

Texas

Hospitality 2027

The Triangle, the Permian and the owner's playbook
for the year the convention centers are closed.

October 2026

A white paper for hotel owners, asset
managers and management
companies



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How to read this paper

Every figure carries a superscript number that points to the Sources section. Where a number is derived from two published figures, the text says so. Where a public forecast did not exist (a Texas statewide 2027 RevPAR forecast, for example), we say that rather than invent one.

This paper is written for the people who sign the capital plan: hotel owners, asset managers and the executives of management companies. Property level tactics appear where they change the owner's number.

EXECUTIVE SUMMARY

Texas is adding rooms faster than guests, and three of its four big convention centers are dark.

Texas set a record \$98.7 billion of travel spending in 2025 and its state hotel tax grew 5.85% in fiscal 2026.^{2,4} Underneath those numbers, every one of the five Triangle hotel markets lost RevPAR in 2025, Houston by 9.6%, and the recovery in 2026 has come almost entirely from rate.^{32,11} The year ahead combines the hardest comparison in a decade (a World Cup that priced Dallas semifinal week at a 21.5% ADR premium), the two largest hotel construction pipelines in America, and convention centers in Austin, Dallas and Houston that are closed, closing or half built until 2028 to 2030.^{14,33,19,27} The Permian is booming again at \$90 oil, and the people who know it best say the peak is 2027.

\$98.7B

Texas direct travel spending, 2025 (+1.2%). Accommodation \$19.0B. International only 9% of the total.

Travel Texas / Dean Runyan, Apr 2026

-9.6%

Houston RevPAR, trailing three quarters of 2025. All five Triangle markets fell; US was -0.3%.

Cornovus Capital / CoStar, 2026

22,861

Hotel rooms in the Dallas development pipeline, the largest in the United States. Austin is fourth.

Lodging Econometrics, Apr 2026

2027

Year the EIA expects US crude production to peak, at about 14 million barrels a day, half of it Permian.

EIA AEO 2025; STEO Sep 2026

Eight findings shape the Texas owner's agenda for 2027.



1. Rate is doing all of the work.

Statewide, the first quarter of 2025 saw demand fall 4.1% while ADR rose 7.1%; Houston's 2026 year to date has demand up 1% and ADR up 5.5%.^{7,11} The state's 6% hotel tax grew 5.85% in fiscal 2026 on roughly flat room nights.⁴ Texas occupancy was 62.6% in 2024, and nothing in the public record suggests it has risen since.⁷ In a \$126 ADR state, every point of rate is worth more than a point of occupancy, and 2027 will test how much rate the market will bear without a tournament to justify it.



2. The convention centers are the 2027 story, and it is a three city story.

Austin's convention center has been demolished since April 2025 and re-opens in 2029 at the earliest; downtown occupancy is down about 15% and a third of the city's room nights were group related.²⁷ Dallas closed the Kay

Bailey Hutchison Convention Center in July 2025 for a \$3 billion plus re-build now slipping to 2030 or later; Visit Dallas counts \$92 million of lost business and 3,000 jobs, and the city's own forecast has 2027 RevPAR 7.7% below 2026.^{19, 18} Houston approved \$2 billion of bonds in February 2026 for the George R. Brown expansion, phase one in 2028.¹⁶ Only San Antonio is intact, and it turned away \$700 million of convention business for lack of space.²⁴

▲
3. The World Cup paid in rate and left a comparison problem.

Houston's tournament window ran ADR up 21% with occupancy down one point; downtown ADR rose 40%. HVS measured Houston RevPAR 22.2% above its no event baseline and Dallas 30.1% above, with occupancy up only 0.7 points, and described the pattern as "demand destruction driven by aggressive dynamic pricing."^{12, 13} Seventy percent of Dallas Fort Worth and Houston hotels were behind pace in May.¹⁴ CoStar and CBRE both flag June and July 2027 as a comparison headwind, and Texas has no national championship event on its 2027 calendar.^{9, 79}

▲
4. Supply is the Texas specific risk.

Dallas has 184 hotel projects and 22,861 rooms in its pipeline, the most of any US city, with 20 openings in 2026 and 27 in 2027. Austin has 117 projects and 13,850 rooms, up 14% in a year.³³ US supply is growing 0.4 to 0.7% a year; Texas grew 1.4 to 1.7% in 2024 and early 2025.^{9, 7} New rooms opening into a market without a convention center is how RevPAR falls in a growing economy.

▲
5. The cost base is property tax and insurance, not wages.

Texas has no hotel wage ordinance and a \$7.25 minimum, but 2026 commercial appraisals rose 17.4% in Tarrant County, 15.7% in Dallas County and 9.9% in Travis County, and the Comptroller expects statewide taxable value up 5.07% in 2026 and 5.66% in 2028.³⁸ Hurricane Beryl pushed the state windstorm insurer to a 10% rate increase, and the Dallas Fed reports wage growth of 3.5 to 4.0% with input prices up 4.6%.^{39, 36}

▲
6. International is a Mexico story, and Texas kept Canada.

Mexico sent 5.8 million overnight visitors who spent \$4.5 billion in 2024, and Mexican air arrivals through Texas ports rose 8.4% in the first half of 2026.^{41, 45} Canadian visits to Texas fell 1% in 2025 while Canadian travel to the US fell 25%.^{42, 43} Overseas visitors fell 11.2%.⁴⁴ International is 9% of Texas travel spending; the border is the lever.²

▲
7. The Permian is in its last growth phase, and the hotels know it.

Permian crude reached 6.6 million barrels a day in 2025 and the EIA forecasts 6.8 million in 2026 on 13% fewer rigs than the April 2025 peak.^{47, 51} The EIA's reference case puts the US production peak in 2027; Occidental's chief executive says 2027 to 2030; Diamondback's said in 2025 that it had already arrived.^{49, 50} Midland's city hotel tax rose 29% in fiscal 2025 and Omni is building downtown, but the Dallas Fed's survey respondents at \$98 oil describe

▲
8. The AI build out is landing in towns with no hotels, and it will need better ones than they have.

themselves as "working our way out of a job."^{56, 58, 52} The gold rush has three to five years of plateau in it, not another decade of growth, and the hotel strategy for a plateau is different from the strategy for a boom.

Texas has roughly \$89.5 billion of data center construction underway, 248 planned projects and a 439 gigawatt interconnection queue; Samsung's \$37 billion fabs in Taylor (population 18,000), Texas Instruments' \$30 billion site in Sherman (52,000), Stargate in Abilene (130,000), Vantage's \$25 billion campus in Shackelford County (3,200) and Google's \$40 billion in Armstrong, Haskell and Ellis counties.^{140, 138, 121, 126, 131, 134} Abilene led Texas in hotel revenue growth for six straight quarters, with rooms quoted at \$400 to \$500 a night; Sherman went 25 years without a new hotel and now has five under way.^{130, 127} When the sites go live, the construction crews leave and a different traveler arrives: Samsung alone expects 1,500 vendor engineers from ASML, Lam and KLA on site, TSMC Arizona staffs half its fab from Taiwan, and the federal per diem that governs much of that travel is \$110 in every one of these towns.^{122, 142, 144} Section 9 maps the projects and the gap.



The Texas play for 2027 is defensive on rate and offensive on mix: **hold the ADR the World Cup proved possible, replace the convention block with owned demand, and treat the Permian as a plateau to harvest rather than a boom to build into.**



01

SECTION 01

Texas in numbers: the 2025 baseline and the 2026 to 2027 outlook.

The second largest visitor economy in the country is growing on spending and shrinking on occupancy. The gap between the two is the subject of this paper.



▲
**The visitor economy:
 a record, with a soft
 interior**

Dean Runyan Associates' study for Travel Texas put 2025 direct travel spending at \$98.7 billion, up 1.2% on 2024, with a total economic impact of \$201.8 billion, 1.3 million jobs and \$80.8 billion of earnings. Travel generated \$9.2 billion of state and local taxes, \$5.5 billion of it to the state, equivalent to 5.9% of all state tax revenue.^{2,3} Spending on accommodation was \$19.0 billion, second only to food service at \$20.4 billion.² The split of spending is the first thing a California reader will notice: Texans travelling inside Texas account for 47% of it, out of state visitors 44%, and international visitors only 9%.² Texas is a drive market and a domestic market, which has protected it from the international decline and exposed it to the domestic consumer.

The state's own cash register confirms the direction. The 6% state hotel occupancy tax collected \$833.6 million in fiscal 2026 (September 2025 to August 2026), up 5.85%, with August 2026 alone up 12.2% on the World Cup.⁴ Fiscal 2025, by contrast, had closed with August collections down 1%.⁵ A 5.85% rise in a 6% tax is a 5.85% rise in taxable room revenue; against roughly flat demand, that is rate.

▲
**Hotel performance:
 the public record and
 its gaps**

Texas does not publish a statewide STR series. The most recent public full year figures come from Source Strategies: 2024 room revenue of \$14.31 billion (up 5.1%), supply of 495,600 rooms (up 1.7%), demand of 113.3 million room nights (up 1.7%), occupancy of 62.6% (flat), ADR of \$126.29 (up 3.3%) and RevPAR of \$79.06 (up 3.3%).⁷ The first quarter of 2025 showed the shape of what followed: supply up 1.4%, demand down 4.1%, occupancy down to 58.5%, ADR up 7.1% to \$134.50 and RevPAR up 1.3%.⁷ Statewide 2025 full year and 2026 year to date performance figures are not public; Source Strategies' trailing twelve month hotel revenue to the first quarter of 2026 was \$14.15 billion, down 3.6%, while short term rentals took 9.5% of lodging revenue, 264% of their 2019 share.^{7,2}

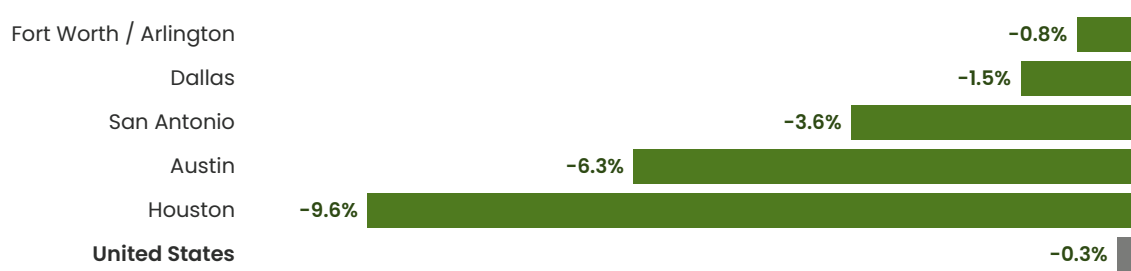
The market level data is clearer and worse. For the trailing three quarters of 2025, RevPAR fell 9.6% in Houston, 6.3% in Austin, 3.6% in San Antonio, 1.5% in Dallas and 0.8% in Fort Worth and Arlington.^{3,2} Houston closed 2025 at 59% occupancy, down 9%, with ADR of \$120 and RevPAR of \$71, down 9% on a record 2024; CoStar recorded Houston as the steepest occupancy decline of any top 25 US market.^{10,8} San Antonio room nights were 12.1% below the 2019 peak and downtown occupancy was 59% in the fourth quarter, 17% below 2019.^{2,3}

▲
2026: the event year

The World Cup changed the first eight months of 2026. Houston year to date through August ran occupancy of about 61% (flat), ADR of \$129 (up 5.5%),

▲ FIGURE 1

RevPAR change by market, trailing three quarters of 2025 (% vs 2024)



RevPAR change by Triangle market, trailing three quarters of 2025. Source: Cornovus Capital Southwest Hospitality Market Report, May 2026, with CoStar US benchmark.^{32, 8}

RevPAR of \$78 (up 6%) and revenue up 7%; June alone saw ADR up 14.3% and RevPAR up 12.0%.¹¹ Houston's first quarter was a record on CERAWEEK, the World Baseball Classic, an NCAA regional and the Rodeo, with downtown ADR at \$265.¹⁷ San Antonio broke six straight quarters of demand contraction in the first quarter of 2026, with ADR up 2.2% to \$142.80 and RevPAR up about 2%, and March RevPAR up 33%.^{25, 24} Dallas semifinal week in July ran ADR up 21.5% and RevPAR up 26.6%.¹⁴

▲ What is forecast for 2027

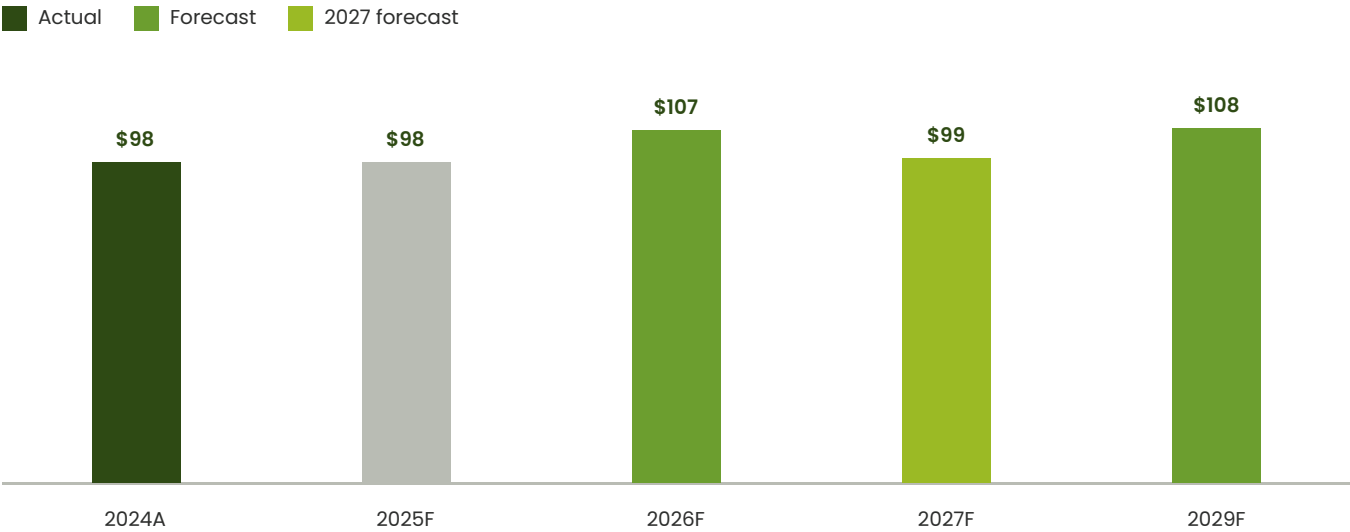
There is no public Texas statewide forecast for 2027, and we have not invented one. Three published anchors frame the year. CoStar and Tourism Economics expect US RevPAR to grow 2.1% in 2027 on ADR of 1.6% and demand of 1.1%, with June and July comparisons against the World Cup a drag; CBRE has 2.1% RevPAR and 63.0% occupancy.⁹ Tourism Economics' forecast for the City of Dallas, commissioned by Visit Dallas, has 2026 RevPAR of \$107.46 (the World Cup adding 8.9% to room revenue) falling to \$99.18 in 2027, down 7.7%, with occupancy at 61.9%, and not recovering to \$108 until 2029 when the convention center reopens.¹⁸ Houston First's local projection for 2026 was RevPAR of \$72.99, up 3%; the market has run ahead of it.^{32, 11}

▲ Supply, capital and the cost of building

Texas is where America builds hotels. Lodging Econometrics' first quarter 2026 count put Dallas first in the nation with 184 projects and 22,861 rooms, 37 of them under construction with 4,111 rooms, 68 scheduled to start within twelve months, and 20 openings in 2026 followed by 27 in 2027. Austin ranked fourth with 117 projects and 13,850 rooms, up 19% and 14% respectively in a year. Houston's pipeline is dominated by 35 renovation and conversion projects covering 5,336 rooms.³³ In the second quarter, with the US pipeline shrinking 4.9%, Dallas still held 183 projects and Austin 116.³³ Across the state, 121 hotels and 14,298 rooms opened in the twenty four months to September 2026, and the development list includes a 1,000 room hotel at Circuit of the

FIGURE 2

City of Dallas hotel RevPAR, actual and forecast (\$)



City of Dallas hotel RevPAR, 2024 actual and Tourism Economics forecast to 2029. Source: Tourism Economics for Visit Dallas, January 2025.¹⁸

TABLE 1 The Texas Triangle at a glance

Market	2025 occupancy	2025 ADR	2025 RevPAR trend	2026 so far	2027 outlook
Houston	59%	\$120	-9% (full year)	YTD Aug: occ ~61%, ADR \$129 (+5.5%), RevPAR +6%	GRB phase one 2028; no World Cup comp; data center and energy business travel
Dallas (city)	62.5% (F)	\$155.98 (F)	flat	2026F RevPAR \$107.46 (+10%)	2027F RevPAR \$99.18 (-7.7%); KBHCC closed to 2030+
Fort Worth / Arlington	n/d	n/d	-0.8% (3Q)	World Cup at AT&T Stadium; convention center phase one open	Fastest growing Texas destination; two PFZs
San Antonio	under 57%	~\$140	-3.6% (3Q); revenue -7%	Q1 2026 ADR \$142.80 (+2.2%); March RevPAR +33%	Intact convention center; TPID vote; 965,000 room night target
Austin	n/d	downtown \$260.50 (Q2 2026)	-6.3% (3Q)	Downtown occupancy 69.0% Q2 2026; SXSW first sellout since 2019	No convention center until 2029; 13,850 room pipeline

