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Travelers win as Tri-City hotel openings outpace demand growth

BY WENDY CULVERWELL
wculverwell@tricityherald.com



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More visitors than ever are booking hotel rooms in the Tri-Cities.

But two years of record demand haven't kept up with the pace of new construction, forcing local operators to sharpen their pencils to preserve their share of the hospitality market.

Hotel-motel tax collections — a proxy for overall demand — rose 3.4 percent in 2016 alone. Visit Tri-Cities tallied almost 700,000 room nights for the year among the hotels it tracks. That's 21,460 more nights than the year before.

But existing hotels aren't necessarily benefiting from the increase.

The addition of 506 new or newly reopened rooms in 2015, followed by 120 new rooms in 2016, meant hoteliers have to compete harder.



By the end of last year, there were 3,989 rooms competing for customers, 19 percent more than in 2014.

With supply outpacing demand, visitors are in the driver's seat.

A nonscientific survey of mid-level hotels in the Tri-Cities found that most rooms cost from \$80 to \$120 for a Saturday night stay in March, excluding taxes.

"The demand has never been higher in the Tri-Cities," said Kris Watkins, president of Visit Tri-Cities, the agency tasked with promoting regional tourism. But the new hotels are having an impact.

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IT IS A BUYER'S MARKET FOR VISITORS COMING INTO THE MARKET.

Kris Watkins, president of Visit Tri-Cities



"It is a buyer's market for visitors coming into the market," she said.

It's not unusual for supply to zoom ahead of demand. The current spate of hotel construction is rooted in the Great Recession, as well as the region's expanding economy. In the recession, financing dried up and new development halted.

As the economy recovered, developers revisited growth projections and came out with new projects.

The results are written across the Tri-Cities — Homewood Suites, M Hotel, SpringHill Suites by Marriott and Hampton Inn Kennewick at Southridge opened a collective 506 rooms in 2015.

The Hampton Inn & Suites Pasco/Tri-Cities that opened in 2016 added another 121 rooms.



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And another 202 rooms will come online this year in Richland.

Watkins said the “accordion” effect has struck the Tri-Cities at least three times during her 25 years in the tourism business. The market will catch up, she said.

3,358	2014
3,864	2015
3,989	2016
4,191	2017

Economic activity drives hotel demand, and the Tri-Cities was Washington’s fastest-growth economy in 2016. State figures [released this month](#) show the market added 3,800 jobs, for an annual growth rate of 3.6 percent.

There’s another reason to believe 2017 will surpass 2016.

Energy Northwest hires 1,100 or more workers every other year for its planned biennial refueling and maintenance outage.

[The next exercise](#) is from May 13 to June 17 this year and will involve more than 1,300 workers, many of whom will stay in local hotels.

But 2016 was a bye, so no surprise: Richland hotel demand remained flat. Kennewick and Pasco recorded significant increases of 6.2 percent and 5.3 percent as reflected in hotel-motel tax collections.

Tri-City hotels collected almost \$1.3 million in taxes during the year.

The supply of rooms will grow in 2017. The 120-room [Home2 Suites by Hilton](#) opened Feb. 3 at 2861 Lincoln Landing in Richland and caters to budget-minded leisure and business travelers.

“

WE’RE NOT LOOKING TO TAKE BUSINESS AWAY FROM PEOPLE BUT THAT’S GOING TO HAPPEN. WE’RE NOT A COOKIE CUTTER. WE’RE NOT CORPORATE.

Wendy Higgins, general manager The Lodge at Columbia Point

Still to come: The Lodge at Columbia Point.

The Lodge, an upscale concept from Oregon-based Escape Lodging, will bring 82 more rooms to the market when it opens in late April or early May next to the Columbia Point Marina in Richland.

General Manager Wendy Higgins acknowledged the Tri-City market is at least temporarily saturated.

She said The Lodge will compete at the high end of the corporate travel and leisure market on service and the flexibility that comes with not being tied to a national brand.

