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IT'S GETTING HOT IN HERE: SOUTH FLORIDA HOSPITALITY MARKET

May 1, 2016

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A record-breaking 105 million tourists visited Florida in 2015, according to data released by the state's governor's office. This number marks the fifth consecutive year of record tourism growth in the State of Florida. South Florida, in particular, has become an international gateway hub known as a center for tourism and business. Foreign visitors, a thriving cruise industry, and airport expansions, among other factors, have created new opportunities for hotel developers and investors who are being aggressive with acquisitions and renovations in a hot South Florida hospitality market. *Visit Florida*, the state's tourism marketing organization, estimates that a record 89.8 million domestic tourists visited Florida in 2015, including 11.2 million overseas visitors and 4 million Canadian tourists. The cruise industry is a crucial contributor to the strong hospitality economy in the region. Miami and Fort Lauderdale are well-positioned to take the lion's share of the number of cruise passengers because of the South Florida's proximity to the Caribbean – one of the world's most dominant cruise destinations. Miami-Dade County has reported that PortMiami, the "Cruise Capital of the World," is the second most important economic engine in Miami-Dade County, contributing $28 billion annually to the local economy. A thriving hospitality industry is among the reasons why the Fort Lauderdale-Hollywood International Airport is undergoing a $2 billion terminal renovation and runway expansion to allow capacity for new airlines and services. Record numbers in the tourism industry fuel the hotel acquisition, construction and renovation boom. Miami-Dade, Broward and Palm Beach hotels have all exhibited increases in the three basic indicators of hotel success: (i) occupancy rates, (ii) average daily rate (ADR), and (iii) revenue per available room (RevPar). According to the Greater Miami Convention and Visitors Bureau, more than 7,500 new hotel rooms are planned for Miami-Dade County before the end of 2017. Through acquisitions, construction or renovation of both boutique and national chain hotels, developers and real estate investors aim to cater to many target markets – from millennials who value design and unique amenities, to business travelers who value downtown and business district locations. From Palm Beach down to the Florida Keys, thousands of new hotel rooms will be hosting guests over the next two years. It looks like the hotel room rates and occupancy rate are rising in South Florida, and this trend will only continue into 2017.

For more information on this topic, please contact the author, Iryna Ivashchuk, on the firm's Business, Finance & Tax Team.

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