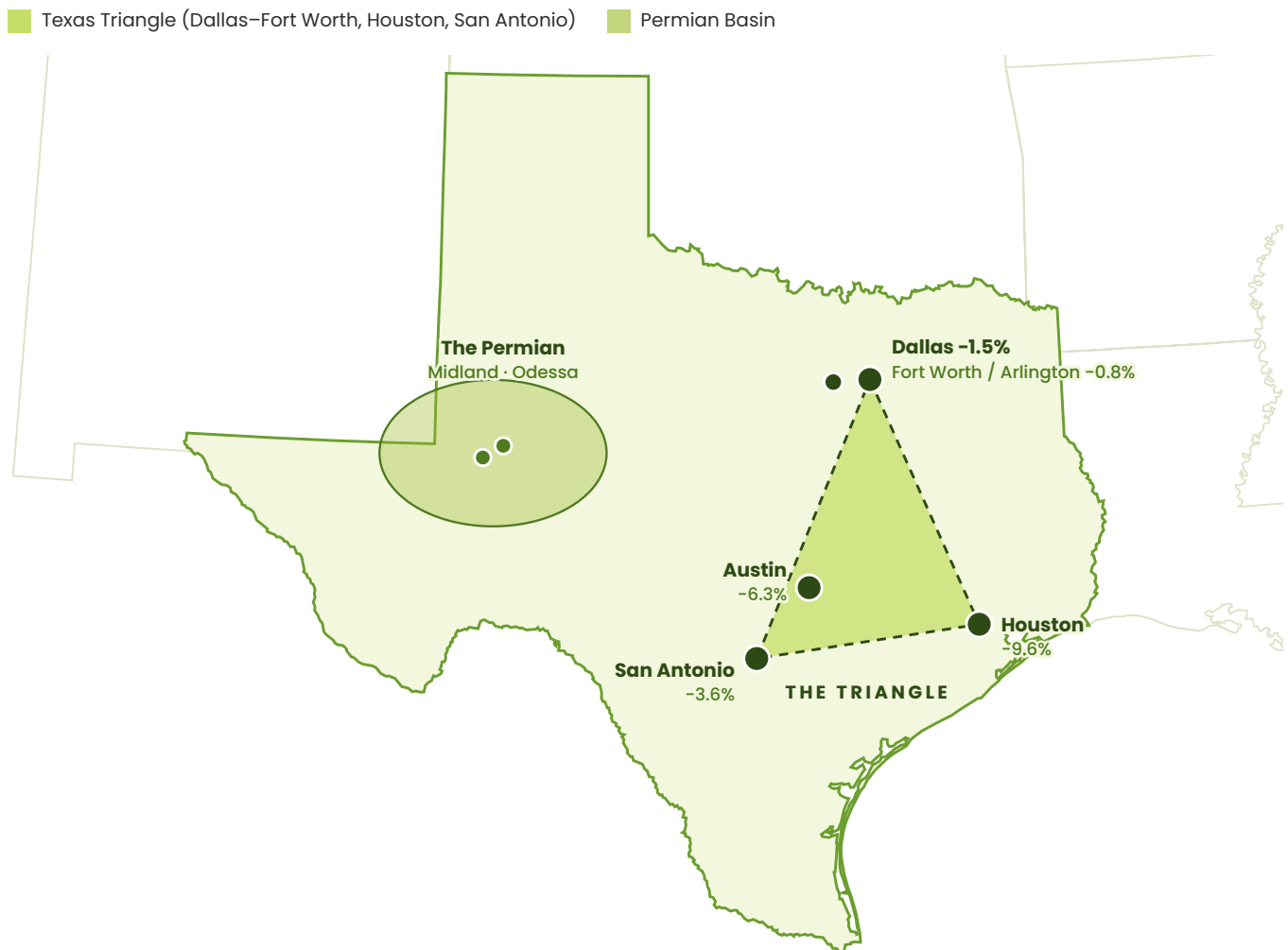
Sources: Houston First;^{10, 11} Tourism Economics for Visit Dallas;¹⁸ Cornovus Capital;³² Source Strategies via San Antonio Business Journal and San Antonio Current;^{25, 23} Downtown Austin Alliance;³¹ Lodging Econometrics.³³ (F) forecast; n/d not disclosed publicly.

Americas, a 900 room Kalahari in Allen, a 507 room Loews in Arlington and a 301 room JW Marriott on the San Antonio River Walk.³³

The cost of that building is rising. HVS's 2026 development cost survey puts median all in cost at \$170,000 a room for limited service, \$200,000 for select service and \$467,000 for full service, with Texas among the five most represented states.³⁴ Dallas Fort Worth hotels traded at an average of \$200,000 a

▲ MAP 1

The Texas Triangle and the Permian: RevPAR change, trailing three quarters of 2025



Every Triangle market lost RevPAR in 2025 while the US was down 0.3%; the Permian runs on its own oil cycle. Source: Cornovus Capital Southwest Hospitality Market Report, May 2026; CoStar.^{32,8} State boundaries: US Census via us-atlas.

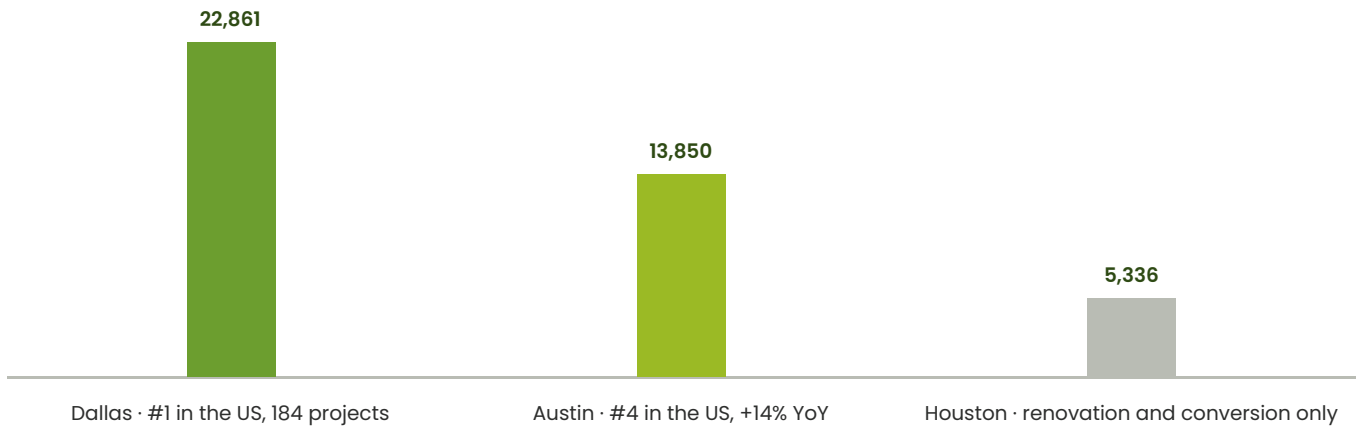
key and a 9.5% cap rate in the twelve months to the third quarter of 2025, on \$292 million of volume across 52 deals.²¹ That is a market where a new select service hotel costs about what an existing one sells for, which is why the pipeline keeps filling and why existing owners should expect it to.

▲ Jobs, people and the public purse

Texas added 159,400 jobs in the year to August 2026, growth of 1.1% against a US rate 0.7 points lower, and leisure and hospitality employment rose 2.2% to roughly 1.58 million.³⁵ The Dallas Fed raised its 2026 Texas job growth forecast to 2.0% in August, citing World Cup related hiring in Arlington and Houston, with wage growth running at 3.5 to 4.0%.³⁶ The state's population reached 31.7 million in July 2025, up 391,243, the largest absolute gain of any state for

FIGURE 3

Hotel rooms in the development pipeline, Q1 2026



Hotel rooms in the development pipeline, Dallas, Austin and Houston, Q1 2026. Source: Lodging Econometrics via Hotel News Resource, April 2026.³³

the third year running, though international migration fell 48% and the growth rate was the slowest since 2021.³⁷

City hotel taxes show who is winning. Comptroller data for fiscal 2025 puts local hotel tax collections at \$132.2 million in Austin, \$111.2 million in Houston, \$104.8 million in San Antonio, \$79.3 million in Dallas and \$46.5 million in Fort Worth.⁵⁶ Austin's budget office estimated fiscal 2025 collections at \$165.1 million against a \$169.9 million budget; Houston First's 2024 record of \$112.78 million was followed by a 2026 projection of 4 to 6% growth.^{29, 71} And a number that will matter in the 2027 legislative session: \$633 million of local hotel tax revenue sat unspent statewide at the end of fiscal 2025, and the Senate Economic Development Committee held a hearing on hotel tax oversight on September 22, 2026.⁶



02

SECTION 02

Headwinds: what is working against the P&L.

Six forces are pushing against Texas hotel margins in 2027. Two of them, supply and the convention centers, are specific to Texas and specific to this year. Owners should underwrite to them.



▲ 1. Three convention centers out of four, out of service

Austin demolished its convention center in April 2025 to build a \$1.6 billion, 620,000 square foot replacement that opens in 2029 at the earliest. Downtown hotel occupancy has fallen about 15% on average since the closure; about one in three Austin room nights had been group related; and Visit Austin's chief executive reports some hotels seeing "double digit revenue drops" in what were convention months.^{27, 28} Critics note the project pledges 80% of city hotel tax through 2058 and that SXSW alone was 45% of the old building's attendance.⁸⁰

Dallas closed the Kay Bailey Hutchison Convention Center in July 2025. A June 2026 redesign added \$597 million to a budget already above \$3 billion and pushed completion from 2029 to 2030 or later. Visit Dallas is losing \$1.5 million a month in hotel tax, counts \$92 million of lost business and 3,000 jobs, has relocated nine events and has more than thirty at risk.¹⁹ Tourism Economics' forecast for the city, written before the delay, already had group sales "significantly hindered" through December 2028 and 2027 RevPAR down 7.7%.¹⁸ Houston is in a better position only in degree: the \$2 billion George R. Brown expansion approved in February 2026 delivers phase one in 2028 and full build out in 2038, funded by the state's share of incremental hotel tax.¹⁶ Fort Worth is midway through a \$701 million expansion with phase one open in December 2025; San Antonio's Henry B. González is intact but has turned away more than \$700 million of business in six years for lack of space.^{22, 24}

Why this matters to an owner

Group is the base on which a hotel prices transient. Without it, the compression nights that let a downtown hotel hold rate disappear, and the transient guest who would have paid the compressed rate pays the uncompressed one. Austin's answer, selling hotel collections as a substitute convention center (3,629 rooms and 225,000 square feet in one package), is the right instinct and has booked 27 events and 238,117 room nights, but it does not replace a 620,000 square foot building.²⁸

▲ 2. Supply growth of two to three times the national rate

US hotel supply is growing 0.4 to 0.7% a year.⁹ Texas supply grew 1.7% in 2024 and 1.4% in the first quarter of 2025, and the pipeline has since grown.^{7, 33} Dallas will open 20 hotels in 2026 and 27 in 2027 into a market whose convention center is closed; Austin will open 12 hotels and 1,693 rooms in 2026 with the same problem.³³ Houston added 1,605 rooms in the year to May 2026 while room revenue fell 4.5%.³² Short term rentals add a second supply line: 9.5% of Texas lodging revenue, 13% in Austin, 11% in Houston.⁷² Supply is the reason a growing Texas economy produces

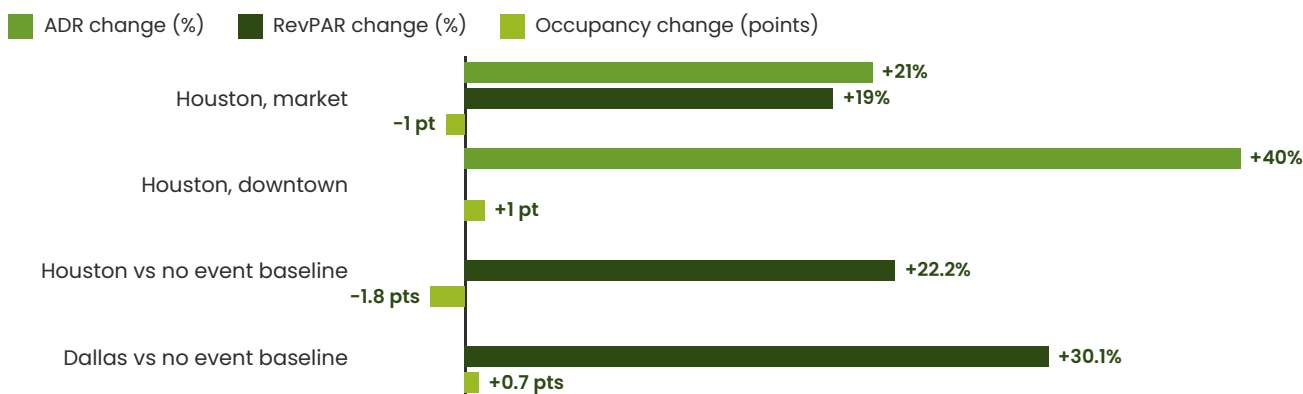
falling Texas RevPAR, and nothing in the pipeline data suggests it eases before 2028.

3. The World Cup comparison

Texas projected \$3.5 billion of World Cup impact, \$2 billion in Dallas Fort Worth and \$1.5 billion in Houston.¹⁵ What the hotels got was rate. Houston First's figures for the tournament window show market occupancy of 61% (down 1%), ADR of \$147 (up 21%) and revenue up 20%; downtown ran ADR of \$286 (up 40%) and Uptown \$250 (up 47%). HVS's counterfactual analysis puts Houston occupancy 1.8 points below where it would have been without the tournament, with RevPAR 22.2% above, and about \$16 to 17 million of incremental rooms revenue from seven matches; Dallas gained 0.7 points of occupancy, 30.1% of RevPAR and \$60.8 million from nine matches, the second highest relative gain of any host city.^{12, 13} HVS's verdict: "rising rates and falling occupancy, consistent with demand destruction driven by aggressive dynamic pricing."¹³

FIGURE 4

World Cup 2026: the premium came as rate, not rooms



World Cup 2026 tournament window: ADR, RevPAR and occupancy change in Houston and Dallas, as reported and against HVS's no event baseline. Sources: Houston First, July 2026; HVS, August 2026.^{12, 13}

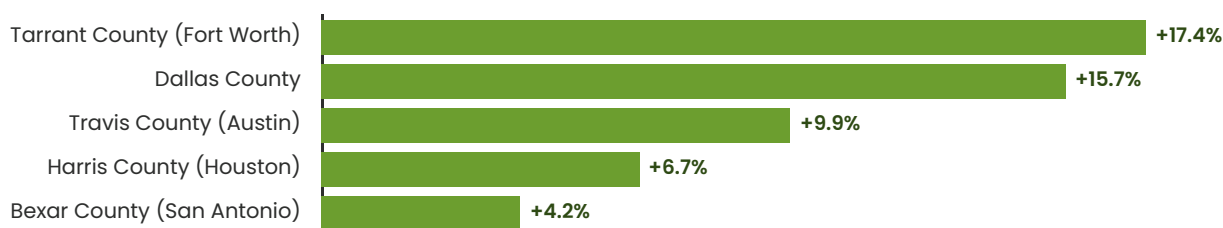
The problem for 2027 is arithmetic. June and July 2026 ADR in Houston and Dallas was inflated by 20 to 50% on match nights, and 2027 has nothing to put against it. The CFP championship is in Las Vegas, the Men's Final Four in Detroit, the Super Bowl in Los Angeles and NBA All Star in Phoenix.⁷⁹ Texas's 2027 calendar is the recurring one: the Houston Rodeo (2.7 million attendees and \$597 million of activity in 2025), SXSW in a shortened format, the US Grand Prix at Circuit of the Americas (now contracted through 2034), and the conventions San Antonio and Fort Worth can still host.^{78, 30, 77} Strong, but all of it was in the 2026 base too.

▲ 4. Property tax and insurance

Texas has no hotel wage ordinance and no state minimum above the federal \$7.25, and its cost headwind runs through the tax bill instead. Commercial appraisals for 2026 rose 17.4% in Tarrant County, 15.7% in Dallas County (to \$159.5 billion), 9.9% in Travis County, 6.7% in Harris County and 4.2% in Bexar County, with hotels in Williamson and El Paso counties up more than 16%.³⁸ The Comptroller's September 2026 estimate has statewide taxable value up 5.07% in 2026, 2.53% in 2027 and 5.66% in 2028.³⁸ A 20% appraisal cap on certain non homestead property softens the swing but does not reverse it.

▲ FIGURE 5

Commercial property appraisal increases, 2026 (%)



Commercial property appraisal increases by county, 2026. Source: O'Connor via National Law Review, May 2026.³⁸

Insurance is the Gulf Coast line. Hurricane Beryl made landfall on July 8, 2024, caused more than \$6 billion of damage and cut power to 2.7 million customers, 80% of the Houston region; the Texas Windstorm Insurance Association proposed a 10% rate increase for residential and commercial policies within a month, on a policy base that had grown 37% since 2020.³⁹ Houston hotels ran 73.3% occupancy that July on displaced residents and utility crews, which is the pattern California saw in the 2025 fires: a revenue spike that lasts weeks and an insurance line that lasts years.³⁹ Labor costs are rising more gently than in California but rising: the Dallas Fed's service sector respondents expect wage growth of 3.9% and input price growth of 4.6% in the year ahead, with selling price expectations the strongest since December 2023.³⁶

▲ 5. The domestic consumer, and a service sector losing momentum

Texas's strength, a 91% domestic visitor base, is its exposure in 2027. The Dallas Fed's September 2026 Texas Service Sector Outlook Survey turned negative on revenue (an index of minus 0.9, from 6.6) and company outlook (minus 3.2), with the uncertainty index rising to 21.4 from 12.9; respondents named geopolitical uncertainty (45.9%) and the level of demand (42.3%) as their top concerns.^{82, 36} Nationally, the household earning under \$100,000 cuts travel first when costs rise, and that household is a larger share of the Texas drive market than of California's fly market.⁴⁰

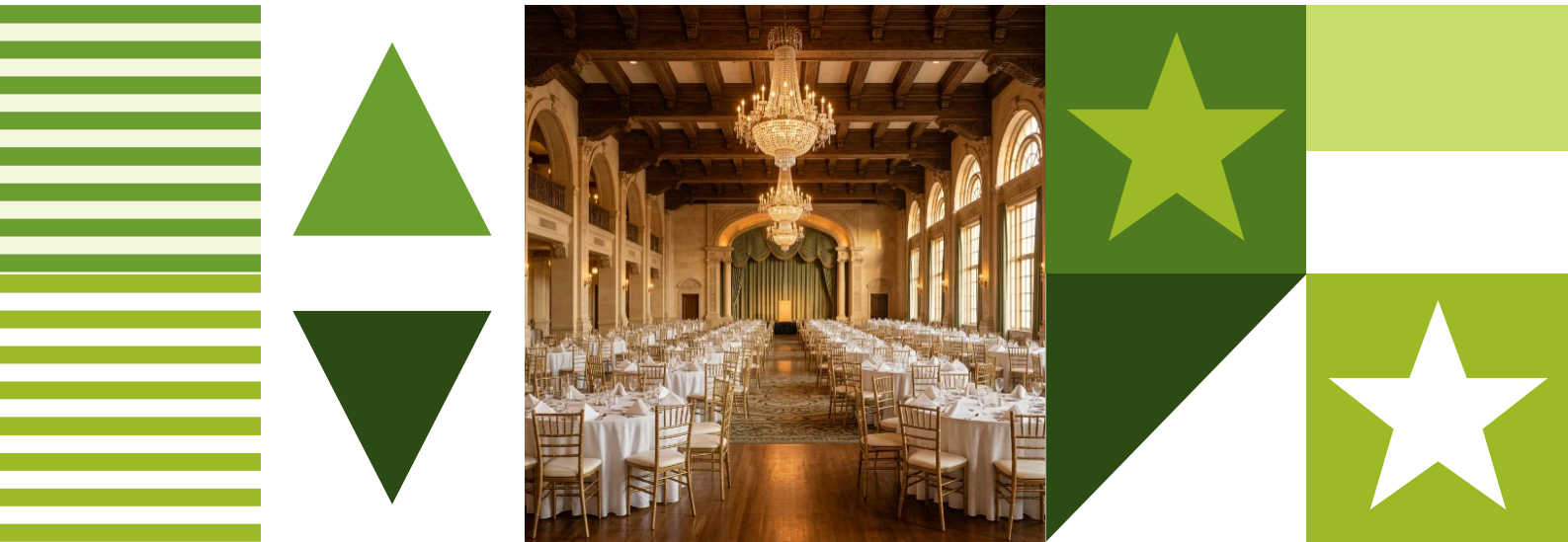
6. Hotel tax stacks of 15 to 17%, and a legislature looking at them

A guest in Houston pays 17% plus \$2 a night in hotel taxes; in Austin 17% plus a 2% Tourism Public Improvement District assessment introduced in 2025; in San Antonio 16.75% plus a 1.25% TPID that may rise to 2%; in Dallas and Fort Worth 15% plus 2% TPIDs.^{26, 29, 70} Under the state's all in pricing rules for online travel agencies and the FTC's 2025 fee rule, those taxes are visible in the advertised price. The 2027 legislative session will open with \$633 million of local hotel tax unspent and a Senate committee already asking what it is for; the Dallas Project Financing Zone has collected \$219 million against a projection of about \$15 million a year.⁶ Owners who depend on hotel tax funded destination marketing should expect scrutiny of how it is spent.

