


# The Florida Panhandle Remains a Top-Tier Destination

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The Florida Panhandle, once a quiet haven with “mom and pop” motels and condominium towers, is now lauded as a top-tier beach and leisure destination that boasts a robust inventory of vacation rental units, nationally branded hotels, and independent properties. Short-term lodging was particularly attractive in the post-pandemic period. The area’s position as a drive-to destination with ample outdoor attractions and minimal restrictions drew new and repeat visitors.



An examination of gross tourist tax collections (a 5% tax levied on short-term rental and hotel room revenues) in Escambia, Santa Rosa, Okaloosa, and Bay counties reveals year-over-year growth from the 2020 through 2022 fiscal years. However, occupancies and tax collections have softened somewhat in the year-to-date period through May 2023 as other destinations have become available, a trend that is consistent with other areas of Florida. Nonetheless, the Panhandle is expected to maintain its position as a top leisure destination, as evidenced by the entrance of new hotel supply and the actively trading market.

## New Hotel Supply

Local and out-of-state developers took a special interest in Panhandle cities following their swift recovery in the summer of 2020, resulting in the significant entrance of new supply. Noteworthy properties that have opened or will open this year are illustrated on the following map.



Source: HVS

## Hotel Transactions

The attractiveness of the Panhandle’s existing hotel supply likewise did not go unnoticed, and sales activity has accelerated in both 2021 and 2022, particularly around the beaches. The following transactions represent

### Summary

The Florida Panhandle remains popular among hotel developers and investors given the strength of the market in the post-pandemic period. An easy-to-reach destination for drive-to and out-of-state travelers alike, this Gulf Coast region has been a hotbed of activity for construction and transactions in the traditional-model hotel space since the summer of 2020.

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noteworthy hotel sales in the past 24 months:

- **DiamondRock Hospitality** purchased the 170-room **Henderson Beach Resort** in Destin, Florida, for \$112.5 million (\$661,800 per key) in December 2021. The luxury oceanfront resort features expansive meeting space, separate family and adult pools with a lazy river, a world-class spa, and Destin's only rooftop bar.
- **OTO Development**, the developer behind the recently opened **Hyatt Place Panama City Beach/Beachfront**, acquired the **SpringHill Suites by Marriott** in November 2021 to further expand the company's presence in Panama City Beach. The beachfront hotel traded for \$85.5 million (\$427,500 per key).
- **Bluegreen Vacations**, a vacation ownership company, acquired the former Sheraton Bay Point Resort Panama City Beach for \$70 million (\$219,400 per key) in October 2022. The new operator plans to convert the 320-room resort to a **200-room resort** with studio, one- bedroom, and two-bedroom rentals.
- The **Pearl Hotel** in Rosemary Beach, a luxury 55-room hotel along Scenic Highway 30A, was purchased by the **St. Joe Company** in December 2022. The hotel transacted for \$52 million (\$945,500 per key) and represents the company's third hotel along this corridor.
- **Chatham Lodging Trust** acquired the **Hilton Garden Inn** in Miramar Beach in January 2022 in an off-market transaction for a reported price of \$31 million (\$279,000 per key).

Despite lower visitation this summer, the outlook for the Panhandle remains optimistic given its popularity as an easy-to-reach beach destination. Other factors that bode well for the market include its numerous outdoor activities, strong military presence, ample sports facilities, and growing reputation as an alternative meeting and group destination.

Our team constantly monitors markets throughout Florida, and our many consulting engagements across the state keep us abreast of the latest trends and shifts. We update our forecasts monthly. For more information on the Panhandle markets, **contact Hannah McManus**.

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### About **Hannah McManus**



Hannah, a Director with HVS Consulting & Valuation, leads the Saint Petersburg, Florida office. Hannah collaborates on and provides thoughtful insights for projects including hotel appraisals, market studies, portfolio valuations, and feasibility studies for proposed hotels, resorts, and mixed-use hospitality assets. A long-time resident of the West Coast Florida region, she offers expertise in leisure-driven and coastal Florida markets with a profound understanding of Florida assets. Hannah's experience extends beyond Florida across a variety of markets in the Southeast and New England, including engagements in the greater New York City market. Contact Hannah at (410) 967-8879 or [\[email protected\]](#).