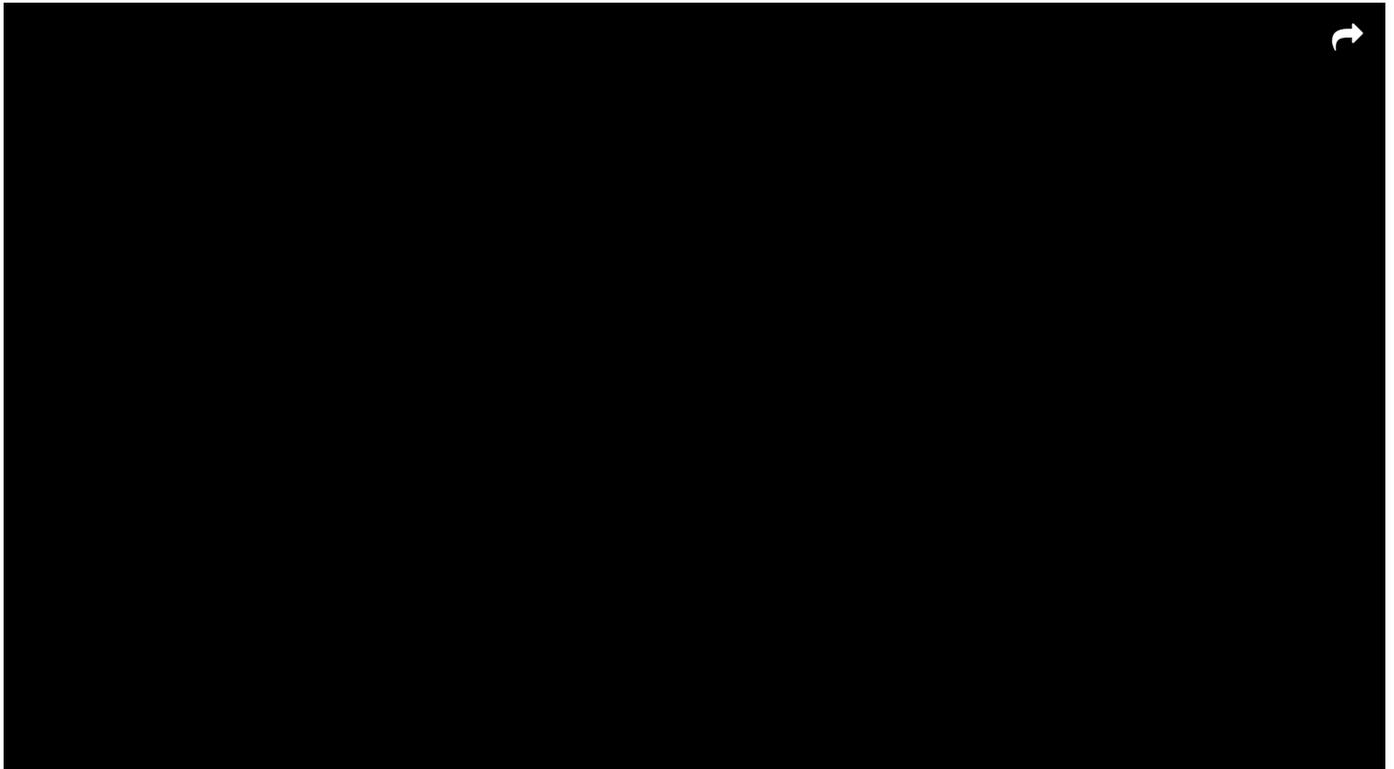
“I don’t understand the word ‘no,’ ” said Higgins, who previously led Escape’s The Ocean Lodge on the Oregon Coast.

“We’re not looking to take business away from people but that’s going to happen,” she said. “We’re not a cookie cutter. We’re not corporate.”

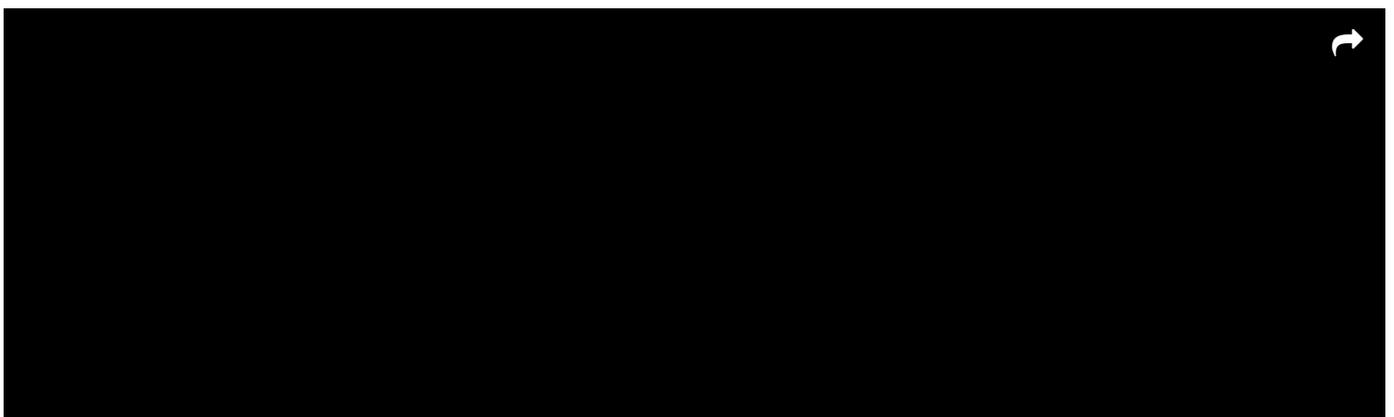
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