TABLE 2 The headwinds, sized

Headwind	Size of the effect	Structural or cyclical	What the owner controls
Convention centers offline	Austin downtown occupancy -15%; Dallas 2027 RevPAR -7.7%; \$92M lost	Cyclical, long (2028 to 2030)	Group substitutes, owned demand, leisure and sports pivot
Supply growth	Dallas 22,861 rooms, Austin 13,850 in pipeline; TX +1.4 to 1.7% vs US +0.4 to 0.7%	Structural through 2028	Positioning, renovation timing, mix, not building
World Cup comparison	Houston ADR +21%, Dallas semifinal week ADR +21.5% in 2026	One year	Budget 2027 June and July on 2025, not 2026
Property tax	Appraisals +4.2% (Bexar) to +17.4% (Tarrant), 2026	Structural	Protests, cap management, cost per occupied room
Insurance (Gulf Coast)	TWIA +10% after Beryl; policy base +37% since 2020	Structural	Risk engineering, deductibles, placement
Domestic consumer and sector sentiment	Service sector revenue index -0.9; uncertainty 21.4	Cyclical	Value stack, loyalty rate, drive market marketing

Sources as cited in the text of this section.^{27, 18, 33, 12, 38, 39, 82}



03

SECTION 03

Tailwinds: what is working for it.

The case for Texas hotels in 2027 rests on six things: a state economy that keeps outgrowing the country, a border that is sending more visitors not fewer, a destination marketing machine that is measured and well funded, convention pipelines that are full for the day the buildings reopen, an energy sector at \$90 oil, and a direct channel that is cheaper to build in a \$126 ADR market than anywhere else.



1. The economy keeps outgrowing the country

Texas employment grew 1.1% in the year to August 2026 against a US rate 0.7 points lower, and 1.9% annualised in the first half against 0.6% nationally; the Dallas Fed raised its full year forecast to 2.0%.³⁵
³⁶ The state added 391,243 residents in 2025, more than any other.³⁷ CBRE names Houston as an AI data center construction market that will benefit from business travel, and the AI build out (Section 9) and the Permian's own power projects (Section 8) add a new demand line across the state.⁹ Hotels follow payrolls, and Texas payrolls are still growing.

2. The border is a growth market

Mexico is the state's largest international market by a wide margin: 5.8 million overnight visitors in 2024, spending \$4.5 billion, staying 4.7 nights on average, 87% arriving by land.⁴¹ Mexican air arrivals through Houston, Dallas and San Antonio rose 8.4% to 417,562 in the first half of 2026, led by Houston at 195,648.⁴⁵ About 70% of Houston's international visitors come from Mexico.⁷¹ And Texas held Canada: 608,000 Canadian visitors in 2025, down 1%, in a year when Canadian travel to the United States fell 25% and Canadians spent C\$3.3 billion less on US trips. Canadians who come to Texas stay 7.3 nights, 73% fly and 83% use paid lodging.^{42, 43, 41} Overseas arrivals fell 11.2% to 1.86 million, but overseas is a small share of a 9% international base.⁴⁴

FIGURE 6

International demand to Texas (% change)



International demand indicators for Texas, 2025 to H1 2026. Sources: Travel Texas; Travelweek; Statistics Canada via Axios; NTTO via KDH News; CBP I-94 data.^{41, 42, 43, 44, 45}

3. Destination marketing with a measured return

Travel Texas's fiscal 2025 return on investment study, by SMARInsights, credits the state program with \$6.00 of state tax for every dollar spent, \$288 million of state tax, 6.6 million influenced hotel room nights, 2.0 million out of state trips and \$4.6 billion of out of state spending, up 17% on the prior year.⁶⁹ Beneath the state sit the city bureaus and the Tourism Public Improvement Districts that fund them: Dallas's 2% TPID raised \$25.2 million in fiscal 2025, Fort Worth's \$7.3 million, San Antonio's 1.25% assessment \$10.7 million with a vote to raise it to 2% and add \$6.4 million a year, and Austin's new 2% TPID about \$30 million a year for meeting incentives, shuttles and room rebates.^{70, 26} Houston First runs a \$243 million budget and Visit San Antonio \$48.5 million

▲
4. The convention pipelines are full for the reopening

with a target of 965,000 convention room nights.^{71, 26} For an owner, the practical tailwind is that group incentive money exists in every Triangle city, and in Austin and Dallas it is looking for hotels to spend itself on.

Visit Austin has 27 confirmed events for the new center worth 238,117 room nights and more than \$205 million, 22 verbal commitments worth 182,239 room nights, 23 signed future conventions, 11 pending and 74 interested.^{28, 27} Houston First hosted 18 citywide conventions with about 220,000 attendees in 2025 and projects a hotel tax increase of 4 to 6% in 2026.⁷¹ Visit San Antonio booked 97 events and 476,000 room nights for fiscal 2026.²⁴ Nationally, 85% of meeting planners are optimistic about 2026 and more than 70% expect costs to rise, which is pricing power.⁴⁰ The convention business is not gone from Texas; it is waiting for buildings, and the owner who signs 2029 and 2030 blocks in 2027 holds the inventory.

▲
5. Energy at \$90

West Texas Intermediate averaged \$65 in 2025 and \$84 in the first eight months of 2026, trading above \$92 in late September on Middle East risk.^{47, 52} Texas oil production tax collected \$5.88 billion in fiscal 2026, up 9.2%, and the industry paid \$27 billion of state and local taxes and royalties in 2025.^{5, 61} Houston's first quarter record was built on CERAWEEK; the Permian's hotels are running 12% ADR growth.^{17, 57} Energy is the business travel engine of two of the state's major markets and the whole of a third, and it is running hot. Section 8 is about how long.

▲
6. Owned demand is cheapest where the ADR is lowest

Loyalty members booked 58% of US room nights through the first half of 2026 and member only rates grew 19% while rack rate fell 5%.⁷³ Marriott's member share of US and Canada room nights reached 75%.⁷⁶ The arithmetic favours Texas: an OTA commission of 15 to 30% on a \$126 room is \$19 to \$38, and a direct booking at a boutique benchmark cost of 9% is \$11.^{74, 75} The absolute dollars are smaller than in California, but the share of a thin Texas margin they represent is larger, and the Texas drive guest who returns every year is the easiest guest in America to put on a list. Section 10 takes this up.

TABLE 3 The event calendar, 2026 to 2030

Event or driver	When	Published number	What it means for 2027
FIFA World Cup, Houston (7) and Arlington (9)	Jun 11 to Jul 19, 2026	Houston ADR +21%, RevPAR +19%; Dallas RevPAR +30% vs baseline; 630,000 fans in DFW	Comparison drag in Jun and Jul 2027; proof of rate ceiling
Houston Livestock Show and Rodeo	Feb to Mar, annual	2.7M attendees, \$597M activity (2025)	Recurring; in both base years

TABLE 3 The event calendar, 2026 to 2030 continued

Event or driver	When	Published number	What it means for 2027
SXSW, Austin	Mar 12 to 18, 2027 (shortened format)	309,300 attendees (2025); first sellout night since 2019 in 2026	Peak week holds; shorter run means fewer total rooms
US Grand Prix, Circuit of the Americas	October, annual, contracted to 2034	430,000+ fans; >\$1B spend (2023)	The one Austin compression weekend not dependent on the ACC
Convention center reopenings	Houston 2028; Austin 2029; Dallas 2030+	Austin: 238,117 room nights confirmed; Dallas: 30+ events at risk	2027 is the contracting year for 2029 to 2030 blocks
DFW bids: 2031 Women's World Cup, Super Bowl, CFP, All Star	2028 onward	Bids announced July 2026	Pipeline of compression events after the convention center returns

Sources: Houston First;¹² HVS;¹³ FOX 4;¹⁵ Community Impact;⁷⁸ Spectrum News and Skift Meetings;³⁰ Formula 1;⁷⁷ Northstar;²⁸ CBS Texas.¹⁹

▲ Net of headwinds and tailwinds, 2027 in Texas is a rate defence year with a 2029 prize attached. Hold the rate the World Cup proved, replace the group base with owned demand, and contract the reopening.



Mexico traveler at the border
or [browse files](#)

04

SECTION 04

Houston.

The largest hotel market in Texas, the one that fell furthest in 2025, and the one with the deepest base of demand that does not depend on a convention center. Houston's problem is not heads in beds. It is the price of the bed.



59%

Hotel occupancy, 2025, down 9% on a record 2024. The steepest fall of any top 25 US market.

Houston First, Jan 2026; CoStar

\$129

ADR, January to August 2026, up 5.5%. RevPAR \$78, up 6%, on demand up 1%.

Houston First, Sep 2026

53.9M

Visitors to the City of Houston in 2024, a record; 25 million hotel room nights; \$11B of spending.

Tourism Economics for Houston First, Aug 2025

42%

Share of Houston's domestic overnight visitors who come from inside Texas. 48% are visiting friends and relatives.

Houston First / Longwoods, Jun 2025



Where the market stands

Houston has 742 hotels and 68,260 rooms, and in 2025 it filled 59% of them at an ADR of \$120 for a RevPAR of \$71, all three down on a 2024 that had set records for visitors (53.9 million), hotel tax (\$112.78 million) and room nights (25 million, up 8.2%).^{10, 32, 85, 71} CoStar recorded it as the steepest occupancy decline of any top 25 US market, 8.6% to 58.9%.⁸ The year to date through August 2026 is a recovery on rate: occupancy flat at about 61%, ADR up 5.5% to \$129, RevPAR up 6% to \$78, revenue up 7% and demand up 1%.¹¹ The first quarter was a record on CERAWeek, the World Baseball Classic, an NCAA regional and the Rodeo, with downtown ADR at \$265 and revenue up 13%; June's World Cup window ran ADR up 14.3% and RevPAR up 12.0%.^{17, 11}

The demand base is unlike any other Texas city. The Texas Medical Center handles 10 million patient encounters a year, employs more than 120,000 people and has 10,000 beds, which is a year round, rate insensitive demand generator that no convention calendar can match; a 250 room hotel and conference centre breaks ground at Helix Park in 2026.^{86, 81} Houston hosts 27 Fortune 500 headquarters, the energy industry's annual gathering at CERAWeek, and the Port.⁸⁷ Houston Airports handled 62 million passengers in 2025 with international traffic at IAH up 2.5% to 12.4 million, and the new international terminal completed in February 2026.^{85, 17} About 70% of international visitors come from Mexico; Mexican air arrivals through Houston reached 195,648 in the first half of 2026, the most of any Texas port.^{71, 45}



The headwinds that are Houston's own

Rate is the problem. A \$120 to \$129 ADR in a market with a 17% hotel tax plus a \$2 a night fee, Gulf Coast insurance after Beryl and Harris County appraisals up 6.7% leaves a thin margin, and Houston's 2025 fall came in the rate insensitive middle of the market.^{38, 39} The World Cup showed the ceiling and the risk together: downtown ADR up 40% to \$286, Uptown up 47%, the Medical Center up 28%, and occupancy down a point; HVS puts Houston's baseline occupancy of 61.2% as the lowest of the eleven US host markets and its incremental rooms revenue at \$16 to 17 million from seven matches, against Dallas's \$60.8 million from nine.^{12, 13} The George R. Brown expansion, \$2 billion

of bonds approved in February 2026, delivers phase one in 2028 and full build out in 2038, funded by the state's share of incremental hotel tax, so the convention upside is a 2028 story.¹⁶ Houston's pipeline is 35 renovation and conversion projects covering 5,336 rooms, the least new supply of the four big markets, which is the one structural advantage Houston holds over Dallas and Austin.³³

The tailwinds that are Houston's own

Houston's visitor is a Texan or a friend: 42% of domestic overnight visitors come from inside the state, led by the Houston metro itself (15%) and Dallas Fort Worth (11%), 48% are visiting friends and relatives, and in 2023 55% came from within 50 to 250 miles.⁸⁴ That is a drive market, which means it is a direct market: a Dallas family visiting relatives in Houston three times a year is the cheapest list a Houston hotel can build, and the one an OTA is worst placed to own. Only 16% of Houston visitors used social media to plan, up three points, which says the discovery channel is still search.⁸⁴ The Rodeo brought a record 2.7 million people over 23 days in 2025 and \$597 million of activity; CBRE names Houston an AI data center construction market set to benefit from business travel; Houston First projects hotel tax up 4 to 6% in 2026.^{78, 9, 71}

TABLE 4 Houston: the owner's agenda

What the Houston owner does in 2027	Why	Number it moves
Rebase June and July on 2025, hold the rest of the rate step up	World Cup inflated 2026 summer ADR 14 to 40%; Q1 2026 proved the market pays for recurring events	ADR vs 2025; summer budget variance
Build the Texas drive list: Dallas, San Antonio, Austin feeder campaigns with a direct rate	42% of visitors are Texans; 55% from 50 to 250 miles; 48% VFR	Owned share; repeat rate
Medical Center and corporate extended stay contracts	10M patient encounters; 27 Fortune 500 HQs; CBRE data center flag	Weekday base; rate insensitive demand
Spanish language direct path and Mexico rate fences	70% of international from Mexico; 195,648 air arrivals H1 2026, growing	International share; direct conversion
Renovate, do not build; protest the appraisal	Least new supply of the four; Harris +6.7%	Basis; property tax per room
Contract GRB 2028 blocks now	\$2B expansion, phase one 2028	2028 group base at 2027 rates

Sources as cited in this section.^{11, 12, 84, 86, 45, 33, 16}



05

SECTION 05

Dallas and Fort Worth.

The Metroplex is two markets in 2027: a Dallas core that has lost its convention center until 2030 and is building hotels faster than any city in America, and a western half, Fort Worth and Arlington, that invested in product and incentives at exactly the moment its neighbour went dark.



22,861

Rooms in the Dallas hotel pipeline, 184 projects, the largest in the United States. 20 openings in 2026, 27 in 2027.

Lodging Econometrics, Apr 2026

-7.7%

Forecast change in City of Dallas RevPAR, 2027 versus 2026 (\$99.18 from \$107.46), with the convention center closed.

Tourism Economics for Visit Dallas

\$92M

Business lost by Visit Dallas since the Kay Bailey Hutchison Convention Center closed in July 2025; 3,000 jobs; 30+ events at risk.

CBS Texas, Jun 2026

+30.1%

Dallas RevPAR above its no event baseline in the World Cup window; \$60.8M of incremental rooms revenue from nine matches.

