

## Orlando Set To Dominate Condo Hotel Market - By Bob Ostrander

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### **Orlando leading the condo hotel boom**

As one of the world's top vacation destinations, Orlando offers beautiful weather, unparalleled theme parks, incredible shopping, championship golf and close proximity to top-notch beaches.

In the hospitality field, the city has long been noted for its many hotels and timeshares. But now, it has also taken a leadership position in the condo hotel market with more properties under development than any other city in the country.

### **Condo hotels offer hassle-free ownership**

Because condo hotels are a new type of vacation home ownership, it's not surprising that they're popular in Orlando, the vacation capital of the world.

These fabulously-furnished condominium suites in luxury hotels and resorts offer visitors fantastic amenities like full-service spas, state-of-the-art health clubs, resort-style pools, extravagant clubhouses, upscale restaurants and 24-hour concierge services.

Owners can use their condo hotel vacation homes when they want and place them in the hotel's rental program the rest of the time. They'll receive a share of the revenue their unit generates, typically about 50%. Because the onsite hotel management company takes care of finding guests and maintaining and operating the property, condo hotels offer hassle-free ownership.

### **Expansion of the hospitality sector to include condo hotels**

Greater Orlando has approximately 120,000 hotel guest rooms. While that's far more than most U.S. cities, many hotel and condo hotel developers are confident there's still room for expansion in this popular tourist and convention destination. They cite the following facts about the Orlando market as the reasons for their optimism:

œ Approximately 50 million visitors come to Orlando each year, and that number is continually growing.

œ Orlando is the vacation capital of the world. With new attractions continually being built, it shows no signs of relinquishing that prestigious title.

œ In addition to theme parks, Orlando attracts visitors with its 200+ championship golf courses, 800+ tennis courts, numerous world-class shopping venues, and a high concentration of lakes ideal for fishing and water sports.

œ Hotel occupancy rates in Orlando are historically 73%, although many properties report occupancy rates of over 83%. These rates are among the highest occupancy rates in the country.

œ Orlando's average daily rate for rooms is 4% above the national average.

œ The Orange County Convention Center in Orlando is the third largest in the country, enabling it to attract major trade shows and conventions and keep hotel rooms filled year-round. Over one billion delegates attend conventions at the Orange County Convention Center each year. In 2005 and 2006 Orlando was able to absorb many of the conventions and trade shows planned for the Louisiana Superdome.

œ Attendance at Orlando's theme parks grows annually, and their reach extends far beyond U.S. borders. The theme parks spend millions of dollars each year on worldwide marketing and promotions. Attendance at Disney's Magic Kingdom, the area's largest theme park, is estimated at over 15 million annually.

œ Orlando is strategically positioned in the center of the state, making it an easy visit from Florida cities north, south, east and west.

œ Orlando International Airport is seeing annual increases in traffic of approximately 20%, making it one of the top 20 busiest airports in the U.S. and within the top 30 for the world. It is ranked #1 by JD Powers in passenger satisfaction.

œ Florida is the single most preferred state by Americans for a recreational property purchase according to the ARDA (American Resort Development Association).

œ Foreign buyers favor Orlando over other Florida and U.S. cities. They account for 23% of Orlando home sales, according to the National Association of Realtors. International buyers are more likely to purchase higher-priced homes, and these purchases are likely to be used as a vacation home (38%) or as investment property.

**Many condo hotels already under construction**

There are 15 to 20 condo hotels currently selling units or under construction in Orlando. Many more are in the planning stage, including some that will be large-scale, mixed-use projects incorporating spas, golf courses, town centers, stores and restaurants. A few of the biggest projects are over 1,000 units and will include water parks as on-site attractions.

Some of the condo hotels will be new construction while others will be conversions of existing hotels and resorts. Most will be of three- to five-star caliber and in close proximity to Orlando’s theme parks, attractions and golf courses.

Some of the condo hotels will have well-known franchise operators like Sonesta, Starwood and Hilton while others will be run by independent hospitality firms.

**Orlando Condo Hotels Offer Value**

Orlando condo hotel units tend to be larger than those found in cities like Miami Beach and Fort Lauderdale. Designed to accommodate the many families and extended families that come to the area theme parks, two-, three- and even four-bedroom units in Orlando properties are not uncommon. In South Florida cities, you primarily find studios and one-bedroom units.

Orlando condo hotel units also tend to cost significantly less per square foot than South Florida condo hotels. In Orlando, you can expect to pay \$400 - \$700 per square foot. You can find a luxury unit with resort amenities starting at \$350,000.

In South Florida, most condo hotels start at \$500,000 and up, significantly more if they’re oceanfront. Miami condo hotel units range from \$1,000 to \$2,400 per square foot, and Ft. Lauderdale condo hotels range from \$1,000 to \$1,300 per square foot.

Although real estate appreciation has been occurring at an astounding rate of 20% to 30% per year throughout Orlando, many buyers still consider Orlando to be a good value when compared to other Florida locales and when all that the city has to offer is taken into consideration.

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