

From the Austin Business Journal

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A first: Austin beats San Antonio's hotel business

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It was not a good second quarter for San Antonio's hotel industry. Fewer rooms were booked and overall revenues declined.

But the more troubling news for San Antonio is that, for the first time, according to industry tracker **Source Strategies** Inc., the Austin area passed up the Alamo City, generating more hotel revenue than a market so heavily dependent on the tourism sector.

Austin hotels generated more than \$315 million in the second quarter of 2015 — an 18.1 percent improvement over the same three-month period the previous year, according to Source Strategies' latest Hotel Brand Report.

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San Antonio's hotel industry generated \$299 million in revenue in the second quarter. That's a 2.3 percent decline from the second quarter figure in 2014.

"I've known this was coming," said one of San Antonio's long-time hospitality industry leaders, [Arthur Coulombe](#), about Austin's push to attract more visitors. Coulombe, general manager of the J.W. Marriott San Antonio Hill Country Resort & Spa, added that, for years, the Capital City had been "so lethargic with regard to its tourism sector."

Not anymore. On Tuesday I reported that Austin is now eyeing a major expansion of its convention center — a project that could cost upwards of \$600 million and double the amount of meeting space in the downtown facility.

"Austin is clearly catching up," said [John Clamp](#), executive director of the **San Antonio Hotel & Lodging Association**, about the Capital City's encroachment on this market's lucrative tourism industry.

The Dallas-Fort Worth Metroplex generated nearly \$652 million in hotel revenue in the quarter.

Hotel owners in the Houston-Baytown-Sugar Land market generated more than \$618 million in revenue in the same period.

One of the factors which drove down revenues in San Antonio was a lack of heads in beds. The Alamo City's occupancy rate fell 3.4 points to 64.5 percent.

Austin's occupancy rate grew 1.3 points to nearly 74 percent in the quarter.

Austin is outperforming San Antonio in another critical area — REVPAR, or revenue per available room. Austin's hotel industry eclipsed \$105 in REVPAR in the second quarter.

San Antonio hotels generated just over \$71 on average in revenue per available room during the same quarter.

W. Scott Bailey covers health care, tourism, sports business, economic development; he also plans and edits some special reports.