HVS, Aug 2026

▲ Where the market stands

The City of Dallas ran 63.2% occupancy, \$154.25 ADR and \$97.52 RevPAR on \$1.27 billion of room revenue in 2024; its 278 hotels and 38,733 rooms generated \$79.3 million of city hotel tax in fiscal 2025, the lowest of the four big cities, while the Dallas Project Financing Zone collected \$219 million against a projection of \$15 million a year.^{18, 32, 56, 6} The wider Metroplex ran 63% occupancy, \$124.87 ADR and \$78.55 RevPAR in the third quarter of 2025, with 4,600 rooms under construction, 2,600 delivered, and hotels trading at \$200,000 a key and a 9.5% cap rate.²¹ Visit Dallas reported 27.7 million visitors, \$10.9 billion of impact and more than 60,000 jobs for 2024, and \$1.56 billion of booked impact in fiscal 2025.²⁰ DFW Airport handled 87.8 million passengers in 2024 and about 85.6 million in 2025; Love Field 16.9 million; the region hosts 24 Fortune 500 headquarters generating about \$1.1 trillion of revenue.^{46, 88, 87}

The World Cup was Dallas's best moment and its hardest comparison. Nine matches at AT&T Stadium including a semifinal brought more than 630,000 fans; semifinal week ran ADR up 21.5% and RevPAR up 26.6%; HVS measured Dallas 30.1% above its no event baseline with occupancy up 0.7 points, the second highest relative gain of any host city, and \$60.8 million of incremental rooms revenue.^{15, 14, 13} Dallas held occupancy while pricing up, which Houston did not; that is the difference between a market with a convention and corporate base and one without. The region is now bidding for the 2031 Women's World Cup, a Super Bowl, the College Football Playoff and NBA and WNBA All Star games.¹⁵

▲ The headwinds that are Dallas's own

Two things, and they compound. The Kay Bailey Hutchison Convention Center closed in July 2025 for a rebuild budgeted above \$3 billion; a June 2026 redesign added \$597 million and pushed completion from 2029 to 2030 or later. Visit Dallas is losing \$1.5 million a month of hotel tax, has relocated nine events, counts more than thirty at risk, and puts the loss so far at \$92 million and 3,000 jobs.¹⁹ Tourism Economics' city forecast, written before the delay, already had group sales "significantly hindered" through December 2028 and 2027 RevPAR at \$99.18, 7.7% below 2026, with occupancy at 61.9%.¹⁸

▲
The tailwinds, mostly west of the Trinity

Into that market, Dallas is opening 20 hotels in 2026 and 27 in 2027 from a pipeline of 22,861 rooms, the largest in America; convention district hotels are already down 6 to 13% while luxury, Uptown and airport hotels are positive.^{33, 32} Dallas County commercial appraisals rose 15.7% in 2026 to \$159.5 billion, and Tarrant 17.4%.³⁸

Fort Worth is the fastest growing destination of 17 cities Tourism Economics studied: 11.7 million visitors, \$3.6 billion of impact, 30,000 jobs, fly market visitation up 14% from 2019 to 2024.²² Its RevPAR fell only 0.8% in 2025; voters approved a 2% hotel tax increase in May 2024 to fund a \$701 million convention center expansion whose first phase opened in December 2025; its 2% TPID raised \$7.3 million in fiscal 2025 for incentives and event funding; and it is the first Texas city with two Project Financing Zones.^{32, 22, 70} Arlington draws 15.6 million domestic visitors a year, ranked 29th among North American meeting destinations in 2025, and is building a 507 room Loews.^{88, 33} In Dallas itself the Dallas TPID's \$25.2 million a year and the Project Financing Zone's \$219 million are incentive funds looking for business to incentivise, and the city's forecast has RevPAR recovering to \$108.07 in 2029 when the building reopens.^{70, 6, 18}

TABLE 5 **Dallas and Fort Worth: the owner's agenda**

What the Metroplex owner does in 2027	Why	Number it moves
Treat the closure as a four year condition; sell the hotel as the venue, Austin style	KBHCC closed to 2030+; 30+ events need a home; TPID and PFZ money available	Group room nights; occupancy floor
Sign 2030 reopening blocks now	Visit Dallas has \$92M of displaced business; blocks place two to three years out	2030 group base at 2027 rates
Budget June and July 2027 on 2025	Semifinal week ADR +21.5%; RevPAR +30% vs baseline	Budget accuracy; rate discipline
Position against 47 new openings: renovate, differentiate, own the guest	22,861 room pipeline; convention district hotels -6 to -13%	RevPAR index; owned share
If buying, buy west: Fort Worth and Arlington	RevPAR -0.8%; convention center open; two PFZs; 15.6M Arlington visitors	Basis; growth exposure
Protest Dallas and Tarrant appraisals with the STR report	+15.7% and +17.4% in 2026 on falling RevPAR	Property tax per room

Sources as cited in this section.^{19, 18, 33, 22, 13, 38}



06

SECTION 06

San Antonio.

The only Triangle city with an intact convention center in 2027, the most Mexican of the four, and the one that has been losing room nights for six years while adding hotels. San Antonio's 2027 is a window: the convention business Austin and Dallas cannot host has one Texas address.



-12.1%

Room nights sold versus the 2019 peak; occupancy 14.4% below; downtown 59% in Q4 2025, 17% below 2019.

Source Strategies via SA Current, Apr 2026

+33%

RevPAR, March 2026 versus March 2025. Q1 2026 broke six straight quarters of demand contraction.

Source Strategies / SABJ, Jun 2026

965,000

Visit San Antonio's convention room night target for FY2027; 97 events and 476,000 room nights booked for FY2026.

Hotel Online, Sep 2026; SA Report

~2M

Visitors from Mexico a year; 37.65 million total visitors in 2023, \$21.5 billion of impact.

Visit San Antonio



Where the market stands

San Antonio welcomed 37.65 million visitors in 2023, 2.05 million of them international, generating \$21.5 billion of impact and 147,000 jobs; the bureau's current count is 39 million, 31.1 million overnight.⁸⁹

The hotel market has not kept pace with the visitor count. Room nights are 12.1% below the 2019 peak and occupancy 14.4% below; downtown occupancy was 59% in the fourth quarter of 2025; 2025 revenue fell 7% with occupancy under 57% across 450 hotels and 44,420 rooms, while short term rentals took 9.2% of revenue and grew 24%.^{23, 25, 32} City hotel tax was \$104.8 million in fiscal 2025 on a 16.75% all in rate plus a 1.25% TPID.^{56, 26}

The first quarter of 2026 turned. Metro revenue of \$367.2 million, occupancy flat at 57.4%, ADR up 2.2% to \$142.80 and RevPAR up about 2% broke six straight quarters of demand contraction; March RevPAR rose 33% on the Spurs' run and on SeaWorld and Lackland demand up 10%; downtown led the gains.^{25, 24} The demand generators are durable and local: the Alamo (1.6 million visitors a year, the most visited site in Texas), the River Walk, SeaWorld and Six Flags, and Joint Base San Antonio, where roughly 34,000 airmen graduate basic training each year in weekly ceremonies that draw 3,000 to 4,000 guests apiece, a quiet 150,000 to 200,000 room night demand base that renews itself every Thursday.⁹⁰ San Antonio International set a record 11.09 million passengers in 2024.⁹⁰



The headwinds that are San Antonio's own

Demand has not grown with supply. The 2019 peak has not been regained in six years, downtown is 17% below it, and the median hotel's revenue fell 6.5% in the year to May 2026.^{23, 32} The visitor is price sensitive: San Antonio's ADR, at about \$140, sits between Houston and Dallas, and the leisure guest who comes for the Alamo and the River Walk is the drive market family the short term rental competes for hardest. The Henry B. González Convention Center is intact but has turned away more than \$700 million of business in six years for want of space; the planned 200,000 square foot expansion is funded through hotel tax and the Project Financing Zone but not yet built.²⁴ Bexar County appraisals rose a modest 4.2% in 2026, the gentlest of the five counties.³⁸

▲
**The tailwinds that are
San Antonio's own**

For 2027 to 2029, San Antonio is the Triangle's convention city by default. Austin has no building until 2029, Dallas none until 2030, Houston's expansion lands in 2028. Visit San Antonio booked 97 events and 476,000 room nights for fiscal 2026 against 88 events and 518,000 the year before, set a 965,000 room night target for fiscal 2027 with a \$48.5 million budget, and is asking hoteliers to raise the TPID from 1.25% to 2% to add \$6.4 million a year of sales ammunition.^{24, 26} Mexico is the second lever: about 2 million visitors a year, 62,606 air arrivals through San Antonio in the first half of 2026, and a land border three hours away that delivers 87% of Mexico's 5.8 million Texas visitors.^{89, 45, 41} The third is the home turf: roughly 41% of San Antonio's visitors come from elsewhere in Texas, and Austin is an hour and a quarter up Interstate 35.⁸⁹

TABLE 6 San Antonio: the owner's agenda

What the San Antonio owner does in 2027	Why	Number it moves
Take the displaced Austin and Dallas convention business; contract at 2027 rates	Only intact Triangle convention center; 965,000 room night target	Group base; midweek occupancy
Vote for and use the 2% TPID	+\$6.4M a year of incentive funds; peers at 2%	Group pace
Mexico direct channel: Spanish site, land border campaigns, peso rate fences	~2M Mexican visitors; 87% of Mexico's Texas visitors drive	International share; direct conversion
Win the Texas family weekend back from the STR with a direct package	STR share 9.2% and growing 24%; ~41% of visitors are Texans	Weekend occupancy; owned share
Lackland graduation and military family program	~34,000 graduates a year, 3,000 to 4,000 guests a ceremony, every week	Repeat base; Thursday to Sunday occupancy
Hold rate through the recovery	Q1 2026 ADR +2.2%, RevPAR +2% on flat occupancy; March +33%	ADR; net RevPAR

Sources as cited in this section.^{24, 26, 89, 45, 90, 25}



07

SECTION 07

Austin.

The highest rates in Texas, the fourth largest hotel pipeline in America, the highest short term rental share in the state, and no convention center until 2029. Austin is the clearest live case in the country of what a market does when its group base disappears, and it has handled it better than the occupancy number suggests.



-15%

Average fall in downtown hotel occupancy since the convention center came down in April 2025. One in three room nights had been group related.

Austin Current, Feb 2026

\$260.50

Downtown ADR, Q2 2026, at 69.0% occupancy. Austin's Q1 2025 RevPAR of \$122.21 led the state.

Downtown Austin Alliance / CoStar

13,850

Rooms in the Austin pipeline, fourth largest in the US, up 14% in a year; 12 openings in 2026.

Lodging Econometrics, Apr 2026

238,117

Room nights in 27 events confirmed for the new convention center, worth \$205M+; 22 more verbal (182,239 nights).

Northstar Meetings Group, Jun 2026

▲ Where the market stands

Austin's 336 hotels and 37,013 rooms produced \$1.6 billion of room revenue in 2025, down 3.2% adjusted, and \$132.2 million of city hotel tax in fiscal 2025, the highest of the four big cities on a 17% all in rate plus a new 2% TPID.^{32, 56, 29} Downtown ran 69.0% occupancy at a \$260.50 ADR in the second quarter of 2026; trailing three quarter 2025 RevPAR fell 6.3%.^{31, 32} Austin-Bergstrom handled 21.7 million passengers in 2025, its third busiest year, down 0.4%.⁹¹ Short term rentals hold 13% of Austin lodging revenue, the highest share in Texas, and the pipeline holds 13,850 rooms including a planned 1,000 room hotel at Circuit of the Americas.^{72, 33}

The demand that remains is the kind that fills a weekend, not a Tuesday. The University of Texas drew an average of 102,367 to six home games in 2025, the fifth highest in college football; the US Grand Prix brings about 430,000 fans each October and is contracted through 2034; SXSW's 2024 edition produced \$377.3 million of impact, 45,000 hotel room nights and \$650 a day of out of town spending, and its compressed 2026 format sold 12% more rooms in its first week than 2025 and produced the first 95% occupancy night since 2019, at the cost of about 20% fewer total rooms sold.^{91, 77, 92, 30} Austin is also the Hill Country's largest feeder, 16% of Kerrville's Texas metro visitors, which is a reminder that the city's own residents are someone else's drive market.⁹²

▲ The headwinds that are Austin's own

The convention center is the whole story. Demolished in April 2025 for a \$1.6 billion, 620,000 square foot replacement that opens in 2029 at the earliest, it took with it about a third of the city's room nights and 15% of downtown occupancy; some hotels report double digit revenue declines in former convention months.^{27, 28} Critics note that 80% of city hotel tax is pledged to the project through 2058 and that SXSW alone was 45% of the old building's attendance and 22% of its room nights.⁸⁰ Into that market, 12 hotels and 1,693 rooms open in 2026 from a pipeline growing 14% a year, and short term rentals already hold 13% of revenue.^{33, 72} Travis County appraisals rose 9.9% in 2026 to \$156 billion.³⁸ A \$260 downtown ADR gives Austin more room to absorb these than Houston has at \$129, which is why the market has held rate; it cannot hold occupancy.

▲
The tailwinds that are Austin's own

Austin wrote the playbook the other cities will need. Visit Austin packaged downtown hotels as substitute venues (AustinPlace, 3,629 rooms and 225,000 square feet; Red River, 2,168 rooms; University, 850 rooms), booked 27 events and 238,117 room nights for the new building and holds 22 verbal commitments for 182,239 more, with 23 signed future conventions, 11 pending and 74 interested.^{28, 27} The 2% TPID, collecting since April 2025, puts about \$30 million a year behind meeting room rentals, shuttles and room rebates, and the new center is projected at about \$750 million of annual impact when it opens.²⁹ City hotel tax has held near budget (\$165.1 million estimated against \$169.9 million) because of the 2019 rate increase and April 2025 short term rental rules.²⁹ Austin is a top five North American tech talent market, and its visitor is young, high income and re-searching on short form video, which is the guest a direct offer and a strong website win.¹⁰¹

TABLE 7 **Austin: the owner's agenda**

What the Austin owner does in 2027	Why	Number it moves
Hold the \$260 and accept the occupancy	Rate is the asset; the convention base returns in 2029	ADR; net RevPAR
Be in the Visit Austin collections and the TPID incentive programs	238,117 room nights booked; ~\$30M a year of incentives	Group room nights 2027 to 2029
Own the weekend: UT, FI, SXSW, ACL direct packages with length of stay controls	102,367 a game; 430,000 at COTA; SXSW peak night 95%	Weekend ADR; direct share
Sign 2029 reopening blocks	23 signed, 11 pending, 74 interested; \$750M a year projected	2029 group base
Win the leisure weekend from the STR	13% STR share, highest in Texas; April 2025 rules help	Weekend occupancy
Do not build; renovate and differentiate against 13,850 rooms	#4 US pipeline, +14% a year; 1,000 room COTA hotel planned	RevPAR index

Sources as cited in this section.^{28, 29, 91, 77, 30, 33, 72}

▲ **Four cities, one rule: where the group base is gone, defend rate and own the guest; where it is intact, contract it at 2027 prices before the neighbours come back.**



Circuit of the Americas
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08

SECTION 08

The Permian: how long the gold rush lasts, and what a hotel owner should do about it.

The Permian Basin produces more oil than any OPEC member except Saudi Arabia, and the hotels of Midland and Odessa have been its barometer for forty years. The barometer is high. The question is whether the owner should read it as a boom or as a plateau.

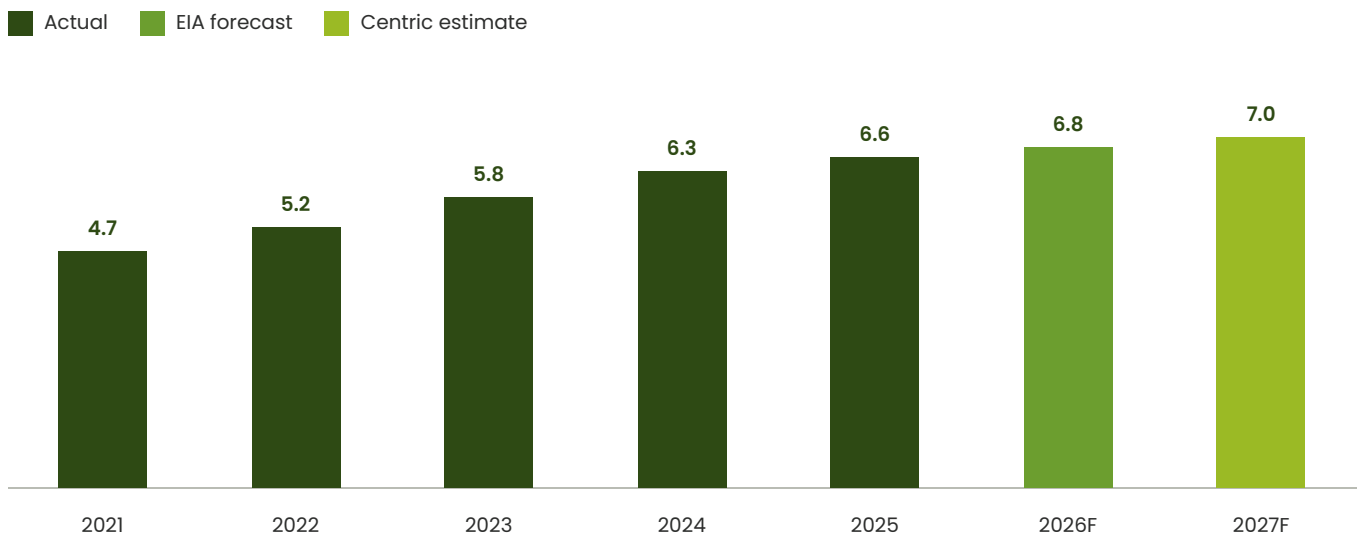


Where production stands

Permian crude production averaged 6.6 million barrels a day in 2025, up from 4.7 million in 2021, and the EIA forecasts 6.8 million in 2026, more than half of US output.^{48, 47} Associated gas grew faster, 60% over the same period to 27.6 billion cubic feet a day, with 29.0 forecast for 2026 and 29.6 for 2027.^{48, 54} US crude production was a record 13.7 million barrels a day in 2025 and is forecast at 13.8 million in 2026 and 14.3 million in 2027, nearly all of the growth from the Lower 48 and most of that from the Permian.⁴⁷ Texas as a whole paid \$27 billion of state and local taxes and royalties from oil and gas in 2025, about \$74 million a day, and oil production tax receipts rose 9.2% to \$5.88 billion in fiscal 2026.^{61, 5}

▲ FIGURE 7

Permian crude production, million barrels a day



Permian crude production, 2021 to 2025 actual and 2026 to 2027 forecast, million barrels a day. Sources: EIA, June and September 2026; East Daley; Mercer Capital. The 2027 Permian figure is a Centric estimate from EIA's Lower 48 forecast.^{48, 47, 51}

Why this is a plateau and not a boom

The production is rising; the activity that produces it is not. The Permian rig count peaked at 297 in April 2025, fell to 240 in February 2026 and stood at 270 in late September 2026; between June 2025 and June 2026 the basin produced 4.7% more barrels of oil equivalent on 5% fewer rigs.⁵¹ Fourteen public operators guided to only 2.7% Permian growth for 2026, and Exxon accounts for more than half of it; without Exxon the group grows 1.2% and Devon shrinks.⁵¹ The Dallas Fed's third quarter 2026 energy survey, taken with West Texas Intermediate at \$98.70, found half of large producers prioritising shareholder returns over capital spending, and a services respondent who summarised the mood: "we're working our way out of a job."⁵²

The people who run the basin have said where it ends. The EIA's 2025 Annual Energy Outlook puts the US crude peak at about 14 million barrels a day in 2027, with tight oil peaking at 10 million the same year and declining to 9.3 million by 2050.⁴⁹ Occidental's chief executive, Vicki Hollub, told investors that "between 2027 and 2030 it's likely that the US will see peak production," and later that it could come sooner. Diamondback's Travis Stice wrote in May 2025 that US onshore production had "likely peaked and will begin to decline this quarter," cut capital spending 10% and dropped three of fifteen rigs.⁵⁰ The consolidation of the basin into a handful of majors (Exxon and Pioneer for more than \$60 billion, Diamondback and Endeavor for \$26 billion, Occidental and CrownRock for \$12 billion) is itself a late cycle signal: operators buy inventory when they can no longer find it.⁵⁵

The counter case is real and should be stated. Enverus counts about 55,000 Permian drilling locations with breakevens under \$50 a barrel, up 10% in a year, and roughly 100,000 undeveloped locations in total.⁵³ Breakevens for new wells averaged \$67 in the Permian in the Dallas Fed's spring survey (\$63 in the Delaware, \$69 in the Midland Basin), well below a \$90 price, and existing wells cover their operating costs at \$43.^{52, 47} Gas takeaway, the constraint that drove Waha prices negative on 118 of the first 131 days of 2026, is being fixed: Matterhorn, Blackcomb, Hugh Brinson, Traverse and Eiger Express add more than 10 billion cubic feet a day of capacity by 2028.⁵⁴ None of that produces another decade of growth. It produces a long, high plateau, which the EIA, the operators and the rig count all agree on.

