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Hotel construction a hopeful sign downtown

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Downtown Birmingham is the site of more than \$194 million in new, ongoing or proposed hotel construction and renovation projects, unprecedented activity that is expected to benefit both visitors and residents.

City tourism officials have long championed the need for more hotel rooms that can be reserved for convention business and that are within walking distance of the Birmingham-Jefferson Convention Complex.

Meanwhile, restaurants, coffee shops, meeting space and ballrooms that are a part of several of the hotel projects are amenities for people who live and work downtown.

"They're animating downtown," Operation New Birmingham President Michael Calvert said of the dozen hotel projects his organization is tracking in the city center. "The more vibrant we can make downtown, the more locals will be drawn to it."

ONB counts three hotel projects that have been completed within the past year, three that are under way and six others that are moving toward construction or are in the proposal stage.

All together, the total investment is at least \$194.2 million, a figure that could rise because several projects' investment totals have not been pinpointed.

If all the projects are completed, at least 1,309 hotel rooms will be added downtown, along with 1,280 renovated ones.

Now, there are 2,320 hotel rooms downtown and on Southside, according to the Greater Birmingham Convention and Visitors Bureau.

All the new space begs the question: Is there demand to support it?

Cory Jackson Jr., president of Birmingham-based Jackson Hospitality Services, said the metro area hit all-time highs for occupancy and rates through at least the first half of 2007. The city was recognized in several industry meetings and publications as one of the hotter hotel sites in the Southeast, he said.

Jackson's firm manages a range of properties, from five-star to two-star, across the Southeast and also has developed hotel projects in the Birmingham area.

He believes the metro area can support at least one other high-end hotel, possibly two, noting the success of the Renaissance Ross Bridge Golf Resort & Spa in Hoover.

"Then it's a function of finding the right location," he said.

Jackson also believes more rooms are needed to support a possible dome or arena downtown. But he

added that hotels are everyday operations that need to be supported by traffic outside the events happening at such a venue.

"Locations need to be attractive enough for transient business, too," he said.

As for specific projects, Jackson said the new Marriott Residence Inn on Southside is geared toward the niche market of people who want longer-term stays. That kind of hotel is in demand in the area around the University of Alabama at Birmingham.

Jackson said it's also nice to see older ones renewed, such as the DoubleTree Hotel and The Hotel Highland at Five Points South, the former Pickwick Hotel. Operators spent more than \$17 million renovating the Southside hotels.

"It indicates there's enough ongoing demand to justify that cost," he said.

Renee Deason, director of marketing for The Hotel Highland, said she's not worried about competition from other new and renovated hotels.

"If anything, it will just generate more activity in downtown businesses, which in turn will make the businesses thrive and downtown will grow," she said.

`Commitable rooms':

Besides providing places for business travelers to stay, hotels also are key when it comes to luring conventions.

In that business, the magic words are "commitable rooms," said Jim Smither, president of the Greater Birmingham Convention and Visitors Bureau.

The bureau cannot automatically market all the rooms around the BJCC for potential conventions, since hotels will not commit them all.

Now, the bureau does well to get about 800 commitable rooms at the hotels that are considered to be within walking distance of the BJCC - Sheraton Birmingham, Tutwiler Hotel and Redmont Hotel, Smither said.

He estimates that three proposed hotel projects - two planned for the BJCC entertainment district and the Marriott Renaissance Hotel slated for the former Regions Financial Corp. headquarters - will add 200 to 300 commitable rooms within walking distance.

That number could rise with other projects in the same perimeter, such as the hotel planned for the former Federal Reserve site and another proposed for downtown by Chattanooga developer Frank Haney at a site near the BJCC or at the current Birmingham Board of Education site on Park Place.

However, all of the projects on the drawing board may not happen.

The higher level of commitable rooms will allow the bureau to go after conventions that are a little bigger than the ones being booked now. Some major gatherings, which require 3,000 to 4,000 commitable rooms within walking distance, will remain out of reach.

"What we're booking right now are the types of conventions that would use 1,000 to 1,500 rooms, with 2,000 to 3,000 people," Smither said. "Those are real good meetings for us."

Beyond room count, the latest hotel project boom lends a more intangible effect to convention recruiting.

Meeting planners are impressed with new and spruced-up space, and that's especially true for those booking five and six years ahead of time. They expect such properties to still be in good shape.

"With all these sparkly properties in Birmingham, people come in and say, 'Whoa, you've got a pretty good

deal here," Smither said.

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