Centric's reading of the clock

Production: at or near its peak in 2027 at roughly 7 million barrels a day; a plateau within a few percent of that level through about 2030 at \$70 to \$90 oil, and a slow decline after. The EIA's 2027 forecast of \$70 WTI, down from \$85 in 2026, is the number to budget to, not the \$92 spot.

Activity: rigs, frac crews and the hotel nights they generate have already passed their peak (April 2025). Efficiency means every barrel needs fewer people, and consolidation means the people it does need are increasingly on payroll rather than in a hotel.

The hotel market: Midland and Odessa are in an upcycle on rate (ADR up 12.5% in Odessa, Midland hotel tax up 29%), but on roughly flat room nights. That is a plateau market behaving well, not a boom market. Build for 2019's 75% occupancy and \$144 ADR and you will be building for a year that is not coming back.

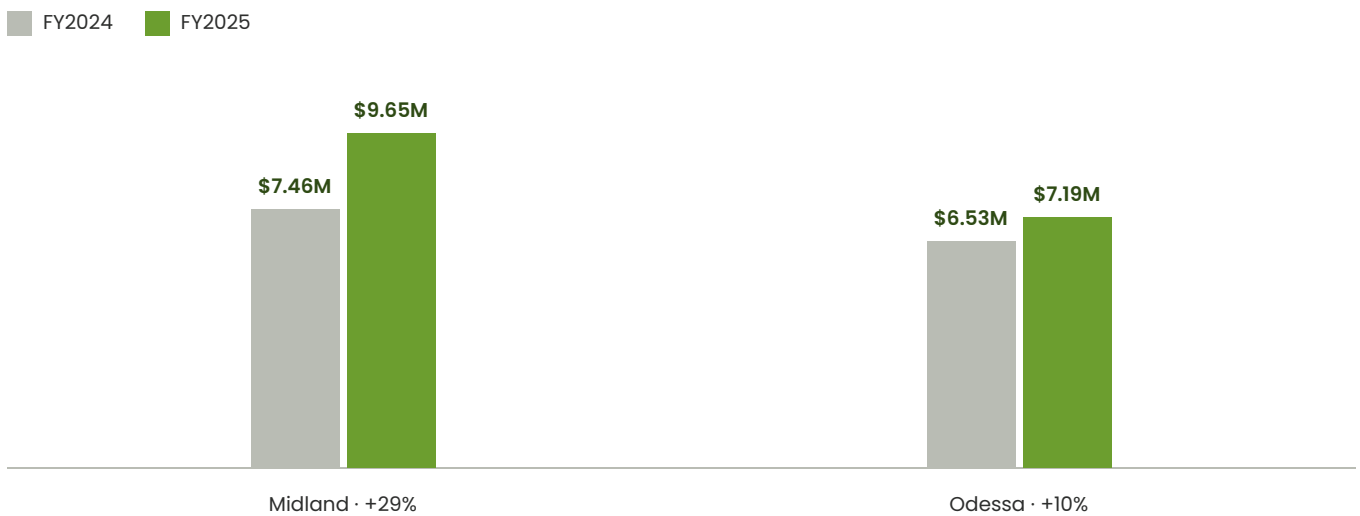
▲ What the hotels of the Permian are doing

Midland's city hotel tax rose 29% in fiscal 2025 to \$9.65 million and Odessa's 10% to \$7.19 million.⁵⁶ Odessa's ADR rose 12.5% to \$107.99 between September

2024 and September 2025 while tracked room nights were "down slightly"; the city has about 54 lodging properties and 4,000 rooms and is asking voters in November 2026 for a 2% venue tax to fund a \$140 million sports complex.⁵⁷ Midland's first quarter 2025 ran 63.8% occupancy, \$110.68 ADR and \$70.62 RevPAR; Odessa 62.0%, \$114.58 and \$65.45.⁷ Midland International's passenger count set a record of 767,734 in fiscal 2025.⁶⁰ And capital is arriving: a 143 room Omni next to the convention center and an 80 room Tapestry by Hilton in a 1927 downtown building, both under construction in 2026 for late 2027 or early 2028 openings.⁵⁸

▲ FIGURE 8

City hotel occupancy tax collected, Midland and Odessa (\$ millions)



City hotel occupancy tax collected, Midland and Odessa, fiscal 2024 and 2025. Source: Texas Comptroller, Local Hotel Occupancy Tax Reporting.⁵⁶

The history argues for caution. In 2018, Midland and Odessa hotel revenue rose 82% to \$381.7 million on 75.4% occupancy, a \$143.64 ADR and \$108.30 RevPAR. A year later Forbes reported Midland rooms falling from \$800 a night to \$250 in six months, and in the first nine months of 2020 Midland lost 20% of its employment. Supply had grown 44% since 2010.⁵⁹ Energy and mining are more than a quarter of the region's jobs and oil and gas wages run at \$50 an hour against \$34 nationally, so the hotel market moves with the rig count, with a lag and with leverage.⁵⁹

▲ The second act: power and data

The Permian is being recast as an energy campus rather than an oilfield. OpenAI's Stargate in Abilene runs at 0.3 gigawatts with 1.2 gigawatts at completion in late 2026, though a planned 2.1 gigawatt expansion was cancelled. Chevron, Engine No. 1 and GE Vernova took a final investment decision on a

2.5 gigawatt gas fired data center power campus in the basin, expandable to 5 gigawatts, with power in 2027. New Era Helium and Stream Data Centers have a \$12 billion, one gigawatt plus campus planned in Ector County. Fermi America's 11 gigawatt "Project Matador" in Amarillo has financed its first 2.3 gigawatts.⁶³ The Permian Strategic Partnership's study puts the basin at 940,000 US jobs supported today and 1.16 million by 2050.⁶² For a hotel owner, construction crews for gigawatt scale power and data projects are the next transient demand wave in West Texas, and unlike a frac crew they arrive on a two to four year schedule with a named general contractor.

TABLE 8 The Permian dashboard

Indicator	Latest	Direction	Source
Permian crude production	6.6 MMb/d (2025); 6.8 (2026F)	Rising, slowly; US peak forecast 2027	EIA
Permian rig count	270 (Sep 2026); peak 297 (Apr 2025)	Below peak; output per rig rising	Baker Hughes; East Daley
WTI price	\$84 avg Jan to Aug 2026; \$92 spot Sep; \$70 forecast 2027	Elevated now, lower next year	EIA STEO
New well breakeven, Permian	\$67 (Delaware \$63, Midland \$69)	Rising with cost of supply	Dallas Fed; EIA
Sub \$50 drilling locations	~55,000 (+10% YoY)	Inventory extends plateau	Enverus
Operator capital priority	50% of large E&Ps: shareholder returns first	Discipline, not growth	Dallas Fed Q3 2026
Midland city hotel tax	\$9.65M FY2025 (+29%)	Upcycle on rate	Texas Comptroller
Odessa ADR	\$107.99 (+12.5% YoY)	Rate up, room nights flat	Discover Odessa
Midland Odessa supply	~4,000 rooms Odessa; Omni 143 + Tapestry 80 coming 2027 to 2028	Adding into a plateau	Discover Odessa; Midland EDC
Data center and power projects	Stargate 1.2 GW; Chevron 2.5 to 5 GW; Fermi 11 GW planned	New construction demand 2027 to 2030	Epoch AI; East Daley; DCD

Sources as cited.^{47, 51, 52, 53, 56, 57, 58, 63}



- ▲ Our guesstimate, stated plainly: the Permian hotel market has three to five good years of plateau left at current prices, with rate rather than occupancy carrying it, and a power and data construction cycle that could extend the demand base past the oil peak. Harvest it. Do not build a 2019 hotel for it.



09

SECTION 09

The AI build out: fabs, gigawatt campuses and the towns with no hotels.

The largest private construction program in Texas history is landing in places with a Days Inn and an RV park. The construction phase is filling every room within sixty miles at any price. The operating phase, which is what lasts, will bring a traveler these towns have never hosted: the fab process engineer, the hyper-scaler site reliability team, the vendor on a three month rotation, with a corporate travel policy and a per diem that says upscale select service. Almost none of it has been built.



Data center campus
or [browse files](#)



\$89.5B

Data center construction underway in Texas; 248 planned projects; 335 existing data centers.

THLA, Sep 2026; Texas Tribune, Jun 2026

439 GW

ERCOT large load interconnection queue, May 2026, about 89% of it data centers. The state's record peak demand is 85.5 GW.

Texas Tribune; ERCOT, Apr 2026

+60.3%

Abilene hotel revenue, Q2 2025, against a Texas average of -3.8%. Six straight quarters leading the state since Stargate broke ground.

KTAB/KRBC; KTXS, 2025 to 2026

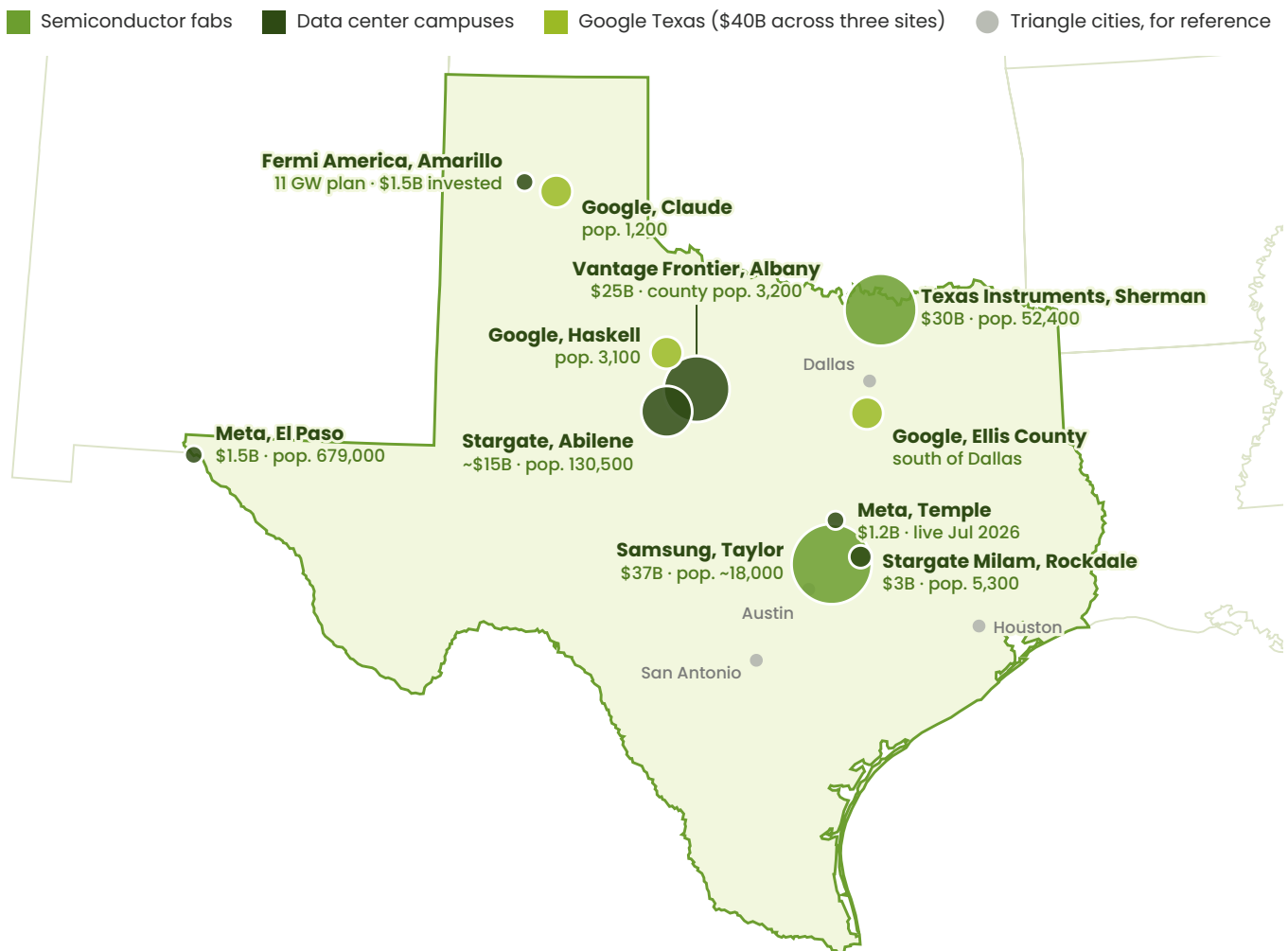
\$110

Federal lodging per diem in Taylor, Sherman, Abilene, Amarillo and Shackelford County. Abilene rooms were quoted at \$400 to \$500.

GSA FY2026; ACU Optimist, Oct 2025

MAP 2

Where the AI build out is landing: announced capital and the size of the host town



Circle area is proportional to announced capital. Sources: NIST; Texas Instruments; Data Center Dynamics; Texas Tribune; Epoch AI; US Census. 121, 126, 131, 128, 134, 135, 132, 133

The project map

Two kinds of project are being built. The fabs are the larger per site and the longer lived: Samsung's Taylor complex, a 1,268 acre site 35 miles northeast of Austin, carries \$4.745 billion of CHIPS Act funding against

capital expenditure "over \$37 billion," reported as rising toward \$44 billion with a second fab module, advanced packaging and an R&D center; it promises 3,500 manufacturing jobs and 12,000 construction jobs, took a \$250 million Texas Semiconductor Innovation Fund grant in September 2025, and holds a \$16.5 billion, eight year contract to make Tesla's AI6 chip.^{121, 123} Equipment move in began in 2026, trial production is scheduled for 2026 and volume production for 2027; a second Taylor fab is planned to start construction at the end of 2026 for 2030.¹²² Texas Instruments' Sherman mega site, 65 miles north of Dallas, is a \$30 billion plus plan for up to four 300 millimetre fabs within a \$60 billion US program; SMI began production in December 2025, SM2 is "largely in place," 3,000 permanent jobs are expected at build out, and \$1.6 billion of CHIPS funding sits behind it; GlobalWafers' \$3.5 billion wafer plant opened next door in May 2025 with a further \$4 billion of US investment announced.¹²⁶

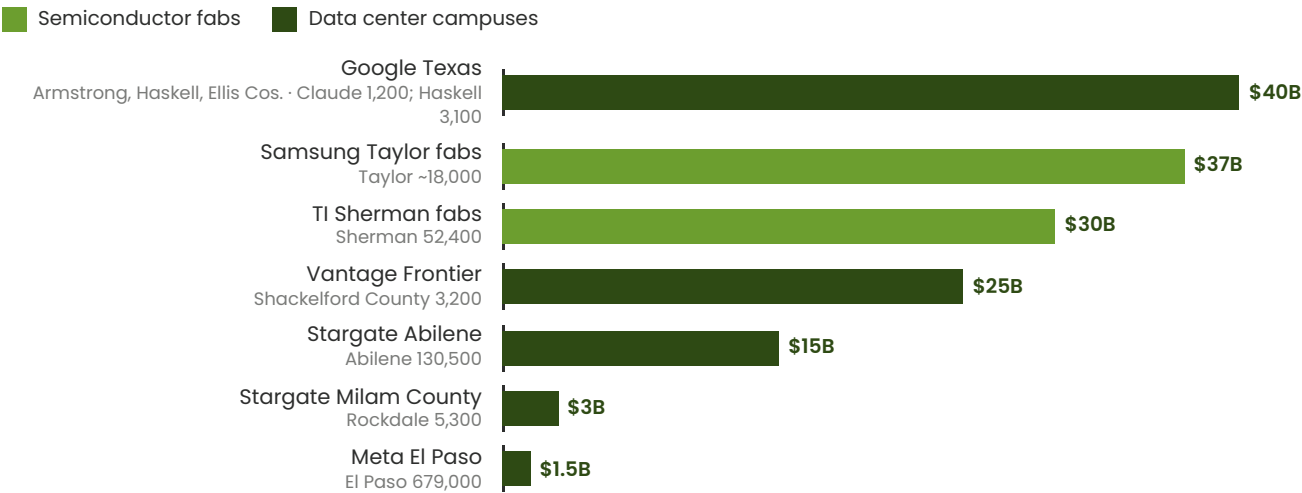
The data center campuses are more numerous and measured in gigawatts. Stargate Abilene, built by Crusoe for Oracle and OpenAI on Lancium's Clean Campus, is 1.2 gigawatts across eight buildings and about 4 million square feet, with 0.3 gigawatts live and four buildings operating in April 2026 and completion due in the fourth quarter; Oracle and OpenAI's own fact sheet claims 6,400 daily construction jobs and about 1,700 permanent, while local officials cite 9,000 construction and about 1,000 permanent.^{128, 129} Vantage's "Frontier" campus in Shackelford County, 30 miles northeast of Abilene, is \$25 billion, 1.4 gigawatts, ten buildings and 3.7 million square feet on 1,200 acres, with ground broken in December 2025, the first building due in the second half of 2026 and construction through 2029; the county was told 6,500 peak construction workers and 250 full time jobs, and will receive \$10 million a year for ten years.¹³¹ SB Energy's 1.2 gigawatt Stargate campus in Milam County sits on the former Alcoa smelter site 70 miles northeast of Austin with a \$470 million first phase; county officials acknowledged "few long term jobs."¹³² Google announced \$40 billion for Texas through 2027 in November 2025: one data center in Armstrong County near Claude, two in Haskell County, and continued expansion in Ellis County south of Dallas, each site employing 50 to 150 people; the Armstrong site, built by Crusoe, is due in late 2028.¹³⁴ Meta brought its \$1.2 billion Temple data center live in July 2026 after 1,200 peak construction workers and will employ about 100; its \$1.5 billion El Paso campus, scalable to a gigawatt, will employ about 1,800 in construction and 100 permanently.¹³⁵ Fermi America's 11 gigawatt "Project Matador" outside Amarillo raised \$746 million in an October 2025 IPO, lost its first tenant, paused construction with about 100 workers on site in February 2026, and

signed a \$6.5 billion, 222 megawatt lease with TensorWave in August 2026 for delivery in the second half of 2027.¹³³

Behind those sit the second tier: CoreWeave's \$6.1 billion Denton conversion with 16,000 GPUs deployed and a \$1.6 billion Plano site; Amazon's 8,000 acre, 7.65 gigawatt behind the meter site in Pecos County and 1,300 acres in Bastrop; Tract's 2 gigawatt Caldwell County campus for 2028; Poolside's 2 gigawatt "Project Horizon" in the Permian; a reported thirty plus projects worth more than \$50 billion in Central Texas alone.¹³⁶ And the manufacturing that follows the chips: Apple's 250,000 square foot AI server plant in Houston, Foxconn's \$450 million, 600 job Houston factory, and Wistron's \$700 million Fort Worth plant that opened in July 2026 with 500 jobs rising to 1,000.¹³⁷

▲ FIGURE 9

Announced capital (\$ billions) and the population of the host town



Announced capital for the largest Texas AI and semiconductor projects, with the population of the host town. Sources: NIST; Texas Instruments; Data Center Dynamics; Texas Tribune; Epoch AI; US Census.^{121, 126, 131, 128, 134, 135, 132}

TABLE 9 The Texas AI and semiconductor project map

Project	Where (host town population)	Capital	Jobs: construction / permanent	Live	Hotels in town today
Samsung Taylor fabs	Taylor, Williamson Co. (~18,000)	\$37B to \$44B	12,000 to 17,000 / 3,500 to 4,000	Trial 2026; volume 2027; fab 2 2030	11 properties incl. Holiday Inn Express, Home2; one 120 room hotel planned
TI Sherman SM1 to SM4; GlobalWafers	Sherman, Grayson Co. (52,400)	\$30B+; \$3.5B	n/d / 3,000; 1,500	SM1 Dec 2025; SM2 ready	Hampton (2024), Courtyard (2025); Extended Stay, SpringHill, TownePlace, Home2 by 2027
Stargate Abilene (Crusoe, Oracle, OpenAI)	Abilene, Taylor Co. (130,500)	~\$15B	6,400 to 9,000 / 1,000 to 1,700	0.3 GW live; 1.2 GW Q4 2026	Established market; rooms at \$400 to \$500; RV parks full

TABLE 9 The Texas AI and semiconductor project map continued

Project	Where (host town population)	Capital	Jobs: construction / permanent	Live	Hotels in town today
Vantage Frontier (OpenAI, Oracle)	Shackelford Co.; Albany (county 3,200; town 1,850)	\$25B	6,500 / 250 (county) to 1,600 (Oracle)	First building H2 2026; to 2029	No branded hotel; 5 to 6 independent motels, lodges, RV
Stargate Milam (SB Energy)	Rockdale, Milam Co. (5,300)	\$3B plan; \$470M phase 1	n/d / "few"	2026 onward	Quality Inn, Days Inn, SureStay, Rodeway; 4 RV parks; no extended stay
Google Texas	Claude (1,200); Haskell (3,100); Ellis Co.	\$40B through 2027	n/d / 50 to 150 per site	Armstrong late 2028	Claude and Haskell: none of note; workers commuting from Abilene
Fermi America Project Matador	Amarillo, Potter Co. (~200,000)	\$1.5B invested; 11 to 17 GW plan	~100 on site (Feb 2026) / n/d	222 MW H2 2027	~8,000 rooms; mature market
Meta Temple; Meta El Paso	Temple (~90,000); El Paso (679,000)	\$1.2B; \$1.5B	1,200 / 100; 1,800 / 100	Temple live Jul 2026; El Paso later this decade	Established markets
KDC data center, Taylor	Taylor (next to Samsung)	\$2.5B	3,000 / 360 (175 direct)	3.5 year build from 2026	As Samsung Taylor

Sources: NIST and Community Impact;¹²¹ Korea Herald;¹²² TI and Dallas Morning News;¹²⁶ KXII and H&LA;¹²⁷ Crusoe, Oracle and Epoch AI;¹²⁸ KUT;¹²⁹ DCD and KTXS;¹³¹ DCD and Compute Atlas;¹³² Texas Tribune and ABC7;¹³⁴ Cleanview and ABC7;¹³³ DCD and ConstructConnect;¹³⁵ Blackridge;¹²⁴ lodging listings.¹⁴⁵ Job figures from company fact sheets are labelled; county figures differ and both are shown. n/d: not disclosed.

The scale, in the state's own numbers

ERCOT's large load queue stood at 410 gigawatts in April 2026 and 439 by May, about 89% of it data centers, against a record system peak of 85.5 gigawatts; the grid operator's preliminary long term forecast has peak demand reaching 368 gigawatts by 2032, a figure its own chief executive called "higher than expected."¹³⁸ Senate Bill 6, signed in June 2025, now requires a \$100,000 study fee and disclosure of duplicate requests for loads above 75 megawatts and gives ERCOT the power to curtail large loads with their own backup generation, which is the state's way of separating the real projects from the speculative ones.¹³⁸ JLL counts 26 gigawatts of Texas data center capacity existing or under construction, with more than 2 gigawatts delivered in Dallas Fort Worth and 1.7 gigawatts completed in Austin and San Antonio in the first half of 2026, vacancy at 1% and 95% of construction pre leased; it expects Texas to overtake Virginia as the largest market in the world by 2030.¹³⁹ Texas holds about 15% of US data center capacity, with up to 16 gigawatts slated to come online by 2030, and Google alone has pledged 6.2 gigawatts of new generation.¹³⁹

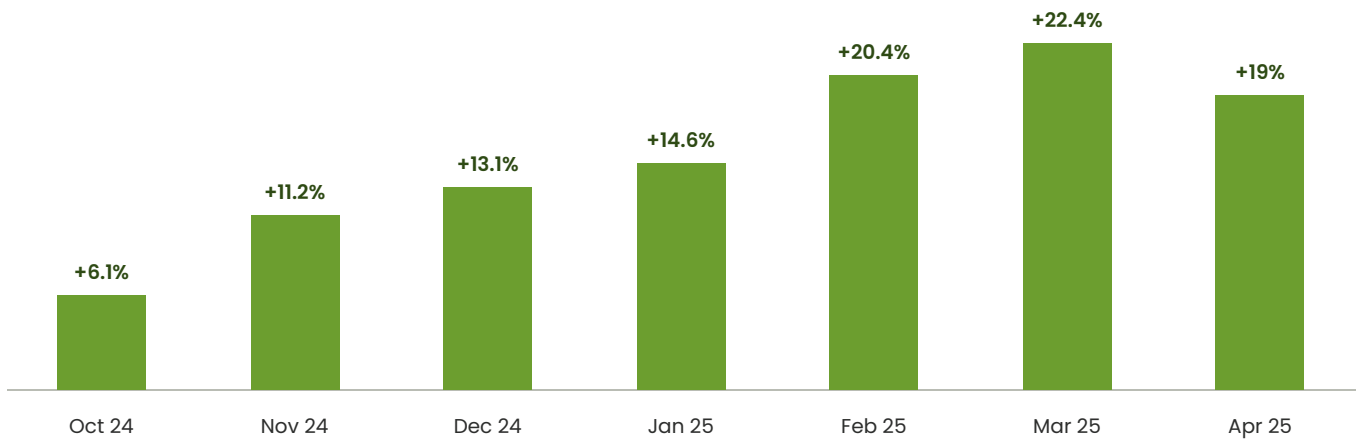
Phase one: the construction crew and the town with no rooms

Abilene is the live experiment. A city of just over 130,000 absorbed roughly 6,000 construction workers for Stargate; hotels, motels and RV parks were "maxed out," average rents rose nearly 50% in a year to \$2,600, and the city

has described a housing crisis.¹²⁹ The hotel numbers are the point of this paper. Abilene's hotel revenue rose 28.5% in the first quarter of 2025, the fastest of any Texas city, 60.3% in the second quarter against a statewide decline of 3.8%, and 35% for the year to date; monthly occupancy ran 6% to 22% above the prior year from October 2024 to April 2025 and 19% above in October 2025; rooms that had an ADR of \$92.78 in 2023 were being quoted at \$400 to \$500 a night; the convention bureau noted a "fixed supply of hotel rooms"; and the city has led Texas in hotel revenue growth for six straight quarters.¹³⁰

▲ FIGURE 10

Abilene hotel occupancy, year over year change by month (%)



Abilene hotel occupancy, year over year change by month, October 2024 to April 2025. Source: Abilene Chamber of Commerce, June 2025.¹³⁰

Sherman shows the supply response. The city went 25 years without a new hotel; Texas Instruments and GlobalWafers visitors "stay several weeks"; a Hampton Inn opened in October 2024 and a Courtyard in November 2025; the council approved 150 rooms across a TownePlace Suites, SpringHill Suites and Extended Stay America in January 2025; and a 233 room dual branded SpringHill and TownePlace with 4,000 square feet of conference space broke ground in March 2026 within a mile of the fabs, with a 106 room Home2 Suites also expected in 2027.¹²⁷ Taylor, with 11 lodging properties for a city whose population is growing 9% a year and which a city study found 1,200 workforce housing units short, has one 120 room hotel in a mixed use plan and an Everhome Suites under construction in neighbouring Hutto for late 2027.¹²⁵ Samsung's Korean dispatch workers on three to six month assignments receive an allowance of about \$80 a day and the company has struggled to recruit

them, which is as good a description of the Taylor hotel market as any.¹²²

And then there are the places with nothing. Shackelford County, population 3,200, will host 6,500 construction workers at peak for a \$25 billion campus; Albany, its seat, has five or six independent motels, lodges and an RV campground and no branded hotel, and the Houston Chronicle's headline asked whether the project would turn the town into "an RV capital."^{131, 145} Rockdale, population 5,300, has a Quality Inn, a Days Inn, a SureStay and four RV parks for a 1.2 gigawatt Stargate campus.^{132, 145} Haskell, population 3,100, is building its first multiple simultaneous houses since the 1980s and its data center workers are commuting from Abilene, an hour away, into a hotel market that is already full.¹³⁴ The Texas Hotel and Lodging Association's September 2026 analysis found 74% of non metro Texas markets growing RevPAR, ten with double digit weekly gains, and the growth concentrated in midscale, upper midscale, extended stay and select service; it named Abilene, Amarillo, Milam, Taylor and Shackelford among the markets affected, and warned that the demand is "phase dependent."¹⁴⁰

The construction phase, honestly

It is real, it is large and it is temporary. Data center infrastructure spending is forecast to rise 116% from 2024 to 2027, and Choice, Wyndham and My Place have all launched extended stay brands aimed at the project worker; My Place's chief executive also observed that the demand "shuts off one day" like an oil boom.¹⁴¹ Derived from the published figures, a gigawatt campus employs roughly 4,600 to 5,300 construction workers at peak and 100 to 250 people once it is running; a fab employs 1,500 to 3,500 permanently, plus a vendor population of similar size during ramp.

An owner who builds a 100 room hotel in a town of 3,000 for the construction crew is building a 2019 Midland. An owner who builds for the operating phase, and lets the construction crew fill it on the way, is building something that lasts.

▲ Phase two: the high skilled traveler, and the hotel these towns do not have

When the cranes leave, the demand changes character rather than disappearing. A fab is the clearest case. Samsung plans about 1,500 direct employees and about 1,500 equipment vendor engineers from ASML, Lam Research and KLA on site at Taylor during setup, has moved 1,000 staff into a new Taylor office, and rotates Korean engineers on three to six month dispatch; TSMC's Arizona fab staffs roughly half of its 2,200 employees from Taiwan and dispatched more than 1,000 Taiwanese workers for completion.^{122, 142} A semiconductor fab is a "copy exact" environment: every

process change, every tool install and every yield excursion brings a team from the home fab or the tool vendor, for weeks at a time, for the life of the plant. A data center campus is smaller in headcount but similar in pattern: hyperscaler site reliability and security teams, the GPU vendor's field engineers, the power and cooling contractors, the auditors and the customers' own compliance visits, on a schedule that, as one analysis of the Micron site in New York put it, is "recurring and structured."¹⁴³

This traveler has a profile and a budget. He or she travels on a corporate policy that specifies upscale or upper midscale select service (a Courtyard, a Hilton Garden Inn, a Hyatt Place, a Residence Inn for the longer stay), expects reliable high speed internet, a desk, a fitness room, breakfast and a bar, and stays four to thirty nights. The federal per diem that governs much of the contractor and government adjacent travel is \$110 a night for lodging in Taylor, Sherman, Abilene, Amarillo and Shackelford County, against \$170 to \$191 in Dallas and \$173 to \$187 in Austin.¹⁴⁴ Abilene's \$400 to \$500 construction phase rates are three to four times that cap, which means the engineer is either being housed sixty miles away or the company is paying a premium it will not pay once the construction phase ends and supply catches up.¹³⁰ The precedents say what gets built: near TSMC in north Phoenix, a 114 room Hyatt Studios and a dual branded Courtyard and Residence Inn inside a \$7 billion mixed use development, with six branded hotels now within twenty minutes of the gate; near Micron in Clay, New York, a 103 room Home2 Suites justified to the town board by "Micron construction workers, business clients, suppliers and future employees."^{142, 143} Sherman's 233 room dual brand with conference space is the Texas version, and it is one hotel for a \$30 billion site.¹²⁷

The gap is therefore not rooms in general but a specific product in specific places: upper midscale and upscale select service with extended stay, within fifteen minutes of a fab or campus gate, in Taylor and Hutto, Sherman and Denison, Abilene and Albany, Rockdale, Haskell, Claude and the Ellis County corridor. HVS puts the cost of building it at about \$200,000 a room for select service and \$265,000 for upscale extended stay.¹⁴¹ Against that stands a demand base that is small in absolute terms (a few hundred permanent jobs per campus, a few thousand per fab) but high in rate tolerance, long in stay, weekday heavy and almost entirely direct booked through corporate travel programs, which is the opposite of the leisure OTA guest the rest of this paper is about. A hotel that signs the vendor and contractor accounts before the site is live owns a base that no OTA will ever touch.

TABLE 10 The operating phase hotel gap, town by town

Host market	Operating phase demand	What is there	What is missing
Taylor and Hutto	Samsung 3,500 to 4,000 staff; ~1,500 vendor engineers in ramp; Korean rotations; KDC 360 jobs	11 properties incl. Holiday Inn Express, Home2; Everhome Suites (Hutto, 2027); 120 room hotel planned	Upscale select service with meeting space; extended stay at scale; anything a Korean or Dutch engineer's travel policy will approve for three months
Sherman and Denison	TI 3,000; GlobalWafers 1,500; vendor and customer visits for four fabs	Hampton, Courtyard; 233 room SpringHill and TownePlace and Home2 coming 2027	Still one upscale product for a \$30B site; full service with conference space
Abilene and Albany	Stargate 1,000 to 1,700 permanent; Vantage 250 to 1,600; hyperscaler and vendor visits	Mature midscale market, 200 room DoubleTree; Albany has no branded hotel	Upscale select service near the campuses; anything at all in Shackelford County
Rockdale	Stargate Milam, "few" permanent; SB Energy solar operations	Economy brands and RV parks	Any extended stay or upper midscale product
Haskell and Claude	Google 50 to 150 per site from 2028	None of note; commuting from Abilene	The first branded hotel in either town
Amarillo	Fermi 222 MW from 2027; TensorWave; Pantex	~8,000 rooms, mature	Upscale product if Project Matador scales
Ellis County (Red Oak, Midlothian, Waxahachie)	Google continued expansion; Compass	Dallas suburban supply within 30 minutes	Local select service as campuses multiply

Sources as cited in this section: ^{122, 124, 125, 126, 127, 128, 131, 132, 134, 133, 145}

▲ What an owner does with this

Three positions are available, and they are the Permian positions in a new geography. The first is to own an existing hotel in one of these towns and run it for the cycle: take the construction phase rate, sign the contractor and staffing firm accounts that book "weeks or months rather than nights," and use the cash to renovate the product toward what the operating phase traveler will accept, because the hotel that the ASML engineer is willing to stay in for three months in 2028 is being decided by the capital spent in 2027.¹⁴⁰ The second is to build the operating phase hotel now: an upper midscale or upscale select service with extended stay and a boardroom, within fifteen minutes of the gate, underwritten on the permanent and vendor population rather than the construction peak, with the construction crew as upside rather than base case. The third, for the owner who will not go to Albany, is to recognise that the traveler lands at Austin, Dallas Fort Worth or Abilene airports first and last: the corporate accounts of Samsung, TI, Oracle, Crusoe, Vantage and their vendors are being written now, and a Round Rock, Plano

or Abilene hotel with a shuttle and a rate agreement is in the program.

The marketing of this demand is the simplest in the paper. It is not found on an OTA. It is won through corporate travel programs, through the general contractor and the staffing firm during construction, through the fab's and the campus operator's travel desk once live, and through the handful of equipment vendors whose engineers will be on site for the life of the plant. A direct booking path for corporate accounts, a negotiated rate, an extended stay product and a sales call to the right procurement office in Hwaseong, Veldhoven or Austin are worth more here than any amount of metasearch spend.

- ▲ Texas is building the factories of the AI economy in towns with a Days Inn. The construction crews will fill every room at any price and then leave. The engineers who come after them will need a hotel that does not yet exist, and the owner who builds or buys it in 2027 has a weekday, direct booked, rate tolerant base for twenty years.



Semiconductor fab cleanroom
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10

SECTION 10

What moves the number: five levers an owner controls.

Sections 1 to 9 are about what the market will do to a Texas hotel in 2027. This section is about what the hotel can do back. Five levers, each with the published evidence for what it is worth, and each one cheaper in a \$126 ADR state than anywhere else because the cost it attacks is a larger share of the margin.



Booking on a phone
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▲
**Lever 1. The website
 and the book
 direct engine**

Start with the arithmetic from Section 1: Texas sells rooms at \$126 on average, Houston at \$129, and an independent sources 63.4% of its bookings through OTAs at 15 to 30% commission.^{7, 11, 74} A direct booking at a well run boutique costs about 9% of its value; the median direct share in Pixel & Polish's 2026 benchmark is 69%, and 86% of properties sit above 60%.⁷⁵ The gap between a hotel at the Cloudbeds independent average and one at the benchmark median is roughly \$14 a night on a Texas room, or about 11% of statewide RevPAR, before any change in occupancy or rate. (Derived from the figures cited.)

The website is where that gap opens or closes, and the evidence on what makes a hotel website convert is unusually precise. Google's study with Deloitte of 30 million sessions across 37 brands found that a 0.1 second improvement in mobile load time lifted travel conversion by 10.1% and average order value by 1.9%; its earlier work found 53% of mobile visitors abandon a page that takes more than three seconds.⁹³ Hotel website conversion averages 2.2 to 3.9%, the best boutique sites reach 5%, and about 62% of visitors who reach the booking engine leave without booking; desktop converts 1.8 to 2.3 times better than mobile while mobile is about 62% of traffic.⁷⁵ Triptease's benchmark of 10,000 hotel sites found the best booking engine converting more than three times the worst, mobile at 46 to 53% of searchers but only 28 to 38% of bookers, and a hotel showing its best available rate on its own site able to "triple" its metasearch conversion.⁹⁵ Hotel Benchmark's data puts chain websites at 1.9% conversion against 0.73% for independents, a gap that is almost entirely the booking path.⁹⁷

What the direct guest is worth once won is the other half. SiteMinder's 2025 data across 140 million reservations puts the average direct booking at \$516 against \$312 for an OTA booking; Kalibri found direct bookings 12.5% more profitable; Bookboost's 2.2 million guest study found direct booked guests return at 5.1% against 1.3% for OTA guests, four times the rate, and account for 68% of repeat stays.^{94, 73, 96} OTA bookings cancel at 21.8% against 10.6% for direct.⁷⁴ Evans Hotels in San Diego recaptured \$1.3 million of direct revenue in six months with on site messaging and retargeting; Triptease's price check tool lifted direct bookings 35% across 300 properties when it launched.⁹⁵

▲
**Lever 2. Search: SEO,
 AEO and GEO**

The way a traveler finds a hotel is changing faster than at any time since Google Hotel Ads launched, and the published data shows both halves of it. The organic click is shrinking. Pew Research's March 2025 study of 69,000 searches found that when Google shows an AI summary, 8% of users click any link on the page against 15% without one, and only 1% click a link inside

What this lever is worth to a Texas hotel

A 130 room Texas hotel at 62% occupancy and \$126 ADR takes about 29,400 occupied nights and \$3.7 million of room revenue. At the independent average OTA mix and a 20% commission the OTA line is about \$470,000 a year. At the benchmark median direct share it is about \$230,000. The difference, \$240,000, is 6.5% of room revenue and roughly \$1,850 a room, before the higher booking value, the lower cancellation and the four times repeat rate. (Derived illustration from Cloudbeds, Pixel & Polish, SiteMinder and Source Strategies figures cited above.)

The investment that closes it is a fast mobile site, a booking engine that shows the best rate and a reason to use it, and a list. It costs a fraction of the saving in year one and nothing in year two.

the summary; Ahrefs measured a 34.5% fall in click through for the top organic result when an AI Overview appears.^{98,99} Google's AI Mode passed one billion monthly users in August 2026 and began booking hotels directly for US users on August 27, 2026, with Marriott, Hilton, IHG, Wyndham, Choice, Expedia and Booking.com as launch partners.¹⁰⁰

▲ FIGURE 11

Share of Google users who click any link on the results page (%)



Only 1% click a link inside the AI summary itself.

Share of Google users who click any link on the results page, with and without an AI summary. Source: Pew Research Center, March 2025 study, published July 2025.⁹⁸

At the same time the answer engines are becoming a channel. Phocuswright found 56% of active US travelers used AI for planning, booking or in trip help in the year to mid 2026, up from 33% a year earlier, and half of those who see an AI answer in search still click through to the source; Deloitte puts

generative AI trip planning at about 25% of travelers, triple 2022.¹⁰¹ Forty four percent of travelers who use AI search treat it as their primary source of travel insight.¹⁰² Lighthouse's data for independent hotels puts AI referral traffic at just under 1% of website visits but growing more than 50% in weeks after ChatGPT expanded outbound links, and at about 3% of organic volume.¹⁰³ A September 2026 survey of 4,000 travelers found 75% would trust AI for hotel recommendations but only 14% to book autonomously, and 51% still book direct, 36% on the website and 13% in the app.¹⁰² The hotel's job is to be the source the answer cites and the site the traveler lands on.

What gets cited is the practical question, and the honest answer is: reviews and content, not tricks. Scrunch's December 2025 analysis of tens of thousands of travel prompts across ChatGPT, AI Overviews, AI Mode and Gemini found Tripadvisor the most cited source in travel and hospitality answers, with Reddit fifth and sixth; Ahrefs' Brand Radar puts Reddit at 16.8% of all ChatGPT citations.¹⁰⁴ Ahrefs' controlled study of 1,885 pages found that adding JSON-LD schema markup produced no measurable citation uplift on any AI platform, so schema is table stakes for Google's hotel features, not a GEO strategy in itself.⁹⁹ What does work is the same thing that has always worked in search, done for a new reader: pages that answer the questions travelers ask (where to stay for the Rodeo, which Austin hotels are walkable to Sixth Street, what a Medical Center family needs), a review profile that is current and answered, and a site that is fast enough to be crawled. A published hotel SEO case grew organic traffic 40% in eight months and interior page traffic 80% on that approach.¹⁰⁵ Among brands, 80% of hotel chains now use AI in some form but only 11% have deployed an agent that can complete a booking, and RateGain's 2026 distribution survey found 55% of hotels have made no or only minor distribution changes in response to AI search.^{102, 119} The field is open.

What this lever is worth to a Texas hotel

Brand search converts at 4 to 8% and non brand organic at 0.6 to 1.2%, against 0.3 to 0.8% for social; every point of organic share a hotel takes from an OTA is a booking at 9% rather than 20%. In a market where six hotel groups are reported to hold 84% of organic traffic, the independent's route is the long tail: the questions, the occasions, the neighbourhoods.

The AI channel is small today (under 1% of visits) and the fastest growing line on the analytics. A hotel that is readable now, with structured availability, answered reviews and content an assistant can quote, is building the 2028 channel in 2027 at almost no cost.

▲
Lever 3. How people research, and what it means for where the hotel shows up

Expedia Group's path to purchase study, the largest of its kind, found travelers viewing 141 pages of travel content over 45 days before booking, 524 minutes of it in the United States; 80% visited an OTA, 61% a search engine and 58% social media; 59% had no destination in mind when they started, and 51% ended up booking on an OTA against 23% on a hotel site.¹⁰⁶ That is the funnel the hotel has to be present in, and it has three doors.

The first door is still search, and in Texas it is a mobile, late and local search. Lighthouse's data shows US accommodation searches within 28 days of the stay rose from 32% in early 2023 to 46% at the end of 2025, and one night searches from 30% to 52%; bookings within two weeks reached 34% in the third quarter of 2025.¹⁰³ The Texas drive guest decides on Wednesday for Saturday. The second door is video. Deloitte finds more than half of Gen Z and 34% of millennials research travel on short form video, and these two generations are now half of all travelers; 42% of Gen Z use it to plan itineraries.¹⁰¹ In Houston, only 16% of visitors used social media to plan, which says that in a VFR and business market the door is still search, while in Austin, young and high income, it is video.⁸⁴ The third door is reviews, which have not moved: Tripadvisor's twelve market study found 81% of travelers always or frequently read reviews before booking, read an average of nine, and 52% would never book a hotel with none; and reviews are now what the AI answer quotes.^{107, 104}

Mobile sits across all three doors. It is about 62% of hotel website traffic and 46 to 53% of searchers, but only 28 to 38% of bookers, and it converts at less than half the desktop rate.^{75, 95} Apps hold 61% of the online accommodation booking market by share of transactions.⁹⁴ A hotel whose mobile site is slow is losing the guest at the exact moment the Texas guest decides.

TABLE 11 The three doors, and mobile across all of them

Where the traveler is	The number	What the hotel does
Searching late and on a phone	46% of US searches within 28 days; 52% one night; mobile 62% of traffic, converts at half desktop	Mobile first site under 3 seconds; one tap to the engine; rates visible without a search
Asking an assistant	56% used AI in travel; 44% of AI searchers treat it as primary; AI referral under 1% but +50% in weeks	Answerable content, current reviews, structured availability; be the cited source
Watching video	50%+ of Gen Z, 34% of millennials research on short form video; the two are half of travelers	Occasion content for Austin and leisure; not for Houston business
Reading reviews	81% read before booking, nine on average; Tripadvisor the top AI cited travel source	Respond to every review; recency matters; feed the AI the answer you want quoted

TABLE 11 The three doors, and mobile across all of them continued

Where the traveler is	The number	What the hotel does
On an OTA	80% visit one; 51% book there; 21.8% cancel	Be found there, convert them on the next visit: retargeting, price check, member rate

Sources: Lighthouse;¹⁰³ Phocuswright and Deloitte;¹⁰¹ Aven;¹⁰² Pixel & Polish;⁷⁵ Triptease;⁹⁵ Tripadvisor;¹⁰⁷ Scrunch;¹⁰⁴ Expedia Group;¹⁰⁶ Cloudbeds.⁷⁴

▲
Lever 4. Home turf: the Texan, the staycation and the drive market

The largest customer for a Texas hotel is a Texan. Of the \$98.7 billion Texans and visitors spent on travel in Texas in 2025, 47% came from Texans travelling inside their own state, 44% from other states and 9% from abroad.² Texas recorded 120 million overnight visitors in 2024, 67 million of them residents, and 80% of those residents drove; a further 111 million day trips were taken, most from within Texas.⁸³ Houston's domestic overnight visitors are 42% Texan, led by the Houston metro itself and Dallas Fort Worth; roughly 41% of San Antonio's visitors come from elsewhere in Texas; Austin is the Hill Country's largest feeder.^{84, 89, 92} Nationally, 92% of the 2.5 billion domestic trips forecast for 2026 are by car, 45% of Americans plan a road trip and 38% of summer trips are three nights or fewer.^{108, 101}

▲ FIGURE 12

Who spends the \$98.7 billion: Texas travel spending by origin, 2025



Texas direct travel spending by origin of traveler, 2025. Sources: Travel Texas / Dean Runyan Associates, April 2026; Travel Texas United States fact sheet, May 2025.^{2, 83}

This matters because the home turf guest is the cheapest guest to acquire and the easiest to keep, and most Texas hotels market past him to the out of state visitor the OTA already owns. The Dallas family that drives to Houston for the Rodeo, the Austin couple that spends a Saturday on the San Antonio River Walk, the Houston executive's family at a Hill Country resort: these are repeat, short notice, drive in guests who book the same way every year and who can be reached with geo targeted search, a direct rate and an email. They are also the staycation market. ResortPass reports more than 2,000 hotels selling day access to pools, spas and cabanas, 6 million guests, spa bookings up 84% and family bookings up 260% in a year, and up to \$2 million of ancillary revenue a year at a single property; a city boutique typically

earns about \$100,000 a year from locals who never sleep there.¹⁰⁹ (Vendor figures; the pattern is consistent across its reports since 2020.) In a 100 degree Texas July, the pool is a product.

The home turf also fills the holes the convention center left. Austin's SXSW sellout night, San Antonio's March RevPAR up 33% on the Spurs, Houston's record first quarter on the Rodeo: each was Texans travelling in Texas, priced well.^{30, 25, 17} The Houston Rodeo alone is 2.7 million attendees over 23 days.⁷⁸ A hotel that knows its in state feeder cities, markets to them by occasion, and gives them a reason to book direct has replaced a share of its group base with demand it owns.

What this lever is worth to a Texas hotel

A hotel whose list holds 10,000 Texas households within a four hour drive, and which gets 15% of them to stay once a year at two nights, has 3,000 owned room nights, about 10% of a 130 room hotel's annual demand, at a cost per booking near zero after year one. The Texas drive market is the only large US market where this arithmetic works at state scale, because 47% of the spending is already Texan.

The staycation layer (day passes, spa, pool, dining) is incremental revenue from people who do not need a room, and it introduces them to the hotel for the night they do.

▲ Lever 5. AI for 24 hour guest service, with a human behind it

The guest asks the hotel questions at all hours and the hotel answers some of them. Canary Technologies reports that up to 40% of hotel front desk calls go unanswered; Asksuite's data from a four brand group found 57% of incoming chats arrived outside business hours.^{110, 111} Guests expect a text message answered in about 12 minutes and an email in 26, and cross industry research finds a first response later than five minutes cuts pre booking inquiry conversion by about 65%.¹¹⁷ Every unanswered question before booking is a guest who books elsewhere, and every unanswered one after booking is a review.

The AI layer is now good enough to carry the volume. Hilton's property messaging bots handle 40 to 45% of incoming guest messages, and its AI channels show 88% higher satisfaction and 45% lower bounce than the alternatives; Hilton launched an AI trip planner to all hilton.com visitors in March 2026.¹¹³ Vendors report automation rates of 83 to 94% of guest conversations, 70% fewer inbound calls at one hotel group, 15% lower operating costs at another, and in Asksuite's case \$466,000 of direct revenue from 30,000

automated chats in four months.^{112, 111} (Vendor figures, labelled as such.) The number in that last case that matters most is the pair: the AI converted 12% of its conversations to bookings, and the human who followed up on the ones it handed over converted 76%.¹¹¹ That is the design: the machine answers the 90% of questions that have an answer (parking, check in, pool hours, pet policy, is the room available, can I have a late checkout), at any hour, in Spanish as easily as English, and hands the 10% that need judgement to a person with the context attached.

The guest research is unambiguous about where the line sits. Half of consumers have resolved an issue without a human and 32% have left a company for lack of self service, but 68% prefer a live agent for anything that matters and 53% report getting wrong information from a bot; travelers want a human for billing (51%), complex planning (45%) and cancellations or disruptions (44%), and only 10% are comfortable with full automation.^{116, 114} A University of South Florida study found 81% of guests cite emotional authenticity as the barrier to AI concierges and recommends a hybrid: AI first, human escalation.¹¹⁵ The hotels that get this wrong will be the ones that remove the human; the ones that get it right will have added a 24 hour front desk for the price of a software subscription and freed the people they have for the guest in front of them.

Two adjacent wins ride on the same system. Review responses: Cornell found hotel revenue rising with management response rate up to about 40% of reviews, and Shiji's 2025 benchmark puts North American five star response times at about four days, which an AI drafted, human approved response turns into hours.¹¹⁸ Upsell: automated pre arrival offers produce measurable revenue (one hotel averaged 11 times the tool's cost in monthly upsell; a Nordic chain lifted upsell revenue 381% by combining the automated offer with front desk follow through).¹²⁰ On a \$126 Texas room, a \$20 upgrade accepted by one guest in ten is a 1.6% RevPAR lift from a message the guest reads at 11pm.



Hotel website on a laptop

or [browse files](#)

TABLE 12 The five levers, in one view

Lever	The evidence	Cost to the owner	What it is worth on a 130 room Texas hotel
1. Website and book direct	0.1s = +10% travel conversion; direct \$516 vs OTA \$312; direct guests return 4x; 9% vs 18 to 22% cost	Low; one build, then flat	~\$240,000 a year of commission at benchmark direct share, plus value and repeat
2. SEO, AEO, GEO	AI summaries halve clicks; 56% use AI in travel; Tripadvisor and reviews are what AI cites; 55% of hotels have not adapted	Low; content and reviews	Organic bookings at 9% replacing OTA bookings at 20%; the 2028 channel built now
3. Research behaviour	141 pages, 45 days; 46% search within 28 days; mobile 62% of traffic, half the conversion	Low; mobile first build	The late Texas drive booking won on the phone
4. Home turf	47% of Texas travel spend is Texan; 67M in state trips, 80% drove; staycation revenue to \$2M a property	Low; list and geo targeting	~3,000 owned room nights a year from a 10,000 household list; day pass revenue on top
5. AI guest service, human fallback	40% of calls unanswered; 57% of chats after hours; bots carry 40 to 90% of messages; humans convert 76% of handovers	Low; subscription	A 24 hour front desk, faster reviews, upsell; staff time back to the guest in the lobby

Sources: Google / Deloitte;⁹³ SiteMinder;⁹⁴ Bookboost;⁹⁶ Pixel & Polish;⁷⁵ Pew;⁹⁸ Phocuswright;¹⁰¹ Scrunch;¹⁰⁴ RateGain;¹¹⁹ Expedia;¹⁰⁶ Lighthouse;¹⁰³ Travel Texas;^{2, 83} ResortPass;¹⁰⁹ Canary;¹¹⁰ Asksuite;¹¹¹ Hilton via HOTELS Magazine.¹¹³ Dollar values are Centric illustrations from the cited inputs.

▲ None of the five levers needs a convention center, a World Cup or \$90 oil. All five are cheaper in Texas than in California, because the commission, the unanswered call and the OTA guest who never returns are a bigger share of a \$126 room than of a \$250 one.



11

SECTION 11

What the winners did: Texas case studies in loyalty, marketing and pivoting.

Texas is home to the largest third party hotel manager in the world, the largest independent luxury brand in America and the budget brand that just changed hands. It also has the clearest live experiment in the country in what a city does when its convention center disappears.



Boutique hotel lobby, Austin
or [browse files](#)

▲
**Case 1. Omni Hotels,
 Dallas: a Texas
 owner's loyalty
 program**

Omni, owned by TRT Holdings and headquartered in Dallas, runs 51 hotels and more than 20,000 rooms, eleven of them in Texas, with a twelfth under construction in Midland. In February 2024 it re-launched Select Guest as a spend based program with an Insider tier at \$1,000 of annual spend and a free night at 100 credits.^{64, 58} Its technology partner's case study reports members' return booking rate at eight times that of non members over twelve months, with longer stays and higher ADR.⁶⁴ Omni does not publish a member count. The relevant point for a Texas owner is that a 51 hotel independent, without a global brand's scale, chose to build its own program rather than rent one, and is opening a 500 room resort in Frisco and a convention hotel in Midland on the back of it.

▲
**Case 2. Austin:
 a year without a
 convention center**

The most useful Texas case is a city, not a hotel. When the Austin Convention Center closed in April 2025, Visit Austin packaged downtown hotels into substitute venues: the AustinPlace collection of 3,629 rooms and 225,000 square feet of meeting space, a Red River collection of 2,168 rooms, a University collection of 850 rooms and 85,000 square feet. Twenty seven events worth 238,117 room nights and more than \$205 million signed; 22 more worth 182,239 room nights committed verbally.²⁸ A new 2% Tourism Public Improvement District, collecting from April 2025, puts about \$30 million a year behind meeting room rentals, shuttles and room rebates.²⁹ SXSW's shortened 2026 format sold 12% more rooms in its first week than 2025 and produced the first 95% occupancy night since 2019.³⁰ Downtown occupancy is still down about 15%, and some hotels report double digit revenue declines in former convention months.^{27, 28} But downtown ADR held at \$260.50 in the second quarter of 2026, and hotel tax held at \$165 million.^{31, 29} The lesson: when the group base goes, defend rate and sell the hotels as the venue.

▲
**Case 3. Houston:
 pricing the event**

Houston's World Cup result is a case study in what a market with weak occupancy can and cannot do with a compression event. With baseline occupancy of 61.2%, the lowest of the eleven US host markets, Houston hotels chose rate: downtown ADR up 40% to \$286, Uptown up 47% to \$250, the Medical Center up 28% to \$215, match eve ADR up 49 to 53%, and more than \$25 million of hotel revenue on the single biggest night.^{12, 13} Occupancy fell a point. HVS estimates about \$16 to 17 million of incremental rooms revenue from seven matches, against Dallas's \$60.8 million from nine.¹³ The difference was not the number of matches; it was that Dallas held occupancy while pricing up and Houston did not. Houston's first quarter of 2026, a record on CERAWEEK, the Rodeo and the WBC with downtown ADR at \$265 and revenue

up 13%, shows what the market does when it prices recurring demand it understands.¹⁷

▲
**Case 4. Fort Worth:
growing while the
neighbour rebuilds**

Fort Worth's RevPAR fell 0.8% in 2025 while Dallas fell 1.5% and Houston 9.6%.³² Its visitor economy grew faster than any of 17 destinations Tourism Economics studied, with fly market visitation up 14% from 2019 to 2024; voters approved a 2% hotel tax increase in May 2024 to fund a \$701 million convention center expansion, phase one opened in December 2025, and the city secured a second Project Financing Zone.²² Its TPID raised \$7.3 million in fiscal 2025 for incentives, marketing and event funding.⁷⁰ Fort Worth is the market that invested in product and incentive money at the moment its larger neighbour went dark, and it is taking the business.

▲
**Case 5. OYO and
Motel 6, Carrollton:
the budget brand
bets on direct**

OYO bought G6 Hospitality, the Carrollton based parent of Motel 6 and Studio 6 with about 1,500 locations, from Blackstone for \$525 million in cash, closing in December 2024, and announced a target of 150 new properties with "a focus on direct bookings."⁶⁵ Wyndham, whose La Quinta brand was built in Irving, reports 126 million Wyndham Rewards members and US RevPAR up 2% in the second quarter of 2026.⁶⁶ The economy tier is where Texas's \$126 ADR lives, and both of its largest Texas rooted brands have concluded that the channel, not the rate, is what they can control.

▲
**Case 6. Bunkhouse
and ZaZa: the
independents'
two routes**

Austin's Bunkhouse Group (Hotel Saint Cecilia, Hotel San José) took the Hyatt route: Hyatt acquired its parent, Standard International, for \$150 million plus up to \$185 million of earnout in August 2024, bringing 21 hotels and about 2,000 rooms into World of Hyatt's 69 million member program.⁶⁷ Hotel ZaZa, with four hotels in Houston, Dallas and Austin, took the other route: its own ZaZa ZIP program with five tiers from one to 75 nights, member rates for direct booking and a \$50 resort credit at the upper tiers.⁶⁸ Neither publishes a direct share. Both made the same decision an Austin or Houston independent faces in 2027: build a reason to book direct, or join someone who has one.

TABLE 13 Six Texas cases, one pattern

Case	What they did	Result on the public record	Transferable to a Texas owner?
Omni Hotels, Dallas	Own loyalty program, spend based, relaunched 2024	Members' return booking rate 8x non members; longer stays, higher ADR	A 51 hotel independent chose to build, not rent
Austin without a convention center	Hotel collections as venues; 2% TPID; defend rate	238,117 room nights booked; downtown ADR held at \$260; occupancy -15%	Directly; every Dallas hotel faces it in 2027

TABLE 13 **Six Texas cases, one pattern** continued

Case	What they did	Result on the public record	Transferable to a Texas owner?
Houston, World Cup	Priced rate over occupancy	Downtown ADR +40%; occupancy -1; \$16 to 17M incremental vs Dallas \$60.8M	Price the recurring events you understand; hold occupancy on the ones you do not
Fort Worth	Invested in product and incentives while Dallas closed	RevPAR -0.8% vs Dallas -1.5%, Houston -9.6%; fastest growing TX destination	Asset managers: where is the incentive money, and is your hotel eligible
OYO / Motel 6; Wyndham	Direct booking focus at the economy tier	150 new property target; 126M Wyndham Rewards members	Economy owners: the channel is the lever at \$100 ADR
Bunkhouse (Hyatt) and Hotel ZaZa	Join a program vs build one	Bunkhouse into 69M member World of Hyatt; ZaZa ZIP five tier program	The independent's binary choice for 2027

Sources: Hospitality Net and P3 Hotels;⁶⁴ Northstar, Austin Current, Downtown Austin Alliance;^{28, 27, 31} Houston First and HVS;^{12, 13} Visit Fort Worth and Cornovus;^{22, 32} Skift and Wyndham;^{65, 66} Hyatt and Hotel ZaZa.^{67, 68}

▲ Every winner in this section did one of two things: priced the demand it understood, or built a channel it owned. The losers waited for the convention center.



Hotel rooftop bar
or [browse files](#)

12

SECTION 12

The 2027 owner's playbook.

Nine moves for a Texas owner, in order. The first three cost nothing. Moves 2, 5 and 7 are the five levers of Section 10 applied to the Texas calendar; the last two are about the Permian and the convention centers, the two things that make Texas different.



Asset review meeting
or [browse files](#)

▲
Move 1. Budget June and July 2027 on 2025, not 2026

The World Cup put 20 to 50% on Houston and Dallas match night ADR and 21.5% on Dallas semifinal week.^{12,14} CoStar and CBRE both flag the 2027 comparison.⁹ A 2027 budget built on 2026's summer will miss, and a management company that lets it happen will spend the autumn explaining variance instead of selling. Rebase the two months, then set the rest of the year's rate strategy to hold the ADR the tournament proved the market would pay on compression nights.

▲
Move 2. Put cost per booked room on the pack, by channel

At a \$126 ADR, distribution cost is a larger share of GOP than in any other large state, and almost no Texas owner's report shows it as one number.^{7,74} Add three lines: all in cost per booked room by channel, owned share of room nights (brand.com, direct, loyalty, list), and cancellation rate by channel. Set a direct share target and an OTA cap in the management agreement.

▲
Move 3. Treat the convention center closure as a four year condition, not an event

Dallas hotels have until 2030; Austin until 2029; Houston until 2028 for phase one.^{19,27,16} Austin's playbook is written: sell the hotel as the venue, package with neighbours, take the TPID incentive money, hold rate and accept the occupancy.²⁸ Dallas owners should be doing in 2027 what Austin did in 2025, and the Dallas TPID's \$25 million a year and the city's \$219 million Project Financing Zone are the funds to do it with.^{70,6}

▲
Move 4. Sign the reopening blocks now

Austin has 27 confirmed and 22 verbal events for the new center; Dallas has more than 30 events at risk that will need a 2030 home.^{28,19} Convention blocks for 2029 and 2030 are being placed in 2027, and the hotel that is in the bureau's package when the building reopens is the one that was in it when the building was closed. San Antonio, as the Triangle's only intact convention city, should be contracting its 965,000 room night target at 2027 rates.²⁶

▲
Move 5. Build the Mexico channel

Mexico is 5.8 million visitors and \$4.5 billion, growing 8.4% by air, 70% of Houston's international business, and about 2 million of San Antonio's visitors.^{41,45,71,24} Most Texas hotels have no Spanish language booking path, no rate fence for the Mexican market and no presence in Mexican metasearch. A long weekend drive market guest who visits every year is the cheapest list a Texas hotel can build, and Travel Texas's \$6.00 return per dollar is partly a Mexico return.⁶⁹

▲
Move 6. Protest the appraisal, every year

A 15.7% increase in Dallas County and 17.4% in Tarrant are not forecasts; they are 2026 tax bills.³⁸ Hotel income approach valuations lag market RevPAR by a year, which in a falling RevPAR market means the appraisal district is valuing 2026 on 2025's inflated event income. Protest with the STR report and the P&L;



Move 7. Win the leisure weekend back from the short term rental

the Comptroller's 2.53% statewide estimate for 2027 suggests appraisers expect to be argued down.³⁸

Short term rentals hold 9.5% of Texas lodging revenue, 13% in Austin, 11% in Houston, and the share has grown 164% since 2019.⁷² The guest they take is the drive market leisure weekend, which is exactly the guest a direct rate, a parking inclusion and a late checkout win back. Austin's April 2025 short term rental rules and the city's stable hotel tax show that regulation helps; a direct offer helps more.²⁹



Move 8. In the Permian, harvest the plateau

Midland hotel tax is up 29%, Odessa ADR is up 12.5%, and room nights are flat.^{56, 57} The EIA puts the US production peak in 2027 and the operators agree; rigs are 9% below their 2025 peak and output per rig is rising.^{49, 51} The owner's move is to take rate while the price is \$90, lock in the data center and power construction crews on extended stay contracts as they arrive (Chevron's 2.5 gigawatt campus, Stream's Ector County campus, Stargate), renovate rather than build, and model the 2019 to 2020 cycle (\$800 to \$250 a night in six months, 20% of jobs lost) as the downside case.^{63, 59} Omni and Hilton are adding 223 downtown Midland rooms in 2027 to 2028; that is the supply the existing owner competes with when the price is \$70.⁵⁸



Move 8b. Get into the AI build out before the operating phase arrives

Section 9 maps \$89.5 billion of construction landing in towns with little or no hotel supply, and an operating phase traveler (the fab vendor engineer, the hyperscaler site team) who will book direct through a corporate program for twenty years.^{140, 122} The move is to sign the contractor, staffing firm and vendor accounts now, in Taylor, Sherman, Abilene and the Triangle airport cities those travelers pass through, and to build or convert toward upper midscale and upscale select service with extended stay near the gates, underwritten on permanent and vendor headcount rather than the construction peak.^{127, 142}



Move 9. Decide what you are in Texas: a developer, a buyer or an operator

Texas has the two largest hotel pipelines in America and select service costs \$200,000 a room to build against \$200,000 a key to buy in Dallas Fort Worth.^{33, 34, 21} A developer in Dallas or Austin is building into a 2027 to 2028 market without a convention center and with 27 other openings. A buyer is buying at a 9.5% cap rate in a market whose RevPAR the city's own forecast has falling 7.7% next year and recovering in 2029.^{21, 18} An operator is defending rate against both. Each is a defensible position; the indefensible one is being all three by default.

TABLE 14 The nine moves, prioritised

Move	Number it moves	Cost	Payback	Evidence
1. Rebase summer 2027	Budget accuracy; rate discipline	Nil	Immediate	Houston First; HVS; CoStar
2. Cost per booked room on the pack	Visibility; direct share	Nil	Year 1	Source Strategies; Cloudbeds; Pixel & Polish
3. Convention closure as a condition	Occupancy floor; group substitutes	Low	2027 to 2030	Austin (Northstar); Visit Dallas
4. Sign reopening blocks	2029 to 2030 group base	Nil	2029	Visit Austin; Visit Dallas; Visit San Antonio
5. Mexico channel	International room nights; list growth	Low	Year 1	Travel Texas; CBP I-94
6. Appraisal protest	Property tax line	Low	Annual	Comptroller; O'Connor
7. Leisure weekend vs STR	Weekend occupancy and ADR	Low	Year 1	Source Strategies STR share
8. Permian: harvest the plateau	ADR now; downside protection	Low to medium	2027 to 2030	EIA; Dallas Fed; Comptroller
9. Developer, buyer or operator	Basis; capital allocation	High	Cycle	Lodging Econometrics; HVS; Matthews

Payback and cost are Centric planning judgements; the evidence column points to the sources cited in the text.



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13

SECTION 13

Scenarios and the owner's scorecard.

Three ways 2027 can go in Texas, anchored to the published forecasts, and the eight numbers an owner should hold the management company to.



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▲ Three scenarios for 2027

The base case follows the published anchors: US RevPAR up 2.1% with a June and July drag, Dallas city RevPAR down 7.7%, Houston holding its 2026 rate gains on flat occupancy, San Antonio growing on an intact convention calendar, Austin flat on rate and down on occupancy, and the Permian on a plateau at \$70 oil.^{9, 18, 47} The upside assumes the Dallas Fed's 2.0% job growth continues, Mexico air arrivals keep growing at 8%, San Antonio's TPID increase passes, and oil stays above \$80.^{36, 45, 26} The downside is the Dallas Fed's September service sector reading extended: demand softens, the 27 Dallas and 12 Austin openings land into it, appraisals rise again, and WTI follows the EIA to \$70 while Permian rigs keep falling.^{82, 33, 38, 47}

TABLE 15 2027 scenarios

Indicator	Downside	Base	Upside	Source of the anchor
Texas statewide occupancy	60%	62%	63.5%	Source Strategies 2024 (62.6%); no public 2027 forecast
Dallas city RevPAR	\$94	\$99.18	\$104	Tourism Economics for Visit Dallas
Houston RevPAR	\$72	\$78	\$82	Houston First 2026 YTD (\$78)
US RevPAR growth	0%	+2.1%	+3.5%	CoStar / Tourism Economics; CBRE
WTI, 2027 average	\$60	\$70	\$85	EIA STEO Sep 2026 (\$70)
Permian rig count	220	260	290	Baker Hughes (270, Sep 2026; peak 297)
Texas commercial appraisal change	+8%	+2.5%	0%	Comptroller 2027 estimate (+2.53%)
Mexican air arrivals via Texas	0%	+5%	+8%	CBP I-94 HI 2026 (+8.4%)

Downside and upside values are Centric planning ranges around the published base anchors.^{7, 18, 11, 9, 47, 51, 38, 45}

▲ The owner's scorecard

Eight numbers, reported monthly, that separate a managed Texas asset from an operated one.

TABLE 16 The owner's scorecard

Metric	Why it matters in Texas	Benchmark to beat
ADR versus 2025 same month (not 2026)	The World Cup distorts 2026; the real question is whether the rate step up held	At or above 2026 ex event months
Owned share of room nights	The replacement for the convention block	Branded: brand's member share (Marriott 75% US); independent: over 50%
All in cost per booked room, by channel	At \$126 ADR the heaviest controllable line	Direct under 10%; blended under 15%
Group pace for 2029 and 2030	The reopening blocks are placed in 2027	Signed blocks for the reopening year by Q4 2027

TABLE 16 The owner's scorecard continued

Metric	Why it matters in Texas	Benchmark to beat
Mexico and international share	The one international market that is growing	Growing faster than total demand
Weekend occupancy versus short term rental share	The guest the STR took	Weekend occupancy up while STR share flat
Property tax per available room	The Texas cost line	Below the county appraisal increase
Permian only: ADR versus WTI	Rate should lead price down, not follow it	ADR held within 5% as WTI falls to \$70

Benchmarks drawn from Marriott, Pixel & Polish, Cloudbeds, Source Strategies and the Comptroller data cited in Sections 1, 8 and 10.^{76, 75, 74, 7, 38}

▲ THE ONE SENTENCE VERSION

Texas will keep growing in 2027 and its hotels will keep adding rooms faster than guests; the owners who beat the market will hold the rate the World Cup proved, replace the missing convention block with demand they own, sign the reopening years early, and harvest the Permian plateau without building for a boom that has already peaked.



Texas sunset highway
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SOURCES AND METHODOLOGY

Every number, traced.

Figures are taken from state, city, industry and company sources published between May 2025 and September 2026 and were retrieved on September 30 and October 1, 2026. Where two published figures are combined (the distribution and home turf arithmetic in Section 10, the 2027 Permian production figure in Section 8, the per gigawatt workforce ratios in Section 9), the text labels the result as derived or as a Centric estimate. Texas publishes no statewide STR series and no statewide 2027 lodging forecast; the paper uses Source Strategies' 2024 and first quarter 2025 figures, the Comptroller's hotel tax collec-

tions, city bureau data and the Tourism Economics forecast for the City of Dallas, and says so where a figure is missing. The Permian outlook in Section 8 combines EIA forecasts, Dallas Fed survey data and public statements by operators; the three to five year plateau is Centric's judgement and is labelled as such. Forecasts are the publishers' and are quoted as issued. Centric has no commercial relationship with any source cited. Where a figure was accessed through a secondary outlet, the primary publisher is named first.

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ABOUT CENTRIC

We build the direct channel for hotels that are tired of renting their guests.

Centric is a marketing and technology agency working with hotel owners, asset managers and management companies on the numbers in this paper: owned share of demand, cost per booked room, net RevPAR and the website, loyalty, search and AI infrastructure that moves them. Our hospitality work spans independent and soft branded hotels in California, Texas and the wider United States, with a commercial model that ties our fees to the bookings we produce rather than the media we spend.

The team behind this paper combines hotel revenue and distribution specialists, search and AI visibility engineers, and a creative studio that designs the guest facing side of a direct booking program: the membership, the offer architecture and the seasonal campaign kits that give a guest a reason to book with the hotel and not with an intermediary.



TALK TO US

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